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## IR Announcement

# China Life Reports Embedded Value for 2014

Taipei, 25 May 2015 - China Life Insurance Co., Ltd. (TWSE: 2823) today announced its strong embedded value (EV) in 2014 and an excellent 1Q15 financial results.

### Performance highlights:

#### China Life

- EV in 2014 up 35.1% yoy to NT\$159.5 billion, translating into NT\$52.5 EV per share
- Value of new business (VNB) in 2014 grew at 9.4% yoy
- RBC ratio as of the end of 2014 reached 375%
- 1Q15 net profits reached a quarterly high of NT\$3.3 billion, representing 109% yoy growth
- VNB margin in 1Q15 showed significant improvement on the back of product mix change

#### CCB Life

- Total assets in April 2015 reached RMB 54.5 billion, up 10 times from 2011
- Total premium income in 2014 reached RMB 17.9 billion, up 12 times from 2011
- In the first four months of 2015, total premium income surpassed 2014 full year performance, preliminary net profits was on the same level as full year 2014
- Premium market share jumped to No.11 in April 2015 from No.40 in 2010

Ernst & Young Actuarial Services, Ltd., was retained by China Life to provide an independent review of the Company's actuarial assumptions for the EV as at 31 December 2014. China Life's EV in 2014 grew by 35.1% to NT\$159.5 billion. The EV calculation was based on the company's adjusted net worth of NT\$83.6 billion in 2014 plus the value of in force business (VIF) of NT\$95.9 billion, and deducted cost of capital of NT\$20 billion. New business value (VNB) in 2014 deducted cost of capital reached NT\$17.8 billion, representing 9.4% growth from NT\$16.3 billion in 2013. Investment yield assumptions for traditional policies and interest sensitive policies were 3.75%~5.43% and 2.75%~4.59%, respectively. Risk discount rate stayed at 10.5%, and RBC assumption was based on the regulatory requirement maintaining at least 200%.

China Life recorded first year premium of NT\$15.36 billion and total premium of NT\$31.21 billion in 1Q15. On the back of high margin and regular-paid products focused strategy, VNB margin showed significant improvement comparing with same period last year. The company's net profits reached NT\$3.3 billion in 1Q15, representing 109% growth from NT\$1.58 billion in 1Q14. The strong performance exceeded historical high in quarterly results, which was supported by product mix change

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and OTC listed international bonds investment.

In the first TWSE Corporate Governance Evaluation released in April 2015, China Life was the only independent life insurance company with score ranking at Top 5% among 1,393 listed companies. The outcome recognized China Life's financial transparency, prudent corporate governance and outstanding operations.

CCB Life had remarkable performance in the past 3 years since China Life joined the equity investment. Its total assets grew by 10 times to RMB 54.5 billion in April 2015, from RMB 5.5 billion in 2011. CCB life reported a total premium income of RMB 17.9 billion in 2014, representing 12 times growth from RMB 1.5 billion in 2011.

CCB Life delivers stable profits growth while business growing rapidly. Its net profit reached RMB 172 million in 2014, up 5 times from RMB 33 million in 2011. In the first four months of 2015, the company's preliminary net profit reached RMB 167 million, on the same level as full year 2014; total premium income reached RMB 20.8 billion, which already hit the level of full year 2014. Its premium market share jumped to No.11 in April 2015 from No.40 in 2010, and was ranked as no.1 among all bank-owned life issuers.

CCB Life has 15 provincial branches and 90 sub-branches in operation, and is able to utilize China Construction Bank's 6,000 bancassurance network. After getting the approval to set up Liaoning branch in April 2015, it plans to apply for another 4 provincial branches in this year to extend business scale and achieve high growth target.