



中国再保险(集团)股份有限公司

CHINA REINSURANCE (GROUP) CORPORATION

2019 Interim Results Announcement

August 29, 2019



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Agenda

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Results Overview

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Review of Insurance Business

3

Review of Investment Business

Overview: Rapid Growth of Written Premiums & Steady Improvement of Profitability

Rapid Growth of Written Premiums

- Gross written premiums recorded RMB 84,772 million and a YoY growth of 27.8%.
- Core written premiums (excl. financial reinsurance business) recorded RMB 60,840 million and a YoY growth of 26.5%.
- YoY growth rates above were both significantly higher than the industry level.

Steady Improvement of Profitability

- Net profit attributable to equity shareholders of the parent company was RMB 3,320 million with YoY growth of 42.4%.
- Annualized weighted average return on equity (ROE) was 8.20%, recording a YoY growth of 1.99ppts.



Continuous Optimization of Business Mix

- YoY growth of domestic P&C non-motor reinsurance business was 23.1% where innovative business, represented by IDI¹ and catastrophe business etc., recorded a YoY growth of 91.3%; Domestic P&C facultative reinsurance business recorded a YoY growth of 64.7%.
- Overseas P&C reinsurance business² recorded a YoY growth of 237.5%.
- Domestic L&H protection-type reinsurance business recorded a YoY growth of 48.6%.
- P&C non-motor primary insurance business recorded a YoY growth of 35.4%.

Solid Performance of Risk Management

- A.M. Best rated "A (Excellent)".
- Standard & Poor's rated "A".
- Aggregated solvency adequacy ratio of each insurance subsidiary remained more than 200%.

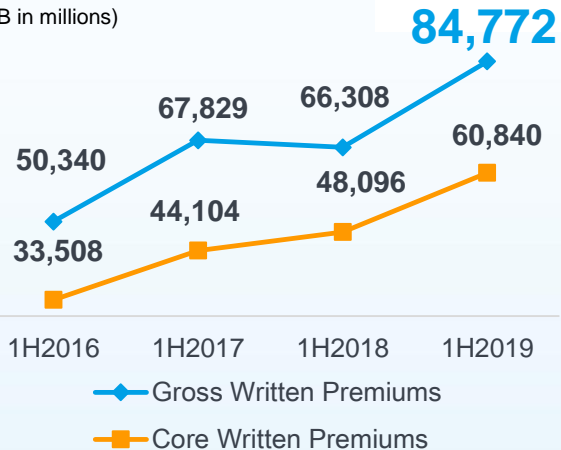
Note: 1. IDI: Inherent Defects Insurance.

2. Overseas P&C reinsurance business includes the original overseas P&C reinsurance business and Chaucer business.

Financial Performance: Premiums

Rapid Growth of Premiums

(RMB in millions)



CAGR of Gross Written Premiums: 19.0%

CAGR of Core Written Premiums: 22.0%

Growth Higher than the Industry

- Growth of gross written premiums was **27.8%** , **13.6** pts higher than the industry.
- Growth of core written premiums was **26.5%** , **12.3** pts higher than the industry.

Note: 1. Core written premiums = Gross written premiums – financial reinsurance premiums
2. According to the insurance industry data announced by China Banking and Insurance Regulatory Commission, growth rate of primary premiums of the insurance industry was 14.2% in the first half of 2019.

Financial Performance: Key Financial Indicators

Net Profit Attributable to
Equity Shareholders
of The Parent Company

3,320m

+42.4%

ROE¹

8.20%

+1.99ppts

Earnings per Share

0.08RMB

+42.4%

Total Assets²

384,885m

+12.9%

Total Equity²

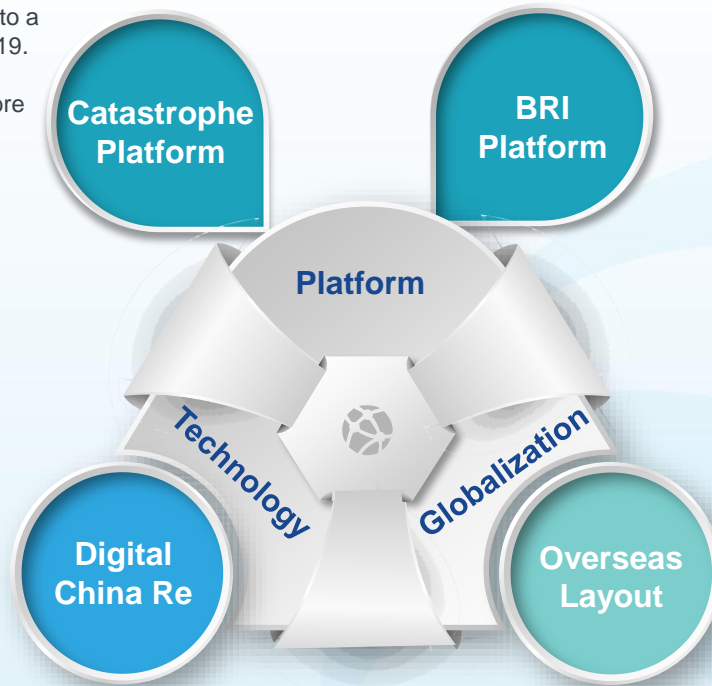
91,789m

+5.2%

- Note: 1. Annualized weighted average return on equity (ROE) = Net profit attributable to equity shareholders of the parent company ÷ balance of weighted average equity × 2
2. Growth of total assets and total equity is based on those on December 31, 2018.

Strategy Implementation: Highlights of Platform, Technology and Globalization

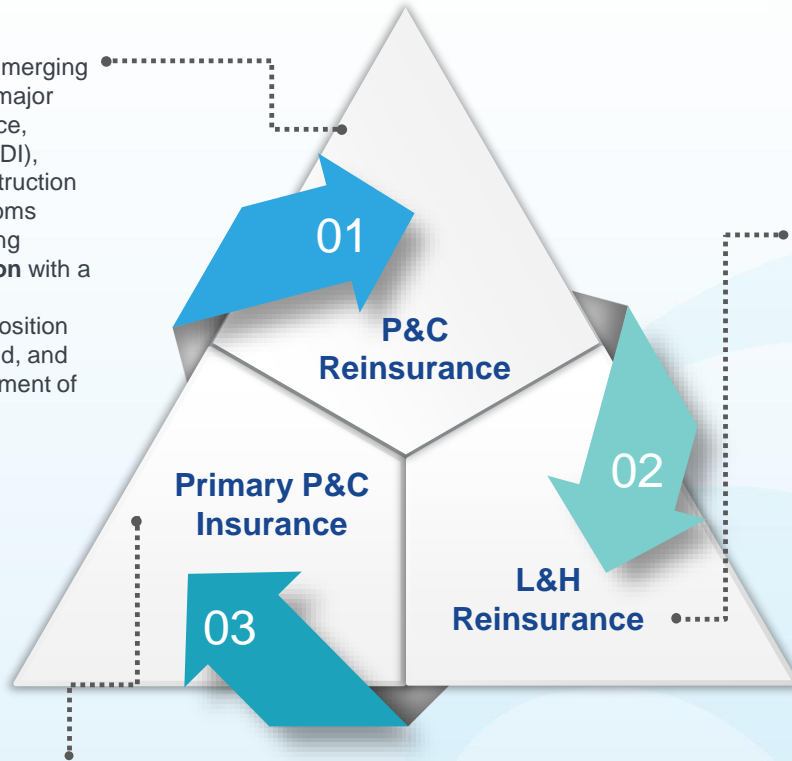
- ◆ “Re-Model” Platform, the **first** earthquake catastrophe model with independent intellectual property of **China** stepped into a business application stage in August 2019.
- ◆ The multi-level catastrophe platform framework was further improved and more than 70 insurance companies and government institutions registered application of use.
- ◆ Scenario application of blockchain technology was realized, through which the first whole-chain insurance products based on blockchain technology was launched and “Nuclear-Star”, a Nuclear Insurance Pool business platform, was established, improving the business efficiency.
- ◆ “Somersault Cloud”, a core business system of China Continent Insurance **first modeled by “Cloud Framework + Micro Service”**, was successfully deployed with all of its branches.
- ◆ Accelerated national promotion of the information platform of inherent defect insurance (IDI), written premiums of which recorded a **YoY growth of more than 90%**.



- ◆ “Re-Link” Platform, **the first** BRI service platform with risk understanding and business linking **in China**, was set up.
- ◆ “Re-Medicine” Platform was built, launching “**Chinese People with Chinese Medical Service**”, an exclusive medical insurance product.
- ◆ **The first** political violence insurance product **in China** was developed, filling the gap of domestic market and comprehensively securing enterprises “Going Global”.
- ◆ Since the beginning of 2019, the number of overseas insurance institutions establishing cooperation with China Re has increased from **29 to 30** and the number of countries and regions where China Re can provide localized service has increased from **122 to 135**.
- ◆ Taking Chaucer acquisition as an opportunity to optimize the integration of overseas platforms of the Group, the management system of overseas business has been improved.
- ◆ Establishment of Hong Kong Subsidiary and Malaysia Branch has been promoted.

Strategy Implementation: Business Innovation

- ◆ Achieved breakthroughs in emerging business classes, including major equipment (first set) insurance, inherent defects insurance (IDI), catastrophe insurance, construction surety bond insurance, customs bond insurance etc., recording premiums of **RMB 778 million** with a YoY growth of **91.3%**, which consolidated our dominant position in the emerging business field, and is leading the future development of the industry.



- ◆ First created “Million Medical Care + Special Medicine” Model, recording accumulated **premiums of more than RMB 200 million since its launch.**
- ◆ Responsible for the experience analysis of the revision of critical illness definition and table, **processing approximately 300 million policies and 5 million cases of claims.** Through deep insight of evaluation and experience trend of critical illness, China Re Life is leading the industry in the iteration and renewal of critical illness insurance products.

- ◆ Innovation breakthrough in business model was achieved. Premiums from integration of online channel and phone call channel recorded RMB 400 million with a **YoY growth of 254%**. Cooperation between China Continent Insurance and BATJ has been deepening and premiums from such online channel recorded a **YoY growth of 338%**.
- ◆ “Somersault Cloud”, the core business system of China Continent Insurance, became the first real “Product Factory” in China, **through which duration of new product developing & launching decreased from 1 month to 3 days and channel linking duration decreased from 3 months to 1-3 days.**

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Review of Investment Business

P&C Reinsurance: Rapid Growth of Gross Written Premiums & Steady Improvement of Underwriting Profit

Gross Written Premiums

(RMB in millions)

23,033

+51.5%

Combined Ratio

97.36%

Loss Ratio : 55.81%

Expense Ratio : 41.55%

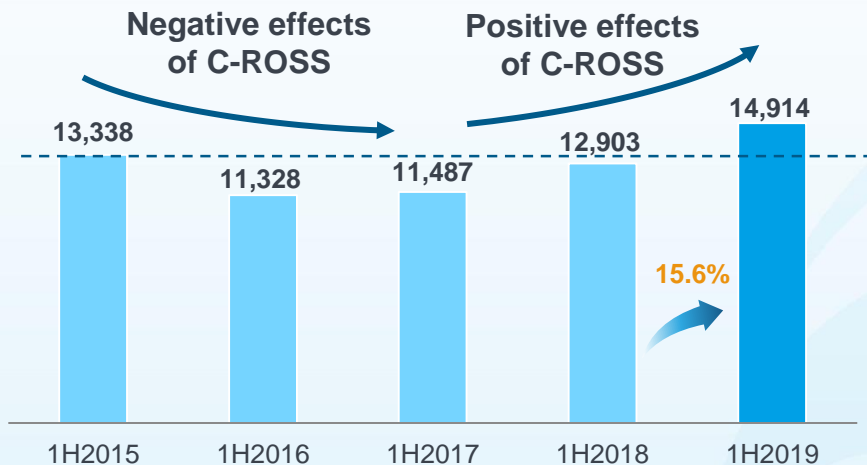
-2.07ppts

- Note : 1. Gross written premiums is calculated without considering elimination between business segments.
2. Chaucer business is included on this page.

Domestic P&C Reinsurance: Fast Growth of Premiums & Continuous Stability of Business Quality

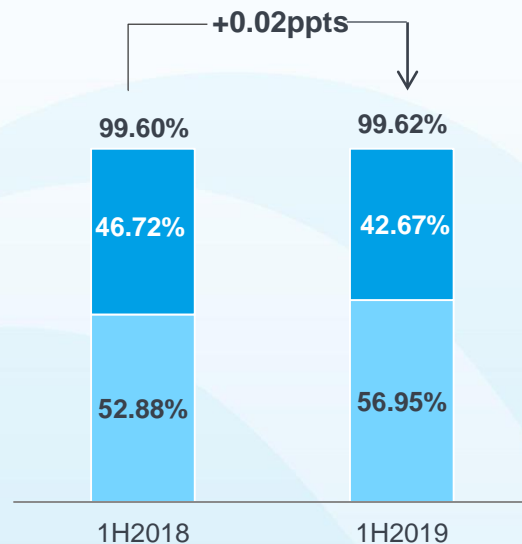
Reinsurance Premiums

(RMB in millions)



Premiums for the first half of 2019 hit a record high for the same period.

Combined Ratio



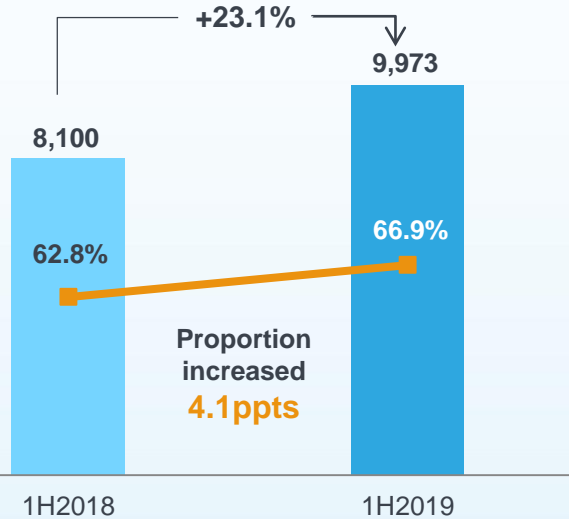
■ Loss Ratio ■ Expense Ratio

- Note : 1. Data on this page only refer to the domestic P&C reinsurance business operated by China Re P&C.
2. C-ROSS: China Risk Oriented Solvency System

Domestic P&C Reinsurance: Rapid Growth of Non-Motor and Facultative Reinsurance & Further Improvement of Business Mix

Non-Motor Reinsurance

(RMB in millions)

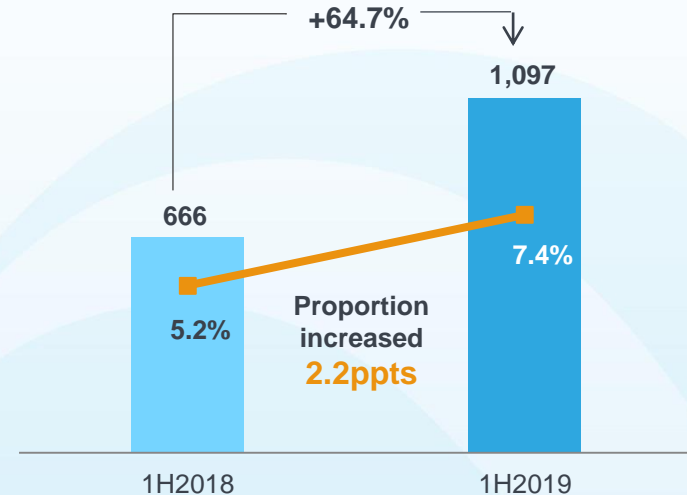


■ Reinsurance Premiums
■ Premiums Proportion

Non-motor business reached twice as the size of motor business in the first half of 2019.

Facultative Reinsurance

(RMB in millions)



■ Reinsurance Premiums
■ Premiums Proportion

Note: 1. Data on this page only refer to China Re P&C.

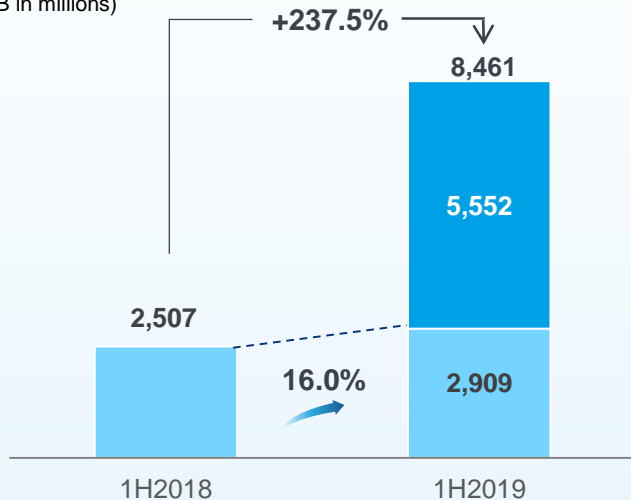
2. Premiums proportion of non-motor reinsurance = Domestic non-motor reinsurance premiums ÷ domestic P&C reinsurance premiums

3. Premiums proportion of facultative reinsurance = Domestic facultative reinsurance premiums ÷ domestic P&C reinsurance premiums

Overseas P&C Reinsurance and Chaucer Business: Significant Growth of Premiums & Steady Enhancement of Underwriting Quality

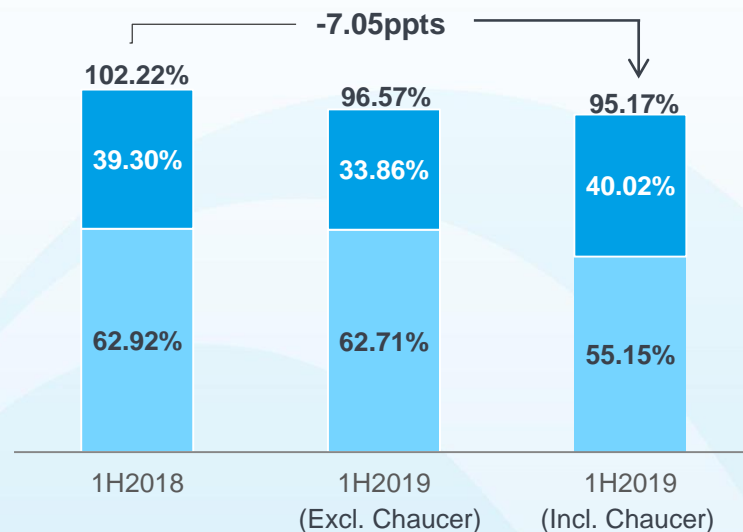
Gross Written Premiums

(RMB in millions)



- Chaucer Business
- Original Overseas P&C Reinsurance Business

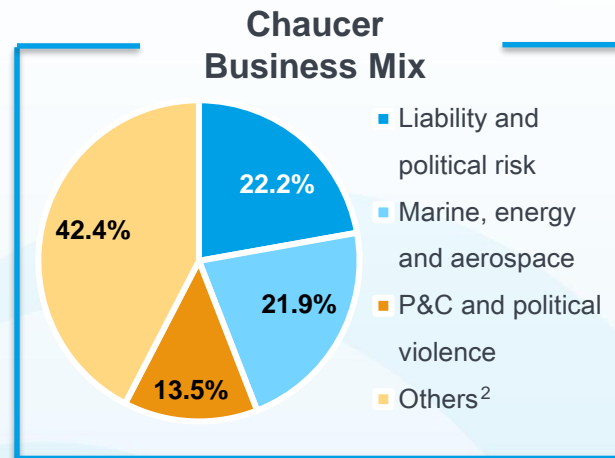
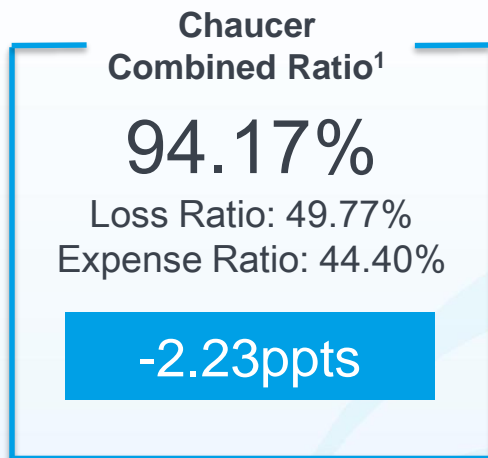
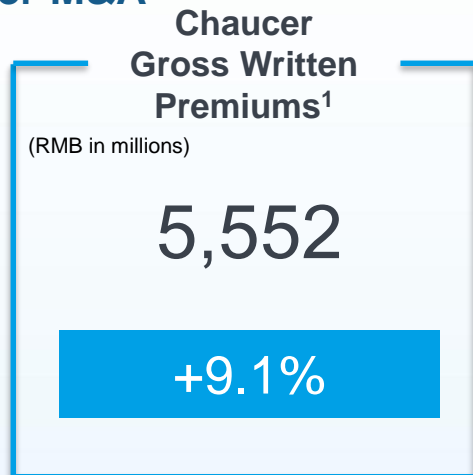
Combined Ratio



- Expense Ratio
- Loss Ratio

- Note:
1. Data on this page refer to the original overseas P&C reinsurance business and Chaucer business, which are calculated without considering elimination of connected transactions within the segment.
 2. Overseas P&C reinsurance refers to overseas P&C reinsurance business operated by China Re P&C, Singapore Branch and China Re Syndicate 2088, as well as overseas primary P&C insurance business operated by China Re Syndicate 2088.
 3. Chaucer business refers to overseas P&C reinsurance business and overseas primary P&C insurance business operated by the entities of Chaucer.

Overseas P&C Reinsurance and Chaucer Business: Steady Development of Chaucer after M&A



Steady M&A Integration

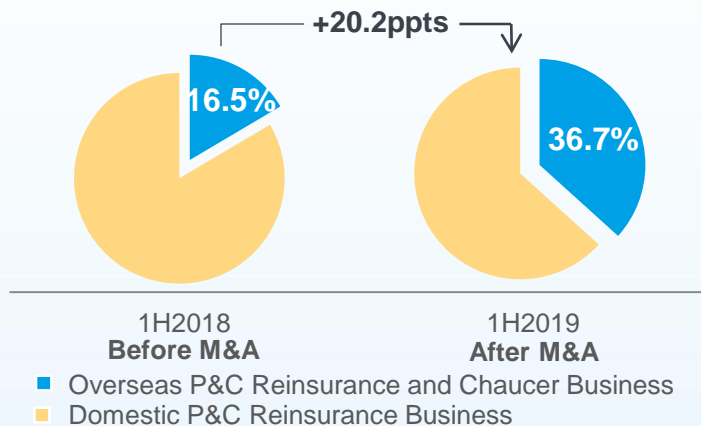
- Closing of M&A of Chaucer was completed.
- Core talent retention plan was introduced, stabilizing the team of talent.
- Corporate governance has been gradually improved through participating the Board of Directors of Chaucer.
- Integration of Chaucer and China Re Syndicate 2088 achieved phased outcome.

Note: 1. 2018 Interim Report of The Hanover Insurance Group, Inc. announced that gross written premiums of Chaucer was USD 774.2 million (RMB 5,091 million) and combined ratio was 96.4%.

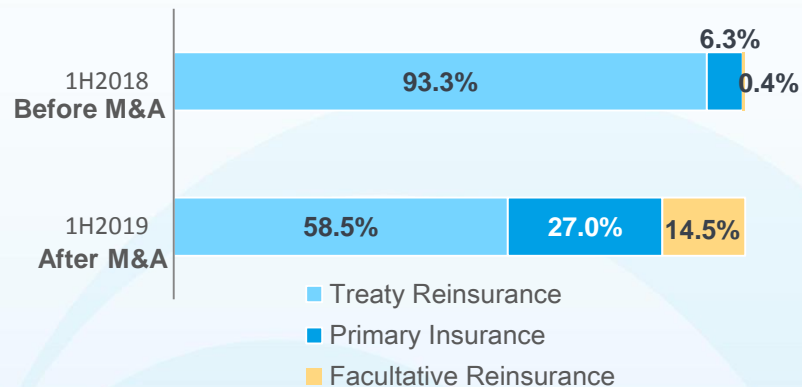
2. Others refer to treaty reinsurance business of the global scale, including property insurance treaty, special insurance treaty, liability insurance treaty.

Overseas P&C Reinsurance and Chaucer Business: Effective Synergy after M&A

Significant Increase of Proportion after M&A¹



More Balanced Business Mix after M&A¹



Effective Synergy

- Business Synergy:** Advanced underwriting technology was introduced in political risk, cyber risk, etc., filling the gap of domestic business and strengthening technological force of China Re.
- Development Synergy:** Complementary advantages have been formed in enlarging underwriting capability, supporting business expansion and optimizing risk portfolio, accomplishing an “One Plus One Equals More than Two” effect.

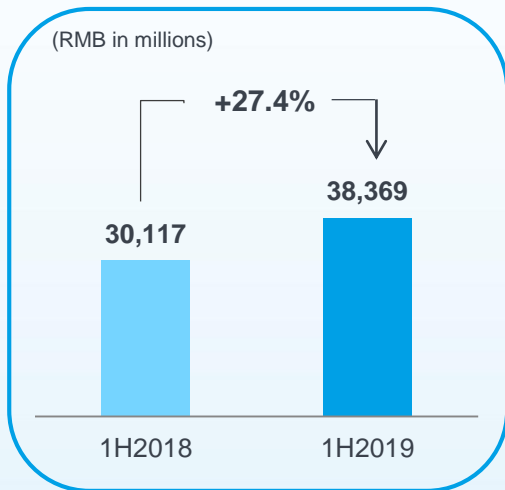
Note: 1. Data mentioned above refer to original overseas P&C reinsurance business and Chaucer business, which are calculated without considering elimination of connected transactions within the segment.

2. Business proportion = Gross written premiums of overseas P&C reinsurance and Chaucer business ÷ gross written premiums of P&C reinsurance business

Life and Health Reinsurance: Steady Growth of Premiums & Continuous Optimization of Business Mix

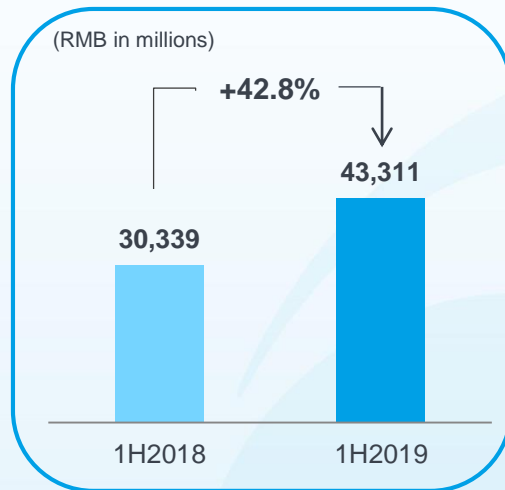
1

Steady Growth of Reinsurance Premiums



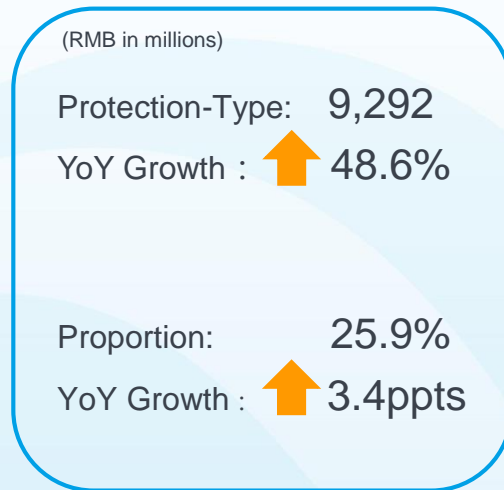
2

Rapid Growth of Total Written Premiums



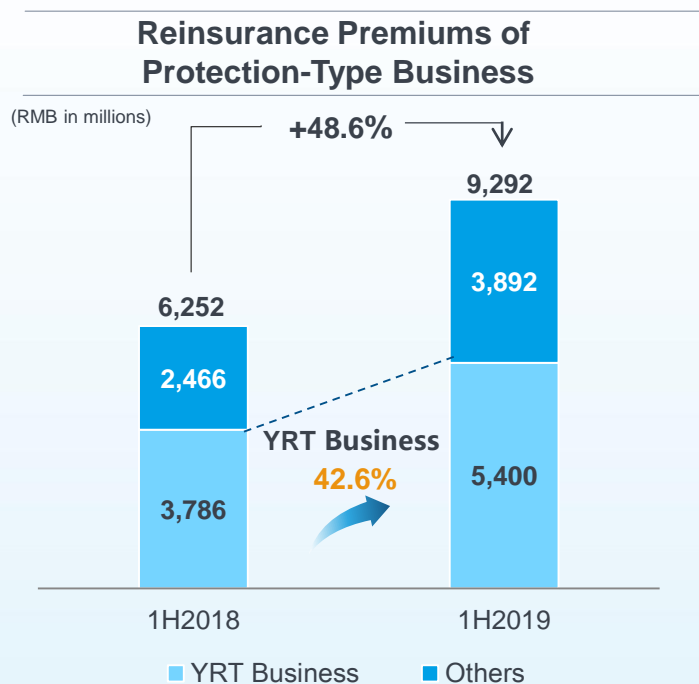
3

Continuous Optimization of Business Mix



- Note: 1. Data on this page only refer to China Re Life. Total written premiums include savings-type non-insurance business.
2. Proportion of protection-type business = Domestic protection-type reinsurance premiums ÷ domestic L&H reinsurance premiums

Life and Health Reinsurance: Boosting Quantity and Quality of Protection-Type Business & Appearing Trend of High-Quality Development



Growth: Rapid Growth of Business

- YRT business continuously and steadily supported growth of protection-type business.
- “Product+” Strategy was effectively promoted, leading the market via product design and service. Thus, productivity has been continuously improved.



Structure: Continuous Optimization of Business Mix

- High-quality business recorded rapid growth where middle-class medical care business grew 140.8% YoY, achieving promising development of protection-type business.



Profitability: Significant Improvement of Underwriting Profit

- Reinsurance conditions of some of the critical illness treaty were adjusted, effectively boosting quality of existing business and significantly improving underwriting profit.

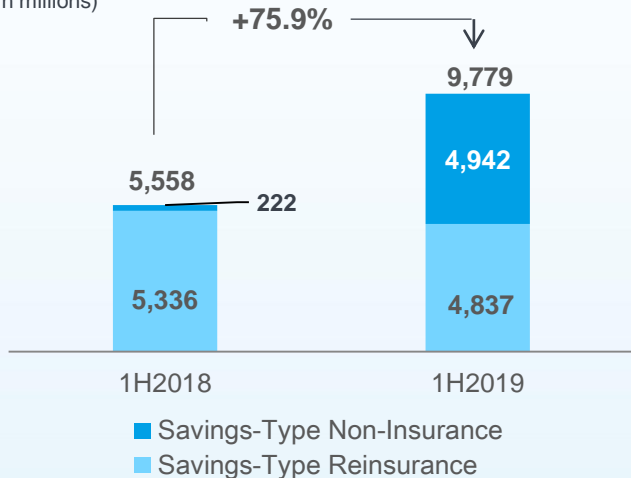
- Note: 1. Data on this page only refer to China Re Life.
 2. Protection-type business on this page only refers to domestic business.
 3. YRT (Yearly Renewable Term) business is a kind of reinsurance arrangement entered into by ceding companies based on certain proportion of net amount at risk at an annual rate.

Life and Health Reinsurance: Steady Development of Savings-Type Reinsurance & Flexible Development of Financial Reinsurance

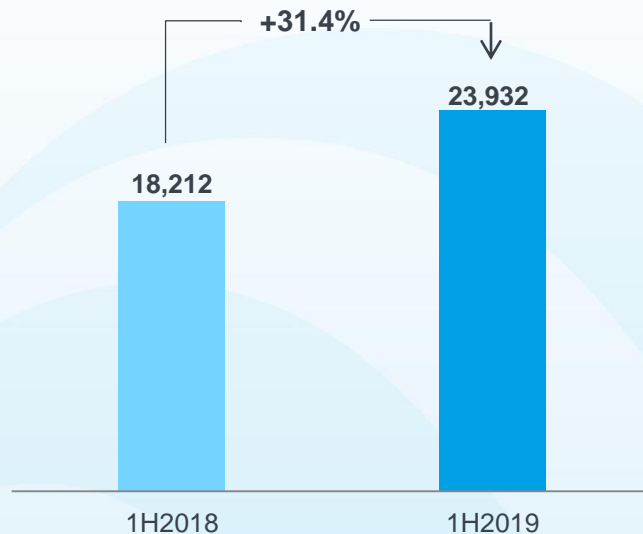
Total Written Premiums of Savings-Type Business

Financial Reinsurance Premiums

(RMB in millions)



(RMB in millions)



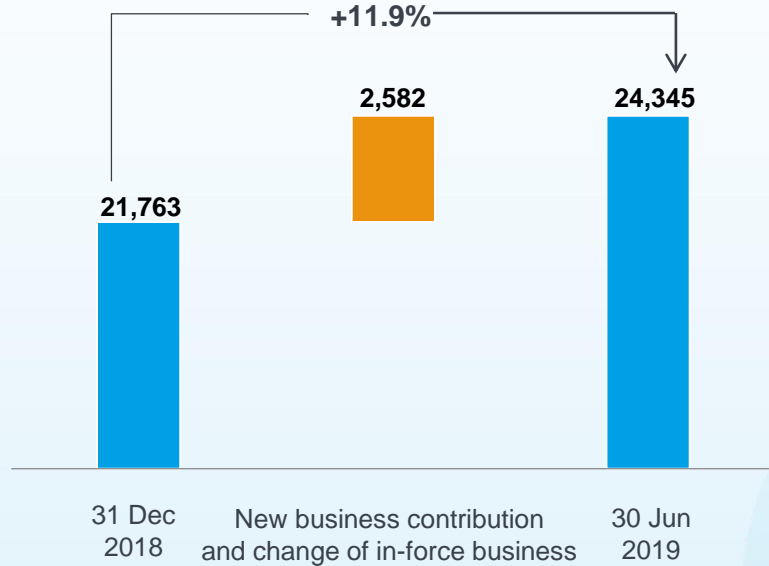
- Asset-liability linkage mechanism was deepened, effectively expanding the size of investable assets.
- Business costs was actively controlled, maintaining a reasonable spread.

Note: 1. Data on this page only refer to China Re Life.

Life and Health Reinsurance: Embedded Value

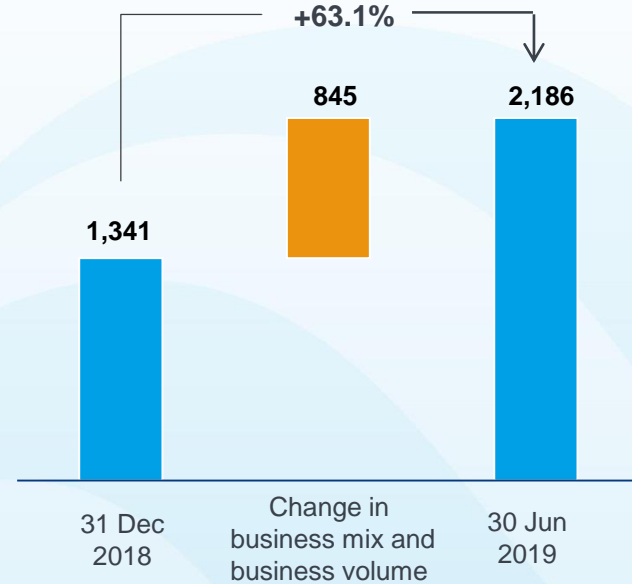
Embedded Value

(RMB in millions)



Value of One Year's New Business

(RMB in millions)

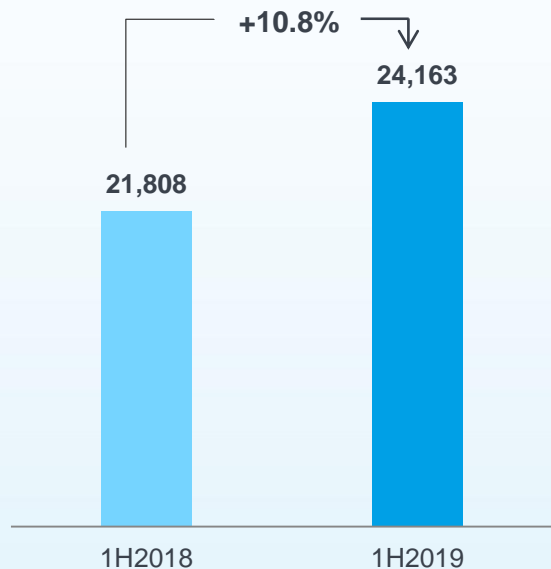


Note : 1. Figures related to L&H reinsurance only refer to business of China Re Life which accounts for more than 99.5% of total L&H reinsurance business.

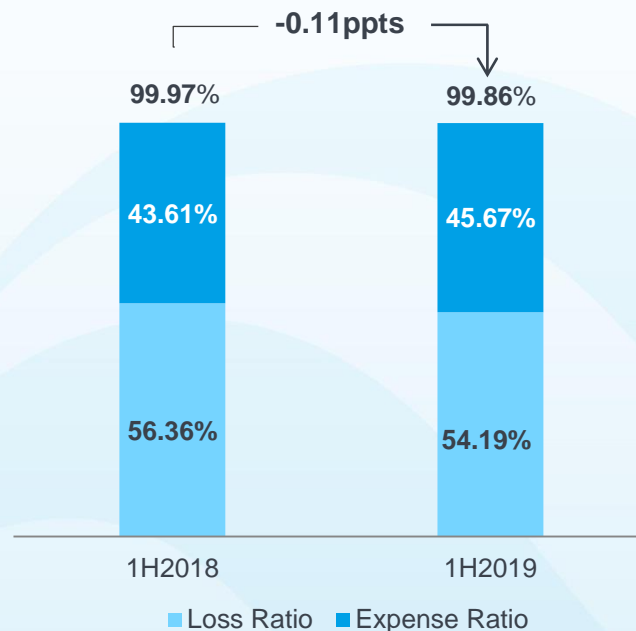
Primary P&C Insurance: Steady Growth of Premiums & Improvement of Underwriting Profit

Primary Premiums

(RMB in millions)



Combined Ratio



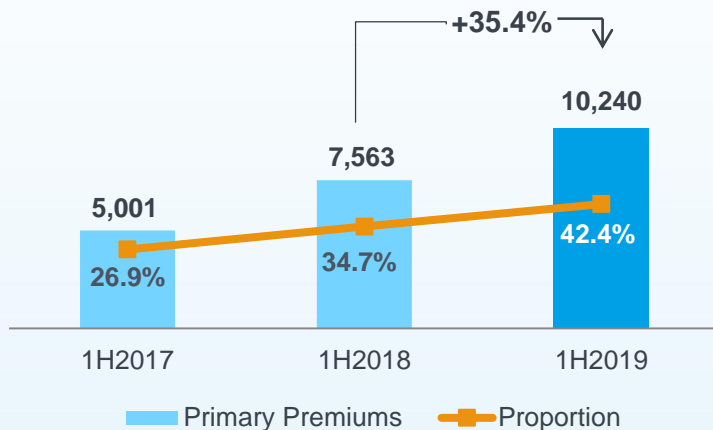
■ Loss Ratio ■ Expense Ratio

Note : 1. Calculation of the expense ratio includes the effect of government grants.

Primary P&C Insurance: Rapid Growth of Non-Motor Business & Continuous Optimization of Business Mix

Premiums & Proportion of Non-Motor Business

(RMB in millions)



CAGR of Non-Motor Premiums : 43.1%

Lines of Business

(RMB in millions)

Accident and Short-Term Health

3,775

+59.4%

Surety

2,826

+28.9%

Liability

1,142

+26.9%

Commercial Property

725

+14.0%

- Note: 1. Proportion of non-motor business = Primary premiums of non-motor business after excluding primary premiums of motor business ÷ primary premiums of primary P&C insurance
 2. Data on this page only refer to primary premiums.

Agenda

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Review of Insurance Business

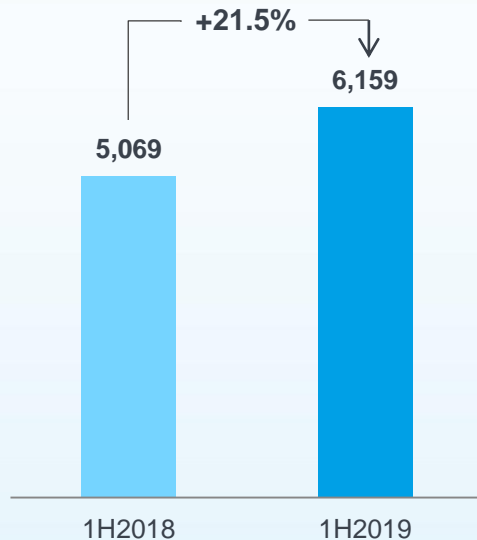
3

Review of Investment Business

Asset Management: Stable Investment Income

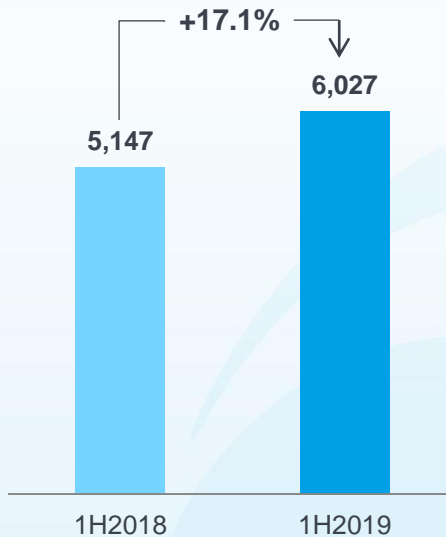
Total Investment Income

(RMB in millions)



Net Investment Income

(RMB in millions)



Investment Yield

Annualized Total Investment Yield¹

5.19%

Annualized Net Investment Yield²

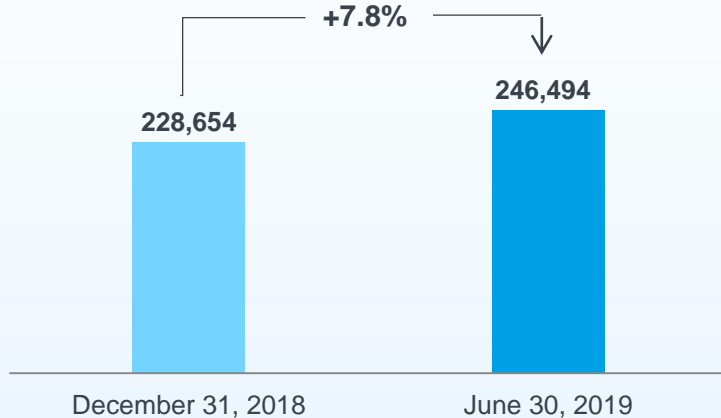
5.07%

- Note: 1. Annualized total investment yield = Total investment income ÷ average of investment assets as at the beginning and end of the period × 2.
2. Annualized net investment yield = Net investment income ÷ average of investment assets as at the beginning and end of the period × 2.

Asset Management: Steady Growth of Investment Assets & Stable Prudence of Allocation

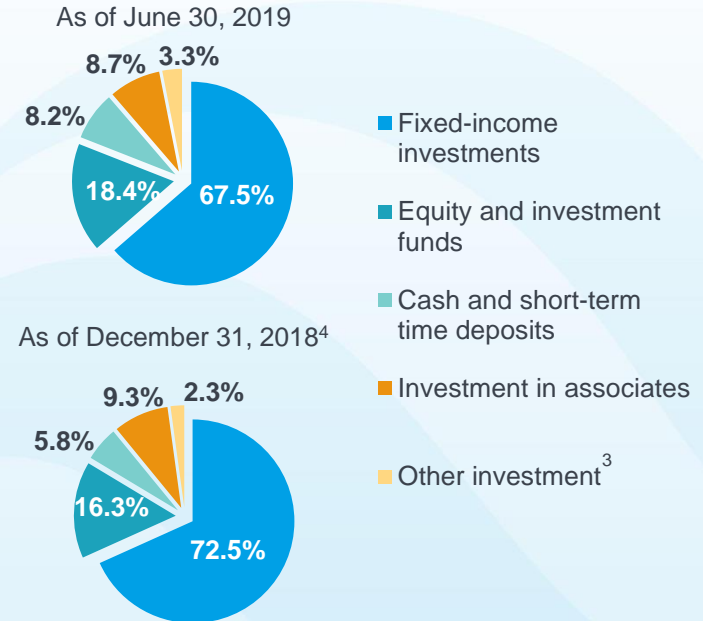
Total Investment Assets¹

(RMB in millions)



Asset Allocation Structure

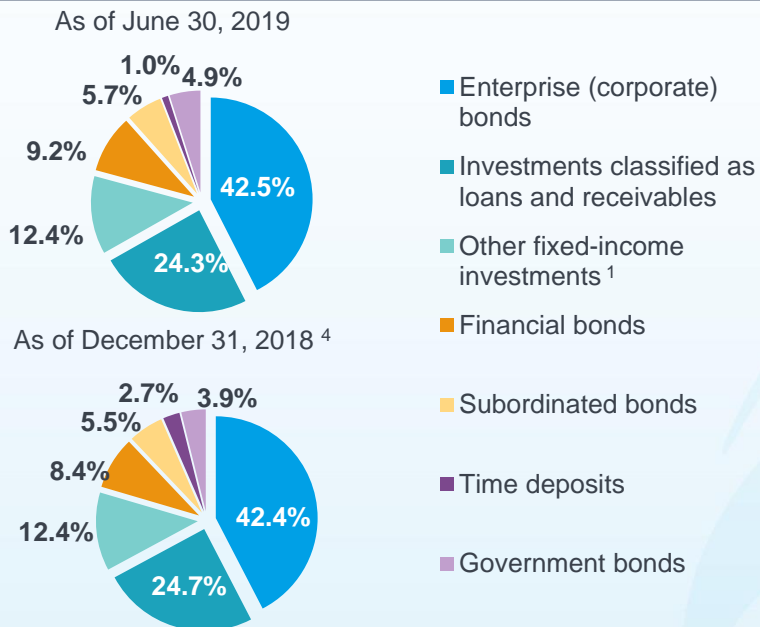
Total Investment Assets by class²



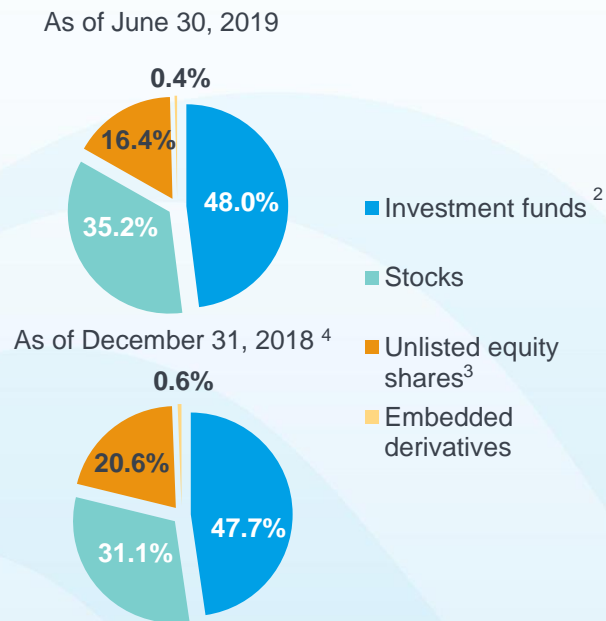
- Note: 1. Total investment assets = Cash and short-term time deposits + financial assets at fair value through profit or loss + financial assets held under resale agreements + time deposits + available-for-sale financial assets + held-to-maturity investments + investments classified as loans and receivables + reinsurers' share of policy loans + investments in associates + statutory deposits + derivative financial instruments + investment properties - securities sold under agreements to repurchase.
2. Sum of percentages of all asset classes amounts to over 100% due to the subtraction of securities sold under agreements to repurchase from total investment assets.
3. Other investment includes investment properties, derivative financial instruments, etc.
4. In order to ensure the comparability of data, the data in this column is not the same as the data disclosed in China Reinsurance (Group) Corporation 2018 Annual Report, mainly due to the addition of investment assets from Chaucer.

Asset Management: Further Optimization of Fixed-Income and Equity Investments

Breakdown of Fixed-Income Investments



Breakdown of Equity and Funds Investment



- Note:
1. Other fixed-income investments primarily include financial assets held under resale agreements, statutory deposits and reinsurers' share of policy loans, etc.
 2. Investment funds include monetary funds and the senior tranche of structured index funds.
 3. Unlisted equity shares include assets management products, unlisted equity investments and equity investment schemes.
 4. In order to ensure the comparability of data, the data in this column is not same as the data disclosed in China Reinsurance (Group) Corporation 2018 Annual Report, mainly due to the addition of investment assets from Chaucer.



中国再保险(集团)股份有限公司

CHINA REINSURANCE (GROUP) CORPORATION

Q&A



Appendix: Key Financial Indicators

RMB in millions (unless otherwise stated)	1H2019	1H2018	Change
Gross Written Premiums	84,772	66,308	27.8%
P&C reinsurance	23,033	15,200	51.5%
L&H reinsurance	38,427	30,165	27.4%
Primary P&C insurance	24,379	21,948	11.1%
Net Profit	3,616	2,368	52.7%
Net Profit Attributable to Equity Shareholders of the Parent Company	3,320	2,331	42.4%
Earnings per Share (RMB)	0.08	0.05	42.4%
Annualized Weighted Average Return on Equity	8.20%	6.21%	1.99ppts
Annualized Total Investment Yield	5.19%	5.21%	(0.02ppts)

- Notes: 1. Annualized weighted average return on equity = Net profit attributable to equity shareholders of the parent company ÷ balance of weighted average net assets × 2.
2. Annualized total investment yield = Total investment income ÷ average of investment assets as at the beginning and end of the period × 2.

Appendix: Key Financial Indicators (Cont'd)

RMB in millions (unless otherwise stated)	June 30, 2019	December 31, 2018	Change
Total Assets	384,885	340,907	12.9%
Total Liabilities	293,096	253,653	15.5%
Total Equity	91,789	87,254	5.2%
Net Assets per Share Attributable to Equity Shareholders of the Parent Company (RMB)	1.94	1.84	5.3%
Core Solvency Adequacy Ratio	195%	162%	33pts
Aggregated Solvency Adequacy Ratio	216%	184%	32pts
Embedded Value of L&H Reinsurance	24,345	21,763	11.9%
Value of One Year's New Business of L&H Reinsurance	2,186	1,341	63.1%
Total Investment Assets	246,494	228,654	7.8%

Notes: 1. Risk discount rate was assumed to be 10.5% for embedded value and new business value which are based on EV standards under C-ROSS regime developed by CAA and issued in Nov 2016.

2. Figures related to L&H reinsurance business only include business of China Re Life, which accounts for more than 99.5% of total L&H reinsurance business.