



PICC 中国人保

中国2010年上海世博会全球合作伙伴
Global Partner of Expo 2010 Shanghai China

中国人民财产保险股份有限公司

2008 Annual Results

April 16, 2009

Disclaimer



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Management



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Mr. WU Yan

Chairman, Executive Director

Mr. WANG Yincheng

Vice Chairman, Executive Director, President

Ms. LIU Zhenghuan

Executive Director, Executive Vice President and Board Secretary

Mr. CHEN Donghui

Actuarial Expert

Performance Highlights and 2008 Business Review

2008 Annual Results and 2009 Initiatives

2008 Annual Results Highlight



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1

Turnover reached a historical level at RMB 101.9Bn

2

Effective cost control, with expense ratio reduced by 5.4 ppt YoY

3

Investment income outperforms industry average with a total investment yield of 4.9%

4

Effective risk control, with solvency ratio at 145.2%

5

Stable and solid operation control ensured profitability in spite of natural catastrophe

2008 Business Review

— A Thorough Implementation of Key Guideline “Development, Profitability and Risk Control”



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Development

- ◆ Development of Professional Team
- ◆ Rural Market Expansion
- ◆ Sales Channel Development and Cross sell

Profitability

- ◆ Operating Model Improvement
- ◆ Stringent Cost Control
- ◆ Profitability and Performance Auditing

Risk Control

- ◆ Reinsurance Arrangement
- ◆ Premium Receivables Management
- ◆ Loss Reserves Management

Solid & Effective Operation

- ◆ Focus on enhancing profitability
- ◆ Actively respond to global crisis and capital market change
- ◆ Excellent catastrophe claims management
- ◆ Consolidated and robust operating results

2008 Business Review

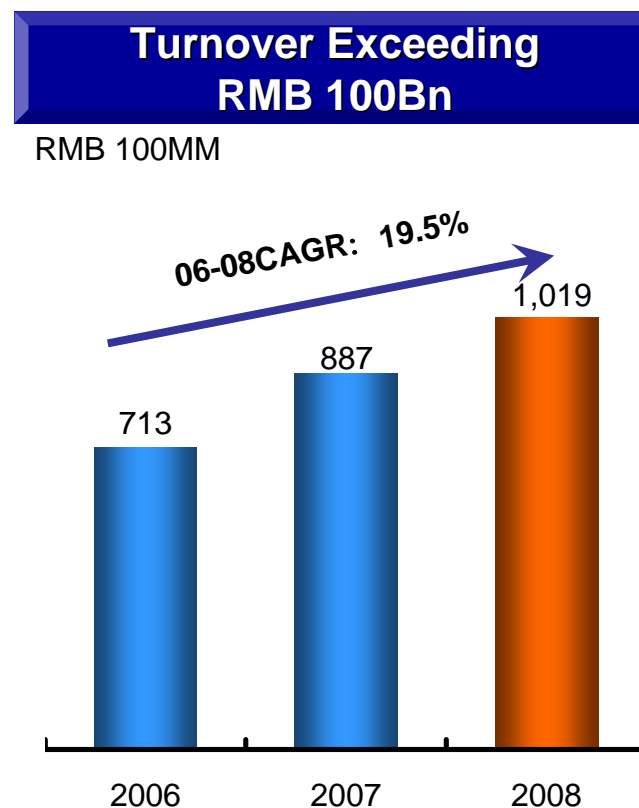
Development – Business Scale Reached Historical High



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2008 Business Review

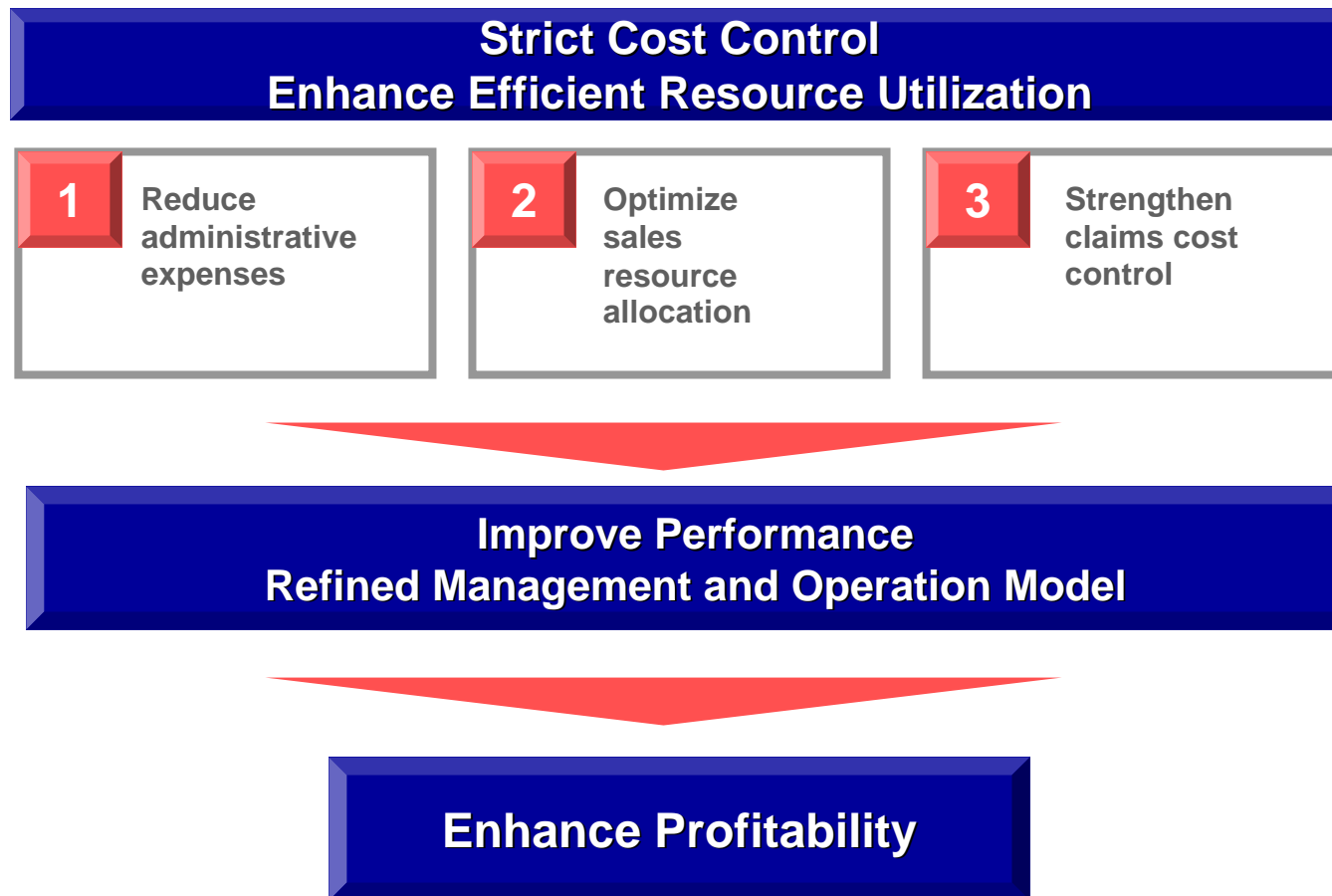
Profitability – Enhance Profitability



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2008 Business Review

Risk Control – Outstanding Risk Control with Healthy Operation



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Risk Management System Withstood Challenges

1

- ◆ Strengthen risk control in core business operation

2

- ◆ Fully utilise reinsurance protection mechanism

3

- ◆ Actively adjust investment strategy

Notable Risk Control

- ◆ Strengthen control in premium receivables management, loss reserves management and promote "issuing motor insurance policy upon premium collection" procedures
- ◆ Reinsurance protection mitigated pressure from catastrophe losses
- ◆ Optimize asset allocation, control investment risks

2008 Social Responsibility and Awards



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PICC's social responsibility was reflected in the 2 disasters, during which its employees donated RMB 39.61M. **Making significant contributions to restoring livelihood of the disaster affected areas**



As the **insurance partner for Beijing Olympic Games**, PICC has provided comprehensive coverage and services for the games and won recognition from the Olympic Committee



Moody's rated PICC **A1**, which is the highest rating given to mainland companies



Voted "**Most Competitive Non-life Insurer in Asia**" on "21st century Asia Finance Annual Conference".



"**Best Insurer of the Year**" and "**Best P&C Insurer Service Provider**" in the survey conducted by Sina and Sohu



PICC's 95518 won the "**2008 Best Call Center**" for the 3rd time and "**Moving 2008 – Call Center Special Contribution Award**" in "**2008 Best Call Center and CRM Series Award Ceremony**".

Opportunities...

- ◆ The government has initiated a series of measures and stimulus package to boost domestic demand and growth, which will bring opportunities for insurance industry
- ◆ Strengthened regulations will lead to improved market order. Profitability focus has become a consensus of the industry
- ◆ Broadened investment channels
- ◆ The PICC Group serves as an integrated financial and insurance operation platform to support PICC P&C

Challenges...

- ◆ With the global crisis deepening, Chinese economy is slowing down and a number of companies are having temporary operating difficulties which may impact the demand of certain insurance businesses
- ◆ Uncertainties remain for capital market and investment return

Growing up with People's Republic of China, PICC will celebrate its 60th anniversary this year, which marks a new start. We will carry with us the glorious tradition and continue to forge "Development, profitability and risk control" through reforms and innovation. We will further adjust our operation model to strengthen sales capability , enhance profitability and facilitate risk control, so as to achieve a better result!



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Performance Highlights and 2008 Business Review

2008 Annual Results and 2009 Initiatives

2008 Performance



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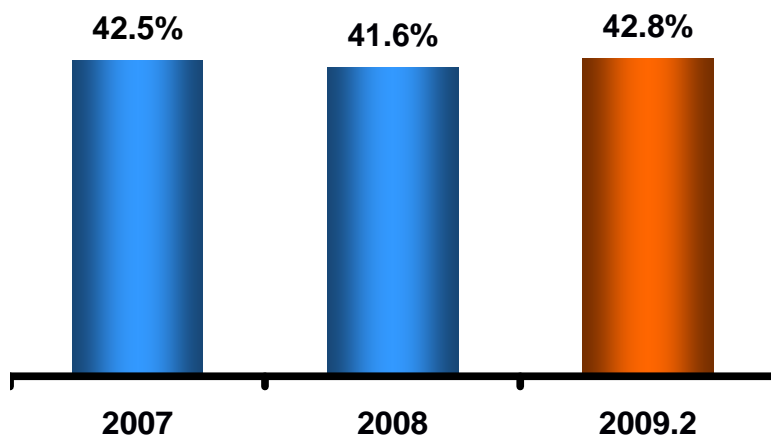
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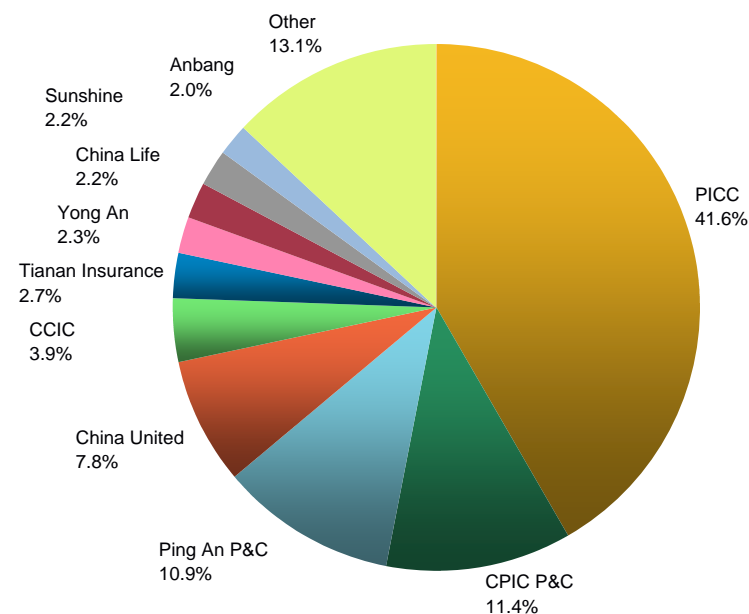
RMB MM	2007	2008	YoY Change (%)
Total Asset	134,265	152,852	↑ 13.8%
Net Asset	26,078	21,809	↓ 16.4%
Turnover	88,668	101,878	↑ 14.9%
Net Premiums Earned	68,728	81,122	↑ 18.0%
Underwriting Profit	(1,427)	(2,494)	--- (74.8%)
Investment Income	7,671	4,035	↓ 47.4%
Net Profit	2,991	50	↓ 98.3%
Solvency Ratio	189%	145%	↓ 44 ppt

Leadership in Chinese Non-Life Insurance Market

Stable Market Leader Position



2008 Non-life Insurance Market Share Breakdown



Growth in Each Business Line, Improved Business Mix



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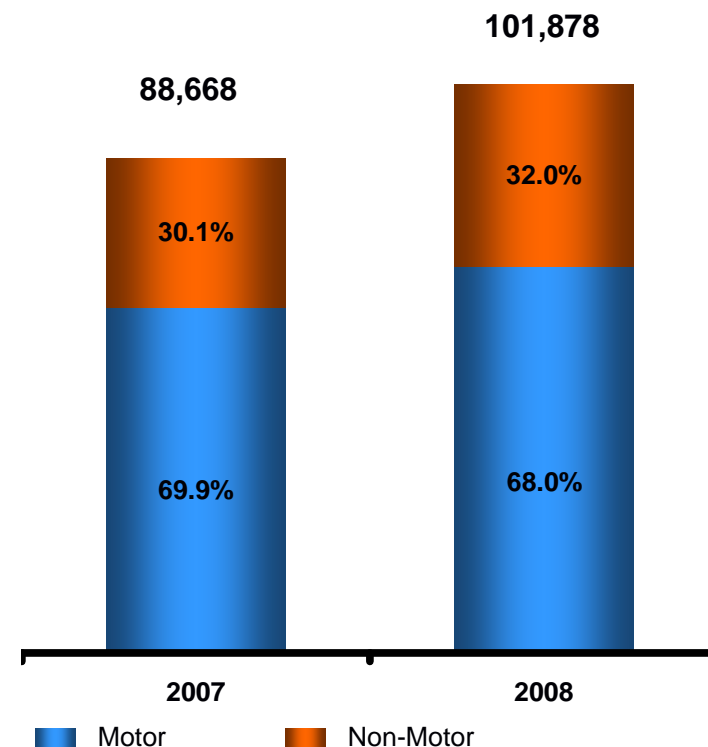
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	2007	2008	YoY Change (%)
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Motor	61,988	69,258	↑ 11.7%
Commercial Property	8,941	9,397	↑ 5.1%
Cargo	2,990	3,248	↑ 8.6%
Liability	3,640	4,264	↑ 17.1%
Accident & Health	3,115	3,729	↑ 19.7%
Others	7,994	11,982	↑ 49.9%

Motor & Non-Motor Breakdown L2Y



One-Off Significant Loss Increases Impacted by Natural Disasters

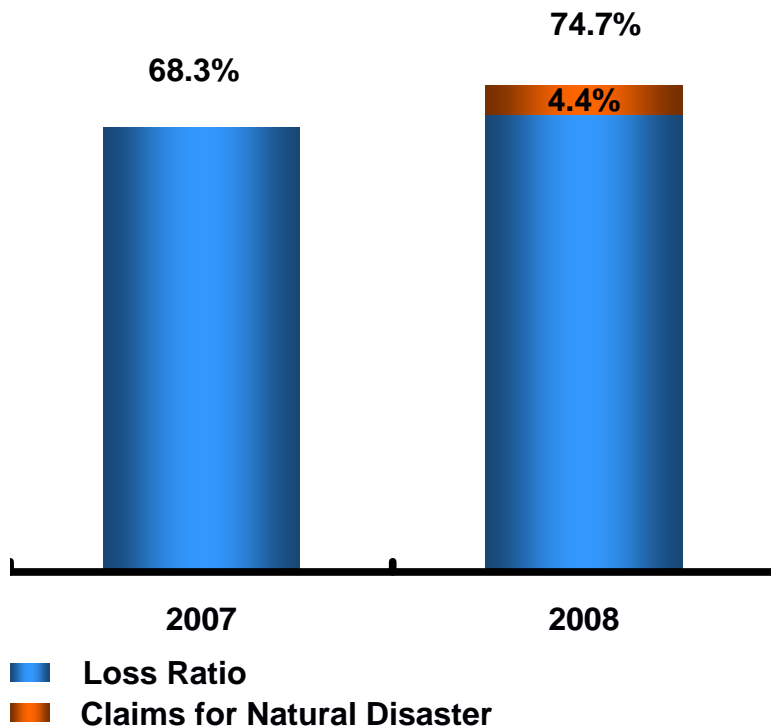


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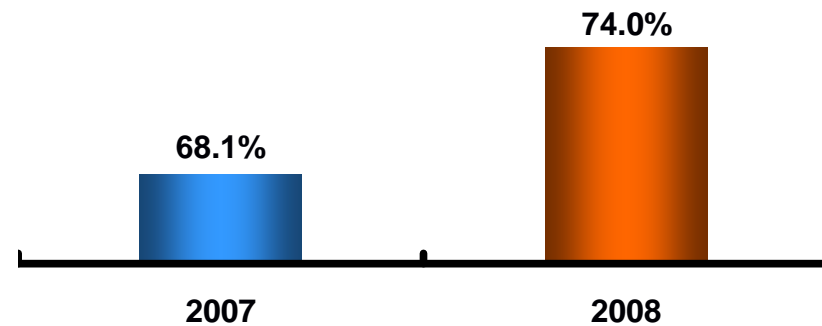
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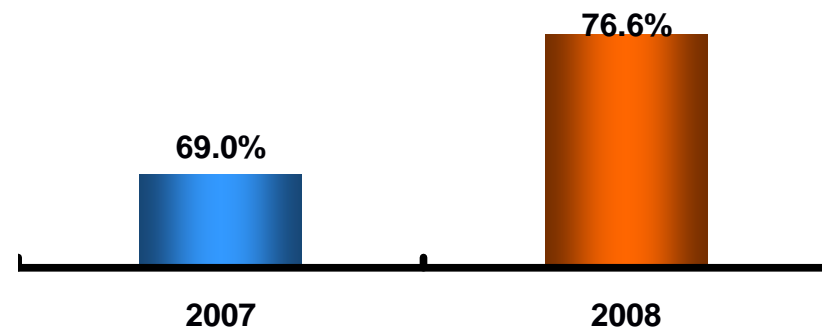
Annual Loss Ratio



Motor Loss Ratio

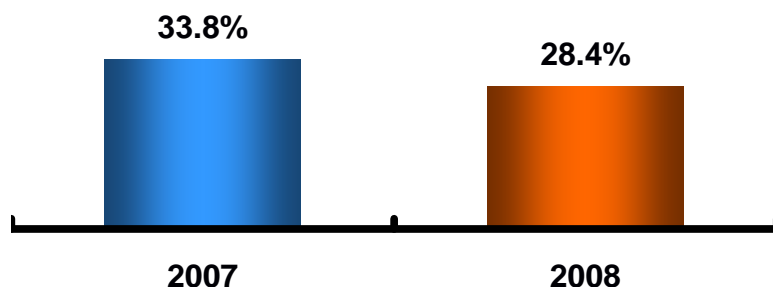


Non-Motor Loss Ratio

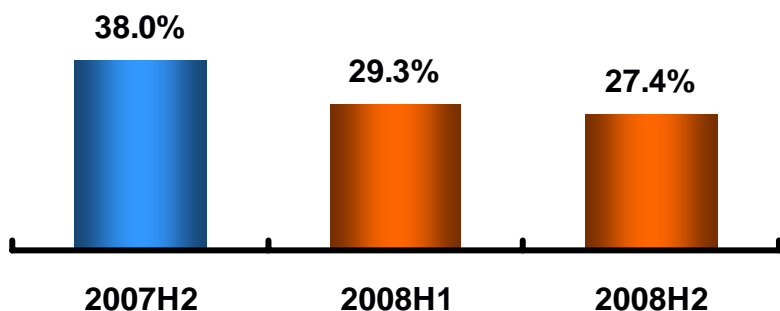


Significant Decline of Expense Ratio

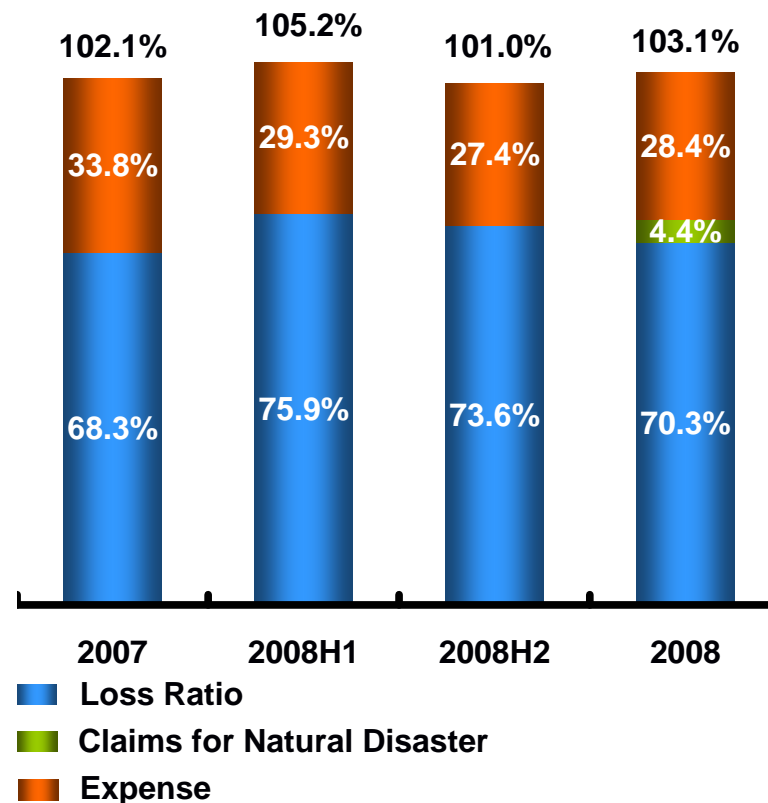
Annual Expense Ratio



Semi-Annual Expense Ratio



Combined Ratio



Effectively Managed Market Risks through Active Portfolio Adjustment

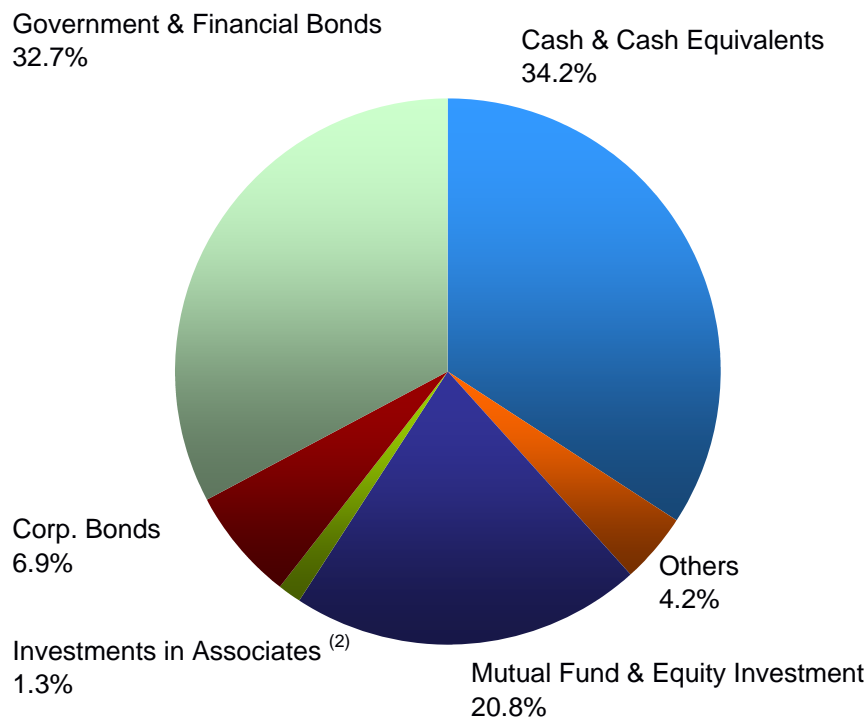


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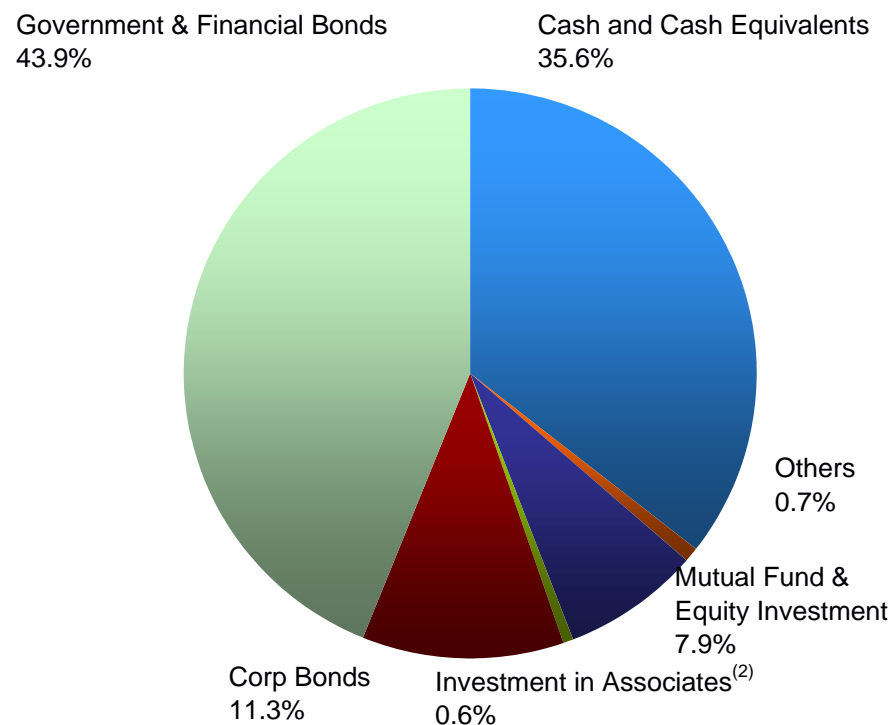
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Dec 31, 2007 ⁽¹⁾



Dec 31, 2008 ⁽¹⁾



1. The sum may not be 100% due to the omit of mantissa

2. Investment in associates includes investment in PICC life and its assets

Investment Return



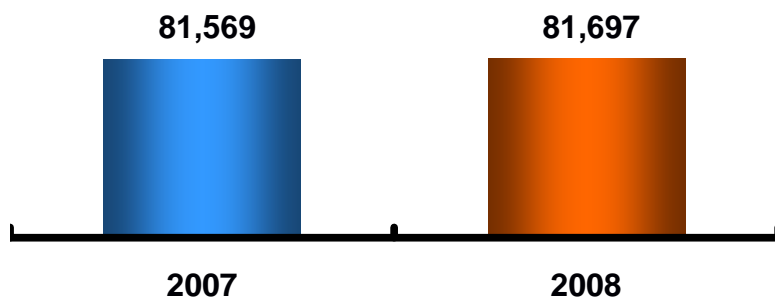
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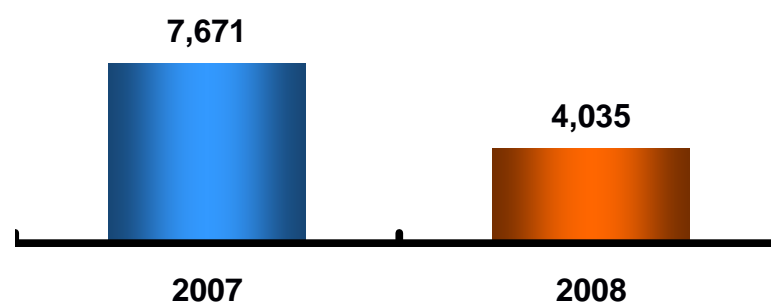
Investment Assets

RMB MM

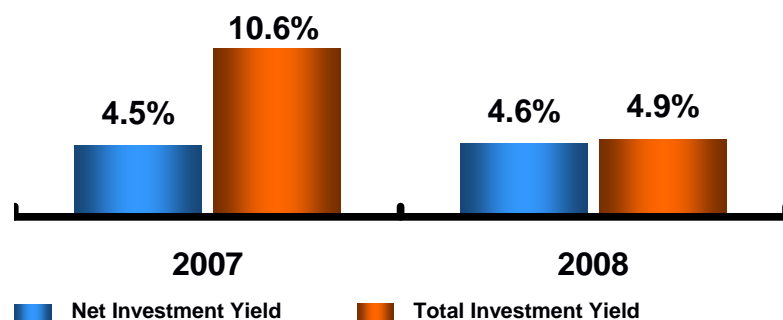


Investment Income

RMB MM

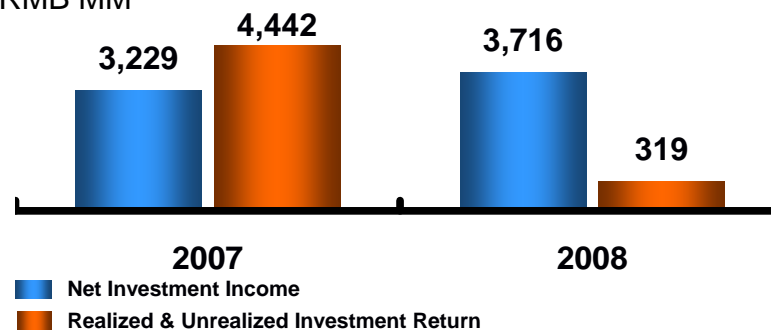


Investment Yield



Investment Income Mix

RMB MM



Consistent Stable Capital Capacity



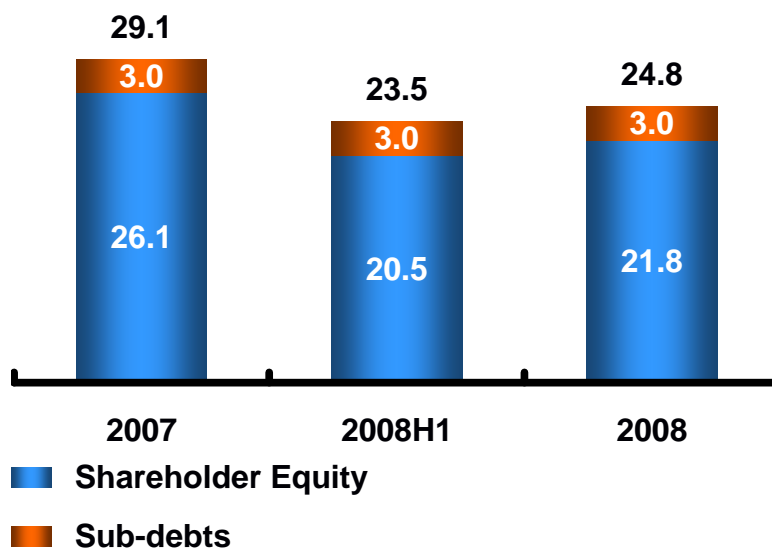
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Leverage Ratio

RMB Bn



2.6X

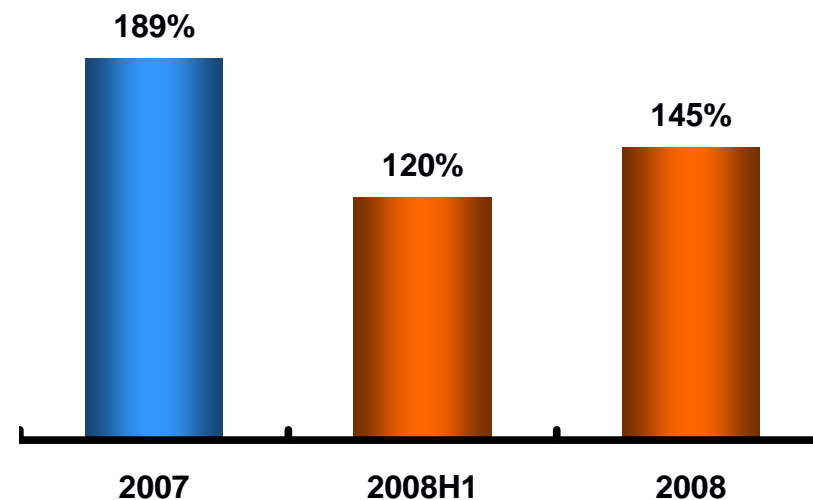
3.5X

3.1X

Net Premium Underwritten

(Shareholder equity + sub-debts)

Solvency Ratio



Development Goals for the New Era



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Core Drivers – “Culture, Mechanism, Team”

- ◆ Build PICC characterized enterprise culture
- ◆ Create advanced management system
- ◆ Foster a team of outstanding talents

Approach – “Four Tops”

- ◆ Top class risk identification and control
- ◆ Top class marketing and service
- ◆ Top class operation control
- ◆ Top class profitability

Goals for the Next 5-10 Years

- ◆ Top 5 in the global non-life insurance market by premium income
- ◆ ROE to lead international peers
- ◆ Consistent leadership in China’s non-life market

Major Initiatives in 2009



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- 1 Enhance sales capacity to strengthen market leadership
- 2 Focus on profitability and operating efficiency
- 3 Improve operation model and upgrade refined management system
- 4 Optimize internal control system and strengthen enterprise risk management
- 5 Foster performance-driven enterprise culture and buildup competitive human resource management and a dedicated team of high-quality talents



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Thank you!