ANNOUNCEMENT IN RELATION TO RELEVANT PRESENTATION ON PICC 2019 CORPORATE DAY

The People’s Insurance Company (Group) of China Limited, the controlling shareholder of PICC Property and Casualty Company Limited (the “Company”), will hold the PICC 2019 Corporate Day on 1 November 2019, and make presentation on the progresses of “Insurance + Technology + Service” facilitating the transformation to high-quality development. The presentation will include the conditions and objectives on business and operations of the Company, etc.

For specific details of the abovementioned presentation, please refer to the appendix to this announcement.

By Order of the Board

PICC Property and Casualty Company Limited

Miao Jianmin
Chairman of the Board

Beijing, the PRC, 31 October 2019

As at the date of this announcement, the Chairman of the Board is Mr. Miao Jianmin (executive director), the Vice Chairman is Mr. Xie Yiqun (executive director), the non-executive directors are Mr. Tang Zhigang and Mr. Li Tao, Ms. Xie Xiaoyu is an executive director, and the independent non-executive directors are Mr. Lin Hanchuan, Mr. Lo Chung Hing, Mr. Ma Yusheng, Mr. Chu Bende and Ms. Qu Xiaohui.
Promote “3411 Project”, Optimize Business Model
Continue to Improve Value Creation
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Build an Insurance Financial Group with Great Value Creation Capabilities

Focus on “risk management + wealth management”

Build the new “Insurance + Technology + Service” business model

Increase value with professionalism

Unlock value with technology empowerment

Create value chain with service extension

Amplify value with integration and synergy

Become a top player by grabbing market share in cities
01

Increase Value with Professionalism

With the weakening external environment and changing regulatory policies, we are required to strengthen our professional thinking to proactively promote each subsidiary, especially the three insurance subsidiaries, to deepen their transformation and development, to achieve benchmarking with first-class and advanced peers, and to realize business model transformation, structure optimization, replacement of growth drivers and value enhancement. At present, each subsidiary has drawn up a detailed transformation and development plan.
P&C Sticks to the “Two Integrations” Strategy, Implements “Top Ten Priorities”

1. Integrate technology innovation and business model innovation
2. Implement digitalization strategy
3. Integrate policy business and commercial business
4. Develop Internet insurance and tele-marketing
5. Step up direct sale team building and culture nurturing
6. Improve claim management quality and efficiency
7. Effectively compete with the peers
8. Win tough battles in central cities and defensive battles in suburban areas
9. Strengthen differentiated steering of branches
10. Improve risk management in key areas

Note: unless otherwise specified, P&C refers to PICC P&C excl. PICC (Hong Kong).
Continue Cost Reduction and Efficiency Improvement

Commercial property insurance business

Medium- and long-term target of combined ratio, benchmarks global leading peers
While strengthening and expanding auto insurance, we will accelerate the development of non-auto insurance to enable the business structure gradually reach target of leading players in the world with non-auto insurance accounting for 60%.
Expand the Scale Advantage

Ranked in First in Asia, Third in the world
Enhance the leading position in the market

- PICC P&C growth rate in comparing with the market: 119%
- Market share up by 0.6% YoY: 34%
- Incremental market share: 39.6%

Note: data as of 2019Q3
Life Focuses on Value, Pushes for “3 Shifts”

Take the new business value to a higher level in the next 3-5 years.

- From extensive to **intensive**
- From scale-driven to **value-driven**
- From bancassurance to **agency** channel

NBV grew **25.6%** in 1H2019, ranking **first** among key peers.
Strengthen the Team

- Total agents (10k)
- Monthly effective agents (10k)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Agents (10k)</th>
<th>Effective Agents (10k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>24.6</td>
<td>4.9</td>
</tr>
<tr>
<td>2019Q3</td>
<td>41.8</td>
<td>9.7</td>
</tr>
<tr>
<td></td>
<td>28.9</td>
<td>6.5</td>
</tr>
<tr>
<td>2022E</td>
<td>60</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13</td>
</tr>
</tbody>
</table>

Invested RMB1.12bn on team building in 2018, and plans to invest in 2019 2.29 bn.

Implementation plan for individual insurance strategy
- A million salesforce
- Falcon Action
- Improvement plan for organization for sales team
- Plan proprietary operation for standard outlets
- ……
**Improve Regular Premium Business**

By 2022, we aim to achieve continued fast growth in regular premiums on new policies with regular premiums (incl. renewal) accounting for **90%** of total written premiums.

The percentage of regular premiums for new policies of 10 years (premium paid periods) or longer exceeds **40%**.

<table>
<thead>
<tr>
<th>Year</th>
<th>% of Regular Premiums for New Policies</th>
<th>% of Single Premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>35%</td>
<td>37%</td>
</tr>
<tr>
<td>2018</td>
<td>35%</td>
<td>37%</td>
</tr>
<tr>
<td>2019Q3</td>
<td>40%</td>
<td>55%</td>
</tr>
<tr>
<td>2022E</td>
<td>40%</td>
<td>55%</td>
</tr>
</tbody>
</table>

% of regular premiums for new policies of 10 year (premium paid periods) or longer

% of single premiums
Health Focuses on Professionalism, Promotes Holistic Reform

Stick to the direction of “professional, capable, efficient and flatten”, and benchmark to leading global health insurers, creating value as a special health insurer.

1. Deepen the reform of building flat organization
2. Deepen the sales system reform
3. Promote the product supply side reform
4. Strategically push health management reform
5. Deepen operation and service model reform
6. Promote digitalization reform
7. Deepen market-oriented reform
In the first three quarters, PICC Health achieved the premium income of RMB4.88 billion through the Internet channels, up 447.4% YoY.

Significant potential for valuation growth

Business Expansion Capabilities

1. Stop institutional expansion

2. Pool resources to recruit senior professional and technical personnel
   Especially talents with healthcare expertise

3. Combine proprietary and third-party distribution channel
   Vigorously develop online business, and strengthen, optimize and expand commercial health insurance.

4. Significance potential for valuation growth
### Underwriting and Claiming Control Capabilities

<table>
<thead>
<tr>
<th>System integration</th>
<th>Intelligent review</th>
<th>Refusal to pay unreasonable medical expenses</th>
<th>Winning NHSA project</th>
</tr>
</thead>
<tbody>
<tr>
<td>PICC Health has achieved system integration in 121 social security projects, with a coverage rate of 31%</td>
<td>Has launched the intelligent review system in 15 cities, realizing the intelligent review, real-time monitoring and “one-stop” settlement of medical expenses.</td>
<td>Taking Tianjin Branch as an example, with the help of the intelligent review system, the unreasonable medical expenses which the Branch had refused to pay hospitals accounted for 21% of the paid amount.</td>
<td>PICC Health won the NHSA’s Inspection Project of Combating Insurance Fraud in 2019.</td>
</tr>
</tbody>
</table>
Expand healthcare cooperation network offline with the goal of realizing the “three 90%” by 2021

Professional Health Management Capabilities

- Build cooperation relationship with 90% of doctors nationwide.
- Build cooperation relationship with 90% of hospitals nationwide.
- Build cooperation relationship with 90% of pharmacies nationwide.
Professional Health Management Capabilities

Develop online PICC Health APP with the goal of building the industry-leading star APP.

- Promoting the PICC Health APP with the Group wide efforts.
- Striving to make the PICC health APP ranking top in the industry.
- Having registered users of about 100 million, and active users of about 5 million by 2021.
Investment Segment: Growing Wealth Management Business While Building Core Business

Wealth Management Business Planning
Investment Segment: Growing Wealth Management Business While Building Core Business

Wealth Management Business Planning

2023
- **Double** 3rd party AUM
- 3rd party assets accounts for over **55%**
- Profit contribution exceeds **8%**

2028
- **Double** 3rd party AUM again
- Profit contribution exceeds **12%**
- Build the segment as a contributor of incremental profit for the Group
Construct a Sustainable, Diverse New Pattern of Earnings Growth

<table>
<thead>
<tr>
<th>PICC P&amp;C</th>
<th>PICC Life</th>
<th>PICC Health</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build the biggest P&amp;C companies in the world</td>
<td>Bring NBV to a new level</td>
<td>Develop a robust commercial health insurance business</td>
<td>Grow wealth management business</td>
</tr>
<tr>
<td>“Cornerstone”</td>
<td>“New Pillar”</td>
<td>“New Highlight”</td>
<td>“Contributor to incremental profit”</td>
</tr>
</tbody>
</table>
Unlock Value with Technology Empowerment

Integrate technology innovation and business model innovation; build digital infrastructure; promote digital operation transformation; promote growth of online clients; unlock the value of data.
Promote the Integration of Business Model Innovation and Technology Innovation

Modern insurers empowered by technology

- Increase investment in IT
- Develop plans and standards for information system architecture
- Build technology team

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Build Digital Infrastructure

Smart PICC Digital strategies

- Application architecture
  - Organic unification of front, middle and back offices

- Technology architecture
  - Coexisting of centralized architecture with distributed architecture

- Basic architecture
  - Cloud-service architecture

- Front Desk
  - 95518
  - APP
  - Website

- Middle Desk
  - General services
  - Special services

- Back Desk
  - Business data
  - Database
  - Datalake

- Unified interactive experience
  - Multi-terminal adaptation
- Centralized architecture
- Distributed architecture

- Elastic scaling
  - Multiple centres
- Cloud computing
- Cloud Internet

- Disaster-tolerant management
  - (Multiple centres)
- Integrated management of R&D and maintenance
  - Cloud security
  - Cloud storage

- Monitoring Management
- Security Management
Digital infrastructure

- PICC is comprehensively promoting the construction of 8 aspects and 42 sub-projects of the new-generation IT architecture.
- PICC has built a cloud service-based infrastructure environment with micro-service-oriented application platform and architecture of distributed technology.

Successful launch

- Successfully launching the overall architecture of the new-generation data center network.
- PICC completed the deployment of the first IPv6 protocol-based intelligent cloud network in China.
- Officially launched "PICC Cloud" platform.
- Leading the industry by opening the first 5G network-based business outlet in China.
Promote Digital Operation Transformation

Underwriting

Mobile issuing
- The ratio of mobile issuing at PICC Health and PICC Life was 84% and 97% respectively.
- The issuance rate of e-contracts of PICC Health and PICC Life reached 99% and 84%.

Claims

Intelligent claim and loss assessment
- The number of documents and data required for auto insurance claims at PICC P&C Headquarters and branches was optimized from 170 previously to 18.
- 70% of small claims in pilot areas of auto insurance intelligent claim settlement achieved the time of survey and damage assessment reducing from 30-50 minutes to less than 5 minutes.
- The image recognition rate in intelligent loss assessment of 39 common exterior covering parts is close to 90%.

Customer service

Intelligent robot technology
- The accuracy of intelligent voice navigation at customer service platform 95518 was up to 90%.
- Hit rate of conversational response by intelligent robot increased to 79%.
- The AI substitution rate in Beijing Branch of PICC P&C reached 73%.
Promote Growth of Online Clients

PICC APP

- Installments exceeded **6.5 million** in 6 months since launch
- Registered users **5.0 million**
- MAUs **960k**

PICC Official WeChat Account

% of auto insurance online users

- 2018: 15.9%
- 2019E: 50%
- 2022E: 80%

% of auto insurance online claims service

- 2018: 8.4%
- 2019Q3: 42%
- 2022E: 60%
Unlock the Value of Data

PICC has a large customer base. Its critical illness insurance alone covers 490 million people. Active commercial customers are in the range of 70 to 80 million.

Customer information accuracy is **78%**.

The figure is increased by **22.8ppts** from the end of 2017.

In the first three quarters, the connection recovery model garnered new premiums of **RMB1.79bn**, and smart referral service generated premiums over **RMB1.41bn**.

We aim to **further improve** customer information accuracy and auto insurance renewal rate of about 70% which is the current level.

Automatic customer call verification

AI + marketing
Create Value with Service Extension

Build service as PICC’s core competitiveness; be a risk reduction manager, create shared value; be a high-quality service provider to create new service value; leverage the vast customer base and payer advantages.
Build Service as PICC’s Core Competition

Extend value chain

Manager of risk reduction

Provider of high-quality Service
Be a Risk Reduction Manager, Create Shared Value

With the advance of technology, the insurance industry can play a more active role in a world of connection.

Build a new business model for risk reduction management, achieving a positive loop of shared value by reducing customers’ risks and improving our profitability.
Be a Risk Manager, Create Shared Value

With the elevator safety comprehensive insurance pilot carried out in Ningbo, PICC has established an integrated risk management system for elevator safety including maintenance quality control beforehand, emergency professional rescue concurrently, and economic compensation afterwards by adding NFC chip and independently developing "elevator guard" maintenance process supervision system, and realized the obvious reduction of elevator failure rate and management cost.

The data of the past two years showed the average failure rate of elevators has decreased by about 50%.

The "insurance plus" model of Ningbo elevator insurance has attracted the attention of governments at all levels, and is opening a potential market of elevator insurance.
Be a High-quality Service Provider to Create New Service Value

Connect public service with insurance, and select quality life service to provide top insurance-related services.
Be a High-quality Service Provider to Create New Service Value

Working in sync with traffic police

- It was the first effort to build a collaborative platform with traffic police, and explored a new win-win service mode of strong coupling with government departments.
- Building a “doorway vehicle administration” for drivers.

Automobile service platform

“JIAANPEI” and “CHEZHUHUI”

- At present, the platform covers 362 cities nationwide, achieving a comprehensive loss reduction rate of 13% for property insurance supply.
- The goal is that by 2021 the “JIAANPEI” service will cover over 40,000 customers of auto maintenance enterprises, and the transaction volume will exceed 8 bn yuan.
- It provides more than 20 services such as car washing, maintenance and quick repair for auto insurance policyholders.
- It is hoped that by 2021, the App will have 5 million installed base and the daily order will exceed 50,000.

Unified health management platform for group customers

- Six top-quality services of electronic health records, online health consultation, appointment registration, chronic disease management, rehabilitation management and health insurance are provided.
- At present, it can realize real-time registration for customers at high-quality hospitals and appointment with designated medical experts in 145 cities in 25 provinces, door-to-door care in 350 cities in 31 provinces, and achieve delayering allocation of high-quality medical resources direct to home through remote consultation.
- In the first three quarters, health management services were provided to 63.46 million people-time, up by 17% YoY.
Leverage the Vast Customer Base and Payer Advantages

Start with vehicle, health and pension, and extend the insurance service value chain, grabbing more share of customers’ perception and consumption.
Amplify Value with Integration and Synergy

PICC’s value is by no means a “1+1=2” sum of its subsidiaries, but a multiplier effect of “1+1>2” by the synergies.
Step up Customer Resource Sharing

- **180 mm** individual customers for the group
- Initiate **customer information sharing** in compliance with the law, offering customers one-stop and diversifying financial and insurance service

**Strengthen information protection for customers:**
- Develop privacy protection policy
- Improve procedure of information collection
- Strengthen information safety
Pilot Team Co-building

As at the end of September, the comprehensive business development teams in three central cities reached 2,939, with first year regular premium averaging at RMB7,711 per month.

- Set out fundamental laws
- Build a training course system
- Improve commission settlement
- Develop a supporting IT system
Optimize Production Synergic Sales

Improve conversion of policy-based agriculture insurance customers into commercial customers.

Cross-subsidiary synergy
- Life segment drives growth of new policy regular premiums through business synergy
- PICC P&C steps up auto insurance sales through synergy

Cross-sales among subsidiaries’ different channels
- Activate **390k** rural insurance coordinators for PICC P&C
- Develop the work plan for accelerating the combination of rural policy business and commercial business
Group Synergy has Evolved from “Physical Reaction” to “Chemical Reaction”

Continue to advance the integration, selling auto, P&C, life and health insurance, as well as fund and trust products……

“Nuclear reaction”
Become a Top Player by Grabbing Market Share in Cities

Central cities are at core of the nation’s political and economic development; market share is stabilizing; business growth is stabilizing.
Central Cities Are at Core of the Nation’s Political and Economic Development

Over \( \frac{1}{4} \) of the population are in the 30 major cities.

40 major cities each with GDP of RMB500bn, together contribute half of China’s GDP.
PICC P&C

In 2019H1, share of central city market was up by 0.8ppt year on year.

PICC Health

In 2019H1, Shenzhen branch has been promoted to top 5 of local life market.
Business Growth is Stabilizing

In 2019H1, total written premiums are growing at 54% in central cities, 8ppts above the growth rate for the company as a whole.

In 2019H1, first-year regular premiums are growing at 29.5% in central cities, 7.3ppts above the growth rate for the company as a whole.

In 2019H1, Premiums are growing at 16% in central cities, 1.2ppts above market average.

In 2019H1, total written premiums are growing at 54% in central cities, 8ppts above the growth rate for the company as a whole.
In 2019H1, the combined ratio of PICC P&C branches in key cities was 94.5%, 3.1% lower than that of the company as a whole.

In 2019H1, PICC Life branches in key cities recorded a 68.4% YoY increase of the new regular business with premiums paid period more than 10-year (incl.), a 40.4% YoY growth in APE, and an 37% YoY increase in monthly effective agents.
Over 3-5 years or a longer period of time, build a different PICC and a new “Insurance + Technology + Service” business model with equal efforts on risk management and wealth management.
Thank You