



新華人壽保險股份有限公司
New China Life Insurance Company Ltd.

New China Life Insurance Co., Ltd 2011 Annual Results Announcement



March 2012

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Agenda

1	Overview
2	Operating results and highlights
3	Financial overview
4	Actuarial performance
5	Strategy and outlook

Overview

In 2011, the world economy witnessed complicated uncertainties. In the domestic market, the uncertainties in macro-economic policies and fluctuation of capital markets affected the development of the life insurance industry. Along with the promulgation of more stringent regulations and further implementation of new bancassurance regulations, the insurance sector was confronted with business transformation. As such, market participants faced increasing competitions and new challenges

2011 was a transformational year for NCI. As a large life insurance company in the PRC, we have been focusing on providing full-service life insurance business. With a customer-centric strategy, we seek to maintain the sustained and stable growth of our existing business, continue reform and innovation, insist on value, and return to the essentials of life insurance. With dedication and efforts of the whole Company, we have achieved compliance in our operations and constant improvement in business quality, at the same time, continued to expand its market share and consolidated top three market position

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Results highlights



1

Consolidated top three market position with increased market share of 9.9%

2

Insisted on value with improved business mix

3

Proactively adjusted asset allocation and maintained a prudent investment strategy

4

Continued to improve management and operating efficiency

Continued premiums growth

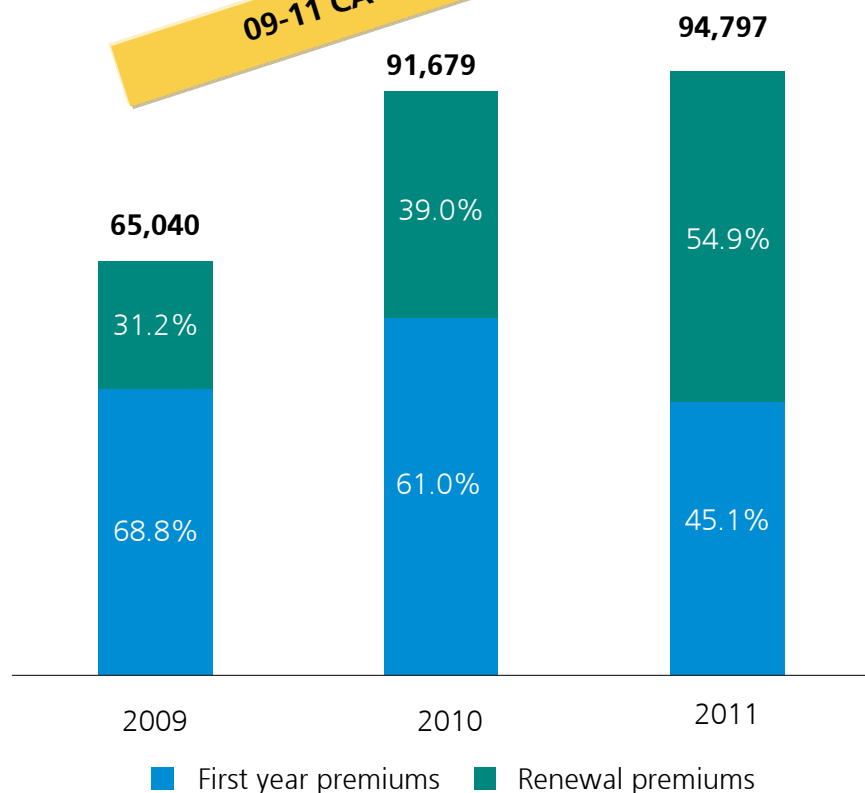
— Consolidated top three market position with increased market share

Gross written premiums ("GWP")

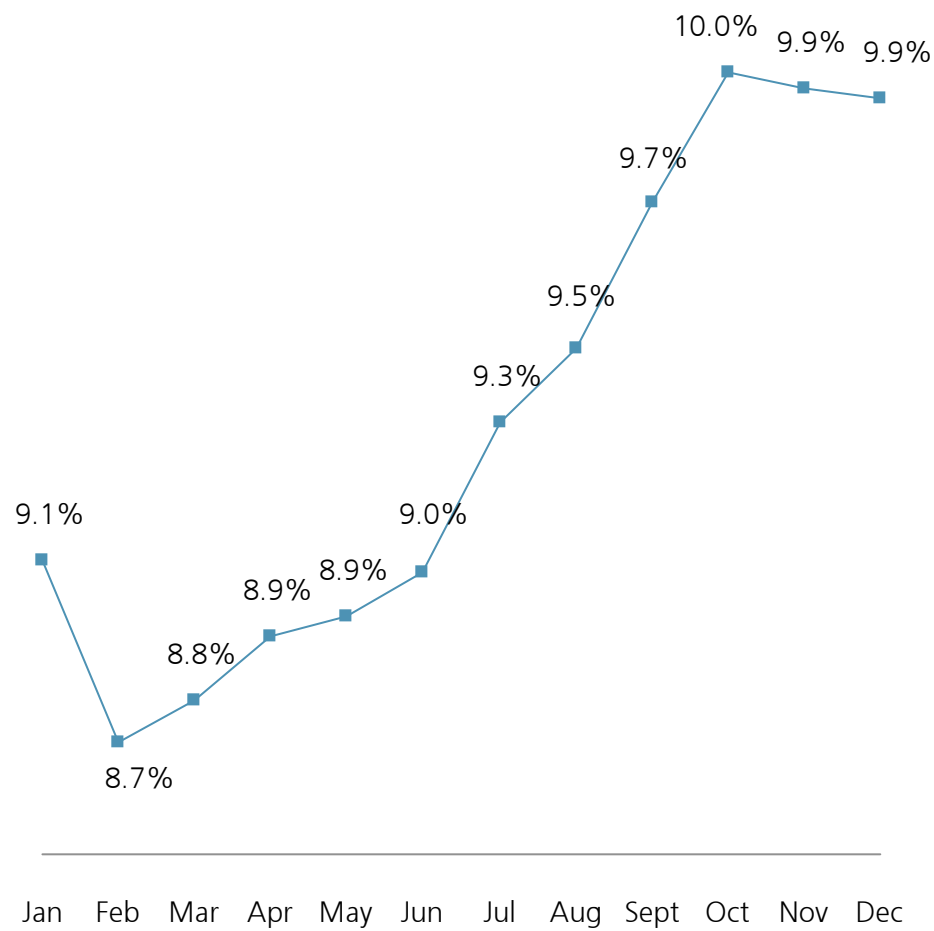
(RMB million)

NCI ranking¹: **5** **3** **3**
 Market share¹: **8.2%** **8.9%** **9.9%**

09-11 CAGR: 20.7%



Trend of market share in 2011¹



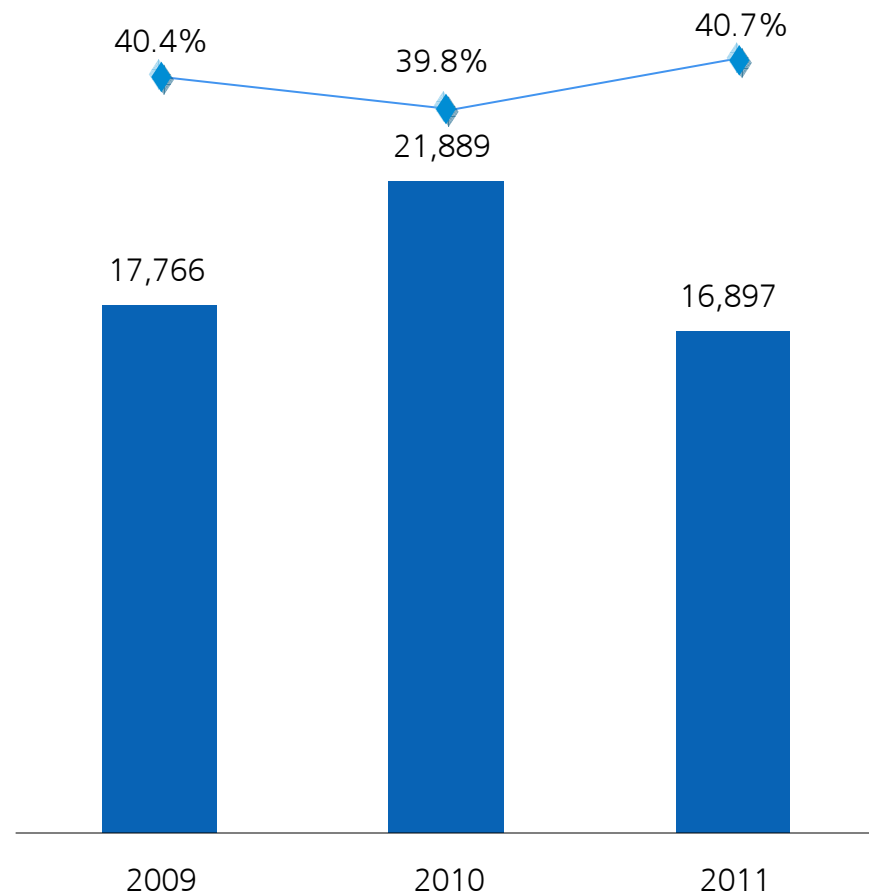
Notes: 1. Market share and ranking based on CIRC

Continued premiums growth

— Improved business mix with higher proportion of regular premiums

Contribution of first year regular premiums

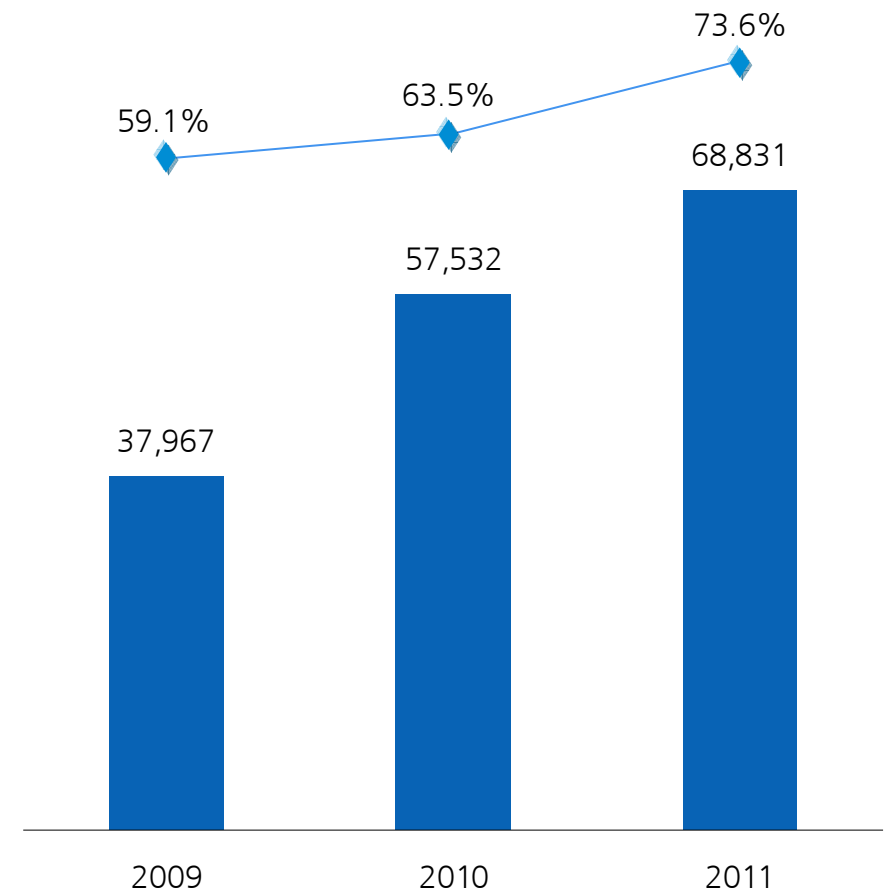
(RMB million)



■ Individual insurance first year regular premiums
— % of individual insurance FYP

Contribution of total regular premiums¹

(RMB million)



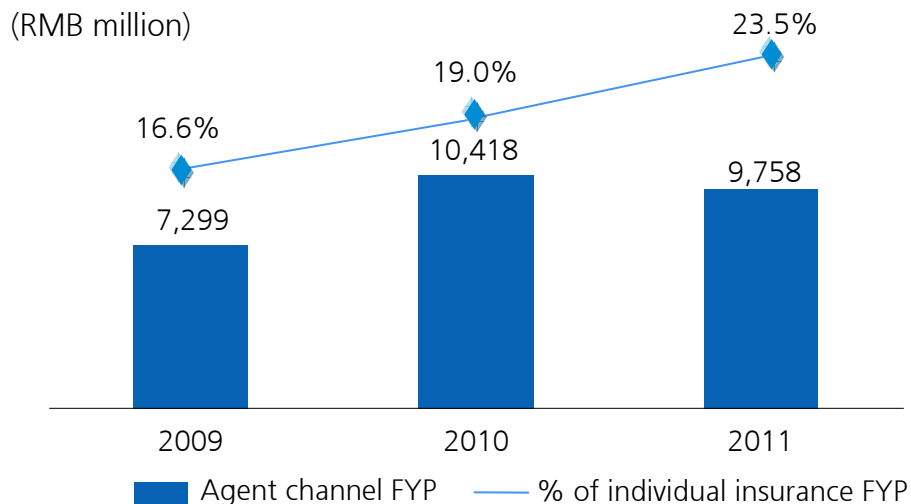
■ Total regular premiums¹
— % of individual insurance GWP

Note: 1. Total regular premiums include individual insurance first year regular premiums and renewal premiums

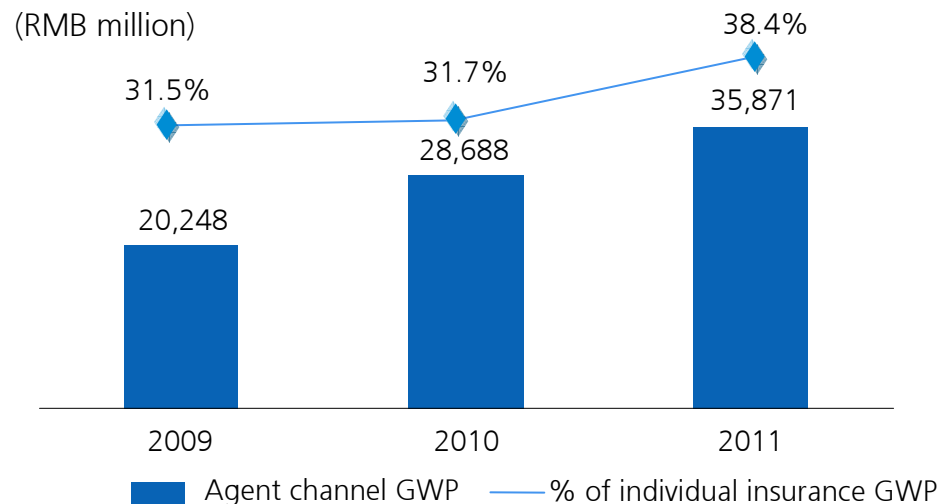
Insurance agent channel

— Insisted on value-driven model, focused on building agent channel

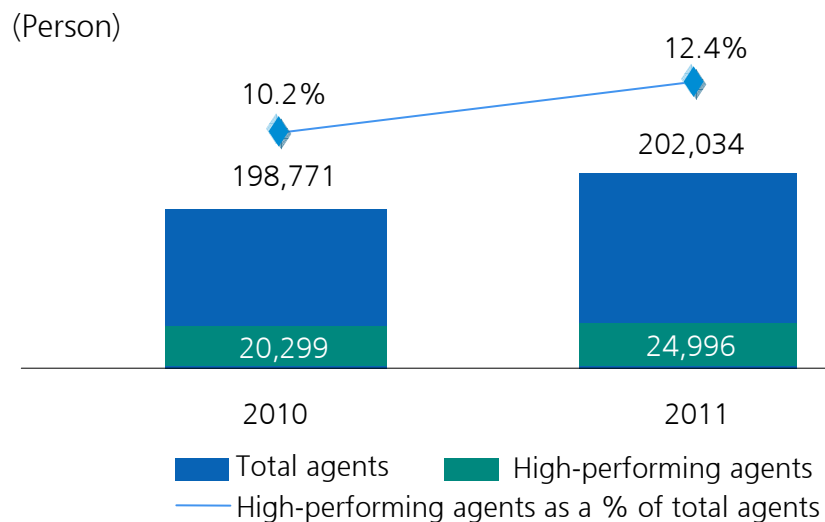
FYP from agent channel



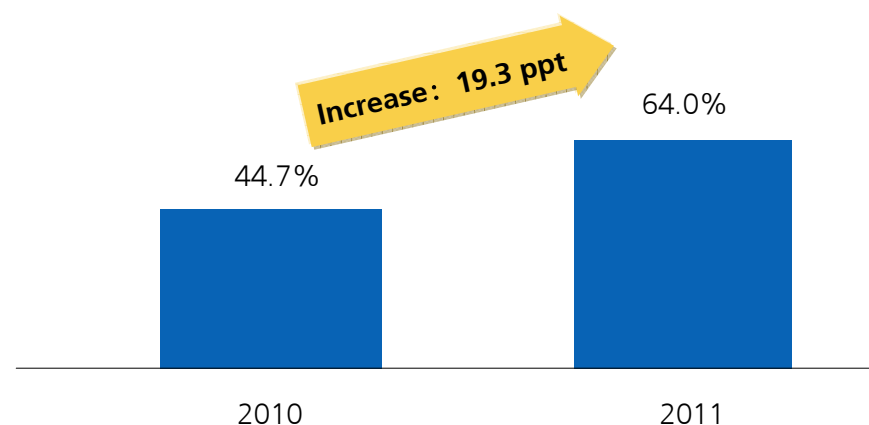
GWP from agent channel



Insurance agents



Contribution of regular premiums with 10-year payment period or above¹



Note: 1. As % of FYP from agent channel

Bancassurance channel

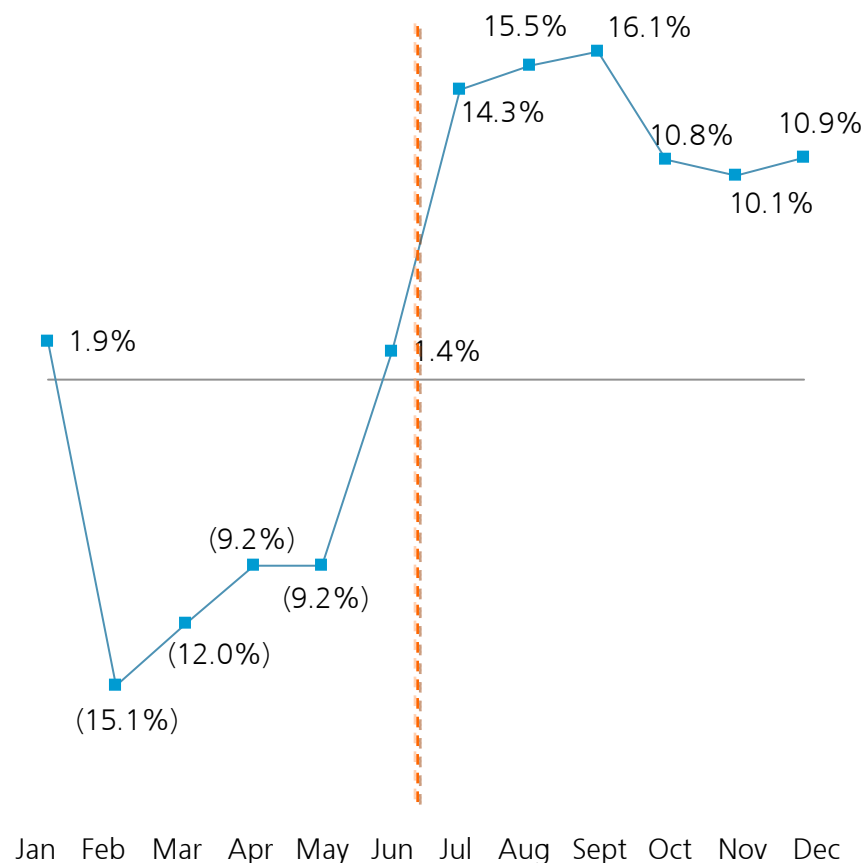
— Strong rebound in GWP in 2H11 as a result of our effective measures

2011 was a difficult year for bancassurance. NCI implemented multiple strategies to turn around the downward trend of premiums

- 1 Identify important partner banks and enhance the relationships with their respective headquarters
- 2 Enhance the management of effective outlets, enhance the training of bank counter staff, build a highly capable and elite team with strong capabilities in maintaining relationships with banks outlet, training and customer management
- 3 Build an experienced group of trainers and enhance the quality of our services

Note: 1. NCI's monthly gross premium income figures for 2011 were based on data published by the CIRC, which have been adjusted in accordance with Interpretation No.2. NCI did not publish monthly gross premium income figures adjusted in accordance with Interpretation No.2 in 2010. However, the difference between the gross premium income figures prior to and after Interpretation No.2 were relatively small for NCI. Hence, NCI's monthly gross premium income figures prior to adjustments made in accordance with Interpretation No.2 as disclosed by CIRC were used in its year-on-year growth rate calculations

2011 monthly YoY premiums growth¹



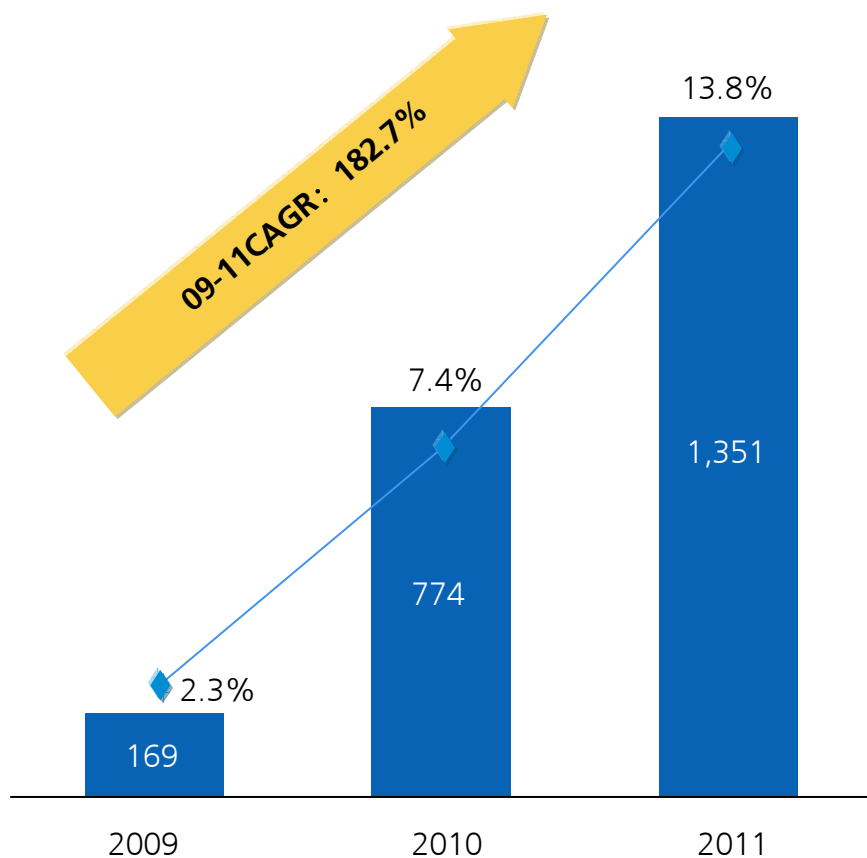
Benefiting from the above strategies and the continued growth of renewal premiums, we achieved significant YoY growth of gross premiums in 2H11

Innovative channels

— Achieved breakthrough in our channel innovation

FYP from renewal team

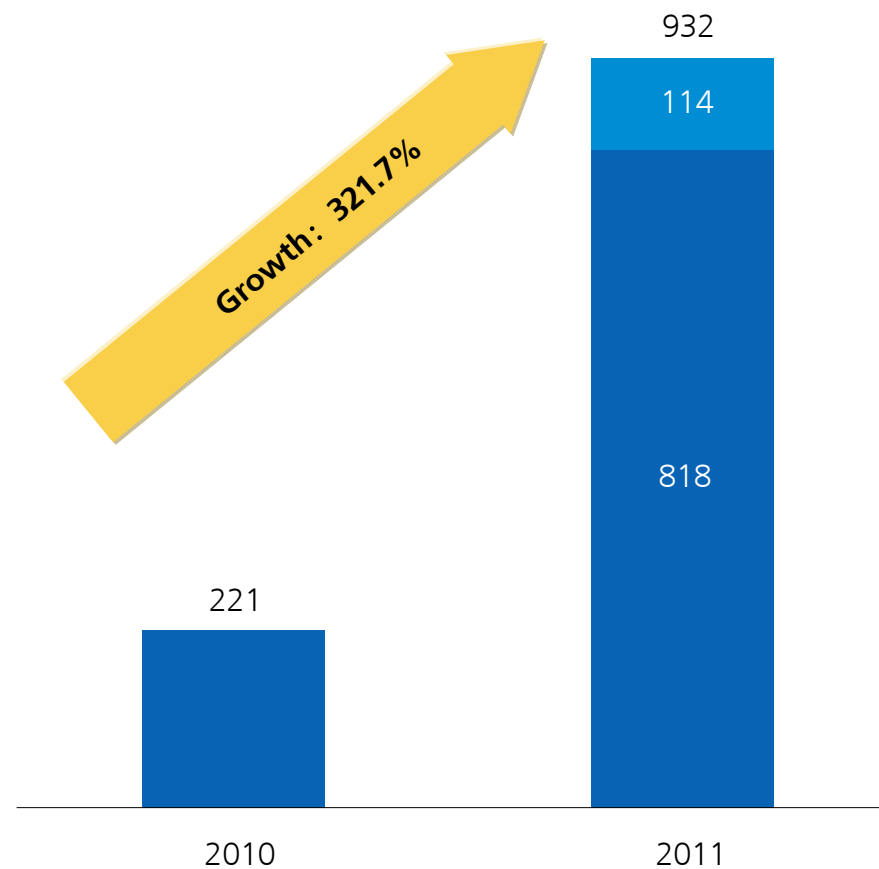
(RMB million)



■ FYP from renewal team — % of agent channel FYP

GWP from WM channel¹

(RMB million)



■ FYP ■ Renewal premiums

Note:

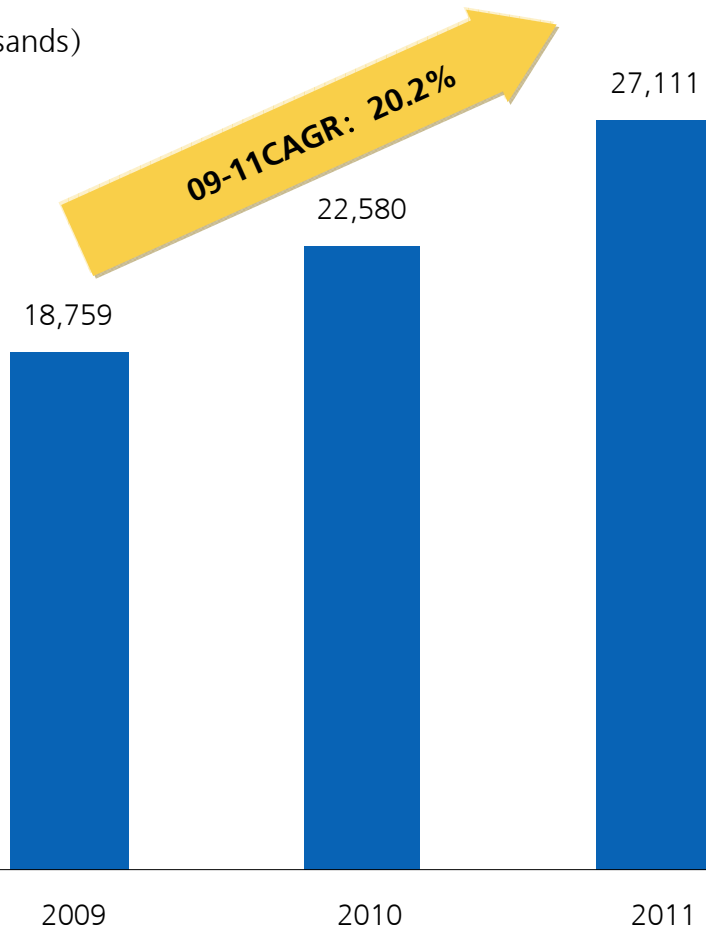
1. NCI's wealth management channel was established in April 2010

Customer base and service quality

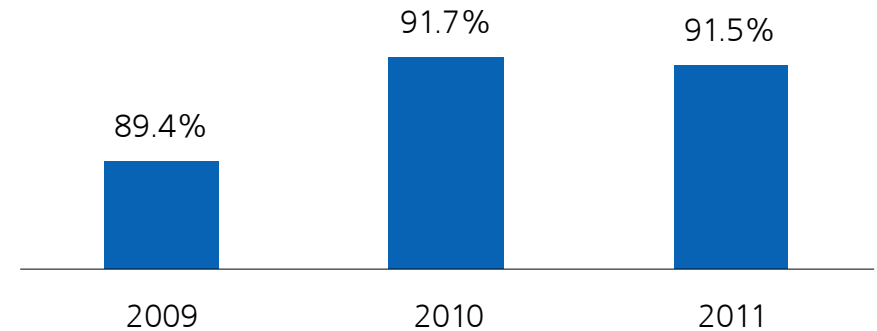
— Customer base grew rapidly, and persistency ratios improved steadily

Total customers

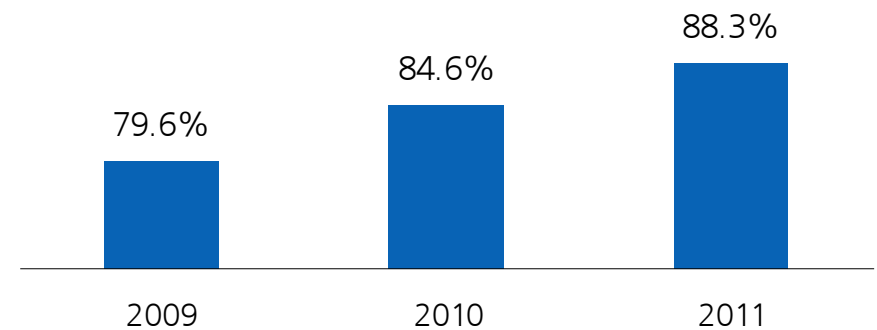
(Thousands)



13-month persistency ratio



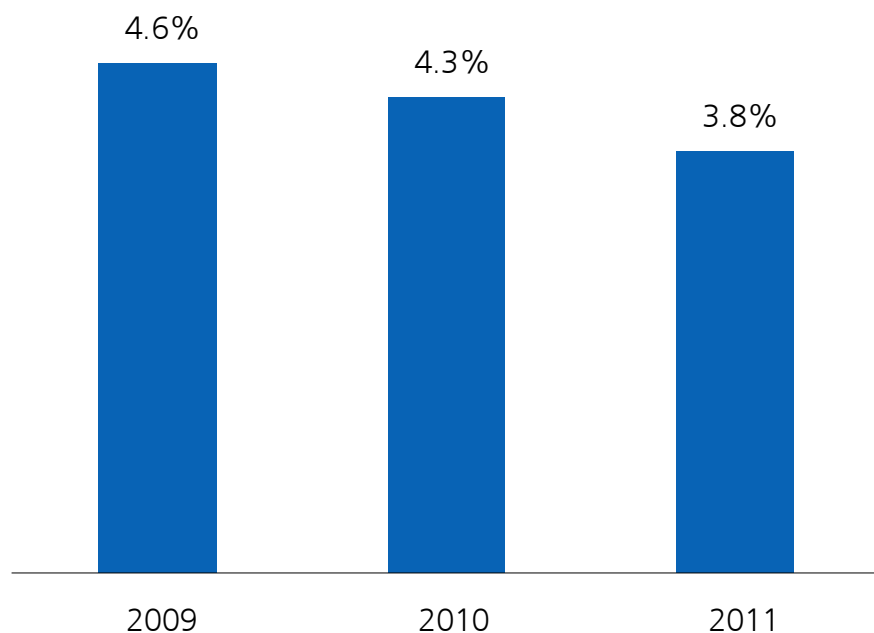
25-month persistency ratio



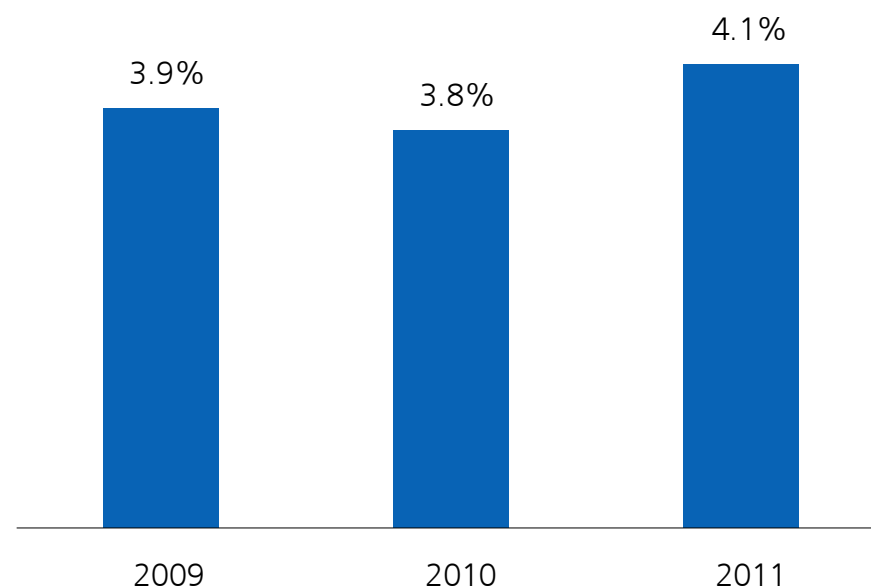
Investment strategies and performance

— maintained a prudent investment strategy, enhanced fund management capabilities

Total investment yield^{1,3}



Net investment yield^{2,3}



Note:

1. Total investment income = net investment income + spread income from investment assets trading + gain /(losses) arising from fair value changes + impairment loss of investment assets
2. Net investment income includes interest income from cash and cash equivalents, term deposits, debt securities and other investment assets, and dividend income from equity securities
3. Investment yield = investment income / [(investment assets at the beginning of the period + investment assets at the end of the period)/2]








Further improved management and operating efficiency

- 1 Adopted total budget control, continued to improve efficiency of resource utilization
- 2 Established a comprehensive risk management system, improved internal control framework
- 3 Established a value management concept, upgraded and optimized our product framework
- 4 Improved our back-office system and effectively enhanced operating efficiency
- 5 Improved fund management capabilities, achieved timely disclosure of financial information
- 6 Continued to grow our staff team, improved compensation and performance management
- 7 Further improved IT support capabilities
- 8 Continued to build on corporate culture, and improved the NCI brand name

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Key operating metrics

Unit: RMB million	2011	2010	Changes (%)	
GWP	94,797	91,679		3.4%
Market share	9.9%	8.9%		1.0 ppt
Net profit attributable to shareholders	2,799	2,249		24.5%
Basic EPS (RMB)	1.24	1.87		(33.7%)
Net asset per share (RMB)	10.04	5.47		83.5%
Dividend per share (RMB)¹	0.09	0.00		n.m.
Return on weighted average equity	16.8%	41.6%		24.8 ppt

Note: 1. Dividend per share pending formal approval from the general meeting

Investment performance

— Proactively adjust asset allocation centered on insurance liability management

	2011	2010	Changes (%)
Term deposits	32.9%	18.9%	 14.0%
Debt securities	50.9%	56.2%	 5.3%
Equity securities	7.8%	13.3%	 5.5%
Cash and cash equivalents	5.6%	9.3%	 3.7%
Other investments ¹	2.8%	2.3%	 0.5%

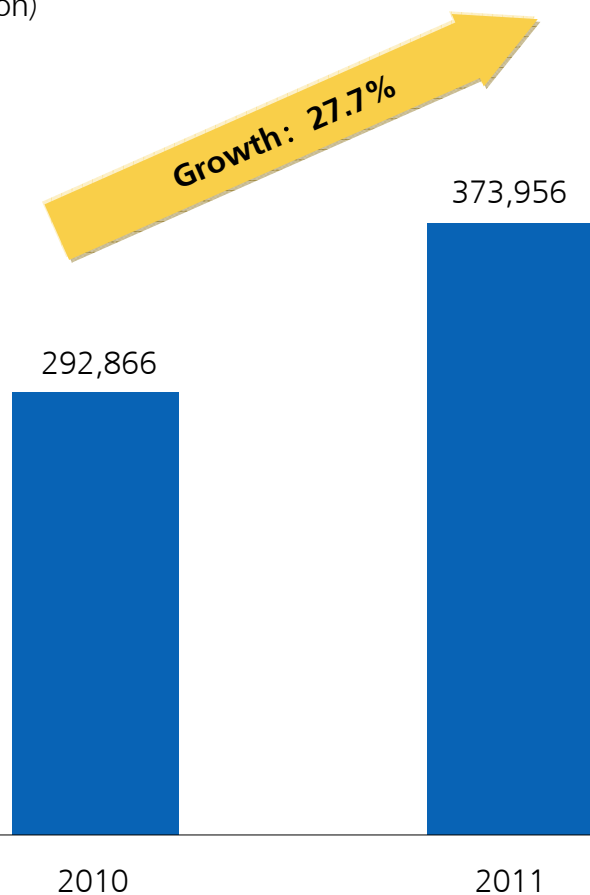
Note: 1. Other investments include statutory deposits, policy loans, financial assets purchased under agreements to resell and accrued investment income

Investment performance

— Steady increase in both investment assets and investment income

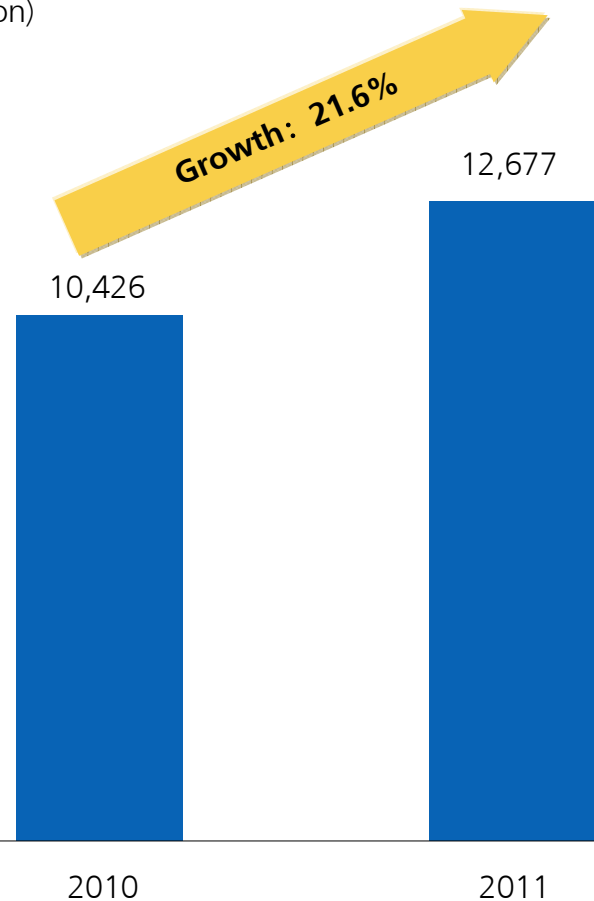
Investment assets

(RMB million)



Total investment income

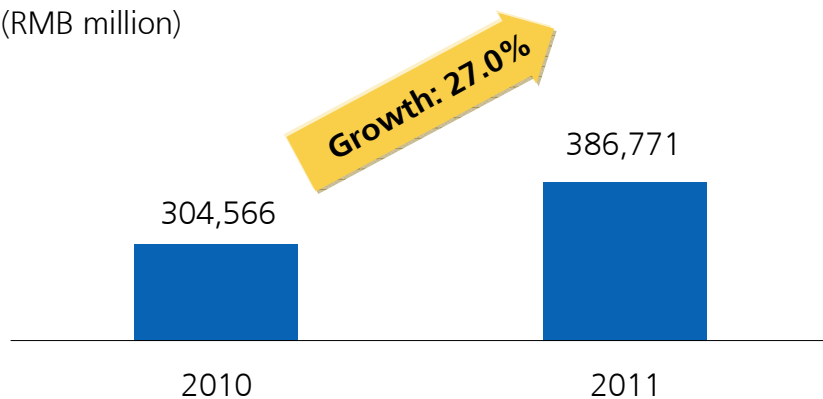
(RMB million)



Financial position

Total assets

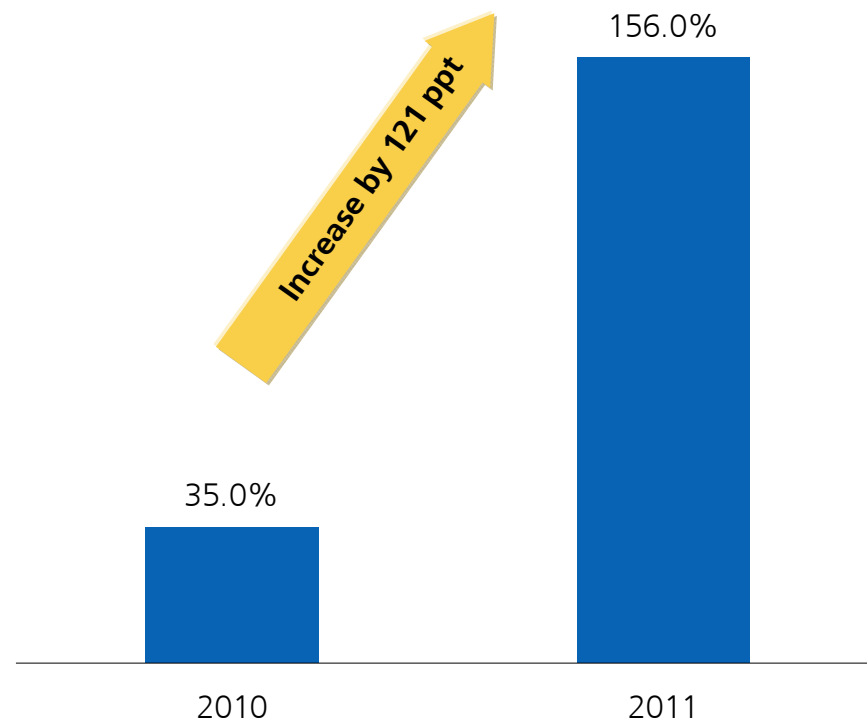
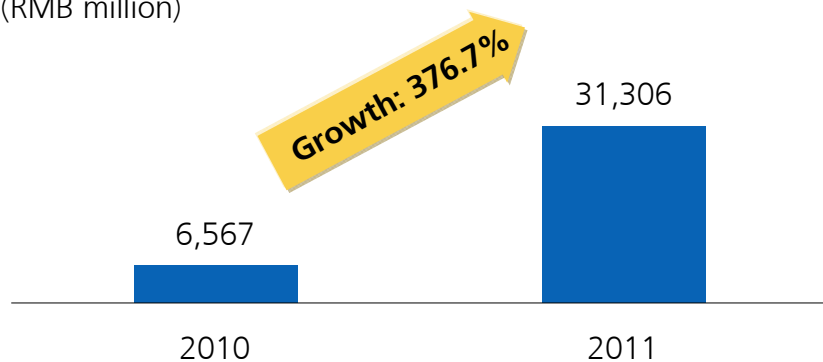
(RMB million)



Solvency margin ratio

Equity attributable to shareholders

(RMB million)

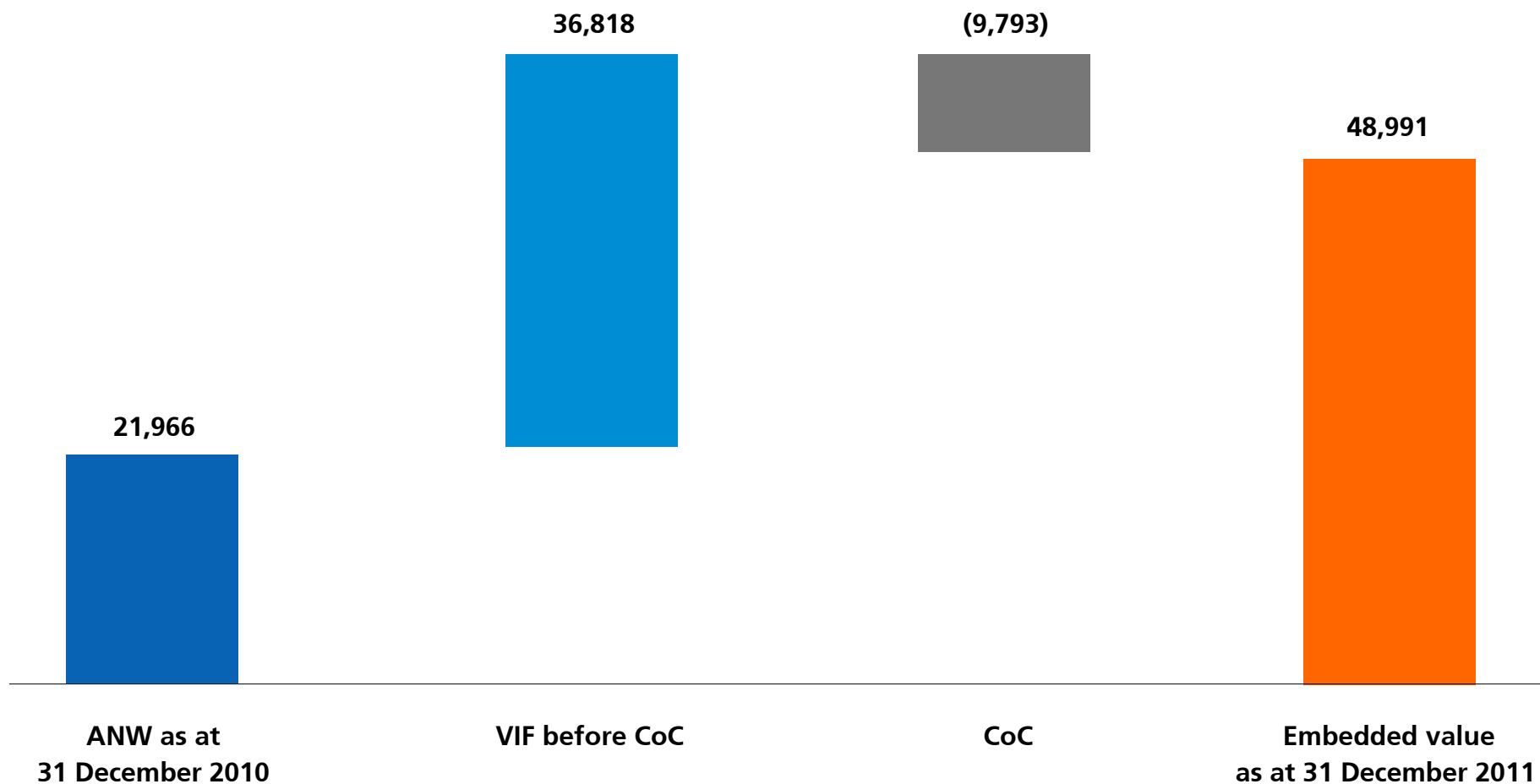


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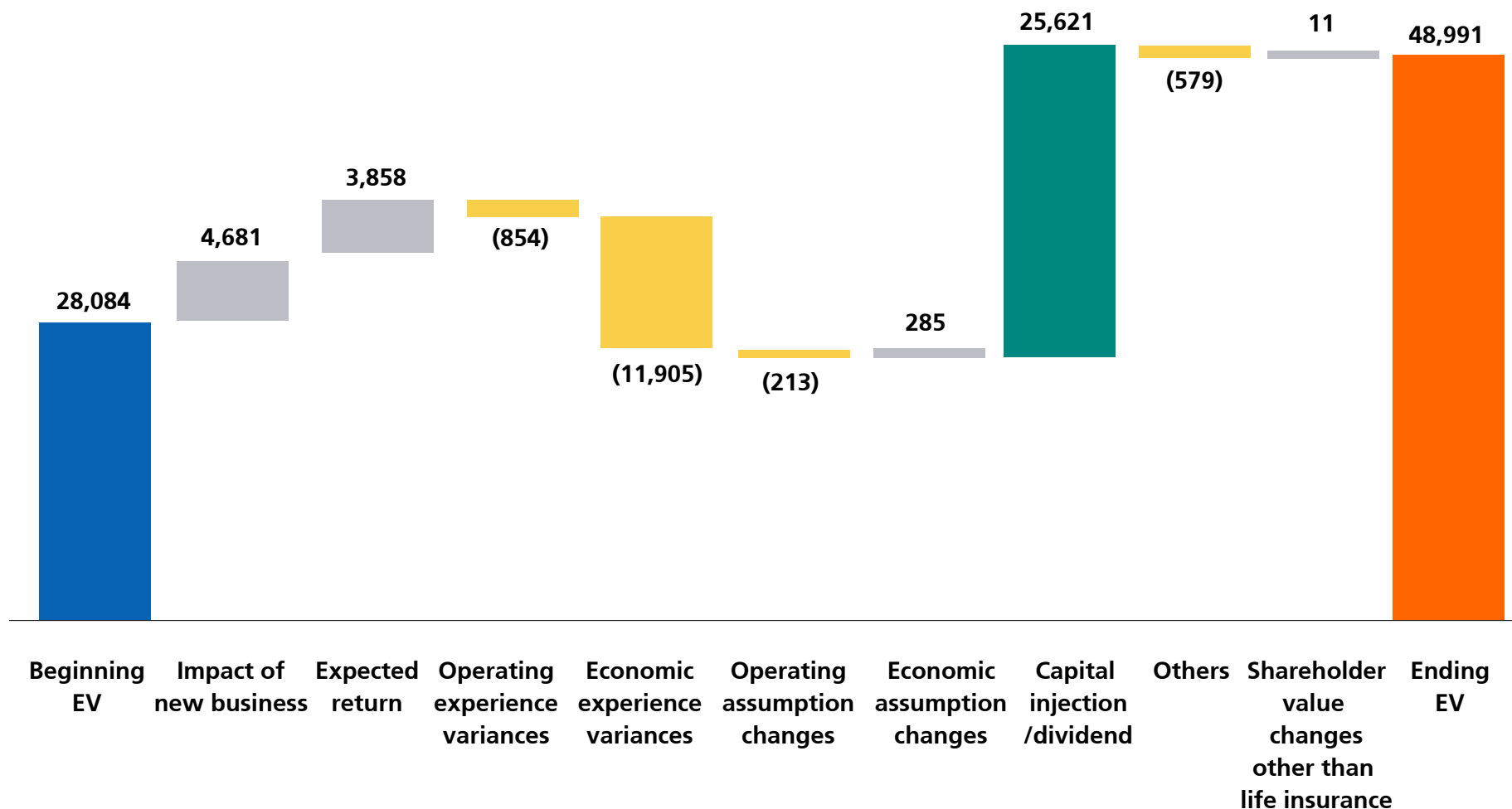
Embedded value—composition analysis

(RMB million)



Embedded value—movement analysis

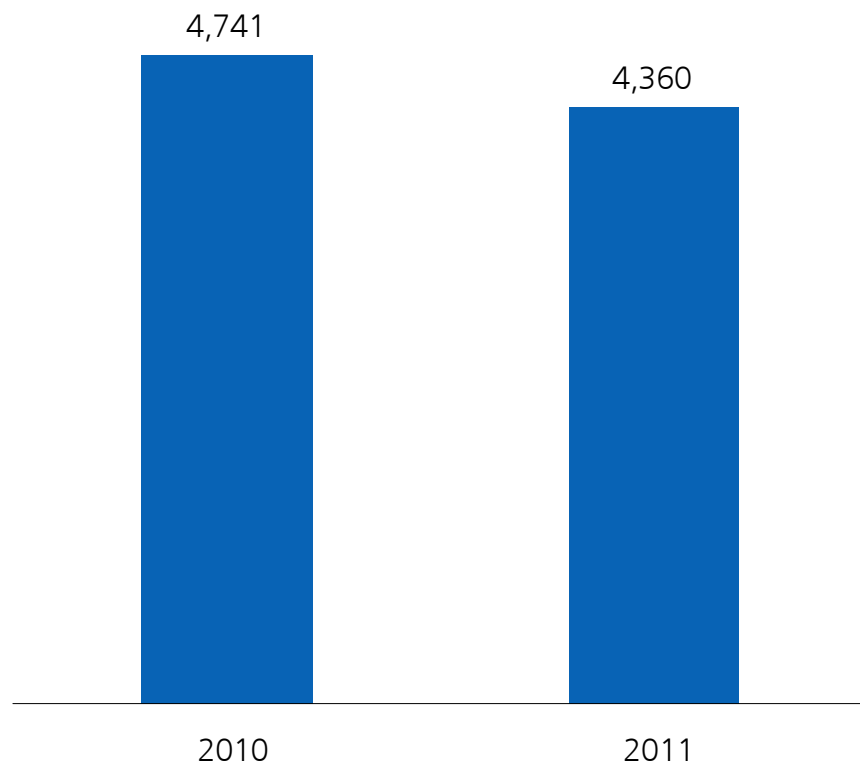
(RMB million)



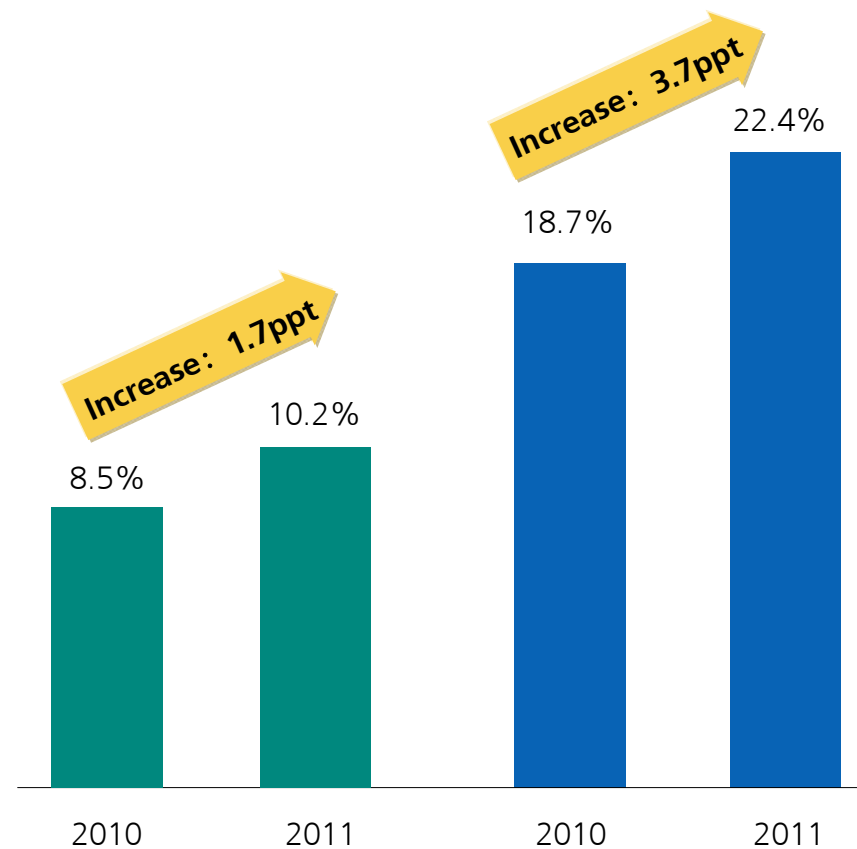
Value of new business

1-year value of new business

(RMB million)



New business margin



■ Based on FYP¹
■ Based on APE²

Note:

1. New business margin (FYP) = 1-year value of new business / FYP

2. New business margin (APE) = 1-year value of new business / (100% * first year regular premium + 10% * first year single premium)

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Push forward strategic transformation post IPO

2011 was the transformational year in the history of NCI. As a result of the successful A+H IPO, we have enhanced our capital strength, business quality, and management capabilities

December 2011 

■ **A+H IPO** 

Supported by our capital strength, we will expand our product lines and push forward strategic transformation

Enhanced capital position

- Solvency margin ratio in line with Class II of CIRC requirements
- Consolidated our #3 market position
- Continued to expand branch network, opened Shenzhen outlet
- Restrictions on investment channels were lifted, enhanced capabilities to manage fund
- Expanded into senior care and health insurance

Improved management

- Improved corporate governance capabilities & management transparency
- Improved risk management and internal control
- Enhanced back-office efficiencies and optimised cost management
- Built our brand image and corporate culture

March 2011

- RMB14bn capital injection from existing shareholders

2010

- Ranked #3 by market share among China's life insurers

2009

- Huijin acquired 38.8% stake from the Insurance Security Fund, enhanced NCI's capital base and initiated strategic transformation

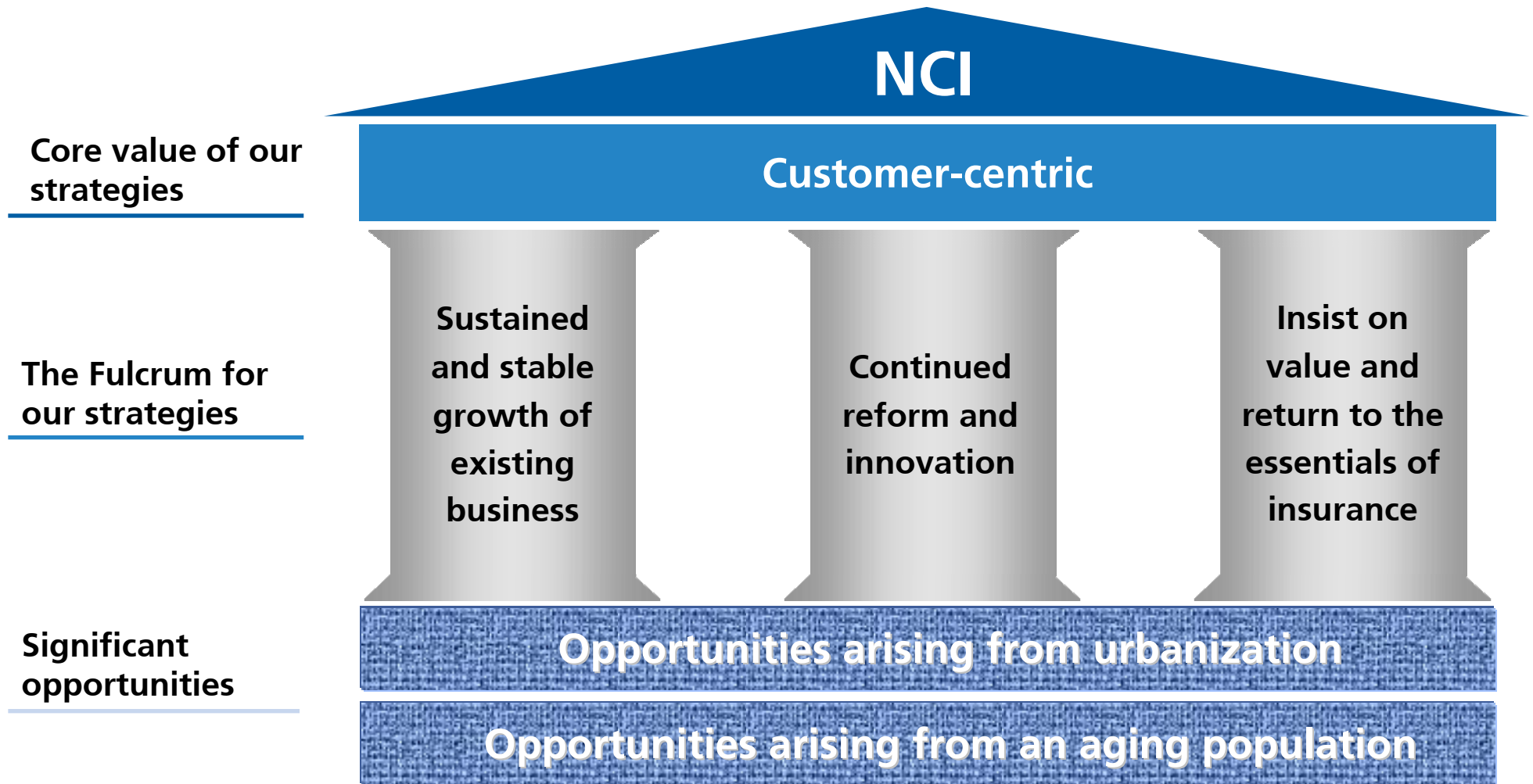
2004

- Established a nation-wide network

1996

- Incorporation of NCI

Our strategy



Implementing our strategies

Customer-centric

**Enormous customer data-mining for our customer segmentation;
Execute differentiated customer strategies**

Sustained and stable growth of existing business

- Optimize existing business mix, enhance profitability
- Improve our operating model, execute total budget control and centralise operations

Continued reform and innovation

- Promote a culture of innovation
- Promote product and sales innovation
- Build a tolerant and active work atmosphere

Insist on value and return to the essentials of insurance

- Increase the contribution of protective products
- Provide customer-centric insurance services

**Internal and external development strategies
Continue to build on existing branches +
cooperate with professional senior care and health care institutions**

Capture the historical opportunities of urbanisation and an aging population

Going forward

The financial market will continue to face significant uncertainties in 2012. Insurance industry will also face many difficulties such as: increased number of market competitors, solvency margin, operating profitability, and increased pressure on risk management

Embracing these challenges, we are determined to push forward our “customer-centric” strategy, identify our target customer base, and continue to optimize customer management and operations centred on our comprehensive customer strategy

We aim to strengthen and improve our existing businesses through enhancing professionalism of distribution channels, expanding our presence, and improving assets management, etc. Through developing senior care and health insurance related products, through developing wealth management channel to provide insurance and wealth management services to mid-high end customers, and through expanding our national branch network, we actively seek to expand our innovative businesses, and push forward the successful execution of our strategies

We will continue to focus on value creation of our businesses, improve value management system, optimise budget control and back-office operations, and comprehensively enhance our overall management



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Q & A

