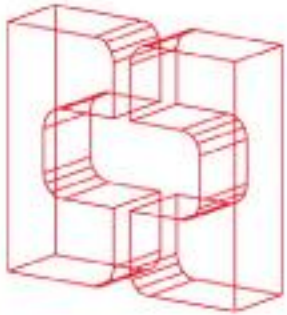


# China Life Insurance Co., Ltd.

February 2014

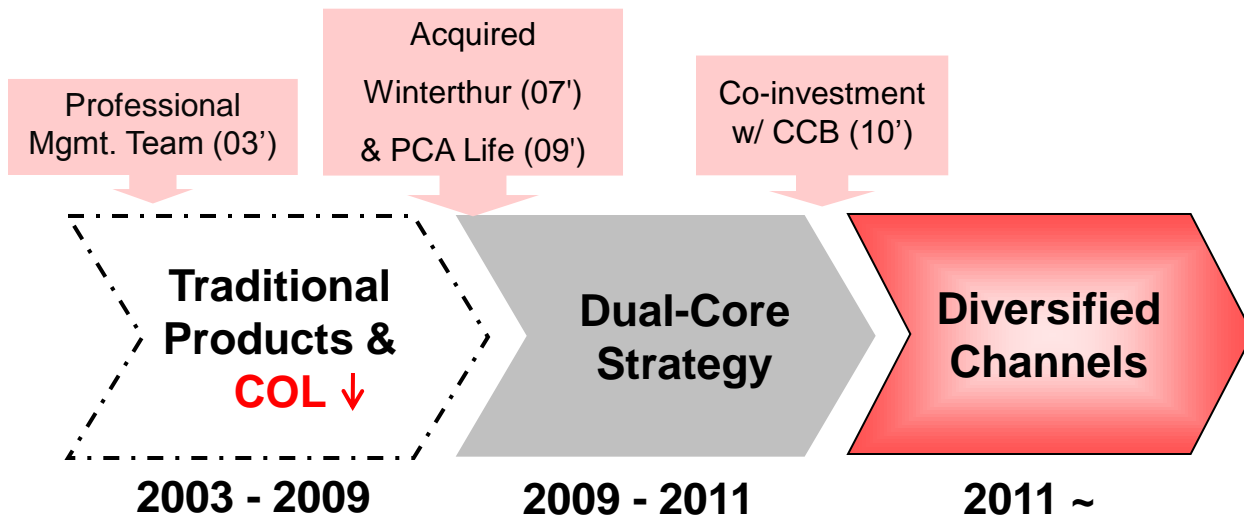
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# Business Performance

# Business Strategies

- ❑ 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 currency 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



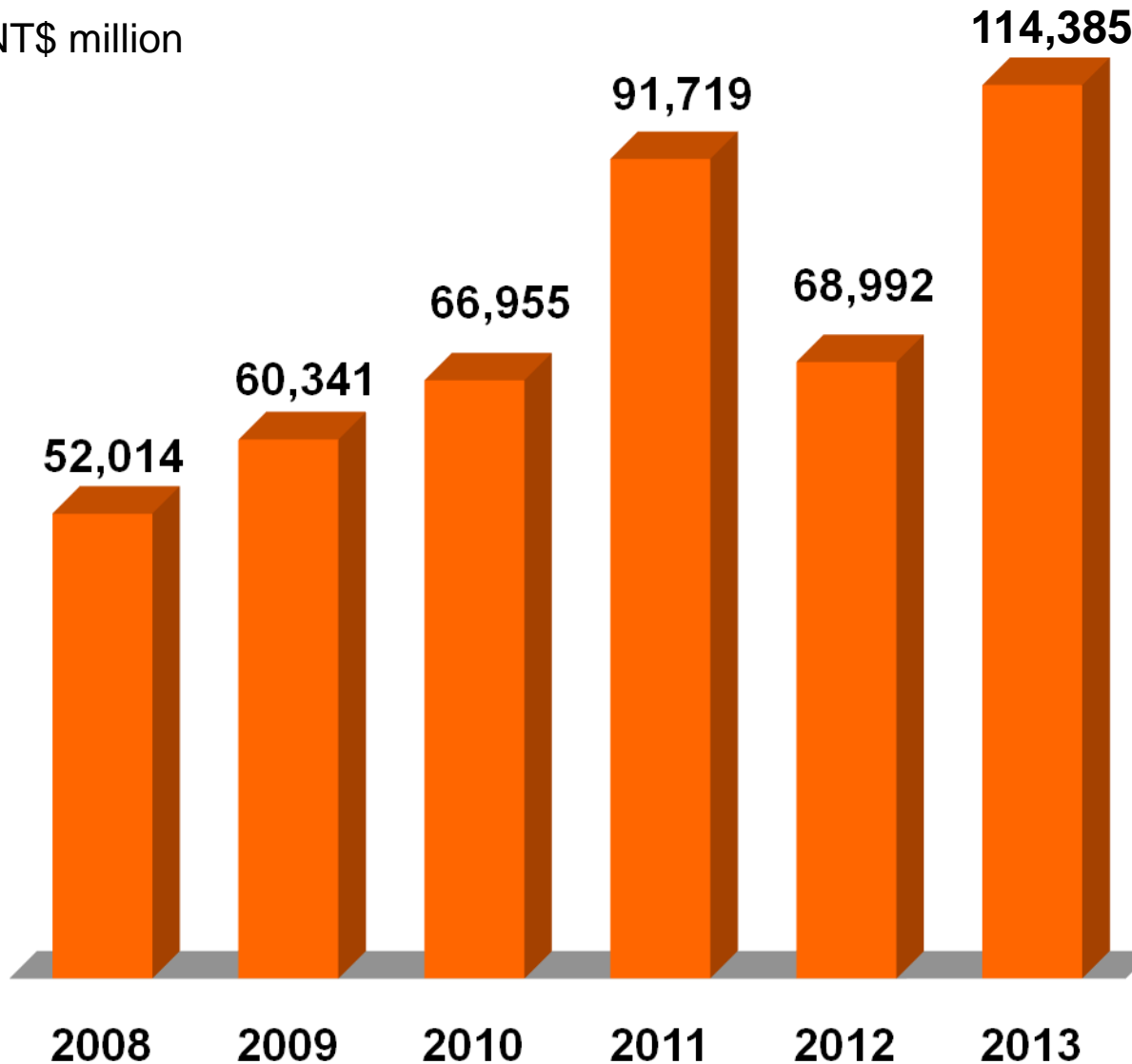
## 2013 Awards

**Institutional Investor**

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

# First Year Premium (FYP)

NT\$ million

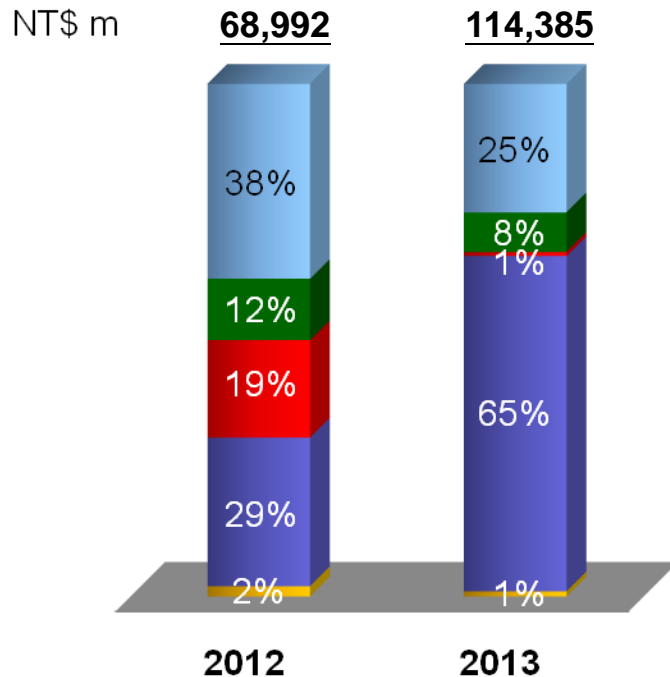


FYP YoY growth:  
**China Life: 66%**  
Industry: (-7%)

- ❑ Keep developing diverse products and target at high margin regular-paid products to facilitate general public's high saving rate feature with various product offering
- ❑ Provide foreign currency policies (RMB, USD, AUD) to comprehend customer needs
- ❑ Build up a complete investment linked product (ILP) platform to satisfy customers with different risk preference
- ❑ Penetrate into regular premium, long duration products with higher profit margin
- ❑ Increase the sales of protection-based foreign currency policies to enhance clients' portfolio diversification

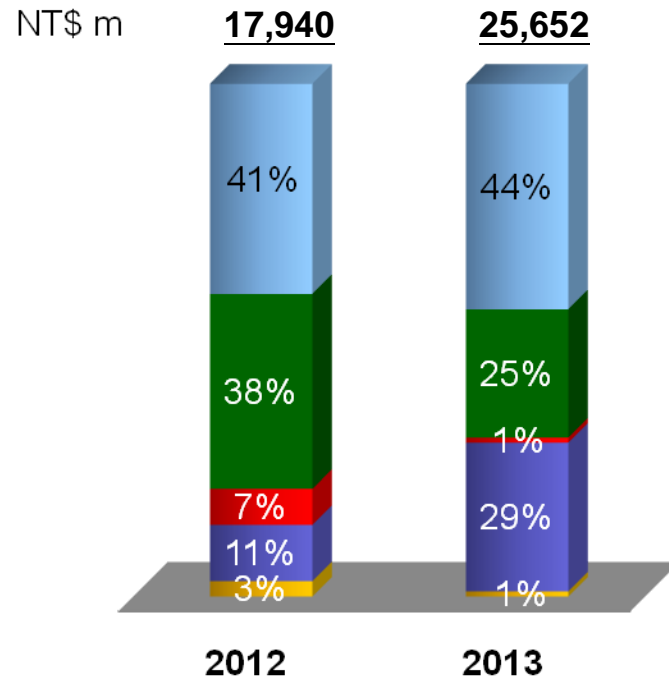
## FYP by YoY

- Traditional\*
- Foreign Currency - Life
- Universal Life
- Interest Sensitive Annuity
- ILP



## FYP by APE\*\*

- Traditional\*
- Foreign Currency - Life
- Universal Life
- Interest Sensitive Annuity
- ILP



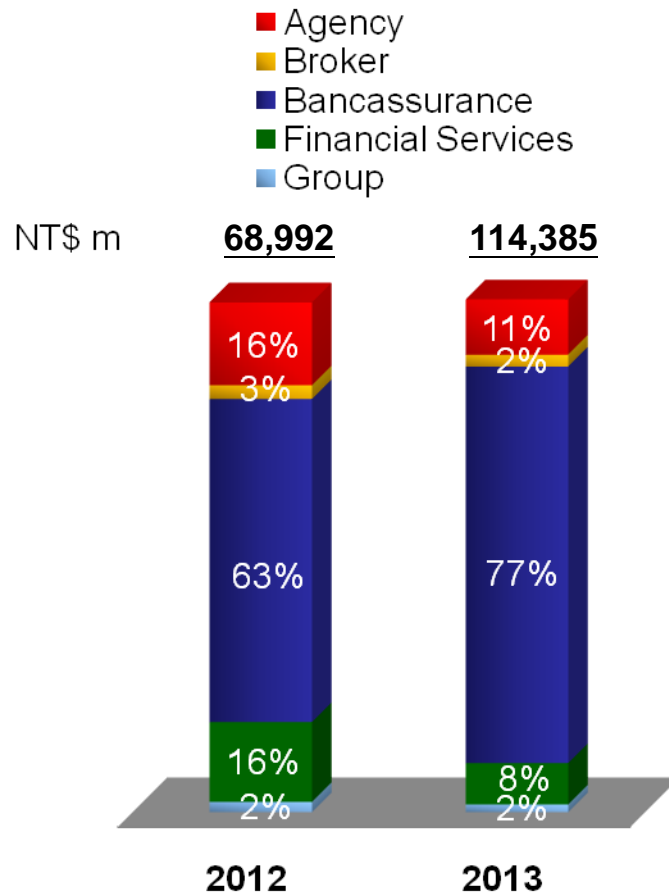
\* **Traditional:** incl. Traditional Life. Interest Sensitive Life, A&H, Riders, & Short Term etc.

\*\* **APE (Annual Premium Equivalent)** = Total amount of regular premiums from new business + 10% of the total amount of single premiums on business written during the period

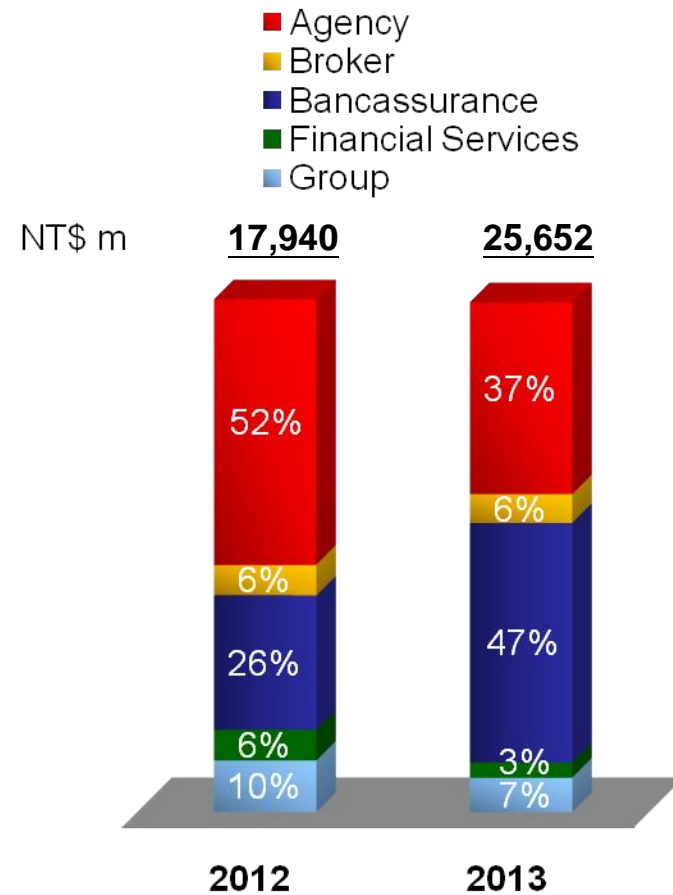
- ❑ Led the market to start bancassurance business in 2000 and carry out the products with a variety of banks (holding companies, national banks, local banks etc.) Currently the company has rooted in 34 banks
- ❑ Introduced an exclusive low-cost, high-productivity financial services team in 1989 to focus on high net worth clients, and provide wealth management services to build up loyalty through professionally trained sales team
- ❑ Expand and broaden multi-channel platform to tap into different segment customers
- ❑ Enlarge sales contribution from agency force, continuously expand exclusive agent numbers
- ❑ Increase sales volume from high profit margin channels and maximize cross-selling opportunities



## FYP by YoY

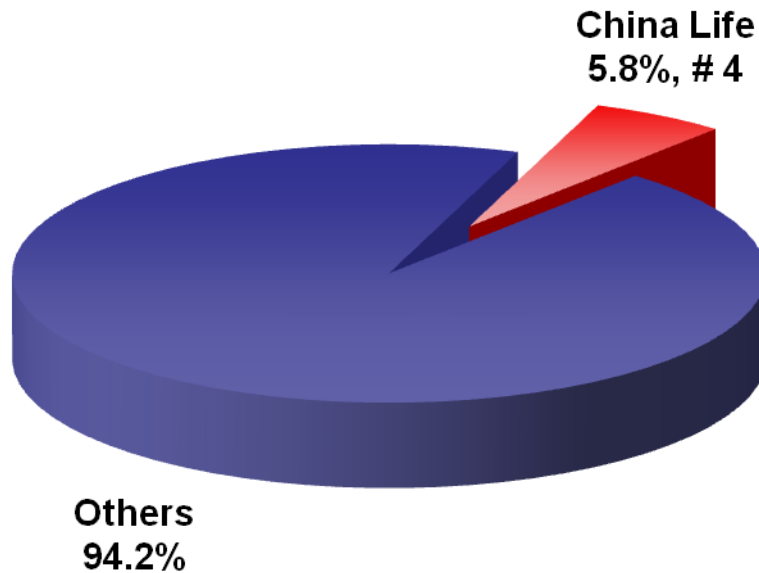


## FYP by APE\*

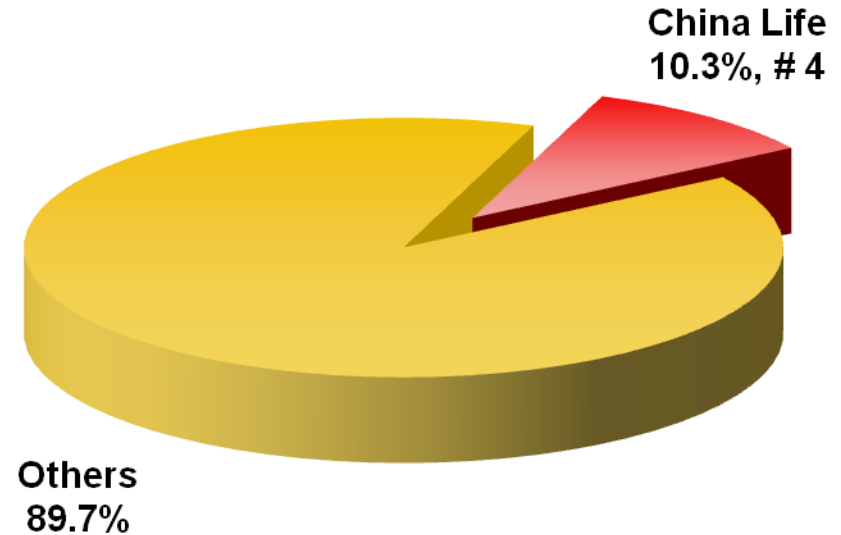


\* **APE (Annual Premium Equivalent)** = Total amount of regular premiums from new business + 10% of the total amount of single premiums on business written during the period

2012



2013



- ❑ 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

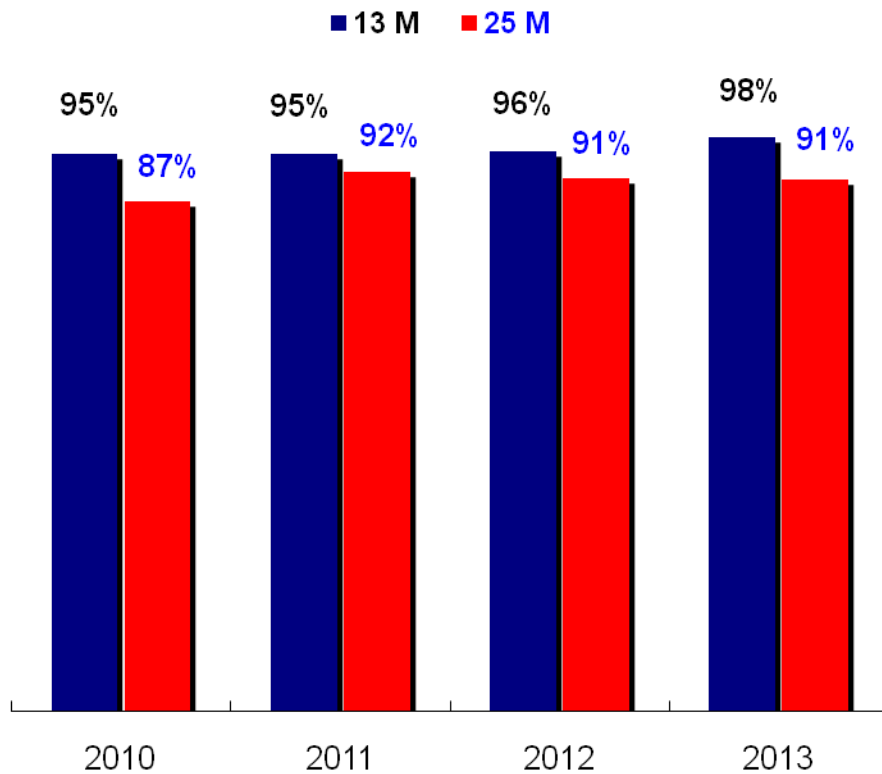
# Financial Highlights

NT\$ million	2011**	2012*	2013*	+/- %
First Year Premium	91,719	68,992	114,385	66%
Total Premium	144,789	125,319	177,246	41%
Investment Income	24,151	26,770	31,114	16%
Profit before Tax	4,444	4,752	5,072	7%
Income Tax	(237)	(173)	(347)	101%
<b>Net Profit</b>	<b>4,207</b>	<b>4,579</b>	<b>4,725</b>	3%
Basic EPS	2.01	1.70	1.74	2%
Total Asset	730,326	846,210	967,780	14%
Paid-in Capital	21,994	23,878	27,221	14%
Net worth	32,831	63,318	54,095	-15%

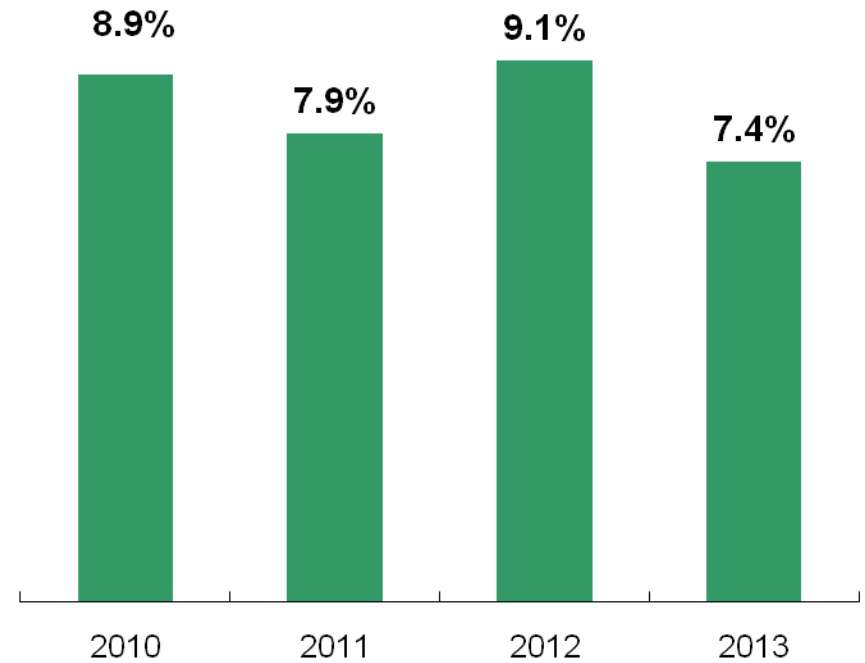
\* From 2013, all financial reporting will be required to comply with IFRS, from ROC GAAP, and 2012 numbers were reproduced based on IFRS for comparison purpose

\*\* Financial numbers of 2011 were complied with ROC GAAP

## Persistency Ratio



## Expense Ratio



## Fixed Income

- Account for 75% 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

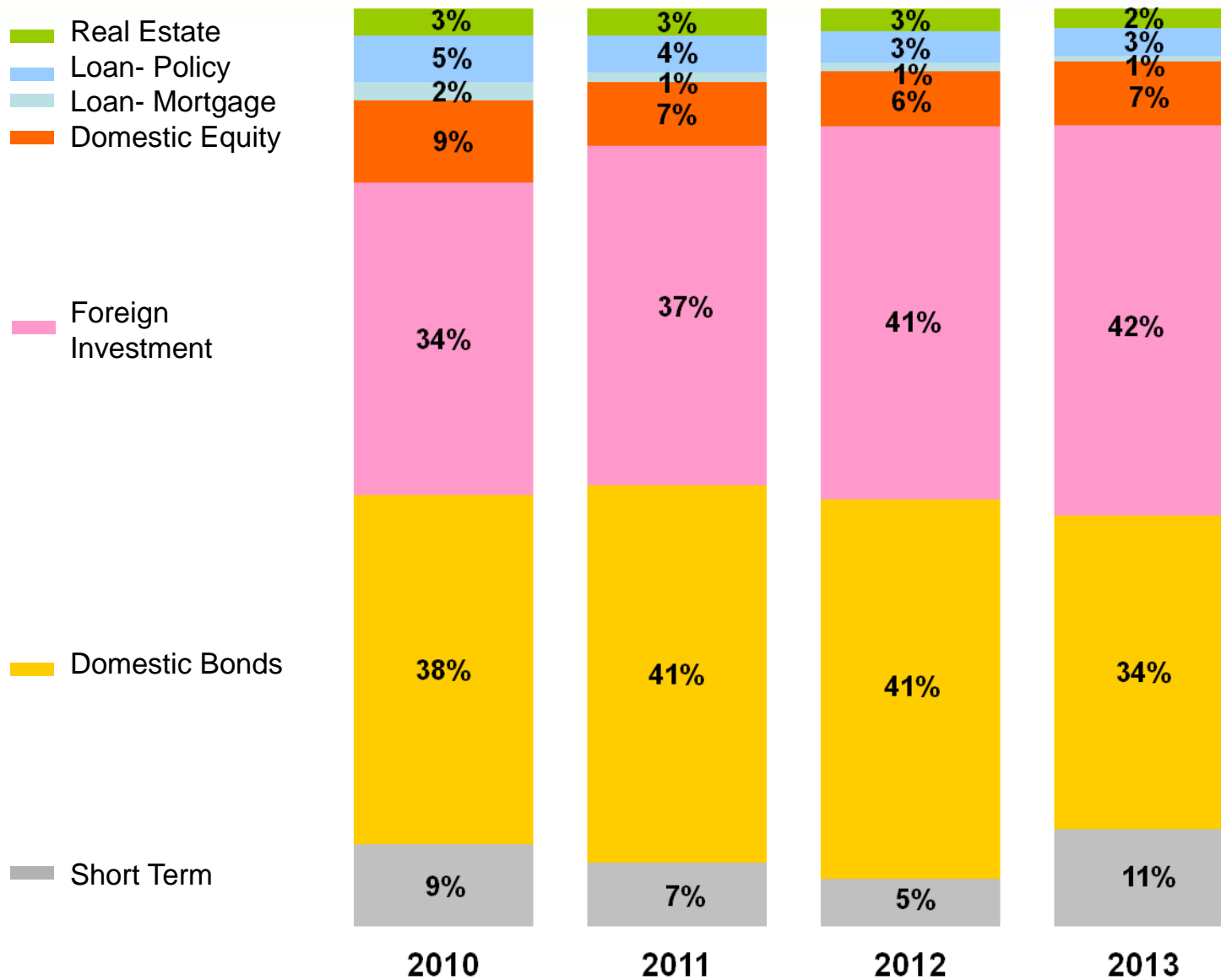
## Foreign Investment

- 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 the increase of investment quota of China QFII to USD 250 million

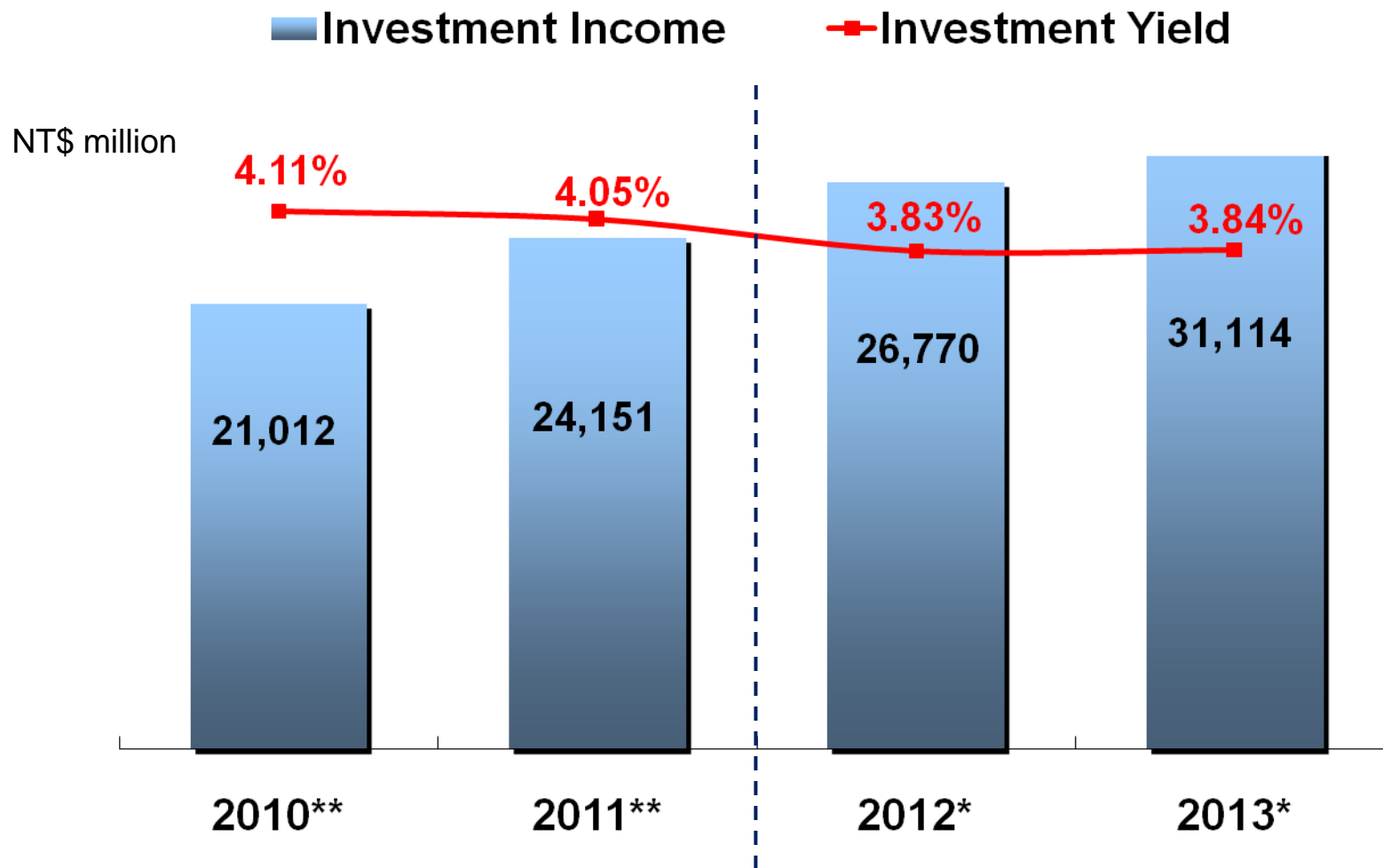
## Real Estate

- 2% of total invested assets, 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



# Investment Income



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

\*\* Financial numbers of 2011 and 2010 were all complied with ROC GAAP

# Financial Summary

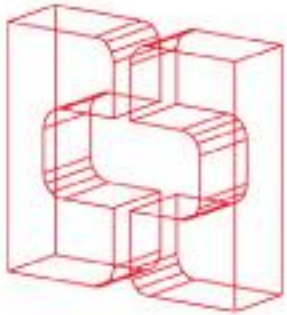
NT\$ million

<u>Income Statement Data</u>	<u>2011**</u>	<u>2012**</u>	<u>Variance</u>	<u>2012*</u>	<u>2013*</u>	<u>Variance</u>
Premium Income	128,923	115,577	-10.4%	115,577	167,592	45.0%
Net Investment Income	24,151	26,776	10.9%	26,770	31,114	16.2%
Other Revenue - separate account	5,151	9,949	93.1%	9,949	8,026	-19.3%
Miscellaneous Income	1,787	1,314	-26.5%	1,293	766	-40.8%
Benefits to Policyholders and Beneficiaries	55,836	47,463	-15.0%	47,463	51,673	8.9%
Acquisition and Operation Expenses	9,871	10,324	4.6%	10,334	12,206	18.1%
Change in Actuarial Liabilities	83,857	79,955	-4.7%	80,181	129,522	61.5%
Other Operating Cost - separate account	5,151	9,949	93.1%	9,949	8,026	-19.3%
Miscellaneous Expenses	853	927	8.7%	910	999	9.8%
Net Profit Before Tax	4,444	4,998	12.5%	4,752	5,072	6.7%
<b>Net Profit</b>	<b>4,207</b>	<b>4,784</b>	<b>13.7%</b>	<b>4,579</b>	<b>4,725</b>	<b>3.2%</b>
<b>Basic EPS</b>	<b>2.01</b>	<b>2.03</b>	<b>1.0%</b>	<b>1.70</b>	<b>1.74</b>	<b>2.4%</b>
<b><u>Balance Sheet Data</u></b>						
Total Assets	730,326	842,267	15.3%	846,210	967,780	14.4%
Total Liabilities	697,495	782,356	12.2%	782,892	913,685	16.7%
Total Stockholders' Equity	32,831	59,911	82.5%	63,318	54,095	-14.6%

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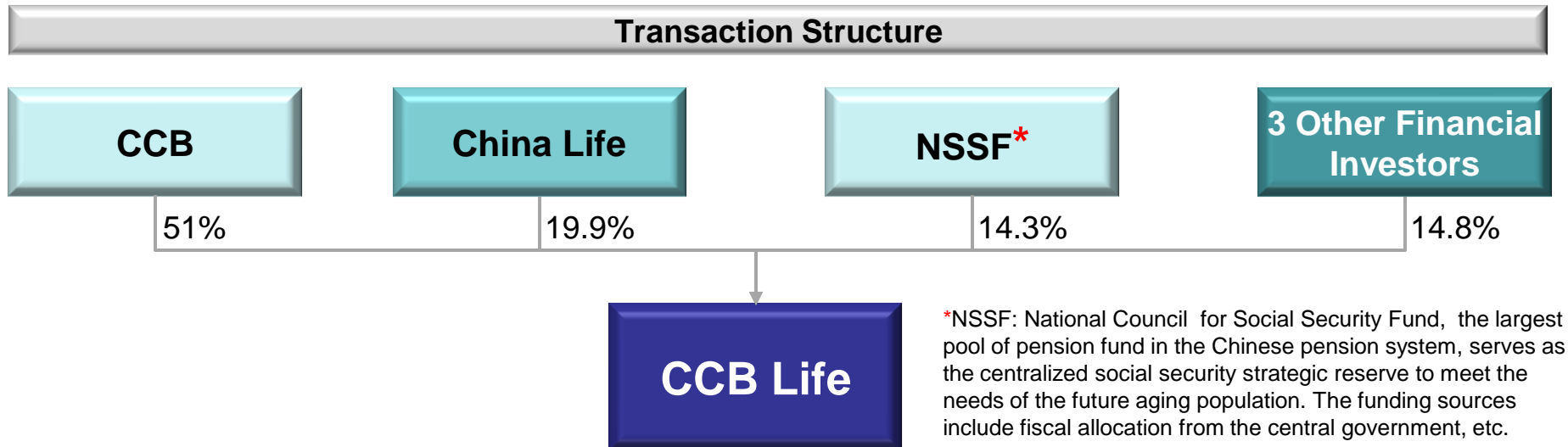




# CCB Life Business Overview

# 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 received two new provincial branch approvals from CIRC in 2013, amounted the company to a total of 12 provincial branches, and plans to further enlarge business scale
- ❑ As of 2013, CCB Life generated RMB\$11.15 billion premium income in the year of 2013, representing a 84% growth. The unaudited net profit for 2013 was RMB\$101.5 million, increased by 104% YoY; assets size scaled to RMB\$26.28 billion



## ❑ Strong Business Growth:

Accumulated net profit in 2013 was RMB\$ 101.5 million, representing a 104% YoY growth

## ❑ Diversified Distribution Network:

Add telemarketing and credit card cross-selling to the existing bancassurance, agency, and group insurance channels. For bancassurance expansion, on top of the original CCB network, CCB Life entered into business agreements with 5 other banks

## ❑ Rapid Branch Expansion:

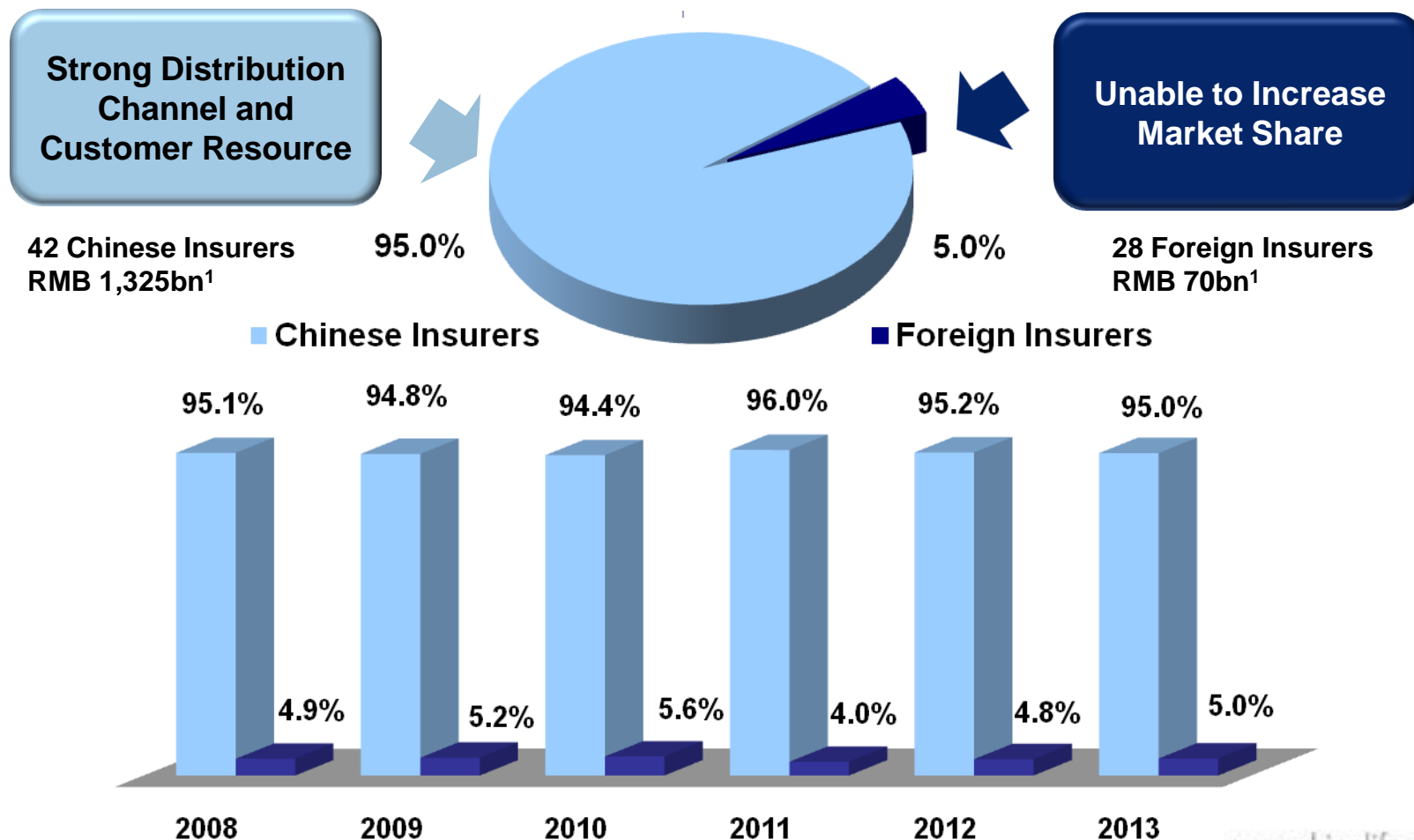
CCB Life currently has 10 branches nationwide, operating in Shanghai, Guangdong, Jiangsu, Beijing, Shandong, Qingdao, Suzhou, and Shenzhen, Sichuan and Hubei. It received two new provincial branch approvals (Hebei & Henan) from CIRC in 2013, and plans to further enlarge business scale

## ❑ Superior Capital Structure:

Solvency Ratio exceeds 600% in 2013, surpassed the regulatory requirement of 100%, demonstrating a very solid capital soundness

# ▶▶ 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).