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THE PEOPLE'S INSURANCE COMPANY (GROUP) OF CHINA LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1339)

**ANNOUNCEMENT OF THE UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The Board of Directors (the “**Board**”) of The People’s Insurance Company (Group) of China Limited (the “**Company**”) announces the following unaudited interim consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 together with the comparative figures for the previous year, which should be read in conjunction with the following management discussion and analysis:

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND MATERIAL
NOTES**

Note: Unless otherwise specified, the currencies in this announcement are all in RMB.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Insurance revenue	4	280,250	261,629
Interest income (from financial assets not measured at fair value through profit or loss)	5	15,834	14,801
Net investment gains	5	17,398	8,240
Share of profits or losses of associates and joint ventures		8,179	5,645
Exchange (losses)/gains		(87)	64
Other income	6	2,548	1,963
TOTAL OPERATING INCOME		324,122	292,342
Insurance service expenses	4	246,201	227,518
Net expenses from reinsurance contracts held		4,989	5,542
Finance expenses from insurance contracts issued		22,517	17,931
Finance income from reinsurance contracts held		(531)	(631)
Finance costs	7	1,671	1,574
Net credit impairment reversal on financial assets	5	(16)	(380)
Other operating and administrative expenses	8	5,507	4,440
TOTAL OPERATING EXPENSES		280,338	255,994
Dilution loss on a reduced stake in an associate		(720)	–
PROFIT BEFORE TAX		43,064	36,348
Income tax expenses	9	(6,909)	(4,859)
PROFIT FOR THE PERIOD		36,155	31,489
Attributable to:			
– Owners of the Company		26,671	23,400
– Non-controlling interests		9,484	8,089
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic (in RMB Yuan)	10	0.60	0.53
– Diluted (in RMB Yuan)	10	0.56	0.49

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	<i>Note</i>	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
PROFIT FOR THE PERIOD		<u>36,155</u>	<u>31,489</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Finance expenses from insurance contracts issued		(4,733)	(22,845)
Finance (expenses)/income from reinsurance contracts held		(77)	161
Changes in the fair value of debt instruments at fair value through other comprehensive income		(1,231)	12,614
Allowance for credit losses on debt instruments measured at fair value through other comprehensive income		(2)	(69)
Income tax effect		<u>628</u>	<u>900</u>
		<u>(5,415)</u>	<u>(9,239)</u>
Share of other comprehensive income of associates and joint ventures		(469)	365
Exchange differences arising on translating foreign operations		<u>(29)</u>	<u>11</u>
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		<u>(5,913)</u>	<u>(8,863)</u>

	<i>Note</i>	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Items that will not be reclassified to profit or loss:			
Gains on revaluation of property and equipment and right-of-use assets upon transfer to investment properties	19	99	17
Changes in the fair value of equity instruments at fair value through other comprehensive income		281	4,587
Finance expenses from insurance contracts issued		53	(706)
Income tax effect		<u>(39)</u>	<u>(1,095)</u>
		<u>394</u>	<u>2,803</u>
Actuarial gains/(losses) on pension benefit obligation		37	(77)
Share of other comprehensive income of associates and joint ventures		<u>(89)</u>	<u>46</u>
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		<u>342</u>	<u>2,772</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		<u>(5,571)</u>	<u>(6,091)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>30,584</u></u>	<u><u>25,398</u></u>
Attributable to:			
Owners of the Company		22,238	18,271
Non-controlling interests		<u>8,346</u>	<u>7,127</u>
		<u><u>30,584</u></u>	<u><u>25,398</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	30 June 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
Cash and cash equivalents	12	38,524	44,132
Financial assets measured at amortized cost	13	322,225	316,231
Financial assets measured at fair value through other comprehensive income	14	714,105	639,359
Financial assets measured at fair value through profit or loss	15	357,998	317,670
Insurance contract assets	16	686	1,728
Reinsurance contract assets		33,088	39,762
Term deposits	17	125,163	126,556
Restricted statutory deposits		13,667	14,745
Investments in associates and joint ventures	18	172,644	167,816
Investment properties	19	16,344	15,232
Property and equipment		31,036	32,953
Right-of-use assets		6,904	7,252
Intangible assets		2,867	3,400
Deferred tax assets		17,207	12,430
Other assets	20	25,644	27,055
TOTAL ASSETS		1,878,102	1,766,321

	<i>Notes</i>	30 June 2025 (Unaudited)	31 December 2024 (Audited)
LIABILITIES			
Financial liabilities measured at fair value through profit or loss		24,309	7,506
Securities sold under agreements to repurchase		104,309	111,236
Income tax payable		2,700	362
Bonds payable	21	41,508	50,132
Lease liabilities		2,045	2,113
Insurance contract liabilities	16	1,199,701	1,122,797
Reinsurance contract liabilities		115	71
Investment contract liabilities		7,522	8,171
Pension benefit obligation		2,696	2,795
Deferred tax liabilities		965	464
Other liabilities	22	101,594	93,253
TOTAL LIABILITIES		1,487,464	1,398,900
EQUITY			
Issued capital	23	44,224	44,224
Reserves		241,701	224,642
Equity attributable to owners of the Company		285,925	268,866
Non-controlling interests		104,713	98,555
TOTAL EQUITY		390,638	367,421
TOTAL EQUITY AND LIABILITIES		1,878,102	1,766,321

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

Six months ended 30 June 2025 (Unaudited)																
Attributable to owners of the Company																
	Issued capital (Note 23)	Share premium account	Financial assets at fair value through other comprehensive income revaluation reserve	Insurance finance reserve	General risk reserve	Catastrophic loss reserve	Asset revaluation reserve	Share of other comprehensive income of associates and joint ventures	Foreign currency translation reserve	Surplus reserve	Other reserves	Actuarial losses on pension benefit obligation	Retained earnings	Subtotal	Non-controlling interests	Total
	**	**	**	**	**	**	**	**	**	*/**	**	**	**			
Balance at 1 January 2025	44,224	23,973	34,439	(47,793)	23,063	180	4,391	658	49	16,835	(15,172)	(1,729)	185,748	268,866	98,555	367,421
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	26,671	26,671	9,484	36,155
Other comprehensive income for the period	-	-	(552)	(3,526)	-	-	38	(404)	(26)	-	-	37	-	(4,433)	(1,138)	(5,571)
Total comprehensive income for the period	-	-	(552)	(3,526)	-	-	38	(404)	(26)	-	-	37	26,671	22,238	8,346	30,584
Other comprehensive income transferred to retained earnings	-	-	(2,025)	189	-	-	-	93	-	-	-	-	1,743	-	-	-
Appropriations to general risk reserve	-	-	-	-	63	-	-	-	-	-	-	-	(63)	-	-	-
Dividends paid to shareholders (Note 11)	-	-	-	-	-	-	-	-	-	-	-	-	(5,174)	(5,174)	-	(5,174)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,296)	(2,296)
Others	-	-	-	-	-	-	-	-	-	-	(5)	-	-	(5)	108	103
Balance at 30 June 2025	44,224	23,973	31,862	(51,130)	23,126	180	4,429	347	23	16,835	(15,177)	(1,692)	208,925	285,925	104,713	390,638

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB241,701 million in the interim condensed consolidated statement of financial position as at 30 June 2025 comprise these reserve accounts.

Attributable to owners of the Company

	Issued capital (Note 23)	Share premium account	Financial assets at fair value through other comprehensive income revaluation reserve	Insurance finance reserve	General risk reserve	Catastrophic loss reserve	Asset revaluation reserve	Share of other comprehensive income of associates and joint ventures	Foreign currency translation reserve	Surplus reserve	Other reserves	Actuarial losses on pension benefit obligation	Retained earnings	Subtotal	Non- controlling interests	Total
	**	**	**	**	**	**	**	**	**	*/**	**	**	**			
Balance at 1 January 2024	44,224	23,973	15,891	(17,367)	20,439	91	4,226	(387)	34	15,697	(15,226)	(1,512)	153,123	243,206	89,697	332,903
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	23,400	23,400	8,089	31,489
Other comprehensive income for the period	-	-	9,732	(15,108)	-	-	8	306	10	-	-	(77)	-	(5,129)	(962)	(6,091)
Total comprehensive income for the period	-	-	9,732	(15,108)	-	-	8	306	10	-	-	(77)	23,400	18,271	7,127	25,398
Other comprehensive income transferred to retained earnings	-	-	(637)	-	-	-	-	-	-	-	-	-	637	-	-	-
Appropriations to general risk reserve	-	-	-	-	83	-	-	-	-	-	-	-	(83)	-	-	-
Dividends paid to shareholders (Note 11)	-	-	-	-	-	-	-	-	-	-	-	-	(6,899)	(6,899)	-	(6,899)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,388)	(3,388)
Others	-	-	-	-	-	-	-	-	-	-	6	-	-	6	2	8
Balance at 30 June 2024	44,224	23,973	24,986	(32,475)	20,522	91	4,234	(81)	44	15,697	(15,220)	(1,589)	170,178	254,584	93,438	348,022

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB210,360 million in the interim condensed consolidated statement of financial position as at 30 June 2024 comprise these reserve accounts.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
<i>Note</i>		
NET CASH FLOWS FROM OPERATING ACTIVITIES	74,845	70,044
NET CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of investment properties, property and equipment, intangible assets and land use rights	(661)	(776)
Proceeds from disposals of investment properties, property and equipment, intangible assets and land use rights	489	193
Purchases of investments	(353,417)	(238,530)
Proceeds from disposals of investments	261,495	213,752
Interest received	18,468	17,906
Dividends received	7,027	3,746
Decrease/(increase) in term deposits, net	614	(40,245)
Others	252	(499)
Subtotal	(65,733)	(44,453)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		
Decrease in securities sold under agreements to repurchase, net	(6,917)	(16,278)
Proceeds from bank borrowings	150	200
Cash received/(paid) related to non-controlling interests of consolidated structured entities, net	5,963	(3,074)
Repayments of bank borrowings and bonds	(8,351)	(146)
Interest paid	(2,002)	(2,012)
Dividends paid	(2,792)	–
Payments of lease liabilities	(618)	(449)
Subtotal	(14,567)	(21,759)

		Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
	<i>Note</i>		
Net (decrease)/increase in cash and cash equivalents		(5,455)	3,832
Cash and cash equivalents at beginning of the period		44,132	28,835
Effects of exchange rate changes on cash and cash equivalents		<u>(153)</u>	<u>(125)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<i>12</i>	<u>38,524</u>	<u>32,542</u>
Analysis of balances of cash and cash equivalents			
Securities purchased under resale agreements with original maturity of no more than three months	<i>12</i>	15,619	11,130
Deposits with banks with original maturity of no more than three months and money at call and short notice	<i>12</i>	<u>22,905</u>	<u>21,412</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<i>12</i>	<u>38,524</u>	<u>32,542</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

1. CORPORATE INFORMATION

The People's Insurance Company (Group) of China Limited (the “**Company**”) was established on 22 August 1996 in the People's Republic of China (the “**PRC**”) and its registered office is located at 1-13/F, No. 88, West Chang'an Street, Xicheng District, Beijing, the PRC. The Company's predecessor, The People's Insurance Company of China, is a state-owned enterprise established in October 1949 by the PRC government. The Company is listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange. The controlling shareholder of the Company is the Ministry of Finance (“**MOF**”) of the PRC.

The Company is an investment holding company. During the six months ended 30 June 2025, the Company's subsidiaries mainly provide integrated financial products and services and are engaged in property and casualty insurance, life and health insurance, asset management and other businesses. The Company and its subsidiaries are collectively referred to as the “Group”.

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), which is also the functional currency of the Company, and all values are rounded to the nearest million except when otherwise indicated.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) as issued by the International Accounting Standards Board (“**IASB**”), as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Other than additional accounting policies resulting from the application of amendments to IFRS Accounting Standards as issued by the IASB, the accounting policies and methods of computation used in the interim condensed consolidated financial information are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

2.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024, except for the adoption of amendments to the IFRS Accounting Standards as of 1 January 2025 as described below.

Amendments to IAS 21

Lack of Exchangeability

The adoption of the above amendments had no material impact on the Group's interim condensed consolidated financial information.

2.2 New standards, interpretations and amendments issued but not yet effective

These new and revised IFRS Accounting Standards have been issued, but have not been adopted before their effective dates by the Group:

Amendments to IFRS 9 and IFRS 7

Amendments to Classification and Measurement of Financial Instruments¹

Amendments to IFRS 9 and IFRS 7

Contracts Referencing Nature-dependent Electricity¹

Annual Improvements to IFRS

Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹

Accounting Standards – Volume 11

IFRS 18 (i)

Presentation and Disclosure in Financial Statements²

IFRS 19

Subsidiaries without Public Accountability: Disclosures³

Amendments to IFRS 10 and IAS 28

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ Reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

- (i) IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the income statement, including specified totals and subtotals. Entities are required to classify all income and expenses within the income statement into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

Besides the above (i), none of these new standards and amendments are expected to have a significant effect on the consolidated financial statements of the Group.

3. OPERATING SEGMENT INFORMATION

The Group's operating segments are presented in a manner consistent with the internal management reporting provided to the management for deciding how to allocate resources and for assessing performance.

For management purposes, the Group is organised into business units based on principal activities of subsidiaries and has the following operating segments:

- (1) The non-life insurance segment offers a wide variety of non-life insurance products mainly by PICC Property and Casualty Company Limited ("**PICC P&C**");
- (2) The life insurance segment offers a wide range of life insurance products by PICC Life Insurance Company Limited ("**PICC Life**");
- (3) The health insurance segment offers a wide range of health and medical insurance products by PICC Health Insurance Company Limited ("**PICC Health**");
- (4) The asset management segment offers asset management services;
- (5) The headquarters and other segments provide management and support for the Group's business through its strategy, risk management, finance, legal and human resources functions and comprise insurance agent business, reinsurance business and other operating businesses of the Group.

The segment's net profit includes revenue less expenses that are directly attributable to the segment.

Segment's assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment. Segment's assets are recognised after deducting the related provisions, and such deductions are directly written off in the Group's interim condensed consolidated statement of financial position.

In the segment reporting, insurance revenue and other income earned are included in the segment's revenue, and profit or loss is presented as the operating results of the segment.

The Group's revenue and profits for the period were mainly derived from the aforementioned business in Mainland China. As the revenue, net profit, assets and liabilities of operations outside Mainland China constitute less than 10% of the consolidated amounts in these financial statements, geographical segmental information is not presented.

Intersegment sales are transacted according to terms and conditions negotiated by the relevant parties within the Group.

Segment revenue and results for the six months ended 30 June 2025:

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
Insurance revenue	250,070	14,018	15,603	–	2,496	(1,937)	280,250
Interest income (from financial assets not measured at fair value through profit or loss)	6,117	7,160	1,404	47	1,106	–	15,834
Net investment gains	6,570	8,559	1,674	200	6,218	(5,823)	17,398
Share of profits or losses of associates and joint ventures	6,434	3,273	2	50	564	(2,144)	8,179
Exchange (losses)/gains	(31)	(28)	(8)	1	(21)	–	(87)
Other income	721	135	236	1,328	2,370	(2,242)	2,548
TOTAL OPERATING INCOME							
– SEGMENT INCOME	269,881	33,117	18,911	1,626	12,733	(12,146)	324,122
– External income	269,375	32,809	18,849	874	2,215	–	324,122
– Inter-segment income	506	308	62	752	10,518	(12,146)	–
Insurance service expenses	228,391	8,297	8,868	–	2,401	(1,756)	246,201
Net expenses from reinsurance contracts held	4,768	111	522	–	42	(454)	4,989
Finance expenses from insurance contracts issued	4,440	15,782	2,210	–	161	(76)	22,517
Finance income from reinsurance contracts held	(560)	(1)	(26)	–	(9)	65	(531)
Finance costs	460	684	160	3	373	(9)	1,671
Other operating and administrative expenses	1,892	999	382	943	2,943	(1,652)	5,507
Net credit impairment (reversal)/losses on financial assets	(19)	(25)	(6)	5	29	–	(16)
TOTAL OPERATING EXPENSES	239,372	25,847	12,110	951	5,940	(3,882)	280,338
Dilution loss on a reduced stake in an associate	(318)	(359)	–	–	(43)	–	(720)
PROFIT BEFORE TAX	30,191	6,911	6,801	675	6,750	(8,264)	43,064
Income tax expenses	(4,475)	(408)	(1,673)	(175)	(101)	(77)	(6,909)
PROFIT FOR THE PERIOD							
– SEGMENT RESULTS	25,716	6,503	5,128	500	6,649	(8,341)	36,155

Segment revenue and results for the six months ended 30 June 2024:

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
Insurance revenue	236,724	10,576	13,786	–	2,535	(1,992)	261,629
Interest income (from financial assets not measured at fair value through profit or loss)	5,743	6,922	1,339	27	770	–	14,801
Net investment gains	3,515	4,000	41	162	9,485	(8,963)	8,240
Share of profits or losses of associates and joint ventures	5,112	2,139	5	25	177	(1,813)	5,645
Exchange gains	37	15	1	(1)	12	–	64
Other income	794	134	211	1,183	1,351	(1,710)	1,963
TOTAL OPERATING INCOME							
– SEGMENT INCOME	251,925	23,786	15,383	1,396	14,330	(14,478)	292,342
– External income	251,256	23,615	15,366	831	1,274	–	292,342
– Inter-segment income	669	171	17	565	13,056	(14,478)	–
Insurance service expenses	217,991	662	8,277	–	2,428	(1,840)	227,518
Net expenses from reinsurance contracts held	5,298	29	748	–	24	(557)	5,542
Finance expenses from insurance contracts issued	5,156	11,320	1,399	–	134	(78)	17,931
Finance (income)/losses from reinsurance contracts held	(646)	1	(54)	–	(7)	75	(631)
Finance costs	564	561	87	4	358	–	1,574
Other operating and administrative expenses	1,616	964	493	896	1,915	(1,444)	4,440
Net credit impairment (reversal)/losses on financial assets	(265)	(94)	(27)	13	(7)	–	(380)
TOTAL OPERATING EXPENSES	229,714	13,443	10,923	913	4,845	(3,844)	255,994
PROFIT BEFORE TAX	22,211	10,343	4,460	483	9,485	(10,634)	36,348
Income tax expenses	(3,152)	(413)	(1,033)	(123)	(39)	(99)	(4,859)
PROFIT FOR THE PERIOD							
– SEGMENT RESULTS	19,059	9,930	3,427	360	9,446	(10,733)	31,489

Segment assets and liabilities as at 30 June 2025 and 31 December 2024, and other segment information for the six months ended 30 June 2025 and 2024 are as follows:

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
30 June 2025							
Segment assets	<u>829,767</u>	<u>784,545</u>	<u>144,105</u>	<u>14,952</u>	<u>315,961</u>	<u>(211,228)</u>	<u>1,878,102</u>
Segment liabilities	<u>526,163</u>	<u>743,285</u>	<u>124,627</u>	<u>4,766</u>	<u>73,499</u>	<u>15,124</u>	<u>1,487,464</u>
Six months ended 30 June 2025							
Other segment information:							
Capital expenditures	293	226	30	26	174	(88)	661
Depreciation and amortization	<u>1,688</u>	<u>305</u>	<u>185</u>	<u>77</u>	<u>247</u>	<u>(78)</u>	<u>2,424</u>
31 December 2024							
Segment assets	<u>806,292</u>	<u>740,268</u>	<u>125,953</u>	<u>14,363</u>	<u>232,569</u>	<u>(153,124)</u>	<u>1,766,321</u>
Segment liabilities	<u>520,442</u>	<u>700,718</u>	<u>111,165</u>	<u>4,383</u>	<u>54,675</u>	<u>7,517</u>	<u>1,398,900</u>
Six months ended 30 June 2024							
Other segment information:							
Capital expenditures	545	34	37	442	32	(314)	776
Depreciation and amortization	<u>1,755</u>	<u>304</u>	<u>179</u>	<u>75</u>	<u>216</u>	<u>(115)</u>	<u>2,414</u>

The headquarters, non-life insurance and life insurance segments hold equity interests of 0.82%, 5.81% and 6.03%, respectively, in Industrial Bank Co., Ltd. (“**Industrial Bank**”), an associate of the Group as at 30 June 2025 (31 December 2024: 0.85%, 5.91% and 6.14%). These interests are accounted for as financial assets in some segments. On consolidation, these interests in aggregate are accounted for as an associate and the impacts of relevant adjustments to the interim condensed consolidated financial statements are allocated to the respective segments according to their respective equity interest holdings.

4. INSURANCE REVENUE AND EXPENSES

	Six months ended 30 June 2025	Six months ended 30 June 2024
Insurance revenue		
Contracts not measured under the premium allocation approach	30,668	26,218
Contracts measured under the premium allocation approach	<u>249,582</u>	<u>235,411</u>
TOTAL	<u>280,250</u>	<u>261,629</u>
Insurance service expenses		
Liabilities for remaining coverage	50,494	45,370
Liabilities for incurred claims	<u>195,707</u>	<u>182,148</u>
TOTAL	<u>246,201</u>	<u>227,518</u>

5. NET INVESTMENT INCOME

	Six months ended 30 June 2025	Six months ended 30 June 2024
Interest income from financial assets not measured at fair value through profit or loss (a)	15,834	14,801
Net investment gains (b)	17,398	8,240
Net credit impairment reversal on financial assets (c)	<u>16</u>	<u>380</u>
TOTAL	<u>33,248</u>	<u>23,421</u>

(a) Interest income from financial assets not measured at fair value through profit or loss

	Six months ended 30 June 2025	Six months ended 30 June 2024
Financial assets measured at amortized cost	6,030	6,682
Financial assets measured at fair value through other comprehensive income	7,307	6,026
Current and term deposits	2,314	1,836
Securities purchased under resale agreements	62	68
Others	<u>121</u>	<u>189</u>
TOTAL	<u>15,834</u>	<u>14,801</u>

(b) Net investment gains

	Six months ended 30 June 2025	Six months ended 30 June 2024
Interest income		
Financial assets measured at fair value through profit or loss	2,430	3,085
Dividend income		
Equity instruments measured at fair value through other comprehensive income	2,400	1,793
Financial assets measured at fair value through profit or loss	1,171	1,071
Lease income from investment properties	310	400
Subtotal	6,311	6,349
Realised investment gains/(losses)		
Financial assets measured at fair value through profit or loss	5,284	(2,844)
Financial assets measured at fair value through other comprehensive income	3,445	1,995
Financial assets measured at amortized cost	–	(1)
Subtotal	8,729	(850)
Unrealised investment gains/(losses)		
Financial assets measured at fair value through profit or loss	2,501	2,841
Investment properties	(143)	(100)
Subtotal	2,358	2,741
TOTAL	17,398	8,240

(c) Net credit impairment reversal on financial assets

	Six months ended 30 June 2025	Six months ended 30 June 2024
Financial assets measured at amortized cost	70	342
Term deposits	22	42
Debt instruments measured at fair value through other comprehensive income	(25)	(6)
Other financial assets	(51)	2
TOTAL	<u>16</u>	<u>380</u>

6. OTHER INCOME

	Six months ended 30 June 2025	Six months ended 30 June 2024
Income from asset management and other management service	1,055	1,179
Government grants	186	134
Commission income arising from the collection of taxes on motor vehicles and vessels	161	111
Disposal gains from investment properties, property and equipment, intangible assets and land use rights	41	35
Others	1,105	504
TOTAL	<u>2,548</u>	<u>1,963</u>

7. FINANCE COSTS

	Six months ended 30 June 2025	Six months ended 30 June 2024
Securities sold under agreements to repurchase	1,024	713
Bonds payable	565	691
Pension benefit obligation unwound	23	33
Interest on lease liabilities	23	10
Others	36	127
TOTAL	<u>1,671</u>	<u>1,574</u>

8. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June 2025	Six months ended 30 June 2024
Employee costs	24,845	25,115
Technical/labour services and consulting fee	8,574	7,838
Promotion expenses	5,412	5,990
Contributions to China Insurance Security Fund	2,735	2,578
Depreciation and amortization	2,424	2,414
Administrative and travel expenses	658	724
Electronic equipment operating expenses	552	741
Prevention fee	405	442
Others	7,123	4,963
Subtotal	52,728	50,805
Less: Expenses attributed to insurance acquisition cash flows	(25,266)	(23,920)
Less: Other insurance fulfilment cash flows in the period	(21,955)	(22,445)
TOTAL	5,507	4,440

Insurance companies in Mainland China are required to make regular contributions to China Insurance Security Fund (“CISF”) according to the types and premiums of products sold during the year. CISF was established to provide protection for policyholders when an insurance company in Mainland China is in financial troubles.

9. INCOME TAX EXPENSES

	Six months ended 30 June 2025	Six months ended 30 June 2024
Current tax	9,960	8,145
Adjustments in respect of prior years	(30)	(71)
Deferred tax	(3,021)	(3,215)
TOTAL	6,909	4,859

Certain operations of the Company’s subsidiaries in the western provinces and Hainan province have been entitled to tax benefits and their eligible taxable income is subject to an income tax rate of 15%. One of the Company’s subsidiaries is recognised as a high-tech enterprise and its eligible taxable income is subject to income tax at a rate of 15%. Except for the above-mentioned subsidiaries, the Company and its subsidiaries registered in the PRC are subject to corporate income tax at the statutory rate of 25% (2024: 25%) on their respective taxable income in accordance with the relevant PRC income tax rules and regulations. Income taxes on taxable income elsewhere are calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2025 and the six months ended 30 June 2024 is based on the profit attributable to owners of the Company and the numbers of ordinary shares in issue during the periods.

	Six months ended 30 June 2025	Six months ended 30 June 2024
Profit attributable to owners of the Company for the period	26,671	23,400
Weighted average number of ordinary shares in issue (in million shares)	<u>44,224</u>	<u>44,224</u>
Basic earnings per share (in RMB Yuan)	<u>0.60</u>	<u>0.53</u>

(b) Diluted earnings per share

	Six months ended 30 June 2025	Six months ended 30 June 2024
Profit attributable to owners of the Company for the period	26,671	23,400
Add: Adjustment of profit attributable to owners of the Company from the assumption of the conversion of all the convertible bonds issued by an associate (Note)	<u>(1,785)</u>	<u>(1,546)</u>
Profit attributable to owners of the Company for the calculation of diluted earnings per share	<u>24,886</u>	<u>21,854</u>
Weighted average number of ordinary shares in issue (in million shares)	<u>44,224</u>	<u>44,224</u>
Diluted earnings per share (in RMB Yuan)	<u>0.56</u>	<u>0.49</u>

Note: The associate of the Group, Industrial Bank issued convertible bonds with a share conversion period from 30 June 2023 to 26 December 2027, which meet potential ordinary shares under IAS 33. The adjustment of profit attributable to owners of the Company from the assumption of the conversion of all the convertible bonds issued by the associate was considered in the calculation of diluted earnings per share.

11. DIVIDENDS

	Six months ended 30 June 2025	Six months ended 30 June 2024
Dividends recognised as distributions during the period:		
Year 2023 Final paid – RMB15.60 cents per share	–	6,899
Year 2024 Final paid – RMB11.70 cents per share	<u>5,174</u>	<u>–</u>

12. CASH AND CASH EQUIVALENTS

	30 June 2025	31 December 2024
Demand deposits and Cash on hand	22,825	24,530
Deposits with banks with original maturity of no more than three months and short notice	80	372
Securities purchased under resale agreements with original maturity of no more than three months	<u>15,619</u>	<u>19,230</u>
TOTAL	<u>38,524</u>	<u>44,132</u>

The Group entered into a number of resale agreements to purchase certain securities with commitments to sell in the future, and counterparties are required to pledge certain bonds as collaterals. The securities purchased are not recognised in the interim condensed consolidated statement of financial position.

13. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	30 June 2025	31 December 2024
Bonds		
– Government bonds	118,091	104,064
– Financial bonds	11,087	9,054
– Corporate bonds	33,847	33,377
Debt investment schemes	79,900	85,892
Trust schemes	60,660	69,964
Asset-backed plans and others	<u>19,805</u>	<u>15,152</u>
TOTAL	<u>323,390</u>	<u>317,503</u>
Less: Impairment provisions	<u>(1,165)</u>	<u>(1,272)</u>
NET CARRYING VALUE	<u>322,225</u>	<u>316,231</u>

14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2025	31 December 2024
Debt instruments measured at fair value through other comprehensive income		
Bonds		
– Government bonds	363,712	318,363
– Financial bonds	68,870	66,684
– Corporate bonds	141,623	138,269
Asset-backed plans	<u>260</u>	<u>265</u>
Subtotal	<u>574,465</u>	<u>523,581</u>
Including:		
Amortized cost	525,231	473,139
Accumulated fair value changes	49,234	50,442
Equity instruments measured at fair value through other comprehensive income		
Listed shares	43,913	27,327
Perpetual instruments	84,458	76,898
Other equity investments	<u>11,269</u>	<u>11,553</u>
Subtotal	<u>139,640</u>	<u>115,778</u>
Including:		
Costs	133,403	107,452
Accumulated fair value changes	<u>6,237</u>	<u>8,326</u>
TOTAL	<u>714,105</u>	<u>639,359</u>

As at 30 June 2025, the impairment provisions of debt instruments measured at fair value through other comprehensive income was RMB362 million (31 December 2024: RMB364 million).

During the six months ended 30 June 2025, for the consideration of optimizing liquidity arrangement, the Group disposed of equity instruments measured at fair value through other comprehensive income with a cost of RMB7,496 million. The cumulative gains transferred from revaluation reserve to retained earnings upon disposals were RMB3,655 million.

15. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2025	31 December 2024
Bonds		
– Financial bonds	111,519	115,451
– Corporate bonds	21,675	16,893
– Government bonds	4,429	1,601
Funds	93,571	86,642
Listed shares	50,712	32,922
Unlisted equity investments	12,123	12,339
Trust schemes	6,742	4,266
Asset management products	6,508	5,184
Equity investment plans and others	50,719	42,372
TOTAL	357,998	317,670

As at 30 June 2025 and 31 December 2024, the Group has not designated any financial assets as financial assets measured at fair value through profit or loss.

16. INSURANCE CONTRACT ASSETS AND LIABILITIES

The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows:

	30 June 2025	31 December 2024
Insurance contract assets	686	1,728
Insurance contract liabilities	1,199,701	1,122,797
Net insurance contract liabilities	1,199,015	1,121,069
Including: Liabilities for remaining	927,667	870,537
Liabilities for incurred claims	271,348	250,532

17. TERM DEPOSITS

The original maturities of the term deposits are as follows:

	30 June 2025	31 December 2024
More than 3 months to 12 months	1,309	1,790
More than 1 year to 2 years	2,020	1,003
More than 2 years to 3 years	35,516	24,776
More than 3 years	<u>84,576</u>	<u>96,498</u>
TOTAL	<u>123,421</u>	<u>124,067</u>
Add: Interest receivables	1,873	2,642
Less: Impairment provisions	<u>(131)</u>	<u>(153)</u>
NET CARRYING VALUE	<u>125,163</u>	<u>126,556</u>

These term deposits of the Group bear fixed interest rates ranging from 0.65% – 7.44% per annum as at 30 June 2025 (31 December 2024: bear fixed interest rates ranging from 1.10% – 7.44% per annum).

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in the associates and joint ventures as at 30 June 2025 and 31 December 2024 are as follows:

	30 June 2025	31 December 2024
Associates		
Cost of investments in associates	71,231	71,329
Share of post-acquisition profits, other comprehensive income and other equity movements, less dividends received or receivable	<u>101,413</u>	<u>96,397</u>
Subtotal	<u>172,644</u>	<u>167,726</u>
Joint ventures		
Cost of investments in joint ventures	–	196
Share of post-acquisition profits, other comprehensive income and other equity movements, less dividends received or receivable	<u>–</u>	<u>(106)</u>
Subtotal	<u>–</u>	<u>90</u>
TOTAL	<u>172,644</u>	<u>167,816</u>

Movements of investments in associates and joint ventures are as follows:

	1 January 2025	Additions	Disposals	Share of profit	Share of other comprehensive income	Share of other movements	Dividends received	Impairment	30 June 2025
Associates and joint ventures	<u>167,816</u>	<u>1,950</u>	<u>(116)</u>	<u>8,179</u>	<u>(558)</u>	<u>(725)</u>	<u>(3,902)</u>	<u>-</u>	<u>172,644</u>

As at 30 June 2025, the carrying amount of the Group's investment in Industrial Bank was RMB100,206 million (31 December 2024: RMB97,730 million). As at 30 June 2025, the market value of the Group's investment in Industrial Bank was RMB62,529 million (31 December 2024: RMB51,330 million), which was lower than the carrying amount. Considering an impairment indicator exists, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment of the investment at 30 June 2025 as the recoverable amount as determined by a value-in-use ("VIU") approach was higher than the carrying amount.

The impairment test was performed by comparing the recoverable amount of Industrial Bank, determined by a VIU calculation, with its carrying amount. The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36.

The recoverable amount of Industrial Bank was assessed by Watson (Beijing) International Asset Appraisal Co., Ltd.. The key assumptions used in the VIU calculation of Industrial Bank are as follows:

Forecast period	5 years and perpetual
Long-term profit growth rate	2.5%
Discount rate	10.0%

As at 30 June 2025, the carrying amount of the Group's investment in Hua Xia Bank Co., Limited ("**Hua Xia Bank**") was RMB49,520 million (31 December 2024: RMB48,941 million). As at 30 June 2025, the market value of the Group's investment in Hua Xia Bank was RMB20,275 million (31 December 2024: RMB20,532 million), which was lower than the carrying amount. Considering an impairment indicator exists, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment of the investment at 30 June 2025 as the recoverable amount as determined by a VIU approach was higher than the carrying amount.

The impairment test was performed by comparing the recoverable amount of Hua Xia Bank, determined by a VIU calculation, with its carrying amount. The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36.

The recoverable amount of Hua Xia Bank was assessed by Watson (Beijing) International Asset Appraisal Co., Ltd.. The key assumptions used in the VIU calculation of Hua Xia Bank are as follows:

Forecast period	5 years and perpetual
Long-term profit growth rate	2.5%
Discount rate	10.3%

19. INVESTMENT PROPERTIES

	Six months ended 30 June 2025	Six months ended 30 June 2024
Balance at beginning of period	15,232	15,791
Additions	9	24
Transfer from property and equipment	1,178	139
Transfer from right-of-use assets	7	–
Gains on revaluation of properties upon transfer from property and equipment	99	17
Decrease in fair value of investment in property	(143)	(100)
Transfer to property and equipment and right-of-use assets	(32)	(381)
Disposals	(6)	(36)
	<u>16,344</u>	<u>15,454</u>
Balance at end of period		

The Group's investment properties were revalued as at the end of the reporting period by independent professional valuers. Valuations were carried out by the following two approaches:

- (1) The Group uses the direct comparison approach and assumes sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the marketplace can be extrapolated to similar properties, subject to allowances for variable factors; or
- (2) The Group uses income approach to determine the fair values at valuation date by discounting the target properties' rental income derived from existing lease agreements and the potential rental income projected by reference to the current market rental status, at an appropriate capitalization rate.

The fair value of the investment properties is usually determined by these approaches according to professional judgement. Therefore, these fair values are categorised as Level 3.

There has been no change in the valuation technique used from the prior years. In estimating the fair value of the properties, the highest and best use of the properties are their current use.

When adopting the second approach to evaluate the valuation of the investment properties, one of the key inputs is the capitalisation rate, which ranges from 4.00% to 7.00% as at 30 June 2025 (31 December 2024: ranges from 4.00% to 7.50%).

20. OTHER ASSETS

	30 June 2025	31 December 2024
Deductible input value-added tax	4,720	4,871
Receivables from co-insurers for amounts paid on behalf	4,461	4,965
Reinsurance guarantee deposits	2,350	1,663
Refundable deposits	2,332	1,416
Prepaid output value-added tax on premiums	2,062	1,433
Restricted funds	1,635	1,315
Securities settlement receivables	1,564	6,103
Prepayments and deposits	823	631
Dividends receivable	762	316
Loans and advances	405	437
Prepayment for income tax	–	873
Others	6,354	4,801
TOTAL	27,468	28,824
Less: Impairment provision for other assets	(1,824)	(1,769)
NET CARRYING VALUE	25,644	27,055

21. BONDS PAYABLE

As at 30 June 2025, bonds payable represent supplementary capital bonds issued.

	30 June 2025	31 December 2024
Carrying amount repayable in		
– More than five years	41,508	50,132

The contractual periods of these capital supplementary bonds are ten years. With proper notice to the counterparties, the Group has an option to redeem the capital supplementary bonds at par values at the end of the fifth year from the date of issue. The coupon rates of the Group's capital supplementary bonds range from 2.33% to 3.68% in the first five years (31 December 2024: 2.33% – 3.68%) and 3.33% to 4.68% in the next five years (31 December 2024: 3.33% – 4.68%).

On 24 March 2025, PICC P&C redeemed the capital supplementary bonds issued at par for RMB8,000 million.

22. OTHER LIABILITIES

	30 June 2025	31 December 2024
Salaries and welfare payable	34,009	34,020
Payables to non-controlling interests of consolidated structured entities	29,581	22,393
Value added tax and other taxes payable	7,583	8,207
Dividends payable	7,467	2,788
Premiums received in advance	4,710	7,319
Payables to co-insurers and refund premiums	4,306	3,360
Payables to suppliers	1,322	1,494
Insurance deposits received	673	674
Bank borrowings	327	357
Others	11,616	12,641
TOTAL	101,594	93,253

23. ISSUED CAPITAL

	30 June 2025	31 December 2024
Issued and fully paid ordinary shares of RMB1 each (in million shares)		
A share	35,498	35,498
H shares	8,726	8,726
TOTAL	44,224	44,224
Issued capital		
A shares	35,498	35,498
H shares	8,726	8,726
TOTAL	44,224	44,224

OPERATING HIGHLIGHTS

1. Steady Growth in Operating Performance and Sustained Increase in Dividend Payout

In the first half of 2025, the Group achieved a net profit of RMB36,155 million, representing a year-on-year increase of 14.8%; net profit attributable to owners of the Company amounted to RMB26,671 million, representing a year-on-year increase of 14.0%.

The Group proposed to distribute an interim cash dividend for the first half of 2025 of RMB0.75 (tax inclusive) per 10 shares¹ to shareholders, representing a year-on-year increase of 19.0%, so as to share the operating results with the investors.

2. Steady Growth in Business Scale and Continuous Growth in Comprehensive Strength

The Group's business development continued to improve. In the first half of 2025, the insurance revenue recorded RMB280,250 million, representing a year-on-year increase of 7.1%, and the original premiums income² recorded RMB454,625 million, representing a year-on-year increase of 6.4%. The size of investment assets maintained steady growth. As of 30 June 2025, the size of investment assets of the Group exceeded RMB1.7 trillion, representing an increase of 7.2% from the beginning of the year.

As of 30 June 2025, the Group's total assets amounted to RMB1,878,102 million, representing an increase of 6.3% from the end of the previous year. The net assets amounted to RMB390,638 million, representing an increase of 6.3% from the end of the previous year. The comprehensive solvency margin ratio was 276%, and the core solvency margin ratio was 219%, indicating ample capital strength of the Group.

¹ On 27 August 2025, the Board of the Company proposed to distribute an interim dividend for the year 2025 of RMB0.75 (tax inclusive) per 10 shares. The profit distribution plan is subject to consideration and approval at the shareholders' general meeting of the Company.

² The original premiums income was calculated based on the premium data after the significant risk test for written premiums and splitting of mixed insurance contracts in accordance with the Notice of Relevant Issues Regarding the Implementation of the No. 2 Interpretation of Accounting Standards for Business Enterprises in Insurance Industry (Bao Jian Fa [2009] No.1) and the Notice on the Publication of the Regulations on the Accounting Treatment Relating to Insurance Contracts (Cai Kuai [2009] No. 15).

3. High-quality Development in a Steady Manner and Continuous Optimization of Operating Quality and Efficiency

The Group adhered to high-quality development orientation and continued to optimize its operational efficiency indicators. **In terms of the P&C insurance business**, PICC P&C effectively shaped its development advantages with a market share of 33.5% in the P&C insurance sector, maintaining the largest market share in the industry; the net cash inflow from operating activities increased by 26.6% year-on-year, and the liquidity level significantly enhanced; the combined ratio was 94.8%, representing a year-on-year decrease of 1.4 percentage points. **In terms of the life and health insurance business**, operational quality and efficiency continued to improve. PICC Life's value of half year's new business increased by 71.7% year-on-year on a like-for-like basis; the regular premiums accounted for 79.5% of the original premiums income, representing a year-on-year increase of 0.9 percentage point; and the 13-month premium persistency ratio reached 96.4%, representing a year-on-year increase of 0.4 percentage point. PICC Health's value of half year's new business increased by 51.0% year-on-year on a like-for-like basis; the first-year regular premiums increased by 52.3% year-on-year, and the first-year regular premiums of Internet long-term insurance increased by 110.6% year-on-year. **In terms of investment business**, the Group actively seized investment opportunities in the capital market, optimized its equity structure, and extended the duration of its assets. The total investment income was RMB40,758 million, representing a year-on-year increase of 40.2%, and the annualized total investment yield was 5.0%, representing a year-on-year increase of 0.9 percentage point.

4. Serving the Overall National Development and Demonstrating the Responsibilities of a Central Enterprise

The Group adhered to providing financial services to the real economy, solidly implemented the “Five Priorities” on finance, pragmatically promoted strategic projects, optimized its insurance products, innovated its insurance services, focused on its investment direction, and contributed to the Chinese path to modernization with high-quality development. In the first half of 2025, the Group provided risk protection of RMB1,780 trillion, representing a year-on-year increase of 6.9%, and the investment scale amounted to RMB264.9 billion in the “Five Priorities” on finance, representing an increase of 12.4% from the beginning of the year.

In terms of technology finance, the first national technology achievement and intellectual property rights authentication and evaluation center was established, and the science and technology insurance branch center of PICC P&C realized the full city coverage of national science and innovation centers, providing insurance services for 127,100 high-tech enterprises. The Group also launched the “Science and Technology Benefit Insurance (科惠保)” targeting science and technology-based small- and medium-sized enterprises. **In terms of green finance**, as the only insurance company on the list, the Group has once again been honored on the Fortune China's ESG Influence List. The number of new energy vehicles insured by the Group increased by 36.8% year-on-year. The new energy vehicle insurance overseas projects have been successively launched in Hong Kong and Thailand. The Group provided risk protection of RMB683.4 billion for clean energy such as wind power, photovoltaic power and hydropower. The scale of green finance investment increased by 13.6% year-on-year. **In terms of inclusive finance**, the Group undertook 1,373 policy-based health insurance projects such

as serious critical illness insurance, long-term nursing insurance, and outpatient chronic and special diseases insurance, covering over 1.0 billion personnel time. The full cost insurance and planting income insurance for three major staple foods covered an area of 337 million mu. The Group enriched product and service coverage for new citizens, covering 17.72 million personnel time. **In terms of pension finance**, the Group actively participated in the construction of a multi-layer, multi-pillar pension insurance system. The scale of the assets under management for the second-pillar annuity reached RMB678.3 billion, with growth exceeding the market; the scale of assets under the management of the third-pillar commercial pension has tripled compared to the beginning of the year, and the scale of the premiums for individual pension insurance increased by 177.4% year-on-year; the “Nuan Xin Sui Yue (暖心歲悅)” institutional pension service covered 50 pension institutions in 14 provinces. **In terms of digital finance**, the Group accelerated the implementation of digital planning, promoted the construction of the enterprise architecture management system of the Group, innovated insurance supply for the digital economy, and launched the first batch of generative AI content infringement liability insurance in China; and implemented the “AI+” initiative, with the number of AI capability calls increased by 27.2% compared to the end of 2024.

5. Making Every Effort to Implement Risk Reduction Services and Dedicating to Enhancing Disaster Prevention, Mitigation and Relief Capabilities

Adhering to the corporate mission of “People’s Insurance, Serving the People”, the Group built a full-process risk reduction service value chain with a high sense of political responsibility and mission, continued to enhance its disaster prevention, mitigation and relief capabilities by innovation of service models and technology empowerment, and gave full play to the functional role in risk prevention, emergency rescue, loss claims and other aspects.

Strengthening pre-insurance risk survey. In terms of risk identification, the Group issued 1.914 million digital risk survey reports, achieving a full coverage of digital risk survey of legal entity business. **Strengthening early warning in the process of insurance.** The Group provided 28.145 million risk reduction services to individual customers and 4.492 million risk reduction services to corporate customers. The Group drew a map of emergency response capabilities for catastrophes, organized and carried out emergency drills for catastrophes. **Strengthening pre-disaster investigation.** The Group actively carried out disaster prevention, loss mitigation and risk checks. In response to the rainstorm disaster, the Group deployed and applied water immersion IoT equipment and other equipment in advance, identified and watched over the locations which are easily logged with water, and reserved important resources such as prevention sites and maintenance service organizations. **Strengthening claim settlements for catastrophes.** The Group continuously improved its major disaster claims emergency response system. The Group continuously optimized claims service processes to support post-disaster recovery and reconstruction, as well as loss compensation. In the first half of 2025, the Group initiated over 70 claim emergency responses at levels one, two, and three, properly responded to major disasters such as the earthquake in Shigatse, Tibet, the landslide in Junlian, Sichuan, the major fire in Liaoyang, Liaoning, the capsizing of a tourist boat in Qianxi, Guizhou, the severe flooding in Rongjiang, Qiandongnan, the Typhoon “Butterfly”, and made every effort to provide the public with efficient, convenient, and warm claims services, fulfilling its solemn commitment to ensure a better life of people through practical actions.

6. Establishing Sound Corporate Image and Increasing the Brand Value Significantly

The Group made great efforts in strengthening brand building, and continuously enhanced its brand value and influence. The Group ranked 141st in the list of Fortune Global 500 in 2025, marking its 16th consecutive year on the list. The Group ranked 150th in Brand Finance Global 500 in 2025 in terms of brand value, up by 10 places than last year; and ranked 85th in terms of brand strength, up by 20 places than last year. Among the Chinese insurance brands on the list, the Group's brand value growth ranked first in the industry, and the Group's brand strength enhancement remained at forefront steadily in the industry.

The Group accelerated the construction of the “General Consumer Protection (大消保)” pattern that involves all employees, integrates processes, provides comprehensive resources, and upgrades services. The Group strengthened the top-level planning and overall promotion of consumer protection, continuously promoted the consumer protection culture of “Trustworthy and Committed to PICC (守信重諾 人保同行)”. According to the latest survey, the customer net promoter score of PICC P&C, PICC Life, and PICC Health has increased by 3.4%, 0.4% and 0.1%, respectively. In the first half of 2025, consumer complaints across the entire Group decreased by 24% year-on-year. The Group has ten cases that have been awarded the “2025 Financial Consumer Protection and Service Innovation Case” award. The Group selected ten “Guardians” of consumer protection within the system for the first time, to inspire a sense of mission, responsibility, and honor among cadre staff members in conducting consumer protection work. The Group is committed to enhancing the consumer protection awareness and levels of all employees, leading to the creation of a good image of being “trustworthy, reliable and warm”.

7. Accelerating Digitalization Construction and Supporting the Implementation of Strategies Effectively

The Group focused on developing digital finance, actively promoted the implementation of digitalized action plans and piloting enterprise architecture methods, accelerated the construction of digital “no-regrets (無悔)” projects group, promoted the deep integration of the Group's business, technology and data, and strived to enhance the Group's core technological competitiveness.

Optimizing computing power resource allocation. The Group steadily advanced the construction of its Western Data Center, and its North Center has become the first in the insurance industry to obtain dual certification as a national financial data center. **Managing technological security risks.** The Group obtained ISO27001 certification for its information network security management system, organized each company to complete the classification and categorization of all information systems, improved the construction of the disaster recovery system and carried out emergency drills. **Systematically promoting data governance.** The Group strengthened the accumulation of data assets, achieving a 95.7% management ratio of data resources across the entire Group, actively promoted the use of unified BI tools within the Group, spared no effort in promoting the assessment of DCMM standards implementation, and accelerated the release of data element value. **Strengthening smart technology innovation.** The Group upgraded its group-level AI intelligent middleware platform, introduced multiple mainstream base models, continued to deepen the application of large model and intelligent agent in

insurance vertical fields, promoted the construction of digital engineering, knowledge engineering and other capabilities, and the number of invention patent applications across the Group increased by 55.3% compared to the same period of last year. **Focusing on empowering grassroots levels with technology.** The Group continuously strengthened demand coordination management, optimized and improved mechanisms for empowering and serving grassroots levels, and promoted and enhanced demand response effectiveness. In the first half of 2025, the on-time completion rate of demands exceeded 95.3%.

8. Coordinating Responses to External Risks and Challenges while Addressing Existing Risks, Establishing a Solid Baseline for Safe Development

In the first half of 2025, the Group's risk appetite remained generally stable, with no major risk incidents occurring, and significant results achieved in risk prevention and control. **Risk control efficiency and effectiveness were further enhanced.** The SARMRA score for PICC P&C has been steadily enhanced, the comprehensive risk rating for PICC Life has been upgraded to Grade A, the comprehensive risk rating for PICC Health has been upgraded to Grade AA, the comprehensive risk rating for PICC Reinsurance Company Limited ("**PICC Reinsurance**") remained at Grade AA, and the comprehensive risk rating for PICC Pension Company Limited ("**PICC Pension**") remained at Grade A. The Group continued to strengthen consolidated management and enhanced the effectiveness of risk management penetration. The Group promoted the routine operation of risk and compliance committees at all levels, optimized the risk classification mechanism for investment assets, improved the risk management system for concentration risks, and strengthened risk coordination management and source management and control. **Key risk prevention measures were further strengthened.** The Group strengthened its technological security risk prevention and control, and significantly increased its localization rate. The Group continued to deepen the promotion and application of its intelligent risk control platform, with its dynamic risk monitoring and early warning capabilities constantly being enhanced. The risk preference dimensions and monitoring indicator system have been optimized and improved, driving the transformation of risk control from "manual defense" to "technical defense" and "intelligent control". **Compliance awareness was further strengthened.** The Group conducted in-depth research on the "five falsehoods" in insurance, strengthened the rectification of key issues and internal control management, and took multiple measures to enhance anti-money laundering compliance management level. The Group's risk compliance culture construction has been further strengthened, and the incentive and constraint mechanism for risk compliance performance evaluation has been further optimized. The Group's system at all levels has placed greater emphasis on compliance development, taking the lead in promoting industry self-discipline and standardizing market order.

MANAGEMENT DISCUSSION AND ANALYSIS

2025 is the final year of the “14th Five-Year Plan” and a crucial year for establishing a solid foundation for the start of the “15th Five-Year Plan”. Since the beginning of this year, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, all regions and sectors have taken proactive measures to overcome difficulties, and accelerated the implementation of more proactive macroeconomic policies. As a result, China’s economy has maintained steady growth, and new achievements have been made in high-quality development. Key economic indicators have performed well, new quality productive forces have developed actively, reform and opening-up have been deepened, risks in key areas have been effectively prevented and resolved, and people’s livelihood protections have been further strengthened. China’s economy has demonstrated strong vitality and resilience.

The Party committee of the Group has adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, earnestly implemented the decisions and arrangements of the Party Central Committee, adhered to the general principle of pursuing progress while ensuring stability, focused on giving full play to the functions of insurance, steadily deepened the reforms, promoted the high-quality development in a solid manner, effectively responded to market changes, and achieved steady progress and positive development trend, laying a strong foundation for the construction of first-class strategies. The insurance segment has actively responded to the challenges posed by industry transformation, sought new growth points in serving economic and social development, enhanced innovation in products, services and models, and effectively consolidated its market share. The investment segment has diligently implemented requirements for the entry of medium- to long-term capital into the market, increased equity allocation and seized market opportunities, strengthened active management and achieved significant growth in investment returns. The technology line has proactively advanced digital construction. The action plan for digital construction and digital projects at both levels of headquarters were progressed in an orderly manner, and the technological empowerment at the grassroots level achieved substantial results. Going forward, the Group will place greater emphasis on aligning its work with the broader interests of the Party and the nation, and solidly advance its strategy of building a world-class enterprise, and better serve Chinese-style modernization through high-quality developmental outcomes of itself.

I. BUSINESS OVERVIEW OF THE COMPANY

(I) Review of Our Industry

In the first half of 2025, the insurance industry conscientiously implemented the decisions and arrangements of the Party Central Committee on “focusing on stabilizing employment, enterprises, markets and expectations”, proactively promoted the high-quality development of the industry, and achieved original premiums income of RMB3.74 trillion, representing a year-on-year increase of 5.3%, and the original policyholders’ benefits and claims were RMB1.35 trillion, representing a year-on-year increase of 9.4%. As of the end of June 2025, the total assets of the insurance industry were RMB39.22 trillion, representing a year-on-year increase of 16.1%; and the net assets were RMB3.75 trillion, representing a year-on-year increase of 23.4%, contributing insurance strength to the sustained recovery of the macroeconomy.

In the first half of 2025, the National Financial Regulatory Administration actively promoted the implementation of various tasks of the “Several Opinions of the State Council on Strengthening Regulation, Preventing Risks and Promoting High-Quality Development in the Insurance Industry”. **In terms of serving economic and social development**, the policy framework of the “Five Priorities” on finance has been further improved. The National Financial Regulatory Administration intensified the efforts to support the positive improvement of economic operation, supported the implementation of special actions to boost consumption, continued to promote the entry of medium- to long-term capital into the market, and optimized the insurance services for stabilizing enterprises and foreign trade, so as to help achieve the annual economic and social development goals. **In terms of promoting the high-quality development of the industry**, the National Financial Regulatory Administration rectified the “involution” competition in the industry, and actively promoted the implementation of the “consistency between regulatory filings and actual underwriting” in the industry. The National Financial Regulatory Administration guided life insurance companies to actively respond to the challenge of declining interest rates, and effectively enhanced the long-term healthy development level of life insurance. The National Financial Regulatory Administration deepened the reform of the individual marketing system in the life and health insurance industry, and promoted insurance companies to continuously enhance the quality and efficiency of protection of consumers’ rights and interests. **In terms of strengthening supervision and preventing and resolving risks**, the National Financial Regulatory Administration continued to strengthen the “five major regulations”, and promoted major legislative amendments projects such as the Insurance Law. The National Financial Regulatory Administration intensified the supervision of insurance institutions at the district, municipal and county branch levels, and standardized the operational behavior of insurance institutions. The National Financial Regulatory Administration strengthened classification supervision, revised and improved the supervision rating methods of insurance companies, standardized the market order and severely cracked down on illegal financial intermediary activities such as “agency surrender”.

(II) Principal Businesses

In the first half of 2025, in the face of the complex and severe external situation, the Group strengthened its confidence, maintained its determination, pragmatically promoted the construction of a first-class company, and contributed to high-quality economic and social development with high-quality insurance services. The functional role was solidly played, and the paid claims³ was RMB233,484 million in the first half of the year, representing a year-on-year increase of 14.3%. The business development showed steady growth, achieving original premiums income of RMB454,625 million, representing a year-on-year increase of 6.4%, being at a good level among major listed insurance groups; and achieved insurance revenue of RMB280,250 million, representing a year-on-year increase of 7.1%. The operating benefits improved significantly, achieving total investment income of RMB40,758 million, representing a year-on-year increase of 40.2%; and the net profit attributable to owners of the Company was RMB26,671 million, representing a year-on-year increase of 14.0%.

As of 30 June 2025, the market share⁴ of PICC P&C in the P&C insurance market was 33.5%, and the aggregate market share of PICC Life and PICC Health in the life and health insurance market was 4.7%.

1. P&C Insurance Segment: Business Development Becoming More Resilient with Continuous Enhancement in Comprehensive Strength

PICC P&C continued to consolidate its core business, insisted on taking institutional mechanism innovation as an important driving force, and effectively built its development advantages. In the first half of 2025, it achieved original premiums income of RMB323,282 million, representing a year-on-year increase of 3.6%, with a market share of 33.5%, maintaining its industry-leading scale advantage; It achieved insurance revenue of RMB249,040 million, representing a year-on-year increase of 5.6%. PICC P&C continued to optimize the business structure, and actively developed household-use vehicle business. The household-use vehicle business accounted for 73.4%, representing a year-on-year increase of 1.0 percentage point, and the combined ratio of vehicle insurance was 94.2%, representing a year-on-year decrease of 2.2 percentage points; PICC P&C vigorously expanded the vehicle-relevant personal non-vehicle insurance business, and sped up the “vehicle+all” service model, with penetration rate of the vehicle-relevant personal non-vehicle insurance business of 77.0%, representing a year-on-year increase of 3.4 percentage points. PICC P&C accelerated the layout to serve the development of new quality productive forces, promoted the standardization, digitalization and professionalization of product pricing and claims management, strengthened cost management, advanced risk reduction services, and gradually improved the profitability of non-vehicle insurance business; the combined ratio of non-vehicle insurance business was 95.7%, representing a year-on-year decrease of 0.1 percentage point. The overall combined ratio of the Company was 94.8%, representing a year-on-year decrease of 1.4 percentage points, the underwriting profit was RMB13,015 million, representing a year-on-year increase

³ The amount of paid claims data was based on the line item “Claims Expense” in the PRC Accounting Standards for Business Enterprises No.25 – Original Insurance Contracts issued in 2006.

⁴ The market share was independently calculated based on the original premiums income in the PRC (excluding Hong Kong, Macau and Taiwan) published by the National Financial Regulatory Administration. Starting from June 2021, the summarised data of P&C insurance companies and life and health insurance companies published by the National Financial Regulatory Administration does not include some institutions which are in the stage of risk disposal in the insurance industry. The same applies below.

of 44.6%, and the net profit was RMB24,455 million, representing a year-on-year increase of 32.3%.

2. *Life and Health Insurance Segment: Becoming More Prominent in Main Business Advantages with Significant Enhancement in Operating Quality and Efficiency*

The life and health insurance segment persisted in returning to the origin of protection, focused on main responsibilities and businesses, and people's livelihood and well-being. PICC Life's business development trend was improving, and the operating quality and efficiency continued to enhance. In the first half of 2025, driven by both the first-year regular premiums and renewal premiums, the original premiums income amounted to RMB90,513 million, representing a year-on-year increase of 14.5%, the first-year regular premiums amounted to RMB22,682 million, representing a year-on-year increase of 25.6%; and the renewal premiums amounted to RMB49,251 million, representing a year-on-year increase of 11.7%; the value of half year's new business amounted to RMB4,978 million, representing a year-on-year increase of 71.7% on a like-for-like basis. PICC Health adhered to high-quality and sustainable development, and achieved original premiums income of RMB40,654 million in the first half of 2025, representing a year-on-year increase of 12.2%; PICC Health realized the first-year regular premiums of RMB5,626 million, representing a year-on-year increase of 52.3%; the value of half year's new business amounted to RMB3,837 million, representing a year-on-year increase of 51.0% on a like-for-like basis; the growth rate of health insurance premiums was 18.7 percentage points ahead of the life and health insurance companies in the health insurance market; the original premiums income of the Internet health insurance business was RMB10,247 million, which continued to maintain the market leading position among life and health insurance companies.

3. *Investment Segment: Significant Increase in Investment Income and Continuous Enhancement in Strategic Service Capability*

The investment segment implemented the requirements of the Group's high-quality development, enhanced its capability and level to serve national strategies and meet public wealth management needs of the masses, strengthened the asset-liability matching management and professional capability building, promoting significant enhancements of investment performance. In the first half of 2025, the Group achieved a total investment income of RMB40,758 million, representing a year-on-year increase of 40.2%; the annualized total investment yield was 5.0%, representing a year-on-year increase of 0.9 percentage point. The investment segment leveraged the advantages of core competency in multi-asset allocation, increased efforts in product innovation, established the "PICC AMC – Guangzhou-Gaoming Expressway Holding-type Real Estate Asset-backed Special Plan" and "PICC Capital – State Grid Xin Yuan Equity Investment Plan", and actively explored new models for serving national strategies. It actively expanded the development of third-party business with an aim to serve the wealth management of the masses, to create a well-established and influential PICC brand. As of 30 June 2025, the scale of third-party assets under the management of the Group amounted to RMB1,095,630 million.

4. Technology Segment: Promoting the Construction of Data Platforms and Technological Empowerment at the Grassroots Level Showing Results

The technology segment actively promoted the technological reform and construction work of the Group, actively empowered the “Five Priorities” on finance, and contributed science and technological strength to the high-quality development of the Group. It coordinated business lines to promote the construction of the digital projects in an orderly manner, achieving remarkable results. It continued to promote the implementation of key points of technology management work, strengthened architecture management, data management, security management, innovation management, demand management and project management, continuously enhanced the level of technological independence and control, and steadily advanced various technological construction work.

Additionally, technological empowerment at the grassroots level achieved new results. It continued to optimize and upgrade sales order tools. The “PICC e-Tong” has served more than 51 million personnel time, and achieved original premiums income of more than RMB70.0 billion. It deepened the research and promotion of intelligent technology, PICC P&C’s smart marketing assistant has completed the launch of 37 branches; PICC Life developed the “customer-centered” platform and system, forming a closed-loop marketing service and covering 2.71 million customers; the completed cases of PICC Health’s automatic settlement system for commercial group claims increased by 62.0% year-on-year; and the claims anti-fraud model effectively identified high-risk cases and reduced losses of nearly RMB800 million. It continued to promote online customer service, the monthly average activity of the “PICC” APP reached nearly 4 million; the online rate of household-use vehicle customers reached 96.5%.

(III) Key Operating Data

The Group primarily engages in three main businesses, namely P&C insurance business, life and health insurance business and asset management business. The Group’s businesses are composed of four main operating segments: the P&C insurance business consists of the Group’s P&C insurance segment and includes PICC P&C and People’s Insurance Company of China (Hong Kong), Limited (“**PICC Hong Kong**”), in which the Company holds 68.98% and 89.36% equity interests, respectively; the life and health insurance business consists of two separate operating segments, including the life insurance segment and the health insurance segment, among which the life insurance segment includes PICC Life, in which the Company holds 80.00% equity interest directly and indirectly, and the health insurance segment includes PICC Health, in which the Company holds 95.45% equity interest directly and indirectly; and the asset management business consists of the asset management segment of the Group and primarily includes PICC Asset Management Company Limited (“**PICC AMC**”), PICC Investment Holding Co., Ltd. (“**PICC Investment Holding**”) and PICC Capital Insurance Asset Management Co., Ltd. (“**PICC Capital**”), which are all wholly owned by the Company. The Company also holds 100.00% equity interest in PICC Pension and PICC Information Technology Co., Ltd., and directly and indirectly holds 100.00% equity interest in PICC Reinsurance and PICC Financial Services Company Limited.

Unit: RMB million

	The Group	PICC P&C	PICC Life	PICC Health
Actual capital	563,257	284,513	163,384	44,674
Core capital	448,256	257,672	107,018	24,835
Minimum capital	204,279	120,879	62,454	14,192
Comprehensive solvency margin ratio (%)	276	235	262	315
Core solvency margin ratio (%)	219	213	171	175

The solvency results of the Group and major subsidiaries as at 30 June 2025 were calculated in accordance with the Regulatory Rules on the Solvency of Insurance Companies (II) and the relevant notices issued by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission).

(IV) Key Financial Indicators

Unit: RMB million

	January to June 2025	January to June 2024	(% of change)
Total operating revenue	324,122	292,342	10.9
Insurance revenue	280,250	261,629	7.1
Total operating expenses	280,338	255,994	9.5
Insurance services expenses	246,201	227,518	8.2
Profit before tax	43,064	36,348	18.5
Net profit	36,155	31,489	14.8
Net profit attributable to owners of the Company	26,671	23,400	14.0
Earnings per share ^{Note} (RMB/share)	0.60	0.53	14.0
			Increased by 0.2 percentage point
Weighted average return on equity (%)	9.5	9.3	
Net cash flows from operating activities	74,845	70,044	6.9

Note: The percentage increase or decrease of earnings per share was calculated based on the data before rounding off.

Unit: RMB million

	As of 30 June 2025	As of 31 December 2024	(% of change)
Total assets	1,878,102	1,766,321	6.3
Total liabilities	1,487,464	1,398,900	6.3
Net assets	390,638	367,421	6.3
Equity attributable to owners of the Company	285,925	268,866	6.3
Total share capital	44,224	44,224	—
Net assets per share ^{Note} (RMB/share)	6.47	6.08	6.3

Note: The percentage increase or decrease of net assets per share was calculated based on the data before rounding off.

(V) Explanation for the Differences between Domestic and Overseas Accounting Standards

Unit: RMB million

	Net profit attributable to owners of the Company		Equity attributable to owners of the Company	
	January to June 2025	January to June 2024	As of 30 June 2025	As of 31 December 2024
Under the China Accounting Standards for Business Enterprises	26,530	22,687	285,111	268,733
Items and amounts adjusted in accordance with the IFRS Accounting Standards:				
Catastrophic risk reserve of agricultural insurance ⁽¹⁾	908	951	1,086	178
Dilution of equity interests in associates ⁽²⁾	(540)	—	—	—
Impact of above adjustment on deferred income tax	(227)	(238)	(272)	(45)
Under the IFRS Accounting Standards	26,671	23,400	285,925	268,866

Explanation for major adjustments:

- (1) According to the provisions of Cai Kuai [2014] No. 12, in addition to the liabilities for insurance contracts provided under the Accounting Standards for Business Enterprises No. 25 – Insurance Contract, PICC P&C made provision for catastrophic risk reserve of agricultural insurance based on a certain proportion of the retained premiums of agricultural insurance, and included premium reserves appropriately provided and utilised into the gain or losses for the period. There is no provision regarding thereof under the IFRS Accounting Standards, hence there exist differences between such standards. The liabilities for insurance contracts provided under the IFRS Accounting Standards No. 17 are the same as those provided under the Accounting Standards for Business Enterprises No. 25 – Insurance Contract.

- (2) During the period from 1 January to 30 June 2025, part of convertible bonds issued by an associate of the Group were converted into ordinary shares. Since the Group did not participate in the conversion, its total shareholding was diluted, and the dilution of equity interests in the associate was directly charged to capital reserve under the China Accounting Standards for Business Enterprises, but was included in the profit or loss of the current period under the IFRS Accounting Standards, thus there exists a difference for the dilution of the equity interests in such associate under two reporting standards.

(VI) Other Major Financial and Regulatory Indicators

	<i>Unit: RMB million</i>	
	As of 30 June 2025/ January to June 2025	As of 31 December 2024/ January to June 2024
Consolidated		
Insurance contract liabilities	1,199,701	1,122,797
Including: Liability for incurred claims	270,479	243,144
Liability for remaining coverage	929,222	879,653
Reinsurance contract assets	33,088	39,762
Reinsurance contract liabilities	115	71
Net expenses from reinsurance contracts held	4,989	5,542
Finance expenses from insurance contracts issued	22,517	17,931
Finance income from reinsurance contracts held	(531)	(631)
Investment assets	1,760,674	1,641,756
Total investment yield (annualized) (%)	5.0	4.1
Gearing ratio ⁽¹⁾ (%)	79.2	79.2
PICC P&C		
Insurance revenue	249,040	235,841
Insurance service expenses	227,806	217,380
Combined ratio ⁽²⁾ (%)	94.8	96.2
Comprehensive loss ratio ⁽³⁾ (%)	71.8	70.1
PICC Life		
Insurance revenue	14,018	10,576
Insurance service expenses	8,297	662
Contractual service margin for issued insurance contracts	103,115	92,555
Contractual service margin for insurance contracts issued on initial recognition in the current period	10,164	7,937
Value of half year's new business ⁽⁴⁾	4,978	3,935
Embedded value ⁽⁴⁾	130,561	119,731
Lapse rate ⁽⁵⁾ (%)	1.0	2.7

	As of 30 June 2025/ January to June 2025	As of 31 December 2024/ January to June 2024
PICC Health		
Insurance revenue	15,603	13,786
Insurance service expenses	8,868	8,277
Contractual service margin for issued insurance contracts	23,131	20,189
Contractual service margin for insurance contracts issued on initial recognition in the current period	7,065	5,154
Value of half year's new business ⁽⁶⁾	3,837	3,025
Embedded value ⁽⁶⁾	35,662	30,117
Lapse rate ⁽⁵⁾ (%)	0.6	0.6

Notes:

- (1) The gearing ratio refers to the ratio of total liabilities to total assets.
- (2) Combined ratio = (insurance service expenses + net expenses from reinsurance contracts held + finance expenses from insurance contracts issued – finance income from reinsurance contracts held)/insurance revenue.
- (3) Comprehensive loss ratio = (incurred claims and loss adjustment expenses for the period + change in fulfilment cash flows related to liability incurred claims + finance expenses from insurance contracts issued + (recognition and reversal of losses – allocation of losses) + net expenses from reinsurance contracts held – finance income from reinsurance contracts held)/insurance revenue.
- (4) Based on economic assumptions such as investment rate and risk discount rate as at 30 June 2024, the value of half year's new business in 2025 of PICC Life was RMB6,757 million.
- (5) Lapse rate = surrender value for the period/(opening balance of long-term insurance liability reserves + long-term insurance original premiums income for the period) x 100%.
- (6) Based on the assumption of investment rate as at 31 December 2024, the embedded value of PICC Health as of 30 June 2025 was RMB39,416 million. Based on economic assumptions such as investment rate and risk discount rate as at 30 June 2024, the value of half year's new business in 2025 of PICC Health was RMB4,569 million.
- (7) Comparison period data for contractual service margin for issued insurance contracts and embedded value represent the data as at 31 December 2024, while comparison period data for other indices represent the data for January to June 2024.

II. PERFORMANCE ANALYSIS

(I) Insurance Business

P&C Insurance Business

1. *PICC P&C*

PICC P&C resolutely implemented the decisions and deployments of the Party Central Committee. Centering on the strategic requirement of “building a first-class company” of the Group, PICC P&C deeply and solidly implemented “Five Priorities” on finance, optimized product and service, deepened reform and innovation, improved operation and management, strengthened risk prevention and control, actively built a property insurance guarantee system that is compatible with the optimization of economic structure, gave full play to the functions of insurance as an economic shock absorber and social stabilizer, and promoted high-quality development of the Company to take new and greater steps in serving the Chinese path to modernization. In the first half of 2025, PICC P&C achieved insurance revenue of RMB249,040 million, representing a year-on-year increase of 5.6%; the original premiums income amounted to RMB323,282 million, accounting for 33.5% of the market share of P&C insurance, maintaining the leading position in the industry; and the underwriting profits amounted to RMB13,015 million, with a net profit of RMB24,455 million; the combined ratio of PICC P&C for the first half of the year was 94.8%, the three-year average combined ratio⁵ was 97.7%; the comprehensive loss ratio for the first half of the year was 71.8%, and the three-year average comprehensive loss ratio⁶ was 71.0%.

(1) Analysis of operating conditions and results

In the first half of 2025, PICC P&C was committed to taking institutional and mechanism innovation as an important driving force, effectively shaped development advantages, and achieved insurance revenue of RMB249,040 million, representing a year-on-year increase of 5.6%. The increase in insurance revenue was mainly attributable to the growth in the business scale of motor vehicle insurance, accidental injury and health insurance, and commercial property insurance. PICC P&C deepened cost reduction, quality and efficiency enhancement in operation and management, continuously enhanced the quality and efficiency of underwriting and claims settlement. With “Insurance for Risk Prevention, Loss Reduction and Claims (保防減救賠)” as the main line, PICC P&C built a full-process risk reduction service value chain, improved risk pricing models in key areas, and promoted business quality improvement; the underwriting profits amounted to RMB13,015 million, representing a year-on-year increase of 44.6%; the comprehensive loss ratio was 71.8%, representing a year-on-year increase of 1.7 percentage points; the comprehensive expense ratio was 23.0%, representing a year-on-year decrease of 3.1 percentage points; the combined ratio was 94.8%, representing a year-on-year decrease of 1.4 percentage points; and net profit amounted to RMB24,455 million, representing a year-on-year increase of 32.3%.

⁵ The three-year average combined ratio represents the average of the combined ratios for the last three complete years (2022 to 2024).

⁶ The three-year average comprehensive loss ratio represents the average of the comprehensive loss ratios for the last three complete years (2022 to 2024).

The following table sets out the underwriting profits of PICC P&C during the reporting period:

Indicator	<i>Unit: RMB million</i>		
	January to June 2025	January to June 2024	(% of change)
Insurance revenue	249,040	235,841	5.6
Less: Insurance service expenses	227,806	217,380	4.8
Less: Net expenses of reinsurance contracts ceded	4,349	4,966	(12.4)
Less: Finance expenses from insurance contracts issued	4,415	5,106	(13.5)
Add: Finance income from reinsurance contracts held	545	610	(10.7)
Underwriting profits	13,015	8,999	44.6

In order to facilitate investors' understanding of the operating results of major insurance types, PICC P&C has simulated and calculated the operating results of each insurance type after reinsurance by allocating the insurance revenue, insurance service expenses and other profit and loss accounts corresponding to reinsurance business to each insurance type. The following table sets out the selected operating information on each insurance type of PICC P&C for the reporting period:

Insurance type	<i>Unit: RMB million</i>				
	Insurance revenue	Insurance service expenses	Underwriting profits	Combined ratio (%)	Insurance amount
Motor vehicle insurance	150,276	138,572	8,726	94.2	135,842,616
Accidental injury and health insurance	30,975	31,176	(569)	101.8	1,113,416,309
Agricultural insurance	23,179	19,785	2,697	88.4	1,436,297
Liability insurance	18,575	18,312	(674)	103.6	303,838,248
Commercial property insurance	9,243	7,058	918	90.1	32,367,205
Other insurances	16,792	12,903	1,917	88.6	63,046,716
Total	249,040	227,806	13,015	94.8	1,649,947,391

Note: Figures may not add up to total due to rounding, similarly hereinafter.

- Motor vehicle insurance

PICC P&C continuously optimized business structure, actively developed the household-use vehicle business, with the proportion of household-use vehicle business reaching 73.4%, representing a year-on-year increase of 1.0 percentage point; and strengthened the construction of professional channels, enhanced the business acquisition capability of new vehicles, stabilized renewal insurance and optimized the insurance transfer. The insurance revenue from motor vehicle insurance was RMB150,276 million, representing a year-on-year increase of 3.5%.

Through online and precise risk control management, PICC P&C provided risk reduction services, enhanced the ability to identify claims risks, and effectively controlled the claims cost of vehicle insurance. However, due to the rising proportion of new energy vehicles, the significant increase in the number of personal injury cases, and the continuous rise in personal injury compensation standards and parts prices as well as other factors, the comprehensive loss ratio of motor vehicle insurance was 73.1%, representing a year-on-year increase of 1.9 percentage points. PICC P&C actively played the leading role in the industry, took the lead in maintaining the order of vehicle insurance market, and strictly managed and controlled expenses. The comprehensive expense ratio of motor vehicle insurance was 21.1%, representing a year-on-year decrease of 4.1 percentage points; the combined ratio was 94.2%, representing a year-on-year decrease of 2.2 percentage points; and the underwriting profit was RMB8,726 million, representing a year-on-year increase of 67.7%.

- Accidental injury and health insurance

PICC P&C continuously consolidated its leading position in the policy-based health insurance business, actively played the functional role in the “1+3+N” multi-level medical insurance system, promoted the upgrading and expansion of policy-oriented business, closely aligned with basic medical insurance policies and national medical reform policies, actively expanded into fields such as culture, sports, tourism, education, healthcare and Internet, and vigorously expanded the vehicle-relevant personal non-vehicle insurance business focusing on the protection needs of key scenarios. The insurance revenue from accidental injury and health insurance was RMB30,975 million, representing a year-on-year increase of 25.1%.

PICC P&C focused on the linkage of underwriting and claims risk control management, improved the underwriting risk control system for social security business, proactively adjusted high-risk businesses, closely followed the investigation of high-risk cases and the use of intelligent medical review tools, and continuously conducted claims reduction for personal injury and leakage prevention. However, due to the impact of the changes in business structure, the comprehensive loss ratio was 71.1%, representing a year-on-year increase of 6.3 percentage points; the comprehensive expense ratio was 30.7%, representing a year-on-year decrease of 4.4 percentage points; and the underwriting loss was RMB569 million.

- Agricultural insurance

Focusing on the national plan for a strong agricultural country and the strategy for comprehensive rural revitalization, PICC P&C has comprehensively planned the development pattern of “big agricultural insurance”, accelerated the implementation of national policies benefiting and supporting agriculture, seized policy opportunities such as the full promotion of full cost and planting income insurance for the three major staple foods, and achieved insurance revenue from agricultural insurance of RMB23,179 million.

PICC P&C strengthened the risk management of agricultural insurance underwriting, improved the operation system of agricultural insurance claims, further optimized resource allocation, and improved business structure and operation quality. While actively responding to natural disasters such as floods and droughts, PICC P&C conducted risk reduction and emergency response to catastrophe claims, and strengthened the management of claims costs. The comprehensive loss ratio of agricultural insurance was 74.5%, representing a year-on-year decrease of 0.8 percentage point; the comprehensive expense ratio was 13.9%, representing a year-on-year increase of 0.2 percentage point; the combined ratio was 88.4%, representing a year-on-year decrease of 0.6 percentage point; and the underwriting profit amounted to RMB2,697 million, representing a year-on-year increase of 4.9%.

- Liability insurance

PICC P&C optimized underwriting policies, strengthened the business portfolio underwriting, upgraded exclusive product system for new citizens’ insurance, increased the market share in Internet business, and realized insurance revenue from liability insurance of RMB18,575 million, representing a year-on-year increase of 1.3%.

PICC P&C optimized the liability insurance operating strategy, strengthened the management and control of high-risk product businesses, and enhanced the efficiency of expense utilization. The comprehensive expense ratio of liability insurance was 28.6%, representing a year-on-year decrease of 2.0 percentage points. Affected by the changes in business structure due to the increase in the proportion of Internet business, the comprehensive loss ratio was 75.0%, representing a year-on-year increase of 1.5 percentage points; the combined ratio was 103.6%, representing a year-on-year decrease of 0.5 percentage point, and realizing a year-on-year loss reduction of RMB73 million.

- Commercial property insurance

PICC P&C actively seized the market opportunities brought by the steady recovery and improvement of domestic economy, served the real economy as well as specialized, sophisticated, distinctive and innovative enterprises, focused on enhancing the insurance coverage rate for small, medium and micro enterprises, closely followed customer demands, and increased the supply of insurance products. Its commercial property insurance achieved insurance revenue of RMB9,243 million, representing a year-on-year increase of 4.3%.

PICC P&C continuously enhanced the level of risk reduction services, strengthened risk investigation in key industries, optimized business structure, and strengthened claims management. In the first half of 2025, the impact of catastrophes was lower than that of the same period, and the comprehensive loss ratio of commercial property insurance was 64.3%, representing a year-on-year decrease of 7.3 percentage points; the comprehensive expense ratio was 25.8%, representing a year-on-year decrease of 2.2 percentage points; the combined ratio was 90.1%, representing a year-on-year decrease of 9.5 percentage points; and the underwriting profits amounted to RMB918 million, representing a significant year-on-year increase.

- Other insurances

PICC P&C served scientific and technological self-reliance and self-improvement as well as the development of low-altitude economy, served the country's high-level opening up, intensified the protection for goods trade, shipping, cross-border e-commerce and multimodal transport, etc., actively protected the key projects under the "Belt and Road", and effectively consolidated its market share. The insurance revenue of other insurances was RMB16,792 million, representing a year-on-year increase of 8.8%.

PICC P&C continued to enhance operational capabilities, adjusted product strategies in a differentiated manner, strengthened systematic management and control of key aspects of claims, and improved the overseas claims service system. However, due to the impact of changes in business structure, the comprehensive loss ratio of other insurances was 58.2%, representing a year-on-year increase of 3.1 percentage points; the comprehensive expense ratio was 30.3%, representing a year-on-year decrease of 2.1 percentage points; the combined ratio was 88.6%, representing a year-on-year increase of 1.0 percentage point; and the underwriting profits amounted to RMB1,917 million, which was basically the same as compared with the same period of the previous year.

(2) Analysis from the business perspective

① Analysis by Insurance Type

The following table sets forth the original premiums income of PICC P&C by insurance type for the reporting period:

	<i>Unit: RMB million</i>		
	January to June 2025	January to June 2024	(% of change)
Motor vehicle insurance	144,065	139,364	3.4
Accidental injury and health insurance	82,614	76,585	7.9
Agricultural insurance	43,790	45,587	(3.9)
Liability insurance	21,944	21,655	1.3
Commercial property insurance	11,182	10,580	5.7
Other insurances	19,687	18,225	8.0
Total	323,282	311,996	3.6

② Analysis by Channel

The following table sets forth a breakdown of the original premiums income of PICC P&C by distribution channel for the reporting period, which can be further divided into insurance agents channel, direct sales channel and insurance brokerage channel.

	<i>Unit: RMB million</i>				
	January to June 2025			January to June 2024	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Insurance agents channel	156,624	48.4	(2.5)	160,558	51.4
Among which: Individual insurance					
agents	78,473	24.3	(10.3)	87,494	28.0
Ancillary insurance					
agents	12,439	3.8	(4.7)	13,048	4.2
Professional insurance					
agents	65,712	20.3	9.5	60,016	19.2
Direct sales channel	140,360	43.5	11.3	126,162	40.5
Insurance brokerage channel	26,298	8.1	4.0	25,276	8.1
Total	323,282	100.0	3.6	311,996	100.0

In the first half of 2025, PICC P&C continued to strengthen the construction of its own channels and to enhance the comprehensive sales service capabilities of the direct sales team, and promoted the integration and development of its businesses. The original premiums income of direct sales channel recorded a year-on-year increase of 11.3%.

③ Analysis by Region

The following table sets forth the original premiums income of PICC P&C in the top ten regions for the reporting period:

	<i>Unit: RMB million</i>		
	January to June 2025	January to June 2024	(% of change)
Guangdong Province	32,884	30,659	7.3
Jiangsu Province	32,218	30,991	4.0
Zhejiang Province	24,806	23,599	5.1
Shandong Province	20,193	20,054	0.7
Hebei Province	17,291	16,838	2.7
Hubei Province	16,199	15,327	5.7
Sichuan Province	14,680	14,185	3.5
Anhui Province	14,124	13,460	4.9
Hunan Province	14,020	14,546	(3.6)
Fujian Province	12,088	12,076	0.1
Other regions	124,779	120,261	3.8
Total	323,282	311,996	3.6

(3) Insurance contract liabilities

As of 30 June 2025, net insurance contract liabilities increased by 4.1% as compared to the end of last year, primarily due to business growth, while net reinsurance contract assets decreased by 15.7% as compared to the end of last year, primarily due to the impact of the change in the net balance of receivables from and payables to reinsurers.

The following table sets forth the insurance contract liabilities of PICC P&C measured by the premium allocation approach during the reporting period:

	<i>Unit: RMB million</i>		
	As of 30 June 2025	As of 31 December 2024	(% of change)
Insurance contract liabilities (assets)	368,446	348,680	5.7
Remaining coverage liabilities	169,976	170,658	(0.4)
Liability for incurred claims	198,470	178,022	11.5
Reinsurance contract assets (liabilities)	30,031	36,263	(17.2)
Remaining coverage assets recovered under reinsurance policies	(7,446)	(681)	993.4
Incurred claims assets recovered under reinsurance policies	37,477	36,944	1.4

The following table sets forth the insurance contract liabilities of PICC P&C that were not measured by the premium allocation approach during the reporting period:

	<i>Unit: RMB million</i>		
	As of 30 June 2025	As of 31 December 2024	(% of change)
Insurance contract liabilities (assets)	47,922	51,444	(6.8)
Remaining coverage liabilities	4,270	4,936	(13.5)
Liability for incurred claims	43,652	46,508	(6.1)
Reinsurance contract assets (liabilities)	4,066	4,184	(2.8)
Remaining coverage assets recovered under reinsurance policies	17	48	(64.6)
Incurred claims assets recovered under reinsurance policies	4,049	4,136	(2.1)

(4) Reinsurance business

PICC P&C has been adhering to a prudent reinsurance policy, utilizing the reinsurance mechanism to disperse operational risks, safeguarding the Company's operating results, enhancing risk control techniques and expanding underwriting capacity. PICC P&C maintained close cooperation with a number of industry-leading international reinsurance companies. In addition to state-owned reinsurance companies, PICC P&C mainly reinsured with reinsurance companies that have Standard & Poor's credit rating of A- (or equivalent ratings from other international rating agencies, such as A.M. Best, Fitch and Moody's) and above. The management of PICC P&C regularly evaluates the creditworthiness of reinsurers to update the reinsurance strategy and to determine a reasonable provision for impairment of reinsurance assets.

2. PICC Hong Kong

In the first half of 2025, PICC Hong Kong continued to adhere to the path of high-quality development, realized insurance revenue equivalent to RMB1,030 million, with a combined ratio of 98.4%. It actively played its role as an important window on the internationalization development of the Group, strongly escorted the "going out" of Chinese-funded enterprises and Chinese-funded overseas projects. Its international business service network covered more than 80 countries and regions around the world, and the number of global reinsurance qualification registrations increased to 8 countries. It played its functional role, supported the Hong Kong Special Administrative Region in consolidating and enhancing its status as an international financial center, integrated into the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, responded to and served the logistics and passenger flow insurance needs of the interconnection in the Guangdong-Hong Kong-Macao region, and achieved a net profit equivalent to RMB74 million in the first half of 2025.

Reinsurance Business

PICC Reinsurance

PICC Reinsurance adhered to the general working principle of seeking progress while maintaining stability, focused on the construction of professional capabilities, provided reinsurance protection and risk solutions for customers, and strived to build a reinsurance company with leading technology and outstanding professional capabilities. In the first half of 2025, PICC Reinsurance achieved insurance revenue of RMB2,495 million; and achieved a net profit of RMB155 million, representing a year-on-year increase of 4.0%; and maintained a consolidated risk rating of Class AA, maintaining a leading level in the industry.

Life and Health Insurance

1. PICC Life

(1) Analysis of operating conditions and results

PICC Life solidly implemented the “Five Priorities” on finance, and adhered to the main work lines of “stabilizing growth, adjusting structure, enhancing value, optimizing services and preventing risks”. Its business developed positively with continuous improvement in operating quality and efficiency. In the first half of 2025, PICC Life achieved insurance revenue of RMB14,018 million, representing a year-on-year increase of 32.5%; the original premiums income achieved a year-on-year growth of 14.5%; and the regular premiums achieved a year-on-year growth of 15.8%; the value of half-year’s new business amounted to RMB4,978 million, representing a year-on-year increase of 71.7% on a like-for-like basis; and it achieved a net profit of RMB6,862 million.

The following table sets out PICC Life's insurance services revenue, insurance services expenses, profit or loss, and operating position and performance for the reporting period by category of aggregated insurance contract portfolios:

	<i>Unit: RMB million</i>		
	January to June 2025	January to June 2024	(% of change)
Insurance revenue	14,018	10,576	32.5
Contracts measured under the premium allocation approach	1,619	1,452	11.5
Contracts not measured under the premium allocation approach	12,399	9,124	35.9
Insurance services expenses	8,297	662	1,153.3
Contracts measured under the premium allocation approach	1,640	1,625	0.9
Contracts not measured under the premium allocation approach	6,657	(963)	—
Insurance services performance	5,721	9,914	(42.3)
Contracts measured under the premium allocation approach	(21)	(172)	(87.8)
Contracts not measured under the premium allocation approach	5,742	10,087	(43.1)

(2) Analysis from the business perspective

① Analysis by Insurance Type

The following table sets forth the original premiums income of PICC Life by insurance type for the reporting period:

				Unit: RMB million	
	January to June 2025			January to June 2024	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Life insurance	81,558	90.1	16.5	70,008	88.6
General life insurance	70,079	77.4	70.2	41,176	52.1
Participating life insurance	11,417	12.6	(60.3)	28,768	36.4
Universal life insurance	62	0.1	(3.1)	64	0.1
Health insurance	8,375	9.3	(1.3)	8,486	10.7
Accident insurance	580	0.6	3.2	562	0.7
Total	90,513	100.0	14.5	79,056	100.0

Note: Figures may not directly add up to total due to rounding, similarly hereinafter.

In the first half of 2025, the business development of PICC Life showed a positive trend and its operating quality and efficiency continued to improve. PICC Life recorded original premiums income of RMB90,513 million, representing a year-on-year increase of 14.5%; and achieved original premiums income from general life insurance of RMB70,079 million, representing a year-on-year increase of 70.2%.

② Analysis by Channel

Income of PICC Life classified by channel for the purpose of original premiums income for the reporting period is as follows, which can be further divided into individual insurance channel, bancassurance channel and group insurance channel.

	January to June 2025			January to June 2024	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Individual insurance channel	35,414	39.1	3.0	34,374	43.5
First-year business of long-term insurance	9,826	10.9	(9.8)	10,894	13.8
Single premiums	2,449	2.7	(12.5)	2,798	3.5
First-year regular premiums	7,376	8.1	(8.9)	8,096	10.2
Renewal business	25,402	28.1	9.1	23,276	29.4
Short-term insurance	186	0.2	(8.8)	204	0.3
Bancassurance channel	53,104	58.7	24.1	42,788	54.1
First-year business of long-term insurance	29,672	32.8	32.5	22,395	28.3
Single premiums	14,390	15.9	15.4	12,468	15.8
First-year regular premiums	15,282	16.9	53.9	9,927	12.6
Renewal business	23,431	25.9	14.9	20,389	25.8
Short-term insurance	2	0.0	(50.0)	4	0.0
Group insurance channel	1,994	2.2	5.3	1,893	2.4
First-year business of long-term insurance	39	0.0	(25.0)	52	0.1
Single premiums	15	0.0	(21.1)	19	0.0
First-year regular premiums	24	0.0	(27.3)	33	0.0
Renewal business	418	0.5	0.5	416	0.5
Short-term insurance	1,537	1.7	7.8	1,426	1.8
Total	90,513	100.0	14.5	79,056	100.0

As of 30 June 2025, the original premiums income of individual insurance channel was RMB35.414 million, representing a year-on-year increase of 3.0%. The number of marketing manpower was 79,218; the number of monthly average effective manpower was 21,030. Breakthroughs have been achieved in development of new models of individual insurance team. In the first half of the year, the regular premiums with a payment duration of ten years or longer of the new army channel increased by 19.9% year-on-year; the effective manpower grew by 17.5% year-on-year. For the comprehensive finance channel, it adhered to its development goal of “independent channels + omnichannel empowerment platform”, with the first-year regular premiums with a payment duration of ten years or longer growing by 64.2% year-on-year, and the first-year regular premiums increased by 4.3% year-on-year in the first half of the year.

As for bancassurance channel, PICC Life adhered to the business core of “customer-oriented”, firmly pursued the strategic goal of “four returns”, and promoted the high-quality development of channels by improving and optimizing systems, strengthening rigid control, and strictly implementing the regulatory requirement of the “consistency between regulatory filings and actual underwriting”. The value of half year’s new business reached RMB2,924 million, representing a year-on-year increase of 107.7% on a like-for-like basis; and the first-year regular premiums increased by 53.9% year-on-year.

As for group insurance channel, PICC Life continued to deepen the business philosophy of “stabilizing existing customers and developing new customers”, focused on maintaining existing customers and exploring new customers. The original premiums income from group insurance channel amounted to RMB1,994 million, representing a year-on-year increase of 5.3%, of which the original premiums income from short-term insurance amounted to RMB1,537 million, representing a year-on-year increase of 7.8%.

③ Analysis by Region

The following table sets forth the original premiums income of PICC Life in the top ten regions for the reporting period:

	January to June 2025	January to June 2024	<i>Unit: RMB million</i> (% of change)
Zhejiang Province	10,650	9,679	10.0
Jiangsu Province	6,240	5,644	10.6
Sichuan Province	6,215	6,350	(2.1)
Guangdong Province	4,480	4,368	2.6
Beijing City	4,362	3,423	27.4
Hebei Province	4,287	2,639	62.4
Anhui Province	3,720	1,825	103.8
Henan Province	3,607	2,517	43.3
Hubei Province	3,431	3,134	9.5
Shandong Province	3,228	2,638	22.4
Other regions	40,293	36,839	9.4
Total	90,513	79,056	14.5

④ Persistency Ratios of Premiums

PICC Life constantly enhanced the quality of new policies, improved the management chain, and maintained the premium persistency ratios at a healthy level. The 13-month premium persistency ratio for omnichannel individual customers of PICC Life increased by 0.4 percentage point year-on-year, and the 25-month premium persistency ratio increased by 4.2 percentage points year-on-year.

The following table sets forth the 13-month and 25-month premium persistency ratios for individual customers of PICC Life for the reporting period:

Item	January to June 2025	January to June 2024
13-month premium persistency ratio ⁽¹⁾ (%)	96.4	96.0
25-month premium persistency ratio ⁽²⁾ (%)	94.3	90.1

Notes:

- (1) The 13-month premium persistency ratio for a given year is the proportion of the actual TWPs for the 13th month after the long-term regular premium individual life insurance policies newly issued in the preceding year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance;
- (2) The 25-month premium persistency ratio for a given year is the proportion of the actual TWPs for the 25th month after the long-term regular premium individual life insurance policies newly issued in the penultimate year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance.

⑤ Top Five Products

The following table sets forth the operating results of PICC Life's top five insurance products in terms of original premiums income for the reporting period:

			<i>Unit: RMB million</i>
Insurance product	Type of insurance	Sales channels	Original premiums income
PICC Life Xin Yu Endowment Insurance	General life insurance	Bancassurance	11,617
PICC Life Ru Yi Fu Endowment Insurance	General life insurance	Bancassurance	9,107
PICC Life Zhen Xin Yi Sheng Whole Life Insurance	General life insurance	Individual insurance/ Bancassurance	9,066
PICC Life Ru Yi Bao Endowment Insurance (Participating)	Participating life insurance	Individual insurance/ Bancassurance	7,097
PICC Life Zhen Ying Yi Sheng Whole Life Insurance	General life insurance	Individual insurance/ Bancassurance	5,594

(3) Insurance contract liabilities

As of 30 June 2025, the net insurance contract liabilities increased by 7.9% compared with the end of last year, mainly due to the accumulation of insurance liabilities and the increase in the business scale; the net reinsurance contract assets increased by RMB11 million compared with the end of last year, mainly due to the increase in the outstanding assets of reinsurance contracts and the net balance of receivables from and payables to reinsurers under the premium allocation approach.

The following table sets forth the liabilities of insurance contracts of PICC Life measured by adopting premium allocation approach for the reporting period:

				<i>Unit: RMB million</i>
	As of 30 June 2025	As of 31 December 2024		(% of change)
Insurance contract liabilities (assets)	2,817	2,765		1.9
Remaining coverage liabilities	1,780	1,707		4.3
Liability for incurred claims	1,037	1,057		(1.9)
Reinsurance contract assets (liabilities)	49	20		145.0
Remaining coverage assets recovered under reinsurance policies	15	5		200.0
Incurred claims assets recovered under reinsurance policies	34	15		126.7

Note: Figures may not directly add up to total due to rounding.

The following table sets forth the liabilities of insurance contracts of PICC Life not measured by adopting premium allocation approach for the reporting period:

	<i>Unit: RMB million</i>		
	As of 30 June 2025	As of 31 December 2024	(% of change)
Insurance contract liabilities (assets)	667,253	618,107	8.0
Remaining coverage liabilities	658,981	612,539	7.6
Liability for incurred claims	8,272	5,569	48.5
Reinsurance contract assets (liabilities)	(10)	9	–
Remaining coverage assets recovered under reinsurance policies	(630)	(355)	77.5
Incurred claims assets recovered under reinsurance policies	620	364	70.3

Note: Figures may not directly add up to total due to rounding.

2. *PICC Health*

(1) Analysis of operating conditions and results

In the first half of 2025, PICC Health actively served the Healthy China strategy and the construction of a multi-level social security system, focused on the “Health Project”, strengthened “6+1”⁷ business pattern, and continued to build the business model of “insurance + health service + technology”. The Company’s operation and development continued to maintain a good momentum. In the first half of 2025, PICC Health achieved insurance revenue of RMB15,603 million, representing a year-on-year increase of 13.2%, which was mainly due to the increase in marginal release of long-term medical insurance contractual services. The net profit was RMB5,128 million. In the first half of 2025, PICC Health realized the value of half year’s new business of RMB3,837 million, representing a year-on-year increase of 51.0% on a like-for-like basis. The Internet health insurance business continued to maintain the market-leading position among life insurance companies. The original premiums income of commercial group insurance for projects with over RMB1 million increased by 32.7% year-on-year. Based on the integrated development of “health insurance + health management”, PICC Health achieved a revenue from the health management business of RMB159 million, and provided health management services to 4.8009 million personnel times, representing a year-on-year increase of 21.4%.

⁷ It refers to the construction of building a “6+1” business pattern of integration and mutual promotion between six main channels, namely social insurance business, Internet business, group customer business, business collaboration, individual insurance business and bancassurance business, and health management.

The following table sets forth PICC Health's insurance services revenue, insurance services expenses, profit or loss, and operating position and performance for the reporting period by category of aggregated insurance contract portfolios:

<i>Unit: RMB million</i>			
	January to June 2025	January to June 2024	(% of change)
Insurance revenue	15,603	13,786	13.2
Contracts measured under the premium allocation approach	—	—	—
Contracts not measured under the premium allocation approach	15,603	13,786	13.2
Insurance services expenses	8,868	8,277	7.1
Contracts measured under the premium allocation approach	—	—	—
Contracts not measured under the premium allocation approach	8,868	8,277	7.1
Insurance services performance	6,735	5,509	22.3
Contracts measured under the premium allocation approach	—	—	—
Contracts not measured under the premium allocation approach	6,735	5,509	22.3

(2) Analysis from the business perspective

① Analysis by Insurance Type

The following table sets forth the original premiums income of PICC Health by insurance types for the reporting period:

<i>Unit: RMB million</i>					
	January to June 2025			January to June 2024	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Medical insurance	20,411	50.2	10.7	18,430	50.9
Participating endowment insurance	8,697	21.4	(7.1)	9,362	25.8
Illness insurance	3,610	8.9	3.6	3,483	9.6
Nursing care insurance	7,413	18.2	63.2	4,543	12.5
Accidental injury insurance	422	1.0	23.4	342	0.9
Disability losses insurance	101	0.2	42.3	71	0.2
Total	40,654	100.0	12.2	36,231	100.0

In the first half of 2025, PICC Health grasped the development opportunities arising from the continuous improvement of the multi-level social security system, focused on the development of the health insurance business, continued to enrich the commercial medical insurance products, and realized an original premiums income from medical insurance of RMB20,411 million, representing a year-on-year increase of 10.7%. PICC Health stepped up the efforts in developing both policy-related and commercial nursing care insurance business, and realized an original premiums income of RMB7,413 million from nursing care insurance, representing a year-on-year increase of 63.2%.

② Analysis by Channel

Income of PICC Health by distribution channels in terms of original premiums income for the reporting period is as follows, which can further be divided into individual insurance channel, bancassurance channel and group insurance channel.

	<i>Unit: RMB million</i>				
	January to June 2025			January to June 2024	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Individual insurance channel	11,915	29.3	8.7	10,958	30.2
First-year business of long-term insurance	3,452	8.5	76.6	1,955	5.4
Single premiums	61	0.2	(22.8)	79	0.2
First-year regular premiums	3,391	8.3	80.8	1,876	5.2
Renewal business	5,722	14.1	(5.5)	6,057	16.7
Short-term insurance	2,741	6.7	(7.0)	2,946	8.1
Bancassurance channel	14,030	34.5	18.8	11,814	32.6
First-year business of long-term insurance	10,350	25.5	9.1	9,490	26.2
Single premiums	8,120	20.0	5.6	7,687	21.2
First-year regular premiums	2,230	5.5	23.7	1,803	5.0
Renewal business	3,680	9.1	58.3	2,324	6.4
Short-term insurance	—	—	—	—	—
Group insurance channel	14,709	36.2	9.3	13,459	37.1
First-year business of long-term insurance	23	0.1	(36.1)	36	0.1
Single premiums	18	0.0	(18.2)	22	0.1
First-year regular premiums	5	0.0	(64.3)	14	0.0
Renewal business	72	0.2	(7.7)	78	0.2
Short-term insurance	14,614	35.9	9.5	13,345	36.8
Total	40,654	100.0	12.2	36,231	100.0

PICC Health continued to focus on Internet insurance business and personal agent business. In terms of Internet insurance business, PICC Health kept up with market dynamics and customer needs, upgraded the main products of the series of Hao Yi Bao, expanded the protection of good medical and medicines, and developed and completed the products of “Hao Yi Bao, Long-term Medical Insurance (2025 Flagship Edition) (好醫保•長期醫療(2025旗艦版))” and “Hao Yi Bao, Long-term Medical Insurance for the Middle-aged and Elderly (2025 Edition) (好醫保•中老年長期醫療(2025版))” covering advanced medicines, and gradually launched them online for sale; PICC Health actively explored new paths for inclusiveness in the field of critical illness insurance, effectively reduced insurance costs through pricing at natural rates, segmented payment claims, etc., and launched the products of “Jian Kang Fu, Millions Critical Illness for Children (健康福•少兒百萬重疾)”; enhanced service level, strengthened the construction of elderly-friendly services, smoothened the service channels for foreigners, realised the use of permanent residence permits for foreigners and residence permits for Hong Kong, Macao and Taiwan residents for insurance, and completed the transformation of hotline services function for foreigners. With leading advantages in quality and efficiency enhancement of intelligent claims, the Internet intelligent claims ecological platform was awarded the “Annual Digital Finance Typical Case of the Insurance Industry” in the 2025 China Insurance Competitiveness Ranking released by the editorial department of the Tsinghua Financial Review (《清華金融評論》) of the PBC School of Finance of Tsinghua University. In terms of personal agent business, PICC Health solidly promoted the elite development route, deepened the exploration and promotion of innovative smart marketing models, focused on cultivation of sales elite, and promoted steady growth in individual insurance business. The original premiums income of individual insurance channel was RMB11,915 million, representing a year-on-year increase of 8.7%.

PICC Health continued to strengthen its cooperation with the bancassurance channel, strictly enforced regulatory requirements, strengthened training and supervision, enhanced professional capabilities, strengthened team building, dug up channel resources, continued to optimize the business structure, and vigorously developed the long-term nursing insurance business, achieving steady growth in bancassurance business. The original premiums income of bancassurance channel was RMB14,030 million, representing a year-on-year increase of 18.8%.

PICC Health focused on “stabilizing growth, adjusting structure, enhancing value, building ecosystem, strengthening grassroots and tightening compliance”, consolidated and expanded new traditional security services, accelerated breakthroughs in social and commercial integration business, expanded and specialized in entrusted management business, and strengthened refined management of the entire process, maintaining rapid growth in innovative businesses, steadily increasing the insurance premiums scale and improving efficiency indicators year-on-year. In terms of commercial group insurance business, PICC Health implemented the national policy requirements for the construction of “Healthy Enterprises”, accelerated the construction of a professional capability system to serve corporate clients, strengthened communication with relevant government authorities, deepened cooperation with institutions in professional fields, and provided integrated health enterprise insurance solutions for corporate clients. The original premiums income of group insurance channel was RMB14,709 million, representing a year-on-year increase of 9.3%.

③ Analysis by Region

The following table sets forth the original premiums income of PICC Health in the top ten regions for the reporting period:

	<i>Unit: RMB million</i>		
	January to June 2025	January to June 2024	(% of change)
Guangdong Province	12,819	11,809	8.6
Shandong Province	2,866	1,713	67.3
Hubei Province	2,473	1,792	38.0
Anhui Province	2,313	1,763	31.2
Liaoning Province	2,257	2,029	11.2
Henan Province	2,092	2,165	(3.4)
Shaanxi Province	2,036	2,146	(5.1)
Jiangsu Province	1,583	1,335	18.6
Shanxi Province	1,576	1,429	10.3
Yunan Province	1,427	1,222	16.8
Other Regions	9,212	8,828	4.3
Total	40,654	36,231	12.2

④ Persistency Ratios of Premiums

The following table sets forth the 13-month and 25-month premium persistency ratios for individual customers of PICC Health for the reporting period:

Item	January to June 2025	January to June 2024
13-month premium persistency ratio ⁽¹⁾ (%)	94.6	92.1
25-month premium persistency ratio ⁽²⁾ (%)	90.8	82.2

Notes:

- (1) The 13-month premium persistency ratio for a given year is the proportion of actual TWPs for the 13th month after the long-term regular premium individual health insurance policies newly issued in the preceding year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance;
- (2) The 25-month premium persistency ratio for a given year is the proportion of actual TWPs for the 25th month after the long-term regular premium individual health insurance policies newly issued in the penultimate year were issued and came into effect, and the actual TWPs of such policies in the year of their issuance.

⑤ Top Five Products

The following table sets forth the operating results of PICC Health's top five insurance products in terms of original premiums income for the reporting period:

Unit: RMB million

Insurance product	Type of insurance	Sales channels	Original premiums income
PICC Health Kang Li Ren Sheng Endowment Insurance (Participating)	Participating endowment insurance	Individual insurance channel/Bancassurance channel/Group insurance channel	8,684
PICC Health Group Critical Illness Medical Insurance for Urban and Rural Residents (Type A)	Medical insurance	Group insurance channel	4,634
PICC Health He Xie Sheng Shi Large Amount Supplementary Group Medical Insurance for Urban Employees	Medical insurance	Group insurance channel	3,645
PICC Health You Xiang Bao Internet Medical Insurance	Medical insurance	Individual insurance channel	2,330
PICC Health Zhuo Yue Jin Sheng Lifetime Nursing Care Insurance	Nursing care insurance	Bancassurance channel	1,491

(3) Insurance contract liabilities

As of 30 June 2025, the net insurance contract liabilities increased by 12.6% as compared to the end of last year, primarily due to the growth in business, while the net reinsurance contract assets decreased by 25.9% as compared to the end of last year, primarily due to the impact of the successive maturity of the ceded direct insurance business.

The following table sets forth the insurance contract liabilities of PICC Health measured by the premium allocation approach during the reporting period:

	<i>Unit: RMB million</i>		
	As of 30 June 2025	As of 31 December 2024	(% of change)
Insurance contract liabilities (assets)	–	–	–
Remaining coverage liabilities	–	–	–
Liability for incurred claims	–	–	–
Reinsurance contract assets (liabilities)	10	13	(23.1)
Remaining coverage assets recovered under reinsurance policies	13	21	(38.1)
Incurred claims assets recovered under reinsurance policies	(3)	(8)	(62.5)

The following table sets forth the insurance contract liabilities of PICC Health not measured by the premium allocation approach during the reporting period:

	<i>Unit: RMB million</i>		
	As of 30 June 2025	As of 31 December 2024	(% of change)
Insurance contract liabilities (assets)	104,047	92,376	12.6
Remaining coverage liabilities	90,087	78,860	14.2
Liability for incurred claims	13,960	13,516	3.3
Reinsurance contract assets (liabilities)	1,191	1,608	(25.9)
Remaining coverage assets recovered under reinsurance policies	(5,471)	(4,295)	27.4
Incurred claims assets recovered under reinsurance policies	6,662	5,903	12.9

(II) Asset Management Business

In the first half of 2025, the investment segment actively implemented the Group's strategy, strengthened professional capability building, promoted investment business innovation, and supported the high-quality development of the Group with high-quality investment work.

1. *PICC AMC*

In the first half of 2025, PICC AMC aimed at the development goal of building a first-class comprehensive asset management company that serves the overall situation and has outstanding performance and leading comprehensive strength, promoted the development of insurance business with good investment performance, and vigorously expanded third-party business development with the service of wealth management for the people. Based on the “PICC Coordinate” of serving the Chinese path to modernization, PICC AMC constantly enhanced investment capability, increased effort in product innovation, and continued to strengthen its efforts in serving national strategies and supporting the real economy. As of 30 June 2025, the scale of the assets under the management of PICC AMC amounted to RMB1.94 trillion, representing an increase of 2.3% compared to the beginning of the year; the operating income was RMB864 million, and net profit was RMB391 million for the first half of the year.

In the first half of 2025, in the face of challenges such as complex and changing external shocks and intensified capital market volatility, PICC AMC adhered to the concept of long-term investment and value investment, implemented the requirements of serving “Five Priorities” on finance and asset-liability matching management, promoted innovation in investment strategies and models, and stabilised the Group’s investment returns. For fixed-income investment, PICC AMC strengthened its research on medium- and long-term interest rate trends, actively grasped allocation opportunities and trading opportunities brought about by interest rate fluctuations, effectively increased the asset duration and increased investment returns. For equity investment, PICC AMC firmly implemented the requirements for the entry of medium- and long-term capital into the market, strengthened the concept of absolute returns, enhanced the allocation of strategic varieties and grasped structural opportunities, and strived to reduce the volatility of investment performance while increasing the proportion of equity assets. For alternative investment, PICC AMC actively promoted the business transformation, and increased the development and investment in innovative products such as high-quality ABS, CMBS and quasi-REITs. In March 2025, The Guangzhou-Gaoming Expressway Real Estate ABS for which PICC AMC served as the plan manager was approved by the Shanghai Stock Exchange for a letter of no objection. This product is the first expressway equity real estate ABS in the market, and is also the first real estate ABS with an insurance asset management company as the plan manager.

2. *PICC Pension*

In the first half of 2025, PICC Pension focused on building a first-class pension financial institution with stable and leading investment returns, competitive products and services, and sustained growth in scale and strength, and assisted in the construction of the national multi-pillar pension security system. The coverage of annuity business continued to expand, and commercial pension business improved steadily. As of 30 June 2025, the scale of the assets under the management of PICC Pension amounted to RMB702,646 million, the operating income was RMB462 million, and the net profit was RMB167 million for the first half of the year.

PICC Pension continued to make efforts on the priority on pension finance. The service coverage of annuity business grew steadily. As of 30 June 2025, the scale of the total assets under the management of the corporate annuities and occupational annuities of PICC Pension amounted to RMB678,339 million, representing an increase of 5.1% compared to the beginning of the year. PICC Pension served 2,386 second-pillar corporate annuity customers. In 2025, PICC Pension won 363 new bids for corporate annuity collective plan clients. The third pillar commercial pension pilot has improved steadily, and has become an important tool for innovation and transformation of the business model of PICC Pension. As of 30 June 2025, the commercial pension of PICC Pension has covered 10 pilot regions, and the scale of the assets under the management amounted to RMB24,307 million, representing an increase of 223.9% compared to the beginning of the year, serving 172.5 thousand customers, representing an increase of 10.0% compared to the beginning of the year.

3. *PICC Investment Holding*

In the first half of 2025, PICC Investment Holding focused on the development goal of building an industry service company with outstanding professional capabilities and a complete service system, steadily promoted the industrial construction progress, pragmatically promoted various reform measures, effectively prevented and resolved risks, and achieved steady growth in operating performance, continuous maturity of business models and continuous optimization of management mechanisms. In the first half of the year, it achieved a net profit of RMB62 million.

PICC Investment Holding took the Group's "five first-class" construction requirements as its strategic guidance, and took empowering the development of the Group and the main insurance business as its mission, and built a unified real estate management platform in the system with high quality; PICC Investment Holding continued to increase the ability of refined asset management and enhance the "safe" and "green" service quality; PICC Investment Holding deeply cultivated the field of community home-based pension, served the Group's health and pension ecological construction, and built a bridge for people's livelihood and happiness with characteristic services.

4. *PICC Capital*

In the first half of 2025, with the goal of building a first-class alternative investment institution with advanced professional capabilities, outstanding innovation capabilities and leading investment returns, PICC Capital focused on the asset allocation needs of insurance funds and seized investment opportunities while serving national strategies. In terms of stabilizing debt portfolio, PICC Capital prompted the transformation toward a greater emphasis on project asset value, actively expanded its asset securitization business portfolio, optimized processes, and strengthened implementation; in terms of strengthening equity investments, PICC Capital actively promoted the establishment of new funds, steadily advanced equity investments in key areas such as new quality productive forces and strategic emerging industries, initiated the establishment of the “PICC Capital – State Grid Xin Yuan Equity Investment Plan”, and actively served the construction of China’s new energy system and the green and low-carbon transformation of energy; in terms of enhancing physical asset investments, PICC Capital focused on key areas such as new energy, warehousing and logistics, affordable housing and consumer infrastructure to develop benchmark projects. As of 30 June 2025, the scale of the assets under the management of PICC Capital was RMB145,818 million; in the first half of the year, it achieved operating income of RMB186 million and net profit of RMB47 million. PICC Capital Equity Investment Company Limited, a subsidiary of PICC Capital, was honored with the “Top 100 Private Equity Investment Institutions in China of 2024” award by Chinese Venture (融中財經) and the “Best State-Owned Investment Institution of 2024” award by CVINFO (投中信息) in the first half of 2025.

(III) Investment Portfolio and Investment Income

In the first half of 2025, the Group actively fulfilled its social responsibility as a financial central enterprise, continuously strengthened the ability to serve the national strategies, proactively responded to changes in the market environment, and coordinated business development and risk prevention and control. From the perspective of asset liability matching management, the Group insisted on the strength of strategic asset allocation, maintained flexible and effective allocation of strategic assets, and dynamically optimized the allocation structure of major assets in response to changes in market environment and economic cycles, and enhanced the stability and sustainability of investment returns.

1. Investment Portfolio

The following table sets forth information of the investment portfolio of the Group as of the dates indicated:

	As of 30 June 2025		As of 31 December 2024	
	Amount	(% of total)	Amount	(% of total)
Investment assets	1,760,674	100.0	1,641,756	100.0
Classified by investment object				
Cash and cash equivalents	38,528	2.2	44,147	2.7
Fixed-income investments	1,173,143	66.6	1,115,058	67.9
Term deposits	125,163	7.1	126,556	7.7
Treasury bonds and government bonds	486,207	27.6	424,006	25.8
Financial bonds	191,474	10.9	191,187	11.6
Corporate bonds	197,113	11.2	188,505	11.5
Other fixed-income investments ⁽¹⁾	173,186	9.8	184,804	11.3
Equity investments at fair value	360,015	20.4	299,503	18.2
Funds	93,571	5.3	86,642	5.3
Shares	94,625	5.4	60,249	3.7
Permanent financial products	84,458	4.8	76,898	4.7
Other equity investments	87,361	5.0	75,714	4.6
Other investments	188,988	10.7	183,048	11.1
Investment in associates and joint ventures	172,644	9.8	167,816	10.2
Others ⁽²⁾	16,344	0.9	15,232	0.9
Classified by accounting method				
Financial assets held for trading	357,998	20.3	317,670	19.3
Debt investments	322,225	18.3	316,231	19.3
Other debt investments	574,465	32.6	523,581	31.9
Other equity instruments investments	139,640	7.9	115,778	7.1
Long-term equity investments	172,644	9.8	167,816	10.2
Others ⁽³⁾	193,702	11.1	200,680	12.2

Notes:

- (1) Other fixed-income investments consist of Tier-2 capital instruments, wealth management products, restricted statutory deposits, trust products and asset management products.
- (2) Others consist of investment real estate.
- (3) Others primarily consist of monetary capital, term deposits, financial assets purchased under resale agreements, restricted statutory deposits, and investment real estate.

(1) Classified by investment object

In terms of fixed-income investments, the Group maintained the “foundation” of asset allocation, strengthened active management, seized the stage high of interest rate, increased allocation of long-term government bonds, and seized the favorable conditions to extend the duration of our assets; the Group intensified efforts in alternative transformation and innovation, actively seized investment opportunities of innovative products such as ABS, CMBS and quasi-REITs, and alleviated asset allocation pressure for insurance funds; the Group strengthened credit risk management, optimized the credit quality of existing assets, and prevented potential credit risks.

As of 30 June 2025, the bond investment accounted for 49.7%. Among corporate bonds and non-policy bank financial bonds, the proportion with an external credit rating of AAA reached 96.8%, which were mainly distributed in the fields such as bank, public utilities and transportation. The ability of entities to repay debt is generally strong and the credit risks are controllable as a whole. The Group paid close attention to the prevention and control of credit risks, strictly followed relevant regulatory requirements, and established investment management process and risk control mechanisms in line with market practices and features of insurance funds, and strengthened early warning, analysis and disposal of credit risk.

The overall credit risk of investment in non-standard financial products invested by the funds in the Group’s system is controllable, with an external credit rating of AAA accounting for 97.6%. The non-standard asset industry covers non-bank finance, construction and decoration, transportation and other fields, which has played a positive role in serving the development of real economy and supporting the implementation of major national strategies. The Group strictly selected core counterparties with reliable credit qualifications, adopted practical and effective credit enhancement measures, and established stringent terms regarding accelerated expiry and fund misappropriation protection, providing a sound guarantee for the repayment of the principal and investment income.

In terms of equity investment, the Group firmly implemented the requirement for medium- to long-term capital to enter the market, gave full play to the patient capital advantages of insurance funds, and increased its equity positions; the Group strengthened the absolute return orientation, optimized the equity position structure, gradually increased the scale of other equity instrument investment types that are in line with the long-term investment and value investment philosophy of insurance funds, and enhanced the stability of investment performance under the new standards; the Group enhanced investment trading capabilities, actively seized structural and volatile investment opportunities in the market, and achieved the benign interaction between stabilizing the capital market and enhancing insurance fund investment returns.

(2) Classified by accounting method

The investment assets of the Group are mainly distributed in financial assets held for trading, debt assets and other debt investments. The proportion of financial assets held for trading increased by 1.0 percentage point compared to the end of last year, mainly due to the increase in allocation to trading shares. The proportion of debt assets decreased by 1.0 percentage point compared to the end of last year, mainly due to the decrease in the scale of non-standard assets as a result of the maturity of existing products. The proportion of other debt investments and other equity instruments investments increased by 1.5 percentage points compared to the end of last year, mainly due to the further increase in the bond allocation proportion of other debt investments and the investment share allocation proportion of other equity instruments investments from the perspective of asset-liability matching. The proportion of term deposits decreased by 0.6 percentage point compared to the end of last year, mainly due to the maturity of agreement deposits and the addition of new term deposits.

2. Investment Income

The following table sets forth information relating to the investment income of the Group for the reporting period:

Item	Unit: RMB million	
	January to June 2025	January to June 2024
Cash and cash equivalents	95	137
Fixed-income investments	20,785	23,847
Interest income	18,169	17,749
Gains and losses from disposal of financial instruments	4,419	3,890
Gains and losses on fair value changes	(1,870)	1,830
Impairment	67	378
Equity investments at fair value	12,252	(865)
Dividends and bonus income	3,571	2,864
Gains and losses from disposal of financial instruments	4,310	(4,740)
Gains and losses on fair value changes	4,371	1,011
Impairment	–	–
Other investments	7,626	5,945
Investment income from associates and joint ventures	8,179	5,645
Other gains and losses	(553)	300
Total investment income	40,758	29,064
Net investment income ⁽¹⁾	29,604	26,795
Total investment yield (annualized) ⁽²⁾ (%)	5.0	4.1
Net investment yield (annualized) ⁽³⁾ (%)	3.6	3.8

Notes:

- (1) Net investment income = total investment income – gains and losses from the disposal of investment assets – gains and losses on fair value changes of investment assets – impairment losses of investment assets
- (2) Total investment yield (annualized) = (total investment income – interest expenses on securities sold under agreements to repurchase)/(average total investment assets as of the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period) * 2
- (3) Net investment yield (annualized) = (net investment income – interest expenses on securities sold under agreements to repurchase)/(average total investment assets as of the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period) * 2

In the first half of 2025, the total investment income of the Group amounted to RMB40,758 million, representing a year-on-year increase of 40.2%; the net investment income amounted to RMB29,604 million, representing a year-on-year increase of 10.5%; the annualized total investment yield was 5.0%, representing a year-on-year increase of 0.9 percentage point; and the annualized net investment yield was 3.6%, representing a year-on-year decrease of 0.2 percentage point. The Group's three-year average total investment yield⁸ was 4.5%.

III. SPECIFIC ANALYSIS

(I) Liquidity Analysis

1. Liquidity Analysis

The liquidity of the Group is mainly derived from the issuance of insurance contracts, investment income, cash from disposals or maturity of investment assets and its own financing activities. The demand for liquidity primarily arises from insurance claims or benefits, surrenders, withdrawals or other forms of early termination of insurance policies for insurance contracts, payment of dividends to shareholders and cash required for payment of various ordinary expenses.

The Group generally collects premiums before the payment of insurance claims or benefits. At the same time, the Group maintains a certain proportion of assets with high liquidity within its investment assets to respond to liquidity demand. In addition, the Group could also obtain additional liquidity from the arrangements of securities sold under agreements to repurchase, interbank borrowings and other financing activities.

As a holding company, the Company's cash flows are mainly derived from the investment income arising from investment activities and cash flows generated by financing activities. The Company believes that it has adequate liquidity to meet foreseeable liquidity needs of the Group and the Company.

⁸ The three-year average total investment yield is the average of the annualized total investment yields for the last three complete years (2022 to 2024). The Group has implemented the new financial instruments standards since 1 January 2023, and the annualized total investment yield for 2024 and 2023 represents the information under the new financial instruments standards, and the annualized total investment yield for 2022 represents the information under the old financial instruments standards.

2. Statement of Cash Flows

The Group has established a cash flow monitoring mechanism, regularly conducted cash flow rolling analysis and forecasting, and actively took initiatives to develop management plans and contingencies to effectively prevent liquidity risks.

	January to June 2025	<i>Unit: RMB million</i> January to June 2024	(% of change)
Net cash flows generated from operating activities	74,845	70,044	6.9
Net cash flows used in investing activities	(65,733)	(44,453)	47.9
Net cash flows used in financing activities	(14,567)	(21,759)	(33.1)

The net cash flows generated from operating activities of the Group changed from a net inflow of RMB70,044 million in the first half of 2024 to a net inflow of RMB74,845 million in the first half of 2025, mainly due to the increase in cash inflows from premiums.

The net cash flows used in investing activities of the Group changed from a net outflow of RMB44,453 million in the first half of 2024 to a net outflow of RMB65,733 million in the first half of 2025, mainly due to the increase in cash paid for investment.

The net cash flows used in financing activities of the Group changed from a net outflow of RMB21,759 million in the first half of 2024 to a net outflow of RMB14,567 million in the first half of 2025, mainly due to the decrease in net cash paid for the securities sold under agreements to repurchase.

(II) Solvency

Regarding the solvency of the Group, please refer to section headed “I. Business Overview of the Company” in the Management Discussion and Analysis of this report for details.

IV. EVENT AFTER THE REPORTING PERIOD

On 27 August 2025, the Board of the Company proposed an interim dividend for 2025 of RMB7.50 cents (tax inclusive) per ordinary share, amounting to a total dividend of approximately RMB3,317 million. The proposal is subject to the consideration and approval at the shareholders’ general meeting of the Company.

FUTURE PROSPECT

2025 is the final year of the “14th Five-Year Plan”. In the first half of the year, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, China effectively implemented more proactive and effective macro policies, the growth rate of the national economy reached 5.3%, and the overall economic operation has been stable and improving steadily. In the second half of the year, various policies aimed at stabilizing growth, boosting domestic demand and expanding investment will be steadily advanced, and the coverage of the “significant strategies and critical fields (兩重)” and “renewal and replacement (兩新)” policy arrangements will continue to expand, which will lay a solid macro foundation for the development of the finance and insurance industries; the Central Urban Work Conference proposed the goal of building “modern people’s cities” and deployed “one optimization and six constructions”, which are closely related to finance and insurance, bringing new policy dividends for insurance to further perform the functions as an economic shock absorber and social stabilizer, and for accelerating high-quality development; the in-depth advancement of innovation-driven development, the accelerated cultivation of new quality productive forces represented by artificial intelligence, the continuous emergence of new technologies and new industries, and the increasing demand for efficient social governance will also provide more new growth drivers for the innovation of insurance business.

In the second half of 2025, the Group will unswervingly implement the decisions and arrangements of the Party Central Committee, resolutely and pragmatically promote the construction of a first-class company, and unswervingly implement all the work arrangements made at the annual work conference of the Group. With strengthening functions as the starting point, high-quality development as the principle, deepening reform as the source of power, risk prevention as the bottom line and strict governance of the Party as the political guarantee, the Group will solidly implement all work in the second half of the year, complete all tasks for the whole year with high quality, and take solid steps on the new journey of building a first-class company.

Firstly, the Group will focus on strengthening functions and serve the overall situation of economic and social development. By taking strengthening functions and serving the high-quality development of the economy and society as the starting point and ultimate goal of its work, the Group will implement the “four stabilizations (四穩)” work deployment of central government and the work requirements of “one optimization and six constructions (一個優化，六個建設)” proposed at the Central Urban Work Conference. The Group will integrate and promote the “Five Priorities” on finance in a coordinated manner, and will continue to make efforts in key areas such as serving the development of new quality productive forces, serving the stability of foreign trade and expansion of domestic demand, serving the bottom-line support and inclusive improvement of people’s livelihood, and serving the construction of resilience and security, so as to create the characteristic advantages of PICC and play a leading role in the industry.

Secondly, the Group will focus on high-quality development and maintain an upward and positive development trend. The Group will adhere to the general principle of pursuing progress while ensuring stability, focus on consolidating the foundation for stability, shaping the momentum for progress and strengthening the positive trend. In terms of P&C insurance business, the Group will continue to consolidate its advantages in the fields of vehicle insurance and policy-based insurance, drive the accelerated development of non-vehicle insurance business through product and service innovation, and optimize and strengthen risk reduction services. In terms of life insurance business, the Group will maintain the rapid growth of the value of new business, and accelerate the professional and vocational development of sales personnel. In terms of health insurance business, the Group will intensify efforts in innovating distinctive products, and rely on the established health management company to continuously expand medical and health service resources. In terms of investment sector, the Group will focus on enhancing active investment capabilities, and effectively enhance the investment value of the Group and the return to shareholders.

Thirdly, the Group will focus on promoting the “six reforms” and achieve more tangible and perceptible results. The Group will adhere to the unity of problem-oriented and goal-oriented approaches, and focus on deepening corporate governance reform, the reform of the Group’s strategic management and control mechanism, the reform of the mechanism for empowering grassroots development, the reform of the customer resource sharing mechanism, digital transformation, and the reform of the cadre and personnel system. The Group will adhere to leading by example, closely focus on key and difficult issues, improve the reform mechanism, and on the basis of the positive results achieved in the early stage, continuously promote the reforms to a deeper level, effectively break through institutional and mechanism obstacles that restrict high-quality development, and enhance the development momentum and vitality of the Group.

Fourthly, the Group will focus on preventing and controlling risks and firmly hold the bottom line of risks. The Group will coordinate stable growth and risk prevention, firmly establish correct views on performance, operation and risk, and deeply practice the financial culture with Chinese characteristics; coordinate liability and asset management, strengthen tracking, research and judgment on potential risks on the liability side, attach importance to risk monitoring and investigation in the investment end, and strengthen the coordinated management of assets and liabilities; coordinate addressing symptoms and root causes, build a vertically integrated compliance management system, strengthen the digital and intelligent construction of the internal control system, and continuously enhance risk prevention and control capabilities to build a solid safety barrier for high-quality development.

EMBEDDED VALUE

1. Result Summary

Embedded Value of PICC Life and PICC Health as at 30 June 2025 and 31 December 2024 are summarized below (in RMB million):

	PICC Life		PICC Health		
			30/6/2025 (Before adjustment)		
	30/6/2025	31/12/2024	30/6/2025	31/12/2024	
Adjusted Net Worth	103,921	97,494	15,095	15,645	12,185
Value of In-Force Business before CoC	52,323	45,898	22,189	25,274	19,315
Cost of Required Capital	(25,684)	(23,662)	(1,622)	(1,503)	(1,383)
Value of In-Force Business after CoC	26,639	22,237	20,566	23,771	17,932
Embedded Value	130,561	119,731	35,662	39,416	30,117

Notes: 1. Figures may not add up to total due to rounding.

2. In the table above, the embedded value before adjustment as at 30 June 2025 of PICC Health is recalculated based on the investment rate assumption as at 31 December 2024 while the other assumptions remain unchanged.

Value of Half Year's New Business as at 30 June 2025 and 30 June 2024 of PICC Life and PICC Health are summarized below (in RMB million):

	PICC Life			PICC Health		
				30/6/2025 (Before adjustment)		
	30/6/2025	30/6/2024		30/6/2025	30/6/2024	
Value of Half Year's New Business before CoC	6,499	8,421	5,691	4,282	4,978	3,372
Cost of Required Capital	(1,520)	(1,663)	(1,756)	(446)	(409)	(347)
Value of Half Year's New Business after CoC	4,978	6,757	3,935	3,837	4,569	3,025

Notes: 1. Figures may not add up to total due to rounding.

2. In the table above, the value of half year's new business before adjustment as at 30 June 2025 of PICC Life and PICC Health are recalculated based on the investment and risk discount rate assumptions as at 30 June 2024 while the other assumptions remain unchanged.

Value of Half Year's New Business as at 30 June 2025 and 30 June 2024 of PICC Life and PICC Health by distribution channel are summarized below (in RMB million):

	PICC Life			PICC Health		
	30/6/2025 (Before 30/6/2025 adjustment)			30/6/2025 (Before 30/6/2025 adjustment)		
	30/6/2025	adjustment	30/6/2024	30/6/2025	adjustment	30/6/2024
Bancassurance Channel	2,924	4,017	1,934	197	825	742
Individual insurance agent Channel	2,048	2,717	1,968	3,898	3,984	2,617
Group insurance sales Channel	7	23	33	(259)	(240)	(334)
Total	4,978	6,757	3,935	3,837	4,569	3,025

Notes: 1. Figures may not add up to total due to rounding.

2. In the table above, the value of half year's new business before adjustment as at 30 June 2025 of PICC Life and PICC Health are recalculated based on the investment and risk discount rate assumptions as at 30 June 2024 while the other assumptions remain unchanged.

The above results are based on 100% shareholding of PICC Life and PICC health.

2. Key Assumptions

For the results as at 30 June 2025 disclosed above, the assumption on risk discount rate is 8.5%, used by both PICC Life and PICC Health. The assumption of PICC Life on the rate of investment return is 4% p.a.. The assumption of PICC Health on the rate of investment return is 3.5% p.a.. Corporate income tax is currently levied at 25% on taxable income. The assumptions on mortality rates, morbidity rates, lapse rates, expenses and commissions are based on the operational experience of PICC Life and PICC Health, as well as expectations on future experience and etc.

3. Sensitivity Tests

Sensitivity tests are based on a range of alternative assumptions. In each of the tests, only the assumption referred to is changed, while other assumptions remain unchanged. For the investment return assumption scenarios, the expected participating policyholder dividend will also change.

The results of sensitivity tests for PICC Life at 30 June 2025 are summarized below (in RMB million):

Scenarios	Risk Discount Rate at 8.5%^{Note}	
	Value of In-Force Business after CoC	Value of Half Year's New Business after CoC
Base scenario	26,639	4,978
Risk discount rate at 7.5%	33,732	5,812
Risk discount rate at 9.5%	20,897	4,281
Rate of investment return increased by 50 bps	48,042	7,204
Rate of investment return decreased by 50 bps	4,736	2,726
Expenses increased by 10%	25,670	4,913
Expenses decreased by 10%	27,609	5,044
Lapse rates increased by 10%	26,859	4,919
Lapse rates decreased by 10%	26,419	5,041
Mortality increased by 10%	26,089	4,934
Mortality reduced by 10%	27,198	5,024
Morbidity increased by 10%	25,305	4,965
Morbidity reduced by 10%	27,996	4,992
Short-term business claim ratio increased by 10%	26,583	4,886
Short-term business claim ratio decreased by 10%	26,695	5,071
Participating ratio (80/20)	25,375	4,952

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 8.5%.

The results of sensitivity tests for PICC Health at 30 June 2025 are summarized below (in RMB million):

Scenarios	Risk Discount Rate at 8.5% ^{Note}	
	Value of In-Force Business after CoC	Value of Half Year's New Business after CoC
Base scenario	20,566	3,837
Risk discount rate at 7.5%	22,061	4,105
Risk discount rate at 9.5%	19,283	3,601
Rate of investment return increased by 50 bps	23,771	4,264
Rate of investment return decreased by 50 bps	17,313	3,410
Expenses increased by 10%	20,452	3,705
Expenses decreased by 10%	20,681	3,968
Lapse rates increased by 10%	20,371	3,761
Lapse rates decreased by 10%	20,741	3,917
Mortality increased by 10%	20,586	3,832
Mortality reduced by 10%	20,546	3,841
Morbidity increased by 10%	20,989	3,659
Morbidity reduced by 10%	20,121	4,010
Short-term business claim ratio increased by 5%	20,283	3,347
Short-term business claim ratio decreased by 5%	20,850	4,327
Participating ratio (80/20)	20,519	3,800

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 8.5%.

CORPORATE GOVERNANCE

The Company consistently complies with the Company Law of the People's Republic of China, the Insurance Law of the People's Republic of China and relevant laws, diligently carries out the requirements of relevant laws and regulations published by regulators, the Articles of Association of The People's Insurance Company (Group) of China Limited and other rules, strictly sticks to the principle of sound corporate governance, dedicates to continuously enhancing the level of corporate governance, ensures the solid development of the Company and endeavors to improve the interests of shareholders.

The Company has complied with the corporate governance provisions of listed companies of the Shanghai Stock Exchange and the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the first half of 2025, and continuously refined the structure of corporate governance. The general meeting of shareholders, the Board, the supervisory committee and senior management independently performed their rights and responsibilities in accordance with the Articles of Association of The People's Insurance Company (Group) of China Limited and complied with laws and regulations.

INTERIM DIVIDEND

The Board proposed the distribution of an interim dividend of RMB0.75 per 10 shares (tax inclusive) for the six months ended 30 June 2025, amounting to a total of approximately RMB3,317 million (tax inclusive). The above proposal will be put forward to a shareholders' general meeting of the Company for consideration and approval. The specific arrangements regarding the declaration and distribution of interim dividend (including arrangement of withholding and payment of income tax) and the time arrangement of the closure of register of members of H shares will be disclosed separately in the circular for the relevant shareholders' general meeting. If the declaration of interim dividend is approved at the shareholders' general meeting of the Company, the interim dividend is expected to be paid around 16 January 2026.

NO MATERIAL CHANGES

Save as disclosed in this announcement, after the publication of the 2024 annual report, no material changes affecting the Company's performance need to be disclosed under paragraph 46 (3) of Appendix D2 to the Listing Rules.

PURCHASE, DISPOSAL OR REDEMPTION OF LISTED SECURITIES

As of 30 June 2025, the Company did not hold any treasury shares. On 24 March 2025, PICC P&C redeemed in full the RMB8 billion capital supplemental bonds issued on 23 March 2020. Other than as disclosed above, during the reporting period, the Company and its subsidiaries did not purchase, dispose of or redeem any listed securities of the Company (including sale of treasury shares, if any).

REVIEW OF INTERIM RESULTS

The audit committee of the Board of the Company has, in the presence of the external auditor, reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025.

PUBLICATION OF THE INTERIM REPORT

The 2025 interim report of the Company will be published on the website of the Company (www.picc.com) and the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in due course.

By order of the Board
The People's Insurance Company (Group) of China Limited
Ding Xiangqun
Chairperson

Beijing, the PRC, 27 August 2025

As at the date of this announcement, the executive directors of the Company are Ms. Ding Xiangqun, Mr. Zhao Peng and Mr. Xiao Jianyou; the non-executive directors are Mr. Wang Shaoqun, Mr. Yu Qiang and Mr. Song Hongjun; and the independent non-executive directors are Mr. Shiu Sin Por, Ms. Xu Lina, Mr. Wang Pengcheng and Mr. Gao Pingyang.