

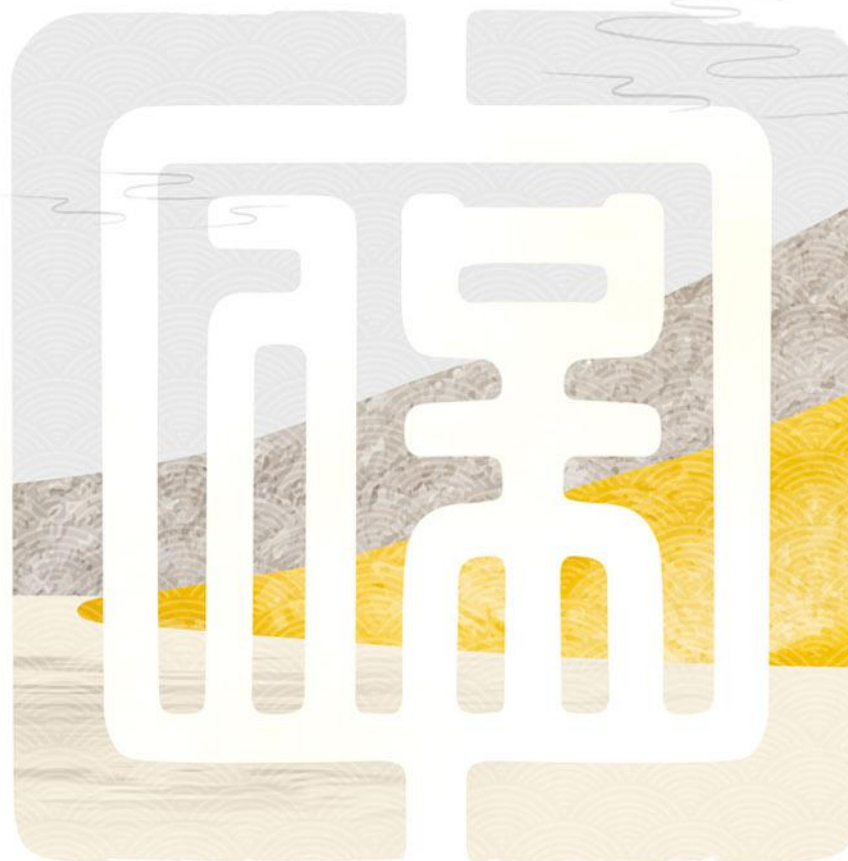


中国人民财产保险股份有限公司

PICC PROPERTY AND CASUALTY COMPANY LIMITED

2021 Annual Results

PICC P&C (2328.HK)





Disclaimer

This document has been prepared by PICC Property and Casualty Company Limited (hereinafter as the "PICC P&C" or the "Company") and has not undergone independent verification. In addition to statements of historical facts, this document may also contain certain forward-looking statements. Such forward-looking statements are subject to certain known and unknown risks and uncertainties, most of which go beyond the Company' s control. The Company does not guarantee the accuracy, neutrality or completeness of information contained herein. The Company also undertakes no obligation to update or revise any forward-looking statements contained in this document in the future.





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- ❖ Section II Overview of Insurance Business Operations
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Section I

Results Overview and Main Work



2021 Results Overview

Business Development Achieved Stable Growth

RMB 449.533bn **32.8%**
Gross Written Premiums Market Share

Underwriting Profitability Outperformed Industry

RMB 1.521bn **99.6%**
Underwriting Profit Combined Ratio

Total Investment Income Hit a New High

RMB 26.154bn **5.0%**
Total Investment Income Total Investment Yield

Overall Profit Continued to Grow

RMB 22.365bn **11.3%**
Net Profit ROE

Comprehensive Strength Enhanced Steadily

RMB 682.622bn **RMB 205.649bn**
Total Assets Net Assets

Dividend Payout Ratio Remained Stable

RMB 0.407 **40%**
Proposed DPS Dividend Payout Ratio



Promoted Six Strategic Services and Served Economic & Social Development

Serving rural revitalization

- Made efforts in coverage expansion, new product development and standard improvement for agriculture insurance business, and launched the Rural Insurance plan
- Full cost insurance and income insurance covered **12 pilot provinces**
- Premium income of agriculture insurance exceeded **RMB 40bn**

Serving smart transportation

- Optimized the business model for motor insurance products
- Conducted intelligent connected car technology innovations
- Promoted the IoT-connected risk control model for operating cars
- Upgraded services of “Traffic Police and Insurer Joint Work”

Serving health & elderly care

- Premium income of the social insurance exceeded **RMB 50bn**, serving **820million customers**
- Huimin Insurance business served over **44 million customers**

In 2021, the company embraced and implemented new development strategies, practiced Six Strategic Services and served economic and social developments of China with full efforts, undertaking an insurance liability of **RMB 1,480.7tn**, representing **13x** of China GDP in 2021

Serving green environment

- Innovated green insurance products for wind power, photovoltaic, energy-saving buildings, and carbon trading etc.
- Launched Carbon Sink Loan, the first forest fire insurance in China
- # of Underwritten NEVs increased by **88.2%** yoy

Serving scientific & technological innovation

- Promoted upgrades and expansion in technology insurance
- Led establishment of the Integrated Circuit Joint Insurance Alliance
- Set up the first Intellectual Property Insurance Center in China

Serving social governance

- Proactively launched a new insurance product category to cover catastrophe scenarios
- Launched innovative products such as Climate Insurance and Emergency Insurance
- Developed comprehensive insurance solutions such as Urban Insurance and Town Insurance

Continued Efforts in Profitable Development and New Progress in Cost Reduction and Efficiency Improvement

Sales

Optimized resources allocation; enhanced control over sales expenses; implemented linkage between premiums and expenses; strengthened differentiated and efficient allocation of expenses

Underwriting

Monthly tracked underwriting portfolios; upgraded actuarial pricing models; enhanced control over high-risk business; proactively reduced high-risk financing credit & surety insurance; improved underwriting management

Claims

Enhanced claims control over motor insurance; implemented the lean project of claims settlement for commercial non-motor insurance; continued improvement in claims quality

Financial

Strictly controlled operation costs and expenses; strengthened the revitalization and integrated utilization of fixed assets; improved efficiency of resources utilization

Investment

Timely adjusted investment in equity; stabilized investment in fixed income assets; enhanced duration strategies and investment product selection; investment income achieved a new high



Transformation of Management and Sales Systems and Improved Business Momentum Based on Customer-centric Strategies

System-side

- Transformation to a customer-centric organization structure with fully promoting the construction of Business Unit system
- Transformation in management and sales systems to reach the Last Kilometer of serving our customers with professional operations and penetrating management of channels, ensuring effective implementation of our strategies

Mechanism-side

- Redesign of performance evaluation and compensation incentives to fully stimulate the enthusiasm and creativity of employees
- Deep integration of technology, actuary and business to improve our responsiveness to the market
- Launch of innovative customer-centric products and services



Higher Customer loyalty With Quality Customer Service

Steady Growth in the Number of Customers

- The number of individual customers reached **110 million**, up **10.1%** YTD
- The number of group customers reached **3.833 million**, up **9.5%** YTD
- 95518 Customer Service Center won the “Best Call Center” award for the **14th** consecutive year

Continuous Growth in Renewal Rate

- Renewal rate of motor insurance reached **73.1%**, up **2.1ppts** YoY
- Renewal rate of household motor insurance reached **75.9%**, up **2.8ppts** YoY

Continuous Increase in Service Capabilities

New Progress in Digital Transformation

- Online customer rate of household motor insurance reached **93.5%**, up **4.5ppts** YoY
- Online customer rate of diversified non-motor insurance reached **76.0%**, up **11.1ppts** YoY
- Online platforms such as PICC APP, WeChat official account and official website served over **85 million** customers





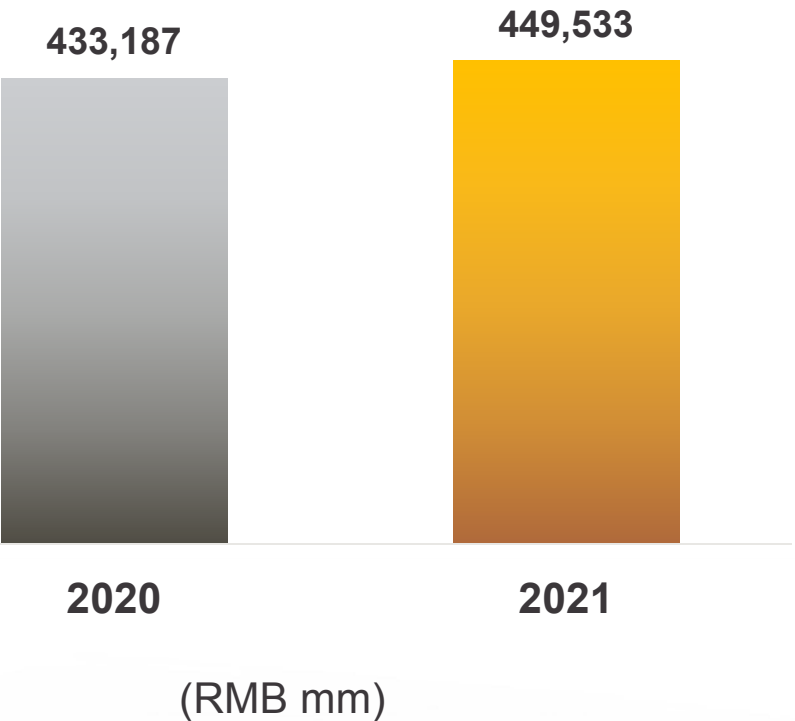
Section II

Overview of Insurance Business Operations

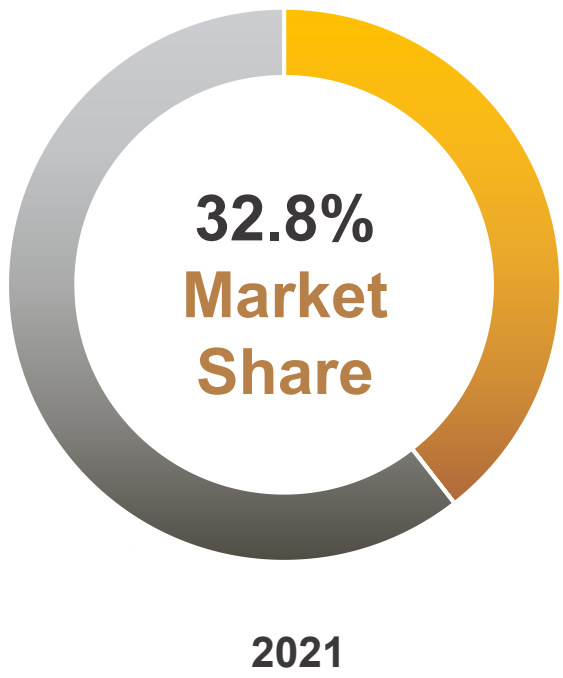


Steady Growth in Business with Market Dominance Further Consolidated

GWP up 3.8% YoY

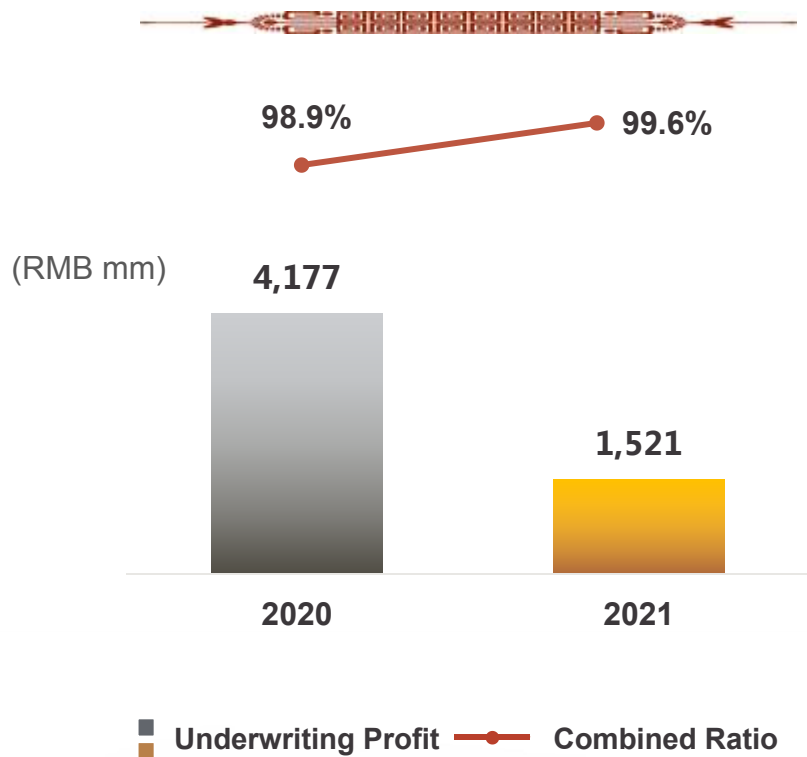


Market Share

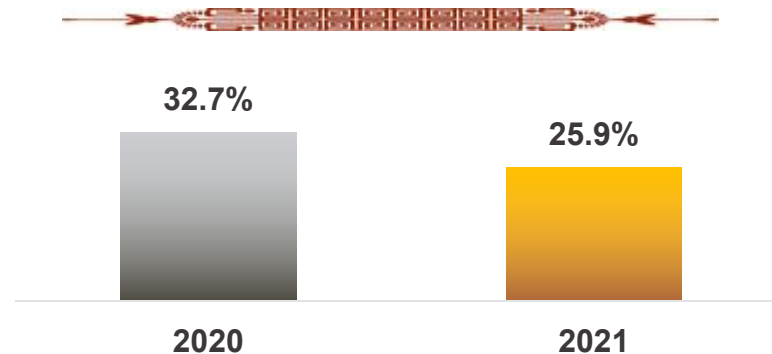


Underwriting Profitability Outperformed the Industry

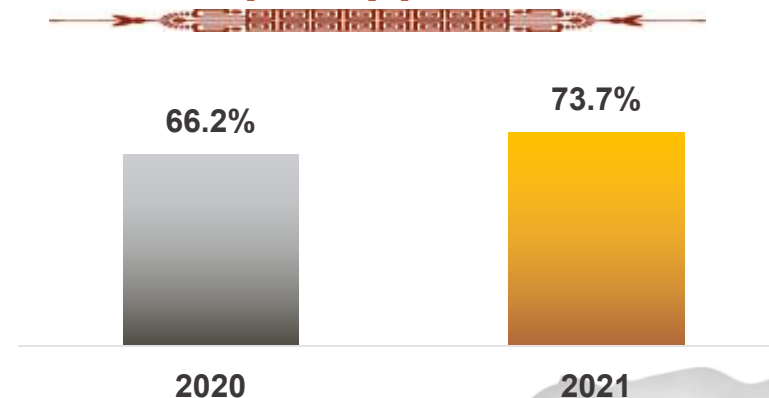
Combined Ratio



Expense Ratio Down 6.8ppts YoY

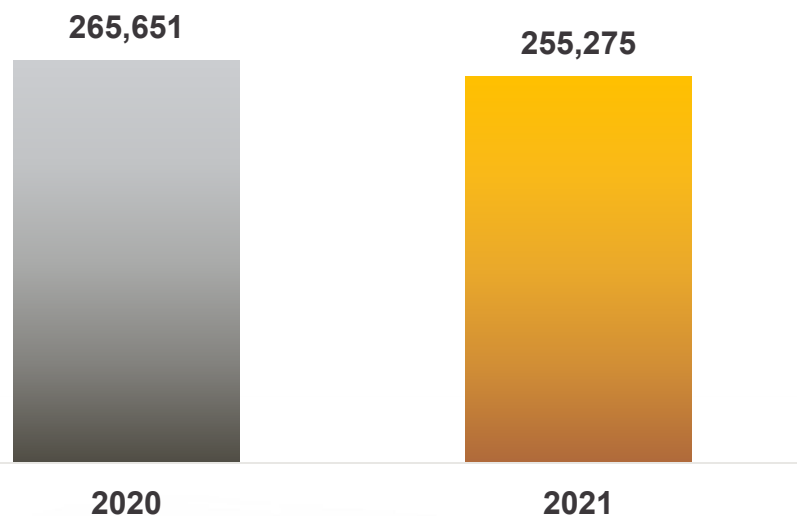


Loss Ratio Up 7.5ppts YoY



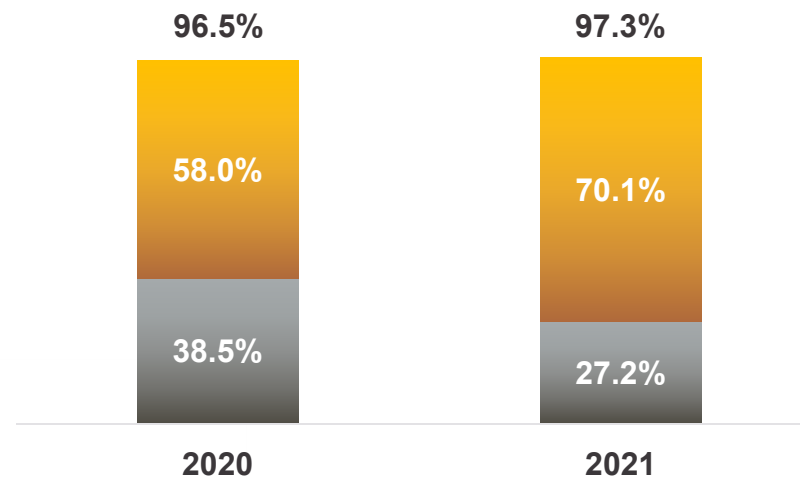
Combined Ratio of Motor Insurance Outperformed the Industry

GWP of Motor Insurance
Down 3.9% YoY



(RMB mm)

Combined Ratio of Motor Insurance
Up 0.8ppts YoY



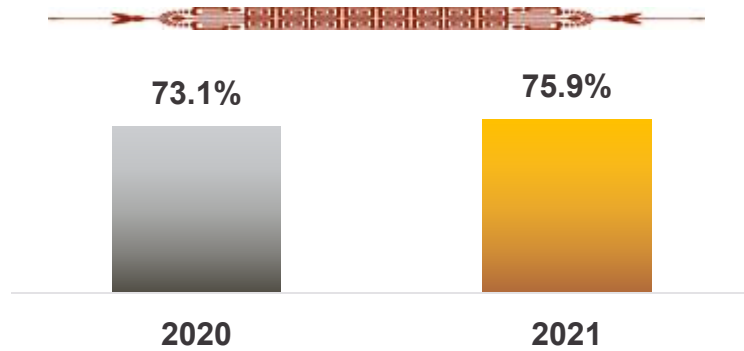
■ Expense Ratio

■ Loss Ratio

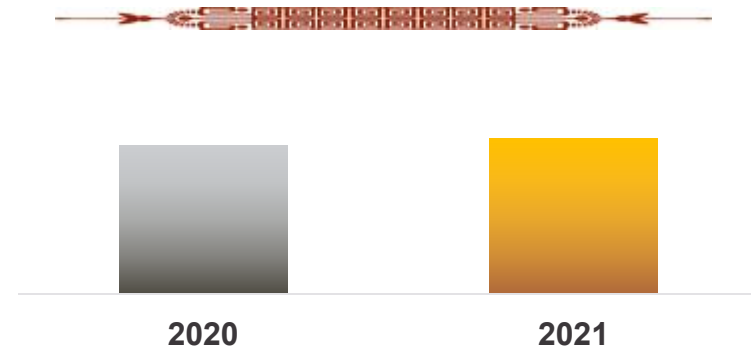


Vigorous Expansion of Household Motor Insurance and Continuous Optimization of Motor Insurance Business Structure

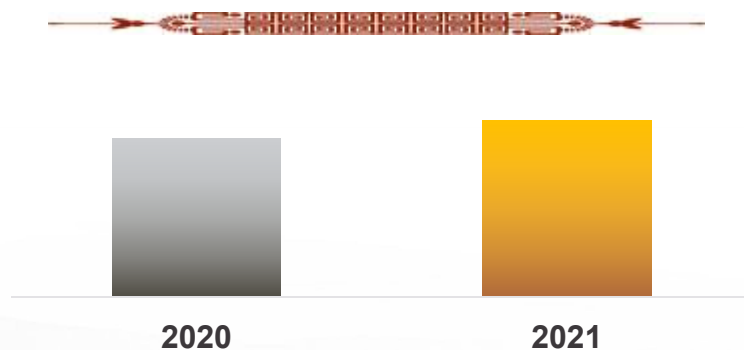
Renewal Rate of Household Motor Insurance Up 2.8ppts YoY



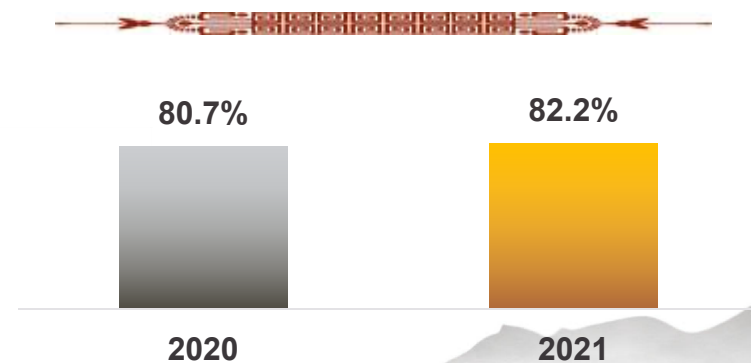
Market Share of Household Motor Insurance Up 1.4ppts YoY



Number of Household Vehicles Underwritten Up 11.6% YoY



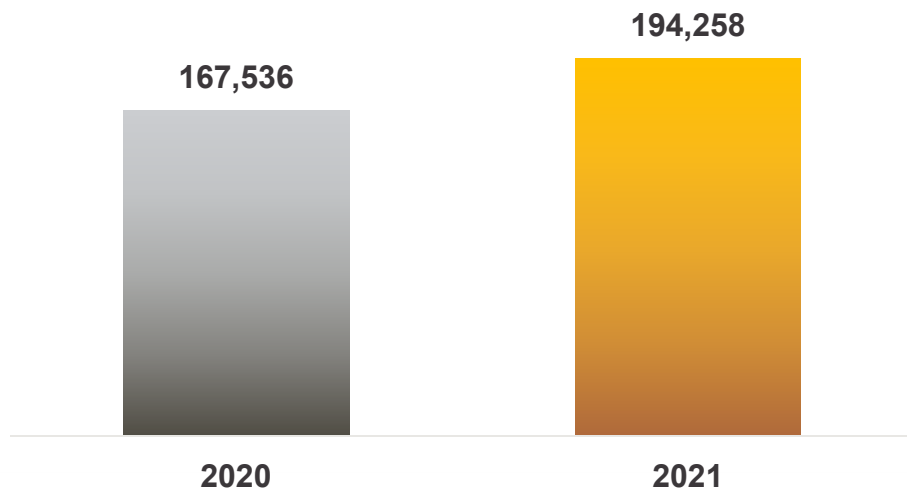
Number of Household Vehicles Underwritten as % Up 1.5ppts YoY



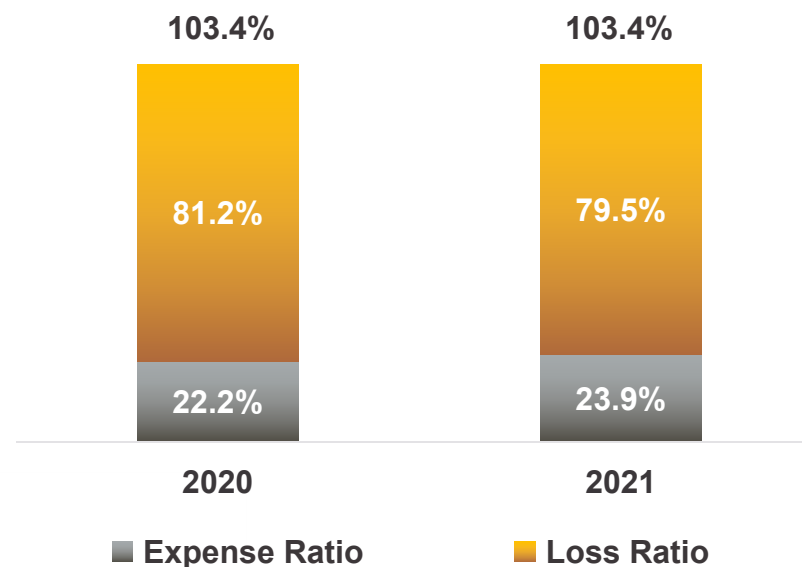
Rapid Growth in Non-Motor Insurance with Combined Ratio Remaining Flat YoY

GWP of Non-Motor Insurance Up 16.0% YoY

(RMB mm)



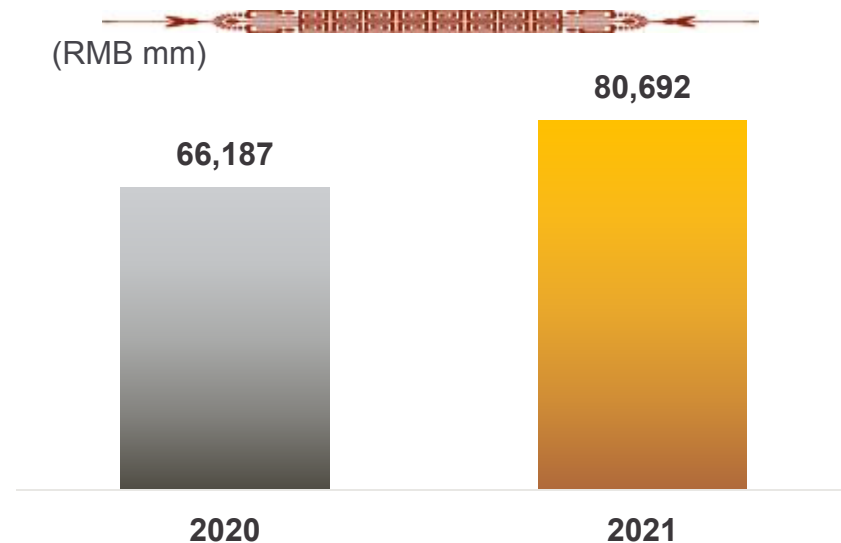
Combined Ratio of Non-Motor Insurance Remained Flat YoY



Accidental Injury & Health Insurance

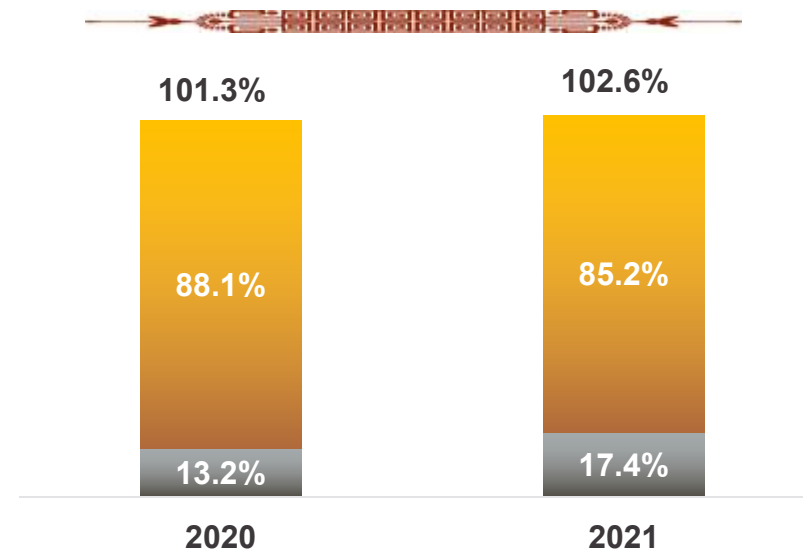
GWP of Accidental Injury & Health Insurance Up 21.9% YoY

(RMB mm)



- ❖ Consolidated the advantages of social medical insurance business
- ❖ Enhanced the development of Huimin insurance business
- ❖ Vigorously developed the diversified individual business with sound profitability

Combined Ratio of Accidental Injury & Health Insurance Up 1.3ppts YoY



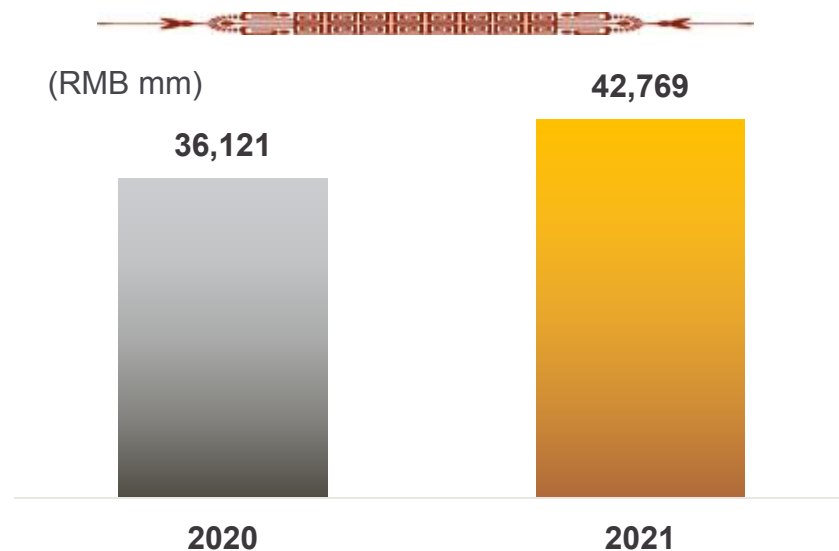
■ Expense Ratio

■ Loss Ratio



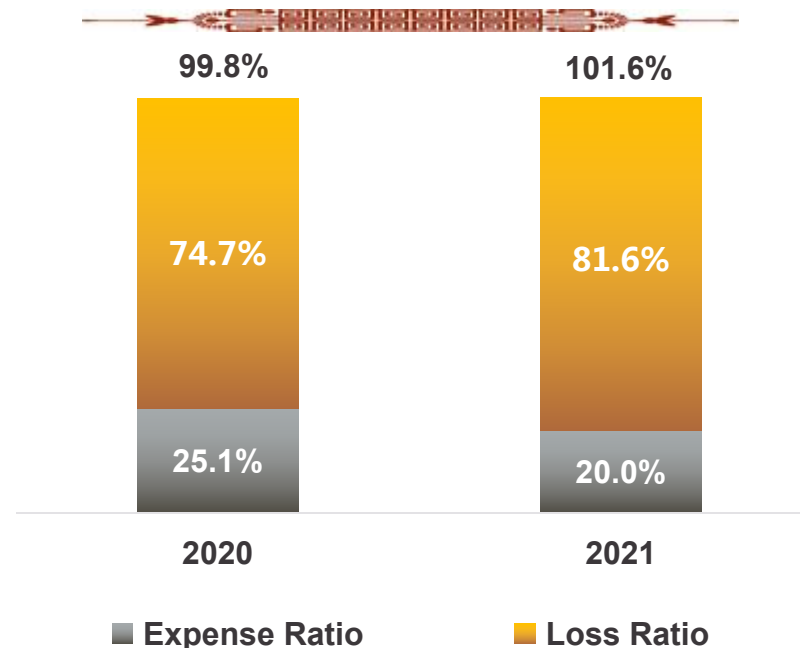
Agriculture Insurance

GWP of Agriculture Insurance Up 18.4% YoY



- ❖ Made efforts in coverage expansion, new product development and standard improvement for agriculture insurance business
- ❖ Strengthened product innovation to enrich and optimize product supply
- ❖ Maintained dominant position in the agriculture insurance market

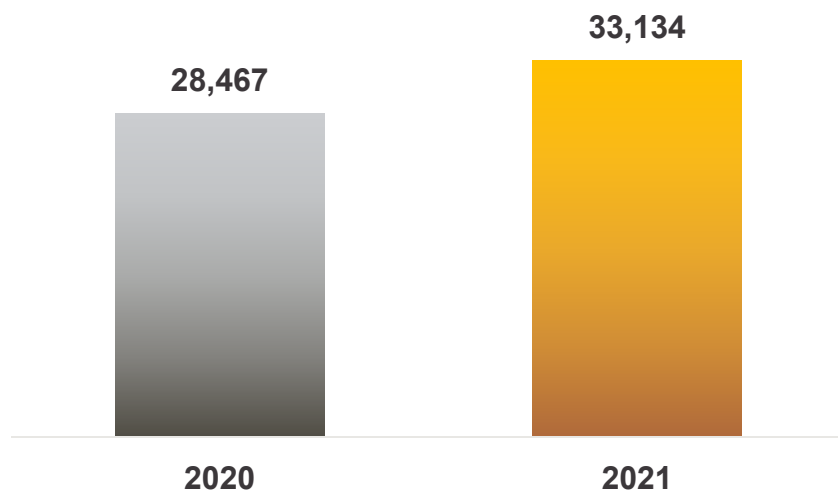
Combined Ratio of Agriculture Insurance Up 1.8ppts YoY



Liability Insurance

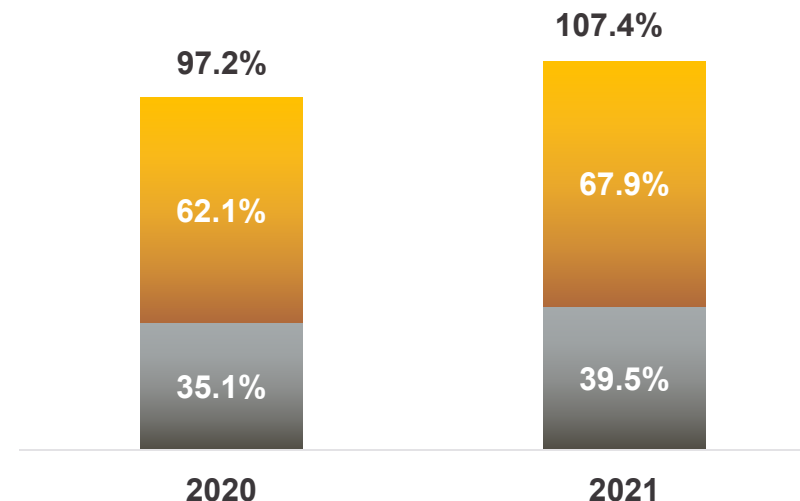
GWP of Liability Insurance Up 16.4% YoY

(RMB mm)



- ❖ Proactively seized market opportunities to drive rapid business growth
- ❖ Adjusted marketing strategies in time to meet market demand

Combined Ratio of Liability Insurance Up 10.2ppts YoY



■ Expense Ratio

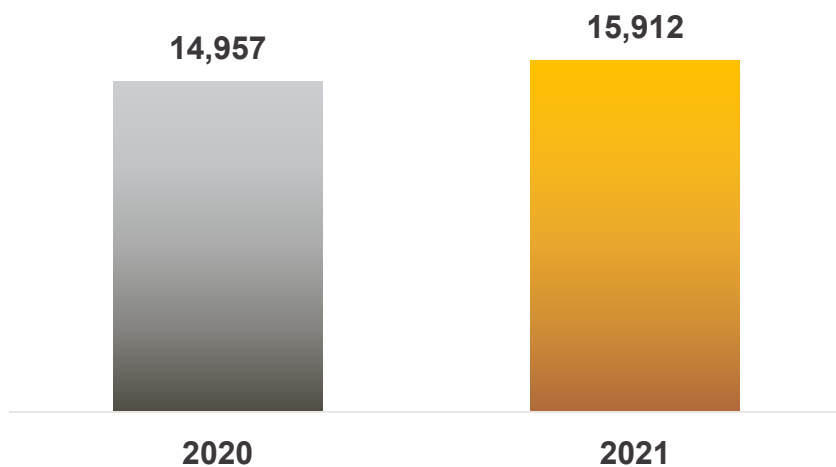
■ Loss Ratio



Commercial Property Insurance

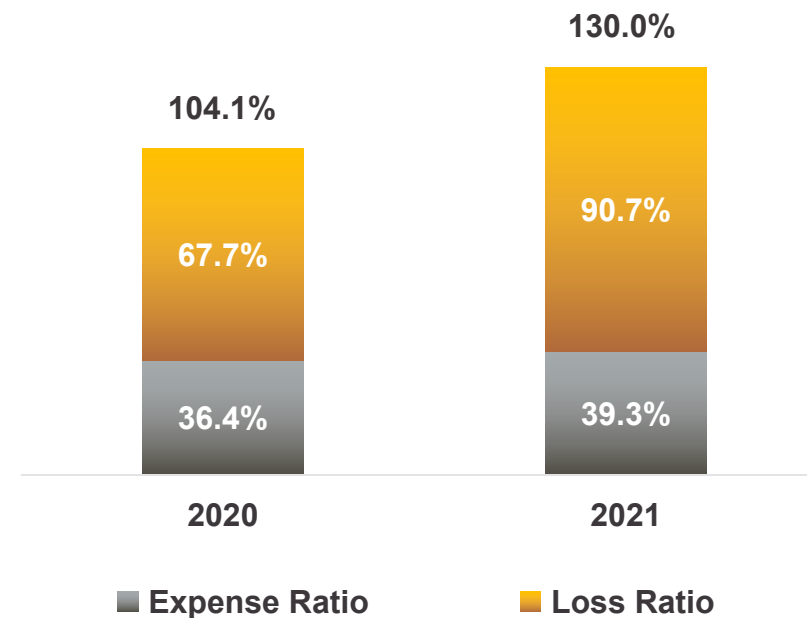
GWP of Commercial Property Insurance **Up 6.4% YoY**

(RMB mm)



- ❖ Proactively seized market opportunities
- ❖ Serving enterprises demand for protection against risks

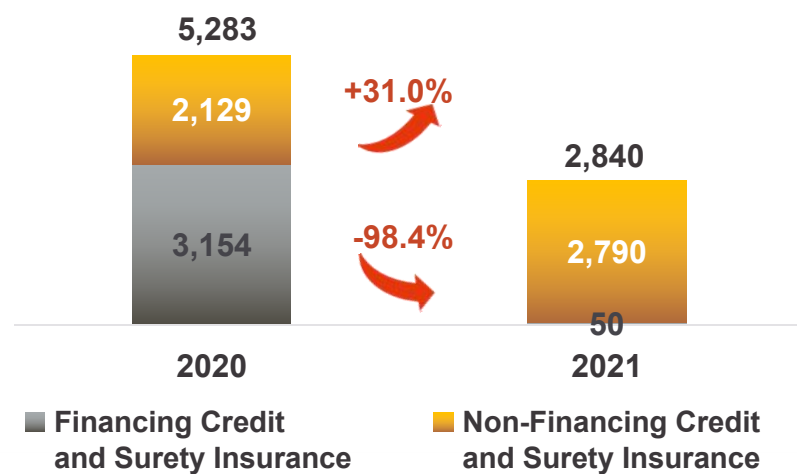
Combined Ratio of Commercial Property Insurance **Up 25.9ppts YoY**



Credit & Surety Insurance

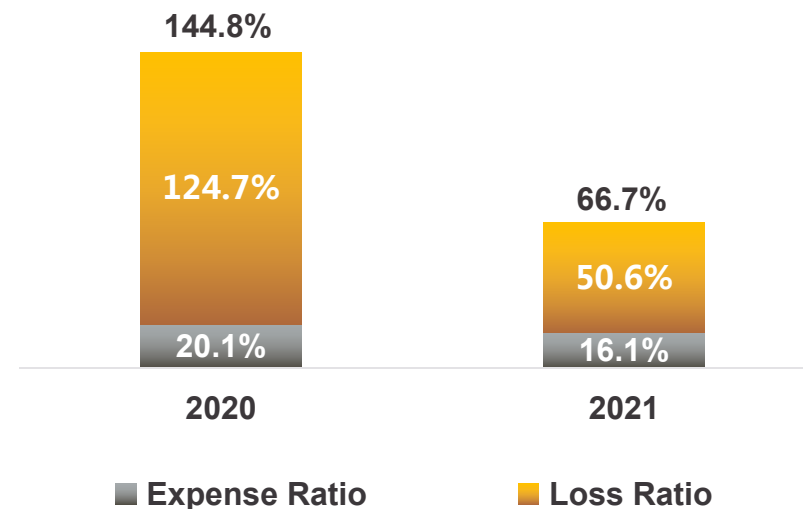
GWP of Credit & Surety Insurance Down 46.2% YoY

(RMB mm)



- ❖ Continued to clear the risk of existing business
- ❖ Strengthened collection and process supervision and monitoring
- ❖ Strictly controlled the quality of new business

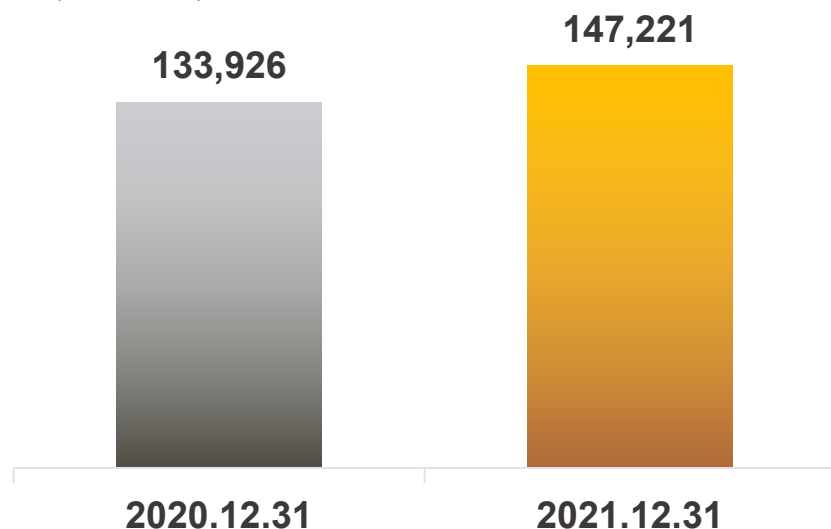
Combined Ratio of Credit & Surety Insurance Down 78.1ppts YoY



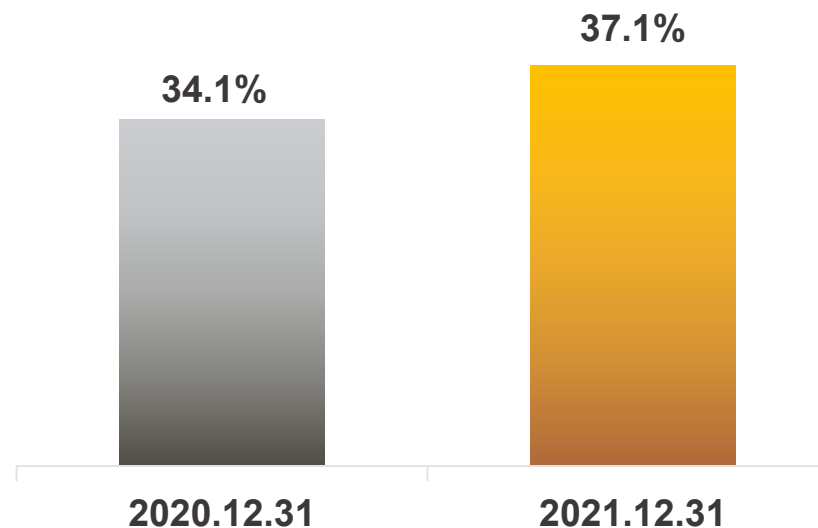
Adequate Reserves Appropriation to Enhance Ability to Defend Risks

Net Loss and LAE Reserves Up 9.9% YTD

(RMB mm)



Net Loss and LAE Reserves Ratio Up 3.0ppts YTD





Section III

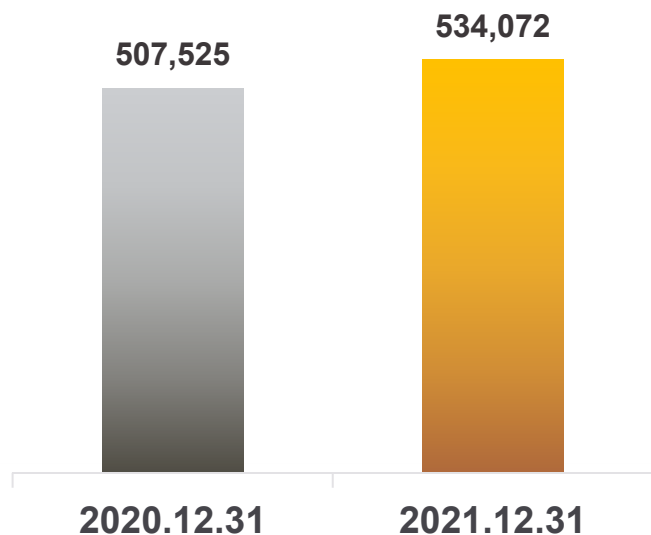
Overview of Insurance Fund Investment Business



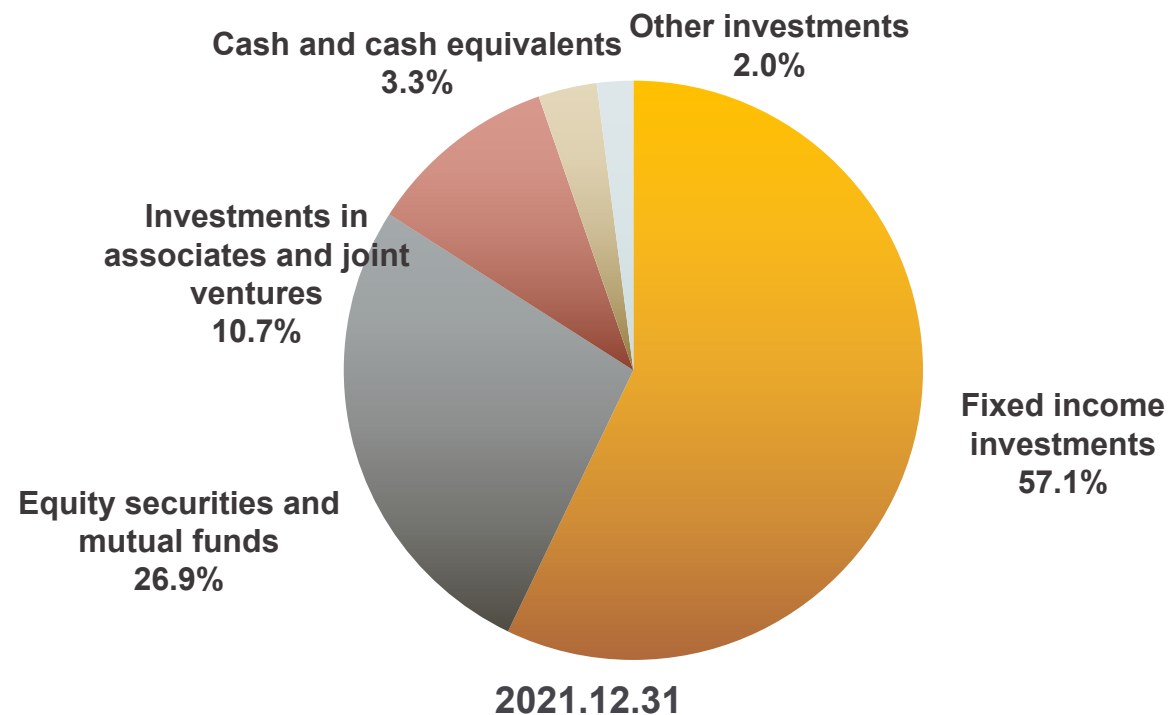
Continuous Growth in Total Investment Assets with Prudent Investment Portfolio

**Total Investment Assets
Up 5.2% vs. Beginning of the Year**

(RMB mm)



**Investment Portfolio
Remained Prudent**



Note: 1) Round-off difference may exist;

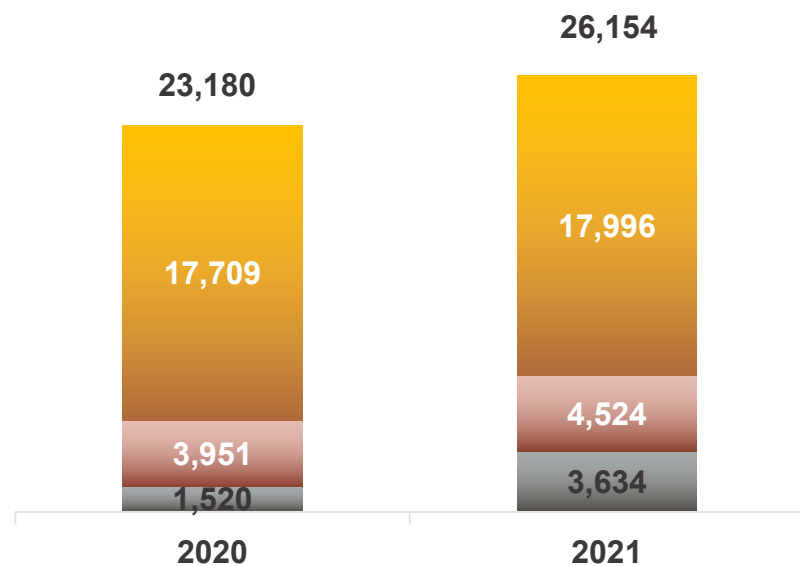
2) Cash and cash equivalents are mainly in RMB, including financial assets purchased under agreement to resell within 3 months;

3) "Other investments" include investment properties, capital security funds, etc.

YoY Increase in Total Investment Income and Total Investment Yield

Investment Income Increased YoY

(RMB mm)



- Net realized and unrealized gains on investments
- Share of profits in associates and joint ventures
- Interest, dividend and rental income (net investment income)

Investment Yields

	2021	2020	YoY Change
Total Investment Yield	5.0%	4.8%	0.2ppts
Net Investment Yield	3.5%	3.6%	-0.1ppts



Section IV

Overall Performance



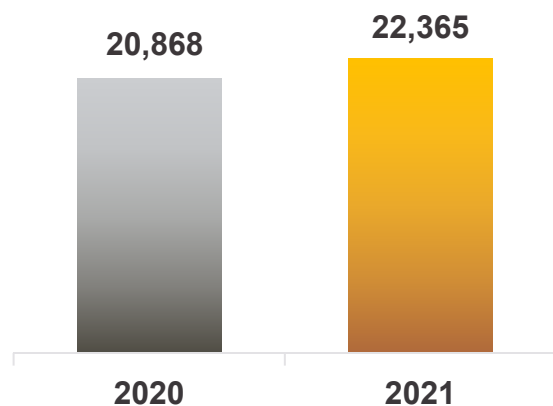
Steady Growth in Overall Profit

Net Profit
Up 7.2% YoY

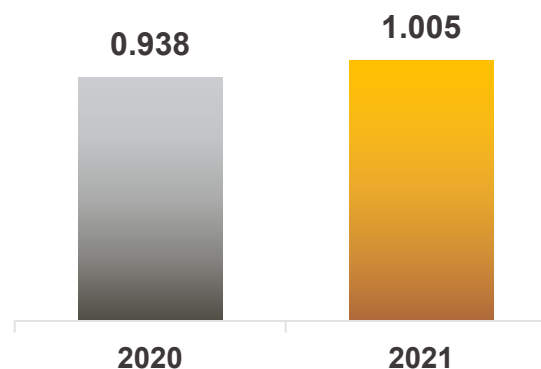
Basic Earnings per Share
Up 7.1% YoY

Net Cash Flows From Operating Activities
Up 27.5% YoY

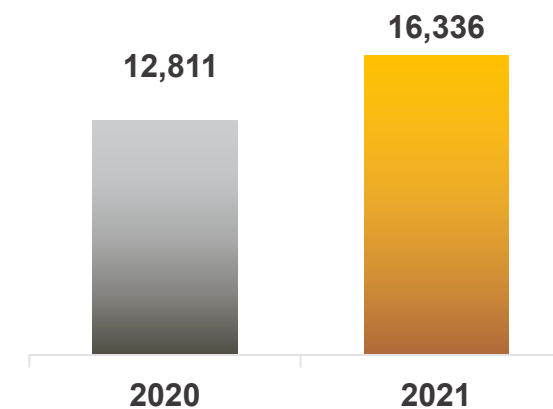
(RMB mm)



(RMB)

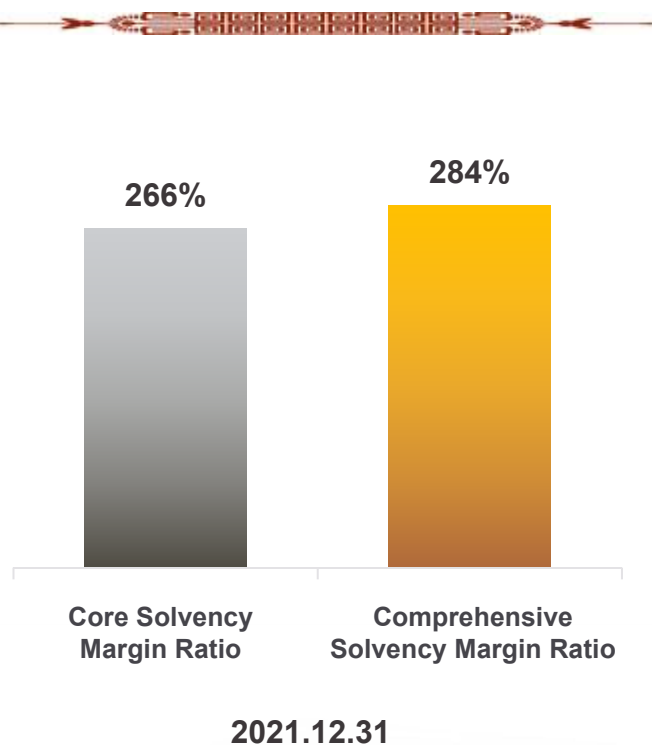


(RMB mm)

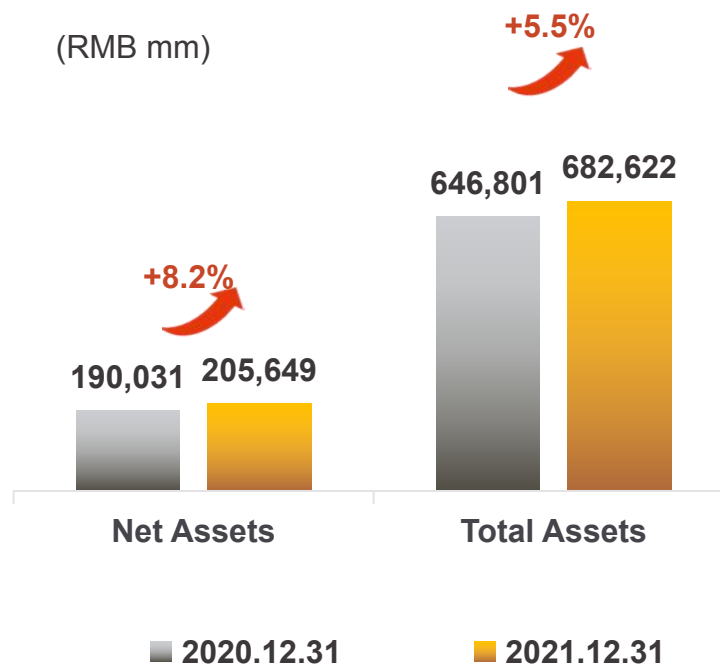


Steady Enhancement in Comprehensive Strength

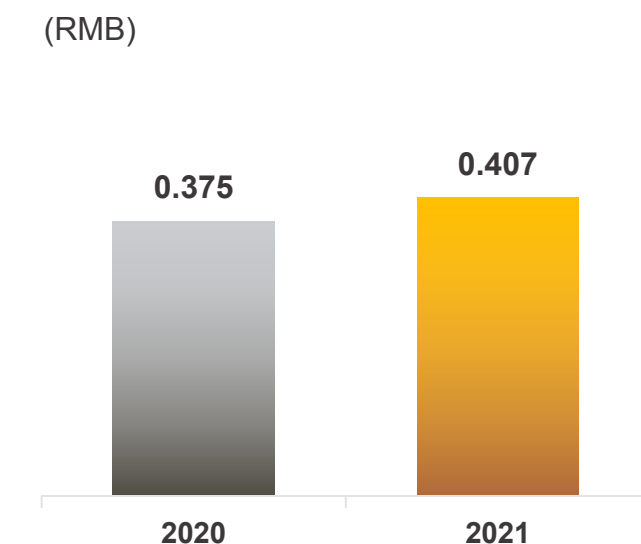
Solvency Margin Ratio Remained Solid



Scale of Assets Increased Steadily



Proposed DPS



Company Honors



BUSINESS STRENGTHS	
21st Century Business Herald	Best Property Insurance Company of the Year 2021 in Asia ranking the 1st for 13 consecutive years
Top 100 Hong Kong Listed Companies Research Centre, Finet	Ranked 51st in the main list of "Top 100 in Comprehensive Strengths" of "HONG KONG STOCKS – TOP 100" On list for 9 consecutive years
Moody's Investors Service	A1 Insurance financial strength rating (Stable Outlook) the highest level among the domestic insurance companies
Hong Kong Ta Kung Wen Wei Media Group Limited, the Listed Company Association of Beijing and the Hong Kong Chinese Enterprises Association	Best Listed Company via Hong Kong Stock Connect
National Business Daily	2021 "Gold Tripod Award" of Excellent Property Insurance Company of the Year
SOCIAL RESPONSIBILITY	
Red Cross Society of China	Medal of Humanitarian Merit awarded for the distinguished contribution to the fight against the COVID-19
International Finance Forum (IFF)	2021 Global Green Finance Award - Innovation Award awarded to the "Forestry Carbon Sink Insurance" the only insurance project winning the award
CLIENT SERVICE	
CCCS Customer Contact Center Standard Committee	2020-2021 Best Customer Contact Center in China
Securities Times	Gold Medal Insurance Service Ark Award of the Year 2021
TECHNOLOGY INNOVATION	
China Business News	Insurance Digitalization Innovation Award of the Year
IDC Financial Insights	Excellent Case of Financial Middle Office awarded to the "Driving Risk Management Platform"
Harvard Business Review China, BiMBA Business School of the National School of Development at Peking University and Tencent Enterprise WeChat	Enterprise Digitalization Management Pioneer Award





Section V

Key Initiatives for 2022



Key Initiatives for 2022



Excellent Insurance
Strategy

