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2016 Annual Results Announcement

2017.3.30



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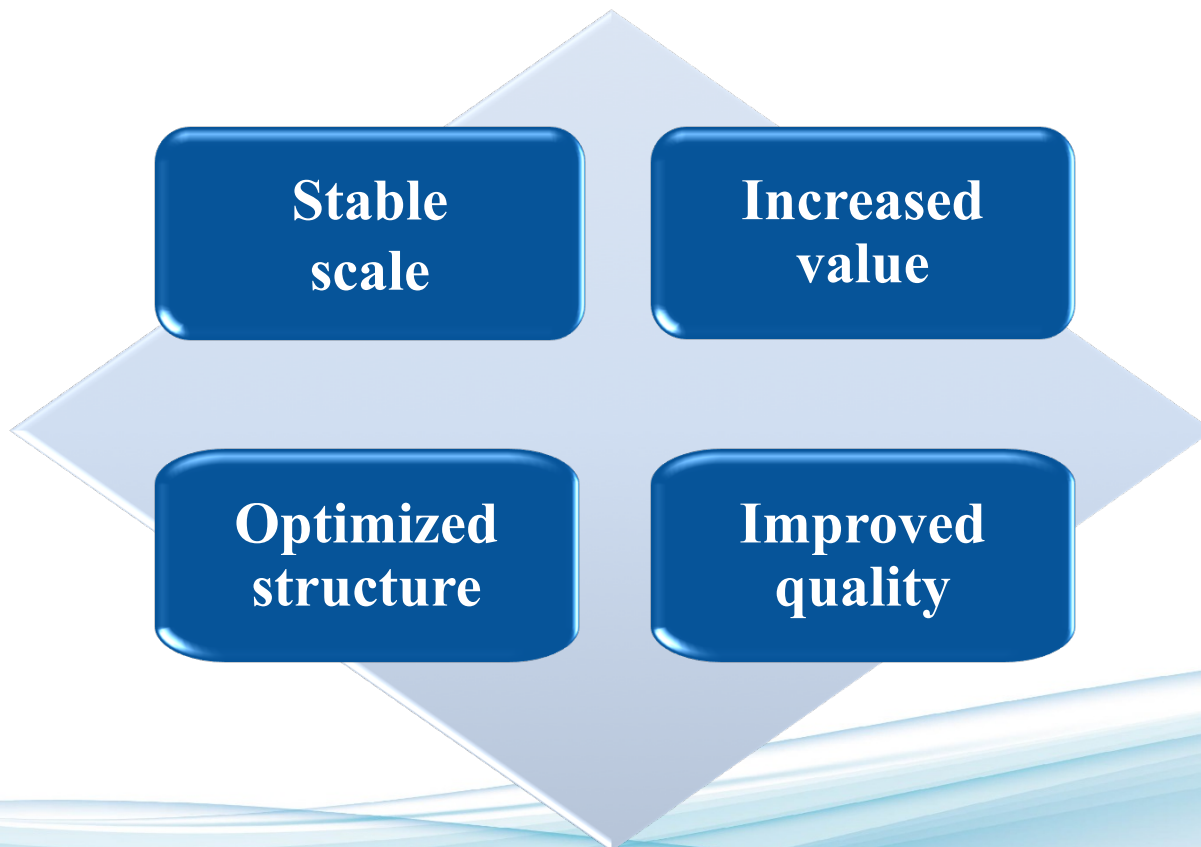
Embedded Value

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Outlook

Overview

In 2016, the Company focused on long-term regular premiums business and protection-type products, aiming to establish a renewal-business driven model. The overall performance showed four main features:



Key Business & Financial Indicators

Unit: RMB million

		2016	2015	Change
Gross written premiums		112,560	111,859	↑ 0.6%
First year regular premiums		23,685	16,765	↑ 41.3%
Regular premiums with payment periods of ten years or more		14,134	11,474	↑ 23.2%
Total assets		699,181	660,560	↑ 5.8%
Equity attributable to shareholders of the Company		59,118	57,835	↑ 2.2%
Net profit attributable to shareholders of the Company		4,942	8,601	↓ 42.5%
Embedded value		129,450	110,650	↑ 17.0%
Value of new business		10,449	7,663	↑ 36.4%
Solvency ratio	Core	259.74%	248.54%	↑ 11.2ppts
	Comprehensive	281.30%	280.96%	↑ 0.34ppts

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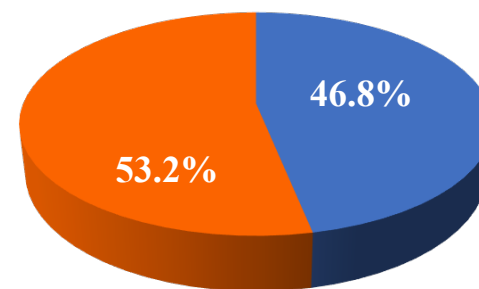
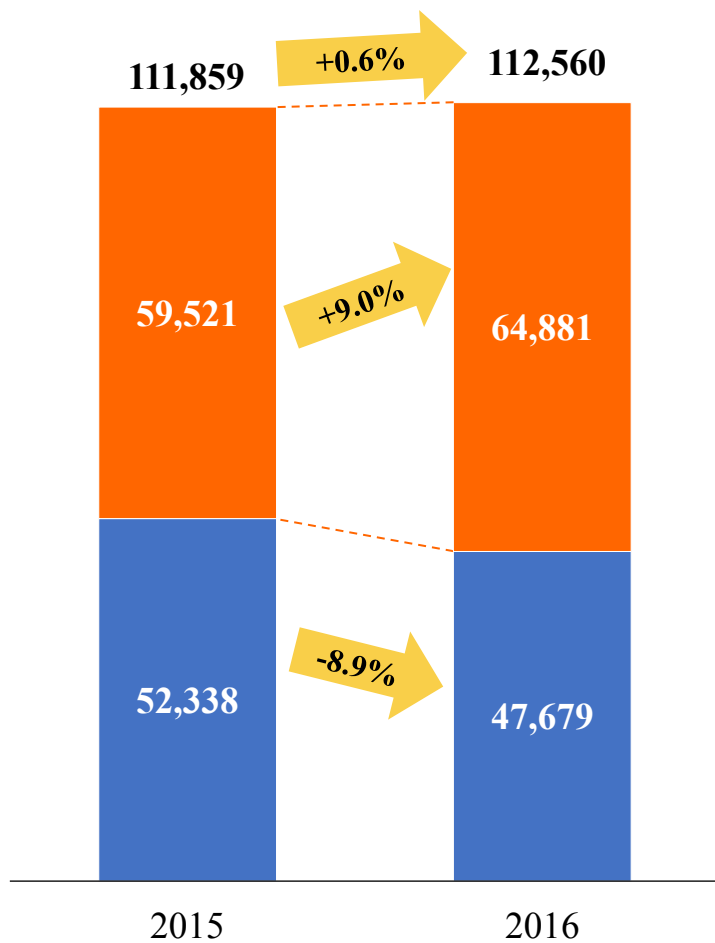
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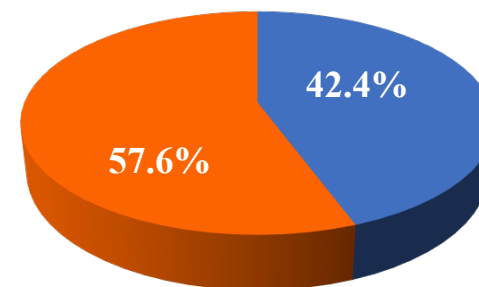
Outlook

Gross Written Premiums and Breakdown

(RMB million)



2015

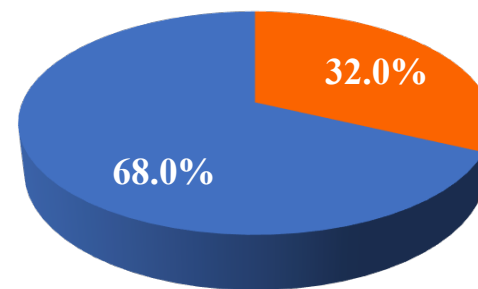
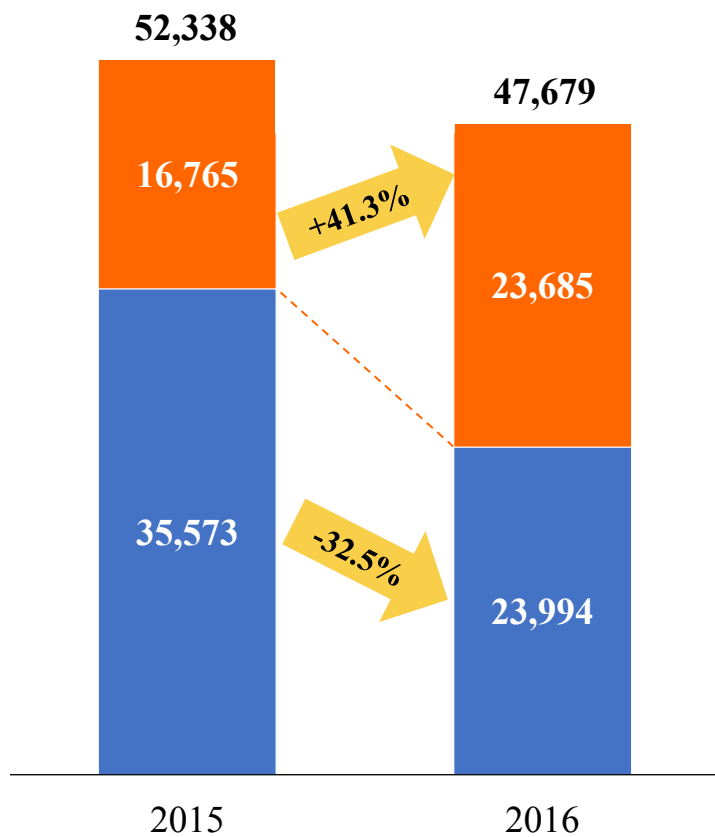


2016

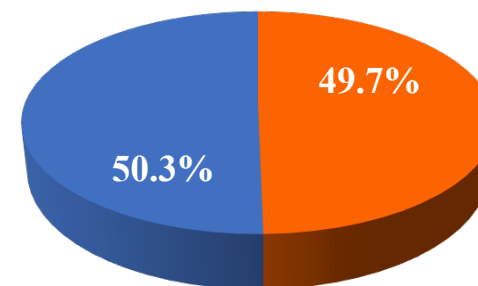
■ FYP ■ Renewal

First Year Premiums and Breakdown

(RMB million)



2015



2016

■ Regular ■ Single

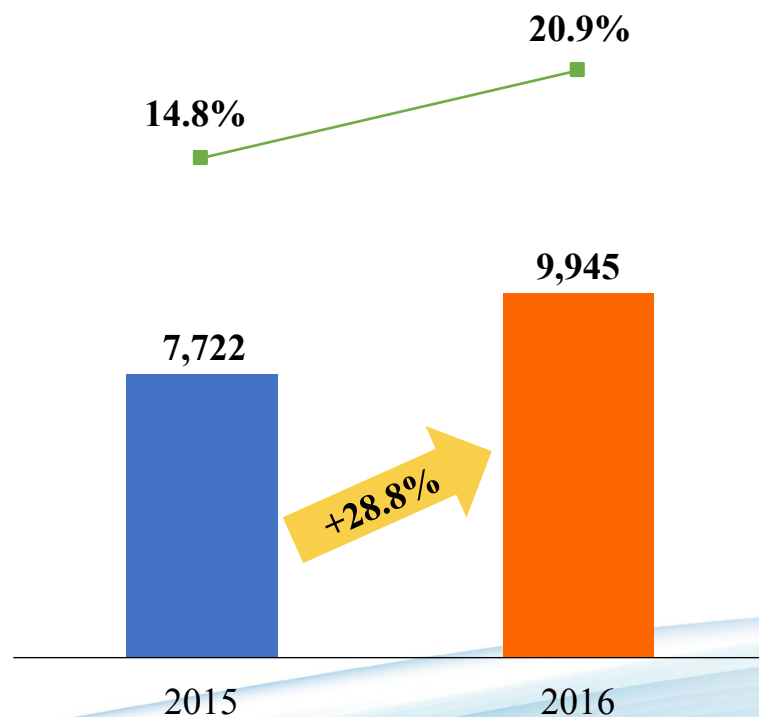
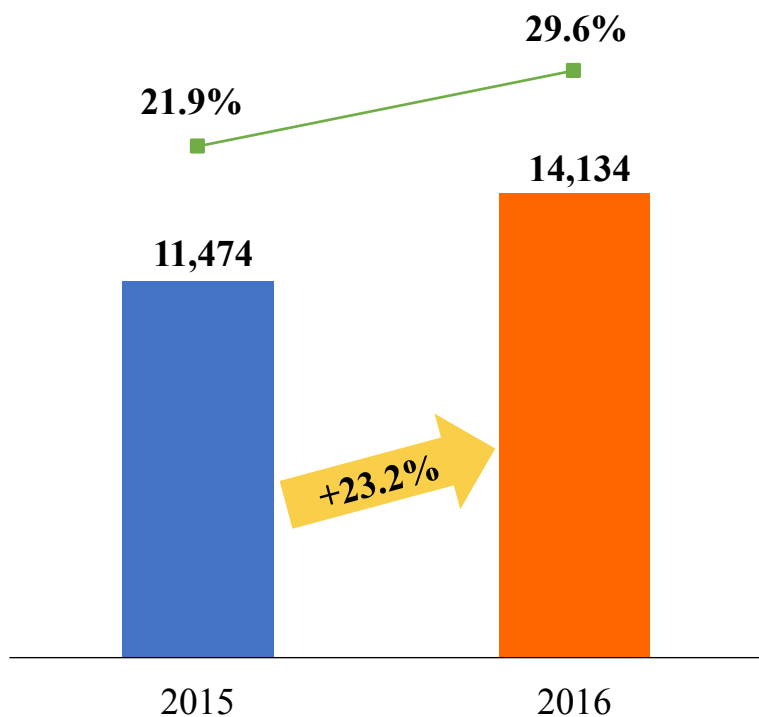
Term Structure and Product Structure

FYRP with payment periods
of 10 years or more

FYP from health insurance

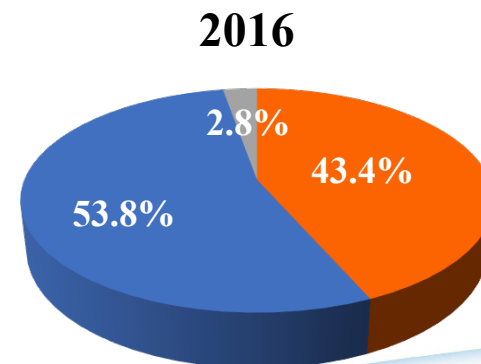
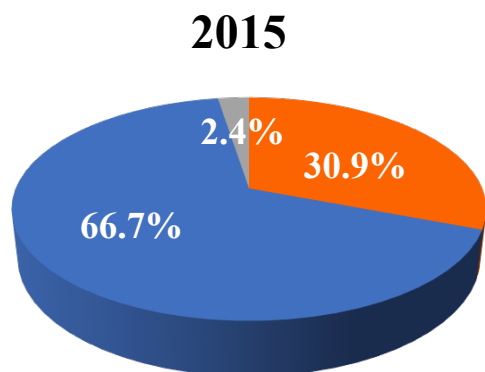
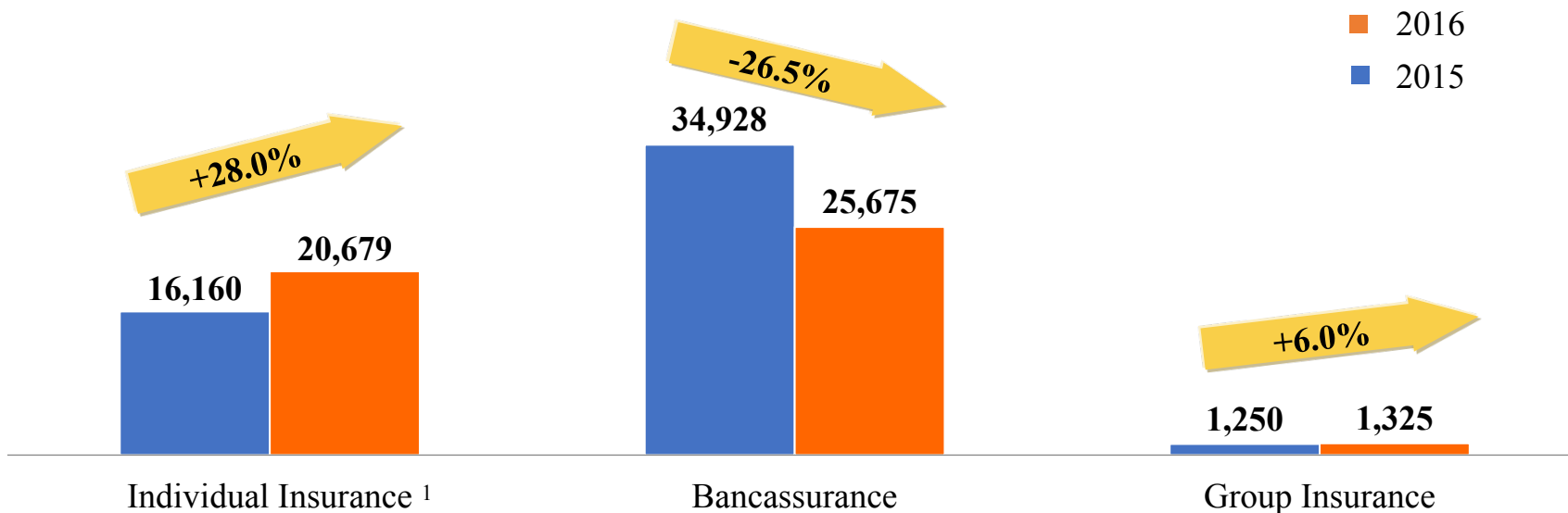
(RMB million)

—■— % to total FYP



FYP Breakdown by Channels

(RMB million)



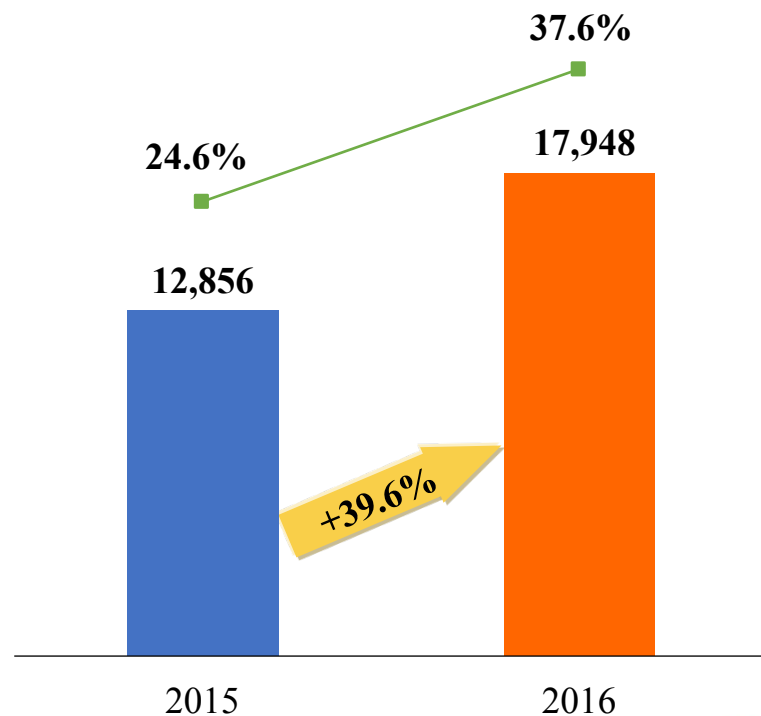
■ Individual Insurance ■ Bancassurance ■ Group Insurance

Note:
1. The premiums of individual insurance channel are the sum of premiums from the original individual insurance agent channel and the service and business development channel. The comparative figures have been recalculated on the base line of the reporting period.

First Year Regular Premiums by Channels

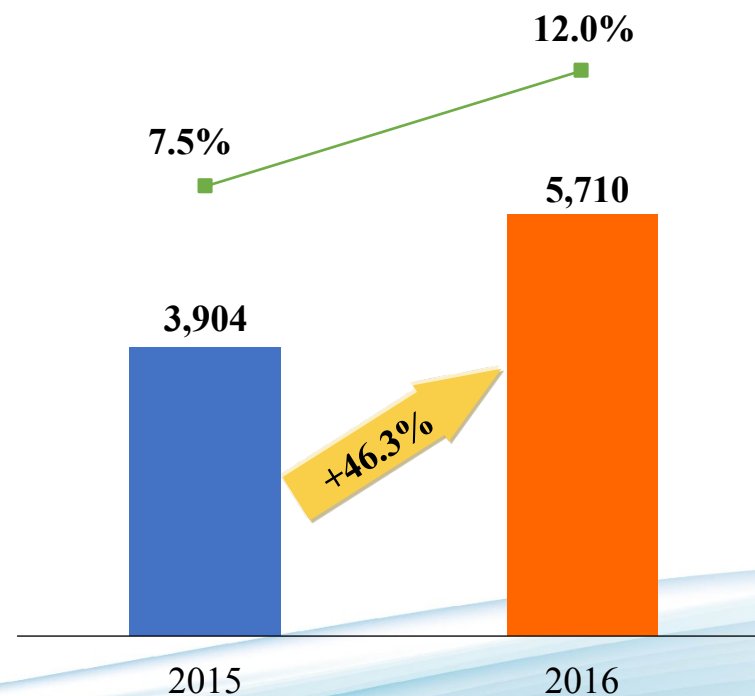
FYRP from Individual Insurance Channel

(RMB million)



FYRP from Bancassurance

—■— % to total FYRP



Salesforce of Individual Insurance Channel

Total individual insurance agents

(Unit: '000)

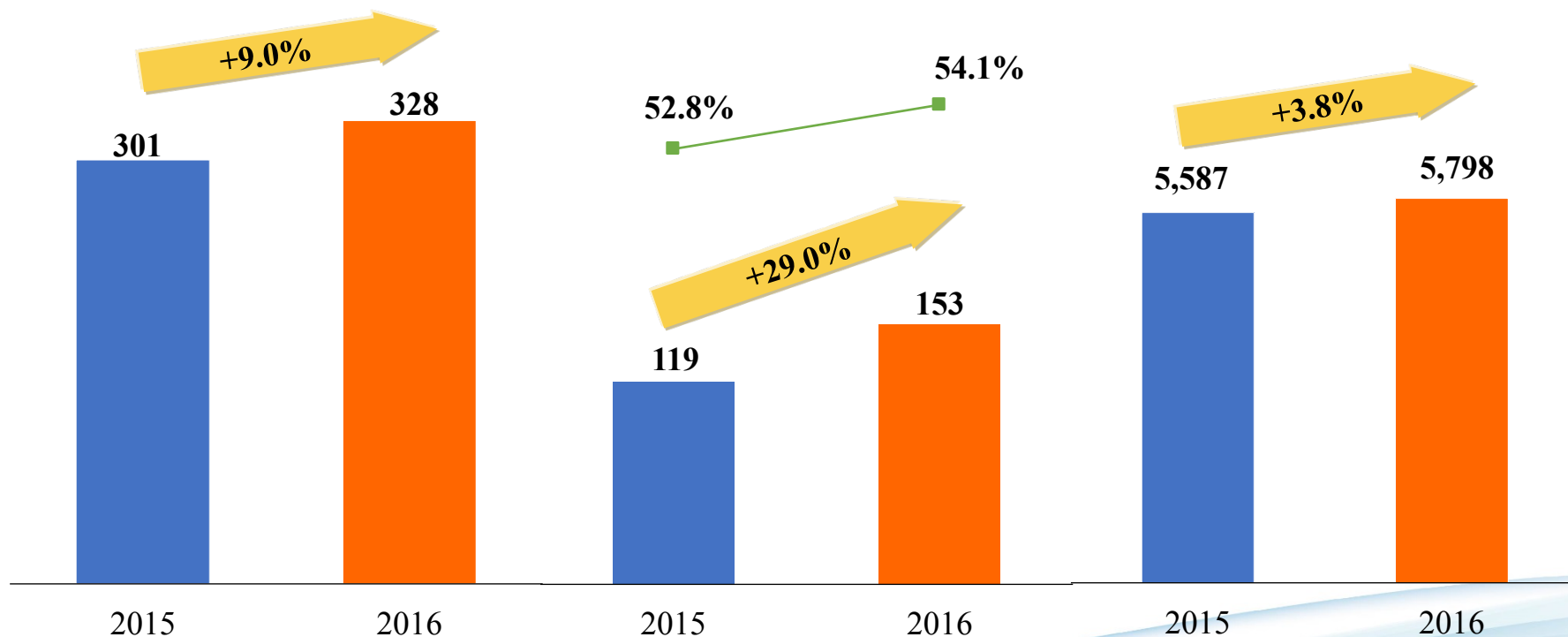
The monthly average performing agents¹

(Unit: '000)

■ Monthly performance rate³

The monthly comprehensive productivity per capita²

(RMB)



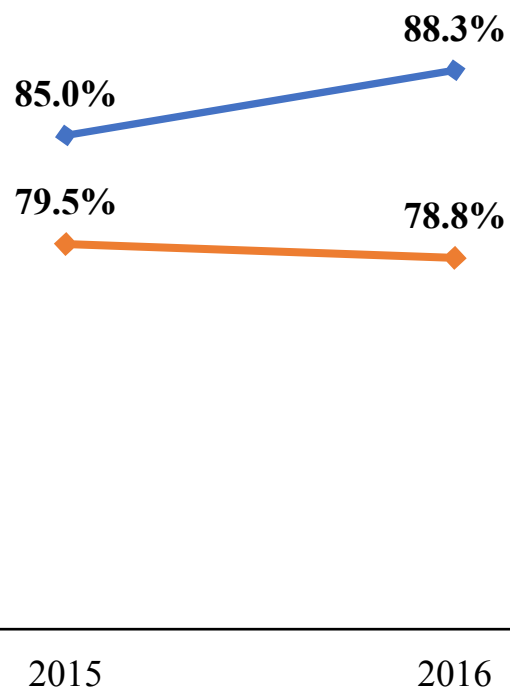
1. Monthly average number of performing agents = (Σ number of performing agents in a month)/the number of months in the reporting period, where monthly number of performing agents refers to the number of agents who have issued one insurance policy or more (including card-type short-term accident insurance policy) which are not cancelled by policy holders in a month and whose first year commission in the month exceeds zero.

2. Monthly comprehensive productivity per capita = monthly average first year premiums/monthly average number of agents.

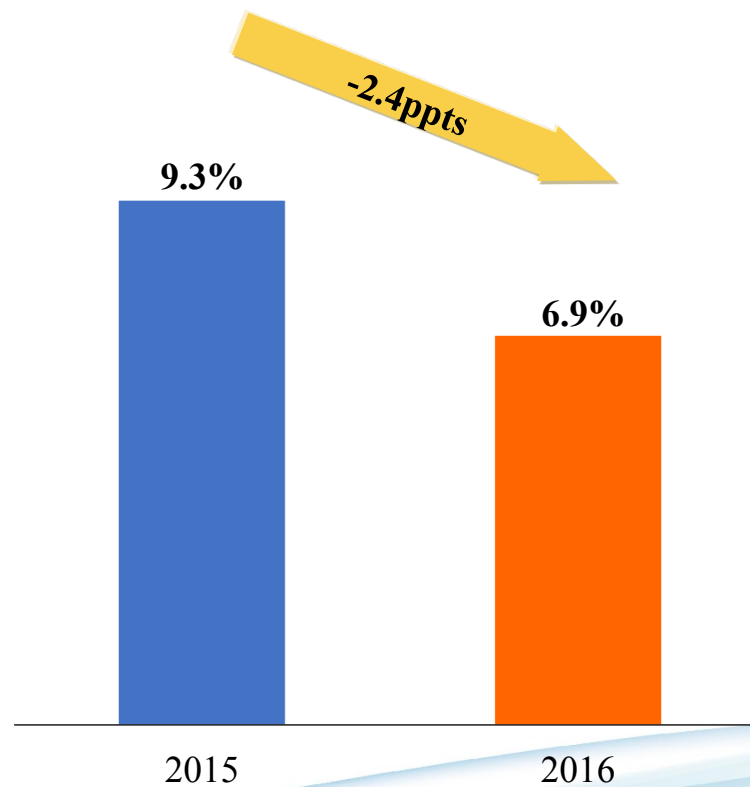
3. Monthly performance rate = monthly average number of performing agents/monthly average number of agents.

Persistence ratio of individual life insurance business

- 13-month
- 25-month



Surrender rate



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Embedded Value

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Outlook

Key Financial Indicator

Unit: RMB million

	2016	2015		Change
Total Revenues	144,796	157,918	↓	8.3%
Net written premiums and policy fees	111,712	111,304	↑	0.4%
Investment Income	32,134	45,069	↓	28.7%
Total Expenses	137,008	144,814	↓	5.4%
Insurance benefits and claims	108,894	118,719	↓	8.3%
Commission and brokerage expenses	13,538	10,679	↑	26.8%
Administrative expenses	13,081	12,655	↑	3.4%
Net profit attributable to shareholders of the company	4,942	8,601	↓	42.5%
Earnings per share (RMB)	1.58	2.76	↓	42.8%
Net assets per share attributable to shareholders of the company (RMB)	18.95	18.54	↑	2.2%
Weighted average return on equity attributable to shareholders of the Company	8.45%	16.20%	↓	7.75ppts

Note: Above figures are IFRS based

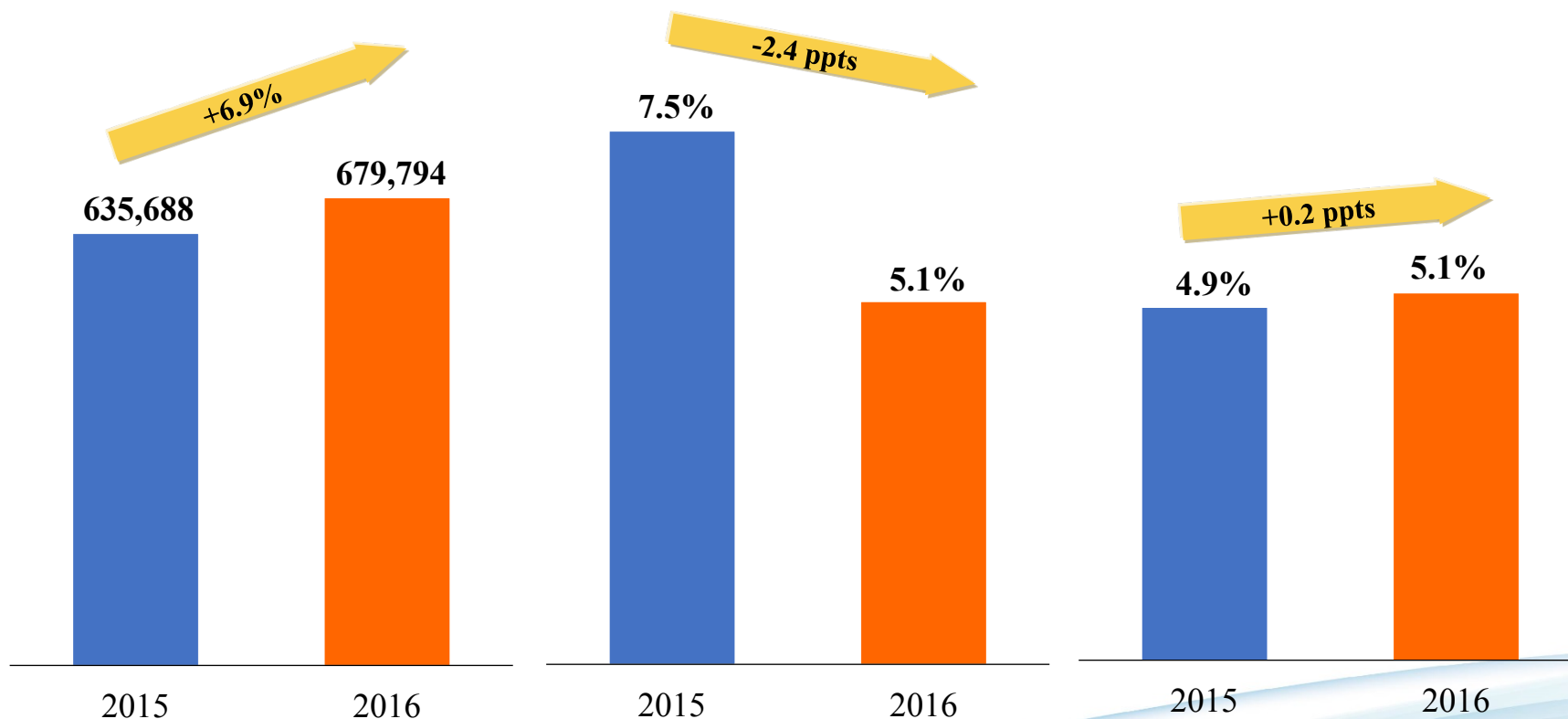
Investment Performance

Investment assets

Total investment yield

Net investment yield

(RMB million)



Investment Asset Allocation

Unit: RMB million	As at the end of 2016		As at the end of 2015		Change	
	Amount	Percentage	Amount	Percentage	(ppts)	
Term deposits	79,845	11.7%	127,679	20.1%	↓	8.4
Debt financial assets	436,810	64.3%	348,281	54.8%	↑	9.5
— Bonds	242,647	35.7%	229,235	36.1%	↓	0.4
— Trust products	62,534	9.2%	49,903	7.9%	↑	1.3
— Debt plans ¹	32,835	4.8%	29,299	4.6%	↑	0.2
— Asset funding plans	20,000	3.0%	20,000	3.1%	↓	0.1
— Others ²	78,794	11.6%	19,844	3.1%	↑	8.5
Equity financial assets	112,268	16.5%	114,322	18.0%	↓	1.5
— Funds	47,029	6.9%	52,271	8.2%	↓	1.3
— Stocks	29,404	4.3%	33,499	5.3%	↓	1.0
— Investments in associates	4,575	0.7%	3,626	0.6%	↑	0.1
— Others ³	31,260	4.6%	24,926	3.9%	↑	0.7
Cash and cash equivalents	14,230	2.1%	13,904	2.2%	↓	0.1
Other investment assets⁴	36,641	5.4%	31,502	4.9%	↑	0.5

Notes:

1. Debt plans mainly consist of infrastructure and real estate funding projects
2. Others include debt asset management products, perpetual bonds and wealth management products
3. Others include equity asset management plans, private equity, equity plans and unlisted equity investments
4. Other investment assets include statutory deposits, policy loans, financial assets purchased under agreements to resell, dividends receivable and interests receivable, etc.

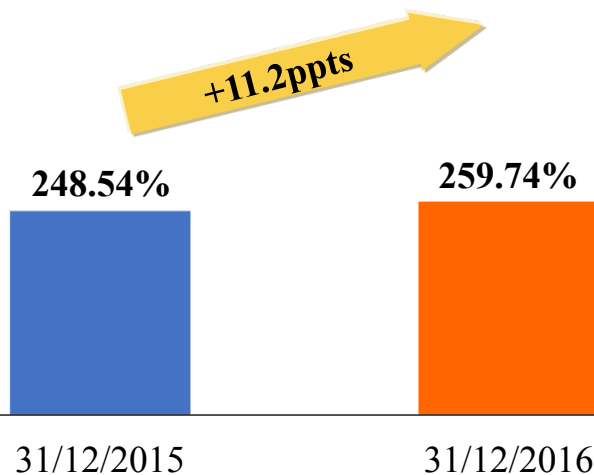
Non-standard Asset Portfolio

Unit: RMB million

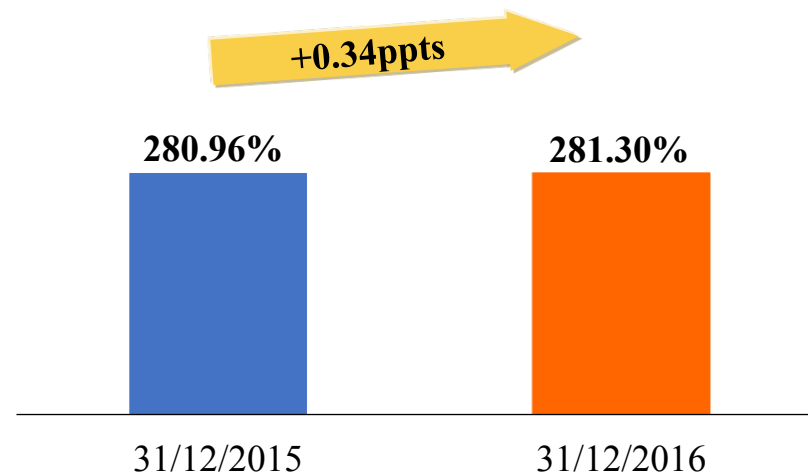
	As at the end of 2016	As at the end of 2015		Change
Non-standard debt investments	194,163	119,046	↑	63.1%
Trust products	62,534	49,903	↑	25.3%
Debt plans	32,835	29,299	↑	12.1%
Project asset support plans	20,000	20,000		-
Wealth management products	71,126	17,176	↑	314.1%
Perpetual bonds	5,000	-		N.A.
Asset management plans	2,668	2,668		-
Non-standard equity investments	31,260	24,926	↑	25.4%
Asset management plans	13,769	10,552	↑	30.5%
Private equity	2,728	996	↑	173.9%
Unlisted equity	11,063	10,178	↑	8.7%
Equity investment plan	3,700	3,200	↑	15.6%
Total	225,423	143,972	↑	56.6%

Solvency Ratio

Core solvency ratio



Comprehensive solvency ratio



RMB million	31/12/2016	31/12/2015	Change
Core Capital	168,616	145,680	22,936
Actual Capital	182,616	164,680	17,936
Minimum Capital	64,917	58,613	6,304

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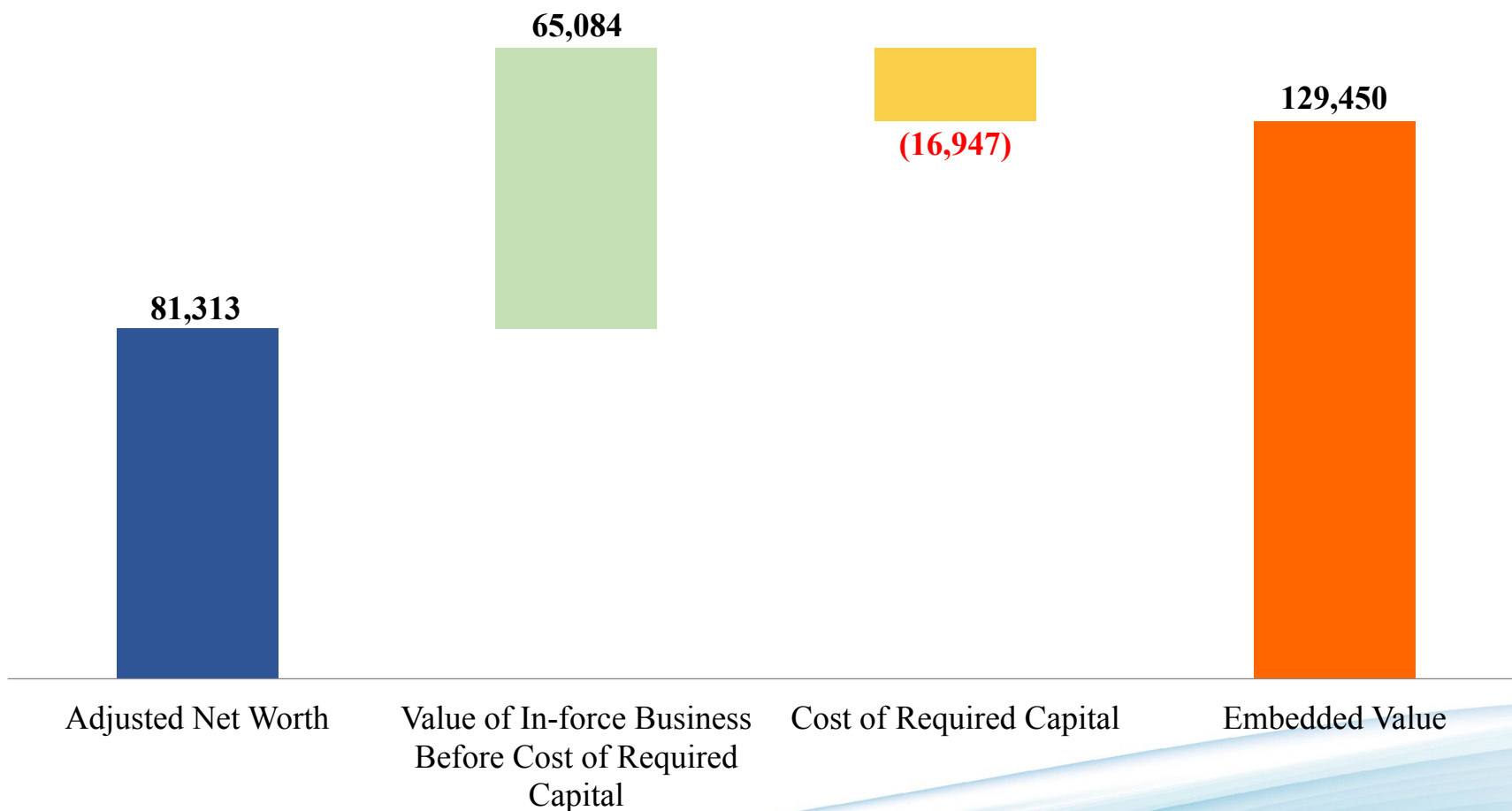
Embedded Value

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Embedded Value—Composition Analysis

(RMB million)

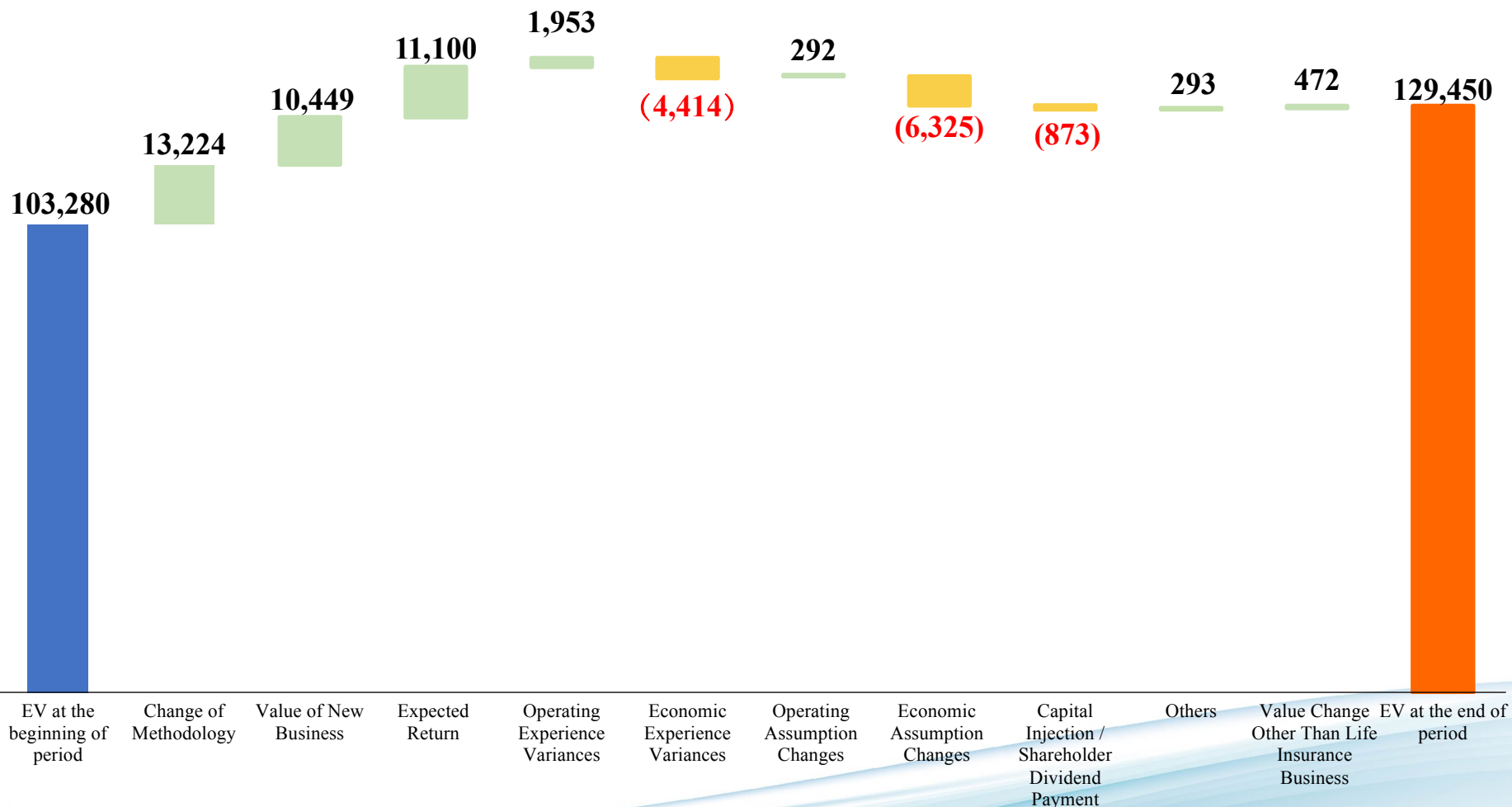


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Embedded Value—Movement Analysis

(RMB million)

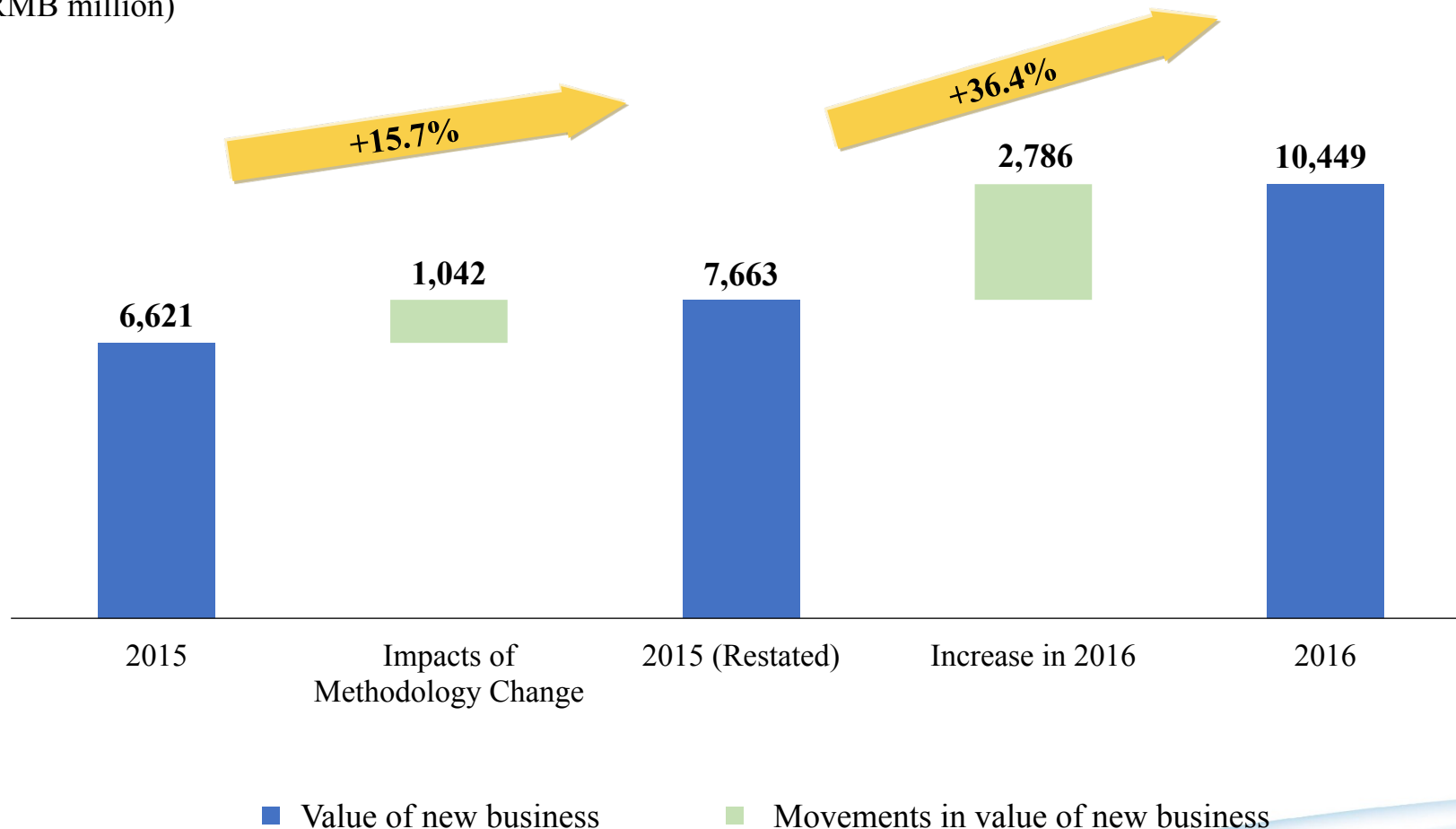


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Value of New Business

(RMB million)



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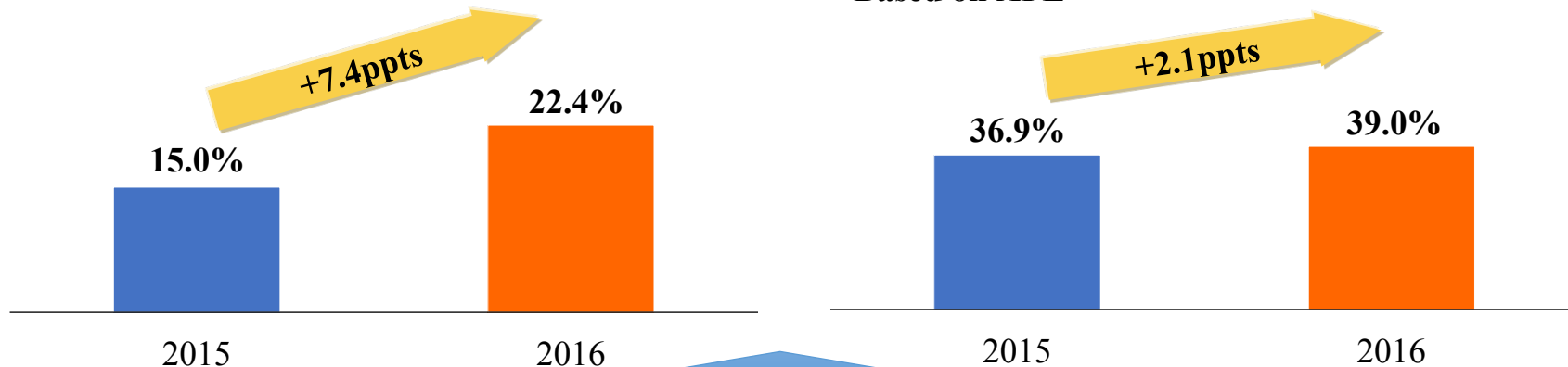
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Company transformation adaptive for C-ROSS EV standards

New Business Value Margin

Based on FYP¹

Based on APE²



Value enhancement under C-ROSS EV standards

Industry-leading business structure

Channel structure

Proportion of individual insurance channel up 13 ppts

Term structure

Proportion of FYRP and FYRP with payment period of 10 years or above grow significantly

Product structure

Proportion of health insurance products up 6 ppts

A crucial step taken in transformation and development

Notes:

1. NBV based on FYP = New business value / First year premium used for calculation of embedded value

2. NBV based on APE = New business value / (100%* first year regular premiums+10%*first year single premiums)

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Outlook

Under the leadership of the Board, the Company formulated and will be submitting the “Thirteenth Five-Year Plan” to AGM for resolution, which stipulates our key goals for the next five years:

Strong NCI

- Overall strength, market competitiveness, professional team and other aspects of the Company shall be all at the forefront of the industry
- The subsidiaries of the Company in healthcare and pension sectors shall have sound independent operation capabilities

Valuable NCI

- Value of the Company shall continue to improve while establishing a scientific and sound profit structure with “three margins”
- Value in serving the community and customers shall continue to manifest and the Company shall become a preferred choice of life insurance service

Sustainable NCI

- Company shall establish a business model whose growth is driven by renewal business, which has a strong capability in sustainable development.
- Operation risk shall be prevented and controlled effectively with solvency margin ratio meeting regulatory requirements

Harmonious NCI

- Create wealth for the society through sustainable and healthy business activities and perform its responsibilities as a corporate citizen through active participation in charity activities
- Improve the talent development mechanism, provide competitive remuneration packages and create a harmonious corporate culture

Outlook (cont'd)

Focusing on the key goals of the “Thirteenth Five-Year Plan”, the Company will take action in two steps: 2016-2017 will be the period for transformation for optimizing the business structure and getting ready for future development. 2018-2020 will be the period for development driven by renewal premium business.

In 2017, we will adhere to the principle of “making steady progress with further transformation development” and strive for winning in the phase of transformation. For achieving the goal, company will take the following steps:

Sharpen focus on key businesses

- Further optimize our business structure while maintaining the scale of premiums
- Focus on long-term regular premium business, individual insurance channel and protection-type products

Strengthen the sales force

- Advance the transformation of sales team development in adherence to the basic law
- Forge a sales force with high performance rate, high productivity and high retention, by promoting their professionalism and marketing skills

Outlook (cont'd)

Improve the quality of customer services

- Simplify the claims settlement procedure and improve reputation regarding claims settlement
- Set up a dedicated team for customer service aim to improve customer satisfaction
- Place a great emphasis on handling customer complaints, the quality and efficiency of basic services

Enhance management system

- Formulate and improve comprehensive regulations and systems starting from procedures formulation
- Accelerate the construction of the core platform so as to improve its support for the Company's operation and management
- Enhance the budget management system and the independent operation capabilities of its organizations.

Persist in prudent investment strategy

- Improve the strategic asset allocation and establish long-term asset allocation pattern catering to life insurance companies
- Focus on transaction-based opportunities in equity investment and accumulate quality assets in the long run
- Prolong the maturity of fixed-income assets while controlling credit risk
- Proactively research, consider and make overseas investment when appropriate with prudent decision making

Strengthen ability of risk control

- Refine the risk control mechanism by optimizing the risk management structure under C-ROSS
- Switch focus of risk management from post-mortem review to preemptive action
- Enhance internal control, improve audit efficiency and carry out internal inspections to preserve the bottom line of risks

Q & A