



China Pacific Insurance (Group) Co., Ltd 2012 Annual Results

25 March 2013

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Overview

Looking back at 2012, CPIC continued to promote and realize its objective of sustainable value growth by focusing on value creation and sustainable development. Despite many difficulties and challenges, the Group maintained growth in overall corporate value.

With a view to future development, CPIC continued to progress its customer demand-oriented business transformation, which achieved preliminary results in 2012.

Meanwhile, CPIC also resolved to establish a specialized health insurance company and completed an H share private placement. These strategic initiatives will bring new impetus for CPIC's continuous development to maintain steady and healthy business development and achieve sustainable corporate value enhancement.

Focus on Value Creation and Healthy Business Development (1/2)

Unit: RMB million	2012	2011	Change (%)	
Embedded value of the Group ⁽¹⁾	135,280	113,564	↑	19.1
Value of in-force business ⁽¹⁾⁽²⁾	49,043	40,900	↑	19.9
Net assets of the Group ⁽¹⁾⁽³⁾	96,177	76,796	↑	25.2
New business value of life insurance	7,060	6,714	↑	5.2
Life insurance NBV Margin ⁽⁴⁾	17.8%	13.6%	↑	4.2pt
Combined ratio of P&C insurance	95.8%	93.1%	↑	2.7pt
Growth rate of investments' net asset value	5.5%	1.2%	↑	4.3pt

Note: (1) As at 31 December 2012 and 31 December 2011

(2) Value of in-force business of life insurance attributable to the Group after deducting cost of solvency margin

(3) Attributable to equity holders of the parent

(4) Life insurance new business value margin (*NBV Margin*) = new business value / life insurance FYP used to calculate new business value

Focus on Value Creation and Healthy Business Development (2/2)

Unit: RMB million	2012	2011	Change (%)
Gross Written Premiums	163,228	154,958	↑ 5.3
Life insurance	93,461	93,203	↑ 0.3
P&C insurance	69,697	61,687	↑ 13.0
Group's solvency margin ratio ⁽¹⁾	312%	284%	↑ 28pt
Life insurance ⁽¹⁾	211%	187%	↑ 24pt
P&C insurance ⁽¹⁾	188%	233%	↓ (45pt)
Net investment yield	5.1%	4.7%	↑ 0.4pt
Total investment yield	3.2%	3.7%	↓ (0.5pt)
Changjiang Pension total entrusted assets ⁽¹⁾	31,522	27,258	↑ 15.6
Changjiang Pension total AUM ⁽¹⁾	23,741	18,104	↑ 31.1
Net profit ⁽²⁾	5,077	8,313	↓ (38.9)
DPS (including tax) (RMB)	0.35	0.35	-

Note: (1) As at 31 December 2012 and 31 December 2011

(2) Attributable to equity holders of the parent

Promotion of Innovative Transformation and Planning for Long-Term Development

Implementation of transformation projects

CPIC forged on with its “customer demand-oriented” business transformation. With the aim of “attending to customer needs, improving the customer interface and enhancing customer experience”, CPIC developed an innovative commercial operating mode for customers, and many transformation initiatives achieved preliminary results.

Enhancement of core insurance businesses

CPIC resolved to establish a health insurance company jointly with the Allianz Group to focus on developing health insurance products and services that require more specialized operational capability but offer greater development potential. This initiative will enhance CPIC’s specialized operational capability in health insurance business and enrich its core insurance businesses.

H share private placement

CPIC successfully issued 462 million new H shares in a private placement, raising proceeds of HKD10.4 billion, thereby strengthening CPIC’s ability to withstand market risks. The fundraising also raised CPIC’s capital level, providing strong support for CPIC’s business transformation and further enabling it to seize future development opportunities.

2013 Operating Strategies: Stabilize Growth, Focus on Value, Facilitate Transformation and Improve Efficiency

Stabilize Growth

- Achieve stable growth of life insurance business premiums by focusing on agency channel and regular premium; optimize marketing strategies to grow P&C business in line with industry.

Focus on Value

- Achieve continuous growth in new business value for life insurance, maintain a healthy combined ratio for P&C insurance and emphasize growth of investments' net asset value.

Facilitate Transformation

- Accelerate transformation breakthroughs, distill transformation experience and establish development strengths.

Improve Efficiency

- Reasonably allocate resources, and optimize inputs and outputs to improve operating efficiency.

Business Review

Overall Stable and Healthy Business Development with Sustained Value Growth

Life insurance

NBV of life insurance amounted to RMB7,060 million, representing a YOY increase of 5.2%. NBV Margin reached 17.8%, representing a YOY increase of 4.2pt. Premiums from new policies through agency channel increased 8.6% YOY. Monthly average agent productivity recorded a YOY increase of 11.7%. Regular premiums accounted for 76.3% of gross written premiums, representing a YOY increase of 9.2pt.

P&C insurance

Premiums from P&C insurance amounted to RMB69,697 million, representing a YOY increase of 13.0%. The combined ratio was 95.8%, representing a YOY increase of 2.7pt. GWP from new channels grew 75.9%. The renewal rate of commercial automobile insurance increased to 61.9%.

Asset management

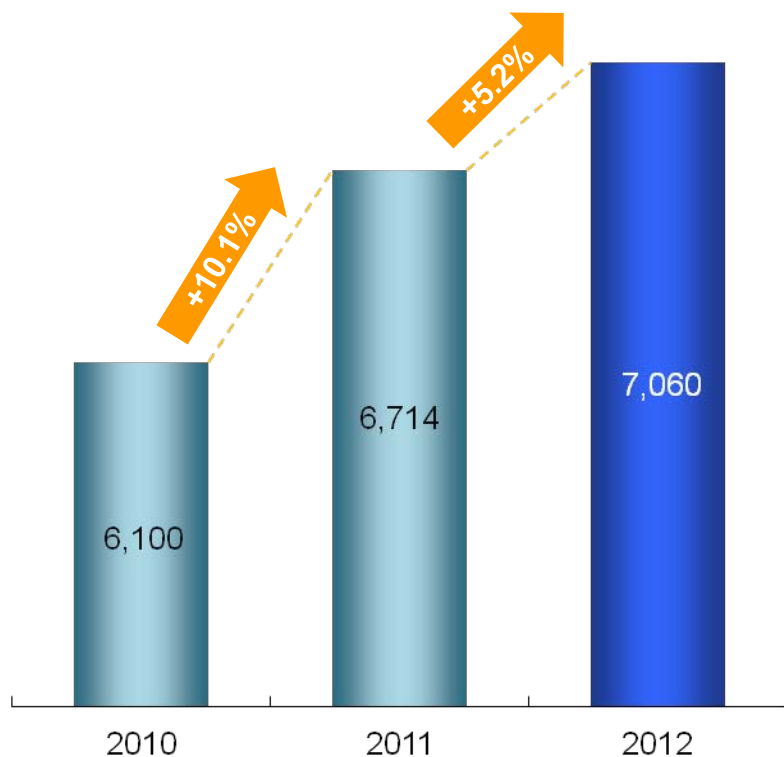
The growth rate of investments' net asset value was 5.5%, representing a YOY increase of 4.3pt. Net investment yield reached 5.1%, representing a YOY increase of 0.4pt. Total investment yield reached 3.2%, representing a YOY decrease of 0.5pt.

Life Insurance Business (1/4)

5.2% NBV YOY growth and 4.2pt NBV Margin increase

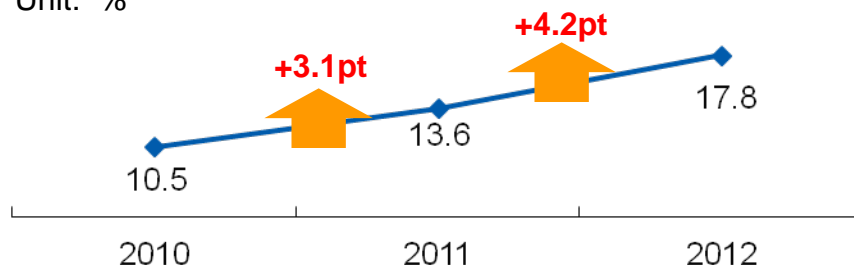
New business value

Unit: RMB million



NBV Margin

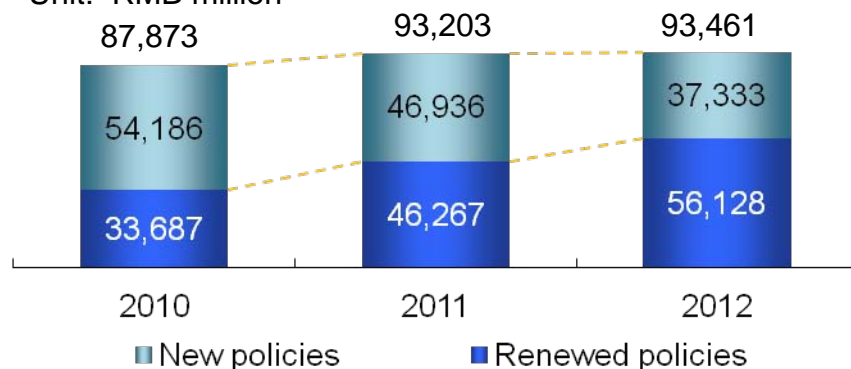
Unit: %



Note: NBV Margin = new business value / life insurance FYP used to calculate new business value

Gross written premiums

Unit: RMB million

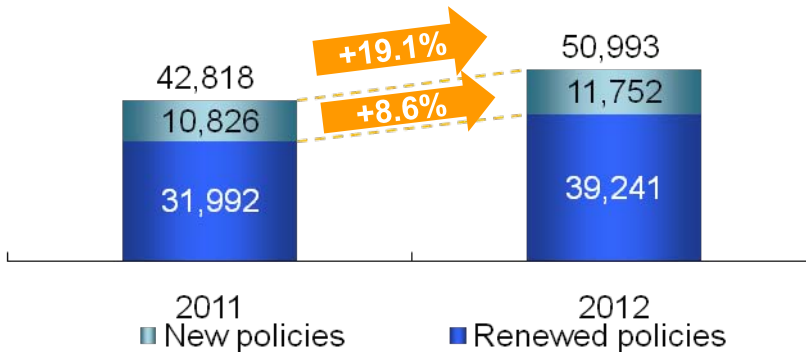


Life Insurance Business (2/4)

19.1% YOY growth of premiums from agency channel; increased contribution to NBV from agency channel to 78.7%

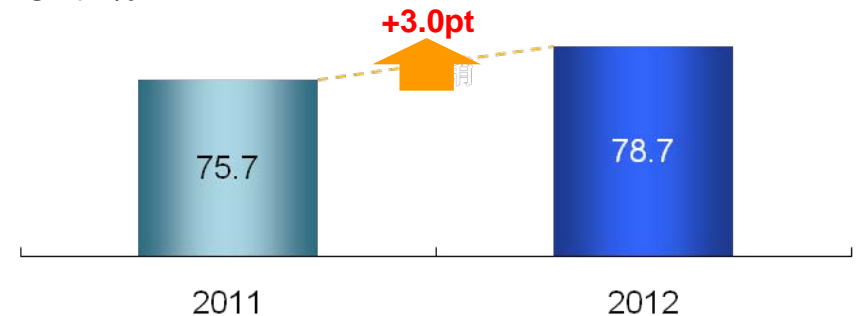
Agency channel GWP

Unit: RMB million



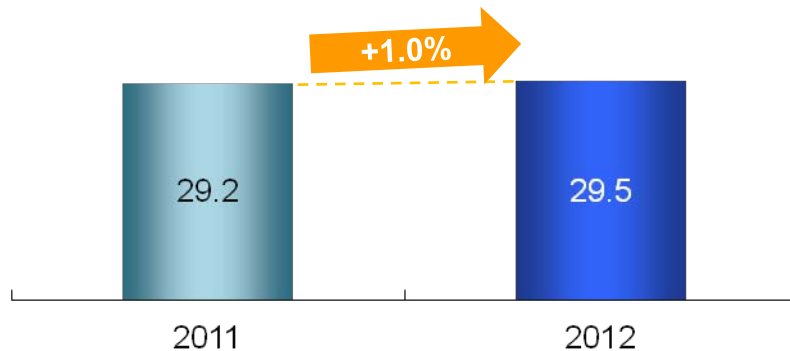
Percentage of NBV from agency channel

Unit: %



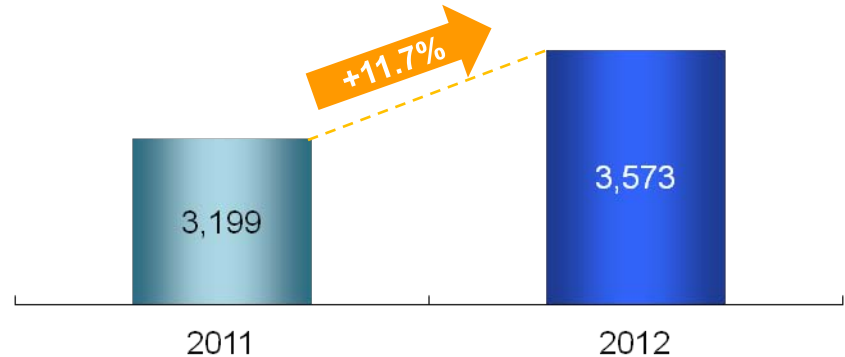
Number of agents

Unit: Ten thousand



Average monthly agent productivity

Unit: RMB

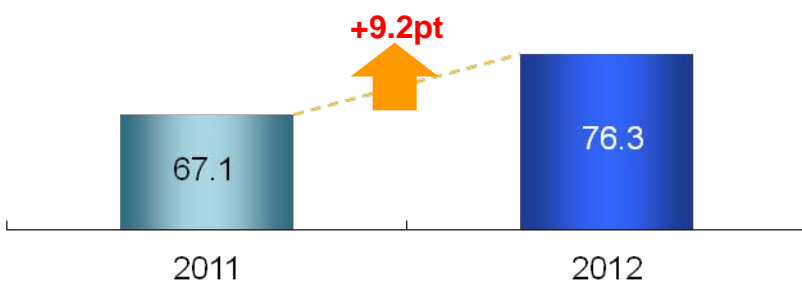


Life Insurance Business (3/4)

Regular premium income contribution increased to 76.3% and persistency ratio remained high

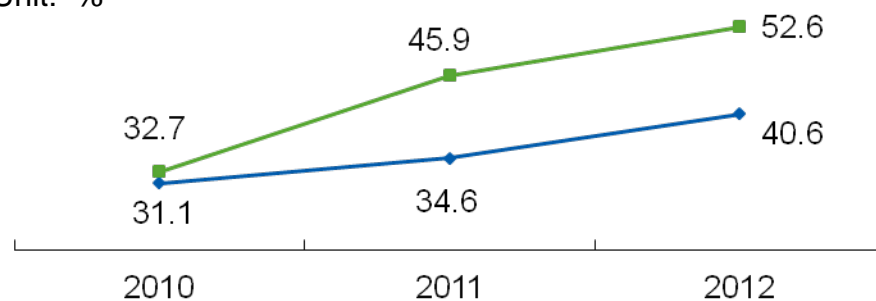
Percentage of regular premiums

Unit: %



Percentage of new policies regular premiums

Unit: %

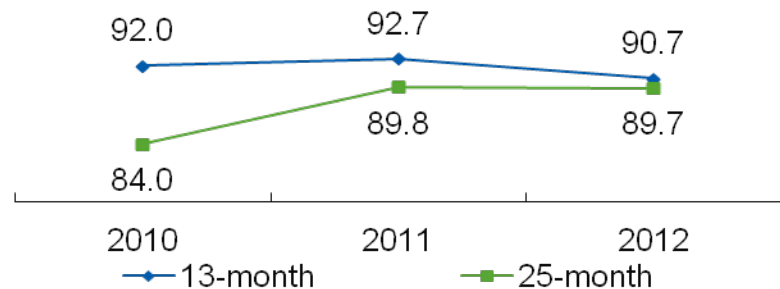


Note: Percentage of regular premiums = (new business regular premiums + renewal premiums) / gross written premiums

— Regular premiums as % of new policies premiums
 — Regular premiums with payment term ≥ 10 years as % of new policies regular premiums

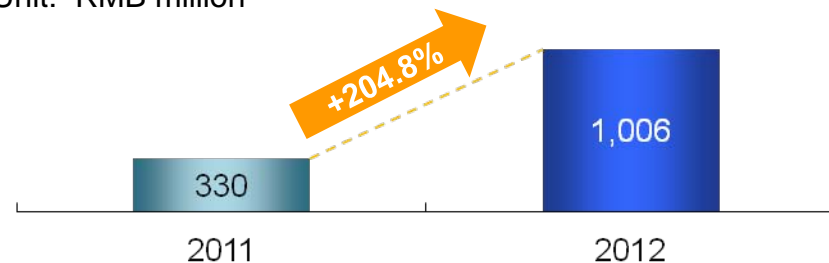
Individual life insurance customer persistency ratio

Unit: %



High-value regular premiums from new bancassurance policies

Unit: RMB million



Life Insurance Business (4/4)

Transformational development of bancassurance; fast growth of direct sales and new channels

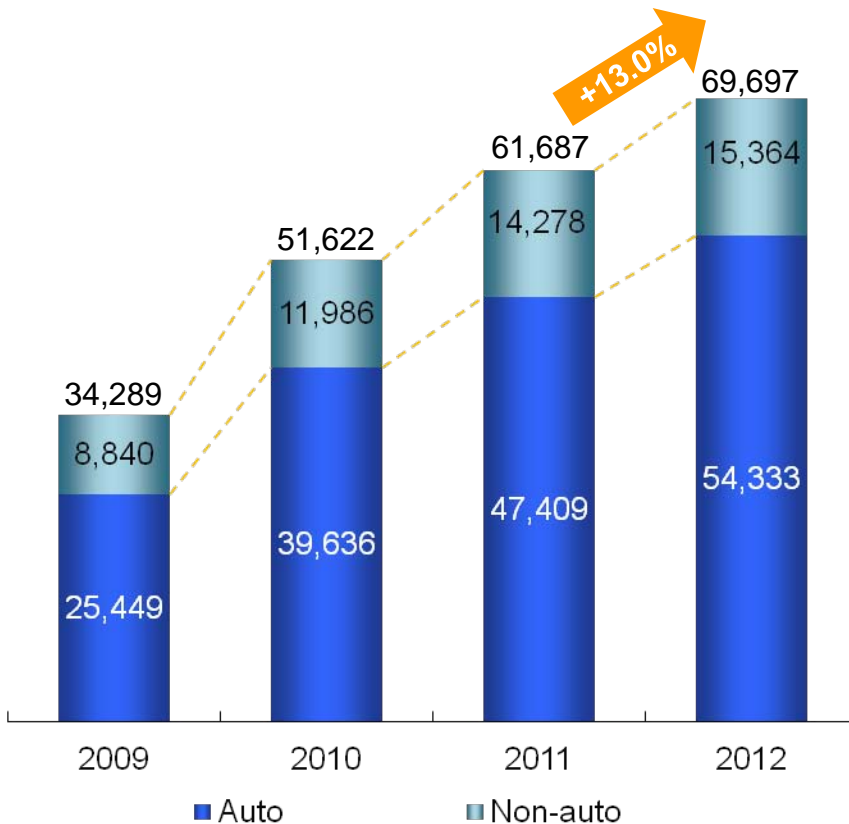
Unit: RMB million	2012	2011	Change (%)
Bancassurance			
Gross Written Premiums	34,541	44,450	(22.3)
New policies	18,245	30,512	(40.2)
Renewed policies	16,296	13,938	16.9
Direct sales			
Gross Written Premiums	6,990	5,427	28.8
New policies	6,840	5,285	29.4
Renewed policies	150	142	5.6
New channels			
Gross Written Premiums	937	508	84.4
New policies	496	313	58.5
Renewed policies	441	195	126.2

P&C Insurance Business (1/3)

13.0% YOY growth of P&C insurance GWP with 95.8% combined ratio

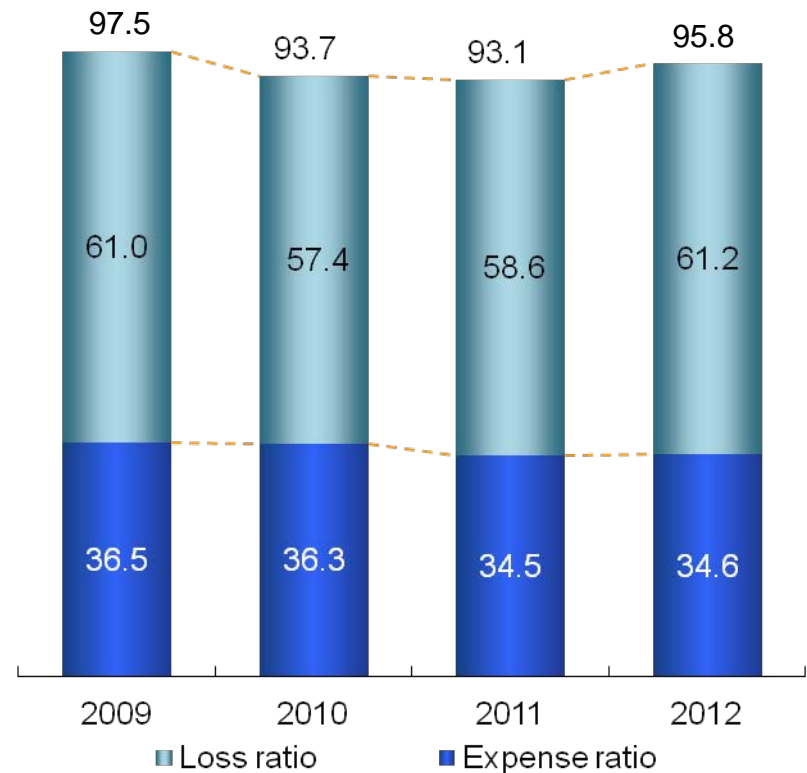
P&C GWP

Unit: RMB million



Combined ratio

Unit: %

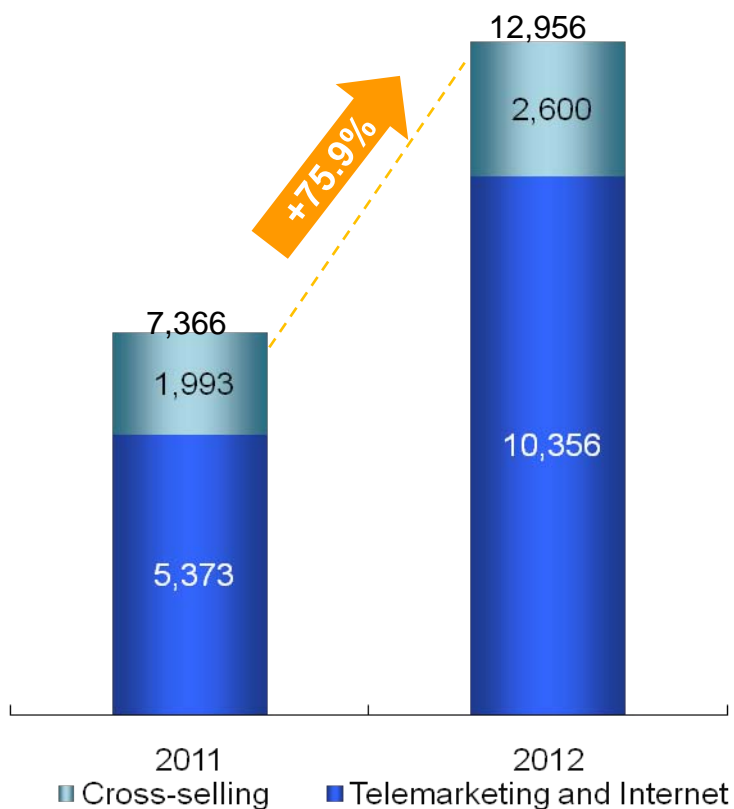


P&C Insurance Business (2/3)

75.9% YOY growth of premiums from new channels and contribution increased to 18.6%

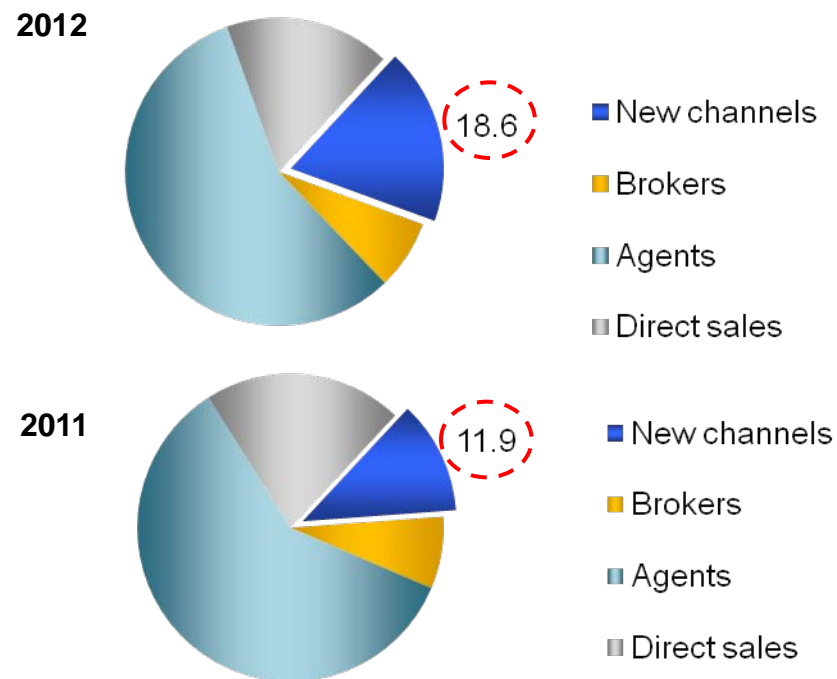
GWP from new channels

Unit: RMB million



Percentage of GWP from new channels

Unit: %

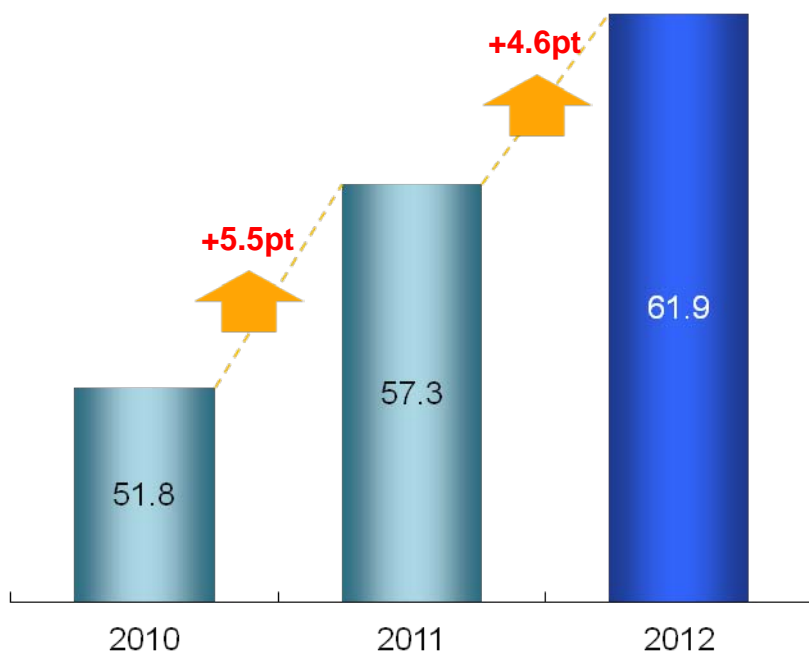


P&C Insurance Business (3/3)

Continued improvement of customer loyalty

Renewal rate of commercial automobile insurance

Unit: %



Retention rate of corporate customers of non-auto insurance

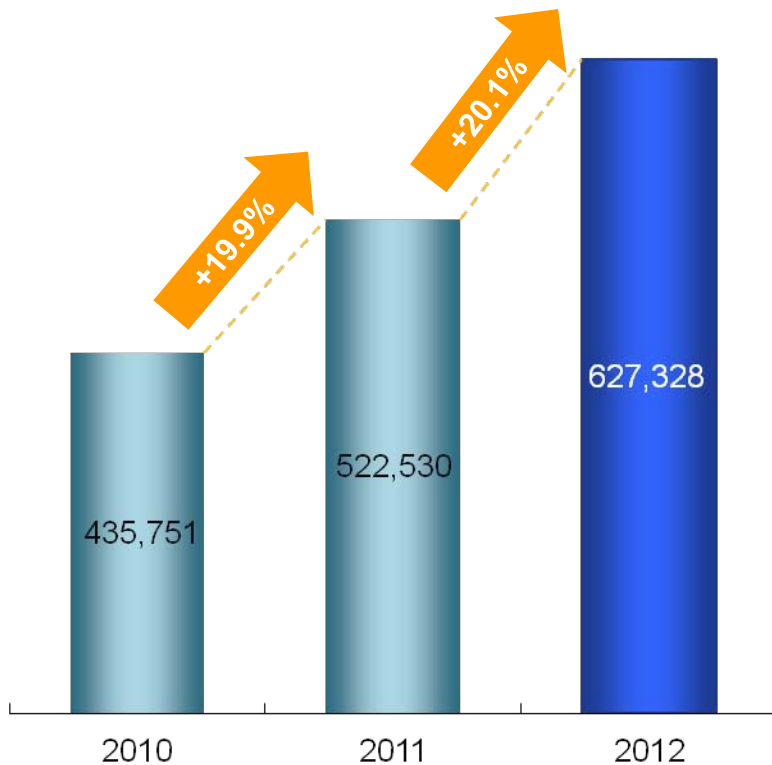
- Renewal rate of mid and large-size commercial property insurance customers reached 83.4%
- 28.6% YOY growth of premium income from key accounts
- 39.3% YOY growth of number of key accounts

Asset Management (1/2)

Investment assets grew 20.1% and investments' net asset value grew 5.5%

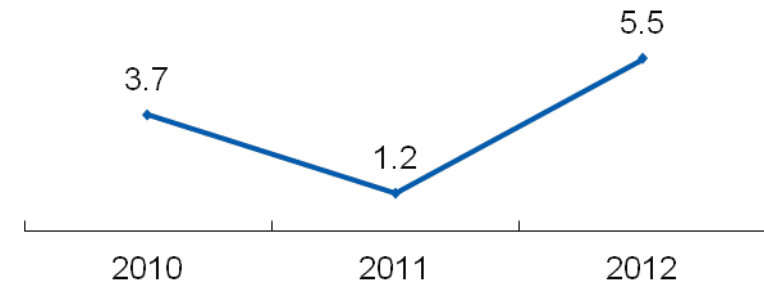
Investment assets

Unit: RMB million



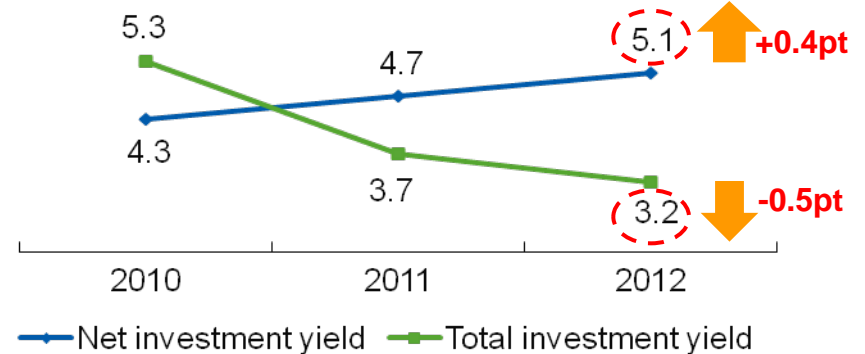
Growth rate of investments' net asset value

Unit: %



Investment Yield

Unit: %



Asset Management (2/2)

Optimized asset allocation based on ALM principles

Investment assets portfolio

As at 31 December	2012(%)	2011(%)	Change (pt)
Fixed income investments ⁽¹⁾	85.0	85.6	(0.6)
Debt securities	52.8	53.0	(0.2)
Term deposits	26.2	26.3	(0.1)
Debt investment plans	4.5	4.9	(0.4)
Other fixed-income investments ⁽²⁾	1.5	1.4	0.1
Equity investments	10.0	10.3	(0.3)
Investment funds	4.6	3.9	0.7
Equity securities	4.3	5.2	(0.9)
Other equity investments ⁽³⁾	1.1	1.2	(0.1)
Investment properties	1.0	1.2	(0.2)
Cash & cash equivalents	4.0	2.9	1.1

Note:

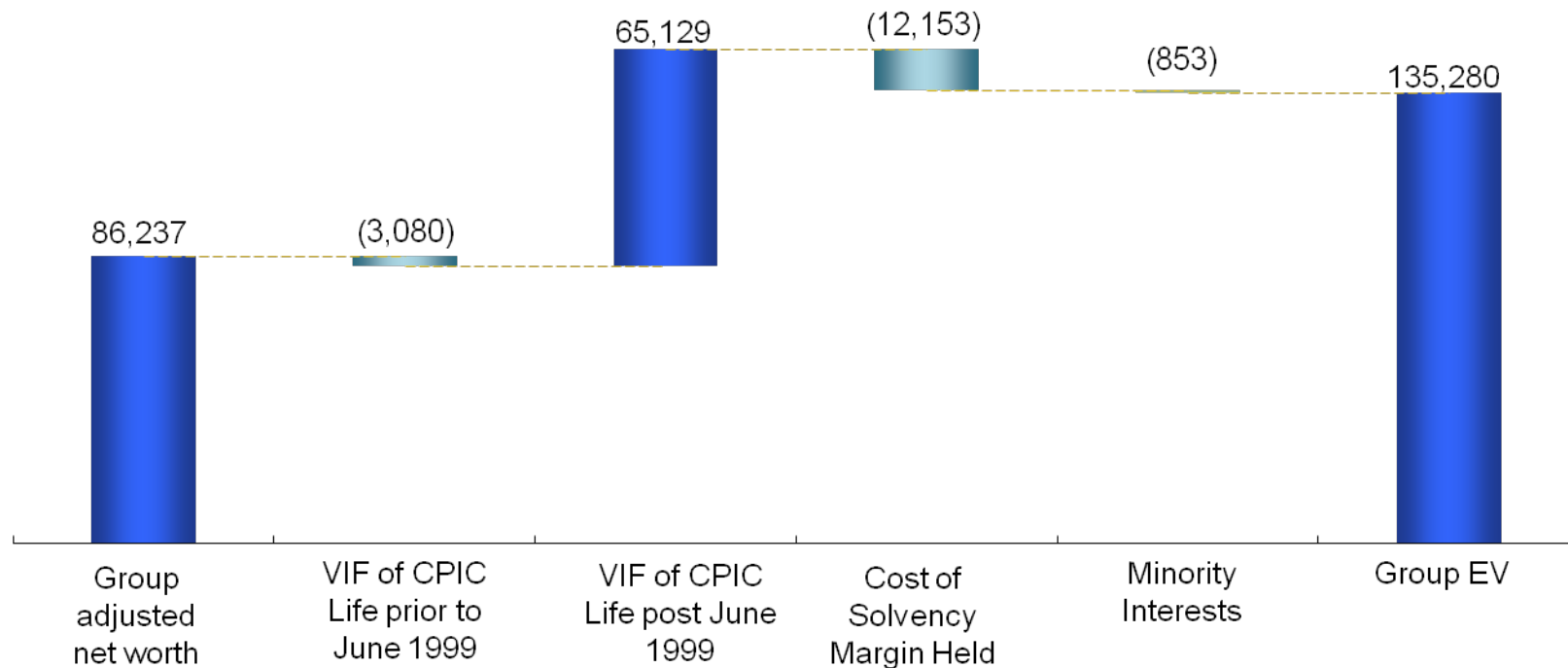
- (1) Fixed-income investments include debt securities, term deposits, debt investment plans, restricted statutory deposits, policy loans and wealth management products, etc.
- (2) Other fixed-income investments include restricted statutory deposits, policy loans and wealth management products, etc.
- (3) Other equity investments include unlisted equity securities

Embedded Value (1/2)

19.1% YOY growth of embedded value benefiting from healthy business development

Composition of embedded value as at 31 December 2012

Unit: RMB million

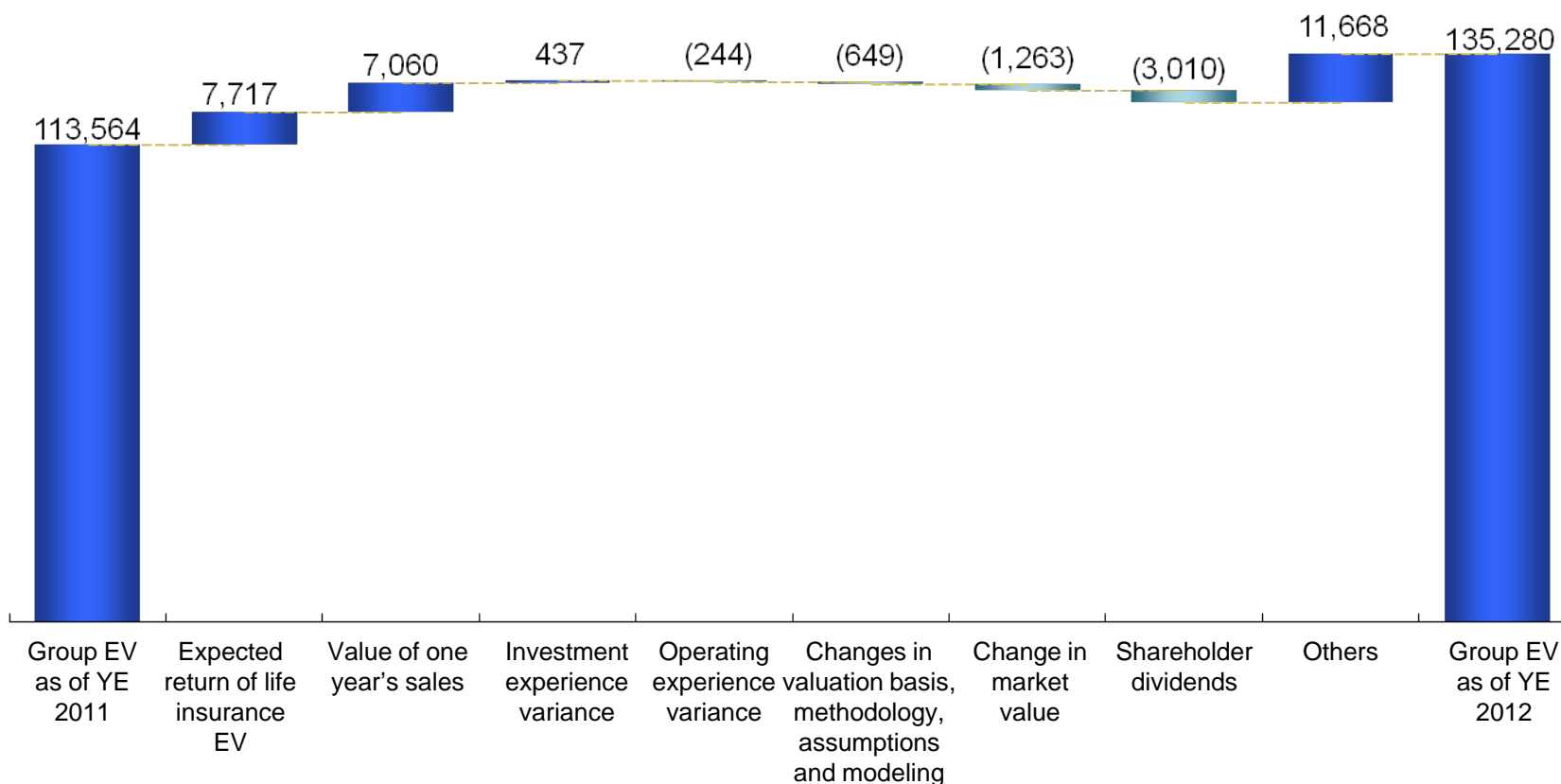


Embedded Value (2/2)

19.1% YOY growth of embedded value benefiting from healthy business development

Changes in embedded value in 2012

Unit: RMB million



Q & A