

2019 Annual Results Presentation

China Pacific Insurance (Group) Co., Ltd.

March 24, 2020



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We focused on transformation and never slackened in steps

(unit: RMB million)

Group Gross Written Premiums



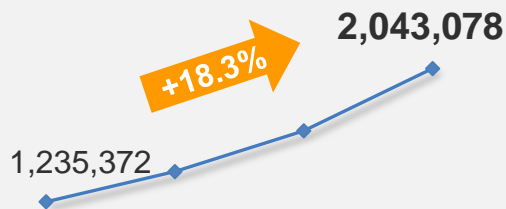
Group Net Profits¹⁾



Net Asset per Share¹⁾



Group Assets under Management



Number of Group Customers



Embedded Value per Share



2016 2017 2018 2019

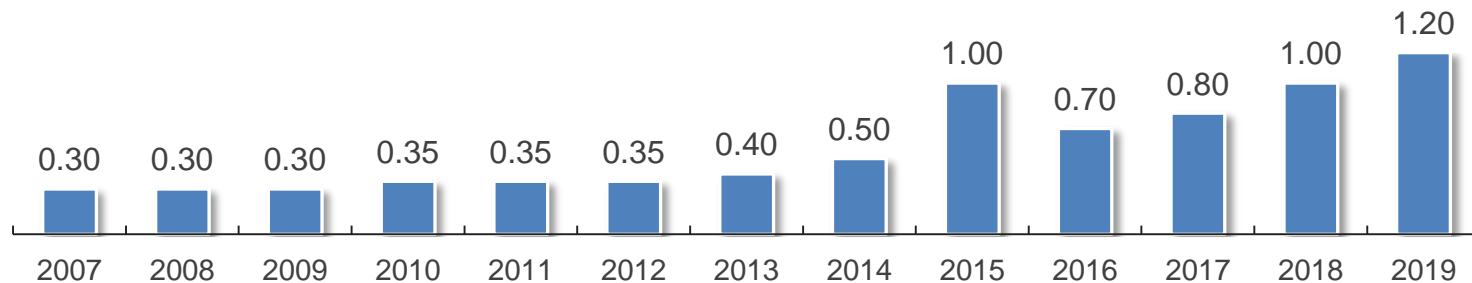
2016 2017 2018 2019

2016 2017 2018 2019

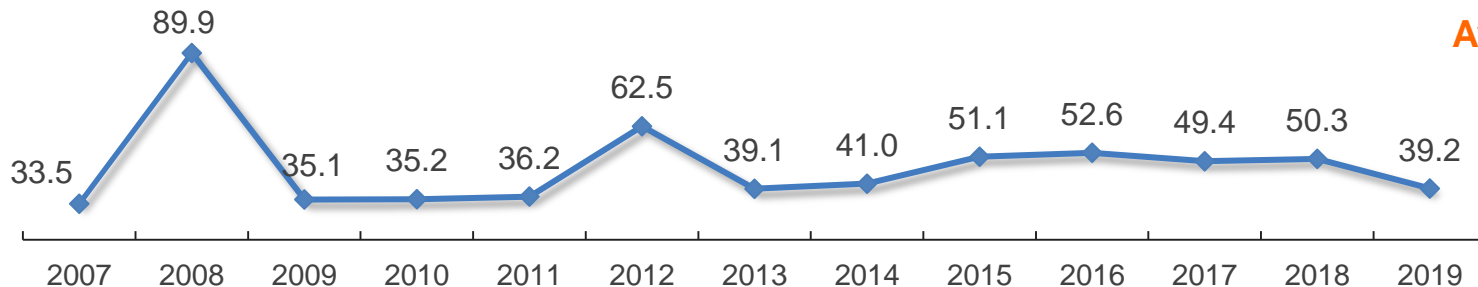
Note: 1) Attributable to equity holders of the parent.

Shareholder dividend on steady increase since listing

Dividend per Share (unit: RMB yuan)



Pay-out Ratio (unit: %)



Average Pay-out Ratio

47.3%

Note: The dividend in 2019 is subject to approval of the Shareholders' General Meeting.

More accomplishments in fulfilling corporate social responsibility



◆ Signed a strategic cooperation agreement with the Ministry of Industry and Information Technology to serve the high-end manufacturing industry

◆ In the face of the coronavirus outbreak, we developed customized insurance solutions to help with resumption of business of medical supply manufacturers and pharmaceutical companies, and provided coverage to the first batch of **7** firms with sum assured exceeding **RMB200mn**



◆ CPIC P/C's innovative "Fang Pin Bao" anti-poverty program provided a total of **RMB2.77 trillion** in protection to vulnerable people in **160 counties** of **16 provinces**, and won the Award in Organizational Innovations of the 2019 National Poverty Alleviation Awards, the top prize of its kind

◆ In 2019, our poverty reduction programs covered about **5.133 million** impoverished households on the dossier and provided **RMB2.32 trillion** in sum assured to the poverty-stricken areas



◆ As a key sponsor and insurance provider of **China's International Export Expo between 2019 and 2021**, we provided a total of over **RMB500 billion** in sum assured of coverage integrating life, health and property and casualty insurance for the 2nd CIIE



◆ Supported regional integrated development initiatives such as "**Integration of the Yangtze River Delta Region**" and "**New Area of Shanghai Free Trade Zone**", with property and casualty premiums in Shanghai exceeding RMB10bn for the first time

◆ Participated in the private placement of Shanghai Lingang, upgraded our insurance service in an all-around way and did our bit in the construction of the new areas in Lingang of Shanghai Free Trade Zone

Breakthroughs in “products + services”



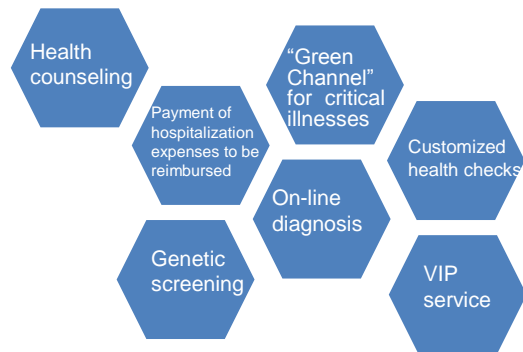
CPIC Home

- ◆ “CPIC Home” high-end retirement communities gained traction, with projects in Chengdu, Dali, Hangzhou, Shanghai, Nanjing and Xiamen up and running, evenly distributed across the country
- ◆ Handed out **7,906** certificates of residence of retirement communities, helping to enhance capability in high end customer acquisition and retention.



CPIC Blue

- ◆ Our service network covered over **2,800** health care providers across the country, covering over **7.5mn** people, with the share of top-level hospitals reaching almost **50%**



Progress in intra-Group collaboration and digital empowerment



The share of cross-sell automobile premiums from life insurance agents reached **10.3%**



The **cloud-based core business systems** considerably enhanced our responsiveness and insurance policy issuance capacity



The penetration ratio of long-term insurance customers of CPIC Life by short-term medical products **+ 4.3pt**



The data centre in Luoqing, Shanghai went into operation, marking the establishment of a technological support system underpinned by **3 centers in 2 locations**



Entered into strategic partnerships with **63.8%** of China's provinces, municipalities and autonomous regions



The **"CPIC App"**, the integrated customer interface, achieved initial success in smart operation



Changjiang Pension successfully qualified as manager of occupational annuity of all the **30** provinces/ municipalities which started the bidding



The "Jiayuan" individual customer account cumulatively responded real-time to over **100 million** inquiries

Outlook

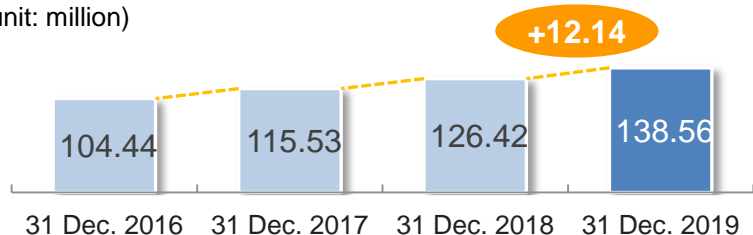
In 2020, Transformation 2.0 will enter an all-around overdrive. CPIC, under the leadership of the Board of Directors, will unswervingly follow the path of high quality development. On the one hand, we will **adhere to the basics**, i.e., fulfilling annual business objectives and stabilizing the fundamentals; on the other hand, we will **continue with reform**, namely, seeking new progress of transformation in key areas such as fostering new value growth drivers, improving the supply of technological innovation, enhancing the brand of CPIC Service, and boosting intra-Group collaboration.

Performance Analysis

Group customers continued to grow, with steady increase in level of protection

Number of Group Customers

(unit: million)



Number of Customers with 2 Insurance Policies or above

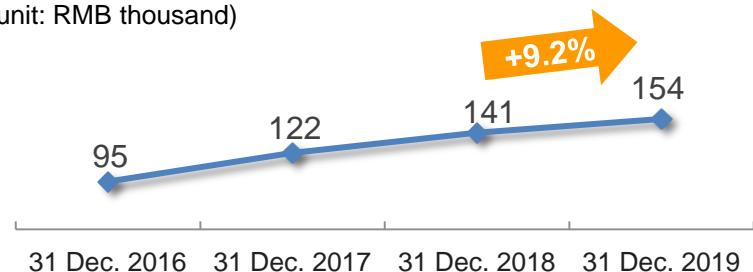


25.68mn

+26.8%

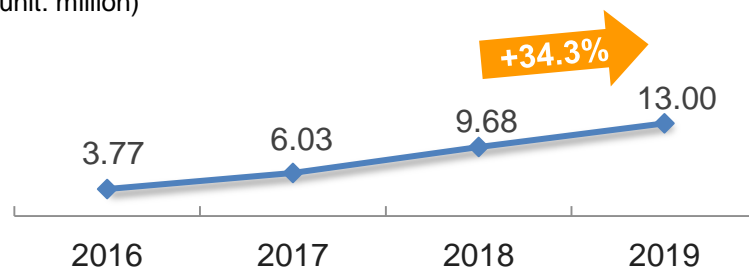
Average SA on Critical Illness per Customer

(unit: RMB thousand)



Number of Customers with TPL SA over 1mn

(unit: million)



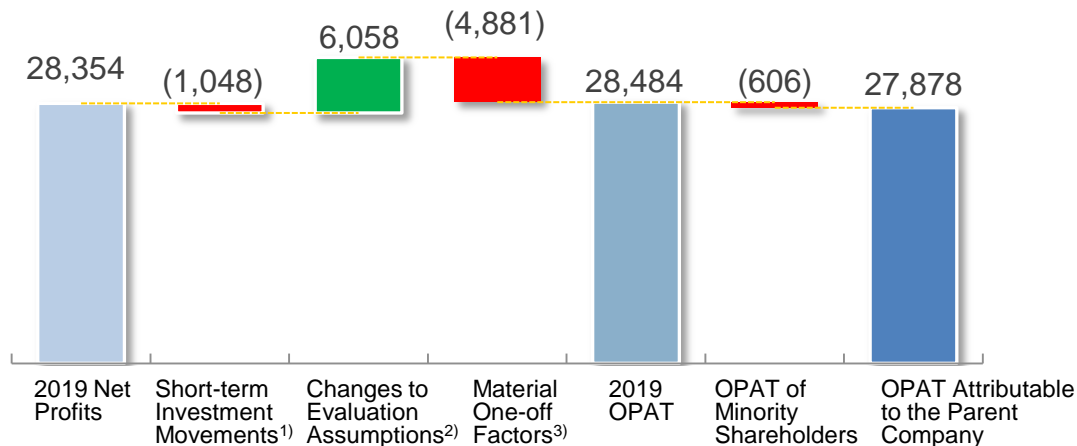
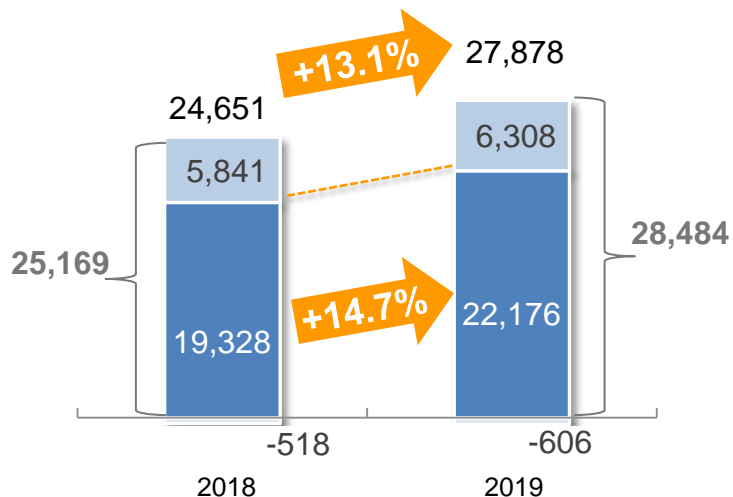
Note: The number of Group customers refers to the number of applicants and insureds who hold at least one insurance policy within the insurance period issued by one or any of CPIC subsidiaries as at the end of the reporting period. In the event that the applicants and insureds are the same person, they shall be deemed as one customer.

Group OPAT RMB27.878bn, an increase of 13.1%

(unit: RMB million)

- Life Insurance
- Others and Consolidation Cancelling-out
- OPAT Attributable to Minority Shareholders

OPAT = Net Profits – Short-term Investment Movements – Changes to Evaluation Assumptions – Material One-off Factors



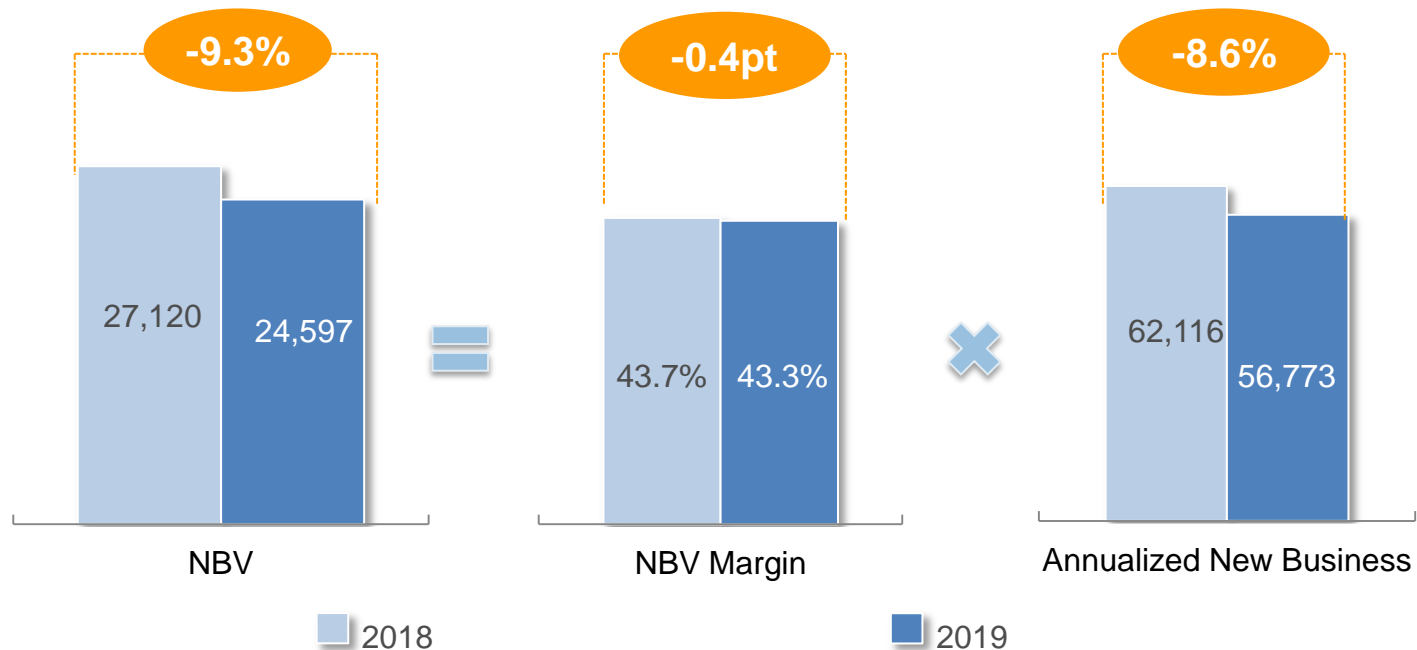
Notes:

- 1) Short-term investment movements refer to the difference between life insurance actual investment income 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, considering the impact of corporate income tax.
- 3) Material one-off factors for 2019 refer to the tax rebate of RMB4.881bn from 2018; OPAT for 2018 was adjusted retrospectively for new tax policy.
- 4) Numbers may not totally add up due to rounding.

Life Business (1/4)

NBV under pressure, with margin maintaining stability

(unit: RMB million)

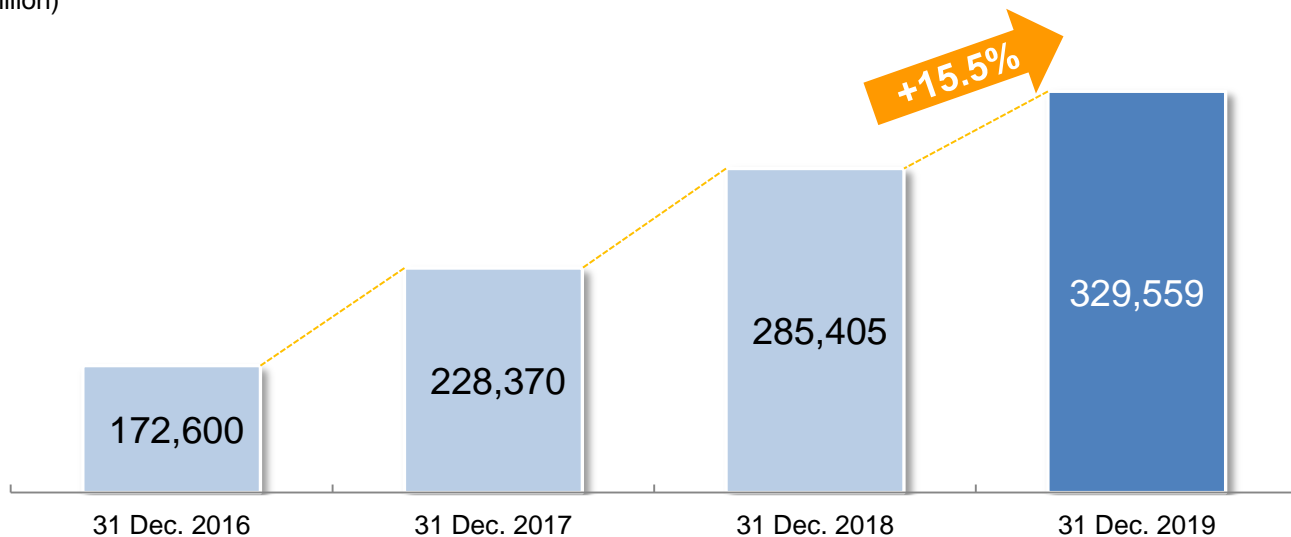


Life Business (2/4)

Sustained growth of residual margin

Residual Margin

(unit: RMB million)

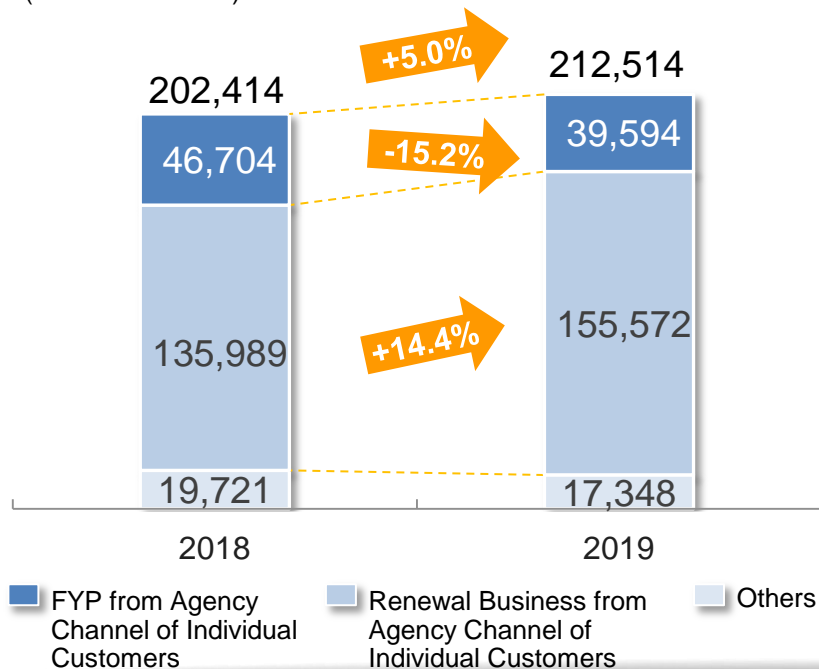


Life Business (3/4)

Premium growth driven by renewed business, with healthy business quality

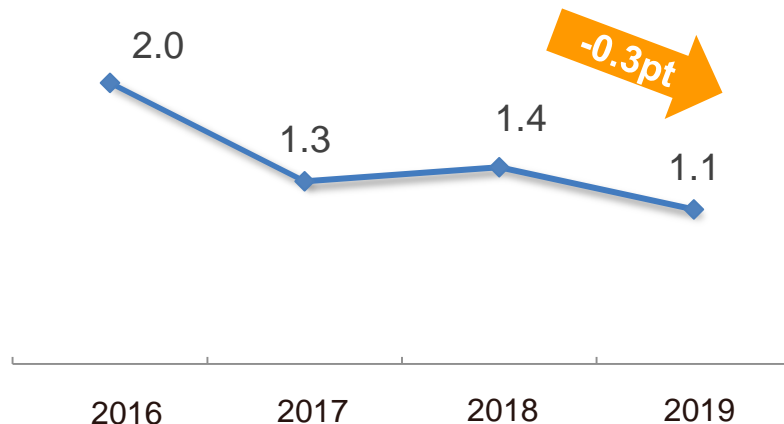
Gross Written Premiums

(unit: RMB million)



Surrender Ratio

(unit: %)

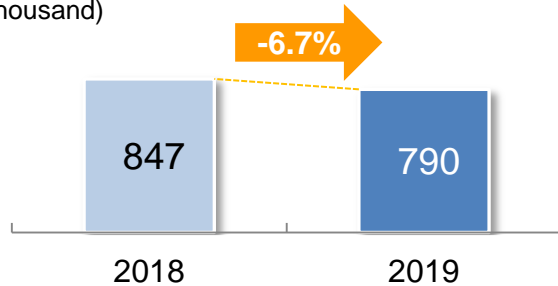


Life Business (4/4)

Traditional growth model driven by agent headcount no longer sustainable, with agency force upgrading an imperative

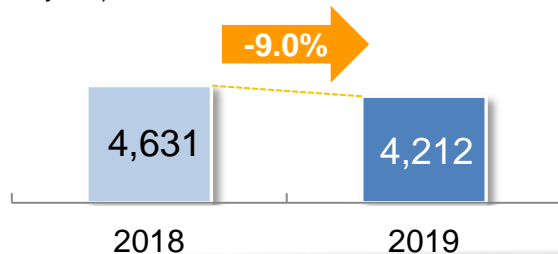
Monthly Average Number of Agents

(unit: thousand)



First Year Premiums per Agent

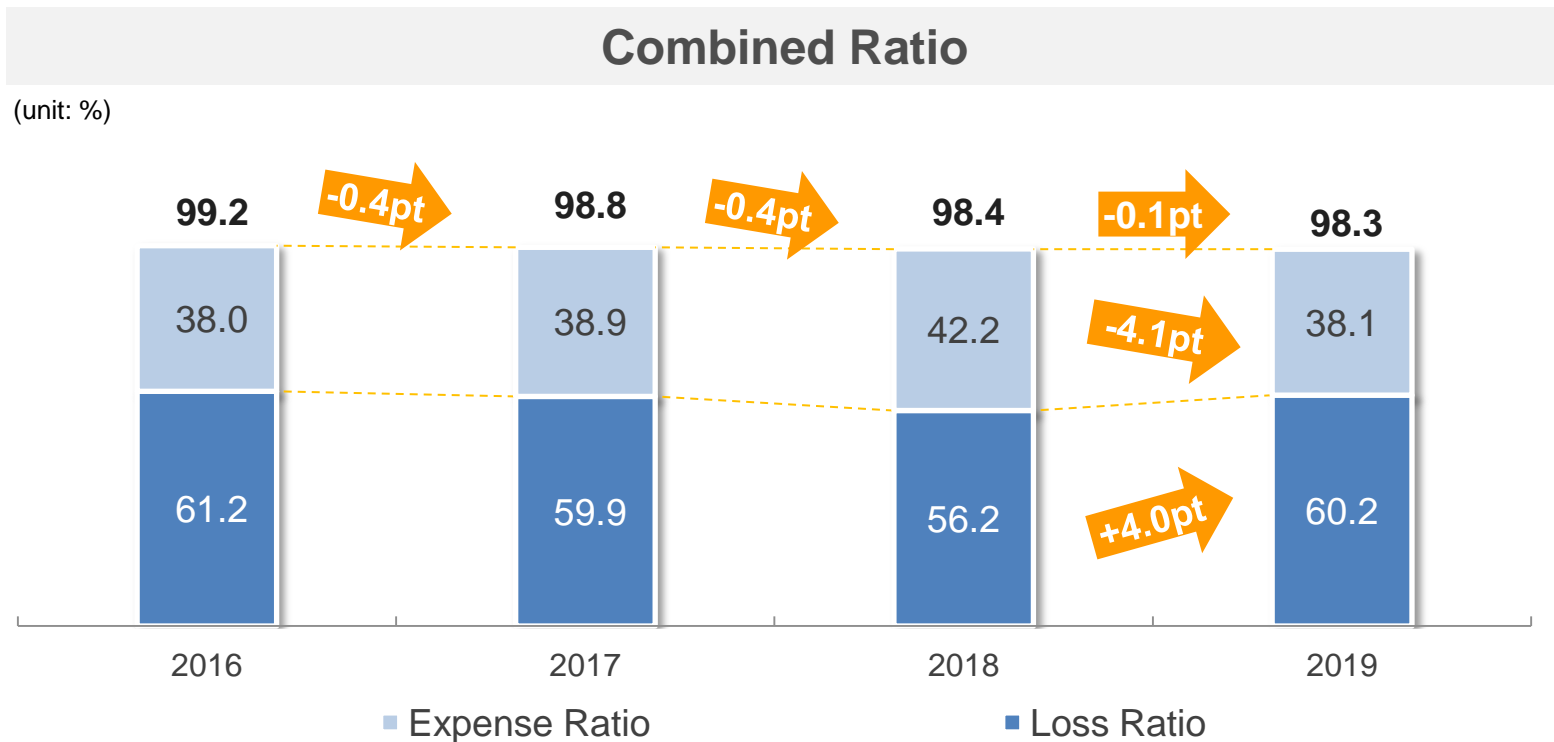
(unit: RMB yuan)



- ◆ Focus on the core manpower, ultra high-performing agents and new generation agents to promote agency force transformation;
- ◆ Step up digital empowerment and the on-line and off-line integration
- ◆ Push forward the model of “products + services” as part of the effort to foster the brand name of “CPIC Service”

Property and Casualty Insurance (1/4)

Combined ratio continued to improve

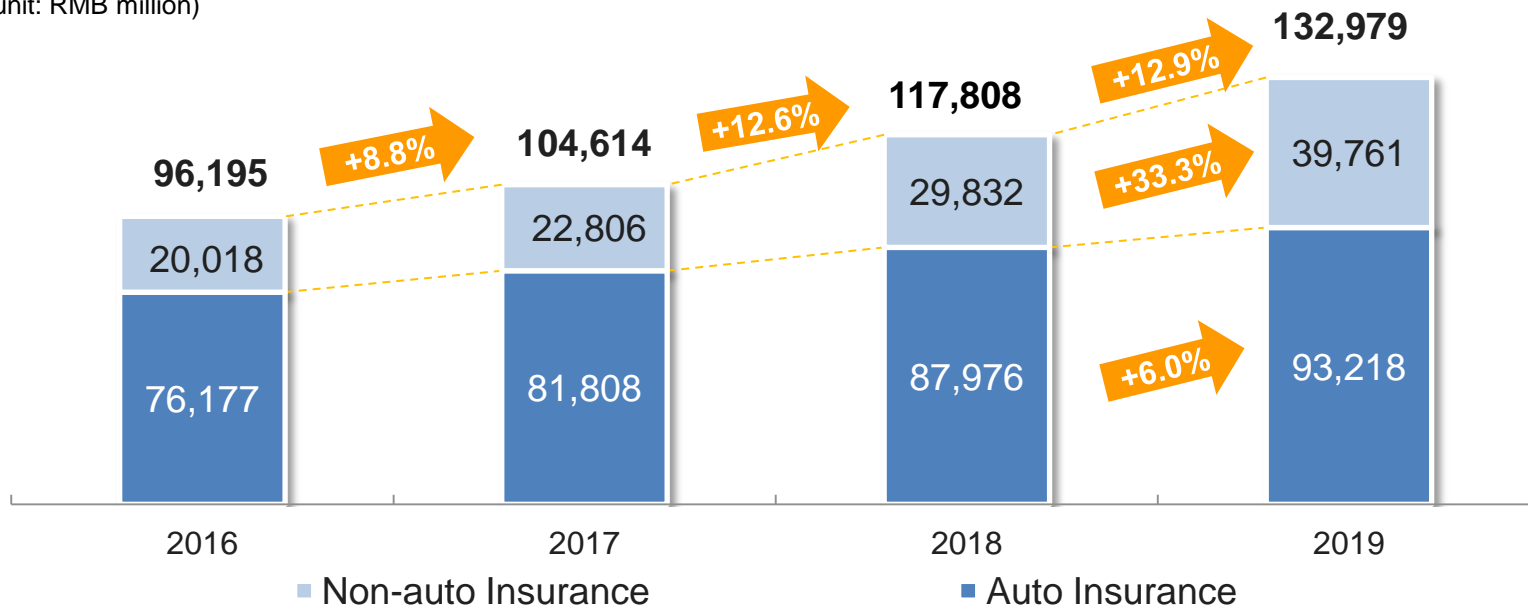


Property and Casualty Insurance (2/4)

Rapid top-line growth

Gross Written Premiums

(unit: RMB million)

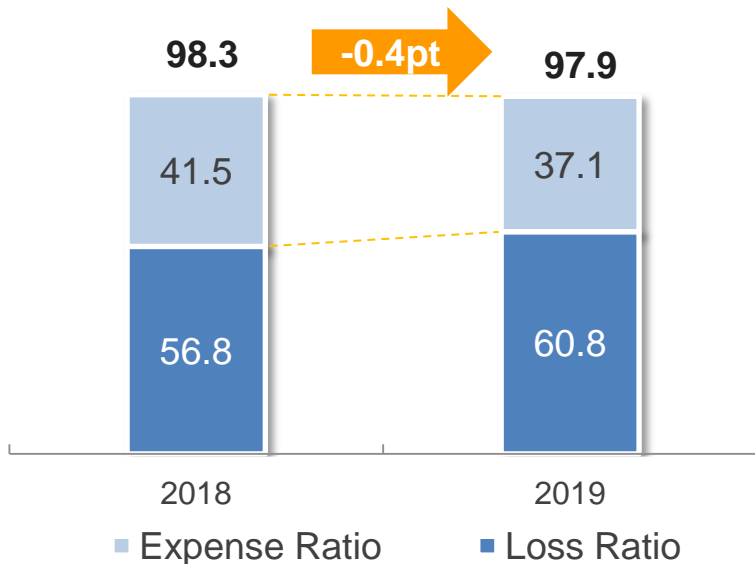


Property and Casualty Insurance (3/4)

Improved underwriting profitability of automobile insurance, with renewed business promoting shift of growth drivers

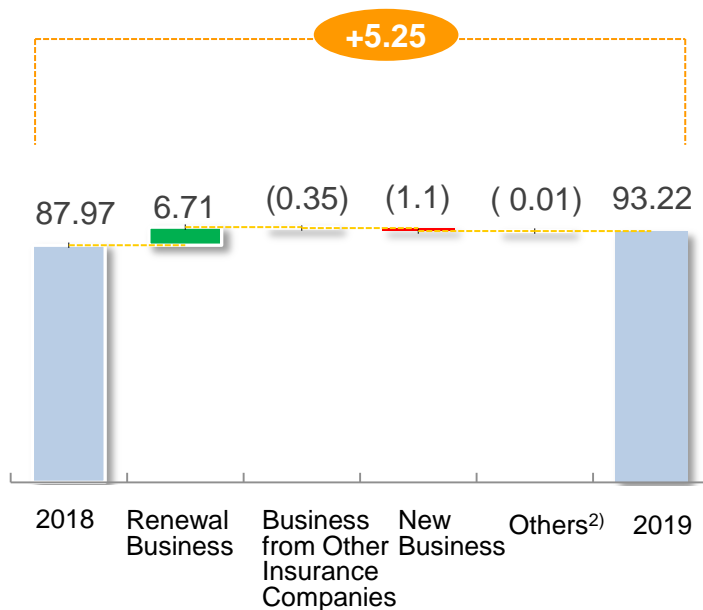
Combined Ratio of Auto Insurance

(Unit: %)



Auto Insurance Growth Attribution

(Unit: RMB billion)



Notes:

1) The property and casualty business on this slide refers only to CPIC P/C. 2) Others include motorcycles, tractors business etc.

Property and Casualty Insurance (4/4)

Rapid growth of non-auto business driven by emerging lines



Agricultural Insurance

- ◆ Underpinned by innovations in products, technology, mechanisms and research, leveraged the Tai An Institute of Agricultural Insurance, a think tank for agricultural insurance, continuously enhanced its service standards and capabilities
- ◆ Delivered **RMB6.778 billion** in primary insurance premiums , up **35.6%**



Liability Insurance

- ◆ Expanded coverage of areas relating to social administration and people's well-being, with rapid development of mandatory business such as environmental pollution and workplace safety
- ◆ Reported **RMB6.097 billion** in GWPs, up **15.3%**



Guarantee Insurance

- ◆ Focused on personal lines business and business of using guarantee insurance as a substitute for security deposit, continued to enhance the risk control systems and anti-fraud and credit risk management capabilities
- ◆ Reported **RMB5.616 billion** in GWPs, up **60.0%**

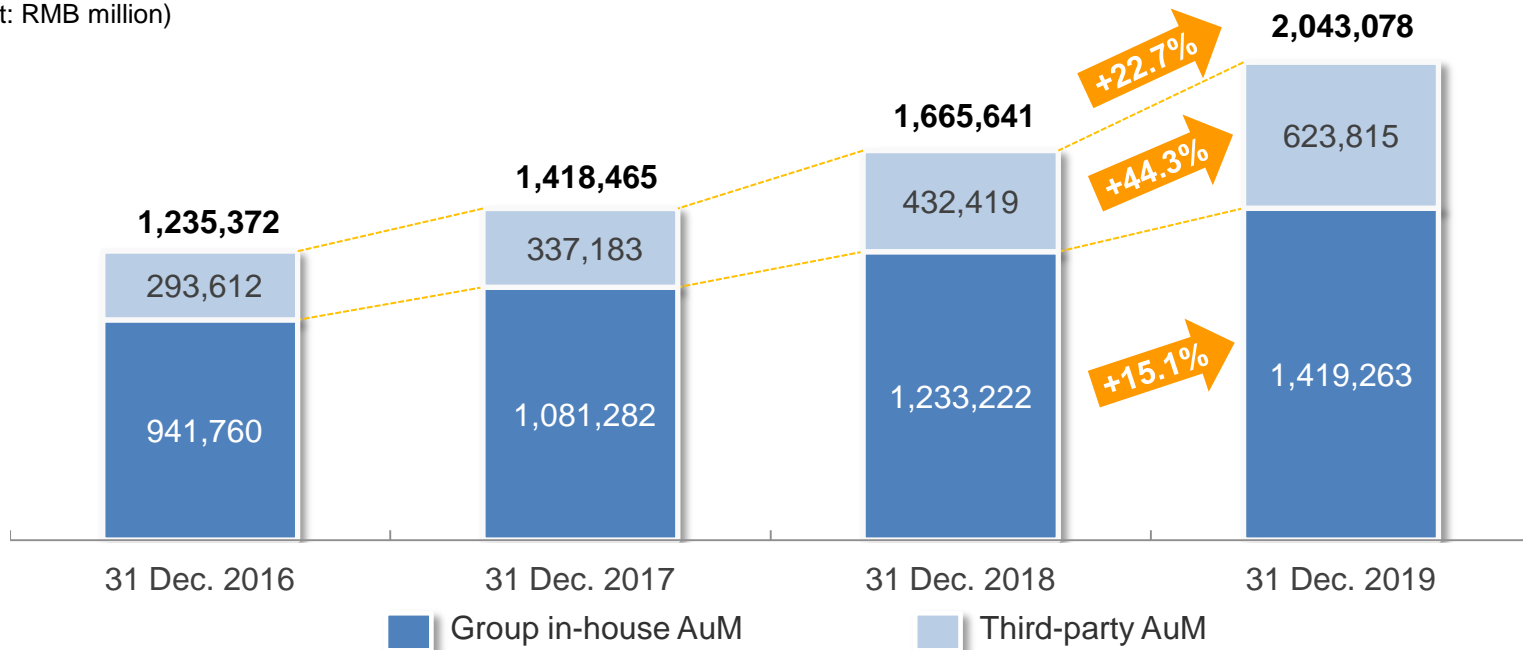
Note: Agricultural insurance premiums on this slide consolidate CPIC P/C and An Xin Agricultural Insurance. Other numbers refer only to CPIC P/C.

Asset Management (1/4)

Steady increase in Group asset under management, with improvement in market competitiveness

Group Assets under Management

(unit: RMB million)



Asset Management (2/4)

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

Group in-house investment portfolio	31 Dec. 2019(%)	Change (pt)
Fixed income investments	80.4	(2.7)
Bonds	42.6	(3.7)
Term deposits	10.4	-
Debt investment schemes	10.7	(0.2)
Wealth management products ¹⁾	9.9	1.5
Preferred shares	2.3	(0.3)
Other fixed income investments ²⁾	4.5	-
Equity investments	15.7	3.2
Equity funds	1.9	0.4
Bond funds	1.3	0.1
Stocks	6.4	2.3
Wealth management products ¹⁾	0.1	(0.5)
Preferred shares	1.0	0.4
Other equity investments ³⁾	5.0	0.5
Investment properties	0.6	(0.1)
Cash, cash equivalents and others	3.3	(0.4)

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.

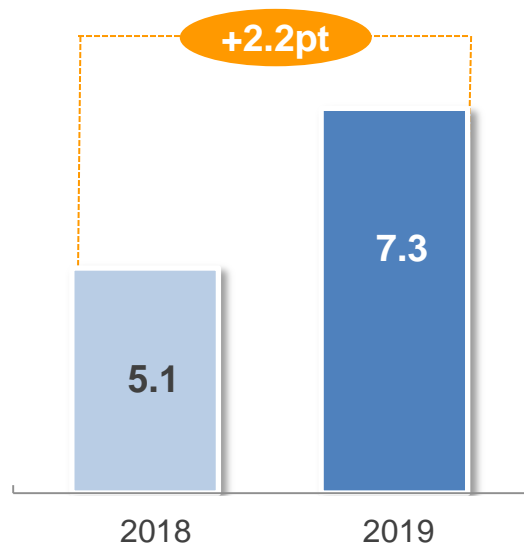
3) Other equity investments include unlisted equities, etc.

Asset Management (3/4)

Seized market opportunities and realized solid investment performance

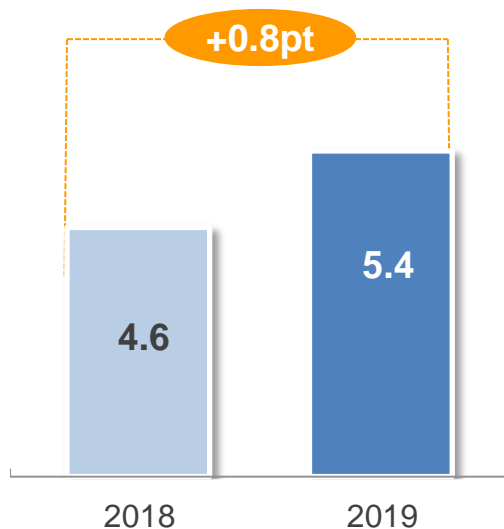
Comprehensive Investment Yield

(unit: %)



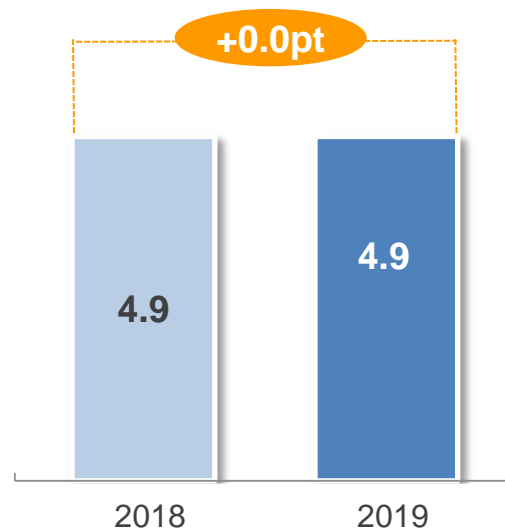
Total Investment Yield

(unit: %)



Net Investment Yield

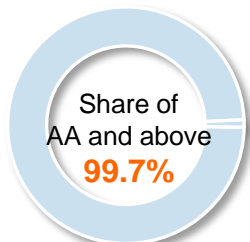
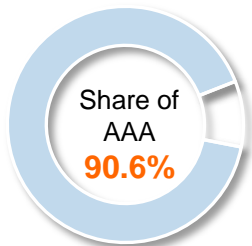
(unit: %)



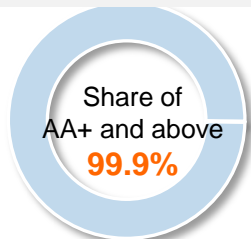
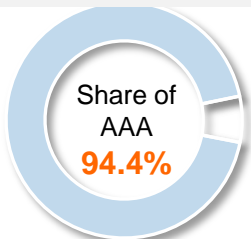
Asset Management (4/4)

Credit risk of investment assets under control

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

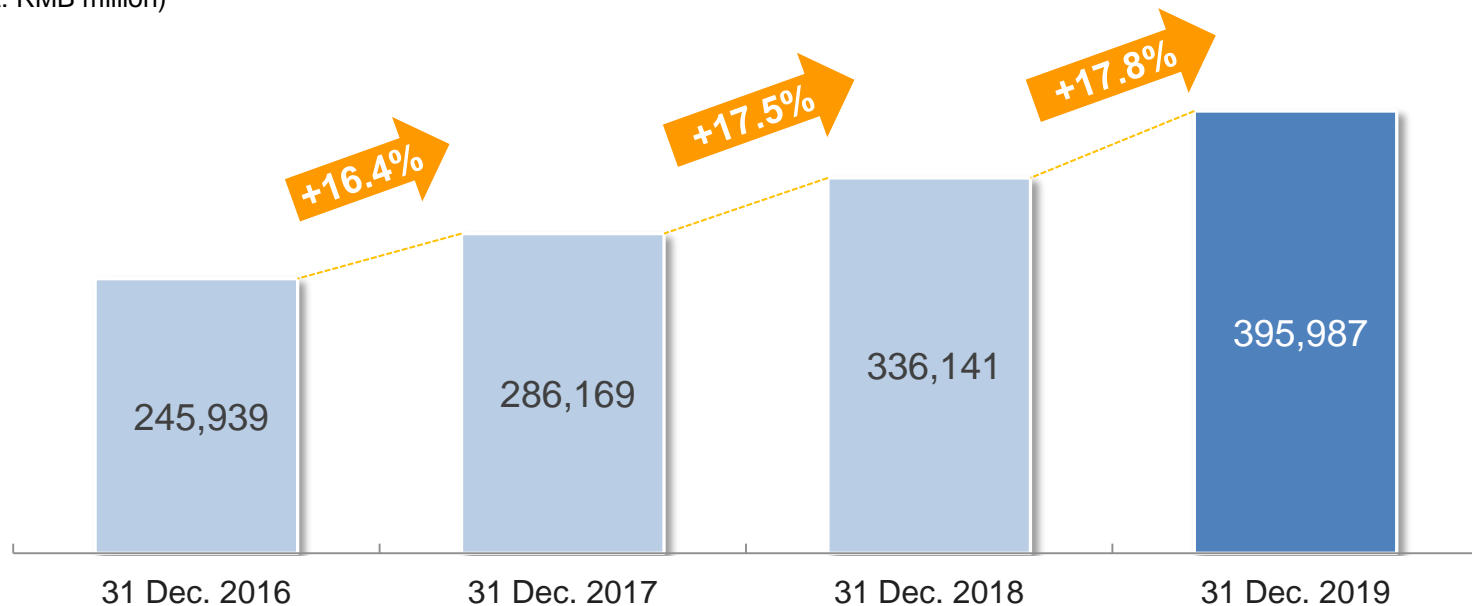
Sectors	Share of Investments (%)	Nominal Yield (%)	Average Duration (year)	Average Remaining Duration(year)
Infrastructural Projects	27.2	5.7	7.0	5.0
Non-bank Financial Institutions	23.9	5.2	4.5	2.0
Communications & Transport	15.2	5.7	5.9	4.0
Real Estate	14.6	5.5	9.0	5.9
Energy and Manufacturing	10.0	5.7	5.7	3.4
Others	9.1	5.8	7.8	6.4
Total	100.0	5.6	6.5	4.2

Note: Non-public financing instruments include wealth management products issued by commercial banks, debt investment schemes, collective trust plans by trust firms, special asset management plans by securities firms and loans backed securities by banking institutions, etc., the same as “non-standard assets”, a term used in previous reports.

Group Embedded Value(1/3)

Group Embedded Value

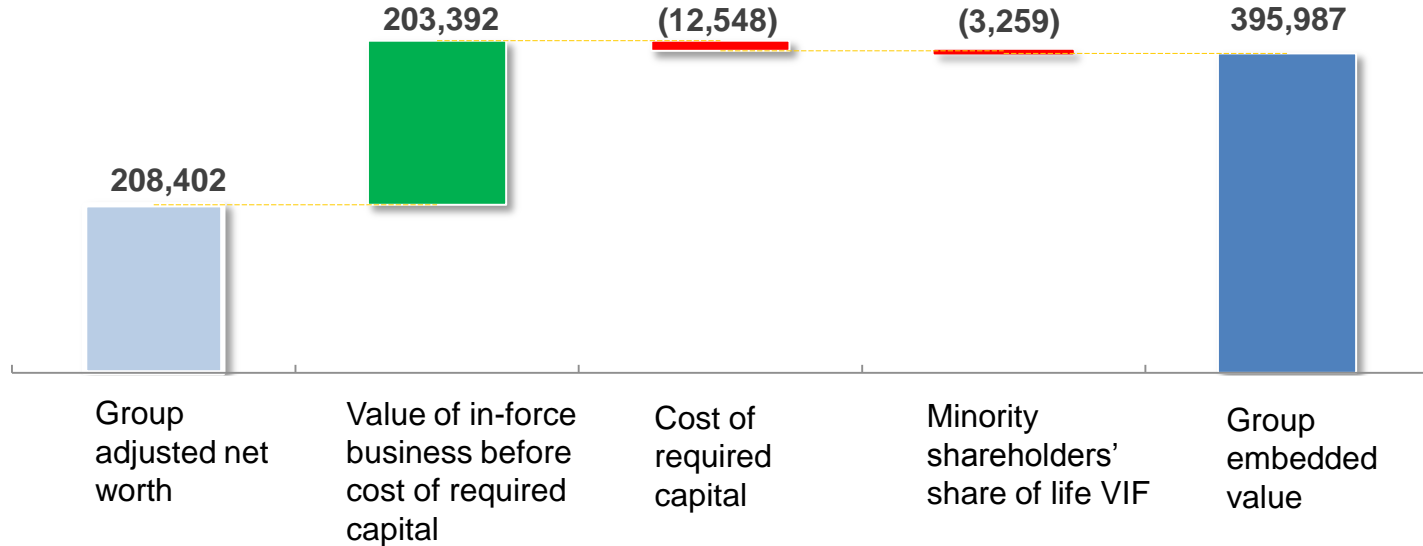
(Unit: RMB million)



Group Embedded Value(2/3)

Composition of EV as at 31 Dec. 2019

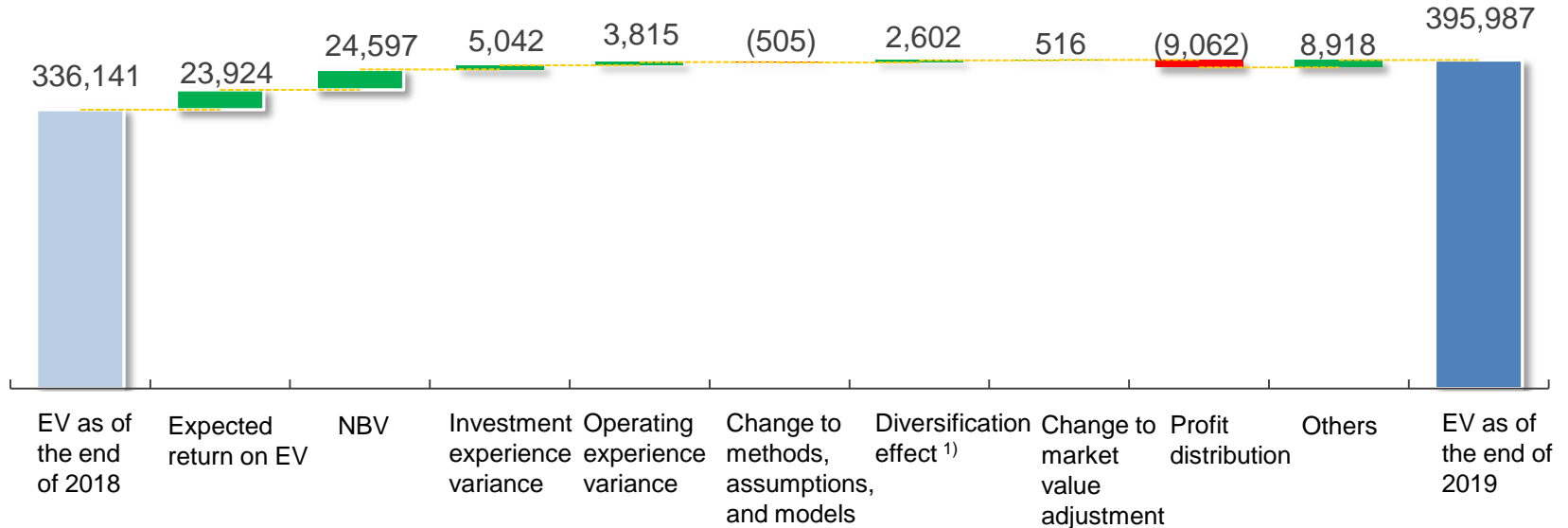
(Unit: RMB million)



Group Embedded Value(3/3)

Movement of Embedded Value

(Unit: RMB million)



Notes:

- 1) Diversification effect refers to the impact on cost of required capital of new business and business change.
- 2) Numbers may not totally add up due to rounding.

Q & A

平时注入一滴水



难时拥有太平洋