



2021 Interim Results Announcement

China Pacific Insurance (Group) Co., Ltd.

August 31, 2021

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Steady growth of overall business results

Group Operating
Income ¹⁾

252.512bn

+7.2% ↗

Group Net Profits ²⁾

17.304bn

+21.5% ↗

Group Embedded
Value

474.431bn

+3.3% ↗

Group Number ³⁾
of Customers

159.85mn

+10.91mn ↗

Group Comprehensive
Solvency Margin Ratio

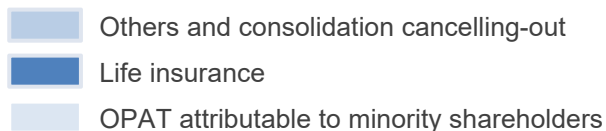
279%

-9pt

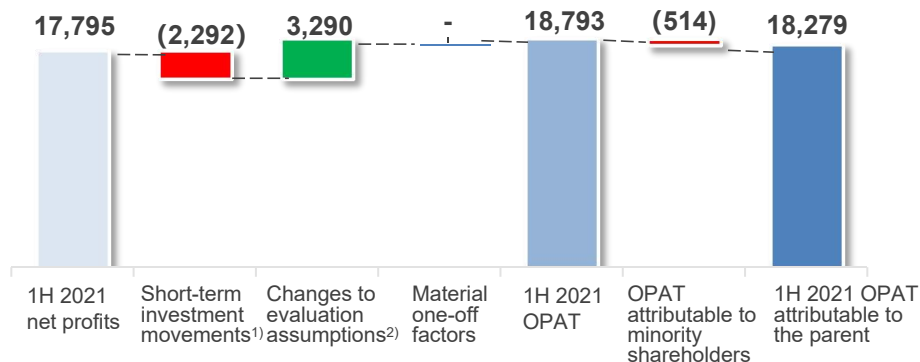
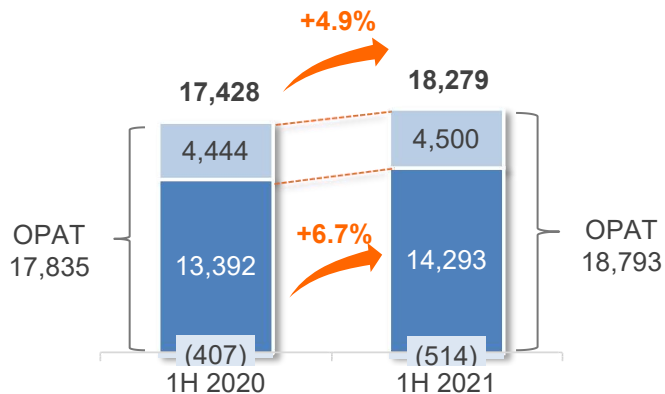
Note: 1) Based on PRC GAAP.
2) Attributable to equity holders of the parent.
3) Figures for the same period of last year have been restated.

Group OPAT attributable to parent RMB18.279bn, an increase of 4.9%

(unit: RMB million)



OPAT = net profits – short-term investment movements – changes to evaluation assumptions – material one-off factors



Notes:

- 1) Short-term investment movements refer to the difference between actual investment income from life insurance, etc. and long-term investment assumption (5%), while adjusting for ensuing changes to liabilities on insurance and investment contracts, and considering the impact of corporate income tax.
- 2) Changes to evaluation assumptions are based on amounts arising from accounting estimates changes, while considering the impact of corporate income tax.
- 3) Numbers may not add up due to rounding.

Implemented strategies in health care, big data and regional development



Health Business Strategy

- Guangci CPIC Internet Hospital went operational and launched its first product “CPIC Family Doctor”
- Health insurance subsidiary completed shareholding restructuring
- Established a dedicated equity investment fund, on the back of market-based platforms



Big Data Strategy

- Mechanism of technology marketisation was up and running, and CPIC Fintech, in the preparatory stage, signed shared service agreements with other subsidiaries
- R&D centres delivered initial success and those in Shanghai, Chengdu and Wuhan combine specialisation with collaboration
- Set up the Data and Intelligence Institute, recruited 7 leading experts and put in place task forces in 6 areas such as big data, AI, cyber-security, Internet operation, cloud computing and block chain



Regional Development Strategy

- Intensified effort in integrated development of key areas: formulating programmes on the 5 New Cities of Shanghai, and rolled out green insurance solutions to boost integrated development of the Yangtze River Delta Region
- Drew up and implemented, in an orderly manner, 3-year action plan of the Greater Bay Area, and signed cooperation agreement with Guangdong Provincial Government
- Planned for a dedicated R&D centre in the Greater Bay Area, now in the stage of feasibility studies

Continued to deepen CPIC Service

Optimised Supply of Service

“CPIC Home” retirement communities

8 projects in 7 cities

“CPIC Blue Passport”

benefiting over 16mn customers

“Huhuibao”

covering a total of 7.39mn people



“Responsible, Intelligent, Caring”

Established Institution of “Service Officers”

Stretching across 4 levels of hierarchy, from the Group to key sub-branches

Covering over 5,800 branch offices

Involving over 700 senior managers

Enhanced Technology Innovation

“Dark Factory” of CPIC P/C

Cumulatively centralising 102 automation scenarios

Responding to 727,000 service requests

“Yangyang Customer Service by Your Side” of CPIC Life

Intelligent response ratio 97.35%

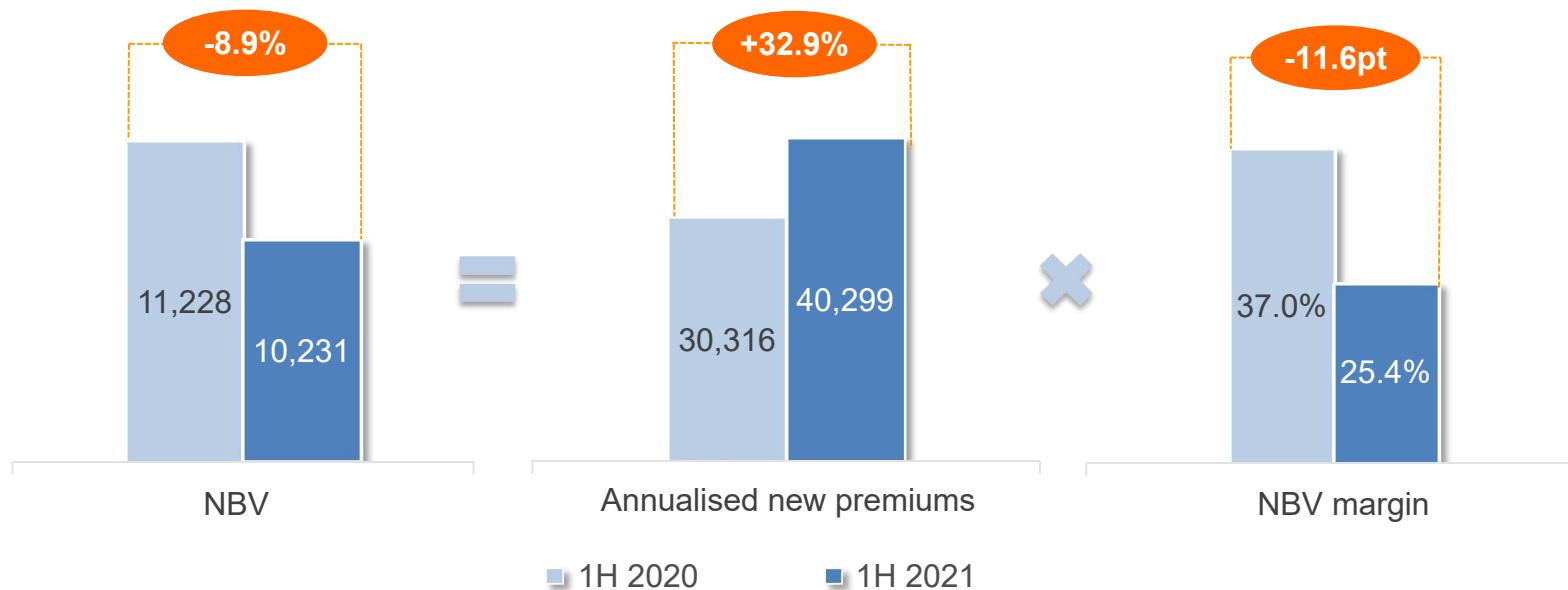
First-time successful handling ratio 95.73%

Performance Analysis

Life Insurance (1/3)

NBV under pressure, with decline of NBV margin due to business mix shift

(unit: RMB million)

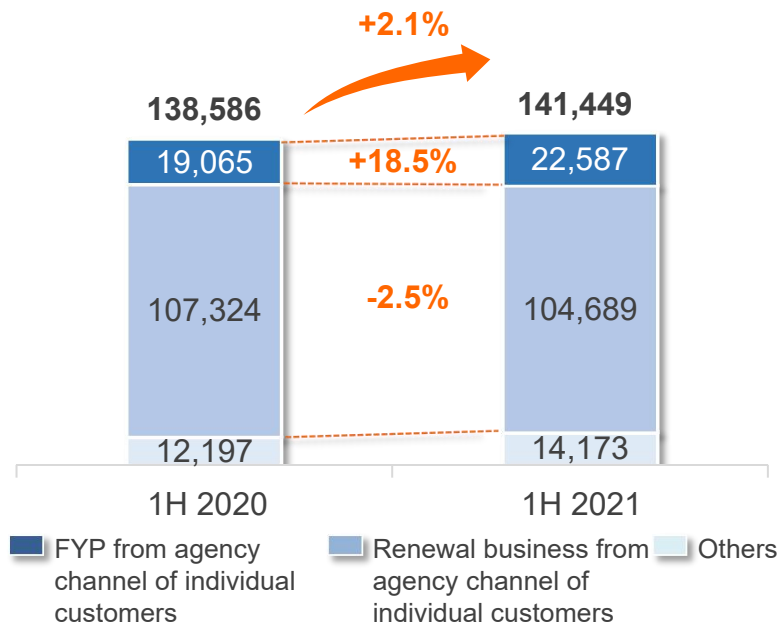


Life Insurance (2/3)

Rapid growth of new business sales, with sustained growth of residual margin

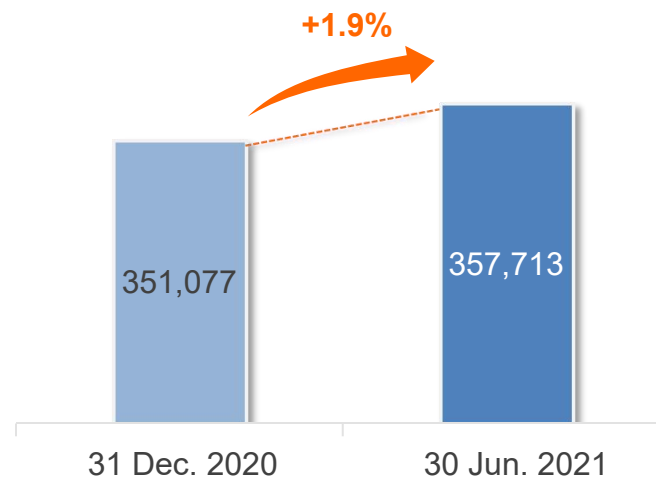
Gross Written Premiums

(unit: RMB million)



Residual Margin

(unit: RMB million)

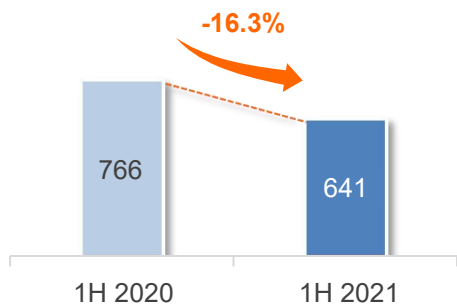


Life Insurance (3/3)

Stepped up agency force restructuring and persisted in quality development

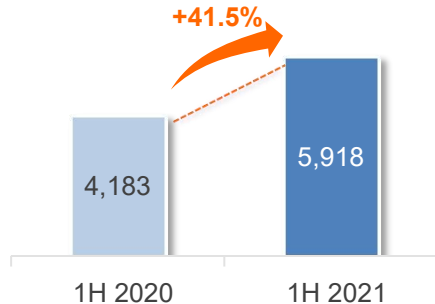
Monthly Average Number of Agents

(unit: thousand)



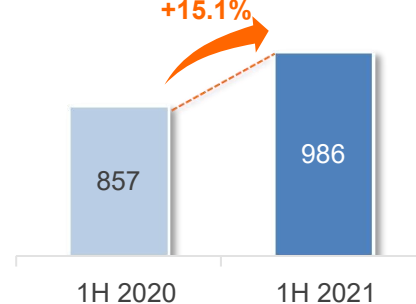
Monthly Average First Year Premiums per Agent

(unit:RMB yuan)



Monthly Average First Year Commission per Agent

(unit:RMB yuan)



Amended Rules on Agent Compensation & Management

- Encouraged high performance of individual agents and sales teams via amendments to rules on agent compensation and management, with higher income for managers at various levels



Training Empowerment

- Formulated training and coaching system for new recruits to enhance their productivity
- Launched training system for comprehensive protection of households, which focuses on training-to-sales conversion, to empower development of high-performing agents



Digitalisation Support

- Upgraded tools to facilitate agency force professionalism

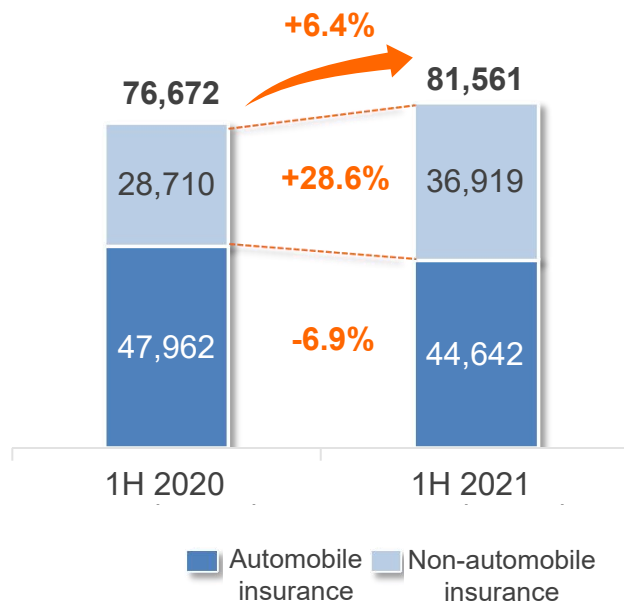
Taihaoguan - Digital advisor
Taihaodian - Customer engagement, acquisition, relations maintenance and conversion

Property and Casualty Insurance (1/3)

Delivered steady top-line growth while maintaining underwriting profitability

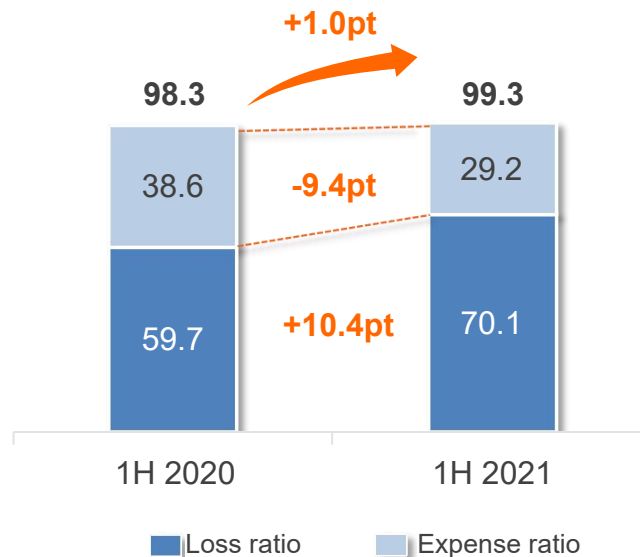
Gross Written Premiums

(unit: RMB million)



Combined Ratio

(unit: %)

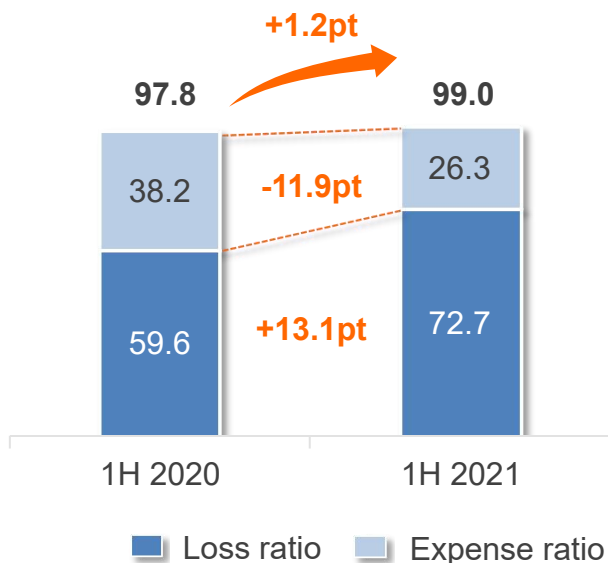


Property and Casualty Insurance (2/3)

Pro-actively adapted to comprehensive reform of automobile insurance and deepened customer operation

Combined Ratio of Auto Insurance

(unit: %)



Customer Operation

- Set up centre of individual customers to facilitate building of the customer operation system in an all-around way
- Increased on-line application for customers, promoted on-line and off-line integration so as to tap potential of customer value



Cost Control

- Continued to strengthen risk control capabilities, intensified claims management and cost control, and promoted centralised management of operation

Property and Casualty Insurance (3/3)

Maintained rapid growth of non-auto emerging business lines



Health Insurance

Diversified supply of innovative personal lines health insurance products, vigorously pushed for rapid development of innovative government-sponsored health insurance programmes such as those linked with social medical insurance, for the purpose of poverty-alleviation and city-specific inclusive medical insurance

GWPs
RMB8.213bn
+70.1% ↗



Agricultural Insurance

Seized opportunities of national initiatives such as fight against poverty and rural revitalisation, followed a new path of development centring on "model innovation + service improvement", stepped up regional breakthroughs and specialised business operation

GWPs
RMB6.725bn
+17.5% ↗



Liability Insurance

Focused on improving people's well-being, supporting the real economy, and facilitating industrial upgrading, with rapid development of business in food safety, workplace safety and new materials etc.

GWPs
RMB6.715bn
+38.7% ↗

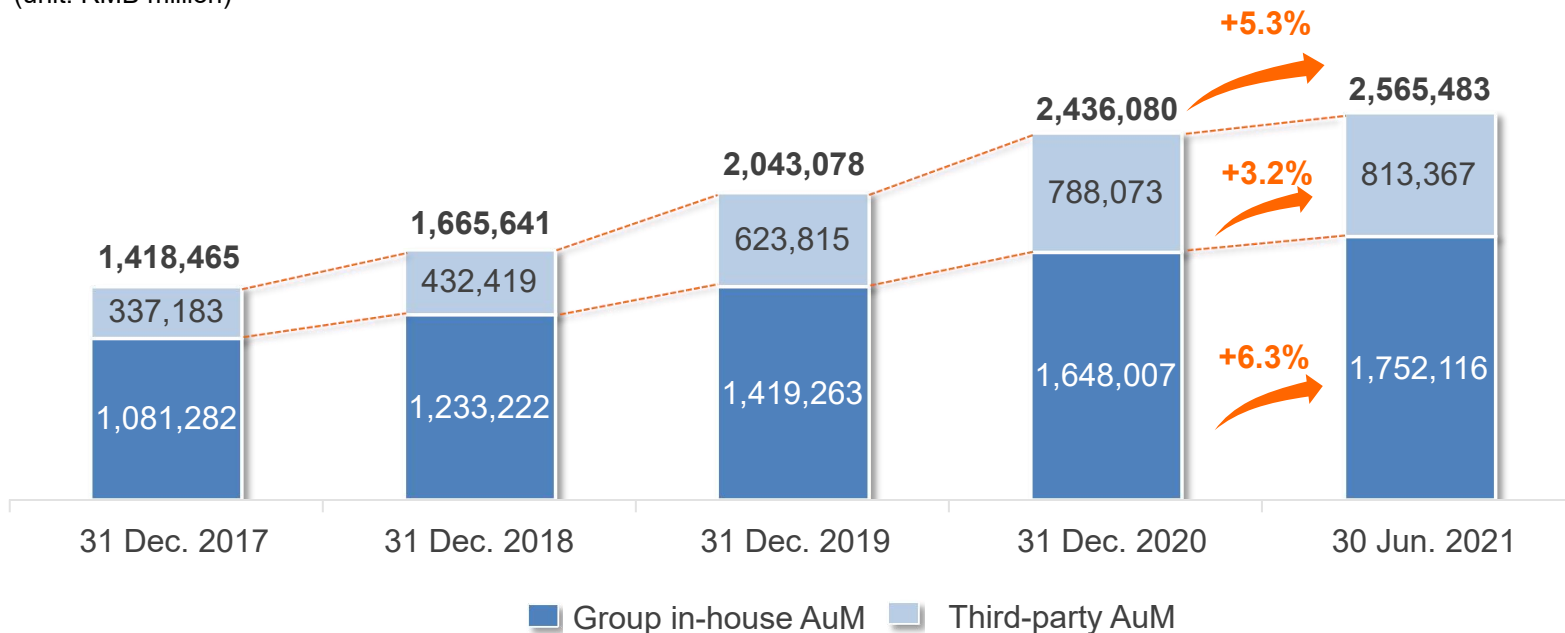
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

Asset Management (1/4)

Steady increase in Group assets under management

Group Assets under Management

(unit: RMB million)



Note: Figures as of 31 Dec. 2018 were restated.

Asset Management (2/4)

Persisted in asset liability management, and continued to optimise asset allocation

Group in-house investment portfolio	30 Jun. 2021 (%)	Change (pt)
Fixed income investments	77.7	(0.6)
Bonds	39.3	-
Term deposits	11.2	(0.5)
Debt investment plans	12.6	1.2
Wealth management products ¹⁾	8.5	(1.1)
Preferred shares	1.8	(0.1)
Other fixed income investments ²⁾	4.3	(0.1)
Equity investments	19.2	0.4
Equity funds	2.7	0.2
Bond funds	1.2	-
Stocks	7.2	(0.5)
Wealth management products ¹⁾	0.1	-
Preferred shares	0.7	(0.1)
Other equity investments ³⁾	7.3	0.8
Investment properties	0.4	(0.1)
Cash, cash equivalents and others	2.7	0.3

Notes:

1) Wealth management products include wealth management products issued by commercial banks, collective trust plans by trust firms, special asset management plans by securities firms and loan assets backed securities by banks, etc.

2) Other fixed income investments include restricted statutory deposits and policy loans, etc.

3) Other equity investments include unlisted equities and derivative financial assets, etc.

Asset Management (3/4)

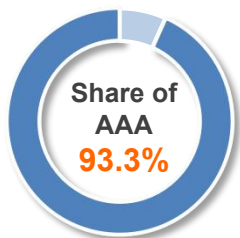
Solid investment performance



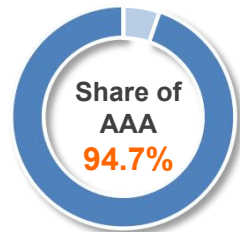
Asset Management (4/4)

Overall credit risk of investment assets manageable

External Credit Ratings of Corporate and Non-government-sponsored Bank Financial Bonds



External Credit Ratings of Non-public Financing Instruments



Mix and Distribution of Yields of Non-public Financing Instruments

Sectors	Share of investments (%)	Nominal yield (%)	Average duration (year)	Average remaining duration(year)
Infrastructure	39.2	5.2	7.4	5.6
Real estate	18.3	5.2	6.5	4.5
Non-bank financial institutions	14.6	4.9	4.9	3.3
Communications & transport	13.7	5.3	9.0	6.3
Energy and manufacturing	7.2	5.3	6.0	3.7
Others	7.0	5.6	8.3	6.0
Total	100.0	5.2	7.0	5.0

Note: Non-public financing instruments include wealth management products issued by commercial banks, debt investment plans, collective trust plans by trust firms, special asset management plans by securities firms and loans backed securities by banking institutions, etc..

Outlook

In the second half of the year, we will focus on quality improvement of the life insurance agency channel, adaptation to automobile insurance comprehensive reform and enhancement of underwriting profitability of non-auto business in a bid to fulfill annual business budgets. At the same time, given our targets of “best in customer experience, business quality and risk control capabilities”, we will strive for breakthroughs in long-term incentive systems, professional capacity-building of investment management, platform-based development of health service, marketisation of technology, and modernisation of corporate governance.

Q&A

Appendix: Financial Analysis of Life Insurance Business

(unit: RMB million)

For 6 months ended 30 Jun.	2021	2020	Changes (%)
Net premiums earned	133,700	130,489	2.5
Investment income ¹⁾	42,239	35,284	19.7
Exchange losses/(gains)	(18)	6	(400.0)
Other operating income	947	1,189	(20.4)
Gains on disposal of assets	-	-	/
Other income	16	35	(54.3)
Operating income	176,884	167,003	5.9
Surrenders	(11,684)	(5,354)	118.2
Claims	(30,017)	(30,551)	(1.7)
Less: claims recoveries from reinsurers	2,126	1,486	43.1
Net change in insurance contract reserves	(93,056)	(89,441)	4.0
Commission and brokerage expenses	(11,729)	(13,018)	(9.9)
Operating and administrative expenses	(6,930)	(6,680)	3.7
Other expenses ²⁾	(10,872)	(11,830)	(8.1)
Operating expenses	(162,162)	(155,388)	4.4
Operating profit	14,722	11,615	26.7
Net of non-operating income and expenses	1	-	/
Income tax	(1,850)	(1,468)	26.0
Net profit	12,873	10,147	26.9

Notes:

1) Investment income includes investment income and gains/(losses) arising from change in fair value on financial statements.

2) Other expenses include policyholder dividends, expenses for reinsurance assumed, expenses recoveries from reinsurers, interest expenses, other operating expenses, asset impairment losses and taxes and surcharges, etc.

3) Based on PRC GAAP.

Appendix: Financial Analysis of P/C Insurance Business

(unit: RMB million)

For 6 months ended 30 Jun.	2021	2020	Changes (%)
Net premiums earned	63,306	59,304	6.7
Investment income ¹⁾	4,462	3,613	23.5
Exchange losses/(gains)	(32)	42	(176.2)
Other operating income	100	137	(27.0)
Gains on disposal of assets	1	1	-
Other income	30	23	30.4
Operating income	67,867	63,120	7.5
Claims	(42,670)	(34,822)	22.5
Less: claims recoveries from reinsurers	4,756	4,149	14.6
Net change in insurance contract reserves	(6,211)	(4,603)	34.9
Changes in insurance premium reserves	(244)	(150)	62.7
Commission and brokerage expenses	(7,042)	(9,637)	(26.9)
Operating and administrative expenses	(14,291)	(15,539)	(8.0)
Other expenses ²⁾	2,455	1,735	41.5
Operating expenses	(63,247)	(58,867)	7.4
Operating profit	4,620	4,253	8.6
Net of non-operating income and expenses	7	(5)	(240.0)
Income tax	(1,124)	(1,072)	4.9
Net profit	3,503	3,176	10.3

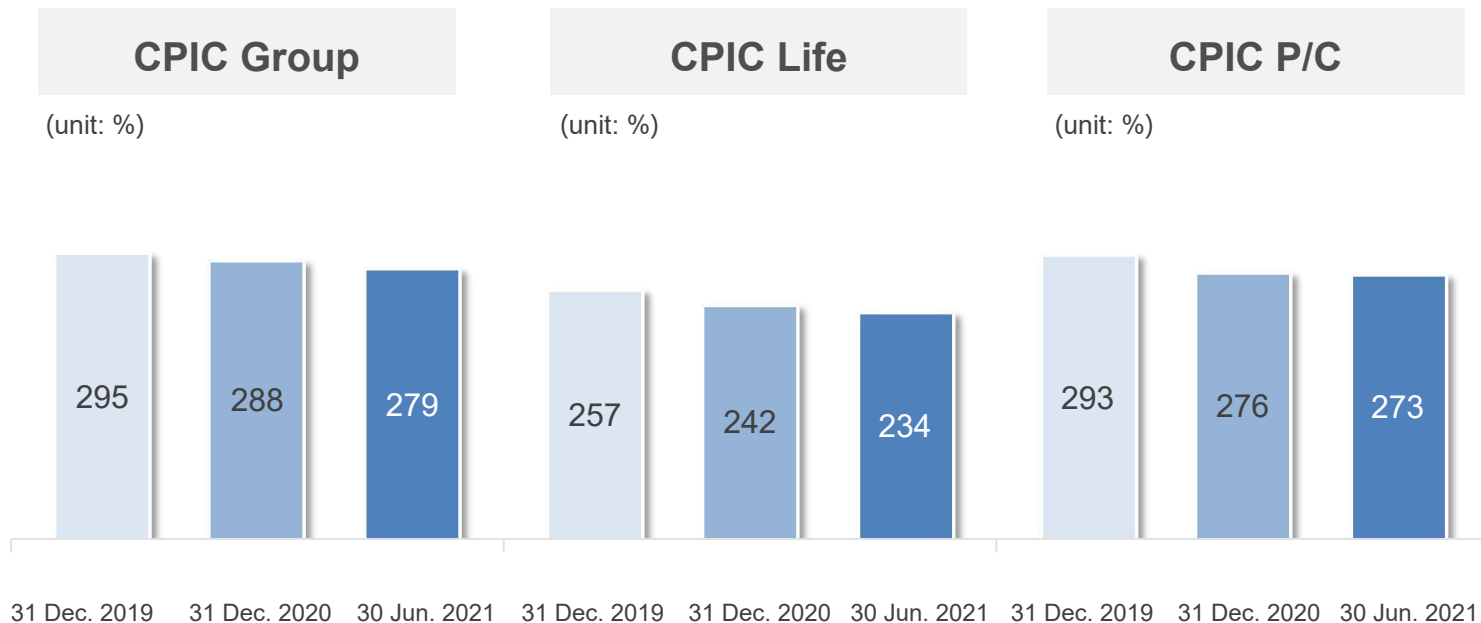
Notes:

1) Investment income includes investment income and gains/(losses) arising from changes in fair value on financial statements.

2) Other expenses include expenses for reinsurance assumed, expense recoveries from reinsurers, interest expense, other operating expenses, asset impairment losses and taxes and surcharges, etc.

3) Based on PRC GAAP.

Appendix: Comprehensive Solvency Margin Ratio



Appendix: Sensitivity Analysis as at 30 Jun. 2021

(unit: RMB million)

	Value of in-force business after cost of required capital held	Half-year NBV after cost of required capital held
Base	211,356	10,231
Risk discount rate "+50 basis points"	203,794	9,803
Risk discount rate "-50 basis points"	219,541	10,690
Investment return "+50 basis points"	245,429	11,808
Investment return "-50 basis points"	176,843	8,655
Mortality "+10%"	210,162	10,168
Mortality "-10%"	212,548	10,293
Morbidity "+10%"	204,632	9,577
Lapse and surrender rates "+10%"	212,568	10,062
Lapse and surrender rates "-10%"	210,027	10,401
Expenses "+10%"	207,981	9,632

Note: In determining the sensitivity results, only the relevant cashflow assumption and risk discount rate assumption have been changed, while all other assumptions have been left unchanged.

Appendix: Honours & Awards

- CPIC Group was listed on Fortune Global 500 for the 11th consecutive year, ranking 158th, up 35 places from 2020.
- CPIC Group ranked 119th among the World's 500 Most Valuable Brands in 2021, and 5th among the World's 100 Most Valuable Insurance Brands in 2021 released by Brand Finance, with brand value of USD15.389 billion, an increase of 9.6% from the previous year.
- CPIC won the Social Responsibility Institution of the Year award granted by China Banking and Insurance News.
- Ti Fang Bao, an insurance programme of CPIC P/C with financing and social management functions, won the "Best Economics Insurance Product of the Year" award in the Jin Ri Bao·China Insurance White Elephant List.
- In the Jin Ri Bao·China Insurance White Elephant List, Zhizun Xinmanyi, an annuity insurance (participating) product of CPIC Life, won the "Top Ten Best-selling Insurance Products of the Year" award; its Lexiang Baiwan (H2019), a medical insurance product, won the "Top Ten Best-selling Protection Insurance Products of the Year" award, and Tai Hui Bao, a city-specific customised inclusive insurance product of CPIC Life, won the "Best Economics Insurance Product of the Year" award.
- CPIC AMC won the "Insurance Asset Management Company Golden Bull Award", "Insurance Asset Management Product Portfolio Golden Bull Award (Fixed Income)", and "Insurance Assets Management Product Portfolio Golden Bull Award (Equity)" in the first "China Insurance Industry Investment Golden Bull Awards" sponsored by China Securities Journal.
- CPIC Health was awarded the 2021 Customer Satisfaction Brand for March 15th Consumer Rights Protection Day by China's Foundation of Consumer Rights Protection for the 4th consecutive year.
- Changjiang Pension was honoured Best Pension Management Company of the Year 2021 in the Jinbei Awards Ceremony hosted by the 21st Century Economic Daily.

Thanks for your attention!

Togeth^{er}
1991-2021 三十年·在一起