



China - Continued growth potential

Investor Day 2023

Taiping Life Partnership with Ageas since 2001



中国太平
CHINA TAIPING

State-owned enterprise,
a State Council owned insurance group



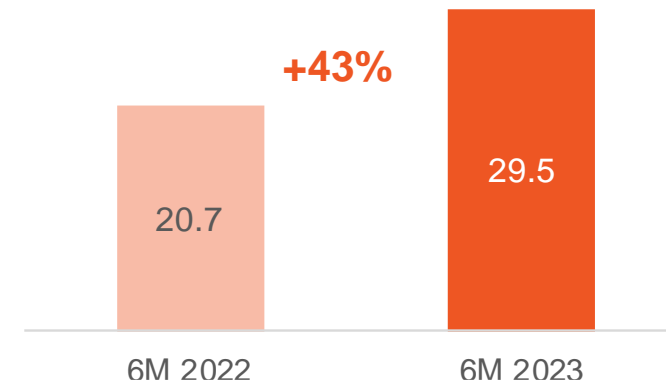
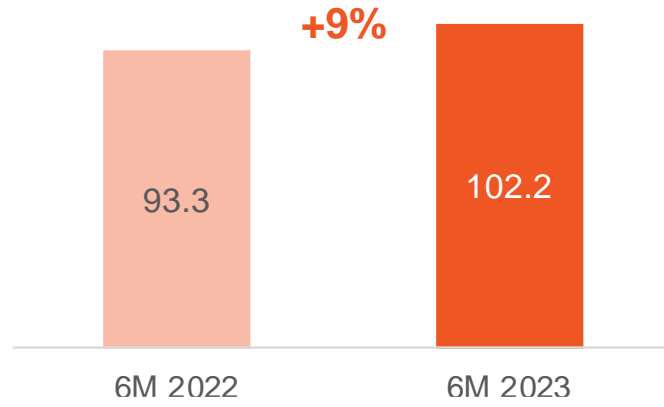
24.90% stake in Taiping Life

- Number 6 Life insurer in China
- 320,000 agents
- 75,000 bancassurance outlets
- 1,400 branches and sale offices
- 15 million customers



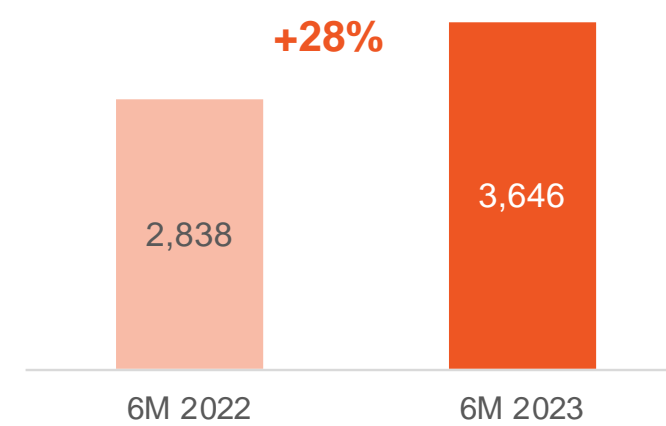
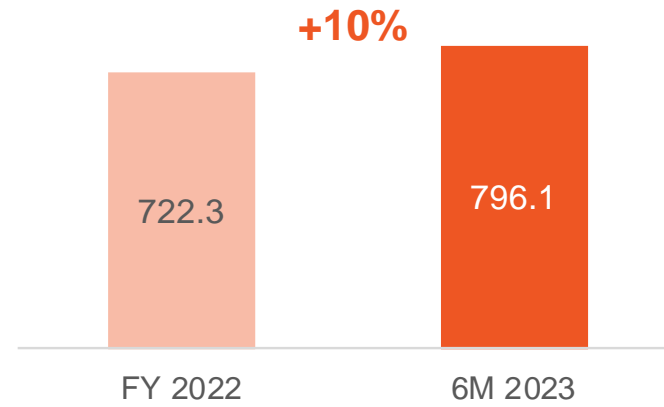
**Update on
Taiping Life
Commercial
performance**

Inflows
In RMB bn @100%



New Business inflows
In RMB bn @100%

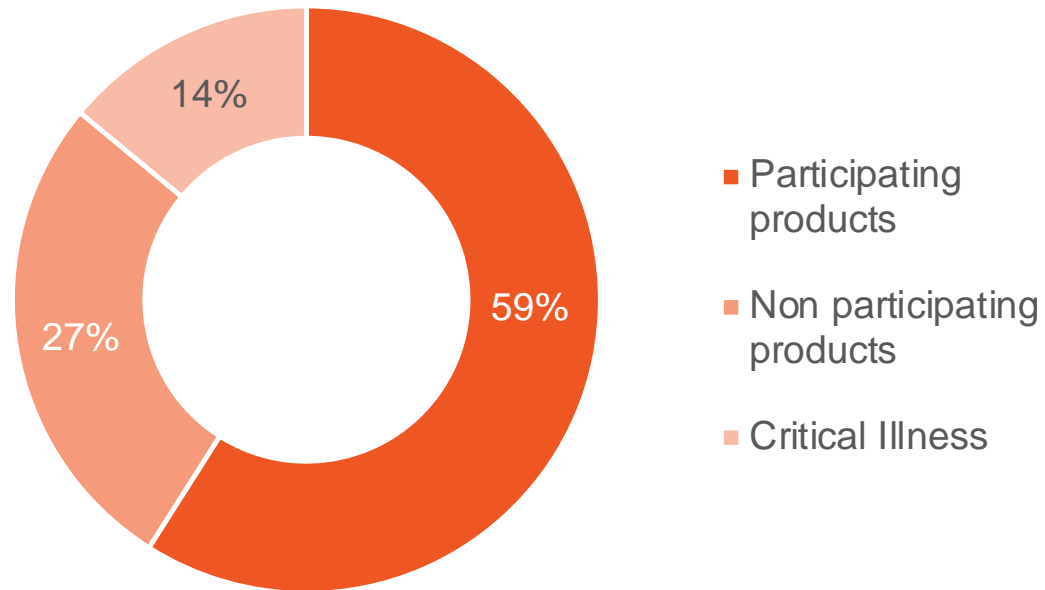
Life Liabilities
In RMB bn @100%



New Business Value
In RMB mio @100%

Product mix & re-pricing action

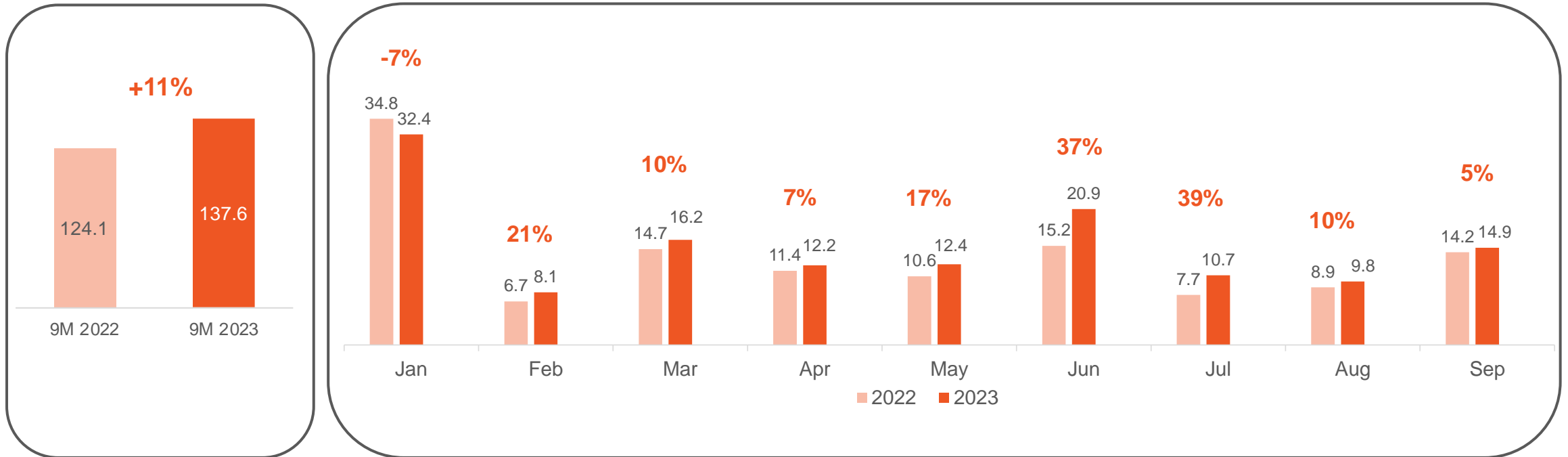
Breakdown of FY 2022 Reserves
In %



Change in Pricing rates	From	To
Participating products	2.5%	2.5%
Non-Participating products	3.5%	3.0%

Inflows

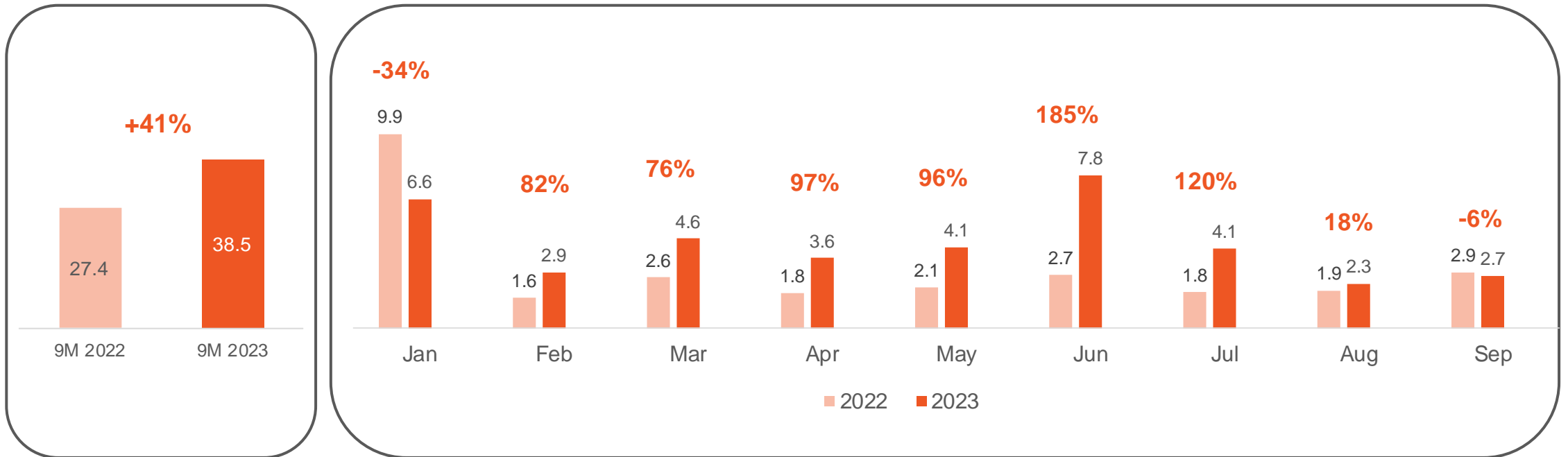
In RMB bn @100%



Driven by high New business volume ahead of regulatory changes in July

New Business

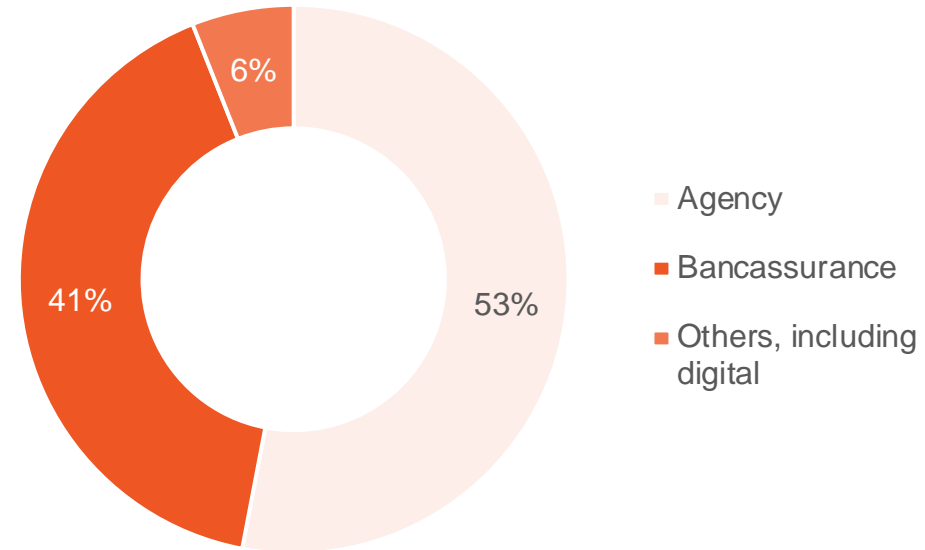
In RMB bn @100%



Through agency, bancassurance and direct sales

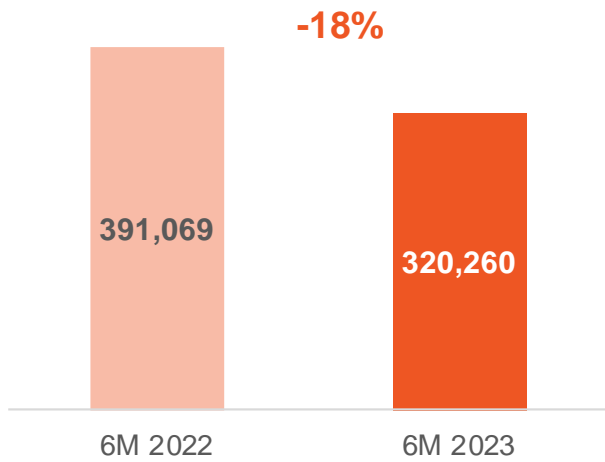
**A diversified
distribution
channel**

**Breakdown of 6M 2023 New Business Inflows
per distribution channel**
In %

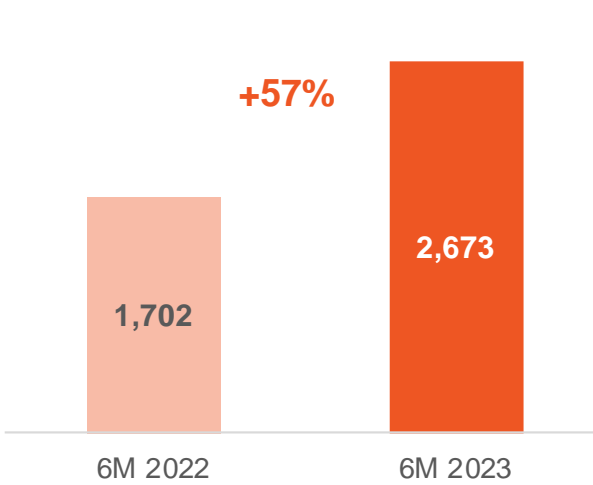


Agency : focus on productivity

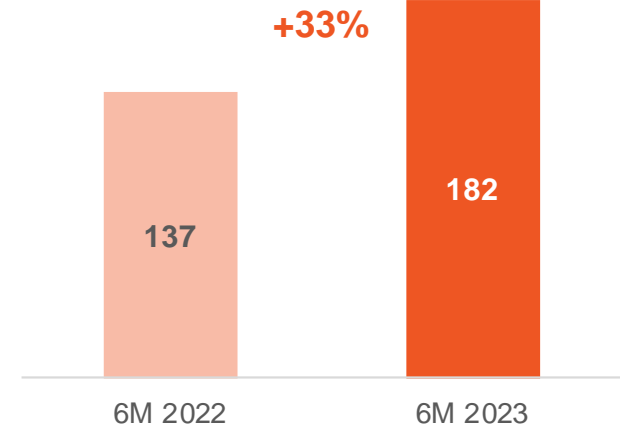
Number of agents



Number of agents with FYRP* over RMB 1 mio



Monthly regular premium per agent In RMB '000

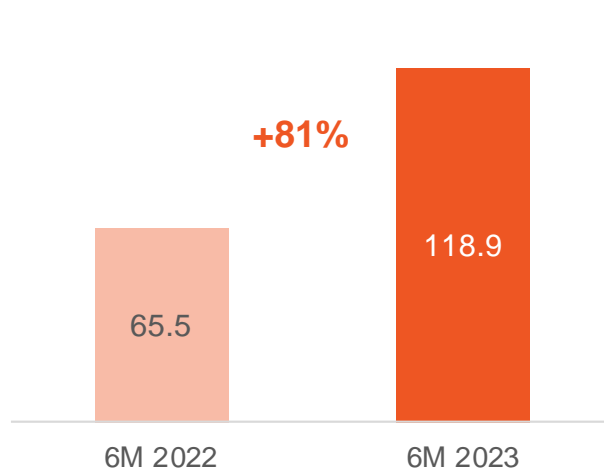


* Full year Regular Premium

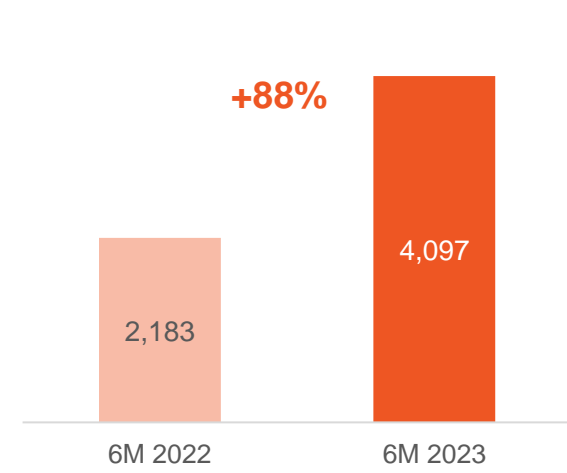
Banca : focus on high-quality development

Regular Premium of Bancassurance

In RMB 100 mio

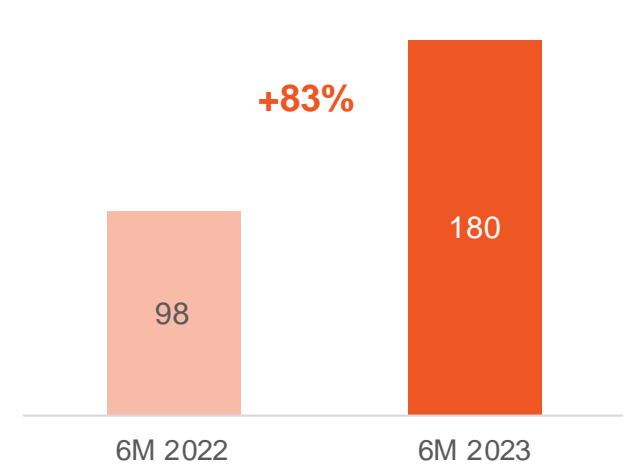


Number of banca agents with FYRP* over RMB 1 mio



Monthly regular premium per banca agent

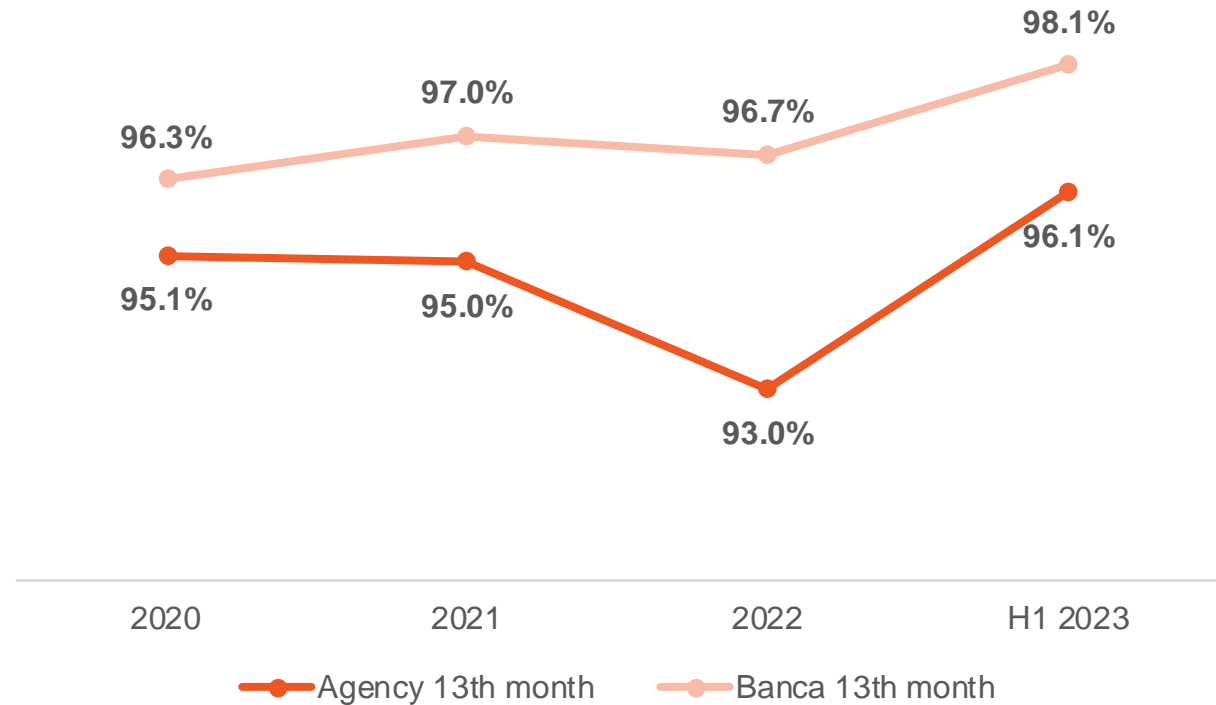
In RMB '000



* Full year Regular Premium

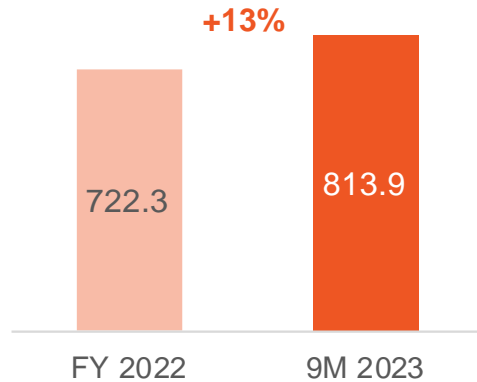
Persistency ratios steadily at the forefront of the industry

13th month persistency ratios

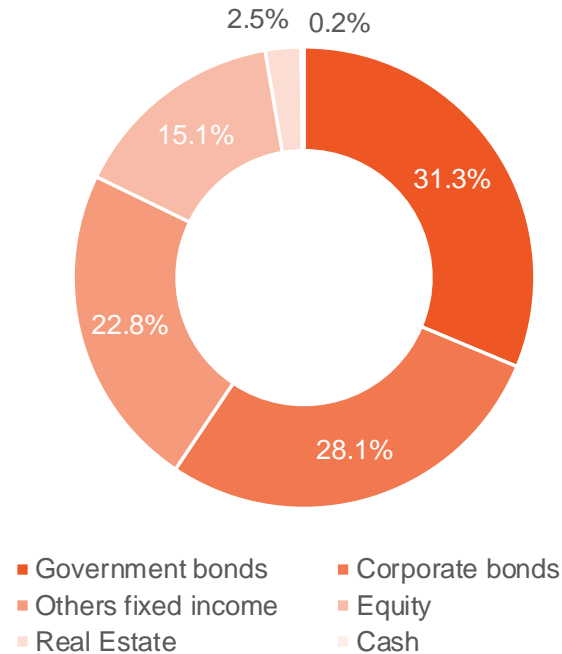


Growing liabilities backed by a relatively conservative asset portfolio

Life Liabilities
In RMB bn @100%



Investment Portfolio
at 30 September 2023, in %



82% invested in fixed income

- 100% government and corporate bonds domestic – 99.6% AAA rated under local rating standards
- 25% of investment portfolio is regional government bonds, mostly issued by provinces with strong economic fundamentals
- Other fixed income includes policy loans, debt fund, deposits and non-standard fixed income
- Less than 3% is invested in local government financing vehicles

15% in Equity to match long-term liabilities

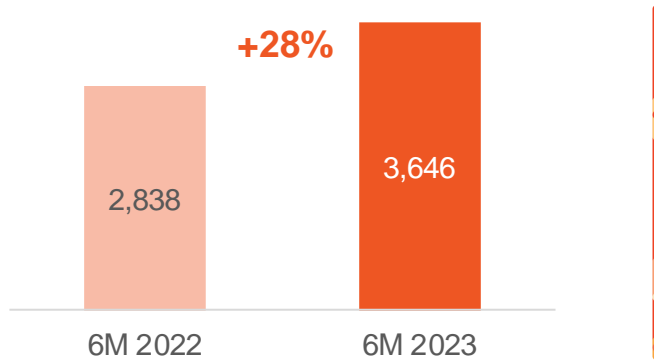
- Including 7% of listed stocks, of which 2 to 3% long-term high-dividend stocks
- Other equity includes equity funds, balanced funds, Insurance Asset Management Plans and private equity

Very limited exposure to direct investment properties (<3%)

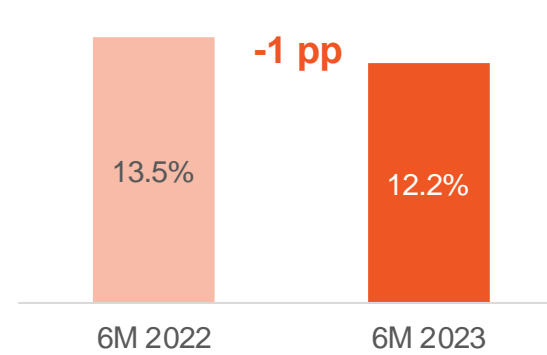
- Direct investment property exposure are mainly for own use and office building investment in top tier cities

Strong increase in NBV largely driven by higher margins agency

New Business Value*
In RMB mio @100%



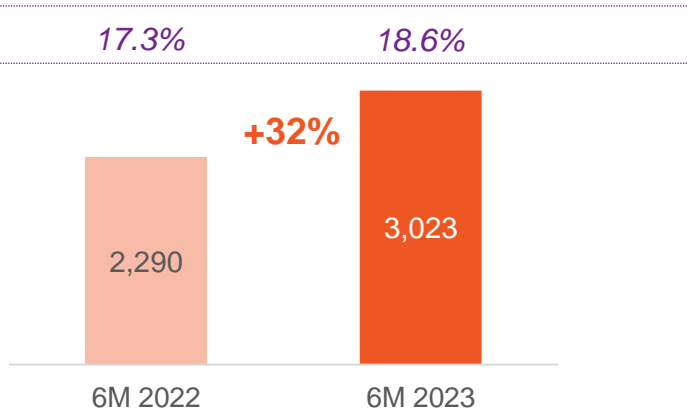
New Business margin
In % of APE



Margin

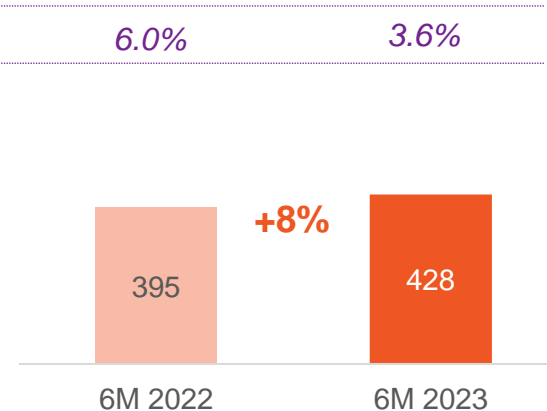
17.3% 18.6%

New Business Value* Agency
In RMB mio @100%



6.0% 3.6%

New Business Value* Banca
In RMB mio @100%



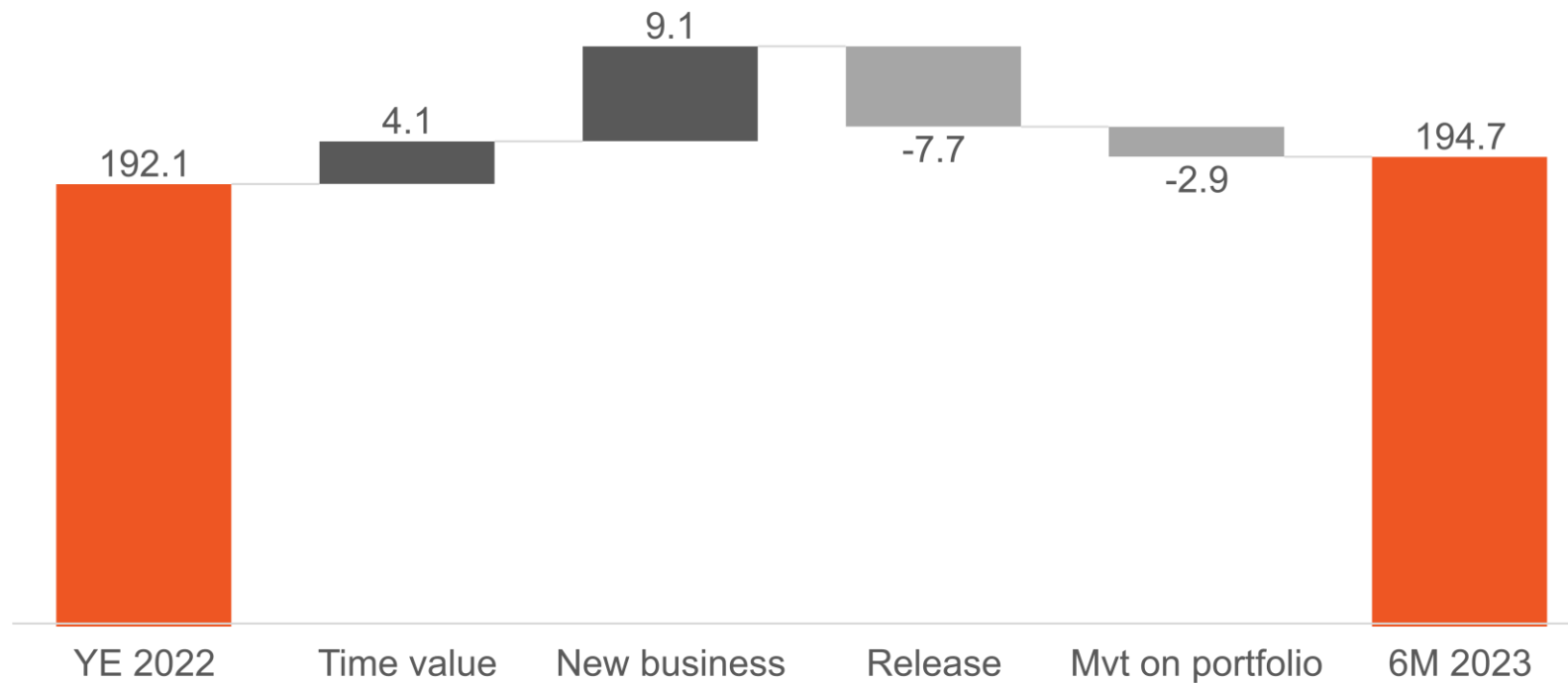
* New Business Value based on the China local framework

A CSM New business highly positive despite low interest rates

A CSM value of EUR 6.1 bn @ageas's share

CSM Roll-forward

In RMB bn @100%

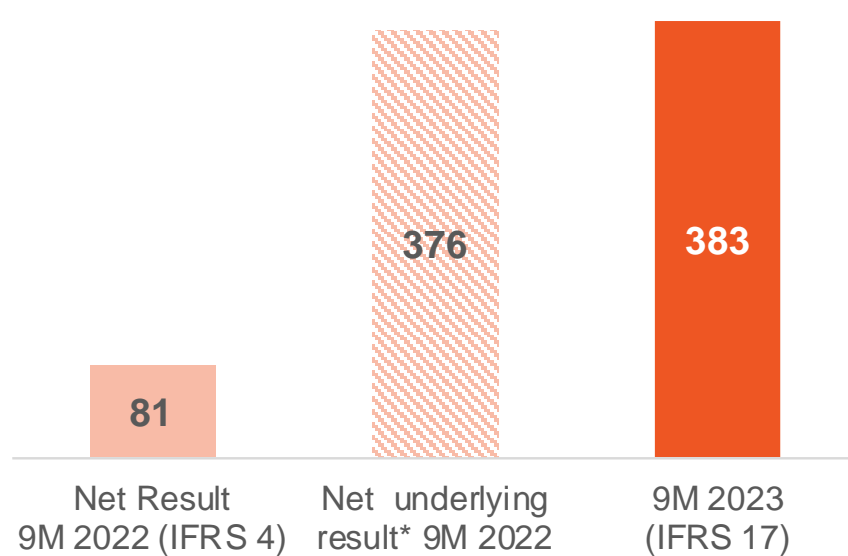




**Update on
Taiping Life
Financial
performance**

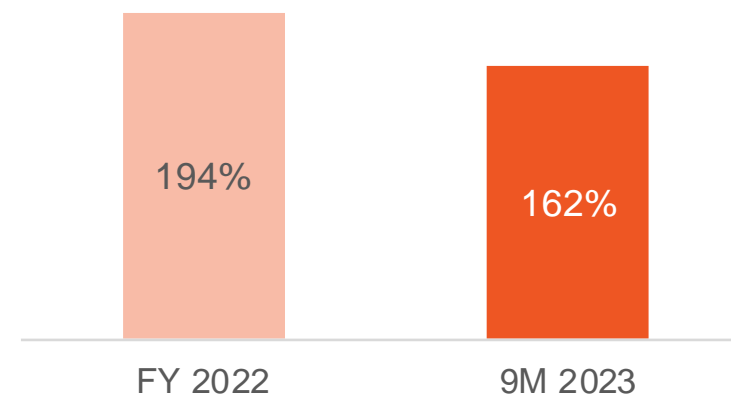
Net Operating Result

In EUR mio @ageas' share



Comprehensive Solvency

In %



* IFRS 4 net result excluding discount rate impact (VIR), capital gains & related changes in profit sharing

Impact of lower interest rates

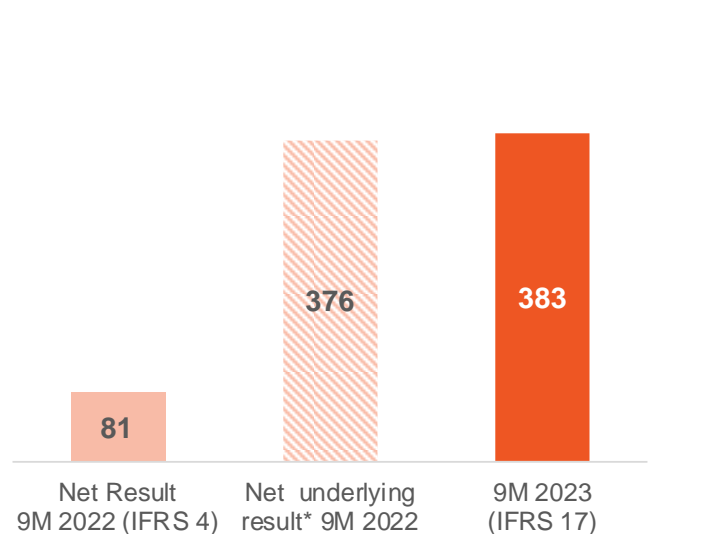
China 10-year government bond

In %



Net Operating Result

In EUR mio @ageas' share



IFRS 4 & China Accounting standards

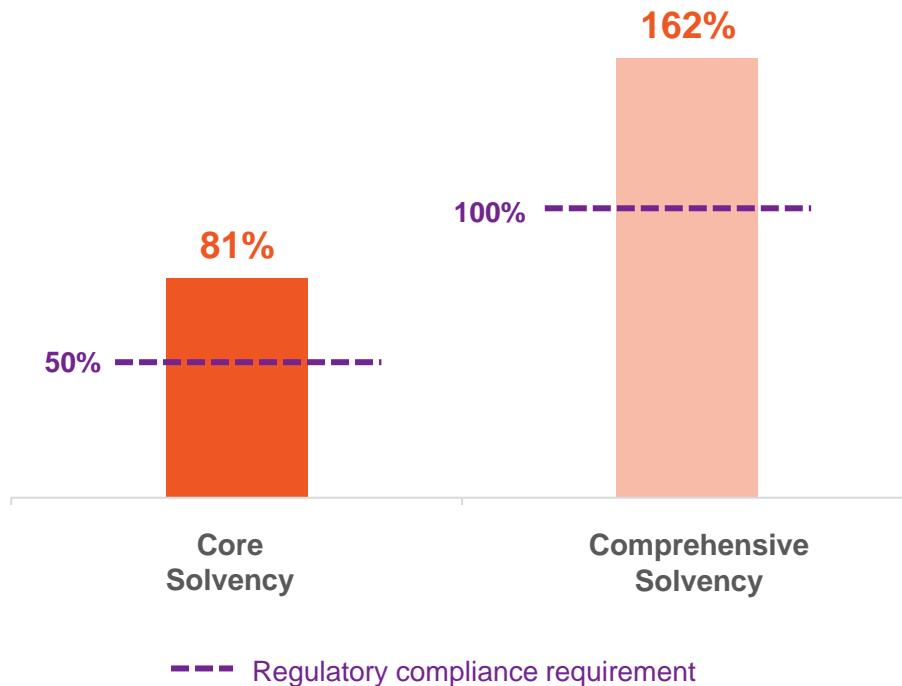
- Non-participating liabilities discounted based on the 750-day average VIR curve
- Change reflected in P&L. Unwind on discount based on 750-Day average.

IFRS 17

- Non-participating liabilities(BBA) discounted based on current interest rates
- Change reflected in OCI.

A solvency above regulatory requirement that can be further strengthened

Solvency At 9M 2023



Levers to strengthen the solvency

Products optimization

- Focus on high-value New business
- Reduction of expense overrun
- Product re-pricing

Capital optimization

- Launching a supplementary capital Debt issuance (RMB 20 bn in 2 tranches)
- Reduction of the risk consumption (asset mix, ALM)

Core vs comprehensive Solvency

Comprehensive capital
=
Core capital
+
Supplementary capital
(mainly from future profits)
capped to 100% Core

=> **Comprehensive capital**
≤ 2X Core capital

Recognition of future profits

Cap lowered from **50%** of
core capital in 2022 to **40%**

Taiping Life applies
transitional measures:

45% in 2023
40% as from 2024

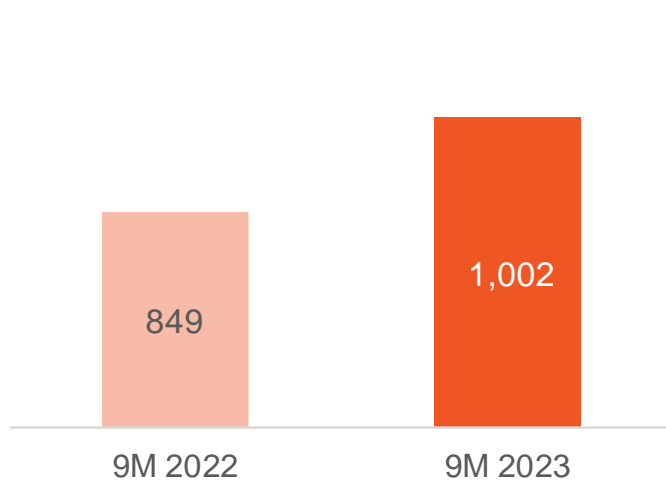
C-ROSS vs Solvency II

Both are risk-based models
but with different risk charge
factors

C-ROSS assets & liabilities
not fully marked-to-market:
HTM bonds at amortised
costs / liabilities discounted
with 750-day VIR curve

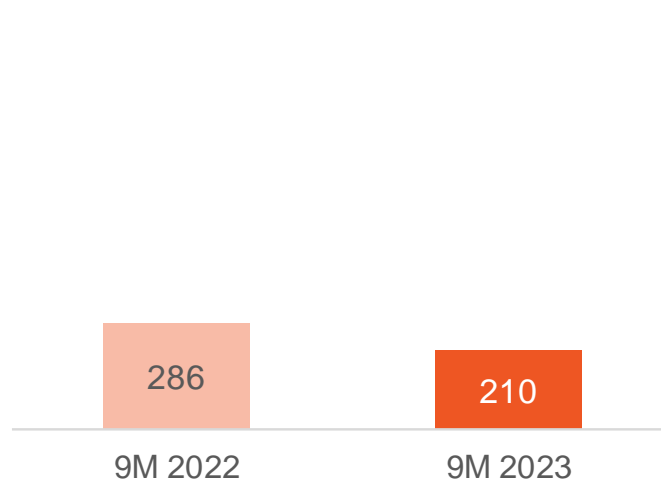
Operational Capital Generation

In EUR mio @ageas' share



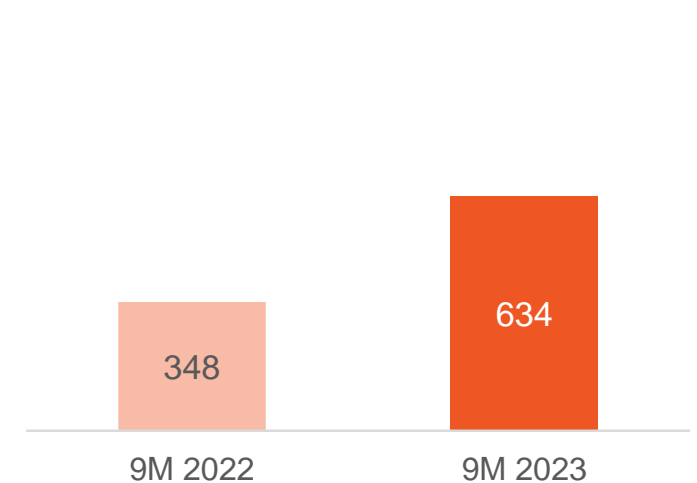
Operational Capital Consumption

In EUR mio @ageas' share



Operational Free Capital Generation

In EUR mio @ageas' share



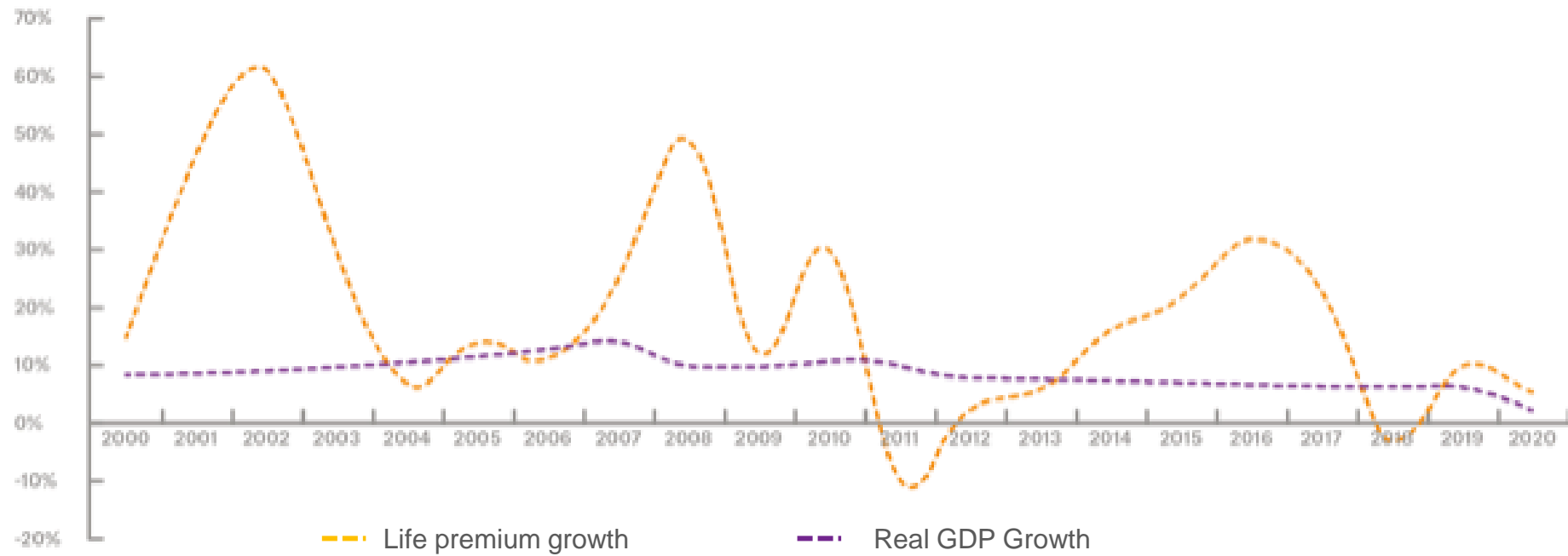


Outlook on the Life insurance market in China

Drivers of the Life insurance market in China

Growth in Life Insurance premium uncorrelated to GDP growth

Life premium growth versus real GDP growth in China over 2000 – 2020
In %



Source: CBIRC

A regulatory environment supporting sustainable profitability for the sector

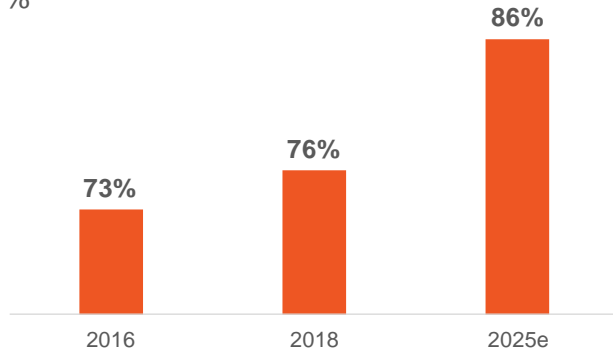
Measures	Details	Timing	Expected impact
Lowering pricing interest rate	Cap on Non-participating pricing rate lowered from 3.5% to 3.0%	July 2023	Support margins over volumes
Bancassurance expenses and commissions	<ul style="list-style-type: none"> - Consistency between actual expenditure and pricing assumption - Cap on bank commissions 	Ongoing	Improve expense efficiency in bancassurance channel
New product disclosure guidelines	Higher disclosure requirements throughout the product launch, sale and post-sale	June 2023	Improved transparency to customers
Oversight of New Year commercial campaigns	Reduce unsound practices relating to the opening campaign & adopt a scientific approach to budgeting	October 2023	Promote disciplined approach and improve the quality of business sold
Improvement of pricing practices for Short-term Health Insurance products	Ensure scientific and reasonable pricing	November 2023	Improved protection of customers by preventing aggressive and non-transparent sales practices

Drivers of the Life insurance market in China

Strong macro drivers

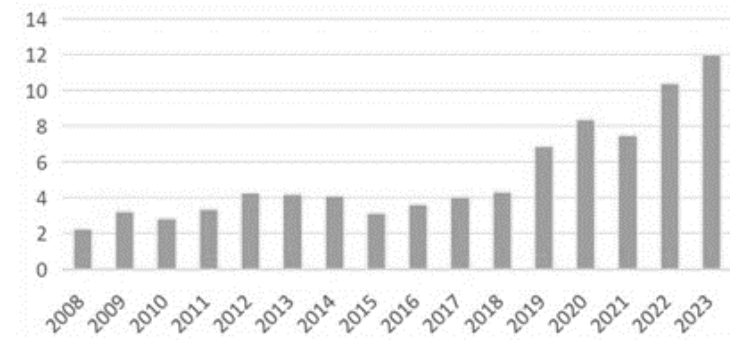
1. Emerging middle class

Share of population with annual disposal income ≥ EUR 6K
In %



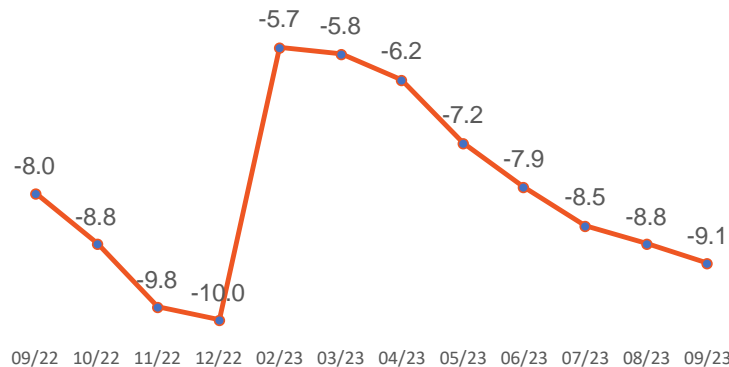
2. High saving rate

Household savings
In RMB tn



3. Need for alternative wealth management products

Growth rate of Investment in Real Estate Development
In %



4. Low penetration rate

Life insurance penetration rate
In % at year-end 2022

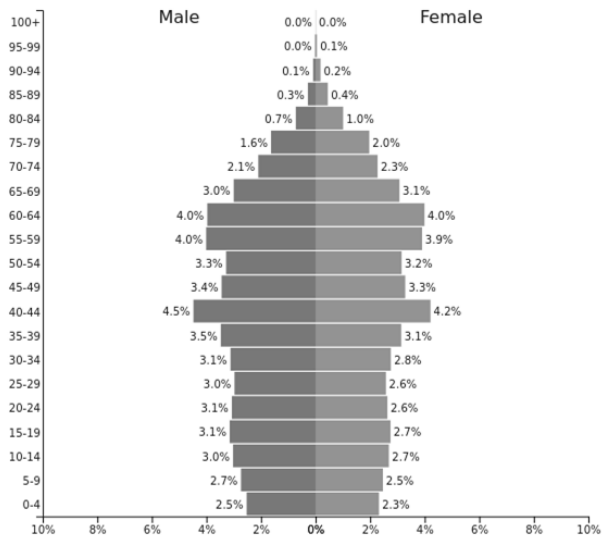
2.83%

Sources: International Monetary Fund, National Bureau of Statistics in China, CBIRC

Drivers of the Pension market in China

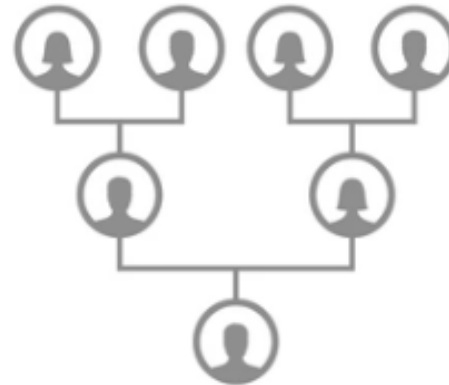
AGING POPULATION

Projection of Chinese population structures in 2030
In %



Source: UN Population Division (UNPD).

ONE CHILD POLICY



PUBLIC PRIORITY

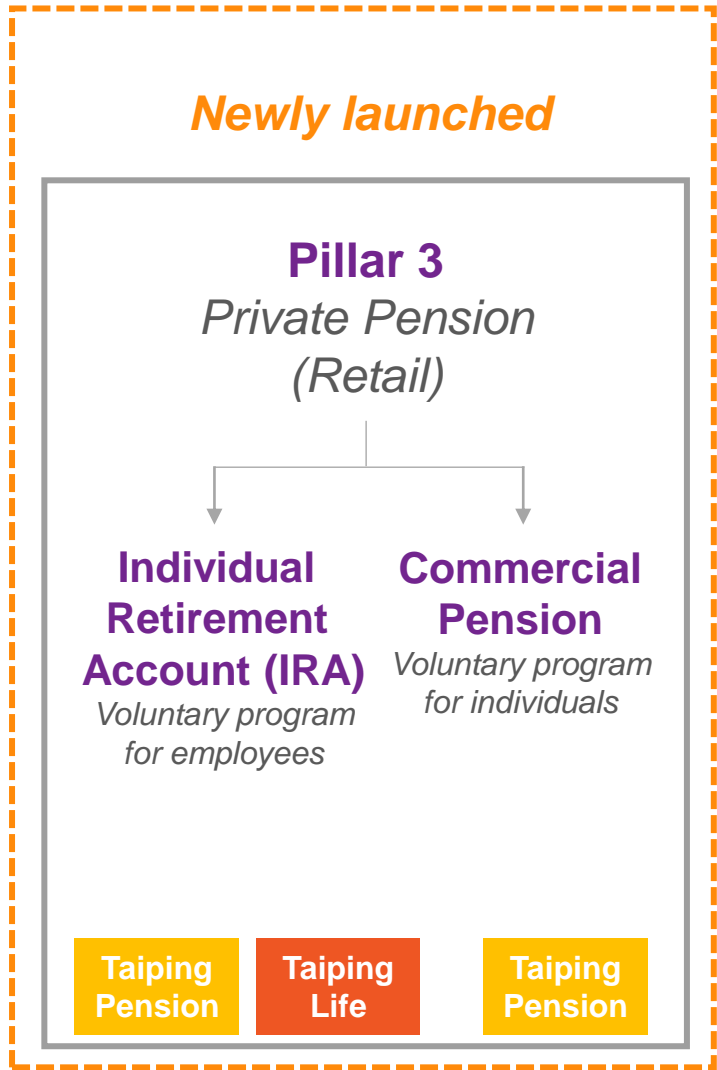
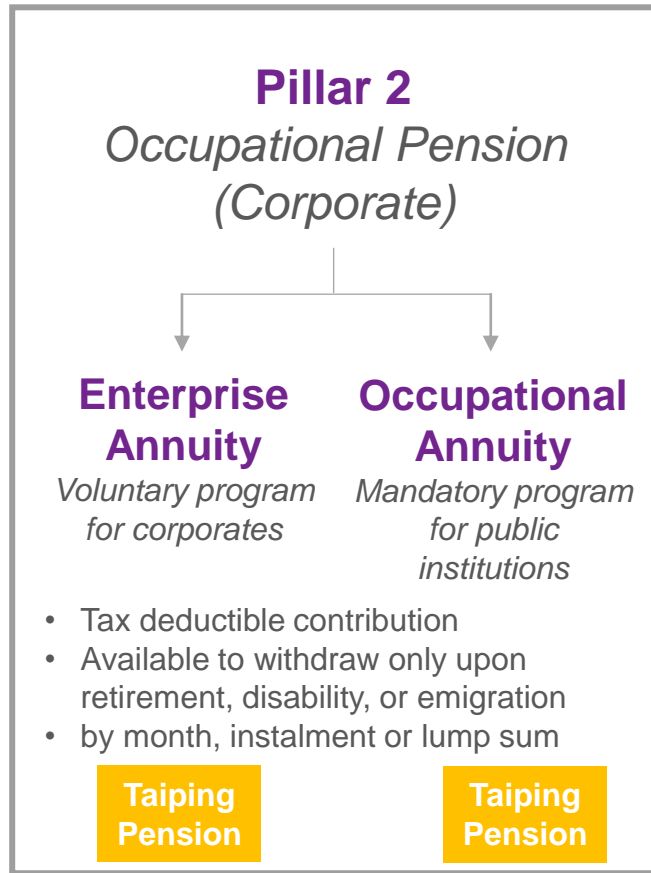
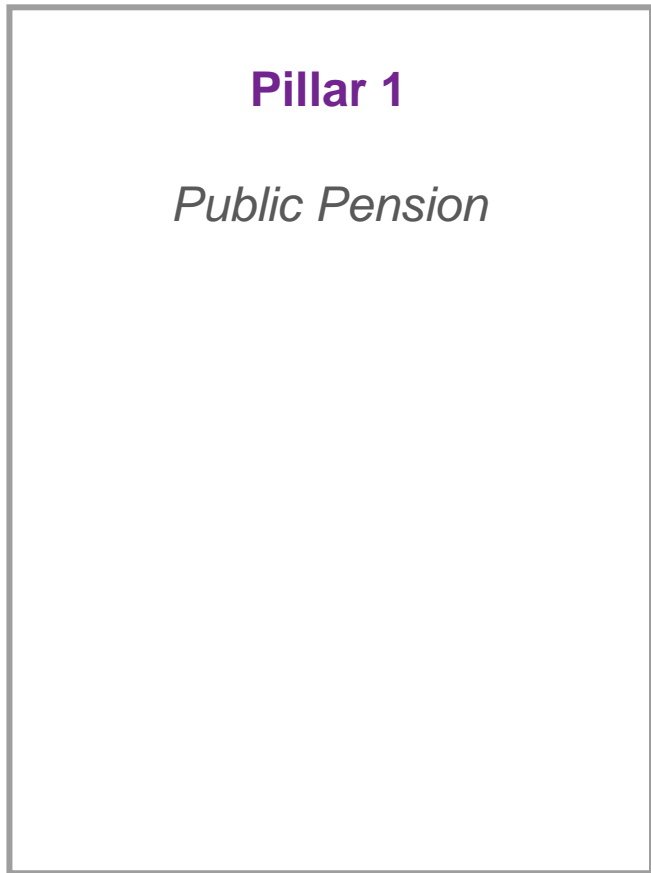


Central financial work conference, Beijing, October 2023

November 2022
Launch of the pilot of China Private pension


Potential of the pension market

Taiping Group's scope of operations



Conclusions

Sustainable operational value & capital generation



- Excellent top line growth with sound margins
- Focus on Quality over Quantity in distribution development
- New Business Value and New Business CSM supportive of future profits
- High IFRS 17 results and operational capital generation reflecting a strong operational performance
- Cyclical pressure on Solvency manageable without shareholder capital injection
- Significant potential of the Life, Health and Pension market