

China Life Insurance Co., Ltd.

March 2018





Disclaimer

This presentation and the presentation materials distributed herewith contain time-sensitive information on the basis of unaudited financial data and forward-looking statements. These statements present management's expectations, beliefs, plans and objectives regarding future financial performance, and assumptions or judgments concerning such performance. China Life's actual results or developments may differ materially and adversely from those indicated by these statements as a result of various factors and uncertainties including, but not limited to (i) general economic conditions, (ii) performance of financial markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates, (viii) changes in laws and regulations, (ix) changes in the policies of central banks and/or foreign governments, (x) reorganization measures and (xi) general competitive factors. This document constitutes neither an offer nor a solicitation to purchase or sell securities or other financial products. China Life does not undertake any obligation to update or revise the statements, whether as a result of new information, future events or otherwise. The Company and its representatives assume no liability or responsibility for any damage or loss caused or alleged to be caused by or in connection with the use of the document or information contained herein.

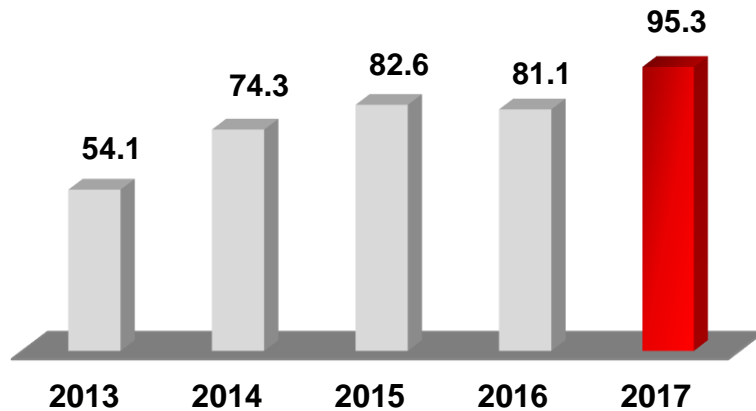
● Business Performance



Performance Highlights

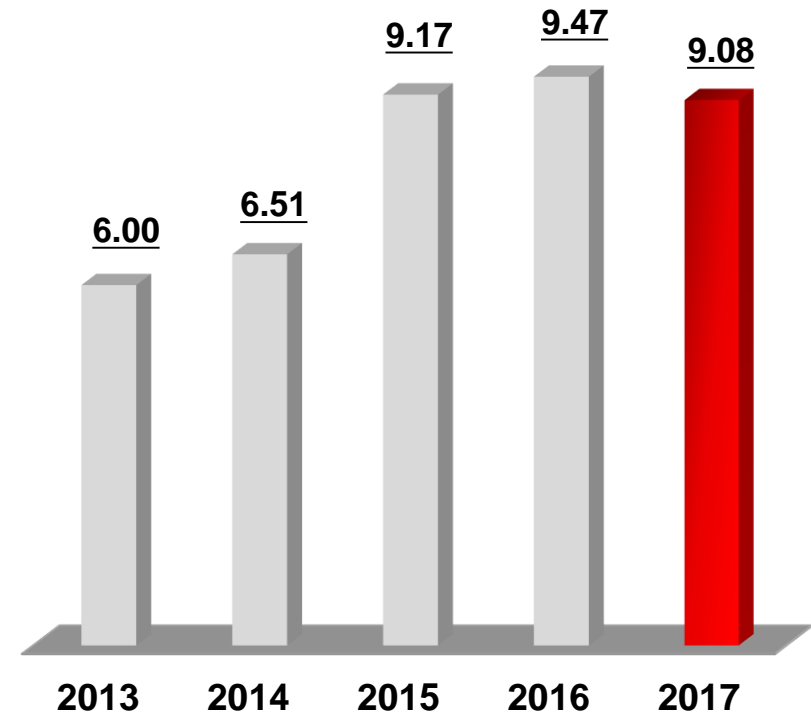
Shareholders' Equity

Unit : NT\$ Billion

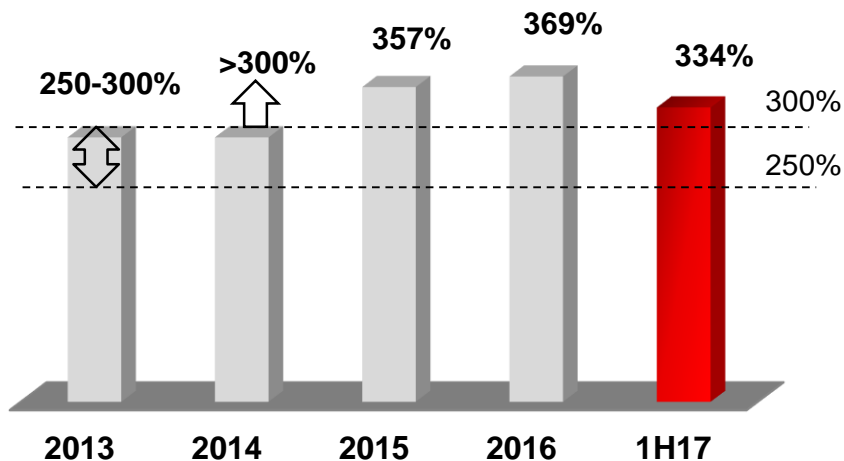


Net Profit

Unit : NT\$ Billion

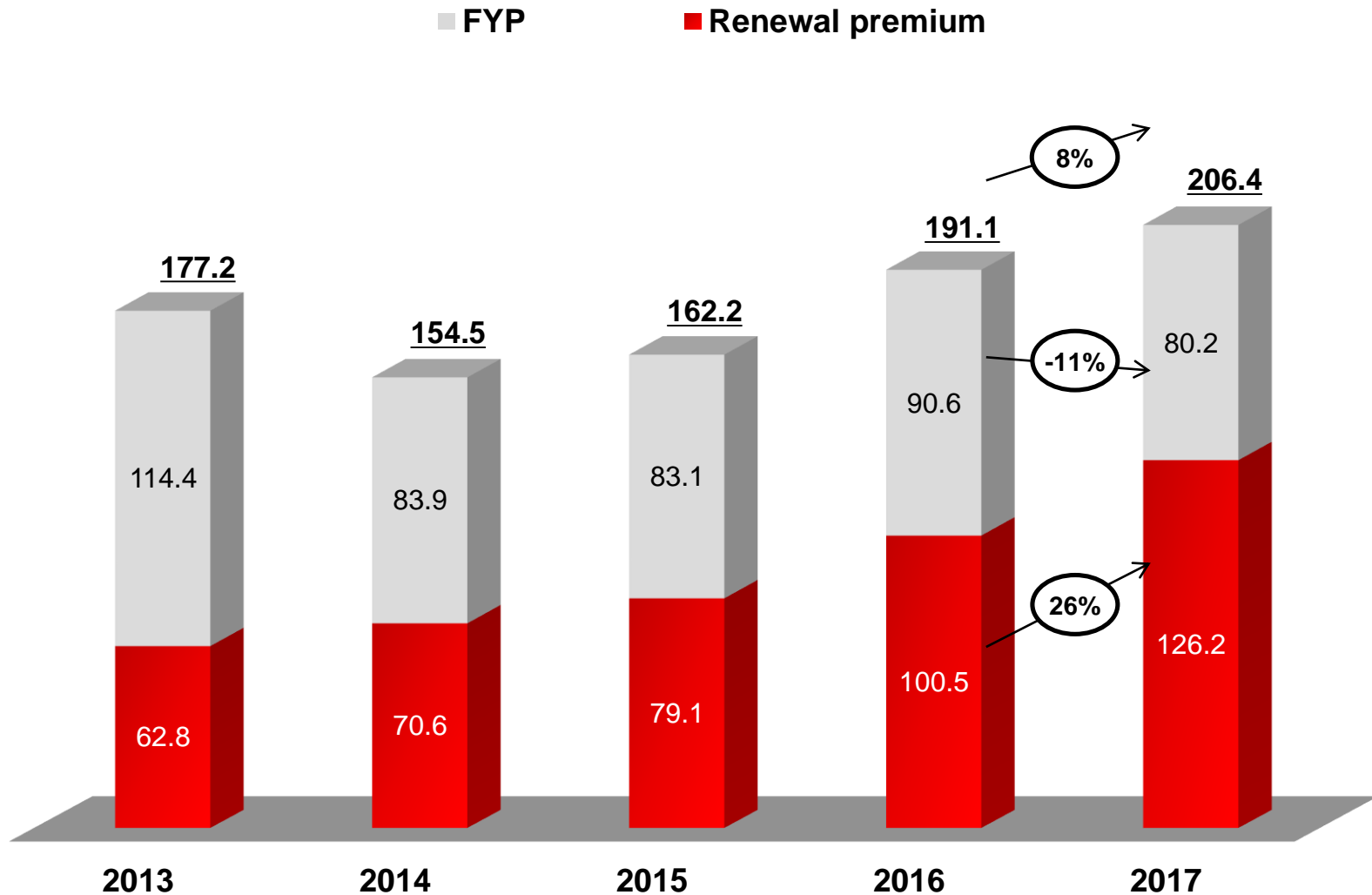


RBC Ratio



Total Premium

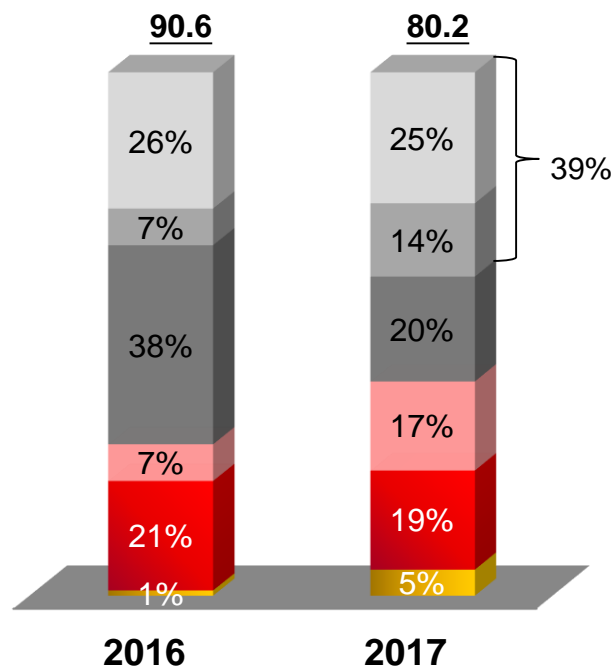
Unit: NT\$ Billion



FYP

Unit: NT\$ Billion

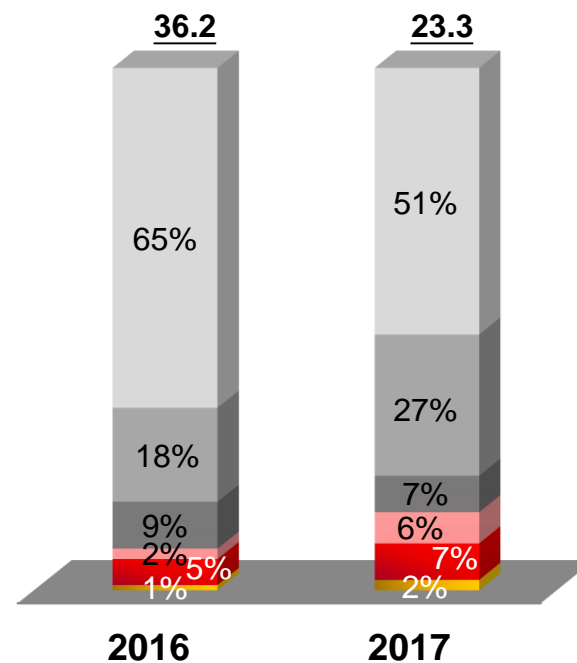
- Traditional** - regular
- Foreign Currency - regular
- Traditional** - single
- Foreign Currency - single
- Interest Sensitive Annuity & Universal Life
- Investment-link



FYPE*

Unit: NT\$ Billion

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



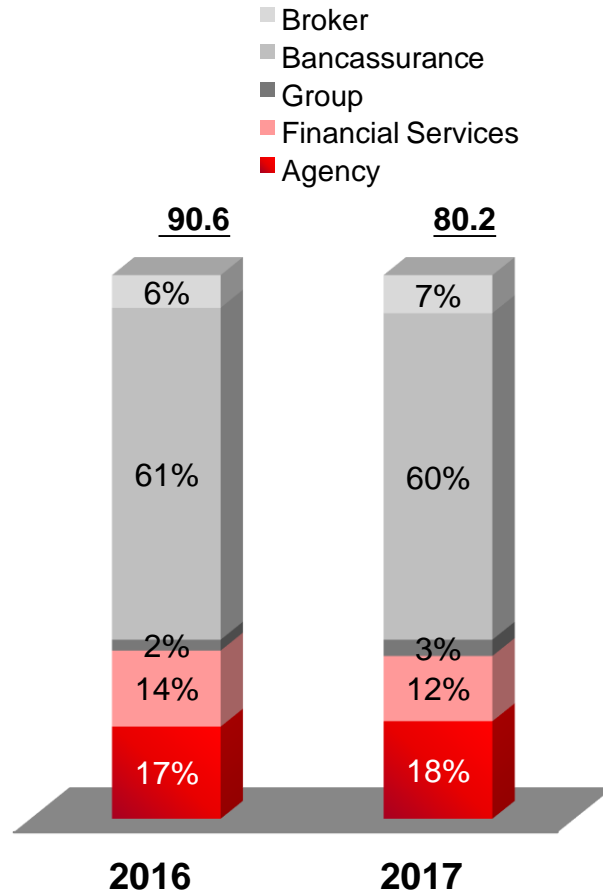
* **FYPE (First Year Premium Equivalent)** = 10% x single & flexible premium + 20% x 2-year premium payment term + ... + 50% x 5-year premium payment term + 100% x 6-year and more premium payment term

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

Distribution Channels

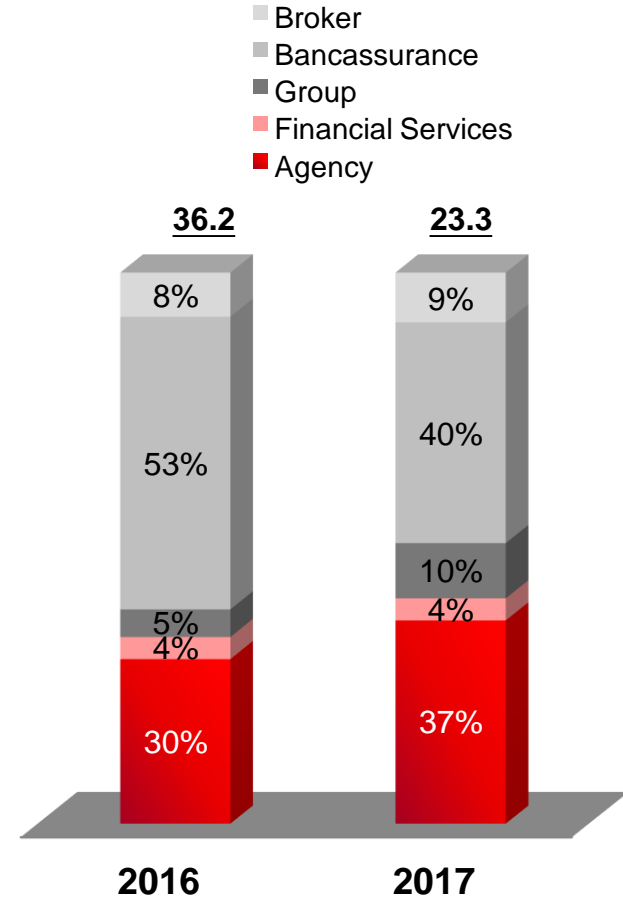
FYP

Unit : NT\$ Billion



FYPE*

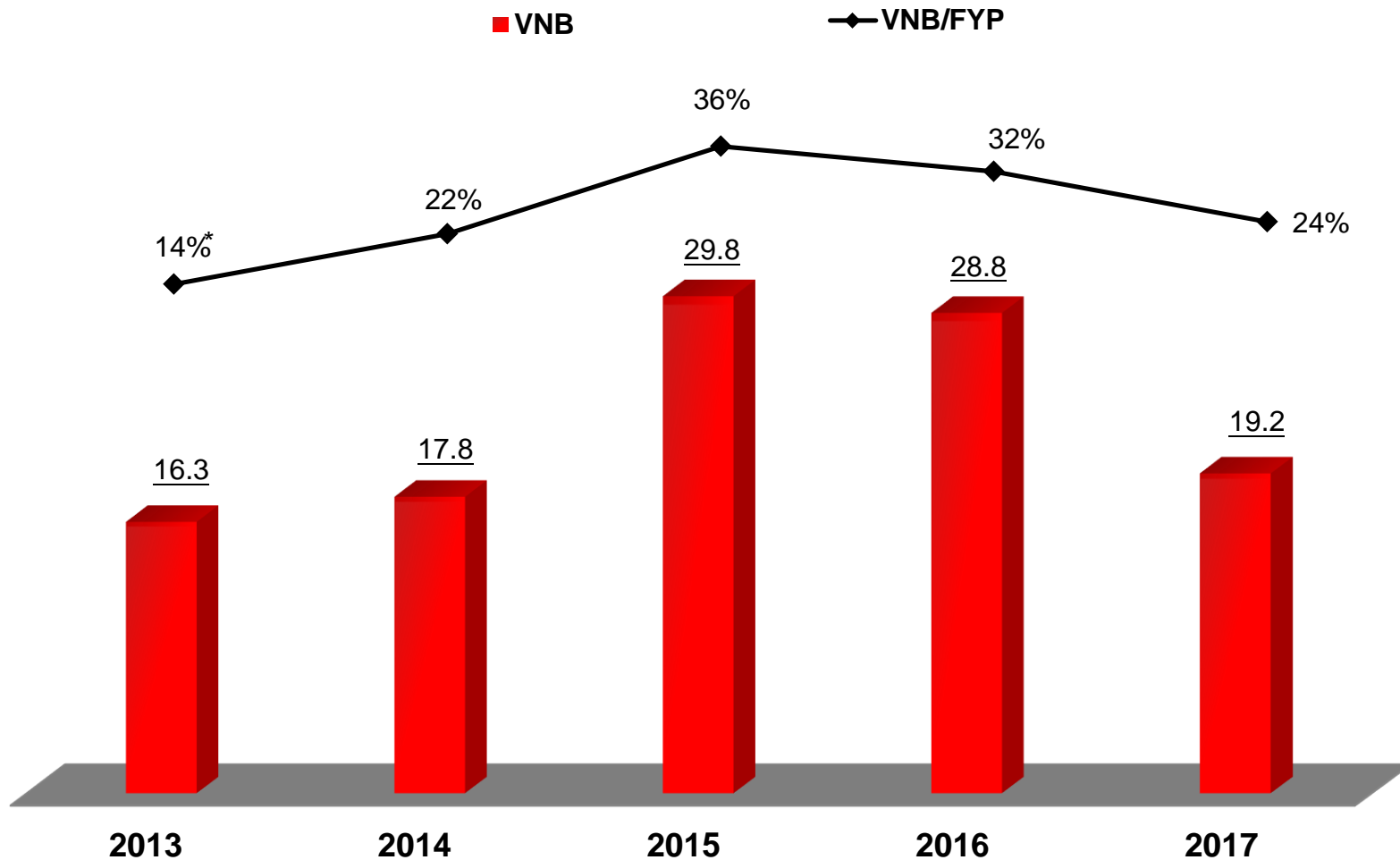
Unit : NT\$ Billion



* **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

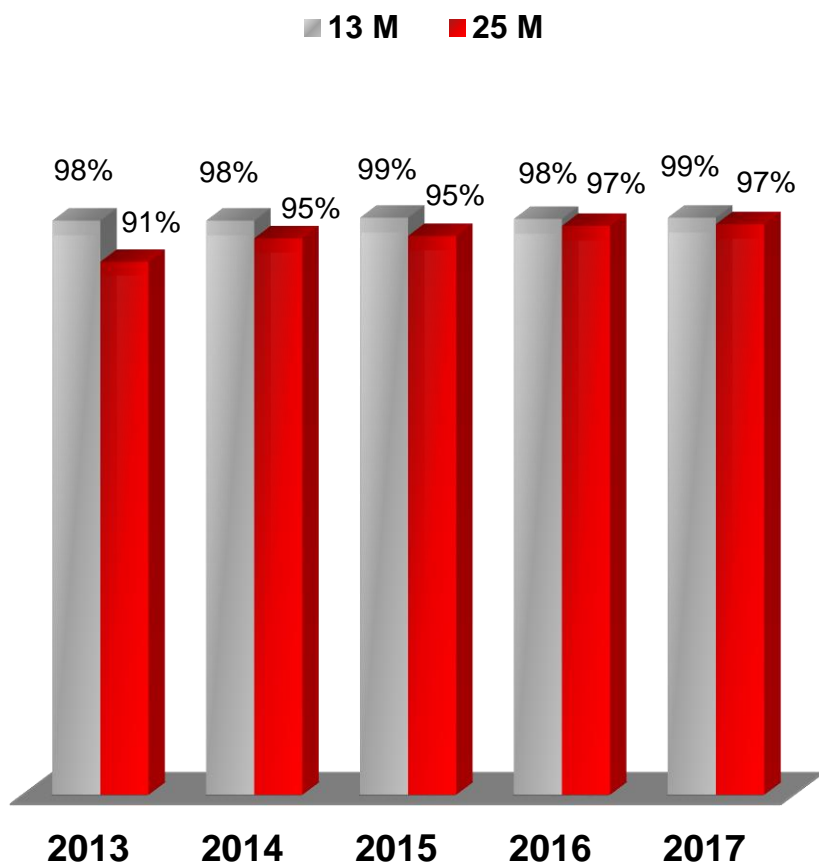
Unit : NT\$ Billion



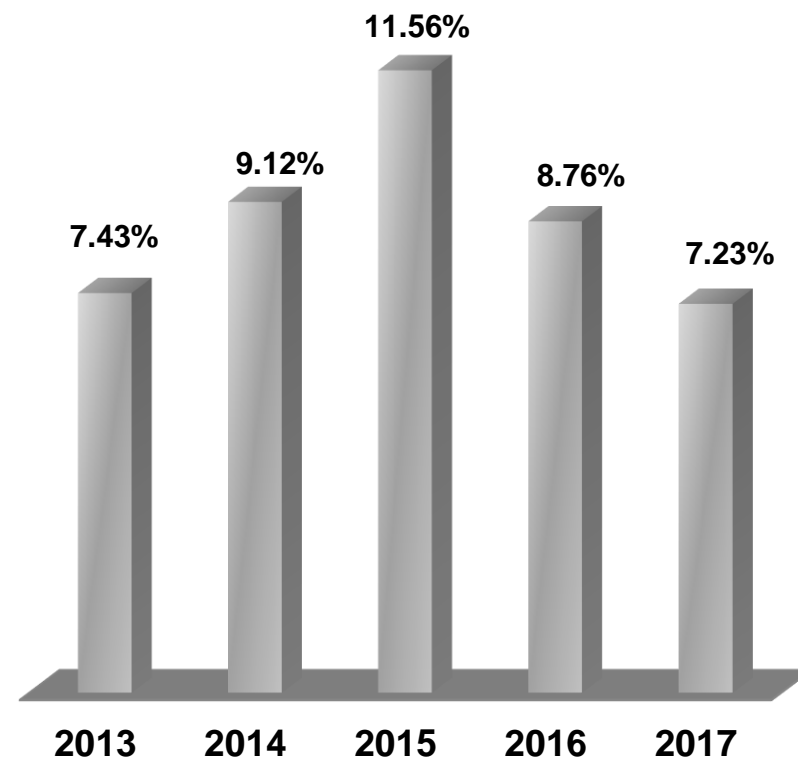
* The VNB/FYP margin will be 19% after excluding the impact of regulation change

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

Persistency Ratio



Expense Ratio



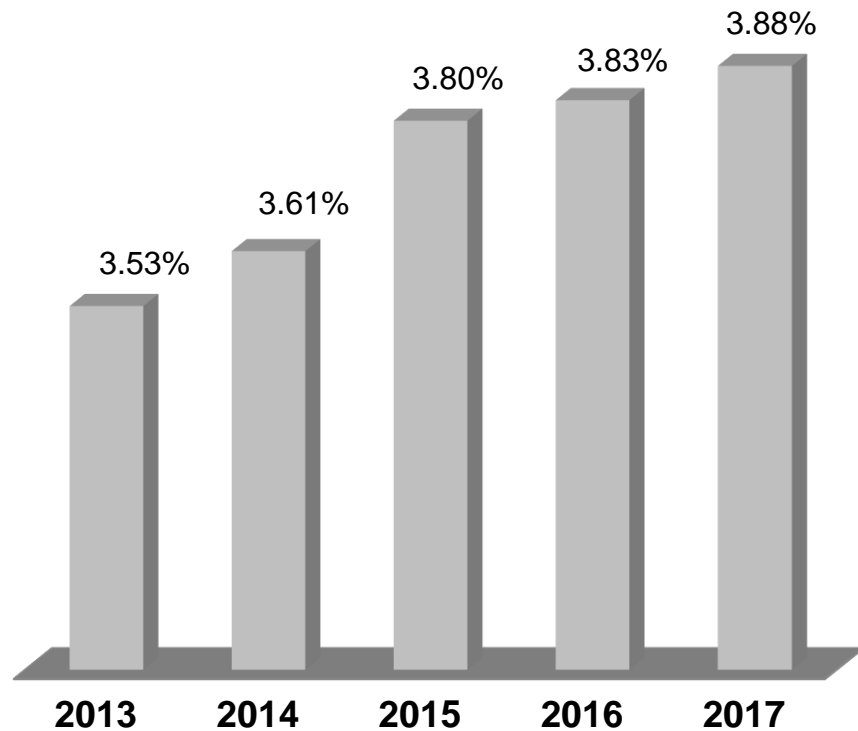
(Unit: NT\$ Billion)	2015/12/31		2016/12/31		2017/12/31	
	Amount	Weight	Amount	Weight	Amount	Weight
Deposits and Short-term investment	42.0	3.8%	26.8	2.2%	23.3	1.7%
Domestic Fixed Income	280.6	25.4%	217.8	17.7%	235.2	17.2%
Domestic Equity	77.0	7.0%	70.8	5.8%	120.3	8.8%
Loans - Mortgage	2.9	0.3%	2.2	0.2%	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

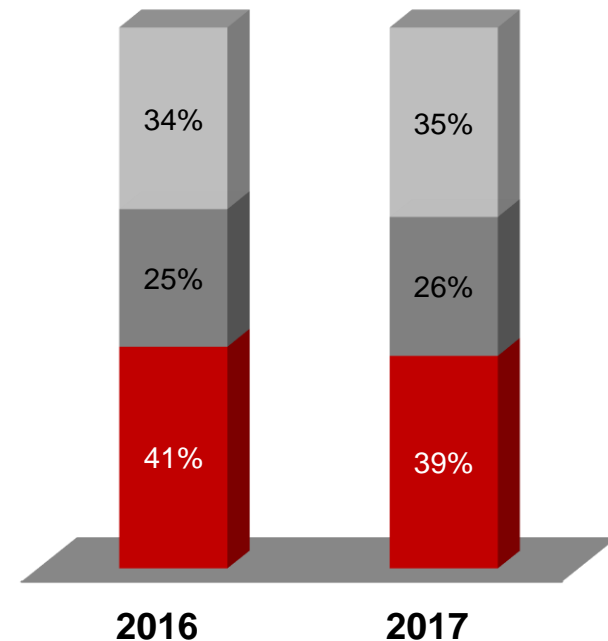
Pre-hedging Recurring Yield*



* Based on actual exchange rate

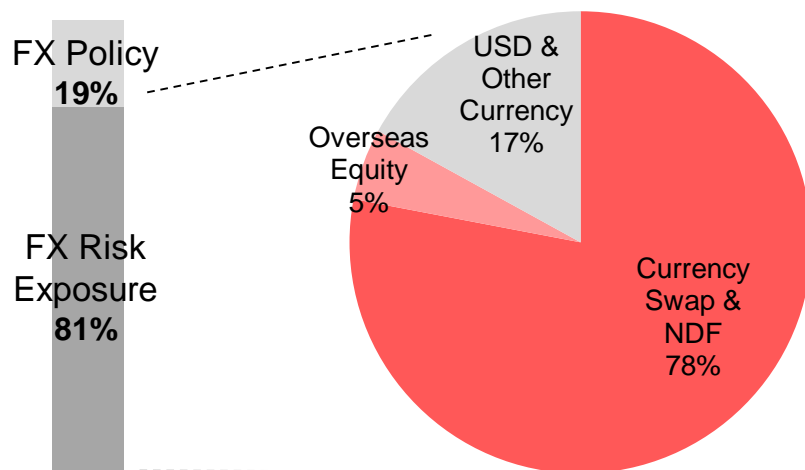
Overseas Fixed Income By Region

■ Asia & Others ■ Europe ■ North America

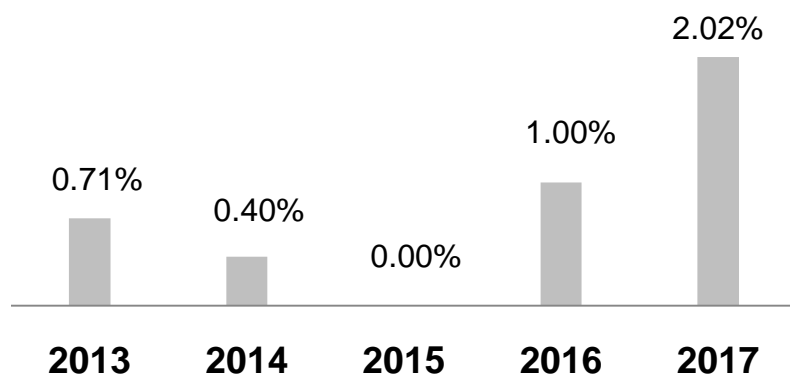


Hedging Structure

FX Position in 2017

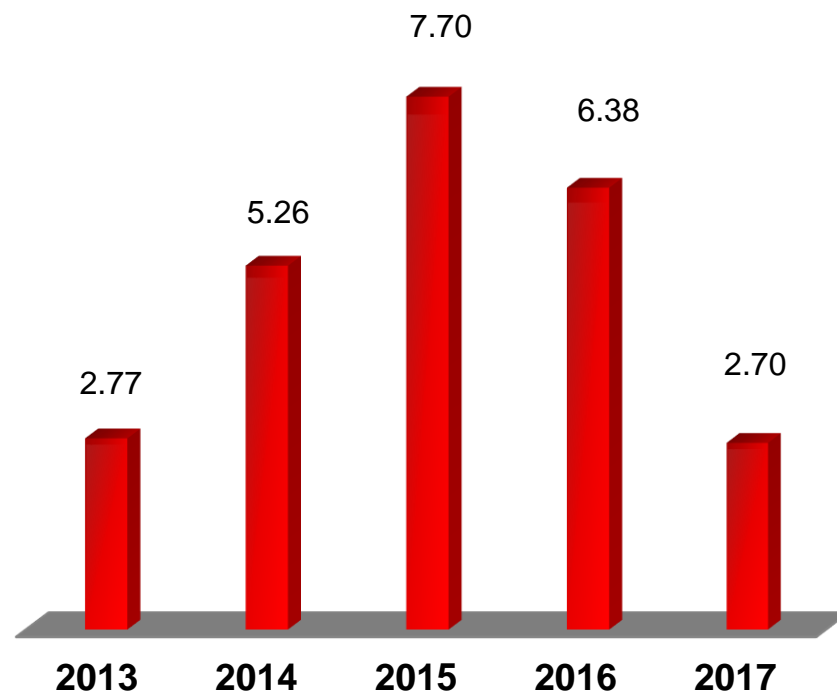


Hedging Cost*



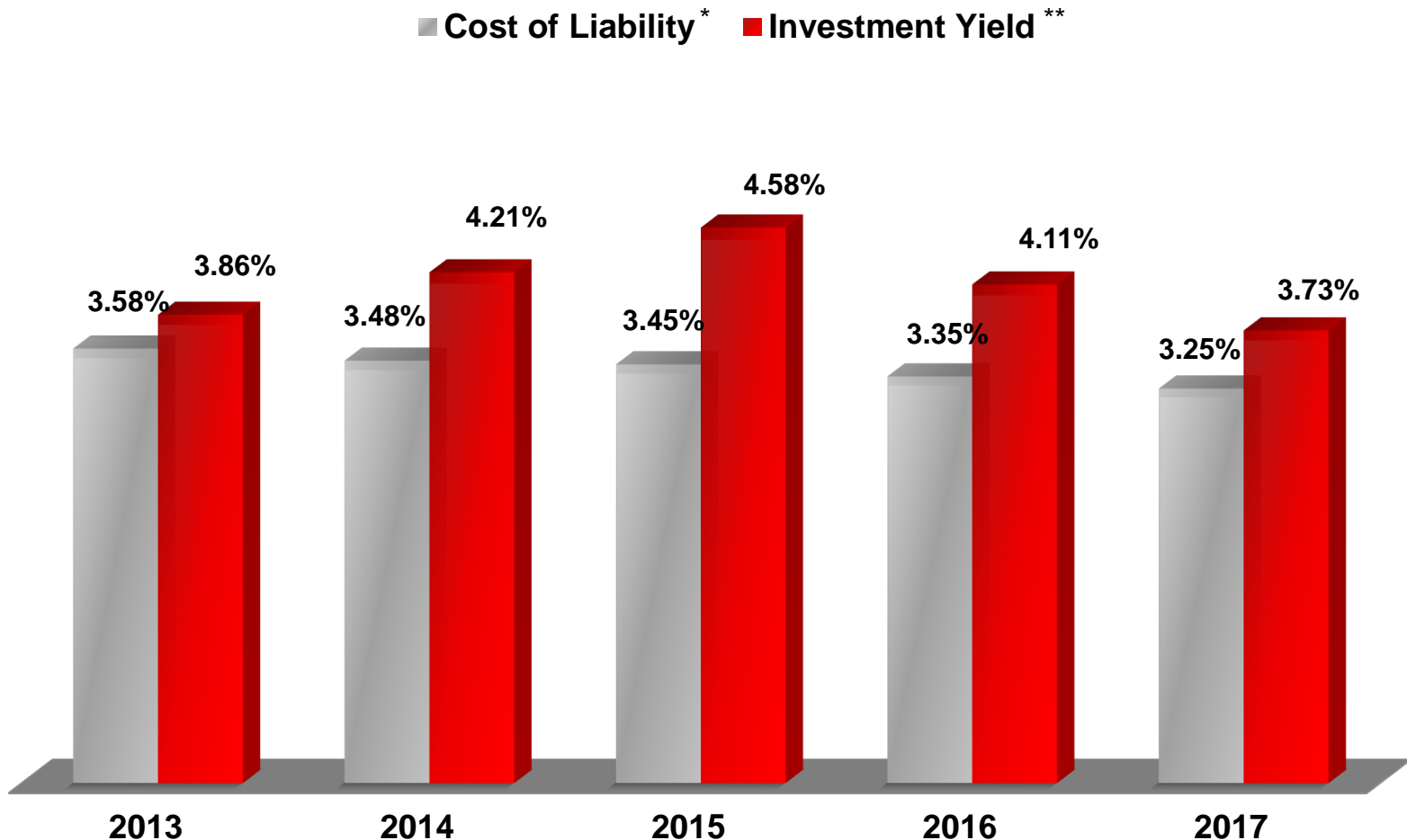
FX Reserve Balance

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*

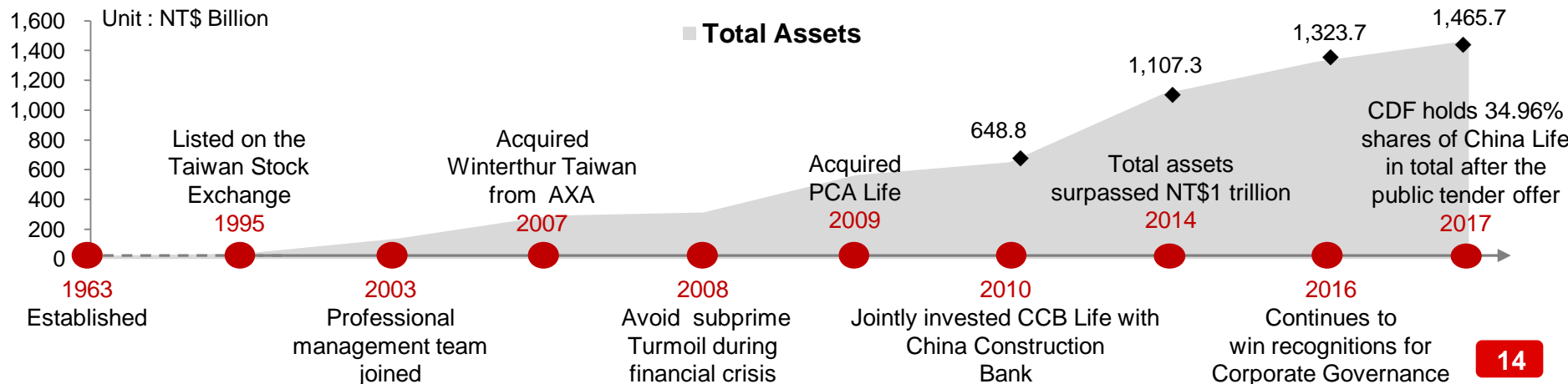


Stephanie Hwang
President of China Life

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

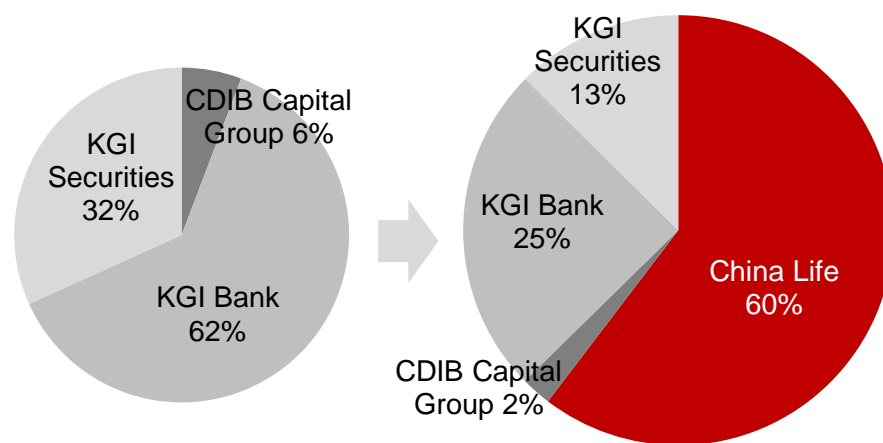
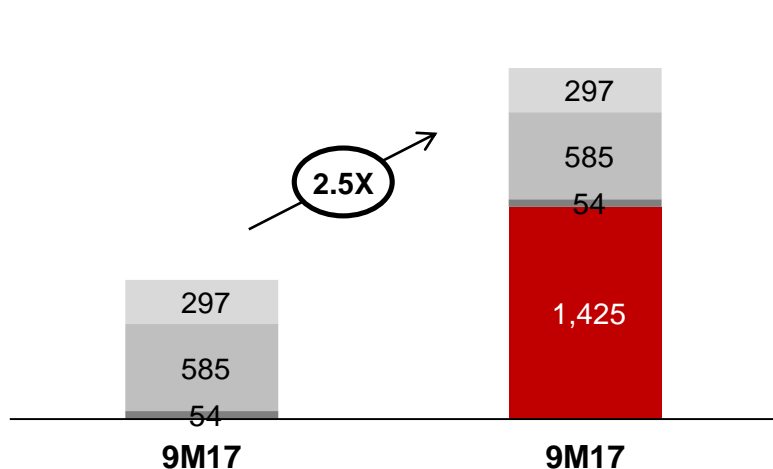
CDF expanded its financial services platform in four key directions



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
<u>Income statement</u>				
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

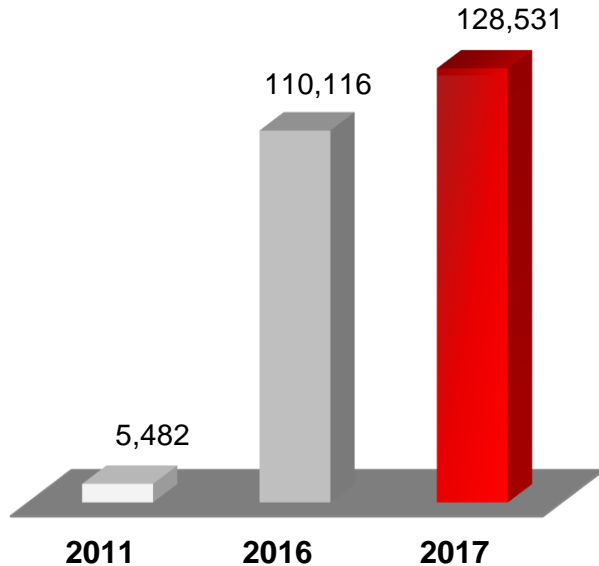
■ A total of 3 provincial branches in 2Q 2011

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

Remarkable Business Growth

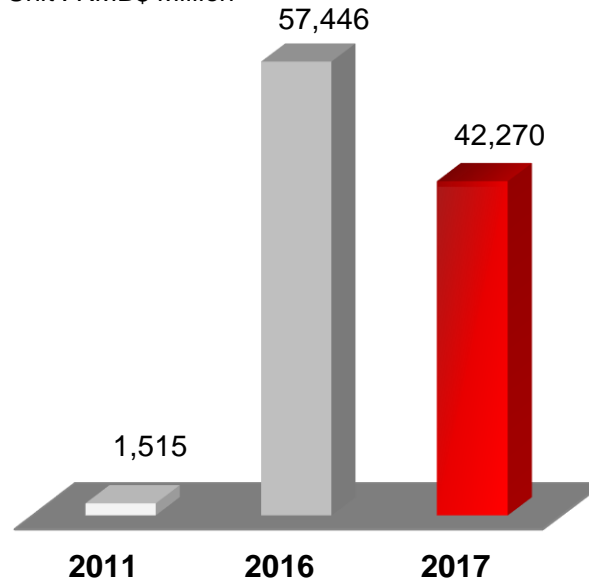
Total Assets

Unit : RMB\$ Million



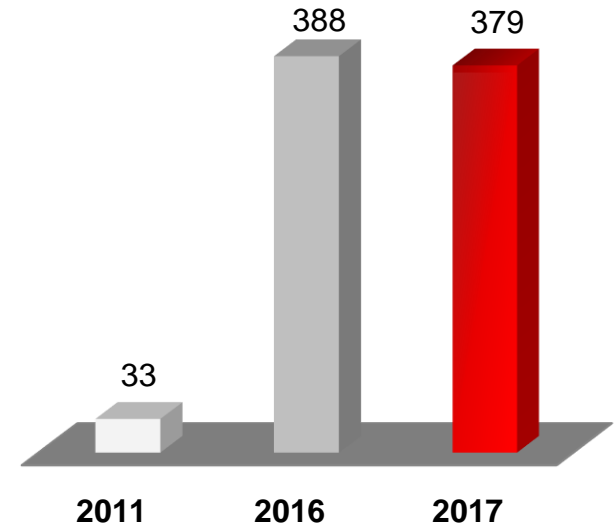
Total Premium

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%**

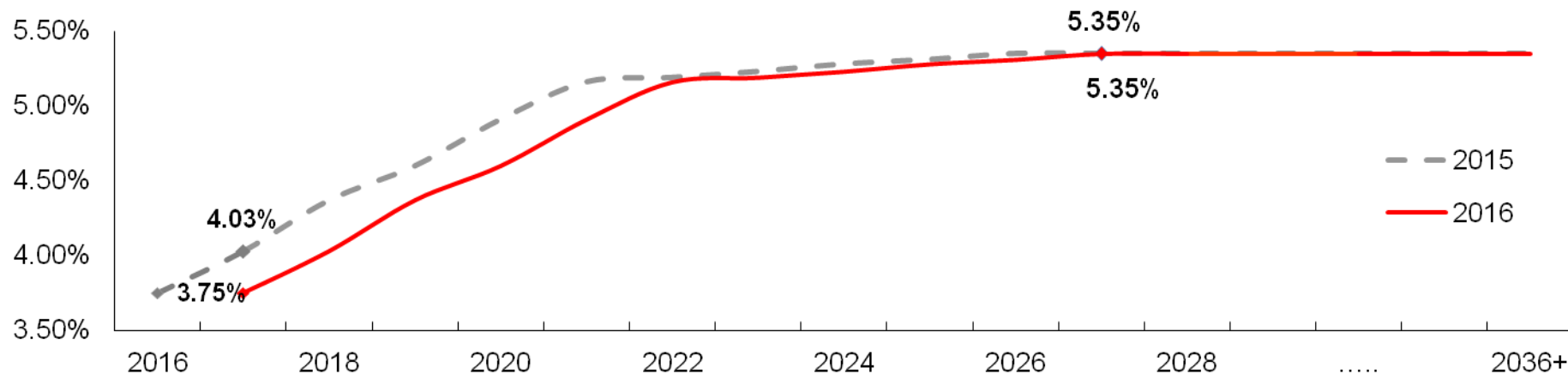
Year 11 and after : **4.55%**

Risk Discount Rate

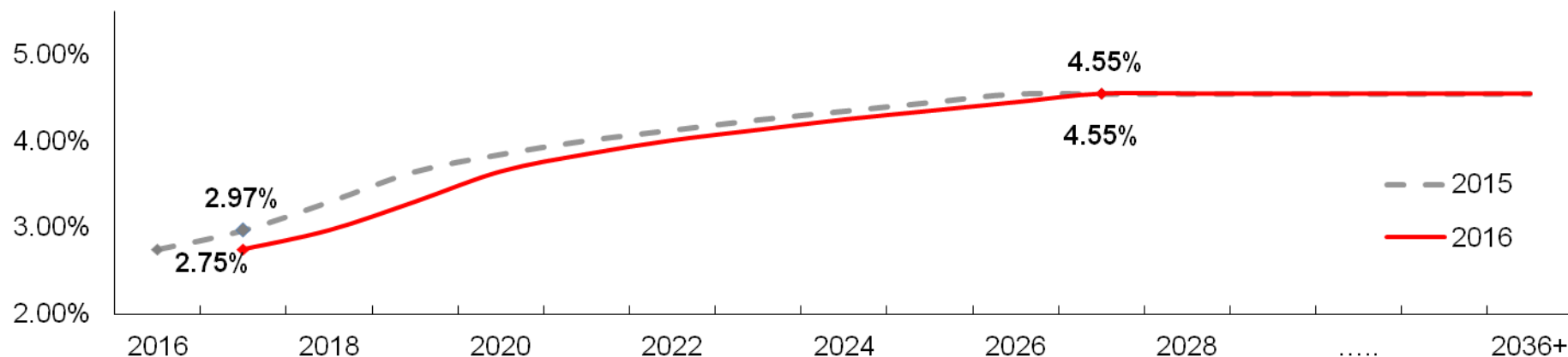
10.5%

Investment Yield Assumption

Traditional Policies



Interest Sensitive Policies



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

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

Valuation Date: 2016/12/31	All else equal except		Base Case	All else equal except	
	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	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

