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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, 28 March 2022

*As at the date of this announcement, the Executive Directors of the Company are Mr. KONG Qingwei and Mr. FU Fan; the Non-executive Directors are Mr. HUANG Dinan, Mr. WANG Tayu, Mr. WU Junhao, Mr. CHEN Ran, Mr. ZHOU Donghui, Ms. LIANG Hong, Ms. LU Qiaoling and Mr. John Robert DACEY; and the Independent Non-executive Directors are Ms. LIU Xiaodan, Mr. CHEN Jizhong, Ms. LAM Tyng Yih, Elizabeth, Mr. WOO Ka Bui, Jackson, and Mr. JIANG Xuping.*

# 2021 Annual Results Announcement China Pacific Insurance (Group) Co., Ltd.

March 28, 2022

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# Overview

- ◆ The past year was a milestone in many ways for CPIC. The international political and economic landscape became increasingly complicated and challenging, with the world seeing profound changes intertwined with a once-in-a-century pandemic. China embarked on a new journey of development under the 14th Five-year Development Programme, maintaining socio-economic stability amid an upward trend. The insurance industry entered a critical stage of transformation, facing an uphill struggle in the reshaping of its value chain.
- ◆ In the face of increasing uncertainties of market conditions, we persisted in high-quality development, pressed ahead with reform, stabilised business fundamentals while deploying towards emerging high-potential areas, and achieved **both stability and progress** in our business operation.

# Steady growth of overall business results

Group Operating Income <sup>1)</sup>

**440.643bn**

**+4.4%** 

Group Net Profits <sup>2)</sup>

**26.834bn**

**+9.2%** 

Group Embedded Value

**498.309bn**

**+8.5%** 

Group Number of Customers <sup>3)</sup>

**168.39mn**

**+19.45mn** 

Group Assets under Management

**2,601.537bn**

**+6.8%** 

Group Comprehensive Solvency Margin Ratio

**266%**

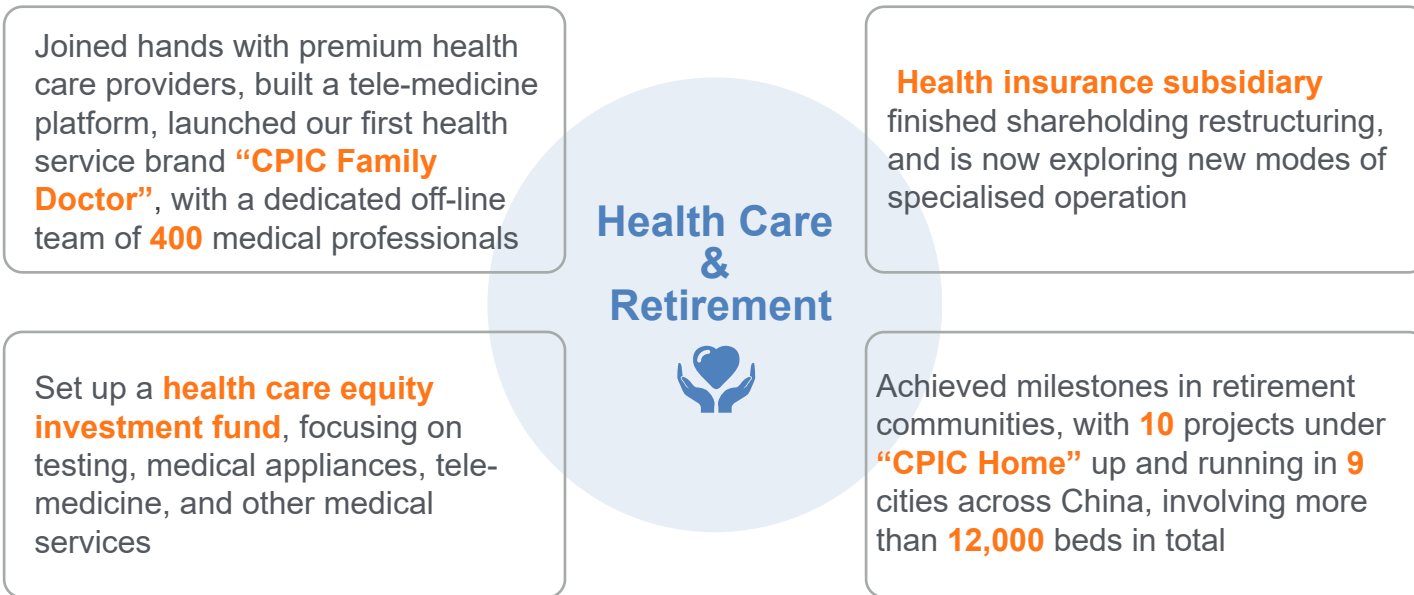
**-22pt**

Note: 1) Based on PRC GAAP.

2) Attributable to shareholders of the parent.

3) Figures for the same period of the previous year have been restated.

# Substantial progress in health care and retirement deployment



# Further improvement in CPIC Service capabilities

## Established Institution of “Service Officers”

**800** Service Officers  
from Group to branches

## Supported National Initiatives

Serving CIIE for 4 years on end  
SA totalling RMB**2.6 trillion**

## Built a Community for Strategic Clients

**591** strategic clients benefiting from  
intra-Group integrated service

CPIC  
Service



Up-selling coverage of existing customers  
of CPIC Life

**8.7% +2.7pt** ↗

No. of customers with SA of a million yuan  
and above on Third-party Liability of  
automobile insurance

**21.99mn +28.2%** ↗

Group average number of insurance  
policies per individual customer

**2.28 +7.0%** ↗

No. of individual customers with 2  
insurance policies and above

**32.57mn +2.9%** ↗

No. of individual customers holding  
insurance policies of multiple subsidiaries

**10.32mn +0.8%** ↗

# Steady advancement of technological empowerment

Achieved initial success in establishment of **data governance system**, pushed forward benchmark application of big data, delivered initial results in 4 middle platforms, with sustained enhancement of independent software development

Completed the relocation of **Luojing Data Centre**, and put in place an operational mode underpinned by 3 data centres in Shanghai and Chengdu, providing support for millions of users within seconds

**CPIC Cloud** entered the stage of large-scale production, offering cloud-computing service to digital applications such as big data, AI and Internet of Things

## Technological Empowerment

### CPIC P/C

"Smart Factory"

### CPIC Life

Cloud-based distribution  
Long-distance double recording

### CPIC AMC

Smart investment research

**In February 2022, CPIC Technology was established**

Professional capacity-building using market-based mechanisms



# Opened a new chapter in sustainable development

Incorporated ESG philosophies into business management, formulated ESG top-level design and set up governance structure. The Board serves as the top decision-making body, under which there is Strategic and Investment Decision-making & ESG Committee, playing a central role in ESG management

Officially signed into **UN PSI** and **UN PRI** as both an asset owner and an investment manager

## Environment

- Initiated 2nd Phase of the “**Sanjiangyuan Ecological Park**”, covering 100 hectares, with areas earmarked especially for employees and business partners
- Underwrote **wildlife liability insurance** in Yunnan, with CPIC P/C Yunnan Branch becoming the only insurance partner of the 15th COP of the UN Convention on Biological Diversity

## Society

- Conducted all-around upgrading of “**Anti-Poverty Insurance**”, which had been rolled out to over 1,000 counties, benefiting nearly 400,000 vulnerable people
- Established “**CPIC Blue**”, a charitable foundation for cognitive impairment, the first of its kind in insurance industry, and launched a 3-year programme to care for elderly people with dementia

## Governance

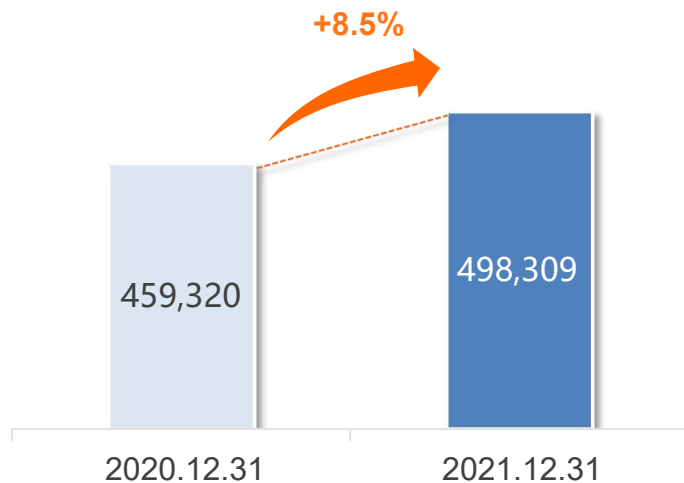
- Board became more diverse, international and professional, with share of non-executive directors of **87%** and that of women directors **27%**
- All-around risk management further improved, optimising internal control systems and formulating implementation measure in response to new regulations

# Performance Analysis

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

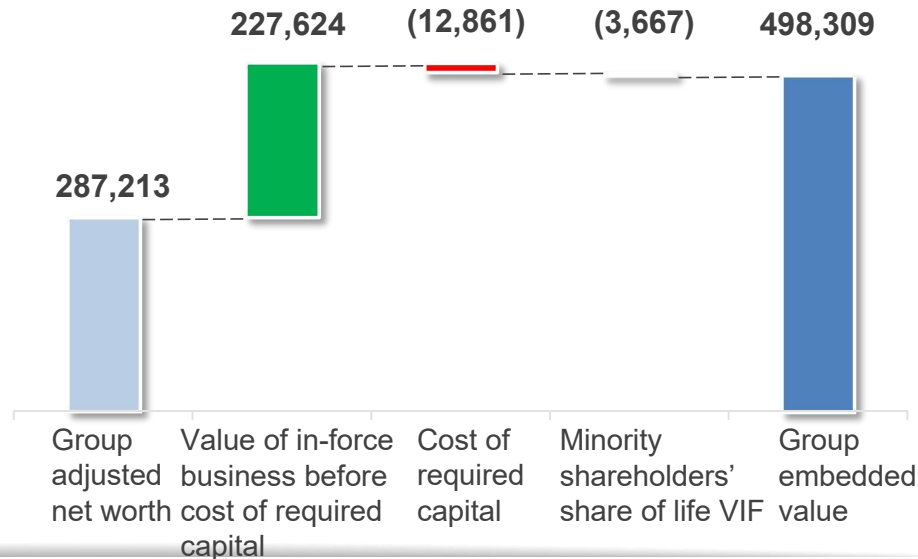
## Group Embedded Value

(unit: RMB million)



## Composition of EV as at 31 December 2021

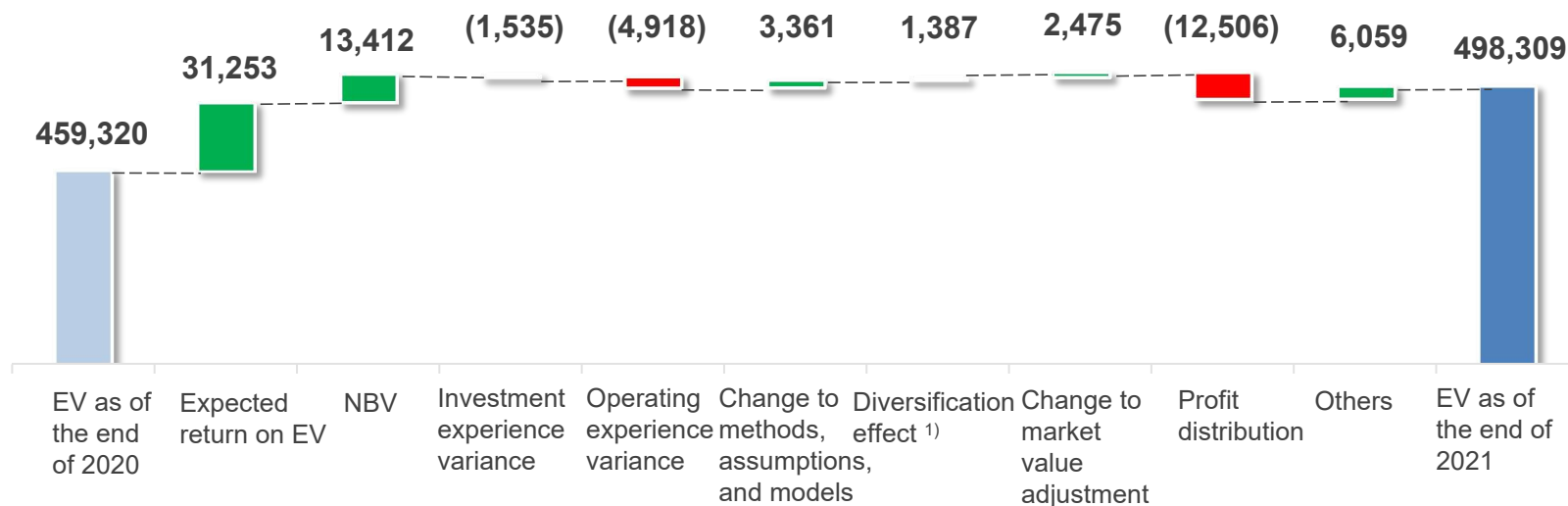
(unit: RMB million)



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

### Movement of Embedded Value in 2021

(unit: RMB million)

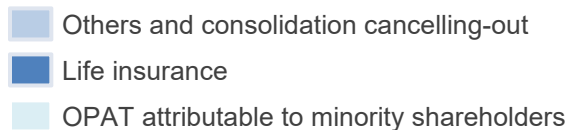


Notes: 1) Diversification effect refers to the impact on cost of required capital of new business and business change.

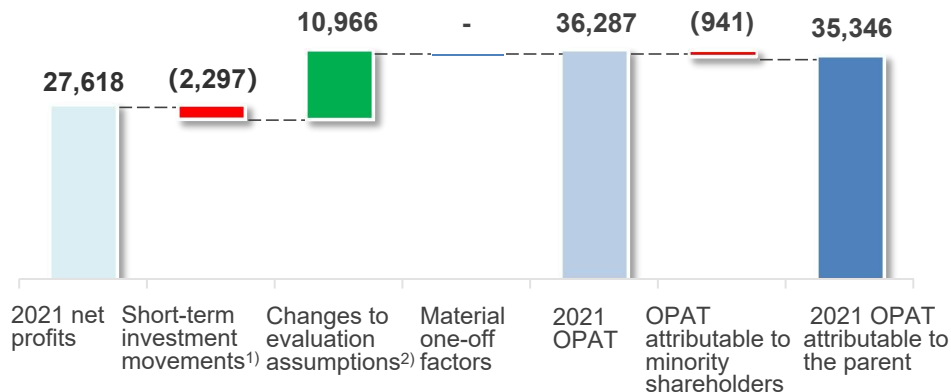
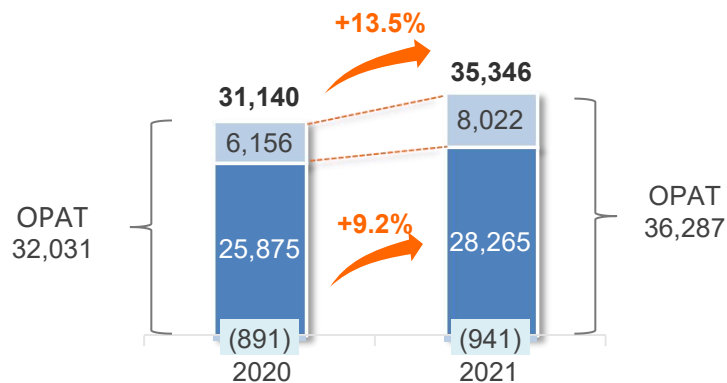
2) Numbers may not totally add up due to rounding.

# Group OPAT delivered rapid growth

(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 add up due to rounding.

# Life Insurance (1/4)

## NBV under pressure, with decline of NBV margin due to business mix shift

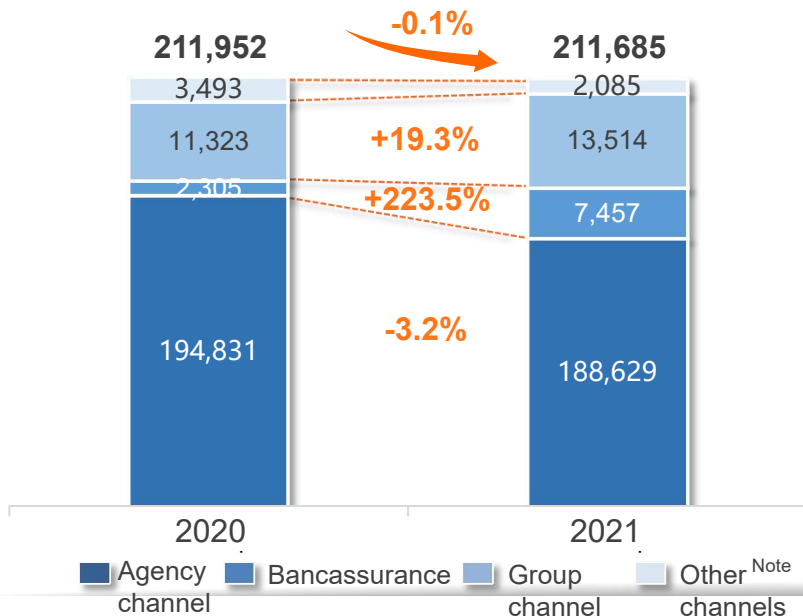


# Life Insurance (2/4)

## Stable premium growth, with effort to diversify channel mix with agency channel at the core

### Gross Written Premiums

(unit: RMB million)



Note: Other channels include telemarketing & internet sales, and inward reinsurance business.



#### Agency Channel

- Launched a restructuring in a bid to build a career-based, professional and digitalised agency force, shifting away from short-termism towards long-term development

**Regular-pay New Business Premiums**

**RMB24.761bn**

**+11.6%** ↗



#### Bancassurance

- Focused on banking outlets, products and personnel, boosted strategic co-operation with key partners, deployed resources in key areas

**New Business Premiums**

**RMB6.668bn**

**+331.3%** ↗



#### Group Channel

- Vigourously contributed to China's social security system, with sustained development of government-sponsored business and enhanced capabilities in work-site marketing

**New Business Premiums**

**RMB13.011bn**

**+19.0%** ↗

# Life Insurance (3/4)

## Pushed forward career-based, professionalised and digitalised restructuring of agency force

Monthly Average FYP per Agent

RMB4,638 +42.3% ↗

CG (equivalent of MDRT) Headcount

+170.1% ↗

- Upgrading compensation system of agents, sales supportive platforms, training system, and agent work-sites, to facilitate the career-based, professionalised and digitalised restructuring
- Will leverage the new Basic Law, which was launched in Jan. 2022, to drive core manpower growth and productivity gains, step up business quality control, and upgrade the agency force in an all-around way

Career Agency Force with “3 Directions and 5 Mosts”

Career-based, professionalised and digitalised

Space for most generous income

Most powerful entrepreneurial platform

Most caring CPIC Service

Most professional career advancement system

Most comfortable work environment



# Life Insurance (4/4)

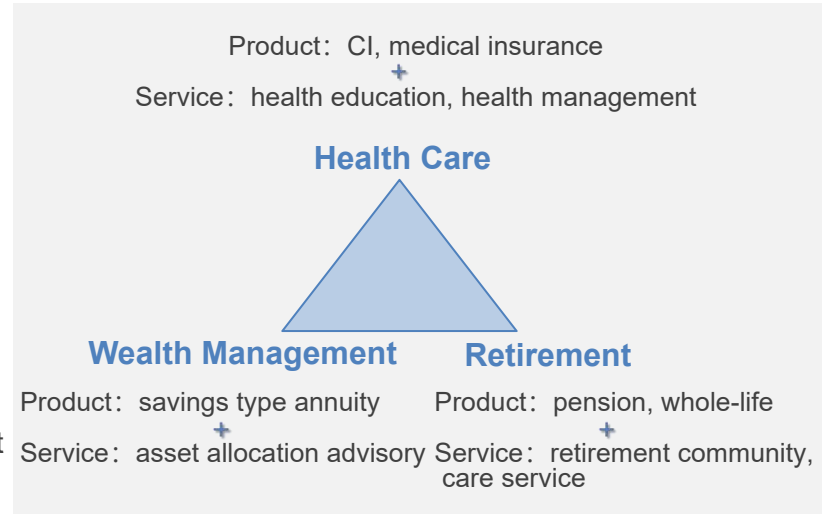
## Built new Golden Triangle system of products and services centering on customer needs

### Diversify Product Offering

- Launched an upgraded whole-life CI product under the New CI Definitions with comprehensive cover against multiple illnesses, through the entire treatment cycle and during the full lifetime of customers
- Launched first whole-life CI product integrating health management and elderly care, balancing between retirement savings and health protection
- Launched an annuity product and an endowment product, to cater for needs of wealth management by mid and high-end customers

### Enhance Service Supply

- All product lines under “**CPIC Home**” underway, being able to meet diverse elderly care demand; retirement communities in **Chengdu** and **Dali** went operational, marking the running of the new model
- “**CPIC Blue Passports**” covered nearly 18 million customers cumulatively

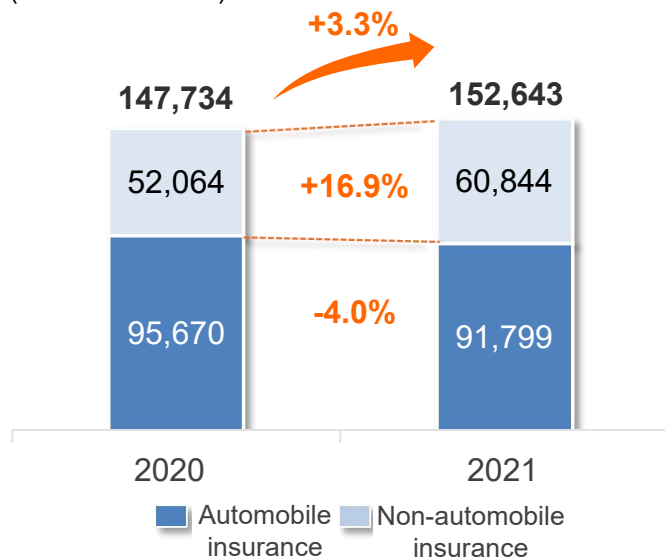


# Property and Casualty Insurance (1/3)

## Steady top-line growth, with stable combined ratio

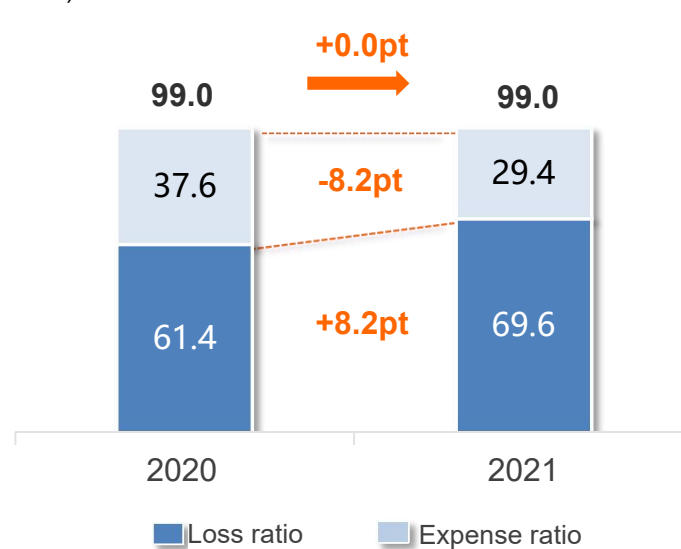
### Gross Written Premiums

(unit: RMB million)



### Combined Ratio

(unit: %)



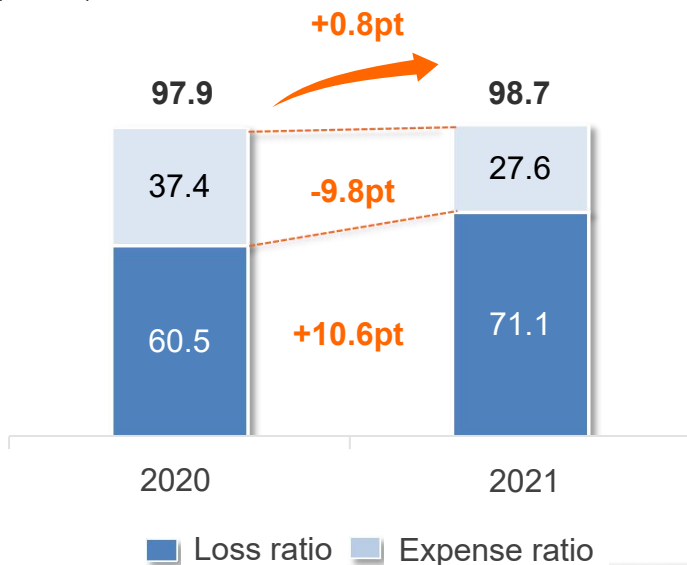
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

## Property and Casualty Insurance (2/3)

Adapted to automobile insurance reform and major natural disasters, deepened customer operation

### Combined Ratio of Auto Insurance

(unit: %)



### Customer Operation

- Deepened closed-loop management system of customer segmentation, further enhanced direct access to customers and differentiated management, with sustained improvement in auto insurance renewal ratio
- Built an integrated smart operational platform for individual customers covering on-line and off-line, connecting front-end, back-end and middle platforms, with sustained increase in the on-line ratio
- Focused on typical life scenarios of customers like staying at home, travelling, going to the doctor or doing shopping, vigorously promoted cross-sell of auto and non-auto insurance, to tap customer value potential

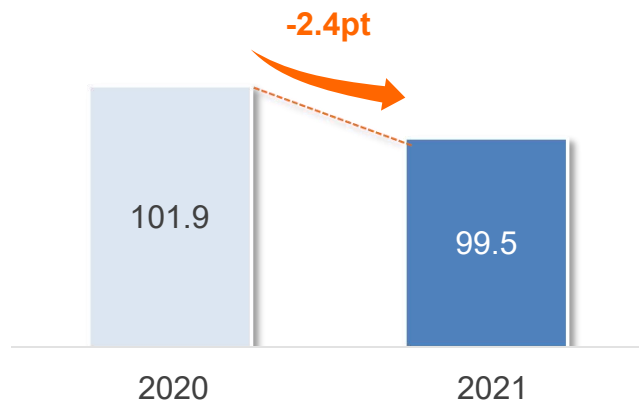
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

# Property and Casualty Insurance (3/3)

## Improved business quality and maintained rapid growth of non-auto emerging business lines

### Combined Ratio of Non-auto Insurance

(unit: %)



### Health Insurance

Accelerated innovation of personal lines products and services, expanded the geographical coverage of government-sponsored health insurance, and strived to tap the potential of emerging business

GWPs

RMB12.198bn

+37.3% ↗



### Liability Insurance

Deepened first-mover advantage in serving social well-being and administration, supporting industrial chain upgrading and promoting local economic development

GWPs

RMB10.948bn

+24.6% ↗



### Agricultural Insurance

Seized opportunities of Rural Invigoration Strategy, enhanced innovation in products, technology and service, supported the development of local speciality agriculture

GWPs

RMB10.363bn

+19.8% ↗

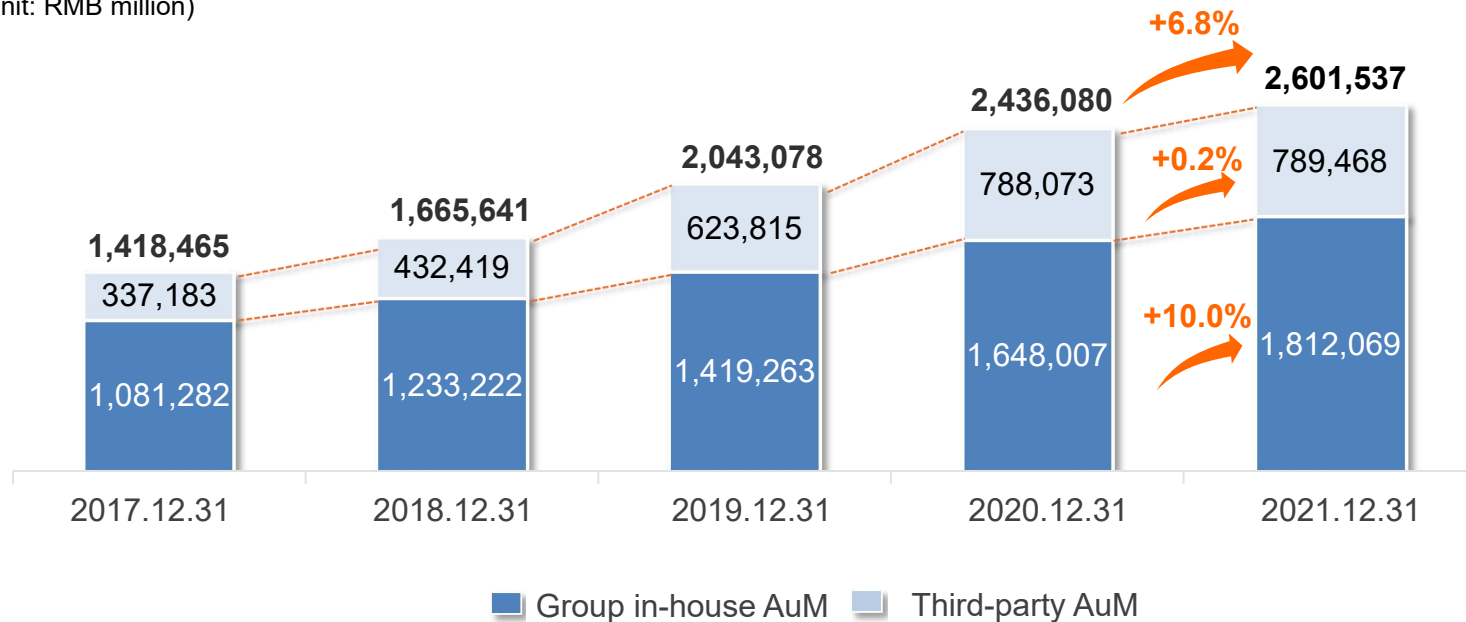
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

# Asset Management (1/4)

## Steady increase in Group assets under management

### Group Assets under Management

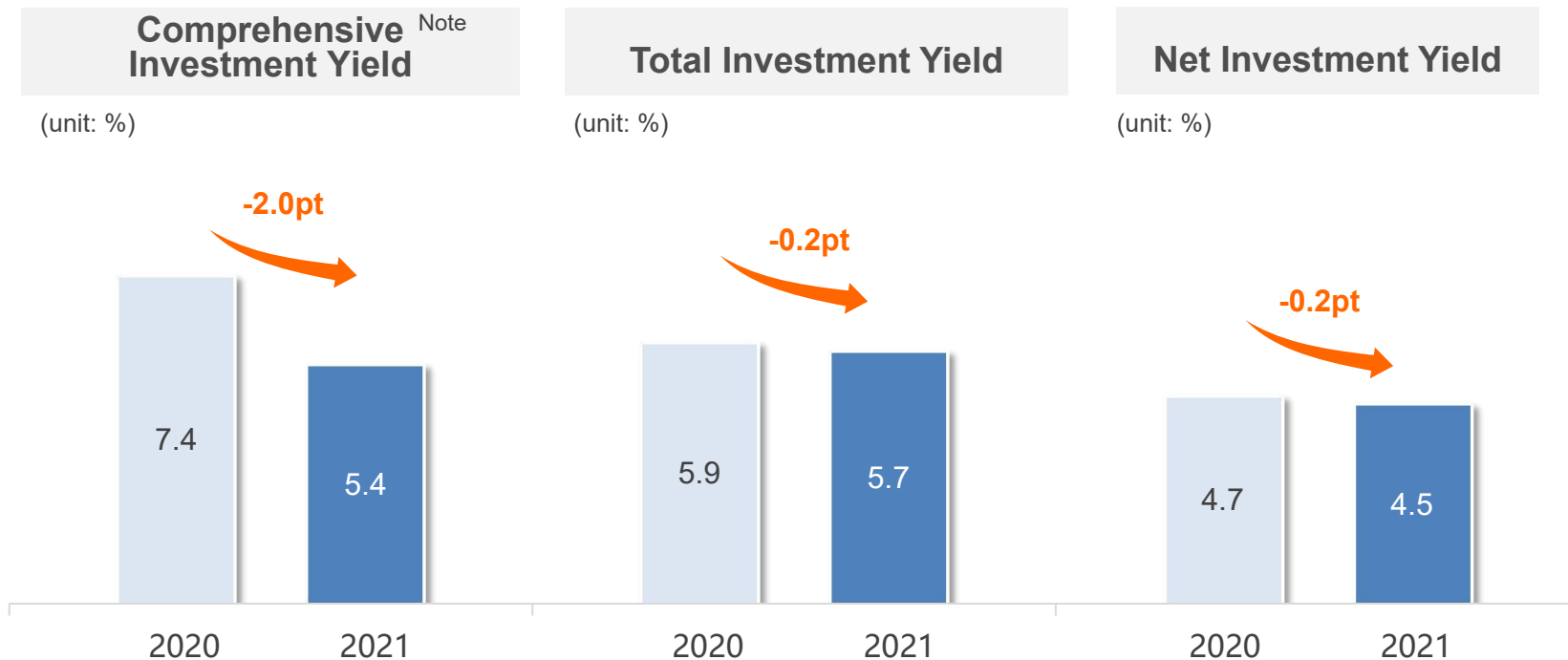
(unit: RMB million)



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

# Asset Management (2/4)

## Solid investment performance



Note: Figures for the same period of the previous year have been restated.

# Asset Management (3/4)

## Persisted in ALM, and continued to optimise SAA

Group in-house investment portfolio	31 December 2021 (%)	Change (pt)
<b>Fixed income investments</b>	<b>75.7</b>	<b>(2.6)</b>
Bonds	38.2	(1.1)
Term deposits	10.8	(0.9)
Debt investment plans	12.7	1.3
Wealth management products <sup>1)</sup>	7.9	(1.7)
Preferred shares	1.8	(0.1)
Other fixed income investments <sup>2)</sup>	4.3	(0.1)
<b>Equity investments</b>	<b>21.2</b>	<b>2.4</b>
Equity funds	2.6	0.1
Bond funds	1.3	0.1
Stocks	8.5	0.8
Wealth management products <sup>1)</sup>	0.1	-
Preferred shares	0.7	(0.1)
Other equity investments <sup>3)</sup>	8.0	1.5
<b>Investment properties</b>	<b>0.4</b>	<b>(0.1)</b>
<b>Cash, cash equivalents and others</b>	<b>2.7</b>	<b>0.3</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.

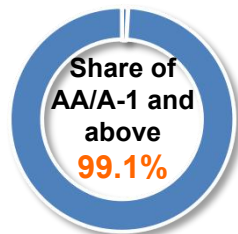
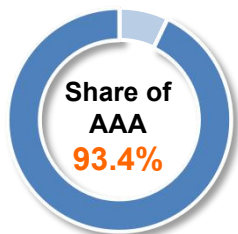
2) Other fixed income investments include restricted statutory deposits and policy loans, etc.

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

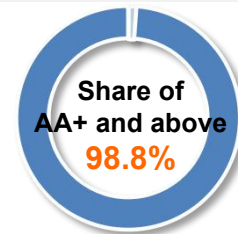
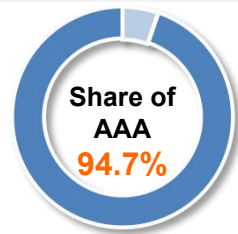
# Asset Management (4/4)

## 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	39.6	5.1	7.6	5.4
Real estate	19.3	5.1	6.5	4.2
Communications & transport	14.5	5.2	9.1	6.1
Non-bank financial institutions	13.4	5.0	4.9	3.0
Energy and manufacturing	5.5	5.3	6.9	4.0
Others	7.7	5.3	8.4	6.1
<b>Total</b>	<b>100.0</b>	<b>5.1</b>	<b>7.3</b>	<b>4.9</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

- ◆ Looking ahead, the next 30 years marks the start of a new stretch of journey for CPIC. Under the leadership of the Board, we will stay focused, work even harder, and meet the challenges head-on.
- ◆ In core insurance segments, we will strive for substantial progress of the Changhang Action Programme to reshape core competitiveness of life insurance; P/C insurance will enhance underwriting profitability and secure business fundamentals; asset management will step up alignment and coordination with liabilities, further improve earnings contribution.
- ◆ In collaboration, we will continue to foster an ecosystem of health care and elderly care, provide customers with comprehensive solutions of products and services, and enhance regional differentiation and specialisation.
- ◆ In technology, we will improve the technology governance system encapsulating “management, research and use”, enhance professional capacity-building for core R & D of insurance frontier technologies, nurture an ecosystem for competitive insurance technology applications, enhance digital empowerment in an all-around way.

**Q&A**

# Appendix: Financial Analysis of Life Insurance Business

(unit: RMB million)

For 12 months ended 31 December	2021	2020	Changes(%)
Net premiums earned	203,446	203,848	(0.2)
Investment income <sup>1)</sup>	82,418	75,548	9.1
Exchange losses/(gains)	(50)	(89)	(43.8)
Other operating income	1,852	2,283	(18.9)
Gains on disposal of assets	9	4	125.0
Other income	25	45	(44.4)
<b>Operating income</b>	<b>287,700</b>	<b>281,639</b>	<b>2.2</b>
Surrenders	(22,330)	(14,421)	54.8
Claims	(54,190)	(59,577)	(9.0)
Less: claims recoveries from reinsurers	4,777	3,644	31.1
Net change in insurance contract reserves	(143,123)	(132,775)	7.8
Commission and brokerage expenses	(17,174)	(21,359)	(19.6)
Operating and administrative expenses	(14,780)	(15,037)	(1.7)
Other expenses <sup>2)</sup>	(21,586)	(21,743)	(0.7)
<b>Operating expenses</b>	<b>(268,406)</b>	<b>(261,268)</b>	<b>2.7</b>
Operating profit	19,294	20,371	(5.3)
Net of non-operating income and expenses	(34)	(72)	(52.8)
Income tax	(355)	(1,657)	(78.6)
<b>Net profit</b>	<b>18,905</b>	<b>18,642</b>	<b>1.4</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.

3) Based on PRC GAAP.

# Appendix: Financial Analysis of P/C Insurance Business

(unit: RMB million)

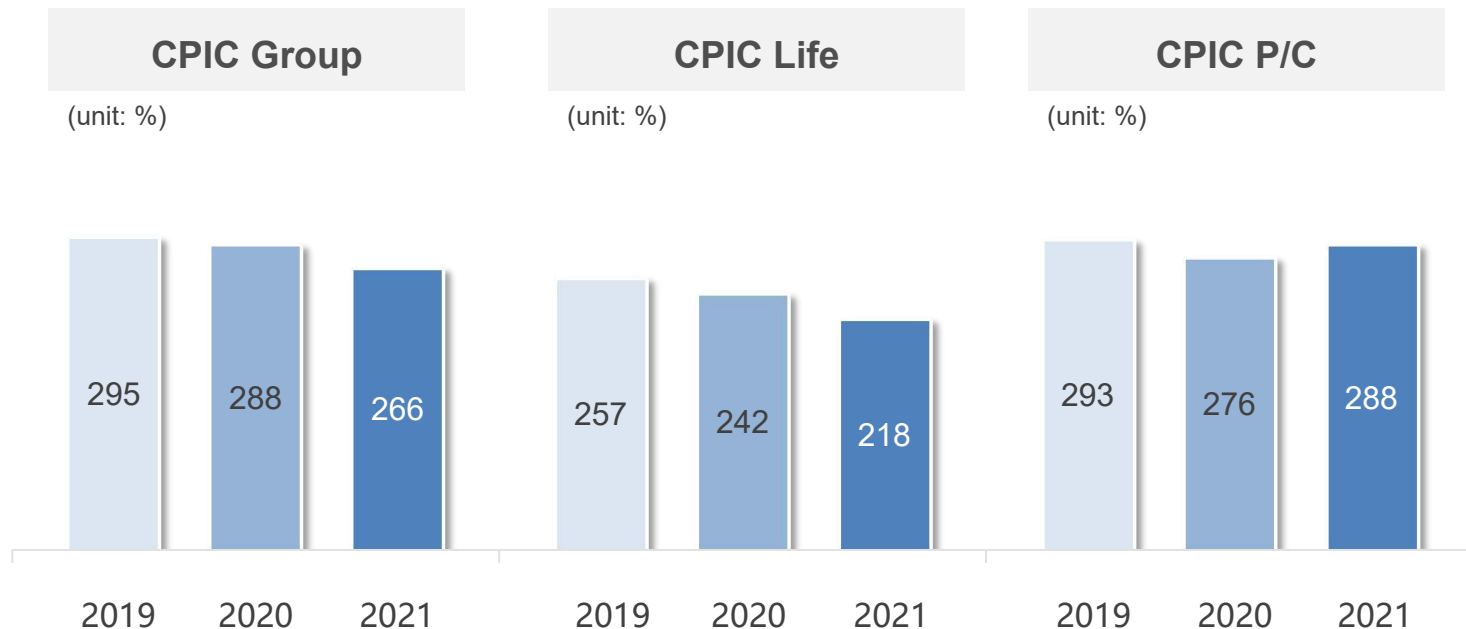
For 12 months ended 31 December	2021	2020	Changes(%)
Net premiums earned	128,803	121,835	5.7
Investment income <sup>1)</sup>	7,793	6,834	14.0
Exchange losses/(gains)	(54)	(249)	(78.3)
Other operating income	289	225	28.4
Gains on disposal of assets	2	2	-
Other income	45	31	45.2
<b>Operating income</b>	<b>136,878</b>	<b>128,678</b>	<b>6.4</b>
Claims	(92,721)	(81,908)	13.2
Less: claims recoveries from reinsurers	10,762	10,014	7.5
Net change in insurance contract reserves	(7,683)	(3,010)	155.2
Changes in insurance premium reserves	(18)	105	(117.1)
Commission and brokerage expenses	(13,509)	(18,277)	(26.1)
Operating and administrative expenses	(29,750)	(33,689)	(11.7)
Other expenses <sup>2)</sup>	4,205	5,004	(16.0)
<b>Operating expenses</b>	<b>(128,714)</b>	<b>(121,761)</b>	<b>5.7</b>
Operating profit	8,164	6,917	18.0
Net of non-operating income and expenses	38	(29)	(231.0)
Income tax	(1,850)	(1,679)	10.2
<b>Net profit</b>	<b>6,352</b>	<b>5,209</b>	<b>21.9</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 cost, other operating expenses, asset impairment losses and taxes and surcharges, etc.

3) Based on PRC GAAP.

## Appendix: Comprehensive Solvency Margin Ratio



## Appendix: Sensitivity Analysis

### Sensitivity results of VIF business and NBV held as at 31 Dec. 2021

(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
<b>Base</b>	<b>214,763</b>	<b>13,412</b>
Risk discount rate "+50 basis points"	207,038	12,874
Risk discount rate "-50 basis points"	223,120	13,987
Investment return "+50 basis points"	249,930	15,445
Investment return "-50 basis points"	179,188	11,371
Mortality "+10%"	213,660	13,326
Mortality "-10%"	215,864	13,497
Morbidity "+10%"	207,752	12,459
Lapse and surrender rates "+10%"	216,067	13,104
Lapse and surrender rates "-10%"	213,354	13,723
Expenses "+10%"	211,689	12,560

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 among Fortune Global 500 for the 11th consecutive year, ranking 158th, up 35 places from 2020.
- ◆ CPIC Group ranked 119th among the World's 500 Most Valuable Brands in 2021, and 5th among the World's 100 Most Valuable Insurance Brands in 2021 released by Brand Finance, with a brand value of USD15.389 billion, an increase of 9.6% from the previous year.
- ◆ CPIC Group won the “Company of the Year Award in Corporate Social Responsibility” granted by China Business News for the 12th consecutive year.
- ◆ The 9th Board of Directors of CPIC Group and Group Chairman Mr. KONG Qingwei won the “Board of the Year” award and the “Executive Director of the Year” award respectively in the “2021 Directors of the Year Awards” granted by the Hong Kong Institute of Directors.
- ◆ CPIC's project of “Issuing and listing GDRs on the London Stock Exchange” won the top award in the “Shanghai Financial Innovation Awards” granted by the Shanghai Municipal People's Government.
- ◆ CPIC P/C, CPIC Life, and CPIC Health scored the highest mark in the H1 2021 Insurance Service Quality Index released by CBIT for P/C, life, and health insurance respectively.
- ◆ CPIC P/C's “Guangxi Sugar Cane Price Index Insurance” product was named the Best Poverty Reduction Case and included in the second Global Poverty Reduction Case Series jointly released by the International Poverty Reduction Center in China, China Internet Information Center, World Bank, Asian Development Bank, and the Food and Agriculture Organization of the United Nations.
- ◆ Tai Hui Bao, a city-specific customised inclusive insurance product of CPIC Life, won the “2021 China Insurance Ark Award for Innovation” in the “2021 China Insurance Ark Awards” sponsored by the People's Daily and the Securities Daily.
- ◆ CPIC AMC won the “Insurance Asset Management Company Golden Bull Award”, “Insurance Asset Management Product Portfolio Golden Bull Award (Fixed Income)”, and “Insurance Assets Management Product Portfolio Golden Bull Award (Equity)” in the first “China Insurance Industry Investment Golden Bull Awards” sponsored by China Securities Journal.
- ◆ For its excellent health management service, CPIC Health won the “Guardian Star” Excellent Service Case Award in the 3rd People's Good Insurance Case Awards sponsored by the People's Daily Online.
- ◆ Changjiang Pension was designated as the “2021 Outstanding Pension Insurance Company in Asia” in the “Asian Financial Competitiveness in the 21st Century Awards” organized by the 21st Century Business Herald.
- ◆ Gengdi Weishi, an insurance programme of CPIC Anxin Agricultural, won the “2021 Excellent Insurance Product Ark Award” jointly granted by the People's Daily and the Securities Daily.

THANKS!