



**PICC 中国人保财险**

北京2008年奥运会保险合作伙伴  
OFFICIAL INSURANCE PARTNER OF THE BEIJING 2008 OLYMPIC GAMES

# 2007 Annual Results Presentation

April 16, 2008

# Disclaimer

**The materials are provided by the PICC Property & Casualty Company Limited (hereinafter referred to as “PICC” or “the Company”). Therefore, the materials are not verified. Besides historical statements, the materials also include predicted statements, which are probably involved known or unknown risks and unclear factors. All these are not controlled by the Company. The Company do not guarantee the accuracy, fairness and completeness of the information in the materials. When new information, future events and other issue occur in the future, the Company has no obligation to publicly update or revise the predicted statements included in the materials.**

**Mr. Yan WU**

**Chairman**

**Mr. Yi WANG**

**Vice Chairman, President & CEO**

**Mr. Yincheng WANG**

**Executive Director, Executive VP & CFO**

**Ms. Zhenghuan LIU**

**Executive Director, Executive &  
Board Secretary**

## Performance Highlights and Development Strategy

Business Overview & 2008 Key Initiatives

Financial Results

# 2007 Performance Highlights



**Rapidly expanded assets scale**



**Significantly increased premium income**



**Substantially improved investment return**



**Continuously enhanced ROE**

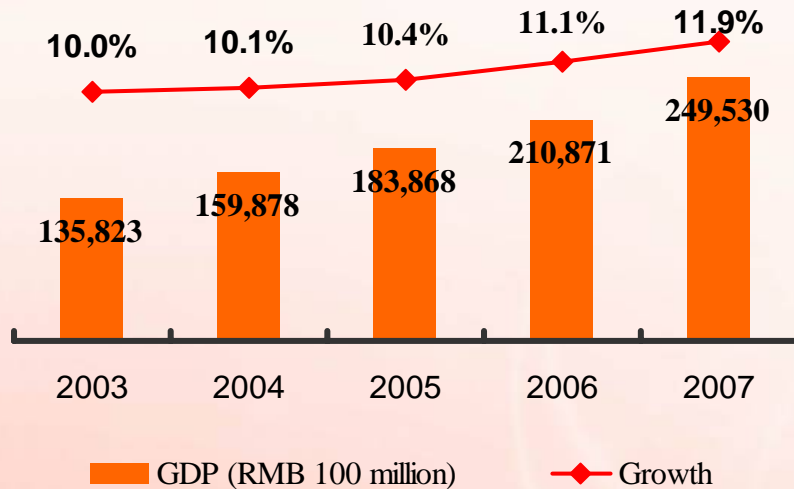


**Steadily strengthened capital strength**

**The Best  
performance  
since the  
listing of  
PICC**

# Favorable Insurance Development Environment for PICC in 2007

## 1 Favorable macroeconomic environment



## 3 Enhanced industry supervision

- Intensified supervision over insurance companies' solvency levels
- Enhanced control of insurance clause rate
- Restrained irrational price competition and standardized market order in the industry

## 2 Strong Governments' support in the security effect of insurance industry

- Governments at all levels highly value and support the security effect of insurance system in economic and social development. The insurance coverage will continue to expand
- Central government has increased allowance to rural insurance to ensure the level of protection for farmers

## 4 PICC's deepened strategic synergy

- Synergies between the Group's internal businesses have further been enhanced, which has increasingly strengthened PICC's market competitiveness

# New Core Development Strategies



- Leverage on new development opportunity
- Reinforce exiting competitive advantage
- Develop both urban and rural market

- Solidify dominant position in the urban market
- Expand into the rural market aggressively
- Strengthen sales / marketing capabilities
- Develop new products

- Improve underwriting quality
- Reduce claim ratio
- Improve economic benefits

- Management talents team
- Technical talents team
- Sales talents team

- Strengthen risk awareness
- Intensify risk control
- Ensure continuous, healthy and rapid business development

## Performance Highlights and Development Strategy

### Business Overview & 2008 Key Initiatives

### Financial Results

# 2007 Performance Overview

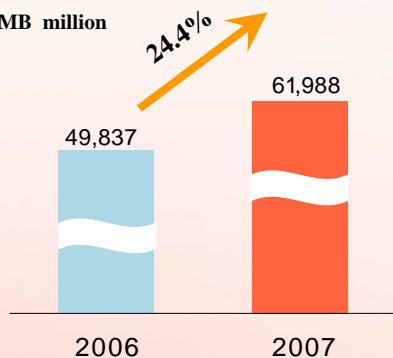
RMB million	2006	2007
<b>Turnover</b>	<b>71,348</b>	<b>88,668</b>
<i>Growth</i>		24.3%
<b>Net premiums earned</b>	<b>55,616</b>	<b>68,728</b>
<i>Growth</i>		23.6%
<b>Underwriting profit</b>	<b>604</b>	<b>(1,427)</b>
<i>Growth</i>		-336.3%
<b>Investment income</b>	<b>4,061</b>	<b>7,671</b>
<i>Growth</i>		88.9%
<b>Profit before tax</b>	<b>3,800</b>	<b>4,456</b>
<i>Growth</i>		17.3%
<b>Net income</b>	<b>2,082</b>	<b>2,991</b>
<i>Growth</i>		43.7%
<b>EPS (RMB)<sup>(1)</sup></b>	<b>0.187</b>	<b>0.268</b>

1. Based on number of outstanding shares at the end of each period

# Turnover by Segment

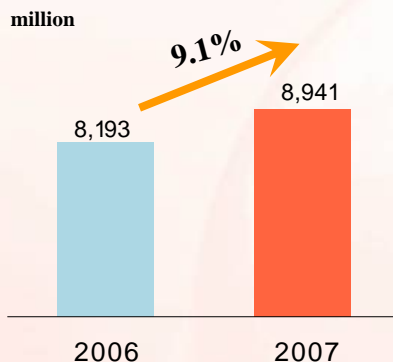
## Motor Vehicle

RMB million



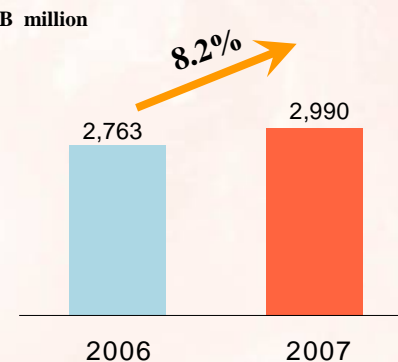
## Commercial Property

RMB million



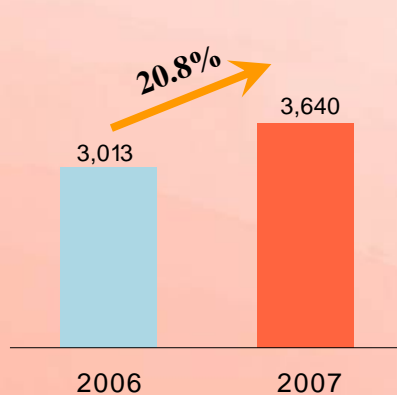
## Cargo

RMB million



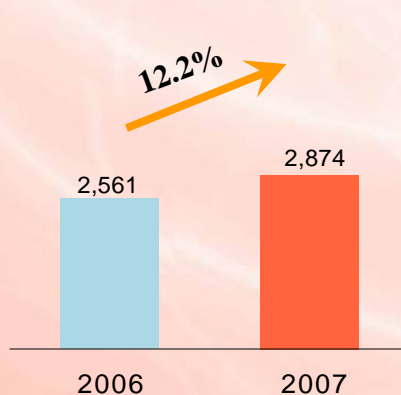
## Liability

RMB million



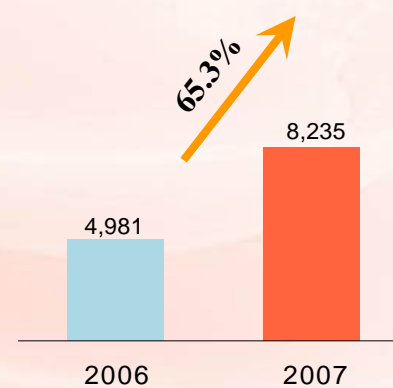
## Accidental Injury

RMB million



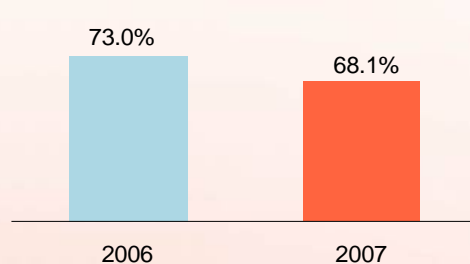
## Others

RMB million

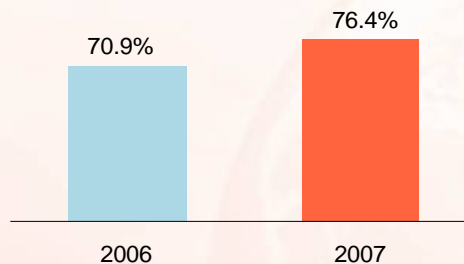


# Loss Ratio by Segment

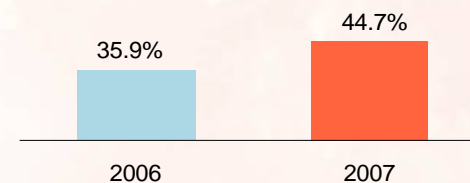
## Motor Vehicle



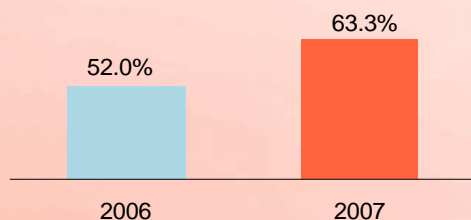
## Commercial Property



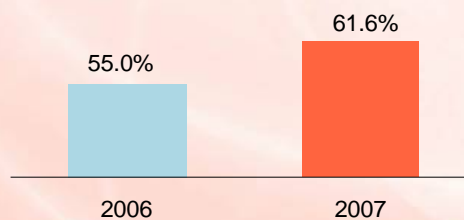
## Cargo



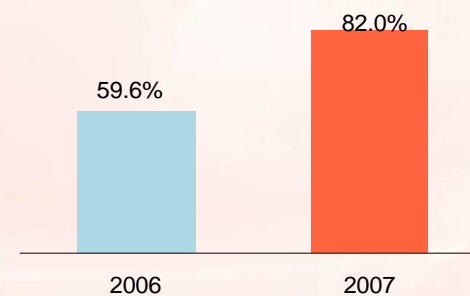
## Liability



## Accidental Injury



## Others



### Overall loss ratio

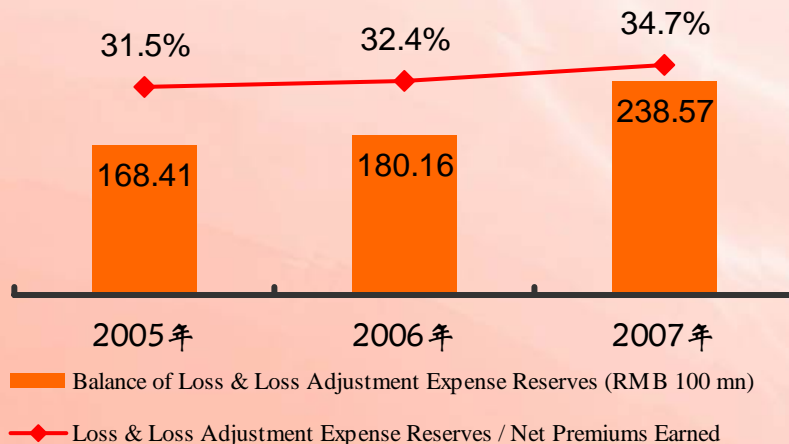
	2006	2007	Change
Overall loss ratio	69.4%	68.3%	-1.1%

# Father Improved Reserves Management Systems

## 1 Gradual promotion of reserve system's construction

- Developed and implemented the “Interim Measures for Management of Loss and Loss Adjustment Expense Reserves” and “Temporary Measures for Management of Loss and Loss Adjustment (Provisional)”
- “Measures for Reserve Management of Loss and Loss Adjustment Expense Reserves at Provincial Level”

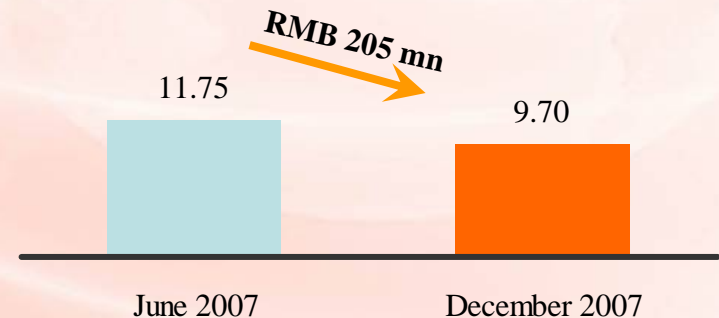
## 3 Enhanced stability and sufficiency on reserve provisions



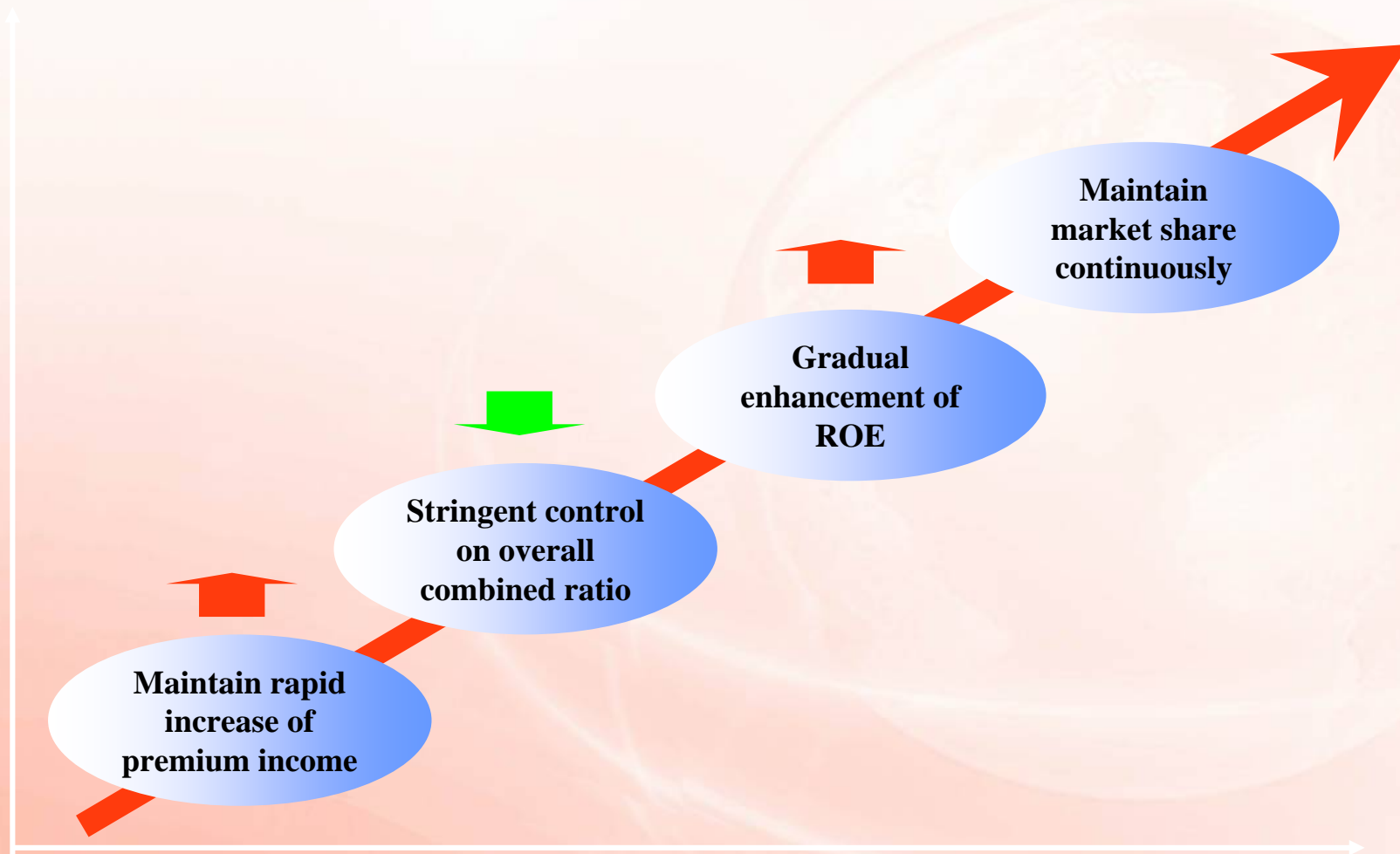
## 2 Increasingly refined assessment

- In 2007, the Company has implemented actuarial assessment on reserves by product and by geography in every quarter, enhanced awareness on trends in changes of risks, and strengthened technical support from actuarial analysis on operation management

## 4 Reduction of adverse development reserves



# Major Objectives in 2008



# 2008 Business Objectives and Initiatives



Highlights and Development Strategy

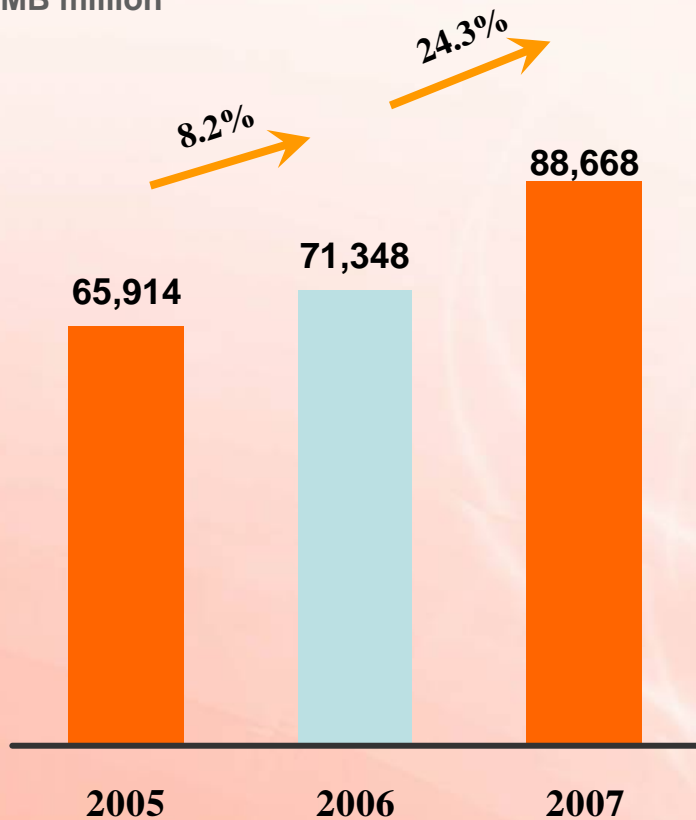
Business Overview & 2008 Key Initiatives

**Financial Results**

# Strong momentum in premium income

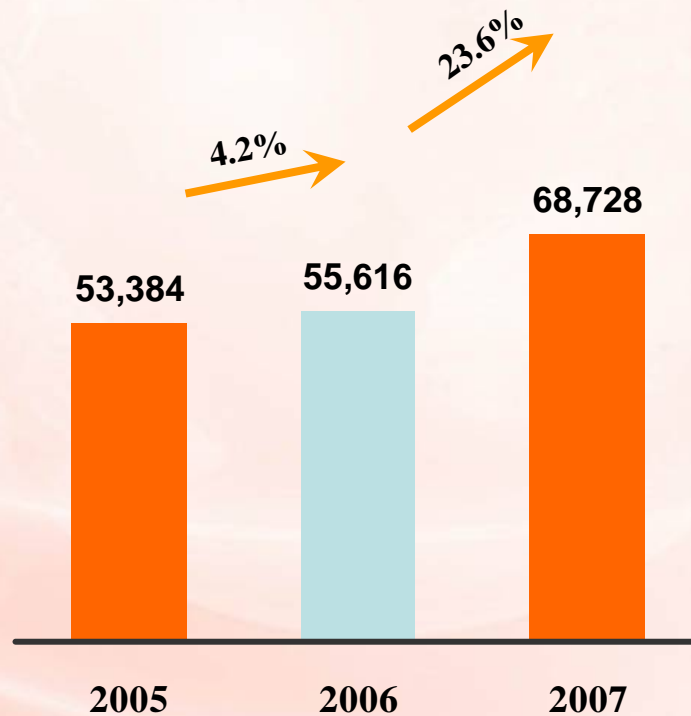
## Turnover

RMB million



## Net Premiums Earned

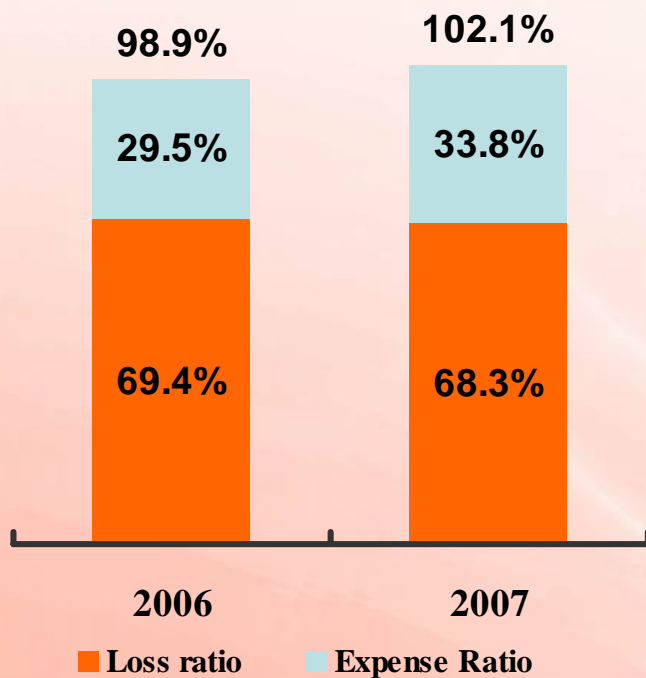
RMB million



# Underwriting Performance

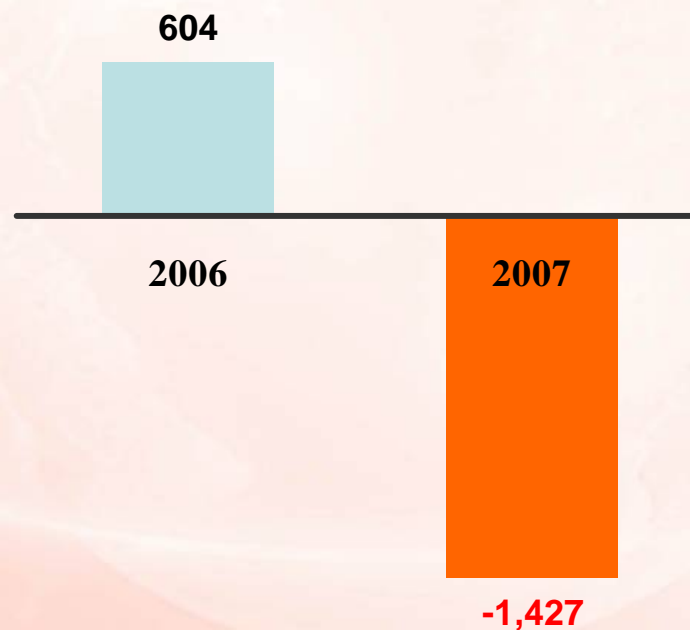
## Combined ratio

RMB million



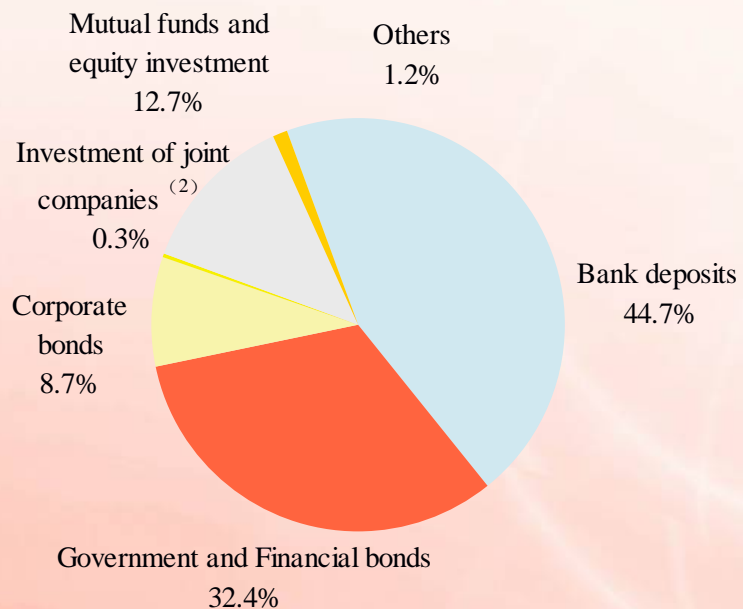
## Underwriting Profit

RMB million

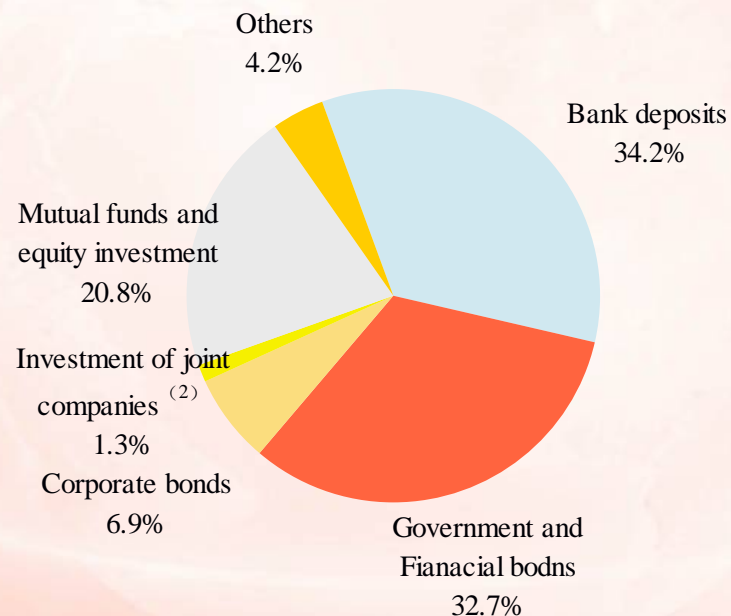


# Progressively Optimized Investment Portfolio

As of December 31, 2006 <sup>(1)</sup>



As of December 31, 2007 <sup>(1)</sup>



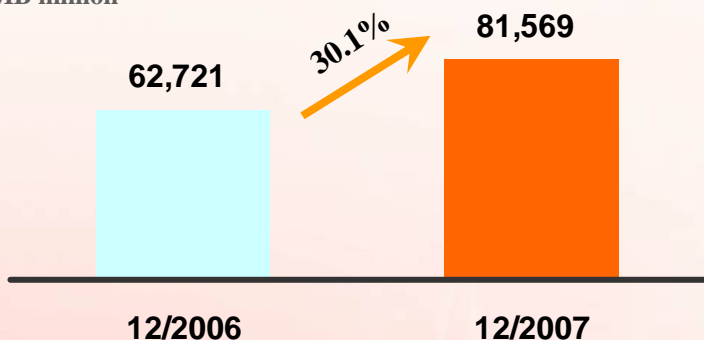
Notes 1. Percentages may not add up to 100% due to rounding

2. Investment of joint companies are assets of life and property insurance

# Significantly Increased Investment Gains

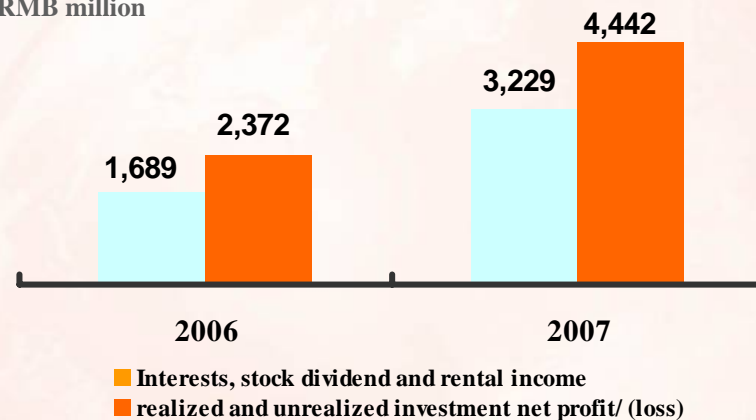
## Investment Assets

RMB million



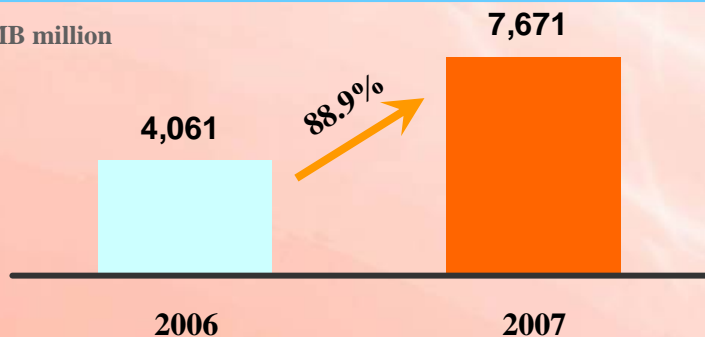
## Investment Gains Breakdown

RMB million

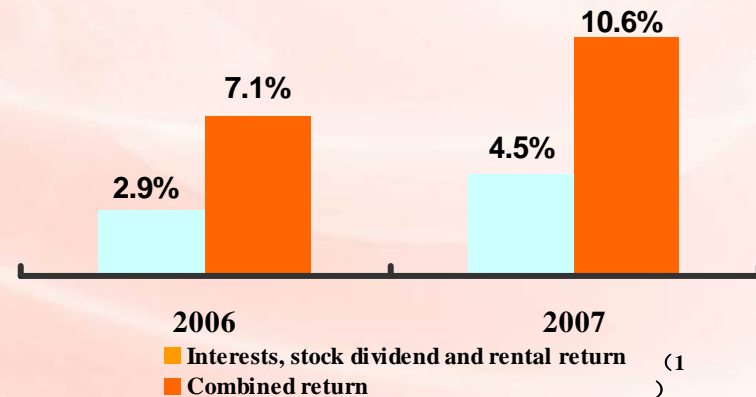


## Investment Gains (1)

RMB million



## Return on Investment

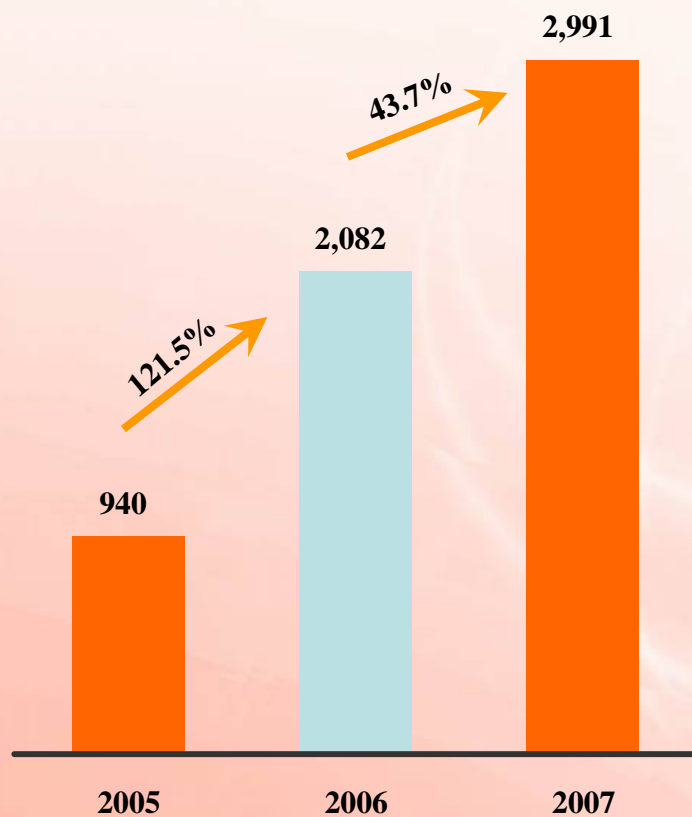


1. Including realized and unrealized investment net profit/ loss

# Substantially Strengthened Profitability

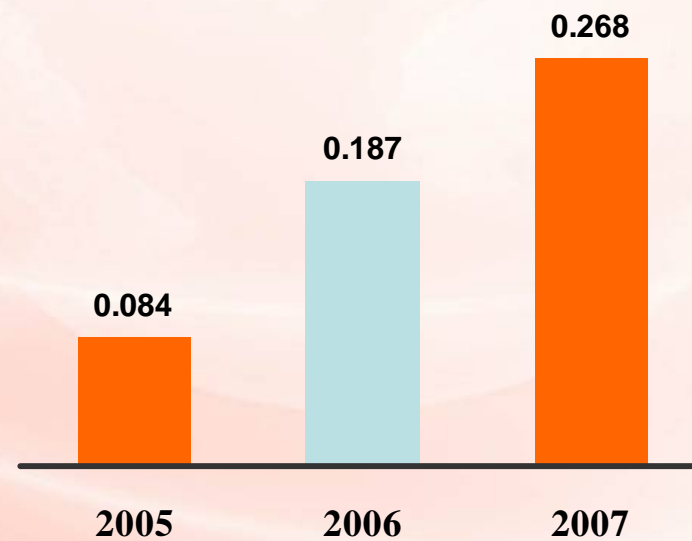
## Net Profit

RMB million



## Earnings Per Share

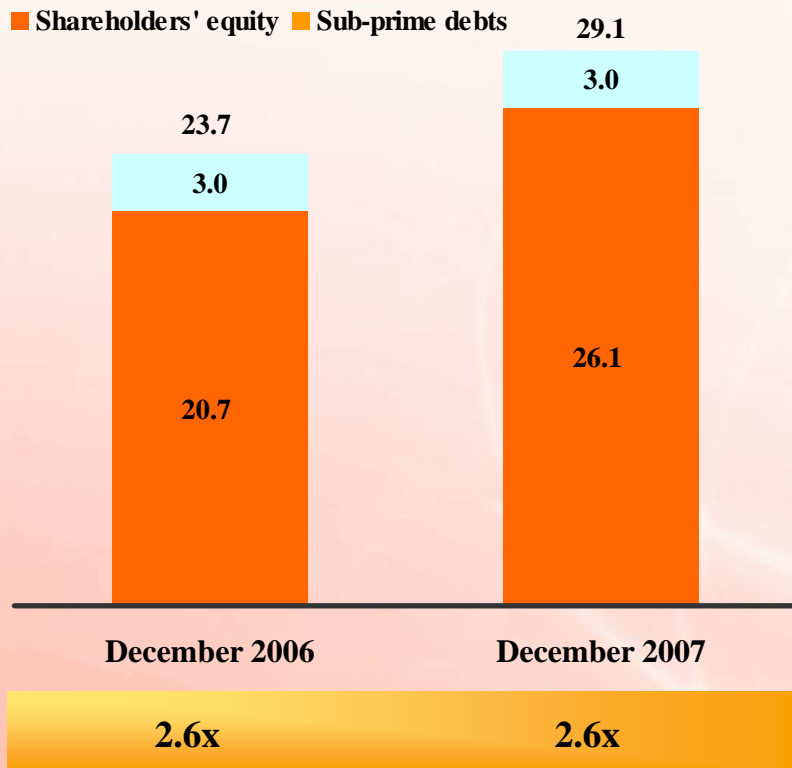
RMB/share



# Constantly Improved Capital Strength

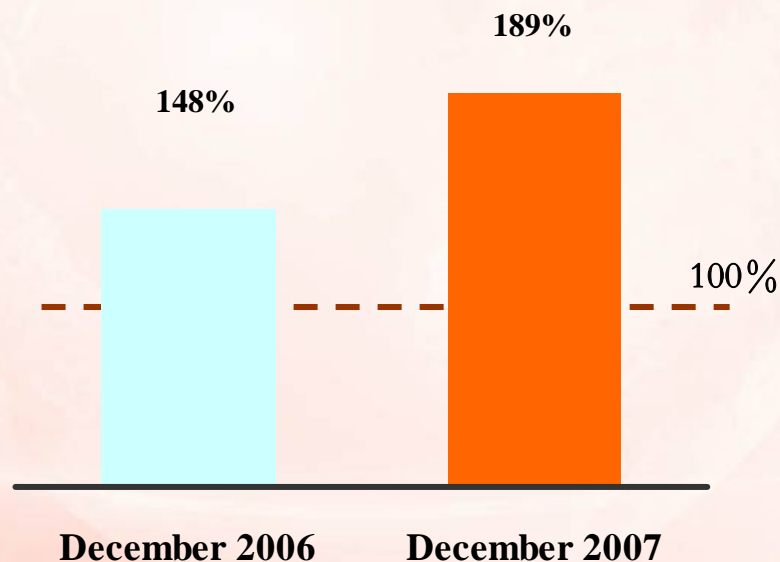
## Capital Leverage

RMB billion



$$\frac{\text{Net premium earned}}{(\text{Shareholders' equity} + \text{sub-prime debts})}$$

## Solvency Margin





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**Thank you!**