

PICC P&C (2328.HK)
2012 Interim Results
August 21, 2012



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Performance Highlights and Business Review

Financial Performance and 2H2012 Initiatives

2012 Interim Performance Highlights

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1

Net profit of RMB 6.53bn, a YoY increase of 23.6 %; EPS of RMB 0.53 and dividend per share of RMB 0.21

2

1H2012 turnover of RMB 101.19bn, a YoY increase of 10.7%

3

Underwriting profit of RMB 5.61bn, a YoY increase of 13.7%; combined ratio of 92.4%, consistently outperforming the industry

4

Investment income of RMB 3.71bn, a YoY increase of 39.8%, representing an annualized investment yield of 3.8%

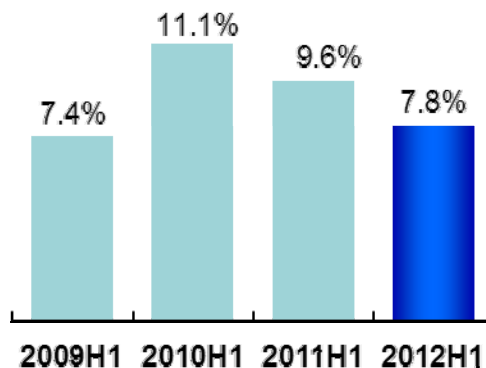
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Total assets and net assets increased by 9.4% and 24.3% over the beginning of the year, respectively; stable solvency margin ratio

1H2012 Non-life Sector Environment Review 3

Macroeconomic Growth Slowed down

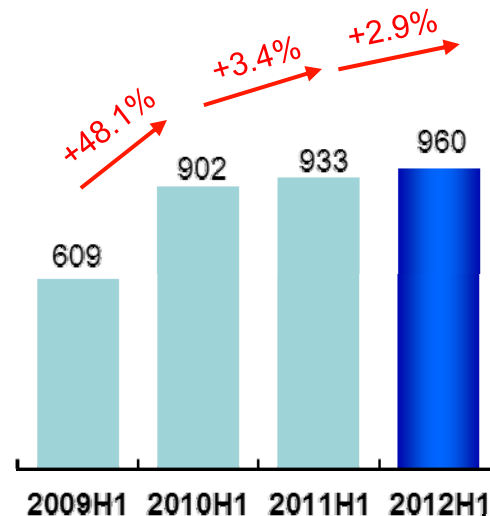
China's real GDP growth



Source: National Bureau of Statistics

Automobile Sales Slowed down

Automobile sales in China (in 10,000)



Source: China Association of Automotive Manufacturers

Launch of Favorable Policies

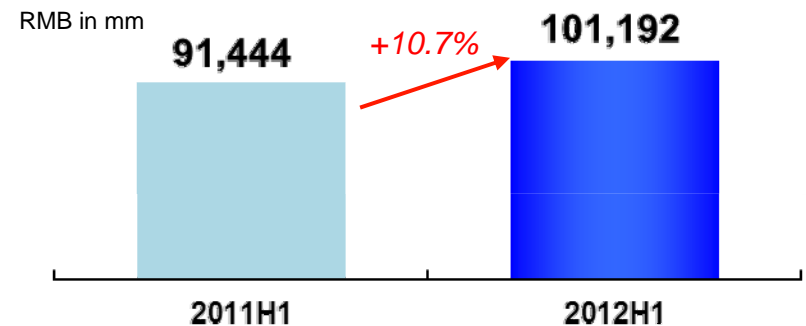
- The central government increased policy subsidies for agricultural insurance to promote the development of "Three Rural" insurance businesses
- The government attaches more importance to the role of the insurance sector in social development, which is conducive to the innovation of liability insurance and credit insurance products and services

Continued Strengthening of Marketing Capabilities

4

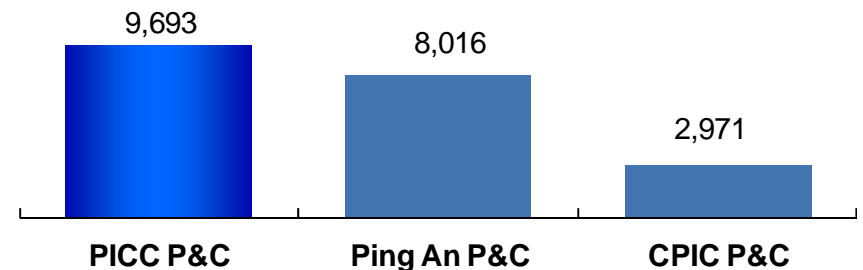
- 1 Standardization of urban outlets; accelerated the deployment of rural outlets
- 2 Continued fast growth of new channels including telemarketing and online marketing
- 3 Promoting service driven growth to increase customer satisfaction
- 4 Actively grow non-motor insurance

Turnover Exceeded RMB 100bn in 1H2012



Incremental Premium Ranked #1 in Industry

Direct premiums written, RMB in mm



Source: CIRC

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Continued Improvement of Underwriting Profitability

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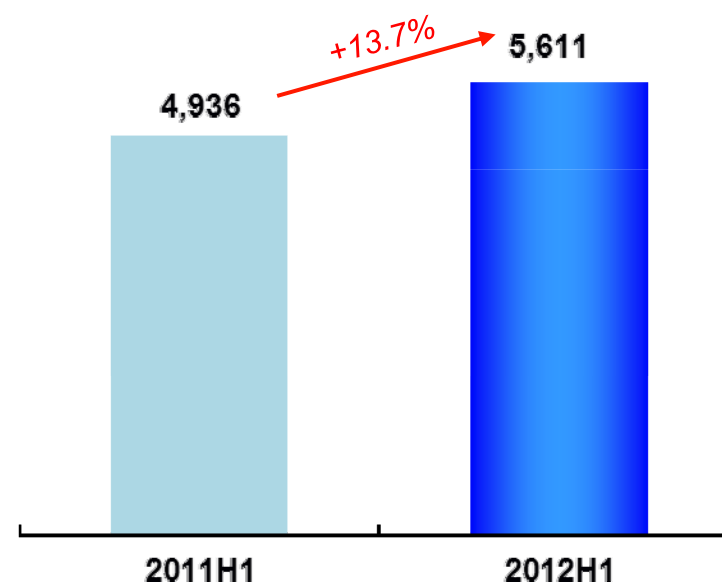
1 Focusing on profitability, continued to promote selective underwriting

2 Enhancing vertical claims management and process management to effectively control claims costs

3 Continued to build a centralized platform to improve refined management

Underwriting Profit

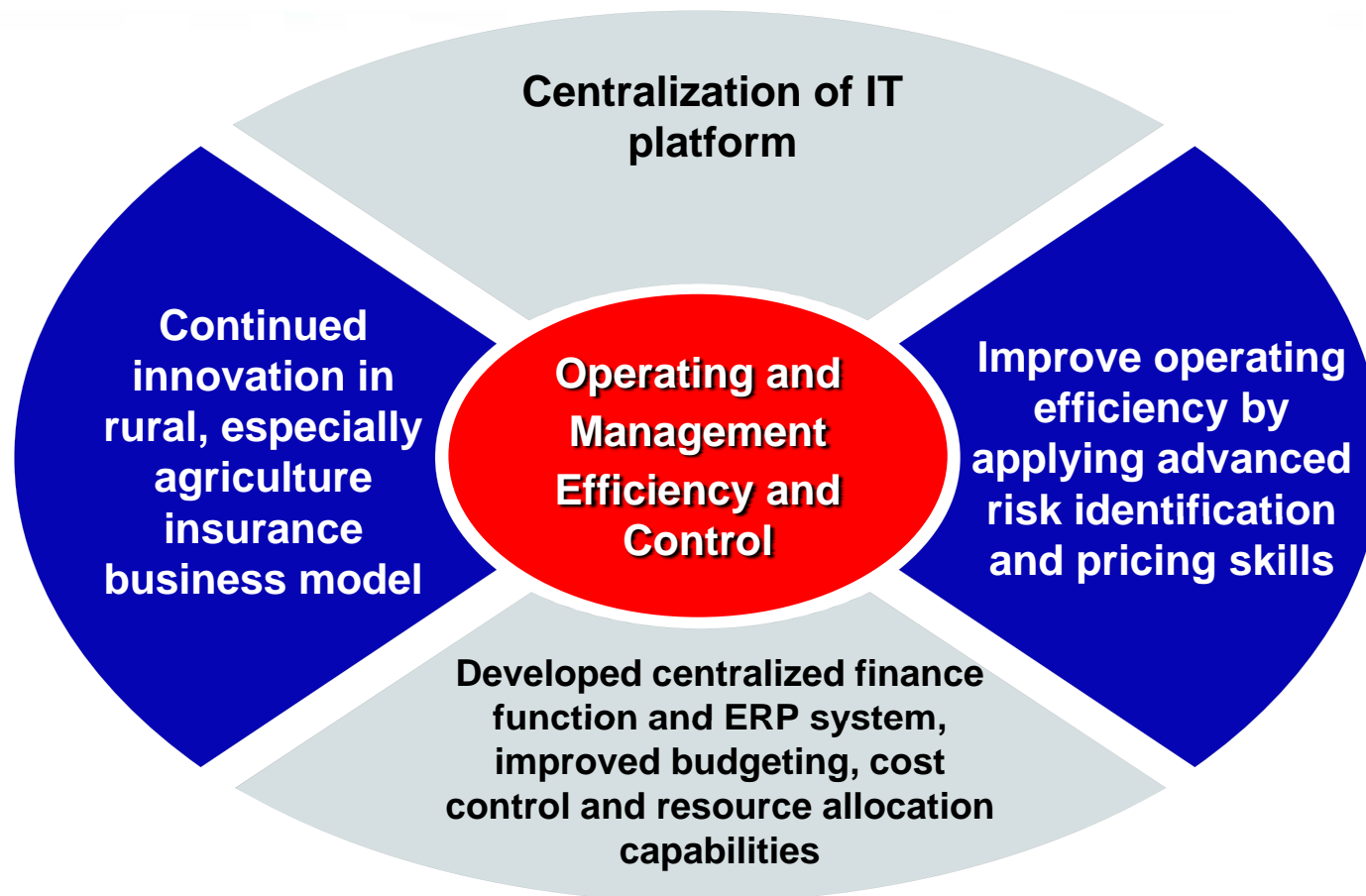
RMB in mm



38 provincial branches and all product lines achieved underwriting profitability in 1H2012

Significant Improvement in Operating and Management Efficiency and Control

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Continued Strengthening of Risk Prevention 7

1

Continued to improve risk management and internal control & compliance systems

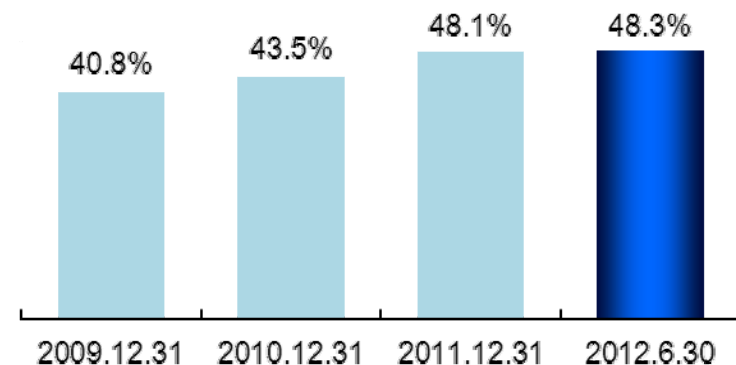
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Maintain sufficient solvency margin

3

Adequate provision of reserves

Net loss reserves/LTM net earned premium



Opportunities

- 1** Government increasingly focused on stable economic growth, leading to higher demand for insurance
- 2** Continued strengthening of insurance regulation
- 3** Continued realization of synergies from integration of PICC Group's resources

Challenges

- 1** Uncertainties in macroeconomic and automobile sales growth
- 2** Increased competition in certain regional markets
- 3** Capital market fluctuations

PICC P&C is confident in its ability to further strengthen and expand its robust growth momentum, continue to improve its core competence and create greater value for its shareholders

Performance Highlights and Business Review

Financial Performance and 2H2012 Initiatives

Improving Profitability

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RMB in mm	Jan-Jun 2011	Jan-Jun 2012	% Change
Turnover	91,444	101,192	10.7% ↑
Net premiums earned	65,946	73,539	11.5% ↑
Underwriting profit	4,936	5,611	13.7% ↑
Investment income	2,657	3,714	39.8% ↑
Net income	5,288	6,534	23.6% ↑
EPS (RMB)	0.475	0.533	12.2% ↑
Dividend per share (RMB)	0.225	0.210	

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Steady Asset Growth

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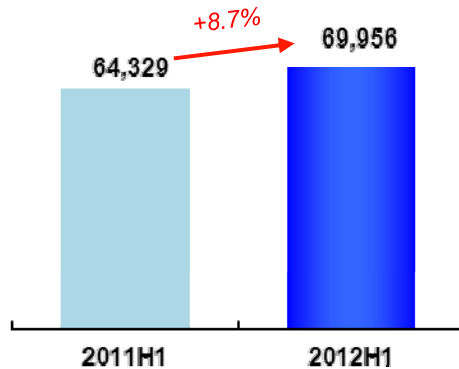
RMB in mm	Dec 31, 2011	Jun 30, 2012	% Change
Total assets	265,644	290,564	9.4% ↑
Total investment assets	190,037	203,725	7.2% ↑
Net assets	35,160	43,721	24.3% ↑

Sustained Growth Across Businesses

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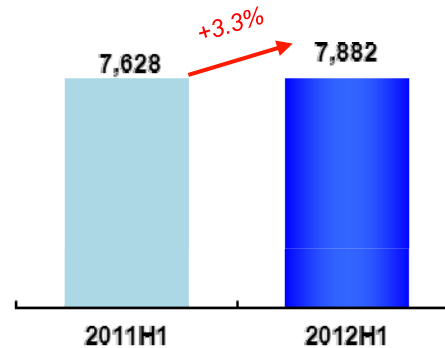
Motor

Turnover, RMB in mm



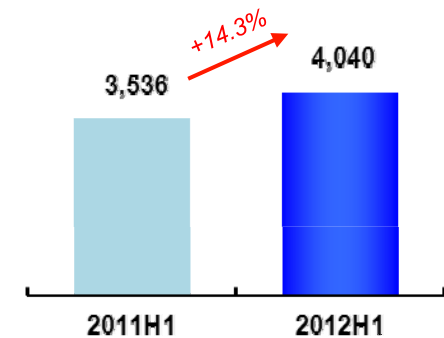
Commercial Property

Turnover, RMB in mm



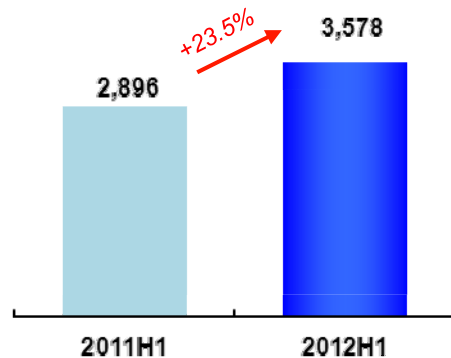
Liability

Turnover, RMB in mm



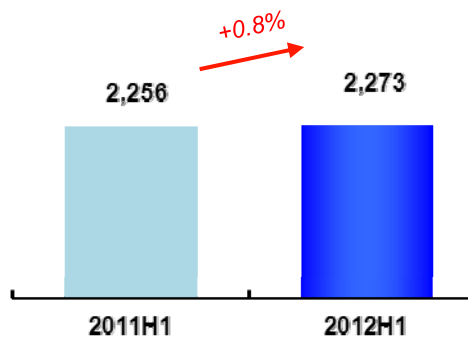
Accident & Health

Turnover, RMB in mm



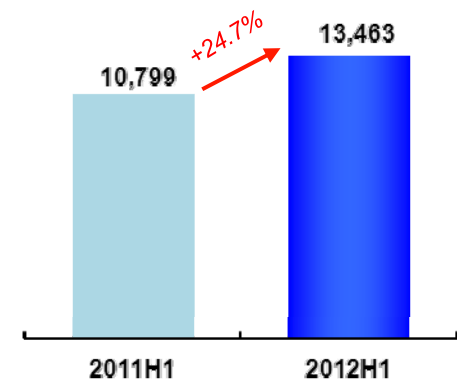
Cargo

Turnover, RMB in mm



Others

Turnover, RMB in mm



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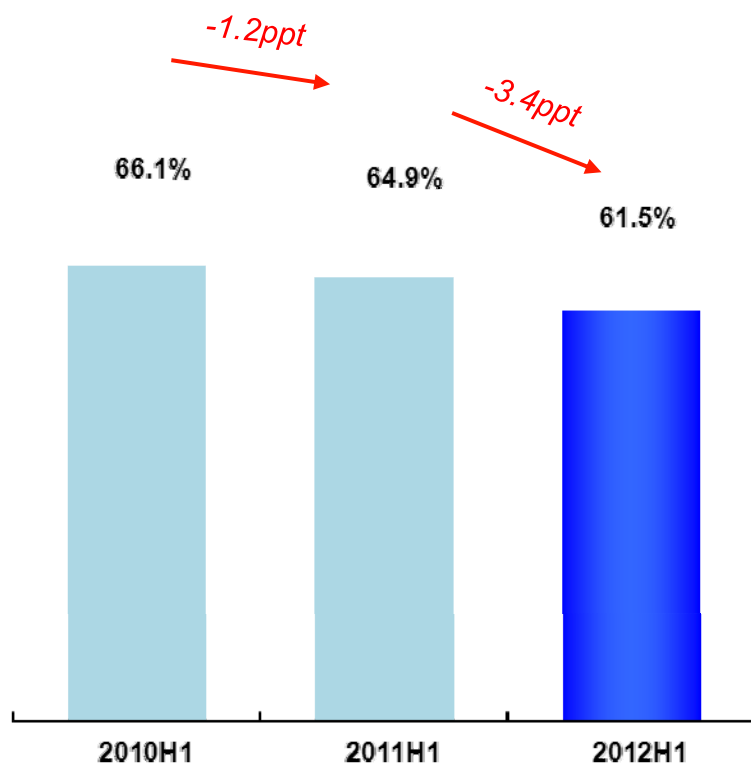
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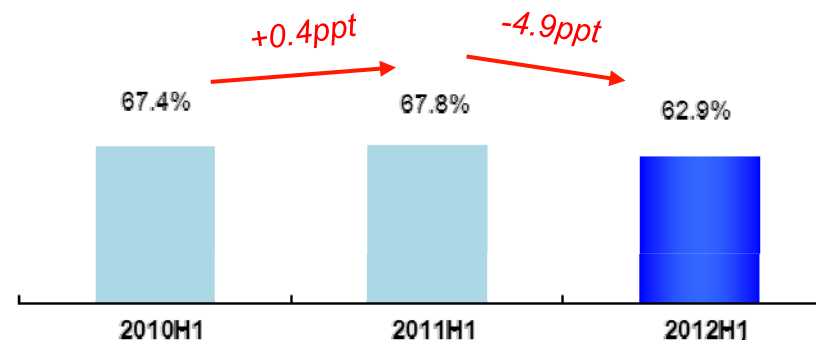
Strengthened Selective Underwriting and Claims Management Resulting in Decreased Loss Ratio

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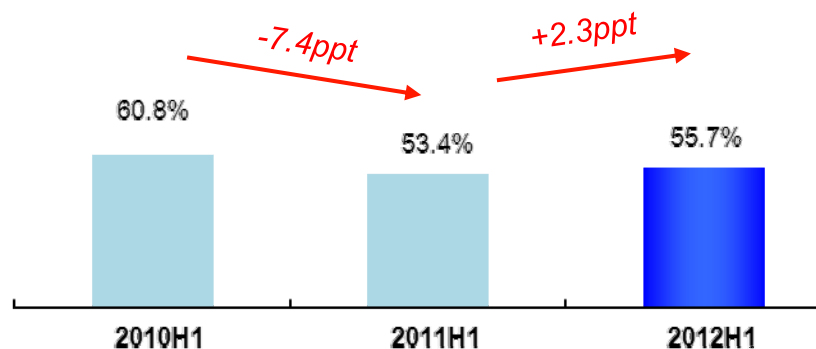
Loss Ratio



Motor Loss Ratio



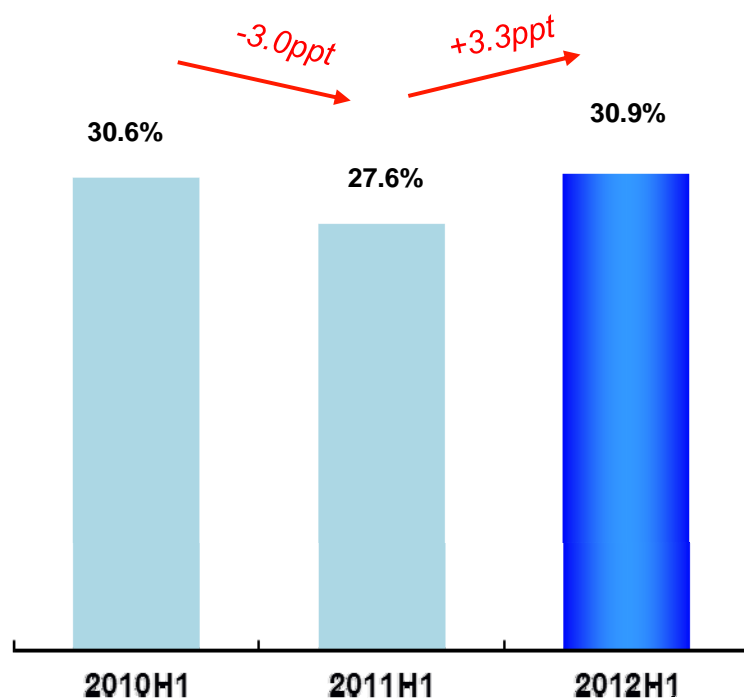
Non-motor Loss Ratio



Declining Expense Ratio Excluding the Impact of Commercial Motor Treaty Reinsurance

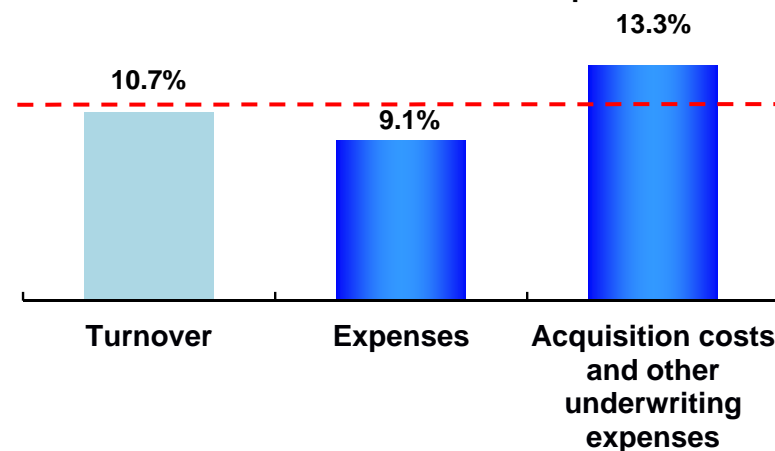
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Expense Ratio

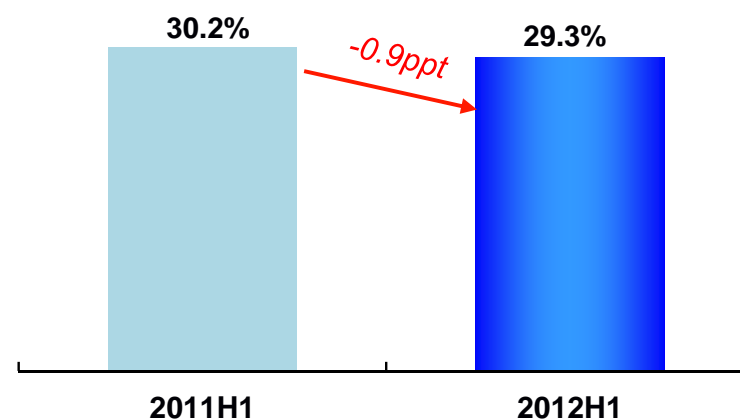


Excluding the Impact of Commercial Motor Treaty Reinsurance

YoY Growth of Turnover and Expenses



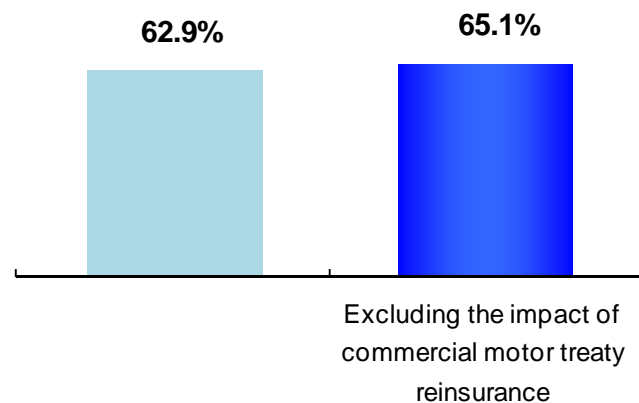
Expense Ratio



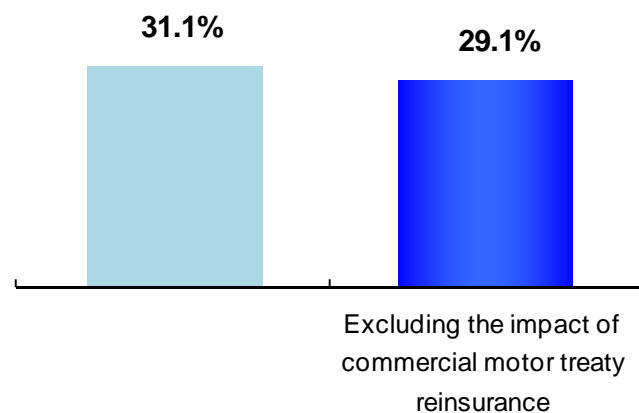
Loss Ratio And Expense Ratio Of Motor Insurance Excluding The Impact of Reinsurance

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1H2012 Loss Ratio of Motor Insurance

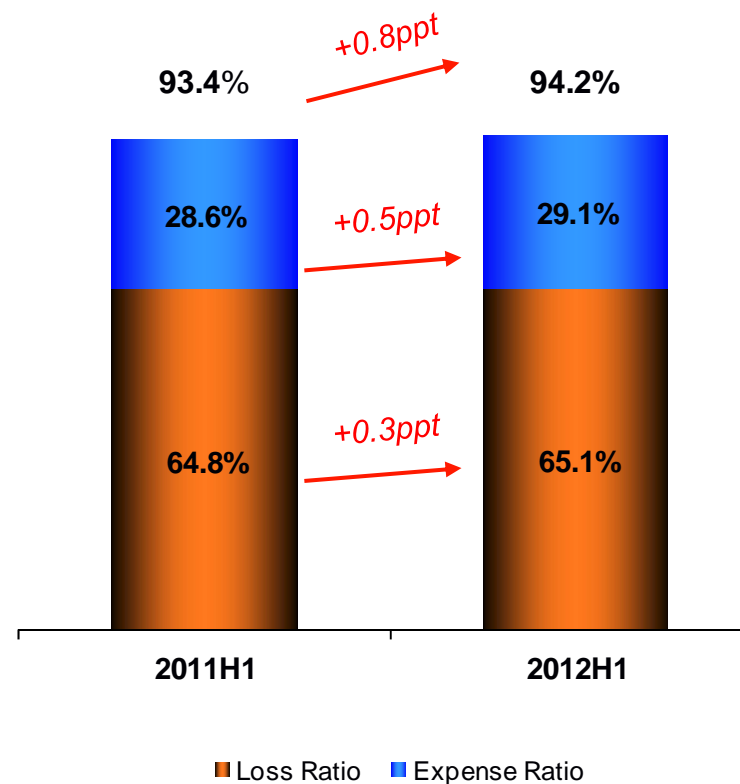


1H2012 Expense Ratio of Motor Insurance



Combined Ratio of Motor Insurance

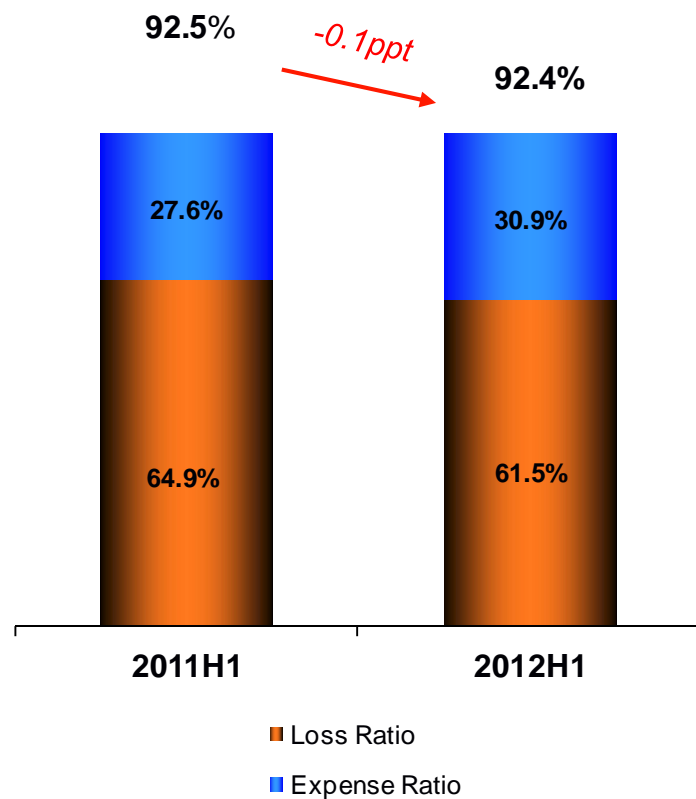
Excluding the impact of commercial motor treaty reinsurance



Stable Combined Ratio And Increase In Underwriting Profit

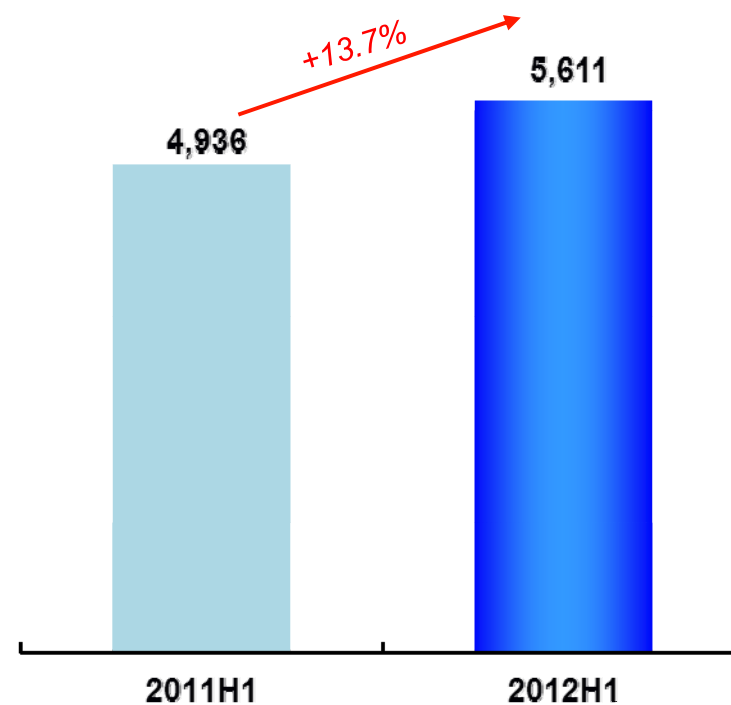
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Combined Ratio



Underwriting Profit

RMB in mm



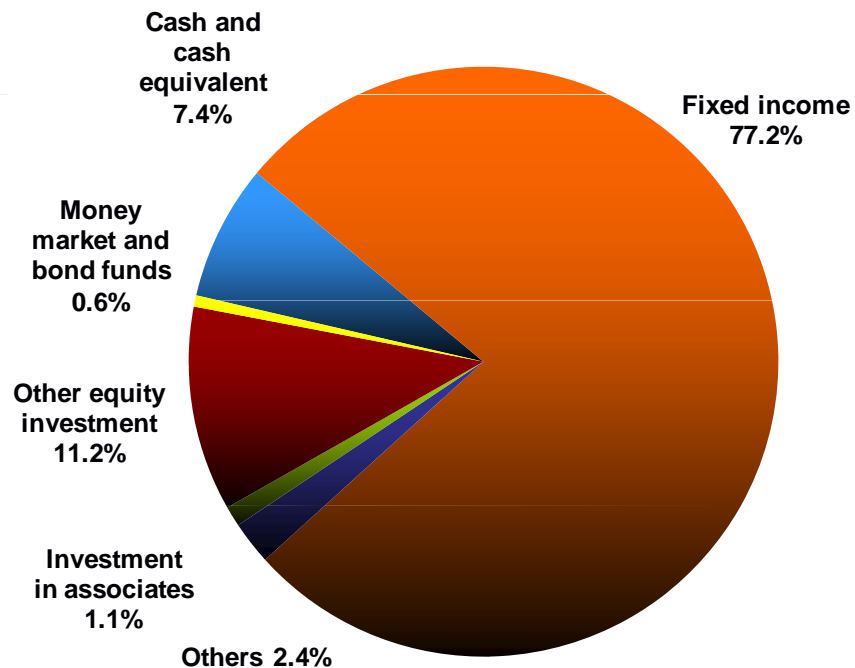
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Robust Investment Portfolio

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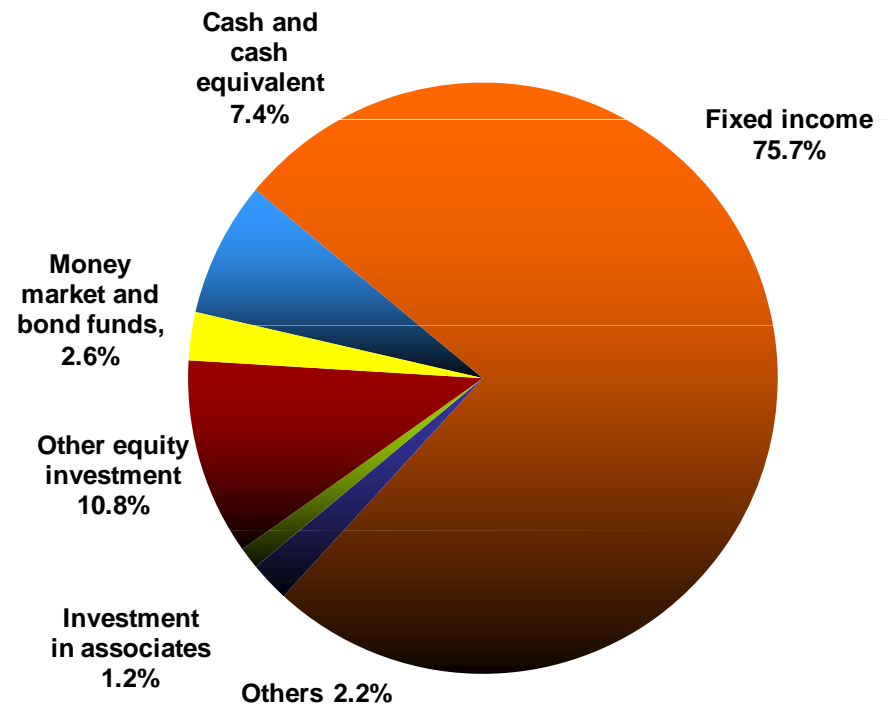
Dec 31, 2011

Total invested assets: RMB 190.04bn



Jun 30, 2012

Total invested assets: RMB 203.73bn



Note: The sum may not be 100% due to the omit of mantissa; cash and cash equivalents are mainly denominated in RMB and exclude deposits from banks and other financial institutions with original maturities > 3 months and structured deposits in banks and other financial institutions

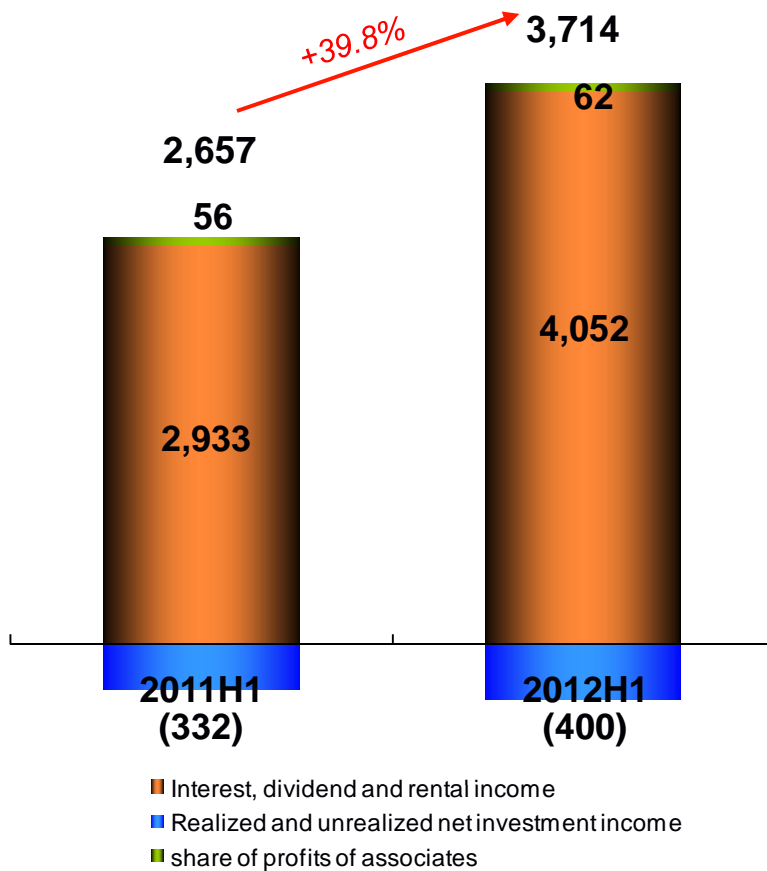
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Improving Investment Yield

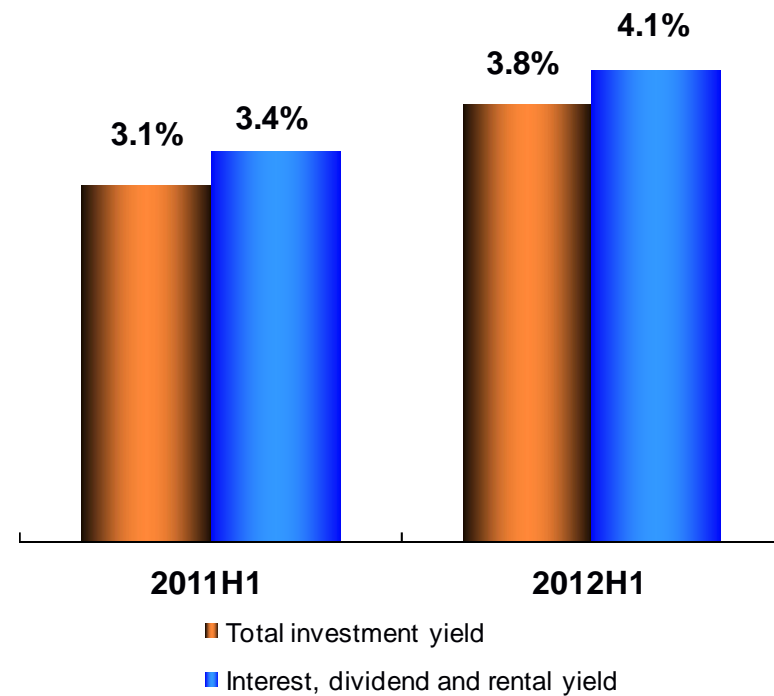
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Investment Income Mix

RMB in mm



Return on Investment (Annualized)



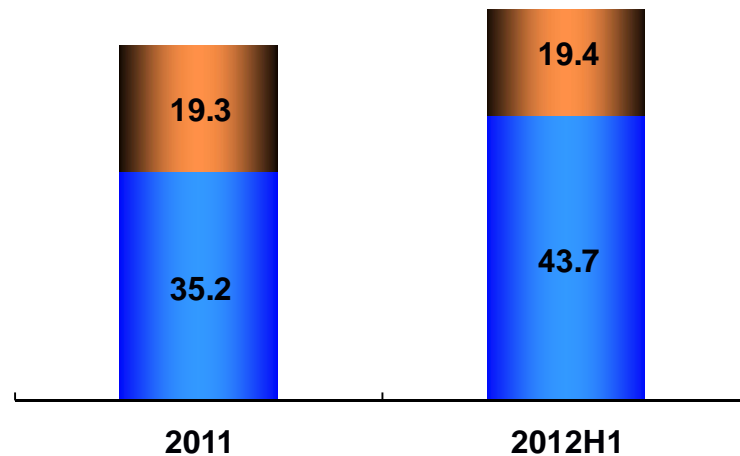
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Strengthening Capital Position

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Shareholders' Equity/Leverage

RMB in bn



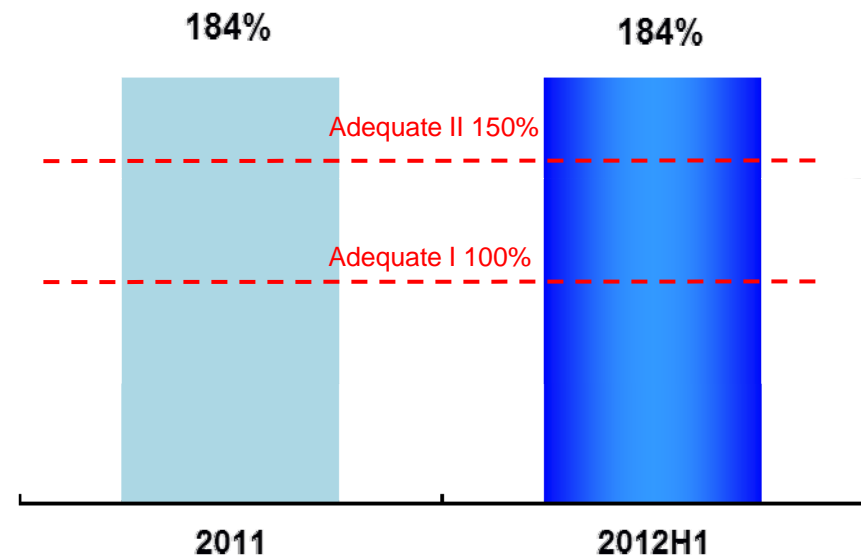
■ Sub-debt
■ Shareholders' equity

2.5X

2.4X

Leverage ratio = $\frac{\text{LTM net premium written}}{(\text{Shareholders' equity} + \text{sub-debt})}$

Solvency Margin Ratio



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Key Initiatives for 2H2012

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1

Develop and enhance a customer-centric business model and improve service level

2

Build stronger sales capabilities and enhance channel management for greater market competitiveness

3

Improve the accuracy of risk identification and control, and maintain sound profitability

4

Adhere to prudent investment strategies, actively capture market opportunities and focus on improving investment return

5

Emphasize natural disaster and loss prevention, ensure proper major claims settlement

6

Continue to improve internal control and compliance system and risk prevention system



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Q & A