

2016 Annual Results Presentation China Pacific Insurance (Group) Co., Ltd.

March 31, 2017

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Focused on value growth and delivered solid results

(Unit: RMB million)

	KPIs	2016	Change(%)
Value Growth	Group Embedded Value ⁽¹⁾	245,939	19.6
	New Business Value	19,041	56.5
	Combined Ratio ⁽²⁾	99.2%	(0.6pt)
	Group AuM ⁽¹⁾	1,235,372	13.6
	Third-party AuM ⁽¹⁾	293,612	25.8
Financial Results	Operating Revenue ⁽³⁾	267,014	8.0
	Gross Written Premium	234,018	15.1
	CPIC Life	137,362	26.5
	CPIC P/C	96,195	1.7
	Net Profits ⁽⁴⁾	12,057	(32.0)
Capital Strength	CPIC Group ⁽¹⁾⁽⁵⁾	294	(5pt)
	CPIC Life ⁽¹⁾⁽⁵⁾	257	(5pt)
	CPIC P/C ⁽¹⁾⁽⁵⁾	296	11pt

Note: (1) As at 31 Dec, 2016

(2) The property and casualty business includes CPIC P/C, Anxin Agricultural Insurance and CPIC HK

(3) Based on PRC GAAP

(4) Based on figures attributable to shareholders of the parent company

(5) The data is comprehensive solvency margin ratio

Promoted transformation to increase focus on customers and insurance value proposition

- ◆ Life insurance shifted towards high-margin and sustainable agency channel with its GWPs growing from RMB42.8 billion in 2011 to **RMB115.4 billion** in 2016, and the overall NBV margin rising from 13.6% in 2011 to **32.9%** in 2016, marking a fundamental shift in the drivers of value growth.
- ◆ The property and casualty insurance persisted in underwriting profitability, exercised stringent control of business quality, shedding bad business and increasing the number high quality customers via differentiated services, with the combined ratio improved to **99.2%** over the past two years.
- ◆ Asset management persisted in prudent, value and long-term investment in an environment of uncertainties. Deepened ALM, putting in place market-based mechanisms for asset entrustment which served to curb cost of liabilities, with compound total investment yield since our IPO higher than investment return assumption.
- ◆ We promoted transformation and markedly improved capabilities in Customer Profile Delineation based on data governance, in the supply of insurance products & services based on customer segmentation and in the optimization of customer interfaces driven by new technologies. A leading insurance franchise in China, with **over 100 million** customers,

Stay focused on insurance and achieved collaborative development



CPIC Allianz Health

Focused on mid and high-end customers, stepped up product innovation, deepened channel collaboration with CPIC Life and CPIC P/C, and realized **RMB519 million** in GWPs, a growth of **248.3%**.



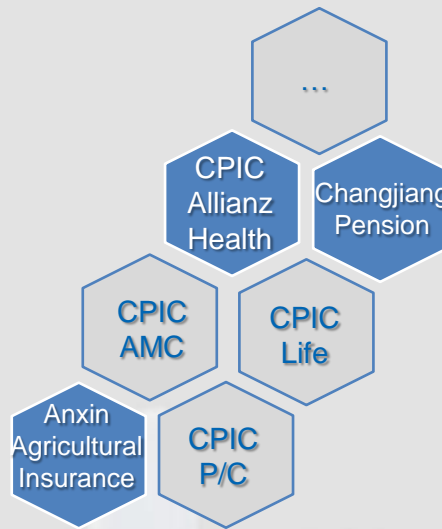
Anxin Agricultural Insurance

Financially consolidated, adjusted business mix and improved profitability. Enhanced collaboration with CPIC P/C, launching agricultural products combining insurance and futures market.



Changjiang Pension

Leveraged Group resources, joined hands with sister companies and set up **30** "Pacific-Changjiang Business Co-operation Centers. Qualified as the asset manager for the outsourcing of China's social security pension fund.



Outlook

➤ The year 2017 marks the beginning of the company's new 3-year development program. Looking ahead, we will continue to uphold the development philosophy of "focusing on the core business of insurance and pursuing sustainable value growth". We will also start the implementation of the digitalization strategy, which is an extension of the customer-oriented transformation initiative and will be central to our efforts to lower costs, improve efficiency, strengthen weaknesses and promote collaboration.

➤ In the next 3 years, under the leadership of the new Board, the company will work hard to translate into realities the mission of "innovating digital experience, improving digital supply, and sharing the digital eco-system", and continue to drive value growth so as to give back even more to our shareholders, customers and the society.

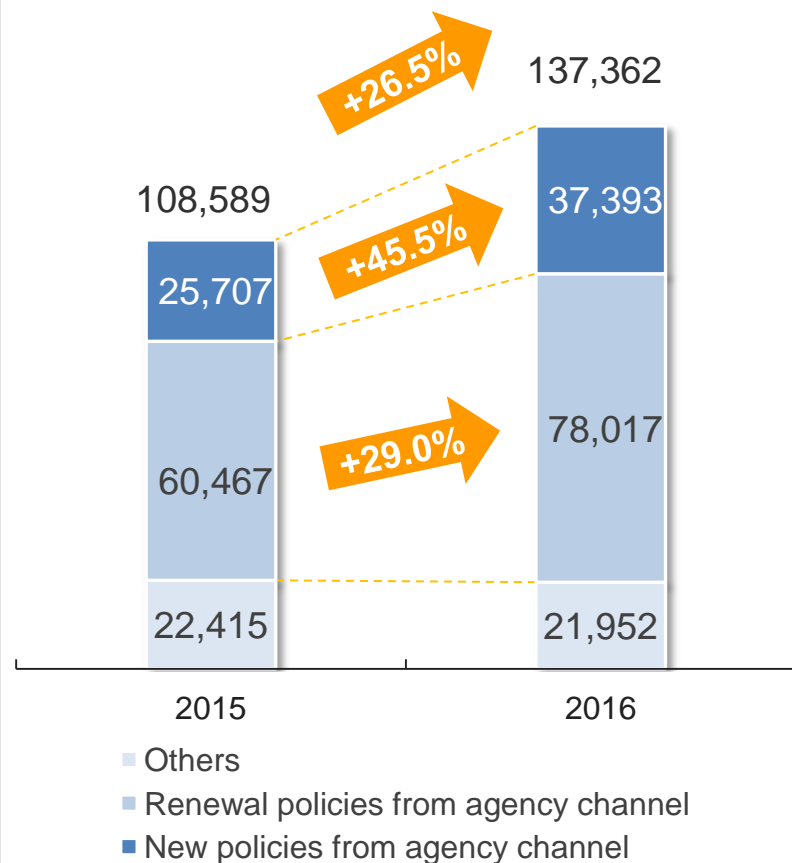
Performance Analysis

Life Business(1/4)

NBV growth sets new record

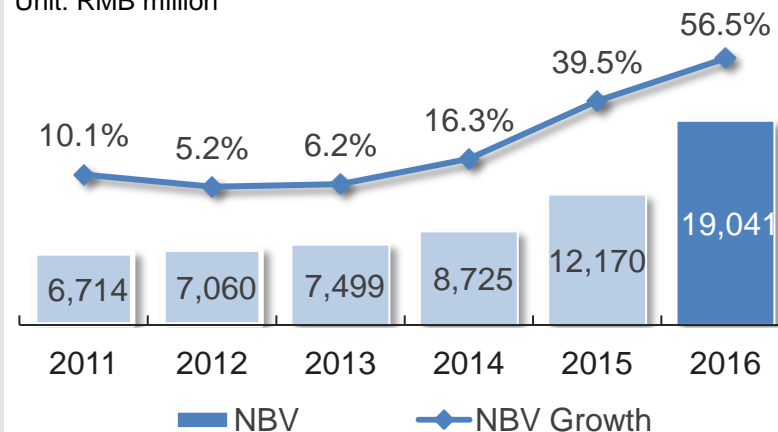
Gross Written Premium

Unit: RMB million



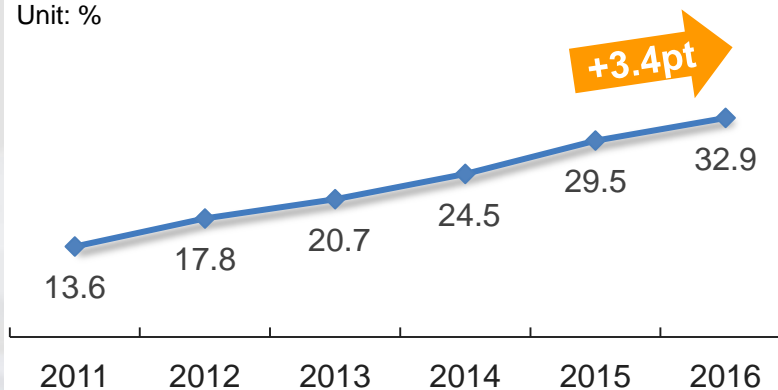
New Business Value

Unit: RMB million



NBV Margin

Unit: %



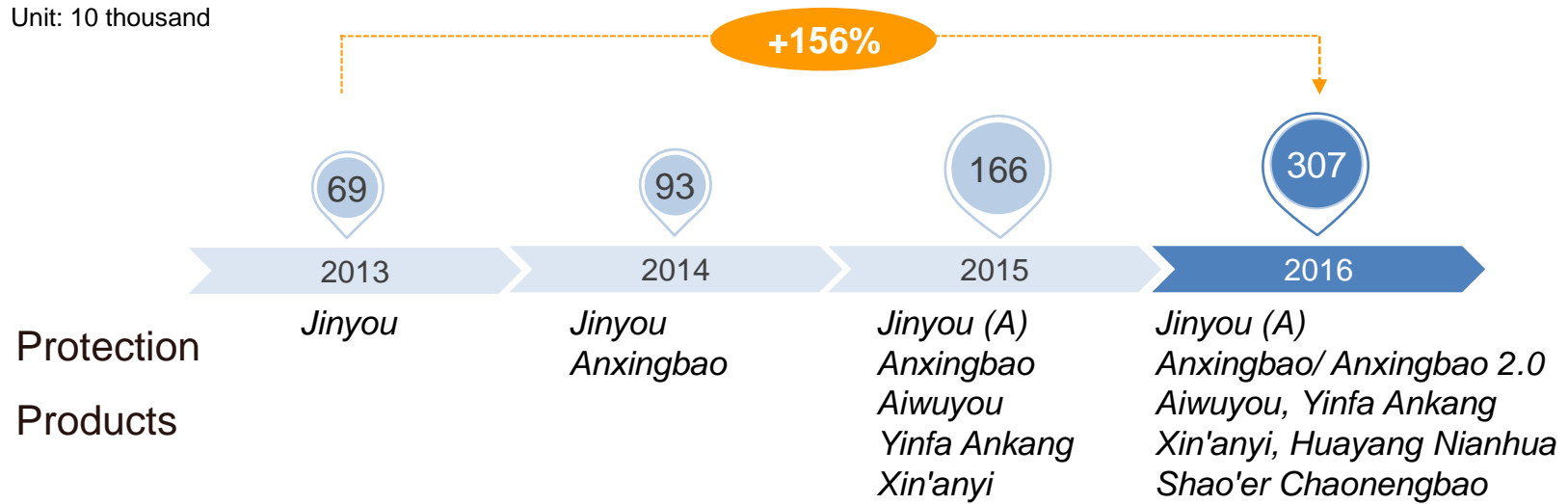
Note: NBV margin= NBV / annualized first year premiums; NBV and NBV margin for the year of 2015 and 2016 are calculated according to the C-ROSS requirement, and the data for 2015 has been restated.

Life Business(2/4)

Product innovation to satisfy customer's needs for protection and drive customer acquisition

Number of New Customers Acquired by Protection Products

Unit: 10 thousand



Increased Protection



Anxingbao

comprehensive travel protection, with SA up to 5 million

Relaxed Age Limits



Yinfa Ankang

cancer protection for the elderly population, with age limit raised to 75

Expanded Coverage



Xin'anyi

expanded coverage, including out-of-pocket medical expense reimbursement

Lower Premiums



Aiwuyou

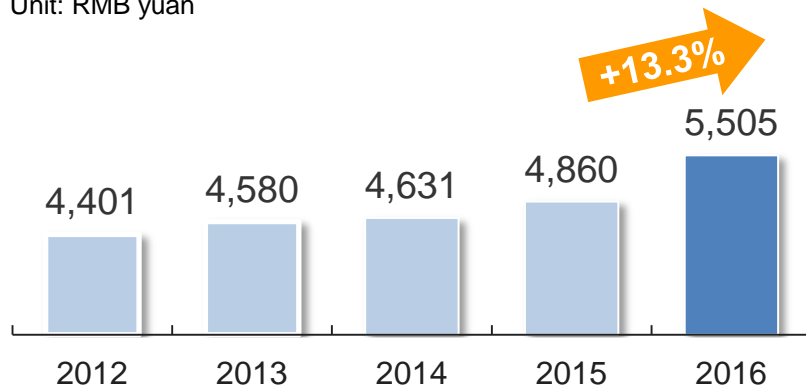
only cancer cover and lower premiums, with waiver of premiums for minor illnesses

Life Business(3/4)

Implemented Targeted Marketing Initiative to promote up-sell

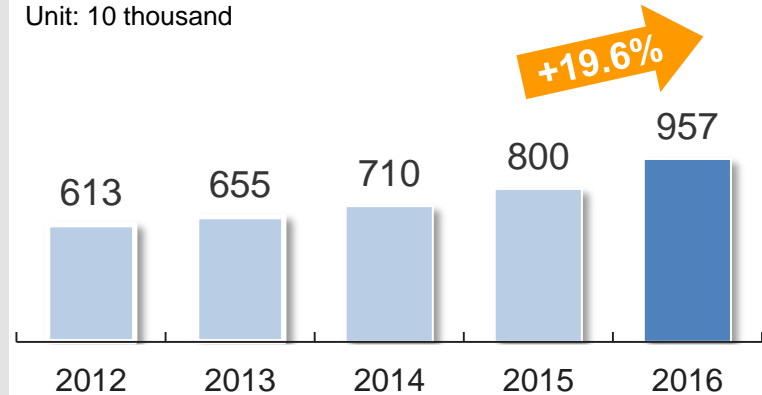
Long-term Policy Premium per Individual Customer

Unit: RMB yuan



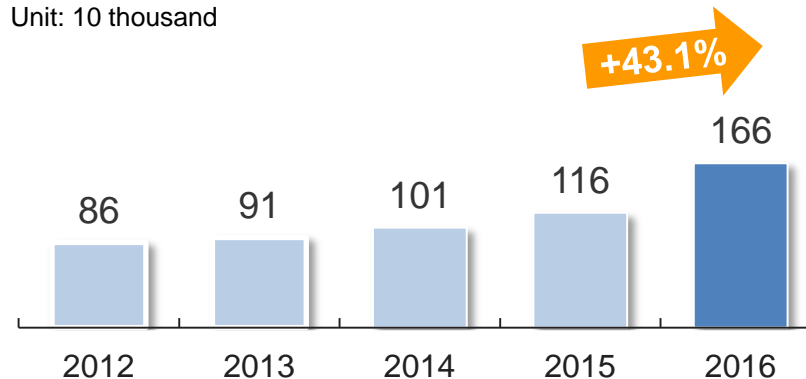
Number of Customers with Multiple Policies

Unit: 10 thousand



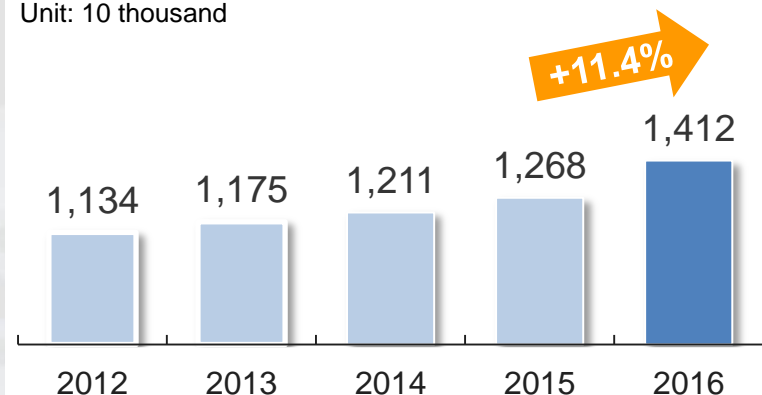
Number of Customers with Annual Premium above RMB 15,000

Unit: 10 thousand



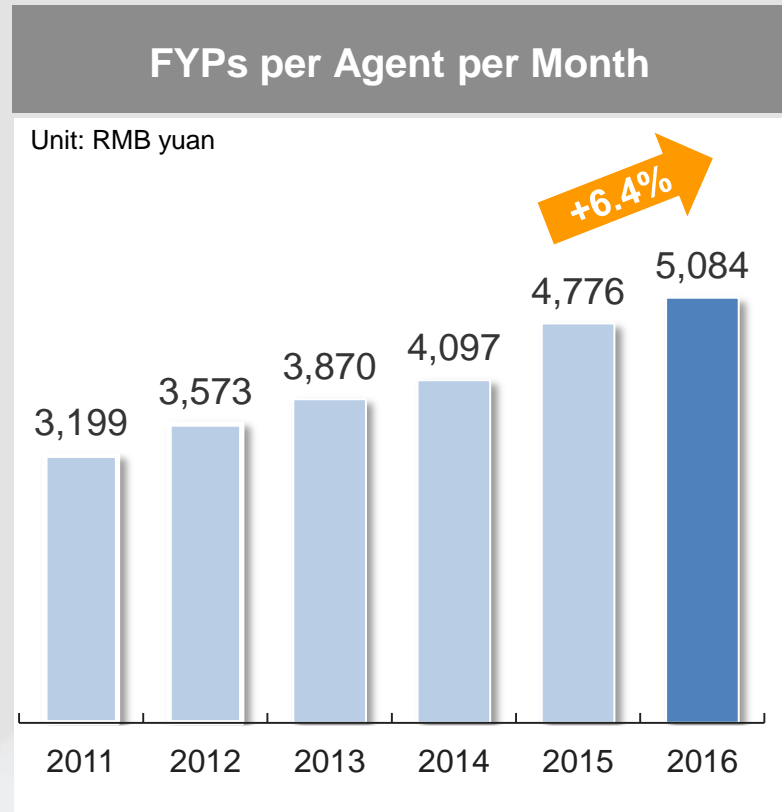
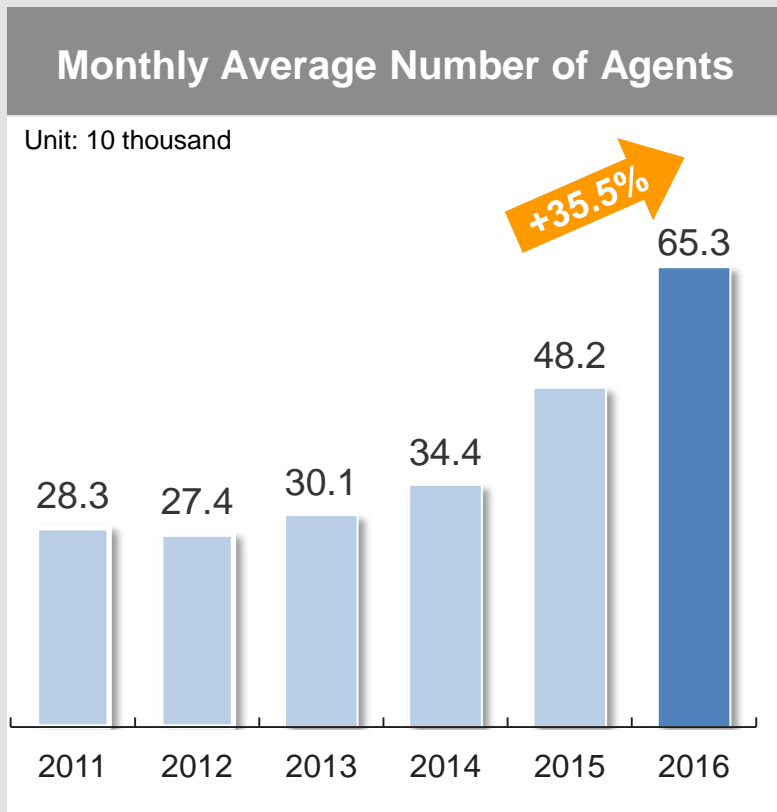
Numbers of Female Customers

Unit: 10 thousand



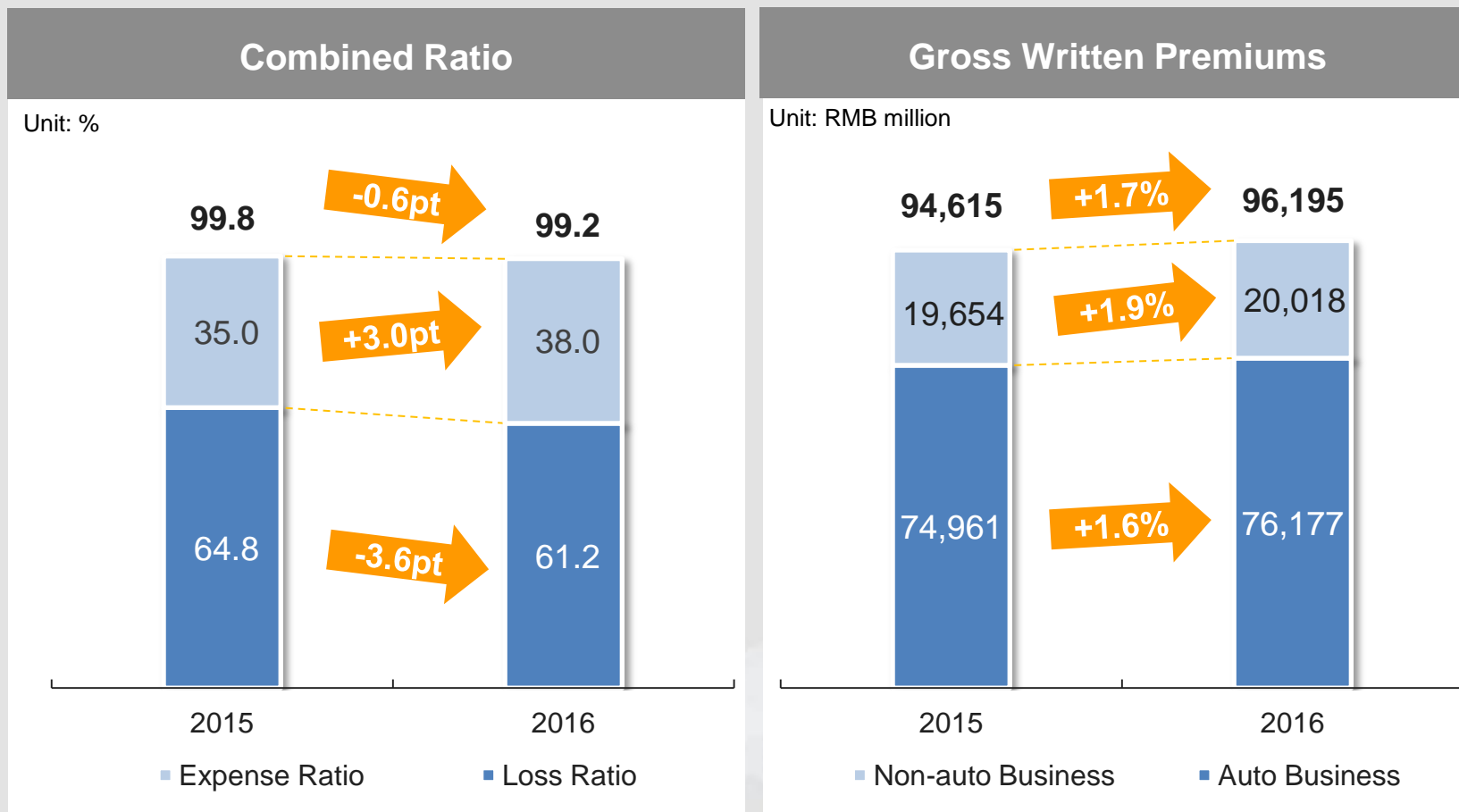
Life Business(4/4)

Robust growth of agent headcount, with continued increase in productivity



Property and casualty insurance(1/3)

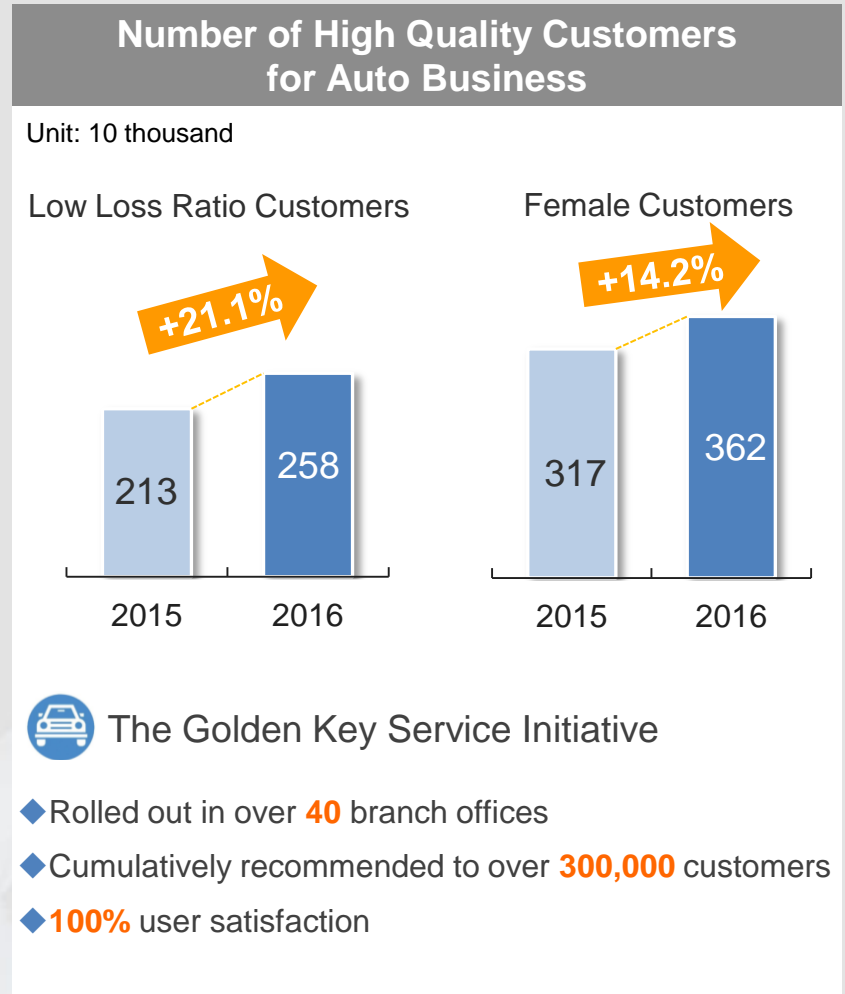
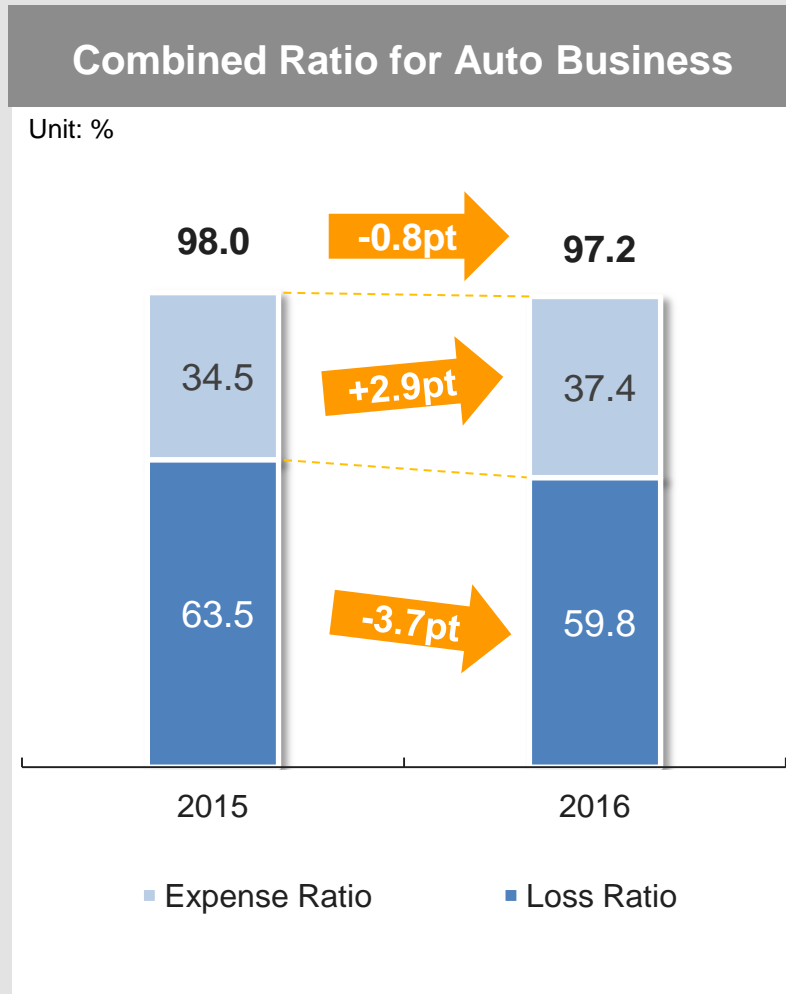
Delivered underwriting profitability, with loss ratio down by 3.6 pt



Note: The property and casualty business on this slide refers only to CPIC P/C.

Property and casualty insurance (2/3)

Innovation in service supply driving continued growth of high quality customers



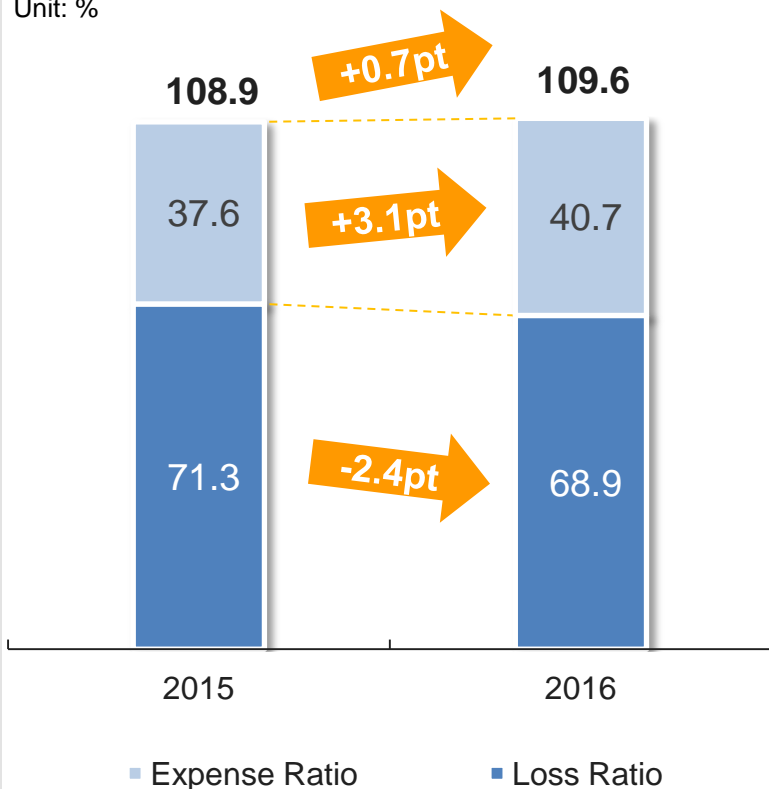
Note: The property and casualty business on this slide refers only to CPIC P/C.

Property and casualty insurance(3/3)

Non-auto business still facing challenges, with rapid growth of agricultural insurance

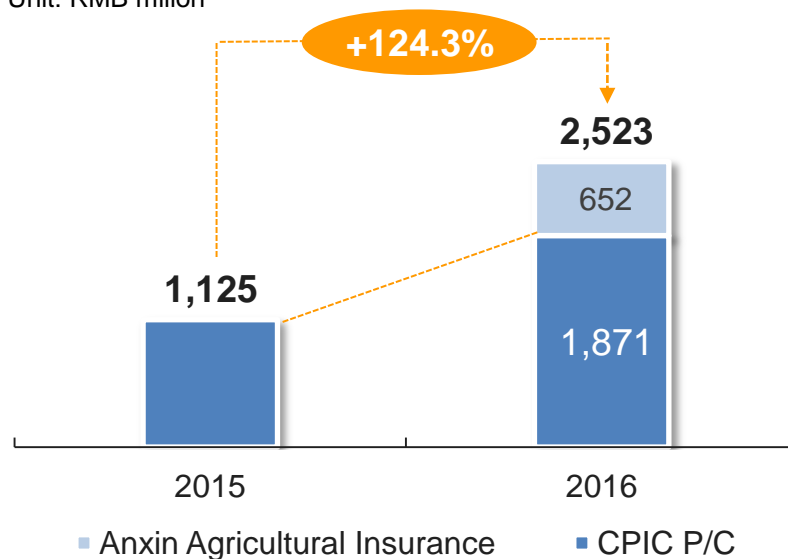
Combined Ratio for Non-auto Business

Unit: %



Premium Income of Agricultural Business

Unit: RMB million



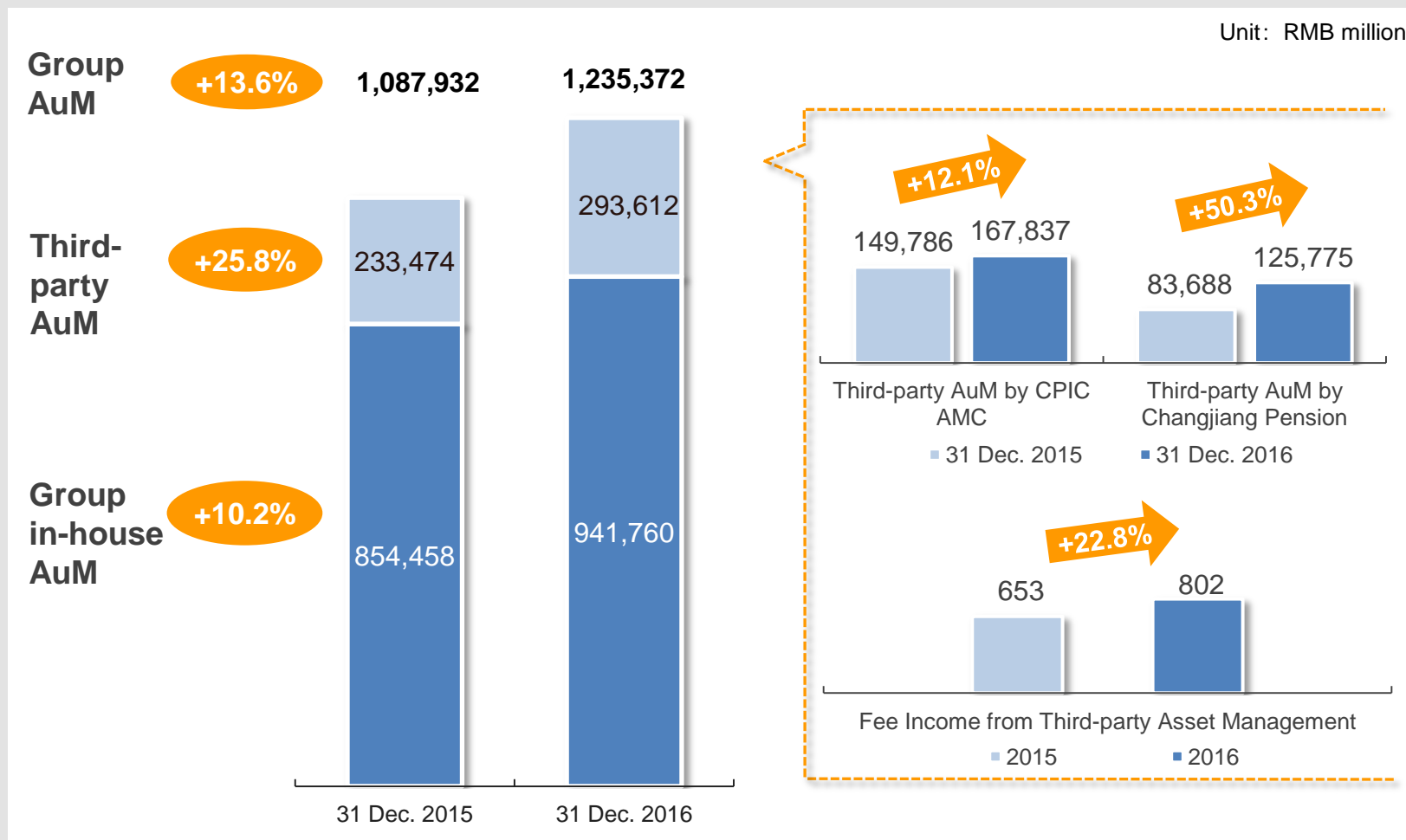
Anxin Agricultural Insurance adjusted business mix, focusing on agricultural insurance, with marked improvement in profitability:

- ◆ Combined ratio at **94.1%**, down by **4.4pt**
- ◆ Net profits of **RMB116 million**, up **2.7%**

Note: Refers only to CPIC P/C; premium income based on primary insurance, excluding inward reinsurance.

Asset Management(1/3)

Group in-house AuM grew by 10.2%, and Third-party AuM up 25.8%

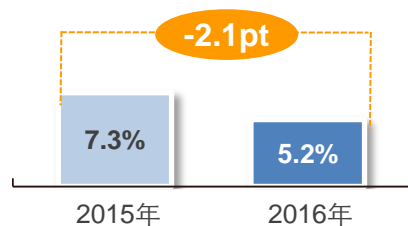


Asset Management(2/3)

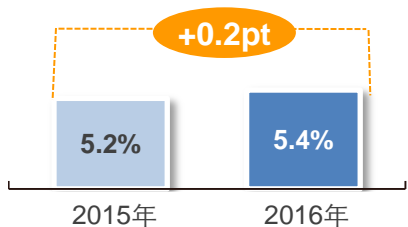
Net investment yield increased, with SAA stable and in line with profiles of liabilities

Group in-house AuM

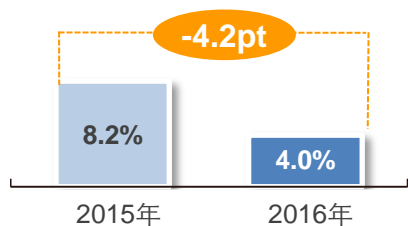
Total Investment Yield



Net Investment Yield



Comprehensive Investment Yield



Note: Net investment yield for 2015 has been restated.

Group in-house investment portfolio	31 Dec. 2016 (%)	Change (pt)
Fixed income investments	82.3	0.2
Bonds	50.0	(0.4)
Term deposits	14.1	(4.0)
Debt investment plans	6.5	0.3
Wealth management products ⁽¹⁾	4.7	1.7
Preferred shares	3.4	2.0
Other fixed income investments ⁽²⁾	3.6	0.6
Equity investment	12.3	(1.7)
Equity funds	2.0	(1.1)
Bond funds	2.1	0.2
Stocks	3.3	(0.6)
Wealth management products ⁽¹⁾	2.4	(0.6)
Preferred shares	0.5	0.2
Other equity investments ⁽³⁾	2.0	0.2
Investment properties	0.9	0.2
Cash, cash equivalents and others	4.5	1.3

Note:

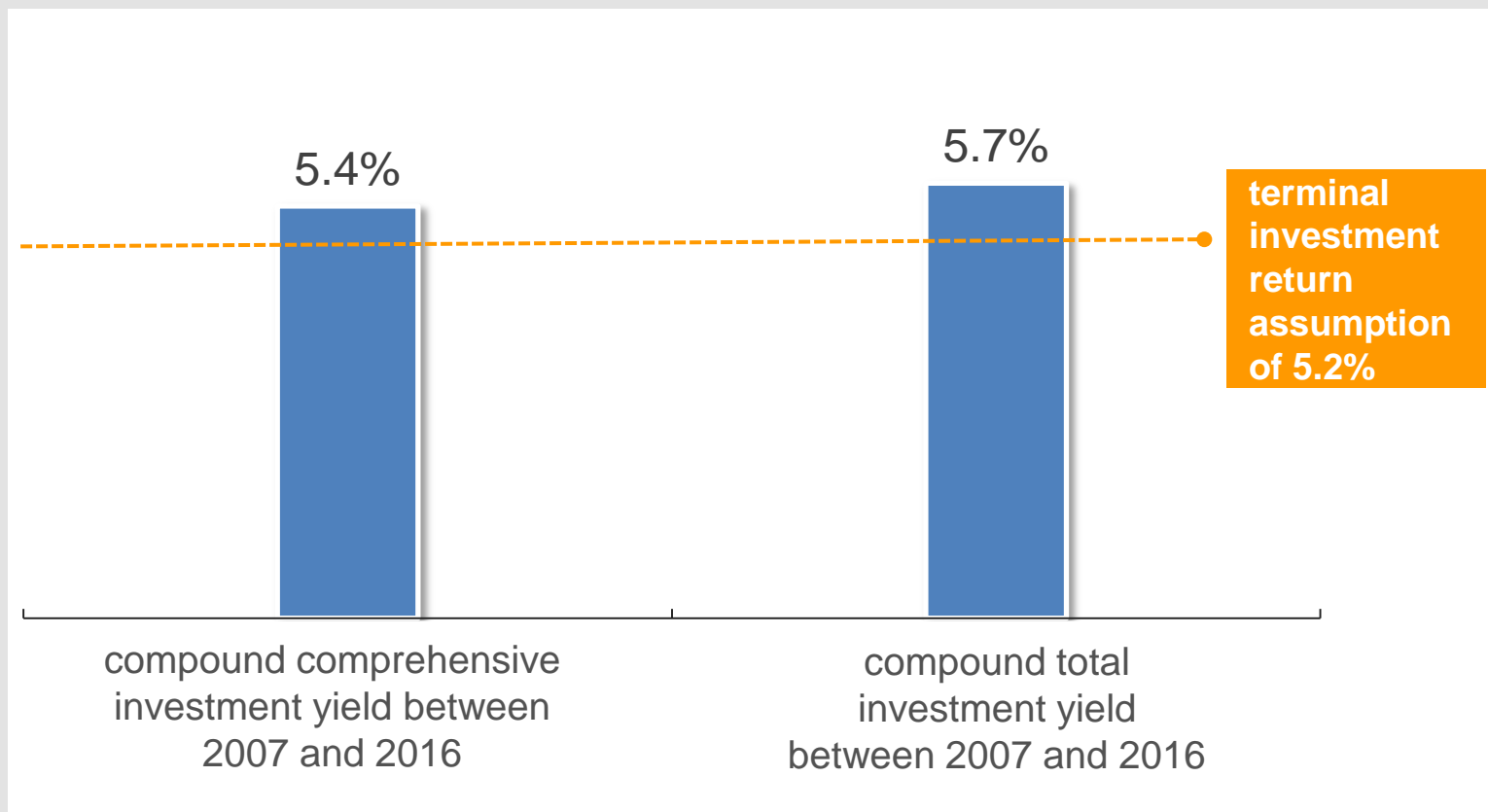
1) Wealth management products include wealth management products issued by commercial banks, collective trust plans by trust firms, special asset management plans by securities firms and loan assets backed securities by banks, etc.

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

3) Other equity investments include unlisted equities, etc.

Asset Management(3/3)

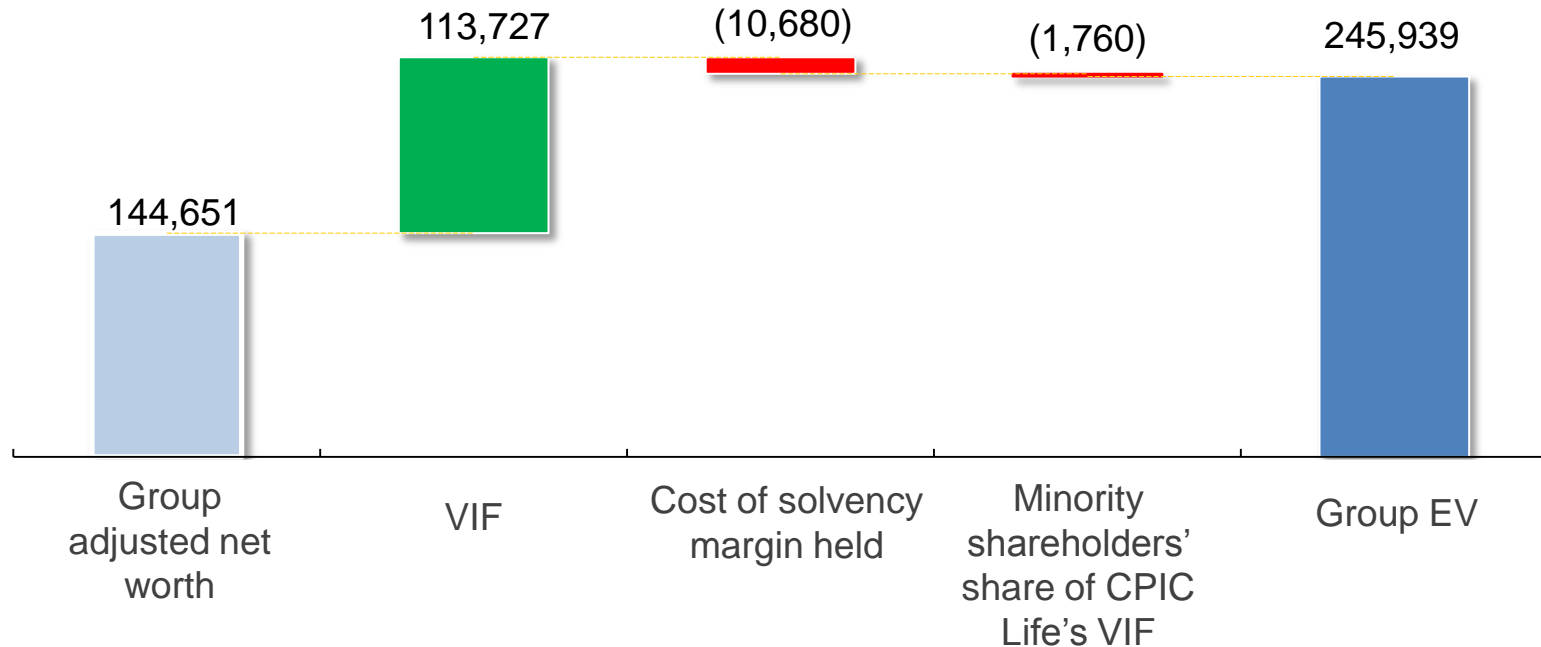
Delivered a compound annual investment yield higher than investment return assumption



Embedded Value(1/2)

EV Composition as at 31 December 2016

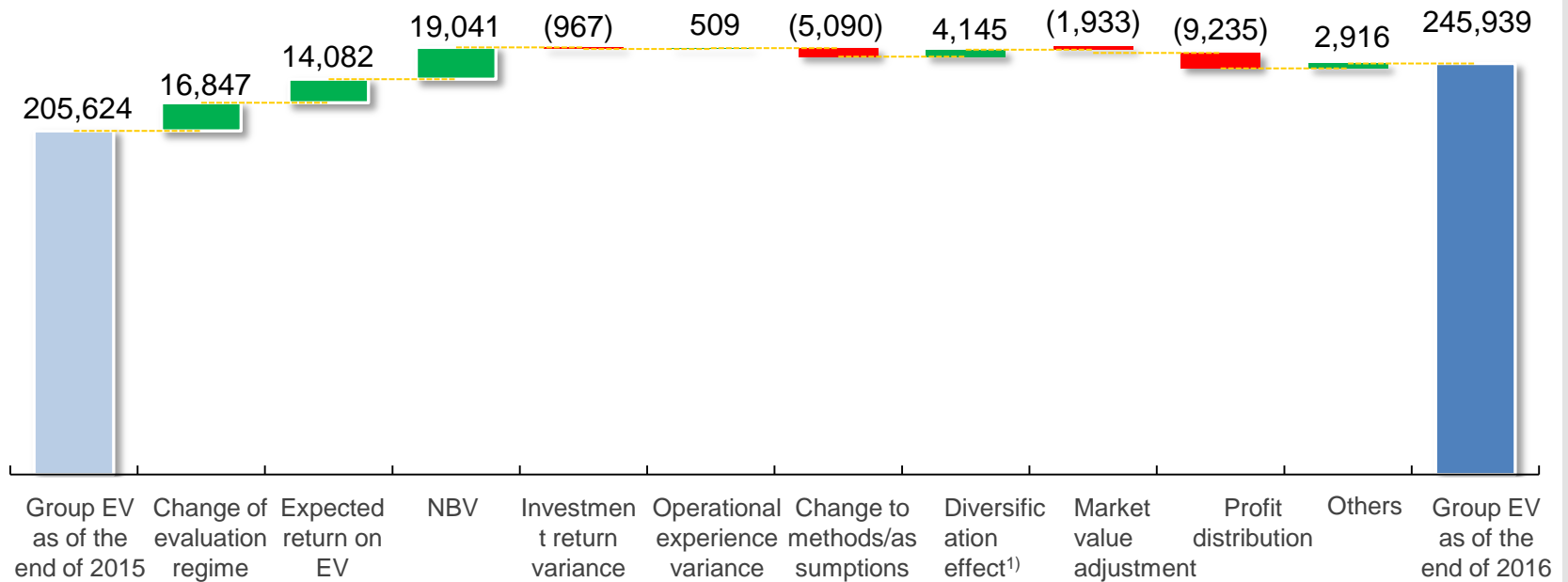
Unit: RMB million



Note: The above number is calculated according to the CROSS requirement; numbers may not completely add up due to rounding.

Embedded Value(2/2)

Movement of EV in 2016



Note: The diversification effect refers to the impact on total cost of capital of new business and business change.



Q & A