

2023 Interim Results Announcement

PICC Group 601319.SH

PICC Group 1339.HK

PICC P&C 2328.HK



Disclaimer

This presentation has been prepared by the People's Insurance Company (Group) of China Limited (the "Company"). No representation or warranty, expressed or implied, is given as to the fairness, accuracy, completeness or correctness of any information contained herein and they should not be relied upon as such. The Company shall have no liability whatsoever (in negligence or otherwise) for any loss howsoever arising from this presentation or its contents or otherwise arising in connection with this presentation. The information contained herein may be updated, refined, revised, verified or modified, and may be subject to material changes.

This presentation is based on economic, regulatory, market and other conditions as they exist on the date hereof. You should understand that future developments may potentially affect the information contained in this presentation and that the Company shall have no obligation to update, revise or reaffirm the information set forth in this presentation.

The information contained herein includes certain forward-looking statements or statements which are potentially of a forward-looking nature. Such statements typically contain the words "will", "expects", "anticipates", and similar expressions. Forward-looking statements are related to future events and are subject to future happenings, and hence involving risks and uncertainties. Given these uncertainties, such forward-looking statements should not be relied upon. The Company shall have no liability to update forward-looking statements or revise the forward-looking statements to reflect future events or developments.

This presentation and the information contained herein are for your reference only and may not be copied or distributed to any other parties, in whole or in part.

Note 1: The Group's A-share report is prepared in accordance with Chinese Accounting Standards ("CAS"), and the H-share results announcement is prepared in accordance with International Financial Reporting Standards ("IFRS"). The GAAP differences are stated in the attached schedule. The figures presented in this report are data under IFRS.

Note 2: While in transition of accounting standards, for easier comparison, unless otherwise noted, the figures presented in this report including Insurance Revenue, Net Profit, Net Asset, Claim Ratio, Expense Ratio, Combined Ratio, Underwriting Profit, Investment Yield are stated under New Accounting Standard. The rest of the figures are stated under Old Accounting Standard.



Terminology

New Accounting Standards:The Group has implemented the Accounting Standards for Business Enterprises No.25 – Insurance Contracts (Cai Kuai [2020] No.20) (the “New Insurance Contract Accounting Standards”), the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (Cai Kuai [2017] No.7), Accounting Standards for Business Enterprises No.23 – Transfer of Financial Assets (Cai Kuai [2017] No. 8), Accounting Standards for Business Enterprises No.24 – Hedge Accounting (Cai Kuai [2017] No. 9) and Accounting Standards for Business Enterprises No.37 – Presentation of Financial Instruments (Cai Kuai [2017] No.14).

Old Accounting Standards:The accounting standards disclosed in the Group’ s 2022 Annual Report adopted the Accounting Standards for Business Enterprises No.25 —Original Insurance Contracts (Can Kuai [2006]No.3),the Accounting Standards for Business Enterprises No.26 —Reinsurance Contracts (Can Kuai [2006]No.3) , the Accounting Standards for Business Enterprises No.22—Recognition and Measurement of Financial Instruments (Can Kuai [2017] No.7),the Accounting Standards for Business Enterprises No.23 —Transfer of Financial Assets(Can Kuai [2017]No.8), the Accounting Standards for Business Enterprises No.24—Hedge Accounting (Can Kuai [2017] No.9), the Accounting Standards for Business Enterprises No.37—Presentation of Financial Instruments (Can Kuai [2014] No.23) and the Regulations on Accounting Treatment of Insurance Contracts (Can Kuai [2009] No.15).

Combined Ratio=(insurance service expenses + net expenses from reinsurance contract held + finance expenses from insurance contracts issued – financial income from reinsurance contracts held) ÷ insurance revenue

Net investment income = total investment income – gains and losses from the disposal of investment assets – gains and losses on fair value changes of investment assets – impairment losses of investment assets

Total investment yield = (total investment income – interest expenses on securities sold under agreements to repurchase) ÷ (average total investment assets as of the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period) × 2

01

Results Overview

Results Overview

Insurance Revenue	Original premiums income	Net Profit Attributable to Equity Holders of the Company	Net Assets Attributable to Equity Holders of the Company
246.88bn RMB	413.62bn RMB	20.59bn RMB	243.76bn RMB
+ 8.4%	+ 9.1%	+ 8.8%	+8.7%
P&C Insurance Combined Ratio		Life & Health Embedded Value	Annualized Total Investment Yield
95.8%		3.85bn RMB	4.9%
Remained Stable		+63.8%	

Note: The premiums in this report are original premiums income and based on Old Accounting Standard, unless otherwise stated.

Ranked **120th** in Fortune Global 500

Strategic Services: Optimization ...

1 Serving Modern Industry

- Tailored risk protection solutions for large enterprises and SMEs, achieving premiums of **15.2bn RMB** and risk coverage of **44.6tn RMB**.
- **57.2bn RMB** of risk coverage for SRDI enterprises.

2 Serving Rural Revitalization

- Agriculture insurance: **1.4tn RMB** of risk protection for **48.49mn person times**, GWP **44.1bn RMB**, +20.1%.
- 3 major crops: Full cost and income insurance grew 110%, GWP **10.1bn RMB**, +13.5%.

3 Serving Tech Self-reliance

- Initiated the integrated circuit insurance pool, GWP of the semiconductor sector rose by **27.5%** with **1.4bn RMB** of risk coverage.
- GWP of Cybersecurity insurance up by **21.8%**.
- Strategic Investment of **29bn RMB** in tech industry.

4 Serving Livelihood & Welfare

- Accumulatively undertaken **1,300+** social medical insurance projects such as major disease insurance, serving **800mn person times**.
- Commercial health insurance (Haoyibao-alike): GWP of **35.1bn RMB**, +8.6%.
- Commercial pension insurance: Industry **No.1** in GWP and number of policies issued.

...Strategic Services: Optimization

5 Serving Green Development

- “Dual Carbon” Insurance: risk coverage of **6.6tn RMB**, **+84.0%**
- Number of NEVs underwritten : **2.82mn**, **+54.4%**
- Strategic Investment of **91.9bn RMB** in Green Development

6 Serving Social Safety

- Catastrophe Insurance: covering 66 cities in 13 provinces, providing **2.5tn RMB** risk protection for **240 mn** person times.
- Intelligent risk control service platform Wanxiangyun: **255,000 times** of accident prevention services for **114,000** enterprises.

7 Serving Regional Development

- Serving key regions such as Beijing-Tianjin-Hebei, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta with insurance protection and investment support.
- Underwriting a number of landmark innovation projects such as driverless cars, smart parking, eco-governance, urban computing centers, etc.

8 Serving Belt & Road Initiative

- B&RI: **218** projects with **1.1tn RMB** of risk coverage.
- **Principal underwriter**: Santa Cruz CCLB Hydropower Plant in Argentina, and property insurance for the Barisal Power Plant in Bangladesh.

Strategic Projects: Acceleration

Enhance Underwriting
& Claim Settlement

NEV insurance: GWP of
12.6bn RMB, +54.7%

NEV & Smart
Auto Insurance

16 Demo Cities

Risk coverage: 18tn RMB

Premiums: 7.8bn RMB

Urban Public
Insurance

Regular premium:
2.9bn RMB

Accounting for 45.6% of
individual Agent Distribution

Life Insurance Elite
Sales Program

99 AAA Hospitals

25 VIP/International
Departments

104 care facilities

Medical Institution
Partnership

... 38 strategic projects

Sci-Tech: Consolidation

✔ Infrastructure

- ◆ Build a uniform, independent and controllable platform for infrastructure and other resource sharing.
- ◆ Robust cybersecurity

✔ Standardized Architecture

- ◆ Standardize platforms for development, technologies, data and management. Upgrade the insurance business system.
- ◆ Create an independent, controllable, stable, secure, and advanced technical ecosystem.

✔ Frontier Technology Application

- ◆ Increase data and intelligence in processes including development, sales, investment, and risk management.
- ◆ Develop LLM (large language model) products such as comprehensive governance, agent assistant, smart customer service, intelligent sales.

- ◆ Enhance the 5 application systems (insurance, investment management, risk mitigation, data application, comprehensive governance) to facilitate the Company's digital transformation.

- ◆ Improve data application and intelligence. Empower the operations of eco circles such as "Car Life".

Segment Coordination



Premiums from Insurance segment coordination

+7.2%

15.24bn RMB

Premiums from Investment segment

+30.0%

930mn RMB

Individual Customer: **280mn**

Institutional Customer: **5.6mn**

Coordination: **Five Mechanisms**

Focus: Risk Prevention & Control

1 Risk Management Enhanced

- A tiered system
- Upgrade Comprehensive Risk Management Action Plan
- Stronger risk monitoring & pre-warning mechanisms

2 Risk Monitoring Strengthened

- Group-level statement consolidation
- Product classification: review and management
- Key areas: risk screening & mitigation
- Main products: risk exposure & quality monitoring

3 Risk Control Improved

- Operational risks: management
- Investment risks: capacity building
- Contingency: planning & readiness
- Smart platform development



Liquidity risk

- Operational net cash flow: 59.92bn RMB, +21.2%
- Good LCR(liquidity coverage ratio)

Market/credit risk

- Counter-party: good credits
- Optimize super-class asset allocation

Insurance risk

- PICC P&C: underwriting profit 9.47bn RMB,+7.0%
- PICC Life & PICC Health: premium persistency increased yoy

Operational/reputational risk

- No major operational risk event
- Noticeably lighter regulatory penalties

Flood & Disaster Relief

▶ Support the National Disaster Contingency System

- ▶ Police Sync: real-time monitoring for timely rescue investigation
- ▶ Support the government's efforts in rescue & post-disaster recovery

▶ Prevention & Mitigation

- ▶ Nationwide disaster pre-warning through Wanxiangyun
- ▶ 9.04 mn risk alerts to auto insurance customers
- ▶ Risk screening: 13,000 waterlogging-prone locations and 14,000 non-motor insurance customers
- ▶ Facilitate rural communities in the monitoring and renovation of farm irrigation & drainage system as well as disaster prevention & emergency harvests

▶ Claim Processing Efficiency

- ▶ Technology Adoption: IoT flood monitoring, satellite remote sensing, UAVs etc,
- ▶ Innovation: Car Scanner APP - impacted vehicles timely moved out of traffic

Typhoon Doksuri:
Estimated total loss of

3.86bn RMB

Estimated net loss excl.
reinsurance deductibles

2.74bn RMB

The settlement ratio of claim in auto
insurance is **98%**

Note: 1.Typhoon Doksuri statistics updated till Aug 28, 2023. The impact on the financial results of the company is being continuously evaluated.
2. Settlement Ratio of claim= Amount of claim paid/estimated total loss

2H 2023: Priorities

National Strategies

- Formulate & implement an Action Plan for the 8 strategicvices
- Optimization and expansion of products, services and coverage
- Quantifiable performance review and stronger supervision & guidance

High Quality

- **PICC P&C**: focus on the household auto segment, and profitable development of non-auto segment
- **PICC Life**: individual agent distribution as the main channel & improve value contribution of bancassurance
- **PICC Health**: search for new growth poles
- **Investment**: ROI stability
- **inter-segment coordination**

Innovation

- **New business models** 数字营销新模式
- **Product innovation**
- **Sci-tech Innovation**
- **Strategic projects & programs**

Risk Management

- **RMS**: comprehensiveness
- **Existing Risks**: mitigation
- **Key Areas**: prevention

02

Segment Overview

P&C: Results Highlights

Insurance Revenue	Original premiums income	Net Profit	Net Assets
224.37bn RMB	300.93bn RMB	20.26bn RMB	230.57bn RMB
+ 9.3%	+ 8.8%	+ 5.4%	+ 4.0%
Combined Ratio	Underwriting Profit	Net Loss and LAE Reserves Ratio	
95.8%	9.47bn RMB	42.2%	
Remained Stable	+7.0%	+ 1.0ppts	

Note1: "P&C" refers to PICC P&C, not including PICC HK, unless otherwise stated.

Note2: Net Loss and LAE Reserves Ratio are based on CAS Old Accounting Standards.

Auto Insurance Maintaining Leading Position

Steady Growth

+ 7.3%

Number of Vehicles
Underwritten

53.55mn

+ 5.5%

Premiums of
Auto Insurance

135.9bn RMB

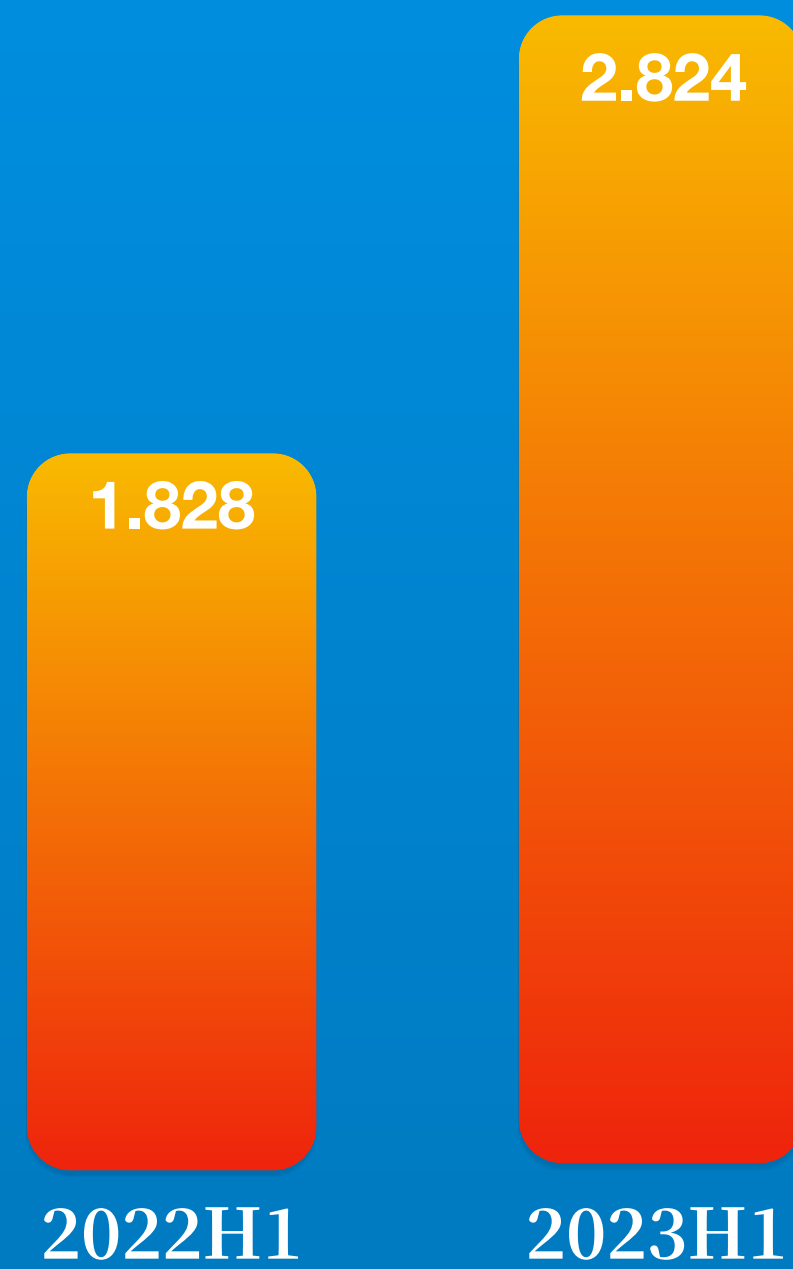
+ 6.2%

Premiums of Household
Auto Insurance

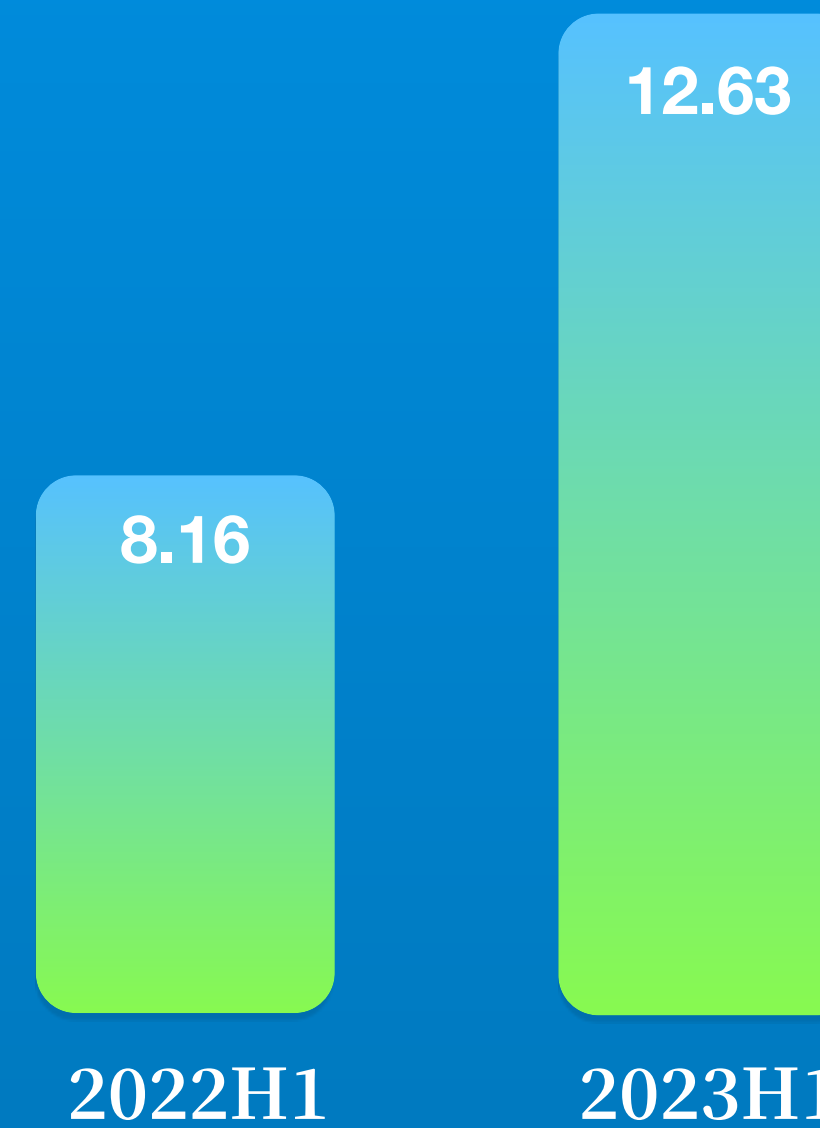
96.4bn RMB

NEVs: Healthy & Strong Momentum

+ 54.4%
Number of NEVs
underwritten (mn)



+54.7%
Premiums
(RMB bn)



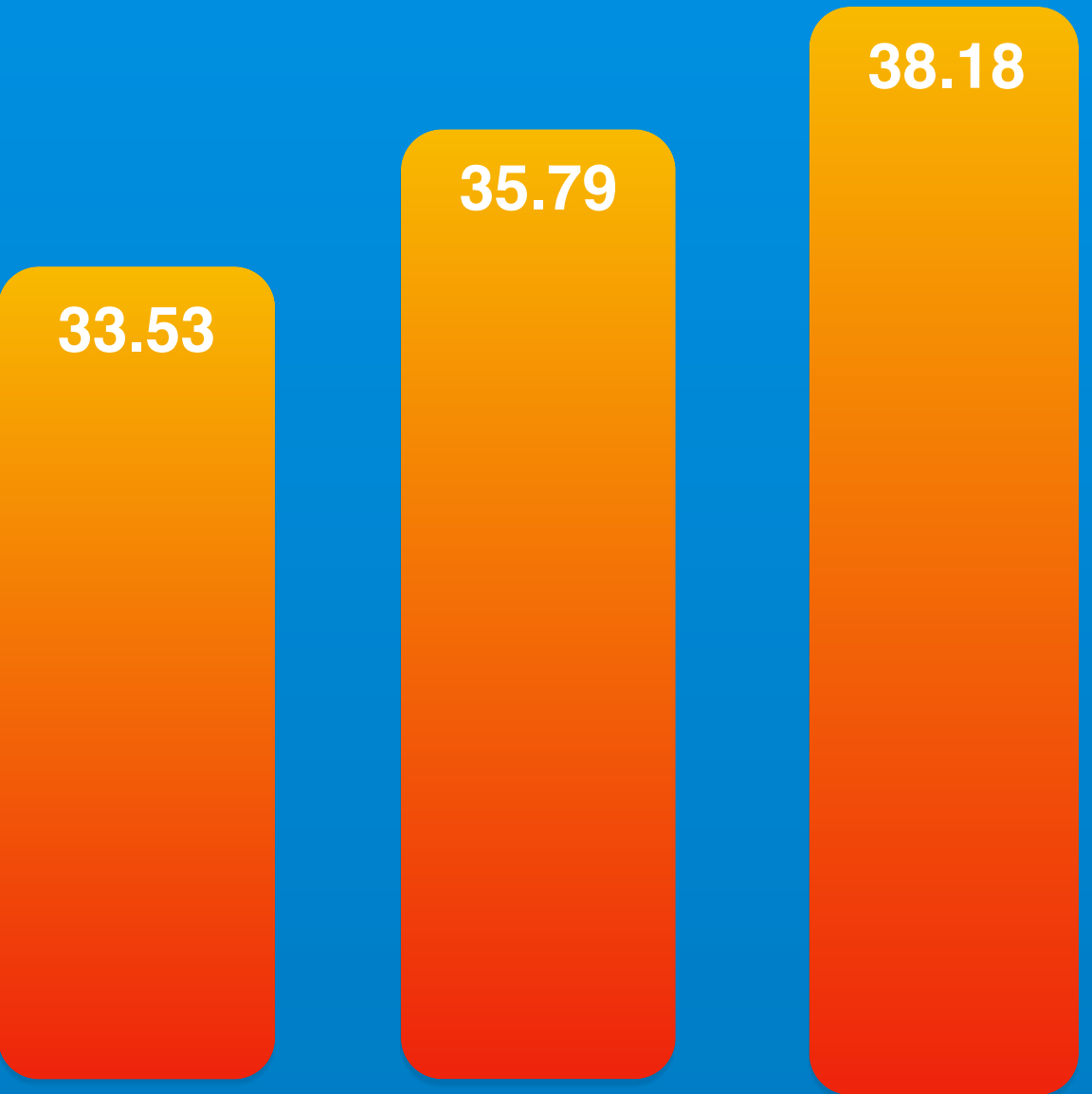
+3.0ppts
share of premiums



Auto Insurance: Structural Optimization

+ 6.7%

Number of Household Vehicles Underwritten



2021H1

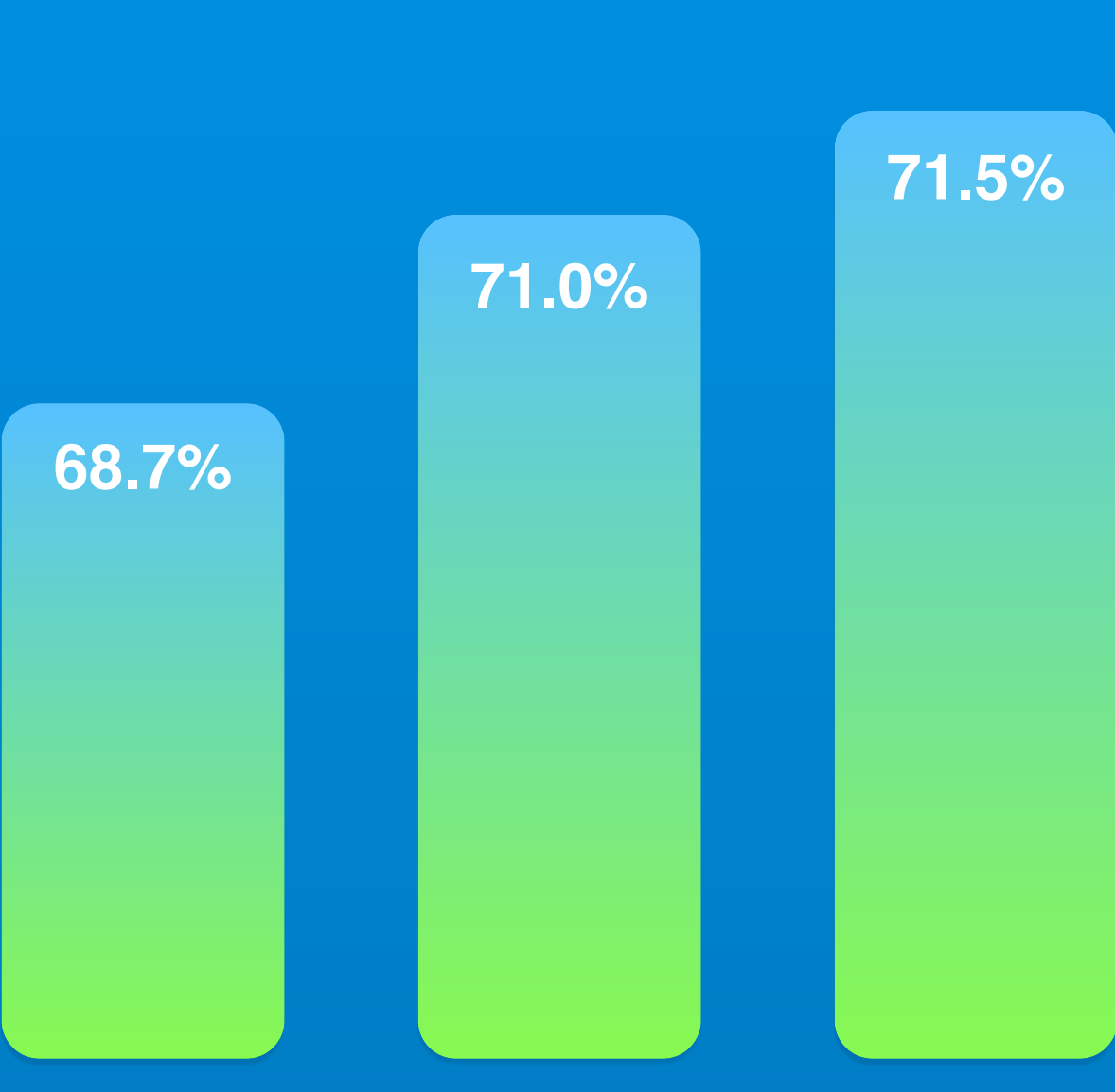
2022H1

2023H1

mn

+0.5ppts

Household Vehicles premium contribution



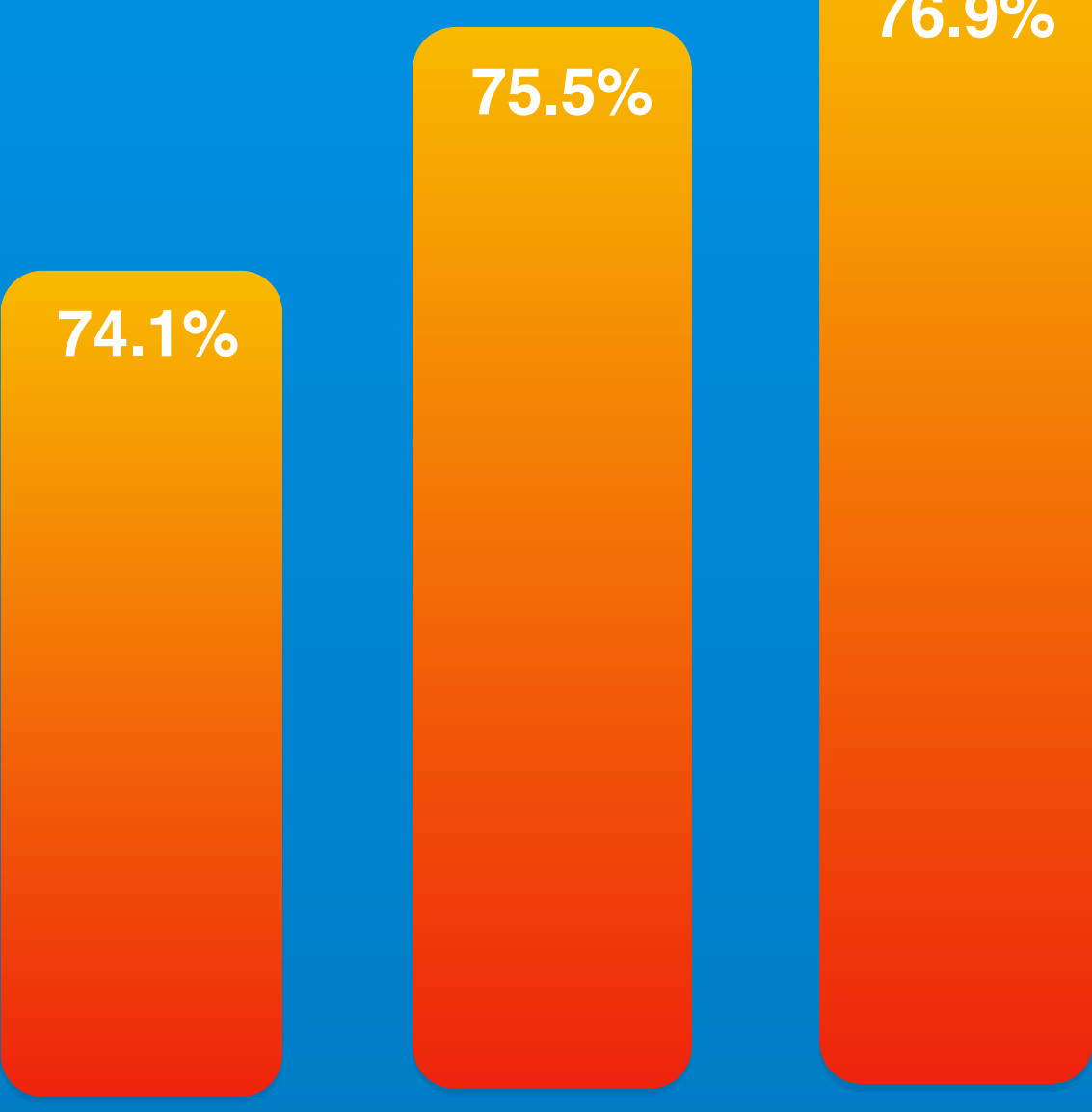
2021H1

2022H1

2023H1

+ 1.4ppts

Household Vehicles Renewal Rate



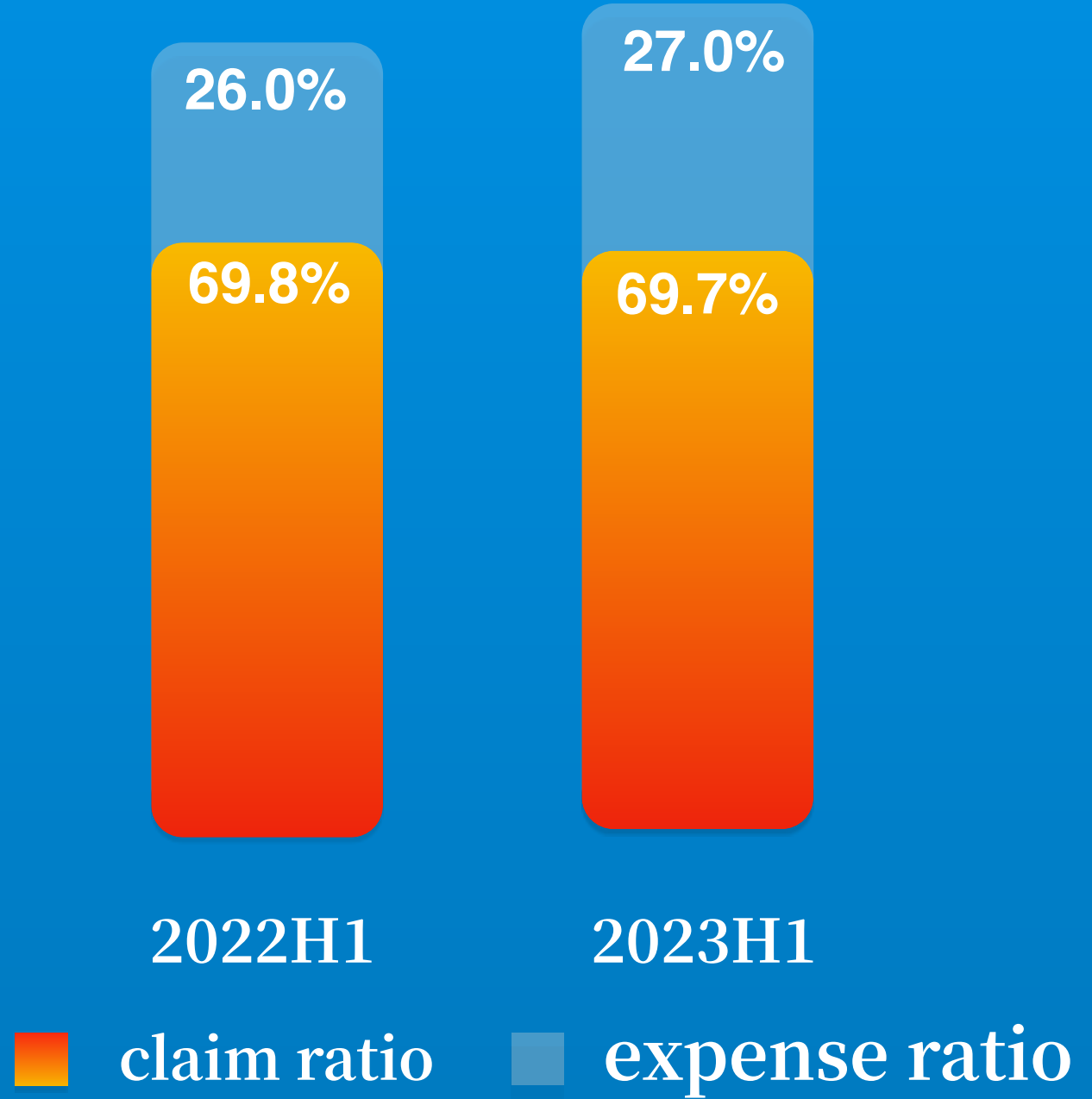
2021H1

2022H1

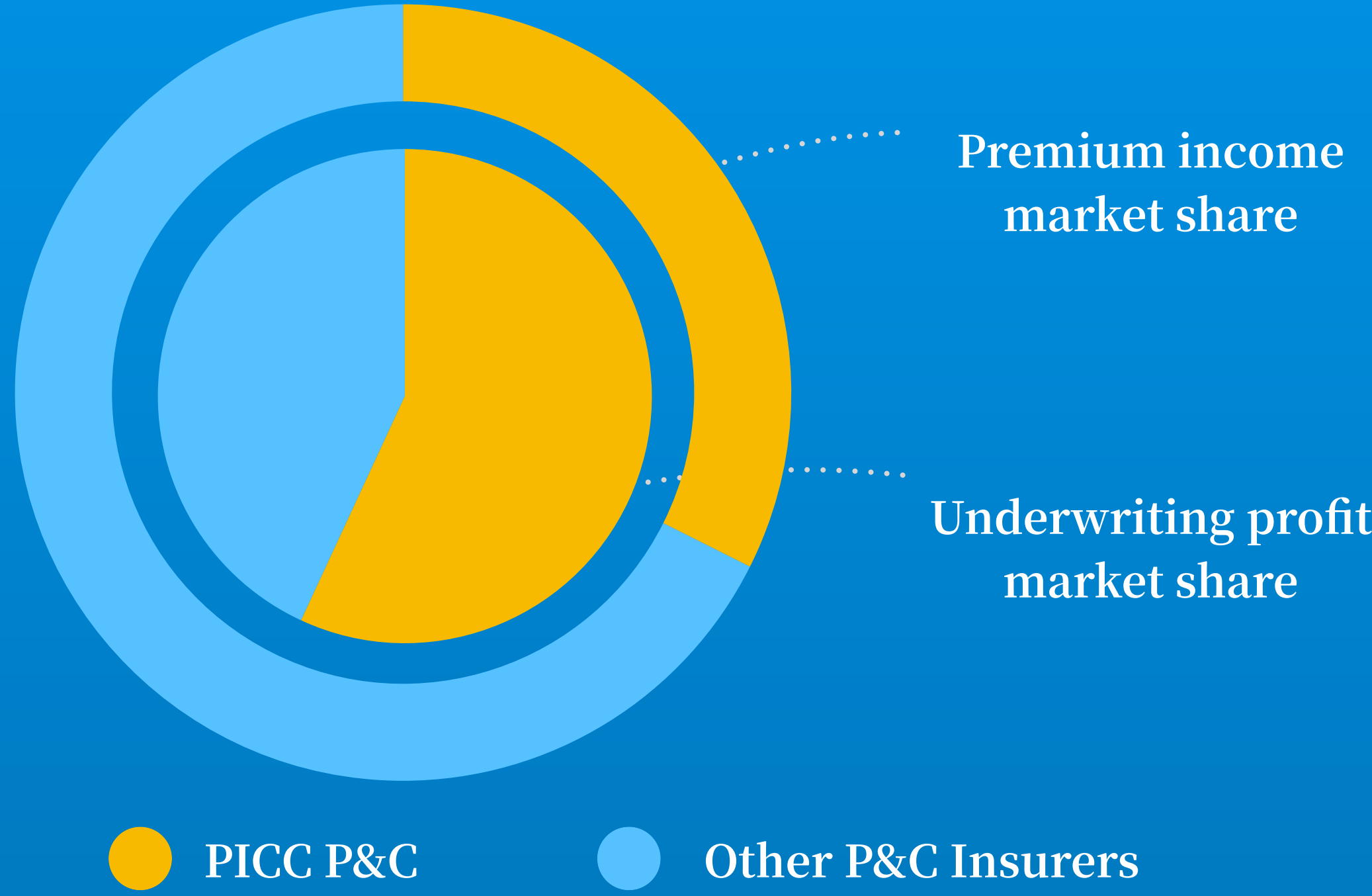
2023H1

Auto Insurance: Profitability Outperforming the Industry

combined ratio **96.7%**

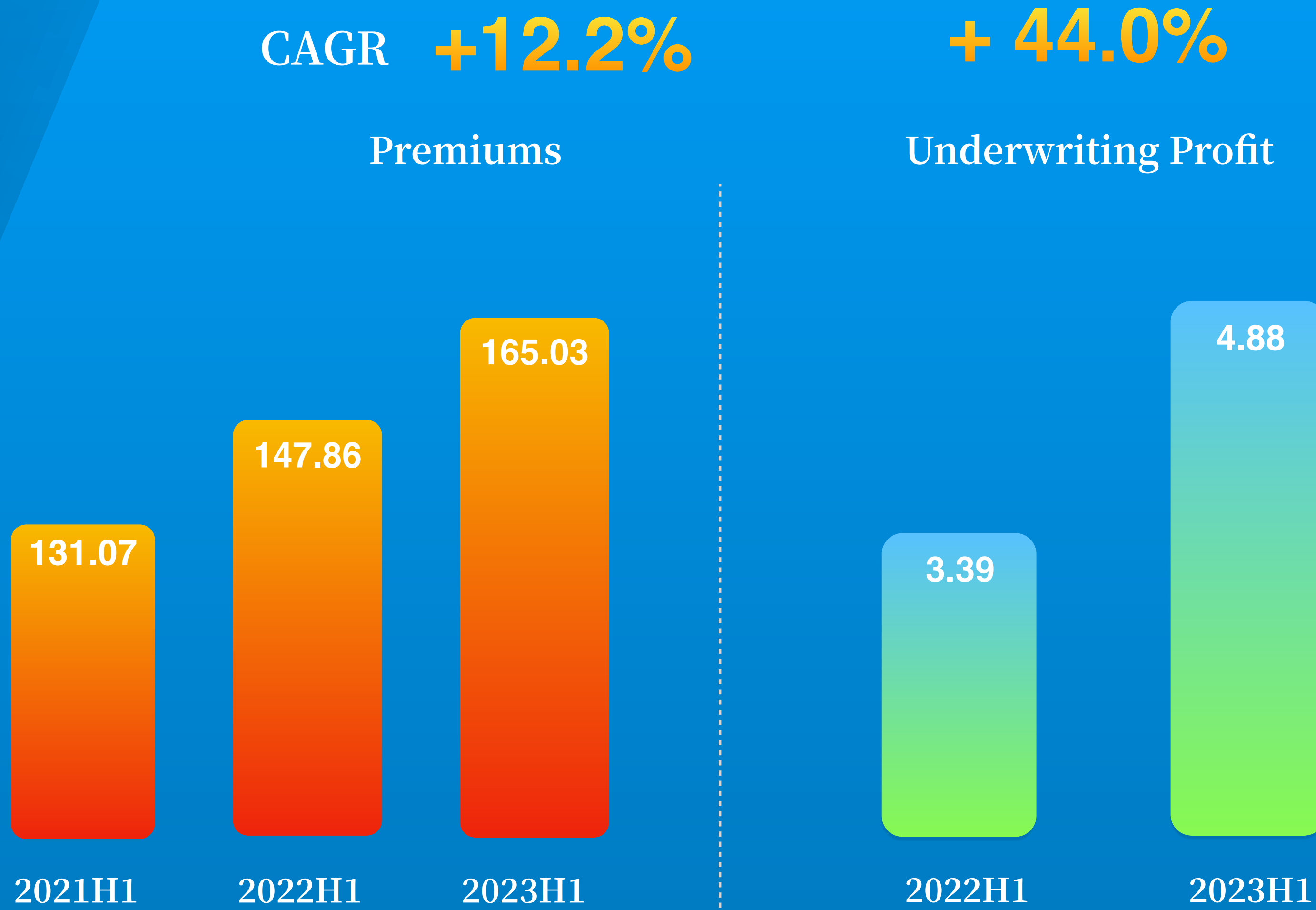


Profitability **Outperformed the Industry**

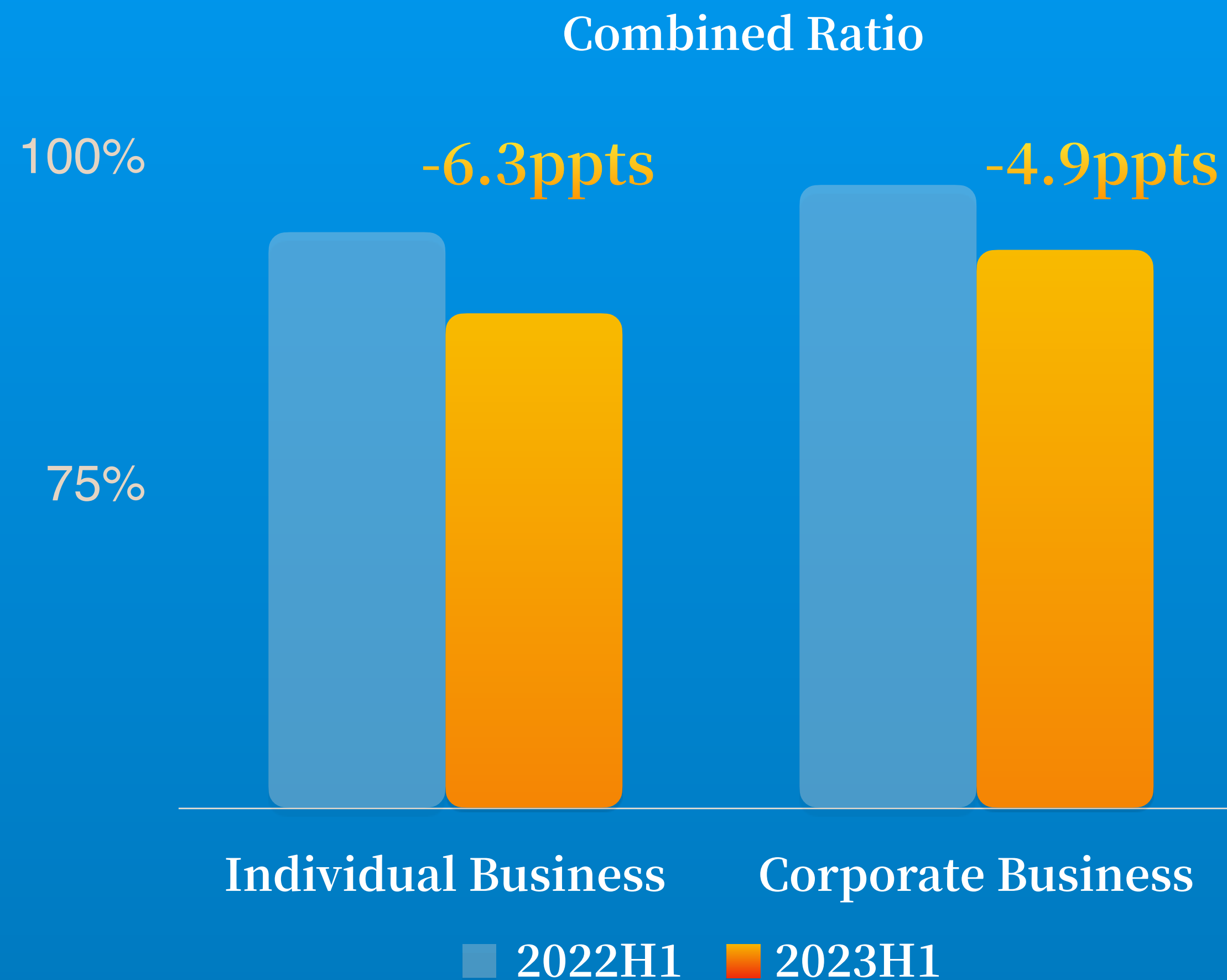
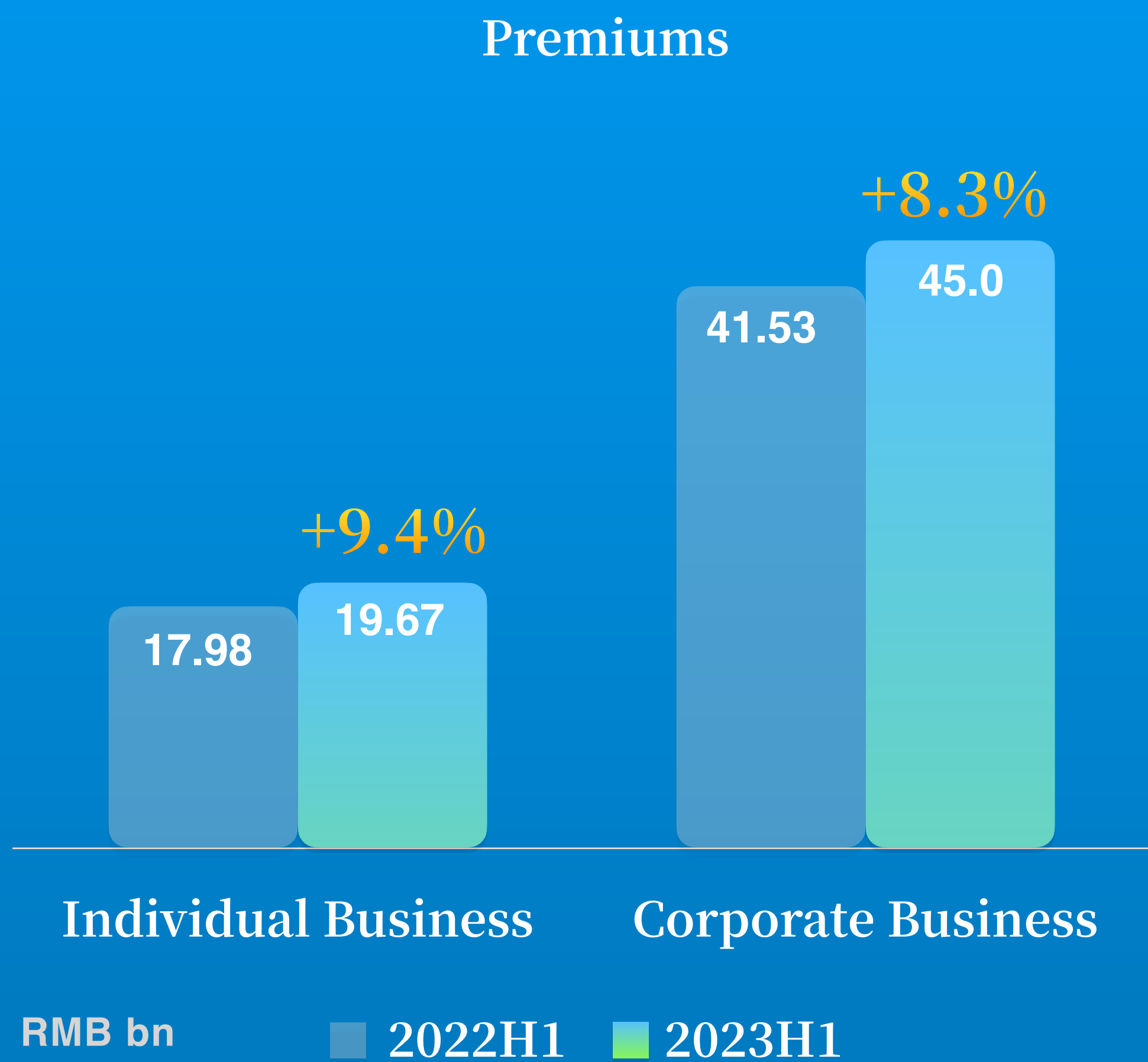


Non-auto Insurance Profitable Development

- Expand quality **individual business**
- Steadily develop **government business**
- Effectively grow **corporate business**



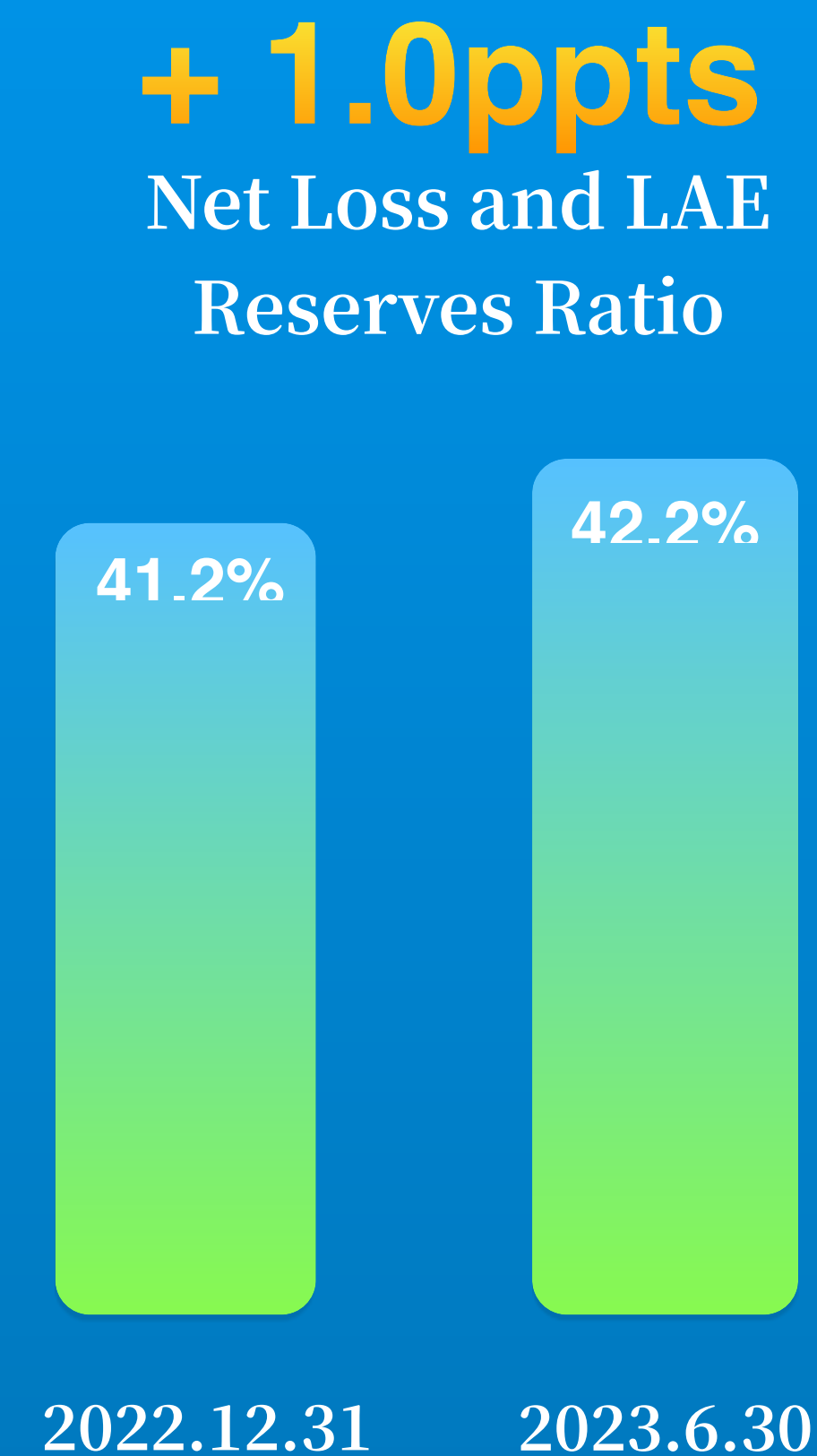
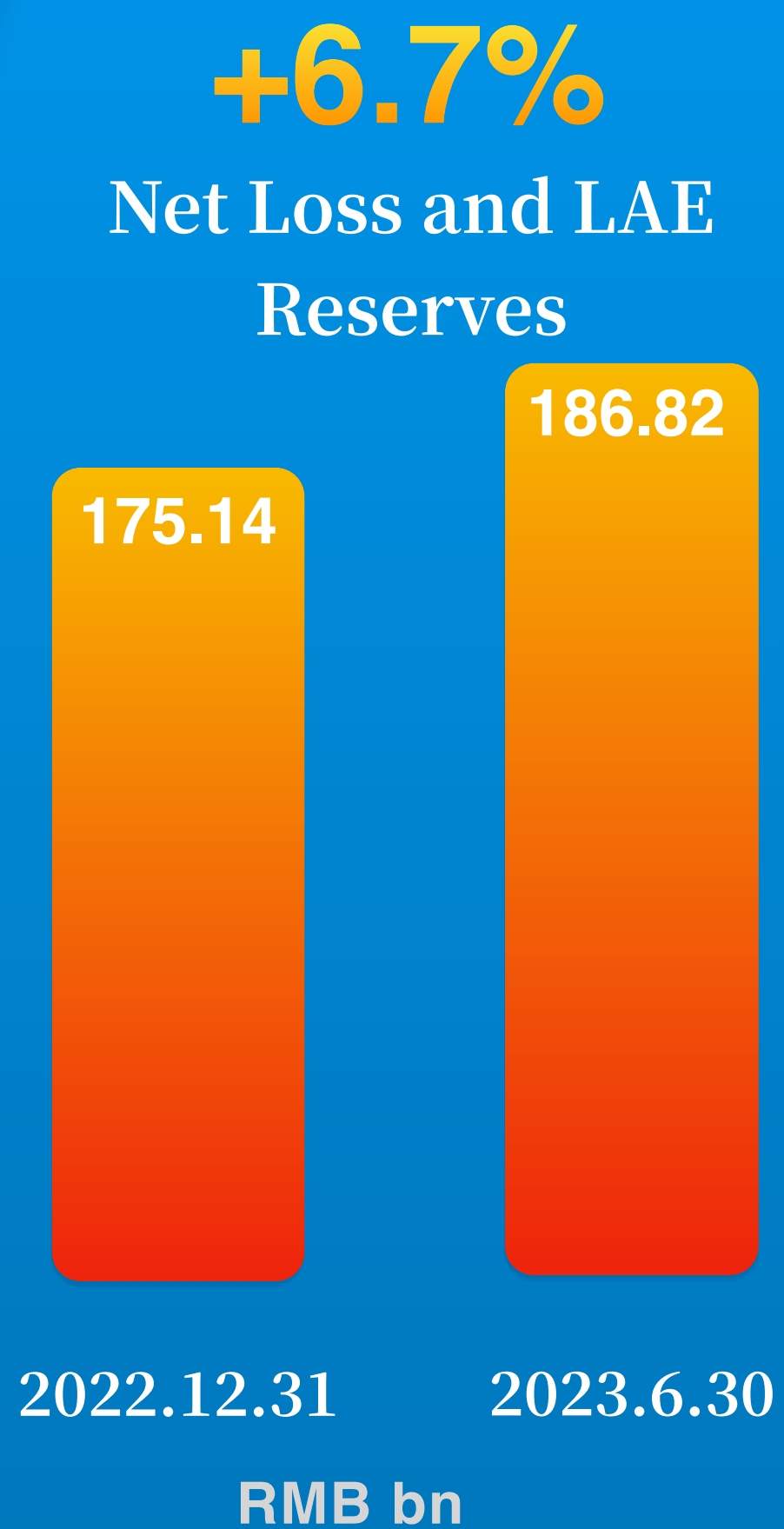
Commercial Non-Auto Segment: Significantly Improved Combined Ratio



Note: The Combined ratio stated on this page is based on CAS Old Accounting Standards.

Financial Soundness

Net Loss and LAE Reserves: Sufficient and Reasonable



Note: Figures are based on CAS Old Accounting Standards.

Adequate Solvency

Core Solvency Ratio

194%

Comprehensive Solvency Ratio

222%

ROE Remained at a
Relatively High Level

ROE (non-annualized)

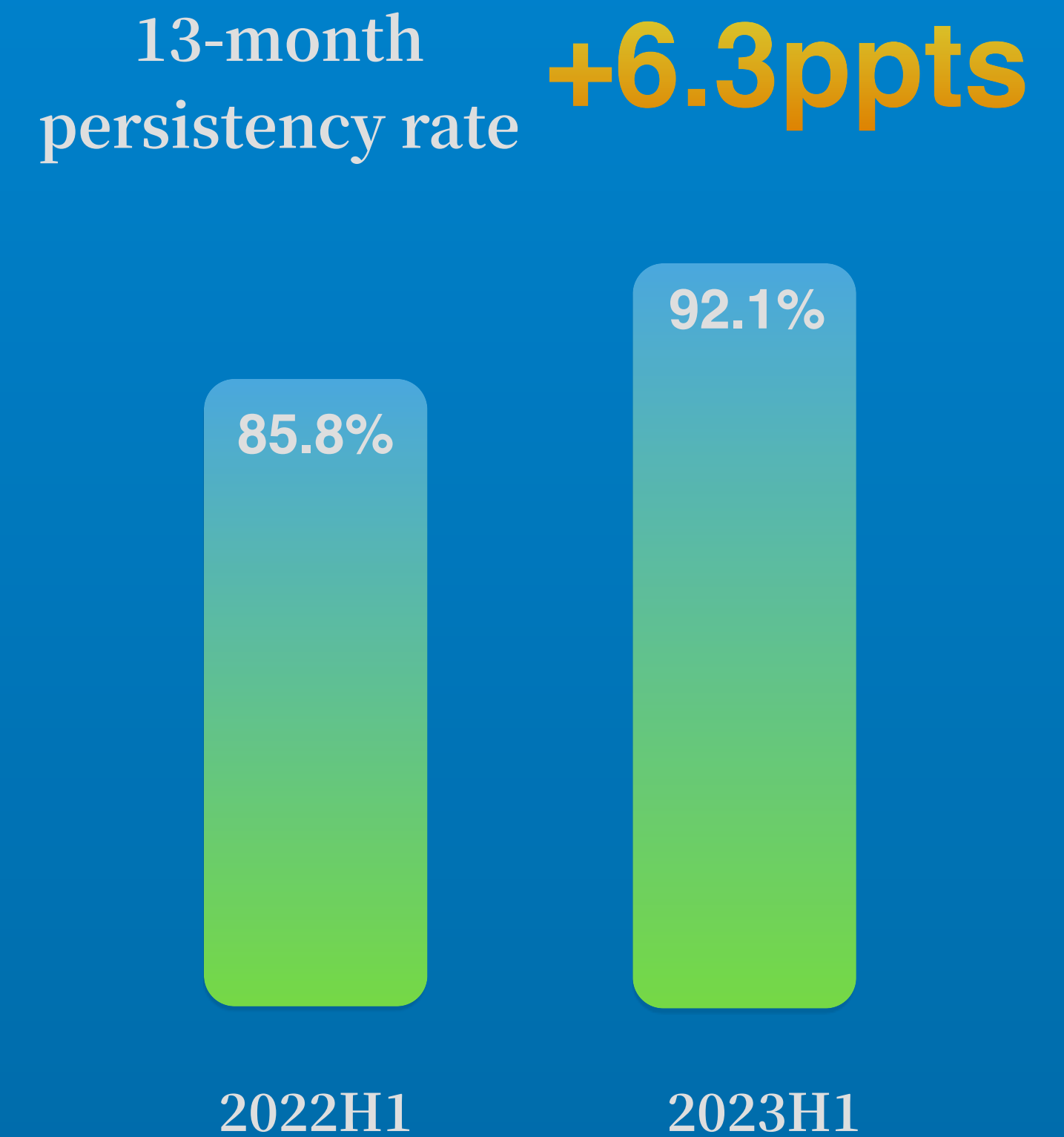
9.0%

2019-2022

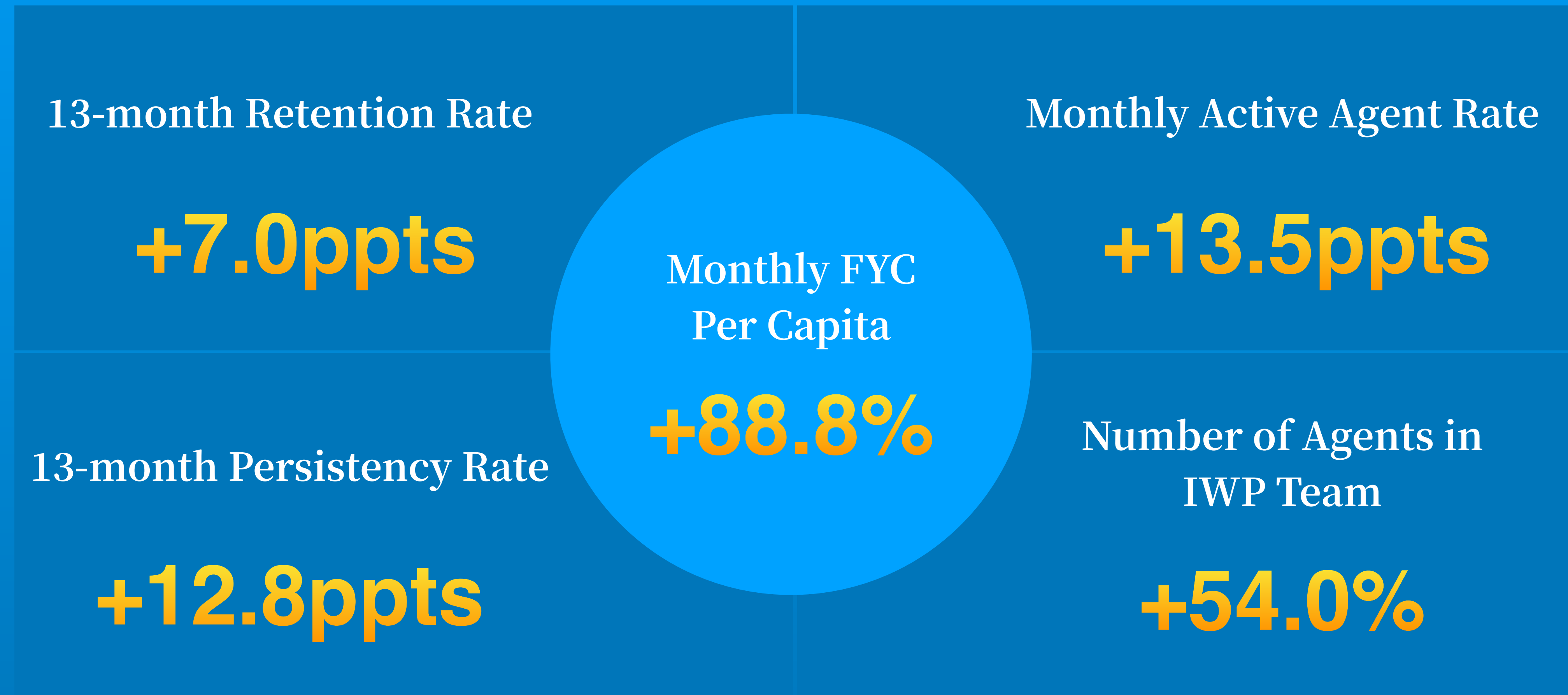
ROE(average): **12.8%**

Note: Interim 2023 unannualized ROE on this page is based on new accounting standards, and 2019-2022 ROE on old standards.

Life: Rewarding Transformation

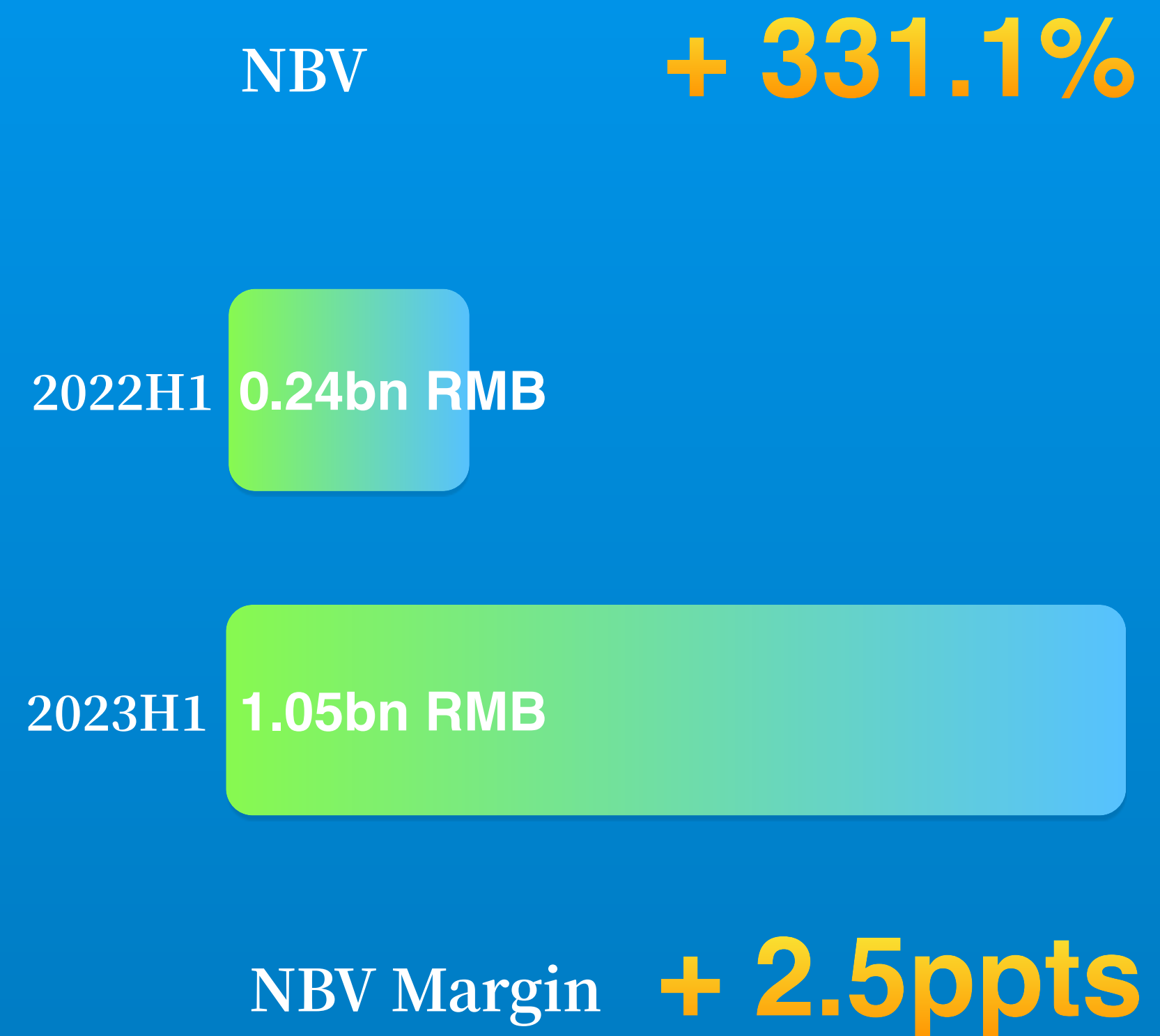
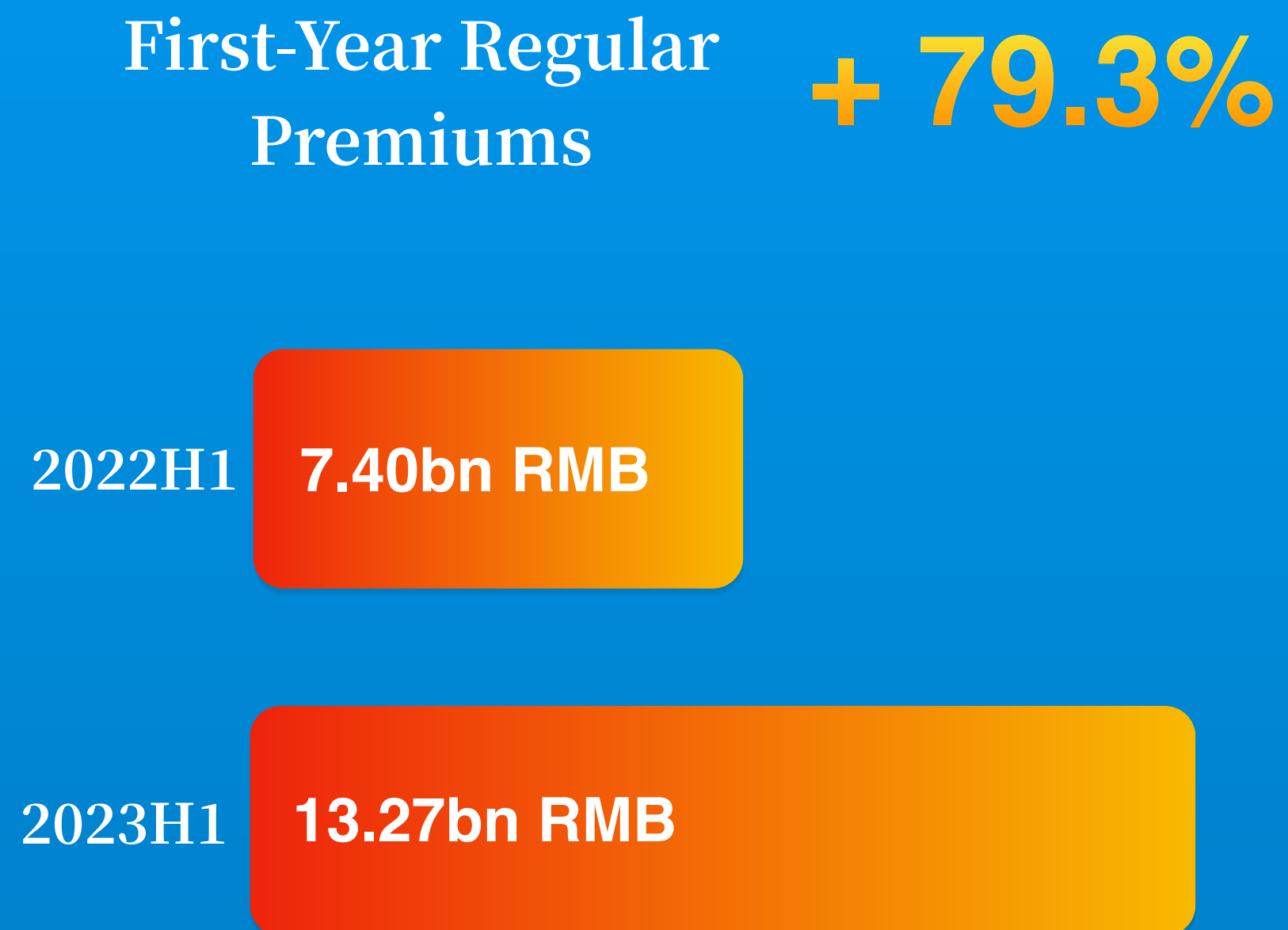


Individual Agents: Higher Quality & Efficiency



Note: IWP = Insurance Wealth Planner

Bancassurance: Impressive Value Improvement



Capacity Gains: Group & E-commerce

First-year Regular
Premiums

+35.2%

Group Insurance

First-year Regular
Premium from New Groups

+122.7%

NBV

+46.0%

E-commerce

Customers Served on
Self-hosted Platform

+99.6%

Remarkable Value Creation

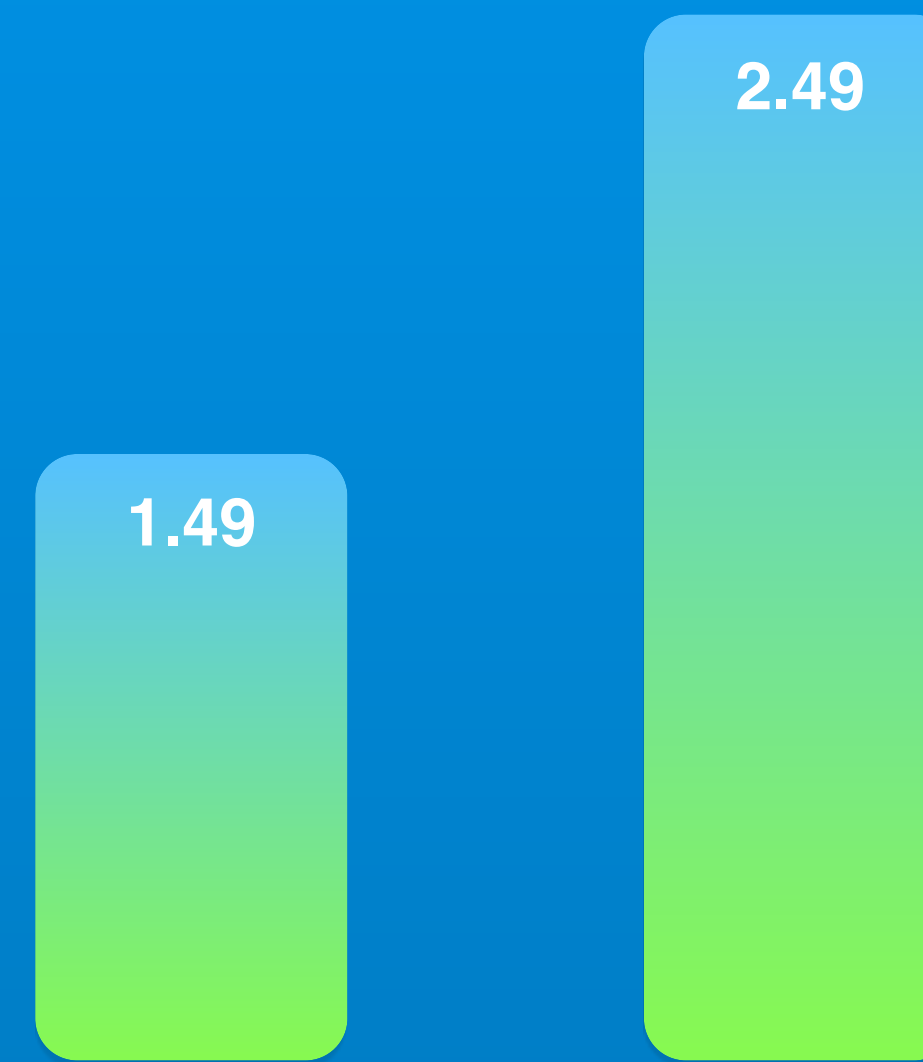
NBV Margin **+1.1ppts**



2022H1

2023H1

NBV **+ 66.8%**



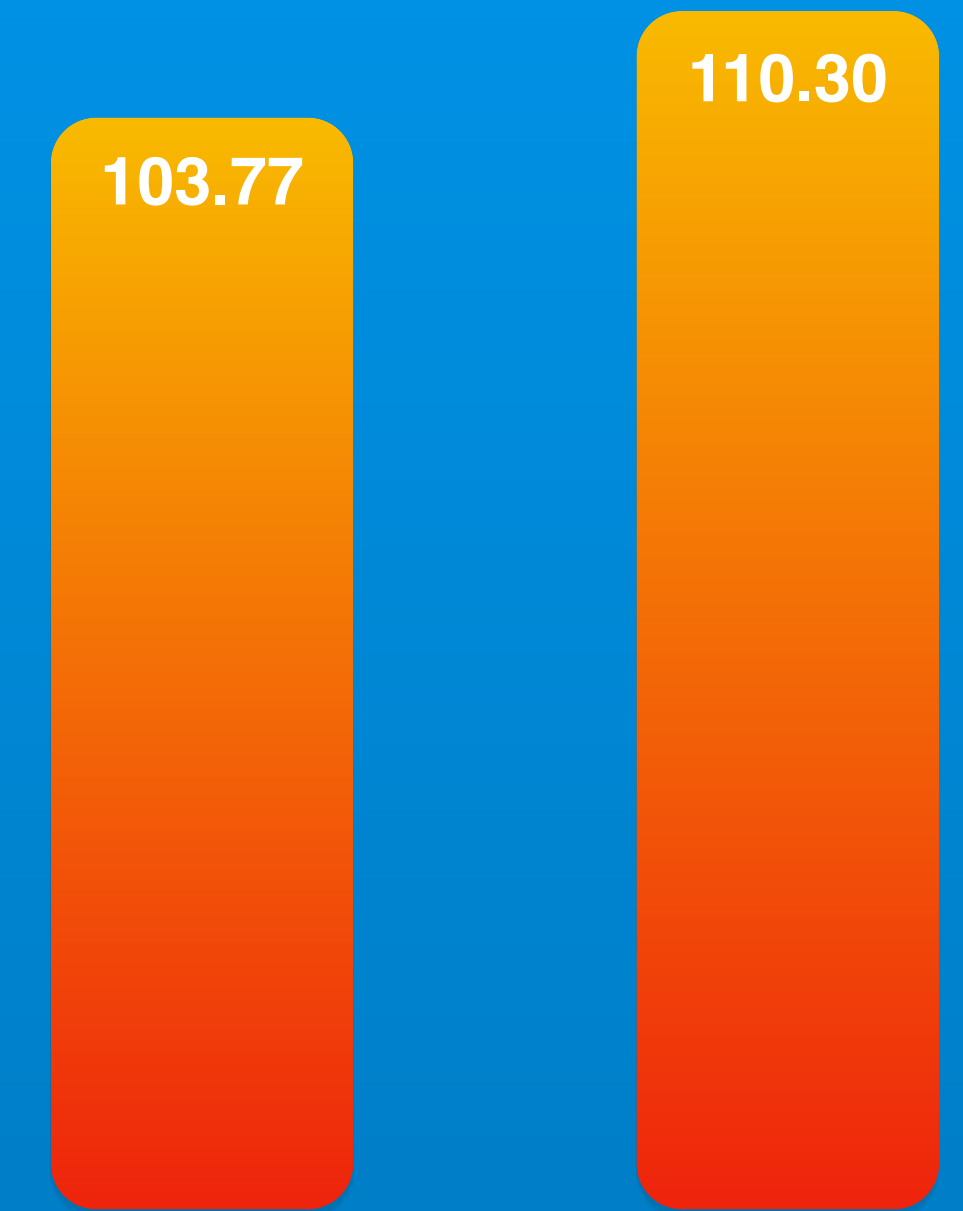
1.49

2.49

2022H1

2023H1

EV **+ 6.3%**



103.77

110.30

2022.12.31

2023.6.30

RMB bn

A Robust Third Pillar: Pension

Exclusive Commercial
Pension Insurance

3 Industry Top

Sold the first policy in industry

Sold the first policy to flexible
employees

Premium income & Number of Policies
Sold - industry N0.1

1.3bn RMB

Individual Pension

**1st Batch of
Qualifier**

Launched individual pension
business in 36 pilot cities(regions)

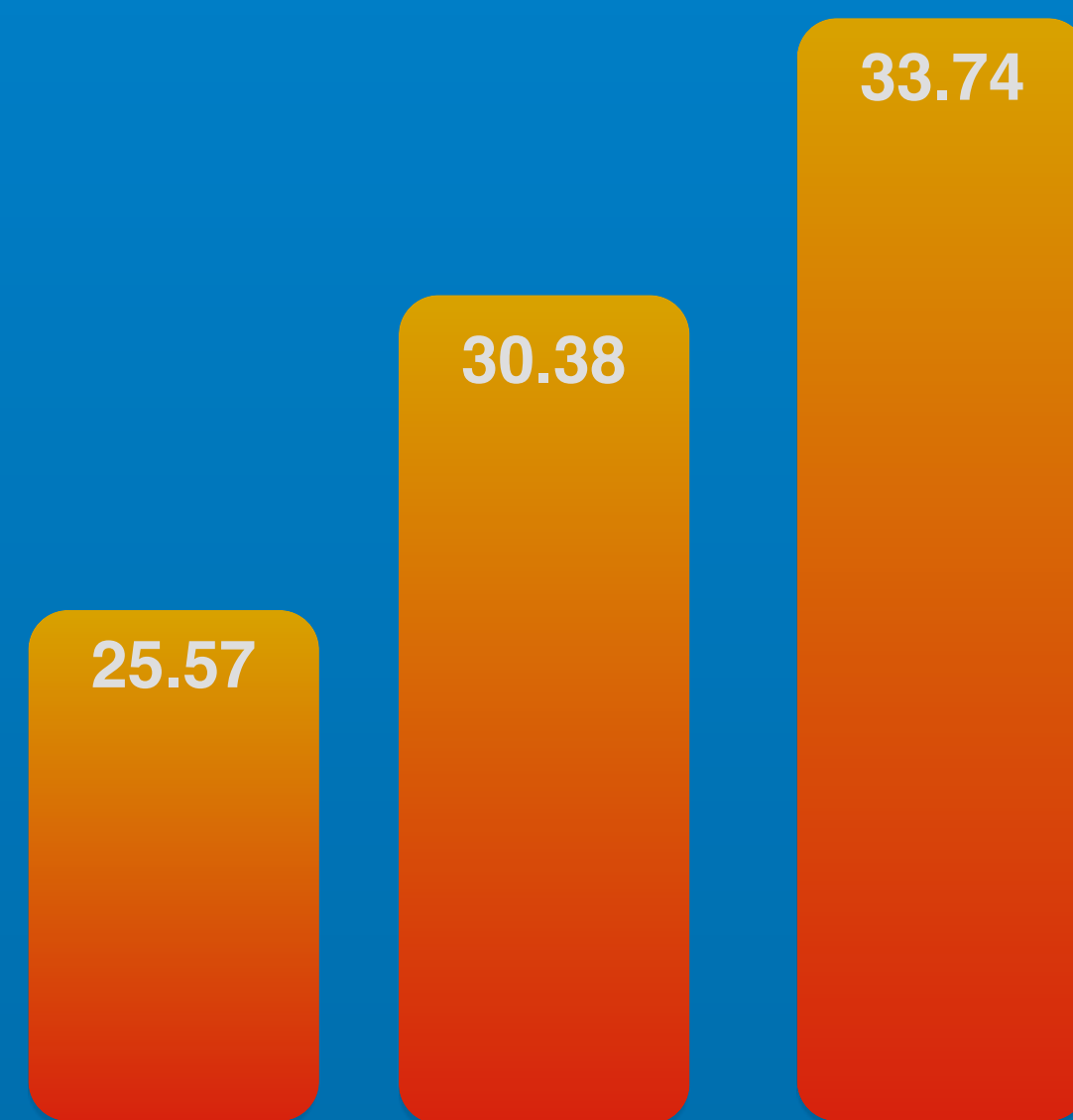
No. 3 in Premium Income

100mn RMB

Note: The individual pension scheme was officially
implemented in late Nov 2022.

Health: Higher Quality & Efficiency

Premiums **+11.0%**



2021H1

2022H1

2023H1

RMB bn

Net Profit

2.73bn RMB

5 Major Potential Customer Groups

Premiums Proportion

19.5%
+8.1 ppts

❖ Children&Youth ❖ HNW(high net worth)

❖ Corporate

❖ Elderly

❖ Clients with Medical History

Value Creation: A Great Leap

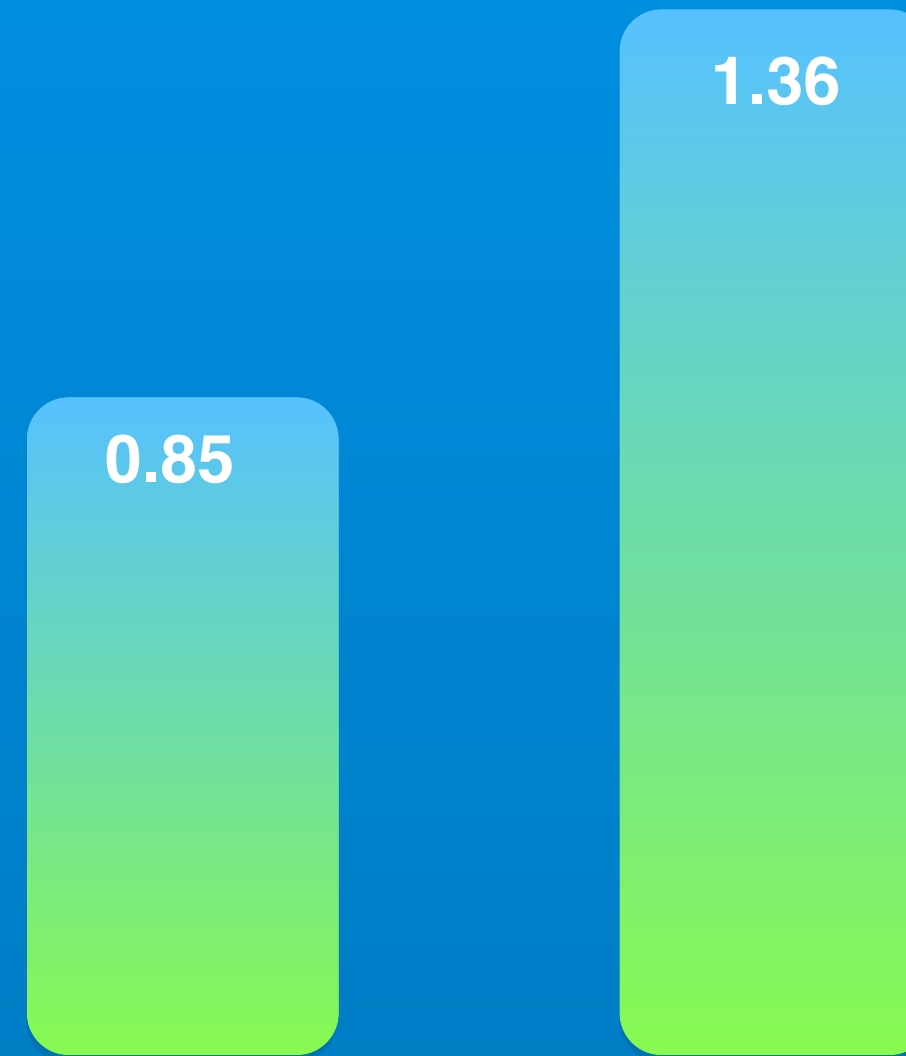
NBV Margin **+ 1.5ppts**



2022H1

2023H1

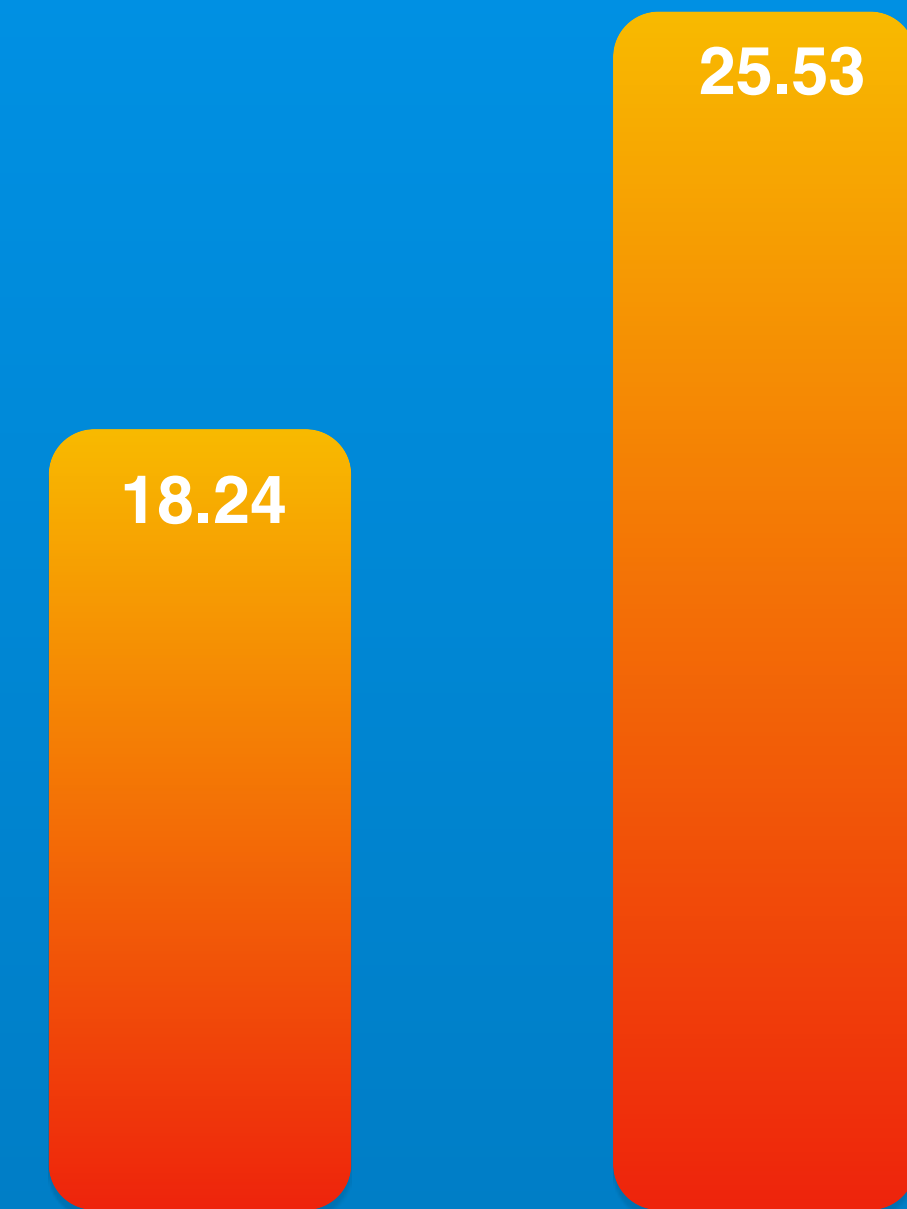
NBV **+ 58.7%**



2022H1

2023H1

EV **+ 40.0%**

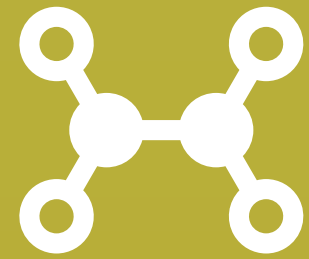


2022.12.31

2023.6.30

RMB bn

Specialization: Continuous Improvement



Product Provision

- 1 of 5 insurers approved for demonstration of the new Tax Premium Health Insurance (TPHI)
- 7 TPHI products



Digitalization

- 2,480+ one-stop settlement hospitals
- one-stop settlement: 62.0%

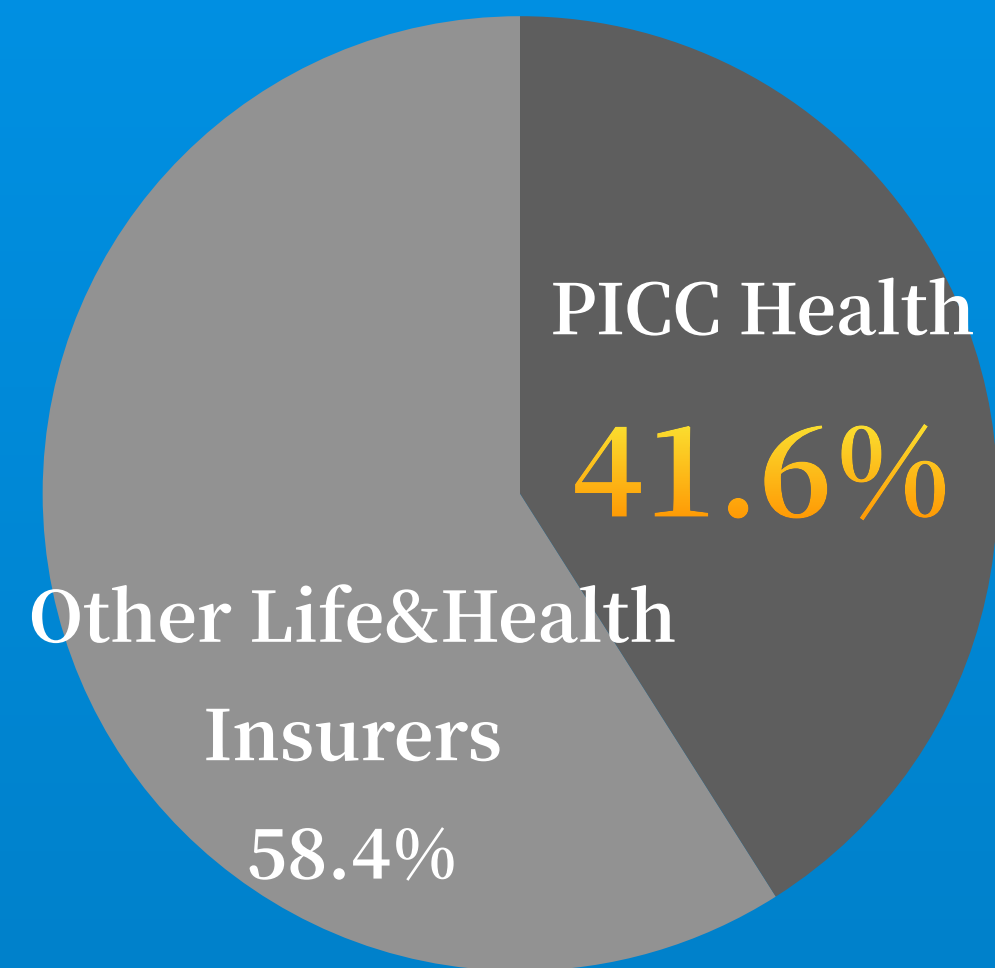


Health Management

- HM Service System: 8 categories & 30 items with a revenue of 110mn RMB, +41.8%
- Services: 1.46 mn times, +12.7%

Online Health Insurance: Expansion

Premiums **8.8bn RMB**



680mn customers

9 New Products

Child Critical Illness

Long-term Care

Long-term Special Medication

Long-term Disability

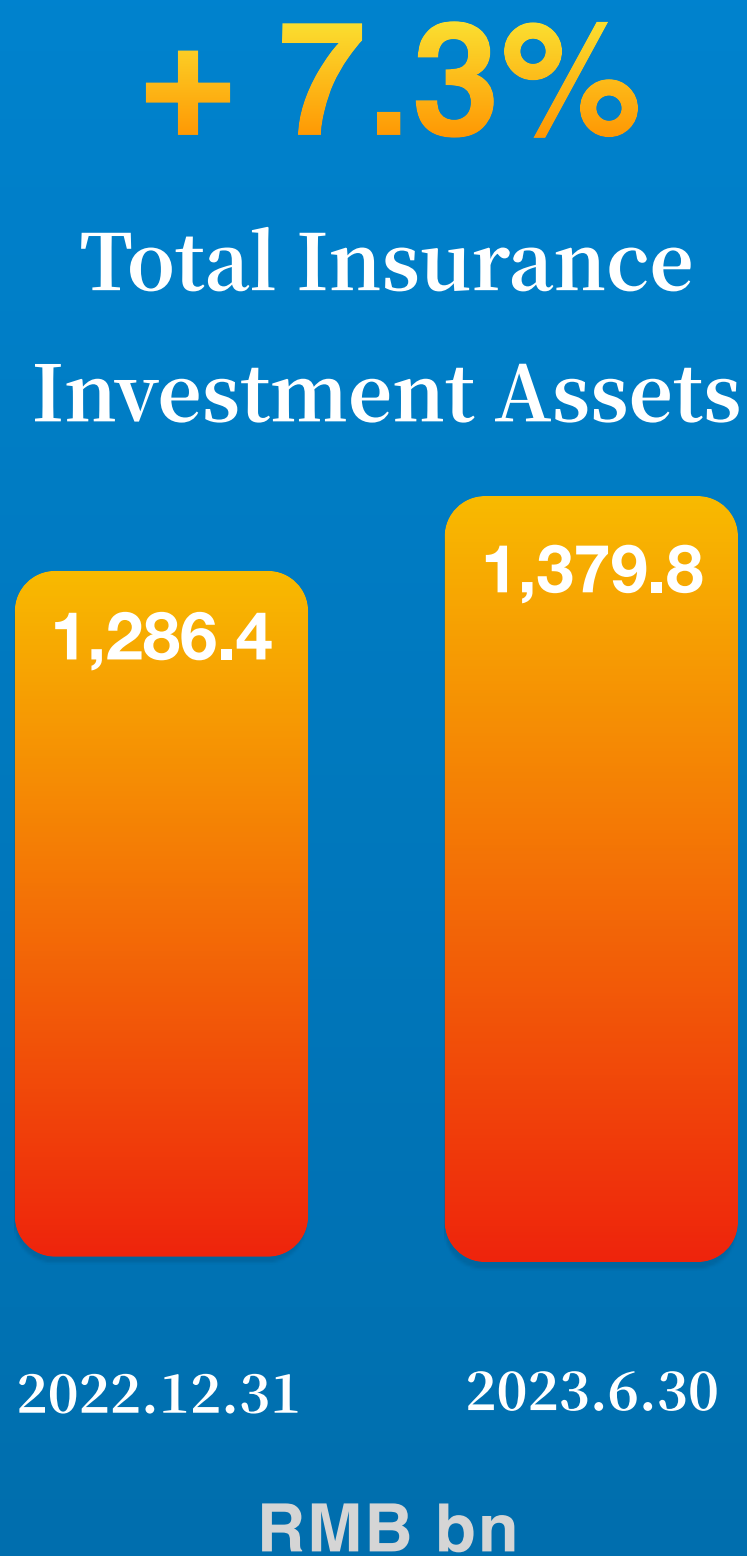
.....
Haoyibao Long-term (zero deductible)

Average Policies per Customer

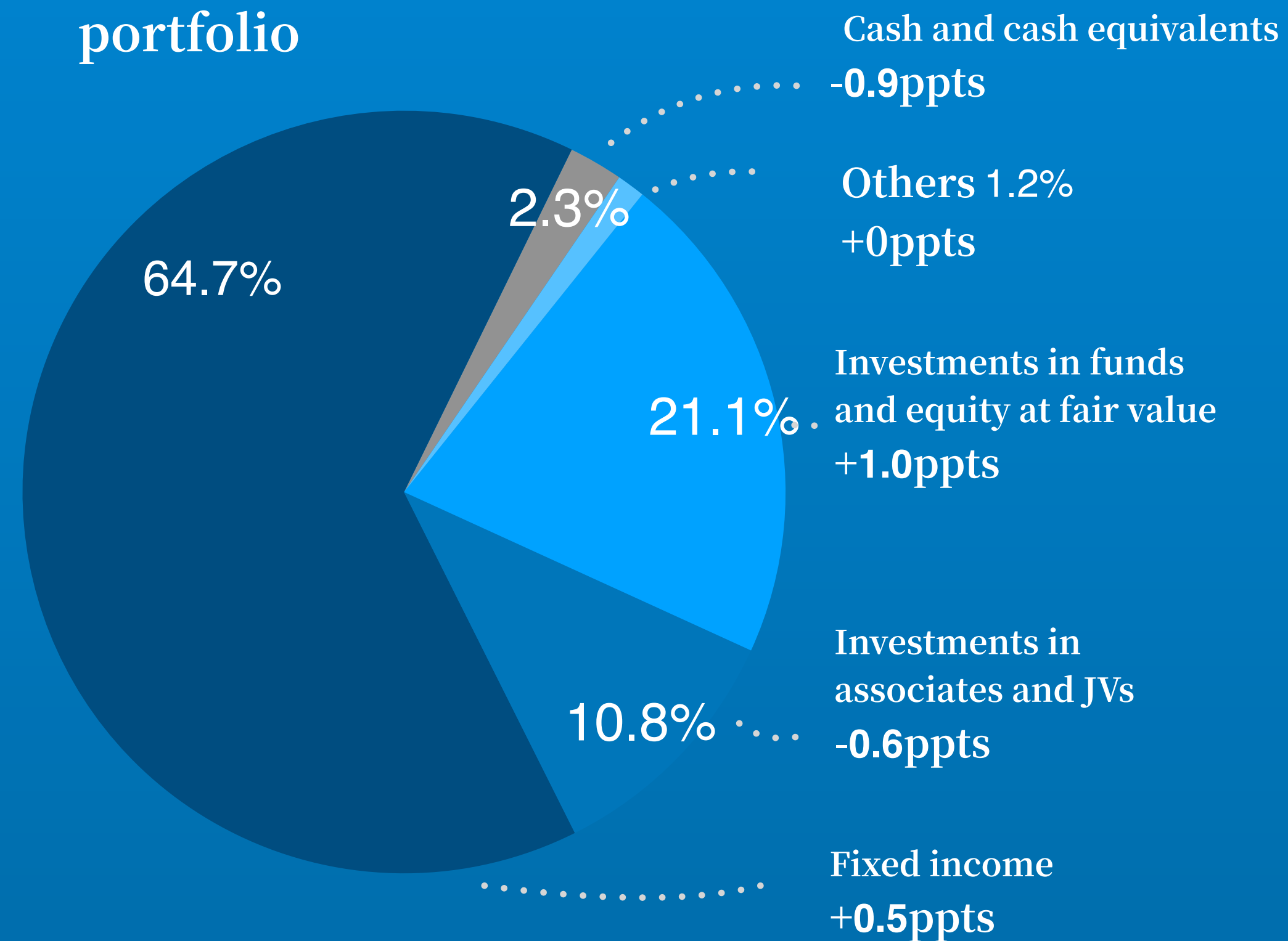
1.5
+8.8%



Asset Management: Prudent & Steady Portfolio



Insurance investment portfolio



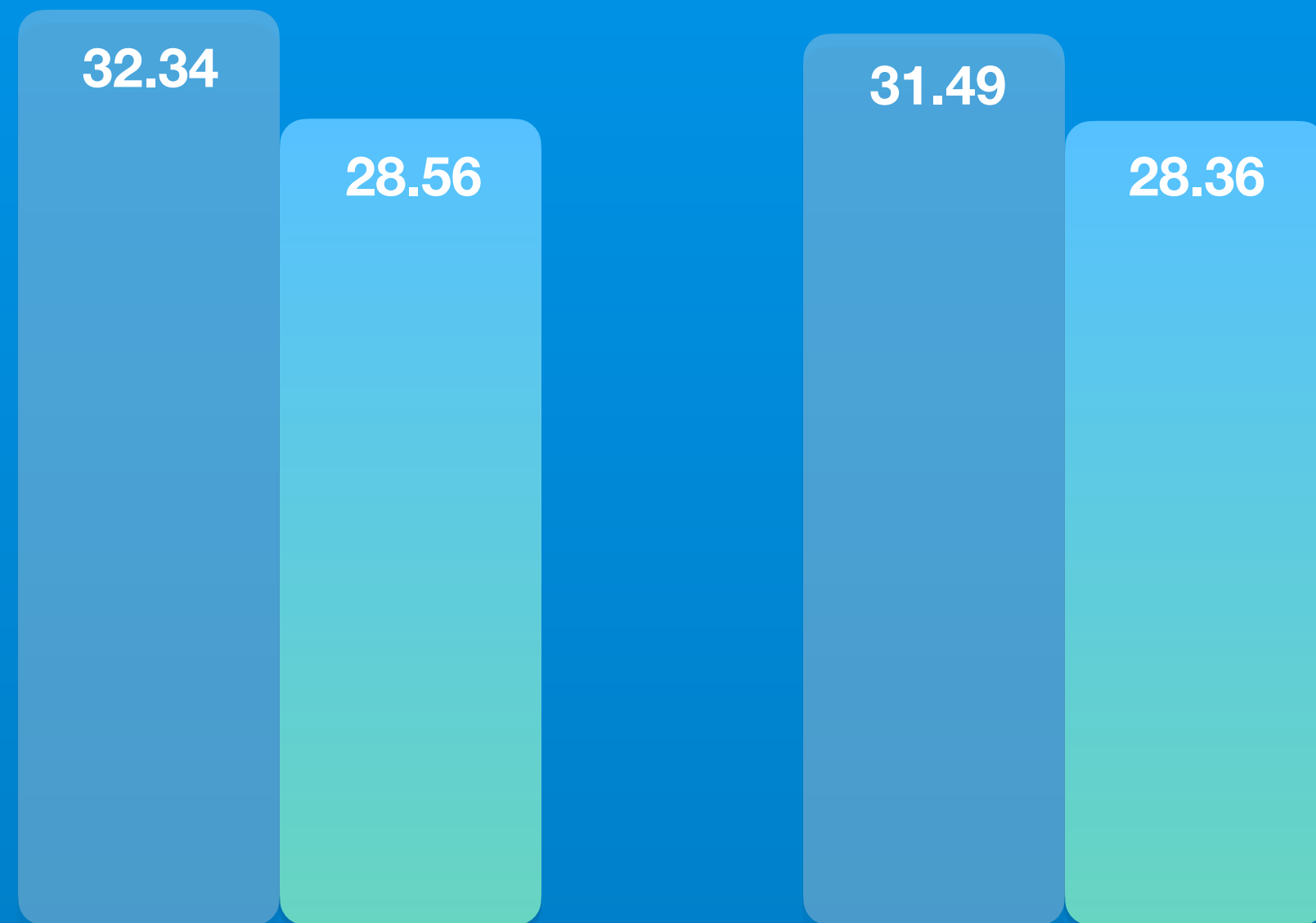
1,054.2bn RMB
+ 33.9 %
Third-party AUM

Note:

- 1) "Fixed income" primarily includes term deposits, debt securities, debt investment schemes, Tier 2 capital instruments, WMPs, capital guaranteed deposits, pledged loans, trust products, and asset management products;
- 2) "Others" primarily includes investment properties, equity investment schemes, reinsurance arrangements classified as investment contracts, non-listed equity investments and derivative financial assets, etc.;
- 3) Figures are rounded off and may not add up.

Total Investment Yield: Outperforming the Industry

Investment Income



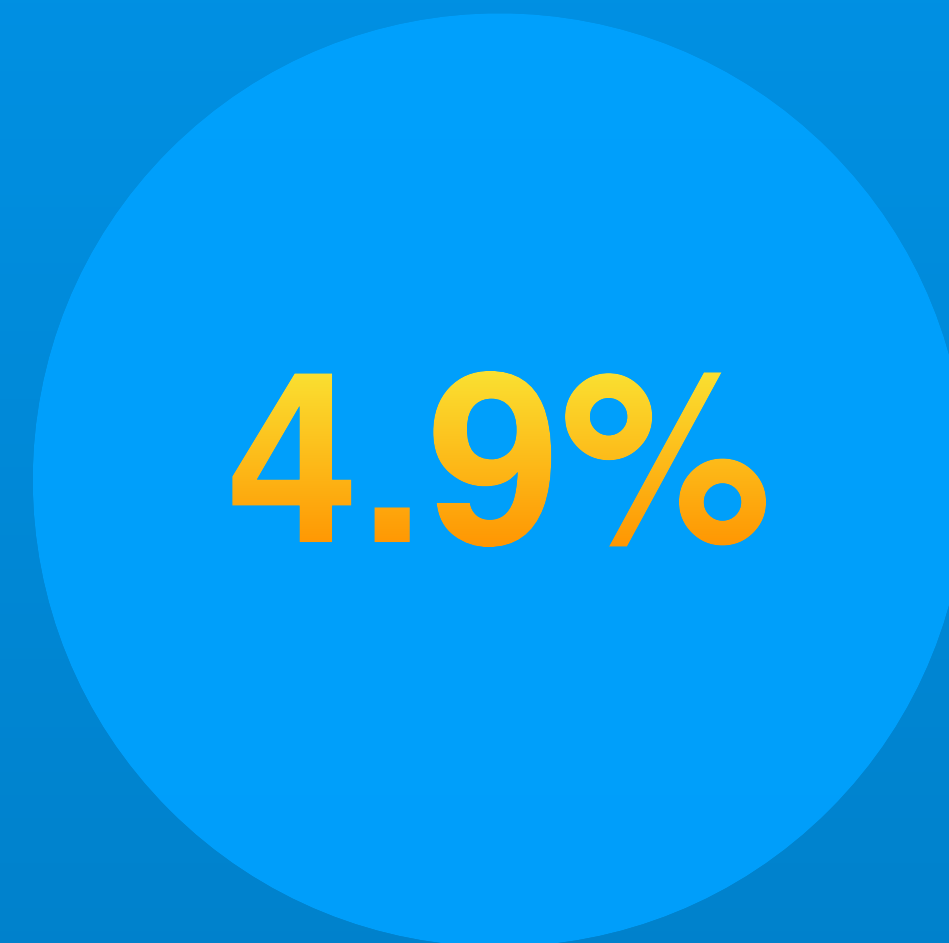
2022H1

2023H1

■ Total Investment Income
■ Net investment Income

RMB bn

Total Investment Yield (Annualized)



Total Investment Yield (annualized over last 5 years)



PICC Group

Industry Average

■ Total Investment Yield (Annualized)
■ Standard deviation

Note: Total Investment Yield over last 5 years is based on old accounting standard, and the standard deviation is based on statistics since 2005.

Investment Risk Under Control

Bond Investments

Issuers: **99.6%** AAA-rated

Credit risks under control,
with industry exposures
diversified

Alternative Investments

Effective credit enhancement
measures such as guarantees,
buybacks and shortfall
replenishment.

External credit ratings:
96.8%AAA.

Industries: transportation,
energy, public utilities, etc.

Equity Investments

Philosophy: “long-term,
value and prudent
investment”

Equity investment positions
prudently controlled

Q&A

Appendix: Differences between CAS and IFRS

(RMB mn)

Net Profit Attributable to Equity Holder of the Company Net Assets Attributable to Equity Holder of the Company

Item	2023H1	2022H1	As of Jun 30, 2023	As of Dec 31, 2022
Under CAS	19,881	18,296	241,754	222,851
Items and adjustments under IFRS:				
Catastrophe reserves of agricultural insurance	942	826	2,679	1,737
Impact of such adjustments on deferred income tax	-235	-207	-670	-435
Under IFRS	20,588	18,915	243,763	224,153

Appendix: Key Financials of PICC Group (CAS)

(RMB mn, unless otherwise noted)	2023H1	2022H1	Change
Insurance revenue	246,884	227,796	8.4%
Of which: PICC P&C	224,368	205,189	9.3%
PICC Life	8,598	10,255	-16.2%
PICC Health	12,628	10,887	16.0%
Total profit	30,635	29,826	2.7%
Net profit attributable to equity holders	19,881	18,296	8.7%
EPS (RMB)	0.45	0.41	8.7%
Weighted average return on equity	8.3%	8.3%	Unchanged
Total investment yield(annualized)	4.9%	5.3%	-0.4ppts
PICC P&C combined ratio	96.4%	96.3%	+0.1ppts
New business value of PICC Life	2,490	1,493	66.8%
New business value of PICC Health	1,355	854	58.7%
(RMB mn, unless otherwise noted)	As of Jun 30, 2023	As of Dec 31, 2022	Change
Total assets	1,493,706	1,416,975	5.4%
Total liabilities	1,166,396	1,113,971	4.7%
Net assets attributable to equity holders	241,754	222,851	8.5%
Book value per share (RMB)	5.47	5.04	8.5%
Embedded value of PICC Life	110,298	103,772	6.3%
Embedded value of PICC Health	25,531	18,239	40.0%

Appendix: Key Financials of PICC Group (IFRS)

(RMB mn, unless otherwise noted)	2023H1	2022H1	Change
Insurance revenue	246,884	227,796	8.4%
Of which: PICC P&C	224,368	205,189	9.3%
PICC Life	8,598	10,255	-16.2%
PICC Health	12,628	10,887	16.0%
Total profit	31,999	31,023	3.1%
Net profit attributable to equity holders	20,588	18,915	8.8%
EPS (RMB)	0.47	0.43	8.8%
Weighted average return on equity	8.6%	8.6%	Unchanged
Total investment yield(annualized)	4.9%	5.3%	-0.4ppts
PICC P&C combined ratio	95.8%	95.7%	+0.1ppts
New business value of PICC Life	2,490	1,493	66.8%
New business value of PICC Health	1,355	854	58.7%
(RMB mn, unless otherwise noted)	As of Jun 30, 2023	As of Dec 31, 2022	Change
Total assets	1,492,679	1,416,287	5.4%
Total liabilities	1,162,457	1,111,394	4.6%
Net assets attributable to equity holders	243,763	224,153	8.7%
Book value per share (RMB)	5.51	5.07	8.7%
Embedded value of PICC Life	110,298	103,772	6.3%
Embedded value of PICC Health	25,531	18,239	40.0%