



中国再保险(集团)股份有限公司

CHINA REINSURANCE (GROUP) CORPORATION

2018 Annual Results Announcement

March 29, 2019



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2019 Outlook

Overview: Steady improvement of market position & continuous optimization of business structure

Rapid growth of premium income

- Gross premium income recorded RMB **122,257** million
- Growth of gross premium income was **16.1%**; growth of core premium income (excluding financial reinsurance business) was **12.6%**
- Growth rates above were both significantly higher than industry average level

Continuous optimization of business structure

- YoY growth of domestic non-motor P&C reinsurance business was **26.5%**; domestic P&C reinsurance facultative business recorded a YoY growth of **68.6%**; overseas P&C business recorded a YoY growth of **23.0%**
- Domestic protection-type life and health reinsurance business recorded a YoY growth of **74.4%**
- Non-motor P&C primary insurance business recorded a YoY growth of **54.3%**



Steady improvement of market position

- P&C reinsurance business, life and health reinsurance business both ranked **TOP 1** in domestic market
- Primary premium income of China Continent Insurance grew 2.7 ppts higher than the industry, jumping to **No.5** in the ranking of all primary P&C insurance companies in domestic market

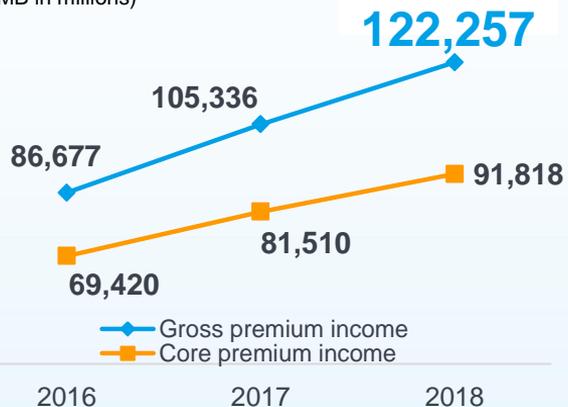
Solid persistence of risk management

- SARMRA assessment scores of reinsurance business exceeded 80 points, better than industry average
- A.M. Best rating "A (Excellent)"
- Standard & Poor's rating "A"
- Aggregated solvency adequacy ratio of each insurance subsidiary remained more than 200%

Financial Performance: Premium income

Rapid growth of premium income

(RMB in millions)



CAGR of gross premium income : 18.8%

CAGR of core premium income : 15.0%

Growth higher than the industry

- Growth of gross premium income was **16.1%** , **12.2** ppts higher than the industry
- Growth of core premium income was **12.6%** , **8.7** ppts higher than the industry

- Note: 1. Core premium income = Gross premium income – financial reinsurance premium income
2. According to the insurance industry data released by the China Banking and Insurance Regulatory Commission, the insurance industry's primary premium income growth rate was 3.9% in 2018.

Financial Performance: Key financial indicators

Total assets

340,907m

+40.4%

Net assets

87,254m

+15.8%

Net profit attributable to equity shareholders of the parent company

3,730m

-29.0%

Earnings per share

0.09RMB

-29.0%

ROE

4.90%

-2.32 pts

Dividend payout ratio

35.31%

- 3.48 pts

Note: Weighted average return on equity (ROE) = Net profit attributable to equity shareholders of the parent company ÷ balance of weighted average net assets

Strategy Implementation: Major breakthrough of international strategy



China Re acquired 100% interest in Chaucer for **US\$865m**, the largest cross-border M&A deal by a Chinese state-owned insurance company



-
- Successfully gain new growth areas, increase proportion of overseas business and achieve global risk diversification
 - Introduce advanced underwriting expertise, strengthen China Re's underwriting capability in specialty lines and enhance competitive strength of reinsurance business
 - Solid financial performance of Chaucer helps bring China Re a growing capital return
 - Conducive to improving overseas strategic presence and strengthening overseas business capability as well as global influence

Note: Chaucer is a global (re)insurance company and specialty insurance expert with excellent underwriting capability, owning Syndicate 1084 (the 11th largest syndicate at Lloyd's) and Syndicate 1176 (a world leading nuclear insurance syndicate). For more information on the acquisition, please refer to related announcements and circulars of the Company.

Strategy Implementation: Continuous improvement of business presence



"Catastrophe Risk Management Ecosystem" continuously upgraded

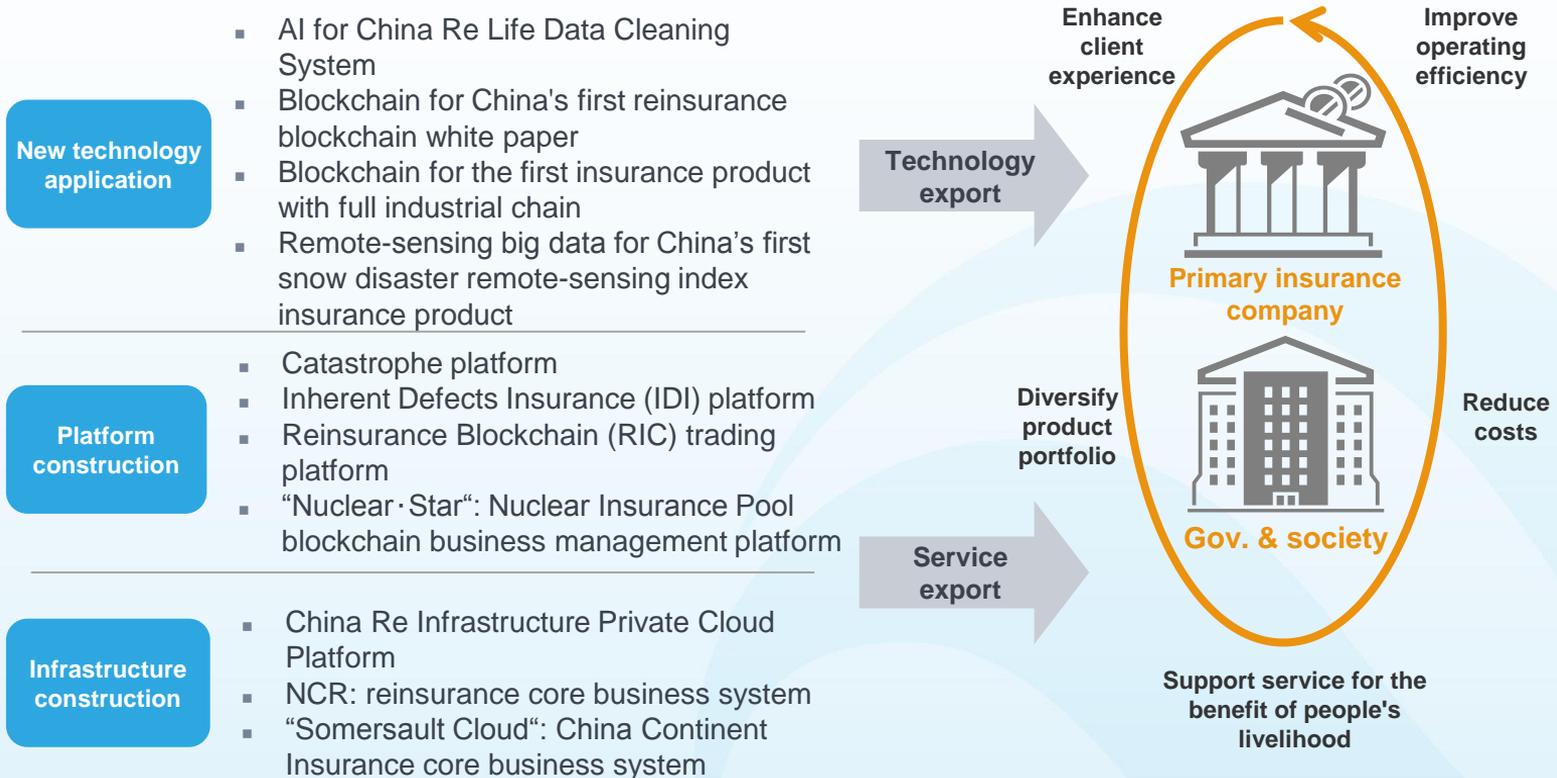
- China Re Catastrophe Risk Management Company: the first tech company to focus on catastrophe risk management in China
- Launched China's first proprietary earthquake catastrophe model V1.0, covering more than 300 million random incidents data of earthquake
- Be involved in all local catastrophe insurance pilot programs, in more than 90% of which acted as the sole or lead reinsurer, accounting for nearly 70% of the market share for such pilot programs
- Obtained subsidy from the central government for undertaking key national research program: "Earthquake Insurance Loss Appraisal Model and Application Study"



Belt and Road Initiative (BRI) service system continuously improved

- Signed MOUs with 29 leading insurance companies in host countries of BRI, providing localized service for China's overseas interest in 122 countries and regions around the world within RMB 163.3 billion covering BRI risk
- Cooperated with the National Health Commission to work out medical solutions for BRI personnel working abroad and provided risk guarantee for Chinese companies "going abroad"

Strategy Implementation: Accelerated transformation to "Digital China Re"



Strategy Implementation: Remarkable achievement in business innovation & continuous foundation on basic management



- China Re P&C spared no efforts to develop emerging business including inherent defects insurance (IDI), short-term health insurance, catastrophe insurance and BRI related insurance where premium income recorded more than RMB 800 million with a 60% YoY growth.
- China Re Life constantly pushed "Data+" and "Product+" strategies, successfully developing popular middle-class online medical insurance products and premium income from middle-class medical insurance increased by over 5 times; innovations have been introduced to YRT business model, resulting in premium income of over RMB 1 billion.
- China Continent Insurance carried out full-range cooperation with internet leading players (like BATJ) and premium income from online channels exceeded RMB 1.7 billion, achieving 172% YoY growth.

- Risk control system has been continuously improved and online risk management information system has been launched. SARMRA assessment scores of reinsurance business sector were better than industry average.
- China Re was rated as "Top-quality Company" by regulators in terms of corporate governance for 3 consecutive years.

- China Continent Insurance successfully introduced 8 strategic investors and raised RMB 10,673 million in total, which was the largest private equity financing in China's P&C insurance sector in recent years.
- China Re P&C and China Re Life issued bonds of RMB 4 billion and RMB 5 billion respectively for capital replenishment, further diversifying capital management tools.

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Review of Insurance Business

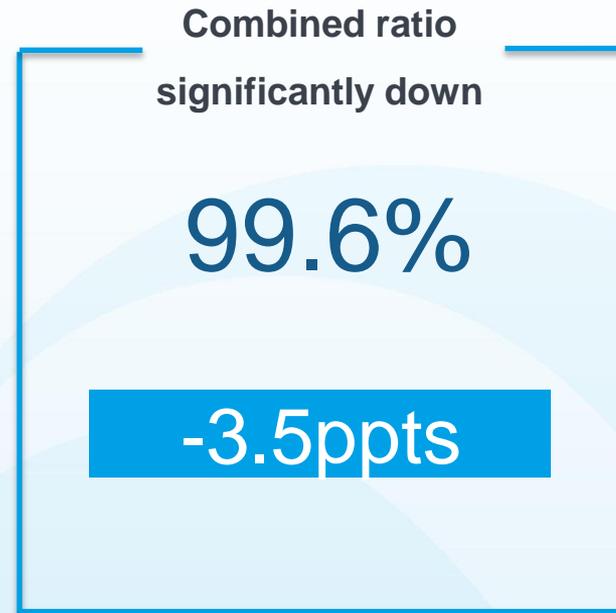
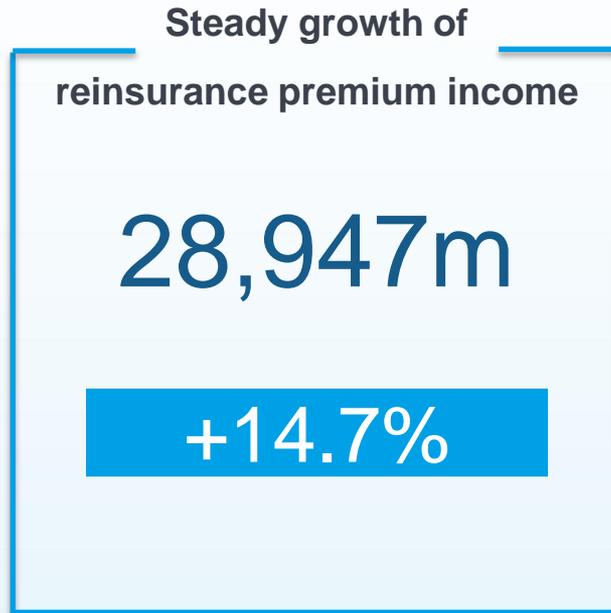
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Review of Investment Business

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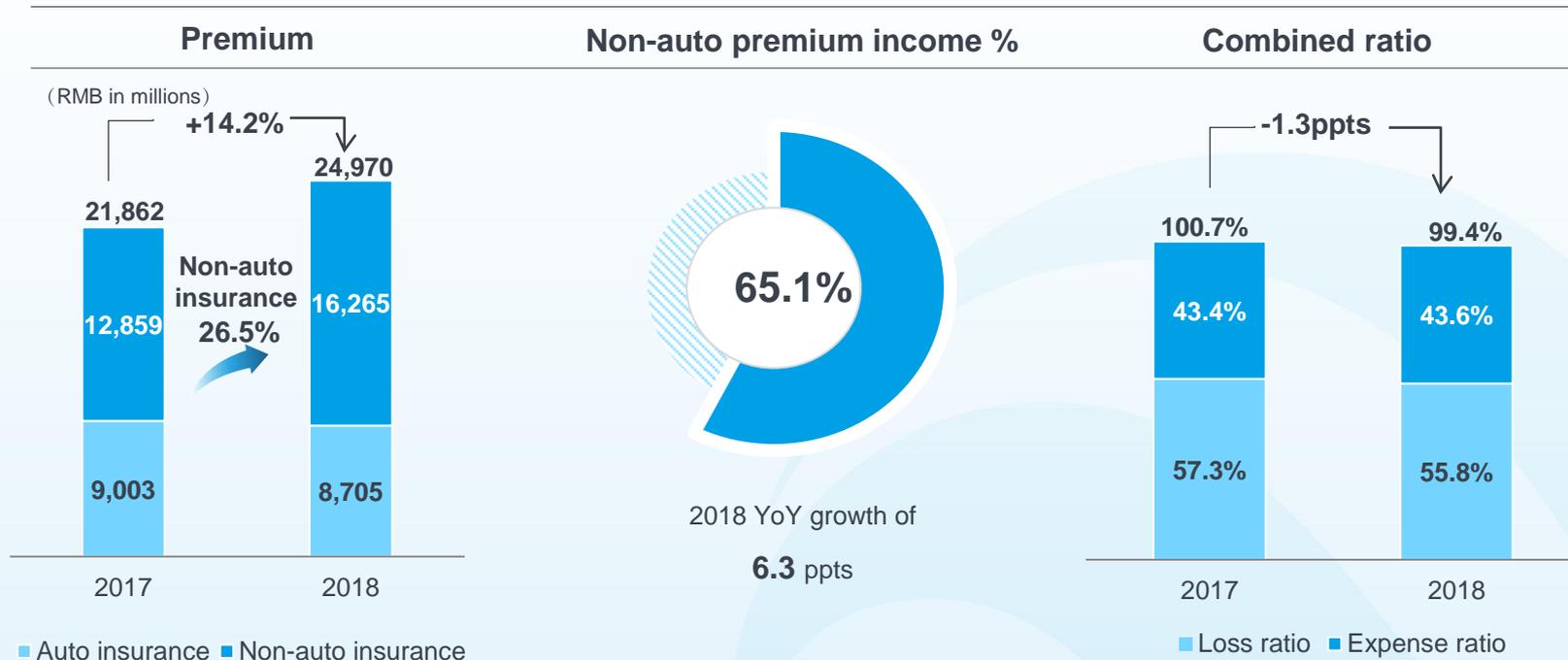
2019 Outlook

China Re P&C : Premium income increased steadily, underwriting quality improved significantly



- Note : 1. Reinsurance premium income is calculated without considering eliminations between business segments.
2. Chaucer business is not included when analyzing this business segment.

China Re P&C : Onshore business has bottomed out and positive impact of C-ROSS is arising



Note : 1. Onshore premium income on this page only involves China Re P&C.

2. Non-auto premium income % = Onshore non-auto reinsurance premium income ÷ onshore P&C reinsurance premium income

China Re P&C : Onshore non-auto insurance and facultative reinsurance businesses witnessed fast growth and business structure has further improved

Fast growth of non-auto businesses

(RMB in millions)



4,740



18.6%

Property insurance for companies & families



2,996



35.7%

Liability insurance



1,687



42.7%

Construction project insurance



3,002

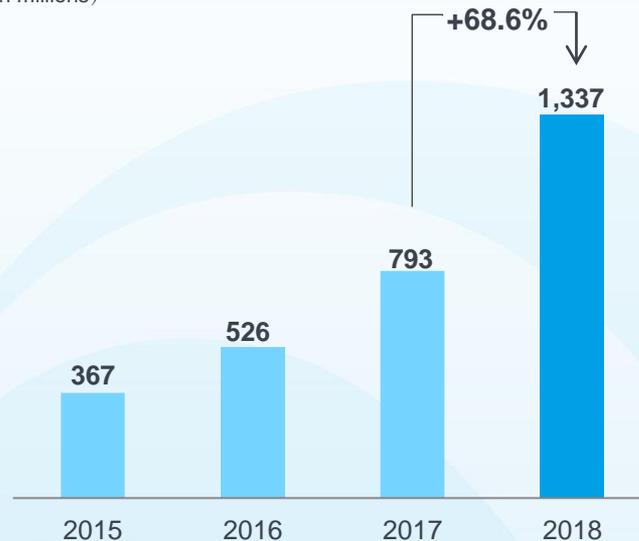


65.9%

Other insurance products

Strong growth of facultative reinsurance business

(RMB in millions)



CAGR : 53.9%

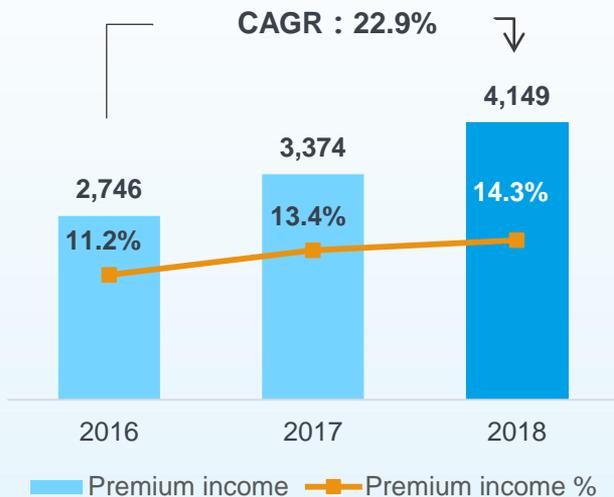
Note: 1. Data on this page only involves China Re P&C.

2. Other insurance products include cargo insurance, accident insurance, vessel insurance, special risk insurance, etc.

China Re P&C : Offshore business strongly growth & solid growth in major regional markets

Gross premium income continued to grow rapidly

(RMB in millions)



Solid growth of major regional markets

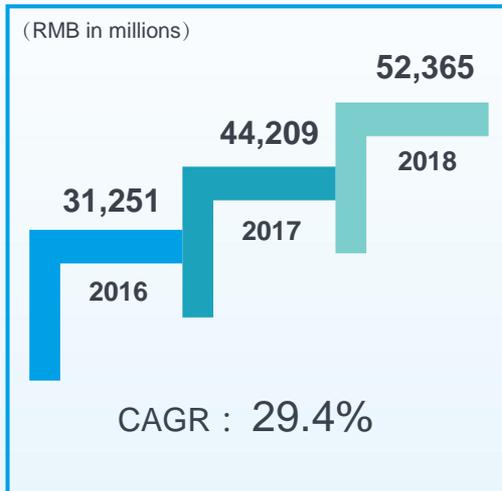
(RMB in millions)



- Note: 1. Offshore premium income % = Gross premium income of offshore business ÷ P&C gross premium income
 2. Data on this page are calculated with considering eliminations of connected transactions within the segment.
 3. 2018 offshore premium income excludes that of Chaucer.

Life and Health Reinsurance : Premium income achieved “3 Steps in 3 Years”

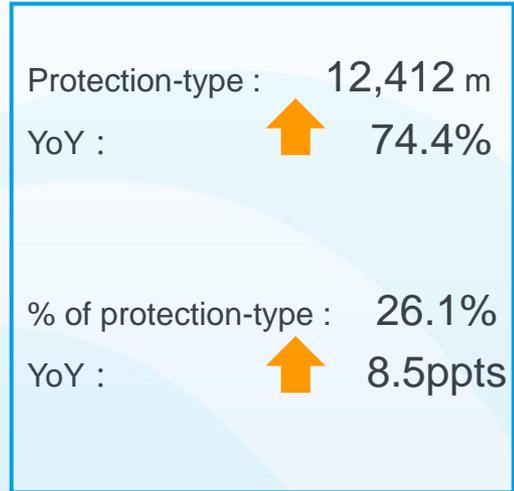
1 Premium income achieved “3 Steps in 3 Years”



2 Rapid growth of TWP



3 Optimization of business structure

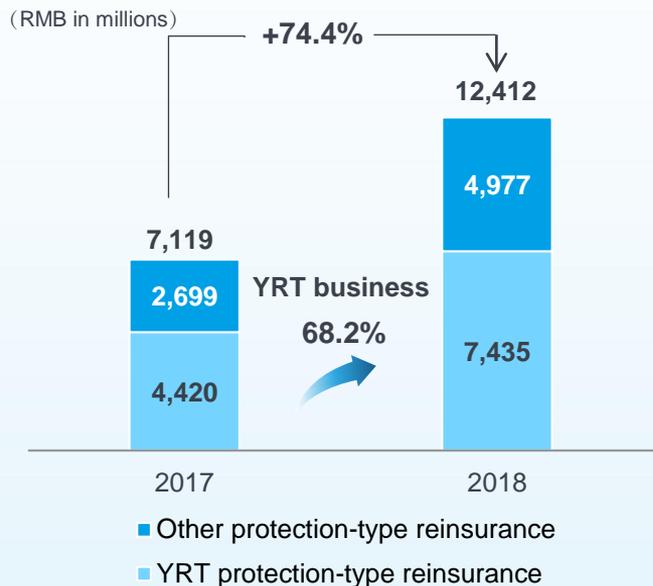


Note: 1. The index mentioned above only refers to the businesses of life and health reinsurance segment operated by China Re Life.

2. Protection-type business percentage=Domestic protection-type premium income ÷ domestic life and health reinsurance premium income

Life and Health Reinsurance : Protection-type reinsurance business premium exceeded 10 billion, business structure further optimized

Protection-type reinsurance premium income



Promotion of “Product + ” strategy

- Mid-end medical care insurance and driving accident insurance premium represented a year-on-year increase of 167.1%, becoming a new business growth driver.



Actively carried out risk control

- Exerted strict control over business quality, to lay the foundation of transformation.



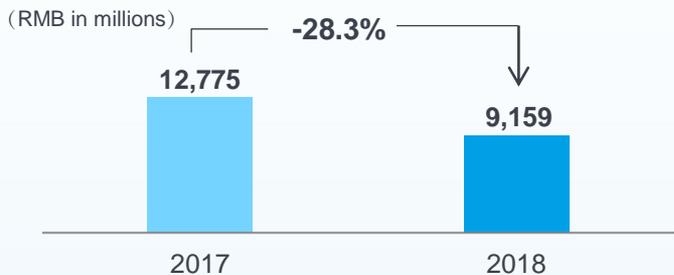
Continuous optimization of business structure

- The proportion of protection-type reinsurance increased, and the YRT business formed a strong support for stable growth.

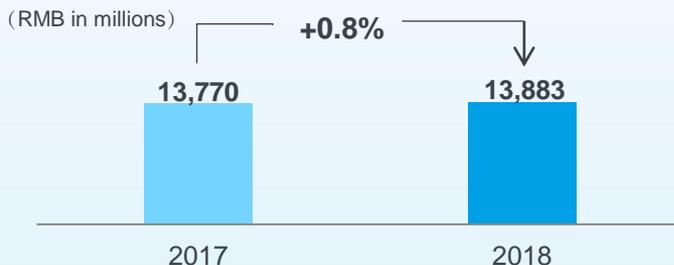
- Note :
- The index mentioned above only refers to the businesses of life and health reinsurance segment operated by China Re Life.
 - The protection-type business mentioned above only refers to domestic protection-type business.
 - YRT (Yearly Renewable Term) reinsurance business, which is a kind of reinsurance arrangement entered into by ceding companies based on certain proportion of net amount at risk at an annual rate.

Life and Health Reinsurance : Strengthened margin and duration management of savings-type reinsurance, developed innovative solutions for financial reinsurance, to promote stable earnings

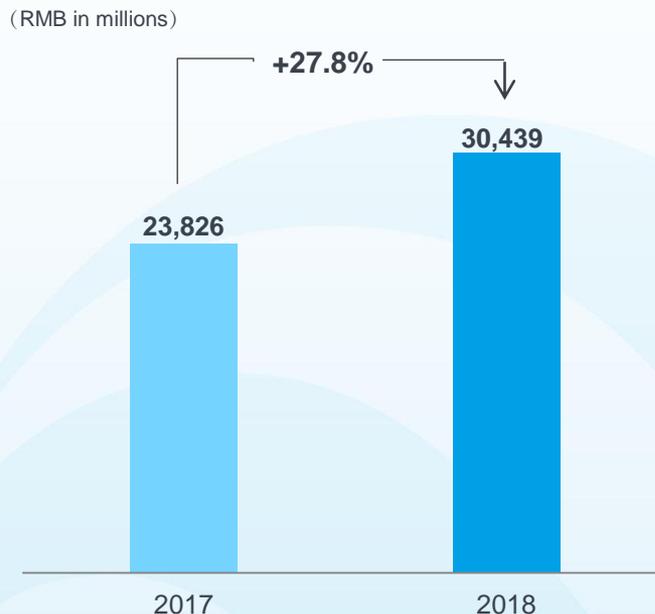
Savings-type reinsurance premium income



Savings-type reinsurance TWP income



Financial reinsurance premium income

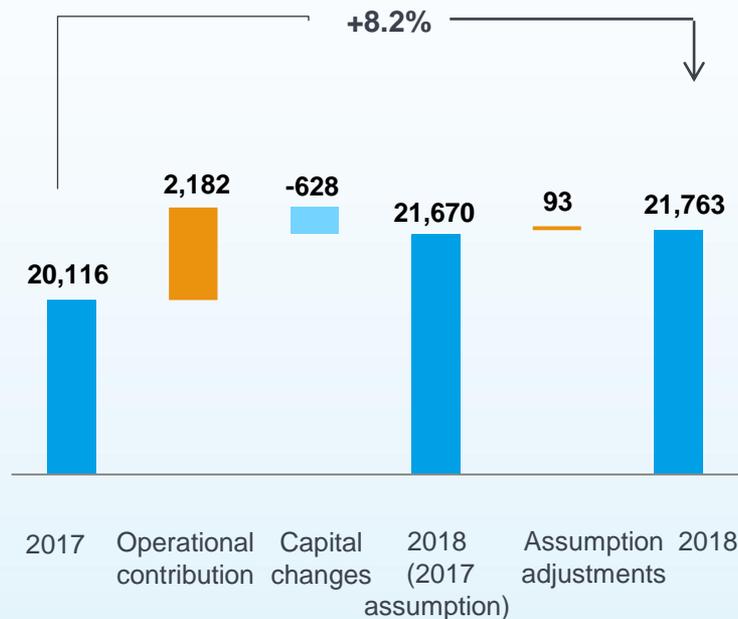


- Note: 1. The index mentioned above only refers to the businesses of life and health reinsurance segment operated by China Re Life.
2. Savings-type reinsurance premium income includes domestic and overseas savings-type reinsurance premium income.
3. TWP income (Total premium income) in this page includes TWP from savings-type non-insurance.

Life and Health Reinsurance : Embedded value

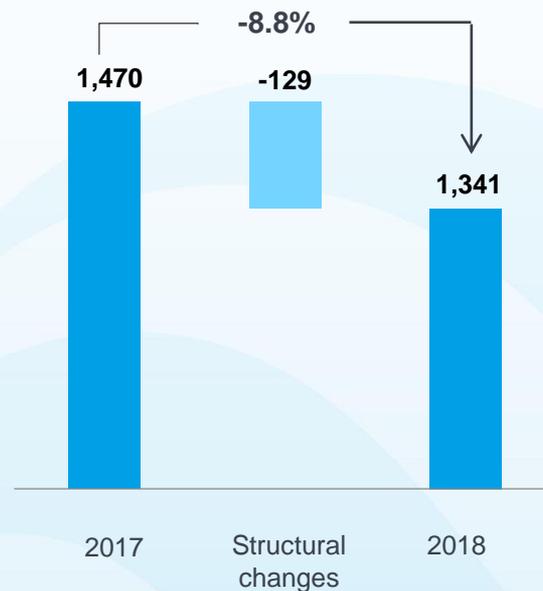
Embedded value

(RMB in millions)



Value of one year' s new business

(RMB in millions)



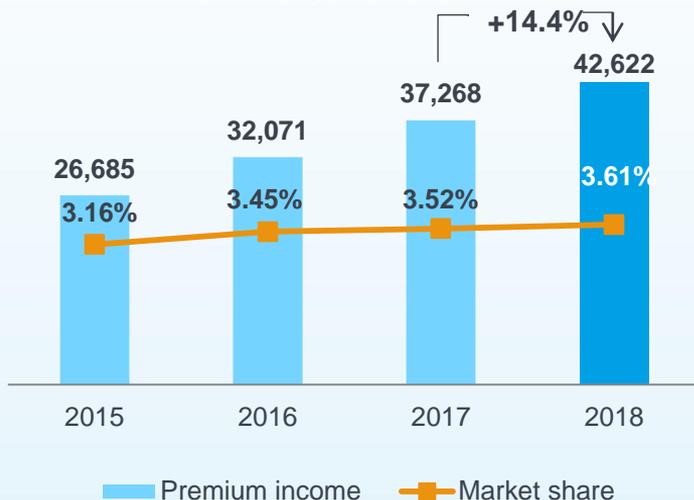
Note: Figures related to life and health reinsurance business only include business of China Re Life, which accounts for more than 99.5% of total life and health reinsurance business.

Primary P&C Insurance : Premium income grew faster than industry level for 4 consecutive years, jumping to No.5 in ranking

Gross premium income

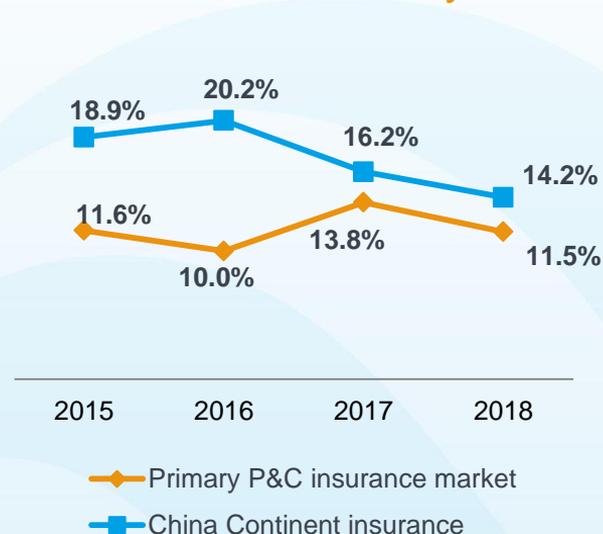
(RMB in millions)

Jump to No.5
in domestic market



Growth rate of primary premium income

Grew faster than industry
level for **4 consecutive years**



- Note: 1. The source of industry average premium income growth rate and the premium income in the calculation of China Continent Insurance 's market share is premium income data of P&C insurance company announced by the China Banking and Insurance Regulatory Commission in 2018.
2. Primary P&C insurance gross premium income does not consider inter-segment eliminations.

Primary P&C Insurance : “Non-motor Insurance Business” strategy brought significant effect, growth rate far exceeded market, structure further optimized

Rapid growth of non-motor insurance premium income

(RMB in millions)



- 2018 YoY growth largely exceeded market by **24.5ppts**

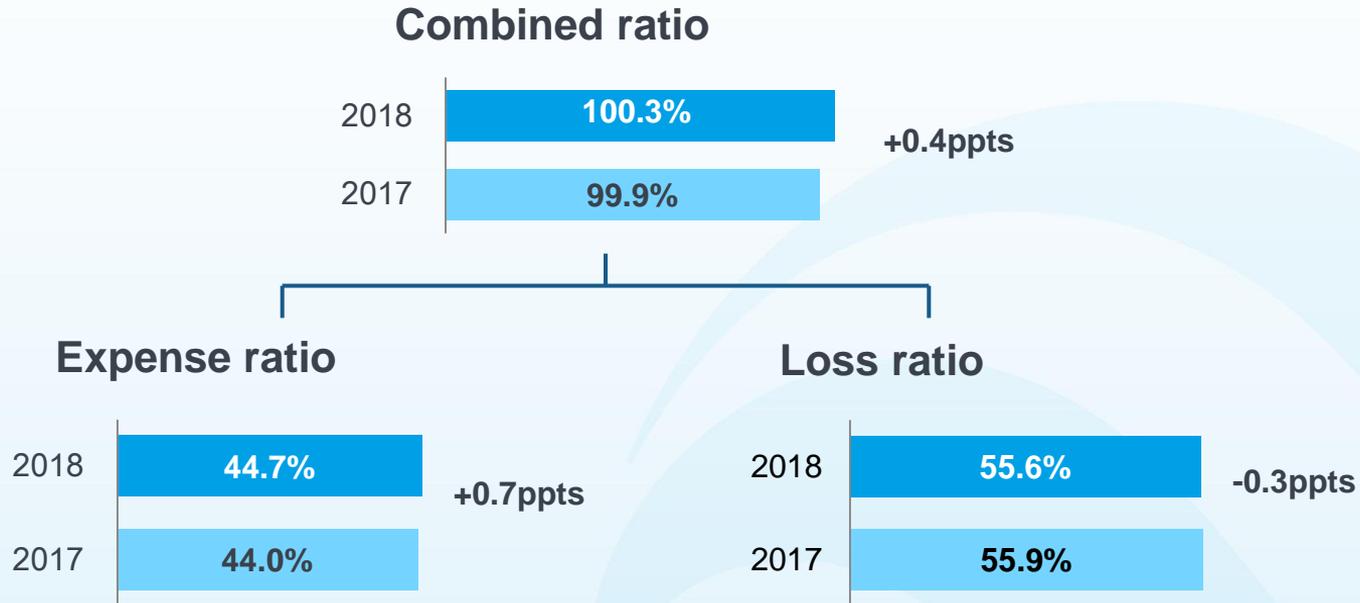
Non-motor premium income by lines of business

(RMB in millions)



Note: 1. Non-motor premium income % = Non-motor gross written premium after deducting motor gross written premium ÷ primary P&C insurance premium income
 2. Data in this page refers to gross written premium.

Primary P&C Insurance : Slight increase in combined ratio



Note: The calculation of the expense ratio includes the effect of government grants.

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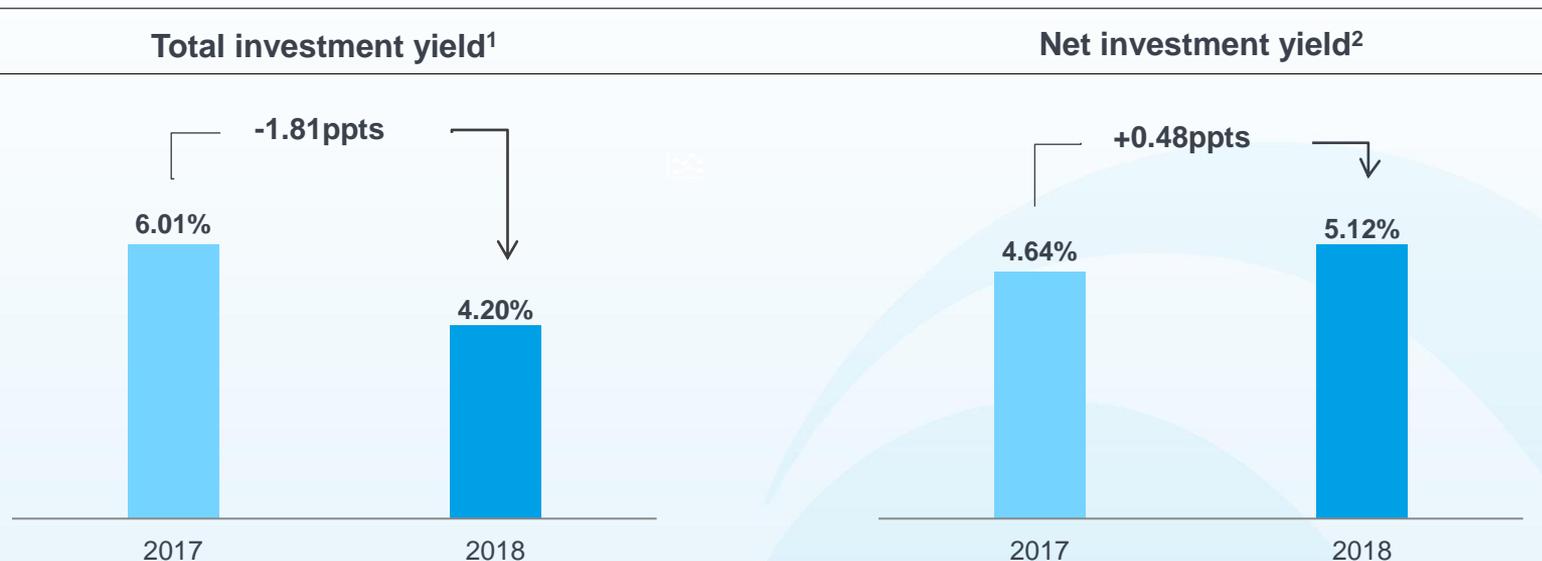
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2019 Outlook

Asset Management : A year-on-year decrease in total investment yield and a year-on-year increase in net investment yield



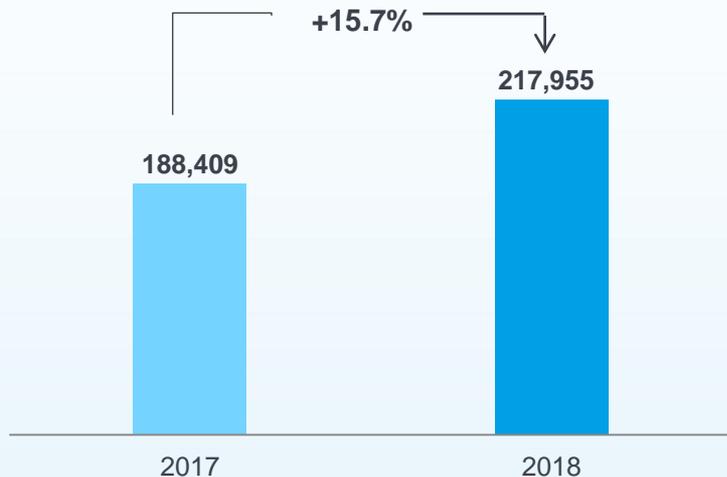
Note: 1. Total investment yield = Total investment income ÷ average of investment assets as at the beginning and end of the period

2. Net investment yield = Net investment income ÷ average of investment assets as at the beginning and end of the period

Asset Management : Continuously increasing total investment assets with prudent asset allocation

Total investment assets¹

(RMB in millions)



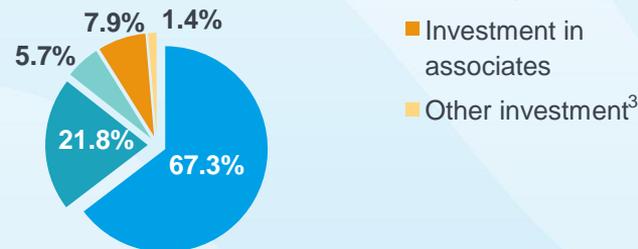
Asset allocation structure

Total investment assets by asset class²

As of 31 December 2018



As of 31 December 2017

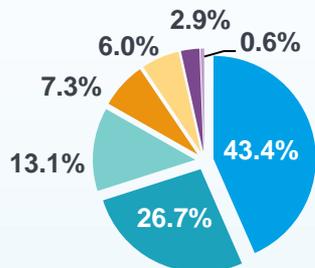


- Note: 1. Total investment assets = Cash and short-term time deposits + financial assets at fair value through profit or loss + financial assets held under resale agreement + time deposits + available-for-sale financial assets + held-to-maturity investments + investments classified as loans and receivables + reinsurers' share of policy loans + investments in associates + statutory deposits + derivative financial instruments + property and equipment – 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 investments include property and equipment, derivative financial instruments and etc.

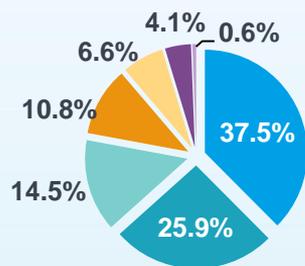
Asset Management : Further optimized allocation in fixed-income and equity investments

Breakdown of fixed-income investments

As of 31 December 2018



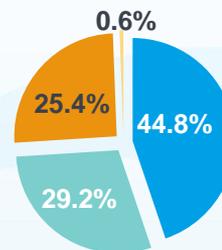
As of 31 December 2017



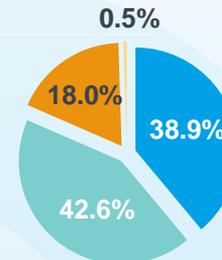
- Enterprise (corporate) bonds
- Investments classified as loans and receivables
- Other fixed-income investments¹
- Financial bonds
- Subordinated bonds
- Time deposits
- Government bonds

Breakdown of equity and investment funds

As of 31 December 2018



As of 31 December 2017



- Investment funds²
- Stocks
- Unlisted equity investments³
- Embedded derivatives

- 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.

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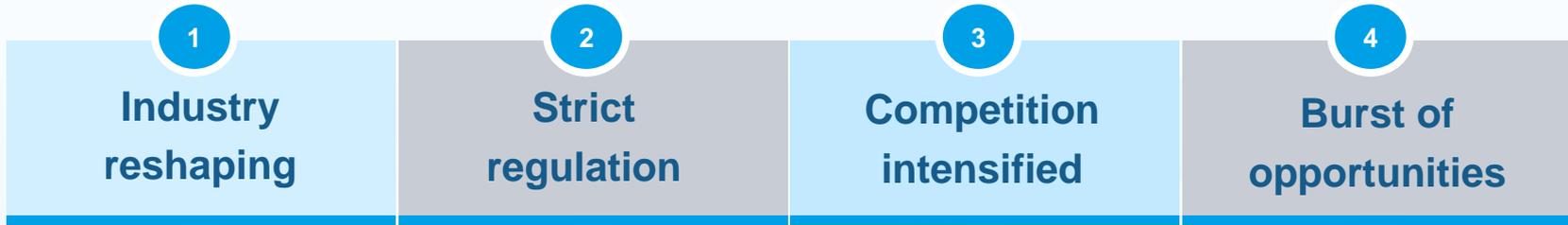
Review of Investment Business

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2019 Outlook

Market Environment

The insurance industry's ecology and momentum are being fully reshaped, regulatory environment becoming increasingly strict, and competition in the insurance market continues to intensify. The industry is in the era of both opportunities and challenges.



Refocusing on protection function: The industry has entered into a transition period from the traditional operating model to new operating model; The business direction of refocusing on the protection function further reinforced

Technology empowerment: Application of new technology stimulates the potential of the industry

Compliant operation: market chaos being rectified by enhanced regulation. Destructive competition methods such as commission war are difficult to sustain, urging insurance companies to turn to connotative development that focuses on customers, technology and risk management

P&C insurance market: premium growth of primary insurance market has slowed down; underwriting performance under pressure; Matthew effect intensifies. New players in the reinsurance market have emerged and competition landscape is becoming increasingly complicated

Life and health insurance market: in the primary insurance market, more pressure is on expanding the size and enhance the quality of sales force

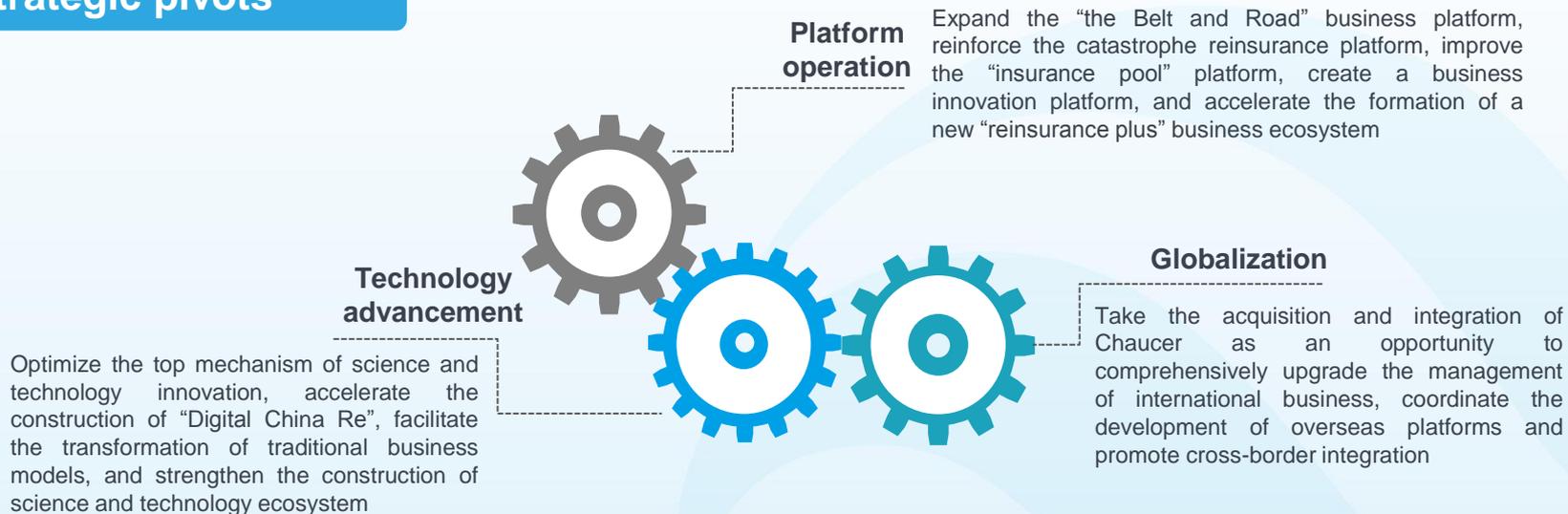
P&C insurance market: benefiting from the shift of primary insurance market's growth engine from motor to non-motor, reinsurance market has entered into a growing cycle

Life and health insurance market: in the primary insurance market, the model of "insurance products + health and elderly care service" has become a key driver; protection-type business in reinsurance market will be on the rise, with strong ceding demands from primary market

Business Outlook

Focus on the three major strategic pivots, namely, platform operation, technology advancement and globalization, adhere to the management concept of “stabilizing growth, adjusting structure and increasing benefit”, facilitate the implementation of the “One-Three-Five” strategy and transformation to high-quality development, achieving steady growth in overall value.

Strategic pivots

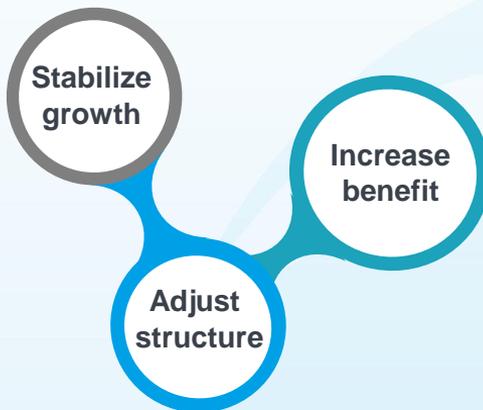


Business Outlook

Focus on the three major strategic pivots, namely, platform operation, technology advancement and globalization, adhere to the management concept of “stabilizing growth, adjusting structure and increasing benefit”, facilitate the implementation of the “One-Three-Five” strategy and transformation to high-quality development, achieving steady growth in overall value.

Management concept

Pay more attention to core business, focus on the risk protection function, strive to strengthen the quota share reinsurance business and primary motor insurance business, and expand the non-motor insurance business, health insurance and policy-oriented business



Pay more attention to two-wheel drive of underwriting profit and investment with stable high yield

Pay more attention to value growth, promote the transformation and upgrading of business structure and business model, and focus on increasing the proportion of premiums from non-motor insurance, protection-type insurance and overseas business



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CHINA REINSURANCE (GROUP) CORPORATION

Q&A



Appendix: Key financials and operating data

Unit: RMB in millions (unless otherwise stated)	2018	2017	Change
Gross written premiums	122,257	105,336	16.1%
P&C reinsurance	28,947	25,239	14.7%
Life and health reinsurance	52,454	44,311	18.4%
Primary P&C insurance	42,622	37,268	14.4%
Net profit	3,899	5,336	(26.9%)
Net profit attributable to equity shareholders of the Company	3,730	5,256	(29.0%)
Earnings per share (RMB)	0.09	0.12	(29.0%)
Weighted average return on equity (%)	4.90%	7.22%	(2.32pts)
Total investment yield (%)	4.20%	6.01%	(1.81pts)

Note: 1. Weighted average return on equity = Net profit attributable to equity shareholders of the Company \div weighted average net asset balance
 2. Total investment yield = Total investment income \div average total investment assets between beginning and end of period

Appendix: Key financials and operating data (cont'd)

Unit: RMB in millions (unless otherwise stated)	31 Dec 2018	31 Dec 2017	Change
Total assets	340,907	242,800	40.4%
Total liabilities	253,653	167,430	51.5%
Total equity	87,254	75,370	15.8%
Net assets per share (RMB)	1.84	1.75	5.3%
Core solvency adequacy ratio	162%	197%	(35ppts)
Aggregated solvency adequacy ratio	184%	197%	(13ppts)
Embedded value of life and health reinsurance business	21,763	20,116	8.2%
Value of one year's new business	1,341	1,470	(8.8%)
Total investment assets	217,955	188,409	15.7%

- Note: 1. Net assets per share is attributable to equity shareholders of the Company.
2. Assume the risk discount rate to be 10.5% for embedded value and new business value and based on EV standards under C-ROSS regime developed by CAA and issued in Nov 2016.
3. As life business accounted for more than 99.5% of total life and health reinsurance business, life business value has been shown here.