

2020 Interim Results Announcement

26 Aug. 2020

Beijing, China



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OVERVIEW

OVERVIEW

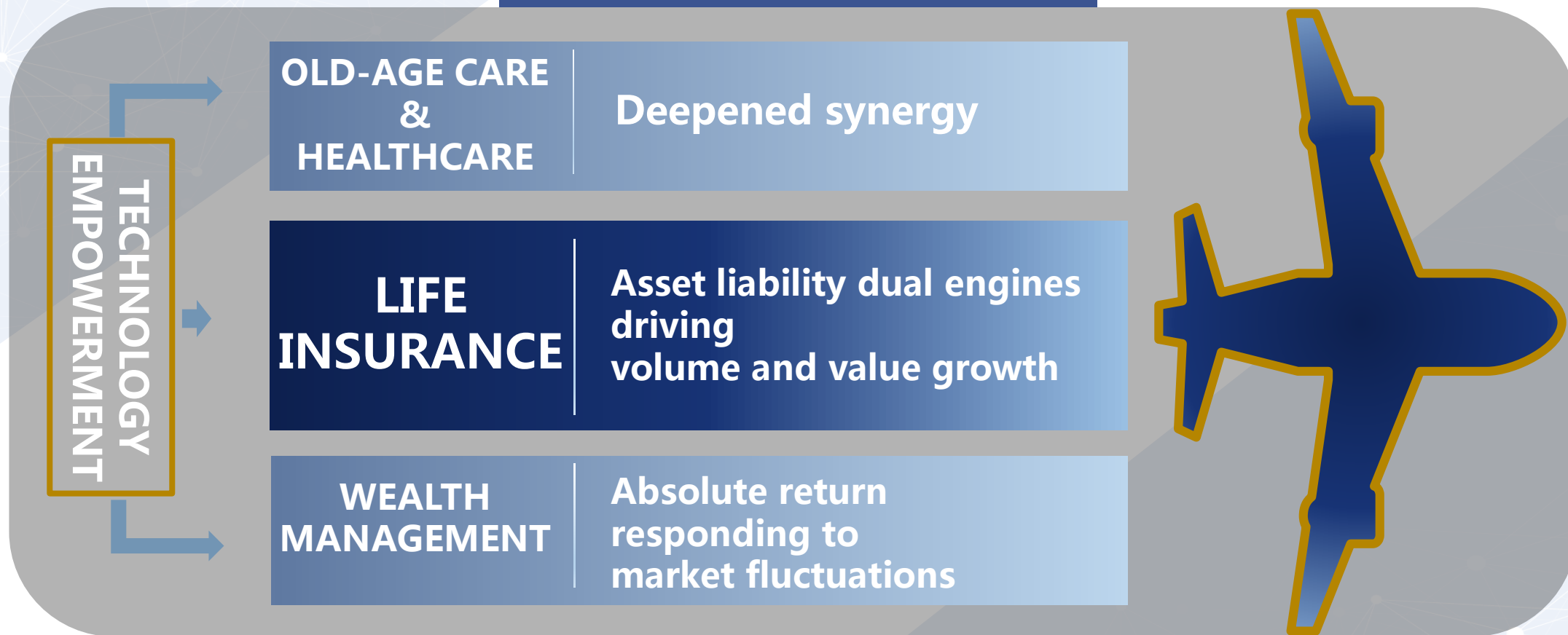
INSURANCE
BUSINESS

FINANCIALS &
INVESTMENT

EMBEDDED
VALUE

Overview

"1+2+1" STRATEGY



◆ Our vision: to be China's best financial service group with comprehensive life insurance business as its core

Overview

COVID-19 impacted the life insurance industry in the first half of 2020. The Company made concerted efforts and took various measures to boost business growth.



Gross written premiums achieved rapid growth



Embedded value constantly increased



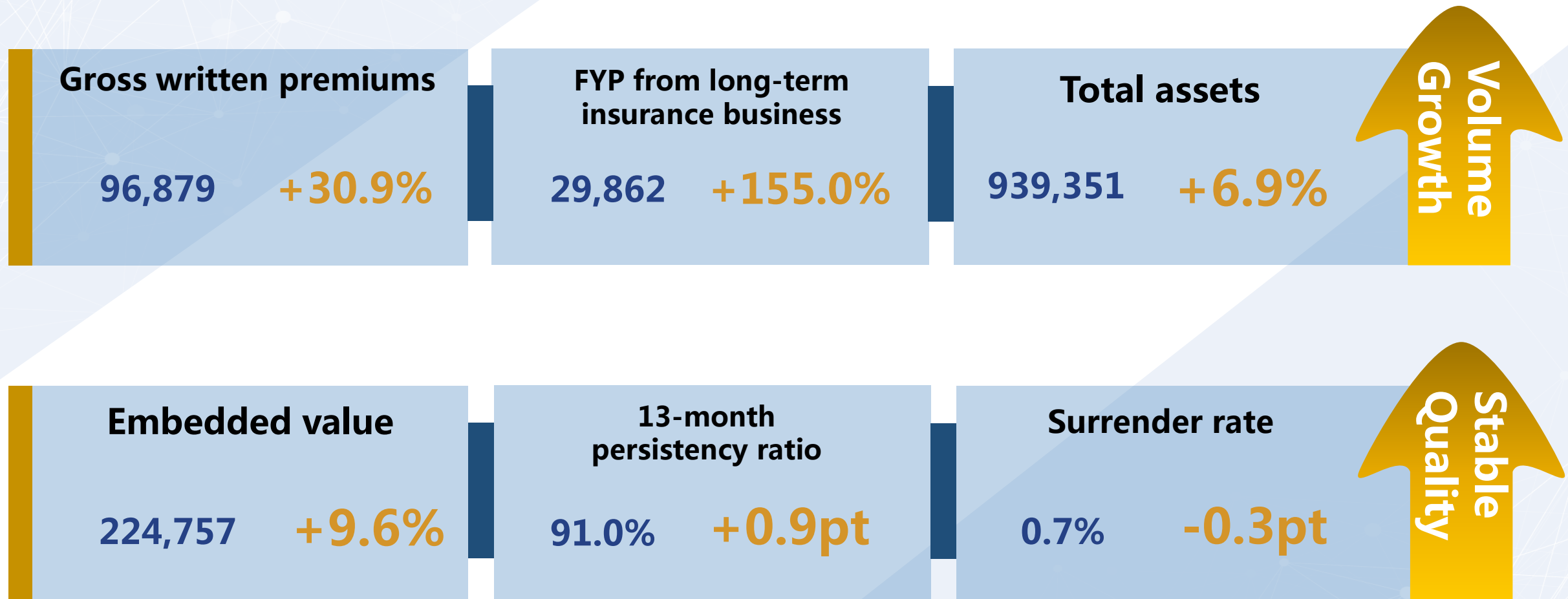
Business structure realized balanced development



Business quality remained stable

Results Highlights for 1H2020

Unit: RMB in millions



Future Prospects

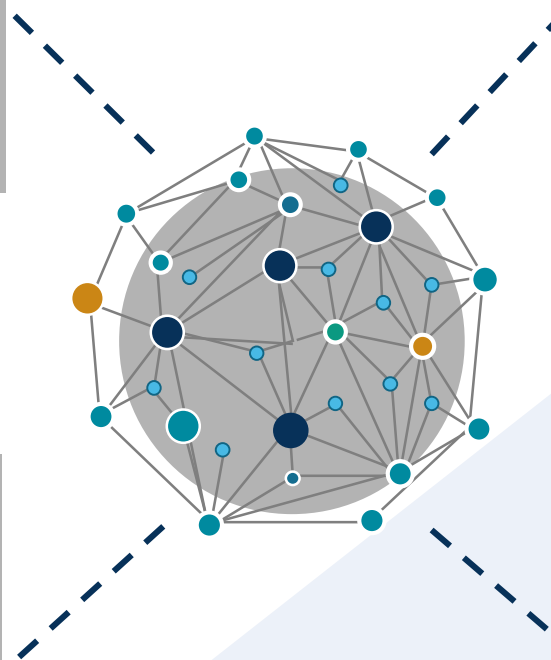
The Company will push forward the development strategy of "one body, two wings, and technology empowerment" to promote high-quality development.

Accelerate product innovation & Promote industrial synergy

Strengthen application of innovation & Promote technology empowerment

Control investment risks & Seize investment opportunities

Enhance compliance management & Consolidate risk prevention and control



Social Responsibility



Sanitation workers project

- ◆ 102 cities
- ◆ Over 750,000 sanitation workers
- ◆ Sum assured over RMB186.6 billion

Fighting COVID-19

- ◆ Insurance donation to 200,000 medicals in Wuhan
- ◆ Sum assured RMB60 billion
- ◆ Donation worth RMB7.6 million

Targeted poverty alleviation

- ◆ 11 provinces
- ◆ Over 50,000 poor people
- ◆ Sum assured over RMB5 billion

Note: Data used are as at Jul. 31, 2020.

INSURANCE BUSINESS

OVERVIEW

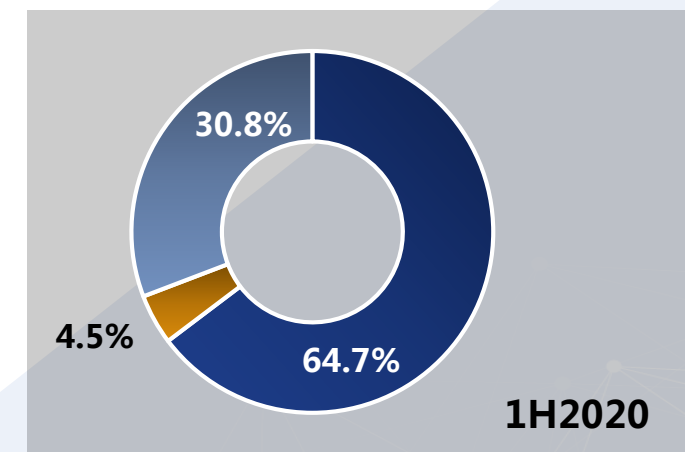
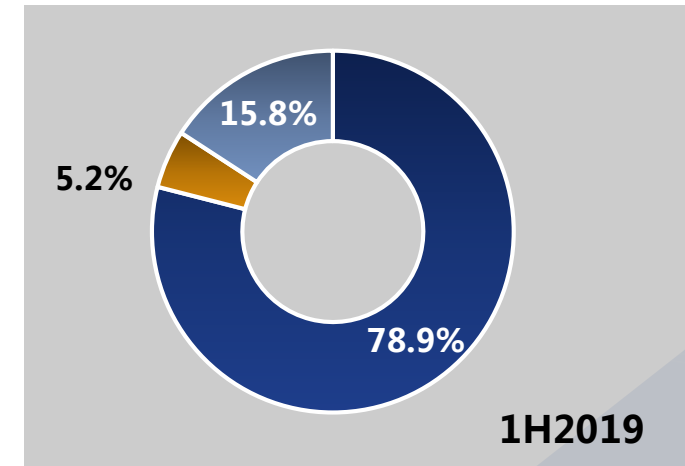
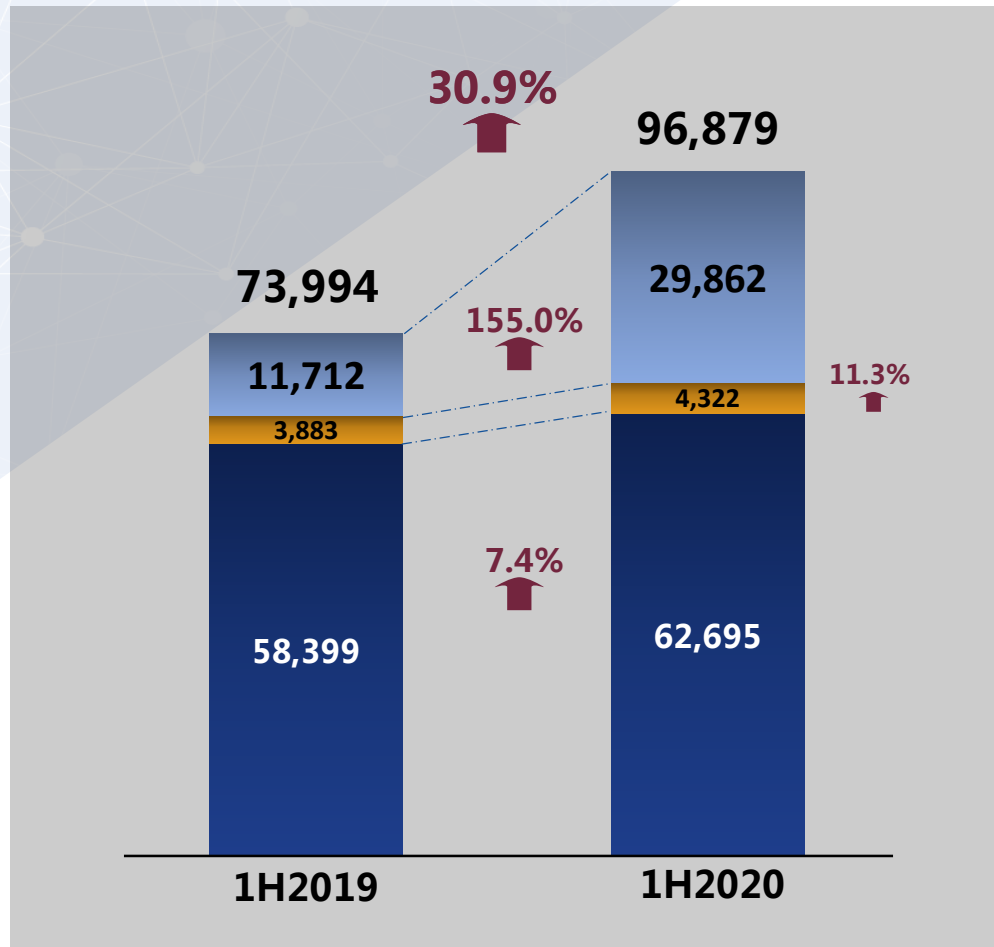
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Gross Written Premiums & Breakdown

Unit: RMB in millions



■ FYP from long-term insurance business

■ Premiums from short-term insurance business

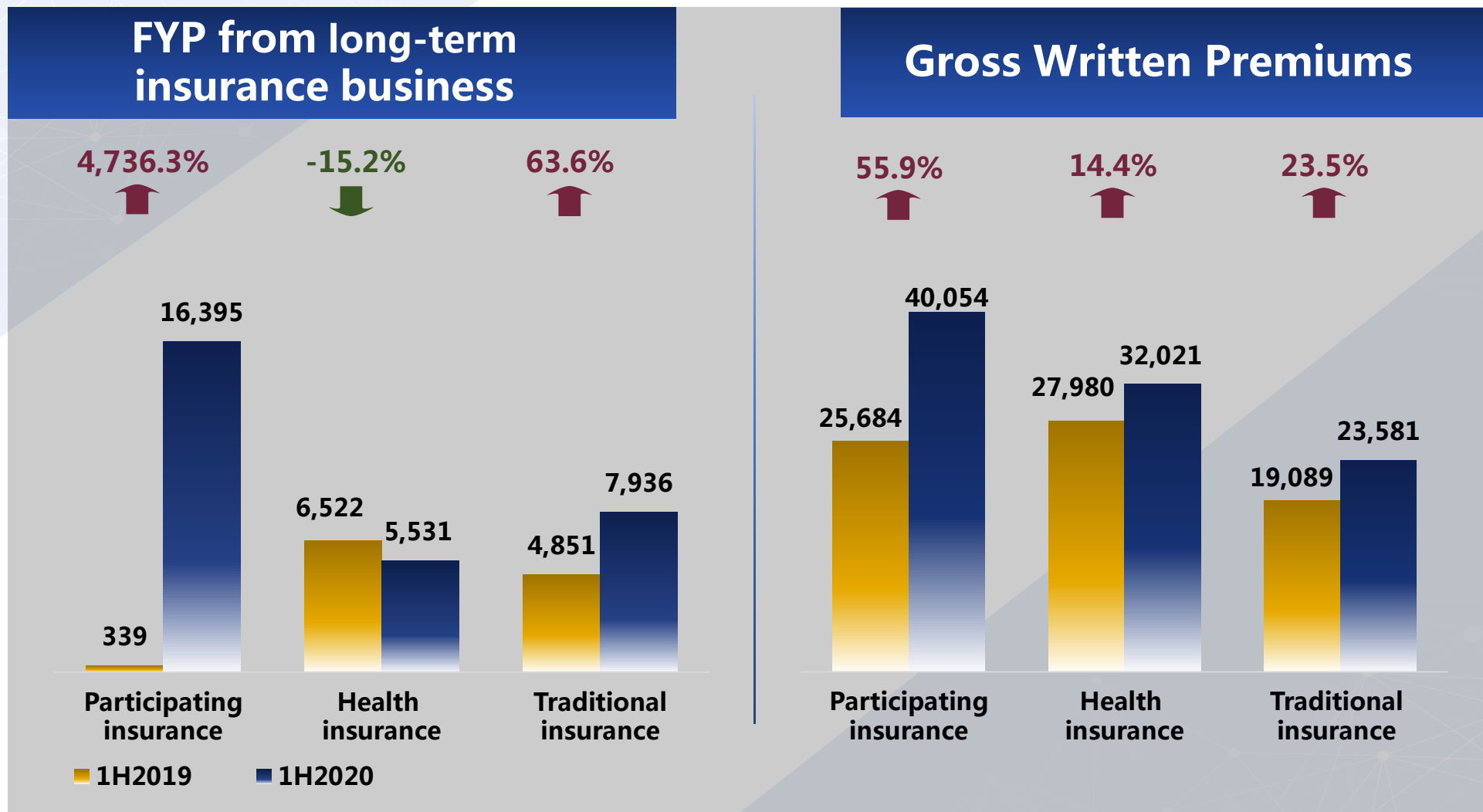
■ Renewal premiums

Note: Numbers may not be additive due to rounding.

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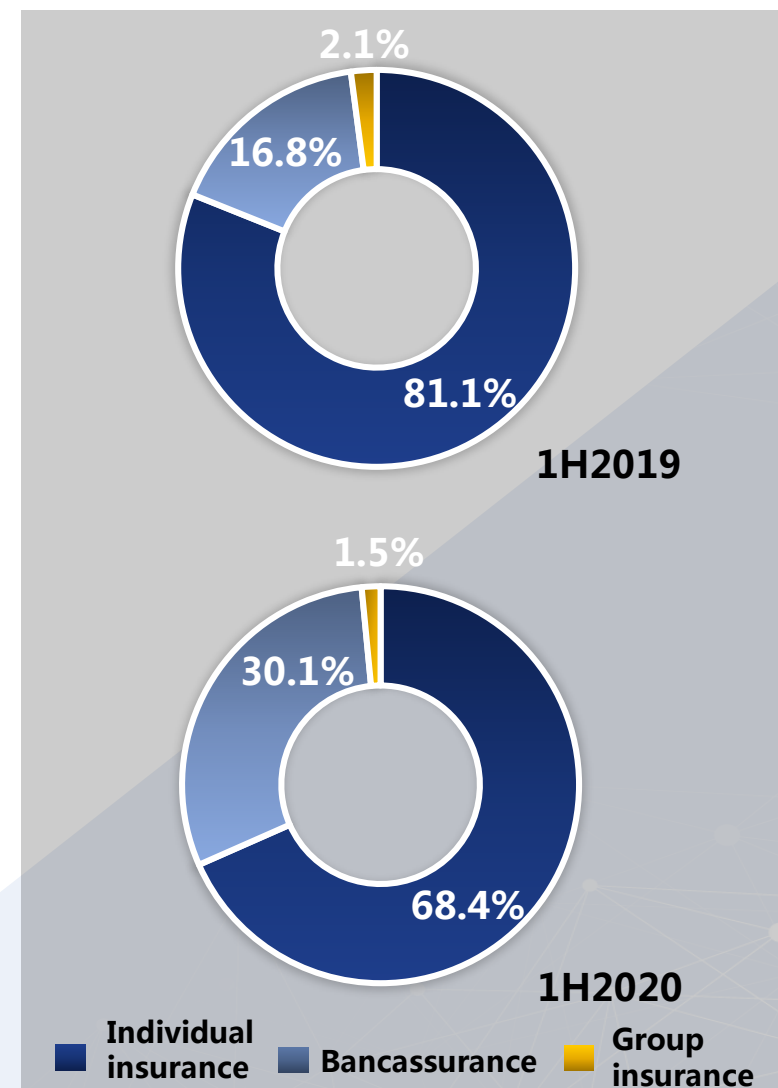
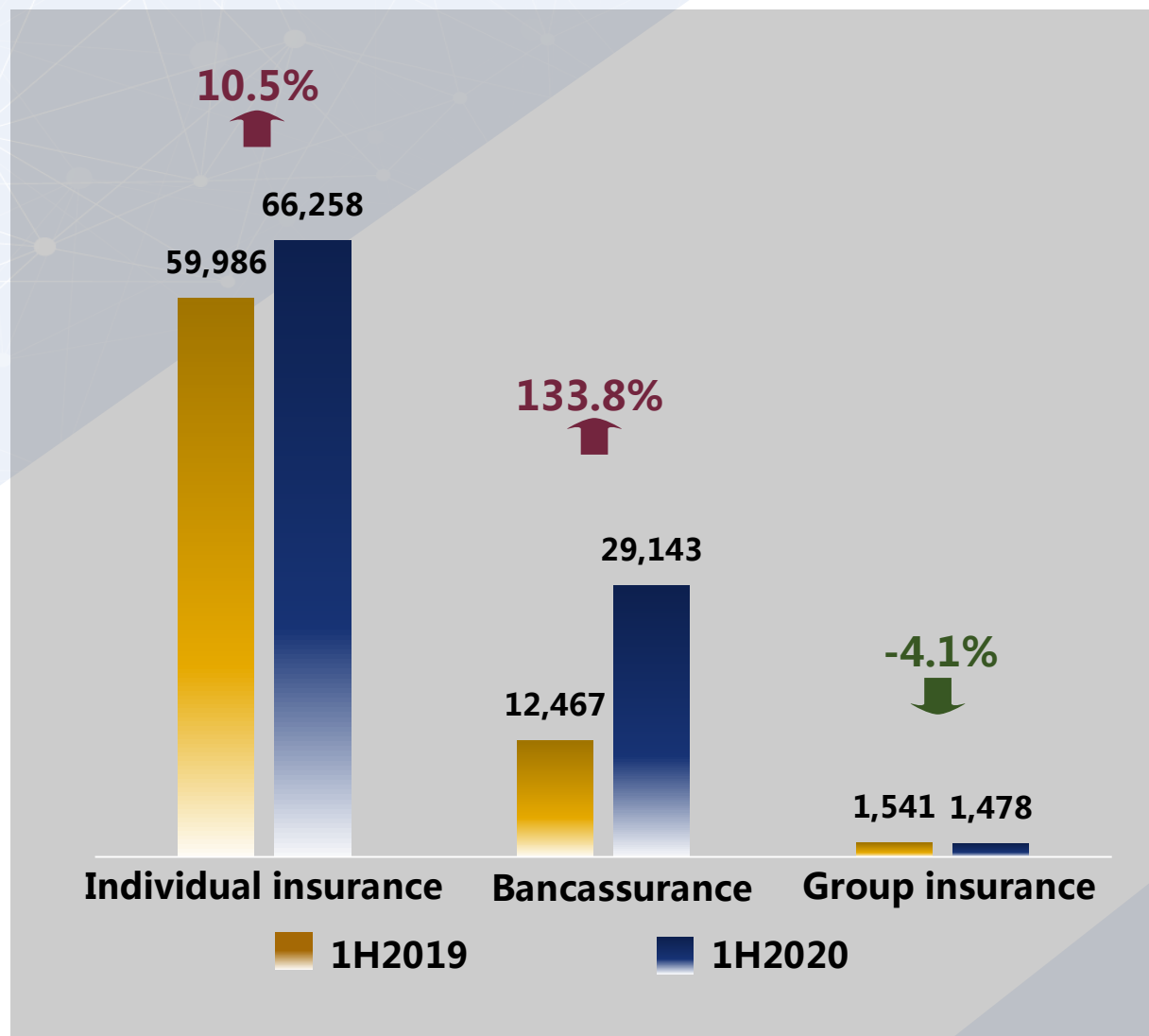
Product Structure

Unit: RMB in millions



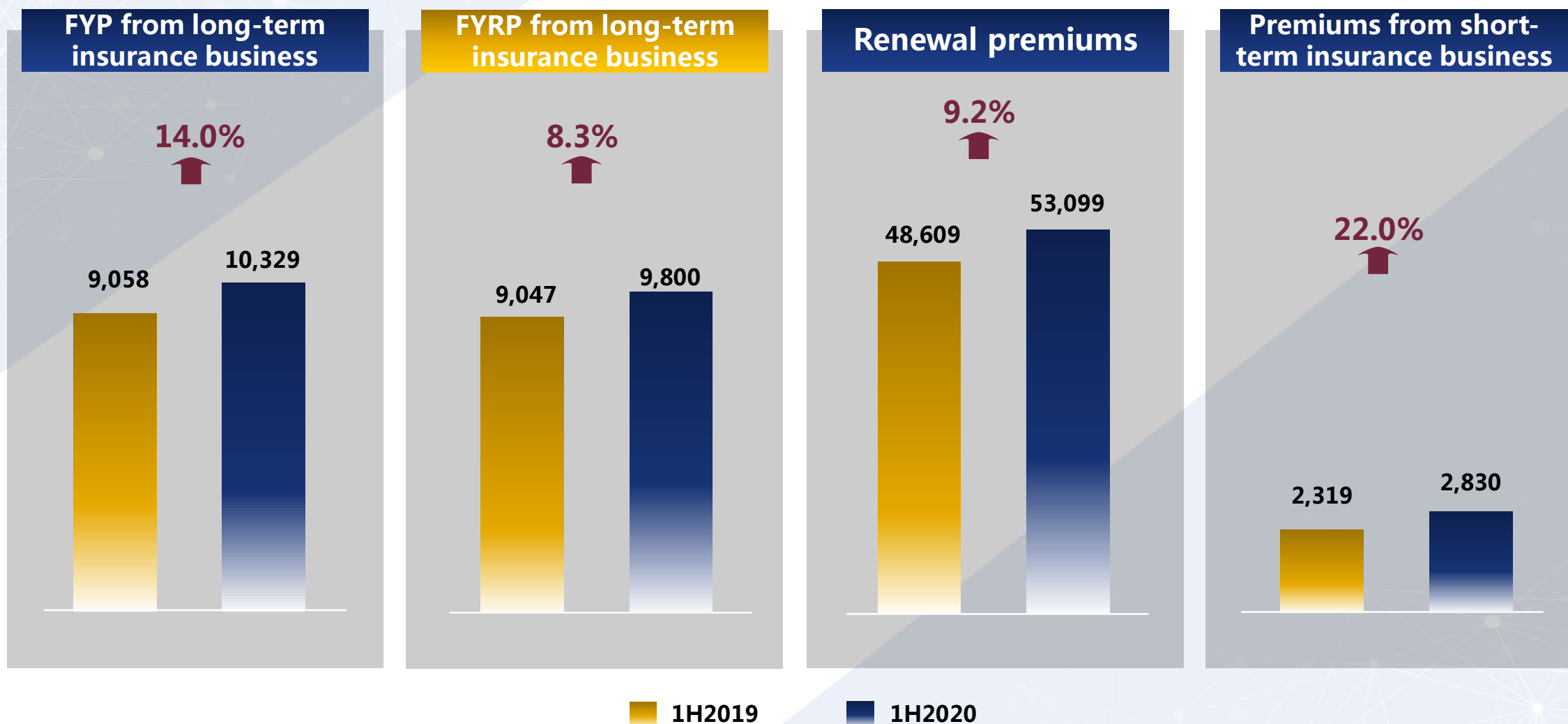
GWP Breakdown by Channels

Unit: RMB in millions



Individual Insurance - Premiums

Unit: RMB in millions



Individual Insurance - Sales Force

◆ Total agents	526,000	36.5%	↑
◆ Monthly average qualified agents	135,000	-3.5%	↓
◆ Monthly average qualified rate	26.4%	-12.4pts	↓

Notes:

1. Monthly average number of qualified agents = $(\sum \text{number of qualified agents in a month}) / \text{the number of months in the reporting period}$, where monthly number of qualified 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 is equal to or greater than RMB800.
2. Monthly average qualified rate = $\text{monthly average number of qualified agents} / \text{monthly average number of agents} * 100\%$. Monthly average number of agents = $\{\sum [(\text{number of agents at start of the month} + \text{number of agents at end of the month}) / 2]\} / \text{the number of months in the reporting period}$.



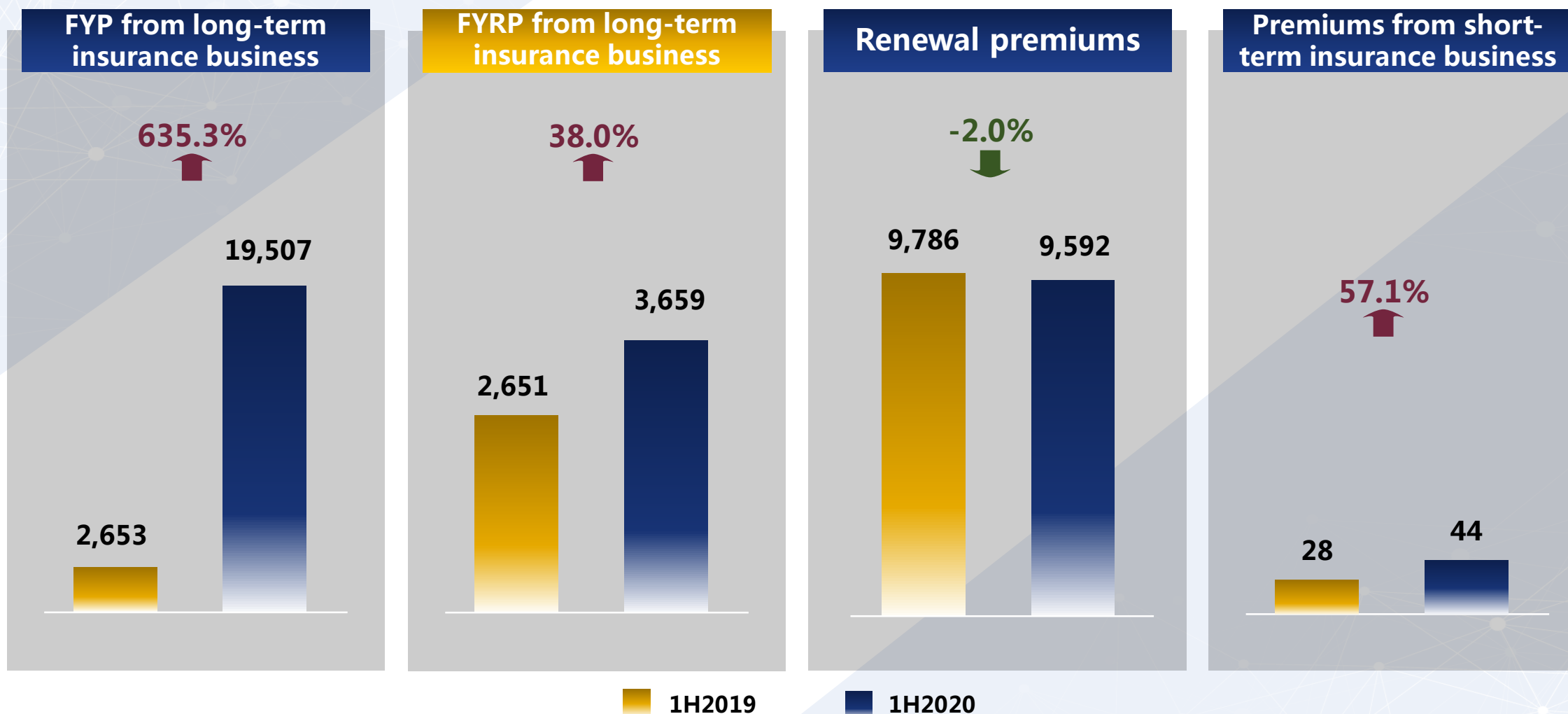
**Strengthen sales team
and agent headcounts
hit a record high**



**Greater challenges to
marketing
and active agent
headcounts reduced**

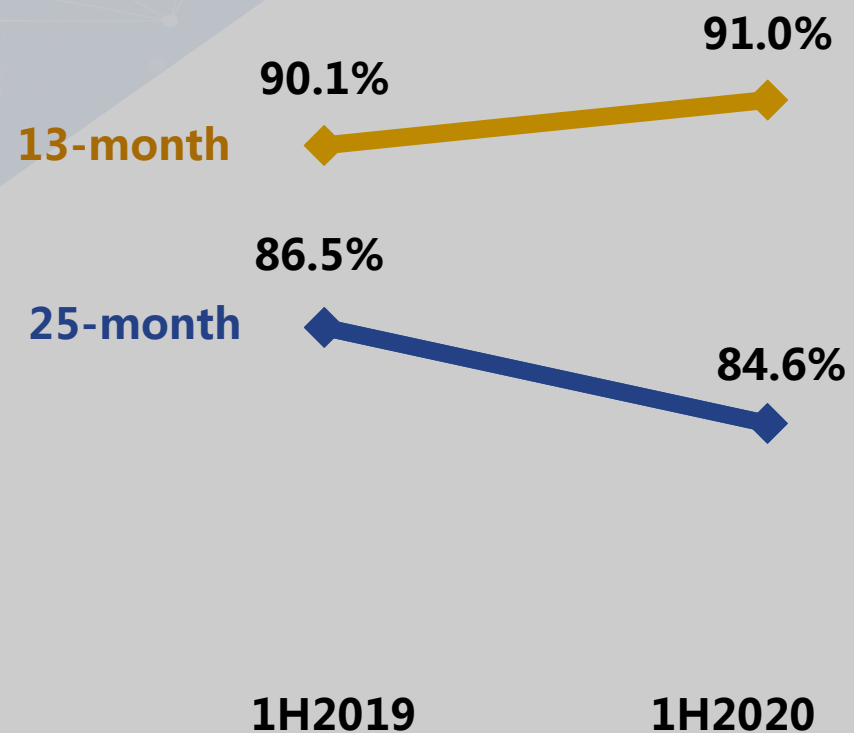
Bancassurance - Premiums

Unit: RMB in millions

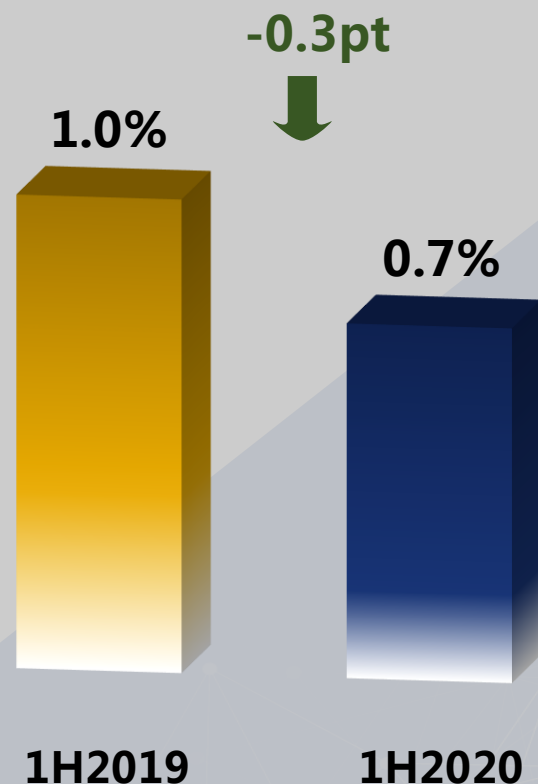


Business Quality

Persistency ratio of individual life insurance business



Surrender rate



FINANCIALS & INVESTMENT

OVERVIEW

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EMBEDDED
VALUE

$$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$$
$$2x + 4 dx = 3x^3 + x^2 + 4x + C \Big|_0^3 = 102$$
$$e^{x+iy} = e^x (\cos y + i \sin y)$$

Key Financial Indicators

Unit: RMB in millions

Revenues

	1H2020	1H2019	Change
Total Revenues	116,076	89,092	30.3%▲
Net written premiums and policy fees	95,425	72,767	31.1%▲
Investment income	20,751	16,684	24.4%▲

Expenses

	1H2020	1H2019	Change
Insurance benefits and claims	89,793	63,425	41.6%▲
Commission and brokerage expenses	9,617	8,943	7.5%▲
Administrative expenses	5,320	5,512	-3.5%▼

Profit

Net profit attributable to shareholders of the Company	-22.1%▼
	8,218
	10,545
Earnings per share (RMB yuan)	-22.2%▼
	2.63
	3.38
Weighted average ROE attributable to shareholders of the Company (%)	-5.46 pts▼
	9.13%
	14.59%

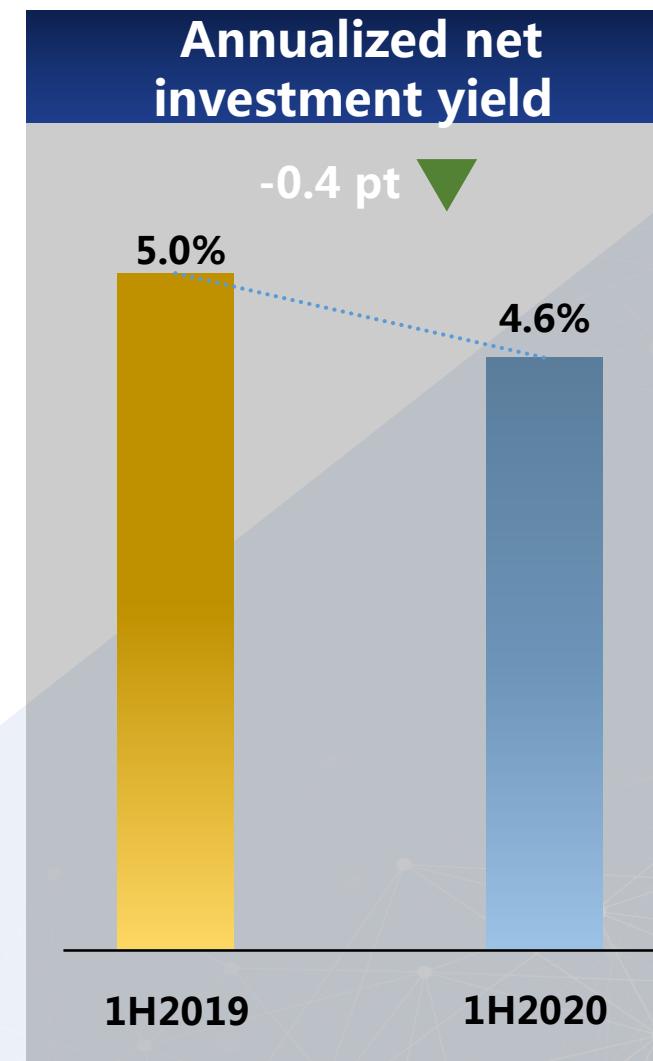
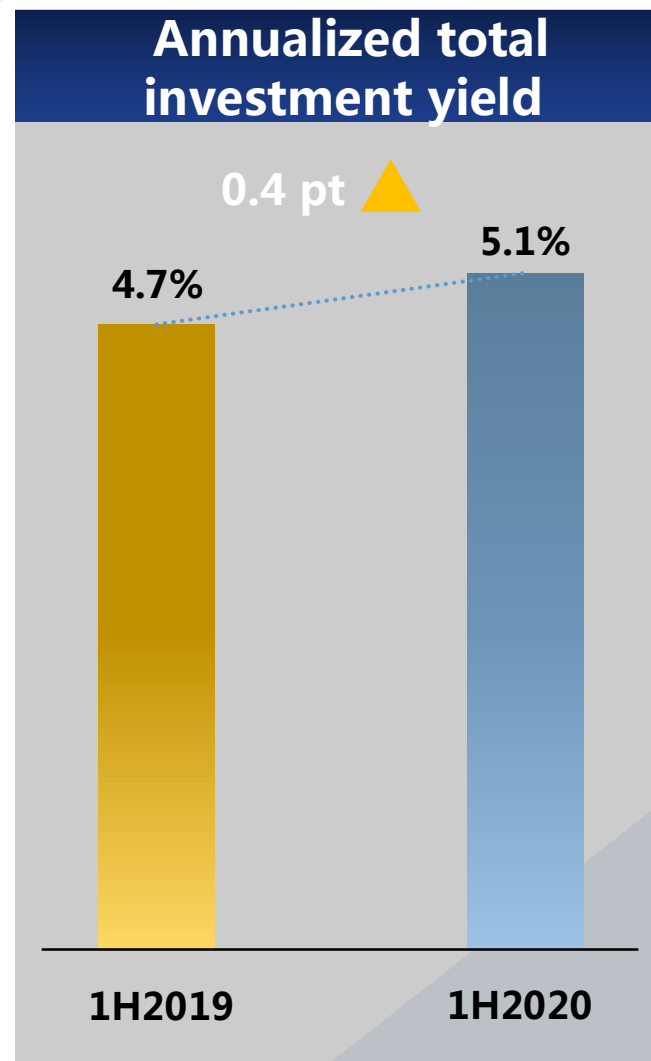
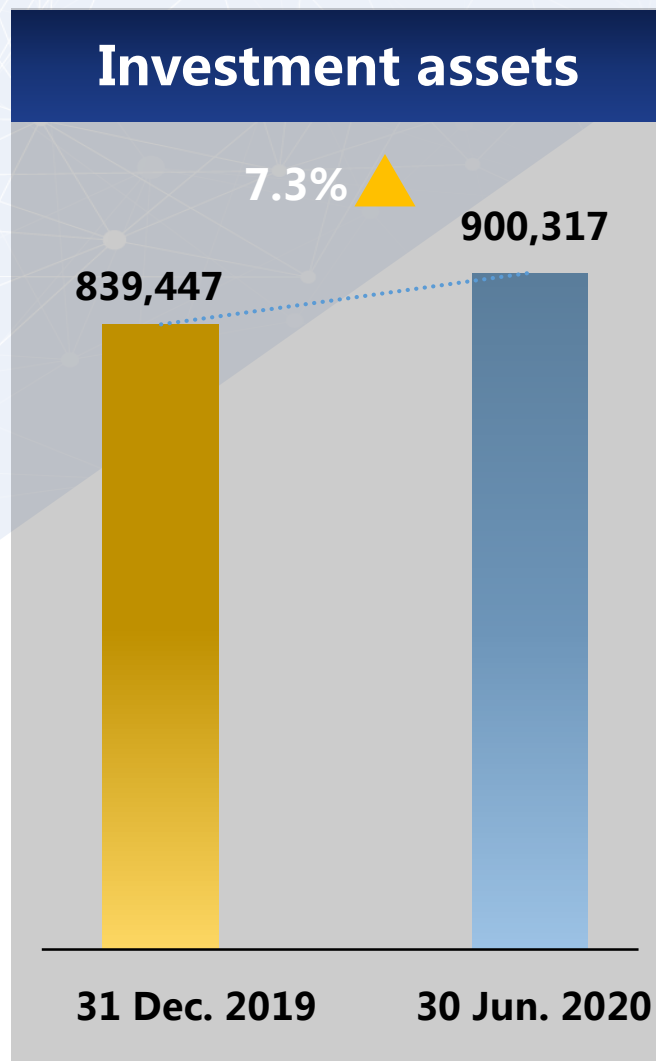
■ 1H2020 ■ 1H2019

Note: Above figures are IFRS based.

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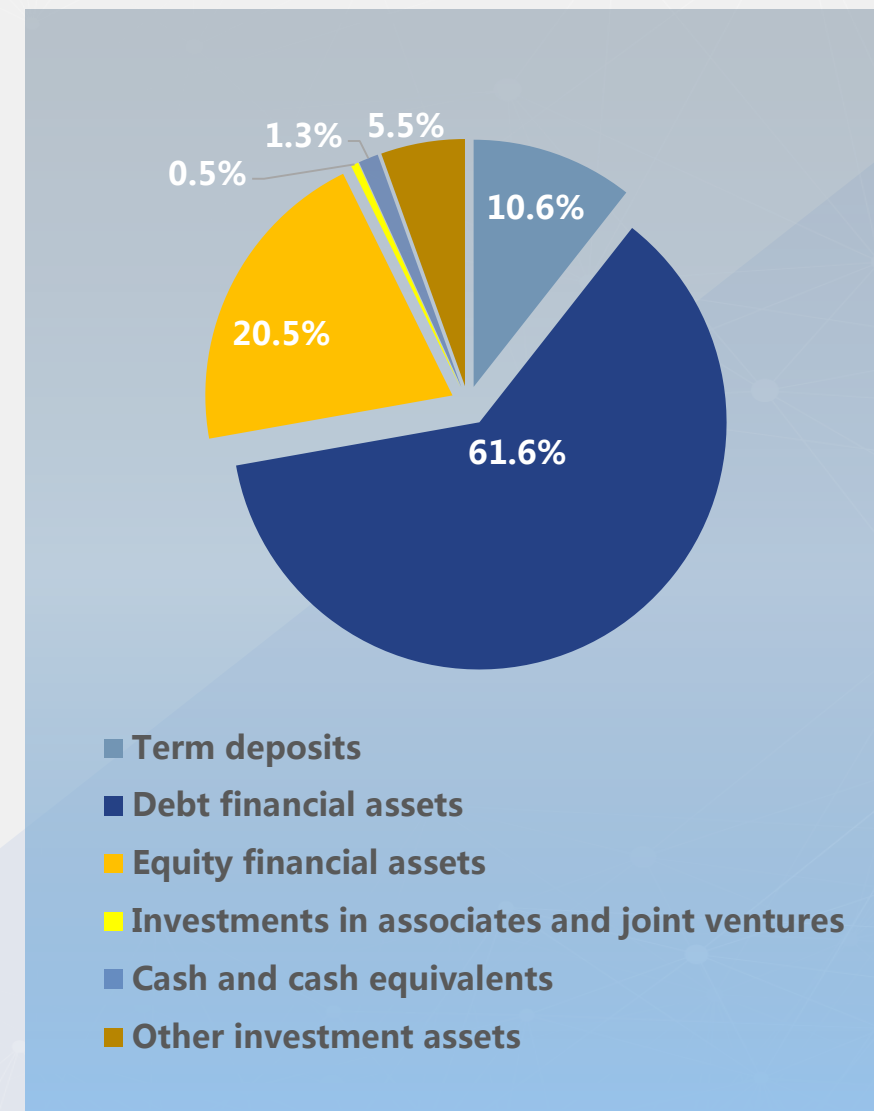
Investment Performance

Unit: RMB in millions



Investment Portfolio

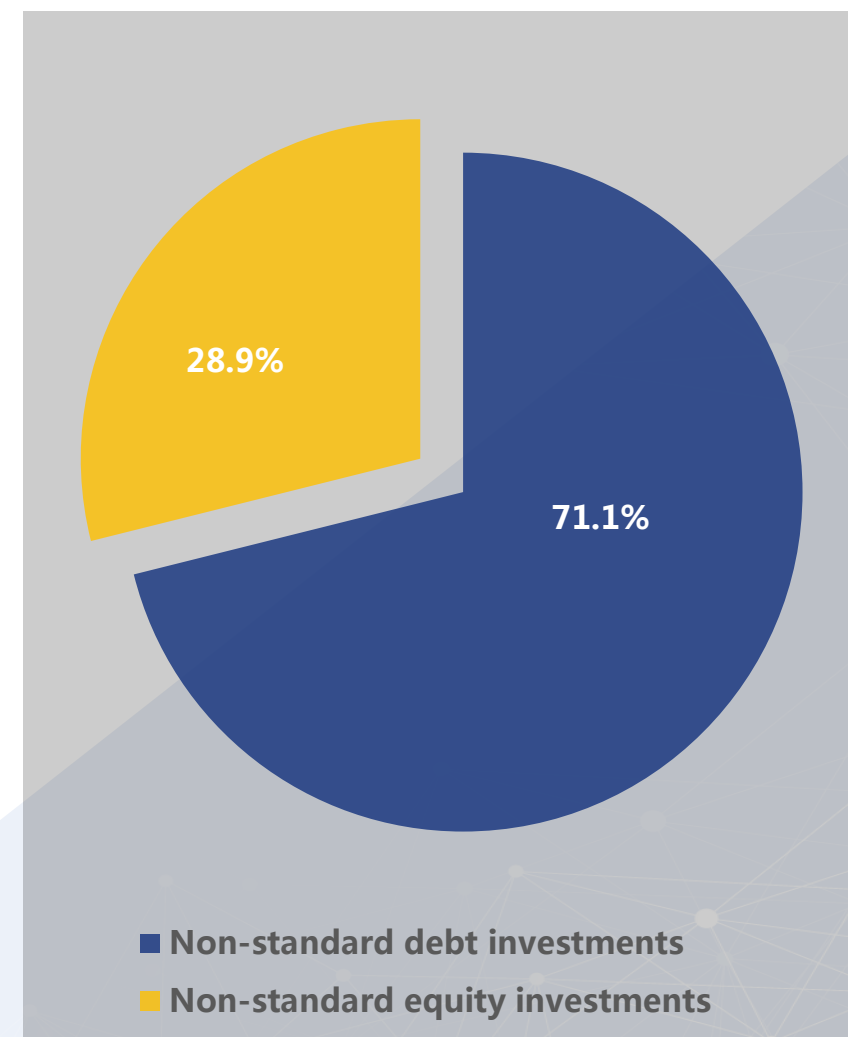
Categories	As at 30 Jun. 2020 (Proportion)	As at Dec. 31 2019 (Proportion)	Change (pt)
Term deposits	10.6%	7.6%	3.0
Debt financial assets	61.6%	65.6%	-4.0
- Bonds	42.7%	42.7%	-
- Trust products	10.5%	9.2%	1.3
- Debt plans	4.3%	4.6%	-0.3
- Asset funding plans	-	1.2%	-1.2
- Others	4.1%	7.9%	-3.8
Equity financial assets	20.5%	18.7%	1.8
- Funds	5.2%	5.5%	-0.3
- Stocks	7.4%	6.6%	0.8
- Others	7.9%	6.6%	1.3
Investments in associates and joint ventures	0.5%	0.6%	-0.1
Cash and cash equivalents	1.3%	1.4%	-0.1
Other investment assets	5.5%	6.1%	-0.6



Non-standard Investment Portfolio

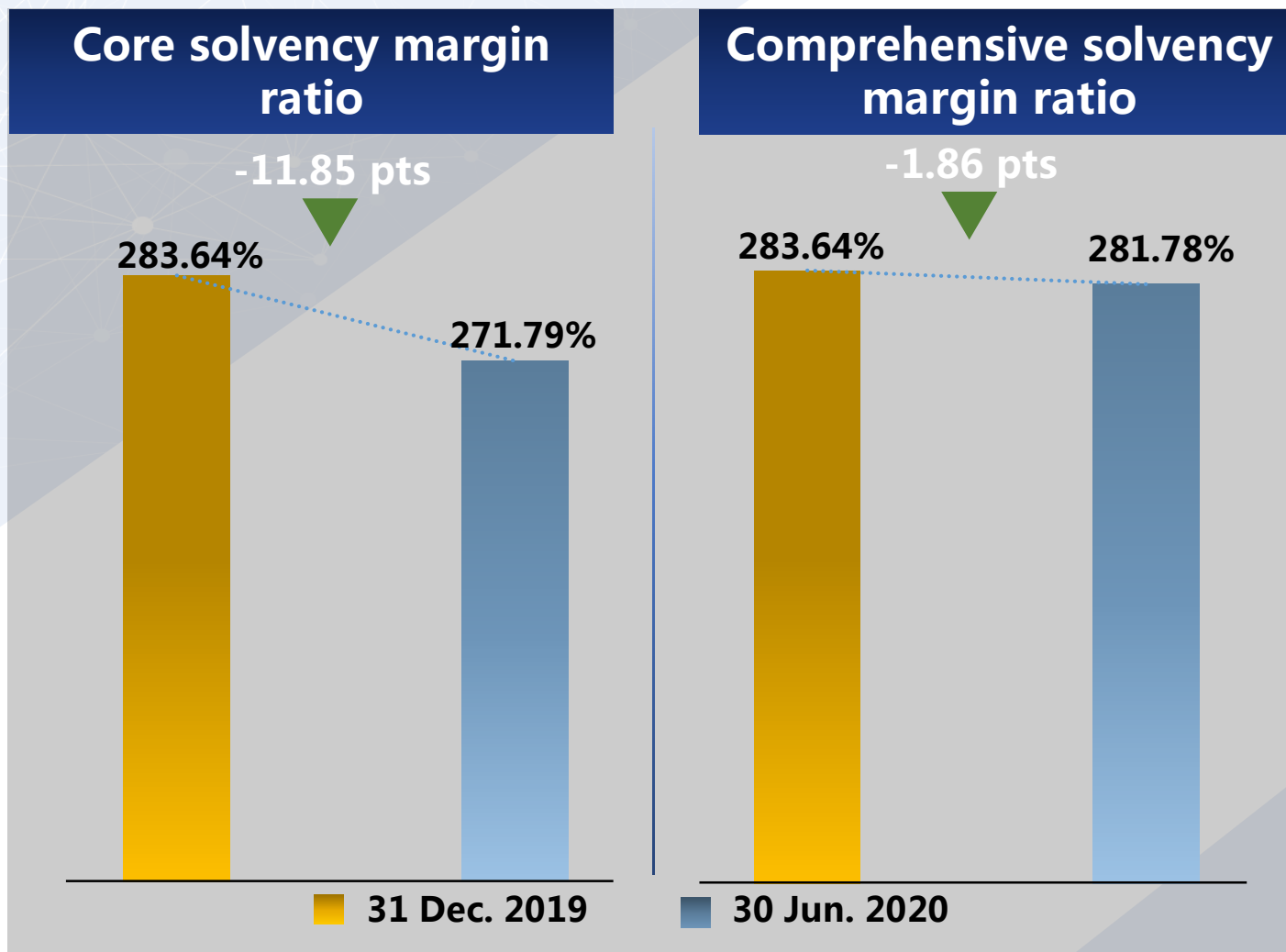
Unit: RMB in millions

Categories	As at 30 Jun. 2020	Proportion	Proportion Change (pt)
Non-standard debt investments	170,159	71.1%	-7.0
- Trust product	94,501	39.5%	8.2
- Debt plan	39,065	16.3%	0.5
- Project asset support plan	-	-	-4.1
- Wealth management product	31,548	13.2%	-11.7
- Perpetual bond	5,000	2.1%	0.1
- Asset management plan	45	-	-
Non-standard equity investments	69,122	28.9%	7.0
- Asset management plan	39,044	16.3%	7.3
- Private equity	8,806	3.7%	0.8
- Unlisted equity	16,570	6.9%	-0.6
- Equity investment plan	4,700	2.0%	0.1
- Wealth management product	2	-	-
- Derivative financial asset	-	-	-0.6
Total	239,281	100.0%	-



Solvency

Unit: RMB in millions



Capital			
	30/6/2020	31/12/2019	Change
Core capital	272,078	261,164	10,914 ▲
Actual capital	282,078	261,164	20,914 ▲
Minimum capital	100,107	92,077	8,030 ▲



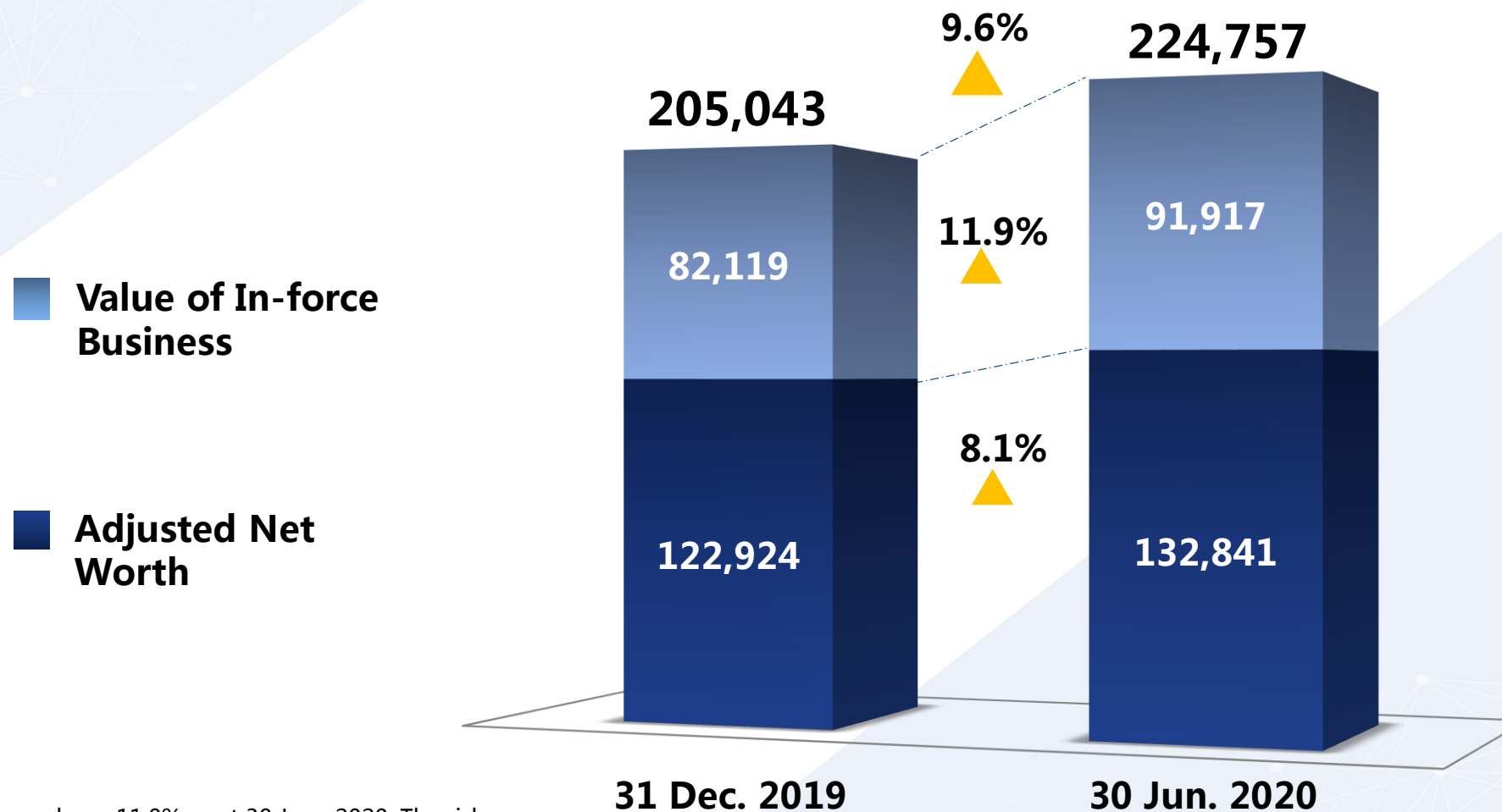
EMBEDDED VALUE

- OVERVIEW
- INSURANCE BUSINESS
- FINANCIALS & INVESTMENT
- EMBEDDED VALUE**

$$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$$
$$3x^3 + x^2 + 4x + 7$$
$$y = e^x(\cos y + i \sin y)$$

Embedded Value - Composition Analysis

Unit: RMB in millions



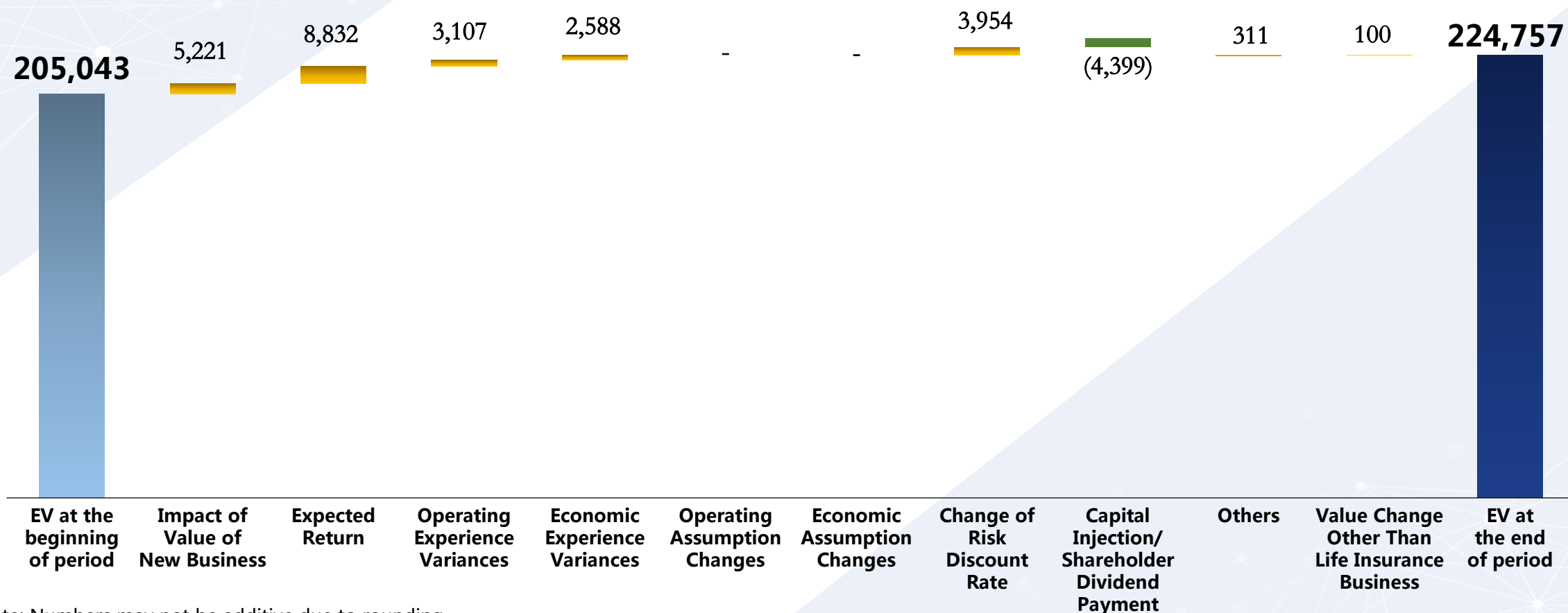
Note:

1. The risk discount rate used was 11.0% as at 30 June 2020. The risk discount rate used was 11.5% as at 31 December 2019.
2. Numbers may not be additive due to rounding.

Embedded Value—Movement Analysis

Unit: RMB in millions

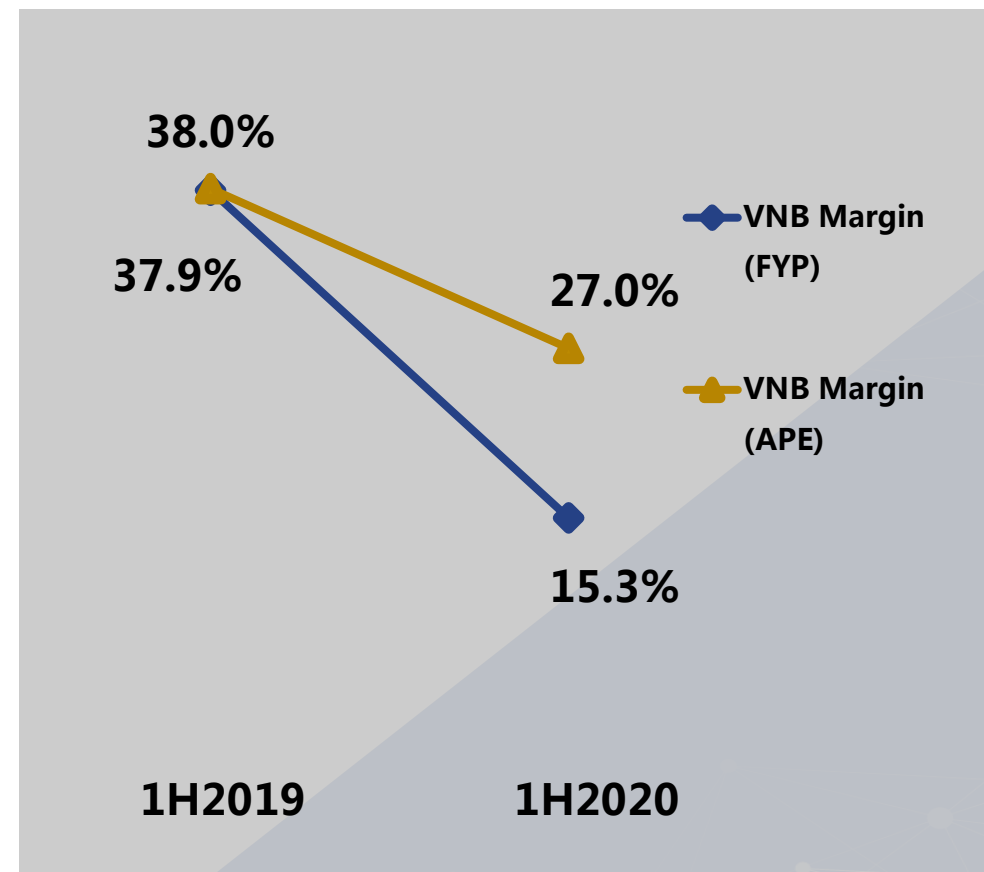
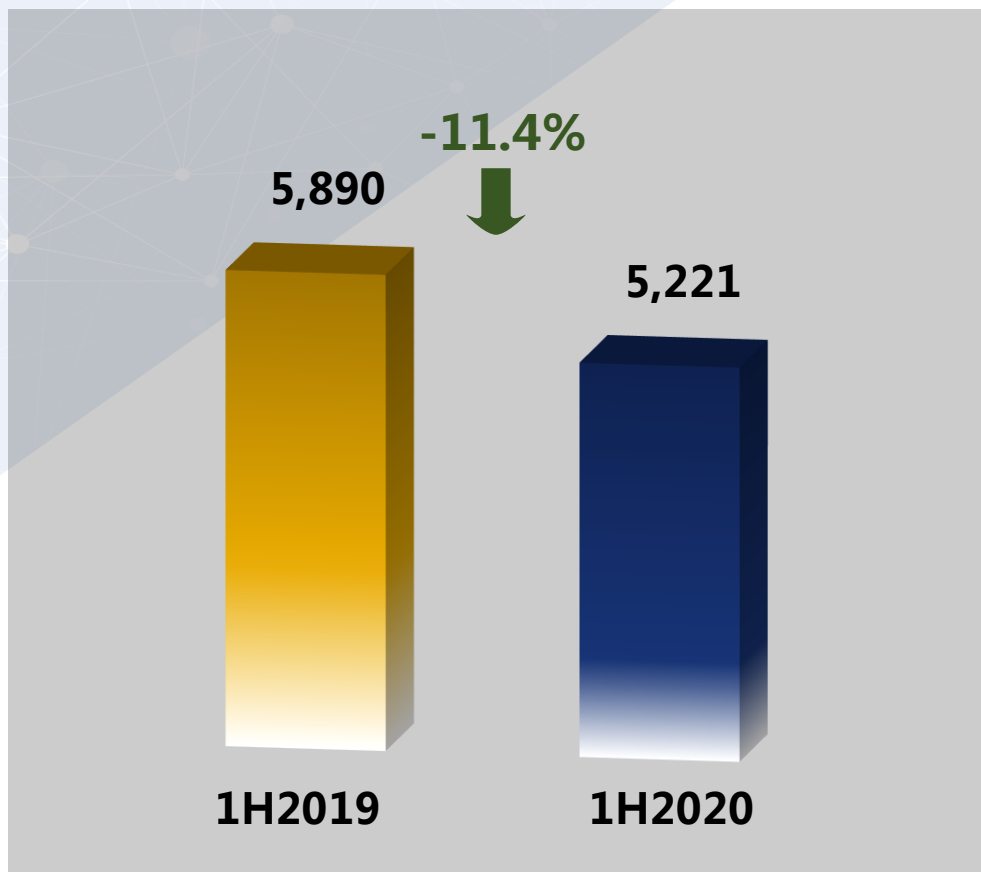
Movement analysis from Dec. 31, 2019 to Jun. 30, 2020



Note: Numbers may not be additive due to rounding.

Value of New Business

Unit: RMB in millions



Notes:

1. The risk discount rate used was 11.0% in 1H2020. The risk discount rate used was 11.5% in 1H2019.
2. FYP= 100% * first year regular premiums+100% * first year single premiums +100% * premiums from short-term insurance business
3. APE= 100% * first year regular premiums+10% * first year single premiums +100% * premiums from short-term insurance business
4. Numbers may not be additive due to rounding.



CARE FOR EACH AND EVERY DAY

