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中國太平洋保險(集團)股份有限公司

CHINA PACIFIC INSURANCE (GROUP) CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02601)

Overseas Regulatory Announcement

This overseas regulatory announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The announcement is attached hereof for information purpose only.

By Order of the Board
China Pacific Insurance (Group) Co., Ltd.
KONG Qingwei
Chairman

Hong Kong, 26 August 2019

As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. HE Qing; the Non-executive Directors of the Company are Mr. WANG Tayu, Mr. KONG Xiangqing, Ms. SUN Xiaoning, Mr. WU Junhao, Mr. LI Qiqiang, Mr. CHEN Xuanmin and Mr. HUANG Dinan; and the Independent Non-executive Directors of the Company are Mr. BAI Wei, Mr. LEE Ka Sze, Carmelo, Mr. CHEN Jizhong, Ms. LAM Tyng Yhi, Elizabeth and Mr. GAO Shanwen.

* *Note: The appointment of Mr. LI Qiqiang is subject to approval by China Banking and Insurance Regulatory Commission.*

2019 Interim Results Presentation

China Pacific Insurance (Group) Co., Ltd.

August 27, 2019



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- These materials contain statements that reflect the Company’s current beliefs and expectations about the future as of the respective dates indicated herein. These forward-looking statements are based on a number of assumptions about the Company’s operations and factors beyond the Company’s control and are subject to significant risks and uncertainties, and, accordingly, actual results may differ materially from these forward-looking statements. You should not place undue reliance on any forward-looking information. The Company assumes no obligations to update or otherwise revise these forward-looking statements for new information, events or circumstances that occur subsequent to such dates.

In the first half of 2019, on the one hand, we pursued steady development in the new economic cycle, and delivered solid business results. On the other hand, we pressed ahead with Transformation 2.0 in a bid to enhance capabilities for long-term growth.

Solid business performance

(unit: RMB yuan)

Group Gross
Written Premiums

207.809bn

+7.9% ↗

Group Net Profit

16.183bn

+96.1% ↗

Group Asset under
Management

1,873.028bn

+12.5% ↗

Group EV

365.116bn

+8.6% ↗

Group Total Number
of Customers

133.52mn

+7.10mn ↗

Group Comprehensive
Solvency Margin Ratio

296%

Note: The group net profit is based on figures attributable to shareholders of the parent company.

Supported national strategies and fulfilled corporate responsibility



- ◆ Supported the Yangtze River Delta Region Integration Initiative, and particularly the **Demonstration Zone for Green and Integrated Development of the Yangtze River Delta**, the **New Shanghai Free Trade Zone**, the Science and Technology Center and the Rural Areas Invigoration Initiative.



- ◆ Signed a co-operation agreement with **China International Import Expo**, officially designated as sponsor and insurance provider.

- ◆ Put in place long-term mechanisms to fight poverty with our own characteristics, **combining poverty alleviation and poverty prevention**.
- ◆ Covered over 5.98 million documented impoverished households via various programs, and a total of RMB2.32 trillion in sum assured to the poverty-stricken areas. “Fangpinbao” anti-poverty insurance program and the “Rainbow” e-commerce platform helped to make a difference.

- ◆ As a long-term institutional investor, we vigorously supported **infrastructural projects in transport and energy** in central and western China.



- ◆ Intensified efforts in **green financing**, liability insurance against environment pollution to 2,253 firms across the country, with total sum assured over RMB2.462 billion.



“Insurance products + service” showing initial success



CPIC Home

- ◆ Launched an experience center and a retirement community in **Hangzhou**, after substantial progress in **Chengdu** and **Dali**, with deployment in elderly care sector taking shape.
- ◆ Joined hands with ORPEA, leveraging its expertise in premium elderly care and foster brand as a top-notch elderly care operator in China.



Taibao Lanben

- ◆ Provides **integrated solutions** spanning the whole process of hospital visits, bringing convenience and easier access to our customers.

Health counselling

Advance payment of medical bills

Green channel for terminal illnesses

Physical checks

Genetic screening

.....

Increased collaboration to drive value growth



Governments & Companies

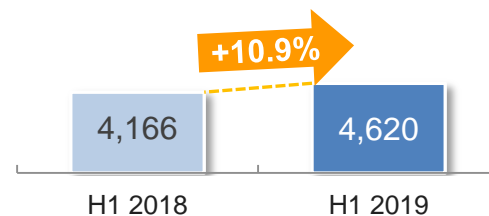
- ◆ The number of customers which have entered into strategic partnership with us increased by **25%** from the end of 2018. So far we have formed strategic partnership with **58%** of China's provincial and municipal governments.
- ◆ Strategic partnerships boosted rapid development of agricultural insurance, government-sponsored critical illness programs, third-party administration of social medical insurance and product liability insurance for high-tech equipment.
- ◆ Have been selected as occupational annuity manager of all the **25** provincial/municipal governments which started the bidding process.
- ◆ Became China's 2nd insurer with business license of agricultural insurance **in all administrative regions of the country.**



Individual Customers

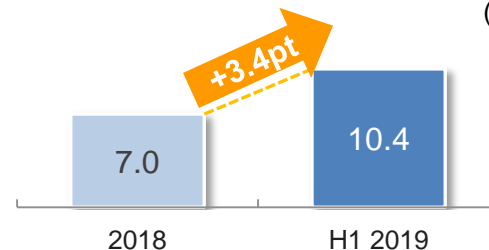
Auto Premium Cross-sold by Life Agents

(unit: RMB million)



Penetration of Long-term Life Insurance Customers by Short-term Medical Insurance

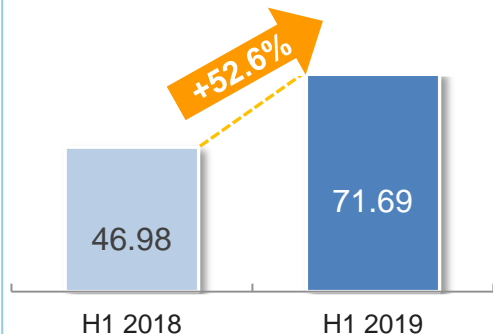
(unit: %)



Digital empowerment continuously improved operational efficiency

Fast-growing On-line Users

(unit: million visits)



- ◆ Established Net Promoter Score platform, putting in place a closed-loop management mechanism of customer experience for CPIC Life and CPIC P/C.

Empowerment by Agency Channel App

- ◆ Supports a variety of functions, like customer relationships management, assistance in claims handling, training, real-time sales performance inquiry, and team management.
- ◆ Monthly average number of active users reached **640,000**.

Enhancement of On-line Auto Insurance Claims Handling

- ◆ Number of on-line processed claims cases 520,000, an increase of **58%**.
- ◆ Customers may process claims by uploading photos or video steaming, and may receive the payment in a minimum of **15 minutes**.

Upgrade of E-agricultural System

- ◆ China's first brand for agricultural insurance.
- ◆ Database of crop insurance: smart delineation of farm-land boundaries, achieving digitalized land patches management, improving the verification efficiency by over **50%**.
- ◆ Biometric identification platform for livestock insurance: supporting biometric identification, head counting and automatic weight reading.

Outlook

2019 is a year for Transformation to overcome difficulties

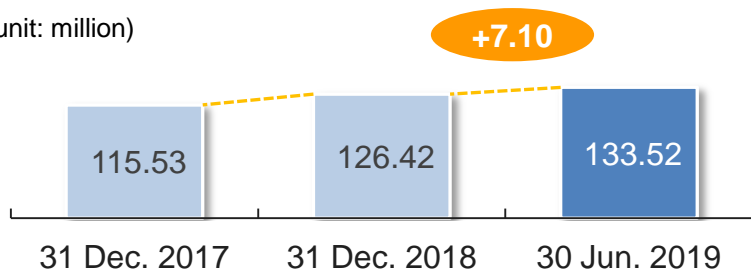
- ◆ Push forward in an all-around way the development model of insurance products + services, making service our differentiating competitiveness.
- ◆ Accelerate the establishment of a new model for the agency channel, focusing on agent productivity and income to achieve a shift of value growth drivers.
- ◆ Optimize resource allocation for renewal business to improve retention of high quality auto insurance customers, boosting the establishment of a high quality growth mode for the business.
- ◆ Enhance asset liability management, step up Group capabilities in integrated investment research, risk control and portfolio allocation.
- ◆ Establish mechanism for agile response, so that digitalization can empower the front-line business.
- ◆ Continue to deepen the model of collaborative development, and in particular, enhance collaboration at the grass-root levels, so as to translate the model into tangible value growth.

Performance Analysis

Group customers continued to grow, with steady increase in level of protection

Number of Group Customers

(unit: million)



Number of Customers with 2 Insurance Policies or above

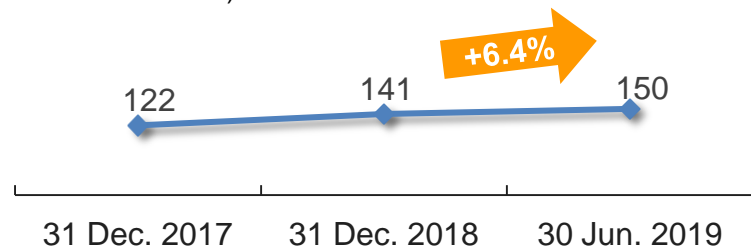


23.45mn

+15.7%

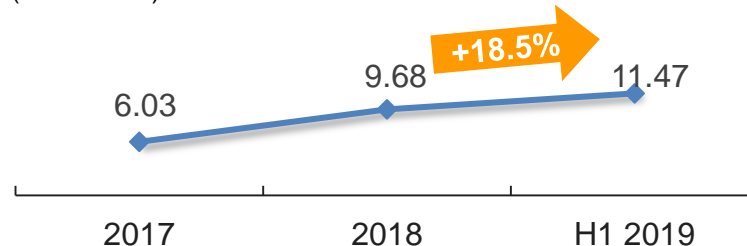
Average SA on Critical Illness per Customer

(unit: RMB thousand)



Number of Customers with TPL SA over 1mn

(unit: million)



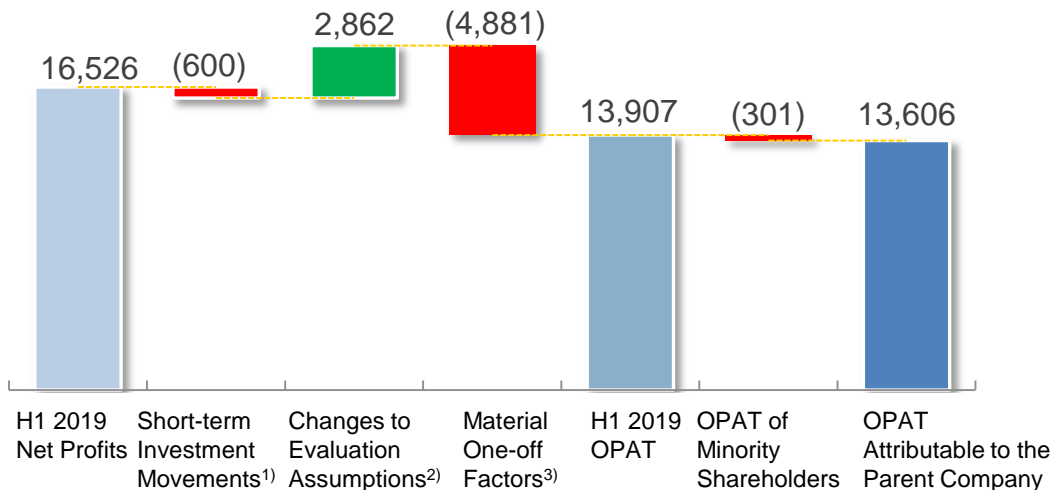
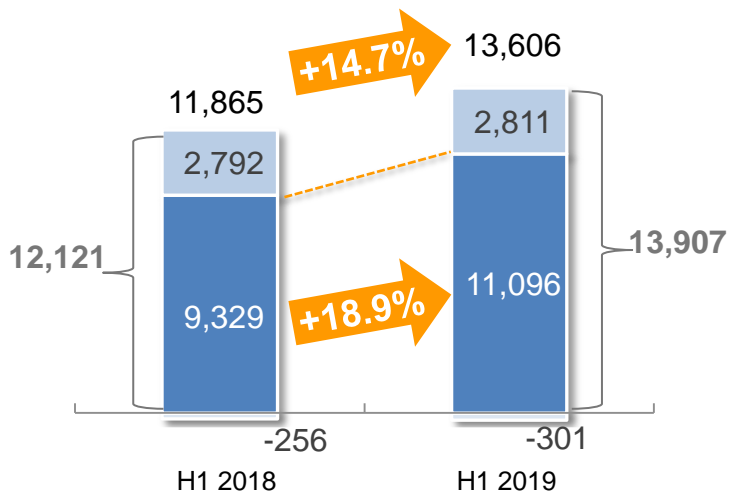
Note: The number of Group customers refers to the number of applicants and insureds who hold at least one insurance policy within the insurance period issued by one or any of CPIC subsidiaries as at the end of the reporting period. In the event that the applicants and insureds are the same person, they shall be deemed as one customer.

Group OPAT RMB13.606bn, an increase of 14.7%

(unit: RMB million)

- Life Insurance
- Others and Consolidation Cancelling-out
- OPAT Attributable to Minority Shareholders

OPAT = Net Profits – Short-term Investment Movements – Changes to Evaluation Assumptions – Material One-off Factors



Notes:

- 1) Short-term investment movements refer to the difference between life insurance actual investment income and long-term investment assumption (5%), while adjusting for ensuing changes to liabilities on insurance and investment contracts, and considering the impact of corporate income tax.
- 2) Changes to evaluation assumptions are based on amounts arising from accounting estimates changes, considering the impact of corporate income tax.
- 3) Material one-off factors for the first half of 2019 refer to the tax rebate of RMB4.881bn from 2018; OPAT for H1 2018 was adjusted retrospectively for new tax policy.

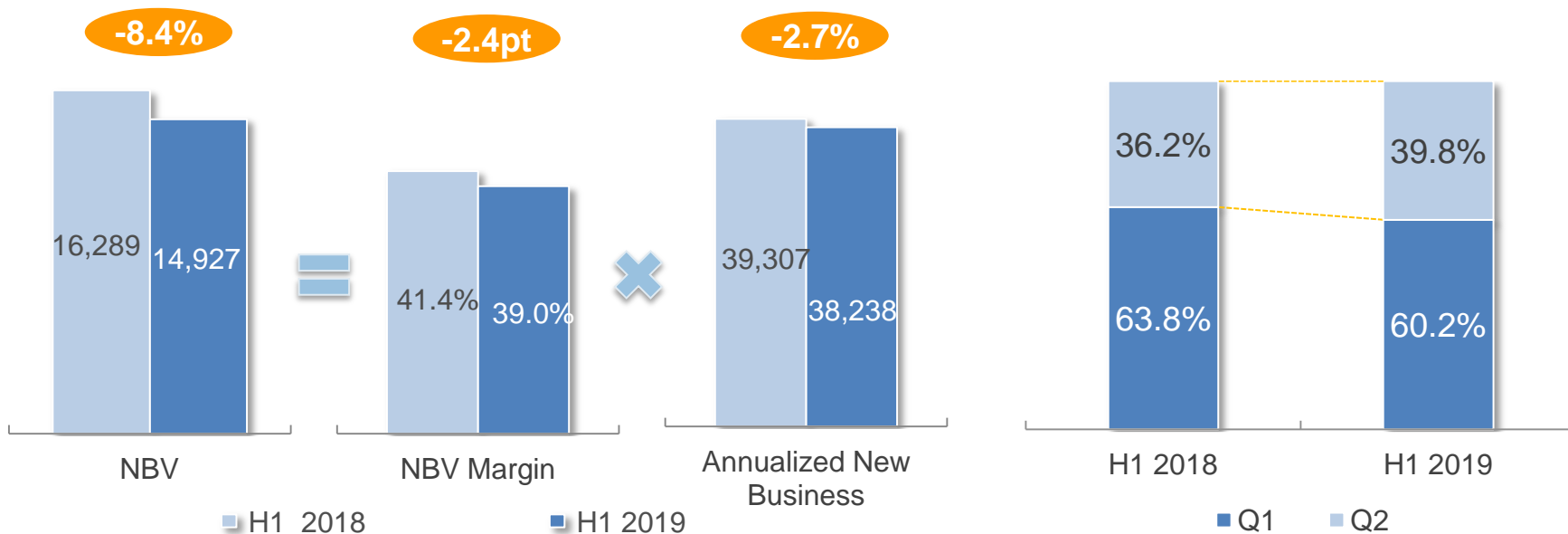
Life business (1/4)

NBV under pressure, with recovery in second quarter and growth more balanced

New Business Value

Quarterly Distribution of NBV

(unit: RMB million)

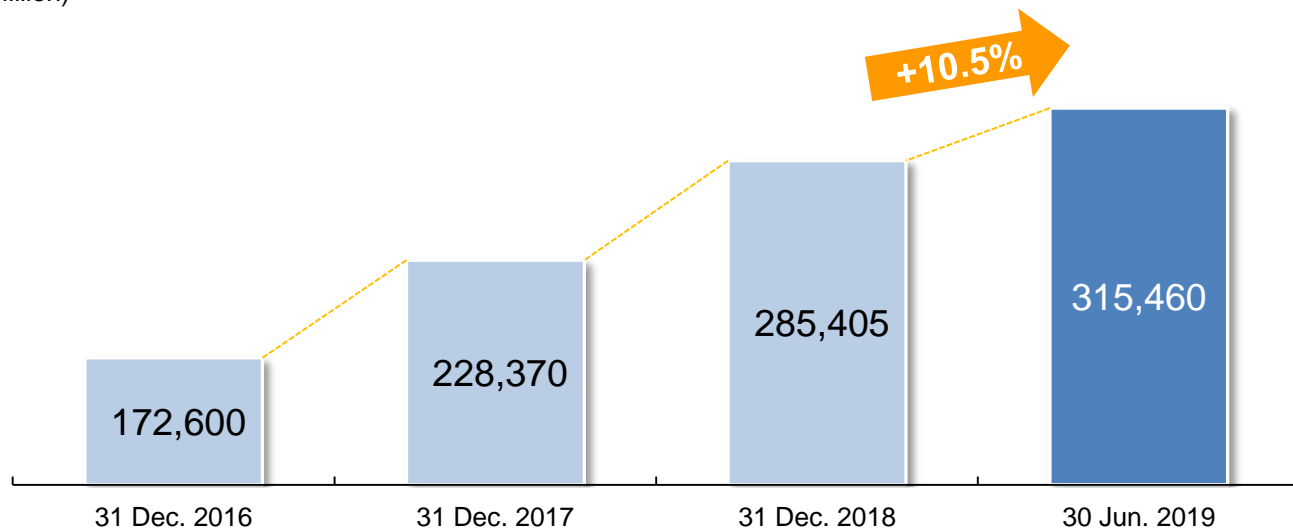


Life business (2/4)

Sustained growth of residual margin

Residual Margin

(unit: RMB million)

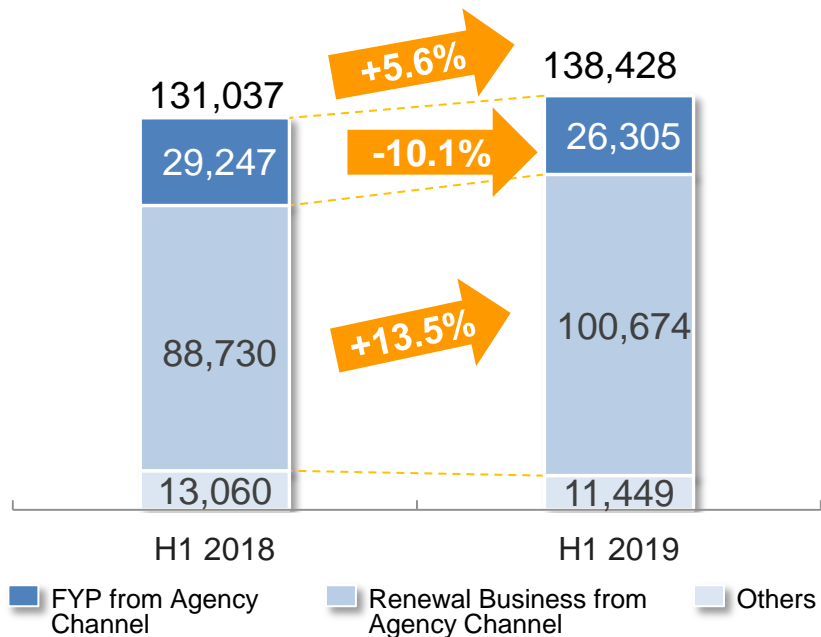


Life business (3/4)

Premiums driven by renewals, with business quality at healthy levels

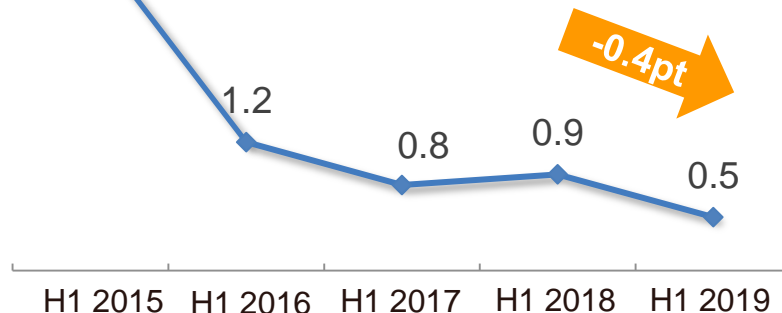
Gross Written Premiums

(unit: RMB million)



Surrender Ratio

(unit: %)

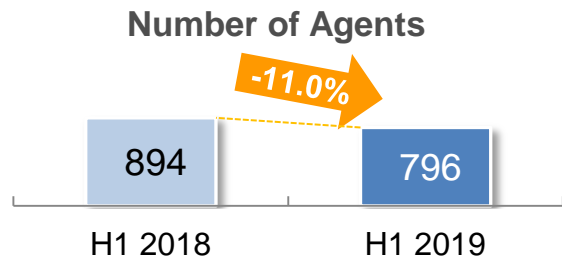


Life business (4/4)

Core sales force maintained stability

Agent Headcount

(unit: thousand)



Share of Total Headcount

Active Agents

309,000

+0.6pt

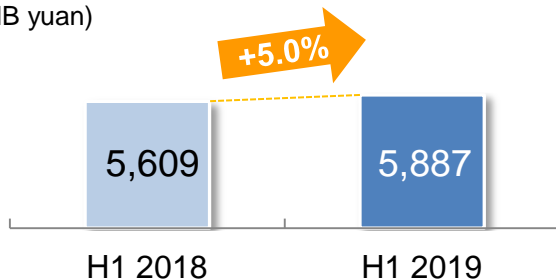
High-performing Agents

168,000

+1.6pt

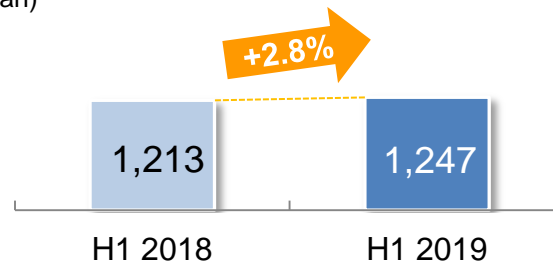
First Year Premiums per Agent

(unit: RMB yuan)



First Year Commission per Agent

(unit: RMB yuan)

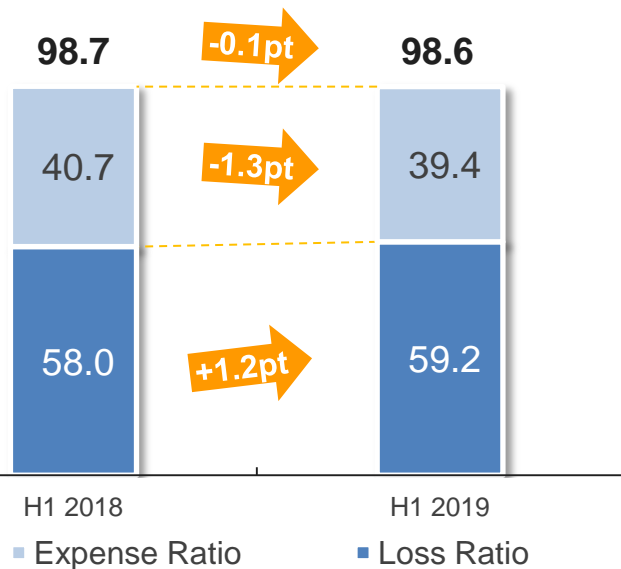


Property and casualty insurance (1/3)

Combined ratio stable, with rapid top-line growth

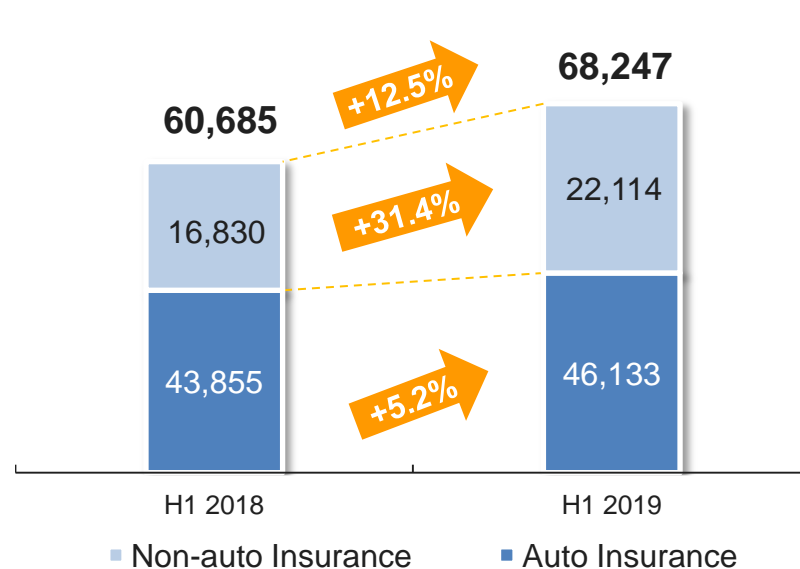
Combined Ratio

(unit: %)



Gross Written Premiums

(unit: RMB million)

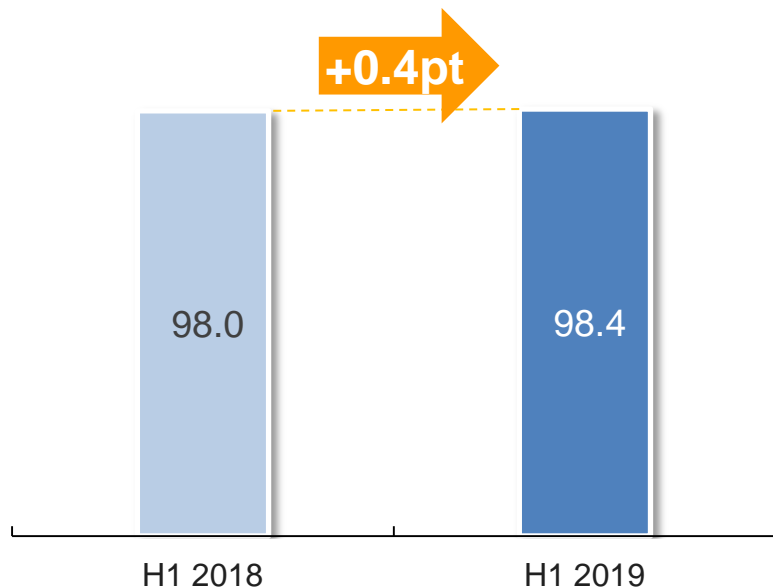


Property and casualty insurance (2/3)

Achieved underwriting profitability for both auto and non-auto business

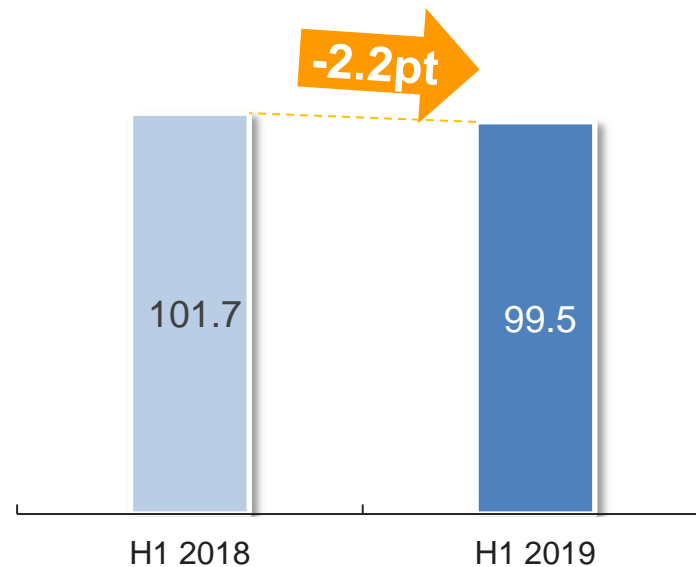
Combined Ratio of Auto Insurance

(unit: %)



Combined Ratio of Non-auto Insurance

(unit: %)

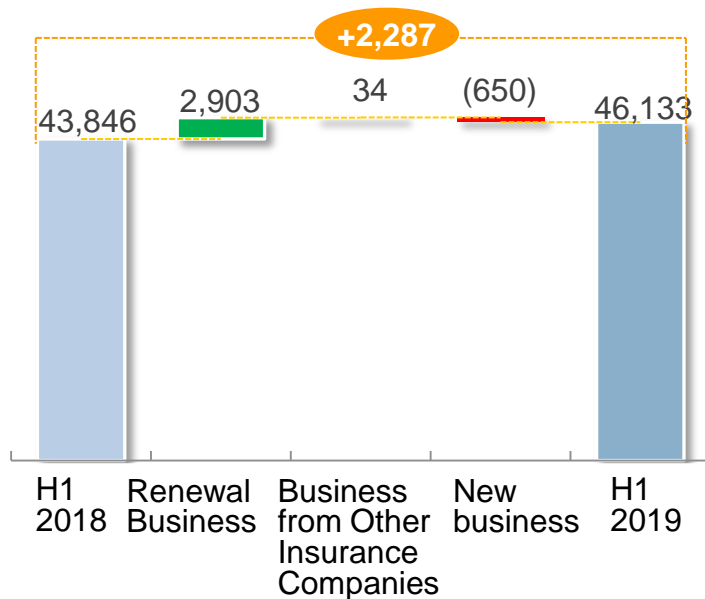


Property and casualty insurance (3/3)

Auto insurance driven by renewal business and non-auto by emerging lines

Auto Insurance Growth Attribution

(unit: RMB million)



Agricultural Insurance

- ◆ Innovated products, transitioning from cost indemnity to income protection
- ◆ CPIC P/C and Anxin Agricultural combined realized primary insurance premiums of RMB**4.308bn**, a growth of **43.6%**, with steady increase in market share

Guarantee Insurance

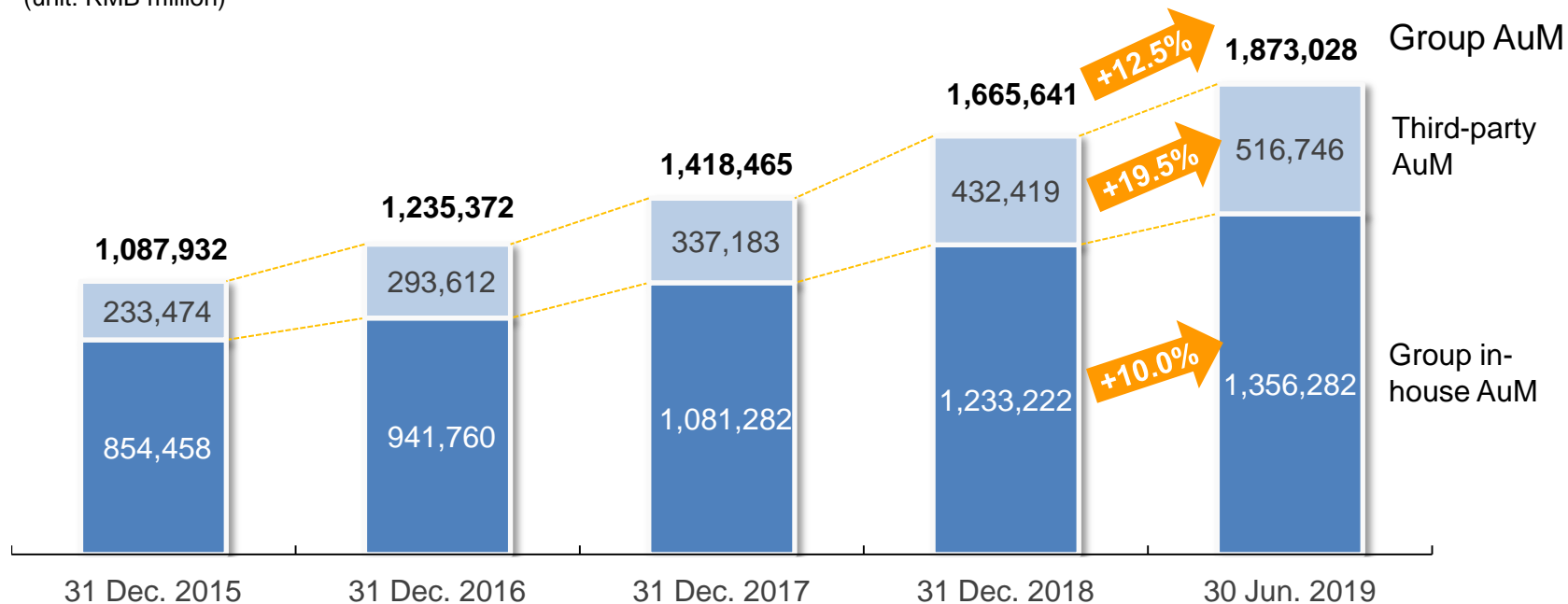
- ◆ Rapid growth based on effective risk control. Personal lines accounted for over **80%**, with stable business quality on the back of continued improvement in the risk control systems and enhanced anti-fraud and credit risk management capabilities
- ◆ Reported RMB**2.608bn** in GWPs, up **47.0%**

Asset management (1/4)

Steady increase in Group AuM, with improved market competitiveness

Group Assets under Management

(unit: RMB million)



Asset management (2/4)

Continued to optimize strategic asset allocation

Group in-house investment portfolio	30 Jun. 2019 (%)	Change (pt)
Fixed income investments	82.6	(0.5)
Bonds	43.8	(2.5)
Term deposits	11.0	0.6
Debt investment schemes	11.1	0.2
Wealth management products ¹⁾	9.9	1.5
Preferred shares	2.4	(0.2)
Other fixed income investments ²⁾	4.4	(0.1)
Equity investments	13.7	1.2
Equity funds	1.7	0.2
Bond funds	1.0	(0.2)
Stocks	5.7	1.6
Wealth management products ¹⁾	0.0	(0.6)
Preferred shares	0.9	0.3
Other equity investments ³⁾	4.4	(0.1)
Investment properties	0.6	(0.1)
Cash, cash equivalents and others	3.1	(0.6)

Notes:

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.

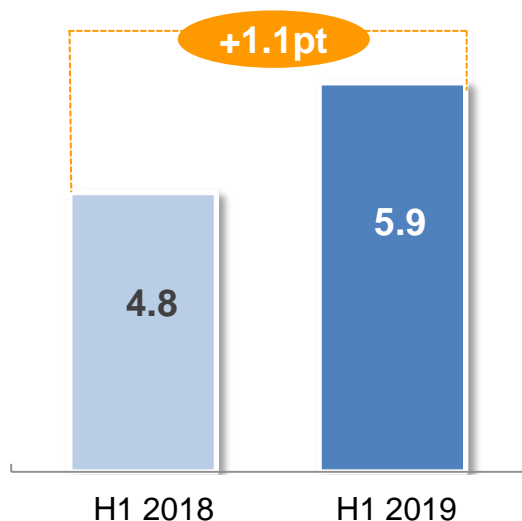
3) Other equity investments include unlisted equities, etc.

Asset management (3/4)

Realized solid investment performance

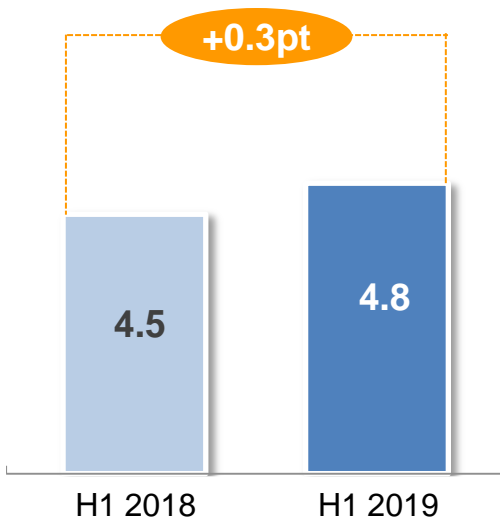
Comprehensive Investment Yield

(unit: %)



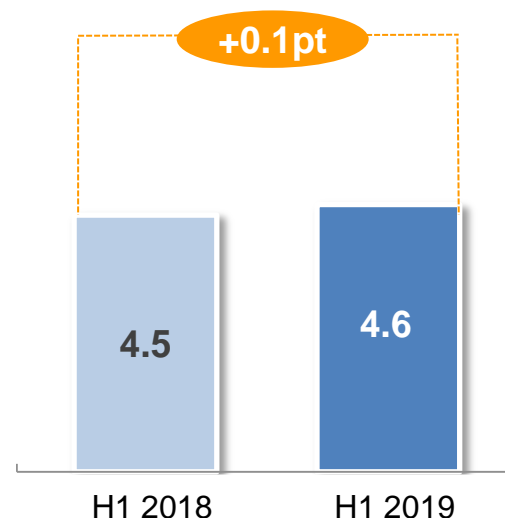
Total Investment Yield

(unit: %)



Net Investment Yield

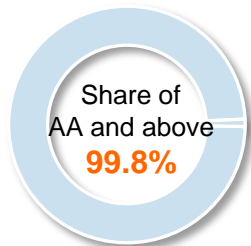
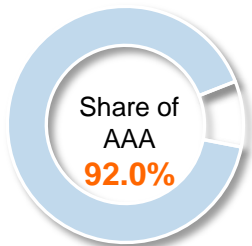
(unit: %)



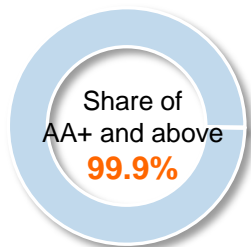
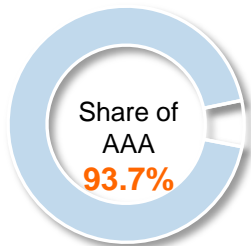
Asset management (4/4)

Credit risk of investment assets well under control

External Credit Ratings of Corporate and Non-government-sponsored Bank Financial Bonds



External Credit Ratings of Private Financing Instruments



Mix and Distribution of Yields of Private Financing Instruments

Sectors	Share of Investments (%)	Nominal Yield (%)	Average Duration (year)	Average Remaining Duration(year)
Infrastructural projects	27.4	5.8	7.1	5.0
Non-bank financial institutions	22.6	5.4	4.5	2.0
Communications & transport	15.9	5.5	8.5	5.8
Real estate	15.7	5.8	6.1	3.9
Energy and manufacturing	11.4	5.8	5.9	3.3
Others	7.0	5.6	6.5	3.8
Total	100.0	5.6	6.4	4.0

Note: Private financing instruments include wealth management products issued by commercial banks, debt investment schemes, collective trust plans by trust firms, special asset management plans by securities firms and loans backed securities by banking institutions, etc., the same as “non-standard assets”, a term used in previous reports.

Q & A

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