

2016 Interim Results Presentation

China Pacific Insurance (Group) Co., Ltd.

2016. 8. 30

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Performance Overview

(Unit: RMB million)

KPIs		January to June 2016	Change(%)
Value Growth	Group Embedded Value ⁽¹⁾	215,355	4.7
	New Business Value	11,264	55.9
	Combined Ratio ⁽²⁾	99.3%	(0.1pt)
	Group AuM ⁽¹⁾	1,171,620	7.7
	Third-party AuM ⁽¹⁾	264,615	13.3
Financial Results	Net profits ⁽³⁾	6,142	(45.6)
	Operating revenue ⁽⁴⁾	144,706	7.6
	Gross written premiums	131,537	18.6
	CPIC Life	82,234	31.6
	CPIC P/C	49,224	1.7
Capital Strength	CPIC Group ⁽¹⁾	291%	(8pt)
	CPIC Life ⁽¹⁾	255%	(7pt)
	CPIC P/C ⁽¹⁾	280%	(5pt)

Note: (1) As at 30 June, 2016

(2) The property and casualty business includes both CPIC P/C and CPIC HK

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

(4) Based on PRC GAAP

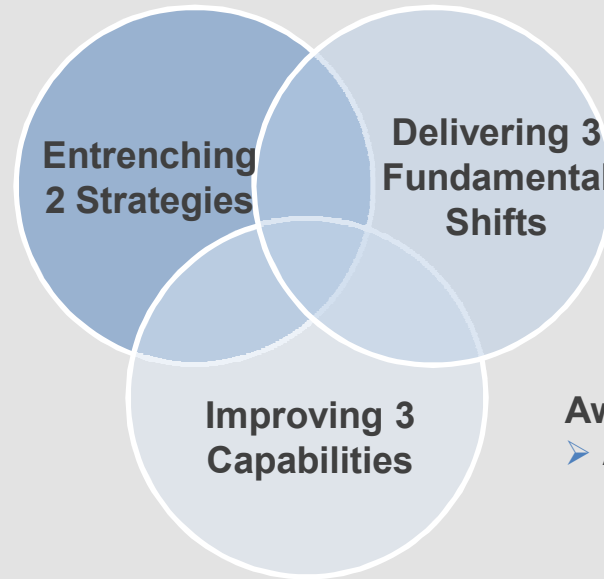
Transformation Boosts Momentum of Development

Pursuit of sustainable value growth, with KPIs fully aligned

- Combined ratio for property and casualty insurance
- NBV margin for life insurance

The 3 objectives for Transformation Initiative translate into business philosophy

- Focusing on customer needs
- Improving customer interface
- Enhancing customer experience



Away from bancassurance for life business

- Share of bancassurance falls from 54.9% in 2010 to 5.5% now

Away from high loss ratio business

- Eliminates business with a loss ratio higher than 100% for 3 years on end

Away from dependence on investment

- Asset allocation driven by profiles of liabilities, with enhanced coordination between asset and liabilities

Capability in customer profile delineation

- 79 of branch offices have completed the profile delineation. Group reviews and updates delineation findings regularly and subsidiaries apply the insights

Capability in targeted marketing and differentiated customer service

- Enhancing customer acquisition capabilities via product innovations
- CRM model helping with up-sell to target customer segments
- Differentiated customer service for target customer segments for automobile insurance, improving retention of high quality customers

Capability in new areas development

- Mid and high-end customers
- Small and medium-sized enterprises
- Application of technology innovations

Outlook for H2 of 2016

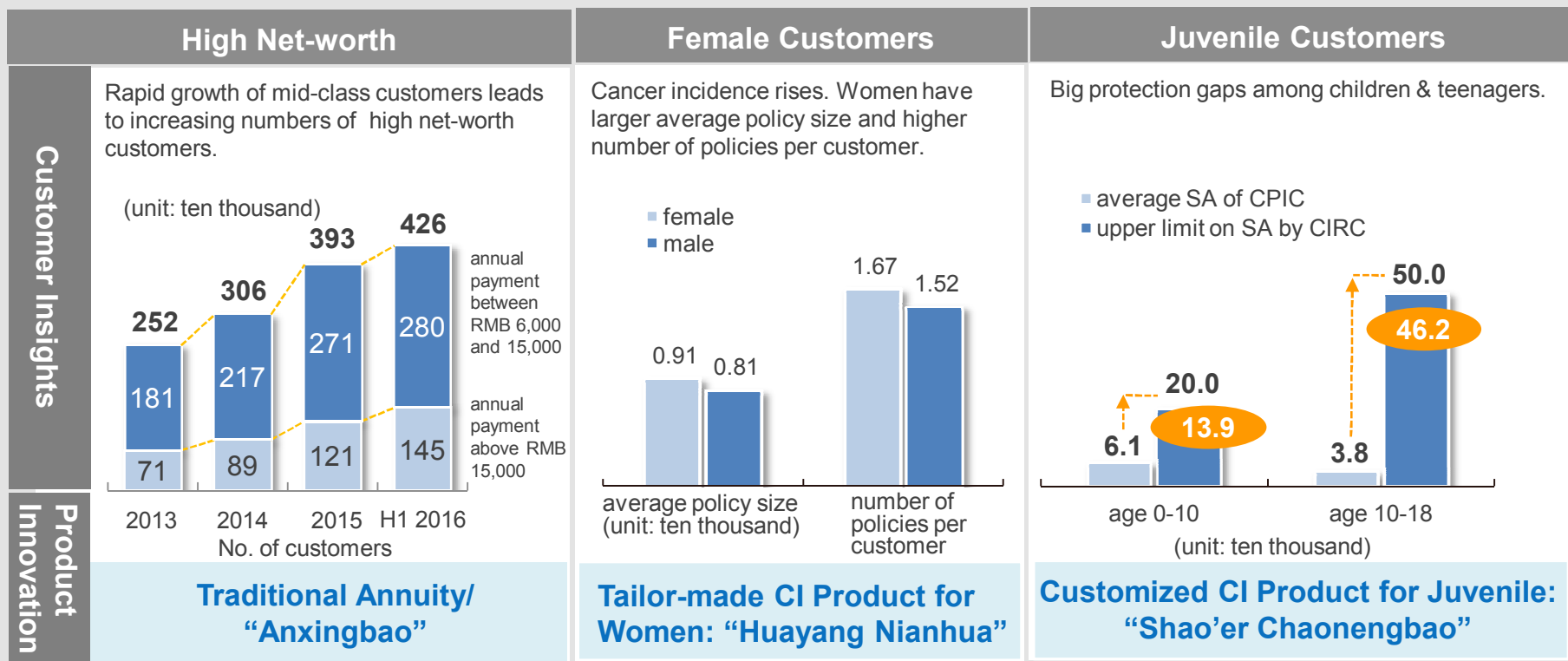
➤With accumulation of China's wealth and roll-out of government favourable policies, the insurance industry faces an important window of opportunity. On the other hand, economic slow-down, lower interest rates and capital market volatility all pose challenges to life insurance and asset liability management. Besides, the nation-wide roll-out of commercial automobile insurance reform requires further improvement in insurers' management capabilities.

➤In the face of opportunities and challenges, we will remain focused on insurance. Our life business will be committed to sustainable value growth and prudently control the cost of liabilities. Our property and casualty business will continue to improve underwriting profitability. As for asset management, the priority will be to enhance the co-ordination of assets and liabilities while optimizing asset allocation driven by profiles of liabilities. We will also step up the Transformation Initiative to further improve the quality and profitability of development.

Performance Analysis

Life Business (1/5)

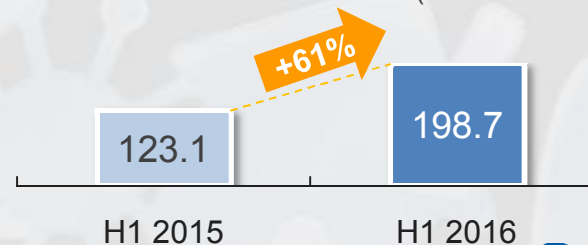
Promoting product innovation based on customer segmentation to tackle lower interest rate



Number of Customers Acquired via New Products (unit: ten thousand)

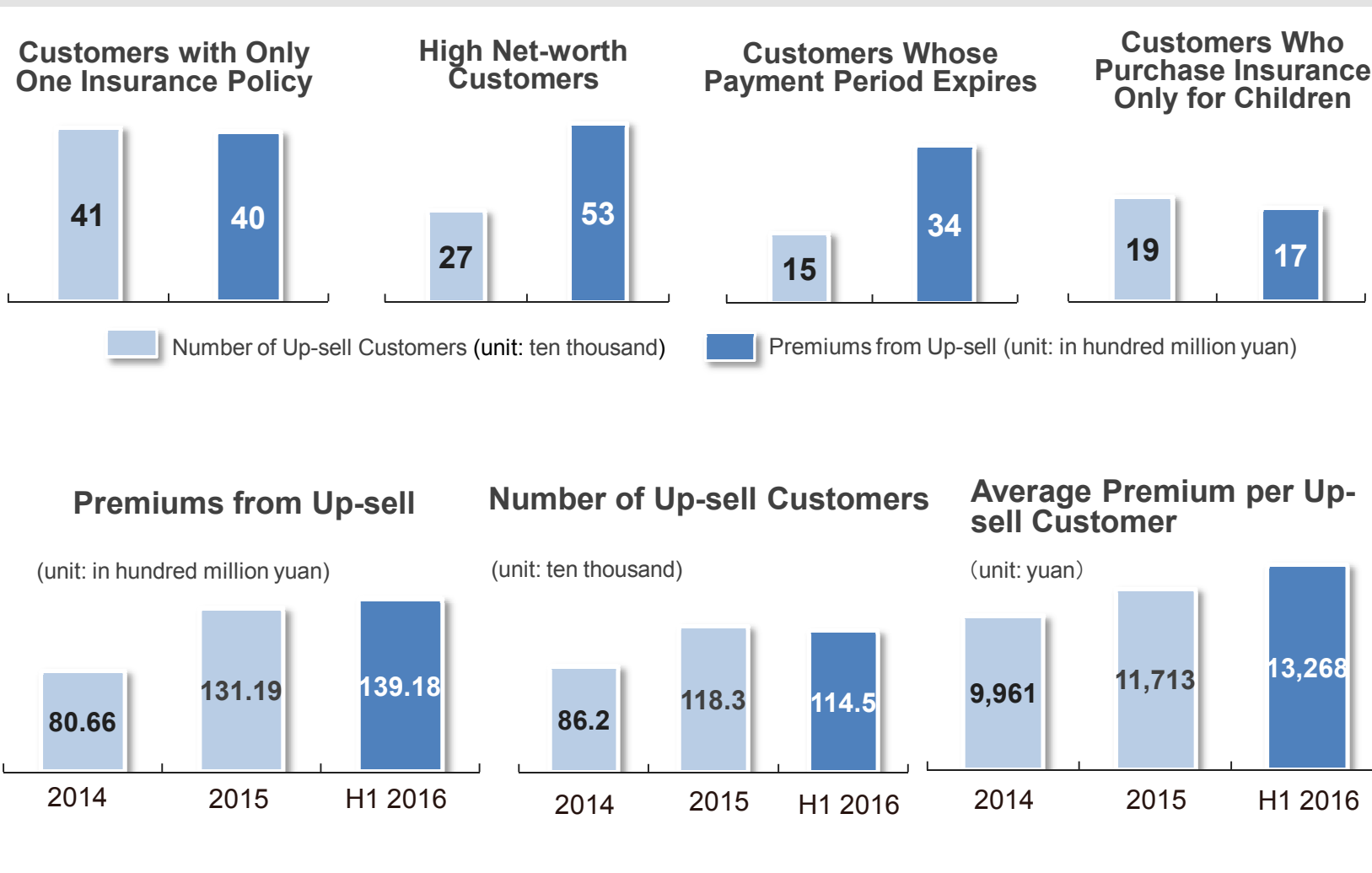


Number of New Customers for Individual Business (unit: ten thousand)



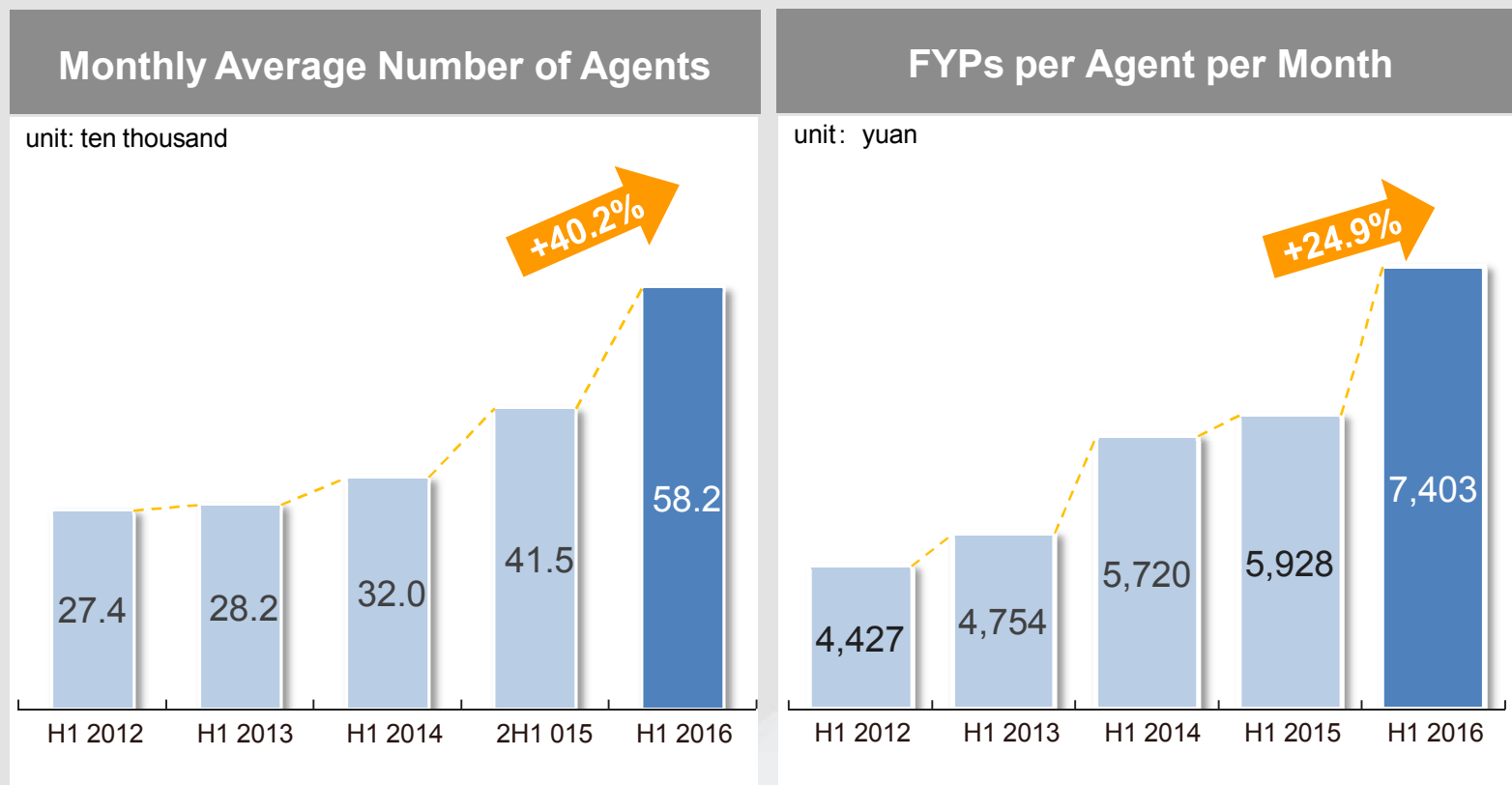
Life Business (2/5)

Delineation of Customer Profile to Support Targeted Marketing and Up-sell



Life Business (3/5)

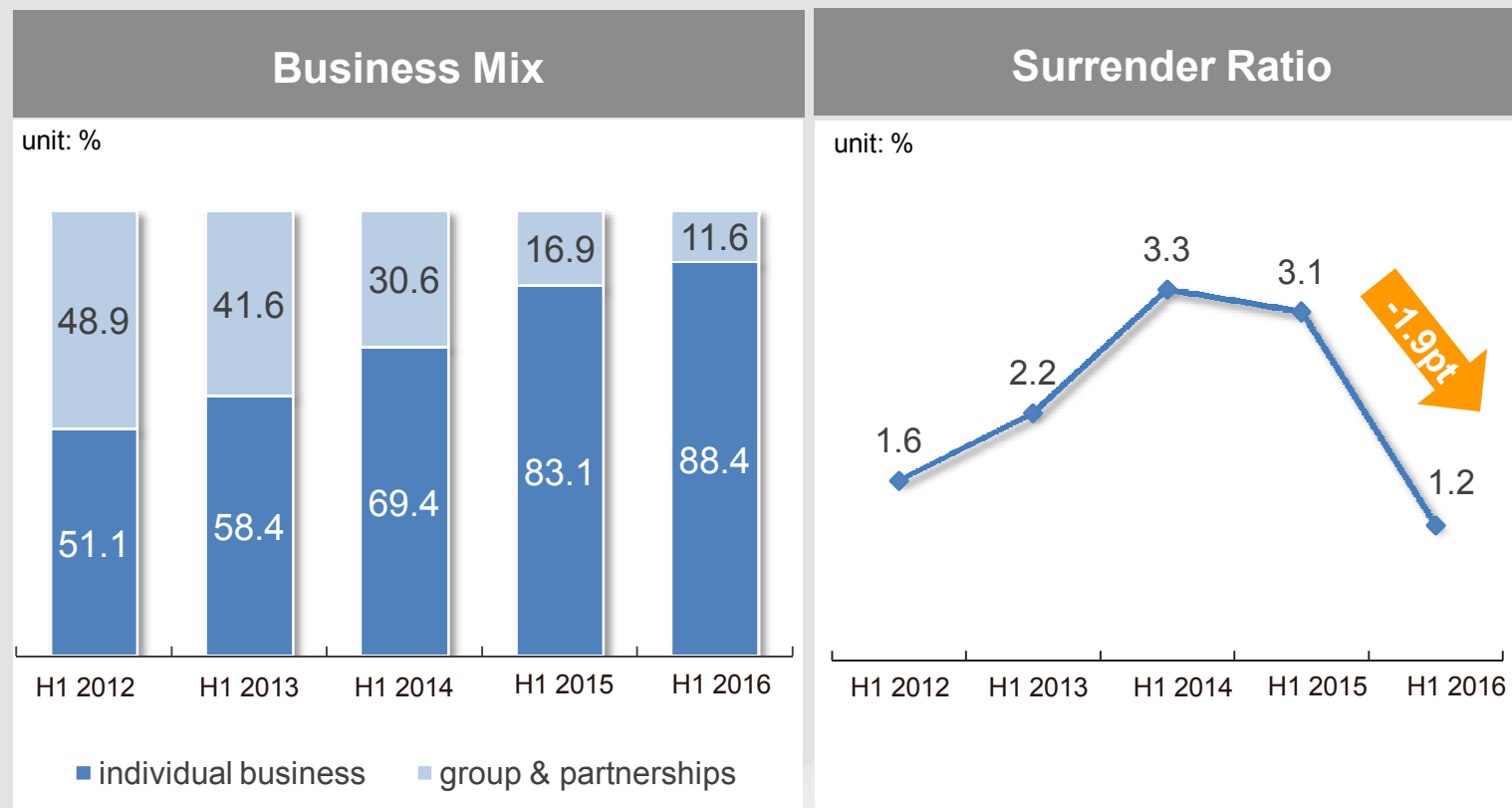
Sharp Agency Headcount Growth with Improved Productivity



Note: Figures for 2012 refer to the agency channel, and those from 2013 afterwards refer to the individual business as a result of organizational restructuring.

Life Business (4/5)

Improved Business Quality and Lower Surrender Ratio



Notes:

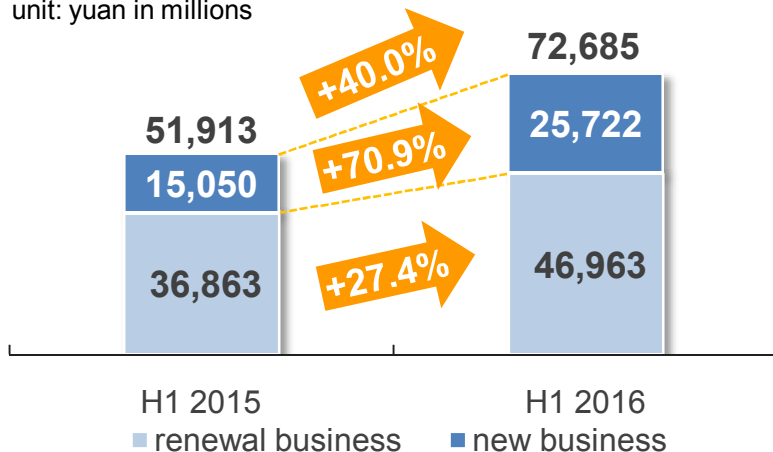
- (1) Figures for Group & Partnerships between 2012 and 2013 include bancassurance and direct, and those for individual business are based on the agency channel.
- (2) Surrender ratio= surrendered amounts for the reporting period/(contract liability reserves at the beginning of the period for life insurance and contract liability reserves at the beginning of the period for long-term health insurance + premium income from long-term insurance during the reporting period)

Life Business (5/5)

NBV Growth of 55.9% Underpinned by Individual Business, with Stable Margin

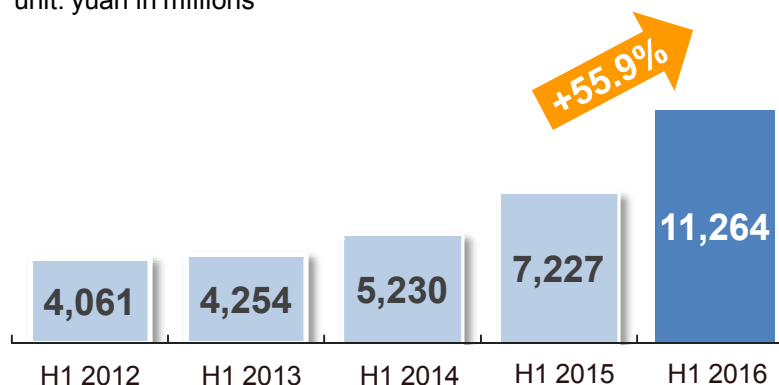
GWP from Individual Business

unit: yuan in millions

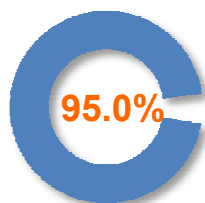


New Business Value

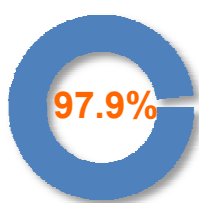
unit: yuan in millions



Individual Business as a Share of NBV



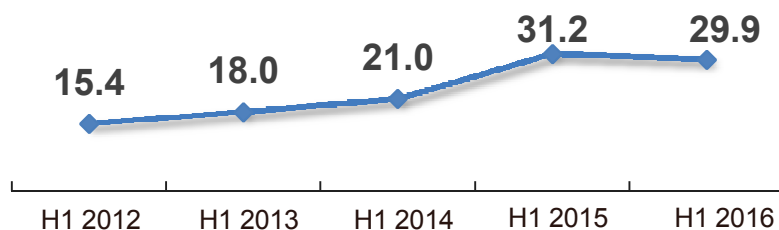
H1 2015



H1 2016

NBV Margin

unit: %

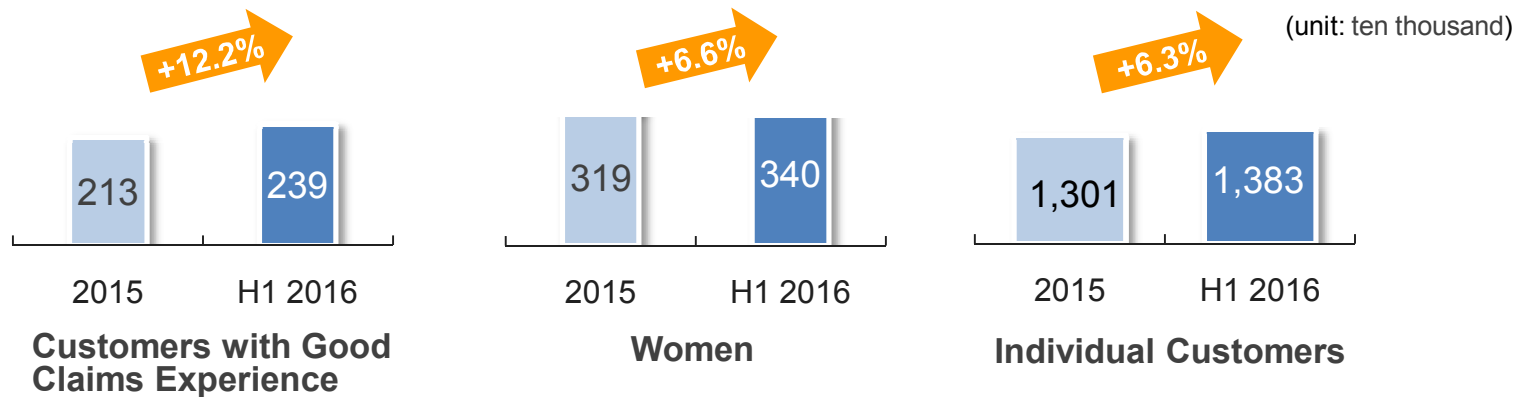


Note: NBV margin = NBV/annualized first year premiums

Property and Casualty (1/4)

Focus on Acquisition & Retention of High Quality Customers for Automobile Insurance, with Increase in Number of Key Customers

Number of Key Customers for Automobile Insurance



Differentiated Service for High Quality Customers



The "Golden Key" Service Initiative



Unlimited Supply of Road Assistance



Advance Payment in Small Amount Claims



Tyre Replacement Assistance



Whole Claims Process Assistance

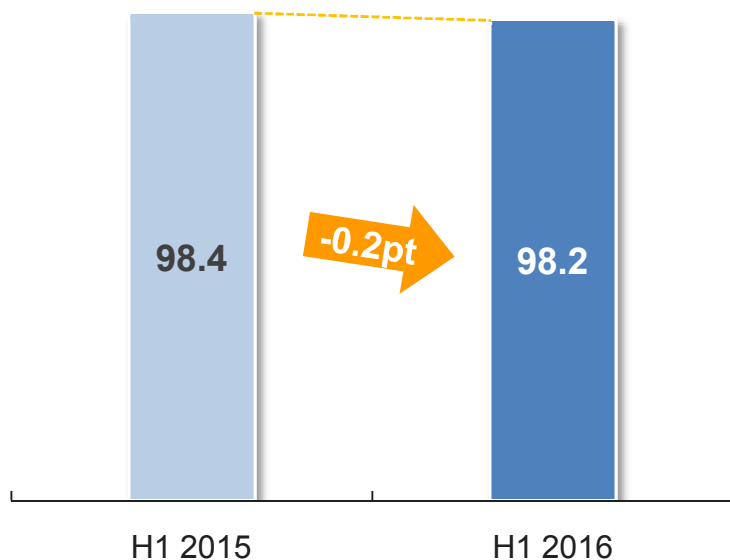
Note: The property and casualty business on this slide only refers to CPIC P/C

Property and Casualty (2/4)

Improved Underwriting Profitability with Increased Share of Core Channels

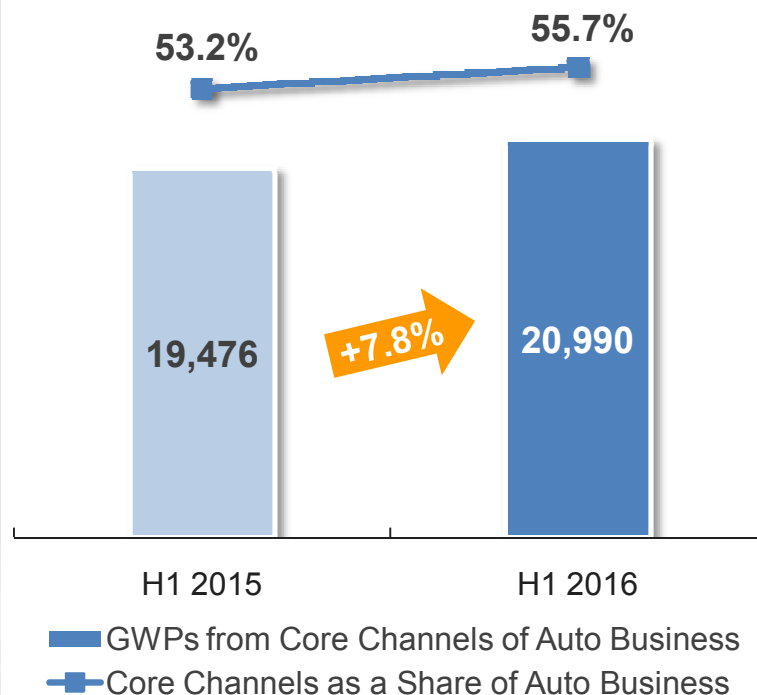
Combined Ratio for Auto Business

unit: %



Core Channels of Auto Business

unit: yuan in millions



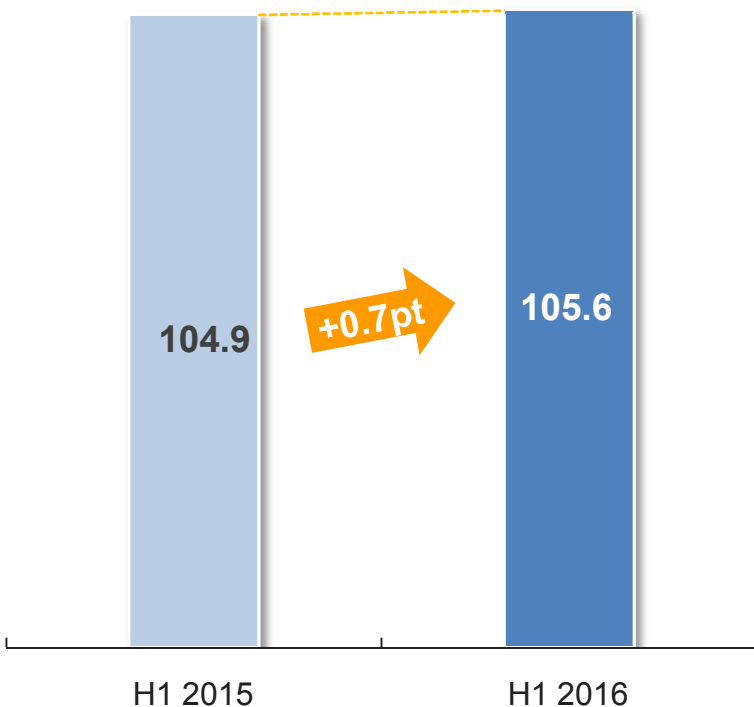
Note: The property and casualty business on this slide only refers to CPIC P/C

Property and Casualty (3/4)

Non-automobile Business still Facing Challenges, with Rapid Growth of Emerging Lines

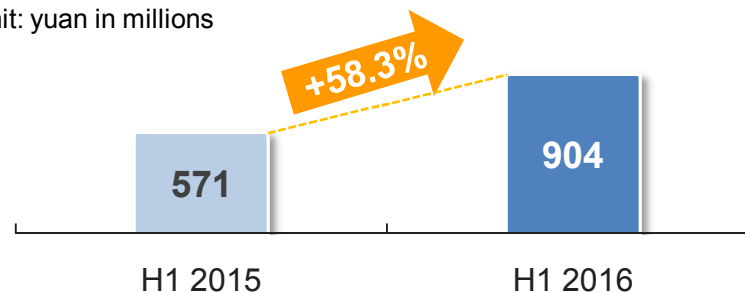
Combined Ratio for Non-auto Business

unit: %



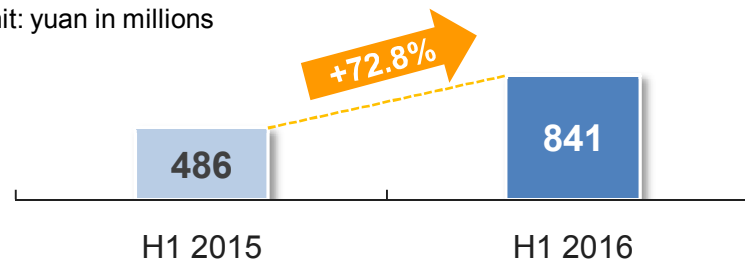
GWPs of Agricultural Business

unit: yuan in millions



GWPs from Small and Medium Sized Enterprises

unit: yuan in millions

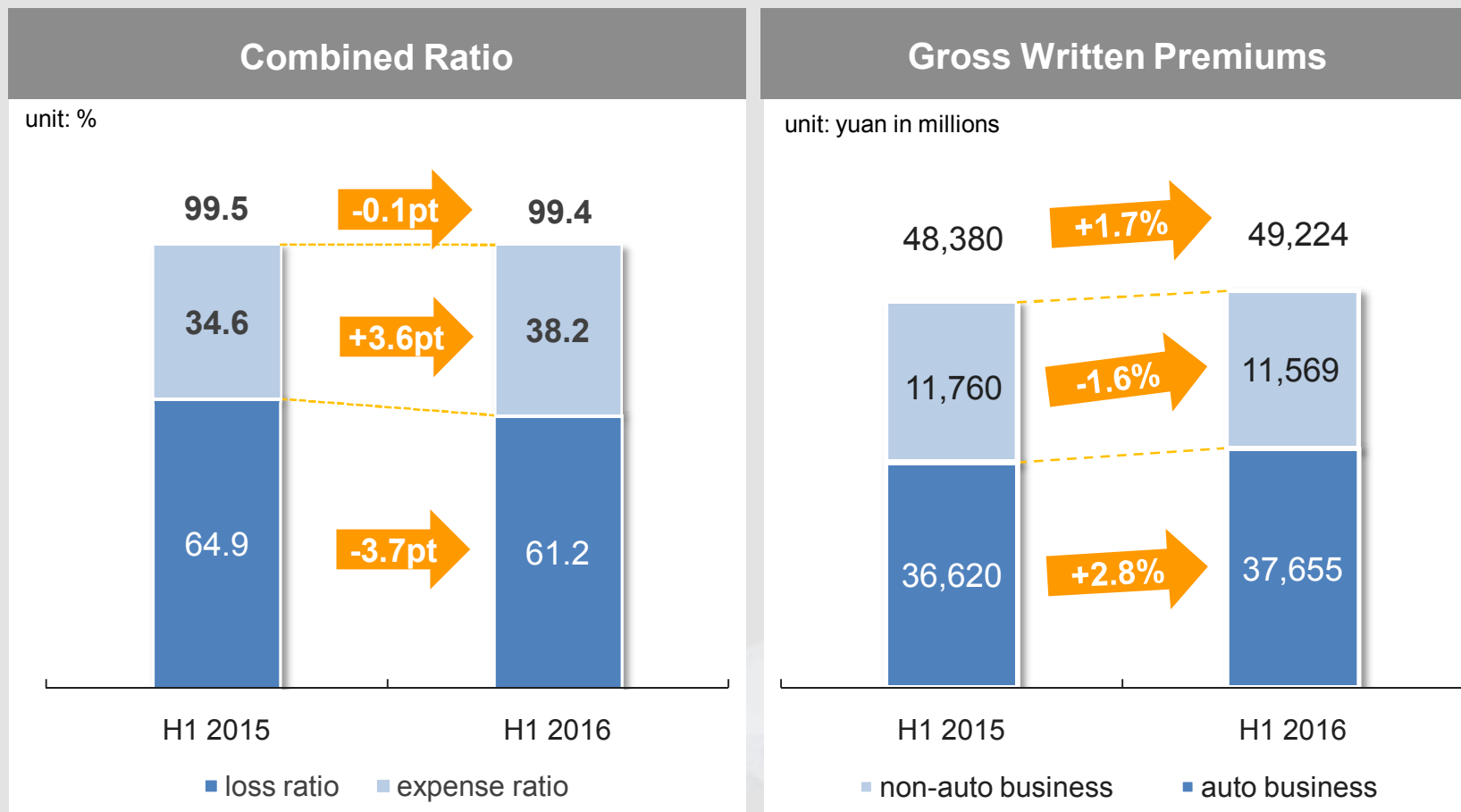


- Designed comprehensive coverage specific to industries and products tailor-made for CPIC Life's agents
- Developed app for Caifu Ubao, which supports whole-process on-line sales
- Automatic underwriting model for low-loss ratio industries

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

Property and Casualty (4/4)

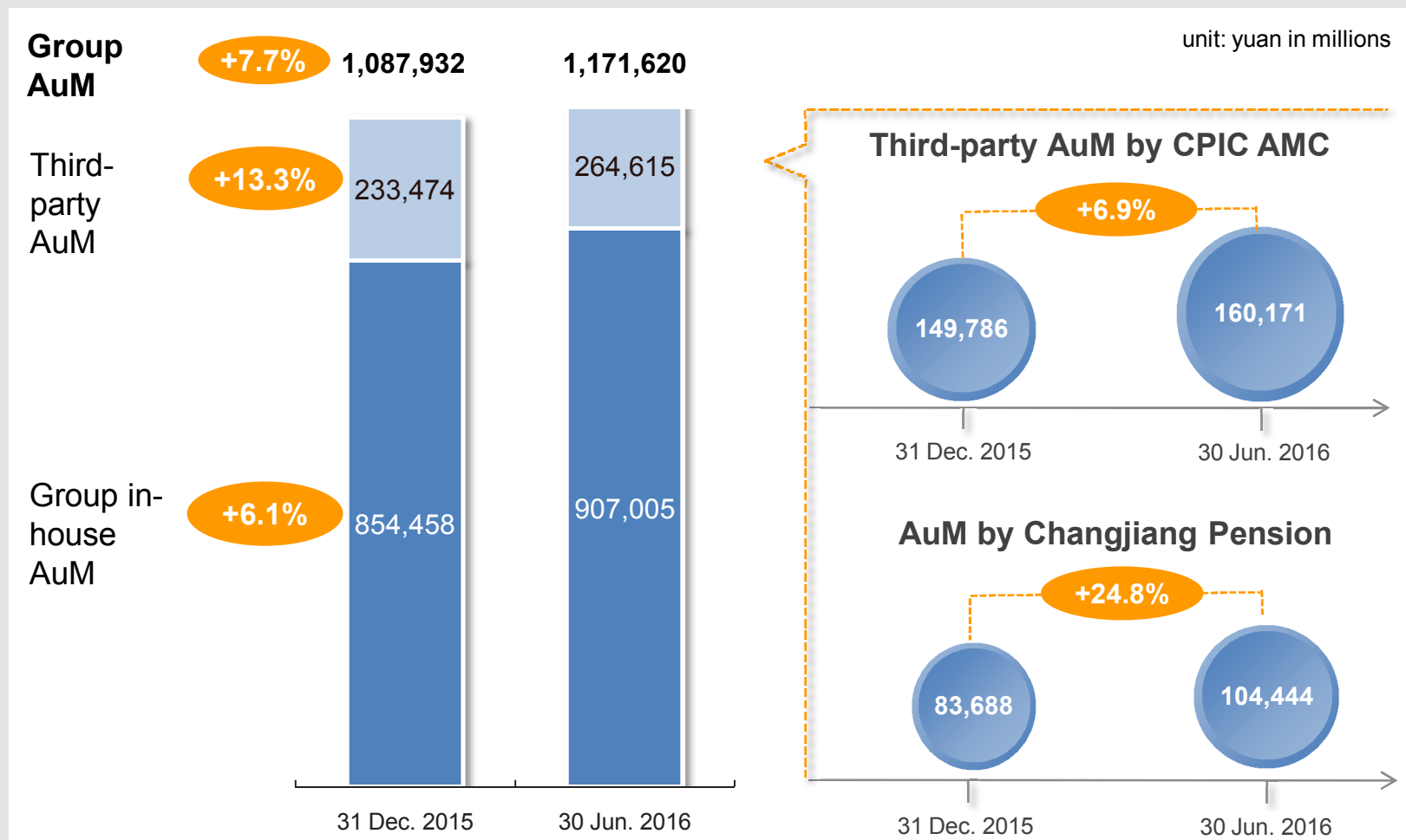
Delivers Underwriting Profits, with Loss Ratio down by 3.7 Percentage Points



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

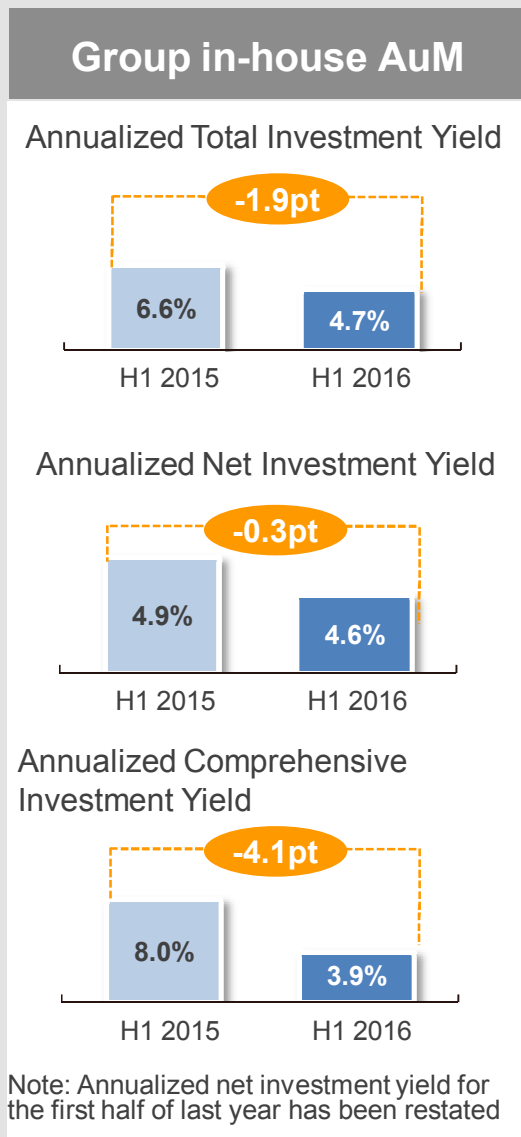
Asset Management (1/3)

Group in-house AuM Grew by 6.1%, and Third-party AuM up 13.3%



Asset Management (2/3)

Lower Investment Income due to Reduced Gains on Equity Securities Trading



Group in-house investment portfolio	30 June 2016 (%)	Change (pt)
Fixed income investments	82.1	-
Bonds	49.6	(0.8)
Term deposits	15.3	(2.8)
Debt investment plans	6.3	0.1
Wealth management products ⁽¹⁾	4.3	1.3
Preferred shares	3.5	2.1
Other fixed income investments ⁽²⁾	3.1	0.1
Equity investment	14.3	0.3
Equity funds	2.1	(1.0)
Bond funds	1.8	(0.1)
Stocks	3.2	(0.7)
Wealth management products ⁽¹⁾	4.9	1.9
Preferred shares	0.3	-
Other equity investments ⁽³⁾	2.0	0.2
Investment properties	0.7	-
Cash, cash equivalents and others	2.9	(0.3)

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.

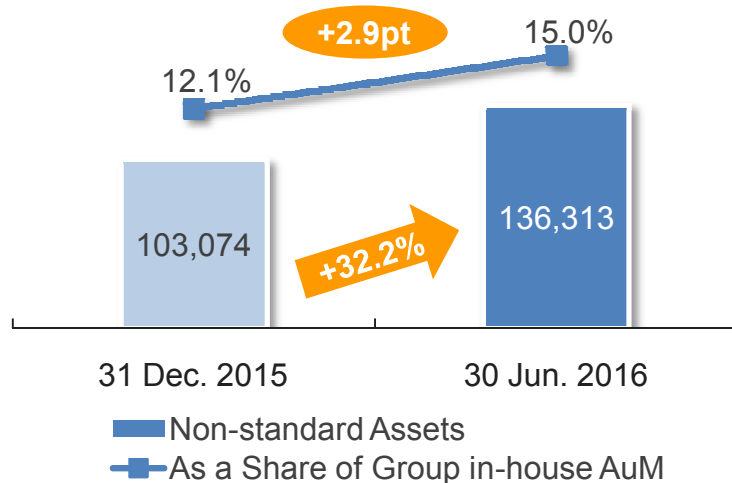
3) Other equity investments include unlisted equities, etc.

Asset Management (3/3)

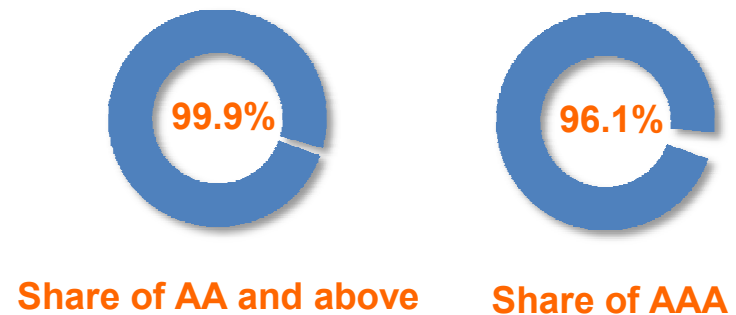
Enhancing Whole-process Management for Non-standard Assets, with Credit Risk under Control

Non-standard Assets

unit: yuan in millions



Credit-rating Distribution for Non-standard Assets



Underlying Assets

- Infrastructure-related debt investment schemes: mainly in urban infrastructure, roads and energy projects
- Real estate investment schemes: in commercial properties of central business districts of China's tier-1 or tier-2 cities, and ghetto resettlement projects sponsored by local governments.

Credit Enhancement Measures

- Guarantees by commercial banks or large companies, and collateral

Q & A