

# 2022 Interim Results Announcement

## China Pacific Insurance (Group) Co., Ltd.

August 29, 2022

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## Overview

In the first half of 2022, the international environment was complicated and difficult; the resurgence of COVID-19 pandemic in parts of China led to mounting pressure on the economy, and brought unprecedented challenges to the stable and healthy development of the Company. With the backing of our shareholders and the board, we took the initiative to overcome the difficulties, effectively coordinated pandemic control and business development. In particular, we adhered to high-quality development, deepened business transformation, pursued channel diversification, accelerated healthcare and elderly care business deployment and delivered further progress amid stable business performance.

# Steady growth of overall business results

(unit: RMB yuan)

Group Gross  
Written Premiums

**242.493bn**

**+8.0%** ↗

Group OPAT <sup>Note</sup>

**20.096bn**

**+9.9%** ↗

Group Net Profits <sup>Note</sup>

**13.301bn**

**-23.1%**

Group  
Embedded Value

**509.078bn**

**+2.2%** ↗

Group Number  
of Customers

**170.13mn**

**+1.74mn** ↗

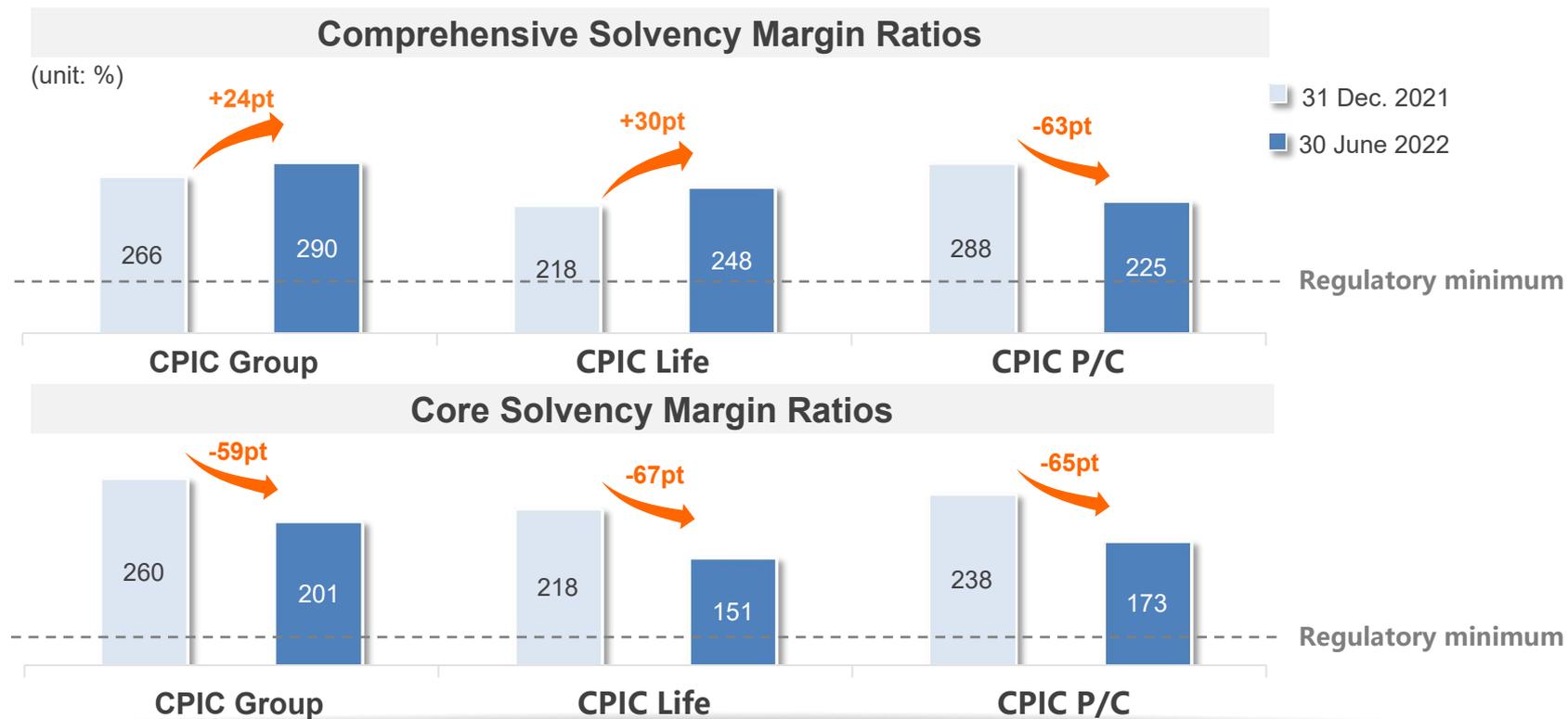
Group AuM

**2,741.039bn**

**+5.4%** ↗

Note: Attributable to shareholders of the parent.

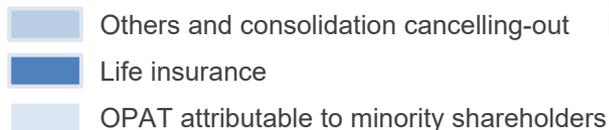
# Solid solvency margin ratios under C-ROSS II



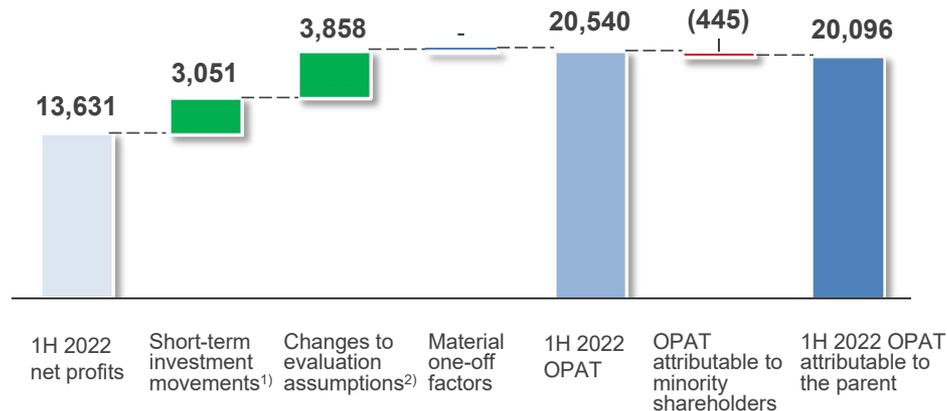
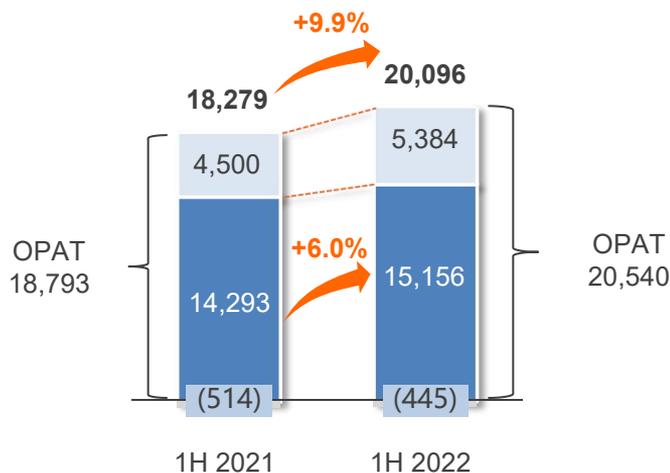
Note: Figures as of 30 June 2022 were based on C-ROSS II, while those as at the end of 2021 were based on previous solvency standards.

# Sustained growth of Group OPAT

(unit: RMB million)



**OPAT = net profits – short-term investment movements – changes to evaluation assumptions – material one-off factors**

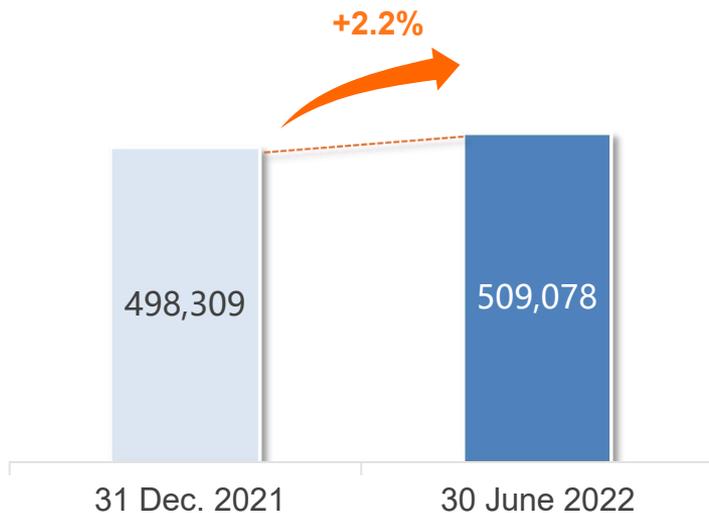


- Notes: 1) Short-term investment movements refer to the difference between actual investment income from life insurance, etc. and long-term investment assumption (5%), while adjusting for ensuing changes to liabilities on insurance and investment contracts, and considering the impact of corporate income tax.  
 2) Changes to evaluation assumptions are based on amounts arising from accounting estimates changes, while considering the impact of corporate income tax.  
 3) Numbers may not totally add up due to rounding.

# Steady growth of Group embedded value (1/2)

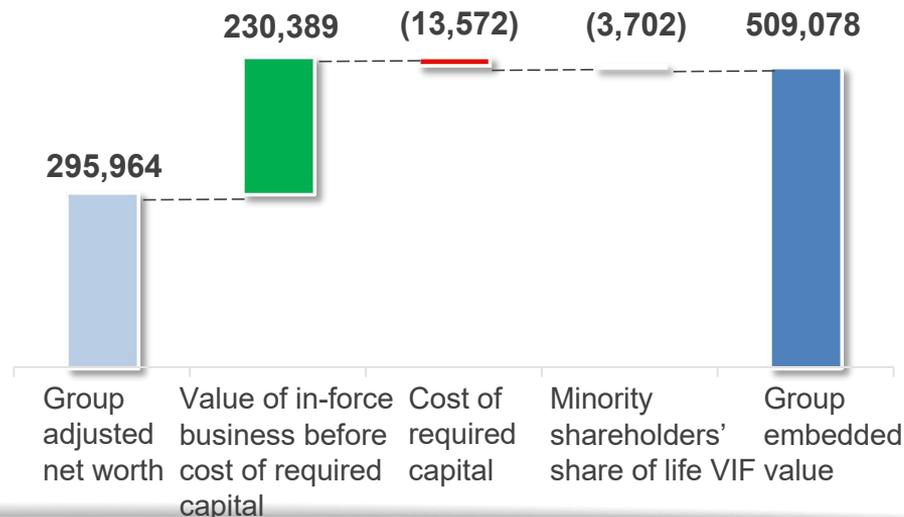
## Group EV

(unit: RMB million)



## Composition of EV as at 30 June 2022

(unit: RMB million)

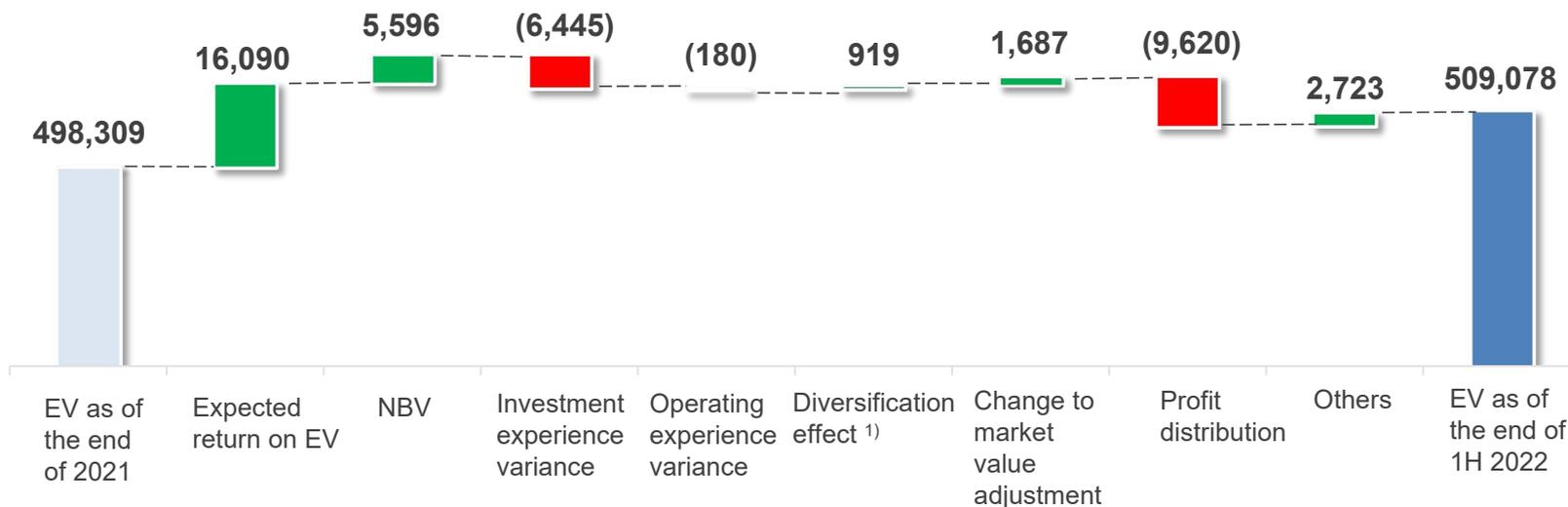


Note: Numbers may not totally add up due to rounding.

## Steady growth of Group embedded value (2/2)

### Movement of Embedded Value in 1H 2022

(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.

# All-around progress in health care and elderly care deployment

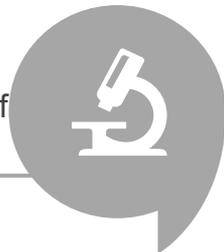
**CPIC Family Doctors** has over **2.8 million** registered users, with its business model largely in shape



Launched “**Jia An Xin**”, a tailor-made innovative medical insurance product for sub-standard risks integrating managed care



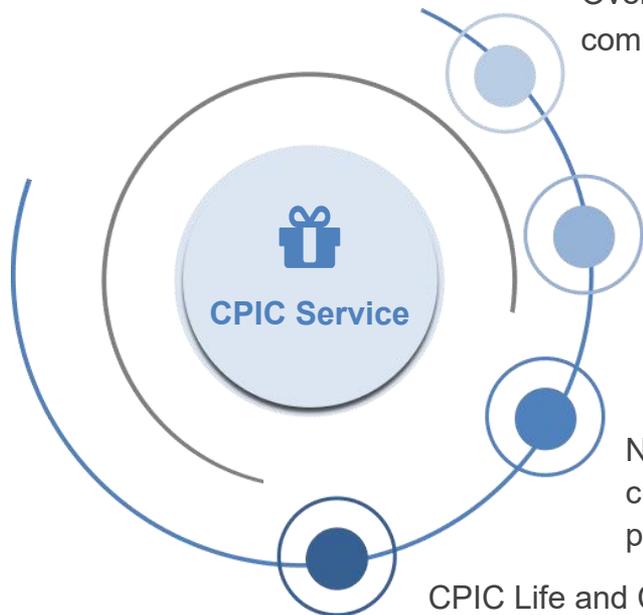
Established **Guangci Memorial Hospital** and conducted cooperation with renowned care providers such as New Frontier Vitality Limited and United Family Hospitals, exploring innovation of high-end health service



A total of **12** projects in **11** cities up and running under **CPIC Home** elderly care communities, receiving a total of **110,000** visits, with those in Chengdu and Dali in operation



# Enhanced brand of CPIC Service to shoulder corporate social responsibilities



Over **700** CPIC Service Officers reached out to customers, heard their comments and suggestions, demonstrating commitment to caring service

In response to the pandemic, we launched a host of value-added service:

- CPIC P/C stood by 24 hours, coordinated **vehicle road-side assistance** and provided back-up battery and vehicle maintenance for free
- CPIC Life offered 4 preferential measures in **policy loans and premium payment**, benefiting more than **450,000** customers
- Provided a package of **tailor-made financial products** to minimise disruption to the supply chain

NPS for key customer journeys continued to improve, with enhanced customer loyalty and individual customers each having **2.32** insurance policies on the average, rising **1.8%** from the end of 2021

CPIC Life and CPIC P/C won **top** rankings in the first consumer rights protection ratings by CBIRC; maintained **No.1** position in customer services ratings by CBIT

# Accelerated digital transformation for better empowerment



Ensured 24\*7 safe and reliable operation of data centres, given deployment in technology infrastructure in **Chengdu and Shanghai** and closed-loop work shifts during the spread of the pandemic



Upgraded a new generation of **CPIC Cloud**, continuously strengthening automated operation & maintenance and security safeguards, which ensured consistency in customer service and business operation during the pandemic



Stepped up **big data system**, setting up data governance framework in data classification and data integrity, completing integration of data of **170mn** customers



**CPIC Technology** officially launched to explore market-oriented mechanisms for empowerment of core insurance business

## CPIC P/C

Smart interaction platform made a monthly average of **150,000** service requests

## CPIC Life

Customer profile delineation of orphan policies made a daily average of over **100,000** attempts

## CPIC AMC

Knowledge atlas of investment had access to more than **4,000** listed companies

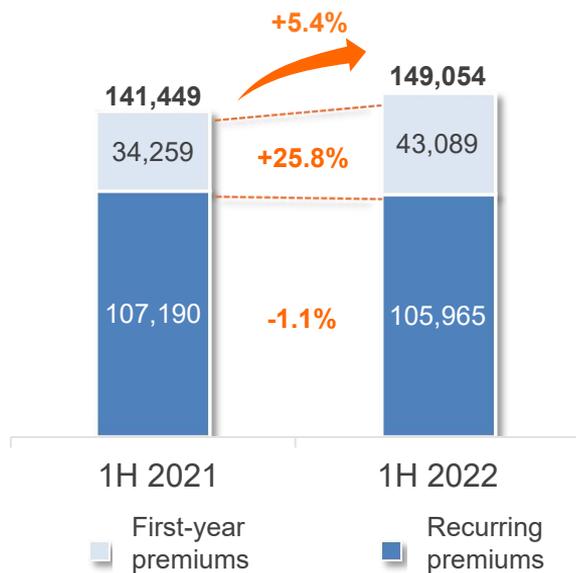
# Performance Analysis

# Life Insurance (1/4)

## Steady premium growth, with continued improvement in business quality

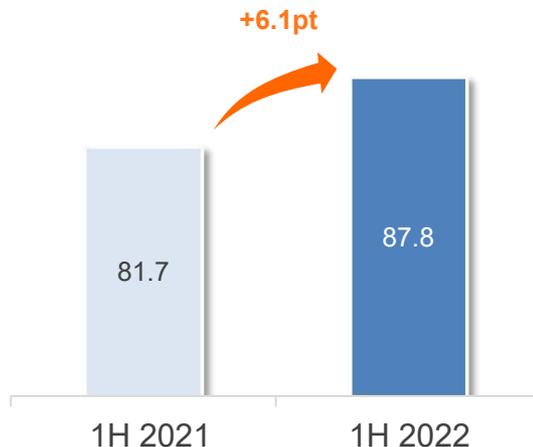
### Gross Written Premiums

(unit: RMB million)



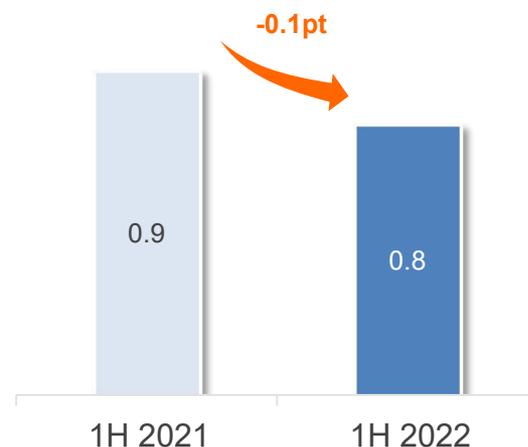
### 13-month Persistency Ratio of Individual Customers

(unit: %)



### Surrender Rate

(unit: %)

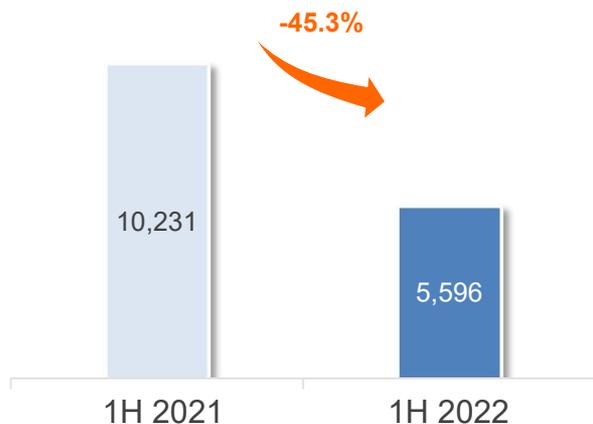


## Life Insurance (2/4)

NBV under continued pressure, with decline narrowing across quarters

### New Business Value

(unit: RMB million)



### NBV by Quarters

(unit: RMB million)



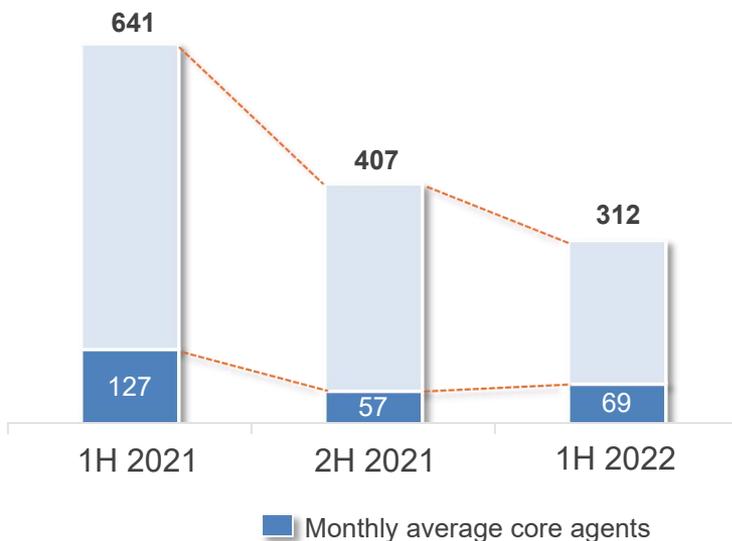
Note: Numbers may not totally add up due to rounding.

## Life Insurance (3/4)

Forged ahead with agency force restructuring, with core manpower stabilising

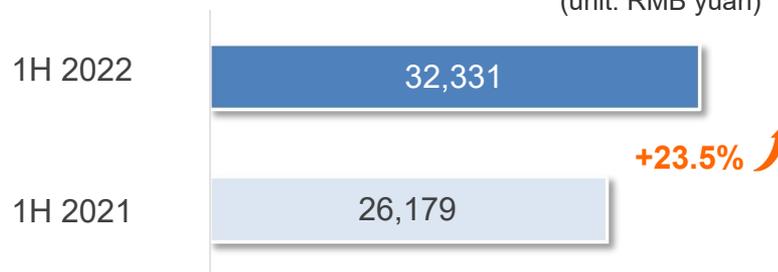
### Monthly Average Agent Number

(unit: thousand)



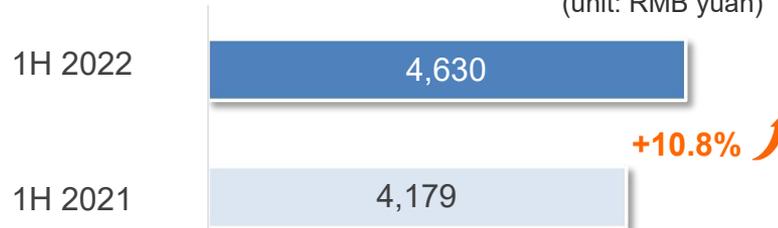
### Monthly Average FYP per Core Agent

(unit: RMB yuan)



### Monthly Average FYC per Core Agent

(unit: RMB yuan)

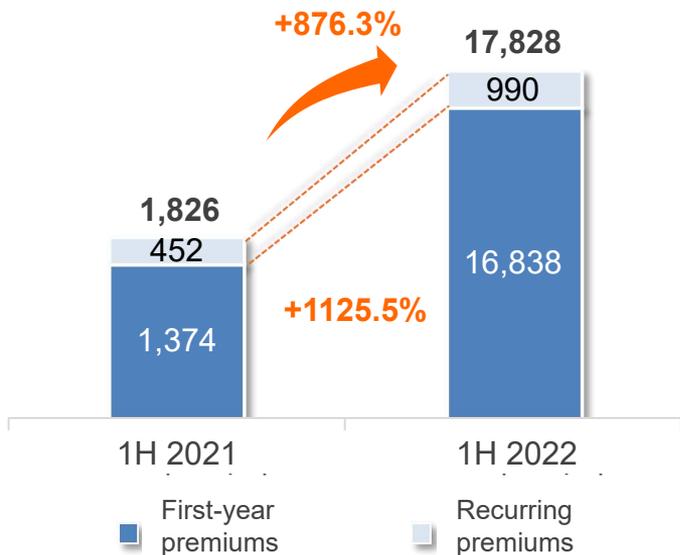


# Life Insurance (4/4)

## Vigourous effort to diversify channel mix, with rapid development of bancassurance

### Gross Written Premiums of Bancassurance

(unit: RMB million)



#### Strategic partnership deployment

- Conducted cooperation with Pudong Development Bank, Rural Credit Cooperatives, China Merchants Bank, Bank of China, and Agricultural Bank of China
- With regular-pay FYP from these partnerships growing by **86.1%** year-on-year

#### NBV contribution increase

- The channel's share of NBV rose by **4.4pt** year-on-year
- With its NBV up by **100.1%** year-on-year

#### Productivity growth

- Monthly average regular-pay FYP up by **49%** year-on-year



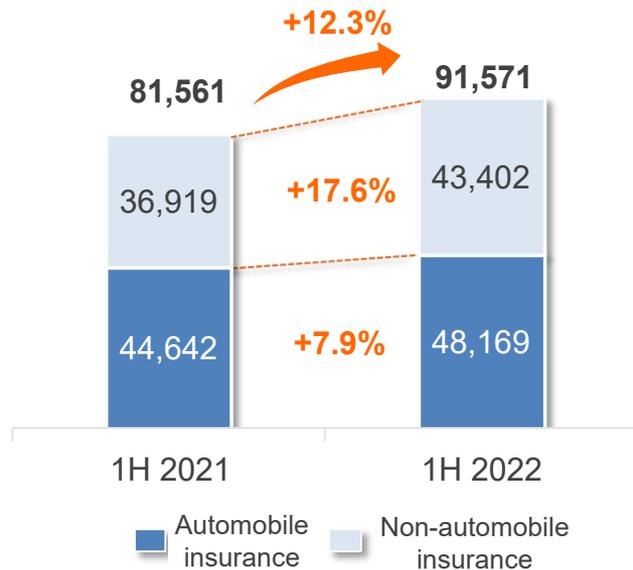
A New Model for Bancassurance

# P/C Insurance (1/3)

## Rapid top-line growth, with improved combined ratio

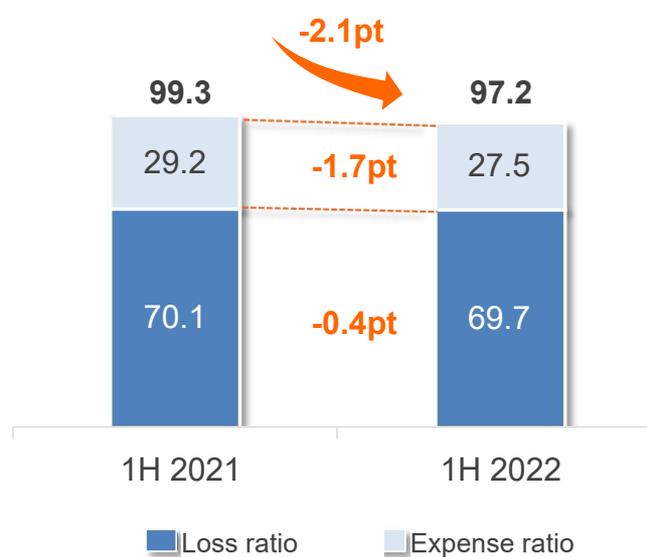
### Gross Written Premiums

(unit: RMB million)



### Combined Ratio

(unit: %)



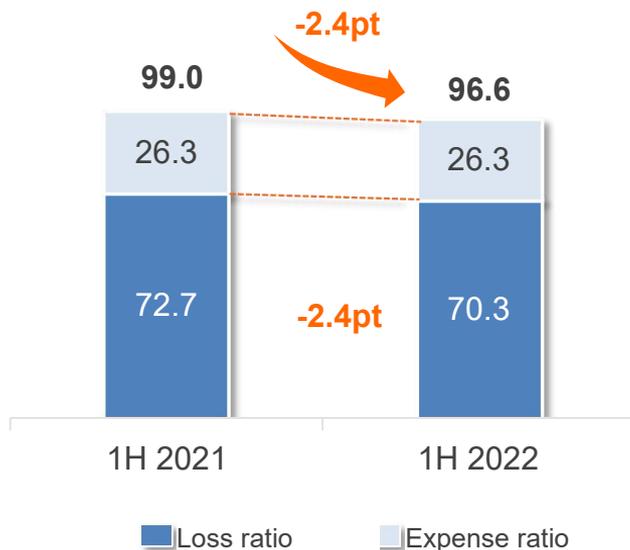
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

## P/C Insurance (2/3)

Seized opportunities of NEV, with strong growth in both top-line and bottom-line of automobile insurance

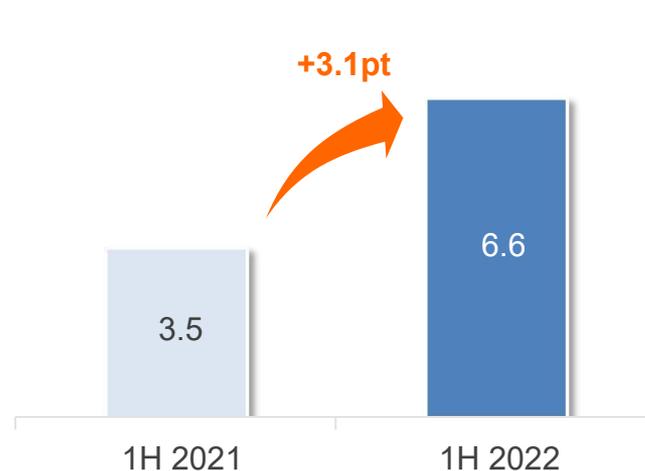
### Combined Ratio of Automobile Insurance

(unit: %)



### Share of NEV premiums

(unit: %)



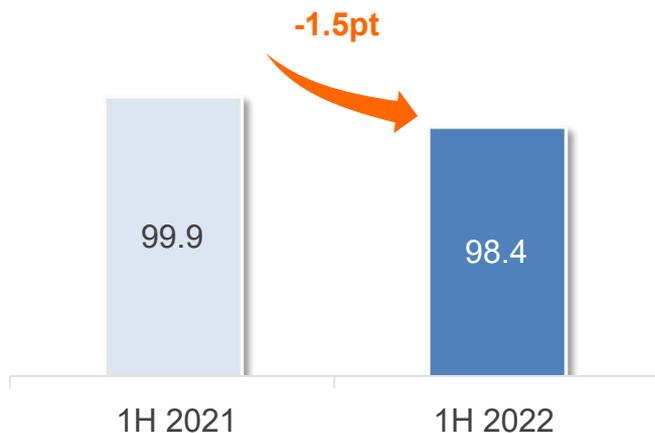
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

# P/C Insurance (3/3)

## Continued improvement in non-auto business quality, maintaining rapid growth of non-auto emerging business lines

### Combined Ratio of Non-auto Insurance

(unit: %)



### Health Insurance

- Promoted existing business in medical insurance for major diseases, accident medical and poverty reduction, and strived to tap the potential of emerging business such as long-term care, chronic illness insurance and city-specific customised commercial medical insurance.

- Reported RMB10.528 billion in GWPs, a growth of **28.2%**



### Agricultural Insurance

- Seized opportunities of the Rural Invigoration Strategy, pushed for “expansion of coverage, diversification of product offering and improvement of standards”, vigorously participated in the trials of full-cost indemnity insurance so as to safeguard national food security.

- Delivered RMB9.287 billion in GWPs, up by **38.1%**



### Liability Insurance

- Stepped up support for national strategies and social governance, cooperated with local governments in areas concerning national strategies and people's well-being.

- Delivered RMB8.275 billion in GWPs, up by **23.2%**

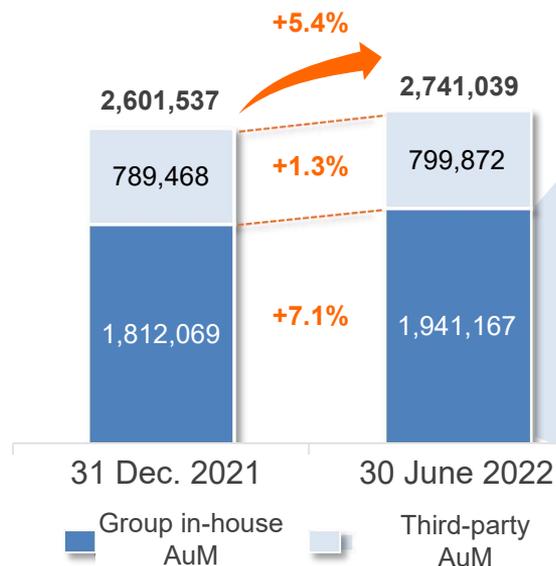
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

# Asset Management (1/3)

## Steady increase in Group assets under management

### Group Assets under Management

(unit: RMB million)



Group in-house investment portfolio	30 June 2022 (%)	Change (pt)
<b>Fixed income investments</b>	<b>76.4</b>	<b>0.7</b>
Bonds	40.5	2.3
Term deposits	11.3	0.5
Debt investment plans	12.2	(0.5)
Wealth management products <sup>1)</sup>	6.7	(1.2)
Preferred shares	1.6	(0.2)
Other fixed income investments <sup>2)</sup>	4.1	(0.2)
<b>Equity investments</b>	<b>20.4</b>	<b>(0.8)</b>
Equity funds	2.4	(0.2)
Bond funds	1.4	0.1
Stocks	8.1	(0.4)
Wealth management products <sup>1)</sup>	0.1	-
Preferred shares	0.6	(0.1)
Other equity investments <sup>3)</sup>	7.8	(0.2)
<b>Investment properties</b>	<b>0.6</b>	<b>0.2</b>
<b>Cash, cash equivalents and others</b>	<b>2.6</b>	<b>(0.1)</b>

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 and derivative financial assets, etc.

## Asset Management (2/3)

### Enhanced ALM, with long-term investment return higher than cost of liabilities

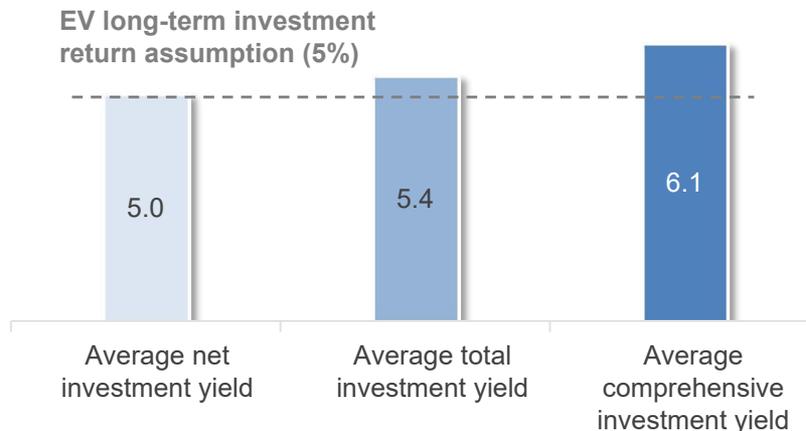
#### Investment Performance during Reporting Period

(unit: %)

Annualised investment yield	1H 2022	1H 2021
Net investment yield	3.9	4.1
Total investment yield	3.9	5.0
Comprehensive investment yield	3.3	4.8

#### 10-year Average Investment Yield

(unit: %)



Note: The 10-year average investment yields were calculated using figures between 2012 and 2021.

# Asset Management (3/3)

## Overall credit risk of investment assets manageable

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

Share of AAA

**93.3%**

Share of  
AA/A-1 and above

**98.2%**

### External Credit Ratings of Non-public Financing Instruments

Share of AAA

**95.8%**

Share of  
AA+ and above

**99.6%**

### Mix and Distribution of Yields of Non-public Financing Instruments

Sectors	Share of investments (%)	Nominal yield (%)	Average duration (year)	Average remaining duration (year)
Infrastructure	41.2	5.0	7.7	5.5
Real estate	19.8	5.0	6.5	4.1
Communications & transport	14.5	5.1	9.0	6.1
Non-bank financial institutions	13.1	4.9	5.0	2.7
Energy and manufacturing	4.0	5.2	7.3	4.5
Others	7.4	5.3	8.7	6.2
<b>Total</b>	<b>100.0</b>	<b>5.0</b>	<b>7.3</b>	<b>5.0</b>

Note: Non-public financing instruments include wealth management products issued by commercial banks, debt investment plans, collective trust plans by trust firms, special asset management plans by securities firms and loans backed securities by banking institutions, etc.

# Outlook

In the second half of 2022, we will persist in high-quality development, deepen transformation of core business segments, promote upgrading of development mode, focus on the key areas of health care, big data, and integrated regional development to drive sustainable development; enhance CPIC Service, fully integrate ESG into our business operation, and forestall major risks to ensure healthy and stable development.

**Q&A**

# Appendix 1: Financials of Life Insurance Business

(unit: RMB million)

For 6 months ended 30 June	2022	2021	Changes (%)
Net premiums earned	140,387	133,700	5.0
Investment income <sup>1)</sup>	35,073	42,239	(17.0)
Exchange gains/(losses)	135	(18)	(850.0)
Other operating income	921	947	(2.7)
Gains on disposal of assets	-	-	/
Other income	25	16	56.3
<b>Operating income</b>	<b>176,541</b>	<b>176,884</b>	<b>(0.2)</b>
Surrenders	(11,238)	(11,684)	(3.8)
Claims	(24,455)	(30,017)	(18.5)
Less: claims recoveries from reinsurers	2,293	2,126	7.9
Net change in insurance contract reserves	(109,042)	(93,056)	17.2
Commission and brokerage expenses	(7,880)	(11,729)	(32.8)
Operating and administrative expenses	(6,567)	(6,930)	(5.2)
Other expenses <sup>2)</sup>	(11,335)	(10,872)	4.3
<b>Operating expenses</b>	<b>(168,224)</b>	<b>(162,162)</b>	<b>3.7</b>
Operating profit	8,317	14,722	(43.5)
Net of non-operating income and expenses	(8)	1	(900.0)
Income tax	551	(1,850)	(129.8)
<b>Net profit</b>	<b>8,860</b>	<b>12,873</b>	<b>(31.2)</b>

Notes: 1) Investment income includes investment income and gains/(losses) arising from change in fair value on financial statements.

2) Other expenses include policyholder dividends, expenses for reinsurance assumed, expenses recoveries from reinsurers, interest expenses, other operating expenses, asset impairment losses and taxes and surcharges, etc.

## Appendix 2: Financials of P/C Insurance Business

(unit: RMB million)

For 6 months ended 30 June	2022	2021	Changes (%)
Net premiums earned	69,620	63,306	10.0
Investment income <sup>1)</sup>	3,848	4,462	(13.8)
Exchange gains/(losses)	186	(32)	(681.3)
Other operating income	104	100	4.0
Gains on disposal of assets	1	1	-
Other income	32	30	6.7
<b>Operating income</b>	<b>73,791</b>	<b>67,867</b>	<b>8.7</b>
Claims	(45,662)	(42,670)	7.0
Less: claims recoveries from reinsurers	5,236	4,756	10.1
Net change in insurance contract reserves	(7,729)	(6,211)	24.4
Changes in insurance premium reserves	(365)	(244)	49.6
Commission and brokerage expenses	(7,161)	(7,042)	1.7
Operating and administrative expenses	(14,694)	(14,291)	2.8
Other expenses <sup>2)</sup>	2,155	2,455	(12.2)
<b>Operating expenses</b>	<b>(68,220)</b>	<b>(63,247)</b>	<b>7.9</b>
Operating profit	5,571	4,620	20.6
Net of non-operating income and expenses	2	7	(71.4)
Income tax	(1,253)	(1,124)	11.5
<b>Net profit</b>	<b>4,320</b>	<b>3,503</b>	<b>23.3</b>

Notes: 1) Investment income includes investment income and gains/(losses) arising from changes in fair value on financial statements.

2) Other expenses include expenses for reinsurance assumed, expense recoveries from reinsurers, interest expense, other operating expenses, asset impairment losses and taxes and surcharges, etc.

## Appendix 3: Sensitivity Analysis

### Sensitivity results of VIF business and NBV held as at 30 June 2022

(unit: RMB million)

	Value of in-force business after cost of required capital held	Half-year NBV after cost of required capital held
<b>Base</b>	<b>216,817</b>	<b>5,596</b>
Risk discount rate "+50 basis points"	209,052	5,349
Risk discount rate "-50 basis points"	225,217	5,860
Investment return "+50 basis points"	253,261	6,801
Investment return "-50 basis points"	179,962	4,382
Mortality "+10%"	215,705	5,552
Mortality "-10%"	217,927	5,639
Morbidity "+10%"	209,769	5,327
Lapse and surrender rates "+10%"	218,254	5,495
Lapse and surrender rates "-10%"	215,279	5,699
Expenses "+10%"	213,783	5,216

Note: In determining the sensitivity results, only the relevant cashflow assumption and risk discount rate assumption have been changed, while all other assumptions have been left unchanged.

## Appendix 4: Honours & Awards

- ◆ CPIC Group was listed among Fortune Global 500 for the 12th consecutive year, ranking 182nd.
- ◆ CPIC Group ranked 5th among the World's 100 Most Valuable Insurance Brands in 2022 released by Brand Finance, with a brand value of USD15.77 billion and brand strength rising from AA+ to AAA-.
- ◆ CPIC P/C and CPIC Life received A rating for business operation by the Insurance Association of China for the 6th consecutive year.
- ◆ CPIC P/C and CPIC Life won the Company of the Year award in dissemination of financial products and the Company of the Year award in financial brand innovation granted by China Banking and Insurance News respectively.
- ◆ CPIC AMC won the "Insurance Asset Management Company of the Year" award in the 12th Golden Pixiu Awards organised by the Financial Money magazine.
- ◆ CPIC Health was awarded the 2022 Customer Satisfaction Brand for March 15th Consumer Rights Protection Day by China's Foundation of Consumer Rights Protection for the 5th consecutive year.
- ◆ Changjiang Pension won the "China, Best Occupational Annuity Manager" award, the "China, Fintech Innovation in Pensions" award, and the "China, Best Enterprise Annuity Scheme - Golden Sunshine Collective Enterprise Annuity Scheme" award in the "2022 Best of the Best Awards" held by the Asia Asset Management magazine.

THANKS!