



China Pacific Insurance (Group) Co., Ltd.

2010 Annual Results

March 28, 2011



中国太平洋保险(集团)股份有限公司
China Pacific Insurance (Group) Co.,Ltd.

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Agenda



Highlights

Business Overview

Life insurance
P&C insurance
Investments

Financial Performance

Embedded Value

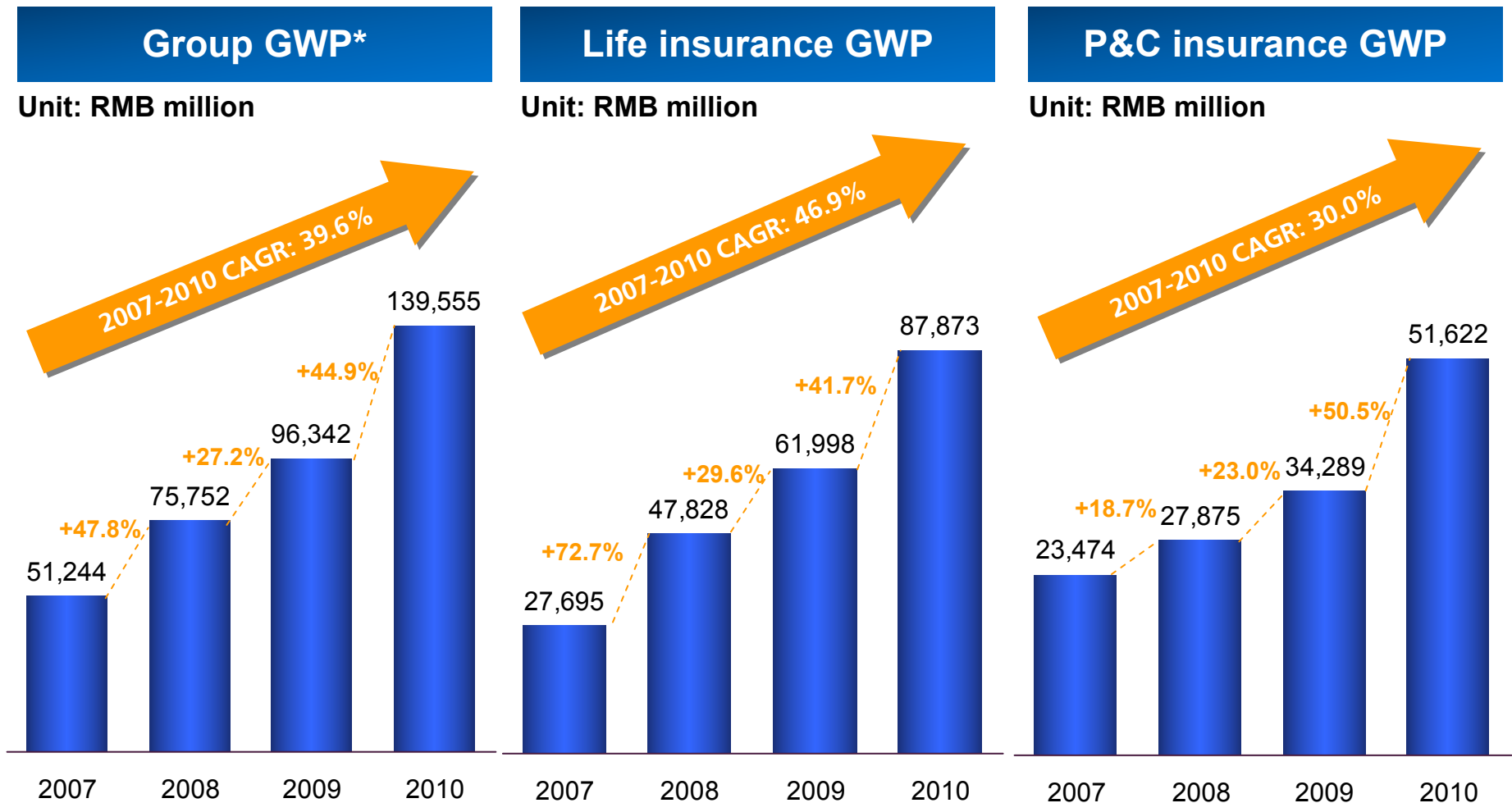
Three-year development review

From 2007, CPIC has focused on its core insurance businesses and adhered to the operating principles of promoting and realizing sustainable value-enhancing growth, and therefore achieved coordinated development between P&C and life insurance businesses as well as between insurance businesses and asset management operations.

2010 compared to 2007, gross written premiums exceeded RMB100 billion, increased by 170%; total assets exceeded RMB400 billion, increased by 55%; embedded value exceeded RMB100 billion, increased by almost 50%; life insurance value of one-year's sales reached RMB6.1 billion, increased by 100%.

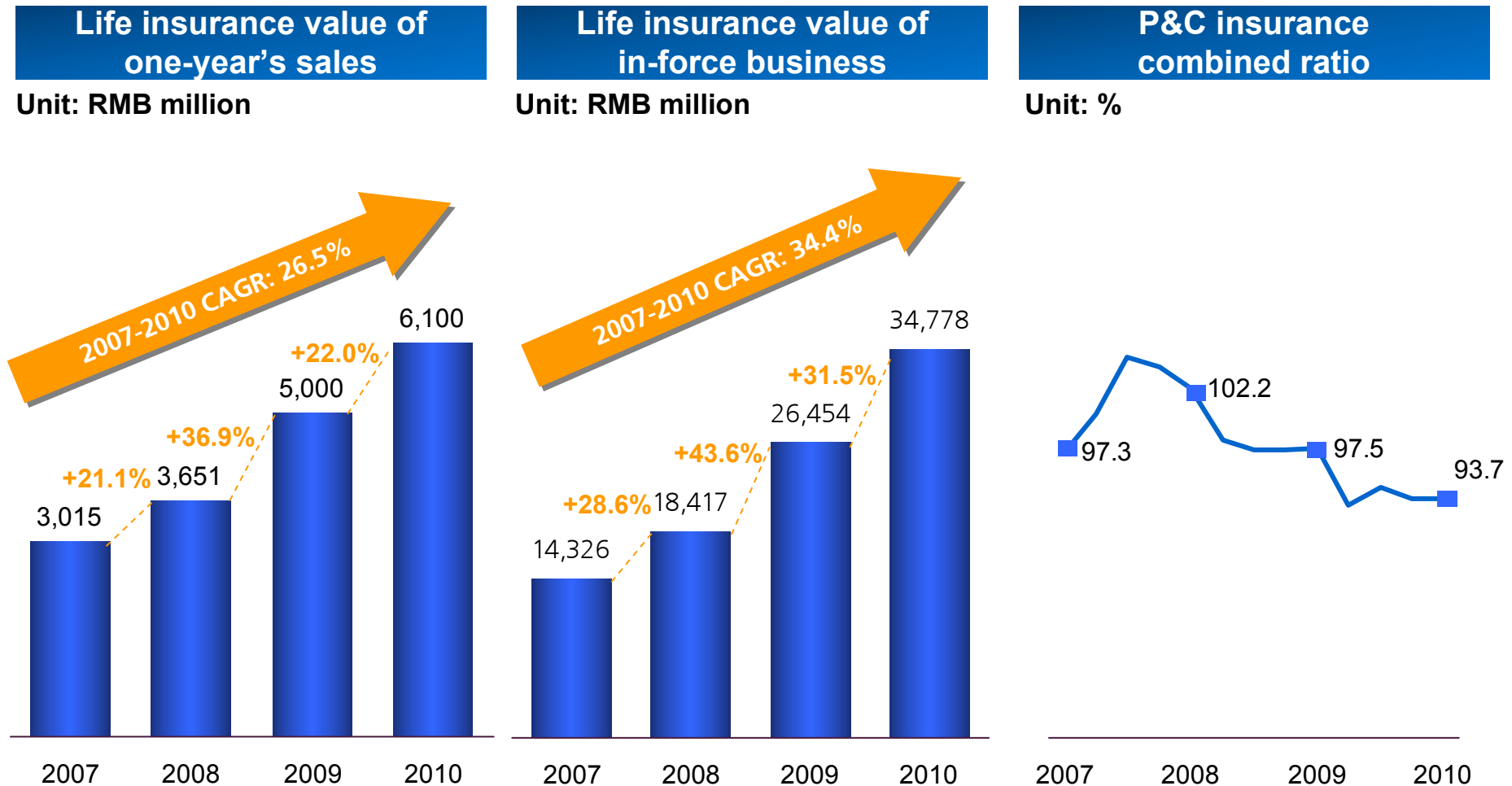
Three years after A Share listing, CPIC has achieved remarkable improvement in business operations and management, overall enhancement in competitiveness, and consistently rising brand value, and developed strong growth potential. Going forward, CPIC will continue to strive for further enhancement of operating performance to reward its shareholders and contribute to the society.

Three-year development review – business scale



Note: GWP = Gross written premiums. Life insurance refers to CPIC Life, P&C insurance refers to CPIC P&C in the presentation

Three-year development review – value generation

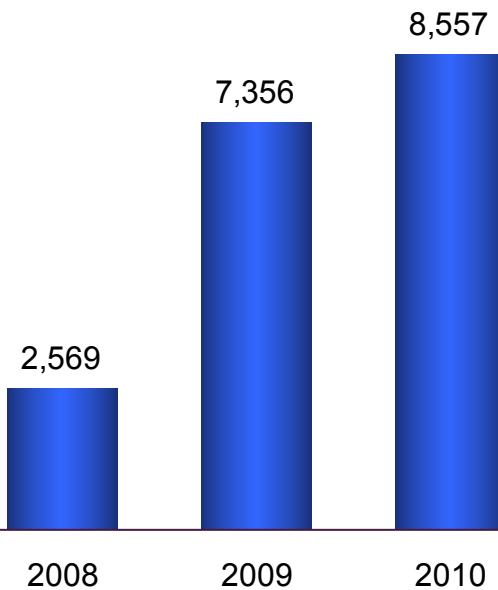


Note: The above diagram illustrates the quarterly trends for the combined ratios

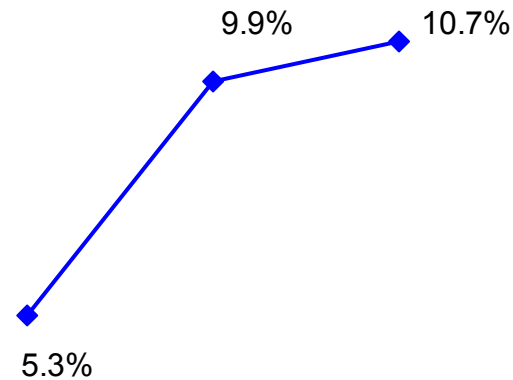
Three-year development review – shareholders' return

Net profit attributable to equity holders of the parent

Unit: RMB million

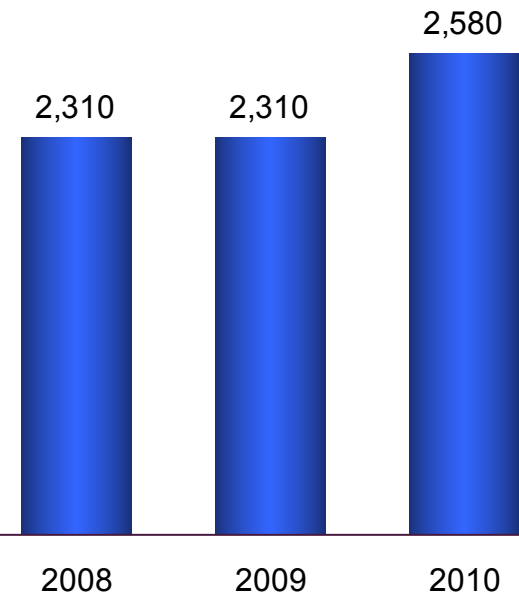


Fully diluted ROE



Dividends

Unit: RMB million



Note: The above diagram illustrates the actual dividends paid during the year

Three-year development review – brand recognition



Top 500 listed companies in the world
in 2009 and 2010 consecutively



2010 Hong Kong Corporate
Governance Excellence Awards



No. 10 in China Brand Value Ranking



Board of Directors Award for 2010
Information Disclosure Award for 2009



2010 Life Insurance Company of the
Year



No. 3 among Asian non-life insurance
companies and No.2 in China



Golden Bull Award of the top 100
publicly listed companies in the PRC
for 2009 and 2010



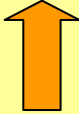
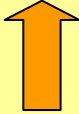
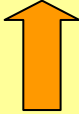




Best Corporate Citizen consecutively
from 2007 to 2010

2010 results overview

In 2010, CPIC achieved robust growth in gross written premiums, a steady rise in market share, historically high profit of P&C insurance, continued increase in the value of one-year's sales of life insurance business and the value of in-force business, and stable investment income. Net profit continues to grow steadily, overcoming the decline in the capital markets and the downward shift of the interest rate evaluation curve for the life insurance reserves.

Looking forward, CPIC will accelerate the “customer demand-oriented” strategic transformation, to give impetus to and realize steady growth in business scale and corporate value through effective strategic direction to strengthen customer insight, implement segmentation strategy, enhance service brand, and upgrade the infrastructure platform.

Key operating results (1/2)

Unit: RMB million	2010	2009	Change (%)
GWP	139,555	96,342	 44.9
Life	87,873	61,998	 41.7
P&C	51,622	34,289	 50.5
Market share*	9.9%	9.1%	 0.8pt
Life	8.8%	8.3%	 0.5pt
P&C	12.8%	11.4%	 1.4pt
Total assets	475,711	397,187	 19.8

Note: According to data from the CIRC website

Key operating results (2/2)

Unit: RMB million	2010	2009	Change (%)
Net profit*	8,557	7,356	↑ 16.3
Fully diluted ROE*	10.7%	9.9%	↑ 0.8pt
Basic EPS* (RMB)	1.00	0.95	↑ 5.3
BVPS* (RMB)	9.34	8.80	↑ 6.1
Embedded value	110,089	98,371	↑ 11.9
Total investment income	20,902	19,536	↑ 7.0

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Business Overview

- Life insurance
- P&C insurance
- Investments

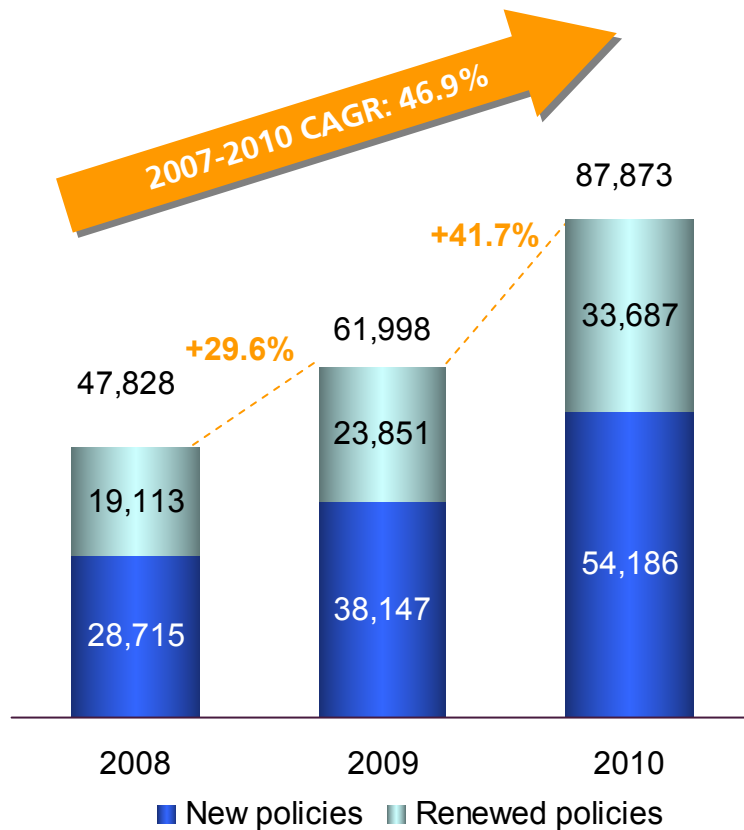
Financial Performance

Embedded Value

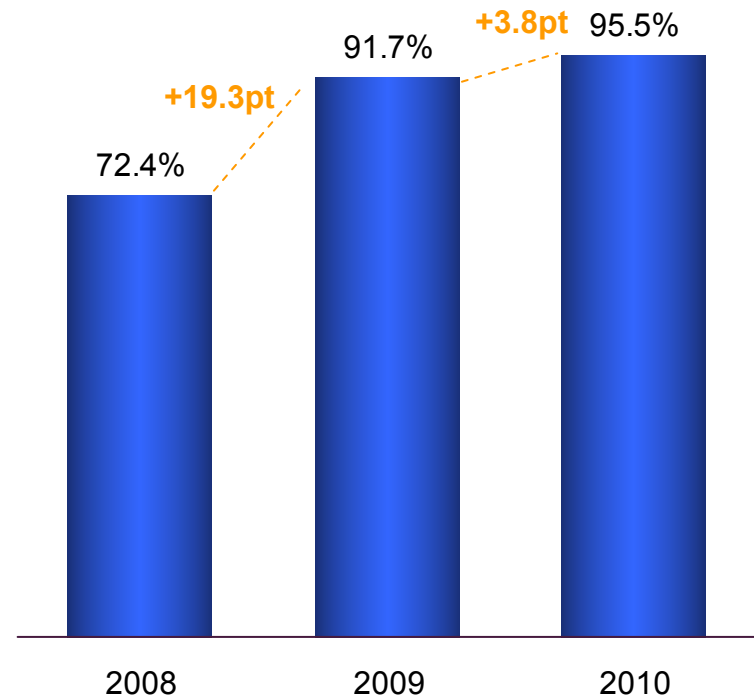
Consistently high growth in life insurance GWP with steadily rising premium recognition ratio

Gross written premiums

Unit: RMB million



Premium recognition ratio

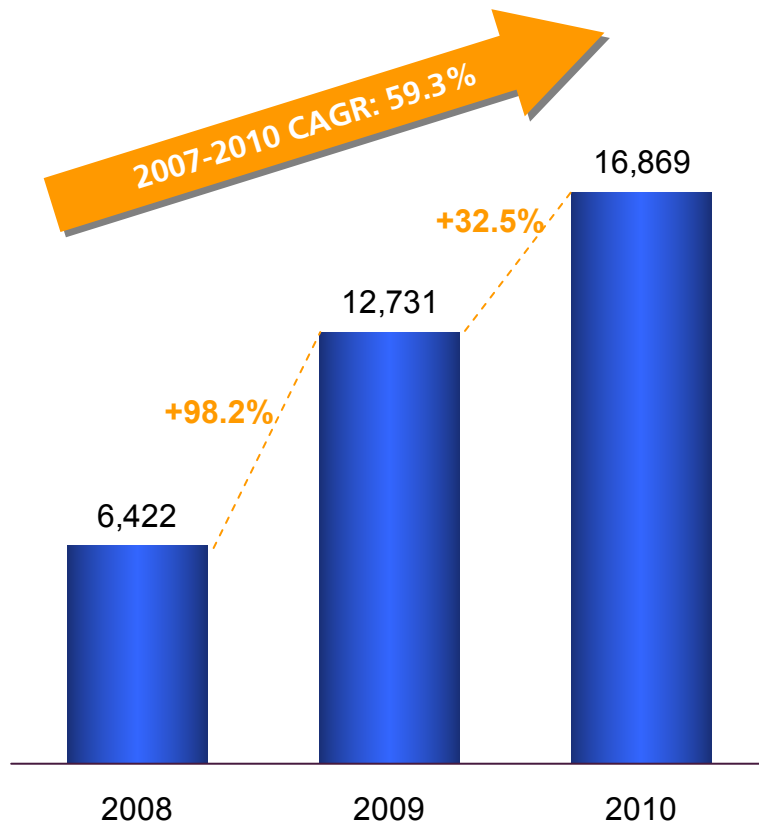


Note: premium recognition ratio = gross written premiums/total written premiums

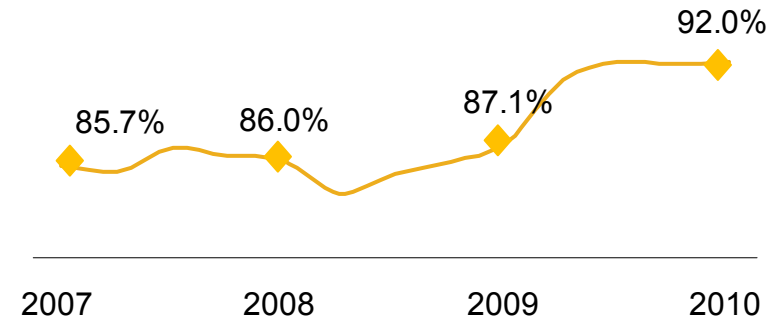
Steady increase in first-year regular premiums and strong improvement in persistency ratios

First-year regular premiums

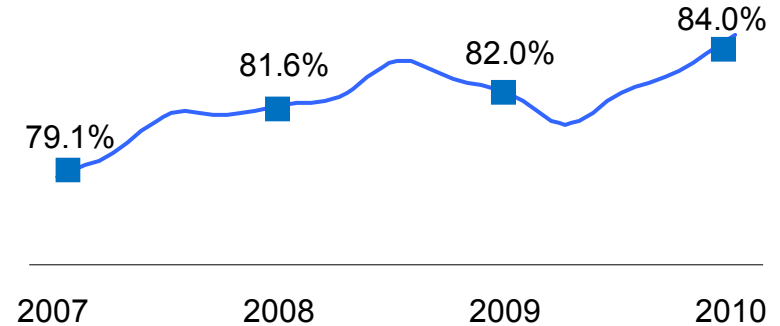
Unit: RMB million



Individual life insurance customer 13-month persistency ratio



Individual life insurance customer 25-month persistency ratio

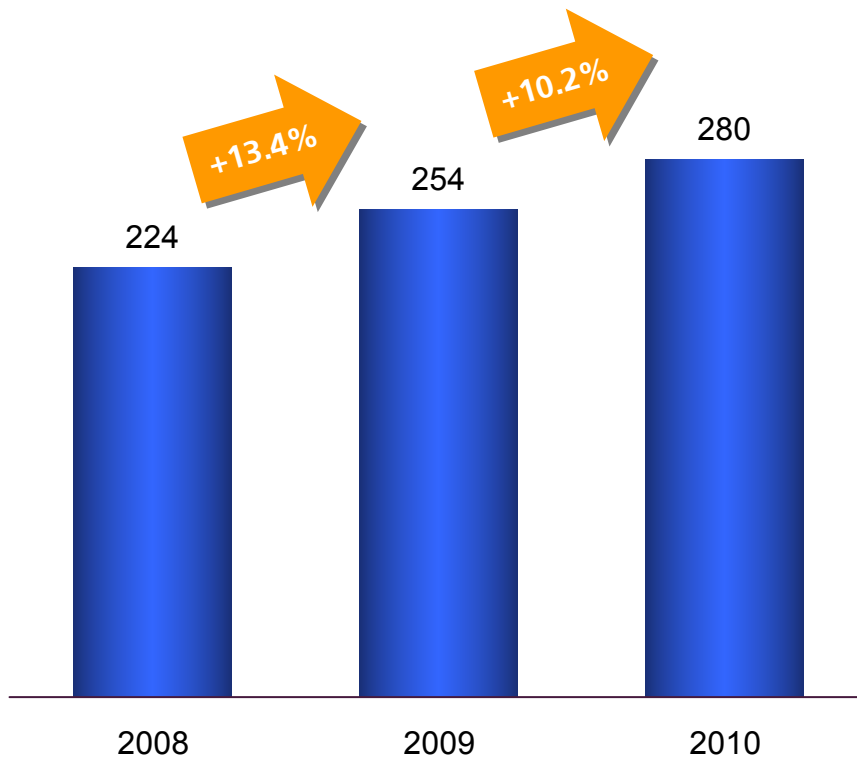


Note: The above diagrams illustrate the quarterly trends for the persistency ratios

Continuously expanding sales team with steady increase in productivity

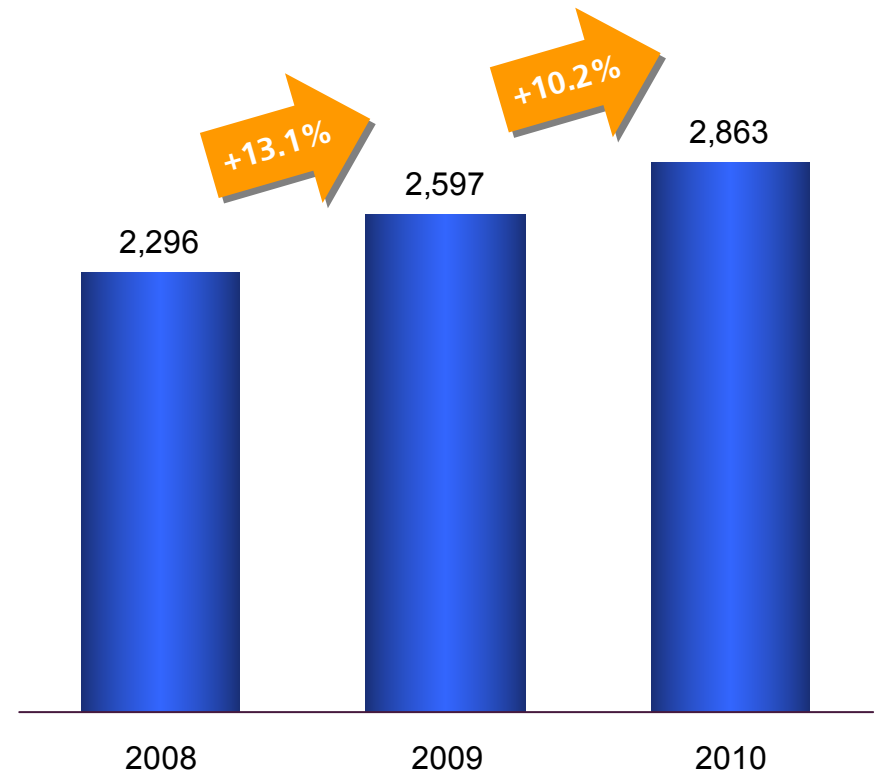
Number of agents

Unit: ('000)



Monthly FYP per agent

Unit: RMB



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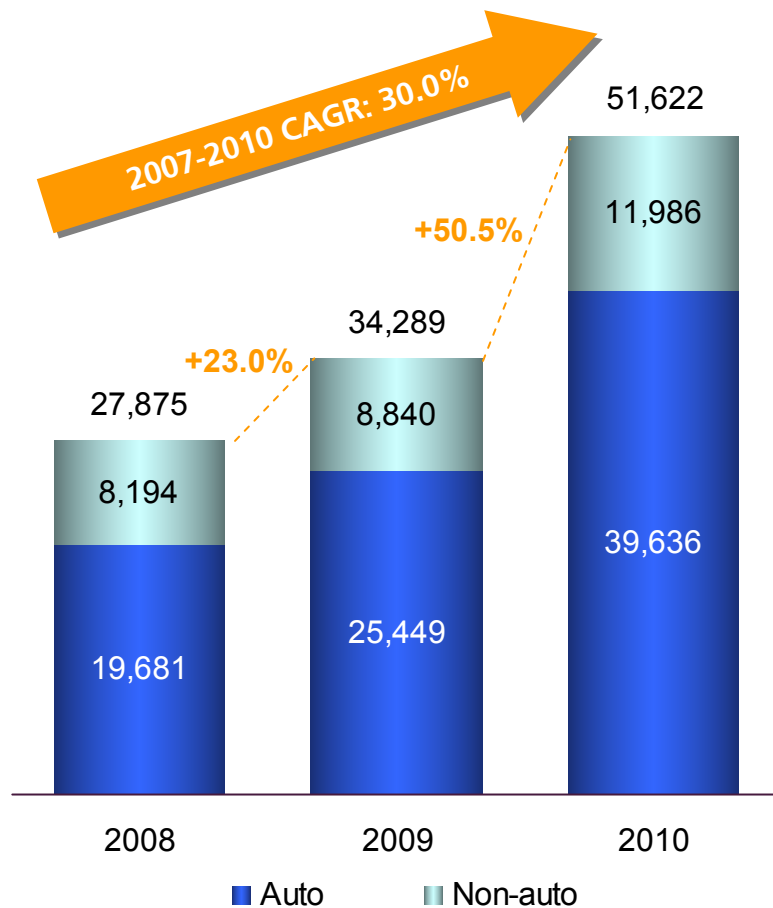
Financial Performance

Embedded Value

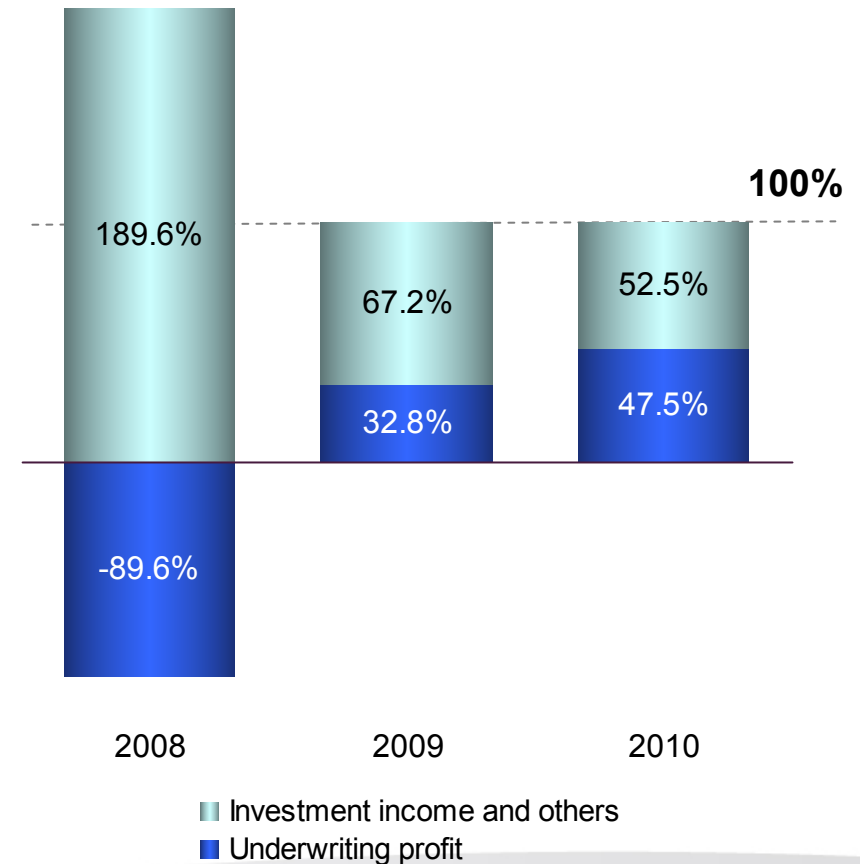
Robust growth in P&C GWP with remarkable increase in underwriting profit

Gross written premiums

Unit: RMB million



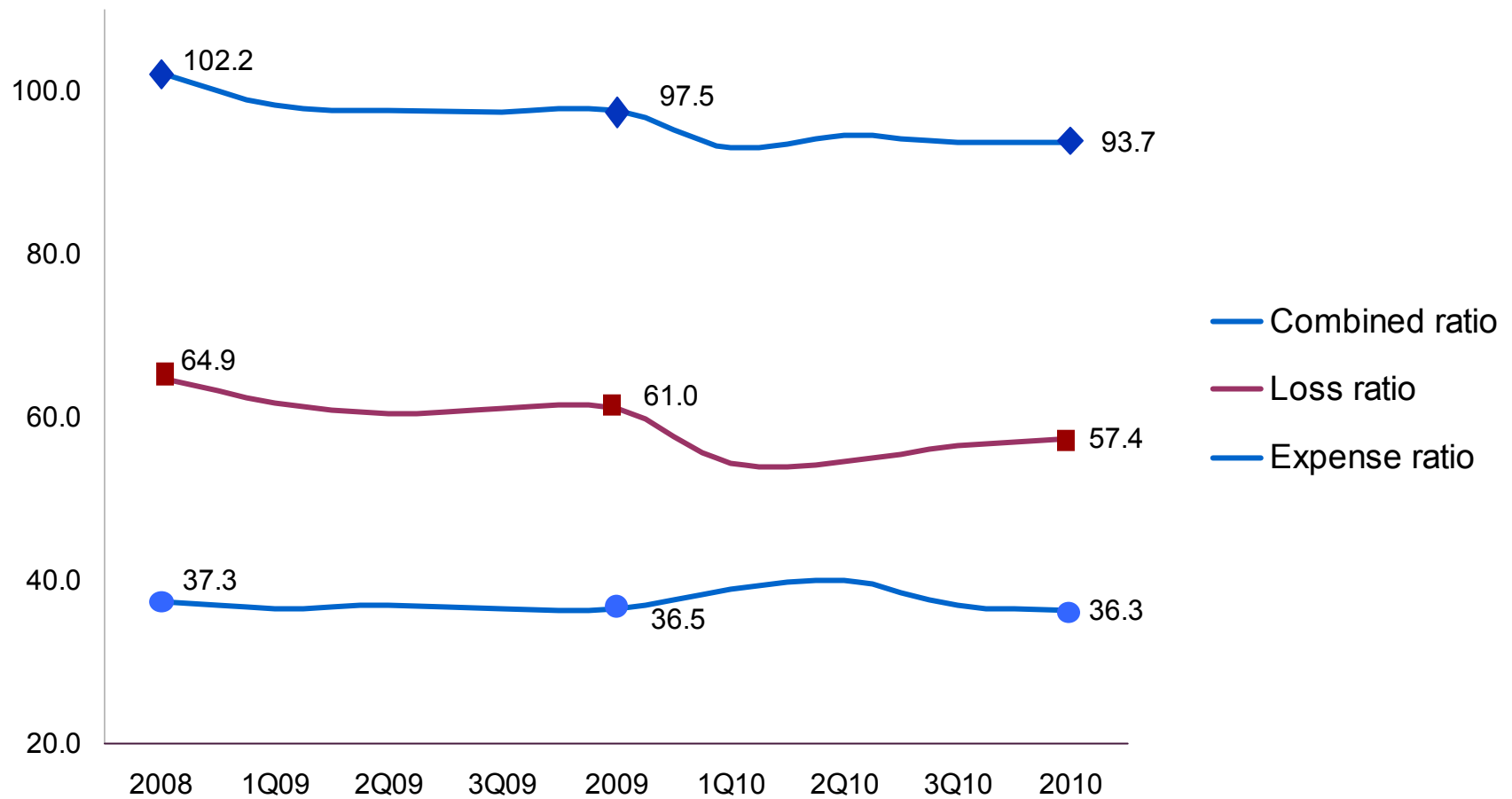
% of underwriting profit in profit before tax



Improving combined ratio driven by effective refinement management

Quarterly trend of P&C combined ratios

Unit: %



Agenda

Highlights

Business Overview

Life insurance

P&C insurance

➤ Investment

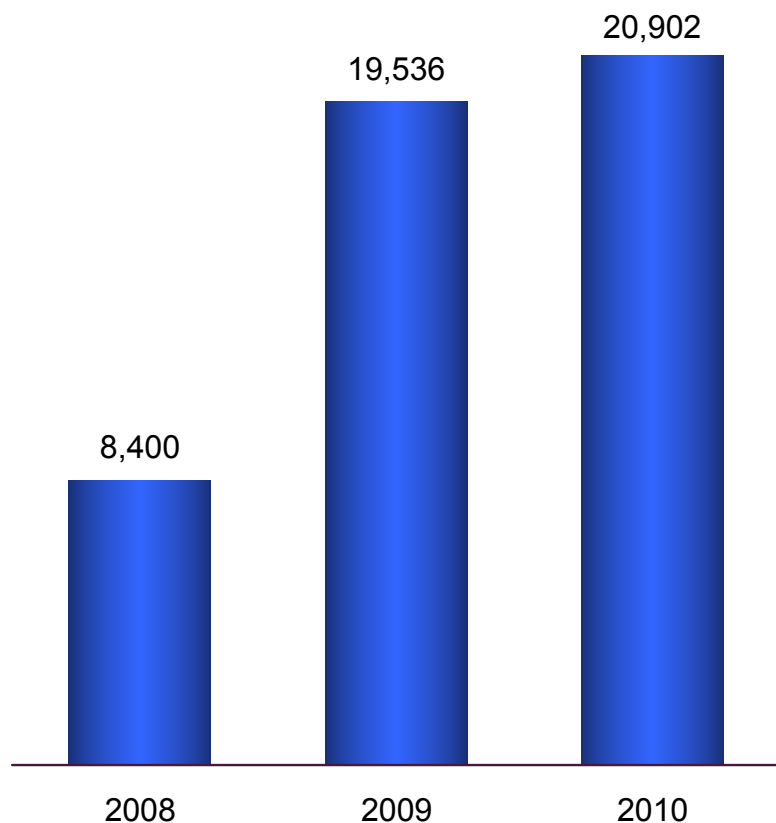
Financial Performance

Embedded Value

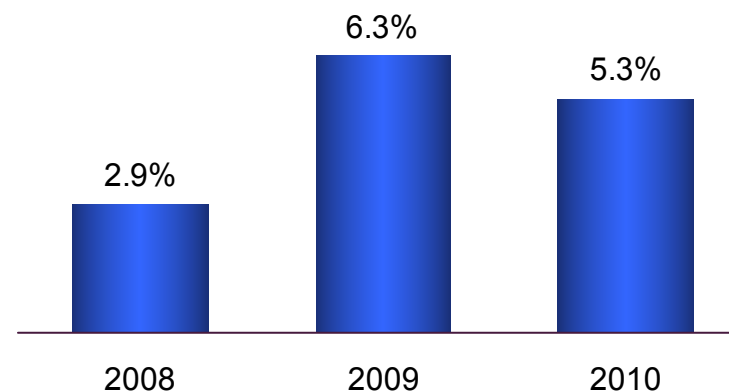
Prudent and progressive investment strategy with superior investment yield

Total investment income

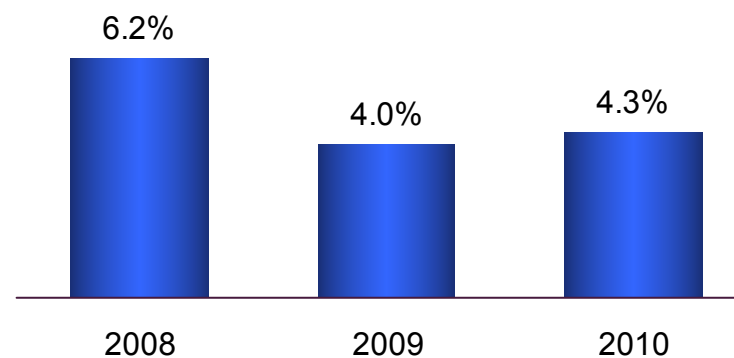
Unit: RMB million







Total investment yield



Net investment yield



Dynamic optimization of asset allocation

	2010	2009	Change
Fixed income¹	79.5%	74.4%	 5.1 pt
Equity²	11.9%	12.3%	 0.4 pt
Infrastructure	4.6%	5.0%	 0.4 pt
Cash and cash equivalents	4.0%	8.3%	 4.3 pt

Notes:

1 Including bond investments, term deposits, statutory deposits and policy loans, etc.

2 Including funds, securities, investments in affiliates and associates, etc.

Actively increased investment in new channels

Infrastructure debt investment

Intensifying its efforts in developing infrastructure debt investment plans, CPIC initiated six infrastructure debt investment plans by the end of 2010 on a cumulative basis and maintained its leading position in the industry in terms of the number of projects and the amount invested in such projects in proportion to total investment assets.

<u>Areas</u>	<u>Cumulative invested amounts</u>
◆ Shanghai EXPO	RMB7 billion
◆ Energy	RMB4 billion
◆ Transportation	RMB4 billion

Equity investment in unlisted financial institutions

Actively promoting the formation of platforms, teams and mechanisms to enhance investment capability and cultivate competitive advantages in equity investment in financial institutions. Practical progress was achieved in relation to the project pipeline and investments with RMB2.6 billion having been invested in such projects

2011 business development strategy

In 2011, CPIC will actively promote the “customer demand-oriented” strategic transformation, strengthen innovativeness and differentiated development to improve overall competitiveness and promote and realize sustainable value-enhancing growth

1

Life insurance

increase NBV by focusing on sales channel and regular premiums

- ◆ Focus on sales channel to consistently improve sales capability
- ◆ Focus on regular premium business and achieve sustainable development of bancassurance
- ◆ Enhance performance evaluation mechanism to emphasize value-driven direction

2

P&C insurance

maintain advantage in combined ratio and realize steady growth of market share

- ◆ Strengthen non-auto insurance sales capability to achieve steady increase in market share
- ◆ Intensify refinement management in auto insurance and cement underwriting profitability
- ◆ Optimize operational structure and accelerate new channel business development

3

Asset management

have investment yield continuously exceed cost of liabilities and strengthen ALM

- ◆ Optimize the ALM process to promote interaction between product strategy and investment strategy
- ◆ Continue with prudent and progressive investment strategy and optimize broad asset class allocation
- ◆ Seize opportunities to broaden investment channels and increase investment in new channels

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Life insurance

P&C insurance

Investments

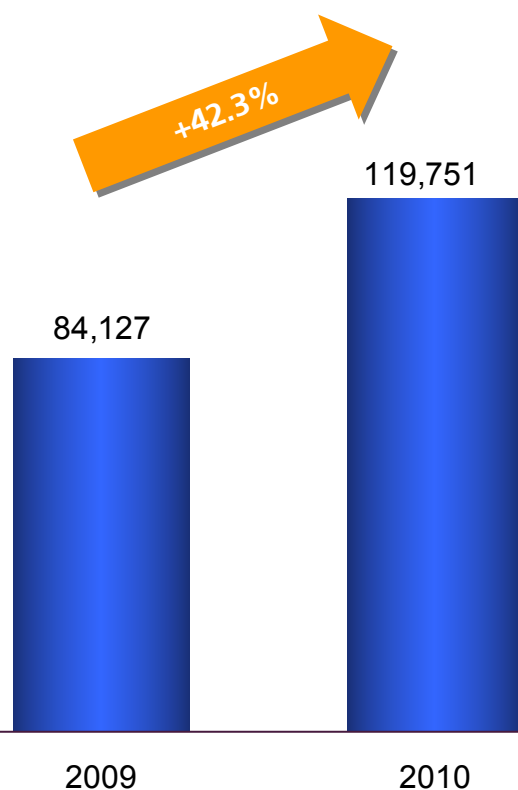
Financial Performance

Embedded Value

Fast growth in net premiums earned and net profit with stable and growing in EPS

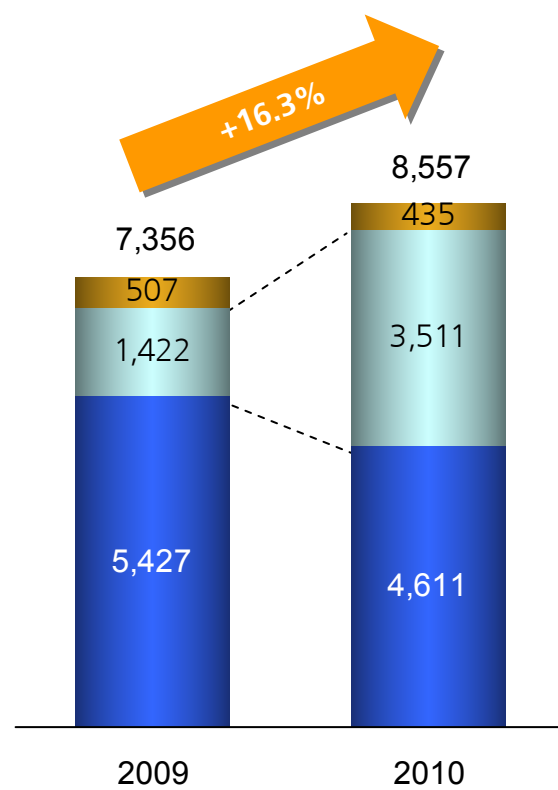
Net premiums earned

Unit: RMB million



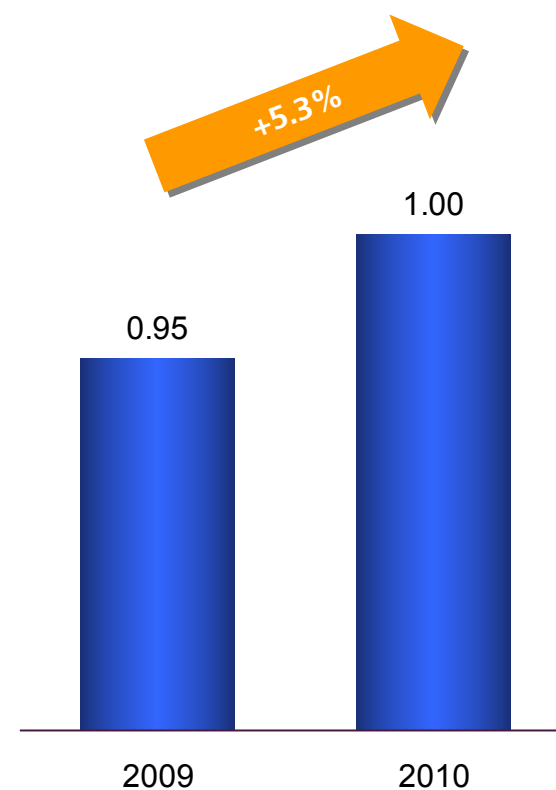
Net profit

Unit: RMB million



Basic EPS

Unit: RMB

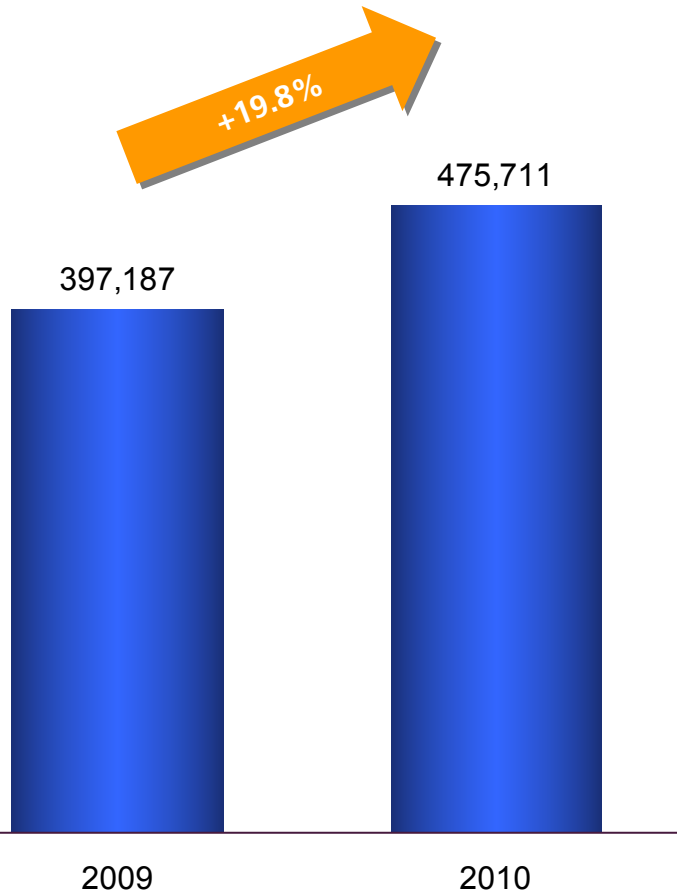


■ CPIC Life ■ CPIC P&C ■ Others

Steady increase in total assets and net assets

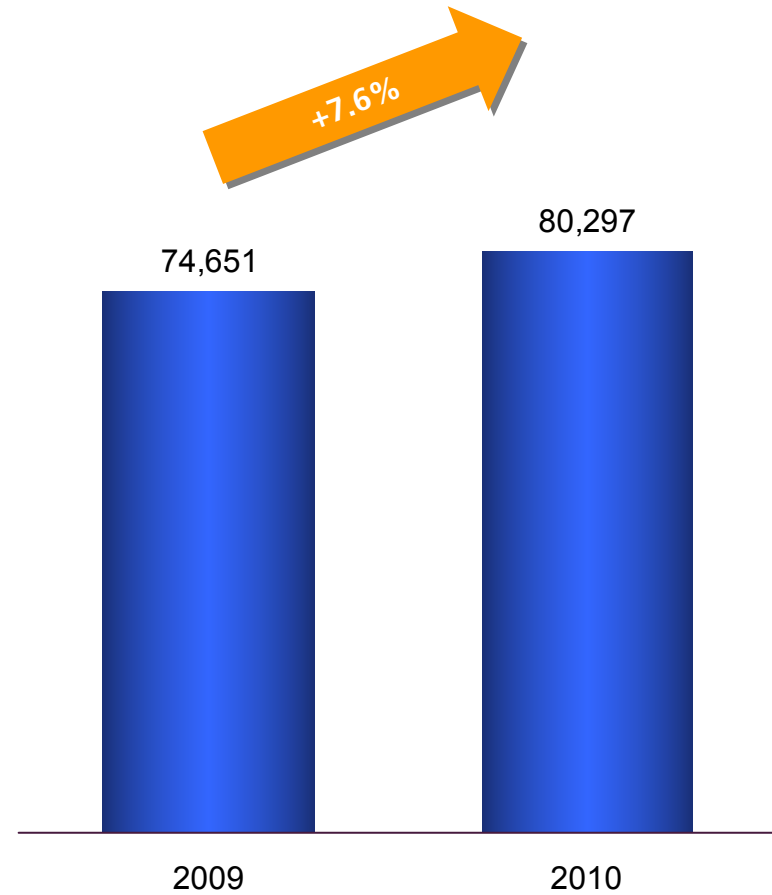
Total assets

Unit: RMB million

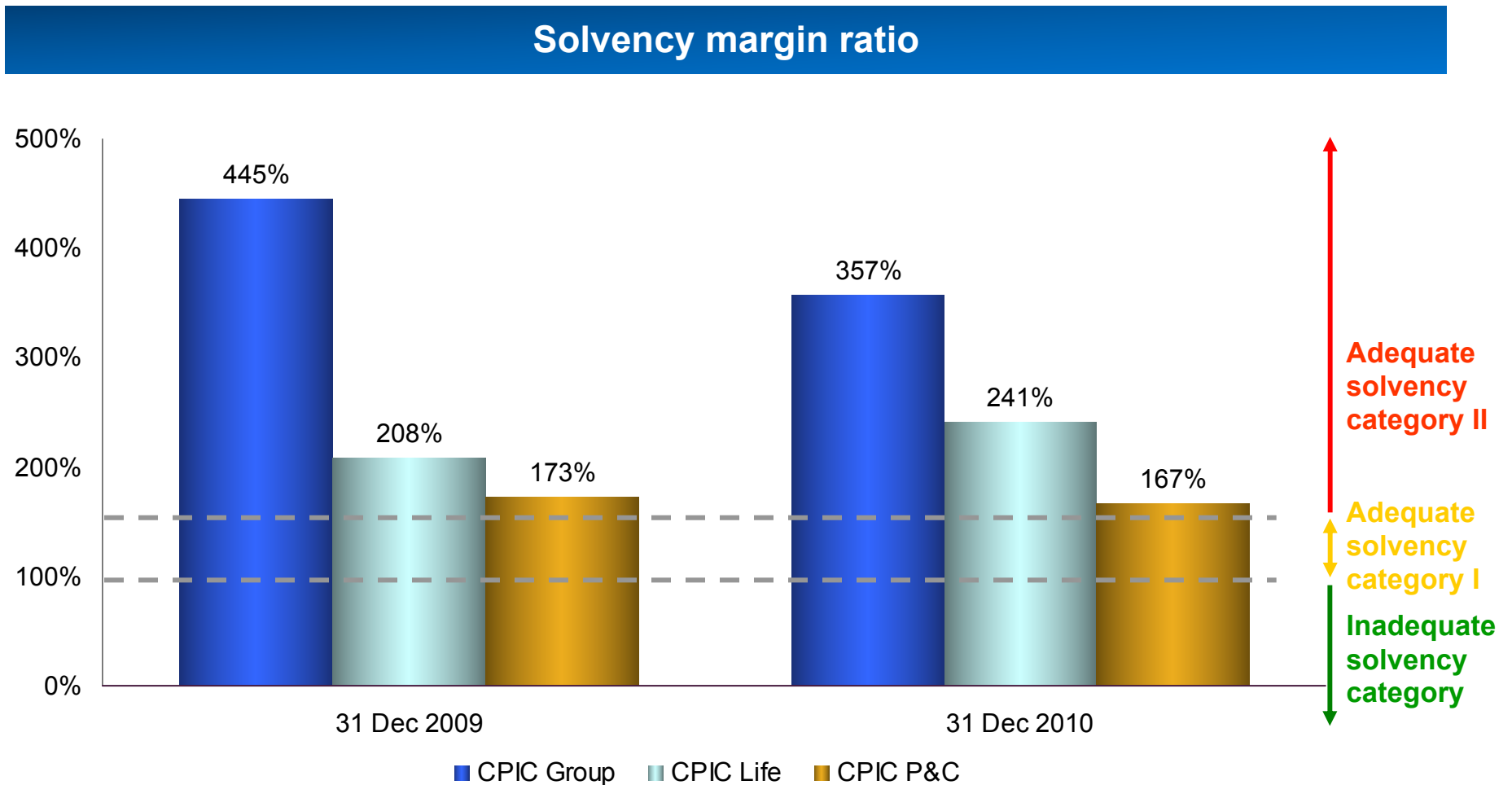


Equity attributable to equity holders of the parent

Unit: RMB million



Adequate solvency margin



Note: The above classification of regulatory solvency standards is in accordance with the “Regulations Governing the Management of Insurance Companies’ Solvency” promulgated by China Insurance Regulatory Commission (CIRC)

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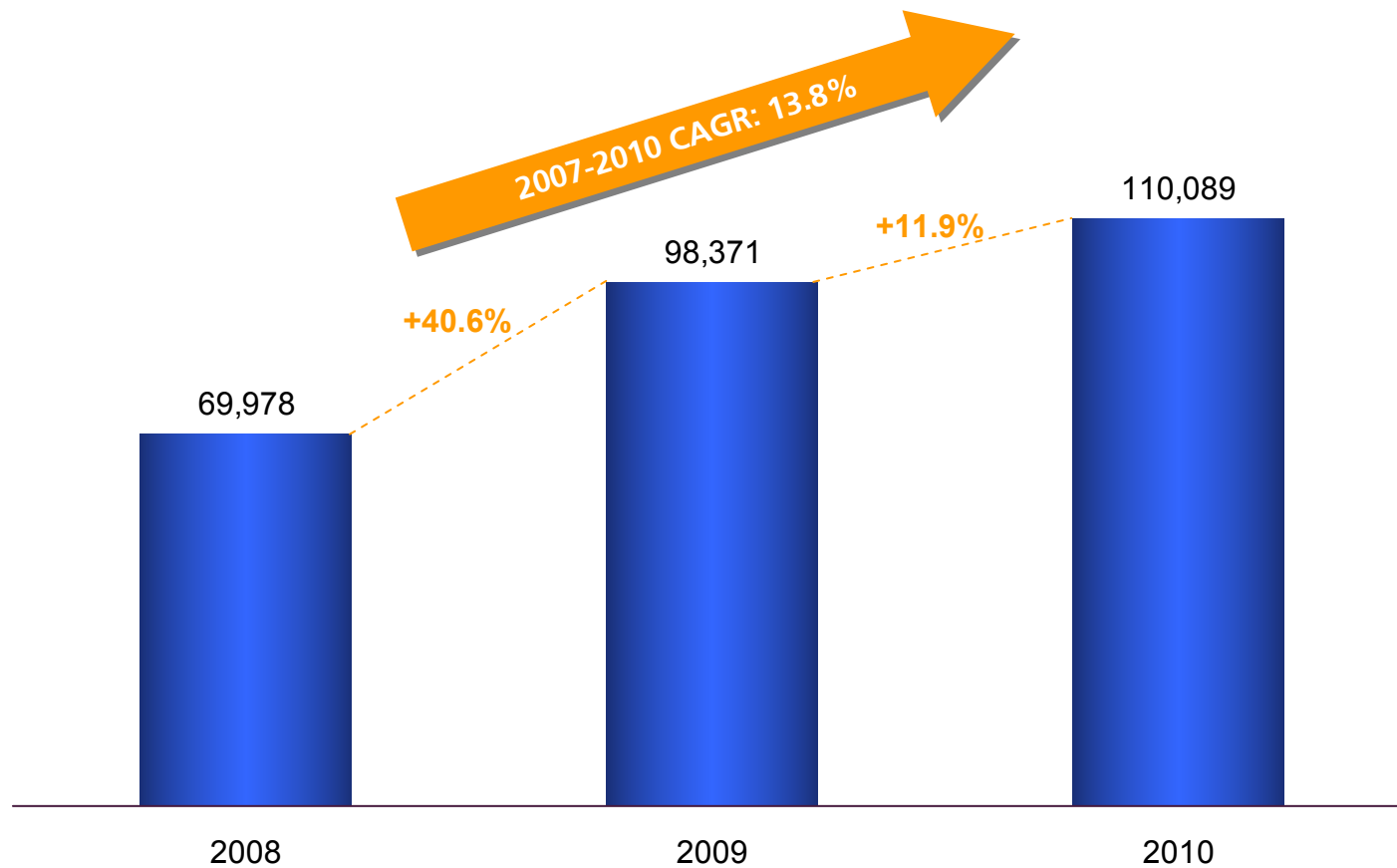
Financial Performance

Embedded Value

Stable growth in embedded value

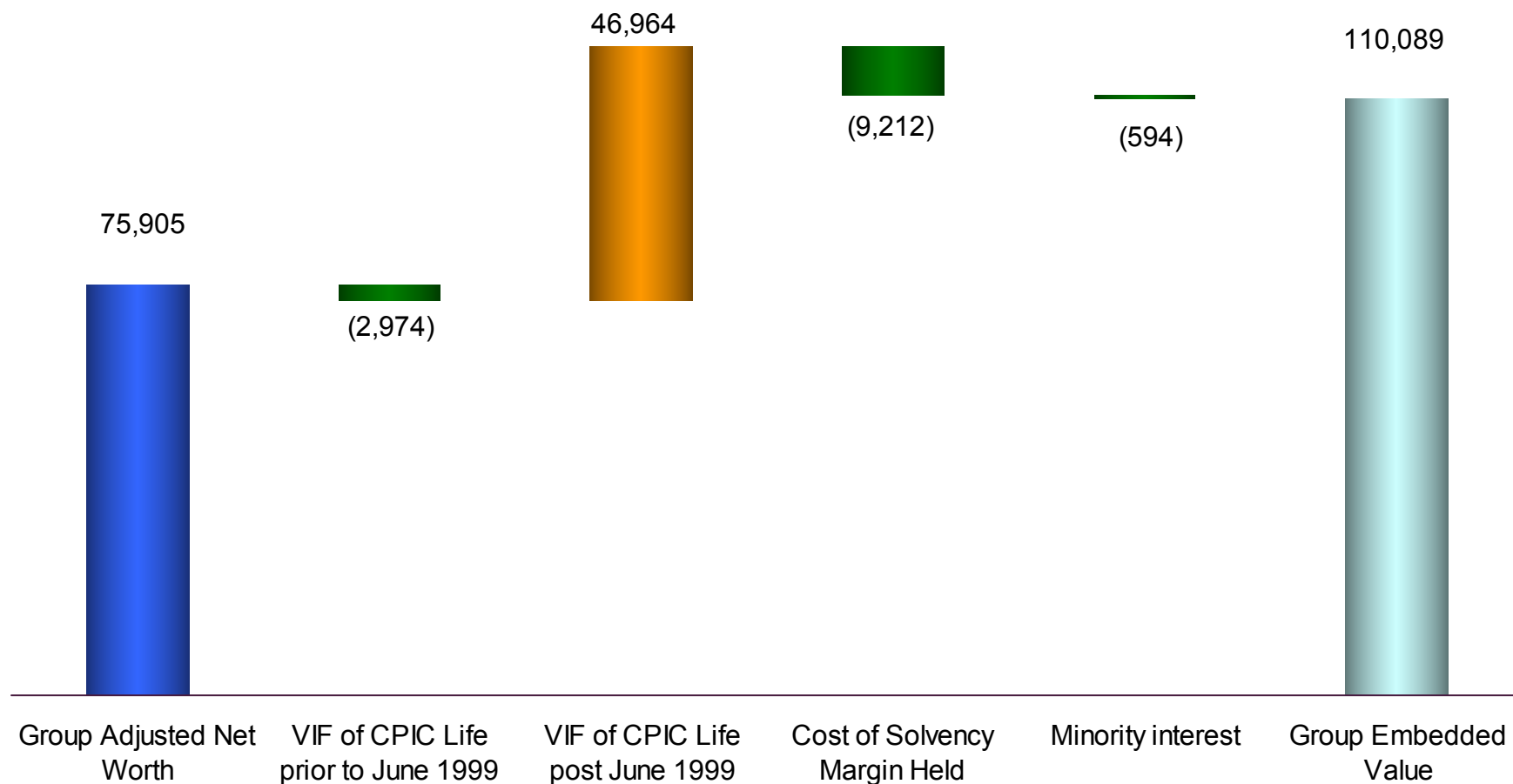
Embedded value

Unit: RMB million



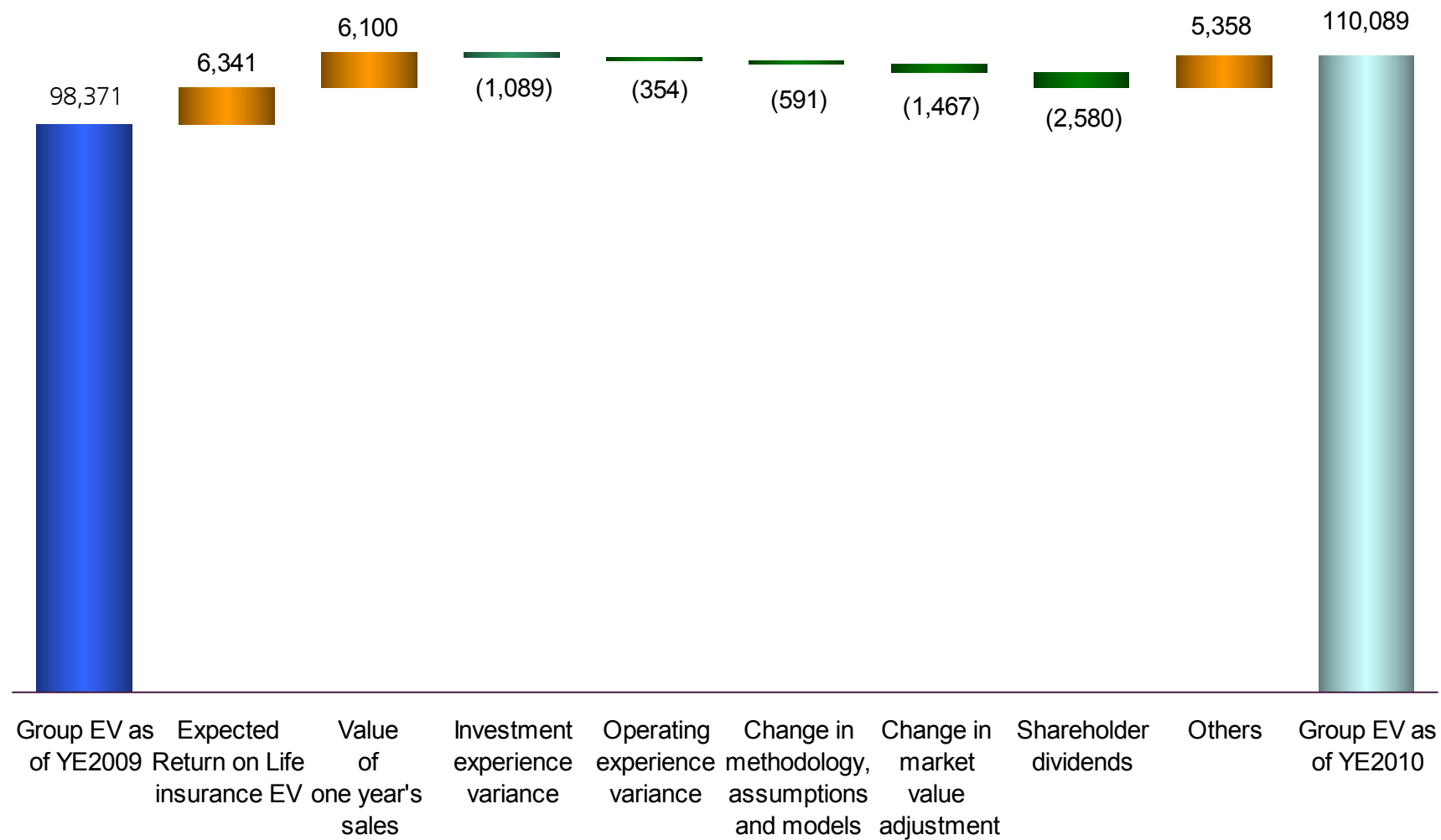
Composition analysis of embedded value

Unit: RMB million



Analysis of changes in embedded value

Unit: RMB million



Thank you!



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