

# 2020 ZhongAn Insurance Annual Results Presentation





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Our mission

**科技驱动金融，做有温度的保险**



# Strong business performance driven by technology-empowered quality growth

(RMB)



Note: 2020 data or as of December 31, 2020

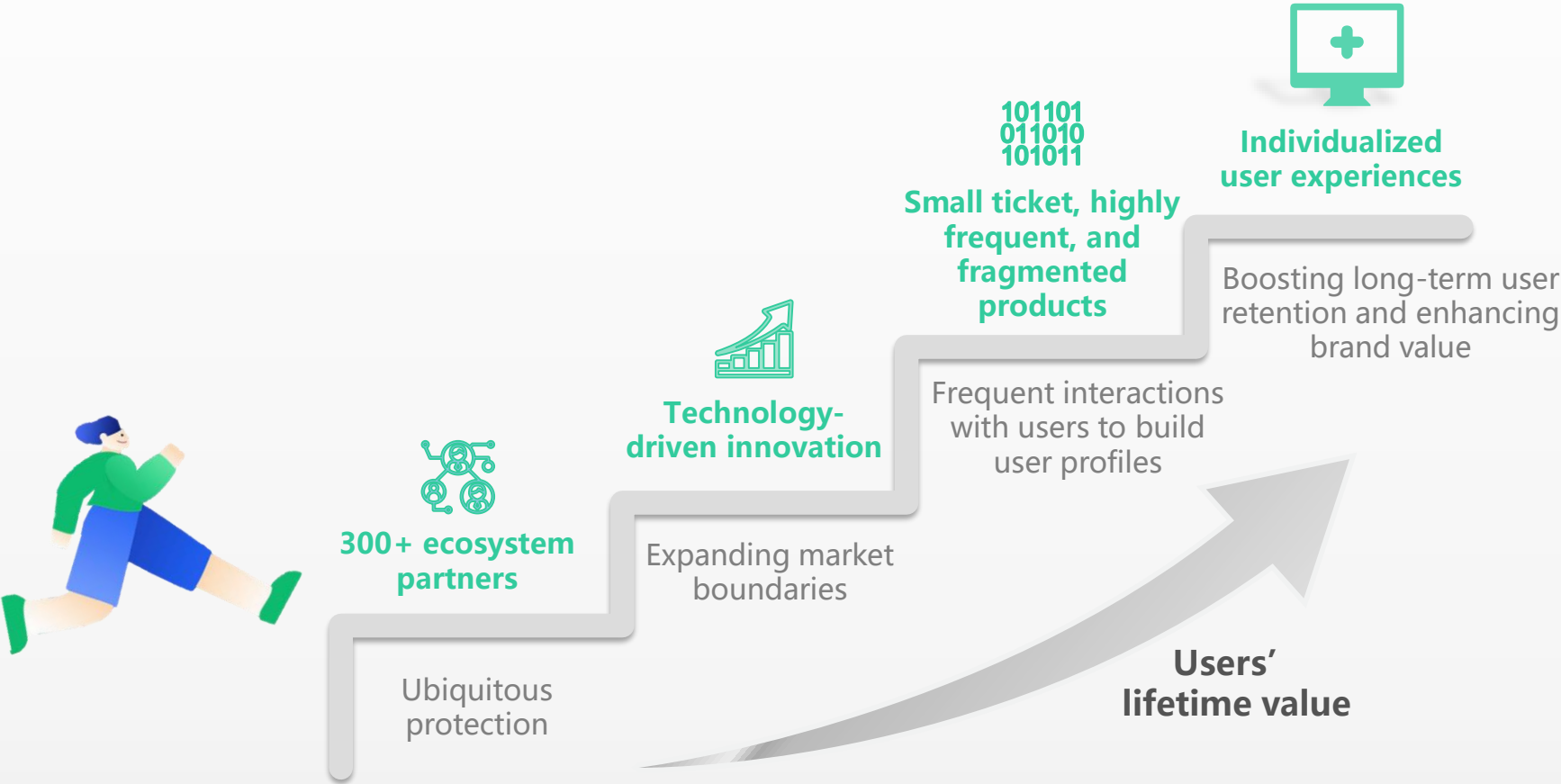


We're more than an insurer...



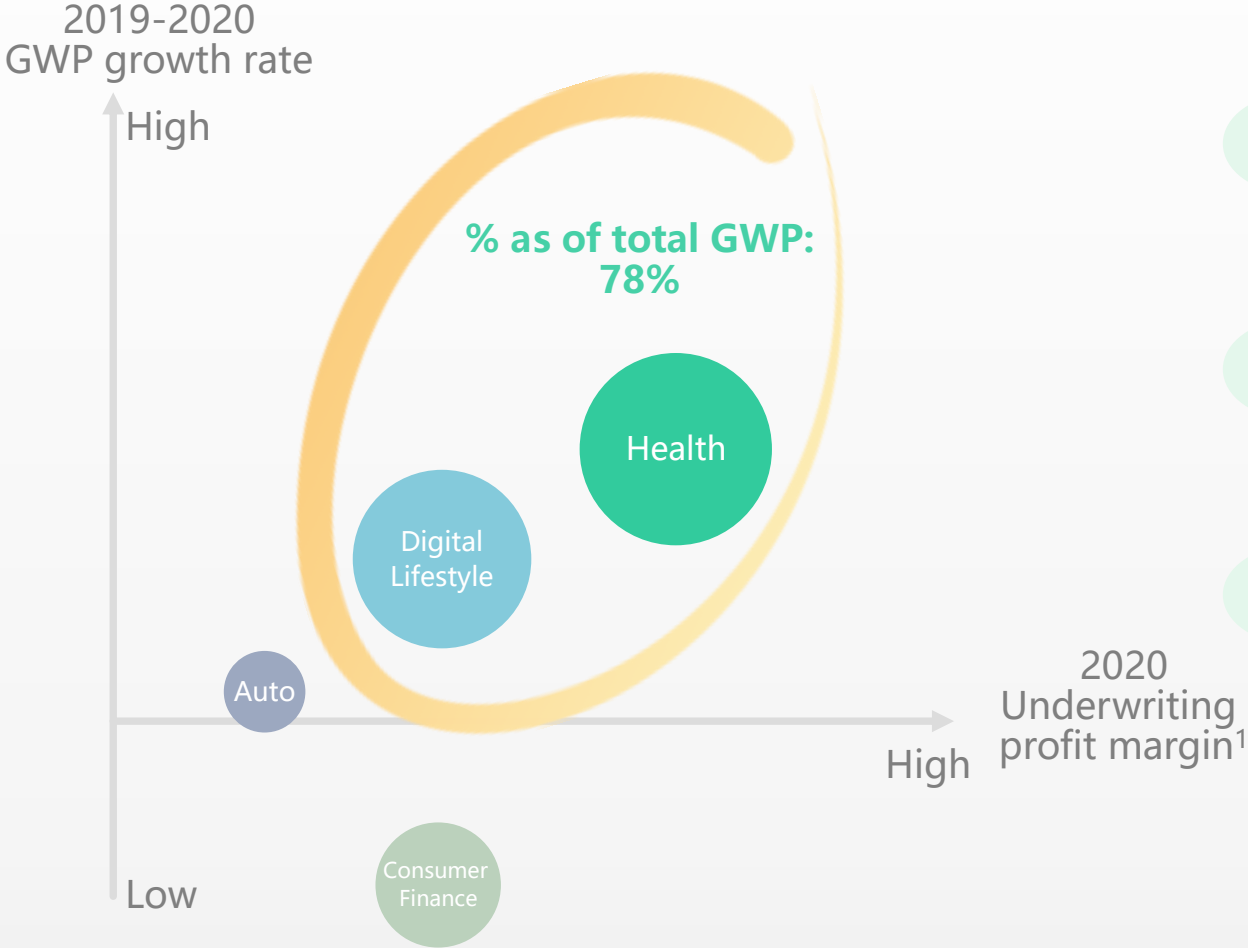


# ...Moreover we use cutting-edge InsureTech to drive users' lifetime value





# Focus on high quality business to tap opportunities derived from COVID-19



✓ Rapid industry growth

✓ Higher underwriting profit margin

✓ Boosting brand and long-term user value

<sup>1</sup>Underwriting profit margin=1-combined ratio



# Health ecosystem: to unlock the value in China's healthcare industry by leveraging our advantages as a payer

## Expanding health ecosystem

2025 market size forecast (RMB)



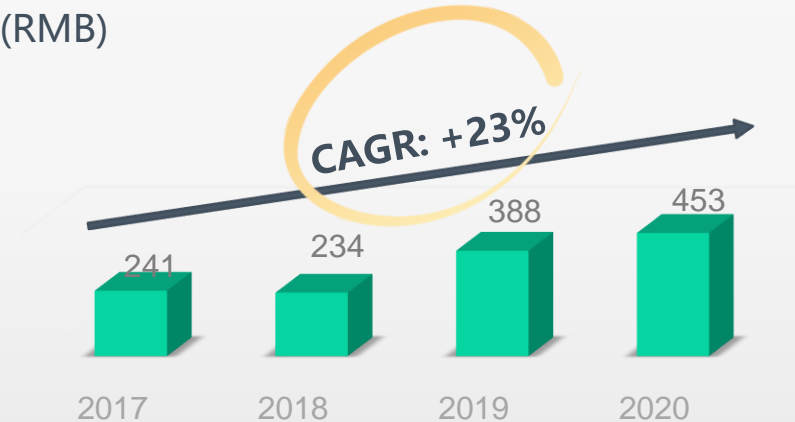
Source: Frost & Sullivan and *China's Million Medical Insurance Industry Development White Paper* by iResearch

## Rising number of paying users and revenue contribution

2017-2020 paying users of individual health insurance (Million)



2017-2020 individual health insurance ARPU<sup>1</sup> (RMB)



<sup>1</sup>Individual health insurance ARPU=Individual health insurance GWP/Paying users

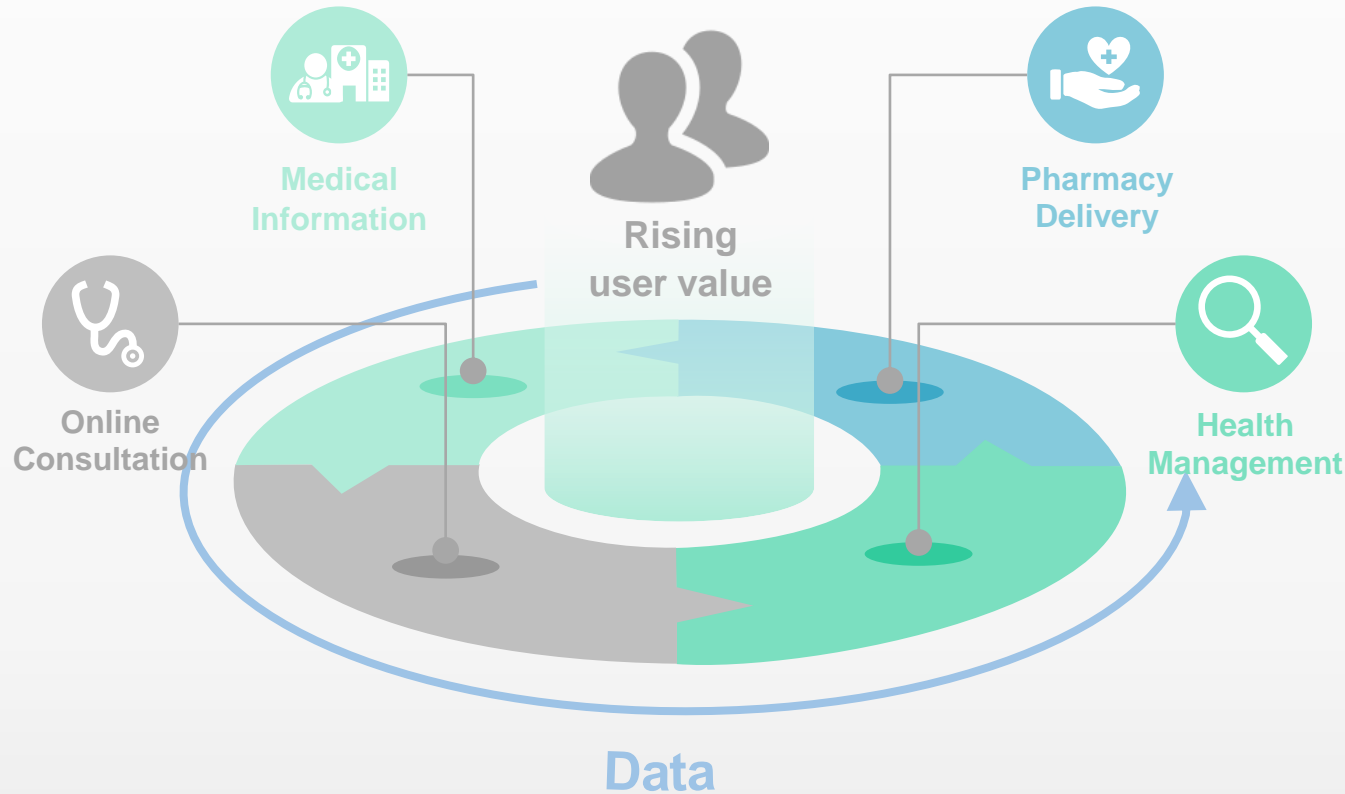




# ZhongAn Internet Hospital: full stack health management solution

ZhongAn's Health ecosystem:

**23.9** million users



✓ Medical professional support: **2,000+** doctors, average **5+** years experience

✓ Ecosystem partnerships: network of **100+** external partners

✓ Technology empowerment: **7x24** AI-aided medical consultation



# Digital lifestyle: innovative products and services to fulfil users' diversified needs

## More innovative offerings

### Phone screen crack insurance



### Pet health insurance

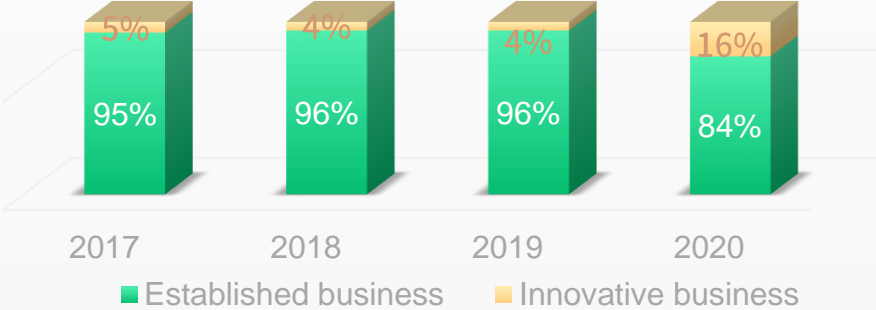


### Big data risk control Family accident insurance

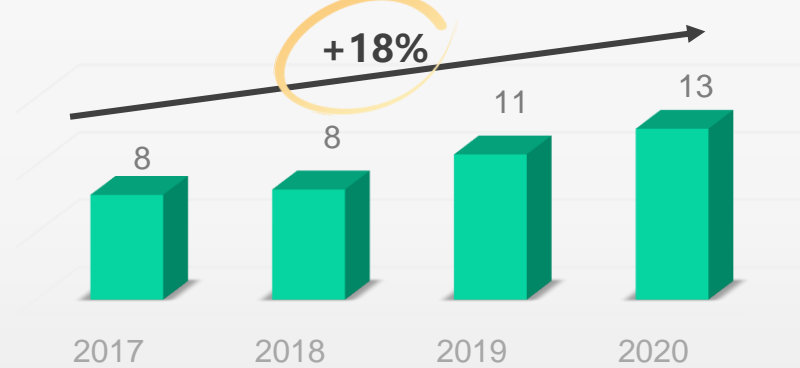


## Rising contribution of innovative products to enhance growth of user value

Contribution of innovative products<sup>1</sup> as % of total GWP



Digital lifestyle ARPU (RMB)

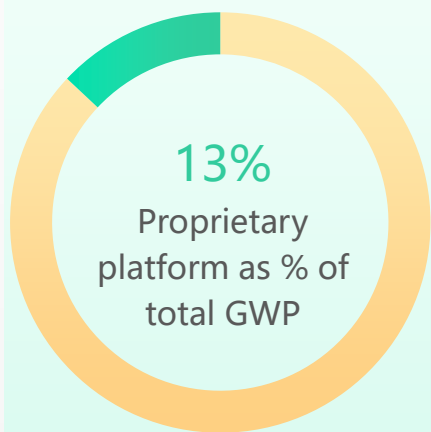


<sup>1</sup>Innovative products: new products that are currently in the early stage of market education and have a larger market space in the future.



# Effective brand building to capture opportunities in new scenarios, upgrading from product-focused to user-centric operations

## GWP contribution



Spring Festival Campaign: 15 bn exposures

## Emerging brand influence

No. 1 in Industry

# of followers on Douyin and Kuaishou

3.0x

Brand cognitive

2.6x

APP MAU growth<sup>1</sup>

## Deepening user penetration

16.6%

Upselling rate on proprietary platform<sup>2</sup>

ARPU<sup>3</sup> – Personal Clinic Policy Series (RMB)

Proprietary 708

Third-party 335

Renewal rate<sup>4</sup> – Personal Clinic Policy Series

Proprietary 81%

Third-party 74%

Note: <sup>1</sup> Fourth quarter of 2020

<sup>2</sup> Upselling rate = (other insurance products offered by ZhongAn purchased by policyholders themselves as the insured on our proprietary platforms + products purchased by such policyholders with their family members as the insured)/the number of policyholders on our proprietary platforms. Period was 12 months ended 31 December 2020.

<sup>3</sup> ARPU=GWP / paying users, for year 2020.

<sup>4</sup> Renewal rate=number of renewed policies / number of policies due on M12, for year 2020.



# Increasing R&D investments to build competitive edge in InsureTech

(RMB)



**47%**

% of engineers and technicians to total workforce



**905 mn**

R&D investments



**503**

Cumulative patent applications



**The First**

The first digital currency RMB policy in China

Note: 2020 data or data as of December 31, 2020



# Building a product portfolio spanning the entire InsureTech value chain to drive digitalization of the insurance industry

Tailwinds for InsureTech accelerated by Covid-19 and regulators

Insurance industry pain points during digitalization

Comprehensive product portfolio for technology exports

## COVID-19 pandemic

Users' insurance purchasing behavior **accelerated online migration**



## Policy

**Online rate above 80%** for multi insurance business by 2022 and regulatory policies for online insurance



**Acquire customers online**



**Build user profile**



**Build digital IT infrastructure**



**Develop high quality talent**



## Business growth series

- ✓ Intelligent marketing platform X-Man
- ✓ User growth platform X-Magnet



## Business production series

- ✓ Digital core insurance system
- ✓ Digital insurance platform system
- ✓ Insurance middle office (local version, SaaS version)



## Business Infrastructure Series

- ✓ Visual backtracking system
- ✓ Intelligent system ops & maintenance
- ✓ Information security products



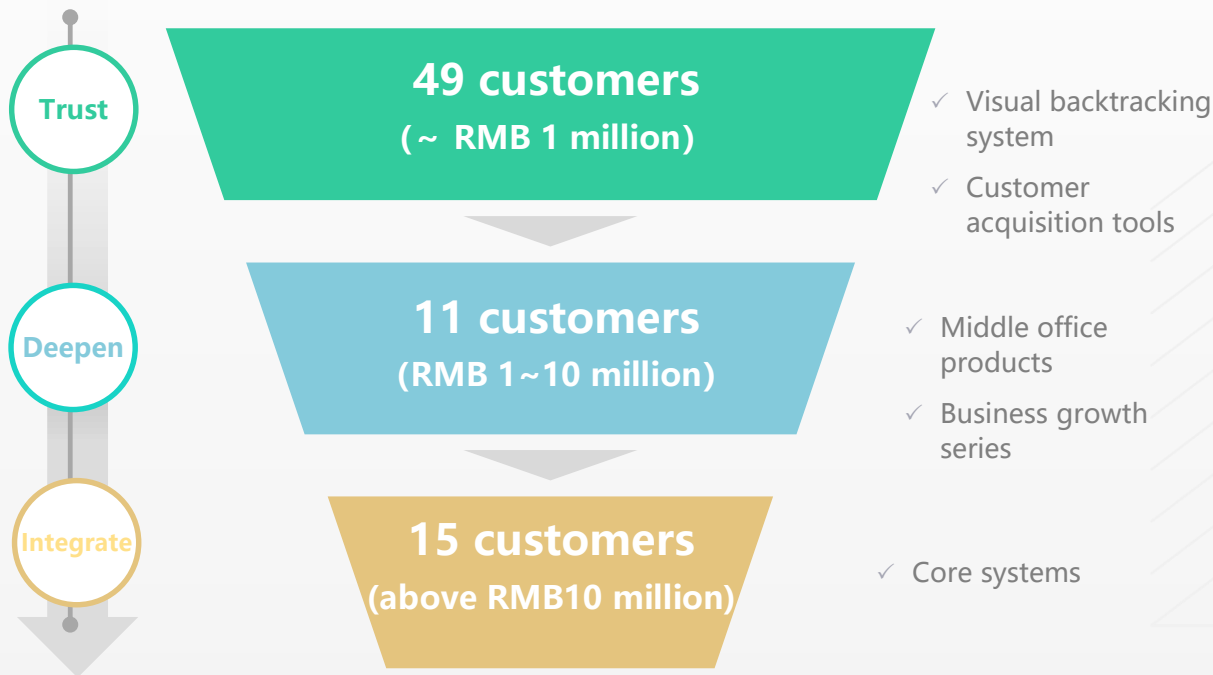


# Well-established tech product strategy to fuel customers and revenue growth

(RMB)

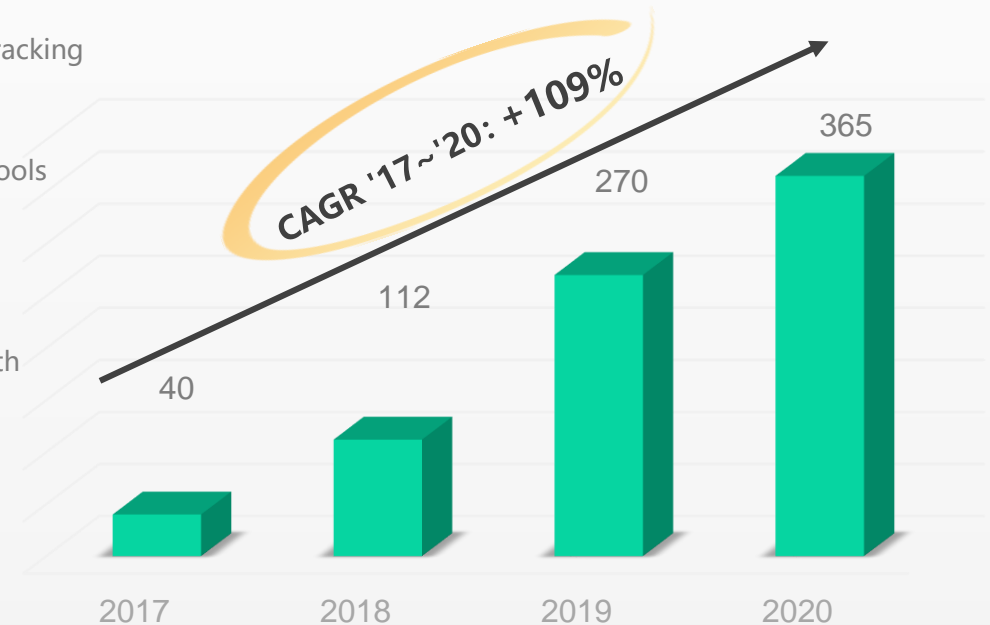
科技输出客户数量及收入

75 insurer customers, retention reached 75% in 2020



Rapid revenue growth of technology export

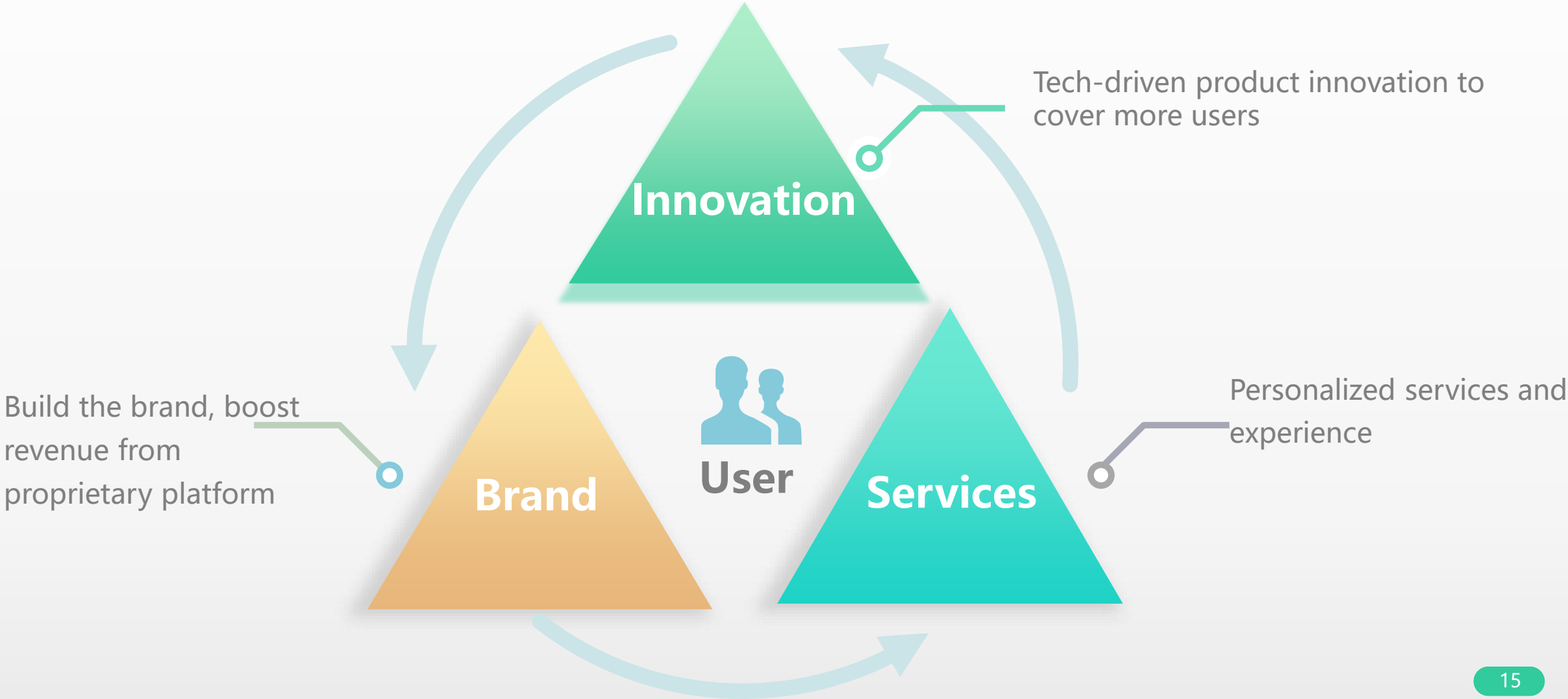
(RMB million)



Note: Based on annual contract amount



# Our future: “user-centric” approach to bring the company to next level





# Technology overseas business saw ample success



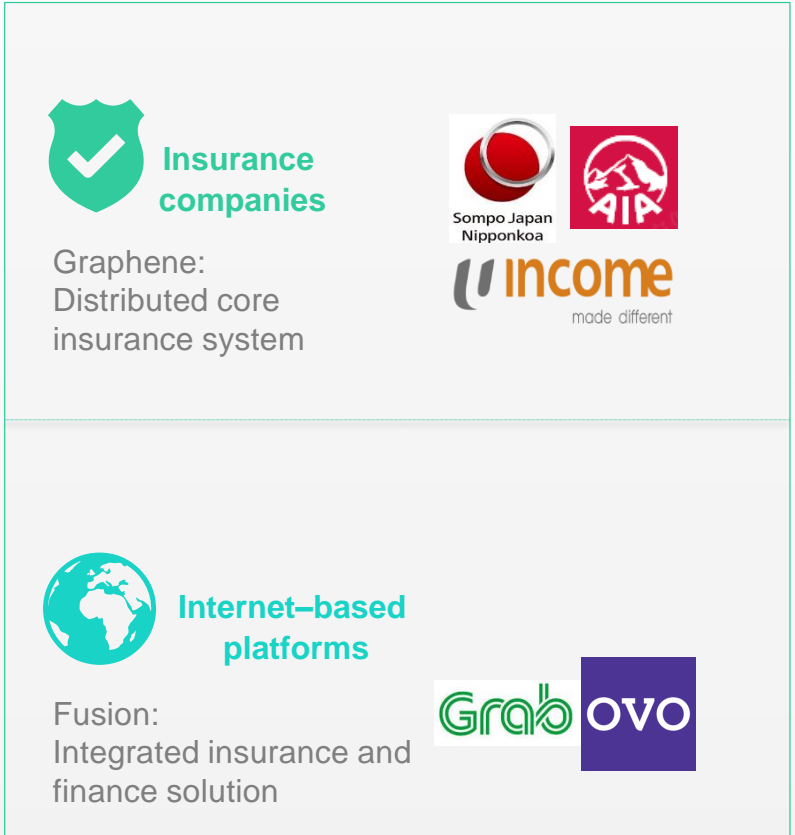
InsureTech Solutions



Industry Knowledge



Market Experience







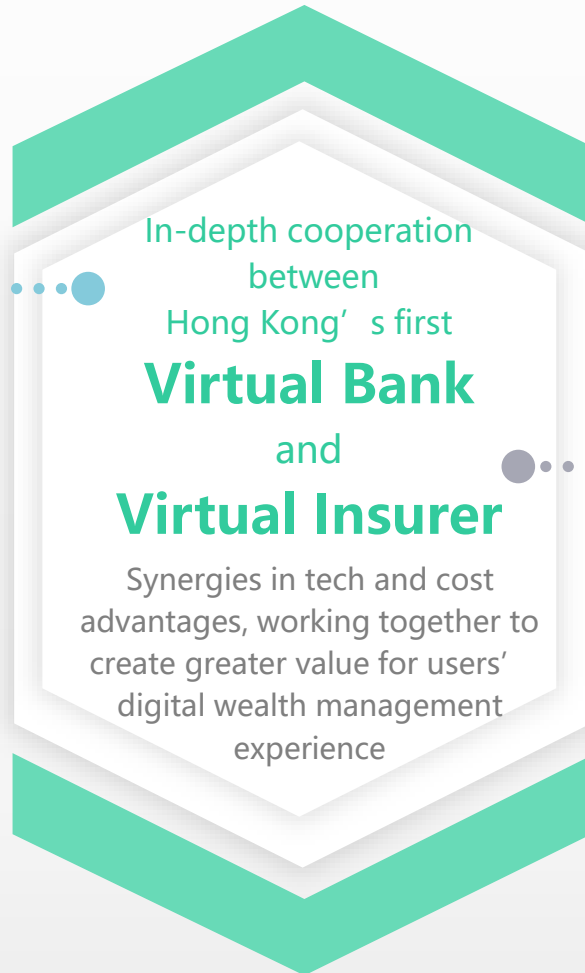
# ZA Bank and ZA Insure provide a new experience for Hong Kong users



## ZA Bank, the first virtual bank in Hong Kong

Based on the idea of "user co-creation", ZA Bank brings new banking products and experience to Hong Kong users

As of December 31, 2020, number of users exceeded **220k**, personal deposits reached over **HK\$6 billion**, personal loans exceeded **HK\$600 million**



## ZA Insure, a fully digitalized insurance company

Provides insurance products that "everyone can afford" for Hong Kong users and to meet their insurance needs

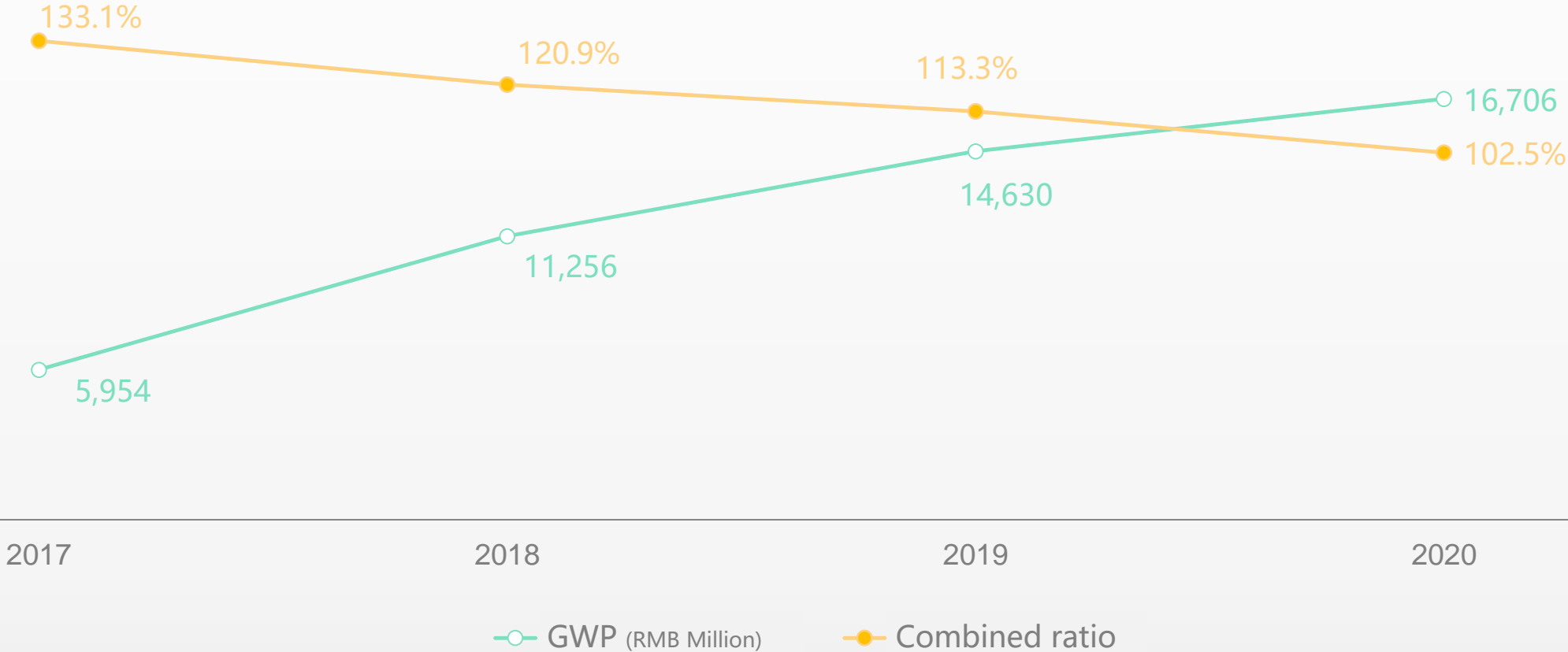


User feedback positive. Since its opening, the number of new policies has increased **35%** month-on-month



# Long term commitment to pursue quality growth

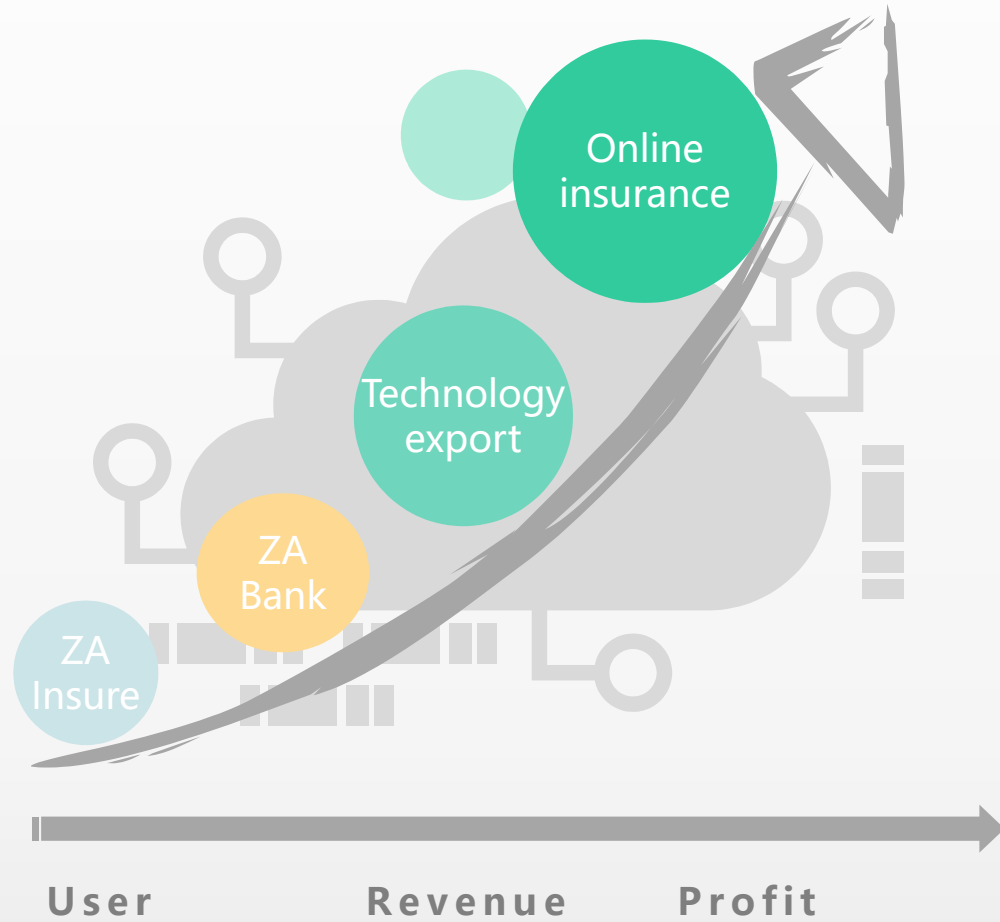
2017-2020 total GWP and combined ratio





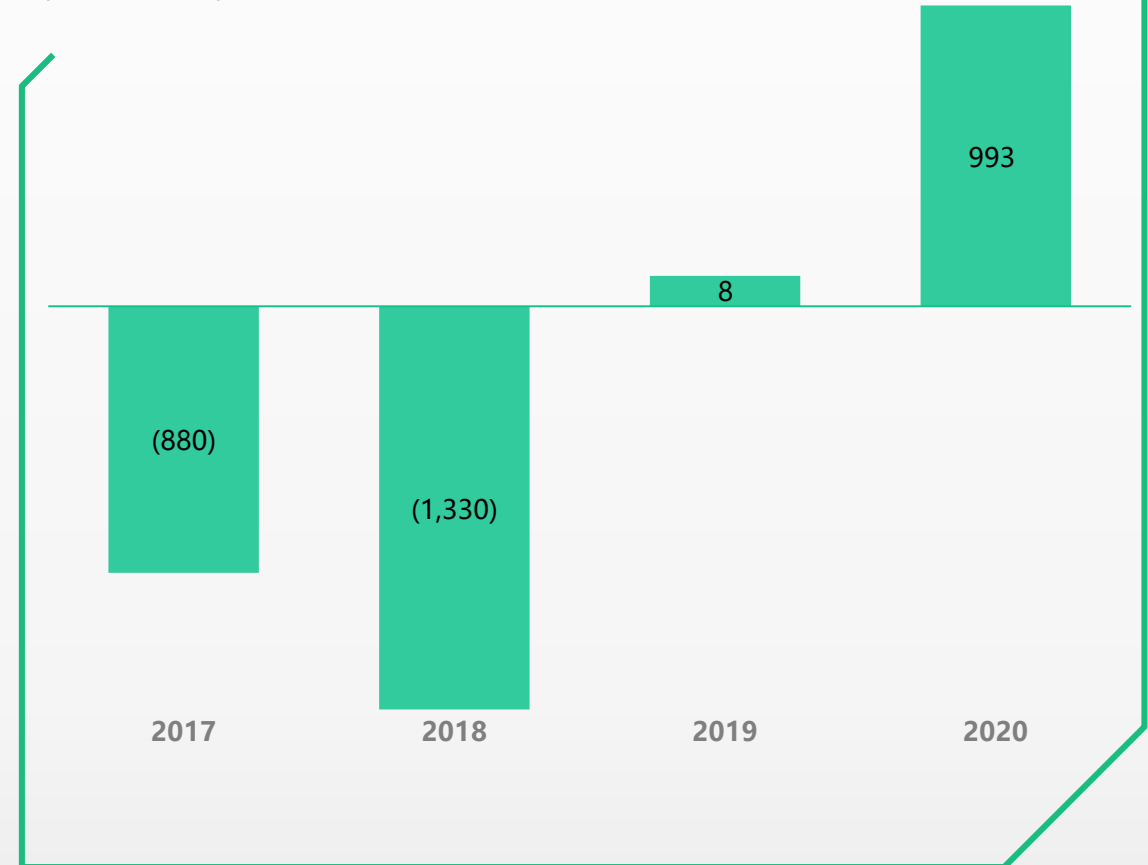
# Online insurance is bearing fruit, new initiatives are taking shape

## New initiatives from zero one



## Proven online insurance

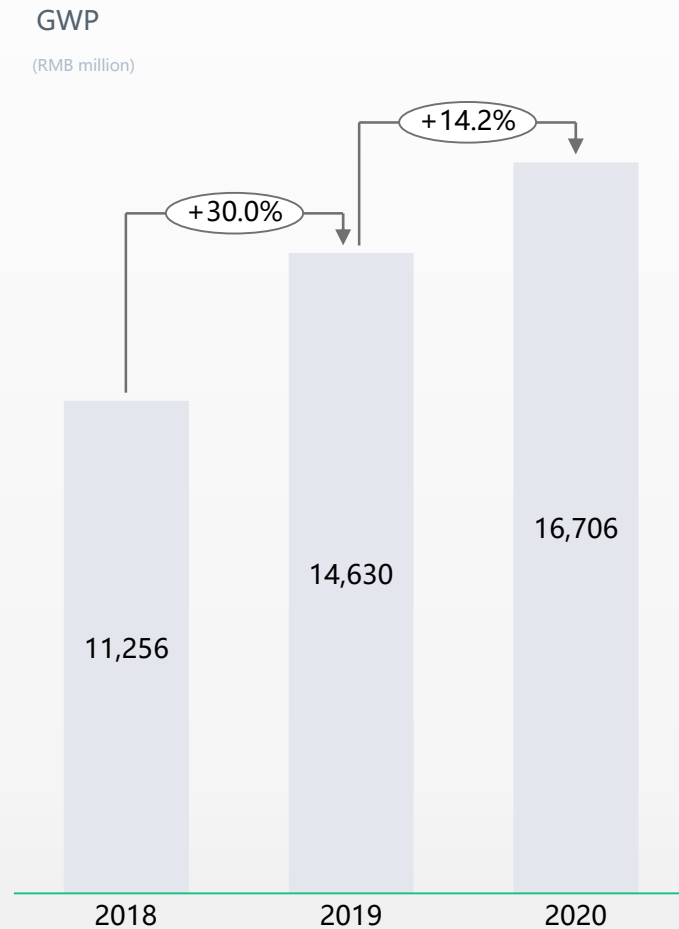
Net profit/(loss) of online insurance segment  
(RMB millions)



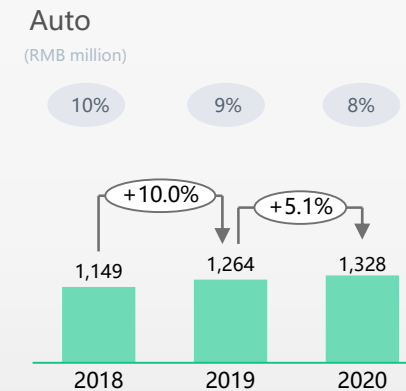
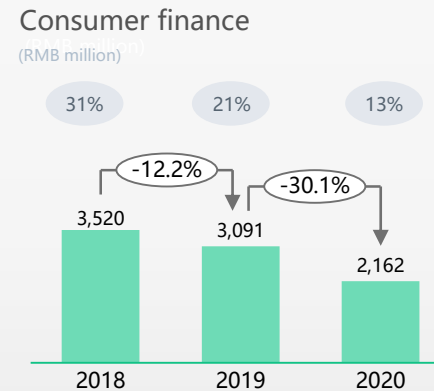
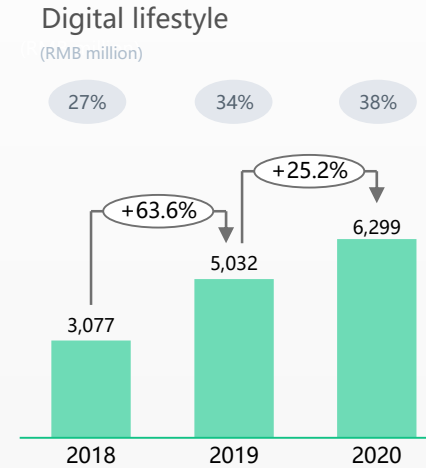
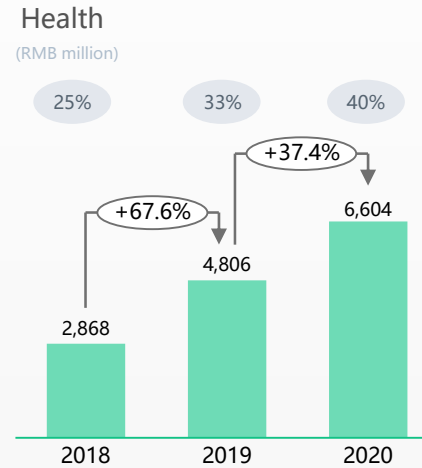


# GWP up 14% driven by our strategic focus on high quality businesses

## • Gross written premiums ("GWP")



## • GWP by ecosystem

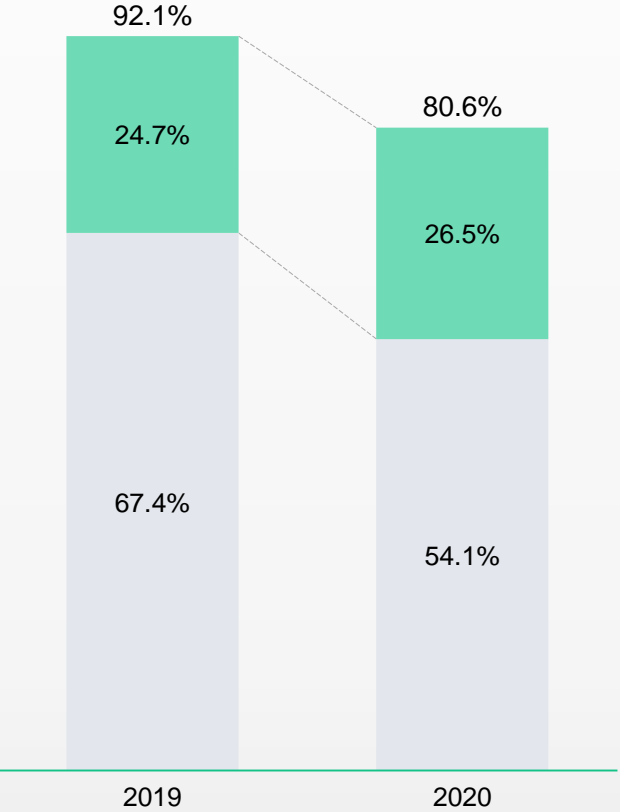


● Ecosystem GWP as % of total GWP



# Profitability improved substantially

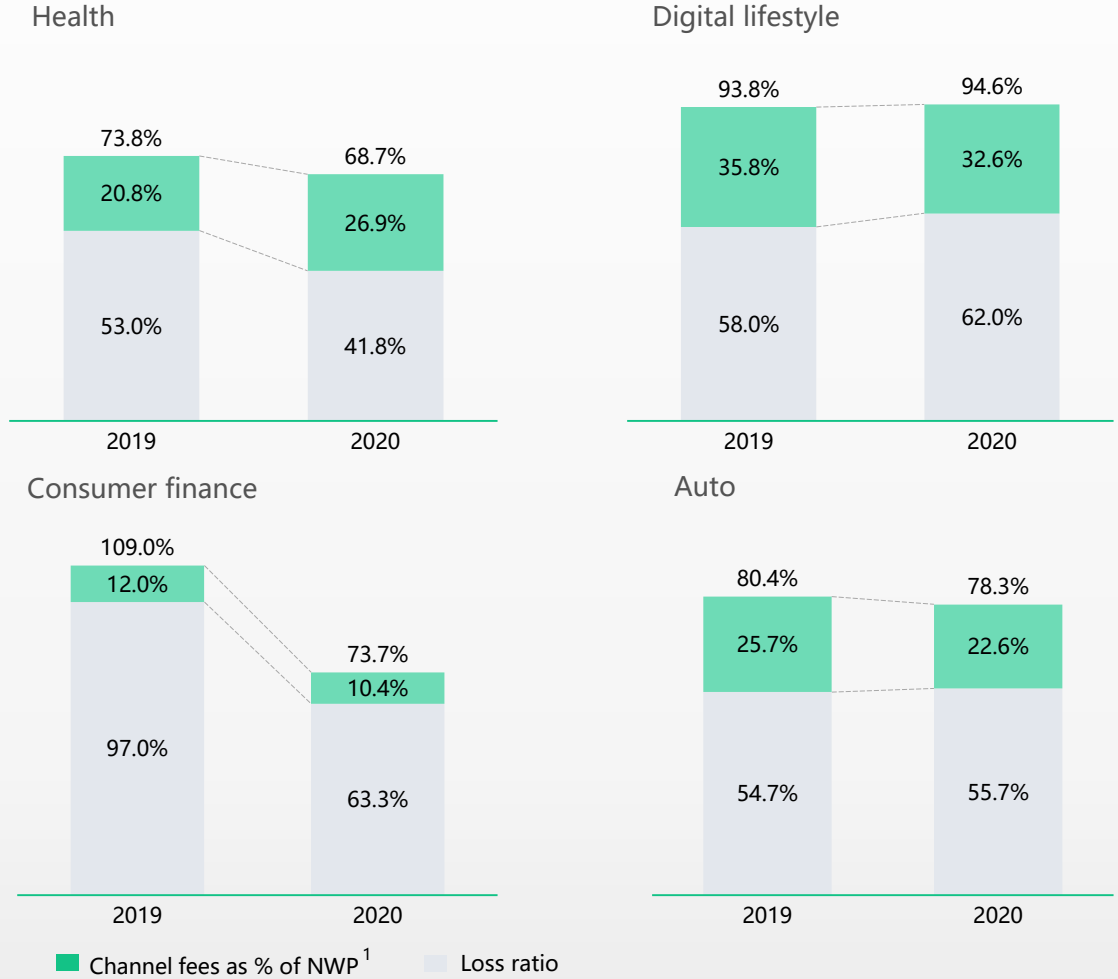
- Loss ratio and channel fees as % of NWP



■ Channel fees as % of NWP<sup>1</sup> ■ Loss ratio

Note:  
<sup>1</sup>Channel fees include handling charges and commissions, technology services fees and other channel-related fees directly related to premiums

- Loss ratio and channel fees as % of NWP by ecosystem



■ Channel fees as % of NWP<sup>1</sup> ■ Loss ratio

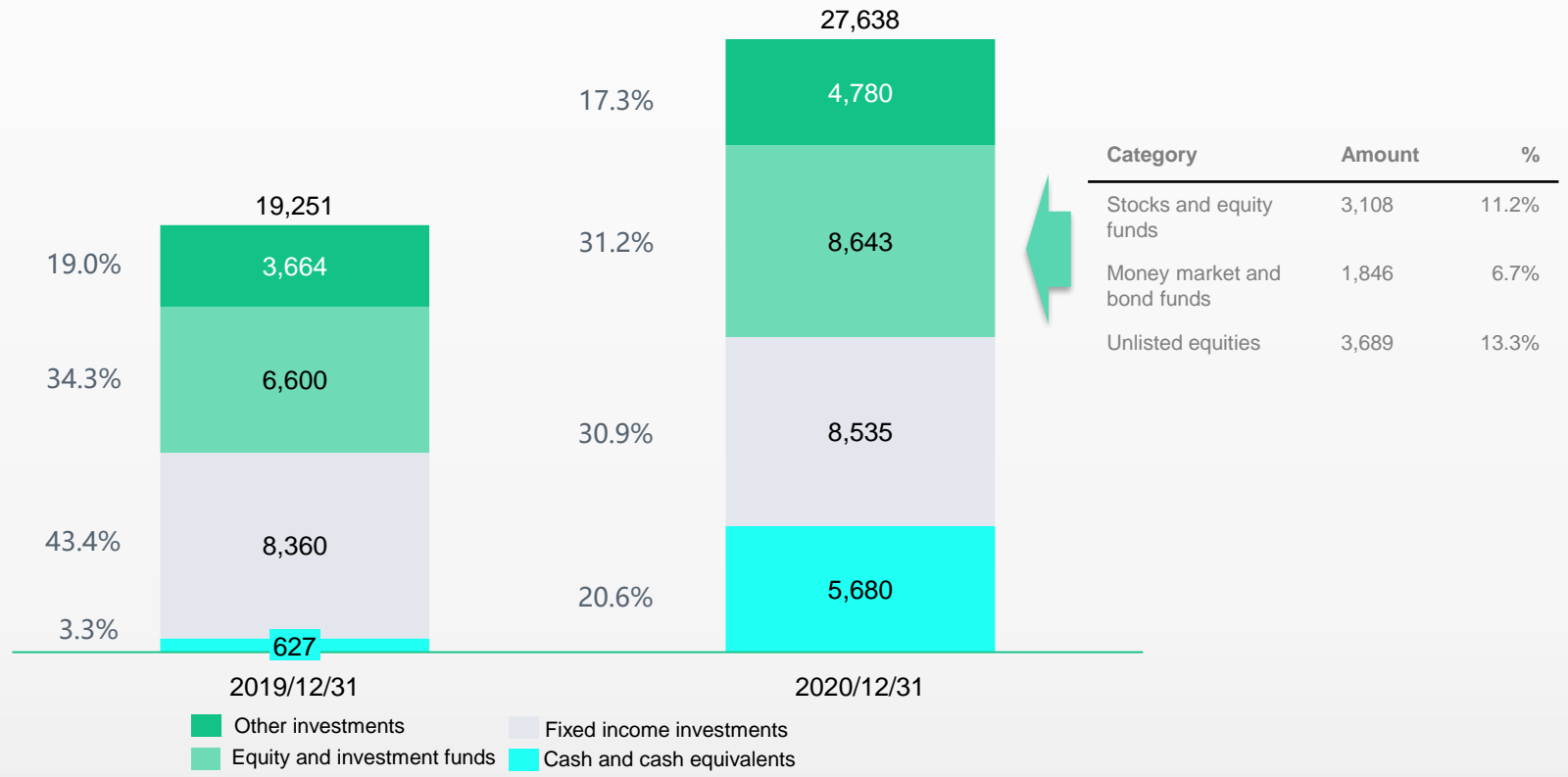


# Solid investment strategy to sustain insurance assets' appreciation

## Insurance business investment assets and investment yields

(RMB million)

Total investment yield <sup>1</sup>	9.6%	5.7%
Net investment yield <sup>2</sup>	5.0%	3.5%



Note:

<sup>1</sup>Total investment yield equals total investment income (defined as the sum of net investment income, net fair value gains through profit or loss and share of net profit/(loss) of associates and joint ventures less interest expense relating to securities sold under agreements to repurchase for the period as a percentage of the average of the opening and closing balances of total investment assets of the period, of insurance business.

<sup>2</sup>Net investment yield equals the sum of net interest income, dividend income and share of net profit of associate less interest expense relating to securities sold under agreements to repurchase for the period as a percentage of the average of the opening and closing balances of total investment assets of the period, of insurance business.



## Appendix: Major financial items

(RMB million)	2020	2019	Change %
Gross written premiums	16,706	14,630	14.2%
Net premiums earned	16,213	12,801	26.7%
Underwriting loss	(408)	(1,699)	(76.0%)
Investment income <sup>1</sup>	1,207	1,816	(33.5%)
Technology export revenue	365	270	35.4%
Technology segment net loss	(368)	(334)	10.0%
Net profit/(Loss)	254	(639)	(139.8%)
Profit/(Loss) attributable to owners of the parent	554	(454)	(222.0%)

(RMB million)	2020/12/31	2019/12/31	Change %
Total assets	45,673	30,908	47.8%
Total equity	17,393	16,506	5.4%
Comprehensive solvency ratio	560%	502%	58pct

Note:

<sup>1</sup> Sum of net investment income, net fair value gains through profit or loss and share of net profit/(loss) of associates and joint ventures less interest expense relating to securities sold under agreements to repurchase of insurance business



# Technology empowers public welfare and corporate responsibilities, supporting social sustainable development

## ★ ZhongAn - not in the front-line but always online

- ✓ Online medical and psychological consultation
- ✓ COVID-19 social insurance donation
- ✓ COVID-19 Relief Fund
- ✓ Business interruption insurance for small and micro businesses
- ✓ Exclusive COVID-19 social cover



Technology is a capability, kindness is a choice

- ✓ Concern for the rights and interests of the disadvantaged and minorities
- ✓ Charity to schools and farmers
- ✓ Protect the ecosystem and environment

Technology for social good, contributing insurance services with a caring hand

- ✓ Technology empowers flexible employment protection



