

China Pacific Insurance (Group) Co., Ltd. 2014 Interim Results Presentation

2014.08.25

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➤ **Performance Overview**

➤ **Business Analysis**

➤ **Q&A**

Key Performance Indicators

	(Unit: RMB million)	H1 2014	change(%)
Sustained growth in group value	Group embedded value ⁽¹⁾	153,891	6.6
	Group value of in-force business ⁽¹⁾⁽²⁾	68,843	10.3
	New business value	5,230	22.9
	Combined ratio ⁽³⁾	99.5%	1.9pt
	Growth of net asset value(annualized)	5.3%	1.0pt
Sound financial results	Operating revenues ⁽⁴⁾	114,145	9.7
	Gross written premiums	108,413	9.9
	Net profit ⁽⁵⁾	6,848	25.3
	EPS(RMB yuan) ⁽⁵⁾	0.76	25.3
	Net assets ⁽¹⁾⁽⁵⁾	106,341	7.4
Solid capital position	CPIC Group ⁽¹⁾	275%	(8pt)
	CPIC Life ⁽¹⁾	179%	(12pt)
	CPIC Property ⁽¹⁾	175%	13pt

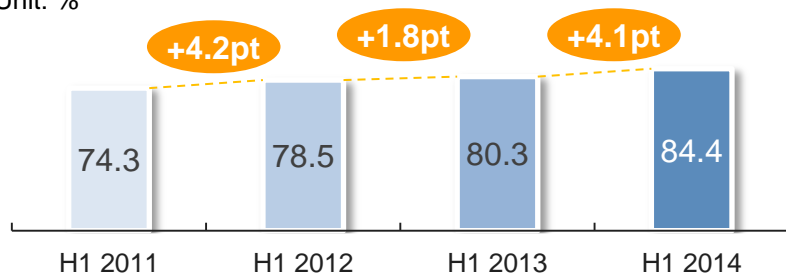
- Note: (1) As of the end of 30 June 2014.
 (2) Based on Group's share of life's VIP after solvency.
 (3) Includes CPIC Property and CPIC Hong Kong.
 (4) Based on Chinese accounting standards
 (5) Based on figures attributable to the parent company.

Transformation—Life

Focused on the agency channel and regular premium business, resulting in a fundamental shift of the mode of value growth.

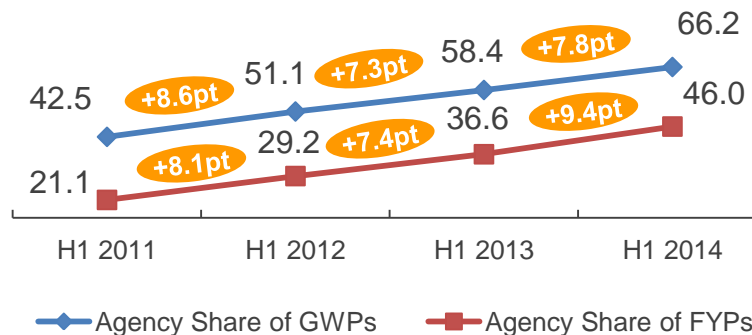
Agency's Share of NBV

Unit: %



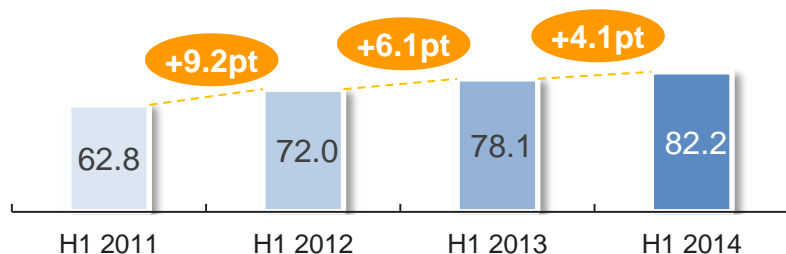
Agency's Share of GWPs

Unit: %



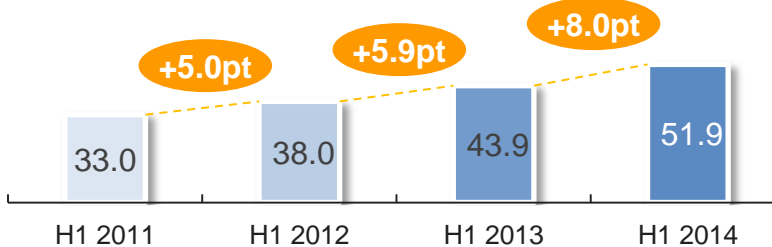
Regular Premium's Share of GWPs

Unit: %



Regular Premium's Share of FYPs

Unit: %



Transformation—Property and Casualty

In response to market changes, we pressed ahead with a series of transformation initiatives.

Promoting the development of emerging lines to foster new growth drivers

- ◆ Agricultural business grew by **30.9%**



Better application of internet and mobile technologies helped to enhance customers' experience.

- ◆ The 3G-driven fast track claims system for car insurance has benefited **8.97 million** customers



Offered differentiated products and services based on customer segmentation

- ◆ With customer segmentation, we added **28,131** new SME clients, up **641.7%**



Transformation—Asset Management

We persisted in asset liability management and vigorously explored market mechanisms for the entrustment of our in-house assets

Continued efforts to improve market mechanisms for the entrustment of our in-house assets

- ◆ Contractual relationship based on products and accounts will be established between our insurance operations and our investment arm.

Strived to enhance competitiveness on the market

- ◆ CPIC AMC, committed to serving insurance, also seeks to expand third-party business. The group's third party AuM reached RMB**108.785** billion, up **36.3%** from the end of 2013.
- ◆ Total funds raised by all the alternative and asset management products issued so far exceeded RMB**100** billion.

Insurance Portfolio More Balanced

- ◆ Kicked off the preparation of **CPIC Allianz Health Insurance Co.,Ltd.**



- ◆ To acquire a stake of 34.34% in **Anxin Agricultural Insurance Co.,Ltd.**



Outlook

We have installed a new management team for both our life and p/c operations, and we believe they will continue to push forward the development strategy formulated by the board of the Group and enhance our capabilities for sustainable development while meeting all value targets for 2014.

Opportunities with *Guoshitiao*

- Pension** ♦ Seek innovations in pension products and services, and explore tax incentives.
- Health** ♦ Diversify products, and encourage governments to purchase private insurance in various ways.
- Liability** ♦ A more important part of insurance sector in the provision of public services and the settlement of disputes.
- Agricultural** ♦ Vigorously promote agriculture-related insurance, seeking innovations in ways to support farmers and agriculture, and improving fiscal subsidies for agricultural insurance.
- Catastrophe** ♦ Catastrophe insurance system shall be established. Insurance shall be an integral part of disaster relief and mitigation system.

CONTENTS

➤ **Performance Overview**

➤ **Business Analysis**

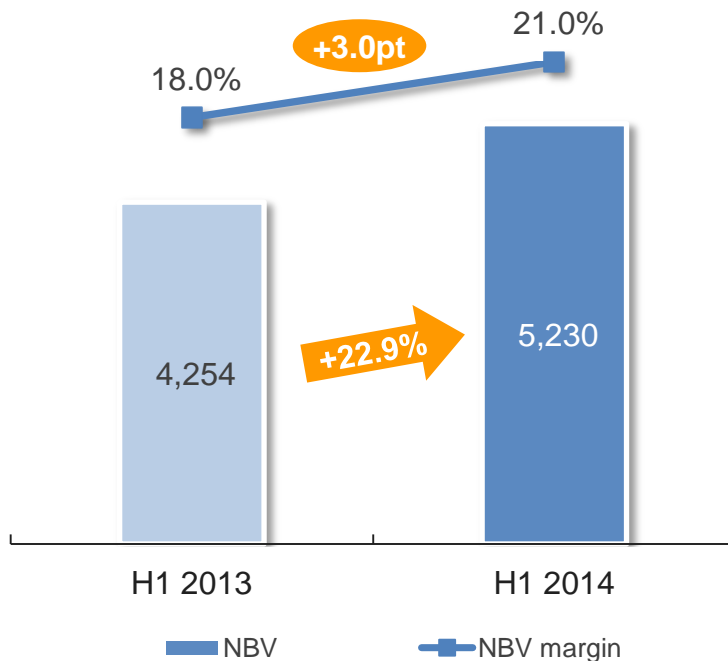
➤ **Q&A**

Life Business(1/4)

NBV grew by 22.9% and margin up 3.0 percentage points

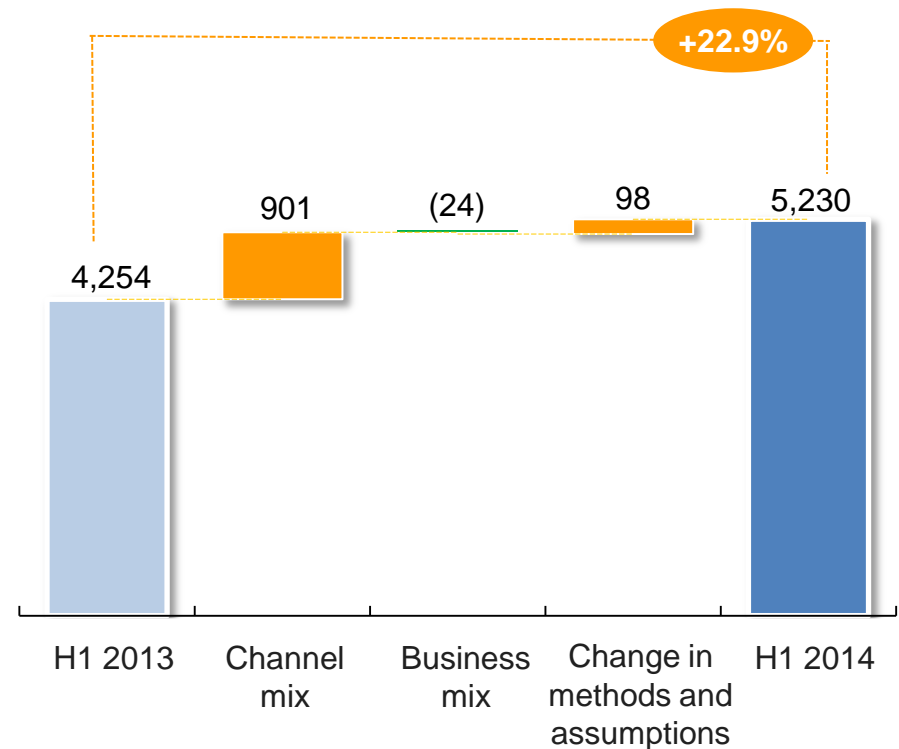
New Business Value

Unit: RMB million



NBV Change Analysis

Unit: RMB million



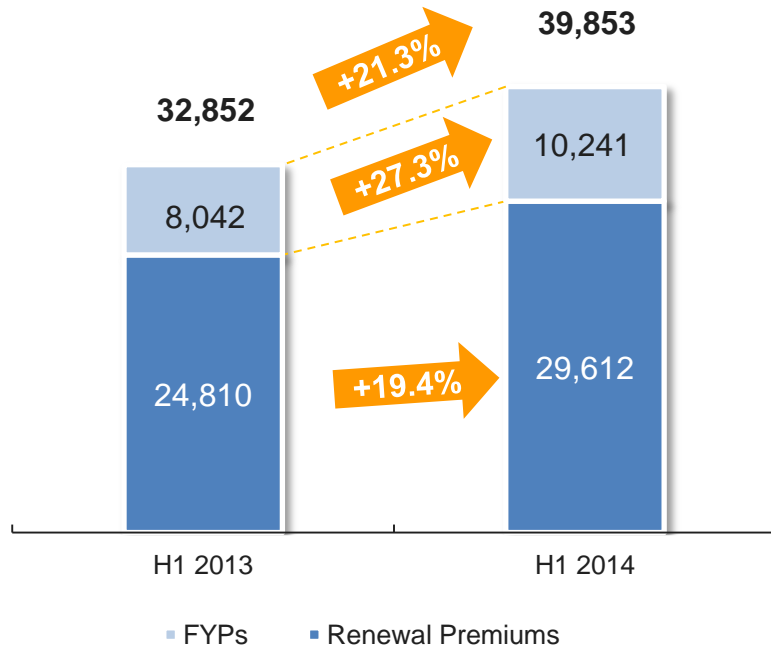
- Note:
- (1) NBV margin = NBV/annualized first year premiums.
 - (2) The change in methods and assumptions of the NBV change analysis covers the period between July 1 2013 to June 30 2014.
 - (3) Figures may not totally add up due to rounding.

Life Business(2/4)

FYPs from agency grew by 27.3%, with share of NBV up 4.1 pt

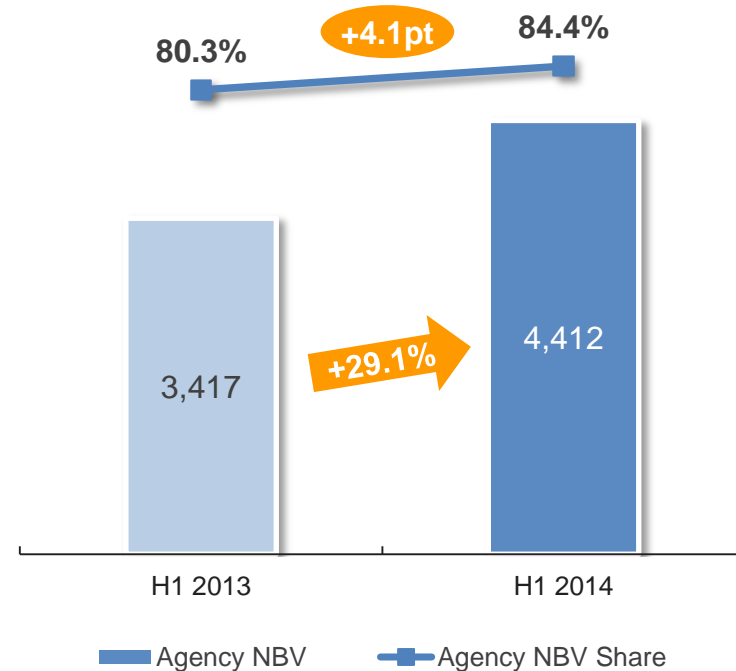
GWPs from Agency

Unit: RMB million



Agency NBV and Share

Unit: RMB million

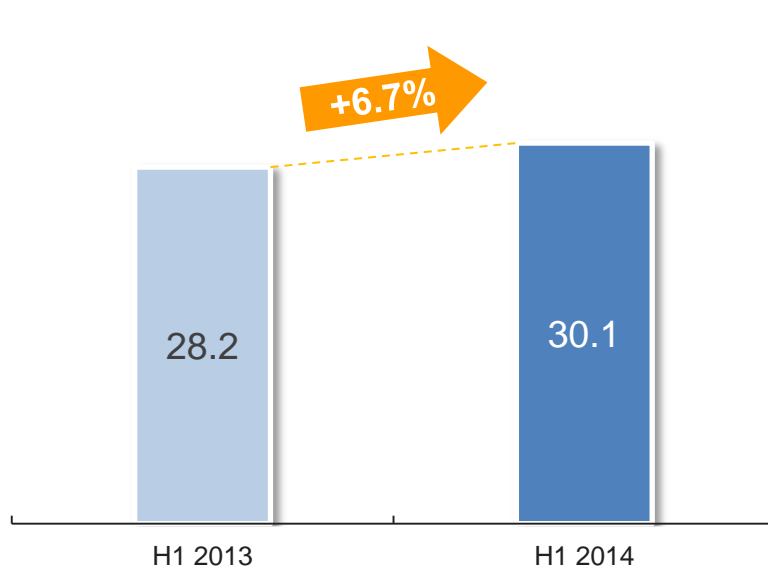


Life Business(3/4)

Agent headcount increased by 6.7%,with productivity up 19.0%

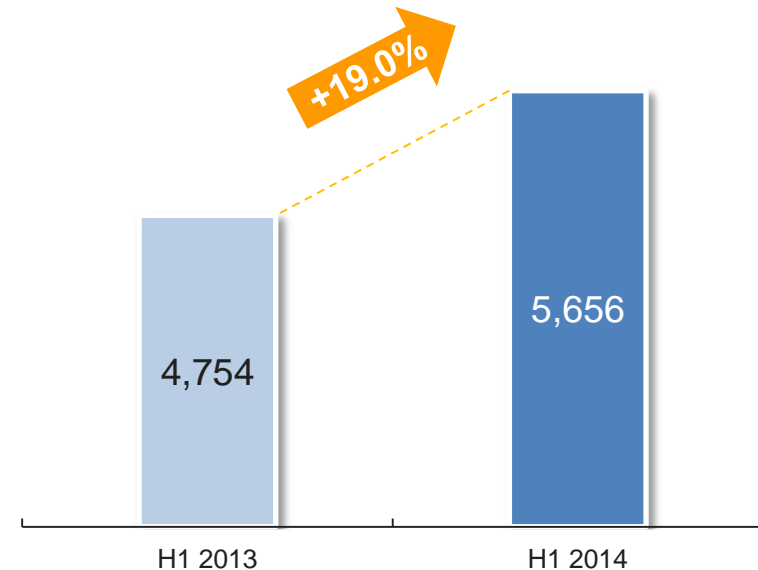
Monthly Average Agent Headcount

Unit: ten thousand people



FYPs per Agent per Month

Unit: RMB yuan

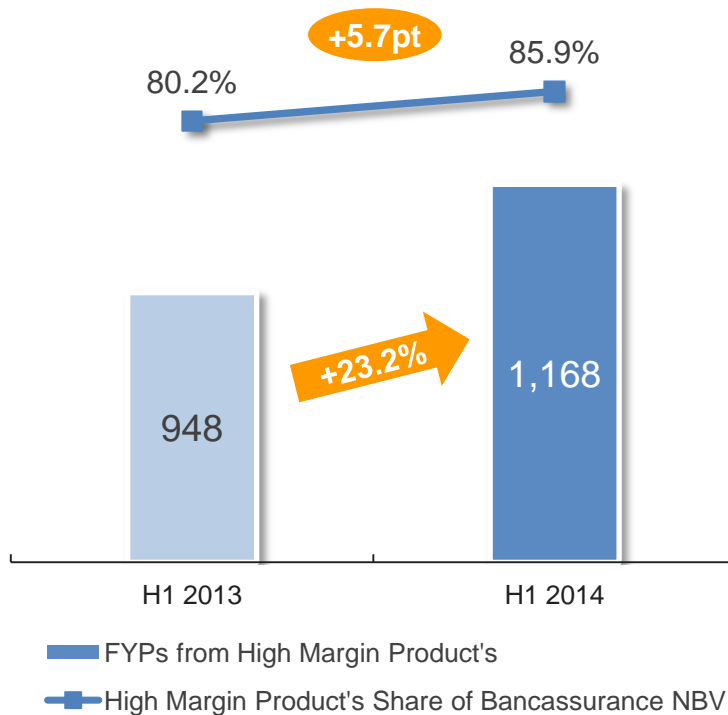


Life Business(4/4)

Bancassurance focused on regular business, with strong momentum in high margin business.

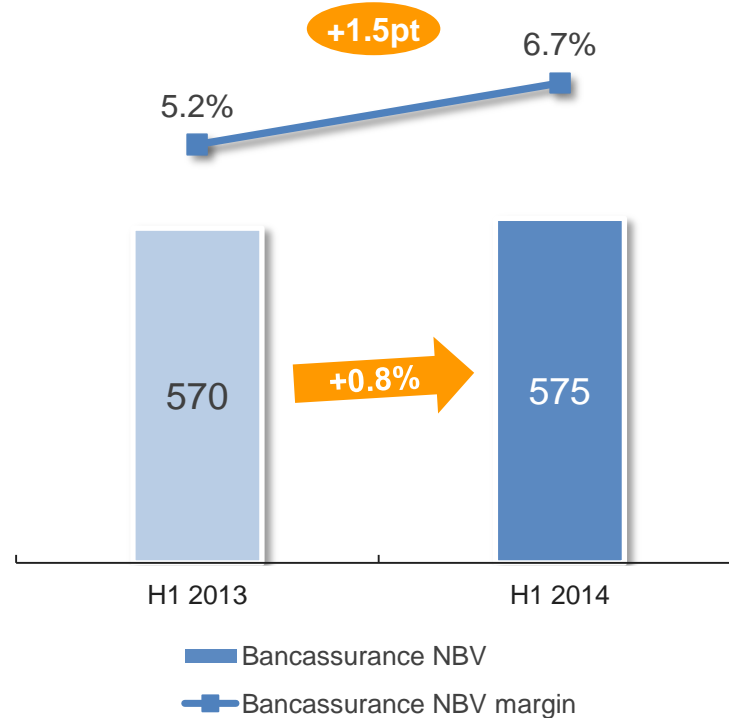
High Margin Business of Bancassurance

Unit: RMB million



Bancassurance NBV

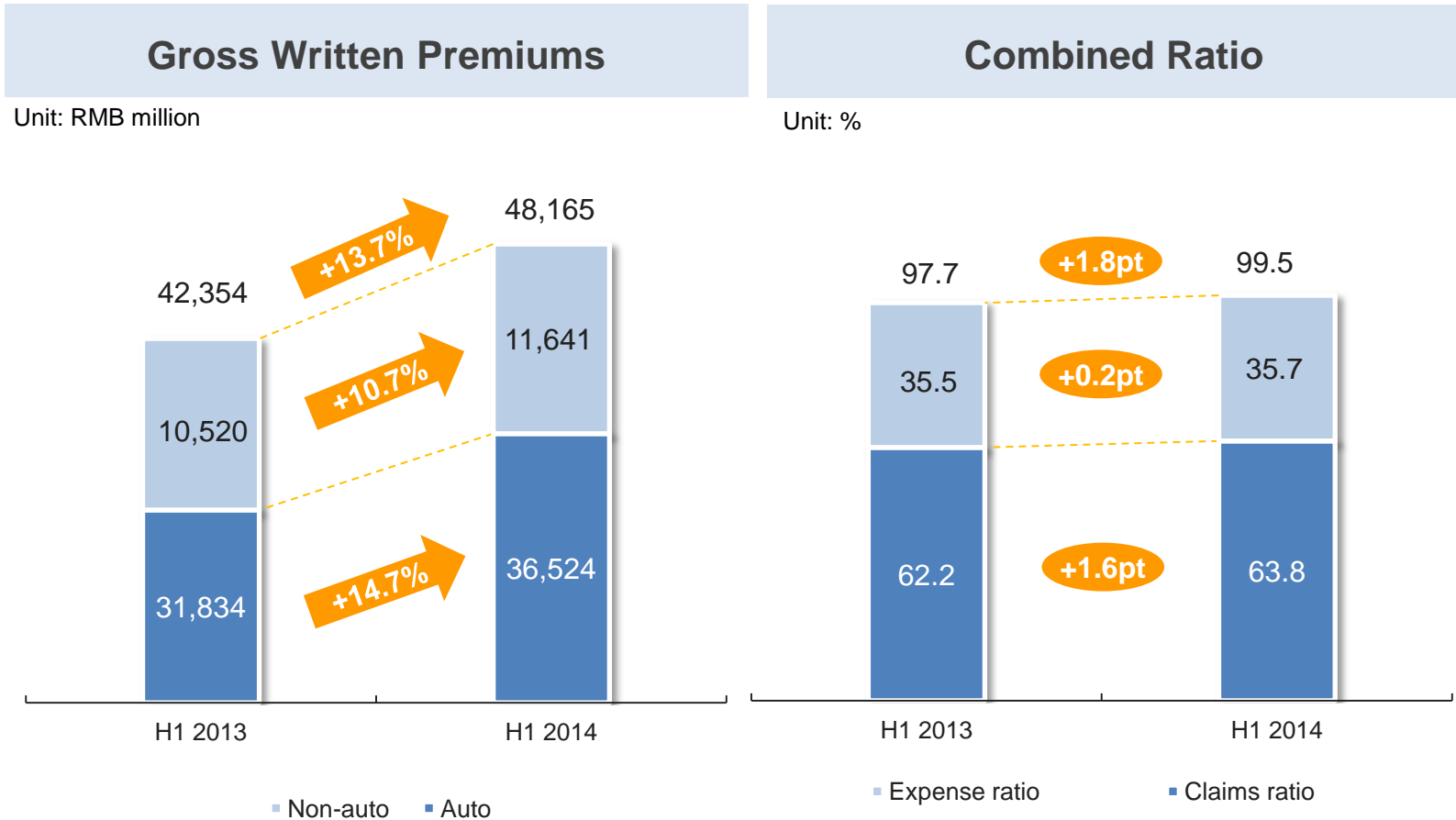
Unit: RMB million



Note : Figures may not add up due to rounding

Property and Casualty(1/3)

GWPs grew by 13.7%, with combined ratio up by 1.8 pt



Note: property and casualty business here only refers to CPIC Property

Property and Casualty (2/3)

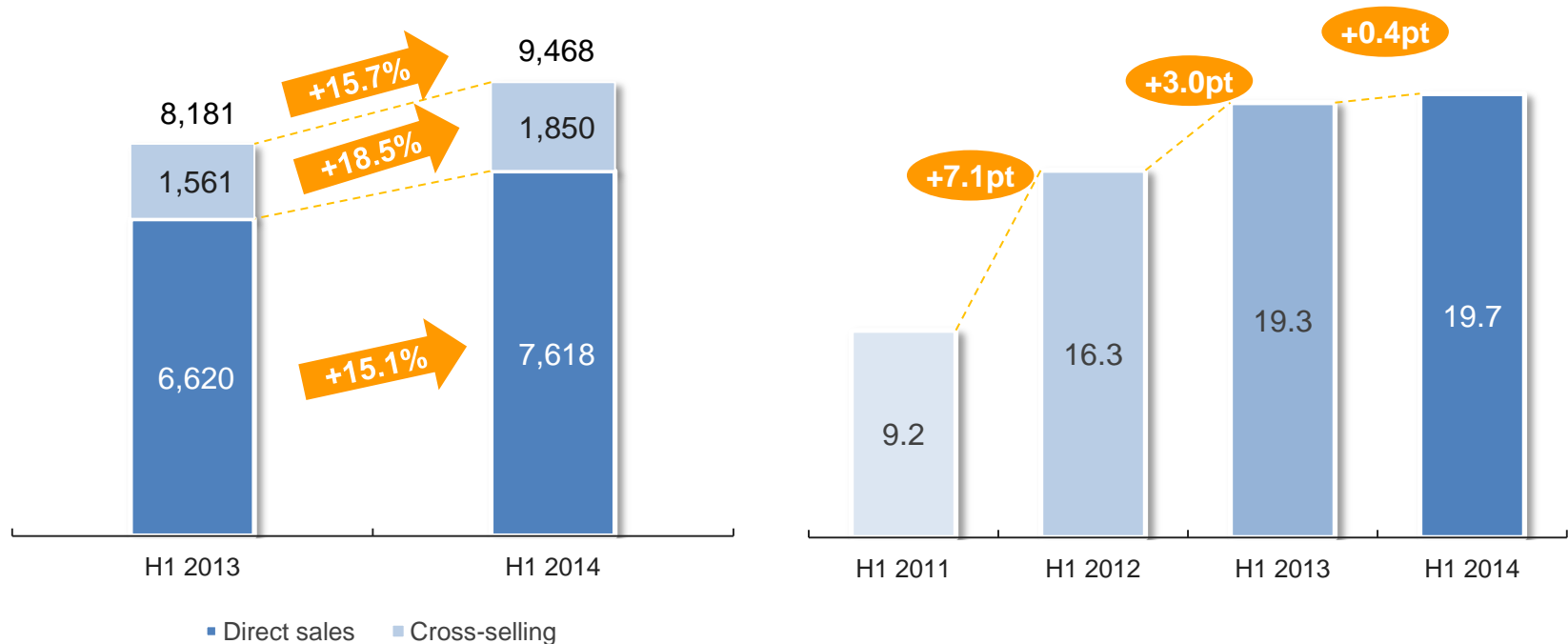
Direct sales and cross-selling grew by 15.7%, with a rising share of GWPs

GWPs from Direct sales and cross-selling

Share of Direct sales and cross-selling

Unit: RMB million

Unit: %



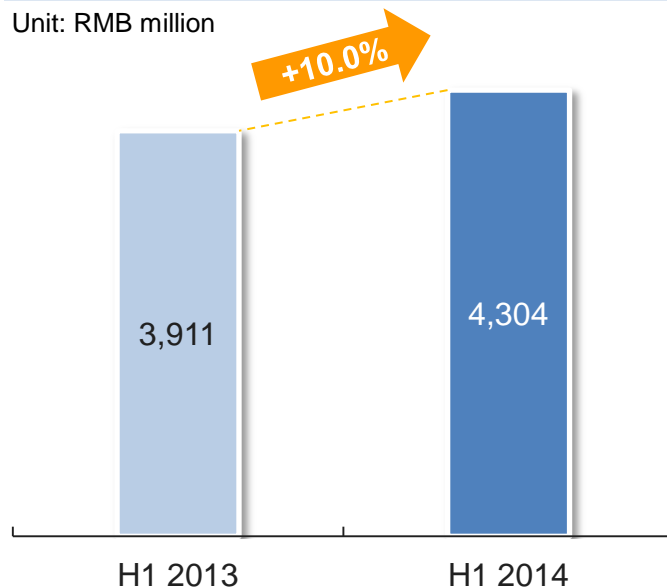
Note: property and casualty business here only refers to CPIC Property

Property and Casualty(3/3)

Progress in emerging non-auto lines

GWPs from Major Corporate Clients

Unit: RMB million



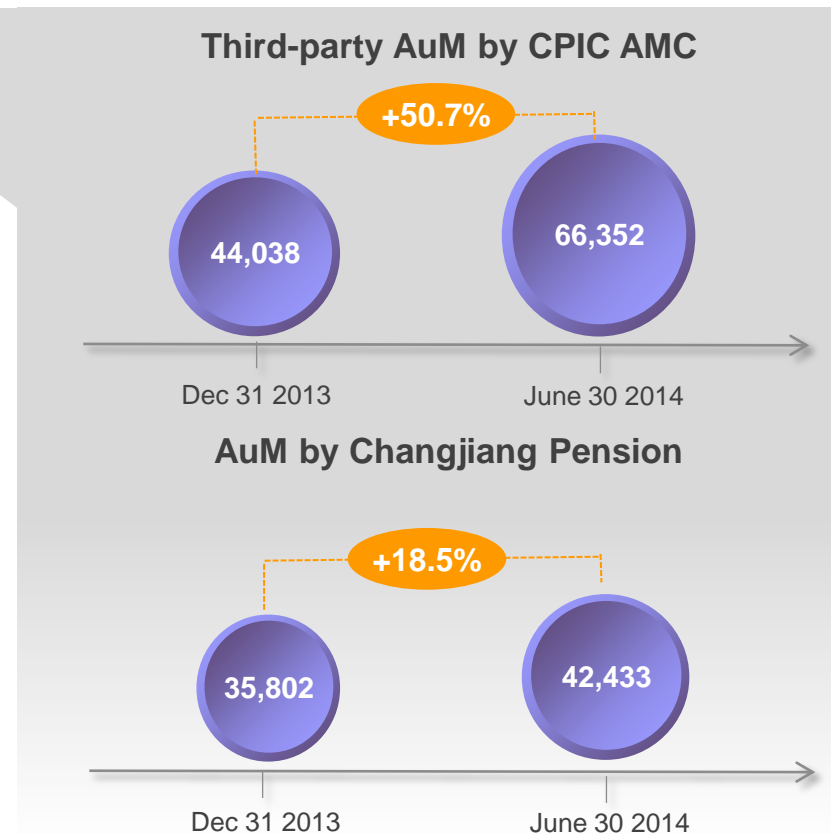
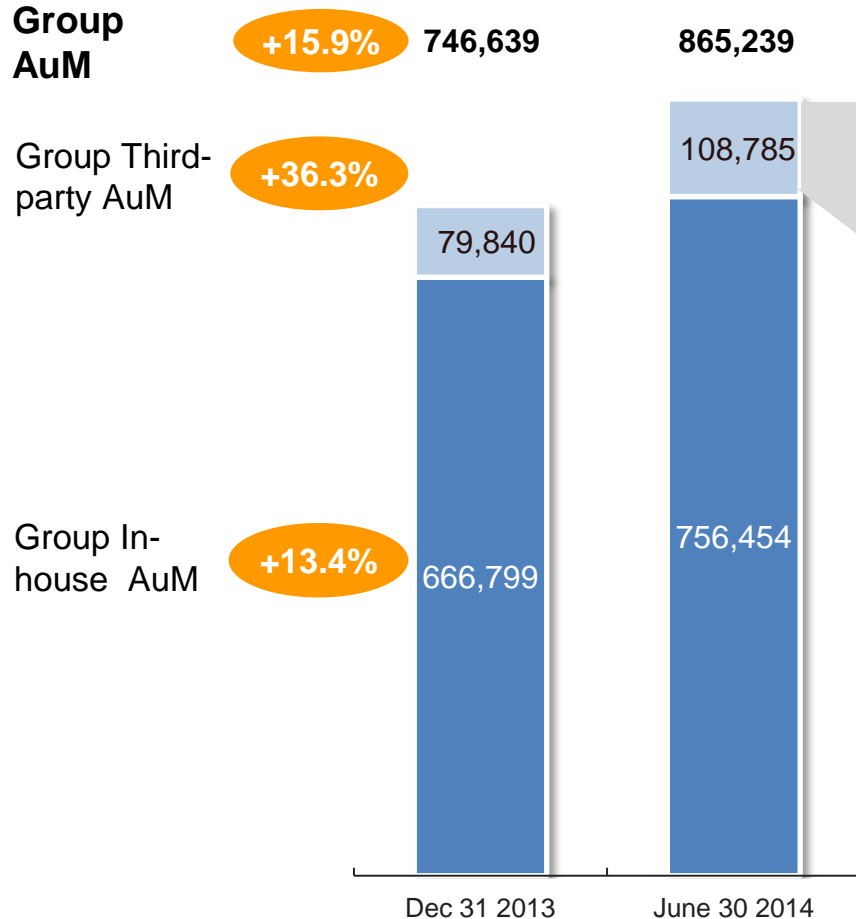
- ◆ Agricultural insurance grew by **30.9%**
- ◆ The number of domestic Top 500 clients increased by **64**
- ◆ Made much progress in business from **urban rail transit and nuclear power**
- ◆ Obtained the license for export credit insurance and issued the **first** credit insurance policy

Note: property and casualty business here only refers to CPIC Property

Asset Management(1/2)

Group AuM reached RMB865.239 billion, a growth of 15.9% from the end of 2013.

Unit: RMB million

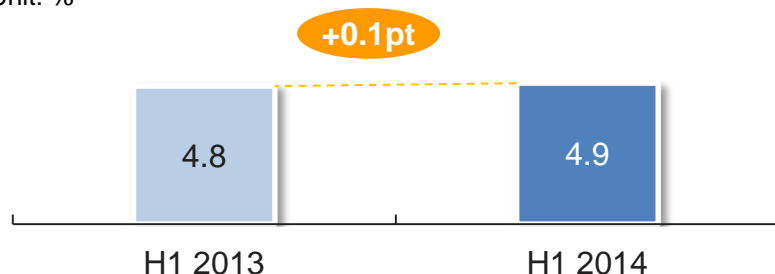


Asset Management(2/2)

Annualised growth of net asset value grew by 5.3%, up 1.0 pt

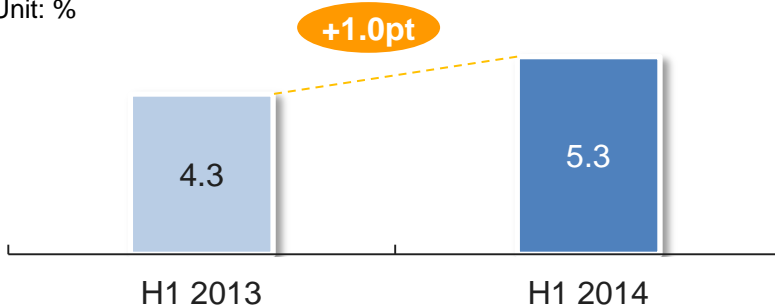
Annualised Net Investment Yield, Group In-house AUM

Unit: %



Annualised NAV Growth, Group In-house AUM

Unit: %



Mix of Group In-house AuM	30 June 2014(%)	change (pt)
Fixed income	85.0	0.2
bonds	54.6	(1.4)
Term deposits	21.6	-
Debt investment plans	5.7	0.5
Financial products ⁽¹⁾	1.0	0.8
Other fixed income ⁽²⁾	2.1	0.3
Equity	10.9	(0.4)
Mutual funds	5.1	0.1
Stocks	3.7	(1.0)
Financial products ⁽¹⁾	0.9	0.6
Other equity investment ⁽³⁾	1.2	(0.1)
Investment Property	0.9	(0.1)
Cash and cash equivalents	3.2	0.3

Note: (1) Financial products include wealth management products issued by commercial banks, collective trust plans by trust firms, special asset management plans by securities firms and loans-backed securities by banking institutions.

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

(3) Other equity investments include unlisted equities, etc.

Q&A

