

Fanhua Inc.

(Nasdaq: FANH)

Second Quarter and First Half 2021 Earnings Release Conference Call



泛华金控
Fanhua Inc.



The resurgences of COVID-19 have brought far-reaching impact on China's economy and business activities, directly or indirectly hurting consumer confidence and purchasing power of middle-class families.

There is tremendous room waiting to be explored in China's life insurance market in the long run, and that professional insurance intermediaries, as an important insurance distribution force, still enjoy huge growth potential.

The demand of Chinese middle-class families for commercial pension insurance and long-term annuity is expected to continue to grow, and thus opens up a huge blue ocean market.

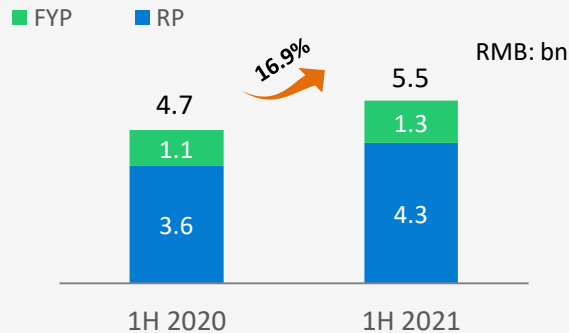
With our strategy of "Professionalization, Digitalization and Open Platform", Fanhua is well positioned to capturing the new opportunities emerging from the market changes.

2 Financial Highlights: 1H2021

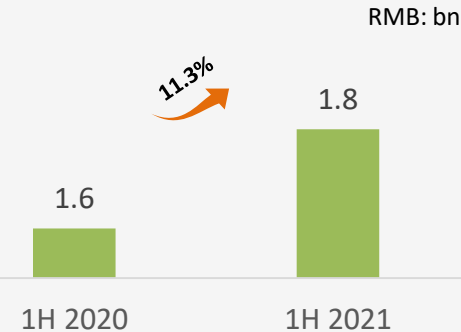


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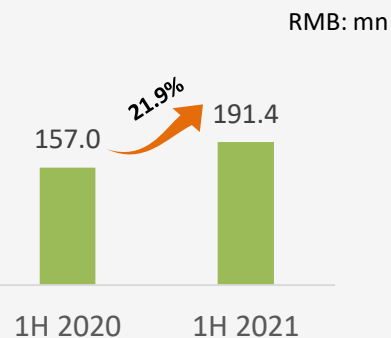
GWP of Regular Life Insurance



Total Net Revenues



Operating Income



Diluted Net Income per ADS



1H 2020: USD**0.38**
1H 2021: USD**0.59**

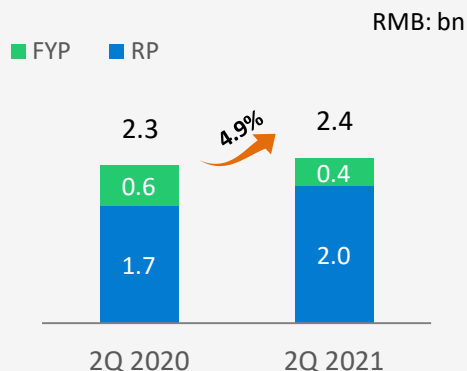
Professionalization | Digitalization | Open Platform

2 Financial Highlights: Q2 2021



泛华金控
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GWP of Regular Life Insurance



Total Net Revenues



2Q 2020: RMB**881.5** mn
2Q 2021: RMB**689.9** mn

Operating Income



2Q 2020: RMB**96.9** mn
2Q 2021: RMB**51.0** mn

Diluted Net Income per ADS



2Q 2020: USD**0.26**
2Q 2021: USD**0.19**

Cash, cash equivalents and short-term investments



As of 2021.6.30: RMB**1.4** bn

Dividend Yield



As of 2021.8.20: **7.1%**

Professionalization | Digitalization | Open Platform



Professionalization



- ☐ Establishment of 14 Yuntong branches approved, of which 9 of them preparing for opening
- ☐ Over 100 Yuntong advisors passed interviews

Digitalization



- ☐ Three major digital tools rolled out in Q2 2021: Digital Asset Management Platform, RONS Digital Operating Platform(DOP) and Rons Guanjia
- ☐ New digital tools applied in Hebei Province on a pilot basis since May: ~8000 agents installing our WeCom, >2000 registering as digital asset originators, and connecting to > 40,000 clients via WeCom
- ☐ To widely roll out digital tools among our frontline sales force and promote WeCom-based online chatgroup operation to digitalize offline operation



Digital Asset Management Platform

A platform that clarifies role partition for participants involved in a transaction cycle. Agents who are register as digital asset originators will be entitled to a share of the benefits from the customers that they registered as their digital assets according to the role that they play in the transaction.



RONS Digital Operating Platform(DOP)

A platform aiming at empowering agents throughout the whole transaction cycle from customer acquisition, engagement, relationship maintenance to services by providing agents access to various technology and content to support multi-scenario marketing and helping them gain customer insights through behavior tracking and automated labelling.



Rons Guanjia

A comprehensive family asset allocation and management platform for individual customers, featuring policy inquiry, after-sales service, policy custody, asset custody, risk assessment and family protection management, and a main vehicle for customers to directly engage with their Guanjia (service representatives) for exclusive services.





- **2021 Operating Strategy:** Accelerating pace to implement new strategic priorities while ramping up sales in the last quarter to achieve full-year target and gearing up for Jumpstart Sales Campaign for 2022
- **2021 Operating Target:**
 - **Third Quarter of 2021**
 - ✓ Quarter-over-quarter growth in new policy sales
 - ✓ Operating Income: no less than **RMB25.0 million**
 - **Second Half of 2021**
 - ✓ Operating Income: no less than **RMB100 million**
 - **Full Year of 2021**
 - ✓ Operating Income: no less than **RMB300 million**



Accumulative cash dividend exceeded RMB1.2 billion for 16 consecutive quarters



Second Quarter of 2021

- Amount: US\$0.15/ADS
- Record Date: September 7, 2021
- Payment Date: September 23, 2021



Fanhua has been one of the top 20 global insurance brokers ranked by A. M. Best Company for the sixth consecutive year.

2020	2019	Broker	2020 Total Revenue
1	1	Marsh McLennan	\$17.20 billion
2	2	Aon plc	\$11.07 billion
3	3	Willis Towers Watson	\$9.35 billion
4	4	Arthur J. Gallagher & Co.	\$6.00 billion
5	5	Hub International	\$2.70 billion
6	6	Brown & Brown Inc.	\$2.61 billion
7	7	Truist Insurance Holdings Inc.	\$2.44 billion
8	8	Lockton Inc.	\$2.10 billion
9	9	Acrisure LLC	\$2.04 billion
10	10	USI Insurance Services LLC	\$1.98 billion
11	11	Alliant Insurance Services Inc.	\$1.80 billion
12	13	AssuredPartners Inc.	\$1.71 billion
13	12	NFP Corp.	\$1.60 billion
14	14	Amwins Group Inc.	\$1.50 billion
15	16	Howden Group Holdings*	\$991.0 million
16	17	The Ardonagh Group	\$973.4 million
17	15	CBIZ Inc.	\$963.9 million
18	18	EPIC Insurance Brokers & Co	\$725.5 million
19	n/a	Confie	\$507.3 million
20	20	Fanhua Inc.	\$500.9 million