



2019 Annual Results

PICC P&C (2328.HK)





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2019 Annual Results Highlights



GWP	Market Share	Combined Ratio	Total Investment Yield
RMB433.175 bn	33.2%	99.2%	4.9%
+11.4%	+ 0.2 pts	+ 0.7 pts	+ 0.4 pts
Net Profit	ROE	Net Cash Flows from Operating Activities	Proposed Dividend Per Share
RMB24.279 bn	15.6%	RMB25.845 bn	RMB0.461
+56.8%	+4.3 pts	+15.966 bn	+69.5%



“3411 Project” and “Ten Key Initiatives” Achieved Initial Success



Promoting integration of technological reform and business model reform

- Motor insurance via direct sales channels and directly controlled channel accounted for **69.3%, +5.1 ppts**
- Motor insurance expense ratio was **36.9%, -4.3 ppts**
- Reduction of motor insurance claims cost by tax offset for claim payment, technology-powered claims handling and “Jiaanpei(驾安配)” was **RMB8.15 bn, +87.3%**



Advancing Digitalization Strategy

- Online migration rate of household motor vehicles was **59.5%, +43.6 ppts**
- Online migration rate for motor insurance claim handling was **66.7%, +58.3 ppts**



Promoting the integration of the policy-oriented business and commercial business

- Rural network realized commercial insurance premiums of **RMB46.8 bn, +20.4%**
Driving motor vehicle insurance premiums of **RMB34.3 bn, +14.3%**
- Premiums from integration of policy-oriented business and commercial business were **RMB12.8 bn, +45%**



Creating New Value in Services

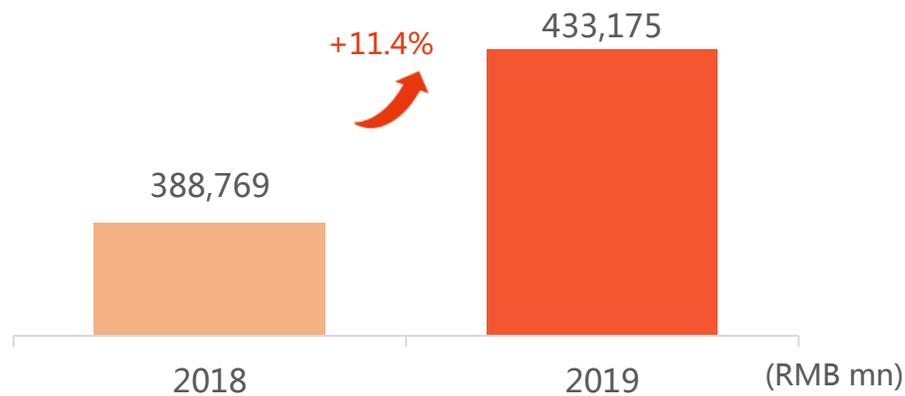
- Highest service rating of “AA” for insurers
- **330+** cities covered by “traffic police and insurer joint action”
- **6200** “two stations and two members (两站两员)” service outlets
- **2000+** “vehicle + driver” s licence business (车驾管)” service outlets



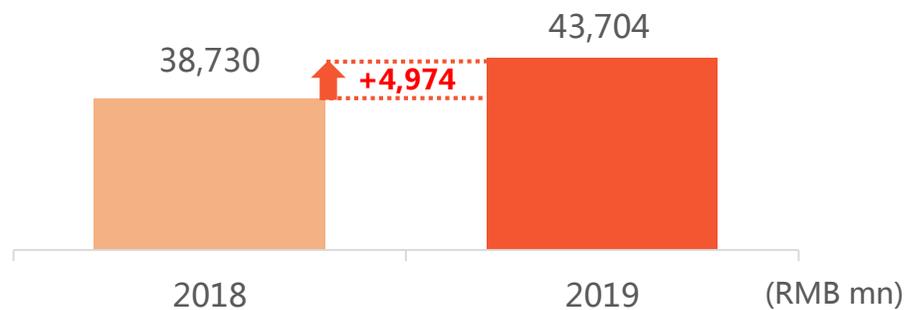
Business Development Outperformed the Market, Market Share Increased



GWP Exceeded RMB400 bn



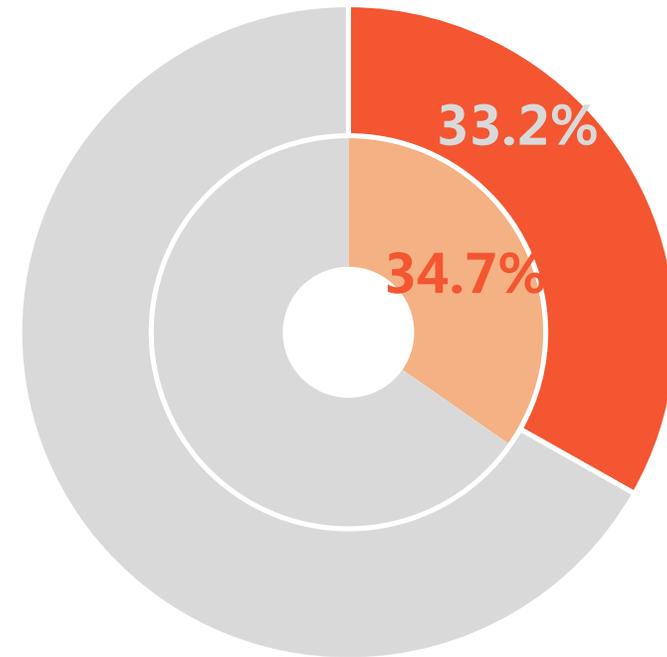
Incremental Premiums Ranked #1 in the Market



Market Share of 33.2%
Up by **0.2 ppts** YoY



Incremental Market Share of 34.7%
Up by **2.8 ppts** YoY

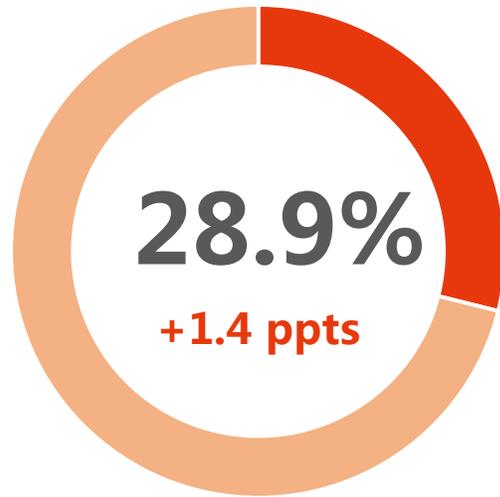


Market share

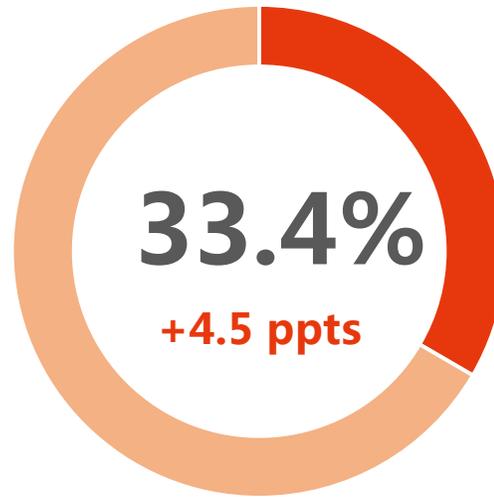
Incremental market share

▶ Contribution of Non-Motor Insurance as a Percentage of GWP Continued to Rise

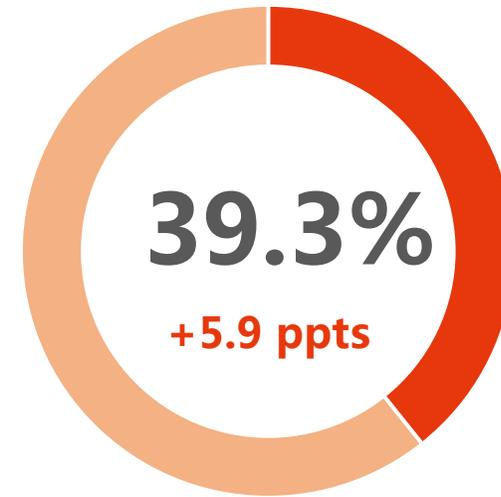
Contribution of Non-Motor Insurance



2017



2018

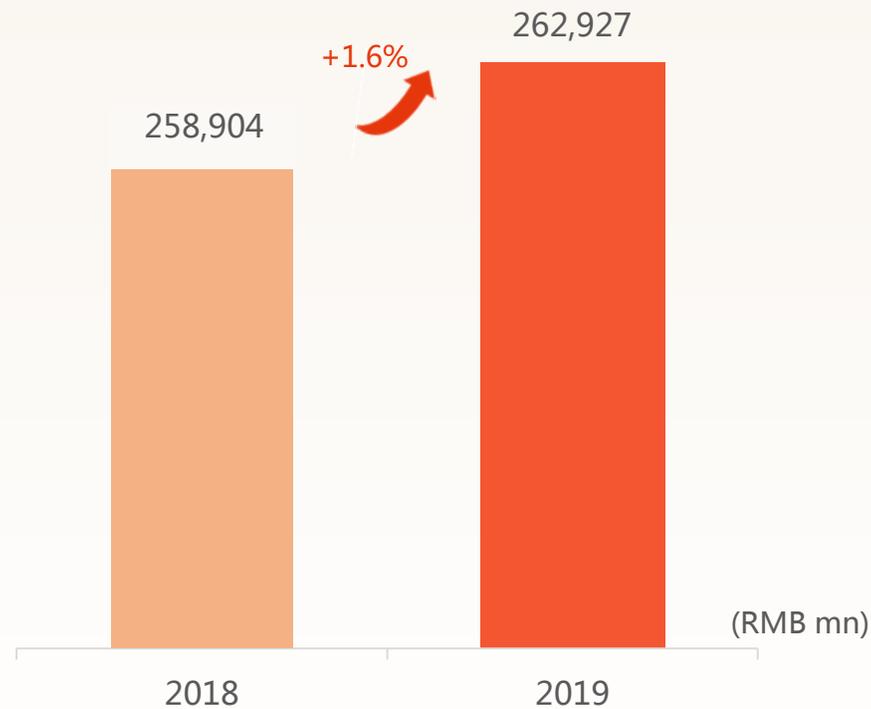


2019



Growth of Motor Insurance Slowed, with Product Mix Optimized

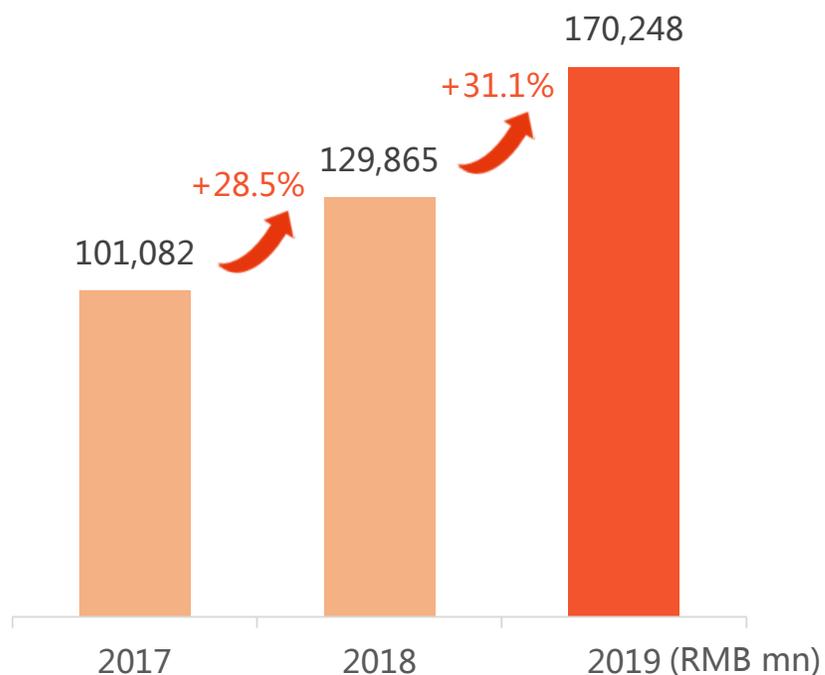
GWP of Motor Insurance



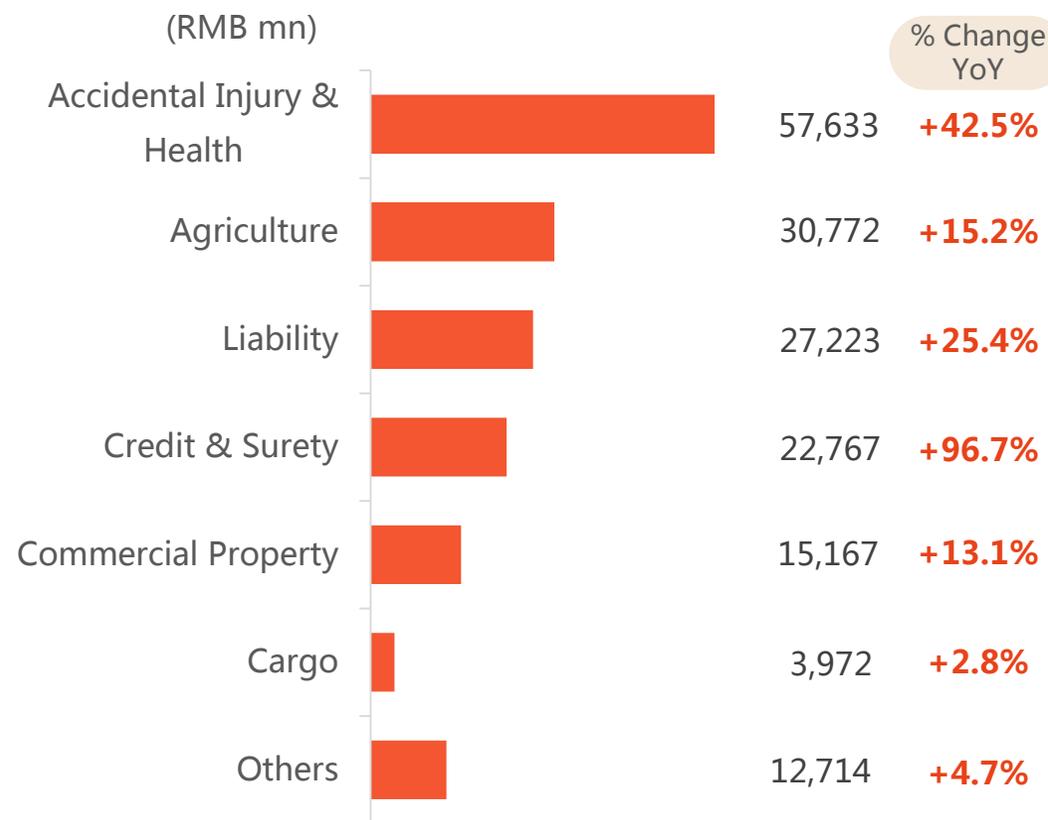
- Household motor vehicles underwritten reached **59.07 mn, ↑ 7.3%**
- Household motor vehicles accounted for **79.4% ↑ 0.8 ppts**
- Direct sales and Directly controlled channels accounted for **69.3% ↑ 5.1 ppts**
- Renewed commercial motor insurance customers that had not filed any claims accounted for **81.9% ↑ 1.3 ppts**
- Percentage of customer purchasing both compulsory and commercial motor policies reached **81.0% ↑ 0.4 ppts**

▶ Rapid Growth of Non-Motor Insurance

**GWP of Non-Motor Insurance
up by 31.1% YoY**



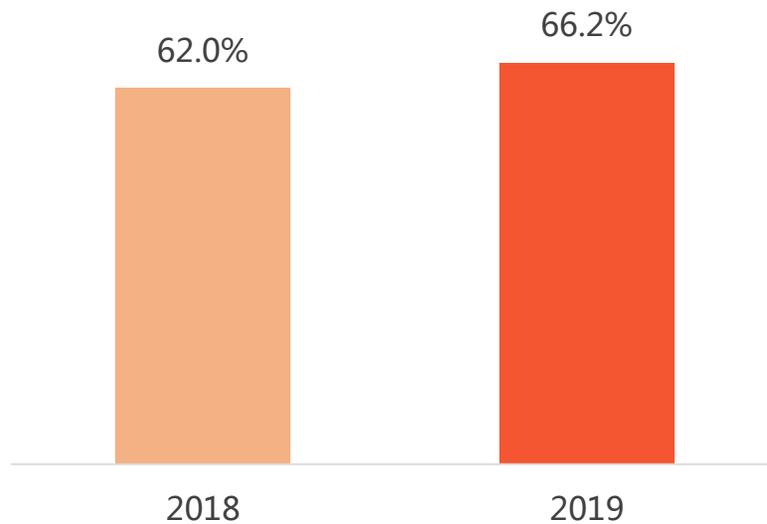
GWP of Non-Motor Insurance in 2019 by Product Line



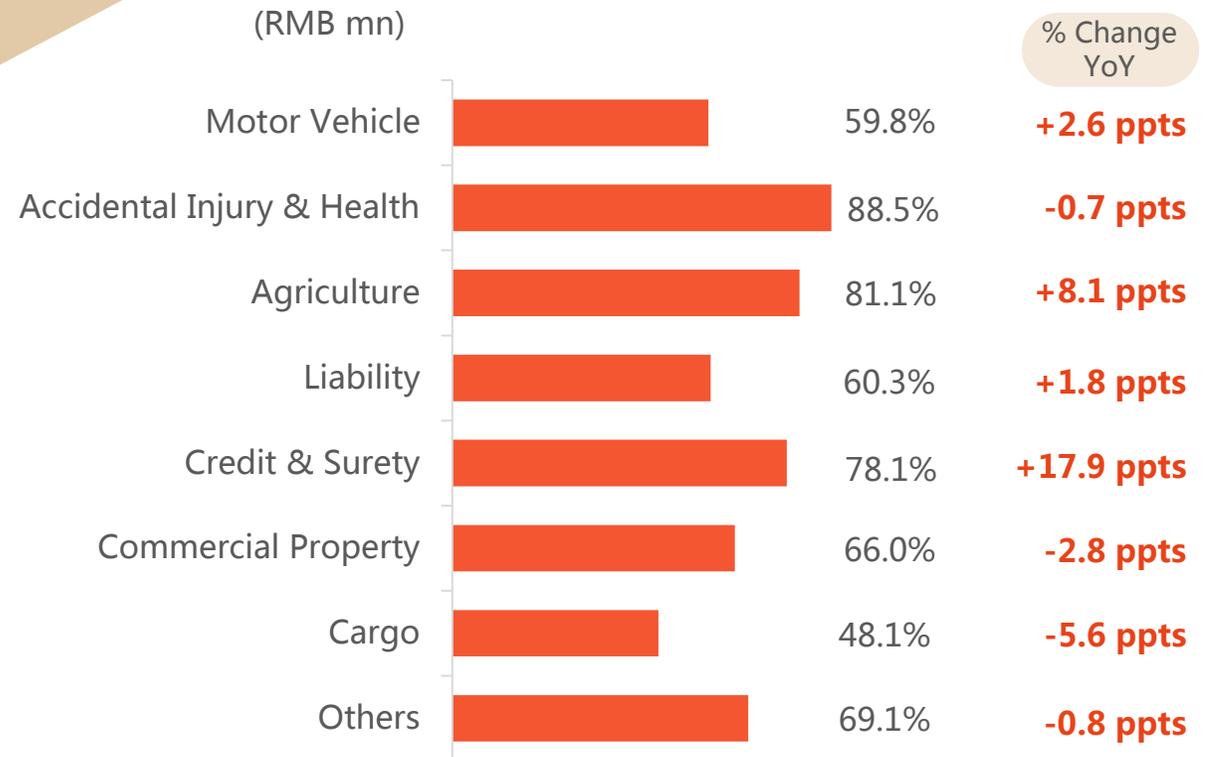


Loss Ratio Increased

Loss Ratio **Up 4.2 ppts YoY**

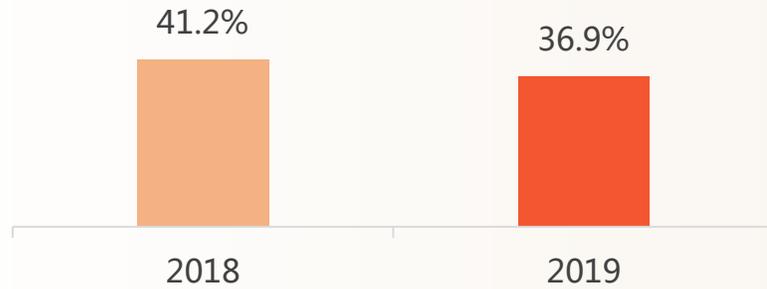


Loss Ratio in 2019 by Product Line

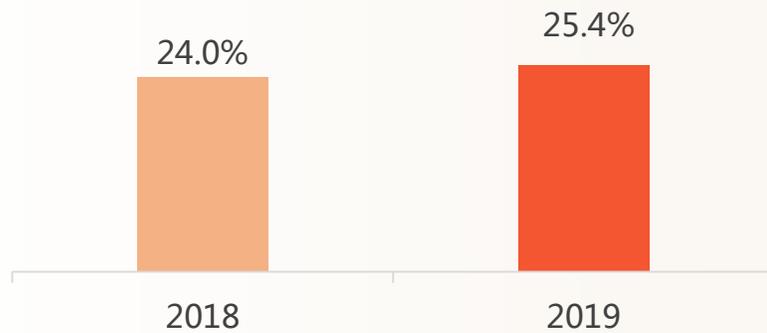


Expense Ratio Decreased

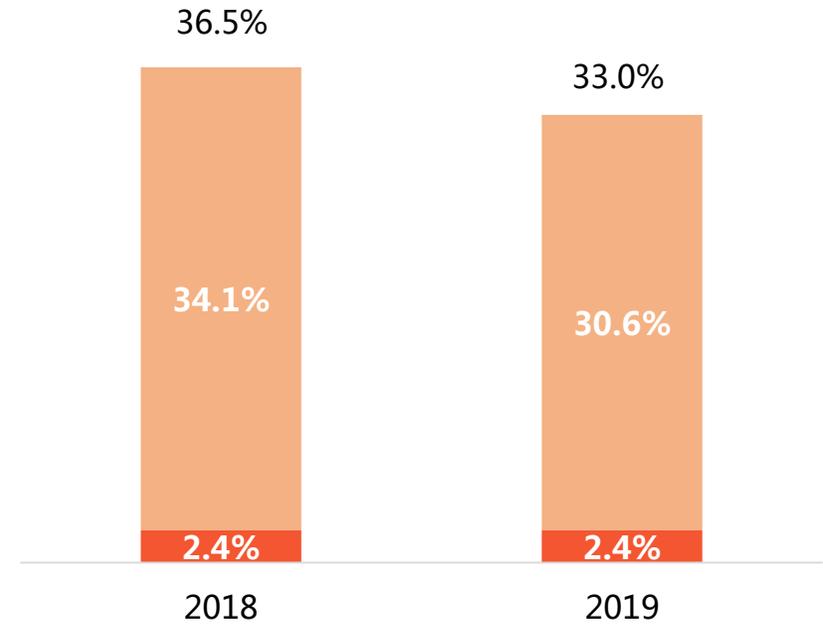
Expense Ratio of **Motor Insurance** Down by 4.3 ppts



Expense Ratio of **Non-Motor Insurance** Up by 1.4 ppts



Overall Expense Ratio Down by 3.5 ppts

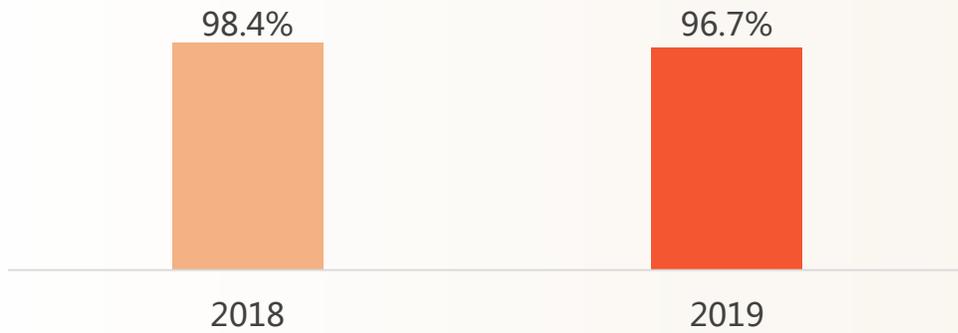


- Underwriting Expense Ratio
- Administrative Expense Ratio

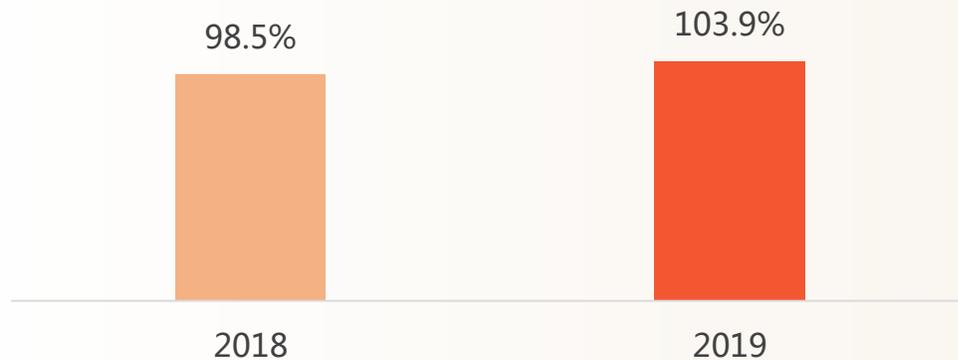


Motor Insurance Underwriting Profitability Improved, Non-Motor Insurance Underwriting Profitability Decreased, and Overall Combined Ratio Increased

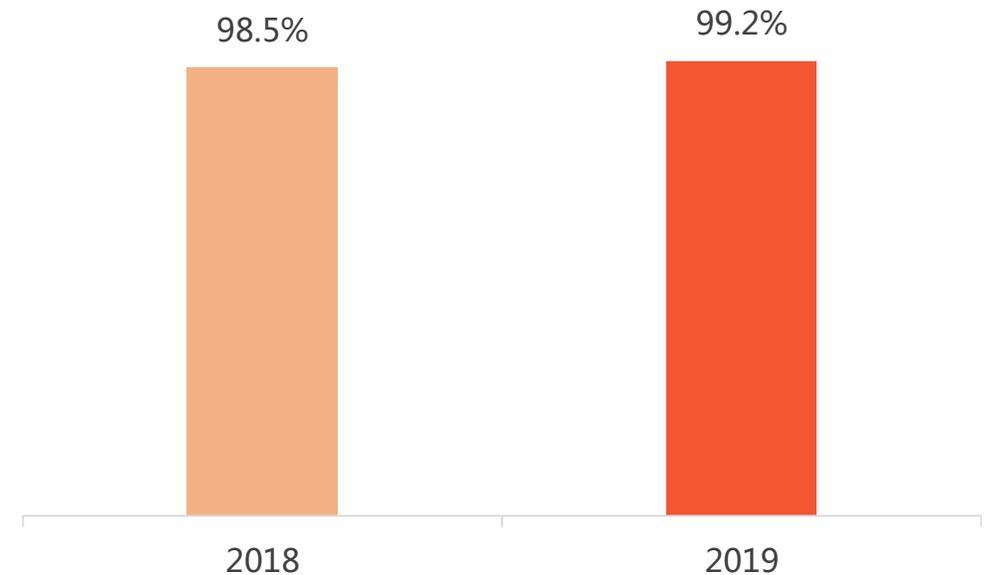
Combined Ratio of Motor Insurance
Down by 1.7 pts YoY



Combined Ratio of Non-Motor Insurance
Up by 5.4 pts YoY

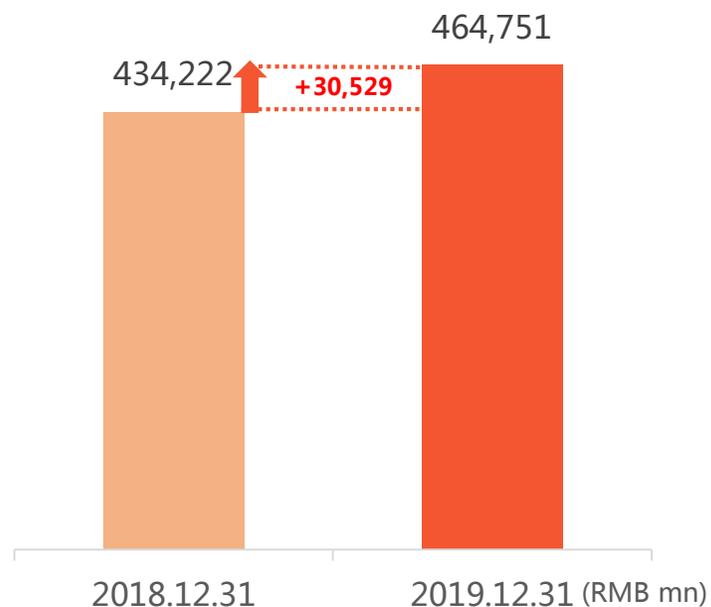


Overall Combined Ratio Up by 0.7 pts YoY

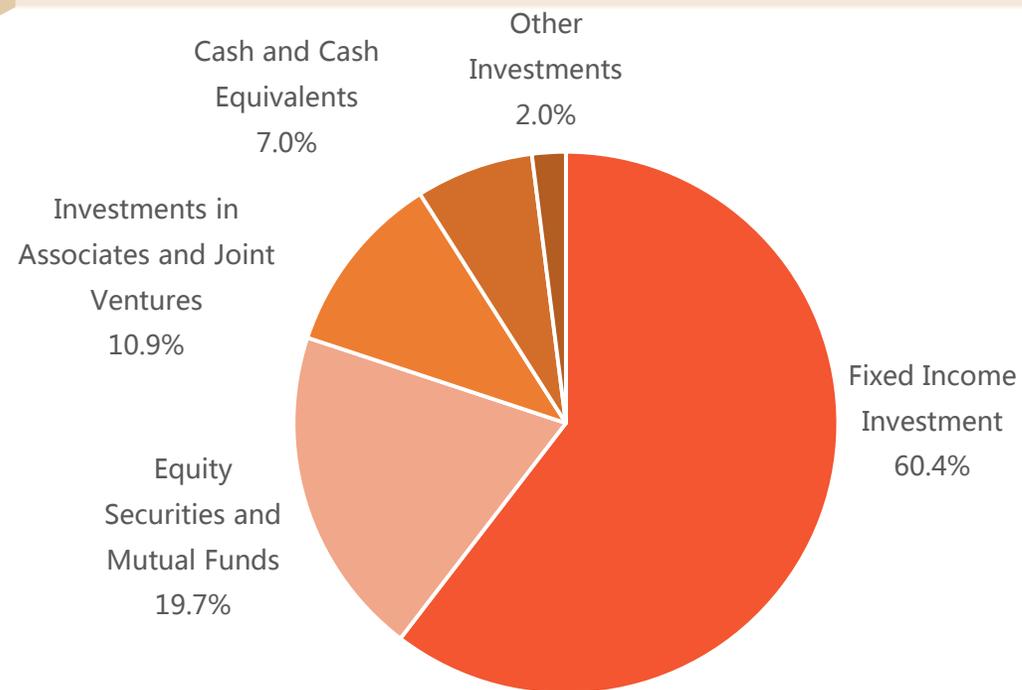


▶ Total Investment Assets Continued to Grow, Investment Portfolio Remained Stable

Total Investment Assets **Increased by RMB30.5 bn** from the Beginning of the Year



Investment Portfolio Remained Stable



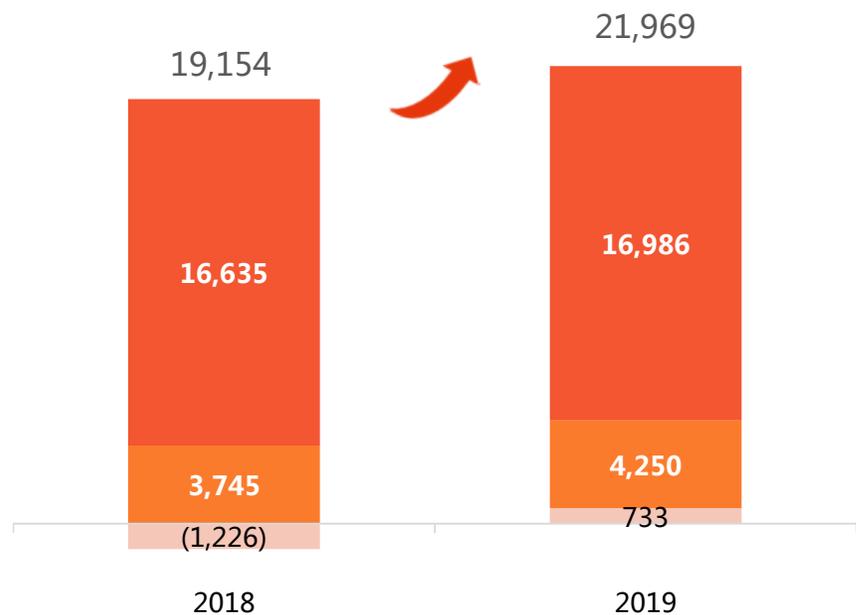
Note: 1) Round-off difference may exist;
2) Cash & Cash Equivalents are mainly RMB, including financial assets repurchased within 3 months;
3) "Other investments" include investment properties and capital security fund.

Investment Income Increased

Total Investment Income **Up by 14.7% YoY**



Total Investment Yield **Up by 0.4 pts YoY**



- Interest, Dividend and Rental Income
- Share of Profits/(Losses) of Associates
- Realized and Unrealized Net Investment Income/(Loss)

	2019	2018	% Change YoY
Total Investment Yield	4.9%	4.5%	+0.4 pts
Net Investment Yield	3.8%	3.9%	-0.1 pts

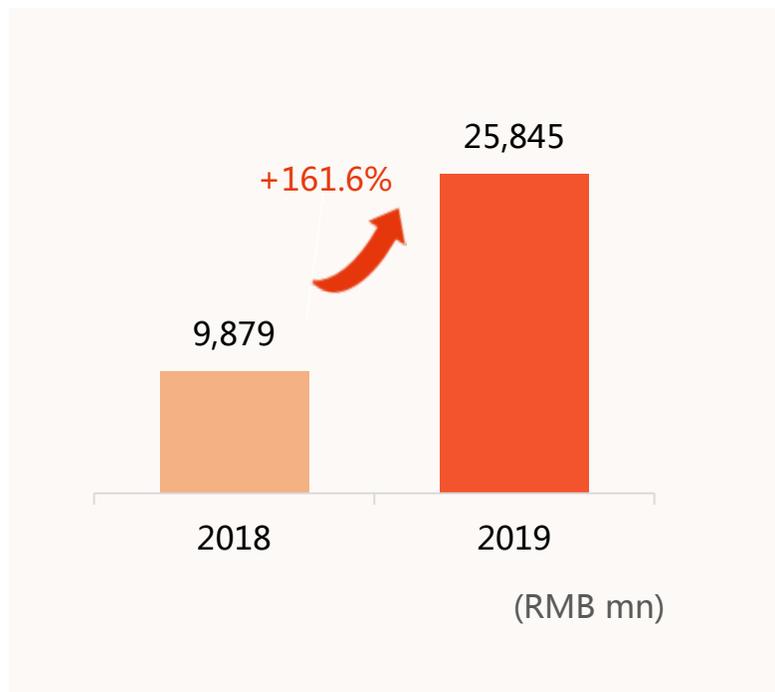


Net Cash Flows from Operating Activities Improved Significantly, Net Profit Hit A New Record High

Net Cash Flows from Operating Activities Improved Significantly

Net Profit up by 56.8% YoY

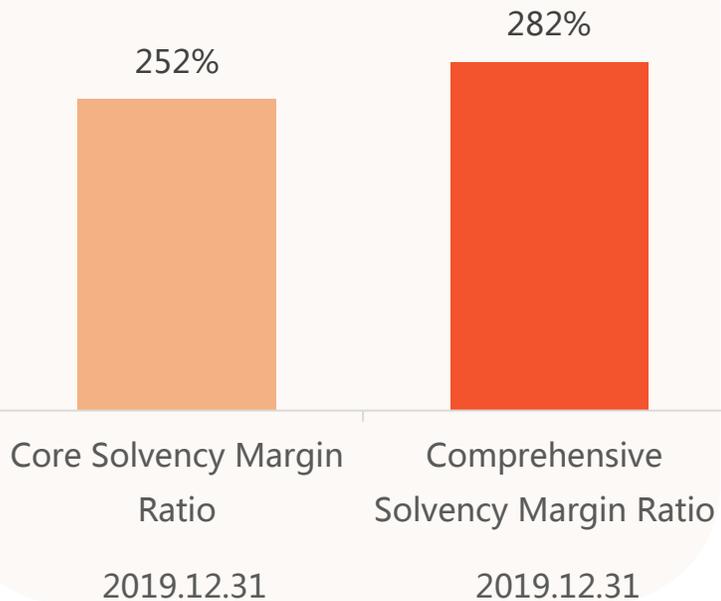
ROE up by 4.3 pts YoY



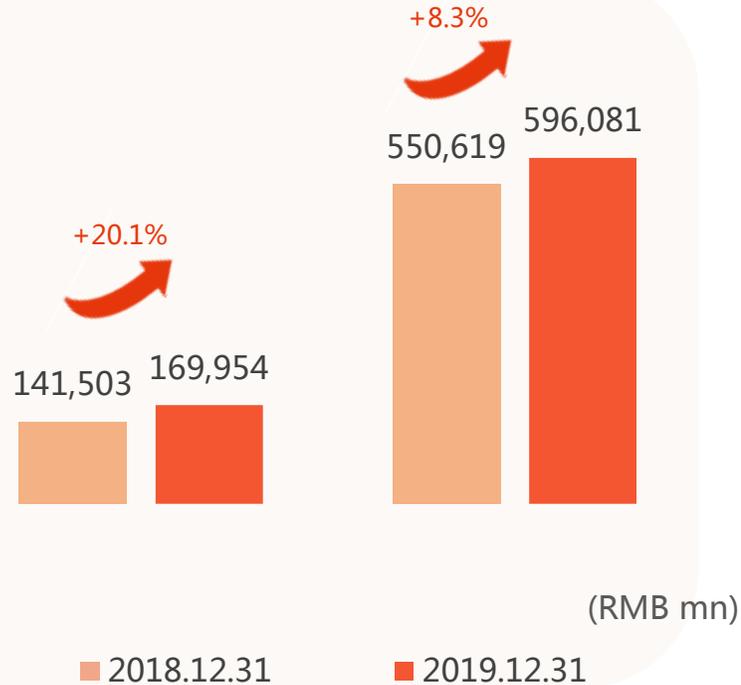


Capital Position Further Strengthened, Dividend Payout Ratio Increased

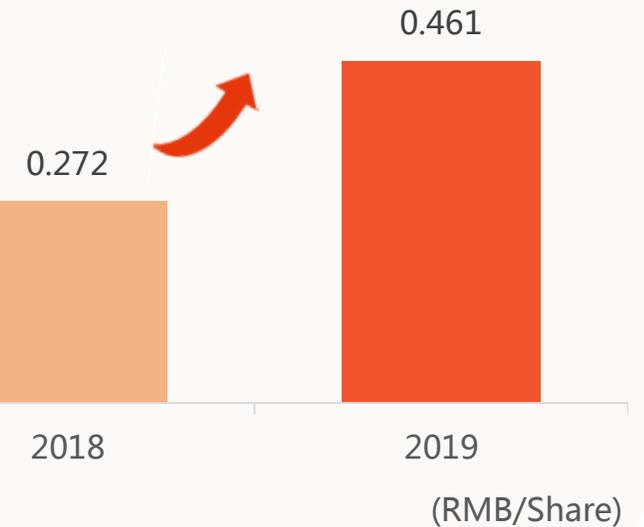
Solvency Ratio
Remained Solid



Totals Assets/Net Assets
Grew Steadily



Proposed Dividend per
Share Up by 69.5% YoY





Company Honors



2019



▶ Key Initiatives in 2020 (I)

01

To deepen two integrations and upgrade insurance supply capacity

- Accelerate the integration of reforms in technology and business model
- Accelerate the process of deepening the integration of policy-oriented business and commercial business

02

To deepen digitalisation strategy and promote operation and management capability

- Continuously promote sales capability
- Continuously promote service capability
- Continuously improve operating efficiency

03

To improve quality, reduce cost, promote efficiency and increase profitability

- Strive to turn commercial non-motor business into profit
- Strive to achieve the break-even or marginal profit of policy-oriented business
- Improve the claim management mechanism
- Optimize financial resources allocation
- Promote capital utilization capability

Key Initiatives in 2020 (II)

04

To deepen regional strategy and promote regional operating capability

- Promote operating capability in central cities
- Improve operating capability in rural regions
- Accelerate oversea market development

05

To uphold the bottom line in compliance and improve risk control capabilities

- Improve corporate governance and risk control system
- Improve the compliance mechanism
- Strengthen the exposure control over financial guarantee insurance

06

Make every effort for epidemic prevention and control
Improve the capability to combat complex situations

- Fully cooperate with the government in joint epidemic prevention and control
- Innovate new business development models amid the epidemic to upgrade insurance protection services