

# China Pacific Insurance (Group) Co., Ltd. 2013 Annual Results Presentation

2014.03.31

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# Operating Environment in 2013

## Macro Environment

- ◆ Complicated economic environment
- ◆ Frequent occurrences of natural disasters

## Regulatory Environment

- ◆ Interest rate liberalization
- ◆ Pan-asset management
- ◆ Investment deregulation

## Technological Environment

- ◆ Mobile internet, big data, cloud computing
- ◆ Internet finance

# Our Initiatives: Adhere to Basics and Keep up with the Times

**Adhere to Basics**

Stick to the strategy of “focusing on the core business of insurance and pursuing sustainable value growth”

**Keep up with the Times**

Actively implement a “customer demand-oriented” transformation

- ◆ On one hand, we promoted market strategy execution to maintain stable growth centered on value enhancement;
- ◆ On the other hand, we expedited transformation through optimization of input and output

# Steady and Quality Growth

## Sustained value growth

## Orderly progress in transformation

RMB mn		2013	Change (%)		2013	Change (%)	
Revenue	Revenue <sup>(1)</sup>	193,137	12.6	Value creation	Embedded value of the Group <sup>(3)</sup>	144,378	6.7
	GWP	176,923	8.4		VIFB of the Group <sup>(3)(4)</sup>	62,422	27.3
	Life	95,101	1.8		NBV	7,499	6.2
	P&C <sup>(2)</sup>	81,822	17.3		Combined ratio <sup>(2)</sup>	99.5%	3.8pt
AuM		2013YE	Change (%)		Net value growth of investment assets	4.3%	(1.3pt)
	Group AuM	746,639	9.9		Net income <sup>(5)</sup>	9,261	82.4
	In-house AuM	666,799	6.3		Life	6,219	149.3
	Third- party AuM	79,840	53.3		P&C <sup>(2)</sup>	2,644	(1.2)
Solvency	Group	283%	(29pt)		EPS (RMB) <sup>(5)</sup>	1.02	72.9
	Life	191%	(20pt)		DPS (RMB)	0.40	14.3
	P&C	162%	(26pt)		Net assets <sup>(3)(5)</sup>	98,968	2.9
					Weighted average ROE <sup>(5)</sup>	9.5%	3.4pt

Note: (1) Based on Chinese accounting standards

(2) P&C combines the data for CPIC P&C and CPIC HK

(3) As of 2013 year end

(4) Value of in force business of CPIC Life after cost of solvency margin held attributable to the Group

(5) Attributable to parent company's shareholders

# Steady and Quality Growth

## Sustained value growth

## Orderly progress in transformation

### Improved customer data collection and analytical system

- ◆ The approach of accessing customer information via multiple touch points, 4 major work processes, 15 steps, 29 touch points;
- ◆ Continued growth of customer base: as of the end of 2013, Group's number of customers grew by 66.2% from end-2010 to near 79mn at end-2013.

### Innovated products and services

- ◆ Life insurance: "Shou Hu An Kang" (guardian of health) cancer solution;
- ◆ P&C insurance: "Cai Fu U Bao" program for SMEs
- ◆ Asset management: "Wen Jian No.1" product that meets clients' liquidity management demand;
- ◆ Changjiang Pension: 3 innovative pension fund products.

### Innovated and improved the virtual and physical interfaces

- ◆ Virtual interface: CPIC Online, 39 products and 78 service items entirely online;
- ◆ Physical interface: 250 "one-stop" P&C and life insurance general services outlets; "Jin Yu Lan", a brand dedicated to mid-and-high-end customers;
- ◆ Innovation in O2O process to achieve online and offline interaction.

### Enhanced client experience with new technologies

- ◆ "Shen Xing Tai Bao": 72 thousand terminals in use, reduced the policy issue turnaround from 7 days to 15 minutes;
- ◆ "3G Claims Management System" for auto insurance: able to complete on-site loss adjustment within an average of 18 minutes; 75.6% ordinary cases processed on the system

# Outlook

The 7th Board of Directors of CPIC has formulated a new development blue-print: in the next three years, we'll continue to give first priority to sustainable value growth while striving for steady increase in our operating revenues, continue to push forward our “customer demand-oriented” transformation initiatives, and put in place a development model underpinned by both underwriting and asset management

## Value Enhancement

- ◆ Life insurance: focus on the agency channel and regular premium business to drive sustainable growth in value of new business;
- ◆ P&C insurance: optimize cost structure to ensure underwriting profitability;
- ◆ Asset management: enhance investment performance and market-oriented asset management.

- ◆ Accelerate the roll-out of transformation initiatives;
- ◆ Optimize business process and organization structure to adapt to our client management;
- ◆ Put in place an efficient and responsive operational system which supports continuous optimization of products and services.

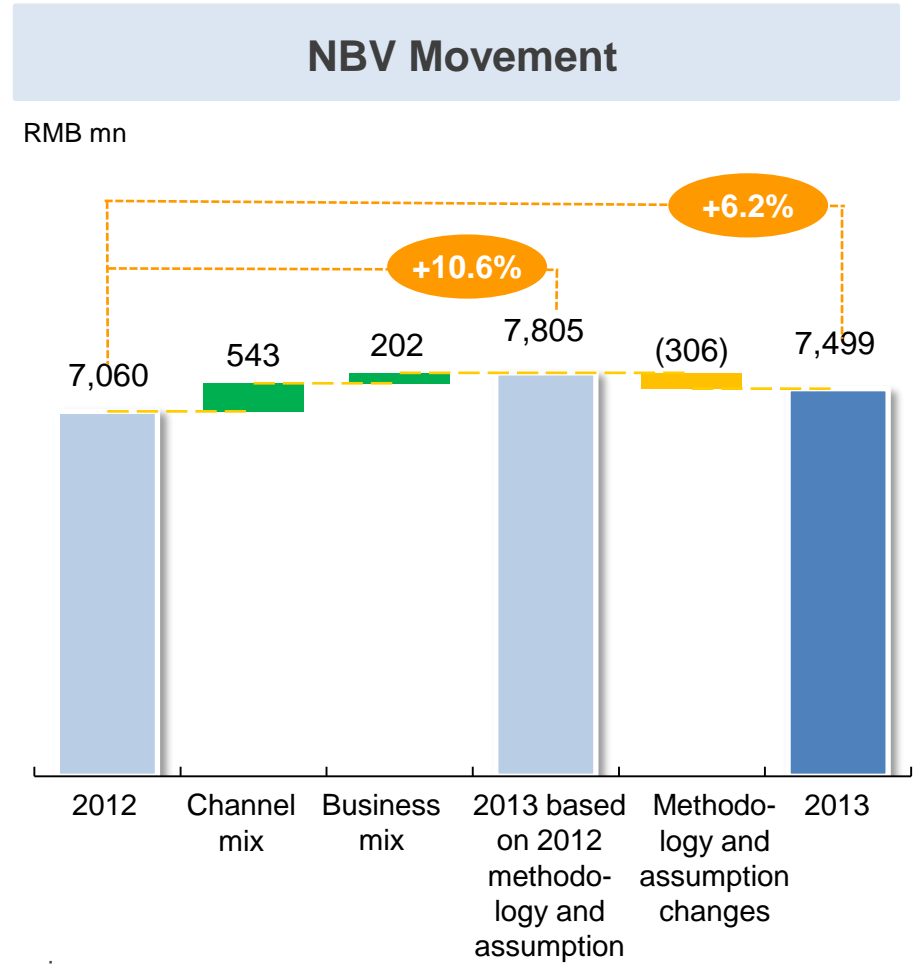
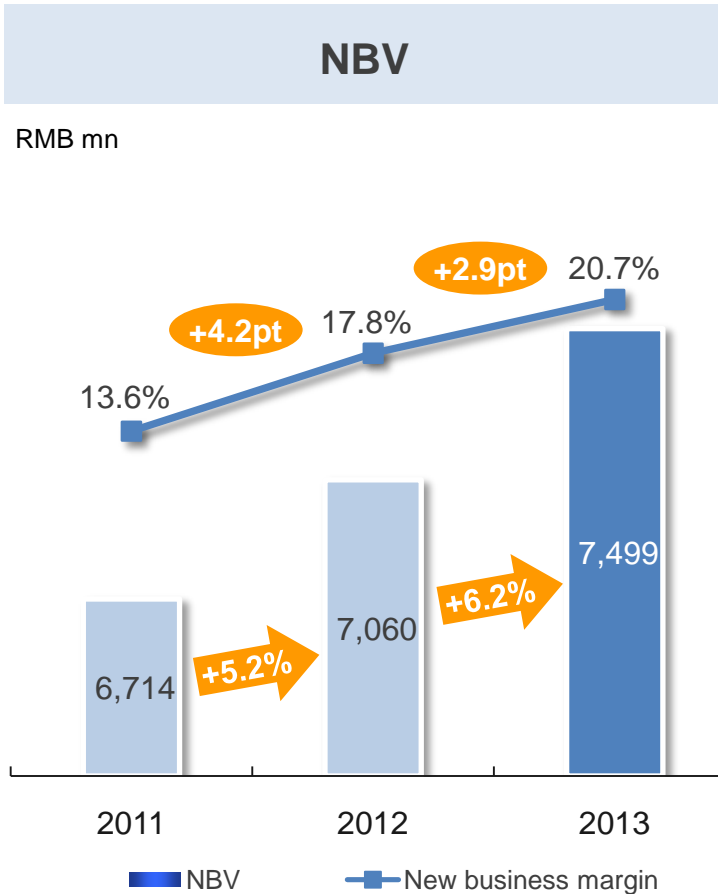
## Transformation

# Business Performance



# Life (1/4)

NBV increased by 6.2% YoY and new business margin up by 2.9 pt



Note: (1) New business margin= NBV / First year annualized premiums

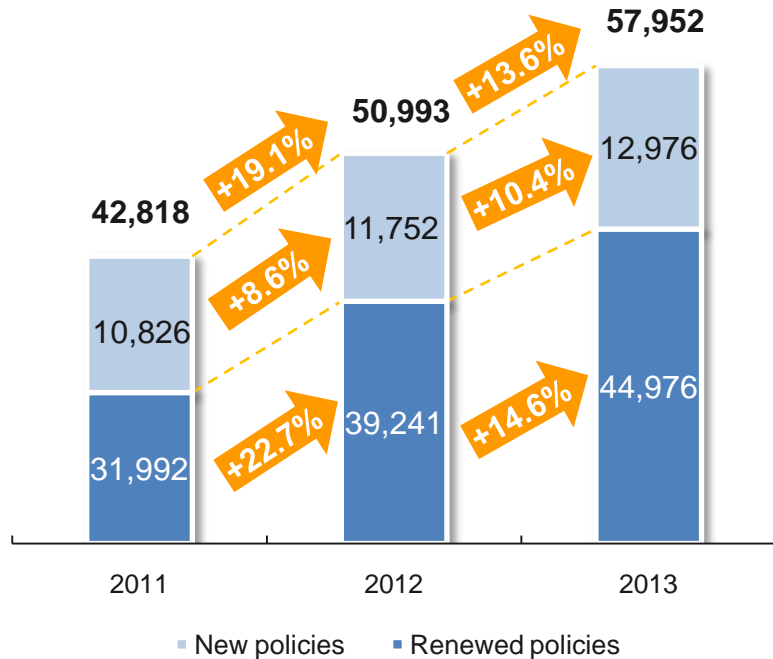
(2) NBV movement analysis methodology and assumption changes include risk-adjusted discount rate

# Life (2/4)

FYP from agency channel increased by 10.4%, contribution increased by 3.5 pt

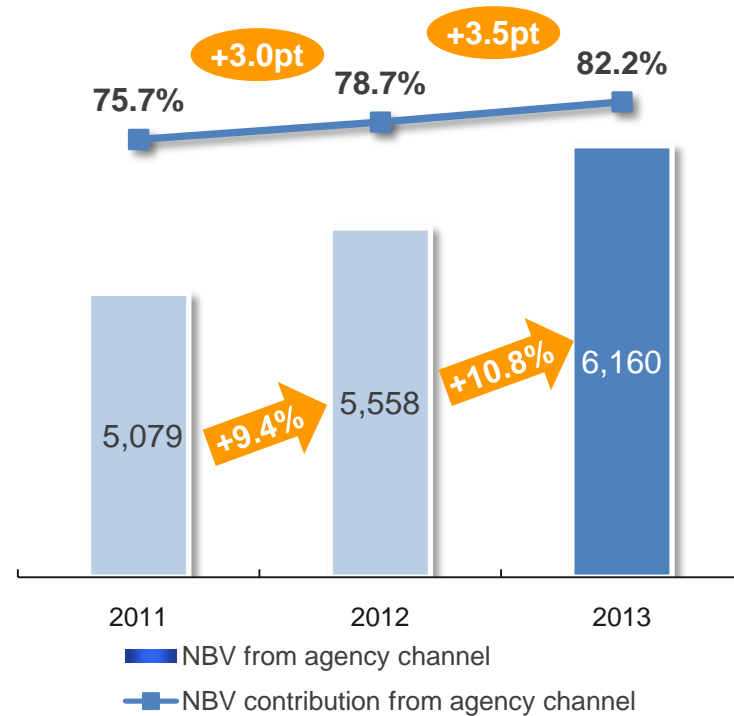
## GWP from agency channel

RMB mn



## NBV and NBV contribution from agency channel

RMB mn

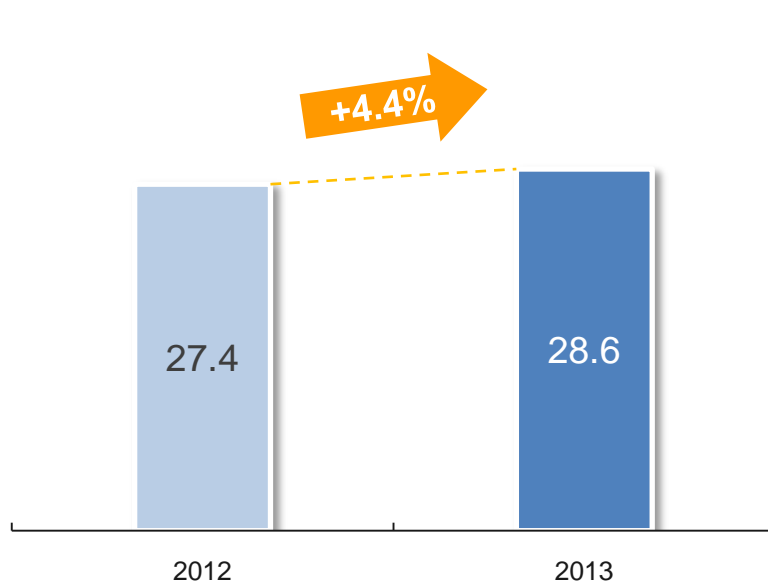


# Life (3/4)

Monthly average number of agents up 4.4% YoY; productivity per agent up 6.2%

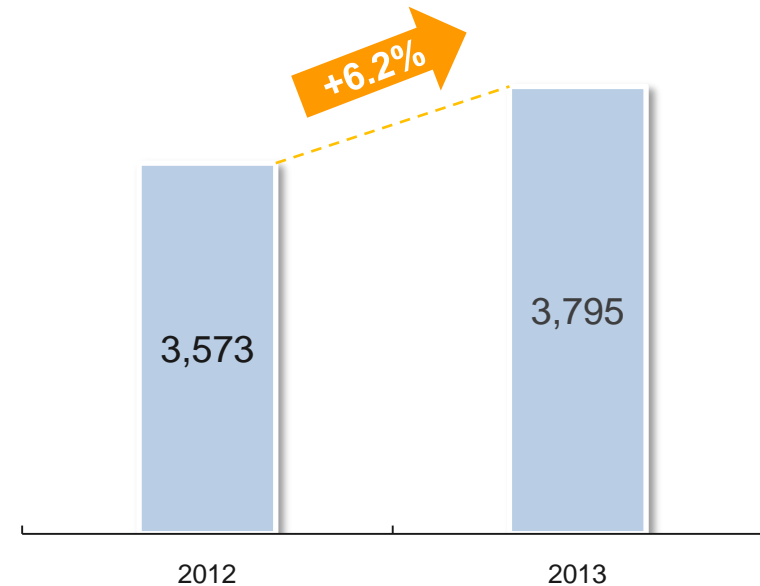
## Monthly average number of agents

10,000 persons



## Monthly average agent productivity

RMB

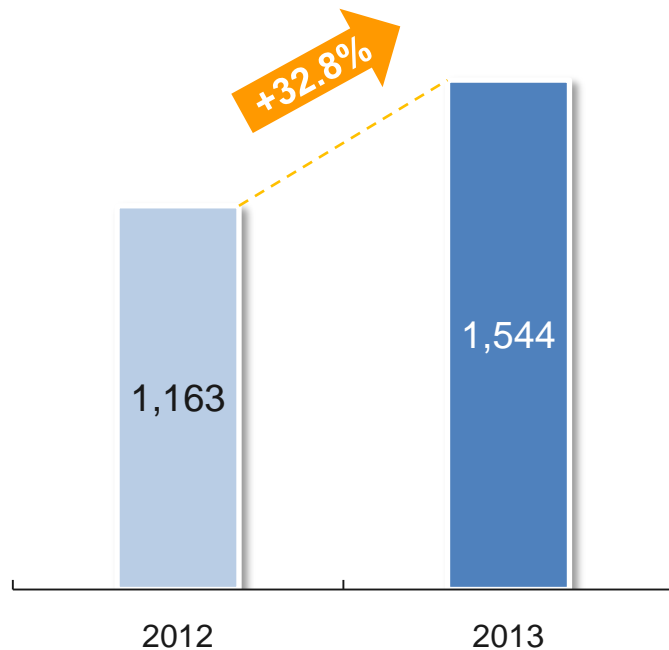


# Life (4/4)

## Accelerating transformation of bancassurance channel and NBV up 0.3% YoY

FYP of high-margin regular premium products from bancassurance channel

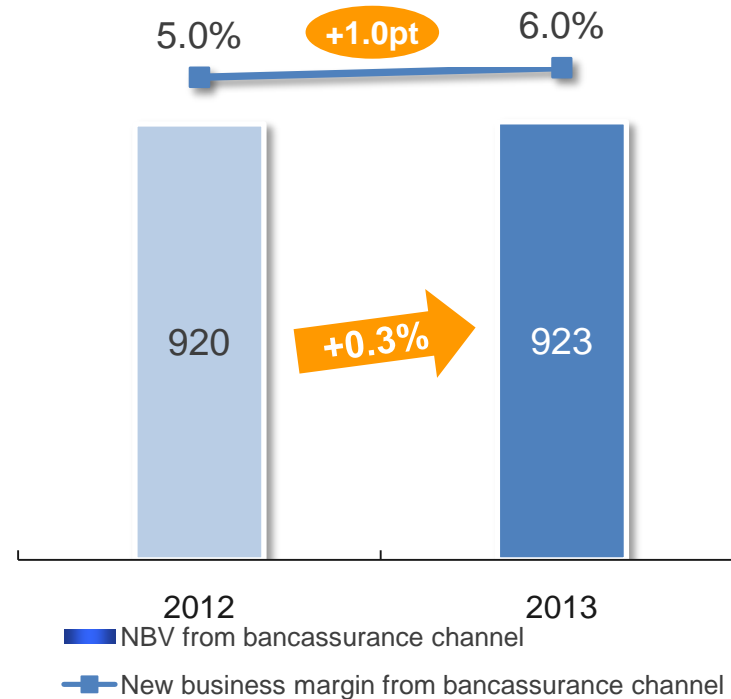
RMB mn



Note: 2012 figures have been restated

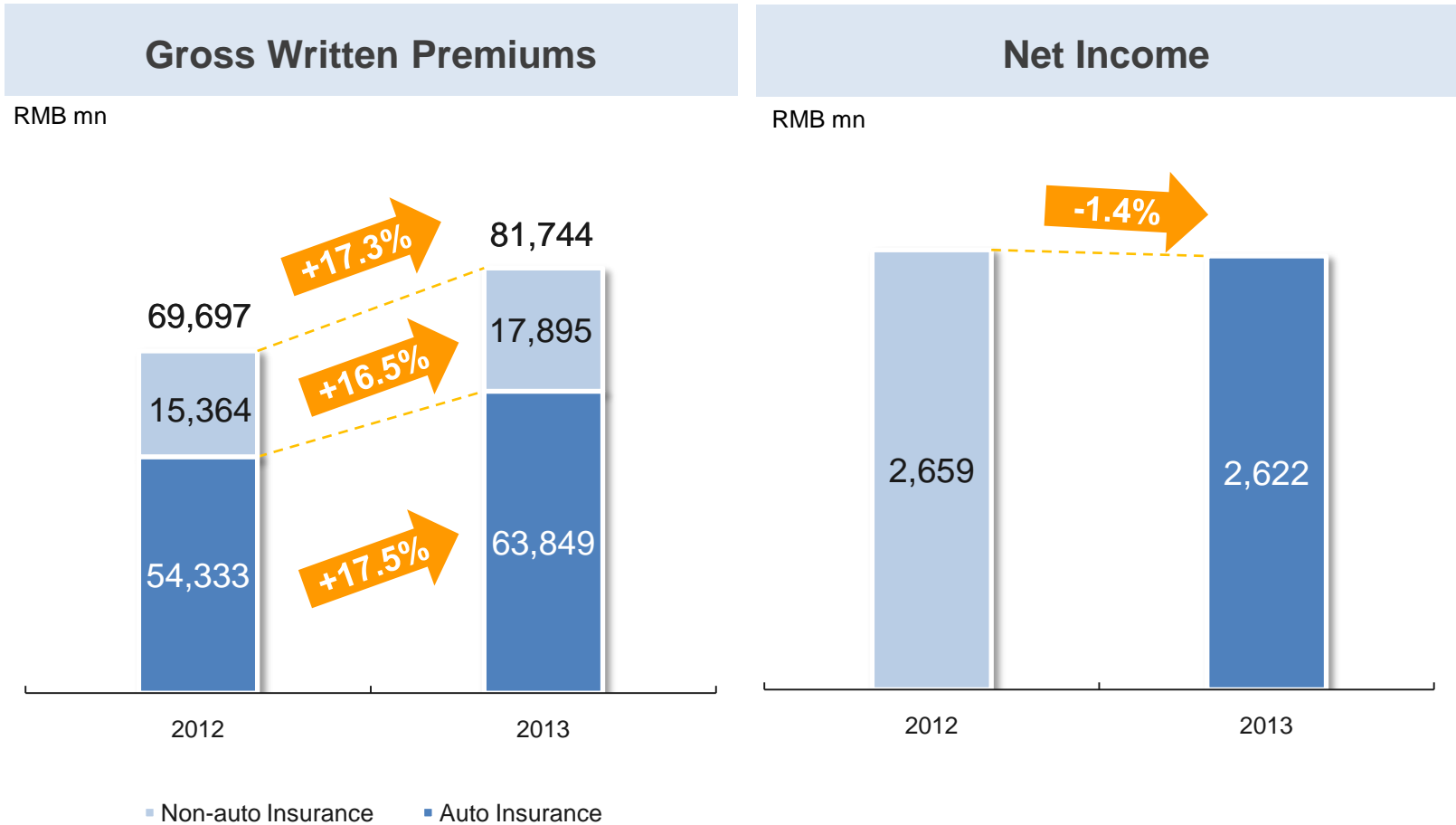
NBV from bancassurance

RMB mn



# P&C (1/4)

GWP grew 17.3% YoY with a net income of RMB2.622bn



Note: P&C refers to CPIC P&C only on this page.

## P&C (2/4)

GWP from non-auto insurance up 16.5% YoY and growth rate increased 8.9 pt

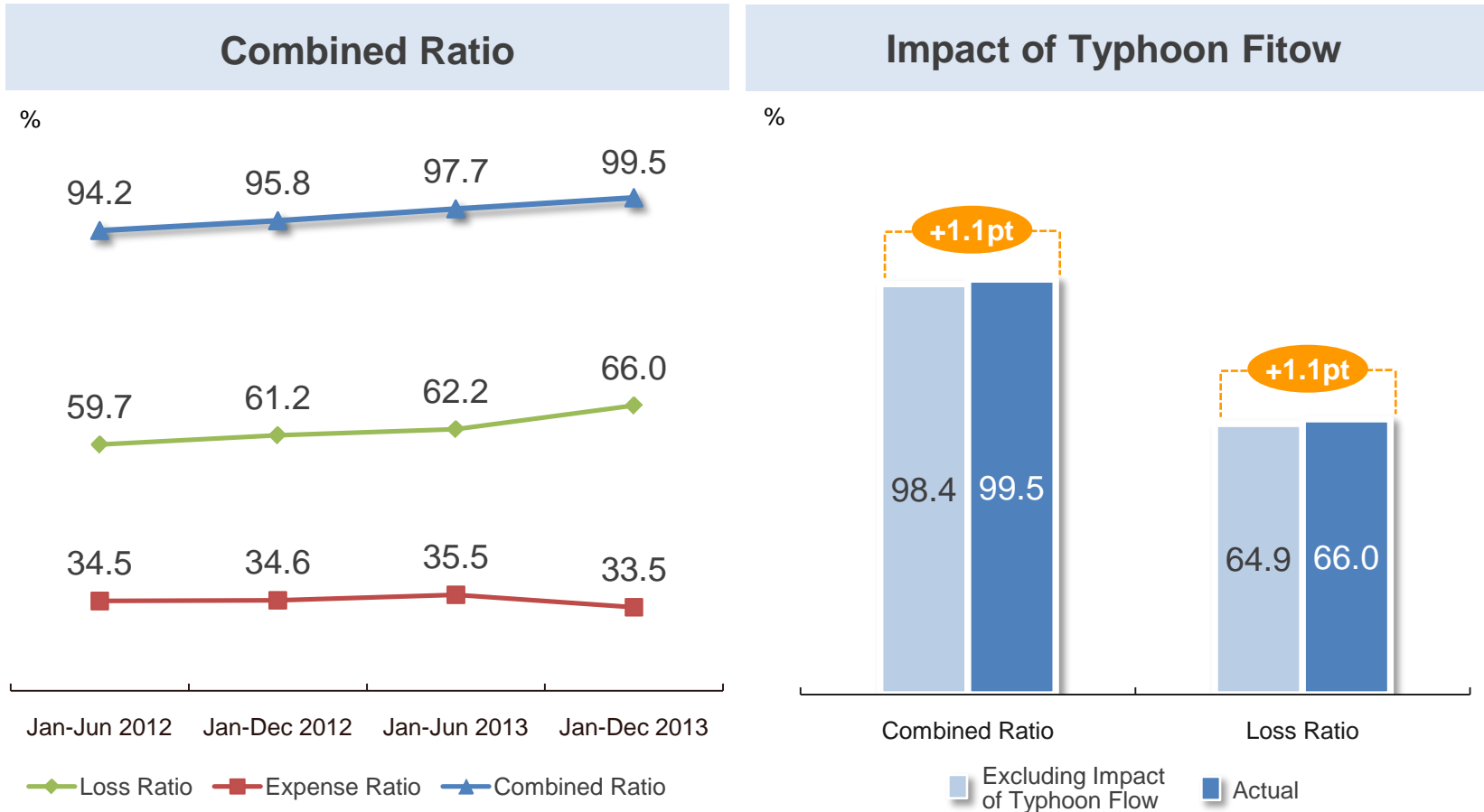
RMB mn

Business line	2013	2012	YoY growth rate (%)
Commercial Property	5,725	5,064	13.1
Liability	2,767	2,286	21.0
Accident	2,400	1,866	28.6
Cargo	1,661	1,598	3.9
Others	5,342	4,550	17.4
<b>Total</b>	<b>17,895</b>	<b>15,364</b>	<b>16.5</b>

Note: P&C refers to CPIC P&C only on this page.

# P&C (3/4)

In 2013, impacted by increasing market competitions, higher costs of claims and frequent occurrences of major natural disasters, combined ratio went up to 99.5%



Note: P&C refers to CPIC P&C only on this page.

# P&C (4/4)

GWP from telemarketing, online and cross-selling grew 28.7%, and its percentage as of total up 1.8pt

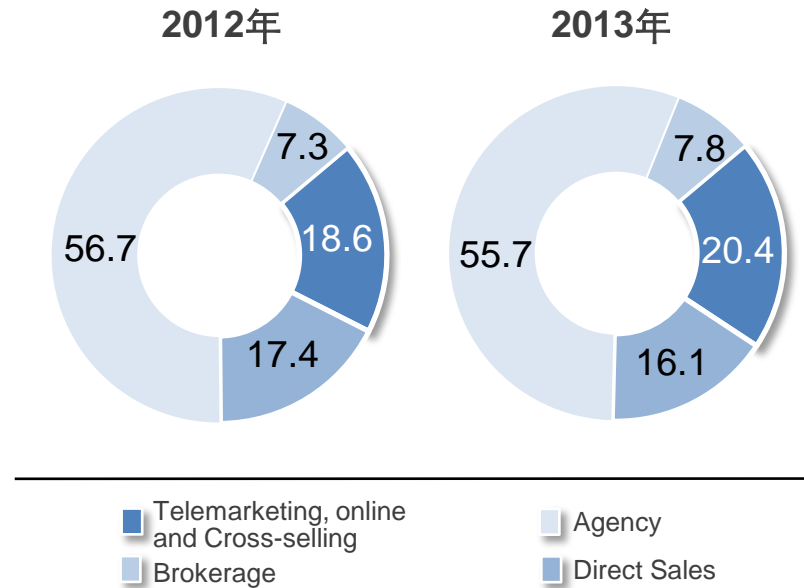
GWP from Telemarketing, Online and Cross-selling

RMB mn



Channel Breakdown

%

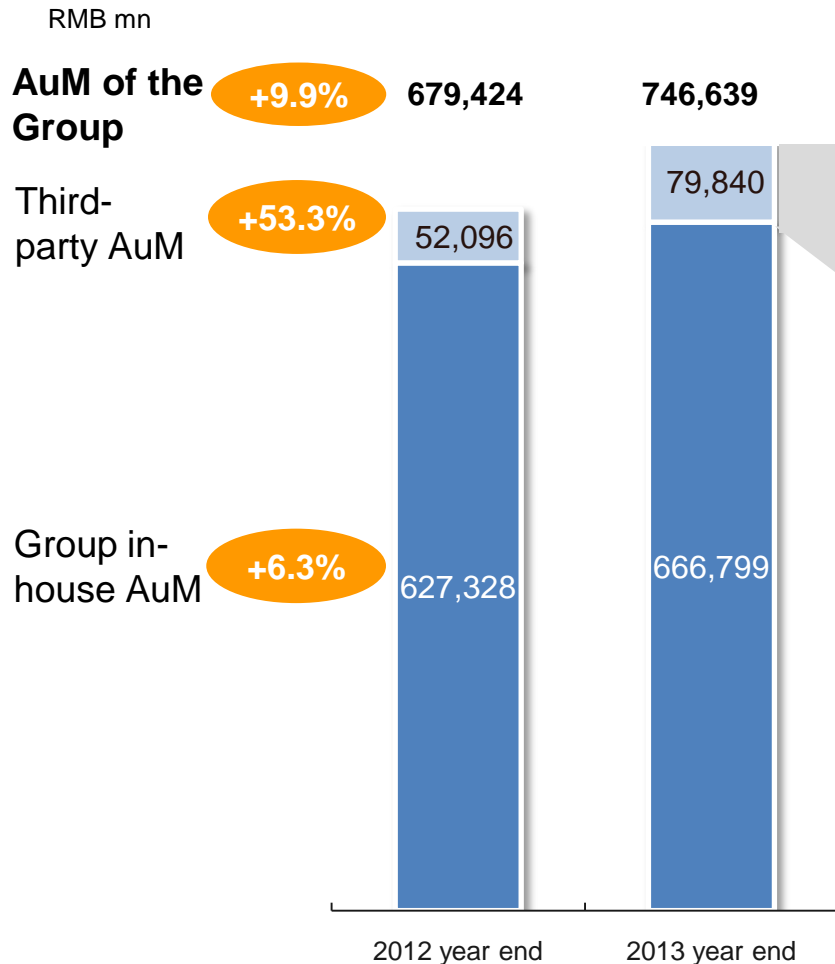


Note: P&C refers to CPIC P&C only on this page.

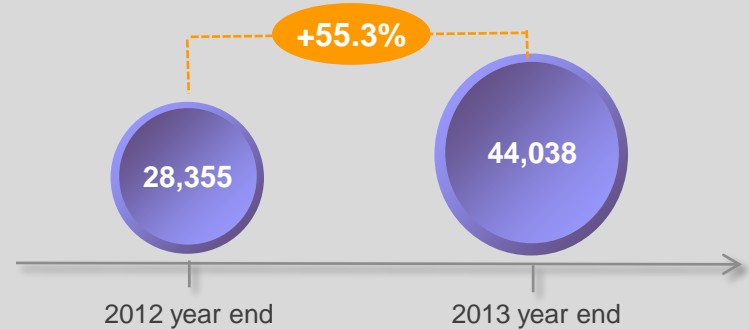


# Asset Management (1/2)

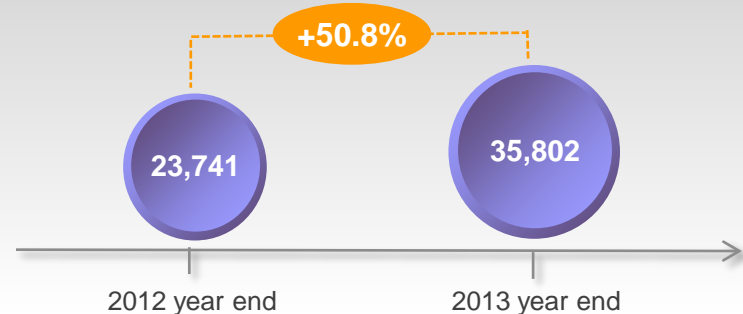
AuM increased 9.9% YoY to RMB 746.639bn



## Third-party AuM of CPIC Asset Management



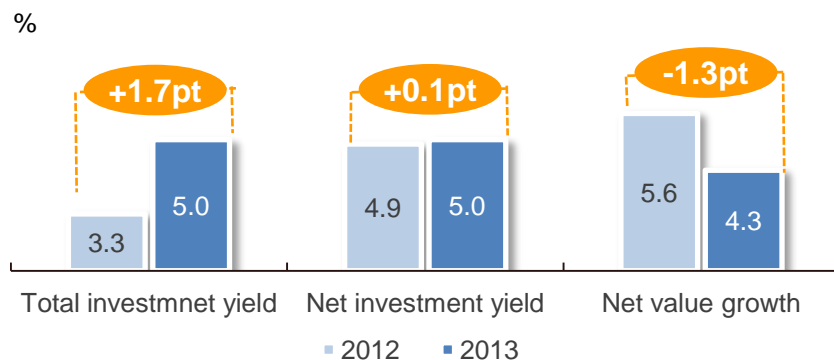
## AuM of Changjiang Pension



# Asset Management (2/2)

## Investment yields continued to improve

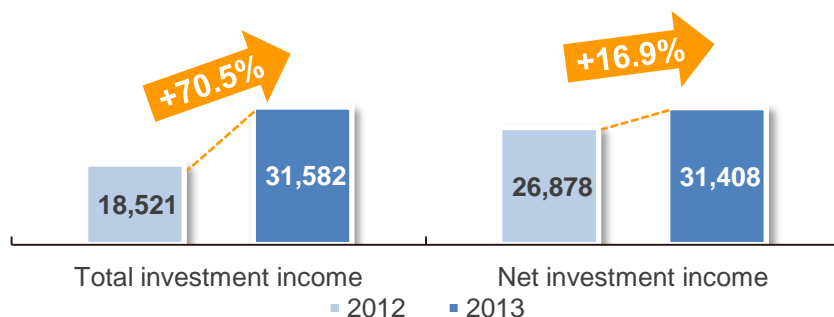
### Investment Yields of the Group's In-house Assets



Note: 2012 data have been restated

### Investment Income of the Group

RMB mn



Investment Portfolio	2013 year end (%)	Change (pt)
<b>Fixed income</b>	<b>84.8</b>	<b>(0.2)</b>
Debt securities	56.0	3.2
Term deposits	21.6	(4.6)
Debt investment plans	5.2	0.7
Financial products <sup>(1)</sup>	0.2	0.2
Others <sup>(2)</sup>	1.8	0.3
<b>Equity</b>	<b>11.3</b>	<b>1.3</b>
Funds	5.0	0.4
Equity securities	4.7	0.4
Financial products <sup>(1)</sup>	0.3	0.3
Others <sup>(3)</sup>	1.3	0.2
<b>Properties</b>	<b>1.0</b>	<b>-</b>
<b>Cash &amp; cash equivalents</b>	<b>2.9</b>	<b>(1.1)</b>

Note: (1) Including WMPs, trust plans of assembled funds, asset management plans, asset-backed securities and etc.

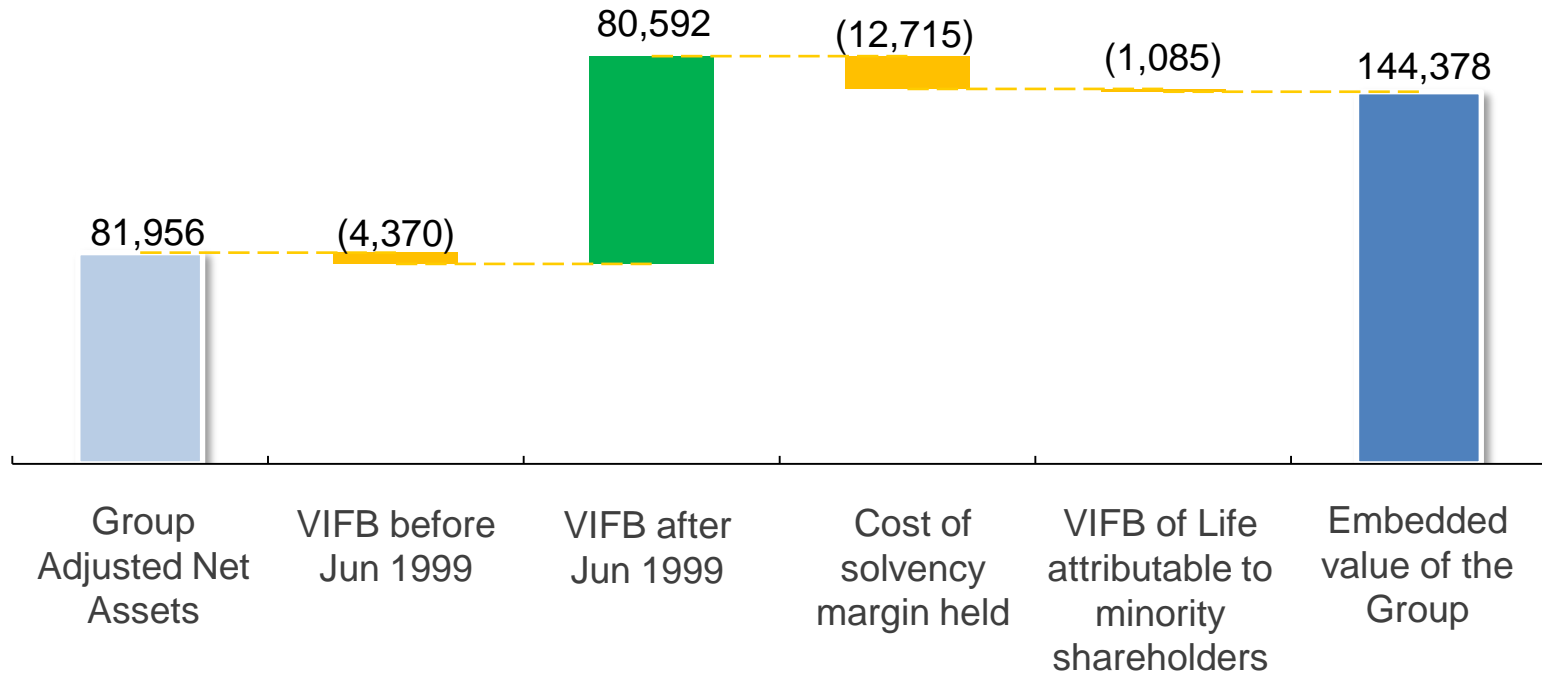
(2) Including statutory deposits and policy loans

(3) Including unlisted equity securities

# Embedded Value (1/2)

## Components of Embedded Value(as of Dec 31, 2013)

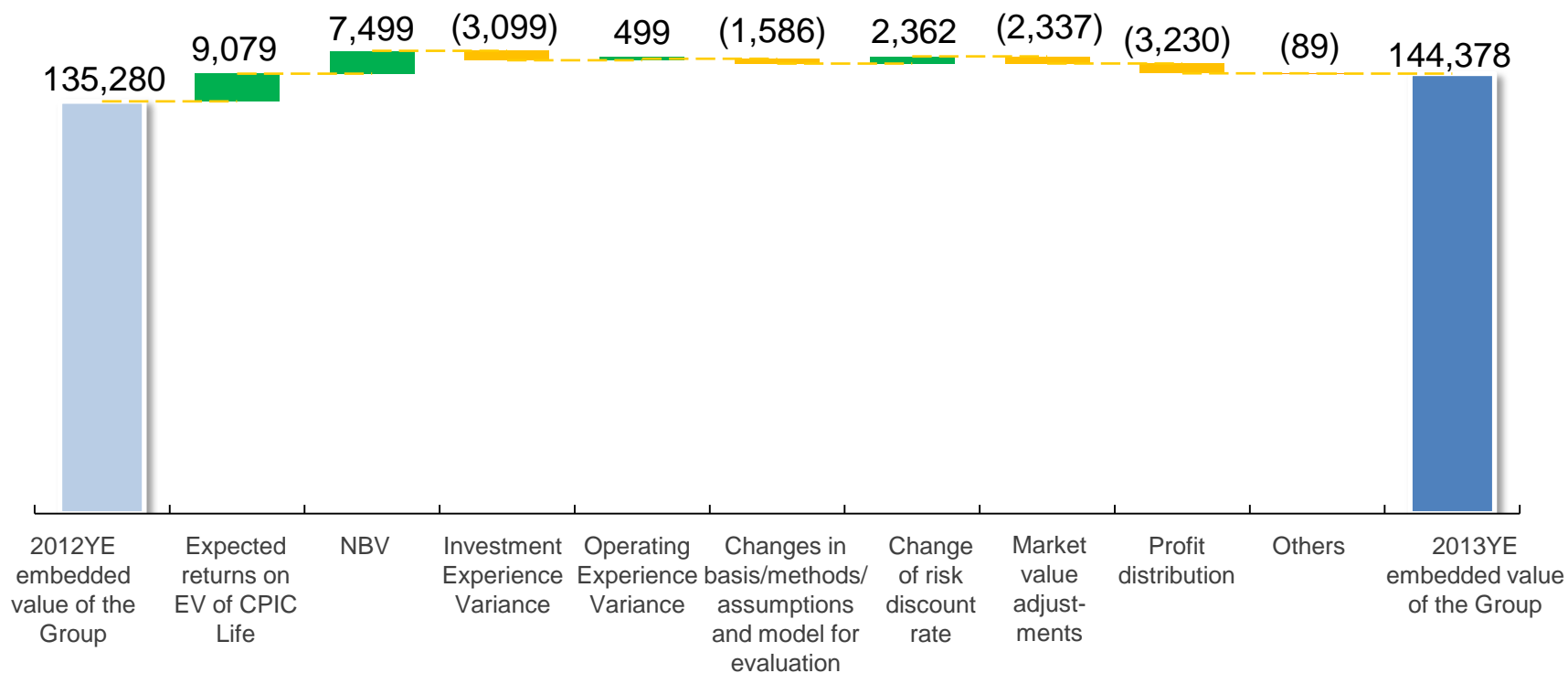
RMB mn



# Embedded Value (2/2)

## Changes in Embedded Value for the Year 2013

RMB mn



# Q & A

