

● China Life Insurance Co., Ltd.

May 2018





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● Embedded Value



Investment Return

2017

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

2016

Traditional Policies

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

Year 11 and after : **5.35%**

Interest Sensitive Policies*

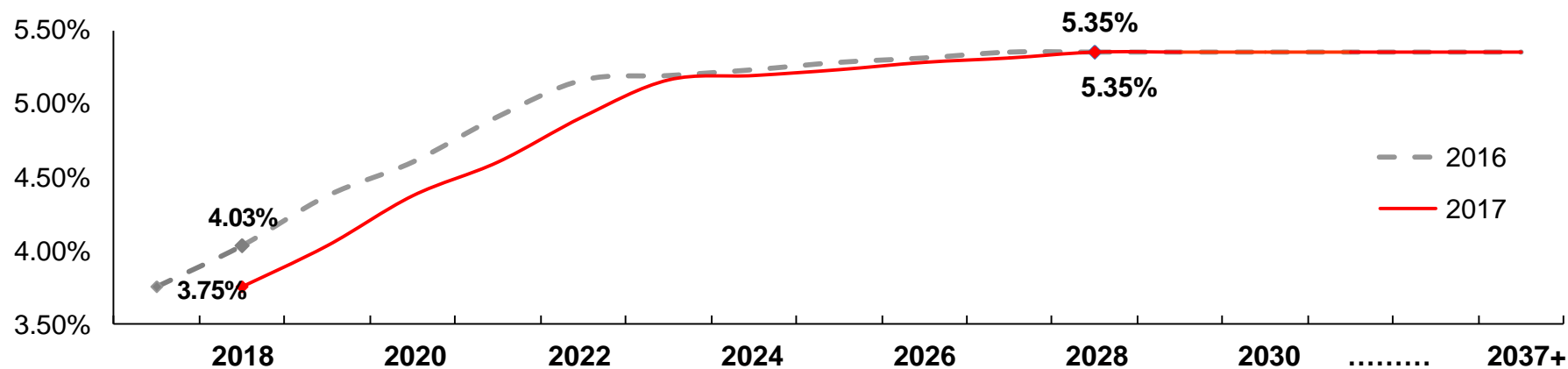
Year 1 ~ Year 10 : **2.75% ~ 4.45%**

Year 11 and after : **4.55%**

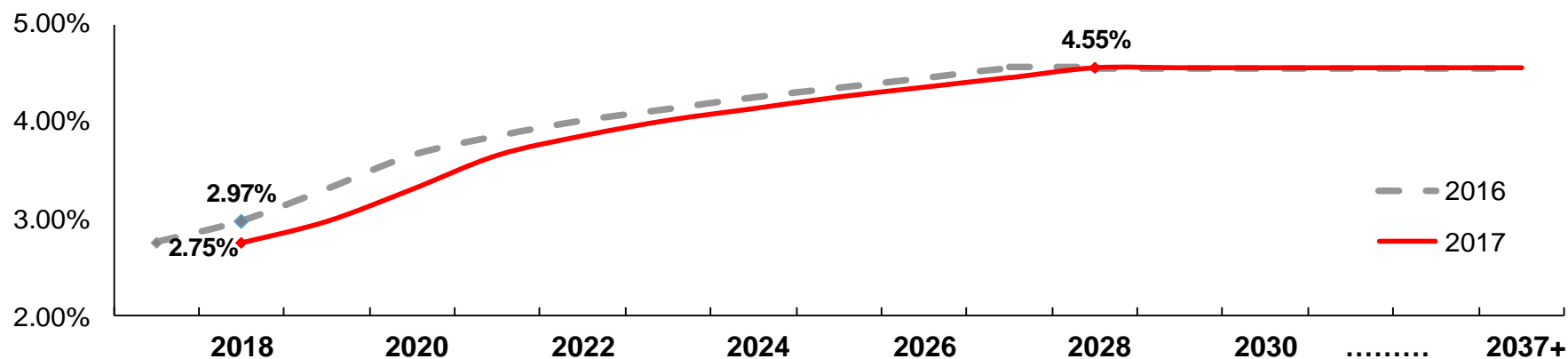
Risk Discount Rate

10.5%

Traditional Policies



Interest Sensitive Policies



Cost of Capital (COC)

Based on capital requirement maintaining at least RBC = 200% with K factor= 0.5

Other Assumptions

1. Mortality: Based on company experience and considering future trends
2. Morbidity: Based on company experience and considering future trends
3. Lapses: Based on company experience and considering future trends
4. Expense: Based on company experience and considering future trends

External Reviewer

Ernst & Young Advisory Services Limited provides an independent review of the assumptions on Embedded Value

YoY Embedded Value

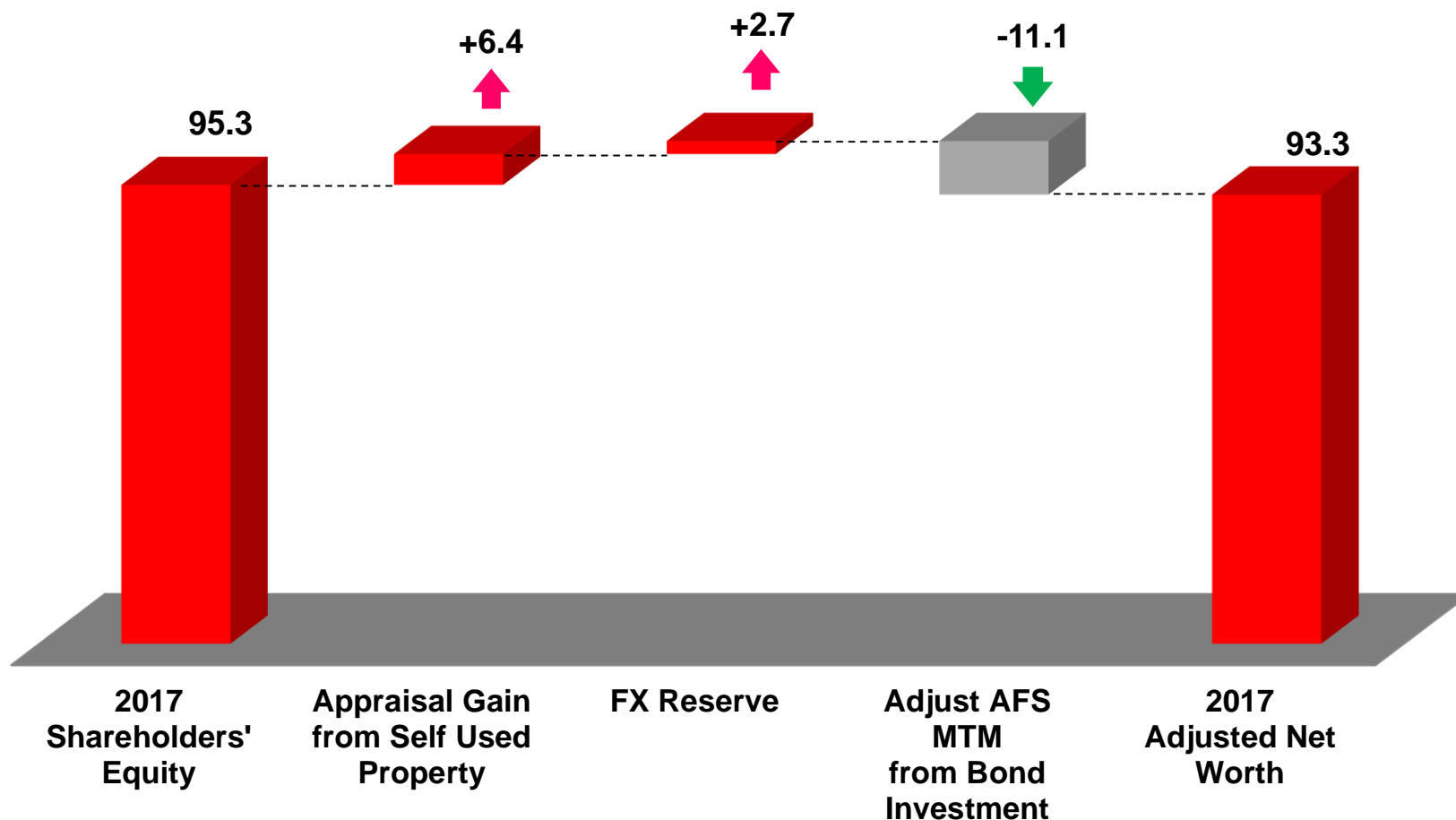
Unit: NT\$ Billion (NT\$ Per Share; Million shares)

Valuation Date	2016/12/31	2017/12/31	YoY %
Adjusted Net Worth	88.6	93.3	5.3%
Value of In Force	157.5	178.5	13.3%
Cost of Capital	(24.1)	(27.2)	12.9%
Embedded Value	222.1	244.7	10.2%
# of Outstanding Shares	3,474	3,786	-
EV Per Share	NT\$63.94	NT\$64.62	1.1%
V1NB (after CoC)*	28.8	19.0	-34.0%

* V1NB = Value of last 12 months new business

Components of 2017 ANW

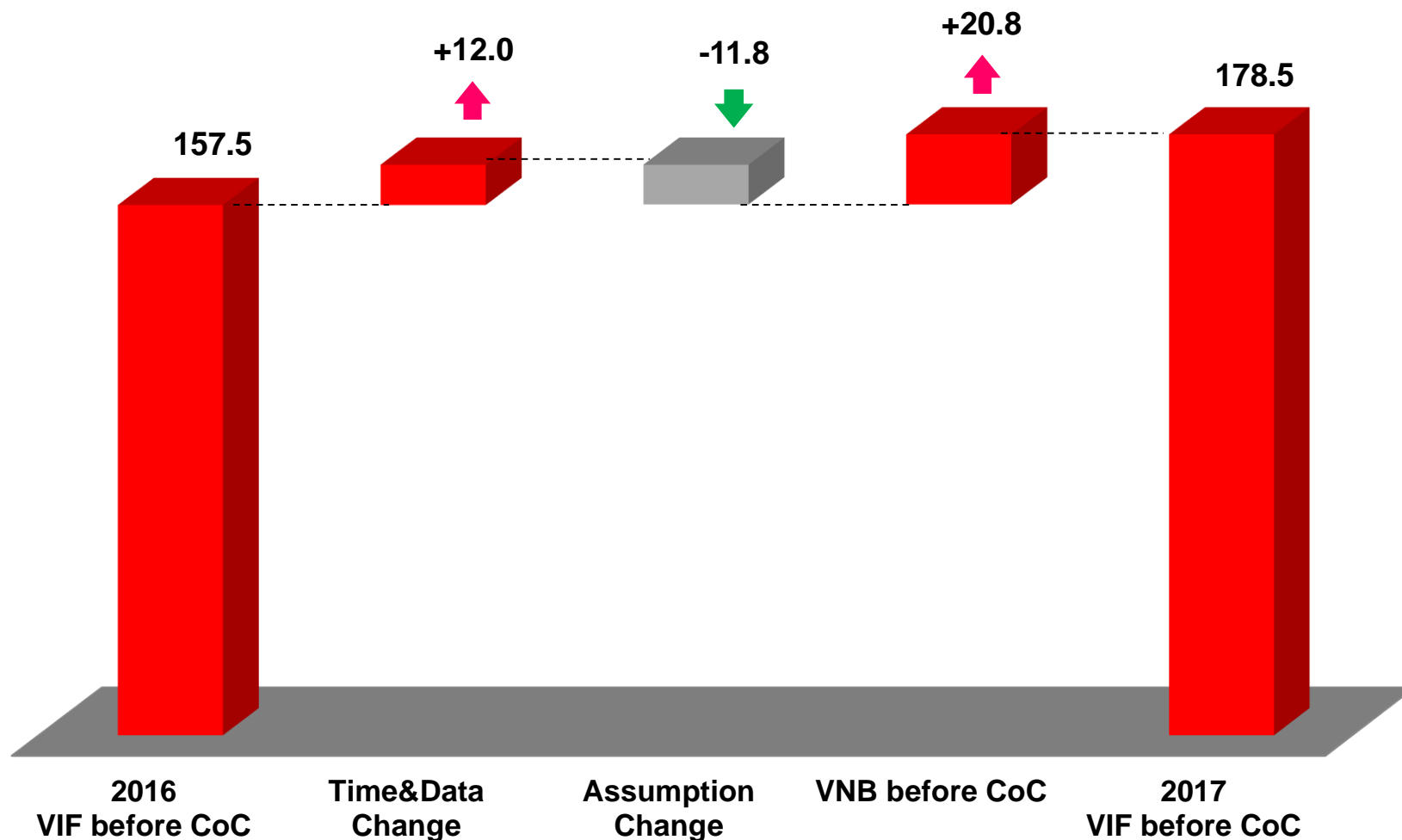
Unit : NT\$ Billion





Movement Analysis for VIF (Before CoC)

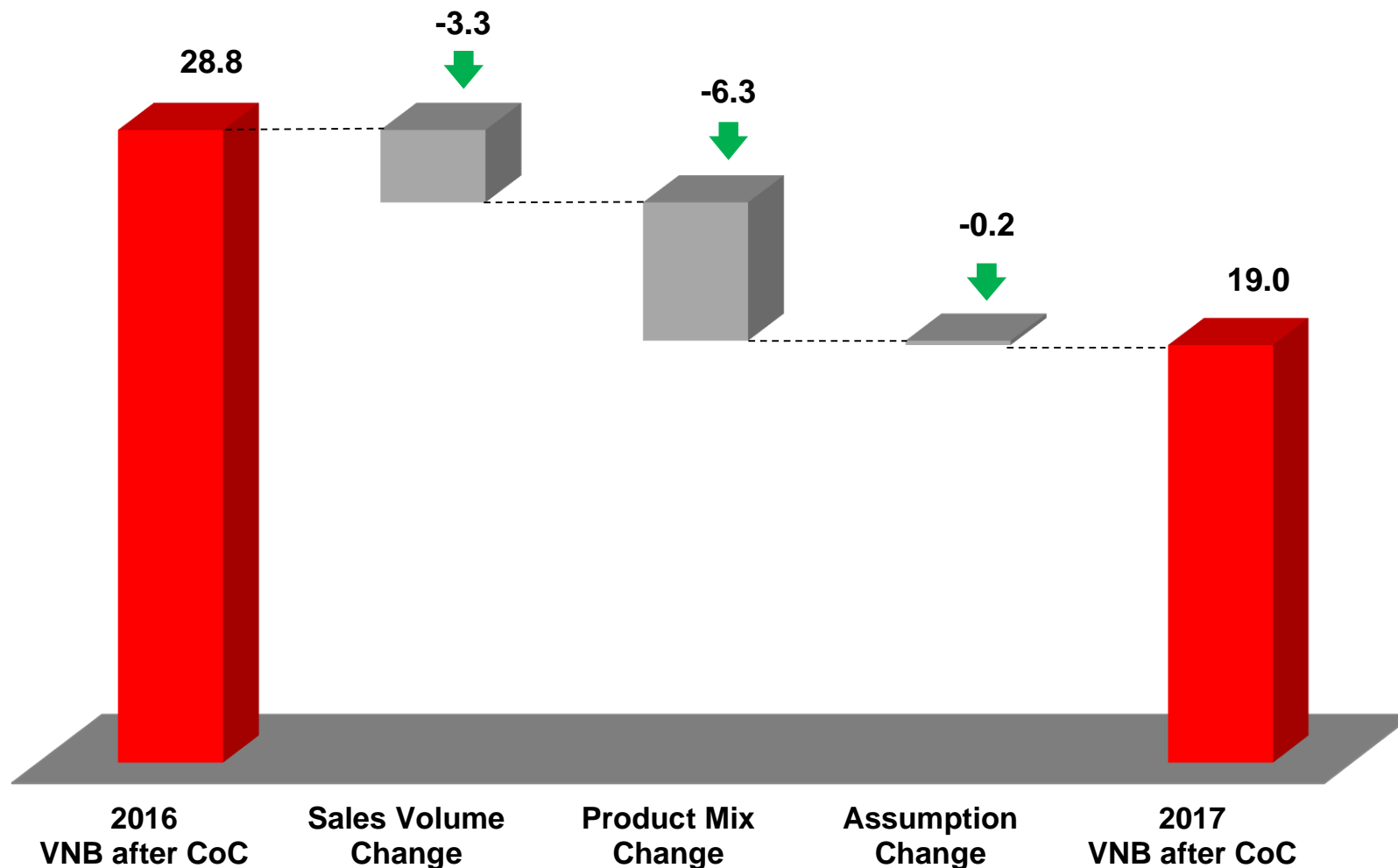
Unit : NT\$ Billion





Movement Analysis for VNB (After CoC)

Unit : NT\$ Billion



Sensitivity Analysis - VIF

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

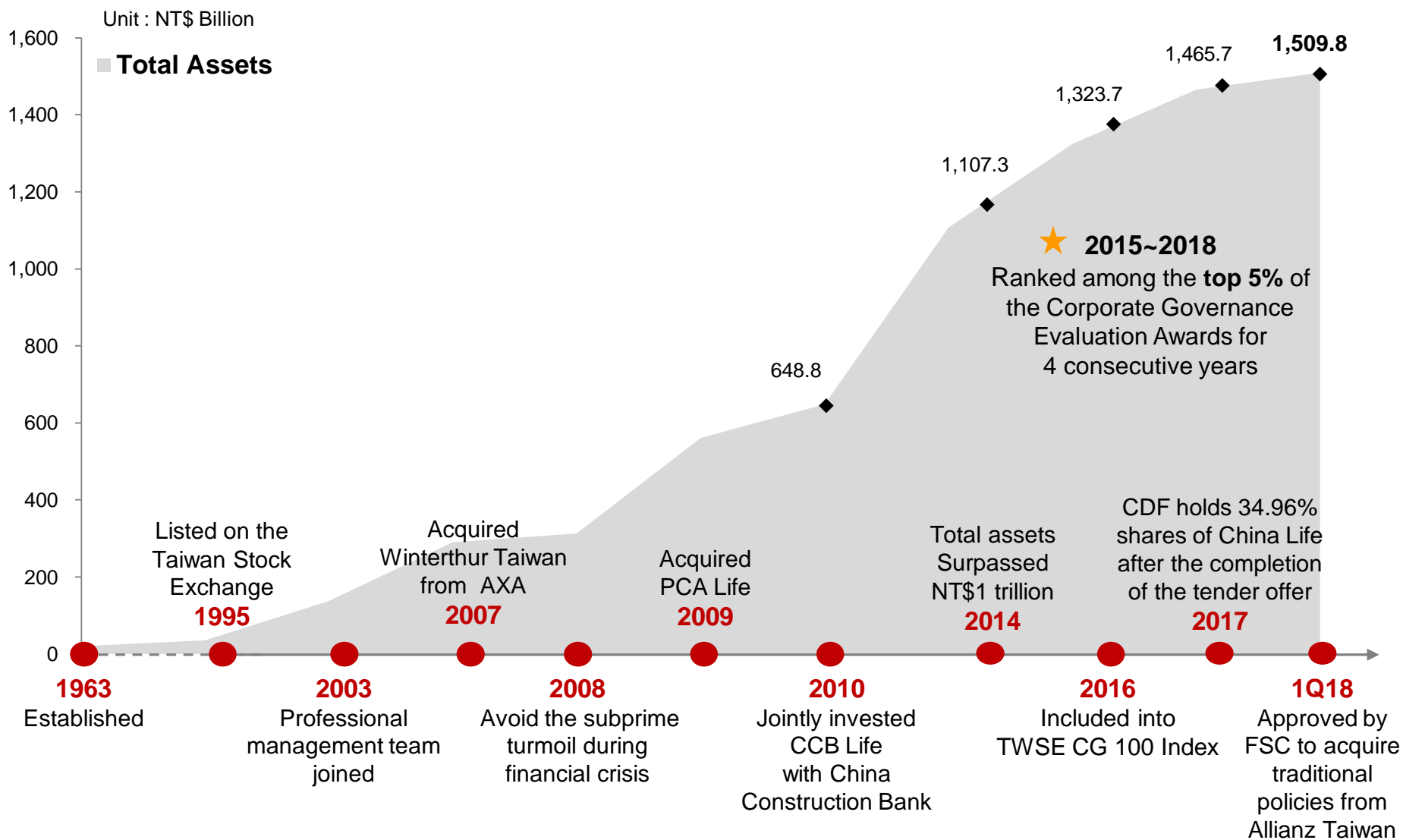
Valuation Date: 2017/12/31	All else equal except		Base Case	All else equal except	
Solvency Basis: RBC=200%	Inv. Yield - 0.25%	Inv. Yield + 0.25%	Investment Yield: Traditional 3.75%~5.35% Interest Sensitive 2.75%~4.55% RDR: 10.5%	RDR -0.5%	RDR +0.5%
Adjusted Net Worth	93.3	93.3	93.3	93.3	93.3
Value of In-Force	154.2	202.8	178.5	187.5	170.3
Cost of Capital	(28.7)	(25.7)	(27.2)	(26.1)	(28.1)
Embedded Value	218.8	270.4	244.7	254.7	235.5
EV per share	NT\$57.79	NT\$71.42	NT\$64.62	NT\$67.26	NT\$62.21

● Business Performance





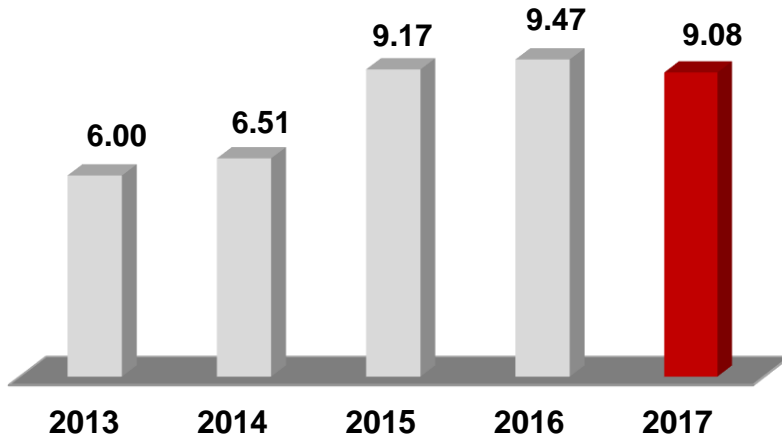
Milestones



Performance Highlights

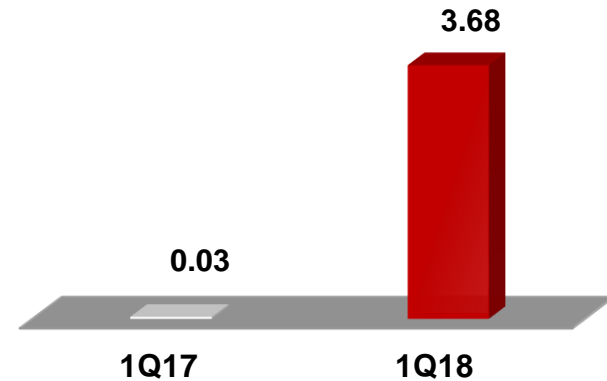
Net Profit (annual)

Unit : NT\$ Billion

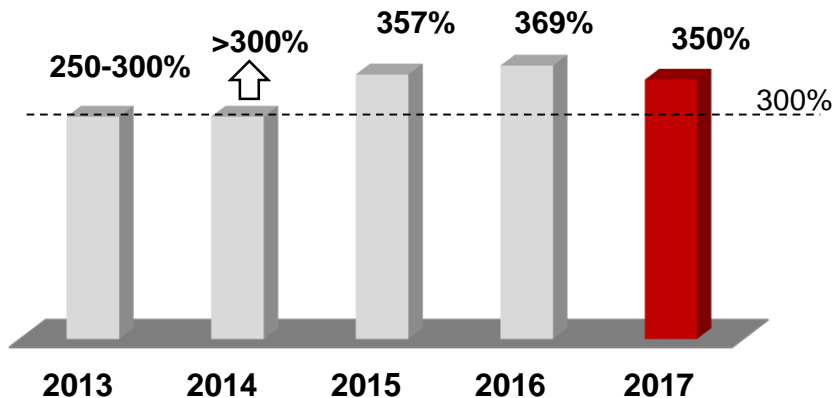


Net Profit

Unit : NT\$ Billion

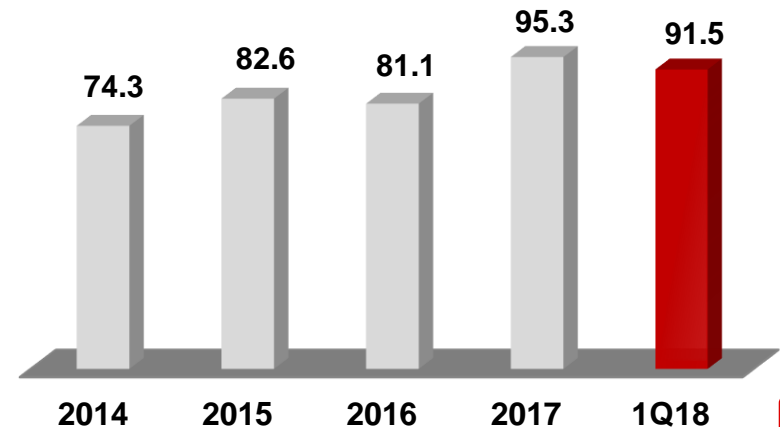


RBC Ratio



Shareholders' Equity

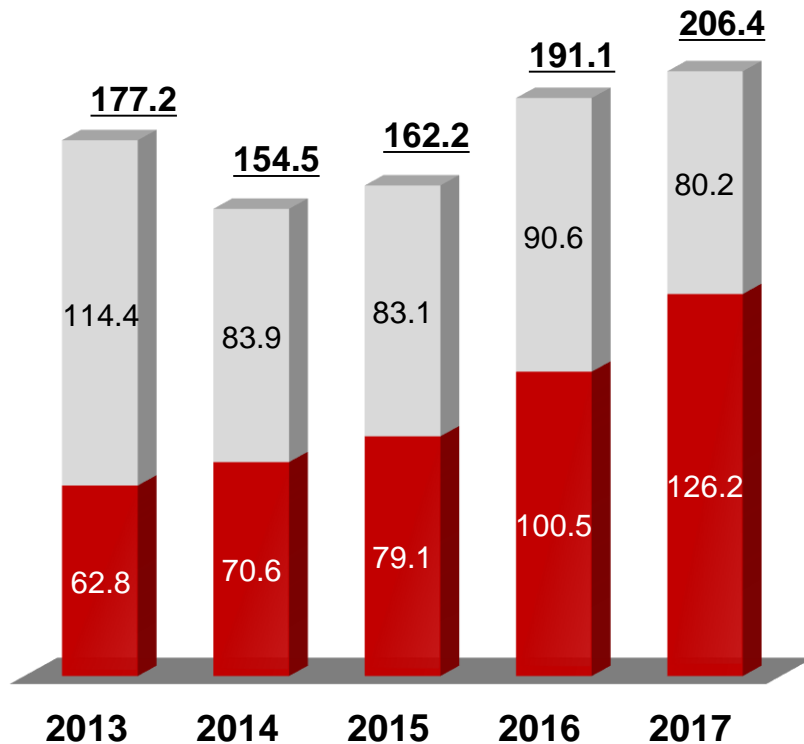
Unit : NT\$ Billion



Total Premium (annual)

Unit: NT\$ Billion

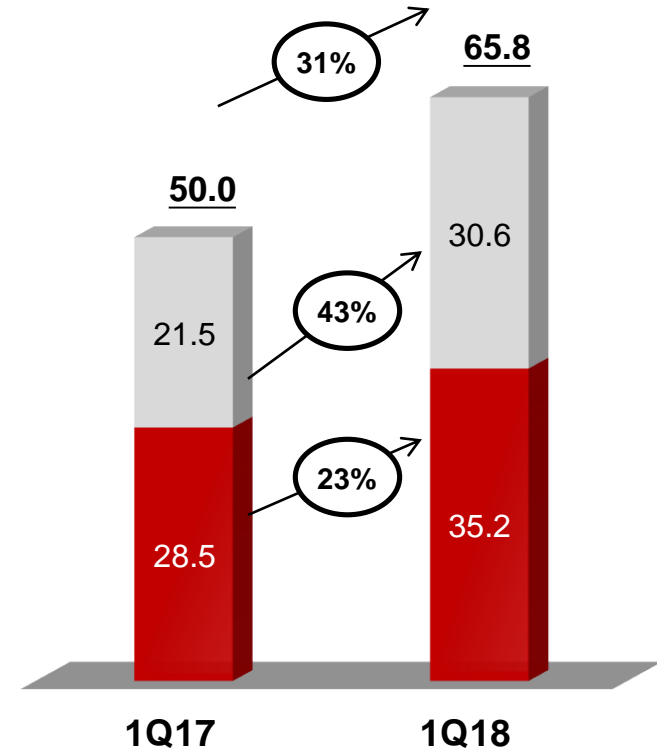
■ FYP ■ Renewal premium



Total Premium

Unit: NT\$ Billion

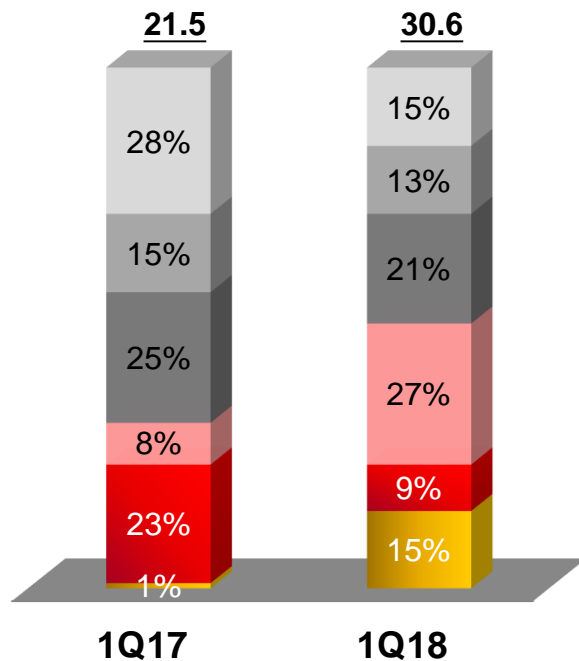
■ FYP ■ Renewal premium



FYP

Unit: NT\$ Billion

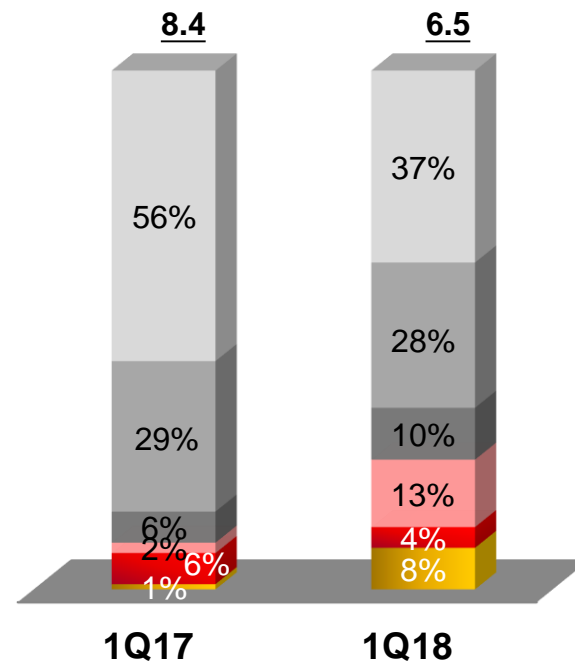
- Traditional** - regular
- Foreign Currency - regular
- Traditional** - single
- Foreign Currency - single
- Interest Sensitive Annuity & Universal Life
- Investment-link



FYPE*

Unit: NT\$ Billion

- Traditional** - regular
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- Interest Sensitive Annuity & Universal Life
- Investment-link



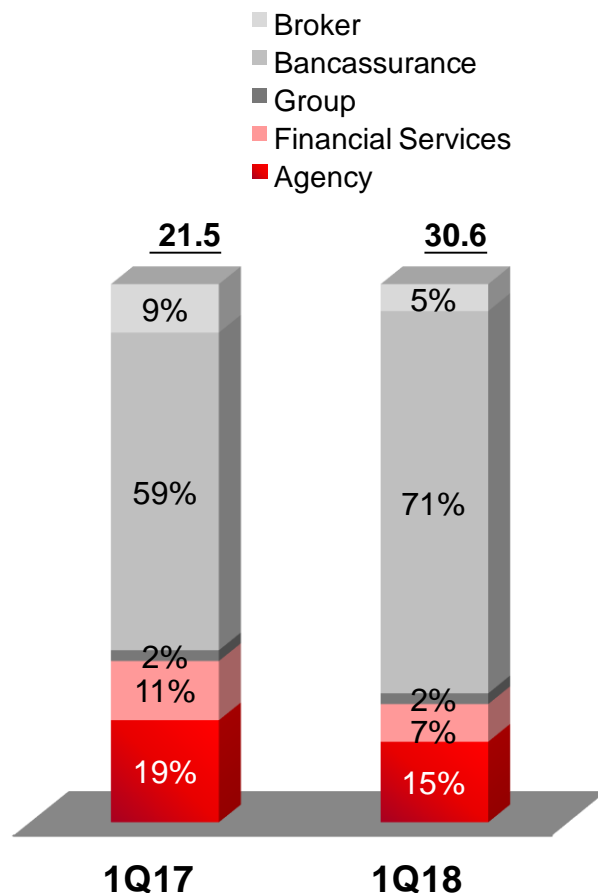
* **FYPE (First Year Premium Equivalent)** = 10% x single & flexible premium + 20% x 2-year premium payment term + ... + 50% x 5-year premium payment term + 100% x 6-year and more premium payment term

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

Distribution Channels

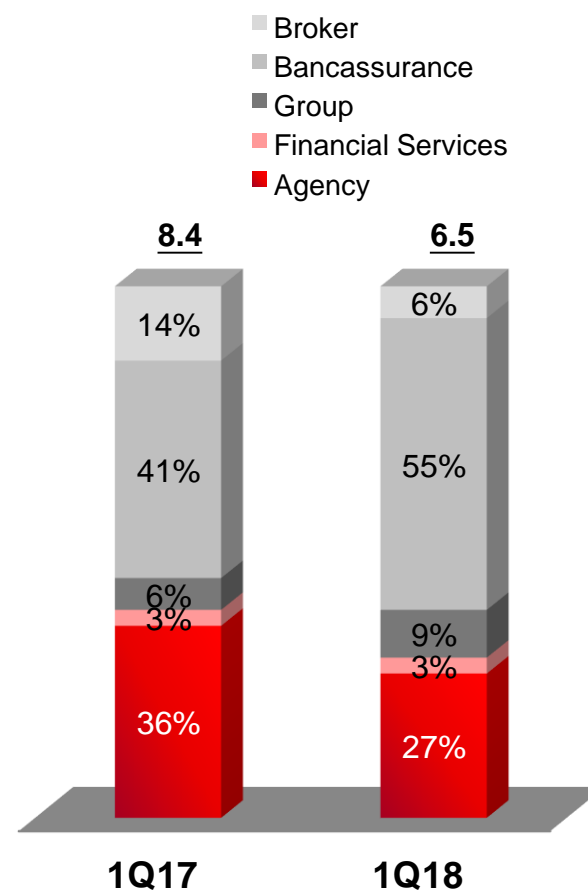
FYP

Unit : NT\$ Billion



FYPE*

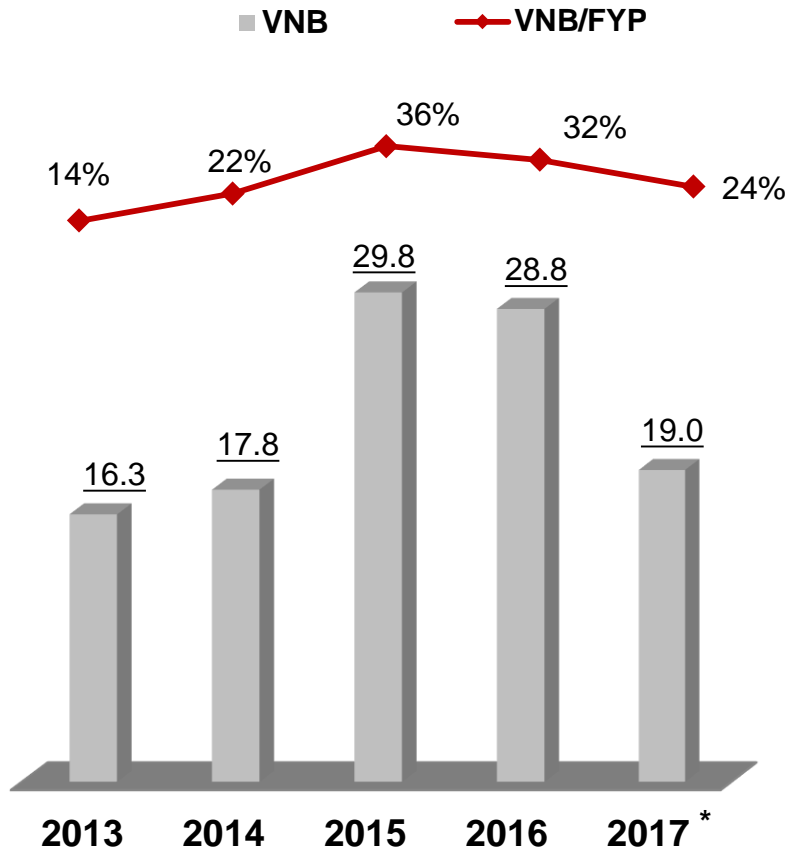
Unit : NT\$ Billion



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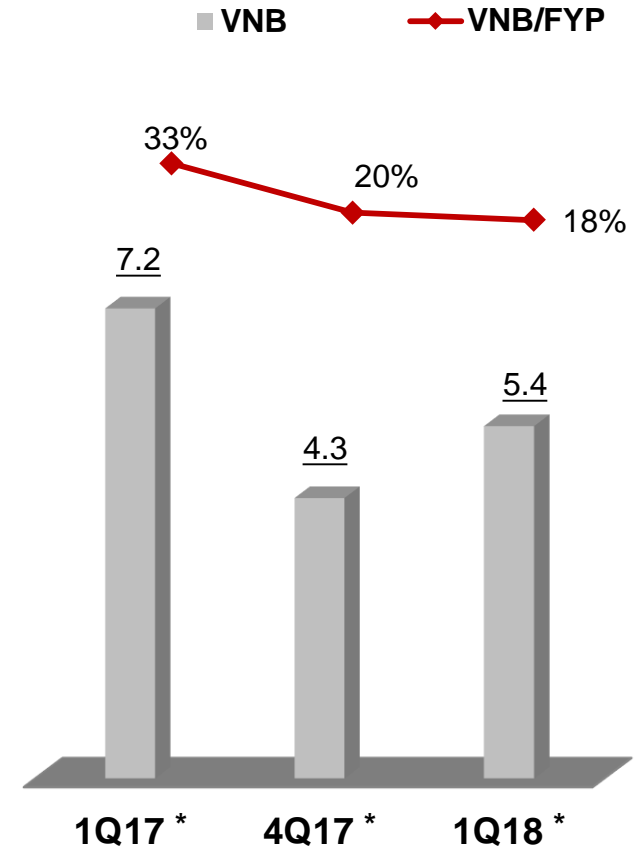
VNB and Margin (annual)

Unit : NT\$ Billion



VNB and Margin

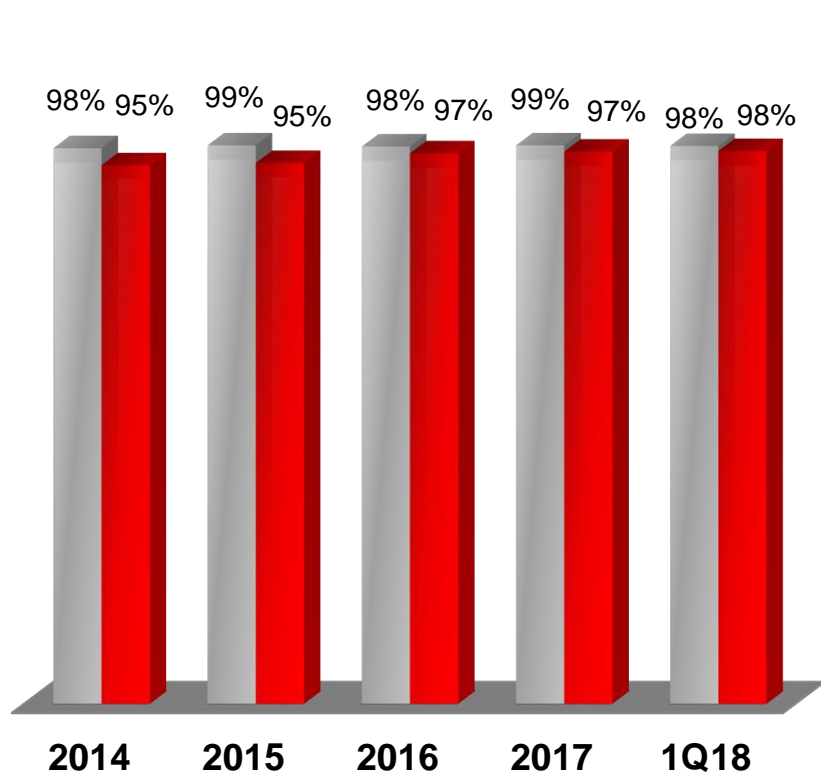
Unit : NT\$ Billion



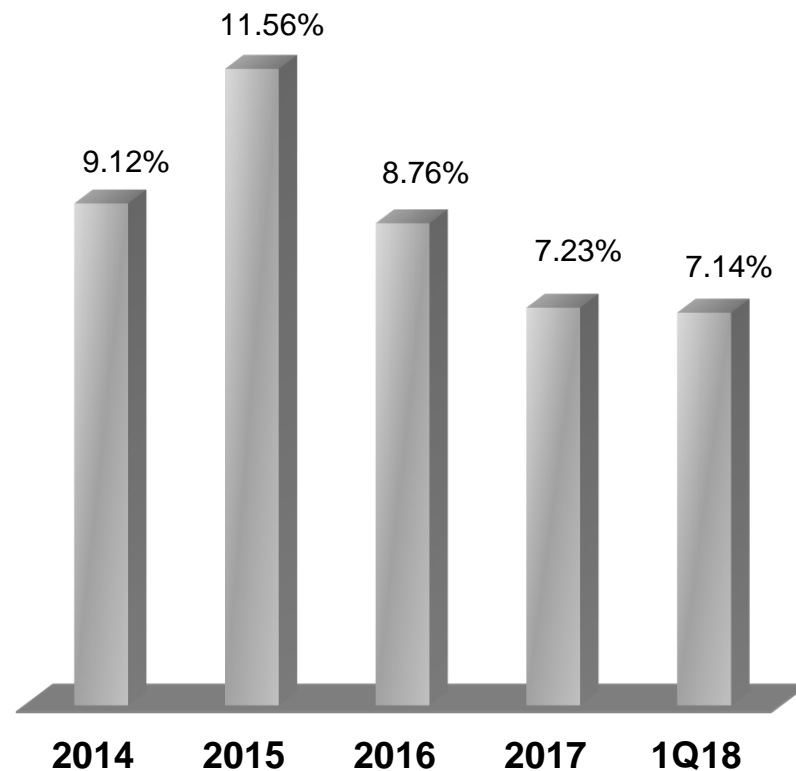
* 1Q17, 4Q17, 2017 & 1Q18 VNB were based on 2017 EV assumption

Persistency Ratio

■ 13 M ■ 25 M



Expense Ratio



Investment Portfolio

(Unit: NT\$ Billion)	2017/3/31		2017/12/31		2018/3/31	
	Amount	Weight	Amount	Weight	Amount	Weight
Deposits and Short-term investment	35.6	2.9%	23.3	1.7%	36.0	2.6%
Domestic Fixed Income	199.1	16.2%	235.2	17.2%	218.2	15.6%
Domestic Equity	92.1	7.5%	120.3	8.8%	122.7	8.8%
Loans - Mortgage	2.0	0.2%	1.6	0.1%	1.5	0.1%
Loan - Policy	28.2	2.3%	29.9	2.2%	30.0	2.2%
Real Estate	31.1	2.5%	32.1	2.4%	32.3	2.3%
Foreign Deposits	30.0	2.4%	19.1	1.5%	14.3	1.0%
Overseas Fixed Income*	765.6	62.3%	861.4	63.1%	896.4	64.2%
Overseas Equity	44.9	3.7%	41.3	3.0%	45.4	3.2%
Total Investments	1,228.6	100.0%	1,364.2	100.0%	1,396.8	100.0%

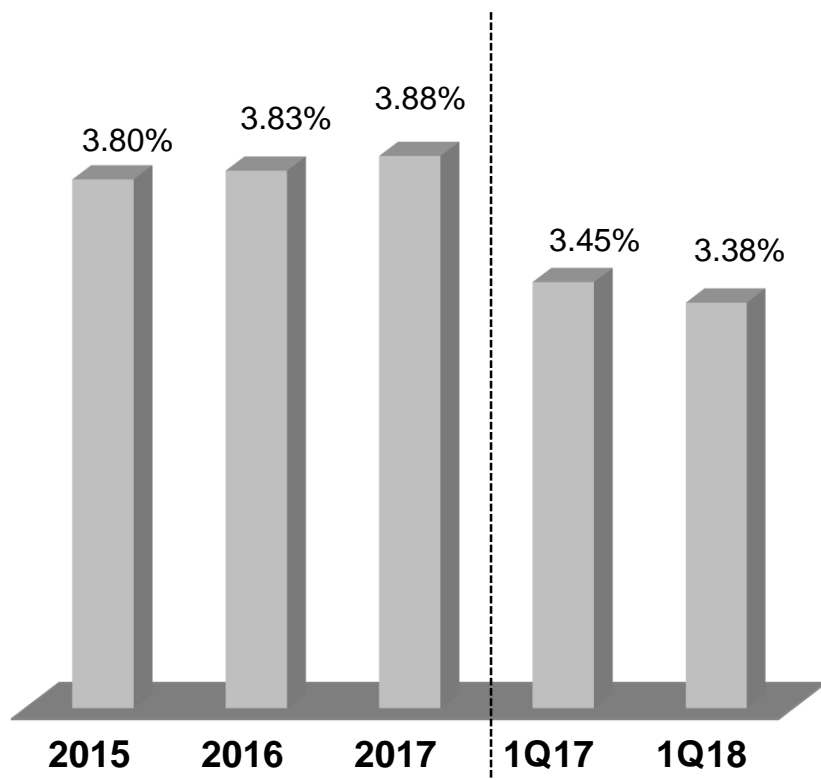
* Including OTC Listed Int'l Bonds. Investment amount in OTC Listed Int'l Bonds in 1Q17, 2017 and 1Q18 were NT\$289.9 bn, NT\$344.6 bn, NT\$370.7 bn, respectively.

** Excluding FX policy, total overseas investment was around 55% of total investment assets in 1Q18



Recurring Yield & Overseas Fixed Income By Region

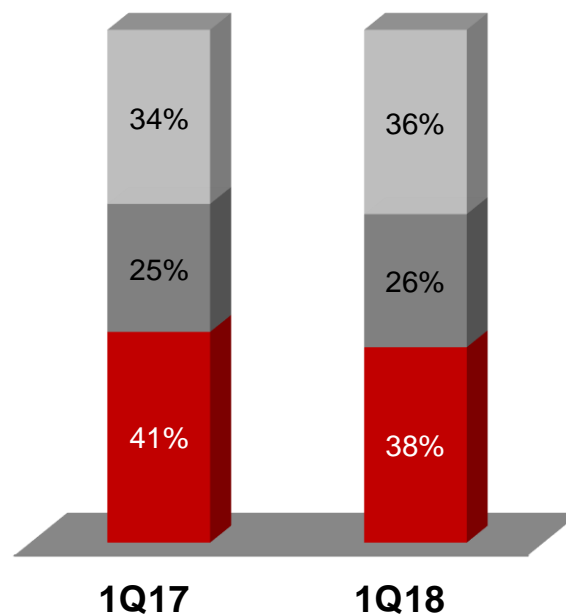
Pre-hedging Recurring Yield*



* Based on actual exchange rate

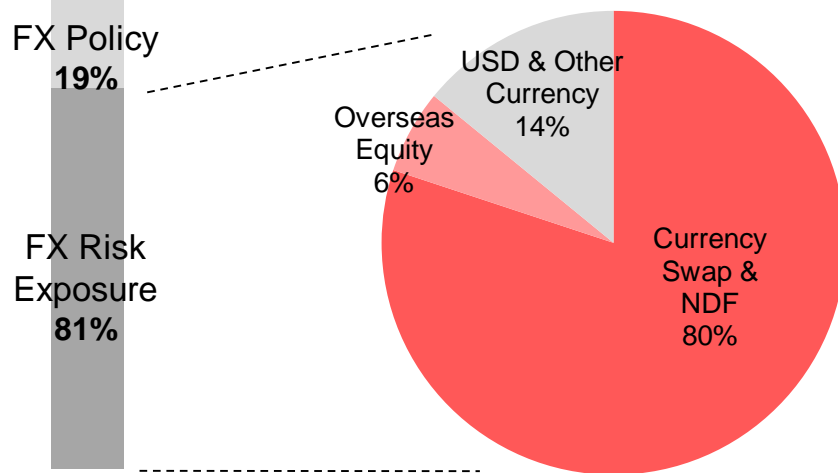
Overseas Fixed Income By Region

■ Asia & Others ■ Europe ■ North America

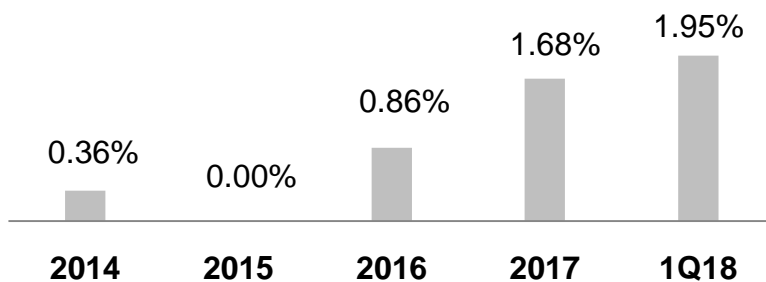


Hedging Structure

FX Position in 1Q18

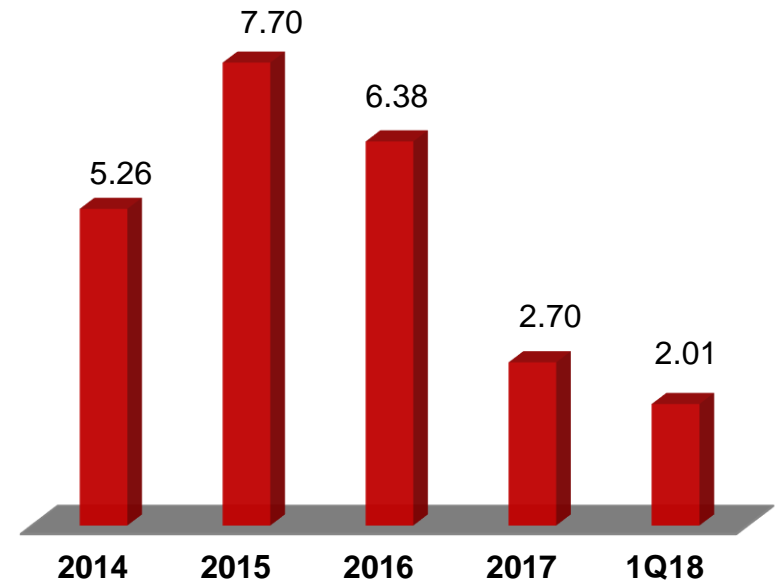


Hedging Cost



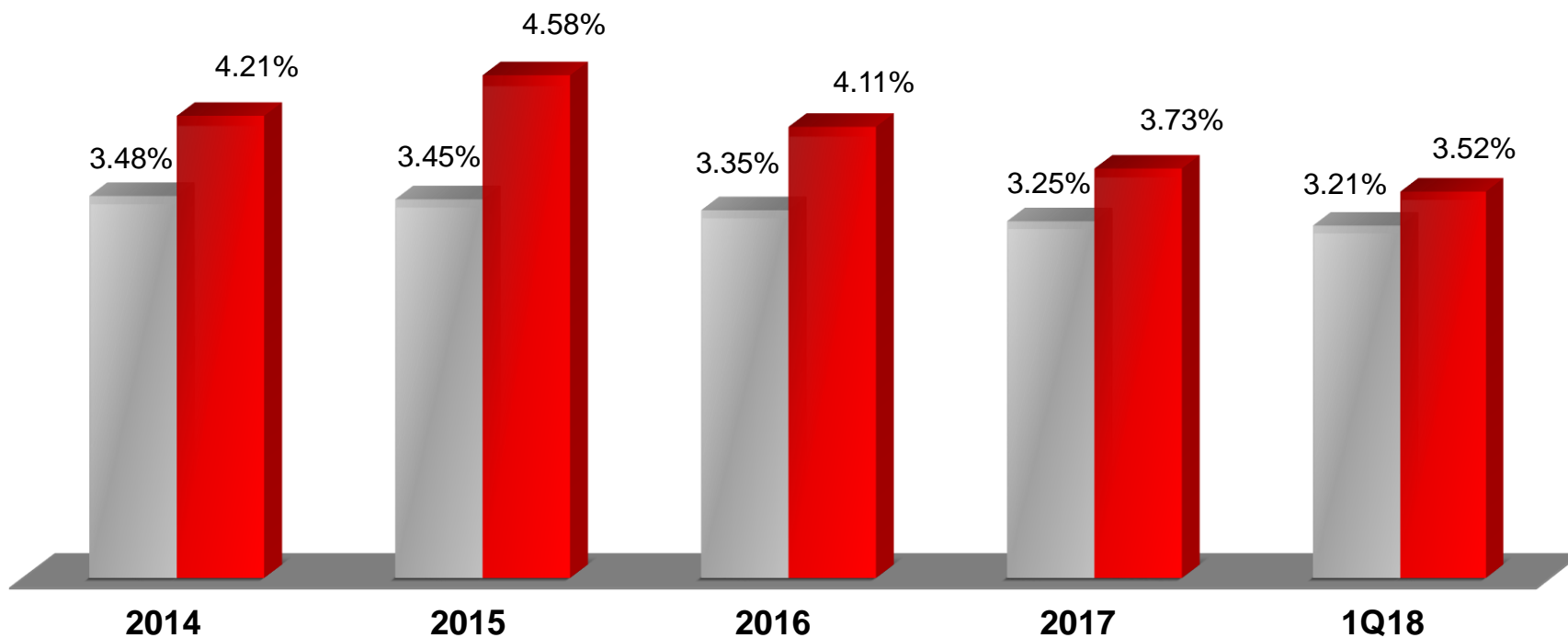
FX Reserve Balance

Unit : NT\$ Billion



*The initial amount of FX reserve balance was NT\$1.75 billion

■ Cost of Liability* ■ Investment Yield



* Reserve-based cost of liability



Financial Highlights

(NT\$ million)

Income statement

	2017	2016	YoY	1Q18	1Q17	YoY
First year premium	80,225	90,627	-11%	30,643	21,490	43%
Total premium	206,440	191,139	8%	65,790	50,033	31%
Retained premium earned	194,644	181,843	7%	59,636	47,680	25%
Total investment income	47,417	47,054	1%	12,403	7,354	69%
Recurring investment income	48,206	42,432	14%	11,311	10,185	11%
Other investment income	(789)	4,622	NM	1,092	(2,831)	NM
Realized gains (losses) from equity	5,778	2,327	148%	3,138	706	344%
Realized gains (losses) from fixed income	8,340	8,893	-6%	2,548	2,693	-5%
Fair value movement for investment property	(98)	(186)	-47%	0	0	0%
FX related and others	(14,809)	(6,412)	131%	(4,594)	(6,230)	-26%
Other operating revenue	1,024	1,032	-1%	264	266	-1%
Total operating revenue	243,085	229,929	6%	72,303	55,300	31%
Retained claim payments	70,482	81,882	-14%	18,684	17,053	10%
Net changes in insurance liabilities	149,664	121,326	23%	46,604	34,882	34%
Commission expenses	9,449	11,724	-19%	2,647	2,696	-2%
Administrative and general expenses	4,405	4,057	9%	1,516	929	63%
Other operating expenses	345	264	31%	135	69	96%
Total operating costs and expenses	234,345	219,253	7%	69,586	55,629	25%
Non-operating income and expenses	(1)	56	NM	5	(5)	NM
Income before tax	8,739	10,732	-19%	2,722	(334)	NM
Net income	9,084	9,468	-4%	3,678	35	10409%
Earnings per share (NT\$)*	2.40	2.50	-4%	0.97	0.01	9600%

Balance sheet data

Total assets	1,465,734	1,323,711	11%	1,509,847	1,342,911	12%
Total assets (general account)	1,403,909	1,259,271	11%	1,447,303	1,277,801	13%
Insurance liabilities	1,286,902	1,150,706	12%	1,328,503	1,174,060	13%
Total liabilities	1,370,396	1,242,639	10%	1,418,317	1,262,649	12%
Total liabilities (general account)	1,308,571	1,178,199	11%	1,355,773	1,197,539	13%
Total shareholders' equity	95,338	81,072	18%	91,530	80,262	14%

Key financial ratios

ROA	0.65%	0.75%
ROE	10.30%	11.57%
RBC ratio	350%	369%

*EPS were disclosed according to financial reports

CCB Life Business Overview



Rapid Channel Expansion



- In 2011, China Life acquired a stake in CCB Life, the insurance subsidiary of China Construction Bank, and provided technical supports to CCB Life's business development
- With 22 provincial branches and 169 sub-branches, CCB Life continues to expand its operations and fully utilizes China Construction Bank's 10,567 branches as bancassurance network

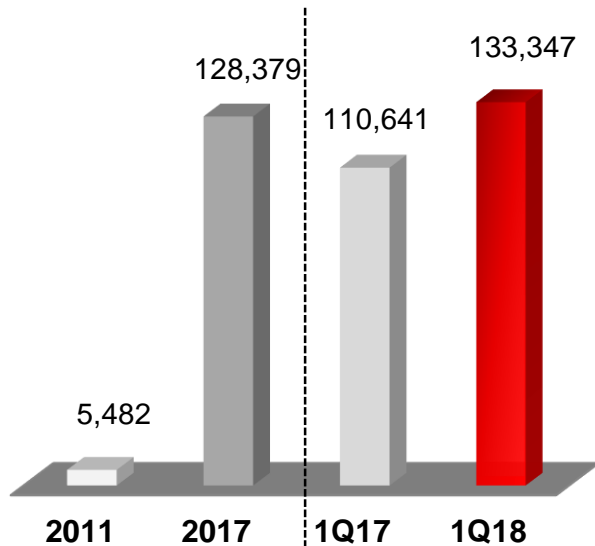
■ A total of 3 provincial branches in 2Q 2011

■ As of December 2017, CCB Life has expanded its business scope to 22 provincial branches

Remarkable Business Growth

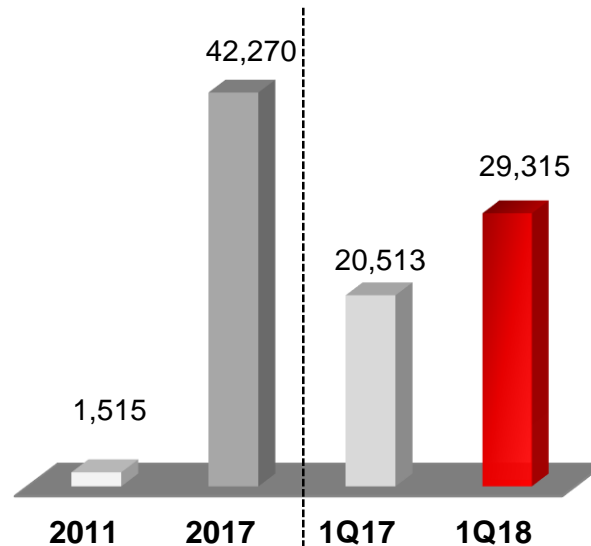
Total Assets

Unit : RMB\$ Million



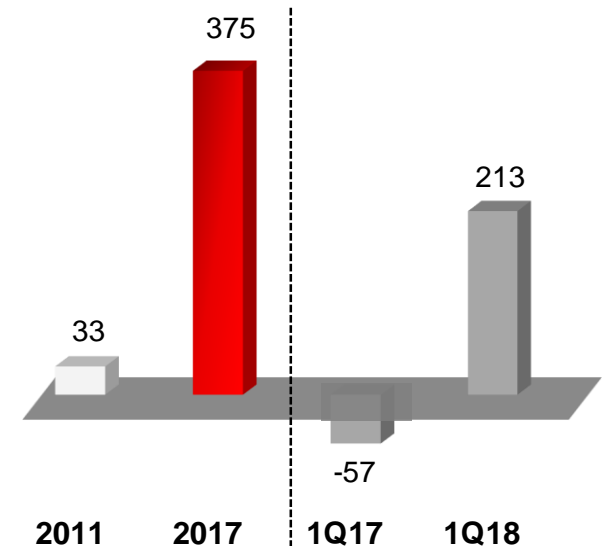
Total Premium

Unit : RMB\$ Million



Net Profit

Unit : RMB\$ Million



* China Life entered into a joint investment with CCB in CCB Life since July 2011

** On a consolidated basis since 2016

Business growth and branches expansion

- Ranking of gross premium income market share continues to improve #40 in 2011 -> #13 in 1Q18
- Expanded its operation to 22 provincial branches and 169 sub-branches and offices as of Mar 2018

2011

Enhance value of policy and strengthen corporate governance

- Focuses on promoting regular paid and high value products
- Reformed to company limited by shares in December 2016

2016

Move towards internationalization

- Issued USD500 million capital debenture successfully in April 2017 (coupon rate 4.5%)

2017...

● Thank you

