

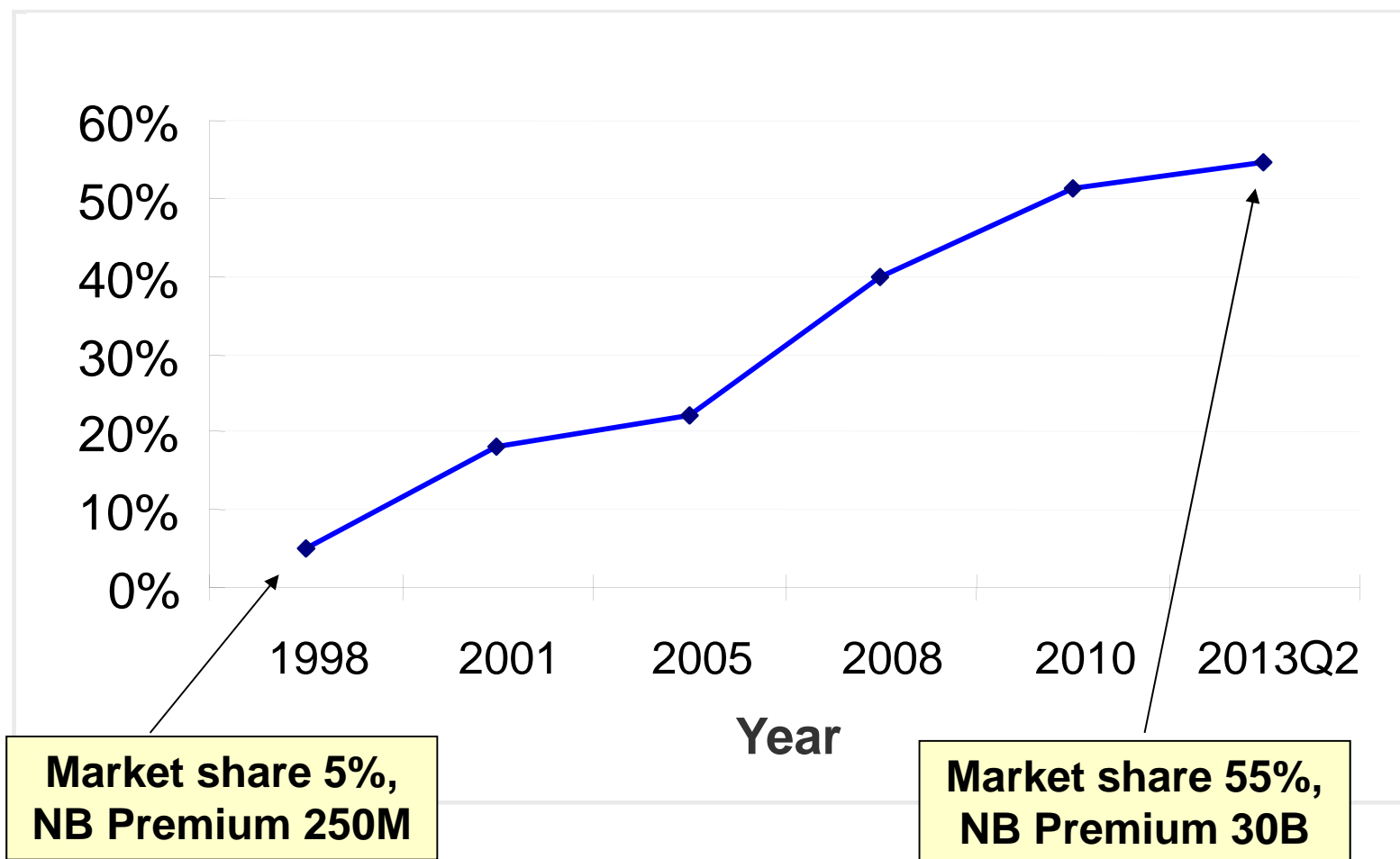
A white wireframe structure of a tall tower, resembling the Bank of China Tower, is positioned on the left side of the slide. The background is a gradient of red and orange with abstract light streaks.

Bancassurance Model

Marriage of Bank and Insurer

2014.1.08

Market Share of Bancassurance in HK over 15 Years



Source: OCI – new business, by annualized premium






Top 5 insurers 15 years ago and...Now

Market Ranking

1998

1		29.5%
2		13.1%
3		10.7%
4		8.2%
5		6.4%

2013 Q2

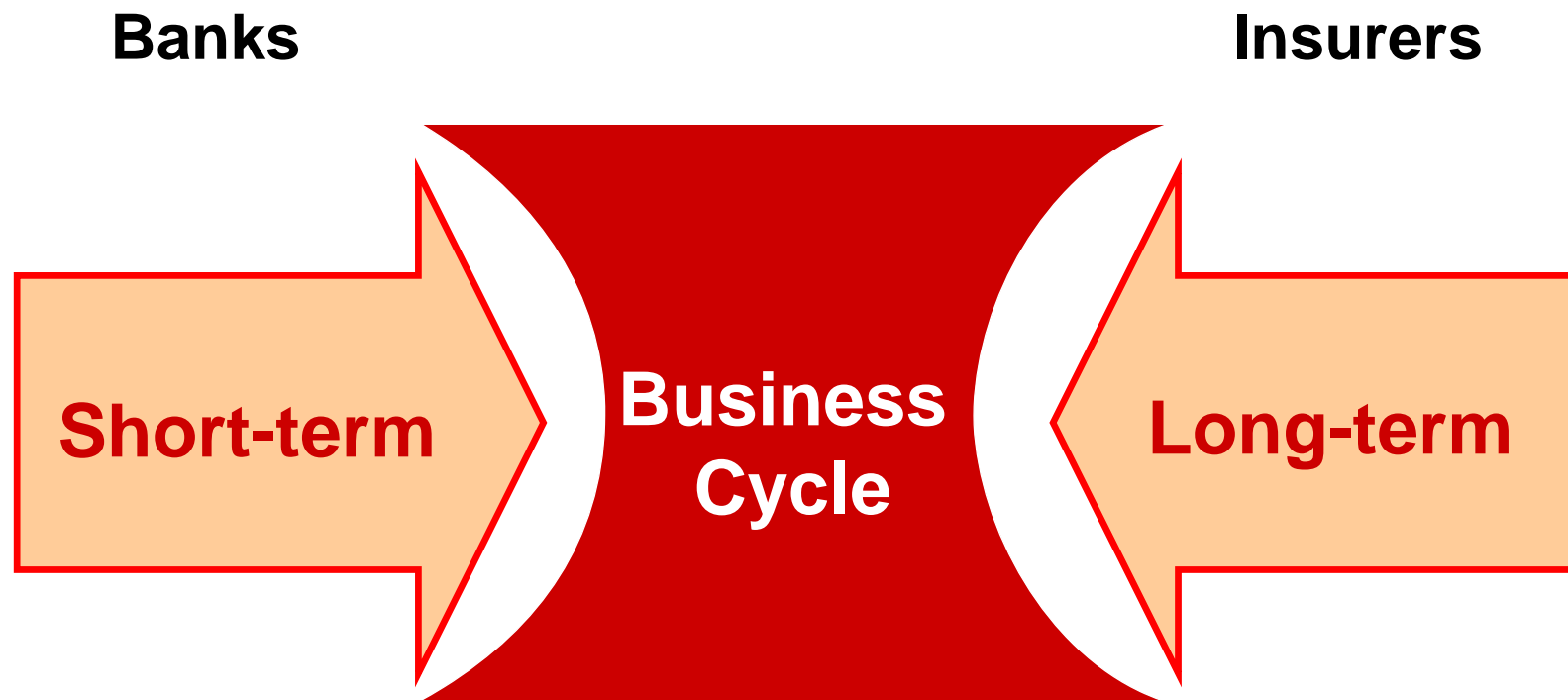
1		19.3%
2		14.6%
3		12.6%
4		9.7%
5		7.5%

Source: OCI – new business, by annualized premium

Mars & Venus series



Core Differences between Banks and Insurers



Bank's Business Cycle

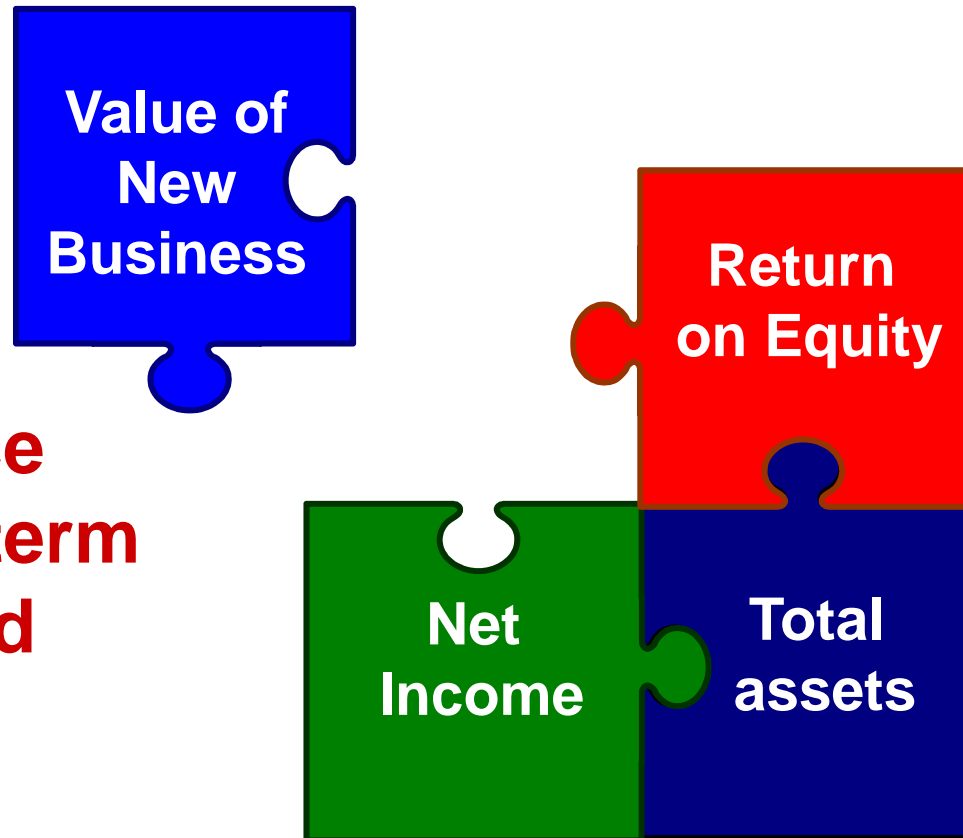
Key Financials



	2011		2012
Net operating income	HK\$30,846 million	+15.93%	HK\$35,760 million
Net profit	HK\$20,430 million	+2.45%	HK\$20,930 million
Basic earnings per share	HK\$1.93	+2.45%	HK\$1.98
Return on average total assets	1.14%	+10bps	1.24%

Aligning the interests between a bank and its insurance subsidiary

Strike a balance between long-term profitability and short-term profitability.



Service Culture vs Sales Culture

Banks

Insurers



Financial Planning Manager (FPM) Model

Integrated Bancassurance Process

Relationship
Manager

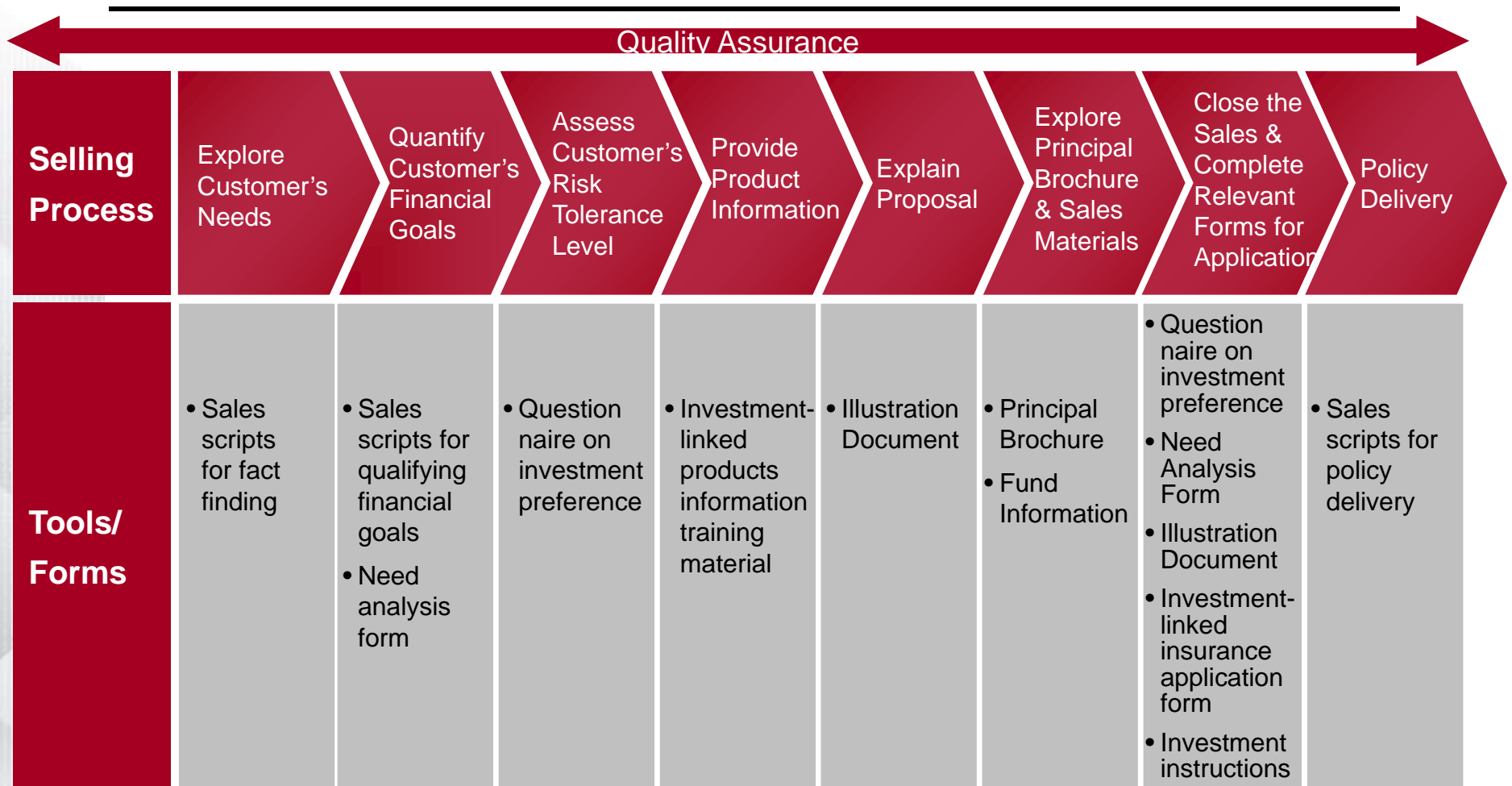
Refer to

Financial
Planning
Manager

Needs-based
selling
approach

Financial Needs Analysis +
Tailor-made Insurance Proposal

Sales process and quality assurance



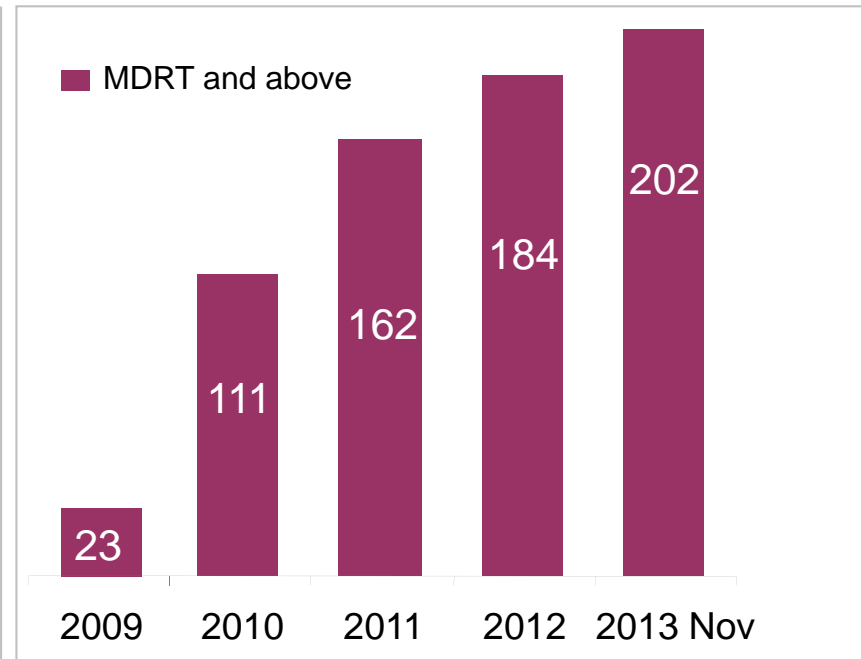
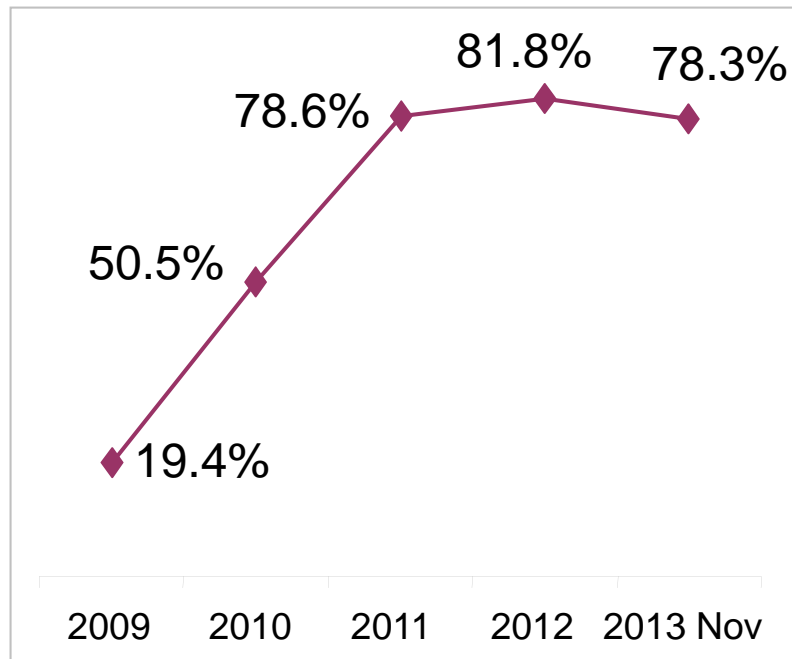
At each stage, adequate tools ensure quality and efficient sales process.



What are the benefits after
aligning the differences ?

Million Dollar Round Table (MDRT)

- MDRT is worldwide recognized as the standard of excellence in the life insurance industry.
- 260 Financing Planners and ~80% of them as MDRT

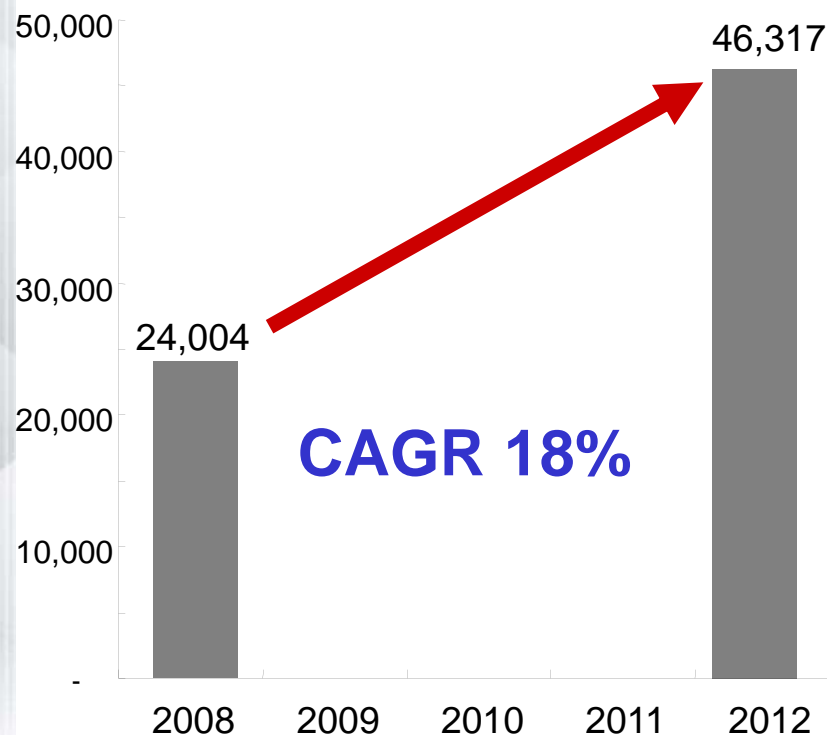


MDRT in Hong Kong Market: ~4%

One of leading life insurers in 5 Years

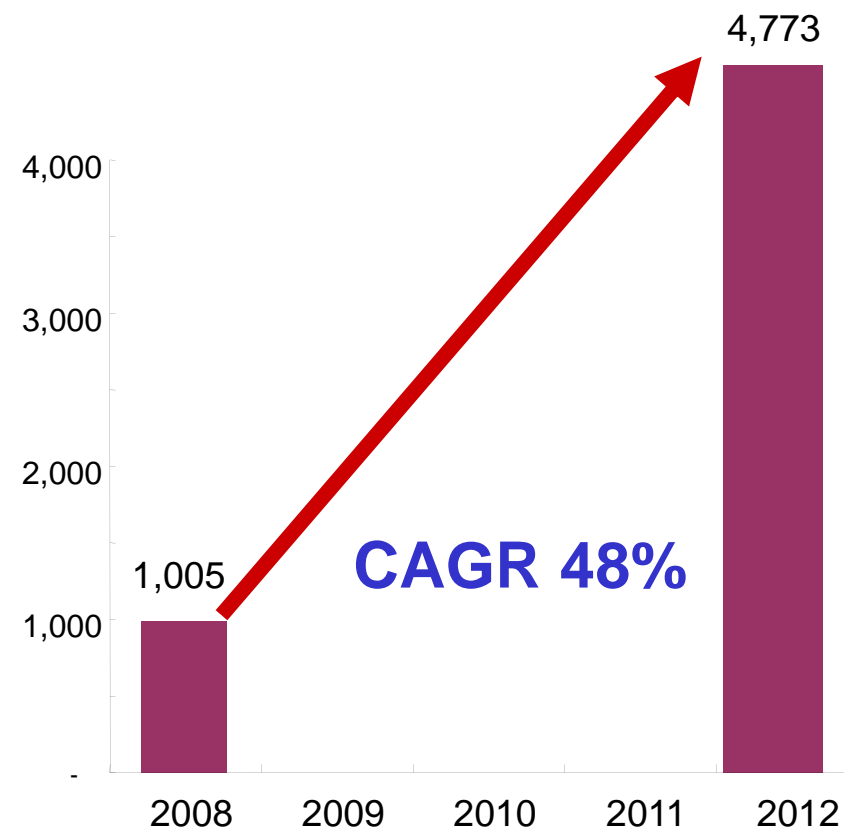
Hong Kong Market

Standard New Business Premium



BOC Group Life

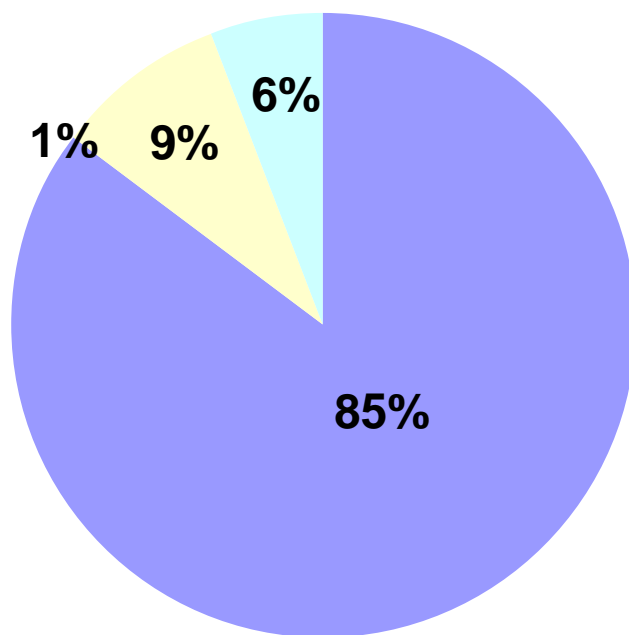
Standard New Business Premium



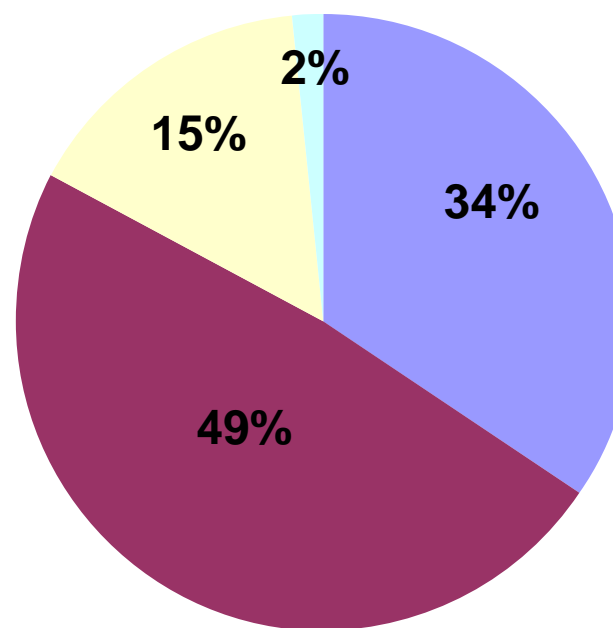
Source: OCI – new business, by annualized premium

Dramatic shift in product mix

2008 Product Mix



2013 Product Mix



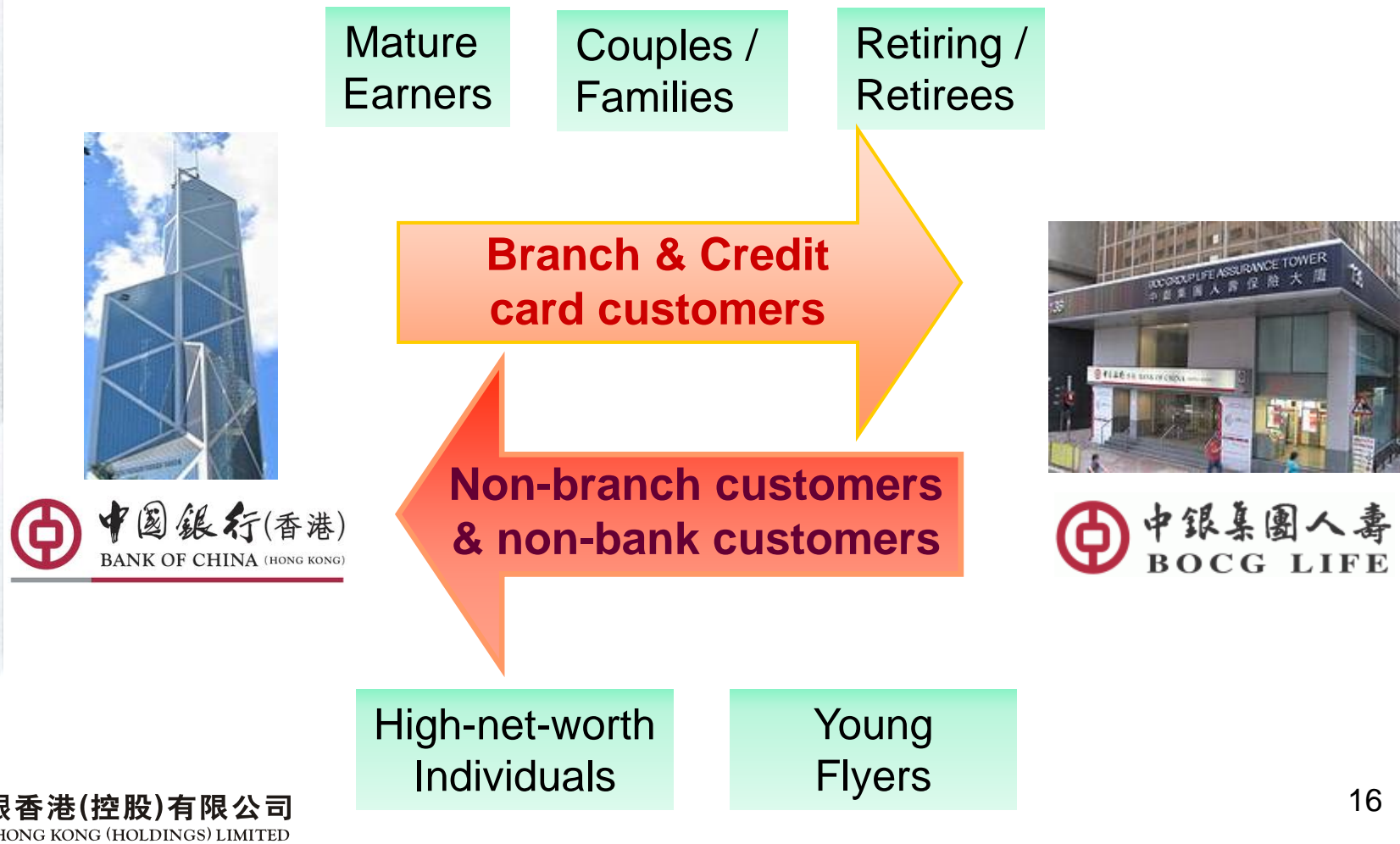
■ ENDOWMENT ■ WHOLE LIFE
■ ANNUITY ■ OTHERS

RMB Business Leading Position

- We launched the very first RMB insurance product in 2009
- RMB products covered customer's long-term, mid-term and short-term needs



Bancassurance more than a distribution channel



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Thank you

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