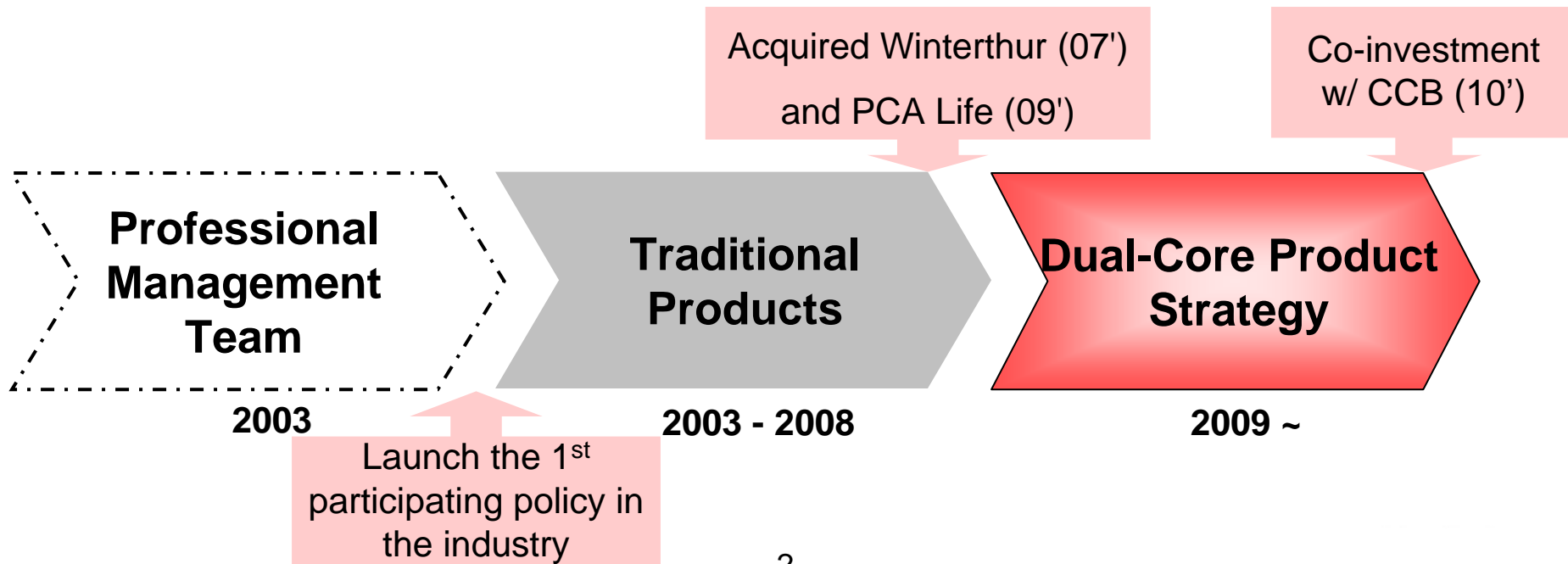


China Life Insurance Co., Ltd.

May 2012

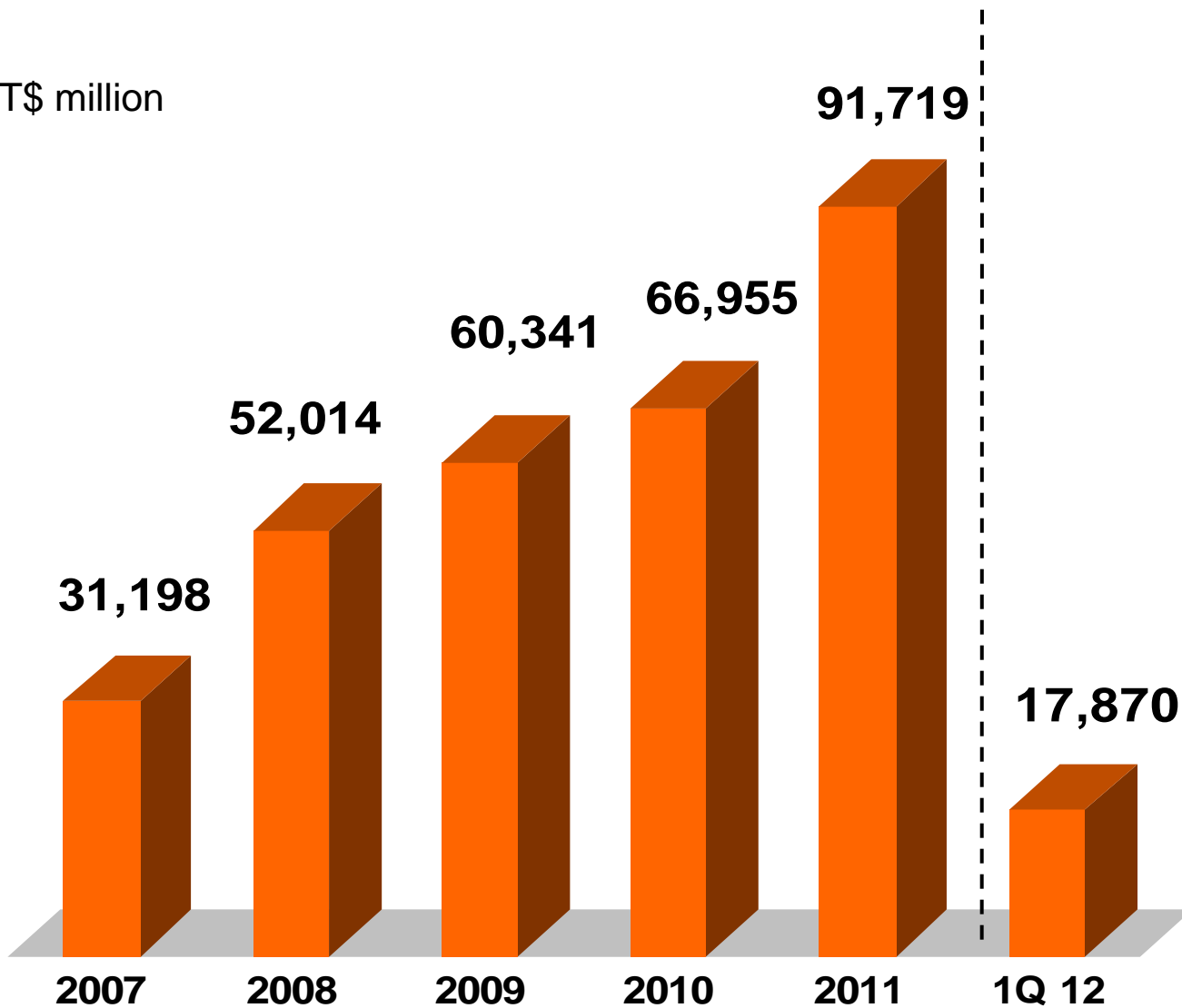
Business Strategies

- ❑ Keep promoting traditional policies to further average down cost of liability (COL)
- ❑ Expand product lines to regular premium investment linked products (ILP) with fee income contribution
- ❑ Entered into an agreement with China Construction Bank in 2010, to invest in CCB Life; Currently it has five Branches in Shanghai, Guangdong, Jiangsu, Beijing and Shandong, and received regulatory approval for Qingdao branch setup



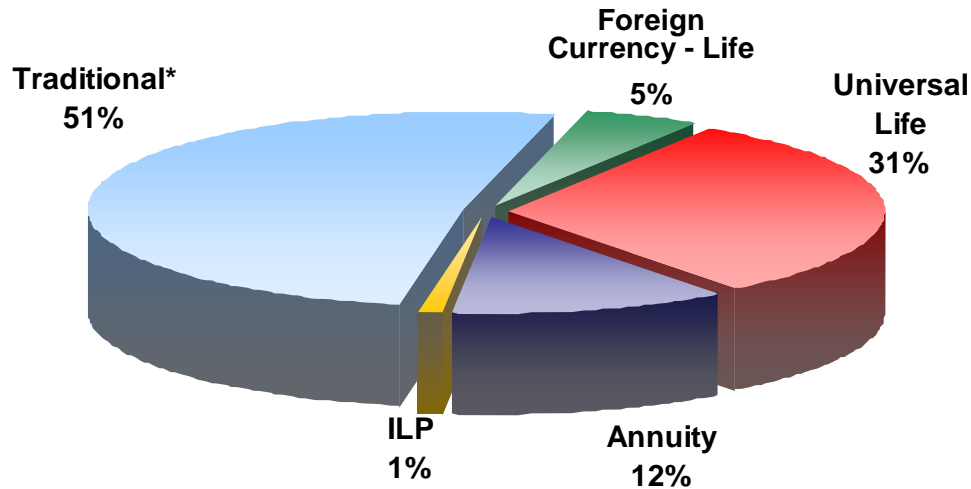
▶▶▶ First Year Premium (FYP)

NT\$ million

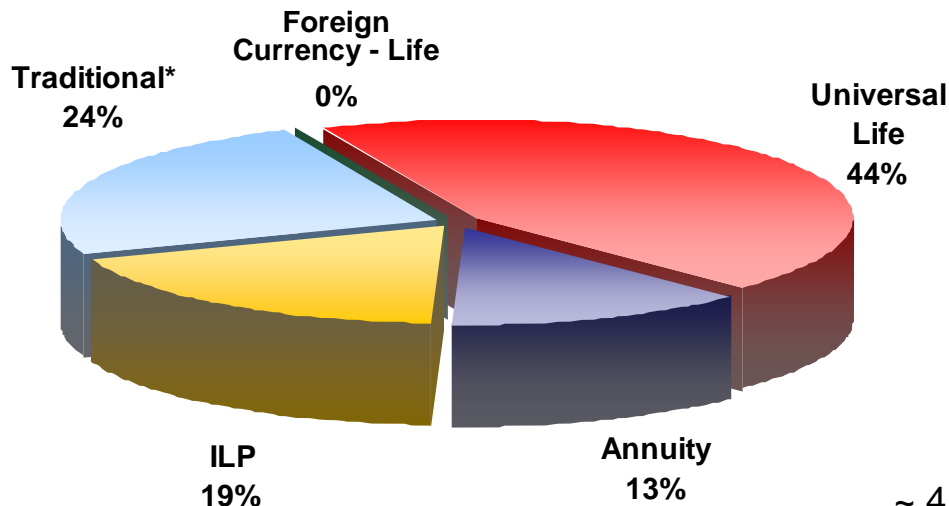


▶ Product Mix (YoY Comparison)

1Q 12 - FYP



1Q 11 - FYP



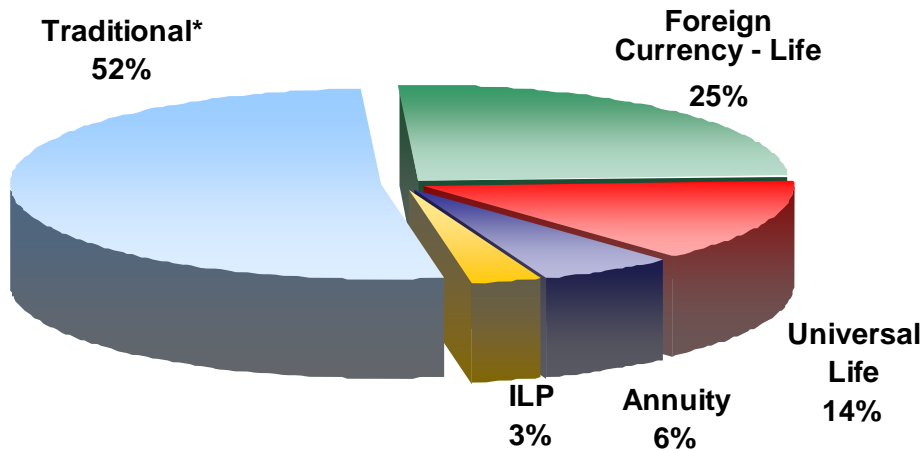
- ❑ Build up a complete investment linked product (ILP) platform to satisfy customers with different risk preference
- ❑ Keep developing diverse product offering and target at high net worth individuals
- ❑ Increase the sale of protection-based foreign currency policies to enhance clients' portfolio diversification

***Traditional:**

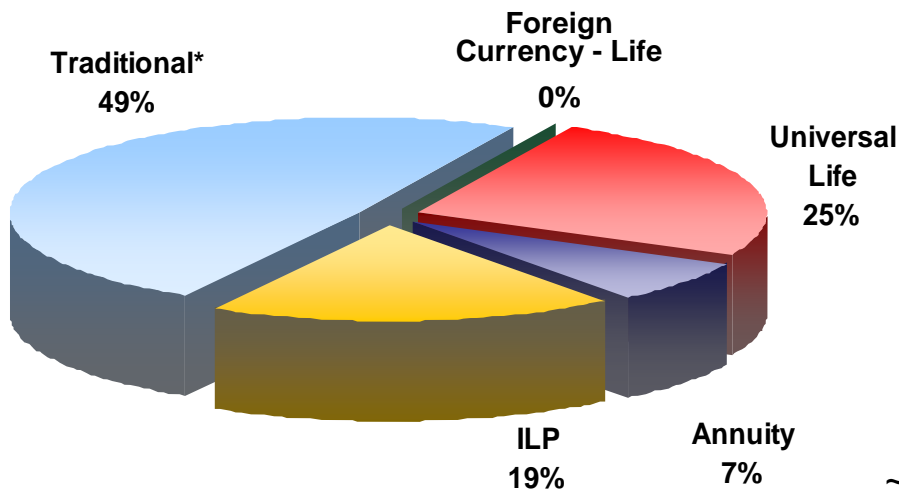
incl. Participating, Non-participating, Interest sensitive life, A&H, riders, & short term etc.

▶▶ Product Mix (APE Comparison)

1Q 12 - FYP by APE



1Q 11 - 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

* Traditional:

incl. Participating, Non-participating, Interest sensitive life, A&H, riders, & short term etc.

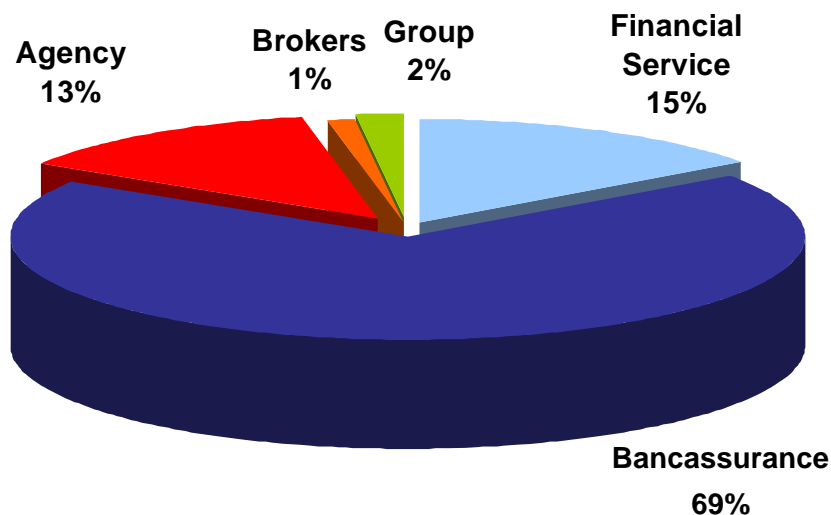
** APE (Annual Premium Equivalent)

= Total amount of regular premiums from new business + 10% of the total amount of single premiums on business written during the period

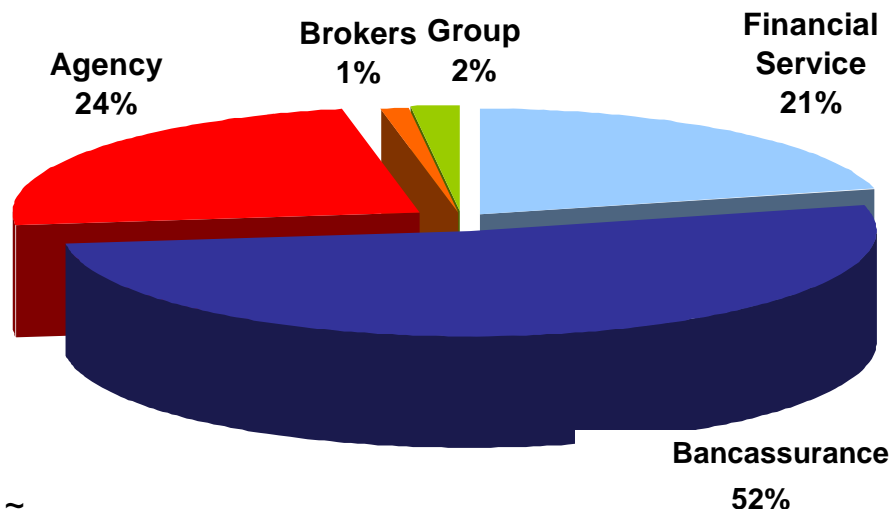
▶▶ Distribution Channels (by YoY)

- ❑ Contribution from agency and high profit margin channel surged post PCA Life acquisition
- ❑ Led the market to start bancassurance business in 2000 without support from a holding company. As of 2011, 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

1Q 12 – FYP



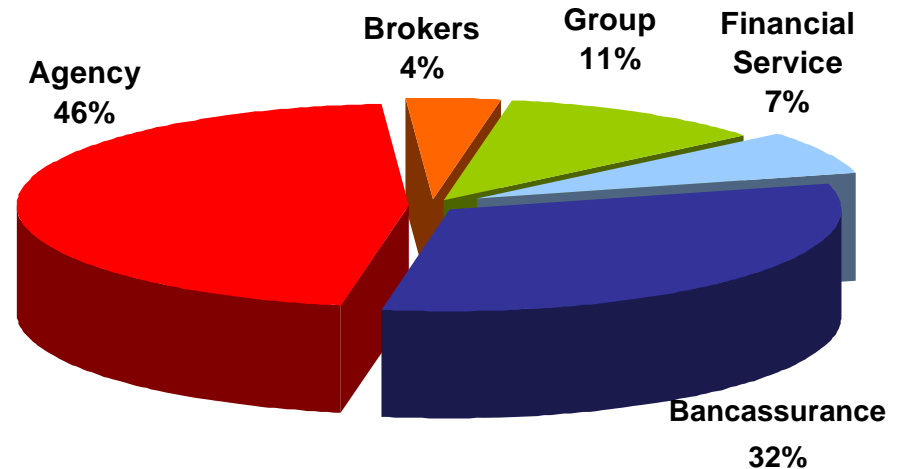
1Q 11 – FYP



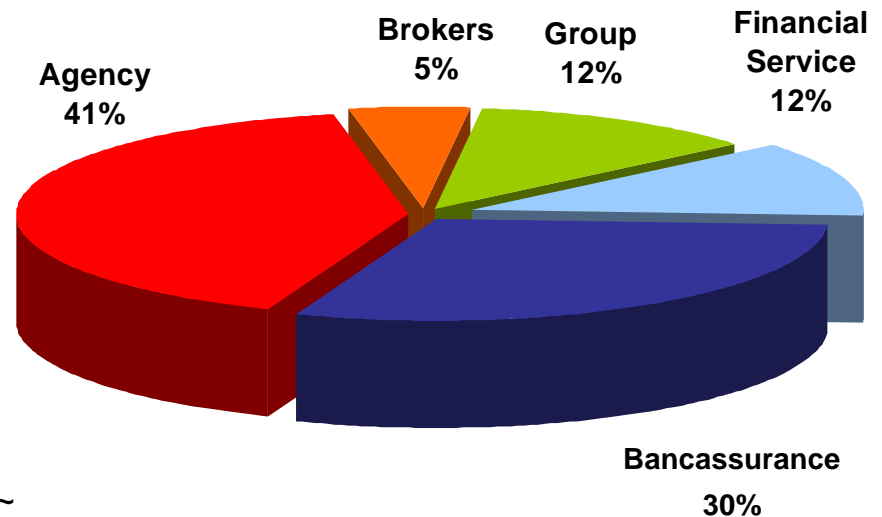
▶▶▶ Distribution Channels (by APE)

- ❑ 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

1Q 12 - FYP by APE



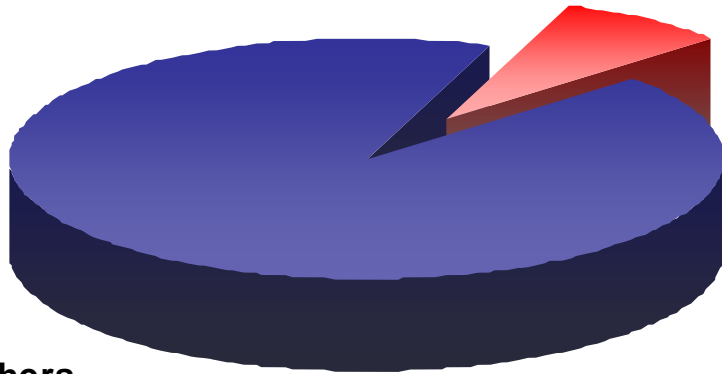
1Q 11 – FYP by APE



***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

1Q 11

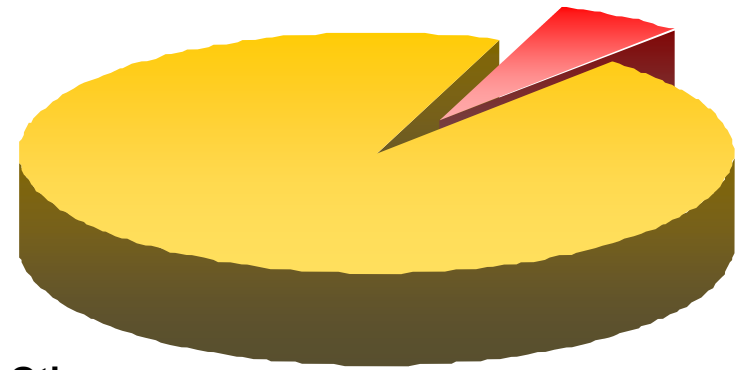
China Life
7.7%, # 4



Others
92.3%

1Q 12

China Life
5.8%, # 4



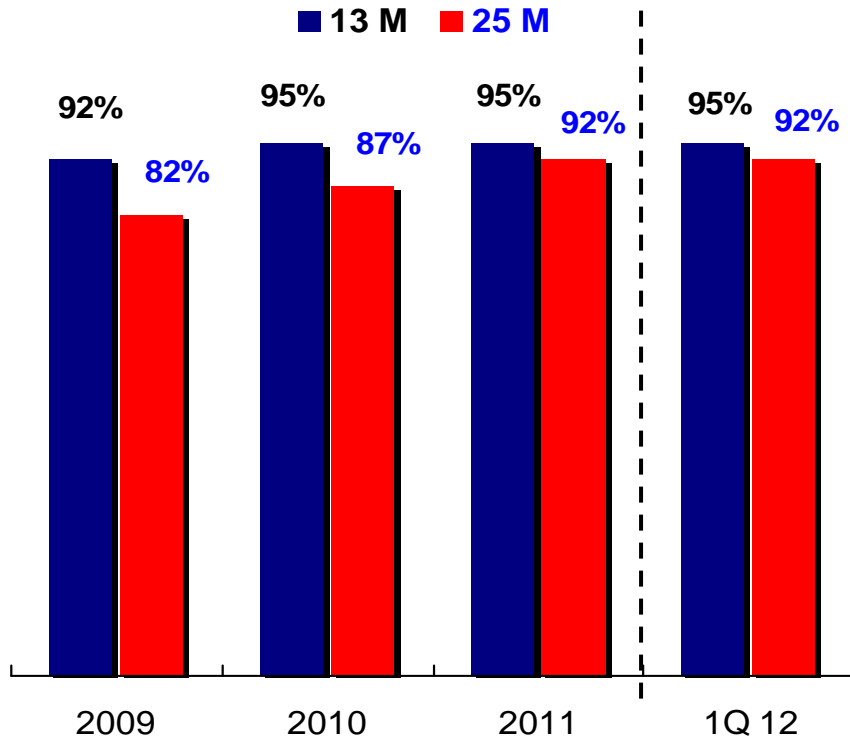
Others
94.2%

- ❑ Provide segregated products according to different channel customer demands
- ❑ Combine traditional & investment linked products to enjoy cross-sell benefits
- ❑ Target at high net worth individuals to provide wealth management services
- ❑ Strengthen protection on accident & medical policies

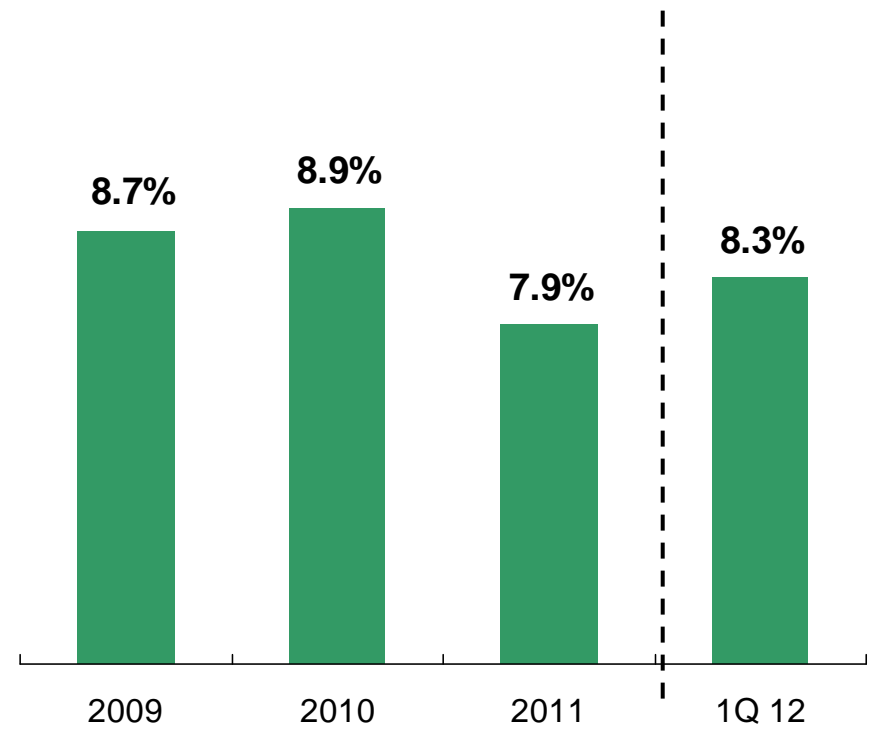
▶▶ Financial Highlights

| NT\$ million | 2011 | 1Q 11 | 1Q 12 | +/- % |
|--------------------|--------------|--------------|--------------|-------------|
| First Year Premium | 91,719 | 20,495 | 17,870 | -13% |
| Total Premium | 144,789 | 33,413 | 32,031 | -4% |
| Investment Income | 24,151 | 6,679 | 5,640 | -16% |
| Profit before Tax | 4,444 | 2,401 | 1,128 | -53% |
| Income Tax | (237) | (182) | (118) | -35% |
| Net Profit | 4,207 | 2,219 | 1,010 | -54% |
| Basic EPS | 2.01 | 1.30 | 0.46 | -65% |
| Total Asset | 730,326 | 670,370 | 753,957 | 12% |
| Paid-in Capital | 21,994 | 17,086 | 21,994 | 29% |
| Net worth | 32,831 | 31,400 | 34,354 | 9% |

Persistency Ratio



Expense Ratio



❑ Fixed Income

- Accounts for more than 77% of total invested assets
- Emphasis on Asset Liability Matching principle
- Domestic fixed income accounts for 40% of total portfolio; Largely allocate at long duration bonds to enjoy rate hike benefit and enhance yield

❑ Domestic Equities

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

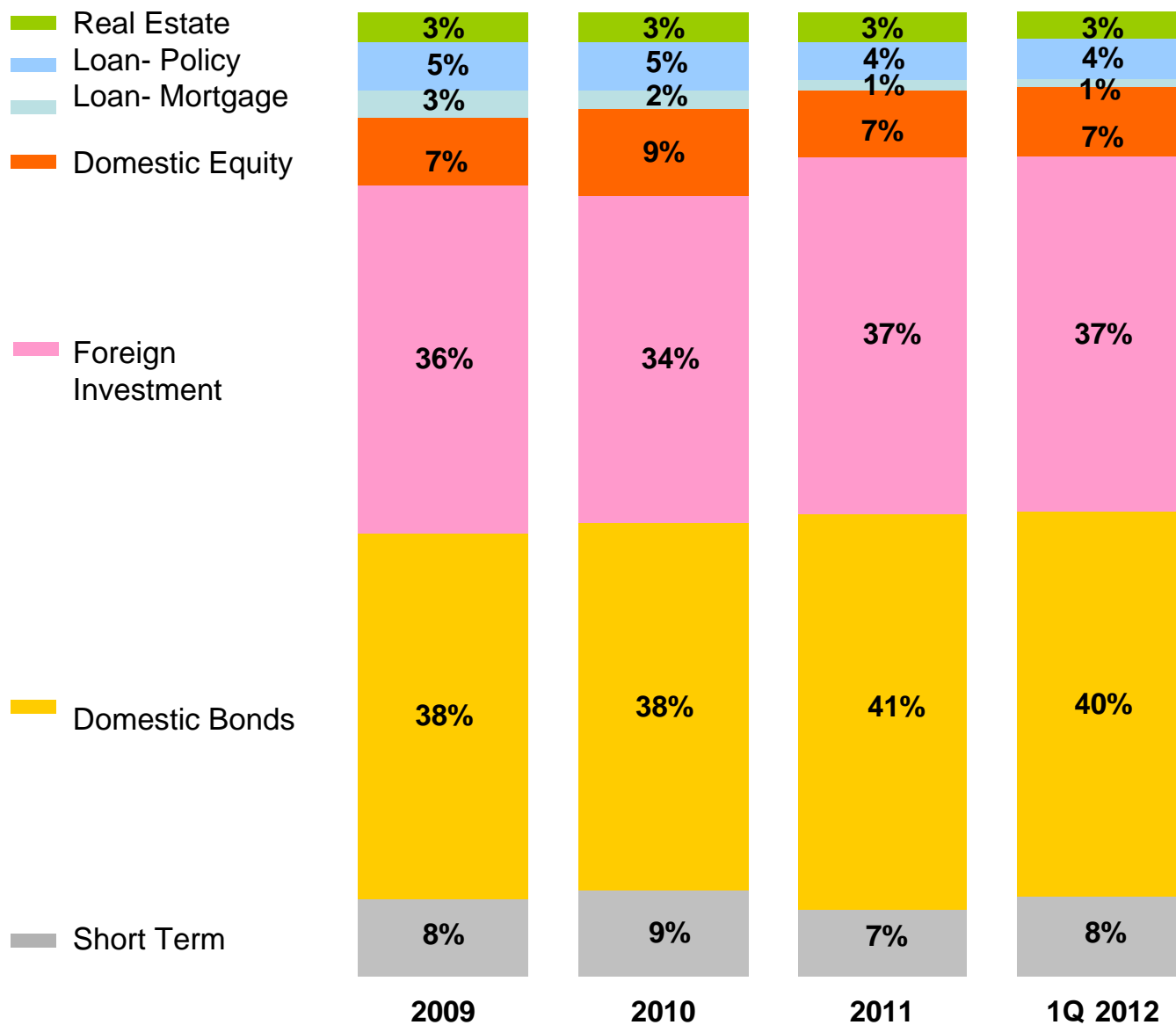
❑ Foreign Investment

- Received regulatory approval to increase overseas investment limit to 45%
- Assumption of selective interest rate risk; minimum credit rating requirement A or above
- Utilization of direct hedge and dynamically adjust hedging ratio
- Further increase overseas investment to enhance yield pick-up

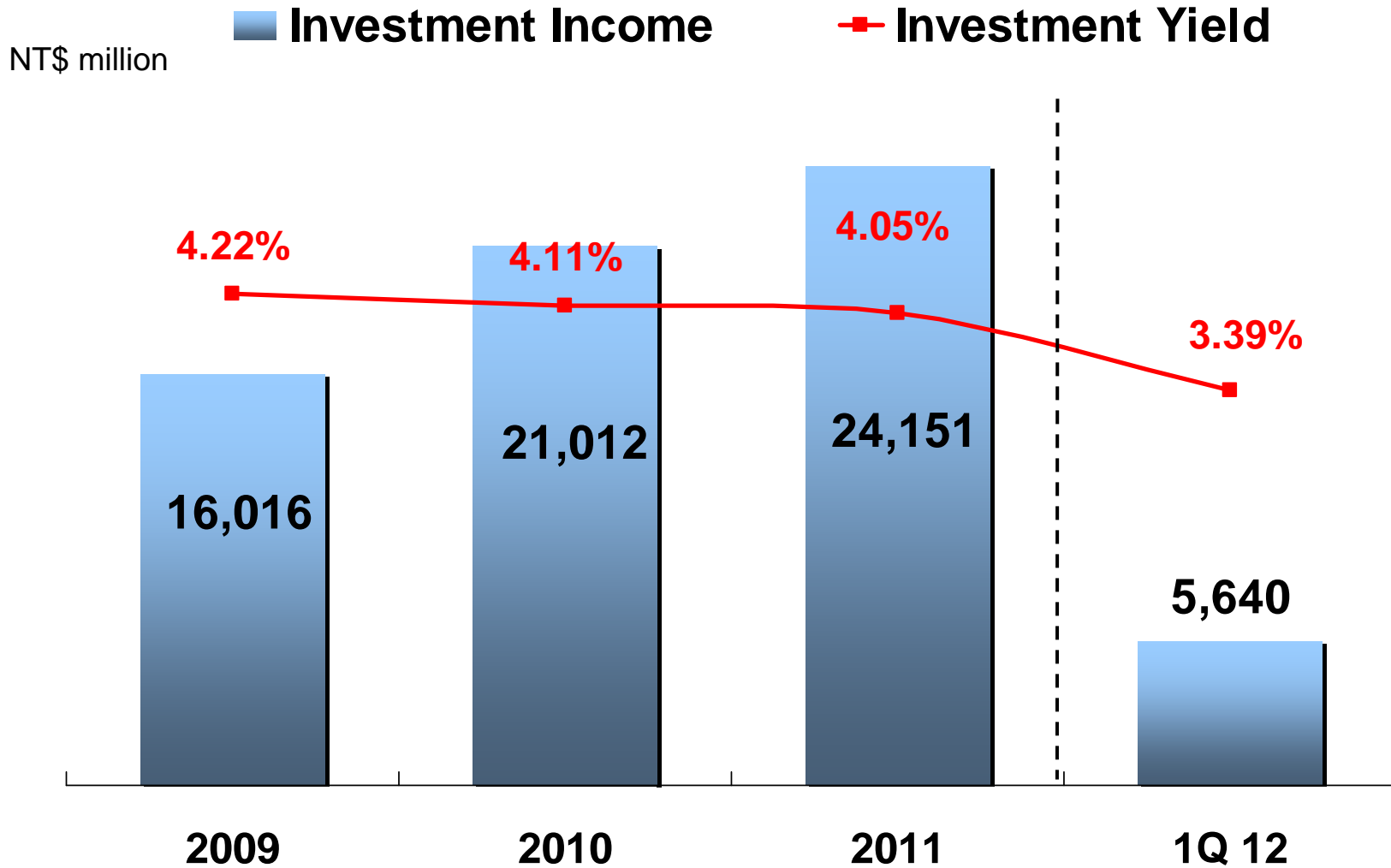
❑ Real Estate

- 3% of total assets
- Targeting Grade A commercial buildings with 2.5%+ rental yield
- Selection of areas with high appreciation potential

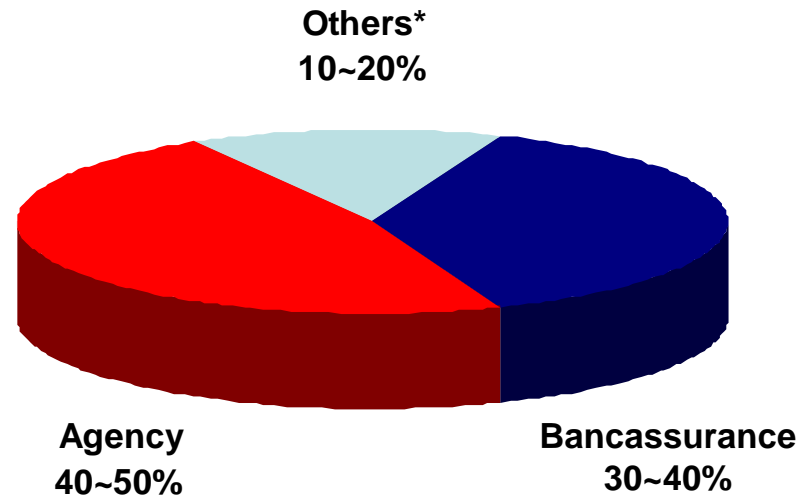
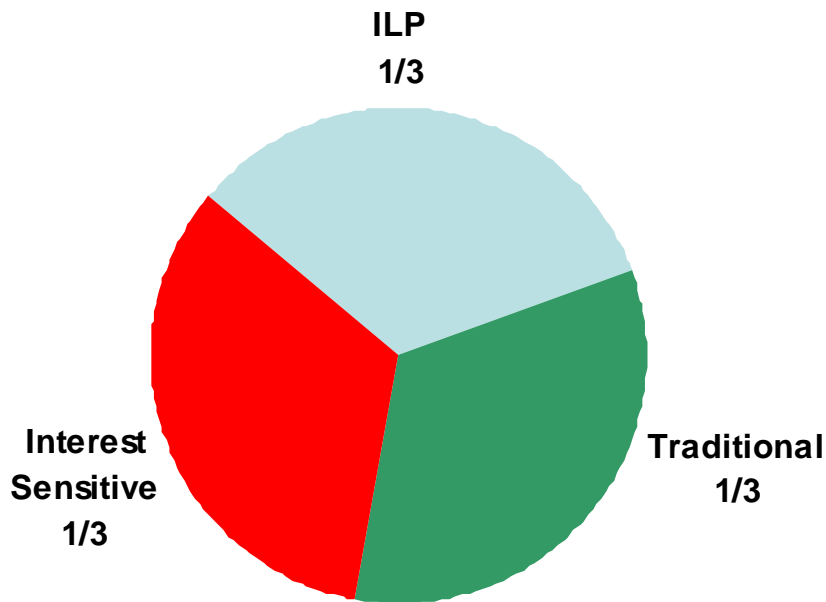
▶▶▶ Asset Portfolio



▶▶▶ Investment Income



- 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

YoY of Embedded Value

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

| Valuation Date | 2009/12/31 | 2010/12/31 | YoY |
|---------------------------|---|------------------|------------|
| Solvency Basis | 200% RBC | | Unchanged |
| Rate of Investment Return | Yr1 ~ Yr6 : 3.75% ~ 5.15% After Yr7 : 5.25% (Int. Sensitive 2.75%~4.6%) | | Unchanged |
| Risk Discount Rate | 10.50% | | Unchanged |
| Adjusted Net Worth | 33,135 | 48,099 | 45% |
| Value of In Force | 28,550 | 35,996 | 26% |
| Cost of Capital | (12,266) | (12,956) | 6% |
| Embedded Value | 49,419 | 71,138 | 44% |
| # of Outstanding Shares | 1,501 | 1,709 | - |
| EV Per Share | NT\$32.92 | NT\$41.64 | - |
| V1NB (after CoC)* | 6,015 | 6,882 | 14% |

* V1NB = Value of last 12 months new business

2010 Embedded Value (After Capital Injection)

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

| Valuation Date | 2010/12/31 | 2011/5/20 * |
|----------------------------|------------------|------------------|
| Adjusted Net Worth (ANW) | 48,099 | 55,599 |
| Value of In Force (VIF) | 35,996 | 35,996 |
| Cost of Capital (CoC) | (12,956) | (12,956) |
| Embedded Value (EV) | 71,138 | 78,638 |
| # of Outstanding Shares | 1,709 | 2,009 |
| EV Per Share | NT\$41.64 | NT\$39.15 |
| V1NB (After CoC) | 6,882 | 6,882 |

❑ 2011/5 reflects changes on NT\$7.5billion net worth increase and # of outstanding shares after capital injection. VIF and CoC are assumed unchanged after capital injection

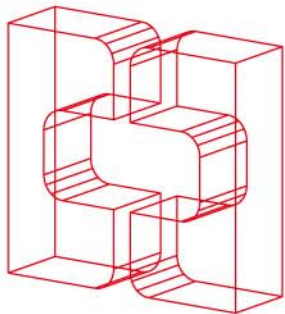
❑ Calculation of EV per share for 2011/05/20:

$$\$71,138 + (300 \text{ million shares} * \$25 \text{ per share}) / 2,009 \text{ million outstanding shares} = \$39.15$$

▶▶ Financial Summary

NT\$ million

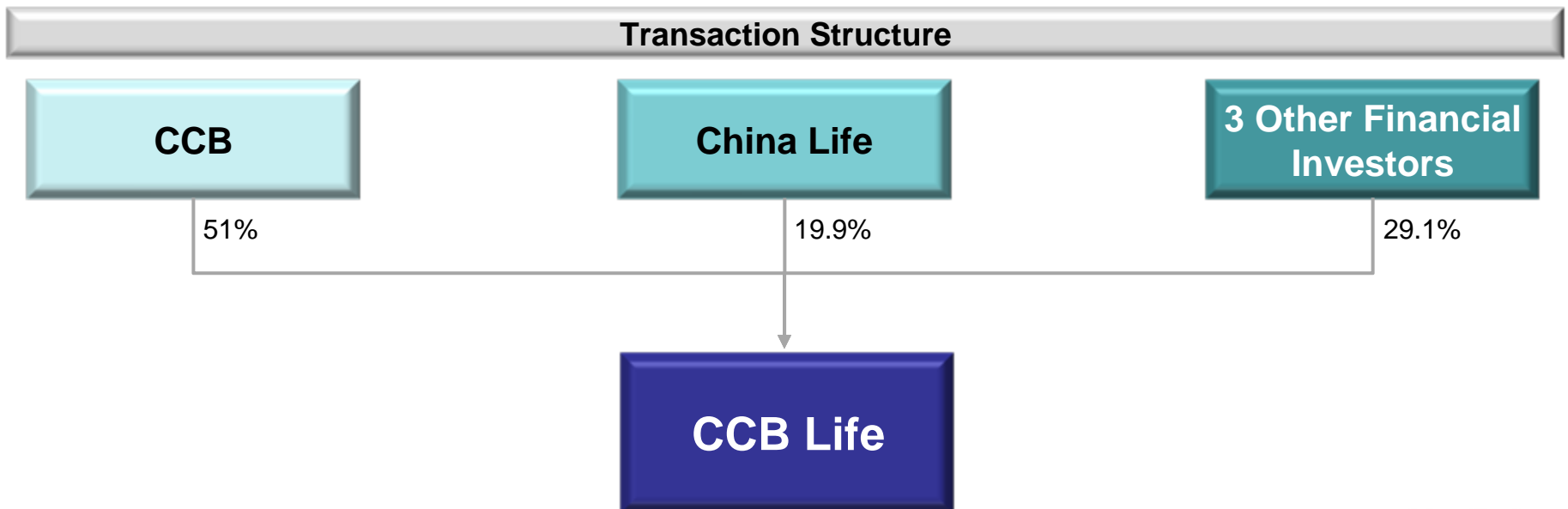
| <u>Income Statement Data</u> | <u>2010</u> | <u>2011</u> | <u>Variance</u> | <u>1Q 11</u> | <u>1Q 12</u> | <u>Variance</u> |
|---|--------------|--------------|-----------------|--------------|--------------|-----------------|
| Premium Income | 107,384 | 128,923 | 20.1% | 27,607 | 29,654 | 7.4% |
| Net Investment Income | 21,012 | 24,151 | 14.9% | 6,679 | 5,640 | -15.6% |
| Other Revenue - separate account | 18,456 | 5,151 | -72.1% | 4,420 | 4,184 | -5.3% |
| Miscellaneous Income | 749 | 1,787 | 138.6% | 338 | 391 | 15.7% |
| Benefits to Policyholders and Beneficiaries | 38,259 | 55,836 | 45.9% | 10,382 | 11,089 | 6.8% |
| Acquisition and Operation Expenses | 9,113 | 9,871 | 8.3% | 2,377 | 2,403 | 1.1% |
| Change in Actuarial Liabilities | 78,577 | 83,857 | 6.7% | 19,251 | 20,838 | 8.2% |
| Other Operating Cost - separate account | 18,456 | 5,151 | -72.1% | 4,420 | 4,184 | -5.3% |
| Miscellaneous Expenses | 744 | 853 | 14.7% | 213 | 227 | 6.6% |
| Net Profit Before Tax | 2,452 | 4,444 | 81.2% | 2,401 | 1,128 | -53.0% |
| Net Profit | 3,363 | 4,207 | 25.1% | 2,219 | 1,010 | -54.5% |
| Basic Earnings Per Share | 1.97 | 2.01 | 2.0% | 1.30 | 0.46 | -64.6% |
| <u>Balance Sheet Data</u> | | | | | | |
| Total Assets | 648,753 | 730,326 | 12.6% | 670,370 | 753,957 | 12.5% |
| Total Liabilities | 616,932 | 697,495 | 13.1% | 638,970 | 719,603 | 12.6% |
| Total Stockholders' Equity | 31,821 | 32,831 | 3.2% | 31,400 | 34,354 | 9.4% |



China Life and CCB Investment in CCB Life

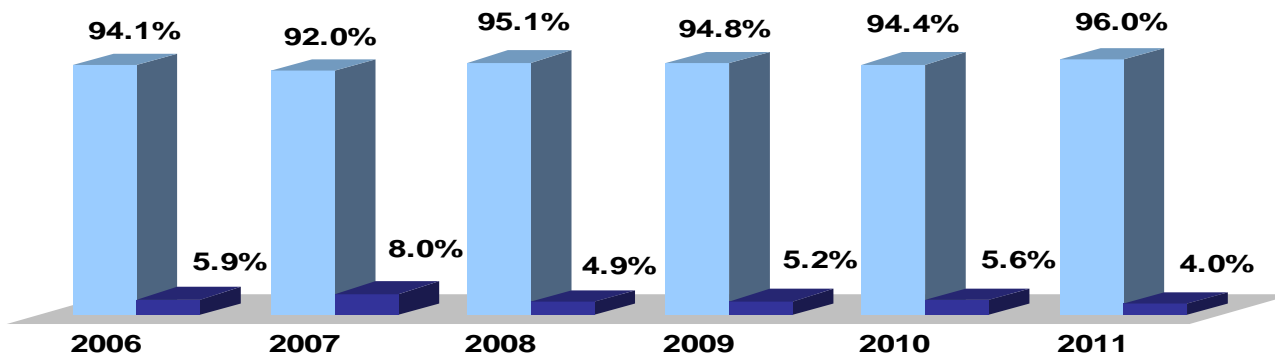
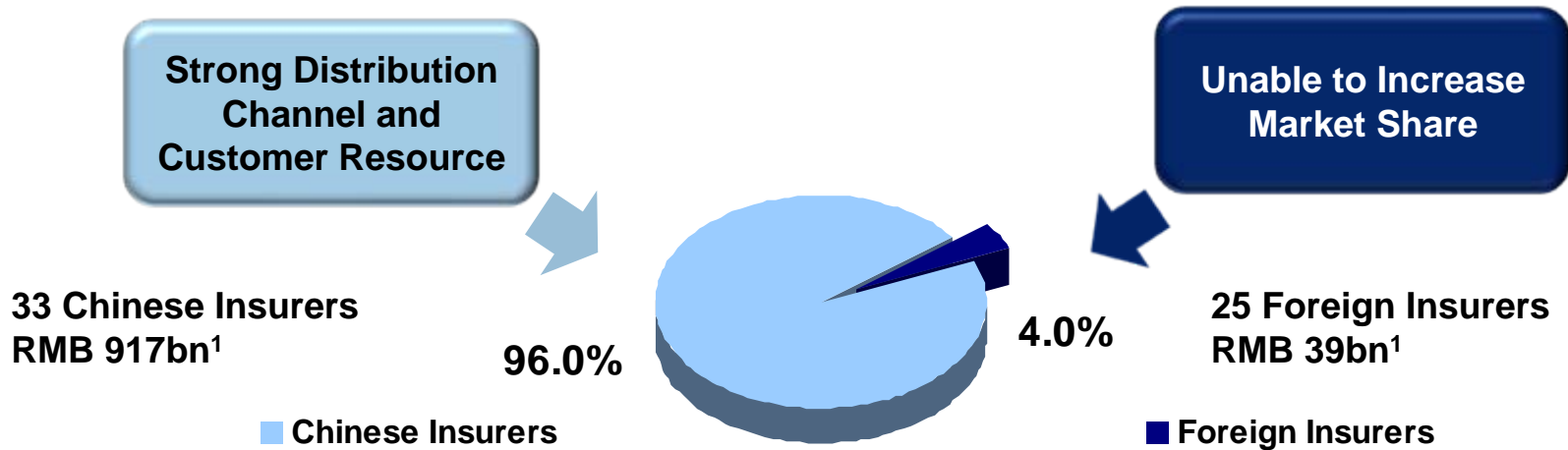
Transaction Structure

- ❑ **China Life**'s initial equity investment was RMB379 million (approximately NT\$1.7 billion)
- ❑ Post-transaction **China Life** holds **19.9%** stake, while **CCB** holds a **51%** ownership
- ❑ **China Life** is the **only** foreign investor and strategic partner of **CCB Life**, and the transaction represents the **first** cross-straits joint-investment across banking & insurance sectors post ECFA
- ❑ China Life offers the insurance expertise and technical support to the new entity
- ❑ CCB Life has 5 branches in Shanghai, Guangdong, Jiangsu, Beijing and Shandong. Recently it received regulatory approval for Qingdao branch setup, and will continue the expansion in major provinces/cities in China



▶▶ 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 : 2011 total premiums.

▶▶▶ 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

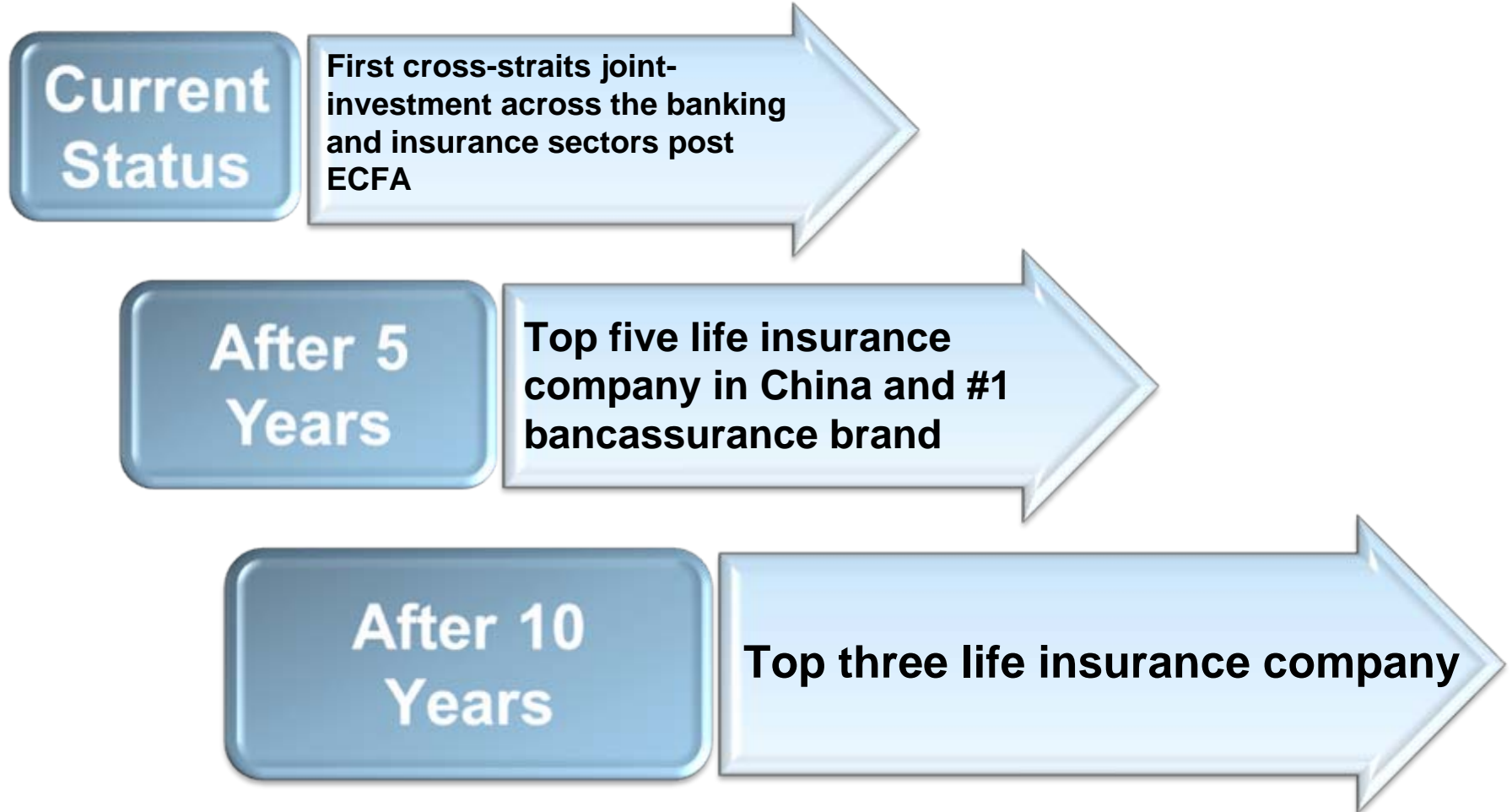
Well Established Branch Network

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



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