

2024 Interim Results Announcement China Pacific Insurance (Group) Co., Ltd.

August 30, 2024

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Overview

In the first half of 2024, China's economy demonstrated positive momentum of recovery, with gradual unleash of its potential and continued improvement of resilience and sustainability. For the insurance market, customer needs upgrade and financial regulation improves, the industry faces important opportunity in the context of China's drive for modernisation with its own characteristics.

In the face of both challenges and opportunities, especially given China's ambition to build itself into a “financial powerhouse” , we stayed focused on insurance, persisted in value growth and long-termism, deepened transformation and delivered solid business results, with secure market standings and increased comprehensive strength.

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

(unit: RMB yuan)

Group operating
income

194.634bn

+10.9% ↗

Group OPAT^{Note1,2}

19.738bn

+3.3% ↗

Group net profit^{Note1}

25.132bn

+37.1% ↗

Group EV

568.766bn

+7.4% ↗

Group number
of customers

181mn

+0.8% ↗

Group AuM

3,263.010bn

+11.7% ↗

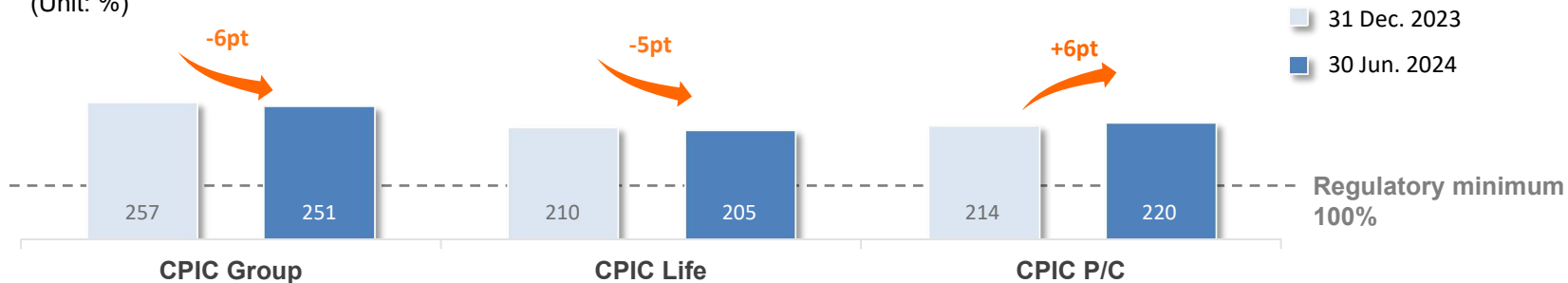
Notes: 1) Attributable to shareholders of the parent.

2) Figures for the same period of the previous year were restated.

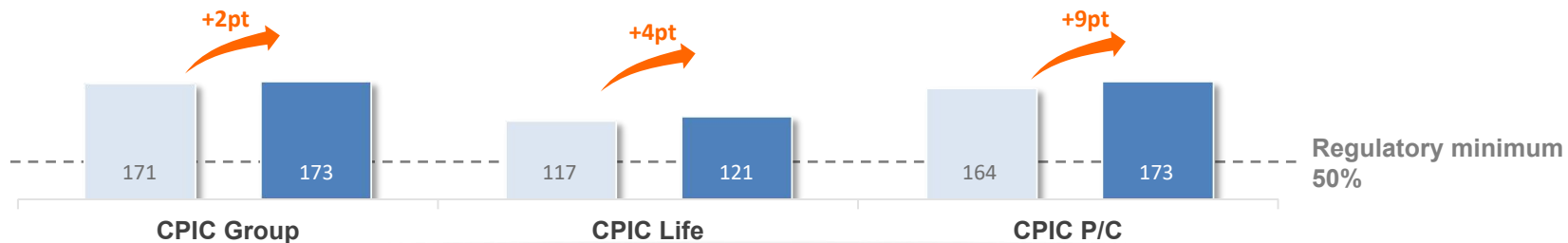
Maintained sound solvency positions under C-ROSS II

Comprehensive Solvency Margin Ratio

(Unit: %)



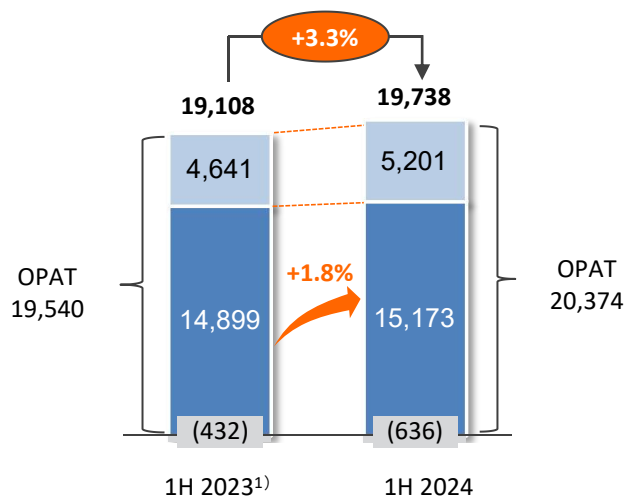
Core Solvency Margin Ratio



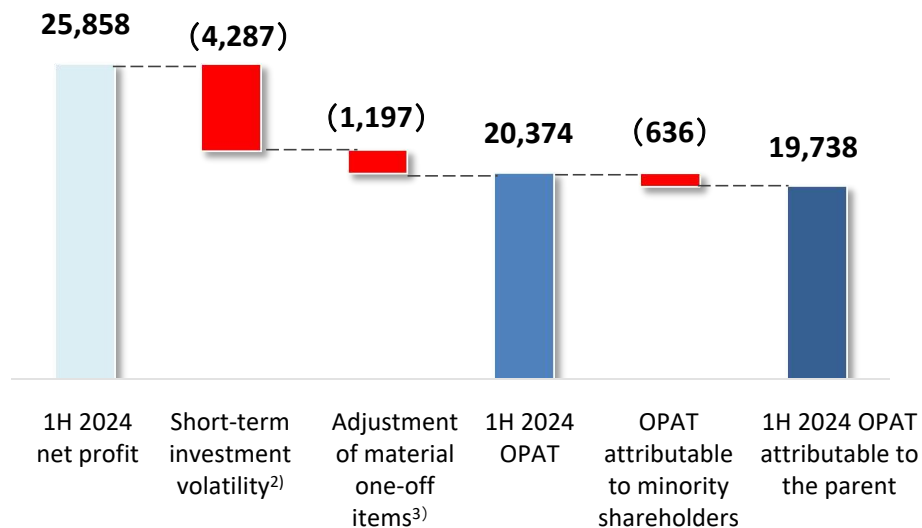
Group OPAT realised steady growth

(unit: RMB million)

- Others and consolidation offsets
- Life insurance
- OPAT attributable to minority shareholders



OPAT = Net profit - short-term investment volatility - adjustment of material one-off items



Notes: 1) Figures for comparative periods were restated.

2) Short-term investment volatility applies to business of CPIC P/C, CPIC Life and CPIC Health, etc., while excluding business based on VFA; it refers to the difference between actual investment income and long-term investment assumptions, while considering the impact of income tax.

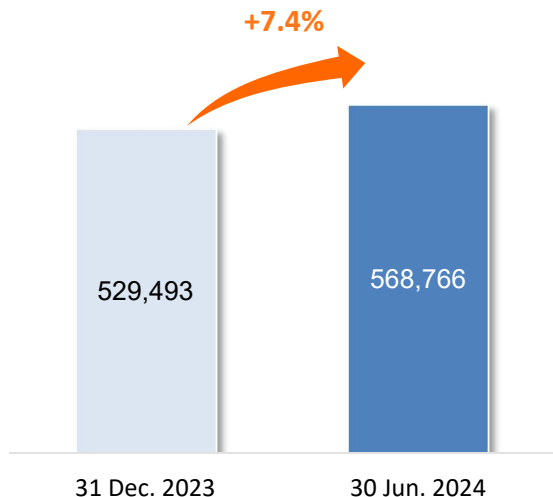
3) Adjustment of material one-off items includes the difference between deductible amounts for pre-tax profit of the current period and the average deductible amounts for pre-tax profit of the preceding years.

4) Numbers may not add up due to rounding.

Steady growth of Group embedded value(1/2)

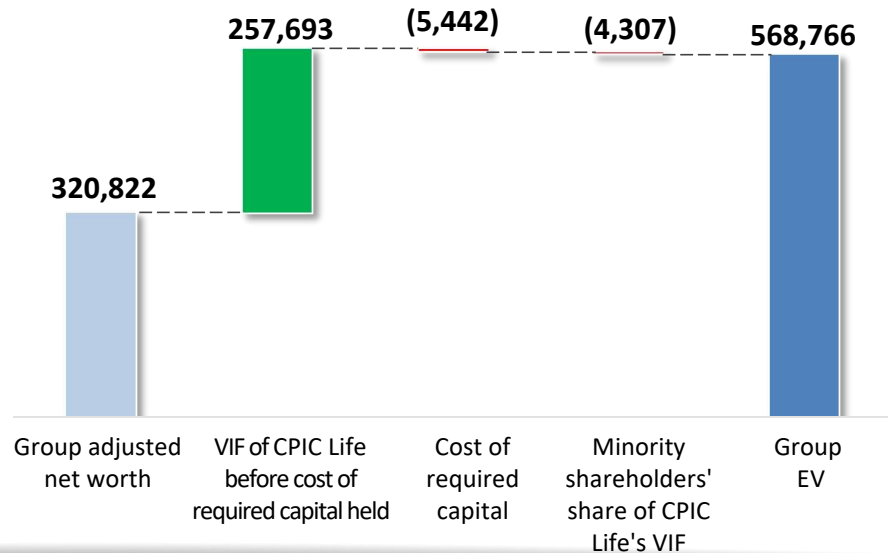
Group EV

(unit: RMB million)



Composition of EV as at 30 Jun. 2024

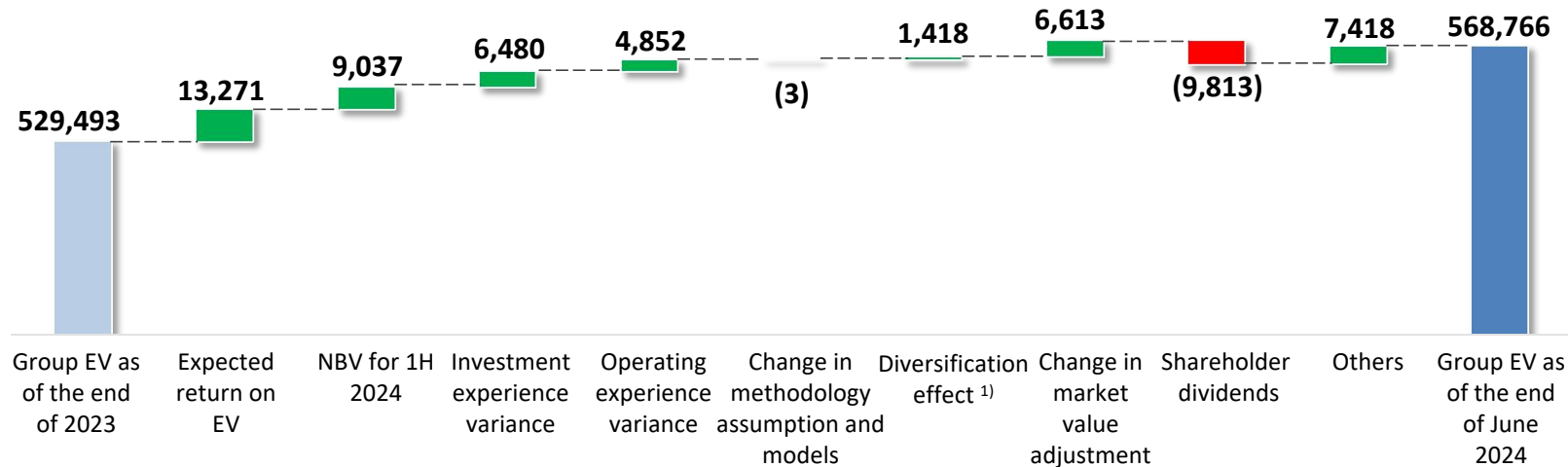
(unit: RMB million)



Steady growth of Group embedded value(2/2)

Movement of Embedded Value in 1H 2024

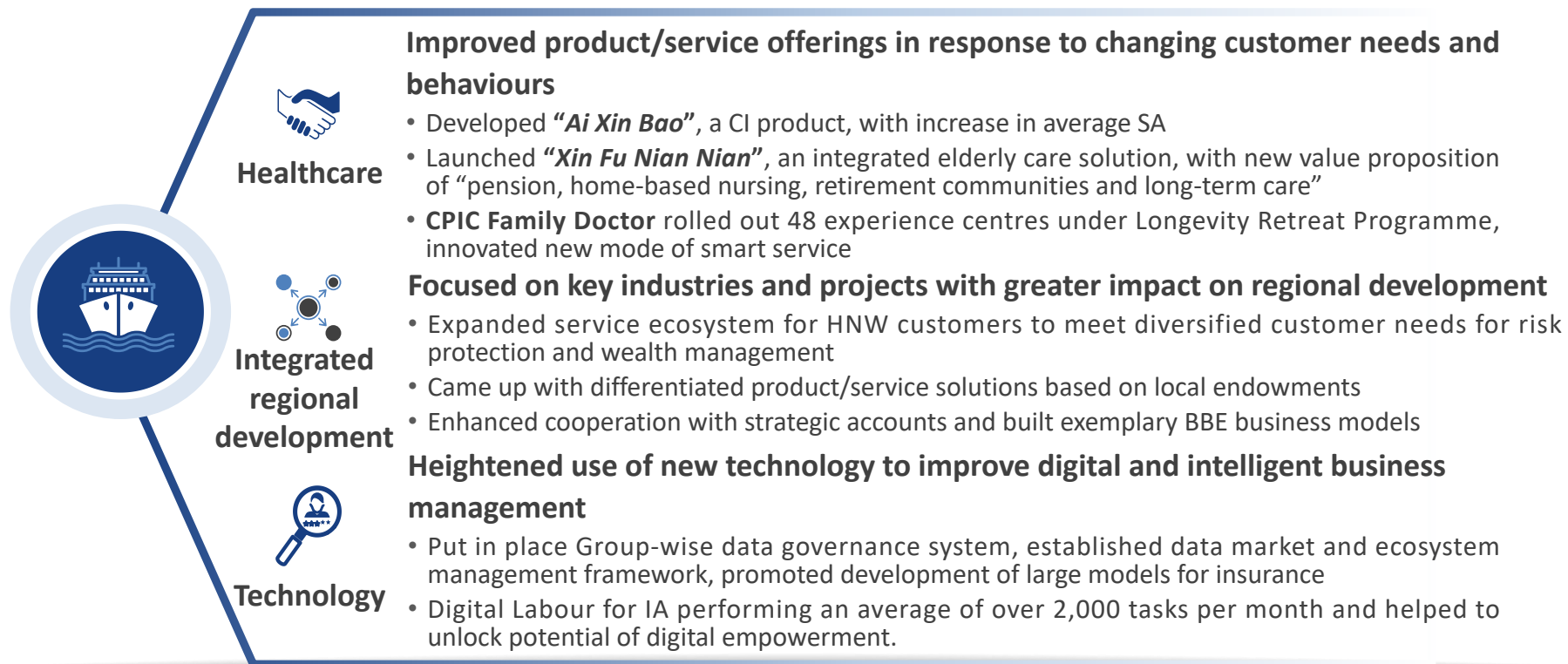
(unit: RMB million)



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

2) Numbers may not add up due to rounding.

Key strategies in healthcare, integrated regional development and technology empowered insurance business and strengthened core competitiveness



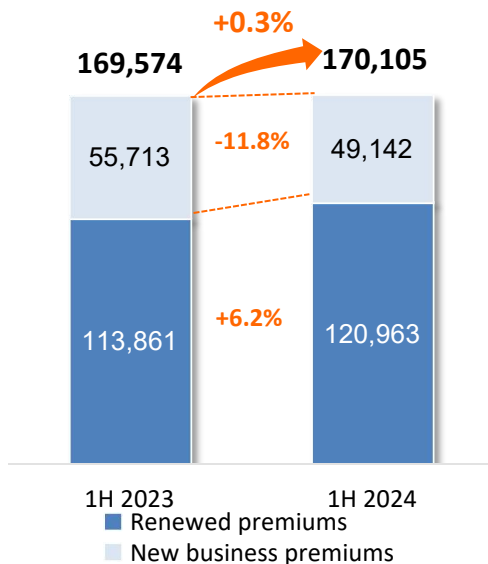
Performance Analysis

Life Insurance(1/3)

Rapid NBV growth, with foundation of value growth further consolidated

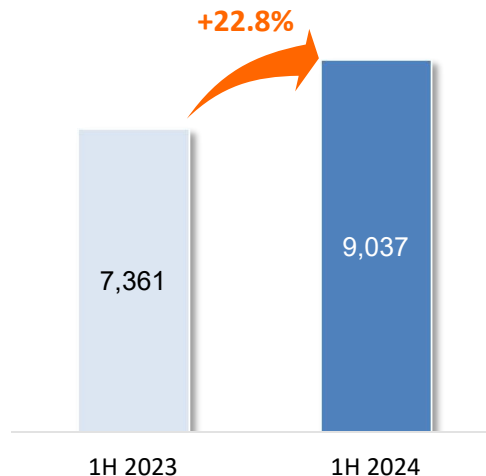
Written Premiums

(unit: RMB million)



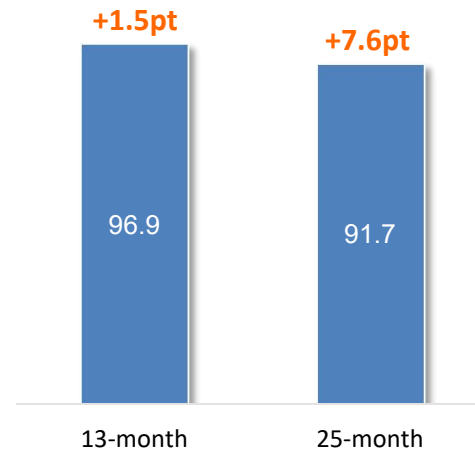
NBV^{note}

(unit: RMB million)



Policy Persistency Ratio of Individual Customers

(unit: %)



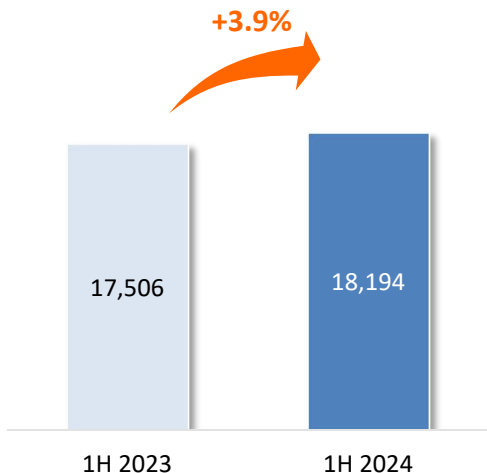
Note: NBV grew by 29.5% on a comparable basis.

Life Insurance(2/3)

Recovery of core manpower in agency channel, with sustained improvement in productivity and income

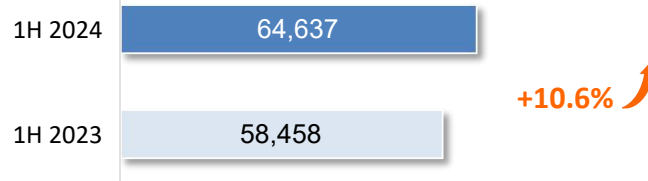
Regular-Pay New Written Premiums from Agency Channel

(unit: RMB million)



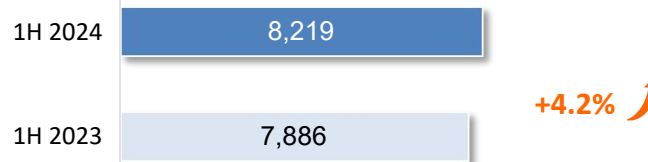
Monthly Average FYP per Core Agent

(Unit: RMB yuan)



Monthly Average FYC per Core Agent

(Unit: RMB yuan)

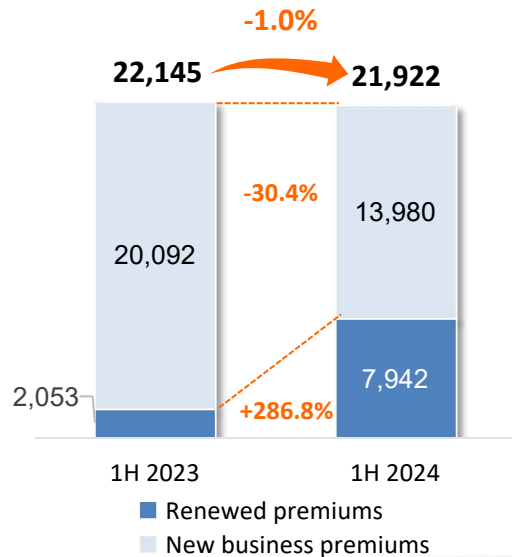


Life Insurance(3/3)

Bancassurance persisted in value growth, with steady improvement in value contribution

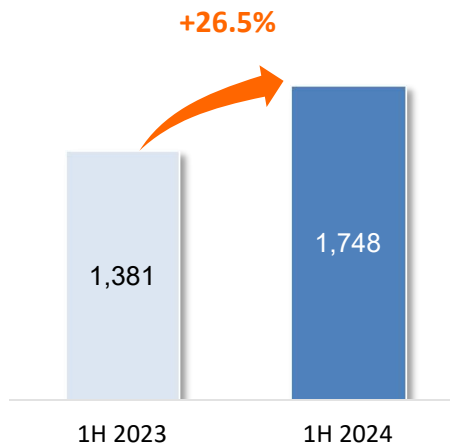
Written Premiums from Bancassurance

(unit: RMB million)



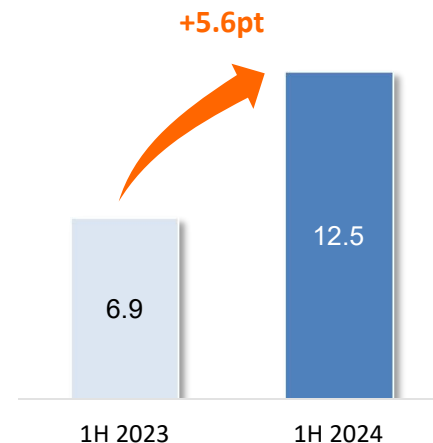
NBV from Bancassurance

(unit: RMB million)



NBV Margin of Bancassurance

(unit: %)

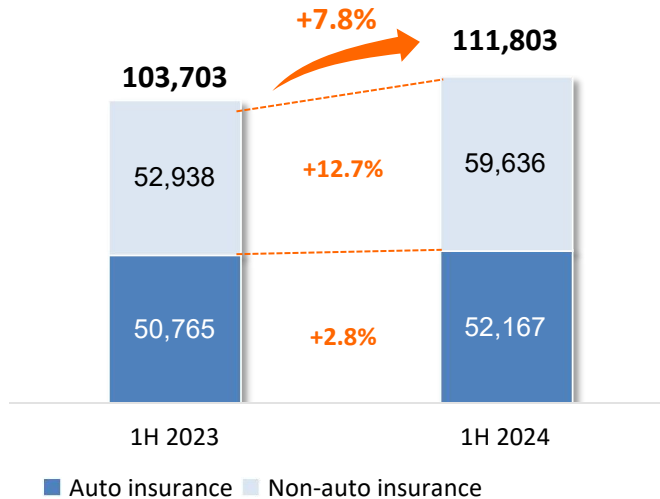


P/C Insurance(1/3)

Foundation for high-quality development further cemented, with improved underwriting profitability and sustained premium growth

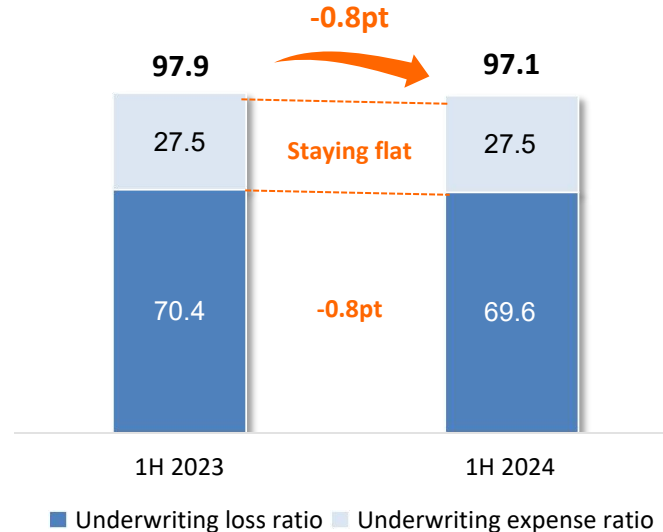
Primary Premium Income

(unit: RMB million)



Underwriting Combined Ratio

(unit: %)



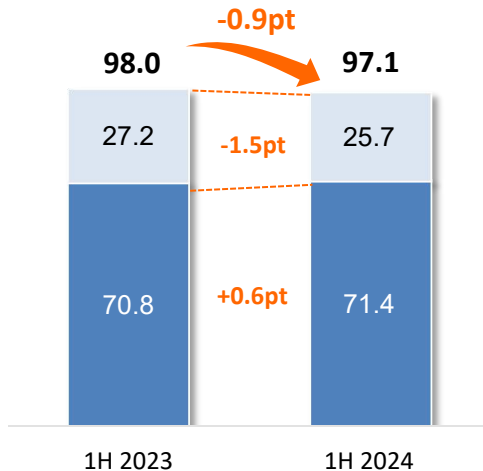
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

P/C Insurance(2/3)

Auto insurance maintained decent profitability, with sustained improvement in professional and precise business management

Underwriting Combined Ratio of Auto Insurance

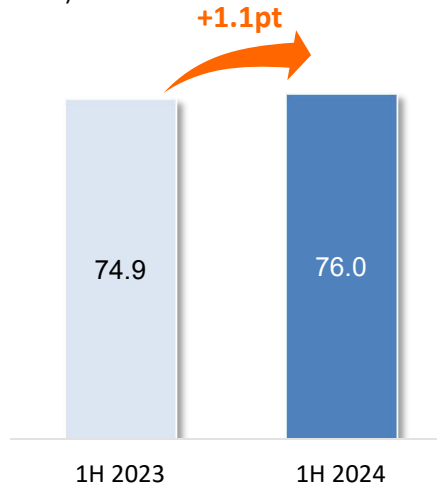
(unit: %)



■ Underwriting loss ratio
■ Underwriting expense ratio

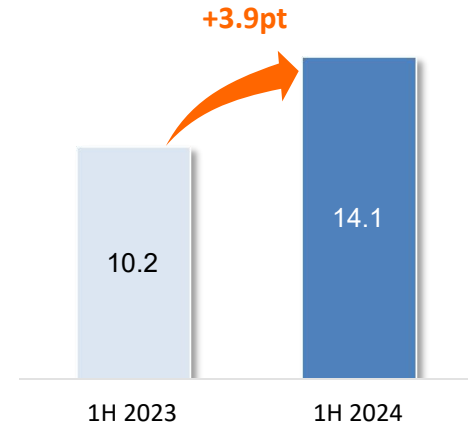
Renewal Ratio of Auto Insurance for Individual Customers

(unit: %)



Share of NEV Premiums

(unit: %)



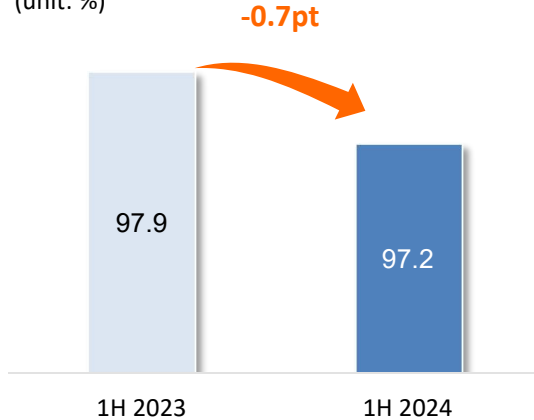
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

P/C Insurance(3/3)

Improved overall business quality of non-auto insurance, with rapid premium growth

Underwriting Combined Ratio of Non-auto Insurance

(unit: %)



Health Insurance

Primary Premium Income

RMB16.132bn
+21.4%

Consolidated development of traditional business such as terminal illness insurance and personal accident medical, while stepping up development of emerging business such as chronic illness insurance, long-term care and Huiminbao.



Liability Insurance

Primary Premium Income

RMB12.459bn
+11.8%

Seized opportunities in work-place safety, environmental protection and food safety, while vigorously exploring innovations in catastrophe insurance, life sciences, people's welfare and cyber-security, etc.



Agricultural Insurance

Primary Premium Income

RMB13.650bn
+9.8%

Improve coverage and protection levels and vigorously conducted pilot programme of products and services under "agricultural insurance +" to meet diverse needs of leading agricultural firms and new types of agribusinesses.



Commercial Property Insurance

Primary Premium Income

RMB4.542bn
+22.6%

Secured leadership in business from strategic accounts and blanket insurance policies, while striving to acquire customers from strategic emerging sectors and high-quality micro- and small-sized businesses. Enhanced integrated risk management of risk survey, u/w and claims management.

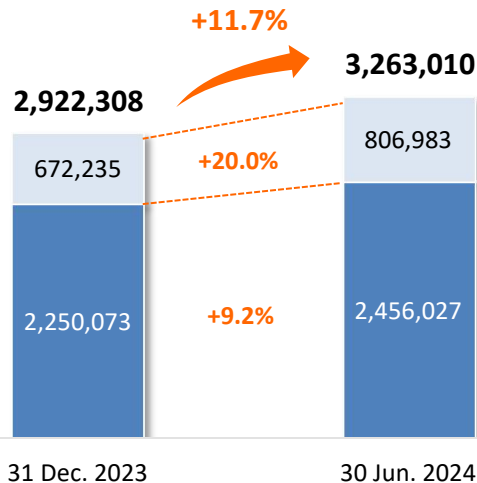
Note: The property and casualty insurance on this slide refers only to CPIC P/C.

Asset Management(1/3)

Persisted in SAA based on profiles of liabilities, with steady increase in Group AuM

Group AuM

(unit: RMB million)



■ Group in-house investment assets

■ Third-party AuM

Group in-house investment assets	30 Jun. 2024(%)	Change(pt)
Cash and cash equivalents	2.6	1.1
Term deposits	7.0	(0.3)
Debt category financial assets	73.8	(0.7)
Debt securities	55.6	3.9
Bond funds	0.4	(0.1)
Preferred shares	1.9	(0.2)
Debt investment plans ¹⁾	11.0	(2.2)
Wealth management products ²⁾	3.2	(1.8)
Others	1.7	(0.3)
Equity category financial assets	14.9	0.4
Stocks	9.0	0.6
Equity funds	2.2	(0.1)
Wealth management products ²⁾	0.9	0.0
Others	2.8	(0.1)
Long-term equity investments	0.9	(0.1)
Investment properties	0.4	(0.1)
Other investments³⁾	0.4	(0.3)

Notes: 1) Debt investment plans mainly include infrastructure and real estate funding projects.

2) Wealth management products mainly include wealth management products issued by commercial banks, products by insurance asset management companies, collective trust plans by trust firms, special asset management plans by securities firms and credit assets backed securities by banking institutions, etc.

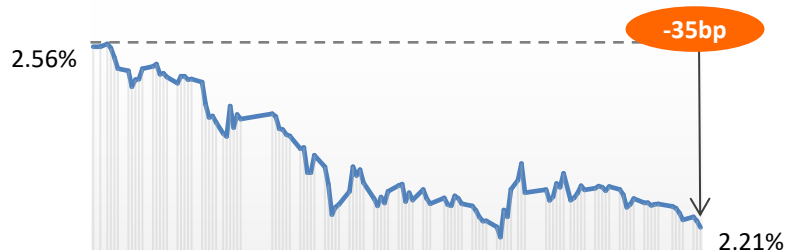
3) Other investments mainly include restricted statutory deposits and derivative financial assets, etc.

Asset Management(2/3)

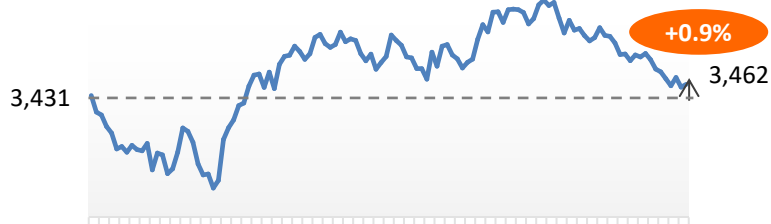
Conducted disciplined and flexible TAA, with solid investment performance

Key Indexes of Capital Market in 1H 2024

Maturity yields on 10-year T-bonds of ChinaBond



CSI 300 Index



Investment Performance

(unit: %)

	1H 2024	1H 2023
Net investment yield	1.8	2.0
Total investment yield	2.7	2.0
Comprehensive investment yield	3.0	2.1

Note: Net/total investment yield and comprehensive investment yield were not annualised.

Asset Management(3/3)

Overall credit risk of investment assets under control

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

Share of AAA

96.6%

Share of AA and above

98.8%

External Credit Ratings of Non-public Financing Instruments

Share of AAA

100%

Share of AA+ and above

100%

Mix and distribution of yields of NPFIs

Sectors	Share of investments (%)	Nominal yield(%)	Average duration (year)	Average remaining duration (year)
Infrastructure	41.6	4.5	8.3	5.2
Communications & transport	20.3	4.4	9.0	5.6
Real estate	13.7	4.4	7.6	4.8
Non-bank financial institutions	11.3	4.7	5.1	1.1
Energy and manufacturing	5.2	4.5	7.3	4.2
Others	7.9	4.5	8.3	5.1
Total	100.0	4.5	8.0	4.7

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 credit assets backed securities by banking institutions, etc.

Outlook

Looking ahead, the Company will move firmly toward the vision of “a top-notch insurance group with global influence”, pursue progress while ensuring stable business fundamentals, stay focused on insurance and continue to improve the customer-oriented business operation system; press ahead with the 3 key strategies in healthcare, integrated regional development and technology to boost value creation and breakthroughs in key areas; enhance professional capacity-building, ensure the prevention of major risks and cement the foundation and resilience of development.

Q&A

Appendix 1: Profit analysis of CPIC Life

(Unit: RMB million)

For 6 months ended 30 June	2024	2023	Changes (%)
Insurance service performance and others	15,604	14,478	7.8
Insurance revenue	41,835	42,865	(2.4)
Insurance service expenses	(25,926)	(27,613)	(6.1)
Total investment income ¹⁾	47,710	30,233	57.8
Finance underwriting gains/(losses) ²⁾	(41,311)	(27,895)	48.1
Investment performance	6,399	2,338	173.7
Pre-tax profit	22,003	16,816	30.8
Income tax	(1,948)	(2,793)	(30.3)
Net profit	20,055	14,023	43.0

Notes: 1) Total investment income includes investment income, interest income, gains/(losses) arising from change in fair value, rental income from investment properties, interest expenses on securities sold under agreements to repurchase, impairment losses on financial assets, impairment losses on other assets and taxes and surcharges applicable to investment business, etc.

2) Finance underwriting gains/(losses) includes insurance finance expenses for insurance contracts issued and reinsurance finance income for reinsurance contracts held.

Appendix 2: Profit analysis of CPIC P/C

(Unit: RMB million)

For 6 months ended 30 June	2024	2023	Changes (%)
Insurance revenue	93,076	89,320	4.2
Insurance service expenses	(88,119)	(85,583)	3.0
Net income/(losses) from reinsurance contracts held ¹⁾	(234)	(84)	178.6
Underwriting finance losses and others ²⁾	(2,011)	(1,815)	10.8
Underwriting profit	2,712	1,838	47.6
Underwriting combined ratio(%)	97.1	97.9	(0.8pt)
Total investment income ³⁾	3,742	3,323	12.6
Net of other income and expenses	(423)	(77)	449.4
Pre-tax profit	6,031	5,084	18.6
Income tax	(1,239)	(1,043)	18.8
Net profit	4,792	4,041	18.6

Notes: 1) Net income/(losses) from reinsurance contracts held include allocation of reinsurance premiums, recoveries of insurance service expenses from reinsurers, reinsurance finance income for reinsurance contracts held, etc.

2) Underwriting finance losses and others include insurance finance income or expenses and changes in insurance premium reserves, etc.

3) Total investment income includes investment income, interest income, gains/(losses) arising from change in fair value, rental income from investment properties, interest expenses on securities sold under agreements to repurchase, interest expense on capital replenishment bonds, taxes and surcharges applicable to investment business and impairment losses on financial assets, etc.

Appendix 3: Sensitivity Analysis

The sensitivity results of the value of in-force business (VIF) and the new business value (NBV) of CPIC Life after cost of required capital held as at 30 June 2024

(Unit: RMB million)

	VIF	Half-year NBV
Base	252,251	9,037
Risk discount rate "+50 basis points"	242,767	8,575
Risk discount rate "-50 basis points"	262,561	9,539
Investment return "+50 basis points"	306,694	11,537
Investment return "-50 basis points"	198,167	6,529
Mortality "+10%"	250,799	8,939
Mortality "-10%"	253,702	9,136
Morbidity "+10%"	243,916	8,894
Lapse and surrender rates "+10%"	254,218	8,896
Lapse and surrender rates "-10%"	250,201	9,192
Expenses "+10%"	248,712	8,635

Note: The analysis of each scenario only adjusts assumptions of relevant cash flows and risk discount rates, with other assumptions staying the same.

Appendix 4: Honours & Awards

- ◆ CPIC maintained the ranking of 5th place among the World's 100 Most Valuable Insurance Brands in 2024 released by Brand Finance.
- ◆ CPIC ranked 59th on the List of 2024 Brand Value of Chinese Listed Companies released by the National Business Daily.
- ◆ CPIC P/C's Tan Pu Hui won the 2024 Jinnuo · Financial Product Publicity Award by China Banking and Insurance News.
- ◆ CPIC Life's *Xin Xiang Ban 3.0*, a whole-life product, and its *Xin Fu Nian Nian*, an annuity product, respectively won the Life Insurance Product of the Year Award, and Annuity Product of the Year Award at the 2023-2024 Jin Kou Bei Insurance Products Conference hosted by China Banking and Insurance News.
- ◆ CPIC AMC won the Outstanding Social Responsibility Award for Insurance Asset Management at the 16th Fund and Wealth Management · Jiefu Award Ceremony sponsored by caishiv.com. CPIC AMC's Excellence Dividend Value Equity Product and Selected ESG Bond Asset Management Product won the Outstanding Insurance Asset Management Product (equity) and the Outstanding ESG-themed Insurance Asset Management Product respectively.
- ◆ Changjiang Pension won the "China, Best Enterprise Annuity Manager Award", the "China, Fintech Innovation in Pensions Award", and the "China, Best Enterprise Annuity Scheme - Golden Sunshine Collective Enterprise Annuity Scheme Award" at the 2024 Best of the Best Awards by the Asia Asset Management magazine.
- ◆ CPIC Health's *Lan Yi Bao*, a long-term medical insurance package, won the "Jin Kou Bei" Medical Insurance Product of the Year Award at the 2023-2024 Jin Kou Bei Insurance Products Conference hosted by China Banking and Insurance News.

Thanks!