

● China Life Insurance Co., Ltd.

November 2016





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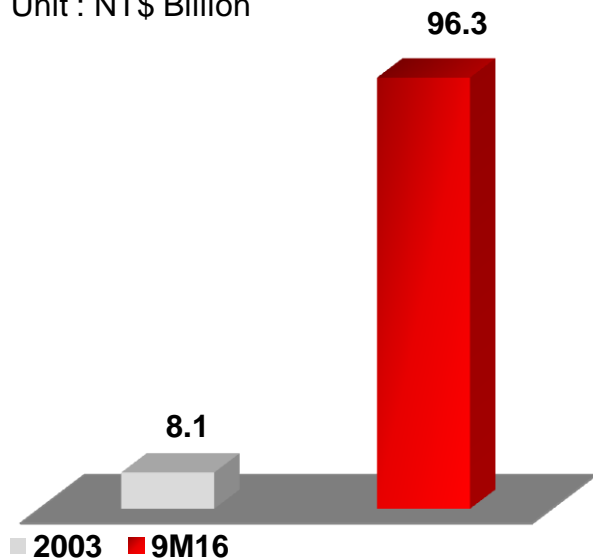
● Business Performance



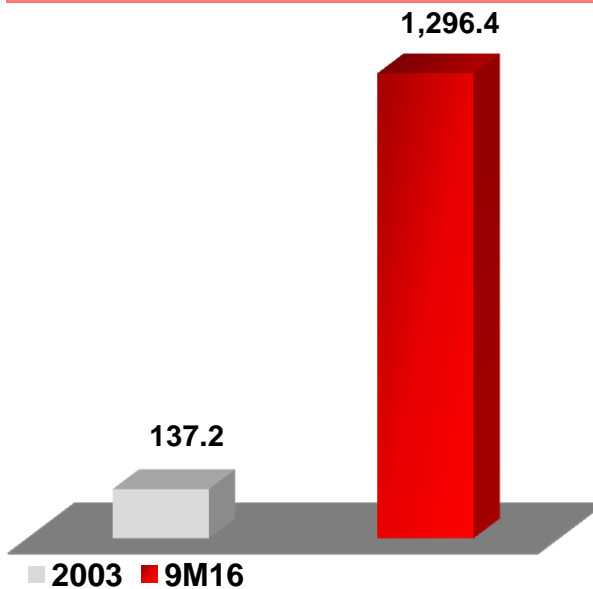
Performance Highlights

Shareholders' Equity

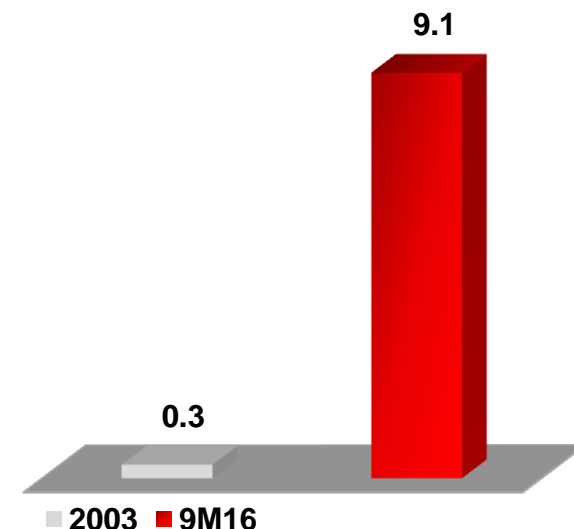
Unit : NT\$ Billion



Total Assets



Net Profit



Professional
Mgmt. Team
Joined (03')

Acquired
Winterthur (07')
& PCA Life (09')

Co-investment w/
CCB (10')

Total assets over
1 trillion (14')

Traditional
Products &
COL ↓

Dual-Core
Strategy

Diversified
Channels

2nd Corporate
Governance Evaluation
in 2016
ranked **Top 5%**
for the second year

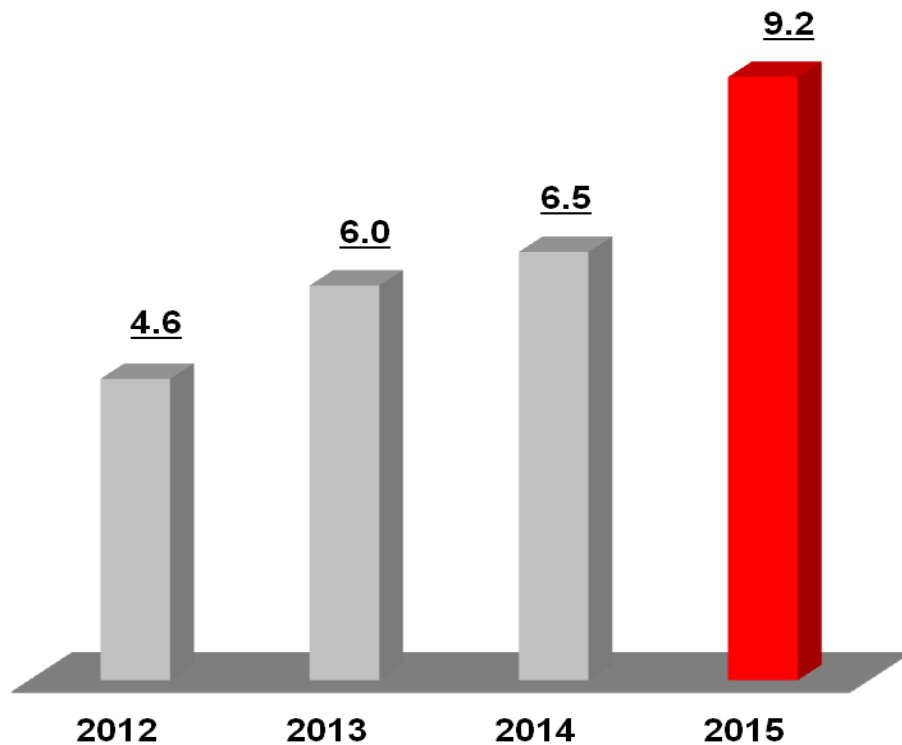
2003 - 2009

2009 - 2011

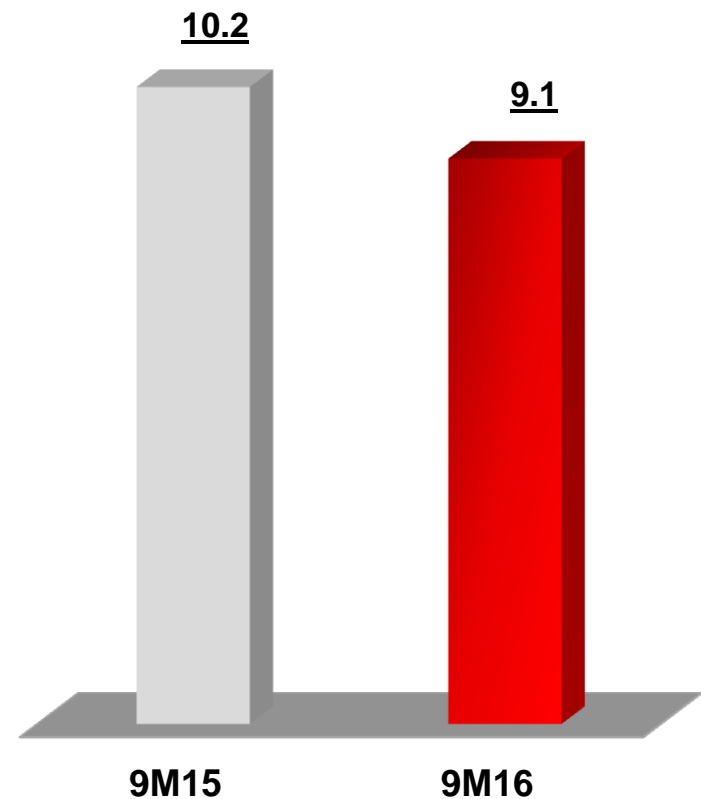
2011 ~

Net Profit (annual)

Unit : NT\$ Billion



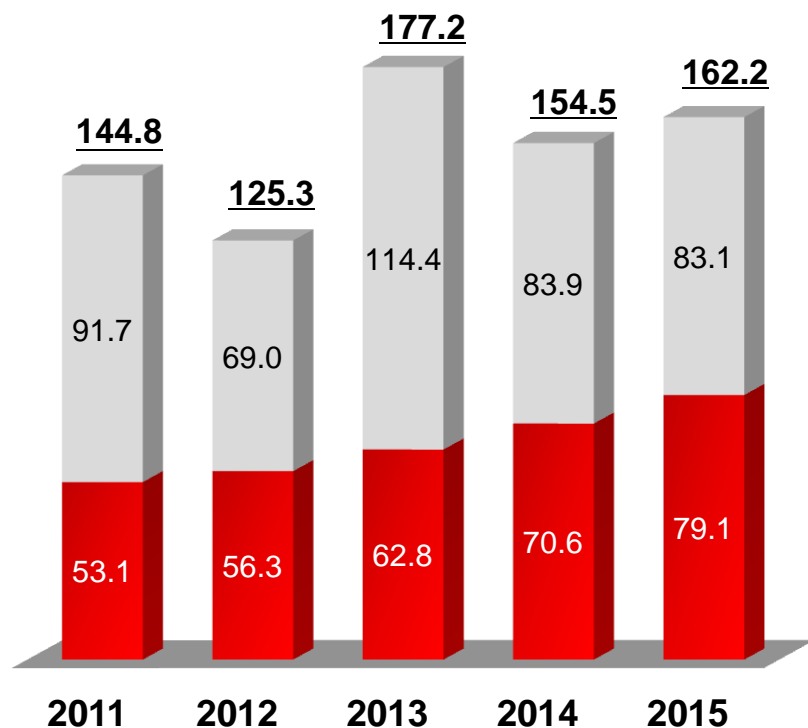
Net Profit



Total Premium (annual)

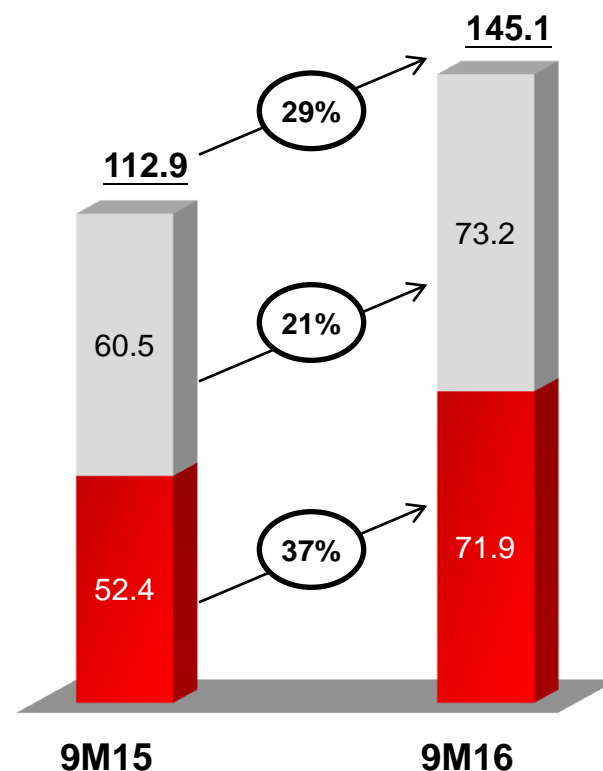
Unit: NT\$ Billion

■ FYP ■ Renewal premium



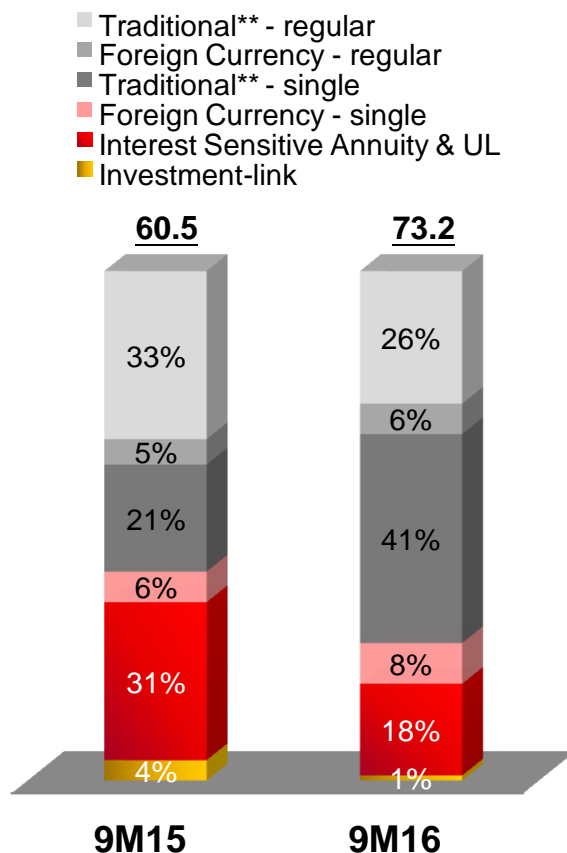
Total Premium

■ FYP ■ Renewal premium

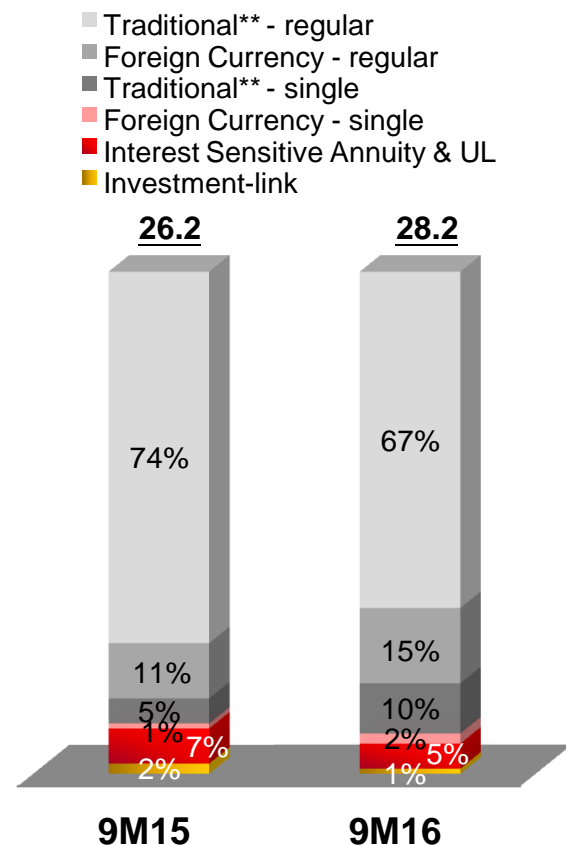


FYP

Unit: NT\$ Billion



FYPE*



* **FYPE (First Year Premium Equivalent)** = 10% x single & flexible premium + 20% x 2-year premium payment term + ... + 50% x 5-year premium payment term + 100% x 6-year and more premium payment term

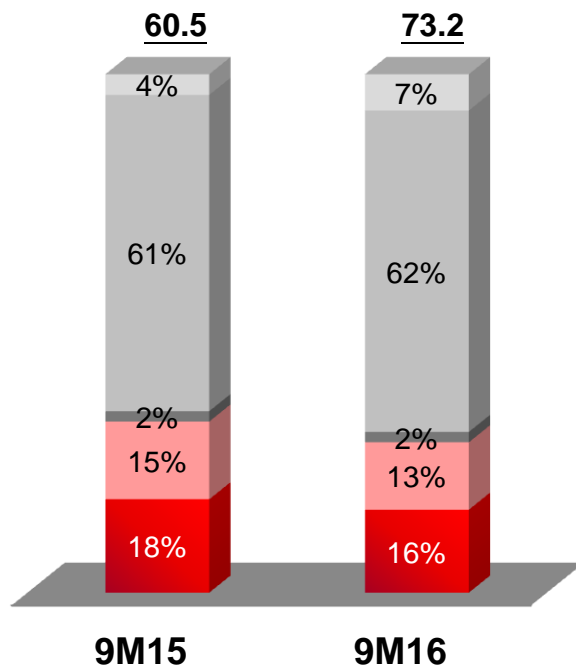
** **Traditional**: incl. traditional life, interest sensitive life, health & accident

Distribution Channels

FYP

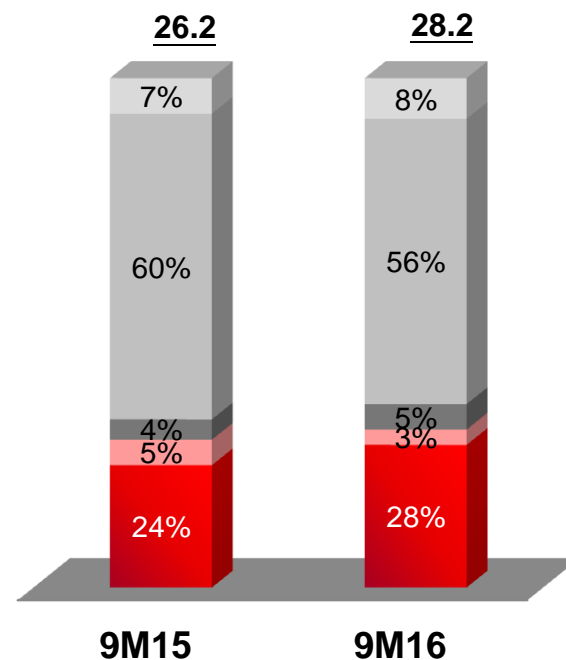
Unit : NT\$ Billion

- Broker
- Bancassurance
- Group
- Financial Services
- Agency



FYPE*

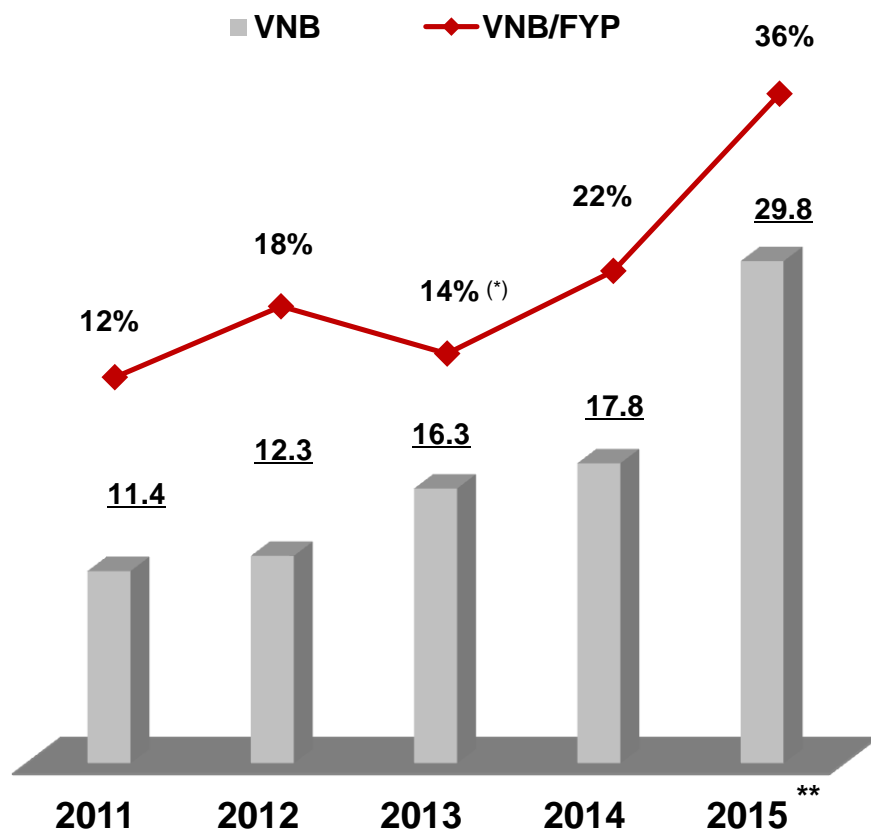
- Broker
- Bancassurance
- Group
- Financial Services
- Agency



* **FYPE (First Year Premium Equivalent)** = 10% x single & flexible premium + 20% x 2-year premium payment term + ... + 50% x 5-year premium payment term + 100% x 6-year and more premium payment term

VNB and Margin (annual)

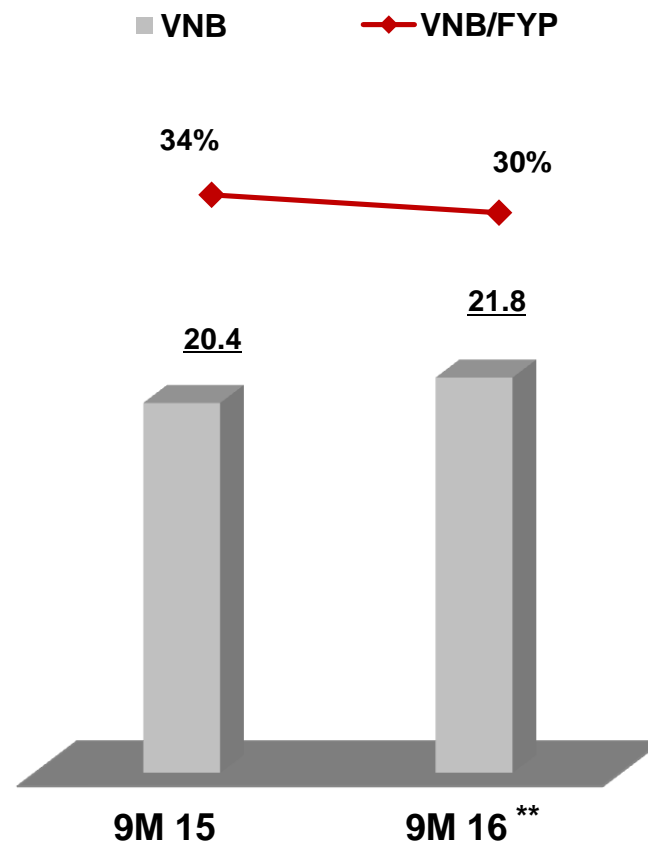
Unit : NT\$ Billion



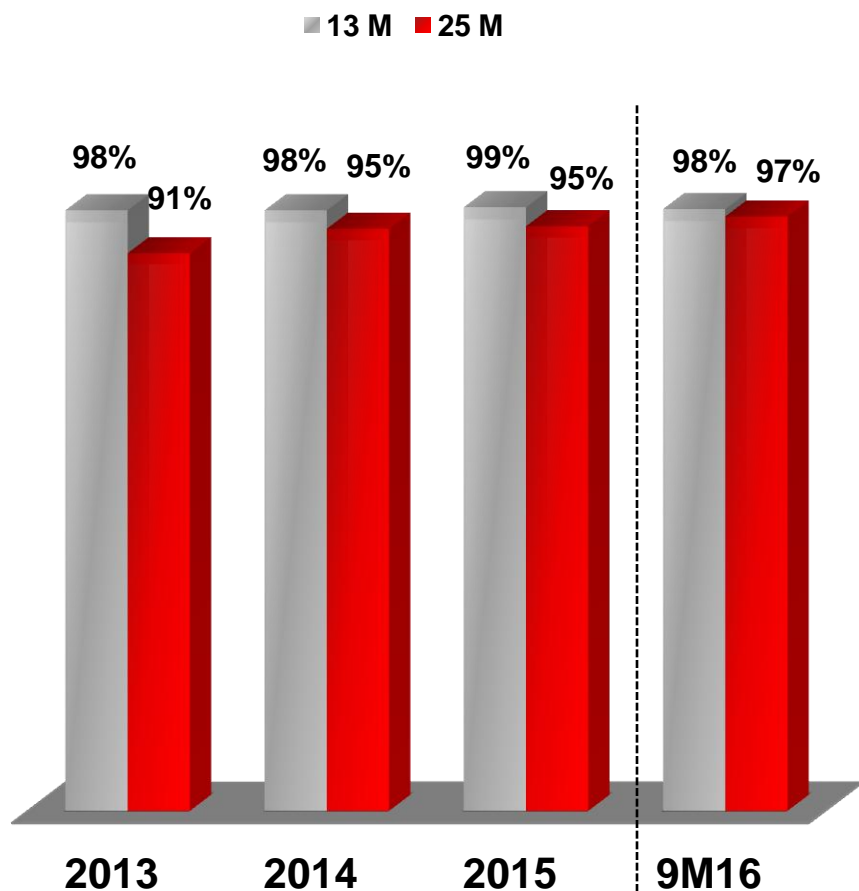
* The VNB/FYP margin will be 19% after excluding the impact of regulation change

** 9M15, 2015 & 9M16 VNB were based on 2015 EV assumption

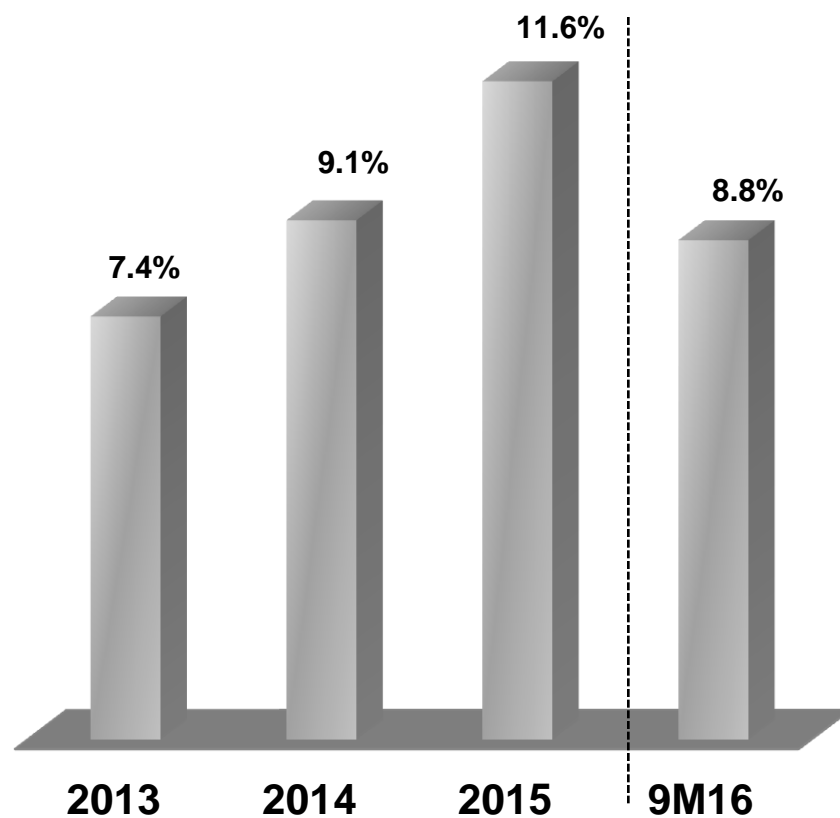
VNB and Margin



Persistency Ratio



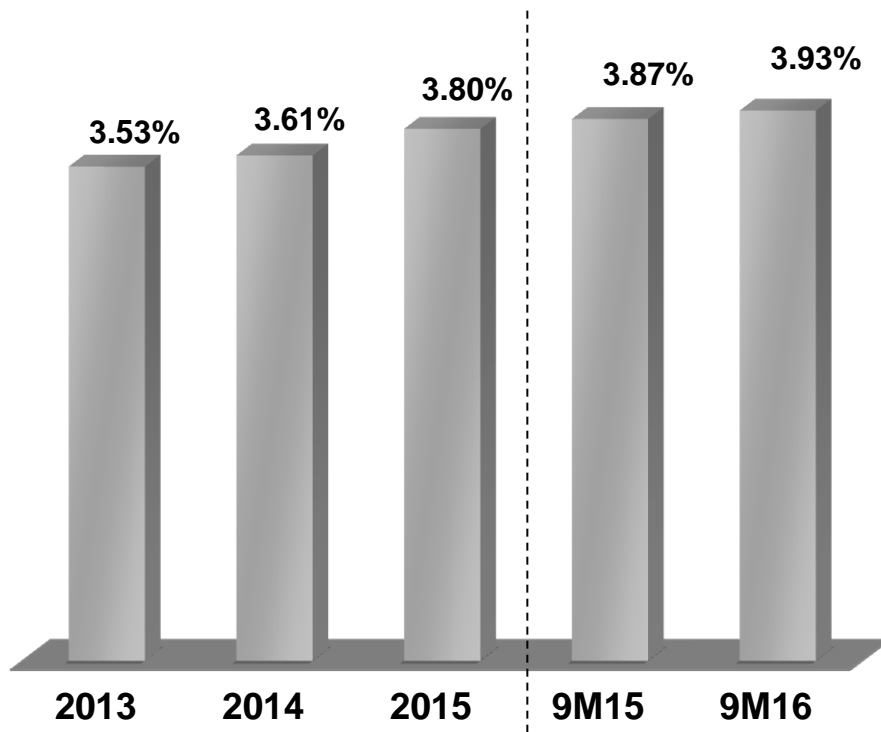
Expense Ratio



| (Unit: NT\$ Billion) | 2015/9/30 | | 2015/12/31 | | 2016/9/30 | |
|------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | Amount | Weight | Amount | Weight | Amount | Weight |
| Deposits and Short-term investment | 25.1 | 2.3% | 42.0 | 3.8% | 30.2 | 2.5% |
| Domestic Fixed Income | 288.0 | 26.8% | 280.6 | 25.4% | 237.1 | 19.8% |
| Domestic Equity | 78.2 | 7.3% | 77.0 | 7.0% | 63.9 | 5.3% |
| Loan | 30.7 | 2.9% | 30.9 | 2.8% | 30.6 | 2.6% |
| Real Estate | 31.1 | 2.9% | 31.1 | 2.8% | 31.1 | 2.6% |
| OTC Listed Int'l Bond | 173.4 | 16.2% | 197.1 | 17.8% | 277.3 | 23.1% |
| Overseas Equity | 49.0 | 4.6% | 52.4 | 4.7% | 43.8 | 3.7% |
| Overseas Fixed Income | 397.7 | 37.0% | 394.5 | 35.7% | 484.8 | 40.4% |
| Total Investments | 1,073.2 | 100.0% | 1,105.6 | 100.0% | 1,198.8 | 100.0% |

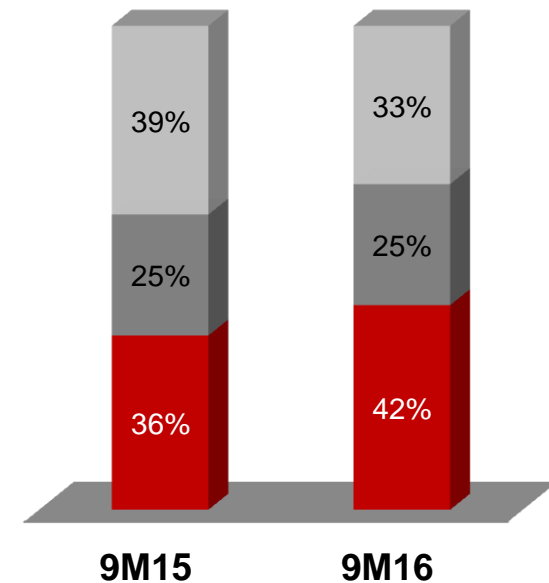
Recurring Yield & Overseas Fixed Income By Region

Pre-hedging Recurring Yield



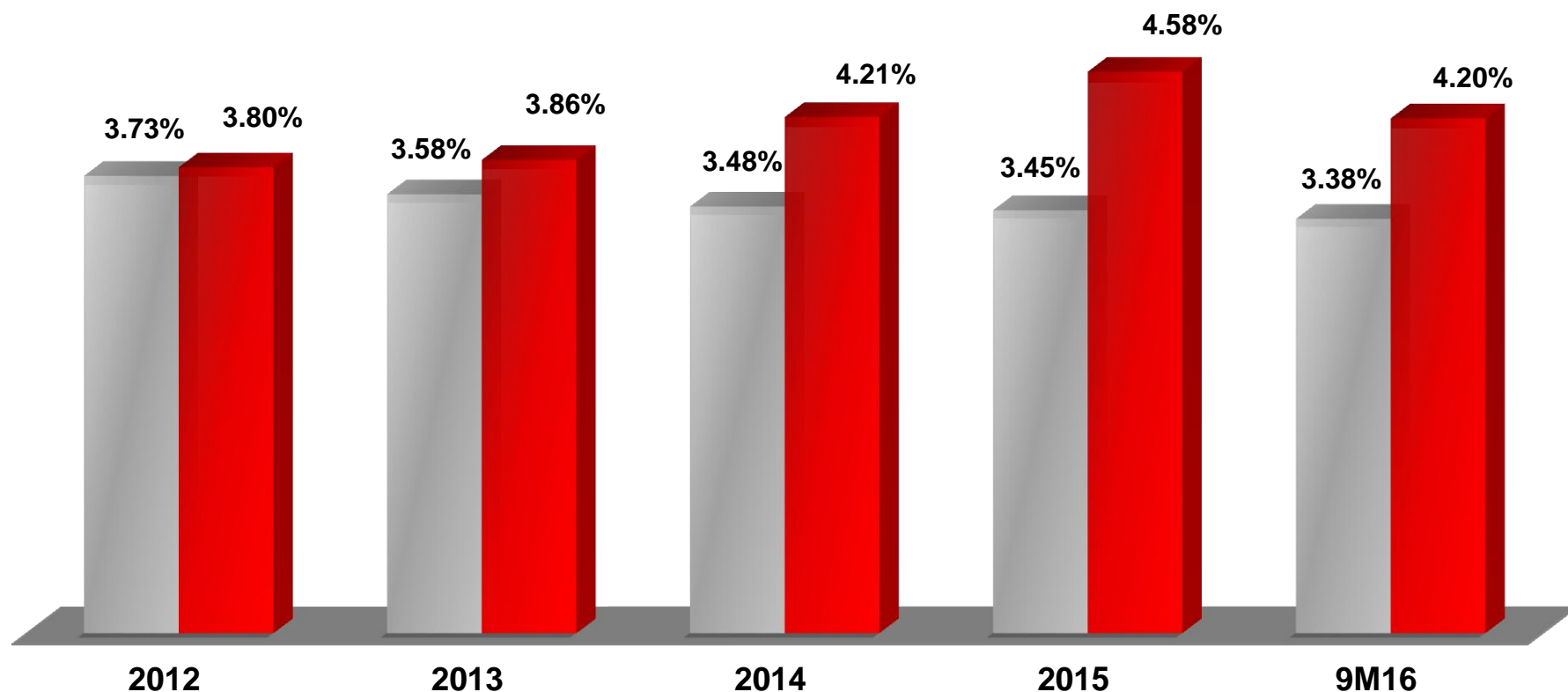
Overseas Fixed Income By Region

■ Asia & Others ■ Eurpoe ■ North America



Investment Spread

■ Cost of Liability * ■ Investment Yield **

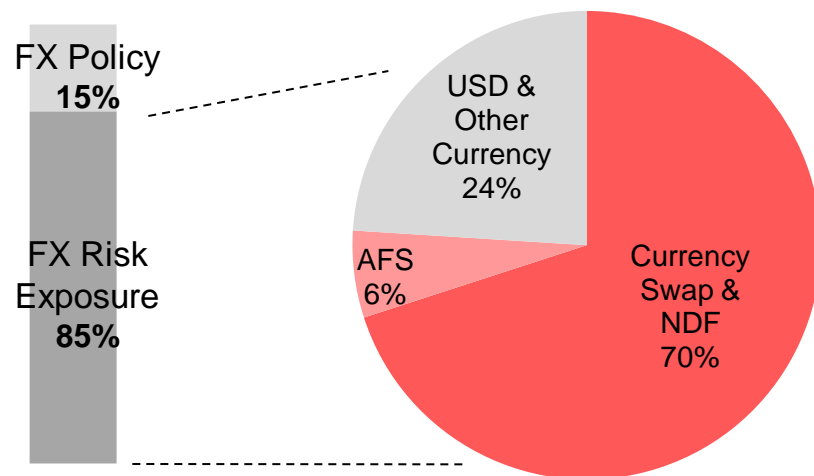


* Reserve-based cost of liability

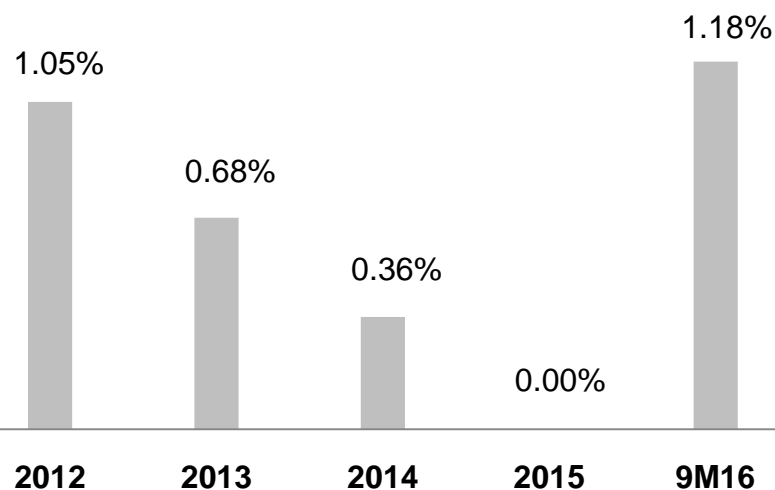
** Impact from FX reserve movement is included

Hedging Structure

FX Position

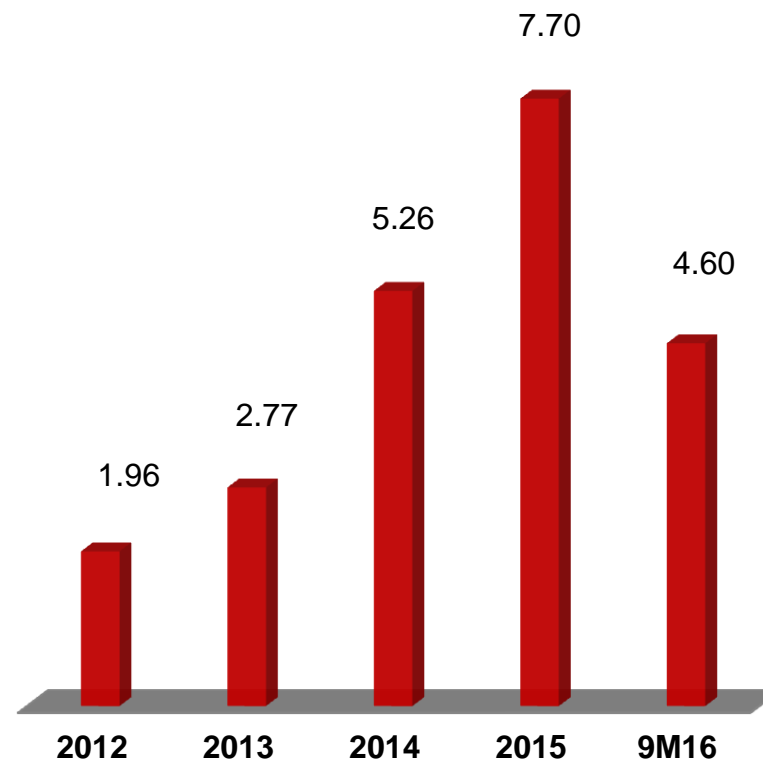


Hedging Cost



FX Reserve Balance

Unit : NT\$ Billion





Financial Highlights

| NT\$ million | 2014 | 2015 | +/- % | 9M15 | 9M16 | +/- % |
|--------------------|-----------|-----------|-------|-----------|-----------|-------|
| First Year Premium | 83,888 | 83,143 | -1% | 60,519 | 73,189 | 21% |
| Total Premium | 154,455 | 162,158 | 5% | 112,869 | 145,065 | 29% |
| Investment Income* | 39,208 | 47,227 | 20% | 38,535 | 35,747 | -7% |
| Profit before Tax | 7,023 | 10,680 | 52% | 12,058 | 9,999 | -17% |
| Income Tax | (511) | (1,508) | - | (1,832) | (929) | - |
| Net Profit | 6,512 | 9,172 | 41% | 10,226 | 9,070 | -11% |
| Basic EPS | 2.15 | 2.75 | 28% | 3.06 | 2.61 | -15% |
| Total Asset | 1,107,268 | 1,202,622 | 9% | 1,169,808 | 1,296,390 | 11% |
| Paid-in Capital | 30,365 | 33,401 | 10% | 33,401 | 34,738 | 4% |
| Net Worth | 74,325 | 82,584 | 11% | 72,133 | 96,345 | 34% |
| ROA | 0.63% | 0.79% | | | | |
| ROE | 9.52% | 11.69% | | | | |
| RBC Ratio | 375% | 357% | | | | |

* Impact from FX reserve movement is included



2015 Achievements on Sustainable Development

- Ranked **top 5%** by Taiwan Stock Exchange in "Corporate Governance Evaluation Award"

- China Life is **the only life insurance company in Taiwan that was selected in the Forbes Global 2000** by Forbes magazine in both 2014 and 2015

- Awarded the silver medal in the Finance and Insurance category of "**Taiwan Top 50 CSR Reports**"

- Awarded **the Excellence in 2015 Micro-Insurance sales competition** by Financial Supervisory Commission

Awards and Evaluations

Corporate Governance

- Formalized "**Performance Evaluation Approach of Board of Directors**"
- Formalized "**China Life CSR Principles**"
- Established Key Risk Index (**KRI**) according to the operating risks and set monitoring standards through quantitative approach
- Established "**Committee of Business Integrity and Ethics**" reporting directly to the Board of Directors
- Revised "Investment Policy and Operating Regulation Guidelines" by adding **business integrity and ethic management and CSR actions** as a key evaluation in investment decision-making process and present the result to the public

Business Performance

- The only life insurance company in Taiwan that was approved by the Insurance Bureau to **distribute cash dividends for three consecutive years**

- The annual profit of China Life reached a record high again with a total of NT\$**10.68** billion in pre-tax income, and net profit of NT\$**9.17** billion. The earnings per share is NT\$**2.75**

- Foreign holdings accounts for more than 50%** of the company's outstanding shares, one of the highest proportions in Financial stock in Taiwan

- RBC Ratio is more than **350%**, the highest number of large insurance companies in Taiwan

Supply Chain Management

- Included articles of "**Article of CSR, Integrity and Ethics Management**" in supplier contract. All suppliers that wish to trade and have procurement agreements with China Life are encouraged to adopt the principle of CSR and ethic management

- Promoted signing of "**Suppliers Corporate Social Responsibility Commitment**". The signing from construction and engineering suppliers has been 100% completed, while that of general procurement is now 34% signed (annual target is 20%)

Customer Care

- The average of customer's service satisfaction from all counters reached **4.9** out of 5.0

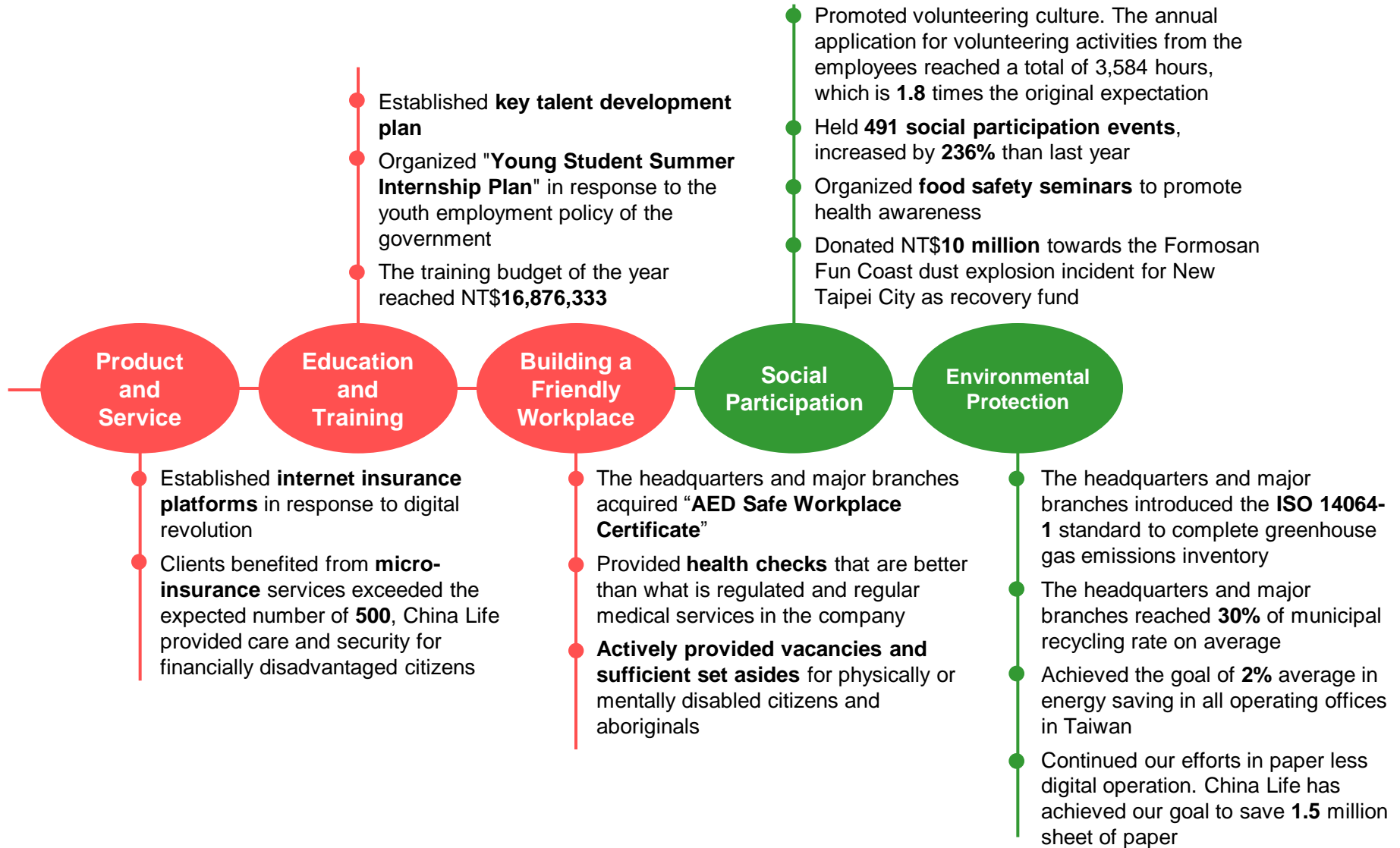
- The overall average of customer satisfaction in call center reached **94.6** out of 100.0

- Provided "go to house" service to **underprivileged and elderly clients**

- Introduced **ISO 27001** information security certificate and passed SGS qualification



2015 Achievements on Sustainable Development



CCB Life Business Overview



Rapid Channel Expansion



■ China Life has joined equity investment in CCB Life since 2011 and provided technical supports to CCB Life's business development.

■ CCB Life continues its expansion plan with a total of 19 provincial branches, and 124 sub-branches and offices, utilizing CCB's 8,880 bancassurance network

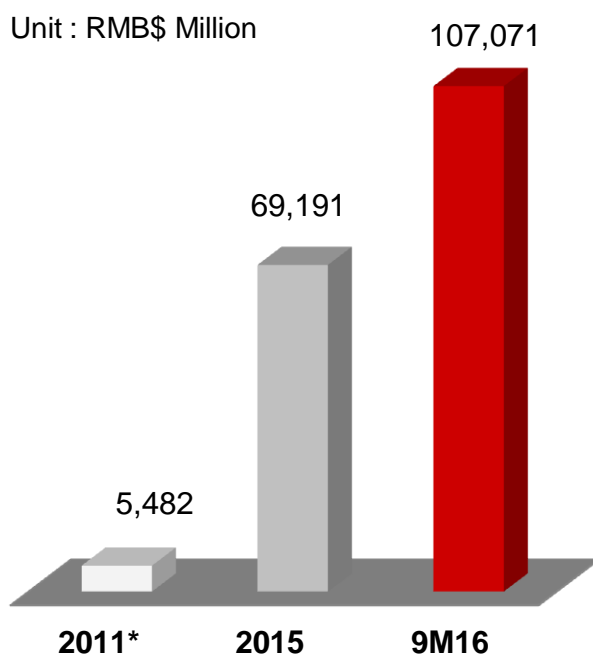
■ A total of 3 provincial branches in 2Q 2011

■ As of July 2016, CCB Life expanded business scope to 19 provincial branches

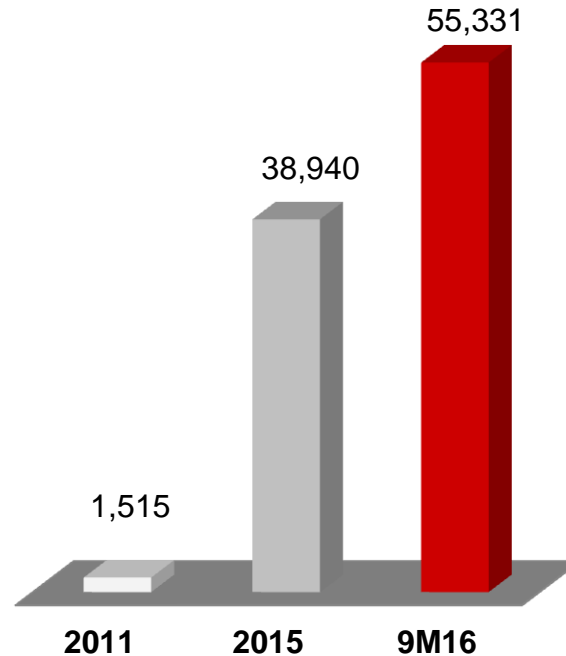
Remarkable Business Growth

Total Assets

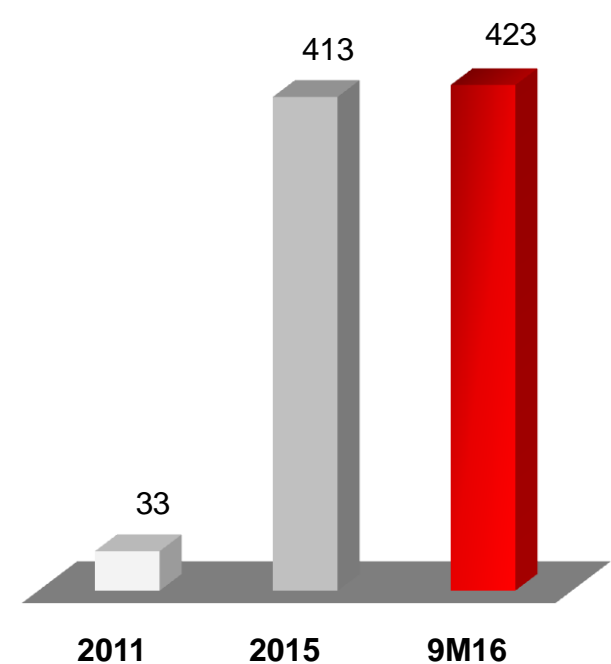
Unit : RMB\$ Million



Total Premium

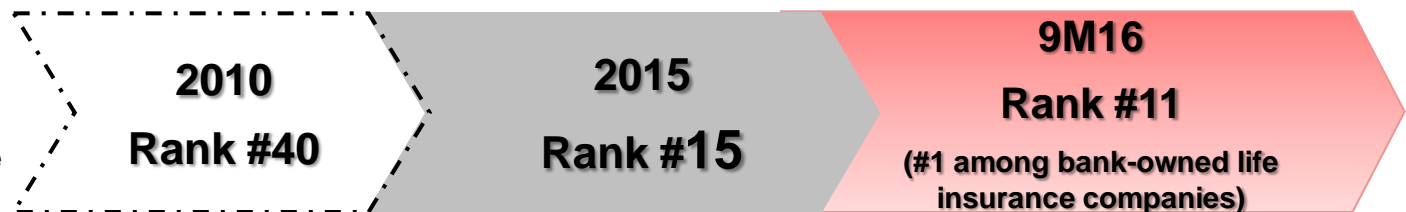


Net Profit



*China Life entered into a joint investment agreement with CCB in CCB Life which began operation in July 2011

Market share
of gross premium
continues to enhance





CCB Life Asset Management

- Founded in April 2016
- Registered capital of RMB 100 million
- Joint investment by CCB Life (80.1%) and CCB International (19.9%)
- By fully utilizing group's resources and following a comprehensive risk management system to develop third party asset management business, and target to gradually broaden operation to four major fields – asset management, investment banking, financial institution business and wealth management

CCB Life General Insurance

- Founded in October 2016
- Registered capital of RMB 1 billion
- Joint investment by CCB Life, Ningxia Transportation Investment and Yinchuan Communications Capital Investment Operations Limited
- A general insurance company with nationwide license

Embedded Value





Investment Return

2015

Traditional Policies

Year 1 ~ Year 10 : **3.75% ~ 5.31%**

Year 11 and after : **5.35%**

Interest Sensitive Policies*

Year 1 ~ Year 10 : **2.75% ~ 4.45%**

Year 11 and after : **4.55%**

*including interest-sensitive annuities & universal life policies

2014

Traditional Policies

Year 1 ~ Year 10 : **3.75% ~ 5.36%**

Year 11 and after : **5.43%**

Interest Sensitive Policies*

Year 1 ~ Year 10 : **2.75% ~ 4.48%**

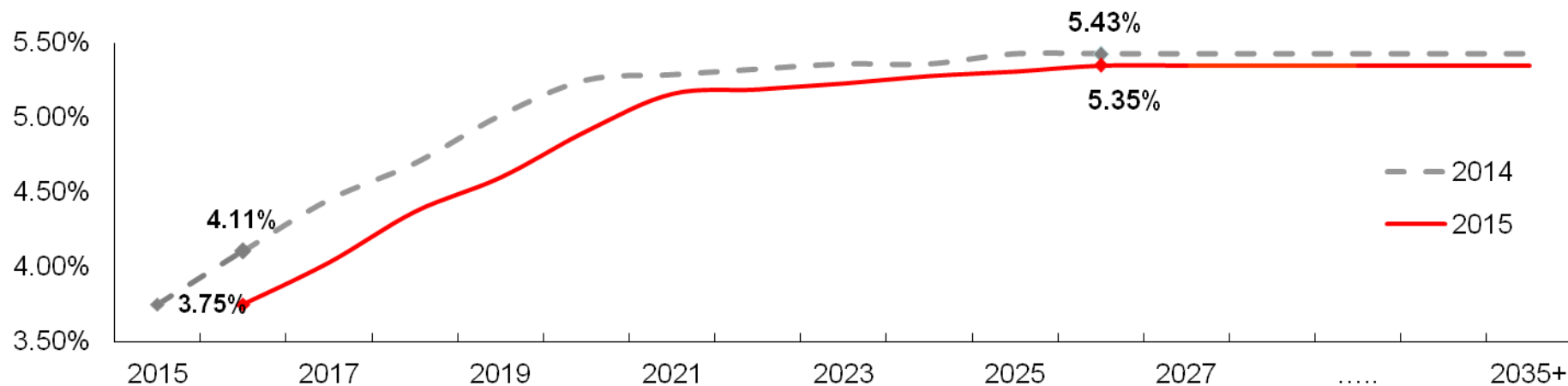
Year 11 and after : **4.59%**

Risk Discount Rate

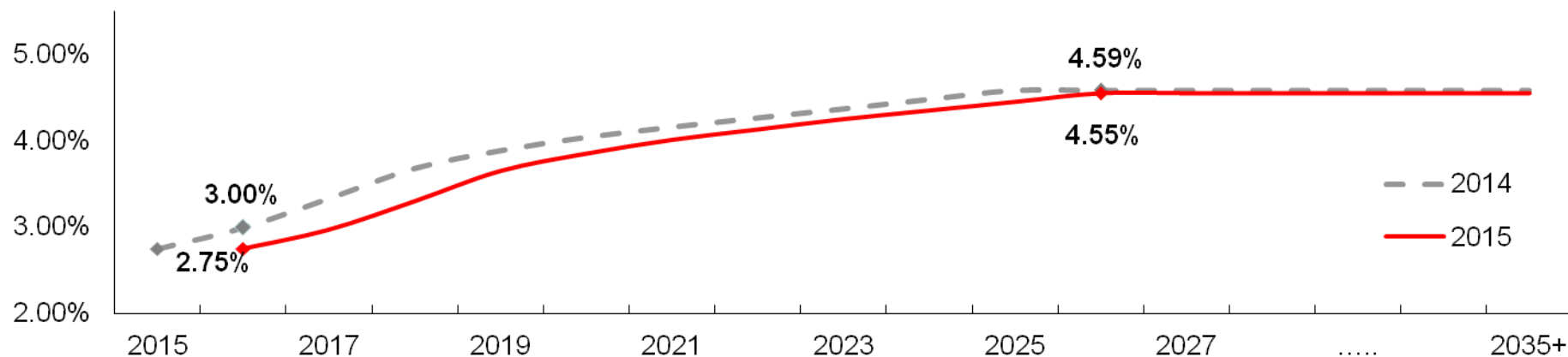
10.5% (same as 2014)

Investment Yield Assumption

Traditional Policies



Interest Sensitive Policies



YoY Embedded Value

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

| Valuation Date | 2014/12/31 | 2015/12/31 | YoY % |
|--------------------------|------------------|------------------|--------------|
| Adjusted Net Worth | 83,607 | 81,238 | -2.8% |
| Value of In Force | 95,892 | 124,824 | 30.2% |
| Cost of Capital | (20,028) | (22,482) | 12.3% |
| Embedded Value | 159,471 | 183,580 | 15.1% |
| # of Outstanding Shares | 3,036 | 3,340 | - |
| EV Per Share | NT\$52.52 | NT\$54.96 | 4.6% |
| V1NB (after CoC)* | 17,829 | 29,817 | 67.2% |

* V1NB = Value of last 12 months new business

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

| Valuation Date: 2015/12/31 | All else equal except | | Base Case | All else equal except | |
|--------------------------------------|-----------------------|------------------|--|-----------------------|------------------|
| | Inv. Yield | Inv. Yield | Investment Yield: Traditional 3.75%~5.35% Interest Sensitive 2.75%~4.55% RDR: 10.5% | RDR | RDR |
| Solvency Basis: RBC=200% | - 0.25% | + 0.25% | | -0.5% | +0.5% |
| Adjusted Net Worth | 81,238 | 81,238 | 81,238 | 81,238 | 81,238 |
| Value of In-Force | 107,848 | 142,124 | 124,824 | 131,293 | 118,909 |
| Cost of Capital | (23,706) | (21,285) | (22,482) | (21,609) | (23,268) |
| Embedded Value | 165,379 | 202,077 | 183,580 | 190,921 | 176,878 |
| EV per share | NT\$49.51 | NT\$60.50 | NT\$54.96 | NT\$57.16 | NT\$52.96 |

● Thank you

