



# **NEW CHINA LIFE**

# **2022 Annual Results Announcement**

**31 March 2023**

**Beijing, China**

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## OVERVIEW



## INSURANCE BUSINESS



## FINANCIALS & INVESTMENT



## EMBEDDED VALUE

Gross written premiums

**163.1** billion

Net investment yield

**4.6%**

Total assets

**1.255** trillion

Embedded value

**255.6** billion

Equity attributable to  
shareholders of the Company

**102.9** billion

Comprehensive solvency  
margin ratio

**238.2%**

## Life insurance

Investment supports  
life insurance

Comprehensive protection  
and wealth management plan

Old-age care and healthcare  
support life insurance

**Wealth  
Management**

**Technology  
Empowerment**

**Old-age Care  
& Healthcare**



**Prominent brand  
value**

**Solid main  
business**

**Supportive industrial  
collaboration**

**Convenient and  
high-quality service**

**Professional and  
efficient management**

- A member of Fortune 500, world' s top 500 public companies by Forbes and world' s 50 most valuable insurance brands
- A comprehensive old-age care and healthcare service system of "old-age care and healthcare community + nursing and medicare community + leisure and tourism community + health management center" initially established
- Strengthened technology application, optimized service supply and process, improved intelligent operation and service system, and value-added health service
- Management team with rich experience and keen market insight, professional talents

## Risk management system improved



- Spanning all major business areas
- Upgraded risk management system and procedure
- Optimized risk monitoring and reporting mechanism

## Risk management capacity enhanced



- Timely identification and warnings
- Covering all internal control management modules
- Monitoring and reporting key compliance indicators

### Insurance risk

Manage risk through product development, underwriting and reinsurance  
Surrender rate decreased

### Operational risk

Intensify internal control & compliance management  
Carry out risk investigation

### Reputation risk

Long-term effective management mechanism,  
7 x 24 monitoring

### Market risk

Strengthen risk monitoring and warning  
Asset allocation and yields remain solid

### Credit risk

Over 95% of investment deposits and bonds rated AAA

### Liquidity risk

Monitor cash flow  
Carry out stress tests



NCI is committed to practicing sustainable development, serving the national strategy, fulfilling social responsibility, and improving people's livelihoods.

## Practice sustainable development

Built a green operation system  
Provided financing for green transformation  
Invested RMB14.7 billion in green development



## Support the real economy

Invested RMB700 billion to serve the real economy  
Invested over RMB200 billion to serve strategic emerging industries, etc.



## Develop healthcare and old-age care

Lexiang, Yixiang and Zunxiang old-age care projects  
19 health management centers  
New China Life Excellent Health became designated medical institution for basic medical insurance in Beijing



## Promote Healthy China

Policy-oriented insurance served 17.95 million people in 9 provinces  
Participated in over 30 projects benefiting 1.6 million people



## Support pension system

Exclusive commercial pension program  
Individual pension products  
19 occupational pension portfolios in 16 provinces



## Rural revitalization and charity

Invested over RMB15 million for rural revitalization  
Donated money and supplies worth RMB19.07 million  
Donated total sum assured over RMB411.2 billion to sanitation workers

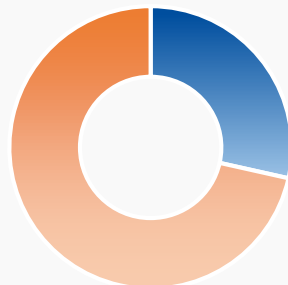


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With an integrated wealth management platform with Asset Management Company as the main body, NCI manages investment assets prudently.

## Entrusted assets from third-party business increasing rapidly

- Third party assets
- Investment assets of the Company

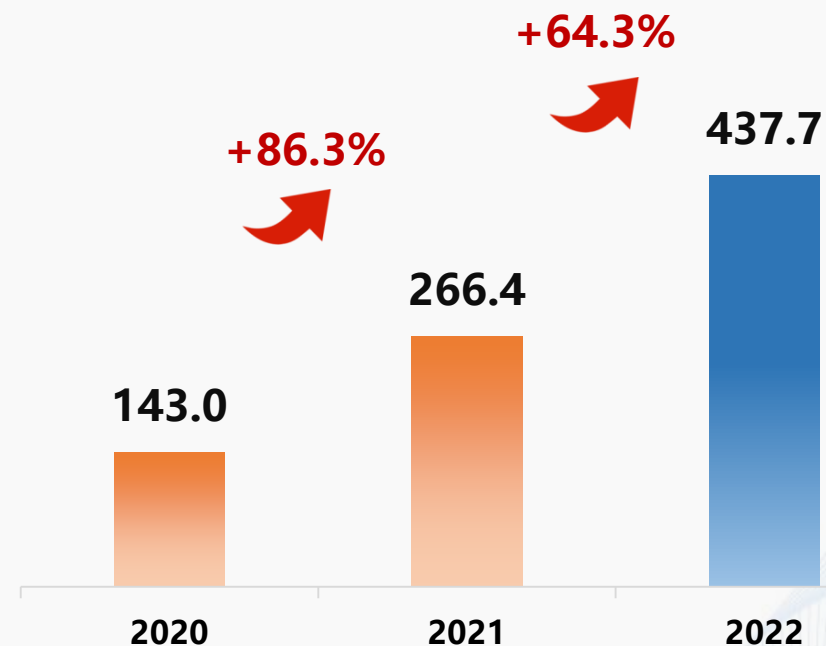


Volume of entrusted assets

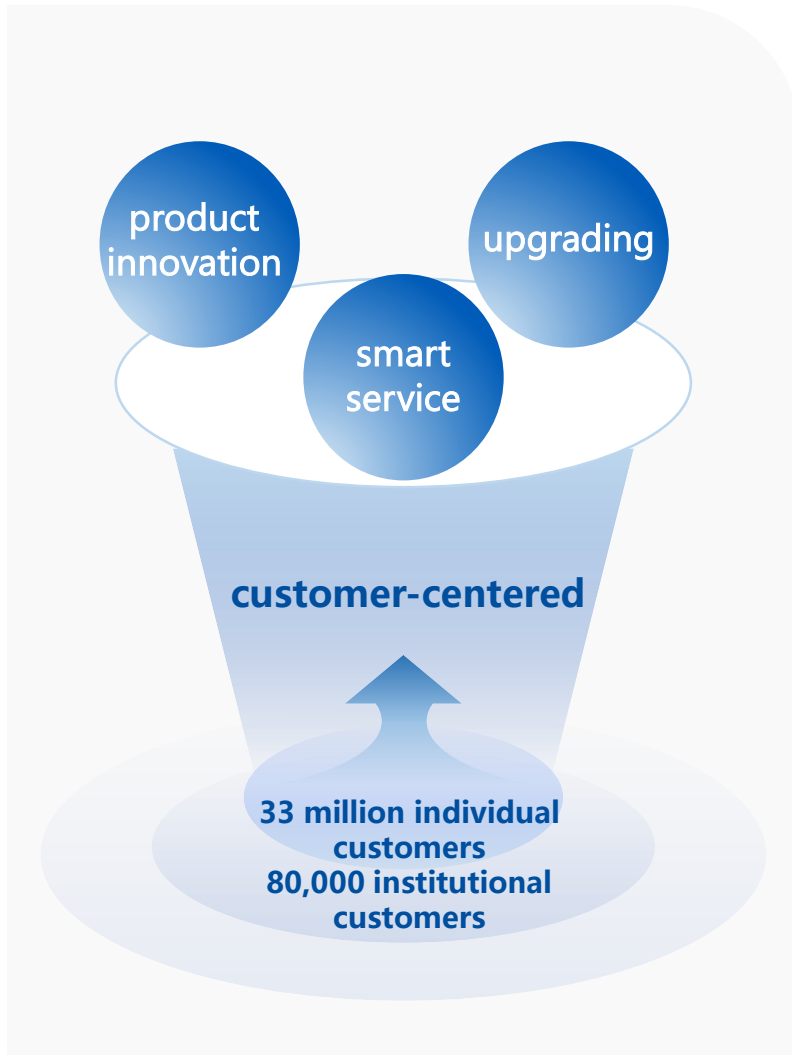
**479.6 billion** **+48%**

## Portfolio asset management products increasing rapidly

Unit: RMB in billions







Insurance benefits and claims since 2011

**394.9 billion**

Online claim rate

**96.72%**

Average settlement time

**0.56 day**

Service centers

**1,600**

Senior care stations

**630**

- self-designed multi-functional, all-media AI service “Zhiduoxin”
- lightweighted and distributed cloud platform “Suixintong”
- new generation of smart self-service machine
- all-media service platform covering phone call, message, website, wechat etc.
- both professional human agents and AI at service

In 2023, NCI will actively integrate into the new development pattern and respond to industry changes. In business development, the Company will improve business value, stabilize business volume, shift to long-term and diversified business, deepen industrial coordination and consolidate foundation to boost high-quality development.

- Maintain strategic focus and pursue long-term development
- Promote transformation to improve business performance
- Base on main responsibility and main business to serve people' s livelihoods

## NCI Development

### LIABILITY

integrate into old-age care and healthcare system

### ASSET

highlight long-term value of insurance funds

## Prospect of the Industry

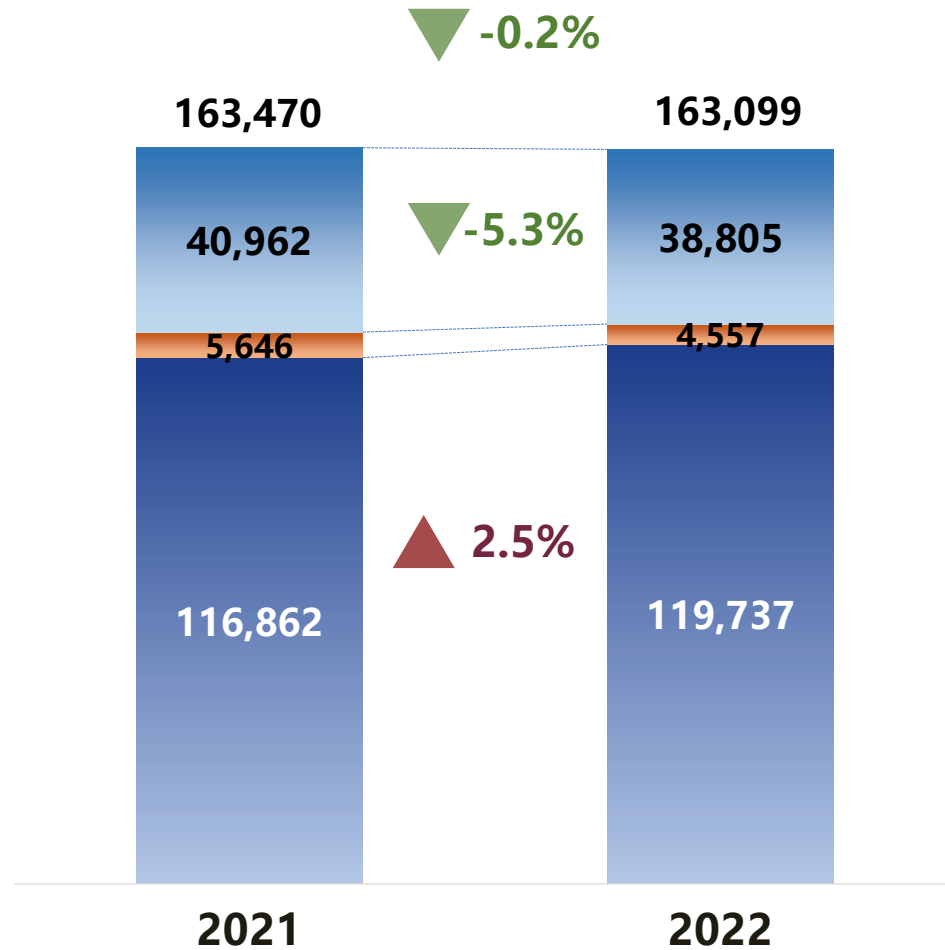
- Risk management prevails
- Long-term investment prevails
- Building ecosystem prevails



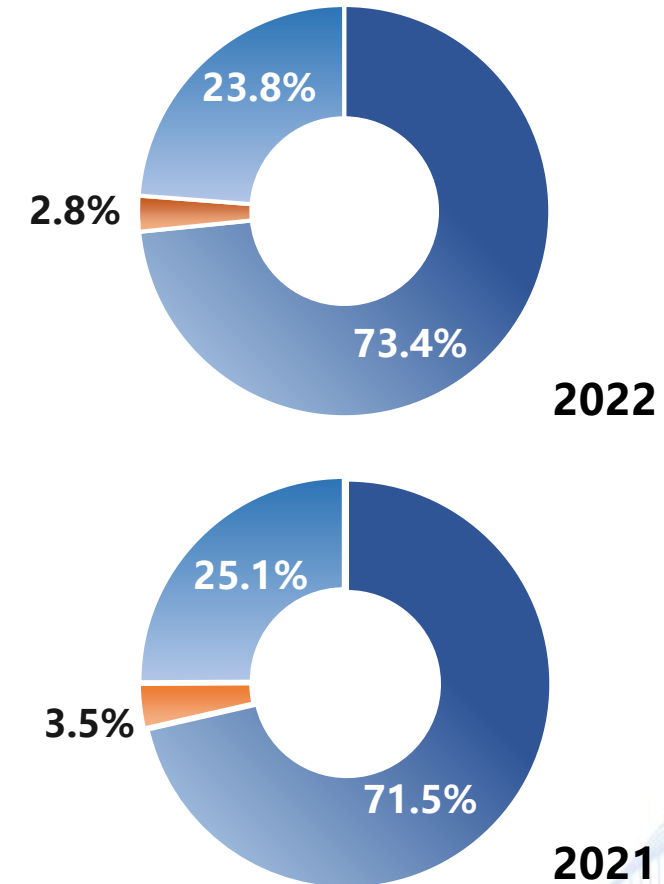
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- ② **INSURANCE BUSINESS**
- ③ **FINANCIALS & INVESTMENT**
- ④ **EMBEDDED VALUE**

Unit: RMB in millions



■ FYP from long-term insurance business 
 ■ Premiums from short-term insurance business 
 ■ Renewal premiums

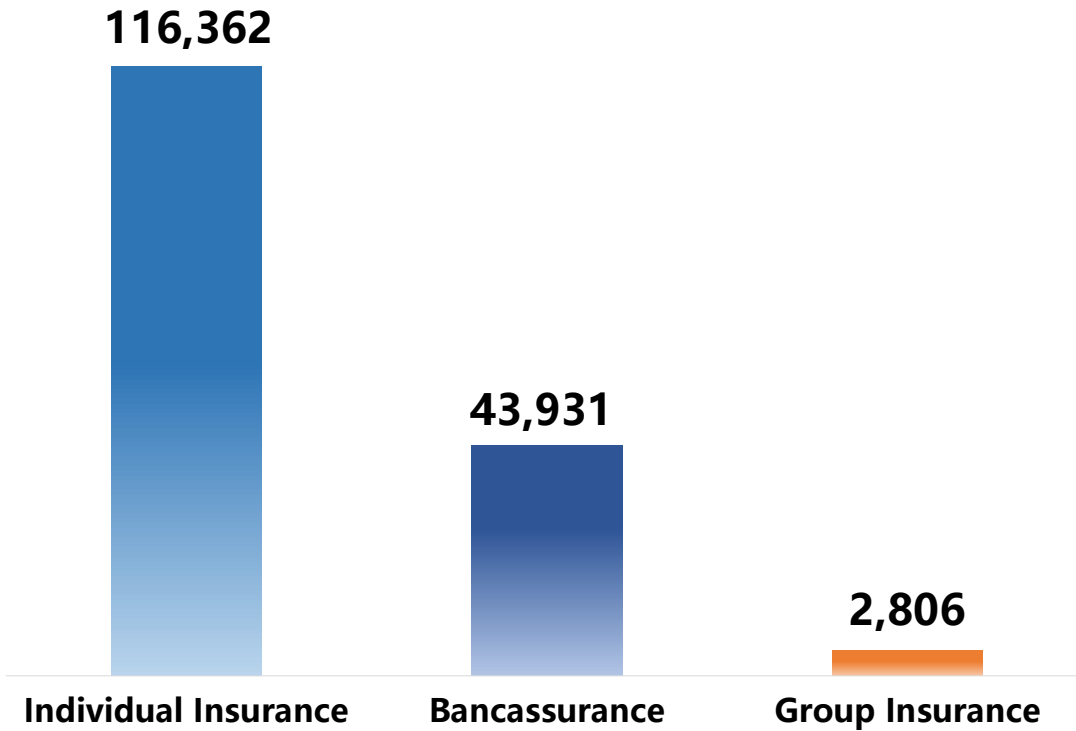


Note: Numbers may not be additive due to rounding.

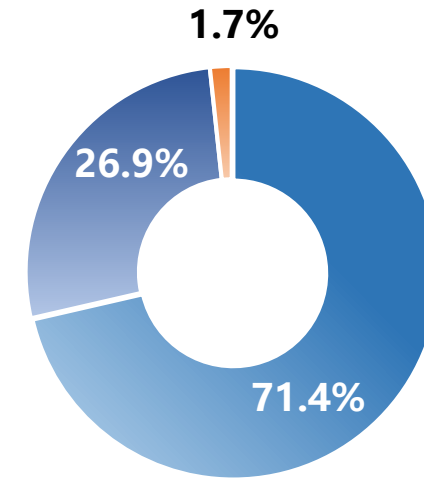
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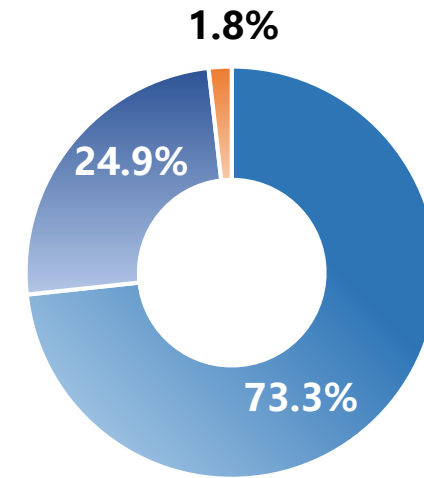
### GWP in 2022 Breakdown by Channels



Unit: RMB in millions



2022



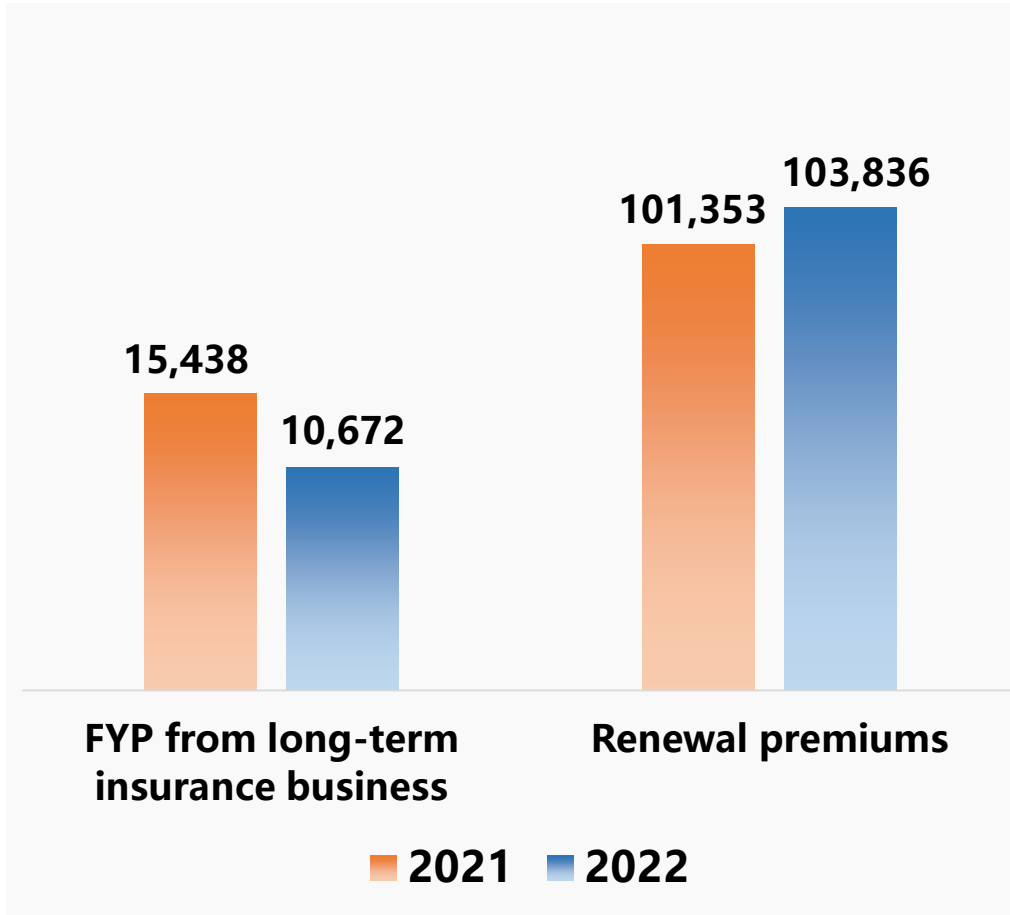
2021

■ Individual Insurance ■ Bancassurance ■ Group Insurance

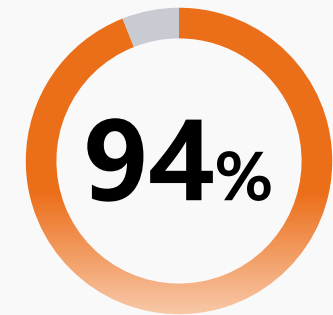
Note: Numbers may not be additive due to rounding.

In 2022, impacted by lack of demand, shrinking sales team, etc. FYP decreased while renewal premiums remained stable.

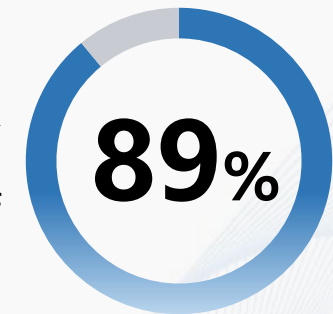
Unit: RMB in millions



**Proportion of FYRP remain high**  
FYRP accounted for 94% of FYP from long-term insurance business.



**Renewal premiums as the bedrock**  
Renewal premiums accounted for 89% of individual insurance premiums.



In 2022, the Company cleaned agent headcount, related indicators declined, while productivity increased.

Unit: RMB



Agent headcount

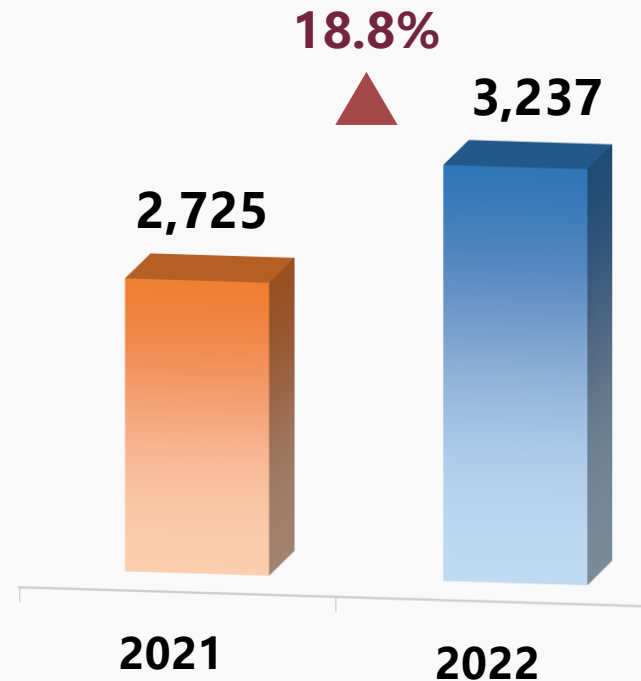
197,000



Qualified agents/month

45,000

Monthly average comprehensive productivity per capita



Bancassurance channel stayed committed to channel, customer and team operation, upgraded cooperation mode and product and service supply. Premiums increased steadily.

**Devoted to volume and performance improvement**

**Total premiums grew steadily**



**+7.8%**

**Value contribution increased**



**+6pt**



### Diversified product supply

Annuity, whole life insurance, health insurance etc.



### Comprehensive cooperation layout

Cooperate with major state-owned banks and joint stock banks, driving business growth



### Productive team development

Build an elite team with steadily increasing productivity



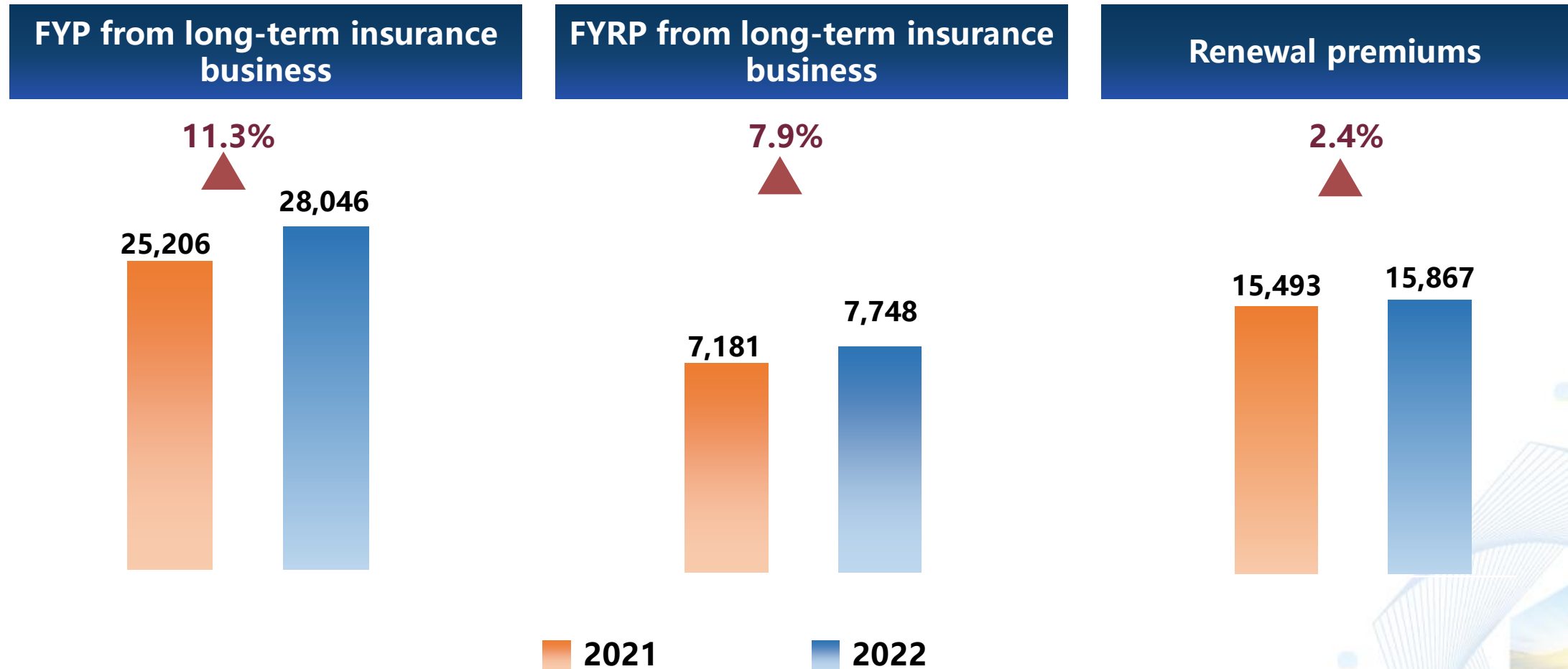
### Risk prevention & compliance

Focus on key indicators. Persistency ratio improved steadily



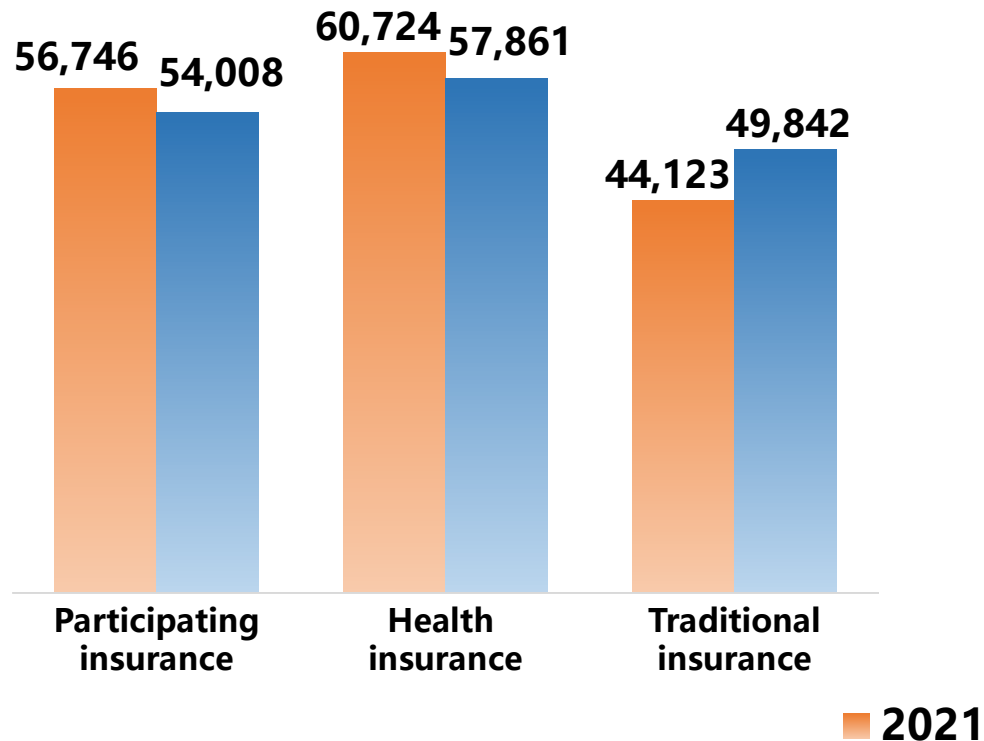
In 2022, Bancassurance channel developed regular business. Key indicators grew steadily.

Unit: RMB in millions

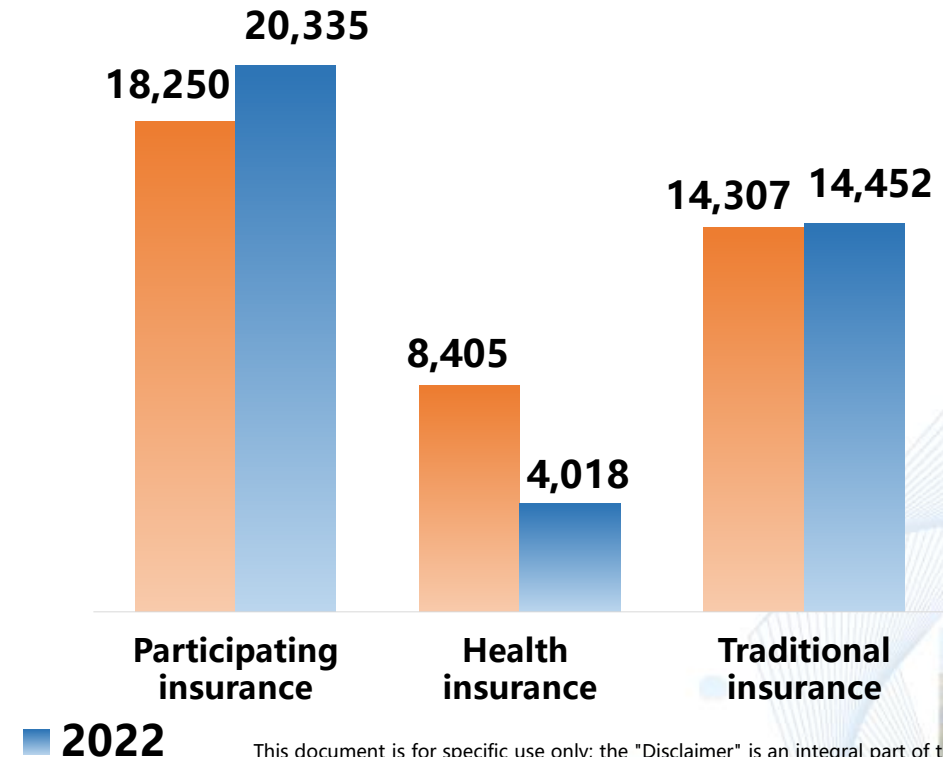


Unit: RMB in millions

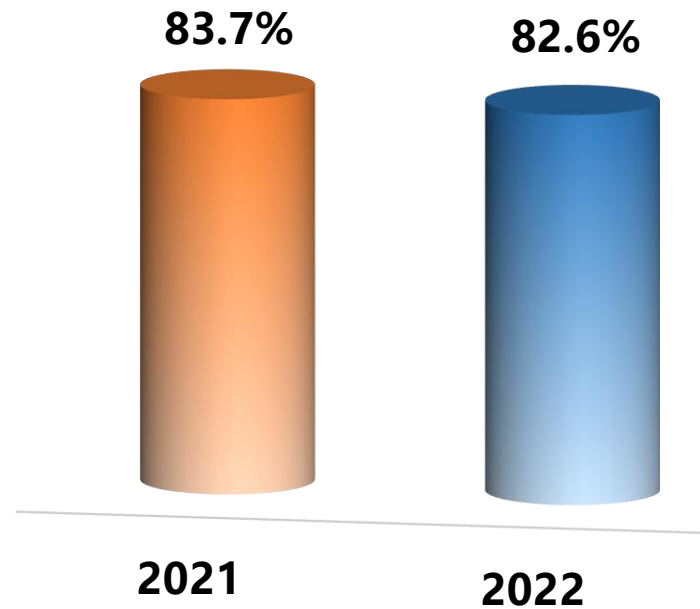
### Gross Written Premiums



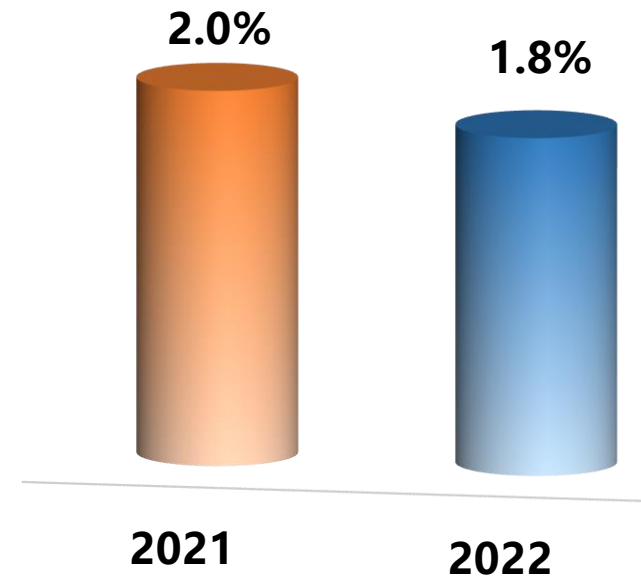
### FYP from long-term insurance business



### 13-month persistency ratio of individual life insurance business



### Surrender rate





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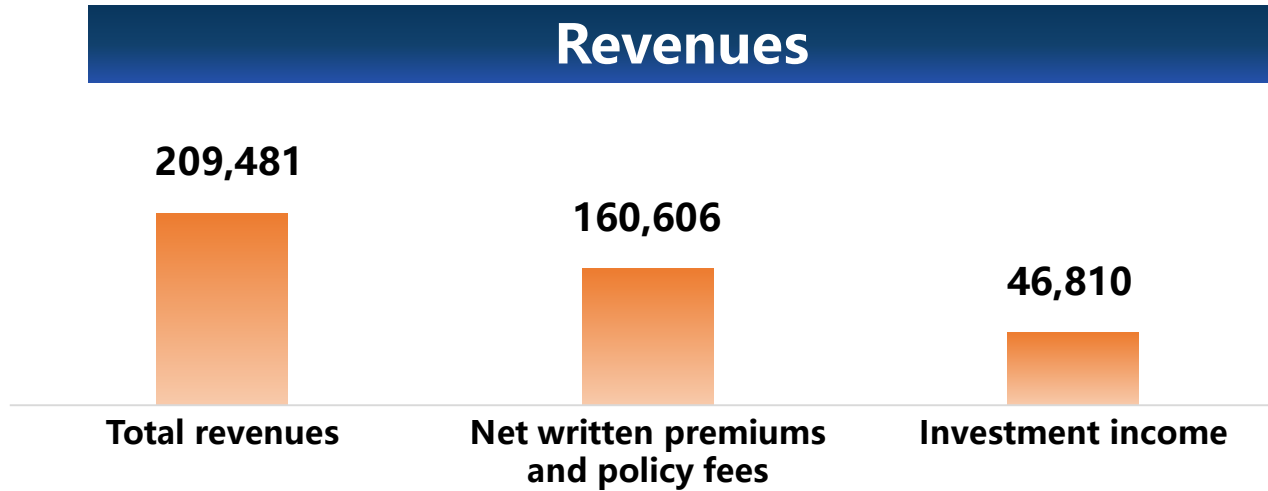


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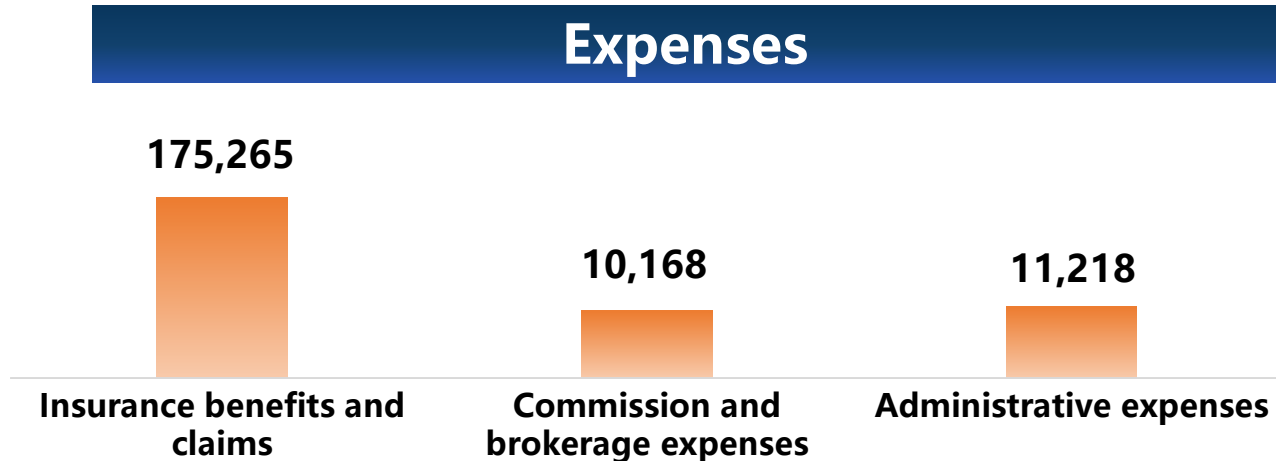


Unit: RMB in millions

### Revenues

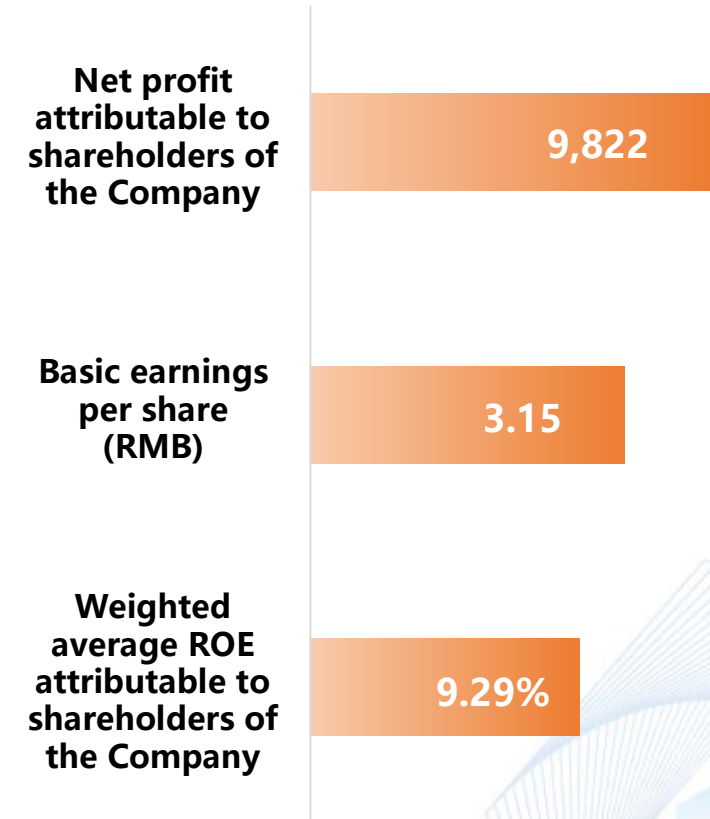


### Expenses



Note: Above figures are IFRS based.

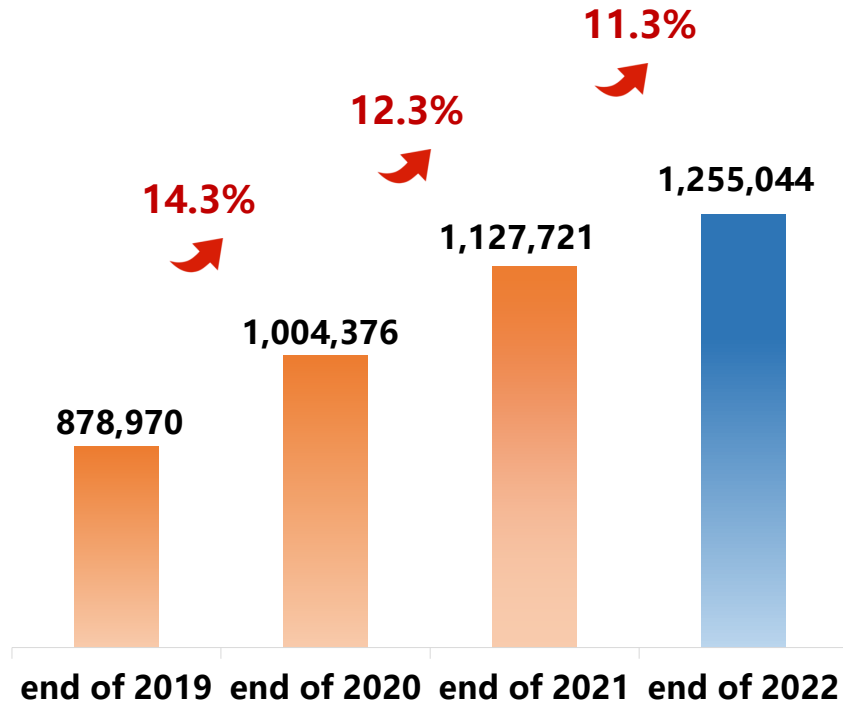
### Profits



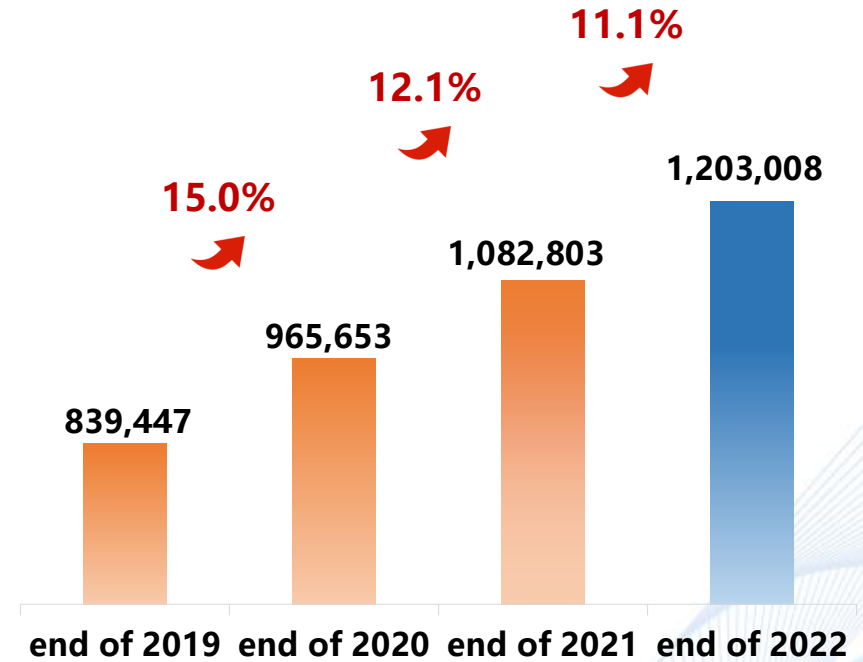
Since “dual engine of assets and liabilities to drive development” model was introduced in 2019, total assets and investment assets grew rapidly.

Unit: RMB in millions

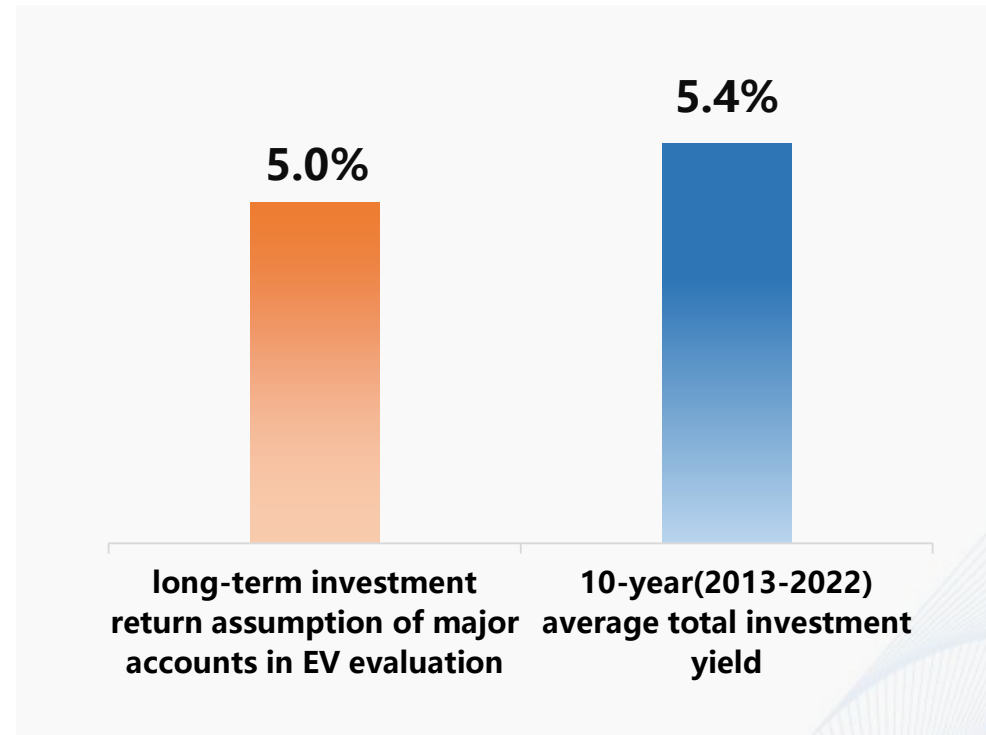
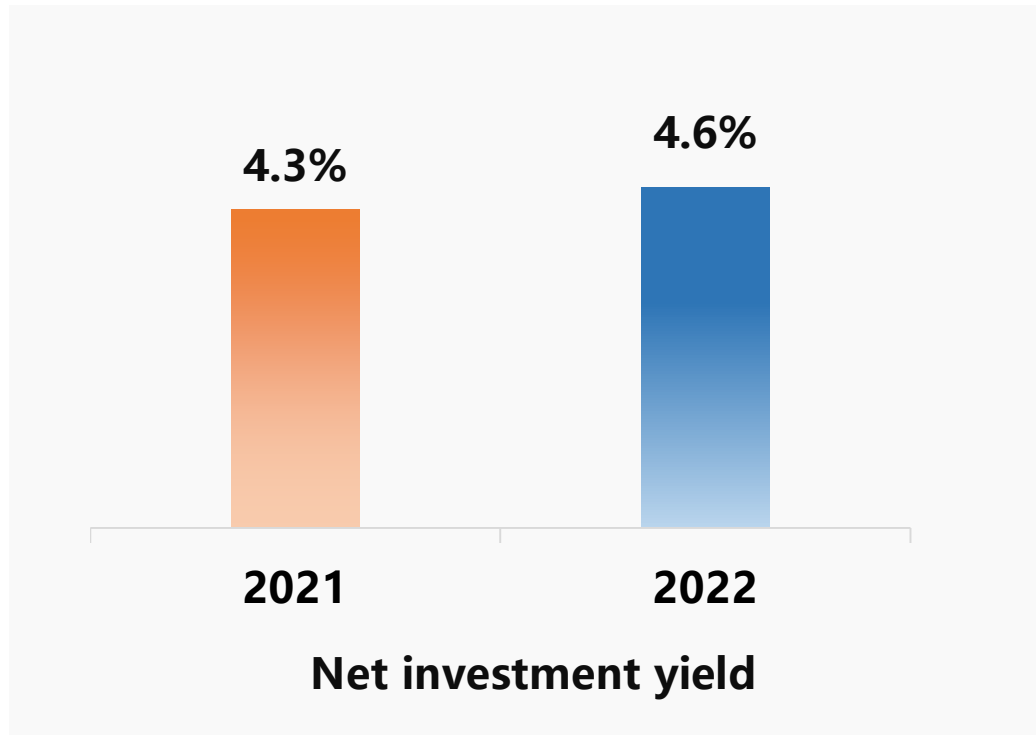
### Total Assets



### Investment Assets




NCI is committed to “prudent, long-term and value-oriented” investment philosophy. Average total investment yield in the last 10 years exceeds long-term investment return assumption of major accounts in embedded value evaluation.



As at 31 December	2022 Proportion	2021 Proportion	Amount change
Investment assets	100%	100%	11.1%
<b>Term deposits</b>	<b>18.9%</b>	<b>15.6%</b>	<b>35.0%</b>
<b>Debt financial assets</b>	<b>50.0%</b>	<b>53.3%</b>	<b>4.3%</b>
- Bonds	40.0%	38.5%	15.6%
- Trust products	5.7%	7.7%	-18.6%
- Debt plans	3.9%	5.3%	-19.2%
- Others	0.4%	1.8%	-72.7%
<b>Equity financial assets</b>	<b>23.2%</b>	<b>23.8%</b>	<b>8.4%</b>
- Funds	7.3%	7.0%	15.7%
- Stocks	6.8%	8.5%	-10.4%
- Others	9.1%	8.3%	21.5%
<b>Investments in associates and joint ventures</b>	<b>0.5%</b>	<b>0.5%</b>	<b>6.7%</b>
<b>Cash and cash equivalents</b>	<b>1.5%</b>	<b>1.4%</b>	<b>13.8%</b>
<b>Other investment assets</b>	<b>5.9%</b>	<b>5.4%</b>	<b>21.1%</b>

### Credit Risk under Control

-  **Strict internal credit**
-  **Strict credit rating**
-  **Strictly control credit investment varieties**
-  **Monitor the credit risk of investment portfolios**
-  **Establish a "Negative List"**
-  **Optimize risk asset classification**
-  **Strengthen the penetrating risk management**

Note: Numbers may not be additive due to rounding.



Unit: RMB in millions

As at 31 December 2022	Amount	Proportion	Proportion Change (pt)
<b>Non-standard debt investments</b>	<b>115,403</b>	52.2%	<b>-12.4</b>
- Trust products	68,152	30.9%	-6.8
- Debt plan	46,663	21.1%	-4.9
- Asset funding plans	543	0.2%	-0.7
- Asset management plans	45	-	-
<b>Non-standard equity investments</b>	<b>105,710</b>	<b>47.8%</b>	<b>12.4</b>
- Asset management plans	62,699	28.3%	9.3
- Private equity	12,505	5.7%	0.9
- Unlisted equity	16,708	7.6%	-0.3
- Equity investment plans	11,804	5.3%	1.6
- Trust products	1,994	0.9%	0.9
<b>Total</b>	<b>221,113</b>	<b>100%</b>	<b>-</b>

## Low credit risk

- Implement subject credit
- Reinforce credit enhancement arrangements

Proportion of AAA non-standard assets<sup>1</sup>

98%



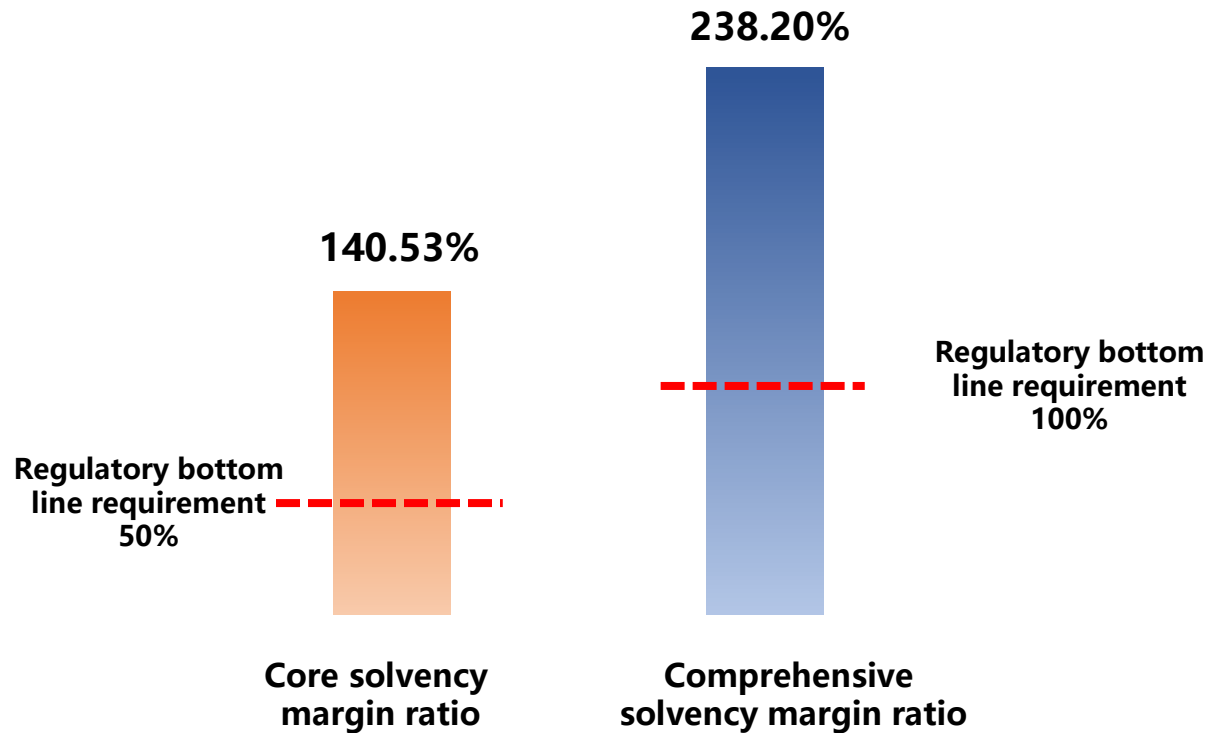
Note: excluding non-fixed income financial products and portfolio products issued by insurance asset management companies not requiring external ratings.

Note: Numbers may not be additive due to rounding.

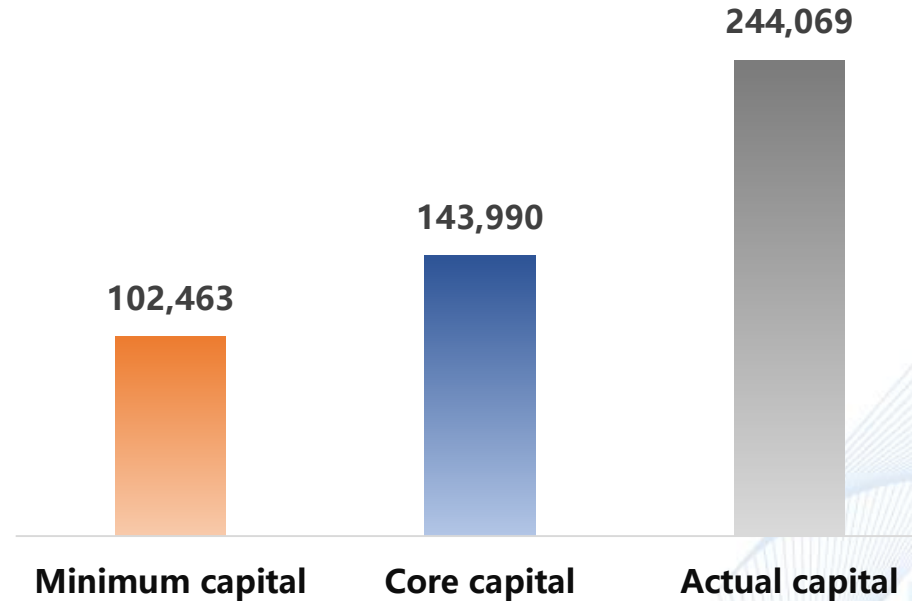
After implementing C-ROSS II, the Company's solvency margin ratios remained much higher than regulatory bottom line requirements.

Unit: RMB in millions

## Solvency margin ratio



## Capital





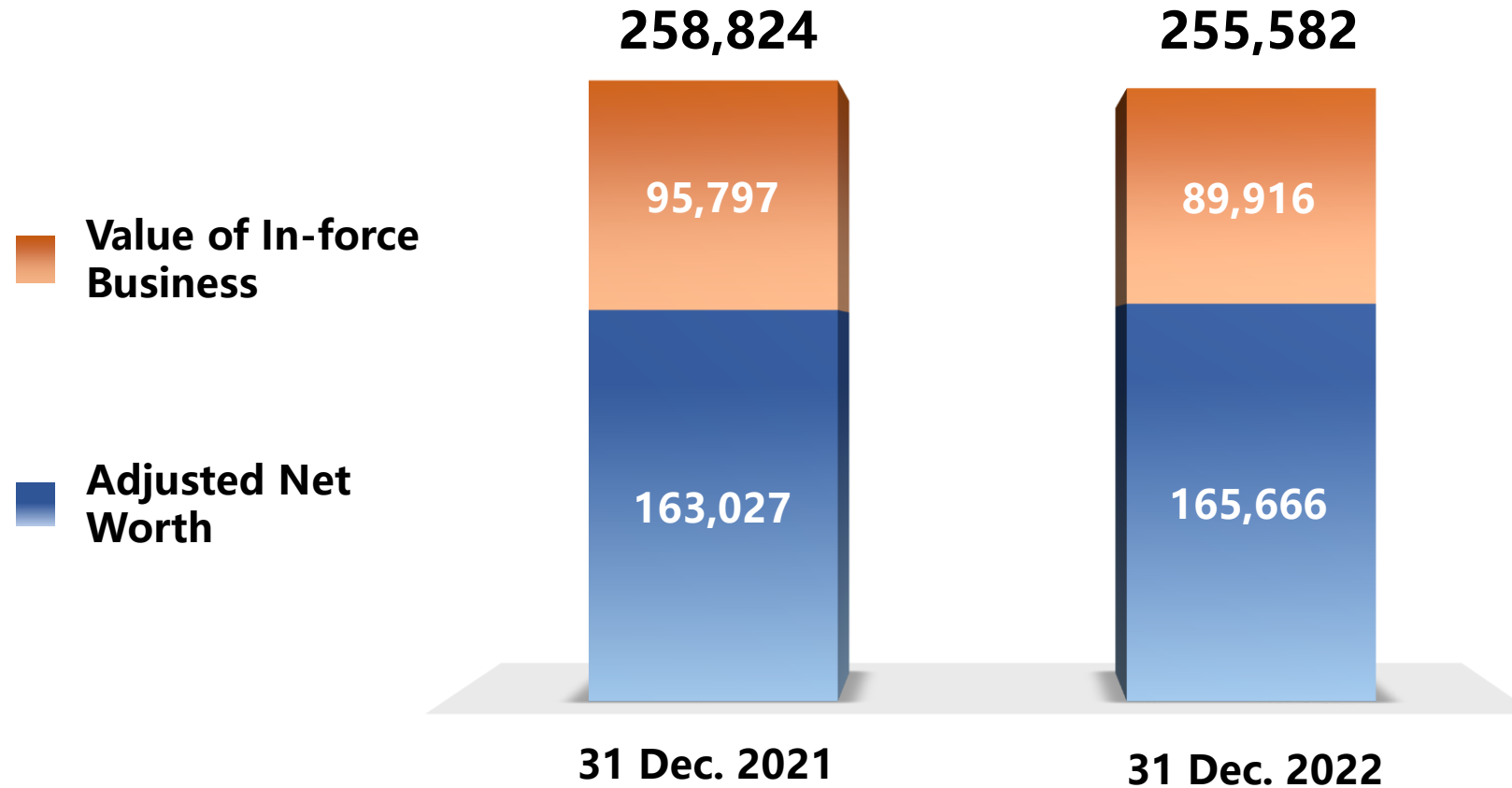
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The Company's embedded value remained stable.

Unit: RMB in millions

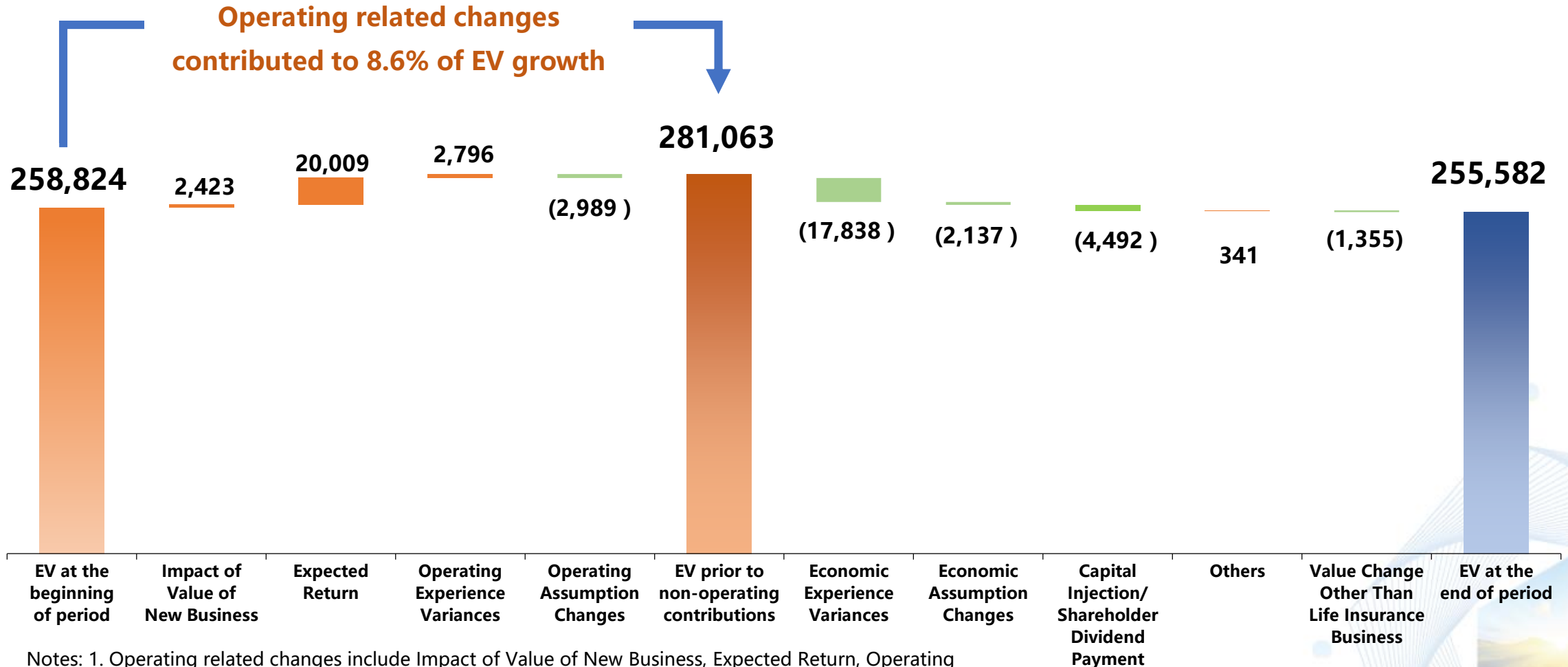


Note: Numbers may not be additive due to rounding.



## Analysis of change in EV from 31 Dec. 2021 to 31 Dec. 2022

Unit: RMB in millions



Notes: 1. Operating related changes include Impact of Value of New Business, Expected Return, Operating Experience Variances and Operating Assumption Changes.  
2. Numbers may not be additive due to rounding.



Due to lack of demand and limits on sales and recruitment in individual insurance, value of new business decreased.

Unit: RMB in millions

Valuation Date	31 December 2022
Individual insurance channel	2,339
Bancassurance channel	346
Group insurance channel	(262)
<b>Total</b>	<b>2,423</b>



# Q&A Session