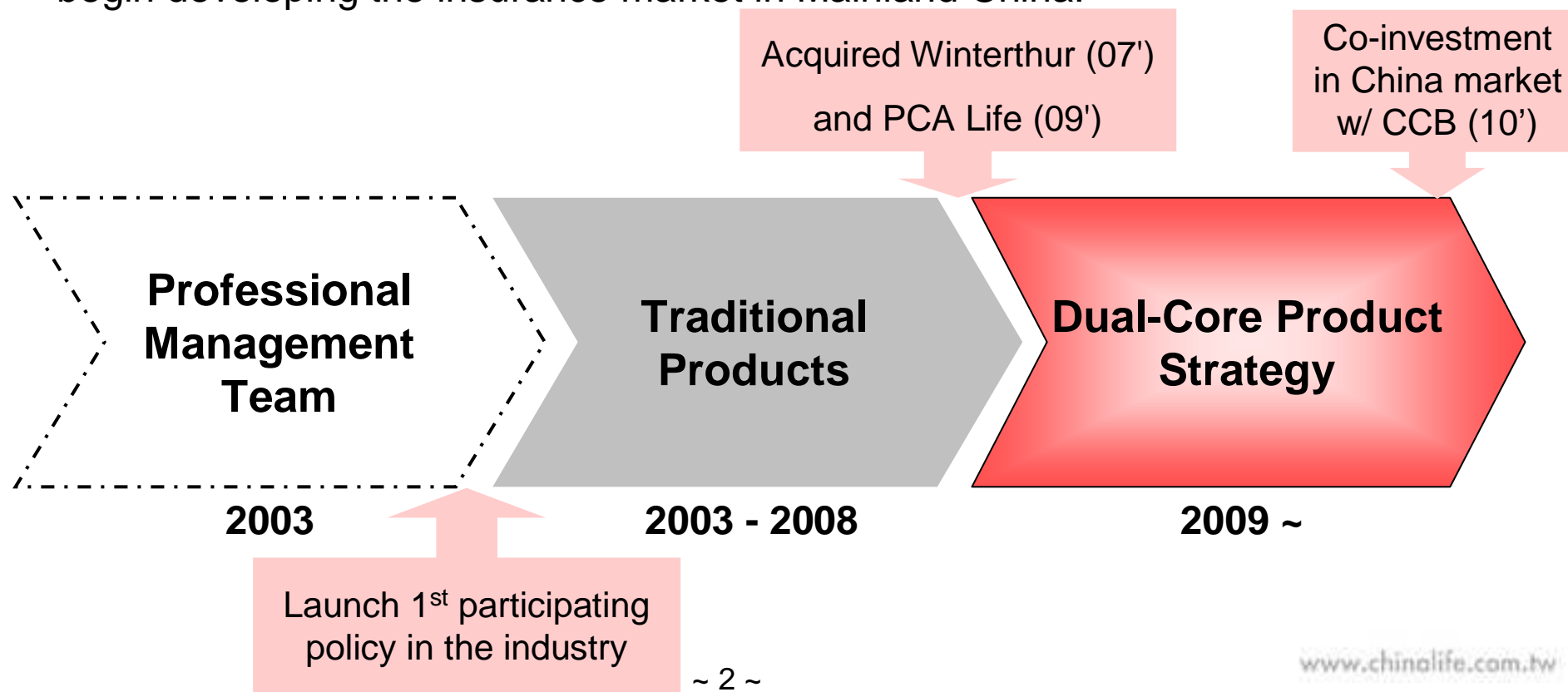


China Life Insurance Ltd., Co.

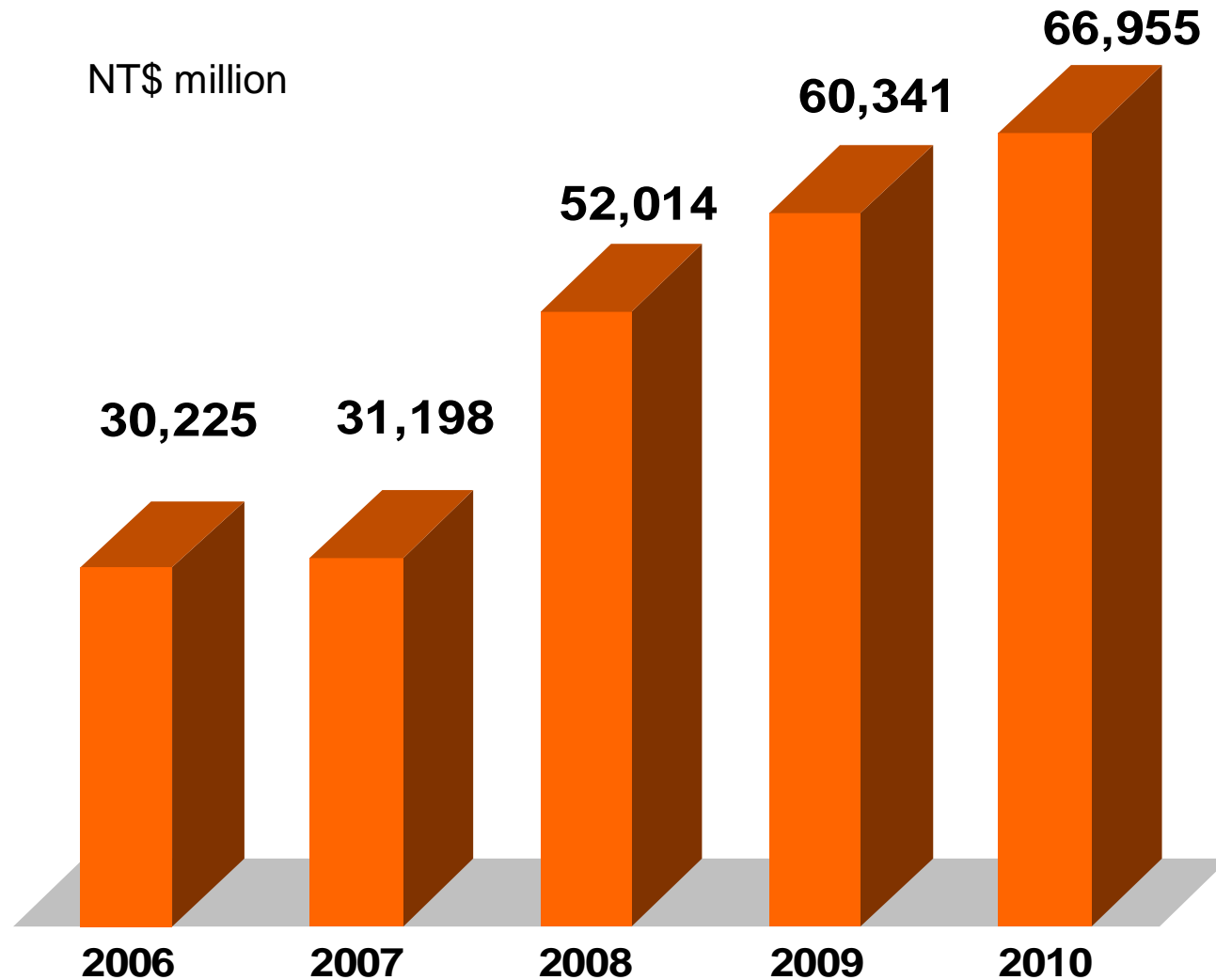
March 2011

Business Strategies

Keep promoting participating policies to further average down cost of liability (COL); Expand product lines to regular premium investment linked products (ILP) with fee income contribution; Target at the Company's long term value enhancement and increase sales of riders to enhance underwriting profits. In 4Q10 the company entered into a joint investment agreement with China Construction Bank (CCB), to begin developing the insurance market in Mainland China.



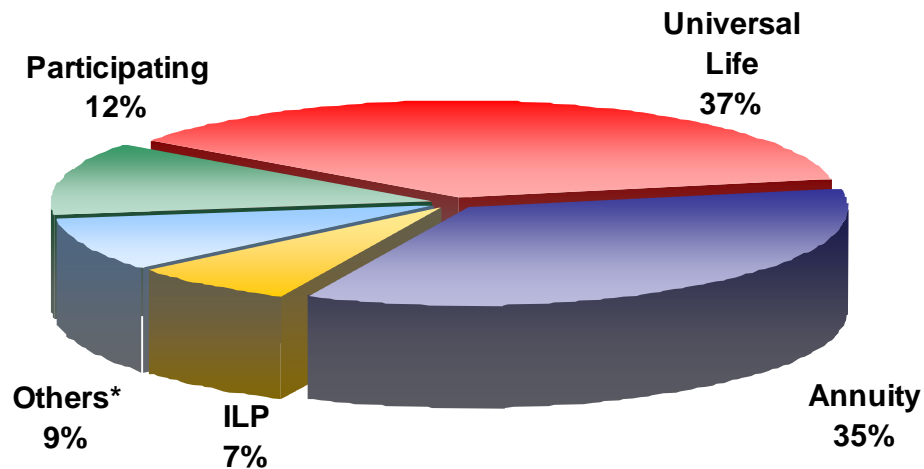
First Year Premium



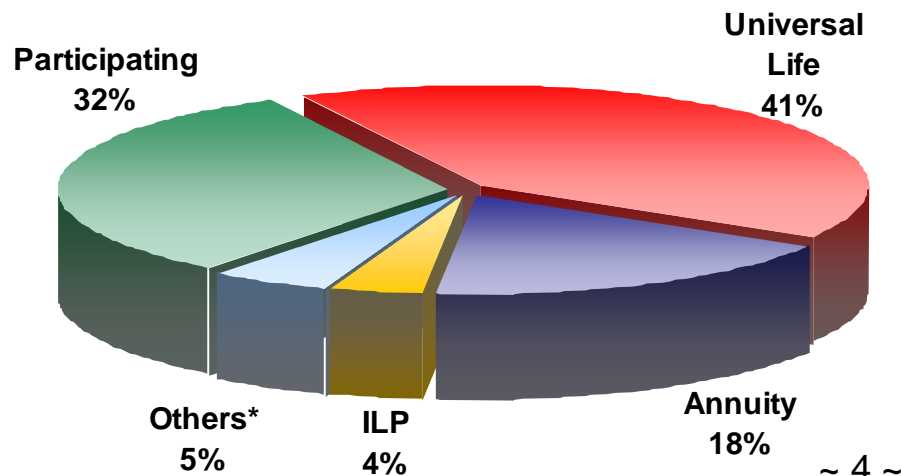
FYP growth:
11% YoY

Product Mix (YoY Comparison)

2010 - FYP



2009 - FYP

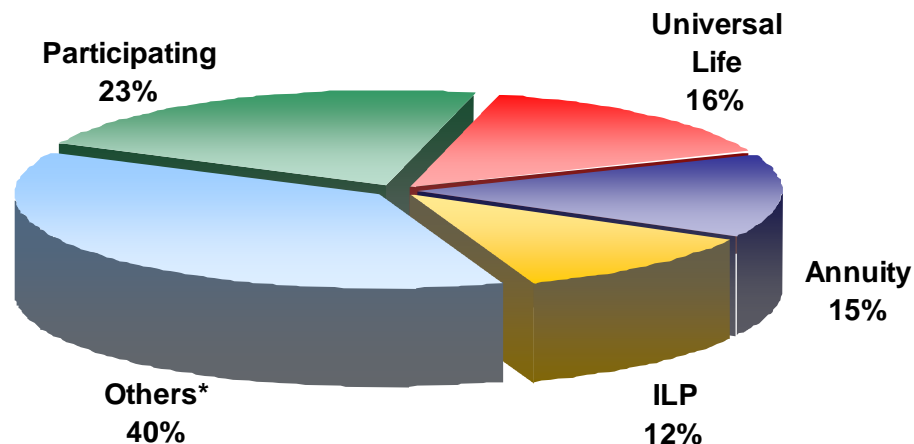


- ❑ Cultivate participating products to maintain leading market position
- ❑ Build up a complete investment linked product (ILP) platform to satisfy customers with different risk preference
- ❑ Keep developing diverse product offering and target at high net worth individuals

*Others:
incl. Non-participating, A&H, riders,
& short term etc.

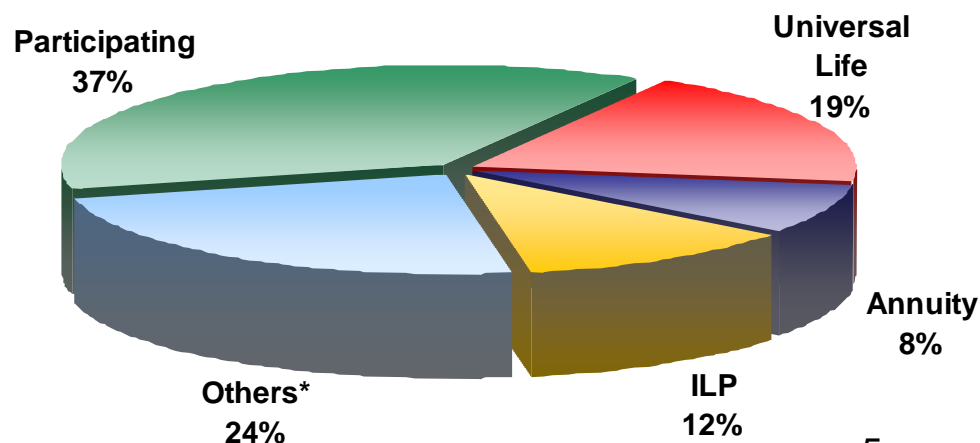
Product Mix (APE Comparison)

2010 - FYP by APE



- Penetrate to regular premium, long duration products with higher profit margin
- Focus on dual-core product strategy to help policyholders with comprehensive wealth management and retirement plans

2009 - FYP by APE



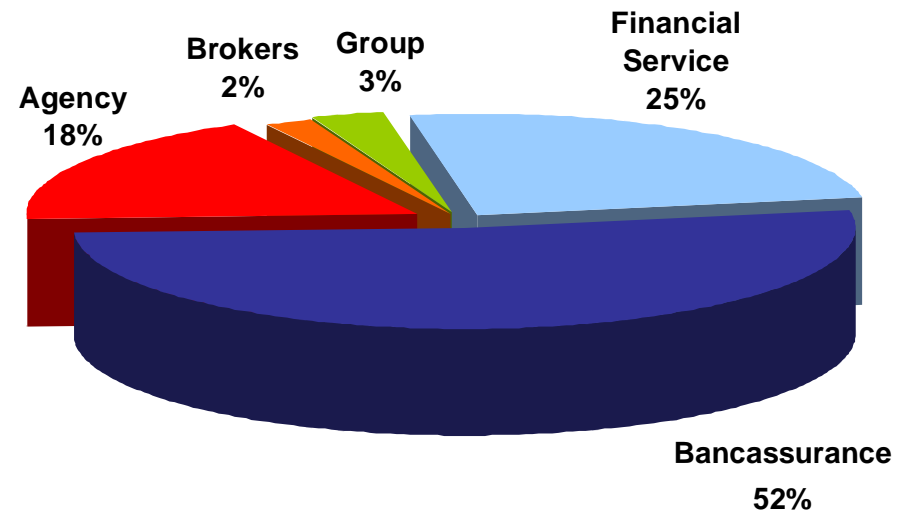
* Others:
incl. Non-participating, A&H, riders, & short term etc.

** 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

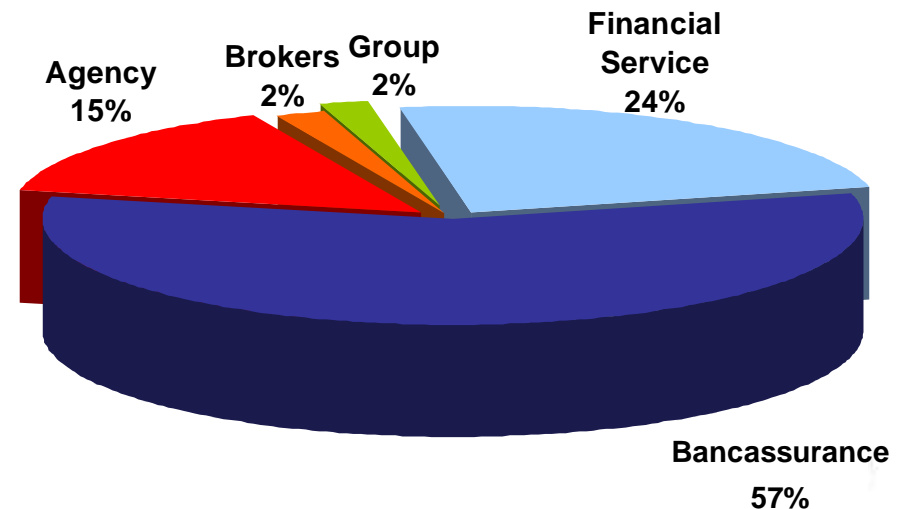
Distribution Channels (by YoY)

- ❑ Led the market to start bancassurance business in 2000 without support from a holding company. As of 2010, the company has penetrated to 34 banks countrywide
- ❑ Introduced an exclusive low-cost, high-productivity financial services team in 1989 to focus on 8,000 high net worth clients, and provide wealth management services to build up loyalty through professionally trained sales team

2010 - FYP



2009 - FYP

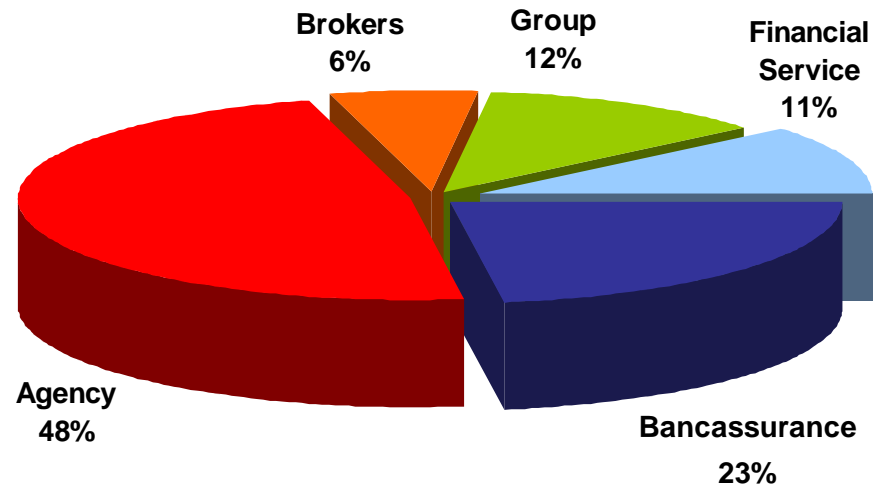


Distribution Channels (by APE)

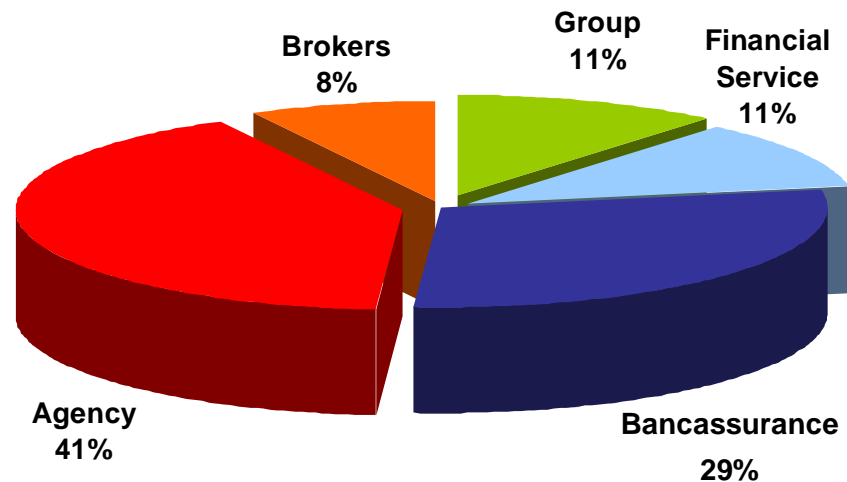
- Expand and broaden multi-channel platform to tap on different segment customers
- Increased agency channel contribution significantly post PCA Life acquisition
- Enlarge sales from high profit margin channels and maximize cross-selling opportunities

***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

2010 - FYP by APE

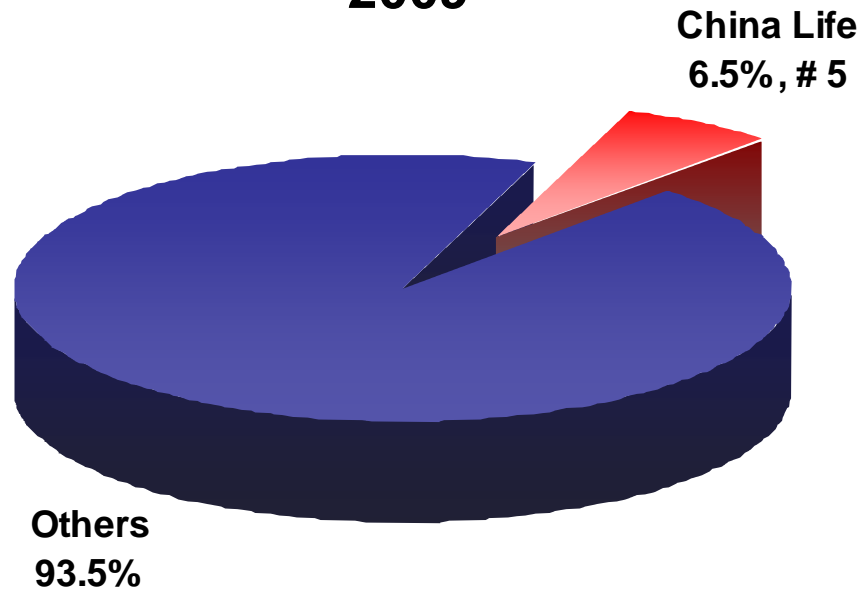


2009 - FYP by APE

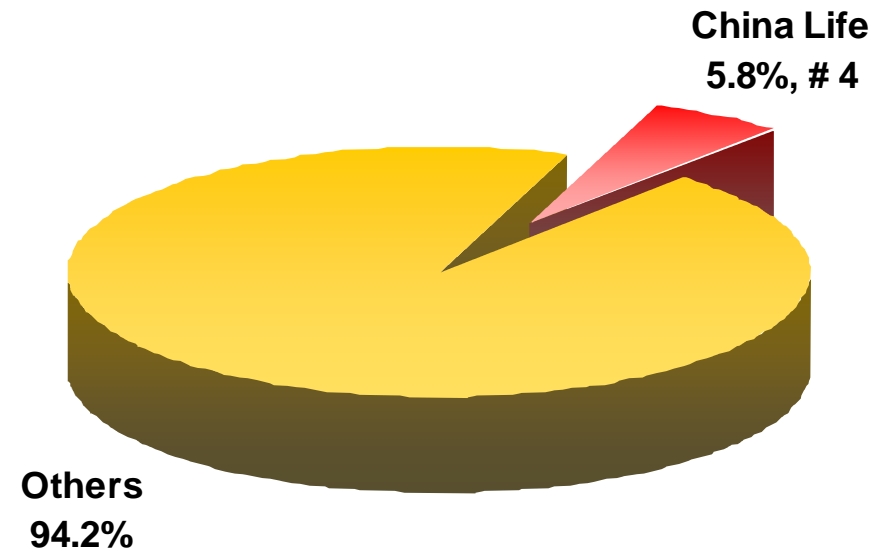


Market Share - FYP

2009



2010

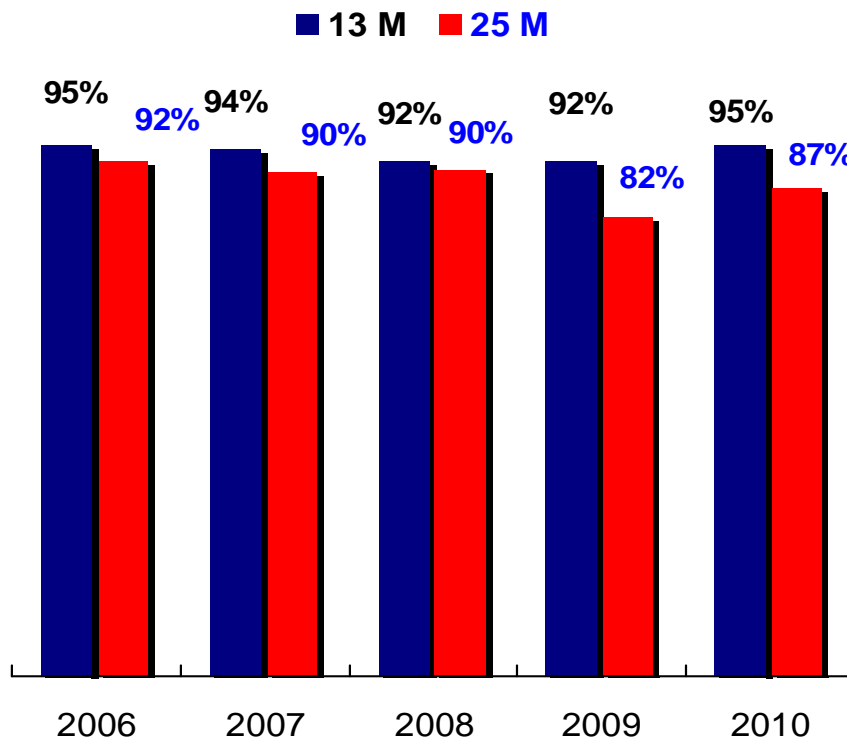


- ❑ Provide segregated products according to different channel customer demands
- ❑ Combine participating & investment linked products to enjoy cross-selling benefits
- ❑ Target at high net worth individuals to provide wealth management services
- ❑ Develop foreign currency denominated policies
- ❑ Strengthen protection on accident & medical policies
- ❑ Enlarge protection amount and develop preferred life policies

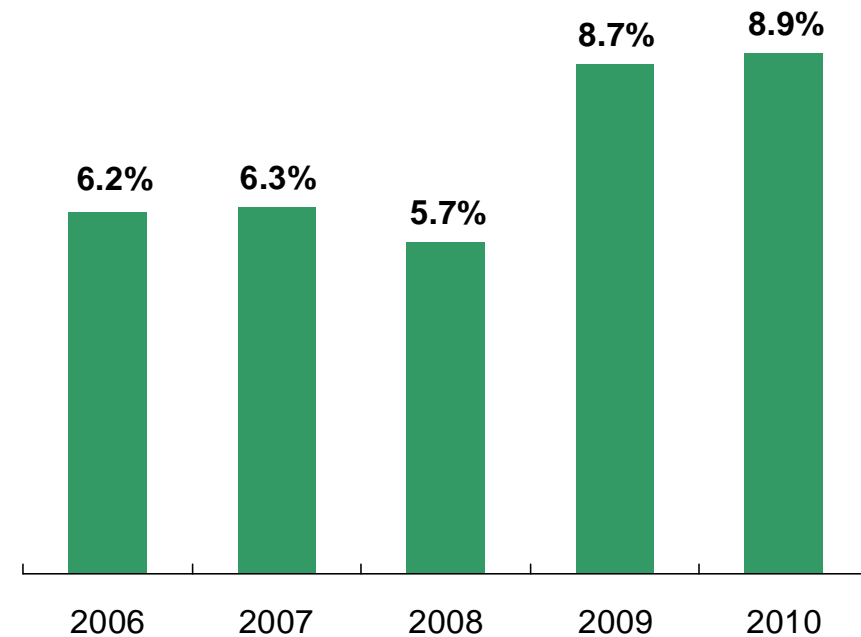
Financial Highlights

NT\$ million	2009	2010	+/- %
First Year Premium	60,341	66,955	11%
Total Premium	98,751	120,278	22%
Investment Income	16,016	21,012	31%
Profit before Tax	2,766	2,452	-11%
Income Tax	(50)	911	N/A
Net Profit	2,716	3,363	24%
Basic EPS	2.10	1.97	-6%
Total Asset	561,611	648,753	16%
Paid-in Capital	15,014	17,086	14%
Net worth	24,592	31,821	29%

Persistency Ratio



Expense Ratio



- Product mix change and sales of regular premium high profit margin products led to higher variable (commission) expense
- Lower 25-month persistency ratio was resulted from PCA Life acquisition, whose in-force policies had a higher lapse ratio. The ratio presents a gradual improvement post integration

❑ Fixed Income

- Accounts for more than 70% of total invested assets; maintains stable return & yield
- Emphasis on Asset Liability Matching principal
- Domestic fixed income accounts for 37% of total portfolio; No investment in NTD-denominated CBOs nor SIV exposure

❑ Domestic Equities

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

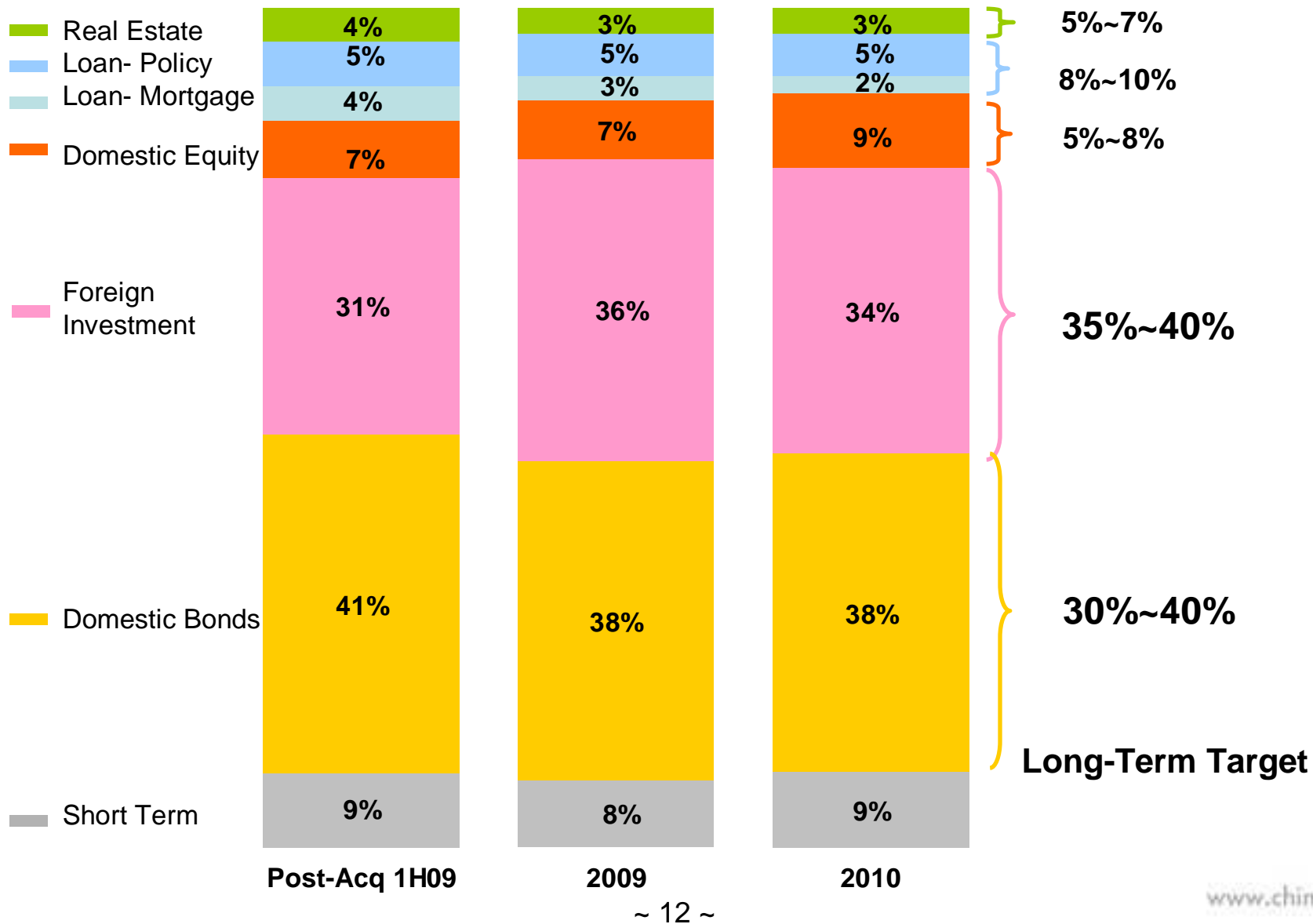
❑ Foreign Investment

- Assumption of selective interest rate risk
- **No exposure to sub-prime or insolvent debts that might result in impairment loss**
- Minimum credit rating requirement single A or above
- Utilization of direct hedge & proxy hedge and dynamically adjust hedging ratio
- Gradually increase overseas investment to enhance yield pick-up

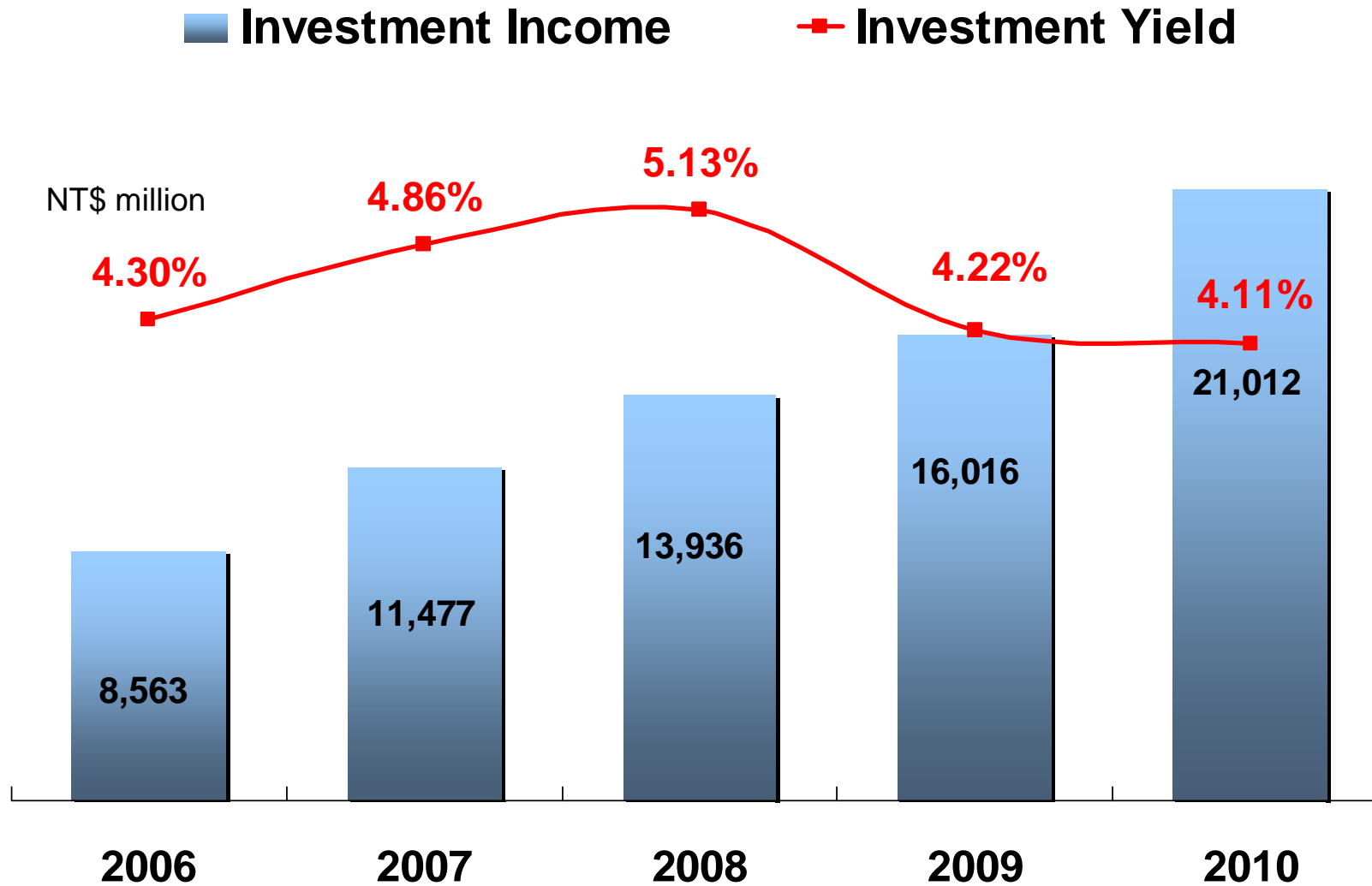
❑ Real Estate

- 3% of total assets
- Targeting Grade A commercial buildings with 3%+ rental yield
- Selection of areas with high appreciation potential

Asset Portfolio



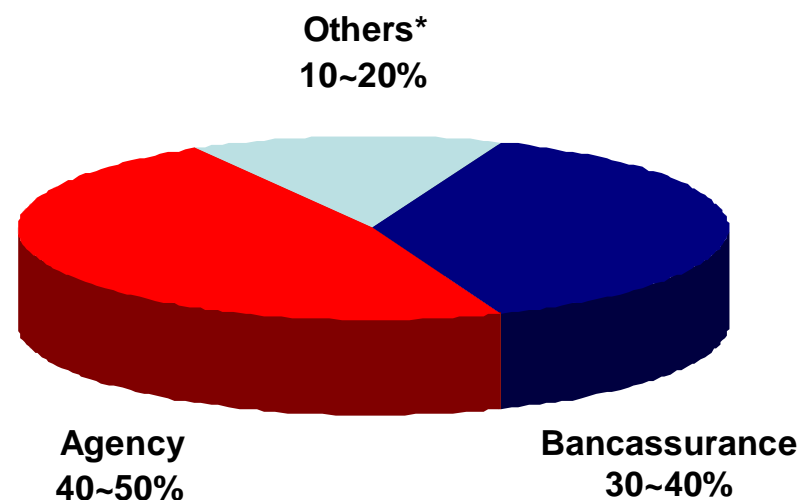
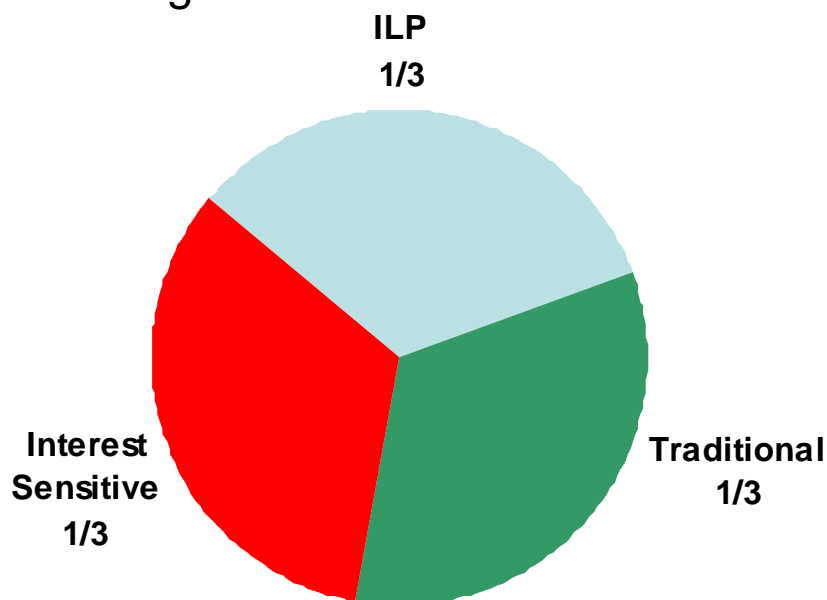
Investment Income



► Post- M&A Business Strategy

- ❑ Complementary products (China Life's American participating, interest sensitive, accident & medical policies with PCA Life's English participating, investment linked products (ILP), and high profit margin riders)
- ❑ More balanced and comprehensive product mix and distribution channels.

Target at:



* Others include financial services team, group insurance and brokers

Financial Summary



NT\$ million

	<u>2008</u>	<u>2009</u>	<u>Variance</u>	<u>2010</u>	<u>Variance</u>
<u>Income Statement Data</u>					
Premium Income	75,836	91,683	20.9%	107,384	17.1%
Net Investment Income	13,936	16,016	14.9%	21,012	31.2%
Release of Policy Reserve	42,180	68,052	61.3%	34,471	-49.3%
Other Revenue - separate account	6,038	15,199	151.7%	18,456	21.4%
Miscellaneous Income	645	1,114	72.7%	749	-32.8%
Benefits to Policyholders and Beneficiaries	44,593	69,241	55.3%	38,259	-44.7%
Acquisition and Operation Expenses	4,064	7,633	87.8%	9,112	19.4%
Increase in Policy Reserve	80,270	96,644	20.4%	113,048	17.0%
Other Operating Cost - separate account	6,037	15,199	151.8%	18,457	21.4%
Miscellaneous Expenses	272	581	113.6%	744	28.1%
Net Profit Before Tax	3,399	2,766	-18.6%	2,452	-11.4%
Net Profit	3,174	2,716	-14.4%	3,363	23.8%
Basic Earnings Per Share	2.71	2.10	-22.5%	1.97	-6.2%
<u>Balance Sheet Data</u>					
Total Assets	313,187	561,611	79.3%	648,753	15.5%
Total Liabilities	308,875	537,019	73.9%	616,932	14.9%
Total Stockholders' Equity	4,312	24,592	470.3%	31,821	29.4%

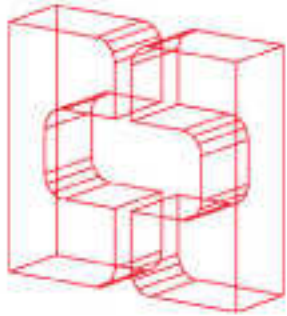
▶ Year to Year Embedded Value



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

Valuation Date	2008/12/31 (Pro-forma)	2009/12/31
Solvency Basis	200% RBC	200% RBC
Rate of Investment Return	Yr1 ~ Yr6 : 3.75% ~ 5.15% After Yr7 : 5.25% (Int. Sensitive 2.75%~4.6%)	Yr1 ~ Yr6 : 3.75% ~ 5.15% After Yr7 : 5.25% (Int. Sensitive 2.75%~4.6%)
Risk Discount Rate	10.50%	10.50%
Adjusted Net Worth*	13,714	33,135
Value of In Force	25,139	28,550
Cost of Capital	(12,215)	(12,266)
Embedded Value	26,638	49,419
Embedded Value Per Share	NT\$22.74	NT\$32.92
V1NB (after CoC)	5,154	6,015

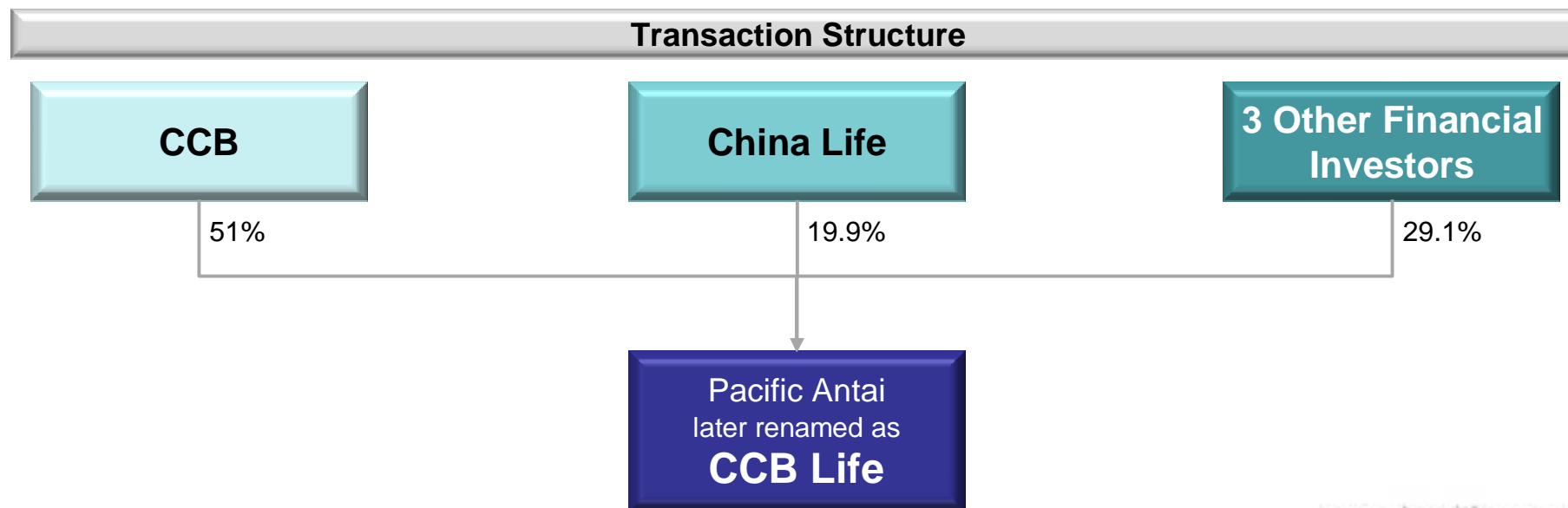
■ EV per share based on outstanding shares: 1,171 million shares in 2008; 1,501 million shares in 2009



China Life and CCB Investment in Pacific Antai

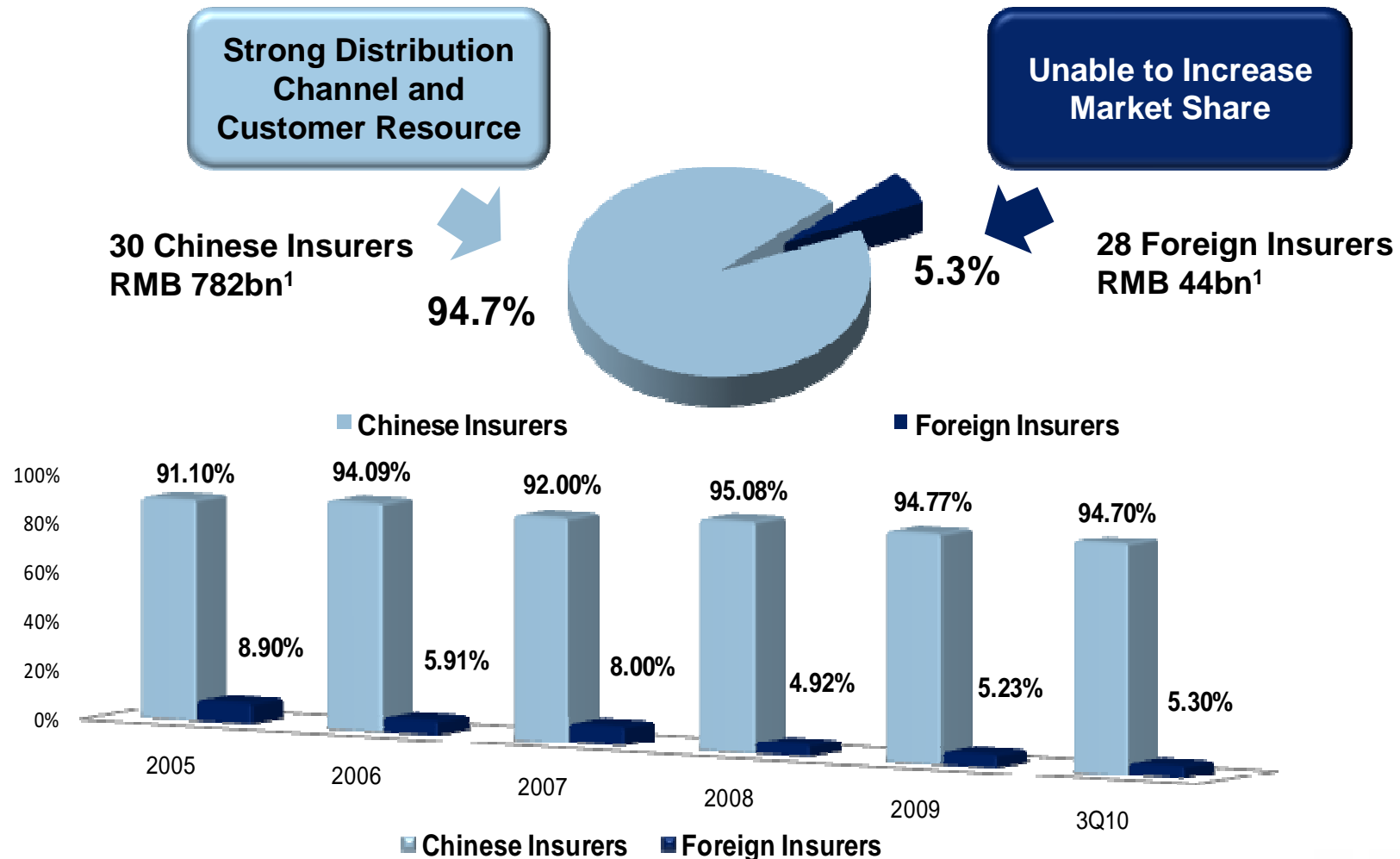
Transaction Structure

- ❑ **China Life's** equity investment is RMB379 million (approximately NT\$1.78 billion)
- ❑ Post-transaction **China Life** holds **19.9%** stake, while **CCB** will hold a **51%** ownership
- ❑ **China Life** is the **only** foreign investor and strategic partner of **CCB Life**
- ❑ The transaction represents the **first** cross-straits joint-investment across the banking and insurance sectors post ECFA
- ❑ China Life will offer the insurance expertise and technical support to the new entity



China Life's Mainland China Strategy

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

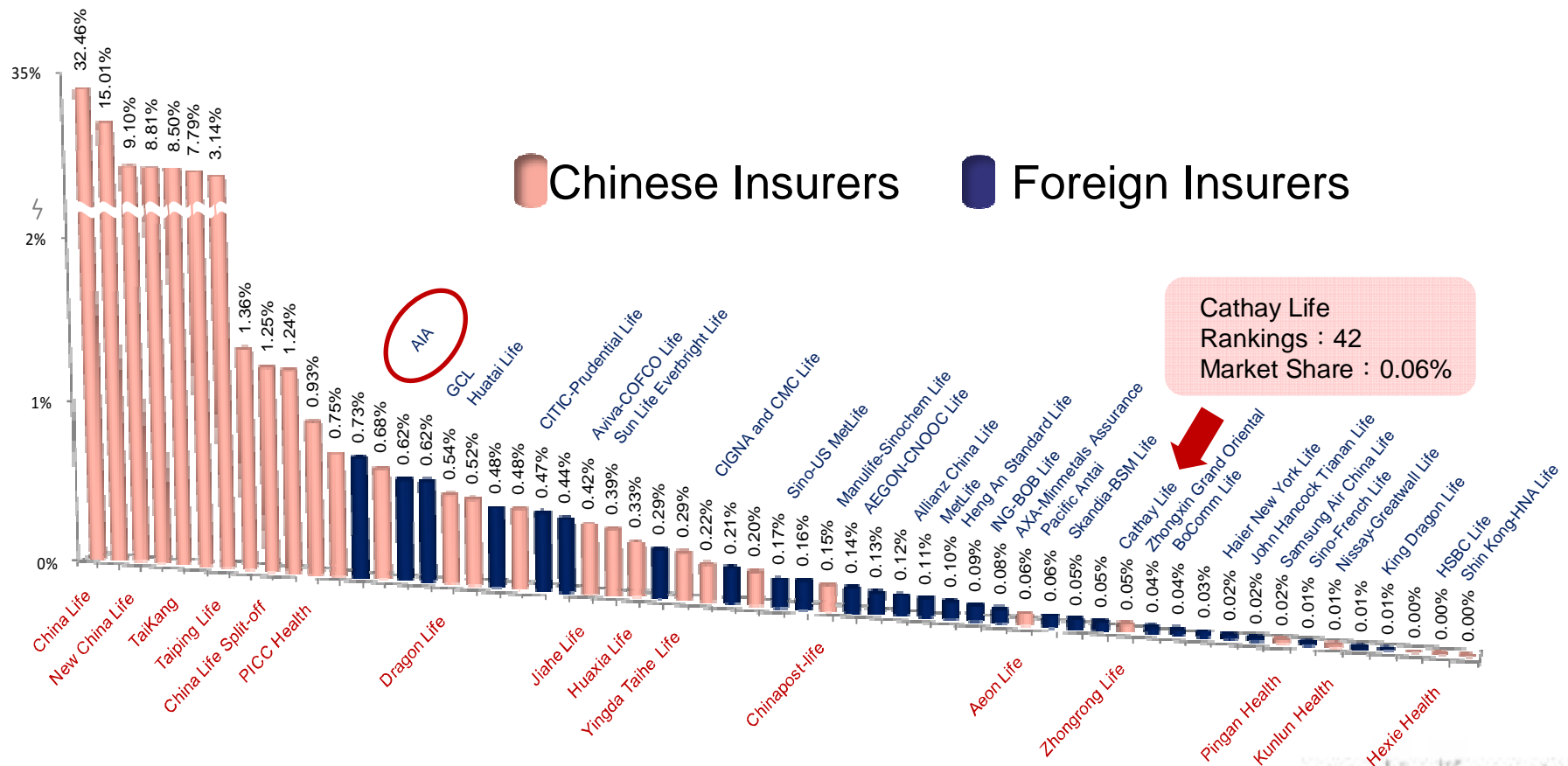


Note : 1. 9 months 2010 cumulative premiums.

China Life Insurance Market Overview



- ❑ The two largest Chinese life insurers have nearly 50% market share amongst the 58 insurers in the market
- ❑ After years of operation, foreign insurers only make up 5.3% market share. The largest foreign insurer, AIA, has only 0.73% market share



▶▶▶ Ideal Partners



Top 5 Insurer in Taiwan

Forbes Asia Fab 50

Experienced Management Team

Bancassurance Leader

Leader in Participating Policy

Solid Financial Structure and Outstanding Performance

Advanced Risk Management



2nd Largest Bank Worldwide

Fortune Global 500

Solid Customer Base

2nd Most Profitable Among Global Commercial Banks

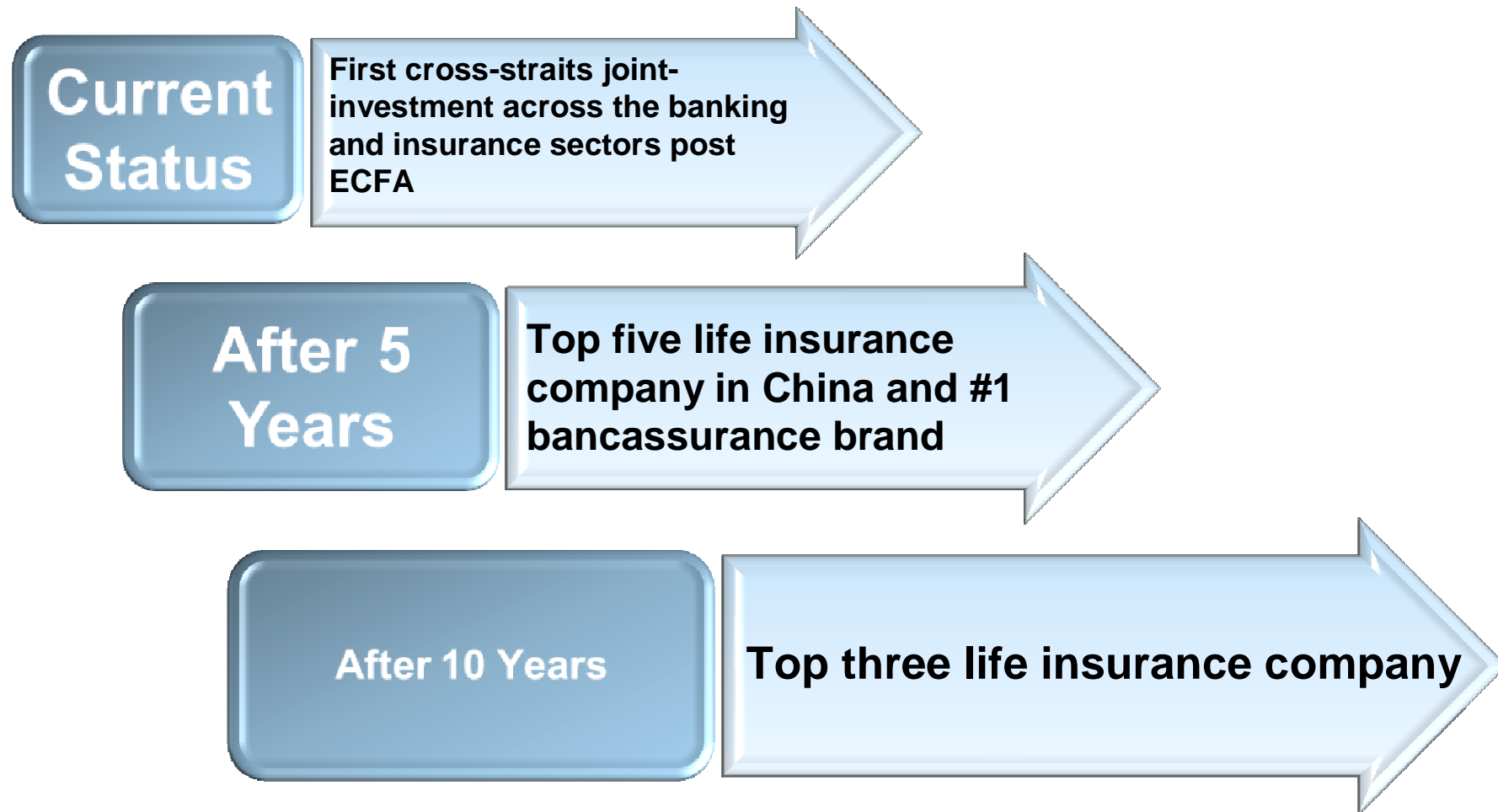
Well Established Branch Network

Leader in Bancassurance

Strong Capital Capacity

Business Target

Pacific Antai (CCB Life) is the opportunity for China Life to build a leading bancassurance franchise in the Mainland China market



▶▶ Disclaimer



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