

● China Life Insurance Co., Ltd.

March 2018





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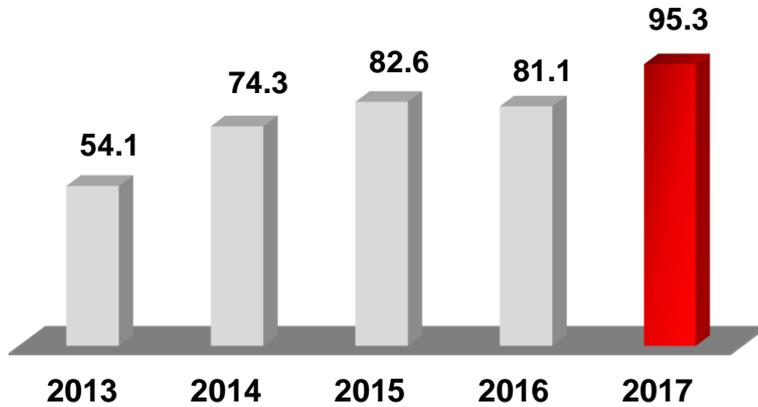
● Business Performance



Performance Highlights

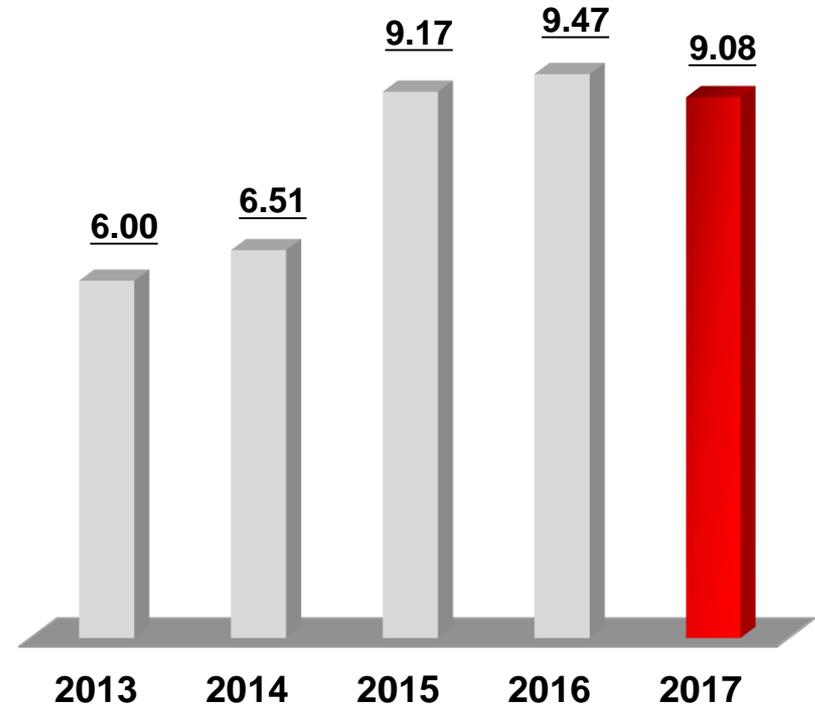
Shareholders' Equity

Unit : NT\$ Billion

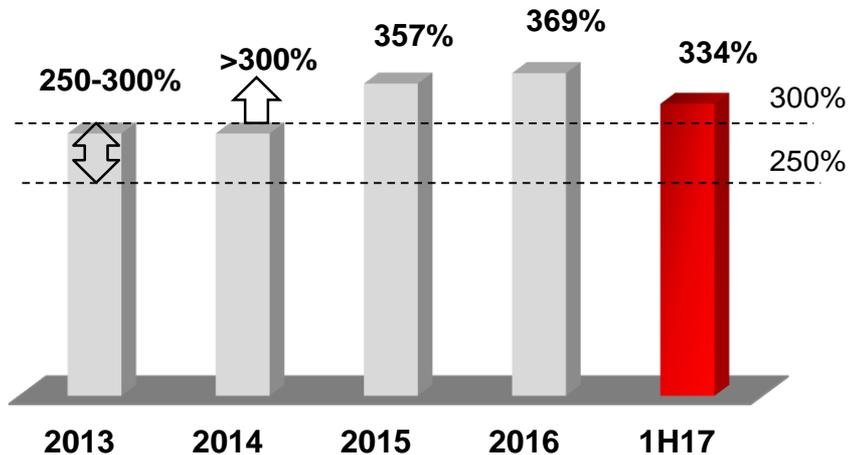


Net Profit

Unit : NT\$ Billion

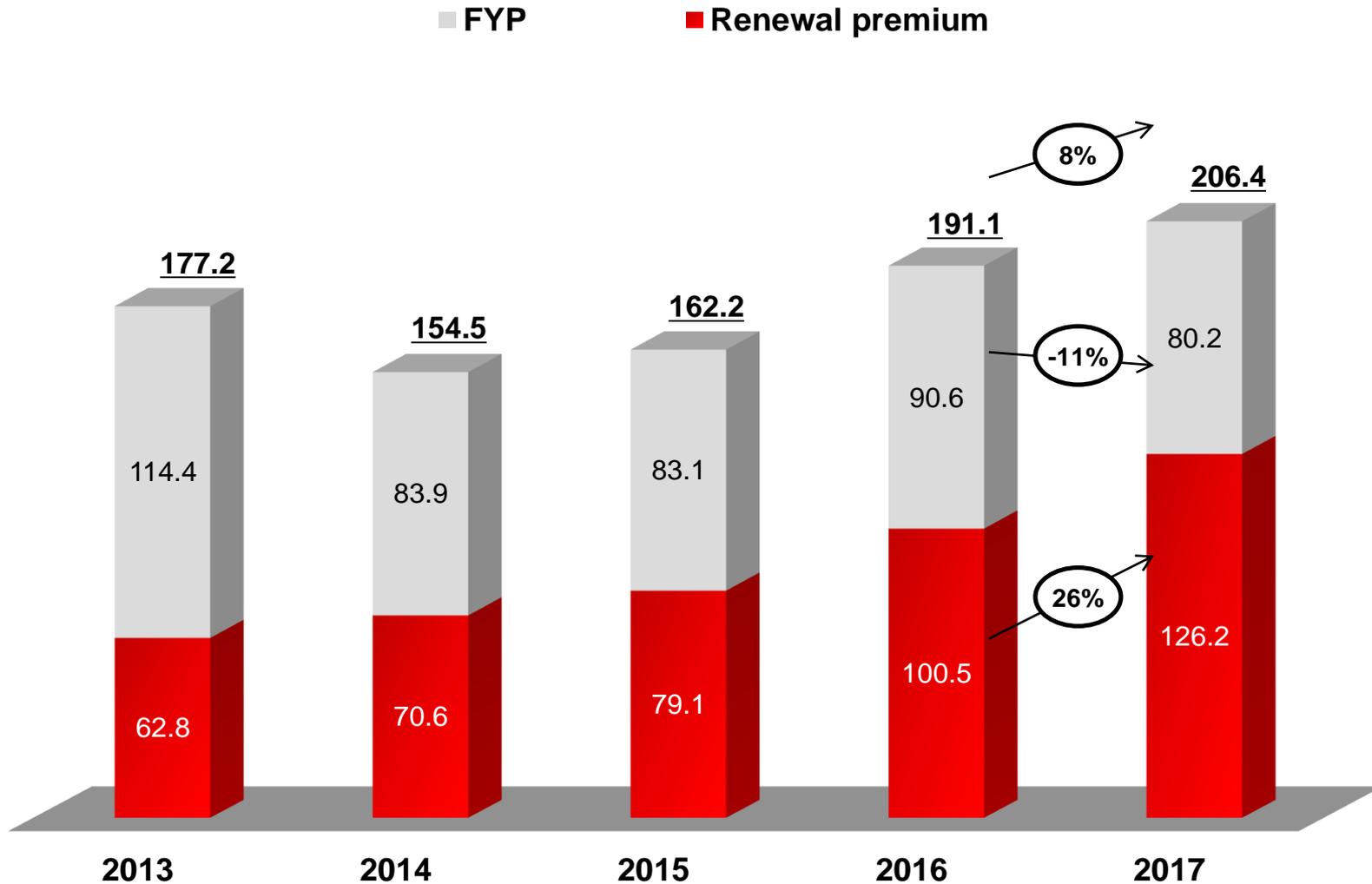


RBC Ratio



Total Premium

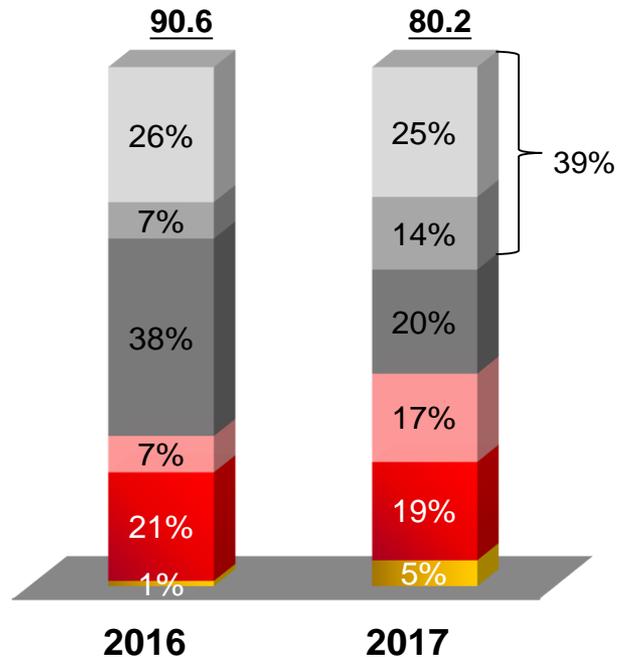
Unit: NT\$ Billion



FYP

Unit: NT\$ Billion

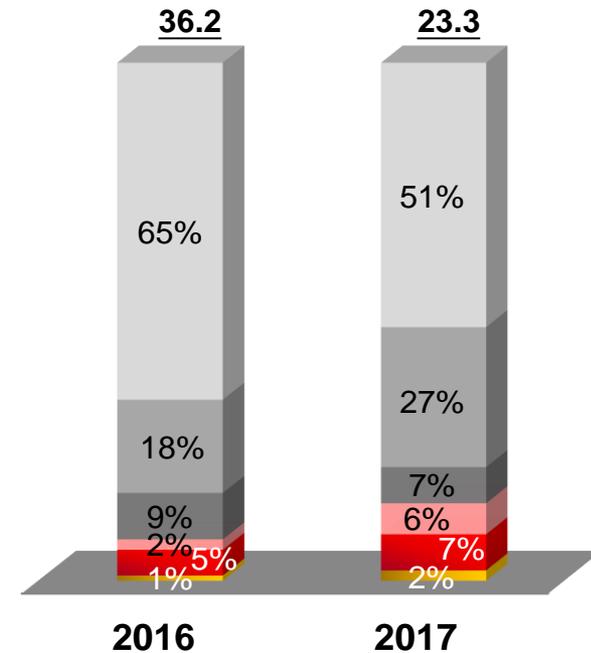
- Traditional** - regular
- Foreign Currency - regular
- Traditional** - single
- Foreign Currency - single
- Interest Sensitive Annuity & Universal Life
- Investment-link



FYPE*

Unit: NT\$ Billion

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



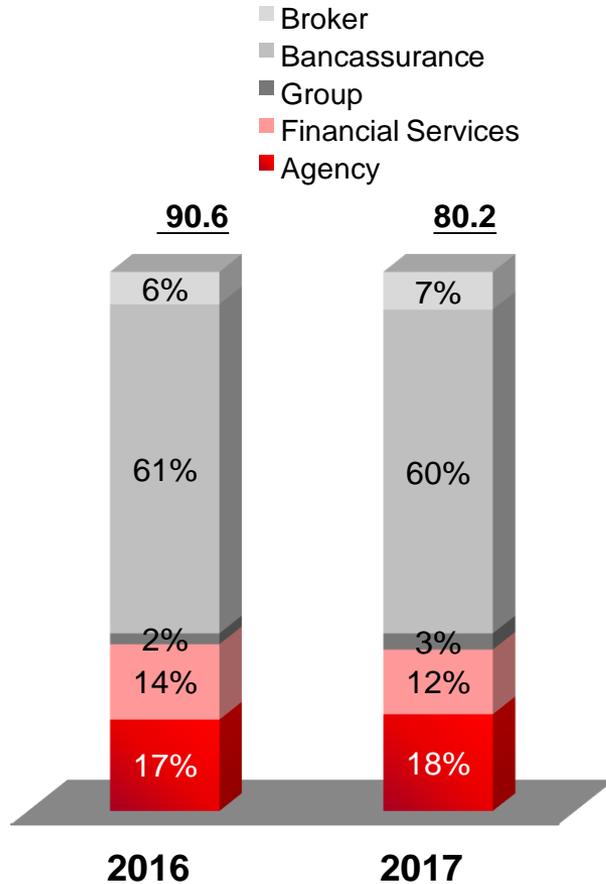
* **FYPE (First Year Premium Equivalent)** = 10% x single & flexible premium + 20% x 2-year premium payment term + ... + 50% x 5-year premium payment term + 100% x 6-year and more premium payment term

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

Distribution Channels

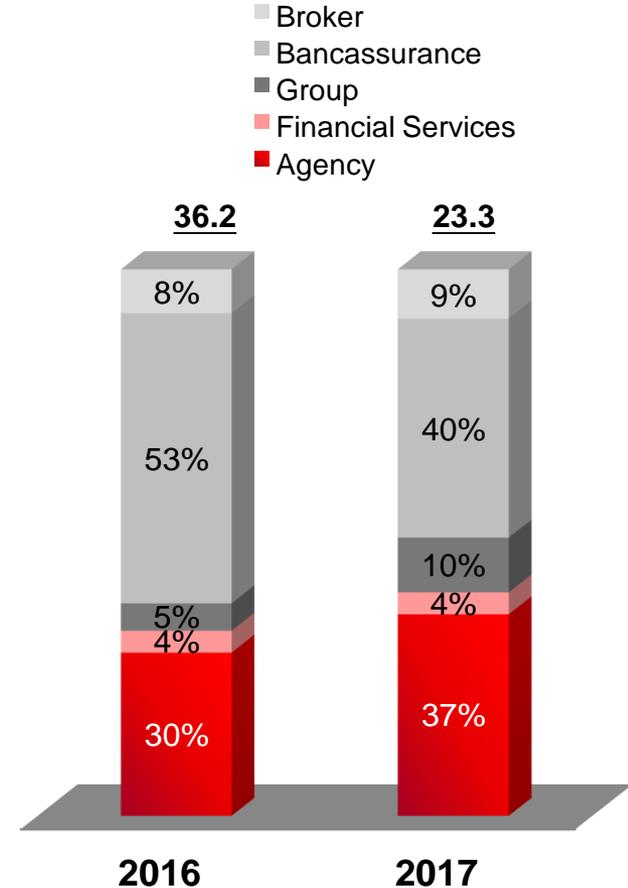
FYP

Unit : NT\$ Billion



FYPE*

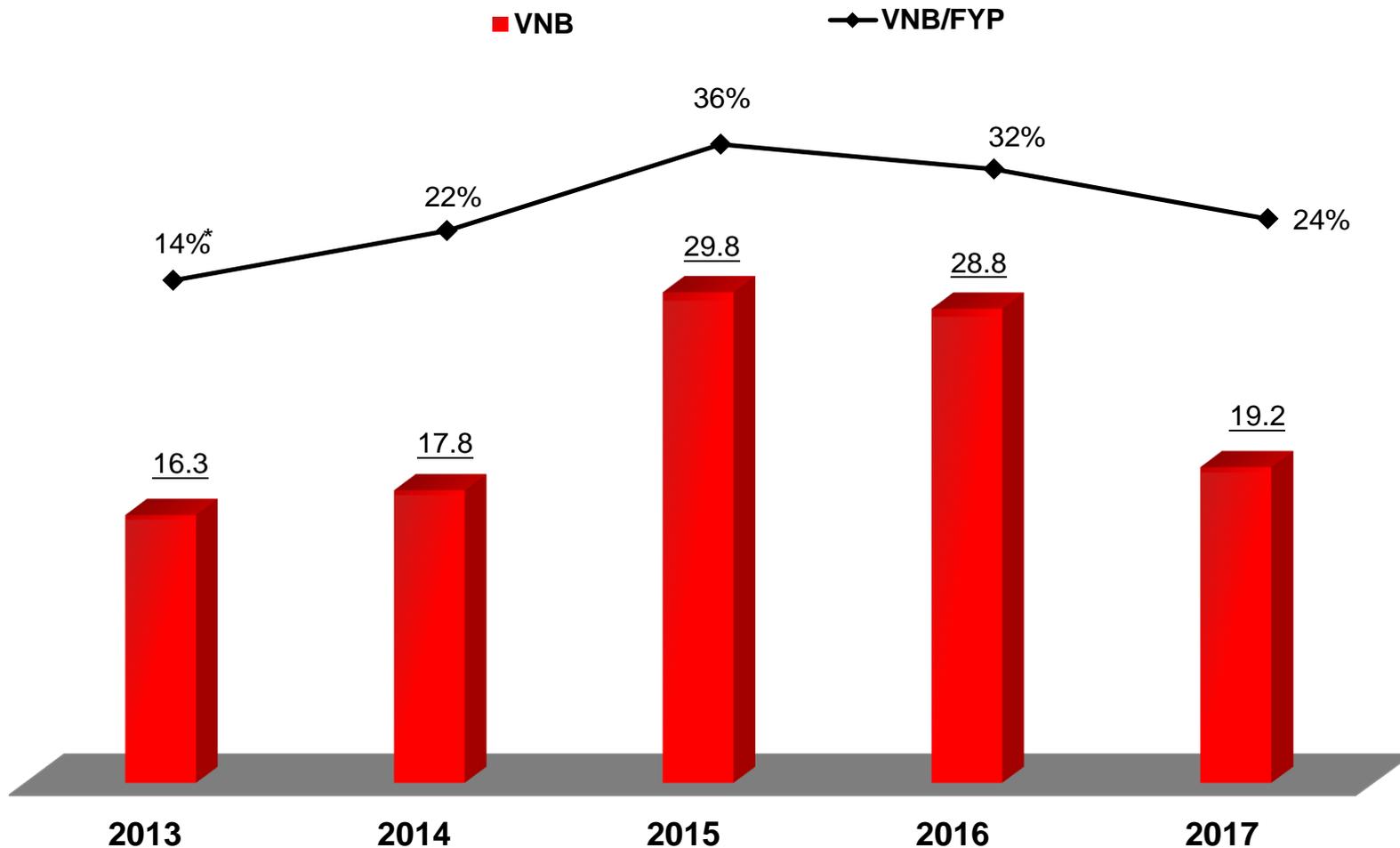
Unit : NT\$ Billion



* **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

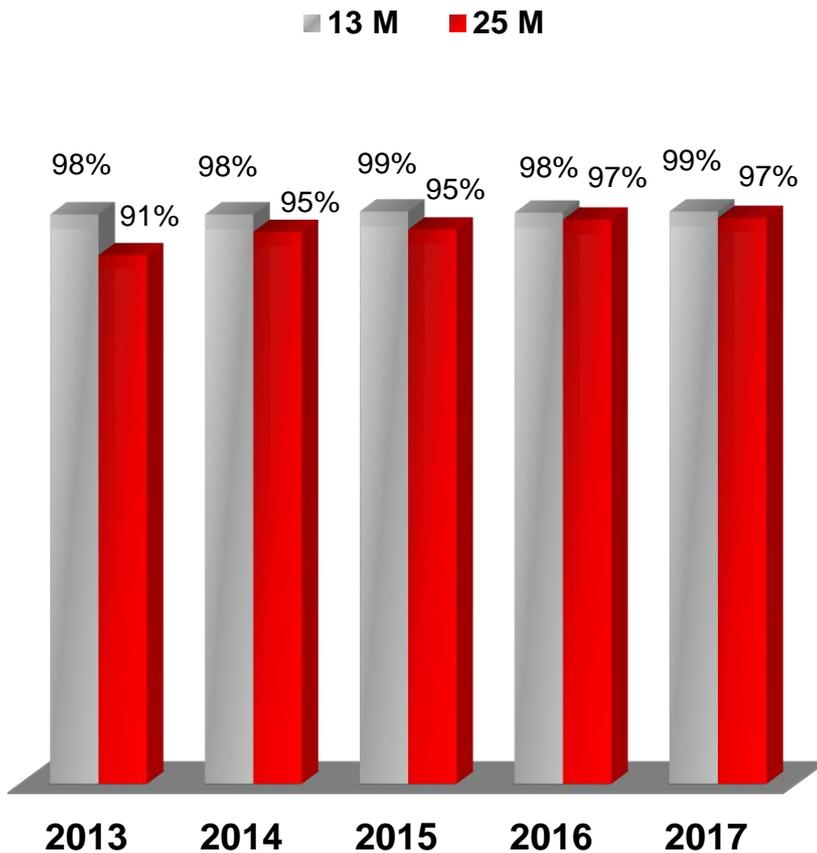
Unit : NT\$ Billion



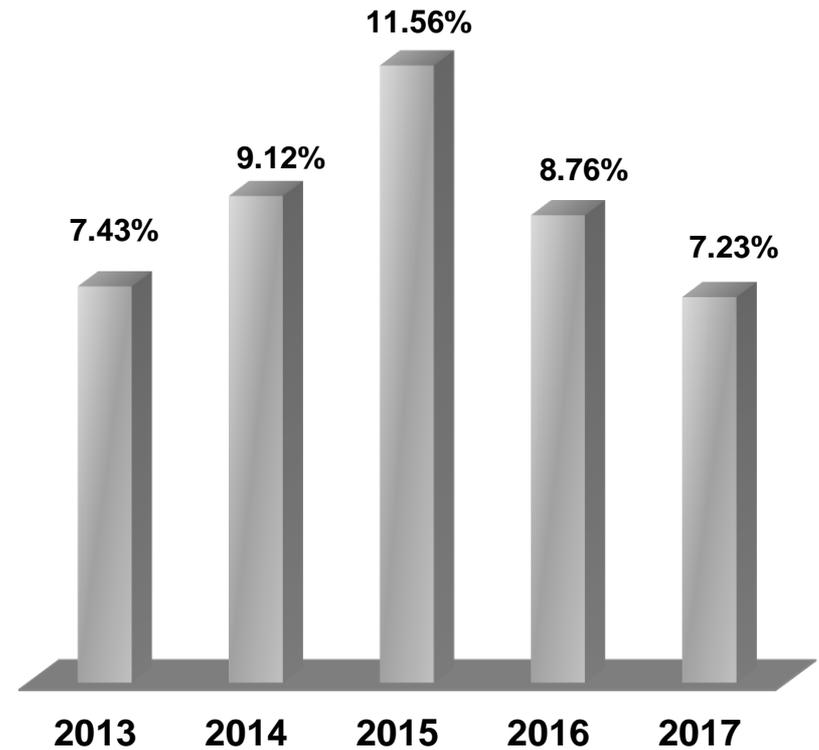
* The VNB/FYP margin will be 19% after excluding the impact of regulation change

** 2016 & 2017 VNB were based on 2016 EV assumption

Persistency Ratio



Expense Ratio



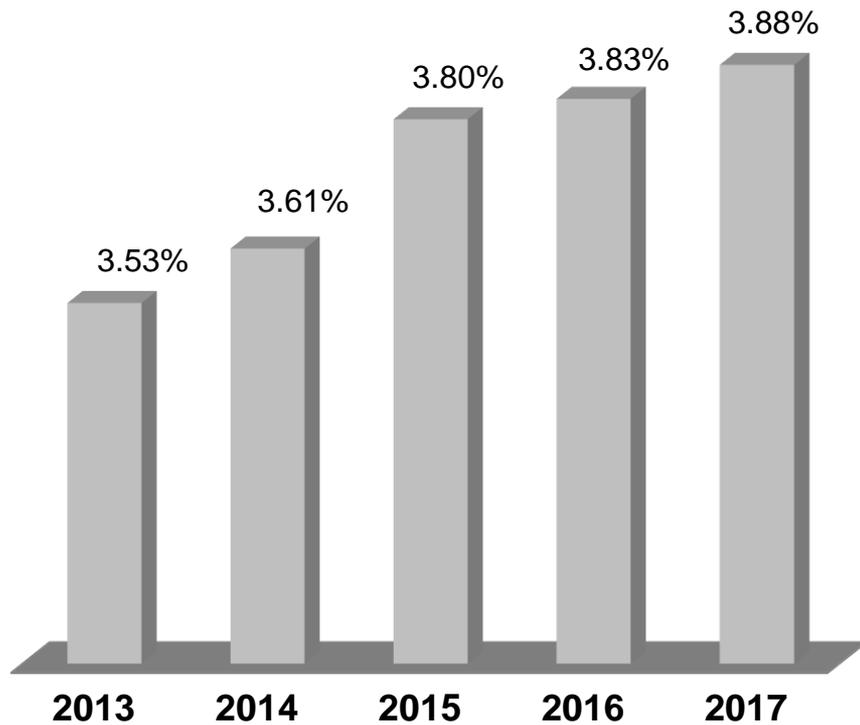
(Unit: NT\$ Billion)	2015/12/31		2016/12/31		2017/12/31	
	Amount	Weight	Amount	Weight	Amount	Weight
Deposits and Short-term investment	42.0	3.8%	26.8	2.2%	23.3	1.7%
Domestic Fixed Income	280.6	25.4%	217.8	17.7%	235.2	17.2%
Domestic Equity	77.0	7.0%	70.8	5.8%	120.3	8.8%
Loans - Mortgage	2.9	0.3%	2.2	0.2%	1.6	0.1%
Loan - Policy	28.0	2.5%	28.6	2.3%	29.9	2.2%
Real Estate	31.1	2.8%	31.0	2.5%	32.1	2.4%
Foreign Deposits	10.5	0.9%	7.5	0.6%	19.1	1.5%
Overseas Fixed Income*	581.1	52.6%	795.3	64.7%	861.4	63.1%
Overseas Equity	52.4	4.7%	48.6	4.0%	41.3	3.0%
Total Investments	1,105.6	100.0%	1,228.6	100.0%	1,364.20	100.0%

* Including OTC Listed Int'l Bonds.

Investment amount in OTC Listed Int'l Bonds in 2015, 2016 and 2017 were NT\$197.1 bn, NT\$276.4 bn, NT\$344.6 bn, respectively

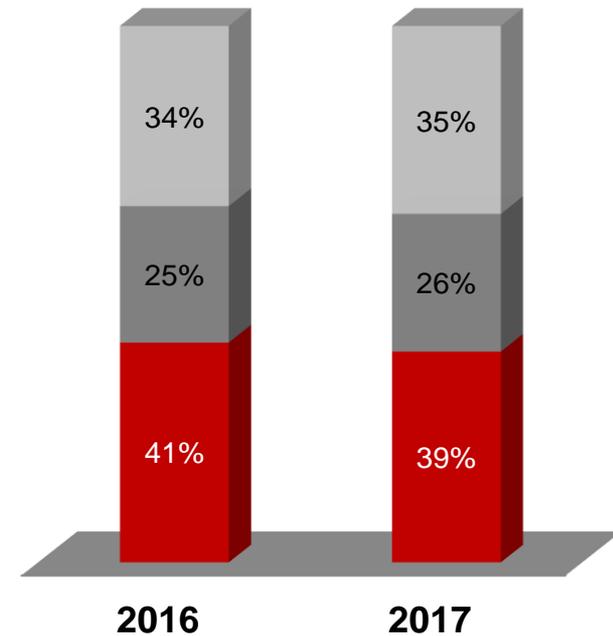
Recurring Yield & Overseas Fixed Income By Region

Pre-hedging Recurring Yield*



Overseas Fixed Income By Region

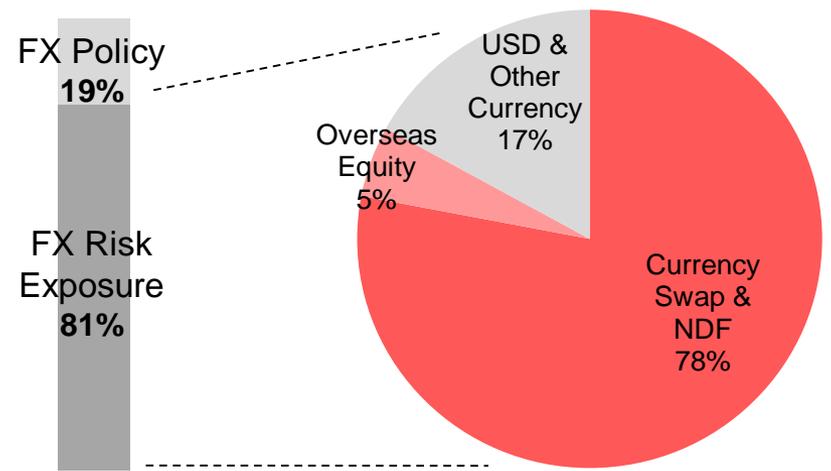
■ Asia & Others ■ Europe ■ North America



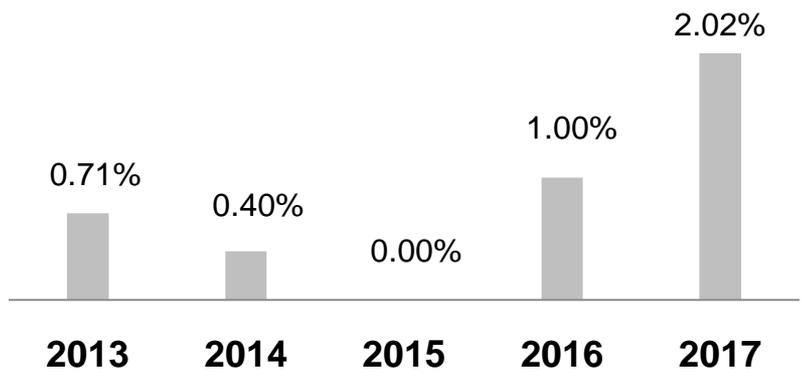
* Based on actual exchange rate

Hedging Structure

FX Position in 2017

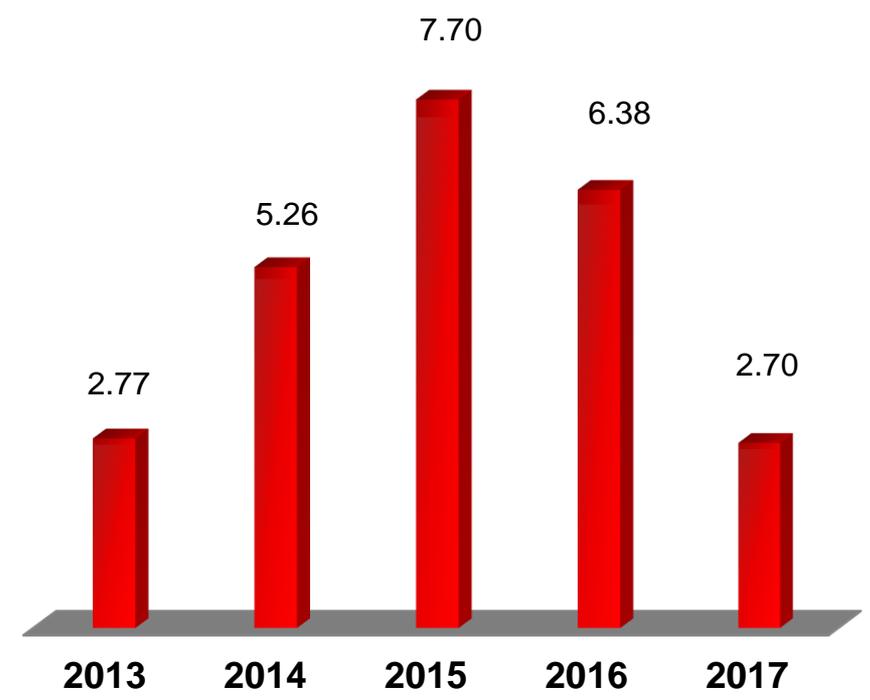


Hedging Cost*



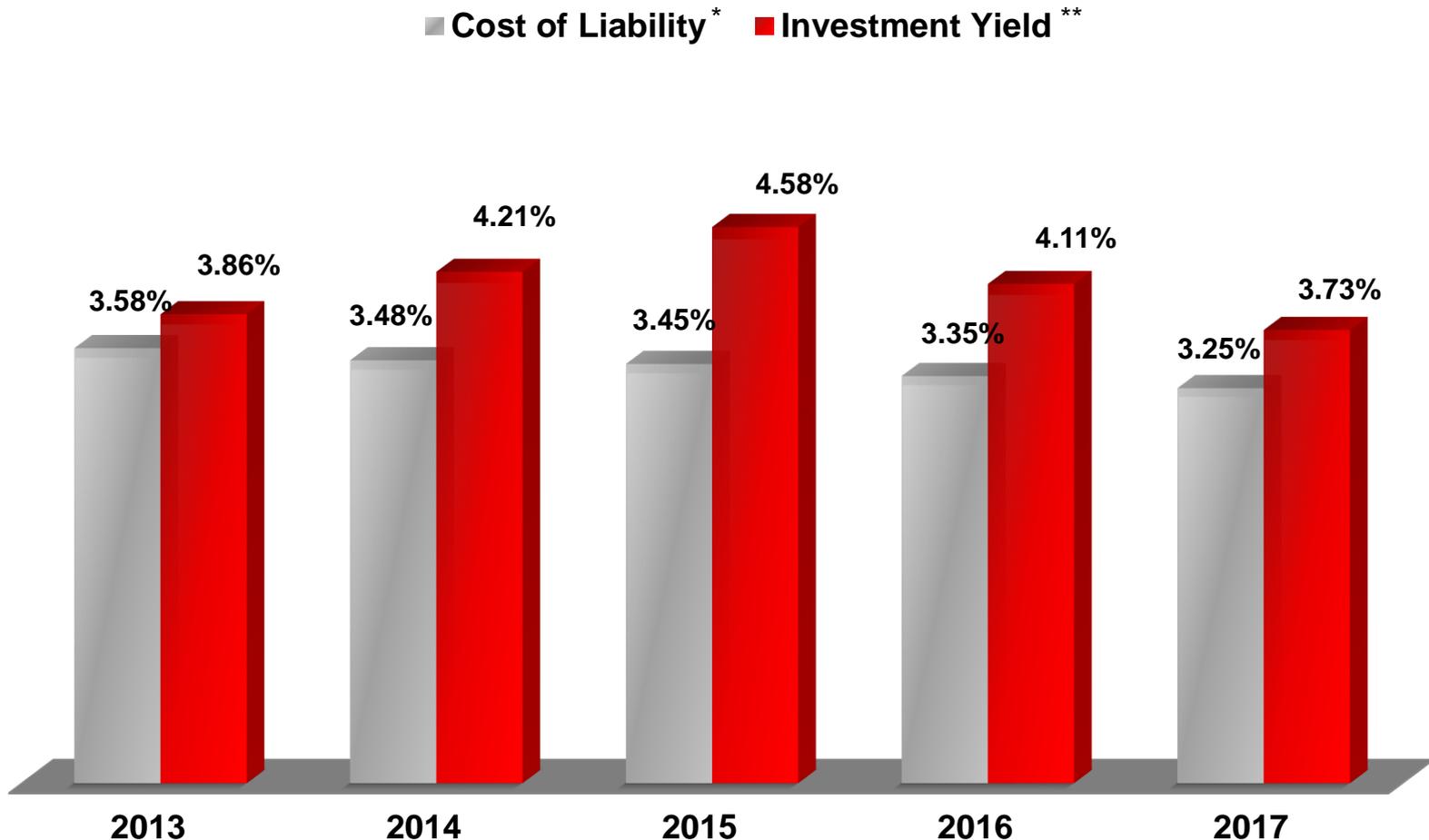
FX Reserve Balance

Unit : NT\$ Billion



* Based on FX risk exposure assets (excluding FX policy)

Investment Spread



* Reserve-based cost of liability

** Impact from FX reserve movement is included

Management Team



Alan Wang
Chairman of China Life

Concurrently holds the position of *President & CEO of China Development Financial* since Dec 2017

More than 30 years' experience in the industry, including :

- *President of China Life*
- *Chief Investment Officer of Ping An Insurance (China)*
- *Executive Vice President and Chief Investment Officer of Nan Shan Life*



Yu Ling Kuo
Vice Chairman of China Life

Concurrently holds the position of *Senior Executive Vice President of China Development Financial* since Dec 2017

More than 30 years' experience in the industry, including:

- *President of China Life*
- *Vice Investment Officer of Ping An Insurance (China)*
- *Vice President of Nan Shan Life*

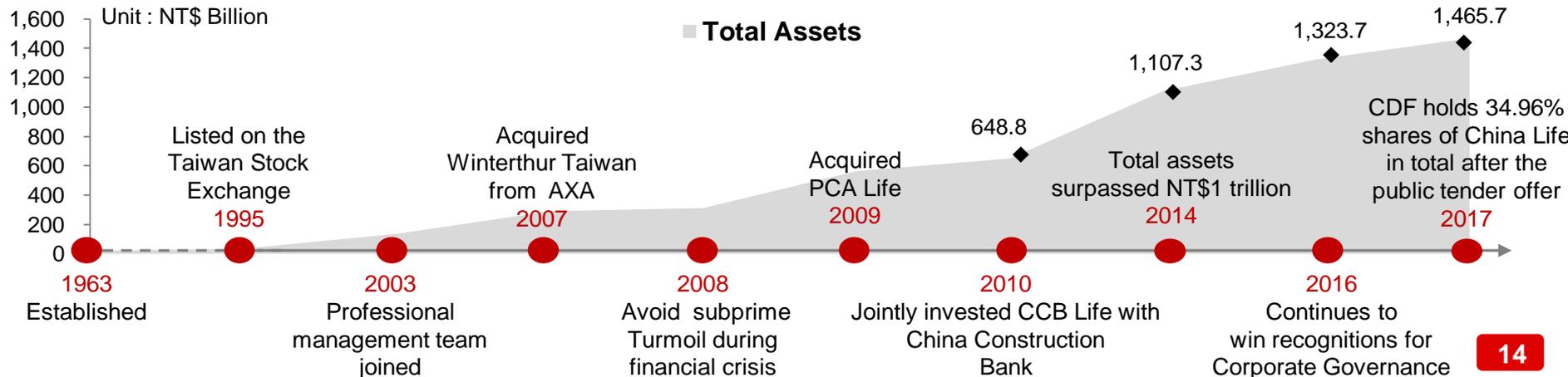


Stephanie Hwang
President of China Life

Appointed as *President of China Life* since Dec 2017

Approximately 30 years' experience in the industry, including:

- *Senior Executive Vice President of China Life*
- *Vice President of Nan Shan Life*



Resources integration under FHC

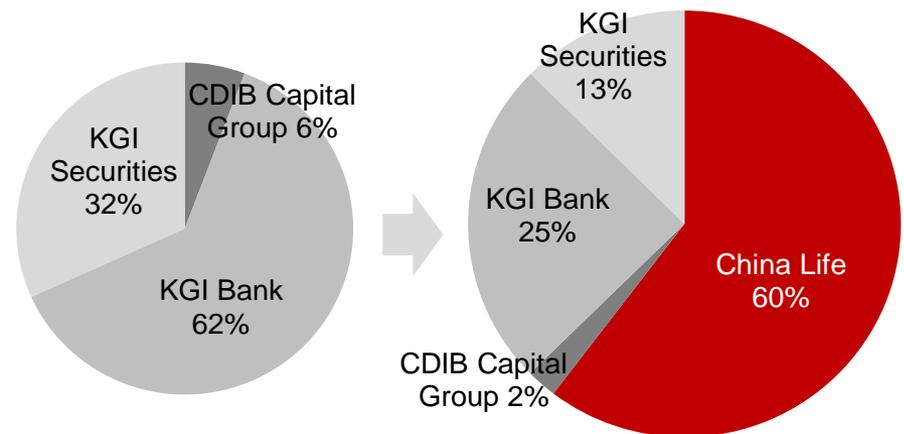
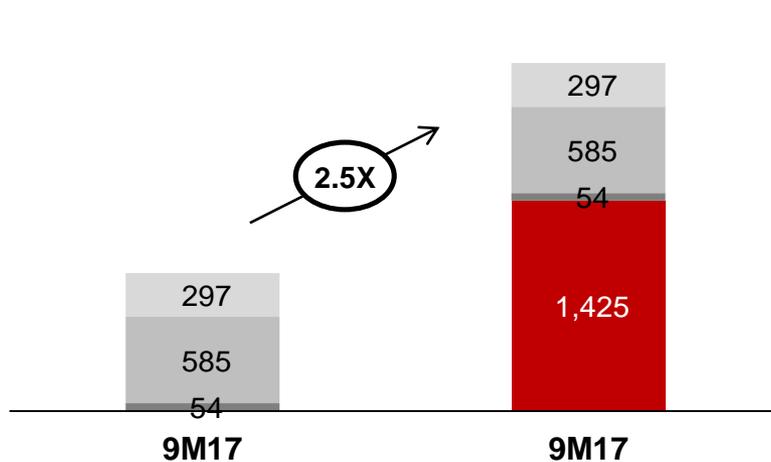
CDF expanded its financial services platform in four key directions



Expansion of asset size and business scopes

Unit : NT\$ Billion

■ China Life ■ CDIB Capital Group ■ KGI Bank ■ KGI Securities



Note: Asset sizes were based on the data as of September 30, 2017



Financial Highlights

(NT\$ million)

	2017	2016	2015	2017/2016 YoY
Income statement				
First year premium	80,225	90,627	83,143	-11%
Total premium	206,440	191,139	162,158	8%
Retained premium earned	194,644	181,843	149,953	7%
Total investment income	47,417	47,054	47,227	1%
Recurring investment income	48,206	42,432	37,494	14%
Other investment income	(789)	4,622	9,733	NM
Realized gains (losses) from equity	5,778	2,327	6,848	148%
Realized gains (losses) from fixed income	8,340	8,893	3,545	-6%
Fair value movement for investment property	(98)	(186)	46	-47%
FX related and others	(14,809)	(6,412)	(706)	131%
Other operating revenue	1,024	1,032	1,058	-1%
Total operating revenue	243,085	229,929	198,238	6%
Retained claim payments	70,482	81,882	82,501	-14%
Net changes in insurance liabilities	149,664	121,326	87,630	23%
Commission expenses	9,449	11,724	13,587	-19%
Administrative and general expenses	4,405	4,057	3,706	9%
Other operating expenses	345	264	204	31%
Total operating costs and expenses	234,345	219,253	187,628	7%
Non-operating income and expenses	(1)	56	70	NM
Income before tax	8,739	10,732	10,680	-19%
Net income	9,084	9,468	9,172	-4%
Earnings per share (NT\$)*	2.40	2.50	2.64	-4%

Balance sheet data

Total assets	1,465,734	1,323,711	1,202,622	11%
Total assets (general account)	1,403,909	1,259,271	1,137,659	11%
Insurance liabilities	1,286,902	1,150,706	1,033,409	12%
Total liabilities	1,370,396	1,242,639	1,120,038	10%
Total liabilities (general account)	1,308,571	1,178,199	1,055,075	11%
Total shareholders' equity	95,338	81,072	82,584	18%

Key financial ratios

ROA	0.65%	0.75%	0.79%
ROE	10.30%	11.57%	11.69%
RBC ratio		369%	357%

*EPS were disclosed according to financial reports

● CCB Life Business Overview



Rapid Channel Expansion



- China Life has joined equity investment in CCB Life, a subsidiary of China Construction Bank, since 2011 and provided technical supports to CCB Life's business development
- CCB Life continues its expansion plan with a total of 22 provincial branches, and 157 sub-branches and offices, utilizing CCB's 10,315 bancassurance network

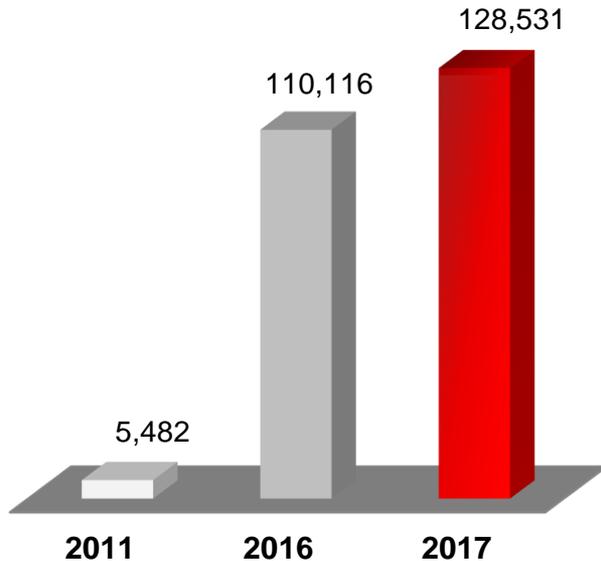
■ A total of 3 provincial branches in 2Q 2011

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

Remarkable Business Growth

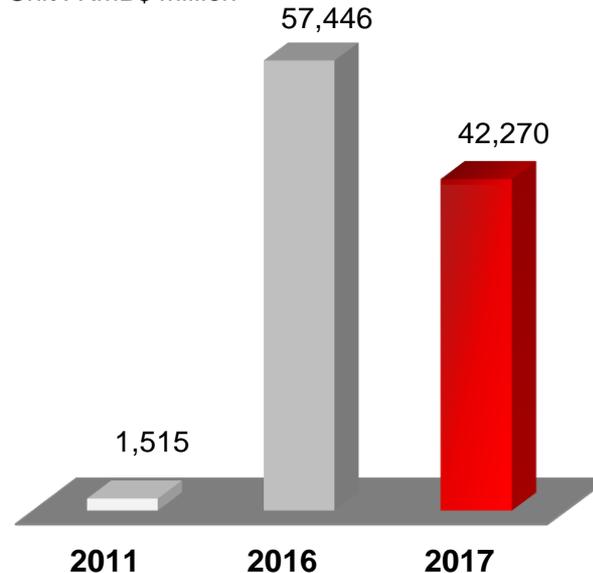
Total Assets

Unit : RMB\$ Million



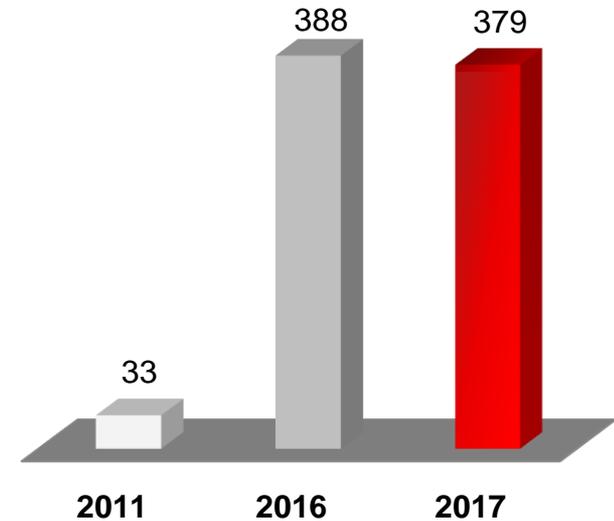
Total Premium

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 continues to improve #40 in 2011 -> #11 in 2016
- As of August 2017, number of operational branches increased to 21

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...

● Embedded Value



Investment Return

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%**

*including interest-sensitive annuities & universal life policies

2015

Traditional Policies

Year 1 ~ Year 10 : **3.75% ~ 5.31%**
Year 11 and after : **5.35%**

Interest Sensitive Policies*

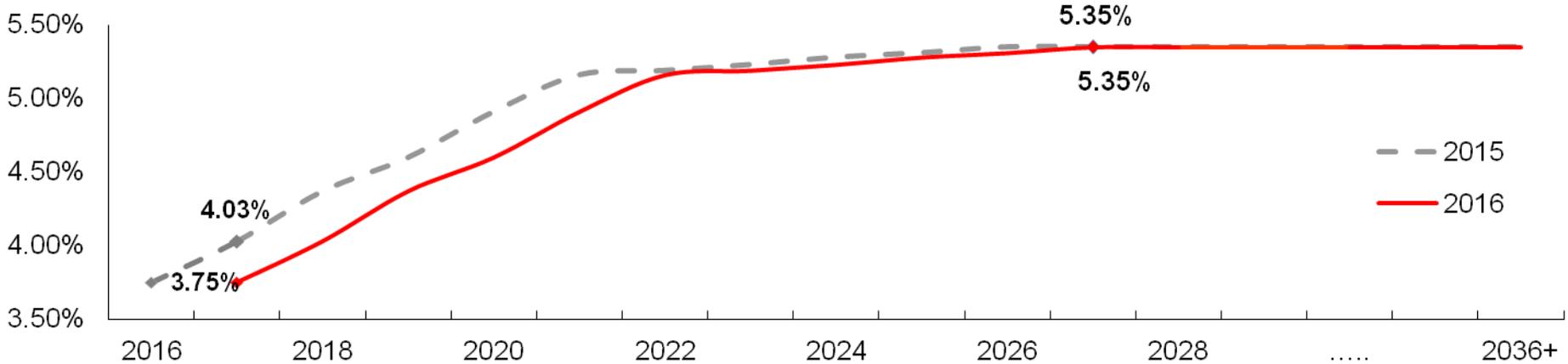
Year 1 ~ Year 10 : **2.75% ~ 4.45%**
Year 11 and after : **4.55%**

Risk Discount Rate

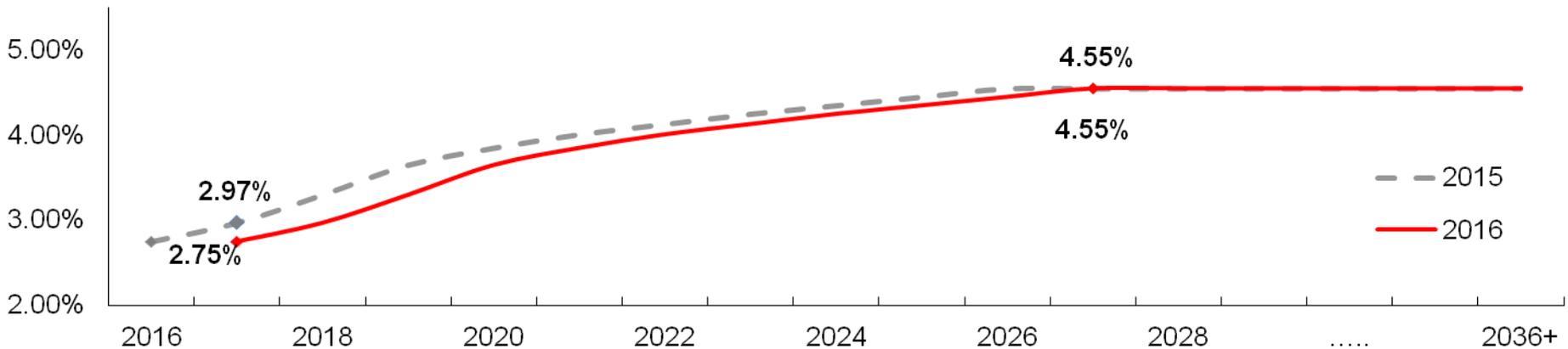
10.5%

Investment Yield Assumption

Traditional Policies



Interest Sensitive Policies



YoY Embedded Value

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

Valuation Date	2015/12/31	2016/12/31	YoY %
Adjusted Net Worth	81.2	88.6	9.1%
Value of In Force	124.8	157.5	26.2%
Cost of Capital	(22.5)	(24.1)	7.0%
Embedded Value	183.6	222.1	21.0%
# of Outstanding Shares	3,340	3,474	-
EV Per Share	NT\$54.96	NT\$63.94	16.3%
V1NB (after CoC)*	29.8	28.8	-3.3%

* V1NB = Value of last 12 months new business

Sensitivity Analysis - VIF

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

Valuation Date: 2016/12/31	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	88.6	88.6	88.6	88.6	88.6
Value of In-Force	135.5	179.7	157.5	165.5	150.2
Cost of Capital	(25.4)	(22.8)	(24.1)	(23.1)	(24.9)
Embedded Value	198.7	245.5	222.1	231.0	214.0
EV per share	NT\$57.21	NT\$70.68	NT\$63.94	NT\$66.50	NT\$61.60

● Thank you

