



**China Reinsurance (Group) Corporation
(1508.HK)
2015 Annual Results Announcement**

March 2016





Disclaimer

By attending the meeting including this presentation or reading materials related to this presentation, you are agreeing to be bound by the following restrictions:

- This presentation has been prepared by China Reinsurance (Group) Corporation (hereafter referred to as “China Re Group” or the “Company”). No representation or warranty, expressed or implied, is given as to the fairness, accuracy, completeness or correctness of any information contained herein and they should not be relied upon as such. The Company shall have no liability whatsoever (in negligence or otherwise) for any loss howsoever arising from this presentation or its contents or otherwise arising in connection with this presentation. The information contained herein may be updated, refined, revised, verified or modified, or subject to material changes.
- This presentation is based on economic, regulatory, market and other conditions as they exist on the date hereof. You should understand that future developments may potentially affect the information contained in this presentation and that the Company shall have no obligation to update, revise or reaffirm the information set forth in this presentation.
- The information contained herein includes certain forward-looking statements or those that possibly of a forward-looking nature. Such statements typically contain the words “will”, “expects”, “anticipates”, and similar expressions. Forward-looking statements are related to future events or are subject to future happenings, and hence involving risks and uncertainties. Given these uncertainties, such forward-looking statements should not be relied upon. The Company shall have no liability to update the forward-looking statements or revise the forward-looking statements to reflect future events or developments.
- This presentation and the information contained herein are for your reference only and may not be copied or distributed to any others, in whole or in part.



Agenda

1

Overview of 2015 Results

2

Financial Performance

3

Review of Key Business Segments

4

2016 Outlook and Strategy



Stable business growth with outstanding operational performance

1	Steady growth of premium income	<ul style="list-style-type: none">■ 2015 gross written premiums (GWPs) reached RMB80,434m, a y-o-y increase of 9.1%:<ul style="list-style-type: none">• GWPs from P&C reinsurance and Life and Health reinsurance grew by 2.5% and 9.0% y-o-y respectively• Primary P&C insurance GWPs experienced a y-o-y increase of 18.8%
2	Solid industry position	<ul style="list-style-type: none">■ 2015 GWPs from P&C reinsurance, Life and Health reinsurance reached RMB31,924m and RMB22,978m respectively; Remained leading in terms of market share■ In terms of Original Premium Income, primary P&C insurance ranked sixth with a market share of 3.16%, up by 0.19 pts
3	Constantly improving profitability	<ul style="list-style-type: none">■ 2015 net profit reached RMB7,675m, a y-o-y increase of 40.2%; weighted average ROE reached a record high of 12.99%
4	Significant increase in capital strength	<ul style="list-style-type: none">■ Capital further strengthened with the Group's successful IPO; 2015 total equity grew by 29.9% y-o-y to RMB70,957m
5	Record high investment yields	<ul style="list-style-type: none">■ 2015 total investment assets reached RMB163,138m, up by 17.5% from the beginning of the year; total investment yield reached 8.48%, outperforming the industry average
6	Strong commitment to shareholder returns	<ul style="list-style-type: none">■ In 2015, the board proposed cash dividends of RMB1,954m



Effective innovation development with constantly improving management capabilities



Rated “A” (Excellent) with a stable outlook by A.M.Best for six consecutive years



Rated “A+” with a stable outlook by Standard & Poor’s for two consecutive years

1

Fulfilled industry and client demand for innovation while playing a key role in the development of new insurance products including prototype equipment insurance, inherent defect insurance and the 2nd generation of cancer insurance, as well as in technical expertise cooperation and reinsurance support

2

Promoted catastrophe insurance pilot programmes, actively involved in the establishment of Earthquake Catastrophe Insurance Pool, explored the establishment of a tiered and decentralized mechanism for catastrophe risks and played a key role in product design and premium rates setting

3

Implemented New Core Reinsurance System (Tier 1), which was in line with international standards to refine business management and improve operational efficiency

4

Completed trials for risk appetite systems, strengthened the integration of risk appetite with business budgeting and performance evaluation to further enhance the effectiveness of risk management

5

Through an independent special purpose vehicle, successfully sponsored the issuance, in the overseas markets, of the first catastrophe bond linked to China earthquake risks, which marked a breakthrough in the PRC’s insurance industry in using alternative risk transfer instruments



Full commitment to the mission of leading the PRC reinsurance industry development

Facilitate industry standardization

- Actively participate in the establishment of C-ROSS regulatory framework and the national Nuclear Safety and Control Act, while constantly promoting the standardization and development of industry and national risk management systems

Provide insurance technical supports

- Maintain smooth operation of P&C Insurance Data Analysis Centre and update the China P&C insurance exposure curves
- Actively involve in the work of Office of Industry Experience Analysis established by China Association of Actuaries, facilitate the construction of the third mortality table and provide support for product pricing and business evaluation

The pioneer and leader of the PRC reinsurance industry

- Promote the organic integration of technological innovation and social governance by accelerating the development of insurance products such as earthquake catastrophe, agricultural price index, environmental pollution, food safety, medical and critical illness insurance
- Serve as the management institution for the China Nuclear Insurance Pool (CNIP) and the China Agricultural Reinsurance Pool (CARP), and as the observer and the only reinsurer for the China Urban and Rural Residential Building Earthquakes Catastrophe Insurance Pool (CECIP)

Support the development of insurance for public interests

- China Re P&C wholly commits to being the management institution of CARP as well as PRC Government policies addressing agriculture while effectively diversifying the risks for China agricultural catastrophe insurance
- China Continent Insurance actively promotes policy-supported agricultural insurance by providing insurance coverage to farmers

Assist in policies addressing agriculture, rural areas and farmers



Agenda

1

Overview of 2015 Results

2

Financial Performance

3

Review of Key Business Segments

4

2016 Outlook and Strategy

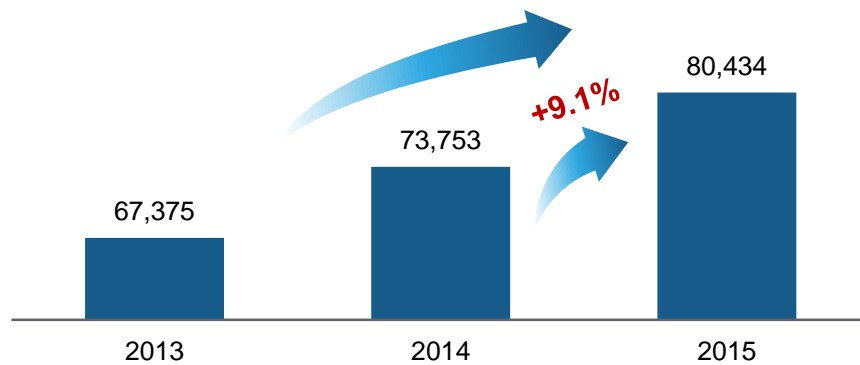


Stable growth of the Group's business

GWPs

(RMB in millions)

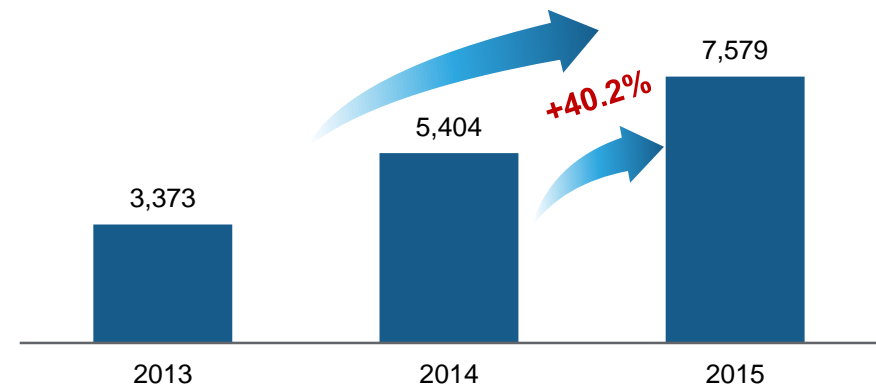
2013-2015 CAGR: 9.3%



Net profit attributable to shareholders

(RMB in millions)

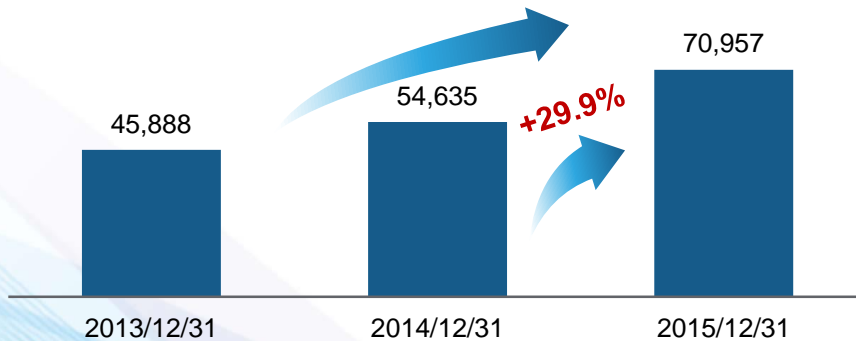
2013-2015 CAGR: 49.9%



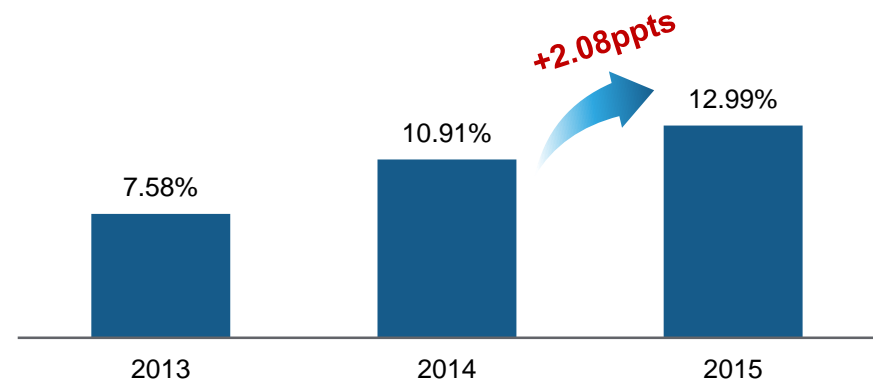
Total equity

(RMB in millions)

2013-2015 CAGR: 24.4%



Weighted average ROE



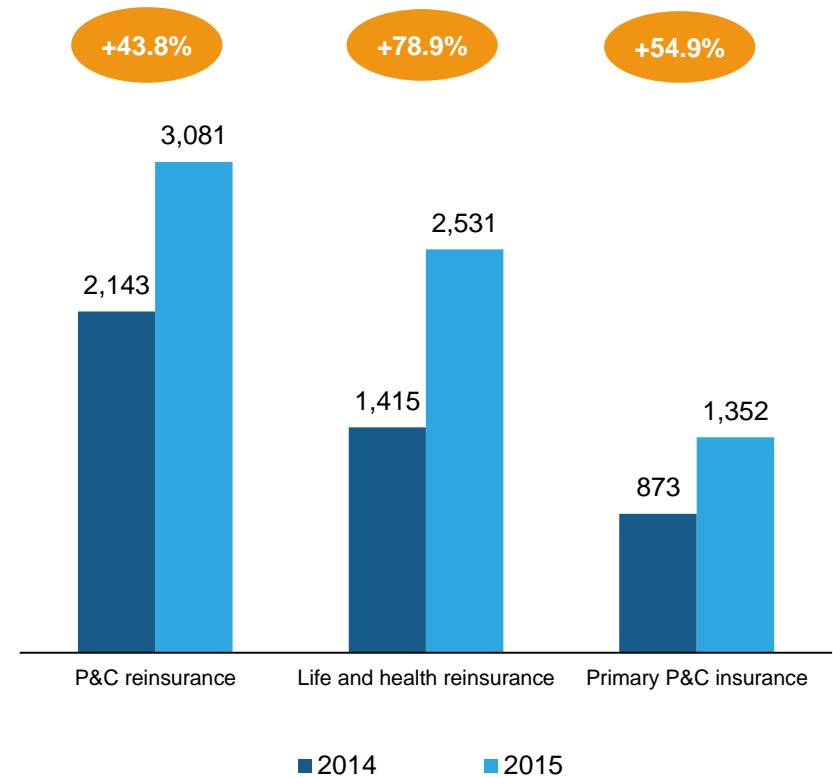
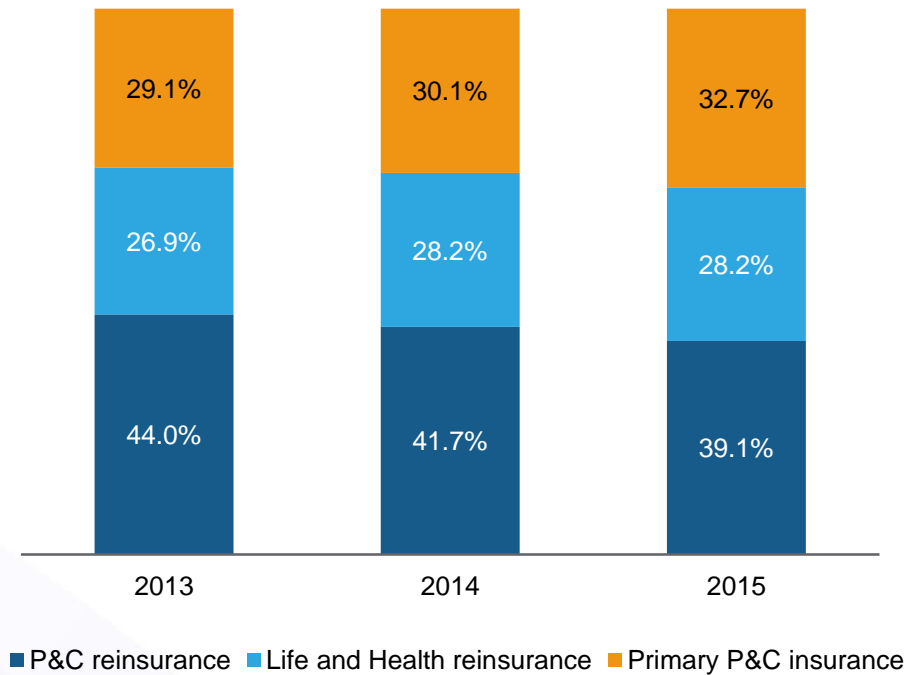


Segment premiums and profits

% GWPs of each business segment

Net profit of each business segment

(RMB in millions)



Notes: % GWPs is calculated as segment GWPs / the Group's consolidated GWPs before elimination



Agenda

1

Overview of 2015 Results

2

Financial Performance

3

Review of Key Business Segments

4

2016 Outlook and Strategy



P&C reinsurance (1/4)

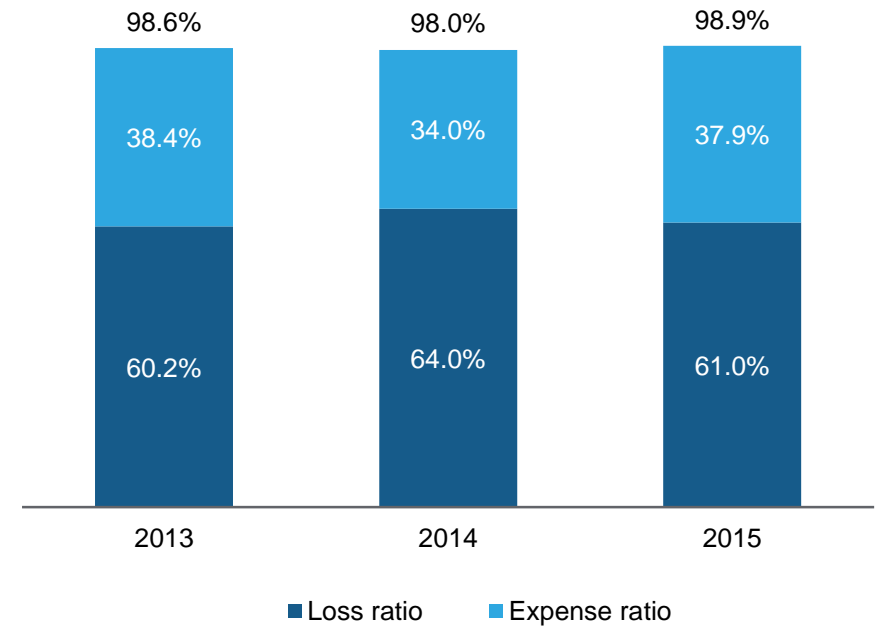
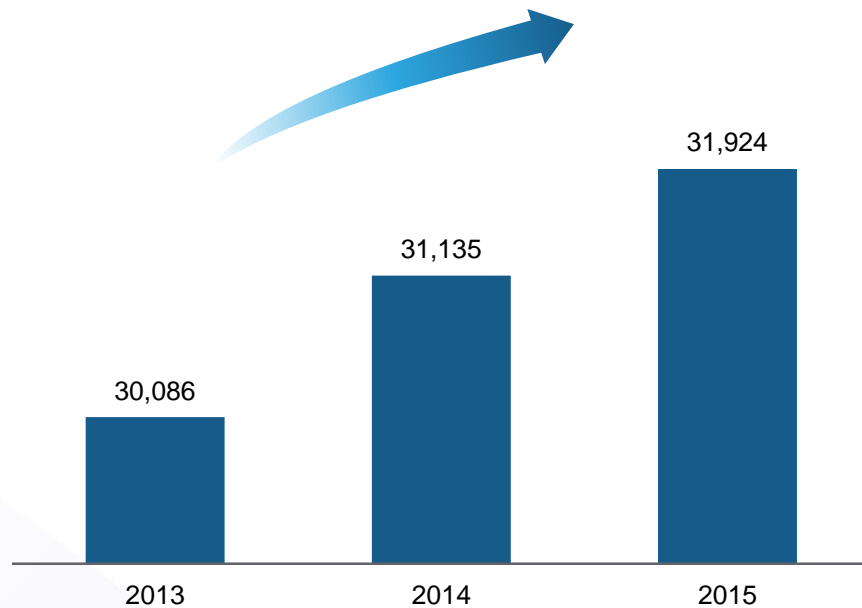
Reinsurance premium income grew steadily, and combined ratio remained stable

Reinsurance premium income

Combined ratio

(RMB in millions)

2013-2015 CAGR: 3.0%





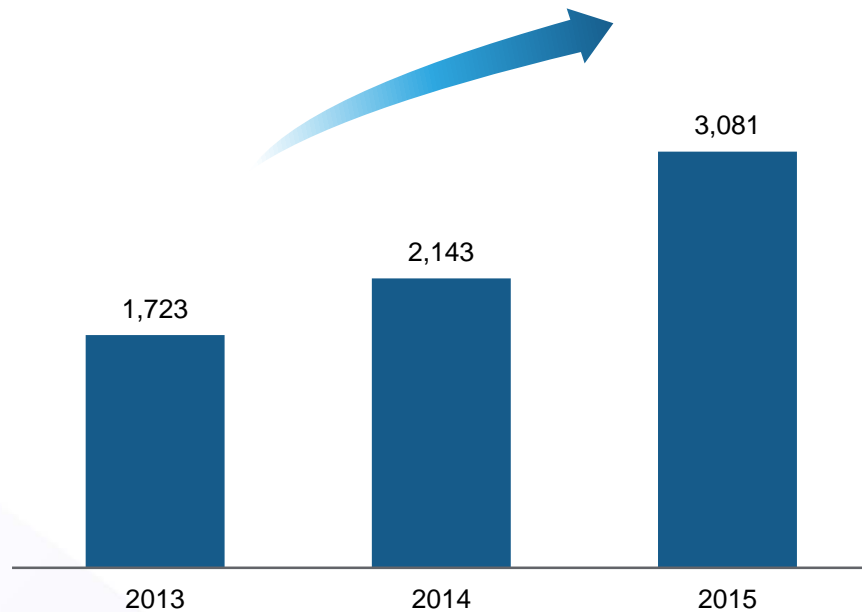
P&C reinsurance (2/4)

Profitability improved significantly, and weighted average ROE grew by 2.8 pts

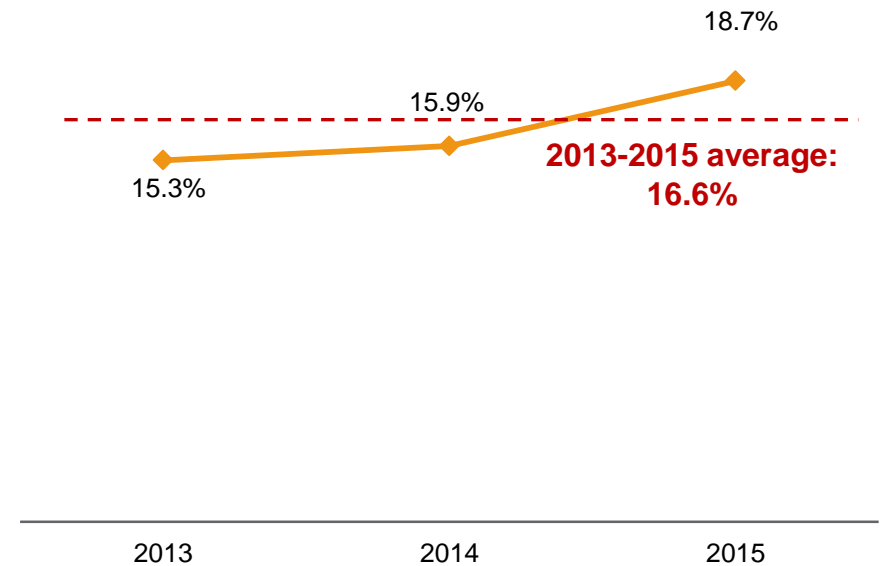
Net profit

(RMB in millions)

2013-2015 CAGR: 33.7%



Weighted average ROE





P&C reinsurance (3/4) – domestic business

Deep insight to the market trends, steady growth in all lines of business, and stable business structure maintained

Deep insight into the industry trends and steady growth in all lines of business

Motor insurance

- Although certain primary insurance companies adjusted ceding structures, we implemented a proactive business strategy to explore emerging business opportunities and maintained our business growth. We recorded premium income of RMB18,151m, representing 3.8% y-o-y growth

Commercial property and household insurance

- Due to the weakened growth of primary insurance market and the adjustment to ceding structures by certain insurance companies, we recorded premium income of RMB4,007m, representing a slight decrease compared to last year

Agricultural insurance

- We recorded premium income of RMB3,227m, largely at the same level as last year, and also same percentage of income contribution

Liability insurance

- Due to strengthened marketing of liability insurance and rapid growth of primary insurance market, we recorded premium income of RMB1,571m, representing 8.0% y-o-y growth

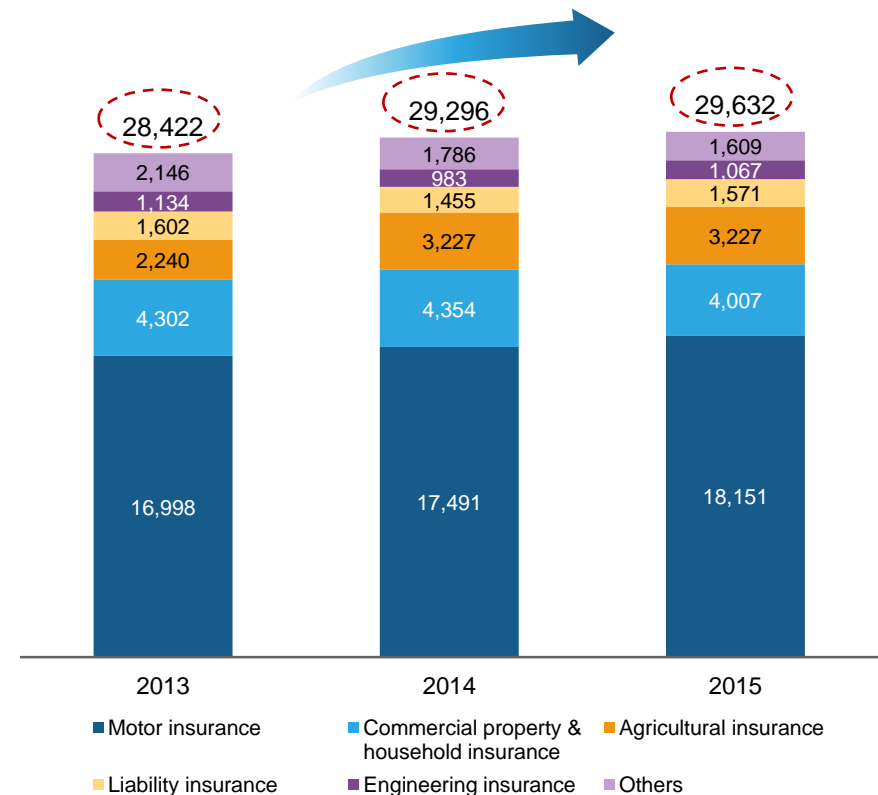
Engineering insurance

- Driven by the government's large-scale investments and our proactive business strategy, we recorded premium income of RMB1,067m, representing 8.5% y-o-y growth

The business structure remained stable in terms of breakdown by type of reinsurance arrangement, by form of cession, and by line of business

(RMB in millions)

2013-2015 CAGR: 2.1%



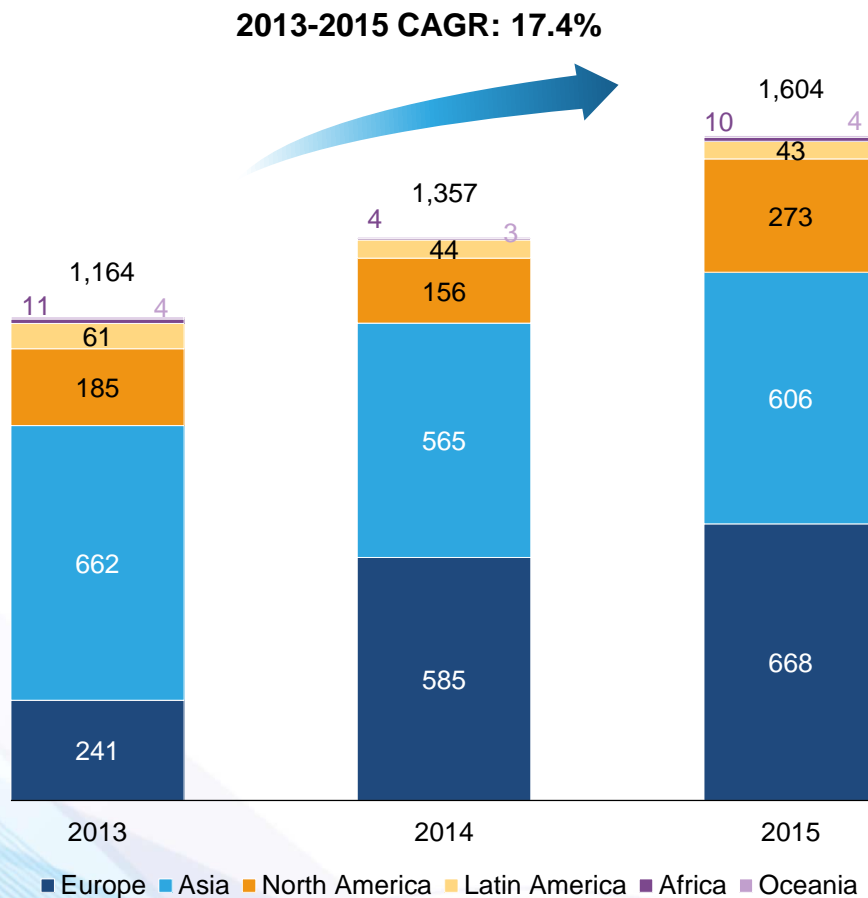


P&C reinsurance (4/4) – international business

Steady growth of reinsurance premium income from international P&C reinsurance business and Lloyd's business

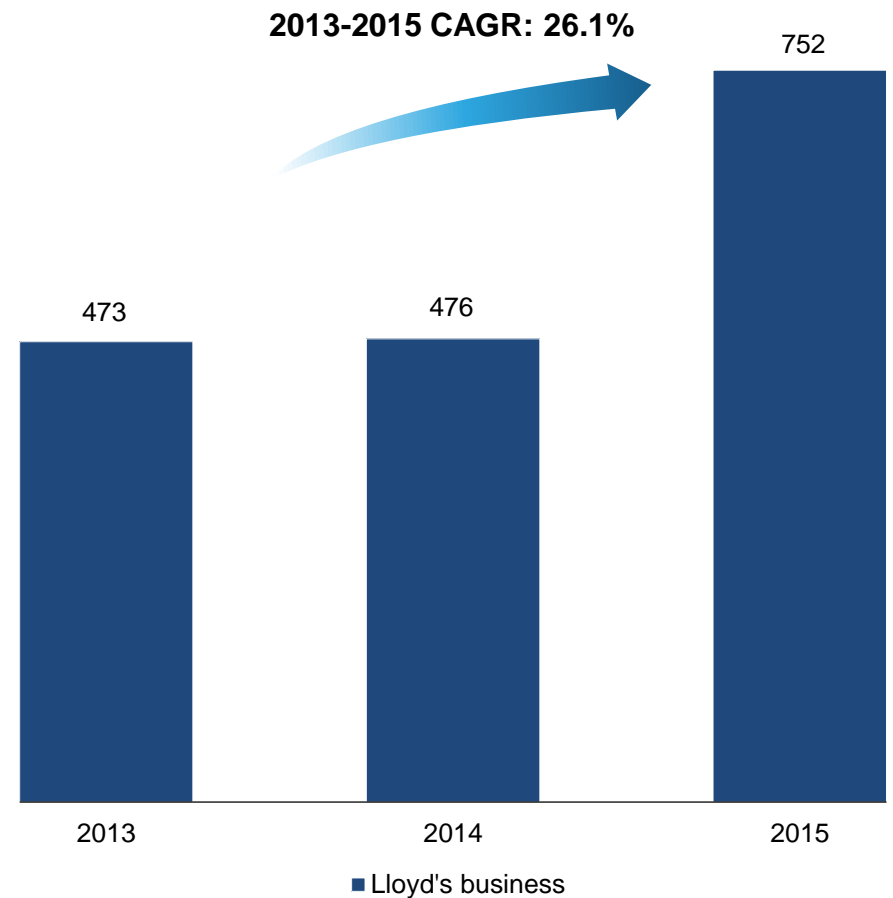
Reinsurance premium income from international P&C reinsurance business

(RMB in millions)



Reinsurance premium income from Lloyd's business

(RMB in millions)





Life and Health reinsurance business (1/5)

Stable growth of premium income with concerted development of domestic and overseas business

Reinsurance premium income

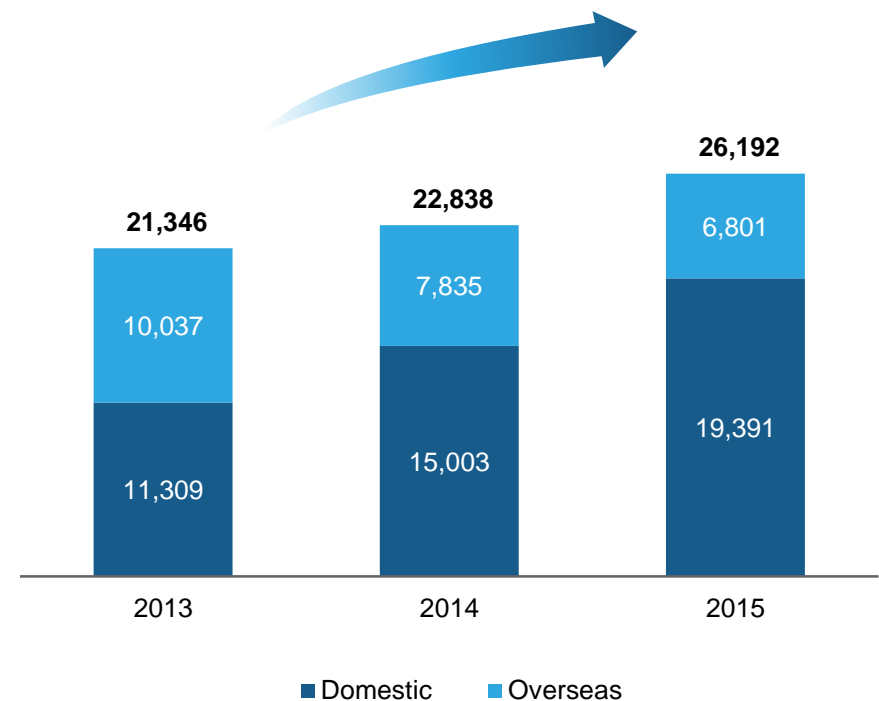
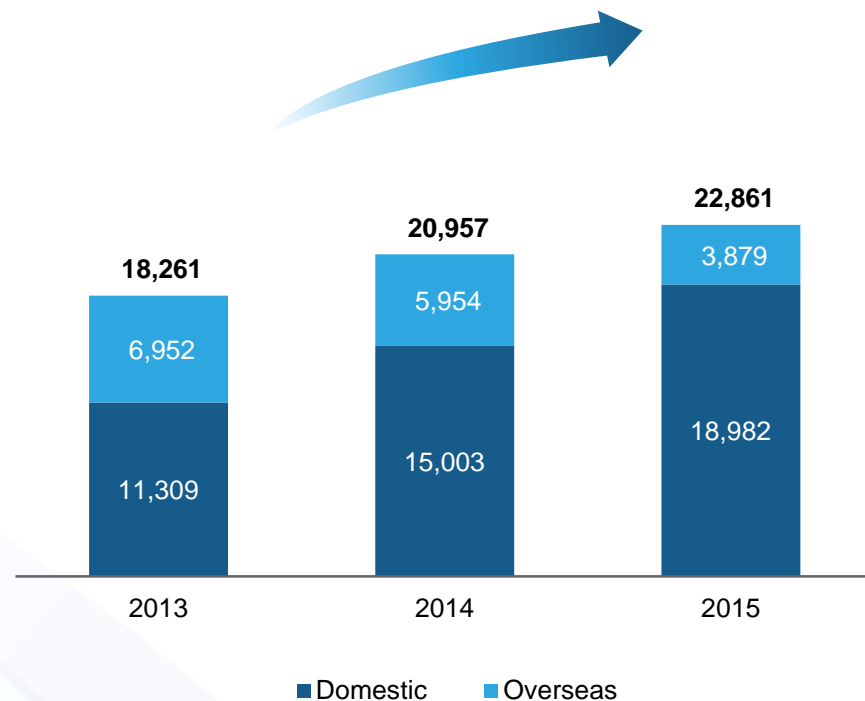
Total written premiums (TWPs)

(RMB in millions)

(RMB in millions)

2013-2015 CAGR: 11.9%

2013-2015 CAGR: 10.8%



Notes: Premium data on this page refers to China Re Life specifically, with TWPs including revenue from savings-type universal life reinsurance



Life and Health reinsurance business (2/5)

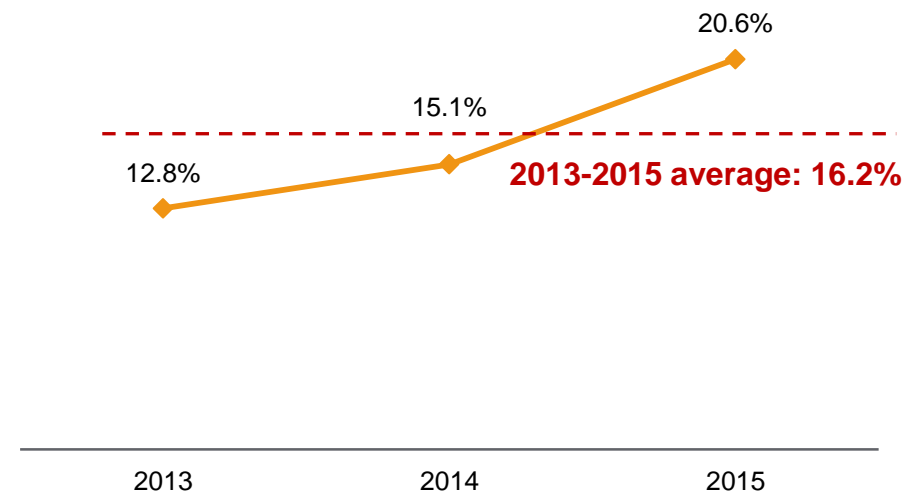
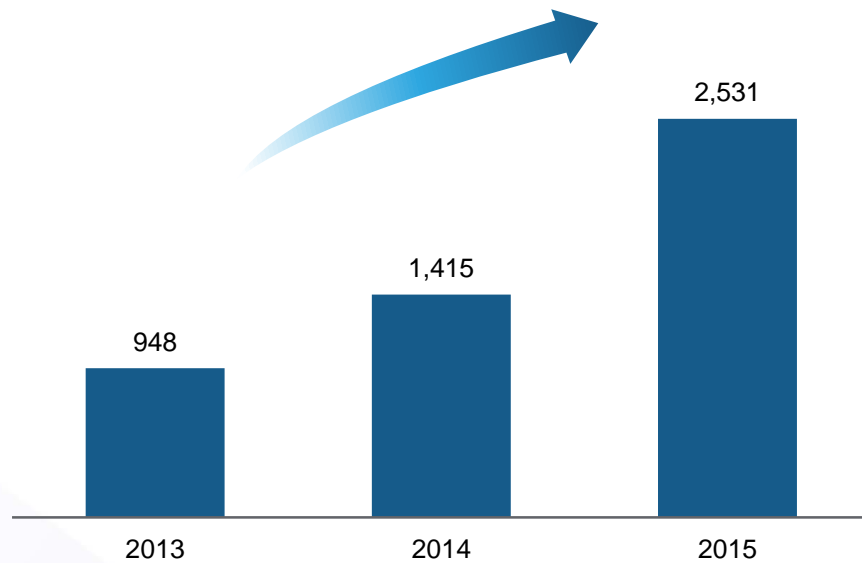
Significant improvement in profitability with a y-o-y increase of 5.5 pts in weighted average ROE

Net profit

Weighted average ROE

(RMB in millions)

2013-2015 CAGR: 63.4%





Life and Health reinsurance business (3/5)

Actively taking advantage of industry opportunities resulting in a CAGR of 30% in domestic business

Concurrent development in three types of business to support the rapid growth of domestic business

Protection-type reinsurance

- Strengthen product development and leverage competitiveness in pricing based on data advantage, to promote protection-type reinsurance
- Improve client service experience by providing key clients with value-added services such as health management and expedited access
- Focus on development in domestic market segmentation and proactively support emerging products

Savings-type reinsurance

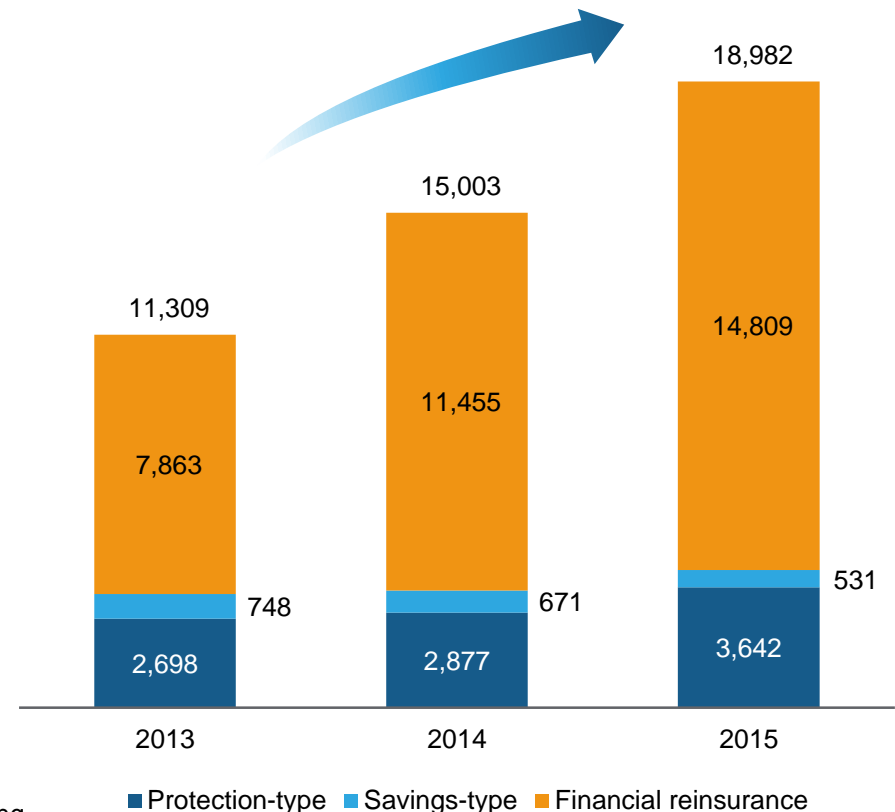
- Establish client strategies scientifically based on the risk appetite analysis for ceding companies
- Increasingly promote the “assets driving liabilities” business model and capture business opportunities while achieving effective asset-liability management

Financial reinsurance

- Leverage technical expertise to promote business development
- Focus on risk management with overall business risk maintained at a relatively low level
- Emphasize the customization of client needs and formulate business plans in a scientific manner to improve business profitability

(RMB in millions)

2013-2015 CAGR: 29.6%



Notes: Premium data on this page refers to China Re Life specifically, excluding TWPs from savings-type universal life reinsurance



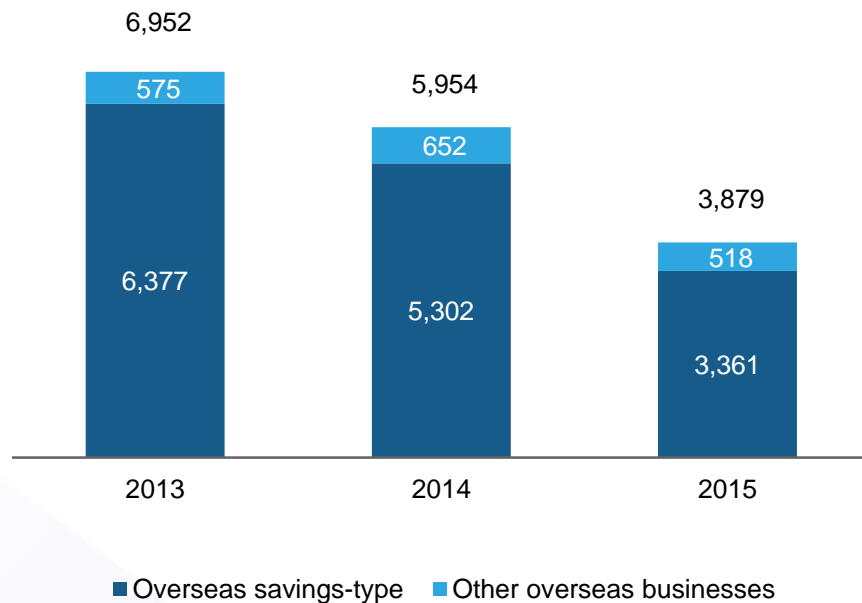
Life and Health reinsurance business (4/5)

Proactive business structure adjustments, adaptive to market changes

Overseas business with a focus on savings-type reinsurance

(RMB in millions)

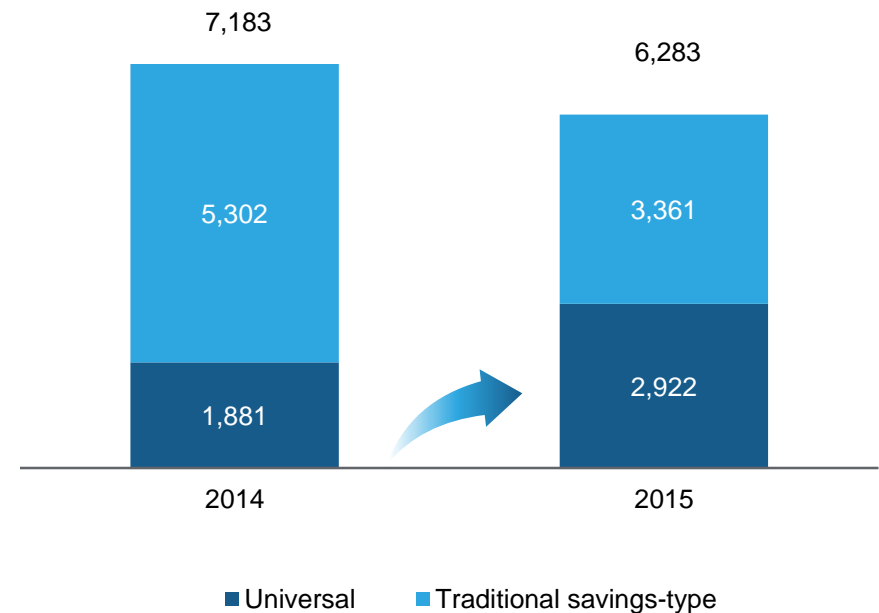
Reinsurance premium income



Significant growth of overseas savings-type universal life reinsurance

(RMB in millions)

Total written premiums (TWPs)



Notes: Premium data on this page refers to China Re Life specifically

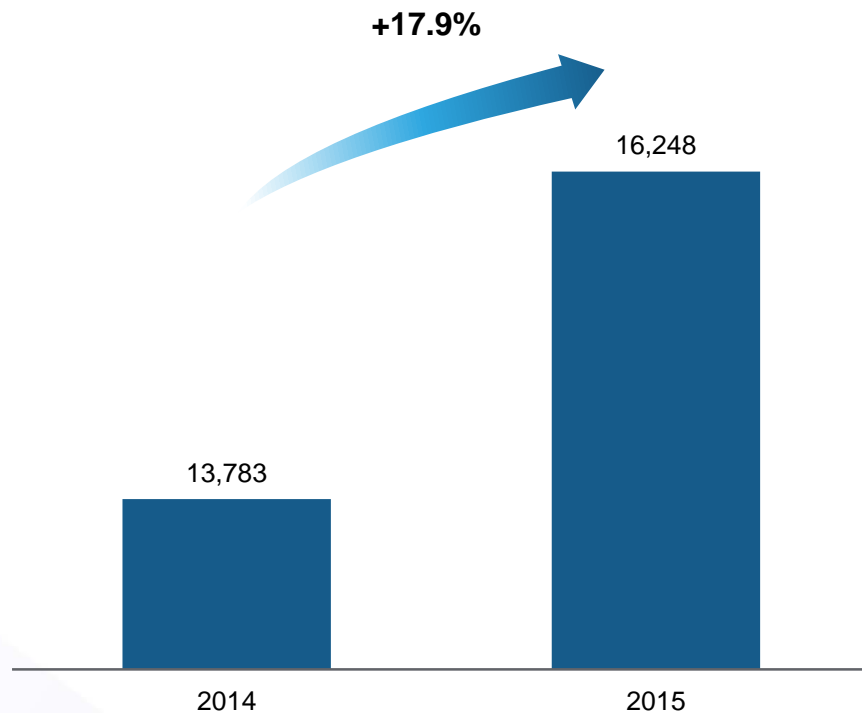


Life and Health reinsurance business (5/5)

A y-o-y increase of 17.9% in embedded value and 45.3% growth in the value of one year's new business

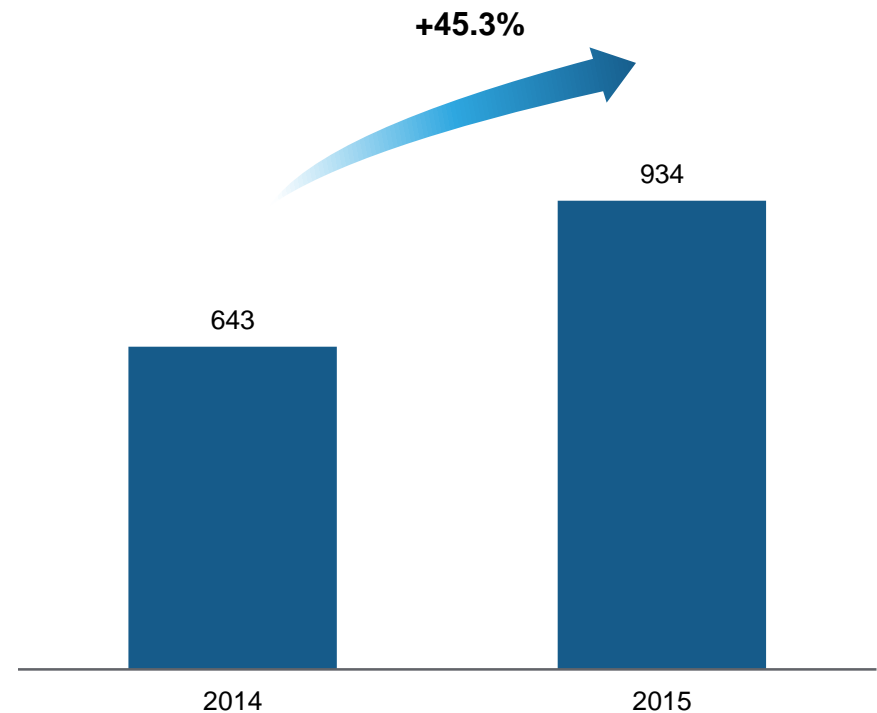
Embedded value

(RMB in millions)



Value of one year's new business after CoC

(RMB in millions)

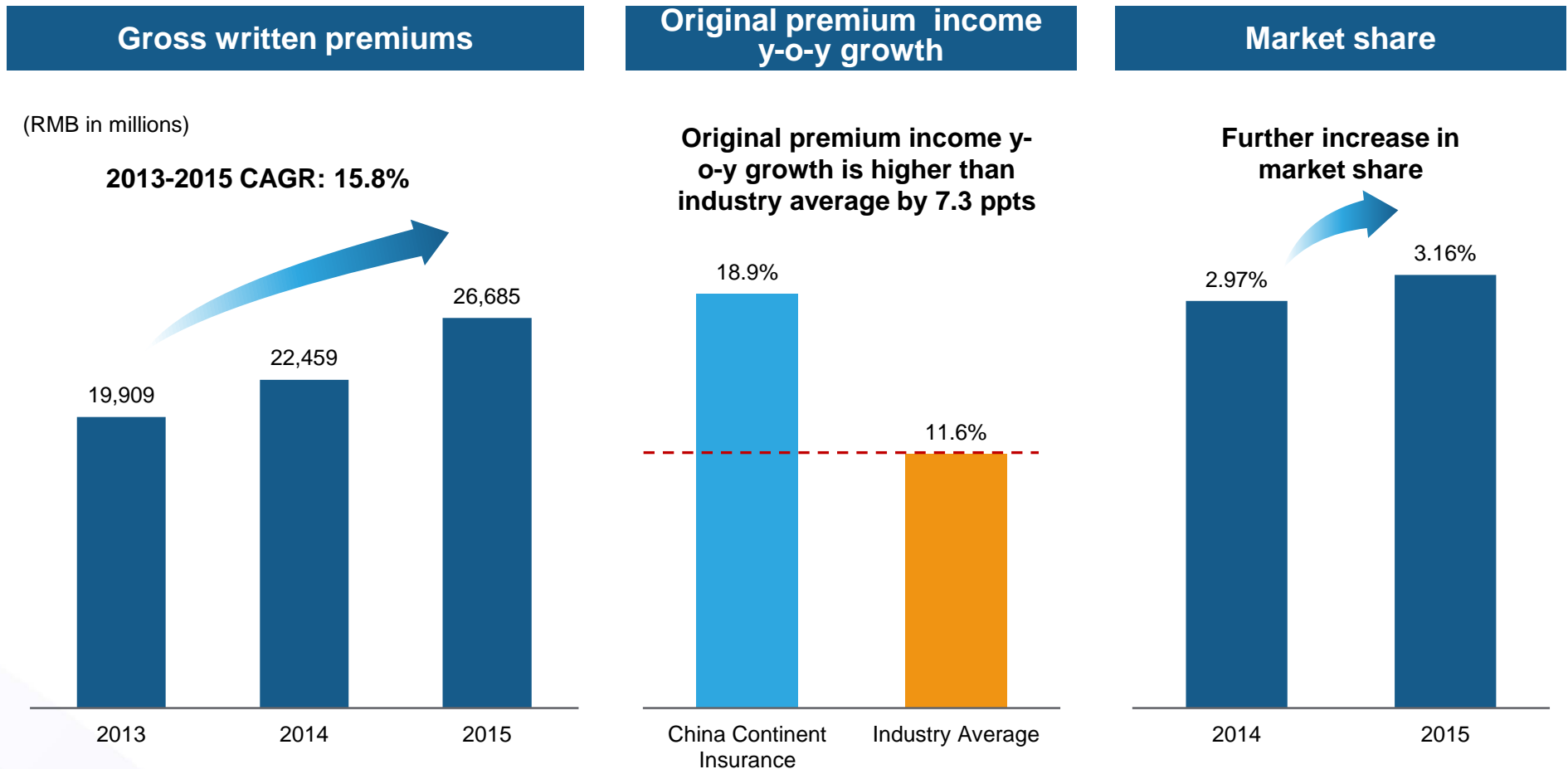


Notes: Assuming risk discount rate as 11%



Primary P&C insurance (1/5)

Further increase in market share with above-industry premium income growth



(RMB in millions)

2013-2015 CAGR: 15.8%

Original premium income y-o-y growth is higher than industry average by 7.3 ppts

Further increase in market share

Note: the original premium income data for the calculation of the original premium income y-o-y growth and the market share of China Continent Insurance in the charts above are sourced from the data of P&C insurance companies original premium income in 2015 published by the CIRC.



Primary P&C insurance (2/5)

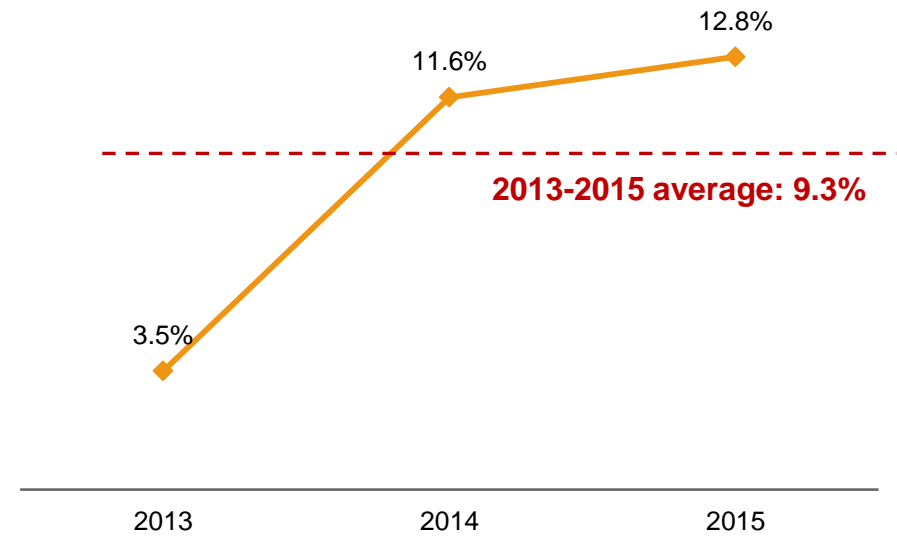
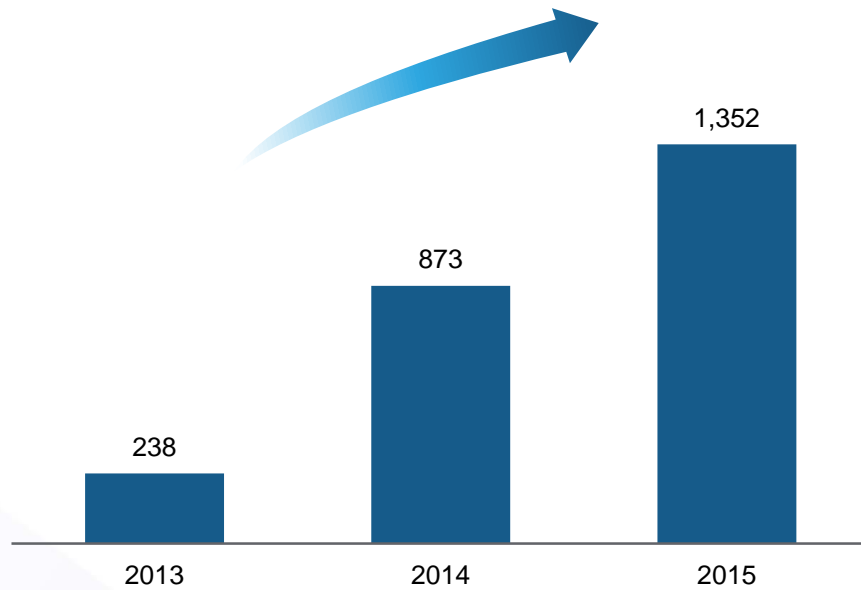
Net profit and profitability increase fast

Net profit

Weighted average ROE

(RMB in millions)

2013-2015 CAGR: 138.3%





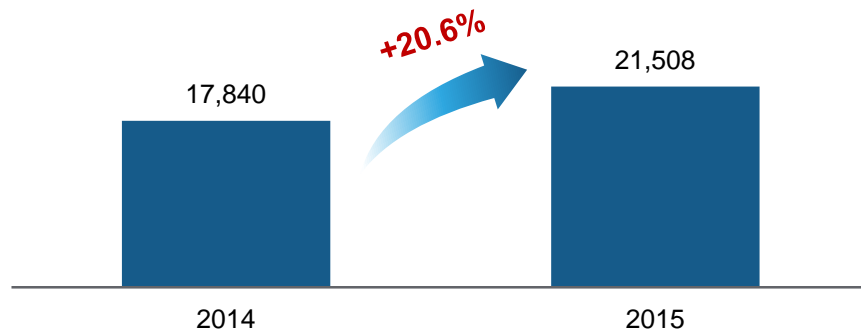
Primary P&C insurance (3/5)

Remarkable achievements in business transformation

Motor insurance: healthy growth with active response to market oriented reform of commercial motor insurance

(RMB in millions)

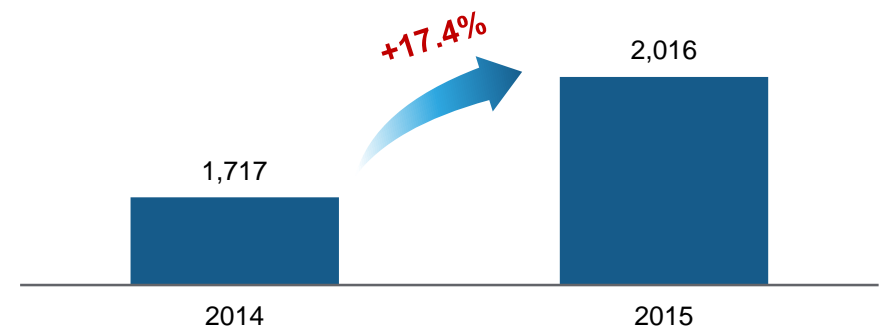
Gross Written Premiums



Accident and short-term health insurance: rapid growth by implementation of management improvement

(RMB in millions)

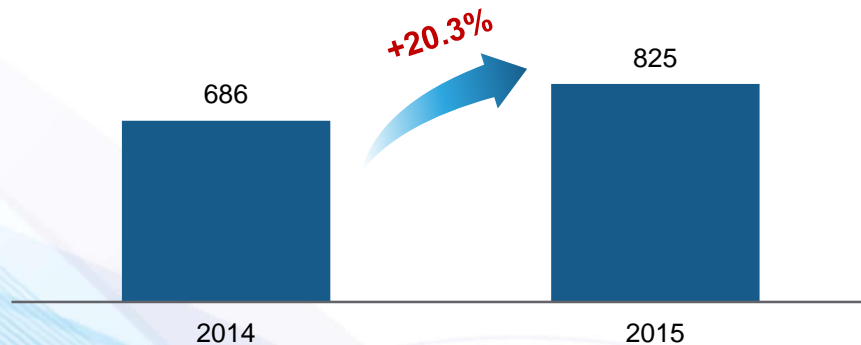
Gross Written Premiums



Liability insurance: rapid growth through product innovations

(RMB in millions)

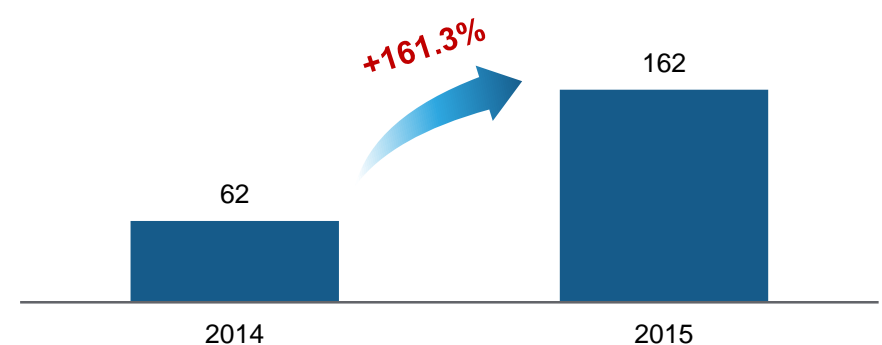
Gross Written Premiums



Agricultural insurance: breakthrough in policy-supported agricultural insurance

(RMB in millions)

Gross Written Premiums



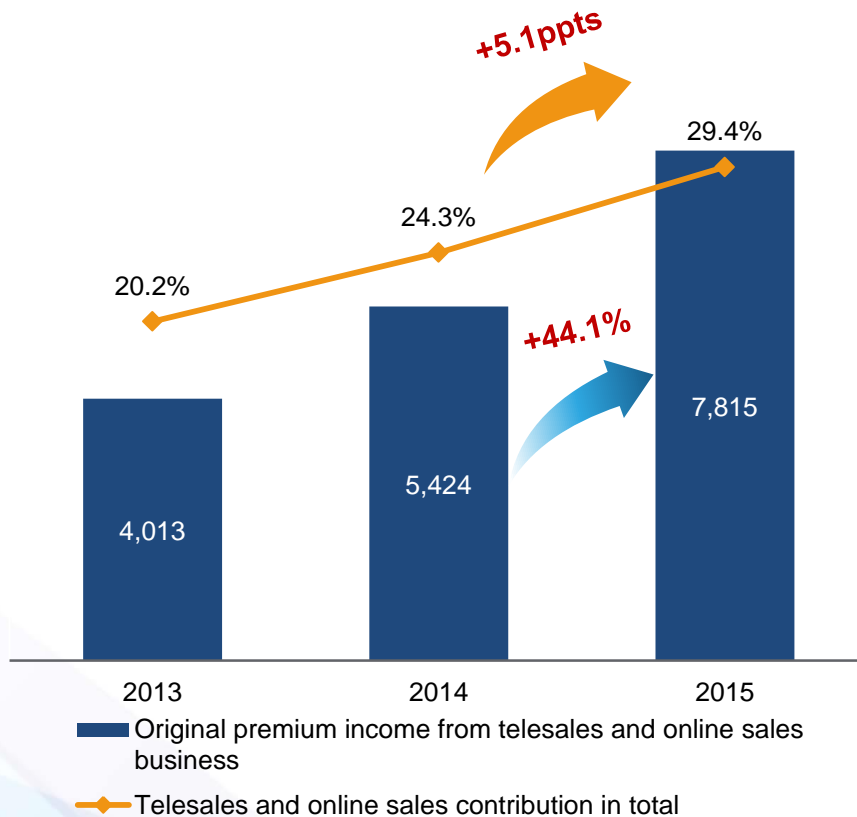


Primary P&C insurance (4/5)

Rapid growth of telesales and online sales business with increasing contribution from direct sales

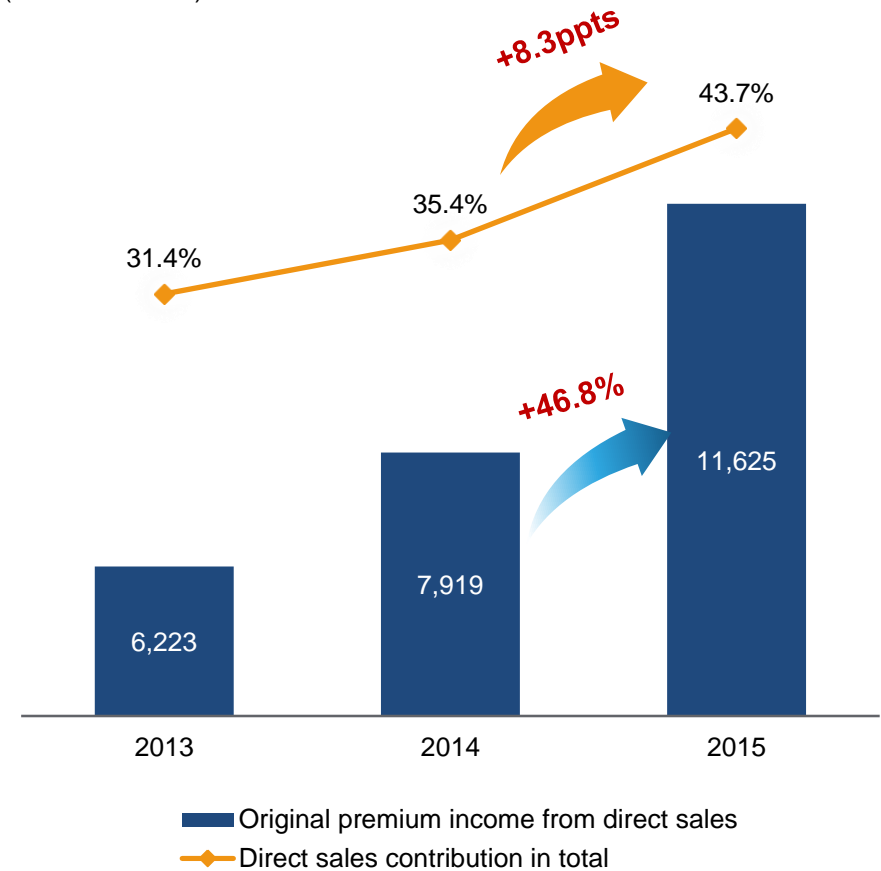
Rapid growth of telesales and online sales business

(RMB in millions)



Increasing contribution from direct sales

(RMB in millions)

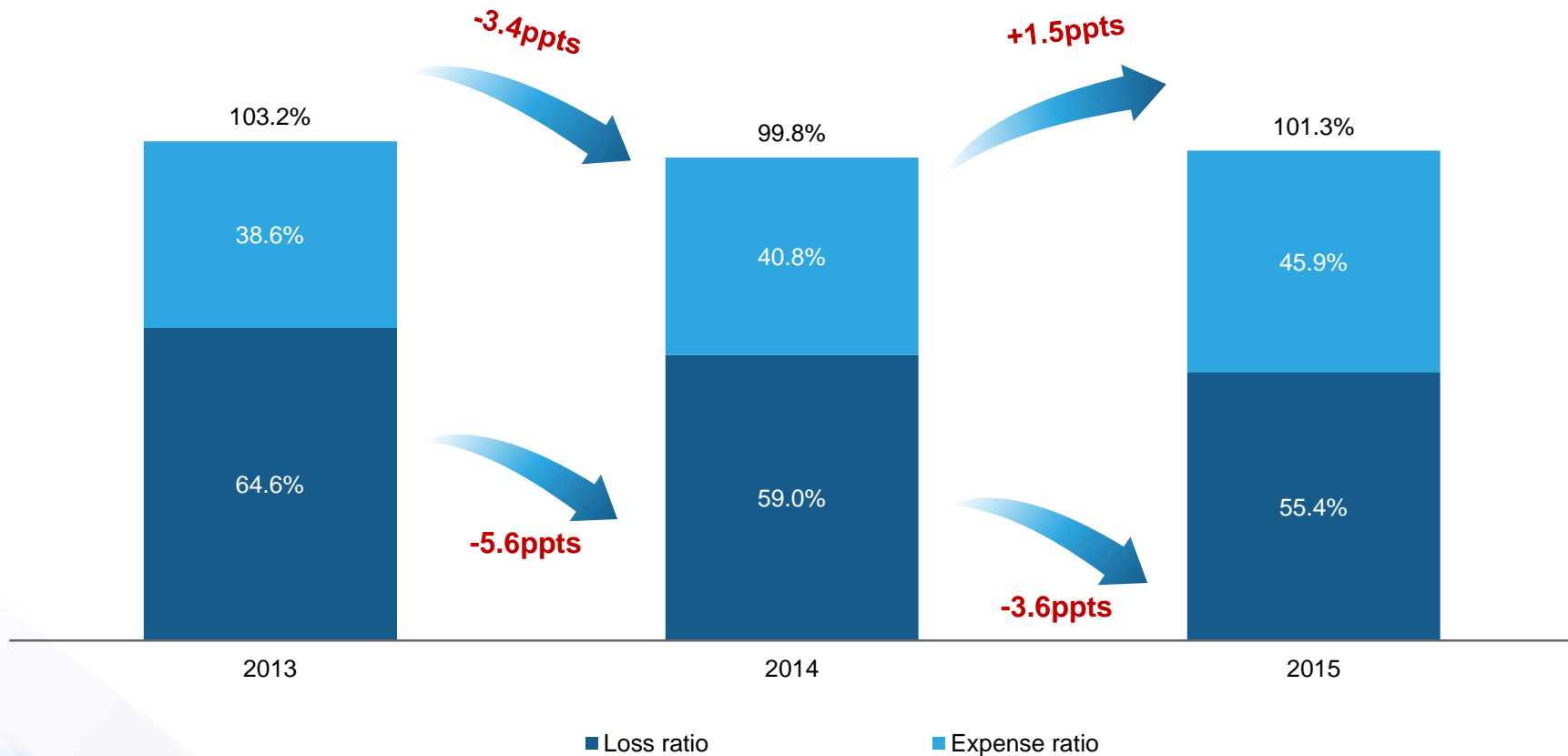




Primary P&C insurance (5/5)

Minor increase in combined ratio due to the explosion accident in Tianjin

Combined Ratio



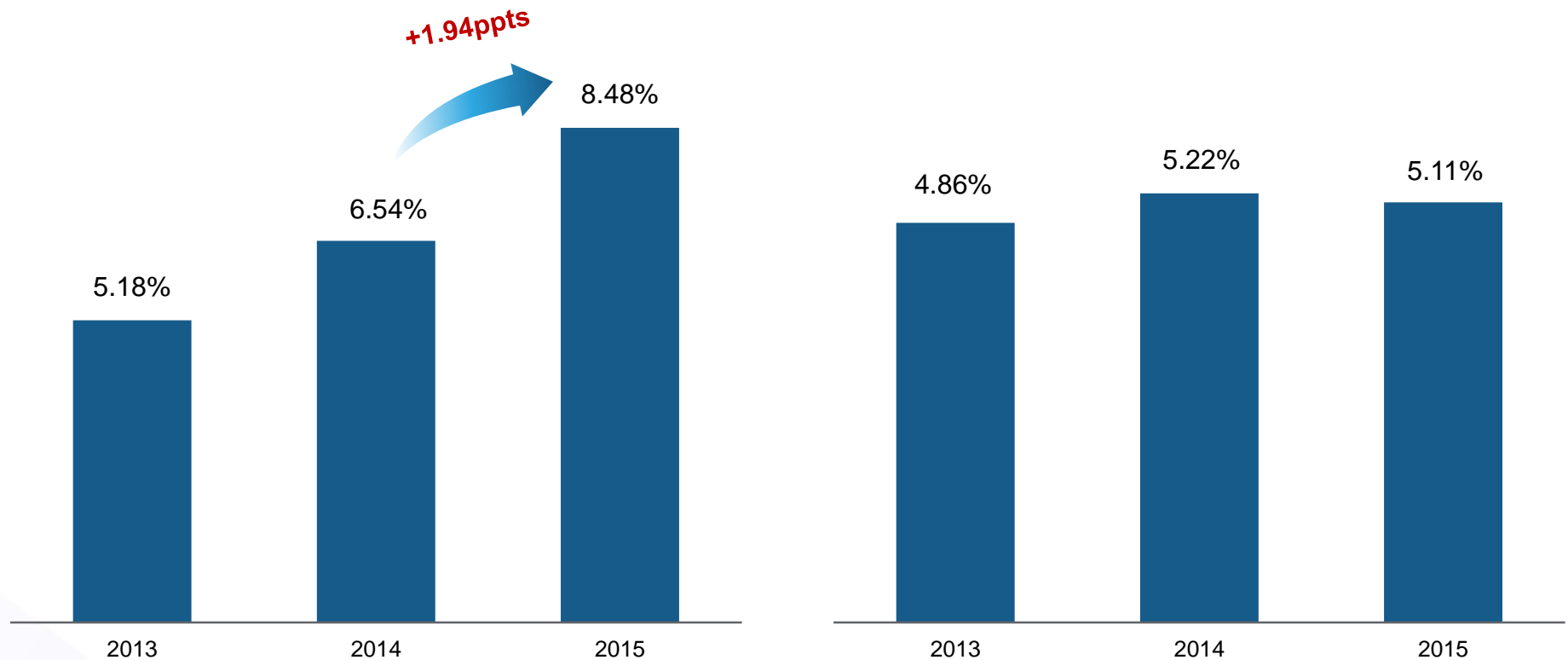


Asset management (1/4)

Total investment yield reached 8.48%, higher than industry average

Total investment yield constantly improved

Net investment yield maintained stable



Notes:

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

Total investment income = investment income + share of profit of associates – interest expenses on securities sold under agreements to repurchase. 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 + policy loans + investments in associates + statutory deposits + investment property – securities sold under agreements to repurchase.

Net investment yield = net investment income / the average of investment assets as at the beginning and end of the period. Net investment income = interest, dividends and rental income + share of profit of associates.



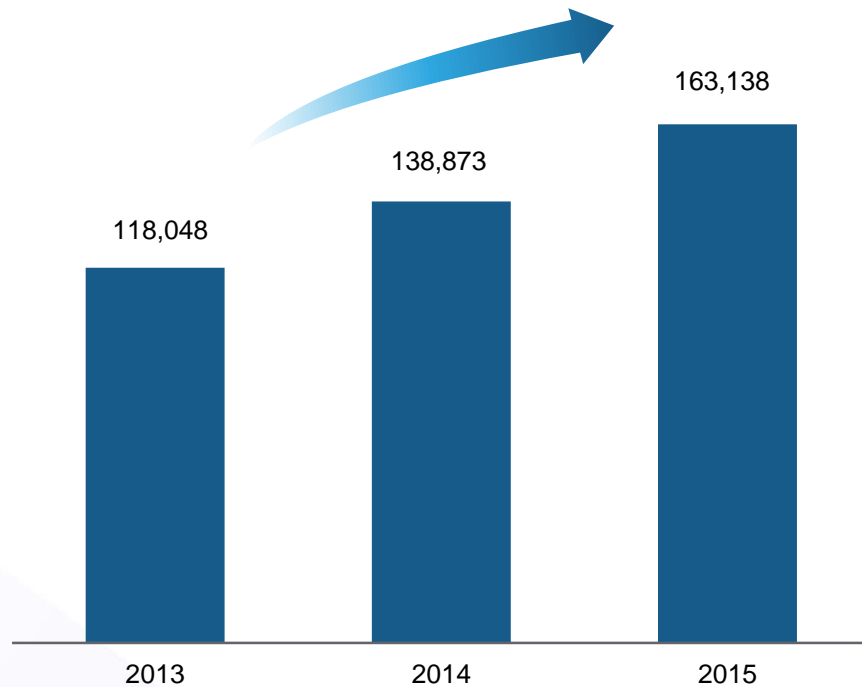
Asset management (2/4)

Steady growth in investment assets with a prudent investment portfolio

Solid growth in total investment assets

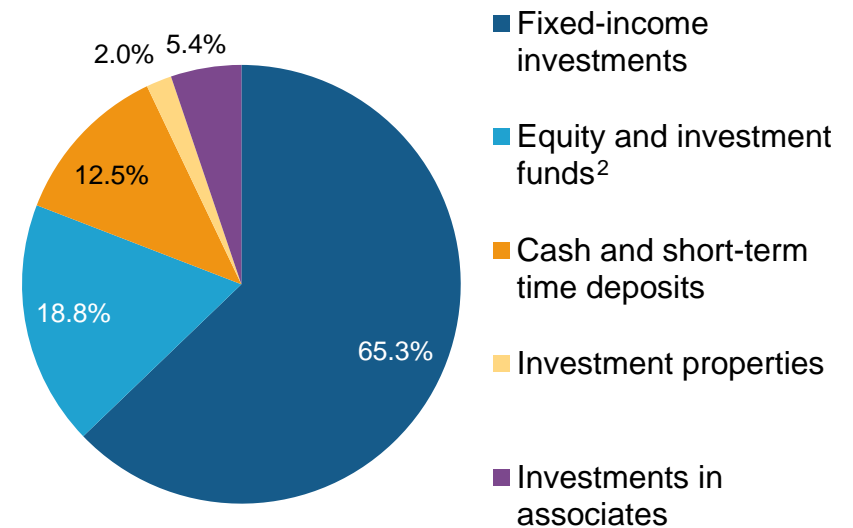
(RMB in millions)

2013-2015 CAGR: 17.6%



Diversified and prudent asset allocation structure

Total investment assets by asset class¹
As of December 31, 2015



Notes:

1. Sum of percentages of all asset classes amounts to over 100% due to the subtraction of securities sold under agreements to repurchase (4.0% of total investment assets) from total investment assets
2. Investment funds include monetary funds and senior tranche of structured index funds

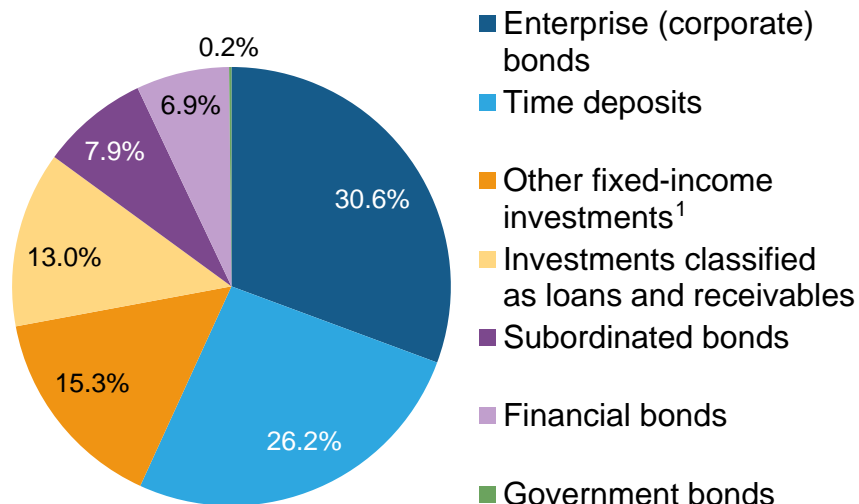


Asset management (3/4)

Prudent fixed-income asset allocation primarily in time deposits and high-grade bonds

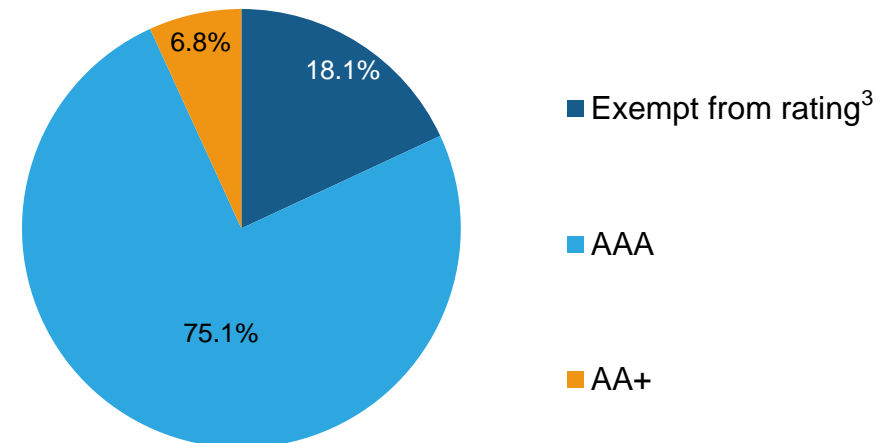
Breakdown of fixed-income investments

As of December 31, 2015



Breakdown of bonds by external credit rating²

As of December 31, 2015



Notes:

1. Other fixed-income investments primarily include financial assets held under resale agreements, statutory deposits and policy loans
2. Based on the market value as of December 31, 2015
3. Mainly PRC government bonds and bonds issued by policy banks

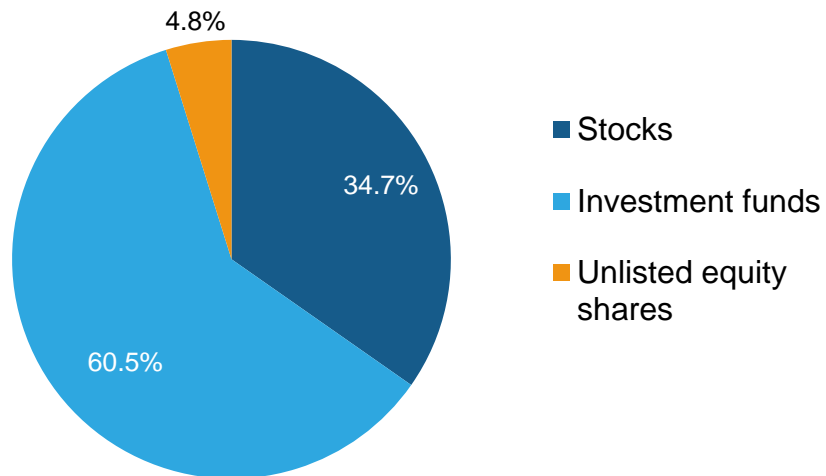


Asset management (4/4)

Conservative equity investment allocation, and fund investments primarily in monetary funds, bond funds and senior tranche of structured index funds

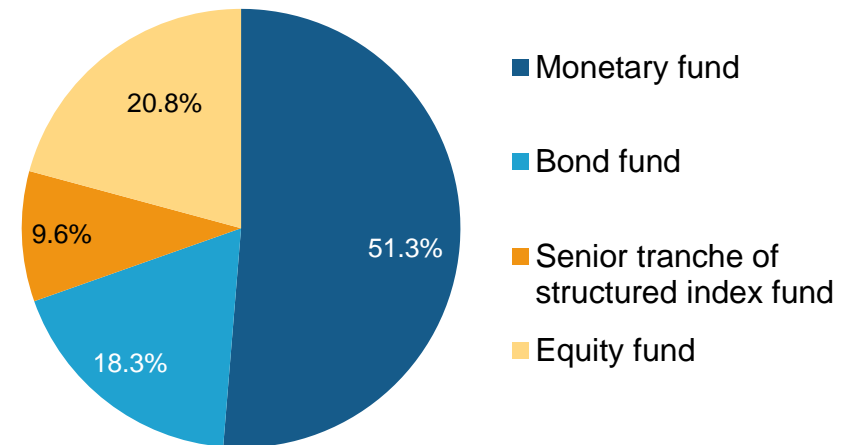
Breakdown of equity and investment funds

As of December 31, 2015



Breakdown of investment funds¹

As of December 31, 2015



Notes: 1. Based on the market capitalization as of December 31, 2015



Agenda

1

Overview of 2015 Results

2

Financial Performance

3

Review of Key Business Segments

4

2016 Outlook and Strategy



Future outlook

1

Steady economic growth and constant optimization on economic structure provides structural development opportunities for the insurance industry

2

In the primary P&C insurance market, new areas including policy-favored, public-serving and internet-linked insurance will experience accelerated growth; market-oriented reform of commercial motor insurance imposes stricter requirements on motor insurance management

3

Influenced by official implementation of the C-ROSS regime, P&C reinsurance market will enter a critical stage of developmental transition while its premium growth faces pressure. Reinsurance business structure shifts towards non-motor while agricultural, catastrophe and liability reinsurance are expected to realize faster growth

4

Primary life insurance market is positioned to maintain rapid growth, while health and pension insurance embraces major development opportunities amidst favorable policies, demand drive and industry transformation and upgrade

5

Ceding demand for traditional underwriting risks in the life reinsurance market remains stable, while non-traditional business experiences high demand, with growth potential in joint product development, new risk reinsurance and foreign currency savings-type reinsurance

6

Capital market fluctuations will pose certain challenges for insurance asset management



2016 business strategies

2016 business strategies

Proactively adapt to changes in regulations and market landscape

While reinforcing competitive advantages in traditional business, actively adjust business risk strategies and promote upgrade in business structure and operational model

Leverage innovation development to constantly explore new business areas and points of growth

Key initiatives

Reinsurance

- Continuously consolidate industry-leading position
- Closely follow opportunities in industry restructuring to optimize business structure
- Drive growth with innovation while proactively capturing new points of growth
- Strengthen risk management with strong control over risk exposure

Primary P&C insurance

- Proactively adapt to the market-oriented reform of commercial motor insurance, with strategic development of non-motor insurance
- Explore new business and channels
- Actively participate in and strategize policy-supported business
- Build a comprehensive primary insurance operational system

Asset management

- Adhere to a prudent investment philosophy while establishing an investment risk management framework under the C-ROSS regime
- Improve the construction of market-oriented asset management mechanism and promote the establishment of a professional asset management platform

Provide shareholders with long-term and competitive returns

Q&A





Appendix: Key financials

Unit: RMB in millions, except for percentage	2015/As of 31 December 2015	2014/As of 31 December 2014	Change	2013/As of 31 December 2013
Total assets	328,993	189,675	73.5%	154,829
Total liabilities	258,036	135,040	91.1%	108,941
Total equity	70,957	54,635	29.9%	45,888
Gross written premiums	80,434	73,753	9.1%	67,375
P&C reinsurance	31,924	31,135	2.5%	30,086
Life and Health reinsurance	22,978	21,081	9.0%	18,394
Primary P&C insurance	26,685	22,459	18.8%	19,909
Net profit	7,675	5,476	40.2%	3,396
Net profit attributable to equity shareholders of the Company	7,579	5,404	40.2%	3,373



Appendix: Key financials (cont'd)

Unit: RMB in millions, except for percentage or stated otherwise	2015/As of 31 December 2015	2014/As of 31 December 2014	Change	2013/As of 31 December 2013
EPS (RMB)	0.20	0.15	36.2%	0.09
BPS (RMB)	1.65	1.48	11.6%	1.24
Weighted average ROE	12.99%	10.91%	2.08ppts	7.58%
Total investment assets	163,138	138,873	17.5%	118,048
Total investment yield	8.48%	6.54%	1.94ppts	5.18%
Embedded value of L&H reinsurance business	16,248	13,783	17.9%	-
Value of one year's new business	934	643	45.3%	-
Solvency margin ratio	235%	248%	-13ppts	324%

Note:

1. BPS is attributable to equity shareholders of the Company.
2. Value of one year's new business is after CoC.
3. Assume the risk discount rate to be 11.0%.