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新华人寿保险股份有限公司

New China Life Insurance Company Ltd.

2013 Annual Results Announcement



March 2014

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Strategy & outlook











The year 2013 was the connecting year under the “Twelfth Five-Year Plan” of China during which the overall domestic economy was running steadily along with continuous adjustment to the economic structure. Due to the new impulse from regulatory policies, such as widening of insurance fund investment channels and insurance premium rate marketization, the life insurance industry in China saw a new start and challenge.








In 2013, driven by the “customer-centric” strategy, the Company adhered to the essence of value-added operation and largely deepened and accelerated the process of value transformation through a series of revolutionary and innovative administrative initiatives. Firstly, a value assessment system was established and enhanced to reinforce the concept of value transformation, and to incentivize institutions and workforce to increase the sales of protection-type products. Secondly, we reformed the sales management system by establishing seven regional management centers, through which we delegated certain management functions and directed resources to the local level. As a result, the institutions were enabled to bring their own strengths into play to achieve diversified operation. Thirdly, the “customer-centric” product system was optimized through the successful development of a number of innovative products phase by phase, which resulted in better sales performance and marketing effects and effectively stabilized the sales channel and workforce foundation. Fourth, a whole life-cycle customer service system was established to secure the customer base as well as to continuously expand our customer base.

By way of the foregoing, the Company achieved steady growth in its annual premium income and continuous improvement in business structure and workforce performance.

Key financial & business indicators

Unit: RMB million	2013	2012	Change (%)
Gross written premiums	103,640	97,719	 6.1%
Market share	9.6%	9.8%	 0.2ppts
Net profit attributable to shareholders of the Company	4,422	2,933	 50.8%
Total assets	565,849	493,693	 14.6%
Shareholders' equity attributable to the Company	39,312	35,870	 9.6%
Basic earnings per share (RMB)	1.42	0.94	 51.1%
Net assets per share attributable to shareholders of the Company	12.6	11.5	 9.6%
Weighted ROAE	11.8%	8.7%	 3.1ppts

Key financial & business indicators (cont'd)

Unit: RMB million	2013	2012	Change (%)
Investment assets	549,596	479,189	 14.7%
Total investment income¹	24,734	13,540	 82.7%
Total investment yield	4.8%	3.2%	 1.6ppts
Net investment yield	4.6%	4.7%	 0.1ppts
Embedded value	64,407	56,870	 13.3%
Value of one year's new business	4,236	4,172	 1.5%
Solvency margin	169.66%	192.56%	 22.9ppts

Note 1: Total investment income = net investment income + realized gains/(losses) on investment assets + unrealized gains/(losses) + impairment losses on financial assets + share of results of associates. The comparative figures have been recalculated on the base line of the reporting period.

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Full year overview of insurance business

Gross written premiums

(RMB million)

NCI ranking¹:

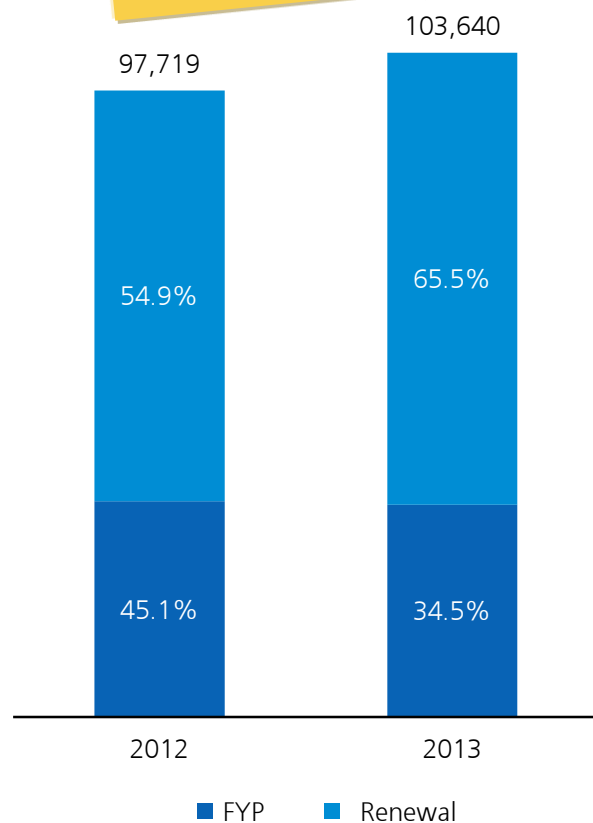


Market share¹:

9.8%

9.6%

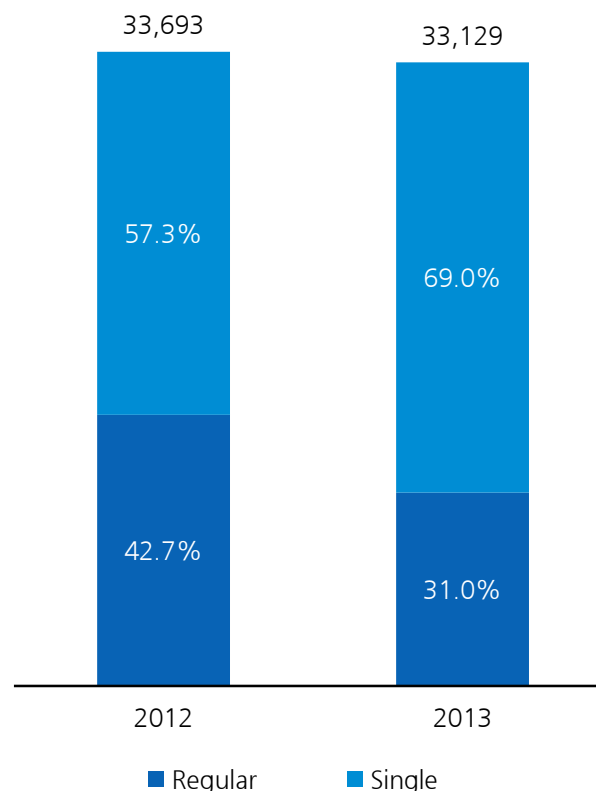
Increase: 6.1%



First year premiums (FYP)

(RMB million)

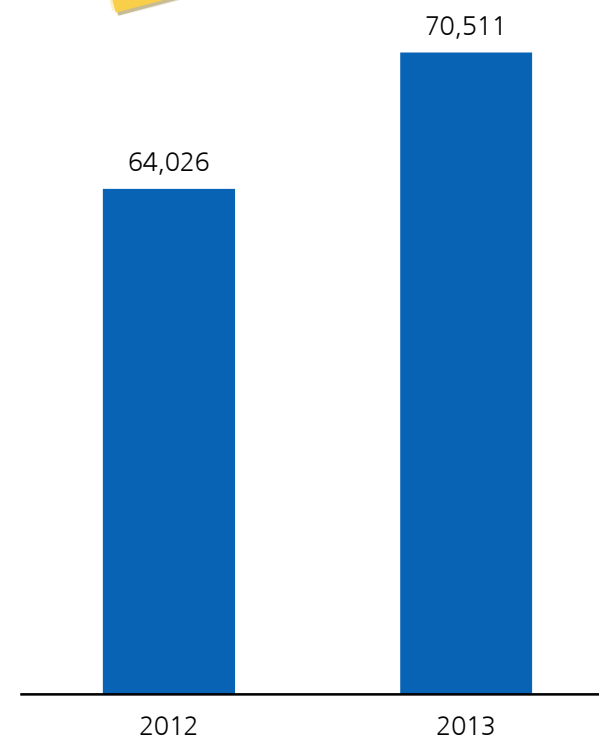
Decrease: 1.7%



Renewal premiums

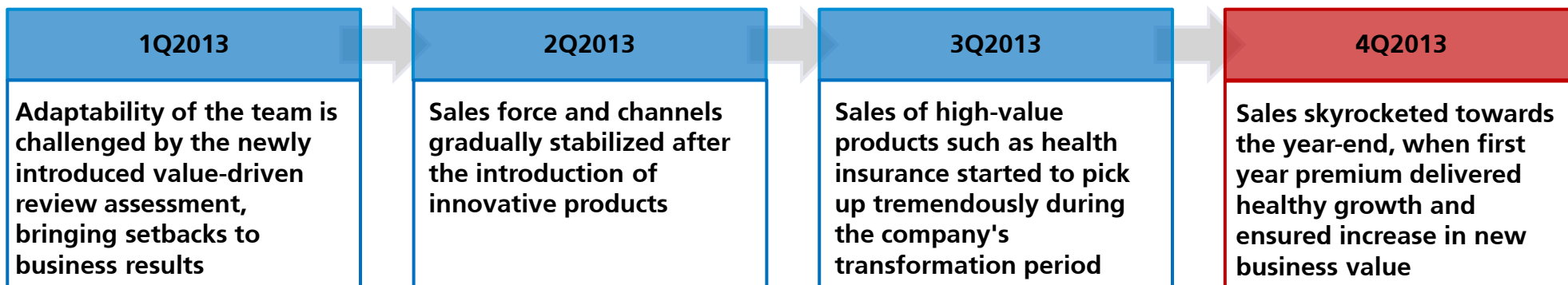
(RMB million)

Increase: 10.1%

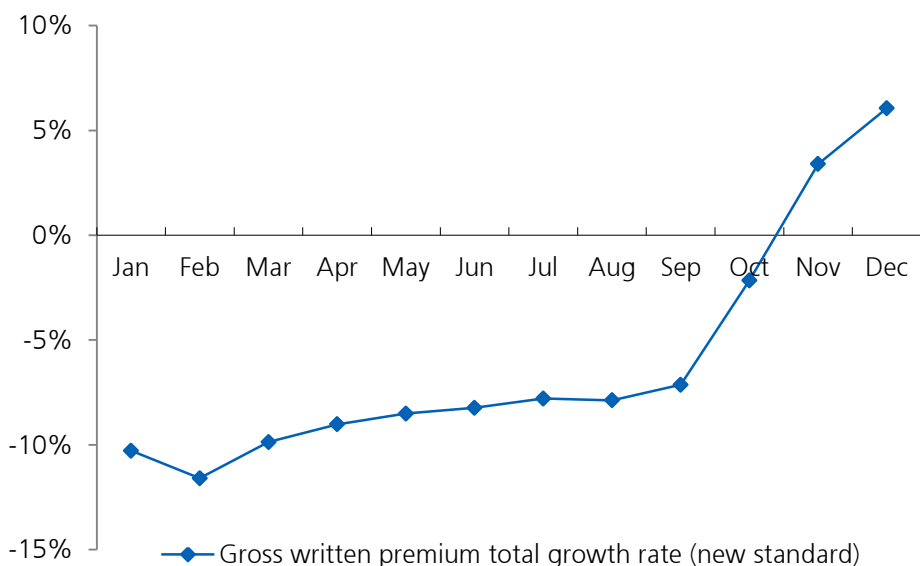


Note: 1. Market ranking and market share data obtained from CIRC website

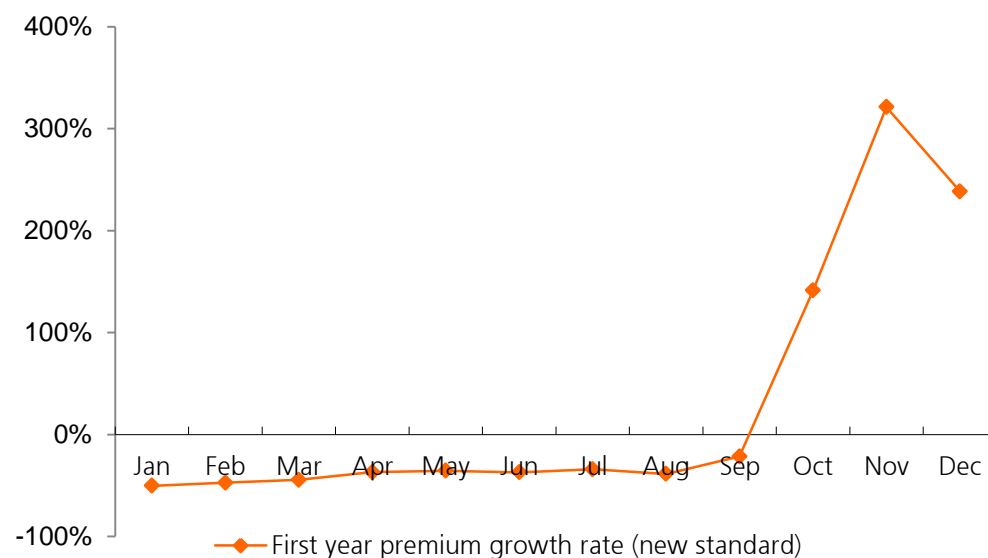
Full year overview of insurance business(cont'd)



2013 MoM Gross written premium growth (new standard)¹



2013 MoM First year premim growth (new standard)²



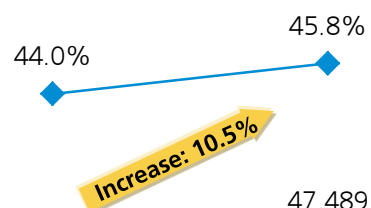
Note 1: Gross written premium growth rate measured on a monthly cumulative basis
 Note 2: First year premium growth rate measured based on new premium for each month

Insurance business

- Agency channel

Individual insurance agent GWP

(RMB million)



42,993

47,489

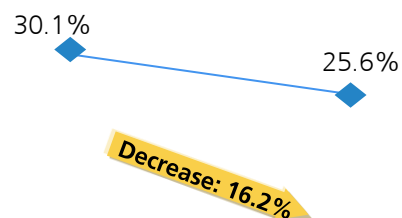
2012

2013

■ Individual insurance agent GWP
— Proportion of total GWP

Individual insurance agent FYP

(RMB million)



10,131

11.7%

88.3%

8,488

16.5%

83.5%

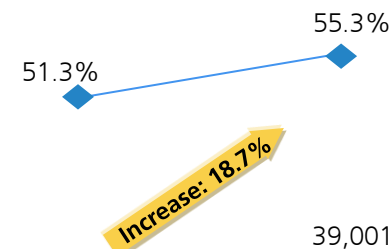
2012

2013

■ Regular ■ Single
— Proportion of total FYP

Individual insurance agent renewal premiums

(RMB million)



32,862

39,001

2012

2013

■ Individual insurance agent renewal premiums
— Proportion of total renewal premiums

Insurance business

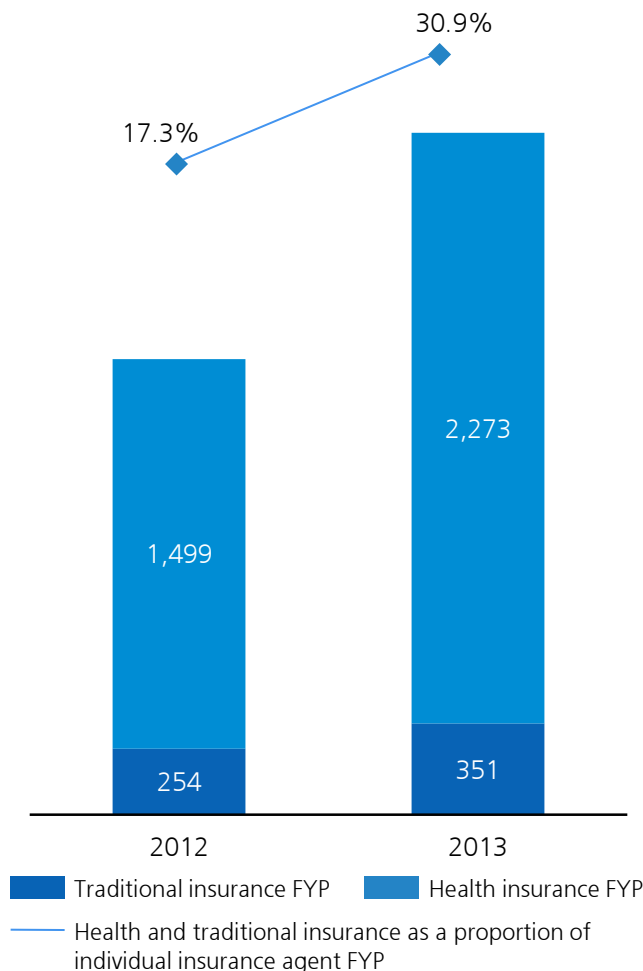
- Agency channel (cont'd)

10 years or above regular premiums as a proportion of total FYP

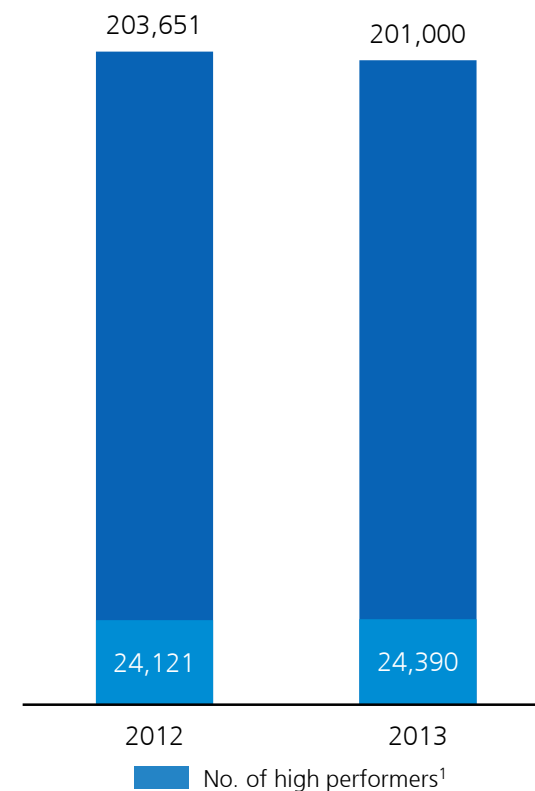


FYP contributed by health and traditional insurance

(RMB million)



Number of individual insurance agents²



Note 1: The number of high performers for a year is calculated as the simple mean of the number of high performers in each month during the reporting period of agency channel. 2013 standards for high performance are somewhat higher than 2012 standards. To be a high performer for a month in 2013, an individual insurance agent must write at least one policy with a term of at least one year that is not cancelled, and total accumulated FYP commissions must be at least RMB 2000 or RMB 3000 depending on the region; the number of high performers for 2012 has been recalculated based on 2013 standards

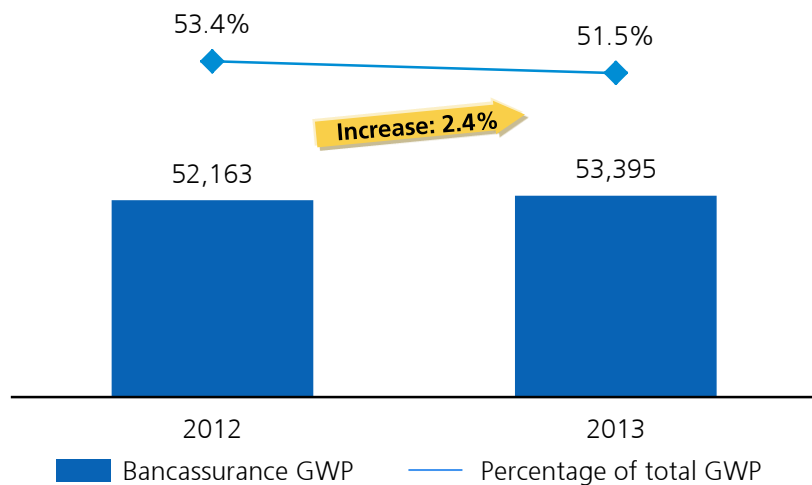
Note 2: Individual insurance agents include 177,000 people who work for small insurance marketing businesses. Approximately 24,000 salespeople are responsible for the service and maintenance of these sales channels

Insurance business

- Bancassurance channel

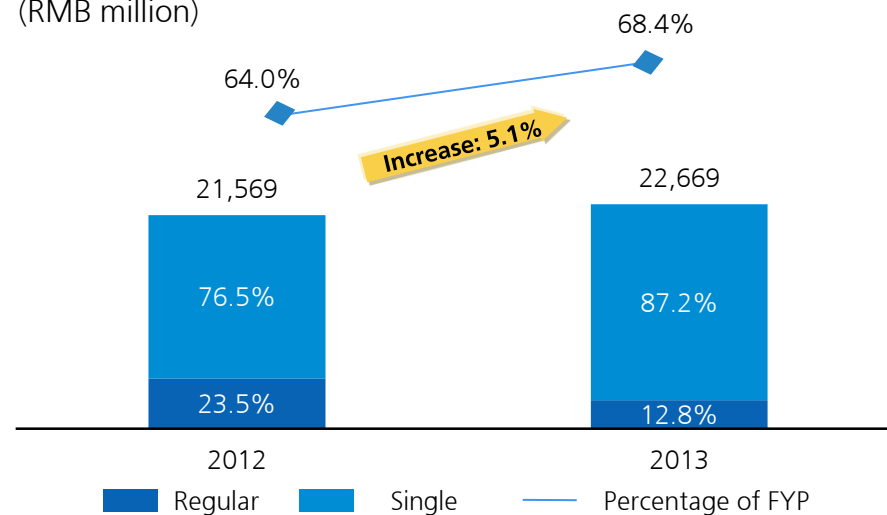
Bancassurance channel GWP

(RMB million)



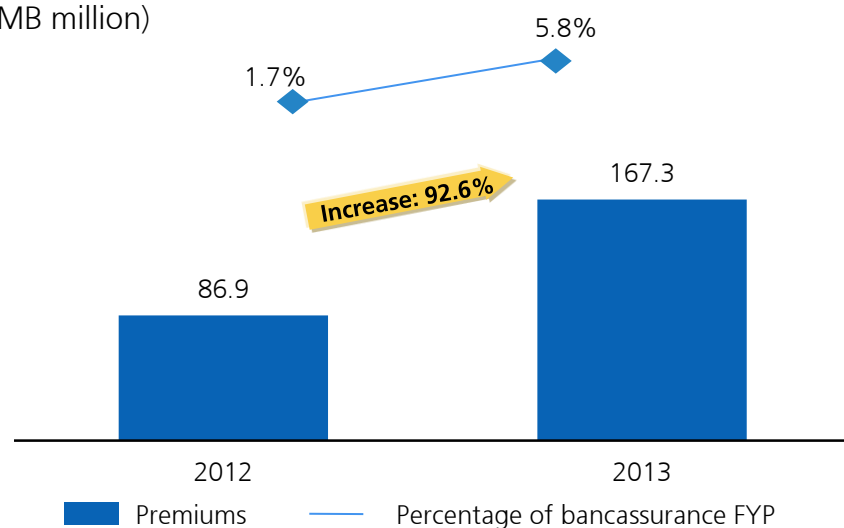
Bancassurance channel FYF

(RMB million)



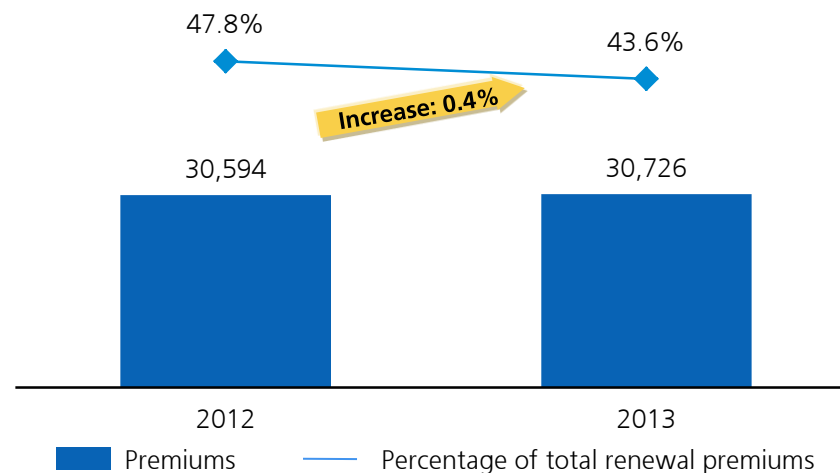
FYP from regular products with payment period of 10 years or above

(RMB million)



Bancassurance channel renewal premiums

(RMB million)

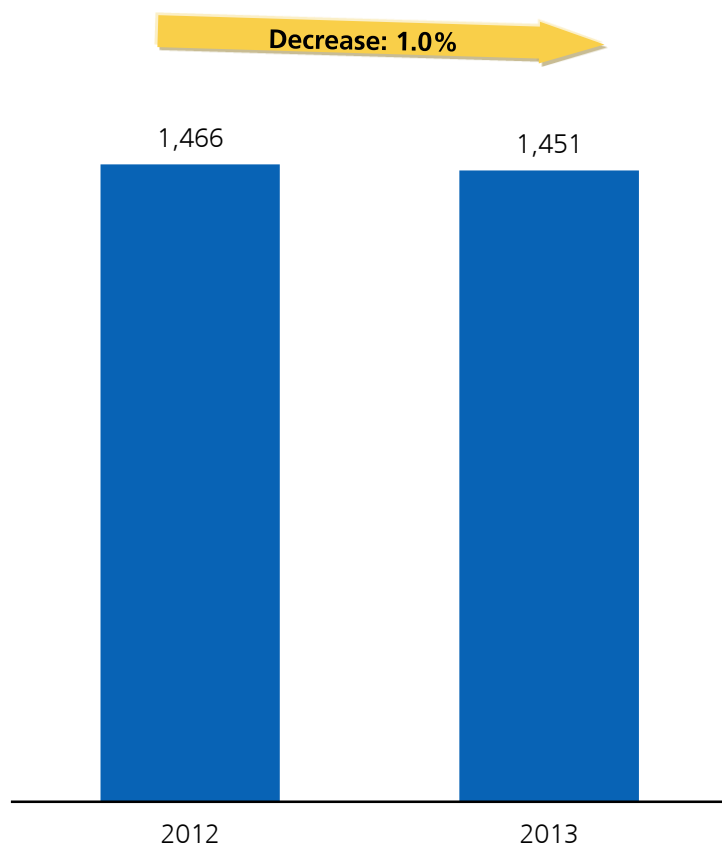


Insurance business

- Group insurance business and wealth management channel

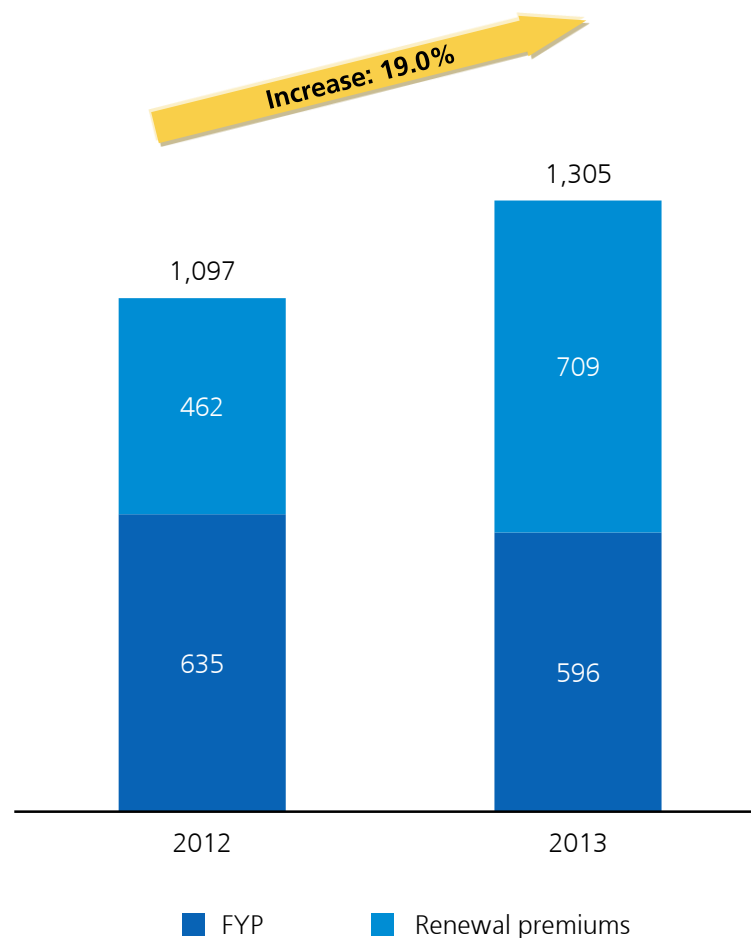
Group insurance business GWP

(RMB million)



Wealth management channel GWP

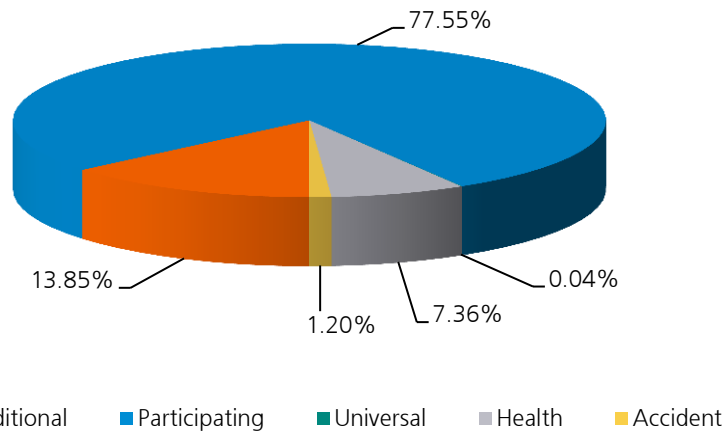
(RMB million)



Insurance business

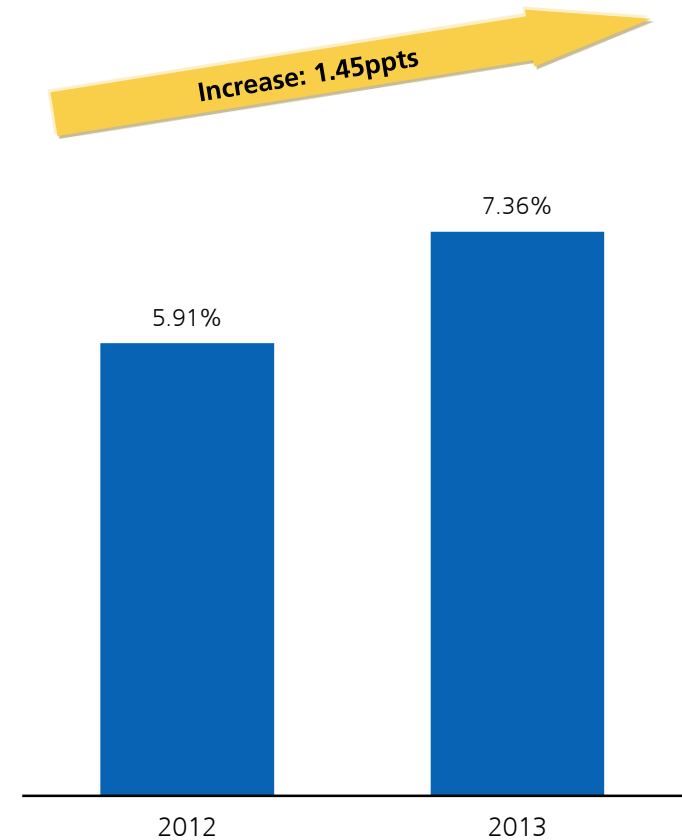
- Product mix

2013 premium breakdown by product



- NCI's product mix is still primarily composed of participating insurance products, which contributed 77.55% of total GWP. Moreover, there was dramatic growth in traditional insurance products as result of the promotion of premium rate marketization product "Hui Fu Bao"
- The health insurance business achieved full year premium revenue of RMB 7.633 billion, up 32.06% on last year with a growth rate that continues to outperform NCI's overall business. Health insurance premium revenue as a share of total premium revenue increased from 5.91% in 2012 to 7.36% in 2013. The share of health insurance FYP also climbed from 6.77% in 2012 to 9.50% in 2013

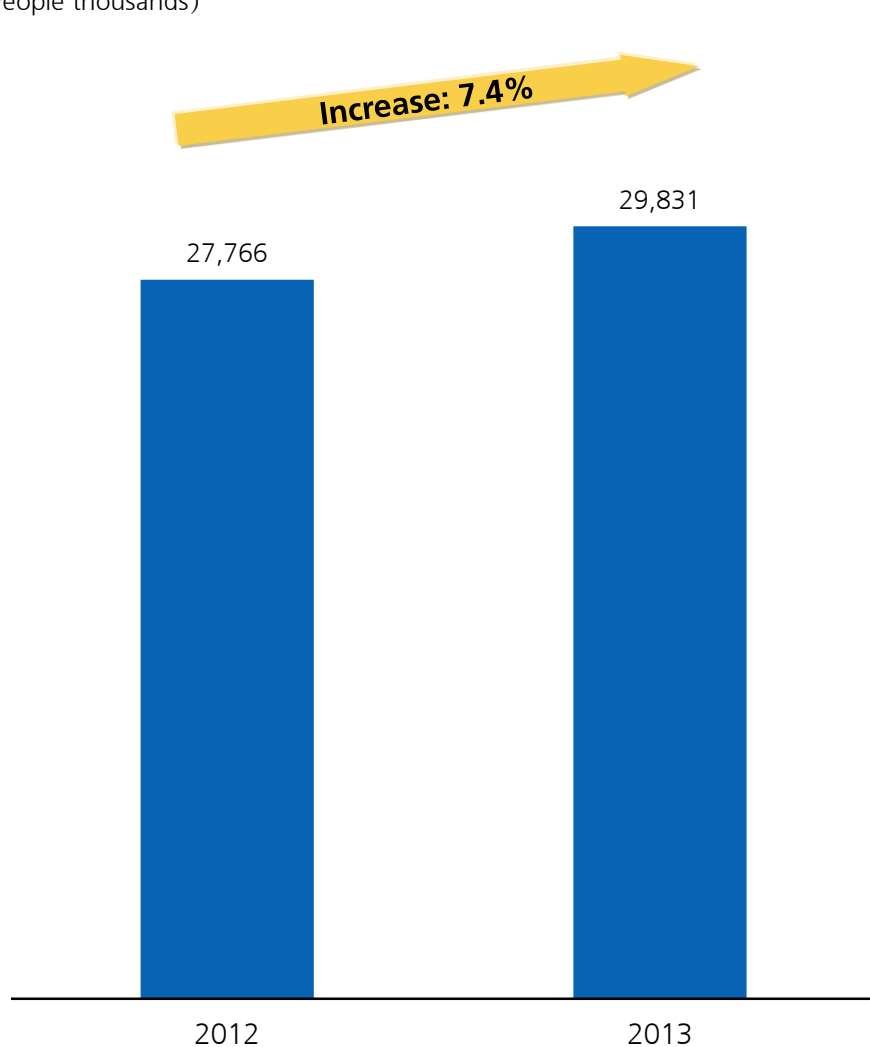
Health insurance premiums as % of total GWP



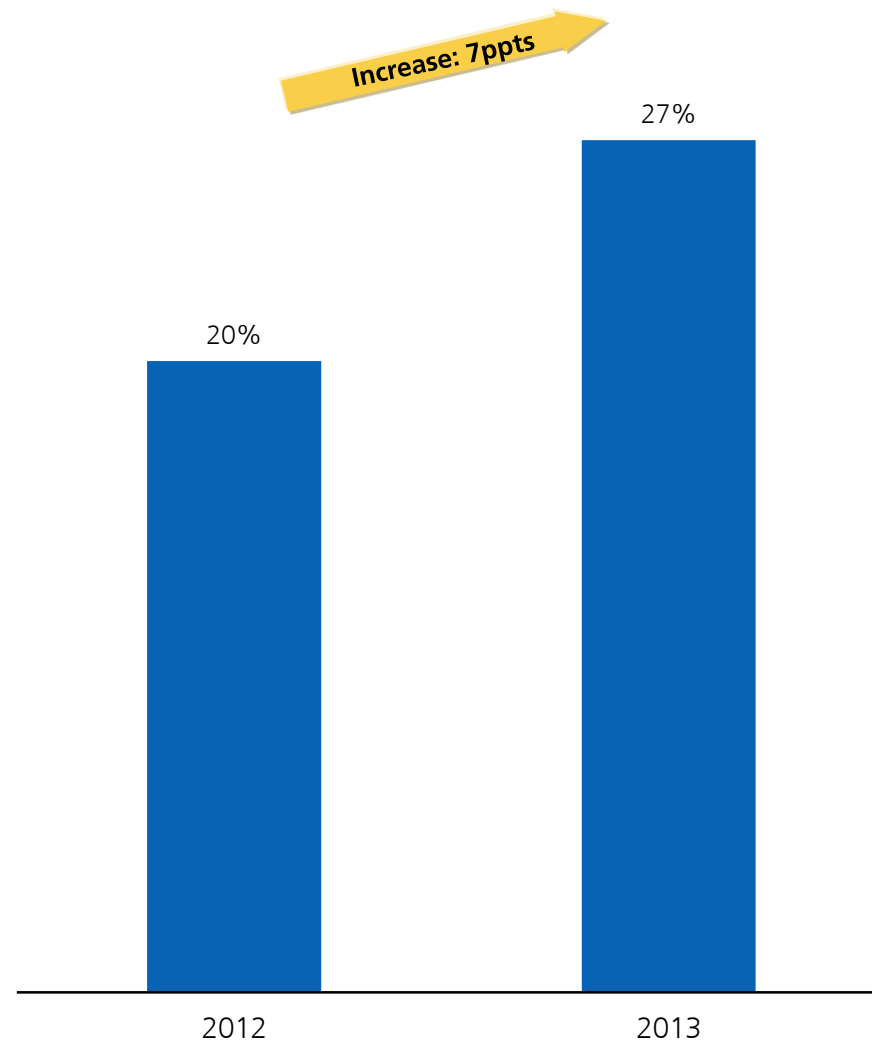
Customer base

Number of customers

(People thousands)



Core customers as a percentage of new customers



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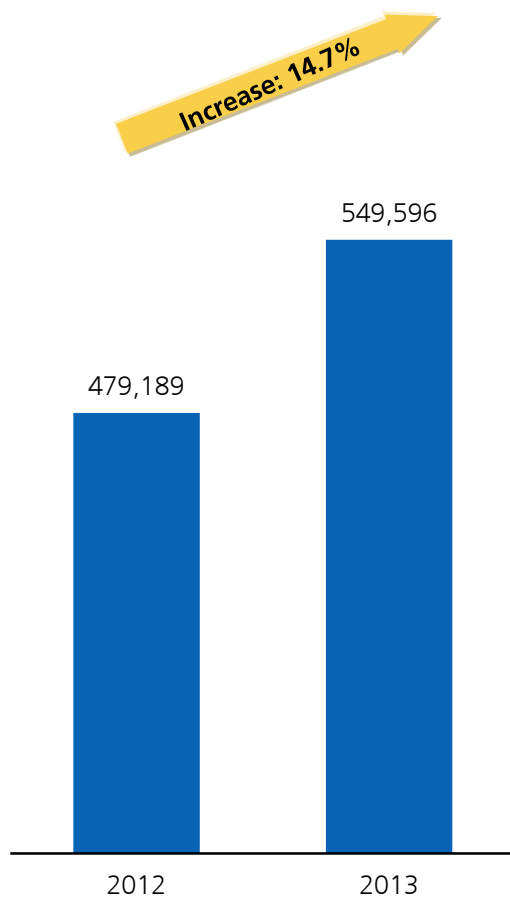
Strategy & outlook



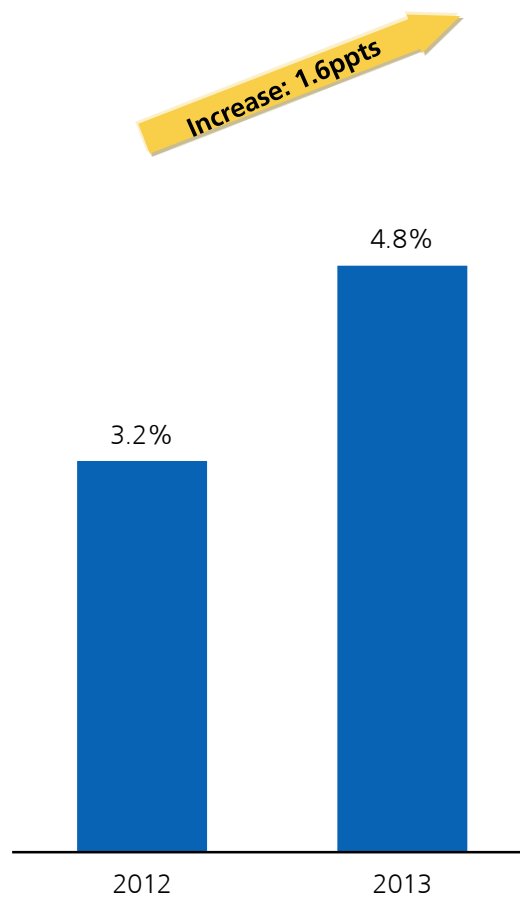
Investment strategy and performance

Investment assets

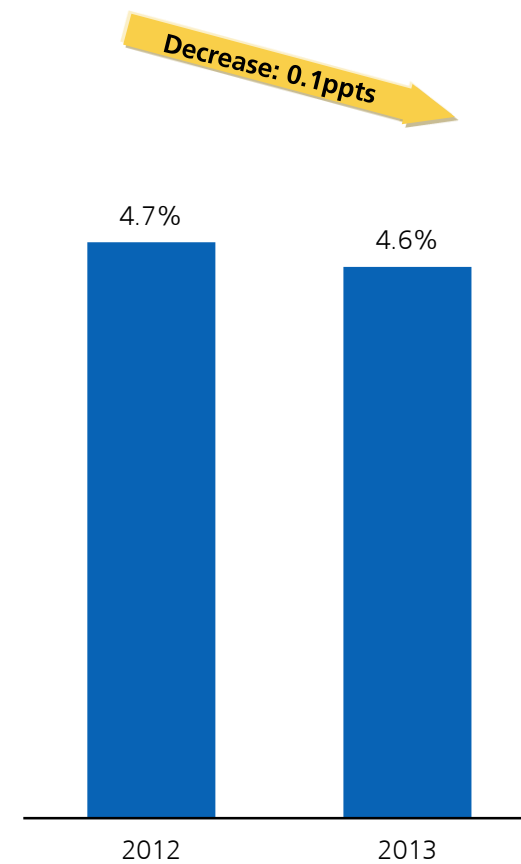
(RMB millions)



Total investment yield



Net investment yield

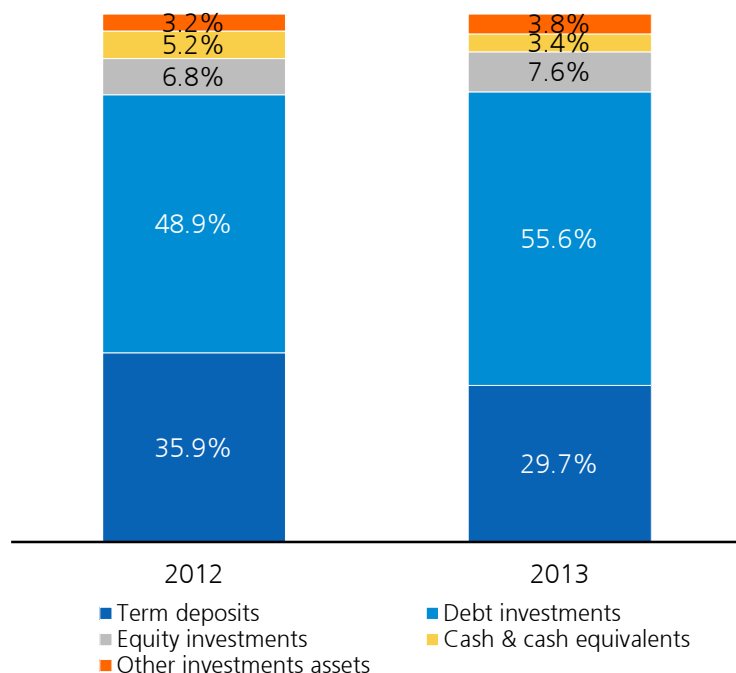


Investment strategy and performance (cont'd)

Investment strategy

- 1 Asset liability management as the foundation while preserving the security, liquidity and profitability of its managed funds
- 2 Maximize the investment portfolio returns on the basis of sound asset allocation and effective risk control

Asset allocation



Investment portfolio

Unit: RMB million

	2013	2012	Change (%)
Investment assets	549,596	479,189	↑ 14.7%
Term deposits	163,137	171,853	↓ 5.1%
Debt securities	305,558	234,130	↑ 30.5%
Equity	41,589	32,793	↑ 26.8%
– Funds	13,067	15,869	↓ 17.7%
– Stocks	19,118	16,216	↑ 17.9%
– Investments in associates	9,404	708	↑ 1,228.2%
Cash & cash equivalents	18,570	25,066	↓ 25.9%
Other investment assets	20,742	15,347	↑ 35.2%

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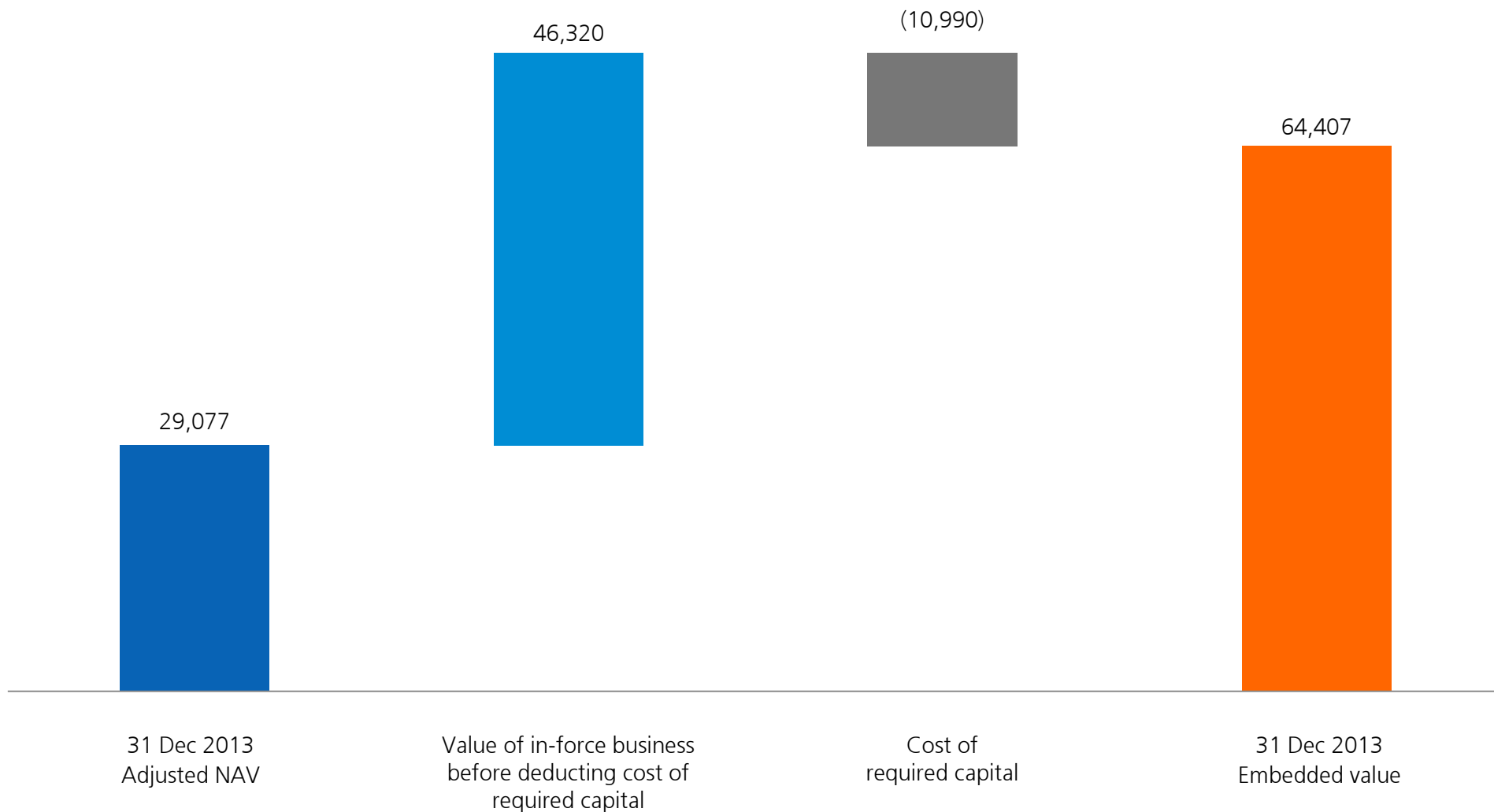
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Strategy & outlook



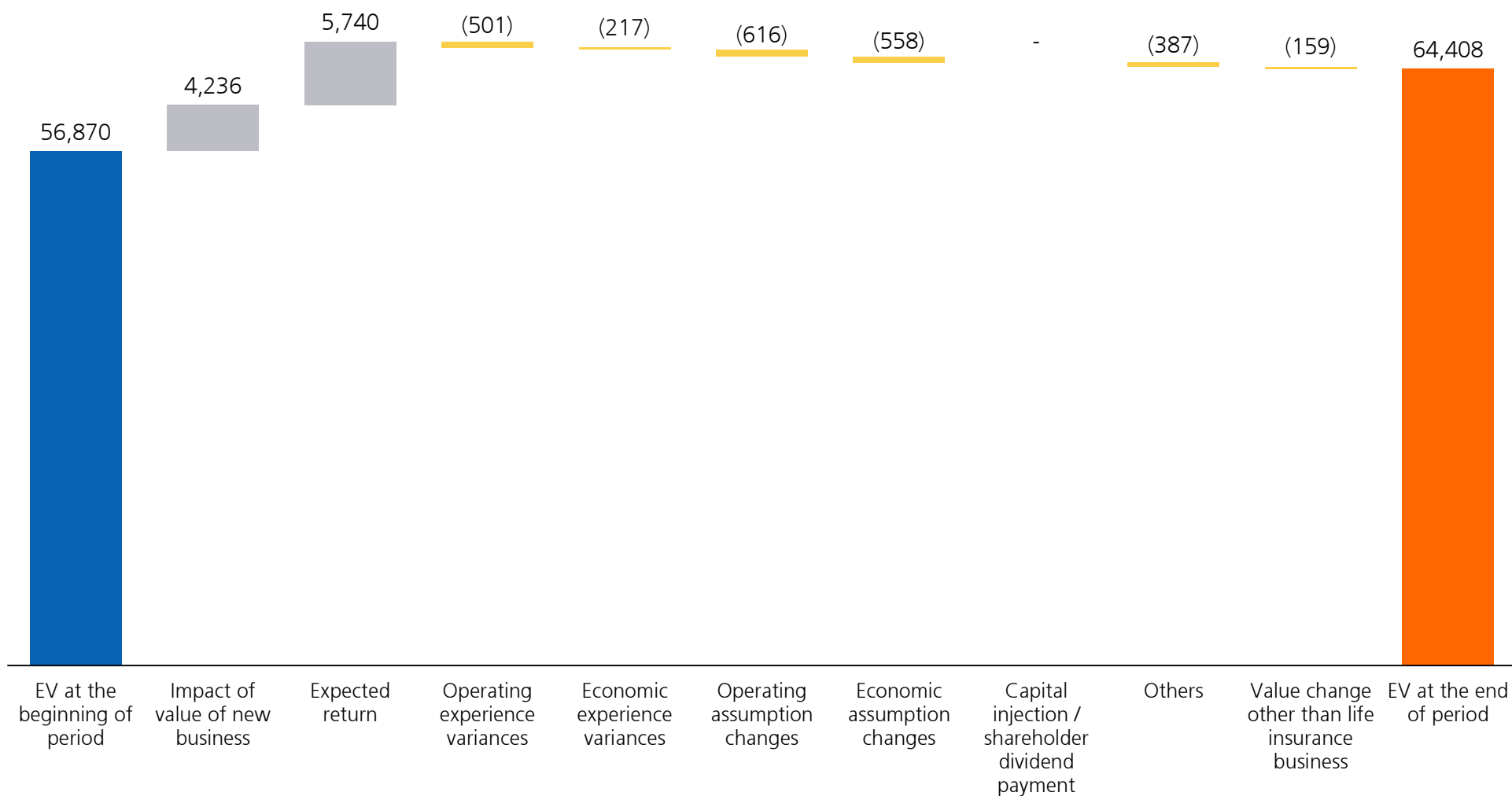
Embedded value – composition analysis

(RMB million)



Embedded value – analysis of change

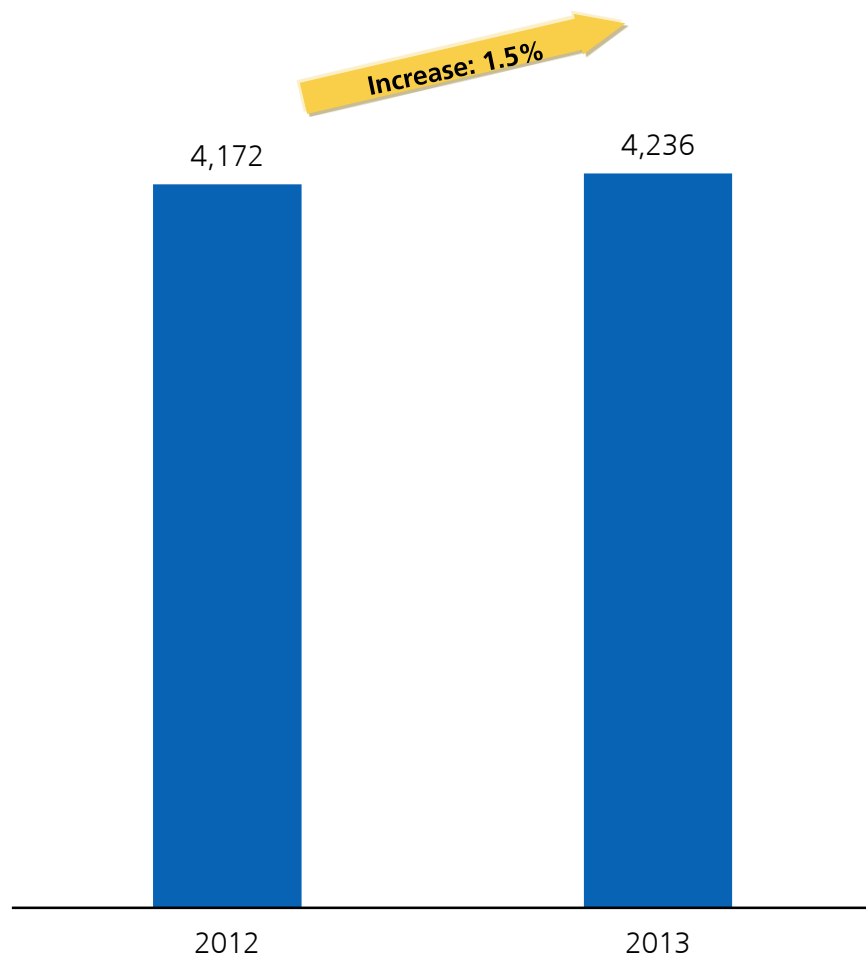
(RMB million)



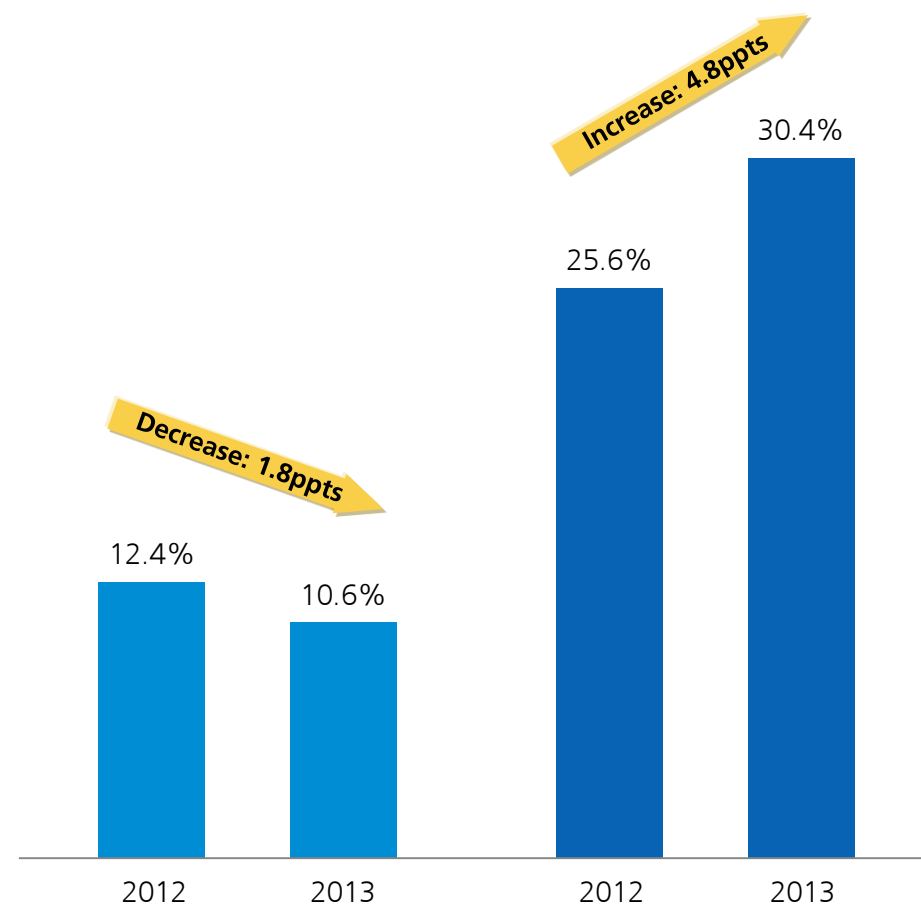
New business value

Value of one year's new business

(RMB million)



New business margin



Note:

1. New business margin based on FYP = value of one year's new business / FYP

2. New business margin based on APE = value of one year's new business / (100% * first year regular premiums + 10% * first year single premiums)

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2013 Strategic Transformation Progress

Improving the value-driven innovation of product system

Establishing and promoting full life-cycle service mechanism driven by customer needs

Executing policy enhancement, system optimization, reform of regional management, and management localized

The life insurance industry is in the Golden Age

2014 Strategic Focus

Best strategy, best service, best attention to detail, best big picture and best culture

Building a management team that sufficiently understands and effectively implements corporate strategies, and a highly effective and productive sales force

Enhancing the management of fundamentals, cost optimization, financial management, risk control and compliance management

Forging an industry-leading IT and data management foundation and providing the most cutting-edge and modern technology and tools in order to create competitive advantages

In 2014, China's life insurance industry will usher in a series of new opportunities for development. Firstly, both the domestic and overseas economy is seen to be improved, which will provide economic basis for the sustainable growth of the life insurance industry. Meanwhile, as the aging population increases and the process of urbanisation advances, it is expected that China's insurance market will be boosted by a stronger demand. Secondly, the progressive introduction of regulatory policies to deregulate the front-end and concentrate on regulating the back-end will result in fierce market competition among major life insurance companies. Thirdly, the emergence of Internet finance will benefit the life insurance industry by diversifying the channels and methods for sales and strengthening the innovation of products, services and management in the life insurance industry, and hence will create new growth points for the industry. At the same time, the competition models of the life insurance industry will become more diversified and that the competition among major players will become more severe, which requires higher performance of life insurance companies in various aspects such as market responsiveness, product innovation, channel development, service upgrading, risk management as well as asset and liability management.

In face of the opportunities and challenges ahead, in 2014, the Company will further promote strategic transformation, continue to uphold its "customer-centric" development strategies, sustain steady growth of its existing businesses, and fully promote the construction of nine major systems to increase fundamental management capability and investment and innovation capacity, and hence to consolidate our core strengths in life insurance and steadily extend our business. We aim to achieve a balanced and healthy development through proper growth and continuous optimization.



NCI 新华保险

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Q & A

