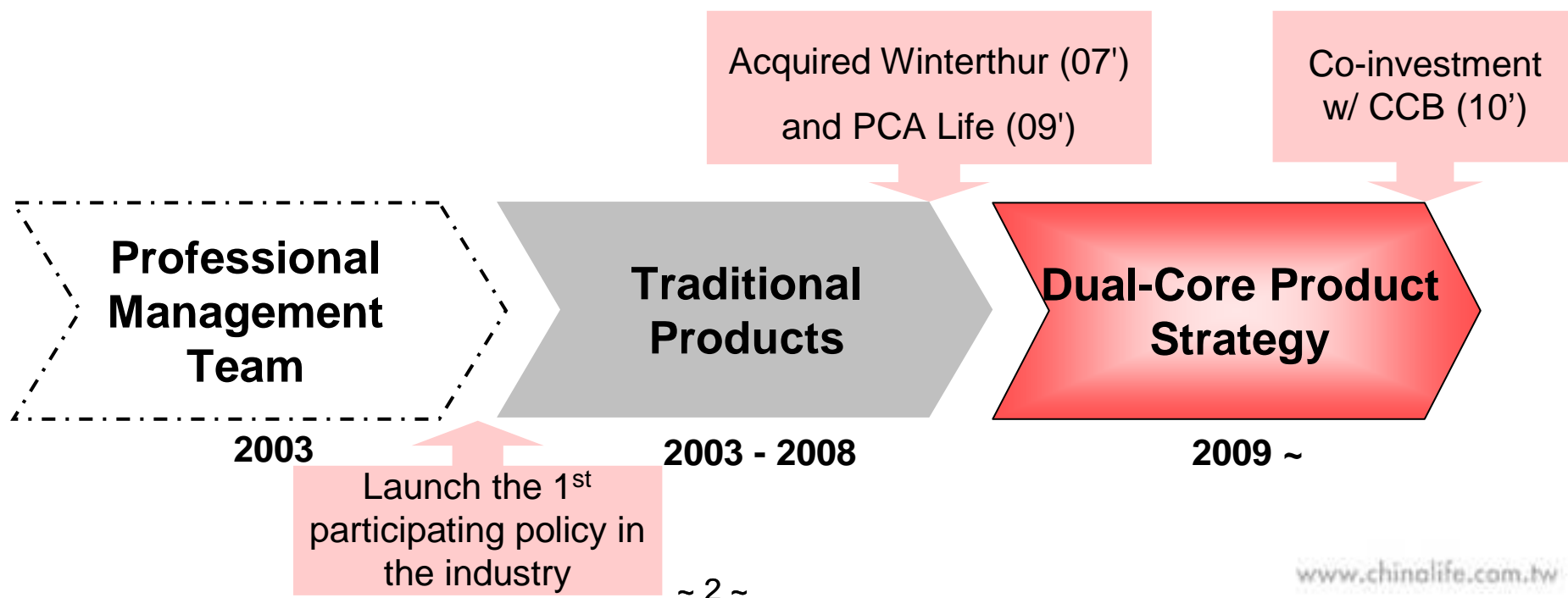


China Life Insurance Co., Ltd.

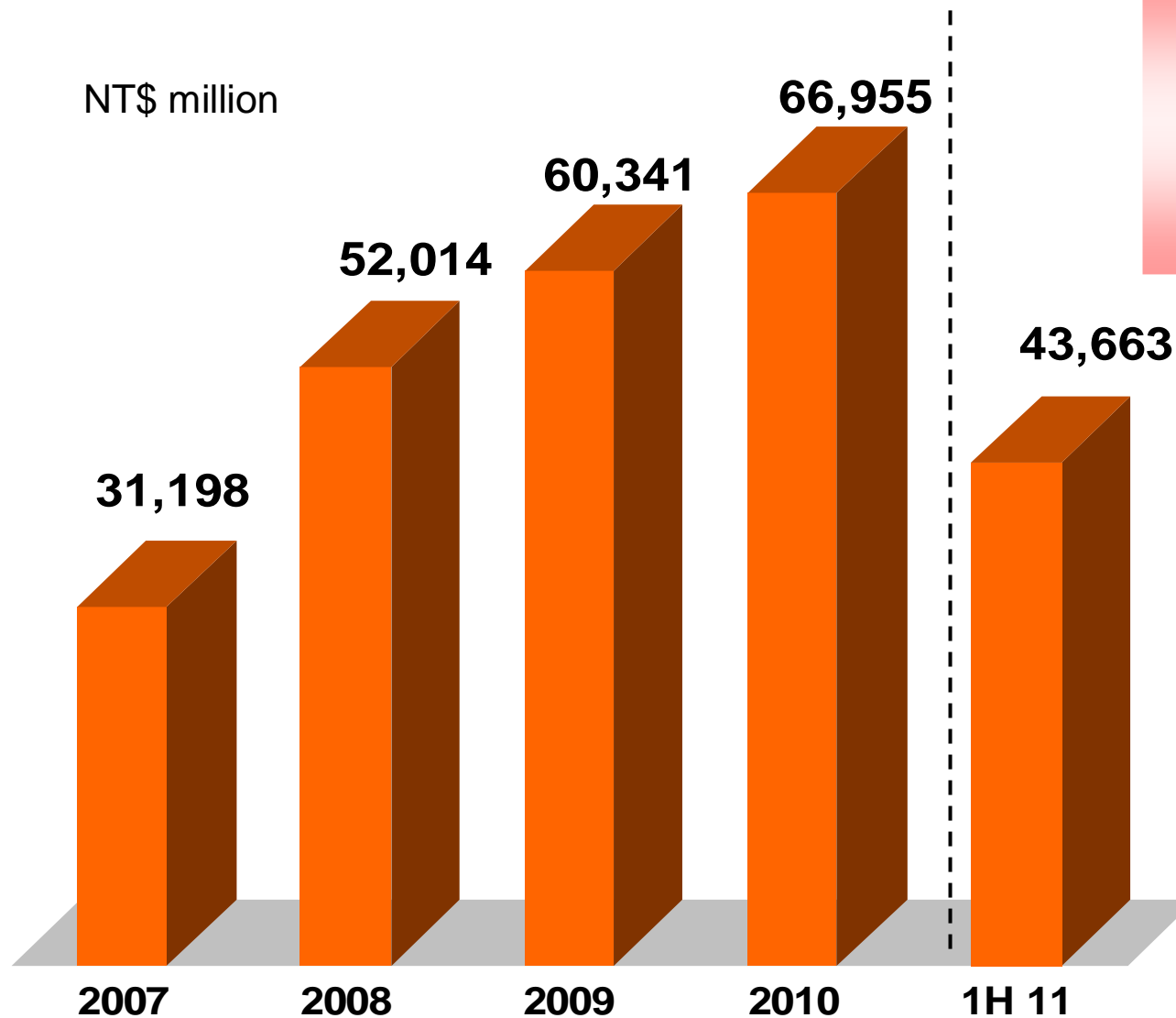
September 2011

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 a joint investment agreement with China Construction Bank (CCB), to begin developing the insurance market in Mainland China
- ❑ To fortify corporate governance and transparency in financial disclosures, an Audit Committee and a Remuneration Committee were set up



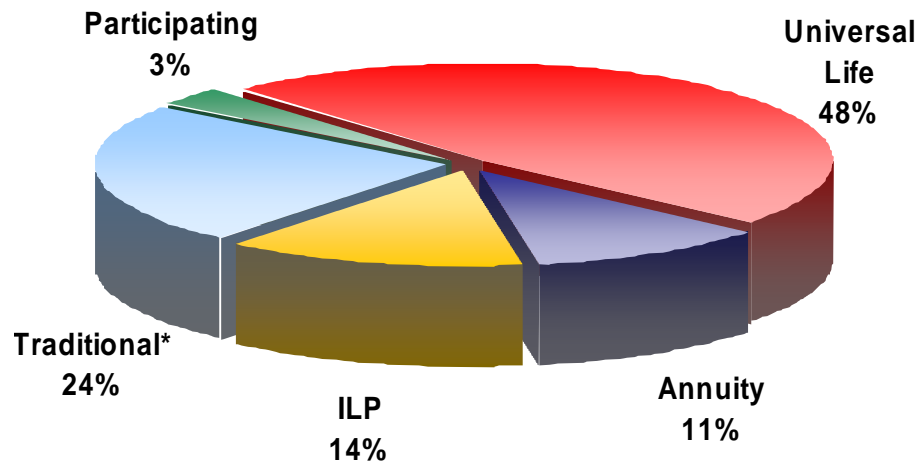
First Year Premium (FYP)



FYP YoY growth:
China Life: 44%
Industry: (-12%)

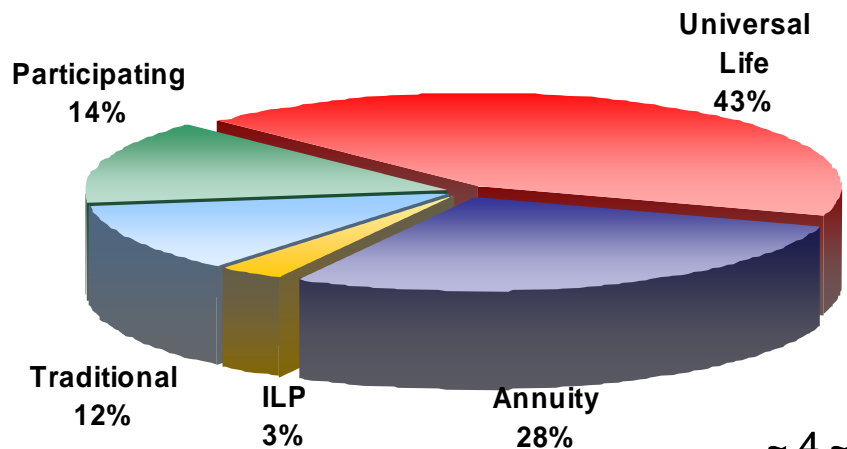
Product Mix (YoY Comparison)

1H 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

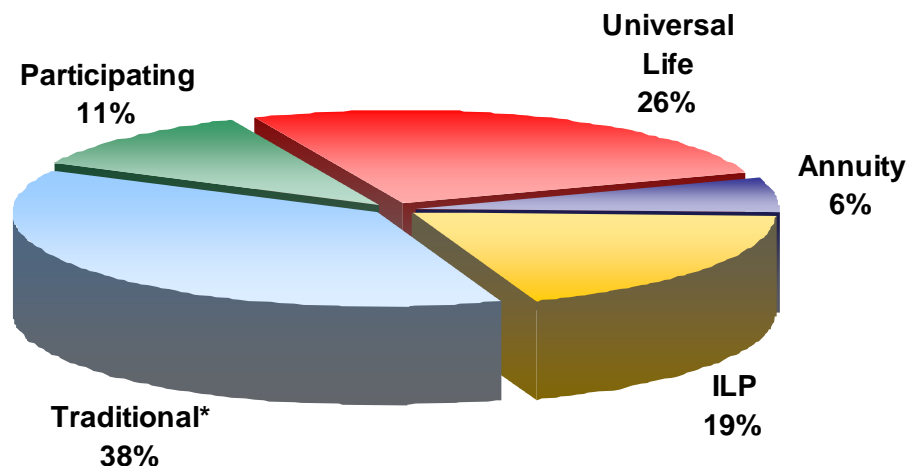
1H 10 - FYP



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

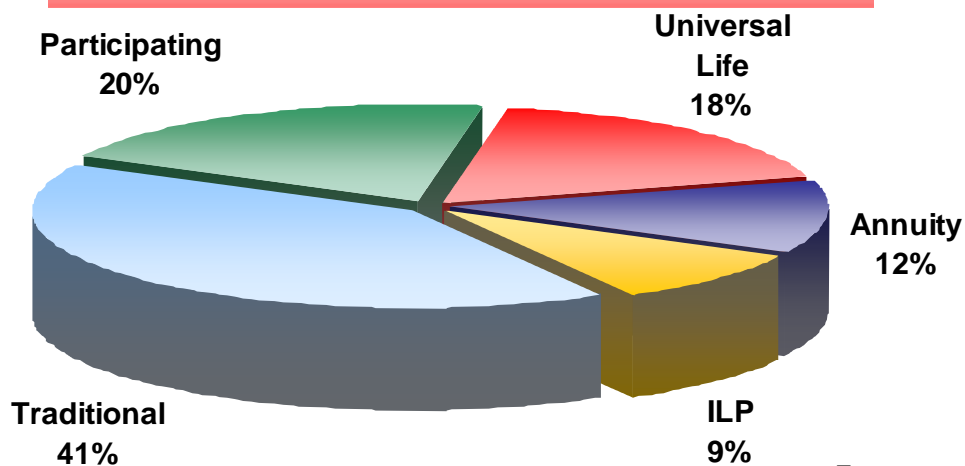
Product Mix (APE Comparison)

1H 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

1H 10 - FYP by APE



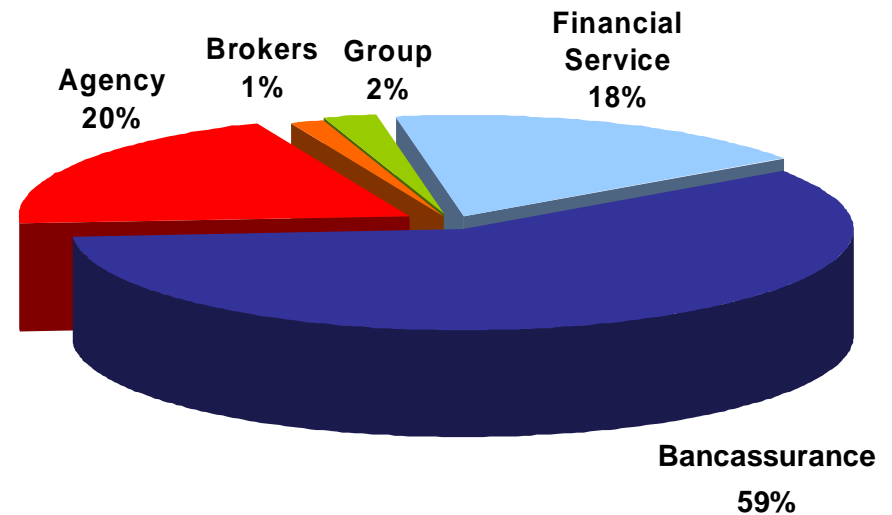
* **Traditional:**
incl. Non-participating, A&H, riders, & short term etc.

** **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

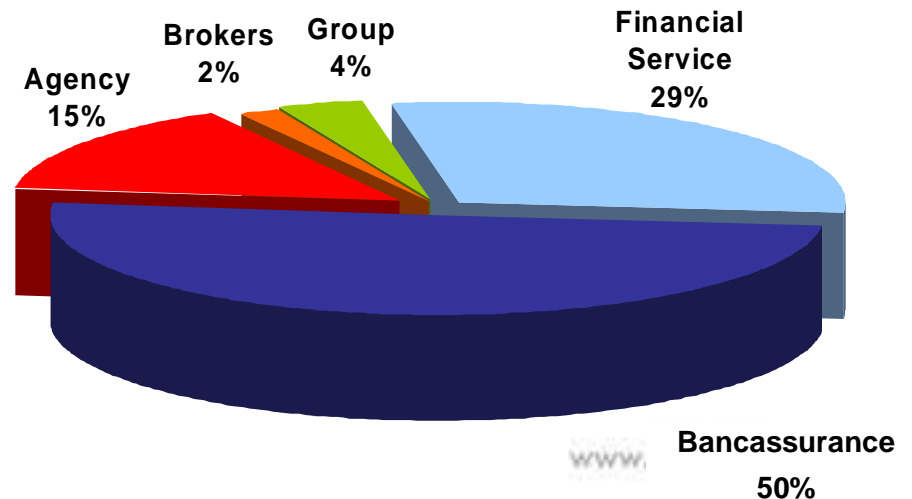
Distribution Channels (by YoY)

- ❑ 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 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

1H 11 - FYP



1H 10 - FYP

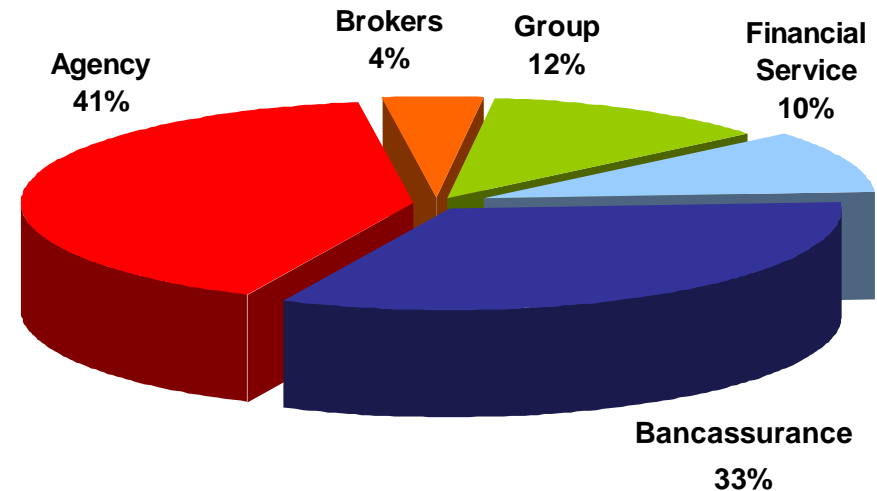


Distribution Channels (by APE)

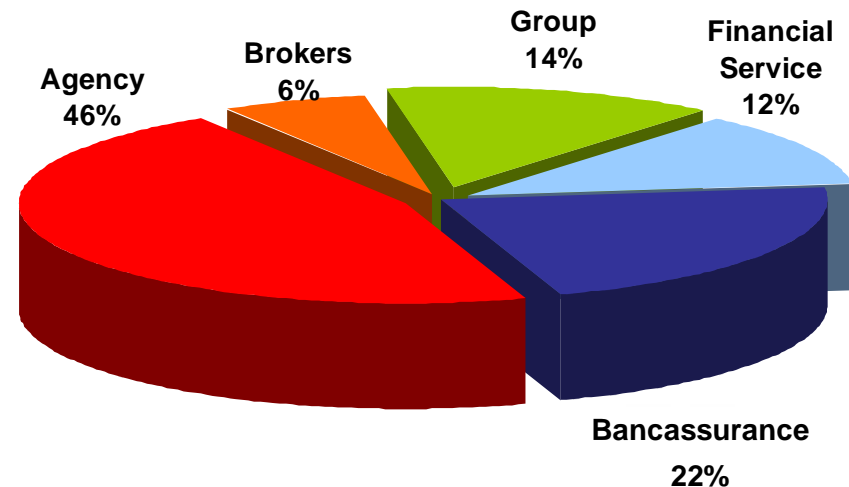
- ❑ Expand and broaden multi-channel platform to tap on different segment customers
- ❑ Increased agency channel contribution significantly post PCA Life acquisition
- ❑ Enlarge sales from high profit margin channels and maximize cross-selling opportunities

* **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

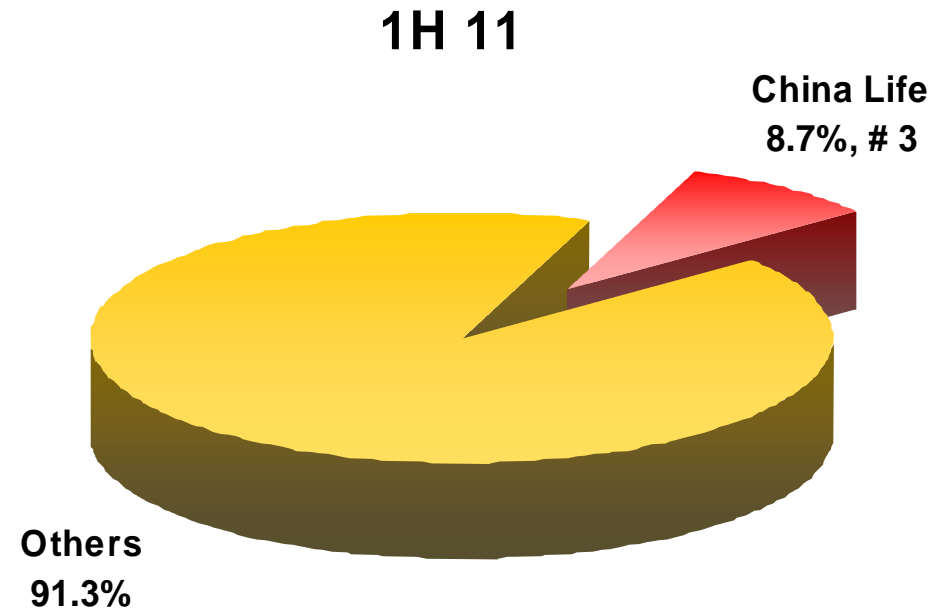
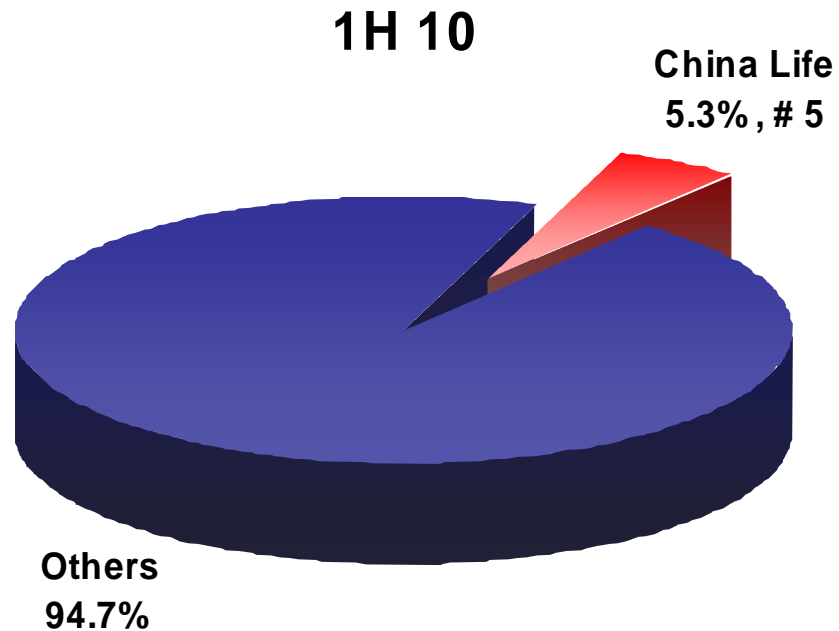
1H 11 - FYP by APE



1H 10 - FYP by APE



Market Share - FYP



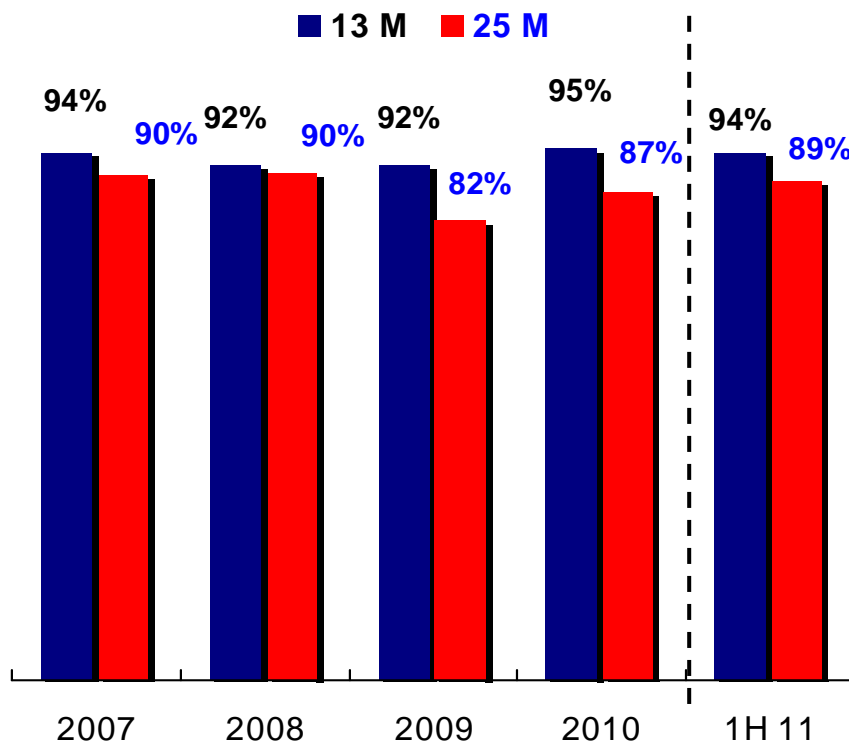
- ❑ Provide segregated products according to different channel customer demands
- ❑ Combine traditional & investment linked products to enjoy cross-sell benefits
- ❑ Target at high net worth individuals to provide wealth management services
- ❑ Strengthen protection on accident & medical policies

Financial Highlights

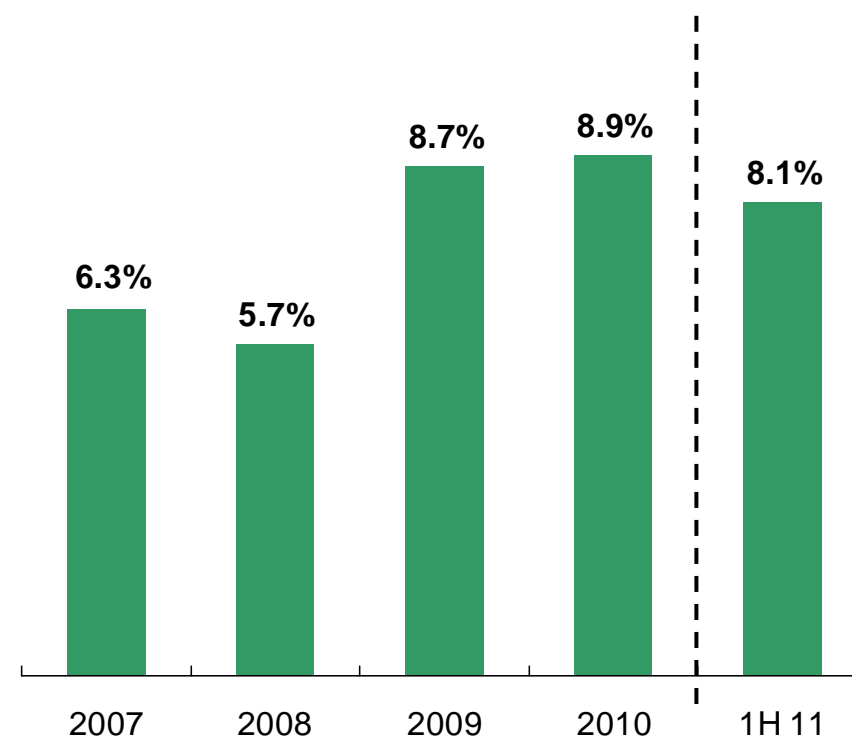
NT\$ million	2010	1H 10	1H 11	+/- %
First Year Premium	66,955	30,383	43,663	44%
Total Premium	120,278	55,540	69,380	25%
Investment Income	21,012	9,094	11,587	27%
Profit before Tax	2,452	1,198	2,644	121%
Income Tax	911	(87)	(15)	-83%
Net Profit	3,363	1,111	2,629	137%
Basic EPS	1.97	0.74	1.47	99%
Total Asset	648,753	592,155	703,374	19%
Paid-in Capital	17,086	17,086	21,994	29%
Net worth	31,821	20,458	38,718	89%

■ 1H 11 net profit was accomplished by the surging fee income from investment-linked product sales, substantial investment return and solid cost saving from the PCA Life acquisition. Both agency and bancassurance channels demonstrated strong sales growth

Persistency Ratio



Expense Ratio



❑ Fixed Income

- Accounts for more than 73% of total invested assets
- Emphasis on Asset Liability Matching principal
- Domestic fixed income accounts for 39% 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

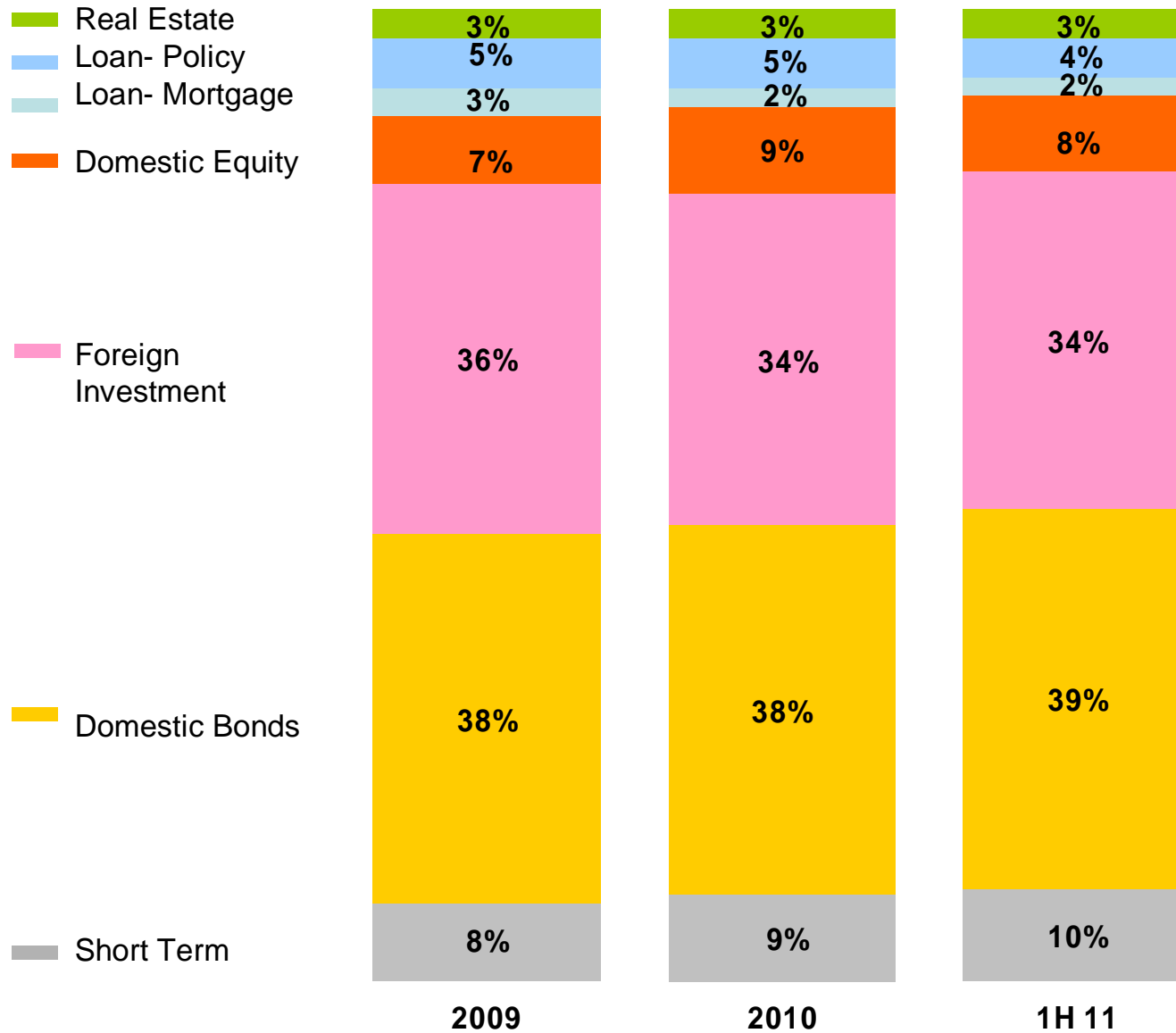
❑ Foreign Investment

- Assumption of selective interest rate risk
- Minimum credit rating requirement single A or above
- Utilization of direct hedge and dynamically adjust hedging ratio at 83% as of 1H 2011
- Further increase overseas investment to enhance yield pick-up on the rate hike trend

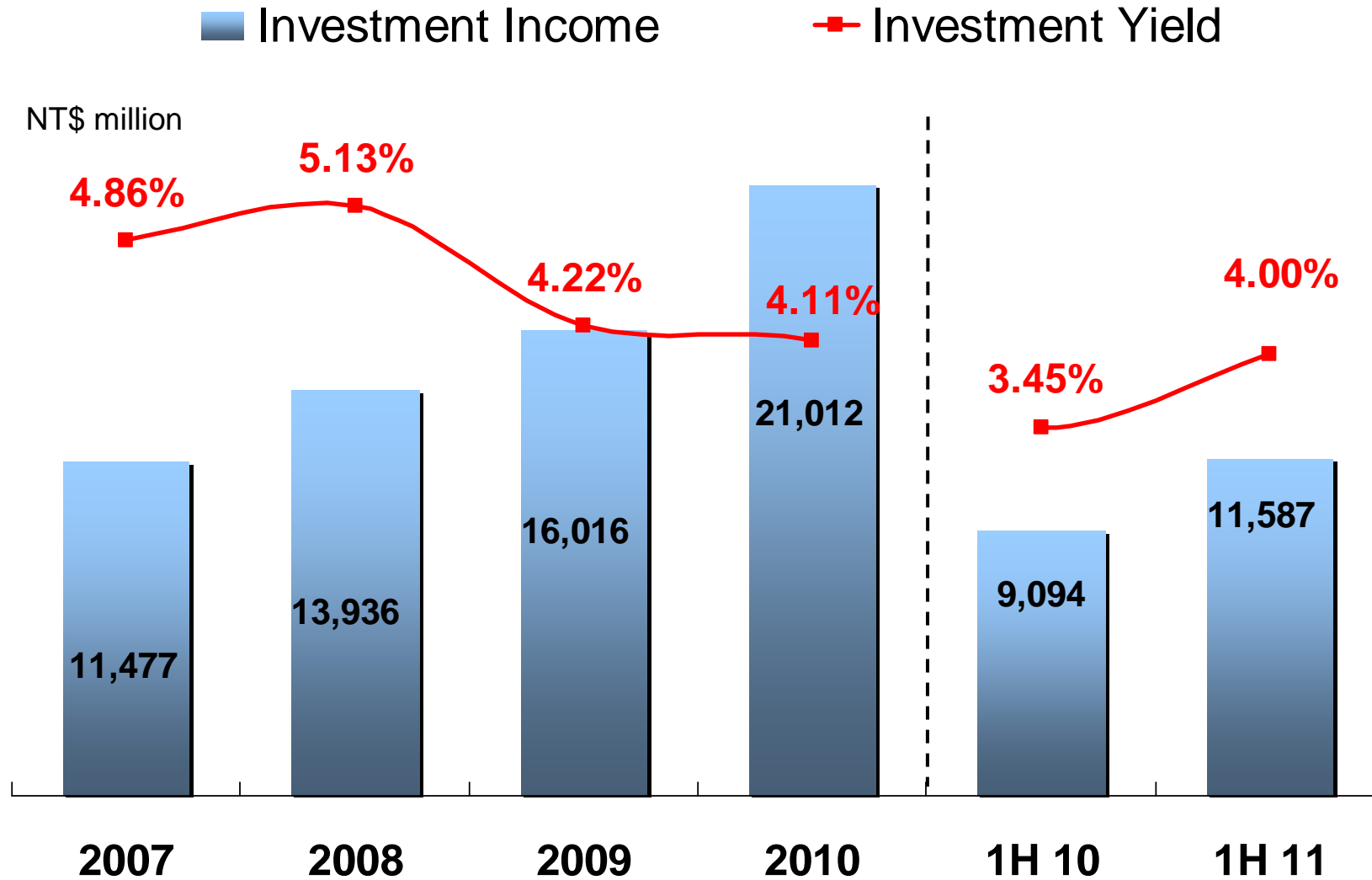
❑ Real Estate

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

Asset Portfolio

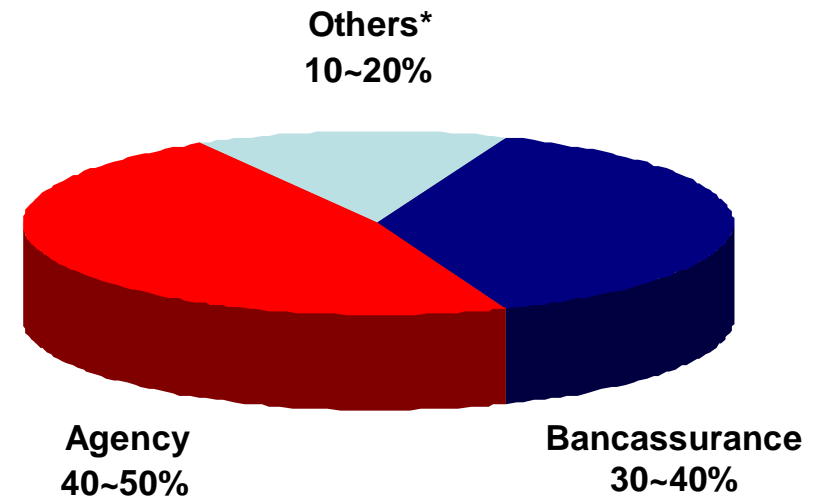
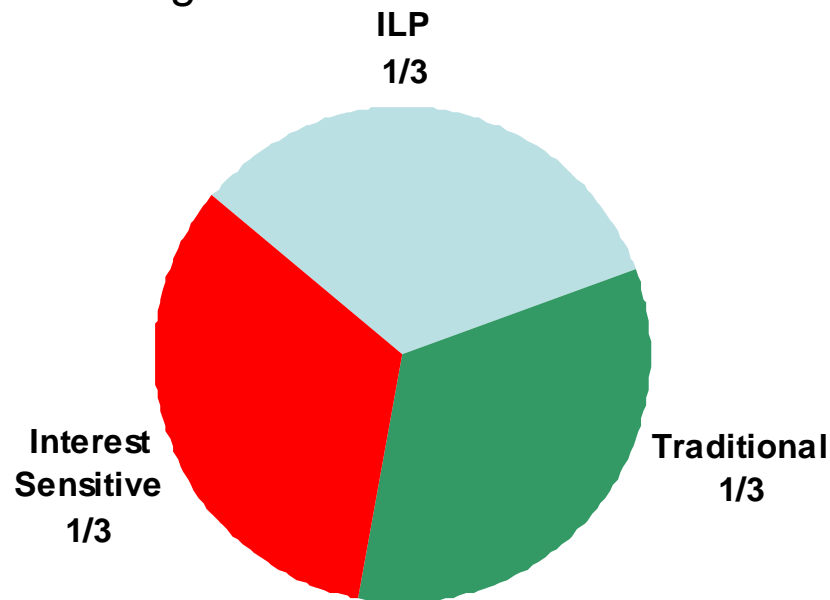


Investment Income



- 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:

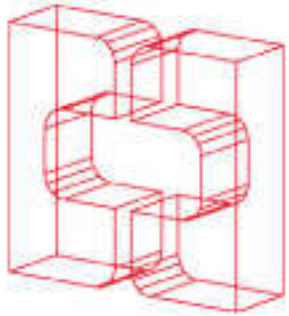
$$[\$71,138 + (300 \text{ million shares} * \$25 \text{ per share})] / 2,009 \text{ million outstanding shares} = \$39.15$$

Financial Summary



NT\$ million

	<u>2009</u>	<u>2010</u>	<u>Variance</u>	<u>1H 10</u>	<u>1H 11</u>	<u>Variance</u>
<u>Income Statement Data</u>						
Premium Income	91,683	107,384	17.1%	50,330	59,075	17.4%
Net Investment Income	16,016	21,012	31.2%	9,094	11,587	27.4%
Other Revenue - separate account	15,199	18,456	21.4%	7,556	6,473	-14.3%
Miscellaneous Income	1,114	749	-32.8%	1,026	1,018	-0.8%
Benefits to Policyholders and Beneficiaries	69,241	38,259	-44.7%	17,850	24,407	36.7%
Acquisition and Operation Expenses	7,633	9,113	19.4%	4,261	4,651	9.2%
Change in Actuarial Liabilities	28,592	78,577	174.8%	36,853	39,554	7.3%
Other Operating Cost - separate account	15,199	18,456	21.4%	7,556	6,473	-14.3%
Miscellaneous Expenses	581	744	28.1%	289	424	46.7%
Net Profit Before Tax	2,766	2,452	-11.4%	1,198	2,644	120.7%
Net Profit	2,716	3,363	23.8%	1,111	2,629	136.6%
Basic Earnings Per Share	2.10	1.97	-6.2%	0.74	1.47	98.6%
<u>Balance Sheet Data</u>						
Total Assets	561,611	648,753	15.5%	592,155	703,374	18.8%
Total Liabilities	537,019	616,932	14.9%	571,697	664,656	16.3%
Total Stockholders' Equity	24,592	31,821	29.4%	20,458	38,718	89.3%

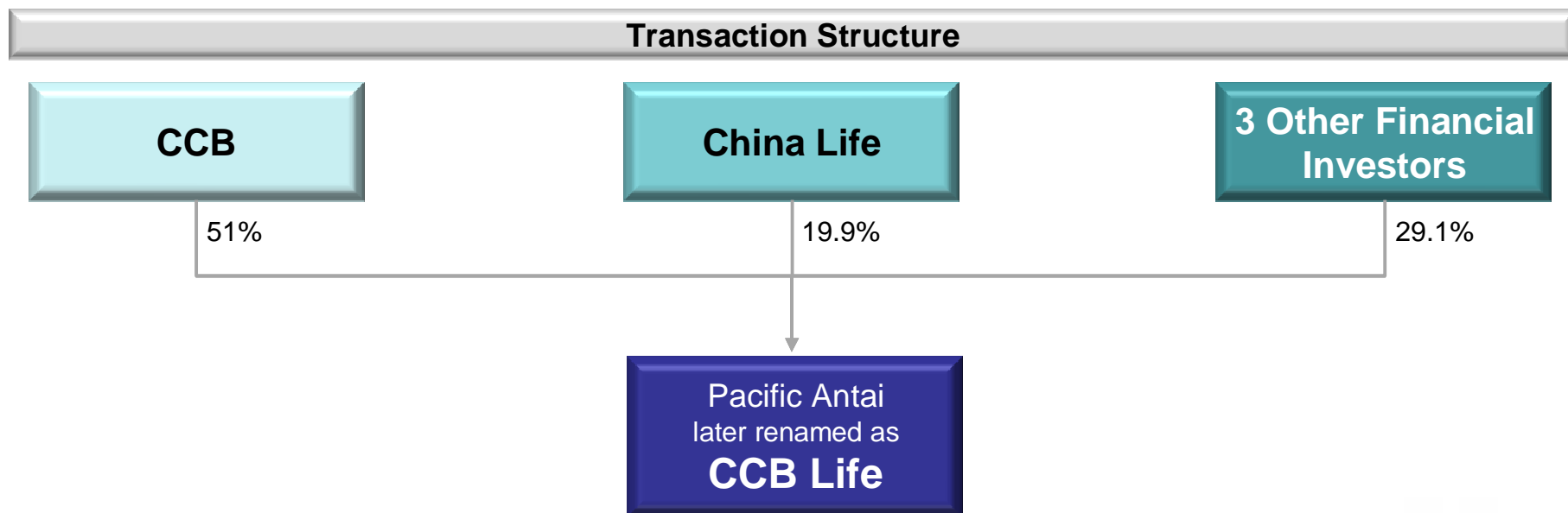


China Life and CCB Investment in Pacific Antai

Transaction Structure

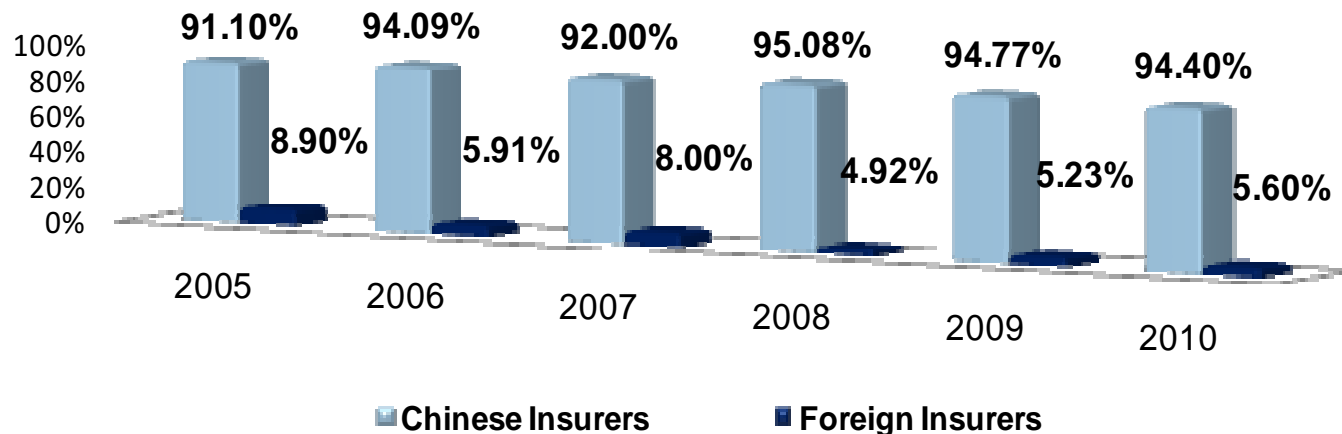
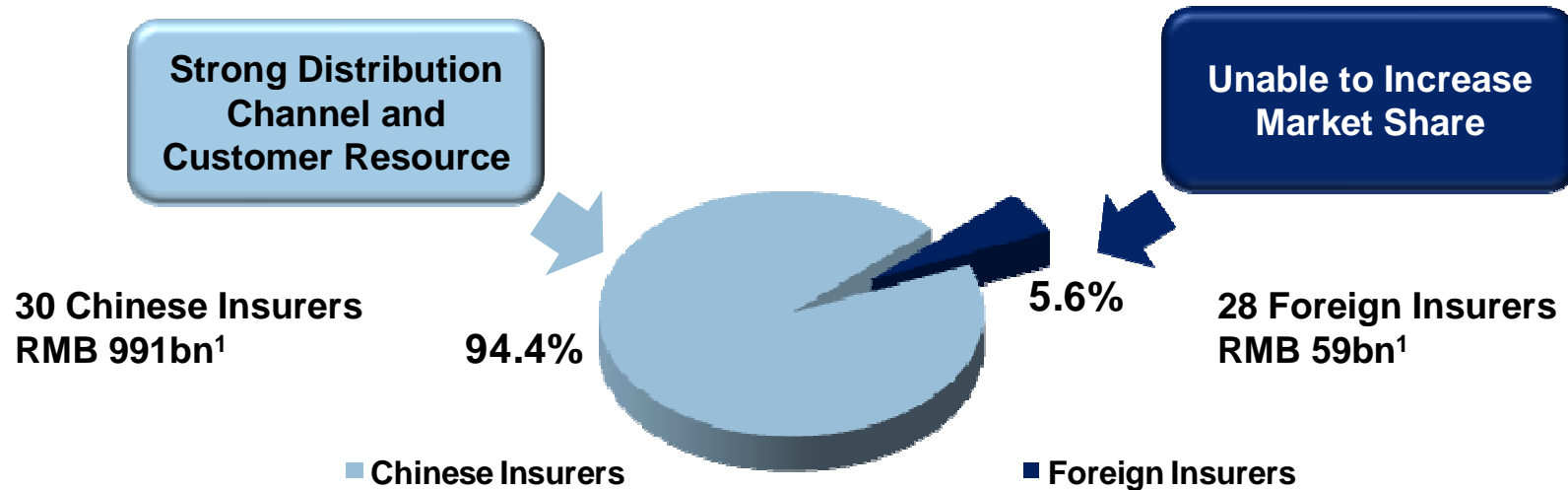


- ❑ **China Life's** equity investment is RMB379 million (approximately NT\$1.7 billion)
- ❑ Post-transaction **China Life** holds **19.9%** stake, while **CCB** will hold a **51%** ownership
- ❑ **China Life** is the **only** foreign investor and strategic partner of **CCB Life**
- ❑ The transaction 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



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

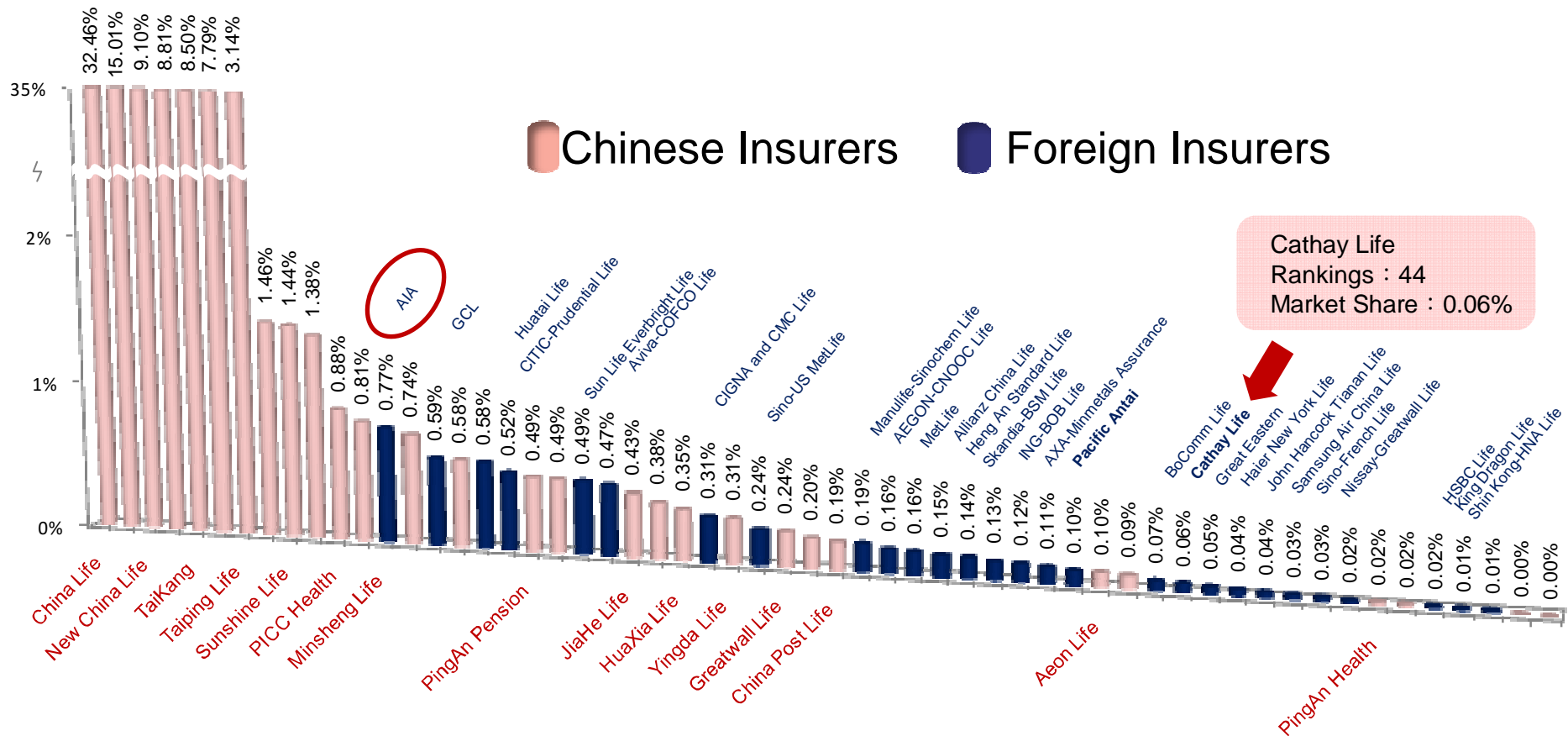


Note : 2010 total premiums.

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 5.6% market share. The largest foreign insurer, AIA, has only 0.77% market share



Note : 2010 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

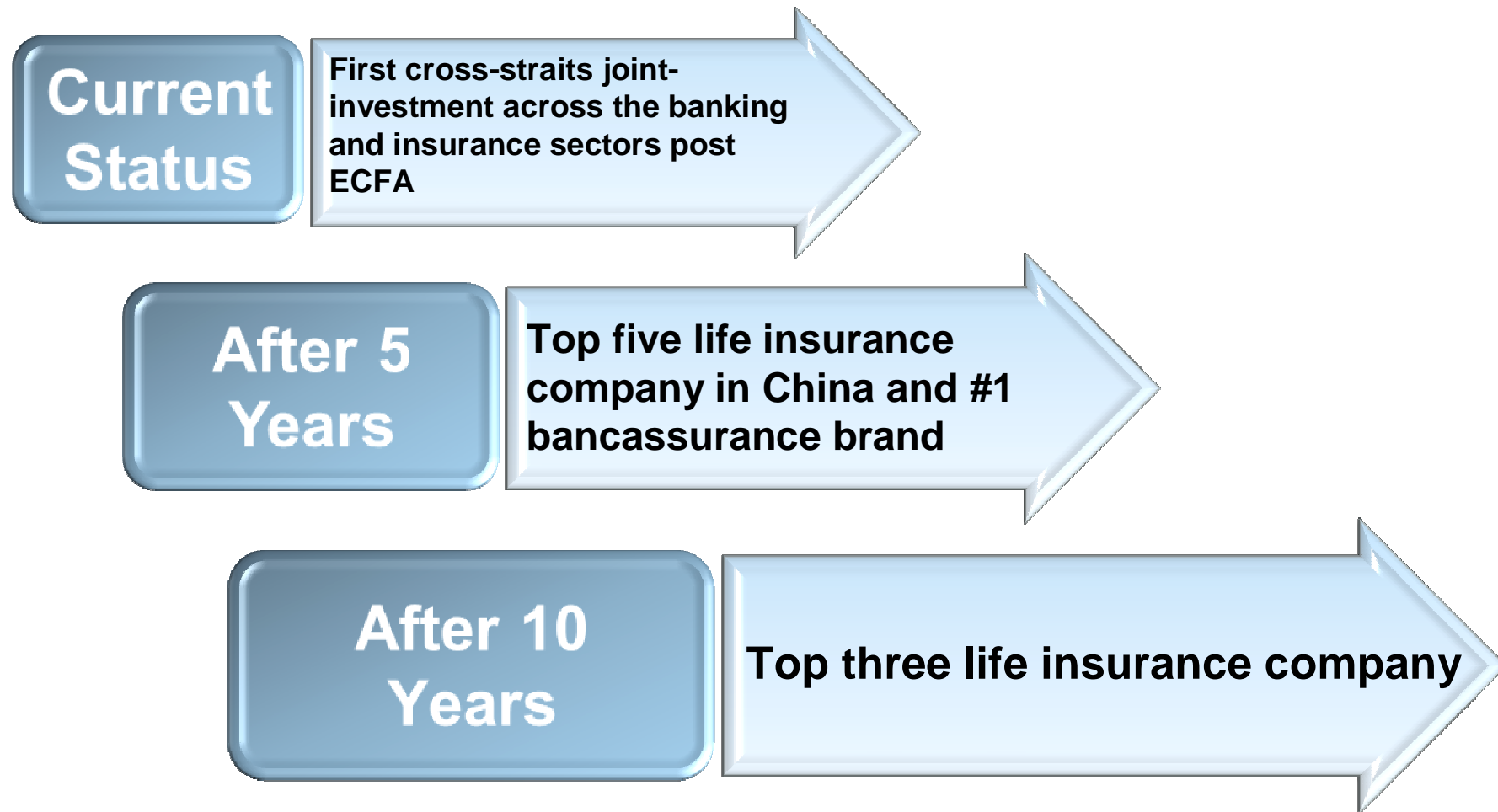
Leader in Bancassurance

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



▶▶▶ Disclaimer



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