

2009 Annual Results

April 15, 2010



EXPO 2010 SHANGHAI CHINA

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

Disclaimer

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Performance Highlights and Business Review for 2009

Financial Results and 2010 Initiatives

1

Net profit of RMB1.783Bn registered almost ~15.4 times of increase YoY; EPS at RMB0.16 and ROE 8.6% respectively

2

Turnover increased by 17.6% YoY, dominant market position continued with a current market share of 40%

3

Improved underwriting results with combined ratio down by 1.1 ppt vs. last year

4

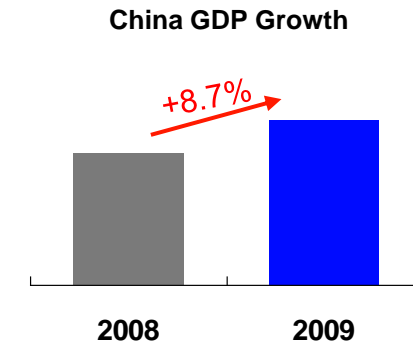
Net operating cashflow ~ RMB21.68Bn, up by 407.0% YoY

5

Total investment assets at 2009 year-end exceeds RMB100Bn reaching RMB109.94Bn, increased 34.2% from last year

Target of "growth maintenance" for China's macro-economy achieved

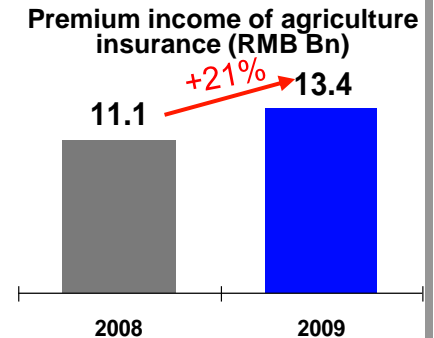
- Macro-economy has achieved the target as highlighted in "Eight Growth Maintenance" ...
- ...which creates a benign environment for better growth in P&C business



Source: National Statistics Bureau, P.R.C.

Backed by greater support from the government on "Three Agro" Policy

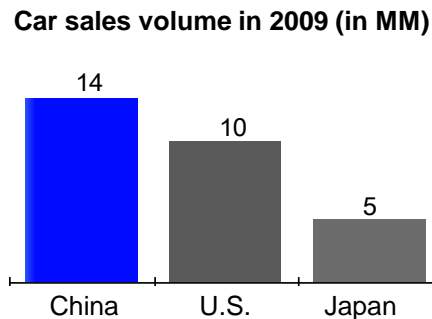
- Chinese government has ever been such focused on promoting and implementing the "Three Agro" policy...
- ...which provides a perfect opportunity for rural insurance sector's critical development



Source: CIRC

Alongside with the rapid growth of car sales

- China has already surpassed the U.S., Japan and become the largest car consumer market in the world...
- ...which places sound and solid foundation for motor insurance business development

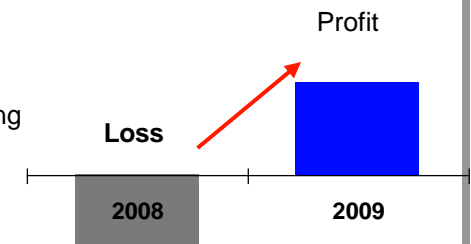


Source: Chinese Association of Automobile Manufacturers, *Automobile News*, Japan Automotive Dealer's Association

Ensuring the arrival of a transformation era for non-life industry

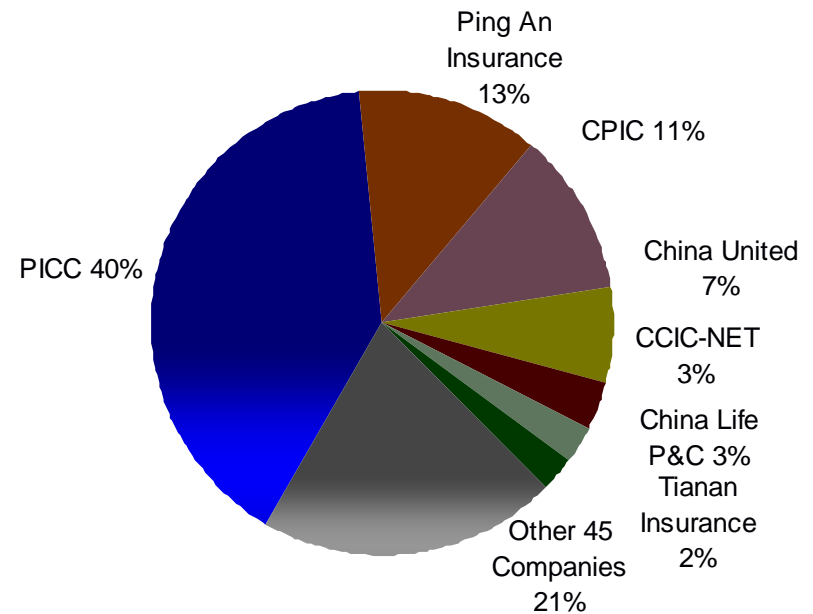
- Key characteristics of the transforming period is demonstrated by stringent regulations, promotion of compliant and rational operation as well as increasing focus on profitability
- ...as well as industry-wide focus on profitability

P&C overall profit making



- 1** Take advantage of the favorable macro-economy stimulus policy and facilitate further and faster growth
- 2** Strengthen distribution channel and tier one sales force build-up, as to augment sales capacity
- 3** Take advantage of good opportunity in car sales growth which substantially increased motor insurance premium
- 4** Access the rural insurance market soundly with increased coverage and expand agricultural related business

2009 Market Share



Source: CIRC

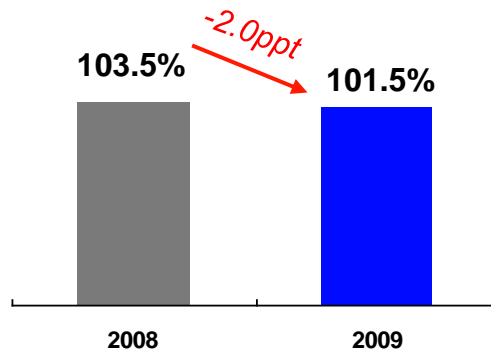
1 Improve business quality

2 Enhance pricing power

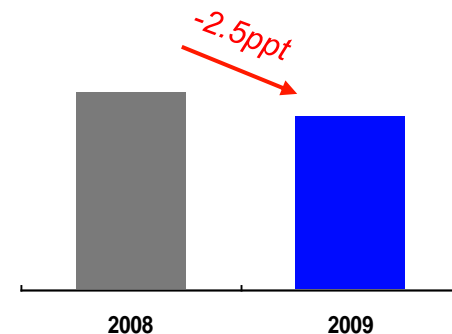
3 Strengthen claim management

4 Improve investment return

Motor Combined Ratio

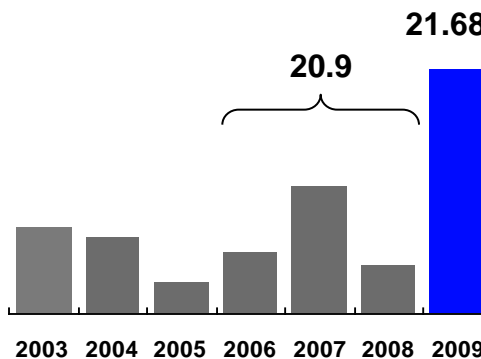


Motor Discount Rate



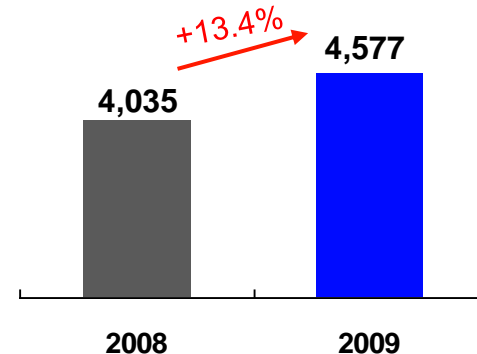
Net Operating Cash Flow

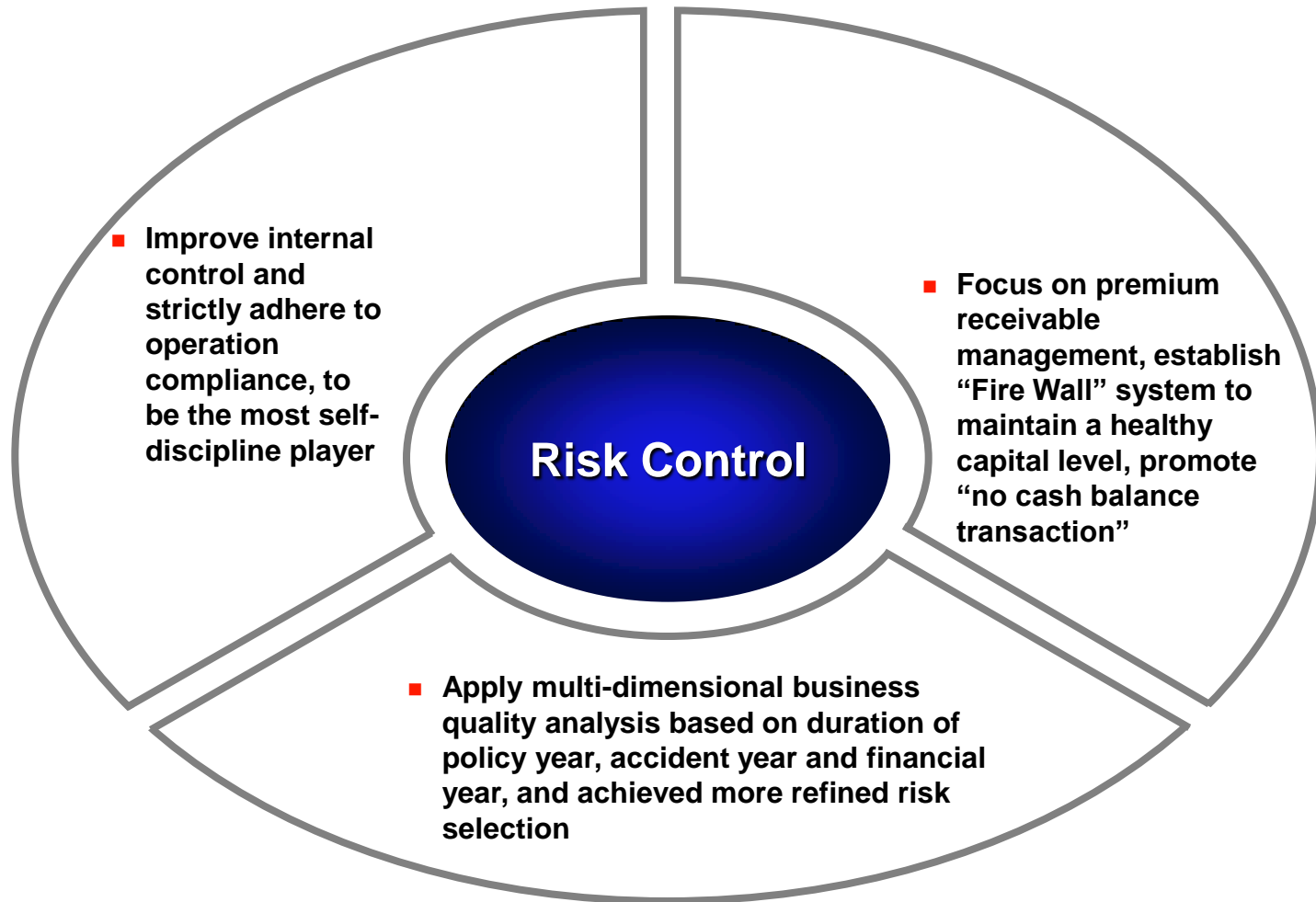
(RMB Bn)



Investment Income

(RMB MM)





Social Recognition and A Well-established Brand name

7



Rated as **A1** by Moody, the highest rank in respect to financial strength among Chinese enterprises



Recognized as the “**Most Competitive Non-Insurance Company in Asia**” on “The 21 Century Asian Financial Annual Seminar”



Granted the award of “**Best Corporate Culture**”, “**Best Property Insurance Product**”, “**Insurance Product with Greatest Market Influential**”, “**Most Popular Insurance Products**”, “**Best Product Portfolio**” and others



Recognized as the “**Best Insurance Service Provider in 2009**” in the Rating Competition organized by SOHU, a well-known web portal in China



Insurance Partner
of the Beijing
Olympic Games



Global Insurance
Partner of
Shanghai Expo



Insurance Partner
of Guangzhou
Asian Games

Further into 2010, despite of the underlying uncertainties such as China macroeconomics growth, interest rate and foreign exchange rate, we believe the company in all are to embrace a year with more attractive development opportunities:

- ◆ With macro- economy maintaining a sustainable and fast growth, premium income is expected to maintain a strong growth momentum
- ◆ Increasing focus on social welfare and public related investments in the coming year offers China's P&C insurers a perfect opportunity for business expansion
- ◆ More stringent industry regulation has greatly improved market order ; in the mean time, continuing focus on underwriting results has become an industry consensus
- ◆ With the completion of PICC Group's restructuring, Group's capability has been strengthened, which will enable it to provide greater support for PICC

While maintaining steady growth in its business, PICC will also focus on underwriting and optimizing its business structure, improving operational management further to key areas such as claim management, Company's quality of performance. This is critical as to ensure PICC's sustainable leading position in China's non-life insurance market as well as maximize shareholders' value

**Performance Highlights and
Business Review for 2009**

**Financial Results and 2010
Initiatives**

Impacts of Accounting Policy Changes on Company's Financial Report

10

The company already adopt the “Accounting Standards for Business Enterprises, Explanation No. 2 ”, and has accordingly adjusted its historical financials

Impacts of Accounting Policy Changes on Company's Financial Report

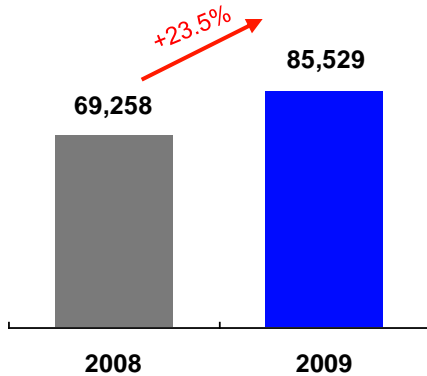
- Initiate risk testing practice on insurance contracts, which is expected to have limited impacts on premium income recognition to non-life companies
- Claim reserves will be measured by applying a risk margin on top, in line with international practice, which should help to realize a more reasonable and adequate reserves level
- Certain accounts in financial statements will see adjustments but overall limited impacts on net profit under HK GAAP accounting rules

RMB MM		2008 (Restated)	2009	YoY Change
Turnover	↑	101,878	119,771	17.6%
Net Premiums Earned	↑	80,019	93,296	16.6%
Underwriting Loss	↓	(2,605)	(2,060)	(20.9%)
Investment Income	↑	4,035	4,577	13.4%
Net Profit	↑	109	1,783	1535.8%
EPS (RMB)	↑	0.01	0.16	1535.8%

RMB MM		2008 (Restated)	2009	YoY Change
Total Assets	↑	144,250	165,383	14.7%
Net Assets	↓	19,744	21,763	10.2%
Investment Assets	↑	81,926	109,940	34.2%
ROE	↑	0.5%	8.6%	8.1ppt
Net Operating Cashflow	↑	4,276	21,682	407.1%

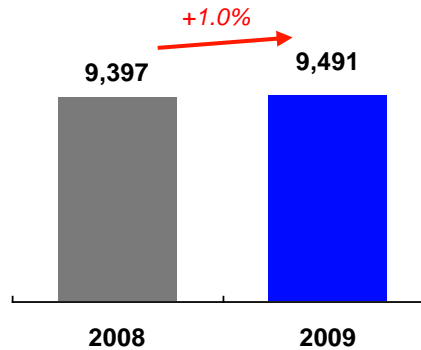
Motor

Turnover, RMB MM



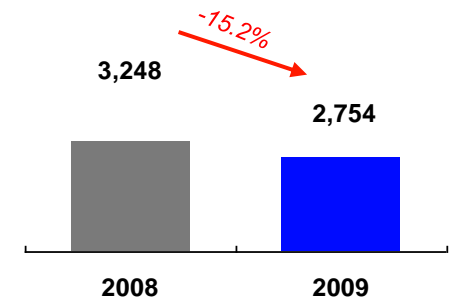
Commercial Property

Turnover, RMB MM



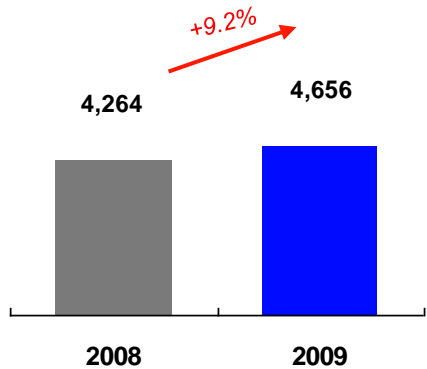
Cargo

Turnover, RMB MM



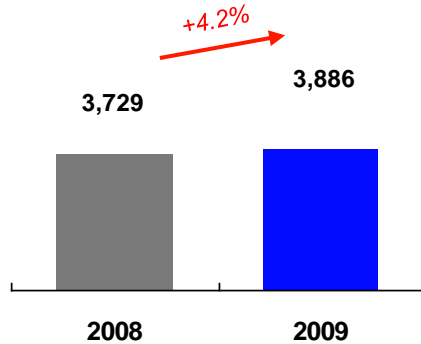
Liability

Turnover, RMB MM



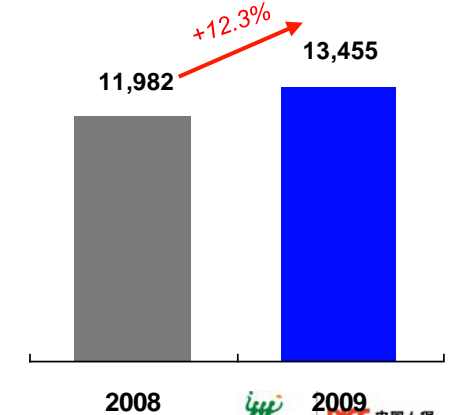
Accident & Health

Turnover, RMB MM

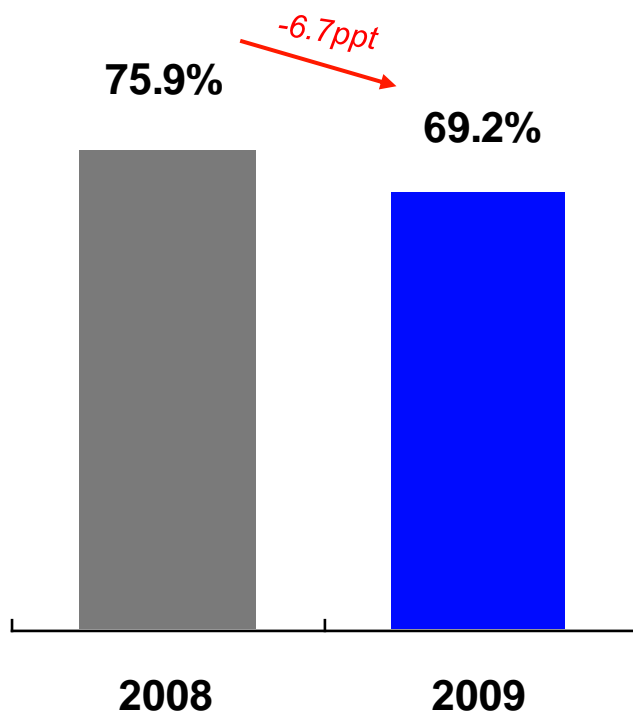


Others

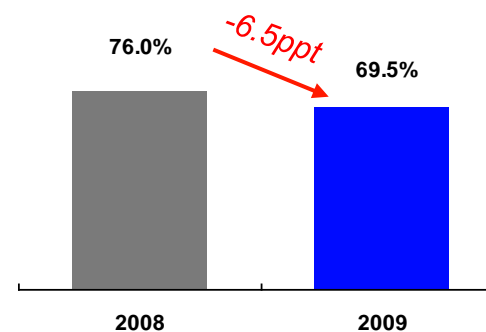
Turnover, RMB MM



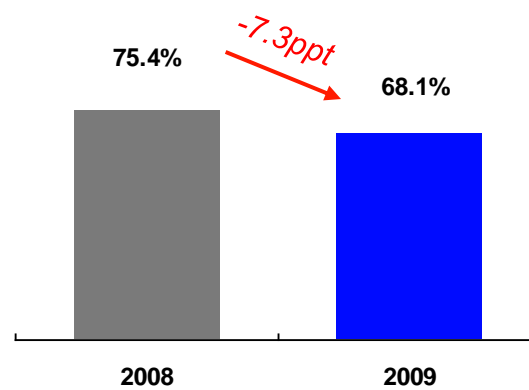
Overall Loss Ratio



Motor Loss Ratio

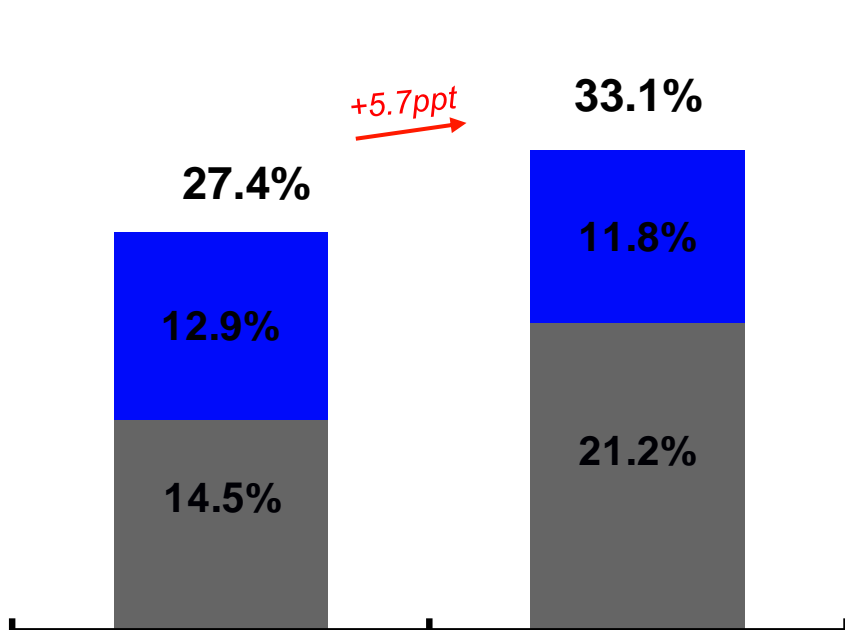


Non-motor Loss Ratio



Note: Percentages may not add up to 100% due to rounding

Total Expense Ratio

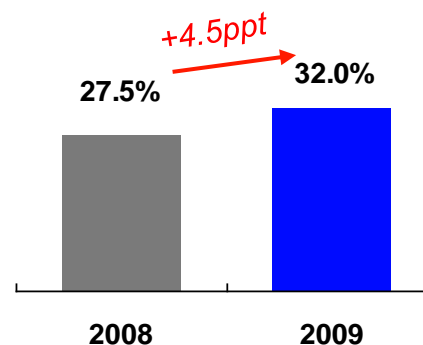


■ SG&A Expense Ratio=SG&A expense / NPE

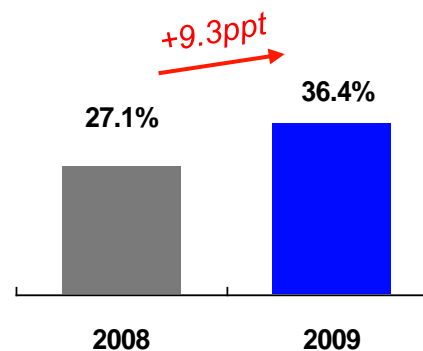
■ Underwriting expense ratio=acquisition cost and other underwriting expense/NPE

Note: Percentages may not add up to 100% due to rounding

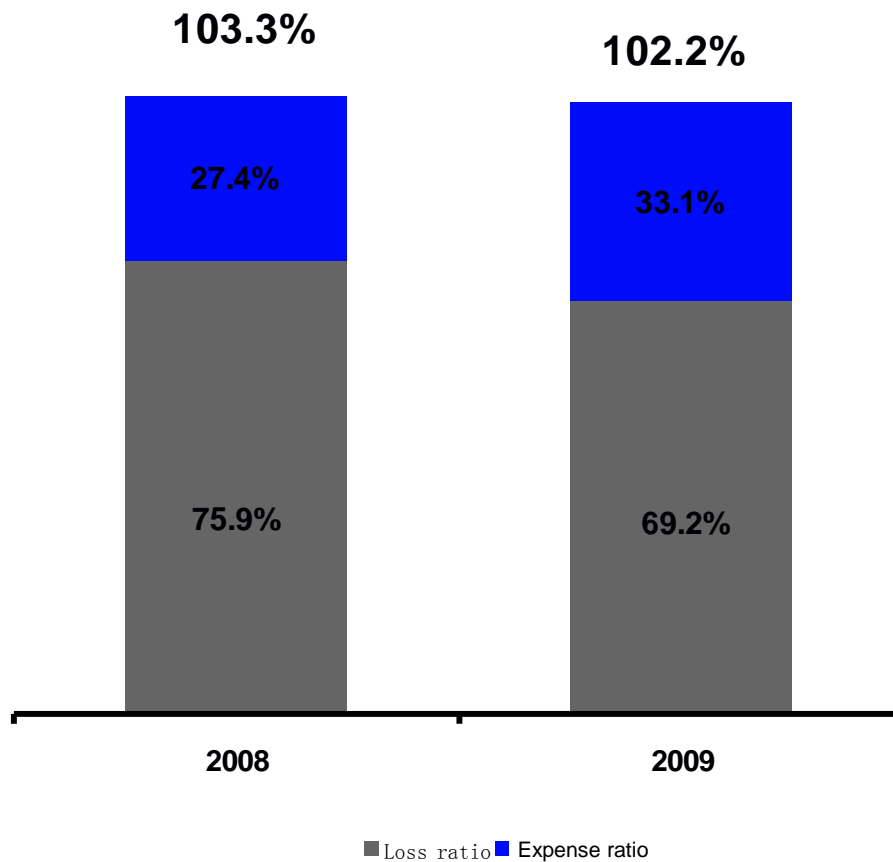
Motor Expense Ratio



Non-motor Expense Ratio



Combined Ratio Decreased with Improved Underwriting Results

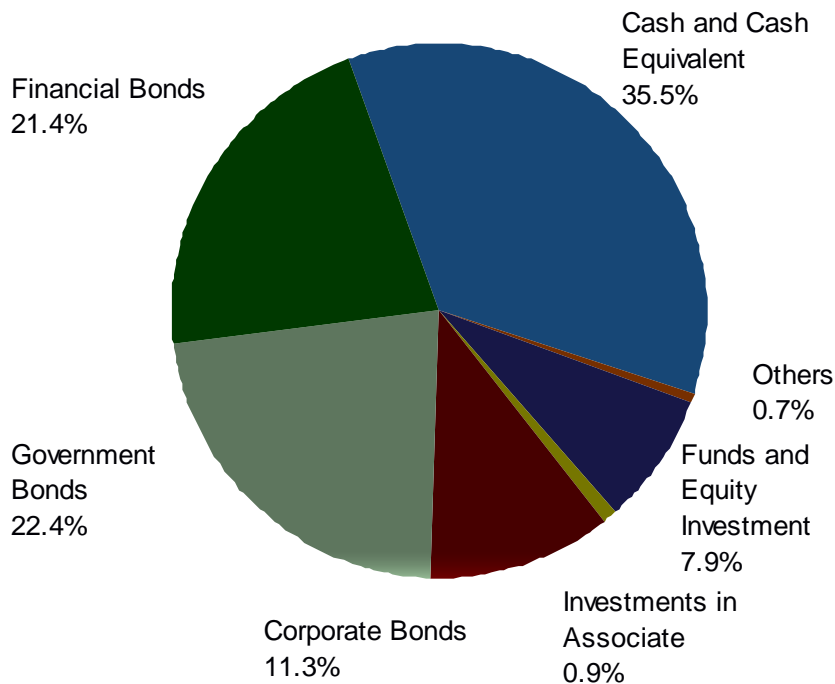


Note: Percentages may not add up to 100% due to rounding

Investment Assets further Increased, featured by Interest Earning Assets Portfolio Expansion

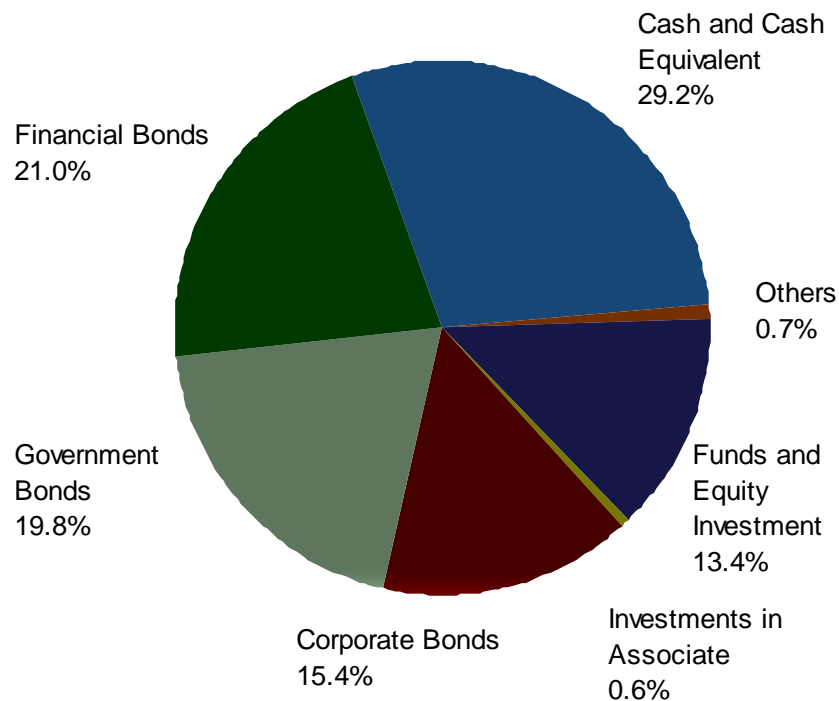
31 December, 2008

Total investment assets:
RMB81.926 Bn



31 December, 2009

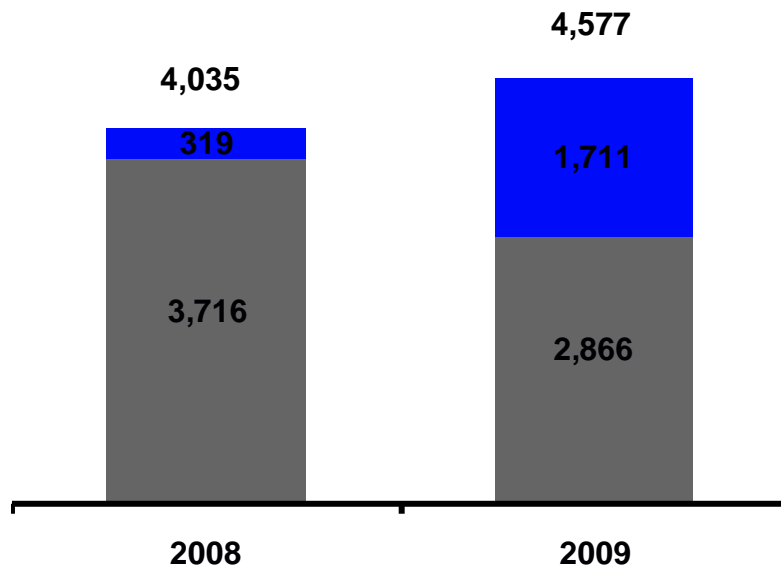
Total investment assets:
RMB109.940 Bn



Note: Percentages may not add up to 100% due to rounding

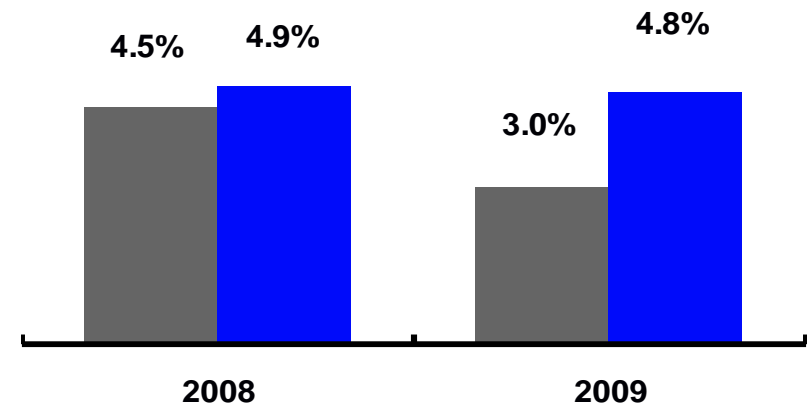
Investment Income Breakdown

RMB MM



- Net Realized and Unrealized Gains on Investment
- Interest, Dividend and Rental Income

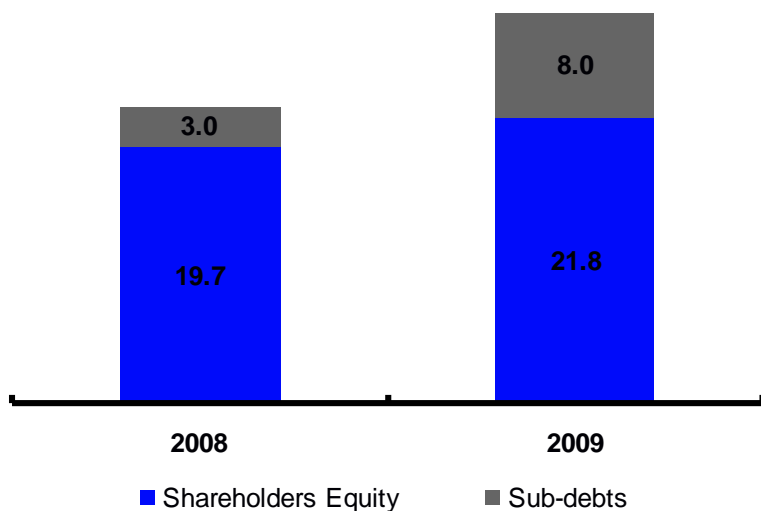
Investment Yield



- Interest, Dividend and Rental Yield
- Gross Investment Yield

Shareholders' Equity / Leverage

RMB Bn

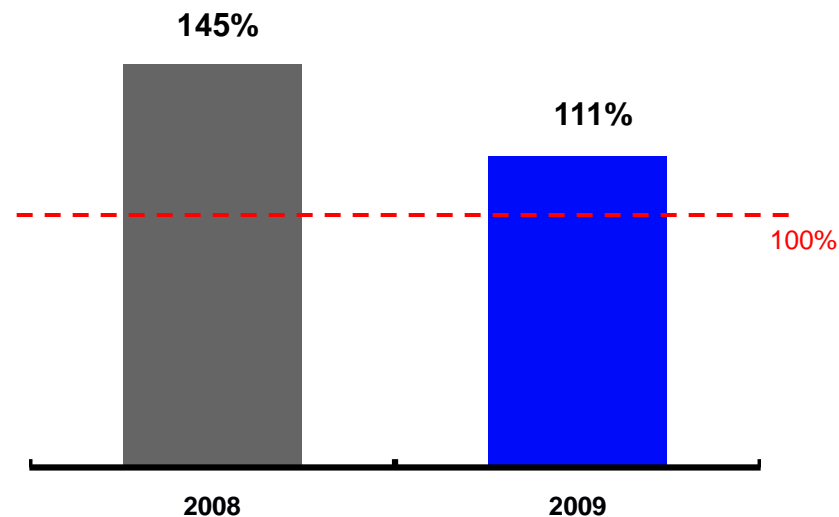


3.4X

3.5X

Net premium
 (Shareholders equity + Sub-debts)

Solvency Ratio



1

Establish a strategic management mechanism to faceplate sustainable growth, with the aim to become a world-class non-life insurance player

2

Conduct selective business underwriting, optimize business structure and accelerate business expansion

3

Focus on key areas in value chain, enforce accuracy management, substantially improve operating performance

4

Escalate operating management platform construction, enhance centralized control and management

5

Continuously apply compliance management, intensify internal control and compliance management to further optimize the risk management system

6

Adopt prudent investment strategy, optimize asset allocation to further enhance investment return

Thank You !



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