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## IR Announcement

# China Life Reports Embedded Value for 2016

**Taipei, 17 May 2017** - China Life Insurance Co., Ltd. (TWSE: 2823) today announced its embedded value (EV) of NT\$222.1 billion for 2016, up by 21% year over year. Based on 3.474 billion outstanding shares at the end of last year, EV per share reached NT\$63.9, up by 16.3% yoy.

### Performance highlights:

#### China Life

- Embedded value as of the end of 2016 reached NT\$222.1 billion, up by 21% yoy; EV per share was NT\$63.9
- Driven by strategic focusing on regular-paid and high value products in recent years, value of in-force business (after CoC) in 2016 increased by 30.5% yoy
- RBC ratio achieved 369%, on top of the listed large size insurance companies

China Life delivered NT\$28.8 billion of new business value (VNB) in 2016. Driven by strategic focusing on regular-paid and high value products in recent years, renewal premium grew by 27.1% to NT\$100.5 billion in 2016, and value of in-force business (VIF) deducted cost of capital increased by 30.5% to NT\$133.5 billion. With the adjusted net worth of NT\$88.6 billion, embedded value as of the end of 2016 grew by 21% to NT\$222.1 billion.

Investment yield assumptions for traditional policies and interest sensitive policies were maintained at 3.75%~5.35% and 2.75%~4.55%, respectively. Risk discount rate stayed at 10.5%. Ernst & Young Actuarial Services, Ltd. was retained by China Life to provide an independent review of the Company's actuarial assumptions.

China Life consistently commits to enhancement of corporate governance and risk management. China Life has been ranked at Top 5% among more than 800 listed companies for three consecutive years by Taiwan Stock Exchange in Corporate Governance Evaluation. Moreover, China Life has been certified with "Outstanding" in the CG6010 by Taiwan Corporate Governance Association in March, the first financial institution to be recognized with the grade in the past eleven years.

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Under the solid risk management, China Life maintained RBC ratio above 350% for three years. As the end of 2016, RBC ratio achieved 369%, on top of the listed large size insurance companies in Taiwan.

To enhance business growth and catch up with mobilization and digitalization trends, China Life launched several systems such as mobile insurance purchasing service, electronic insurance application form and electronic insurance policy online, to strengthen the digital competitiveness of agency channels and enhance service efficiency and quality for policyholders.

On the other hand, with widespread application of digital business and service, China Life further strengthens the protection for information safety and both its internal core systems and e-commerce platform have been certified by SGS to be in compliance with ISMS of ISO 27001 : 2013 and completely in line with international standards, which shows China Life's determination to provide its policyholders with safe and good quality products and services with its high-standard self-requirement in the aspects of promoting personal information protection, operational safety and service quality.