



2018 INTERIM RESULTS ANNOUNCEMENT

Beijing • China

August 29, 2018

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CONTENTS

1

Overview

2

Insurance Business

3

Financials & Investment

4

Embedded Value

5

Outlook

Overview

In the first half of 2018, the Company adhered to the principle of “making steady progress” and focused on the development of core business. Particularly in the second quarter, the Company accelerated the development of protection business with its core on health insurance, continued to optimize business structure, improve business quality and consolidate first-mover advantages of transformation.



**GWP realized
positive growth**



**Business structure
optimized**



**Business quality
improved**

Key Business & Financial Indicators

 Unit: RMB million¹

Indicators		1H2018/ End of June 2018	1H2017/ End of 2017	Change
Gross written premiums		67,870	61,239	10.8%
First year regular premiums		11,217	16,654	-32.6%
Regular premiums with payment periods of ten years or more		7,074	10,827	-34.7%
Total assets		755,675	710,275	6.4%
Equity attributable to shareholders		65,778	63,715	3.2%
Net profit attributable to shareholders		5,799	3,237	79.1%
Embedded value		165,601	153,474	7.9%
Value of new business		6,451	7,080	-8.9%
Residual margin²		184,168	170,435	8.1%
Solvency ratio	Core	266.40%	275.93%	-9.53pts
	Comprehensive	271.55%	281.67%	-10.12pts

Notes: 1. Unless otherwise specified, the Unit in the report is RMB million.

2. Residual margin is the liabilities appropriated by the Company for not being recognized as "Day-one" gain at the inception of the contracts, and will be amortized over the life of the contracts.

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CONTENTS

1

Overview

2

Insurance Business

3

Financials & Investment

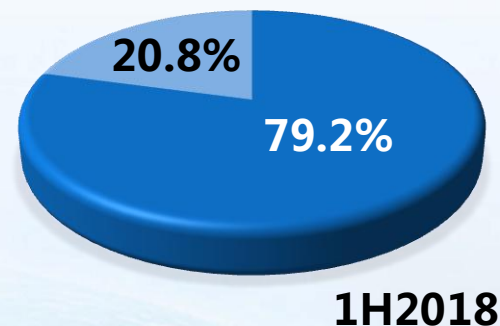
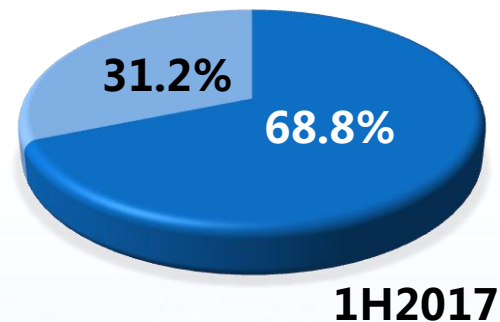
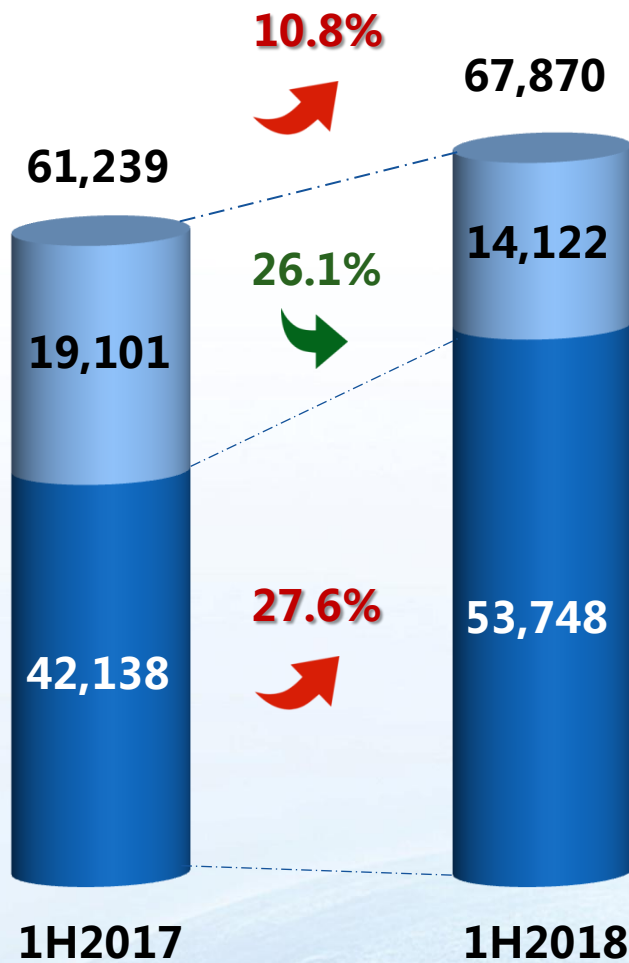
4

Embedded Value

5

Outlook

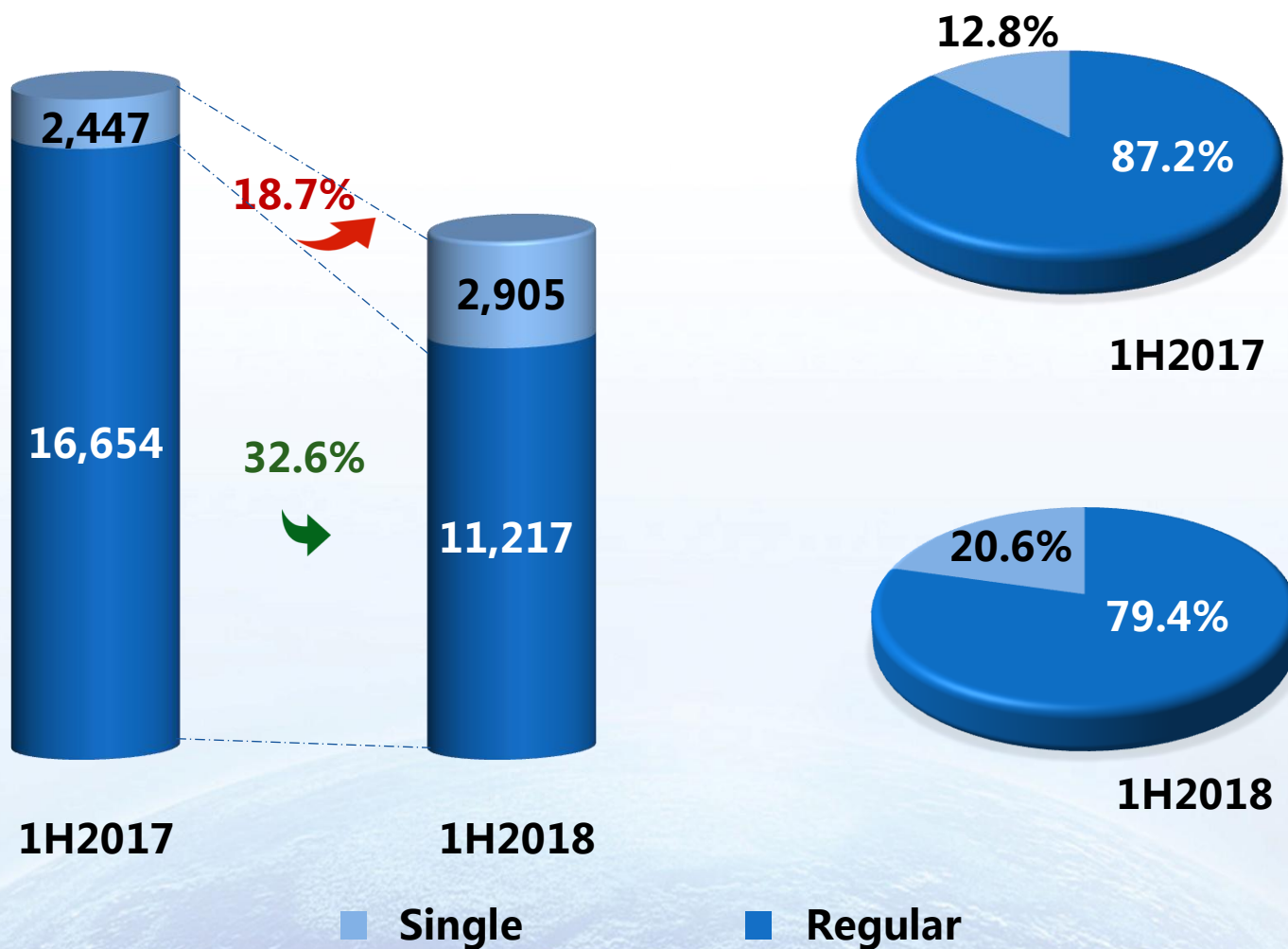
Gross Written Premiums & Breakdown



■ FYP

■ Renewal

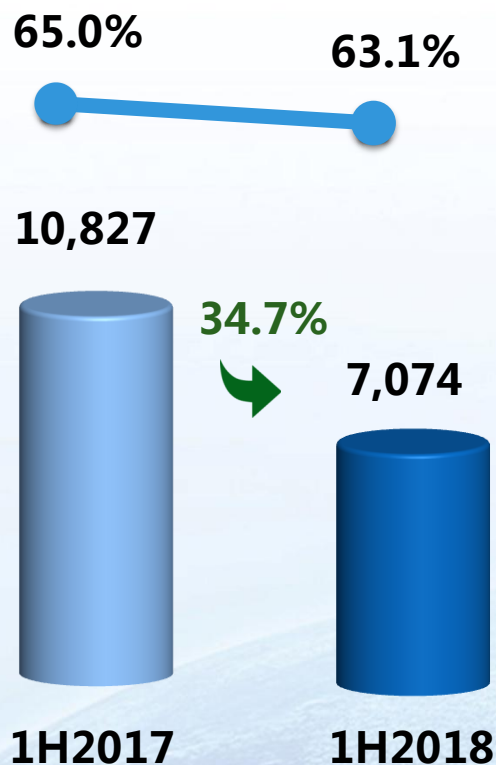
First Year Premiums & Breakdown



Term Structure & Product Structure

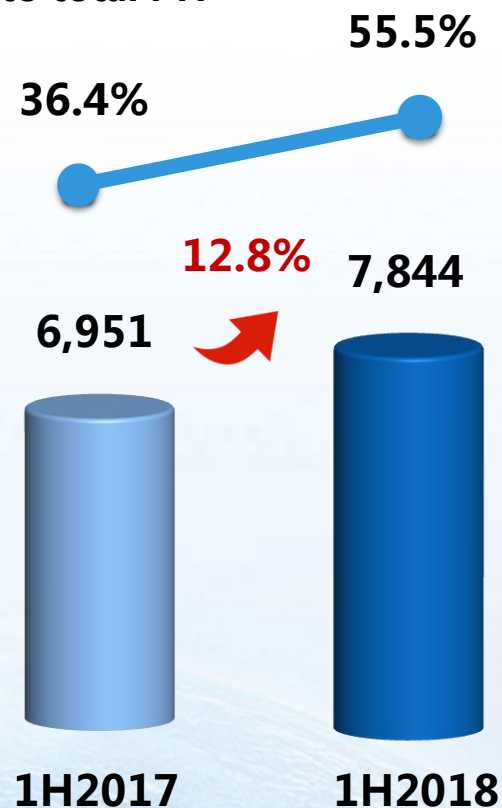
FYRP with payment periods of 10 years or more

● % to total FYRP

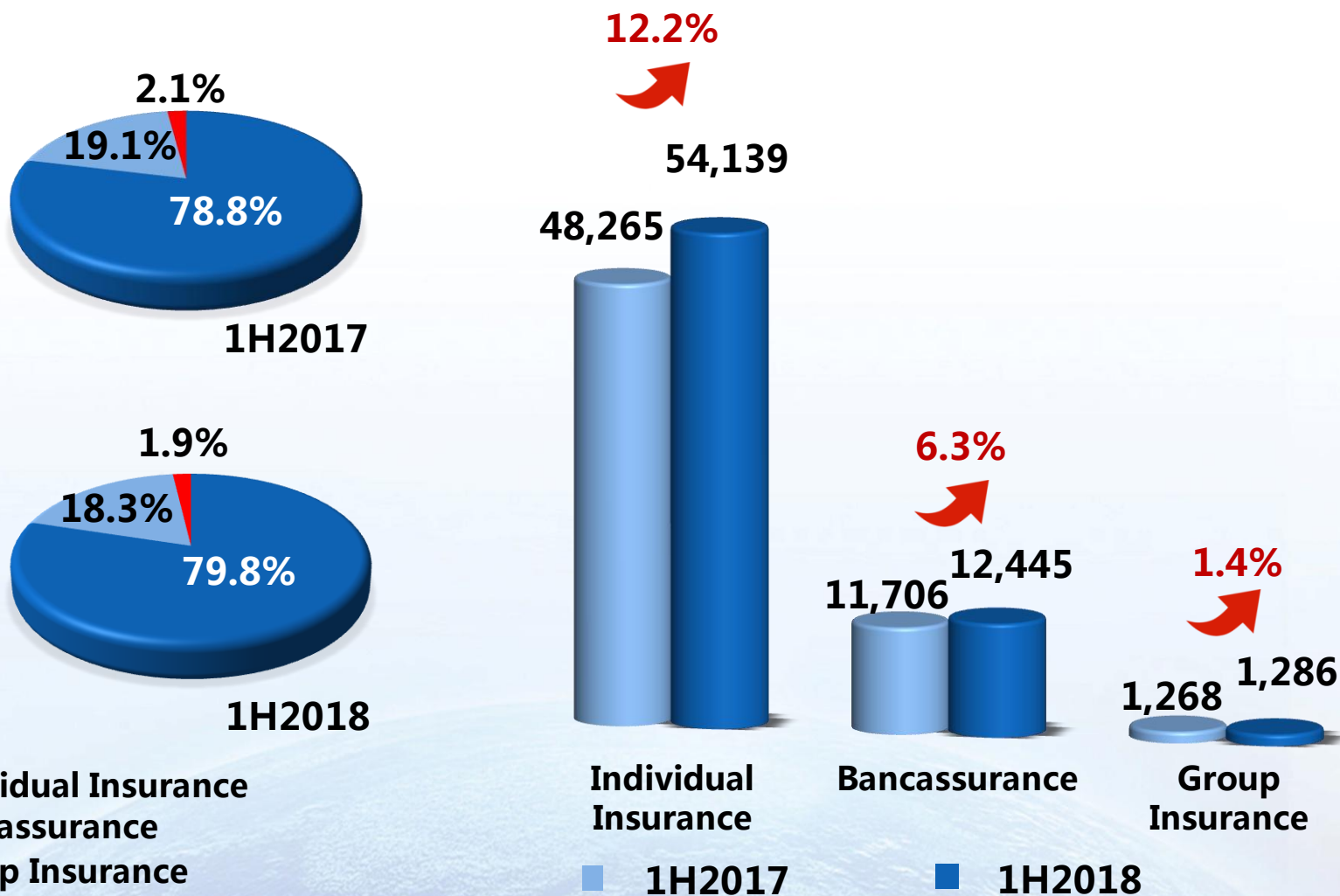


FYP from health insurance

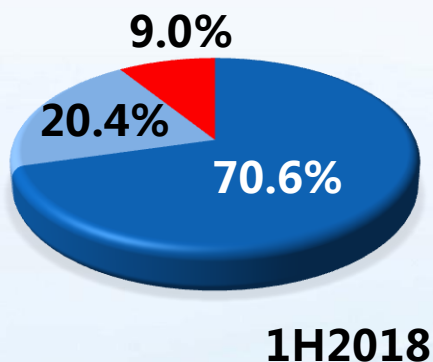
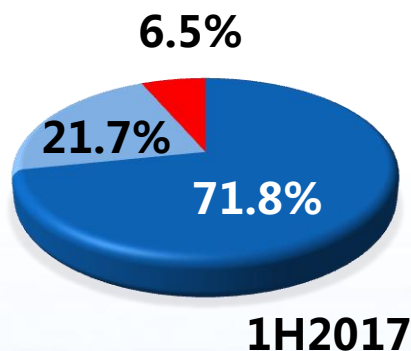
● % to total FYP



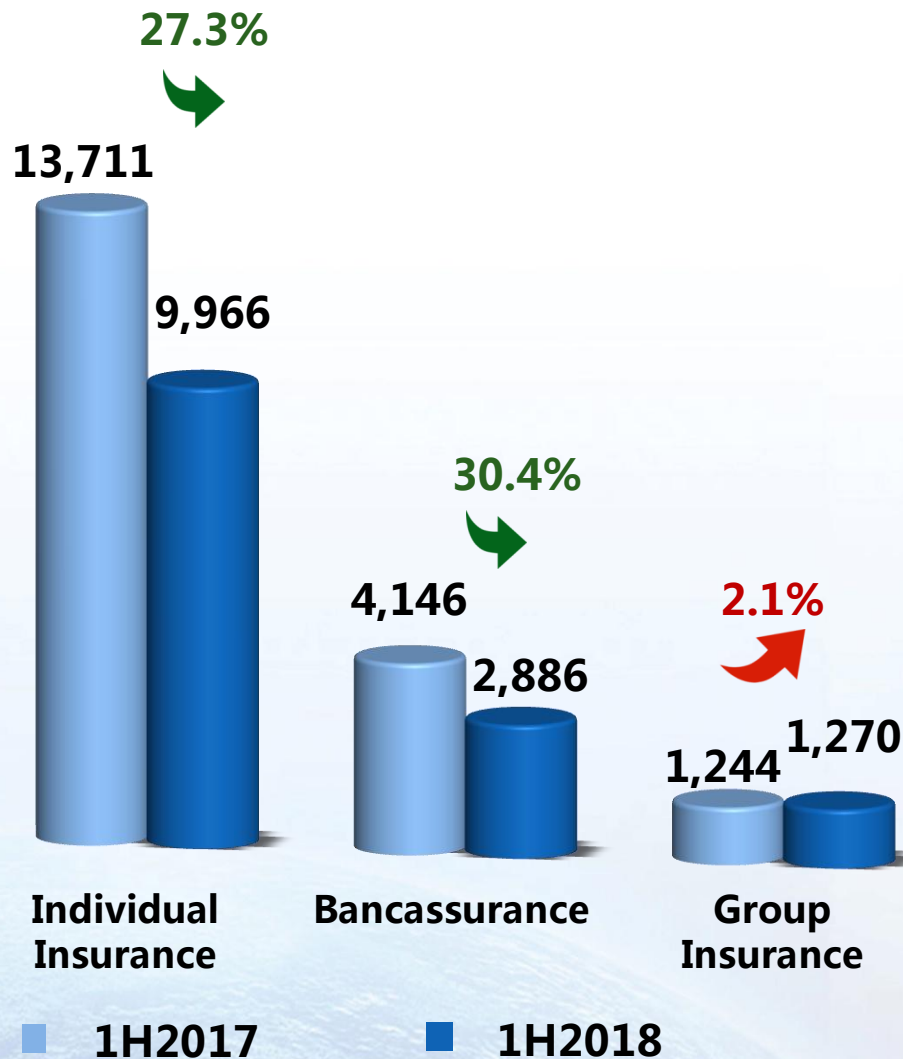
GWP Breakdown by Channels



FYP Breakdown by Channels



- Individual Insurance
- Bancassurance
- Group Insurance

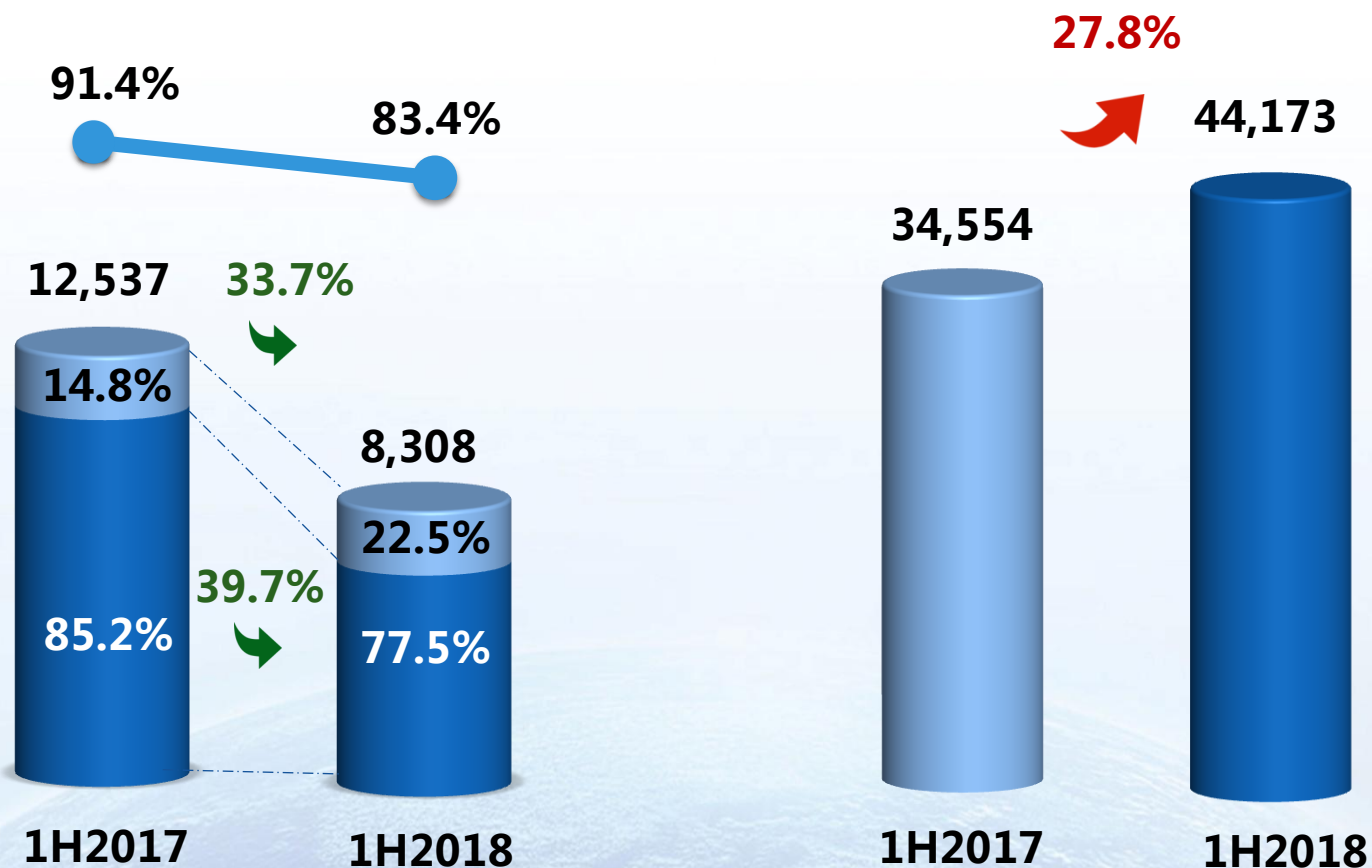


Individual Insurance — FYRP & Renewal

FYRP

Renewal

● % to FYP from individual insurance



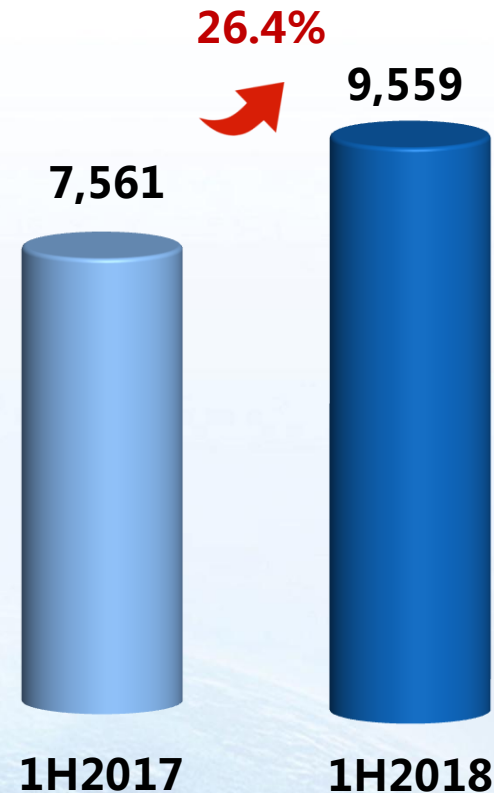
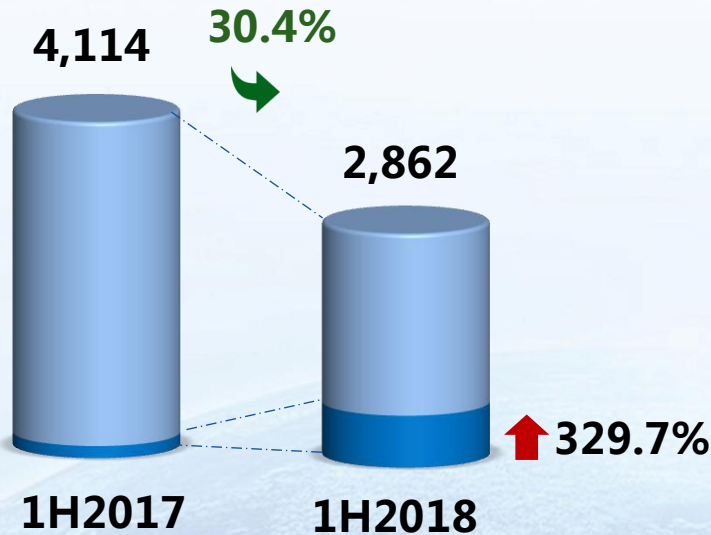
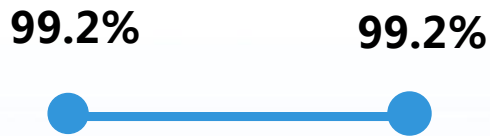
■ Premiums with payment periods less than 10 years
■ Premiums with payment periods of 10 years or more

Bancassurance — FYRP & Renewal

FYRP

Renewal

● % to FYP from bancassurance



■ Premiums with payment periods less than 10 years
■ Premiums with payment periods of 10 years or more

Sales Force of Individual Insurance



Total agents **334,000** **0.3%**



Monthly performance rate¹ **53.6%** **0.5pt**



Policies per performing agent **2.13** **-8.8%**



Health insurance policies per agent **2.13** **13.0%**



Premiums per policy **¥4,537** **-19.8%**



Premiums per health insurance policy **¥ 3,465** **-2.0%**



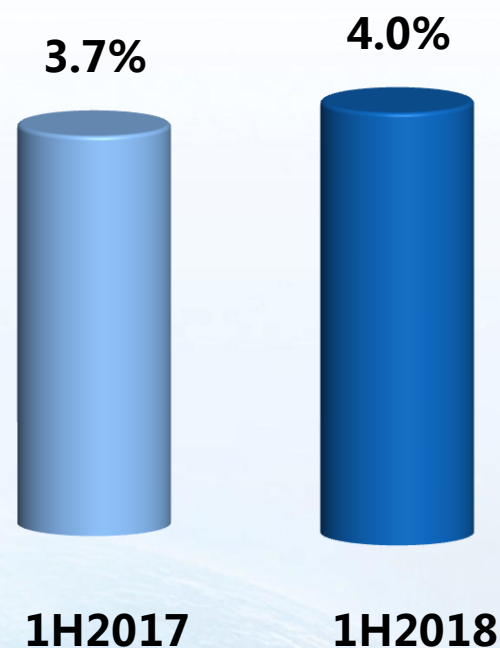
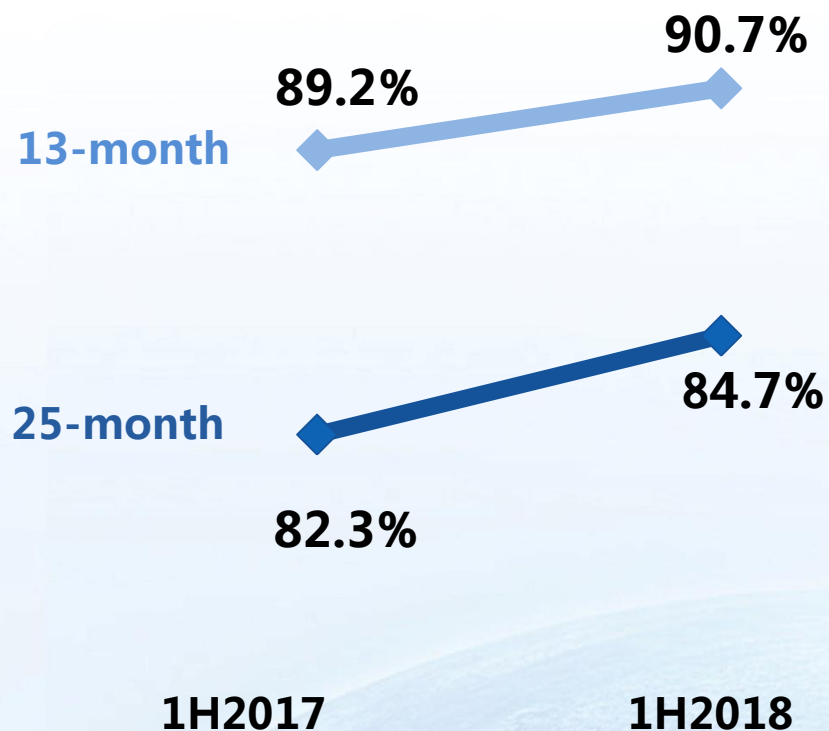
Notes:

1. Because the number of total agents is the data as at June 30, 2018, the number of total agents multiplied by monthly performance rate multiplied by policies per performing agent multiplied by premiums per policy was not equal to the FYP.
2. The health insurance policies per agent and premiums per health insurance policy are calculated based on the regular health insurance business.
3. Numbers may not be additive due to rounding.

Business Quality

Persistency ratio of individual life insurance business

Surrender rate



CONTENTS

1

Overview

2

Insurance Business

3

Financials & Investment

4

Embedded Value

5

Outlook

Key Financial Indicators

Indicators	1H2018/ End of June 2018	1H2017/ End of 2017	Change
Total Revenues	82,967	76,263	8.8%
- Net written premiums and policy fees	67,026	60,637	10.5%
- Investment income	16,307	15,893	2.6%
Benefits, claims and expenses	(74,779)	(70,543)	6.0%
- Insurance benefits and claims	(59,919)	(53,919)	11.1%
- Commission and brokerage expenses	(8,657)	(8,796)	-1.6%
- Administrative expenses	(5,300)	(6,949)	-23.7%
Net profit attributable to shareholders	5,799	3,237	79.1%
Earnings per share (RMB)	1.86	1.04	78.8%
Net assets per share attributable to shareholders (RMB)	21.08	20.42	3.2%
Weighted average return on equity attributable to shareholders	8.85%	5.29%	3.56pts

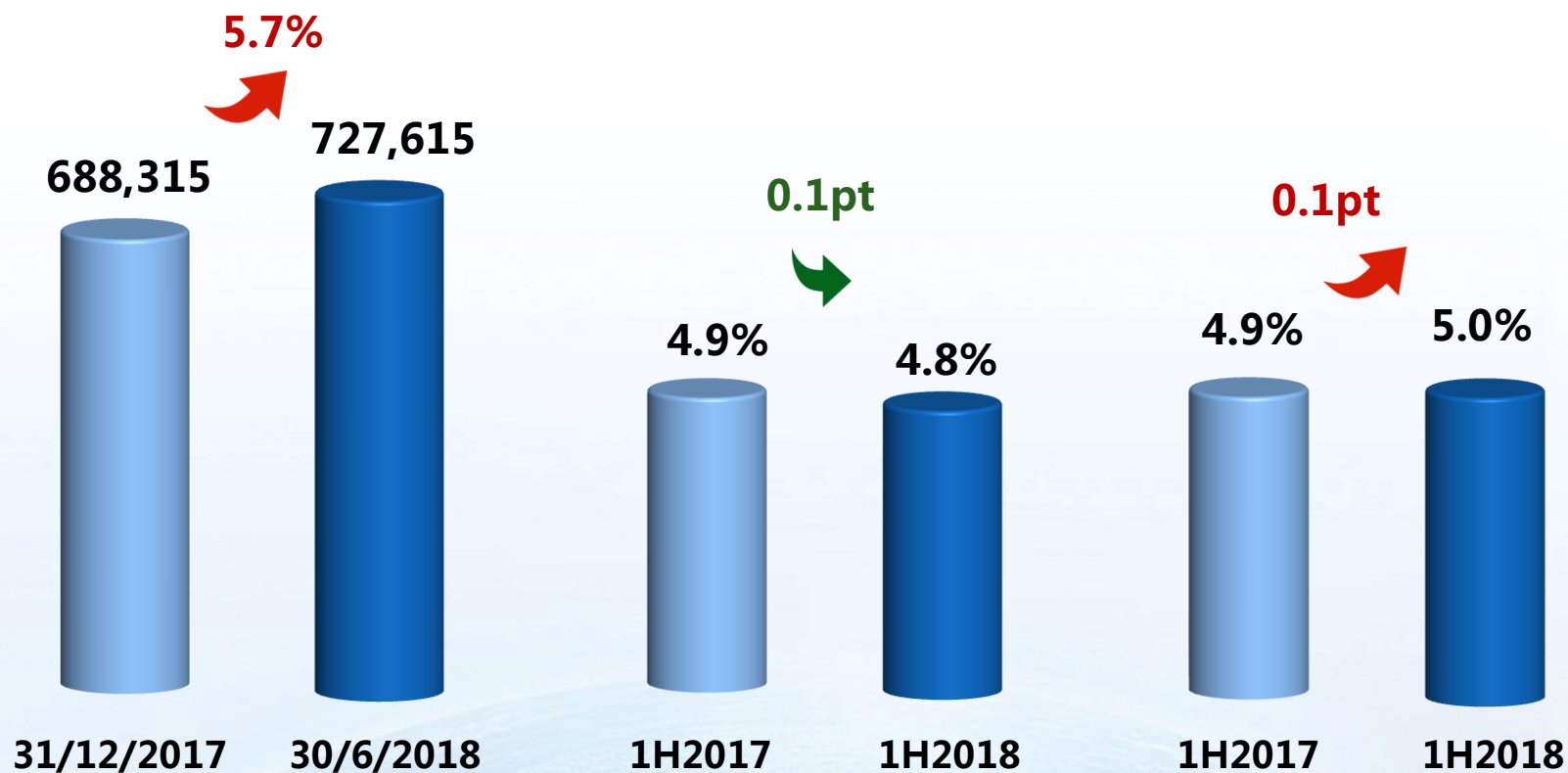
Note: Above figures are IFRS based.

Investment Performance

Investment assets

Total investment yield

Net investment yield



Investment Asset Allocation

	As at Jun. 30 2018 (Proportion)	As at Dec. 31 2017 (Proportion)	Change
Term deposits	7.8%	6.1%	1.7pts
Debt financial assets	63.5%	67.3%	-3.8pts
- Bonds	37.3%	38.3%	-1.0pt
- Trust products	8.9%	9.3%	-0.4pt
- Debt plans	5.0%	5.8%	-0.8pt
- Asset funding plans	2.8%	2.9%	-0.1pt
- Others	9.5%	11.0%	-1.5pts
Equity financial assets	17.3%	19.1%	-1.8pts
- Funds	6.3%	7.3%	-1.0pt
- Stocks	5.3%	5.8%	-0.5pt
- Others	5.7%	6.0%	-0.3pt
Investments in associates and joint ventures	0.7%	0.7%	0.0pt
Cash and cash equivalents	5.1%	1.3%	3.8pts
Other investment assets	5.6%	5.5%	0.1pt

Non-standard Asset Portfolio

	As at Jun. 30 2018	Proportion	Proportion change ¹	Amount change ¹
Non-standard debt investments	190,320	82.1%	-0.8pt	(9,366)
- Trust product	64,694	27.9%	1.4pts	938
- Debt plan	36,290	15.7%	-1.0pt	(3,910)
- Project asset support plan	20,000	8.6%	0.3pt	-
- Wealth management product	64,336	27.8%	-1.5pts	(6,394)
- Perpetual bond	5,000	2.1%	0.0pt	-
Non-standard equity investments	41,413	17.9%	0.8pt	136
- Asset management plan	14,844	6.4%	-1.0pt	(3,020)
- Private equity	4,243	1.9%	0.2pt	115
- Unlisted equity	17,585	7.6%	1.5pts	3,000
- Equity investment plan	4,700	2.0%	0.1pt	-
- Wealth management product	41	0.0%	0.0pt	41
Total	231,733	100.0%		(9,230)

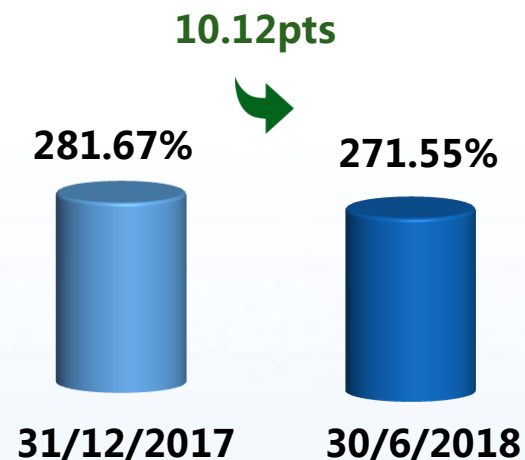
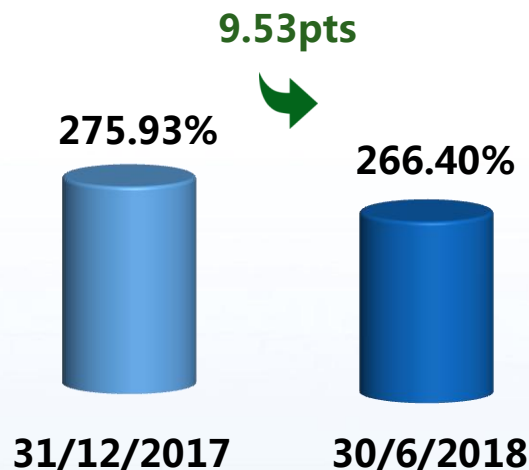
Note:

1. Proportion change and amount change are compared with the end of 2017.

Solvency Ratio

Core solvency margin ratio¹

Comprehensive solvency margin ratio²



Indicators	30/6/2018	31/12/2017	Change
Core Capital	206,913	192,528	14,385
Actual Capital	210,913	196,528	14,385
Minimum Capital	77,669	69,773	7,896

Notes:

1. Core solvency margin ratio = core capital / minimum capital.
2. Comprehensive solvency margin ratio = actual capital / minimum capital.

CONTENTS

1

Overview

2

Insurance Business

3

Financials & Investment

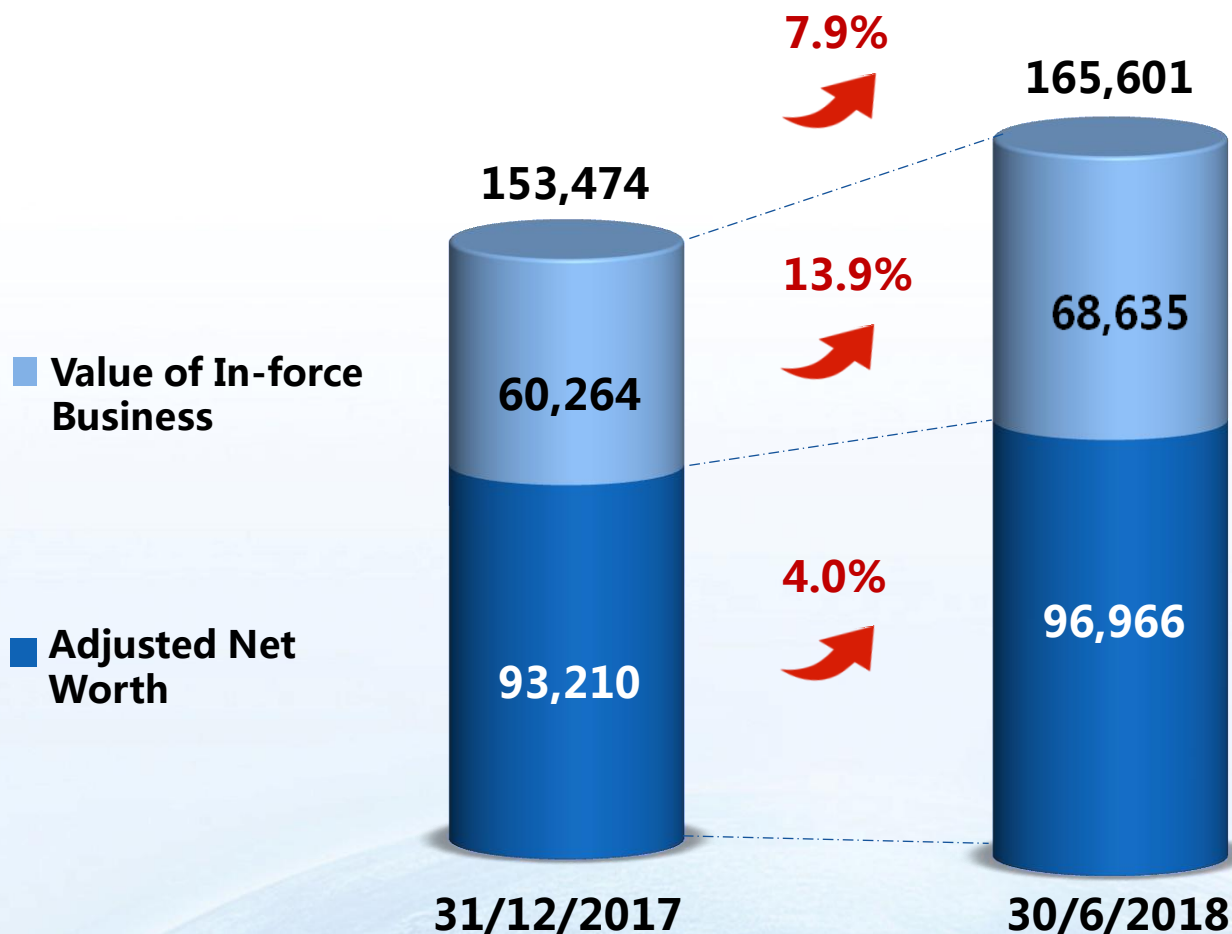
4

Embedded Value

5

Outlook

Embedded Value—Composition Analysis

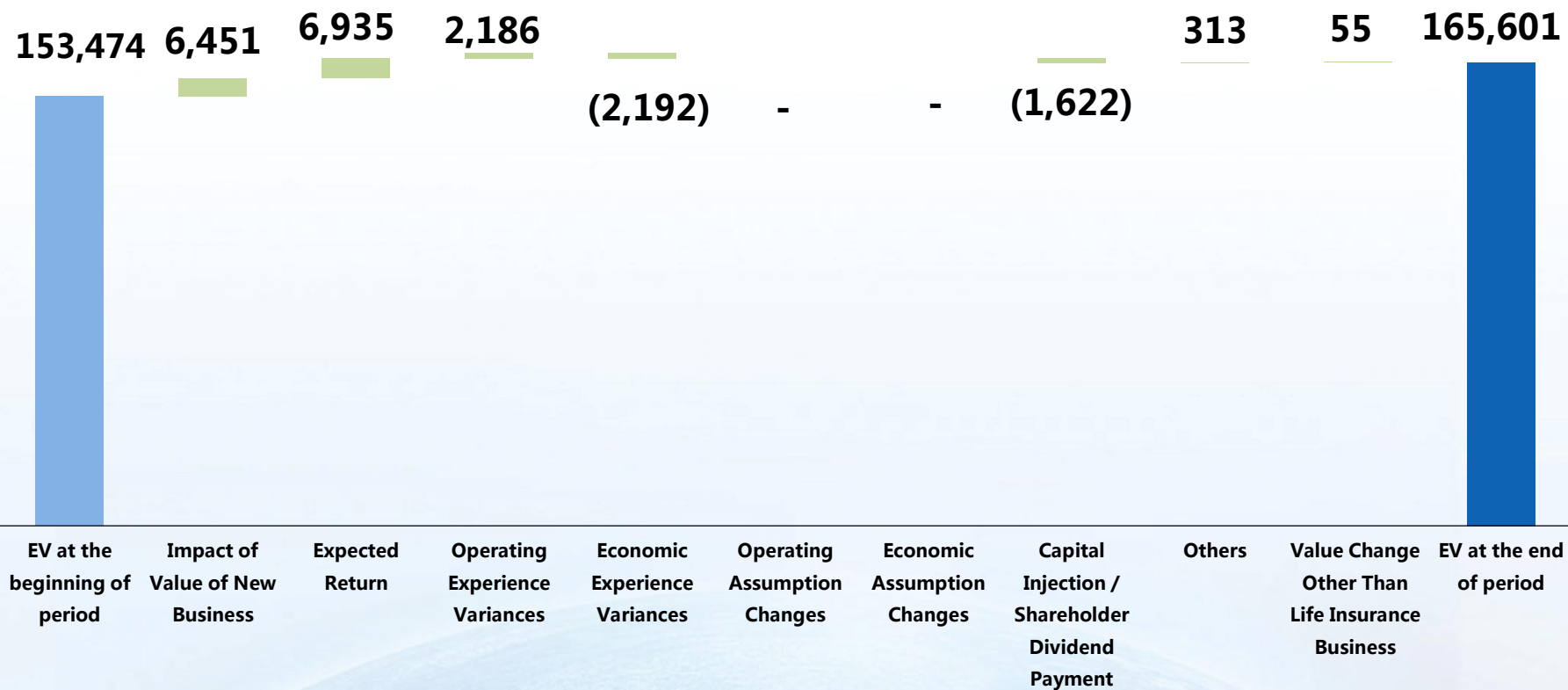


Note:

1. Numbers may not be additive due to rounding.

Embedded Value—Movement Analysis

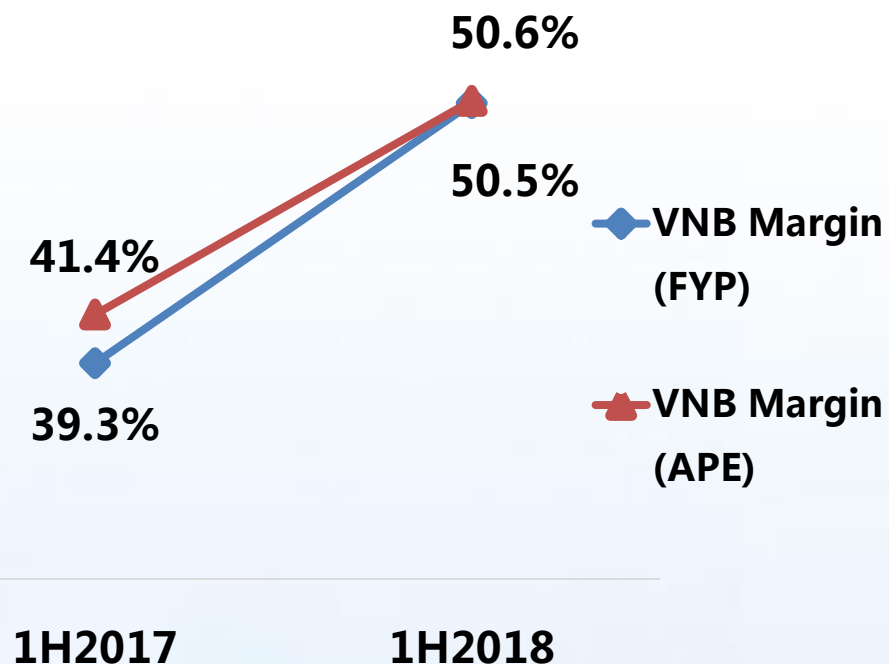
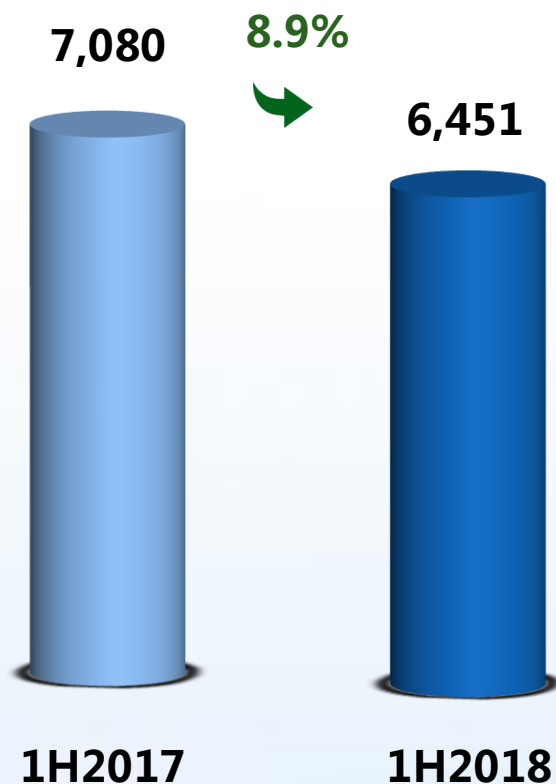
Movement analysis from Dec. 31, 2017 to Jun. 30, 2018



Notes:

1. The analysis of change in Embedded Value was calculated at the risk discount rate of 11.5%.
2. Numbers may not be additive due to rounding.

Value of New Business



Notes:

1. The value of first half year's new business as at 30 June 2017 was restated on a stand-alone basis using assumptions as at 31 December 2017.
2. NBV based on FYP = New business value / First year premiums used for calculation of embedded value.
3. NBV based on APE = New business value / (100% * first year regular premiums+10% * first year single premiums).
4. Numbers may not be additive due to rounding.

CONTENTS

1

Overview

2

Insurance Business

3

Financials & Investment

4

Embedded Value

5

Outlook

Outlook

The Company will continue to carry out new development vision, adhering to the principle of making steady progress and striving to achieve targets made in the 13th Five Year Plan.

Prioritize protection business



Improve sales capabilities of team

Enhance sales support



Optimize customer service

Optimize investment portfolio



Persist in compliance operation

Q & A

