

2020 Annual Results Announcement

30 March 2021





By attending the meeting that includes this presentation, or by reading the presentation materials, you agree to be subject to the following restrictions:

- The information involved in this presentation has been prepared by China Reinsurance (Group) Corporation (the “Company”). No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information contained herein. The Company shall not accept any obligation or liability for any loss caused by this presentation or its content or any content related to this presentation (whether by the negligence of the party or otherwise). The information contained in these presentation materials may be updated, improved, modified, verified, and amended, and may be subject to significant change.
- This presentation is based on current economic, legal, market and other conditions in force. It should be understood that subsequent developments may affect the information contained in this presentation, and the Company is not under any obligation to update, revise or affirm.
- Certain information conveyed in this presentation contains statements that are or may be forward-looking. These statements usually include words like “will”, “expect”, “foresee”, and terms of similar meaning. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. In light of these uncertainties, no one should rely on these forward-looking statements. The Company assumes no responsibility for updating forward-looking statements or adapting them to future events or developments.
- This presentation and the materials contained herein are provided for your reference only and may not be copied or distributed, in whole or in part, to anyone else.

Agenda



01

Results Overview

02

Business Analysis

03

Outlook

01

Results Overview

He Chunlei, President



Steady growth in premiums



Constant optimization in business structure



Investment result outperforming the market



Solid results under COVID-19



Accelerated implementation in strategic outcome



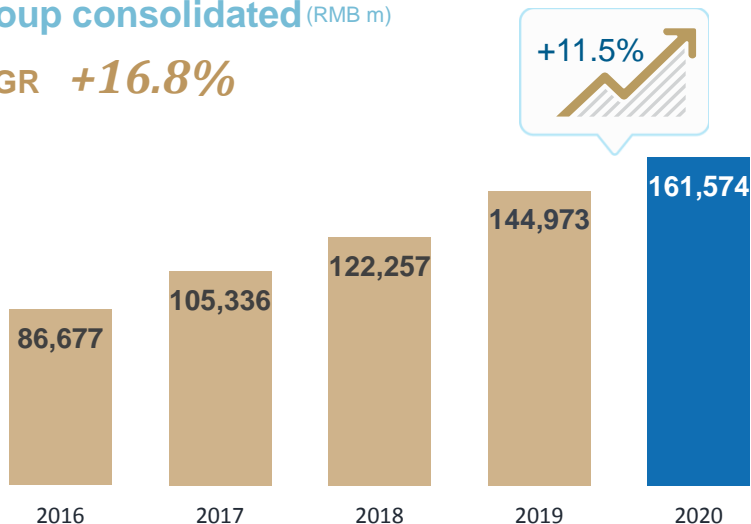
Constant improvement in risk management

Results overview | Steady growth in premiums and constant optimization in business structure



Gross written premiums of the Group consolidated (RMB m)

CAGR **+16.8%**



...where gross written premiums of core business (excl. financial reinsurance) in 2020 was RMB139,264m and recorded a YoY growth of **20.9%**.

Premiums growth from key lines

+38.5%

Domestic P&C facultative reinsurance

+29.0%

Domestic P&C reinsurance emerging lines

+6.9%

Overseas P&C reinsurance¹

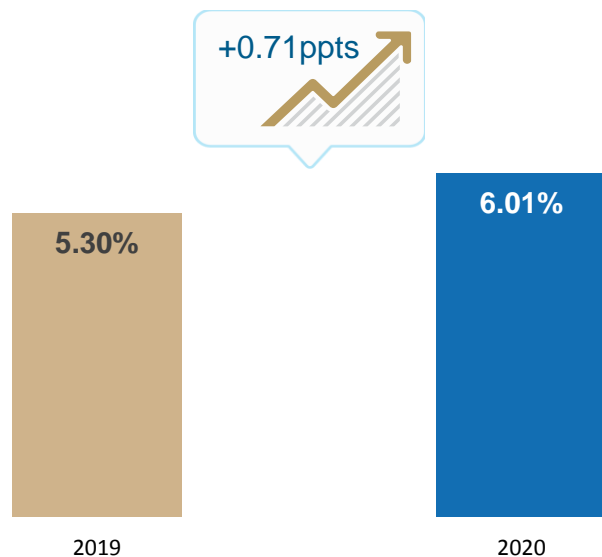
+21.3%

Domestic L&H reinsurance protection-type business

1. Overseas P&C reinsurance includes existing business and Chaucer business.




A rising total investment yield



Equity investment outperforming the market¹

 Comprehensive return on secondary A-share equity surpassed the CSI 300 Index²

1,700+ bps

 Comprehensive return on secondary H-share equity surpassed the Hang Seng Index²

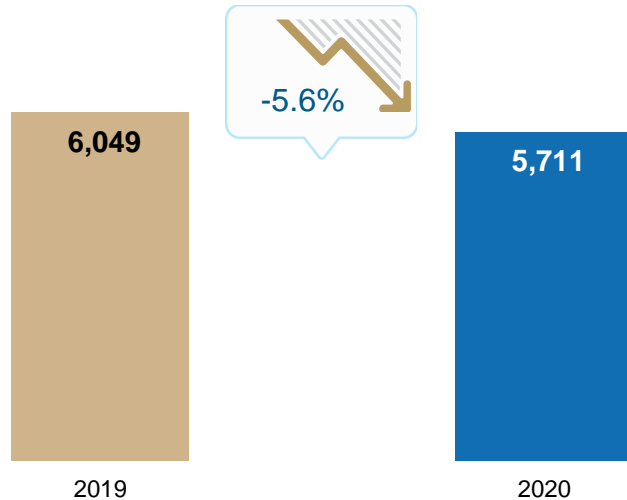
1,600+ bps

1. Comprehensive return on secondary A-share equity was calculated compared to the CSI 300 Index. Comprehensive return on secondary H-share equity was calculated compared to the Hang Seng Index.
2. Secondary equity investment excludes high dividend portfolios that aim to obtain dividends when compared with index performance.

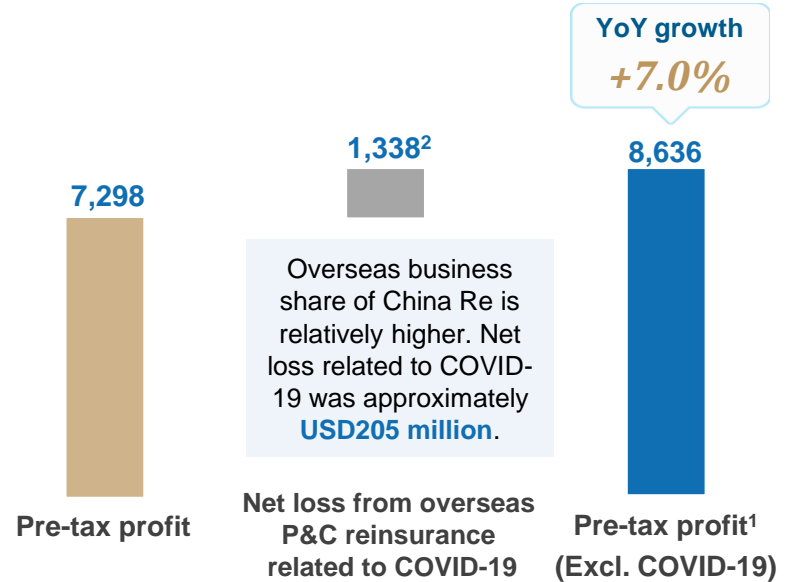


Results overview | Solid results under COVID-19

Net profit attributable to equity shareholders of the parent company (RMB m)



Pre-tax profit excl. overseas pandemic (RMB m)

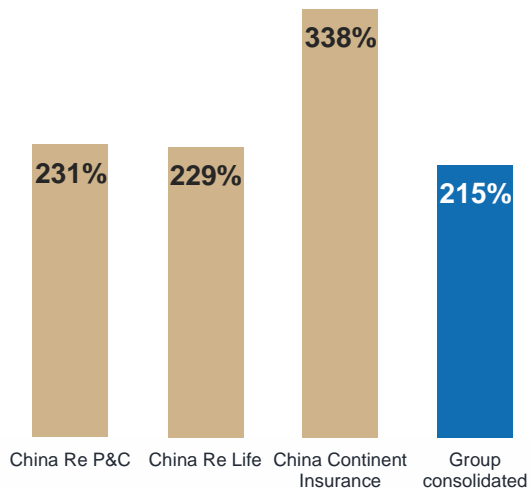


1. Pre-tax profit excl. overseas pandemic = Pre-tax profit + net loss from overseas P&C reinsurance (including Chaucer) related to COVID-19

2. Central parity rate on 31 December 2020: USD/RMB=6.5249



Adequate comprehensive solvency



Stable international ratings¹

S&P Global Ratings

Financial Strength Rating of A and Stable outlook



Best's Financial Strength Rating of A (Excellent) and Stable outlook

Further measures in risk management



Strengthening risk investigation and mitigation



Launching China Re Catastrophe Risk Management System (CREST)



Establishing a negative list system



Strengthening penetrative management of key risks

1. S&P Global Rating certified that China Re Group, China Re P&C, China Re Life and China Re HK have a financial strength rating of A and Stable outlook in 2020. A.M. Best Company certified that China Re Group, China Re P&C, China Re Life, China Continent Insurance and Chaucer Insurance Company have a Best's Financial Strength Rating of A (Excellent) and Stable outlook in 2020.



Promoting BRI construction

- Promoted the establishment China Belt and Road Reinsurance Pool (CBRRP) and served as the chairman company and management institution.
- Signed a total of **32** BRI cooperation memorandums covering **136** countries and regions and providing approximately **RMB350 billion** of risk protection for **more than 600** projects.

Addressing healthcare demands

- China Re Life **led the revision of critical illness table**; strategically invested in Meditrust Health, a medical innovative payment company; built a new model of “Product + Specific drug” for people’s livelihood security and participated in inclusive health insurance plans in **over 20** cities and areas.
- Promoted the innovation in long-term health insurance, first developed life-long health insurance cooperatively, and provided interpretation of new CI definition.
- China Continent Insurance addressed the needs of serious illness medical insurance and provided **RMB23.9 trillion** of risk protection for 22 million people.

Improving catastrophe risk protection

- Jointly released "China Earthquake Catastrophe Model 3.0" with China Earthquake Administration and signed user agreements with **17** insurance institutions.
- Completed the development of China Typhoon Catastrophe Model 2.0.
- Deeply involved in catastrophe insurance pilot projects in 16 provinces and cities nationwide, in **more than 80%** of which acted as chief reinsurer.

Promoting emerging lines platforms

- Reinsurance premiums from IDI business amounted to **RMB401 million**, representing an increase of **12.2%**.
- Continued to deepen the construction of IDI platforms in Shanghai, Beijing and other places, which achieved a cumulative premiums of over **RMB4 billion** and a total coverage area of over **100 million m²**.
- Accelerated national replication and promotion of construction safety liability insurance platform and engineering quality and safety manual management platform.



Upgrading internal infrastructure

Data asset development and operation achieved results.



Promote the construction of China Re P&C data + business dual platforms, handling **90%** of the business and **80%** of the data online.



Accelerated the construction of China Re Life data + business platform and **first created** policy data platform, and the online actuarial estimation was realized for the first time.



The construction of China Continent Insurance data platform made steady progress and the data application is effective in areas such as customer insight, claims fraud, etc. Annual loss from claims prevented was **RMB500 million**.

China Re Digital 1.0 Successfully implemented



Gather resources, build platforms, create ecology

China Re Digital 2.0 Ready to go

Building external innovative platforms

Strengthen application of new technology.

- Applied blockchain technology to realize **real-time transaction of reinsurance-insurance blockchain bills**.
- Developed the first blockchain facultative reinsurance system in L&H reinsurance.
- Cross-industry data integration security computing platform served bancassurance business of the clients.

Platform innovation facilitated business development.

- "Re-View" platform realized **commercial output** to primary insurance companies.
- "Re-Medicine" platform provided health management services for **7** insurance companies.
- Built the **first domestic** online management platform of nuclear power plants data.
- "China Continent Super App" reached **2.2 million** customers in the first year of its launch, and the renewal rate of family-used auto insurance reached **61.4%**.



Refined top-level design

- Set up Overseas Development and Management Committee.
- Improve the review and decision-making mechanism for key issues such as development strategy, business planning, institution establishment and capital investment of overseas institutions.

Accelerated global layout

- China Re HK made a good start, achieving profitability in the first year under Hong Kong accounting standard.
- China Re P&C Malaysia Branch was established.
- Chaucer Insurance Company Bermuda Branch was established.
- Singapore Branch obtained L&H reinsurance license.

Optimized management of Chaucer

- China Re Group focused on management of strategy, capital, human resources and risk.
- China Re P&C was responsible for business planning, performance appraisal and other daily operation matters.
- Goals of stable business, operation and team during the two-year transition period was smoothly achieved.

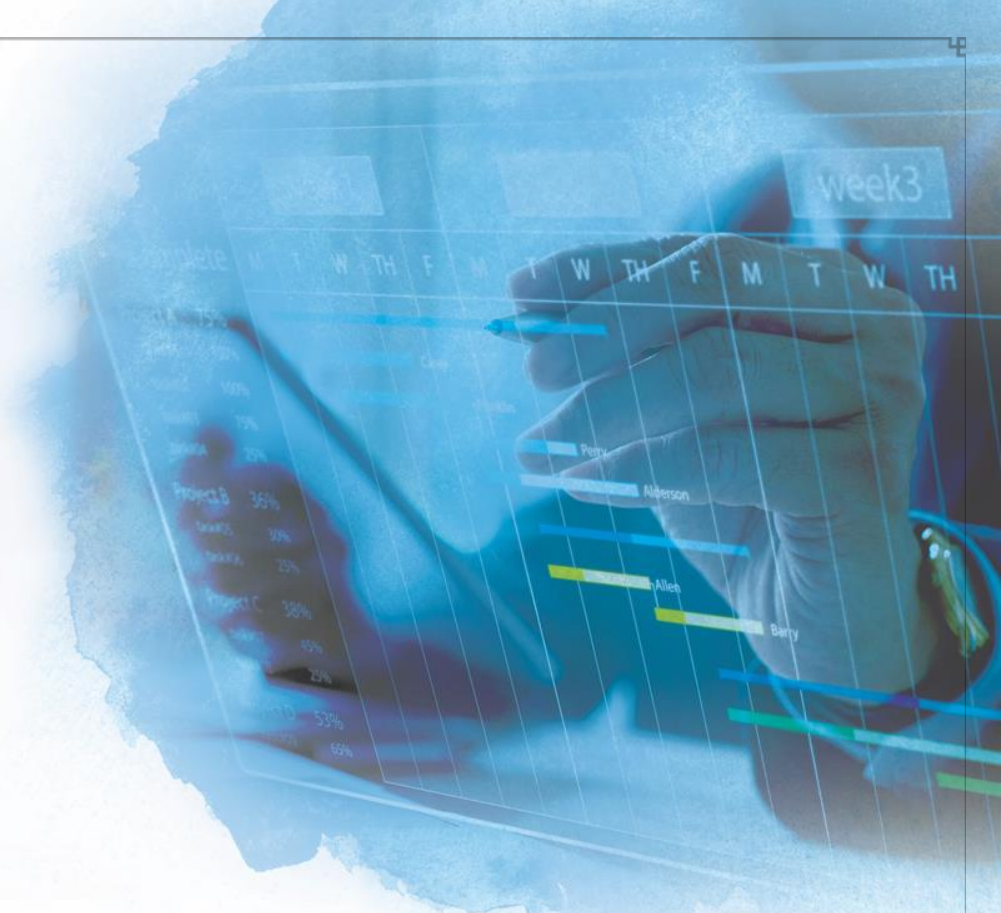
Strengthened domestic and overseas collaboration

- Business portfolio of the Beijing platform and Singapore Branch was optimized to improve capital efficiency.
- Advantages of Chaucer were leveraged to introduce cyber insurance and clean energy insurance and to upgrade political violence insurance and terrorist attack insurance.

02

Business Analysis

Li Ming, Business Director

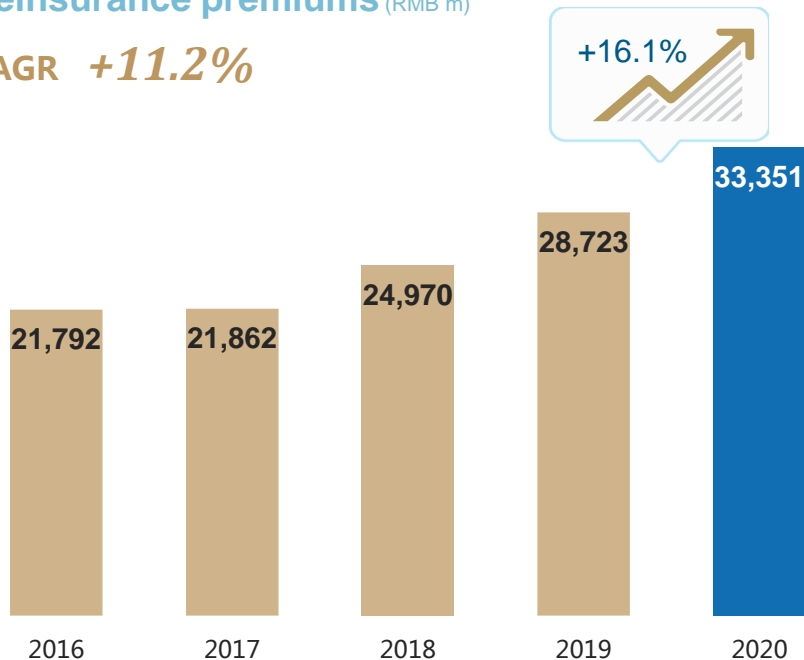


Domestic P&C Reinsurance¹ | A new high in premiums and improved underwriting quality

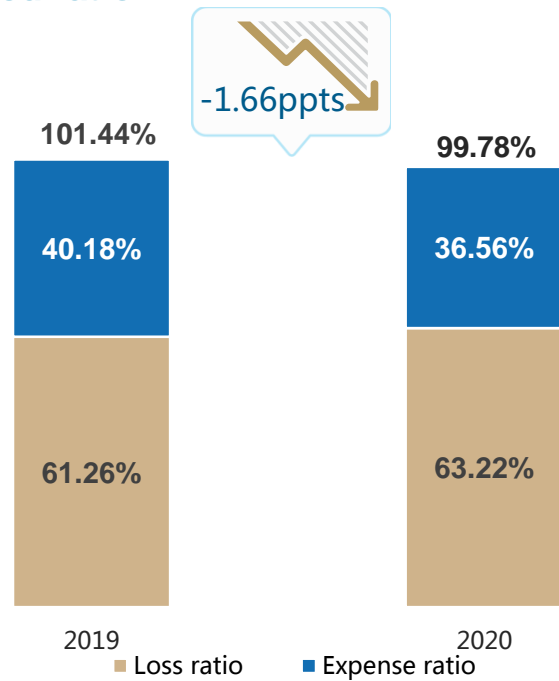


Reinsurance premiums (RMB m)

CAGR **+11.2%**



Combined ratio



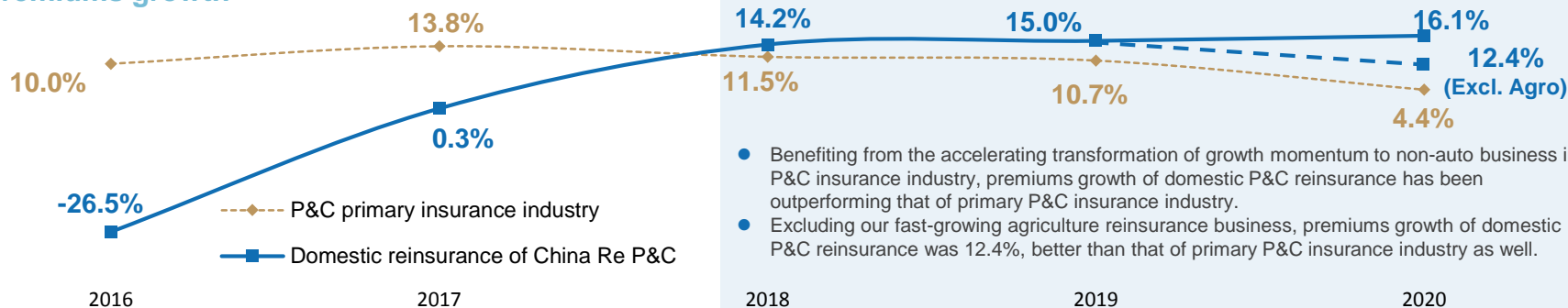
1. Data criteria has been changed from the financial statement criteria of China Re P&C to the management criteria after reinstating affiliated transactions within the segments to reflect the actual operation more realistically. Under the original criteria (China Re P&C financial statements), the combined ratio in 2020 was 99.98% where loss ratio was 64.33% and expense ratio was 35.65%.

Domestic P&C Reinsurance

Premiums growth continuously outperformed primary insurance industry with an optimized business structure



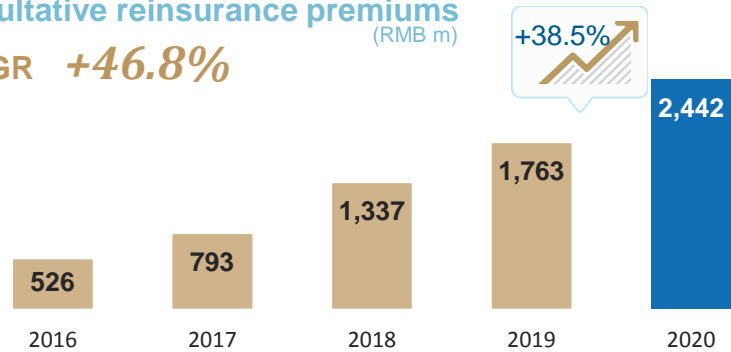
Premiums growth



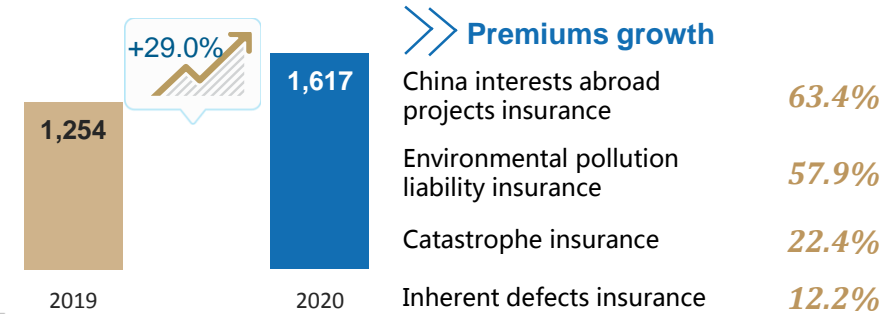
- Benefiting from the accelerating transformation of growth momentum to non-auto business in P&C insurance industry, premiums growth of domestic P&C reinsurance has been outperforming that of primary P&C insurance industry.
- Excluding our fast-growing agriculture reinsurance business, premiums growth of domestic P&C reinsurance was 12.4%, better than that of primary P&C insurance industry as well.

Facultative reinsurance premiums (RMB m)

CAGR +46.8%

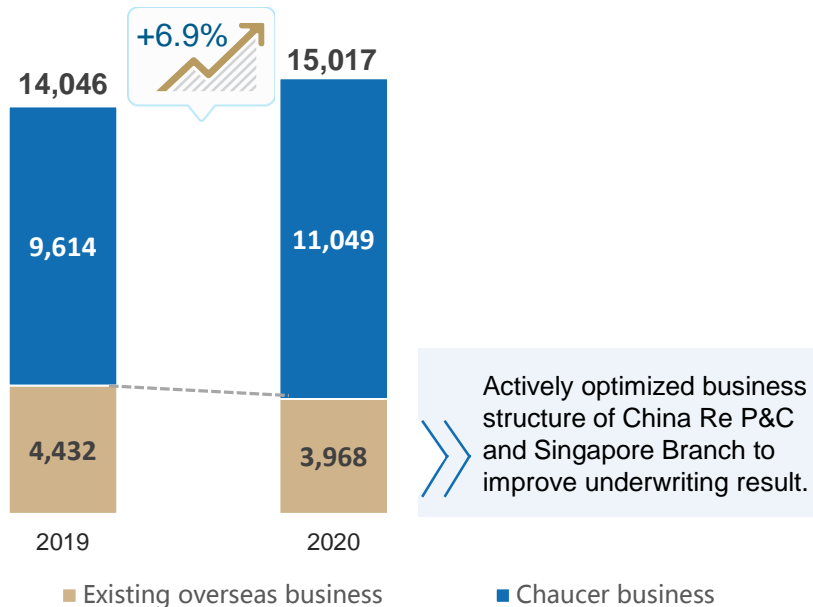


Reinsurance premiums from emerging business (RMB m)

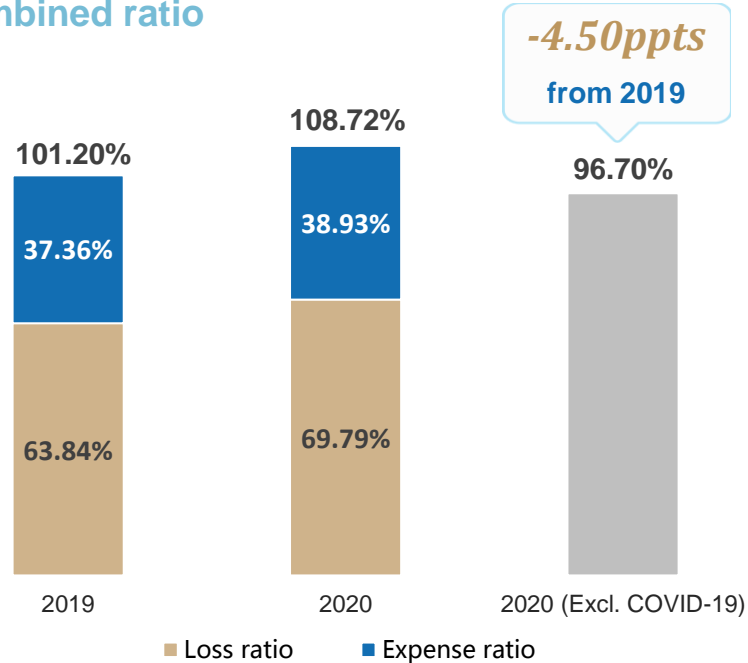




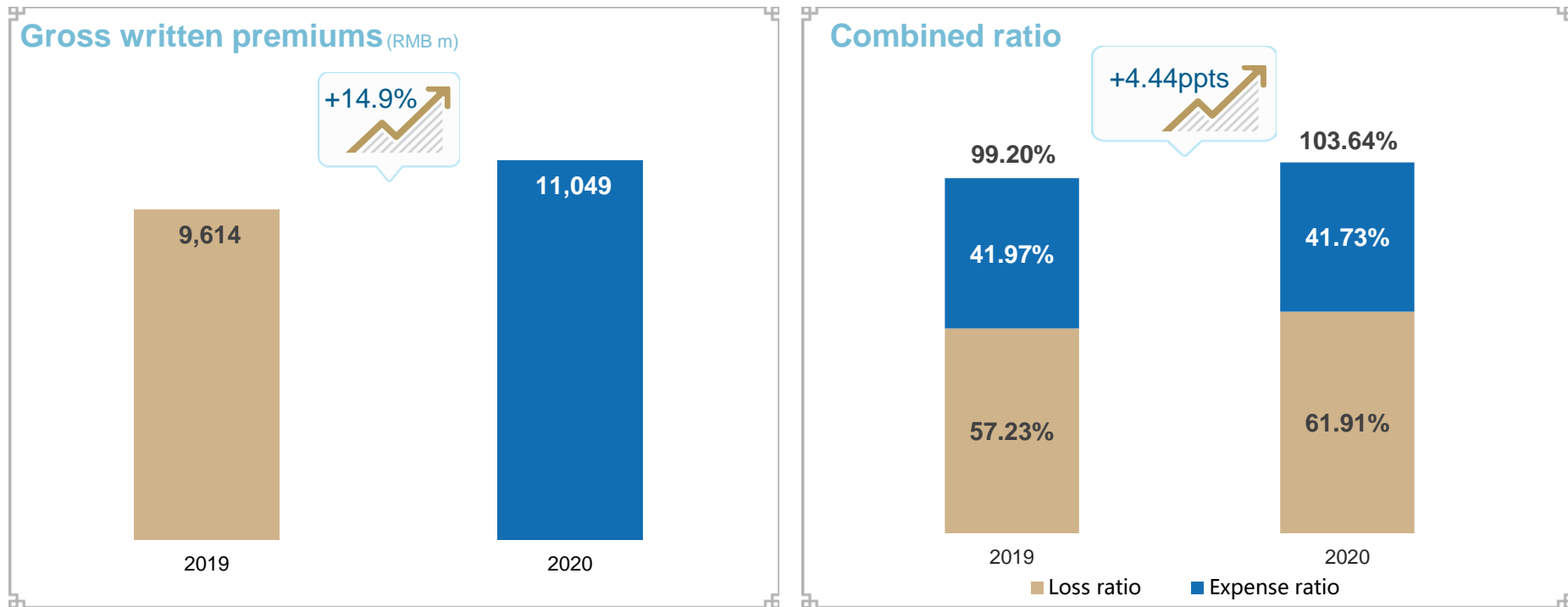
Gross written premiums (RMB m)



Combined ratio



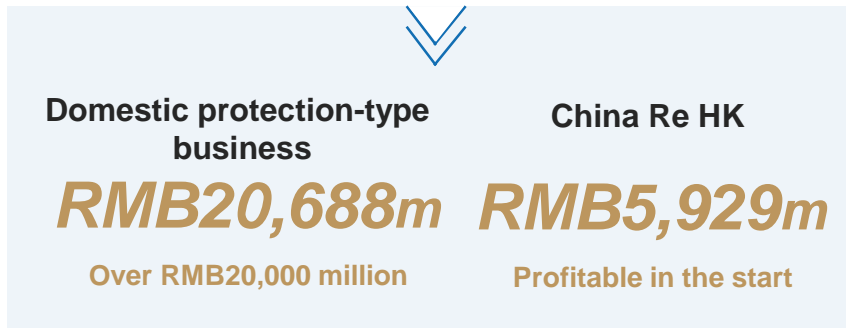
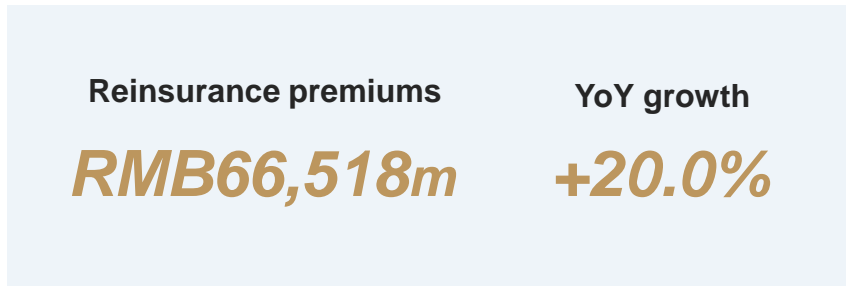
1. Data criteria has been changed from the financial statement criteria of overseas P&C reinsurance and Chaucer platforms to the management criteria after reinstating affiliated transactions within the segments to reflect the actual operation more realistically. Under the original criteria (without considering intra-segment elimination), gross written premiums in 2020 amounted to RMB16,606 million, and combined ratio was 109.58% where loss ratio was 71.18% and expense ratio was 38.40%. Combined ratio excluding underwriting losses from COVID-19 was 97.61%.



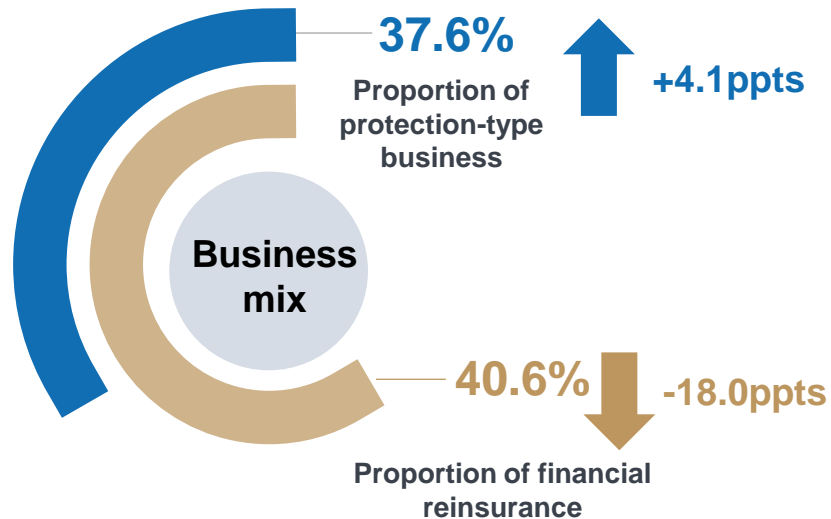
1. Data criteria has been changed from the financial statement criteria of overseas P&C reinsurance and Chaucer platforms to the management criteria after reinstating affiliated transactions within the segments to reflect the actual operation more realistically. Under the original criteria (without considering intra-segment elimination), combined ratio of Chaucer was 104.88%(+5.63 pts YoY) where loss ratio was 63.14% and expense ratio was 41.74%. Under the UK GAAP, the combined ratio of Chaucer was 104.37%, which was different from that under the International Accounting Standards due to the different treatment for reserve discounting and risk margin.



Reinsurance premiums



Domestic business mix²



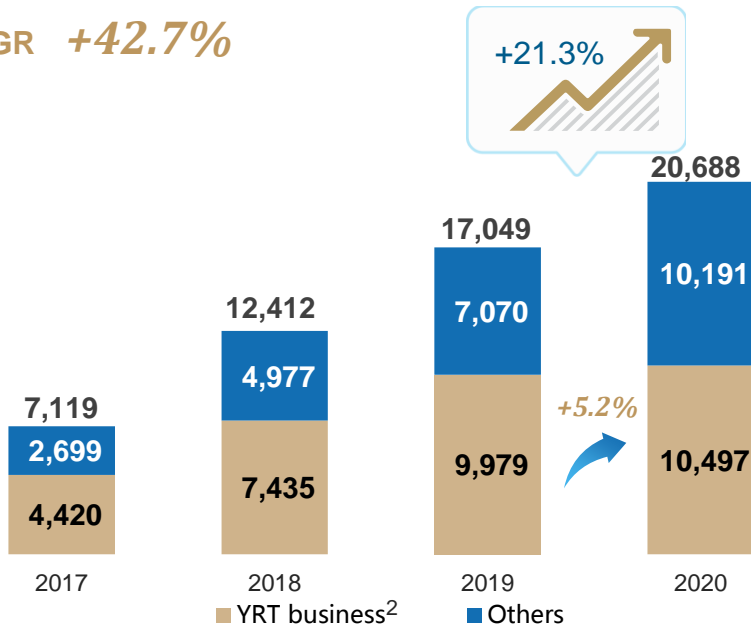
1. Premiums data only refer to China Re Life (merged with China Re HK).

2. Proportion of protection-type business = reinsurance premiums of protection-type business ÷ domestic reinsurance premiums ; Proportion of financial reinsurance = financial reinsurance premiums ÷ domestic reinsurance premiums

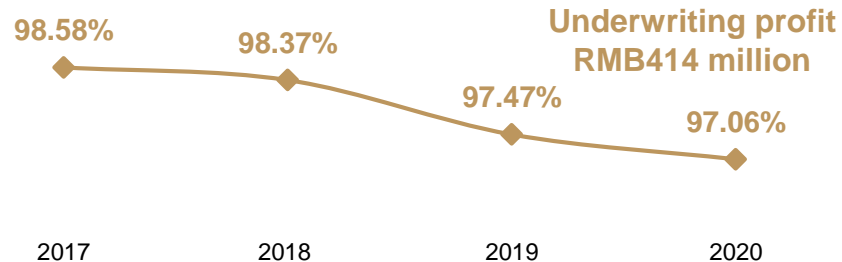


Protection-type reinsurance premiums (RMB m)

CAGR +42.7%



Combined ratio of short-term protection-type reinsurance³



- Continue to promote refined management, optimize dynamic business monitoring, deepen the research and development of risk control models, implement fee adjustment mechanisms, and prevent business risks.
- Innovate profitable business; leverage experience analysis, product iteration and diversified platform cooperation to expand new business and optimize business structure.

1. Business data only refer to China Re Life, and protection-type business only refers to the domestic.

2. 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.

3. Combined ratio is calculated after retrocession excluding business management fee.



Product+



- Developed newly defined critical illness insurance and long-term medical insurance cooperatively to promote the innovation and iteration of health insurance products.
- Introduced “Inclusive Insurance Plan” cooperatively, covering more than 20 cities.
- Innovatively developed Greater Bay Area cross-border medical insurance and Greater Bay Area exclusive critical illness insurance, enriching original products.

Data+



- Participated in the revision of new critical illness table and the compilation of accident insurance frequency table, actively promoted data cooperation, diversified cooperation counterparts and further expanded data sources.
- Leveraged AI and OCR image recognition technology to enhance the ability to accurately depict claim payments data.
- Widely adopted "Data + Pricing" and "Data + Risk Control" in business development and loss prevention and reduction, accelerating scenario-based application of data.

Industrial integration

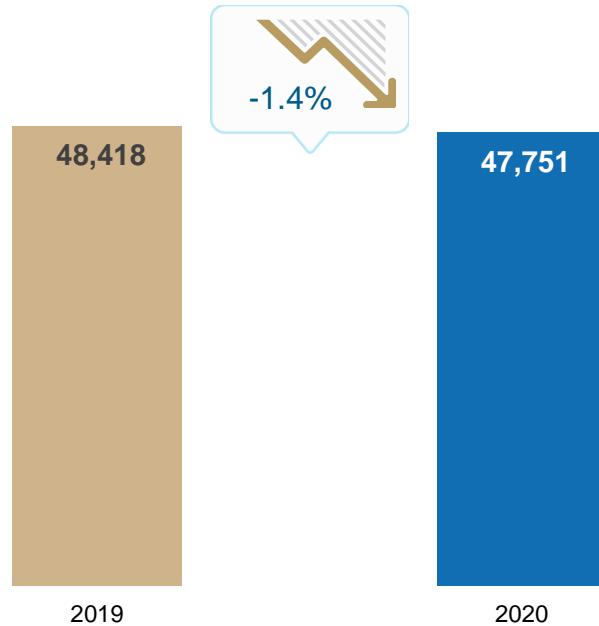


- Carried out industry research and achieved top-level strategic design.
- Strategically invested in Meditrust Health, and explored a path of great health industrial integration.
- Explored innovative payment to promote mutual benefit between commercial insurance and pharmacy and to serve the people's livelihood.

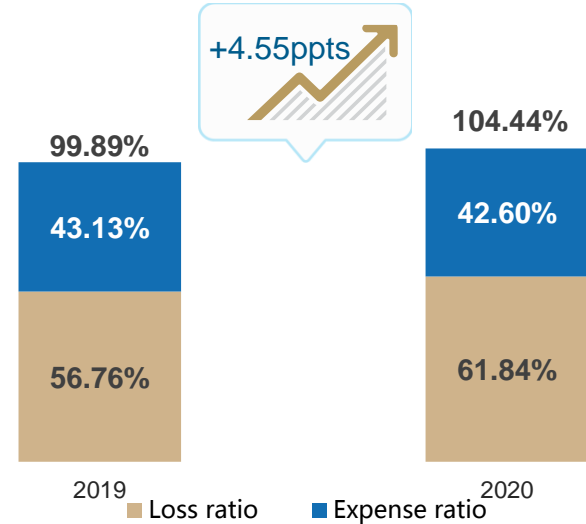


Primary P&C insurance | Decrease in premiums with an increase in business cost

Primary premiums (RMB m)



Combined ratio¹



Combined ratio recorded a YoY increase due to the impact of auto insurance comprehensive reform and COVID-19.

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

Primary P&C insurance | Constant optimization of business structure with continuously strengthened risk control



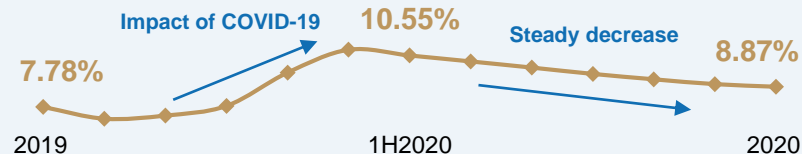
Primary premiums and growth of key lines (RMB m)

	Primary premiums	Growth
Auto	26,958	-3.7%
Surety	6,538	-8.4%
Other non-auto	14,255	7.3%

- Affected by auto insurance comprehensive reform, premiums have declined.
- Proportion of family-used auto insurance has increased to 73% via C index effectively identifying and screening risks.
- Cost control was constantly strengthened and proportion of special vehicles and trucks insurance was limited. Business structure of auto insurance has been continuously optimized.

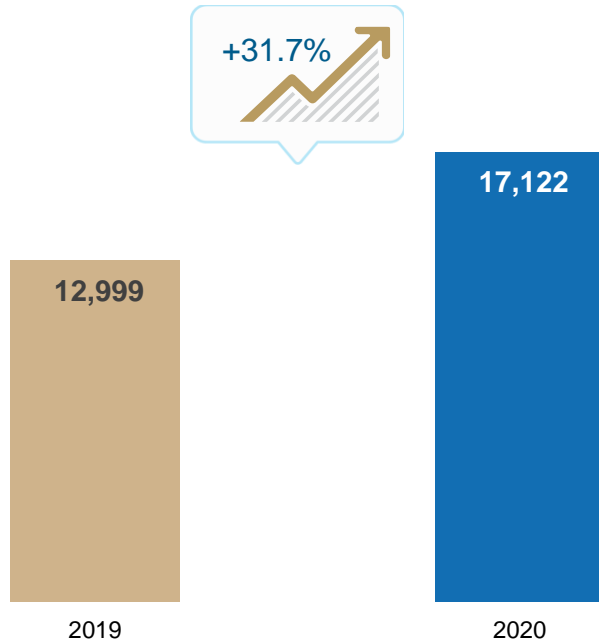
- Pace and scale of surety business was actively adjusted with primary premiums declining year on year.
- Risk exposure was actively controlled: bad-debt ratio rose in the first half due to COVID-19 and steadily declined after the highest point in May.

Bad-debt ratio in 2020

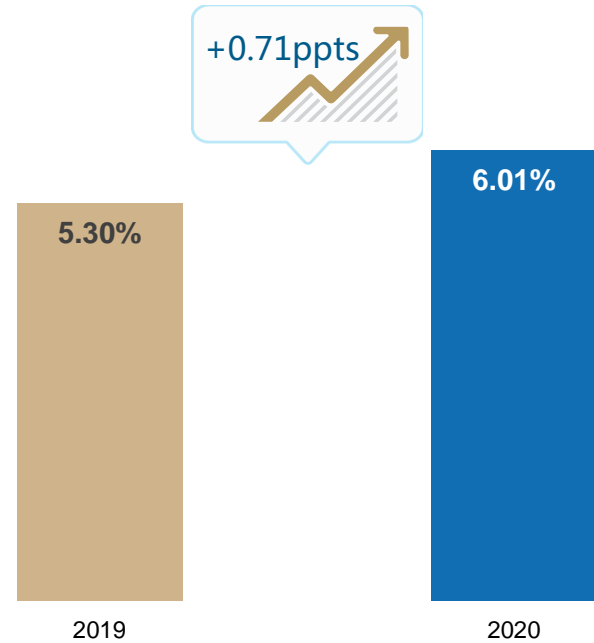




Total investment income (RMB m)



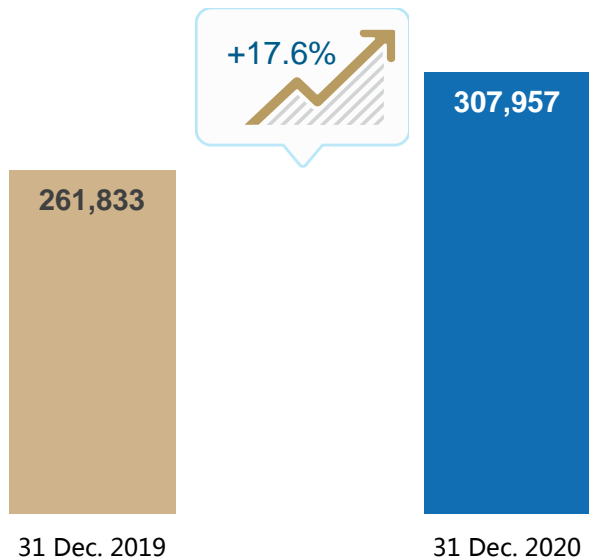
Total investment yield¹



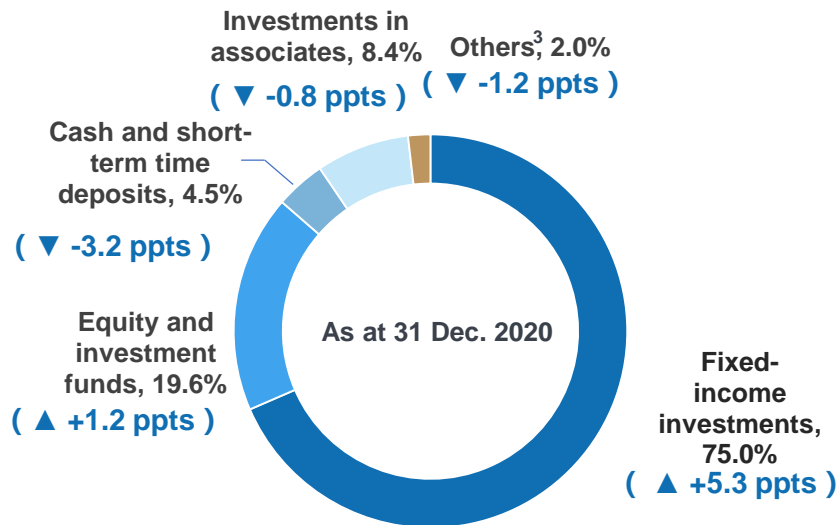
1. Total investment yield = total investment income ÷ average of total investment assets as at the beginning and end of the period



Total investment assets¹ (RMB m)



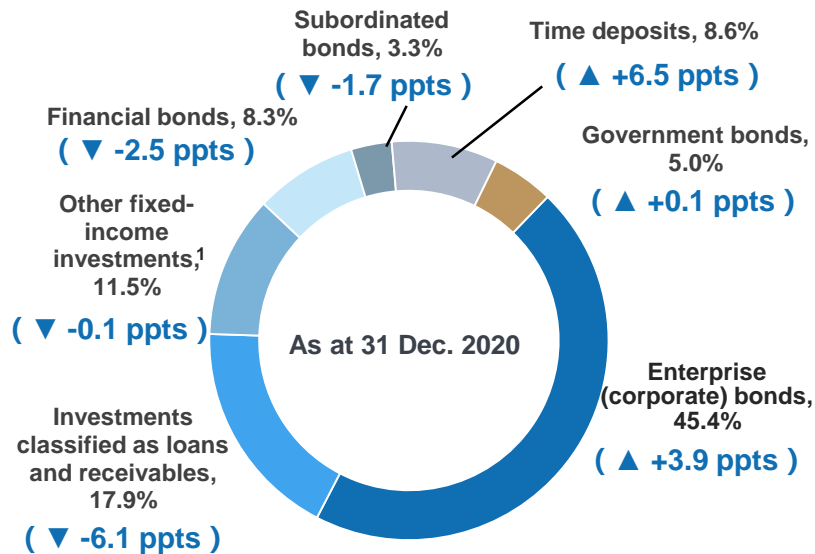
Asset allocation structure²



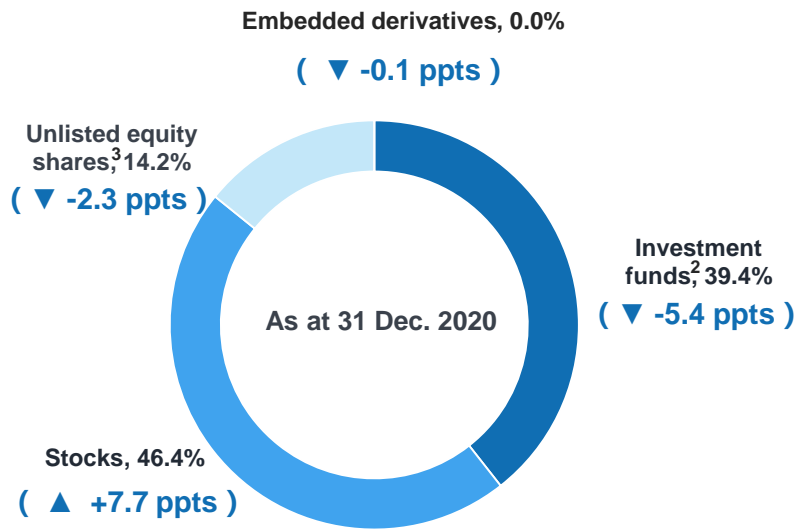
- Investment assets = cash and short-term time deposits + financial assets at fair value through profit or loss + financial assets held under resale agreements + time deposits + available-for-sale financial assets + held-to-maturity investments + investments classified as loans and receivables + reinsurers' share of policy loans + investments in associates + statutory deposits + derivative financial instruments + investment properties – securities sold under agreements to repurchase-financial liabilities at fair value through profit or loss.
- 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. Percentage points in the label are the comparison with data as at 31 December 2019.
- Other investments include investment properties, derivative financial instruments and financial liabilities at fair value through profit or loss, etc.



Breakdown of fixed-income investments



Breakdown of equity and investment funds



1. Other fixed-income investments primarily includes financial assets held under resale agreements, statutory deposits and reinsurers' share of policy loans and others.
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. Percentage points in the label are the comparison with data as at 31 December 2019.

03

Outlook

He Chunlei, President



New challenges: complex and volatile competitiveness

- Under the impact of the global pandemic, macro situation at home and abroad is complex and volatile
- Auto insurance comprehensive reform, C-ROSS II, IFRS9 and IFRS17 etc. have been implemented successively, along with a more strict regulatory trend.
- While the Matthew effect in primary insurance market is getting obvious, more open policies in reinsurance market will be intensified.
- Frequent catastrophes test overseas business risk management capabilities.

New motivation: a period of strategic opportunities in insurance industry

- Chinese economy is improving in the long run, driving China to become the world's largest incremental insurance market.
- The establishment of governance capabilities modernization has stimulated vigorous demands for liability insurance, catastrophe insurance etc.
- With the acceleration of the increase in ageing population, demands for health insurance and pension insurance of middle class are increasing.
- Reinsurance will make great progress in serving Belt and Road Initiative construction.

New pattern: constant and deep transformation of insurance industry

- Fin-tech spurs reform of business model.
- The insurance industry is transforming towards a direction with diversified supply, orderly competition and connotative growth.
- Ecological competitions such as "insurance + health management" and "technology + auto insurance" have become the new important fields of development.



Business strategy

Stabilize growth, optimize structure, control risk, and improve profitability to fully promote China Re to attain high-quality development.



Enhance the development of major business in serving national strategies



Strengthen the competitiveness of innovation in industrial structure upgrading



Strengthen the driving force of business transformation in regulatory transition



Build a strong support for technological services in digital revolution



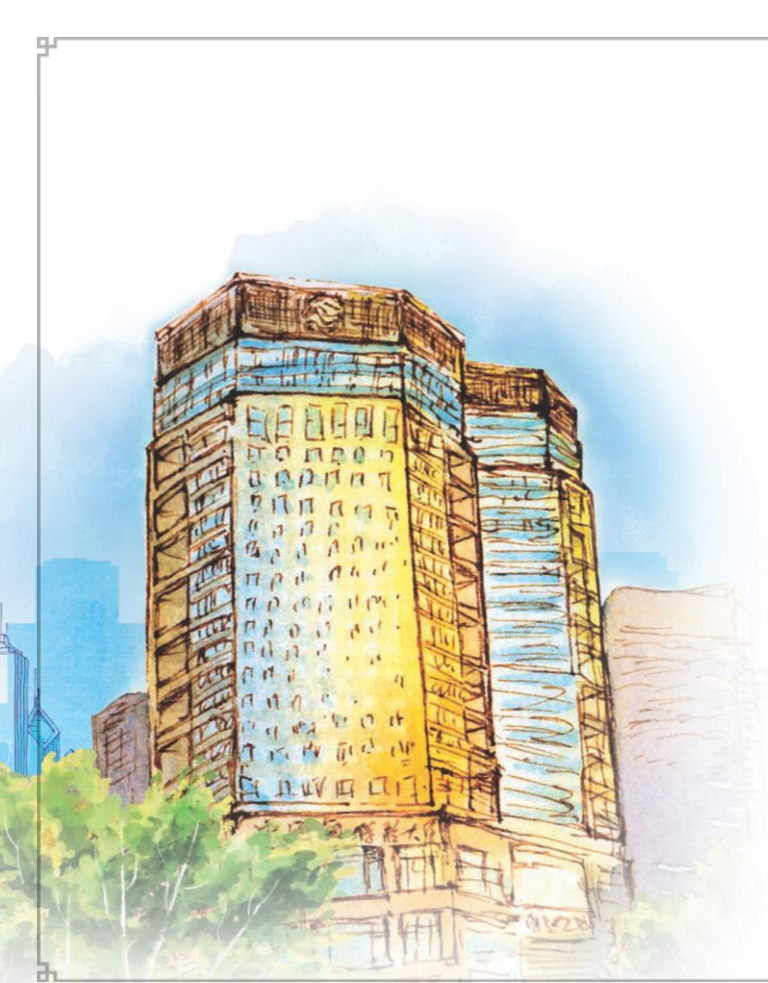
Strengthen the overall control of the group in risk prevention



2021



Adhering to the keynote of making progress while ensuring stability, China Re insisted on the unshakable aspects of "profitable development, market benchmarks, risk compliance and digital transformation", and the business strategy of "stabilizing growth, optimizing structure, controlling risk and improving profitability" to fully promote high-quality development.



Questions & Answers



RMB m (unless otherwise stated)	2020	2019	Change
Gross written premiums	161,574	144,973	11.5%
P&C reinsurance	48,573	42,679	13.8%
L&H reinsurance	66,957	55,526	20.6%
Primary P&C insurance	48,167	48,730	-1.2%
Net profit	5,924	6,645	-10.9%
Net profit attributable to equity shareholders of the parent company	5,711	6,049	-5.6%
EPS (RMB)	0.13	0.14	-5.6%
Weighted average return on equity	6.34%	7.32%	-0.98 pts
Total investment yield	6.01%	5.30%	0.71 pts

1. Weighted average return on equity = net profit attributable to equity shareholders of the parent company ÷ balance of weighted average equity
2. Total investment yield = total investment income ÷ average of total investment assets at the beginning and end of the period

Appendix | Key financial and operating indicators (cont'd)



RMB m (unless otherwise stated)	31 December 2020	31 December 2019	Change
Total assets	453,577	396,638	14.4%
Total liabilities	350,676	299,660	17.0%
Total equity	102,901	96,978	6.1%
Net assets per share (RMB)	2.19	2.05	6.8%
Core solvency adequacy ratio	189%	190%	-1 ppt
Comprehensive solvency adequacy ratio	215%	209%	6 ppts
Total investment assets	307,957	261,833	17.6%

1. Net assets per share are calculated based on the figure attributable to equity shareholders of the parent company.