



2020 Annual Results Announcement

China Pacific Insurance (Group) Co., Ltd.

April 1, 2021

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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.

Overview

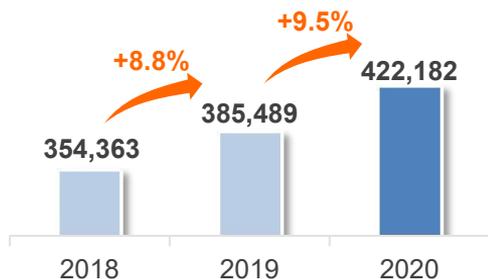
- ◆ In the face of global spread of COVID-19, economic slow-down, and cyclical shifts of the insurance sector, we persisted in **high-quality development**, and **stayed focused on the core business of insurance**.
- ◆ The Board, with KPIs in mind, focused on delivery and rallied efforts on **both pandemic control & prevention and transformation & development**. We achieved steady growth of overall business results, with continued increase in comprehensive strength.

Performance Highlights

Steady growth of overall business results

Group Operating Income ¹⁾

(Unit: RMB million)



Group OPAT ²⁾

(Unit: RMB million)



Group Embedded Value

(Unit: RMB million)



Net Asset per Share ²⁾

(Unit: RMB yuan)



Group Number of Customers

(Unit: thousand)

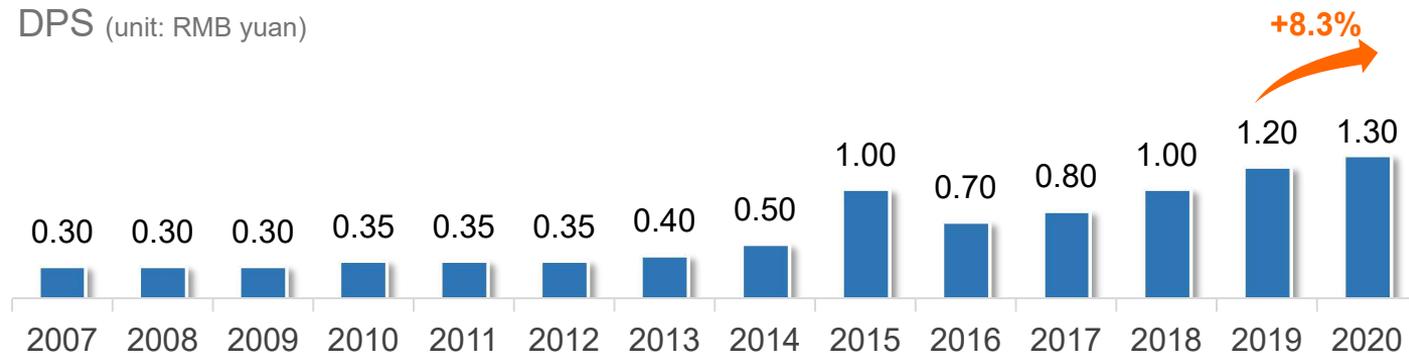


Notes: 1) Based on PRC GAAP.

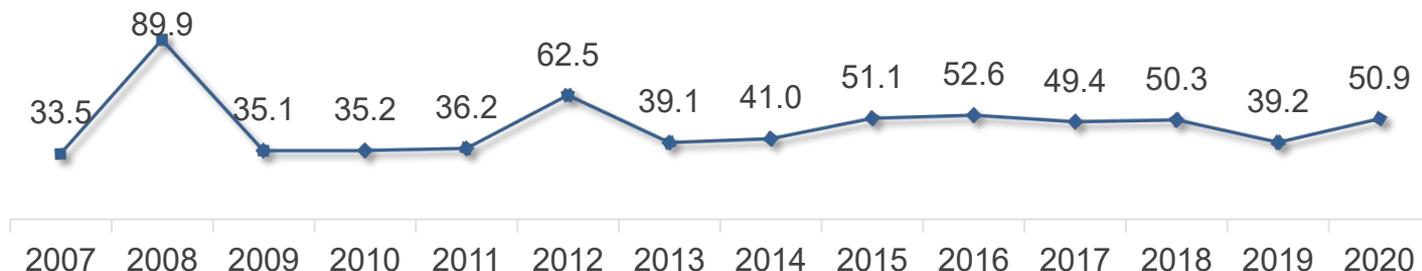
2) Attributable to equity holders of the parent.

Steady increase in shareholder dividends since IPO

DPS (unit: RMB yuan)



Pay-out Ratio (unit: %)



Average
pay-out ratio

47.6%

Note: Total dividend for 2020 includes an annual dividend of RMB1.2 and a special dividend of RMB0.1 on the occasion of CPIC's 30th anniversary, subject to approval of shareholders' general meeting.

Successful issuance of GDR and breakthroughs in mechanisms



Achieved listing in 3 venues

Became the first insurer listed in Shanghai, Hong Kong and London, pooling both funds and talents



Optimized ownership structure

A more professional, market-oriented and international board, with continued improvement of governance



Established long-term incentive system

Launched “the Ever-green Plan” in the life and P/C operations, stimulating organizational vitality



All-around progress in retirement business & launch of health business strategy



Deployment in Retirement Business

- ◆ Completed the 1st phase of **10bn-yuan** investment in retirement properties, with **7** projects up and running in Chengdu, Dali, Hangzhou, Shanghai, Xiamen and Nanjing, involving a total floor space of **510,000** square meters, **6,300** beds under construction and **11,000** beds in reserve.
- ◆ Achieved initial success in establishing a full spectrum of product and service offerings for different age groups, and issued over **10,000** certificates of admission into our CPIC Home communities.



Health Strategy and Planning

- ◆ The Board reviewed and approved the development **programme of health business**, providing guidelines on strategic direction.
- ◆ Entered into strategic cooperation with **Ruijin Hospital**, a top-notch health care provider in China, and established **Guangci CPIC Internet Hospital**, marking an important step towards a full life-cycle health management model closely linked with insurance business.
- ◆ Promoted long-term investment along the **health value chain** such as bio-pharmaceutical, medical appliances, medical care and tele-medicine based on market-oriented platforms.

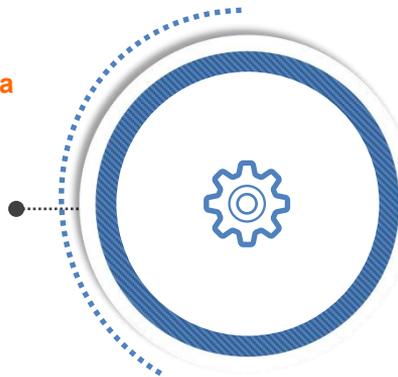


Deepened technology marketization to better empower core insurance business



Empowering Governance

- ◆ Formed strategic partnerships with leading technology firms and institutions of higher learning, established **a technology system, a team of scientists**, and joint AI labs.
- ◆ Started test-run of **CPIC Fintech**, with **5 business units** of data intelligence, application development, Internet operation, cloud service, and shared platforms, as well as **2 R&D centres** in Shanghai and Chengdu.
- ◆ **Recruited leading technology experts** in big data, cloud computing, Internet operation and cyber security.



Empowering Insurance

- ◆ Stepped up on-line transitioning of sales model, such as **cloud-driven distribution** using “WeChat + AI” , and realized **remote taping and recording of the sales process** based on video interaction technology.
- ◆ Set up on-line platform for individual automobile insurance customers, with **insurance application, claims handling, customer service and entitlements** all going on-line.

A smart loss-assessment system for motor vehicles

On-line operational management platform for agricultural insurance

Smart medical underwriting model

Smart shops & cloud service counters

Deepened customer operation to promote coordinated business development

Steady Increase in Individual Customer Protection

4.73mn
+17.1% ↑ No. of customers with sum assured exceeding RMB300,000 on critical illness products of CPIC Life

17.15mn
+31.9% ↑ No. of customers with sum assured of a million yuan and above on Third-party Liability of automobile insurance

Continued Improvement in Cross-sell to Individual Customers

2.09
+7.2% ↑ Group average number of insurance policies per individual customer

31.66mn
+23.3% ↑ No. of individual customers with 2 insurance policies and above

10.24mn
+22.5% ↑ No. of individual customers holding insurance policies of multiple subsidiaries

Further Diversified Services for Group Clients

 Consolidated strengths in traditional business lines: **agricultural insurance, government-sponsored critical illness insurance, long-term care insurance, occupational annuity**

 Delivered continued progress in emerging business: **inherent defect insurance (IDI) and green insurance**

 Explored the path to deliver insurance solutions to employees and their families via our corporate/government clients

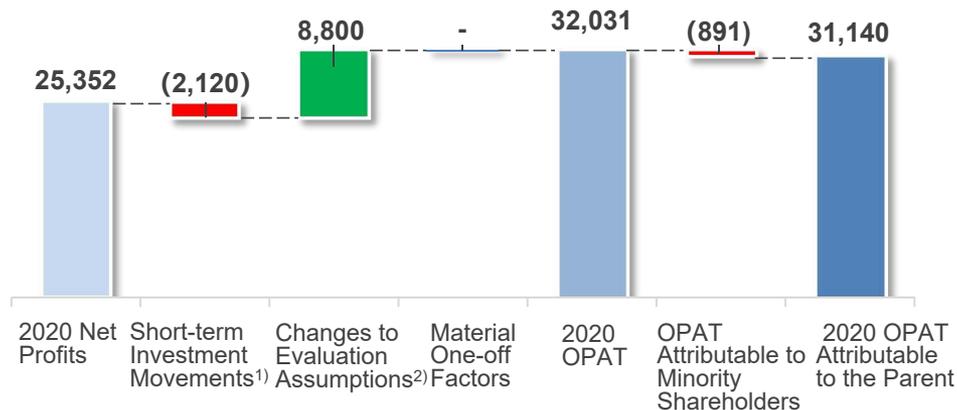
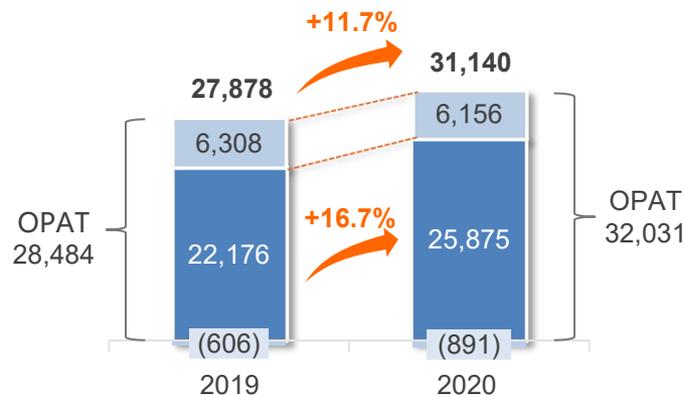
Performance Analysis

Group OPAT attributable to the parent RMB31.140bn, an increase of 11.7%

(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



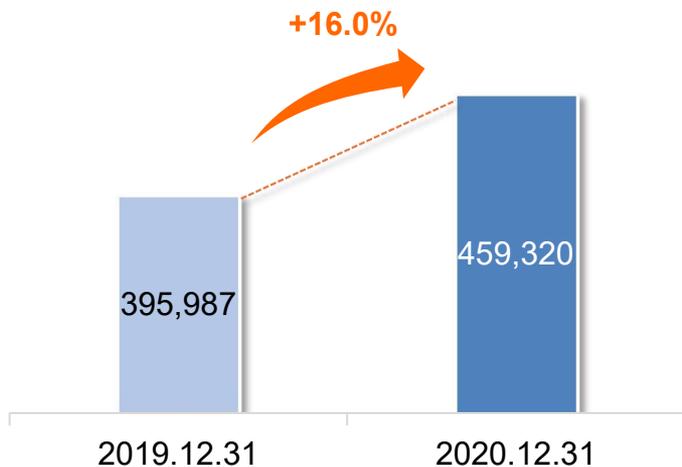
Notes:

- 1) Short-term investment movements refer to the difference between 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 add up due to rounding.

Steady growth of Group embedded value (1/2)

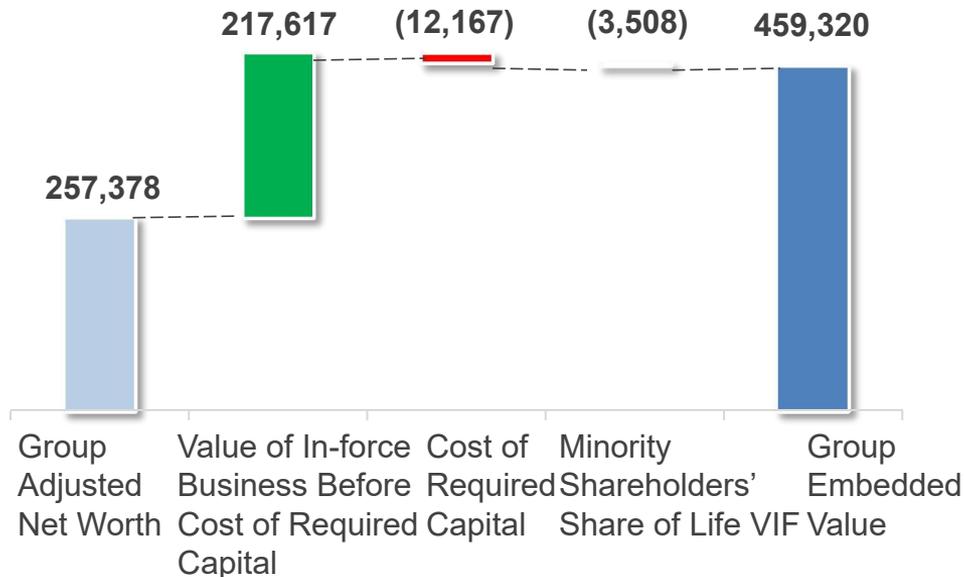
Group Embedded Value

(unit: RMB million)



Composition of EV as at 31 December 2020

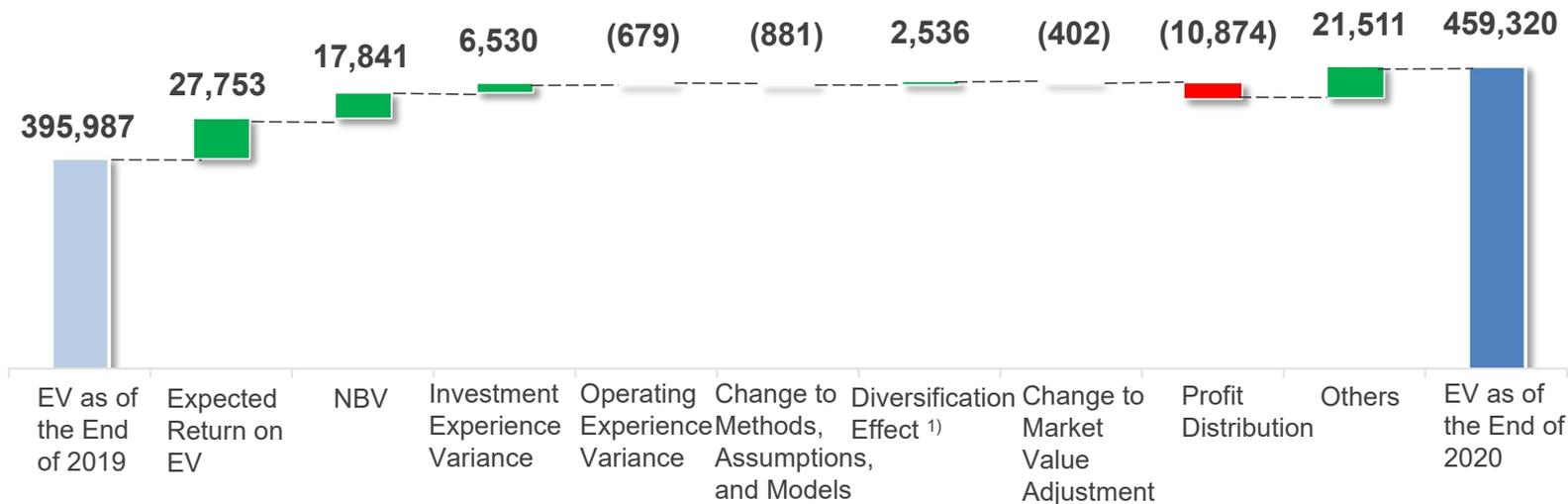
(unit: RMB million)



Steady growth of Group embedded value (2/2)

Movement of Embedded Value in 2020

(unit: RMB million)



Notes:

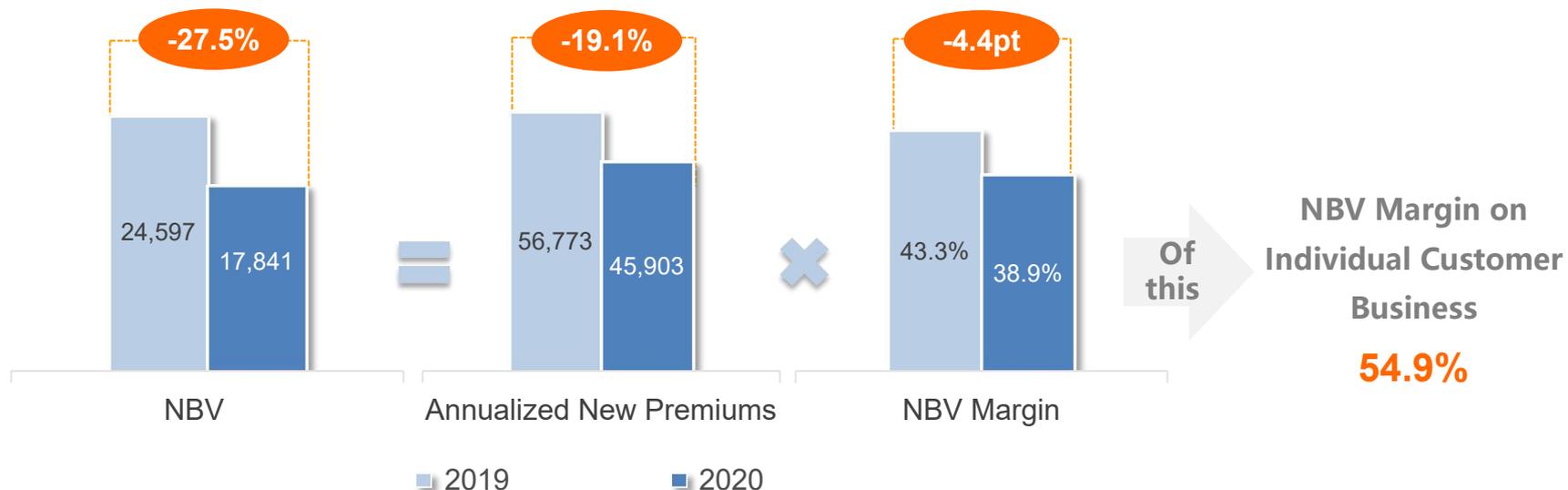
- 1) Diversification effect refers to the impact on cost of required capital of new business and business change.
- 2) Numbers may not totally add up due to rounding.

Life Insurance (1/4)

NBV under pressure, with NBV margin on individual customer business at decent level

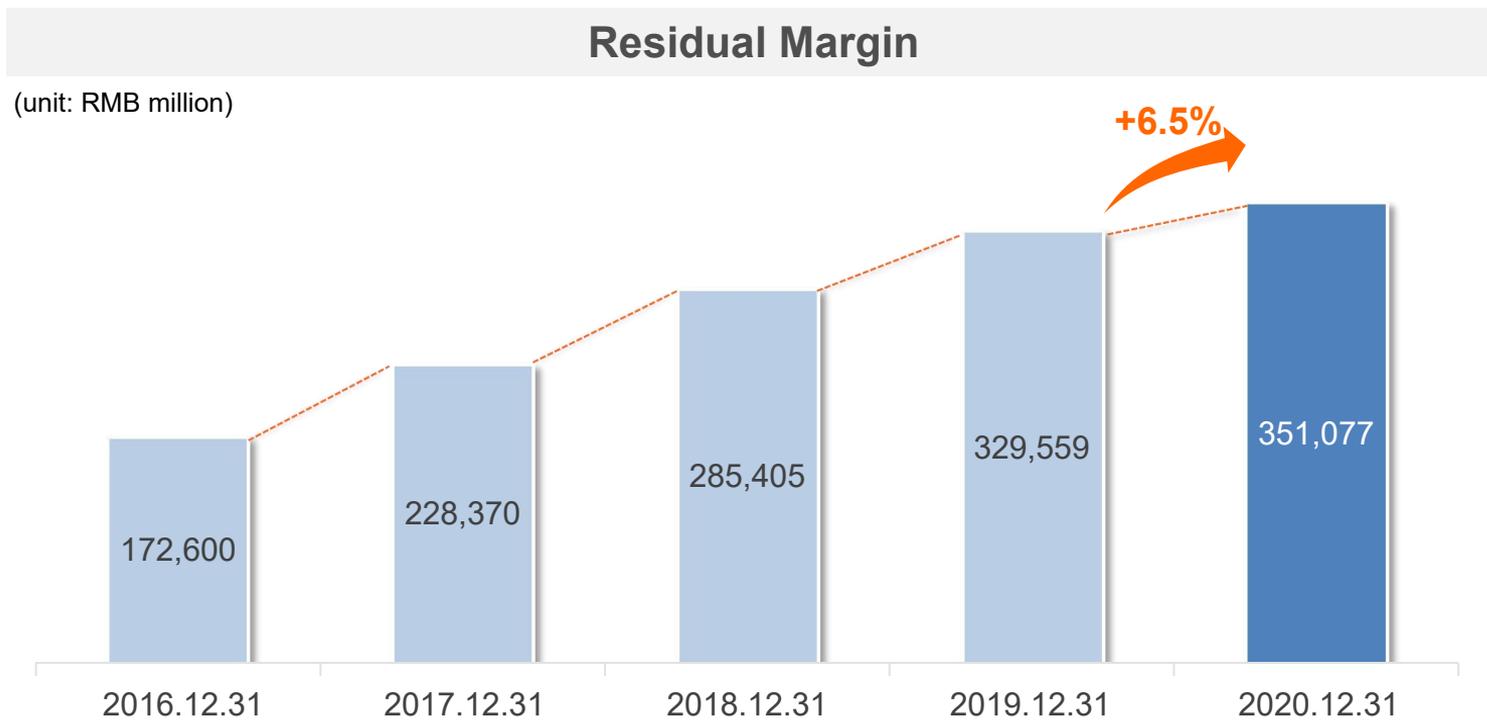
New Business Value

(unit: RMB million)



Life Insurance (2/4)

Sustained growth of residual margin

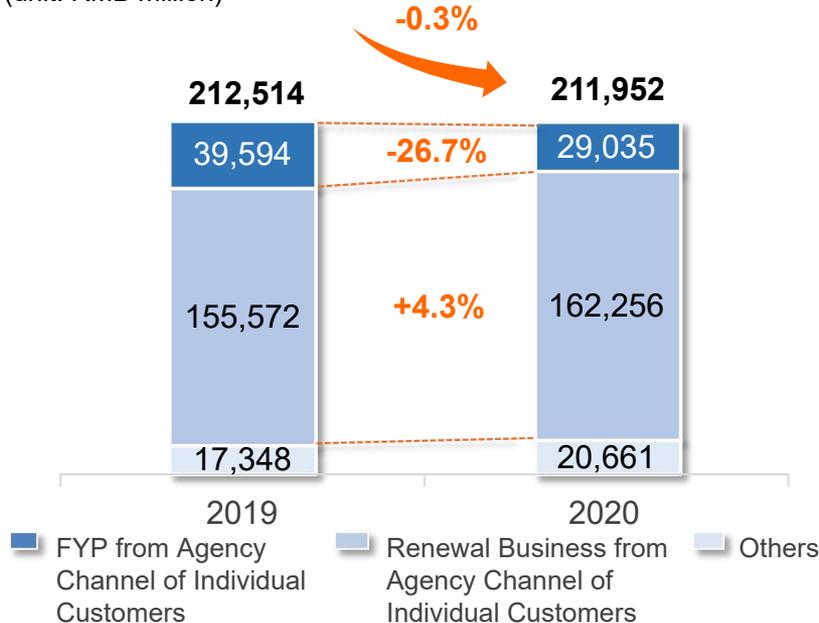


Life Insurance (3/4)

Stability of total premiums driven by renewal business, with surrender ratio staying largely flat

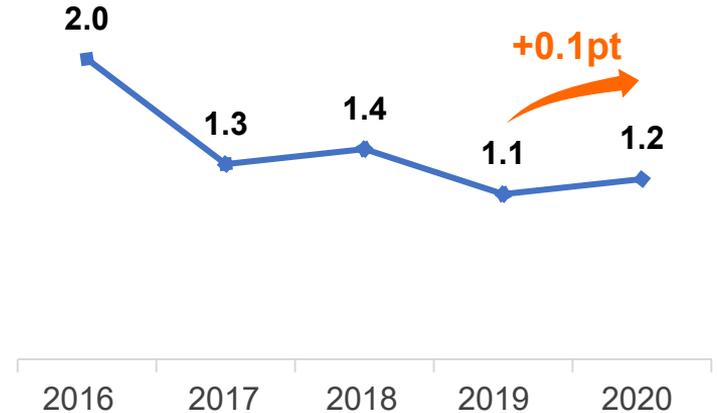
Gross Written Premiums

(unit: RMB million)



Surrender Ratio

(unit: %)

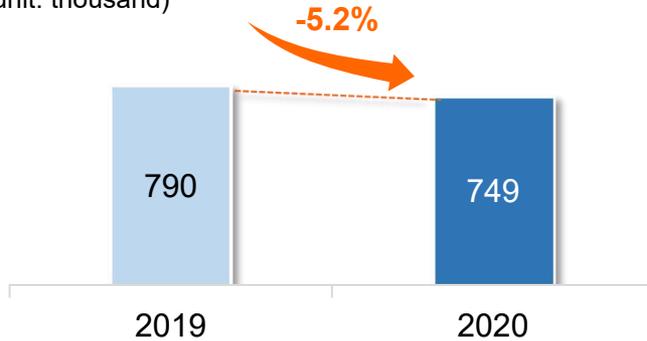


Life Insurance (4/4)

Pressing ahead with restructuring and upgrading of agency force in the face of challenges

Monthly Average Number of Agents

(unit: thousand)



Monthly Average Performing Ratio of Agents

57.8% ↓ -1.0pt



Monthly Average First Year Premiums per Agent

RMB3,259 ↓ -22.6%



AMS Scoring System



Amended Rules on Management of Agents



Infrastructure of Health Management System



“CPIC Blue Passports” Health management programme covering 13mn customers



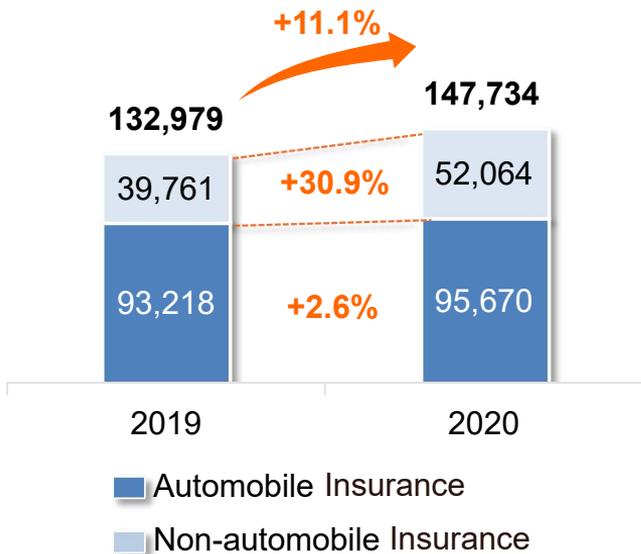
“Tele-doctors” covering 2mn customers

Property and Casualty Insurance (1/3)

Delivered rapid top-line growth while maintaining underwriting profitability

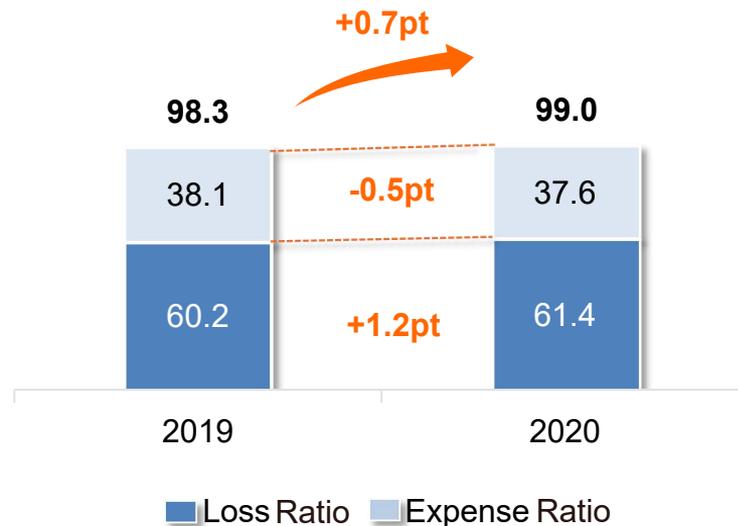
Gross Written Premiums

(unit: RMB million)



Combined Ratio

(unit: %)



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

Property and Casualty Insurance (2/3)

Stable underwriting profitability of automobile insurance, with renewal business becoming core growth driver

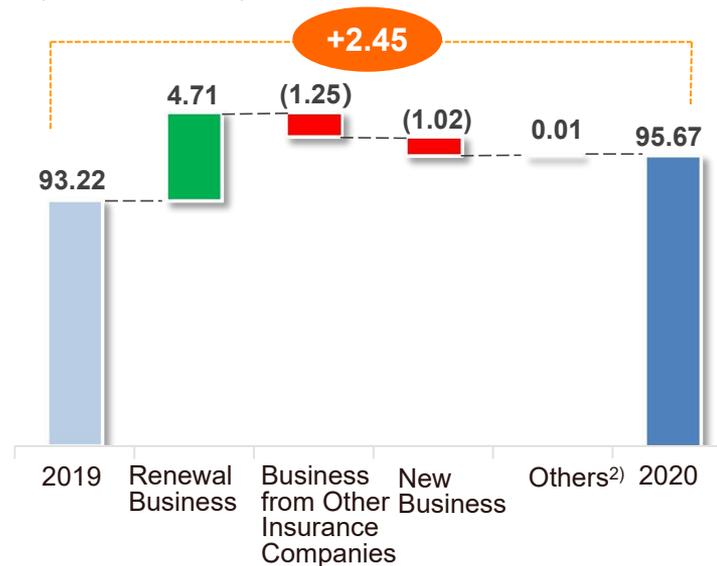
Combined Ratio of Auto Insurance

(unit: %)



Auto Insurance Growth Attribution

(unit: RMB billion)



Notes:

1) The property and casualty business on this slide refers only to CPIC P/C. 2) Others include motorcycles, tractors business, etc.

Property and Casualty Insurance (3/3)

Maintained rapid growth of non-auto emerging business lines



Health Insurance

GWPs
RMB8.886bn
+72.7% ↗

Diversified the supply of personal lines health insurance products, gradually expanded the scope of business of government-sponsored insurance, contributed to China's health care system



Liability Insurance

GWPs
RMB8.784bn
+44.1% ↗

Focused on improving people's life, boosting innovation in public administration and serving the real economy, accelerated development of business in food safety, environmental pollution, large high-tech machinery, and new materials



Agricultural Insurance

GWPs
RMB8.649bn
+44.8% ↗

In spite of the pandemic, seized opportunities of government supportive policies, and realised profitable, sustainable and high-quality development driven by intensive management and continued improvement of strategies in geography, business lines, customers and management



Guarantee Insurance

GWPs
RMB6.682bn
+19.0% ↗

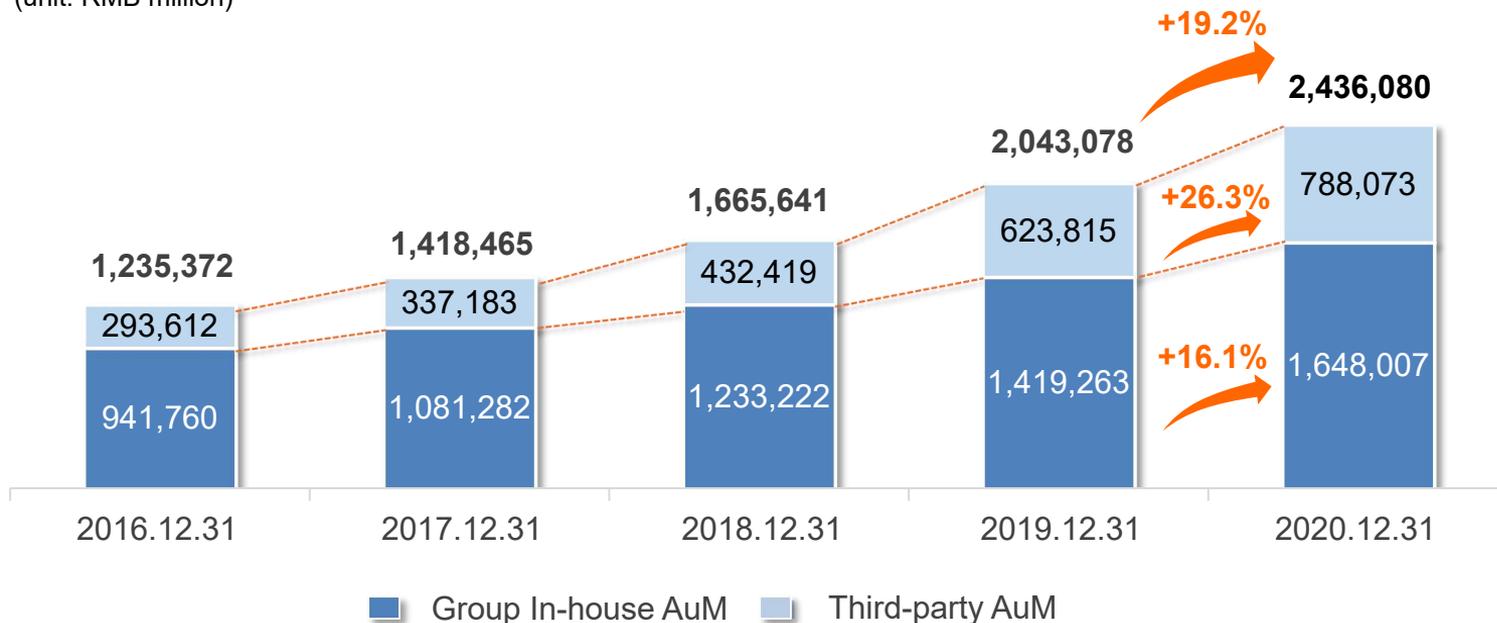
Personal lines business accounted for over 90%; it continued to enhance the risk control systems, and maintained stable business quality. Commercial lines focused on business which serves as a substitute for security deposit, with overall business risk under control

Asset Management (1/4)

Steady Growth in Group assets under management

Group Assets under Management

(unit: RMB million)



Note: Figures as of 31 Dec. 2018 were restated.

Asset Management (2/4)

Persisted in asset liability management, and continued to optimize asset allocation

| Group in-house investment portfolio | 31 December 2020 (%) | Change (pt) |
|--|----------------------|-------------|
| Fixed income investments | 78.3 | (2.1) |
| Bonds | 39.3 | (3.3) |
| Term deposits | 11.7 | 1.3 |
| Debt investment plans | 11.4 | 0.7 |
| Wealth management products ¹⁾ | 9.6 | (0.3) |
| Preferred shares | 1.9 | (0.4) |
| Other fixed income investments ²⁾ | 4.4 | (0.1) |
| Equity investments | 18.8 | 3.1 |
| Equity funds | 2.5 | 0.6 |
| Bond funds | 1.2 | (0.1) |
| Stocks | 7.7 | 1.3 |
| Wealth management products ¹⁾ | 0.1 | - |
| Preferred shares | 0.8 | (0.2) |
| Other equity investments ³⁾ | 6.5 | 1.5 |
| Investment properties | 0.5 | (0.1) |
| Cash, cash equivalents and others | 2.4 | (0.9) |

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.

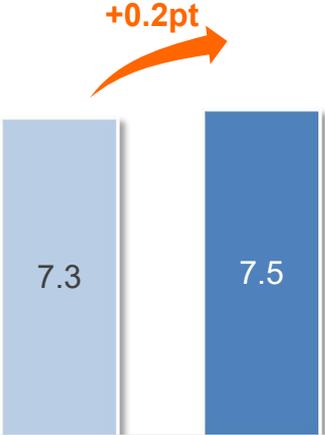
3) Other equity investments include unlisted equities and derivative financial assets, etc.

Asset Management (3/4)

Solid investment performance

Comprehensive Investment Yield

(unit: %)



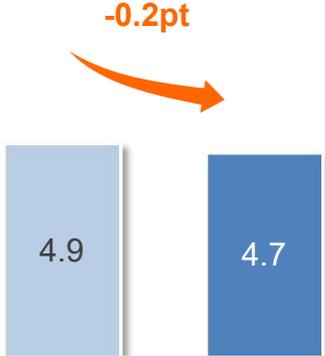
Total Investment Yield

(unit: %)



Net Investment Yield

(unit: %)



Asset Management (4/4)

Credit risk of investment assets under control

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



External Credit Ratings of Non-public Financing Instruments



Mix and Distribution of Yields of Non-public Financing Instruments

| Sectors | Share of Investments (%) | Nominal Yield (%) | Average Duration (year) | Average Remaining Duration(year) |
|---------------------------------|--------------------------|-------------------|-------------------------|----------------------------------|
| Infrastructure | 37.2 | 5.3 | 7.1 | 5.4 |
| Real Estate | 18.4 | 5.3 | 6.4 | 4.6 |
| Non-bank Financial Institutions | 17.8 | 4.9 | 5.1 | 3.7 |
| Communications & Transport | 12.8 | 5.4 | 9.2 | 6.5 |
| Energy and Manufacturing | 7.2 | 5.4 | 6.3 | 3.9 |
| Others | 6.6 | 5.9 | 8.0 | 5.6 |
| Total | 100.0 | 5.3 | 6.9 | 5.0 |

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

Looking ahead into 2021, we will persist in the long-term and focus on value, and mitigate external risks and uncertainties by securing our own development.

Business Strategies

- ◆ Life insurance will focus on fostering new growth drivers as part of the Changhang Program, continue to improve the quality and productivity of the agency force, diversify value-added services and enhance digital empowerment.
- ◆ Property and casualty insurance will emulate top players of the industry, continuously enhance underwriting profitability to sharpen competitive edge for long-term development.
- ◆ Investment will adapt to changing regulatory and competitive landscape, improve asset allocation through economic cycles and enhance research and risk control capabilities.

Transformation & Breakthroughs

- ◆ Continue to focus on key levers, striving for further progress in corporate governance, organizational reform, deployment in health and retirement sectors, marketization of technology and collaborative regional development.

Q&A

Appendix: Financial Analysis of Life Insurance Business

(unit: RMB million)

| For 12 months ended 31 December | 2020 | 2019 | changes(%) |
|---|------------------|------------------|--------------|
| Net premiums earned | 203,848 | 204,340 | (0.2) |
| Investment income ^{note 1} | 75,548 | 59,876 | 26.2 |
| Exchange losses/(gains) | (89) | 17 | (623.5) |
| Other operating income | 2,283 | 2,330 | (2.0) |
| Gains on disposal of assets | 4 | 13 | (69.2) |
| Other income | 45 | 30 | 50.0 |
| Operating income | 281,639 | 266,606 | 5.6 |
| Surrenders | (14,421) | (11,089) | 30.0 |
| Claims | (59,577) | (57,769) | 3.1 |
| Less: claims recoveries from reinsurers | 3,644 | 2,758 | 32.1 |
| Net change in insurance contract reserves | (132,775) | (118,988) | 11.6 |
| Commission and brokerage expenses | (21,359) | (28,886) | (26.1) |
| Operating and administrative expenses | (15,037) | (14,938) | 0.7 |
| Other expenses ^{note2} | (21,743) | (18,318) | 18.7 |
| Operating expenses | (261,268) | (247,230) | 5.7 |
| Operating profit | 20,371 | 19,376 | 5.1 |
| Net of non-operating income and expenses | (72) | (93) | (22.6) |
| Income tax | (1,657) | 1,247 | (232.9) |
| Net profit | 18,642 | 20,530 | (9.2) |

Notes:

- Investment income includes investment income and gains/(losses) arising from change in fair value on financial statements.
- 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.
- Based on PRC GAAP.

Appendix: Financial Analysis of P/C Insurance Business

(unit: RMB million)

| For 12 months ended 31 December | 2020 | 2019 | changes(%) |
|---|------------------|------------------|---------------|
| Net premiums earned | 121,835 | 104,587 | 16.5 |
| Investment income ^{note 1} | 6,834 | 5,631 | 21.4 |
| Exchange losses/(gains) | (249) | 44 | (665.9) |
| Other operating income | 225 | 314 | (28.3) |
| Gains on disposal of assets | 2 | 1 | 100.0 |
| Other income | 31 | 30 | 3.3 |
| Operating income | 128,678 | 110,607 | 16.3 |
| Claims | (81,908) | (69,432) | 18.0 |
| Less: claims recoveries from reinsurers | 10,014 | 8,799 | 13.8 |
| Net change in insurance contract reserves | (3,010) | (2,392) | 25.8 |
| Changes in insurance premium reserves | 105 | 87 | 20.7 |
| Commission and brokerage expenses | (18,277) | (18,064) | 1.2 |
| Operating and administrative expenses | (33,689) | (26,876) | 25.3 |
| Other expenses ^{note 2} | 5,004 | 3,401 | 47.1 |
| Operating expenses | (121,761) | (104,477) | 16.5 |
| Operating profit | 6,917 | 6,130 | 12.8 |
| Net of non-operating income and expenses | (29) | (5) | 480.0 |
| Income tax | (1,679) | (215) | 680.9 |
| Net profit | 5,209 | 5,910 | (11.9) |

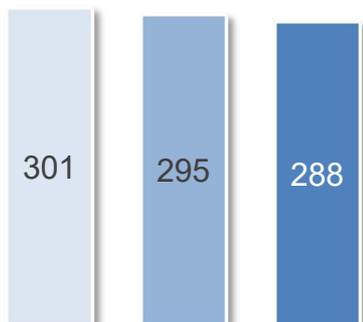
Notes:

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 cost, other operating expenses, asset impairment losses and taxes and surcharges, etc.
3. Based on PRC GAAP.

Appendix: Comprehensive Solvency Margin Ratio

CPIC Group

(unit: %)



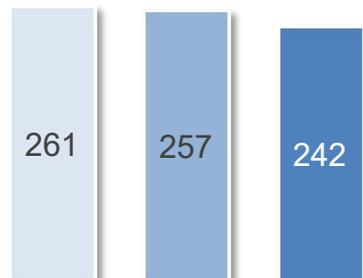
2018

2019

2020

CPIC Life

(unit: %)



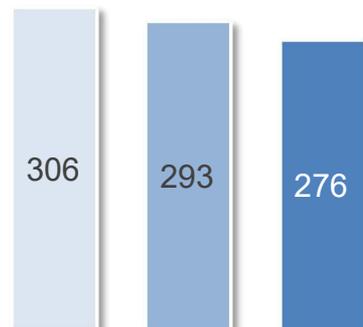
2018

2019

2020

CPIC P/C

(unit: %)



2018

2019

2020

Appendix: Sensitivity Analysis

Sensitivity results of the value of in-force business and the value of one year's sales after cost of required capital held as at 31 Dec. 2020

(unit: RMB million)

| | Value of In-force Business After Cost of Required Capital Held | Value of One Year's Sales After Cost of Required Capital Held |
|---------------------------------------|---|--|
| Base | 205,451 | 17,841 |
| Risk discount rate "+50 basis points" | 198,062 | 17,065 |
| Risk discount rate "-50 basis points" | 213,448 | 18,676 |
| Investment return "+50 basis points" | 237,937 | 19,975 |
| Investment return "-50 basis points" | 172,511 | 15,707 |
| Mortality "+10%" | 204,270 | 17,687 |
| Mortality "-10%" | 206,629 | 17,995 |
| Morbidity "+10%" | 199,123 | 16,820 |
| Lapse and surrender rates "+10%" | 206,591 | 17,510 |
| Lapse and surrender rates "-10%" | 204,190 | 18,168 |
| Expenses "+10%" | 202,029 | 16,733 |

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: Honours & Awards

- ◆ CPIC Group was listed on Fortune Global 500 for the **10th** consecutive year, ranking **193rd**, up **6** places from 2019
- ◆ CPIC Group ranked **132nd** among the World's 500 Most Valuable Brands in 2020, and **6th** among the World's 100 Most Valuable Insurance Brands in 2020 released by Brand Finance, with brand value exceeding USD **14 billion**, an increase of **31%** from previous year.
- ◆ CPIC Group won the **Company of the Year Award in Corporate Social Responsibility** for the **11th** consecutive year by China Business Network.
- ◆ CPIC P/C and CPIC Life both won **top A** rating for the **5th** consecutive year in the regulatory evaluation of business operation of insurance companies. CPIC P/C and CPIC Life both won the **Service Institution of the Year Award** at the 2020 China Insurance Service Innovation Summit held by China Banking and Issuance News.
- ◆ CPIC P/C and CPIC P/C Inner Mongolia Branch both were awarded the honorary title of "**National Excellent Organization for Poverty Alleviation**" by CPC Central Committee and the State Council for their pioneering efforts and outstanding results in fighting poverty with insurance.
- ◆ CPIC Life won the honorary title of **Excellent Life Insurance Company of the Year** of the 2020 China Golden Tripod Award organized by National Business Daily.
- ◆ CPIC AMC and Changjiang Pension were honored as **Best Insurance Asset Management Company of the Year 2020** and **Best Pension Management Company of the Year 2020** respectively in the 2020 China Asset Management Annual Meeting & Jinbei Awards Ceremony hosted by the 21st Century Economic Daily.
- ◆ CPIC Health was awarded **the 2020 Customer Satisfaction Brand for March 15th the Consumer Rights Protection Day** by China's Foundation of Consumer Rights Protection.
- ◆ Anxin Agricultural's Agriculture-related Financial and Insurance Service System Project was granted the **2020 China Insurance Ark Award** by the People's Daily and the Securities Daily.

THANKS!

Togeth^{er}
1991-2021 三十年·在一起