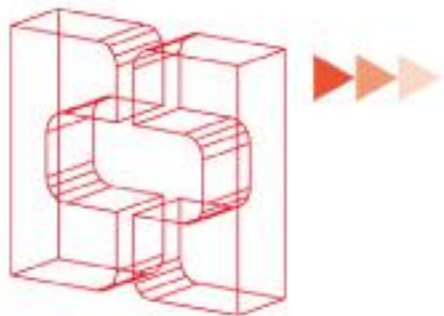


China Life Insurance Co., Ltd.

April 2013

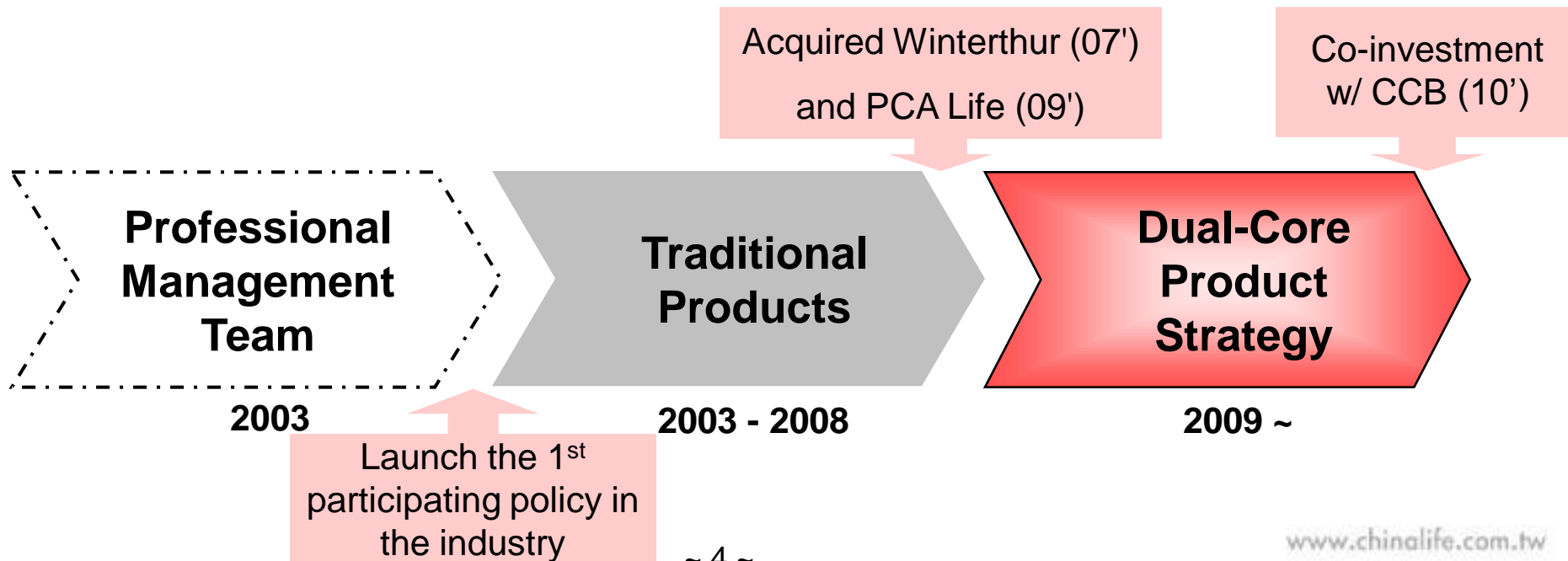
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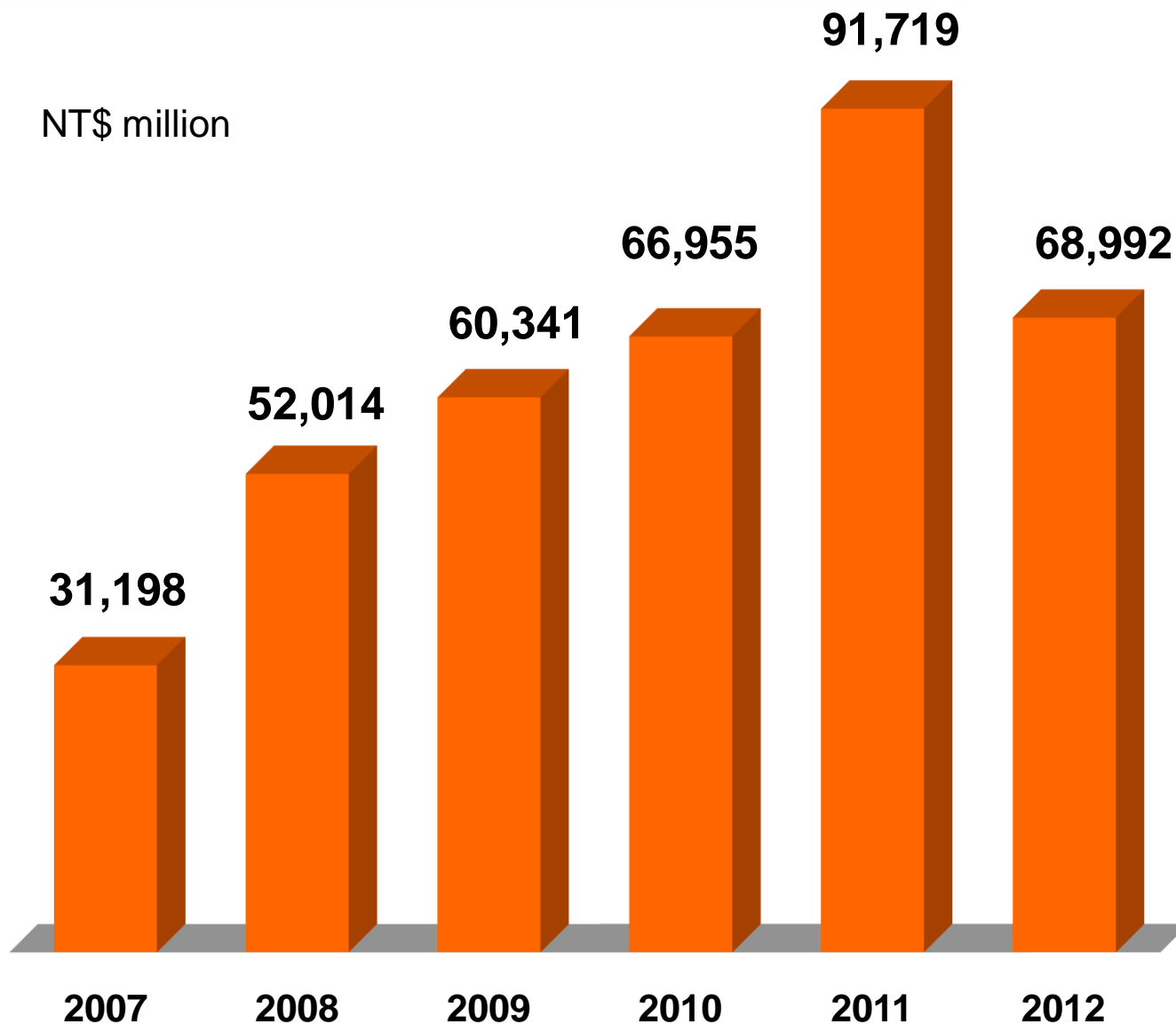
Business Performance

Business Strategies

- ❑ Keep promoting traditional policies to further average down cost of liability (COL)
- ❑ Launched RMB denominated ILP products to facilitate customer with RMB needs
- ❑ Focus on long-term regular paid policies & high EV contribution products
- ❑ For the equity investment in China, currently CCB Life has 8 provincial branches in operation (Shanghai, Guangdong, Jiangsu, Beijing, Shandong, Qingdao, Suzhou, & Shenzhen), and two new branch setup approval (Sichuan & Hubei), with 21 sub-branches and 20 agency offices in operations

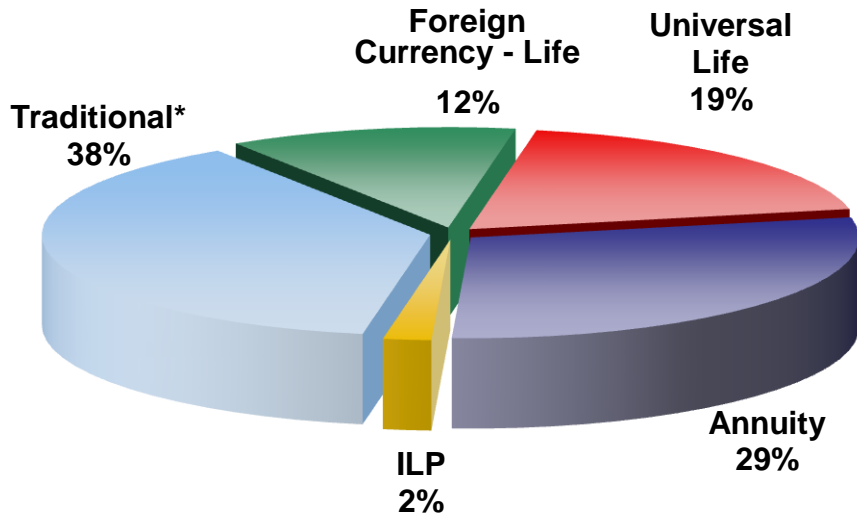


▶▶ First Year Premium (FYP)

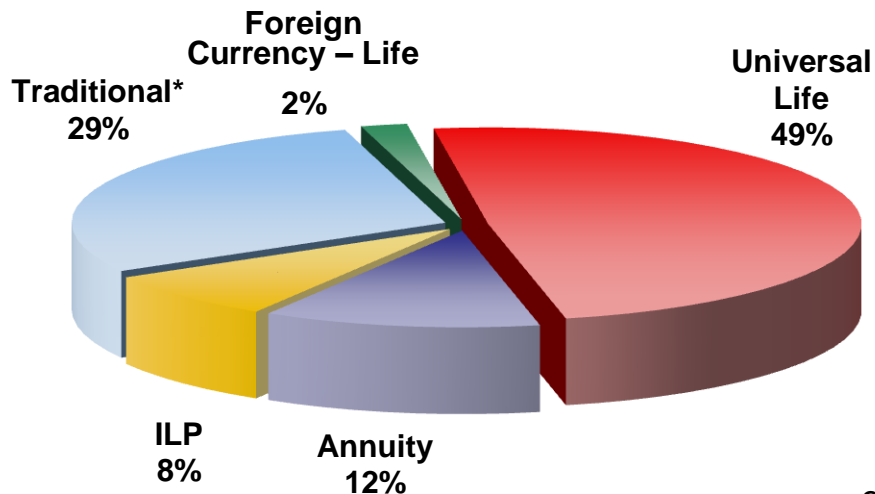


Product Mix (YoY Comparison)

2012 - FYP



2011 - FYP



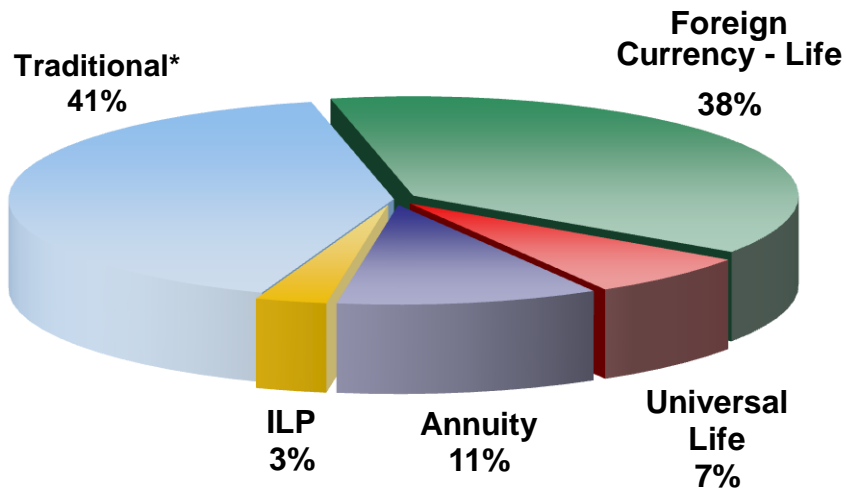
- ❑ Keep developing diverse product offering and target at high margin regular paid products
- ❑ Offer foreign currency policies (RMB, USD, AUD) to fulfill customer needs
- ❑ Build up a complete investment linked product (ILP) platform to satisfy customers with different risk preference
- ❑ Increase 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.

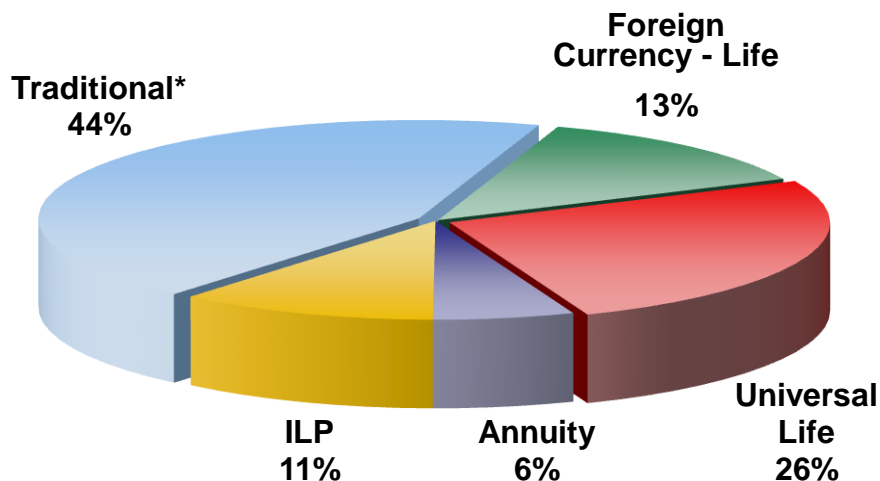
Product Mix (APE Comparison)

2012 - 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

2011 - FYP by APE



* Traditional:

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

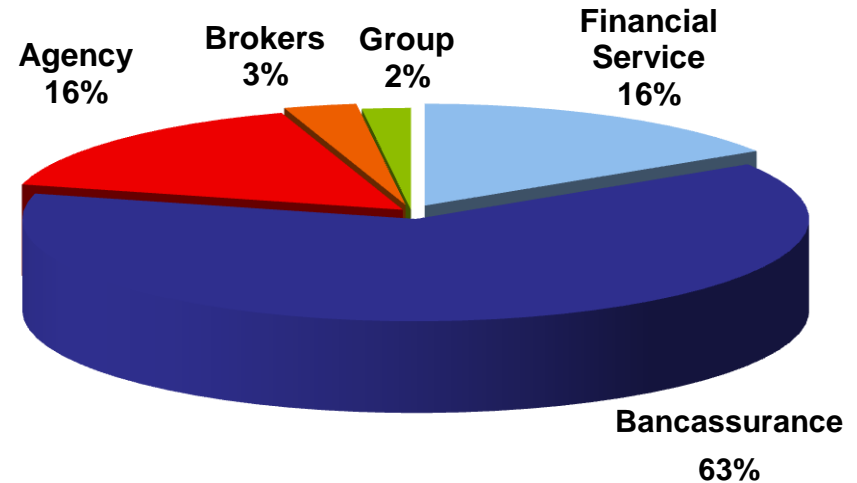
** APE (Annual Premium Equivalent)

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

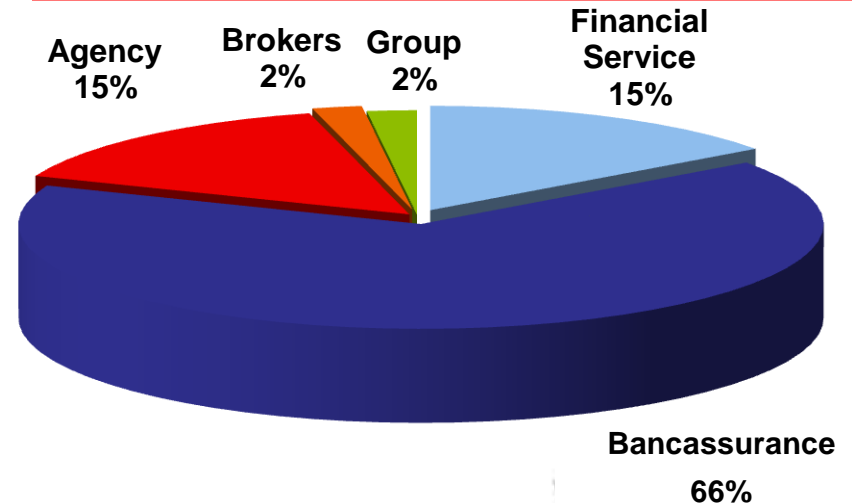
►► Distribution Channels (by YoY)

- Led the market to start bancassurance business in 2000 without support from a holding company. As of 2012, 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

2012 – FYF



2011 – FYF

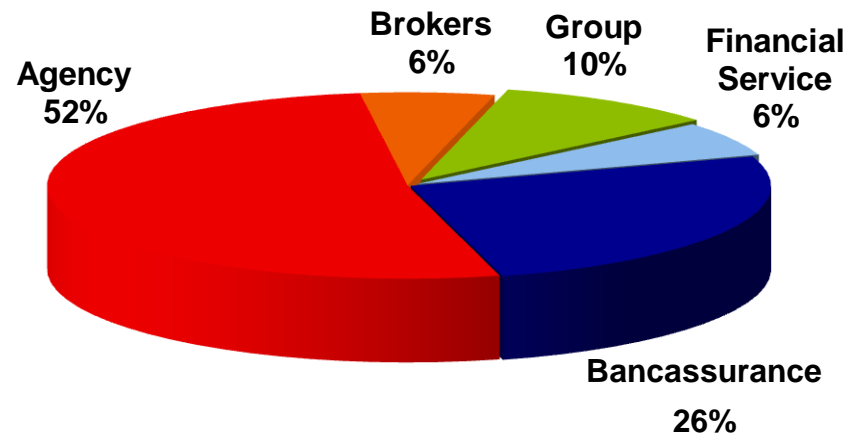


►► Distribution Channels (by APE)

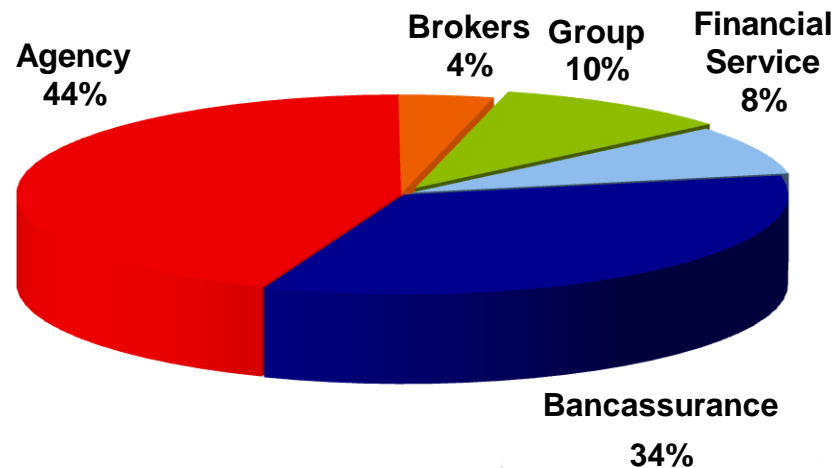
- ❑ Expand and broaden multi-channel platform to tap into different segment customers
- ❑ Increased agency sales contribution significantly post PCA Life acquisition
- ❑ Enlarge sales from high profit margin channels and maximize cross-selling opportunities

***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

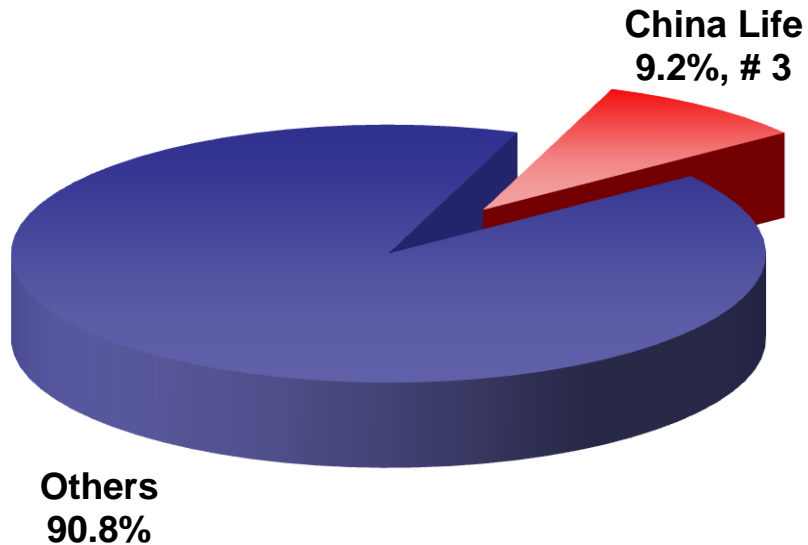
2012 - FYP by APE



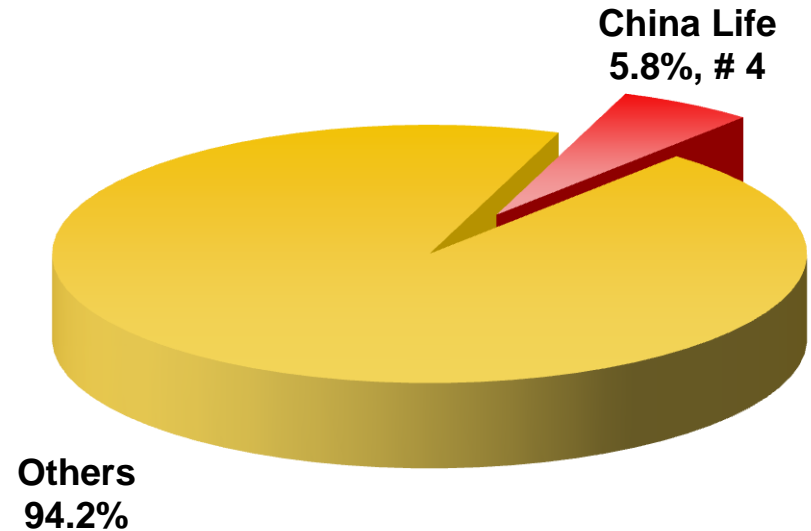
2011 – FYP by APE



2011



2012

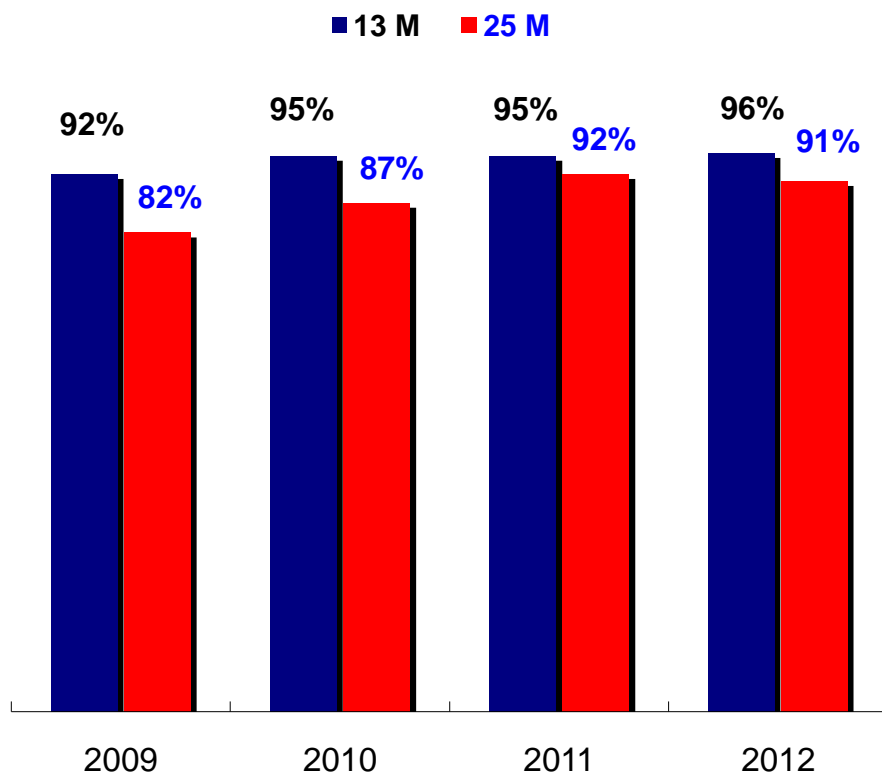


- ❑ Provide segregated products according to different channel customer demands
- ❑ Combine traditional & investment linked products to enjoy cross-sell benefits
- ❑ Target at high net worth individuals to provide wealth management services
- ❑ Strengthen protection on accident & medical policies

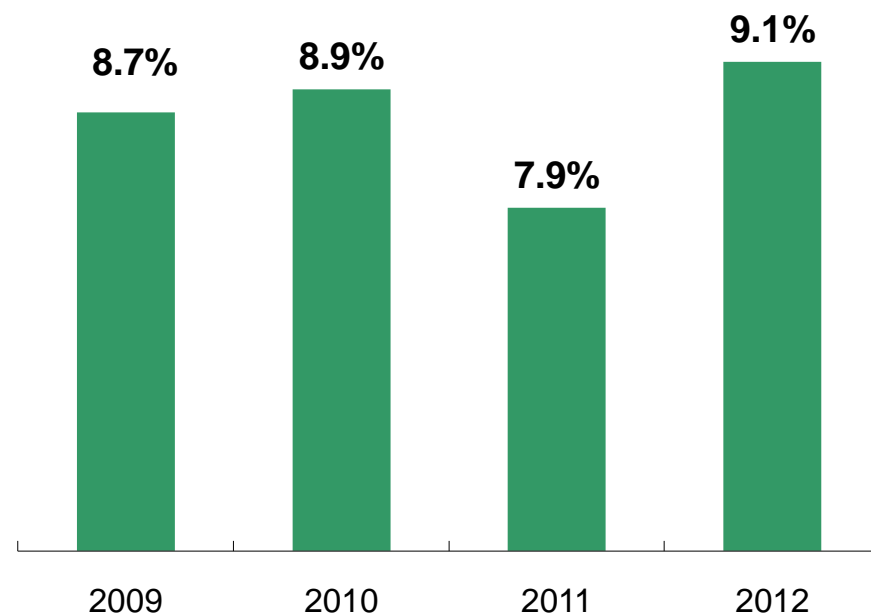
Financial Highlights

NT\$ million	2011	2012	+/- %
First Year Premium	91,719	68,992	-25%
Total Premium	144,789	125,319	-13%
Investment Income	24,151	26,776	11%
Profit before Tax	4,444	4,998	12%
Income Tax	(237)	(214)	-10%
Net Profit	4,207	4,784	14%
Basic EPS	2.01	2.03	1%
Total Asset	730,326	842,267	15%
Paid-in Capital	21,994	23,878	9%
Net worth	32,831	59,911	82%

Persistency Ratio



Expense Ratio



❑ Fixed Income

- Accounts for more than 82% of total invested assets
- Emphasizes on Asset Liability Matching principle
- Domestic fixed income accounts for 41% of total portfolio; Largely allocated in long duration government or state-owned bonds

❑ Domestic Equities

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

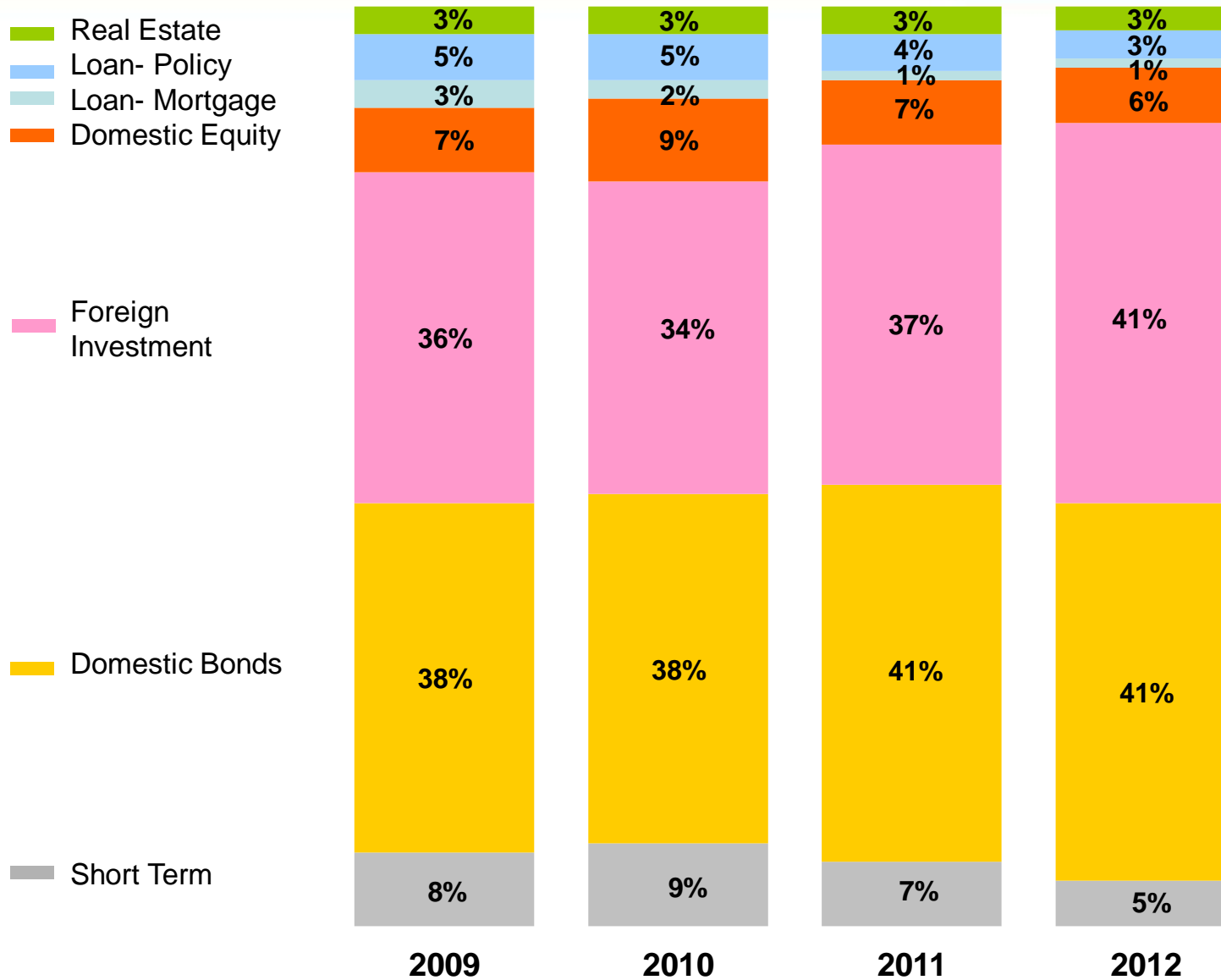
❑ Foreign Investment

- Maintain cautious, with regulatory approval of 45% limit on overseas investment
- Assumption of selective interest rate risk; minimum credit rating requirement A or above
- Utilization of direct hedge and FX reserve; dynamically adjust hedging ratio
- Further increase overseas investment and duration to enhance yield pick-up
- Apply to further increase the quota of China QFII from current USD 100 million

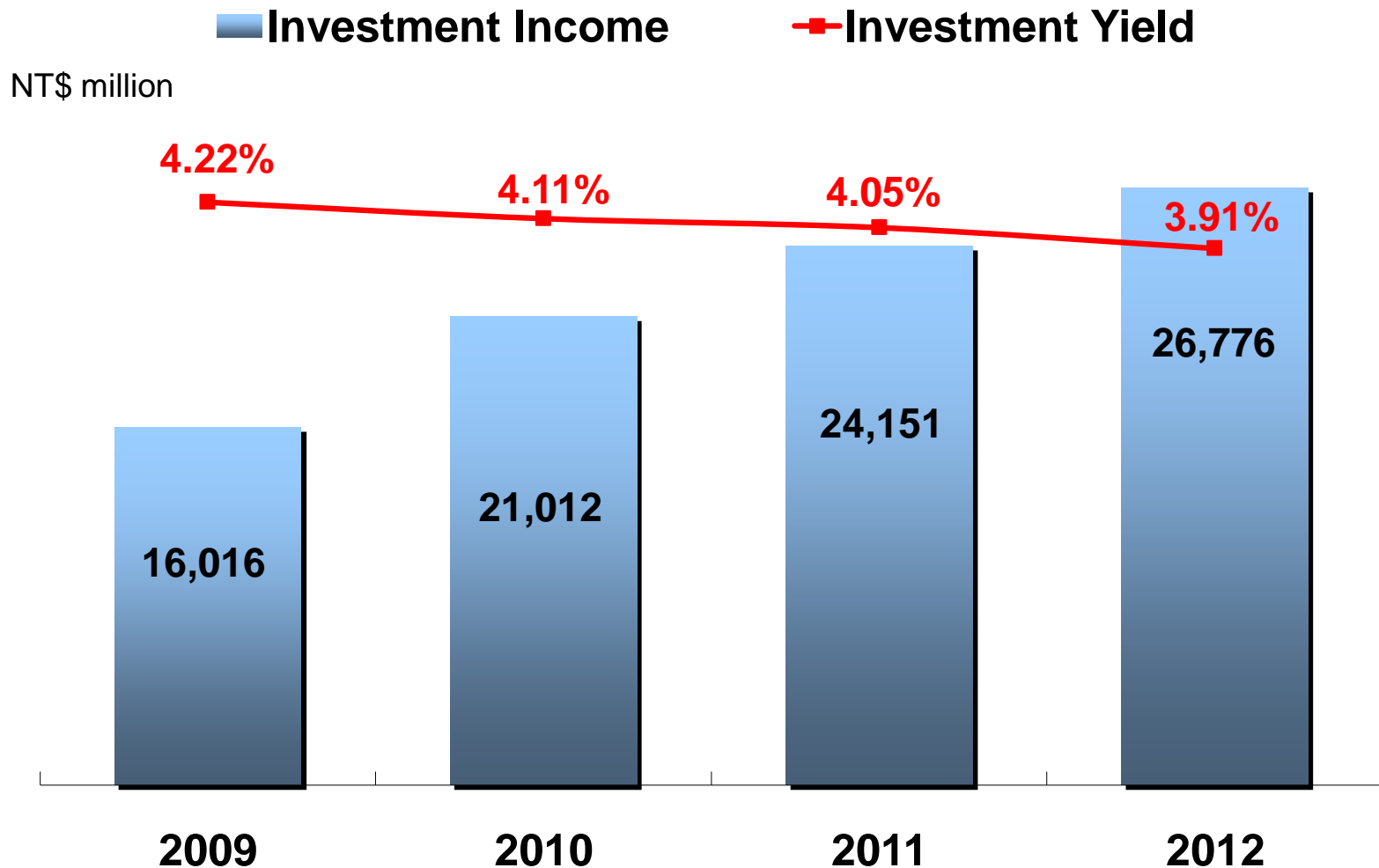
❑ Real Estate

- 3% of total assets
- Target at Grade A commercial buildings with reasonable price and rental yield
- Select areas with high appreciation potential

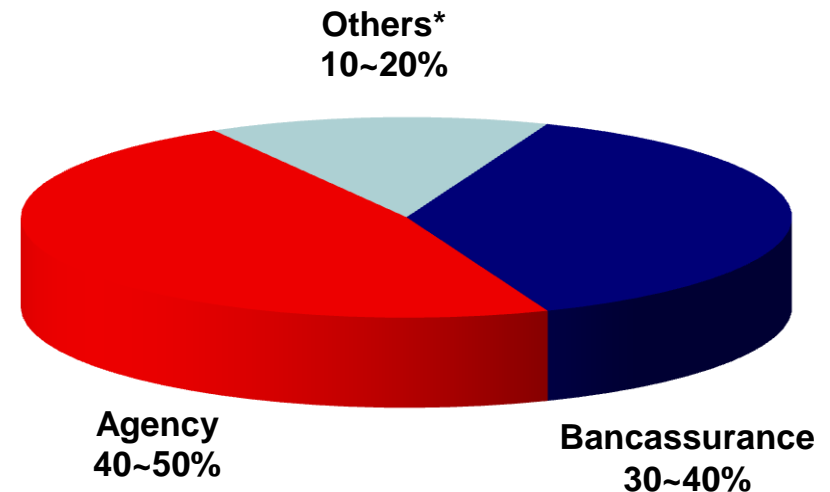
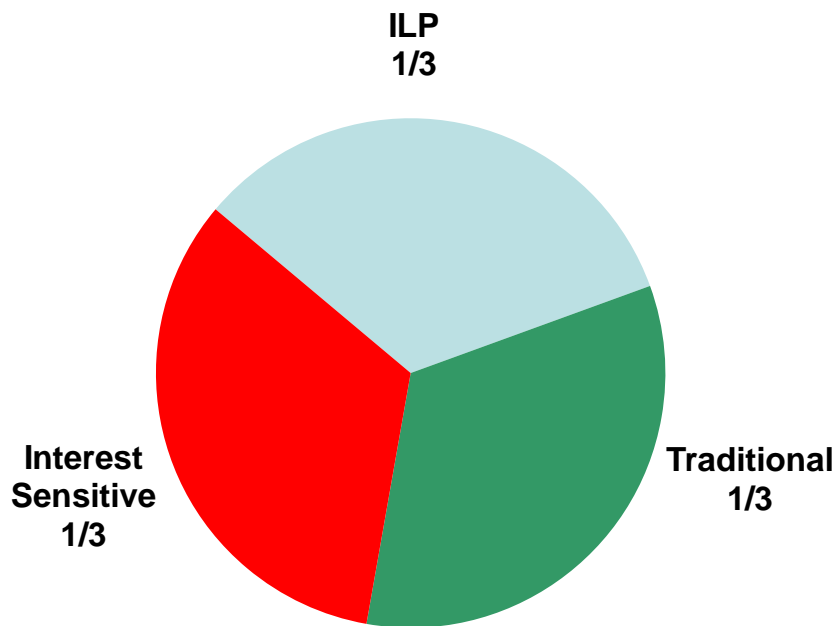
Asset Portfolio



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:

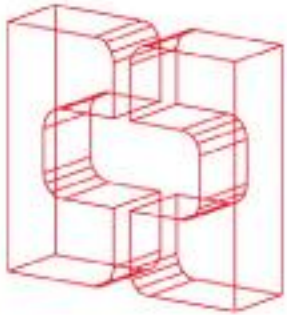


* Others include financial services team, group insurance and brokers

Financial Summary

NT\$ million

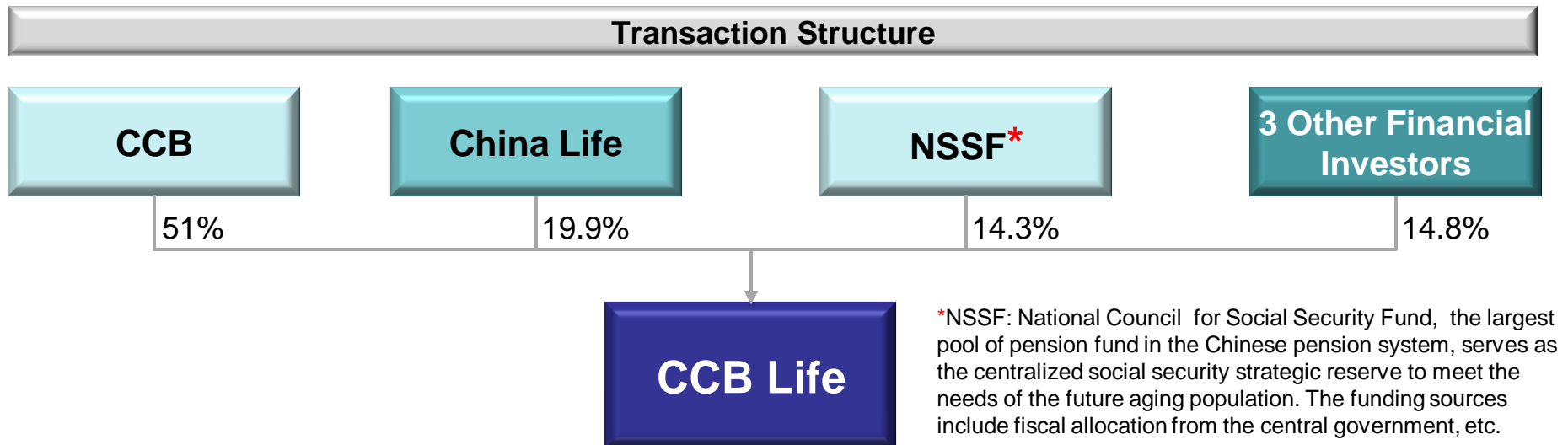
<u>Income Statement Data</u>	<u>2010</u>	<u>2011</u>	<u>Variance</u>	<u>2012</u>	<u>Variance</u>
Premium Income	107,384	128,923	20.1%	115,577	-10.4%
Net Investment Income	21,012	24,151	14.9%	26,776	10.9%
Other Revenue - separate account	18,456	5,151	-72.1%	9,949	93.1%
Miscellaneous Income	749	1,787	138.6%	1,314	-26.5%
Benefits to Policyholders and Beneficiaries	38,259	55,836	45.9%	47,463	-15.0%
Acquisition and Operation Expenses	9,113	9,871	8.3%	10,324	4.6%
Change in Actuarial Liabilities	78,577	83,857	6.7%	79,955	-4.7%
Other Operating Cost - separate account	18,456	5,151	-72.1%	9,949	93.1%
Miscellaneous Expenses	744	853	14.7%	927	8.7%
Net Profit Before Tax	2,452	4,444	81.2%	4,998	12.5%
Net Profit	3,363	4,207	25.1%	4,784	13.7%
Basic EPS	1.97	2.01	2.0%	2.03	1.0%
<u>Balance Sheet Data</u>					
Total Assets	648,753	730,326	12.6%	842,267	15.3%
Total Liabilities	616,932	697,495	13.1%	782,356	12.2%
Total Stockholders' Equity	31,821	32,831	3.2%	59,911	82.5%



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 support to CCB Life
- ❑ CCB Life currently has 8 branches in operations. In December 2012, it further received regulatory approvals for its Sichuan and Hubei branch set up preparation, and is expected to have 28 branches by 2015
- ❑ As of 2012, CCB Life's total assets amounted to RMB\$17.8 billion, up by 225% on a YoY basis, with paid-in capital of \$4.5 billion; total premium income was \$5.87 billion, representing a 358% increase; net profit after tax of \$ 49.6 million, up by 50%.



❑ Strong Premium Growth:

Premium income has accelerated from CCB Life's grand opening in July 2011. In 2012, CCB Life generated RMB\$ 5.87 billion premium income, a 358% increase YoY, compared with industry's average growth of 4.2%. Net income reached RMB\$ 49.6 million

❑ Market Share Ranking Leap:

Market share ranking climbed from #40 in July 2011, to #34 (0.13%) in the end of 2011, and further leaped to #18 (0.59%) as of December 2012

❑ Diversified Distribution Network:

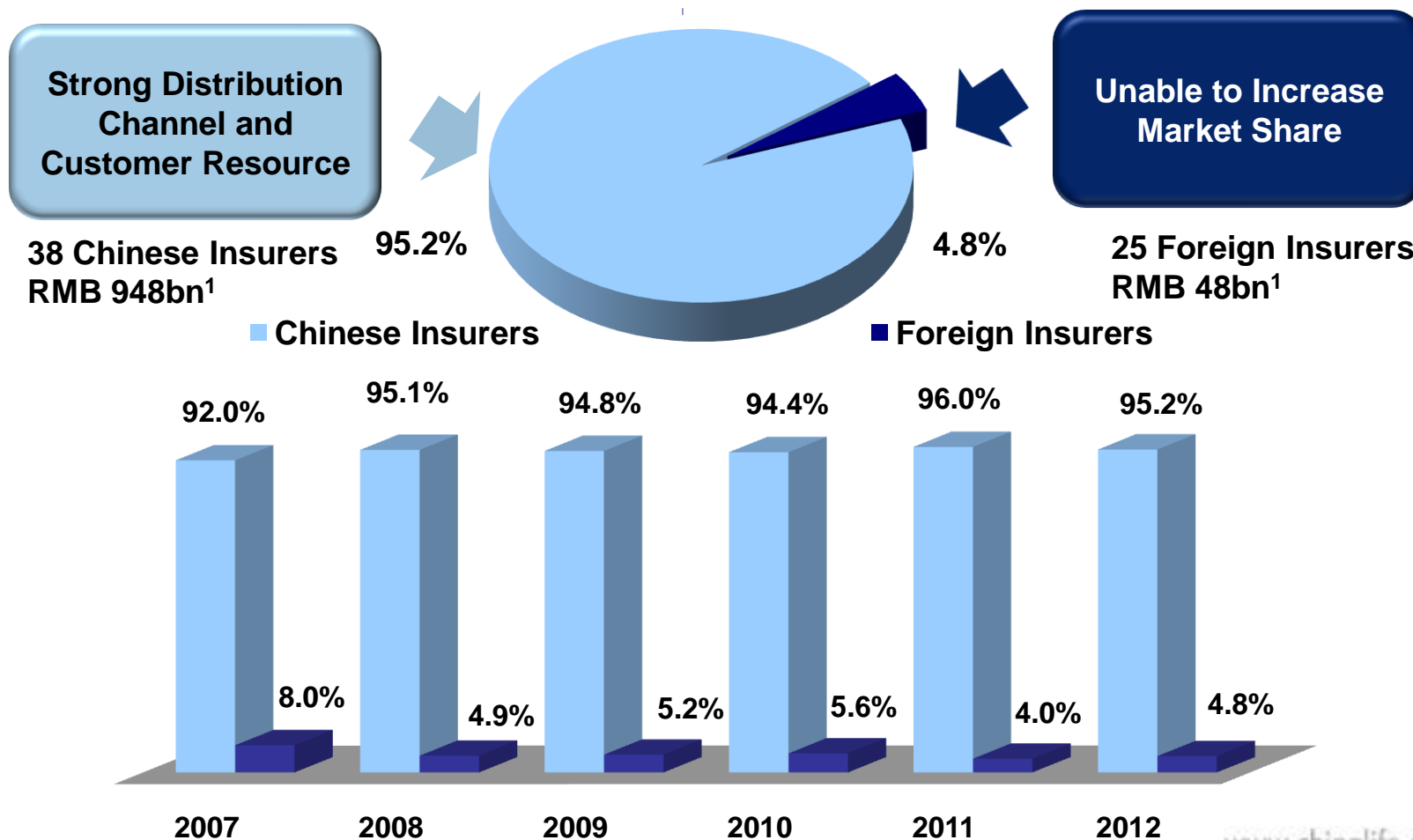
Add telemarketing and credit card cross-selling to the existing bancassurance, agency, and group insurance channels. For bancassurance expansion, on top of the original CCB network, CCB Life entered into business agreements with 5 other banks

❑ Rapid Branch Expansion:

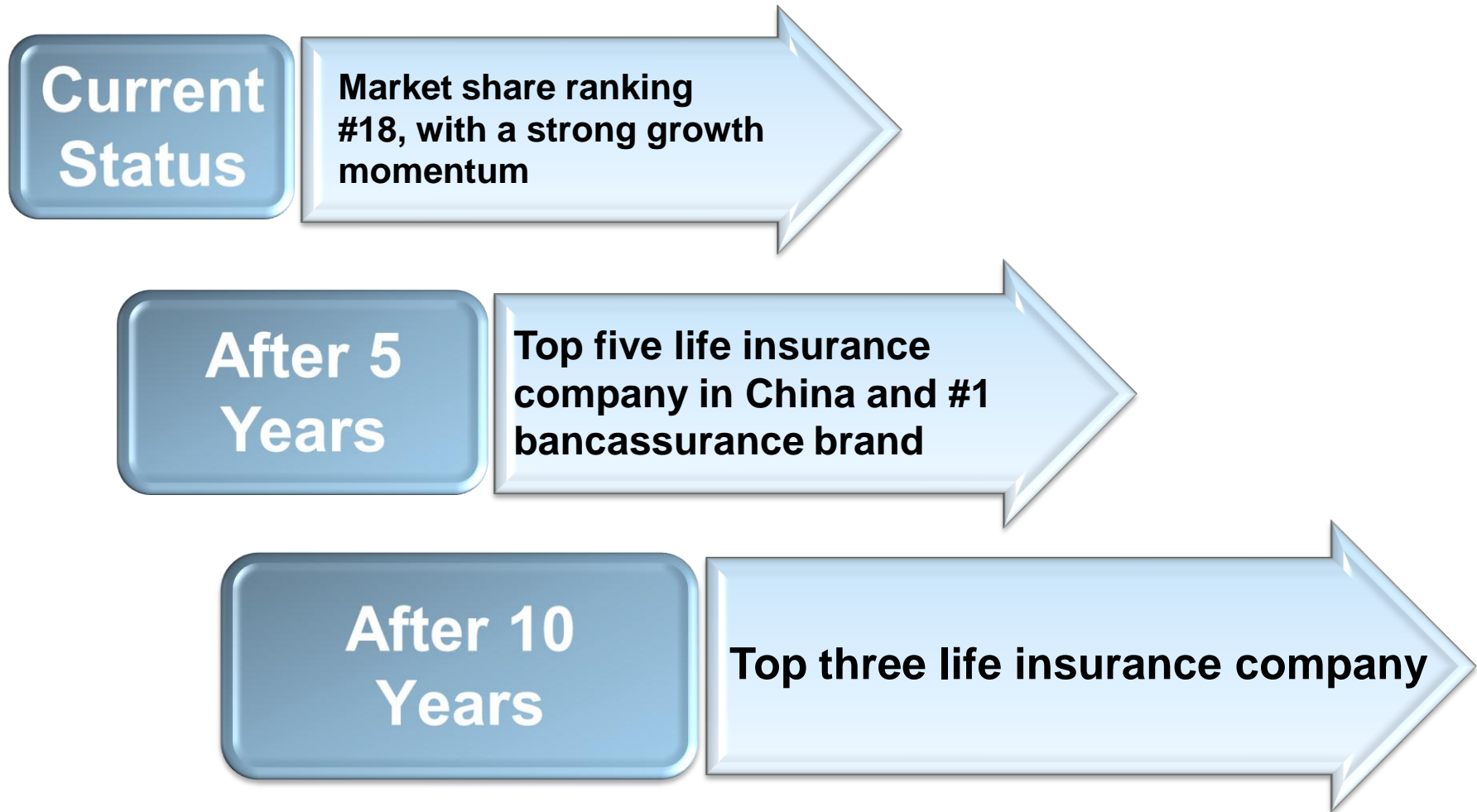
CCB Life currently has 8 branches nationwide, operating in Shanghai, Guangdong, Jiangsu, Beijing, Shandong, Qingdao, Suzhou, and Shenzhen, with 21 sub-branches and 20 agency offices. In December 2012, it further received regulatory approvals for its Sichuan and Hubei branch set up preparation

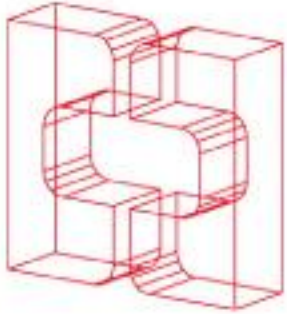
Mainland China Strategy

- ❑ 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 : 2012 Total Premium (Source: CIRC website).





Embedded Value

Investment Return

2011

Traditional Policies

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

On and After Year 11 : **5.15%**

Interest Sensitive Policies

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

On and After Year 11 : **4.5%**

2010

Traditional Policies

Year 1 ~ Year 6 : **3.75% ~ 5.15%**

On and After Year 7 : **5.25%**

Interest Sensitive Policies

Year 1 ~ Year 6 : **2.75% ~ 4.5%**

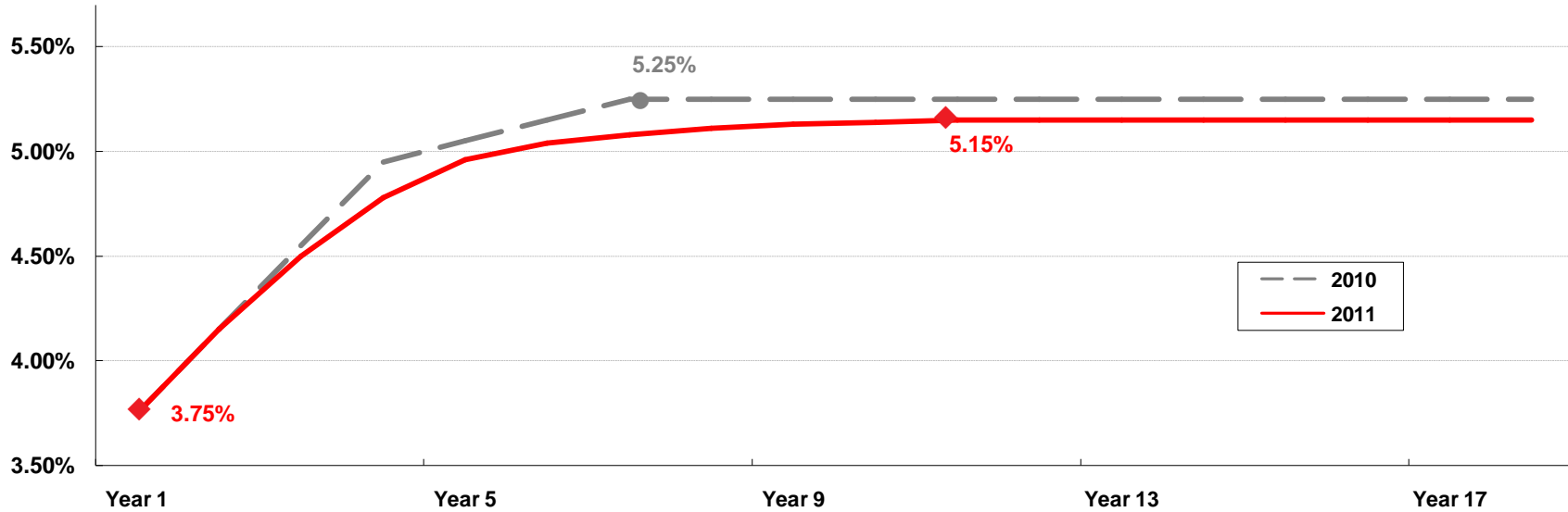
On and After Year 7 : **4.6%**

Risk Discount Rate

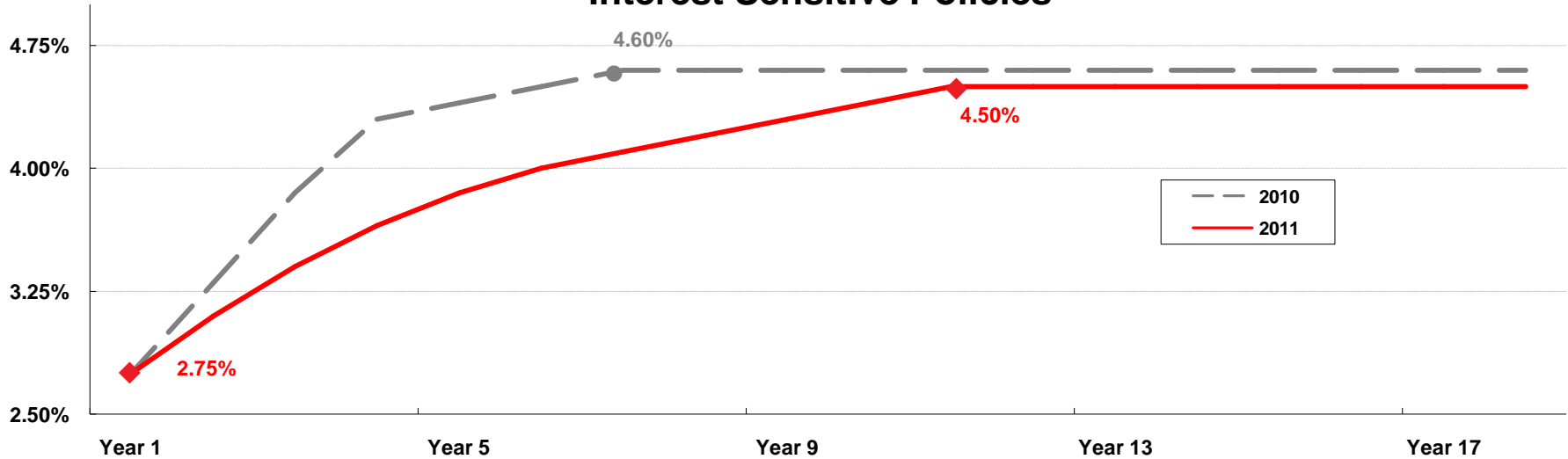
Same as 2010: **10.5%**

Investment Return Comparison

Traditional Policies



Interest Sensitive Policies



YoY Embedded Value

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

Valuation Date	2010/12/31	2011/12/31	YoY %
Adjusted Net Worth	48,099	48,946	2%
Value of In Force	35,996	45,032	25%
Cost of Capital	(12,956)	(14,407)	11%
Embedded Value	71,138	79,571	12%
# of Outstanding Shares	1,709	2,199	-
EV Per Share	NT\$41.64	NT\$36.18	-
V1NB (after CoC)*	6,882	11,363	65%

* V1NB = Value of last 12 months new business