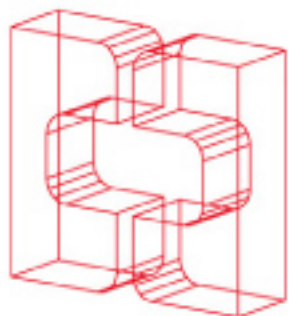


China Life Insurance Co., Ltd.

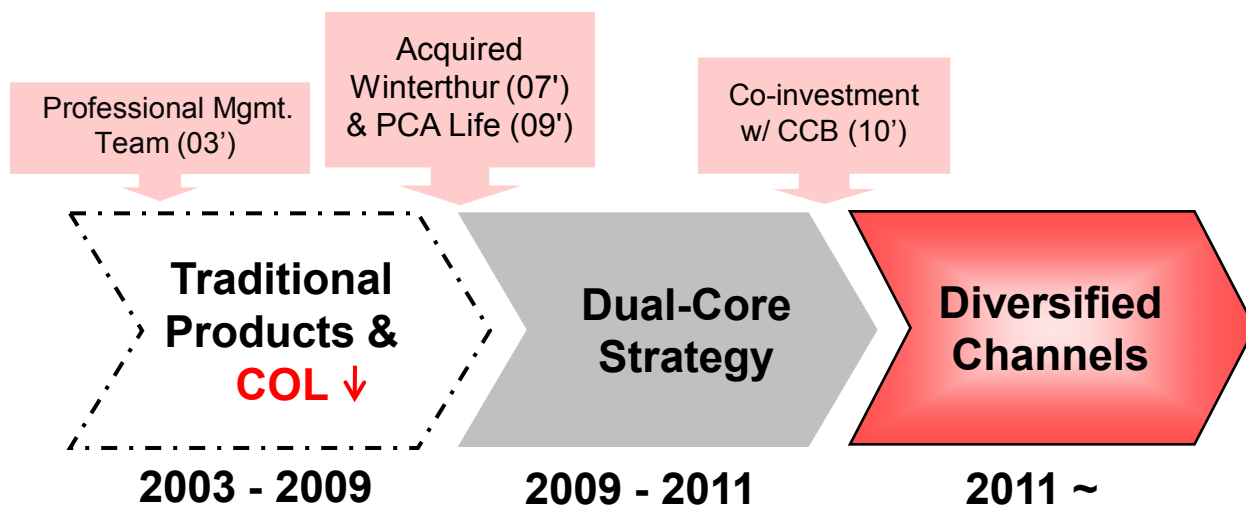
September 2014

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Business Performance

- ❑ Emphasize Asset Liability Management (ALM)
- ❑ Keep promoting traditional policies to further average down cost of liability (COL)
- ❑ Launch multi-currency products to fulfill customers' variable product needs
- ❑ Focus on long-term regular paid policies & high EV contribution products
- ❑ For the joint investment with China Construction Bank (CCB) in Mainland China, CCB Life focuses on branch expansion and operational scale enlargement



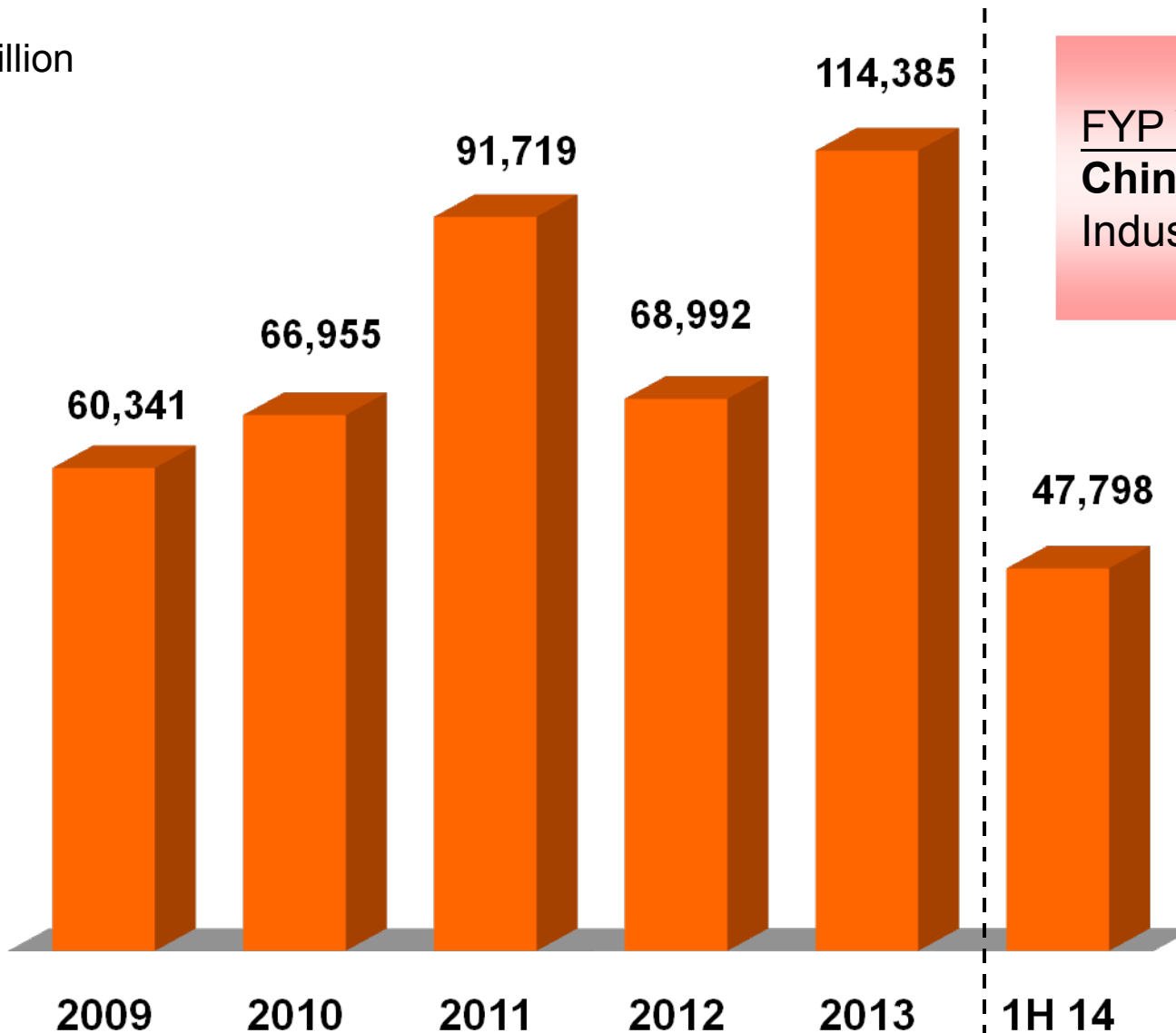
2013 Awards

Institutional Investor

Awarded
Most Honored Companies
Best Companies in Taiwan
Best IR Professionals
by Institutional Investor

▶▶ First Year Premium (FYP)

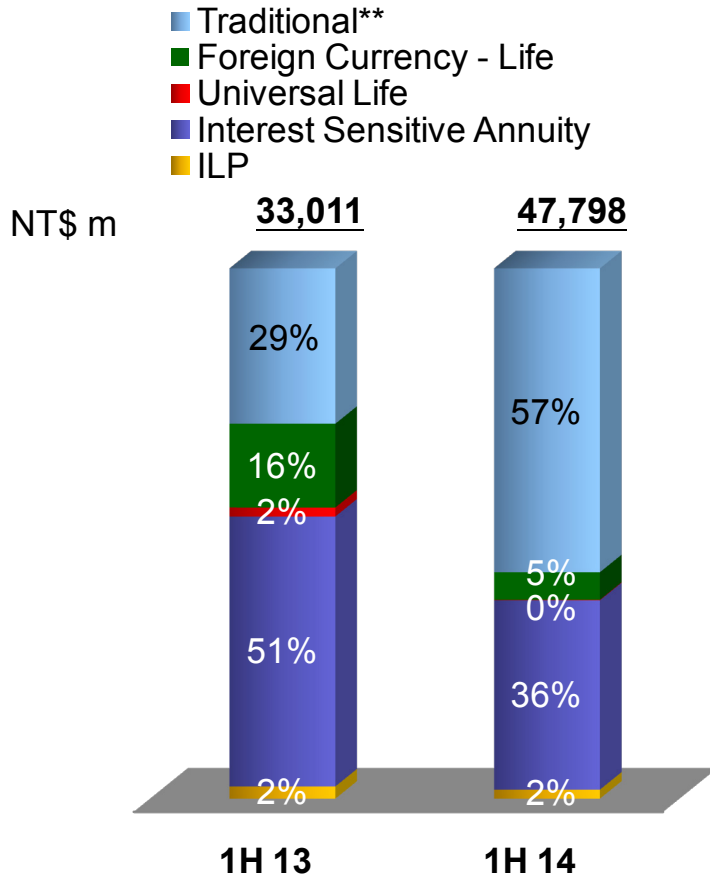
NT\$ million



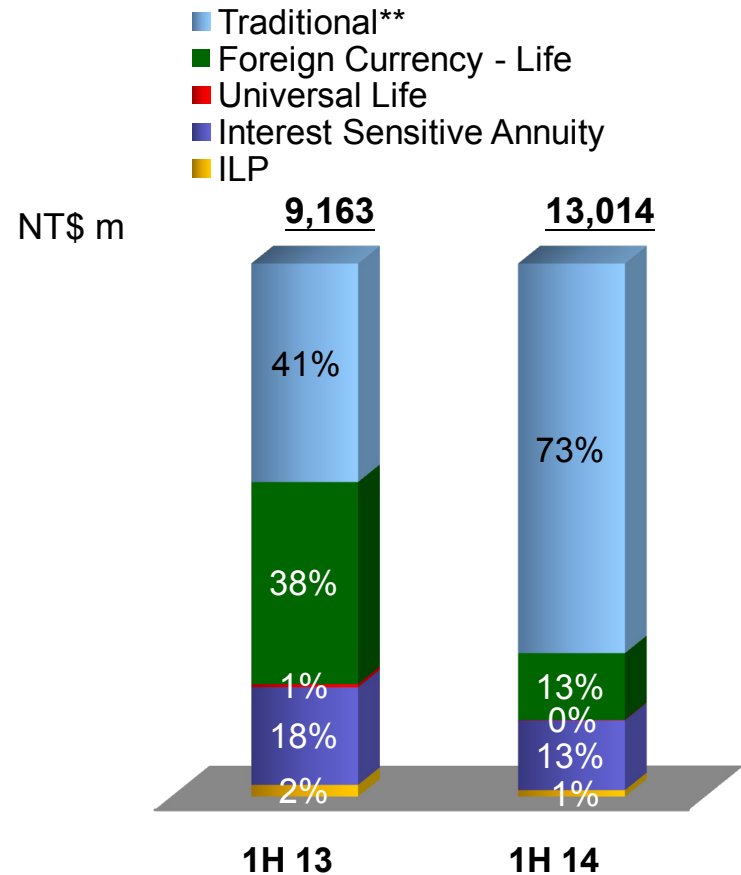
FYP YoY growth:
China Life: 45%
Industry: 16%

- ❑ Target at high margin regular-paid products
- ❑ Increase the sales of protection-based multi-currency policies to enhance clients' portfolio diversification
- ❑ Provide well-rounded product selections to facilitate general public's high saving rate feature
- ❑ Develop medical, long term health care, and retirement products to adapt to the aging population trend & demands
- ❑ Build up a complete investment linked product (ILP) platform to satisfy customers with different risk preference

FYP



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, A&H, Riders, & Short Term etc.

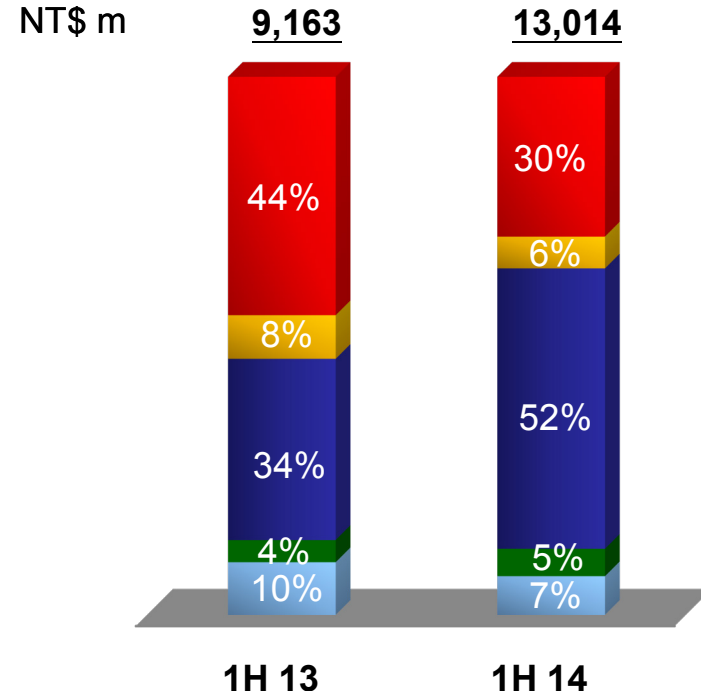
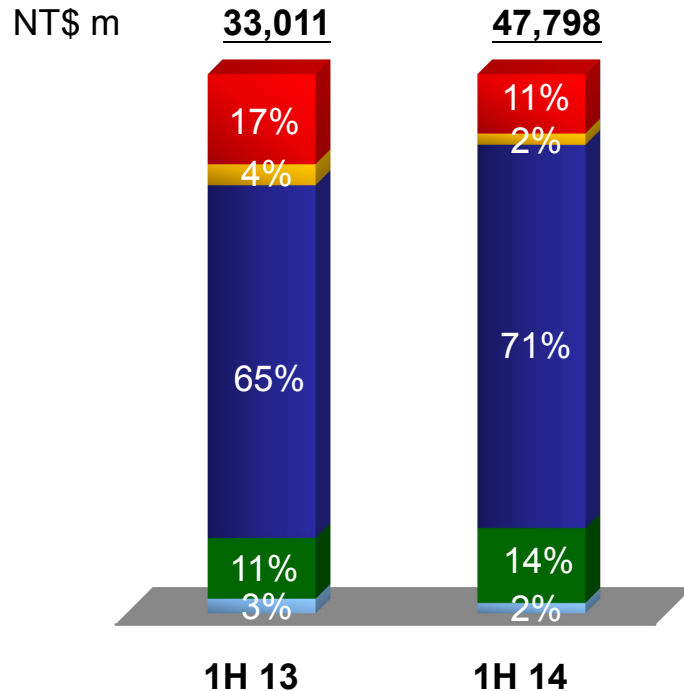
- ❑ Broaden multi-channel platform to tap into different segment customers with protection, savings & financial planning needs
- ❑ Enlarge sales contribution from agency force, continuously expand exclusive agent numbers and focus on regular-paid products
- ❑ Expand the sales scale of bancassurance channel to satisfy customer needs on savings & financial planning. Progress product focus to regular-paid with protection elements from 2013
- ❑ Promote regular-paid products in broker channel, to enhance sales performance & profitability
- ❑ Satisfy high-net worth clients' wealth management plans via financial services team, and introduce regular-paid investment linked products (ILP)

FYP

FYPE*

- Agency
- Broker
- Bancassurance
- Financial Services
- Group

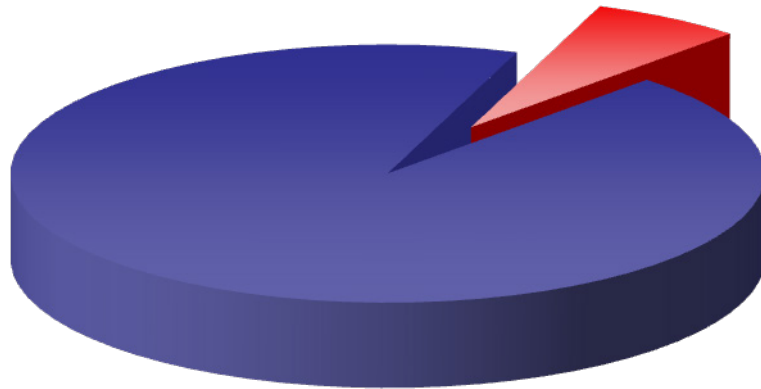
- Agency
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* **FYPE (First Year Premium Equivalent)** = 10% x single & flexible premium + 20% x 2-year premium payment term + ... + 50% x 5-year premium payment term + 100% x 6-year and more premium payment term

1H 13

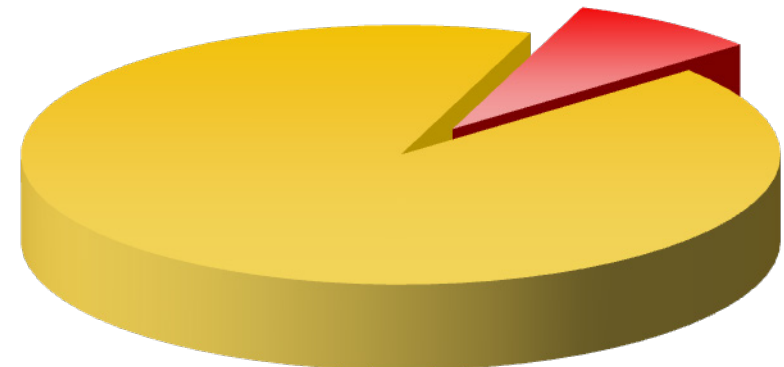
China Life
6.5%, # 4



Others
93.5%

1H 14

China Life
8.1%, # 4



Others
91.9%

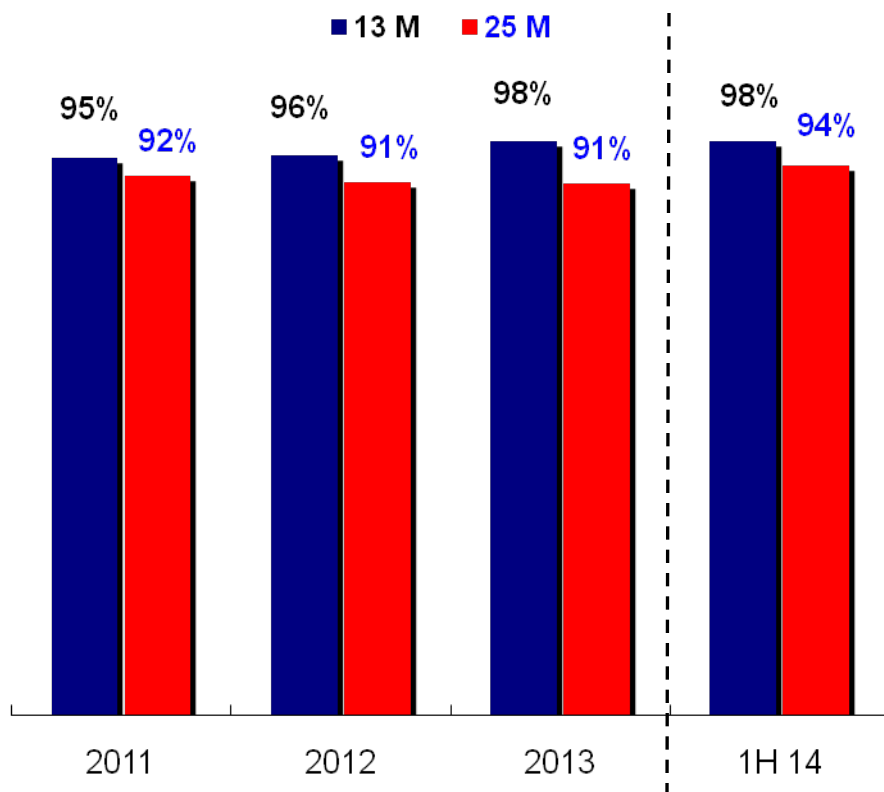
- ❑ Provide segregated products according to different channel customer demands
- ❑ Promote multi-currency allocation concept through a well-rounded product offering
- ❑ Target at high net worth individuals to provide wealth management services
- ❑ Strengthen protection on accidental & medical/health care policies

Financial Highlights

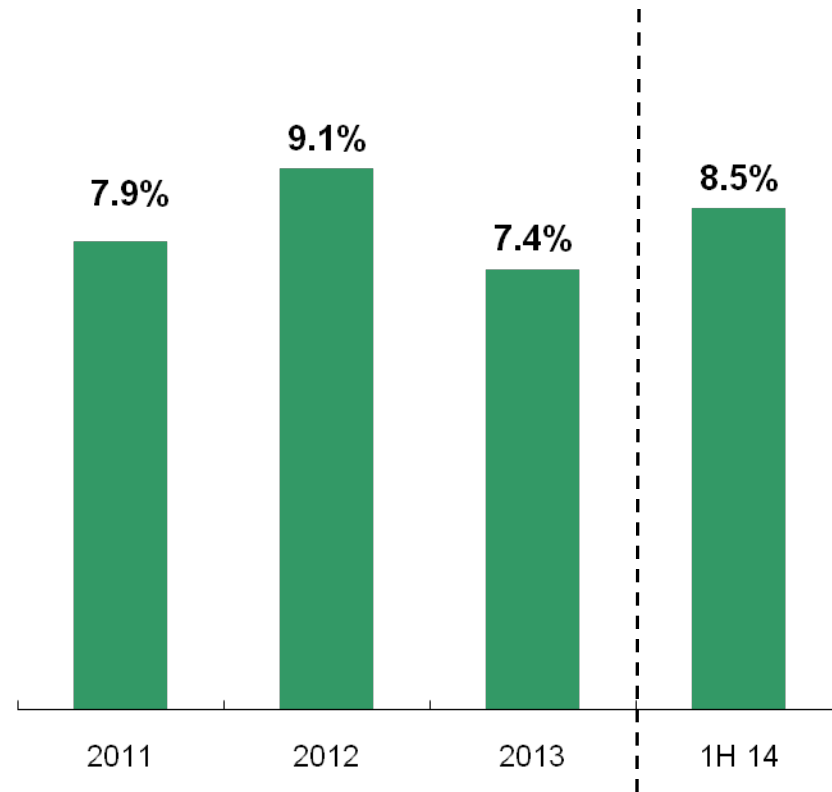
NT\$ million	2012*	2013	+/- %	1H 13	1H 14	+/- %
First Year Premium	68,992	114,385	66%	33,011	47,798	45%
Total Premium	125,319	177,246	41%	60,901	77,324	27%
Investment Income	26,770	31,114	16%	13,958	16,272	17%
Profit before Tax	4,752	5,072	7%	3,042	2,444	-20%
Income Tax	(173)	(347)	101%	(326)	28	-109%
Net Profit	4,579	4,725	3%	2,716	2,472	-9%
Basic EPS	1.70	1.74	2%	1.00	0.90	-10%
Total Asset	846,210	967,780	14%	882,353	1,021,139	16%
Paid-in Capital	23,878	27,221	14%	23,878	27,605	16%
Net worth	63,318	54,095	-15%	57,153	56,861	-1%

* From 2013, all financial reporting are required to comply with IFRS, from ROC GAAP, and 2012 numbers were reproduced based on IFRS for comparison purpose

Persistency Ratio



Expense Ratio



❑ Fixed Income

- Account for 77% of total invested assets
- Emphasize on Asset Liability Matching principle

❑ Domestic Equities

- Focus on equities with long-term upside potential & stable cash dividend yield
- Select undervalued stocks with sustainable profitability growth

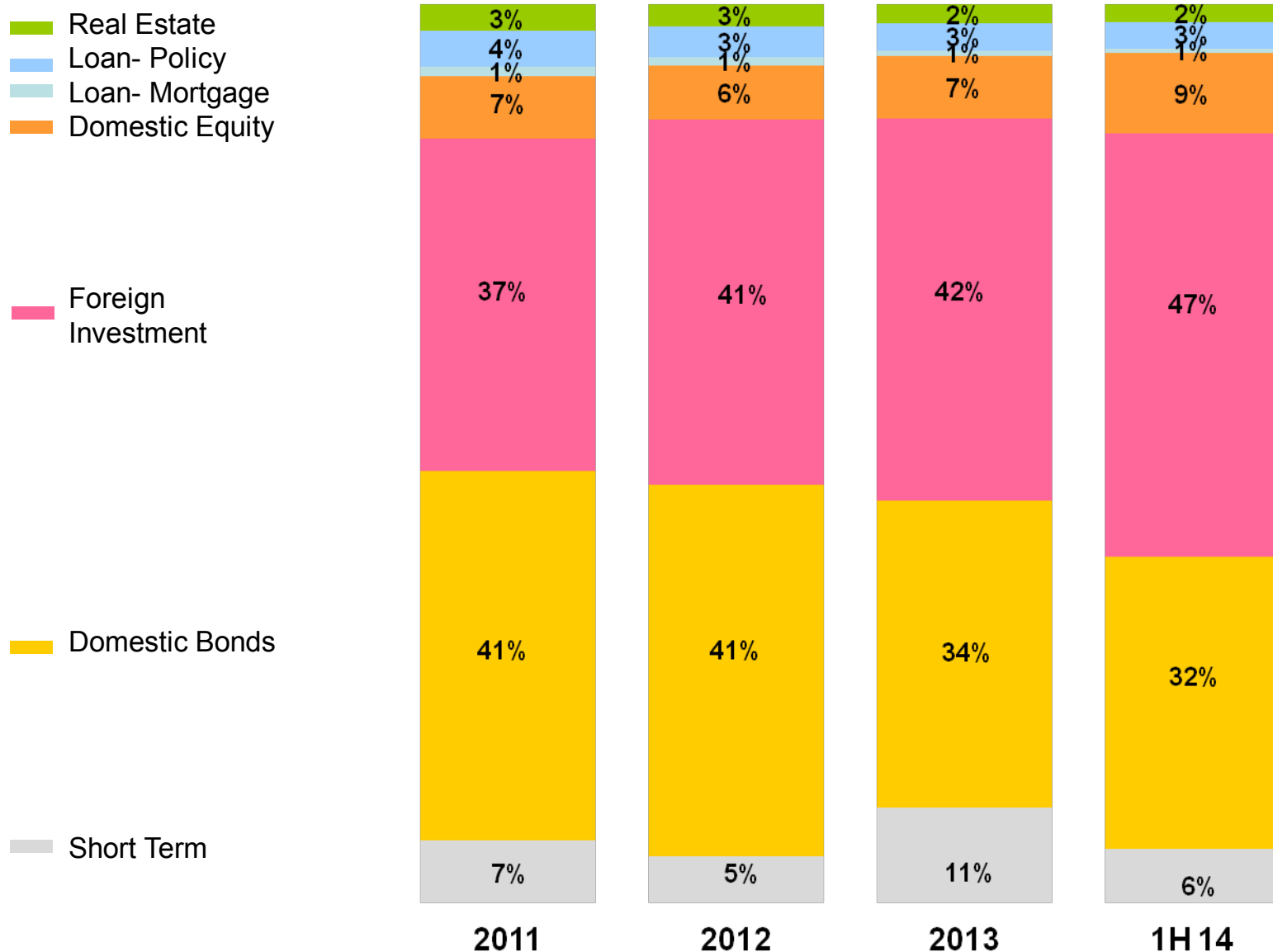
❑ Foreign Investment

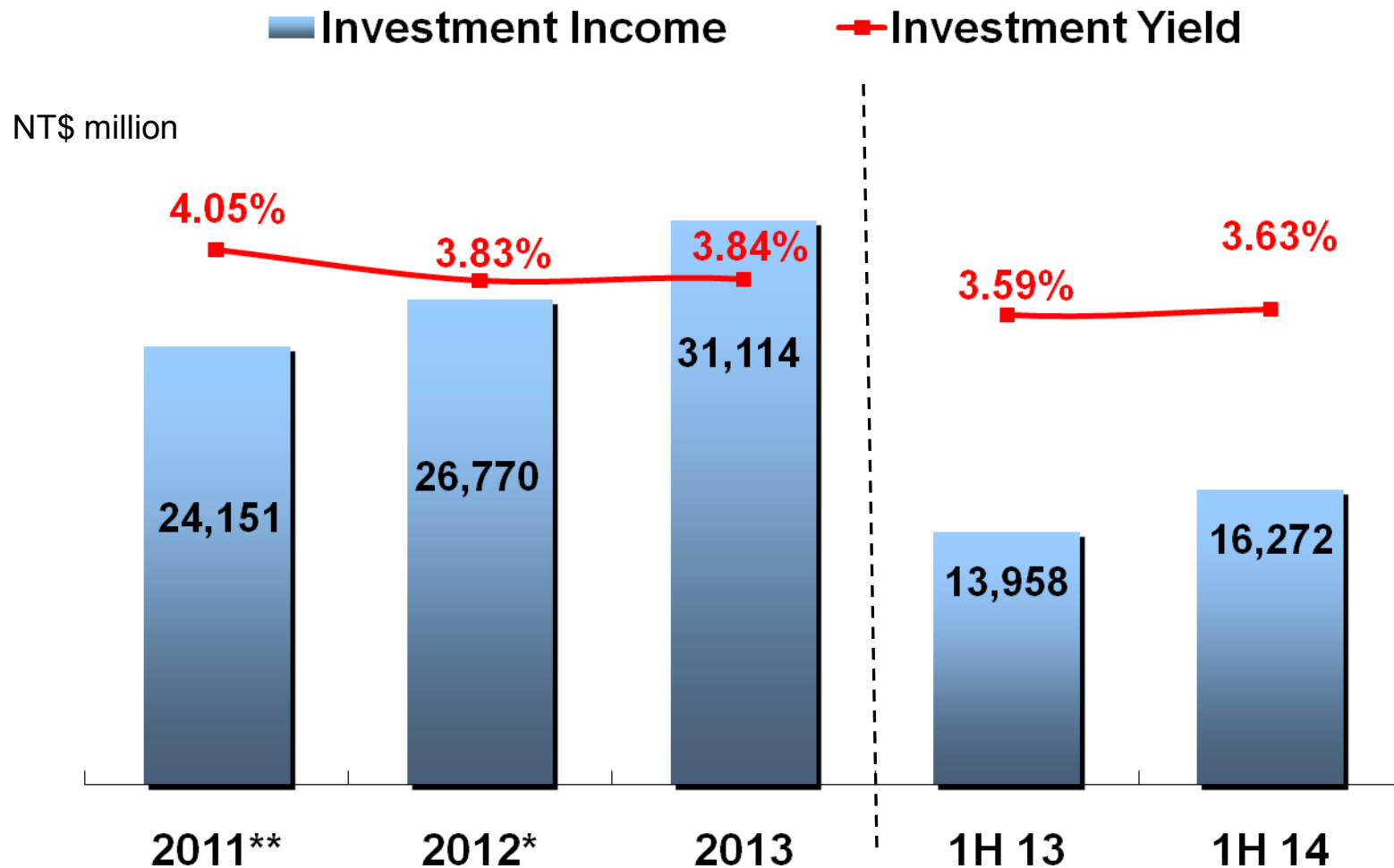
- Maintain cautious, assume reasonable interest rate risk
- Utilize direct hedge and FX reserve; dynamically adjust hedging ratio
- Measure credit risks on a particular security; target at industries with steady outlooks and companies with sound operations and long-term profitability perspectives; would not compromise credit standard for yield enhancement
- Received investment quota of China QFII to USD\$ 250 million

❑ Real Estate

- 2% of total invested assets (3.5%, if including superficiary right to the Taipei Academy), and plan to increase gradually to 5~8%
- Target at Grade A commercial buildings with reasonable price and rental yield
- Select areas with high appreciation potential

Asset Portfolio





* From 2013, all financial reporting are required to comply with IFRS, from ROC GAAP, and 2012 numbers were reproduced based on IFRS for comparison purpose

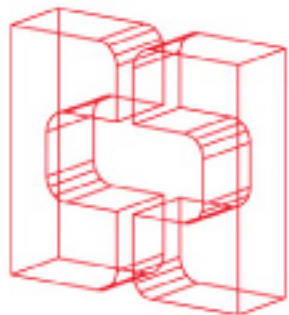
** Financial numbers of 2011 was complied with ROC GAAP

Financial Summary

NT\$ million

<u>Income Statement Data</u>	<u>2012*</u>	<u>2013</u>	<u>Variance</u>	<u>1H 13</u>	<u>1H 14</u>	<u>Variance</u>
Premium Income	115,577	167,592	45.0%	55,912	72,541	29.7%
Net Investment Income	26,770	31,114	16.2%	13,958	16,272	16.6%
Other Revenue - separate account	9,949	8,026	-19.3%	2,428	5,933	144.4%
Miscellaneous Income	1,293	766	-40.8%	136	766	463.2%
Benefits to Policyholders and Beneficiaries	47,463	51,673	8.9%	21,546	28,383	31.7%
Acquisition and Operation Expenses	10,334	12,206	18.1%	4,786	6,010	25.6%
Change in Actuarial Liabilities	80,181	129,522	61.5%	40,128	52,233	30.2%
Other Operating Cost - separate account	9,949	8,026	-19.3%	2,428	5,933	144.4%
Miscellaneous Expenses	910	999	9.8%	504	509	1.0%
Net Profit Before Tax	4,752	5,072	6.7%	3,042	2,444	-19.7%
Net Profit	4,579	4,725	3.2%	2,716	2,472	-9.0%
Basic EPS	1.70	1.74	2.4%	1.00	0.90	-10.0%
<u>Balance Sheet Data</u>						
Total Assets	846,210	967,780	14.4%	882,353	1,021,139	15.7%
Total Liabilities	782,892	913,685	16.7%	825,200	964,278	16.9%
Total Stockholders' Equity	63,318	54,095	-14.6%	57,153	56,861	-0.5%

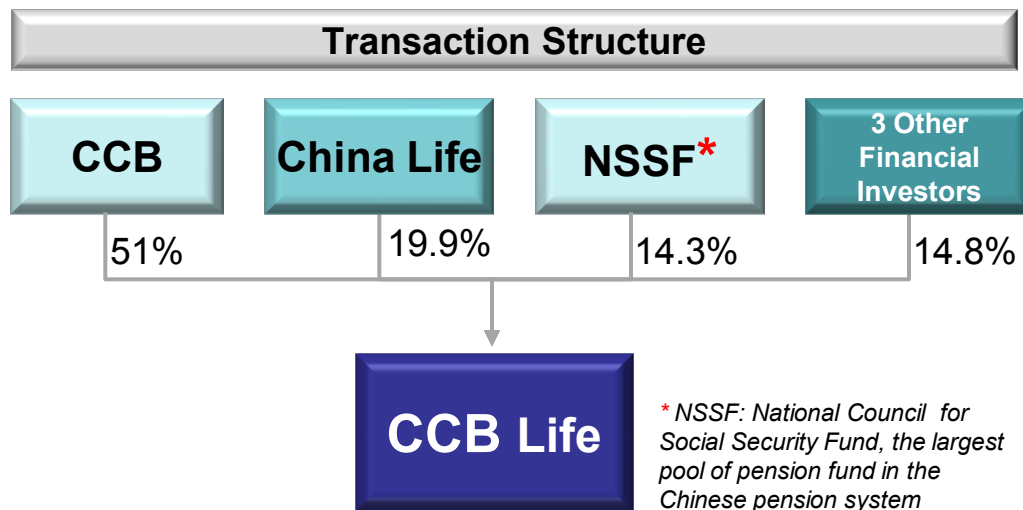
* From 2013, all financial reporting are required to comply with IFRS, from ROC GAAP, and 2012 numbers were reproduced based on IFRS for comparison purpose



CCB Life Business Overview

CCB Life Introduction

- ❑ **China Life** holds **19.9%** stake of CCB Life, with a total investment amount of NTD\$7.4 billion (RMB\$1.58 billion), and obtained one director seat, a supervisory seat, and nominated one independent director. China Life will continue to fully assist in providing insurance expertise and technical supports to CCB Life
- ❑ CCB Life has a total of 13 branches in operations, and plans to further enlarge business scale by applying for 3~5 more branches by 2014
- ❑ In 1H 14, CCB Life generated RMB\$11.9 billion premium income, and net profit was RMB\$ 96 million. Asset size was RMB\$39.47 billion as of June 2014



2013 Awards

Services Innovation Award

by Jiefang Daily

China's Best Bank-Owned Insurance Company

by MoneyWeek

Best Insurance Company of Overall Services Excellent Insurance Product Award

by 21st Century Business Herald

❑ Strong Business Growth:

CCB Life generated RMB\$ 11.9 billion total premium income in the first six months of 2014, representing a 185% YoY growth, exceeding the Company's full year premium income in 2013. CCB Life ascended its original premium market share ranking to #12 in 1H 14, from #17 in the end of 2013; net profit for the 1H14 was RMB\$ 96 million, up by 50% YoY, representing 94% of 2013 net profit of RMB\$101.5 million

❑ Diversified Distribution Network:

CCB Life aggressively develops e-Commerce channel; not only 12% of July's new business came from online insurance purchase, but also Year-to-July FYP from online channel of RMB\$140 million was 2.8 times of full year's online sales target

❑ Rapid Branch Expansion:

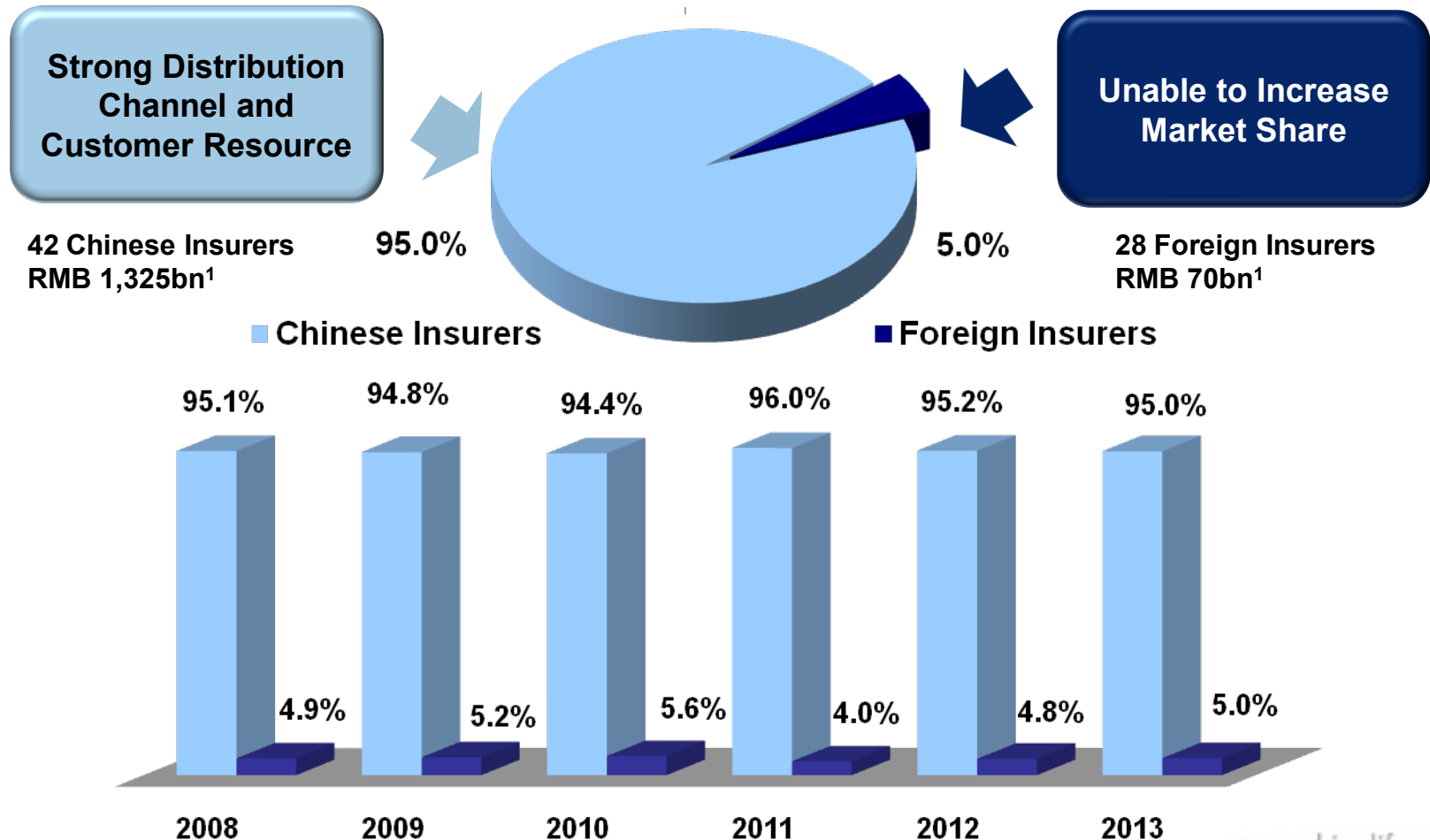
CCB Life currently has 13 provincial branches nationwide, operating in Shanghai, Guangdong, Jiangsu, Beijing, Shandong, Qingdao, Suzhou, Shenzhen, Sichuan, Hubei, Hebei, Henan, and Fujian. It plans to further enlarge business scale by expending to more provinces

❑ Superior Capital Structure:

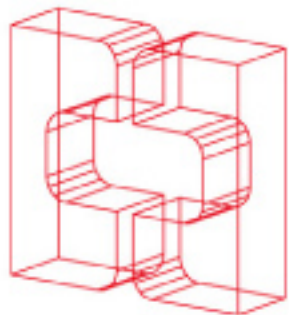
Solvency Ratio of over 300% in 1H 2014 exceeded regulatory requirement of 100%, demonstrating a very solid capital soundness for future business growth

▶▶ Mainland China Strategy

- ❑ Team up with the most competitive partner with strong distribution advantage to become a leading life insurer
- ❑ 19.9% equity investment in a Chinese insurer is superior to a 50% stake in a foreign insurer



Note 1 : 2013 Total Premium (Source: CIRC website).



Embedded Value

Investment Return

2013

Traditional Policies

Year 1 ~ Year 10 : **3.75% ~ 5.14%**

Year 11 and after : **5.15%**

Interest Sensitive Policies*

Year 1 ~ Year 10 : **2.75% ~ 4.4%**

Year 11 and after : **4.5%**

* including interest-sensitive annuities & universal life policies

2012

Traditional Policies

Year 1 ~ Year 10 : **3.75% ~ 5.14%**

Year 11 and after : **5.15%**

Interest Sensitive Policies*

Year 1 ~ Year 10 : **2.75% ~ 4.4%**

Year 11 and after : **4.5%**

Risk Discount Rate

10.5% (Same as 2012)

YoY Embedded Value

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

Valuation Date	2012/12/31	2013/12/31	YoY %
Adjusted Net Worth	54,338	64,477	19%
Value of In Force	57,478	72,895	27%
Cost of Capital	(17,000)	(19,303)	14%
Embedded Value	94,815	118,070	25%
# of Outstanding Shares	2,388	2,722	-
EV Per Share	NT\$39.71	NT\$43.37	9.2%
V1NB (after CoC)*	12,293	16,302	33%

* V1NB = Value of last 12 months new business

▶▶ Sensitivity Analysis - VIF

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

Valuation Date: 2013/12/31	All else equal except		Base Case	All else equal except	
	Inv. Yield	Inv. Yield	Investment Yield: <u>Traditional</u> 3.75% ~ 5.15% <u>Interest Sensitive</u> 2.75% ~ 4.5% RDR: 10.5%	RDR	RDR
Solvency Basis: RBC=200%	- 0.25%	+ 0.25%		- 0.5%	+ 0.5%
Adjusted Net Worth	64,477	64,477	64,477	64,477	64,477
Value of In-Force	60,782	85,166	72,895	76,299	69,763
Cost of Capital	(20,374)	(18,243)	(19,303)	(18,580)	(19,950)
Embedded Value	104,885	131,400	118,070	122,196	114,289
EV per share	NT\$38.53	NT\$48.27	NT\$43.37	NT\$44.89	NT\$41.99