

2017 Annual Results Presentation China Pacific Insurance (Group) Co., Ltd.

April 3, 2018



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2017 was an important year of transition in our history, with smooth succession of the Board of Directors and senior management. Under the stewardship of the new Board, we pursued progress on top of steadiness, and achieved a step-up in development, with fulfillment of all business targets and continued improvement in quality, which in turn boosted our long-term growth potential.

Pursued progress on top of steadiness and delivered solid business results

(Unit: RMB million)

Indicators		2017	Change (%)
Value Growth	Group Embedded Value ⁽¹⁾	286,169	16.4
	New Business Value Margin	39.4%	6.5pt
	New Business Value	26,723	40.3
	Combined Ratio ⁽²⁾	98.8%	(0.4pt)
	Group AuM ⁽¹⁾	1,418,465	14.8
Financial Results	Operating Revenue ⁽³⁾	319,809	19.8
	Gross Written Premiums	281,644	20.4
	CPIC Life	175,628	27.9
	CPIC P/C	104,614	8.8
	Net Profits ⁽⁴⁾	14,662	21.6
	Dividend per Share (RMB yuan) ⁽⁵⁾	0.80	14.3
Capital Strength	CPIC Group ⁽¹⁾	284%	(10pt)
	CPIC Life ⁽¹⁾	245%	(12pt)
	CPIC P/C ⁽¹⁾	267%	(29pt)

Notes: (1) As at 31 December, 2017

(2) The combined ratio refers only to CPIC P/C

(3) Based on Chinese GAAP

(4) Attributable to shareholders of the parent company

(5) Subject to the approval of shareholders' general meeting

Pushed forward digitalisation to satisfy customer needs



“Jiayuan”

A big data platform with Group-level unified customer accounts, helping to consolidate foundation of customer data



“The Finger-top Series”

Apps for mobile auto-insurance claims handling, spanning inspection, payment and direct supply of auto-parts, with the re-engineering of on-line and off-line processes



“Taiyipei”

An app for claims management of life insurance, bringing ease and convenience to customers, with turnaround from application to payment completed within a single day for simple cases



“Electronic Life Insurance Policies”

The first of its kind in industry, fully on-line process, with average turnaround shortened to a minimum of 6 minutes

AA

Top-notch ranking for both CPIC Life and CPIC P/C at CIRC customer service evaluation for 2017

-52%



Claims turnaround for cases under RMB10,000 of CPIC P/C

15 minutes

Fastest claims turnaround for self-service auto-insurance of individual customers

+14.2pt



Success ratio of policy delivery within 15 days for life insurance

Fulfilled corporate social responsibilities in an all-around way



Supporting national strategies

Provided over RMB500 billion in SA for the Belt and Road, comprehensive risk solutions for China's advanced equipment such as China's first independently designed deep-water manned submersible, the first Made-in-China deep-diving scientific expedition equipment, and China's first high-orbit, high-flux communications satellite, facilitating implementation of the "Made in China 2025" Initiative.



Contributing to poverty reduction Multiple means of poverty alleviation, which covered 4.6 million officially-designated people in poverty. Established an e-commerce platform for impoverished households, boosting their income. Set up long-term mechanisms, such as donating to schools and organizing volunteer programs to improve access of under-privileged children to high-quality education , breaking the generational transmission of poverty.

Serving real economy

Cumulatively launched 129 debt investment schemes to fund major infrastructure projects, raising RMB207.6 billion.



Promoting well-being

Cumulatively provided terminal illness program for urban and rural residents in 277 counties of 19 provinces, benefiting over 75 million people, with total protection amounting to tens of trillions of yuan.

Embarked on a new journey of high-quality development

At the beginning of a new stretch of journey, the continuation of the customer-oriented transformation is not an option, but a must. Therefore, we launched Transformation 2.0, in a bid to achieve high-quality development in a new era, aiming to become the best in customer experience, business quality and risk control capabilities.

To this end, we will focus on talent and technology to close the gaps and deliver a shift in the mode of development. A number of key projects have been rolled out, including those relating human resources management and digital customer experience.

We are moving firmly on the path of high-quality development, and are determined to be a “long-distance runner” in this journey. Under the stewardship of the new Board of Directors, we are full of confidence and will work even harder to achieve leadership in healthy and sustainable development of the industry.

Performance Analysis

Group customers reached 115.53 million, adding 11.09 million in 2017

Group Number of Customers as of the end of 2017



115.53 million

11.09 million added

Increase in Individual Customers for Major Products



Long-term life insurance

+5.30 million



Short-term A/H

+3.80 million



Automobile insurance

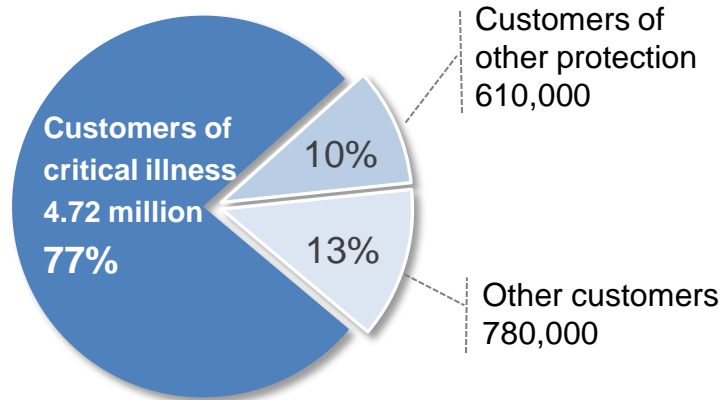
+1.95 million

Note: The number of Group customers refers to the number of applicants or 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.



Continued enhancement in customer protection

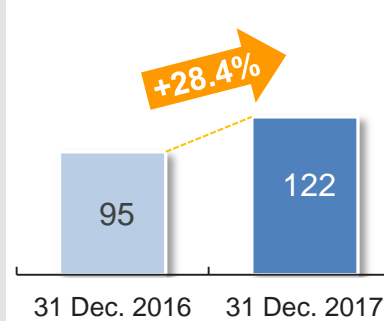
Breakdown of New Life Insurance Customers



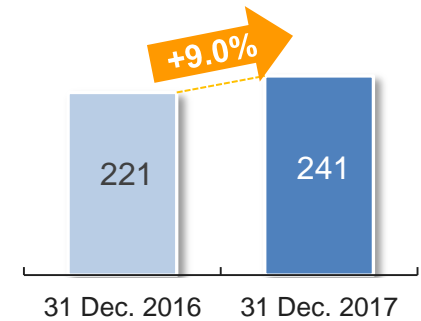
Average SA of Life Insurance Customers

Unit: RMB thousand

Critical illness

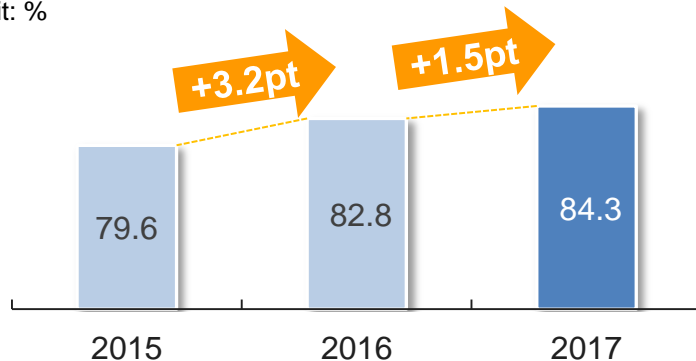


Personal accident



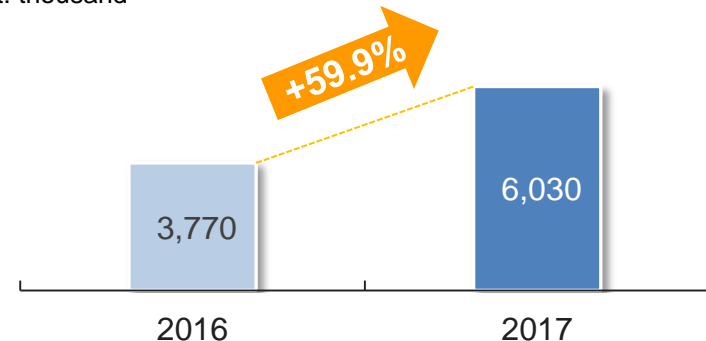
Share of Auto Insurance Customers Taking out Commercial Policies

Unit: %



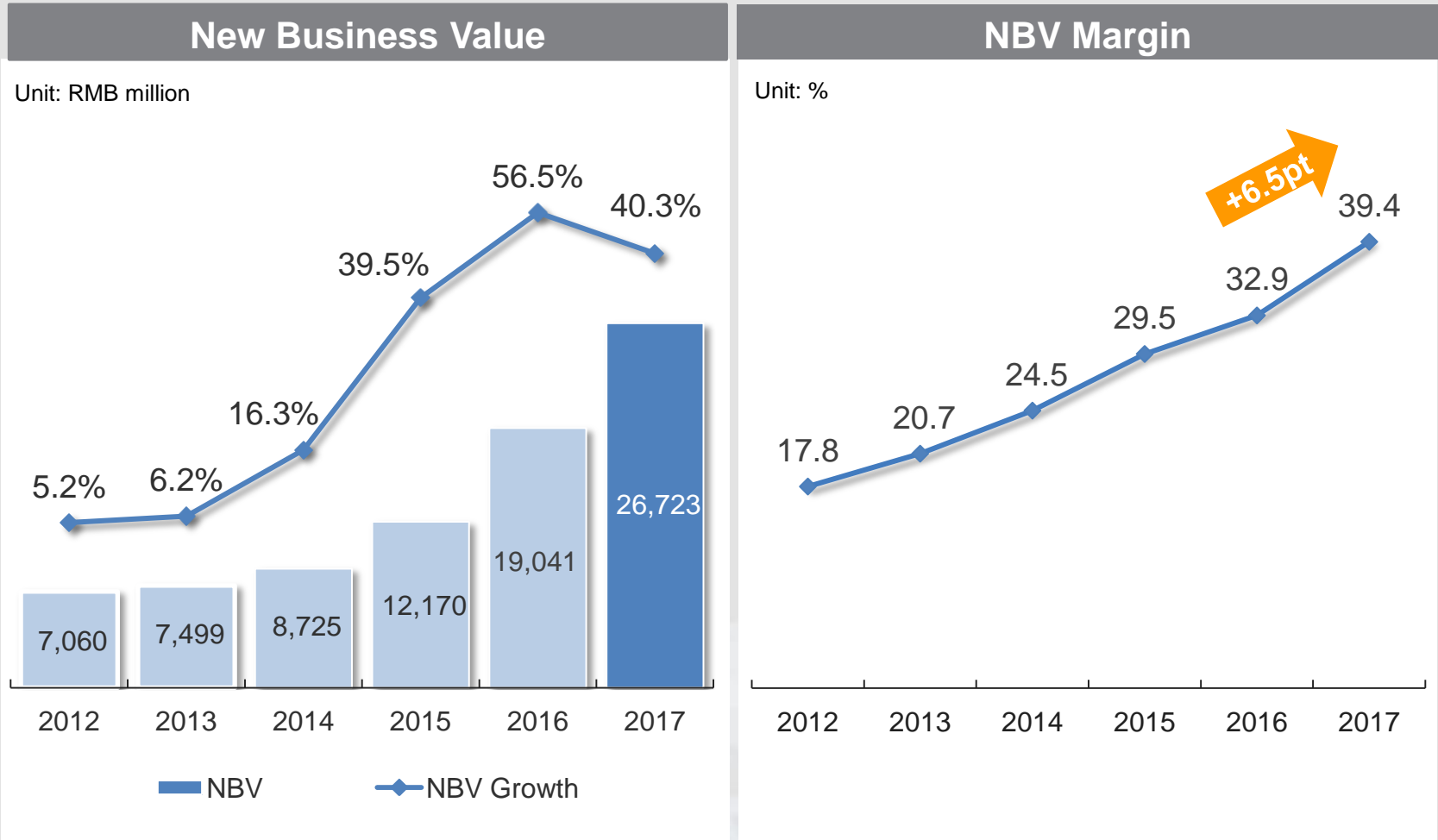
Number of Customers with SA above One Million for Thirty Party Liability Insurance

Unit: thousand



Life Business(1/4)

Rapid value growth, with continued margin improvement



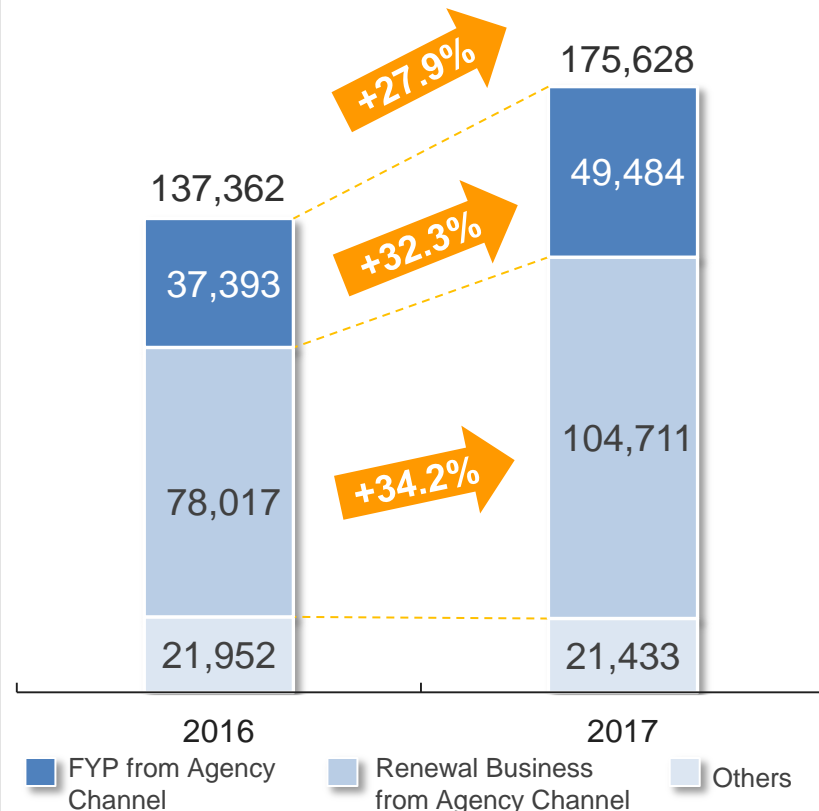
Note: NBV margin= NBV/ annualized first year premiums. Figures for NBV margin between 2012 and 2014 were based on the old solvency regime, and those between 2015 and 2017 under C-ROSS.

Life Business(2/4)

Fast growth of premiums driven equally by new and renewal business, with sustained improvement of business quality

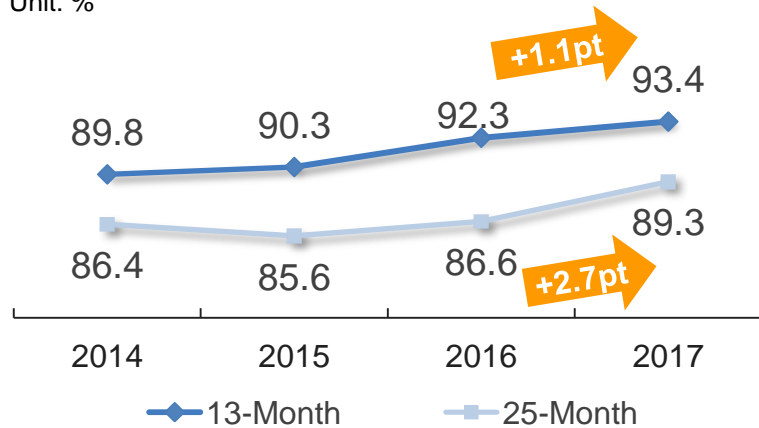
Gross Written Premiums

Unit: RMB million



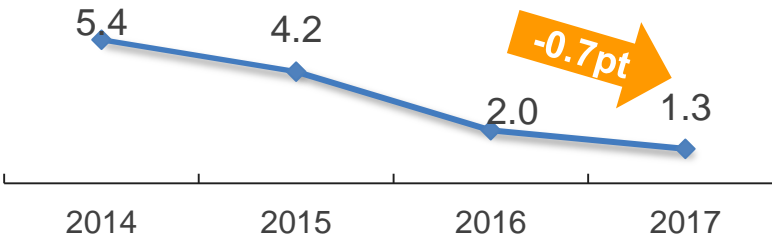
Policy Persistency Ratios for Individual Customers

Unit: %



Surrender Rate

Unit: %



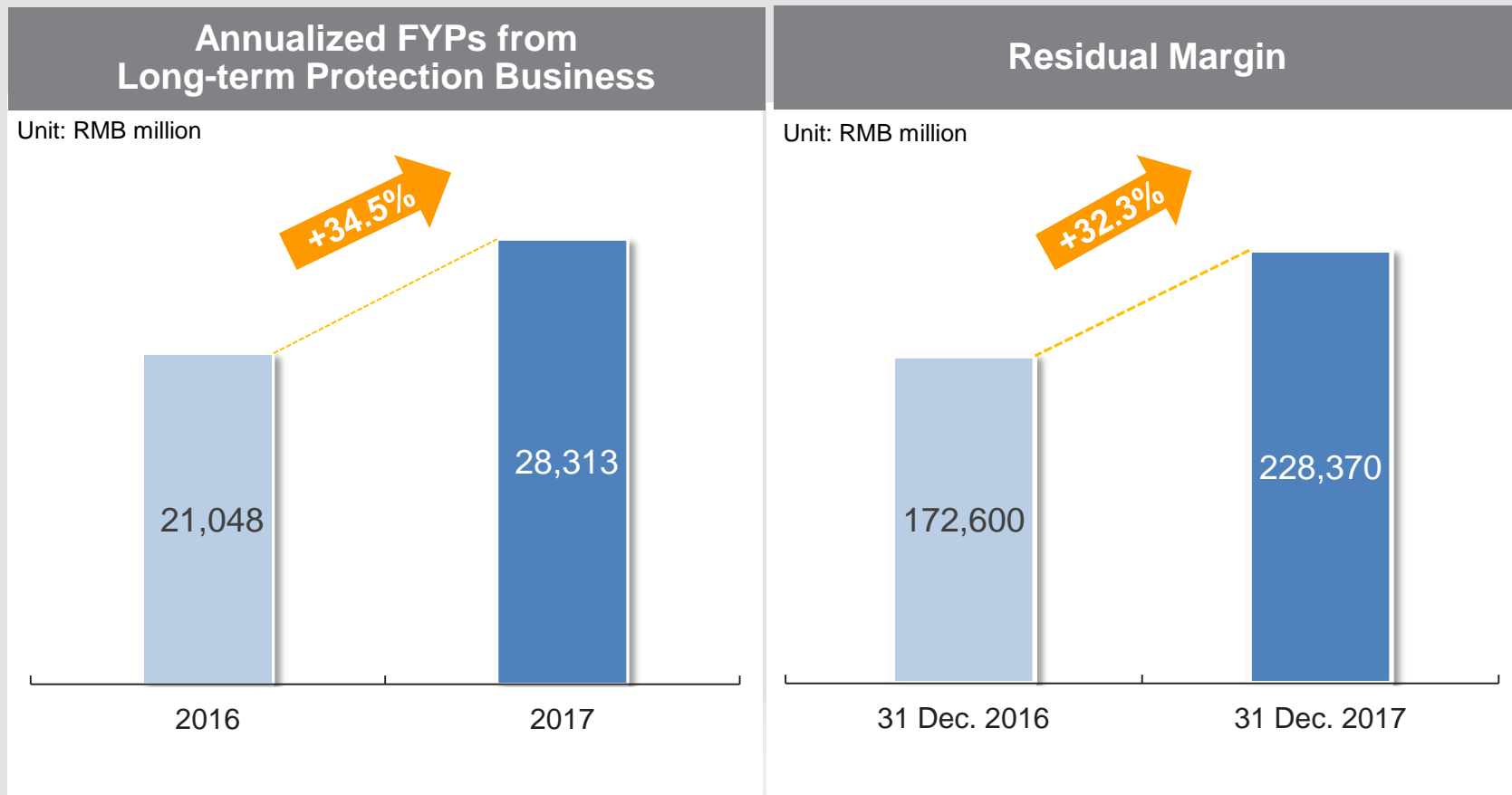
Notes:

(1) Surrender rate = Surrendered amounts for the reporting period / (life insurance liability reserves at the beginning of the reporting period + long-term health insurance liability reserves at the beginning of the reporting period + long-term insurance premiums)

(2) 13/25-month persistency ratio: premiums from in-force policies 13/25 months after their issuance as a percentage of premiums from policies which entered into force during the same period.

Life Business(3/4)

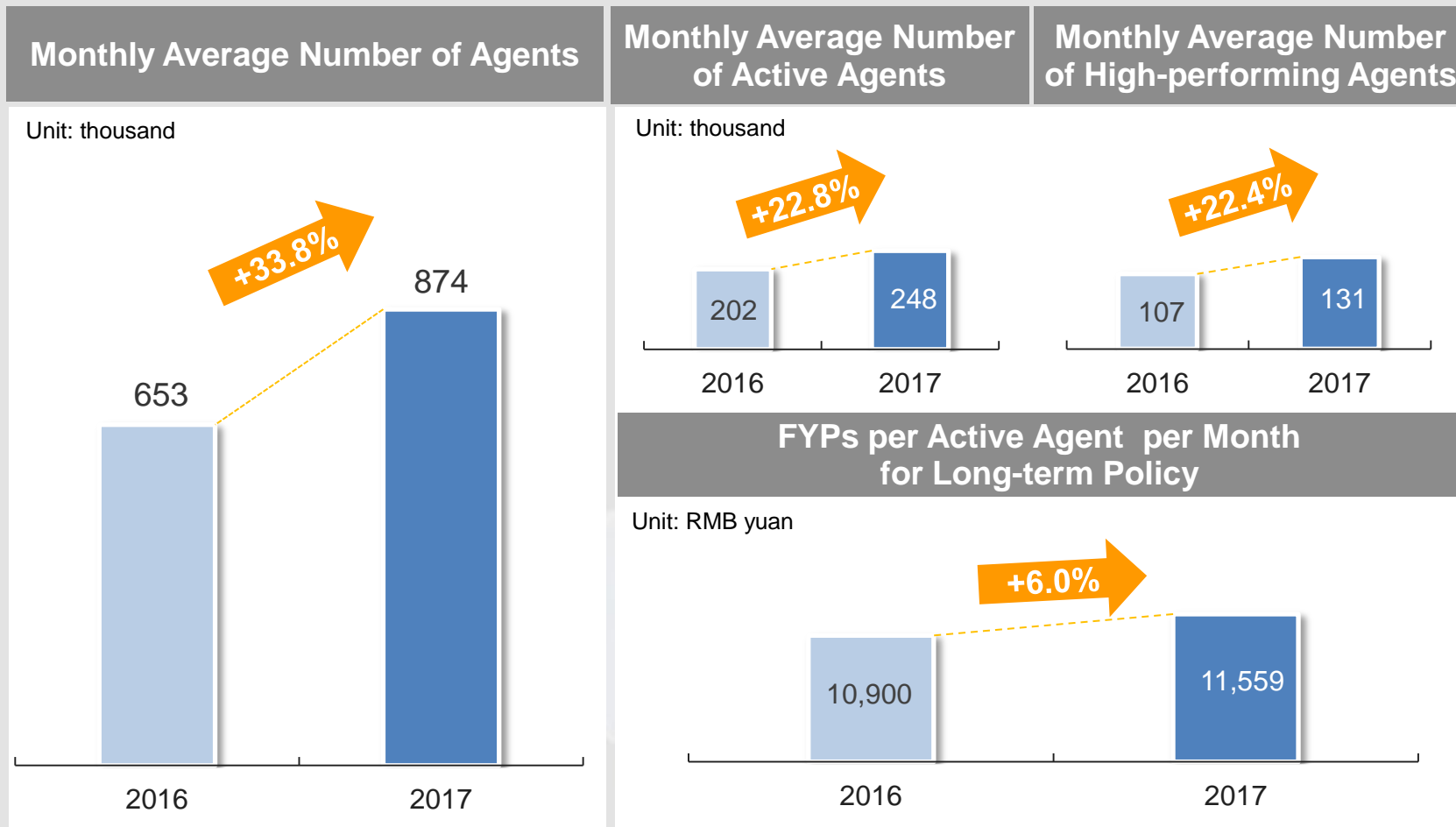
Rapid growth of long-term protection business, with increase in residual margin



Note: Long-term protection business includes whole life insurance, term life insurance, long-term health and accident insurance.

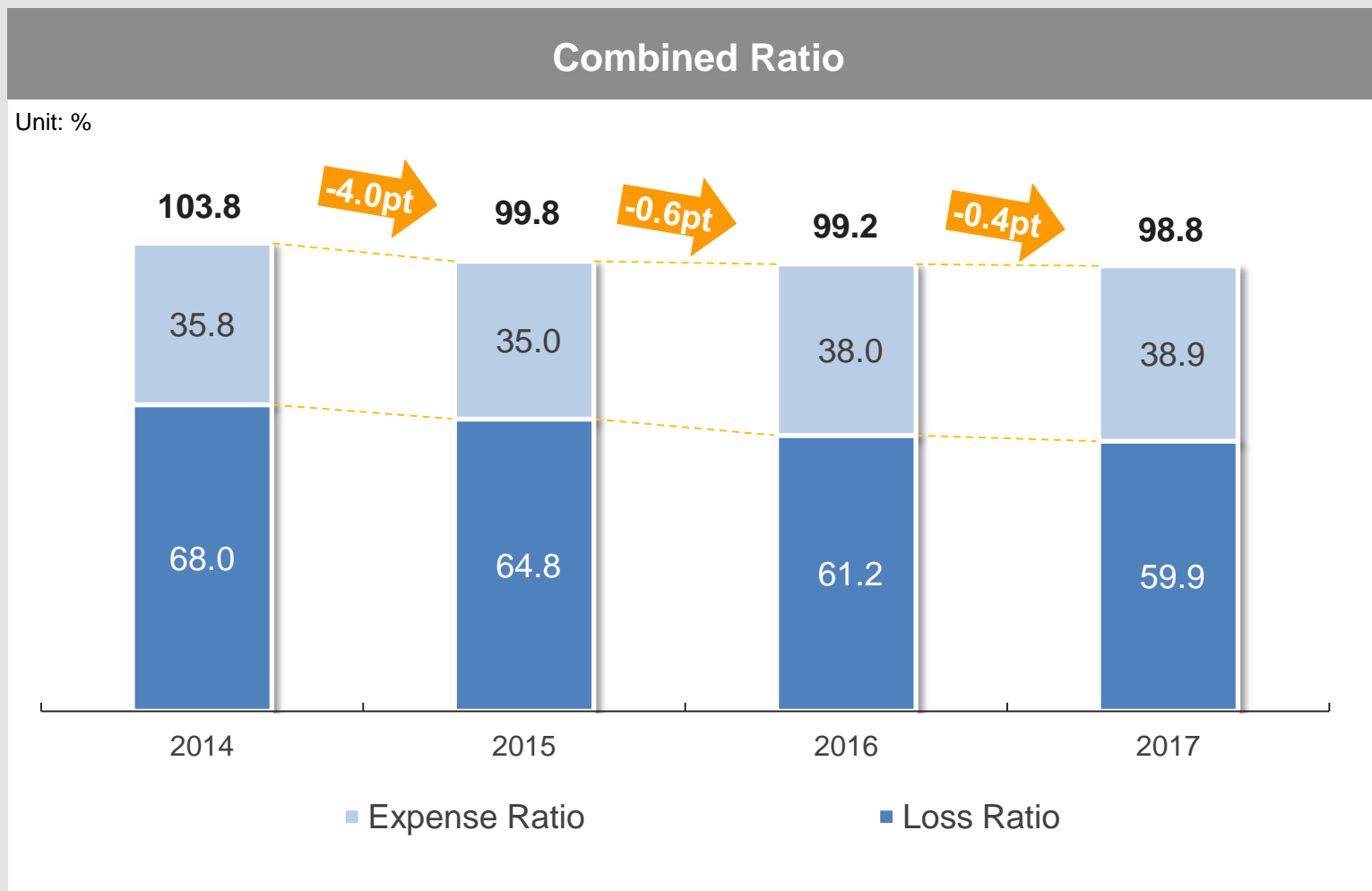
Life Business(4/4)

Rapid expansion of agency channel headcount



Property and Casualty Insurance(1/4)

Continued improvement in combined ratio



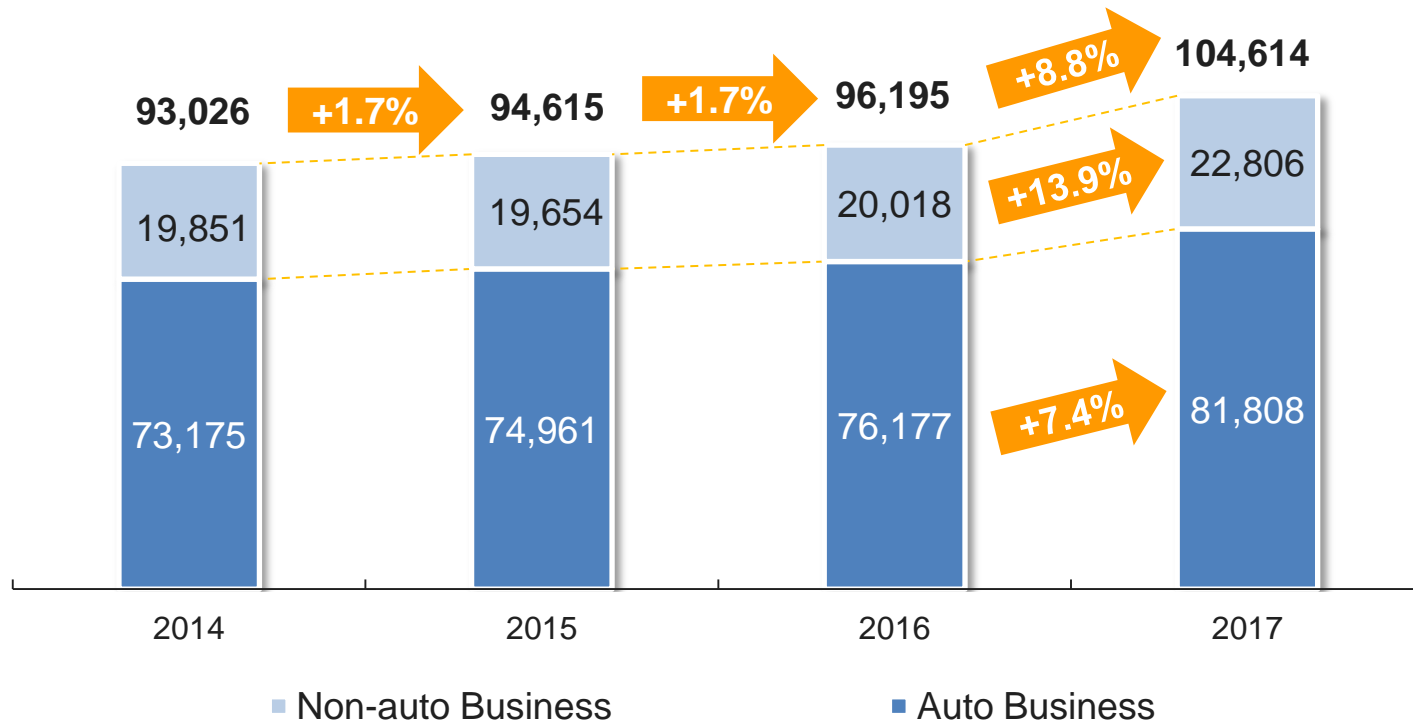
Note: The property and casualty business on this slide refers only to CPIC P/C.

Property and Casualty Insurance(2/4)

Recovery of top-line growth, with premiums exceeding 100 billion

Gross Written Premiums

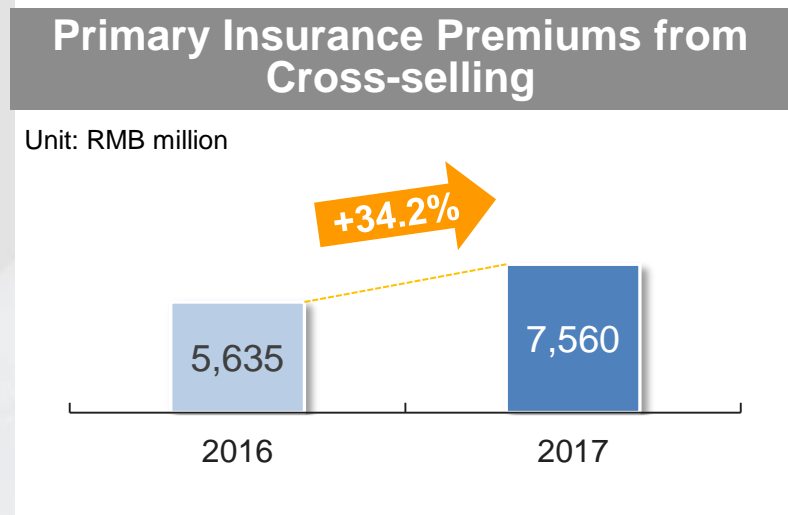
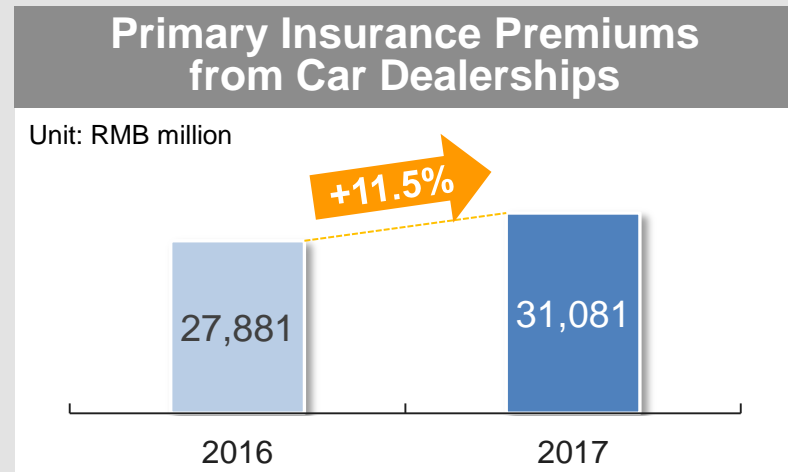
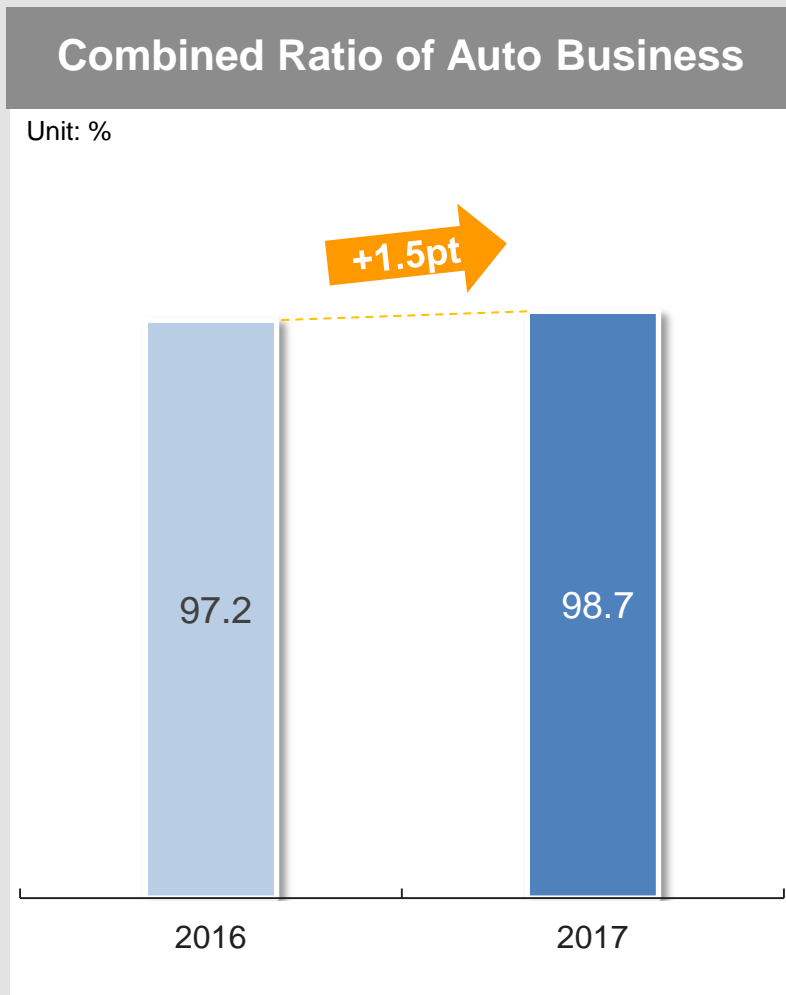
Unit: RMB million



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

Property and Casualty Insurance(3/4)

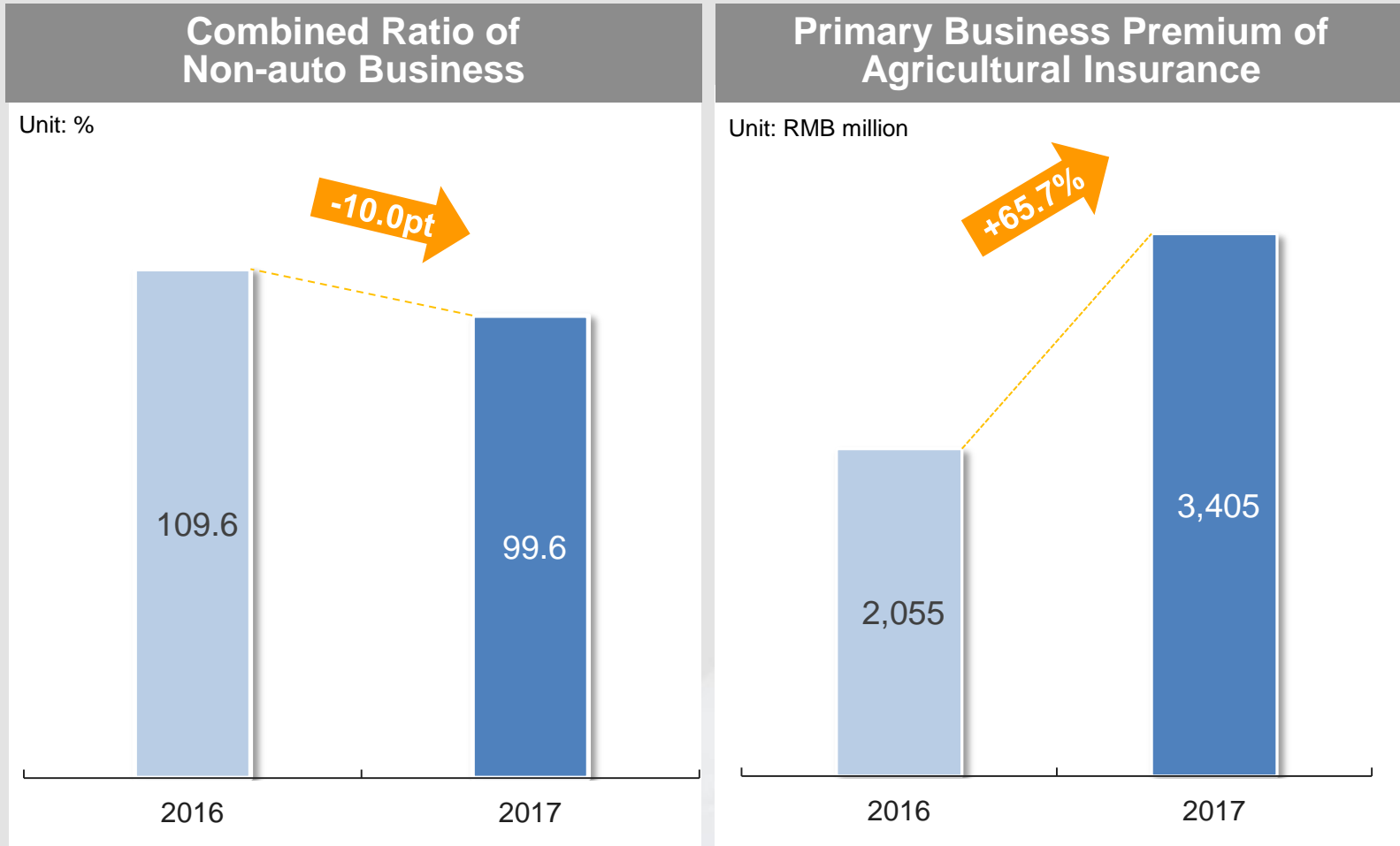
Auto business maintained underwriting profitability, with strong growth of dealerships and cross-sell



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

Property and Casualty Insurance(4/4)

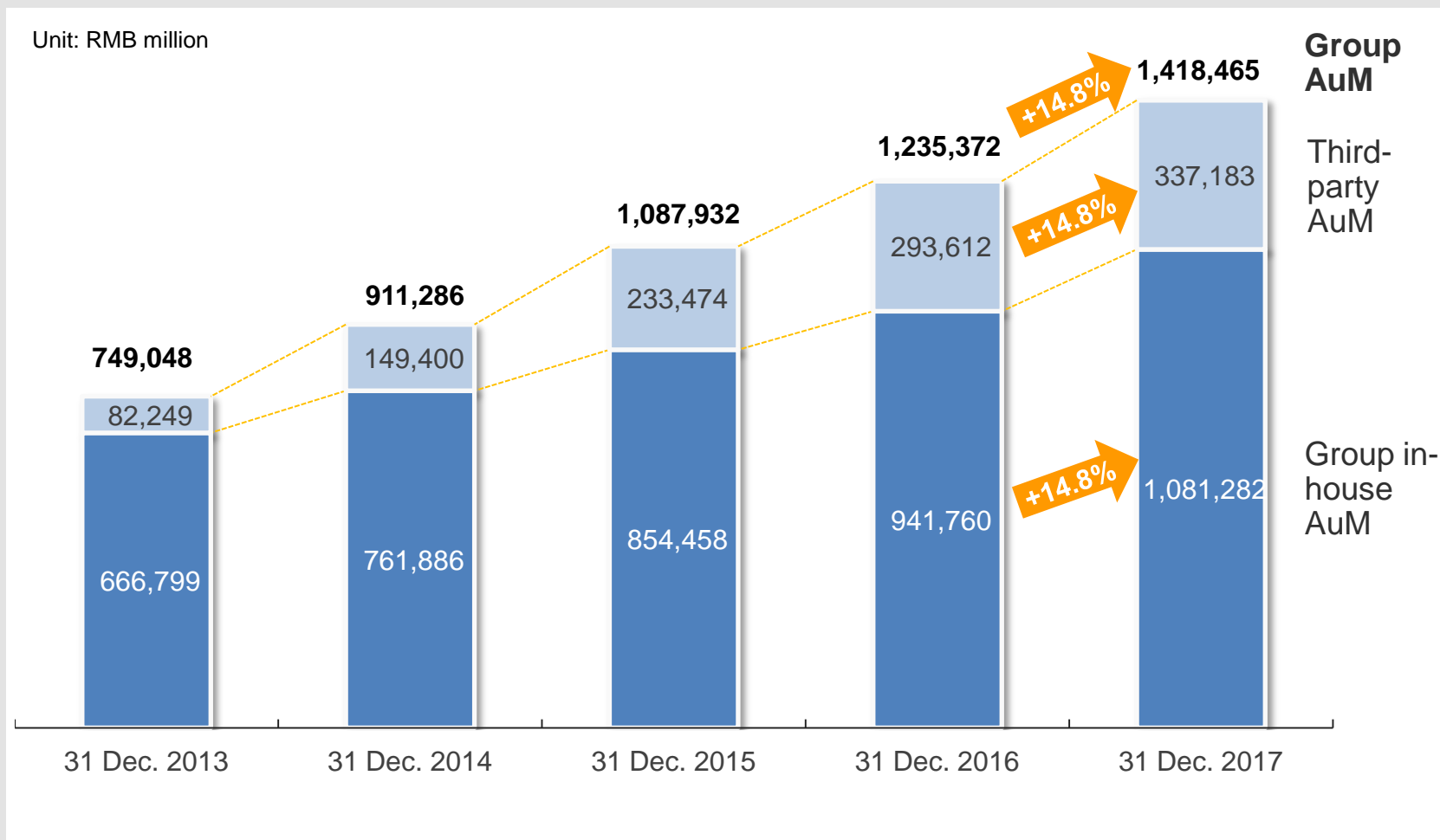
Non-auto business realized underwriting profits for the first time in 4 years, with rapid growth of agricultural business



Note: The combined ratio of non-auto business refers only to CPIC P/C. Agricultural insurance premium is based on a consolidated basis of CPIC P/C and Anxin Agricultural. The consolidation started from September 2016.

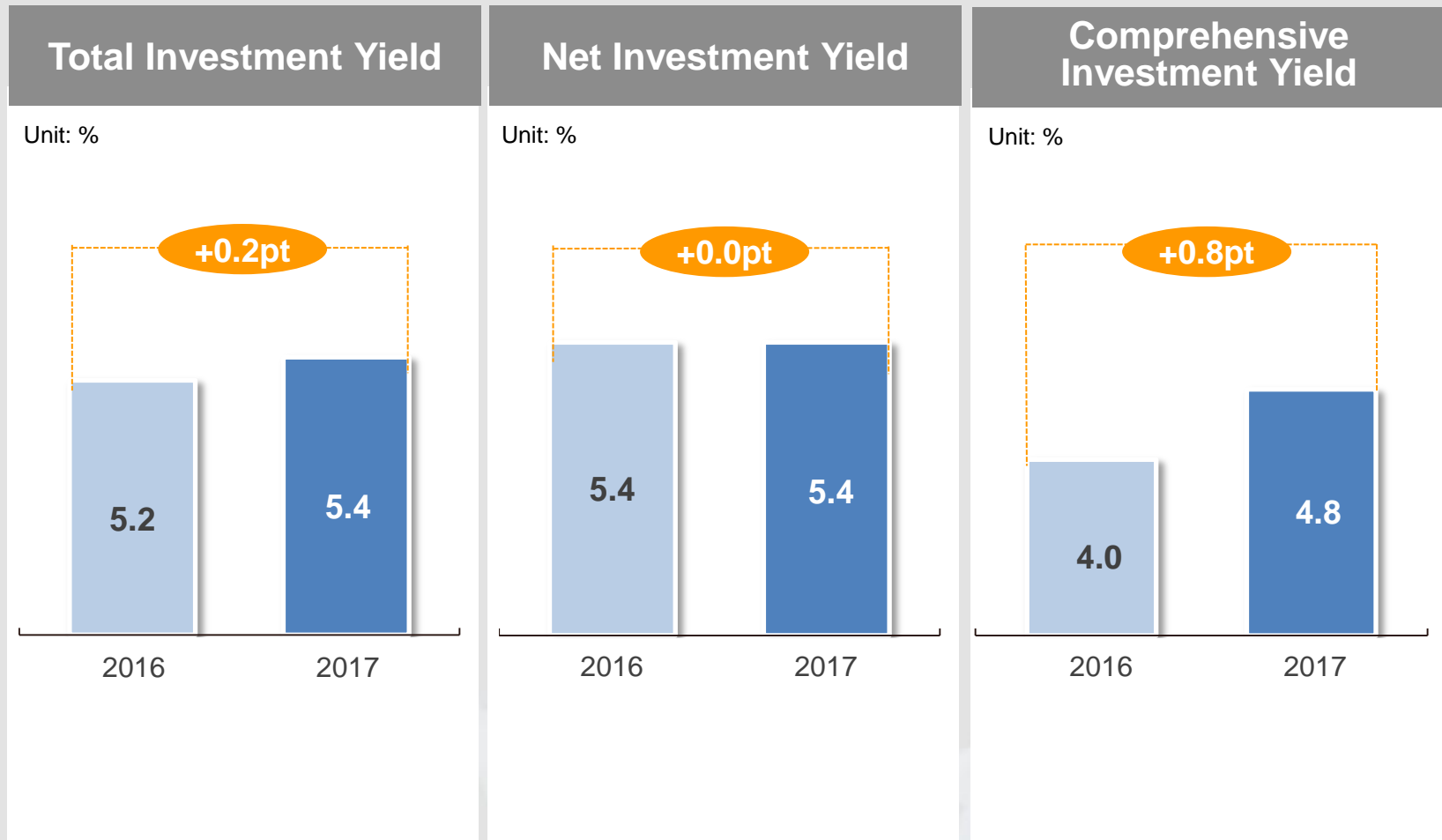
Asset Management(1/4)

Continued growth of Group asset under management



Asset Management(2/4)

Steady increase in investment yields



Asset Management(3/4)

SAA aligned with profiles of liabilities

Group in-house investment portfolio	31 Dec. 2017 (%)	Change (pt)
Fixed income investments	81.8	(0.5)
Bonds	48.2	(1.8)
Term deposits	9.6	(4.5)
Debt investment schemes	8.6	2.1
Wealth management products ⁽¹⁾	8.3	3.6
Preferred shares	2.9	(0.5)
Other fixed income investments ⁽²⁾	4.2	0.6
Equity investments	14.6	2.3
Equity funds	1.9	(0.1)
Bond funds	1.5	(0.6)
Stocks	5.5	2.2
Wealth management products ⁽¹⁾	1.9	(0.5)
Preferred shares	0.7	0.2
Other equity investments ⁽³⁾	3.1	1.1
Investment properties	0.8	(0.1)
Cash, cash equivalents and others	2.8	(1.7)

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.

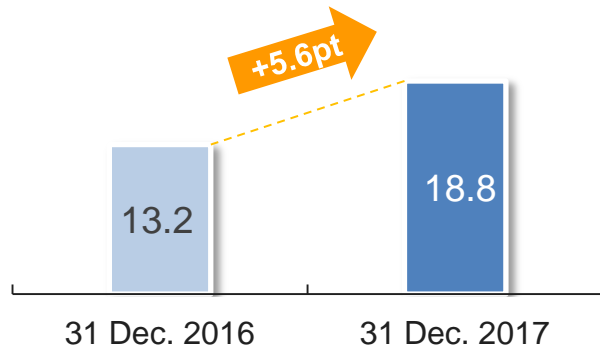
(3) Other equity investments include unlisted equities, etc.

Asset Management(4/4)

Credit risk of non-standard assets under control

Share of NSA

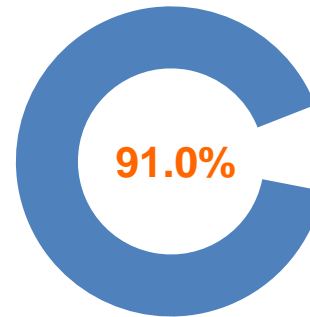
Unit: %



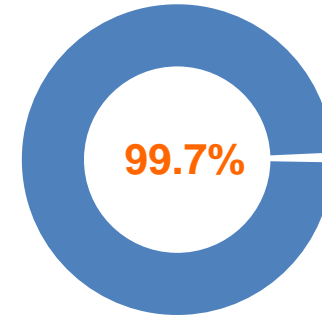
Distribution of Underlying Assets

Spanning transport, municipal infrastructure, energy, environment protection, commercial property, land reserve, resettlement of slums, water conservancy and affordable housing

External Credit-rating



Share of AAA



Share of AA+ and above

Risk Control

Debt investment schemes

- All covered by effective credit enhancement measures including guarantees or pledge of assets

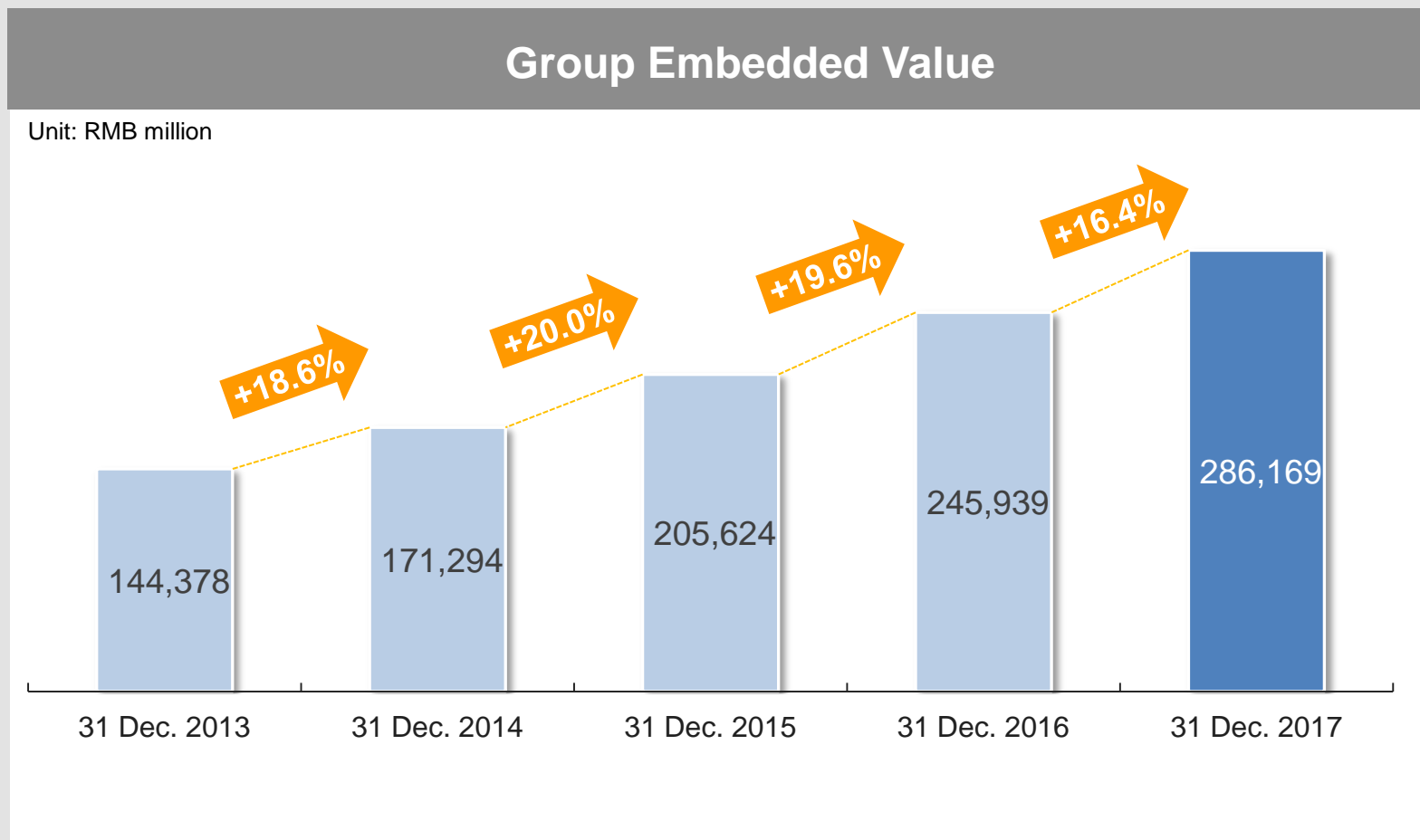
Wealth management products

- Mainly issued by major state-owned commercial banks or national joint-stock commercial banks

Trust plans

- Mainly provided financing for major state-owned non-bank financial institutions and large SOEs

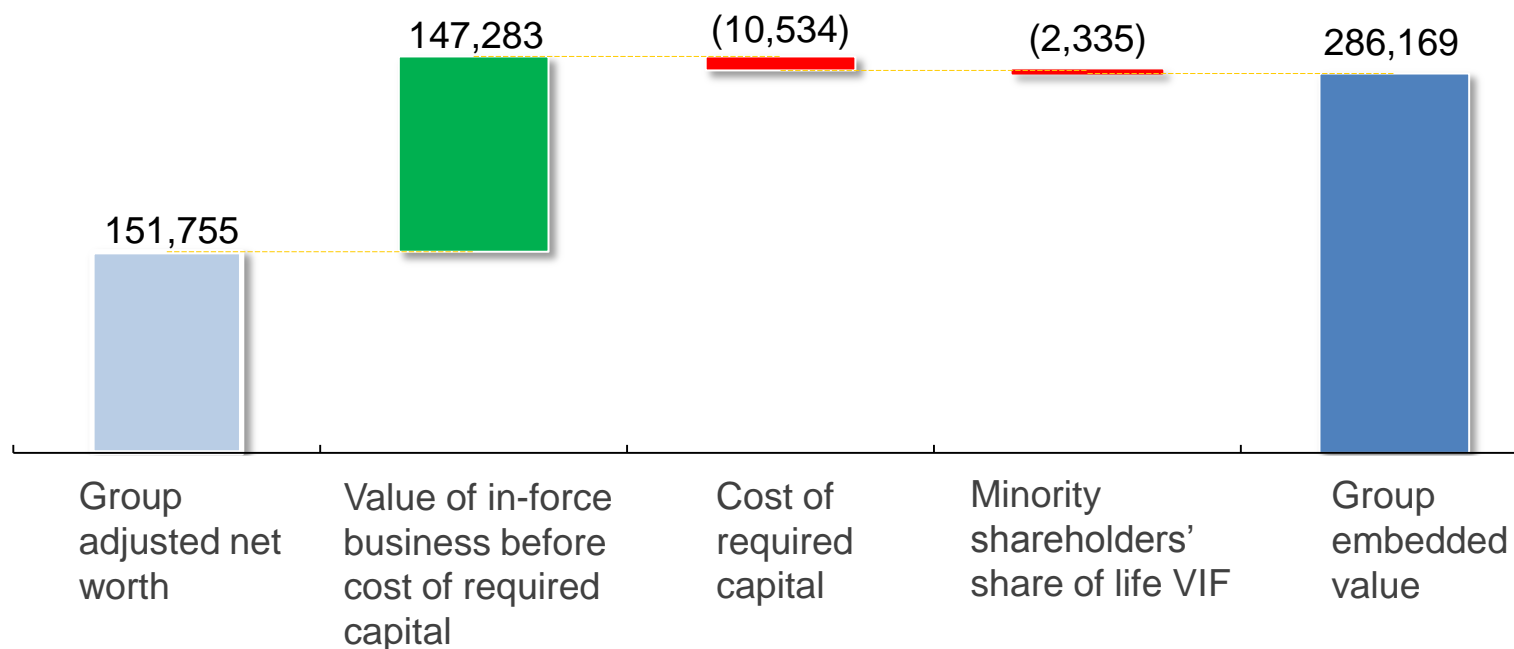
Group Embedded Value(1/3)



Group Embedded Value(2/3)

Composition of EV as at 31 December 2017

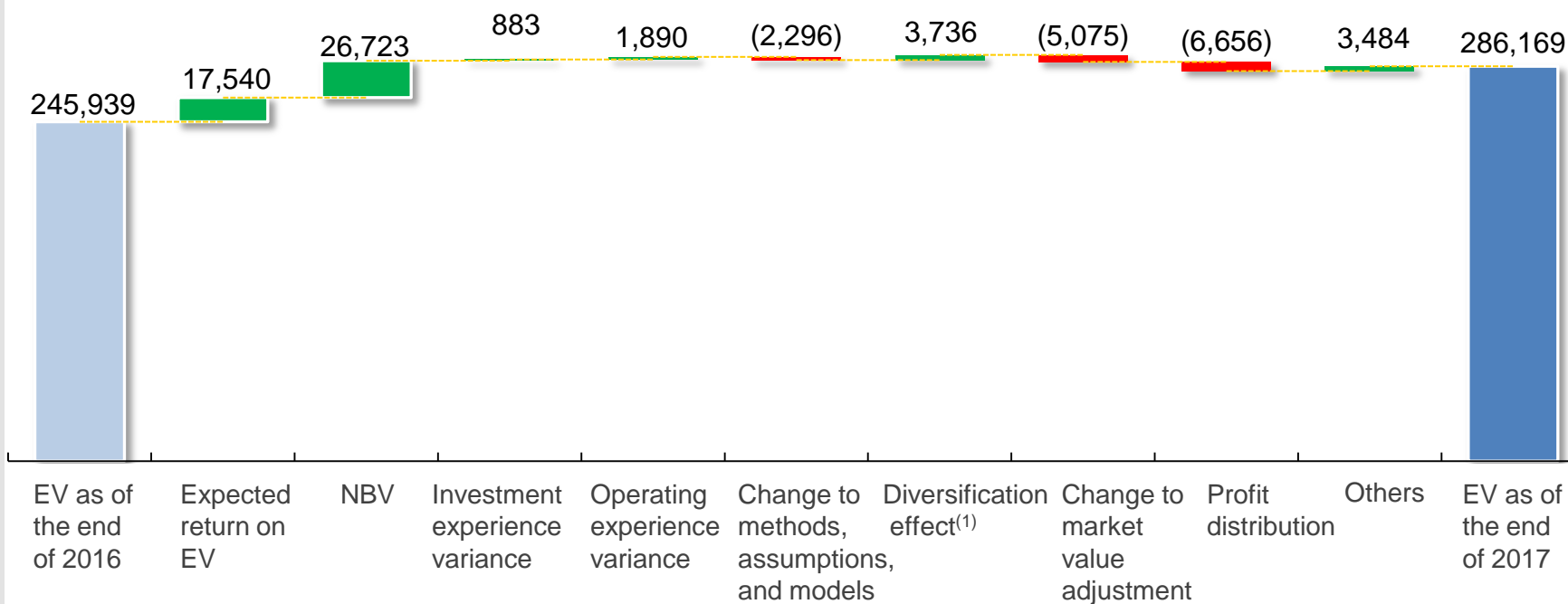
Unit: RMB million



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

