

# ● China Life Insurance Co., Ltd.

August 2016





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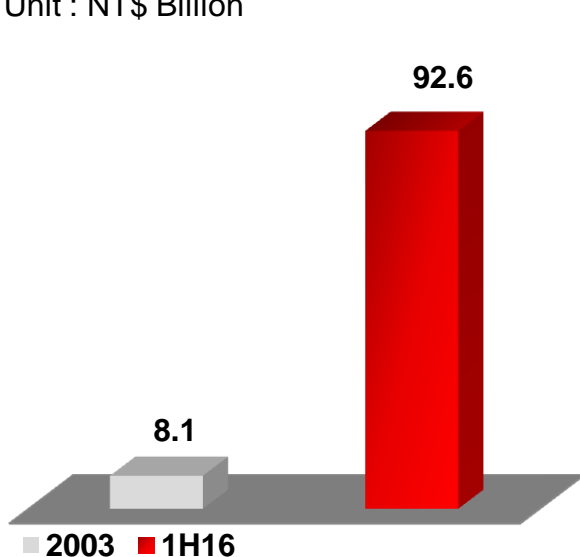
# ● Business Performance



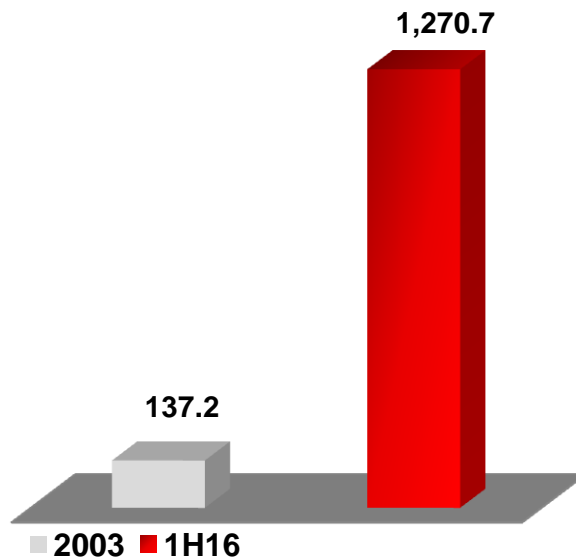
# Performance Highlights

## Shareholders' Equity

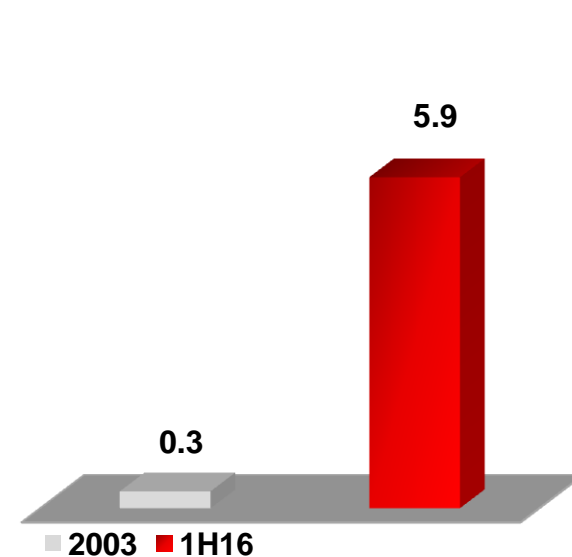
Unit : NT\$ Billion



## Total Assets



## Net Profit



Professional  
Mgmt. Team  
Joined (03')

Acquired  
Winterthur (07')  
& PCA Life (09')

Co-investment w/  
CCB (10')

Total assets over  
1 trillion (14')

Traditional  
Products &  
**COL ↓**

Dual-Core  
Strategy

Diversified  
Channels

2<sup>nd</sup> Corporate  
Governance Evaluation  
in 2016  
ranked **Top 5%**  
for the second year

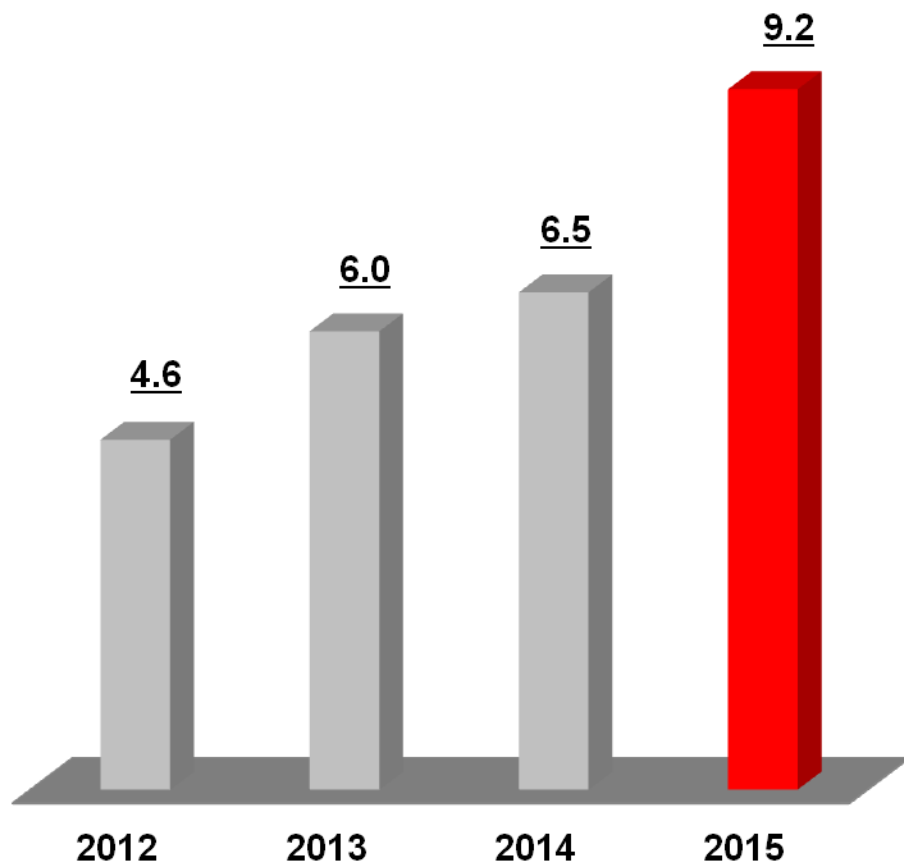
2003 - 2009

2009 - 2011

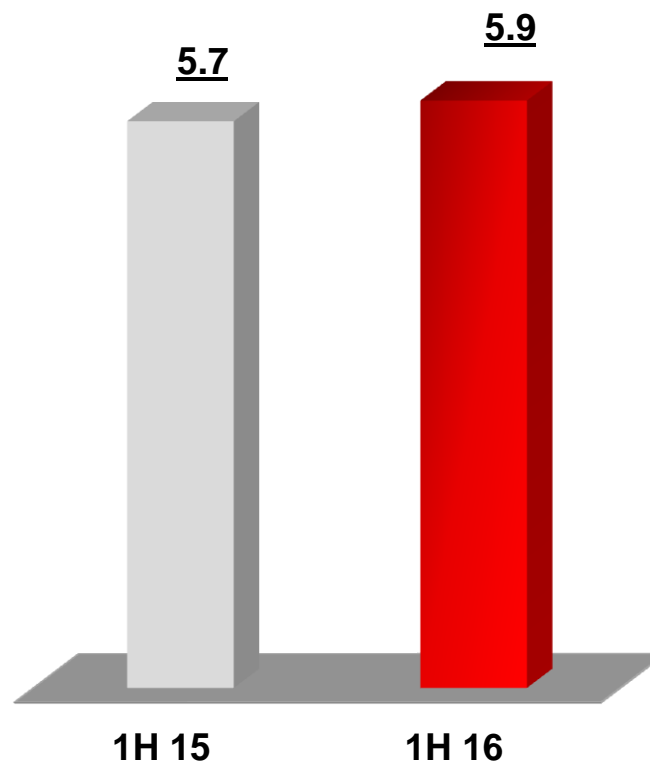
2011 ~

## Net Profit (annual)

Unit : NT\$ Billion



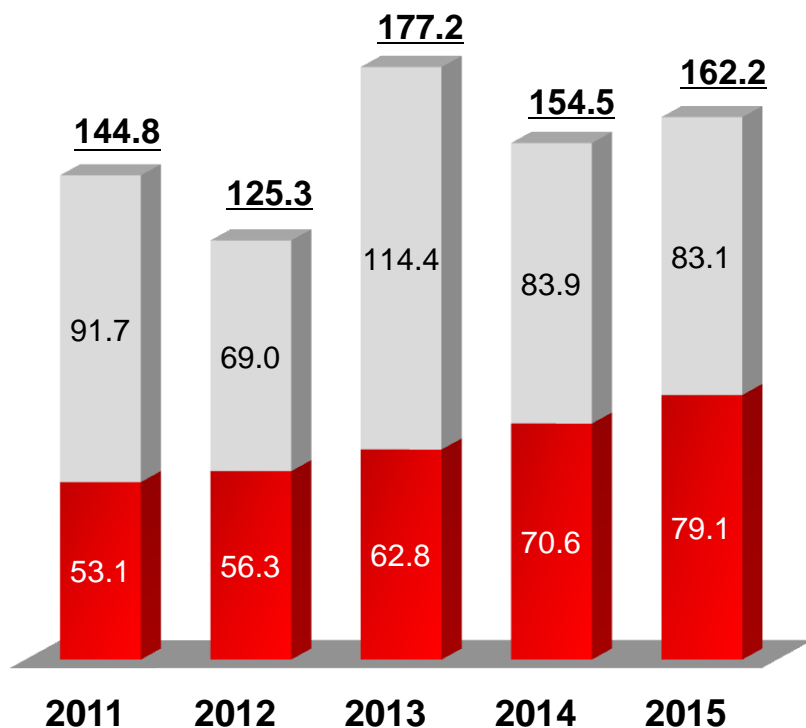
## Net Profit



## Total Premium (annual)

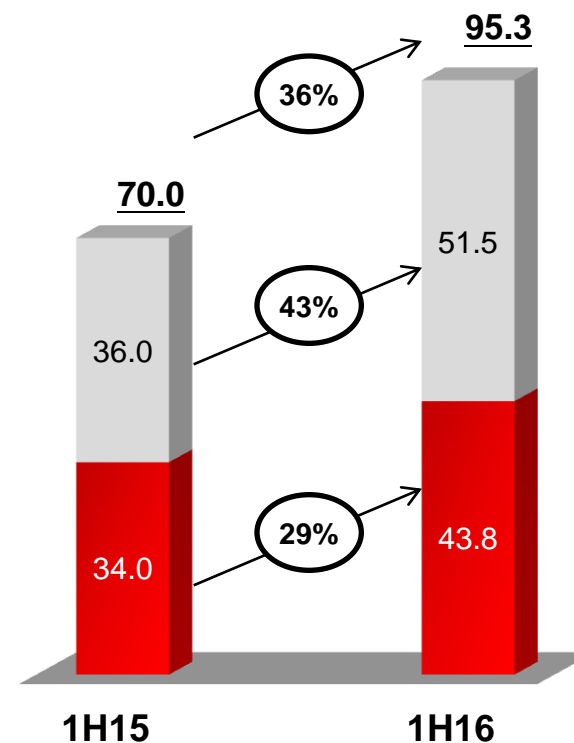
Unit: NT\$ Billion

■ FYP ■ Renewal premium



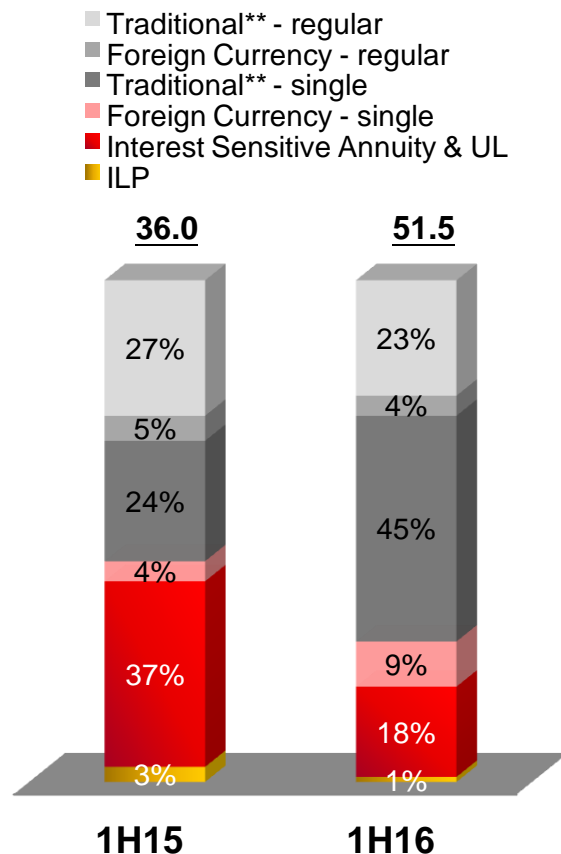
## Total Premium

■ FYP ■ Renewal premium

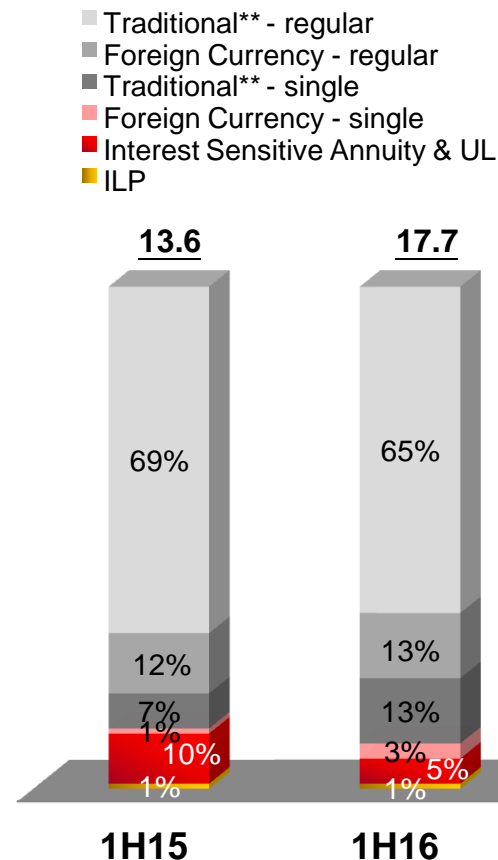


## FYP

Unit: NT\$ Billion



## FYPE\*



\* **FYPE (First Year Premium Equivalent)** = 10% x single & flexible premium + 20% x 2-year premium payment term + ... + 50% x 5-year premium payment term + 100% x 6-year and more premium payment term

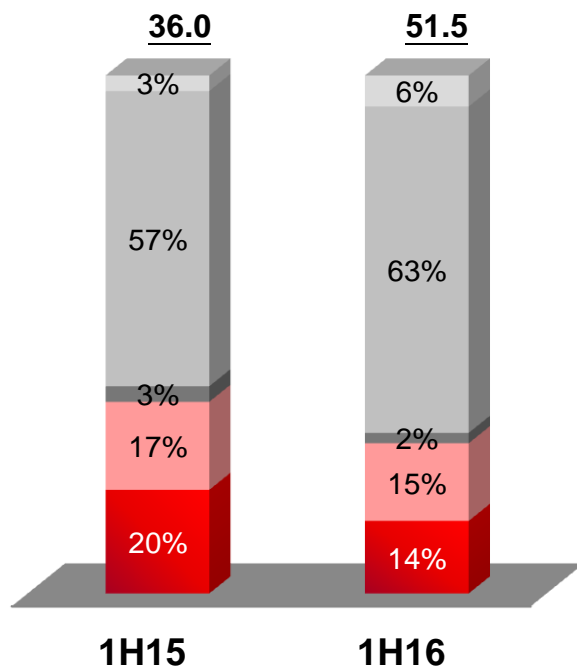
\*\* **Traditional**: incl. traditional life, interest sensitive life, health & accident

# Distribution Channels

## FYP

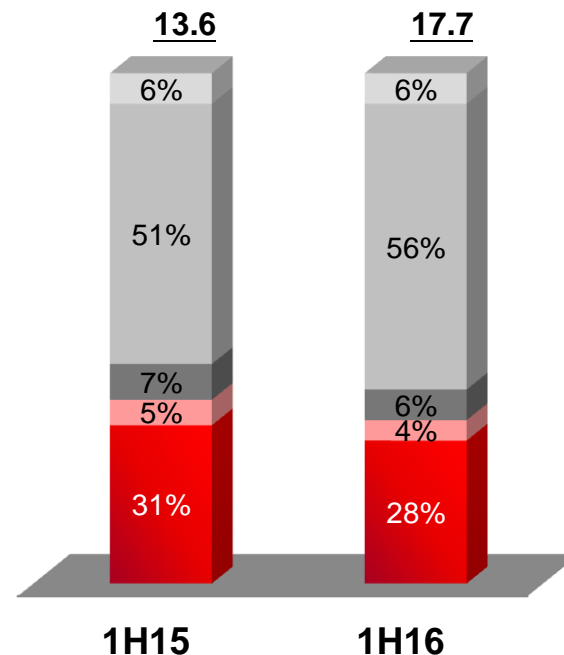
Unit : NT\$ Billion

- Broker
- Bancassurance
- Group
- Financial Services
- Agency



## FYPE\*

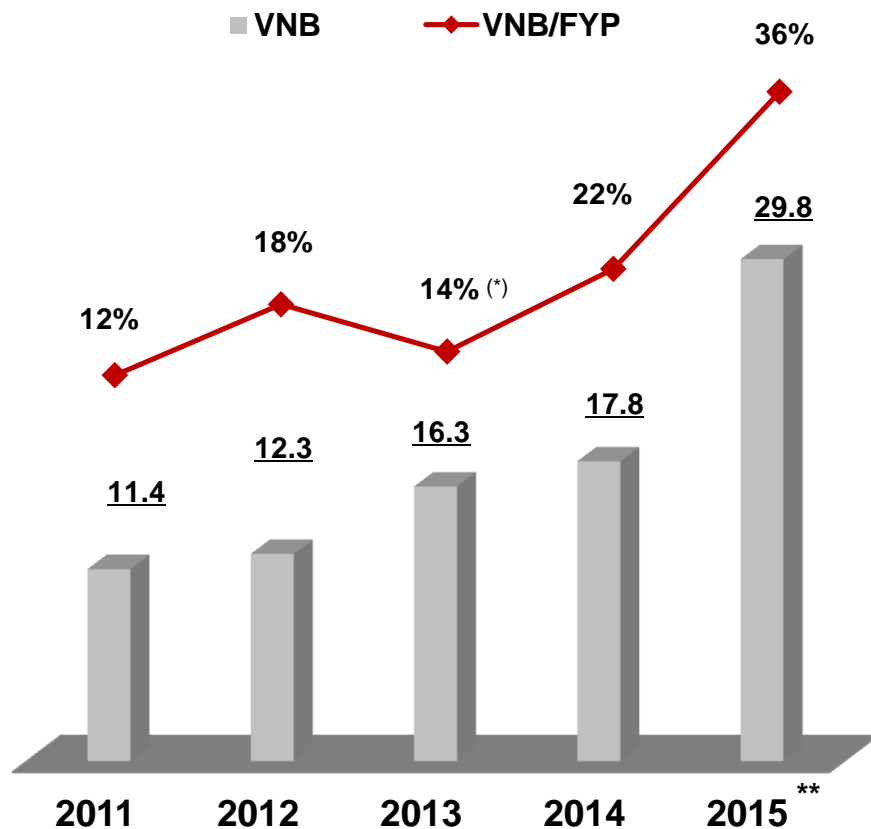
- Broker
- Bancassurance
- Group
- Financial Services
- Agency



\* **FYPE (First Year Premium Equivalent)** = 10% x single & flexible premium + 20% x 2-year premium payment term + ... + 50% x 5-year premium payment term + 100% x 6-year and more premium payment term

## VNB and Margin (annual)

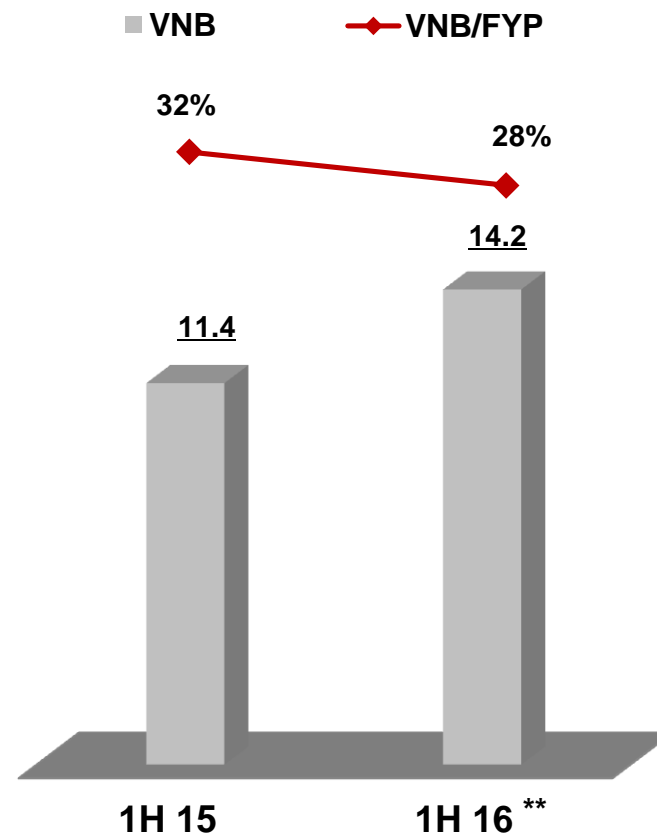
Unit : NT\$ Billion



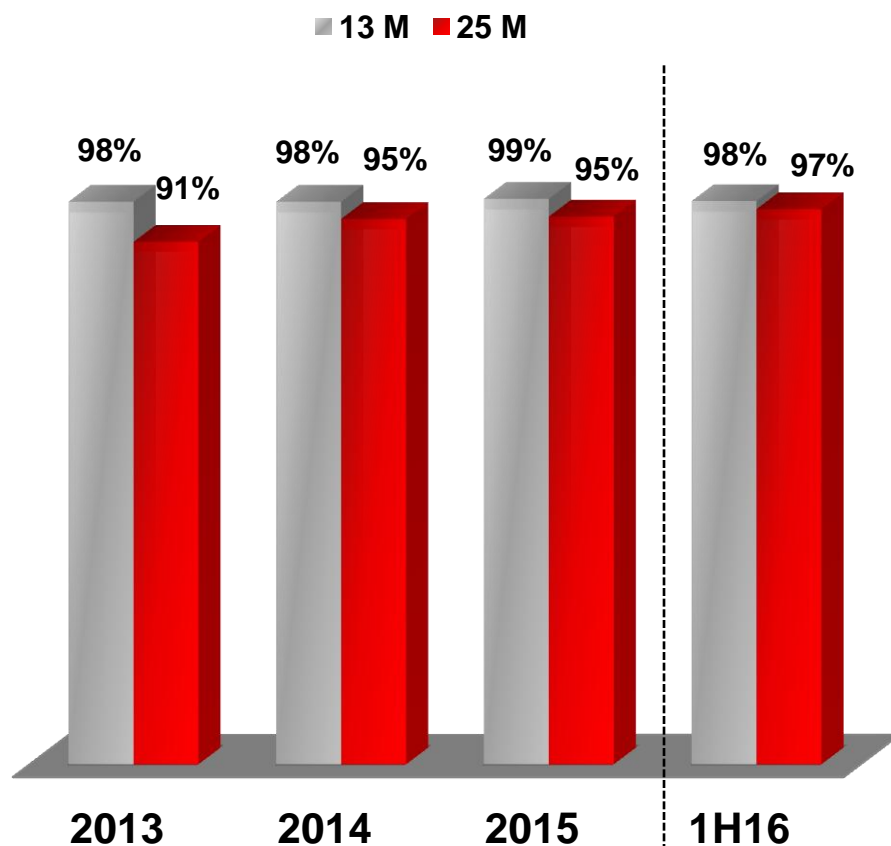
\* The VNB/FYP margin will be 19% after excluding the impact of regulation change

\*\* 2015 & 1H16 VNB were based on 2015 EV assumption

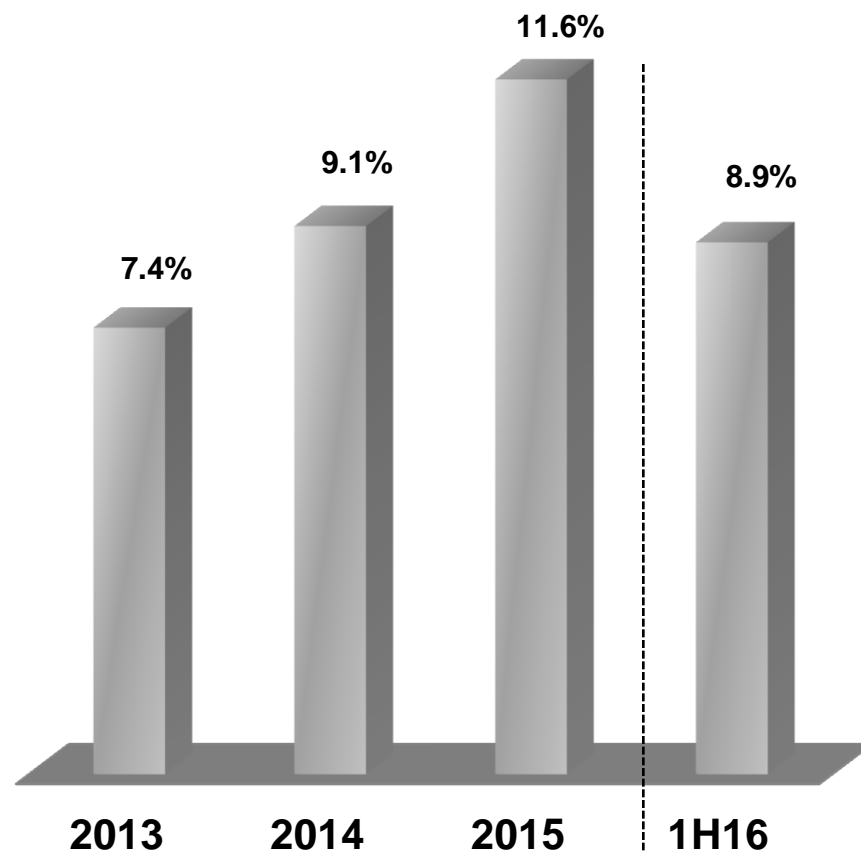
## VNB and Margin



## Persistency Ratio



## Expense Ratio

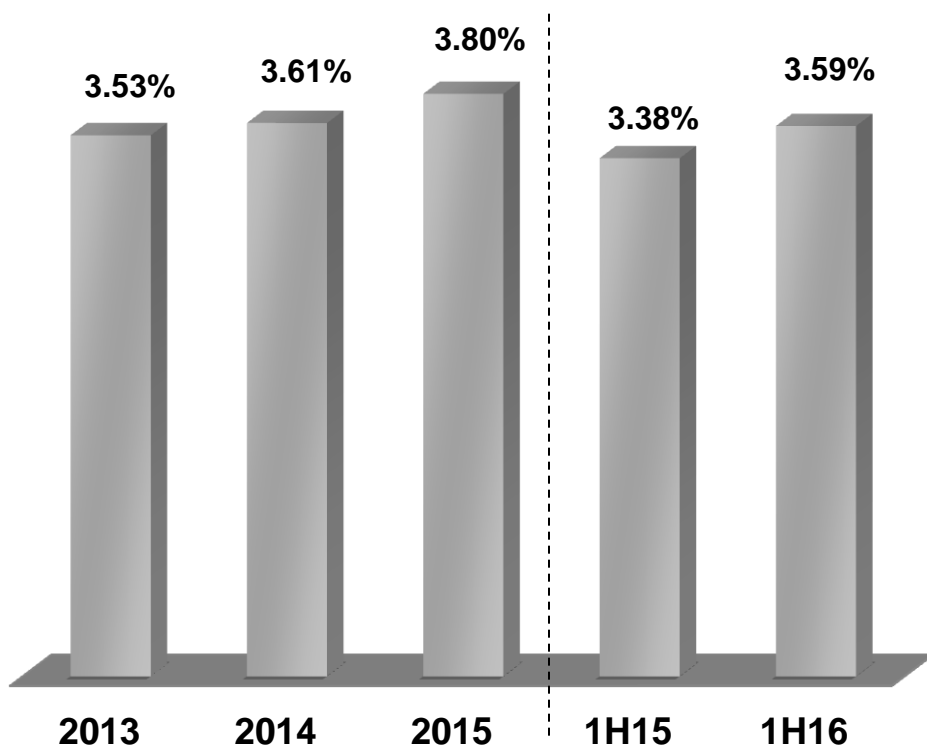


(Unit: NT\$ Billion)	2015/6/30		2015/12/31		2016/6/30	
	Amount	Weight	Amount	Weight	Amount	Weight
Deposits and Short-term investment	31.2	3.0%	42.0	3.8%	26.9	2.3%
Domestic Fixed Income	290.8	27.9%	280.6	25.4%	254.2	21.8%
Domestic Equity	92.8	8.9%	77.0	7.0%	68.3	5.9%
Loan	30.5	2.9%	30.9	2.8%	30.8	2.6%
Real Estate	31.0	3.0%	31.1	2.8%	31.0	2.7%
OTC Listed Int'l Bond	146.2	14.0%	197.1	17.8%	254.7	21.8%
Overseas Equity	53.8	5.1%	52.4	4.7%	45.2	3.9%
Overseas Fixed Income	366.5	35.2%	394.5	35.7%	455.3	39.0%
<b>Total Investments</b>	<b>1,042.6</b>	<b>100.0%</b>	<b>1,105.6</b>	<b>100.0%</b>	<b>1,166.4</b>	<b>100.0%</b>



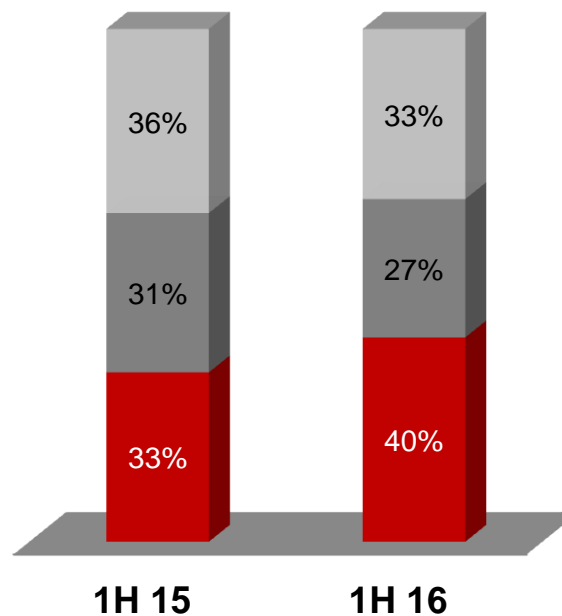
# Recurring Yield & Overseas Fixed Income By Region

## Pre-hedging Recurring Yield

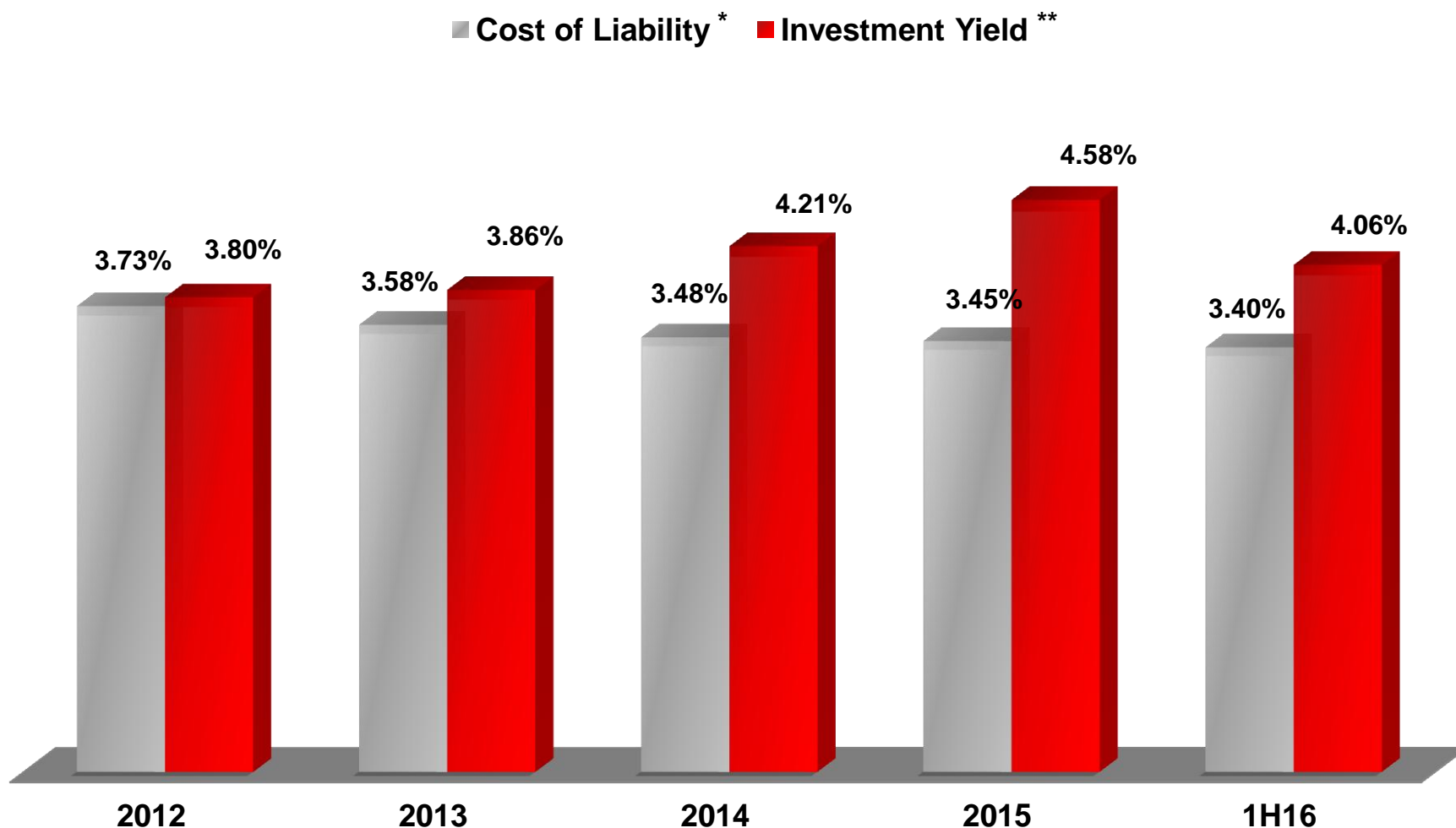


## Overseas Fixed Income By Region

■ Asia & Others ■ Europe ■ North America



# Investment Spread

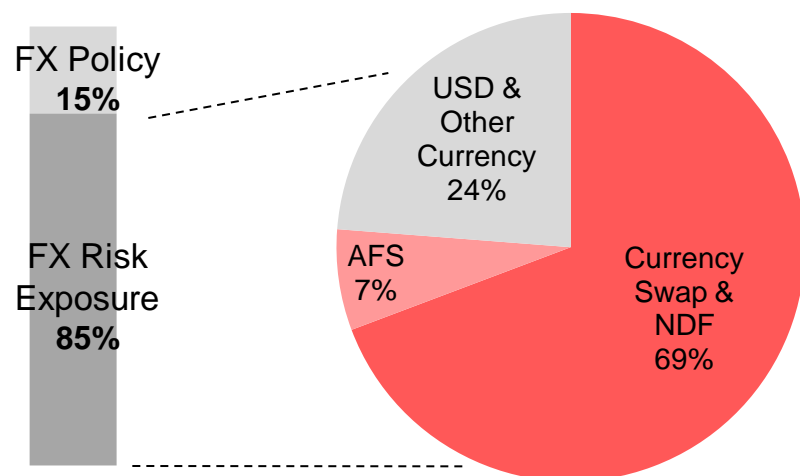


\* Reserve-based cost of liability

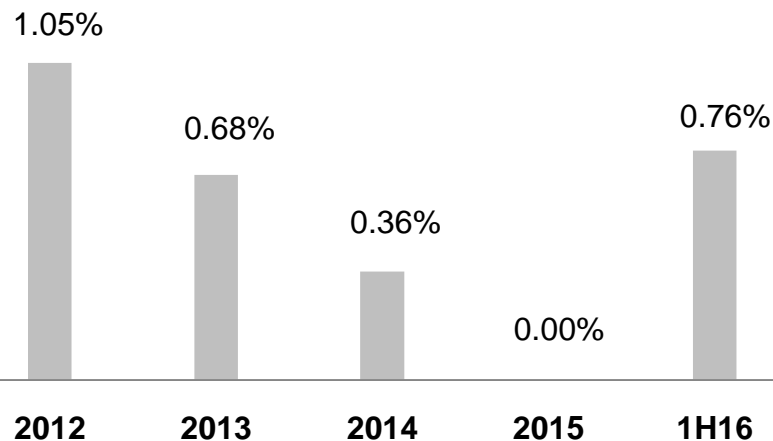
\*\* Impact from FX reserve movement is included

# Hedging Structure

## FX Position

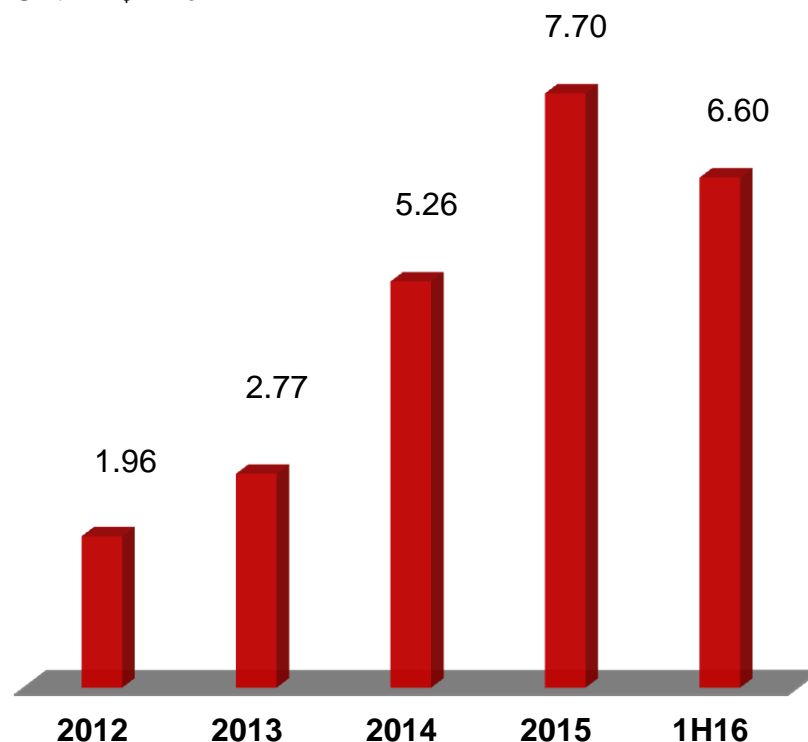


## Hedging Cost



## FX Reserve Balance

Unit : NT\$ Billion





# Financial Highlights

NT\$ million	2014	2015	+/- %	1H15	1H16	+/- %
First Year Premium	83,888	83,143	-1%	35,964	51,468	43%
Total Premium	154,455	162,158	5%	70,010	95,307	36%
Investment Income*	39,208	47,227	20%	22,222	22,806	3%
Profit before Tax	7,023	10,680	52%	6,899	7,139	3%
Income Tax	(511)	(1,508)	-	(1,187)	(1,223)	-
Net Profit	6,512	9,172	41%	5,712	5,916	4%
Basic EPS	2.15	2.75	28%	1.88	1.77	-6%
Total Asset	1,107,268	1,202,622	9%	1,138,649	1,270,696	12%
Paid-in Capital	30,365	33,401	10%	30,365	33,401	10%
Net Worth	74,325	82,584	11%	78,203	92,648	18%
ROA	0.63%	0.79%				
ROE	9.52%	11.69%				
RBC Ratio	375%	357%				

\* Impact from FX reserve movement is included

# ● CCB Life Business Overview



# Rapid Channel Expansion



■ China Life has joined equity investment in CCB Life since 2011 and provided technical supports to CCB Life's business development.

■ CCB Life continues its expansion plan with a total of 19 provincial branches, and 119 sub-branches and offices, utilizing CCB's 8,344 bancassurance network

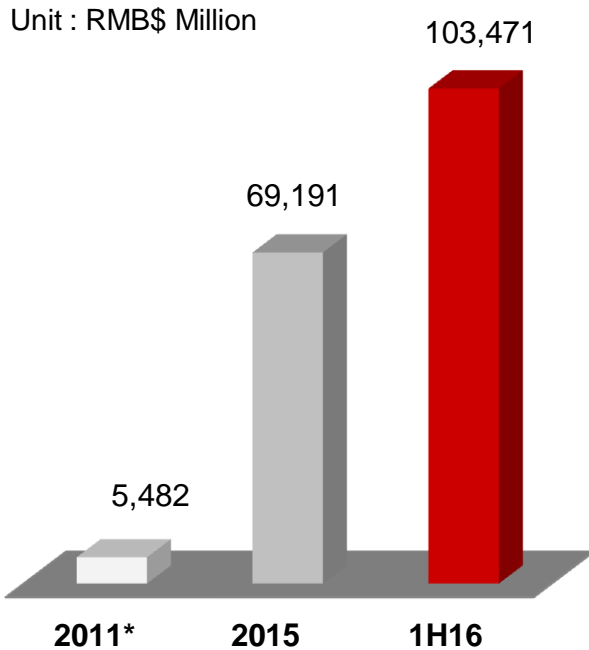
■ A total of 3 provincial branches in 2Q 2011

■ As of July 2016, CCB Life expanded business scope to 19 provincial branches

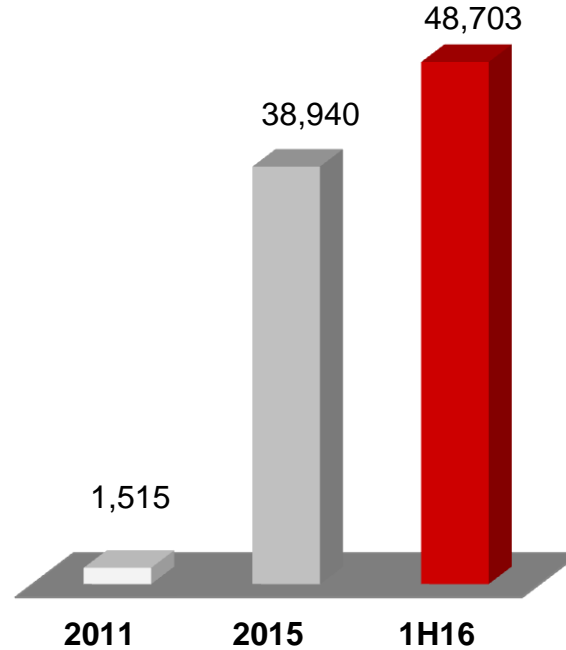
# Remarkable Business Growth

## Total Assets

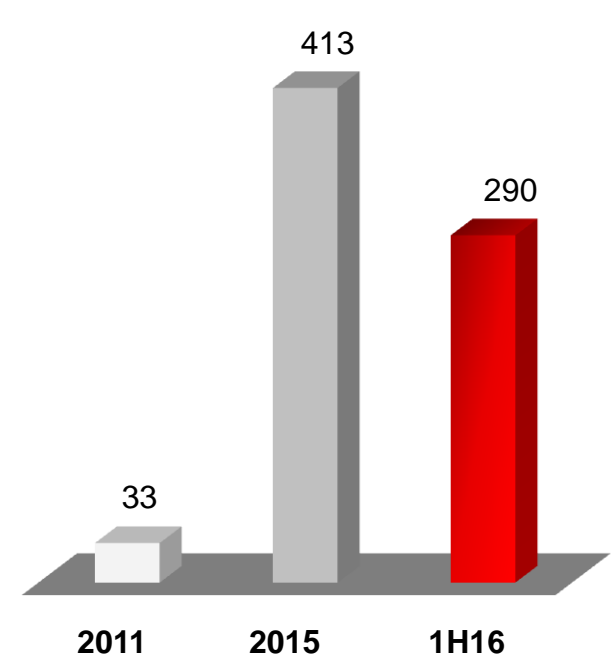
Unit : RMB\$ Million



## Total Premium

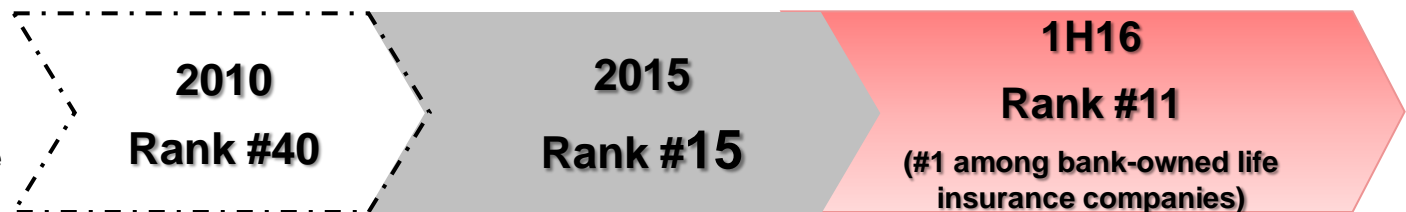


## Net Profit



\*China Life entered into a joint investment agreement with CCB in CCB Life which began operation in July 2011

Market share  
of gross premium  
continues to enhance





## CCB Life Asset Management

- Founded in April 2016
- Registered capital of RMB 100 million
- Joint investment by CCB Life (80.1%) and CCB International (19.9%)
- By fully utilizing group's resources and following a comprehensive risk management system to develop third party asset management business, and target to gradually broaden operation to four major fields – asset management, investment banking, financial institution business and wealth management

## CCB Life General Insurance

- Approved to establish by CIRC in March 2016
- Registered capital of RMB 1 billion
- Joint investment by CCB Life, Ningxia Transportation Investment and Yinchuan Communications Capital Investment Operations Limited
- A general insurance company with nationwide license

# Embedded Value





## Investment Return

**2015**

### Traditional Policies

Year 1 ~ Year 10 : **3.75% ~ 5.31%**

Year 11 and after : **5.35%**

### Interest Sensitive Policies\*

Year 1 ~ Year 10 : **2.75% ~ 4.45%**

Year 11 and after : **4.55%**

\*including interest-sensitive annuities & universal life policies

**2014**

### Traditional Policies

Year 1 ~ Year 10 : **3.75% ~ 5.36%**

Year 11 and after : **5.43%**

### Interest Sensitive Policies\*

Year 1 ~ Year 10 : **2.75% ~ 4.48%**

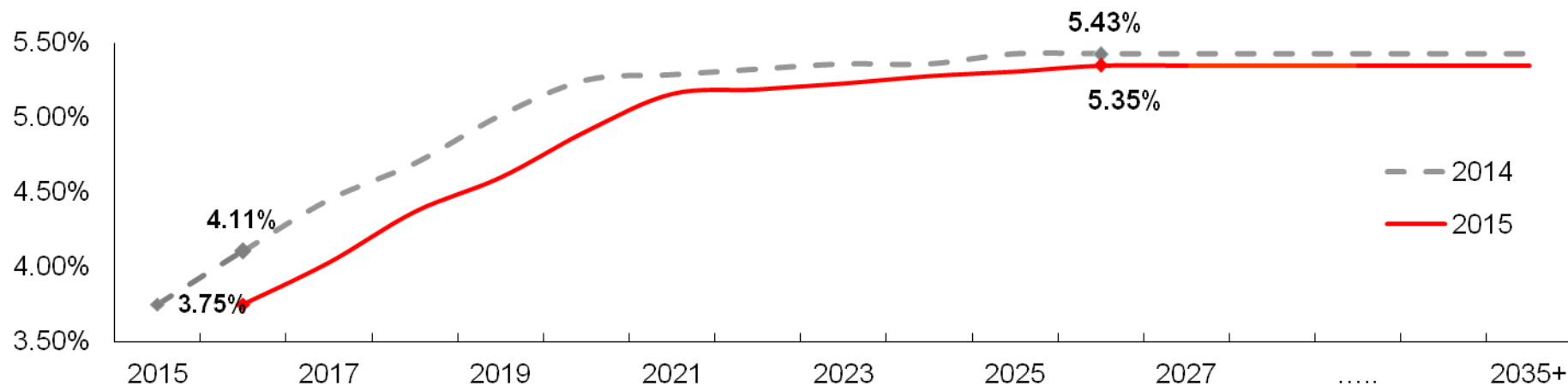
Year 11 and after : **4.59%**

## Risk Discount Rate

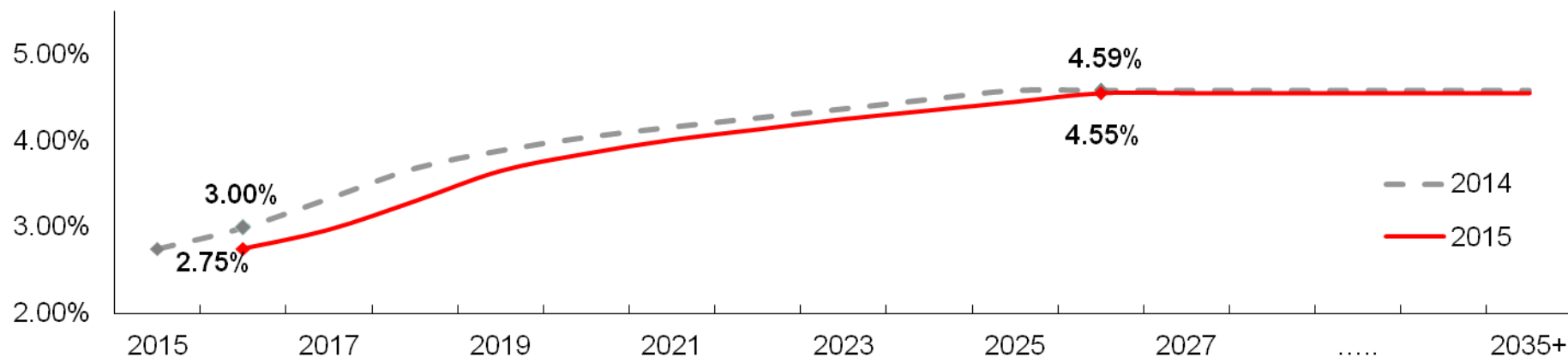
**10.5%** (same as 2014)

# Investment Yield Assumption

## Traditional Policies



## Interest Sensitive Policies



# YoY Embedded Value

Unit: NT\$ Million (NT\$ Per Share; Million shares)

Valuation Date	2014/12/31	2015/12/31	YoY %
Adjusted Net Worth	83,607	81,238	-2.8%
Value of In Force	95,892	124,824	30.2%
Cost of Capital	(20,028)	(22,482)	12.3%
<b>Embedded Value</b>	<b>159,471</b>	<b>183,580</b>	<b>15.1%</b>
# of Outstanding Shares	3,036	3,340	-
<b>EV Per Share</b>	<b>NT\$52.52</b>	<b>NT\$54.96</b>	<b>4.6%</b>
<b>V1NB (after CoC)*</b>	<b>17,829</b>	<b>29,817</b>	<b>67.2%</b>

\* V1NB = Value of last 12 months new business

# 

Unit: NT\$ Million (NT\$ Per Share)

Valuation Date: <b>2015/12/31</b>	All else equal except		Base Case	All else equal except	
	Inv. Yield	Inv. Yield	Investment Yield: Traditional <b>3.75%~5.35%</b> Interest Sensitive <b>2.75%~4.55%</b> RDR: <b>10.5%</b>	RDR	RDR
Solvency Basis: <b>RBC=200%</b>	<b>- 0.25%</b>	<b>+ 0.25%</b>		<b>-0.5%</b>	<b>+0.5%</b>
Adjusted Net Worth	81,238	81,238	81,238	81,238	81,238
Value of In-Force	107,848	142,124	124,824	131,293	118,909
Cost of Capital	(23,706)	(21,285)	(22,482)	(21,609)	(23,268)
<b>Embedded Value</b>	<b>165,379</b>	<b>202,077</b>	<b>183,580</b>	<b>190,921</b>	<b>176,878</b>
<b>EV per share</b>	<b>NT\$49.51</b>	<b>NT\$60.50</b>	<b>NT\$54.96</b>	<b>NT\$57.16</b>	<b>NT\$52.96</b>

● Thank you

