

2020 Interim Results

PICC P&C (2328.HK)



Disclaimer

2020

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2020H1 Results Highlights

2020

Market Share

34.0%

Gross Written Premiums
RMB246.304 bn

Combined Ratio

97.3%

Underwriting Profit
RMB5.339 bn

Annualized Total Investment Yield

4.6%

Total Investment Income
RMB11.006 bn

Annualized ROE

15.5%

Net Profit
RMB13.179 bn

Comprehensive Solvency Margin Ratio

306%

Net Cash Flows from Operating Activities
RMB15.164 bn

Review of 2020H1 Efforts

Working together to fight against the pandemic and improving its capability to serve the overall situation

- ✓ Served “stability on six fronts” and “security in six areas”
- ✓ Expanded the scope of insurance liability to cover COVID-19
- ✓ Arranged green channels for claim settlement
- ✓ Upgraded the model of “Traffic Police and Insurer Joint Work”



Upgrading the insurance supply and promoting the capability of developing new markets

- ✓ Vigorously promoted medical insurance products providing million level protection
- ✓ Consolidated its leading edge in agriculture insurance by raising protection standards, expanding business scope and increasing product types
- ✓ Continuously explored new areas of business development

Innovating technology empowerment, promoting operation and management capability

- ✓ Vigorously developing contactless distribution channels such as telemarketing and online sales, “PICC” APP, “PICC V League”, “PICC e-Tong”, and “95518” service hotline
- ✓ Online customer rate of the household automobile insurance was 77.8%, up 18.3 ppts vs. YE2019
- ✓ Online claim service usage rate of the household automobile insurance was 91.3%, up 24.6 ppts vs. YE2019

Improving the value creation capability through cost reduction and profitability enhancement as well as risk prevention

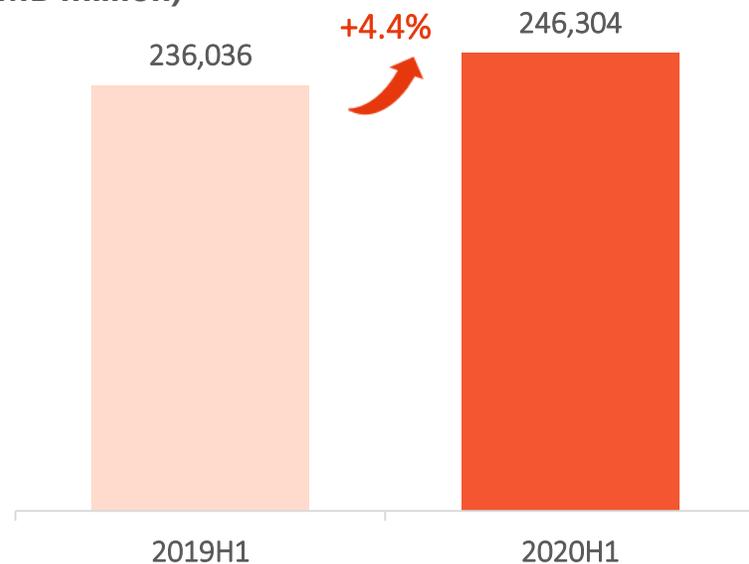
- ✓ Reduction of claims cost through technology-powered claims handling, Jia’ AnPei, etc. totaled RMB4.52 bn
- ✓ Strengthened risk control for credit & surety insurance and gradually reduced risk exposure
- ✓ Strengthened the prevention of disaster and loss, and implemented risk mitigation management

Business Developed Steadily, Dominant Market Position Maintained

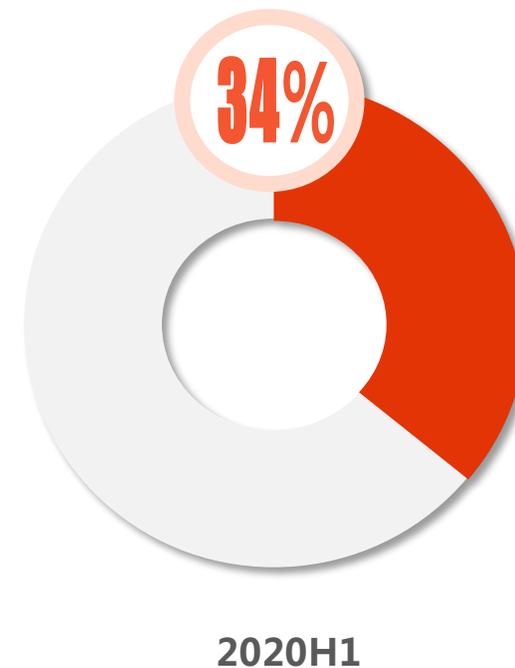


Gross Written Premiums Increased Steadily

(RMB million)



Market Share Remained #1

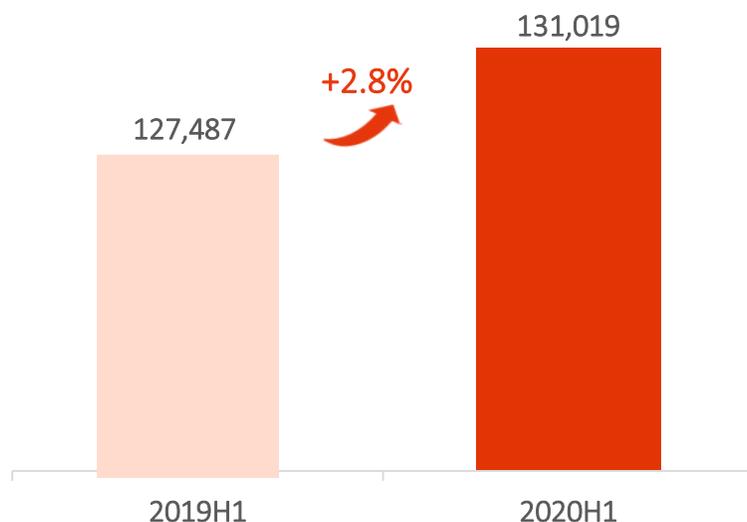


Motor Insurance Business Grew Steadily, Business Structure Continued to Be Optimized



GWP of Motor Insurance

(RMB million)



Business Structure Continued to Be Optimized

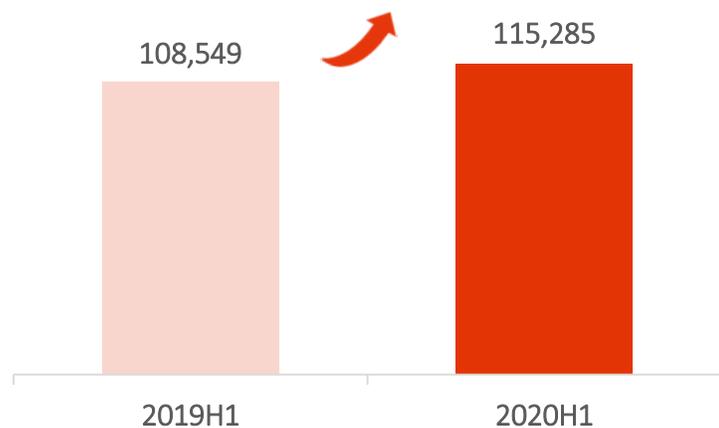
- ▣ Market share of household motor insurance **up 0.8ppts YoY**
- ▣ Household motor vehicles underwritten **up 7.6% YoY**
- ▣ % of premiums from household motor insurance **up 1.4ppts YoY**
- ▣ Renewal rate of household motor insurance **71.2%, up 3.6ppts YoY**
- ▣ % of customers from renewed commercial motor insurance that had not filed any claims **up 1.7ppts YoY**

Non-Motor Insurance Business Grew Steadily

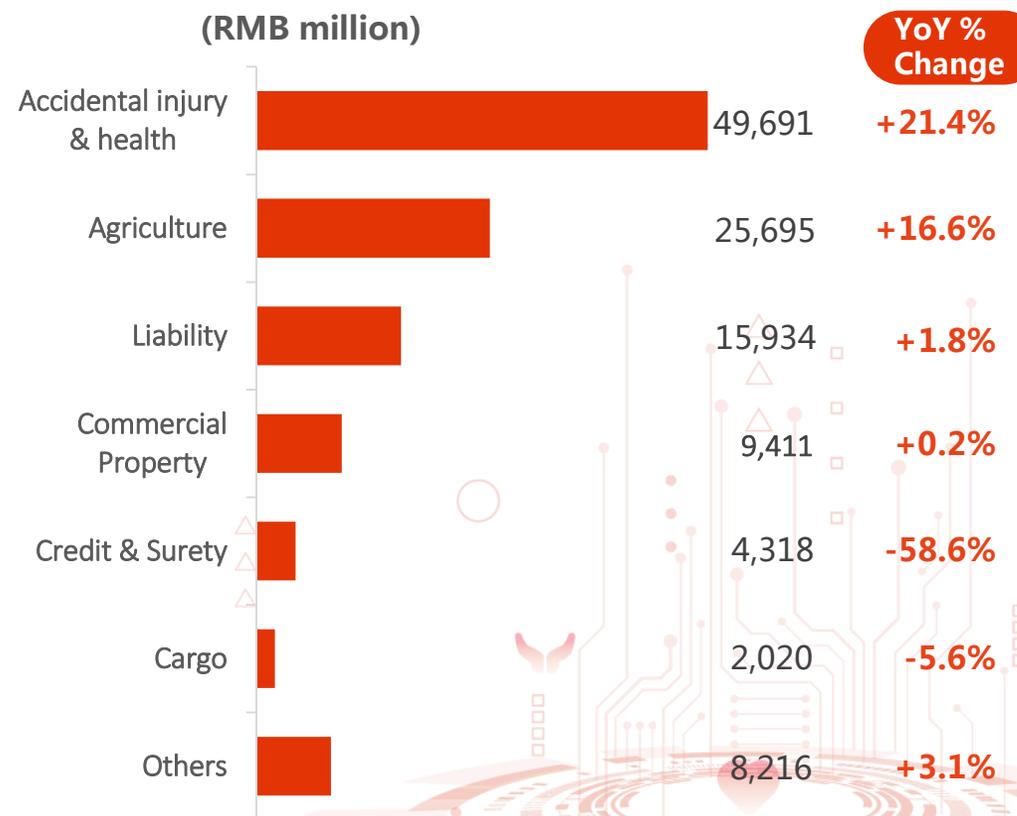
2020



GWP of Non-Motor Insurance up 6.2% YoY (RMB million)



GWP of Non-Motor Insurance in 2020H1 by Product Line



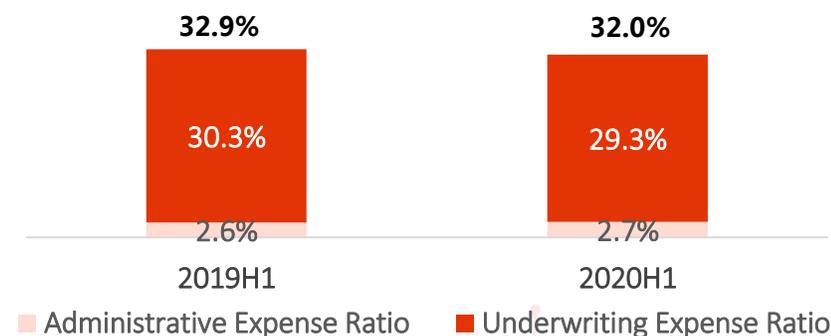
Underwriting Profit Increased Significantly, Underwriting Profitability Outperformed Industry



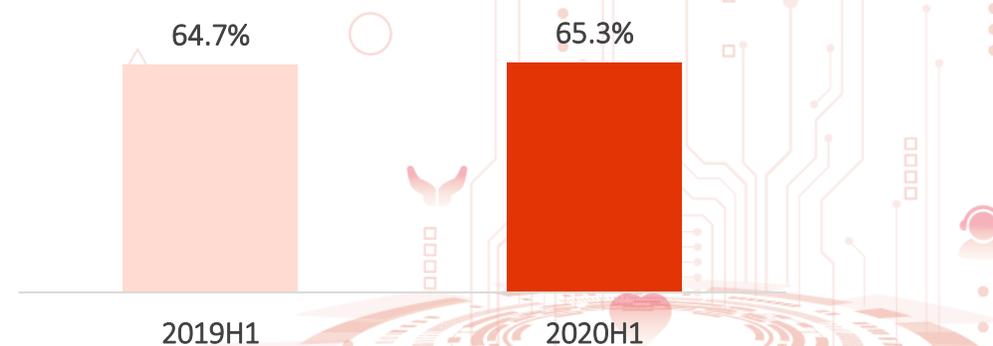
Combined Ratio Down 0.3ppts YoY
Underwriting Profit Up 23.0% YoY



Overall Expense Ratio Down 0.9ppts YoY



Overall Loss Ratio Up 0.6ppts YoY

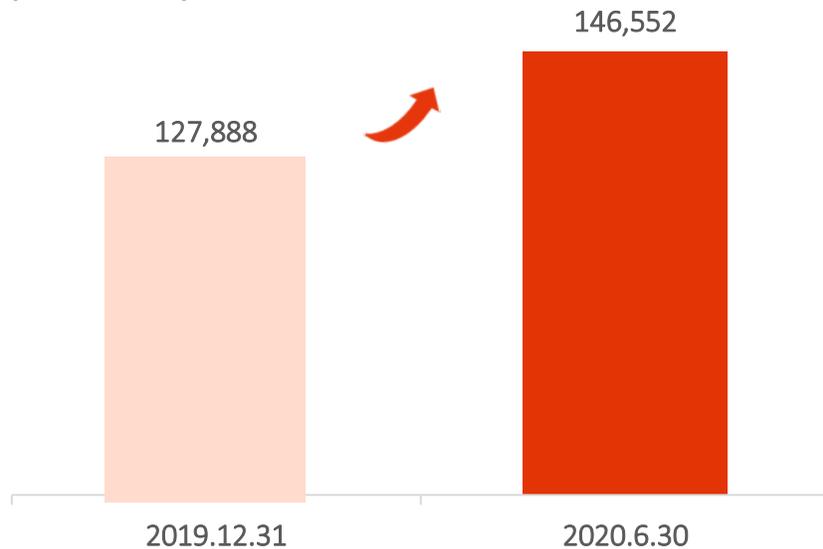


Sufficient Appropriation of Loss and LAE Reserves

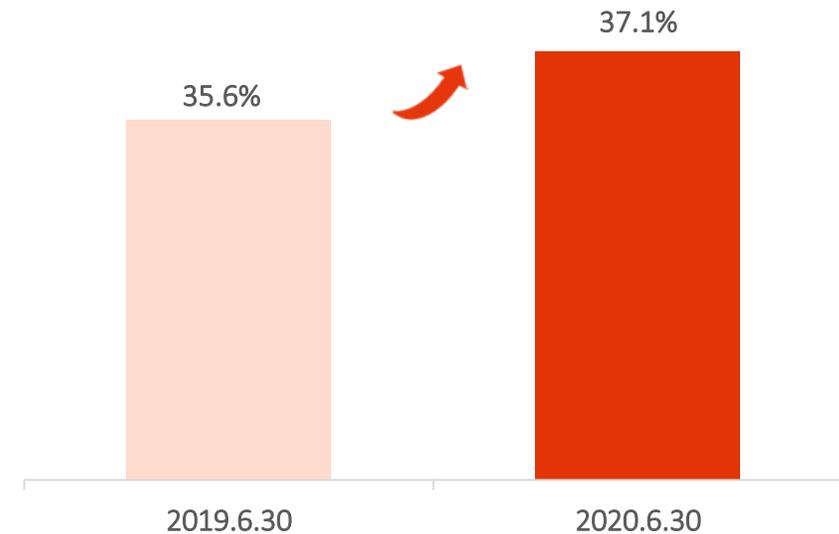
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Net Loss and LAE Reserves up 14.6 pts vs. YE2019

(RMB million)



Net loss reserves ratio up 1.5 pts YoY

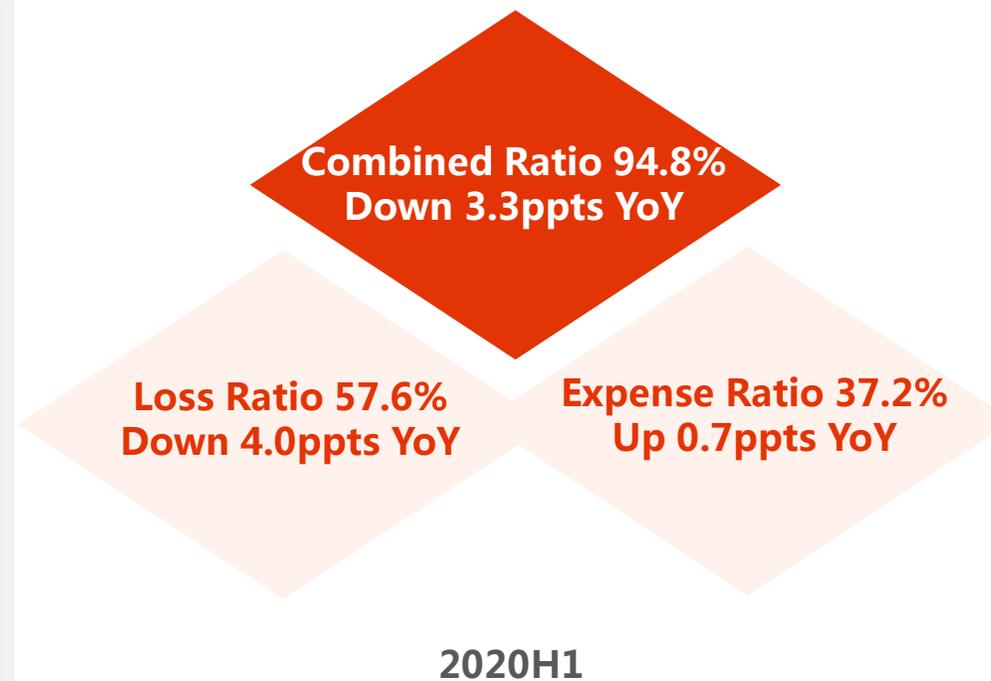
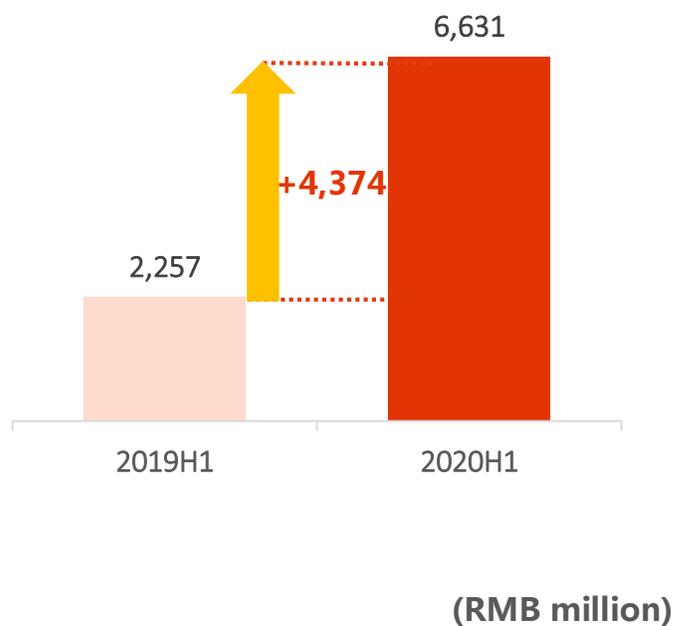


Underwriting Profitability of Motor Insurance Improved Significantly

2020

Underwriting Profit RMB6.631 bn

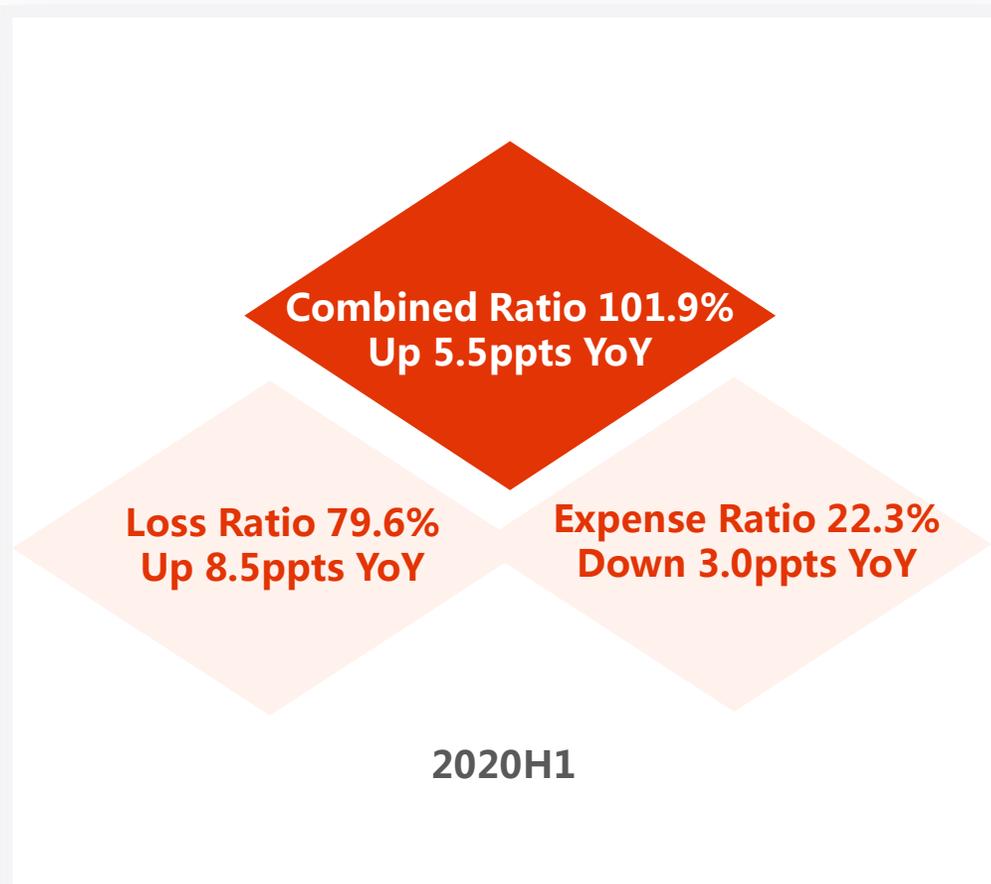
Combined Ratio Down 3.3ppts YoY



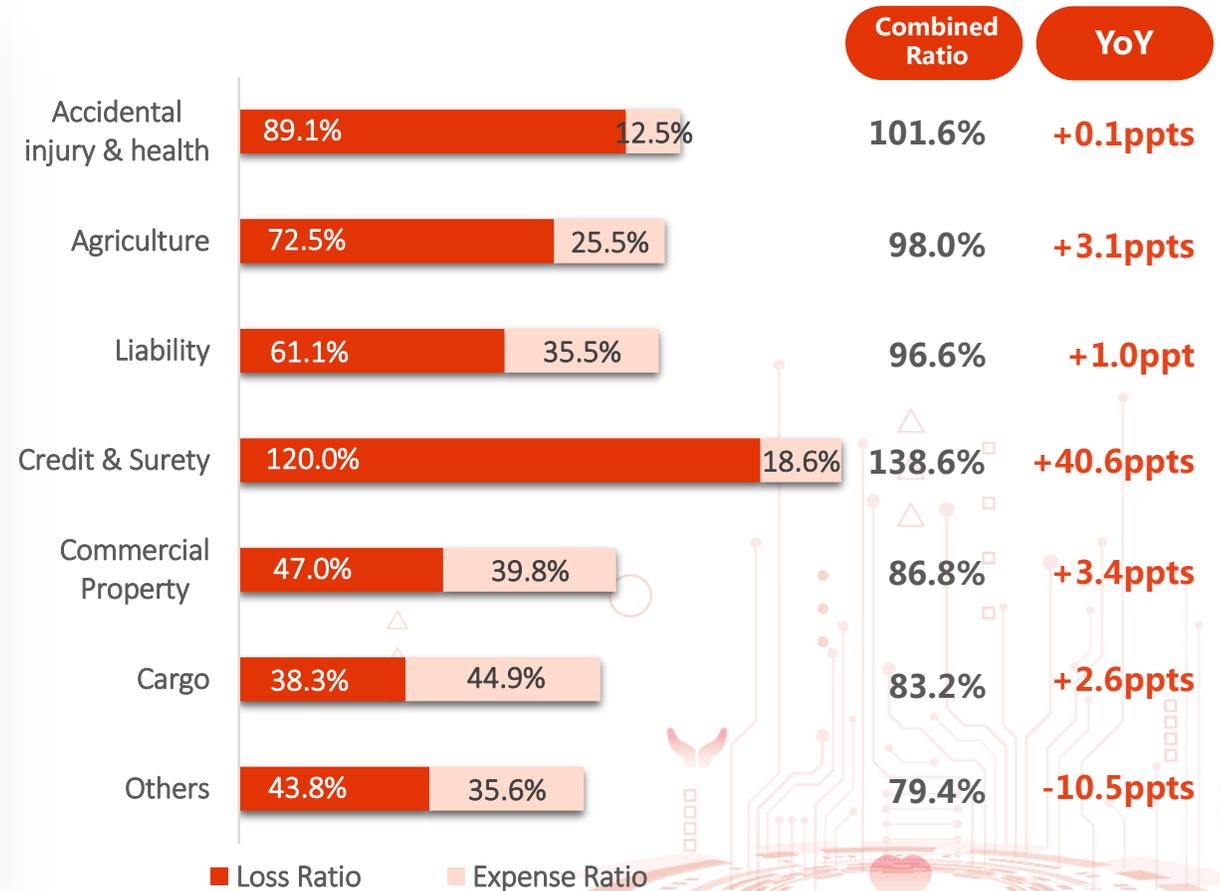
Combined Ratio of Non-Motor Insurance Increased

2020

Combined Ratio Up 5.5ppts YoY



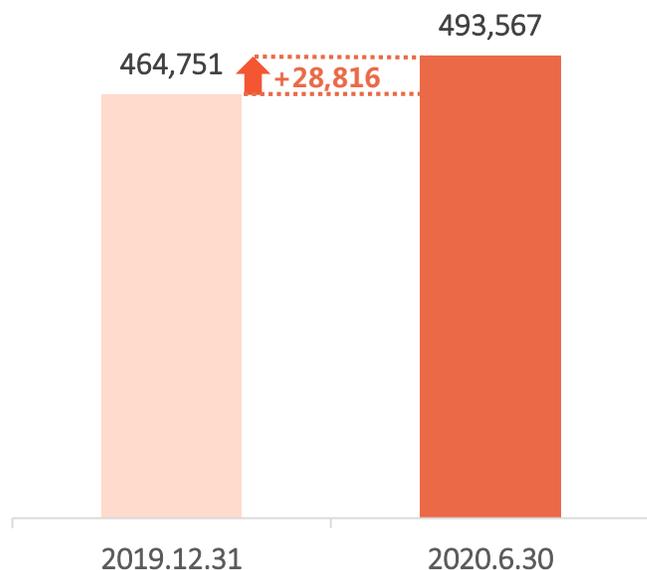
Combined Ratio in 2020H1 by Product Line



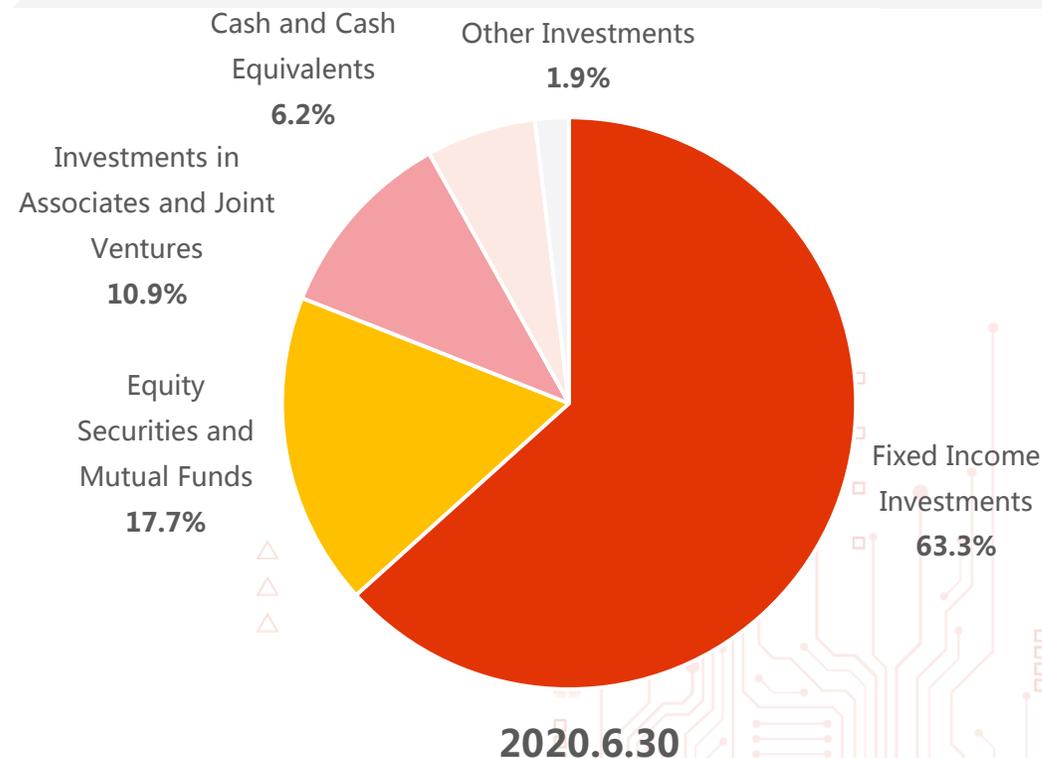
Total Investment Assets Continued to Grow, Investment Portfolio Remained Prudent

Total Investment Assets Increased by
6.2% from Beginning of the Year

(RMB million)



Investment Portfolio Remained
Prudent



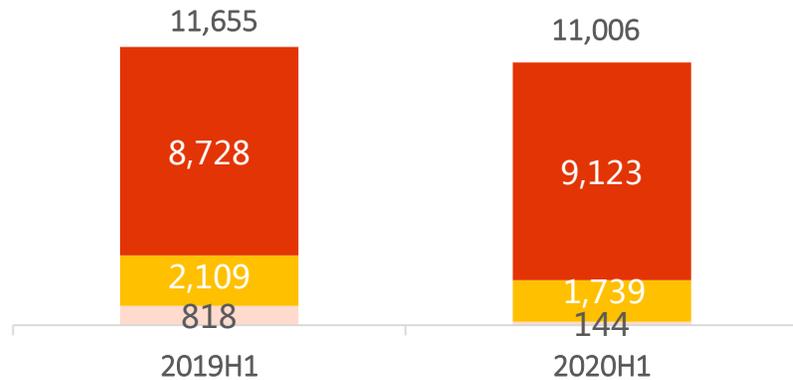
Note: 1) Round-off difference may exist;
2) Cash & Cash Equivalents are mainly RMB, including financial assets repurchased within 3 months;
3) "Other investments" include investment properties, capital security fund, etc.

Total Investment Income Decreased

2020

Total Investment Income

(RMB mm)



- Interest, Dividend and Rental Income
- Share of Profits of Associates and joint venture
- Net realised and unrealised gains on investments

Investment Yields

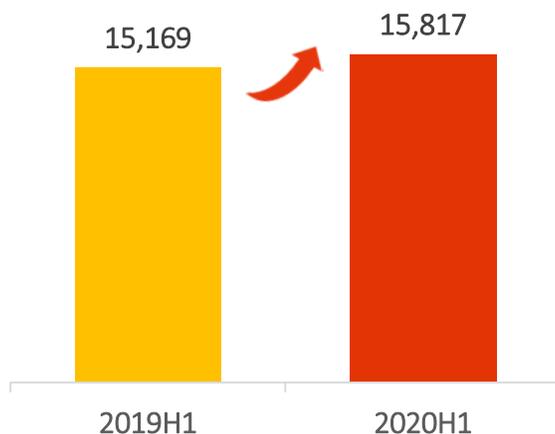
	2020H1	2019H1	YoY Change
Annualized Total Investment Yield	4.6%	5.3%	-0.7ppts
Annualized Net Investment Yield	3.8%	4.0%	-0.2ppts

Overall Profitability Grew Steadily, ROE At A Relatively High Level



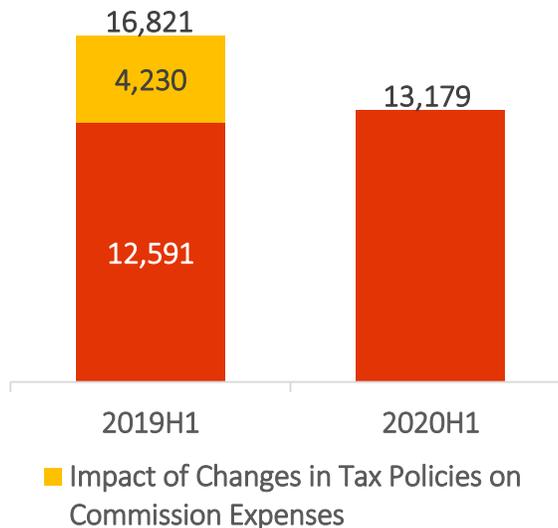
The total profit
Increased 4.3% YoY

(RMB million)



Excluding the Impact of Changes in
Tax Policies on Commission Expenses,
Net Profit Increased 4.7% YoY

(RMB million)



Annualized ROE Remained
at a Relatively High Level

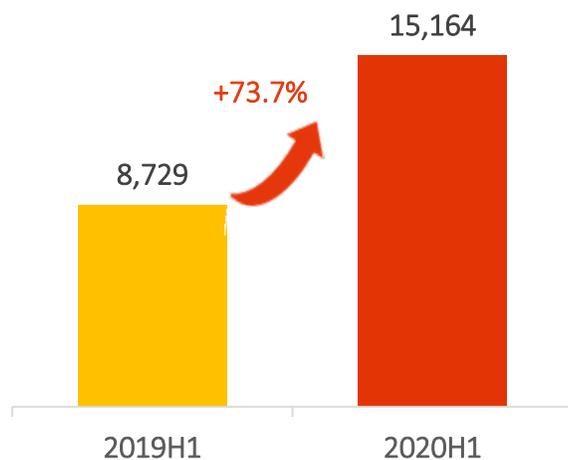


Operation Stability Enhanced, Comprehensive Strengths Reinforced

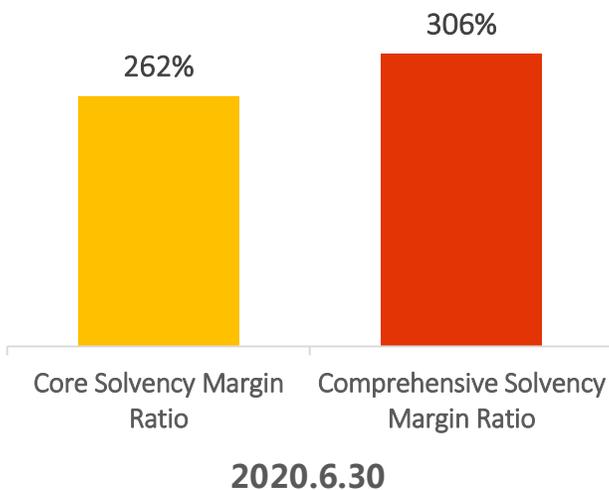


Net cash flows from operating activities improved significantly

(RMB million)

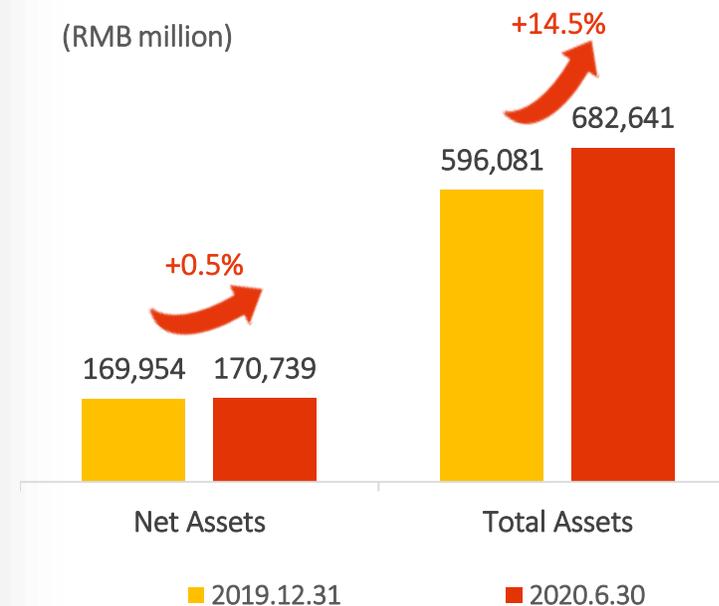


Solvency margin ratios remained adequate



Scale of assets increased steadily

(RMB million)



Key Initiatives in 2020H2

01

Fully respond to the comprehensive reform of motor vehicle insurance business, improve the pricing capability, optimize channel layout, upgrade the business model of motor vehicle insurance, conduct smart operation, give priority to compliance, stabilize new insurance businesses, strengthen the renewal business, optimize transferred-in business and maintain the leading market

02

Leverage the demand arising from post-pandemic economic and social development, innovate products, services and models, expand service coverage, improve professional capabilities, serve the “stability on the six fronts” and “security in the six areas”, develop individual insurance business strategically, stimulate new demand with new supply, and speed up the high-quality development of non-motor vehicle insurance business

03

Grasp the evolving trend of industrial operational cycle and cost structure, improve operation management capability through technology empowerment, optimize the business structure, improve underwriting quality, further reduce costs and improve profitability

04

Promote capital utilization capability, uphold the principle of prudent investment and control investment risk, continue to invest in fixed-income assets and increase long-term stable income, control equity asset exposure and seize the opportunities in the market trends to improve returns on investment

05

Focus on capability building, optimize regional strategies, improve the business model of regional businesses and regional operation capability, and consolidate its leading position in regional markets

06

Uphold the bottom line of non-occurrence of systematic risks, improve risk control and compliance management capability, reinforce centralized product management, standardize underwriting authorization management and ensure the stable operation of the Company

Continue to Accelerate
Transformation to High-
Quality Development

THANKS!

