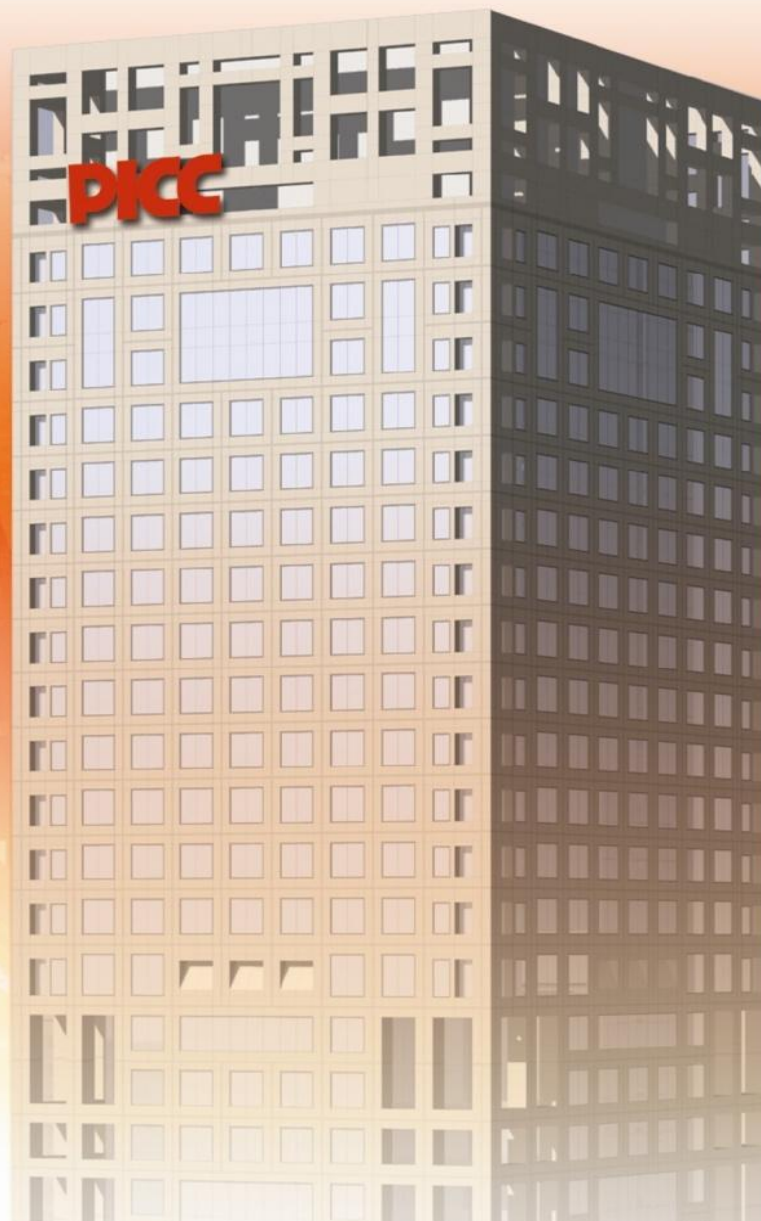


# PICC P&C (2328.HK) 2012 Annual Results



# 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 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.

## **Performance Highlights and Business Review**

## **Financial Performance and 2013 Initiatives**

# 2012 Performance Highlights

2

1

**Net profit of RMB 10.41bn, a YoY growth of 29.6%; ROE of 26% and EPS of RMB 0.85**

2

**Turnover of RMB 193.49bn, a YoY increase of RMB 19.53bn and a YoY growth of 11.2%**

3

**Combined ratio of 95.1%, consistently outperforming the industry; Underwriting profit of RMB 7.58bn**

4

**Investment income of RMB 7.54bn, a YoY growth of 86.8%; Total Investment yield of 3.7%**

5

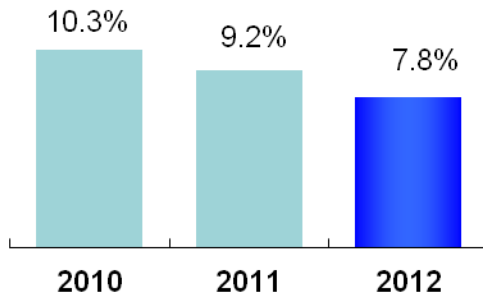
**Total assets and net assets increased by 9.3% and 29.3%, respectively, from 2011; Solvency margin of 175%**

# Review of Operating Environment of Non-life Insurance Sector in 2012

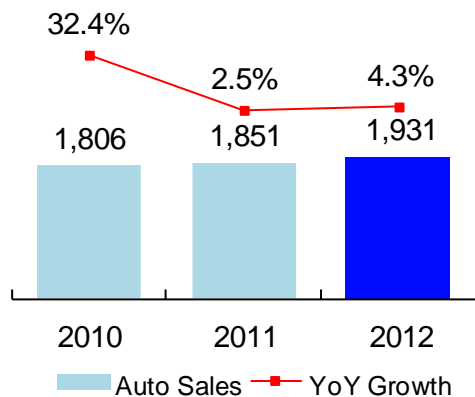
3

## Macro-Economy

### China's Real GDP Growth



### Automobile Sales in China (in 10,000 units)



Source: National Bureau of Statistics, China Association of Automotive Manufacturers

## Government Policies

- The central government has increased its support on agricultural insurance and launched *Agricultural Insurance Regulations*, promoting the development of “Three Rural” insurance business
- The government has attached more importance to the role of the insurance sector in social development and introduced a number of policies, providing development opportunities for liability insurance, health insurance and credit insurance, etc

## Regulatory Environment

- CIRC promulgated a series of regulations to regulate the non-life insurance market
- CIRC introduced a number of new investment policies to relax the limitations on insurance investment channels and percentage allocation

# Driven By Underwriting Profit And Investment Income, Profitability Continued to Improve

4

1

Firmly promote selective underwriting, improve risk selection and pricing capability and continue to enhance underwriting control

2

Continue to promote differentiated resources allocation and further enhance expense control

3

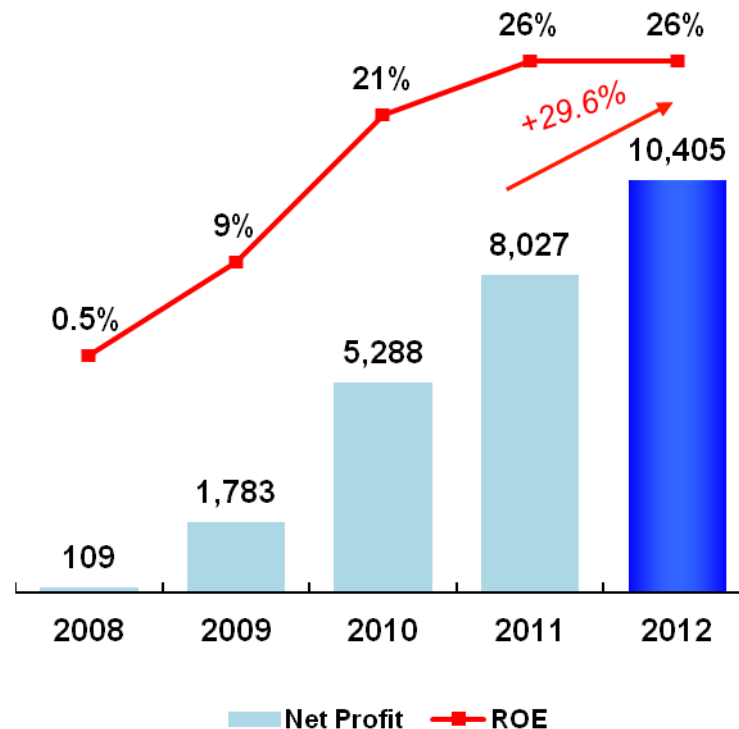
Strengthen vertical claims management and continue to enhance claims cost control

4

Capture market opportunities and improve investment return

## Net Profit Exceeded RMB 10bn

RMB in mm



Note:  $ROE = \text{Net Profit} / \text{Average Net Assets at the Beginning and End of the Period}$

# Remarkable Achievements in Sales and Services System Construction and Continued Strengthening of Marketing Capabilities

5

1

Enhance distribution channel construction, integrate resources, enhance professional management and improve sales capabilities

2

Transform and upgrade urban network, and accelerate the deployment of distribution network in rural areas, achieving a balanced development of urban and rural business

3

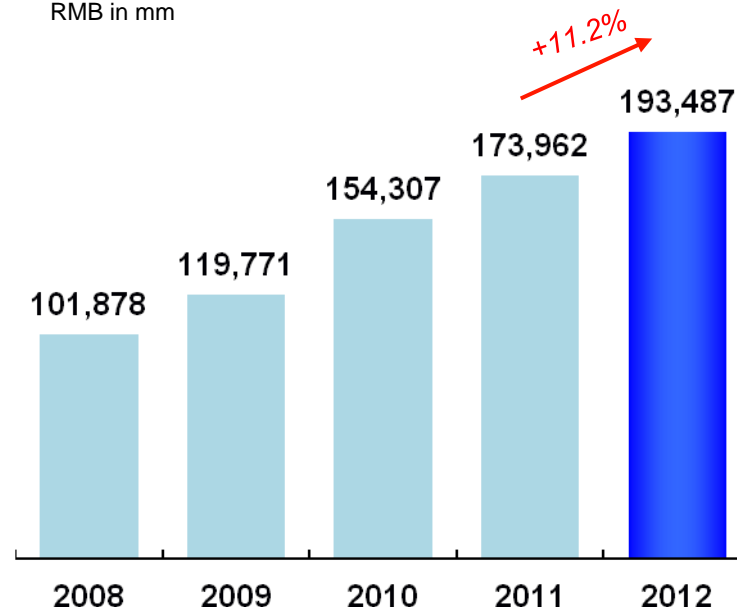
Strengthen group insurance business, and focus on developing individual insurance, achieving a balanced development of group and individual insurance business

4

Strong growth momentum in new distribution channels including telemarketing and online marketing, premium income doubled compare to 2011

**Turnover Reached RMB 193.49bn, An Increase of RMB 19.53bn**

RMB in mm



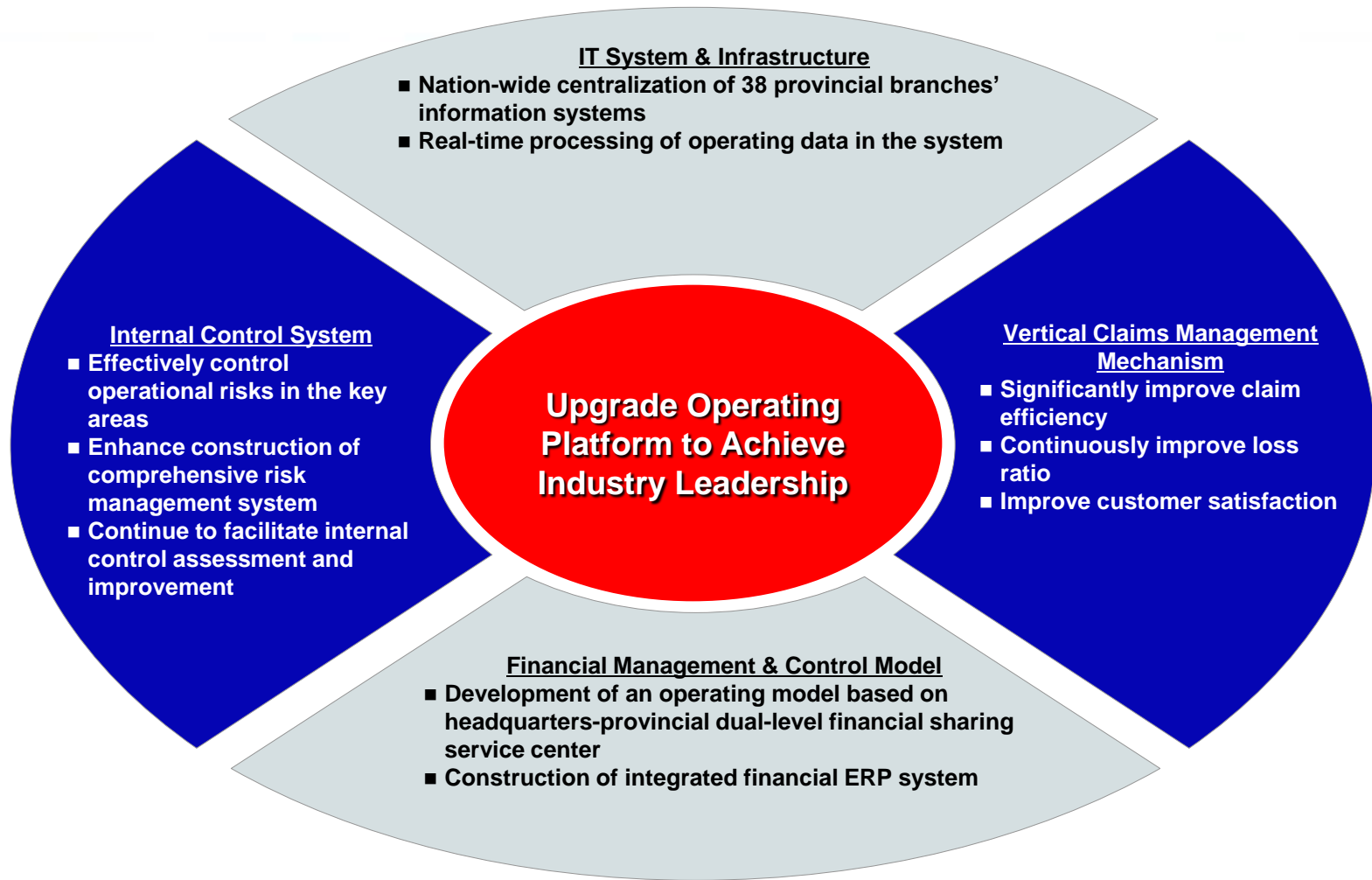
**#1 market share in incremental original premium income**  
**#1 market share in incremental motor vehicle insurance premium**

**PICC**

中国人民财产保险股份有限公司  
PICC PROPERTY AND CASUALTY COMPANY LIMITED

# Successful Implementation of “4 Key Projects”, Further Improving Management and Control Capabilities

6



# Honors and Prizes

7



**The Highest Financial  
Rating Assigned by  
Moody's to Mainland  
Companies - A1**



**2012 Top 100  
Hong Kong Stocks -  
Overall Top 100**



**Best P&C Insurance  
Brand**



**Insurance  
Company of the  
Year (Chinese P&C  
Insurer)**



**2012 Most Socially  
Responsible  
Enterprise**



**2012 Most Innovative  
Chinese Insurance  
Company**



**Golden Shell Prize – Most  
Reliable Insurance  
Company  
Golden Shell Prize - Best  
Auto Insurance Brand**



**China Customer  
Service Leadership  
Best Call Center**

做人民满意的保险公司

**PICC**

中国人民财产保险股份有限公司  
PICC PROPERTY AND CASUALTY COMPANY LIMITED

## Opportunities

- 1** Government's attached more importance to the role of commercial insurance in economic and social development, benefiting the development of non-life insurance
- 2** Increased regulation in the insurance industry; industry's relatively stable operating environment
- 3** Group synergies to rise further post the listing of PICC Group

## Challenges

- 1** Increased competition in certain markets
- 2** Capital market volatility

**PICC P&C is confident in its ability to further strengthen its robust growth momentum, establish a new development pattern and create greater value for its shareholders**

## **Performance Highlights and Business Review**

## **Financial Performance and 2013 Initiatives**

# Stable Expansion of Business and Assets; Rapid Improvement of Profitability

10

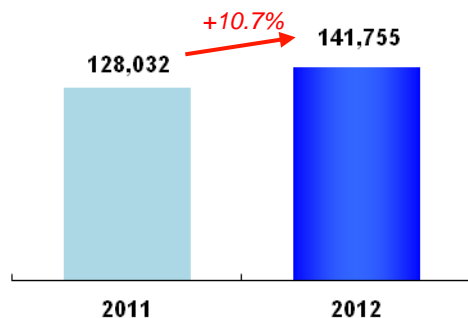
RMB in mm	2011	2012	% Change
Turnover	173,962	193,487	11.2% ↑
Net Premiums Earned	133,134	155,304	16.7% ↑
Underwriting Profit	8,016	7,581	-5.4% ↓
Investment Income	4,037	7,540	86.8% ↑
Net Profit	8,027	10,405	29.6% ↑
EPS (RMB)	0.683	0.849	24.3% ↑
Total Assets	265,644	290,424	9.3% ↑
Total Investment Assets	192,943	217,000	12.5% ↑
Net Assets	35,160	45,450	29.3% ↑

# Continuous Growth Across Major Business Lines

11

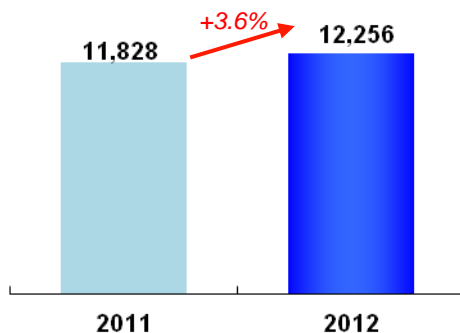
## Motor Vehicle

Turnover, RMB in mm



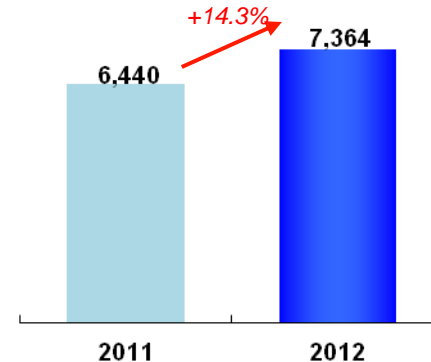
## Commercial Property

Turnover, RMB in mm



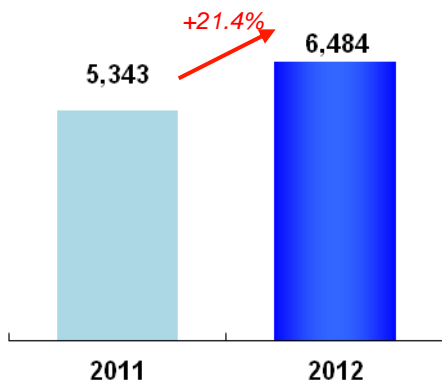
## Liability

Turnover, RMB in mm



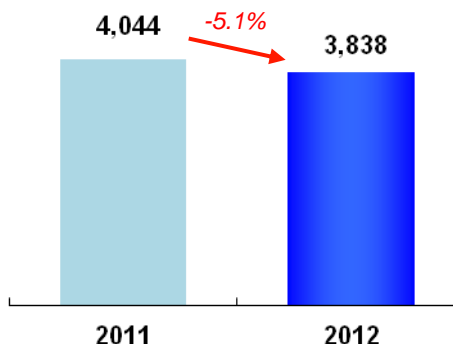
## Accidental Injury & Health

Turnover, RMB in mm



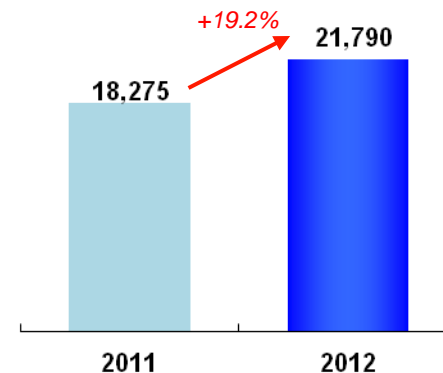
## Cargo

Turnover, RMB in mm



## Others

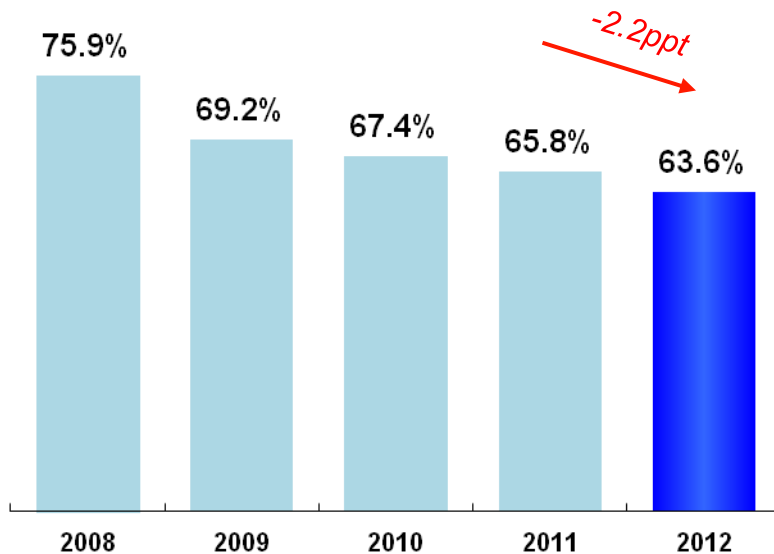
Turnover, RMB in mm



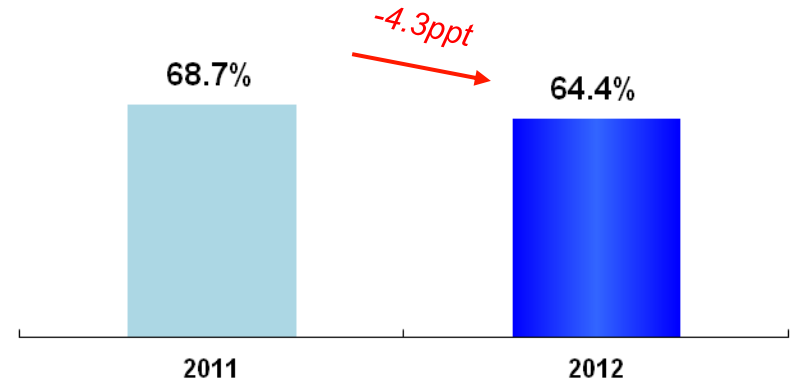
# Strengthened Underwriting and Claims Management Resulting in Decreased Loss Ratio

12

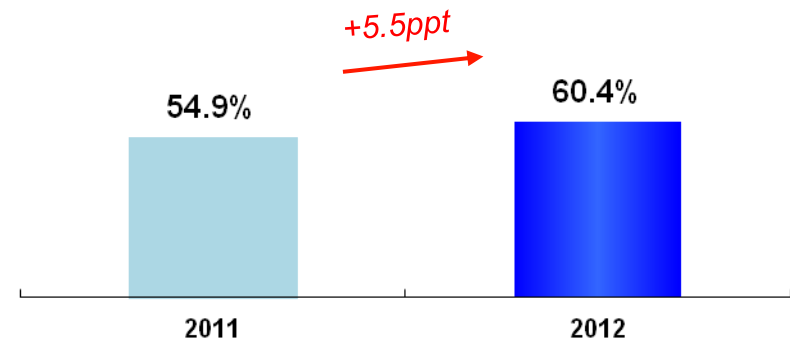
## Loss Ratio



## Loss Ratio for Motor Insurance



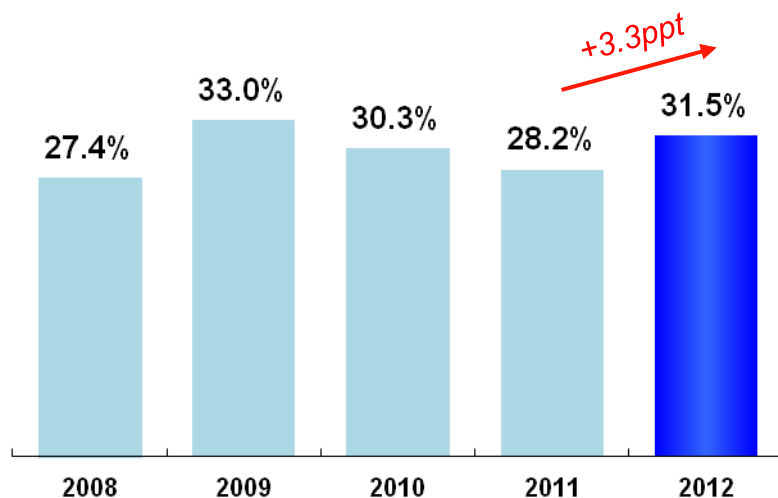
## Loss Ratio for Non-Motor Insurance



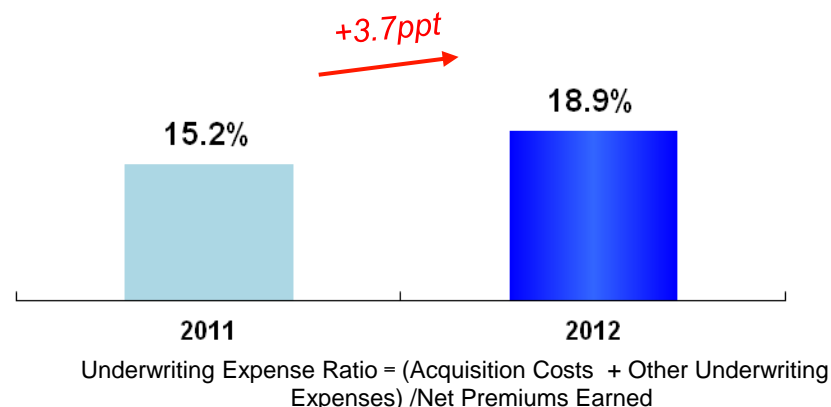
# Expense Ratio Increased Modestly

13

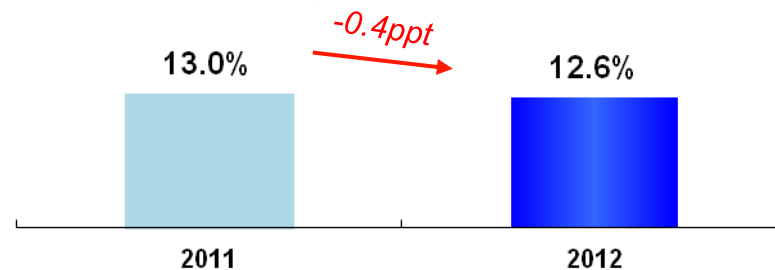
## Expense Ratio



## Underwriting Expense Ratio



## General & Administrative Expense Ratio

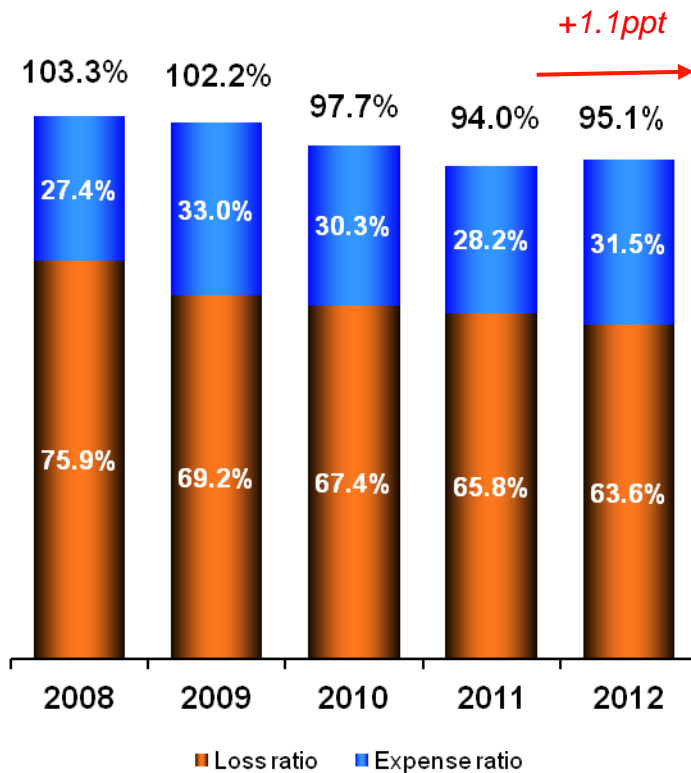


General and Administrative Expense Ratio = General and Administrative Expenses / Net Premiums Earned

# Sound Combined Ratio And Underwriting Profit

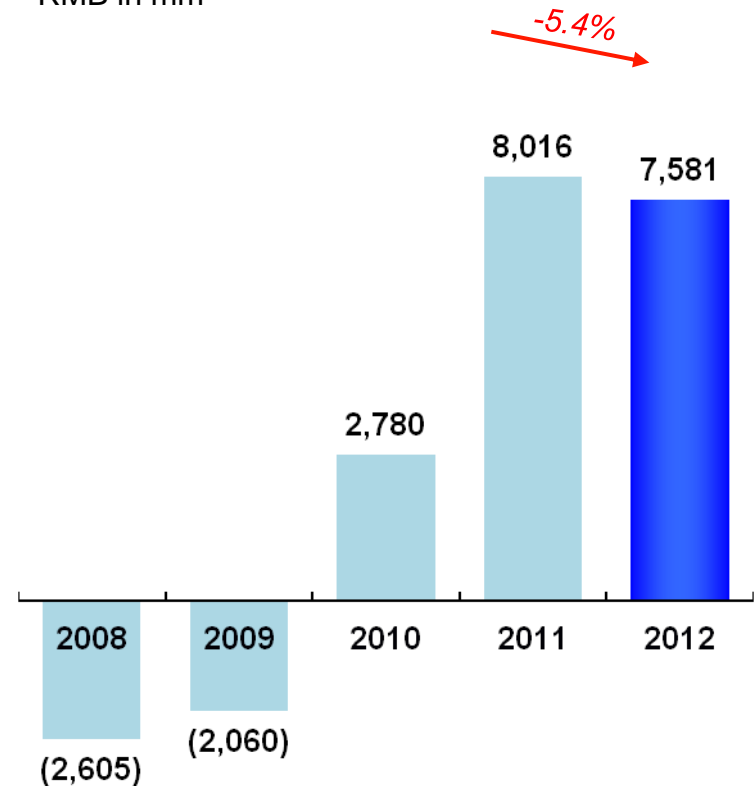
14

## Combined Ratio



## Underwriting profit

RMB in mm

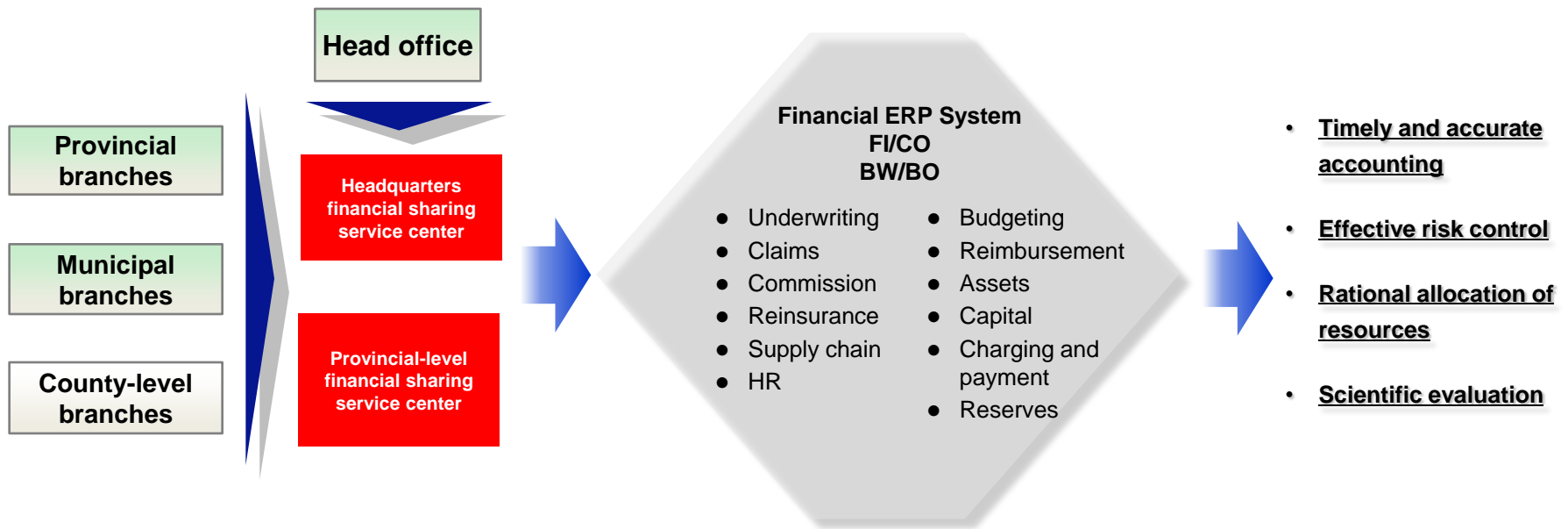


# Building An Industry-Leading Financial Management System

15

## Organization / Procedure Reform

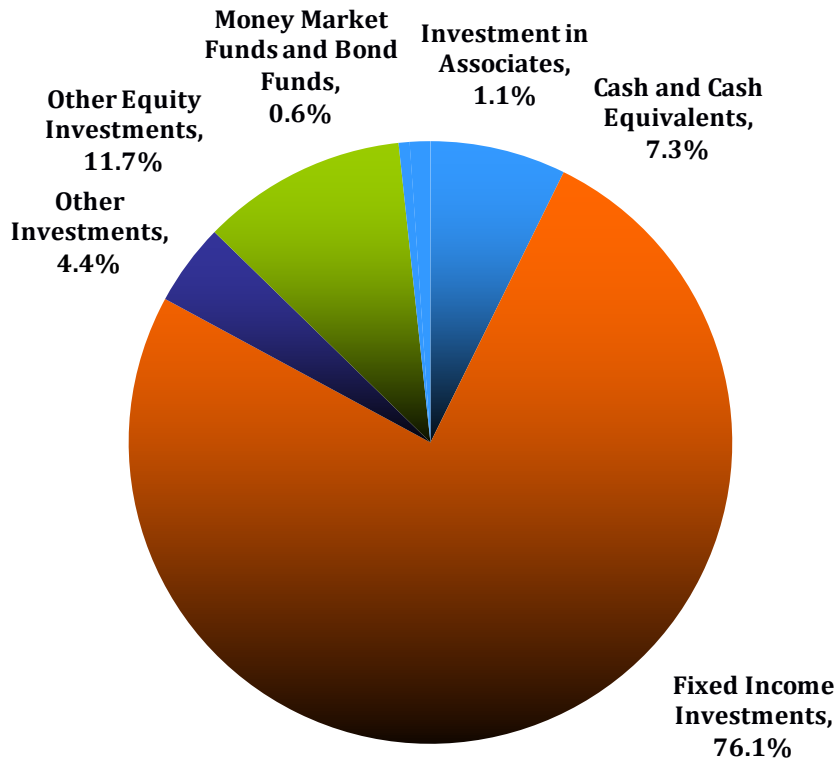
## System Construction



# Investment Portfolio Continued to Optimise 16

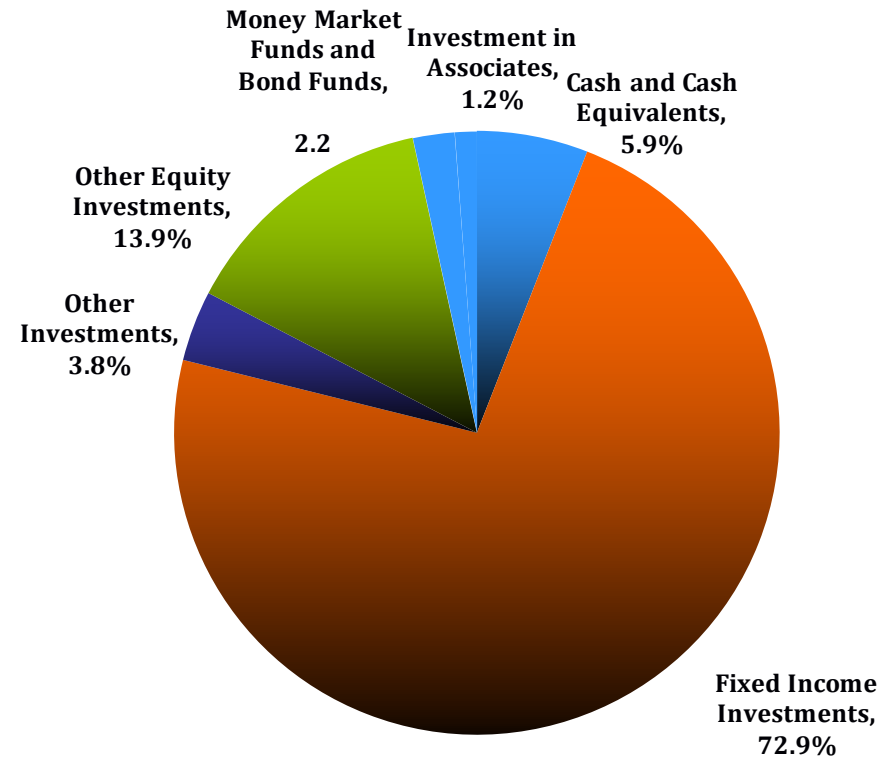
**As of December 31, 2011**

**Total Investment Assets: RMB 192.94bn**



**As of December 31, 2012**

**Total Investment Assets: RMB 217.00bn**



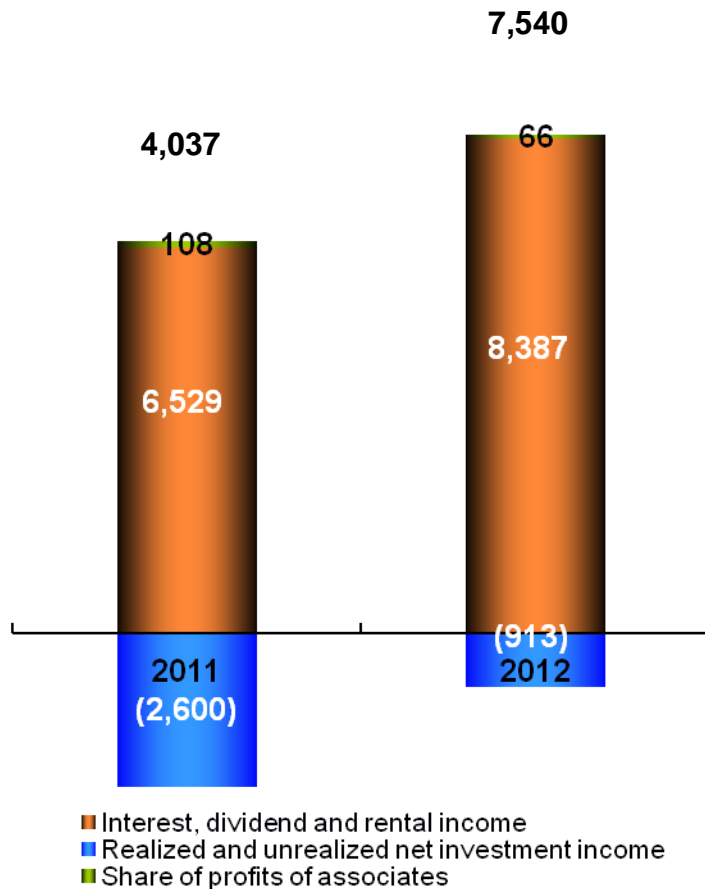
Note: Figures may not add up due to rounding; cash and cash equivalents are mainly denominated in RMB and exclude deposits from banks and other financial institutions with original maturities > 3 months and structured deposits in banks and other financial institutions. "Others assets" include property investment, financial derivatives and restricted statutory deposits, etc. The 2011 figures were adjusted accordingly

# Significant Improvement of Investment Income

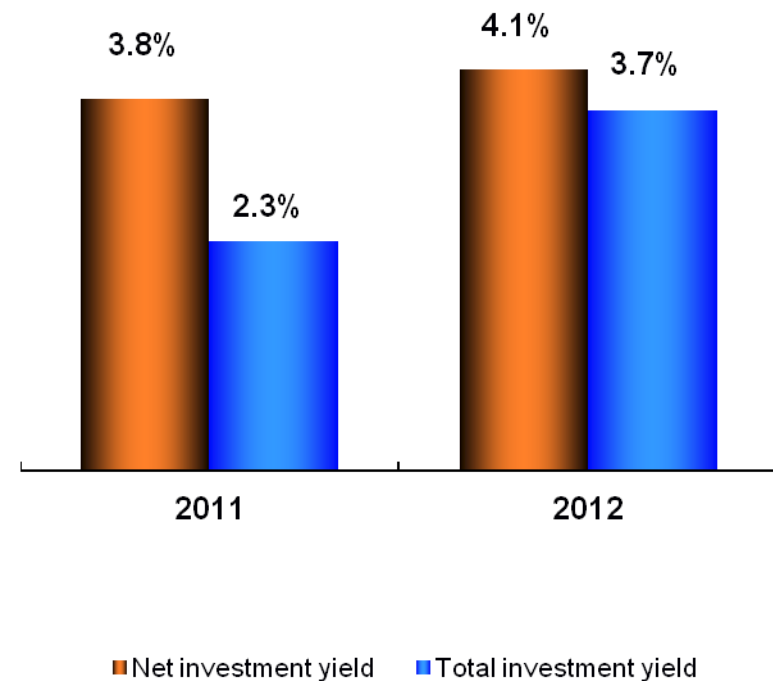
17

## Investment Income Mix

RMB in mm

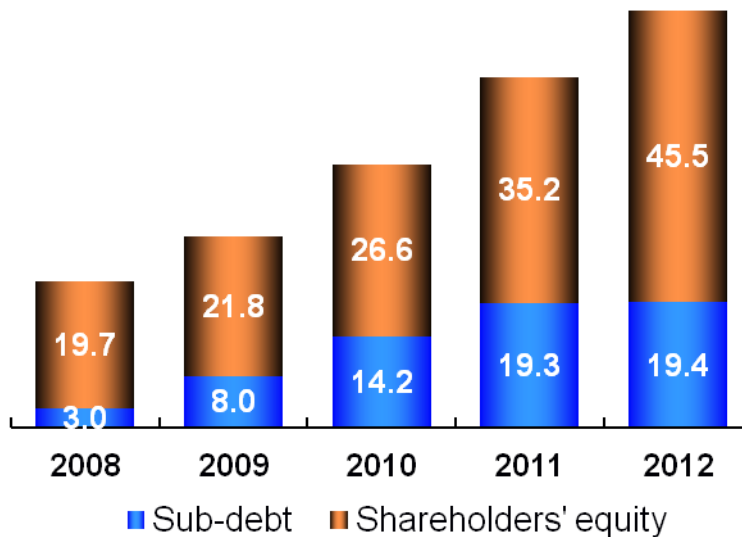


## Investment Yields



## Shareholders' Equity/Leverage

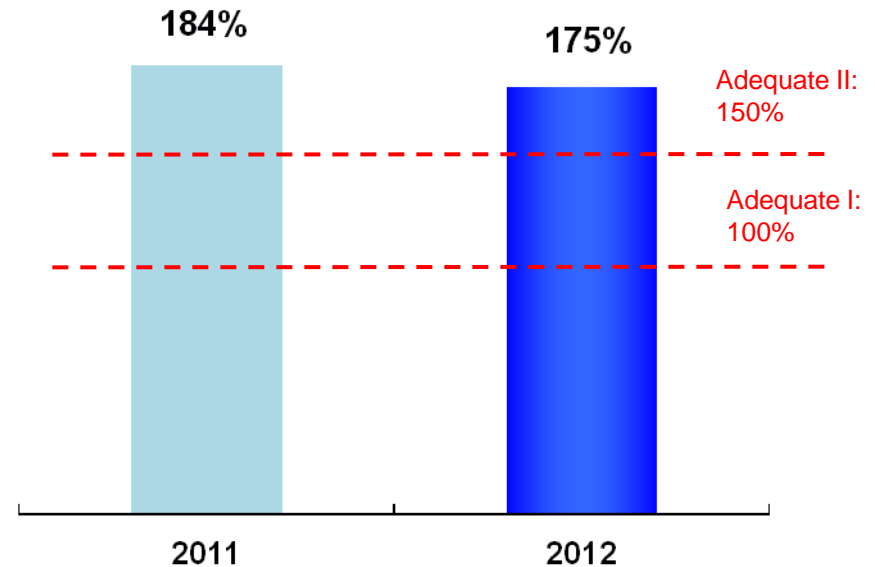
RMB in bn



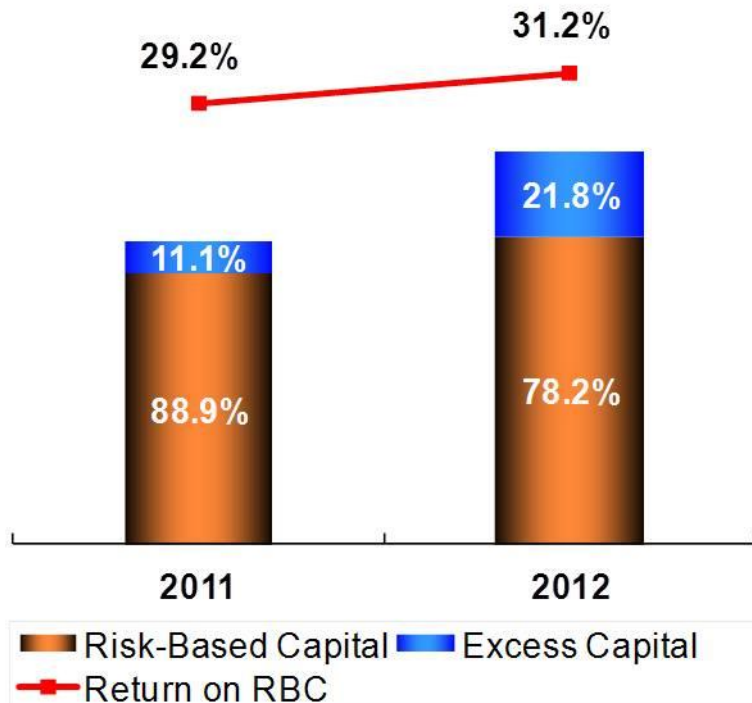
3.4X 3.5X 3.4X 2.5X 2.5X

$$\text{Leverage ratio} = \frac{\text{Net premiums written}}{(\text{Shareholders' equity} + \text{sub-debt})}$$

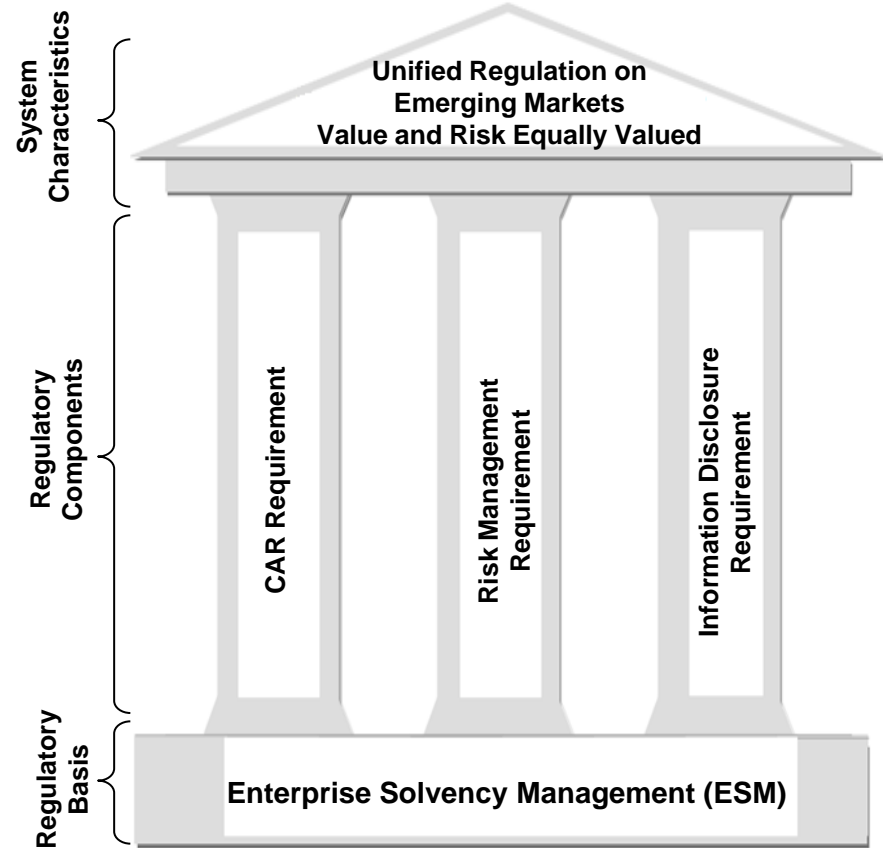
## Solvency Margin Ratio



## Company's Risk-based Capital Management



## Industry-Driven Development of Solvency II Regulatory Regime



1

Based on customer-oriented principal, accelerate overall transformation and upgrade of products, distribution, management, technology and services

2

Leverage the opportunities arising from the price deregulation reform of motor vehicle insurance, and consolidate our market leadership

3

Accelerate development in non-motor vehicle insurance, explore customer resources, and expand new business opportunities

4

Leverage advanced technology to reduce costs, and maintain a solid profitability

5

Adhere to prudent investment strategy, actively capture market opportunities, and improve investment return

6

Continue to improve internal control and compliance system, and establish a comprehensive risk management system



中国人民财产保险股份有限公司

PICC PROPERTY AND CASUALTY COMPANY LIMITED

# Q & A