



— FANHUA Inc. Nasdaq: FANH —

Third Quarter 2023 Earnings Call Presentation

2023/11/21

Disclaimer

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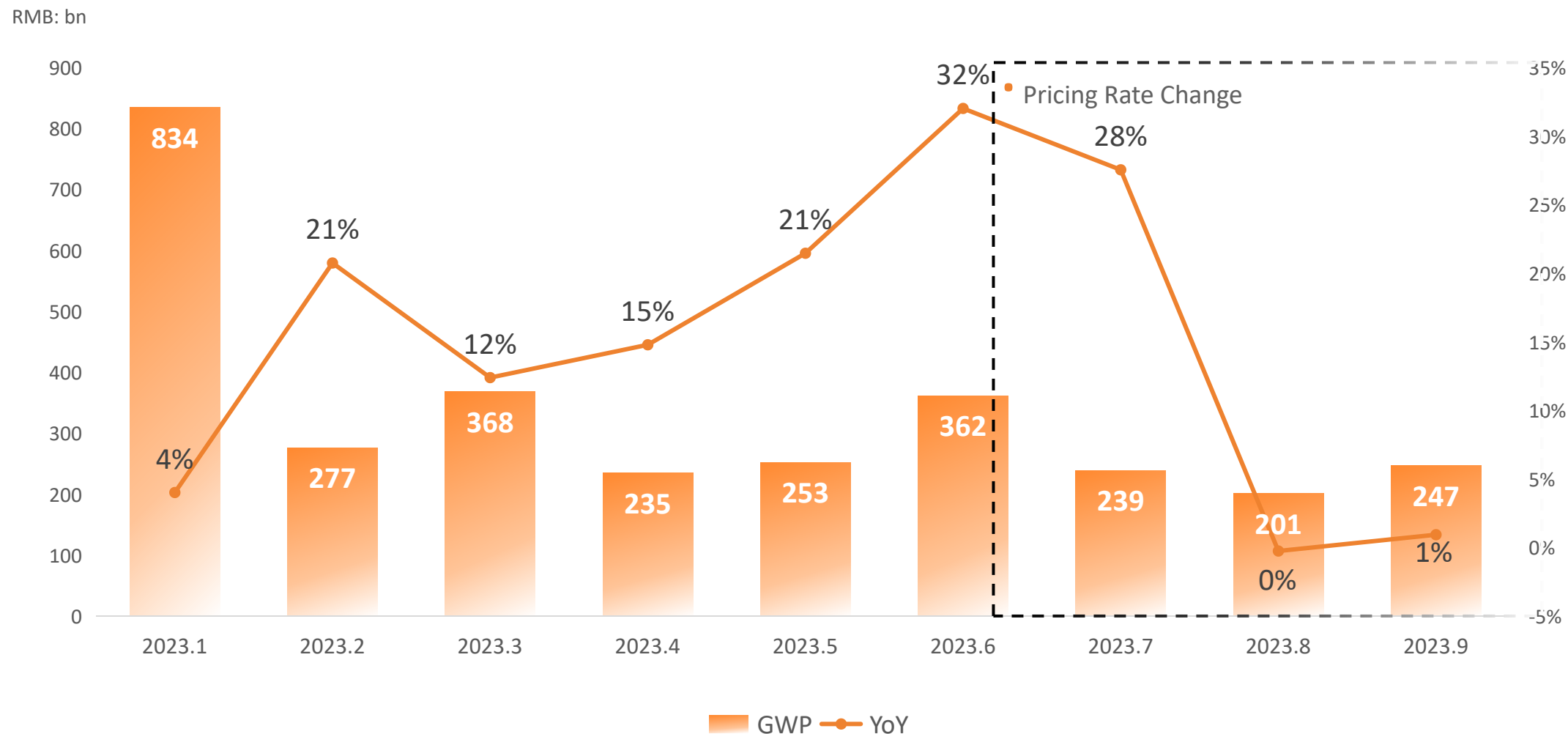
Opening Remarks

Speaker: Yinan Hu

Founder, Co-Chairman & CEO

Growth Pattern in 2023 Impacted by Regulatory Pricing Rate Change

LIFE INSURANCE INDUSTRY



Recent Major Regulatory Changes

Major Regulations Update

August 1, 2023 National Administration of Financial Regulation	<i>Assumed interest rate adjusted from 3.5% to 3.0% for traditional life insurance products and from 3% to 2.5% for participating insurance products .</i>
August 23, 2023 NAFR	<i>Notice on the Regulation of the Products from Bancassurance Channel was issued, requiring the commission fees that insurers pay to banks will need to be consistent with fees listed in the filing materials.</i>
October 17, 2023 CLS News	<i>Media report indicating the “Filing and Actual Fee Consistency” regulation might be applicable to professional agency channels at the end of 2023 or in the first quarter of 2024. The commission fees are expected to see a decrease of 50%.</i>
October 18, 2023 NAFR	<i>Notice on Strengthening Management to Promote the Stable and Healthy Development of Life Insurance Business was issued, emphasizing on a reasonable budget and the filing and actual fees consistency.</i>
October 18, 2023 Beijing, Jiangsu Financial Regulator	<i>Emphasizing the importance of consistency in fees actually paid with those as filed in agency channel.</i>
October 20, 2023 NAFR Meeting	<i>NAFR officer indicating plan to implement similar regulations targeted at individual agents and agencies</i>

Short-term Pain, Long Term Gain – Transitioning to Sustainable Higher Quality Growth

Major Trends Envisioned

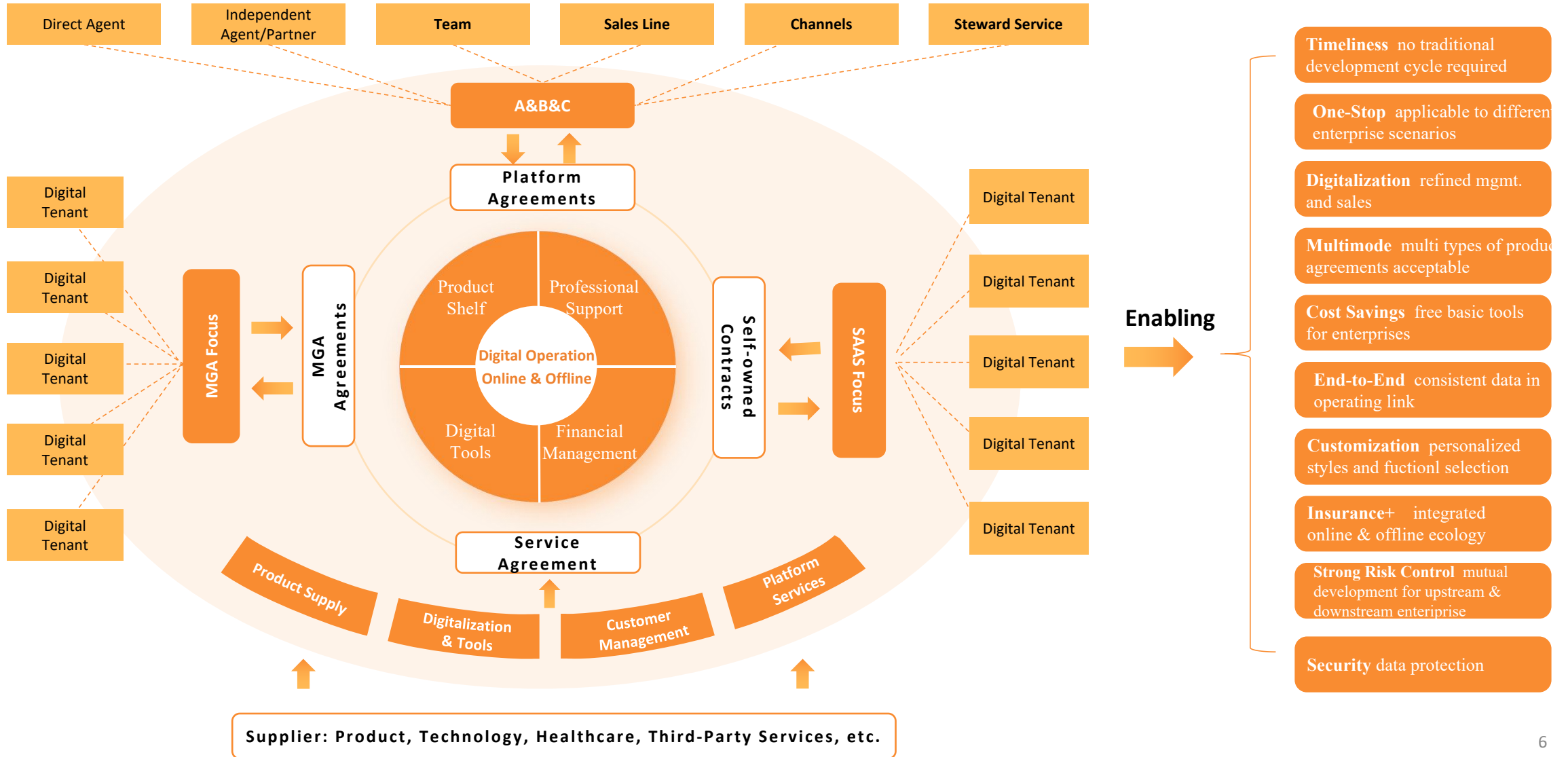
Tech and Service-
Driven

Increased Market
Concentration

Platform-based
Operations

- Future industry development moving from products/commission rate driven to predominantly led by tech and services.
- Increased market concentration expected, with companies with professional empowerment, tech, service capabilities and strong capital position in more favorable position.
- Large insurance intermediaries shifting to platform-based operations while more and more smaller firms opting to collaborate with major platforms to gain cost savings, efficiency improvement and enhance service capabilities. Industry consolidation is very likely.

FANHUA's Open Platform Strategy is Well Aligned to Benefit From Regulatory Changes

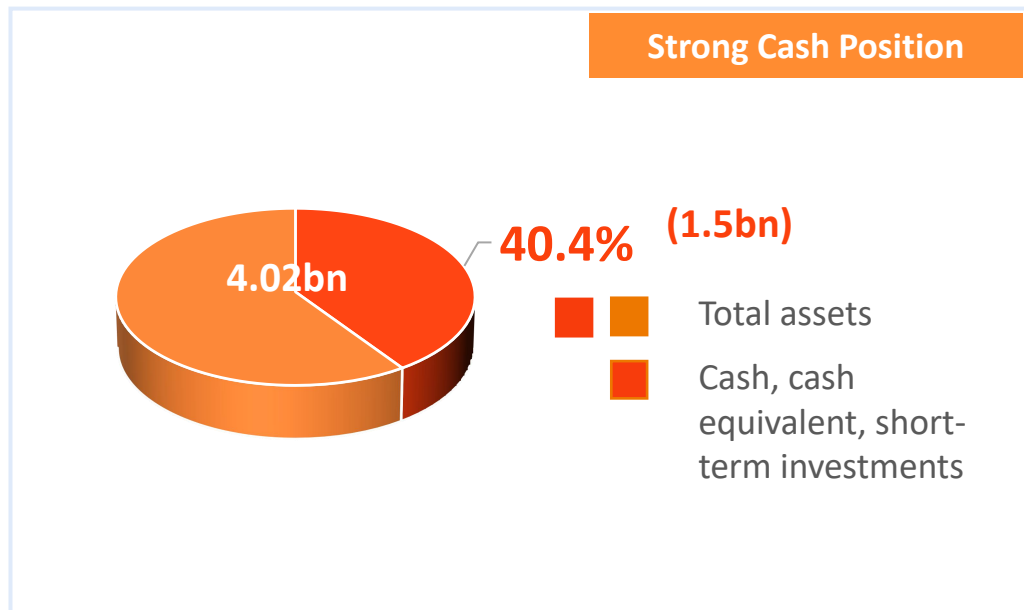
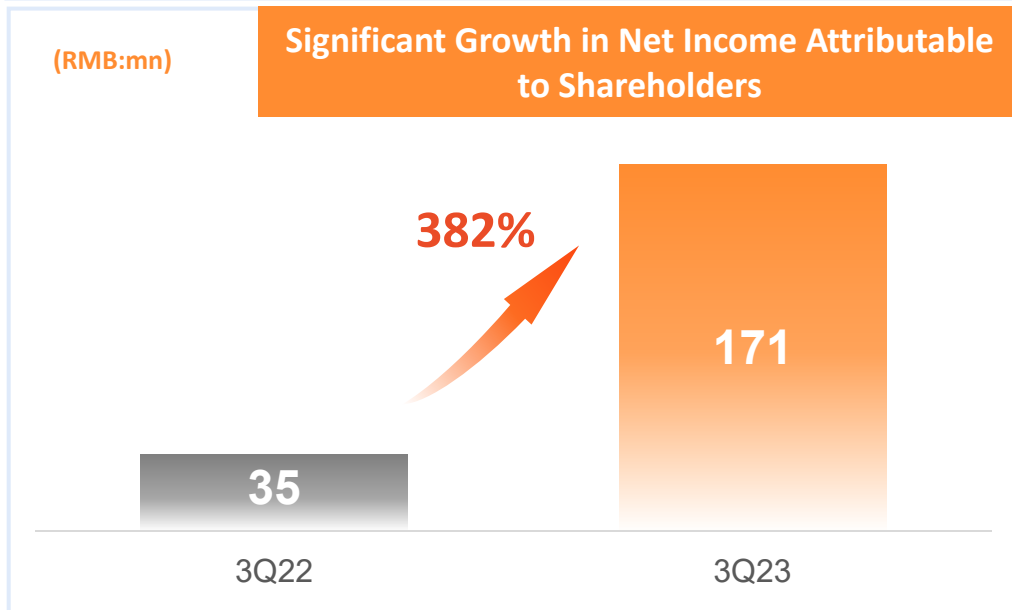
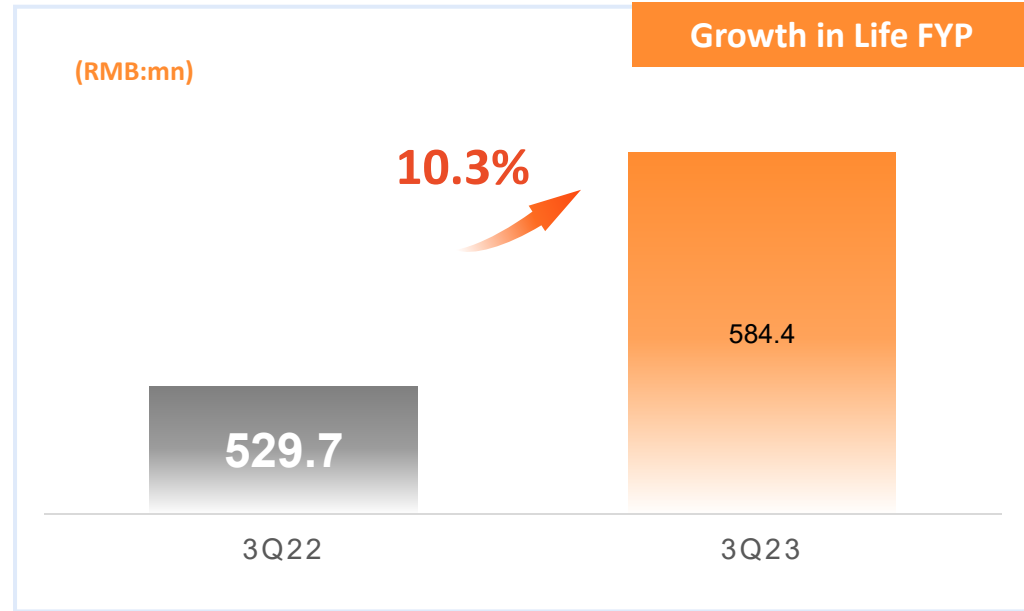
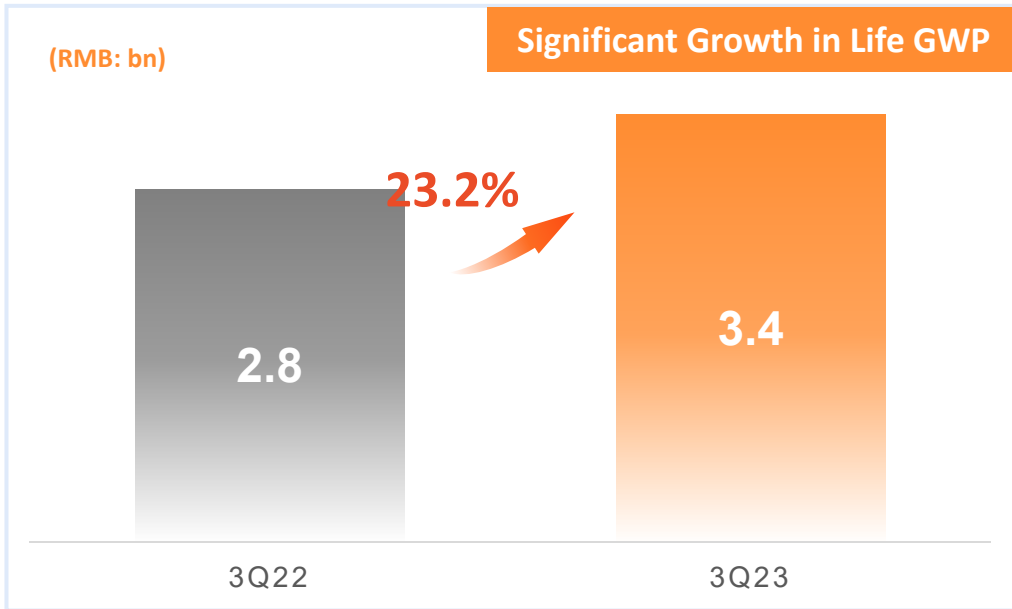


Operational Highlights of 3Q23

Speaker: Ben Lin

Co-Chairman & CSO

Solid Results Exhibiting Resilience Despite Regulatory Impact from August

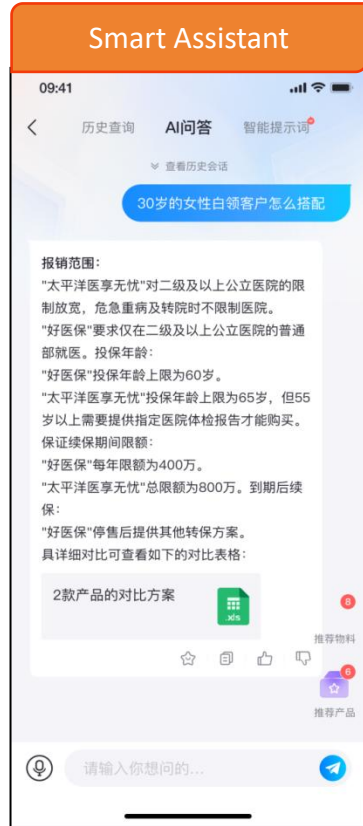


Solid Results from Execution of Core Strategy

Adoption of AI Technology and Smart Algorithms to Empower Agents



According to the user's behavioral preferences, intelligent algorithms are used to achieve content matching for thousands of people.



The ability to link multiple large models provides marketers with insurance knowledge Q&A, product liability brain maps, intelligent recommendations, and article creation.



Intelligent human creation + low-cost, high-quality customized digital Avantar IP helps sales agents quickly produce and push videos through content production and intelligent rewriting .



Support internal and external customer resource management, intelligently assign customers to appropriate sales agents through intelligent allocation, directional allocation and activity allocation.

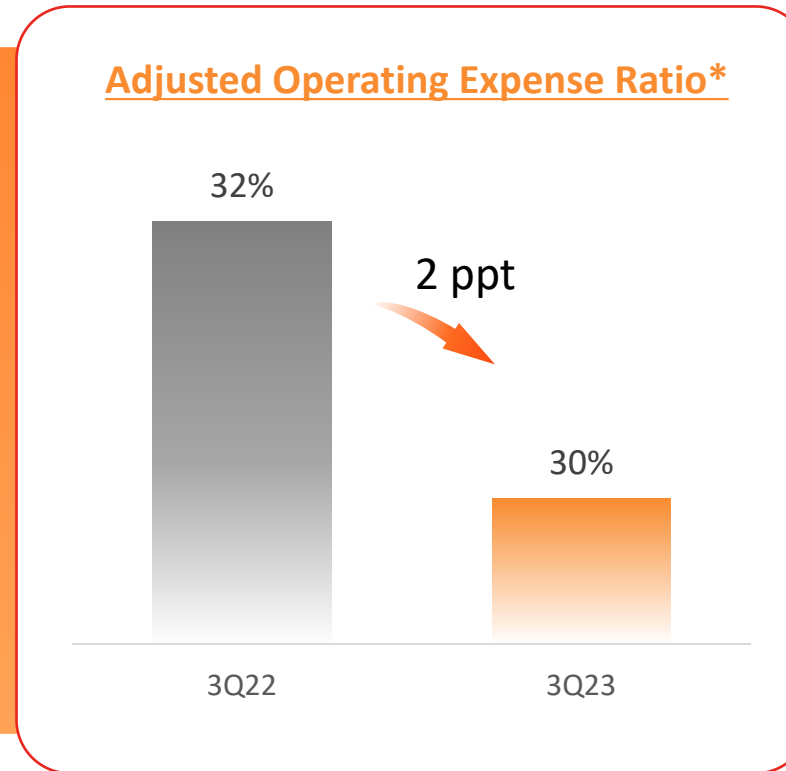
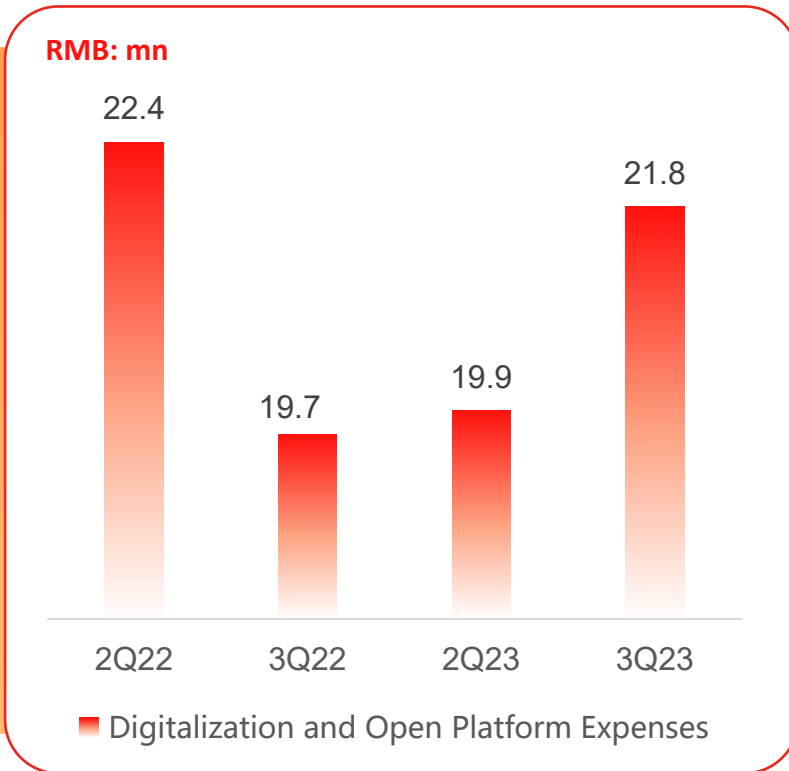


Targeted and personalized automatic operation strategies for different groups of people and different scenarios based on tags and behaviors

Solid Results from Execution of Core Strategy

Digitalisation Bringing Substantial Cost Reduction and Efficiency Improvement

Decrease in adjusted OER Despite Increase in IT Expenses

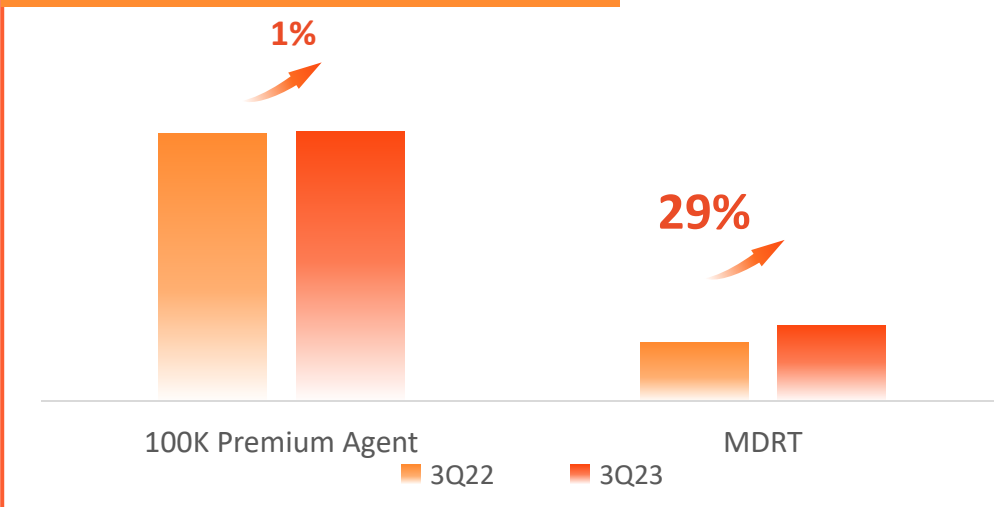


*Adjusted operating expense ratio is defined as selling expenses and G&A expenses minus amortization of intangible assets and share-based compensation expenses as a percentage of net revenues.

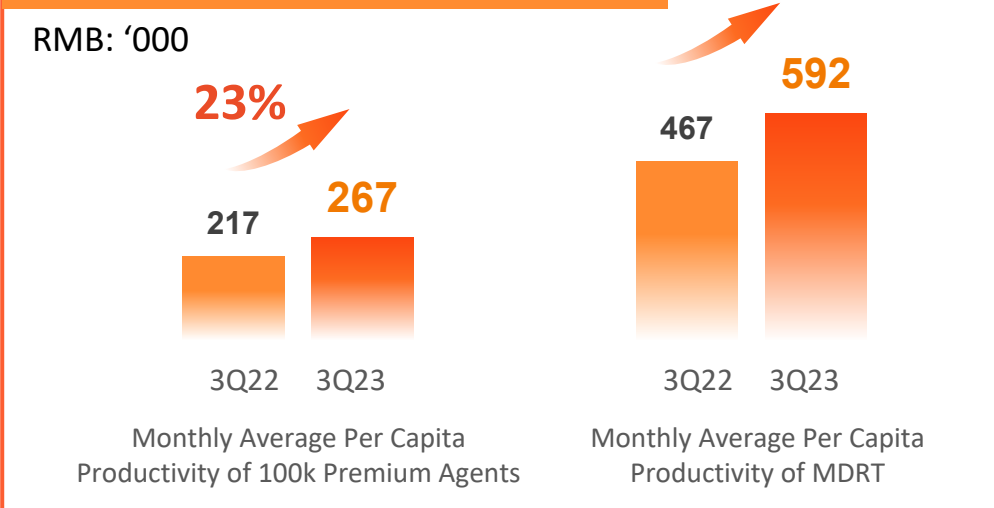
Solid Results from Execution of Core Strategy

Consistent Improvement in Advisor Quality

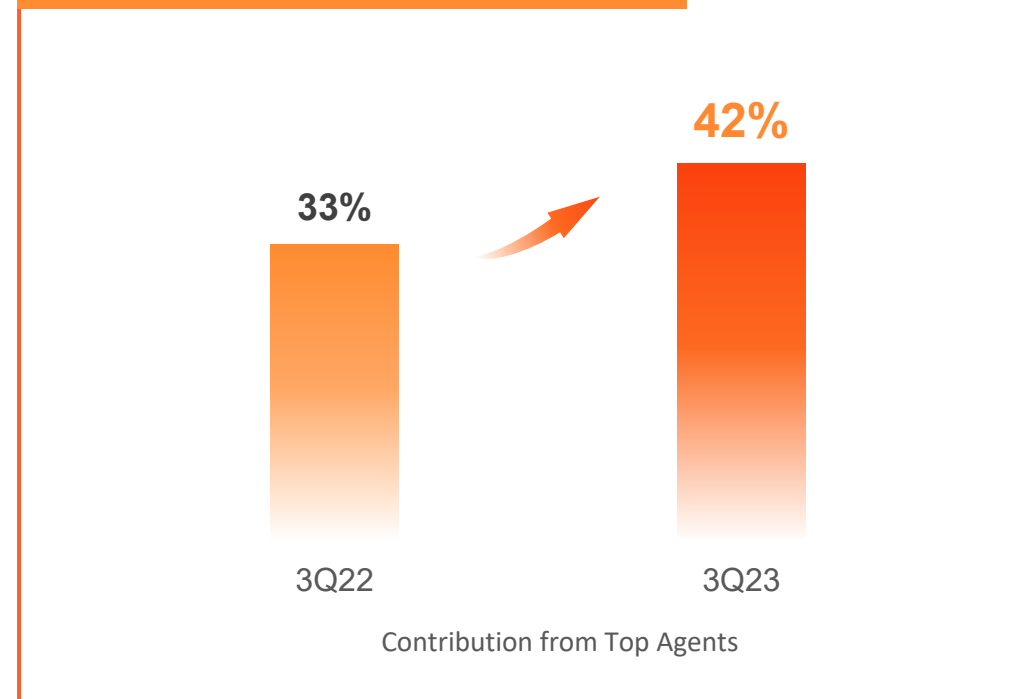
Steady Growth in No. of Top Agents



Increased Productivity from Top Agents




Increased Contribution from Top Agents

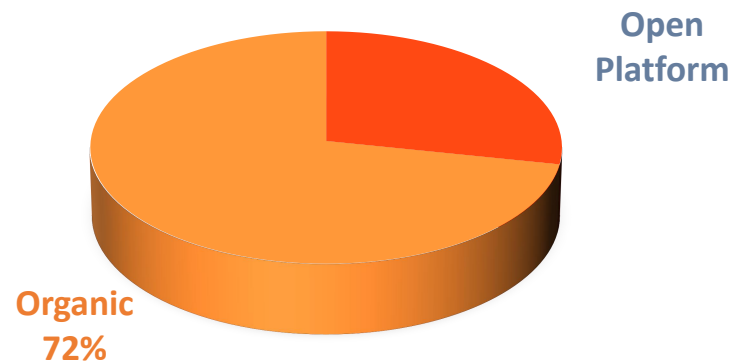


Solid Results from Execution of Core Strategy

Growing Contribution from Open Platform Strategy

	Connected Channels	FYP Generated
 Open Platform	FH Cloud Service	RMB165.6 mn
	ZhongRong Smart Finance	

Total Life FYP Mix



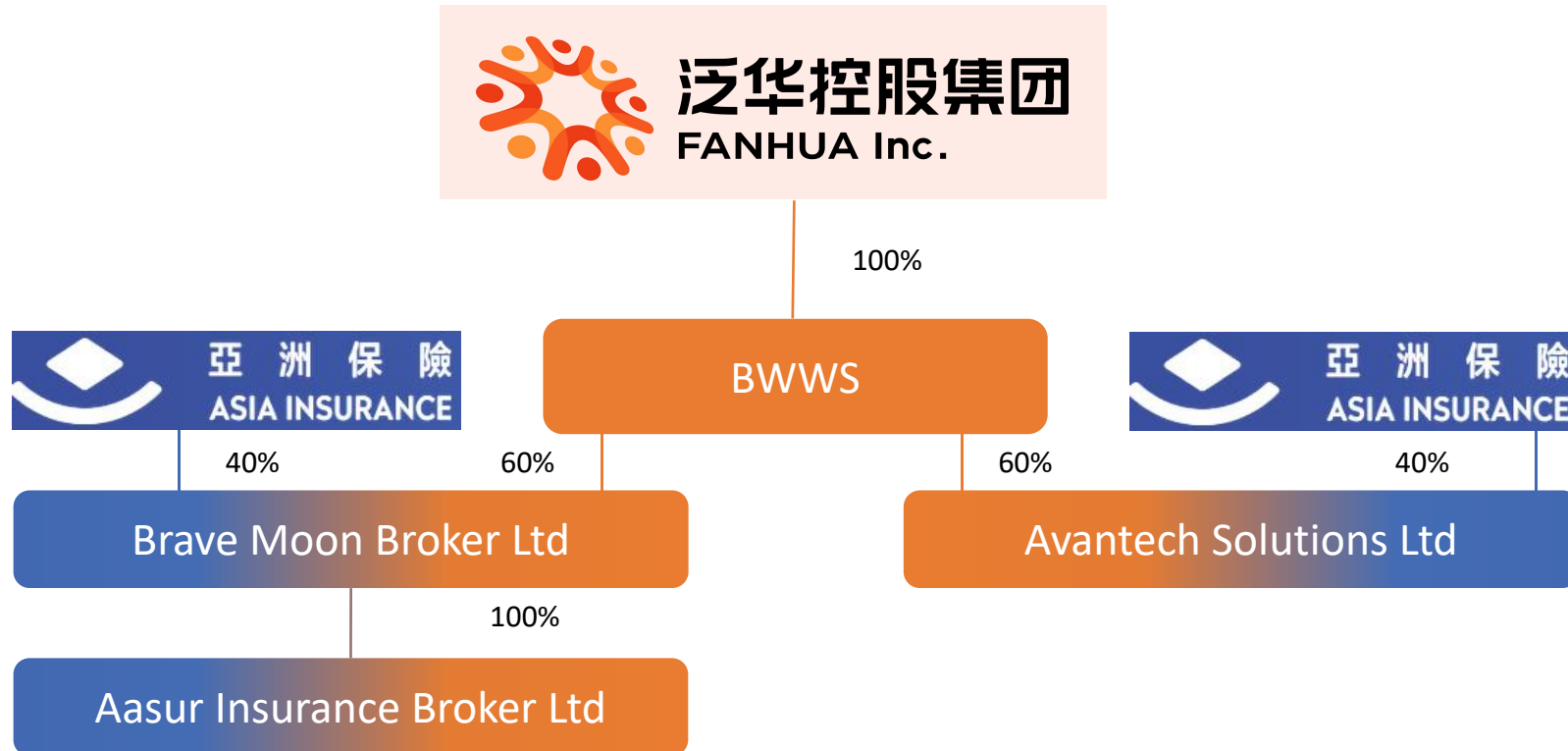
*Organic FYP refers to FYP contributed by our existing agencies excluding short term premiums generated by Baowang

**Open Platform FYP refers to FYP contributed by three newly acquired entities and third party entities using our platform

International Expansion – A New Pillar to Our Growth Strategy

Strategic Partnership with Asia Insurance on JV

- FANHUA formed two joint ventures with a 60% ownership stake in each with Asia Insurance.
 - A life insurance brokerage company – Aasur Insurance Broker limited** - aiming at exploring Hong Kong insurance business.
 - An insurance technology company – Avantech Solutions Limited** - aiming at implementing FANHUA's IT platform strategy in Hong Kong and the rest of Asia and promoting IT development for Hong Kong insurance industry with Asia Insurance.



Q&A