

# Summary of Quarterly Solvency Report (Excerpts)

**China Pacific Property Insurance Co., Ltd.**

**3rd Quarter of 2023**

## Company overview and contact information

Company name (Chinese):	中国太平洋财产保险股份有限公司
Company name (English):	China Pacific Property Insurance Company Limited
Legal representative:	GU Yue
Registered address:	South Tower, Bank of Communications Financial Building, 190 Middle Yincheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC
Registered capital:	19.948bn yuan
Business license number:	000014
Date opening for business:	November 2001
Business scope:	Property indemnity insurance; liability insurance; credit and guarantee insurance; short-term health and personal accident insurance; reinsurance of the above said insurance; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.
Business territories:	The People's Republic of China (excluding Hong Kong, Macao and Taiwan)
Contact person:	WANG Yucheng
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## I. Board chairman and management statement

The report has been approved by chairman of the board of directors. The chairman and senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statement or material omissions; and they severally and jointly accept responsibility for the contents of this report.

## II. Basic information

### (I) Ownership structure, shareholders and change during the reporting period

#### 1. Ownership structure (unit: 10,000 shares)

Types of shareholding	End of the preceding period		Shareholder injection	Change			End of the reporting period	
	Shares	Percentage (%)		Transfer from capital reserve and share dividends distribution	Share transfer	Subtotal	Shares	Percentage (%)
State	29,895	1.5	-	-	-	-	29,895	1.5
Private legal persons	-	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-	-
Natural persons	-	-	-	-	-	-	-	-
Others								
(listed companies)	1,964,914	98.5	-	-	-	-	1,964,914	98.5
Total	1,994,809	100	-	-	-	-	1,994,809	100

#### 2. De facto controller

China Pacific Insurance (Group) Co., Ltd. is the majority shareholder of the Company, holding 98.5% of the stake.

#### 3. Shareholding information (by descending order of shareholding percentage as of the end of the reporting period, unit:share)

Names of shareholders	Types of shareholders	Change during the reporting period	Shares held at the end of the reporting period	Shareholding percentage at the end of the reporting period (%)	Shares pledged or in lock-up
China Pacific Insurance (Group) Co., Ltd.	Others (listed company)	—	19,649,137,578	98.50	None
Shenergy Group Co., Ltd.	State-owned	—	93,106,180	0.47	None
Shanghai Haiyan Investment Management Company Limited	State-owned	—	92,846,189	0.46	None
Yunnan Hehe (Group) Co., Ltd.	State-owned	—	61,049,510	0.31	None
Shanghai State-owned Assets Operation Co., Ltd.	State-owned	—	51,948,193	0.26	None
<b>Total</b>	<b>—</b>	<b>—</b>	<b>19,948,087,650</b>	<b>100</b>	<b>—</b>
Related party relations among shareholders	Of the 5 shareholders of the Company, with the exception of CPIC Group, all are concurrently shareholders of CPIC Group. Other than that, the Company is not aware of any related party relations between its shareholders.				

#### 4. Shareholding by directors, supervisors and senior management

Was there shareholding by directors, supervisors and senior management as at the end of the reporting period? (Yes  No )

#### 5. Share transfer

Was there any share transfer during the reporting period? (Yes  No )

### (II) Directors, supervisors and senior management and the changes thereof

#### 1. Basic information on directors, supervisors and senior management

##### (1). Directors

Mr. SU Shaojun, born in February 1968, has a PhD degree. He has been serving as Director of the Company since May 2021 (approval document:CBIRC [2021] No. 377). Mr. SU currently serves as Board Secretary of CPIC Group, and Director of CPIC Life. He

previously served as Assistant General Manager, Deputy General Manager of Underwriting Department of CPIC P/C, Deputy General Manager, General Manager of CPIC P/C Beijing Branch, General Manager of Development and Planning Department of CPIC P/C, Head of the Board Office of CPIC P/C, head of the Office of the Board of Supervisors of CPIC P/C, General Manager of Tele-marketing Centre of CPIC P/C, head of Strategy Research Centre and Deputy Director of Transformation of CPIC Group.

Mr. WU Junhao, born in June 1965, has a master's degree. He has served as Director of the Company since August 2012 (approval document: CIRC P/C [2012] No.796). Mr. WU currently serves as Non-executive Director of CPIC Group, Director of CPIC Life, and General Manager of Financial Management Department of Shenergy (Group) Co., Ltd. He is also Director of Shanghai ICY New Energy Venture Capital Co., Ltd., Supervisor of Orient Securities Co., Ltd., a company listed on both SSE and SEHK, Supervisor of Everbright Banking Co., Ltd., a company listed on both SSE and SEHK, Chairman of the Board of Supervisors of Shanghai ICY Capital Co. Ltd., and Chairman of the Board of Supervisors of Shanghai Shenergy Chengyi Equity Investment Co. Ltd. Previously, Mr. WU served as Teaching and Research Director of Department of Management of Changzhou University, Executive Deputy Manager of Shanghai New Resources Investment Consulting Company, Deputy General Manager of Shanghai Bailitong Investment Management Co., Ltd., Deputy Supervisor of Shanghai Shenergy Asset Management Co., Ltd., Deputy Supervisor, Supervisor, and Senior Supervisor of Asset Management Department of Shenergy (Group) Co., Ltd., Deputy Manager and Manager of Financial Management Department of Shenergy (Group) Co., Ltd., Director of Shanghai Jiulian Group Co., Ltd., and Director of Chengdu Xinshen Venture Capital Co., Ltd. Mr. WU also formerly served as Supervisor of Shanghai Pharmaceuticals Holding Co., Ltd., a company listed on SSE and SEHK, and Director of Orient Securities Company Limited.

Mr. ZHANG Weidong, born in October 1970, holds a bachelor's degree. He has been serving as Director of the Company since March 2018 (approval document: CBIRC [2018] No.3). Mr. ZHANG currently serves as Compliance Responsible Person and

General Counsel of CPIC Group and Director of CPIC Life, CPIC AMC, Changjiang Pension and CPIC Health, respectively. Mr. ZHANG previously served as General Manager of Legal and Compliance Department, head of the Board Office of CPIC Group, Board Secretary of the Company, and Board Secretary of CPIC Life and CPIC AMC respectively, Risk & Compliance Director, General Manager of Risk Management Department and Chief Risk Officer of CPIC Group.

Mr. ZHANG Yuanhan, born in November 1967, holds a master's degree and is a director of China Association of Actuaries, a member of the Society of Actuaries and American Academy of Actuaries. He has been serving as Director of the Company since March 2018 (approval document: CBIRC [2018] No.68). Mr. ZHANG is also Finance Responsible Person and Chief Actuary of CPIC Group, Director of CPIC Life and CPIC Health. He previously served as Chief Actuary, Deputy General Manager and Vice President of MetLife Insurance Company Limited (Shanghai), Chief Actuary of Sino Life Insurance Co., Ltd., Deputy General Manager, CFO and Chief Actuary of Sun Life Everbright Life Insurance Co., Ltd., Director of Sun Life Everbright Asset Management Co., Ltd., Director of CPIC AMC and Chief Actuary of CPIC Health.

Mr. YU Bin, born in August 1969, holds a master's degree. He has been serving as Director of the Company since September 2019 (approval document: CBIRC Shanghai [2019] No.804). Mr. YU currently also serves as Vice President of CPIC Group and Chairman of CPIC Technology. Previously, Mr. YU served as Deputy General Manager of the Non-Marine Insurance Department of the Company, Deputy General Manager of Underwriting and Claims Department of the Company, General Manager of Market Development & Research Centre of the Company, General Manager of Marketing Department of the Company, Chief Marketing Officer, Deputy General Manager of the Company, and Assistant President of CPIC Group.

Mr. GU Yue, born in June 1965, holds a master's degree. He has been serving as Chairman and Executive Director of the Company since March 2015 (approval document: CIRC [2015] No. 228). He also serves as Chairman of CPIC Hong Kong and Director of CPIC AMC. Previously, Mr. GU served as General Manager of CPIC Suzhou Branch and Nanjing Branch, Board Secretary and General Manager of Human Resources Department, Internal Audit Director, Internal Audit Responsible Person,

Finance Responsible Person, Vice President, and Executive Vice President of CPIC Group, Chairman of the Board of Supervisors and Director of CPIC Life, Chairman of Board of Supervisors of CPIC AMC, Director of CPIC HK, Director of CPIC Health, and General Manager of the Company. Prior to that, Mr. GU worked at the Shanghai Municipal Bureau of Statistics.

Mr. ZENG Yi, born in June 1965, holds a bachelor's degree, and has been serving as Executive Director of the Company since June 2023 (approval document: NAFR [2023] No. 76). He currently serves as General Manager of the Company. Previously, Mr. ZENG served as Deputy Section Chief, Section Chief of Administration of Domestic Business Department, head of Research and Development Department, Deputy Manager of Domestic Business Department and Research and Development Department, Deputy Manager of General Administration for P/C Insurance Department, Deputy Manager of General Administration for P/C Insurance Department & Jiangbei Sub-branch, Manager of P/C Insurance Business Development Department, Manager of P/C Insurance Business Centre of Chongqing Branch, China Pacific Insurance Co. Ltd., Manager of P/C Insurance Business Centre & head of Supervisory Department, Assistant General Manager, Deputy General Manager and General Manager of Chongqing Branch of the Company, Director of Auto Insurance Business, Chief Operating Officer and Deputy General Manager of CPIC P/C. Previously, he worked at PICC Chongqing Branch.

## (2). Supervisors

Mr. Sun Peijian, born in September 1963, holds a master's degree and has been serving as Supervisor of the Company since September 2019 (approval document: CBIRC Shanghai [2019] No. 803). He was appointed as Chairman of Board of Supervisors of the Company in October 2019. Mr. SUN currently serves as Chief Risk Officer of CPIC Group, Chairman of the Board of Supervisors of CPIC Life. Previously, Mr. SUN served as Assistant General Manager, Deputy General Manager, General Manager of Reinsurance Department of CPIC Group, Assistant General Manager, Deputy General Manager, Compliance Responsible Person, Compliance Director, and Vice President of CPIC Group, Director of CPIC P/C, CPIC Life and CPIC AMC respectively, and Chairman and General Manager of CPIC Health.



Mr. CAO Junhua, born in March 1966, has a PhD degree. He has been serving as Supervisor of the Company since May 2021 (approval document: CBIRC [2021] No. 376). Mr. CAO currently serves as General Manager of the Internal Audit Department (East China) of the Internal Audit Centre of CPIC Group, and Supervisor of Pacific Insurance Elderly Care Investment Management Co., Ltd.. Previously, he served as head of Secretariat of General Office of CPIC Life, Deputy Section Chief of Board Office of CPIC Group, Assistant General Manager of CPIC P/C Suzhou Branch, Deputy General Manager of Legal & Compliance Department of CPIC P/C Suzhou Branch, head of Specialised Capacity-building Team of Internal Audit Centre of CPIC Group, Deputy General Manager (in charge), General Manager of Audit Department (North China) of Audit Centre of CPIC Group, Deputy Chief of Party Discipline Inspection Team of CPIC Group, and Internal Audit Responsible Person of CPIC AMC.

Ms. RUAN Yuhong, born in April 1970, holds a bachelor's degree, with designation of Account, CPA. She has been serving as Employee Supervisor of the Company since January 2023 (approval document: CBIRC [2023] No. 20). Ms. RUAN currently serves as General Manager of Finance/ Asset Management Department of the Company. She previously served as General Manager of Auditing Department, General Manager of Finance Department, Deputy General Manager, and Chairman of Workers' Union of Ningbo Branch of the Company.

### (3) Senior management

Mr. GU Yue, born in June 1965, holds a master's degree. He has been serving as Chairman and Executive Director of the Company since March 2015 (approval document: CIRC [2015] No. 228). He also serves as Chairman of CPIC Hong Kong and Director of CPIC AMC. Previously, Mr. GU served as General Manager of CPIC Suzhou Branch and Nanjing Branch, Board Secretary and General Manager of Human Resources Department, Internal Audit Director, Internal Audit Responsible Person, Finance Responsible Person, Vice President, and Executive Vice President of CPIC Group, Chairman of Board of Supervisors and Director of CPIC Life, Chairman of Board of Supervisors of CPIC AMC, Director of CPIC HK, Director of CPIC Health, and General Manager of the Company. Prior to that, Mr. GU worked at the Shanghai Municipal Bureau of Statistics.

Mr. ZENG Yi, born in June 1965, holds a bachelor's degree, and has been serving as General Manager of the Company since June 2022 (approval document: CIRC [2022] No. 379). He currently serves as Director of the Company. Previously, Mr. ZENG served as Deputy Section Chief, Section Chief of Administration of Domestic Business Department, head of Research and Development Department, Deputy Manager of Domestic Business Department and Research and Development Department, Deputy Manager of General Administration for P/C Insurance Department, Deputy Manager of General Administration for P/C Insurance Department & Jiangbei Sub-branch, Manager of P/C Insurance Business Development Department, Manager of P/C Insurance Business Centre of Chongqing Branch, China Pacific Insurance Co. Ltd., Manager of P/C Insurance Business Centre & head of Supervisory Department, Assistant General Manager, Deputy General Manager and General Manager of Chongqing Branch of the Company, Director of Auto Insurance Business, Chief Operating Officer and Deputy General Manager of CPIC P/C. Previously, he worked at PICC Chongqing Branch.

Mr. SONG Jianguo, born in December 1966, holds a master's degree. He has been serving as Deputy General Manager of the Company since August 2012 (approval document: CIRC P/C Insurance [2011] No. 380). Previously he served as head of Business Section of Overseas Business Department, Deputy Manager and Manager of Overseas Business Department, and Assistant General Manager of CPIC Hai'nan Branch, Deputy General Manager, General Manager of the Company's Hai'nan Branch, General Manager of the Company's Property and Liability Insurance Department, General Manager of the Company's Shandong Branch, head of Sales (Channel Building and Cooperation), and Deputy General Manager (agricultural insurance) of the Company. Prior to that, Mr. SONG worked at the Hainan Branch of the Bank of Communications.

Mr. ZHANG Dong, born in October 1963, holds a master's degree. He has been serving as Deputy General Manager and Compliance Responsible Person (approval documents: CIRC [2014] No. 750 and CIRC [2014] No. 753 respectively), and Chief Risk Officer of the Company since September 2014. Previously, Mr. ZHANG served as Manager of CPIC Ganyu Sub-branch, Deputy General Manager and General Manager of CPIC Lianyungang Central Sub-branch, Assistant General Manager of CPIC Life Nanjing Branch, Deputy General Manager of CPIC Life Jiangsu Branch, General Manager of

CPIC Life Hunan Branch, General Manager of CPIC Life Jiangsu Branch, Sales Director of CPIC Life, Secretary of Discipline Inspection Commission, Employees' Representative Supervisor, and Chairman of Trade Union of CPIC AMC, and Deputy General Manager (general administration) of the Company. Prior to that, Mr. ZHANG worked at the General Supply and Marketing Cooperative of Ganyu County of Jiangsu Province.

Mr. CHEN Sen, born in October 1970, holds a master's degree and has been serving as Deputy General Manager of the Company (approval document: CBIRC [2021] No. 497) since August 2021. He has been serving as Chief Actuary of the Company since October 2015 (approval document: CIRC [2015] No. 949), and Finance Responsible Person of the Company since June 2017 (approval document: CIRC [2017] No. 520). Currently, Mr. CHEN also serves as Director of CPIC Anxin Agricultural and CPIC HK. Previously, he served as Deputy General Manager, Finance Responsible Person and Chief Actuary of China Property & Casualty Reinsurance Company Limited. Prior to that, Mr. CHEN worked at the New York headquarters of Guy Carpenter & Company, and the North American headquarters of Swiss Re.

Mr. ZHANG Yu, born in April 1965, received university education. He has been serving as Deputy General Manager of the Company since May 2021 (approval document: CBIRC Shanghai [2019] No. 826 (qualification for Assistant General Manager)). Previously, he served as Deputy General Manager of CPIC Suzhou Branch, Deputy General Manager, and General Manager of CPIC P/C Suzhou Central Sub-branch, Deputy General Manager of CPIC P/C Shanghai Branch, General Manager of CPIC P/C Ningbo Branch, General Manager of CPIC P/C Shanghai Branch, and Assistant General Manager (non-auto insurance) of CPIC P/C.

Mr. SU Zhanwei, born in June 1966, holds a master's degree and has been serving as Deputy General Manager of the Company since June 2022 (approval document: CBIRC Shanghai [2019] No. 841). Previously, Mr. SU served as Assistant General Manager, Deputy General Manager, and General Manager of CPIC P/C Henan Branch, head of General Administration/Board Office/Office of the Board of Supervisors of the Company, General Manager of Corporate Customer Department/Bancassurance Department, and Assistant General Manager of the Company.

Mr. LI Chao, born in March 1981, holds a master's degree, and has been serving as Assistant General Manager of the Company since August 2021 (approval document: CBIRC [2021] No.496). Prior to this, Mr. LI served as Deputy General Manager of CPIC P/C Tianjin Branch, Deputy General Manager (in charge) and General Manager of CPIC P/C's Small and Medium-sized Customer Business Department, General Manager of CPIC P/C's Corporate Customer Department/Bancassurance Department, and General Manager of CPIC P/C Heilongjiang Branch.

Ms. TAO Lei, born in September 1977, holds a master's degree. She has been serving as Assistant General Manager (approval document: CBIRC [2021] No. 624) and Board Secretary (approval document: CBIRC [2021] No. 623) of the Company since August 2021. Ms. TAO currently also serves as General Manager of the Development and Planning Department, head of the Board Office, and the Office of the Board of Supervisors the Company. Previously, she served as Assistant General Manager, Deputy General Manager of Tele-marketing Department of CPIC P/C, Deputy General Manager (in charge) of Project Management Department of CPIC Online, General Manager of Marketing Department of CPIC Online, General Manager of Shanghai Sub-centre of Tele-marketing Centre of CPIC P/C, and Deputy General Manager of Tele-marketing Centre of CPIC P/C.

Mr. Wu Bo, born in June 1970, holds a doctorate degree, and he has been serving as Assistant General Manager of the Company since August 2021 (approval document: CBIRC [2021] No. 591). Mr. WU also serves as Director of the Company's Beijing-Tianjin-Hebei Regional Coordinated Development and General Manager of CPIC P/C Beijing Branch. Mr. WU previously served as Assistant General Manager, Deputy General Manager and General Manager of CPIC P/C Shandong Branch.

Mr. YU Baoyu, born in May 1965, holds a master's degree. He has been serving as Assistant General Manager of the Company (approval document: CBIRC [2022] No.23) since January 2022. Mr. Yu also serves as head of Coordinated Development of Guangdong-Hong Kong-Macao, and General Manager of the Guangdong Branch of the Company. Previously, Mr. Yu served as Deputy General Manager of CPIC P/C Henan Branch, and General Manager of CPIC P/C Gansu Branch and Hubei Branch respectively.

Mr. CHENG Yingjie, born in November 1967, holds a master's degree. He has been serving as Internal Audit Responsible Person of the Company since May 2023 (approval document: CBIRC [2023] No. 277). Previously he served as member of Party Committee and Deputy General Manager of CPIC P/C Liaoning Branch, Secretary of Party Committee and General Manager of CPIC P/C Heilongjiang Branch, and Secretary of Party Committee and General Manager of CPIC P/C Sichuan Branch.

## 2. Changes to directors, supervisors and senior management of head-office

Are there changes to the directors, supervisors and senior management during the reporting period? (Yes  No )

### (III) Subsidiaries, joint ventures or associates

Were there subsidiaries, joint ventures or associates as at the end of the reporting period? (Yes  No )

Name of companies	Number of shares (10,000)			Percentage of shareholding (%)		
	End of the preceding quarter	End of the reporting quarter	Change	End of the preceding quarter	End of the reporting quarter	Change (pt)
<b>Subsidiaries</b>						
Pacific Anxin Agricultural Insurance Co., Ltd.	73,206	73,206	-	67.78%	67.78%	-
<b>Joint ventures</b>						
Shanghai Juche Information Technology Co., Ltd.	148	148	-	25.20%	25.20%	-
Zhongdao Automobile Assistance Co., Ltd.	1,280	1,280	-	20.32%	20.32%	-
Shanghai Lexiang Sijin Technology Joint-stock Co. Ltd.	369	369	-	6.09%	6.09%	-
<b>Associates</b>						
CPIC Euler Hermes Credit Insurance Sales Co., Ltd	2,550	2,550	-	51.00%	51.00%	-

Shanghai Binjiang-Xiangrui Investment and Construction Co., Ltd.	1,071	1,071	-	35.70%	35.70%	-
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#### (IV) Breaches

1. Did the Company receive any administrative penalties from financial regulators during the reporting period? (Yes  No )

Between July 1 and September 30 2023, branch offices of the Company received 11 administrative penalties from the insurance regulator, with 3.73mn yuan in fines for branches and 1.09mn yuan in fines for individuals, totalling 4.82mn yuan. Misconduct mainly concerned falsification of brokerage business for expense-booking, failure to strictly implement insurance terms & clauses or rates filed with the regulator, granting extra benefits to the insured other than those specified in insurance contracts, conducting business in areas other than those approved by the regulator.

2. Did the directors, senior management receive administrative penalties from financial regulators during the reporting period?

(Yes  No )

3. Did misconduct or breaches of directors and senior management trigger judicial proceedings during the reporting period?

(Yes  No )

4. Did the Company receive any regulatory measures from the NAFR (previously CBIRC) during the reporting period?

(Yes  No )

### III. Key solvency and business metrics

#### (I) Key solvency metrics

Unit: RMB yuan 10,000

Items	As at the end of this quarter	As at the end of the previous quarter	Estimates for next quarter under base scenario
Admitted assets	25,351,624	26,040,835	24,825,104
Admitted liabilities	19,281,446	19,924,918	18,692,515
Available capital	6,070,178	6,115,917	6,132,589
Tier 1 core capital	4,587,524	4,533,101	4,649,935

Tier 2 core capital	-	-	
Tier 1 supplement capital	1,482,654	1,582,816	1,482,654
Tier 2 supplement capital	-	-	
Minimum capital	2,965,981	3,095,181	2,983,766
Minimum capital for quantifiable risks	3,015,342	3,146,692	3,033,422
Minimum capital for control risk	-49,361	-51,511	-49,657
Supplement capital	-	-	
Core solvency margin	1,621,543	1,437,920	1,666,169
Core solvency margin ratio (%)	154.7%	146.5%	155.8%
Comprehensive solvency margin	3,104,198	3,020,736	3,148,823
Comprehensive solvency margin ratio (%)	204.7%	197.6%	205.5%

## (II) Liquidity risk indicators

### 1. Regulatory indicators for liquidity risk

Items		As at the end of/ during this quarter	As at the end of/ during the previous quarter	
Net cash flows (RMB 10,000)	YTD	273,685	581,124	
	Year 2022	-326,022	-326,022	
	Year 2021	288,396	288,396	
LCR (%)	LCR1	Next 3 months	104.2%	100.9%
		Next 12 months	103.9%	104.1%
	LCR2	Next 3 months	190.3%	235.1%
		Next 12 months	115.2%	140.7%
	LCR3	Next 3 months	58.3%	81.8%
		Next 12 months	79.1%	96.0%
Retrospective adverse deviation ratio of net cash flows from business activities (%)	Over the last 2 quarters	-36.2%	140.4%	
	Over the last quarter	88.9%	-36.2%	

### 2. Other indicators of liquidity risk

	Items	As at the end of/ during this quarter(YTD)	As at the end of/ during the previous quarter(YTD)
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Liabilities	Net cash flow from operating activities (RMB 10,000)	-15,567	74,798
	Net cash flow from operating activities per 100 yuan in premiums (RMB yuan)	-0.1	0.7
	Ratio of cash outflow from business of special types (%)	3.3%	3.1%
	Gross premium growth year-on-year (%)	11.9%	14.2%
Assets	Ratio of cash and liquidity management instruments (%)	2.4%	3.5%
	Quarterly average financing gear (%)	3.4%	2.2%
	Share of domestic fixed income assets with external rating of AA and below (%)	0.4%	0.3%
	Proportion of shares representing over 5% of the stake of listed companies (%)	0.0%	0.0%
	Ratio of fund receivables (%)	17.3%	17.7%
	Ratio of assets of related parties held (%)	1.5%	1.6%

Ratio of cash outflow from business of special types: Ratio of cash outflow from business of special types = (Claim expenses of special-type business + Claim reserves of special-type business) ÷ (Overall claim expenses + Overall claim reserves) × 100%. Business of special types includes financing guarantee insurance business and non-auto business that accounts for more than 5% of overall claim expenses, and the latter refers to non-auto insurance business that incurs, due to catastrophes or major claims, estimated or actual claim expenses after reinsurance exceeding 5% of total non-auto claim expenses of the previous year.

Gross premium growth(yoy): year-on-year growth of written premiums

Ratio of receivables (%): Ratio of receivables = (Premium receivables + Reinsurance receivables) ÷ Total assets by the end of the reporting period × 100%. Premium receivables, reinsurance receivables and total assets refer to their respective book value as at the end of the reporting period.

Ratio of assets of related parties held: Ratio of assets of related parties held = Total investment assets of related parties held ÷ Total assets as at the end of the reporting period × 100%, excluding related-party transactions between the insurance company and the insurance group that it belongs to or between subsidiaries of the insurance group.

### (III) Key business metrics

Unit: RMB yuan 10,000

Indicators	As at the end of this quarter/during this quarter	As at the end of this quarter/YTD
Gross written premiums	4,344,104	14,821,472
Net profits	47,067	451,125
Total assets	20,954,280	20,954,280



Net assets	5,275,421	5,275,421
Insurance contract liabilities	12,093,745	12,093,745
Basic earnings per share (RMB yuan)	0.02	0.2
ROE (%)	0.9	8.6
ROA (%)	0.2	2.2
Investment yield (%)	0.4	2.2
Comprehensive investment yield (%)	0.3	3.0
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Combined ratio (%)	99.9	98.5
Expense ratio (%)	27.6	27.9
Loss ratio (%)	72.2	70.6
Proportion of commissions and brokerage expenses (%)	9.7%	8.5%
Proportion of operating and administrative expenses (%)	19.9%	17.3%
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Written premiums	4,554,460	15,167,871
Written premiums of auto insurance	2,639,621	8,020,690
Written premiums of top 5 non-auto insurance business lines	1,500,452	5,877,730
Agricultural insurance	366,294	1,611,741
Health insurance	274,346	1,587,070
Liability insurance	490,671	1,586,409
Commercial property insurance	196,968	558,115
Guarantee insurance	172,174	534,395
Average vehicle premium of auto insurance (RMB yuan)	2,856	2,823
Written premiums by channels	4,554,460	15,167,871
Agency	2,853,626	8,715,200
Direct	1,034,422	4,495,149
Brokerage	666,413	1,957,522

Others

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Note: 1. All calculation of reserves was based on financial statements; the expense ratio, the loss ratio and combined ratio were based on earned premiums; comprehensive investment yield includes changes in fair value of AFS assets, which is not included in calculation of investment yield.

2. Net profits, total assets, net assets, and insurance contract liabilities listed above were based on Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments revised and promulgated by the Ministry of Finance in 2017, and Accounting Standard for Business Enterprises No. 25 - Insurance Contracts revised and promulgated by the Ministry of Finance in 2020; basic earnings per share, ROE and ROA were calculated in accordance with the formula prescribed by Article 24 of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results of afore-mentioned indicators.

#### **(IV) (Comprehensive) Investment yields in the past 3 years**

Indicators	YTD
Average investment yield in the past 3 years (%)	4.98
Average comprehensive investment yield in the past 3 years (%)	4.89

Note: As per Notice on Optimising Standards for Solvency Regulation of Insurance Companies by National Financial Regulation Administration (Jingui [2023] No. 5), insurance companies shall disclose the average investment yield and average comprehensive investment yield in the past 3 years, based on the formula of:  $[(1+(\text{comprehensive}) \text{ investment yield in the past year}) * (1+(\text{comprehensive}) \text{ investment yield in the past 2 years}) * (1+(\text{comprehensive}) \text{ investment yield in the past 3 years})^{(1/3)}]-1$

### **IV. Risk management capabilities**

#### **(I) Classification of insurance companies (risk management requirements)**

As per rules on classification of insurance companies contained in Solvency Regulatory Standards No. 12: Solvency-aligned Risk Management Requirements and Assessment, the Company, established on 9 November 2001, is a Category I insurance company. In 2022, its annual written premiums amounted to 175.677bn yuan; total assets stood at 232.667bn yuan; there are 37 provincial-level branch offices.

#### **(II) Measures taken to improve risk management and status during the reporting period**

In this quarter, the Company pushed forward risk management so as to better support high-quality, sustainable development. The following was done in Q3:

First, we continued to optimise risk management rules and processes. Based on realities of our risk management, we comprehensively reviewed and revised our “1+7+N” risk management system, including Measures for Enterprise Risk Management, Rules on Insurance Risk Management, Rules on Market Risk Management, Rules on Credit Risk Management, Regulations on Operational Risk Management, Regulations on Strategic Risk Management, Regulations on Liquidity Risk Management, Regulations on Risk Appetite System Management, Implementing Rules on Integrated Risk Rating (Differentiated Supervision), and Implementing Rules on SAMRA Self-assessment.

Second, we promoted risk reduction management in an all-around way. In August, Tai'an Agricultural Insurance Institute held the Tai'an Agriculture Risk Management International Forum (2023) under the theme of “Pooling Wisdom for Risk Reduction to Build Up China’s Strength in Agriculture”, where experts from home and abroad exchanged ideas on domestic and international agricultural risk reduction and technology enhancement. We formulated Rules on Third-Party Risk Reduction Service Suppliers to standardise and strengthen the management of such suppliers.

Third, the Company continued to strengthen risk management capacity-building. We organized various training sessions for personnel involved in risk management and compliance as well as for qualifications of mid-level positions, as part of our effort to cultivate the risk control and compliance team and enhance their capabilities.

Fourth, the Company carried out emergency drills to prevent major risk events. Through those drills, we tested the completeness, operability and effectiveness of our response plans and verified the availability of relevant resources in the plan, thus improving our overall capability in handling emergencies.

### **(III) Results of last solvency risk management valuation**

In 2021, the regulator conducted SARMRA assessment of the Company, which scored 83.94 points. Of this, infrastructure and environment of risk management was 82.19 points, targets and instruments of risk management was 82.35 points, insurance risk management was 86.4 points, market risk management was 81.68 points, credit risk management was 86 points, operational risk management was 84.44 points, strategic risk management was 86.12 points, reputation risk management was 84.53 points, liquidity risk management was 83.54 points.

### **(IV) Status of SARMRA self-assessment**

Not applicable for this quarter.

## **V. Information on IRR (differentiated supervision)**

### **(I) Information on IRR (differentiated supervision)**

The Company was rated AA at the IRR for both Q1 and Q2 of 2023.

It briefed the board on the content of regulatory communications in Q2, and organised rectification by relevant departments as per alerts by the regulator. In Q3 it drafted and issued Implementing Rules on Integrated Risk Rating (Differentiated Supervision) of China Pacific Property Insurance Co. Ltd. to facilitate improvement in internal work mechanisms.

### **(II) Status of various risks of the Company**

#### **1. Operational risk**

In the quarter, the Company strengthened compliance management as per relevant regulatory requirements, and made solid progress in management of operational risks and money-laundering related risks, with related risks well under control. The following was done in operational risk management:

First, improved mechanisms of risk response and handling, formulated and issued Provisional Measures on Mechanisms of Risk Response and Handling, conducted an in-depth review of the work experience in recent years, and put in place a complete set of response systems.

Second, implemented measures as a follow-up of the 2022 regulatory communications. We reviewed regulatory findings one by one and developed rectification plans, and held an ad hoc meeting to deploy for and supervise implementation.

Third, enhanced competence of personnel in risk management. We held training sessions for personnel in risk control and compliance for capacity-building and qualification of mid-level positions. A total of 677 employees with full-time or part-time compliance responsibilities took part in qualification exams, which further improved their professional competence.

Fourth, as per requirements of PBoC Shanghai Branch, the Company organised the 2023 Anti-money Laundering Essay Writing Contest. Under the Group's unified plan, work was started to devolve ALM systems back to subsidiaries so as to improve the effectiveness of ALM efforts.

Fifth, integrated technology-outsourcing-related risks into the Company's enterprise risk management. Evaluation of relevant outsourcing service for Q3 indicated that the Company's technology outsourcing vendors were in good condition.

#### **2. Strategic risk**

There was no occurrence of risk events which may impact the execution of the strategic planning of the Company in this quarter. The main work done in this quarter includes:

First, the Company put forward the annual plan and implementation measures based on its overall development plan, and formulated the 2023 Business Development Plan in the first half of the year. Quarterly assessment of the plan was conducted to ensure its implementation, with steady business development YTD according to plan;

Second, strengthened the management of strategic risks in terms of talent management, business management, investment management and overseas operation management, and regularly collected and analysed relevant information and strengthened the monitoring of strategic risks through multi-dimensional indicators such as premium growth, combined ratio, solvency margin ratio, IRR rating and corporate governance evaluation;

Third, assessed the overall situation of strategic risk management in a timely, all-round and objective manner, reviewed assessment and management of strategic risks and incorporated them into the overall risk management and assessment report to senior management.

Next, the Company will continue to pay close attention to the external economic environment and relevant policy developments, and adjust its strategic planning when appropriate accordingly while taking into account its own development needs, so as to ensure that its business activities will stay on course within the framework of the plan and towards its objectives.

### 3. Reputational risk

During the quarter, there were no severe reputational risk incidents, with the risk overall under control. As per Interim Regulations on Reputational Risk Management by Banking and Insurance Institutions, Regulations on Reputational Risk Management of China Pacific Insurance (Group) Co. Ltd. and Implementation Rules on Reputational Risk Management of China Pacific Property Insurance Co. Ltd., when conducting business and branding activities, the Company will further enhance risk screening and prevention, step up fast response and coordination after the risk emerges and intensify revisit and optimisation after the completion of risk-handling, accumulate the “asset” of reputation and strengthen early-stage intervention and closed-loop management of reputational risk. In the quarter, the Company continued to push for completion of the 2023 annual series of emergency response drills for reputation risks by relevant business lines. Next, building on those drills, it will improve whole process management with revisits and recommendations on a regular basis, and strengthen emergency management and coordination capabilities in the event of reputational risk incidents.

### 4. Liquidity risk

To mitigate the liquidity risk, the Company attaches importance to daily cash flow management, coordinates cash flows from business, investment and financing activities, pays special attention to large cash outflows arising from major claims, reinsurance bills and taxes, makes funds available in a timely manner to ensure sufficient liquidity to meet needs of various payment obligations. In Q3, in anticipation of large pay-outs like prepayment of contribution into the Mandatory Insurance Security Fund, quarterly prepayment and settlement of income tax, and reinsurance outgo, the Company made appropriate arrangement of funds, giving priority to claims payment for natural catastrophes while handling needs for liquidity or applications for payment of branch offices in a timely manner.

It will continue to monitor changes to its liquidity status and enhance risk management capabilities while considering various needs for liquidity.

## **VI. Management analysis and discussions**

### **(I) Review of key operating results**

#### **1. Analysis of changes to IRR ratings**

The overall risk status of the Company remains stable, with solvency margin ratios stable and solid, and business operation and net cash flows showing signs of improvement. It maintained a normal status in strategic risk, reputational risk and operational risk. There was no occurrence of major risk events.

#### **2. Analysis of solvency margin ratio movement**

By the end of Q3 2023, the comprehensive and core solvency margin ratios of the Company stood at 204.7% and 154.7% respectively, up by 7.1pt and 8.2pt respectively from the end of the previous quarter. Of this, available capital fell by 460mn yuan from the previous quarter, mainly due to net profits, other comprehensive income, early redemption of capital supplement bond of 2018 phase II and capital reserve.

Minimum capital fell by 1.29bn yuan from the previous quarter. Of this, minimum capital for insurance risk decreased by 1.05bn yuan, and that for premium reserve risk by 290mn yuan, mainly due to the issuance of Notice on Optimising Standards for Solvency Regulation of Insurance Companies by National Financial Regulation Administration (Jingui [2023] No. 5). Under the new regulation, -0.05 was adopted in the calculation of retrospective deviation ratios of insurance risk and reserve risk, which led to lower minimum capital requirements versus the preceding quarter. Minimum capital for catastrophe risk dropped, mainly as a result of lower SA for typhoons and flooding in commercial property insurance.

Minimum capital for market risk decreased by 400mn from the preceding quarter, largely due to decreased risk exposure of bond securities investments, which led to lower capital requirement for interest rate risk.

Minimum capital for credit risk fell by 410mn from the preceding quarter, largely due to reduced risk exposure of premium receivables, lowered minimum capital requirement of default risk of transaction counterparties.

The Company sets its solvency risk upper limits and monitoring indicators in line with its risk profile and appetite, and its own realities, and tracks them on a regular basis. In the meantime, it continued to ensure stable and solid solvency positions via enhanced business quality control, improved capability in risk identification and management, and optimised asset and business mix, etc.

### **3. Analysis of changes to liquidity risk indicators**

#### **(1) Liquidity coverage ratios (LCR)**

As per C-ROSS II standards on liquidity, the liquidity coverage ratios, i.e., LCR1 and LCR2 in the next 3 months and 12 months under the base and stress scenarios respectively were above 100%, and LCR3 above 50%, all meeting regulatory requirements. The Company adopts a prudent approach towards cash flow projections from operating activities, with the retrospective adverse deviation ratio of net cash flows from operating activities in the past 2 quarters consistently higher than the regulatory minimum of -30%. On a YTD basis, net cash inflows of the Company amounted to 2.74bn yuan. Of this, net cash outflow from operating activities was 160mn yuan; net cash inflow from investment activities 2.24bn yuan; net cash inflow from financing activities 630mn yuan.

To mitigate liquidity risk, the Company attaches importance to daily cash flow management, coordinates cash flows from operating, investment and financing activities to ensure sufficient liquidity to meet needs of surrenders, claims and other benefits payments. Besides, the Company allocates in its SAA a certain proportion of highly liquid assets to meet liquidity requirements, which enables it to meet short-term cash flow requirements arising from business volatility. It will continue to monitor changes to its liquidity status and enhance risk management capabilities.

# Summary of Quarterly Solvency Report (Excerpts)

**China Pacific Life Insurance Co., Ltd.**

**3rd Quarter of 2023**



## Company overview and contact person

Company name (Chinese):	中国太平洋人寿保险股份有限公司
Company name (English):	China Pacific Life Insurance Co., Ltd.
Legal representative:	PAN Yanhong
Registered address:	1 Zhongshan Road (South), Huangpu District, Shanghai, China
Registered capital:	8.6282bn yuan
Business license number:	000015
Date opening for business:	November 2001
Business scope:	Life/health insurance denominated in RMB yuan and foreign currencies including life insurance, health insurance, personal accident insurance, etc.; reinsurance of the above said insurance; statutory life/health insurance; agency and business dealings with domestic and overseas insurers and organizations, loss adjustment, claims and other business entrusted from overseas insurance organizations; insurance funds investment as prescribed by The Insurance Law and relevant laws and regulations; international insurance activities as approved; other international insurance business as approved by the former CIRC. 【To conduct business subject to approval according to laws and regulations, permission of relevant departments is required.】
Business territories:	Beijing, Shanghai, Tianjin, Chongqing, Heilongjiang Province, Jilin Province, Liaoning Province, Hebei Province, Shanxi Province, Shandong Province, Anhui Province, Jiangsu Province, Zhejiang Province, Fujian Province, Jiangxi Province, Guangdong Province, Hainan Province, Guangxi Zhuang Autonomous Region, Hunan Province, Hubei Province, Henan Province, Yunnan Province, Guizhou Province, Sichuan Province, Shaanxi Province, Gansu Province, Xinjiang Uygur Autonomous

Region, Ningxia Hui Autonomous Region, Inner Mongolia Autonomous Region, Qinghai Province (with offices in 5 vice-provincial level municipalities such as Dalian, Qingdao, Ningbo, Xiamen, Shenzhen, where the insurance regulator also has branch offices)

Contact person: HAN Shuwan  
Office Tel. number: 021-33965311  
Email: hanshuwan@cpic.com.cn

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## I. Board chairman and management statement

### (I) Board chairman and senior management statement

The report has been approved by chairman of the board of directors. The board chairman and senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statement or material omissions; and they severally and jointly accept responsibility for the contents of this report.

## II. Basic information

### (I) Ownership structure and shareholders, and change during the reporting period

#### 1. Ownership structure (unit: 10,000 shares or RMB yuan 10,000 )

Types of shareholders	Beginning of the reporting period		Shareholder injection	Change			End of the reporting period	
	Shares or contribution	Percentage (%)		Transfer from capital reserve and share dividends distribution	Share transfer	Sub-total	Shares or contribution	Percentage (%)
State Domestic legal person	14,733.69	1.708	-	-	-	-	14,733.69	1.708
Foreign Natural person	-	-	-	-	-	-	-	-
Others (listed company)	848,086.31	98.292	-	-	-	-	848,086.31	98.292
Total	862,820	100	-	-	-	-	862,820	100

#### 2. De facto controller

The Company has no de facto controller. China Pacific Insurance(Group) Co. Ltd. is the majority shareholder of the Company, holding 98.292% of its shares.

### 3. Shareholding information and related party relations as at the end of the reporting period

Information on shareholders (by descending order of shareholding percentage as of the end of the reporting period, unit: 10,000 shares or RMB yuan 10,000)

Names of shareholders	Types of shareholders	Change to shareholding or contribution during the reporting period	Shares held as at the end of the reporting period	Shareholding percentage as at the end of the reporting period (%)	Shares pledged or in lock-up
China Pacific Insurance (Group) Co., Ltd.	Listed company	-	848,086.31	98.292	-
Shenergy Group Co., Ltd.	State-owned	-	4,711.59	0.546	-
Shanghai State-Owned Assets Operation Co., Ltd.	State-owned	-	4,689.24	0.544	-
Shanghai Haiyan Investment Management Company Limited	State-owned	-	3,218.11	0.373	-
Yunnan Hehe (Group) Co., Ltd.	State-owned	-	2,114.75	0.245	-
Related party relations between shareholders	Of the 5 shareholders of the Company, with the exception of CPIC Group, all are concurrently shareholders of CPIC Group. Other than that, the Company is not aware of any related party relations between its shareholders.				

### 4. Shareholding by directors, supervisors and senior management

None.

### 5. Share transfer during the reporting period

None.

## (II) Directors, supervisors and senior management of company headquarters

### 1. Basic information of directors, supervisors and senior management of company headquarters

#### (1) Directors

As of the end of September 2023, the 7th Board of Directors of the Company has 7 directors in total:

Mr. MA Xin, born in April 1973, has a master's degree. He has been serving as Director of the Company since March 2018 (approval document: CIRC Approval [2018] No. 320). Mr. MA currently serves as Vice President of CPIC Group, Director of Changjiang Pension, and Chairman of CPIC Health. He previously served Assistant Manager of Cheng'nan

Sub-branch of CPIC Xi'an Branch, Assistant Manager of the Life Insurance General Management Department and Group Insurance Department of Chengnan Sub-branch of CPIC Xi'an Branch, Deputy Head, and Deputy Manager of Marketing Management Department of Chengdong Sub-branch, Manager of Individual Business Department and Assistant General Manager of CPIC Life Xi'an Branch, Deputy General Manager and General Manager of CPIC Life Shaanxi Branch, Director of CPIC P/C, General Manager of Strategic Planning Department, Director of Strategic Transformation Office, Transformation Director, and Board Secretary of CPIC Group.

Mr. SU Shaojun, born in February 1968, holds a PhD degree and a title of senior engineer. He has been serving as Director of the Company since December of 2021 (approval document: CBIRC Approval [2021] No. 1033). Mr. SU currently serves as Board Secretary of CPIC Group and Director of CPIC P/C. Previously, he served as Assistant General Manager and Deputy General Manager of the Underwriting Department, Deputy General Manager and General Manager of Beijing Branch, General Manager of Development Planning Department, head of the Board Office, head of the Office of the Board of Supervisor, General Manager of Telemarketing Department of CPIC P/C, head of the Strategic Research Center of CPIC Group, and Deputy Transformation Director of CPIC Group.

Mr. WU Junhao, born in June 1965, holds a master's degree. He has been serving as Director of the Company since July 2012 (approval document: CIRC Approval [2012] No. 816). Mr. WU currently serves as General Manager of the Financial Management Department of Shenergy (Group) Co., Ltd., Non-executive Director of CPIC Group, and Director of CPIC P/C. Mr. WU also is Supervisor of Orient Securities Company Limited, a company listed on SSE and SEHK, Director of Shanghai ICY New Energy Venture Capital Co., Ltd., Chairman of the Supervisory Board of Shanghai ICY Capital Co., Ltd., Supervisor of Everbright Banking Co., Ltd., a company listed on both SSE and SEHK, and Chairman of the Supervisory Board of Shanghai Shenergy Chengyi Equity Investment Co., Ltd. Previously, Mr. WU worked as head of the Teaching Research Department of the School of Business Management of Changzhou University, Executive Deputy General Manager of Shanghai New Resources Investment Consulting Company, Deputy General Manager of Shanghai Bailitong Investment Company, Deputy Chief of Shanghai Shenergy Assets

Management Co., Ltd., Deputy Chief, Chief and Senior Chief of Assets Management Department, Deputy Manager of Financial Management Department of Shenergy (Group) Co., Ltd., Director of Shanghai Jiulian Group Co., Ltd., and Director of Chengdu Xinshen Venture Capital Co., Ltd. Mr. WU also formerly served as Supervisor of Shanghai Pharmaceuticals Holding Co., Ltd., a company listed on SSE and SEHK, and Director of Orient Securities Company Limited.

Mr. ZHANG Weidong, born in October 1970, holds a bachelor's degree. He has been serving as Director of the Company since March 2018 (approval document: CIRC [2018] No.330). Mr. ZHANG currently serves as Compliance Responsible Person and General Counsel of CPIC Group, Director of CPIC P/C, CPIC Health, CPIC AMC and Changjiang Pension respectively. Mr. ZHANG previously served as General Manager of Legal and Compliance Department, head of Board Office, General Manager of Risk Management Department, Risk & Compliance Officer and Chief Risk Officer of CPIC Group, and Board Secretary of CPIC P/C, CPIC Life and CPIC AMC, respectively.

Mr. ZHANG Yuanhan, born in November 1967, holds a master's degree and is a director of China Association of Actuaries, a member of the Society of Actuaries and American Academy of Actuaries. He has been serving as Director of the Company since March 2018 (approval document: CIRC [2018] No.327). Mr. ZHANG is also Chief Actuary and Finance Responsible Person of CPIC Group, Director of CPIC P/C, and Director of CPIC Health. Mr. ZHANG previously served as Chief Actuary of Citi Group TRV-Citi Insurance headquarters, Chief Actuary, Deputy General Manager and Vice President of MetLife Insurance Company Limited (Shanghai), Chief Actuary of Sino Life Insurance Co., Ltd., Deputy General Manager, CFO and Chief Actuary of Sun Life Everbright Life Insurance Co., Ltd., Chief Risk Officer and Chief Actuary of CPIC Health, and Director of CPIC AMC.

Mr. CAI Qiang (John), born in July 1967, holds a bachelor's degree. Mr. CAI is a CLU, ChFC, and CFP. He has been serving as Executive Director of the Company (approval document: CBIRC [2021] No. 390) since May 2021. Currently, he serves as General Manager (CEO) of the Company, Director of CPIC Life Hong Kong, and Director of LL Global. Previously, he

served as insurance agent, regional manager, and regional director of AXA U.S., General Manager (agency business) and CEO of AXA Hong Kong consecutively, CEO of AIA China, Regional CEO of AIA Group, and Vice Chairman and President of WE DOCTOR GROUP.

Ms. PAN Yanhong, born in August 1969, holds a master's degree and a title of Senior Accountant, and is a Chinese Certified Public Accountant. She has been serving as Chairman of the Company since May 2021 (approval document: CBIRC [2021] No.421). Ms. PAN currently also serves as Executive Director of the Company, Director of CPIC AMC, CPIC Health and Changjiang Pension respectively, and Chairman of CPIC Life Hong Kong. Ms. PAN previously served as Deputy CFO, CFO, Deputy General Manager, Vice Chairperson, and General Manager of the Company, Finance Responsible Person, Vice President, and Executive Vice President of CPIC Group.

## (2) Supervisors

As of the end of September 2023, the 7th Board of Supervisors of the Company has 3 supervisors:

Mr. FENG Jintao, born in November 1976, holds a master's degree. He has been serving as Supervisor of the Company (approval document: CBIRC [2021] No. 438) since June 2021. He currently serves as Transformation Director of the Company. Previously, he served as Director of Individual Business Department of CPIC Life Shandong Branch, member of the Party Committee and Deputy General Manager of CPIC Life Shandong Branch, General Manager of Individual Business Marketing Department and Individual Business Management Department of the Company, Party Secretary/ General Manager of CPIC Life Henan Branch, concurrently Party Secretary/ General Manager of CPIC Life Yudong Branch, General Manager of Individual Business Planning Department/ Career Agent Management Department of the Company.

Mr. SUN Peijian, born in September 1963, has a master's degree. He has been serving as Chairman of the Board of Supervisors of the Company since August 2019 (approval document: CBIRC Shanghai [2019] No.673). Mr. SUN currently serves as Chief Risk Officer of CPIC Group, Chairman of the Board of Supervisors of CPIC P/C. Previously, he served as Assistant General Manager, Deputy General Manager, General Manager of Reinsurance



Department of CPIC, Assistant General Manager, Deputy General Manager, Compliance Responsible Person, Compliance Director, and Vice President of CPIC Group, Director of CPIC P/C, CPIC Life and CPIC AMC respectively, General Manager and Chairman of CPIC Health.

Mr. ZHANG Lei, born in July 1976, holds a master's degree in economics and a title of senior auditor. He has been serving as Supervisor of the Company (approval document: CBIRC [2021] No. 397) since June 2021. He currently also serves as General Manager of Legal and Compliance Department of the Company, and head of Office of Board of Supervisors of the Company. Previously, he served as Deputy Director of Computerised Auditing Division, Deputy Director (in charge), Director of Social Security Audit Division, and Director of Corporate Audit Division of Shanghai Special Representative Office of National Audit Office, Chief Auditor (life insurance) of Audit Technology Department of Audit Center of CPIC Group, Chief Auditor (life insurance) of Digitalized Audit Technology Department of CPIC Group, General Manager of Investment Audit Department of CPIC Group, and Internal Audit Responsible Person of Changjiang Pension.

### (3) Senior management

As of the end of September 2023, the Company has 13 members of senior management in total:

Mr. CAI Qiang currently serves as General Manager (CEO) of the Company. Please refer to Basic Information of Directors above for Mr. CAI's biography.

Mr. WANG Guangjian, born in June 1965, has a master's degree. Mr. WANG currently serves as Executive Deputy General Manager of the Company (approval document: CBIRC [2019] No.637), and Compliance Responsible Person (approval document: CBIRC [2023] No.85) and Chief Risk Officer of the Company. Mr. WANG previously served as Deputy Manager, Manager of the Planning and Finance Department of CPIC Urumqi Branch, Deputy General Manager of CPIC Life Urumqi Branch, Deputy General Manager of CPIC Taiyuan Branch, General Manager of CPIC Life Shanxi Branch, General Manager of CPIC Life Shandong Branch, Assistant to Chairman of the Management Committee of CPIC Life,

Deputy General Manager/ Chief Compliance Officer, Chief Risk Officer of CPIC Life, Chairman of the Board of Supervisors of CPIC Life, Executive Director and General Manager of the Group Business Center of Pacific Medical & Health Management Co., Ltd. Mr. WANG holds a title of accountant. He has been serving as Executive Deputy General Manager of the Company since August 2019, as Chief Risk Officer of the Company since July 2022, and as Compliance Responsible Person since March 2023.

Mr. WEI Lin, born in July 1972, holds a master's degree. He currently serves as Deputy General Manager of the Company (approval document: CBIRC [2018] No.449), Executive Director and General Manager of Pacific Elderly Care Investment Management Co., Ltd., Chairman and Legal Representative of Pacific ORPEA (Shanghai) Elderly Care Service Co., Ltd., Director of CPIC (Dali) Elderly Home Co., Ltd., and Executive Director of Pacific Medical & Health Management Co., Ltd. Mr. WEI previously served as Chief Staff Member of the CIRC Chengdu Office, Deputy Director of the General Management Division of CIRC Sichuan Bureau, Deputy Director of the General Office of CIRC Sichuan Bureau, Deputy Director (in charge) of the Personnel and Education Division of CIRC Sichuan Bureau, Senior Manager of the Board Office of China Insurance (Holdings) Co., Ltd., General Manager of Investment Management Department of Taiping Group, and General Manager of Taiping Elderly Care Investment Company. Mr. WEI has been serving as Deputy General Manager of the Company since June 2018.

Mr. YE Peng, born in March 1972, holds a master's degree. He is currently Deputy General Manager of the Company (approval document: CBIRC Shanghai [2019] No.638), CFO (approval document: CBIRC Shanghai [2019] No.689), Director of Changjiang Pension, Director of CPIC Life HK, and Executive Director of Beijing Borui Heming Insurance Brokerage Co., Ltd. Mr. YE previously served as Assistant GM, CFO, Board Secretary, and Deputy GM of Changjiang Pension. Mr. YE holds a title of senior accountant, and is a certified public accountant and tax advisor in China. He is also a senior member of FAIA, and a member of IFA/IPA. He took up his current position in August 2019.

Mr. LI Jinsong, born in June 1969, holds a master's degree. He currently serves as Deputy General Manager of the Company (approval document: CBIRC Shanghai [2020] No. 781).

Mr. LI previously served as General Manager of CPIC Life Sichuan Branch, General Manager of the Bancassurance Department of CPIC Life, Assistant General Manager of CPIC Life, Deputy Marketing Director of CPIC Group and GM of the Strategic Customer Department of CPIC Group. He took up his current position as Deputy GM of the Company in December 2020.

Ms. CHEN Xiujuan, born in June 1971, holds a master's degree. She is currently Chief Actuary of the Company (approval document: CIRC [2014] No.770). Ms. Chen previously served as deputy head of Actuarial Section of the Actuarial Department of CPIC Life, senior specialist, Assistant GM (in charge), Deputy GM (in charge), and GM of the Actuarial Department of CPIC Life. Ms. CHEN has professional qualifications of an actuary, and is an executive director of the Chinese Association of Actuaries. She took up her current position in September 2014.

Mr. ZHANG Shuming, born in December 1963, holds a bachelor degree. He is currently Deputy General Manager of the Company (approval document: CBIRC [2018] No.502). Mr. ZHANG previously served as GM of CPIC Life Baoding Central Sub-Branch, GM of CPIC Life Qinhuangdao Central Sub-Branch, assistant to GM and Deputy GM of CPIC Life Hebei Branch, GM of CPIC Life Gansu Branch, GM of CPIC Life Heilongjiang Branch, and Assistant GM of CPIC Life. Prior to that, he was GM of Ping An Insurance Qinhuangdao Central Sub-branch. He took up his current position in June 2019.

Mr. DAI Chuanjiang, born in September 1973, holds a bachelor's degree. He is currently Assistant GM of the Company (approval document: CBIRC Shanghai [2019] No. 662) and Director of CPIC Life Hong Kong. Mr. DAI previously served as Assistant Manager, Deputy Manager of CPIC Life Bijie Central Sub-Branch, Deputy Manager (in charge), Manager of Guiyang Business Department of CPIC Guizhou Branch, Deputy Manager of Business Division of CPIC Life Guizhou Branch, Manager of Individual Business Management Department of CPIC Life Guizhou Branch, Assistant GM, Deputy GM of CPIC Life Guizhou Branch, and Senior Deputy GM, GM of CPIC Life Shanghai Branch. He took up his current position in August 2019.

Mr. TAI Fuchun, born in December 1967, holds a master's degree. He currently serves as Assistant General Manager of the Company (approval document: CBIRC [2021] No. 745). Mr. TAI previously served as Assistant General Manager, Deputy General Manager and General Manager of CPIC Life Shanxi Branch, General Manager of the Customer Resource Management Department of CPIC Life, General Manager of CPIC Life Shandong Branch, Deputy Chief Internal Auditor of CPIC Group, and Internal Audit Responsible Person (Life Insurance) of CPIC Group. Prior to that, Mr. TAI served as Cadre of the General Office of the Standing Committee of the Shanxi Provincial People's Congress. He took up his current positions in October 2021.

Mr. JIANG Yifeng, born in January 1978, holds a doctoral degree. He currently serves as Board Secretary (approval document: CBIRC [2021] No. 976), Assistant General Manager (approval document: CBIRC [2021] No. 746) of the Company. Mr. JIANG previously served as Deputy General Manager of the Human Resources Department of CPIC Life, General Manager of CPIC Life Ningxia Branch, General Manager of CPIC Life Shaanxi Branch, head of the Office of All-around Transformation of CPIC Group, and General Manager of CPIC Life Zhejiang Branch, and Acting Responsible Person of CPIC Life Shanghai Branch. He took up his current positions in October 2021.

Mr. HUANG Kun, born in November 1977, holds a bachelor's degree. He currently serves as Assistant General Manager (approval document: CBIRC [2021] No. 748) and Chief Information Officer of the Company, and Director of Shanghai Dabao Guisheng Information Technology Co., Ltd. Mr. HUANG previously served as Technical Director and Chief Architect of Digital China Rongxin Software Co., Ltd., Vice President of Digital China Engineering Institute, Executive Director, and General Manager of China Qicheng (Beijing) Technology Co., Ltd., and General Manager of Bank Cloud Credit Business Center of OneConnect Financial Technology Co., Ltd. of Ping An Group. He took up his current positions in October 2021.

Mr. ZHU Xuesong, born in November 1969, holds a bachelor's degree. He currently serves as Assistant General Manager (approval document: CBIRC [2021] No. 1033) and Chief Operation Officer of the Company. Mr. ZHU previously served as Attending Surgeon at the

Third Affiliated Hospital to Shanghai Textile Industry Bureau, head of the Group Insurance Operation Department of Taiping Life, Deputy General Manager of Taiping Pension Shanghai Branch, General Manager of the Group Insurance Business Department and Chief Operating Officer of the Operation Department of AIA China, Chief Operation Technology Officer of FWD China, General Manager of FWD Technology Co., Ltd., and Executive COO of WeDoctor Group. He took up his current positions in December 2021.

Mr. YU Yun, born in June 1965, holds a bachelor's degree. He currently serves as Internal Audit Responsible Person of the Company (approval document: CBIRC [2021] No. 975), and Deputy Chief Internal Auditor of CPIC Group. Mr. YU previously served as General Manager of CPIC Xinjiang Karamay Central Sub-branch, Manager of the Individual Business Department of CPIC Xinjiang Branch, Assistant General Manager, Deputy General Manager, Deputy General Manager (in charge) and General Manager of CPIC Xinjiang Branch, and General Manager of CPIC Beijing Branch. Prior to that, Mr. YU served as Director of Administration of the Finance Bureau of Karamay City, Xinjiang. He took up his current positions in December 2021.

## 2. Changes to directors, supervisors and senior management

(1) Were there any changes to directors or supervisors during the reporting period?

(Yes  No )

(2) Were there any changes to senior management during the reporting period?

(Yes  No )

CUI Shunxin, Vice President of the Company, retired during the reporting period.

## (III) Subsidiaries, joint ventures or associates

Were there any subsidiaries, joint ventures or associates as at the end of the reporting period? (Yes  No )

Company name	Number of shares (10,000 shares)			Shareholding percentage (%)		
	As at the beginning of Q3	As at the end of Q3	Change	As at the beginning of Q3	As at the end of Q3	Change
<hr/>						

Changjiang Pension Insurance Co., Ltd.	186,486	186,486	-	62.16	62.16	-
City Island Developments Limited	0.1	0.1	-	100.00	100.00	-
Tianjin Trophy	35,369	35,369	-	100.00	100.00	-
Pacific Insurance Elderly Care Investment Management Co., Ltd.	500,000	500,000	-	100.00	100.00	-
Pacific Health Care Management Co. Ltd.	100,000	100,000	-	100.00	100.00	-
CPIC Elderly Care Development (Chengdu) Co. Ltd.	98,700	98,700	-	100.00	100.00	-
CPIC Elderly Care (Hangzhou) Co. Ltd.	100,000	100,000	-	100.00	100.00	-
CPIC Elderly Care (Xiamen) Co. Ltd.	90,000	90,000	-	100.00	100.00	-
CPIC Elderly Care (Nanjing) Co. Ltd.	22,000	22,000	-	100.00	100.00	-
CPIC Rehab & Retirement (Shanghai) Industrial Development Co. Ltd.	25,000	25,000	-	100.00	100.00	-
CPIC Elderly Care (Zhengzhou) Co. Ltd.	29,850	34,850	5,000	100.00	100.00	-
CPIC Elderly Care (Beijing) Co. Ltd.	61,200	69,200	8,000	100.00	100.00	-
CPIC Elderly Care (Wuhan) Co. Ltd.	81,308	89,308	8,000	100.00	100.00	-
CPIC Health Management (Sanya) Co. Ltd.	23,888	28,888	5,000	100.00	100.00	-
Beijing Borui Heming Insurance Agency Co. Ltd.	5,200	5,200	-	100.00	100.00	-
China Pacific Life Insurance (Hong Kong) Company Limited	100,000	100,000	-	100.00	100.00	-
Shanghai Dabao Guisheng Information Technology Co. Ltd.	1,020	1,020	-	34.00	34.00	-
Shanghai Rui Yong Jing Property Development Co. Ltd.	983,500	983,500	-	70.00	70.00	-
Shanghai Shantai Health Care Technology Co. Ltd.	4,000	4,000	-	40.00	19.15	-20.85
Zhongbao Rongxin Private Equity Fund Management Co. Ltd.	150,000	150,000	-	10.14	10.14	-
Lianren Healthcare Big Data Technology Co. Ltd.	50,000	50,000	-	20.00	20.00	-

Note: Shareholding percentage of Lianren Health Care Big Data Technology Co. Ltd. is based on subscribed capital contribution. As at 30 September 2023, the change of registered capital was not fully paid-in, and based on paid-in capital, the shareholding of the Company was 24.37%.

#### **(IV) Breaches and penalties during the reporting period**

1. Administrative penalties the Company and its directors, supervisors and senior management of headquarters received from financial regulators or other government departments during the reporting period.

None.

2. Misconduct by directors, supervisors, management at department level and above of headquarters and senior management of provincial-level branches which triggered judicial proceedings during the reporting period

None.

3. Regulatory measures taken by NAFR (former CBIRC) against the Company during the reporting period

During the reporting period, there was no regulatory measures against the Company by NAFR (former CBIRC). However, certain local branches of NAFR took regulatory measures against the Company: Anhui Branch, Bengbu Key Sub-branch of Anhui Branch, Hefei Key Sub-branch of Anhui Branch, Sales and Service Center of Hefei Key Sub-branch of Anhui Branch, Fuyang Key Sub-branch of Anhui Branch, Changzhi Key Sub-branch of Shanxi Branch, Jinzhong Key Sub-branch of Shanxi Branch, Linfen Yaodu Sub-branch of Shanxi Branch, and Shihezi Key Sub-branch of Xinjiang Branch each received an administrative penalty. Moreover, Pingdingshan Key Sub-branch of Henan Branch received 2 Regulatory Notices, and Guilin Key Sub-branch of Guangxi Branch, Henan Luoyang Branch, Wenshan Key Sub-branch of Yunnan Branch and Liuzhou Key Sub-branch of Guangxi Branch each received a Regulatory Notice; Siping Key Sub-branch of Jilin Branch received 6 Regulatory Opinion Letters, Jilin Branch and Liuzhou Key Sub-branch of Guangxi Branch each received 2 Regulatory Opinion Letters, and Baicheng Key Sub-branch of Jilin Branch received one Regulatory Opinion Letter.

### III. Key indicators

#### (I) Key solvency metrics

unit: 10,000 RMB yuan

Indicators	As at the end of this quarter	As at the end of the preceding quarter	Next quarter estimates
Admitted assets	195,744,716	189,823,508	195,257,430
Admitted liabilities	164,928,671	158,397,131	164,928,671
Available capital	30,816,045	31,426,377	30,328,759
Tier 1 core capital	17,112,783	17,809,158	16,665,226

Tier 2 core capital	-	-	-
Tier 1 supplement capital	13,697,370	13,611,221	13,663,061
Tier 2 supplement capital	5,892	5,998	471
Minimum capital	14,785,579	15,916,490	15,088,546
Minimum capital for quantifiable risks	15,000,107	16,147,427	15,307,470
Minimum capital for control risk	-214,528	-230,937	-218,924
Supplement capital	-	-	-
Core solvency margin	2,327,204	1,892,668	1,576,681
Core solvency margin ratio (%)	116%	112%	110%
Comprehensive solvency margin	16,030,466	15,509,887	15,240,213
Comprehensive solvency margin ratio (%)	208%	197%	201%

## (II) Regulatory indicators for liquidity risk

Items	As at the end of the reporting period	As at the end of the previous period
Liquidity coverage ratio (LCR) (%)		
LCR under base scenario (LCR1)		
Next 3 months	116%	130%
Next 12 months	104%	107%
LCR under stress scenario (LCR2)		
Next 3 months	716%	652%
Next 12 months	229%	225%
LCR under stress scenario before asset disposal (LCR3)		
Next 3 months	88%	118%
Next 12 months	93%	99%
Retrospective adverse deviation ratio of net cash flows from business activities (%)	32%	34%
Net cash flow YTD (RMB yuan 10,000)	-1,620,178	10,834

## (III) Other indicators for liquidity risk

unit: 10,000 RMB yuan

Indicators	As at the end of this quarter/during this quarter	As at the end of the preceding quarter/during the preceding quarter
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1. Net cash flow from operating activities	10,973,404	8,352,977
2. Comprehensive surrender ratio (%)	1.46%	1.09%
3-1. Net cash flow from participating accounts	1,546,113	1,675,146
3-2. Net cash flow from universal accounts	982,300	798,560
4.Total premiums growth year-on-year	6.23%	2.55%
5.Ratio of cash and liquidity instruments (%)	1.17%	2.09%
6.Quarterly average financial leverage ratio (%)	2.90%	2.58%
7.Share of domestic fixed income assets rated AA(inclusive) and below (%)	2.49%	2.52%
8.Share of investments in listed stocks with a stake of 5% or above (%)	0.30%	0.30%
9.Share of receivables (%)	0.71%	0.95%
10.Share of related party assets held by the Company (%)	3.95%	3.7%

#### (IV) Key business metrics

unit: 10,000 RMB yuan

Indicators	As at the end of this quarter/during this quarter	YTD
Gross written premiums	4,967,953	20,474,776
Net profits	438,920	1,841,192
Total assets	194,151,155	194,151,155
Net assets	11,112,892	11,112,892
Insurance contract liabilities	172,354,636	172,354,636
Basic earnings per share (RMB yuan)	0.51	2.13
ROE (%)	3.87%	17.13%
ROA (%)	0.23%	0.99%
Investment yield (%)	0.48%	1.92%
Comprehensive investment yield (%)	0.38%	2.59%
Indicators	Results	
Average investment yield in the past 3 years (%)		4.70%
Average comprehensive investment yield in the past 3 years (%)		4.52%

Note: Gross written premiums in the table above was based on Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 25 - Insurance Contracts, Accounting Standard for Business Enterprises No. 26 - Reinsurance contracts promulgated by the Ministry of Finance (MoF) in 2006, and Provisions on Accounting Treatment of Insurance Contracts by MoF in 2009 (collectively referred to as "old accounting standards"). Investment yields, comprehensive investment yields, average investment yields in the past 3 years and average comprehensive investment yields in the past 3 years were prepared in accordance with relevant provisions of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results under the old accounting standards. Net profits, total assets, net assets, and insurance contract liabilities were prepared according to Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standard for Business Enterprises No. 24 - Hedge Accounting and Accounting Standard for Business Enterprises No. 37 - Presentation of Financial Instruments and Accounting Standard for Business Enterprises No. 25 - Insurance Contracts (hereinafter referred to as the "new insurance standards") amended and issued by MoF in 2017 and 2020 sequentially. Basic earnings per share, ROE and ROA were prepared according to relevant provisions of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results under the new accounting standards.

#### **IV. Risk management capabilities**

##### **(I) Company overview**

Established in November 2001, the Company is the life insurance subsidiary of CPIC Group. As per Articles 5 and 6 of Solvency Regulatory Rules No. 12: Solvency Aligned Risk Management Requirements and Assessment on classification of insurance companies, it is a Category I insurance company. As of the end of Q3, 2023, its written premiums amounted to 222.6bn yuan, with total assets of 1,941.5bn yuan, and 35 provincial-level branches.

##### **(II) Results of last solvency risk management evaluation**

In 2022, the regulator carried out a SARMRA evaluation of the Company, which scored 84.50 points. Of this, infrastructure and environment of risk management was 17.06 points, targets and instruments of risk management was 8.89 points, insurance risk management was 8.43 points, market risk management was 8.36 points, credit risk management was 8.37 points, operational risk management was 8.39 points, strategic risk management was 8.4 points, reputation risk management was 8.28 points, liquidity risk management was 8.32 points.

##### **(III) Measures taken to improve risk management and implementation status during the reporting period**

The Company attaches great importance to risk management. It identified gaps in solvency risk management systems and took effective remedial actions to enhance solvency risk management based on findings of regulatory assessment of its peers as well as those of its own internal audits. Below is a summary of what was done in Q3 2023.

First, conducted 2023 SARMRA self-assessment to review the ERM system of the Company.

Second, continued with rectification as per regulatory findings of 2022 on-site SARMRA assessment according to plan.

In Q4 of 2023, the Company intends to focus on the following areas for its solvency risk management.

First, push forward in an all-around way optimisation of risk management systems of the Company, particularly the annual review of the overall risk management policies and policies for major risk categories.

Second, initiate review and revision of annual risk appetite, risk tolerance and key risk indicators, continue to improve its Risk Appetite Framework and Upper Limits in light of regulatory policies, requirements of the Group and its own business management realities.

#### **(IV). Information on SARMRA self-assessment**

Period of self-assessment: Q3 2023

Methods and processes of self-assessment: to ensure smooth implementation of the self-assessment, the Company formulated a specific work plan with clearly defined processes and responsibilities ensure its completion in a steady and efficient manner.

In August 2023, the Company organized relevant departments to carry out item-by-item review of system soundness and implementation effectiveness against the assessment requirements. The Risk Management Department, as the lead department for SARMRA assessment, conducted communication with departments responsible for each major risk category on the adequacy of assessment materials, methodology of scoring, and direction for future improvement.

The Company has put in place long-term mechanisms for solvency risk management. Through annual self-assessment, it identifies weaknesses in its risk management process and direction for future improvement, thus continuously improving its overall risk management. At the same time, the Company incorporated the results of SARMRA evaluation, self-assessment and risk management results into the performance evaluation of relevant functional departments, in a bid to boost risk management capacity-building via performance evaluation.

Results of self-assessment: as per regulatory requirements, the Company assessed its solvency risk management capability in terms of system soundness and compliance effectiveness, and the results of the assessment were as follows: a score of 45.81 points (out of 50) for system soundness, with a scoring rate of 91.6%; 43.50 points (out of 50) for compliance effectiveness, with a scoring rate of 87.0%. The total score was 89.31 points (out of 100 points) before adjusting for non-applicable items and 89.35 points after adjusting for non-applicable items.

Of this, the scores for each item are shown in the table below:

Item	Score
Infrastructure & Environment	89.80
Targets & Tools	89.00
Insurance Risk Management	88.80
Market Risk Management	89.25
Credit Risk Management	89.00
Operational Risk Management	89.65
Strategic Risk Management	89.00
Reputational Risk Management	89.85
Liquidity Risk Management	89.35
<b>Total</b>	<b>89.35</b>

The main inadequacies identified by the self-assessment include:

First, the transmission of risk policy needs to be further strengthened in certain areas, and further process refinement is needed;

Second, the risk appetite transmission mechanism needs to be further integrated into business operation, and risk management should do a better job at serving and empowering business.

## **V. Information on IRR (differentiated supervision)**

### **(I) Results of the last two IRR**

The feed-back from the regulator concerning the results of the IRR (differentiated supervision) indicated an AA rating of the Company for both Q1 and Q2 of 2023.

### **(II) Measures taken or to be taken for rectification**

The Company continued to enhance the IRR testing and evaluation system, keeping tabs on risk metrics and seeking to improve the timeliness and accuracy of monitoring; issued risk early warning in a timely manner via the monitoring and analysis of changes to metrics on a regular basis; in the meantime, stepped up risk topical research and mitigation programmes, such as conducting in-depth study of cause and trends of risks, identifying patterns and coming up with mitigation recommendations, with follow-up remedial actions. To date, the Company has issued a number of management policies on IRR, followed by amendments according to regulatory requirements, implemented quarterly data filing and internal rating of branches and put in place long-term mechanisms for the work. At the same time, a dedicated IRR management system is in use, covering data filing, data analysis, rectification and reporting.

Going forward, it will strengthen control of risks in business operation, focusing on root-causes and the front-line business, and use IRR to motivate branch offices in compliance and basic management.

### **(II) Self-assessment of operational risk, strategic risk, reputational risk and liquidity risk**

As per requirements for IRR under C-ROSS II, the Company continued to strengthen its in-house testing and evaluation system for IRR, continuously reviewed risk metrics to

improve the timeliness and accuracy of the monitoring; issued risk early warning in a timely manner via the monitoring and analysis of changes to metrics on a regular basis.

#### 1. Methods, processes and results of self-assessment

As part of its work in quarterly IRR, the Company organises, on a quarterly basis, a self-review of operational risk, strategic risk, reputational risk and liquidity risk involving relevant departments so as to evaluate its risk status in an objective way. Departments involved would monitor various indicators according to assignment of responsibilities, and in the event of detection of abnormalities, would follow up and identify their causes, so as to track the development of risks and roll out remedial actions in a timely manner; and in the absence of such remedial actions, they would formulate rectification plans with deadlines. The actual status as of the end of each quarter would be submitted by departments within their scope of responsibilities to the lead department, which, in turn, would compile the data, report them to company management and file with the regulator. The latest self-assessment indicated that unquantifiable risks were under control, and no material flaws or triggers of risks were detected.

#### 2. Status of unquantifiable risks

In operational risk, the Company issued Provisions on Operational Risk Management, Provisions on Data Loss Recovery of Operational Risk, Measures on Operational Risk and Internal Control (2022), in a bid to clearly define the responsibility of operational risk management and establish day-to-day risk mitigation mechanisms. The Company continuously monitored and analysed its operational risk status using management tools such as operational risk and control self-assessment, operational risk data loss recovery and key risk indicators. The Company strived for a matrix-based compliance risk management system, with branches focusing on coordination, business lines bearing primary responsibilities, and all departments and positions getting involved. This matrix approach ensures best possible ownership of the objectives and sharing of resources and responsibilities relating to compliance and risk control. The Company continued to increase the use of IT in operational risk control so that operational execution in key areas can be controllable and traceable. The Company takes risk screening seriously: all head-office departments and branches carry out various risk assessments from time to

time as per regulatory and corporate rules. In the first three quarters of 2023, the Company's overall operational risk was manageable, and no major operational risk events occurred in terms of insurance business, investment, corporate governance, IT system, legal case management, etc.

In reputational risk, the Company gives priority risk screening including regular screening, routine screening and ad hoc screening so as to enhance at-source management of adverse publicity. It set up a risk handling working group at headquarters, with dedicated/part-time positions on reputational risk management at both headquarters and branch offices in a bid to step up coordination. Training and drills have become an important part of daily risk management, which consist of specialised programmes in handling of media crisis and media interviews leveraging the expertise of in-house and third-party experts, and support for branch offices via special-purpose training, and the formulation, dissemination of handbooks. In Q3 2023, the Company monitored and detected 125 reports (original) of adverse publicity on the media, higher than in Q3 2022. Of this, there were 35 Level III reports, accounting for 28%, 90 Level IV reports, representing 72%, and there were no Level I or II incidents, indicating manageable reputational risk. Self-media and social media tend to be the high-risk area. In terms of content, the share of mis-selling and claims disputes, as well as regulatory notices on administrative penalties was relatively high.

As for strategic risk, the implementation of strategies of the Company is in a healthy status. In terms of factors which may impact its business operation and fulfillment of its strategic objectives, a favourable economic environment for life insurance is yet to be secured, and the life insurance sector itself has entered a new cycle of development, characterised by industry-wide effort to curb cost of liabilities. The Company persisted in high-quality development, pressed ahead with Changhang Transformation, deepened organisational restructuring so as to put in place a new model of “company headquarters focusing on empowerment and branch offices better equipped for independent business operation”. At the same time, it accelerated Career Agent Project centering on “3 Directions and 5 Mosts”, diversified channel mix including building value-oriented bancassurance and exploring work-site marketing, enhanced business quality control, in a bid to achieve balanced business growth and steady value growth. Going forward, the

Company will focus on fulfillment of annual business targets, conduct year-end business development in an orderly manner, while making plans for development and transformation for the future.

With respect to liquidity risk, the Company established a cash flow management system for investment accounts covering assets and liabilities, front-line departments and back-office departments. To be concrete, the system includes the projection, review, analysis and transfer of cash flows of investment accounts. It conducts account-specific cash flow projections at year-end, month-end and in the event of material adjustment of business plans, with analysis of discrepancies between actual cash flows and projections. It also sets tolerance depending on size of accounts and profiles of liabilities. In the event of breaches of such tolerances, a detailed explanation for material cash flow discrepancies is required. Meanwhile, the Company conducts on a regular basis liquidity emergency drills to ensure effective response in cases of risk incidents; put in place mechanisms for early warning, with the focus shifting from crisis handling to early warning and prevention, which can enhance overall liquidity risk management. LCRs under all scenarios were solid. Relevant indicators show that the liquidity management of the Company was sound and effective, with the liquidity risk overall under control.

## **VI. Management Analysis and Discussions**

### **(I) Changes to solvency analysis this quarter**

As of the end of this quarter, the core solvency margin ratio of the Company was 116%, with a margin of 23.27204bn yuan, up by 4pt from the previous quarter; the comprehensive solvency margin ratio of the Company was 208%, with a margin of 160.30466bn yuan, up by 11pt from the previous quarter. Reasons for change are as follows:

1. As of the end of this quarter, available capital amounted to 308.16045bn yuan, versus 314.26377bn of the previous quarter, down by 1.9%, mainly due to:

(1) Capital market volatility and changes of insurance contract liabilities under solvency reporting, and therefore core capital decreased by 6.96375bn yuan in the quarter;



(2) Supplement capital increased by 860.43mn yuan.

2. As of the end of this quarter, minimum capital amounted to 147.85579bn yuan, versus 159.16490bn as of the end of the previous quarter, down by 7.1%, mainly due to:

(1) Minimum capital for insurance risk during the quarter increased by 403.23mn yuan, and of this, that for life insurance rose by 534.41mn yuan, and that for non-life insurance fell by 131.18mn yuan;

(2) Largely due to impact of new regulations on solvency supervision, minimum capital for market risk during the quarter decreased by 15.35192bn yuan, and of this, that for interest rate risk fell by 17.89237bn yuan, that for equity prices risk by 7.62225bn yuan, and that for overseas asset prices risk increased by 1.40310bn yuan;

(3) Minimum capital for credit risk during the quarter increased by 1.99983bn yuan, and of this, that for credit spread rose by 3.30242bn yuan, and that for defaults of counter-parties rose by 88.90mn yuan;

(4) Risk diversification effect and loss absorption decreased by 1.47566bn yuan, which increased minimum capital requirements;

(5) Subtraction from minimum capital by control risk decreased by 164.09mn yuan from the preceding quarter.

## **(II) Changes to regulatory liquidity risk indicators**

LCR for the next 3 months was 116%, and that for the next 12 months 104%, which can satisfy the minimum requirement of 100%. The LCR in the next 12 months under the stress scenario after and before disposal of assets was 229% and 93%, respectively.

## **(III) Analysis of changes to IRR**

As per notice of the regulator, the Company was rated AA at the IRR for Q2 2023, maintaining an A-class rating. In recent years, it continued to implement new rules on IRR under C-ROSS II, put in place long-term work mechanisms, enhanced rectification and early-warning of indicators; at the same time, it pressed ahead

with Changhang Transformation and strived to address various risks via strategic transformation. Going forward, the Company will stay focused on the long term, uphold compliance in business operation, strengthen risk control and accelerate high-quality development.

# Summary of Quarterly Solvency Report (Excerpts)

**Pacific Health Insurance Co., Ltd.**

**3rd Quarter of 2023**

## Company overview and contact information

Company name (Chinese):	太平洋健康保险股份有限公司
Company name (English):	Pacific Health Insurance Co., Ltd.
Legal representative:	MA Xin
Registered address	13th Floor, Building No. 1, 1229 Century Avenue, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC
Registered capital	3.6 billion yuan
Business license number	00000117
Date opening for business	December 2014
Business scope	Health and personal accident insurance denominated in RMB yuan and foreign currencies; health insurance commissioned by the government or supplementary to state medical insurance policies; reinsurance of the above said insurance; health insurance-related agency and consulting business; insurance funds investment as approved by relevant laws and regulations; other business as approved by the CIRC.
Business territories	Shanghai, Beijing, Guangdong Province, Sichuan Province.
Contact person:	XIA Bing
Tel. number:	+86-21-33968652
Cell phone:	13761619886
Fax number:	+86-21-68870641
Email:	xiabing-003@cpic.com.cn

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## I. Board chairman and management statement

The report has been approved by chairman of the board of directors. The board chairman and senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statement or material omissions; and they severally and jointly accept responsibility for the contents of this report while each of them is directly responsible for contents within their respective scope of responsibilities.

## II. Basic information

### (I) Ownership structure and shareholders

#### 1. Ownership structure

Types of shareholding	Shares or contribution as at the end of the reporting period (unit: 10,000 shares)	Percentage (%)	Shares or contribution as at the beginning of the reporting period (unit: 10,000 shares)	Percentage (%)
Domestic legal persons	360,000.00	100.00	360,000.00	100.00
Domestic natural persons	-	-	-	-
Foreign	-	-	-	-
Others	-	-	-	-
Total	360,000.00	100.00	360,000.00	100.00

## 2. Top 5 shareholders as at the end of the reporting period

Names of shareholders	Shares held or contribution made as at the end of the reporting period (unit: 10,000 shares)	Shareholding percentage as at the end of the reporting period (%)
China Pacific Insurance (Group) Co., Ltd.	306,183.60	85.051
China Pacific Life Insurance Co., Ltd.	53,816.40	14.949

## 3. Shareholding by directors, supervisors and senior management

Did any of them hold any shares of the Company during the reporting period? (Yes  No )

## 4. Share transfer during the reporting period

Did any share transfer occur during the reporting period? (Yes  No )

### (II) Controlling shareholder or de facto controller

China Pacific Insurance (Group) Co., Ltd.

### (III) Directors, supervisors and senior management

#### 1. Directors (6 in total)

Mr. MA Xin, born in April 1973, has a master's degree. He has been serving as Chairman of the Company since January 2021 (approval document: CBIRC Approval [2021] No.4). Mr. MA currently serves as Vice President of CPIC Group, Director of CPIC Life and Changjiang Pension respectively. He previously served as Manager of Individual Business Department and Assistant General Manager of CPIC Life Xi'an Branch, Deputy General Manager and General Manager of CPIC Life Shaanxi Branch, Transformation Director, Head of Strategic Transformation Office and General Manager of the Strategic Planning Department of CPIC Group, Board Secretary of CPIC Group, Director of CPIC P/C, and Acting Responsible Person of the Company.

Mr. WANG Mingchao, born in October 1976, holds a master's degree and title of Senior Human Resources Professional. He has been serving as Director of the Company (approval document: CBIRC [2019] No.856) since October 2019. Mr. WANG

currently also serves as Deputy Marketing Officer of CPIC Group. Previously, he served as Head of Cadre's Section of Human Resources Department of CPIC Life, Assistant General Manager of Human Resources Department of CPIC Life, Deputy Head and Head of Party Affairs Department/Organization and Cadre Department of CPIC Life, Senior Deputy General Manager of CPIC Life Shanghai Branch, General Manager of Cooperation Business Department, General Manager of Shanghai Branch (Business Centre) and Sales Director of the Company, Head of Individual Life Insurance Cooperation Business Centre (SBU) of the Company, Board Secretary of CPIC P/C, and Director of Board Office of CPIC Group.

Mr. WANG Yong, born in July 1974, holds a master's degree. He has been serving as Director of the Company (approval document: CBIRC [2021] No.942) since December 2021. Mr. WANG currently serves as Head of the Strategic Research Center of CPIC Group. He previously served as Assistant General Manager of the Human Resources Department of CPIC Life, Secretary to Chairman of the CPIC Group, Head of the Party Affairs Department of CPIC Group, General Manager of Employee Affairs Department of CPIC Group, Deputy Head of the Party Committee Office of CPIC Group, Head of the Party and People Department of CPIC Group, General Manager of CPIC P/C Tianjin Branch, Deputy Party Secretary of the Information Technology Center of the CPIC Group, and Senior Deputy General Manager of CPIC Life Suzhou Branch.

Mr. ZHANG Weidong, born in October 1970, holds a bachelor's degree. He has been serving as Director of the Company since May 2021 (approval document: CBIRC [2021] No.341). Mr. ZHANG currently serves as Compliance Responsible Person and General Counsel of CPIC Group, and Director of CPIC P/C, CPIC Life, CPIC AMC and Changjiang Pension respectively. Mr. ZHANG previously served as General Manager of Legal & Compliance Department and Risk Management Department, Risk & Compliance Officer and Chief Risk Officer of CPIC Group, Head of Board Office of CPIC Group, and Board Secretary of CPIC P/C, CPIC Life and CPIC AMC.

Mr. ZHANG Yuanhan, born in November 1967, holds a master's degree and is a member of Society of Actuaries and American Academy of Actuaries respectively, and Director of China Association of Actuaries. He has been serving as Director of the Company since April 2021 (approval document: CBIRC [2021] No.280). Mr. ZHANG currently serves as Chief Actuary, Finance Responsible Person of CPIC Group, and Director of CPIC P/C, CPIC Life, and CPIC Capital, respectively. Mr. ZHANG previously



served as Chief Actuary, Acting Chief Actuary, Chief Risk Officer of the Company, Director of CPIC AMC, Deputy General Manager, CFO, Chief Actuary of Sun Life Everbright Life Insurance Co., Ltd., Director of Sun Life Everbright Asset Management Co., Ltd, Chief Actuary of Sino Life Insurance Co., Ltd., Chief Actuary, Deputy General Manager and Vice President of MetLife Insurance Company Limited (Shanghai), and Chief Actuary of Citi Group TRV-Citi Insurance headquarters.

Ms. PAN Yanhong, born in August 1969, holds a master's degree and title of senior accountant and is a Chinese CPA. She has been serving as Director of the Company since March 2015 (approval document: CIRC [2015] No.263). Ms. PAN currently serves as Chairman of CPIC Life, and Director of Changjiang Pension and CPIC AMC respectively. Ms. PAN previously served as Executive Vice President and Finance Responsible Person of CPIC Group, Director of CPIC P/C, and Deputy General Manager, General Manager of Finance Department of CPIC Life, Deputy CFO, Executive Member of Business Management Committee, CFO, Deputy General Manager, General Manager, and Vice Chairman of CPIC Life.

## **2. Supervisors (3 in total):**

Mr. GU Qiang, born in January 1967, holds a master's degree and title of senior accountant. He has been serving as Chairman of the Board of Supervisors of the Company (approval document: CBIRC [2021] No.165) since March 2021. Mr. GU currently serves as Employee Representative Supervisor of CPIC Group, Chairman of the Board of Supervisors of CPIC AMC and Chairman of the Board of Supervisors of Changjiang Pension. Mr. GU formerly was a lecturer at the Department of Finance and Insurance of Shanghai University of Finance and Economics, senior auditor of Pricewaterhouse Da Hua Certified Public Accountants, Manager of the International Business Department of Wanguo Securities Co., Ltd., Vice President and CFO of Shanghai Branch of American International Underwriters, served as Deputy Chief Accountant, CFO, Finance Responsible Person and Deputy General Manager of CPIC P/C, Vice President and Finance Responsible Person of China Pacific Anxin Agricultural Insurance Co., Ltd.

Ms. HU Shuangzhu, born in September 1980, holds a master's degree, is a certified internal auditor, certified information system auditor, financial risk manager, and has CRMA qualification. She has been serving as Supervisor of the Company since August 2016 (approval document: CIRC [2016] No.814). Ms. HU currently serves as Chief

Auditor of Audit Technology Division, Internal Audit Center of CPIC Group. Previously, Ms. HU served as Senior Manager of PricewaterhouseCoopers Business Consulting (Shanghai) Co., Ltd., and Chief Auditor of Internal Audit Business Division of Internal Audit Center of CPIC Group.

Ms. XUE Yongxian, born in November 1976, holds a master's degree. She has been serving as Supervisor (employee representative) of the Company (approval document: CIRC [2017] No.161) since February 2017. Ms. XUE currently serves as Chairman of Trade Union, and Senior Director of Key Account Business Center of the Company. Previously, she served as General Manager of Shanghai Branch, General Manager of Sales Management Department and General Manager of Individual Life Insurance Cooperation Business Centre of the Company; Deputy General Manager of Group Business Department Planning and Training Division of CPIC Life, Assistant General Manager of Group Business Department Accident Insurance Division of CPIC Life, Assistant General Manager and Senior Manager of Group Business Department Direct Sales Supervision Division of CPIC Life, and Section Head of Group Business Department of CPIC Life.

### **3. Senior management (6 in total)**

Mr. SHANG Jiaoyan, born in March 1978, holds a bachelor's degree, and has been serving as General Manager of the Company since May 2023 (approval document: CBIRC [2023] No. 293). Previously, Mr. SHANG served as Vice President of Tencent WeSure, Marketing Director and General Manager of Individual Business Division of Ping An Health Insurance Company, Deputy General Manager (in charge) of Ping An Health Insurance Company Beijing Branch, and Head of Sales of Ping An Health Insurance Company Beijing Branch.

Mr. LI Jieqing, born in November 1968, holds a bachelor's degree. He has been serving as Deputy General Manager of the Company (approval document: CIRC [2016] No.450) since May 2016 and has been serving as Chief Risk Officer of the Company since August 2021 (no approval document). Mr. LI also serves as Head of Customer Service Centre of the Company, Director of Shanghai Proton & Heavy Ion Hospital. Previously, Mr. LI served as Director of Risk and Compliance, Compliance Responsible Person and General Manger of Risk Management Department of CPIC Group, Director of CPIC P/C, CPIC Life, CPIC AMC and the Company.

Mr. ZHOU Bin, born in April 1966, has received a post-graduate education. He has been serving as Deputy General Manager of the Company (approval document: CIRC [2016] No.450) since May 2016. Mr. Zhou is currently head of Health Care Eco-system Business Centre, head of Health Service Business Centre, and also Council Member of Shanghai Pacific Blue Charity Foundation. Previously, Mr. ZHOU served as General Manager of Human Resources and Comprehensive Management Department of Information Technology Center of CPIC Group, Deputy Head of Cadre and Personnel Division of Shanghai Municipal Commission of Financial Industry (temporary post), General Manager of Human Resources Department of CPIC Group and Chief Risk Officer of the Company.

Mr. SONG Quanhua, born in February 1973, holds a master's degree. He has been serving as Deputy General Manager of the Company (approval document: CBIRC [2021] No.691) since September 2021. Mr. SONG is also head of Individual Customer Cooperation Business Centre and head of Key Account Business Center of the Company. He previously served as secretary of the Secretariat of the General Administration Office of China Pacific Insurance Company, Deputy General Manager of CPIC Life Ningbo Branch, General Manager of CPIC Life Dalian Branch, Director of Party Affairs Department of CPIC Life, General Manager of New Channel Business Department of CPIC Life, General Manager of Corporate Channel Business Marketing Department of CPIC Life, Deputy General Manager of Health and Elderly Care Business Center of CPIC Life, Deputy General Manager of Group Business Center of CPIC Life, and General Manager of Pacific Medical & Healthcare Management Co., Ltd.

Ms. YIN Yanling, born in June 1972, holds a master's degree and is a member of China Association of Actuaries. She has been serving as Finance Responsible Person of the Company since September 2021 (approval document: CBIRC [2021] No.729), serving as the Chief Actuary of the Company since August 2022 (approval document: CBIRC [2022] No.532) and Board Secretary the Company since August 2022 (no approval required). She also serves as head of the Technology Centre of the Company. Previously, she served as head of the Actuarial Management Section of Planning and Finance Department of CPIC Group, Assistant General Manager of Planning and Finance Department of CPIC Group, Deputy General Manager (in charge) of Financial Investment Department/Actuarial Department, Deputy General Manager (in charge) of Financial Management Department/Actuarial Department, Deputy General Manager of Risk Management Department/Risk Monitoring Department, General Manager of

Financial Management Department/Actuarial Department, and General Manager of Actuarial Department of CPIC Group, General Manager of Actuarial Department of CPIC Life, and Acting Finance Responsible Person and Acting Actuarial Responsible Person of the Company.

Mr. JIANG Honglang, born in November 1964, holds a doctoral degree and title of senior auditor. He has been serving as Internal Audit Responsible Person of the Company since January 2019 (approval document: CBIRC [2019] No.128). Mr. JIANG currently serves as General Manager of Digital Audit Technology Department of CPIC Group. Previously, he served as Senior Auditor of Internal Audit Department of CPIC Group, Deputy General Manager of Internal Audit Management Department of CPIC Group, General Manager of Remote Internal Audit Department and General Manager of Digital Internal Audit Department of CPIC Group. Prior to that, he served as associate professor of Institute of Applied Mathematics of Guizhou University of Technology.

Note: Mr. TANG Rui no longer served as Acting Compliance Responsible Person of the Company on September 23, 2023.

**(IV) Subsidiaries, joint ventures or associate ventures (Yes  No )**

One associate venture: Shanghai Proton & Heavy Ion Hospital. The Company completed an investment of RMB100 million in the entity in January 2016, holding 20% of its shares.

There was no change during the reporting period.

**(V) Breaches and administrative penalties during the reporting period (Yes  No )**

None during the reporting period.

### III. Main indicators

#### (I) Solvency margin ratios

unit: 10,000 RMB yuan

Items	As at the end of the reporting quarter	As at the end of the previous quarter	Next quarter estimates
Admitted assets	1,027,867.56	1,096,087.94	1,022,977.31
Admitted liabilities	686,553.73	760,000.95	681,708.26
Available capital	341,313.83	336,086.99	341,269.05
Tier-1 core capital	299,449.23	299,103.30	279,701.87
Tier-2 core capital	10,646.44	7,137.29	23,478.34
Tier-1 supplement capital	31,218.15	29,846.40	38,088.83
Tier-2 supplement capital	0.00	0.00	0.01
Minimum capital	126,967.78	136,469.63	140,671.94
Minimum capital for quantifiable risks	126,081.91	135,517.46	139,690.45
Minimum capital for control risk	885.87	952.17	981.49
Minimum capital for supplement capital	-	-	-
Solvency margin			
Core solvency margin	183,127.89	169,770.96	162,508.26
Comprehensive solvency margin	214,346.05	199,617.36	200,597.10
Core solvency margin ratio (%)	244	224	216
Comprehensive solvency margin ratio (%)	269	246	243

#### (II) Regulatory indicators for liquidity risk

Indicators	Reporting quarter	Previous quarter
Actual cash flow (unit:10,000 yuan)	87.82	7,145.94
Retrospective adverse deviation ratio of net cash flows from business activities (%)	245	25
Overall liquidity coverage ratio under base scenario (3 months)(%)	121	124
Overall liquidity coverage ratio under base scenario (12 months)(%)	105	105
Overall liquidity coverage ratio under mandatory stress scenario (3 months)(%)	645	623
Overall liquidity coverage ratio under mandatory stress scenario (12 months)(%)	176	146
Overall liquidity coverage ratio under self-assessment stress scenario (3 months)(%)	540	490
Overall liquidity coverage ratio under self-assessment stress scenario (12 months)(%)	212	203
Overall liquidity coverage ratio before asset disposal under mandatory stress scenario (3 months)(%)	168	179
Overall liquidity coverage ratio before asset disposal under mandatory stress scenario (12 months)(%)	64	60

Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (3 months)(%)	201	176
Overall liquidity coverage ratio before asset disposal under self-assessment stress scenario (12 months)(%)	148	142

### (III) Other indicators for liquidity risk

Indicators	Reporting quarter	Previous quarter
Net cash flows from operating activities (unit: 10,000 yuan)	-21,773.06	-37,049.58
Comprehensive surrender ratio(%)	0.17	0.1
Net cash flows from participating/universal accounts	-	-
Gross premium income year-on-year growth (%)	61.22	55.33
Share of cash flow and liquidity management tools (%)	3.73	3.48
Quarterly average financial leverage ratio (%)	4.16	3.35
Share of domestic fixed income assets rated AA and below (%)	-	-
Share of investments in listed stocks where the Company holds a stake of 5% or above (%)	-	-
Share of receivables (%)	16.05	23.44
Share of related party assets held by the Company (%)	3.88	3.63

### (IV) Key business metrics

Indicators	unit: 10,000 yuan	
	As at the end of the reporting quarter/during the reporting quarter	As at the end of the reporting quarter/YTD
Gross written premiums	148,675.25	441,506.42
Net profits	-2,596.05	3,917.62
Total assets	879,118.40	879,118.40
Net assets	333,387.96	333,387.96
Insurance contract liabilities	403,589.42	403,589.42
Basic earnings per share (yuan)	-0.01	0.01
ROE (%)	-0.78	1.18
ROA (%)	-0.30	0.45
Investment yield (%)	0.76	2.14
Comprehensive investment yield (%)	0.38	3.07

Note: Net profits, total assets, net assets, and insurance contract liabilities listed above were disclosed according to the Financial Report (which was prepared based on Chinese accounting standards such as Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments revised and promulgated by the Ministry of Finance in 2017, and Accounting Standard for Business Enterprises No. 25 - Insurance Contracts revised and promulgated by the Ministry of Finance in 2020); basic earnings per share, ROE and ROA were calculated in accordance with the

formula prescribed by Article 24 of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results of afore-mentioned indicators.

#### **(V) Average return on investment and average comprehensive return on investment in recent three years**

The company's average return on investment and average comprehensive return on investment in recent three years were 5.85% and 5.61%, respectively.

### **IV. Risk management capabilities**

#### **(I) Company category**

The Company was incorporated in December 2014. As of the end of September 2023, its total assets reached 10,418.2642 million yuan, with written premiums amounting to 1134.3178 million yuan for the first 9 months of 2023. It has 4 provincial-level branch offices, and according to Solvency Regulatory Standards of Insurance Companies No.12: Solvency-aligned Risk Management Requirement and Assessment, the Company is in Category II.

#### **(II) Measures taken to improve risk management and the latest status**

In Q3 2023, as per Solvency Regulatory Standards of Insurance Companies No. 11: Solvency-aligned Risk Management Requirement and Assessment, based on regulatory feedback on the results of the 2023 SARMRA assessment, and taking into account of its own risk profiles and risk level, the Company effectively implemented its solvency risk management work and the remedial actions for inadequacies highlighted in the regulatory feedback, continuously improving its solvency risk management mechanisms.

In Q3, the Company strictly implemented the basic processes of daily risk management. Risk management measures adopted mainly include: first, it further optimised the risk limit system and diversify dimensions for monitoring of the combined ratio, and gradually broke down and cascaded risk management objectives to each business line; second, conducted an independent risk assessment of the alignment of its business planning and overall budgeting with the risk appetite based on risk tolerance in capital, value, profitability, liquidity and risk management, and to set forth risk control requirements for the combined ratio and internet business; third, it further improved its operational risk management tools

and established insurance fraud risk management models and systems.

In Q3, the Company organised drills of its response plans for solvency deterioration and liquidity crisis, based on stress scenarios in line with business realities of the Company, and updated and revised its solvency and liquidity contingency measures through the drills.

Under the framework of its solvency risk management and to meet its annual risk management targets, the Company identified, monitored and controlled all types of risks it faced, and took control measures to keep the risks under the thresholds in a timely manner. No major risk incidents occurred in this quarter.

### **(III) The latest result of Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company**

The Company scored 80.15 points at the SARMRA assessment for 2022. To be specific, it consisted of 16.29 points for risk management infrastructure and environment, 7.69 points for risk management objectives and tools, 7.98 points for insurance risk management, 8.14 points for market risk management, 8.13 points for credit risk management, 8.16 points for operational risk management, 7.81 points for strategic risk management, 7.89 points for reputational risk management, and 8.06 points for liquidity risk management.

## **V. Integrated risk rating (differentiated supervision)**

### **(I) The last two IRR results**

The Company was rated BB at the IRR (differentiated supervision) by the regulator for both Q1 and Q2 of 2023, which met regulatory requirements in solvency, with low level of operational risk, reputational risk, strategic risk and liquidity risk.

### **(II) Measure taken or to be taken for improvement**

In Q3 2023, the Company continued to focus on risk control measures as per findings of self-assessment with regard to operational risk and strategic risk indicators in accordance with Evaluation Criteria for Unquantifiable Risks of Insurance Companies. In terms of operational risk, the Company maintained the efficiency and quality of all its operational processes, and focused particularly on improving claims management turnaround. At the same time, it analysed causes of customer complaints and took targeted measures. As for



strategic risk, senior management was stable, with steady business development of the Company.

### **(III) Findings of self-assessment of operational, strategic and reputational risks**

Liquidity risk of the Company mainly stems from claims and maturity payments on insurance contracts, daily expenditures and investment asset impairment losses. As of the end of Q3 2023, there were no incidents which may trigger liquidity risk. The Company maintained a high proportion of highly-liquid assets in investments, with the 5-day liquidation ratio at sound levels, which enabled it to meet various needs for liquidity. At the same time, the Company maintained a certain level of gear ratio and financing activities to ensure sufficient borrowing in the unlikely event of emergencies. Overall, the sources of liquidity outweigh needs for liquidity, indicating a low level of liquidity gap risk.

Operational risk: In terms of compliance and internal control, there were no breaches of regulations or administrative penalties from regulators in Q3 2023. There was zero violation of regulatory rules per 100 million yuan in standard premiums and zero regulatory penalty per 100 million yuan in standard premiums for the Company. On the IT side, all its core systems were 100% usable, and there was no financial losses incurred due to system failure. In terms of personnel, the workforce was relatively stable. There was no losses resulting from operational risk incidents in the area of sales, underwriting, POS, claims settlement or investment, or occurrence of insurance frauds in this quarter.

Reputational risk: The Company's media monitoring system includes CPIC Group's own system, and third-party monitoring services, which can effectively monitor, on a daily basis, negative publicity of the Company and its insurance and investment counter-parties. In daily work, the Company strictly implements various reputational risk management processes covering assessment, risk handling and post-crisis accountability. In Q3 2023, the Company did not experience any reputational risk events on mainstream or other types of media.

Strategic risk: The Company sets its strategic objectives based on macro-economic environment, market trends, its own positioning and competitive advantage, and the strategic objectives of the Group. In light of its 2021-2023 Development Plans and Annual Business Targets, the Company formulated strategic decisions aligned with the market environment to identify, assess and manage strategic risks by means of target breakdown, review of business performance on a regular basis, analysis of market conditions and its

own strengths and weaknesses. In Q3 of 2023, strategic risk management was proceeding in strict accordance with relevant regulations and rules of the Company. While serving the need of the board to supervise strategy implementation, it was intertwined with strategy implementation, covering the full range of assessment, monitoring and reporting, with no occurrence of incidents which may trigger strategic risk.

## **VI. Management analysis and discussions**

### **(I) Solvency Analysis**

#### **1. Available capital**

As of 30 September 2023, the Company's net assets was 3,413.1383 million yuan, an increase of 52.2684 million yuan from the previous quarter, which was mainly due to the increase in surplus of insurance policies and contribution from net profits.

#### **2. Minimum capital**

The minimum capital of the Company at the end of Q3 2023 was 1,269.6778 million yuan, down by 7% from the previous quarter, mainly due to impact of NAFR document No.5. To be specific, minimum capital for insurance risk of life business was 824.7711 million yuan, that for insurance risk of non-life business was 657.1729 million yuan, that for market risk 343.0593 million yuan, that for credit risk 320.4680 million yuan, diversification effect for quantifiable risk was 744.5612 million yuan, and that for control risk was 8.8587 million yuan.

#### **3. Solvency margin ratios**

As of 30 September 2023, the Company's core solvency margin was 1,831.2789 million yuan, and the core solvency margin ratio was 244%; comprehensive solvency margin was 2,143.4605 million yuan, and the comprehensive solvency margin ratio was 269%. In Q3 2023, the core and comprehensive solvency margin ratios rose by approximately 20pt and 23pt respectively from the previous quarter, mainly due to impact of NAFR document No.5.

### **(II) Liquidity risk**

For this quarter, net cash flow was 1 million yuan, mainly because of large cash inflows from operating activities; the difference between actual net cash flow from operating activity and the estimate was 258 million yuan, meaning a retrospective adverse deviation ratio of 245%, in compliance with regulatory requirements. As of the end of Q3, all liquidity coverage ratios under various scenarios and all liquidity indicators for monitoring were within regulatory limits.

The Company will strictly follow regulatory requirements on solvency cash flow forecasting, take into account factors such as business development and market changes, regularly evaluate the effectiveness of its liquidity risk management mechanisms and systems, and make appropriate arrangements, if necessary, to ensure a reasonable liquidity risk level.

# Summary of Quarterly Solvency Report (Excerpts)

**Pacific Anxin Agricultural Insurance Co., Ltd.**

**3rd Quarter of 2023**

## Company overview and contact information

Company name (Chinese):	太平洋安信农业保险股份有限公司
Company name (English):	Pacific Anxin Agricultural Insurance Company Limited
Legal representative:	SONG Jianguo
Registered address	3651 Gonghexin Road, Shanghai, the PRC.
Registered capital	1.08bn yuan
Business license number	00000089
Date opening for business	September 2004
Business scope	Agricultural insurance; property indemnity insurance; liability insurance including mandatory liability insurance; credit and guarantee insurance; short-term health and accident insurance; other types of property insurance relating rural areas and farmers; reinsurance of the above said insurance; insurance agency business (business which requires approval to be conducted after such approvals are granted, subject to approval documents or permits)
Business territories	Shanghai, Jiangsu Province, Zhejiang Province.
Contact person:	LI Mao

Tel. number: +86-21-66988703  
Cell phone: 18817959847  
Email: limao-005@cpic.com.cn

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## **I. Board chairman and management statement**

The report has been approved by chairman of the board of directors of the Company. The board chairman and senior management of the Company warrant that the contents of this report are true, accurate and complete and have fully complied with applicable laws and regulations, and that there is no false representation, misleading statement or material omissions; and they severally and jointly accept responsibility for the contents of this report.

October 2023

Pacific Anxin Agricultural Insurance Company Limited

## II. Basic information

### (I) Ownership structure and shareholders, and change during the reporting period

#### 1. Ownership structure and change

Types of shareholders	Beginning of the reporting period		Change of shares or stake				End of the reporting period	
	Shares or contribution	Percentage (%)	Shareholder injection	Transfer from capital reserve and share dividends distribution	Share transfer	Sub-total	Shares or contribution	Percentage (%)
State	0	0%	0	0	0	0	0	0%
State-owned legal person	108,000	100%	0	0	0	0	108,000	100%
Private legal person	0	0%	0	0	0	0	0	0%
Foreign	0	0%	0	0	0	0	0	0%
Others	0	0%	0	0	0	0	0	0%
<b>Total</b>	<b>108,000</b>	<b>100%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108,000</b>	<b>100%</b>

Note:(1) Shares apply to joint-stock companies (unit: 10,000 shares), and stake applies to non-joint-stock companies (unit: 10,000 yuan).

(2) Ownership by state refers to the stake acquired by investment entities or departments on behalf of the state by way of capital contribution or following legal procedures. Such shares are registered by insurance companies as being owned by the entity or department. Ownership by state-owned legal persons refers to the stake acquired by state-owned enterprises, not-for-profit organisations and other entities by way of contributing capital to an independent insurance firm or acquired following legal procedures using assets legally in their possession. Such shares are registered by insurance companies as being owned by the state-owned enterprise, not-for-profit organisation and entity.

#### 2. De facto controller

The Company has no de factor controller. China Pacific Property Insurance Co., Ltd. is the majority shareholder, holding 67.78% of the shares of the Company.

#### 3. Shareholders and related parties as at the end of the reporting period

Names of shareholders	Types of shareholders	Shares held at the end of the reporting period	Shareholding percentage at the end of the reporting period (%)	Shares pledged or in lock-up
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China Pacific Property Insurance Co., Ltd.	State-owned	73,205.68	67.78%	0
Shanghai Agricultural Development Co., Ltd.	State-owned	7,718.03	7.15%	0
Shanghai Minhang Asset Investment (Group) Co., Ltd.	State-owned	5,365.19	4.97%	0
Shanghai Nongfa Asset Management Co., Ltd.	State-owned	4,201.72	3.89%	0
Shanghai Fengxian District State-owned Asset Operation Co., Ltd.	State-owned	3,653.35	3.38%	0
Shanghai Baoshan Fiscal Investment Company	State-owned	3,150.84	2.92%	0
Shanghai Jiading Guangwo Asset Management Co., Ltd.	State-owned	2,504.59	2.32%	0
Shanghai Songjiang State-owned Asset Investment Management Group Co., Ltd.	State-owned	2,025.88	1.88%	0
Shanghai Huinong Investment Management Co., Ltd.	State-owned	1,817.99	1.68%	0
Shanghai Qingpu Asset Management Co., Ltd.	State-owned	1,719.37	1.59%	0
Shanghai Jinshan Capital Management Group Co. Ltd.	State-owned	1,640.50	1.52%	0
Shanghai Chongming Asset Operation Co., Ltd.	State-owned	996.86	0.92%	0
Total	—	108,000.00	100.00%	0
Related party relations among shareholders	None			

Note: Types of shareholders refer to “state-owned”, “foreign” and “natural persons”, etc.

#### 4. Shareholding by directors, supervisors and senior management

None during the reporting period.

#### 5. Share transfer during the reporting period

None during the reporting period.

## **(II) Directors, supervisors and senior management**

### **1. Directors, supervisors and senior management**

#### 1.1 Directors

As of the end of September 2023, the 4th Board of Directors of the Company has 9 directors in total:

Mr. SONG Jianguo, born in December 1966, holds a master's degree. He has been serving as Chairman of the Company since February 2015 (approval document: CIRC Approval [2015] No. 143). Mr. SONG currently serves as Deputy General Manager of CPIC P/C and Dean of Tai'an Agricultural Insurance Research Institute. He previously served as General Manager of CPIC P/C Hainan Branch, General Manager of Property Liability Insurance Department of CPIC P/C, General Manager of CPIC P/C Shandong Branch, and Sales Director of CPIC P/C.

Mr. MAO Xiaojun, born in March 1967, received junior college education. He has been serving as Non-executive Director of the Company since July 2015 (approval document: CIRC Approval [2015] No. 732). Mr. MAO currently serves as General Manager of Shanghai Shenlian Shengshi Enterprise Development Co., Ltd. He previously served as CFO of Shanghai Dalong Accounting Firm, and head of Investment Management Department of Shanghai Minhang Asset Investment Management (Group) Co., Ltd.

Ms. XING Zhibin, born in June 1982, holds a bachelor's degree. She has been serving as Non-executive Director of the Company since February 2022 (approval document: CBIRC Approval [2022] No. 32). Ms. XING currently serves as head of Assets Supervision Section of Shanghai Agricultural Development Promotion Center. She previously served as Deputy Manager of Administrative Affairs Department of Shanghai Kaibo Property Management Co., Ltd., Deputy Head of Organization and Personnel Section of Shanghai Modern Agriculture Open Training Center, and Director of General Office of Shanghai Agricultural Development Promotion Center.

Mr. SHI Jian, born in November 1973, holds a bachelor's degree, and has been serving as Executive Director of the Company since September 2021 (approval document: CBIRC [2021] No. 680). Mr. SHI also serves as General Manager of the Company. Previously he served as Deputy General Manager (in charge) of Shanghai West Operation Management Office of Shanghai Branch of China Life Insurance Company, Deputy General Manager of Business Management Department, General Manager of Market Development Department, and General Manager of Product Development and Reinsurance Department of Shanghai Anxin Agricultural Insurance Co., Ltd. He also served as Assistant President, Vice President, Board Secretary, Executive Director, President (General Manager) of Anxin Agricultural Insurance Co., Ltd., as well as Deputy Marketing Director and General Manager of Strategic Account Department of CPIC Group.

Mr. JIANG Shengzhong, born in July 1958, holds a doctoral degree. He has been serving as Independent Director of the Company since April 2018 (approval document: CBIRC Approval [2018] No. 4). Mr. JIANG is currently a professor and PhD supervisor of Nankai University. He also serves as Director of Agricultural Insurance Center of Nankai University Finance College, President of the Education Committee of the Insurance Society of China, Executive Director of China Society for Finance and Banking, Executive Director of Tianjin Insurance Society, and Honorary Director of Council of China Insurance News. Mr. JIANG was previously Dean of Insurance Department of Nankai University.

Mr. ZHANG Qiao, born in November 1962, holds a doctoral degree. He has been serving as Independent Director of the Company since December 2022 (approval document CIRC Approval [2022] No. 851). Mr. ZHANG currently serves as Research Fellow of Agricultural Information Institute of the Chinese Academy of Agricultural Sciences, executive member of the Agriculture Risk Management Council of China, Research Fellow of the National Research Centre on Agriculture and Rural Areas of China Agriculture University, and vice chair of the Panel of Monitoring and Early Warning of China Agricultural Institute. He previously served as Assistant Research Fellow, Deputy Research Fellow of Agricultural Information Institute of the Chinese Academy of Agricultural Sciences, and lecturer of Shanxi University of Finance and Economics.

Mr. SHEN Chun, born in August 1971, holds a bachelor's degree. He has been serving as Independent Director of the Company since January 2019 (approval document: CBIRC Approval [2019] No. 44). Mr. SHEN currently serves as Director of Management Committee of Excellent Law Firm, Chairman of Wusong General Branch of Baoshan Committee of China Democratic National Construction Association, member of the Standing Committee of the 9th Baoshan District Political Consultative Conference, Law Enforcement Supervisor of CPC Political and Legal Commission of Baoshan District, Legal Advisor of Government of Baoshan District. Mr. SHEN previously served as deputy head and partner of Shanghai Zhengming Law Firm.

Mr. CHEN Sen, born in October 1970, holds a master's degree and membership of Society of Actuaries (SOA). He has been serving as Non-executive Director of the Company since March 2019 (approval document: CBIRC Approval [2019] No. 332). Mr. CHEN currently serves as Deputy General Manager, Finance Responsible Person, and Chief Actuary of CPIC P/C. He previously served as Senior Actuarial Analyst of Finance Department of Swiss Reinsurance Company (USA), Actuary of Analysis Department of Guy Carpenter & Company, Deputy General Manager, Chief Actuary, and Finance Responsible Person of China Property & Casualty Reinsurance Company.

Ms. ZHOU Li, born in March 1979, holds a bachelor's degree and the title of Accountant. She has been serving as Non-executive Director of the Company since June 2022 (approval document: CBIRC Approval [2022] No. 403). Ms. ZHOU currently serves as Manager of General Affairs Department of Agricultural Development Asset Management Center of Shanghai Pudong State-owned Assets Investment Management Co., Ltd. Previously, she served as Deputy Manager of Finance Department of Shanghai Agricultural Development Asset Management Center, Head of Audit Office of Shanghai Agricultural Development Asset Management Co., Ltd., Manager of General Affairs Department of Agricultural Development Asset Management Center of Shanghai Pudong State-owned Assets Investment Management Co., Ltd., etc.

## 1.2 Supervisors

As of the end of September 2023, the 4th Board of Supervisors of the Company has 6 supervisors:

Mr. CHEN Yuanliang, born in June 1971, holds a bachelor's degree from the Central Party School, and has been serving as Supervisor (employee representative) and Chairman of the Board of Supervisors of the Company since September 2023 (approval document: jinfu [2023] No. 260). Mr. CHEN also serves as Vice President of Tai'an Agricultural Insurance Institute. Previously he served as General Manager of CPIC P/C Baotou Central Sub-branch, Deputy General Manager of CPIC P/C Inner Mongolia Branch, General Manager of the Agricultural Insurance Business Unit, General Manager of the Agricultural Insurance Market Development Department, and General Manager of the Agricultural Insurance Management Department of CPIC P/C, General Manager of CPIC P/C Xinjiang Branch, and Deputy General Manager of Anxin Agricultural Insurance Co., Ltd.

Ms. ZHANG Wenjuan, born in November 1983, holds a master's degree and national legal professional qualification. In December 2020, she became Employee Representative Supervisor of the Company (approval document: CBIRC [2020] No. 849). Ms. ZHANG also serves as Legal Responsible Person, Director of the Discipline Inspection Office, and General Manager of Legal Compliance Department/Risk Management Department of the Company. Previously, she served as Assistant General Manager, Deputy General Manager of Legal and Compliance Department of Anxin Agricultural Insurance Co., Ltd., Deputy General Manager (in charge) of Legal and Compliance Department of the Company, Deputy Director of the Discipline Inspection Office of the Company, Compliance Responsible Person of Shanghai Branch of the Company, and General Manager of Legal and Compliance Department of Shanghai Branch of the Company.

Mr. MIAO Huan, born in August 1983, holds a bachelor's degree. He became Supervisor of the Company in December 2021 (approval document: CBIRC Approval [2019] No. 973). Mr. MIAO currently serves as Deputy General Manager of Shanghai Huijia Venture Capital Co., Ltd. and Executive Director of Shanghai Jiading Guangwo Assets Management Co., Ltd. Mr. MIAO previously served as Business Assistant, and Business Manager of the Investment Management Department of Shanghai Jiading District State-owned Assets Management (Group) Co., Ltd., and Business Manager of Shanghai Jiading Venture Capital Management Co., Ltd.

Mr. GUO Zongjie, born in December 1968, holds a bachelor's degree. He became Employee Representative Supervisor of the Company in December 2020 (approval document: CBIRC [2020] No. 860). Mr. GUO is currently head of the Office of the Board of Directors/Office of the Board of Supervisors, head of the Party Building Department, and Director of the Party Committee Office of the Company. Previously, he served as Director of the General Office and Party Committee Office of CPIC P/C Shandong Branch, General Manager of the Intermediary Business Department of CPIC P/C Shandong Branch, and Director of the Administrative Office and General Manager of the Development Planning Department of the Company.

Mr. CHENG Song, born in November 1979, holds a master's degree. He became Employee Representative Supervisor of the Company in February 2022 (approval document: CBIRC [2022] No. 32). Mr. CHENG currently serves as General Manager of Finance Department and Asset Management Department of the Company. Previously, he served as Senior Manager of Accounting Center of Financial Management Department of CPIC Group, and Deputy General Manager of Financial Department of CPIC P/C.

Ms. ZHANG Wen, born in November 1984, holds a bachelor's degree. She has been serving as Supervisor of the Company since July 2022 (approval document: CBIRC Approval [2022] No. 403). Ms. ZHOU currently serves as Manager of Asset Management Department of Shanghai Kailun Investment Co. Ltd. She previously served as Executive Director, General Manager of Shanghai Xingbo Supplies Co., Ltd., General Manager of Business Development Management Department, Employee Representative Supervisor, and Director of Administration of Shanghai Fengxian SPD Rural Bank, Assistant President and then Deputy President of Shanghai Fengxian Branch of Ningbo Bank.

### 1.3 Senior management

As of the end of September 2023, the Company has 7 members of senior management:

Mr. SHI Jian, born in November 1973, holds a bachelor's degree, and has been serving as General Manager of the Company since July 2021 (approval document: CBIRC [2021] No. 609). Mr. SHI also serves as Executive Director of the Company. Previously he served as Deputy General Manager (in charge) of Shanghai West Operation Management Office of Shanghai Branch of China Life Insurance Company, General Manager of Business

Management Department, General Manager of Market Development Department, and General Manager of Product Development and Reinsurance Department of Shanghai Anxin Agricultural Insurance Co., Ltd. He also served as Assistant President, Vice President, Board Secretary, Executive Director, President (General Manager) of Anxin Agricultural Insurance Co., Ltd., as well as Deputy Marketing Director and General Manager of Strategic Account Department of CPIC Group.

Mr. ZHENG Kai, born in August 1972, holds a master's degree. He has been serving as Deputy General Manager and Board Secretary of the Company since May 2016 (approval documents: CIRC Approval [2016] No. 391, and CIRC Approval [2016] No. 383 respectively). Mr. ZHENG is also member of the Jing'an District Committee of CPPCC. Mr. ZHENG previously served as Deputy Head of Youth Work Department of Communist Youth League Shanghai Municipal Committee, Secretary-General of Shanghai Young Entrepreneurs Association, Deputy Director of Economic Division of Taiwan Affairs Office of Shanghai Municipal Government, head of Exchange and Communication Division of Taiwan Affairs Office of Shanghai Municipal Government, head of Coordination Division of Taiwan Affairs Office of Shanghai Municipal Government, and General Manager of Shanghai Urban Areas Business Centre of Anxin Agricultural Insurance Co., Ltd.

Ms. LI Shuhui, born in July 1972, holds a master's degree and the title of Senior Auditor, CPA, CIA and CCSA. She has been serving as Finance Responsible Person and Deputy General Manager of the Company since December 2019 (approval documents: CBIRC Shanghai Approval [2019] No. 984, and CBIRC Shanghai Approval [2019] No. 983 respectively). She previously served as Deputy General Manager of Internal Audit Center/Second Division, General Manager of Audit Technology Division of CPIC Group, Supervisor of CPIC Allianz Health, Internal Audit Responsible Person of Changjiang Pension, Supervisor of CPIC Online Services, Supervisor of Anxin Agricultural Insurance Co., Ltd, and General Manager of Finance Department and Asset Management Department of CPIC P/C, and Supervisor of CPIC P/C.

Mr. HUANG Xiaofeng, born in March 1971, holds a master's degree. He has been serving as Assistant General Manager of the Company (approval document: CBIRC [2022] No. 409) since June 2022. Previously, Mr. HUANG served as deputy head of Gaodong Township, head

of Heqing Township, Pudong New Area, Shanghai, Deputy Director of Rural Affairs Office, Deputy Director of District Agricultural Committee of CPC Committee of Pudong New Area, member of CPC Committee of Anxin Agricultural Insurance Co., Ltd. and General Manager of its Shanghai Nanhui Sub-branch, Deputy Party Secretary and Deputy General Manager of Shanghai Branch of Anxin Agricultural Insurance Co., Ltd., member of CPC Committee/General Manager of Agricultural Insurance Market Development Department and General Manager of Agricultural Insurance Business Management Department of Pacific Anxin Agricultural Insurance Co., Ltd.

Mr. WU Kaibing, born in July 1968, holds a doctoral degree and the title of Senior Auditor. He has been serving as Internal Auditing Responsible Person since October 2017 (approval document: CIRC Approval [2017] No. 1191). Mr. WU currently serves as General Manager of the Internal Audit Department (South China) of CPIC Group. He previously served as Securities Research Head of the Shanghai Securities Department of SDIC Hainan, Assistant President of Shanghai Kaiquan Pump (Group) Co., Ltd., Deputy Director of the Financial Audit Division of CNAO's Shanghai Resident Office, Senior Auditor of the Second Division of the Internal Audit Centre of CPIC Group, Senior Auditor, and Deputy General Manager of the Internal Audit Business Department of Internal Audit Center of CPIC Group.

Mr. WU Gang, born in August 1970, holds a bachelor's degree. He has been serving as Compliance Responsible Person, and Chief Risk Officer of the Company (approval document: CBIRC [2022] No. 403) since June 2022. Previously, Mr. WU served as Assistant General Manager, Deputy General Manager (in charge) and General Manager of CPIC P/C Ningxia Branch, General Manager of CPIC P/C Gansu Branch, and General Manager of the Legal Affairs and Compliance Department of CPIC P/C.

Ms. YANG Guotao, born in January 1981, holds a master's degree and membership of China Association of Actuaries and FRM qualification. She has been serving as Chief Actuary of the Company since January 2020 (approval document: CBIRC Shanghai Approval [2019] No. 1096). Ms. YANG currently serves as General Manager of Actuarial Department of the Company. She previously worked in the capacity of actuarial service with China Continent Insurance Co. Ltd., served as Actuarial Responsible Person and Deputy General Manager (in charge) of the Actuarial Department of Anxin Agricultural Insurance Co., Ltd.



## 2. Changes to directors, supervisors and senior management of head-office

Positions	Name of predecessors	Name of incumbents	Remarks
Chairman of board of supervisors, employee representative supervisor	HUANG Xiongfei	CHEN Yuanliang	Replacement upon retirement of predecessor

### (III) Subsidiaries, joint ventures or associate ventures

None during the reporting period.

### (IV) Breaches and administrative penalties during the reporting period

#### 1. Administrative penalties against insurance companies and their directors, supervisors, and senior management at head-office

None.

#### 2. Misconduct which triggered judicial proceedings by directors, supervisors, management at department-head level or above at headquarters or senior management of provincial branch offices

None.

#### 3. CBIRC regulatory measures against the Company

None by NAFR (former CBIRC) during the reporting period.

## III. Main indicators

### (I) Solvency margin ratios

unit: yuan

Item	Q3 2023	Q2 2023	Next quarter estimates
Admitted assets	6,451,671,668	6,721,161,849	6,815,326,486

Admitted liabilities	3,332,351,191	3,643,640,882	3,640,657,921
Available capital	3,119,320,477	3,077,520,967	3,174,668,565
Tier-1 core capital	2,825,048,815	2,780,865,205	2,880,396,902
Tier-2 core capital	-	-	-
Tier-1 supplement capital	294,271,663	296,655,761	294,271,663
Tier-2 supplement capital	-	-	-
Minimum capital	787,943,051	837,155,853	789,381,882
Minimum capital for quantifiable risks	772,801,926	821,069,053	774,207,417
Minimum capital for life insurance risk	-	-	-
Minimum capital for non-life insurance risk	616,613,638	599,429,490	612,059,979
Minimum capital for market risk	330,913,571	332,048,718	325,553,935
Minimum capital for credit risk	307,908,267	264,300,512	322,125,205
Diversification effect for quantifiable risks	396,766,670	374,709,667	399,508,655
Loss absorption for special-type insurance contracts	-	-	-
Minimum capital for control risk	15,141,126	16,086,800	15,174,465
Supplement capital	-	-	-
Core solvency margin	2,037,105,763	1,943,709,353	2,091,015,020
Core solvency margin ratio	358.53%	332.18%	364.89%
Comprehensive solvency margin	2,331,377,426	2,240,365,114	2,385,286,682
Comprehensive solvency margin ratio	395.88%	367.62%	402.17%

## (II) Regulatory indicators for liquidity risk

	Q3 2023		Q2 2023	
	Next 3 months	Next 12 months	Next 3 months	Next 12 months
<b>LCR</b>				
LCR1 (under base scenario)	107.29%	103.33%	109.10%	103.47%
LCR2 (under stress scenario)– mandatory	112.60%	110.12%	100.05%	115.44%
LCR2 (under stress scenario)- self-testing	187.96%	120.94%	150.61%	116.02%

LCR3 (under stress scenario before asset disposal)-mandatory	57.82%	85.55%	61.11%	101.40%
LCR3 (under stress scenario before asset disposal)-self-testing	102.89%	100.02%	97.51%	103.87%
Retrospective adverse deviation ratio of net cash flows from operating activities	-54.03%		-3.05%	
Net cash flows YTD (unit: 10,000 yuan)	-2499.47		-622.80	
Net cash flows in 2022(unit: 10,000 yuan)	-1987.50		-1987.50	
Net cash flows in 2021 (unit: 10,000 yuan)	3041.26		3041.26	

### (III) Other indicators for liquidity risk

unit: yuan

Indicators	Item	Q3 2023	Q2 2023
1. Net cash flows from operating activities	Amount	314,945,286	532,899,072
	Cash inflow from operating activities YTD	1,889,612,645	1,503,571,039
	Cash outflow from operating activities YTD	1,574,667,360	970,671,967
2. Net cash flows from operating activities per 100 yuan in premiums	Amount	19.17	42.78
	Net cash flows from operating activities YTD	314,945,286	532,899,072
	Premiums YTD	1,642,859,246	1,245,615,820
3. Share of cash outflow for special types of business	Percentage	15.93%	8.32%
	Claims pay-out for business of special types	331,939,145	84,960,195
	Incurring and reported claim reserves for business of special types	-148,130,417	-31,477,033
	Total claims pay-out	1,078,446,978	584,279,028
	Total incurred and reported claim reserves	75,744,781	58,265,045

4. Total premiums growth year-on-year	Percentage	14.76%	9.91%
	Total premiums YTD	1,642,859,246	1,245,615,820
	Total premiums YTD for the same period of previous year	1,431,585,711	1,133,339,733
5. Share of cash and liquidity management instruments	Percentage	0.94%	3.90%
	Book value of cash and liquidity management instruments at the end of the period	59,369,542	257,147,198
	Total assets as at the end of the period	6,328,745,482	6,600,296,678
6. Quarterly average financial leverage ratio	Percentage	0.77%	2.82%
	Arithmetic mean of the ending balance of inter-bank lending, bond repurchase and other cash inflow from financing at the end of each month during the quarter	50,000,000	190,666,667
	Total assets as at the end of the period	6,478,745,482	6,750,296,678
7. Share of domestic fixed income assets rated AA and below	Percentage	0.00%	0.00%
	Book value of domestic fixed income assets rated AA and below at the end of the period	0	0
	Total assets as at the end of the period	6,328,745,482	6,600,296,678
8. Share of investments in listed stocks with a stake of 5% or above	Percentage	0.00%	0.00%
	Book value of investments in listed stocks with a stake of 5% or above at the end of the period	0	0
	Total assets as at the end of the period	6,478,745,482	6,750,296,678

9. Proportion of receivables	Percentage	13.41%	12.87%
	Premium receivables	562,778,823	650,256,347
	Reinsurance receivables	306,257,907	218,563,586
	Ending balance of total assets	6,478,745,482	6,750,296,678
10. Proportion of related party assets held by the Company	Percentage	0.00%	0.00%
	Total investment assets of related parties held by the Company	-	-
	Total assets as at the end of the period	6,478,745,482	6,750,296,678

#### (IV) Key business metrics

unit: yuan

Indicators	This quarter	As at the end of this quarter/YTD
Gross written premiums	433,120,948	1,726,873,124
Net profits	19,979,477	113,733,084
Total assets	5,606,155,519	5,606,155,519
Net assets	2,926,461,080	2,926,461,080
Insurance contract liabilities	1,995,531,378	1,995,531,378
Basic earnings per share	0.018	0.105
ROE	1.39%	3.90%
ROA	0.35%	2.11%
Investment yield	0.66%	2.72%
Comprehensive investment yield	0.73%	2.84%
Profitability indicators	--	--
Combined ratio	--	99.72%
Expense ratio	--	17.19%
Loss ratio	--	82.53%
Proportion of commission and brokerage expenses	--	1.86%

Proportion of operating and administrative expenses	--	16.13%
Scale indicators	--	--
Written premiums	397,243,426	1,642,859,246
Written premiums of auto insurance	-	-
Written premiums of top 5 non-auto insurance business lines	372,300,937	1,570,450,270
Largest non-auto business line	216,925,292	1,076,519,001
Second largest non-auto business line	74,699,051	273,301,035
Third largest non-auto business line	63,677,081	152,998,435
Fourth largest non-auto business line	12,907,356	46,415,797
Fifth largest non-auto business line	4,092,158	21,216,001
Average vehicle premium of auto insurance	-	-
Written premiums by channels	397,243,426	1,642,859,246
Agency	32,755,263	109,584,598
Direct	346,741,124	1,489,936,423
Brokerage	17,747,040	43,338,226
Others	-	-

Note: Net profits, total assets, net assets, and insurance contract liabilities listed above were based on Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments revised and promulgated by the Ministry of Finance in 2017, and Accounting Standard for Business Enterprises No. 25 - Insurance Contracts revised and promulgated by the Ministry of Finance in 2020; basic earnings per share, ROE and ROA were calculated in accordance with the formula prescribed by Article 24 of Solvency Regulatory Standards of Insurance Companies No. 18 - Solvency Report, based on results of afore-mentioned indicators.

#### **(V) (Comprehensive) Investment yields in the past 3 years**

Indicators	YTD
Average investment yield in the past 3 years (%)	4.70%
Average comprehensive investment yield in the past 3 years (%)	4.68%

### **IV. Risk management capabilities**

#### **(I) Company category**

The Company was incorporated in Shanghai in September 2004 as per approval of the

former CIRC. In 2022, its written premiums amounted to 1.751bn yuan, and as of the end of 2022, total assets stood at 6.674bn yuan, with 3 provincial-level branch offices. According to Article 6 of Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment, it is a Category II insurance company.

## **(II) The latest result of Solvency Aligned Risk Management Requirements and Assessment (SARMRA) of the Company**

The Company scored 76.69 points in the last on-site SARMRA assessment. As per Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC Document [2021] No. 51), the final score of the Company was 76.08 points.

## **(III) Measures taken to improve solvency risk management and the latest status**

The Company scored 76.69 points in the last on-site SARMRA assessment. As per Solvency Regulatory Standards of Insurance Companies No. 12: Solvency-aligned Risk Management Requirement and Assessment of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC Document [2021] No. 51), the final score of the Company was 76.08 points. During the reporting period, the Company took further steps to enhance risk management. To be specific:

In terms of insurance risk, the Company further improved its insurance risk management system, formulated regulations such as Interim Rules on Risk Reduction Management with strict enforcement; continued to implement Interim Regulations on Actuarial Service for Agricultural Insurance, and reviewed relevant agricultural insurance products to ensure that the rates of existing products met regulatory requirements; continued with retrospective management of reserves, and completed assessment and analysis of reserves of the Company in the previous two years to ensure that they are adequate and reasonable; further strengthened quality management of agricultural insurance business, mobilised for early warning of flooding and typhoons, and initiated Level II Emergency Response Plans for insurance claims events.

For market risk, we maintained communication with investment managers on market risk management to prevent adverse impact on the Company's net profit and net assets as a result of concentrated market risk exposure; carried out quantitative assessment of asset-liability management and quarterly analyses, in which we measured and analysed the impact on the return of the assets held due to market fluctuations, monitored the Company's cost-benefit ratio, and made forecasts on key indicators to achieve the goals, both external and internal, of asset-liability management.

As for credit risk, we continued to track and analyse the status of credit risk of the Company's fixed income assets, and as of the end of Q3, the overall status was good, with credit risk under control; completed quarterly fiscal subsidy collection and year-end planning for collection of important and difficult receivables, particularly focusing on cases with relatively high default risk; formulated assessment methods for premium receivables in the second half of the year to facilitate annual collection; reviewed the list of reinsurance partners to update their credit ratings and status.

On the side of operational risk, we further enhanced review and management of relevant regulations. The Company formulated Data Quality Management Rules, Data Management Standards and Provisions on Monitoring and Evaluation of Insurance Consumer Complaints Handling; carried out "Anti-fraud in Action Month" to raise public awareness via a series of publicity activities and dissemination of pamphlets; organised quarterly self-review by subsidiaries and branches of anti-fraud work in their respective areas of operation, and compiled quarterly reports on fraud risk analyses; carried out assessment and inspection of anti-money laundering for the year 2023, with sampling of certain branches for on-site inspection, and conducted an all-around evaluation of AML work of head-office departments.

As for liquidity risk, the Company continued to optimise cash flow projection modelling, enhanced retrospective review of net cash flows from operating activities, conducted review of cash flow budgets and analysed causes for adverse variance, evaluated the impact of future claims pay-out on cash flows in a timely manner, so as to ensure sufficient liquidity and stable cash flows; continued to communicate with CPIC AMC to ensure an asset allocation compatible with needs for cash flows; reviewed and optimised the risk matrix of



investment liquidity, continuously monitored and assessed market liquidity and interest rate movements and their impact on liquidation of its investment assets; finalised management process of fiscal subsidies and needs for IT systems, advanced system development; launched dashboard of receivables management; completed collection of fiscal subsidies and year-end planning for collection of long-standing arrears.

In respect of reputational risk, we conducted a series of PR activities via our official corporate WeChat account, such as the “July 8 Insurance Publicity Day”, “Financial Literacy Month”, etc., with extensive coverage of our “order price insurance for frog-raising in rice paddies” in Fuyang District, Hangzhou on TV and newspapers, further improving the brand image of the Company.

For strategic risk, we evaluated execution status of the quarterly development plan to promote the implementation of the Company's overall strategies and the realisation of our development goals.

#### **(IV) Status of SARMRA self-assessment**

The Company initiated the 2023 SARMRA self-assessment in this quarter. As per Solvency Regulatory Standards of Insurance Companies No. 12: Solvency Risk Management Requirement and Assessment of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC Document [2021] No. 51), the Risk Management Department of the Company coordinated the assessment, and was joined by other relevant departments for detailed self-assessment of each major risk category. The assessment will be completed in the fourth quarter.

## **V. Integrated risk rating (differentiated supervision)**

### **(I) The last two IRR results**

The Company was rated AAA at the IRR (differentiated supervision) by CBIRC for both Q1 and Q2 of 2023.

As per Solvency Regulatory Standards No.11: Integrated Risk Rating (differentiated supervision) of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC [2021] No. 51), the IRR(differentiated supervision) results will be in 4 categories, i.e., A, B, C, D, which can be further classified into AAA, AA, A, BBB, BB, and B, both by ascending order of risks.

### **(II) Measures taken or to be taken for improvement**

The Company's integrated risk rating (IRR) for the last quarter was AAA.

In the third quarter, first, the Company performed well in quantifiable risks, with steady improvement in unquantifiable risks such as reputational risk, liquidity risk, operational risk and strategic risk. But certain metrics of the insurance business need enhancing. The senior management took this seriously, convened meetings to communicate the results, made plans for remedial actions, and enhanced frequency of monitoring of metrics so as to be more pro-active in risk management; second, as per regulatory findings, it strengthened management of receivables, formulated targets and KPI plans, continued to track business development and enhanced underwriting management.

### **(III) Findings of self-assessment of operational, strategic, reputation and liquidity risks**

#### **1. Operational risk**

##### **1.1 Operational risk status**

In this quarter, first, the Company formulated rectification plans for various defects newly discovered in audits, carried out rectification with regular progress follow-up,

urged relevant parties to complete rectification on time according to the plan. Second, we carried out annual AML assessment and inspection including on-site audits of branch offices and comprehensive evaluation of head-office departments, strengthened AML case studies to ensure that their AML responsibilities were effectively carried out. Third, conducted self-assessment of internal control via risk identification and assessment, and control effectiveness testing, which detected no significant risk. Fourth, revised and issued Policies on Management of Related-party Transactions to prevent risk in related-party transactions. Fifth, IRR results of Q2 2023 indicated a stable overall status. The Company will continue to improve on certain metrics of the insurance business and brief the management regularly on the progress of rectification.

#### 1.2 Methods of operational risk assessment

Conducted self-review by business lines and reporting of emergencies of major operational risk as per Solvency Regulatory Standards of Insurance Companies No.11.

#### 1.3 Process of operational risk assessment

In this quarter, first, the Company conducted an assessment of IRR operational risk status, organised the screening by relevant departments of operational risk in mis-selling, frauds in claims, mis-handling in investment, erroneous financial information disclosure, money laundering, information security and system failures, with follow-up rectification and ad hoc meetings to boost implementation. Second, it monitored key indicators of operational risk in tandem with risk upper limits, management reports on operational risk and rectification of gaps, with clear ownership by departments or branch offices, and may conduct self-review if circumstances require.

#### 1.4 Results of operational risk assessment

The review indicated no serious flaws in operational risk.

### 2.Strategic risk

## 2.1 Status of strategic risk

The strategic risk facing the Company mainly includes the following:

First is potential risks arising from concentration of business in Shanghai. Second is the potential strategic risk arising from differentiated business strategies for agricultural insurance of CPIC P/C.

## 2.2 Methods of strategic risk assessment

Evaluation of market environment of industry strategic risk, the risk in strategic planning of the Company and the risk in implementation of its strategic planning, as per Solvency Regulatory Standards of Insurance Companies No.11.

## 2.3 Process of strategic risk assessment

Collected and analysed information on a regular basis, enhanced oversight of implementation status of plans made at the year beginning, and communicated the gaps to company middle and senior management.

## 2.4 Results of strategic risk assessment

Business development of the Company in the past 3 years has been volatile, which calls for intensified effort in market development and product innovation, particularly in areas other than Shanghai. At the same time, we will enhance performance evaluation against KPIs and take multiple measures to ensure healthy, steady premium growth and high-quality development.

## 3.Reputational risk

### 3.1 Status of reputational risk

In the reporting quarter, the Company conducted screening of its reputational risk, which showed that the risk was under control, and there was no major risk in media publicity.

### 3.2 Methods of reputation risk assessment

As per Solvency Regulatory Standards of Insurance Companies No.11, firstly, we monitored online media through the Group's monitoring platform; secondly, our spokesperson and brand specialists joined the Group's brand management team so that they can share and handle media information in a timely manner; thirdly, the Company issued the "Risk Early-warning" weekly reports to senior management and part-time reputational risk management staff to promptly identify and prevent potential risks. We also conducted a company-wide screening of potential reputational risks, further enhanced reputational risk management capabilities, continued to promote the establishment of a closed-loop entire-process reputational management system, so as to create a favourable environment for the Company's sustainable, healthy and stable development.

### 3.3 Process of reputational risk assessment

Filed sensitive words with the Group. Used Group platform for collection and statistical analysis of media reports containing such sensitive words, which would enable early responses or mitigation measures.

### 3.4 Results of reputational risk assessment

During the reporting period, reputational risk of the Company was under control, and there were no incidents which may trigger reputational risk.

## 4. Liquidity risk

### 4.1 Status of liquidity risk

The Company derives liquidity mainly from cash received from premiums, net investment income, sales or maturity of investment assets and financing activities. Demand for liquidity mainly stems from cash needed for payment of claims, daily expenditures and dividends distributed to shareholders.

As a specialised agricultural insurance firm, it mainly faces two types of liquidity risk.

First is the time lag in settlement of agricultural insurance premium receivables by governments. The Company's main business is agricultural insurance, which accounted for 66% of total premiums, and of this, fiscal subsidies represented about 32% of agricultural insurance premiums. As per Provisions on Fiscal Subsidies of Agricultural Insurance Premiums of Shanghai Municipal Government, the subsidy would be accrued in advance and settled in the next year. Thus, the time lag may impact the Company's cash flows. To address this, it vigorously conducted communications with government agencies in charge of agriculture and finance at various levels, seeking to optimise the process of fiscal subsidy transfers so that it could receive the fund at an early date.

Second is agricultural insurance catastrophe risks. The agricultural insurance business of the Company is concentrated in the Yangtze River Delta, and given this geographical concentration and the characteristics of the business line, the occurrence of natural catastrophes could lead to huge outflows of cash for claims payments within a short period of time. In response, the Company put in place mechanisms to closely monitor likelihood of disasters, issue early warning and prepare for relief and damage-reduction effort; in the event of natural catastrophes, the Company will initiate the contingency plan, conduct claims investigation in a timely manner, coordinate funds planning to ensure normal and stable cash flows.

Moreover, the Company continued communication with CPIC AMC to ensure an asset allocation compatible with the needs for matching of cash flows; conducted repurchase via securities market and inter-bank market to satisfy short-term needs for liquidity arising from business development.

As at the end of Q3, LCR under the base scenario (LCR1) for the next 12 months and LCR under the stress scenario (LCR2) for the next 12 months were both above 100%, indicating a sound status in liquidity risk.

#### 4.2 Methods of liquidity risk assessment

Conducted calculation of liquidity coverage ratios, retrospective adverse deviation ratios of net cash flows from operating activities, net cash flows and stress testing of cash flows of the Company as per Solvency Regulatory Standards No. 13.

#### 4.3 Process for liquidity risk assessment

On a quarterly basis, the Finance Department formulates comprehensive budgets for operating and investment activities in light of the strategic and business plans of the Company, projects cash flows on a rolling basis to evaluate the impact on its liquidity.

#### 4.4 Results of liquidity risk assessment

The assessment indicated that all regulatory indicators of liquidity risk and cash flow stress testing pointed to sufficient liquidity to meet needs of the Company.

## **VI. Management analysis and discussions**

### **(I) Change to solvency and reasons**

As of the end of the quarter, the comprehensive and core solvency margin ratios of the Company was 395.88% and 358.53% respectively, maintaining a strong position and up by 28.3pt and 26.4pt respectively from the preceding quarter.

Of this, available capital was 3.119bn yuan, an increase of 42mn yuan from the previous quarter, mainly due to net profits of the quarter of 28mn yuan, an increase of 8mn yuan in agricultural insurance reserve for catastrophes, an increase of 3mn yuan in other comprehensive income and a decrease of 2mn yuan in non-admitted assets.

Minimum capital was 788mn yuan, decreasing by 49mn yuan from the preceding quarter. Mainly due to, in accordance with the "Notice on Optimizing the Regulatory Standards for the Solvency of Insurance Companies" (Jingui (2023) No. 5), the adjustment in measurement of the minimum capital, the reserve risk

backtracking deviation rate applies to the characteristic factor of -0.05, while the capitalization of the risk minimum capital applies to the characteristic factor of -0.1. The company's overall minimum capital decreased from the previous quarter.

## **(II) Change to liquidity risk indicators and reasons**

As of the end of the reporting quarter, cash and cash equivalents was 34.3695mn, down by 18.7857mn from 53.1552mn in the previous quarter. The decrease was mainly due to increased cash outflow for investment, which in turn reduced net cash flows from investment activities.

LCRs of the next 3 months and next 12 months under base scenarios (LCR1) were 107.29% and 103.33%, respectively.

LCR2s, or LCRs of the next 3 months and next 12 months under stress scenario (mandatory) were 112.60% and 110.12%, respectively.

LCR2s of next 3 months and next 12 months under stress scenarios (self-testing) were 187.96% and 120.94%, respectively.

LCR3s, or LCRs of the next 3 months and next 12 months under stress scenarios before asset disposal (mandatory) were 57.82% and 85.55%, respectively.

LCR3s of the next 3 months and next 12 months under stress scenarios before asset disposal (self-testing) were 102.89% and 100.02%, respectively.

The retrospective adverse deviation ratios of net cash flow from operating activities of the reporting and the previous quarters were -54.03% and -3.05%, respectively, mainly due to large discrepancies between estimated amounts and actual amounts in net funds received for reinsurance and claims pay-out under primary insurance contracts.

The net cash flow YTD was -24.9947mn yuan. The net cash flow for the previous fiscal year was -19.8750mn yuan, and that for the year earlier was 30.4126mn yuan.



### **(III) Change to IRR and reasons**

The Company was rated AAA at the IRR (differentiated supervision) by National Financial Regulation Administration (former CBIRC) for both Q1 and Q2 of 2023.

As per Solvency Regulatory Standards No.11: Integrated Risk Rating (differentiated supervision) of Solvency Regulatory Standards of Insurance Companies (II) (CBIRC [2021] No. 51), starting from Q1 2022, the IRR results will be in 4 categories, i.e., A, B, C, D, which can be further classified into AAA, AA, A, BBB, BB, and B, both by ascending order of risks.