

服务人民 人民保险

PICC 中国人民保险集团股份有限公司

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

H Share Stock Code: 1339

Interim Report
2025

Company Profile

The Company is the first nation-wide insurance company in the PRC, established in October 1949, and has developed into a leading large-scale integrated insurance financial group in the PRC, which listed on the Hong Kong Stock Exchange (H share stock code: 1339) in December 2012 and the SSE (A share stock code: 601319) in November 2018. The Company ranked the 141st in the list of Fortune Global 500 (2025) published by the Fortune magazine, up by 17 places than last year.

The Company operates its property and casualty (“P&C”) insurance business in the PRC through PICC P&C (listed on the Hong Kong Stock Exchange, stock code: 2328, in which the Company holds approximately 68.98% equity interests) and operates P&C insurance business in Hong Kong and Macau of China through PICC Hong Kong (in which the Company holds approximately 89.36% equity interests). The Company operates its life and health insurance businesses through PICC Life and PICC Health, in which the Company, directly and indirectly, holds 80.00% and approximately 95.45% equity interests, respectively. The Company centrally and professionally utilises and manages most of its insurance assets through PICC AMC, in which the Company holds 100% equity interest. The Company engages in corporate annuities and occupational annuities businesses through PICC Pension, in which the Company holds 100% equity interest. The Company takes PICC Investment Holding in which the Company holds 100% equity interest as a professional management platform for real estate and pension industries. The Company takes PICC Capital in which the Company holds 100% equity interest as an insurance asset management company focused on alternative investment fields such as debt, equity, infrastructure and private equity funds. The Company operates the professional reinsurance business within and outside the Group through PICC Reinsurance in which the Company, directly and indirectly, holds 100% equity interest. The Company coordinates the informatization construction of the Group through PICC Technology (in which the Company holds 100% equity interest), to provide Group companies with better structural management, infrastructure, application R&D, data empowerment, intelligent technology, shared operation and innovative incubation and other technology services, and to empower the digital development of the Group.

The Company’s principal competitive strengths include:

We are the first nationwide insurance company of the PRC, the pioneer and trailblazer of the PRC insurance industry, possessing a well-recognised brand with the longest history in the industry;

We are an integrated insurance financial group on our core business and on the customer-oriented development strategy to achieve co-development of various business segments;

We adhere to serving national strategies, safeguarding real economy, serving people’s livelihood, fulfilling social responsibilities, and dedicating ourselves to exerting the role of economic “dashpot” and social “stabiliser”;

We have diversified institutions and service network based in cities and towns spread over the country, as well as an extensive and solid customer base, achieving the integration of policy insurance business and commercial insurance business;

We have an internationally first-class and Asia’s leading P&C insurance company with distinct advantages in scale, cost and service as well as outstanding profitability;

We have a life insurance company with a layout throughout the country, steady growth, continuous profitability and sound operating platform as well as with great potentials in value creation and profitability;

We have the first nation-wide professional health insurance company with outstanding professional capability to create featured health management service ability;

We have an industry-leading asset management platform characterised by steady investment and proven performance;

We have advanced applicable information technology to actively define a layout in technology area, and have outstanding ability and potential advantages in data mining, customer identification and intelligent operation;

We have shareholders offering continuous and strong support, an experienced and insightful management team and a high-calibre professional staff team.

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Corporate Information

LEGAL CHINESE NAME:

中國人民保險集團股份有限公司

Abbreviation of Chinese name: 中國人保集團

LEGAL ENGLISH NAME:

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

Abbreviation of English name: PICC Group

LEGAL REPRESENTATIVE:

Ding Xiangqun

SECRETARY OF THE BOARD AND SECURITIES AFFAIRS REPRESENTATIVE:

Zeng Shangyou

COMPANY SECRETARY:

Ng Sau Mei

REGISTERED ADDRESS AND OFFICE ADDRESS

Registered address:

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District, Beijing, the PRC

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Beijing, the PRC

Postal code: 100031

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Shareholders' enquiries: the Office of the Board
of Directors/Board of Supervisors

Tel: (8610) 6900 9192

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Email: ir_group@picc.com.cn

INFORMATION DISCLOSURE AND PLACE FOR REPORT COLLECTION

Newspapers for information disclosure:

China Securities Journal, Shanghai Securities
News, Securities Times and Securities Daily

Designated website for the Company's A Share
announcement: www.sse.com.cn

Designated website for the Company's H Share
announcement: www.hkexnews.hk

Place for report collection:

The Office of the Board of Directors/Board of
Supervisors of the Company

STOCKS INFORMATION

A Shares

Place for listing: Shanghai Stock Exchange

Stock name: PICC

Stock code: 601319

H Shares

Place for listing: The Stock Exchange of
Hong Kong Limited

Stock name: PICC Group

Stock code: 1339

AUDITORS AND CONSULTING ACTUARY

Domestic Auditor:

Ernst & Young Hua Ming LLP

International Auditor:

Ernst & Young

Consulting Actuary:

Ernst & Young (China) Corporate
Consulting Co., Ltd.

LEGAL ADVISORS

As to Hong Kong law:

Clifford Chance

As to PRC law:

Fangda Partners

H SHARE REGISTRAR:

Computershare Hong Kong Investor
Services Limited

Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

Definitions

PICC Group, Company	The People's Insurance Company (Group) of China Limited or, where the context so requires, its predecessor
PICC, Group	The People's Insurance Company (Group) of China Limited and all of its subsidiaries
PICC P&C	PICC Property and Casualty Company Limited
PICC Life	PICC Life Insurance Company Limited
PICC AMC	PICC Asset Management Company Limited
PICC Health	PICC Health Insurance Company Limited
PICC Pension	PICC Pension Company Limited
PICC Investment Holding	PICC Investment Holding Co., Ltd.
PICC Capital	PICC Capital Insurance Asset Management Co., Ltd.
PICC Reinsurance	PICC Reinsurance Company Limited
PICC Technology	PICC Information Technology Co., Ltd.
PICC Hong Kong	The People's Insurance Company of China (Hong Kong), Limited
PICC Financial Services	PICC Financial Services Company Limited
MOF	Ministry of Finance of the People's Republic of China
SSF	National Council for Social Security Fund, the PRC
CSRC	China Securities Regulatory Commission
CBIRC	China Banking and Insurance Regulatory Commission, on the basis of which the National Financial Regulatory Administration was formed in accordance with the Plan for Reform of Party and Government Institutions in May 2023
NFRA	National Financial Regulatory Administration
SSE	Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Prospectus	the Prospectus of The People's Insurance Company (Group) of China Limited for Initial Public Offering of Shares (A Shares) issued by the Company on the websites of the SSE and the Company on 5 November 2018
Company Law	the Company Law of the People's Republic of China
Insurance Law	the Insurance Law of the People's Republic of China
SSE Listing Rules	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
Listing Rules of the Stock Exchange	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Articles of Association	the Articles of Association of The People's Insurance Company (Group) of China Limited disclosed by the Company on 26 February 2021
China, PRC	the People's Republic of China, which, for the purposes of this report, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan of the PRC
RMB	Renminbi

About Us

I. FINANCIAL HIGHLIGHTS

Unit: RMB million, except for percentages

	30 June 2025	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
Total equity	390,638	367,421	6.3
Net assets per share ^{Note} (RMB)	6.47	6.08	6.3

Unit: RMB million, except for percentages

	January to June 2025	January to June 2024	(% of change)
Insurance revenue	280,250	261,629	7.1
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)	0.60	0.53	14.0
Weighted average return on net assets ^{Note} (unannualised) (%)	9.5	9.3	Increased by 0.2 percentage point

Note: Net assets per share, earnings per share, and weighted average return on net assets are presented based on data attributable to shareholders of the parent company. The percentage increase or decrease is calculated based on the data before rounding off.

II. OPERATING HIGHLIGHTS

(I) 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 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.

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.

(II) 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 sufficient capital strength of the Group.

(III) 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.

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).

(IV) 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 (暖心岁悦)” 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.

(V) 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.

(VI) 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".

(VII) 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%.

(VIII) 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 remained at Grade AA, and the comprehensive risk rating for 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.

Management Discussion and Analysis

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 NFRA 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 NFRA 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 NFRA 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 NFRA 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 NFRA 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 NFRA continued to strengthen the “five major regulations”, and promoted major legislative amendments projects such as the Insurance Law. The NFRA intensified the supervision of insurance institutions at the district, municipal and county branch levels, and standardized the operational behavior of insurance institutions. The NFRA 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

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 NFRA. Starting from June 2021, the summarised data of P&C insurance companies and life and health insurance companies published by the NFRA does not include some institutions which are in the stage of risk disposal in the insurance industry. The same applies below.

Management Discussion and Analysis

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 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 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,

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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 AMC, PICC Investment Holding and PICC Capital, which are all wholly owned by the Company. The Company also holds 100.00% equity interest in PICC Pension and PICC Technology, and directly and indirectly holds 100.00% equity interest in PICC Reinsurance and PICC Financial Services.

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 NFRA (the former CBIRC).

(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
Weighted average return on equity (%)	9.5	9.3	Increased by 0.2 percentage point
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.

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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.

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- (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

Unit: RMB million

	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 yield 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 yield 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 yield 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).

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

Unit: RMB million

Indicator	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:

Unit: RMB million

Insurance type	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.

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- 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.

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- 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:

Unit: RMB million

	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.

Unit: RMB million

	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%.

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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:

Unit: RMB million

	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:

Unit: RMB million

	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:

Unit: RMB million

	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.

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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.

Management Discussion and Analysis

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:

Unit: RMB million

	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.

Management Discussion and Analysis

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.

Unit: RMB million

	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%.

Management Discussion and Analysis

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:

Unit: RMB million

	January to June 2025	January to June 2024	(% 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:

Unit: RMB million

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:

Unit: RMB million

	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.

Management Discussion and Analysis

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

Unit: RMB million

	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 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.

Management Discussion and Analysis

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:

Unit: RMB million

	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:

Unit: RMB million

	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

Management Discussion and Analysis

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.

Unit: RMB million

	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%.

Management Discussion and Analysis

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:

Unit: RMB million

	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
Yunnan 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

Management Discussion and Analysis

(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:

Unit: RMB million

	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:

Unit: RMB million

	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 SSE 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

1. Investment Portfolio

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

Unit: RMB million

	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.

Management Discussion and Analysis

(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:

Unit: RMB million

Item	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 total investment yield for 2024 and 2023 represents the data under the new financial instruments standards, and the total investment yield for 2022 represents the data under the old financial instruments standards.

Management Discussion and Analysis

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.

Unit: RMB million

	January to June 2025	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 financial assets 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. FUTURE PROSPECTS AND RISK ANALYSIS

(I) Future Prospects

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.

Management Discussion and Analysis

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.

(II) Major Potential Risks and Countermeasures

Firstly, macroeconomic risks. In the first half of 2025, China's economy maintained overall stability, with more proactive and effective macroeconomic policies showing results. The economy maintained a stable and positive development trend, demonstrating strong resilience and vitality. However, with the optimization and adjustment of the domestic economic structure, supply-demand imbalances have not yet been alleviated, and the recovery of endogenous momentum still faces numerous challenges. Internationally, external uncertainties have significantly increased. "Tit-for-tat tariffs" have caused global turbulence, the international monetary order faces restructuring, and global geopolitical risks have intensified. These changes in the external environment present opportunities for but also significant challenges to China's economic development.

The Group will attach great importance to risk prevention, continuously assess the macroeconomic environment and policy impacts, effectively respond to economic and market changes, actively engage in risk monitoring, identification, evaluation and response, and continuously enhance risk management capabilities.

Secondly, market and credit risks. Regarding market risk of equity investments, geopolitical tensions and shifting external economic policies bring uncertainties. Global geopolitical dynamics and evolving technological narratives have become dominant market drivers, with China's AI development attracting worldwide attention. In the first half of 2025, amid external shocks, a series of market stabilization policies provided

robust support for capital markets. As regulators encouraged the entry of medium-to-long-term funds to the market, insurance funds shifted their equity allocation toward higher-risk assets, making them more susceptible to market volatility. Regarding market risk of fixed-income investments, China's monetary policy has trended toward easing, with market interest rates across all maturities remaining low. Declining returns on fixed-income reinvestment will intensify pressure on medium-to-long-term investment allocations. Regarding credit risk, with the continued advancement of credit easing policies and the strengthening of the domestic economic resilience, in the first half of the year, the amount of credit defaults in the open market further decreased. However, attention must remain on the sustainability of credit easing policies and the credit conditions of sectors with sluggish recovery, such as real estate.

The Group will closely follow changes in market and credit risks, continuously strengthen tracking, monitoring and analysis of risk exposures, pay close attention to market and credit risk exposures of its investment portfolios, optimize asset allocation across major categories, maintain daily monitoring and early warning of risk indicators, and address risk events in a timely manner. Besides, the Group will strengthen tracking and monitoring of investment assets in key risk areas such as urban investment and real estate, reinforce post-investment risk management, and steadfastly uphold the bottom line of preventing systemic risks.

Thirdly, insurance business risks. Regarding property insurance, the frequent occurrence of extreme weather events has resulted in a severe and complex disaster situation, posing challenges to claims cost management and control and stable underwriting profitability. In the second half of the year, with the arrival of the domestic flood season, related claims processing and risk management will face further pressure. In terms of life insurance, with declining government bond yields, the pressure remains significant for asset returns to cover liability costs, and the risk of interest rate spread loss remains a concern.

The Group will continue to pay close attention to risk management in its insurance operations, accelerate the development of a catastrophe insurance protection system, and significantly enhance risk reduction services capabilities and service levels. The Group will establish a mechanism linking the pre-set interest rates of insurance products to market rates with dynamic adjustments, reasonably control liability costs, enhance the forward-looking nature of liability cost management, and continuously strengthen risk prevention in key areas and risk monitoring for core businesses, and manage and respond to risks in a more proactive and forward-looking manner.

V. RISK MANAGEMENT

(I) Risk Management Organizational Framework and Operational Model

The Group has established an integrated vertical and horizontal risk management framework within its system. Vertically, the risk management framework spans the Board, operating management and functional departments, covering all business segments and branches. Horizontally, the “three lines of defense” in risk management collaborate according to their respective functional responsibilities. Under this integrated vertical and horizontal risk management structure, the Group continuously optimizes its risk management system, enhances risk management capabilities, organizes risk assessments, and ensures the effectiveness of risk management implementation. Within the framework of the Group’s unified risk management system, each subsidiary establishes corresponding risk governance mechanisms and risk management systems according to the Group’s risk management policies and relevant management requirements.

(II) System and Mechanism of Risk Management

The Group has established a risk management system consisting of three levels, including the basic risk management system, special risk and special work system, practical regulations and operating rules, and has established a complete set of risk management and control mechanisms covering the entire risk management process, including risk policy formulation, responsibility implementation, comprehensive coordination, monitoring, identification, analysis, evaluation and reporting, risk screening, supervision and inspection, emergency and risk disposal, risk performance assessment and risk accountability. In the first half of 2025, the Group continued to strengthen the construction of risk management system, continued to promote the Group's comprehensive risk management to vertically advance, to extend to the grassroots level, and to form a comprehensive, sustainable and effective risk management system.

(III) Key Methods and Procedures of Risk Management

The Group has established a complete set of relatively mature risk management processes and mechanisms, which is conducive to ensuring the effectiveness of risk management. In the first half of 2025, the Group continued to optimize the tools and methods of risk management, constantly improved the whole process of risk identification, evaluation, analysis and reporting, and enhanced the efficiency of risk management.

In terms of risk environment construction, the Group continuously optimized its risk appetite management. In the first half of 2025, the Group formulated the "2025 Risk Appetite Statement" based on internal and external conditions, actual circumstances for the current year, and the risk appetite execution of previous year. The Group optimized the stress testing models and threshold settings in response to economic trends and capital market shifts, and communicated the adjustments to each subsidiary.

In terms of the risk management informatization, the Group continued to strengthen the application of intelligent risk control tools such as big data and artificial intelligence, strengthened the empowerment of technology on risk control field, and promoted the transformation of risk control from "manual defense" to "technical defense" and "intelligent control". The Group has launched and promoted the operation of an intelligent risk control platform. Through the application of intelligent technology, the Group strengthened automated risk scanning and comprehensive investigations, carried out early risk warnings, strengthened risk monitoring and multi-dimensional display of risk status, promoted the advancement of risk management and control, and effectively enhanced the foresight and proactive level of risk management.

Management Discussion and Analysis

In terms of risk monitoring and screening, the Group routinely conducted risk monitoring and screening activities, established risk monitoring and early warning mechanisms with different frequencies such as daily, weekly, monthly, quarterly and annually. The Group thoroughly investigated the causes of indicator deviations, issued risk warnings and alerts to relevant member companies, and promoted the implementation and execution of corrective measures. The Group dynamically tracked risk changes in key sectors, core businesses, and significant risk matters, strengthened identification and early warning of emerging and trend-based risk vulnerabilities, promoted the establishment of early-stage risk constraint mechanisms. The Group established a risk screening mechanism that combines regular screenings and targeted screenings of key risk areas. Based on market risk monitoring and changes in the operating environment, the Group conducted regular and targeted risk screening of investment assets and insurance businesses, and effectively prevented associated risks.

In terms of comprehensive risk assessment, the Group regularly conducted comprehensive risk assessment throughout the Group, and evaluated the construction of the Group's risk management system, the actual risk situation and the effectiveness of risk management, so as to ensure the effectiveness of the implementation of risk management. In the first half of 2025, the Group's management continued to organize and lead comprehensive risk assessment, conducted an interim risk assessment to perform thorough analysis and evaluation of risks, and reported the findings to the Risk Management & Consumers' Rights and Interests Protection Committee under the Board of Directors.

(IV) Major Risk Assessment Analysis

In the first year of 2025, the Group has sufficient solvency, the risk preference was implemented well in general, the matching of benefits and costs was improved, each of the risk management work was progressed steadily, and the implementation of each of the risk management measures was forceful and effective. In terms of specialized risks, the Group strictly implemented relevant requirements, and managed the four unique risks and seven specialized risks of the Group.

1. *Unique risks of the Group*

The unique risks of the Group include four aspects: risk contagion, organisational opacity risk, concentration risk and non-insurance field risk.

In terms of risk contagion, the Group continued to strengthen the daily management of related party transactions and internal transactions in accordance with each of the regulatory provisions on related party transactions and the Group's rules and regulations. All related party transactions and internal transactions within the Group were based on genuine business backgrounds, and their pricing did not deviate from the prices or charge standards of independent third parties in the market, and complied with the requirement of fairness. In terms of firewalls, the Group continuously improved management measures and work mechanisms in the areas of legal persons, finance and capital, business, information, personnel and outsourcing.

In terms of the organisational opacity risk, the Group continued to optimize the set-up of functional institutions, fully identified and evaluated the organisational opacity risk of each of its subsidiaries, regularly evaluated its equity structure, management structure, operational processes, business types, etc., and reported the evaluation and management of organisational opacity risk to the senior management and the Risk Management & Consumers' Rights and Interests Protection Committee under the Board of Directors semi-annually.

In terms of concentration risk, the Group attached great importance to the prevention and control of concentration risk, continued to improve the construction of the concentration risk management and control system and mechanism, constantly strengthened the concentration risk management and control from four aspects of counterparties, industries, customers and businesses, prevented the aggregation of risks at the Group level, regularly organized and conducted concentration risk assessments and indicator limit monitoring work, and continuously strengthened concentration risk management and control.

In terms of non-insurance field, the Group continued to strengthen risk management in the non-insurance field, formulated management measures for non-insurance subsidiaries, equity management measures for non-insurance subsidiaries and relevant systems, and prevented the business activities of non-insurance member companies from having adverse impact on the solvency of the Group and insurance member companies. The Group supervised non-insurance member companies to strengthen the internal control management and post-investment risk management work, continuously enhanced the Group's management and control level, and promoted effective risk isolation. The Group continued to carry out risk monitoring and regular reporting work, strengthened dynamic risk monitoring and control of non-insurance member companies, enhanced the foresight of risk prevention, and continuously enhanced the timeliness and effectiveness of risk management and control.

2. *Specialized risks*

In terms of strategic risk, in the first half of 2025, in the face of multiple challenges such as the transformation of old and new driving forces, the declining interest rates and fluctuations in the capital market, the Group strengthened the co-ordination and scheduling, implemented process management with high-quality operational analysis, and continuously enhanced management level, achieving stable and improving operating results. Moreover, the Group actively paid attention to the match between its strategies and the market environment, effectively seized favorable conditions in the macroeconomy and industry development, researched and formulated further deepening reform plans, promoted digital transformation, and shaped new drivers for high quality development.

In terms of insurance risk, with a focus on the key businesses of each subsidiary, the Group constantly deepened the liability-side coordinated management, and continued to promote actuarial management of its products, catastrophic risk management and control and insurance risk monitoring. In the first half of 2025, the implementation of insurance risk indicators of major subsidiaries was relatively stable, the combined ratio was effectively controlled, the lapse rate remained at a relatively low level, and the persistency ratio of premiums improved.

In terms of market risk, the Group closely monitored the macroeconomic situation and changes in the domestic and overseas capital markets, constantly strengthened the tracking, monitoring, analysis and research on the market risk exposure of investment business, optimized the allocation of major assets, regularly conducted risk assessments and stress tests, adjusted the allocation strategy according to changes in the market in a timely manner, and researched and developed new tools for monitoring and early warning of stock investment risks to enhance the effectiveness of monitoring and early warning. In the first half of 2025, the value of the listed equity investment assets held by the Group recovered, and the returns on domestic and foreign fixed income investment assets remained stable.

In terms of credit risk, the Group continued to strengthen credit risk management and control, increased the management of premiums receivables and reinsurance counterparties of insurance subsidiaries, and enhanced the evaluation and monitoring level of investment credit risk. In respect of investment business, the Group continuously paid attention to the changes in the credit market environment, improved the guarantee of main responsibility of subsidiaries, credit risk monitoring and warnings, and strengthened the post-investment management of investment projects. In the first half of 2025, the premiums receivables of insurance subsidiaries decreased year-on-year, and the credit ratings of reinsurance counterparties were in compliance with regulatory requirements and relevant internal regulations of the Company. No investment credit risk events have occurred.

In terms of liquidity risk, the Group continued to strengthen the liquidity management of the Group and its subsidiaries, increased liquidity risk monitoring and analysis, strengthened cash flow monitoring and early warning, and urged subsidiaries to formulate management plans and countermeasures for risk points and problems identified during monitoring, to enhance liquidity risk management level, provide proper early warning and prevention of liquidity risks, and maintain a reasonable and moderate liquidity level. In the first half of 2025, the Group did not experience any major liquidity risk events as a whole, and the liquidity risk was controllable.

In terms of operational risk, in accordance with the principles of prudence, comprehensiveness, compatibility and effectiveness, the Group constantly improved the operational risk management system and mechanism, continuously optimized operational risk management processes and methods, and strengthened the use of the three major basic tools for operational risk, thereby continuously strengthening its operational risk management capabilities.

In terms of reputational risk, the Group implemented full process management of reputational risk, continuously carried out 7×24-hour public opinion monitoring, constantly improved the reputational risk management system, continuously optimized the normalized monitoring and early warning mechanism for sensitive public opinions, and strived to enhance the quality and efficiency of public opinion handling. In the first half of 2025, the reputational risk of the Group remained stable in general, and no significant reputational events occurred, effectively maintaining the Group's brand and reputation in the industry.

VI. BORROWINGS

In addition to the capital supplementary bonds issued by the Group and the business sold under agreements to repurchase involved in the investment business, the Group had bank borrowings of RMB327 million as of 30 June 2025. Details of the capital supplementary bonds are set out in note 21 to the consolidated financial statements of this report.

Embedded Value

Our consolidated financial statements set forth in our interim report are prepared in accordance with the relevant accounting standards. These financial statements measure our results of operations for a specific time period. An alternative method of measuring the value and profitability of a life or health insurance company is the embedded value method. Embedded value is an estimate of the economic value of the life and health insurance businesses of an insurance company that is determined based on a particular set of assumptions and a valuation model-based forecast of future distributable profits, excluding any value attributable to any future new business. While, under the relevant accounting standards, there is a time lag between the sale of policies and the recognition of profits, embedded value recognizes the contribution of future profits from existing policies as at the date of the embedded value calculation. Since life and health insurance policies usually extend over more than one fiscal year, embedded value is a technique that attempts to quantify the total financial impact of these policies, including the impact in future fiscal years, in order to provide an alternative assessment of potential shareholder value.

Embedded value does not include the economic value of future new business. The value of half year's new business provides an indication of the value created for investors by new business activity based on the assumptions used and hence the potential of the business.

Ernst & Young (China) Advisory Limited, independent consulting actuaries, have prepared actuarial consultants' review reports on the estimates of the embedded value of PICC Life and PICC Health, respectively, as at 30 June 2025, and the value of half year's new business of PICC Life and PICC Health, respectively, in respect of our new life and health insurance businesses written for the 6 months ended 30 June 2025, on a range of assumptions. Copies of consulting actuaries' review reports are included in our interim report. These reports do not constitute an audit opinion of the financial information used in the report.

The value of in-force business and the value of half year's new business in respect of new life and health insurance businesses have been calculated using a valuation model under a range of assumptions. Given the uncertainties associated with the future investment environment and future business operations, you should carefully consider the range of values arising from the sensitivity analysis, which reflect the impact of different assumptions on these values. Moreover, the values do not necessarily include the full range of potential outcomes.

The estimates of value of in-force business and the value of half year's new business necessarily make numerous assumptions with respect to industry performance, business and economic conditions, investment returns, reserving standards, taxation, life expectancy and other matters, many of which are beyond our control. As a result, actual future experience may vary from that assumed in the calculation, and these variations may be material. Calculated values will vary, possibly materially, as key assumptions are varied. Moreover, as actual market value is determined by investors based on a variety of information available to them, these calculated values should not be construed as a direct reflection of actual market value. Furthermore, in the current environment of the PRC market, material uncertainty exists with respect to asset valuations, which may have material impact on the embedded value.

INDEPENDENT ACTUARIES REVIEW OPINION REPORT ON EMBEDDED VALUE OF PICC LIFE

Ernst & Young (China) Advisory Limited ("EY", "we" or "our") has been entrusted by PICC Life Insurance Company Limited ("PICC Life", the "company") to review its valuation of embedded value as at 30 June 2025. This report is prepared and to be enclosed in the 2025 interim report of the People's Insurance Company (Group) of China Limited. It summarizes EY's work scope, the valuation methodology of the embedded value, valuation results and assumptions on which the valuation depends.

SCOPE OF WORK

Our scope of work covered:

- Review the valuation methodology for the embedded value and the value of half year's new business as at 30 June 2025;
- Review the assumptions used in the valuation of embedded value and value of half year's new business as at 30 June 2025;
- Review the various valuation results of the embedded value as at 30 June 2025, i.e. the embedded value, value of half year's new business and the sensitivity tests results of value of in-force business and value of half year's new business under alternative assumptions;
- Review the breakdown of value of half year's new business as at 30 June 2025 by distribution channels.

BASIS OF OPINION, RELIANCE AND LIMITATION

We carried out our review in accordance with the *Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance* ("Valuation Guidance") issued by the China Association of Actuaries ("CAA") in November 2016.

Embedded Value

In the process of performing review and preparing this report, we relied on the accuracy and completeness of audited and unaudited data and information provided by PICC Life without independent verification. Where possible, we have reviewed the reasonableness and consistency of the data based on our understanding of insurance industry and PICC Life. Our review opinion herein this report is based on the accuracy and completeness of the data and information provided by PICC Life.

The calculation of embedded value involves expectations and assumptions regarding future experience to a great extent in terms of business operating performance, investment performance, and other economic and financial assumptions, many of which are beyond the company's control. Therefore, the actual results of operation in the future may deviate from the valuation results.

This report is addressed solely to PICC Life in accordance with the engagement letter signed by PICC Life and us. We have agreed that PICC Life provides the review opinion report to the People's Insurance Company (Group) of China Limited to be disclosed in its 2025 interim report. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than PICC Life for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

REVIEW OPINION

Based on our review, we concluded that:

- The valuation methodology for embedded value adopted by PICC Life meets the requirements of the *Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance* issued by China Association of Actuaries in November 2016;
- The economic assumptions adopted by PICC Life have taken into account the current investment market conditions and the investment strategy of PICC Life;
- The operating assumptions adopted by PICC Life have taken into account the company's historical experience and the expectation of future performance;
- The embedded value results are consistent with its methodology and assumptions used. The aggregate results are reasonable.

On behalf of Ernst & Young (China) Advisory Limited

Zhenping Fu

FSA, FCAA

Jia Zhang

FSA, FCAA

30 JUNE 2025 EMBEDDED VALUE REPORT OF PICC LIFE INSURANCE COMPANY LIMITED

1. DEFINITION AND METHODOLOGY

1.1. Definition

A number of specific terms are used in this report. They are defined as follows:

- **Embedded Value ("EV"):** this is the sum of the adjusted net worth and value of in-force business as at the valuation date;
- **Adjusted Net Worth ("ANW"):** this is the fair value of the assets attributable to shareholders in excess of liabilities of the business as at the valuation date;
- **Value of In-Force Business ("VIF"):** this is the present value of future cash flows attributable to shareholders arising from the in-force business and the corresponding assets as at the valuation date. The assets contributing to the cash flows are those supporting the corresponding liabilities of in-force business;
- **Cost of Required Capital ("CoC"):** this is defined as the amount of capital required from shareholders at the valuation date and the present value of future movements of such capital (end of period value less start of period value), and the calculation should take into account the after-tax investment earnings on the assets backing such required capital;
- **Value of Half year's New Business ("VHNB"):** this is equal to the present value as at the policy issue dates of the future cash flows from the policies

issued in the specified half year period and the corresponding assets. The assets contributing to the cash flows are those supporting the corresponding liabilities of new policies. The value associated with top-up premium not expected from the in-force business is included in the value of half year's new business.

1.2. Methodology

China Association of Actuaries ("CAA") issued "Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance" in November 2016. PICC Life has determined the embedded value and the value of half year's new business based on "Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance".

PICC Life has adopted the commonly used embedded value approach in the industry. Both value of in-force business and value of half year's new business are calculated using the deterministic discounted cash flow method. Such approach is commonly used in the embedded value and value of new business calculated by the insurance companies listed in mainland China and Hong Kong. This approach does not directly calculate the costs of options and guarantees provided to policyholders; instead, it implicitly allows for the time value of options and guarantees and the uncertainty in achieving the projected future profits by risk discount rate.

2. RESULTS SUMMARY

In this section PICC Life has shown the results of this year as well as those of last year for comparison purpose.

Embedded Value

2.1. Overall Results

Table 2.1.1 Embedded Value of PICC Life as at 30 June 2025 and 31 December 2024 (Unit: RMB Million)

	30/6/2025	31/12/2024
Risk Discount Rate	8.5%	8.5%
Adjusted Net Worth	103,921	97,494
Value of In-Force Business before CoC	52,323	45,898
Cost of Required Capital	(25,684)	(23,662)
Value of In-Force Business after CoC	26,639	22,237
Embedded Value	130,561	119,731

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

Table 2.1.2 Value of Half year's New Business of PICC Life as at 30 June 2025 and 30 June 2024 (Unit: RMB Million)

	30/6/2025	30/6/2025 (Before Adjustment)	30/6/2024
Risk Discount Rate	8.5%	9.0%	9.0%
Value of Half year's New Business before CoC	6,499	8,421	5,691
Cost of Required Capital	(1,520)	(1,663)	(1,756)
Value of Half year's New Business after CoC	4,978	6,757	3,935

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 is recalculated based on the investment and risk discount rate assumptions as at 30 June 2024 while the other assumptions remain unchanged.

2.2. Results by Distribution Channels

The results of the value of half year's new business by distribution channel as at 30 June 2025 and 30 June 2024 are summarized in the table below.

Table 2.2.1 Value of Half year's New Business of PICC Life as at 30 June 2025 and 30 June 2024 by Distribution Channel (Unit: RMB Million)

Distribution Channel	Risk Discount Rate	Bancassurance	Individual insurance agent	Group sales	Total
Value of Half year's New Business after CoC (2025)	8.5%	2,924	2,048	7	4,978
Value of Half year's New Business after CoC (2025 Before Adjustment)	9.0%	4,017	2,717	23	6,757
Value of Half year's New Business after CoC (2024)	9.0%	1,934	1,968	33	3,935

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 is recalculated based on the investment and risk discount rate assumptions as at 30 June 2024 while the other assumptions remain unchanged.

3. ASSUMPTIONS

The assumptions below are used for the valuation of the embedded value and value of half year's new business as at 30 June 2025.

3.1. Risk Discount Rate

An 8.5% risk discount rate has been used to calculate the embedded value and value of half year's new business.

3.2. Rate of Investment Return

A 4% p.a. investment return assumption has been used.

3.3. Policy Dividend

The expected level of participating policy dividend is based on the participating policy of PICC Life. The impact on the value of in-force business and value of half year's new business, which may be caused by the change in the level of participating policy dividend, is listed in the sensitivity test results.

3.4. Mortality and Morbidity

The assumptions on mortality and morbidity are set with due consideration of the prevailing experience of the industry, PICC Life's own experience and reasonable expectation on future, and the reinsurance rates obtained by PICC Life.

3.5. Claim Ratio

The claim ratio assumptions are applied to the short-term health, short-term accident and long-term guaranteed renewable health business. The claim ratio assumptions are set based on PICC Life's own experience. They are in the range from 40% to 90% of gross premium depending on the lines of business.

3.6. Lapse Rates

Lapse rate assumptions are based on PICC Life's own lapse experience and expectation of future experience. These assumptions vary by product line, payment mode and policy year. As the terms and conditions of the universal life business allow flexibility in premium payment, premium persistency assumptions are also set for regular premium universal life business.

3.7. Expenses and Commissions

Expense assumptions are set based on the operating experience, expense management approach and the expected future expense level of PICC Life. It is assumed that the future inflation rate is 2% p.a..

Commission assumptions are set based on overall commission level of PICC Life and vary by business lines.

3.8. Tax

The corporate income tax rate is assumed to be 25% of the taxable income. Income on government bonds other than capital gains/losses, dividend income from direct equity interest in domestic corporations and mutual funds are currently exempt from income tax.

4. SENSITIVITY TESTS

PICC Life has conducted sensitivity tests on the value of in-force business and value of half year's new business. In each of these 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 are summarized in Table 4.1.

Table 4.1 Value of In-Force Business and Value of Half year's New Business of PICC Life as at 30 June 2025 under Alternative Assumptions (Unit: RMB Million)

Scenarios	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 rate increased by 10%	26,859	4,919
Lapse rate 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%.

INDEPENDENT ACTUARIES REVIEW OPINION REPORT ON EMBEDDED VALUE OF PICC HEALTH

Ernst & Young (China) Advisory Limited (“EY”, “we” or “our”) has been entrusted by PICC Health Insurance Company Limited (“PICC Health”, the “company”) to review its valuation of embedded value as at 30 June 2025. This report is prepared and to be enclosed in the 2025 interim report of the People’s Insurance Company (Group) of China Limited. It summarises EY’s work scope, the valuation methodology of the embedded value, valuation results and assumptions on which the valuation depends.

SCOPE OF WORK

Our scope of work covered:

- Review the valuation methodology for the embedded value and the value of half year’s new business as at 30 June 2025;
- Review the assumptions used in the valuation of embedded value and value of half year’s new business as at 30 June 2025;
- Review the various valuation results of the embedded value as at 30 June 2025, i.e. the embedded value, value of half year’s new business and the sensitivity tests results of value of in-force business and value of half year’s new business under alternative assumptions;

- Review the breakdown of value of half year’s new business as at 30 June 2025 by distribution channels.

BASIS OF OPINION, RELIANCE AND LIMITATION

We carried out our review in accordance with the *Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance* (“Valuation Guidance”) issued by the China Association of Actuaries (“CAA”) in November 2016.

In the process of performing review and preparing this report, we relied on the accuracy and completeness of audited and unaudited data and information provided by PICC Health without independent verification. Where possible, we have reviewed the reasonableness and consistency of the data based on our understanding of insurance industry and PICC Health. Our review opinion herein this report is based on the accuracy and completeness of the data and information provided by PICC Health.

Embedded Value

The calculation of embedded value involves expectations and assumptions regarding future experience to a great extent in terms of business operating performance, investment performance, and other economic and financial assumptions, many of which are beyond the company's control. Therefore, the actual results of operation in the future may deviate from the valuation results.

This report is addressed solely to PICC Health in accordance with the engagement letter signed by PICC Health and us. We have agreed that PICC Health provides the review opinion report to the People's Insurance Company (Group) of China Limited to be disclosed in its 2025 interim report. To the fullest extent permitted by applicable law, we do not accept or assume any responsibility, duty of care or liability to anyone other than PICC Health for or in connection with our review work, the opinions we have formed, or for any statement set forth in this report.

REVIEW OPINION

Based on our review, we concluded that:

- The valuation methodology for embedded value adopted by PICC Health meets the requirements of the *Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance* issued by China Association of Actuaries in November 2016;
- The economic assumptions adopted by PICC Health have taken into account the current investment market conditions and the investment strategy of PICC Health;
- The operating assumptions adopted by PICC Health have taken into account the company's historical experience and the expectation of future performance;
- The embedded value results are consistent with its methodology and assumptions used. The aggregate results are reasonable.

On behalf of Ernst & Young (China) Advisory Limited

Zhenping Fu

FSA, FCAA

Jia Zhang

FSA, FCAA

30 June 2025 EMBEDDED VALUE REPORT OF PICC HEALTH INSURANCE COMPANY LIMITED

1. DEFINITION AND METHODOLOGY

1.1. Definition

A number of specific terms are used in this report. They are defined as follows:

- **Embedded Value ("EV"):** this is the sum of the adjusted net worth and value of in-force business as at the valuation date;
- **Adjusted Net Worth ("ANW"):** this is the fair value of the assets attributable to shareholders in excess of liabilities of the business as at the valuation date;
- **Value of In-Force Business ("VIF"):** this is the present value of future cash flows attributable to shareholders arising from the in-force business and the corresponding assets as at the valuation date. The assets contributing to the cash flows are those supporting the corresponding liabilities of in-force business;
- **Cost of Required Capital ("CoC"):** this is defined as the amount of capital required from shareholders at the valuation date and the present value of future movements of such capital (end of period value less start of period value), and the calculation should take into account the after-tax investment earnings on the assets backing such required capital;

- **Value of Half year's New Business ("VHNB"):** this is equal to the present value as at the policy issue dates of the future cash flows from the policies issued in the specified half year period and the corresponding assets. The assets contributing to the cash flows are those supporting the corresponding liabilities of new policies.

1.2. Methodology

China Association of Actuaries ("CAA") issued "Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance" in November 2016. PICC Health has determined the embedded value and the value of half year's new business based on "Guidance on Actuarial Practice: Valuation of Embedded Value for Life and Health Insurance".

PICC Health has adopted the commonly used embedded value approach in the industry. Both value of in-force business and value of half year's new business are calculated using the deterministic discounted cash flow method. Such approach is commonly used in the embedded value and value of new business calculated by the insurance companies listed in mainland China and Hong Kong. This approach does not directly calculate the costs of options and guarantees provided to policyholders; instead, it implicitly allows for the time value of options and guarantees and the uncertainty in achieving the projected future profits by risk discount rate.

2. RESULTS SUMMARY

In this section PICC Health has shown the results of this year as well as those of last year for comparison purpose.

2.1. Overall Results

Table 2.1.1 Embedded Value of PICC Health as at 30 June 2025 and 31 December 2024 (Unit: RMB Million)

	30/6/2025	30/6/2025 (Before Adjustment)	31/12/2024
Risk Discount Rate	8.5%	8.5%	8.5%
Rate of Investment Return	3.5%	4.0%	4.0%
Adjusted Net Worth	15,095	15,645	12,185
Value of In-Force Business before CoC	22,189	25,274	19,315
Cost of Required Capital	(1,622)	(1,503)	(1,383)
Value of In-Force Business after CoC	20,566	23,771	17,932
Embedded Value	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 is recalculated based on the investment rate assumptions as at 31 December 2024 while the other assumptions remain unchanged.

Table 2.1.2 Value of Half year's New Business of PICC Health for the 6 months up to 30 June 2025 and 30 June 2024 (Unit: RMB Million)

	30/6/2025	30/6/2025 (Before Adjustment)	30/6/2024
Risk Discount Rate	8.5%	8.5%	9.0%
Rate of Investment Return	3.5%	4.5%	4.5%
Value of Half year's New Business before CoC	4,282	4,978	3,372
Cost of Required Capital	(446)	(409)	(347)
Value of Half year's New Business after CoC	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 is recalculated based on the investment and risk discount rate assumptions as at 30 June 2024 while the other assumptions remain unchanged.

2.2. Results by Distribution Channels

PICC Health split the value of half year's new business by distribution channel. The results of the value of half year's new business by distribution channel as at 30 June 2025 and 30 June 2024 are summarised in the table below.

Table 2.2.1 Value of Half year's New Business of PICC Health for the 6 months up to 30 June 2025 and 30 June 2024 by Distribution Channel (Unit: RMB Million)

Distribution Channel	Risk Discount Rate	Rate of Investment Return	Bancassurance	Individual insurance agent	Group sales	Total
Value of Half year's New Business after CoC (2025)	8.5%	3.5%	197	3,898	(259)	3,837
Value of Half year's New Business after CoC (2025 Before Adjustment)	9.0%	4.5%	825	3,984	(240)	4,569
Value of Half year's New Business after CoC (2024)	9.0%	4.5%	742	2,617	(334)	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 is recalculated based on the investment and risk discount rate assumptions as at 30 June 2024 while the other assumptions remain unchanged.

3. ASSUMPTIONS

The assumptions below are used for the valuation of the embedded value and value of half year's new business as at 30 June 2025.

3.1. Risk Discount Rate

A 8.5% risk discount rate has been used to calculate the embedded value and value of half year's new business.

3.2. Rate of Investment Return

A 3.5% p.a. investment return assumption has been used.

3.3. Policy Dividend

The expected level of participating policy dividend is based on the participating policy of PICC Health, whereby 70% of surplus arising from participating business is paid to policyholder. The impact on the value of in-force business and value of half year's new business, which may be caused by the change in the level of participating policy dividend, is listed in the sensitivity test results.

3.4. Mortality and Morbidity

The assumptions on mortality and morbidity are set with due consideration of the prevailing experience of the industry, PICC Health's own experience and the reinsurance rates obtained by PICC Health. Mortality assumptions are expressed as a percentage of the standard industry mortality tables: "China Life Insurance Mortality Table (2010-2013)". Morbidity assumptions are expressed as a percentage of "China Life Insurance Experienced Critical Illness Table (2020)".

Based on recent experience analysis of critical illness. PICC Health includes the long-term deterioration trends in setting of the critical illness rate.

3.5. Claim Ratio

The claim ratio assumptions are applied to the short-term health, short-term accident and long-term guaranteed renewable health business. The claim ratio assumptions are set based on PICC Health's own experience. They are in the range from 3.5% to 150% of gross premium depending on the lines of business.

3.6. Lapse Rates

Lapse rate assumptions are based on PICC Health's own lapse experience and expectation of future experience. These assumptions vary by product line, payment mode and policy year. As the terms and conditions of the universal life business allow flexibility in premium payment, premium persistency assumptions are also set for regular premium universal life business.

3.7. Expenses and Commissions

Expense assumptions are set based on the operating experience, expense management approach and the expected future expense level of PICC Health. It is assumed that the future inflation rate is 2.5% p.a..

Commission assumptions are set based on overall commission level of PICC Health and vary by business lines.

3.8. Tax

The corporate income tax rate is assumed to be 25% of the taxable income. Income on government bonds other than capital gains/losses, dividend income from direct equity interest in domestic corporations and mutual funds are currently exempt from income tax.

VAT for accident insurance and other applicable business is in compliance with the relevant tax regulation.

4. SENSITIVITY TESTS

PICC Health has conducted sensitivity tests on the value of in-force business and value of half year's new business. In each of these 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 are summarised in Table 4.1.

Table 4.1 Value of In-Force Business and Value of Half year's New Business of PICC Health as at 30 June 2025 under Alternative Assumptions (Unit: RMB Million)

Scenarios	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 rate increased by 10%	20,371	3,761
Lapse rate 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, Environmental and Social Responsibilities

I. CORPORATE GOVERNANCE

(I) Overview

The Company always abides by the relevant laws such as the Company Law and the Insurance Law, earnestly performs the relevant regulatory requirements, the Articles of Association and other regulations and systems, insists on keeping good corporate governance principles, and strives to continuously enhance the corporate governance standard to ensure the stable development of the Company and to enhance shareholders' value.

In the first half of 2025, the Company has complied with the relevant provisions of the SSE on corporate governance for listed companies and the Corporate Governance Code of Appendix C1 of the Listing Rules of the Stock Exchange, and the Company has a complete corporate governance structure. The shareholders' general meeting, the Board of Directors, the Board of Supervisors and senior management earnestly performed their respective duties pursuant to the aforesaid provisions and the Articles of Association, and operated in compliance with laws and regulatory requirements. There is no material discrepancy between the actual situation of corporate governance of the Company and the laws, regulations and the rules on the governance of listed companies of the CSRC.

During the reporting period, the Company convened two shareholders' general meetings, four meetings of the Board of Directors and four meetings of the Board of Supervisors. In accordance with regulatory requirements, the announcements concerning the resolutions adopted at the above meetings were published on the website of the SSE, the website of the Hong Kong Stock Exchange and relevant information disclosure media.

There are five special committees under the Board of Directors, namely the Audit Committee, the Nomination and Remuneration Committee, the Strategy and Investment Committee, the Related Party Transactions Control Committee and the Risk Management & Consumers' Rights and Interests Protection Committee. Each committee provides advice and suggestions to the Board of Directors with respect to the matters within their scopes of responsibilities respectively. The duties and operation process of the special committees are explicitly stipulated in the terms of reference of each committee. During the reporting period, the Audit Committee convened four meetings, the Nomination and Remuneration Committee convened three meetings, the Strategy and Investment Committee convened three meetings, the Related Party Transactions Control Committee convened three meetings, and the Risk Management & Consumers' Rights and Interests Protection Committee convened four meetings.

There are two special committees under the Board of Supervisors, namely the Duty Performance and Due Diligence Supervision Committee, and the Financial and Internal Control Supervision Committee. During the reporting period, the special committees of the Board of Supervisors convened four meetings.

(II) Changes in Directors, Supervisors and Senior Management

As at the date of this report, 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.

As at the date of this report, the independent Supervisor of the Company is Ms. Starry Lee Wai King, and the employee representative Supervisors are Mr. Wang Yadong and Mr. He Zuwang.

On 7 February 2025, Mr. Gao Pingyang obtained the approval of his qualification from the NFRA, and officially assumed the positions as an independent non-executive Director, a member of the Nomination and Remuneration Committee and a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors of the Company. On the same day, Mr. Ko Wing Man ceased to serve as an independent non-executive Director of the Company. On 3 March 2025, due to the work adjustments, Mr. Li Zhuyong resigned from his positions as an executive Director, vice president, the chairman of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors, a member of the Related Party Transactions Control Committee of the Board of Directors, the responsible compliance officer and the chief risk officer of the Company. On 27 March 2025, Mr. Miao Fusheng resigned as a non-executive Director, a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors and a member of the Nomination and Remuneration Committee of the Board of Directors of the Company due to his age. Before the new Director formally assumes duties, Mr. Miao Fusheng will continue to perform the duties. On 27 March 2025, the Company held the eighth meeting of the fifth session of the Board of Directors, to elect Mr. Xu Xiang as a candidate for non-executive Director of the fifth session of the Board of Directors of the Company, and elect Mr. Jia Ruo and Ms. Yeung Cheung Ying as candidates for independent non-executive Directors of the fifth session of the Board of Directors of the Company. On 29 April 2025, the shareholders' general meeting approved the Proposal on Election of Mr. Xu Xiang as a Candidate for a Non-executive Director of the Fifth Session of the Board of Directors of the Company, the Proposal on Election of Mr. Jia Ruo as a Candidate for an Independent Non-executive Director of the Fifth Session of the Board of Directors of the Company and the Proposal on Election of Ms. Yeung Cheung Ying as a Candidate for an Independent Non-executive Director of the Fifth Session of the Board of Directors of the Company. The term of office shall commence on the date on which his/her qualification for appointment as a Director is approved by the NFRA, and shall end upon the expiry of the term of office of the fifth session of the Board of Directors of the Company. Before the new independent non-executive Director formally assumes duties, Mr. Shiu Sin Por, an independent non-executive Director, will continue to perform his duties in accordance with the requirements of laws and regulations. On 1 July 2025, Mr. Wang Qingjian resigned as a non-executive Director, a member of the Strategy and Investment Committee of the Board of Directors and a member of the Audit Committee of the Board of Directors of the Company due to his age. On the same day, Mr. Miao Fusheng also ceased to perform his duties.

On 29 April 2025, the Board of Directors elected Mr. Tian Geng as the vice president of the Company, with his term of office commencing on the date on which his qualification is approved by the NFRA. On 4 July 2025, Mr. Tian Geng obtained the approval of his qualification from the NFRA.

Corporate Governance, Environmental and Social Responsibilities

Save as disclosed above, the Company is not aware of other changes in the Directors', the Supervisors' or the senior management's biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules of the Stock Exchange since the publication of the 2024 annual report of the Company and up to the date of this report.

(III) Share Incentive Scheme, Employee Share Ownership Scheme or Other Employee Incentive Measures of the Company and Their Impacts

During the reporting period, the Company did not implement any share incentive scheme, employee share ownership scheme or other employee incentive measures.

(IV) Interim Dividend

The Board of Directors proposed the distribution of an interim dividend of RMB0.75 (tax inclusive) per 10 shares 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 by the Company 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.

II. MOVEMENTS IN ORDINARY SHARES AND SHAREHOLDERS

(I) Movements in Share Capital

During the reporting period, there was no change in the total number of shares and the share capital structure of the Company.

(II) Shareholders

1. Total Number of shareholders

Total number of ordinary shareholders as of the end of the reporting period (Shareholder)	A shares: 125,534 H shares: 4,881
Total number of preferred shareholders with restored voting rights as of the end of the reporting period (Shareholder)	Not applicable

2. Shareholdings of the top ten shareholders and top ten shareholders of circulating shares (or shareholders not subject to selling restrictions) as of the end of the reporting period

Unit: Share

Shareholdings of the Top Ten Shareholders (Excluding the Lending Shares through Refinancing)							
Name of shareholder	Increase/decrease during the reporting period	Number of shares held as at the end of the period	Proportion (%)	Number of shares held subject to selling restrictions	Pledged, marked or frozen shares		Nature of shareholder
					Status of the shares	Number	
MOF	–	26,906,570,608	60.84	–	–	–	The State
HKSCC Nominees Limited	676,850	8,705,830,403	19.69	–	Unknown	–	Foreign legal person
SSF	–	5,605,582,779	12.68	–	–	–	The State
Hong Kong Securities Clearing Company Limited	-19,145,730	349,882,951	0.79	–	–	–	Foreign legal person
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	1,881,200	56,962,025	0.13	–	–	–	Others
National Social Security Fund Portfolio 108	52,117,306	52,117,306	0.12	–	–	–	Others
Kong Fengquan	–	50,957,185	0.12	–	–	–	Domestic natural person
China Construction Bank Corporation – E Fund CSI 300 Traded Open-ended Index Initiated Securities Investment Fund	2,523,800	40,560,000	0.09	–	–	–	Others
Fullgoal Fund – China Life Insurance Company Limited – Traditional Insurance – Fullgoal Fund National Life Shares Growth Equity Traditional Available-for-Sale Single Asset Management Plan	39,585,190	39,585,190	0.09	–	–	–	Others
China Construction Bank Corporation – Yinhua Wealth Theme Hybrid Securities Investment Fund	12,399,700	32,399,700	0.07	–	–	–	Others

Corporate Governance, Environmental and Social Responsibilities

Unit: Share

Shareholdings of the Top Ten Shareholders Not Subject to Selling Restrictions (Excluding the Lending Shares through Refinancing and Lock-up Shares of Senior Management)			
Name of shareholder	Number of shares held not subject to selling restrictions	Class and number of shares	
		Class	Number
MOF	26,906,570,608	A shares	26,906,570,608
HKSCC Nominees Limited	8,705,830,403	H shares	8,705,830,403
SSF	5,605,582,779	A shares	5,605,582,779
Hong Kong Securities Clearing Company Limited	349,882,951	A shares	349,882,951
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	56,962,025	A shares	56,962,025
National Social Security Fund Portfolio 108	52,117,306	A shares	52,117,306
Kong Fengquan	50,957,185	A shares	50,957,185
China Construction Bank Corporation – E Fund CSI 300 Traded Open-ended Index Initiated Securities Investment Fund	40,560,000	A shares	40,560,000
Fullgoal Fund – China Life Insurance Company Limited – Traditional Insurance – Fullgoal Fund National Life Shares Growth Equity Traditional Available-for-Sale Single Asset Management Plan	39,585,190	A shares	39,585,190
China Construction Bank Corporation – Yinhua Wealth Theme Hybrid Securities Investment Fund	32,399,700	A shares	32,399,700
Details of securities account designated for share repurchase of the top ten shareholders	Not applicable		
Details of the abovementioned shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights	Not applicable		
Details of the above shareholders who are connected to each other or acting in concert	The Company is not aware of any connected relationship among the above shareholders or any parties acting in concert as defined by the Measures for the Administration of the Takeover of Listed Companies		
Details of preferred shareholders with restored voting rights and the number of shares held by them	Not applicable		

Notes:

1. All shares of the Company are tradable shares.
2. HKSCC Nominees Limited holds shares on behalf of securities firm customers in Hong Kong and other CCASS participants. Relevant regulations of the Hong Kong Stock Exchange do not require such persons to declare whether their shareholdings are pledged, marked or frozen. Hence, HKSCC Nominees Limited is unable to calculate or provide the number of shares that are pledged, marked or frozen.
3. The shares under Hong Kong Securities Clearing Company Limited are held by the shareholders of the Shanghai Stock Connect.

3. *Participation of shareholders holding more than 5% of the shares, the top ten shareholders and the top ten shareholders not subject to selling restrictions in the lending of shares through refinancing business*

During the reporting period, the Company had none of the above.

4. *Changes in the top ten shareholders and the top ten shareholders not subject to selling restrictions compared to the previous period due to reasons related to lending/repayment through refinancing*

During the reporting period, the Company had none of the above.

(III) Changes in Controlling Shareholder

During the reporting period, there was no change in the controlling shareholder of the Company.

(IV) Interests and Short Positions Required to be Disclosed by Shareholders under the Securities and Futures Ordinance

As far as the Directors of the Company are aware, as at 30 June 2025, the following shareholders (other than the Directors, Supervisors and senior management of the Company) had an interest or short position in the shares or underlying shares of the Company which is required to be disclosed to the Company pursuant to Sections 2 and 3 of Part XV of the Securities and Futures Ordinance, or is required to be recorded in the register to be kept by the Company under Section 336 of the Securities and Futures Ordinance:

Corporate Governance, Environmental and Social Responsibilities

Unit: Share, except for percentages

Name of shareholder	Capacity	Number of A shares	Nature of interests	Percentage of total issued A shares	Percentage of total issued shares
MOF	Beneficial owner	26,906,570,608	Long position	75.80%	60.84%
SSF	Beneficial owner	5,605,582,779	Long position	15.79%	12.68%

Unit: Share, except for percentages

Name of shareholder	Capacity	Number of H shares	Nature of interests	Percentage of total issued H shares	Percentage of total issued shares
JPMorgan Chase & Co.	Beneficial owner	62,916,473	Long position	0.72%	0.14%
	Beneficial owner	50,390,885	Short position	0.58%	0.11%
	Investment manager	268,889,577	Long position	3.08%	0.61%
	Person having a security interest in shares	9,184,530	Long position	0.11%	0.02%
	Approved lending agent	372,134,193	Long position	4.26%	0.84%
BlackRock, Inc. ^{Note}	Interest of controlled corporation	514,373,356	Long position	5.89%	1.16%
		60,790,000	Short position	0.70%	0.14%

Note: The Company's H shares are held through its certain controlled subsidiaries.

Save as disclosed above, as at 30 June 2025, the Company is not aware of any other shareholders having any interest or short positions in the shares or underlying shares of the Company, that is required to be recorded in the register to be kept under Section 336 of the Securities and Futures Ordinance.

(V) Changes in Shareholdings of Directors, Supervisors and Senior Management

During the reporting period, none of the Directors, Supervisors and senior management of the Company holds shares in the Company.

III. Environmental and Social Responsibilities

I. ENVIRONMENTAL INFORMATION

PICC actively devotes into the national green development strategy, continues to improve the green financial system and mechanism, expands the supply of green insurance products and services, increases support for green investment, and strives to promote green and low-carbon operations. In 2025, the Group's MSCI ESG rating is upgraded by 3 consecutive levels to AA, reaching the highest rating level among domestic insurance companies and entering the world's first-class ranks.

1. Continued to Strengthen Green Finance and ESG Management

The Group promoted the top-level design of green finance and ESG management, formulated and issued the Work Plan for High-quality Development of Green Finance of PICC Group and the Key Work of Green Finance and ESG of PICC Group in 2025, clearly put forward the work requirements for the development of green insurance, the implementation of green investment, the promotion of green operation and the strengthening of stakeholders' management, and incorporate sustainable development-related risks and opportunities into the overall layout of the Group's green finance and ESG work. The Group strived to create professional management tools, researched and developed and launched the green finance and ESG management system, continued to promote the function upgrading of the system, consolidated the management foundation of ESG issues on basis of the system, and optimized sustainable information disclosure.

2. Enhanced Green Finance Risk Management

On the underwriting side, the Company organized ESG risk assessment system training and orderly promoted the implementation work of ESG risk assessment pilot insurance types of subsidiaries. The Group strengthened actuarial management work related to climate risks, strengthened research related to climate risks, studied and promoted the introduction of climate risk factors into pricing models and actuarial evaluation models of traditional products, and pushed ahead the application of relevant climate risk research results in actuarial management work. **On the investment side,** the Group applied a unified credit rating model, included important ESG risk factors in rating analysis of enterprises, continued to track ESG risk factors of enterprises, carried out special research on integrating ESG into credit ratings by financial peers, and formulated a work plan for the integration of ESG credit factors and credit ratings.

3. *Strengthened Operation-side Carbon Emission Management*

The Group is not a high pollution and high emission enterprise, and the main energy and resource consumption are water, electricity, gasoline, diesel and natural gas, and the main emissions are GHG emissions and exhaust gas emissions caused by energy consumption, office domestic wastewater emissions and solid waste emissions. In the first half of 2025, the Company and its subsidiaries were not found to have been subject to administrative penalties due to environmental issues during the reporting period. The Group promoted green planning, green design and green construction for various services in the buildings where headquarters are located at, continued to promote paperless office, reduced various administrative expenses, and reduced the use of printing paper by approximately 20% year-on-year in the first half of the year.

II. FULFILLMENT OF SOCIAL RESPONSIBILITIES

1. *Actively Fulfilled the Responsibilities and Missions as a Central Financial Enterprise*

PICC dedicated to implementing the “Five Priorities” on finance, focused on playing the first-class security function, continued to devote more effort in serving national strategies and supporting the economy and society. In the first half of the year, total insurance responsibility assumed was RMB1,780 trillion, representing a year-on-year increase of 6.9%, and the policyholders’ benefits and claims were RMB233.5 billion, representing a year-on-year increase of 14.3%, further demonstrating its leading role in the industry.

In terms of technology finance, the Group established the first national technology achievement and intellectual property rights authentication and evaluation center, took the lead to form the Beijing commercial aerospace insurance consortium, and launched “Science and Technology Benefit Insurance (科惠保)” targeting science and technology-based small- and medium-sized enterprises, with technology insurance premiums reaching RMB11.9 billion and providing insurance to 127,100 high-tech enterprises. The Group actively participated in the issuance and subscription of technology innovation bonds, and made breakthroughs in the raising of external funds for modern industrial funds.

In terms of green finance, the Group continued to enrich the supply system of green insurance products, strengthened product innovation and research and development in the fields of clean energy, energy-saving transformation, green technology, ecological carbon sinks, etc., built a panorama of green industry customers, and promoted the active expansion of green industry customers throughout the system; in the first half of the year, the risk protection amount of the Group’s green insurance was RMB131.6 trillion, representing a year-on-year growth of 16.3%. The Group increased investments in new energy projects, developed and reserved equity investment plan projects of State Grid Xin Yuan; in the first half of the year, the Group’s green finance investment assets were RMB140.45 billion.

In terms of inclusive finance, the Group's agricultural insurance provided risk protection of RMB1.44 trillion for 35.21 million farmers. The Group has won the highest evaluation in the targeted assistance assessment of central enterprises for seven consecutive years. The Group enriched the product and service protection for new citizens, covering 17.72 million personnel time. The Group deepened the support for the development of small, medium and micro-sized enterprises, and exclusive product "Micro-insurance Insurance (助微保)" provided risk protection of RMB79.8 billion for 230,000 small, medium and micro-sized enterprises and individual business owners.

In terms of pension finance, the Group actively participated in the construction of a multi-layer, multi-pillar pension insurance system. As of 30 June 2025, the scale of the assets under management for the second-pillar annuity of the Group 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. In the first half of 2025, the scale of the premiums for the third-pillar individual pension insurance increased by 177.4% year-on-year.

In terms of digital finance, the Group accelerated the implementation of digital planning, promoted the construction of the corporate architecture management system of the Group, and formed the Meta-model and Design Process Standards of Corporate Structure of PICC Group; coordinated and planned the Group's annual data governance work, formulated the Key Points of Data Governance Work in 2025, and gave full play to the value of data elements.

2. Committed to Public Welfare and Charity Activities

With the PICC Charity Foundation as the professional operation platform for public welfare and charity, the Group planned and carried out the 2025 "PICC Mother Health Express" health assistance public welfare project, and donated 16 vehicles of "Mother Health Express" to 4 key assistance counties including Le'an, Jiangxi Province, Liuba, Shaanxi Province, Huachuan, Heilongjiang Province and Weining, Guizhou Province, improved the health service level of grassroots women and children; with the "stomach warming project" as an important link, the Group donated kitchen equipment to 30 rural schools in Guangxi Province to effectively solve the insulation issues of students' meals in remote areas; supported the improvement of primary school conditions in Sedi Town, Hongyuan County, Sichuan Province and the construction project of maker education laboratory in Ji'an County, Jiangxi Province. The labor union of the Company promoted the construction of the "PICC Love Station", issued the implementation plan for the construction of the love station, and the labor unions of the Group and the labor unions of the subsidiaries jointly built a total of 183 love stations to provide convenient services and humanistic care for outdoor workers and special groups.

3. Consolidated and Expanded the Achievements in Poverty Alleviation and Promoted the Rural Revitalization

- (1) Strengthened the political position and resolutely implemented the central decisions and arrangements

The Group attached great importance to targeted assistance and rural revitalization, continuously strengthened its political awareness and responsibility, resolutely shouldered the political responsibility of targeted assistance, and solidly served the overall work of the country. **Held working meetings to comprehensively coordinate the arrangements.** On 3 March 2025, Mr. Zhao Peng, deputy secretary of the Party Committee and president of the Group, presided over the “Work Meeting of Serving the Deepening of Rural Reform and Promoting Comprehensive Rural Revitalization” to deeply study General Secretary Xi Jinping’s important expositions and important instructions on promoting the comprehensive rural revitalization, earnestly implement the relevant tasks and requirements of the Central Rural Work Conference and the No. 1 Central Document, and clarify that the work for the year should focus on “enhancing the supply guarantee capability of important agricultural products such as grain, consolidating and expanding the achievements of poverty alleviation, strengthening the people-enriching industries in counties, promoting rural construction and improving the rural governance system”. **Released work plans to refine task indicators.** In March 2025, the Company formulated and issued the Guiding Opinions of The People’s Insurance Company (Group) of China Limited on Further Serving and Deepening Rural Reform and Solidly Promoting Comprehensive Rural Revitalization and the Work Plan for Targeted Assistance and Boosting Rural Revitalization, and formulated a work task list to refine a total of 73 specific tasks in 5 categories, regularly supervised the work progress of key tasks, and ensured their solid and refined implementation. **Carried out grassroots research and strengthened supervision and guidance.** The Company has always adhered to conduct in-depth research and understand the actual condition of the grassroots and front-lines, and planned effective measures to solve the urgencies and difficulties of the masses. In June 2025, a team led by Ms. Ding Xiangqun, Secretary of the Party Committee and Chairperson of the Group, conducted research at Ji’an County, Jiangxi Province; and a team led by Mr. Zhao Peng, Deputy Secretary of the Party Committee and President of the Group, conducted research at Huachuan County, Heilongjiang Province. Institutions at all levels of the system have visited targeted assistance counties several times to conduct research and supervision to coordinate the resolution of various concerns.

(2) Focused on promoting implementation and solidly advanced all work tasks

The Group insisted on early and refined implementation, regularly supervised and promoted the progress of targeted assistance work, and promoted the orderly implementation of key tasks. **In terms of financial assistance**, the Group has completed the allocation of direct donation of free assistance funds, donation of insurance and the introduction of free assistance funds, and donated vehicles of “Mother Health Express” to the assistance counties and carried out educational assistance through the PICC Charity Foundation. **In terms of consumption assistance**, the Group released the Notice on Carrying out the Group’s Consumption Assistance Work in Targeted Assistance Counties in 2025, and coordinately made arrangement on specific tasks, purchasing methods and schedule of consumption assistance of the Group in 2025. The Group actively participated in a series of activities such as the Spring Festival Action for Consumption Assistance, and issued consumption assistance proposals. **In terms of temporary cadres**, the Group actively promoted the rotation of temporary cadres to ensure “no interruption and no disconnection” in work. Besides, in order to support the assistance work of two primary secretaries designated by the Group to villages, the Group allocated special assistance funds and office funds to solve the worries of temporary cadres as practicable as possible. The Power of a Seed, the PICC Group’s assistance case to Ji’an County, was selected into the CMG Rural Revitalization Observation Report; PICC gave full play to its insurance advantages to help “small industries” improve “priorities”, which was published in the regional cooperation and assistance briefing of the Ministry of Agriculture and Rural Affairs; and the new sample and typical case of consumption assistance to Hongyuan County through “Fish and Fishery (魚漁雙授)” was selected into the financial targeted assistance for rural revitalization briefing of The People’s Bank of China.

(3) Strengthened insurance protection and served to promote the comprehensive rural revitalization

The Group insisted on giving full play to the functions of insurance as an economic shock absorber and social stabilizer to help consolidate and expand the achievements of poverty alleviation and promote the comprehensive rural revitalization. **Served to guarantee national food safety.** The Group implemented the central policies of strengthening agriculture and benefiting farmers without discount, and fully implemented the policies of expanding the full cost insurance of the three major staple grains and planting income insurance to the whole country. As of the end of June 2025, agricultural insurance provided risk protection of more than RMB1.4 trillion. The Group coordinated agricultural-related insurance products to help protect cultivated land and improve the quality of the comprehensive protection model, which was selected as one of the top ten innovative models of financial support for agriculture by the Ministry of Agriculture and Rural Affairs. **Supported for upholding the bottom line of no occurrence of scale re-poverty and poverty.** The Group fully exerted the role of insurance in targeted assistance for preventing re-poverty, closely followed on the demands of households with unstable poverty alleviation, households vulnerable to poverty and households with sudden serious difficulties, and strengthened cooperation with local governments. From January to June 2025, the national re-poverty prevention and relief insurance provided risk protection of more than RMB2 trillion. **Focused on promoting the development of industries in poverty alleviation areas.** The Group adhered to the implementation of the work requirements of “consolidating, upgrading, revitalizing and adjusting (鞏固一批、升級一批、盤活一批、調整一批)”, continued to increase the intensity of industrial assistance, and strived to promote the transformation and upgrading of people-enriching industries in counties, so as to drive more people out of poverty and increase their employment and income.

Significant Events

I. MATERIAL LAWSUITS AND ARBITRATION

The Company had no material lawsuits or arbitration during the reporting period.

II. RELATED PARTY TRANSACTIONS

(I) Connected Transactions under the Regulatory Standards of the Hong Kong Stock Exchange

During the reporting period, the Company had not conducted any connected transactions or continuing connected transactions that are required to be reported, announced or obtain independent shareholders' approval in accordance with Chapter 14A "Connected Transactions" of the Listing Rules of the Stock Exchange.

(II) Related Party Transactions under the Regulatory Standards of the SSE

In accordance with the SSE Listing Rules and other regulatory requirements, the SSF constitutes a related party of the Company under the regulatory rules of the SSE. Since 2017, the SSF has entrusted PICC AMC to manage part of its assets. As of 30 June 2025, the assets under the management of PICC AMC were RMB3,338 million. During the reporting period, PICC AMC accrued assets management fee income of RMB5.9338 million. The above-mentioned transactions do not constitute major related party transactions and do not meet the disclosure standard of related party transactions.

(III) Overall Situation of Related Party Transactions under the Regulatory Standards of the NFRA

During the reporting period, the types of related party transactions of the Company under the regulatory standards of the NFRA mainly include related party transactions in relation to services, use of funds and insurance business. The Company did not have any significant related party transactions under the regulatory standards of the NFRA.

According to the requirements of the Administrative Measures on Related-party Transactions of Banking and Insurance Institutions, the types of related party transactions between the holding subsidiaries of the Company (excluding financial institutions that have been regulated by the industry) and the related parties of the Company under the regulatory standards of the NFRA mainly include related party transactions in relation to services, use of funds and insurance business.

The Company carried out the identification, consideration, disclosure and reporting work of related party transactions in accordance with laws and regulations, and actively cooperated with the related party transaction monitoring system for recording and reporting. The pricing of related party transactions was in line with the fairness requirements.

Significant Events

III. COMMITMENTS OF THE COMPANY, SHAREHOLDERS, DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT OR OTHER RELATED PARTIES DURING OR CONTINUED IN THE REPORTING PERIOD

Background	Commitment type	Commitment party	Commitment	Time of commitment	Performance term or not	Commitment period	Performed in time and strictly or not
Commitments related to the initial public offering	Others	MOF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's Prospectus.	16 November 2018	Yes	Effective from 16 November 2018	Yes
		SSF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's Prospectus.	16 November 2018	Yes	Effective from 16 November 2018	Yes
	Dividend	The Company	The dividend commitment in the Company's Prospectus.	16 November 2018	Yes	Effective from 16 November 2018	Yes
	Others	The Company	Commitment to take remedial measures for the dilution impact on immediate return in the Company's Prospectus.	16 November 2018	Yes	Effective from 16 November 2018	Yes
		Directors and senior management	Commitment to take remedial measures for the dilution impact on immediate return in the Company's Prospectus.	16 November 2018	Yes	Effective from 16 November 2018	Yes
	Others	The Company	Commitment in relation to the contents of the Prospectus in the Company's Prospectus.	5 November 2018	Yes	Effective from 5 November 2018	Yes
		Directors, Supervisors and senior management	Commitment in relation to the contents of the Prospectus in the Company's Prospectus.	5 November 2018	Yes	Effective from 5 November 2018	Yes

IV. NON-OPERATING CAPITAL ATTRIBUTABLE TO CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES OF THE COMPANY

During the reporting period, the controlling shareholder and other related parties of the Company did not occupy any non-operating capital of the Company.

V. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS BY THE COMPANY AND ITS CONTROLLING SHAREHOLDER, DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT, AND RELEVANT PENALTIES AND RECTIFICATIONS

During the reporting period, the Company was not involved in any investigation of suspected commission of offences. The Company's controlling shareholder, Directors, Supervisors and senior management were not subject to any legally enforceable measures due to suspected commission of offences. The Company and its controlling shareholder, Directors, Supervisors and senior management were not subject to any criminal penalty, involved in any investigation by the CSRC or subject to any administrative penalty by the CSRC due to suspected violations of laws and regulations, or subject to any material administrative penalty imposed by other competent authorities. The Company's controlling shareholder, Directors, Supervisors and senior management were not suspected of committing serious laws or disciplinary offences or job-related crimes and being subject to detention measures by disciplinary inspection and supervision authorities and affecting the performance of their duties. The Company's Directors, Supervisors and senior management were not suspected of violating the laws and regulations and being subject to compulsory measures by other competent authorities and affecting the performance of their duties.

The existing and resigned Directors, Supervisors and senior management of the Company prior to the date of this report were not subject to any penalty by securities regulators within latest three years.

VI. EXPLANATION OF THE INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER

During the reporting period, the Company and its controlling shareholder did not report any failure to perform the effective obligations established by legal instruments of the court, or to pay outstanding debts with a large amount when due.

VII. MATERIAL CONTRACTS

During the reporting period, the Company neither acted as trustee, contractor or lessee of other companies' assets, nor entrusted, contracted or leased its assets to other companies, the profit or loss from which accounted for 10% or more of the Company's total profits for the reporting period, nor were there any such matters occur or those that occurred in previous periods but subsisted during the reporting period, and there were no other material contracts.

Significant Events

VIII. EXTERNAL GUARANTEES

During the reporting period, the Company and its subsidiaries did not have external guarantees, and there were no guarantees provided by the Company and its subsidiaries to subsidiaries. Therefore, during the reporting period, the Company did not enter into any guarantee contracts in violation of laws, administrative regulations and the procedures for resolution of external guarantees as prescribed by the CSRC.

IX. PURCHASE, DISPOSAL OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As of 30 June 2025, the Company did not hold any treasury shares.

On 24 March 2025, PICC P&C redeemed the capital supplementary bonds of RMB8.0 billion issued on 23 March 2020 in full.

Save as mentioned above, 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) during the reporting period.

X. COMPLIANCE WITH LAWS AND REGULATIONS

The Company had complied with relevant laws and regulations which had significant impact on the businesses and operations of the Company in all material aspects during the reporting period.

XI. 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.

XII. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has established the Interim Management Measures for Shareholdings and the Changes of Shares of the Company's Directors, Supervisors and Senior Management (the "Measures") to regulate the dealing in securities by Directors, Supervisors and senior management. The Measures are no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules of the Stock Exchange and the relevant regulatory requirements of the SSE Listing Rules. Following enquiries made by the Company, all Directors and Supervisors confirmed that they had complied with the Model Code and the standards of the Measures during the first half of 2025.

Report on Review of Interim Financial Information

To the Board of Directors of The People's Insurance Company (Group) of China Limited

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 90 to 120, which comprises the interim condensed consolidated statement of financial position of The People's Insurance Company (Group) of China Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2025 and the interim condensed consolidated income statement, the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

27 August 2025

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

The accompanying notes form an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
PROFIT FOR THE PERIOD		36,155	31,489
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		628	900
		(5,415)	(9,239)
Share of other comprehensive income of associates and joint ventures		(469)	365
Exchange differences arising on translating foreign operations		(29)	11
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		(5,913)	(8,863)
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		(39)	(1,095)
		394	2,803
Actuarial gains/(losses) on pension benefit obligation		37	(77)
Share of other comprehensive income of associates and joint ventures		(89)	46
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		342	2,772
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		(5,571)	(6,091)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		30,584	25,398
Attributable to:			
Owners of the Company		22,238	18,271
Non-controlling interests		8,346	7,127
		30,584	25,398

The accompanying notes form an integral part of the interim condensed consolidated financial information.

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

Interim Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2025
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	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

The interim condensed consolidated financial information on pages 90 to 120 was approved and authorised for issue by the Board of Directors on 27 August 2025 and is signed on its behalf by:

丁向群
DIRECTOR

趙鵬
DIRECTOR

The accompanying notes form an integral part of the interim condensed consolidated financial information.

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.

The accompanying notes form an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes In Equity (Continued)

For the six months ended 30 June 2025
(Amounts in millions of Renminbi, unless otherwise stated)

Six months ended 30 June 2024 (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 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.

The accompanying notes form an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
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)
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		(153)	(125)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	12	38,524	32,542
Analysis of balances of cash and cash equivalents			
Securities purchased under resale agreements with original maturity of no more than three months	12	15,619	11,130
Deposits with banks with original maturity of no more than three months and money at call and short notice	12	22,905	21,412
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	12	38,524	32,542

The accompanying notes form an integral part of the interim condensed consolidated financial information.

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. BASIS OF PREPARATION (continued)

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.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

3. OPERATING SEGMENT INFORMATION (continued)

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

3. OPERATING SEGMENT INFORMATION (continued)**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

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

3. OPERATING SEGMENT INFORMATION (continued)

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

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	249,582	235,411
TOTAL	280,250	261,629
Insurance service expenses		
Liabilities for remaining coverage	50,494	45,370
Liabilities for incurred claims	195,707	182,148
TOTAL	246,201	227,518

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)	16	380
TOTAL	33,248	23,421

(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	121	189
TOTAL	15,834	14,801

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

5. NET INVESTMENT INCOME (continued)

(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	16	380

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	2,548	1,963

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	1,671	1,574

8. OTHER OPERATING AND ADMINISTRATIVE

	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.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

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)	44,224	44,224
Basic earnings per share (in RMB Yuan)	0.60	0.53

10. EARNINGS PER SHARE (continued)**(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)	(1,785)	(1,546)
Profit attributable to owners of the Company for the calculation of diluted earnings per share	24,886	21,854
Weighted average number of ordinary shares in issue (in million shares)	44,224	44,224
Diluted earnings per share (in RMB Yuan)	0.56	0.49

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	5,174	–

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	15,619	19,230
TOTAL	38,524	44,132

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.

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

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	19,805	15,152
TOTAL	323,390	317,503
Less: Impairment provisions	(1,165)	(1,272)
NET CARRYING VALUE	322,225	316,231

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	260	265
Subtotal	574,465	523,581
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	11,269	11,553
Subtotal	139,640	115,778
Including:		
Costs	133,403	107,452
Accumulated fair value changes	6,237	8,326
TOTAL	714,105	639,359

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

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

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

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	84,576	96,498
TOTAL	123,421	124,067
Add: Interest receivables	1,873	2,642
Less: Impairment provisions	(131)	(153)
NET CARRYING VALUE	125,163	126,556

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	101,413	96,397
Subtotal	172,644	167,726
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	–	(106)
Subtotal	–	90
TOTAL	172,644	167,816

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	167,816	1,950	(116)	8,179	(558)	(725)	(3,902)	–	172,644

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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%

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

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)
Balance at end of period	16,344	15,454

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

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

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

24. RISK MANAGEMENT

The Group's activities are exposed to insurance risk and varieties of financial risks. The Group issues contracts that transfer insurance risk, financial risk or both. The key financial risk is that proceeds from the sale of financial assets will not be sufficient to fund the obligations arising from the Group's insurance and investment contracts. The most important components of financial risks are credit risk, liquidity risk and market risk.

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

There have been no significant changes in the Group's risk management processes since 31 December 2024 or in any risk management policies.

25. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

This note provides information on how the Group determines the fair values of major financial assets and financial liabilities. Details of fair value measurements of investment properties are disclosed in note 19 to the interim condensed consolidated financial information.

The Group's financial assets mainly include cash and cash equivalents, financial assets measured at fair value through profit or loss, term deposits, financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, restricted statutory deposits, etc.

The Group's financial liabilities mainly include financial liabilities measured at fair value through profit or loss, securities sold under agreements to repurchase, investment contract liabilities and bonds payable, etc.

For the carrying amounts and fair values of financial assets measured at amortized cost and bonds payable that are not measured at fair value, are disclosed in note 25 (c) of the interim condensed consolidated financial information.

The carrying amounts of other financial assets and financial liabilities approximate to their fair values.

25. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**(a) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis**

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

Items	Fair value		Valuation technique(s) and key input(s)
	30 June 2025	Fair value hierarchy	
Financial assets measured at fair value through profit or loss	141,391	Level 1	Quoted bid prices in an active market
Financial assets measured at fair value through profit or loss	161,860	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Financial assets measured at fair value through profit or loss	37,505	Level 3	Valuation techniques with valuations of restricted securities, comparable company method with non-observable input value, net asset value method and recent financing price
Financial assets measured at fair value through profit or loss	17,242	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models
Debt instruments measured at fair value through other comprehensive income	10,060	Level 1	Quoted bid prices in an active market
Debt instruments measured at fair value through other comprehensive income	564,405	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Equity instruments measured at fair value through other comprehensive income	44,133	Level 1	Quoted bid prices in an active market
Equity instruments measured at fair value through other comprehensive income	68,951	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Equity instruments measured at fair value through other comprehensive income	191	Level 3	Valuation techniques with valuations of restricted securities, comparable company method with non-observable input value, net asset value method and recent financing price
Equity instruments measured at fair value through other comprehensive income	26,365	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models
Financial liabilities measured at fair value through profit or loss	24,309	Level 2	Quotes for the same or similar liabilities in inactive markets, or for the same or similar liabilities from third-party valuation service providers

Notes to the Interim Condensed Consolidated Financial Information (Continued)

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25. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Items	Fair value		Valuation technique(s) and key input(s)
	31 December 2024	Fair value hierarchy	
Financial assets measured at fair value through profit or loss	113,567	Level 1	Quoted bid prices in an active market
Financial assets measured at fair value through profit or loss	151,867	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Financial assets measured at fair value through profit or loss	46,791	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price
Financial assets measured at fair value through profit or loss	5,445	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models
Debt instruments measured at fair value through other comprehensive income	16,077	Level 1	Quoted bid prices in an active market
Debt instruments measured at fair value through other comprehensive income	507,504	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Equity instruments measured at fair value through other comprehensive income	23,420	Level 1	Quoted bid prices in an active market
Equity instruments measured at fair value through other comprehensive income	63,635	Level 2	Quotes for the same or similar assets in inactive markets, or for the same or similar assets from third-party valuation service providers
Equity instruments measured at fair value through other comprehensive income	4,276	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as comparable company method, net asset value method and recent financing price
Equity instruments measured at fair value through other comprehensive income	24,447	Level 3	Fair value of the investments is based on the use of internal discounted cash flow valuation models
Financial liabilities measured at fair value through profit or loss	7,506	Level 2	Quotes for the same or similar liabilities in inactive markets, or for the same or similar liabilities from third-party valuation service providers

During the six months ended 30 June 2025, the Group transferred certain financial assets with a carrying amount of RMB10,662 million (six months ended 30 June 2024: RMB7,342 million) from Level 1 to Level 2 due to changes in availability of quoted prices in active markets. The Group transferred certain financial assets with a carrying amount of RMB10,555 million (six months ended 30 June 2024: RMB23,057 million) from Level 2 to Level 1 during the current interim period due to changes in availability of quoted prices in active markets.

25. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**(b) Reconciliation of Level 3 fair value measurements**

	Six months ended 30 June 2025	Six months ended 30 June 2024
Beginning of the period	80,959	84,391
Unrealised (losses)/gains recognised in other comprehensive income	(195)	1,360
Additions	6,127	12,301
(Losses)/gains recognised in profit or loss	(422)	132
Disposals	(5,166)	(3,411)
End of the period	81,303	94,773

As at 30 June 2025 and 30 June 2024, the majority of Level 3 assets and liabilities measured at fair value mainly uses unobservable inputs such as the discount rate, liquidity discount, comparable company multiples etc. in valuation.

(c) Fair value of financial assets and liabilities not measured at fair value

The following table shows an analysis of financial instruments not recorded at fair value but for which fair value is disclosed by level of the fair value hierarchy:

	Carrying amount at 30 June 2025	Fair value hierarchy at 30 June 2025			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortized cost	322,225	4,616	189,674	159,280	353,570
Financial liabilities					
Bonds payable	41,508	–	41,708	–	41,708

	Carrying amount at 31 December 2024	Fair value hierarchy at 31 December 2024			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortized cost	316,231	4,303	172,910	172,265	349,478
Financial liabilities					
Bonds payable	50,132	–	51,176	–	51,176

25. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**(c) Fair value of financial assets and liabilities not measured at fair value (continued)**

Financial assets and liabilities for which fair value approximates carrying amount are not included in the above disclosure.

The fair value of debt instruments classified within the Level 3 of the hierarchy is determined by discounted cash flow model. The significant inputs in this model is estimated cash flow and the discount rate that represents the risk counterparty and the Group.

26. CONTINGENCIES AND COMMITMENTS**(a) Contingencies**

Due to the nature of the insurance business, the Group is subject to legal proceedings in the ordinary course of business, including being the plaintiff or the defendant in litigation and arbitration. Such legal proceedings mostly involve claims on the Group's insurance policies and the losses incurred will be partly indemnified by reinsurers or other recoveries including salvage and subrogation. During the six months ended 30 June 2025, the Group was involved in similar legal proceedings on certain insurance businesses. The legal claim amounts for certain cases are significant and the legal proceedings are still in progress. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the Group believes that any resulting liabilities, if any, will not have a material adverse effect on the financial position at 30 June 2025 and 31 December 2024 or operating results of the Group for the six months ended 30 June 2025 and 2024.

(b) Capital commitments

	30 June 2025	31 December 2024
Property and equipment/intangible assets commitments:		
Contracted, but not provided for	2,467	896
Investment commitments:		
Contracted, but not provided for	15,312	8,353

27. RELATED PARTY DISCLOSURES

(a) The Company is a state-owned enterprise and its controlling shareholder is the MOF.

27. RELATED PARTY DISCLOSURES (continued)

- (b) During the six months ended 30 June 2025 and 30 June 2024, the Group had the following significant related party transactions:

Transactions with associates	Six months ended 30 June 2025	Six months ended 30 June 2024
Industrial Bank		
Gross written premiums	8	2
Interest income	105	125
Dividend income	2,840	2,786
Claims and policyholders' benefits	85	80
Handling charges and commissions	17	32
Hua Xia Bank		
Gross written premiums	7	8
Interest income	26	24
Dividend income	782	984
Claims and policyholders' benefits	3	2
Handling charges and commissions	–	3
Other associates		
Interest income	13	1
Dividend income	280	232
Other income	7	6
Purchase of spare parts	–	59
Other operating and administrative expenses	–	7

Transactions with these associates were conducted on a basis with reference to prevailing rates with other third parties.

(c) Balances with related parties

Receivables from associates	30 June 2025	31 December 2024
Industrial Bank		
Cash and cash equivalents	2,500	2,596
Financial assets measured at fair value through other comprehensive income	638	947
Term deposits	4,201	6,280
Hua Xia Bank		
Cash and cash equivalents	99	100
Term deposits	3,528	3,525
Other associates		
Financial assets measured at fair value through other comprehensive income	–	830
Other assets	10	6

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

(Amounts in millions of Renminbi, unless otherwise stated)

27. RELATED PARTY DISCLOSURES (continued)

(c) Balances with related parties (continued)

Payables to associates	30 June 2025	31 December 2024
Other associates		
Other liabilities	13	14

(d) Key management personnel

Key management personnel of the Company include certain directors, supervisors and senior management.

No transactions have been entered into with the key management personnel during the six months ended 30 June 2025 and the six months ended 30 June 2024 other than the emoluments RMB5 million (six months ended 30 June 2024: RMB6 million) paid to them (being the key management personnel compensation).

(e) Transactions with state-owned entities in the PRC

The MOF is the controlling shareholder of the Company. The MOF is a component of the State Council of the PRC ("State Council") and performs government functions such as finance, taxation and management of state-owned assets authorised by the State Council.

The Group's key business is insurance and investment related and therefore the business transactions with other government-related entities are primarily mainly include sales of insurance policies, purchase of reinsurance, deposits placed with banks, investments in debts or bonds and commissions paid to banks and postal offices for insurance policies distributed.

The Group considers that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those government-related entities are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government-related entities.

Due to the complex ownership structure, the PRC government may hold indirect interests in many companies. Some of these interests may, in themselves or when combined with other indirect interests, be controlling interests which may not be known to the Group.

28. EVENT AFTER THE REPORTING PERIOD

On 27 August 2025, the Board of Directors of the Company proposed an interim dividend of RMB7.50 cents (tax inclusive) per ordinary share for the six months ended 30 June 2025, totalling approximately RMB3,317 million. This proposal is subject to the approval of the shareholders at the general meeting.



中国人民保险集团股份有限公司

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