

2022 Annual Results Announcement

China Pacific Insurance (Group) Co., Ltd.

March 27, 2023

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Overview

In 2022, China's economic and social development faced formidable challenges including profound changes in the international landscape and downward pressure on China's economy. The insurance market is going through profound transformation. New growth drivers underpinning a new development model are yet to be fully established, which requires continued improvement in business management of insurance companies.

In the face of an unprecedentedly complicated market environment, we complied with regulatory requirements, pursued reform and innovation, enhanced corporate governance and capital planning, took the initiative to ensure stable operation and healthy development of the Company. CPIC Life initiated the Changhang Transformation in an all-around way to drive shift of the development model. CPIC P/C focused on enhancing customer resources management (CRM) capabilities, and made a great effort to foster new development drivers. Asset management continuously optimised ALM mechanisms across economic cycles, and improved capabilities for professional investment. At the same time, we stepped up investments in health care and elderly care, promoted transformation and innovation in key regional development initiatives such as the Greater Bay Area, accelerated the building of big data system, and enhanced CPIC Service capabilities.

Steady improvement of overall business performance with continued growth of comprehensive strength

(unit: RMB yuan)

Group Gross
Written Premiums

398.818bn

+8.7% ↗

Group OPAT ^{Note}

40.115bn

+13.5% ↗

Group Net Profits ^{Note}

24.609bn

-8.3%

Group
Embedded Value

519.621bn

+4.3% ↗

Group Number
of Customers

170.53mn

+2.13mn ↗

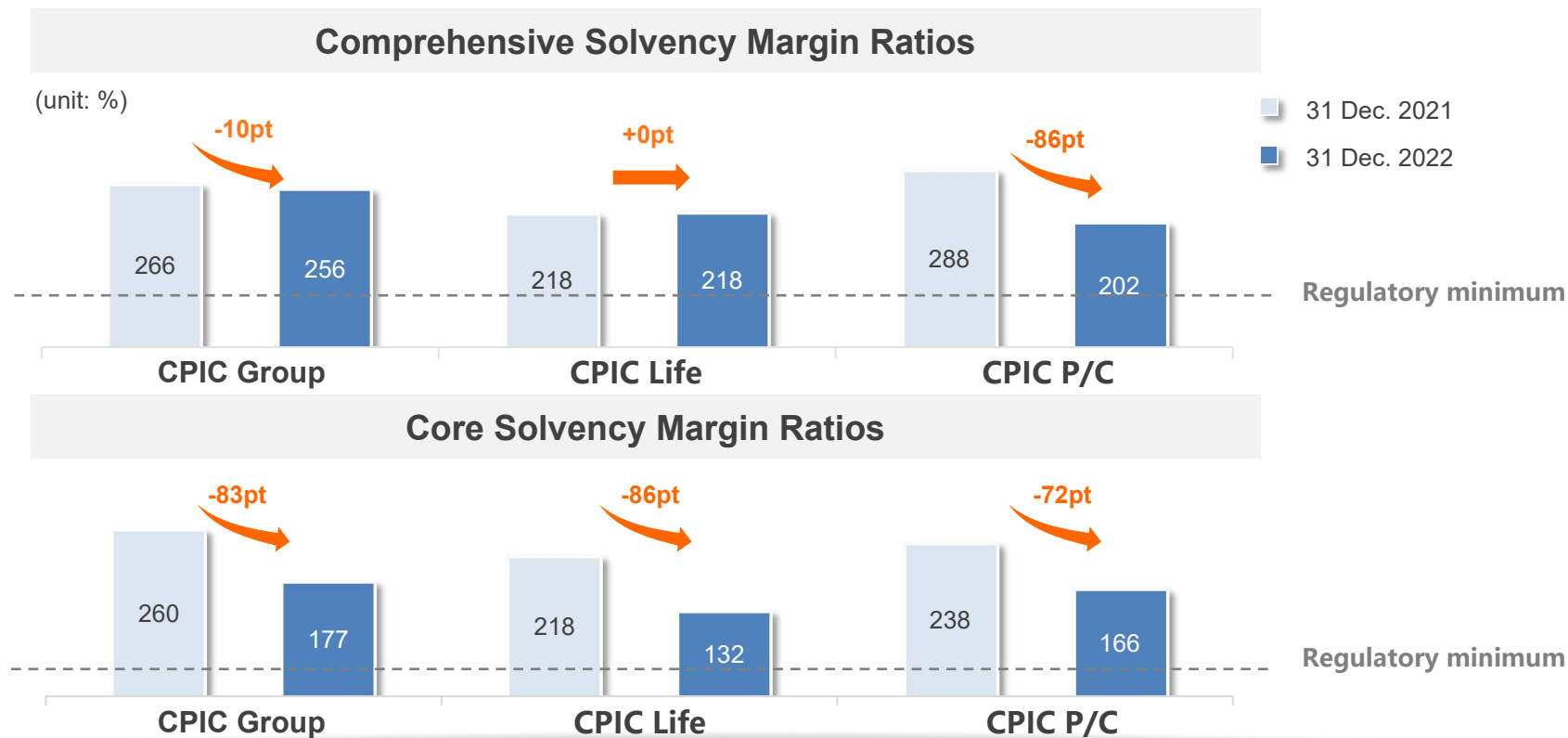
Group AuM

2,724.230bn

+4.7% ↗

Note: Attributable to shareholders of the parent.

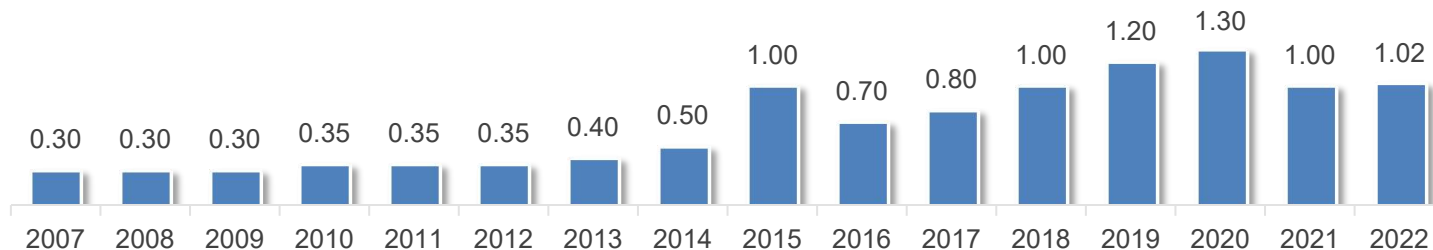
Solid solvency margin ratios under C-ROSS II



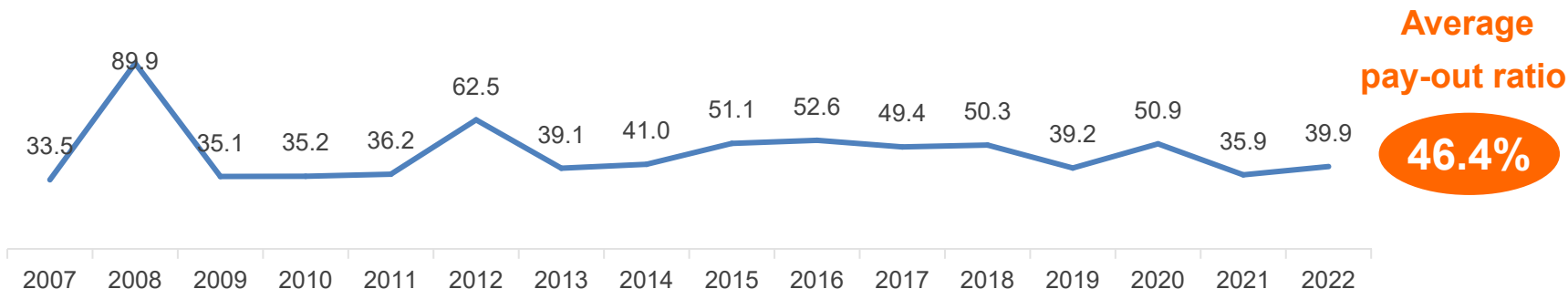
Note: Figures as of 31 Dec. 2022 were based on C-ROSS II, while those as at the end of 2021 were based on previous solvency standards.

Stable and sound shareholder dividend levels since listing

DPS (unit: RMB yuan)



Pay-out ratio (unit: %)

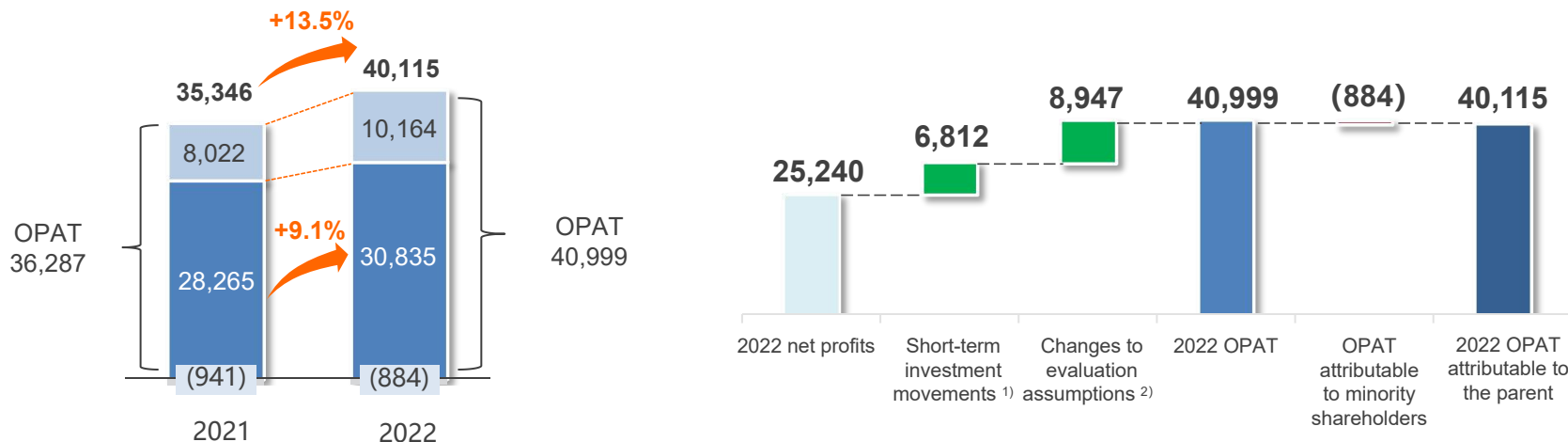


Sustained growth of Group OPAT

(unit: RMB million)

OPAT = net profits – short-term investment movements – changes to evaluation assumptions

- Others and consolidation cancelling-out
- Life insurance
- OPAT attributable to minority shareholders



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.

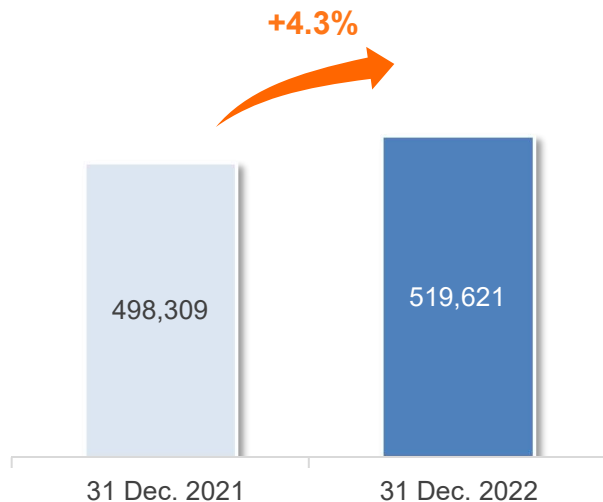
2) Changes to evaluation assumptions are based on amounts arising from accounting estimates changes, while considering the impact of corporate income tax.

3) Numbers may not totally add up due to rounding.

Steady growth of Group embedded value (1/2)

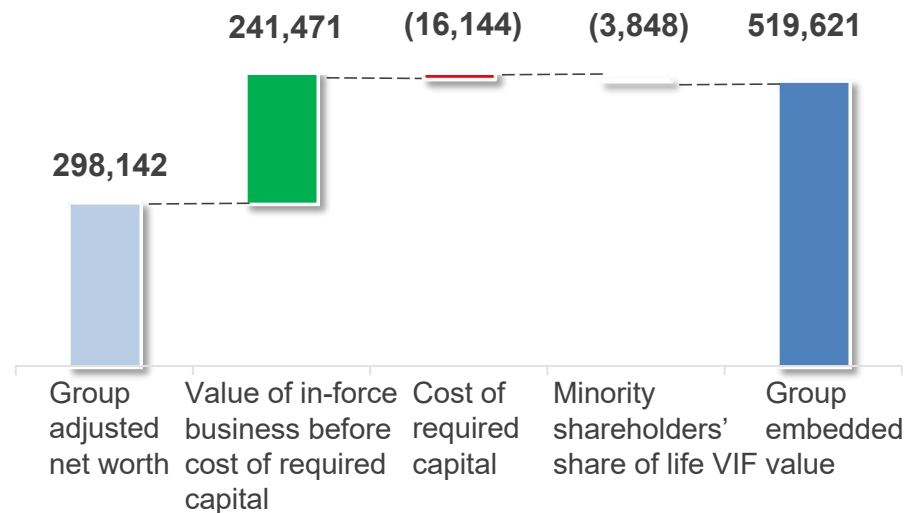
Group EV

(unit: RMB million)



Composition of EV as at 31 December 2022

(unit: RMB million)

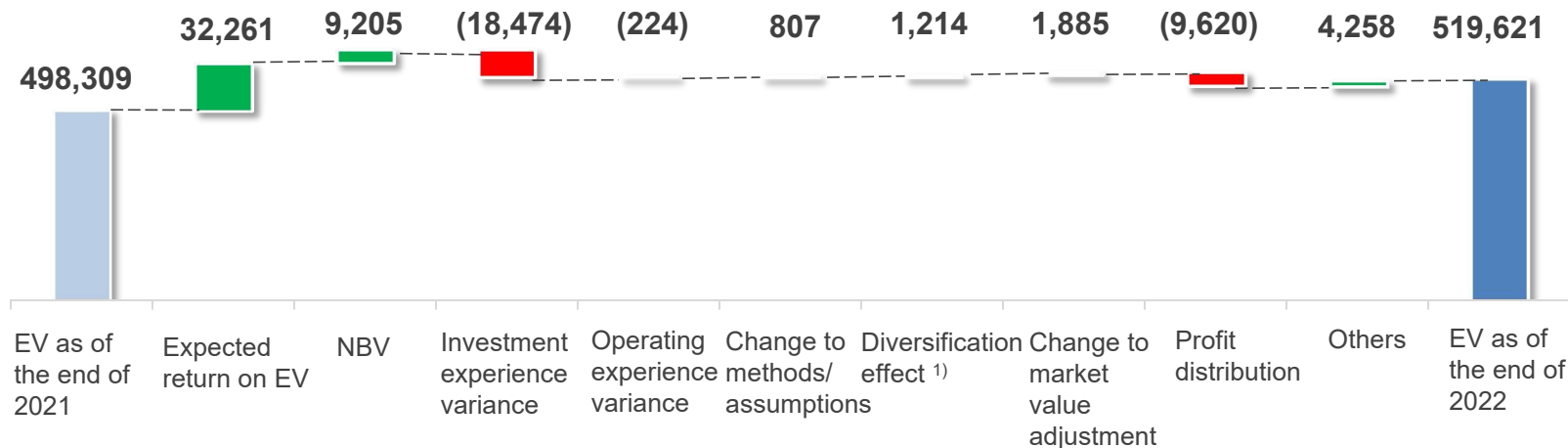


Note: Numbers may not totally add up due to rounding.

Steady growth of Group embedded value (2/2)

Movement of Embedded Value in 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.

Expanded deployment in health care and elderly care, diversifying high-quality service offerings

“CPIC Home”

Focuses on 3 product suites for different age groups of the elderly, with cumulatively nearly **20,000** certificates of admission issued so far; 12 elderly care communities projects have been up and running in 11 cities, with those in Chengdu, Dali and Hangzhou open for business



“Lan Yi Bao”

An internet product brand, seeking to redefine long-term tailor-made medical insurance based on customer segmentation



Put in place a service system covering those in need of elderly care, healthy people, people with illnesses and those in need of rehab care



“CPIC Blue Passport” cumulatively covered nearly **22mn** people,

“CPIC Family Doctor” attracted over **3mn** registered users, providing health management service and on-line consulting

“Yuanshen Rehabilitation”

The first specialised rehab care programme in the industry, cooperating with renowned care providers to promote rehab sciences and commercialisation of research results



Deepened synergy of regional integrated development to boost regional growth drivers

The Yangtze River Delta

- Leveraging headquarters resources, consolidated advantages in regional integrated development, with Zhejiang Branch of CPIC P/C surpassing RMB10 billion in business volume
- Made use of commercial insurance mechanism to contribute to environmental protection and social governance, in response to the national initiative of integration of the Yangtze River Delta

The Economic Zone of Chengdu and Chongqing

Capitalising on cumulative investments in health care and elderly care, as well as technology from headquarters, delivered more benefits from synergy of P/C insurance, life insurance, health insurance, technology and elderly care, extending to the south-west and north-west



The Area of Beijing, Tianjin and Hebei

- Delivered value to central government agencies based on our insurance professional expertise
- Achieved breakthroughs in cooperation with central enterprises in areas such as smart city and digital economy

The Greater Bay Area

- Regional headquarters building is now in use, promoting CPIC brand name
- Boosted healthy business development, with Guangdong Branch of CPIC P/C exceeding RMB10 billion in business volume from individual customers, and Shenzhen Branch of CPIC Life becoming a role model in transformation for business quality and agency force development
- Launched specialised products and tailor-made services for the Greater Bay Area by CPIC P/C, CPIC Life and CPIC Health

Accelerated big data system building to enhance technological empowerment



Infrastructure enhancement

Set up a private new CPIC Cloud with multiple cores which went operational in Songjiang Data Centre



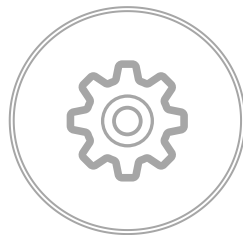
Middle platform set-up

Supported customer service, customer profile delineation and label application, empowered core insurance business via AI-driven middle platforms and improved the efficiency of technological application



Innovation and R&D

Applications for 78 patents and 61 software copyrights were accepted, with continued enhancement of independent R&D



Working from distance

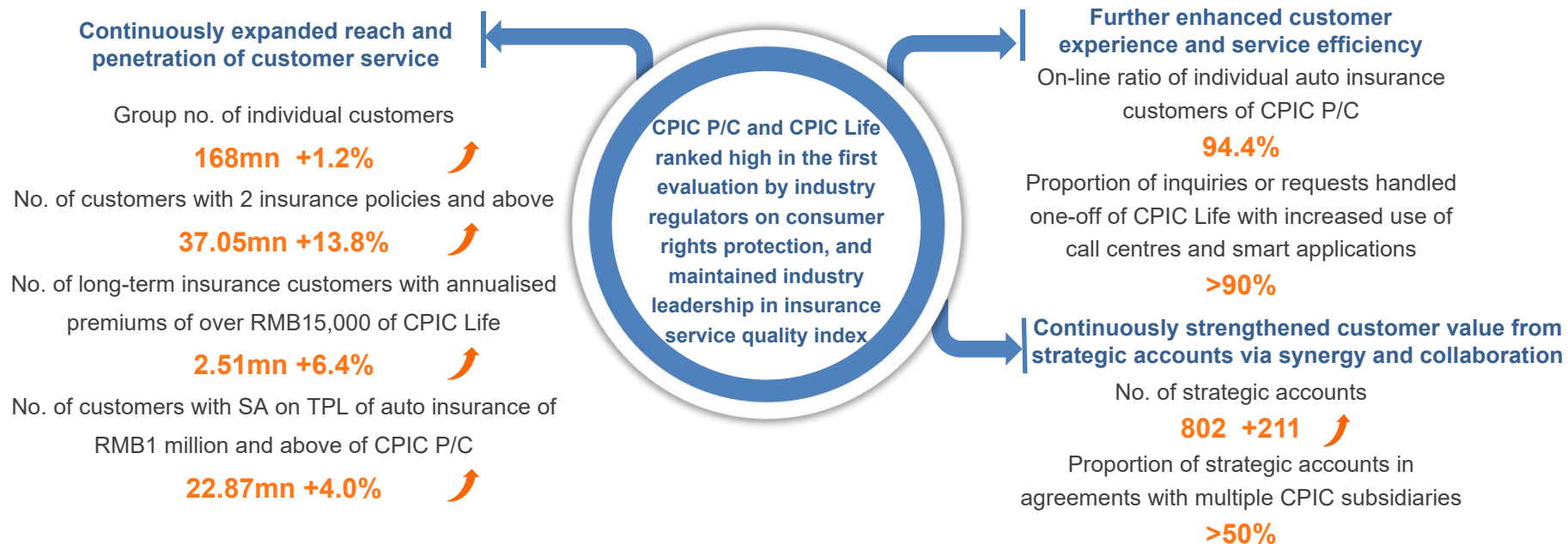
Realised working from distance, formulated integrated and collaborative solutions for office work, offering services in a differentiated, smart and digital way



CPIC Technology

Positioned as a subsidiary specialising in provision of in-house service in a market-oriented manner to drive technological empowerment

Centred on customers and built competitive edge in CPIC service



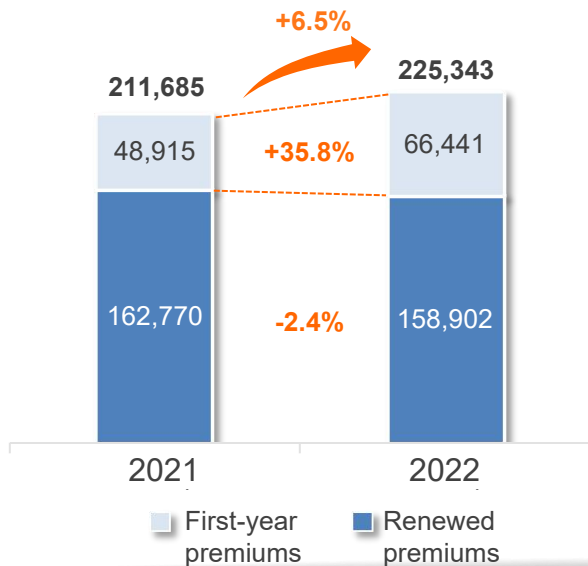
Performance Analysis

Life Insurance (1/4)

Steady premium growth, with continued improvement in business quality

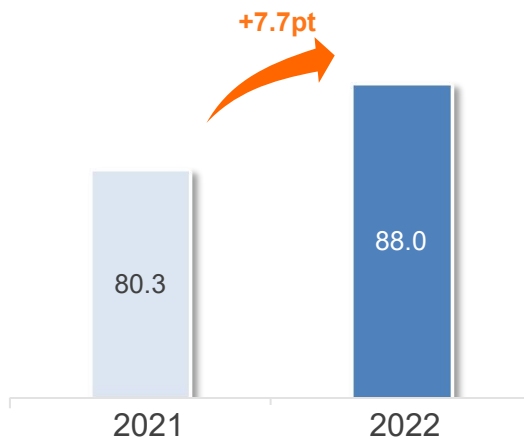
Gross Written Premiums

(unit: RMB million)



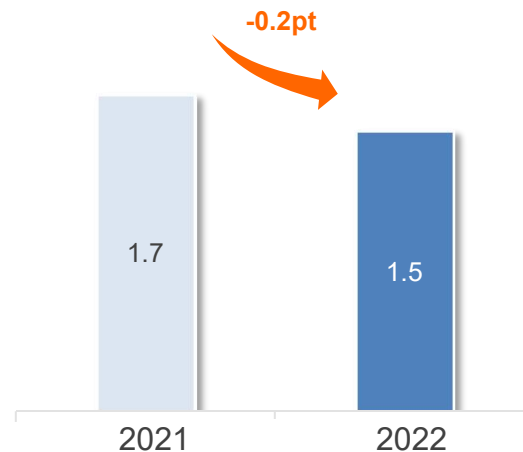
13-month Persistency Ratio of Individual Customers

(unit: %)



Surrender Rate

(unit: %)

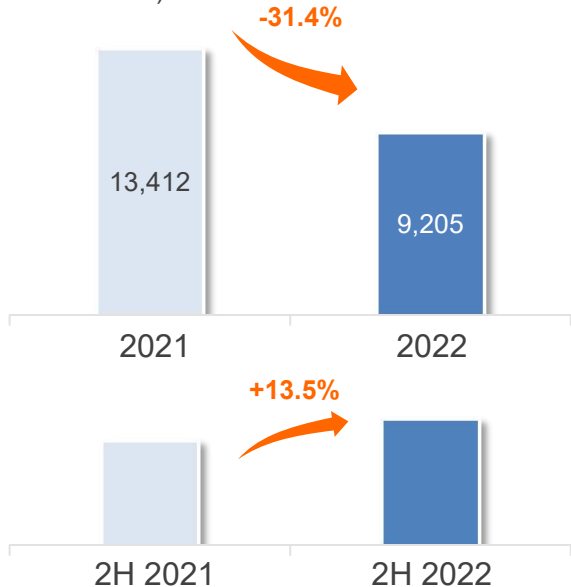


Life Insurance (2/4)

NBV growth momentum picked up quarter by quarter, with improvement in both core manpower productivity and income

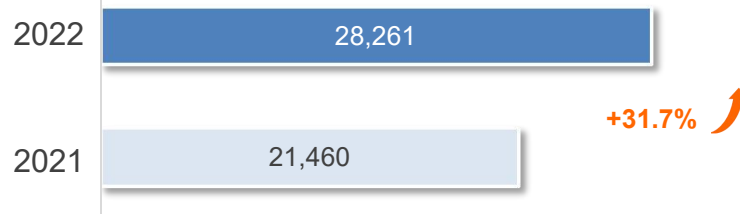
New Business Value

(unit: RMB million)



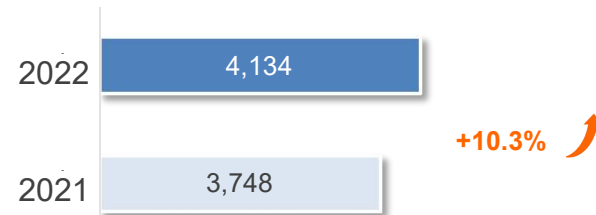
Monthly Average FYP per Core Agent

(unit: RMB yuan)



Monthly Average FYC per Core Agent

(unit: RMB yuan)

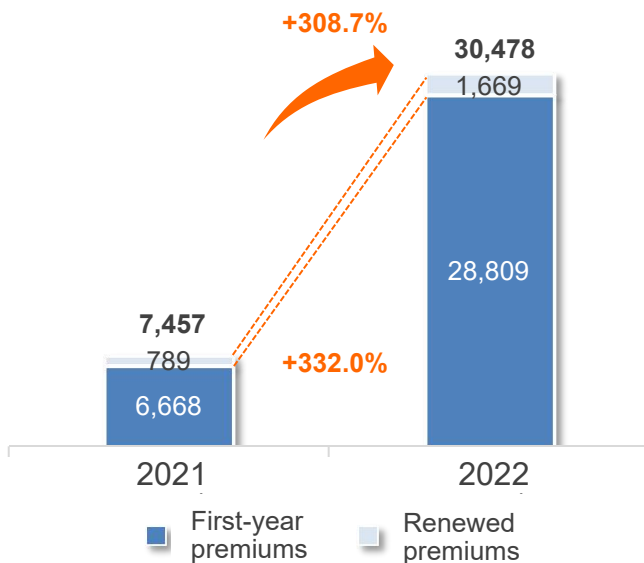


Life Insurance (3/4)

Rapid development of bancassurance, with continued growth of value contribution

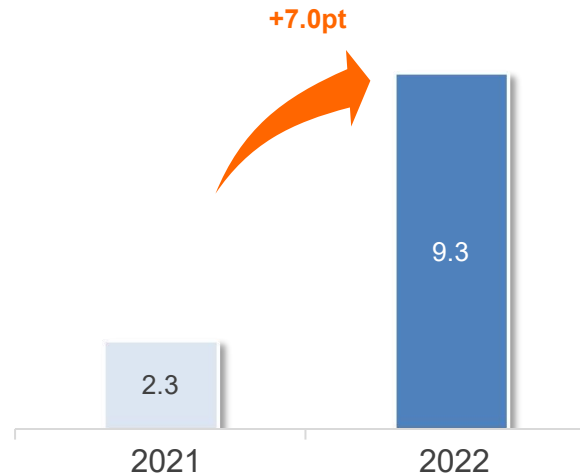
Gross Written Premiums of Bancassurance

(unit: RMB million)



Share of NBV of Bancassurance

(unit: %)



Life Insurance (4/4)

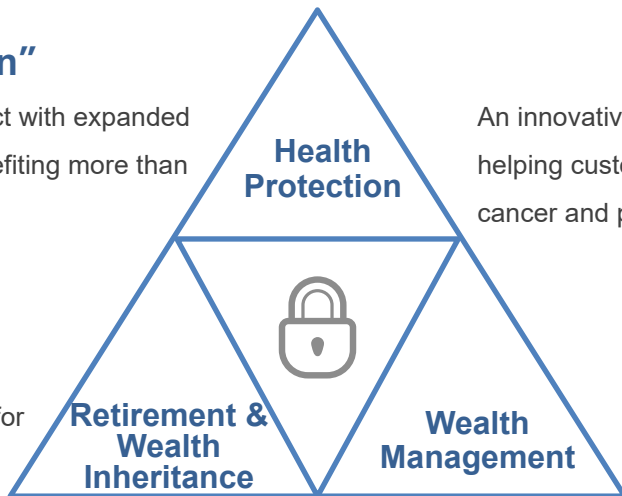
Upgraded Golden Triangle system of products and services centring on customer needs in health protection, wealth management and retirement

“Jinfu-Hejiahuan”

An upgraded pillar whole-life CI product with expanded cover for more competitive prices benefiting more than **330,000** customers

“Chang Xiang Ban”

A product suite to meet customers' diverse needs for risk protection, wealth inheritance, and long-term savings, covering about **390,000** customers



“Aixiang Jinsheng”

An innovative medical insurance product against cancer, helping customers to mitigate financial risks associated with cancer and providing them with access to targeted treatment

“Xin Cong Rong (anniversary celebration)”

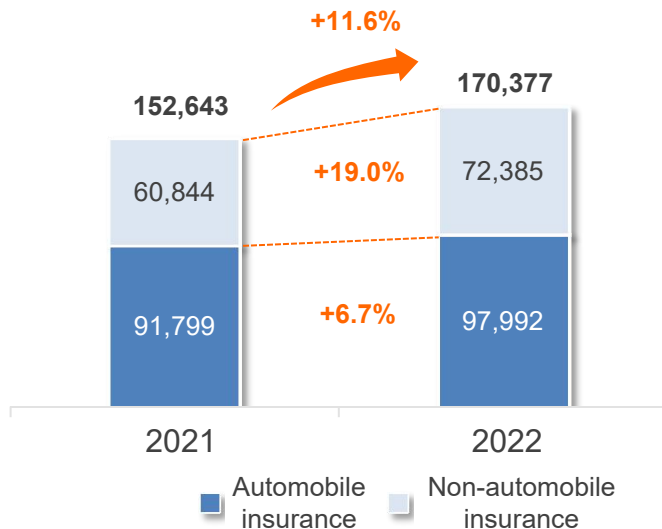
Mid-term annuity and endowment products to meet customer demand in mid and long-term wealth planning, such as the provision for education

P/C Insurance (1/3)

Rapid top-line growth, with improved combined ratio

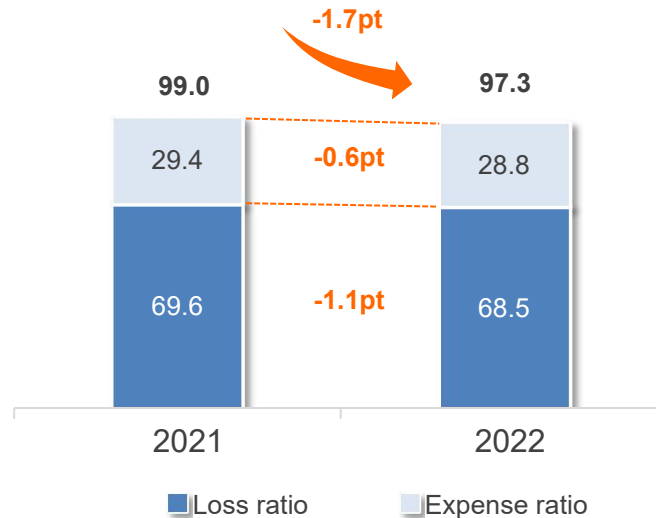
Gross Written Premiums

(unit: RMB million)



Combined Ratio

(unit: %)



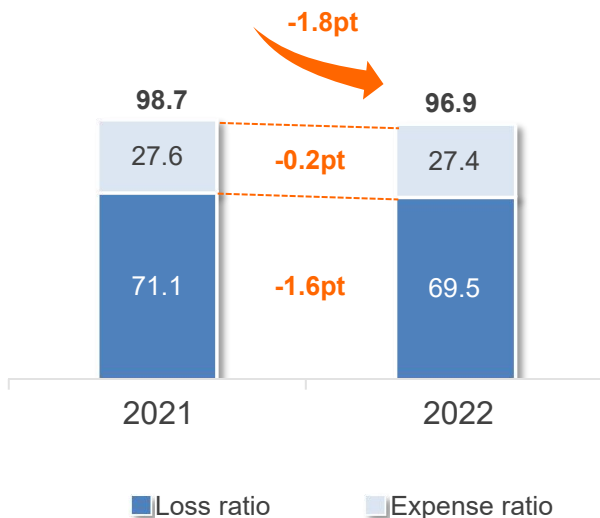
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

P/C Insurance (2/3)

Continued improvement in auto insurance profitability, with increase in share of NEV premiums

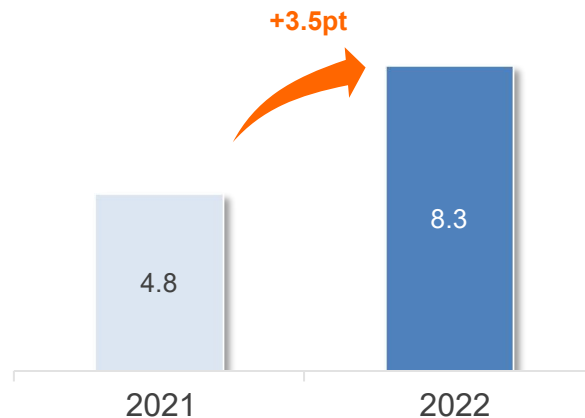
Combined Ratio of Automobile Insurance

(unit: %)



Share of NEV premiums

(unit: %)



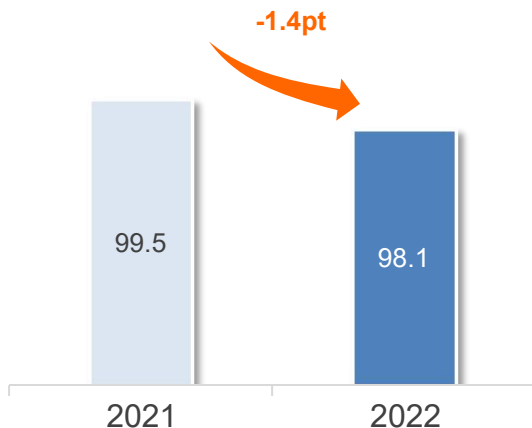
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

P/C Insurance (3/3)

Cemented foundation for underwriting profitability of non-auto insurance and maintained rapid growth of emerging business lines

Combined Ratio of Non-auto Insurance

(unit: %)



Liability
Insurance

Gross Written Premiums

15.007bn
+37.1%

Captured opportunities of work-place safety, environmental protection and food safety, and vigorously explored business potential in life sciences and relief assistance



Health
Insurance

Gross Written Premiums

14.641bn
+20.0%

Promoted the development of existing businesses in medical insurance for major diseases, accident medical treatment and poverty reduction, strived to tap the potential of emerging businesses such as chronic illness insurance, long-term care and Huiminbao, while stepping up development and supply of mid and high-end commercial health insurance



Agricultural
Insurance

Gross Written Premiums

13.753bn
+32.7%

Participated in trials of innovative agricultural insurance products, and played its due role in supporting Rural Invigoration, safeguarding national food safety, and promoting agricultural production



Guarantee
Insurance

Gross Written Premiums

7.692bn
+6.1%

Followed the guideline of "value-driven operation, integrated development, compliance and prudence", and continued to strengthen technological empowerment and digital, smart operation

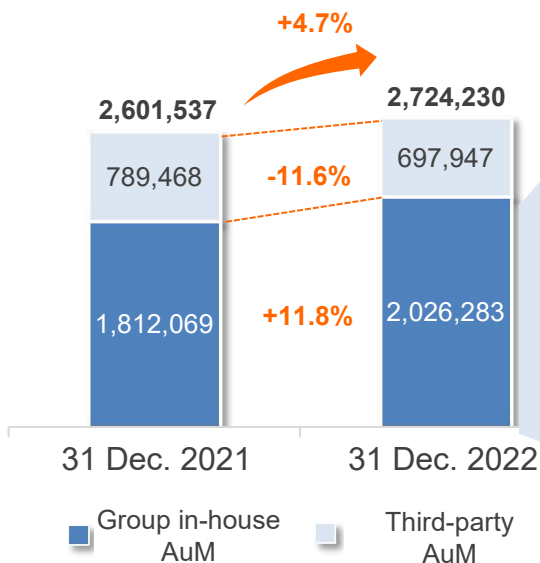
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

Asset Management (1/3)

Steady increase in Group assets under management, with continued SAA improvement

Group Assets under Management

(unit: RMB million)



Group in-house investment portfolio	31 Dec. 2022 (%)	Change (pt)
Fixed income investments	73.9	(1.8)
Bonds	40.3	2.1
Term deposits	10.1	(0.7)
Debt investment plans	11.9	(0.8)
Wealth management products ¹⁾	6.0	(1.9)
Preferred shares	1.6	(0.2)
Other fixed income investments ²⁾	4.0	(0.3)
Equity investments	22.0	0.8
Equity funds	2.5	(0.1)
Bond funds	0.9	(0.4)
Stocks	9.0	0.5
Wealth management products ¹⁾	0.4	0.3
Preferred shares	0.6	(0.1)
Other equity investments ³⁾	8.6	0.6
Investment properties	0.5	0.1
Cash, cash equivalents and others	3.6	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.

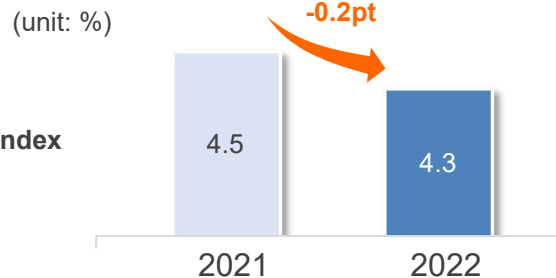
Asset Management (2/3)

Pro-actively responded to great market volatility, with an overall stable investment performance

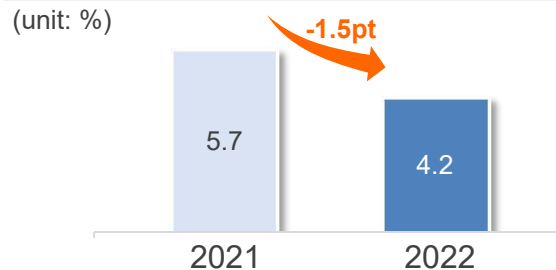
Key Indexes of Equity Markets



Net investment yield



Total investment yield



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

92.8%

Share of AA and above

97.9%

External Credit Ratings of Non-public Financing Instruments

Share of AAA

96.8%

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	40.4	4.8	7.8	5.5
Real estate	16.3	4.9	6.6	4.1
Communications & transport	16.2	4.7	9.0	6.2
Non-bank financial institutions	11.6	4.9	5.0	2.2
Energy and manufacturing	5.6	5.0	6.3	3.6
Others	9.9	4.3	7.1	4.9
Total	100.0	4.8	7.3	4.8

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.

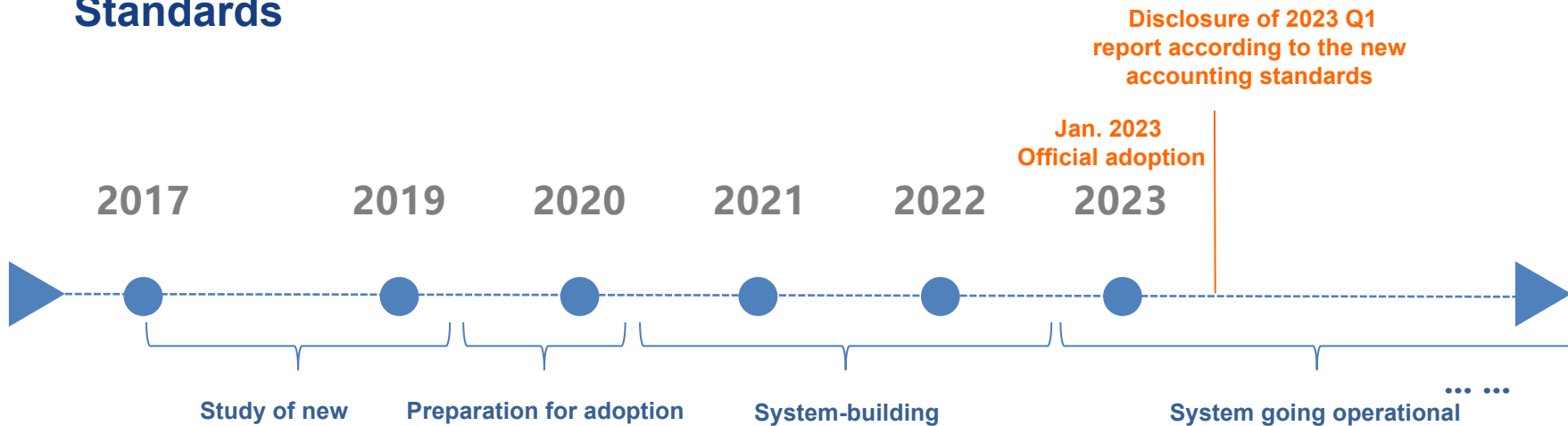
Outlook

The year 2023 marks the start of all-around implementation of the spirit of the 20th CPC National Congress. China's economic recovery is back on track, and prospects for rising resident income and heightened consumer confidence will bring about more demand for insurance. Industrial upgrading, rural invigoration, green insurance, inclusive insurance, health and elderly care services, and private pension scheme will lend sustainable impetus to the industry. Insurance funds will seize investment opportunities in the building of a modern industrial system and major projects. The regulator sets great store by risk control, continuing to enhance supervision of corporate governance and institutional conduct, which will facilitate steady and healthy development of China's insurance market.

With the vision of "leadership in healthy and steady development of the insurance industry", we will pursue high-quality development, and stay committed to value growth and long-termism. We will continue to strengthen core insurance business, implement 3 key strategies, i.e. health care, regional integrated development, and big data as well as improve customer-oriented business management. Meanwhile, we will promote ESG philosophies, while forestalling major risks to ensure sustainable development.

Q&A

Appendix 1: Update on Progress in Adoption of New Accounting Standards



External communications

- Regulatory opinions
- Consulting and interpretation
- Peer exchanges



Internal communications

- Strategic Budgeting
- Business adjustment
- Changes to assumptions
- Asset liability matching

Appendix 2: Financials of Life Insurance Business

(unit: RMB million)

For 12 months ended 31 Dec.	2022	2021	Changes (%)
Net premiums earned	217,808	203,446	7.1
Investment income ¹⁾	73,743	82,418	(10.5)
Exchange gains/(losses)	200	(50)	(500.0)
Other operating income	1,718	1,852	(7.2)
Gains on disposal of assets	2	9	(77.8)
Other income	39	25	56.0
Operating income	293,510	287,700	2.0
Surrenders	(21,433)	(22,330)	(4.0)
Claims	(46,255)	(54,190)	(14.6)
Less: claims recoveries from reinsurers	4,572	4,777	(4.3)
Net change in insurance contract reserves	(163,779)	(143,123)	14.4
Commission and brokerage expenses	(14,102)	(17,174)	(17.9)
Operating and administrative expenses	(14,524)	(14,780)	(1.7)
Other expenses ²⁾	(24,284)	(21,586)	12.5
Operating expenses	(279,805)	(268,406)	4.2
Operating profit	13,705	19,294	(29.0)
Net of non-operating income and expenses	(49)	(34)	44.1
Income tax	2,823	(355)	(895.2)
Net profit	16,479	18,905	(12.8)

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 3: Financials of P/C Insurance Business

(unit: RMB million)

For 12 months ended 31 Dec.	2022	2021	Changes (%)
Net premiums earned	143,863	128,803	11.7
Investment income ¹⁾	7,821	7,793	0.4
Exchange gains/(losses)	314	(54)	(681.5)
Other operating income	207	289	(28.4)
Gains on disposal of assets	2	2	-
Other income	39	45	(13.3)
Operating income	152,246	136,878	11.2
Claims	(100,220)	(92,721)	8.1
Less: claims recoveries from reinsurers	10,939	10,762	1.6
Net change in insurance contract reserves	(9,261)	(7,683)	20.5
Changes in insurance premium reserves	(74)	(18)	311.1
Commission and brokerage expenses	(14,687)	(13,509)	8.7
Operating and administrative expenses	(32,784)	(29,750)	10.2
Other expenses ²⁾	4,404	4,205	4.7
Operating expenses	(141,683)	(128,714)	10.1
Operating profit	10,563	8,164	29.4
Net of non-operating income and expenses	23	38	(39.5)
Income tax	(2,301)	(1,850)	24.4
Net profit	8,285	6,352	30.4

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 4: Sensitivity Analysis

Sensitivity results of VIF business and NBV held as at 31 Dec. 2022

(unit: RMB million)

	Value of in-force business after cost of required capital held	NBV after cost of required capital held
Base	225,326	9,205
Risk discount rate "+50 basis points"	217,712	8,796
Risk discount rate "-50 basis points"	233,562	9,644
Investment return "+50 basis points"	263,943	11,272
Investment return "-50 basis points"	186,498	7,127
Mortality "+10%"	224,184	9,131
Mortality "-10%"	226,467	9,281
Morbidity "+10%"	218,074	8,788
Lapse and surrender rates "+10%"	226,983	9,029
Lapse and surrender rates "-10%"	223,565	9,389
Expenses "+10%"	222,215	8,721

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 5: 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 its brand strength index moved from AA+ to AAA-.
- ◆ CPIC Group was listed among 2022 China ESG 50 released by Forbes China.
- ◆ CPIC Group won the Excellence Award for H Share and Red Chip Entries and the Excellence Award in design in the 2022 Best Annual Reports Awards hosted by Hong Kong Management Association.
- ◆ Mr. KONG Qingwei, Chairman of CPIC, won the title of “2021-2022 Outstanding Entrepreneur of China” granted by China Enterprise Confederation and China Enterprise Directors Association.
- ◆ CPIC P/C won the “2022 China Insurance Ark Award for Value Transformation” and the “2022 China Insurance Ark Award for Service” sponsored by the Securities Times.
- ◆ CPIC Life won the “2022 China Insurance Ark Award for Health and Elderly Care” granted by the Securities Times.
- ◆ In the “2nd China Insurance Investment Golden Bull Awards” hosted by China Securities Journal, CPIC AMC won the “Golden Bull Award for Insurance Asset Management Companies”. Its CPIC Excellence Fortune Product No.1 (corporate/enterprise bond) and CPIC Excellence Fortune Product No.117 both won the “Golden Bull Award for Portfolio Insurance Asset Management Products (fixed income)”, and CPIC Excellence Fortune Product No.83 won the “Golden Bull Award for Portfolio Insurance Asset Management Products (equity)”.
- ◆ CPIC Health won the “2022 China Insurance Ark Award for Innovation” granted by the Securities Times.
- ◆ Changjiang Pension won the “Pension Administration Institution of the Year Award” in the 2022 China Financial Value Ranking held by China Business News.
- ◆ CPIC Anxin Agricultural won the “2022 China Insurance Ark Award for Rural Invigoration” granted by the Securities Times.

THANKS!