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2015 年中期業績發佈

2015 Interim Results Announcement

2015.08.26

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Strategy & outlook



In 2015, based closely on the two work themes of “sales achievement” and “strategic transformation”, the Company focused on the core task of business development and thoroughly promoted strategic transformation. Taken as a whole, in the first half the Company exceeded every planned target and displayed excellent growth; at the same time, on the foundation of continuous effort in recent years, the Company’s strategic transformation has gradually borne results, with enhancement in team capability, customer base and branch operation. The Company has entered into a sustainable and healthy development trajectory.

The main characteristics of the life insurance business development of the Company in the first half year were mainly as follows:

Product campaign promoted premium growth

- “Jin Cai Yi Sheng” (金彩一生) consolidated the sales base of annuity insurance
- Health insurance and series of products for the elderly optimized product structure
- “Sheng Shi Ying Jia” (盛世赢家) rapidly enlarged business scale and optimized customer structure

Business structure was continuously optimized

- Regular premium business with long payment period grew, and premium payment periods structure got continuously optimized
- Coordinated development of annuity insurance and health insurance products promoted products transformation

Sales team building achieved remarkable results

- Team size continuously grew and activity rate steadily increased
- Productivity and sales team income boosted

Key financial & business indicators

Unit: RMB million	1H2015	1H2014		Change (%)
Gross written premiums	72,661	66,817	↑	8.7%
Market share ¹	7.7%	8.7%	↓	1.0 ppt
Net profit attributable to shareholders of the Company	6,752	3,748	↑	80.1%
Total investment income	31,480	13,775	↑	128.5%
Annualized total investment yield	10.5%	5.1%	↑	5.4 ppts
Annualized net investment yield	4.8%	5.1%	↓	0.3 ppts
Basic earnings per share (RMB)	2.16	1.20	↑	80.0%
Weighted ROAE	12.75%	9.04%	↑	3.71 ppts
Value of half year's new business	3,450	2,409	↑	43.2%

Note: 1. Market share data derived from CIRC

Key financial & business indicators (cont'd)

Unit: RMB million	30 June 2015	31 December 2014	Change (%)	
Total assets	659,840	643,709	↑	2.5%
Equity attributable to shareholders of the Company	56,929	48,359	↑	17.7%
Investment assets	641,138	625,718	↑	2.5%
Net assets per share attributable to shareholders of the Company (RMB)	18.25	15.50	↑	17.7%
Embedded value	99,247	85,260	↑	16.4%
Solvency margin	245.75%	226.53%	↑	19.22 ppts

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Strategy & outlook



Overall insurance performance

Gross written premiums

(RMB million)

NCI ranking¹:

3

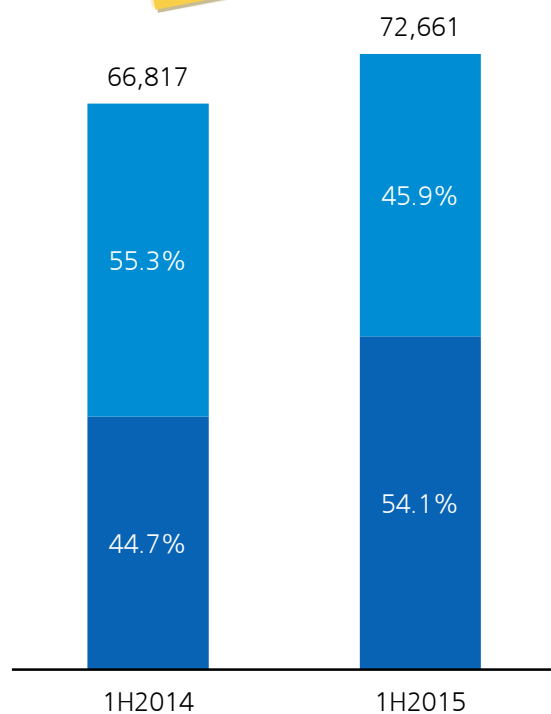
3

Market share:

8.7%

7.7%

Increase: 8.7%

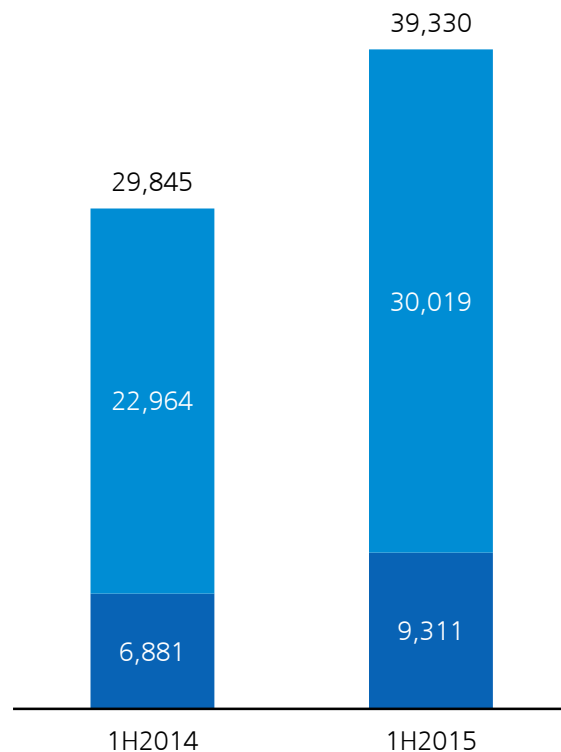


■ FYP ■ Renewal Premiums

First year premiums (FYP)

(RMB million)

Increase: 31.8%

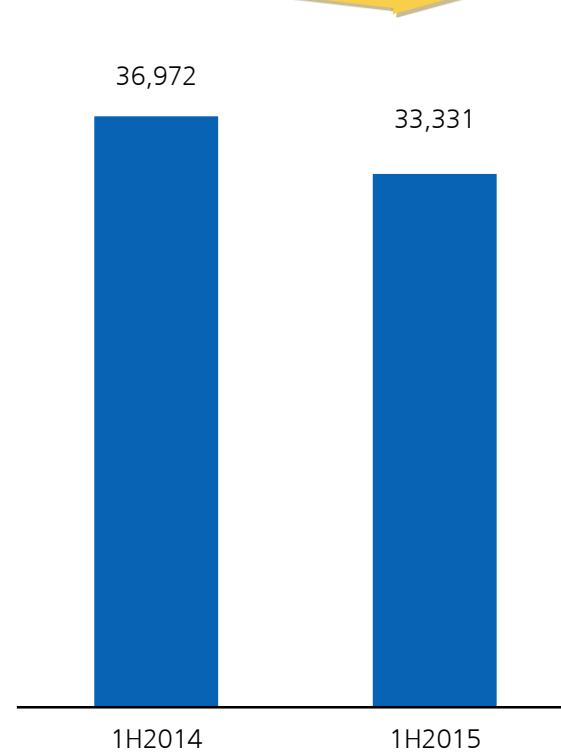


■ Regular ■ Single

Renewal premiums

(RMB million)

Decrease: 9.8%



Note

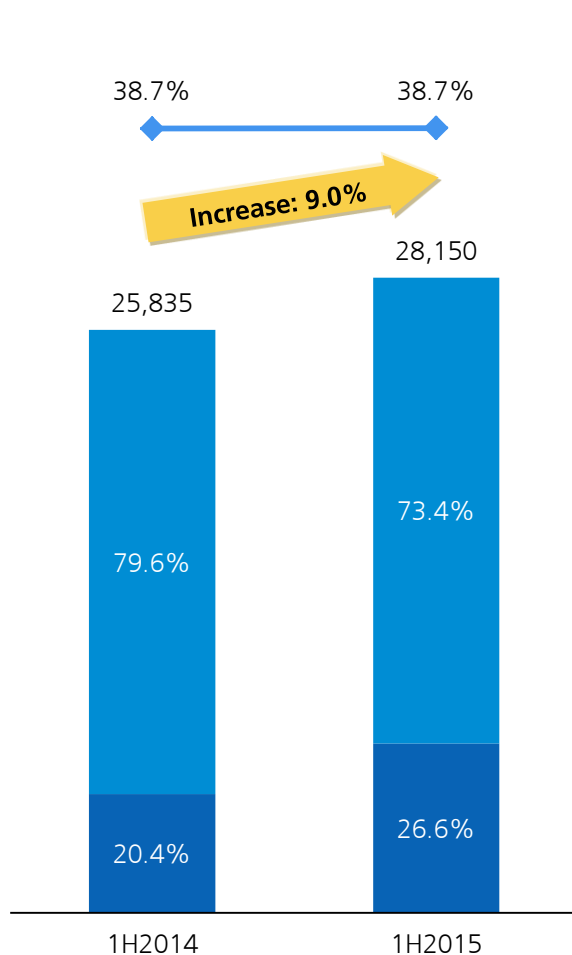
1. Market ranking and market share data derived from CIRC

Individual insurance agent channel

Rapid premium growth

Individual insurance agent channel GWP

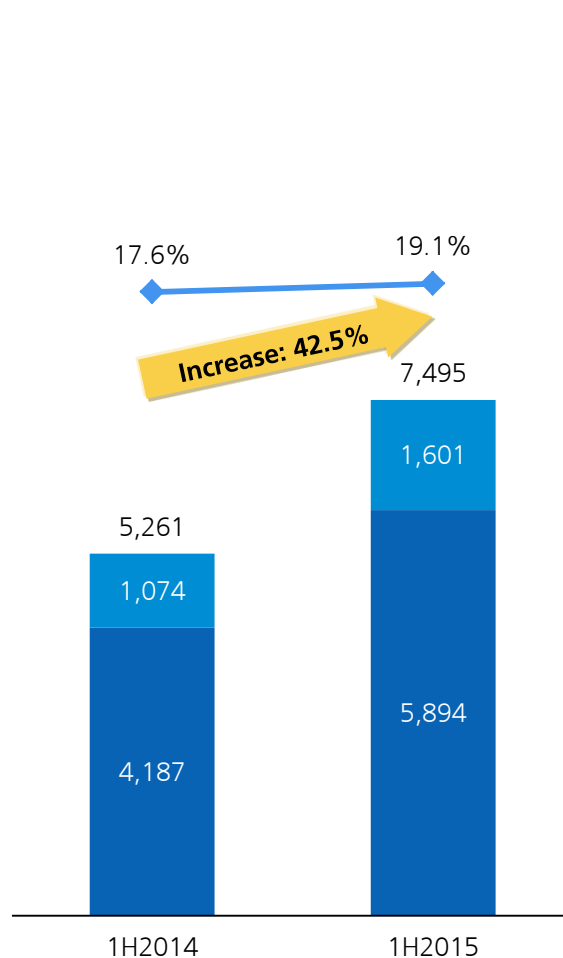
(RMB million)



■ FYP ■ Renewal Premiums
— % of total premiums

Individual insurance agent channel FYP

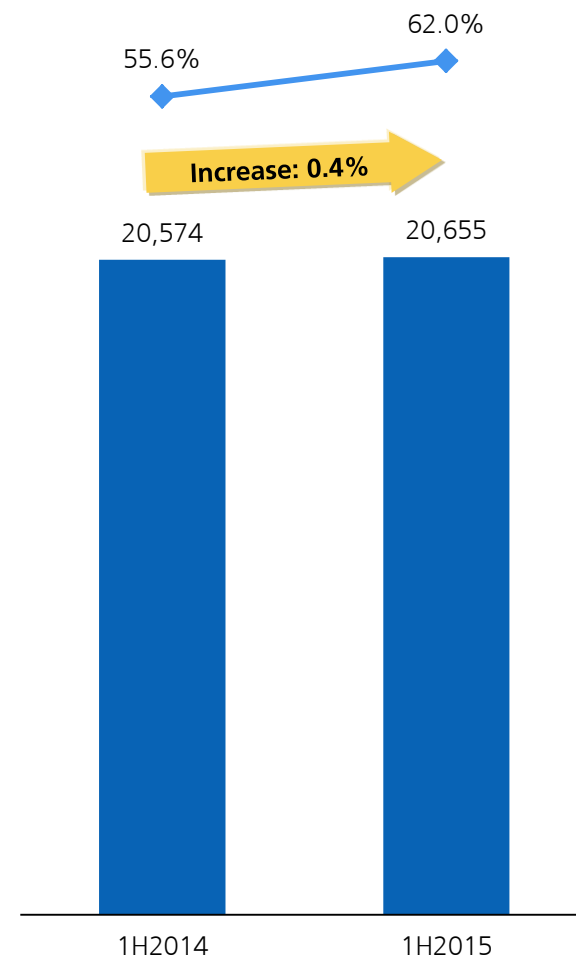
(RMB million)



■ Regular ■ Single
— % of total FYP

Individual insurance agent channel renewal premiums

(RMB million)



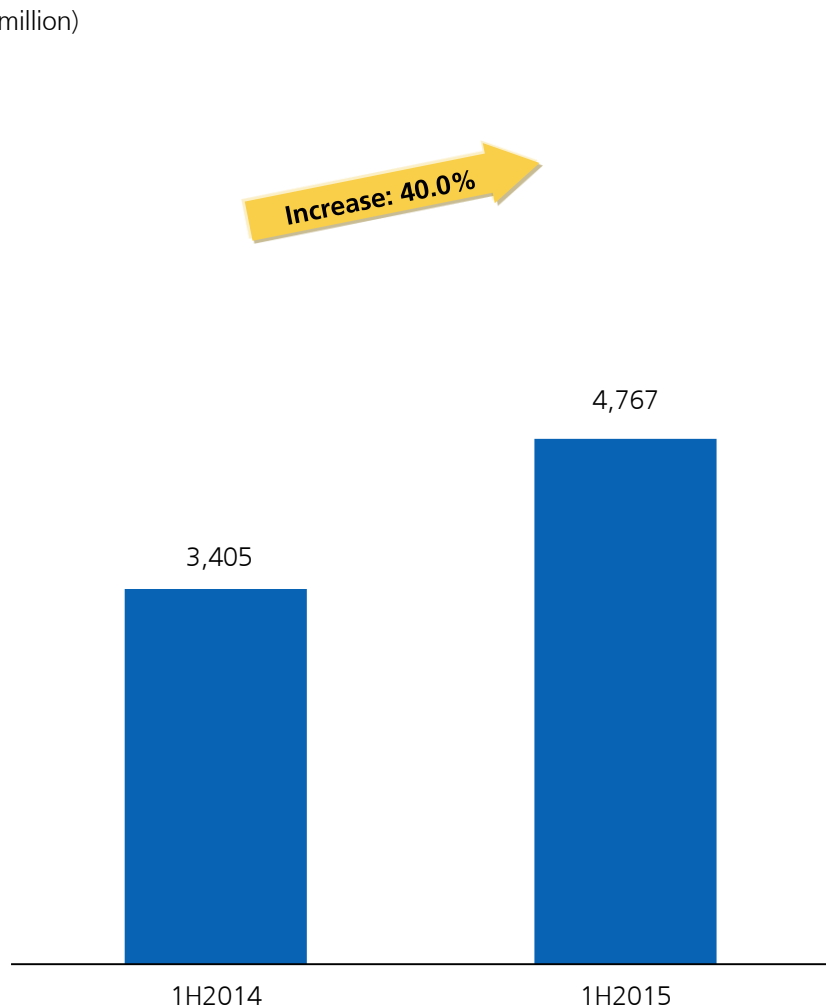
■ Individual insurance agent channel renewal premiums
— % of total renewal premiums

Individual insurance agent channel (cont'd)

Consistent optimization for terms and product structure

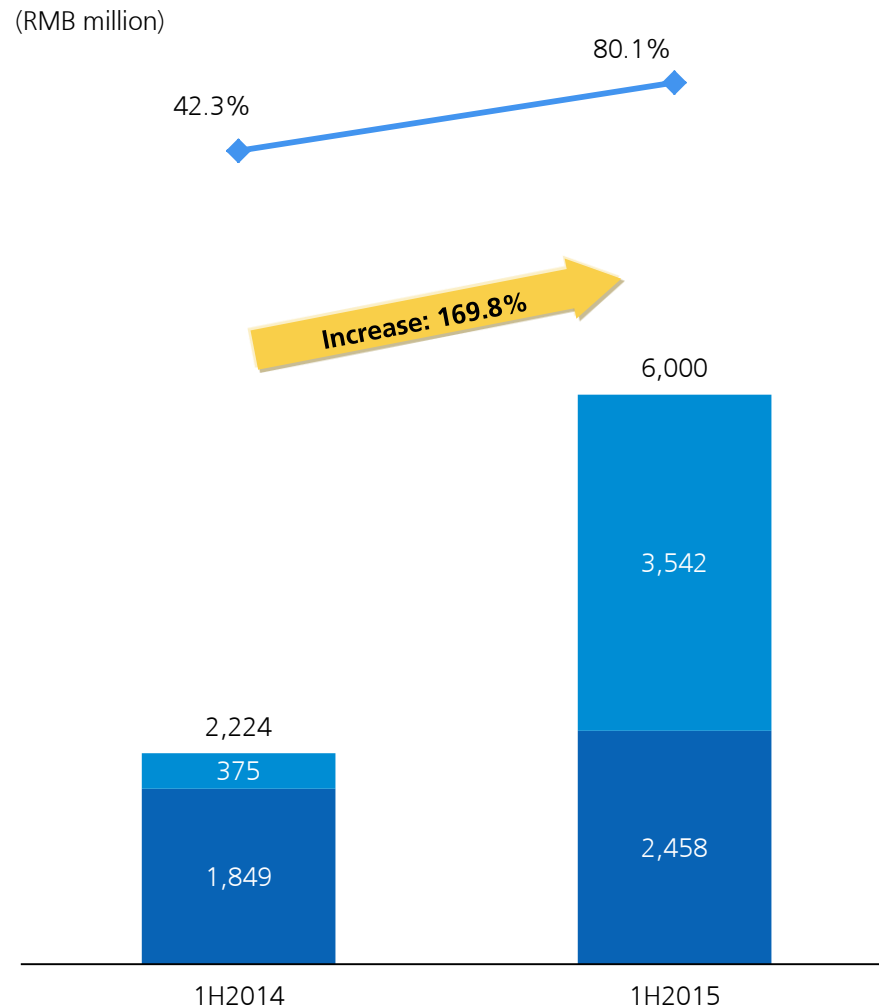
FYP from regular products with payment period of 10 years or above

(RMB million)



FYP contributed by traditional insurance and health insurance

(RMB million)



■ Health insurance FYP

■ Traditional insurance FYP

— % of individual insurance agent channel FYP contributed by traditional and health insurance

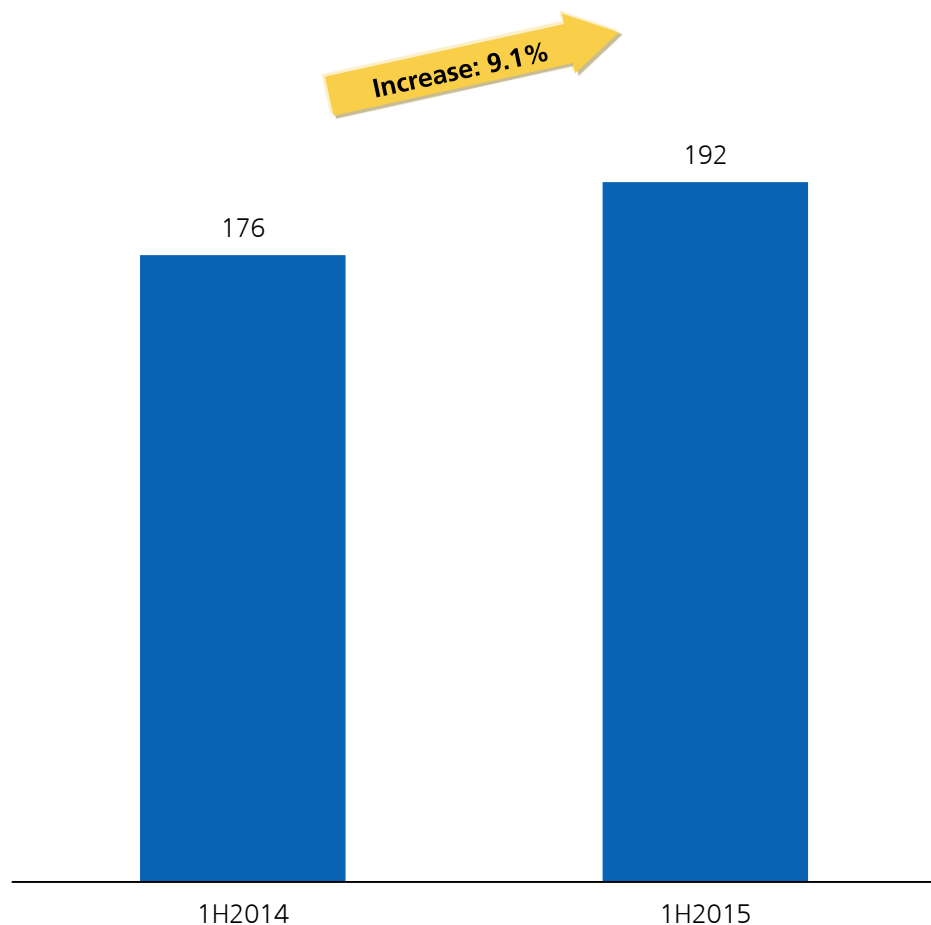
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Individual insurance agent channel (cont'd)

Stable sales team size and promotion for better performance

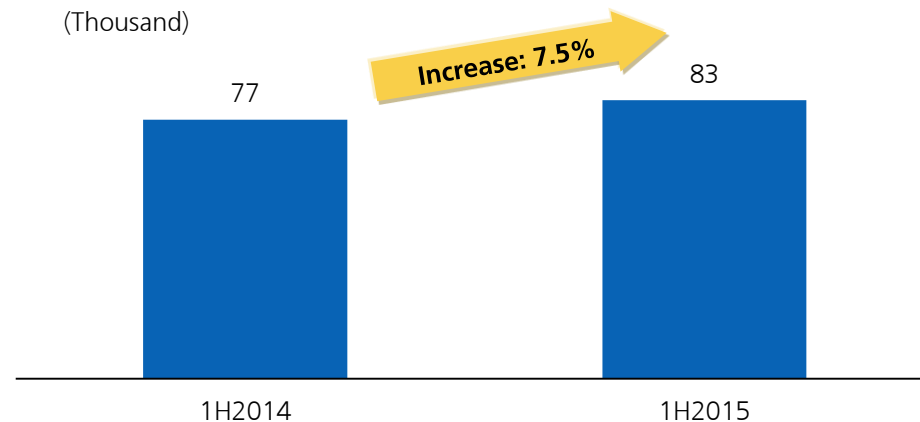
Number of individual insurance agents

(Thousand)



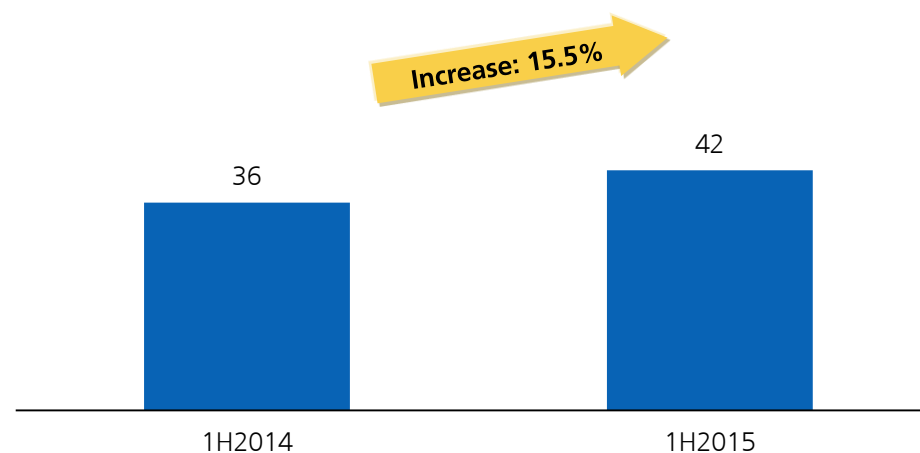
Number of qualified individual insurance agents¹ (monthly average)

(Thousand)



Number of high performing individual insurance agents² (monthly average)

(Thousand)



Note

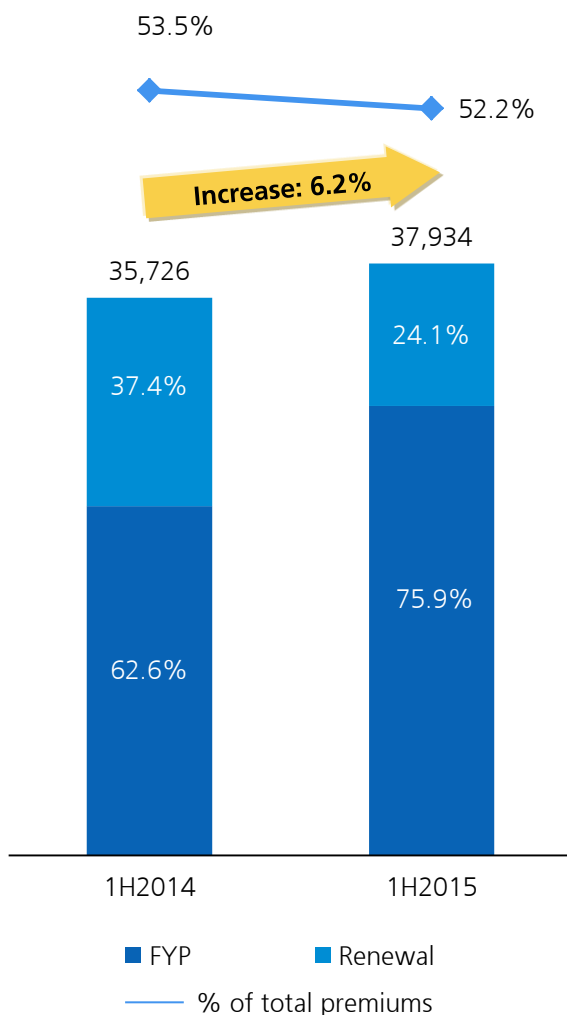
1. Qualified individual insurance agents refers to those who sold at least one insurance policy calculated on a monthly basis on an individual basis, of which the payment term is more than one year
2. High performing individual insurance agents refers to those who sold at least one insurance policy calculated on a monthly basis on an individual basis, of which the payment term is more than one year and individual insurance first year commission of not less than RMB2,000. The comparative figures have been recalculated on the basis line of the reporting period

Bancassurance channel

Volume growth driven by launch of new products

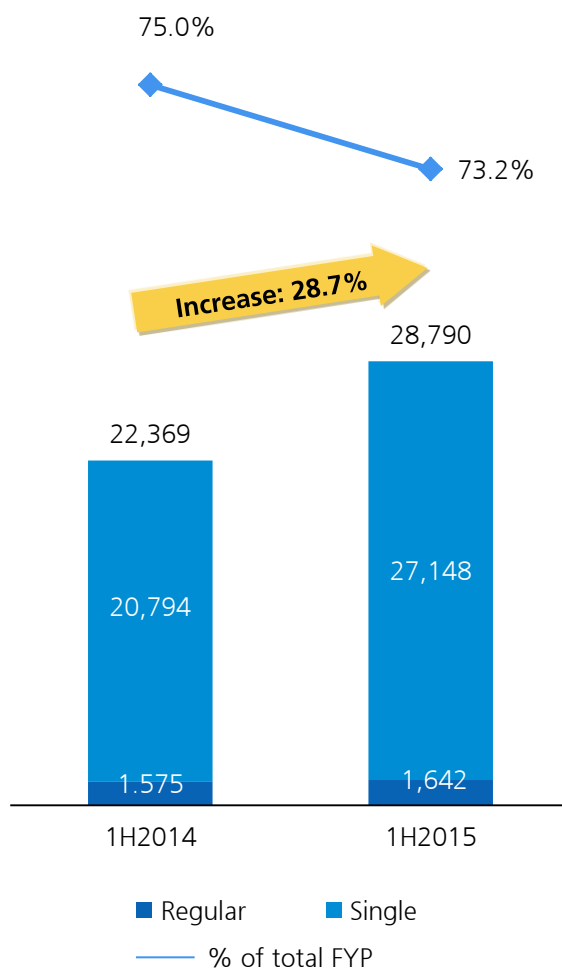
Bancassurance channel GWP

(RMB million)



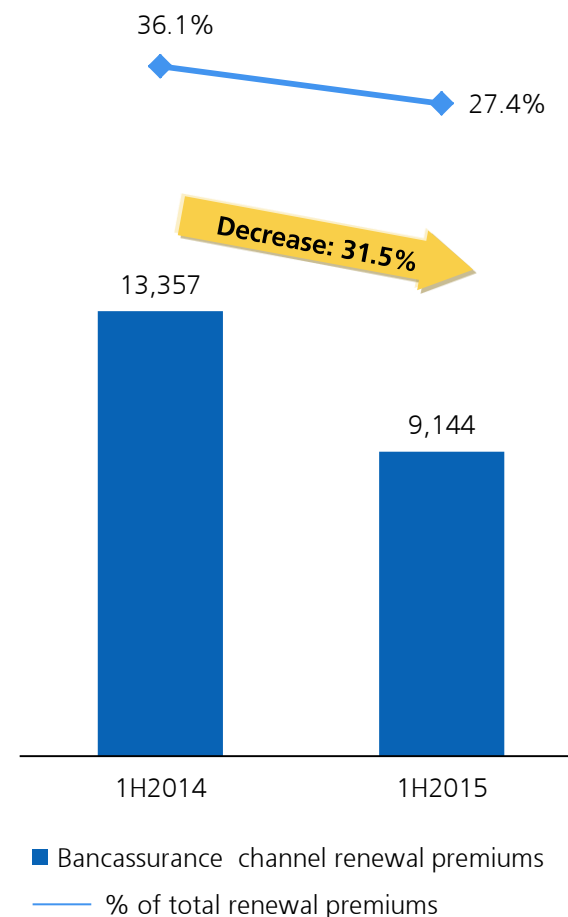
Bancassurance channel FYP

(RMB million)



Bancassurance channel renewal premiums

(RMB million)

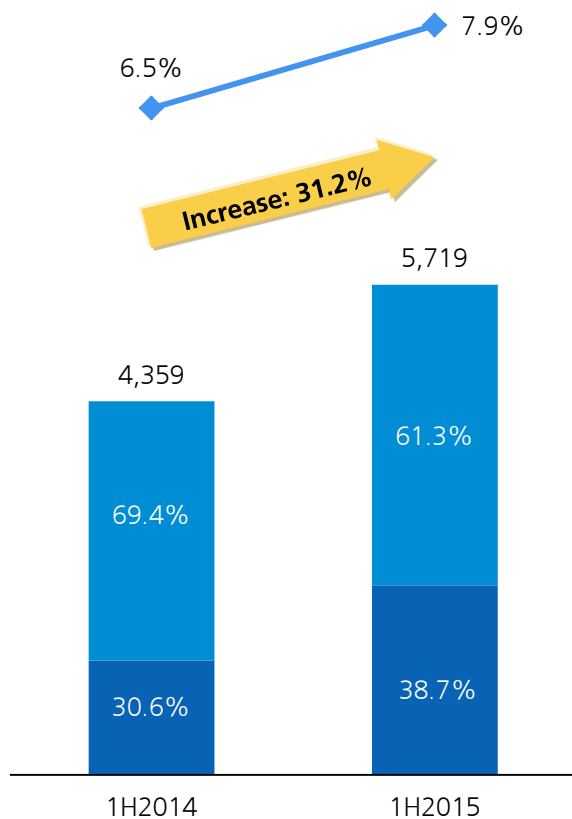


Service and business development channel

Strong customer development capability

Service and business development channel GWP

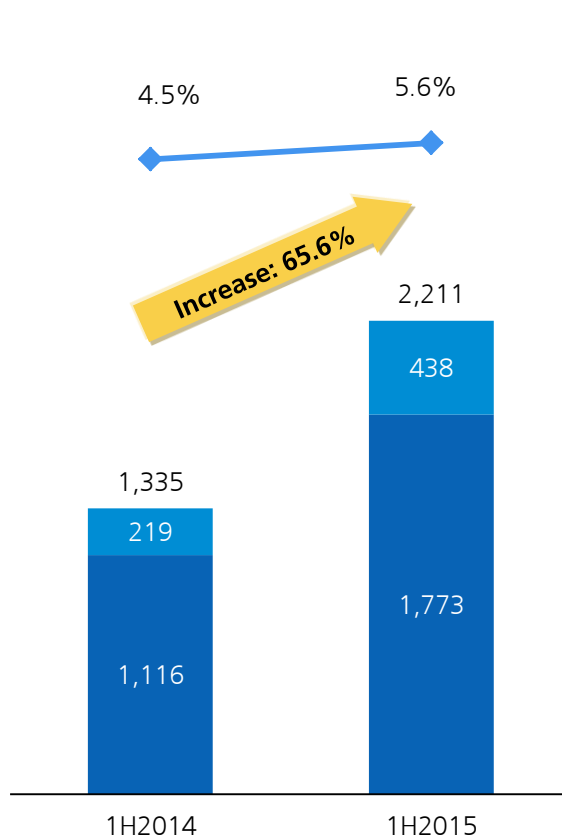
(RMB million)



■ FYP ■ Renewal
— % of total premiums

Service and business development channel FYP

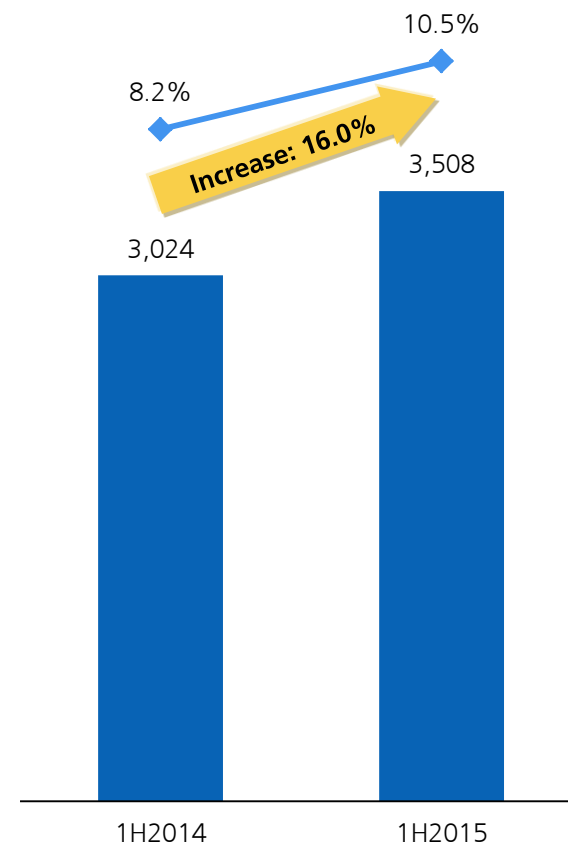
(RMB million)



■ Regular ■ Single
— % of total FYP

Service and business development channel renewal premiums

(RMB million)



■ Service and business development channel renewal premiums
— % of total renewal premiums

Note: Beginning from 2014, the service and business development channel was presented separately. The premiums of each channel have been adjusted accordingly. The comparative figures have been recalculated on the base line of this period

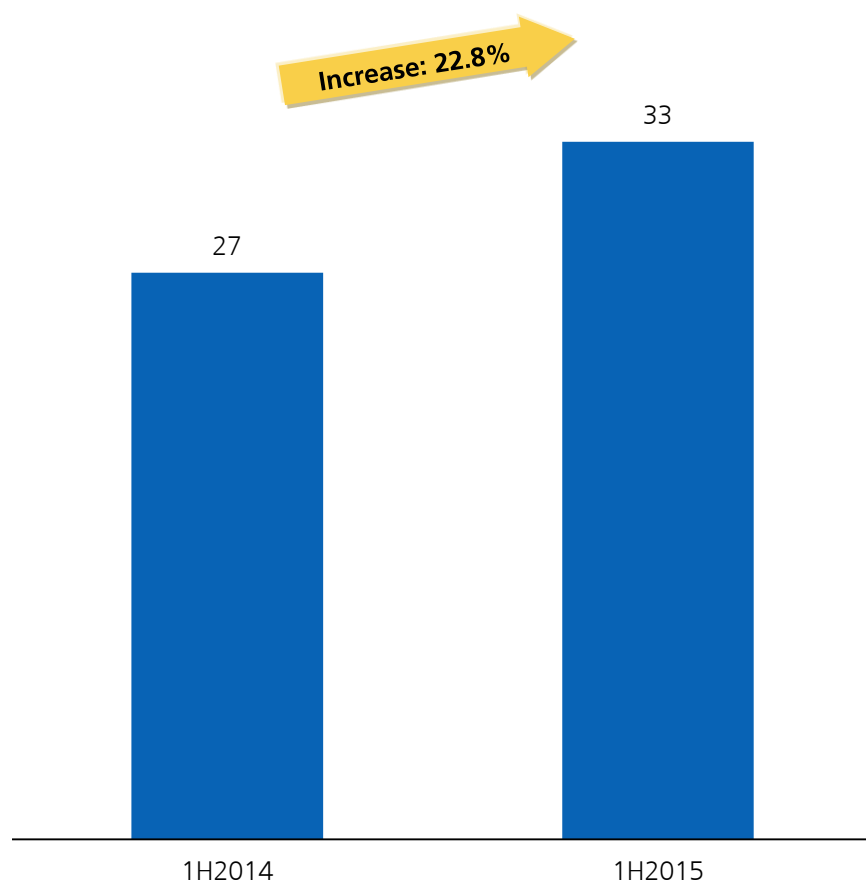
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Service and business development channel (cont'd)

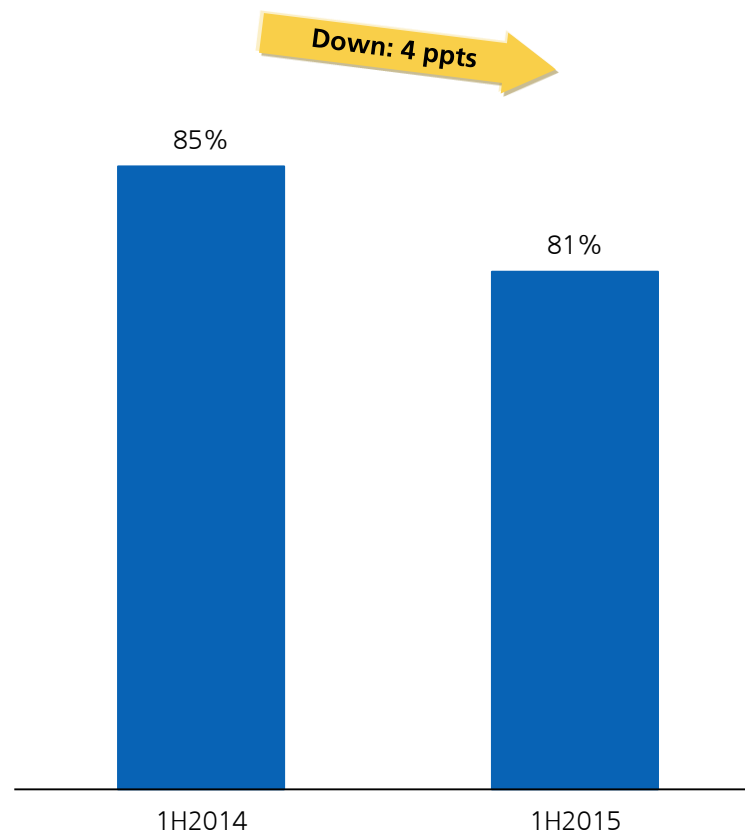
Sustainable growth of team scale

Service and business development channel agents

(Thousand)



Actual turnover rate of service and business development channel agents¹ (monthly average)



Note:

1. Effective activity rate = # of effective agents within reporting period / monthly average agents * 100%, effective agent refers to those who sold at least one insurance policy by the number of months in the reporting period, and first year commission is not less than RMB210

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Strategy & outlook



Investment strategy and performance

Significantly enhanced total investment yield

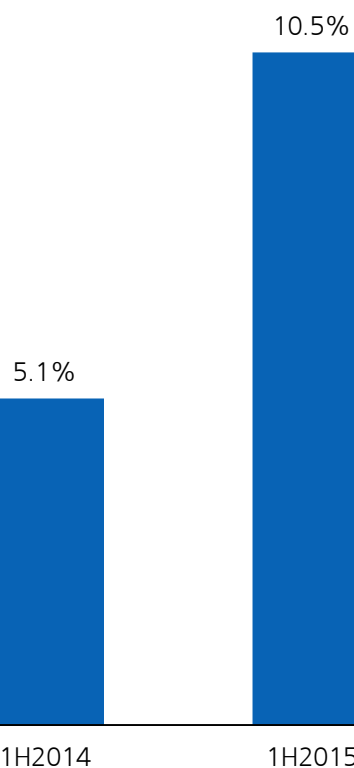
Investment assets

(RMB million)



Total investment yield (annualized)

Up: 5.4 pts



Net investment yield (annualized)

Down: 0.3 pts



Investment strategy and performance

Stable asset allocation structure; increased equity investments

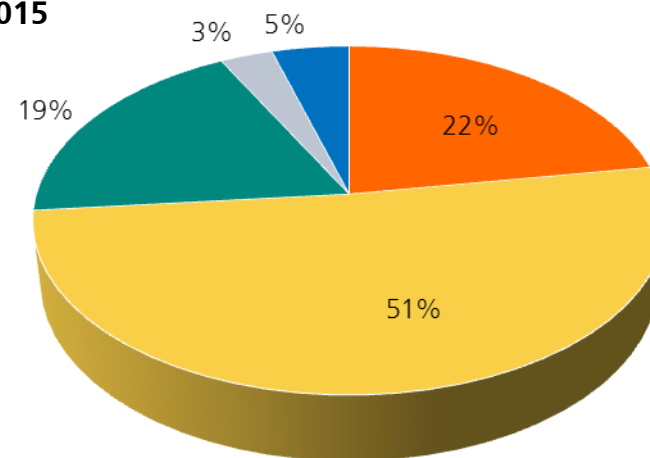
Investment portfolio

Unit: RMB million	30 Jun 2015	31 Dec 2014	Change (%)
Investment assets¹	641,138	625,718	↑ 2.5%
Term deposits²	143,748	167,297	↓ 14.1%
Debt securities	327,523	345,518	↓ 5.2%
— Bonds	229,205	237,403	↓ 3.5%
— Trust Plan	49,282	59,475	↓ 17.1%
— Debt Plan ³	26,356	24,823	↑ 6.2%
— Project Asset Support Plan	20,000	20,000	0.0%
— Others ⁴	2,680	3,817	↓ 29.8%
Equity securities	120,685	70,553	↑ 71.1%
— Funds	49,074	22,309	↑ 120.0%
— Stocks ⁵	49,067	34,141	↑ 43.7%
— Investment in associates	9,636	10,150	↓ 5.1%
— Others ⁶	12,908	3,953	↑ 226.5%
Cash & cash equivalents²	19,920	14,503	↑ 37.4%
Other investment assets⁷	29,262	27,847	↑ 5.1%

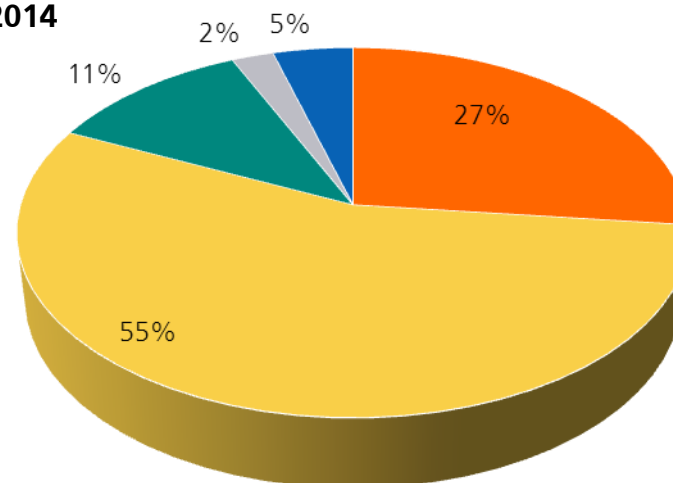
- Note
- Investment assets consist of the investment assets as included in separate accounts
 - Cash and cash equivalents include term deposits with maturity of 3 months or less, while term deposits exclude those with maturity of 3 months or less
 - Debt plans mainly consist of infrastructure and real estate investment projects
 - Other debt investments include asset management plans and wealth management products
 - Stocks include common stocks and prefer stocks
 - Other equity investments include asset management plans, private equities, other unlisted equity securities, trust plans and wealth management products
 - Other investments include capital margin deposits, policy pledge loans, financial assets purchased under agreements to resale, dividends and interest receivable, etc.

Asset allocation

30 Jun 2015



31 Dec 2014



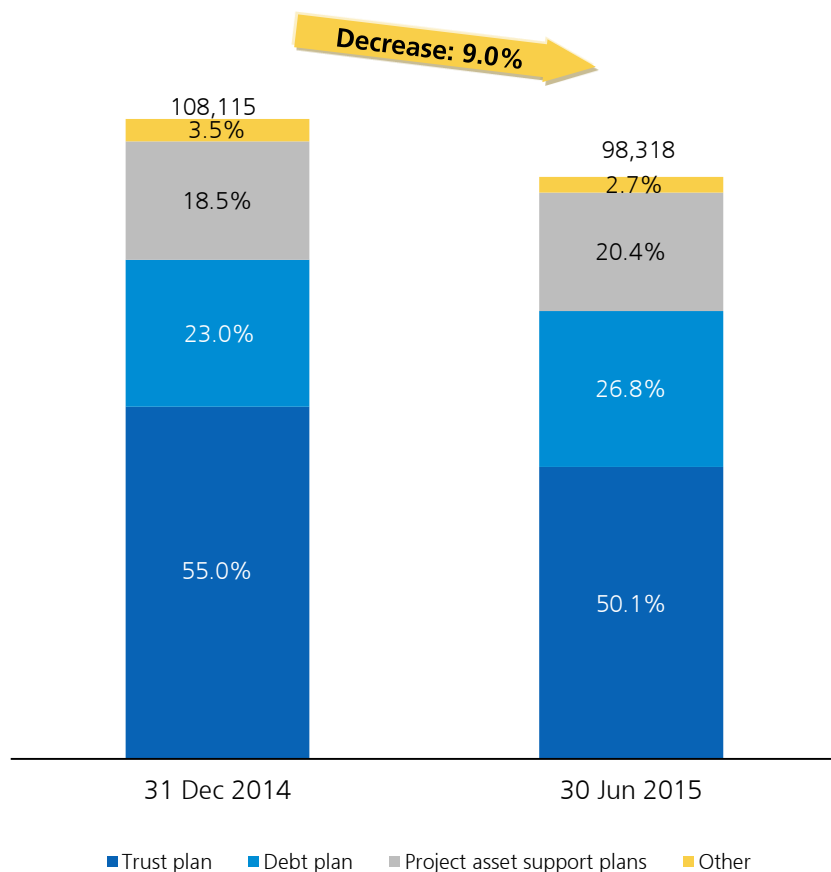
■ Debt investments
 ■ Term deposits
 ■ Equity investments
■ Cash & cash equivalents
 ■ Other investment assets

Investment strategy and performance

Slight decrease in non-standard assets investments

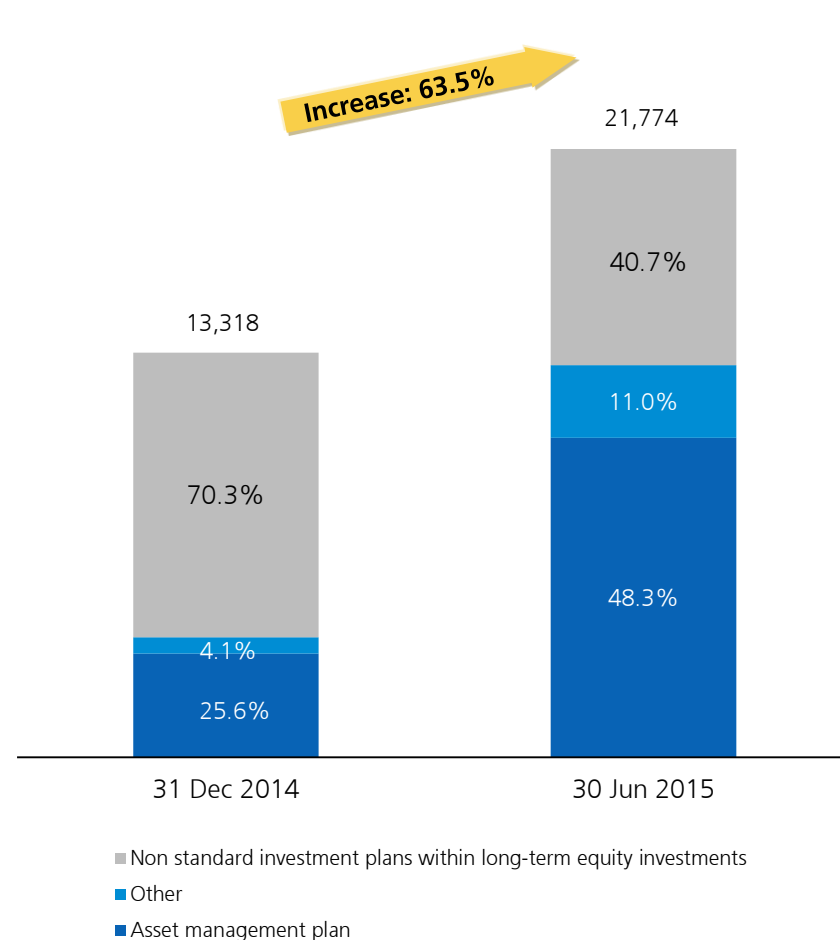
Non-standard debt investment

(RMB million)



Non-standard equity investments

(RMB million)



- Note
1. Other non-standard debt investments include asset management plans and wealth management products
 2. Other non-standard equity investments include trust plans, wealth management products and private equities

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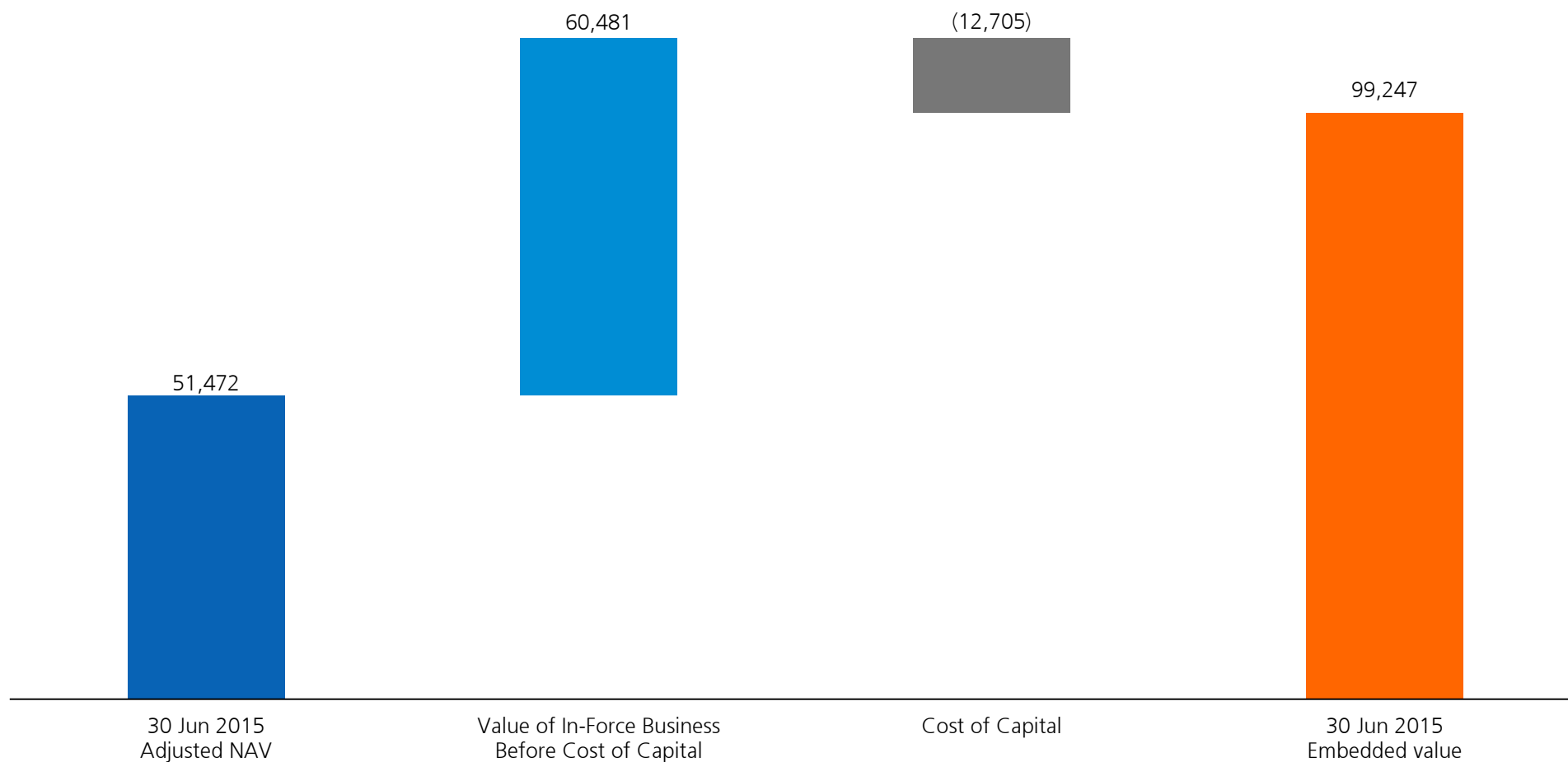
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Strategy and outlook



Embedded value — composition analysis

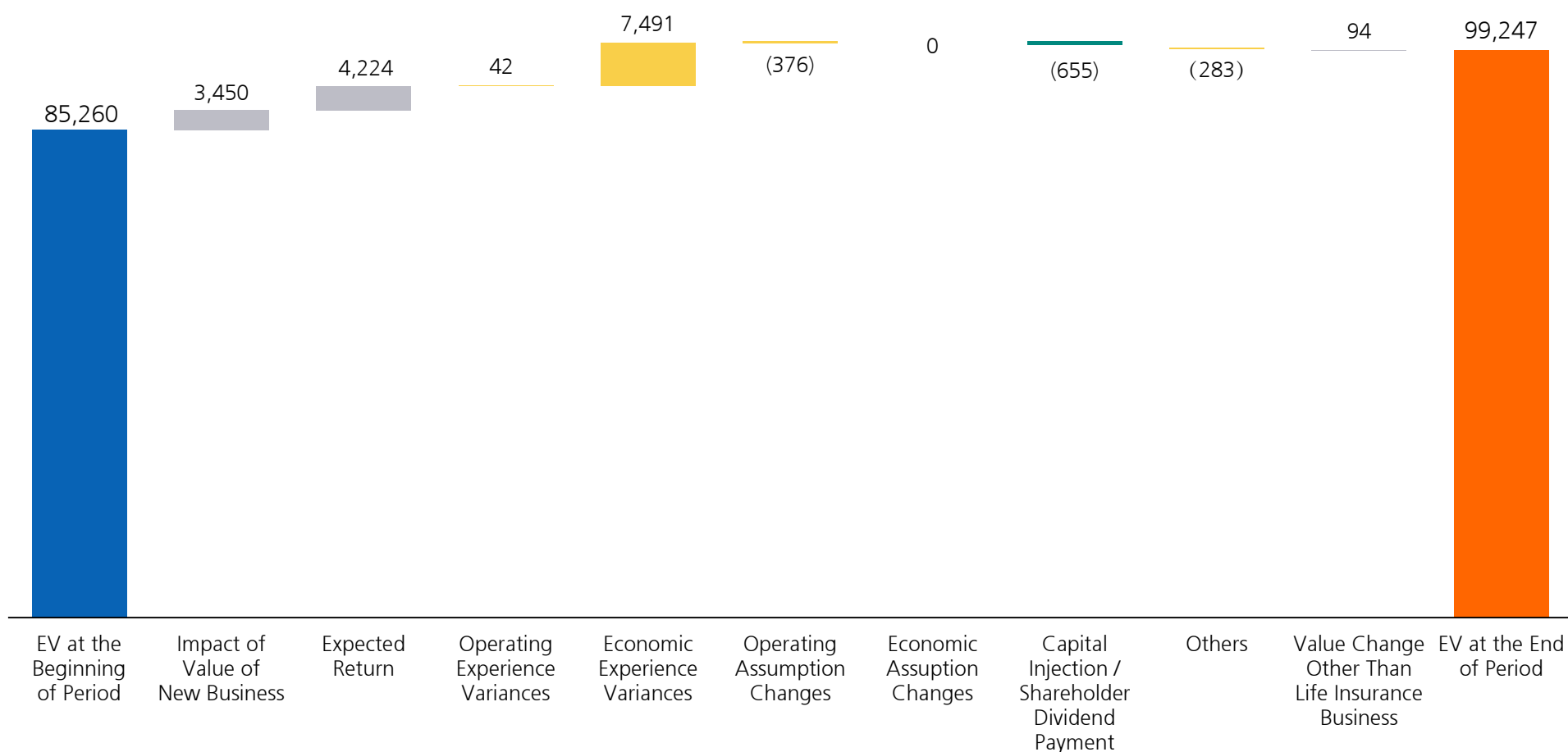
(RMB million)



Note: Summing numbers may be different from stated due to rounding

Embedded value — analysis of change

(RMB million)

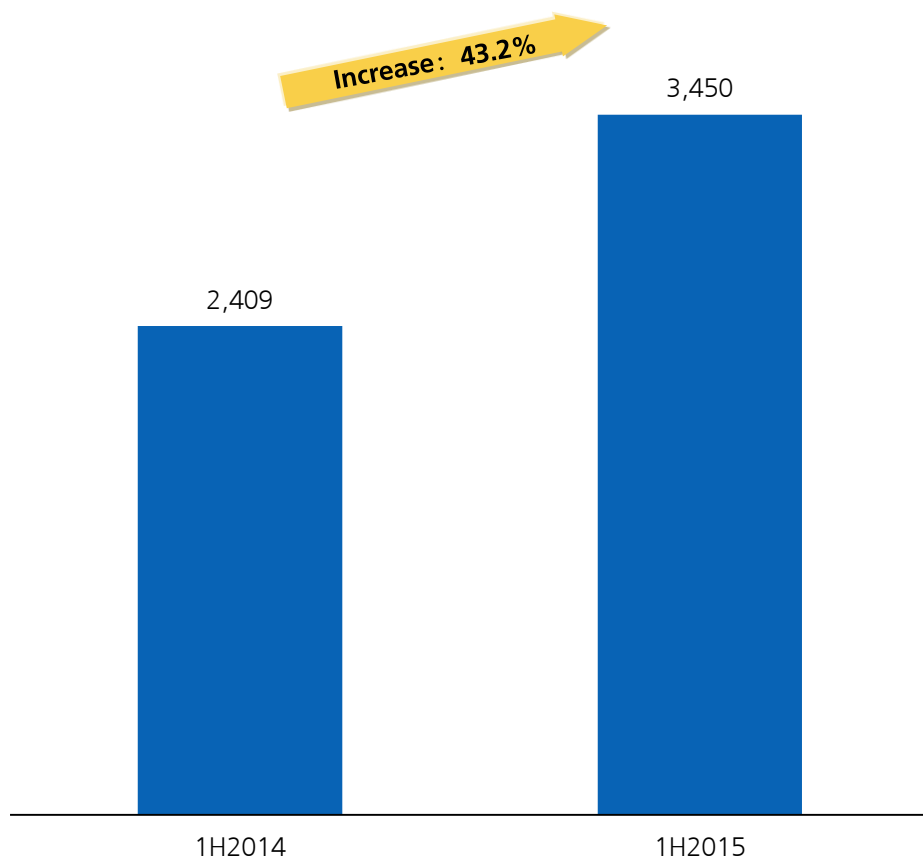


Note: Summing numbers may be different from stated due to rounding

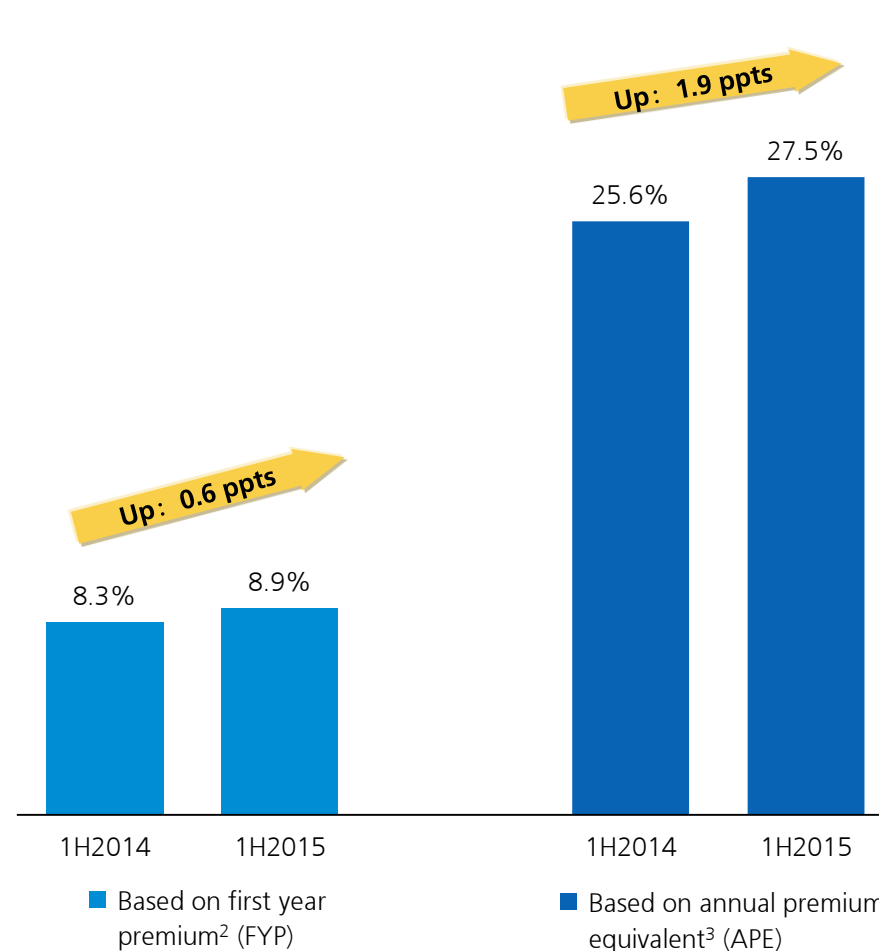
Value of half year's new business

Value of half year's new business¹

(RMB million)



New business value margin



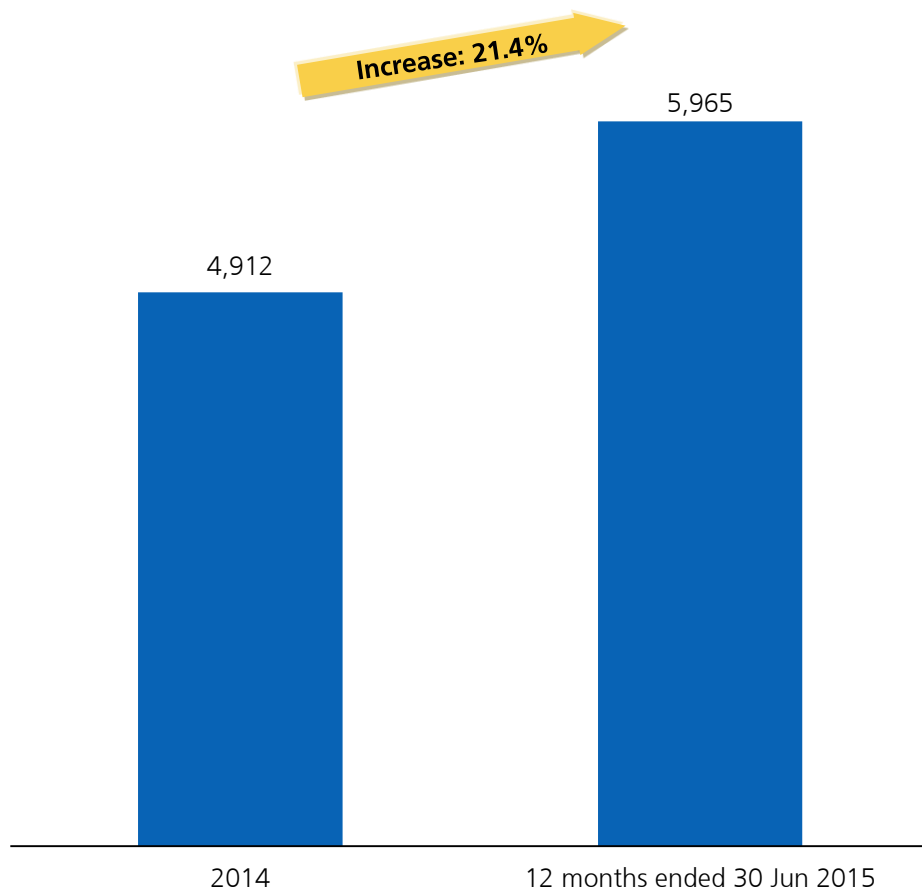
Notes:

1. Value of first half year's new business as of 30 June 2014 was recalculated based on the assumption as of 31 December 2014
2. New business margin based on FYP = value of half year's new business / FYP
3. New business margin based on APE = value of half year's new business / (100% * first year regular premiums + 10% * first year single premiums)

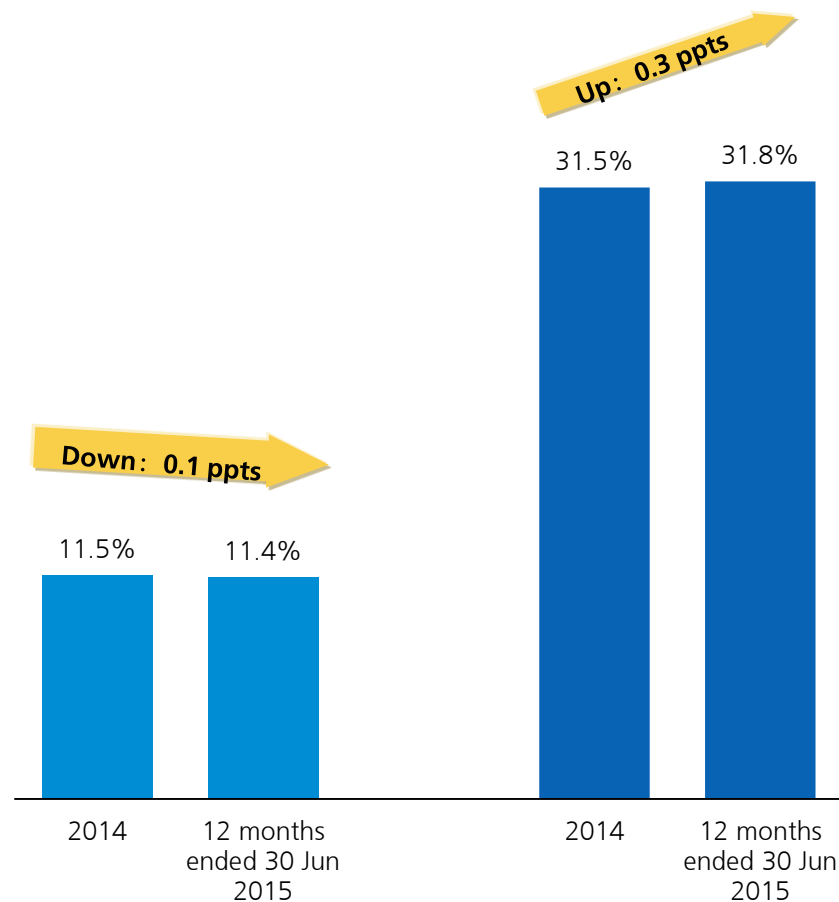
Value of one year's new business

Value of one year's new business

(RMB million)



New business value margin



Notes:

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)

■ Based on first year Premium¹(FYP)

■ Based on annual premium equivalent² (APE)

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Strategy & outlook



Macroeconomic environment and favorable policies continued to promote development of the industry

Macro-economic situation

- In the context of “New Normal” economic circumstances, reduction of interest rates and fluctuating investment yield, the distinct advantages of the life insurance become more appealing, and insurance products gain more and more popularity

Government policies

- Favorable regulatory policies of the industry continue to provide support. With the successive implementation of the “New Ten Measures” of insurance industry, the individual income tax deferred pension insurance policy and favorable policies for promoting commercial health insurance, the area of people’s livelihood protection will provide a new developing opportunity and the market demands will also grow

Industry development

- The industry’s focus on agent channel development for the past few years has borne fruit, with the total number of insurance agents reaching its historic high, high performing individual insurance agents maintaining high quantity and product operation being strengthened continually

Challenges

With the further deepening of the premium rate marketization reform, market competition will become fiercer and mainly focus on product and service innovation. The top priority will be enhancing our agility, refined management capabilities and customer experience

Strategy

Focusing on business growth, implementing the “customer-centric” strategy transformation and gradually optimizing the construction of a whole life-cycle system for customers

Pursuing healthy and sustainable business development through the enhancement of sales force development , products campaign, operational effectiveness, and risk control

Campaigning digital marketing in the whole value chain to achieve marketing precision, high efficiency, cost-saving and better customer experience

Outlook on strategic transformation

Team construction

- Promoting both sales team development and productivity enhancement by sticking to "A Robust Sales Force Development Strategy Focusing on both Quality and Quantity"
- Accelerating internal organization development through the construction of a basic management platform to achieve significant increase in sales force

Product operation

- Booming annuity sales
- Launching new health insurance products at a proper time to enhance products' competitiveness and optimize product structure

System building

- Improving the construction of a basic system for operation and services
- Improving service efficiency through the implement of quantitative index management and building the NCI service brand

Management & control

- Strengthening comprehensive risk management ability by carrying out strict inspection and process control on all aspects from products to sales, frontline to back-office, headquarter to subsidiaries and evaluation to management, centering on regulating misguided sales, strengthening quality management and risk control



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Q & A

