

PICC 中国人民保险

PICC Group (1339.HK)

2015 Annual Results Announcement

March 29, 2016



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Overview of Results

Review of the Group's Performance and 2016 Outlook

Performance of Key Business Segments

Stable Growth and Operating Results Reached a Record High —Overview of 2015 Results of PICC Group (1339.HK)

1

Total written premiums (TWPs) reached RMB395.35bn, a YoY increase of 12.4%; gross premium grew by 11.2% YoY to RMB388.39bn; business achieved a stable growth

2

Consolidated net profit reached a record high of RMB27.67bn, representing a YoY growth of 47.8%; EPS of RMB0.46, up by 49.1% YoY; weighted average return on equity of 18.7%, up by 2.7 ppts YoY

3

Total assets reached RMB843.47bn and net assets reached RMB157.20bn, up by 7.8% and 25.2% from the beginning of the year, respectively; solvency margin ratios of the Group and its subsidiaries maintained Adequacy Solvency Level II

4

PICC P&C continued to outperform the industry with a combined ratio of 96.5%, net profit grew by 44.5%; one-year's VNB of PICC Life grew by 11.7% YoY, net profit up by 90.1% YoY; one-year's VNB of PICC Health grew by 17.9% YoY

5

Total investment assets reached RMB742.82bn, up by 7.5% over the beginning of the year; Total investment yield increased by 1.3 ppts to 7.3% and maintained at a relatively high level

6

Ranked 174th in Fortune 500, up by 197 places since its first entry to the list in 2010

—Overview of 2015 Results of PICC P&C (2328.HK)

1

Net profit of RMB21.85bn, a YoY growth of 44.5%; ROE 22.4%; EPS of RMB1.473; Proposed DPS of RMB0.304

2

Turnover of RMB281.70bn, a YoY growth of RMB28.66bn or 11.3%

3

Underwriting profit of RMB8.60bn, a YoY growth of 18.0%; combined ratio of 96.5%, consistently outperforming the industry

4

Investment income of RMB21.30bn, a YoY growth of 54.7%; total investment yield of 6.7%

5

Total assets and net assets increased by 14.8% and 27.0% from the beginning of the year, respectively; solvency margin ratio of 226%

Overview of Results

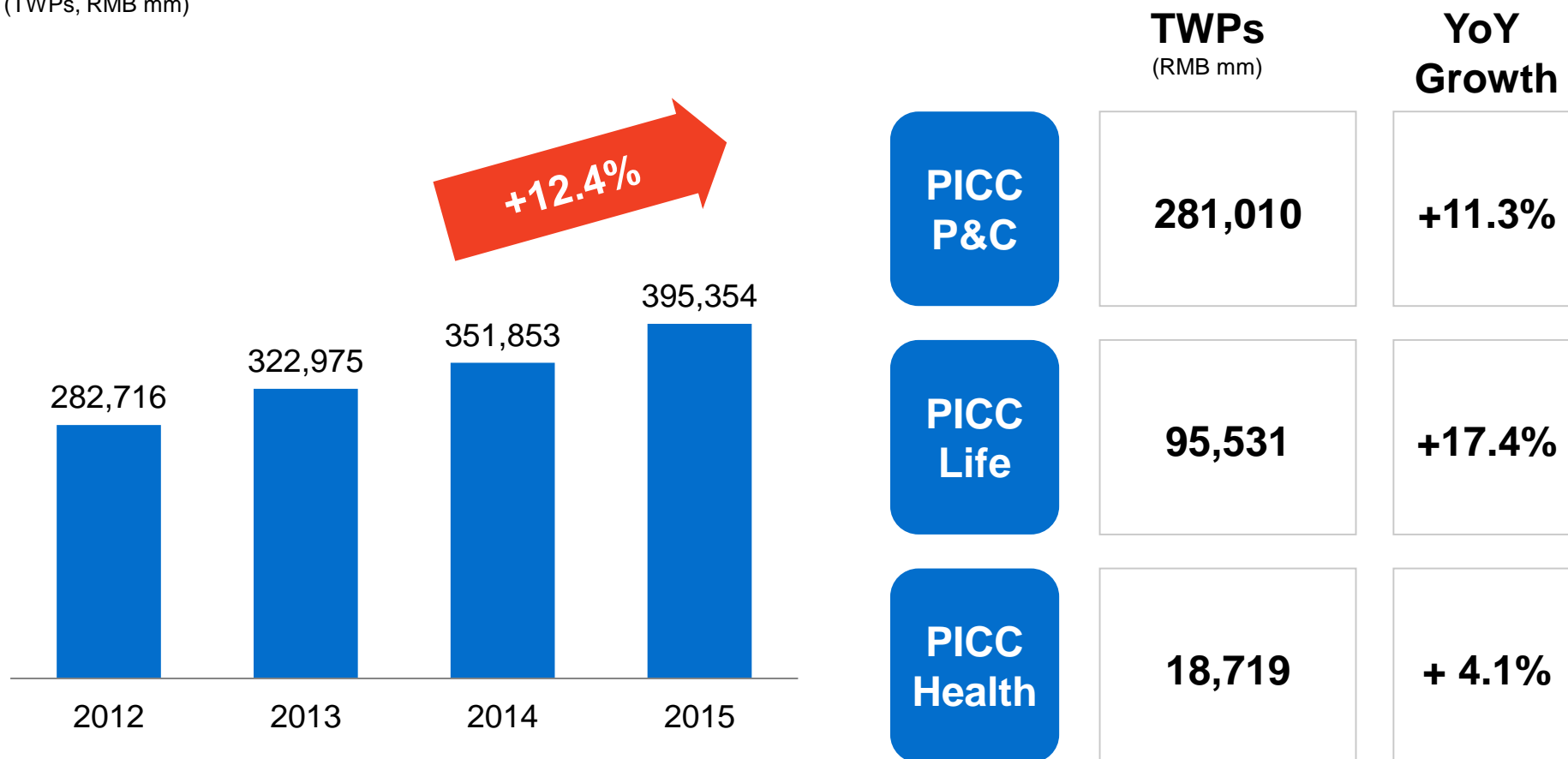
Review of the Group's Performance and 2016 Outlook

Performance of Key Business Segments

1 Stable Business Growth

Stable Growth of the Group's Total Written Premiums ("TWPs")

(TWPs, RMB mm)



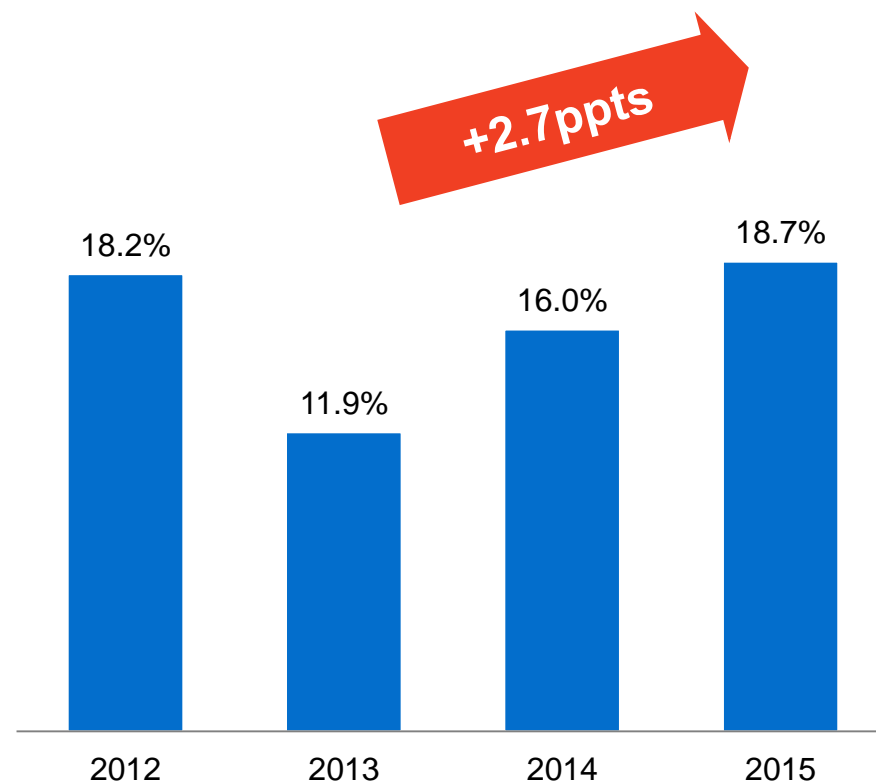
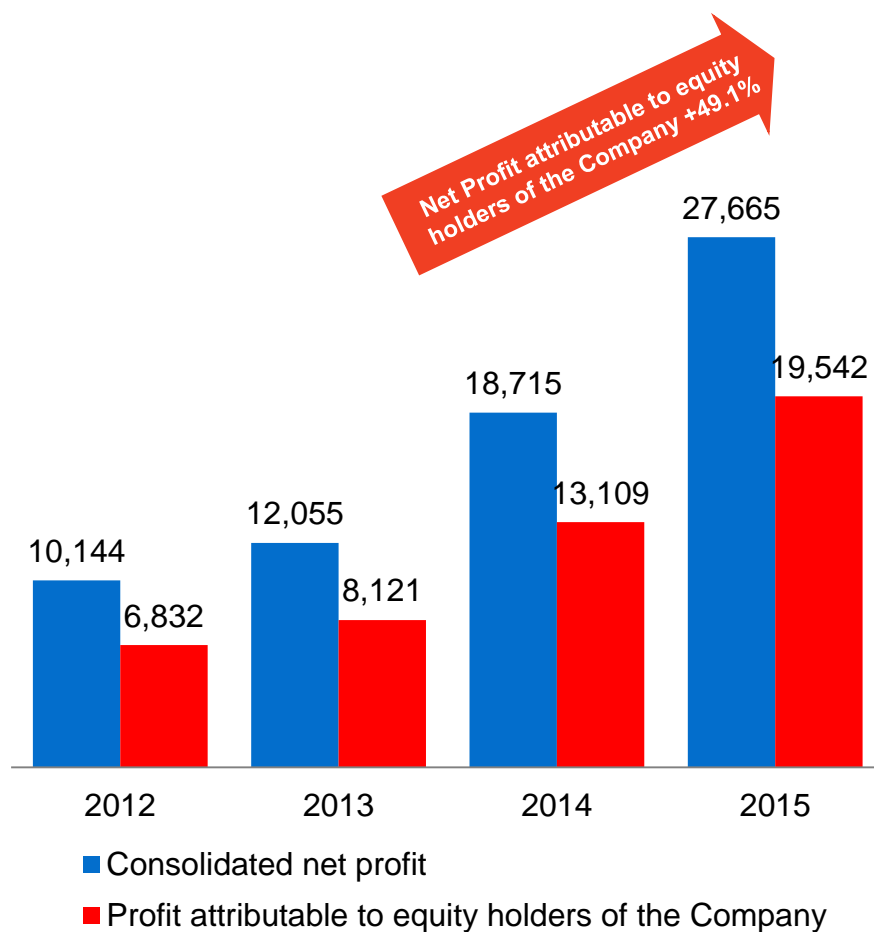
Note: The Group's TWPs refer to the sum of TWPs of PICC P&C, PICC Life, PICC Health and PICC Hong Kong.

Net Profit Reached a New Record High

Consolidated Net Profit up by 47.8% YoY;
Net Profit Attributable to Equity Holders of The
Company up by 49.1%YoY

Weighted Average Return on Equity Reached 18.7%

(RMB mm)

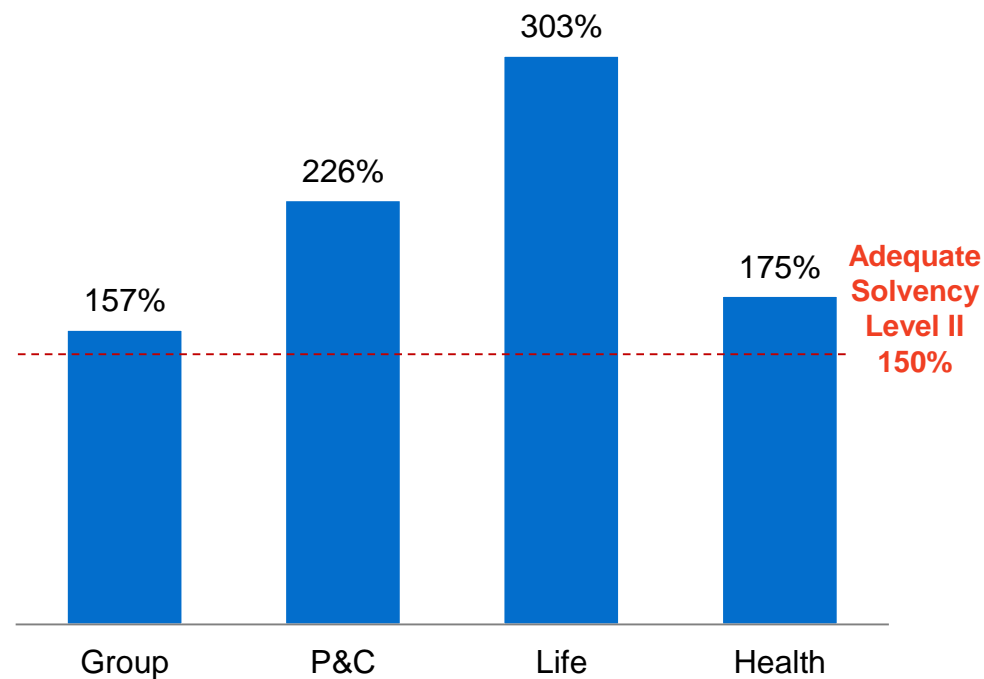
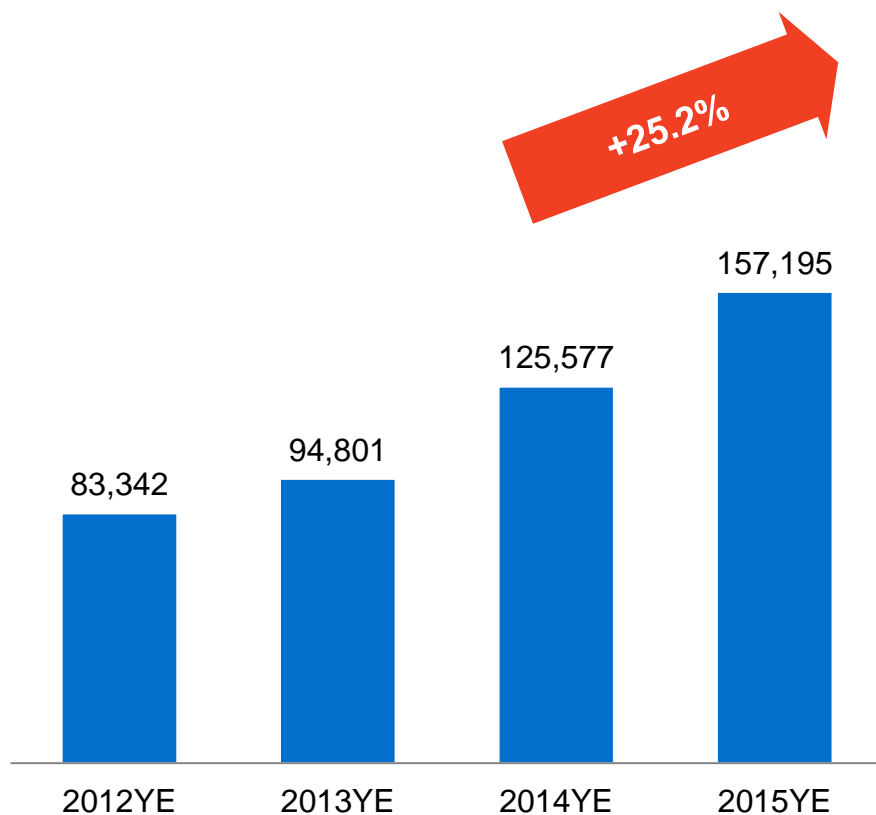


3 Capital Position Further Strengthened

Consolidated Net Assets Increased
by 25.2% over the Beginning of the Year

Solvency Margin Ratios Maintained Adequate
Solvency Level II

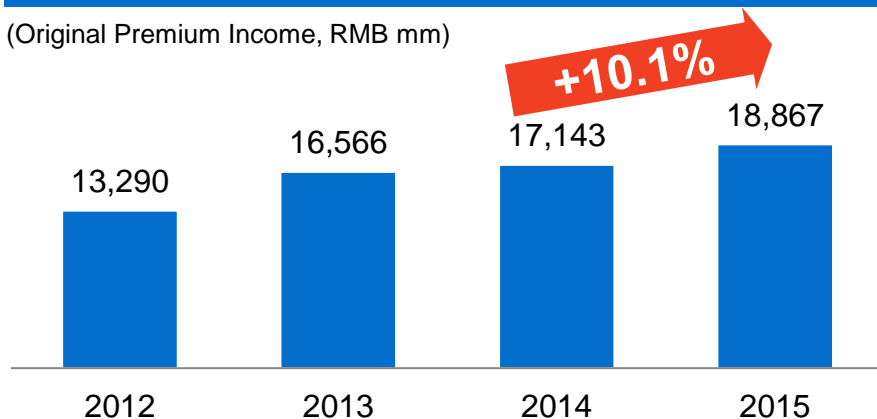
(RMB mm)



Continued to Develop and Solidify New Advantages

Original Premium Income of Agricultural Insurance up by 10.1% YoY

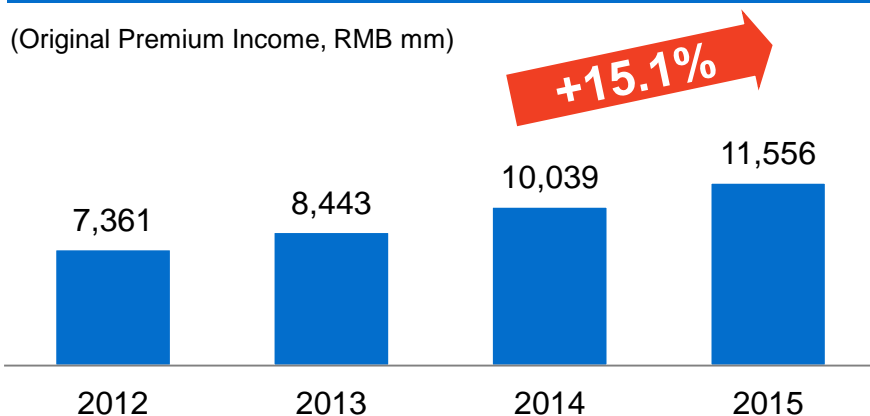
(Original Premium Income, RMB mm)



Note: Data based on PICC P&C, excluding PICC Hong Kong.

Original Premium Income of Liability Insurance up by 15.1% YoY

(Original Premium Income, RMB mm)

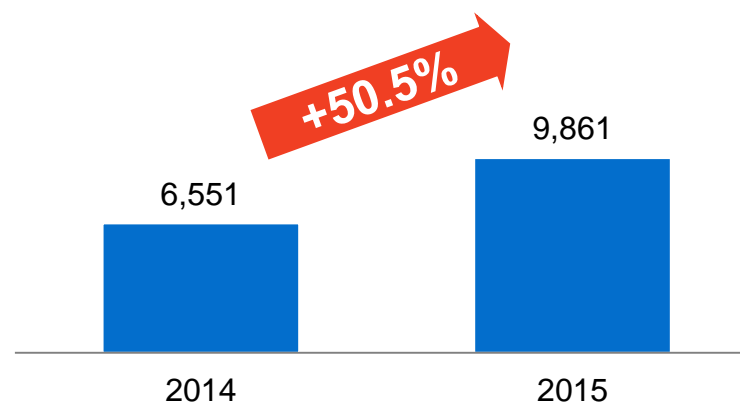


Note: Data based on PICC P&C, excluding PICC Hong Kong.

Original Premium Income of Critical Illness Insurance up by 50.5% YoY

- ◆ Original premium income of RMB9.86bn
- ◆ 350mm people insured
- ◆ Covering 28 provinces (including autonomous regions and municipalities) and 211 cities

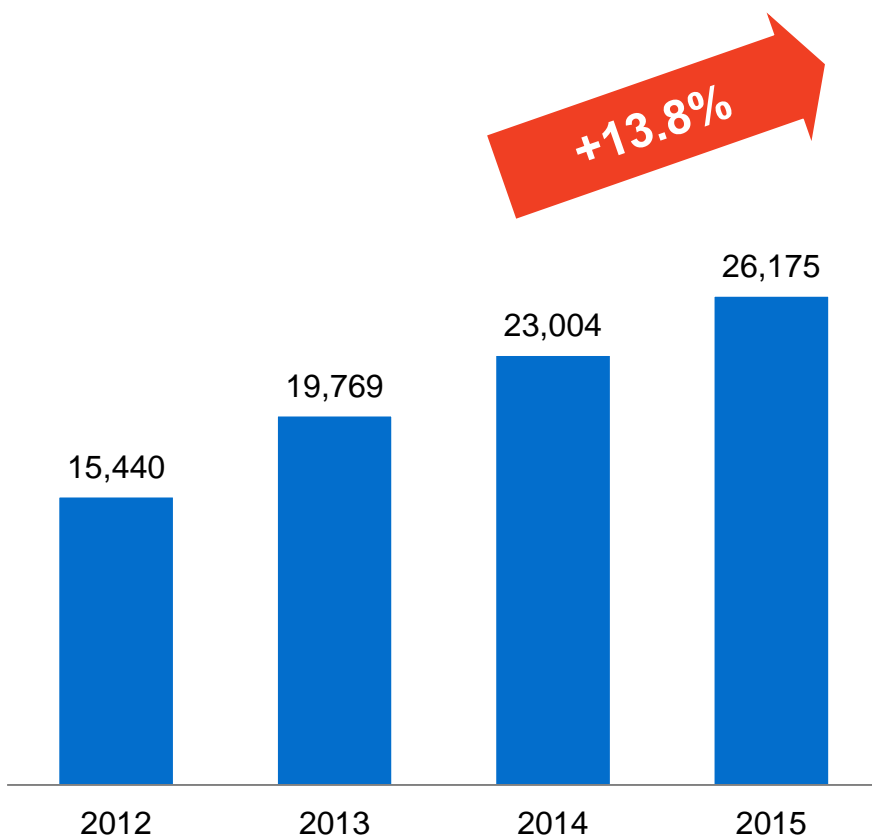
(Original Premium Income, RMB mm)



Note: Data based on PICC P&C and PICC Health.

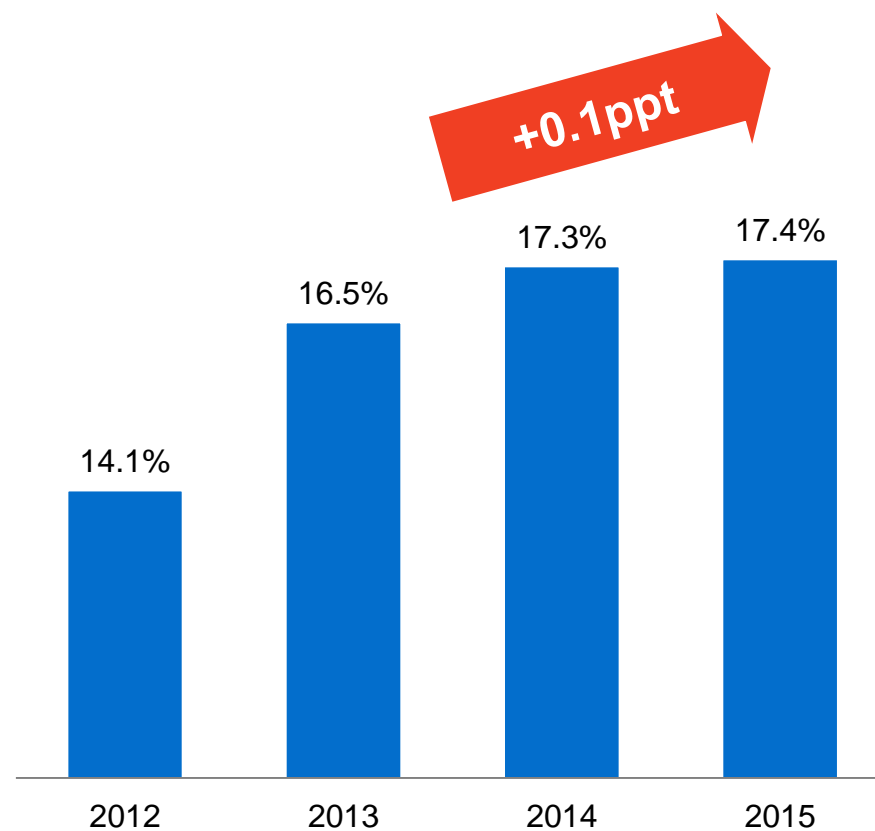
TWPs Through Cross-selling Increased by 13.8% YoY

(TWPs, RMB mm)



Accounting for 17.4% of Life Insurance TWPs

(% of life insurance premiums achieved through cross-selling)



Network Coverage Further Expanded, Number of Customers Consistently Increased

Network Coverage Continued to Expand

County-level
Network
Coverage

~100.0%

Township-level
Network
Coverage

96.3%

+4.2ppts

Village-Level
Network
Coverage

56.0%

+3.1ppts

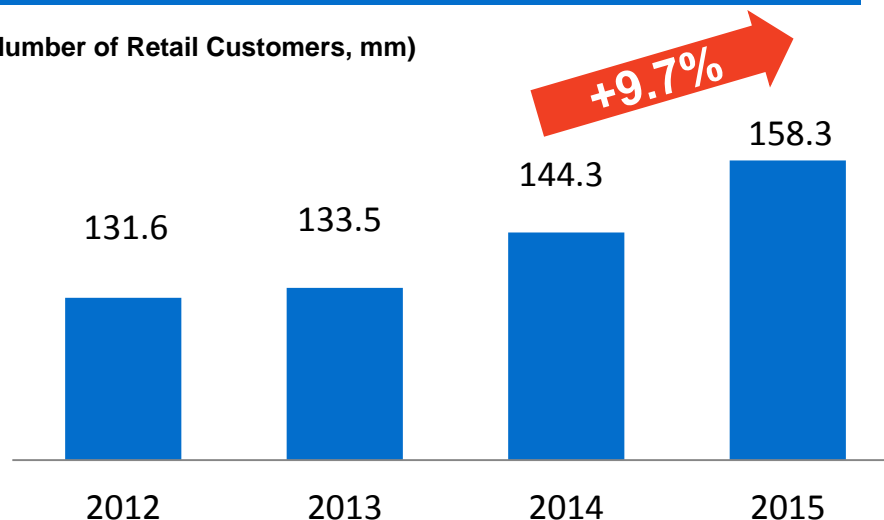
Rural Sales and
Service
Platforms

>30,000

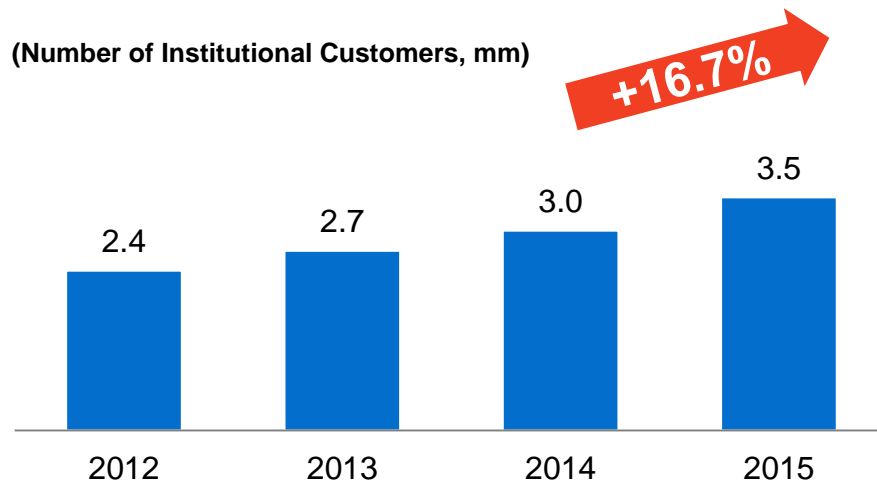
+1,300

Steady Increase in the Number of Customers

(Number of Retail Customers, mm)



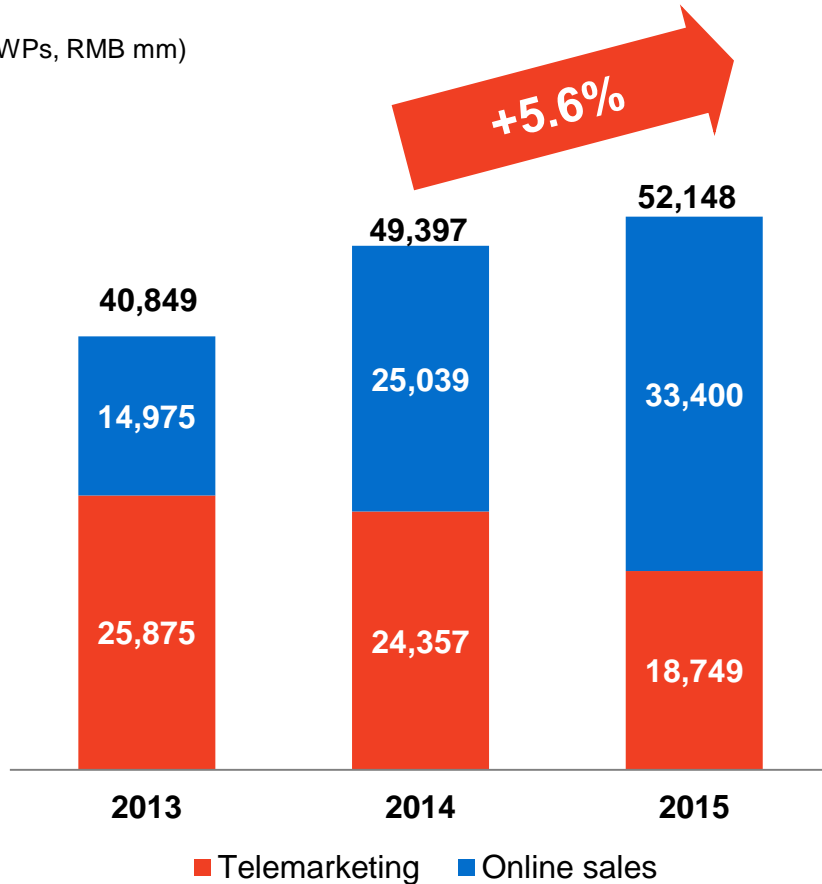
(Number of Institutional Customers, mm)



Increasing Effectiveness of Telemarketing & Online Sales

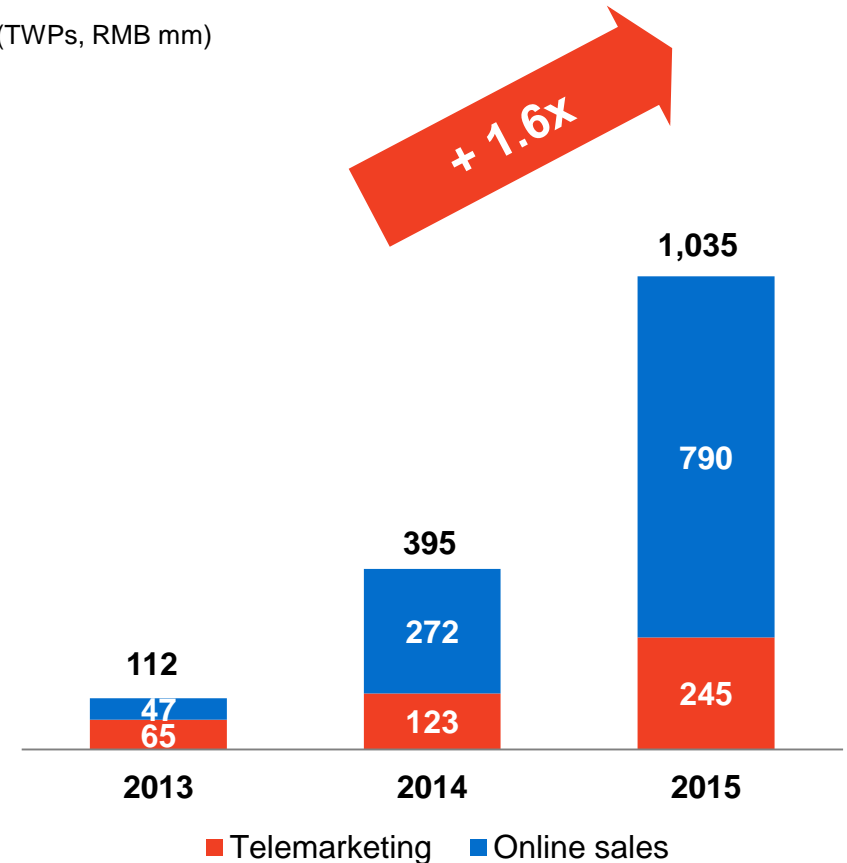
TWPs of PICC P&C through Telemarketing and Online Sales

(TWPs, RMB mm)



TWPs of PICC Life & PICC Health through Telemarketing and Online Sales

(TWPs, RMB mm)



Note:

1. Data based on PICC P&C, excluding PICC Hong Kong.
2. Figures may not add up due to rounding.

Opportunities, Challenges and Key Initiatives

Opportunities and Challenges

- ◆ “One Belt One Road” + Supply-side Structural Reform + Accelerated Transformation of Governmental Functions
- ◆ Health Insurance Products with Preferential Tax Treatment + Tax-deferred Pension Insurance Scheme
- ◆ Smart Manufacturing + “Internet Plus” + Gene-tech

- ◆ Structural Reforms of the Chinese Economy
- ◆ Capital Market Uncertainties

Key Initiatives

Reform-driven

Client-oriented

Innovation-driven



Stable Growth

Value Creation

Continue to promote client-oriented approach, maintain stable growth, focus on reform and innovation, strengthen value creation, enhance professional expertise, deepen business transformation, mitigate risks, and deliver higher returns to shareholders

Overview of Results

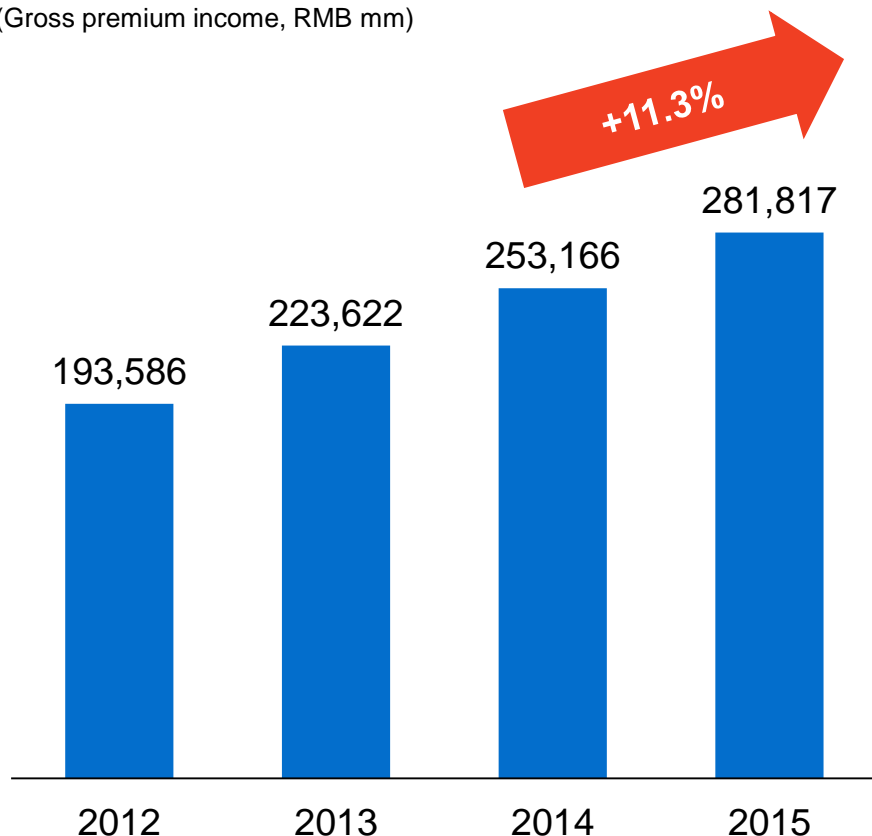
Review of the Group's Performance and 2016 Outlook

Performance of Key Business Segments

P&C: Premium Income Grew Consistently and Net Profit Reached a Record High

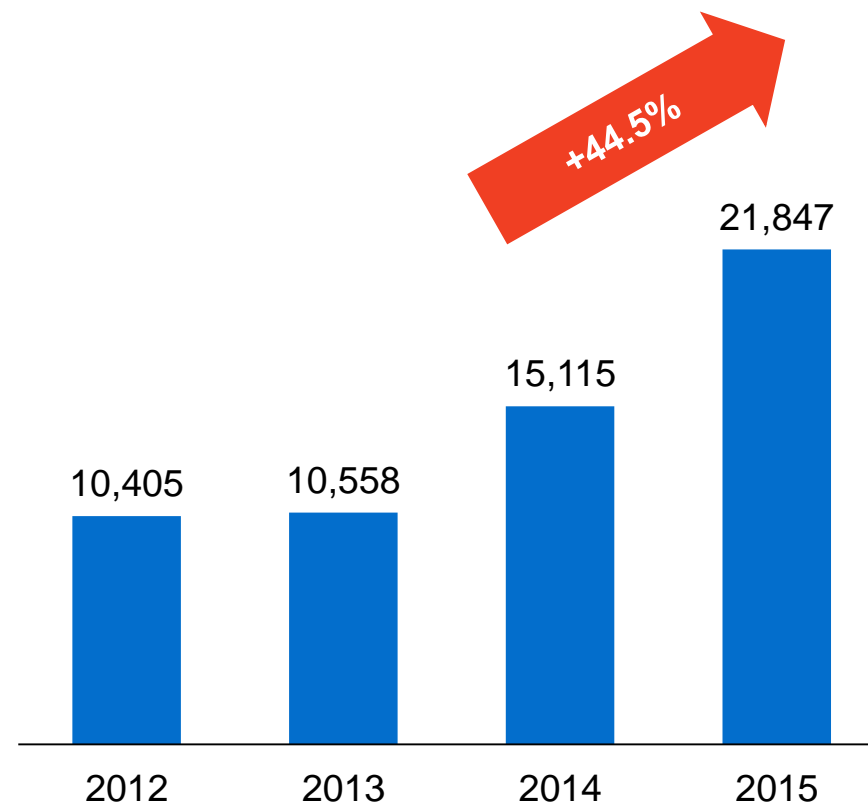
Continued Growth in P&C Business

(Gross premium income, RMB mm)



Net Profit Reached a New Record High

(RMB mm)



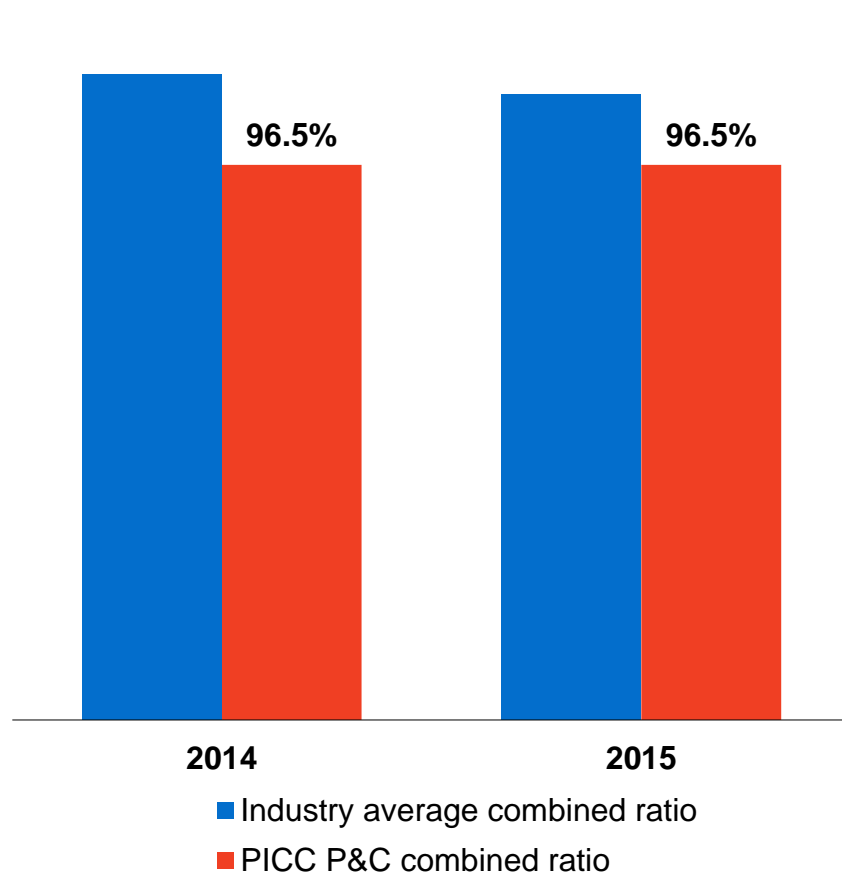
Note: Data based on P&C segment including PICC Hong Kong.

Note: Data based on PICC P&C, excluding PICC Hong Kong.

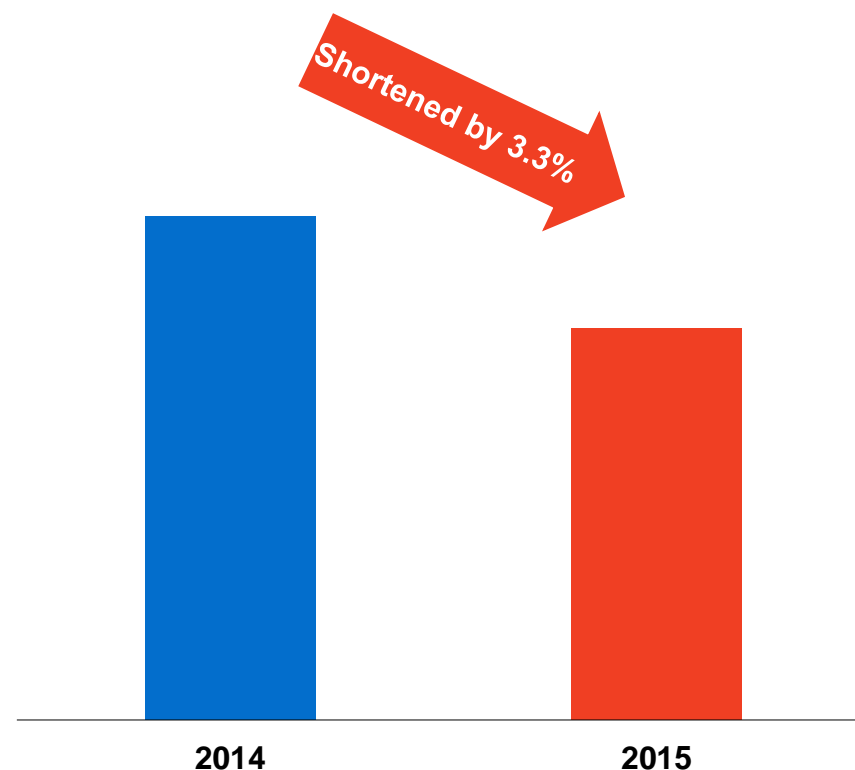
P&C: Key Business Indicators Led the Industry and Claims Management Efficiency Consistently Improved

Combined Ratio Consistently
Outperformed the Industry

Claims Cycle Accelerated by 3.3% YoY



Note: Data based on PICC P&C, excluding PICC Hong Kong.

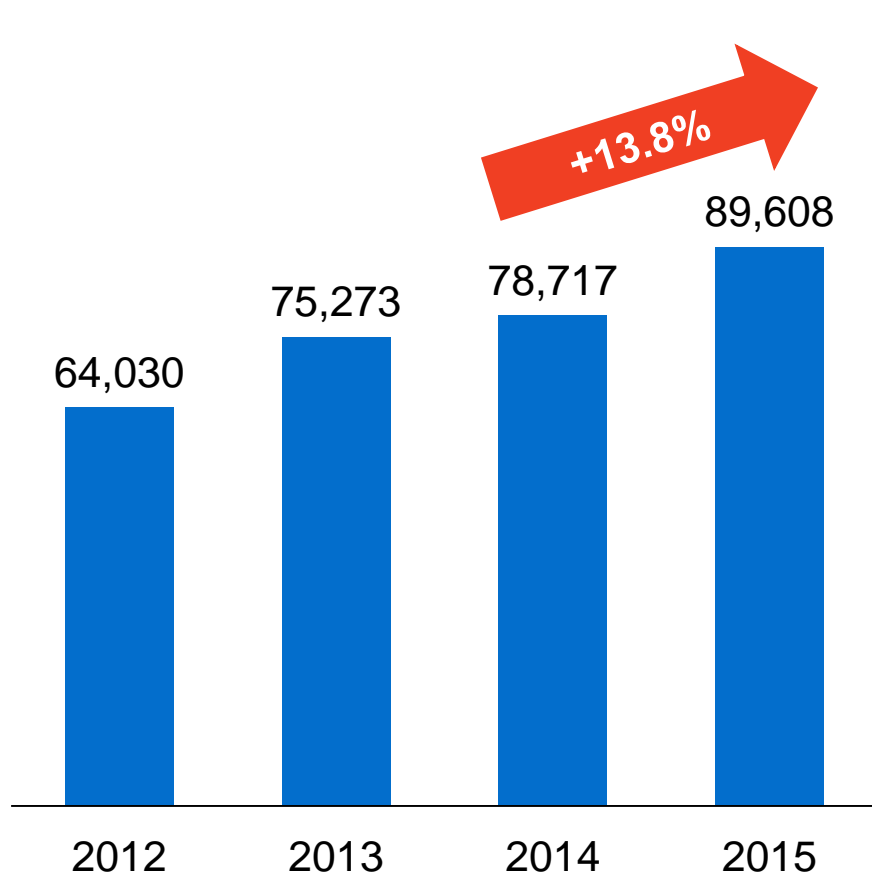


Note: Data based on PICC P&C, excluding PICC Hong Kong.

Life: Steady Growth of Premium Income

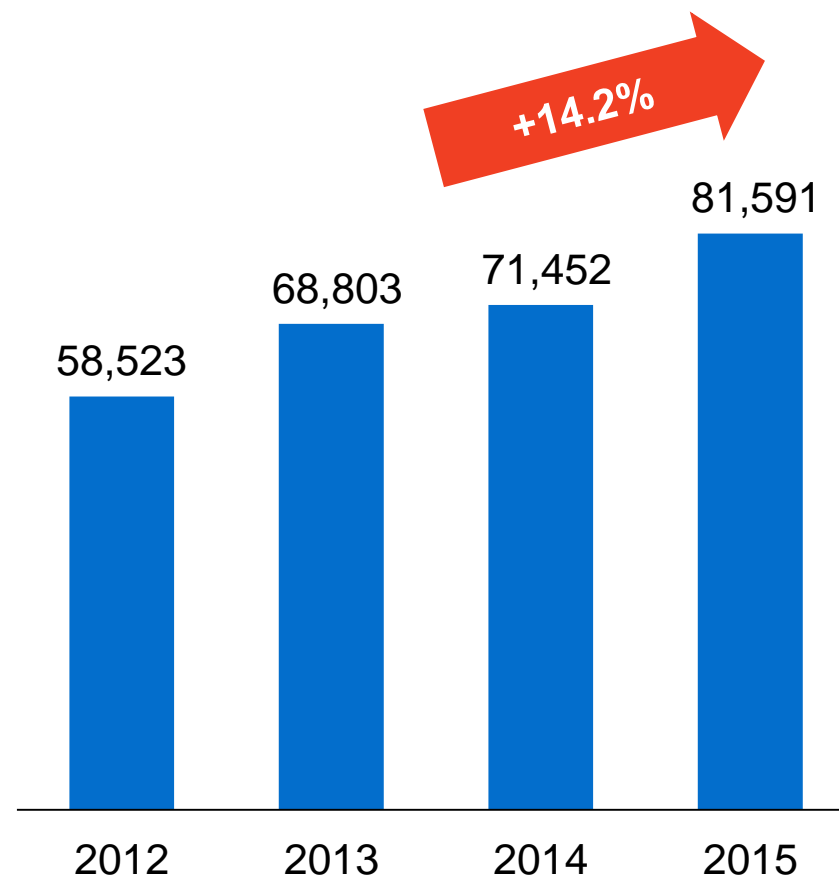
Original Premium Income Increased by 13.8% YoY

(RMB mm)



First Year Original Premium Income Increased by 14.2% YoY

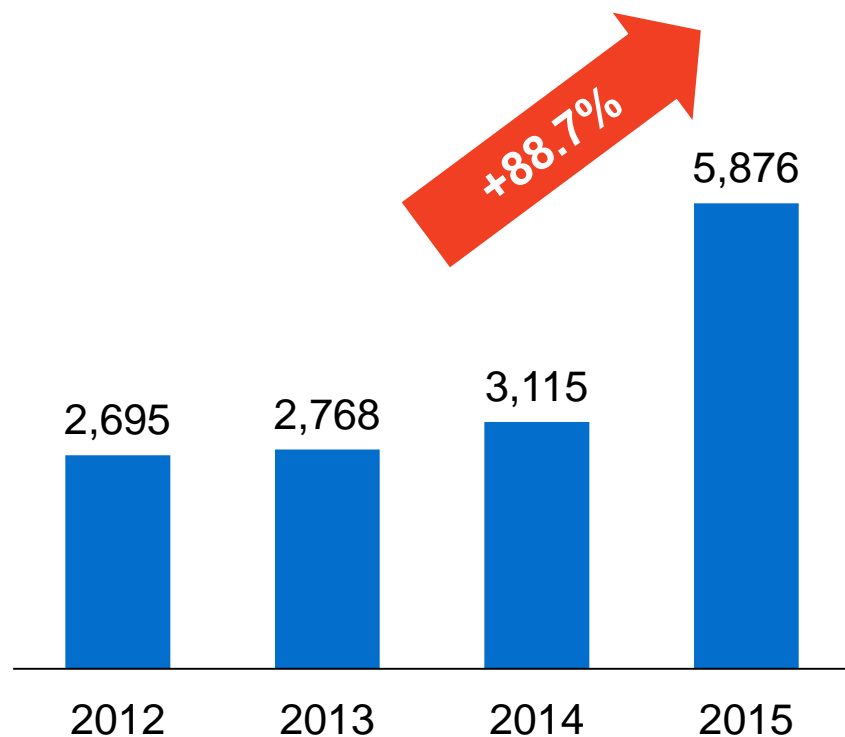
(RMB mm)



Life: Rapid Growth of Regular Premiums

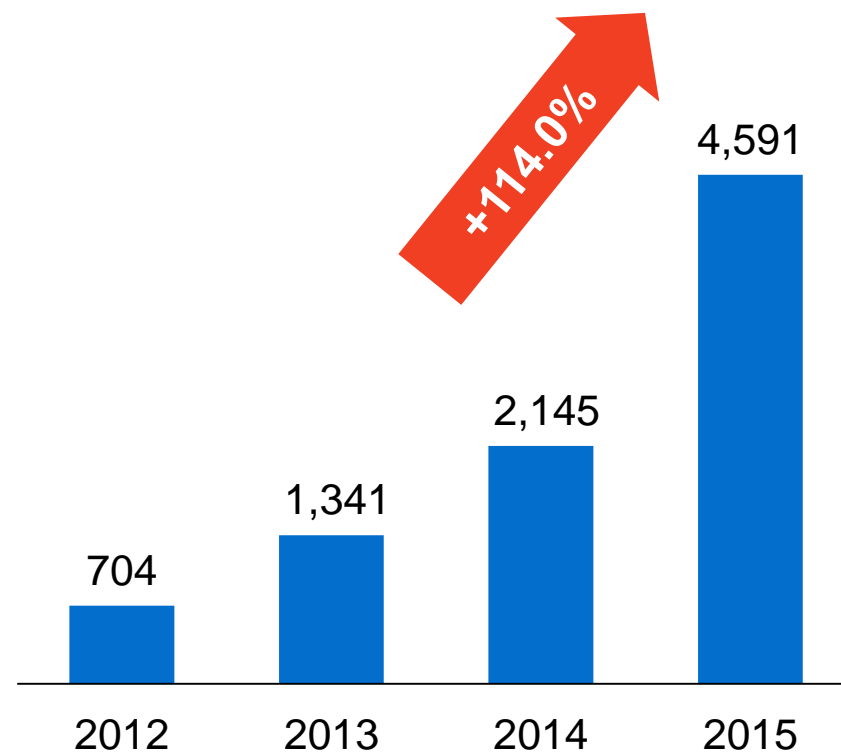
First Year Regular Premiums Increased by
88.7% YoY

(RMB mm)



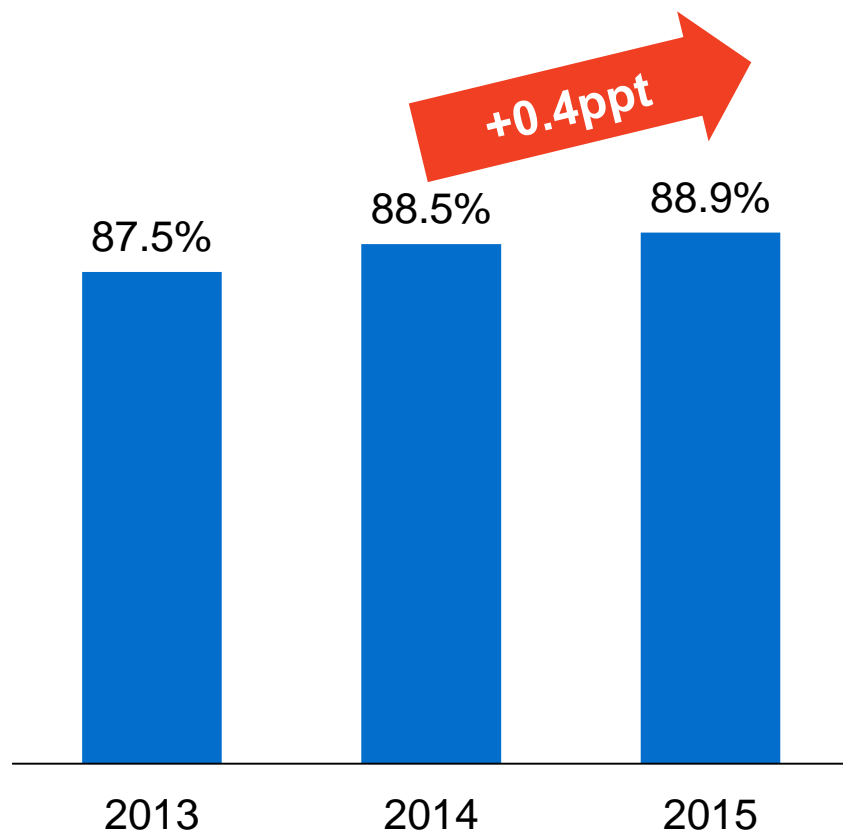
First Year Regular Premiums of Individual
Insurance Channel Increased by 114.0% YoY

(RMB mm)

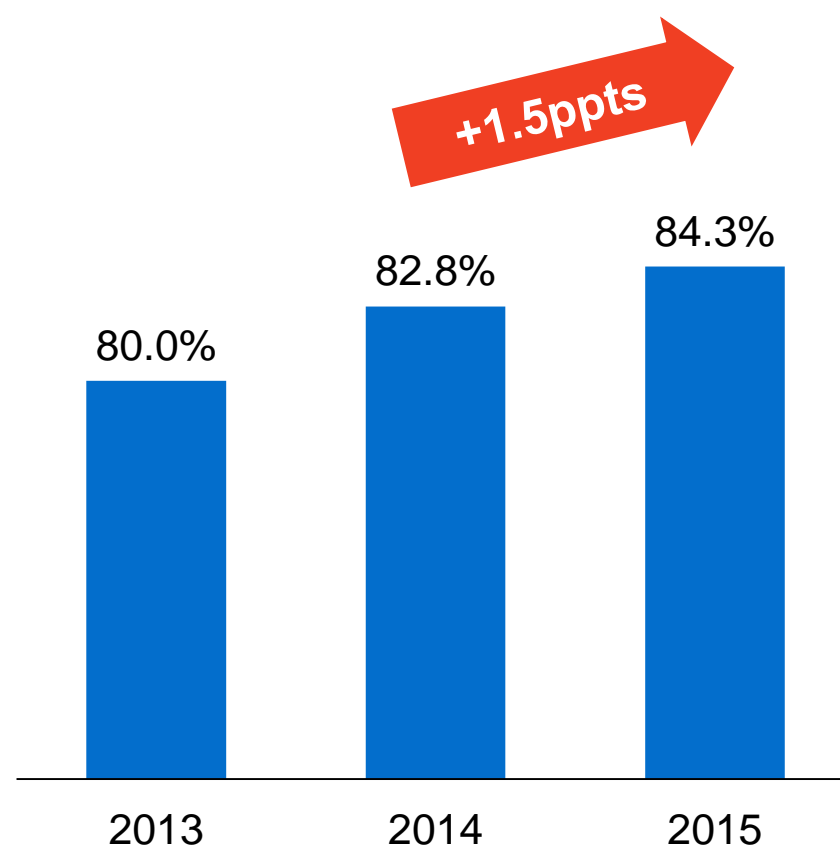


Life: Steady Increase in Persistency Ratio

13-month Premium Persistency Ratio

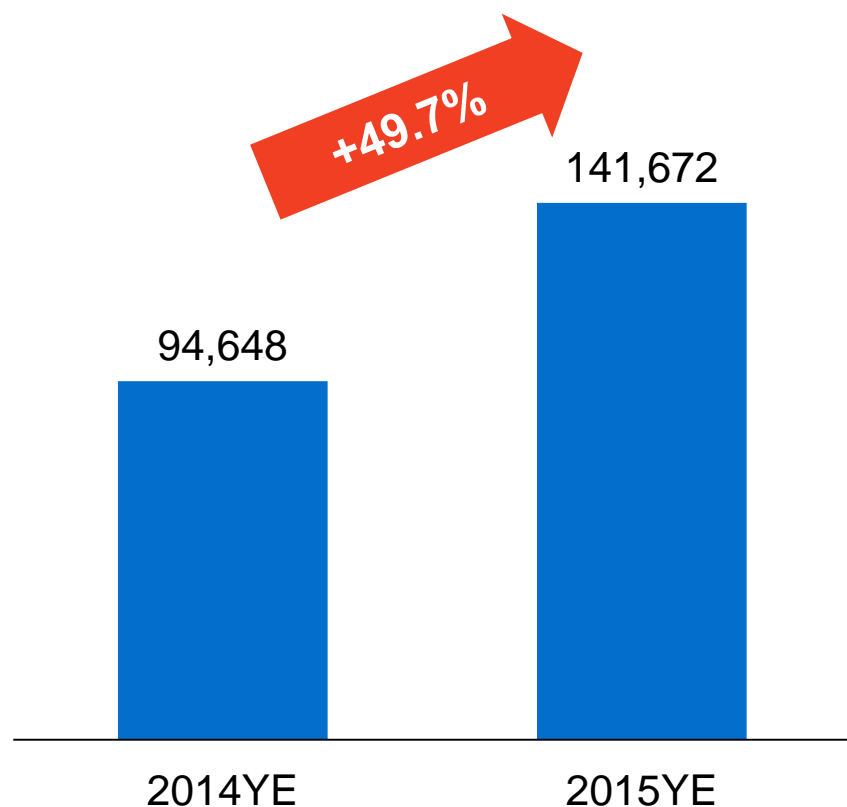


25-month Premium Persistency Ratio



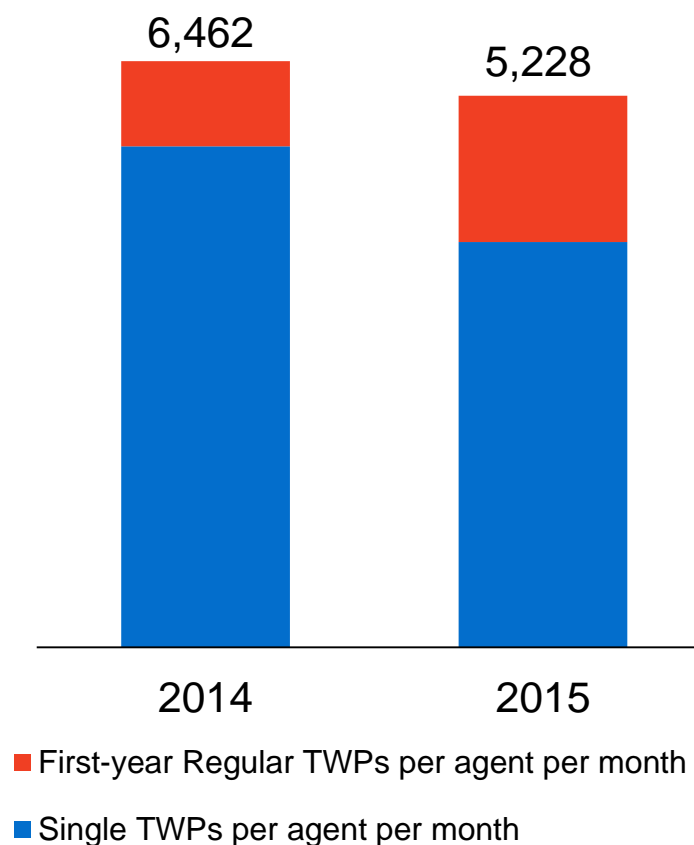
Life: Continued Increase in the Number of Individual Insurance, Agents with Improved Productivity of Regular Premiums

Number of Individual Insurance Agents



Productivity of Individual Insurance Agents

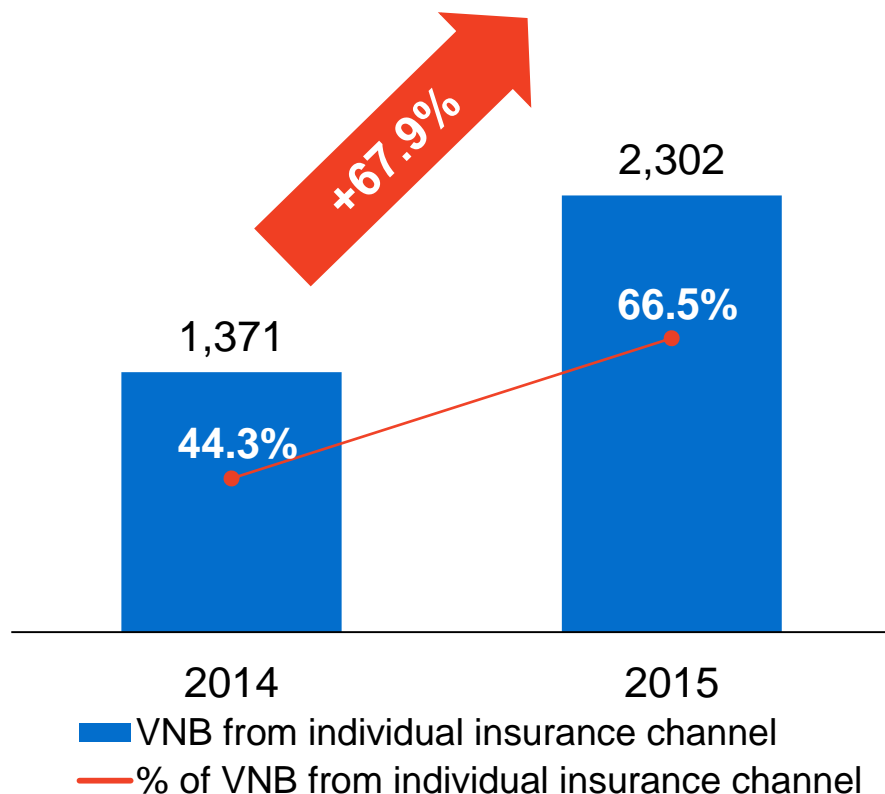
(First-year TWP per agent per month, RMB)



Life: Initial Success From the Transformation of Individual Insurance Channel

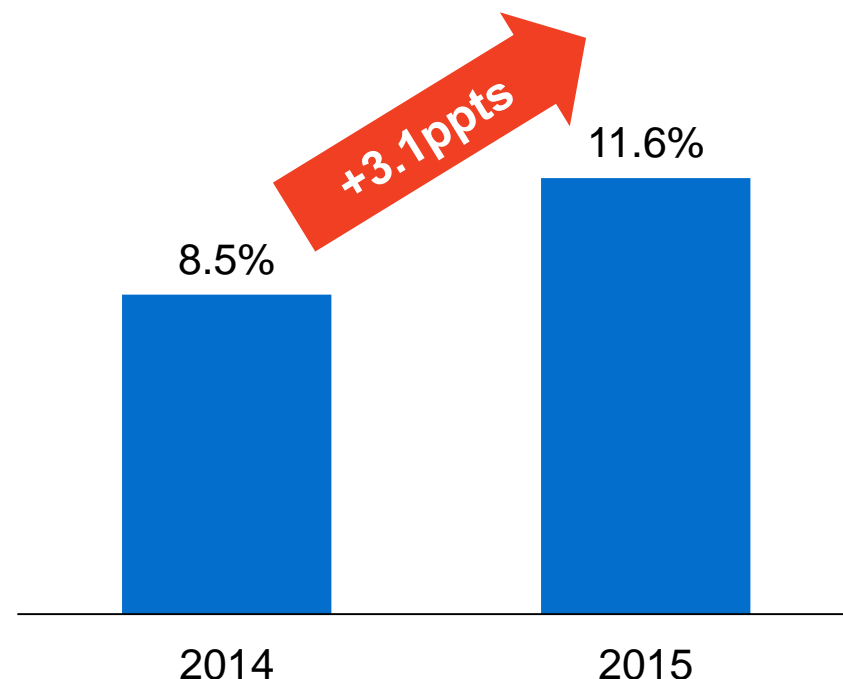
Increased VNB Contribution from Individual Insurance Channel

(Excluding cost of capital, RMB mm)



Note: The Value of One Year's New Business of 2014 is recalculated based on the investment assumptions as of 31 December 2015. Apart from the assumption of investment yield, other assumptions are the same as those used for the evaluation as of 31 December 2014.

Increased VNB Margin of Individual Insurance Channel



Note:

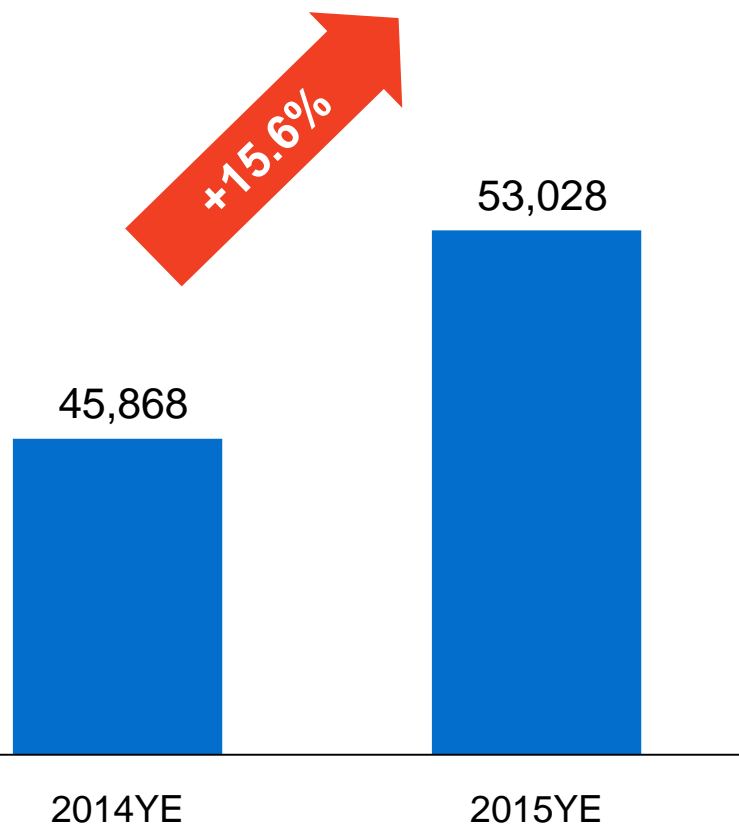
1. VNB Margin = VNB / first year original premium income.

2. The Value of One Year's New Business of 2014 is recalculated based on the investment assumptions as of 31 December 2015. Apart from the assumption of investment yield, other assumptions are the same as those used for the evaluation as of 31 December 2014.

Life: Enhanced Value Creation Capabilities

Embedded Value

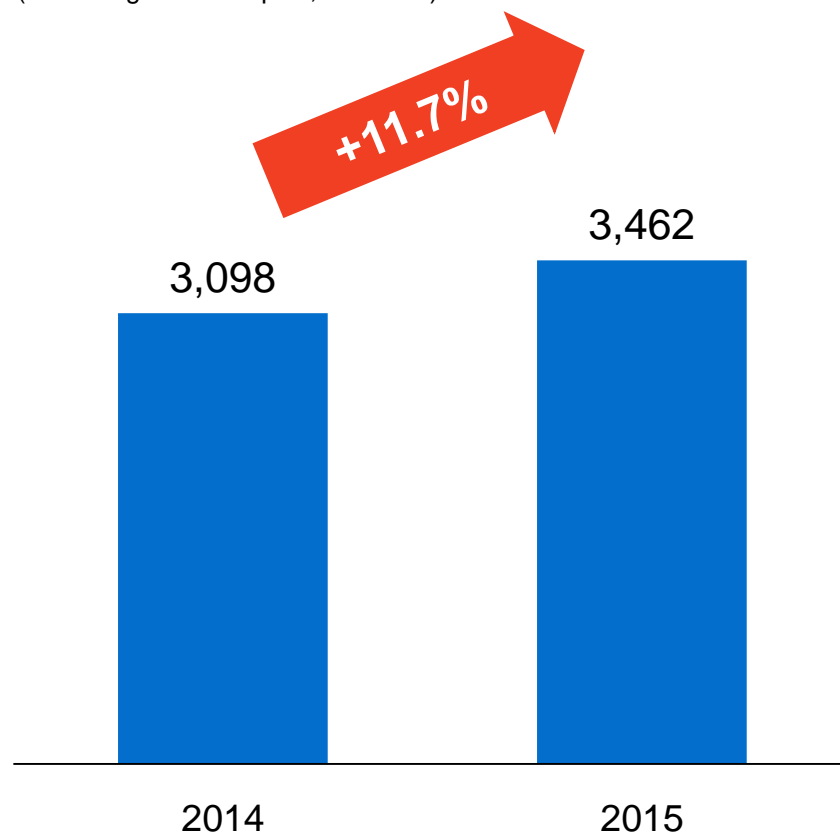
(Excluding cost of capital,RMB mm)



Note: The embedded value as of 31 December 2014 is recalculated based on the investment assumptions as of 31 December 2015. Apart from the assumption of investment yield, other assumptions are the same as those used for the evaluation as of 31 December 2014.

Value of One-year's New Business

(Excluding cost of capital,RMB mm)

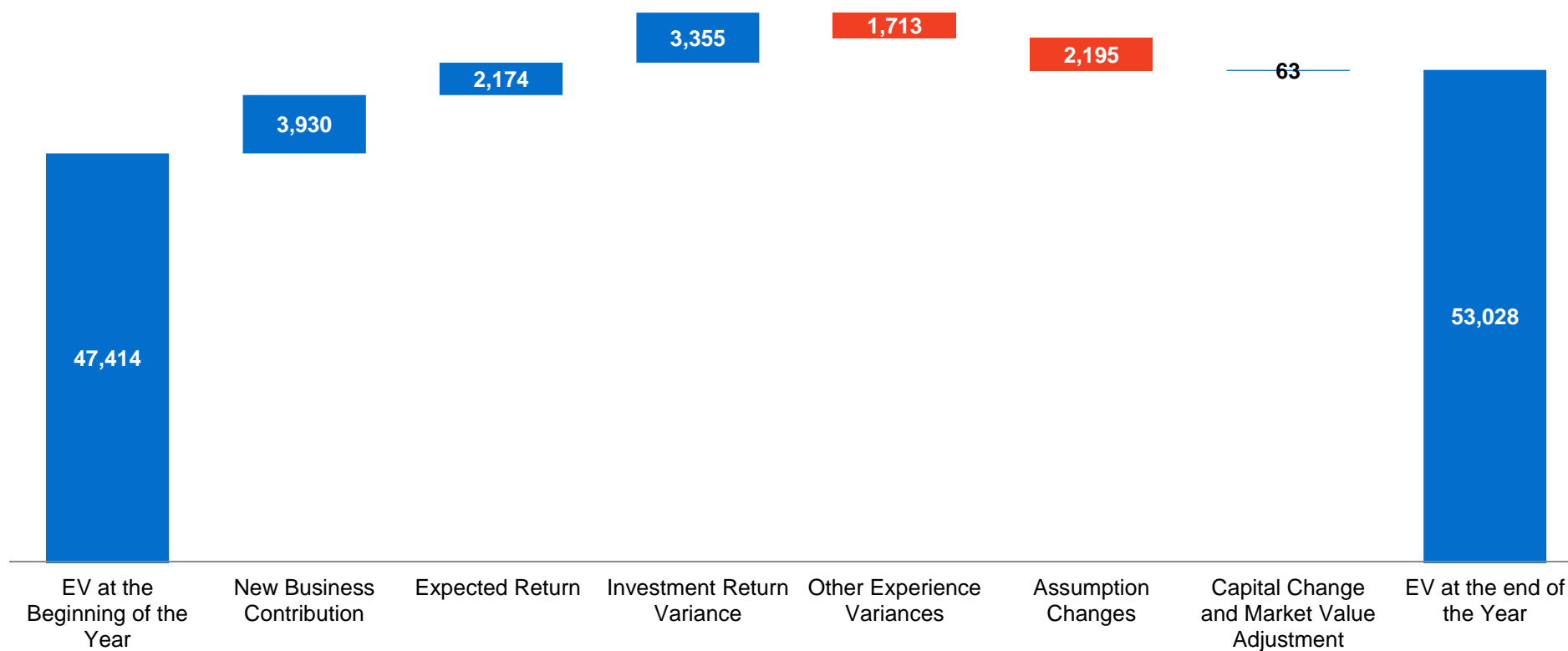


Note: The Value of One Year's New Business of 2014 is recalculated based on the investment assumptions as of 31 December 2015. Apart from the assumption of investment yield, other assumptions are the same as those used for the evaluation as of 31 December 2014.

Life: Movement Analysis in Embedded Value

Changes in Embedded Value for the Year 2015

(RMB mm)

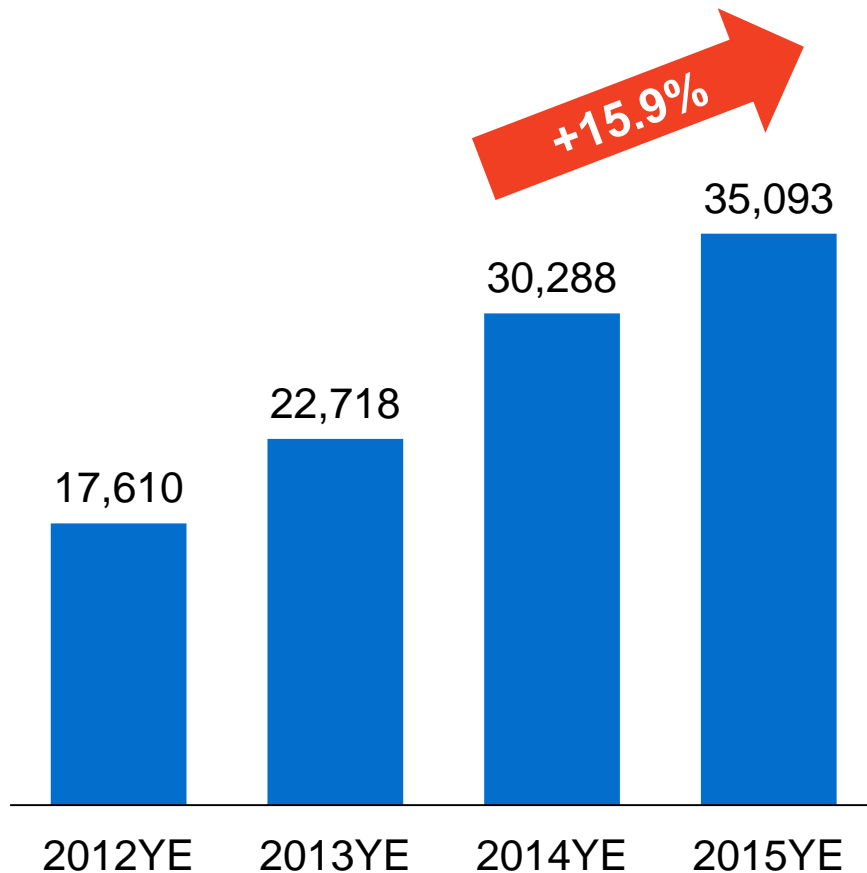


Note: Figures may not add up due to rounding.

Life: Net Assets Increased Rapidly and Profit Continued to Grow

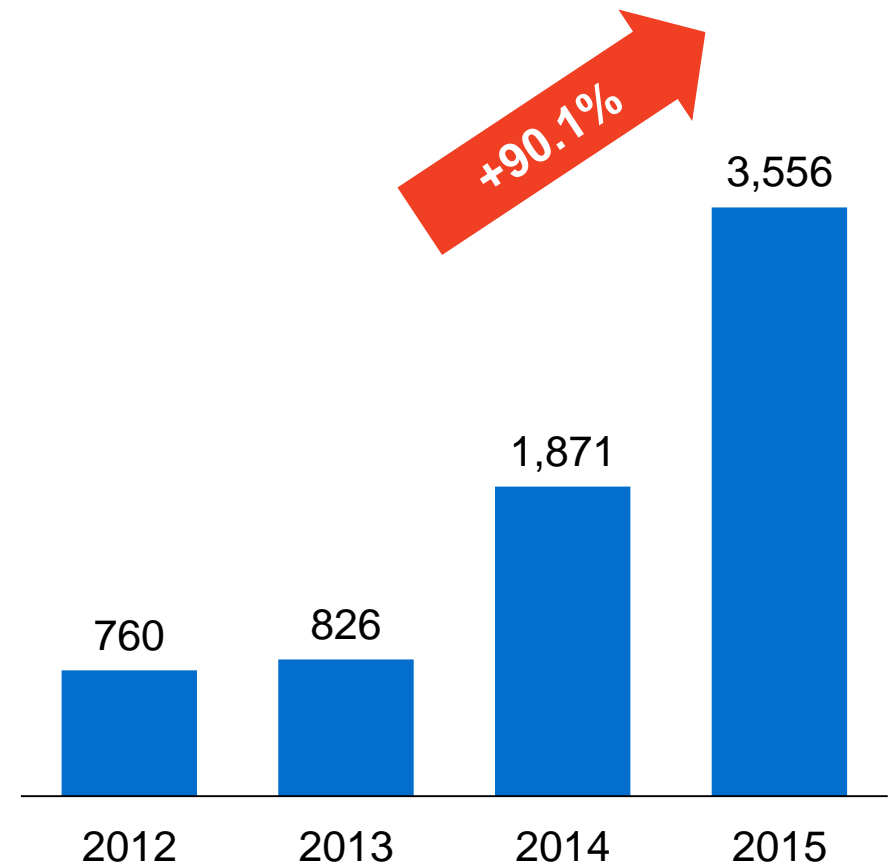
Net Assets Increased by 15.9% over the Beginning of the Year

(RMB mm)



Net Profit Increased by 90.1% YoY

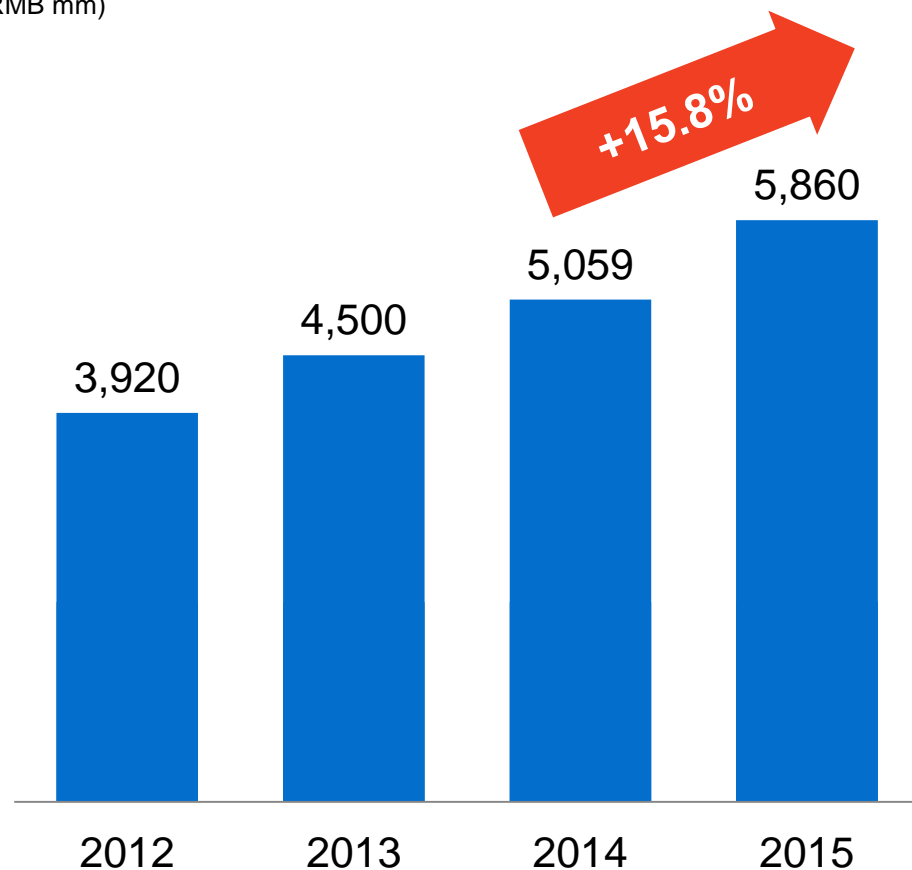
(RMB mm)



Health: Emerging Business Continued to Grow Rapidly

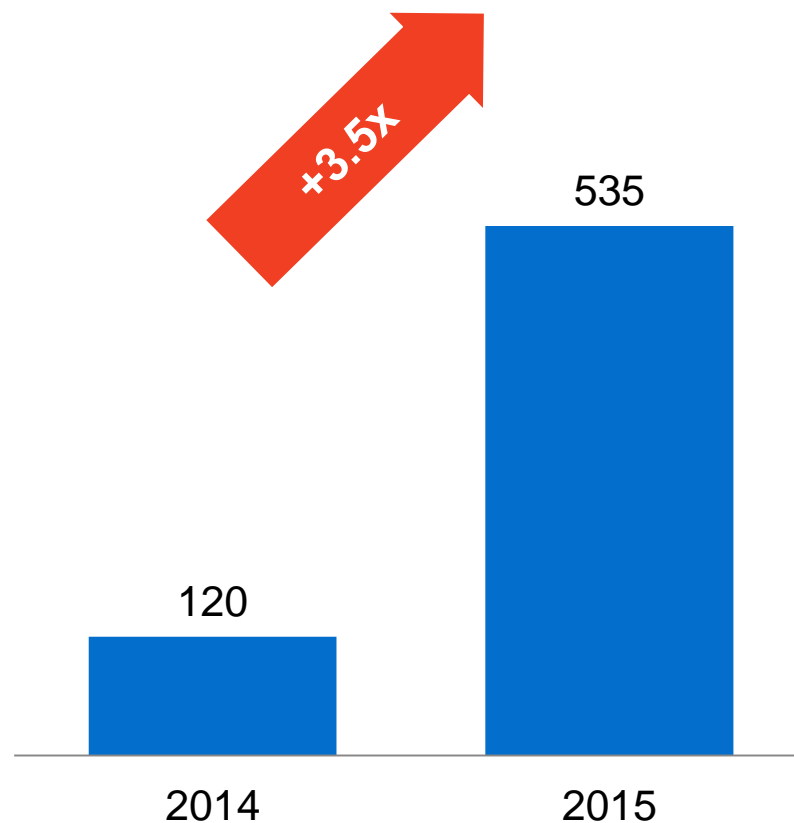
TWPs from Government-Commissioned Business

(RMB mm)



Contracted Medical Organizations for Health Management

(No. of contracted medical organizations)

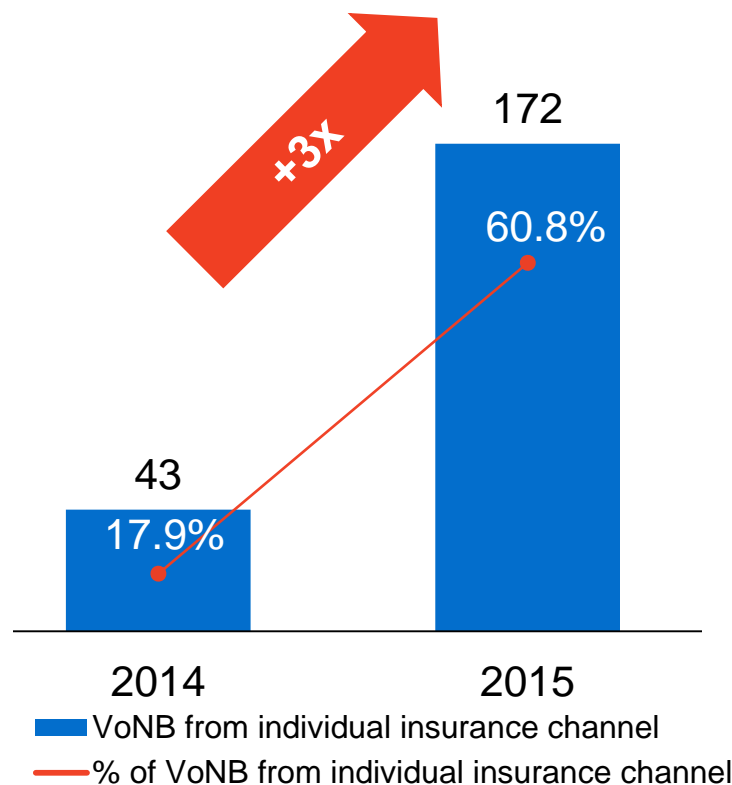


- ◆ 315 government-commissioned projects and 140 million people insured

Health: Continuously Improved Value Creation Capabilities of Individual Insurance Channel

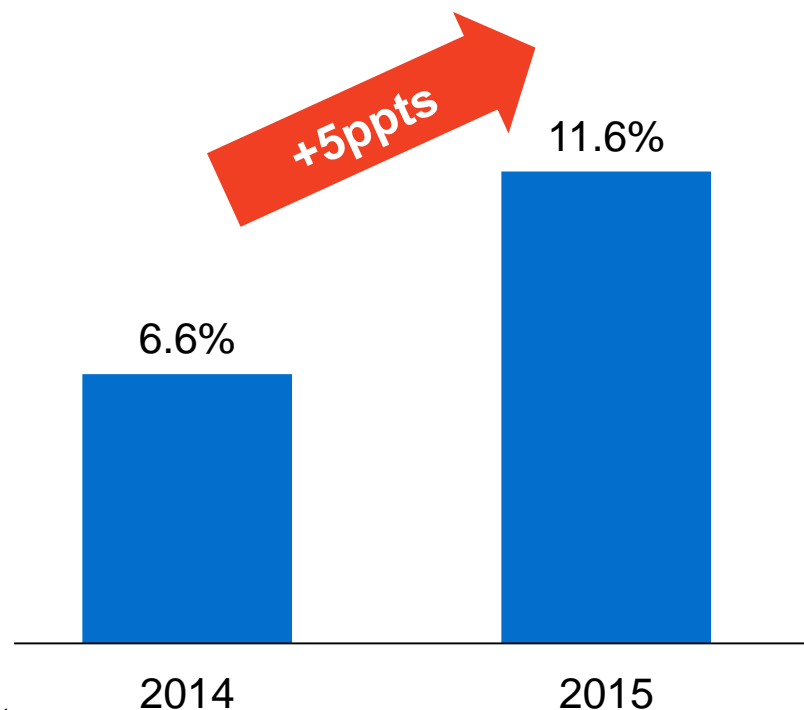
Increased VNB from Individual Insurance Channel

(Excluding cost of capital, RMB mm)



Note: The Value of One Year's New Business of 2014 is recalculated based on the investment assumptions as of 31 December 2015. Apart from the assumption of investment yield, other assumptions are the same as those used for the evaluation as of 31 December 2014.

Increased VNB Margin of Individual Insurance Channel



Note:

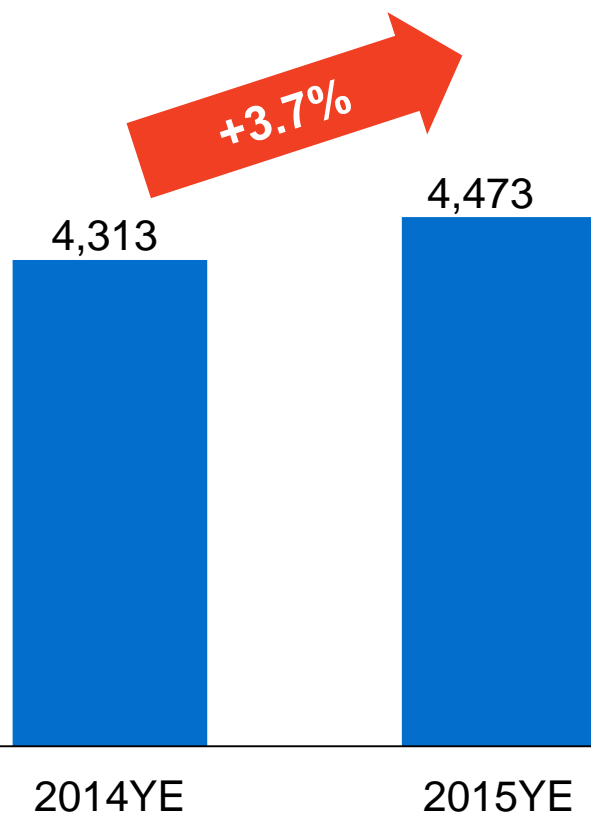
1. VNB Margin = VNB / first year original premium income.

2. The Value of One Year's New Business of 2014 is recalculated based on the investment assumptions as of 31 December 2015. Apart from the assumption of investment yield, other assumptions are the same as those used for the evaluation as of 31 December 2014.

Health: Embedded Value and VNB Continued to Rise

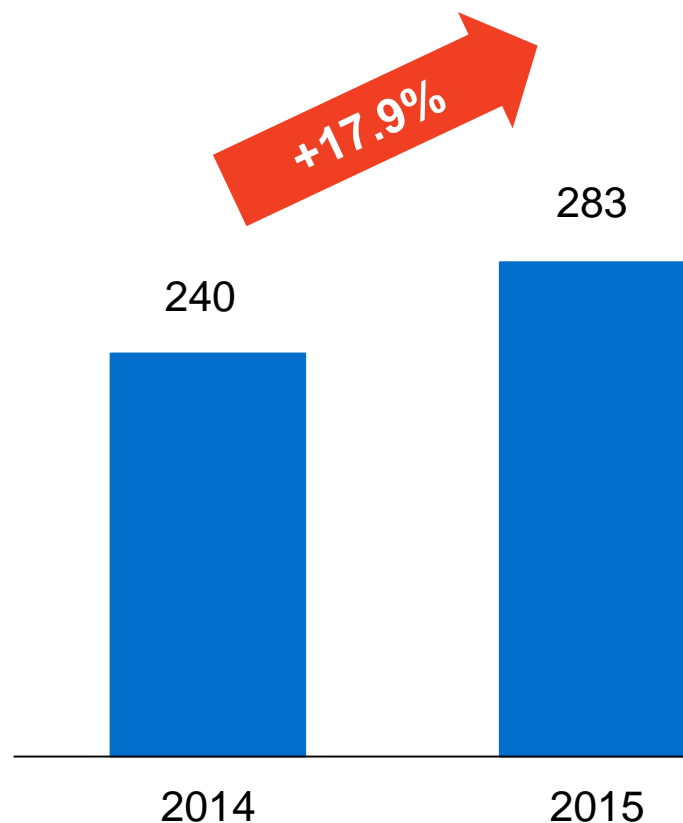
Embedded Value

(Excluding cost of capital,RMB mm)



Value of One-year's New Business

(Excluding cost of capital,RMB mm)



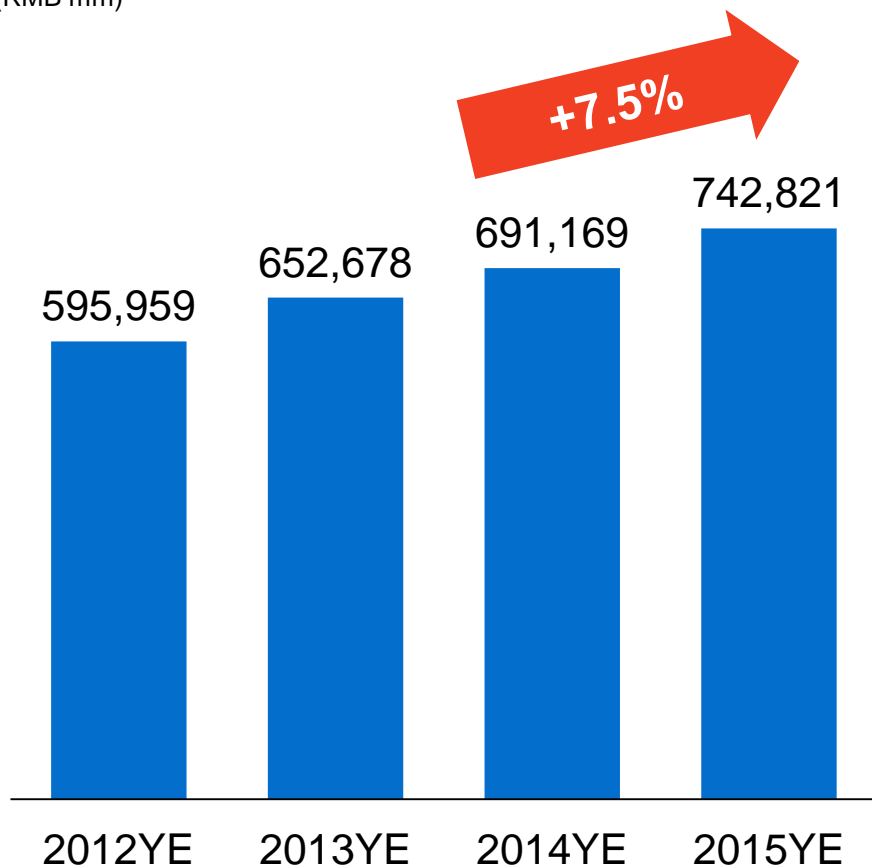
Note: The embedded value as of 31 December 2014 is recalculated based on the investment assumptions as of 31 December 2015. Apart from the assumption of investment yield, other assumptions are the same as those used for the evaluation as of 31 December 2014.

Note: The Value of One Year's New Business of 2014 is recalculated based on the investment assumptions as of 31 December 2015. Apart from the assumption of investment yield, other assumptions are the same as those used for the evaluation as of 31 December 2014.

Investment: Stable Growth in Total Investment Assets with Prudent Investment Allocation Strategies

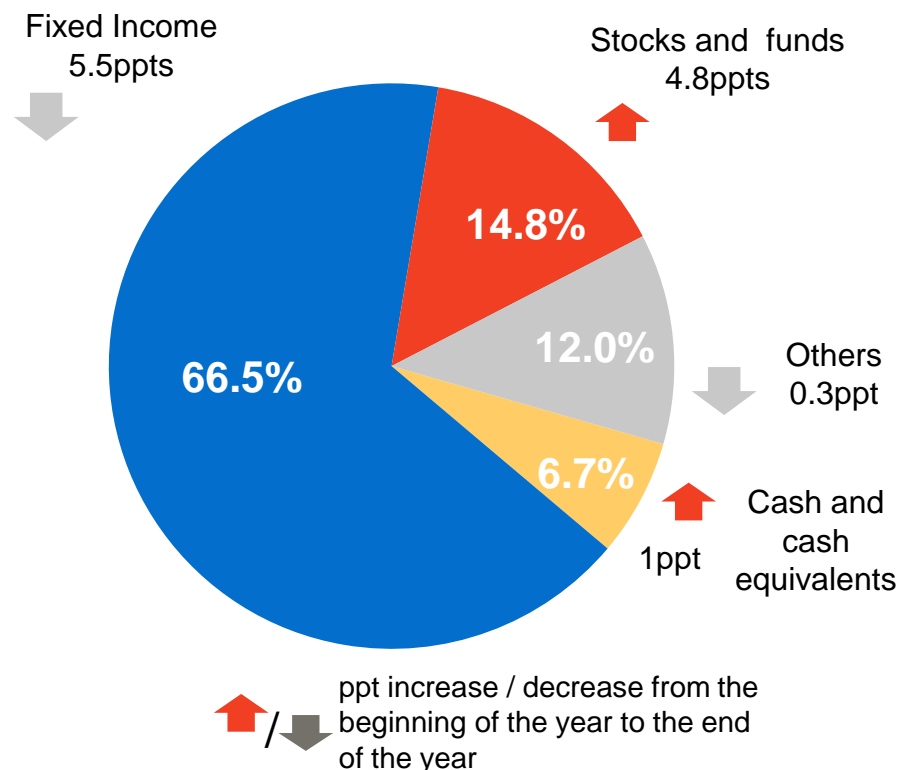
Steady Growth in Total Investment Assets

(RMB mm)



Prudent Investment Allocation Strategies

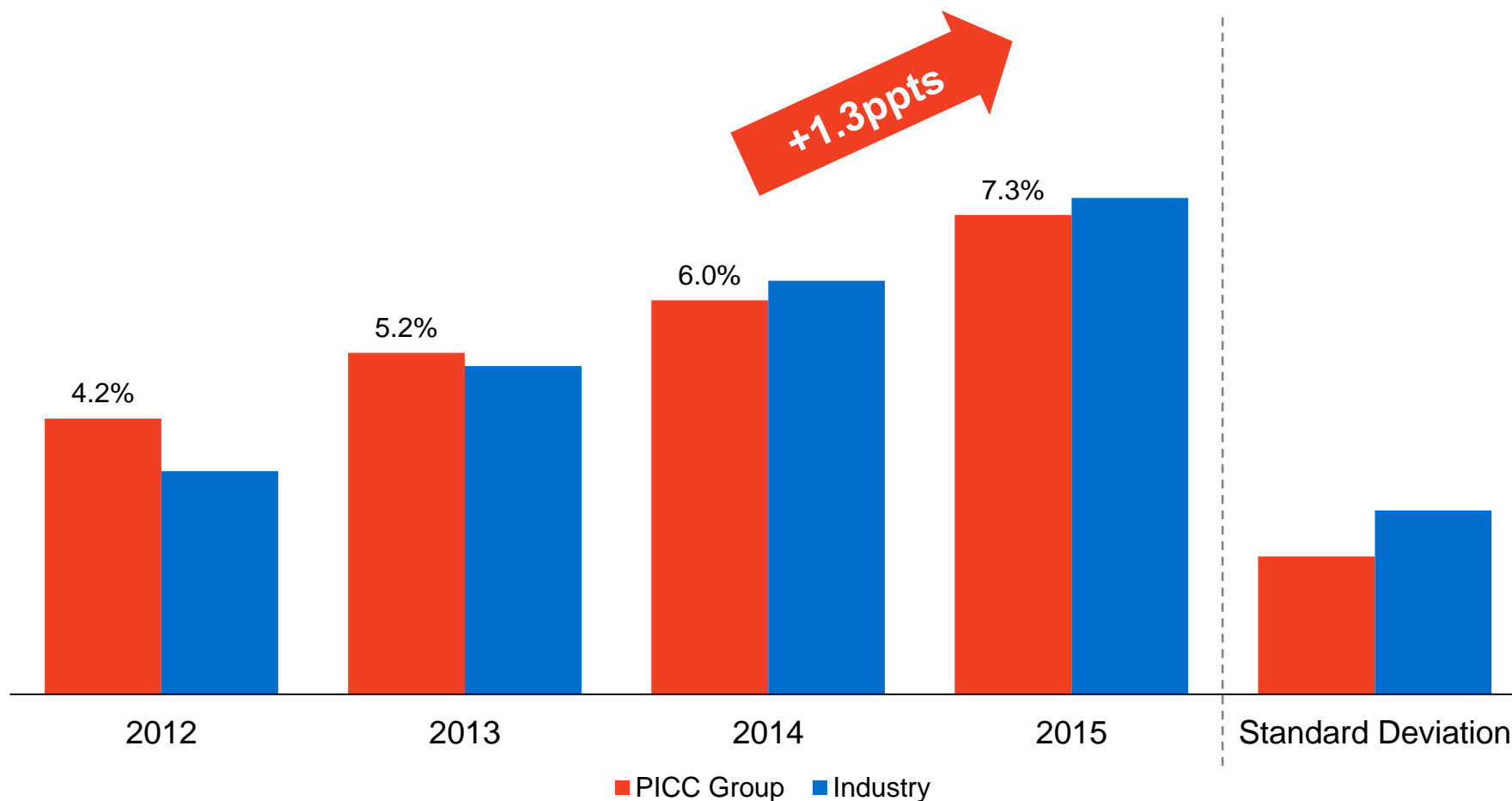
(As % of total investment assets by the end of Dec 2015)



Note: 1) "Fixed income" includes term deposits, fixed-income securities, restricted statutory deposits, policy loans, subordinated debts and debt investment schemes; 2) "Other" includes, investment properties, derivative financial assets, investments in associates and JVs, equity investments stated at cost and asset management products.

Investment: Total Investment Yield Continues to Rise with Prudent Strategies

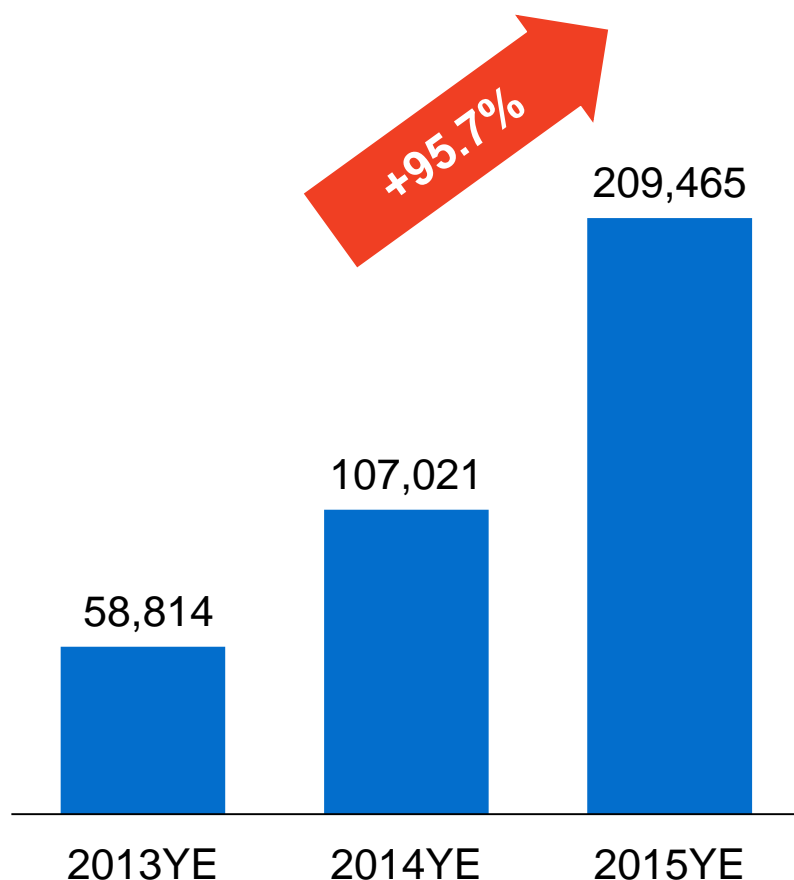
Total Investment Yield of 7.3% with Lower Standard Deviation than Industry Average



Investment: Stable Development in Asset Management Business with Enhanced Expertise

Continued Increase in Third-party Entrusted Assets at PICC AMC

(RMB mm)



Enhanced Expertise in Asset Management

◆ PICC AMC

- Continued diversification for third party business

◆ PICC Capital

- 9 registered investment schemes totaling RMB11.2bn

◆ PICC Investment Holding

- Stable growth of direct investment in real estate; the size of financial products reaching RMB8.08bn

Appendix: Key Financials of the Group

| (RMB mm, unless otherwise noted) | 2015 | 2014 | Change (%) |
|--|---------|---------|---------------|
| Gross premium income | 388,387 | 349,169 | 11.2 |
| P&C Insurance | 281,817 | 253,166 | 11.3 |
| Life Insurance | 90,539 | 80,197 | 12.9 |
| Health Insurance | 16,031 | 15,806 | 1.4 |
| Net earned premiums | 349,311 | 305,614 | 14.3 |
| Claims and policyholders' benefits | 266,143 | 238,760 | 11.5 |
| Handling charges and commissions | 35,963 | 26,464 | 35.9 |
| Profit before tax | 33,970 | 23,420 | 45.0 |
| Net profit | 27,665 | 18,715 | 47.8 |
| Net profit attributable to the equity holders | 19,542 | 13,109 | 49.1 |
| EPS (RMB) | 0.46 | 0.31 | 49.1 |
| Weighted average return on equity (annualized %) | 18.7 | 16.0 | up by 2.7ppts |

| (RMB mm, unless otherwise noted) | As of 31 December 2015 | As of 31 December 2014 | Change (%) |
|----------------------------------|---------------------------|---------------------------|------------|
| Total assets | 843,468 | 782,221 | 7.8 |
| Total liabilities | 686,273 | 656,644 | 4.5 |
| Total equity | 157,195 | 125,577 | 25.2 |
| Book value per share (RMB) | 2.74 | 2.18 | 25.7 |