

# 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

Annual 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 141st in the list of Fortune Global 500 (2025) published by the Fortune Magazine, up by 17 places 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) and in Hong Kong and Macau of China through PICC Hong Kong, in which the Company holds approximately 68.98% and 89.36% equity interests, respectively. 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 interests. The Company engages in corporate annuities and occupational annuities businesses through PICC Pension, in which the Company holds 100% equity interests. The Company invests in insurance financial products such as debt plan, equity plan and asset-backed plan, as well as alternative investments such as physical assets and private equity funds through PICC Capital, in which the Company holds 100% equity interests. The Company conducts construction, investment and operation and management of real estate, and operates pension business through PICC Investment Holding, in which the Company holds 100% equity interests. 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 interests. The Company coordinates the informatization construction of the Group through PICC Technology in which the Company holds 100% equity interests, 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 nation-wide 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 to exert 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 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 a 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

## 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

## 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:

1-13/F, No. 88 West Chang'an Avenue, Xicheng  
District, Beijing, the PRC

### Office address:

No. 88 West Chang'an Avenue, Xicheng District,  
Beijing, the PRC

Postal code: 100031

Website: [www.picc.com.cn](http://www.picc.com.cn)

Shareholders' enquiries: the Office of the Board  
of Directors

Tel: (8610) 6900 9192

Fax: (8610) 6900 8264

Email: [ir\\_group@picc.com.cn](mailto: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](http://www.sse.com.cn)

Designated website for the Company's H share  
announcement: [www.hkexnews.hk](http://www.hkexnews.hk)

### Place for report collection:

The Office of the Board of Directors 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

17/F, Ernst & Young Tower, Oriental Plaza,  
No. 1 East Chang'an Avenue,  
Dongcheng District, Beijing, the PRC

Signing Certified Public Accountants:  
Yu Yinyin and Zhang Xiaodong

### International Auditor:

Ernst & Young

27/F, One Taikoo Place, 979 King's Road,  
Quarry Bay, Hong Kong

Signing Certified Public Accountant:  
Leung Shing Kit

### Consulting Actuary:

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

## LEGAL ADVISORS

### As to Hong Kong law:

Clifford Chance

### As to PRC law:

King & Wood

## 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 Financial Services	PICC Financial Services Company Limited
PICC Hong Kong	The People's Insurance Company of China (Hong Kong), Limited
MOF	Ministry of Finance of the People's Republic of China
SSF	National Council for Social Security Fund, 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
IAC	the Insurance Association of China
LCAB	the Listed Companies Association of Beijing
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
Securities Law	the Securities 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 Securities 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 1 January 2026
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. HONOURS AND AWARDS



PICC P&C

“Yanshu Prize • Excellence in Brand Image Award”



PICC P&C

“Selected Cases of Financial Institutions with Outstanding Competitiveness in China” List  
“2025 Financial Institution with Outstanding Competitiveness in Brand Building” Award

经营成就价值



CHINA BUSINESS JOURNAL

PICC P&C

2025 TOP Finance List  
“2025 Outstanding Digital and Intelligent Insurance Company” Award



THE PAPER

PICC Life

“Golden Antelope Awards • 2025 ESG Green Pioneer Enterprise” Award



PICC Life

“Pension Financial Institution of the Year” Award



界面新闻

PICC Life

“Five Priorities” on Finance Case Award



FINANCIAL NEWS

PICC Health

Insurance Today • China Insurance White Elephant List  
“Annual Service Leadership” Award



PICC Health

“Annual Exemplary Digital Finance Case in the Insurance Industry” Award



TSINGHUA Financial Review  
清华金融评论

PICC Health

2025 TOP Finance List  
“Annual Best-Selling Insurance Product” Award



THE PAPER

PICC AMC

1st Annual “Wind Asset Management 88” Awards  
“Most Competitive Award”, “High-Quality Development Award”



PICC AMC

“Golden Hazelnut” Asset Management Institution Excellence Case Selection  
“Outstanding Insurance Asset Management Company” Award, “Excellence in Social Responsibility Insurance Asset Management Company” Award



PICC Capital

2025 China Insurance Ark Award  
“2025 Innovative Insurance Asset Management Product Ark Award”



## II. FINANCIAL HIGHLIGHTS AND OPERATING HIGHLIGHTS

### (I) FINANCIAL HIGHLIGHTS

Highlights of historical financial information of the Company as of the end of the reporting periods:

Unit: RMB million, except for percentages

Name of indicator	2025/31 December 2025	2024/31 December 2024	(% of change)	2023/31 December 2023	2022/31 December 2022	2021/31 December 2021
Total assets	2,027,592	1,766,321	14.8	1,556,682	1,416,287	1,376,857
Total liabilities	1,607,126	1,398,900	14.9	1,223,779	1,111,394	1,079,964
Equity attributable to owners of the Company	309,183	268,866	15.0	243,206	224,153	219,256
Insurance revenue	570,717	537,709	6.1	503,900	468,802	N/A
Net profit	62,451	56,781	10.0	30,811	35,447	30,370
Net profit attributable to owners of the Company	46,207	42,151	9.6	22,322	25,382	21,476
Earnings per share (RMB) <sup>Note</sup>	1.04	0.95	9.6	0.50	0.57	0.49
Net assets per share (RMB/Share) <sup>Note</sup>	6.99	6.08	15.0	5.50	5.07	4.96
Weighted average return on equity (%)	15.9	16.4	Decreased by 0.5 percentage point	9.4	11.6	10.2

Note: As attributable to owners of the Company. The percentage increase or decrease of earnings per share and net assets per share is calculated based on the data before rounding off.

### (II) OPERATING HIGHLIGHTS

#### 1. Steady Growth in Operating Performance and Continuous Increase in Dividend Payout

In 2025, the Group achieved a net profit of RMB62,451 million, representing a year-on-year increase of 10.0%. Net profit attributable to owners of the Company amounted to RMB46,207 million, representing a year-on-year increase of 9.6%.

The Group has paid an interim dividend for 2025 of RMB0.75 (tax inclusive) per 10 shares, and proposed to distribute a final dividend of RMB1.45 (tax inclusive) per 10 shares. The total cash dividend proposed to be paid to shareholders for the year 2025 amounted to RMB2.20 (tax inclusive) per 10 shares<sup>1</sup>, representing a year-on-year increase of 22.2%, so as to share the operating results with the investors.

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

The Group's business development continued to improve. In 2025, the insurance revenue recorded RMB570,717 million, representing a year-on-year increase of 6.1%, and the original premiums income<sup>2</sup> recorded RMB738,333 million, representing a year-on-year increase of 6.5%. The size of investment assets maintained steady growth. As of 31 December 2025, the size of investment assets of the Group exceeded RMB1.90 trillion, representing an increase of 15.8% from the beginning of the year.

As of 31 December 2025, the Group's total assets amounted to RMB2,027,592 million, representing an increase of 14.8% from the end of the previous year. The net assets amounted to RMB420,466 million, representing an increase of 14.4% from the end of the previous year. The comprehensive solvency margin ratio was 249.9%, and core solvency margin ratio was 201.3%, indicating ample and robust capital strength.

<sup>1</sup> On 26 March 2026, the Board of the Company proposed to distribute a final dividend of RMB1.45 (tax inclusive) per 10 shares for the year 2025, and the profit distribution plan shall be implemented after approval at the shareholders' general meeting of the Company.

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

### 3. Steady High-quality Development 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 worked hard on the development advantages, capturing a 31.6% market share in the P&C insurance sector<sup>3</sup>, maintaining its leadership in the industry. It drove forward various initiatives to enhance quality, reduce costs, and improve efficiency, and optimize its operational management system. It gave priority to business quality improvement and claims management and control enhancement. This has helped achieve an underwriting profit of RMB12,535 million, representing a year-on-year increase of 119.4%. Its combined ratio stood at 97.5%, a decrease of 1.3 percentage points year-on-year. The net cash inflow from operating activities was RMB43,048 million, representing a year-on-year increase of 18.1%. **In terms of the life and health insurance business**, operational quality and efficiency continued to improve. The original premiums income of PICC Life recorded a year-on-year increase of 18.8%, the first-year regular premiums recorded a year-on-year increase of 32.4%; and the renewal premiums recorded a year-on-year increase of 16.1%. The value of new business recorded a year-on-year increase of 64.5% on a like-for-like basis. The net cash inflow from operating activities was RMB58,161 million, representing a year-on-year increase of 53.4%. Contractual service margin of new business was RMB17,375 million, representing a year-on-year increase of 22.8%. The first-year regular premiums of PICC Health increased by 56.0% year-on-year; the first-year regular premiums of the Internet long-term insurance increased by 77.4%. Revenue from health management services increased by 17.2% year-on-year. The value of new business recorded a year-on-year increase of 22.5% on a like-for-like basis. The net cash inflow from operating activities was RMB18,145 million, representing a year-on-year increase of 18.0%. Contractual service margin of new business was RMB12,826 million, representing a year-on-year increase of 16.8%. **In terms of investment business**, the Group's active management capabilities continued to strengthen, and the stability of its investment performance improved effectively. It recorded a total investment income of RMB92,987 million, representing a year-on-year increase of 13.2%, and the total investment yield was 5.6%, remaining relatively stable. **Promoting the deepening business collaboration**, the insurance segment achieved premium income of RMB25,581 million, representing a year-on-year increase of 8.7% through business synergies, while the investment segment drove the insurance business to achieve premium income of RMB2,126 million, representing a year-on-year increase of 38.1%.

<sup>3</sup> 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 certain institutions which are in the stage of risk disposal in the insurance industry. The same applies below.

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

The Group actively fulfilled the responsibilities and mission of a central financial enterprise. It earnestly focused on advancing the “Five Priorities” on finance, strove to deliver world-class protection functions, continued to step up its support for national strategies and socioeconomic development, and remained committed to helping ensure employment, enterprises, market stability and expectations. In 2025, the total amount of the Group’s insurance liability undertaken was RMB3,648 trillion, representing a year-on-year increase of 14.9%. The paid claims<sup>4</sup> were RMB472.9 billion, representing a year-on-year increase of 5.4%. Its investment scale in serving the “Five Priorities” on finance amounted to RMB328.0 billion, representing an increase of 39.1% compared with the beginning of the year.

The Group made every effort to advance the “Five Priorities” on finance. **In terms of technology finance**, insurance liability provided by technology insurance amounted to RMB51 trillion. The Group continued to enrich its full lifecycle product system for technology insurance that caters to the needs of enterprises in the start-up, growth and maturity stages. The Group has issued the first domestically pioneering comprehensive insurance covering “proof of concept – pilot testing – pilot run”. It took the lead in establishing the Beijing Commercial Aerospace Insurance Pool and the Local Low-Altitude Economy Insurance Pool, provided insurance services for more than 360,000 technology-oriented enterprises, and successfully initiated the establishment of the “PICC Modern Industrial Fund” with a total fundraising scale of RMB10 billion. The Group has continuously increased investment efforts in key areas such as new quality productive forces and strategic emerging industries. **In terms of green finance**, insurance liability provided by green insurance amounted to RMB267 trillion, and the number of new energy vehicles to which the Group provided insurance increased by 34.3% year-on-year. In 2025, the Group’s investment scale in green finance recorded an increase of 29.4% compared with the beginning of the year. The Group established the industry’s first unified green insurance statistical system and the ESG risk evaluation system for insurance clients. The Company was granted Grade AAA ESG rating by MSCI, which is currently the highest rating among domestic insurance companies. The Group initiated the establishment of the “PICC Capital – State Grid Xinyuan Equity Investment Plan” to support the construction of a new energy system and promote the green and low-carbon transformation of the energy.

<sup>4</sup> 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.

## About Us

**In terms of inclusive finance**, the Group established a “four-in-one” protection system for grain production, providing nearly RMB2 trillion in risk protection for farmers. It undertook 1,858 policy-based health insurance projects, including critical illness insurance, long-term care insurance, and outpatient chronic and special diseases insurance, covering over 1.5 billion personnel times. It enriched product and service protection for new citizens, covering 30.17 million personnel times. **In terms of pension finance**, the scale of the Group’s second-pillar annuity under management reached RMB724.1 billion. For the third pillar, the scale premiums of commercial pension insurance and personal pension recorded year-on-year increases of 116.3% and 167.1%, respectively, and the scale of assets under management for commercial pension nearly doubled compared with the beginning of the year. The cumulative premiums associated with institutional pension services exceeded RMB4.0 billion. **In terms of digital finance**, the Group formulated the *Work Plan for the High-Quality Development of Digital Finance* and the “AI+” *Action Plan for the Group*. The number of implemented AI application scenarios increased by 79.0% year-on-year, and the number of AI capability calls increased by 52.0% compared with the end of last year. The Group undertook one of the industry’s first pilot programs for large model customer-facing applications and achieved positive pilot results.

**Making every effort to boost consumption.** The Group took the lead in establishing a domestic trade credit insurance pool. As the lead underwriter, it issued the first policy in Zhejiang Province. It innovatively promoted travel and cultural tourism insurance products such as “Youyou Bao (優游保)”, with premiums in this sector increasing by 14.7% year-on-year.

**Making every effort to support the development of foreign trade.** It served key projects under the “Belt and Road” and Chinese enterprises “going global”. Its China overseas interests business covered 149 countries and regions. It jointly developed a new “finance + shipping” service model, ensuring the successful maiden voyage of the world’s first China-Europe Arctic Express Route. **Making every effort to maintain capital market stability.** It implemented the deployment for the entry of medium- and long-term funds into the market, with the proportion of new premium investments in A-shares exceeding 30%. It actively involved itself in the pilot program for the reform of long-term investments of insurance funds, and the RMB multi-billion PICC Qiyuan Huizhong Private Securities Investment Fund commenced formal investment operations.

## 5. Fulfilling Corporate Responsibilities and Missions, and Building a Strong Barrier for Disaster Response

Adhering to the corporate mission of “People’s Insurance, Serving the People”, the Group, with a high sense of political responsibility and mission, deeply integrated itself into the national disaster prevention, mitigation, and relief system. Leveraging institutional mechanism construction, service model innovation, and technology empowerment, it contributed its insurance strength to public safety, industrial development, and livelihood protection.

**Actively participating in the construction of the national catastrophe insurance protection system.** The Group’s local catastrophe insurance protection covered 23 provinces (autonomous regions and municipalities directly under the central government) and 157 cities, protecting a population of 480 million people. **Accelerating the construction of risk reduction service value chain.** The Group systematically advanced the development of a professional team of risk engineers, and made ongoing efforts to strengthen the digital and intelligent service support capabilities of the Wanxiang Cloud Platform (萬象雲平台). This empowered the implementation of service models for various scenarios, including those for individuals and legal entities. In the individual sector, the Group provided 48.83 million instances of connected vehicle trusteeship early warning services. It also pushed over 30.00 million instances of disaster messages to customers to advise them on risk prevention. In the legal entity sector, the Group achieved full-scale risk inspections, providing 12.51 million services such as hazard identification, monitoring, and early warning. **Improving an integrated and coordinated claims response management system for disasters and accidents across the Group.** The Group continuously optimized claims service processes to support recovery and reconstruction and loss compensation. In 2025, the Group initiated over 100 claim emergency responses at levels one, two, and three. It efficiently responded to major disasters and accidents, including the earthquake in Shigatse, Tibet, the landslide in Junlian, Sichuan, the massive floods in Rongjiang, Qiandongnan, continuous rainy days during the autumn harvest season in the Huanghuai region, rain, snow and freezing disasters in North China. The Group strove to provide warm and convenient claims services to the people, fulfilling its solemn commitment to protecting people’s good lives through concrete actions.

### 6. Establishing a 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. According to the latest data released by the internationally authoritative agency “Brand Finance”, the Group’s brand value reached USD16.82 billion, maintaining steady growth of over 9% for the 5th consecutive year. Its ranking in the “Global 500 Most Valuable Brands” list steadily climbed to 145th, up by 5 places from last year, once again recording a historic high.

The Group continued to strengthen its consumers’ rights and interests protection work system. Specifically, it accelerated the establishment of a consumer protection framework featuring full participation, process integration, adequate resources, and enhanced services. This has ensured that various consumer protection mechanisms operated efficiently. In 2025, consumer complaints across the entire Group decreased by 29.5% year-on-year. The Group has ten cases that have been awarded the “2025 Financial Consumer Protection and Service Innovation Case Award”. Multiple consumer protection publicity and education works were awarded excellent cases by the NFRA and the IAC. The Group selected “Guardians” of consumer protection within the system for the first time, leading and shaping a positive corporate image that is “trustworthy, reliable, and warm”.

### 7. Accelerating Technological 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)” portfolio, promoted the deep integration of business, technology and data, and strove to enhance the Group’s core technological competitiveness. Relevant technological achievements received one first prize, three second prizes, and one third prize in the “Financial Technology Development Award” presented by the People’s Bank of China, making the Group one of the leading insurance institutions in terms of the number of awards received.

**Optimizing computing power resource allocation.** The Group steadily advanced the construction of its Western Data Center, and its North Information Center obtained the national green computing power facility certification. **Strengthening technology security risk management and control.** The Group obtained ISO27001 certification for its information network security management system, organized and completed the classification and categorization of all information systems, improved the construction of the disaster recovery system and carried out emergency drills. Furthermore, it built a “cloud - network - edge - device” defense system. The automated interception rate for Internet attacks exceeded 95%. **Systematically promoting data governance.** The Group strengthened the coordinated management of data assets, achieving a 99.4% management ratio of metadata resources for application systems. In accordance with the requirements of the new national standards, it advanced the DCMM compliance assessment to accelerate the release of the value of data elements. **Continuing to enhance R&D levels.** The Group established a group-wide unified technical structural system and advanced the integration of development and operations. PICC P&C has obtained the CMMI Level 5 appraisal and certification, the highest maturity level in software development capability. **Deepening smart technology.** The Group continued to push forward with its construction on the capability of group-level AI intelligent middleware platform and introduce various mainstream base models. It deepened the application of large models and intelligent agents, promoted the construction of data engineering, knowledge engineering and other capabilities, independently developed “PICC Chenling (人保宸靈)”, a vertical large model dedicated to the insurance sector, and achieved scenario intent recognition accuracy rate of over 99.0%. The number of invention patent applications across the Group increased by 21.1% compared to the same period of last year. **Focusing on empowering grassroots levels with technology.** The Group continuously strengthened demand coordination management, optimized mechanisms for empowering and serving grassroots levels, and enhanced demand response effectiveness. In 2025, the processing time for grassroots demand applications was improved by more than 10%. We have launched a series of characteristic projects including a digital platform for marine insurance, the restructuring of core life insurance systems, and the construction of a big health ecosystem. We have effectively enhanced the sense of technological gain among grassroots through digital means and tools.

### 8. Coordinating Development and Security, Prudently Responding to Various Risks and Challenges

In 2025, the Group's risk appetite was stable, with no major risk incidents occurring, and significant results achieved in risk prevention and control. **Risk control efficiency and effectiveness kept improving.** The comprehensive risk ratings of the insurance subsidiaries all reached Grade A and above. The Group strengthened coordinated risk management and source management and control, optimizing risk appetite dimensions and monitoring indicator systems. The Group regulated risk compliance committees at all levels to operate in a standardized manner, and institutional mechanisms such as consolidated management, concentration risk management, and investment asset risk classification were improved. The Group continuously strengthened the proactiveness, penetration, and effectiveness of its risk management. The Group deepened the application of its intelligent risk control platform, continuously enhancing its capabilities for dynamic risk monitoring and early warning. **The fruits of law-based and compliance operation were more productive.** Diligently following up on the Measures for the Compliance Management of Financial Institutions, the Group took solid steps to advance the rectification of key issues, and steadfastly implemented "reporting and implementation alignment" in areas including auto insurance and bancassurance, as well as the "comprehensive governance" of non-vehicle insurance. The Group extensively promoted the implementation and effectiveness of the "downgrading (下評一級)" internal control evaluation system, strengthened anti-money laundering self-inspection and self-correction across the whole system, and enhanced risk prevention for overseas institutions and businesses. The Group further strengthened its risk compliance culture, optimized the incentive and constraint mechanism for risk compliance performance assessment as an ongoing effort to standardize and improve the accountability and disciplinary mechanism, and strictly enforced risk compliance responsibilities. Holding fast to the concept of compliant development, all units within the Group's system took the lead in promoting industry self-discipline and worked together to safeguard the market order.

# Chairperson's Statement



2025 is an extraordinary year for China's development process and also a year for the Group to forge ahead. The Group made steady progress in risk prevention, regulatory enforcement, and the promotion of high-quality development. Key performance indicators repeatedly reached record highs, with net profit growth significantly outpacing premium growth. The Group achieved balanced growth in both scale and profitability, as well as synergistic improvements in social responsibility and economic performance. By taking firm strides toward building a world-class insurance financial group, the Group successfully concluded the 14th Five-Year Plan period with high-quality results.

**Solid advancement of high-quality development and further improvement in operating performance.** By adhering to a sound performance philosophy to guide steady growth, structural optimization, cost reduction, and quality enhancement, the Group achieved significant results in high-quality development. Business grew steadily and rapidly, with premium income reaching RMB738.3 billion for the year, representing a year-on-year increase of 6.5%. The Group's development footprint and business structure were optimized and improved. Growth in commercial non-vehicle insurance business significantly outpaced that of vehicle insurance; first-year regular premiums for life insurance increased by 32.4% year-on-year; and the life and health insurance segment contributed over 60% of the Group's incremental premium growth. Operational efficiency remained leading, with the P&C insurance combined ratio reaching its best level in recent years, and new business value for life and health insurance achieving double-digit growth. Investment performance was strong, with increased allocation to long-term bonds and the establishment of a strategic equity portfolio, resulting in record-high investment returns. Comprehensive strength continued to improve, with total assets reaching RMB2.03 trillion, representing a year-on-year increase of 14.8%; assets under management amounted to RMB4.58 trillion, representing a year-on-year increase of 25.1%.

**Solid performance of insurance functions and further enhancement in serving the overall interests.** The Group thoroughly implemented the decisions and deployments of the Party Central Committee, and diligently advanced the "Five Priorities" on finance. To this end, the Group innovated industry chain-specific insurance products such as "Computing Chain Insurance (算鏈保)", spearheaded the establishment of insurance pool for the low-altitude economy, commercial aerospace insurance, and domestic trade insurance, pioneered "finance + shipping" services, and provided high-level support for major events such as the 15th National Games and the World Games. During the year, the Group underwrote a total of RMB3,648 trillion in insurance liabilities and paid out RMB472.9 billion in claims, both of which remained firmly at the top of the industry; the Group established a modern industrial fund, with insurance capital investments in the real economy reaching RMB1.37 trillion, representing a year-on-year increase of 17.6%, further highlighting the Group's leading role in the insurance industry.

**Solid promotion of deepened reform and further stimulation of impetus and vitality.** The "Six Reforms" were advanced with swift yet steady progress, strengthening organizational adaptability. The Group optimized its functional structure on a function-oriented basis, and conducted research and exploration to establish a framework for a modern human resource management system. Sound results were achieved in empowering grassroots entities and reducing their burdens. The Group guided the distribution of total salaries toward frontline employees and key positions at the grassroots level, focusing on lightening the workload of frontline sales and claims personnel and improving the quality and efficiency of customer services. By completing the establishment of the health management company, the Group provided multi-dimensional empowerment for grassroots development from personnel, finance, materials and ecological services. Collaborative development was further strengthened. The Group launched a pilot program for the integrated development of corporate customer resources, explored a "comprehensive collaboration" model for the life and health insurance business, established a business linkage mechanism for the investment segment and its three affiliated parties, and enhanced the role of regional industry association mechanisms. During the year, premium income from business collaboration reached RMB25.581 billion, representing a year-on-year increase of 8.7%. Digital and technological development provided stronger support. The Group deployed artificial intelligence, advanced the development of the enterprise architecture management system, optimized the data center construction plan, and launched a pilot customer-facing system powered by artificial intelligence large models.

**Solid reinforcement of refined management and further consolidation of operational management foundation.** The Group continuously optimized its operation and management mechanism, accelerated the implementation of new accounting standards, strengthened the evaluation of high-quality development, and established a long-term investment assessment mechanism. The Group promoted the in-depth implementation of cost reduction, quality improvement and efficiency enhancement, strengthened cost constraints and profit-oriented operation, improved the management of marketing expenses, and increased resource utilization efficiency. These efforts realized a total of RMB16.1 billion in comprehensive cost reduction and efficiency improvement. Remarkable results in asset-liability linkage were achieved as the Group shortened the adjusted modified duration gaps by 1.93 years and 0.74 years year-on-year respectively for the general accounts of life insurance and health insurance. The customer service experience was continuously improved as the Group served more than 210 million customer visits through its integrated touchpoint services, representing a year-on-year increase of 61.5%.

**Solid advancement of risk prevention and control and further safeguarding of the bottom line of security.** The Group fully improved its risk prevention and control system, promoted the internal control assessment mechanism of "downgrading (下評一級)", strengthened consolidated risk management, and achieved A-level or above in the comprehensive risk ratings of all its insurance subsidiaries. The Group took robust measures to strengthen risk prevention and control in key areas, and continuously enhanced the management of premium receivables. Therefore, the scale of potential default risks in key sectors significantly reduced, and full-process risk control for major investment projects was put in place. The Group also sustained efforts to reinforce compliant operations, taking the lead in advancing the in-depth implementation of "consistency between regulatory filings and actual underwriting", while standardizing and improving the accountability and penalty mechanism.

2026 marks the first year of the 15th Five-Year Plan and a crucial year for the Group to build itself into a first-class entity. As domestic demand-driven growth deepens, the role of insurance will be further brought into play, and the industry's importance in the national economy will be further elevated. The Group will adhere to the general principle of seeking progress while maintaining stability, better coordinate deepened reform and high-quality development, and better balance development and security. It will forge ahead with vigor to accelerate the building of a world-class insurance financial group, enhance the foresight, pertinence and coordination of its work, continuously serve the overall situation, optimize supply, expand increments, improve stock quality, develop new insurance productive forces in light of local conditions, continuously prevent and resolve risks in key areas, promote effective improvement in quality and reasonable growth in quantity, achieve a sound start to the 15th Five-Year Plan, and reward all shareholders, employees and society with excellent performance.

## Chairperson's Statement

**Firstly, we will accelerate the building of a first-class company.** We will strengthen strategic resolve, unswervingly follow the path of financial development with Chinese characteristics, focus on serving the building of a strong financial country, and accelerate the construction of a world-class insurance financial group with outstanding functions, efficient operations, distinct core businesses, modern governance and international competitiveness. We will focus on our core businesses, concentrate on the three main lines of P&C insurance, life and health insurance and investment, and build a hierarchical development pattern with more distinct core businesses, more optimized layout and more balanced structure. We will adapt to economic structure upgrading and identify the key focus areas for the development of P&C insurance, and effectively respond to changes in the structure of residents' wealth and seize the window of opportunity to strengthen, optimize and expand our business. We will also give play to the characteristics of insurance as patient capital and enhance the value creation capacity of the investment line.

**Secondly, we will intensify efforts to serve the overall situation.** We will innovatively exert the cross-cyclical and counter-cyclical adjustment role of insurance, implement the package of fiscal and financial policies to coordinate and promote domestic demand, and serve to boost consumption; strengthen the supply of insurance for scientific and technological activities to support innovation-driven development; innovate the guarantee models for the "three types of trade" (i.e. goods, services and digital trade) to serve opening up to the outside world; improve the insurance system for rural revitalization to support coordinated development; continuously expand new energy vehicle insurance to support the "dual carbon" initiative; further promote the catastrophe insurance guarantee system, establish a full-life-cycle safety guarantee system for housing, and strategically promote the development of policy-based long-term care insurance to support people's livelihood security.

**Thirdly, we will step up efforts to promote high-quality development.** We will firmly grasp high-quality development as the primary task, build a high-quality business portfolio, and cultivate and create a second growth curve to support sustainable development; enhance high-quality service capabilities, further consolidate risk reduction services, and steadily establish a full-process health management service system; expand high-quality investment, strengthen active investment, and improve the capacity for diversified allocation; deepen quality improvement, cost reduction and efficiency enhancement, improve the mechanisms for reducing operating costs and increasing development efficiency, optimize differentiated resource allocation, and promote the effective improvement of quality and reasonable growth of quantity.

**Fourthly, we will enhance efforts to deepen reform.** We will continue to promote the in-depth development and downward extension of the "Six Reforms", advance the reform of corporate governance, and strengthen the consolidated management of capital, finance and risks; promote the reform of the strategic management and control system and strengthen the capacity building of the two-level headquarters; promote the reform of the mechanism for empowering grassroots development and steadily advance differentiated authorization; promote the reform of customer resource sharing, deepen the integrated operation of P&C and life and health insurance legal entities in the workplace segment and the joint construction of regional teams; promote digital transformation and keenly seize the opportunities brought by the development of artificial intelligence; and promote the reform of the cadre and personnel system and establish a modern enterprise human resource management system.

**Fifthly, we will strengthen efforts to prevent and control risks.** We will strengthen front-end risk prevention and improve the comprehensive risk management system. We will emphasize the combination of prevention and elimination, and strengthen risk prevention and control in key areas. We will strengthen the bottom-line thinking, consistently take the lead in compliant operations, continuously and actively guide the industry in "consistency between regulatory filings and actual underwriting", and take the lead in the comprehensive management of non-vehicle insurance. We will focus on precision and efficiency, adhere to the institutionalization of management, the proceduralization of institutions and the digitalization of procedures, and improve the digital and intelligent level of risk control.

**Ding Xiangqun**

*Chairperson*

Beijing, the PRC

26 March 2026

# Management Discussion and Analysis

The year of 2025 finished remarkably. Under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at its core, the whole Party and the people of all ethnic groups across the country stood up to the challenges and strove hard. Unswervingly applying the new development philosophy, we pursued high-quality development. To that end, we took a holistic approach to domestic and international imperatives and implemented more proactive and impactful macroeconomic policies. Despite the pressure, China's economy stayed on track for innovation and optimization. The building of a modern industrial system continued to advance and the reform and opening-up embraced new strides. Beyond that, extensive progress was achieved in defusing risks in key areas and guarantees for people's livelihoods were strengthened. All of these marked the successful conclusion of the "14th Five-Year Plan" period and a sound start for the new journey toward the second centenary goal.

In full implementation of the decisions and arrangements of the CPC Central Committee with Comrade Xi Jinping at its core, the Group took solid steps to advance high-quality development. To do that, the Group progressively worked on reform and innovation and continued to strengthen risk prevention and control. Its key development indicators have witnessed record highs one after another, demonstrated by balanced growth in scale and efficiency and coordinated improvement of social responsibility and economic benefits. The Group has made solid strides in its journey to build a world-class insurance financial group and concluded the "14th Five-Year Plan" period with high-quality results. The insurance line has proactively responded to challenges arising from industry transformation. Specifically, it identified new growth drivers in serving economic and social development and

doubled its efforts to seek innovation in products, services and models for continuously optimizing its business structure. This is how it effectively cemented its market position, and achieved another step-change growth in premium scale. The investment line has earnestly implemented the requirements for medium- to long-term capital to enter the market and achieved a substantial improvement in investment income by actively participating in pilot program for the reform of long-term investments of insurance funds, continuously enhancing its active management capabilities, steadily optimizing its secondary equity portfolio, strengthening asset-liability matching management, and accelerating the innovative transformation of the alternative investment business. The operations line has actively supported the Group's strategy and main insurance business and advanced digital development in a steady manner, contributing to new breakthroughs in industrial development.

## I. BUSINESS OVERVIEW OF THE COMPANY

### (I) Review of Our Industry

In 2025, the insurance industry conscientiously implemented the decisions and arrangements of the Party Central Committee on "focusing on stabilizing employment, enterprises, markets and expectations" to fully leverage its role as an economic shock absorber and social stabilizer. As of the end of 2025, the total assets of China's insurance industry were RMB41.31 trillion, an increase of RMB5.40 trillion from the beginning of the year. In 2025, it achieved original premiums income of RMB6.12 trillion, representing a year-on-year increase of 7.4%. The original policyholders' benefits and claims were RMB2.44 trillion, representing a year-on-year increase of 6.2%, providing strong protection for the overall economic and social development.

In 2025, the NFRA stayed focused on the core priorities of preventing risks, strengthening regulation and promoting high-quality development, and made new breakthroughs in pursuing high-quality development and sound development of the industry in a coordinated manner. **In terms of strengthening regulation to forestall and defuse key risks**, the NFRA steadily advanced the development of the financial legal system and accelerated the revision of the Insurance Law. The NFRA improved the prudential regulatory framework, revising and issuing measures including the administrative measures for the capital deposits of insurance companies and the administrative measures for trust companies as an ongoing effort to enhance the relevance, timeliness and effectiveness of the regulatory regime. The NFRA revised and promulgated the Administrative Measures on Penalties, refined law enforcement approaches, and advanced penalty administration in a high-quality manner. The NFRA strengthened coordination and collaboration, and advanced reform and risk mitigation in a forceful and orderly manner. **In terms of pursuing holistic policies to steer industry reform and transformation**, the NFRA continued to implement the “consistency between regulatory filings and actual underwriting”, the adjustment of predetermined interest rates for the insurance industry and the “comprehensive governance” of non-vehicle insurance business, thereby guiding the insurance industry to deepen structural transformation. The life insurance industry continued to improve in both quality and efficiency development, with a focus on protection and pension services. Life insurance companies further adjusted their business mix and achieved a notable enhancement in overall strength; The combined ratio of the P&C insurance decreased significantly, the quality and efficiency of development improved

markedly for P&C insurance companies. With strengthened technology empowerment and investment research capabilities, insurance asset management companies maintained steady growth in assets under management. It also guided insurance institutions to strengthen their capital base for better risk resilience. **In terms of targeted and effective support for steady and positive economic progress**, the insurance industry saw notable improvements in service quality and efficiency in key and weak-link areas, and made fresh progress in advancing the “Five Priorities” on finance. To boost confidence among micro and small private enterprises, financial support was stepped up to boost consumption. In response to tariff disputes and trade frictions, a series of policies and measures were formulated and implemented to support the development of foreign trade for the banking and insurance industry. To deliver greater benefits for the people’s happy lives, the “Vehicle Insurance Made Easy (車險好投保)” platform was officially launched, driving improvements in new energy vehicle coverage capabilities. The Guiding Opinions on Promoting the High-Quality Development of Health Insurance (《關於推動健康保險高質量發展的指導意見》) was issued, setting out clear directions for the development of major health insurance products. It has vigorously developed commercial long-term care insurance to provide strong protection for disabled elderly people. To gather momentum for new quality productive forces, insurance funds have been guided to follow the principle of “long-term capital for long-term investment”. The Implementation Plan for the High-Quality Development of Technology Finance in the Banking and Insurance Industries (《銀行業保險業科技金融高質量發展實施方案》) was promulgated, laying out a clear implementation path for building a technology finance system in line with scientific and technological innovation.

## Management Discussion and Analysis

### (II) Principal Businesses

In 2025, braving a complex external landscape and industry transformation challenges, the Group remained unwavering in its commitment to high-quality development, responding to the uncertainties of the external environment with the certainty of high-quality development. The Group made every effort to serve the overall economic and social development, with the paid claims being RMB472,889 million, representing a year-on-year increase of 5.4%. The business development showed steady growth, achieving original premiums income of RMB738,333 million, representing a year-on-year increase of 6.5%, being at a good level among major listed insurance groups; and achieved insurance revenue of RMB570,717 million, representing a year-on-year increase of 6.1%. The operating benefits improved significantly, achieving total investment income of RMB92,987 million, representing a year-on-year increase of 13.2%; and the net profit attributable to owners of the Company was RMB46,207 million, representing a year-on-year increase of 9.6%.

As of 31 December 2025, the market share of PICC P&C in the P&C insurance market was 31.6%, and the aggregate market share of PICC Life and PICC Health in the life and health insurance market was 4.2%.

#### **1. P&C Insurance Segment: Business Development Becoming More Resilient with Core Businesses Maintaining a Steady Upward Trajectory**

PICC P&C adhered to a customer-centric approach, optimized its operational management system, and effectively built its development advantages. In 2025, it achieved original premiums income of RMB555,777 million, representing a year-on-year increase of 3.3%, with a market share of 31.6%, and insurance revenue of RMB511,594 million, representing a year-on-year increase of 5.4%, maintaining its industry leadership. We optimized our development layout and business structure while serving the overall national interests. Motor insurance premium income exceeded RMB300,000 million, with market share remaining basically stable. The non-vehicle insurance business accounted for 45.0%, representing an increase of 0.3 percentage point year-on-year, with personal non-vehicle insurance business maintaining rapid growth. It drove forward various initiatives to enhance quality, reduce costs, and improve efficiency, focused on improving business quality, strengthened claims management and control, and achieved an underwriting profit of RMB12,535 million, representing a year-on-year increase of 119.4%. Its combined ratio was 97.5%, representing a decrease of 1.3 percentage points year-on-year and the net profit was RMB40,377 million, representing a year-on-year increase of 25.5%.

**2. Life and Health Insurance Segment: Becoming More Focused on Main Responsibilities and Businesses with Steady 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 2025, the original premiums income amounted to RMB125,970 million, representing a year-on-year increase of 18.8%, the first-year regular premiums amounted to RMB33,645 million, representing a year-on-year increase of 32.4%; and the renewal premiums amounted to RMB68,303 million, representing a year-on-year increase of 16.1%; the value of new business amounted to RMB8,229 million, representing a year-on-year increase of 64.5% on a like-for-like basis. PICC Health adhered to specialized and differentiated operations, continuously driving high-quality development towards excellence and innovation; PICC Health achieved original premiums income of RMB56,266 million in 2025, representing a year-on-year increase of 15.5%; PICC Health realized the first-year regular premiums of RMB10,372 million, representing a year-on-year increase of 56.0%; the value of new business amounted to RMB7,387 million, representing a year-on-year increase of 22.5% on a like-for-like basis; the growth rate of health insurance premiums was 22.2 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 RMB20,380 million, up 14.5% year-on-year, which continued to maintain the market leading position among life and health insurance companies.

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

The investment segment implemented the requirements of the Group's high-quality development. It continuously improved the quality and efficiency of investments serving national strategies, better met the wealth management needs of the people, and strengthened the development of active investment management capabilities to drive the steady improvement of the Group's investment performance. In 2025, the Group achieved a total investment income of RMB92,987 million, representing a year-on-year increase of 13.2%; the total investment yield was 5.6%, maintaining relative stability. It fully implemented requirements for channeling medium- and long-term funds into the market, actively participated in pilot programs for long-term investment of insurance funds, and continuously optimized the secondary market equity investment structure. The Group took asset securitization business as a breakthrough point to do more in the transformation and innovation of alternative investments. In 2025, PICC Group ranked first among insurance peers in terms of the issuance scale of inter-institutional REITs. It successfully launched the implementation of several industry-first and benchmark projects. This achieved an effective integration of helping revitalize existing assets, optimizing corporate financing structures, participating in building a multi-tiered securitization product system, and meeting the allocation needs of insurance funds. 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 31 December 2025, the scale of third-party assets under the management of the Group amounted to RMB1,140,000 million.

## Management Discussion and Analysis

### **4. Technology Segment: Pushing forward with the Construction of Technological Projects 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, making tangible and accessible benefits for grassroots units. It continued to optimize and upgrade sales order tools. The “PICC e-Tong” has served more than 110 million personnel times, and achieved original premiums income of more than RMB140 billion. It continued to deepen the application and promotion of intelligent technology. PICC P&C smart assistant, intelligent outbound calling, and intelligent sparring partner have been rolled out nationwide, with intelligent outbound calls cumulatively exceeding 40 million in 2025. PICC Life continued to build a full-chain digital combat platform for the workplace segment, achieving a 53.9% increase in scale premiums. PICC Health, through process reconstruction and efficiency optimization, increased claims

processing efficiency by 5 times and the claims anti-fraud model effectively identified high-risk cases and reduced losses of nearly RMB1,700 million. It continued to promote online customer services with the integrated platform serving over 210 million customer personnel times annually, the average monthly active users of the “PICC” APP increasing by 34.6% year-on-year, and the online penetration rate of household-use vehicle customers reaching 96.7%.

### **(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, among which the life insurance segment includes PICC Life, in which the Company holds 80.00% equity interests directly and indirectly, and the health insurance segment includes PICC Health, in which the Company holds 95.45% equity interests directly and indirectly; and the asset management business consists of the asset management segment of the Group and primarily includes PICC AMC, PICC Pension and PICC Capital, which are all wholly owned by the Company. The Company also holds 100.00% equity interests in PICC Investment Holding and PICC Technology, and directly and indirectly holds 100.00% equity interests in PICC Reinsurance and PICC Financial Services.

## Management Discussion and Analysis

Unit: RMB million

	The Group	PICC P&C	PICC Life	PICC Health
Actual capital	557,698	287,896	148,588	46,000
Core capital	449,227	264,301	98,606	24,234
Minimum capital	223,166	123,864	73,598	17,199
Comprehensive solvency margin ratio (%)	249.9	232.4	201.9	267.5
Core solvency margin ratio (%)	201.3	213.4	134.0	140.9

The solvency results of the Group and major subsidiaries as at 31 December 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

	2025	2024	(% of change)
Total operating revenue	669,254	622,220	7.6
Insurance revenue	570,717	537,709	6.1
Total operating expenses	594,638	552,988	7.5
Insurance services expenses	527,170	492,837	7.0
Profit before tax	73,952	69,232	6.8
Net profit	62,451	56,781	10.0
Net profit attributable to owners of the Company	46,207	42,151	9.6
Earnings per share <sup>Note</sup> (RMB/share)	1.04	0.95	9.6
Weighted average return on equity (%)	15.9	16.4	Decreased by 0.5 percentage point
Net cash flows from operating activities	118,689	87,990	34.9

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

## Management Discussion and Analysis

Unit: RMB million

	As at 31 December 2025	As at 31 December 2024	(% of change)
Total assets	2,027,592	1,766,321	14.8
Total liabilities	1,607,126	1,398,900	14.9
Net assets	420,466	367,421	14.4
Equity attributable to owners of the Company	309,183	268,866	15.0
Total share capital	44,224	44,224	–
Net assets per share <sup>Note</sup> (RMB/share)	6.99	6.08	15.0

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	
	2025	2024	As at	As at
			31 December 2025	31 December 2024
Under the China Accounting Standards for Business Enterprises	46,646	42,869	308,991	268,733
Items and amounts adjusted in accordance with the IFRS:				
Catastrophic risk reserve <sup>(1)</sup>	79	(957)	257	178
Dilution of equity interests in associates <sup>(2)</sup>	(498)	–	–	–
Impact of above adjustment on deferred income tax	(20)	239	(65)	(45)
Under the IFRS Accounting Standards	46,207	42,151	309,183	268,866

Explanation for major adjustments:

- (1) Besides recognizing insurance contract liabilities in accordance with Accounting Standards for Business Enterprises No. 25 – Insurance Contract, provision for premium reserves is required for certain insurance types under relevant regulations. For instance, in accordance with the provisions of Cai Kuai [2014] No. 12 and Cai Jin [2017] No. 38, agricultural insurance catastrophe premium reserves are provisioned at a certain percentage of retained agricultural insurance premiums, and residential earthquake insurance reserves are provisioned at a certain percentage of residential earthquake insurance premium income. The premium reserves provisioned or utilized in the current period are recognized in the profit or loss for the current period. There is no provision regarding thereof under the IFRS Accounting Standards, hence there exist differences between such standards. The liabilities for insurance contracts provided under the IFRS Accounting Standards No. 17 are the same as those provided under the Accounting Standards for Business Enterprises No. 25 – Insurance Contract.
- (2) In 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 percentage 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

	31 December 2025/2025	31 December 2024/2024
<b>Consolidated</b>		
Insurance contract liabilities	1,239,519	1,122,797
Including: Liability for incurred claims	262,520	243,144
Liability for remaining coverage	976,999	879,653
Reinsurance contract assets	42,150	39,762
Reinsurance contract liabilities	146	71
Net expenses from reinsurance contracts held	6,373	7,464
Finance expenses from insurance contracts issued	45,898	43,329
Finance income from reinsurance contracts held	(1,111)	(1,264)
Investment assets	1,901,634	1,641,756
Total investment yield (%)	5.6	5.6
Gearing ratio <sup>(1)</sup> (%)	79.3	79.2
<b>PICC P&amp;C</b>		
Insurance revenue	511,594	485,223
Insurance service expenses	486,254	465,392
Combined ratio <sup>(2)</sup> (%)	97.5	98.8
Comprehensive loss ratio <sup>(3)</sup> (%)	73.9	73.0
<b>PICC Life</b>		
Insurance revenue	25,337	22,384
Insurance service expenses	17,279	7,483
Contractual service margin for issued insurance contracts	104,451	92,555
Contractual service margin for insurance contracts issued on initial recognition in the current period	17,375	14,151
Value of new business <sup>(4)</sup>	8,229	5,024
Embedded value <sup>(4)</sup>	124,149	119,731
Lapse rate <sup>(5)</sup> (%)	1.7	3.6
<b>PICC Health</b>		
Insurance revenue	30,433	27,217
Insurance service expenses	21,058	17,752
Contractual service margin for issued insurance contracts	23,426	20,189
Contractual service margin for insurance contracts issued on initial recognition in the current period	12,826	10,979
Value of new business <sup>(6)</sup>	7,387	6,513
Embedded value <sup>(6)</sup>	35,369	30,117
Lapse rate <sup>(5)</sup> (%)	1.0	1.0

## Management Discussion and Analysis

### 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 risk discount rate as at 31 December 2024, the value of new business in 2025 and the embedded value as of 31 December 2025 of PICC Life was RMB8,265 million and RMB123,703 million, respectively.
- (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 economic assumptions such as investment yield and risk discount rate as at 31 December 2024, the value of new business in 2025 and the embedded value as of 31 December 2025 of PICC Health was RMB7,981 million and RMB38,531 million, respectively.
- (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 cumulative data for the period from January to December 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 central government, actively executed the strategic requirements of “building a first-class company” set by the Group, and deeply engaged in the practical application of the “Five Priorities” on finance. Adhering to its original aspiration and serving the broader national strategy, it continuously optimized and improved its operational and management systems to steadily promote high-quality development. Demonstrating the leading role within the industry, it actively fulfilled its functions as an economic shock absorber and social stabilizer. PICC P&C has achieved progress while maintaining stability, marked by steady improvements. Its inherent quality, service capabilities, comprehensive strength, and brand image have reached new heights, laying a solid foundation for advancing towards the new journey of the “15th Five-Year Plan”.

#### (1) Analysis of operating conditions and results

In 2025, PICC P&C reported insurance revenue of RMB511.594 billion, representing a year-on-year increase of 5.4%; the underwriting profit was RMB12.535 billion, representing a year-on-year increase of 119.4%; the combined ratio was 97.5%, representing a year-on-year decrease of 1.3 percentage points; the comprehensive loss ratio was 73.9%, representing a year-on-year increase of 0.9 percentage point; the comprehensive expense ratio was 23.6%, representing a year-on-year decrease of 2.2 percentage points; and the net profit was RMB40.377 billion, representing a year-on-year increase of 25.5%. PICC P&C’s three-year average combined ratio<sup>5</sup> was 98.0%, and the three-year average comprehensive loss ratio<sup>6</sup> was 72.5%.

<sup>5</sup> The three-year average combined ratio represents the average of the combined ratios for the last three complete years (2023 to 2025).

<sup>6</sup> The three-year average comprehensive loss ratio represents the average of the comprehensive loss ratios for the last three complete years (2023 to 2025).

## Management Discussion and Analysis

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

Unit: RMB million

Indicator	2025	2024	(% of change)
Insurance revenue	511,594	485,223	5.4
Less: Insurance service expenses	486,254	465,392	4.5
Less: Net expenses of reinsurance contracts ceded	5,175	5,451	(5.1)
Less: Finance expenses from insurance contracts issued	8,762	9,901	(11.5)
Add: Finance income from reinsurance contracts held	1,132	1,234	(8.3)
<b>Underwriting profits</b>	<b>12,535</b>	<b>5,713</b>	<b>119.4</b>

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	305,335	285,131	14,258	95.3	291,983,618
Accidental injury and health insurance	61,788	60,191	621	99.0	2,229,577,256
Agricultural insurance	54,561	56,034	(1,056)	101.9	1,995,752
Liability insurance	38,485	38,746	(1,742)	104.5	732,582,226
Commercial property insurance	19,063	17,185	(191)	101.0	50,819,397
Other insurances	32,362	28,967	645	98.0	96,086,872
<b>Total</b>	<b>511,594</b>	<b>486,254</b>	<b>12,535</b>	<b>97.5</b>	<b>3,403,045,122</b>

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

- Motor vehicle insurance

PICC P&C consistently pursued high-quality development in its motor vehicle insurance business. It continuously iterated and upgraded its actuarial pricing models, strengthened risk selection, and optimized its business structure. Focusing on customer needs and business scenarios, PICC P&C enhanced specialized channel development, strengthened new vehicle insurance, improved policy renewal rates, and optimized policy conversion to improve service quality and efficiency. The motor vehicle insurance business achieved insurance revenue of RMB305.335 billion, representing a year-on-year increase of 3.6%.

PICC P&C focused on critical areas such as vehicle damage and personal injury by strengthening cost management and control, innovating claims service models, implementing risk reduction services, refining claims operation standards, promoting the construction of standardization and digitalization, cultivating the professional capabilities of its claims team, deepening the transformation and upgrading of internal claims control, actively promoting the continuous optimization of the industry ecosystem, and taking the lead in maintaining market order. The combined ratio for the motor vehicle insurance business was 95.3%, representing a year-on-year

decrease of 1.5 percentage points; and the underwriting profit was RMB14.258 billion, representing a year-on-year increase of 53.6%.

- Accidental injury and health insurance

PICC P&C firmly adhered to the fundamental requirement of “enhancing services for people’s wellbeing”. It strengthened its functional role within the “1+3+N” multi-tiered medical security system, closely aligned with basic medical insurance policies, and continuously upgraded its health insurance product matrix tailored to different demographics, disease types, and scenarios, in response to the public’s health protection needs. Based on its positioning as a provider of individual business-centric products, PICC P&C promoted an integrated customer product offering covering “vehicle, individual, and household”, further elevating the penetration of personal non-vehicle insurance bundled with auto policies. To support the expansion of domestic demand, PICC P&C also drove the multi-model development of cultural and tourism insurance. Accidental injury and health insurance achieved insurance revenue of RMB61.788 billion, representing a year-on-year increase of 26.3%.

PICC P&C focused on the linkage between underwriting and claims risk management, continuously refining its underwriting risk control system. It addressed personal injury and leakage prevention to reduce claims costs, closely investigated high-risk accident and health insurance cases, strengthened the application of intelligent medical review tools, and enhanced expense management and control. The combined ratio for the accidental injury and health insurance business was 99.0%, representing a

year-on-year decrease of 0.5 percentage point; and the underwriting profit was RMB621 million, representing a year-on-year increase of 156.6%.

- Agricultural insurance

In line with the national strategic requirements for building an agricultural powerhouse and promoting comprehensive rural revitalization, PICC P&C comprehensively constructed a multi-tiered, extensive coverage, and sustainable agricultural insurance development system, fully supporting the implementation and effectiveness of national policies favoring and supporting agriculture. The agricultural insurance business achieved insurance revenue of RMB54.561 billion.

With “protection, prevention, mitigation, relief, and claims” as its core work orientation, PICC P&C further increased investment in technological empowerment, enhanced the use of technological tools such as satellite remote sensing and drones, advanced the development of grassroots agricultural insurance claims service teams, and improved claims service quality and efficiency. The combined ratio for the agricultural insurance business was 101.9%, representing a year-on-year increase of 2.2 percentage points.

## Management Discussion and Analysis

- Liability insurance

Serving the expansion of domestic demand, consumption growth, and new quality productive forces, PICC P&C continuously optimized its liability insurance business strategy. It strengthened the management and control of high-risk products and businesses, leading to rapid growth in areas such as new urban residents, the Internet, extended warranties for new energy vehicles, and intelligent driving. Liability insurance achieved insurance service revenue of RMB38.485 billion, representing a year-on-year increase of 3.7%.

PICC P&C focused on targeted governance of claims for key insurance lines, deepened expense management and control, strengthened risk selection and pricing capability development, and promoted quality improvement in its liability insurance business. The combined ratio for the liability insurance business was 104.5%, representing a year-on-year decrease of 0.7 percentage point.

- Commercial property insurance

Closely following the pace of building a modern industrial system and focusing on serving the real economy and new quality productive forces, PICC P&C implemented detailed operational strategies by customer group and channel. It adopted list-based management and precise engagement for key institutional clients, strengthened innovation in product supply and sales models, and enhanced the market responsiveness of underwriting quotations. The commercial property insurance business achieved insurance revenue of RMB19.063 billion, representing a year-on-year increase of 5.7%.

PICC P&C strengthened business structure management, tightened underwriting management and control over high-risk businesses, optimized risk reduction services, improved the efficiency of expense resource allocation, and enhanced business quality. The combined ratio for the commercial property insurance business was 101.0%, representing a year-on-year decrease of 12.4 percentage points.

- Other insurances

PICC P&C continuously optimized its market layout, focusing on key areas such as serving the construction of a modern industrial system, serving high-level technological self-reliance, serving high-level opening-up, serving people's livelihood protection, and serving comprehensive green transformation. It vigorously developed technology insurance, "Belt and Road" insurance, marine insurance, governance-related insurance, and green insurance. Other insurance businesses achieved insurance revenue of RMB32.362 billion, representing a year-on-year increase of 4.4%.

PICC P&C continuously promoted underwriting portfolio management, strengthened management and control over high-risk businesses, expanded the coverage of risk reduction services, consolidated the construction of claims expert teams in areas such as technology insurance, implemented differentiated expense allocation plans, and improved the precision of the investment in sales expenses. The combined ratio for other insurance businesses was 98.0%, representing a year-on-year decrease of 0.8 percentage point; and the underwriting profit was RMB645 million, representing a year-on-year increase of 78.2%.

(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

	2025	2024	(% of change)
Motor vehicle insurance	305,745	297,394	2.8
Accidental injury and health insurance	107,585	101,160	6.4
Agricultural insurance	55,947	54,919	1.9
Liability insurance	38,234	37,583	1.7
Commercial property insurance	17,656	16,909	4.4
Other insurances	30,610	30,090	1.7
<b>Total</b>	<b>555,777</b>	<b>538,055</b>	<b>3.3</b>

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

	2025			2024	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Insurance agents channel	318,370	57.3	(2.3)	325,754	60.5
Among which: Individual insurance agents	149,373	26.9	(10.1)	166,194	30.8
Ancillary insurance agents	26,720	4.8	(6.1)	28,470	5.3
Professional insurance agents	142,277	25.6	8.5	131,090	24.4
Direct sales channel	189,101	34.0	12.3	168,315	31.3
Insurance brokerage channel	48,306	8.7	9.8	43,986	8.2
<b>Total</b>	<b>555,777</b>	<b>100.0</b>	<b>3.3</b>	<b>538,055</b>	<b>100.0</b>

In 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 12.3%.

## Management Discussion and Analysis

### 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

	2025	2024	(% of change)
Guangdong Province	59,660	57,022	4.6
Jiangsu Province	57,174	55,342	3.3
Zhejiang Province	47,669	45,627	4.5
Shandong Province	33,637	32,905	2.2
Hebei Province	29,431	28,846	2.0
Sichuan Province	27,674	26,799	3.3
Hubei Province	24,669	23,463	5.1
Anhui Province	22,342	21,855	2.2
Hunan Province	21,815	22,373	(2.5)
Fujian Province	19,994	21,370	(6.4)
Other regions	211,712	202,453	4.6
<b>Total</b>	<b>555,777</b>	<b>538,055</b>	<b>3.3</b>

### (3) Insurance contract liabilities

As of 31 December 2025, the net amount of insurance contract liabilities increased by 8.1% from the end of the previous year, and the net amount of ceded reinsurance contract assets increased by 6.6% from the end of the previous year, primarily due to business growth.

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 31 December 2025	As of 31 December 2024	(% of change)
Insurance contract liabilities (assets)	406,093	348,680	16.5
Liability for remaining coverage	187,715	170,658	10.0
Liability for incurred claims	218,378	178,022	22.7
Reinsurance contract assets (liabilities)	39,318	36,263	8.4
Remaining coverage assets recovered under reinsurance policies	(1,430)	(681)	110.0
Incurred claims assets recovered under reinsurance policies	40,748	36,944	10.3

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 31 December 2025	As of 31 December 2024	(% of change)
Insurance contract liabilities (assets)	26,367	51,444	(48.7)
Liability for remaining coverage	4,327	4,936	(12.3)
Liability for incurred claims	22,040	46,508	(52.6)
Reinsurance contract assets (liabilities)	3,780	4,184	(9.7)
Remaining coverage assets recovered under reinsurance policies	92	48	91.7
Incurred claims assets recovered under reinsurance policies	3,688	4,136	(10.8)

#### (4) Reinsurance status

PICC P&C has been adhering to a prudent reinsurance policy, utilizing the reinsurance mechanism to disperse operational risks, safeguarding PICC P&C'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 2025, PICC Hong Kong continued to adhere to the path of high-quality development, realized insurance revenue equivalent to RMB1,972 million, with a combined ratio of 100.6%. PICC Hong Kong actively played its role as an important window on the internationalization 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 has increased to 9 countries. PICC Hong Kong 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 RMB90 million in 2025.

## Management Discussion and Analysis

### **Reinsurance business**

#### *PICC Reinsurance*

PICC Reinsurance adhered to the general working principle of “seeking progress while maintaining stability”. It upheld strong political guidance and deeply implemented the political commitment and people-centered nature of financial work. In addition, it focused on building professional capabilities, consistently delivering innovative research outcomes, and striving to become a reinsurance company with leading technology and outstanding professional expertise. In 2025, PICC Reinsurance achieved an insurance revenue of RMB5.366 billion (representing a year-on-year increase of 2.2%) and a net profit of RMB601 million (representing a year-on-year increase of 15.7%); 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 2025, PICC Life achieved insurance revenue of RMB25,337 million, representing a year-on-year increase of 13.2%; the original premiums income achieved a year-on-year growth of 18.8%; and the regular premiums achieved a year-on-year growth of 21.0%; the value of new business amounted to RMB8,229 million, representing a year-on-year increase of 64.5% on a like-for-like basis; and it achieved a net profit of RMB11,774 million. The balance of the contract service margin stood at RMB104,451 million, representing an increase of 12.9% from the beginning of the year; the contract service margin of new business reached RMB17,375 million, representing an increase of 22.8% year-on-year; and net assets amounted to RMB55,196 million, representing an increase of 39.6% from the beginning of the year.

## Management Discussion and Analysis

The following table sets out PICC Life's insurance 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

	2025	2024	(% of change)
<b>Insurance revenue</b>	25,337	22,384	13.2
Contracts measured under the premium allocation approach	3,390	3,064	10.6
Contracts not measured under the premium allocation approach	21,947	19,319	13.6
<b>Insurance service expenses</b>	17,279	7,483	130.9
Contracts measured under the premium allocation approach	3,456	3,440	0.5
Contracts not measured under the premium allocation approach	13,823	4,044	241.8
<b>Insurance services performance</b>	8,058	14,900	(45.9)
Contracts measured under the premium allocation approach	(66)	(375)	(82.4)
Contracts not measured under the premium allocation approach	8,124	15,276	(46.8)

### (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

	2025			2024	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Life insurance	109,185	86.7	22.6	89,070	84.0
General life insurance	92,896	73.7	66.1	55,934	52.8
Participating life insurance	16,173	12.8	(51.0)	33,010	31.1
Universal life insurance	116	0.1	(7.9)	126	0.1
Health insurance	15,619	12.4	(1.0)	15,779	14.9
Accident insurance	1,166	0.9	1.0	1,155	1.1
<b>Total</b>	<b>125,970</b>	<b>100.0</b>	<b>18.8</b>	<b>106,004</b>	<b>100.0</b>

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

## Management Discussion and Analysis

In 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 RMB125,970 million, representing a year-on-year increase of 18.8%; and achieved original premiums income from general life insurance of RMB92,896 million, representing a year-on-year increase of 66.1%.

### 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

	2025			2024	
	Amount	(% of total)	(% of change)	Amount	(% of total)
<b>Individual insurance channel</b>	54,004	42.9	5.4	51,247	48.3
First-year business of long-term insurance	15,586	12.4	(5.2)	16,439	15.5
Single premiums	5,925	4.7	8.5	5,460	5.2
First-year regular premiums	9,661	7.7	(12.0)	10,980	10.4
Renewal business	37,754	30.0	10.7	34,115	32.2
Short-term insurance	664	0.5	(4.2)	693	0.7
<b>Bancassurance channel</b>	68,278	54.2	33.5	51,156	48.3
First-year business of long-term insurance	38,496	30.6	41.4	27,224	25.7
Single premiums	14,588	11.6	13.6	12,844	12.1
First-year regular premiums	23,909	19.0	66.3	14,380	13.6
Renewal business	29,779	23.6	24.5	23,926	22.6
Short-term insurance	2	0.0	(60.0)	5	0.0
<b>Group insurance channel</b>	3,688	2.9	2.4	3,601	3.4
First-year business of long-term insurance	126	0.1	(20.3)	158	0.1
Single premiums	51	0.0	(50.5)	103	0.1
First-year regular premiums	75	0.1	36.4	55	0.1
Renewal business	770	0.6	(3.9)	801	0.8
Short-term insurance	2,793	2.2	5.7	2,642	2.5
<b>Total</b>	<b>125,970</b>	<b>100.0</b>	<b>18.8</b>	<b>106,004</b>	<b>100.0</b>

As of 31 December 2025, the original premiums income of individual insurance channel was RMB54,004 million, representing a year-on-year increase of 5.4%, and the value of new business reached RMB3,508 million, representing a year-on-year increase of 30.4% on a like-for-like basis. The number of marketing manpower was 76,991; the number of monthly average effective manpower was 19,770. The first-year premiums with a payment duration of ten years or longer of the new army channel increased by 32.4% year-on-year. The first-year regular premiums of workplace segment business reached RMB337 million, representing a year-on-year increase of 10.0%. Among this, first-year premiums from regular policies with a term of ten years or longer amounted to RMB156 million, representing a year-on-year increase of 190.4%. For the comprehensive finance channel, it adhered to its development goal of “interaction between P&C insurance and life insurance • branch operation”, and convert the customer resource strengths of P&C insurance into the new driving force for life insurance via precise outreach through branch operation and full-process empowerment by specialist services. The scale premiums of personal pension increased by 375.0% year-on-year; the first-year regular premiums with a term of ten years or longer increased by 27.8% year-on-year; the short-term insurance premiums rose by 11.7% year-on-year; the average monthly effective manpower improved by 23.5% year-on-year; and the average monthly “diamond-level” manpower increased by 18.8% year-on-year.

As for bancassurance channel, PICC Life adhered to the business concept of “customer-oriented”, continued to deepen cooperation with large state-owned banks and key joint-stock banks, and promoted the high-quality development of channels by improving and optimizing systems, strengthening rigid management and control, and strictly implementing the regulatory requirement of the “consistency between regulatory filings and actual underwriting”. The value of new business reached RMB4,672 million, representing a year-on-year increase of 102.3% on a like-for-like basis; and the first-year regular premiums increased by 66.3% year-on-year.

Focusing on a new path for high-quality development in group insurance, the group insurance channel aligned itself with national strategies at a political and strategic level, driving both volume expansion and quality improvement in its short-term insurance business. The channel achieved original premium income of RMB3,688 million, representing a year-on-year increase of 2.4%. Within this, the original premium income from short-term insurance reached RMB2,793 million, representing a year-on-year increase of 5.7%.

## 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

	2025	2024	(% of change)
Zhejiang Province	17,118	14,205	20.5
Sichuan Province	8,571	8,581	(0.1)
Jiangsu Province	8,307	6,971	19.2
Beijing City	7,112	5,137	38.4
Guangdong Province	6,468	6,087	6.3
Hebei Province	5,475	3,644	50.2
Henan Province	4,834	3,485	38.7
Anhui Province	4,604	2,441	88.6
Shandong Province	4,521	3,520	28.4
Hubei Province	4,502	4,026	11.8
Other regions	54,459	47,909	13.7
<b>Total</b>	<b>125,970</b>	<b>106,004</b>	<b>18.8</b>

### ④ Persistency Ratios of Premiums

PICC Life constantly enhanced the quality of its businesses, refined its management mechanisms, 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 0.5 percentage point year-on-year, and the 25-month premium persistency ratio increased by 4.8 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	2025	2024
13-month premium persistency ratio <sup>(1)</sup> (%)	96.8	96.3
25-month premium persistency ratio <sup>(2)</sup> (%)	94.7	89.9

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 Ru Yi Fu Endowment Insurance	General life insurance	Bancassurance	15,301
PICC Life Xin Yu Endowment Insurance	General life insurance	Bancassurance	11,617
PICC Life Zhen Xin Yi Sheng Whole Life Insurance	General life insurance	Individual insurance/ Bancassurance	9,795
PICC Life Zhen Ying Yi Sheng Whole Life Insurance	General life insurance	Individual insurance/ Bancassurance	9,426
PICC Life Ru Yi Bao Endowment Insurance (Participating)	Participating life insurance	Individual insurance/ Bancassurance	7,274

(3) Insurance contract liabilities

As of 31 December 2025, the net insurance contract liabilities increased by 11.7% 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 RMB607 million compared with the end of last year, mainly due to the accumulation of existing reinsurance business development.

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 31 December 2025	As of 31 December 2024	(% of change)
Insurance contract liabilities (assets)	2,986	2,765	8.0
Liability for remaining coverage	1,901	1,707	11.4
Liability for incurred claims	1,085	1,057	2.6
Reinsurance contract assets (liabilities)	68	20	240.0
Remaining coverage assets recovered under reinsurance policies	28	5	460.0
Incurred claims assets recovered under reinsurance policies	40	15	166.7

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 31 December 2025	As of 31 December 2024	(% of change)
Insurance contract liabilities (assets)	690,266	618,107	11.7
Liability for remaining coverage	683,495	612,539	11.6
Liability for incurred claims	6,772	5,569	21.6
Reinsurance contract assets (liabilities)	568	9	6,211.1
Remaining coverage assets recovered under reinsurance policies	212	(355)	–
Incurred claims assets recovered under reinsurance policies	356	364	(2.2)

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

### 2. PICC Health

#### (1) Analysis of operating conditions and results

In 2025, PICC Health actively participated in the Healthy China strategy and the construction of a multi-level social security system, optimized the “6+1”<sup>7</sup> business pattern, deepened the reform of the “Health Project”, and implemented the Year of Grassroots Development campaign. The operation and development of PICC Health continued to maintain a good momentum. In 2025, PICC Health achieved insurance revenue of RMB30,433 million, representing a year-on-year increase of 11.8%. The net profit was RMB8,182 million, representing a year-on-year increase of 42.8%. In 2025, PICC Health realized the value of new business of RMB7,387 million, representing a year-on-year increase of 22.5% on a like-for-like basis. The Internet health insurance business continued to maintain the market-leading position among life insurance companies. PICC Health Management Co., Ltd. (人保健康管理有限公司) was established, and the construction of a big health ecosystem gained new breakthroughs. PICC Health achieved a revenue from the health management business of RMB509 million, up 17.2% year-on-year, providing various health management services to over 9.52 million customer personnel times. The total service volume increased by 16.9% year-on-year, reflecting continuous improvement in the scale and service level of the health management business.

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

	2025	2024	(% of change)
<b>Insurance revenue</b>	30,433	27,217	11.8
Contracts measured under the premium allocation approach	–	–	–
Contracts not measured under the premium allocation approach	30,433	27,217	11.8
<b>Insurance services expenses</b>	21,058	17,752	18.6
Contracts measured under the premium allocation approach	–	–	–
Contracts not measured under the premium allocation approach	21,058	17,752	18.6
<b>Insurance services performance</b>	9,375	9,465	(1.0)
Contracts measured under the premium allocation approach	–	–	–
Contracts not measured under the premium allocation approach	9,375	9,465	(1.0)

### (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 type for the reporting period:

Unit: RMB million

	2025			2024	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Medical insurance	30,415	54.1	13.1	26,899	55.3
Participating endowment insurance	8,901	15.8	(9.1)	9,796	20.1
Illness insurance	5,987	10.6	8.5	5,517	11.3
Nursing care insurance	10,025	17.8	75.4	5,715	11.7
Accidental injury insurance	739	1.3	18.2	625	1.3
Disability losses insurance	199	0.4	39.2	143	0.3
<b>Total</b>	<b>56,266</b>	<b>100.0</b>	<b>15.5</b>	<b>48,695</b>	<b>100.0</b>

In 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 RMB30,415 million, representing a year-on-year increase of 13.1%. PICC Health stepped up the efforts in developing both policy-related and commercial nursing care insurance business, and realized an original premiums income of RMB10,025 million from nursing care insurance, representing a year-on-year increase of 75.4%.

## Management Discussion and Analysis

### 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

	2025			2024	
	Amount	(% of total)	(% of change)	Amount	(% of total)
<b>Individual insurance channel</b>	22,677	40.3	13.2	20,039	41.2
First-year business of long-term insurance	7,073	12.6	61.3	4,384	9.0
Single premiums	125	0.2	(30.2)	179	0.4
First-year regular premiums	6,948	12.3	65.2	4,205	8.6
Renewal business	11,164	19.8	1.8	10,963	22.5
Short-term insurance	4,440	7.9	(5.4)	4,692	9.6
<b>Bancassurance channel</b>	16,597	29.5	25.0	13,280	27.3
First-year business of long-term insurance	11,860	21.1	16.2	10,206	21.0
Single premiums	8,455	15.0	8.7	7,779	16.0
First-year regular premiums	3,405	6.1	40.3	2,427	5.0
Renewal business	4,737	8.4	54.1	3,074	6.3
Short-term insurance	–	–	–	–	–
<b>Group insurance channel</b>	16,992	30.2	10.5	15,376	31.5
First-year business of long-term insurance	41	–	(2.4)	42	–
Single premiums	22	–	(8.3)	24	–
First-year regular premiums	19	–	5.6	18	–
Renewal business	94	0.2	11.9	84	0.2
Short-term insurance	16,857	30.0	10.5	15,250	31.3
<b>Total</b>	<b>56,266</b>	<b>100.0</b>	<b>15.5</b>	<b>48,695</b>	<b>100.0</b>

PICC Health continued to focus on individual insurance 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 (Flagship Edition 2025) (好醫保•長期醫療(旗艦版 2025))” 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 medical devices and facilities. 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 new-format critical illness products of “Jian Kang Fu, Millions for Children (健康福•少兒百萬)” and “Millions for Adults (成人百萬)”. For insured persons with pre-existing conditions and chronic diseases, PICC Health leveraged intelligent underwriting and underwriting intelligent agents to provide personalized underwriting solutions, achieving effective coverage for such groups while maintaining stable risk control. PICC Health has built a proprietary account ecosystem covering its corporate APP, comprehensive e-commerce portals, Alipay, WeChat, Xiaohongshu and other platforms, forming a three-dimensional, tiered and multi-dimensional proprietary platform matrix. In total, 49 proprietary products have been launched and iterated, with the cumulative number of platform followers reaching 8.5 million. In respect of personal agent business, PICC Health adhered to the core principle of high-quality development, put customers at the center, positioned itself for quality growth, followed an elite-oriented path, focused on smart marketing reforms, enhanced sales professionals’ capabilities, and fostered a service-oriented sales force. The original premiums income of individual insurance channel was RMB22,677 million, representing a year-on-year increase of 13.2%.

PICC Health further strengthened its cooperation with the bank and fully tapped the online and offline sales potential of channels. PICC Health continuously enhanced team building, improving professional competence through training and empowerment. PICC Health steadily optimized its business mix by vigorously developing commercial long-term nursing insurance business. Committed to operation in compliance with laws and regulations, PICC Health strictly implemented all regulatory requirements, achieving steady growth in bancassurance business. The original premiums income of bancassurance channel was RMB16,597 million, representing a year-on-year increase of 25.0%.

PICC Health accelerated to promote group insurance business, focusing on “stabilizing growth, adjusting structure, enhancing value, building ecosystem, strengthening grassroots and tightening compliance”. Taking digital reform and innovation in business models and operations as key drivers, PICC Health consolidated and expanded traditional security business, accelerated breakthroughs in social and commercial integration business, and expanded and specialized in entrusted management business. In terms of social insurance business, insurance premiums scale reached a new level, innovative business maintained continuous growth, and efficiency indicators remained solid. In terms of commercial group insurance business, PICC Health implemented the national macro 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 RMB16,992 million, representing a year-on-year increase of 10.5%.

## Management Discussion and Analysis

### 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

	2025	2024	(% of change)
Guangdong Province	23,900	20,870	14.5
Shandong Province	3,138	1,686	86.1
Hubei Province	2,901	2,072	40.0
Shaanxi Province	2,893	2,537	14.0
Liaoning Province	2,685	2,303	16.6
Anhui Province	2,328	1,973	18.0
Henan Province	2,265	2,309	(1.9)
Jiangsu Province	1,880	1,386	35.6
Shanxi Province	1,815	1,690	7.4
Jiangxi Province	1,686	1,819	(7.3)
Other Regions	10,775	10,050	7.2
<b>Total</b>	<b>56,266</b>	<b>48,695</b>	<b>15.5</b>

### 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	2025	2024
13-month premium persistency ratio <sup>(1)</sup> (%)	95.5	93.9
25-month premium persistency ratio <sup>(2)</sup> (%)	92.4	86.3

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) (2024 Edition)	Participating Endowment insurance	Bancassurance channel	7,605
PICC Health Group Critical Illness Medical Insurance for Urban and Rural Residents (Type A)	Medical insurance	Group insurance channel	4,827
PICC Health You Xiang Bao Internet Medical Insurance	Medical insurance	Individual insurance channel	4,032
PICC Health He Xie Sheng Shi Large Amount Supplementary Group Medical Insurance for Urban Employees	Medical insurance	Group insurance channel	3,847
PICC Health Jian Kang Jin Fu Internet Individual Medical Insurance	Medical insurance	Individual insurance channel	2,196

(3) Insurance contract liabilities

As of 31 December 2025, the net insurance contract liabilities increased by 13.0% as compared to the end of last year, primarily due to the growth in business, while the net reinsurance contract assets increased by 1.5% as compared to the end of last year, primarily due to the newly signed reinsurance contracts in 2025.

The following table sets forth the liabilities of insurance contracts of PICC Health measured under the premium allocation approach for the reporting period:

Unit: RMB million

	As of 31 December 2025	As of 31 December 2024	(% of change)
Insurance contract liabilities (assets)	–	–	–
Remaining coverage liabilities	–	–	–
Liability for incurred claims	–	–	–
Reinsurance contract assets (liabilities)	22	13	69.2
Remaining coverage assets recovered under reinsurance policies	25	21	19.0
Incurred claims assets recovered under reinsurance policies	(3)	(8)	(62.5)

## Management Discussion and Analysis

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

Unit: RMB million

	As of 31 December 2025	As of 31 December 2024	(% of change)
Insurance contract liabilities (assets)	104,383	92,376	13.0
Remaining coverage liabilities	89,785	78,860	13.9
Liability for incurred claims	14,598	13,516	8.0
Reinsurance contract assets (liabilities)	1,624	1,608	1.0
Remaining coverage assets recovered under reinsurance policies	(4,950)	(4,295)	15.3
Incurred claims assets recovered under reinsurance policies	6,574	5,903	11.4

### (II) Asset Management Business

In 2025, the investment segment fully implemented the Group's strategies, strengthened the development of proactive investment management capabilities, continuously optimized asset allocation, enhanced asset-liability matching management, and steadily advanced innovation in investment operations. Through high-quality investment practices, it supported the high-quality development of the Group.

#### 1. PICC AMC

In 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, served the development of insurance business with good investment performance, and vigorously developed third-party business with the service of wealth management for the people. Based on the "PICC Coordinate" of serving the Chinese path to modernization, PICC AMC continuously improved its proactive investment management capabilities, and continued to enhance its efforts

in serving national strategies and supporting the real economy. As of 31 December 2025, the assets under management amounted to RMB1.98 trillion; the operating income was RMB1.76 billion, and net profit was RMB689 million.

PICC AMC adhered to the concept of long-term investment and value investment, implemented the requirements of serving "Five Priorities" on finance, and deepened and solidified asset-liability matching management. PICC AMC continuously refined asset allocation, optimized fixed-income investments, stabilized equity investments, and strengthened alternative investments, so as to enhance the stability and sustainability of the Group's investment returns. For fixed-income investment, PICC AMC strengthened its capability in analyzing and judging medium-to-long-term interest rate trends, proactively seized allocation and trading opportunities arising from interest rate volatility, flexibly adjusted asset duration and boosted investment returns. For equity investment, PICC AMC implemented the deployment of the entry of medium- and long-term capital into the market, strengthened the concept of absolute returns, established strategic stock portfolios, enhanced the allocation of strategic varieties and

grasped structural opportunities, achieving the organic integration of serving national priorities and improving investment returns. PICC AMC actively participated in the pilot program of long-term insurance fund investment, with PICC Qiyuan Huizhong Private Securities Investment Fund (人保啟元惠眾私募證券投資基金) officially put into operation, maintaining the long-term stable development of the capital market in a practical way. For alternative investment, PICC AMC vigorously advanced business transformation, achieving remarkable results in the development and investment of innovative asset securitization products. Its issuance scale of exchange-traded ABS reached RMB9,466 million, ranking first among insurance peers. It was awarded the title of “Excellent Institution for Market Development” by the SSE and became the sole insurance asset management company to win the “Market Leading REITs Investment Institution Award” at the 10th CNABS Annual Conference.

### **2. PICC Pension**

In 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 31 December 2025, the assets under the management of PICC Pension amounted to RMB746,258 million, the operating income was RMB1,444 million, and the net profit was RMB481 million.

PICC Pension continued to make efforts on the priority on pension finance. The service coverage of annuity business grew steadily. As of 31 December 2025, the total assets under the management of the corporate annuities and occupational annuities amounted to RMB724,054 million, representing an increase of 12.1% compared to the beginning of the year. PICC Pension served 3,016 second-pillar corporate annuity customers. In 2025, PICC Pension won 583 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. The commercial pension of PICC Pension has covered ten pilot regions, and the assets under the management amounted to RMB22,204 million, representing an increase of 195.9% compared to the beginning of the year, serving 206.8 thousand customers, representing an increase of 31.9% compared to the beginning of the year.

### **3. PICC Capital**

In 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 advanced steadily while focusing on quality improvement and efficiency enhancement. As of 31 December 2025, the scale of the assets under the management of PICC Capital was RMB145,960 million; it achieved operating income of RMB400 million and net profit of RMB97 million.

## Management Discussion and Analysis

Centering on the allocation needs of insurance funds, PICC Capital made every effort to serve the development of the “Five Priorities” on finance, seized investment opportunities while serving national strategies, and optimized its investment layout. With the priorities of stabilizing returns, consolidating scale, optimizing structure, boosting innovation and guarding against risks, PICC Capital promoted the effective improvement in quality and reasonable growth in quantity of alternative investment, better leveraged insurance funds as patient capital, and enhanced value creation in alternative investment. PICC Capital maintained steady debt investment, shifted toward greater focus on project asset value, actively expanded asset securitization categories, streamlined processes and accelerated project implementation. PICC Capital strengthened equity investment by launching the “PICC Modernized Industry Fund” to steadily invest in key sectors including new quality productive forces and strategic emerging industries. PICC Capital improved physical asset investment by developing benchmark projects in new energy, warehousing and logistics, affordable rental housing and consumer infrastructure, and launched the “PICC Capital – State Grid Xin Yuan Equity Investment Plan” to support the development of China’s new energy system and green and low-carbon energy transformation. PICC Capital received the 2025 Ark Award for Innovative Insurance Asset Management Products from Securities Times. Its subsidiary, PICC Capital Equity Investment Company Limited, was awarded the Golden Bull Award for Private Equity Investment Institutions by China Securities Journal, listed as a Sustainable Excellence Case by the Beijing Private Equity Association, and named the Annual Best State-owned Investment Institution by CVINFO (投中信息).

### (III) Investment Portfolio and Investment Income

In 2025, the Group 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 maintained the strength of strategic asset allocation, maintained flexible and effective allocation of strategic assets, and dynamically optimized the allocation structure of major assets in response to changes in market environment and economic cycles, and enhanced the stability and sustainability of investment returns.

**1. Investment Portfolio**

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

Unit: RMB million

	As of 31 December 2025		As of 31 December 2024	
	Amount	(% of total)	Amount	(% of total)
<b>Investment assets</b>	1,901,634	100.0	1,641,756	100.0
<b>Classified by investment object</b>				
Cash and cash equivalents	59,886	3.1	44,147	2.7
Fixed-income investments	1,226,092	64.5	1,115,058	67.9
Term deposits	127,438	6.7	126,556	7.7
Treasury bonds and government bonds	531,300	27.9	424,006	25.8
Financial bonds	188,000	9.9	191,187	11.6
Corporate bonds	198,713	10.4	188,505	11.5
Other fixed-income investments <sup>(1)</sup>	180,641	9.5	184,804	11.3
Equity investments at fair value	423,754	22.3	299,503	18.2
Funds	87,271	4.6	86,642	5.3
Shares	166,235	8.7	60,249	3.7
Permanent financial products	103,670	5.5	76,898	4.7
Other equity investments	66,578	3.5	75,714	4.6
Other investments	191,902	10.1	183,048	11.1
Investment in associates and joint ventures	177,113	9.3	167,816	10.2
Others <sup>(2)</sup>	14,789	0.8	15,232	0.9
<b>Classified by accounting method</b>				
Financial assets held for trading	409,717	21.5	317,670	19.3
Debt investments	322,656	17.0	316,231	19.3
Other debt investments	607,327	31.9	523,581	31.9
Other equity instruments investments	169,046	8.9	115,778	7.1
Long-term equity investments	177,113	9.3	167,816	10.2
Others <sup>(3)</sup>	215,775	11.4	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.

## Management Discussion and Analysis

### *(1) Classified by investment object*

In terms of fixed-income investments, the Group maintained the “foundation” of asset allocation, strengthened proactive investment management capabilities, and achieved an effective balance between duration and yield. The Group intensified efforts in alternative transformation and innovation, actively seized investment opportunities of innovative products such as interbank REITs and CMBS, and alleviated asset allocation pressure for insurance funds; the Group strengthened credit risk management, continuously optimized the credit quality of existing assets, and prevented potential credit risks.

As of 31 December 2025, the bond investment accounted for 48.2%. Among corporate bonds and non-policy bank financial bonds, the proportion with an external credit rating of Grade AAA reached 96.7%, which were mainly distributed in the fields such as bank, public utilities, transportation, and non-bank finance. 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 Grade AAA accounting for 99.8%. The non-standard asset industry covers construction and decoration, public utilities, non-bank finance, transportation and other fields, which have 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 steadily increased the proportion of secondary equity holdings. The Group strengthened the absolute return orientation, optimized the equity asset position structure, innovatively established strategic stock investment portfolios focusing on long-term investment, increased the scale of other equity instrument investment types that are in line with the value investment philosophy of insurance funds, and enhanced the stability of investment performance under the new standards. The Group enhanced stock investment and research capabilities, actively seized structural investment opportunities in the market, and achieved the benign interaction between stabilizing the capital market and enhancing insurance fund investment returns.

(2) *Classified by accounting method*

The investment assets of the Group are mainly distributed in financial assets held for trading, debt investments and other debt investments. The proportion of financial assets held for trading increased by 2.2 percentage points compared to the end of last year, mainly due to the increase in allocation to trading shares. The proportion of debt investments decreased by 2.3 percentage points 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 1.8 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.

**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	2025	2024
Cash and cash equivalents	242	258
Fixed-income investments	36,559	48,288
Interest income	36,562	36,361
Gains and losses from disposal of financial instruments	4,038	8,546
Gains and losses on fair value changes	(2,913)	1,692
Impairment	(1,128)	1,689
Equity investments at fair value	41,989	19,684
Dividends and bonus income	7,532	6,294
Gains and losses from disposal of financial instruments	14,520	(9,164)
Gains and losses on fair value changes	19,937	22,554
Impairment	–	–
Other investments	14,197	13,933
Investment income from associates and joint ventures	13,891	13,720
Other gains and losses	306	213
Total investment income	92,987	82,163
Net investment income <sup>(1)</sup>	59,411	57,318
Total investment yield <sup>(2)</sup> (%)	5.6	5.6
Net investment yield <sup>(3)</sup> (%)	3.5	3.9

## Management Discussion and Analysis

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 = (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 – average fair value changes of other debt investments as of the beginning and end of the period). The restated total investment yield for 2024 was 5.8% in accordance with the above formula.
- (3) Net investment yield = (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 – average fair value changes of other debt investments as of the beginning and end of the period). The restated net investment yield for 2024 was 4.0% in accordance with the above formula.

In 2025, the total investment income of the Group amounted to RMB92,987 million, representing a year-on-year increase of 13.2%; the net investment income amounted to RMB59,411 million, representing a year-on-year increase of 3.7%; the total investment yield was 5.6%; and the net investment yield was 3.5%. The Group's three-year average total investment yield<sup>8</sup> was 4.9%.

### 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.

<sup>8</sup> The three-year average total investment yield is the geometric average of the annualized total investment yields for the last three complete years (2023 to 2025).

## 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

	2025	2024	(% of change)
Net cash flows generated from operating activities	118,689	87,990	34.9
Net cash flows used in investing activities	(155,744)	(77,599)	100.7
Net cash flows generated from financing activities	53,385	4,860	998.5

The net cash flows generated from operating activities of the Group changed from a net inflow of RMB87,990 million in 2024 to a net inflow of RMB118,689 million in 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 RMB77,599 million in 2024 to a net outflow of RMB155,744 million in 2025, mainly due to the increase in cash paid for investment.

The net cash flows generated from financing activities of the Group changed from a net inflow of RMB4,860 million in 2024 to a net inflow of RMB53,385 million in 2025, mainly due to the increase in net cash received from financial assets sold under agreements to repurchase.

### (II) Capital Expenditure

The capital expenditure of the Group primarily consists of property construction, acquisition of motor vehicles for business needs and development of information systems. Capital expenditure of the Group amounted to RMB4,784 million in 2025.

### (III) Pledge of Assets

Certain subsidiaries of the Company sold and repurchased securities in the market for liquidity management. During the course of transactions, securities held by the Company's subsidiaries were pledged for such transactions. The carrying amount of relevant securities as at 31 December 2025 is set out in Note 30(b) to the consolidated financial statements of this annual report.

## Management Discussion and Analysis

### (IV) Bank Borrowings

Other than the capital supplementary bonds issued by the Group and the repurchase business disposed of in the investment business, the Group had bank borrowings of RMB297 million at the end of 2025. Details of the capital supplementary bonds are set out in Note 33 to the consolidated financial statements of this annual report.

### (V) Contingencies

Due to the nature of the insurance business, the Group will be the plaintiff or the defendant in legal proceedings and arbitrations relevant to certain ordinary businesses. 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. In 2025, the Group was involved in similar legal proceedings on certain insurance businesses. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, and the possibility and amount involved cannot be estimated reliably, the Group believes that any resulting liabilities, if any, will not have any material adverse effect on the financial position as at 31 December 2025 and operating results of the Group in 2025.

### (VI) Major Acquisitions and Disposals

During the reporting period, the Group had no major acquisitions and disposals.

### (VII) Events After the Balance Sheet Date

On 26 March 2026, the Board of the Company proposed the distribution of a final dividend of RMB1.45 per 10 shares (tax inclusive) for the year 2025. The above profit distribution proposal will be implemented after consideration and approval at the Company's shareholder's general meeting.

## IV. RISK MANAGEMENT

### (I) Risk Management Objectives and Strategies

The overall objectives of the Group's comprehensive risk management in 2025 are: to coordinate development and security, to effectively prevent and response to the possible new changes of key incremental risks and existing risks, to continuously promote the forward-looking, penetration, and effectiveness of risk management, to construct a higher-level comprehensive risk management system, to take the lead in promoting industry-wide compliance in business operations, to strengthen cultural constructions of risk and compliance, and to uphold the bottom line of preventing systemic risks, in order to provide a strong guarantee for building a world-class insurance and financial group.

The Group's risk management strategies include: risk appetite, risk tolerance and risk limit; risk identification, assessment and monitoring tools; risk countermeasures and contingency management strategies; effectiveness assessment of risk management; prevention mechanism of risk contagion and transmission; human, financial and organizational resource allocation for risk management.

### (II) Risk Management Organisational Structure

The Group has established a vertical and horizontal risk management structure as well as an operational system. Vertically, they run through the Board, management and all functional departments of the Company and each subsidiary, and cover all business segments of the Group and branches at all levels. Horizontally, according to the “three lines of defense” in risk management, all functional organisations shall perform their respective functions and cooperate, and are responsible for the risk management work and its effectiveness within the scope of responsibilities.

The Board of Directors of the Company is the highest decision-making body for the Group’s comprehensive risk management, and is responsible for the effectiveness of the comprehensive risk management work, approving the medium and long-term plans for the Group’s risk management, as well as the overall objectives, risk management strategies, fundamental systems and major risk solutions for the Group’s comprehensive risk management; approving the overall risk management policy of the Group, risk appetite, risk tolerance, the establishment of the risk management organisational structure and its responsibilities; approving the risk assessment report, solvency report and capital planning of the Group; continuously focusing on the Group’s risk profile; supervising the management to effectively manage and control the Group’s risks, etc.

A risk and compliance committee was established under the management of the Company as a comprehensive coordination organisation for risk management, which is responsible for guiding, coordinating and supervising the development of risk management, internal control and compliance by the Company and all our subsidiaries.

The business, finance, investment and other functional departments or operating units of the Company and its subsidiaries assume primary responsibilities in their respective risk management and internal control systems; specialised organisations or departments such as the risk management department and the internal control and compliance department are responsible for the overall planning and organisation of implementation of risk management, internal control and compliance. Internal audit organisations or departments are responsible for supervising and auditing in relation to the effectiveness of risk management, internal control and compliance, and carrying out responsibility investigation for behaviors that violate requirements and cause risk losses.

## Management Discussion and Analysis

### (III) Construction of Risk Management System

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 procedures 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 investigation, supervision and inspection, emergency and risk disposal, risk performance assessment and risk accountability.

In 2025, the Group continued to strengthen the construction of risk management system. The Group 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.

### (IV) 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 2025, the Group continued to optimize the professional tools and methods of risk management, constantly improved the whole process of risk identification, evaluation, analysis and reporting, and improved the efficiency of risk management.

**In terms of risk management environment construction,** the Group continued to optimize the its risk appetite management. In 2025, the Group prepared 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 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 2025, the Group's management continued to organize and lead comprehensive risk assessment, conducted a full-year risk assessment to perform thorough analysis and evaluation of risks, and reported the findings to the Board of Directors.

**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 proactivity of risk management.

## Management Discussion and Analysis

### (V) Risk Analysis and Control

In 2025, the Group has sufficient solvency, the risk preference was implemented soundly in general, the matching of assets and liabilities was basically stable, risk prevention and control measures were robust and effective, and no major risk incidents occurred. 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: risk contagion, organisational opacity risk, concentration risk and non-insurance field risk.

**In terms of risk contagion**, in 2025, none of the Group's risk contagion monitoring indicators triggered warning thresholds, and no major risk contagion incidents occurred throughout the year. The Group continued to enhance the daily management of related party transactions and internal transactions, and the Board of Directors, the Related Party Transactions Control Committee and the management of the Company managed and approved related party transactions; revised the Measures for the Administration of Related Party Transactions and the Measures for the Administration of Internal Transactions to further standardize the management of related party and internal transactions across the entire system; conducted quarterly monitoring and statistics on related party transactions, actively encouraged subsidiaries and member companies to strengthen information reporting, and enhanced the level of information technology in related party transaction management. All related party and internal transactions of the Group were based on genuine business transactions, with pricing that 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 regularly conducts benchmarking assessments of firewall construction and management, and 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 strictly adhered to relevant regulations, continued to optimize the set-up of functional institutions, and fully identified and evaluated such organisational opacity risks. The Group conducted risk assessments of organisational opacity risks, evaluated factors such as the Group's equity structure, management structure, operational processes, and business types, and reported the evaluation and management of organizational opacity risk to the senior management and the Risk Management & Consumers' Rights and Interests Protection Committee under the Board of Directors on a half-yearly basis. The Group continued to comply with regulatory requirements and corporate policies, aligning with its strategic vision to further clarify the roles and positioning of its subsidiaries and member companies. It continuously streamlined equity tiers to ensure a clear equity structure and established a relatively comprehensive functional organizational framework. The Group's corporate governance structure complies with relevant laws, regulations, and regulatory requirements.

**In terms of concentration risk**, under the framework of the Group's comprehensive risk management system and in accordance with regulatory requirements for concentration risk governance, the Group established a governance structure for concentration risk management that spans the Group's Board of Directors and special committees, the management, relevant functional departments, subsidiaries, and member companies. This resulted in a concentration risk management system that was regulated by dedicated concentration risk management policies, guided by implementation rules, and constrained by limit controls. The Group adhered to a concentration risk management strategy that prioritized prevention and control while strengthening ex-ante management, and implemented the principles of prudence, alignment, uniformity, and dynamism in concentration risk management. In 2025, the Group continued optimizing the top-level design of its concentration risk management.

In accordance with the requirements of the Guidelines on the Supervision of Concentration Risk in Insurance Groups issued by the NFRA, the Group revised its Concentration Risk Management Measures, advanced the refinement of implementation rules, and incorporated concentration risk into the Group's risk appetite management; strictly implemented all procedural requirements for concentration risk management, promptly identified relevant risk situations, and continuously carried out monitoring, early warning, and assessment activities, while adopting effective management measures to prevent concentration risks. In 2025, the Group's overall implementation of concentration risk indicator limits was satisfactory; no instances of exceeding limits occurred across any dimension of the Group, nor were there any major concentration risk incidents, and concentration risks remained generally under control.

**In terms of non-insurance field risk**, the Group placed great emphasis on risk management in the non-insurance field, prevented the business activities of non-insurance subsidiaries from having adverse impact on the solvency of the Group and insurance member companies. **Firstly**, the Group supervised non-insurance member companies to strengthen the management of strategic planning, internal control and investment risk, continuously improved the Group's management and control level, and promoted effective risk isolation, thereby minimizing the impact of non-insurance member companies on the Group's solvency. **Secondly**, according to supervisory regulations, the Group continued to carry out risk monitoring and regular reporting work, strengthened dynamic risk monitoring of non-insurance member companies, enhanced the foresight of risk prevention, and continuously improved the timeliness and effectiveness of risk management and control. The Group conducted regular risk assessments for non-insurance member companies in non-insurance sectors on a half-yearly basis, and submitted the assessment reports to the Group's management and the Risk Management & Consumers' Rights and Interests Protection Committee under the Board of Directors.

### 2. *Specialized risks*

**In terms of insurance risk**, the Group deepened the liability-side coordinated management, enhanced monitoring and analysis of the insurance subsidiaries, continued to promote actuarial management of its products, catastrophic risk control and insurance risk monitoring. In 2025, the implementation of insurance risk indicators was relatively stable, the combined ratio was effectively controlled, the lapse rate remained stable with a slight decrease, and the persistency ratio of premiums increased. Overall insurance risk remained controllable.

**In terms of credit risk**, the Group continued to strengthen credit risk management and control, enhanced the management of premiums receivables and reinsurance counterparties of insurance subsidiaries, and improved the evaluation and monitoring level of investment credit risk. In 2025, the premiums receivables decreased year-on-year, and the credit ratings of reinsurance counterparties were in compliance with regulatory requirements and internal regulations of the Company. No investment credit risk events have occurred in respect of the investment assets, and overall credit risk remained controllable.

**In terms of market risk**, the Group attached great importance to the market risk exposure of the investment portfolio, constantly strengthened the investment research of securities in the portfolio, optimized the allocation of major assets, continued to implement the daily monitoring and early warning of risk indicators, improved the effectiveness of risk prevention and control in key areas, carried out regular risk assessment and stress tests, checked special risks proactively, enhanced effective analysis and judgment of various risk factors, and improved the early risk warning and disposal mechanism. Overall market risk remained controllable.

## Management Discussion and Analysis

**In terms of operational risk,** the Group improved its institutional and mechanism development to strengthen operational risk prevention and control in accordance with the Operational Risk Management Measures for Banking and Insurance Institutions. The Group established an operational risk appetite framework featuring both qualitative and quantitative indicators at the group level, which was cascaded to all levels of institutions through limit decomposition and subject to continuous monitoring. No breach of operational risk appetite occurred in 2025, and overall operational risk remained controllable.

**In terms of strategic risk,** in 2025 the Group addressed the uncertainty of the external environment with the certainty of high-quality development, persisted in overcoming difficulties and stimulating vitality through reform, and continuously enhanced its sustainable operation and management capacity. The Group strengthened strategic risk management through strategic optimization, institution building, process management, evaluation and analysis. The strategic management system operated smoothly and effectively, and overall strategic risk remained controllable.

**In terms of reputational risk,** the Group conducted sound and orderly full-process reputational risk management, strengthened front-end management and risk prediction, continuously improved the consumer protection system, promoted the effective operation of various consumer protection mechanisms, and actively enhanced the corporate brand image. In 2025, health of the Group's reputational risk continued improving, the overall situation of reputational risk remained stable and controllable, no major public opinion incidents occurred, and the brand reputation remained sound overall.

**In terms of liquidity risk,** the Group enhanced liquidity risk monitoring and analysis, regularly coordinated and organized subsidiaries to conduct liquidity risk assessments, 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 improve liquidity risk management level, provide proper early warning of and prevention of liquidity risks, and maintain a reasonable and moderate liquidity level. The Group's overall liquidity risk remained controllable.

### FUTURE PROSPECT

#### (I) Industry Landscape and Trend

The recommendations adopted at the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China have set the course and shaped a magnificent vision for building a modern socialist country. They have outlined the plan for economic and social development during the “15th Five-Year Plan” period, creating an enabling environment for the high-quality development of the insurance industry. As the shift toward a domestic demand-driven economy deepens, insurance will further leverage its role in stabilizing expectations and incomes while optimizing the consumption environment and its share in the national economy will steadily rise. The development of a modern industrial system, cultivation and expansion of emerging industry clusters, and forward-looking deployment of future industries will bring greater demand for risk protection and management targeting emerging risks. Equal emphasis on “investment in things” and “investment in people” will create promising market opportunities for health insurance as strong support for the development of pension finance. Artificial intelligence will permeate every aspect of insurance by accelerating industrial and social transformation to drive cost reduction, and quality and efficiency enhancement. This will reform the traditional insurance business models.

#### (II) Development Strategy of the Company

Embarking on a new journey ahead, the Group will be a strong champion of the guiding principles of the 20th National Congress of the CPC and all plenary sessions thereof and strengthen our strategic focus. To that end, the Group will firmly follow the path of financial development with Chinese characteristics and serve the initiative of building China into a financial powerhouse, so as to accelerate the building of a world-class insurance financial group with outstanding functions, efficient operation, distinct main business, modern governance and international competitiveness. This year, the Group will fully, accurately, and comprehensively implement the new development philosophy in all aspects. To make it happen, the Group will uphold the principle of pursuing progress while ensuring stability and better balance deepening reform with high-quality development and take a holistic approach to development and security. We will work harder to accelerate the development of a world-class insurance financial group, making our work more forward-looking, targeted, and coordinated. We will continue serving the broader national interest, optimizing supply, expanding new customers, and offering better services to existing customers. By developing new quality productive forces in insurance suited to local realities and persistently preventing and mitigating risks in key areas, we will achieve both qualitative improvement and quantitative growth and ensure a strong commencement to the “15th Five-Year Plan”.

## Management Discussion and Analysis

### (III) Operation Plan

The **insurance line** will give priority to growth stability, structure optimization, and quality and efficiency enhancement to effectively fulfil its primary role in driving the Group's high-quality development as the main responsibilities and businesses. **PICC P&C** will resolutely shoulder its core responsibility as the Group's main business. To do that, it will proactively respond to structural market adjustments by coordinating the transition between old and new growth drivers. Furthermore, it will strengthen collaboration between products and channels to consolidate our market leadership. It will advance the regional development model innovation with differentiated approaches. For that end, it will give priority to optimizing operational and management systems tailored to local realities, and cultivate high-quality development advantages at the forefront of industry competition to further solidify and expand its strengths in county and rural markets. **PICC Life** will fully follow the "six-pronged" channel development strategy. To do that, it will strengthen the advantage of its bancassurance channel and drive stable, quality growth in the traditional personal insurance channel to unlock momentum across new forces, integrated finance, group insurance, and e-commerce channels. Confronting low-interest-rate environment challenges, it will give top priority to prudent liability cost management and control and continue to build a robust contractual service margin. **PICC Health** will continue to strengthen the two-way empowerment between health insurance and health management, promoting the Company's construction of health management with high-quality while enhancing specialized operations and optimizing the business structure to diversify profit sources. It will continue to improve core

competitiveness. **PICC Reinsurance** will take a holistic approach to business relationships across internal and external channels, P&C and life insurance, and domestic and international to expand cooperation in global P&C markets while scaling up protection-focused life and health insurance business. It will steadily strengthen its professional expertise and grow the share of high-quality business. **PICC Hong Kong** will coordinate the three markets of local, cross-border and overseas to steadily develop retail businesses. This will help enhance its influence in the Hong Kong market.

The **investment line** will focus on stabilizing investment and returns while expanding scale, effectively fulfilling its role in driving the "insurance + investment" dual-engine model. **PICC AMC** will refine asset allocation, boost active equity investment capabilities, and better seize structural opportunities to align with initiatives to channel medium- and long-term capital into the market. It will strengthen fixed-income investment capabilities, enhance research and analysis of interest rate trends, and increase allocation to long-duration assets. **PICC Pension** will pursue both improved medium- to long-term results and market growth. To do that, it will deepen investment research capabilities to cement its second-pillar foundation and capitalize on commercial pension pilot policy benefits. **PICC Capital** will continue to strengthen its professional equity investment capabilities and work harder to accelerate the alternative investment transition for the balanced development across major business lines.

The **operations line** will focus on enhancing capabilities, optimizing services, and strengthening empowerment to effectively support the advancement of the core business development.

**PICC Investment Holding** will remain committed to serving the Group's strategy and main business by coordinating asset operations, property services, and real estate project management while continuously strengthening its capabilities.

**PICC Technology** will take proactive steps to serve the main business and stay close to the front line, providing empowerment and support in areas including technology infrastructure development, digital project implementation, shared operations services, and technology security assurance.

#### (IV) Major Potential Risks and Countermeasures

**The first is the risk in macro environment.**

**Domestically**, China's economic performance is generally stable with steady progress being made, demonstrating strong resilience, and positive progress has been achieved in defusing risks in key sectors. Nonetheless, deep-seated structural contradictions persist, and growth momentum in consumption and investment remains inadequate.

**Internationally**, geopolitical risks continue to escalate, global economic growth drivers are weak, multilateralism and free trade have suffered severe setbacks, and the impact of changes in the external environment is deepening.

The Group attaches great importance to the prevention and control of macroeconomic environment risks, continuously strengthens the analysis and judgment of macroeconomic trends, improves the quality and efficiency of comprehensive risk management, enhances the foresight of risk monitoring and the proficiency of risk assessment and screening, and steadily strengthens its overall risk management capabilities.

**The second is the market risk.** In 2026, the risk of divergence between equity market valuations and corporate earnings will still exist, and structural risks within the industry will emerge. The bond market is exposed to interest rate fluctuation risks, and the spillover effects of debt risks from real estate enterprises and other sectors may impact the valuations of credit bonds.

The Group will closely monitor changes in the risk landscape, continuously intensify research on the impact of external factors on market risks, conduct in-depth analysis of macroeconomic policies and economic conditions, strengthen the tracking and monitoring of market risk exposures, dynamically keep track of changes in core indicators for market risk management, and timely identify, analyze, monitor, warn of and resolve market risks.

## Management Discussion and Analysis

**The third is the credit risk.** In 2026, amid the deepening impact of the external environment and the combination of a low-interest-rate environment and debt maturity pressures, credit strains will persist in some industries and market entities. Enterprises with weak credit profiles will face greater financing difficulties. Credit risks are expected to be generally controllable but intensify locally, coupled with a widening credit tiering, which will further increase the pressure on credit risk prevention and control.

The Group will strengthen credit risk prevention, continue to promote the whole-process management of premium receivables, step up research on new policies, emerging industries and new products, intensify the tracking and monitoring of key counterparties, regions and industries, improve post-investment risk management, and report credit risk events in a timely manner to achieve early identification, early warning, early exposure and early resolution of risks.

**The fourth is the insurance risk.** In 2026, P&C insurance is expected to remain affected by the frequent occurrence of extreme weather events, with a severe and complex disaster situation. The corresponding claims settlement management and full-cycle control and services before, during and after major disasters will remain under pressure; For life and health insurance, driven by regulatory policies, the industry's liability cost has gradually declined and the pressure on interest margin losses has eased somewhat. However, under the low-interest-rate environment, the industry still faces certain challenges in sales capacity, insurance service capacity and asset-liability management capacity.

The Group will continue to focus on insurance risk management, continuously improve its risk reduction service capabilities, rationally adopt risk mitigation measures, optimize the cross-subsidiary information sharing and claims coordination mechanism for major disaster response, and implement sound risk reduction and emergency claims settlement measures for natural disasters and sudden accidents to effectively cope with the frequent impact of disasters; The Group will enhance its asset-liability management capabilities to effectively guard against interest margin losses and asset-liability mismatch risks; and will also continue improving the risk monitoring mechanism for key areas and core businesses, and steadily elevate its capacity for early risk warning and resolution.

## Embedded Value

Our consolidated financial statements set forth in our annual 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 one 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 31 December 2025, and the value of one year's new business of

PICC Life and PICC Health, respectively, in respect of our new life and health insurance businesses written as at 31 December 2025, on a range of assumptions. Copies of consulting actuaries' review reports are included in our annual 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 one 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 one 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 31 December 2025. This report is prepared and to be enclosed in the 2025 annual 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 one year’s new business as at 31 December 2025;
- Review the assumptions used in the valuation of embedded value and value of one year’s new business as at 31 December 2025;
- Review the various valuation results of the embedded value as at 31 December 2025, i.e. the embedded value, value of one year’s new business, analysis of embedded value movement from 31 December 2024 to 31 December 2025 and the sensitivity tests results of value of in-force business and value of one year’s new business under alternative assumptions;
- Review the breakdown of value of one year’s new business as at 31 December 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 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 annual 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

Jia Zhang

**FSA, FCAA**

**FSA, FCAA**

### 31 DECEMBER 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 One year’s New Business (“V1NB”)**: 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 one 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 one 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 one 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 one 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.

2.1. Overall Results

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

	31/12/2025	31/12/2025 (Before Adjustment)	31/12/2024
	<b>Traditional Insurance: 8.5% Participating/ Universal Insurance: 7.5%</b>		
<b>Risk Discount Rate</b>		<b>8.5%</b>	<b>8.5%</b>
Adjusted Net Worth	100,360	100,360	97,494
Value of In-Force Business before CoC	53,652	54,015	45,898
Cost of Required Capital	(29,863)	(30,672)	(23,662)
Value of In-Force Business after CoC	23,789	23,343	22,237
<b>Embedded Value</b>	<b>124,149</b>	<b>123,703</b>	<b>119,731</b>

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

Note: 2. In the table above, the embedded value before adjustment as at 31 December 2025 is recalculated based on the risk discount rate assumptions as at 31 December 2024 while the other assumptions remain unchanged.

**Table 2.1.2 Value of One year's New Business of PICC Life as at 31 December 2025 and 31 December 2024 (Unit: RMB Million)**

	31/12/2025	31/12/2025 (Before Adjustment)	31/12/2024
	<b>Traditional Insurance: 8.5% Participating/ Universal Insurance: 7.5%</b>		
<b>Risk Discount Rate</b>		<b>8.5%</b>	<b>8.5%</b>
Value of One year's New Business before CoC	10,688	10,756	7,692
Cost of Required Capital	(2,459)	(2,492)	(2,668)
<b>Value of One year's New Business after CoC</b>	<b>8,229</b>	<b>8,265</b>	<b>5,024</b>

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

Note: 2. In the table above, the value of one year's new business before adjustment as at 31 December 2025 is recalculated based on the risk discount rate assumptions as at 31 December 2024 while the other assumptions remain unchanged.

## Embedded Value

### 2.2. Results by Distribution Channels

The results of the value of one year's new business by distribution channel as at 31 December 2025 and 31 December 2024 are summarized in the table below.

**Table 2.2.1 Value of One year's New Business of PICC Life as at 31 December 2025 and 31 December 2024 by Distribution Channel (Unit: RMB Million)**

Distribution Channel	Risk Discount Rate	Bancassurance	Individual insurance agent	Group sales	Total
Value of One year's New Business after CoC (2025)	Traditional Insurance: 8.5% Participating/Universal Insurance: 7.5%	4,672	3,508	49	8,229
Value of One year's New Business after CoC (2025 Before Adjustment)	8.5%	4,737	3,480	47	8,265
Value of One year's New Business after CoC (2024)	8.5%	2,341	2,668	16	5,024

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

Note: 2. In the table above, the value of one year's new business before adjustment as at 31 December 2025 is recalculated based on the risk discount rate assumptions as at 31 December 2024 while the other assumptions remain unchanged.

### 3. ASSUMPTIONS

The assumptions below are used for the valuation of the embedded value and value of one year's new business as at 31 December 2025.

#### 3.1. Risk Discount Rate

An 8.5% risk discount rate assumption has been used for traditional insurance. A 7.5% risk discount rate assumption has been used for participating insurance and universal insurance.

#### 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 one 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 50% 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 one 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 One year's New Business of PICC Life as at 31 December 2025 under Alternative Assumptions (Unit: RMB Million)**

Scenarios	Value of In-Force Business after CoC	Value of One year's New Business after CoC
Base Scenario	23,789	8,229
Risk Discount Rate increased by 100 bps	17,384	7,178
Risk Discount Rate decreased by 100 bps	31,708	9,494
Rate of investment return increased by 50 bps	46,560	11,431
Rate of investment return decreased by 50 bps	464	4,973
Expenses increased by 10%	22,742	8,102
Expenses decreased by 10%	24,836	8,356
Lapse rate increased by 10%	24,056	8,158
Lapse rate decreased by 10%	23,521	8,305
Mortality increased by 10%	23,337	8,167
Mortality reduced by 10%	24,245	8,293
Morbidity increased by 10%	22,272	8,199
Morbidity reduced by 10%	25,337	8,259
Short-term business claim ratio increased by 10%	23,738	8,046
Short-term business claim ratio decreased by 10%	23,840	8,412
Participating Ratio (80/20)	22,323	8,111

Note: Except for the sensitivity scenarios on risk discount rates, the risk discount rates used for other scenarios are 8.5% for traditional insurance, 7.5% for participating/universal insurance.

## 5. MOVEMENT ANALYSIS

Table 5.1 shows the analysis of embedded value movement from 31 December 2024 to 31 December 2025.

**Table 5.1 Analysis of Embedded Value Movement from 31 December 2024 to 31 December 2025 (Unit: RMB Million)**

Item	Description	Amount
1	Embedded Value as at 31 December 2024	119,731
2	New Business Contribution	8,766
3	Expected Return	6,478
4	Investment Return Variance	-3,603
5	Other Experience Variance	-401
6	Model and Assumption Modification	-6,560
7	Shareholder Dividend Distribution and Capital Changes	-263
8	Embedded Value as at 31 December 2025	124,149

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

Explanations on items 2 to 7 above:

2. The contribution of new business sold in 2025 to the embedded value at 31 December 2025;
3. The expected return in 2025 arising from the in-force business and adjusted net worth as at 31 December 2024;
4. Change in embedded value arising from variances between the actual investment return and the related investment return assumption in 2025;
5. Change in embedded value arising from variances between the actual experiences and assumptions other than the related investment return in 2025;
6. The impact on embedded value due to model enhancement and the changes in assumptions during 2025;
7. The impact on embedded value due to dividend distributed to shareholders and capital changes during 2025.

### 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 31 December 2025. This report is prepared and to be enclosed in the 2025 annual 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 one year’s new business as at 31 December 2025;
- Review the assumptions used in the valuation of embedded value and value of one year’s new business as at 31 December 2025;
- Review the various valuation results of the embedded value as at 31 December 2025, i.e. the embedded value, value of one year’s new business, analysis of embedded value movement from 31 December 2024 to 31 December 2025 and the sensitivity tests results of value of in-force business and value of one year’s new business under alternative assumptions;
- Review the breakdown of value of one year’s new business as at 31 December 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.

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 annual 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; and
- 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

Jia Zhang

**FSA, FCAA**

**FSA, FCAA**

### 31 DECEMBER 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 One year’s New Business (“V1NB”)**: 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 one 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 one 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 one 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 Chinese Mainland 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 31 December 2025 and 31 December 2024 (Unit: RMB Million)**

	31/12/2025	31/12/2025 (Before Adjustment)	31/12/2024
	<b>Traditional insurance products 8.5%</b>		
	<b>Participating and Universal insurance products 7.5%</b>		
<b>Risk Discount Rate</b>		<b>8.5%</b>	<b>8.5%</b>
<b>Rate of Investment Return</b>	<b>3.5%</b>	<b>4.0%</b>	<b>4.0%</b>
Adjusted Net Worth	15,359	15,216	12,185
Value of In-Force Business before CoC	22,121	25,355	19,315
Cost of Required Capital	(2,112)	(2,040)	(1,383)
Value of In-Force Business after CoC	20,010	23,316	17,932
<b>Embedded Value</b>	<b>35,369</b>	<b>38,531</b>	<b>30,117</b>

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

2. In the table above, the embedded value before adjustment as at 31 December 2025 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2024 while the other assumptions remain unchanged.

**Table 2.1.2 Value of One year's New Business of PICC Health for the 12 months up to 31 December 2025 and 31 December 2024 (Unit: RMB Million)**

	31/12/2025	31/12/2025 (Before Adjustment)	31/12/2024
	<b>Traditional insurance products 8.5%</b>		
	<b>Participating and Universal insurance products 7.5%</b>		
<b>Risk Discount Rate</b>		<b>8.5%</b>	<b>8.5%</b>
<b>Rate of Investment Return</b>	<b>3.5%</b>	<b>4.0%</b>	<b>4.0%</b>
Value of One year's New Business before CoC	8,172	8,732	7,101
Cost of Required Capital	(785)	(751)	(588)
<b>Value of One year's New Business after CoC</b>	<b>7,387</b>	<b>7,981</b>	<b>6,513</b>

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

2. In the table above, the value of one year's new business before adjustment as at 31 December 2025 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2024 while the other assumptions remain unchanged.

## Embedded Value

### 2.2. Results by Distribution Channels

PICC Health split the value of one year's new business by distribution channel. The results of the value of one year's new business by distribution channel as at 31 December 2025 and 31 December 2024 are summarised in the table below.

**Table 2.2.1 Value of One year's New Business of PICC Health for the 12 months up to 31 December 2025 and 31 December 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 One year's New Business after CoC (2025)	Traditional insurance products 8.5% Participating and Universal insurance products 7.5%	3.5%	293	7,492	(398)	7,387
Value of One year's New Business after CoC (2025 Before Adjustment)	8.5%	4.0%	709	7,663	(391)	7,981
Value of One year's New Business after CoC (2024)	8.5%	4.0%	621	6,032	(140)	6,513

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

2. In the table above, the value of one year's new business before adjustment as at 31 December 2025 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2024 while the other assumptions remain unchanged.

### 3. ASSUMPTIONS

The assumptions below are used for the valuation of the embedded value and value of one year's new business as at 31 December 2025.

#### 3.1. Risk Discount Rate

The discount rates for calculating embedded value and value of one year's new business are determined based on product types, with 8.5% applied to traditional insurance and 7.5% to participating and universal insurance.

#### 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 one 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 8% 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 2.0% 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 one 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 One year's New Business of PICC Health as at 31 December 2025 under Alternative Assumptions (Unit: RMB Million)**

Scenarios	Value of In-Force Business after CoC	Value of One year's New Business after CoC
Base Scenario	20,010	7,387
Risk Discount Rate increased by 100 bps	18,540	6,962
Risk Discount Rate decreased by 100 bps	21,734	7,871
Rate of investment return increased by 50 bps	23,499	8,018
Rate of investment return decreased by 50 bps	16,499	6,747
Expenses increased by 10%	19,892	7,198
Expenses decreased by 10%	20,128	7,558
Lapse rate increased by 10%	19,766	7,226
Lapse rate decreased by 10%	20,229	7,555
Mortality increased by 10%	20,042	7,382
Mortality reduced by 10%	19,979	7,391
Morbidity increased by 10%	20,462	7,026
Morbidity reduced by 10%	19,533	7,740
Short-term business claim ratio increased by 5%	19,943	6,811
Short-term business claim ratio decreased by 5%	20,077	7,963
Participating Ratio (80/20)	19,994	7,360

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 8.5% for traditional insurance and 7.5% for participating and universal insurance.

## 5. MOVEMENT ANALYSIS

Table 5.1 shows the analysis of embedded value movement from 31 December 2024 to 31 December 2025.

**Table 5.1 Analysis of Embedded Value Movement from 31 December 2024 to 31 December 2025 (Unit: RMB Million)**

Item	Description	Amount
1	Embedded Value as at 31 December 2024	30,117
2	New Business Contribution	9,120
3	Expected Return	2,074
4	Investment Return Variance	674
5	Other Experience Variance	(933)
6	Model and Assumption Modification	(5,731)
7	Capital Change and Market Value Adjustment	46
8	Embedded Value as at 31 December 2025	35,369

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

Explanations on items 2 to 7 above:

2. The contribution of new business sold in 2025 to the embedded value at 31 December 2025;
3. The expected return in 2025 arising from the in-force business and adjusted net worth as at 31 December 2024;
4. Change in embedded value arising from variances between the actual investment return and the related investment return assumption in 2025;
5. Change in embedded value arising from variances between the actual experiences and assumptions other than the related investment return in 2025;
6. The impact on embedded value due to model enhancement and the changes in assumptions during 2025;
7. The impact on embedded value due to dividend distributed to shareholders, capital changes and the changes in market value of held-to-maturity financial assets caused by interest rate fluctuations during 2025.

# Corporate Governance

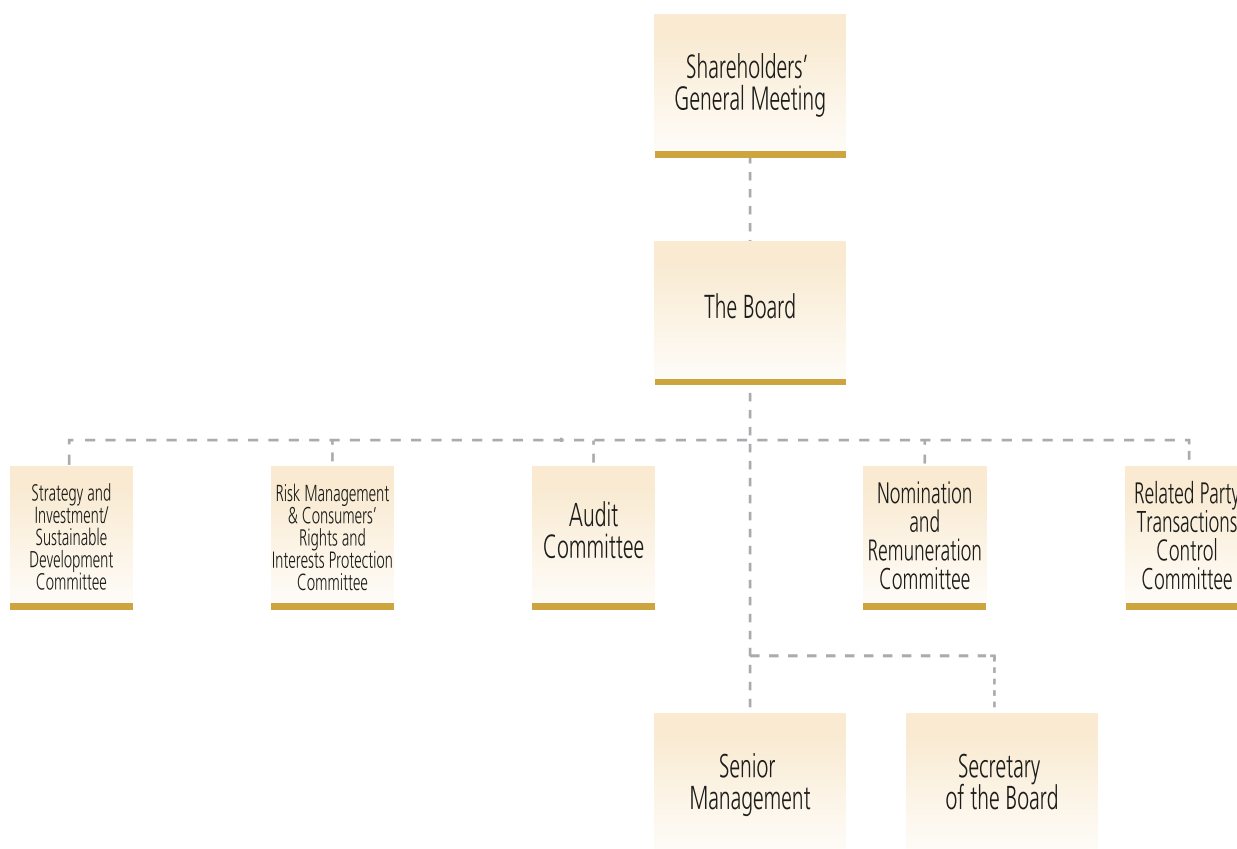
## I. CORPORATE GOVERNANCE REPORT

### (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 enhance the corporate governance standard continuously to ensure the stable development of the Company and to enhance shareholders' value.

In 2025, the Company has complied with the relevant provisions of the SSE on corporate governance for listed companies and Appendix C1 of the Corporate Governance Code to the Listing Rules of the Stock Exchange, and the Company has a complete corporate governance structure. The shareholders' general meeting, the Board 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.

The corporate governance structure chart of the Company is set out below. Please refer to the official website of the Company ([www.picc.com.cn](http://www.picc.com.cn)) for department settings.



### (II) Shareholders' General Meeting

The shareholders' general meeting is the highest authority of the Company, and its main responsibilities include the following: (1) decide on the operating policies and material investment plans of the Company; (2) elect and replace the members of the Board who are not employee representatives, and decide on matters related to the remuneration of Directors; (3) consider and approve the report of the Board; (4) consider and approve the annual financial budget and final accounts of the Company; (5) consider and approve the Company's profit distribution plan and loss recovery plan; (6) consider matters related to the Company's establishment of legal entities, material external investments, purchase of material assets and disposal and write-off of material assets, etc. (except matters authorised to be considered by the Board); (7) consider external donations of the Company (except matters authorised to be considered by the Board); (8) consider matters when the Company acts as the guarantor by law; (9) resolve on the increases or reductions in registered capital of the Company; (10) resolve on the issuance and listing of bonds or other marketable securities of the Company; (11) resolve on matters related to merger, separation, dissolution, liquidation of the Company or alteration in the form of the Company; (12) consider and approve equity incentive plan proposals formulated in accordance with laws and regulations on state-owned asset management; (13) resolve on matters related to repurchase of shares of the Company; (14) formulate and amend the Articles of Association, the Rules of Procedure of the shareholders' general meeting and the Rules of Procedure of the Board meeting; (15) resolve on the appointment or change of the accounting firm performing regular statutory audits for the financial and accounting reports of the Company; (16) consider related party transactions required to be considered and approved by the shareholders' general meeting under the laws, regulations, regulatory documents or requirements of the securities regulatory authorities at the places where the Company's shares are listed, and the authorisation scheme of the Company; (17) consider and approve the change in the use of proceeds; (18) consider and approve the motion raised by the shareholders individually or jointly representing more than 1% of shares with voting rights of the Company; (19) consider other matters required to be determined by the shareholders' general meeting under the laws, regulations, regulatory documents, the relevant requirements of the securities regulatory authorities at the places where the Company's shares are listed, and the Articles of Association.

## Corporate Governance

During the reporting period, the Company convened three shareholders' general meetings.

No.	Session of the meeting	Date of the meeting	Location of the meeting
1	2025 First Extraordinary General Meeting	29 April 2025	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
2	2024 Annual General Meeting	27 June 2025	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
3	2025 Second Extraordinary General Meeting	30 October 2025	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing

Major issues for approval in shareholders' general meetings included:

- Consideration and approval of the resolutions on the amendments to the Articles of Association, the Rules of Procedure of the shareholders' general meeting and the Rules of Procedure of the Board meeting;
- Election of Non-executive Directors and Independent Non-executive Directors;
- Consideration and approval of the report of the Board of Directors and the report of the Board of Supervisors of the Company for the year 2024;
- Consideration and approval of the final financial accounts of the Company for the year 2024;
- Consideration and approval of the profit distribution plan for the year 2024 and the interim profit distribution plan for the year 2025 of the Company;
- Consideration and approval of the 2025 annual charity donation plan of the Group;
- Consideration and approval of the budget of fixed assets investment of the Company for the year 2025;
- Consideration and approval of the resolution on the engagement of the accounting firm of the Company for the year 2025;
- Consideration and approval of the remuneration settlement schemes of Directors and Supervisors of the Company for the year 2024.

In addition, the performance report of the Directors of the Company for the year 2024, and the work report (and performance report) of the Independent Non-executive Directors for the year 2024, the report on the overall situation of related party transactions and the evaluation of internal transactions of the Group for the year 2024 and the report on the solvency-related condition of the Group for the year 2024 were also received at the shareholders' general meeting.

The shareholders' general meetings established an effective communication channel between the Company and shareholders, ensured that the shareholders have the right to know, participate in and vote on major matters of the Company. The shareholders are also familiar with the detailed procedures to vote on resolutions by means of poll.

According to the Articles of Association, shareholders may obtain information such as the register of members, individual profiles of the Directors and senior management, share capital of the Company and minutes of the shareholders' general meetings. Shareholders are entitled to supervise and manage, advise on or enquire about the business and operations of the Company through the Office of the Board of the Company or at the shareholders' general meeting.

### ***Methods of Convening Extraordinary General Meetings***

According to the Articles of Association, the shareholders' general meetings are classified into annual general meetings and extraordinary general meetings, both of which are convened by the Board of Directors. An annual general meeting shall be held once each year and must take place within six months after the end of the preceding fiscal year.

Shareholders individually or jointly holding more than 10% of the Company's shares for a continuous period of over 90 days may request in writing to convene an extraordinary general meeting and clarify the resolution(s) of the proposed meeting. The Audit Committee of the Board may also propose the convening of an extraordinary general meeting. If the Board of Directors, upon review, considers that the resolution(s) complies with the requirements under the laws, regulations and the Articles of Association, it shall issue a notice of convening of an extraordinary general meeting within five days after the resolution of the Board.

### ***Procedures for Proposing Resolutions at the Shareholders' General Meetings***

The Board of Directors, the Audit Committee of the Board, and shareholders individually or jointly holding more than 1% of the Company's shares have the right to make proposals to the Company, while provisional proposals shall be made ten days prior to the convening of the shareholders' general meeting and shall be submitted in writing to the convener. The convener shall, within two days after the receipt of such proposal, give supplementary notice of the shareholders' general meeting to the shareholders on the details of such proposal.

Specific enquiries or suggestions by shareholders can be sent in writing to the Office of the Board of Directors of the Company or by e-mail to our Company. In addition, H share shareholders can contact Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, if they have any enquiries about the shareholdings and entitlement to dividend. The specific contact details are set out in "Corporate Information" of this annual report.

## Corporate Governance

### (III) The Board

The Board is the decision-making body of the Company. It shall hold at least four regular meetings per year, and hold extraordinary meetings as required. Notice of regular meetings shall be given to all Directors 14 business days before the date of meeting (excluding the date of the meeting). Notice of extraordinary meetings shall be given to all Directors five business days before the date of meeting (excluding the date of the meeting). Detailed minutes shall be kept for every Board meeting. The Directors should have received such notices and information before the meetings to enable them to make informed decisions. Pursuant to the Articles of Association, Independent Non-executive Directors may, if needed, independently engage external intermediaries to obtain independent opinions at the expenses of the Company. The Board has reviewed the mechanism above and is of the view that such mechanism could effectively guarantee the Board's access to independent views and opinions.

#### 1. Composition

As at the date of this report, the Board of the Company comprised 12 Directors (please refer to the section headed "Directors, Senior Management and Employees" in this annual report for the profiles of Directors), consisting of three Executive Directors, four Non-executive Directors and five Independent Non-executive Directors, among which, there are three female Directors on the Board of Directors. Directors serve a term of three years and are eligible for re-election, but Independent Non-executive Directors shall not serve consecutively for more than six years.

The Board of Directors of the Company comprises the following Directors:

Name	Position(s)	Date of Appointment
<b>Executive Directors</b>		
Ding Xiangqun	Chairperson, Executive Director	20 December 2024
Zhao Peng	Vice Chairman, Executive Director	8 November 2023
Xiao Jianyou	Executive Director	28 December 2022
<b>Non-executive Directors</b>		
Xu Xiang	Non-executive Director	29 September 2025
Wang Shaoqun	Non-executive Director	9 December 2020
Yu Qiang	Non-executive Director	19 August 2021
Song Hongjun	Non-executive Director	21 August 2023
<b>Independent Non-executive Directors</b>		
Xu Lina	Independent Non-executive Director	23 November 2021
Wang Pengcheng	Independent Non-executive Director	28 August 2023
Gao Pingyang	Independent Non-executive Director	7 February 2025
Jia Ruo	Independent Non-executive Director	31 December 2025
Yeung Cheung Ying	Independent Non-executive Director	2 February 2026

There are no financial, business, family or other material relations requiring disclosure among the Directors and senior management of the Company.

The changes in the members of the Board of Directors of the Company are as follows:

On 3 March 2025, due to work adjustment, Mr. Li Zhuyong resigned from his positions as an Executive Director, 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, Vice President, Responsible Compliance Officer, and Chief Risk Officer of the Company.

On 1 July 2025, Mr. Wang Qingjian, due to his age, ceased to serve as a Non-executive Director, a member of the Strategy and Investment/Sustainable Development Committee of the Board of Directors, and a member of the Audit Committee of the Board of Directors of the Company.

On 1 July 2025, Mr. Miao Fusheng, due to his age, ceased to serve 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.

On 29 April 2025, Mr. Xu Xiang was elected as a Non-executive Director of the fifth session of the Board of Directors of the Company at the Company's 2025 first extraordinary general meeting. On 29 September 2025, the NFRA approved Mr. Xu's qualification to serve as a Non-executive Director of the Company. From the same date, Mr. Xu was appointed as 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.

On 28 June 2024, Mr. Gao Pingyang was elected as an Independent Non-executive Director of the fifth session of the Board of Directors of the Company at the Company's 2023 annual general meeting. On 7 February 2025, the NFRA approved Mr. Gao Pingyang's qualification as an Independent Non-executive Director. From the same date, Mr. Gao Pingyang was appointed as a member of the Nomination and Remuneration Committee of the Board of Directors and a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors. Mr. Ko Wing Man ceased to serve as an Independent Non-executive Director, a member of the Nomination and Remuneration Committee of the Board of Directors and a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors of the Company. On 29 June 2025, Mr. Gao Pingyang served as the chairman of the Nomination and Remuneration Committee of the Board of Directors.

On 29 April 2025, Mr. Jia Ruo was elected as an Independent Non-executive Director of the fifth session of the Board of Directors of the Company at the Company's 2025 first extraordinary general meeting. Following approval by the NFRA, Mr. Jia Ruo assumed office as an Independent Non-executive Director on 31 December 2025. From the same date, Mr. Jia Ruo was appointed as the chairman of the Related Party Transactions Control Committee of the Board of Directors, a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors and a member of the Audit Committee of the Board of Directors. From the same date, Mr. Shiu Sin Por ceased to serve as an Independent Non-executive Director, the chairman of the Related Party Transactions Control Committee of the Board of Directors, a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors and a member of the Audit Committee of the Board of Directors.

## Corporate Governance

On 29 April 2025, Ms. Yeung Cheung Ying was elected as an Independent Non-executive Director of the fifth session of the Board of Directors of the Company at the Company's 2025 first extraordinary general meeting. Following approval by the NFRA, Ms. Yeung Cheung Ying assumed office as an Independent Non-executive Director on 2 February 2026. From the same date, Ms. Yeung Cheung Ying was appointed as a member of the Strategy and Investment/Sustainable Development Committee of the Board of Directors, a member of the Nomination and Remuneration Committee of the Board of Directors, and a member of the Related Party Transactions Control Committee of the Board of Directors.

Please refer to the section headed "Directors, Senior Management and Employees" of this annual report for the biographical details of the Directors.

### **2. Duties and Responsibilities**

The Board shall, according to the Articles of Association, report to the shareholders' general meeting. The primary duties and responsibilities include the following: (1) convene shareholders' general meetings and report to such meeting; (2) implement the resolutions of the shareholders' general meetings; (3) determine the development strategies, annual operation plans and investment plans of the Company; (4) formulate annual financial budget and final accounts of the Company; (5) formulate profit distribution plans and loss recovery plans of the Company; (6) formulate proposals for increases or reductions of the registered capital and the issue of corporate bonds or other securities by the Company and the listing of the Company; develop the Company's capital plans and assume ultimate responsibility for capital or solvency management; (7) formulate plans for significant acquisition and the repurchase of shares of the Company or merger, separation, dissolution and changes of the form of the Company; (8) formulate proposals for any amendment to the Articles of Association, prepare the procedural rules for shareholders' general meeting and the Board meeting, and consider the terms of reference for committees of the Board; (9) consider and approve the related party transactions of the Company, other than related party transactions required to be considered and approved by the shareholders' general meeting under the laws, regulations, regulatory documents or requirements of the securities regulatory authorities at the places where the Company's shares are listed, or the relevant authorisation schemes of the Company; (10) the Board shall report annually to the shareholders' general meeting on the overall status of related party transactions, including but not limited to the related party transactions and the implementation of the related party transaction management system; (11) consider and approve the non-significant external investments, asset purchase, asset disposal and write-off, and data governance

of the Company; (12) within scope of authorisation at the shareholders' general meeting, consider and approve the Company's external donations (except for matters authorised to be considered by the president); (13) decide or authorise the chairman to decide the establishment of the Company's internal management organisation; (14) appoint or dismiss the president and secretary of the Board of the Company; according to the proposal of the proposed shareholders, the chairman, more than one third of the Directors or more than half (at least 2) of the Independent Non-executive Directors, elect the chairman and members of the Nomination and Remuneration Committee; appoint or dismiss the responsible audit officer according to the nomination of the chairman or the Audit Committee of the Board of Directors; according to the nomination of the Nomination and Remuneration Committee, elect chairman and members of other professional committees of the Board (except for the chairman of the Strategy and Investment/Sustainable Development Committee); appoint or dismiss the vice president, assistant to the president, the responsible financial officer, and the chief compliance officer according to the nomination of the president; (15) decide on the Company's risk tolerance, risk management, compliance and internal control policies, formulate the Company's internal control compliance management, internal audit and other systems, assume ultimate responsibility for overall risk management, and approve the Company's annual risk assessment report, and internal control assessment report; (16) establish a market value management system, govern market value management matters including information disclosure, investor relationship, cash dividends, share repurchases, etc., and bear ultimate responsibility for the authenticity, accuracy, completeness and timeliness of accounting and financial reports; (17) conduct due diligence evaluations on Directors each year, and submit due diligence reports of Directors to shareholders' general meetings; (18) decide on the remuneration, performance appraisal and rewards and punishments of senior management personnel appointed by the Board; (19) review the corporate governance report of the Company, and regularly evaluate and improve the corporate governance; (20) submit to the shareholders' general meeting to appoint or dismiss the accounting firm; (21) listen to the working report of the president of the Company and review the work of the president; (22) select and appoint an external auditor to audit the Directors and senior management of the Company; (23) safeguard the legitimate rights and interests of financial consumers and other stakeholders; (24) establish a mechanism for identifying, reviewing and managing conflicts of interest between the Company and its shareholders, especially major shareholders; (25) assume management responsibilities for shareholder affairs; (26) other authorisations as stipulated in laws, regulations, regulatory documents, the Articles of Association and as conferred by the shareholders' general meeting.

## Corporate Governance

### 3. Summary of Work Undertaken

During the reporting period, the attendance records of the Directors of the Company attending the shareholders' general meetings, the meetings of the Board and the meetings of special committees under the Board were as follows:

Directors	Attendance/Required attendance								
	Shareholders' General Meeting		The Board		Each of the Special Board Committees under the Board				
	Shareholders' General Meeting	Attendance	The Board	Percentage of attendance in person	Audit Committee	Nomination and Remuneration	Strategy and Investment/Sustainable Development Committee	Related Party Transactions Control Committee	Risk Management & Consumers' Rights and Interests Protection Committee
<b>Executive Directors</b>									
Ding Xiangqun	2/3	66.7%	7/8	87.5%	–	–	7/7	–	–
Zhao Peng	2/3	66.7%	7/8	87.5%	–	–	3/3	–	3/3
Xiao Jianyou	3/3	100%	7/8	87.5%	–	–	3/3	3/3	–
<b>Non-executive Directors</b>									
Xu Xiang	1/1	100%	3/3	100%	–	2/2	–	–	2/2
Wang Shaoqun	3/3	100%	8/8	100%	–	–	7/7	–	7/7
Yu Qiang	3/3	100%	8/8	100%	7/7	–	–	6/6	–
Song Hongjun	3/3	100%	8/8	100%	–	–	4/4	–	7/7
<b>Independent Non-executive Directors</b>									
Xu Lina	3/3	100%	8/8	100%	7/7	6/6	4/4	–	–
Wang Pengcheng	3/3	100%	8/8	100%	7/7	6/6	–	6/6	–
Gao Pingyang	3/3	100%	7/7	100%	3/3	6/6	–	–	6/6
Jia Ruo	–	–	–	–	–	–	–	–	–
<b>Resigned Directors</b>									
Li Zhuyong	0/0	–	0/1	–	–	–	–	0/0	1/1
Wang Qingjian	2/2	100%	4/4	100%	4/4	–	3/3	–	–
Miao Fusheng	2/2	100%	4/4	100%	–	3/3	–	–	4/4
Shiu Sin Por	3/3	100%	8/8	100%	7/7	–	–	6/6	7/7
Ko Wing Man	0/0	–	0/1	–	–	0/0	–	–	1/1
Cui Li	0/0	–	1/1	100%	–	0/0	1/1	0/0	–

During the reporting period, the Board convened three shareholders' general meetings in which 17 resolutions were submitted for consideration and approval with 4 reports presented; convened 8 Board meetings in which 108 resolutions were considered and reviewed.

No.	Session of the meeting	Date of the meeting	Location of the meeting
1	7th meeting of the fifth session of the Board of Directors	17 January 2025	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
2	8th meeting of the fifth session of the Board of Directors	27 March 2025	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
3	9th meeting of the fifth session of the Board of Directors	29 April 2025	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
4	10th meeting of the fifth session of the Board of Directors	27 June 2025	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
5	11th meeting of the fifth session of the Board of Directors	27 August 2025	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
6	12th meeting of the fifth session of the Board of Directors	30 October 2025	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing
7	13th meeting of the fifth session of the Board of Directors	from 30 November 2025 to 7 December 2025	Meeting via written resolutions
8	14th meeting of the fifth session of the Board of Directors	30 December 2025	PICC Building, No. 88 West Chang'an Avenue, Xicheng District, Beijing

The main tasks accomplished by the Board included:

- Convened 3 shareholders' general meetings;
- Considered and approved the operating plan for the year 2025, fixed asset investment plan, asset allocation plan, charity donation plan, the capital planning (2025-2027) and the risk appetite statement and the audit plan for the year 2025 of the Group;
- Considered and approved the final financial account, the profit distribution plan for the year 2024 and the interim profit distribution plan for the year 2025 of the Company;
- Considered and approved the annual report, annual results announcement, report of the Board, corporate social responsibility report, solvency report, internal control evaluation report and internal control audit report, risk evaluation report, sustainability report, compliance report, corporate governance report, work report and evaluation result of performance of duties of Directors, assessment report on the implementation of business planning, evaluation and audit report of internal control on the insurance capital use, for the year 2024, and the first quarterly report, interim report, interim results announcement, third quarterly report for the year 2025, and solvency report for the first half of 2025 of the Company;

## Corporate Governance

- Considered and approved proposals including the reform plan of the Board of Supervisors;
- Considered and approved the formulation of relevant systems of the Group, including the Market Value Management Measures and the Interim Administrative Measures for the Selection and Appointment of Auditors;
- Considered and approved the amendments to the Group's documents, namely the Authorisation Plan of the Shareholders' General Meeting to the Board of Directors, the Authorisation Plan of the Board of Directors to the Management, the Working Rules of the Strategy and Investment Committee of the Board of Directors, the Working Rules of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors, the Working Rules of the Nomination and Remuneration Committee of the Board of Directors, the Working Rules of the Related Party Transactions Control Committee of the Board of Directors, the Concentration Risk Management Measures, and the Related Party Transaction Management Measures;
- Nominated and elected Non-executive Directors and Independent Non-executive Directors, elected chairmen and members of relevant special committees;
- Considered and approved the settlement schemes on total salary of the Group for the year 2024, financial budget on total salary of the Group for the year 2025, remuneration settlement scheme of the Company's responsible officers and other senior management members for the year 2024, and remuneration settlement scheme for Directors and Supervisors of the Company for the year 2024;
- Considered and approved the proposal on special donations in relation to the Tai Po fire incident in Hong Kong; the proposal on the procurement of core supporting and network equipment for the 2025 IT infrastructure upgrading project of the PICC Group; and the proposal on the Directors' and senior management' liability insurance for the years 2025-2026;
- Considered and approved resolutions on the recommendation of chairmen to the subsidiaries, amendments to the profit distribution of the subsidiaries;
- Received the work report of the Independent Non-executive Directors of the Company for the year 2024, the report on the overall related party transactions of the Company and the evaluation of internal transactions of the Group for the year 2024, the report on the results of the special audit of related party transactions for the year 2024, the report on the assessment of the behavior of major shareholders for the year 2024, and the report on consumers' rights and interests protection work for the year 2024.

#### **4. Directors**

##### (1) Responsibility with respect to Financial Statements

The Directors are responsible for the supervision and preparation of financial statements for every financial year, the interim periods and quarters thereof which shall give a true and fair view of the business operations of the Company subject to compliance with the relevant accounting standards and the implementation of the accounting regulations issued by the MOF and NFRA.

##### (2) Securities Transactions

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 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, the relevant regulatory requirements of the SSE and the standards of the Measures during the reporting period.

##### (3) Independence of Independent Non-executive Directors

The Company carries out the election and appointment of Independent Non-Executive Directors in strict accordance with the relevant regulatory system and the Articles of Association. The qualifications, size and proportion of Independent Non-Executive Directors of the Company are in compliance with the requirements of regulatory authorities.

The Independent Non-Executive Directors do not have any business or financial interests in the Company and its subsidiaries, nor do they hold any management positions in the Company. The Company has received an annual confirmation of independence from each of the Independent Non-Executive Directors and confirmed their independence.

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In 2025, the Independent Non-executive Directors of the Company earnestly participated in meetings of the Board of Directors and each of the special committees, proactively engaged in discussions, reviewed various proposals, put forward professional recommendations, independently expressed opinions on matters under consideration, and proposed to enhance the ability to serve the national strategy, strengthen technological empowerment, improve the overall risk prevention and control level of the Group, and steadily promote high-quality development and other opinions and recommendations. The Independent Non-executive Directors held a special discussion with the chairperson of the Board without the participation of other Directors, and fully communicated and exchanged views on the Company's strategic plans, business development, and corporate governance. Meanwhile, the Independent Non-executive Directors also actively participated in the research of the special committees of the Board of Directors to gain an in-depth understanding of the Company's initiatives in serving social governance, grassroots risk governance, and the enhancement of the Audit Committee mechanism. The Independent Non-executive Directors put forward a series of constructive suggestions in their performance activities, which were highly valued and actively implemented by the Company.

In 2025, the Independent Non-executive Directors of the Company did not raise objections to the resolutions of the Board and each of the the special committees of the Board. For the annual performance of duties of the Independent Non-executive Directors of the Company, please refer to the Work Report (and Performance Report) of Independent Directors for the year 2025 published by the Company on 26 March 2026.

### (4) Research and Training of Directors

The Directors of the Company actively conducted research, including visiting internal departments of the Company, the headquarters and branches of subsidiaries. The research topics include the shipping insurance, Internet insurance, insurance capital into the market, risk mitigation services in the insurance industry, and the operation and management of the Company's branches. The research put forward constructive opinions and suggestions in the form of research report.

The Directors of the Company actively participated in continuous professional development and participated in relevant trainings organized by shareholders, regulators, industries and the Company, including corporate governance, the SSE Listing Rules and the Listing Rules of the Stock Exchange, etc., to update their knowledge and expertise and enhance their ability to perform their duties, so as to ensure that they can contribute to the Board with comprehensive information.

Ding Xiangqun: Attended Director-duty-related training sessions and meetings organized by the Group, and gained in-depth understanding of regulatory requirements concerning domestic and overseas laws and regulations, information disclosure, related party transactions, ongoing duties and obligations of Directors, and corporate governance.

Zhao Peng: Attended Director-duty-related training sessions and meetings organized by the Group, and gained in-depth understanding of regulatory requirements concerning domestic and overseas laws and regulations, information disclosure, related party transactions, ongoing duties and obligations of Directors, and corporate governance.

Xiao Jianyou: Attended Director-duty-related training sessions and meetings organized by the Group, and gained in-depth understanding of regulatory requirements concerning domestic and overseas laws and regulations, information disclosure, related party transactions, ongoing duties and obligations of Directors, and corporate governance.

Xu Xiang: Attended Director-duty-related training sessions and meetings organized by the MOF, China Investment Corporation and the Company, and gained in-depth understanding of regulatory requirements concerning domestic and overseas laws and regulations, information disclosure, related party transactions, ongoing duties and obligations of Directors, and corporate governance.

Wang Shaoqun: Attended Director-duty-related training sessions and meetings organized by the MOF, the IAC, the LCAB, China Business Executives Academy, Dalian, China Investment Corporation and the Company, and gained in-depth understanding of regulatory requirements concerning domestic and overseas laws and regulations, information disclosure, related party transactions, ongoing duties and obligations of Directors, and corporate governance.

Yu Qiang: Attended Director-duty-related training sessions and meetings organized by the MOF, the IAC, the LCAB, China Business Executives Academy, Dalian, China Investment Corporation and the Company, and gained in-depth understanding of regulatory requirements concerning domestic and overseas laws and regulations, information disclosure, related party transactions, ongoing duties and obligations of Directors, and corporate governance.

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Song Hongjun: Attended Director-duty-related training sessions and meetings organized by the IAC, SSF, and the Company, and gained in-depth understanding of regulatory requirements concerning domestic and overseas laws and regulations, information disclosure, related party transactions, ongoing duties and obligations of Directors, and corporate governance.

Xu Lina: Attended Director-duty-related training sessions and meetings organized by the SSE and the Company, and gained in-depth understanding of regulatory requirements concerning domestic and overseas laws and regulations, information disclosure, related party transactions, ongoing duties and obligations of Directors, and corporate governance.

Wang Pengcheng: Attended Director-duty-related training sessions and meetings organized by the SSE and the Company, and gained in-depth understanding of regulatory requirements concerning domestic and overseas laws and regulations, information disclosure, related party transactions, ongoing duties and obligations of Directors, and corporate governance.

Gao Pingyang: Actively participated in training for newly appointed Independent Non-executive Directors organised by the SSE, and gained in-depth understanding of regulatory requirements concerning domestic and overseas laws and regulations, information disclosure, related party transactions, ongoing duties and obligations of Directors, and corporate governance.

Mr. Gao Pingyang, Mr. Xu Xiang, Mr. Jia Ruo and Ms. Yeung Cheung Ying obtained legal opinions from law firms qualified to advise on Hong Kong law on 5 July 2024, 16 September 2025, 12 May 2025 and 12 May 2025 respectively, acknowledging all applicable provisions under the Listing Rules of the Stock Exchange governing their roles as directors of a listed issuer, as well as the potential consequences of making false statements or providing false information to the Hong Kong Stock Exchange. They also confirmed their understanding of their responsibilities as directors of a listed issuer.

In accordance with Rule 3.09H of the Listing Rules of the Stock Exchange, effective from 1 July 2025, a newly appointed director shall complete no less than 24 hours of continuing professional development training as prescribed under Rule 3.09F of the Listing Rules of the Stock Exchange within 18 months upon appointment as a new director. For the year ended 31 December 2025, Mr. Xu Xiang completed 40 hours of continuing professional development training.

### **5. Chairman/Vice Chairman/President**

As at the date of this report, the Chairperson of the Board of the Company is Ms. Ding Xiangqun. The Chairperson is responsible for leading the Board, approving the agenda for each Board meeting, ensuring the Company has good corporate governance practices and procedures, and maintaining the effective operation of the Board. The Vice Chairman will perform the duties of the Chairperson if the Chairperson cannot or does not perform her duties. During the reporting period, a special meeting was convened by the Chairperson and all the Independent Non-executive Directors to communicate in depth on the strategies of the Company and corporate governance.

The Vice Chairman and President of the Company is Mr. Zhao Peng as at the date of this report. The President is responsible for leading the operation management of the Company, organizing the implementation of Board resolutions, annual operation plans and investment proposals, formulating the internal management organisation plan and basic management system, and making recommendations to the Board regarding the appointment or dismissal of other senior management. The Company's senior management team is the Company's execution body and assumes responsibilities to the Board. The powers of the Board and the senior management team are provided in accordance with the Articles of Association. The senior management team's powers in relation to operation, management and decision-making are authorised by the Board.

Details of the duties and responsibilities of the Chairperson, Vice Chairman and President are set out in the Articles of Association.

### **6. Special Committees**

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

#### (1) Audit Committee

As at the date of this report, the Audit Committee of the Board of the Company comprised five Directors, including four Independent Non-executive Directors and one Non-executive Director, and an Independent Non-executive Director served as the chairman.

##### ① Composition

Chairman: Wang Pengcheng (Independent Non-executive Director)

Members: Yu Qiang (Non-executive Director), Xu Lina (Independent Non-executive Director), Gao Pingyang (Independent Non-executive Director), Jia Ruo (Independent Non-executive Director)

With effect from 1 July 2025, Mr. Wang Qingjian ceased to serve as a member of the Audit Committee of the Board of Directors.

With effect from 31 December 2025, Mr. Jia Ruo was appointed as a member of the Audit Committee of the Board of Directors, and Mr. Shiu Sin Por ceased to hold such office.

### ② Duties and Responsibilities

The Audit Committee is mainly responsible for reviewing the Company's internal control system and its implementation, reviewing and monitoring the Company's internal audit system and its implementation, making recommendations on the appointment of an external auditor and overseeing its relationship with the Company, reviewing the Company's financial information and supervising its financial reporting, and making judgements on the truthfulness, completeness and accuracy of the financial information.

The primary duties and responsibilities include the following: (1) review the Company's material financial and accounting policies and their implementation, receive the annual financial budget and final accounts plans, and inspect and supervise our financial operation; (2) evaluate the responsible audit officer's performance and make recommendations to the Board; (3) review the Company's basic internal audit system and make recommendations to the Board, review and make recommendations to the Board for the Company's annual audit plan and budget, and supervise the Company's internal audit process and monitor its quality; (4) regularly review and assess the soundness and effectiveness of our internal control system on an annual basis, and promptly accept and handle complaints concerning major issues in relation to internal control; (5) coordinate between the internal and external auditors, and supervise the rectification and implementation of major issues identified through internal and external audits; (6) make recommendations to the Board on the appointment, removal, and remuneration of the external auditors, and supervise the independence and objectivity of external auditors as well as the effectiveness of audit procedures in accordance with applicable standards; (7) develop and implement policies on engaging external auditors to provide non-audit services; (8) ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter; (9) review the annual audit reports of the Company prepared by our external auditors and other specific opinions, annual audited financial reports of the Company, other financial reports and other financial information that are required to be disclosed; provide judgement report to the Board for consideration on the truthfulness, completeness and accuracy of the information in the aforementioned financial reports; (10) provide opinions to the Board of Directors on the appointment and dismissal of chief financial officer; (11) supervise the performance of duties by Directors and senior management, and propose dismissal recommendations for Directors and senior management who violate laws, administrative regulations, the Articles of Association or resolutions of the shareholders' general meeting; (12) require Directors and senior management to rectify their acts where such acts are prejudicial to the interests of the Company; (13) propose the convening of an extraordinary general meeting, and convene and preside over the shareholders' general meeting if the Board of Directors fails or refuses to perform its duties of convening and presiding over the shareholders' general meeting as stipulated under the Company Law; (14) submit proposals to the shareholders' general meeting; (15) institute legal proceedings against Directors and senior management in accordance with the relevant provisions of the Company Law; (16) exercise other powers vested in the Audit Committee of the Board of Directors and the Board of Supervisors as prescribed by laws, regulations and regulatory documents, and handle other matters stipulated in the Articles of Association, the Rules of Procedure for the Board of Directors and the Working Rules of the Audit Committee, required by the securities regulatory authorities at the place where the Company's shares are listed, and authorised by the Board.

### ③ Auditor's Fees

In 2025, the fees in respect of the services including interim financial report review, annual financial report audit and agreed-upon procedures regarding quarterly financial information provided to the Company and its subsidiaries by auditors were RMB36.525 million in total, the fees in respect of internal control audit, other special audit and other assurance engagement were RMB6.66 million in total, and the fees in respect of non-assurance services were RMB0.49 million in total.

### ④ Summary of Work Undertaken

In 2025, the Audit Committee of the Board held seven meetings on 16 January, from 17 to 19 February, 24 March, 24 April, 22 August, 24 October and 26 December, respectively, in which 39 proposals were reviewed and discussed. During the year, the main tasks accomplished by the Audit Committee included:

- Reviewed and discussed the annual report, annual results announcement, relevant final account report, internal control evaluation report, internal control audit report, evaluation and audit report of internal control on the insurance capital use, reports on related party transactions and the implementation of its management system and evaluation of internal transactions for the year 2024, and report on audit findings and corrective actions for the year 2024 and the first half of 2025;
- Reviewed and discussed the first quarterly report, interim report, interim results announcement and third quarterly report for the year 2025;
- Reviewed and discussed the audit plan for the year 2025, internal audit report for the year 2024 and internal audit reports for the first quarter, half year and the third quarter of 2025, and the research report of the special committees of the Group;
- Reviewed and discussed the report on special audit results of related party transactions for the first half of 2025, report on audit results of the use of proceeds for 2024 and the first half of 2025, report on special audit results of significant financial information for 2024 and the first half of 2025 and report on the performance of the Audit Committee of the Board;
- Reviewed and discussed the resolution on appointment of accounting firms for the year 2025;
- Received the auditor's report on the annual audit work for 2024 and the interim review for 2025.

In addition, the Audit Committee of the Board and the Independent Non-executive Directors had a face-to-face communication respectively with Ernst & Young, the auditor, in respect of the annual audit work arrangement prior to the commencement of the 2025 annual audit work.

## Corporate Governance

### (2) Nomination and Remuneration Committee

As at the date of this report, the Nomination and Remuneration Committee comprised five Directors including four Independent Non-executive Directors and one Non-executive Director, and an Independent Non-executive Director served as the chairman.

#### ① Composition

Chairman: Gao Pingyang (Independent Non-executive Director)

Members: Xu Xiang (Non-executive Director), Xu Lina (Independent Non-executive Director), Wang Pengcheng (Independent Non-executive Director), Yeung Cheung Ying (Independent Non-executive Director)

On 7 February 2025, Mr. Ko Wing Man resigned as a member of the Nomination and Remuneration Committee of the Board of Directors, and Mr. Gao Pingyang was appointed to such position.

On 29 June 2025, Mr. Gao Pingyang served as the chairman of the Nomination and Remuneration Committee of the Board of Directors.

On 1 July 2025, Mr. Miao Fusheng ceased to perform the duties and responsibilities as a member of the Nomination and Remuneration Committee of the Board of Directors.

On 29 September 2025, Mr. Xu Xiang served as a member of the Nomination and Remuneration Committee of the Board of Directors.

On 2 February 2026, Ms. Yeung Cheung Ying served as a member of the Nomination and Remuneration Committee of the Board of Directors.

#### ② Duties and Responsibilities

The Nomination and Remuneration Committee shall, according to its terms of reference, assist the Board in formulating the procedures and criteria for electing and appointing the Directors and senior management of the Company, conducting initial assessments of the qualifications and background of the potential candidates, reviewing and formulating remuneration plans, performance evaluation systems and incentive schemes for the Directors and senior management, making proposals to the Board, and overseeing the implementation of the plans and systems.

The primary duties and responsibilities include the following: (1) analyze the standards and procedures for selection of Directors and senior management hired by the Board, review at least once annually the structure, size and composition of the Board, and make recommendations to the Board regarding any proposed changes in order to comply with our corporate strategy; (2) extensively seek for candidates that are qualified to act as a Director or be hired by the Board as a member of the senior management, and make recommendations to the Board; (3) review the independence of Independent Non-executive Directors; (4) assess and review the candidates for Director and senior management to be potentially hired by the Board, and make recommendations to the Board on plans for appointment, re-appointment and succession of Directors; (5) examine the assessment standards for Directors and senior management hired by the Board, conduct the relevant assessments and make recommendations to the Board; (6) consider,

formulate and examine the remuneration policies and proposals for Directors and senior management hired by the Board through formal and transparent procedures based on factors including salaries paid by comparable companies, time commitment and responsibilities concerned, and employment terms of other positions within the Company and its subsidiaries, and make recommendations to the Board; (7) examine the remuneration proposals of Directors and senior management hired by the Board based on the corporate goals and objectives established by the Board; (8) make recommendations to the Board on special remuneration packages of Executive Directors and senior management hired by the Board; (9) make recommendations to the Board on the remuneration of Non-executive Directors and Independent Non-executive Directors; (10) give independent and prudent opinions on removal of Directors; (11) review and approve compensation payable to Executive Directors and senior management hired by the Board for any loss or termination of office or appointment, to ensure that such compensation complies with the terms of the relevant service agreements; where compliance with the terms of the relevant service agreements is not achieved, such compensation shall also be fair, reasonable and not excessive; review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct, to ensure that such arrangements comply with the terms of the relevant service agreements; where compliance with the terms of the relevant service agreements is not achieved, the relevant compensation shall also be reasonable and appropriate; (12) perform other duties as required by applicable laws, regulations, other regulatory documents, the Articles of Association, the Rules of Procedure of the Board of Directors and the Working Rules of the Nomination and Remuneration Committee, the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, or other matters as authorised by the Board.

### ③ Director Nomination

The Nomination and Remuneration Committee conducts a preliminary examination of the potential candidates for directorship of the Company according to laws, regulations, regulatory documents, regulatory requirements and the Articles of Association, and provides recommendation to the Board for determining whether they are submitted to the shareholders' general meeting for election. The Nomination and Remuneration Committee and the Board fully consider and actively promote the Board diversity (including but not limited to gender, age, cultural and educational background, expertise experience, skills, knowledge and term of office) and its advantages, and focus on the educational background and working experience, in particular management and research experiences in finance and insurance industries of the candidates, and also pay special attention to the independence of the candidates of the Independent Non-executive Directors. The Board is of the view that the composition of the Board during the reporting period complied with the requirements of the Board diversity policy and the requirements of the Listing Rules of the Stock Exchange in relation to Board diversity.

During the reporting period and as of the date of this report, there were three female members on the Board of the Company and gender diversity on the Board has been achieved. Meanwhile, the Company's Board diversity policy has established a pipeline of potential director successors to achieve and maintain gender diversity.

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### ④ Remuneration of Directors and Other Senior Management

The fixed salary of the Executive Directors and other senior management is determined in accordance with the market and their respective duties and responsibilities, and the amount of their performance related bonuses is determined according to the various factors including the operating results of the Company and scores on relevant performance appraisals. The Non-executive Directors do not receive any Director's fees or remuneration from the Company. The Independent Non-executive Directors receive a basic remuneration from the Company of RMB250,000 per annum (before tax) and an additional remuneration of RMB50,000 per annum (before tax) if they are appointed as the chairman of the special committees under the Board. The amounts of Directors' fees are determined with reference to the market and circumstances of the Company.

For the remuneration details of the Directors and senior management of the Company during the reporting period, please refer to "Directors, Senior Management and Employees" in this annual report.

### ⑤ Summary of Work Undertaken

In 2025, the Nomination and Remuneration Committee of the Board held six meetings on 24 March, 24 April, 24 June, 22 August, 24 October, and 26 December, respectively, in which 23 proposals were reviewed and discussed. During the year, the main tasks accomplished by the Nomination and Remuneration Committee included:

- Reviewed and discussed the matters in relation to the nomination of the Non-executive Directors, Independent Non-executive Directors, members of the Board special committees of the Company, with recommendations made to and adopted by the Board;
- Reviewed and discussed the settlement schemes on total salary of the Group for the year 2024, financial budget on total salary of the Group for the year 2025, remuneration settlement scheme of the Company's responsible officers and other senior management for the year 2024, and remuneration settlement scheme for Directors and Supervisors of the Company for the year 2024;
- Reviewed and discussed the "Incentive and Restraint Mechanism" section of the corporate governance report for the year 2024;
- Reviewed and discussed performance report and appraisal of performance of the Directors of the Company for the year 2024, the work report of the Independent Non-executive Directors for the year 2024 and the research report of special committees;
- Reviewed and discussed the resolutions on the recommendation of candidates of directors of related subsidiaries.

### (3) Strategy and Investment/Sustainable Development Committee

As at the date of this report, the Strategy and Investment/Sustainable Development Committee comprised five Directors, including one Executive Director, two Non-executive Directors and two Independent Non-executive Directors. Pursuant to the Articles of Association, the chairman of the committee should be served by the Chairman of the Board.

#### ① Composition

Chairperson: Ding Xiangqun (Chairperson of the Board, Executive Director)

Members: Wang Shaoqun (Non-executive Director), Song Hongjun (Non-executive Director), Xu Lina (Independent Non-executive Director), Yeung Cheung Ying (Independent Non-executive Director)

On 1 July 2025, Mr. Wang Qingjian ceased to perform the duties and responsibilities as a member of the Strategy and Investment/Sustainable Development Committee of the Board of Directors.

On 2 February 2026, Ms. Yeung Cheung Ying assumed the position of the member of the Strategy and Investment/Sustainable Development Committee of the Board of Directors.

#### ② Duties and Responsibilities

The Strategy and Investment/Sustainable Development Committee of the Board is mainly responsible for studying the mid to long-term development strategies and major investment decisions of the Company and providing advice.

The primary duties and responsibilities include the following: (1) consider the Company's general strategic development plans and specific strategic development plans, and make recommendations to the Board; (2) evaluate factors that may have an impact on the Company's strategic development plans and their implementation in light of domestic and international economic financial conditions and trend of market changes and make prompt development plans adjustment recommendations on the strategic development plans to the Board; (3) evaluate the overall development of the Company's businesses and make prompt adjustment recommendations on the strategic development plans to the Board; (4) review our annual financial budget and final accounts plans, and make recommendations to the Board; (5) review the matters relating to external investments which require the Board's approval: ① external investment management systems; ② external investment management approaches; ③ decision-making procedures and authorisation mechanisms for external investments; ④ strategic asset allocation plans, annual investment plans, investment guidelines and relevant adjustment plans; ⑤ significant direct investments; ⑥ strategy and operation plans for new investment categories; ⑦ systems for evaluating

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and examining the performance of external investments; (6) explain the Company's external investment proposals at shareholders' general meetings and Board meetings upon their request; (7) formulate and revise policies related to our corporate governance, and make recommendations to the Board; (8) supervise the Directors and senior management's training and continuing professional development; (9) develop, amend and supervise the internal code of conduct for the Company's staff and Directors; (10) supervise the Company's disclosure on corporate governance in compliance with the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed; (11) supervise and inspect the implementation of the Company's work in sustainable development including environmental, social and governance (ESG) aspects; and review the following relevant matters and report to the Board of Directors with recommendations: ① the Company's strategic objectives and development plans relating to sustainable development, and the assessment of strategy implementation progress; ② major policies, systems, statements, initiatives and other documents in connection with the Company's sustainable development; ③ research and assessment on risks and opportunities that may affect the Company's sustainable development; ④ the Company's annual sustainable development report and other material disclosure documents in this connection; ⑤ other material matters relating to sustainable development authorised by the Board of Directors; (12) perform other duties as required by applicable laws, regulations, other regulatory documents, the Articles of Association, the Rules of Procedure for the Board of Directors and the working rules of the Strategy and Investment/Sustainable Development Committee, the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, and other matters as authorised by the Board.

### ③ Summary of Work Undertaken

In 2025, the Strategy and Investment/Sustainable Development Committee of the Board held seven meetings on 16 January, 24 March, 23 April, 22 August, 24 October, from 30 November to 1 December, and 26 December, respectively, in which 48 proposals were studied and considered. During the year, the main tasks accomplished by the Strategy and Investment/Sustainable Development Committee included:

- Reviewed and discussed the proposals on amending the Articles of Association of the Group and its relevant subsidiaries; amending the Rules of Procedure of the shareholders' general meeting and the Rules of Procedure of the Board Meeting; and revising the Authorisation Scheme from the Shareholders' General Meeting to the Board of Directors and the Authorisation Scheme from the Board of Directors to the Management of the Group;
- Reviewed and discussed relevant report on the final account for the year 2024, the profit distribution plan for the year 2024 and the interim profit distribution plan for the year 2025 of the Company;
- Reviewed and discussed the proposal regarding the Company's Sustainability Report of 2024;
- Reviewed and discussed the proposals on the Group's operating plan for the year 2025, fixed asset investment plan, capital planning (2025-2027), overall asset allocation plan for the years 2025 to 2027, and asset allocation plan for the year 2025;

- Reviewed and discussed the first section “Corporate Governance Operations” under the corporate governance report, the corporate social responsibility report, the assessment report on the implementation of the development plan, the report of the Board of Directors, the corporate governance report of the Company for the year 2024, and the research reports of the special committees;
- Reviewed and discussed the profit distribution of subsidiaries.

#### (4) Related Party Transactions Control Committee

As at the date of this report, the Related Party Transactions Control Committee comprised five Directors, including three Independent Non-executive Directors, one Executive Director, and one Non-executive Director, and an Independent Non-executive Director served as the chairman.

##### ① Composition

Chairman: Jia Ruo (Independent Non-executive Director)

Members: Xiao Jianyou (Executive Director), Yu Qiang (Non-executive Director), Wang Pengcheng (Independent Non-executive Director), Yeung Cheung Ying (Independent Non-executive Director)

On 3 March 2025, Mr. Li Zhuyong resigned as a member of the Related Party Transactions Control Committee of the Board of Directors.

On 31 December 2025, Mr. Jia Ruo served as the chairman of the Related Party Transactions Control Committee of the Board of Directors, and Mr. Shiu Sin Por ceased to perform the duties and responsibilities as the chairman of the Related Party Transactions Control Committee of the Board of Directors.

On 2 February 2026, Ms. Yeung Cheung Ying served as a member of the Related Party Transactions Control Committee of the Board of Directors.

##### ② Duties and Responsibilities

The primary duties of the Related Party Transactions Control Committee include identification and maintenance of related parties and management, review, approval and risk control of related party transactions.

The primary duties and responsibilities include the following: (1) review the management system of related party transactions and internal transaction of the Company; (2) be responsible for the identification and maintenance of related parties, make confirmation on related parties of the Company and report to the Board; (3) perform filings of general related party transactions; (4) conduct preliminary examination on the related party transactions approved by the Board of Directors and the shareholders’ general meeting; (5) submit special report on the overall situation of the Company’s annual related party transactions and assessment report on intragroup transactions to the Board after the end of the operating year; (6) coordinate the management of information disclosure of related party transactions and improve the transparency of related party transactions; (7) make accountability recommendations for failure to

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report the related parties as required and conduct related party transactions in violation of regulations, make rectification suggestions in the daily supervision or special audit of related party transactions, and make recommendations on removal of Directors and senior management who have misconduct; (8) perform other duties as required by laws, regulations, regulatory documents, the Articles of Association, the Rules of Procedure for the Board of Directors, the Working Rules of the Related Party Transactions Control Committee, the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, and other matters as authorised by the Board.

### ③ Summary of Work Undertaken

In 2025, the Related Party Transactions Control Committee of the Board held six meetings on 24 March, 24 April, 24 June, 22 August, from 24 to 29 September, and 24 October, respectively, in which eight proposals were reviewed and discussed. During the year, the main tasks accomplished by the Related Party Transactions Control Committee included:

- Reviewed and discussed the report on the overall related party transactions of the Company and the evaluation of internal transactions of the Group for the year 2024;
- Reviewed and discussed the report on special audit results of related party transactions of the Company for the year 2024;
- Reviewed and discussed the proposal concerning the related party transaction relating to the signing of the 2025 Technology Project Service Agreement by PICC Technology;
- Reviewed and discussed the proposal on amending the Administrative Measures for Internal Transactions of The People's Insurance Company (Group) of China;
- Reviewed and discussed the report on the progress of the Group's update of related parties.

### (5) Risk Management & Consumers' Rights and Interests Protection Committee

As at the date of this report, the Risk Management & Consumers' Rights and Interests Protection Committee comprised six Directors, including two Independent Non-executive Directors, one Executive Director, and three Non-executive Directors, and an Executive Director served as the chairman.

#### ① Composition

Chairman: Zhao Peng (Executive Director)

Members: Xu Xiang (Non-executive Director), Wang Shaoqun (Non-executive Director), Song Hongjun (Non-executive Director), Gao Pingyang (Independent Non-executive Director), Jia Ruo (Independent Non-executive Director)

On 7 February 2025, Mr. Ko Wing Man resigned as a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors, and Mr. Gao Pingyang was appointed to hold such position.

On 3 March 2025, Mr. Li Zhuyong resigned as a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors.

On 1 July 2025, Mr. Miao Fusheng ceased to perform the duties and responsibilities of a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors.

On 29 September 2025, Mr. Xu Xiang served as a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors.

On 31 December 2025, Mr. Jia Ruo served as a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors, and Mr. Shiu Sin Por ceased to perform the duties and responsibilities of a member of the Risk Management & Consumers' Rights and Interests Protection Committee of the Board of Directors.

### ② Duties and Responsibilities

The Risk Management & Consumers' Rights and Interests Protection Committee is mainly responsible for having a comprehensive understanding of all major risks faced by the Company and their respective management status, and supervising the operational effectiveness of the risk management system. It established and improved the system of consumers' rights and interests protection to ensure effective protection of the legitimate rights and interests of consumers, and ensure that the relevant systems and regulations are in line with corporate governance, corporate culture and construction and business development strategies.

The primary duties and responsibilities include the following: (1) be responsible for the Company's risk management, have a full understanding of the Company's various significant risks and the respective management status, and supervise the operational effectiveness of our risk management controls; (2) consider the Company's overall goals, fundamental policies and terms of references for risk management, and make suggestions and recommendations to the Board; (3) review the Company's risk management organisation and corresponding responsibilities, and make suggestions and recommendations to the Board; (4) consider the Company's risk evaluations of material decisions and solutions on significant risks, and make suggestions and recommendations to the Board; (5) review the Company's annual risk evaluation report and make suggestions and recommendations to the Board; (6) assess the risks associated with the Group's major business operation and management matters, and review the solutions for material matters relating to solvency management; (7) receive reports in relation to compliance matters and make recommendations to the Board; (8) formulate and amend the internal compliance code applicable to the Company's staff and Directors, assess and supervise the Company's compliance policies and status, and make recommendations to the Board; (9) carry out relevant work with the authorisation of the Board, discuss and decide relevant matters, study major issues and important policies on the protection of consumers' rights and interests, and submit work report and annual report on the protection of consumers' rights and interests to the Board; (10) guide and supervise the establishment and optimisation of the consumers' rights and interests protection management system, guide the material disclosure in regard to consumers' rights and interests protection work and supervise the

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comprehensiveness, promptness and effectiveness of the work of the management and consumers' rights and interests protection departments; (11) consider work report of the management and consumers' rights and interests protection departments, study the annual audit report, regulatory reports and internal assessment results in relation to consumers' rights and interests protection, and supervise the management and related departments to timely rectify the issues identified; (12) perform other duties as required by laws, regulations, regulatory documents and the Articles of Association, the Rules of Procedure for the Board of Directors, the Working Rules of the Risk Management & Consumers' Rights and Interests Protection Committee, the relevant requirements of the securities regulatory authority at the place where the Company's shares are listed, and other matters as authorised by the Board.

### ③ Summary of Work Undertaken

In 2025, the Risk Management & Consumers' Rights and Interests Protection Committee of the Board held seven meetings on from 9 to 16 January, 24 March, 24 April, 24 June, 22 August, 24 October, and 23 December, respectively, in which 26 proposals were reviewed and discussed. During the year, the main tasks accomplished by the Risk Management & Consumers' Rights and Interests Protection Committee included:

- Reviewed and discussed the proposal on formulating the Administrative Measures for the Consumers' Rights and Interests Protection of The People's Insurance Company (Group) of China Limited;
- Reviewed and discussed the resolution on the renewal of the liability insurances for the Directors, Supervisors and senior management;
- Reviewed and discussed the Group's Compliance Report, Risk Evaluation Report and Internal Control Evaluation Report for the year 2024 (and the 2024 Corporate Governance Report: Part III "Evaluation of Internal Control"), the Risk Evaluation Report and Non-insurance Risk Evaluation Report for the first half of 2025;
- Reviewed and discussed the solvency report of the Group for the year 2024 and the solvency report of the Group for the first half of 2025;
- Reviewed and discussed the report on the evaluation of the conduct of major shareholders and report of the Group on the implementation of rectification focusing on main businesses and streamlining management hierarchies;
- Reviewed and discussed the proposal on updating the Recovery and Resolution Plan of The People's Insurance Company (Group) of China;
- Reviewed and discussed the risk appetite statement of the Group for the year 2025.

**(IV) Board of Supervisors**

During the year, the Board of Supervisors continued to perform its duties of supervision according to laws, and earnestly conducted the supervision of the performance of the respective duties by the Directors and senior management and the supervision of the financial conditions, internal control and significant risks of the Company. The Board of Supervisors had no objection to the supervisory matters during the reporting period.

During the year, the Board of Supervisors earnestly fulfilled its supervisory duties, and protected the interests of the Company, shareholders and employees pursuant to the relevant provisions. During the year, the Board of Supervisors convened six meetings, and considered and received 63 resolutions. The Financial and Internal Control Supervision Committee of the Board of Supervisors convened six meetings, and studied 55 resolutions.

For the performance of duties by the Company's Board of Supervisors in 2025, please refer to the announcements published on the websites of the SSE, the Hong Kong Stock Exchange and the Company.

In accordance with the requirements of the Company Law and other relevant provisions, the Company will no longer establish a Board of Supervisors and its special committees with effect from 31 December 2025. The Audit Committee of the Board of Directors shall exercise the functions and powers of the Board of Supervisors in compliance with the Company Law and other applicable laws and regulations. Ms. Starry Lee Wai King, Mr. Wang Yadong and Mr. He Zuwang retired from their positions as Supervisors of the Company concurrently.

During their terms of office, none of the Company's Supervisors held any shares in the Company. None of them entered into any service contracts, subscribed for any share interests or were subject to any sanctions as stated in the sections entitled "Report of the Board of Directors" and "Significant Events". None of them had any material interests in any material transactions, arrangements or contracts of the Company, its holding companies or subsidiaries, nor held any interests in the shares or underlying shares of the Company.

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### (V) Internal Control

The Company established an internal control system with full coverage, key focuses, mutual restrictions, accommodation on the actual conditions, cost efficiency and risk orientation of the Company. The internal control system of the Company covers the whole process from decision-making, implementation to supervision across all businesses and matters of the Company and all subsidiaries. On such basis, it focuses on key business matters and industries with high risks. It conducts mutual restriction and supervision on the governance structure, the organisation structuring, the division of powers and responsibilities as well as business processes while balancing the operation efficiency to adapt to the operation size, business scope, competition situation and risk standards of the Company. It also makes adjustments in time to achieve effective control with appropriate cost and effectively identify, appraise and manage risks and analyse, design and implement internal control. The purpose of the internal control of the Company is to reasonably guarantee the compliance of the operation and management, assets safety, the truthfulness and completeness of financial reports and relevant information, improve the operation efficiency and results and promote the realisation of development strategies. Due to the inherent restrictions on the internal control, it can only provide reasonable guarantee to the realisation of the above targets. The risk management and internal control systems of the Company are designed to manage and reduce rather than to eliminate the risk of failure to achieve business objectives.

The Company has, pursuant to the requirements of risk management and internal control standards such as the Basic Norms for Internal Controls of Enterprises and its supporting guidance jointly issued by five ministries and commissions, the Principal Rules for the Internal Control of Insurance Companies, the Guidelines for Risk Management of Insurance Companies (Trial) and the Second-generation Solvency Regulatory Rules issued by the former CIRC, and the SSE Listing Rules, the Listing Rules of the Stock Exchange, improved the risk management and internal control system, promoted the risk management and internal control of the Company with governing documents such as the Comprehensive Risk Management Measures, the Internal Control Administration Measures, and specific risk management measures, and guided its subsidiaries to promote the construction of risk management and internal control systems in accordance with the foregoing supervisory regulations and requirements.

In terms of internal control, during the reporting period, the Company continued to strengthen the construction of internal control system. The Company continued to promote the deepening and implementation of the “downgrading (下評一級)” internal control evaluation work mechanism, promoting the in-depth development and grassroots extension of internal control evaluations. The Company organised all departments of the Group and relevant subsidiaries to fully update the internal control manuals. Focusing on risks in key areas, the Company supervised each subsidiary to conduct in-depth analysis of typical cases, summarise risk characteristics and behavioural patterns, and actively develop and refine case risk prevention and control models for key areas. The Company continued to strengthen professional team building and talent training, and continuously improved the Company’s risk management and internal control levels.

PICC P&C improved the internal control and compliance management framework and appraisal system, achieved full coverage of the “downgrading (下評一級)” internal control across all provincial-level institutions, strengthened the root-cause rectification of irregularities, enhanced internal control and compliance alerts and early warnings, enforced strict accountability and disciplinary education, consolidated the primary accountability of the first line of defence, and continuously elevated the internal control and compliance management level. PICC Life organised the revision of internal control systems, continuously updated the Operating Procedures, optimised the internal control evaluation mechanism, conducted penetrating appraisals across institutions at all levels, and reinforced standardisation and professionalism in appraisal work. PICC AMC further improved the internal control system and corporate governance structure, built case prevention models to strengthen the prevention of criminal-related cases, refined internal control evaluation and rectification implementation, and established a long-term, coordinated, efficient and continuously optimised internal control management mechanism. PICC Health steadily enhanced the internal control system, promoted robust internal control and compliance governance, and focused on empowering development through a sound internal control and compliance culture. PICC Pension actively integrated internal control management with operational risk management, optimised internal control management tools, explored the application of risk assessment models for criminal-related cases, and conducted rigorous internal control evaluations. PICC Investment Holding strengthened the coordinated implementation of internal control management and operational risk management, improved the completion rate of rectification for internal control evaluation deficiencies, enhanced the completeness and enforcement effectiveness of systems, and steadily upgraded risk prevention capabilities. PICC Capital advanced the development of internal control system, refined internal control systems and processes, improved the soundness, pertinence and effectiveness of the internal control system, and raised the internal control management level. PICC Reinsurance implemented closed-loop management for internal control evaluations and defect rectification, further consolidated operational risk management, improved the case risk prevention and control mechanism, and comprehensively enhanced the refinement and standardisation of the Company’s internal control and compliance management. PICC Technology formulated and issued internal control systems, updated and refined the Internal Control Manual, conducted annual internal control evaluations, and continuously improved internal control management levels. PICC Hong Kong further optimised the internal control system, deepened collaboration among the three lines of defense, strengthened the implementation of internal control requirements, streamlined internal control processes, empowered high-quality and efficient business development, and firmly maintained the bottom line of risk control.

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The Company fully conducted the risk appraisal and internal control assessment covering the whole Group in 2025. The Board believed that during the reporting period, relevant management and control measures were sufficient to guarantee the actual demands of the Company in risk management. For internal control, all of the risk management and internal monitoring system of the Company covering all key monitoring aspects, including financial monitoring, operation monitoring and compliance monitoring, were sufficient and effective. There were no factors affecting the conclusion of the evaluation of the effectiveness of internal control between the base date of the internal control evaluation report and the date of issuance of the internal control evaluation report, and the Board is not aware of any matters requiring attention that would directly affect the quality of the operating activities or the achievement of the financial reporting objectives of the Company. The operation of the Group's internal control system is adequate and effective.

In terms of operational risk, during the reporting period, the Company continued to improve the operational risk management mechanism and optimised the operational risk management processes and methods. System including the Management Measures for the Operational Risk Loss Data were revised and issued. At the Group level, an operational risk preference system incorporating both qualitative and quantitative indicators has been established. By decomposing risk limits, the Group's risk preference has been effectively cascaded down to institutions at all levels. Meanwhile, the Company strengthened the application of management tools including operational risk loss database, operational risk self-assessment and key risk indicators. The operational risk management capabilities have been enhanced.

### (VI) Company Secretary

Ms. Ng Sau Mei, a director of the Listing Services Department of TMF Hong Kong Limited, has been appointed as the Company Secretary of the Company. The departments of the Company that mainly contact with Ms. Ng Sau Mei are the Offices of the Board of Directors of the Company.

During the reporting period, Ms. Ng Sau Mei has attended not fewer than 15 hours of relevant professional training.

### (VII) Amendments of the Articles of Association

On 29 April 2025, the ninth meeting of the fifth session of the Board of Directors convened by the Company considered and approved the Resolution on the Amendments to the Articles of Association of the Company. On 27 June 2025, the 2024 annual general meeting of the convened by Company considered and approved the resolution concerning the Amendments to the Articles of Association of The People's Insurance Company (Group) of China Limited. The amended Articles of Association was approved by the NFRA on 30 December 2025. From the effective date of the new Articles of Association, the Company will no longer maintain a Board of Supervisors, and its functions and powers shall be exercised by the Audit Committee of the Board of Directors.

### (VIII) Corporate Culture and Management and Control of Subsidiaries

Please refer to the Company's 2025 Sustainability Report, which is published in conjunction with this annual report for the Company's corporate culture.

The Company continued to increase the management and control of its subsidiaries. By standardizing the Group's authorization to subsidiaries, strengthening the construction of the Group's overall internal control system, strengthening inspection supervision, nominating directors to subsidiaries, considering subsidiaries' proposals, and clarifying the appraisal and incentive policies, the Company motivated subsidiaries to strictly implement the Group's development strategy.

The Group strictly complies with relevant laws and regulations, resolutely eliminates gender and other discriminatory behaviors, and safeguards the equal rights and interests of female employees in recruitment, employment and training. The proportion of female employees (including senior management) in the Group reached 48.5%. The Group has achieved gender diversity in its workforce.

### (IX) Information Disclosure and Investor Relationship

As a listed company in both A share and H share markets, the Company strictly abides by the regulatory regulations in relation to information disclosure stipulated by the CSRC, NFRA, the Securities and Futures Commission of Hong Kong, the SSE, Hong Kong Stock Exchange and other regulatory institutions, and completes its works in relation to information disclosure in compliance with laws and regulations on websites designated by the SSE, Hong Kong Stock Exchange, NFRA and the website of the Company.

The Company formulated the Administrative Measures for Information Disclosure, the Administrative Measures for the Internal Reporting of Major Information, the Administrative Measures for the Suspension and Exemption of Information Disclosure, the Administrative Measures for the Registration and Filing of Insiders and the Interim Measures for the Accountability for Major Errors in Information Disclosure in Annual Reports and other relevant rules and systems on information disclosure, created rules in relation to the information disclosure system, and arranged and formed relevant internal and external information disclosure procedures including the management procedure of major information internal reports and information disclosure procedures of periodic reports and interim reports in order to promote the management of standardized procedures concerning information disclosure to a higher level. With the mechanism and procedures abovementioned, the Company clarified the main content, responsibility of each party, registration filing and disclosure procedures and discipline requirement of information disclosure; determined the institution and personnel of information disclosure to establish information disclosure working team; and established the communication and coordination mechanism with relevant subsidiaries, relevant departments of the Company, domestic and international legal advising team and the Hong Kong company secretary team.

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In 2025, the Company strictly abided by the principle of “as much as possible, as strict as possible, as early as possible” for disclosing information for A share and H share, continuously enhancing the level of transparency of information disclosure, protecting the legitimate rights and interests of investors, and maintaining information disclosure in a fair, just and open manner. At the same time, the Company continued to safeguard the bottom line of “no significant risks for information disclosure”, completed disclosure of results announcements, periodic reports and interim reports in accordance with laws and regulations, and carefully identified price-sensitive information. There were no cases of non-compliance disclosure, and the Company ensured that information was disclosed timely, fairly, truthfully, accurately and completely.

The Company carried out its investor relations management in accordance with the regulatory requirements of the place where it is listed, always focusing on investors and continuously improving and enriching the methods and contents of investor communication. During the reporting period, the Company held results conferences for the year 2024, the first quarter of 2025, the interim period of 2025 and the third quarter of 2025, and held an investor open day with the theme of “The Practice and Outlook of High-Quality Development of Non-Auto Insurance”. Through various communication channels such as investor surveys, domestic and overseas non-trading roadshows, investment forums and strategy meetings, investor hotlines, investor relations mailboxes, investor relations websites and the “SSE e-Interaction” online platform, the Company strengthened day-to-day exchanges with investors and endeavored to enhance service standards.

During the reporting period, the Company was awarded the Grade A in information disclosure of listed companies on the SSE for the years 2024-2025, the “Best Practices for Annual Report Presentations of 2024” by China Association for Public Companies, the “Award of Excellence” by the Hong Kong Investor Relations Association, and the “Best Capital Market Communication Award” at the 9th China Excellence IR.

The Company has designated the Offices of the Board of Directors to be responsible for enquiries received through telephone, fax, email and post. Please refer to “Corporate Information” in this annual report for the Company’s contact details, including telephone number, fax number, email address and registered address. The “Investor Relations” page on the Company’s website ([www.picc.com.cn](http://www.picc.com.cn)) provides regularly updated information of the Company.

The Company is of the view that during the reporting period, the shareholders communication and investors management policy of the Company could provide effective guarantee to the exchange between the shareholders, the investors and the Company.

**(X) Independence of the Company from Controlling Shareholder and Peer Competition with Controlling Shareholder**

The Company operated in strict accordance with the relevant laws and regulations such as the Company Law, the Securities Law and the requirements and standards of the Articles of Association, and established and improved the corporate governance structure of the Company. It is independent from the controlling shareholder of the Company in terms of assets, personnel, finance, organization and business.

The MOF is the controlling shareholder of the Company. The MOF is a constituent part of the State Council. It is authorized by the State Council to exercise relevant government functions such as state finance, taxation, and management of state-owned assets. The MOF only acts as a state-owned investor to fulfill its obligation to contribute to other insurance companies. Such shareholding is not for the purpose of engaging or participating in relevant competitive businesses. Therefore, there is no peer competition between the Company and other insurance companies controlled by the MOF, the controlling shareholder.

**II. REPORT OF THE BOARD OF DIRECTORS**

**(I) Business Review**

A review of the Group's business during the year, description of future business development, and description of possible risks and uncertainties that the Group may face, are set out in "Chairperson's Statement" and "Management Discussion and Analysis" in this annual report. The risk management policies of the Group are set out in "Management Discussion and Analysis" in this annual report. The "Management Discussion and Analysis" also contains business overview and performance analysis of the Group, using key financial indicators to analyze the Group's performance during the year. Events which happened subsequent to the end of the year and have a significant effect on the Company are set out in Note 49 "Event After the Balance Sheet Date" to the consolidated financial statements of this annual report. In addition, descriptions of the environmental protection policies of the Group, relationships with major customers and employees and compliance with relevant laws and regulations which have significant effect on the Group, are set out in the Sustainability Report of the Company and the "Report of the Board of Directors" and "Significant Events" in this annual report respectively.

## Corporate Governance

### (II) Environmental Issues

During the reporting period, the Group continued to comply with and continuously promoted a number of related measures involving energy use, emission treatment and environmental changes, consistently implementing a range of environmentally-friendly policies across the Group. The Group strove to reduce the consumption of paper, water and electricity resources; implemented energy conservation management measures to achieve a reduction in greenhouse gas emissions; conducted separate treatment of sewage, domestic waste and various types of waste generated in the office process, and followed the management principle of waste classification, to achieve recycling of resources. In accordance with regulatory requirements, the Company will issue its 2025 Sustainability Report, which specifies the Group's performance of social responsibilities (including environmental, social and governance).

### (III) Principal Activities

The Group is a leading large-scale integrated insurance financial group in the PRC engaging in P&C insurance business, life and health insurance business and asset management business through its subsidiaries. During the reporting period, there have been no significant changes to the scope of the Company's principal activities.

### (IV) Formulation and Implementation of Profit Distribution Policy

1. According to the Articles of Association, the basic principle of profit distribution of the Company is that the Company will implement a sustainable and stable dividend distribution policy. The Company's dividend distribution shall emphasize on reasonable investment return to investors while taking into account sustainable development of the Company. Subject to continuous profitability, regulatory compliance and normal operation and long-term development of the Company, priority shall be given to cash dividends for distribution.
2. According to the Articles of Association, the details of profit distribution policy of the Company are:

Firstly, form of profit distribution: The Company shall distribute profits to its shareholders in proportion to their respective shareholdings, either in cash, stock or a combination of both. Priority shall be given to cash dividends for distribution if the conditions for cash dividends are met. The Company shall, in principle, distribute profits once a year. Where conditions allow, the Company may distribute interim dividends.

Secondly, specific conditions and ratio of cash dividend distribution of the Company: No profit shall be paid to shareholders for any year if the solvency of the Company fails to meet the regulatory requirements. Except in special circumstances, the Company shall distribute dividends mainly in cash if the normal operations of the Company are not affected, provided that the net profit for the year, the accumulated and undistributed profit and the capital reserve at the end of the year are positive. Special circumstances include: the Company has significant investment plans or otherwise incurs major cash expenses; its solvency falls below the requirements of regulatory authorities including the insurance regulatory authority under the State Council; the regulatory authorities such as the insurance regulatory authority under the State Council take regulatory measures to impose restrictions on the Company's distribution of cash dividends; and other circumstances that are not suitable for distribution of cash dividends. The profit distribution plans of the Company will be formulated by the Board of the Company based on factors including the solvency margin ratio, business development and demand, operating results and shareholders' return of the Company and its subsidiaries at the relevant time. Taking into consideration the factors above and subject to the laws, regulations and regulatory requirements, the distributed profits in the form of cash by the Company each year shall be no less than 10% of the distributable profits of the same year. The Company may also distribute interim dividends in the form of cash in view of the profitability. The proposals shall be implemented subject to submission to and approval by the shareholders' general meeting of the Company following consideration by the Board. When the Company convenes an annual general meeting to consider the annual profit distribution plan, it may also consider and approve matters relating to interim cash dividends for the following year, including the conditions, maximum proportion, and cap on the amount. The upper limit of interim dividends for the following year as considered by the annual general meeting shall not exceed the net profit attributable to shareholders of the Company for the corresponding period. The Board of Directors shall, in accordance with the resolution of the shareholders' general meeting and subject to the conditions for profit distribution being satisfied, formulate the specific interim dividend plan.

Thirdly, conditions for distribution of share dividends by the Company: Where the operating income of the Company grows rapidly and the Board considers that the share price of the Company does not reflect the scale of its share capital, the Company may propose and execute a share dividend distribution proposal in addition to payment of the cash dividend distribution above taking into account factors such as the share price, scale of share capital and other circumstances of the Company.

Fourthly, the Board of the Company shall take into full account various factors, such as features of the industry in which the Company operates, the stage of its development, its own business model, profitability and whether there are significant capital expenditure arrangements, and put forward differentiated cash dividend policies in accordance with the procedures as required by the Articles of Association.

### 3. Profit distribution proposed for 2025

The Company's profit distribution emphasises on reasonable investment return to investors. Stability and continuity of the profit distribution policy have been maintained. The specific ratio of cash dividend distribution has taken into full account various factors, such as business development and demand, operating results and shareholders' return of the Company and its subsidiaries, as well as the characteristics of the equity and financial structure of the two-level legal persons of the Group. The Company formulated the profit distribution plans based on the operating strategy and the needs of business development of the Group.

## Corporate Governance

Pursuant to the profit distribution plan for 2025 approved by the Board on 26 March 2026, a cash dividend of RMB1.45 (tax inclusive) per 10 shares is proposed to be distributed on the basis of the total share capital of 44,223,990,583 shares after the withdrawal of statutory surplus reserves at 10% of the net profit in the parent company's financial statements in 2025, amounting to a total distribution of RMB6,412 million, and totaling RMB9,729 million together with the interim distribution of RMB3,317 million. The profit distribution plan for the year 2025 shall become effective upon the approval of the shareholders' general meeting.

During the reporting period, the decision-making procedures and mechanism of the Company's profit distribution plan were complete, and the criteria and proportion of dividend distribution were clear and unambiguous. It was in compliance with the provisions of the Articles of Association and the relevant deliberation procedures, fully protected the legitimate rights and interests of small and medium-sized investors, and has been approved by all Independent Non-executive Directors of the Company who have expressed their independent opinions.

For details of the dividend-related taxes and tax exemptions, please refer to the relevant announcements on dividend distribution issued by the Company.

### (V) Changes in Accounting Policies

There was no change in the Company's accounting policies during the reporting period.

### (VI) Financial Highlights

A summary of the results, assets and liabilities of the Group for the past five years to the end of the reporting period is set out in "Financial Highlights" in this annual report.

### (VII) Buildings, Equipment and Investment Properties

Changes in the buildings, equipment and investment properties of the Group during the year are set out in Notes 25 and 24 to the consolidated financial statements of this annual report respectively. As at 31 December 2025, the Group did not own any properties for investment purposes or held for development and/or sale where one or more percentage ratios (as defined under Rule 14.07 of the Listing Rules of the Stock Exchange) exceed 5%.

### (VIII) Share Capital

Changes in the share capital of the Company in 2025 and the share capital of the Company as of 31 December 2025 are set out in "Movements in Ordinary Shares and Shareholders" in this annual report.

### (IX) Pre-Emptive Rights

During the reporting period, pursuant to relevant laws of the PRC and the Articles of Association, the shareholders of the Company had no pre-emptive rights, and the Company did not have any share option arrangement.

### (X) Repurchase, Disposal and Redemption of Listed Securities

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

Other than as disclosed above, the Company and its subsidiaries did not repurchase, dispose of or redeem any listed securities (including sale of treasury shares) of the Company or its subsidiaries during the reporting period.

As at 31 December 2025, the Company did not hold any treasury shares.

### (XI) Reserves

Details of reserves of the Group are set out in Note 39 to the consolidated financial statements, and the consolidated statement of changes in equity of this annual report.

### (XII) Distributable Reserves

As of 31 December 2025, the distributable reserves of the Company amounted to RMB7,140 million.

### (XIII) Charitable and Other Donations

Charitable and other donations made by the Company and its subsidiaries in 2025 were RMB73.00 million.

### (XIV) Equity-Linked Agreement

During the reporting period, the Company did not enter into any equity-linked agreement.

### (XV) Major Customers and Employees

During the reporting period, the Company or its subsidiaries had no individual customer with premium income exceeding 5% of the annual premium income of the Group. The contribution of the Company's business of any single customer is insignificant to the overall business of the Company. Premium income from the top five customers accounted for not more than 1% of the total premium income of the Group this year, and there were no related parties of the Company among the top five customers. In order to maintain the Company's stable development in the long run, the Company values its relationship with all customers and employees. The Company's business and financial status do not depend on individual customer and employee.

## Corporate Governance

Given the nature of the Company's business, the Company has no suppliers directly related to its operations.

For details of the employees, please refer to "Directors, Senior Management and Employees" in this annual report.

### (XVI) Directors and Senior Management

The biographies of the Directors and senior management of the Company are set out in "Directors, Senior Management and Employees" in this annual report. Details of day-to-day work of the Board, the list of Directors and changes in Directors are set out in "Corporate Governance" in this annual report.

### (XVII) Directors' Service Contracts and Remunerations

During the reporting period, none of the Directors of the Company entered into any service contracts with the Company or its subsidiaries which could not be terminated within one year and without payment of compensation other than statutory compensation.

Details of the remuneration of the Directors of the Company are set out in "Directors, Senior Management and Employees" in this annual report.

### (XVIII) Highest Paid Individuals

Details of the remuneration of the five highest paid individuals of the Company during the reporting period are set out in Note 14 to the consolidated financial statements of this annual report.

### (XIX) Indemnity for Directors

During the year and as of the date of this report, there had been no permitted indemnity provision nor permitted indemnity provision that remained effective for the benefits of Directors or directors of subsidiaries of the Company. The Company had purchased insurance as appropriate for Directors against legal liabilities arising from performance of their duties. Such insurance policies are governed by PRC laws.

### (XX) Directors' Interests in Transactions, Arrangements or Contracts of Significance

During the reporting period, none of the Directors of the Company and their connected entities had any material interest, whether directly or indirectly, in transactions, arrangements or contracts of significance of the Company and its subsidiaries signed with external parties.

### (XXI) Management Contracts

During the reporting period, the Company did not sign any management contracts with respect to any or principal business of the Company.

### (XXII) Contracts of Significance with Controlling Shareholder

During the reporting period, the Company and its subsidiaries did not sign any contracts (including those contracts of significance for the provision of services) with the controlling shareholder.

### (XXIII) Directors' and Senior Management's Interests in Shares

No Directors and senior management of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance) which were required, pursuant to Section 352 of the Securities and Futures Ordinance of Hong Kong, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

### (XXIV) Interests of Directors in Competing Business

During the reporting period, the Directors of the Company had no direct or indirect interests in businesses that compete or might compete, either directly or indirectly, with the business of the Company.

### (XXV) Public Float

Based on the public information and to the knowledge of the Directors, as of the latest practicable date prior to the printing of this annual report, the Company has maintained the public float required by the Listing Rules of the Stock Exchange.

### (XXVI) Connected Transactions

During the reporting period, the Company had no connected transactions required to be disclosed pursuant to Chapter 14A of the Listing Rules of the Stock Exchange. Please refer to Note 46 to the consolidated financial statements of this annual report for particulars of the related party transactions defined under domestic laws and accounting standards of the PRC; such transactions are not connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules of the Stock Exchange.

## Corporate Governance

### (XXVII) Corporate Governance

Details of the corporate governance of the Company are set out in “Corporate Governance” in this annual report.

### (XXVIII) Audit Committee

The Audit Committee has reviewed the audited financial statements for this year. The composition, roles and the summary of work undertaken by the Audit Committee are set out in “Corporate Governance” in this annual report.

### (XXIX) Auditors

As considered and approved by the 2022 annual general meeting, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers (Certified Public Accountants and Registered Public Interest Entity Auditor) were appointed by the Company as the Company’s financial reporting auditors for the year 2023 under the China Accounting Standards for Business Enterprises and the International Financial Reporting Accounting Standards, respectively.

As considered and approved by the 2023 and 2024 annual general meetings, Ernst & Young Hua Ming LLP and Ernst & Young were appointed during the year as the Company’s financial reporting auditors for the years 2024 and 2025 under the China Accounting Standards for Business Enterprises and the International Financial Reporting Accounting Standards, respectively.

Save as disclosed above, the Company did not change the auditors in the past three years.

### (XXX) Issued Debentures

For details of the debentures of the Company issued during the reporting period, please refer to the section headed “Significant Events” of this annual report.

By order of the Board

**Ding Xiangqun**

*Chairperson*

### III. MOVEMENTS IN ORDINARY SHARES AND SHAREHOLDERS

#### (I) Movements in Ordinary Share Capital

##### 1. Statement of Movements in Ordinary Shares

During the reporting period, there were no movements in the total number of ordinary shares and the share capital structure of the Company.

Unit: Share

	31 December 2024		Movements during the reporting period					31 December 2025	
	Number	Proportion (%)	Issue of new shares	Bonus issue	Conversion from reserves	Others	Subtotal	Number	Proportion (%)
I. Shares subject to selling restriction	-	-	-	-	-	-	-	-	-
1. Shares held by the state	-	-	-	-	-	-	-	-	-
II. Shares not subject to selling restriction	44,223,990,583	100.00	-	-	-	-	-	44,223,990,583	100.00
1. Renminbi-denominated ordinary shares	35,497,756,583	80.27	-	-	-	-	-	35,497,756,583	80.27
2. Overseas listed foreign shares	8,726,234,000	19.73	-	-	-	-	-	8,726,234,000	19.73
III. Total number of ordinary shares	44,223,990,583	100.00	-	-	-	-	-	44,223,990,583	100.00

##### 2. Movements in Restricted Shares

At the end of the reporting period, the Company had no restricted shares. There were also no movements in the restricted shares during the reporting period.

#### (II) Shareholders and De Facto Controller

##### 1. Total Number of Shareholders

Total number of ordinary shareholders as at the end of the reporting period (Shareholder)	A shares: 115,315; H shares: 4,665
Total number of ordinary shareholders as at the end of the month prior to the disclosure date of the annual report (Shareholder)	A shares: 135,473; H shares: 4,613

## Corporate Governance

### 2. Shareholdings of the Top Ten Shareholders and Top Ten Shareholders of Circulating Shares (or Shareholders Not Subject to Selling Restrictions) as at 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	Status of the share	Number	Nature of shareholder
MOF	–	26,906,570,608	60.84	–	Nil	–	–	The State
HKSCC Nominees Limited	1,851,550	8,707,005,103	19.69	–	Unknown	–	–	Overseas legal person
SSF	–	5,605,582,779	12.68	–	Nil	–	–	The State
Hong Kong Securities Clearing Company Limited	(116,286,838)	252,741,843	0.57	–	Nil	–	–	Overseas legal person
New China Life Insurance Company Ltd. – Traditional – General Insurance Products – 018L-CT001 Hu	82,201,189	82,201,189	0.19	–	Nil	–	–	Others
New China Life Insurance Company Ltd. – Dividend – Individual Dividend – 018L-FH002 Hu	76,609,096	76,609,096	0.17	–	Nil	–	–	Others
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	(2,063,970)	53,016,855	0.12	–	Nil	–	–	Others
Kong Fengquan	1,899,700	52,856,885	0.12	–	Nil	–	–	Domestic natural person
National Social Security Fund Portfolio 108	50,417,606	50,417,606	0.11	–	Nil	–	–	Others
National Social Security Fund Portfolio 101	47,076,674	47,076,674	0.11	–	Nil	–	–	Others

Unit: Share

<b>Shareholdings of the Top Ten Shareholders Not Subject to Selling Restrictions (Excluding the Lending Shares through Refinancing)</b>			
<b>Name of shareholder</b>	<b>Number of shares held not subject to selling restrictions</b>	<b>Class</b>	<b>Number</b>
MOF	26,906,570,608	A shares	26,906,570,608
HKSCC Nominees Limited	8,707,005,103	H shares	8,707,005,103
SSF	5,605,582,779	A shares	5,605,582,779
Hong Kong Securities Clearing Company Limited	252,741,843	A shares	252,741,843
New China Life Insurance Company Ltd. – Traditional – General Insurance Products – 018L-CT001 Hu	82,201,189	A shares	82,201,189
New China Life Insurance Company Ltd. – Dividend – Individual Dividend – 018L-FH002 Hu	76,609,096	A shares	76,609,096
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	53,016,855	A shares	53,016,855
Kong Fengquan	52,856,885	A shares	52,856,885
National Social Security Fund Portfolio 108	50,417,606	A shares	50,417,606
National Social Security Fund Portfolio 101	47,076,674	A shares	47,076,674
Details of securities account designated for share repurchase of the top ten shareholders	Not applicable		
Details of the above-mentioned shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights	Not applicable		
Details of the above shareholders who are related to each other or acting in concert	The Company is not aware of any related 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:

- All shares of the Company are tradable shares.
- 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.
- The shares under Hong Kong Securities Clearing Company Limited are held by the shareholders of the Shanghai Stock Connect.

## Corporate Governance

### 3. Participation of Shareholders Holding More Than 5% of the Shares, the Top 10 Shareholders and the Top 10 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 10 Shareholders and the Top 10 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) Controlling Shareholder

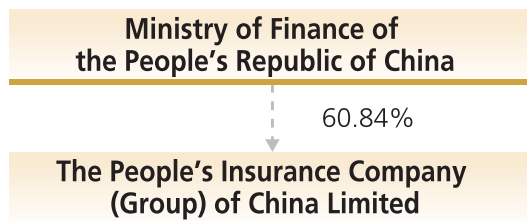
### 1. Legal Person

The MOF is the controlling shareholder of the Company. The MOF was established in October 1949. It is a constituent part of the State Council. It is authorised by the State Council to exercise relevant government functions such as state finance, taxation, and management of state-owned assets. The head of the MOF is Lan Fo'an, and its address is No.3, Nansanxiang, Sanlihe, Xicheng District, Beijing.

According to the publicly available information, the MOF directly holds more than 5% of the issued shares of the following other domestic and overseas listed companies:

Name of company	Short name of the stock	Stock code	Percentage of equity interest of the Company	
			Percentage	Point of time
Industrial and Commercial Bank of China Limited	Industrial and Commercial Bank	601398.SH	31.14%	As of 30 September 2025
Agricultural Bank of China Limited	Agricultural Bank	601288.SH	35.29%	As of 30 September 2025
Bank of Communications Co., Ltd.	Bank of Communications	601328.SH	35.01%	As of 30 September 2025
Bank of China Limited	Bank of China	601988.SH	8.64%	As of 30 September 2025
Postal Savings Bank of China Co., Ltd.	Postal Savings Bank	601658.SH	15.77%	As of 30 September 2025
China Cinda Asset Management Co., Ltd.	China Cinda	01359.HK	58.00%	As of 30 June 2025
China Reinsurance (Group) Corporation	China Reinsurance	01508.HK	11.45%	As of 30 June 2025
China CITIC Financial Asset Management Co., Ltd.	CITIC Financial Asset	02799.HK	24.76%	As of 30 June 2025

## 2. Block Diagram of Property Rights and Controlling Relations between the Company and the Controlling Shareholder



### (IV) Other Corporate Shareholders Holding More Than 10% of the Shares

The SSF is a corporate shareholder of the Company holding more than 10% of the shares. The SSF was established in August 2000 and the organisation code is 12100000717800822N. Its registered capital is RMB8 million and the legal representative is Liu Kun. The aim and business scope are to manage and operate social security funds and promote the development of social security undertakings. It is entrusted in managing and operating the National Social Security Fund; centralised holding and managing transferred state-owned entrusted equity from central enterprises; managing and operating the National Social Security Fund of basic pension insurance entrusted funds; regularly disclosing operation situation for fund income and expenditure, management and investment.

### (V) 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 31 December 2025, the following shareholders (other than the Directors 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:

Unit: Share, except for percentages

Name of shareholder	Capacity	Number of A shares	Nature of Interest	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%

## Corporate Governance

Unit: Share, except for percentages

Name of shareholder	Capacity	Number of H shares	Nature of Interest	Percentage of total issued H shares	Percentage of total issued shares
JPMorgan Chase & Co. <sup>(Note)</sup>	Beneficial owner	109,223,121	Long position	1.25%	0.25%
	Beneficial owner	85,287,540	Short position	0.98%	0.19%
	Investment manager	257,972,727	Long position	2.96%	0.58%
	Person having a security interest in shares	1,710,000	Long position	0.02%	0.00%
	Approved lending agent	583,603,167	Long position	6.69%	1.32%
BlackRock, Inc. <sup>(Note)</sup>	Interest of controlled corporation	528,295,486	Long position	6.05%	1.19%
		70,850,000	Short position	0.81%	0.16%
The Capital Group Companies, Inc. <sup>(Note)</sup>	Interest of controlled corporation	439,017,000	Long position	5.03%	0.99%

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

Save as disclosed above, as at 31 December 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 are required to be recorded in the register to be kept under Section 336 of the Securities and Futures Ordinance.

## IV. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### (I) Directors and Senior Management

As of the date of this report, the information of the Directors and senior management members of the Company is as follows.

### 1. Basic information of Directors and Senior Management

Name	Position(s)	Gender	Age	Date of appointment
Ding Xiangqun	Executive Director, Chairperson	Female	60	December 2024
Zhao Peng	Executive Director, Vice Chairman	Male	53	November 2023
	President			November 2023
	Responsible Financial Officer			October 2025
Xiao Jianyou	Executive Director	Male	57	December 2022
	Vice President			August 2019
Xu Xiang	Non-executive Director	Male	57	September 2025
Wang Shaoqun	Non-executive Director	Male	56	December 2020
Yu Qiang	Non-executive Director	Male	52	August 2021
Song Hongjun	Non-executive Director	Male	60	August 2023
Xu Lina	Independent Non-executive Director	Female	66	November 2021
Wang Pengcheng	Independent Non-executive Director	Male	55	August 2023
Gao Pingyang	Independent Non-executive Director	Male	46	February 2025
Jia Ruo	Independent Non-executive Director	Male	40	December 2025
Yeung Cheung Ying	Independent Non-executive Director	Female	61	February 2026
Cai Zhiwei	Vice President	Male	50	February 2021
Zhang Jinhai	Vice President	Male	54	November 2022
Tian Geng	Vice President	Male	52	July 2025
Zeng Shangyou	Secretary of the Board	Male	56	March 2023
Gong Xinyu	Business Director	Male	56	August 2025
Bai Feipeng	Legal Director	Male	52	December 2025

**2. Resigned Directors and Senior Management**

Name	Previous position(s)	Date of appointment	Date of termination	Change and cause
Li Zhuyong	Executive Director	December 2020	March 2025	Resignation due to work adjustment
	Vice President	November 2018	March 2025	
	Responsible Compliance Officer	July 2023	March 2025	
	Chief Risk Officer	June 2023	March 2025	
Wang Qingjian	Non-executive Director	July 2017	July 2025	Resignation due to age
Miao Fusheng	Non-executive Director	December 2020	July 2025	Resignation due to age
Shiu Sin Por	Independent Non-executive Director	May 2018	December 2025	Resignation due to six consecutive years of service as an Independent Non-executive Director of the Company
Ko Wing Man	Independent Non-executive Director	May 2018	February 2025	Resignation due to six consecutive years of service as an Independent Non-executive Director of the Company
Cui Li	Independent Non-executive Director	September 2021	January 2025	Resignation due to work adjustment
Han Kesheng	Assistant to the President	April 2010	February 2025	Resignation due to age
	Responsible Audit Officer	February 2018	February 2025	
Yu Ze	Vice President	April 2020	December 2025	Currently under investigation on suspicion of serious violations of discipline and the law and has been removed from office

Note: The list of personnel includes those who have left the service as of the date of this report; the date of appointment refers to the time after completion of the Company's corporate governance process and the approval of the regulatory authority which is responsible for qualification verification.

### 3. Shareholdings of Directors and Senior Management

During the reporting period, none of the Directors and senior management of the Company held any shares of the Company.

### 4. Directors and Senior Management's Position in the Shareholder

Name	Name of shareholder	Position in the shareholder	Date of appointment	Whether received remuneration from related parties of the Company
Song Hongjun	SSF	Full-time Director	January 2023	Yes

### 5. Directors and Senior Management's Position in Other Companies/Institutions

Name	Position in the Company	Name of other companies/ institutions	Position in other companies/institutions	Date of appointment
Ding Xiangqun	Executive Director, Chairperson	Council of IAC	Honorary President	January 2025
		China Society for Finance and Banking	Vice Chairman	November 2025
Zhao Peng	Executive Director, Vice Chairman, President, Responsible Financial Officer	Council of Insurance Society of China	Vice Chairman	January 2025
		China Chamber of International Commerce	Vice Chairman	January 2025
Xiao Jianyou	Executive Director, Vice Chairman	Asian Financial Cooperation Association	Vice Chairman	June 2021
		National Internet Finance Association of China	Vice Chairman	March 2023
		IAC	Managing Director	May 2025
Xu Xiang	Non-executive Director	Central Huijin Investment Company Limited	Designated Director	October 2025
Wang Shaoqun	Non-executive Director	Central Huijin Investment Company Limited	Designated Director	February 2021
Yu Qiang	Non-executive Director	Central Huijin Investment Company Limited	Designated Director	September 2021
Song Hongjun	Non-executive Director	Founder Securities Co., Ltd.	Non-executive Director	January 2023
Xu Lina	Independent Non-executive Director	Actuarial Department of Columbia University	Associate Director, Senior Officer of School of Professional Studies Services	September 2024

## Corporate Governance

Name	Position in the Company	Name of other companies/ institutions	Position in other companies/institutions	Date of appointment
Wang Pengcheng	Independent Non-executive Director	Beijing Technology and Business University	Professor	July 2022
		Accounting Society of China	Director	July 2015
		Enterprise Accounting Standards Professional Board of the Accounting Society of China	Chairman	February 2024
		ESG Specialized Committee of China Association for Public Companies	Expert Member	August 2022
		Financial Controller Professional Committee of China Association for Public Companies	Deputy Chairman	January 2023
		Independent Directors Professional Committee of China Association for Public Companies	Member	December 2024
		Independent Directors Working Committee of Beijing Association of Listed Companies	Deputy Chairman	September 2024
		Banking Accounting Society of China	Director	October 2022
		ESG Specialized Committee of the Chinese Institute of Business Administration	Deputy Chairman	December 2023
		Strategic Advisory Committee of Xiamen National Accounting Institute	Member	February 2022
		MPAcc Advisory Committee of Renmin Business School	Member	March 2019
		China Management Accounting Review	Editorial Board Member	April 2020
		Sinopec Oilfield Service Corporation	Independent Non-executive Director	June 2024
		MiniMax Group Inc.	Independent Non-executive Director	January 2026

Name	Position in the Company	Name of other companies/institutions	Position in other companies/institutions	Date of appointment
Gao Pingyang	Independent Non-executive Director	Business School of University of Hong Kong	Professor, Associate Dean	July 2020
		Zhongyuan Bank Co., Ltd.	Independent Non-executive Director	November 2023
		Bloks Group Limited	Independent Non-executive Director	January 2025
		Distinct Healthcare Holdings Limited	Independent Non-executive Director	February 2026
Jia Ruo	Independent Non-executive Director	School of Economics, Peking University	Tenured Associate Professor of Insurance, Researcher	August 2022
		Shanghai Renaissance Insurtech Co., Ltd.	Supervisor	December 2020
		Geneva Association (International Association for the Study of Insurance Economics)	China Representative, Cooperation Expert	January 2026
Yeung Cheung Ying	Independent Non-executive Director	The Hong Kong Alumni Association of Sun Yat-sen University	President	October 2022
		The Federation of Alumni Associations of Chinese Colleges and Universities in Hong Kong	Vice Chairman	March 2025
		Sun Yat-sen University School of Law	Consultant Professor	September 2025
		Zhiyuan Innovation (Shanghai) Technology Co., Ltd.	Independent Non-executive Director	January 2026
Cai Zhiwei	Vice President	Hua Xia Bank Co., Limited	Non-executive Director	July 2022

## Corporate Governance

Name	Position in the Company	Name of other companies/ institutions	Position in other companies/institutions	Date of appointment
Zeng Shangyou	Secretary of the Board	Specialized Committee on Corporate Governance and Auditing of the IAC	Deputy Chairman	May 2021
		Investors' Relations Management Committee of the LCAB Member	Deputy Chairman	October 2022
		Overseas Listed Company Branch (in preparation) of China	Member	January 2024
		Association for Public Companies China Association for Public Companies	Vice Chairman	September 2024
Gong Xinyu	Business Director	Specialized Committee on Human Resources of the IAC	Deputy Chairman	June 2025
		Specialized Committee on Education and Training of the IAC	Deputy Chairman	June 2025
Bai Feipeng	Legal Director	Legal Professional Committee of the Insurance Society of China	Member	July 2019
		Legal and Compliance Professional Committee of the Insurance Asset Management Association of China	Deputy Chairman	December 2023
		PICC Public Welfare and Charity Foundation	Director	April 2023
		The Insurance Society of China	Think Tank Expert	September 2024
		Specialized Committee on Law and Compliance of the IAC	Deputy Chairman	December 2024

## II. Biographical Details of Directors and Senior Management

### Executive Directors

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**MS. DING  
XIANGQUN**

*Chairperson and  
Executive Director*

Ms. Ding Xiangqun, is a member of the CPC 20th Central Committee, the Chairperson and Executive Director of the Company, and a senior economist. Ms. Ding previously served as the deputy general manager of China Taiping Insurance Group Co. and China Taiping Insurance Group Ltd. (China Taiping Insurance Group (HK) Company Limited), the vice president of China Development Bank, a member of the Leading Party Group and the vice chairperson of the People's Government of Guangxi Zhuang Autonomous Region and a member of the Standing Committee of the Anhui Provincial Party Committee and the director of the party committee organization department. She has been appointed as an Executive Director and the Chairperson since November 2024. Ms. Ding has also served as the chairperson of PICC P&C, the chairperson of PICC Hong Kong, the Honorary President of the Council of the IAC, and the Vice President of the China Society for Finance and Banking. Ms. Ding holds a master's degree in economics from Renmin University of China.



### **MR. ZHAO PENG**

*Executive Director, the Vice Chairman and the President*

Mr. Zhao Peng, is an Executive Director, the Vice Chairman and the President, and the Responsible Financial Officer of the Company. Mr. Zhao previously served as the Vice President of the Agricultural Development Bank of China, and the Vice President of China Life Insurance (Group) Company and an Executive Director and the President of China Life Insurance Company Limited. He has been appointed as an Executive Director, the Vice Chairman and the President of the Company since July 2023. Mr. Zhao has also served as the chairman of PICC Life and the chairman of PICC Health. Mr. Zhao has served as the vice chairman of the Council of the Insurance Society of China and the vice chairman of the China Chamber of International Commerce. Mr. Zhao holds a master's degree in economics from Central University of Finance and Economics and a master's degree in business administration from Tsinghua University.



**MR. XIAO JIANYOU**

*Executive Director and  
Vice President*

Mr. Xiao Jianyou, is an Executive Director, a Vice President of the Company and a senior economist. Mr. Xiao previously served as the general manager of the Jiangsu Branch of China Life Insurance Company Limited and the assistant to the President and the Vice President of China Life Insurance Company Limited. He has been appointed as a Vice President of the Company in June 2019 and as an Executive Director of the Company since July 2022. Mr. Xiao has also served as an executive director, vice chairman and the president of PICC Life. Mr. Xiao served as the vice chairman of the Asian Financial Cooperation Association, the vice chairman of the National Internet Finance Association of China and the standing director of the IAC. Mr. Xiao holds a bachelor's degree in medicine from Jiangxi University of Chinese Medicine and a bachelor's degree in law from Nanjing University.

### Non-executive Directors

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#### **MR. XU XIANG**

*Non-executive Director*

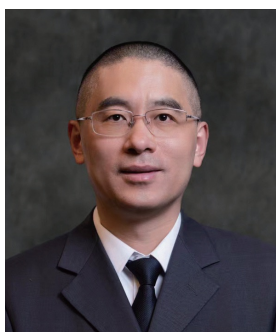
Mr. Xu Xiang, is a Non-executive Director of the Company. Mr. Xu successively served as a staff member, deputy principal staff member and principal staff member of the Department of Personnel and Education, deputy director of the General Office, and director of the General Office of the MOF from August 1991 to November 2011. He served as the deputy director (deputy director-general level) of the Cadre Education Center of the MOF from November 2011 to August 2018. He successively served as the deputy secretary of the Party Committee, deputy curator, secretary of the Party Committee and curator of the China Finance and Taxation Museum from August 2018 to January 2023. He successively served as the deputy director of the Fiscal Receipts Supervision Center of the MOF from January 2023 to September 2025. He has been a Non-executive Director of the Company since September 2025. He has been a Designated Director of Central Huijin Investment Company Limited since October 2025. Mr. Xu graduated from Heilongjiang University in August 1991 with a bachelor's degree in history; graduated from the Research Institute for Fiscal Science under the MOF in September 2000 with a master's degree in economics; and graduated from Dongbei University of Finance and Economics in June 2015 with a doctorate degree in management.



**MR. WANG  
SHAOQUN**

*Non-executive Director*

Mr. Wang Shaoqun, is a Non-executive Director of the Company, a senior engineer and a senior economist. Mr. Wang joined the People's Bank of China in August 1992, and served as deputy director of the insurance risk monitoring and assessment division of the financial stability bureau, deputy director of the financial holding company risk monitoring and assessment division, researcher and director of the insurance risk monitoring and assessment division, director and first-class researcher of the insurance division; he has been the second level inspector of financial stability bureau and director of the insurance division of the People's Bank of China since May 2020. He has been a Non-executive Director of the Company since December 2020. He has been a director appointed by Central Huijin Investment Company Limited since February 2021. Mr. Wang graduated from North Jiaotong University with a bachelor's degree in engineering in July 1992, a master's degree in business administration from Peking University in July 2000, and a doctoral degree in management from Tianjin University in August 2008.



**MR. YU QIANG**

*Non-executive Director*

Mr. Yu Qiang, is a Non-executive Director of the Company and a senior economist. From August 1995 to July 2000, Mr. Yu worked as a staff member of the former China National Automotive Industry Sales Corp; from August 2000 to September 2003, he worked as a staff member of Operation Office of the People's Bank of China; from October 2003 to December 2018, he worked in the former CBRC Beijing Bureau and has successively served as the staff member, chief staff member, the deputy director and director; from January 2019 to August 2021, he worked in the former CBIRC Beijing Bureau and has successively served as the director and second level inspector. He has been a Non-executive Director of the Company since August 2021. He has been a director appointed by Central Huijin Investment Company Limited since September 2021. Mr. Yu graduated from Jiangxi University of Finance and Economics in 1995 with a bachelor's degree in economics; graduated from Renmin University of China in 2004 with a master's degree in economics; graduated from the National University of Singapore in 2019 with a master's degree in public administration and management (MPAM). Mr. Yu holds the professional qualification certificates of Chinese certified public accountant, lawyer, Chinese certified tax agent and Chinese certified assets valuer.



**MR. SONG  
HONGJUN**

*Non-executive Director*

Mr. Song Hongjun, is a Non-executive Director of the Company. Mr. Song successively served as the officer, the staff member, and the senior staff member in the financial division of commerce, the finance and accounting department, the principal staff member in the second financial division of the commerce and finance department, the principal staff member in the first division of the national debt and finance department, and the deputy division chief of the first financial division of finance department of the MOF from August 1989 to August 2001. Mr. Song successively served as the deputy division chief of the financial division of the finance and accounting department, the division chief and deputy director of the fund and finance department, the deputy director and director of the pension accounting department, the director of the securities investment department and the director of the stock investment department of the SSF from August 2001 to December 2022. Mr. Song has served as a full-time director of the SSF since January 2023, a non-executive director of Founder Securities since January 2023 and a Non-executive Director of the Company since August 2023. Mr. Song graduated from the Finance Department of Dongbei University of Finance & Economics in August 1989, and obtained a master's degree in public administration from the joint program between Peking University and the Chinese Academy of Governance in July 2008.

## Independent Non-executive Directors

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### **MS. XU LINA**

*Independent Non-executive Director*

Ms. Xu Lina, is an Independent Non-executive Director of the Company, a deputy director of the actuarial department and the senior director for career services in the school of professional studies of Columbia University, an actuary of the North American Society of Actuaries (SOA), and a doctor of applied mathematics and computing science. She has been engaged in the teaching and research of mathematics, statistics and actuarial science for more than 20 years and has 16 years of experience in the insurance industry. For work experience, she served as an assistant actuary in Reinsurance Group of America from December 1998 to February 2007; an actuary of American Life Insurance financial modeling/experience analysis from February 2007 to May 2009; an assistant to director of Sun Life Financial Group (an insurance company headquartered in Canada) from May 2009 to September 2010; director of Prudential Financial Company from October 2010 to September 2011; deputy director of Guggenheim Life and Annuity Company from September 2011 to September 2012; and director and consultant of Athene Annuity and Life Company (an insurance company registered in the State of Iowa) from October 2012 to December 2013. Ms. Xu has been appointed as an Independent Non-executive Director of the Company since November 2021. For teaching and research, she served as an assistant professor in Fujian Normal University from August 1982 to April 1988; a scientific research teaching assistant in the University of Iowa from August 1988 to July 1996; an assistant lecturer at Maryville University of St. Louis and Charles Community College from January 1997 to December 2006; an assistant lecturer of the actuarial department of Columbia University from May 2010 to September 2013; director of actuarial department of Columbia University from September 2013 to March 2019; and senior academic director of the actuarial department of Columbia University from March 2019 to September 2024. Ms. Xu obtained a bachelor's degree in mathematics from Fujian Normal University in July 1982; a master's degree in statistics and actuarial science from the University of Iowa in the United States in December 1990; a doctoral degree in applied mathematics and computing science from the University of Iowa in the United States in July 1996; and became a member of the Society of Actuaries in September 2008.



**MR. WANG  
PENGCHENG**

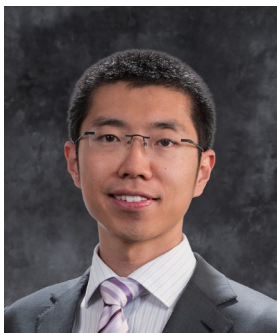
*Independent Non-executive  
Director*

Mr. Wang Pengcheng, is an Independent Non-executive Director of the Company, a professor and doctoral supervisor at the Business School of Beijing Technology and Business University, and also serves as the director of the Accounting Society of China and the chairman of the Accounting Standards Committee for Business Enterprises, an expert member of the ESG Specialized Committee, the vice chairman of the CFO Specialized Committee of China Association for Public Companies, a member of the Independent Director Professional Committee, the vice chairman of the Independent Director Working Committee of the LCAB, one of the first batch of consultant experts for sustainable disclosure standards of the MOF, a director of the Banking Accounting Society of China, the vice chairman of the ESG Specialized Committee of The Chinese Institute of Business Administration, a member of the Strategic Advisory Committee of Xiamen National Accounting Institute, a member of the MPAcc Advisory Committee of Renmin Business School and an editorial board member of China Management Accounting Review. Mr. Wang taught at the School of Accountancy of Central University of Finance and Economics from April 1994 to June 2000, and successively served as the director of the foreign accounting teaching and research office and the assistant director (in charge of scientific research) of the School of Accountancy. He served as a partner of Pan-China Certified Public Accountants from July 2000 to May 2005. From June 2005 to May 2014, he served as a partner of Deloitte Touche Tohmatsu, and successively served as the chief partner of financial audit in North China and the leading partner of the global financial services industry in Greater China. He served as the chief operating officer of audit services of Greater China of Ernst & Young from December 2014 to June 2018, and the managing partner of audit services of Greater China of Ernst & Young from July 2018 to June 2022. Since June 2024, he has served as an independent non-executive director of Sinopec Oilfield Service Corporation (stock codes: 600871.SH and 01033.HK). He has been an independent non-executive director of MiniMax Group Inc. (H-share stock code: 00100) since January 2026. Mr. Wang served as a member of the China Accounting Standards Committee of the MOF, a member of the Audit Standards Group of the MOF and the consulting expert of the Internal Control Committee of the MOF. Mr. Wang has been appointed as an Independent Non-executive Director of the Company since August 2023. Mr. Wang graduated from Anshan Iron and Steel College with a bachelor's degree in engineering in July 1991; graduated from Dongbei University of Finance & Economics with a master's degree in economics in April 1994; and graduated from the Chinese Academy of Financial Sciences with a doctoral degree in management in March 2000.

**MR. GAO PINGYANG**

*Independent Non-executive  
Director*

Mr. Gao Pingyang, is an Independent Non-executive Director of the Company, a professor and the associate dean of the HKU Business School. Mr. Gao taught at Chicago Booth from July 2008 to June 2020, where he served as assistant professor and associate professor; he joined the University of Hong Kong since July 2020. Mr. Gao's research covers capital markets and corporate governance and his many achievements have been published in top international journals. He has been an independent non-executive director of Zhongyuan Bank Co., Ltd. (stock code: 01216.HK) since November 2023. He has been an independent non-executive director of Bloks Group Limited (stock code: 00325.HK) since January 2025. He has been an independent non-executive director of Distinct Healthcare Holdings Limited (stock code: 02677.HK) since February 2026. Mr. Gao has been appointed as an Independent Non-executive Director of the Company since February 2025. Mr. Gao graduated from Renmin University of China with a bachelor's degree in accounting in July 2002, graduated from Peking University with a master's degree in finance in June 2004, and graduated from Yale University in the United States with a doctor's degree in philosophy in June 2008.



### **MR. JIA RUO**

*Independent Non-executive  
Director*

Mr. Jia Ruo, is an Independent Non-executive Director of the Company, an insurance tenured associate professor, researcher and doctoral supervisor of the Risk Management and Insurance Science Department at the School of Economics of Peking University, and the deputy dean of the China Actuarial Development Research Center of Peking University. He served as the director, assistant vice president, liability insurance and accident insurance underwriter of auto insurance of the Beijing Branch of Swiss Re from September 2010 to August 2013. He has successively served as an assistant professor, retained associate professor, permanent associate professor and researcher of the Risk Management and Insurance Science Department at the School of Economics of Peking University since September 2016. He has concurrently served as a supervisor of Shanghai Renaissance Insurtech Co., Ltd. since December 2020, and has concurrently served as the cooperation expert of the Geneva Association (International Association for the Study of Insurance Economics) and has successively served as the research director and China representative in the digital technology field since November 2022. He has undertaken the “National Risk Management System Based on Insurance System Construction”, a major project of the National Social Science Fund of China, as the chief expert since January 2024. In October 2025, he was selected into the Young Top-notch Talent category of the National Special Support Program for High-Level Talents. He has been appointed as an Independent Non-executive Director of the Company since December 2025. Mr. Jia served as an advisory expert of the Insurance Solvency Expert Advisory Committee of the CBIRC. Mr. Jia graduated from the School of Economics of Peking University in July 2008 with a double bachelor’s degree in economics and laws majoring in insurance; graduated from the School of Economics of Peking University in July 2010 with a master’s degree in economics in risk management and insurance; and graduated from the Institute of Insurance Economics of the University of St. Gallen, Switzerland in July 2016 with a doctorate degree in finance.



**MS. YEUNG  
CHEUNG YING**

*Independent Non-executive  
Director*

Ms. Yeung Cheung Ying, is an Independent Non-executive Director of the Company. Ms. Yeung was a lawyer in the Hong Kong Office of Allen & Overy from September 1995 to November 1997. She served as the legal advisor of Hutchison Whampoa Properties Limited from December 1997 to August 2000, and successively served as a lawyer, senior legal advisor and partner of Allen & Overy from September 2000 to January 2009. She concurrently served as the Hong Kong company secretary of Bank of China from April 2008 to October 2015. She successively served as a partner of the Hong Kong Office, the chairwoman of the Corporate Department, the global vice chairwoman of the capital market and Listed Company Agency and the chairwoman of the Greater China Business of Latham & Watkins LLP from February 2009 to December 2024. Ms. Yeung has provided professional legal services to a number of large Chinese State-owned enterprises, banks and insurance companies, as well as to several renowned new economy enterprises, facilitating their successful access to international capital markets. Her practice spans over 30 years, covering areas such as Hong Kong listing and compliance, mergers and acquisitions. She has received industry awards including Asia's Best Securities Lawyer, Asia's Top 15 Female Lawyers, and the "The Visionaries (PRC Law)" of the annual A-List. Ms. Yeung has been appointed as an independent non-executive director of Zhiyuan Innovation (Shanghai) Technology Co., Ltd. since January 2026, and was appointed as a Consulting Professor at Sun Yat-sen University School of Law in September 2025. Ms. Yeung has been appointed as an Independent Non-executive Director of the Company since February 2026. Ms. Yeung received a bachelor's degree in laws from Sun Yat-sen University in 1985, a master's degree in laws from Renmin University of China in 1989, and a bachelor's degree in laws from the University of Hong Kong in November 1995. Ms. Yeung was qualified as a lawyer in China in 1989, and was qualified as a lawyer in Hong Kong and admitted to practice in Hong Kong in 1997.

## Corporate Governance

### Senior Management

Mr. Zhao Peng. Please refer to the section headed “Executive Directors” for the biography.

Mr. Xiao Jianyou. Please refer to the section headed “Executive Directors” for the biography.



#### **MR. CAI ZHIWEI**

*Vice President*

Mr. Cai Zhiwei, is a Vice President of the Company. Mr. Cai previously served as a member of the Executive Committee and the director of the Investment Support Department, and the director of the real estate investment department of China Investment Corporation. He has been appointed as the Vice President of the Company since January 2021. Mr. Cai also serves as the Vice Chairman of PICC AMC, the Chairman of PICC Capital, and the Chairman of PICC Pension. He is a director of Hua Xia Bank Co., Limited. Mr. Cai obtained a master’s degree in economics from Xiamen University and a master’s degree in philosophy from the University of Cambridge.



Mr. Zhang Jinhai, is a Vice President of the Company and the principal of the Party school of the Group, and a senior engineer. Mr. Zhang served as the General Manager of PICC P&C Hebei Branch, the General Manager of the Company's Technology Operation Department, and the Executive Director and the President of PICC Technology. He has been appointed as the Vice President of the Company since August 2022. Mr. Zhang holds a master's degree in engineering from the University of Science and Technology of China.

**MR. ZHANG JINHAI**

*Vice President*



Mr. Tian Geng, is a Vice President of the Company and a senior economist. Mr. Tian served as the General Manager of Industrial and Commercial Bank of China Hebei Branch and the General Manager of Zhejiang Branch. He has been appointed as the Vice President of the Company since April 2025. Mr. Tian also serves as the Chairman of PICC Technology. Mr. Tian holds a doctoral degree in management from Harbin Institute of Technology.

### **MR. TIAN GENG**

*Vice President*



**MR. ZENG  
SHANGYOU**

*Secretary of the Board*

Mr. Zeng Shangyou, is the Secretary of the Board of Directors of the Company, the General Manager of the Office of the Board of Directors, Securities Representative of the Company, a senior economist and an associate member of the Chartered Insurance Institute (ACII). Mr. Zeng served as the General Manager of PICC P&C Sichuan Branch. He has been appointed as the Secretary of the Board of Directors of the Company since January 2023. Mr. Zeng also serves as the deputy chairman of the Specialized Committee on Corporate Governance and Auditing of the IAC, a deputy chairman of the Investor Relations Management Committee of the LCAB, a member of the Overseas Listed Company Branch of China Association for Public Companies, and the vice president of China Association for Public Companies. Mr. Zeng holds a bachelor's degree in engineering from Tianjin University.



### **MR. GONG XINYU**

*Business Director*

Mr. Gong Xinyu, is the Business Director of the Company, the General Manager of the Strategic Management Department, the General Manager of the Education and Training Department, the Executive Vice Principal of the Party school of the Group, and the Dean of the Financial Research Institute, and a senior economist. Mr. Gong served as the General Manager of the Strategic Planning Department/PICC Research Institute of the Company, and the General Manager of PICC Life Hebei Branch. He has been appointed as the Business Director of the Company since August 2025. Mr. Gong also serves as the Deputy Chairman of the Specialized Committee on Human Resources of the IAC and the Deputy Chairman of the Specialized Committee on Education and Training of the IAC. Mr. Gong holds a doctoral degree in economics from Renmin University of China.



**MR. BAI FEIPENG**

*Legal Director*

Mr. Bai Feipeng, is the Legal Director of the Company and the General Manager of the Legal and Compliance Department, and a senior economist. Mr. Bai served as the Deputy General Manager of the Legal Department of PICC P&C, the Deputy General Manager of PICC P&C Inner Mongolia Branch, and the Deputy General Manager of the Legal and Compliance Department of the Company. He has been appointed as the Legal Director of the Company since December 2025. Mr. Bai also serves as a member of the Legal Professional Committee of the Insurance Society of China, the Deputy Chairman of the Legal and Compliance Professional Committee of the Insurance Asset Management Association of China, the Deputy Chairman of the Legal and Compliance Professional Committee of the IAC, a director of PICC Public Welfare Foundation, and a think tank expert of the Insurance Society of China. Mr. Bai holds a doctoral degree in law from Tsinghua University.

## Corporate Governance

### (III) Remuneration of Directors and Senior Management

Name	Amount paid (RMB0'000)	Payments for various benefits, social insurance, housing fund, corporate annuities and others (RMB0'000)	Total pre-tax compensation received from the Company in 2025 (RMB0'000)	Whether received remuneration from any related party of the Company or not
Ding Xiangqun	68.60	32.81	101.41	No
Zhao Peng	68.60	32.81	101.41	No
Xiao Jianyou	61.74	31.21	92.95	No
Xu Xiang	/	/	/	No
Wang Shaoqun	/	/	/	No
Yu Qiang	/	/	/	No
Song Hongjun	/	/	/	Yes
Xu Lina	25.00	0.00	25.00	No
Wang Pengcheng	30.00	0.00	30.00	No
Gao Pingyang	25.42	0.00	25.42	No
Jia Ruo	0.00	0.00	0.00	No
Cai Zhiwei	61.74	31.21	92.95	No
Zhang Jinhai	61.74	31.21	92.95	No
Tian Geng	41.16	20.85	62.01	No
Zeng Shangyou	80.00	33.28	113.28	No
Gong Xinyu	27.83	9.64	37.47	No
Bai Feipeng	0.00	0.00	0.00	No

**Remuneration of Resigned Directors and Senior Management in 2025**

Name	Amount paid (RMB0'000)	Payments for various benefits, social insurance, housing fund, corporate annuities and others (RMB0'000)	Total pre-tax compensation received from the Company in 2025 (RMB0'000)	Whether received remuneration from any related party of the Company or not
Li Zhuyong	10.29	5.18	15.47	No
Wang Qingjian	/	/	/	No
Miao Fusheng	/	/	/	No
Shiu Sin Por	30.00	0.00	30.00	No
Ko Wing Man	2.08	0.00	2.08	No
Cui Li	2.50	0.00	2.50	No
Yu Ze	60.53	31.21	91.74	No
Han Kesheng	17.78	5.67	23.45	No

## Notes:

- Decision-making procedures for remuneration of directors and senior management: Remuneration of directors is approved by the shareholders' meeting, and remuneration of senior management is approved by the Board of Directors.
- Basis for determining the remuneration of directors and senior management: The remuneration of executive directors and senior management is determined based on the remuneration policies for the principals of central financial enterprises, the Company's remuneration system, the Company's operating conditions and assessment results. The remuneration of independent non-executive directors shall be paid in accordance with relevant regulations after fulfilling the approval procedures.
- Assessment basis and completion status of remuneration actually received by directors and senior management as at the end of the reporting period: Directors other than independent non-executive directors and senior management are assessed in accordance with relevant administrative regulations and the Company's remuneration system, while independent non-executive directors receive fixed allowances. Actual payment of remuneration of directors and senior management: After completion of the approval procedures for the remuneration of directors and senior management, they shall be paid according to the regulations. During the reporting period, the total actual remuneration received by all directors and senior management from the Company was RMB9.4009 million. (Figures may not add up to total due to rounding, similarly hereinafter). The total remuneration of executive directors and senior management for 2025 has not yet been finalized and will be disclosed separately upon determination. The deferred remuneration of executive directors and senior management is implemented in accordance with the regulatory requirements of the superior authorities and the Company's deferred remuneration system. Independent non-executive directors have no deferred remuneration arrangements. Clawback and stop-payment of remuneration actually received by directors and senior management as at the end of the reporting period: In accordance with regulatory provisions and the Company's systems, where a senior management member fails to diligently perform his/her duties within his/her scope of responsibilities, resulting in major violations of laws or regulations by the Company, or causing significant risks or losses to the Company, the Company shall, after fulfilling the corporate governance procedures in accordance with laws and regulations, claw back part or all of the performance-based remuneration already paid within the relevant period, and stop payment of part or all of the unpaid remuneration. During the reporting period, no clawback of remuneration paid to directors or senior management occurred in the Company.
- According to the relevant assessment results of the Company in 2024, the 2024 remuneration of the directors and senior management of the Company who are subject to central government administration was adjusted. Please refer to the information disclosed by the Company on the official website of the SSE on 31 December 2025.
- Mr. Jia Ruo received remuneration from January 2026, Ms. Yeung Cheung Ying received remuneration from February 2026, Mr. Tian Geng received remuneration from May 2025, Mr. Gong Xinyu received remuneration from September 2025, and Mr. Bai Feipeng received remuneration from January 2026.
- The data are rounded and therefore the total amount of pre-tax remuneration is not necessarily equal to the sum of the first two items.

## Corporate Governance

### (IV) Employees of the Company

#### 1. Employees

As of the end of the reporting period, the employees of the Company and its principal subsidiaries are as follows:

	Unit: person
Number of employees in the parent company	415
Number of employees in principal subsidiaries	179,483
Total number of employees	179,898
Number of employees to be retired for whom the parent company and principal subsidiaries have to pay pension	46,648
<b>Category of specialty composition:</b>	
Management personnel	3,112
Professional and technical personnel	118,257
Marketing and sales personnel	57,334
Others	1,195
Total	179,898
<b>Category of education level:</b>	
Master and above	14,335
Undergraduate	124,824
College graduate	35,542
Others	5,197
Total	179,898

#### 2. Employee Compensation Policy

In accordance with the national compensation management policies and regulations and the relevant requirements of corporate governance, the Company has established a compensation system that complies with laws and regulations, reflects the value of relevant positions, and highlights that compensation is performance-oriented. Employee compensation is linked to multiple factors, including the industry in which the Company operates, the job rank of the employee, and performance assessment results, reflecting differences in compensation levels and differences in position value. To further improve the incentive and restraint mechanism and step up risk prevention and control, the Company has established a deferred remuneration and clawback mechanism for performance-based remuneration, and strictly implements the deferred remuneration and clawback system for performance-based remuneration.

### **3. Training Plan**

In 2025, the Group refreshed its efforts to thoroughly implement the requirements of the Regulations on Education and Training of Cadres, the National Education and Training Plan for Cadres (2023-2027) and the Regulations on the Work of Party Schools (Administrative Colleges) of the Communist Party of China. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and closely aligned with the Group's strategic deployment of serving the building of a financial powerhouse and advancing Chinese modernization, the Group enabled ongoing improvement of its cadre education and training system, providing solid talent support for the high-quality development of the Group.

During the year, prioritizing Party theoretical education, Party spirit education and the enhancement of performance capabilities, the Group took a holistic approach to the "Voyage" series of key training projects. To that end, the Group launched the political capacity enhancement program as an ongoing effort to strengthen political training for "top leaders" and young cadres. It implemented a comprehensive development program for management cadres to effectively improve the capabilities and qualities of leading cadres at all levels. Focusing on strategic research and the cultivation of international talent, the Group continuously strengthened professional capacity building. It innovatively carried out new employee training, achieving the coverage of all new employees recruited in the year. Furthermore, the Group continued its efforts in the four centers of "Smart Learning", "Smart Exam", "Knowledge Management" and "Training Management" to deepen the digital transformation of education and training.

# Sustainable Development

## I. ENVIRONMENT INFORMATION

The Group is not a high-pollution or high-emission enterprise and is principally engaged in insurance business and other businesses related to financial services, which will not have a significant impact on the environment and natural resources. The Group practices the concept of green development, strictly abides by environmental protection laws and regulations, and vigorously promotes exploration and innovation in the field of green operations. The Group works hard on green operations. In 2025, we formulated a special plan and supporting systems for green operations and proactively conducted system-wide carbon inventory work on the operational side to create green office spaces and build green data centers. Beyond that, we practiced green procurement and strengthened energy conservation and environmental protection publicity to seek ongoing improvement of the refined management of green operations.

**Conducted carbon inventory on the operational side.** In 2025, the Group initiated a system-wide carbon inventory on the operational side, covering the Group company, each member entity, and branches at various levels under operational control, totaling approximately 6,000 operational workplaces. The Group comprehensively assessed the current energy usage, unified the data standards for energy consumption, established a digital management platform for carbon inventory, and achieved integration of energy consumption data, automated calculation and dynamic visual monitoring, thereby consolidating the foundation for energy consumption data governance.

**Saved resources.** We formulated and implemented a special plan for energy conservation and emission reduction, strengthened the refined management of administrative operations and maintenance, and carried out upgrading, renovation and commissioning of lighting in office areas, computer rooms and major power-consuming equipment to systematically improve energy efficiency. Water for the Company's daily office mainly comes from the municipal water supply. We have established a water resource recycling system to collect non-conventional water sources such as washroom drainage, air conditioner condensate and rainwater from the Group's building. After purification and treatment by reclaimed water treatment facilities, the recycled water is used for sanitary fixture flushing, green space irrigation and vehicle cleaning. In 2025, the supply of recycled water from the Group's building reached 6,757 tonnes.

**Reduced solid waste and waste gas emissions.** We strictly abide by the relevant requirements of laws and regulations, have established a sound compliance management system for waste gas emissions and waste, and strictly control the compliance management of the entire process from source reduction to end-of-pipe disposal to minimize the emission of pollutants such as waste gas and solid waste. We conduct risk assessments of environmental incidents, formulate management measures to prevent related risks, and establish emergency response plans for environmental incidents. The hazardous waste generated in the Group's headquarters building mainly comes from used batteries, used light bulbs, and electronic equipment generated in the offices. It is transported by professional companies to professional waste treatment centers, and there is no sudden environmental risk. The waste gas generated during the operation of the Group's headquarters building mainly comes from exhaust emissions from official vehicles and kitchen fumes from the canteen. The Group advocates green travel by strictly controlling the use and management of official vehicles, and strives to reduce gasoline consumption of official vehicles.

The Group continues to enrich and improve its green insurance product system, strives to play an important role of insurance in promoting the comprehensive green transformation of the economy and society and provides professional financial services for key areas such as energy transition, carbon sequestration and sink enhancement, pollution and carbon reduction, and ecological environment protection. The Group's green insurance provided a total insurance liability amount of RMB267 trillion for the year to promote the quality and efficiency improvement of the green insurance business.

**Served the "carbon reduction" transition of energy and facilitated clean and low-carbon development.** To escort the sound operation of new energy projects, the Group actively cooperated with large-scale power construction groups such as Power China and Energy China to ramp up the supply of insurance products for new energy sectors such as wind power, photovoltaic, hydropower, new energy storage and hydrogen energy. The Group innovatively developed the "PICC Photovoltaic Power Generation Loss Risk Pricing Model" to prevent the risk of power generation losses by compensating for power generation losses caused by insufficient solar irradiance or abnormal system energy efficiency conversion of insured power stations. In 2025, the Group provided an insurance liability amount of RMB18.1 trillion for the clean energy industry.

**Served the “pollution reduction” upgrading of industries and alleviated the pressure of ecological governance.** The Group continued to follow up the pilot work of the national environmental pollution compulsory liability insurance and involved itself in the formulation of the Environmental Pollution Liability Insurance Risk Control Service Guideline (T/SHAPEI 020-2025) (《環境污染責任保險風控服務指引》(T/SHAPEI 020 – 2025)), and established a closed-loop risk control system encompassing risk assessment, service initiation, in-service protection and assessment feedback to serve the green governance of the government. The Group promoted the model of “environmental liability insurance + environmental risk monitoring” and established the first “Environmental Pollution Liability Insurance Eco-environmental Damage Direct Compensation and Repair Center” in China, offering insured enterprises “one-stop” direct compensation services, making environmental risk management more efficient and transparent to lighten the burden on enterprises.

**Served the “further greening” of water and mountains and enhanced the carbon sequestration capacity of ecosystems.** The Group explored the model of “carbon sink + insurance”, and promoted the organic integration of marine insurance, wetland insurance, forest insurance and others with carbon sink value, carbon sink pledge and carbon sink financing, while innovating kelp carbon sink insurance and freshwater wetland carbon sink value insurance. The Group remained committed to innovating green ecology-oriented insurance to help secure ecosystem and protect biodiversity. It launched the first forestry germplasm resource protection insurance policy in China, addressing the difficulties presented by high investment, long cycles and numerous risks in germplasm resource protection.

**The green “growth” of the economy supported the development of green industries.** The Group issued a risk solution for the green computing power industry under the “East Data, West Computing” initiative to safeguard the safe development of the new-type energy storage industry, and launched the “Energy Storage Safety Insurance (儲能安心保)” comprehensive insurance solution focusing on safety risks of new-type energy storage to shape a multi-dimensional protection network covering property, transportation, products, performance and emerging risks. Joined by the China Association of Automobile Manufacturers, the Group formulated the group standard Technical Specifications for Early Warning Systems for Thermal Runaway of Electric Vehicles (《電動汽車熱失控預警系統技術規範》), and participated in and completed three rounds of battery combustion tests, providing scientific data support for risk prevention and control. The Group worked harder on the development of overseas projects of new energy vehicle insurance to assist Chinese new energy vehicles in expanding overseas businesses. The number of new energy vehicles insured during the year reached 15.56 million units, representing a year-on-year increase of 34.3%.

## II. SOCIAL RESPONSIBILITIES

Holding fast to sharing resource value with communities, the Group continued its assistance to designated areas, committed to public welfare and charity and voluntary services, continuously innovated its work ideas and measures, increased the investment of resources, and continued to contribute PICC's strength in public welfare undertakings such as poverty alleviation, improving well-being, promoting development and protecting the environment.

**Pushed forward with the all-around rural revitalization.** The Group conducted top-level design of rural revitalization work, clarified the key development efforts and major tasks for promoting all-round rural revitalization to continuously increase policy support and supporting resource guarantees, enabling the effective implementation of the central government's policies benefiting and enriching farmers. In 2025, PICC invested RMB160 million in assistance funds and RMB63.86 million in consumer assistance for its designated assistance areas, namely Huachuan County in Heilongjiang Province, Liuba County in Shaanxi Province, Ji'an County and Le'an County in Jiangxi Province, and Hongyuan County in Sichuan Province. The Group directed the assistance funds to key projects including promoting local industrial development and boosting the income of the impoverished. It also helped train more than 11,000 grassroots cadres, rural revitalization leaders and professional and technical talents. The Group claimed the highest rating of "Excellent" in the assessment of central units' targeted assistance for seven consecutive years. Its comprehensive protection model that integrates agricultural insurance products to support farmland protection and quality improvement was awarded one of the Top Ten Innovation Models for Financial Support to Agriculture by the Ministry of Agriculture and Rural Affairs of the People's Republic of China.

**Joined hands to build the social security system.** The Group actively participated in various businesses such as serious critical illness insurance, long-term nursing insurance, outpatient chronic and special diseases insurance, and basic medical insurance administration to cater to the basic medical security needs of the public. In 2025, the Group undertook 1,858 policy-oriented health insurance projects, including serious critical illness insurance, long-term nursing insurance and outpatient chronic and special diseases insurance, covering over 1.5 billion personnel times. The Group continued to integrate third-party cooperative service resources, collaborating with 6,739 hospitals for one-stop claim settlement, 231,000 general pharmacies, and 1,751 specialty drug pharmacies. Various health management services served 9.521 million personnel times throughout the year. The Group constantly promoted the upgrading of elderly care services, providing an insurance liability amount of over RMB100 billion for elderly care institution liability insurance.

## Sustainable Development

**Protected the rights and interests of specific groups.** Staying committed to the needs of specific groups such as the elderly and new citizens, the Group built a solid and inclusive safety net to precisely address the core concerns of different groups. In 2025, the Group provided an insurance liability amount of RMB905.7 trillion for specific groups including low-income groups, new citizens, persons with disabilities, the elderly, women, children and students, and special occupations, with coverage reaching 190 million personnel times. The Group increased protection for new citizens and flexible employed groups, offering 90 insurance products, product portfolios and health management services covering new citizens, providing an insurance liability amount of RMB854 trillion for 30.17 million personnel times of new citizens. The Group established 2,000 health stations nationwide, providing couriers with a “temperature index health management program (氣溫指數健康管理方案)” to precisely prevent occupational health risks such as heatstroke.

**Dedicated to public welfare, charity and volunteer service.** With the PICC Charity Foundation as a platform, the Group carried out a full range of public welfare and charity activities in the fields of disaster relief, education assistance, medical donations, environmental protection, cultural welfare, and caring for vulnerable groups. The Group supported the development of education in remote areas by donating “Hope Kitchens” to rural schools, helping local primary schools improve their campus environment. The Group cared for the physical and mental health of women by donating the “Mother’s Health Express” for many consecutive years, enhancing the level of maternal and child health services at the grassroots level. The Group promoted the construction of the Love Stations of PICC’s Labour Union, building 183 new Love Stations throughout the year to actively serve social management. The Group organized its youth to actively carry out volunteer services and public welfare activities. In 2025, 21,000 volunteers participated in those activities, with a cumulative volunteer service time of 53,000 hours, benefiting 447 thousand individuals.

### III. PROTECTION OF CONSUMER RIGHTS AND INTERESTS

In 2025, the Group thoroughly implemented the requirements of the NFRA in relation to the protection of consumer rights and interests, deepened the construction of a consumer protection work pattern characterized by “full participation, process integration, adequate resources, and enhanced services” as an ongoing effort to improve the consumer protection system, strengthen the establishment of consumer protection mechanisms in key areas, and steadily enhance the level of consumer protection across the system.

### (I) Continuous improvement of the consumer protection system

Firstly, top-level planning and promotion have become more robust. The Board of Directors and its committees deliberated on important matters concerning consumer protection, coordinating and guiding the Group's consumer protection work. Senior management strengthened the promotion of key consumer protection work, formulated a series of special systems and key work points for consumer protection, and led the entire system to focus on tackling key challenges. Secondly, the cultural foundation of consumer protection has become more solid. The Group continued to promote the "Trustworthy and Committed PICC" consumer protection culture, organized the selection of "Guardians" for consumer protection across the entire system, and inspired a sense of mission, honor and responsibility among all employees to carry out consumer protection work. Thirdly, the consumer protection supervision and management system has become more complete. The Group established a consumer protection supervision system featuring "internal and external collaboration + comprehensive coverage", further consolidating the consumer protection responsibilities of subsidiaries and member entities.

### (II) Advancing key consumer protection mechanisms

Firstly, the Group improved the product suitability management mechanism. The Group introduced systems and key work points for insurance product suitability to strengthen special supervision and inspection of subsidiaries and strictly implement regulatory requirements for product suitability management. Secondly, the Group deepened the aging-friendly mechanism for financial services. Implementing the requirement of "delivering tangible benefits to the public (為民辦實事)" in consumer protection, the Group comprehensively promoted the development of aging-friendly standards and service upgrades for online and offline touchpoints to prioritize addressing the financial pain points of the elderly population. Thirdly, the Group established a multi-tiered financial education mechanism. The Group actively explored "consumer protection+" education models such as "consumer protection + sports events" and "consumer protection + rural revitalization", fully leveraging the advantages of online and offline channels to promote the direct dissemination of financial consumer protection knowledge to grassroots consumers. In 2025, the number of online and offline activities and the number of consumers reached across the system both reached historic highs, and multiple consumer protection education works received external awards.

## Sustainable Development

### (III) Innovation-driven upgrading of complaint governance

Firstly, the Group strengthened mechanism development. The Group established a multi-tier linkage complaint handling system, optimized complaint management assessment indicators, improved complaint monitoring, analysis and supervision mechanisms, and consolidated the complaint management responsibilities of subsidiaries. Secondly, the Group stepped up source tracing and rectification. The Group innovatively built a unified comprehensive customer experience model across the Group to guide subsidiaries in precisely optimizing operational processes, thereby preventing complaints at the source. Thirdly, the Group sought more technology empowerment. The Group revamped the NPS monitoring and management system, promoting the transformation of complaint management from “passive response” to “active intervention”, effectively minimizing the incidence of complaints. In 2025, the total number of complaints across the Group on a full-caliber basis decreased by 29.5% year-on-year, and no complaints transferred by regulators occurred at the Group level, achieving significant results in complaint management.

### IV. CONSOLIDATED AND EXPANDED THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

In 2025, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Group fully implemented the guiding principle of the 20th National Congress of the CPC and the 2nd, 3rd and 4th Plenary Sessions of the 20th CPC Central Committee, and thoroughly implemented the arrangements of the Central Financial Work Conference, the Central Economic Work Conference and the Central Rural Work Conference. The Group consciously integrated all work into the grand context of “Chinese modernization” and held fast to the primary task of high-quality development. Under the guidance of the Ministry of Agriculture and Rural Development and the People’s Bank of China, the Group took targeted assistance to Huachuan County in Heilongjiang Province, Liuba County in Shaanxi Province, Hongyuan County in Sichuan Province, and Ji’an County and Le’an County in Jiangxi Province as a major political task. In particular, the Group continued to increase resource allocation and assistance efforts to Hongyuan County, a national key assistance county. Led by the experience of learning and applying the “Green Rural Revival Program”, PICC focused on the “Five Priorities” on finance and gave full play to the advantages of insurance as an ongoing effort to consolidate and expand the results of poverty alleviation and solidly provide services to promote the comprehensive rural revitalization.

### (I) Strengthened Top-level Design and Implemented the Decisions and Deployments of the Central Government with Great Determination

The Group attached great importance to the rural revitalization and targeted assistance work, and continuously strengthened its political awareness and responsibility to serve the national major strategies. **Specialized meetings were held for comprehensive coordination and deployment.** In March 2025, the principal responsible person of PICC presided over the “Work Conference on Serving the Deepening of Rural Reform and Boosting Comprehensive Rural Revitalization” for the entire system to conduct in-depth study of General Secretary Xi Jinping’s important remarks on the work of “agriculture, rural areas and farmers”, earnestly implement the relevant task requirements of the Central No. 1 Document, and make arrangements for the annual tasks of targeted assistance and boosting rural revitalization. **Published a task list and solidified the work responsibility.** At the beginning of 2025, PICC issued the Guiding Opinions on Further Serving the Deepening of Rural Reform and Solidly Promoting Comprehensive Rural Revitalization (《關於進一步服務深化農村改革紮實推進鄉村全面振興的指導意見》) and the Work Plan for Targeted Assistance and Promotion of Rural Revitalization for 2025 (《2025 年定點幫扶和助推鄉村振興工作方案》), which detailed 73 specific work tasks in five categories around key tasks and established a working mechanism for regular supervision of progress to ensure that the major tasks and key indicators were completed on schedule and with high quality. **Conducted in-depth research at the grassroots level, and coordinated the promotion and implementation.** Ding Xiangqun, Secretary of the Party Committee and Chairperson of the Board of the Group, went to Ji’an County, Jiangxi Province in June 2025 to conduct research and supervision; Zhao Peng, Vice Secretary of the Party Committee and President of the Group, went to Huachuan County, Heilongjiang Province and Liuba County, Shaanxi Province in June and November 2025, respectively, to conduct research and supervision; Xiao Jianyou, Vice President of the Group, and others went to Ji’an County and Le’an County in Jiangxi Province to conduct research and supervision; Zhang Jinhai, Vice President of the Group, went to Hongyuan County, Sichuan Province to conduct research and supervision. Throughout the year, 28 research and guidance teams were dispatched by organizations at all levels to conduct in-depth research in the targeted counties, with the number of participants reaching 111 personnel times.

## Sustainable Development

### (II) Maintained Strong Efforts and Deepened the Implementation of the “Shaking off Poverty Rather than Responsibility, Policies, Assistance and Supervision (四個不摘)” for Greater Effectiveness

PICC maintained its constant efforts in assistance. In light of the actual needs of the designated counties, in 2025, the Group directly invested RMB55 million in uncompensated helping funds and fund equivalents, and introduced RMB19.965 million in uncompensated helping funds. Furthermore, the Group continued to step up its efforts in consumer assistance. In response to the call of the relevant national authorities, it launched multiple initiatives such as the “New Year Consumer Assistance Campaign (消費幫扶新春行動)” and the “Autumn Consumer Assistance Campaign (消費幫扶金秋行動)”, driving the development of local agricultural enterprises and increasing the income of farmers. In 2025, the annual amount of consumer assistance was RMB63.86 million, of which RMB58.5948 million was directly purchased from the designated counties and other poverty-stricken areas, and RMB5.2652 million was used to assist in the sales of agricultural products from the designated counties and other poverty-eradicated areas. The Group constantly optimized its consumer assistance model, helping the designated counties increase their sales channels. In Hongyuan County, a centralised distribution warehouse for consumer assistance was established. The Group also assisted in setting up an e-commerce platform, live streaming platforms and a live streaming team to introduce new projects and support new businesses. In 2025, PICC’s consumer assistance in Hongyuan County increased by 10% year-on-year. This contributed to the creation of an additional 454 jobs, representing a year-on-year increase of 7%, and supported 1,376 herders in achieving an average income increase of RMB6,536 per person.

**(III) Insisted on Coordination and Dedicated to Assisting the “Five Revitalizations”**

**Contributed to industry revitalization.** The Group continuously increased its efforts in industrial assistance, helping to improve the quality and efficiency of assisted industries. In 2025, the Group supported a total of 86 new agricultural business entities in five counties, which continuously broadened the paths for rural industrial development and channels for increasing employment and income of the local people. **Supported talent revitalization.** The Group focused on promoting the cultivation of local talents and the introduction of external talents to inject strong momentum into rural revitalization. In 2025, the Group provided training to a total of 11,051 personnel times of grassroots rural revitalization cadres, technical backbone and wealth leaders in the five counties targeted for assistance. **Assisted in cultural revitalization.** The Company leveraged its financial expertise to promote the transformation of rural customs and practices based on the distinctive cultures of the targeted counties, thereby contributing to the cultivation of a favorable cultural ecosystem. **Assisted in ecological revitalization.** The Company focused on improving modern rural living conditions by actively integrating resources and strengthening empowerment, aiming to enhance the comfort of the rural living environment. **Assisted in organization revitalization.** The Company actively promoted the pairing of party organizations at all levels with the party branches of poverty-eradicated villages in the targeted counties. In 2025, a total of 54 party branches and poverty-eradicated villages were paired.

2026 marks the inaugural year of implementing the 15th Five-Year Plan. As a strong champion of the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, PICC will thoroughly study and implement the guiding principles of the 20th CPC National Congress and the Second, Third, and Fourth Plenary Sessions of the 20th CPC Central Committee, and fully act on General Secretary Xi Jinping’s important expositions and instructions on work related to “agriculture, rural areas, and farmers”. Aligning with the strategic goals of agricultural and rural modernization set forth in the 15th Five-Year Plan, we will pool our strengths to the core tasks of achieving high-quality and efficient agriculture, building livable and business-friendly rural areas, and securing prosperity and affluence for farmers and continue to step up our efforts to inject strong impetus into advancing all-around rural revitalization.

# Significant Events

## I. MATERIAL LAWSUIT AND ARBITRATION

The Company had no material lawsuit 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 31 December 2025, the assets under the management of PICC AMC were RMB5,161 million. During the reporting period, PICC AMC accrued assets management fee income of RMB11.1211 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 (including Intergroup Transactions) under the Regulatory Standards of the NFRA in 2025

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 and insurance business. During the reporting period, the Company revised the Administrative Measures on Related Party Transactions and issued it for implementation. 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.

The Company and its relevant subsidiaries have formulated internal transaction management systems to regulate the intergroup transactions. In 2025, the intergroup transactions mainly included use of funds and entrusted investment administration, insurance mutual agency sales, leases of assets, insurance and reinsurance business, and property management service, of which, two were significant intergroup transactions. The intergroup transactions had no impact on the Group's consolidated assets and liabilities, revenue and regulatory indicators.

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

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

## Significant Events

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

During the reporting period, the controlling shareholders 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 DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, AND DE FACTO CONTROLLERS AND THE RELEVANT PENALTIES AND RECTIFICATIONS**

On 6 December 2025, the website of the Central Commission for Discipline Inspection and the National Supervisory Commission issued a public notice stating that Yu Ze, a member of the Party Committee and the Vice President of the People's Insurance Company (Group) of China Limited, is currently under the disciplinary review and investigation by the Central Commission for Discipline Inspection and the National Supervisory Commission for suspected serious violations of discipline and law.

Beyond that, during the reporting period, the Company was not involved in any investigation of suspected commission of offences. The Company's controlling shareholder, Directors and senior management were not subject to any legally enforceable measures due to suspected commission of offences. The Company and its controlling shareholder, Directors 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 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 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 current and former Directors and senior management of the Company during the reporting period were not subject to any penalty by securities regulators within the latest three years.

**VI. EXPLANATION OF THE INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER DURING THE REPORTING PERIOD**

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.

**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. SIGNIFICANT INVESTMENTS AND MAJOR FINANCING**

During the reporting period, the Company had no significant investments or major financing activities that are required to be disclosed pursuant to paragraph 32(4A) of Appendix D2 to the Listing Rules of the Stock Exchange.

**X. USE OF PROCEEDS**

The proceeds raised by the Company have been used for the purposes disclosed in the Prospectus and the offering document, namely to supplement the Company's capital and enhance its solvency.

## Significant Events

### **XI. OTHER SIGNIFICANT EVENTS**

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 disclosed above, the Company and its subsidiaries had no other significant events during the reporting period.

### **XII. COMPLIANCE WITH LAWS AND REGULATIONS**

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

# Independent Auditor's Report

## To the Shareholders of The People's Insurance Company (Group) of China Limited

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

### Opinion

We have audited the consolidated financial statements of The People's Insurance Company (Group) of China Limited (the "Company") and its subsidiaries (the "Group") set out on pages 180 to 332, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code") as issued by the Hong Kong Institute of Certified Public Accountants, as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b><i>Valuation of liability for remaining coverage ("LRC") of insurance contracts not measured under the premium allocation approach ("PAA")</i></b></p> <p>As at 31 December 2025, the Group had significant LRC of insurance contracts not measured under the PAA stated at RMB781.4 billion, representing 48.62% of the total liabilities.</p> <p>The valuation of LRC of insurance contracts not measured under the PAA involves significant judgement and estimates over the eligibility for the measurement approach, the determination of coverage unit and the uncertain future cash flows.</p> <p>The valuation of LRC of insurance contracts not measured under the PAA involves complex actuarial models, and a high degree of judgement and estimation is used by management in determining assumptions as well. Key assumptions used in the actuarial models include mortality, morbidity, lapse rates, discount rates, expenses, claim ratios, policy dividends and risk adjustment for non-financial risks, etc.</p>	<p>With the support of our internal experts, we performed relevant audit procedures which mainly included the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the Group's accounting policies in relation to the valuation of LRC of insurance contracts not measured under the PAA.</li> <li>• Understood, evaluated and tested the design and operation effectiveness of internal controls over valuation of LRC of insurance contracts not measured under the PAA, including the internal controls over determination and approval of key assumptions, data collection and analysis, the information technology systems ("IT"), IT general controls, data transmission between systems and computation, etc. in relation to the valuation of LRC of insurance contracts not measured under the PAA.</li> <li>• Evaluated the reasonableness of the key judgements and assumptions used in the valuation of LRC of insurance contracts not measured under the PAA.</li> </ul>

**Key Audit Matters (continued)**

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b><i>Valuation of liability for remaining coverage ("LRC") of insurance contracts not measured under the premium allocation approach ("PAA") (continued)</i></b></p> <p>We identified the valuation of LRC of insurance contracts not measured under the PAA as a key audit matter, as it requires significant estimations and judgements.</p> <p>Relevant disclosures are included in note 2.5 (12) Material accounting policy information – Insurance contracts, note 3 Significant accounting judgements and estimates – Estimation of fulfilment cash flows to the consolidated financial statements, and note 35 Insurance contracts and reinsurance contracts held to the consolidated financial statements.</p>	<p>With the support of our internal experts, we performed relevant audit procedures which mainly included the following: (continued)</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the valuation approaches of LRC of insurance contracts not measured under the PAA, performed independent recalculation on LRC of insurance contracts not measured under the PAA of selected typical insurance products or groups of insurance contracts, and compared the results to the results from the Group.</li> <li>• Tested the completeness and accuracy of the underlying data used in the valuation of LRC of insurance contracts not measured under the PAA.</li> <li>• Evaluated the overall reasonableness of LRC of insurance contracts not measured under the PAA by performing movement analysis and assessing the impact of changes in assumptions.</li> </ul>

## Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<b><i>Valuation of liability for incurred claims ("LIC") of insurance contracts measured under the PAA</i></b>	
<p>As at 31 December 2025, the Group had LIC of insurance contracts measured under the PAA stated at RMB217.8 billion, representing 13.55% of the total liabilities.</p> <p>The valuation of LIC of insurance contracts measured under the PAA involves significant judgements and estimates over selecting models and setting assumptions including expected loss ratios and future claim development pattern.</p> <p>We identified the valuation of LIC of insurance contracts measured under the PAA as a key audit matter, as it requires significant judgements and estimations.</p> <p>Relevant disclosures are included in note 2.5 (12) Material accounting policy information – Insurance contracts, note 3 Significant accounting judgements and estimates – Estimation of fulfilment cash flows to the consolidated financial statements, and note 35 Insurance contracts and reinsurance contracts held to the consolidated financial statements.</p>	<p>With the support of our internal experts, we performed relevant audit procedures which mainly included the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the accounting policies of the Group regarding on the valuation of LIC of insurance contracts measured under the PAA.</li> <li>• Understood, evaluated and tested the design and operation effectiveness of internal controls over valuation of LIC of insurance contracts measured under the PAA, including the internal controls over determination and approval of key assumptions, data collection and analysis, the IT systems, IT general controls, data transmission between systems and computation, etc. in relation to the valuation of LIC of insurance contracts measured under the PAA.</li> <li>• Evaluated the reasonableness of the key judgements and assumptions used in the valuation of LIC of insurance contracts measured under the PAA.</li> <li>• Assessed the appropriateness of the valuation approaches of LIC of insurance contracts measured under the PAA, performed independent recalculation on LIC of insurance contracts measured under the PAA, and compared the results to the results from the Group.</li> <li>• Tested the completeness and accuracy of the underlying data used in the valuation of LIC of insurance contracts measured under the PAA.</li> <li>• Evaluated the overall reasonableness of LIC of insurance contracts measured under the PAA by performing movement analysis and assessing the impact of changes in assumptions.</li> </ul>

**Key Audit Matters (continued)**

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<b><i>Valuation of level 3 financial assets measured at fair value</i></b>	
<p>As at 31 December 2025, the Group's financial assets measured at fair value that were classified as level 3 stated at RMB89.7 billion, representing 4.42% of the total assets.</p> <p>We identified the valuation of level 3 financial assets measured at fair value as a key audit matter, as they were measured based on valuation models and inputs and assumptions that are not directly observable, and the valuation involved significant management judgements.</p> <p>Relevant disclosures are included in note 3 Significant accounting judgements and estimates – Fair values of financial assets determined using valuation techniques and note 42 Classification and fair value of financial instruments to the consolidated financial statements.</p>	<p>With the support of our internal experts, we performed relevant audit procedures which mainly included the following:</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested the key controls over the investment valuation process including management's determination and approval of assumptions and methodologies used in model-based calculations, controls over data integrity and choice for internally operated valuation models and management's review of valuation inputs provided by data vendors.</li> <li>• Assessed valuation model methodologies against industry practices and valuation guidelines.</li> <li>• Compared assumptions used against appropriate public third party pricing sources such as public stock prices and bond yields.</li> <li>• Performed independent check of the management's valuation results of selected illiquid financial assets.</li> </ul>

**Other Information Included in the Annual Report**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Consolidated Financial Statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is *Leung Shing Kit* (practising certificate number: *P04935*).

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

26 March 2026

# Consolidated Income Statement

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2025	2024
Insurance revenue	5	570,717	537,709
Interest income (from financial assets not measured at fair value through profit or loss)	6	31,851	30,876
Net investment gains	6	47,709	35,878
Share of profits or losses of associates and joint ventures		13,891	13,720
Exchange (losses)/gains		(308)	64
Other income	7	5,394	3,973
<b>TOTAL OPERATING INCOME</b>		<b>669,254</b>	<b>622,220</b>
Insurance service expenses	35	527,170	492,837
Net expenses from reinsurance contracts held		6,373	7,464
Finance expenses from insurance contracts issued	8	45,898	43,329
Finance income from reinsurance contracts held		(1,111)	(1,264)
Finance costs	9	3,300	3,245
Net credit impairment losses/(reversals) on financial assets	10	1,175	(1,754)
Other operating and administrative expenses	11	11,833	9,131
<b>TOTAL OPERATING EXPENSES</b>		<b>594,638</b>	<b>552,988</b>
Dilution loss on a reduced stake in an associate		(664)	–
<b>PROFIT BEFORE TAX</b>		<b>73,952</b>	<b>69,232</b>
Income tax expenses	12	(11,501)	(12,451)
<b>PROFIT FOR THE PERIOD</b>		<b>62,451</b>	<b>56,781</b>
Attributable to:			
– Owners of the Company		46,207	42,151
– Non-controlling interests		16,244	14,630
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
– Basic (in RMB Yuan)	15(a)	1.04	0.95
– Diluted (in RMB Yuan)	15(b)	1.00	0.91

The accompanying notes form an integral part of the consolidated financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2025	2024
PROFIT FOR THE PERIOD		62,451	56,781
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Finance income/(expenses) from insurance contracts issued	8	17,999	(45,764)
Finance income from reinsurance contracts held		234	387
Changes in the fair value of debt instruments at fair value through other comprehensive income		(19,923)	27,617
Allowance for credit losses on debt instruments measured at fair value through other comprehensive income		45	(288)
Income tax effect	28	2,833	3,969
		1,188	(14,079)
Share of other comprehensive income of associates and joint ventures		(1,147)	1,443
Exchange differences arising on translating foreign operations		(46)	16
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		(5)	(12,620)
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	24	228	321
Fair value gains on equity instruments at fair value through other comprehensive income		4,186	6,816
Finance expenses from insurance contracts issued	8	(183)	(837)
Income tax effect	28	(1,069)	(1,454)
		3,162	4,846
Actuarial gains/(losses) on pension benefit obligation	36	94	(217)
Share of other comprehensive income of associates and joint ventures		(49)	312
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		3,207	4,941
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		3,202	(7,679)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		65,653	49,102
Attributable to:			
– Owners of the Company		48,947	35,291
– Non-controlling interests		16,706	13,811
		65,653	49,102

The accompanying notes form an integral part of the consolidated financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	31 December 2025	31 December 2024
<b>ASSETS</b>			
Cash and cash equivalents	17	59,874	44,132
Financial assets measured at amortized cost	18	322,656	316,231
Financial assets measured at fair value through other comprehensive income	19	776,373	639,359
Financial assets measured at fair value through profit or loss	20	409,717	317,670
Insurance contract assets	35	794	1,728
Reinsurance contract assets	35	42,150	39,762
Term deposits	21	127,438	126,556
Restricted statutory deposits		13,662	14,745
Investments in associates and joint ventures	23	177,113	167,816
Investment properties	24	14,789	15,232
Property and equipment	25	32,604	32,953
Right-of-use assets	26	6,821	7,252
Intangible assets	27	3,749	3,400
Deferred tax assets	28	13,987	12,430
Other assets	29	25,865	27,055
<b>TOTAL ASSETS</b>		<b>2,027,592</b>	<b>1,766,321</b>

## Consolidated Statement of Financial Position (Continued)

As at 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	31 December 2025	31 December 2024
<b>LIABILITIES</b>			
Financial liabilities measured at fair value through profit or loss	31	22,210	7,506
Securities sold under agreements to repurchase	32	180,763	111,236
Income tax payable		377	362
Bonds payable	33	41,806	50,132
Lease liabilities	34	1,881	2,113
Insurance contract liabilities	35	1,239,519	1,122,797
Reinsurance contract liabilities	35	146	71
Investment contract liabilities		6,879	8,171
Pension benefit obligation	36	2,559	2,795
Deferred tax liabilities	28	1,401	464
Other liabilities	37	109,585	93,253
<b>TOTAL LIABILITIES</b>		<b>1,607,126</b>	<b>1,398,900</b>
<b>EQUITY</b>			
Issued capital	38	44,224	44,224
Reserves	39	264,959	224,642
Equity attributable to owners of the Company		309,183	268,866
Non-controlling interests	40	111,283	98,555
<b>TOTAL EQUITY</b>		<b>420,466</b>	<b>367,421</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,027,592</b>	<b>1,766,321</b>

The consolidated financial statements on pages 180 to 332 were approved and authorised for issue by the Board of Directors on 26 March 2026 and are signed on its behalf by:

**Ding Xiangqun**  
*DIRECTOR*

**Zhao Peng**  
*DIRECTOR*

The accompanying notes form an integral part of the consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to owners of the Company															
	Issued capital (note 38)	Share premium account **	Revaluation reserve of financial assets at fair value through other comprehensive income **	Insurance finance **	General risk reserve	Catastrophic loss reserve **	Asset revaluation **	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 year	-	-	-	-	-	-	reserve	-	-	-	-	-	46,207	46,207	16,244	62,451
Other comprehensive income for the year	-	-	(9,032)	12,447	-	-	116	(843)	(42)	-	-	94	-	2,740	462	3,202
Total comprehensive income for the year	-	-	(9,032)	12,447	-	-	116	(843)	(42)	-	-	94	46,207	48,947	16,706	65,653
Other comprehensive income transferred to retained earnings	-	-	(2,602)	272	-	-	-	93	-	-	-	-	2,237	-	-	-
Appropriations to general risk reserve and surplus reserve	-	-	-	-	7,429	-	-	-	-	907	-	-	(8,336)	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	-	199	-	-	-	-	-	-	(199)	-	-	-
Utilisation of catastrophic loss reserve	-	-	-	-	-	(180)	-	-	-	-	-	-	180	-	-	-
Dividends paid to shareholders (note 16)	-	-	-	-	-	-	-	-	-	-	-	-	(8,491)	(8,491)	-	(8,491)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,040)	(4,040)
Others	-	-	-	-	-	-	-	-	-	-	(139)	-	-	(139)	62	(77)
Balance at 31 December 2025	44,224	23,973	22,805	(35,074)	30,492	199	4,507	(92)	7	17,742	(15,311)	(1,635)	217,346	309,183	111,283	420,466

\* This reserve contains both statutory and discretionary surplus reserves.

\*\* Consolidated reserves of RMB264,959 million in the consolidated statement of financial position as at 31 December 2025 comprise these reserve accounts.

The accompanying notes form an integral part of the consolidated financial statements.

## Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2025  
(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to owners of the Company															
	Issued capital (note 38)	Share premium account **	Revaluation reserve of financial assets at fair value through other comprehensive income **	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 year	-	-	-	-	-	-	-	-	-	-	-	-	42,151	42,151	14,630	56,781
Other comprehensive income for the year	-	-	19,561	(27,652)	-	-	165	1,268	15	-	-	(217)	-	(6,860)	(819)	(7,679)
Total comprehensive income for the year	-	-	19,561	(27,652)	-	-	165	1,268	15	-	-	(217)	42,151	35,291	13,811	49,102
Other comprehensive income transferred to retained earnings	-	-	(1,013)	(2,774)	-	-	-	(223)	-	-	-	-	4,010	-	-	-
Appropriations to general risk reserve and surplus reserve	-	-	-	-	2,624	-	-	-	-	1,138	-	-	(3,762)	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	-	246	-	-	-	-	-	-	(246)	-	-	-
Utilisation of catastrophic loss reserve	-	-	-	-	-	(157)	-	-	-	-	-	-	157	-	-	-
Dividends paid to shareholders (note 16)	-	-	-	-	-	-	-	-	-	-	-	-	(9,685)	(9,685)	-	(9,685)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,966)	(4,966)
Others	-	-	-	-	-	-	-	-	-	-	54	-	-	54	13	67
Balance at 31 December 2024	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

\* This reserve contains both statutory and discretionary surplus reserves.

\*\* Consolidated reserves of RMB224,642 million in the consolidated statement of financial position as at 31 December 2024 comprise these reserve accounts.

The accompanying notes form an integral part of the consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2025	2024
<b>OPERATING ACTIVITIES</b>			
Profit before tax		73,952	69,232
Adjustments for:			
Investment income	6	(47,709)	(35,878)
Interest income	6	(31,851)	(30,876)
Exchange losses/(gains)		308	(64)
Share of profits or losses of associates and joint ventures		(13,891)	(13,720)
Dilution loss on a reduced stake in an associate		664	–
Finance costs	9	3,300	3,245
Net credit impairment losses/(reversals) on financial assets	10	1,175	(1,754)
Depreciation of property and equipment		2,722	2,546
Depreciation of right-of-use assets		1,147	1,024
Amortisation of intangible assets		1,239	1,431
Disposal gains from investment properties, property and equipment, intangible assets and land use rights	7	(110)	(174)
Impairment losses on other assets	11	3	248
Investment expenses		210	459
Operating cash flows before working capital changes		(8,841)	(4,281)
Changes in insurance and reinsurance contract assets/ liabilities		133,279	97,825
Changes in investment contract liabilities		(1,292)	186
Decrease/(increase) in other assets, net		1,190	(2,659)
Increase in other liabilities, net		3,424	6,271
Cash generated from operations		127,760	97,342
Income tax paid		(9,071)	(9,352)
Net cash generated from operating activities		118,689	87,990
<b>INVESTING ACTIVITIES</b>			
Interest received		21,114	21,267
Dividends received		11,663	10,459
Purchases of investment properties, property and equipment, intangible assets and land use rights		(4,784)	(4,397)
Proceeds from disposals of investment properties, property and equipment, intangible assets and land use rights		706	478
Purchases of investments		(644,540)	(647,965)
Proceeds from disposals of investments		460,358	586,111
Payments for investment expenses		(210)	(385)
Rentals received		520	685
Increase in term deposits, net		(571)	(43,852)
Net cash used in investing activities		(155,744)	(77,599)

The accompanying notes form an integral part of the consolidated financial statements.

## Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2025  
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2025	2024
<b>FINANCING ACTIVITIES</b>			
Increase in securities sold under agreements to repurchase, net	43	69,527	2,303
Issue of bonds payable	43	–	11,988
Proceeds from bank borrowings	43	–	150
Repayment of bank borrowings and bonds payable	43	(8,060)	(314)
Interests paid	43	(3,415)	(2,970)
Dividends paid		(13,301)	(11,866)
Payments of lease liabilities	43	(1,301)	(1,057)
Cash received related to non-controlling interests of consolidated structured entities, net		9,935	6,626
Net cash generated from financing activities		53,385	4,860
Net increase in cash and cash equivalents		16,330	15,251
Cash and cash equivalents at beginning of the year	17	44,132	28,835
Effects of exchange rate changes on cash and cash equivalents		(588)	46
Cash and cash equivalents at end of the year	17	59,874	44,132
Analysis of balances of cash and cash equivalents			
Securities purchased under resale agreements with original maturity of no more than three months	17	35,587	19,230
Deposits with banks with original maturity of no more than three months and money at call and short notice	17	24,287	24,902
Cash and cash equivalents at end of the year	17	59,874	44,132

The accompanying notes form an integral part of the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 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 ultimate controlling party of the Company is the Ministry of Finance ("MOF") of the PRC.

The Company is an investment holding company. During the year ended 31 December 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".

These consolidated financial statements are 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 AND MATERIAL ACCOUNTING POLICIES

### 2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS<sup>®</sup> Accounting Standards, also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance. IFRS Accounting Standards comprise the following authoritative:

- IFRS Accounting Standards
- IAS<sup>®</sup> Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC<sup>®</sup> Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC<sup>®</sup> Interpretations)

For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.2 Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties, certain financial instruments and insurance and reinsurance contract assets/liabilities.

### 2.3 New standards, interpretations and amendments adopted by the Group

In current year, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards which are effective for annual periods beginning on or after 1 January 2025 for the preparation of the Group's consolidated financial statements:

Amendments to IAS 21 *Lack of Exchangeability*

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

### 2.4 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	<i>Amendments to Classification and Measurement of Financial Instruments<sup>1</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>1</sup></i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7<sup>1</sup></i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency<sup>2</sup></i>
IFRS 18 (i)	<i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures<sup>2</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>

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

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

3 No mandatory effective date yet determined but available for adoption

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.4 New standards, interpretations and amendments issued but not yet effective (continued)

- (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 impact on the consolidated financial statements of the Group.

### 2.5 Material accounting policy information

#### (1) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (1) Basis of consolidation (continued)

When the Group is an investor of a structured entity in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant structured entity.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the structured entity, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary/structured entity begins when the Company obtains control over the subsidiary/structured entity and ceases when the Company loses control of the subsidiary/structured entity. Specifically, income and expenses of a subsidiary/structured entity acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary structured entity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries/structured entity is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries/structured entity to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries/structured entity are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries/structured entity upon liquidation.

The Company's investments in subsidiaries are stated at cost less any impairment losses and the results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(1) Basis of consolidation (continued)**

##### *Changes in the Group's ownership interests in existing subsidiaries/structured entity*

Changes in the Group's ownership interests in existing subsidiaries/structured entity that do not result in the Group losing control over the subsidiaries/structured entity are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries/structured entity, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary/structured entity, the assets and liabilities of that subsidiary/structured entity and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary/structured entity attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary/structured entity are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary/structured entity (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary/structured entity at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### **(2) Investment in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(2) Investment in associates and joint ventures (continued)**

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances, unless as allowed by other standards. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is any objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(2) Investment in associates and joint ventures (continued)**

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method (including situations that change of ownership interest in an associate or a joint venture due to capital increase of other shareholders to the associate or the joint venture), the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The investments in associates and joint ventures are stated at cost less impairment in the Company's statement of financial position. The results of associates and joint ventures are accounted for by the Company on the basis of dividends received and receivable.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(3) Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

#### **(4) Foreign currencies**

These financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency. RMB is used by each entity in the Group as its functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded in RMB using the exchange rates prevailing at the dates of the transactions.

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (4) Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss.

#### (5) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

##### *Financial assets*

##### *Classification and measurement*

Based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (i) financial assets at amortized cost; (ii) financial assets at fair value through other comprehensive income; (iii) financial assets at fair value through profit or loss.

At initial recognition, the financial assets are measured at fair value. Transaction costs that are incremental and directly attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are expensed in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of products or rendering of services (which have not contained or considered any significant financing components) are initially recognised at the consideration that is entitled to be received by the Group as expected.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (5) Financial instruments (continued)

##### *Financial assets (continued)*

##### Classification and measurement (continued)

##### Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three categories:

##### Measured at amortized cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest rate method. Such financial assets mainly comprise cash and cash equivalents, financial assets measured at amortized cost, term deposits, restricted statutory deposits, and financial assets included in other assets etc.

##### Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets for both collection of the contractual cash flows and selling such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains or losses, and interest income calculated using the effective interest method which are recognised in profit or loss for the current period. Such financial assets are presented as financial assets measured at fair value through other comprehensive income.

##### Measured at fair value through profit or loss:

Debt instruments held by the Group that do not meet the criteria for amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss.

##### Equity instruments

Investments in equity instruments over which the Group has no control, common control and significant influence are measured at fair value through profit or loss, and are presented as financial assets measured at fair value through profit or loss on the balance sheet. In addition, certain non-trading equity instruments were designated as financial assets measured at fair value through other comprehensive income at initial recognition, presented as financial assets measured at fair value through other comprehensive income on the balance sheet. The relevant dividend income of such financial assets is recognised in profit or loss.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (5) Financial instruments (continued)

##### *Financial assets (continued)*

##### Impairment

Expected credit loss refers to the weighted average amount of credit loss of financial instruments based on the probability of default. Credit loss refers to the difference between all contractual cash flows receivable and all cash flows that the entity expects to receive, discounted at the original effective interest rate. Among them, financial assets which are purchased or originated credit-impaired are discounted at credit-adjusted effective interest rate.

The Group assesses the expected credit losses (“ECL”) for financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income, etc.

Giving consideration to reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available, weighted by the probability of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the contractual cash flows receivable and the cash flows expected to be collected. A number of significant assumptions and judgements are required in applying the accounting requirements for measuring ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL including exposure at default (“EAD”), probability of default (“PD”), loss given default (“LGD”), etc.;
- Criteria for significant increase in credit risk; and
- Forward-looking information.

At each balance sheet date, the ECL of financial instruments is measured based on different stages. A 12-month ECL is recognised for financial instruments in Stage 1 which have not had a significant increase in credit risk since initial recognition; a lifetime ECL is recognised for financial instruments in Stage 2 which have had a significant increase in credit risk since initial recognition but are not deemed to be credit-impaired; and a lifetime ECL is recognised for financial instruments in Stage 3 that are credit-impaired.

For those financial instruments in Stage 1 and 2, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before netting off of any expected credit loss provision). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortized cost (net off of any expected credit loss provision).

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (5) Financial instruments (continued)

##### *Financial assets (continued)*

##### Impairment (continued)

The Group recognises or reverses the loss allowance through profit or loss. For debt instruments measured at fair value through other comprehensive income, impairment gains or losses are included in the net impairment losses on financial assets and correspondingly reduce the accumulated changes in fair value included in the OCI reserve of equity.

For account receivables, the Group calculates the ECL with reference to historical credit loss experience, current conditions and forecasts of future economic conditions, and based on the exposure at default and the 12-month or lifetime ECL rates.

##### Derecognition of financial assets

Financial assets are derecognised when:

- the contractual rights to receive the cash flows from the financial assets have expired;
- they have been transferred and the Group transfers substantially all the risks and rewards of ownership;
- they have been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

When an equity investment measured at fair value through other comprehensive income is derecognised, the difference between the carrying amount and the consideration received as well as any cumulative changes in fair value that were previously recognised directly in other comprehensive income is recognised in retained earnings. For other financial assets when they are derecognised, the difference between the carrying amount and the consideration received as well as any cumulative changes in fair value that were previously recognised directly in other comprehensive income is recognised in profit or loss for the current period.

##### *Financial liabilities*

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities of the Group mainly comprise securities sold under agreements to repurchase, investment contract liabilities, other payables in other liabilities and bonds payable, etc. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortized cost using the effective interest method.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (5) Financial instruments (continued)

##### *Financial liabilities (continued)*

The Group may, at initial recognition, designate a financial liability as at fair value through profit or loss when one of the following criteria is met:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- (b) a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

When all or part of the current obligations of a financial liability have been discharged, the Group derecognises the portion of the financial liability or obligation that has been discharged. The difference between the carrying amount of the derecognised liability and the consideration is recognised in profit or loss.

##### *Derivative financial instruments*

The Group's derivative financial instruments mainly include forward exchange contracts and interest rate swaps. Such derivative financial instruments are initially recognised at fair value on the date of which the related derivative contracts are entered into and are subsequently measured at fair value. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

The gains or losses arisen from fair value changes of derivatives are directly recognised in profit or loss.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host-with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

If a hybrid contract contains a host that is not an asset within the scope of IFRS 9, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss (i.e. a derivative that is embedded in a financial liability at fair value through profit or loss is not separated).

For the above assets, the Group may bifurcate the embedded derivative and measured it at fair value through profit or loss, or designate the entire hybrid instrument to be measured at fair value through profit or loss.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (5) Financial instruments (continued)

##### *Offsetting a financial asset and a financial liability*

When the Group currently has the legally enforceable right to offset the recognised financial assets and financial liabilities, and the Group has the intention to settle on a net basis or realize the financial assets and settle the financial liabilities simultaneously, the financial assets and financial liabilities are offset in the balance sheet. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset.

##### *Determination of fair value of financial instruments*

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Such techniques should be appropriate in the circumstances for which sufficient data is available, and the input value should be consistent with the objective of estimating the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions, and maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The unobservable inputs can be used if the relevant observable input is not accessible or the acquisition is not practical.

#### (6) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equal the transaction price.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (6) Fair value measurement (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### (7) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business.

Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss (unless IFRS 16 requires otherwise on a sale and leaseback) in the period of the retirement or disposal.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If an owner-occupied property becomes an investment property that will be carried at fair value, the Group shall apply "Property and equipment and depreciation" for owned property and "Leases" for property held by a lessee as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with IAS 16 Property, Plant and Equipment.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 Material accounting policy information (continued)****(8) Property and equipment and depreciation**

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment, other than construction in progress, to its residual value over its estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are as follows:

Land and buildings	1.62%-19.40%
Office equipment, furniture and fixtures	8.63%-33.33%
Motor vehicles	15.83%-25.00%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

**(9) Construction in progress**

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### ***(10) Intangible assets (other than goodwill)***

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The useful lives of software are from 2 to 10 years.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

#### ***(11) Impairment of non-financial assets***

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises or treated as a revaluation decrease, as appropriate.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises or treated as a revaluation increase, as appropriate.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(12) Insurance contracts**

##### *Definition and classification*

Insurance contracts are those contracts under which the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts.

Some investment contracts issued by the Group contain discretionary participation features, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits determined by the Group's discretion and based on the return of specified pools of investment assets. The Group applies IFRS 17 – insurance contracts for these investment contracts. The Group applies IFRS 9 – Financial Instruments for investment contracts without discretionary participation features.

Insurance contracts with direct participation features refers to the insurance contracts which meet the following conditions:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Reinsurance contract held refers to an insurance contract agreed by the reinsurer (the issuer of reinsurance contract) and cedant on that the reinsurer to compensate cedant for claims arising from the underlying insurance contracts.

Unless otherwise specified, the insurance contracts mentioned in the consolidated financial statements of the Group generally refer to the issued insurance contracts (including reinsurance contracts ceded in), reinsurance contracts held, and investment contracts with discretionary participation features.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (12) Insurance contracts (continued)

##### *Combination and separation of insurance contracts*

The Group treats a series of insurance contracts with the same counterparty or related counterparties which may achieve an overall commercial effect, as a single contract in order to report the substance of such contracts.

If an insurance contract contains multiple components, the Group will separate the following components:

- embedded derivatives that should be separated in accordance with IFRS 9; and
- distinct investment components in accordance with IFRS 9, except for those that can meet the definition of investment contract with discretionary participation features in accordance with IFRS 17.

The Group applies IFRS 17 to all remaining components of the contract.

Investment component is the amounts that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Insurance revenue and insurance service expenses presented in profit or loss has excluded any investment components.

##### *Level of aggregation of insurance contracts*

The Group categorizes insurance contracts with similar risks and unified management into the same portfolio. The Group further subdivides a portfolio into contract groups based on the profitability level, degree of loss, or the possibility of future losses after initial recognition.

Except for the reinsurance contracts held, the Group divides a portfolio of insurance contracts issued into a minimum of:

- a group of contracts that are onerous at initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- a group of the remaining contracts in the portfolio, if any.

The Group divides a portfolio of reinsurance contracts held into a minimum of:

- a group of contracts on which there is a net gain on initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of generating a net gain subsequently, if any; and
- a group of the remaining contracts in the portfolio, if any.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### ***(12) Insurance contracts (continued)***

##### *Recognition*

For insurance contracts issued by the Group (including the reinsurance contracts ceded in), the groups of insurance contracts are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

For reinsurance contracts held by the Group, the Group recognizes a group of reinsurance contracts held from the earlier of the following:

- the beginning of the coverage period of the group of reinsurance contracts held; and
- the date the Group recognizes an onerous group of underlying insurance contracts.

If a group of reinsurance contracts held provide proportionate coverage, the Group recognizes such group:

- the later date of the beginning of the coverage period of the group of reinsurance contracts held and the date that any underlying insurance contract is initially recognised; and
- the date the Group recognizes an onerous group of underlying insurance contracts.

##### *Measurement of insurance contracts*

##### *Insurance acquisition cash flows*

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

##### *Fulfilment cash flows and contract boundary*

The fulfilment cash flows ("FCF"), which comprise:

- estimation of future cash flows directly related to the performance of insurance contracts;
- an adjustment to reflect the time value of money and the financial risks; and
- a risk adjustment for non-financial risk.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(12) Insurance contracts (continued)**

##### *Measurement of insurance contracts (continued)*

##### *Fulfilment cash flows and contract boundary (continued)*

Risk adjustment for non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Group fulfils insurance contracts. The fulfilment cash flows do not reflect the non-performance risk of the Group.

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Estimates of cash flows in a scenario shall include all cash flows within the boundary of an existing contract and no other cash flows. The Group does not recognise as a liability or as an asset any amounts relating to expected premiums or expected claims outside the boundary of the insurance contract.

The methods and assumptions used in determining future cash flows that relate directly to fulfil insurance contract are set out in note 3.

##### Contracts not measured under the premium allocation approach ("PAA")

##### Initial measurement

The Group measures the insurance contracts at group level.

On initial recognition, the Group measures a group of contracts as the total of the FCF and the contractual service margin ("CSM"). The CSM is the unearned profit that the Group will recognise as it provides insurance contract services in the future.

The Group calculates the total amount of below items on initial recognition of a group of insurance contracts, including the fulfilment cash flows, the derecognition at the date of initial recognition of any asset for insurance acquisition cash flows (if any) and any other asset or liability previously recognised for cash flows related to the group of contracts; and any cash flows arising from the contracts in the group at that date.

If the total amount represents net cash inflows, the Group recognizes it as CSM. If the total amount represents net cash outflows, the Group recognizes a loss in profit or loss.

##### Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC").

The LRC comprises the fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date.

The LIC comprises the fulfilment cash flows related to past service allocated to the group at that date.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 Material accounting policy information (continued)****(12) Insurance contracts (continued)***Measurement of insurance contracts (continued)**Contracts not measured under the PAA (continued)*

Subsequent measurement (continued)

Insurance contracts without direct participation features:

For insurance contracts without direct participation features, the carrying amount of the CSM of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

- (1) the effect of any new contracts added to the group during the reporting period;
- (2) interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates determined at the date of initial recognition of a group of contracts, applied to nominal cash flows that do not vary based on the returns on any underlying items;
- (3) the changes in fulfilment cash flows relating to future service, except that such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or except that such decreases in the fulfilment cash flows are allocated to the loss component of the LRC;
- (4) the effect of any currency exchange differences on the CSM (if any); and
- (5) the amount recognised as insurance revenue because of the transfer of the insurance contract services in the period, determined by the allocation of CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period based on coverage units.

The changes in FCF related to current and past services are recognised in profit or loss in accordance with the following requirements:

- The Group recognises insurance revenue for the reduction in the LRC because of services provided in the period;
- The Group recognises insurance service expenses for the increase in the LIC because of claims and expenses incurred in the period and any subsequent changes in FCF relating to incurred claims and incurred expenses; and
- When the Group recognises insurance revenue or insurance service expenses, the investment components are excluded.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (12) Insurance contracts (continued)

*Measurement of insurance contracts (continued)*

Contracts not measured under the PAA (continued)

Subsequent measurement (continued)

Insurance contracts with direct participation features:

The Group measures its obligations under insurance contracts with direct participation features to be the net of the obligations to pay the policyholders an amount equal to the fair value of the underlying items and a variable fee in exchange for the future service provided by the insurance contracts.

Variable fee refers to the consideration obtained by the Group for managing underlying items on behalf of policyholders and providing investment-related services. It equals the Group's share in the fair value of the underlying items minus the cash flows that do not vary with the underlying item returns.

For insurance contracts with direct participation features, the carrying amount of the CSM of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

- (a) the effect of any new contracts added to the group during the reporting period;
- (b) the change in the amount of the Group's share of the fair value of the underlying items, except to the extent that:
  - the decrease in the amount of the Group's share of the fair value of the underlying items exceeds the carrying amount of the CSM, giving rise to a loss; or
  - the increase in the amount of the Group's share of the fair value of the underlying items reverses the loss component;
- (c) the changes in the FCF relating to future service and do not vary based on the returns of the underlying items, except to the extent that:
  - such increases in the FCF exceed the carrying amount of the CSM, giving rise to a loss; or
  - such decreases in the FCF are allocated to the loss component;
- (d) the effect of any currency exchange differences on the CSM; and
- (e) the amount recognised as insurance revenue because of the transfer of the insurance contract services in the period, determined by the allocation of CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period based on coverage units.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### ***(12) Insurance contracts (continued)***

##### *Measurement of insurance contracts (continued)*

##### *Contracts not measured under the PAA (continued)*

##### Onerous contracts

If a group of insurance contracts is onerous at the date of initial recognition, or if additional loss caused by contracts added to the group of onerous contracts, the Group recognizes a loss as insurance service expenses in profit or loss for the net outflow for the group of onerous contracts, resulting in the carrying amount of the LRC for the group being equal to the fulfilment cash flows.

A group of insurance contracts becomes onerous on subsequent measurement and the Group recognises the loss component of the LRC and insurance service expenses if the following amounts exceed the carrying amount of the CSM:

- unfavourable changes in the FCF allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk relating to future service; and
- for a group of insurance contracts with direct participation features, the Group's share of a decrease in the fair value of the underlying items.

The Group reverses the loss component of the LRC and insurance service expenses for the decrease of the estimates in future cash flow and non-financial risk adjustments relating to future services, and the Group's share of an increase in the fair value of the underlying items. If the decrease of the LRC exceeds the loss component amount, the CSM is recognised.

For any subsequent increases relating to future service in fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk, and any subsequent decreases in the amount of the Group's share of the fair value of the underlying items, the Group recognizes a loss as insurance service expenses in profit or loss and increases the liability for remaining coverage.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(12) Insurance contracts (continued)**

##### *Measurement of insurance contracts (continued)*

##### Contracts not measured under the PAA (continued)

##### Onerous contracts (continued)

After the Group has recognised a loss on an onerous group of insurance contracts, the Group allocates below changes of the LRC on a systematic basis between the loss component of the LRC and the LRC excluding the loss component:

- estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expenses;
- changes in the risk adjustment for non-financial risk recognised in profit or loss because of the release from risk;
- insurance finance income or expenses.

Any amounts allocated to the loss component of the LRC shall not be recognised as insurance revenue.

##### Contracts measured under the PAA

The Group simplifies the measurement of a group of insurance contracts using the PAA if, and only if, at the inception of the group:

- the Group reasonably expects that the resulting measurement of the LRC would not differ materially from the result of applying the accounting policies for insurance contracts not measured under the PAA.
- the coverage period of each contract in the group is one year or less.

##### Initial measurement

For insurance contracts issued, the Group measures the carrying amount of the LRC on initial recognition as follows:

- the premiums, if any, received at initial recognition;
- minus any insurance acquisition cash flows at that date, if any; and
- minus or plus any amount arising from the derecognition at that date of any asset for insurance acquisition cash flows and any other assets or liabilities previously recognised for any cashes related to the group of contracts.

For the groups of contracts of which the coverage period is less than a year on initial recognition, the Group chooses not to recognize such a cost immediately in profit or loss as an expense when the insurance acquisition cash flow occurs.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### ***(12) Insurance contracts (continued)***

##### *Measurement of insurance contracts (continued)*

##### *Contracts measured under the PAA (continued)*

##### Subsequent measurement

At the end of each reporting period, the carrying amount of the LRC is the carrying amount at the start of the reporting period:

- plus the premiums received in the period;
- minus insurance acquisition cash flows;
- plus any amounts relating to the amortization of insurance acquisition cash flows recognised as an expense in the reporting period;
- plus any adjustment to a financing component;
- minus the amount recognised as insurance revenue for services provided in that period;
- minus any investment component paid or transferred to the LIC.

The Group adjusts the carrying amount of the LRC to reflect the time value of money and the effect of financial risk using the discount rates determined on initial recognition.

Insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk) allocated to the period. The Group allocates the expected premium receipts to each period of coverage on the basis of the passage of time.

If facts and circumstances indicate that a group of insurance contracts is onerous at initial recognition and subsequent measurement, the group recognises the amount that the FCF exceeds the carrying amount of the LRC to the insurance service expenses as onerous component and increase the LRC. In subsequent periods, unless facts and circumstances indicate that the group of insurance contracts is not onerous, the loss components are determined at each end of reporting period by the difference between the FCF of LRC and the carrying amount of the LRC that excludes loss components.

The Group measures the LIC for the group of insurance contracts at the FCF relating to incurred claims and other related expenses. FCF are adjusted for the time value of money and other financial risks.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(12) Insurance contracts (continued)**

##### *Measurement of insurance contracts (continued)*

##### Contracts measured under the PAA (continued)

##### Onerous contracts

If facts and circumstances indicate that a group of insurance contracts are onerous on initial recognition or become onerous subsequently, the Group increases the carrying amount of the LRC to the amount of the FCF determined not under the PAA with the amount of such an increase recognised in the insurance service expenses, and a loss component is established for the amount of the loss recognised.

In subsequent periods, the loss component is remeasured at each reporting date in the same way as that for its initial recognition, being the difference between the current estimates of the FCF that relate to the remaining coverage and the carrying amount of the LRC without the loss component, subject to a minimum of zero. The changes in the amount of the loss component are recognised within the insurance service expenses.

##### *Measurement of reinsurance contracts held*

##### Reinsurance contracts held not measured under the PAA

On initial recognition, the Group measures a group of reinsurance contracts held as the total of: (a) the FCF; and (b) the CSM.

The CSM represents the net cost or net gain the Group will recognize as it receives insurance contract services from the reinsurer.

The Group uses consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held. In addition, the Group includes in the estimates of the present value of the future cash flows for the group of reinsurance contracts held the effect of any risk of non-performance by the issuer of the reinsurance contract.

The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred by the holder of the group of reinsurance contracts to the issuer of those contracts.

On initial recognition for a group of reinsurance contracts held, the Group calculates the sum of:

- the FCF;
- the amount derecognised at that date of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held;
- any cash flows arising from the contracts at that date; and
- loss-recovery component of assets for remaining coverage of reinsurance contracts held.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(12) Insurance contracts (continued)**

##### *Measurement of reinsurance contracts held (continued)*

##### *Reinsurance contracts held not measured under the PAA (continued)*

The Group recognizes any net cost or net gain of the above total amounts as a CSM. If the net cost relates to events that occurred before the purchase of the group of reinsurance contracts held, the Group recognizes such a cost immediately in profit or loss as an expense.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

- the remaining coverage, comprising:
  - (a) the FCF related to future service allocated to the group at that date; and
  - (b) the CSM of the group at that date; and
- the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

The Group adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM, whereby a loss-recovery component is established, is determined by multiplying:

- the loss recognised on the underlying insurance contracts; and
- the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held.

The Group adjusts the same amount calculated above to CSM and recognizes as amount recovered from reinsurer in profit or loss.

The Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts. The carrying amount of the loss-recovery component does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (12) Insurance contracts (continued)

##### *Measurement of reinsurance contracts held (continued)*

##### *Reinsurance contracts held not measured under the PAA (continued)*

The Group measures the CSM at the end of the reporting period for a group of reinsurance contracts held as the carrying amount determined at the start of the reporting period, adjusted for:

- the effect of any new contracts added to the group;
- the interest accreted on the carrying amount of the CSM, measured at the weighted average discount rates determined at the date of initial recognition of a group of contracts, applying to the cash flows that do not vary based on the returns on any underlying items;
- income recognised in profit or loss when the Group recognises a loss on addition of onerous underlying insurance contracts to a group of underlying insurance contracts. A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised;
- reversals of a loss-recovery component other than changes in FCF of reinsurance contracts held;
- changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in the FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts;
- the effect of any currency exchange differences, if any; and
- the amount recognised in profit or loss because of services received in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period of the group of reinsurance contracts held.

##### *Reinsurance contracts held measured under the PAA*

The Group applies the same accounting principles to measure a group of insurance contracts or reinsurance contracts held under the PAA.

If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Group adjusts the carrying amount of the asset for remaining coverage, and recognises the reinsurer's insurance service expense in profit or loss.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### ***(12) Insurance contracts (continued)***

##### *Derecognition*

The Group derecognises an insurance contract when the obligation specified in the insurance contract expires or is discharged or cancelled.

##### *Presentation*

##### *Insurance contract asset and liability*

If the book value of a portfolio of insurance contracts (including reinsurance contracts ceded in) is held in an asset position, the portfolio would be classified as insurance contract assets. The portfolio would be classified as insurance contract liabilities if its book value is held in a liability position. If the book value of a portfolio of reinsurance contracts is held in an asset position, the portfolio would be classified as reinsurance contract assets. The portfolio would be classified as reinsurance contract liabilities if its book value is held in a liability position.

##### *Insurance revenue*

The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For a group of insurance contracts not measured under the PAA, insurance revenue comprises the relevant amount arising from changes of LRC and the amortization of insurance acquisition cash flows, the details are as follows:

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### (12) Insurance Contracts (continued)

*Presentation (continued)*

*Insurance revenue (continued)*

- amounts relating to the changes in the LRC:
  - (a) insurance service expenses related to insurance contract services incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - amounts allocated to the loss component;
    - repayments of investment components;
    - amounts of transaction-based taxes collected in a fiduciary capacity;
    - amortization of insurance acquisition cash flows; and
    - the amount related to the risk adjustment for non-financial risk;
  - (b) changes in the risk adjustment for non-financial risk, excluding:
    - changes of insurance finance income/(expenses);
    - changes that relate to future services (which adjust the CSM); and
    - amounts allocated to the loss component;
  - (c) amounts of the CSM amortized; and
  - (d) other amounts, e.g. experience adjustments – arising from premiums received in the period other than those that relate to future service.
- amounts relating to insurance acquisition cash flows: The amortization of insurance acquisition cash flows are systematically amortized over time, insurance service expenses in each period of coverage are recognised in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue;
- for contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 Material accounting policy information (continued)****(12) Insurance Contracts (continued)***Presentation (continued)*Insurance service expenses

Insurance service expenses include the following:

- incurred claims and other expenses, excluding the repayment of investment components;
- insurance acquisition cash flows amortization;
- changes in the FCF relating to the LIC; and
- recognitions or reversals of loss components.

Net income/(expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising the following amounts:

- reinsurance expenses;
- incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
- other incurred directly attributable expenses;
- effect of changes in the risk of reinsurers' non-performance;
- amounts relating to the recognition and reversal of the loss-recovery components; and
- changes that relate to past service – changes in the FCF relating to incurred claims recovery.

The Group treats amount from the reinsurer that it expects to receive that are not contingent on claims of the underlying contracts as the reduction to the allocation of reinsurance premiums paid. Allocation of reinsurance premiums paid and amount recovered from reinsurer presented in profit or loss has excluded any investment components.

For groups of reinsurance contracts held measured under the PAA, the Group recognises the allocation of reinsurance premiums:

- on the basis of the passage of time; but
- if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses recovery.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(12) Insurance Contracts (continued)**

##### *Presentation (continued)*

##### *Insurance finance income or expenses*

insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

The Group disaggregates insurance finance income or expenses for the period between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The difference between it and insurance finance income or expenses is recognised in other comprehensive income.

##### *Interim financial statement choice*

Estimates made by the Group in previous interim financial statements are not changed when applying IFRS 17 in subsequent interim periods or in the annual financial statements. The Group adopt the cumulative catch up (year-to-date) method to update estimates from previous interim periods, and applies to all groups of insurance contracts issued and groups of reinsurance contracts held by the Group.

#### **(13) Provisions**

Except for contingent considerations derived from or contingent liabilities assumed in business combinations, contingent liabilities are recognised as provisions if the following conditions are met:

- an entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period with the consideration of risks, uncertainties and the time value of money. Provisions shall be reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(14) Employee benefits**

##### *Retirement benefits cost*

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined contribution plans, the Group pays contributions to basic retirement insurance, annuity scheme and unemployment insurance. The Group has made annuity contributions in proportion to its employees' wages. Employees who leave the scheme prior to vesting fully in the annuity scheme shall return part of the interests. The forfeited contributions cannot be used by the Group to reduce the existing level of the annuity scheme contributions. The purpose of the forfeited contributions will be determined in due course. There are no forfeited contributions in the basic retirement insurance and unemployment insurance.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement arising from actuarial gains and losses is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur, and will not be reclassified to profit or loss.

The remeasurements arising from actuarial gains and losses recognised in other comprehensive income are accumulated in the Group's reserve headed 'actuarial gains/losses on pension benefit obligation' and is transferred to retained profits when the defined benefit plans terminate. Past service cost is recognised in profit or loss in the period of a plan amendment. Interest expense is calculated by applying the discount rate at the beginning of the period to the defined benefit liability. Defined benefit costs are categorised as follows:

- service costs (including past service costs, gains and losses on curtailment and settlements);
- interest expenses; and
- remeasurement.

The Group presents the first two components of its defined benefit costs in profit or loss in "Other Operating and Administrative Expenses" and "Finance Costs". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficits in the Group's defined benefit plan.

##### *Termination benefits*

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(14) Employee benefits (continued)**

##### *Short-term and other long-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

Short-term employee benefits refer to employee wages, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS Accounting Standards requires or permits their inclusion in the cost of an asset.

#### **(15) Leases**

##### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### *The Group as lessee*

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(15) Leases (continued)**

##### *The Group as lessee (continued)*

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles, machinery and equipment and other assets, that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Land leases are also in the scope of IFRS 16. The Group recognises any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(15) Leases (continued)**

##### *The Group as lessee (continued)*

###### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments include fixed payments, variable lease payment based on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease and others.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

##### *The Group as lessor*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

#### **(16) Revenue recognition**

Revenue is recognised when the economic benefits with high possibility flowing into the Group, the amount can be reliably measured, and met the following conditions.

##### *Insurance revenue*

The accounting policies related to the recognition of insurance revenue have been disclosed in note 2.5 (12).

##### *Interest income*

Interest income is calculated based on the time and effective interest rate of the Group's monetary funds used by others.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(16) Revenue recognition (continued)**

##### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

#### **(17) Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

#### **(18) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(18) Taxation (continued)**

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted by facts and circumstances. The presumption is rebutted when the investment properties are depreciable and are held within the context of a business model whose objective is to substantially consume over time the economic benefits embodied in the investment properties, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right exists to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Material accounting policy information (continued)

#### **(18) Taxation (continued)**

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

#### **(19) Earnings per share**

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury share.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Instruments issued by a subsidiary, joint venture or associate that enable their holders to obtain ordinary shares of the subsidiary, joint venture or associate are included in calculating the diluted earnings per share data of the subsidiary, joint venture or associate. Those earnings per share are then included in the Company's earnings per share calculations based on the Company's holding of the instruments of the subsidiary, joint venture or associate.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 2.5, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Estimation of fulfilment cash flows

At the end of the reporting period, when measuring the insurance contract liabilities, the Group needs to make reasonable estimates of payments which the Group is required to make in fulfilling the obligations under the insurance contracts, based on information currently available at the end of the reporting period.

The main assumptions made in measuring these liabilities are as follows:

#### *Discount rates*

The Group applies a bottom-up approach, which starts with risk-free yield curve and adjusts it to determine the discount rate of cash flows do not vary with the returns of underlying items.

The spot discount rates assumption for insurance contract in RMB is as follows:

	31 December 2025	31 December 2024
Discount rates	1.35% – 4.70%	0.83% – 4.80%

#### *Mortality and morbidity*

Mortality, morbidity and disability rates are based on the Group's own experience, market experience and development trends. Mortality rates are determined based on the Group's historical data, estimations of current and future expectations and the understanding of China's insurance market with reference to China Life Insurance Mortality Table. Morbidity rates are determined based on factors such as the pricing assumptions of the Group's products and historical data, estimations of current and future expectations, etc. The assumptions of mortality and morbidity rates are affected by factors such as changes in lifestyles of national citizens, social development, and improvement of medical treatment, and hence subject to uncertainty.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation of fulfilment cash flows (continued)

##### *Lapse rates*

Lapse rates depend on policy year, product type and sales channel. The assumptions of lapse rates are affected by factors such as future economic environment and market competition, and hence subject to uncertainty.

##### *Expenses*

Expenses depend on costs analysis and future development trends. For future expenses sensitive to inflation, the Group also considers the effect of inflation. The expense assumptions include assumptions of acquisition costs and maintenance costs.

##### *Policyholder dividend*

The Group determines reasonable estimates based on a systematic and reasonable approach as policyholder dividends assumptions. The assumption of policyholder dividend is affected by a number of factors, and hence bears uncertainty.

##### *Expected loss ratio and future claims development*

The primary assumptions used by the group in calculating the liabilities for incurred claims are the expected loss ratios and future claims development. Expected loss ratios and future claims development for each measurement unit are based on the Group's historical claims experience and payout levels, taking into account adjustments for underwriting policies, rate levels, claims management processes, and other company policies. Additionally, external factors such as macroeconomic conditions, regulatory changes, and judicial trends are considered in assessing the trends in the external environment.

##### *Methods used to measure the risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustments for non-financial risk of subsidiaries of the Group are determined by applying methods such as the confidence interval method and cost of capital method, corresponding to a confidence level in the range of 75% – 85% (31 December 2024: 75% – 85%).

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Significant influence on an investee when less than 20 per cent of voting power is held

The Group determines whether it can exercise influence over an investee when it holds, directly or indirectly through subsidiaries, less than 20 per cent of the voting power of the investee, when one or more of the following indicators are present:

- Representation on the board of directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel; or
- Provision of essential technical information.

An investee is accounted for as an associate if it is concluded that the Group exercises significant influence over that investee; otherwise, it is accounted for as a financial asset.

The reasons for existence of significant influence over some investees, even though the voting rights held by the Group is less than 20%, are disclosed in note 23 to these consolidated financial statements.

#### Consolidations of structured entities

The Group has interest in a range of structured entities in its daily operations for investment purposes. These entities vary in legal forms and investors' rights on removals of the managers, changing underlying assets and liquidations. Certain subsidiaries of the Company are also engaged in launching and managing these structured entities. The Group has to assess whether it has control over these entities. The decision mainly depends on whether the Group is the investment manager, whether or not the Group has powers over changing any investment decisions and investment managers, and how the returns can be affected by these powers. Details of these structured entities are disclosed in note 47 to these consolidated financial statements.

#### Impairment assessment on investments in associates

The Group assesses whether there are any indicators of impairment for investments in associates at the end of each reporting period. Investments in associates are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of investment in an associate exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations is undertaken, the Group must estimate the present values of cash flows expected to arise from continuing to hold the investments and choose suitable discount rates in order to calculate the present values of those cash flows. Details of investments in associates are disclosed in note 23.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Fair values of financial assets determined using valuation techniques

The Group uses valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis, option pricing models or other valuation methods as appropriate such as reference to prices used in the most recent market transactions between knowledgeable and willing parties, reference to the current fair value of another instrument which is substantially the same.

For a discounted cash flow analysis, estimated future cash flows and discount rates are the best estimations made based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions, concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk-free interest rates and credit risk. Areas such as discount rates and liquidity discounts require management to make estimates.

Fair values of financial assets, their hierarchy, are disclosed in note 42 to these consolidated financial statements.

#### Measurement of the ECL

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions. These models and assumptions relate to future economic conditions and credit behaviour. Key inputs, assumptions and valuation techniques used in measuring the expected credit loss allowance are disclosed in note 41 to these consolidated financial statements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

## Notes to the Consolidated Financial Statements (Continued)

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(Amounts in millions of Renminbi, unless otherwise stated)

### 4. 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 comprises insurance agent business, reinsurance business and other operating business 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 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 Chinese mainland. As the revenue, net profit, assets and liabilities of operations outside Chinese mainland 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 Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

**4. OPERATING SEGMENT INFORMATION (continued)****Segment revenue and results for the year ended 31 December 2025**

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	TOTAL
Insurance revenue	513,591	25,337	30,433	-	5,366	(4,010)	570,717
Interest income (from financial assets not measured at fair value through profit or loss)	12,034	14,696	2,857	82	2,182	-	31,851
Net investment gains	18,947	21,500	3,924	341	12,360	(9,363)	47,709
Share of profits or losses of associates and joint ventures	12,305	5,693	4	63	1,198	(5,372)	13,891
Exchange losses	(156)	(51)	(15)	(1)	(85)	-	(308)
Other income	1,580	310	682	2,565	5,267	(5,010)	5,394
<b>TOTAL INCOME</b>							
- SEGMENT INCOME	558,301	67,485	37,885	3,050	26,288	(23,755)	669,254
- External income	554,352	67,118	37,420	1,636	8,728	-	669,254
- Inter-segment income	3,949	367	465	1,414	17,560	(23,755)	-
Insurance service expenses	487,281	17,279	21,058	-	5,028	(3,476)	527,170
Net expenses from reinsurance contracts held	6,143	91	769	-	42	(672)	6,373
Finance expenses from insurance contracts issued	8,813	32,427	4,519	-	279	(140)	45,898
Finance (income)/expenses from reinsurance contracts held	(1,169)	3	(59)	-	(18)	132	(1,111)
Finance costs	976	1,313	287	5	732	(13)	3,300
Net credit impairment losses on financial assets	279	554	194	10	138	-	1,175
Other operating and administrative expenses	4,549	2,368	1,173	1,852	6,459	(4,568)	11,833
<b>TOTAL OPERATING EXPENSES</b>	506,872	54,035	27,941	1,867	12,660	(8,737)	594,638
Dilution loss on a reduced stake in an associate	(305)	(318)	-	-	(41)	-	(664)
<b>PROFIT BEFORE TAX</b>	51,124	13,132	9,944	1,183	13,587	(15,018)	73,952
Income tax expenses	(7,336)	(1,679)	(1,761)	(306)	(349)	(70)	(11,501)
<b>PROFIT FOR THE PERIOD</b>							
<b>SEGMENT RESULTS</b>	43,788	11,453	8,183	877	13,238	(15,088)	62,451

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

### 4. OPERATING SEGMENT INFORMATION (continued)

#### Segment revenue and results for the year ended 31 December 2024

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	TOTAL
Insurance revenue	486,792	22,384	27,217	-	5,252	(3,936)	537,709
Interest income (from financial assets not measured at fair value through profit or loss)	11,898	14,293	2,784	72	1,829	-	30,876
Net investment gains	13,908	19,056	1,761	408	14,856	(14,111)	35,878
Share of profits or losses of associates and joint ventures	11,244	4,697	4	40	778	(3,043)	13,720
Exchange gains	(22)	48	4	(2)	36	-	64
Other income	1,466	311	570	2,558	3,178	(4,110)	3,973
<b>TOTAL INCOME</b>							
- SEGMENT INCOME	525,286	60,789	32,340	3,076	25,929	(25,200)	622,220
- External income	524,329	60,483	32,138	1,755	3,515	-	622,220
- Inter-segment income	957	306	202	1,321	22,414	(25,200)	-
Insurance service expenses	466,302	7,483	17,752	-	4,932	(3,632)	492,837
Net expenses from reinsurance contracts held	6,093	164	1,742	-	71	(606)	7,464
Finance expenses from insurance contracts issued	9,994	29,665	3,533	-	293	(156)	43,329
Finance (income)/expenses from reinsurance contracts held	(1,305)	1	(91)	-	(14)	145	(1,264)
Finance costs	1,147	1,178	212	11	697	-	3,245
Net credit impairment (reversals)/losses on financial assets	(910)	(725)	(197)	17	61	-	(1,754)
Other operating and administrative expenses	3,017	2,663	863	1,905	4,779	(4,096)	9,131
<b>TOTAL OPERATING EXPENSES</b>	484,338	40,429	23,814	1,933	10,819	(8,345)	552,988
PROFIT BEFORE TAX	40,948	20,360	8,526	1,143	15,110	(16,855)	69,232
Income tax expenses	(5,859)	(3,262)	(2,796)	(269)	(152)	(113)	(12,451)
<b>PROFIT FOR THE PERIOD</b>							
SEGMENT RESULTS	35,089	17,098	5,730	874	14,958	(16,968)	56,781

## Notes to the Consolidated Financial Statements (Continued)

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### 4. OPERATING SEGMENT INFORMATION (continued)

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

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	TOTAL
31 December 2025							
Segment assets	890,027	854,834	154,508	14,663	334,453	(220,893)	2,027,592
Segment liabilities	574,533	799,638	130,501	4,081	72,373	26,000	1,607,126
Other segment information:							
Capital expenditures	3,501	172	309	186	616	-	4,784
Depreciation and amortization	3,865	571	296	163	476	(263)	5,108
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
Other segment information:							
Capital expenditures	2,893	273	134	593	566	(62)	4,397
Depreciation and amortization	3,876	636	351	165	450	(327)	5,151

The headquarters, non-life 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 31 December 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 consolidated financial statements are allocated to the respective segments according to their respective equity interest holdings. Details of these interests are disclosed in note 23.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

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### 5. INSURANCE REVENUE

	2025	2024
Insurance revenue from contracts not measured under the premium allocation approach		
Insurance revenue relating to the changes in the liability for remaining coverage	46,641	41,901
Expected incurred claims and other insurance service expenses	26,054	24,489
Change in the risk adjustment for non-financial risk for the risk expired	2,075	2,026
Contractual service margin recognised for the services provided	17,851	14,772
Experience adjustments for premium receipts relating to current and past services	661	614
Insurance acquisition cash flows amortisation	10,826	10,498
Subtotal	57,467	52,399
Insurance revenue from contracts measured under the premium allocation approach	513,250	485,310
<b>TOTAL</b>	<b>570,717</b>	<b>537,709</b>

	2025		TOTAL
	Insurance contracts measured under the premium allocation approach	Insurance contracts not measured under the premium allocation approach	
Contracts measured under the modified retrospective approach at transition	(7)	20,515	20,508
Contracts measured under the fair value approach at transition	–	2,308	2,308
Other insurance contracts	513,257	34,644	547,901
<b>TOTAL</b>	<b>513,250</b>	<b>57,467</b>	<b>570,717</b>

	2024		TOTAL
	Insurance contracts measured under the premium allocation approach	Insurance contracts not measured under the premium allocation approach	
Contracts measured under the modified retrospective approach at transition	11	25,692	25,703
Contracts measured under the fair value approach at transition	–	2,215	2,215
Other insurance contracts	485,299	24,492	509,791
<b>TOTAL</b>	<b>485,310</b>	<b>52,399</b>	<b>537,709</b>

**6. INTEREST INCOME AND NET INVESTMENT GAINS**

	2025	2024
Interest income from financial assets not measured at fair value through profit or loss (a)	31,851	30,876
Net investment gains (b)	47,709	35,878
<b>TOTAL</b>	<b>79,560</b>	<b>66,754</b>

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

	2025	2024
Debt instruments measured at fair value through other comprehensive income	15,118	12,959
Financial assets measured at amortized cost	12,006	13,256
Current and term deposits	4,319	4,403
Securities purchased under resale agreements	120	144
Others	288	114
<b>TOTAL</b>	<b>31,851</b>	<b>30,876</b>

**(b) Net investment gains**

	2025	2024
Interest income		
Financial assets measured at fair value through profit or loss	4,953	5,743
Dividend income		
Equity instruments measured at fair value through other comprehensive income	5,199	3,812
Financial assets measured at fair value through profit or loss	2,333	2,482
Lease income from investment properties	520	685
<b>Subtotal</b>	<b>13,005</b>	<b>12,722</b>
Realised investment losses		
Financial assets measured at fair value through profit or loss	15,404	(6,248)
Debt instruments measured at fair value through other comprehensive income	3,130	5,617
Financial assets measured at amortized cost	24	13
Investments in associates and joint ventures	2	–
<b>Subtotal</b>	<b>18,560</b>	<b>(618)</b>
Unrealised investment gains		
Financial assets measured at fair value through profit or loss	17,024	24,246
Investment properties	(880)	(472)
<b>Subtotal</b>	<b>16,144</b>	<b>23,774</b>
<b>TOTAL</b>	<b>47,709</b>	<b>35,878</b>

## Notes to the Consolidated Financial Statements (Continued)

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### 6. INTEREST INCOME AND NET INVESTMENT GAINS (continued)

#### (b) Net investment gains (continued)

Net unrealised gains or losses comprise changes in the fair value of financial instruments for the period and from reversal of prior periods' unrealised gains and losses for financial instruments, which were realised in the reporting period. Net realised gains or losses include the gains or losses on disposals of financial instruments which are calculated using the weighted average method. They represent the difference between a financial instrument's initial cost or amortised cost and disposal amount.

### 7. OTHER INCOME

	2025	2024
Asset management fee	1,679	1,585
Technical service fees	1,582	611
Government grants	338	397
Commission income arising from the collection of motor vehicles and vessels taxes	309	143
Disposal gains from investment properties, property and equipment, intangible assets and land use rights	110	174
Others	1,376	1,063
<b>TOTAL</b>	<b>5,394</b>	<b>3,973</b>

### 8. FINANCE EXPENSES FROM INSURANCE CONTRACTS ISSUED

	2025	2024
Changes in fulfilment cash flows and contractual service margin of contracts measured under variable fee approach due to changes in fair value of underlying items	9,495	29,139
Interest accreted	22,726	21,599
Effect of changes in interest rates and other financial assumptions	(4,132)	39,135
Foreign exchange differences	(7)	57
Insurance finance expenses from insurance contracts issued	28,082	89,930
Total insurance finance expenses from insurance contracts issued recognised in profit or loss	45,898	43,329
Total insurance finance expenses from insurance contracts issued recognised in other comprehensive income	(17,816)	46,601

### 9. FINANCIAL COST

	2025	2024
Securities sold under agreements to repurchase	1,864	1,644
Bonds payable	1,215	1,415
Interest on lease liabilities	45	56
Pension benefit obligation unwound (note 36)	44	61
Others	132	69
<b>TOTAL</b>	<b>3,300</b>	<b>3,245</b>

**10. NET CREDIT IMPAIRMENT LOSSES/(REVERSALS) ON FINANCIAL ASSETS**

	2025	2024
Financial assets measured at amortized cost	1,053	(1,405)
Debt instruments measured at fair value through other comprehensive income	86	(133)
Term deposits	(11)	(151)
Other financial assets	47	(65)
<b>TOTAL</b>	<b>1,175</b>	<b>(1,754)</b>

**11. OTHER OPERATING AND ADMINISTRATIVE EXPENSES**

	2025	2024
Employee costs (a)	53,648	50,543
Technical/labour service and consulting fees	21,588	19,379
Promotion expenses	12,225	13,405
Depreciation and amortisation	5,108	5,001
Contributions to China Insurance Security Fund	4,627	4,417
Business and travel expenses	1,648	1,813
Prevention and risk mitigation costs	1,599	1,320
Electronic equipment's operating expenses	153	587
Impairment losses on other assets	3	248
Others	16,457	12,965
Including: Auditor's remuneration	41	41
Subtotal	117,056	109,678
Less: Expenses attributed to insurance acquisition cash flows	(55,846)	(53,519)
Less: Other insurance fulfilment cash flows in the period	(49,377)	(47,028)
<b>TOTAL</b>	<b>11,833</b>	<b>9,131</b>

Insurance companies in Chinese mainland are required to make periodic contributions to China Insurance Security Fund ("CISF") based on the types of insurance products and annual gross written premiums. CISF was established to provide protection for policyholders in the event of financial distress at an insurance company in Chinese mainland.

**(a) Employee costs**

	2025	2024
Employee costs (including directors' and supervisors' remuneration)		
– Salaries, allowances and performance related bonuses	47,453	44,773
– Pension scheme contributions	6,195	5,770
<b>TOTAL</b>	<b>53,648</b>	<b>50,543</b>

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### 12. INCOME TAX EXPENSE

	2025	2024
Current tax	9,674	8,517
Adjustments in respect of prior years	(18)	32
Deferred tax (note 28)	1,845	3,902
<b>TOTAL</b>	<b>11,501</b>	<b>12,451</b>

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 ("CIT") 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 were 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.

A reconciliation of the tax expense applicable to profit before tax using the CIT rate of 25% to the tax expense at the Group's effective tax rate is as follows:

	2025	2024
Profit before tax	73,952	69,232
Tax rate	25%	25%
Tax at the statutory tax rate	18,488	17,308
Adjustments in respect of prior years	(18)	32
Tax effect of share of profits or losses of associates and joint ventures	(3,473)	(3,429)
Income not subject to tax	(4,978)	(3,656)
Expenses not deductible for tax	494	426
Unrecognised deductible temporary differences and tax losses/tax losses utilised from previous periods	1,310	1,980
Effects of different tax rates applied to subsidiaries	(315)	(243)
Others	(7)	33
<b>Income tax expense for the year</b>	<b>11,501</b>	<b>12,451</b>

In December 2021, the Organisation for Economic Co-operation and Development published *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules* ("Pillar Two Model Rules"). According to the rules of Pillar Two, low-tax jurisdictions with effective tax rate below 15% may be subject to a Top-up Tax.

Some of jurisdictions where the Group's overseas entities are located, had implemented Pillar Two legislation during the reporting period. The Group has adopted amendments to IAS 12 on Pillar Two Model Rules. The Group has recognised a current tax expense under Pillar Two that arises in Hong Kong Special Administrative Region for the year ended 31 December 2025. The Group evaluates that the Pillar Two legislation has no significant impact on the Group's consolidated financial statement for the year ended 31 December 2025.

**13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS**

Certain directors, supervisors and senior management are entitled to bonuses which are determined by a number of factors including the operating results of the Group.

The total compensation package for the Company's key management for the year ended 31 December 2025 has not yet been finalised in accordance with regulations of relevant PRC authorities. The amount of the compensation not provided for is not expected to have any significant impact on the Group's 2025 consolidated financial statements.

Directors', supervisors' and senior management's remuneration for the years of 2025 and 2024, are disclosed as follows:

**(a) Directors and supervisors**

	2025					TOTAL (in RMB'000)
	Fees (in RMB'000)	Salaries and allowances (in RMB'000)	Performance related bonuses (in RMB'000)	Social insurance, housing fund and other benefits (in RMB'000)	Retirement benefits (in RMB'000)	
Executive Directors:						
Ding Xiangqun (Chairperson of the Board)	-	392	294	100	228	1,014
Zhao Peng (Vice Chairman of the Board)	-	392	294	100	228	1,014
Xiao Jianyou	-	353	265	100	212	930
Non-executive Directors:						
Wang Shaoqun	-	-	-	-	-	-
Yu Qiang	-	-	-	-	-	-
Song Hongjun	-	-	-	-	-	-
Xu Xiang (i)	-	-	-	-	-	-
Independent Non-executive Directors:						
Xu Lina	250	-	-	-	-	250
Wang Pengcheng	300	-	-	-	-	300
Gao Pingyang (ii)	254	-	-	-	-	254
Jia Ruo (iii)	-	-	-	-	-	-
Directors who have resigned:						
Li Zhuyong (iv)	-	59	44	17	35	155
Shiu Sin Por (v)	300	-	-	-	-	300
Ko Wing Man (vi)	21	-	-	-	-	21
Miao Fusheng (vii)	-	-	-	-	-	-
Wang Qingjian (viii)	-	-	-	-	-	-
Cui Li (ix)	25	-	-	-	-	25
TOTAL	1,150	1,196	897	317	703	4,263
Supervisors who have resigned:						
Wang Yadong (x, xi)	-	-	-	-	-	-
Lee Wai King (x)	300	-	-	-	-	300
He Zuwang (x, xi)	-	-	-	-	-	-
TOTAL	300	-	-	-	-	300

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### 13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

#### (a) Directors and Supervisors (continued)

	2024 (Restated)					
	Fees (in RMB'000)	Salaries and allowances (in RMB'000)	Performance related bonuses (in RMB'000)	Social insurance, housing fund and other benefits (in RMB'000)	Retirement benefits (in RMB'000)	TOTAL (in RMB'000)
Executive Directors:						
Ding Xiangqun (Chairperson of the Board)	-	65	86	16	38	205
Zhao Peng (Vice Chairman of the Board)	-	392	517	97	226	1,232
Li Zhuyong	-	353	460	97	210	1,120
Xiao Jianyou	-	353	460	97	210	1,120
Non-executive Directors:						
Wang Qingjian	-	-	-	-	-	-
Miao Fusheng	-	-	-	-	-	-
Wang Shaoqun	-	-	-	-	-	-
Yu Qiang	-	-	-	-	-	-
Song Hongjun	-	-	-	-	-	-
Independent Non-executive Directors:						
Shiu Sin Por	300	-	-	-	-	300
Ko Wing Man	250	-	-	-	-	250
Cui Li	300	-	-	-	-	300
Xu Lina	250	-	-	-	-	250
Wang Pengcheng	300	-	-	-	-	300
Directors who have resigned:						
Wang Tingke	-	261	345	64	151	821
TOTAL	1,400	1,424	1,868	371	835	5,898
Supervisors:						
Wang Yadong	-	-	-	-	-	-
Lee Wai King	300	-	-	-	-	300
He Zuwang	-	-	-	-	-	-
TOTAL	300	-	-	-	-	300

**13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)****(a) Directors and Supervisors (continued)**

- (i) Xu Xiang was appointed as a non-executive director in September 2025;
- (ii) Gao Pingyang was appointed as an independent non-executive director in February 2025;
- (iii) Jia Ruo was appointed as an independent non-executive director in December 2025;
- (iv) Li Zhuyong resigned in March 2025;
- (v) Shiu Sin Por resigned in December 2025;
- (vi) Ko Wing Man resigned in February 2025;
- (vii) Miao Fusheng resigned in March 2025;
- (viii) Wang Qingjian resigned in July 2025;
- (ix) Cui Li resigned in January 2025;
- (x) Since December 2025, the Company has ceased to establish a Board of Supervisors. The functions and powers previously exercised by the Board of Supervisors have been transferred to the Audit Committee of the Board of Directors. Wang Yadong, Lee Wai King and He Zuwang have simultaneously resigned as supervisors of the Company;
- (xi) The remuneration and benefits of Mr. Wang Yadong and Mr. He Zuwang are the allowances they received during their tenure as employee representative supervisors of the Company, excluding the remuneration they receive in accordance with the employee remuneration system of the Company.

The compensation amounts for the directors and supervisors during their appointment were stated above, in which the compensation amounts for the year ended 31 December 2025 were paid amount by year-end, and the amounts for the year ended 31 December 2024 were restated after finalisation in year 2025.

Executive directors' emoluments shown above were mainly for the services in connection with management of affairs of the Company and the Group. Non-executive directors did not receive any remuneration from the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the year.

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### 13. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

#### (b) Senior management

The information set out below does not include remuneration of directors or supervisors. The relevant information of their remuneration is disclosed in note 13(a).

	2025 (in RMB'000)	2024 (in RMB'000) (Restated)
Salaries and allowances	1,879	2,133
Performance related bonuses	1,629	3,189
Social insurance, housing fund and other benefits	534	600
Retirement benefits	1,097	1,272
<b>TOTAL</b>	<b>5,139</b>	<b>7,194</b>

The numbers of senior management, excluding directors and supervisors, whose remuneration fell within the following bands are as follows:

	2025	2024 (Restated)
Nil to HKD1,000,000	3	–
HKD1,000,001 to HKD1,500,000	3	3
HKD1,500,001 to HKD2,000,000	–	2
<b>TOTAL</b>	<b>6</b>	<b>5</b>

The compensation amounts for certain members of senior management during their appointment were stated above, in which the compensation amounts for the year ended 31 December 2024 were restated after finalisation in year 2025.

### 14. FIVE HIGHEST PAID INDIVIDUALS

During the year of 2025, the five highest paid individuals included two directors (2024: one director), details of whose remuneration are set out in note 13 above. Details of the remuneration for the years of 2025 and 2024 of the remaining highest paid individuals who are neither a director nor a supervisor of the Company are as follows:

	2025 (in RMB'000)	2024 (in RMB'000) (Restated)
Salaries and allowances	1,101	1,493
Performance related bonuses	934	2,383
Social insurance, housing fund and other benefits	312	420
Retirement benefits	645	884
<b>TOTAL</b>	<b>2,992</b>	<b>5,180</b>

**14. FIVE HIGHEST PAID INDIVIDUALS (continued)**

The number of the highest paid individuals who are neither a director nor a supervisor of the Company whose remuneration fell within the following bands is as follows:

	2025	2024 (Restated)
HKD1,000,001 to HKD1,500,000	3	2
HKD1,500,001 to HKD2,000,000	–	2
TOTAL	3	4

The compensation amounts for the year ended 31 December 2025 were paid amount by year-end.

**15. EARNINGS PER SHARE****(a) Basic earnings per share**

The calculation of basic earnings per share for the years of 2025 and 2024 is based on the profit attributable to owners of the Company and the number of ordinary shares in issue during the periods.

	2025	2024
Profit attributable to owners of the Company for the year	46,207	42,151
Weighted average number of ordinary shares in issue (in million shares)	44,224	44,224
Basic earnings per share (in RMB Yuan)	1.04	0.95

**(b) Diluted earnings per share**

	2025	2024
Profit attributable to owners of the Company for the year	46,207	42,151
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)	(2,097)	(1,745)
Profit attributable to owners of the Company for the calculation of diluted earnings per share	44,110	40,406
Weighted average number of ordinary shares in issue (in million shares)	44,224	44,224
Diluted earnings per share (in RMB Yuan)	1.00	0.91

Note: The associate of the Group, Industrial Bank issued convertible bonds with a share conversion period from 30 June 2022 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.

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### 16. DIVIDENDS

	2025	2024
Dividends recognised as distributions:		
2025 Interim, paid – RMB7.50 cents per share	3,317	–
2024 Final, paid – RMB11.70 cents per share	5,174	–
2024 Interim, paid – RMB6.30 cents per share	–	2,786
2023 Final, paid – RMB15.60 cents per share	–	6,899

An interim dividend in respect of the period ended 30 June 2025 of RMB7.50 cents per share was proposed by the Board of Directors on 27 August 2025 and approved by the shareholders on 30 October 2025 at the general meeting and paid on 12 December 2025.

A final dividend in respect of the year ended 31 December 2024 of RMB11.70 cents per share was proposed by the Board of Directors on 27 March 2025 and approved by the shareholders on 27 June 2025 at the general meeting and paid on 8 August 2025.

### 17. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Demand deposits and cash on hand	23,925	24,530
Deposits with banks with original maturity of no more than three months and short notice	362	372
Securities purchased under resale agreements with original maturity of no more than three months	35,587	19,230
<b>TOTAL</b>	<b>59,874</b>	<b>44,132</b>

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 on the consolidated statement of financial position.

### 18. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	31 December 2025	31 December 2024
Bonds		
– Government bonds	128,139	104,064
– Financial bonds	11,960	9,054
– Corporate bonds	31,663	33,377
Debt investment schemes	79,139	85,892
Trust schemes	53,731	69,964
Asset-backed plans and others	20,289	15,152
<b>TOTAL</b>	<b>324,921</b>	<b>317,503</b>
Less: Impairment provisions	(2,265)	(1,272)
<b>NET CARRYING VALUE</b>	<b>322,656</b>	<b>316,231</b>

**19. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	31 December 2025	31 December 2024
Debt instruments measured at fair value through other comprehensive income		
Bonds		
– Government bonds	399,901	318,363
– Financial bonds	70,867	66,684
– Corporate bonds	136,229	138,269
Asset-backed plans	330	265
Subtotal	607,327	523,581
Including:		
Amortized costs	576,743	473,139
Accumulated fair value changes	30,584	50,442
Equity instruments measured at fair value through other comprehensive income		
Listed shares	70,535	27,327
Perpetual instruments	88,197	76,898
Other equity investments	10,314	11,553
Subtotal	169,046	115,778
Including:		
Costs	160,348	107,452
Accumulated fair value changes	8,698	8,326
<b>TOTAL</b>	<b>776,373</b>	<b>639,359</b>

As at 31 December 2025, the impairment provisions of debt instruments measured at fair value through other comprehensive income was RMB409 million (31 December 2024: RMB364 million).

In 2025, for the consideration of optimising liquidity arrangement, the Group disposed of equity instruments measured at fair value through other comprehensive income with a cost of RMB22,371 million (2024: RMB12,073 million), and the cumulative gains transferred from revaluation reserve to retained earning upon disposals was RMB3,987 million (2024: RMB1,749 million).

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### 20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2025	31 December 2024
Bonds		
– Government bonds	3,292	1,601
– Financial bonds	105,175	115,451
– Corporate bonds	30,852	16,893
Funds	87,271	86,642
Listed shares	95,700	32,922
Asset management products	1,952	5,184
Unlisted equity investments	16,785	12,339
Trust schemes	5,196	4,266
Equity investments plans and others	63,494	42,372
<b>TOTAL</b>	<b>409,717</b>	<b>317,670</b>

As at 31 December 2025 and 2024, the Group did not designate any financial assets as financial assets measured at fair value through profit or loss.

### 21. TERM DEPOSITS

The original maturities of the term deposits are as follows:

	31 December 2025	31 December 2024
More than 3 months to 12 months	1,440	1,790
More than 1 year to 2 years	1,646	1,003
More than 2 years to 3 years	35,581	24,776
More than 3 years	85,875	96,498
<b>TOTAL</b>	<b>124,542</b>	<b>124,067</b>
Add: Interests receivables	3,038	2,642
Less: Impairment provisions	(142)	(153)
<b>NET CARRYING VALUE</b>	<b>127,438</b>	<b>126,556</b>

These term deposits of the Group bear fixed interest rates ranging from 0.95% to 7.44% per annum as at 31 December 2025 (31 December 2024: bear fixed interest rates ranging from 1.10% to 7.44% per annum).

**22. PARTICULARS OF SUBSIDIARIES****(a) General information of subsidiaries**

Particulars of the principal subsidiaries as of 31 December 2025 and 2024 are set out below:

Name	Place of incorporation and type of legal entity	Paid up/ registered share capital	Proportion of shareholders' interest and voting rights				Principal activities/ place of operation
			31 December 2025		31 December 2024		
			Direct	Indirect	Direct	Indirect	
PICC P&C	Beijing, PRC Corporation	RMB22,242	68.98%	–	68.98%	–	Non-life insurance, PRC
PICC Life	Beijing, PRC Corporation	RMB25,761	71.08%	8.92%	71.08%	8.92%	Life insurance, PRC
PICC Asset Management Company Limited ("PICC AMC")	Shanghai, PRC Limited Liability	RMB1,298	100.00%	–	100.00%	–	Investment management, PRC
PICC Health	Beijing, PRC Corporation	RMB8,568	69.32%	26.13%	69.32%	26.13%	Health insurance, PRC
PICC Pension Company Limited ("PICC Pension")	Hebei, PRC Limited Liability	RMB4,000	100.00%	–	100.00%	–	Endowment insurance, PRC
PICC Investment Holding Company Limited ("PICC Investment Holding")	Beijing, PRC Limited Liability	RMB800	100.00%	–	100.00%	–	Investment holding, PRC
PICC Capital Insurance Asset Management Co., Ltd. ("PICC Capital")	Beijing, PRC Limited Liability	RMB200	100.00%	–	100.00%	–	Investment management, PRC
PICC Reinsurance Company Limited ("PICC Reinsurance")	Beijing, PRC Corporation	RMB5,961	51.00%	49.00%	51.00%	49.00%	Reinsurance, PRC
PICC (Hong Kong) Limited ("PICC HK") (note)	Hong Kong Corporation	HKD1,610	89.36%	–	89.36%	–	P&C insurance, Hong Kong SAR
PICC Financial Services Company Limited ("PICC Financial Services")	Tianjin, PRC Limited Liability	RMB1,415	70.68%	29.32%	70.68%	29.32%	Internet finance, PRC
PICC Information Technology Co., Ltd.	Shanghai, PRC Limited Liability	RMB400	100.00%	–	100.00%	–	Technology service, PRC

Note: Since there are no registered capital requirements for companies incorporated in Hong Kong, PICC HK is disclosed as its paid up capital.

## Notes to the Consolidated Financial Statements (Continued)

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### 22. PARTICULARS OF SUBSIDIARIES (continued)

#### (a) General information of subsidiaries (continued)

Only principal subsidiaries which are directly held by the Company and have material impact on the consolidated financial statements are listed above. Other subsidiaries did not materially affect the Group's net financial position and operating results and were therefore not separately disclosed.

As at 31 December 2025, market value of shares of PICC P&C which is listed on the Main Board of The Stock Exchange of Hong Kong Limited is RMB226,722 million (31 December 2024: RMB174,198 million).

Capital supplementary bonds issued by these subsidiaries are set out in note 33 of these consolidated financial statements.

The Company and the following subsidiaries had outstanding capital supplementary bonds at the end of the year, which are all held by third parties:

	31 December 2025		31 December 2024	
	Nominal Amount	Carrying Amount	Nominal Amount	Carrying Amount
The Company	12,000	12,225	12,000	12,225
PICC Life	12,000	12,383	12,000	12,325
PICC P&C	12,000	12,077	20,000	20,433
PICC Health	3,000	3,093	3,000	3,121
PICC Reinsurance	2,000	2,028	2,000	2,028
TOTAL	41,000	41,806	49,000	50,132

At the end of the reporting period, the Company had other indirectly held subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarized as follows:

Principal activities of the subsidiaries	Place of incorporation and operation in the PRC	Number of subsidiaries	
		31 December 2025	31 December 2024
Insurance intermediaries	Beijing, Shanghai, Shenzhen and others	5	5
Insurance training services	Dalian, Hainan and others	2	2
Property development and management	Beijing, Shenzhen and others	14	13
Others	Beijing, Shanghai, Chongqing and others	16	12
TOTAL		37	32

The legal form of above-mentioned subsidiaries is limited liability company.

**22. PARTICULARS OF SUBSIDIARIES (continued)****(b) Details of the non-wholly owned subsidiary that has material non-controlling interests**

The table below shows details of the non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		31 December 2025	31 December 2024	2025	2024	31 December 2025	31 December 2024
		PICC P&C	Beijing, PRC	31.02%	31.02%	12,530	9,976

Summarized financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup elimination. Please refer to note 4 operating segment information for the financial information of other subsidiaries.

In particular, an interest in the equity interest of Industrial Bank is accounted for as a financial asset in the consolidated financial statements of PICC P&C but when combined with voting rights held by the Company and PICC Life, this interest is accounted for as an associate in the Group's consolidated financial statements. The information presented in this note does not consider the impact had these equity interests been accounted for as an associate in the consolidated financial statements of PICC P&C.

**PICC P&C**

	31 December 2025	31 December 2024
Total assets	860,498	778,244
Total liabilities	571,795	517,622
Total shareholders' equity	288,703	260,622
Equity attributable to owners of the Group	197,265	179,777
Non-controlling interests of the Group	91,438	80,845

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

### 22. PARTICULARS OF SUBSIDIARIES (continued)

#### (b) Details of the non-wholly owned subsidiary that has material non-controlling interests (continued)

##### *PICC P&C (continued)*

	2025	2024
Total income	539,507	508,230
Total operating expenses	(499,182)	(477,338)
Share of profits of associates	7,376	7,123
Income tax expense	(7,324)	(5,854)
Profit for the year	40,377	32,161
Profit attributable to owners of the Group	27,847	22,185
Profit attributable to non-controlling interests of the Group	12,530	9,976
Other comprehensive income for the year	437	9,819
Total comprehensive income for the year	40,814	41,980
Dividends paid to non-controlling interests	3,947	4,809
Net cash inflow from operating activities	43,048	36,464
Net cash outflow from investing activities	(43,120)	(27,546)
Net cash outflow from financing activities	4,012	(6,050)
Net cash inflow	3,940	2,868

#### (c) Significant restrictions

As certain major subsidiaries of the Company are engaged in insurance business and regulated by the relevant insurance regulatory authorities, the ability of the Company and its subsidiaries to access assets held by these insurance subsidiaries to settle liabilities of the Group is restricted. As such, there are restrictions on the Group's ability to access or use the assets of these insurance subsidiaries to settle the liabilities of the Group. Please refer to note 41.1(b) for detailed disclosure on the relevant regulatory capital requirements.

**23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

(a) The Group's investments in associates and joint ventures as at 31 December 2025 and 2024 are as follows:

	31 December 2025	31 December 2024
Associates		
Cost of investment in associates	72,938	71,329
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable	104,175	96,397
Subtotal	177,113	167,726
Joint ventures		
Cost of investment in joint ventures	–	196
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable	–	(106)
Subtotal	–	90
TOTAL	177,113	167,816

Movement of investments in associates and joint ventures is as follows:

Associates and joint ventures	1 January 2025	Additions	Disposals	Share of profit	Share of other comprehensive income	Share of other movement	Dividend received	Impairment	31 December 2025
Industrial Bank	97,730	–	–	10,753	(96)	(841)	(2,840)	–	104,706
Hua Xia Bank	48,941	–	–	4,151	(944)	3	(1,038)	–	51,113
Others	21,145	1,951	(174)	(1,013)	(156)	(9)	(450)	–	21,294
TOTAL	167,816	1,951	(174)	13,891	(1,196)	(847)	(4,328)	–	177,113

As at 31 December 2025, the impairment provisions of associates and joint ventures was RMB253 million (31 December 2024: RMB253 million).

As at 31 December 2025, the carrying amount of the Group's investment in Industrial Bank was RMB104,706 million (31 December 2024: RMB97,730 million). As at 31 December 2025, the market value of the Group's investment in Industrial Bank was RMB56,420 million (31 December 2024: RMB51,330 million), which was lower than the carrying amount. Considering impairment indicator exists, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment at 31 December 2025 as the recoverable amount as determined by a value-in-use ("VIU") approach was higher than the carrying value.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

### 23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

#### (a) The Group's investments in associates and joint ventures as at 31 December 2025 and 2024 are as follows: (continued)

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	10.4%

As at 31 December 2025, the carrying amount of the Group's investment in Hua Xia Bank Co., Limited ("Hua Xia Bank") was RMB51,113 million (31 December 2024: RMB48,941 million). As at 31 December 2025, the market value of the Group's investment in Hua Xia Bank was RMB17,610 million (31 December 2024: RMB20,532 million), which was lower than the carrying amount. Considering impairment indicator exists, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment at 31 December 2025 as the recoverable amount as determined by a VIU approach was higher than the carrying value.

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	10.6%

**23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)****(b) Particulars of the principal associates are as follows:**

Associates	Place of registration	Principal activities/Place of operation	Percentage of ownership interest and voting rights held by the Group			
			31 December 2025		31 December 2024	
			Direct	Indirect	Direct	Indirect
Industrial Bank (1)	Fujian, PRC	Banking, PRC	0.82%	11.84%	0.85%	12.05%
Hua Xia Bank (2)	Beijing, PRC	Banking, PRC	–	16.11%	–	16.11%

The above table lists out the associates of the Group which principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

Summarized consolidated financial information in respect of each of the Group's material associates is set out below. The summarized consolidated financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with the relevant accounting policies and financial regulations applicable to entities established in the PRC, and adjusted for any material differences from IFRS Accounting Standards.

Industrial Bank and Hua Xia Bank are financial institutions. Therefore, their abilities to distribute dividends are subject to fulfilment of the relevant regulatory capital requirements.

**(1) Industrial Bank**

On 31 December 2012, the Company, PICC P&C and PICC Life in aggregate subscribed for approximately 1.38 billion shares of Industrial Bank through a private placement. After the completion of the subscription, the Group as a whole became the second largest shareholder of Industrial Bank.

On 19 April 2013, a member of senior management of PICC Life was nominated to be a director of Industrial Bank. The Group has been able to exercise significant influence on Industrial Bank, and therefore accounted for its equity interest in Industrial Bank as an associate using equity method of accounting.

On 9 July 2015, PICC P&C and PICC Life, the Company's subsidiaries, acquired 280 million and 328 million shares, respectively, of Industrial Bank in the open market. Therefore, the Group's aggregate interest in this associate was increased from 10.87% to 14.06%.

## Notes to the Consolidated Financial Statements (Continued)

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(Amounts in millions of Renminbi, unless otherwise stated)

### 23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

#### (b) Particulars of the principal associates are as follows: (continued)

##### (1) Industrial Bank (continued)

On 31 March 2017, Industrial Bank completed its private offering. The Group did not subscribe for the shares proportionately, therefore, its total equity interest in Industrial Bank was diluted from 14.06% to 12.90%.

As at 31 December 2025, a portion of the convertible bonds issued by Industrial Bank were converted into ordinary shares, resulting in a dilution of the Group's total equity interest in Industrial Bank from 12.90% to 12.66%. The Group is of the view that it still has significant influence over Industrial Bank, as it appointed one director to the board of directors of Industrial Bank and the Group was the second largest shareholder of Industrial Bank.

The following table illustrates the summarised financial information of the Group's major associates:

	31 December 2025	31 December 2024
Total assets	11,093,667	10,507,898

	2025	2024
Revenue	212,741	212,226
Profit attributable to equity holders of Industrial Bank	77,469	77,205
Dividends received from the associate during the year	2,840	2,786

Reconciliation of the above summarized financial information to the carrying amount of the interest in Industrial Bank recognised in the consolidated financial statements:

	31 December 2025	31 December 2024
Net assets of Industrial Bank attributable to equity holders of Industrial Bank	902,199	881,908
Total preference shares issued by Industrial Bank	–	(55,842)
Total perpetual bonds issued by Industrial Bank	(80,000)	(59,960)
Equity component of convertible bonds issued by Industrial Bank	(2,612)	(3,158)
Net assets attributable to ordinary shareholders of Industrial Bank	819,587	762,948
Proportion of the Group's interests in Industrial Bank	12.66%	12.90%
The Group's interests in net assets of Industrial Bank	103,760	98,420
Adjustments	946	(690)
Carrying amount of the Group's interests in Industrial Bank	104,706	97,730

	31 December 2025	31 December 2024
Market Value <sup>1</sup>	56,420	51,330

<sup>1</sup> Number of shares held by the Group multiplied by the quoted share price at year end.

**23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)****(b) Particulars of the principal associates are as follows: (continued)****(2) Hua Xia Bank**

On 28 December 2015, PICC P&C entered into a share transfer agreement with Deutsche Bank Aktiengesellschaft (“Deutsche Bank”), Sal. Oppenheim jr. & Cie. AG & Co. Kommanditgesellschaft auf Aktien (“Sal. Oppenheim”) and Deutsche Bank Luxembourg S.A. (“Deutsche Bank Luxembourg”), pursuant to which each of Deutsche Bank, Sal. Oppenheim and Deutsche Bank Luxembourg conditionally agreed to transfer to PICC P&C 877 million shares, 267 million shares and 992 million shares of Hua Xia Bank, respectively, held by them (amounting to a total of 2,136 million shares, representing approximately 19.99% of the total issued shares of Hua Xia Bank) and PICC P&C conditionally agreed to purchase these shares. This transaction was completed on 17 November 2016. Management has assessed the level of influence that the Group has on Hua Xia Bank, and determined that it has significant influence over Hua Xia Bank since 17 November 2016 even though the respective shareholding is below 20% because of the board representation and other arrangements made. Consequently, this investment has been classified as an associate and is accounted for using equity method.

On 25 May 2017, the general meeting of shareholders of Huaxia Bank approved and announced the plan to convert capital reserve into share capital in 2016, based on the total share capital at the end of 2016, at the rate of 2 shares for every 10 shares. The number of shares held by the Group increased from 2,136 million shares to 2,563 million shares, and the shareholding ratio remained unchanged.

On 28 December 2018, Hua Xia Bank completed its private offering. The PICC P&C did not subscribe for the shares proportionately, therefore, its total equity interest in Hua Xia Bank was diluted from 19.99% to 16.66%.

On 18 October 2022, Hua Xia Bank completed its private offering of shares, issued 527,704,485 new shares, raising net proceeds of RMB7,994 million. The PICC P&C, a subsidiary of the Group, did not subscribe for the shares proportionately, therefore its total equity interest in Hua Xia Bank was diluted from 16.66% to 16.11%.

The following table illustrates the summarised financial information of the Group’s major associates:

	31 December 2025	31 December 2024
Total assets	4,737,619	4,376,491
	2025	2024
Revenue	91,914	97,146
Profit attributable to equity holders of Hua Xia Bank	27,200	27,676
Dividends received from the associate during the year	1,038	1,241

## Notes to the Consolidated Financial Statements (Continued)

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(Amounts in millions of Renminbi, unless otherwise stated)

### 23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

#### (b) Particulars of the principal associates are as follows: (continued)

##### (2) Hua Xia Bank (continued)

Reconciliation of the above summarized financial information to the carrying amount of interest in Hua Xia Bank recognised in the consolidated financial statements:

	2025	2024
Net assets of Hua Xia Bank attributable to equity holders of Hua Xia Bank	395,746	361,982
Total perpetual bonds issued by Hua Xia Bank	(80,000)	(60,000)
Net assets attributable to ordinary shareholders of Hua Xia Bank	315,746	301,982
Proportion of the Group's interests in Hua Xia Bank	16.11%	16.11%
The Group's interests in net assets of Hua Xia Bank	50,854	48,637
Adjustments	259	304
Carrying amount of the Group's interests in Hua Xia Bank	51,113	48,941

	31 December 2025	31 December 2024
Market Value <sup>1</sup>	17,610	20,532

<sup>1</sup> Number of shares held by the Group multiplied by the quoted share price at year end.

#### (c) Aggregate information of associates and joint ventures that are not individually material

As at 31 December 2025, apart from the two associates disclosed above, the Group has in aggregate 16 (31 December 2024: 19) immaterial associates and their aggregate information is presented below:

	2025	2024
The Group's share of profit	(1,013)	582
The Group's share of other comprehensive income	(156)	162
The Group's share of total comprehensive income	(1,169)	744
Aggregate carrying amount of the Group's interests in these associates and joint ventures	21,294	21,145

**24. INVESTMENT PROPERTIES**

	31 December 2025	31 December 2024
Balance as at beginning of the year	15,232	15,791
Additions	132	86
Transfers from property and equipment (note 25)	551	480
Transfer from right-of-use assets (note 26)	23	28
Gains on revaluation of properties upon transfer from property and equipment	171	234
Gains on revaluation of properties upon transfer from right-of-use assets	57	87
Decrease in fair value of investment properties (note 6)	(880)	(472)
Transfer to property and equipment (note 25)	(331)	(904)
Transfer to right-of-use assets (note 26)	(86)	(70)
Disposals	(80)	(28)
Balance as at end of the year	14,789	15,232

The Group was still in the process of applying for title certificates for investment properties with a carrying value of RMB683 million as at 31 December 2025 (31 December 2024: RMB677 million). The directors of the Company do not expect this to have any significant impact on the operation of the Group.

As at 31 December 2025, the Group's investment properties with a carrying value of RMB915 million were pledged as collateral (31 December 2024: RMB916 million).

The Group's investment properties were revalued at the end of the reporting period by independent professional valuers. The investment properties held by the Company were revalued by Beijing Renda Real Estate and Land Asset Appraisal Co., Ltd.. The investment properties held by PICC P&C were revalued by Jones Lang LaSalle (Beijing) Land and Real Estate Appraisal Consultant Co., Ltd. and Shenzhen Shilian Land Real Estate Appraisal Co., Ltd.. The investment properties held by PICC Life were revalued by Beijing Renda Real Estate and Land Asset Appraisal Co., Ltd.. The investment properties held by PICC Investment Holding were revalued by Shenzhen Shilian Land Real Estate Appraisal Co., Ltd.. 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.

## Notes to the Consolidated Financial Statements (Continued)

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### 24 INVESTMENT PROPERTIES (continued)

The Group usually conducts an analysis of the applicability of valuation methods based on the actual circumstances of the project, determines the fair values of the investment properties by one of these approaches, or the weighted results of two approaches according to its professional judgement. Therefore, these fair values are categorised as Level 3.

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 used, which ranges from 3.00% to 6.50% as at 31 December 2025 (31 December 2024: ranges from 4.00% to 7.50%).

There was no transfer in or out of Level 3 of the Group during the year.

### 25. PROPERTY AND EQUIPMENT

	Land and buildings	Office equipment, furniture and fixtures	Motor vehicles	Construction in progress	TOTAL
<b>COST</b>					
As at 1 January 2025	39,585	13,667	1,707	5,360	60,319
Additions	328	2,296	27	282	2,933
Transfer of construction in progress	159	9	–	(168)	–
Transfer to Intangible assets	–	–	–	(16)	(16)
Transfer from investment properties (note 24)	331	–	–	–	331
Transfer to investment properties (note 24)	(868)	–	–	–	(868)
Disposals	(45)	(567)	(197)	–	(809)
As at 31 December 2025	39,490	15,405	1,537	5,458	61,890
<b>ACCUMULATED DEPRECIATION</b>					
As at 1 January 2025	14,680	10,362	1,477	–	26,519
Provided for the year	1,504	1,307	64	–	2,875
Transfer to investment properties (note 24)	(317)	–	–	–	(317)
Disposals	(22)	(429)	(183)	–	(634)
As at 31 December 2025	15,845	11,240	1,358	–	28,443
<b>IMPAIRMENT LOSSES</b>					
As at 1 January 2025	826	2	4	15	847
Provided for the year	2	1	–	–	3
Disposals	(7)	–	–	–	(7)
As at 31 December 2025	821	3	4	15	843
<b>NET CARRYING VALUES</b>					
As at 31 December 2025	22,824	4,162	175	5,443	32,604
As at 1 January 2025	24,079	3,303	226	5,345	32,953

**25. PROPERTY AND EQUIPMENT (continued)**

	Land and buildings	Office equipment, furniture and fixtures	Motor vehicles	Construction in progress	TOTAL
<b>COST</b>					
As at 1 January 2024	38,846	11,956	1,837	5,547	58,186
Additions	304	2,078	88	200	2,670
Transfer of construction in progress	338	5	–	(343)	–
Transfer to Intangible assets	–	–	–	(44)	(44)
Transfer from investment properties (note 24)	904	–	–	–	904
Transfer to investment properties (note 24)	(657)	–	–	–	(657)
Disposals	(150)	(372)	(218)	–	(740)
As at 31 December 2024	39,585	13,667	1,707	5,360	60,319
<b>ACCUMULATED DEPRECIATION</b>					
As at 1 January 2024	13,472	9,681	1,488	–	24,641
Provided for the year	1,443	976	127	–	2,546
Transfer to investment properties (note 24)	(177)	–	–	–	(177)
Disposals	(58)	(295)	(138)	–	(491)
As at 31 December 2024	14,680	10,362	1,477	–	26,519
<b>IMPAIRMENT LOSSES</b>					
As at 1 January 2024	826	2	–	15	843
Provided for the year	–	–	4	–	4
As at 31 December 2024	826	2	4	15	847
<b>NET CARRYING VALUES</b>					
As at 31 December 2024	24,079	3,303	226	5,345	32,953
As at 1 January 2024	24,548	2,273	349	5,532	32,702

As at 31 December 2025, certain acquired buildings of the Group with a net book value of RMB513 million (31 December 2024: RMB585 million) were still in the process of title registration. The directors of the Company do not expect this to have any impact on the operation of the Group.

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### 26. RIGHT-OF-USE ASSETS

	Leasehold lands	Leased properties	Others	TOTAL
<b>COST</b>				
As at 1 January 2025	7,552	4,581	10	12,143
Additions	42	1,016	8	1,066
Transfer from investment properties (note 24)	86	–	–	86
Transfer to investment properties (note 24)	(50)	–	–	(50)
Disposals	(192)	(1,251)	(9)	(1,452)
As at 31 December 2025	7,438	4,346	9	11,793
<b>ACCUMULATED DEPRECIATION</b>				
As at 1 January 2025	2,442	2,395	7	4,844
Provided for the year	214	989	6	1,209
Transfer to investment properties (note 24)	(27)	–	–	(27)
Disposals	(40)	(1,050)	(9)	(1,099)
As at 31 December 2025	2,589	2,334	4	4,927
<b>IMPAIRMENT LOSSES</b>				
As at 1 January 2025	47	–	–	47
Disposals	(2)	–	–	(2)
As at 31 December 2025	45	–	–	45
<b>NET CARRYING VALUES</b>				
As at 31 December 2025	4,804	2,012	5	6,821
As at 1 January 2025	5,063	2,186	3	7,252

**26. RIGHT-OF-USE ASSETS (continued)**

	Leasehold lands	Leased properties	Others	TOTAL
<b>COST</b>				
As at 1 January 2024	7,097	4,725	11	11,833
Additions	482	996	6	1,484
Transfer from investment properties (note 24)	70	–	–	70
Transfers from property and equipment (note 25)	(59)	–	–	(59)
Disposals	(38)	(1,140)	(7)	(1,185)
As at 31 December 2024	7,552	4,581	10	12,143
<b>ACCUMULATED DEPRECIATION</b>				
As at 1 January 2024	2,293	2,390	4	4,687
Provided for the year	195	1,039	9	1,243
Transfer to investment properties (note 24)	(31)	–	–	(31)
Disposals	(15)	(1,034)	(6)	(1,055)
As at 31 December 2024	2,442	2,395	7	4,844
<b>IMPAIRMENT LOSSES</b>				
As at 1 January 2024 and as at 31 December 2024	47	–	–	47
<b>NET CARRYING VALUES</b>				
As at 31 December 2024	5,063	2,186	3	7,252
As at 1 January 2024	4,757	2,335	7	7,099

The above items of leasehold land are amortised on a straight-line basis over 30 – 70 years. For the year ended 31 December 2025, expense relating to leases of low-value assets and short-term leases that applied the simplified approach is approximately RMB90 million (2024: RMB81 million).

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of RMB31 million (2024: RMB39 million) in which the Group is in the process of obtaining.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

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### 27. INTANGIBLE ASSETS

	Software and others	
	2025	2024
COST		
At beginning of the year	8,945	8,725
Additions	1,592	1,323
Disposals	(31)	(1,103)
At end of the year	10,506	8,945
ACCUMULATED AMORTISATION		
At beginning of the year	5,513	5,173
Amortisation	1,239	1,431
Disposals	(25)	(1,091)
At end of the year	6,727	5,513
IMPAIRMENT LOSSES		
At beginning of the year	32	8
Recognition	–	31
Disposals	(2)	(7)
At end of the year	30	32
NET CARRYING VALUES		
At end of the year	3,749	3,400
At beginning of the year	3,400	3,544

### 28. DEFERRED TAX ASSETS AND LIABILITIES

(1) The movements of deferred tax assets and liabilities of the group during the year of 2025 and 2024 without offsets are as follows:

	31 December 2025 Deferred tax assets/(liabilities)	31 December 2024 Deferred tax assets/(liabilities)
As at the beginning of the year	11,966	13,086
(Charged) to income statement during the year	(1,845)	(3,902)
Credit to other comprehensive income during the year	2,463	2,782
Other changes	2	–
As at the end of the year	12,586	11,966

**28. DEFERRED TAX ASSETS AND LIABILITIES (continued)**

(2) The Group's deferred tax assets/liabilities as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		31 December 2024	
	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences
Recognised deferred tax assets/ (liabilities):				
Insurance contract liabilities	24,108	96,431	25,048	100,201
Provision for impairment losses	1,064	4,326	705	2,878
Employee benefits payable	5,626	23,096	5,362	22,065
Fair value change of investment properties	(1,928)	(7,983)	(2,073)	(8,541)
Financial assets measured at fair value through other comprehensive income	(10,305)	(42,069)	(15,036)	(61,144)
Fair value change of financial assets measured at fair value through profit or loss	(6,144)	(24,933)	(1,976)	(8,037)
Others	165	734	(64)	(235)
<b>TOTAL</b>	<b>12,586</b>	<b>49,602</b>	<b>11,966</b>	<b>47,187</b>

(3) Deferred tax assets and deferred tax liabilities are presented on a net basis

	31 December 2025	31 December 2024
Deferred tax assets	35,993	40,210
Deferred tax liabilities	(23,407)	(28,244)
Net value of deferred tax assets	13,987	12,430
Net value of deferred tax liabilities	(1,401)	(464)

## Notes to the Consolidated Financial Statements (Continued)

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### 28. DEFERRED TAX ASSETS AND LIABILITIES (continued)

#### (4) The breakdown of unrecognised deferred tax assets

	31 December 2025	31 December 2024
Deductible temporary differences	11,536	20,735
Deductible losses	31,248	44,927
TOTAL	42,784	65,662

Deferred tax assets have not been recognised for certain deductible temporary differences and deductible tax losses arising from entities in the Group, as it is not considered probable that future taxable profits will be available to utilise these items.

#### (5) The expiry dates of unused tax losses are as follows:

	31 December 2025	31 December 2024
The expiry dates of unused tax losses are as follows:		
2025	–	1,238
2026	34	8,885
2027	95	11,986
2028	7,142	10,884
2029	11,579	11,658
2030	12,102	88
After 2030	296	188
TOTAL	31,248	44,927

According to “Notice on the Extension of the Loss Carry Forward Years for High-Tech Enterprises and Science and Technology-based Small and Medium-sized Enterprises by the State Taxation Administration of the Ministry of Finance” (State Taxation Administration Notice No. 45 of 2018), one of the Company’s subsidiaries is recognised as a high-tech enterprise, and its unrecovered losses incurred in the five years prior to the qualification year are allowed to be carried forward to be recouped in subsequent years, with the maximum carry forward period extended from 5 to 10 years.

## 29. OTHER ASSETS

	31 December 2025	31 December 2024
Securities settlement receivables	5,726	6,103
Receivables from co-insurers for amounts paid on behalf	4,582	4,965
Deductible input value-added tax	3,107	4,871
Reinsurance guarantee deposits	2,420	1,663
Restricted funds	1,694	1,315
Refundable deposits	1,432	1,416
Prepaid output value-added tax on premiums	1,348	1,433
Management fees receivables	962	547
Prepayments and deposits	817	631
Dividends receivable	512	316
Loans and advances	408	437
Prepayment for income tax	284	873
Others	4,445	4,254
<b>TOTAL</b>	<b>27,737</b>	<b>28,824</b>
Less: impairment provision on other assets (a)	(1,872)	(1,769)
<b>NET CARRYING VALUE</b>	<b>25,865</b>	<b>27,055</b>

### (a) The movements of provision for impairment of other assets are as follow:

	2025	2024
Balance as at the beginning of the year	1,769	1,813
Losses/(reversals) of impairment losses	47	(44)
Others	56	–
Balance as at the end of the year	1,872	1,769

## Notes to the Consolidated Financial Statements (Continued)

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### 30. PLEDGED ASSETS AND RESTRICTED DEPOSITS

#### (a) Deposits with restricted rights or ownership

As at 31 December 2025, demand deposits and term deposits amounting to RMB3,192 million (31 December 2024: RMB3,248 million) were subject to various restrictions, in particular for the Group's involvement in agricultural insurance and satellite launch risk insurance.

#### (b) Securities pledged for repurchase transactions

As described in note 32 of these consolidated financial statements, the Group entered into a number of arrangements to sell certain bond securities with commitments to repurchase in the future. These bond securities are continued to be recognised in these consolidated financial statements and classified as financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost, but they are in effect pledged as collaterals for these transactions.

	31 December 2025	31 December 2024
Par value of pledged bonds	291,856	195,572
Carrying amount of associated liabilities		
– Securities sold under agreements to repurchase	180,763	111,236

### 31. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

According to the Notice of the General Office of the former China Banking and Insurance Regulatory Commission (the former "CBIRC") on Pilot Commercial Pension Business of Pension Insurance Companies (CBIRC [2022] No. 108), PICC Pension, a subsidiary of the Group, is one of the pension insurance companies participating in the pilot program. With effect from 1 January 2023, it has been engaged in commercial pension business in 10 provinces (municipalities) including Beijing, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Henan, Guangdong, Sichuan and Shaanxi.

Commercial pension products refer to products operated by pension insurance companies that provide functions such as pension fund management and risk protection.

The commercial pension products referred to in the preceding paragraph do not meet the criteria for significant insurance risk and are therefore not accounted for as insurance contracts under IFRS17. In accordance with the regulations, the Group uses separate accounts to manage the assets and liabilities related to these commercial pension products. The portion attributable to investors is recognised as financial liabilities measured at fair value through profit or loss.

**32. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE**

	31 December 2025	31 December 2024
Transactions by marketplaces:		
Stock exchange	71,963	48,642
Inter-bank market	108,800	62,594
<b>TOTAL</b>	<b>180,763</b>	<b>111,236</b>
Transactions by collaterals:		
Bonds	180,763	111,236

Debt securities are pledged for these transactions and details are set out in note 30(b) of these consolidated financial statements.

**33. BONDS PAYABLE**

As at 31 December 2025, bonds payable represent supplementary capital bonds issued.

	31 December 2025	31 December 2024
Carrying amount repayable in		
– More than five years	41,806	50,132

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

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 value at the end of the fifth year from the date of issue. The coupon rates of the bonds range from 2.33% – 3.68% in the first five years (2024: 2.33% – 3.68%) and 3.33% – 4.68% in the second five years (2024: 3.33% – 4.68%).

**34. LEASE LIABILITIES**

	31 December 2025	31 December 2024
Within one year	705	663
Within a period of more than one year but not more than two years	542	524
Within a period of more than two years but not more than five years	563	753
Within a period of more than five years	71	173
<b>TOTAL</b>	<b>1,881</b>	<b>2,113</b>

The incremental borrowing rates applied to lease liabilities range from 1.25% to 4.90% (2024: from 2.2% to 5.32%)

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### 35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

#### (1) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts measured under the premium allocation approach:

	2025				
	Liability for remaining coverage		Liability for incurred claims		TOTAL
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities as at 1 January (1)	174,640	5,728	169,288	6,480	
Insurance contract assets as at 1 January (2)	(8,762)	280	6,533	446	(1,503)
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	165,878	6,008	175,821	6,926	354,633
Total insurance revenue (4)	(513,250)	-	-	-	(513,250)
Incurred claims and other directly attributable expenses (5)	-	-	405,728	4,799	410,527
Insurance acquisition cash flows amortisation (6)	89,742	-	-	-	89,742
Losses on onerous contracts and reversals of those losses (7)	-	3,698	-	-	3,698
Changes that relate to past service – changes in the fulfilment cash flows relating to the liabilities for incurred claims (8)	-	-	(8,511)	(4,181)	(12,692)
Other expenses (9)	-	-	-	-	-
Insurance service expenses (10)=(5)+(6)+(7)+(8)+(9)	89,742	3,698	397,217	618	491,275
Insurance service result (11)=(4)+(10)	(423,508)	3,698	397,217	618	(21,975)
Insurance finance income or expenses from insurance contracts issued (12)	3,686	1	3,249	120	7,056
Other income or expenses recognised in P&L (13)	-	-	-	-	-
Other income or expenses recognised in other comprehensive income (14)	7	-	(10)	(1)	(4)
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(419,815)	3,699	400,456	737	(14,923)
Investment components (16)	(43,908)	-	43,908	-	-
Premiums received (17)	564,766	-	-	-	564,766
Insurance acquisition cash flows (18)	(87,703)	-	-	-	(87,703)
Claims and other directly attributable expenses paid (19)	-	-	(400,266)	-	(400,266)
Other cash flows (20)	-	-	-	-	-
Total cash flows (21)=(17)+(18)+(19)+(20)	477,063	-	(400,266)	-	76,797
Other movements (22)	(6)	-	(3,494)	-	(3,500)
Net insurance contracts liabilities as at 31 December (23)=(3)+(15)+(16)+(21)+(22)	179,212	9,707	216,425	7,663	413,007
Insurance contract assets as at 31 December (24)	(7,222)	532	5,866	394	(430)
Insurance contract liabilities as at 31 December (25)	186,434	9,175	210,559	7,269	413,437

**35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)****(1) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts measured under the premium allocation approach: (continued)**

	2024				
	Liability for remaining coverage		Liability for incurred claims		TOTAL
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities as at 1 January (1)	158,953	5,416	145,754	5,496	
Insurance contract assets as at 1 January (2)	(10,665)	401	6,779	457	(3,028)
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	148,288	5,817	152,533	5,953	312,591
Total insurance revenue (4)	(485,310)	-	-	-	(485,310)
Incurred claims and other directly attributable expenses (5)	-	-	384,442	4,479	388,921
Insurance acquisition cash flows amortisation (6)	94,309	-	-	-	94,309
Losses on onerous contracts and reversals of those losses (7)	-	176	-	-	176
Changes that relate to past service – changes in the fulfilment cash flows relating to the liabilities for incurred claims (8)	-	-	(7,873)	(3,739)	(11,612)
Other expenses (9)	-	-	-	-	-
Insurance service expenses (10)=(5)+(6)+(7)+(8)+(9)	94,309	176	376,569	740	471,794
Insurance service result (11)=(4)+(10)	(391,001)	176	376,569	740	(13,516)
Insurance finance income or expenses from insurance contracts issued (12)	4,319	15	6,114	232	10,680
Other income or expenses recognised in P&L (13)	-	-	-	-	-
Other income or expenses recognised in other comprehensive income (14)	(5)	-	7	1	3
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(386,687)	191	382,690	973	(2,833)
Investment components (16)	(51,199)	-	51,199	-	-
Premiums received (17)	543,875	-	-	-	543,875
Insurance acquisition cash flows (18)	(88,399)	-	-	-	(88,399)
Claims and other directly attributable expenses paid (19)	-	-	(407,152)	-	(407,152)
Other cash flows (20)	-	-	-	-	-
Total cash flows (21)=(17)+(18)+(19)+(20)	455,476	-	(407,152)	-	48,324
Other movements (22)	-	-	(3,449)	-	(3,449)
Net insurance contracts liabilities as at 31 December (23)=(3)+(15)+(16)+(21)+(22)	165,878	6,008	175,821	6,926	354,633
Insurance contract assets as at 31 December (24)	(8,762)	280	6,533	446	(1,503)
Insurance contract liabilities as at 31 December (25)	174,640	5,728	169,288	6,480	356,136

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### 35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

#### (2) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts not measured under the premium allocation approach:

	2025			
	<u>Liability for remaining coverage</u>			TOTAL
	Excluding loss component	Loss component	Liability for incurred claims	
Insurance contract liabilities as at 1 January (1)	690,452	8,833	67,376	766,661
Insurance contract assets as at 1 January (2)	(634)	-	409	(225)
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	689,818	8,833	67,785	766,436
Total insurance revenue (4)	(57,467)	-	-	(57,467)
Incurred claims and other directly attributable expenses (5)	-	(3,283)	32,237	28,954
Insurance acquisition cash flows amortisation (6)	10,826	-	-	10,826
Losses on onerous contracts and reversals of those losses (7)	-	4,629	-	4,629
Changes in the fulfilment cash flows relating to the liabilities for incurred claims (8)	-	-	(8,514)	(8,514)
Other expenses (9)	-	-	-	-
Insurance service expenses (10)=(5)+(6)+(7)+(8)+(9)	10,826	1,346	23,723	35,895
Insurance service result (11)=(4)+(10)	(46,641)	1,346	23,723	(21,572)
Insurance finance income or expenses from insurance contracts issued (12)	20,255	125	646	21,026
Other income or expenses recognised in P&L (13)	-	-	-	-
Other income or expenses recognised in other comprehensive income (14)	2	-	(32)	(30)
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(26,384)	1,471	24,337	(576)
Investment components (16)	(80,726)	-	80,726	-
Premiums received (17)	202,596	-	-	202,596
Insurance acquisition cash flows (18)	(14,818)	-	-	(14,818)
Claims and other directly attributable expenses paid (including investment components) (19)	-	-	(127,452)	(127,452)
Other cash flows (20)	-	-	-	-
Total cash flows (21)=(17)+(18)+(19)+(20)	187,778	-	(127,452)	60,326
Other movements (22)	(49)	-	(419)	(468)
Net insurance contracts liabilities as at 31 December (23)=(3)+(15)+(16)+(21)+(22)	770,437	10,304	44,977	825,718
Insurance contract assets as at 31 December (24)	(649)	-	285	(364)
Insurance contract liabilities as at 31 December (25)	771,086	10,304	44,692	826,082

**35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)****(2) Reconciliation of the liabilities for remaining coverage and the liabilities for incurred claims for insurance contracts not measured under the premium allocation approach: (continued)**

	2024			
	Liability for remaining coverage			TOTAL
	Excluding loss component	Loss component	Liability for incurred claims	
Insurance contract liabilities as at 1 January (1)	575,350	16,247	73,514	665,111
Insurance contract assets as at 1 January (2)	(621)	-	747	126
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	574,729	16,247	74,261	665,237
Total insurance revenue (4)	(52,399)	-	-	(52,399)
Incurred claims and other directly attributable expenses (5)	-	(5,610)	31,230	25,620
Insurance acquisition cash flows amortisation (6)	10,498	-	-	10,498
Losses on onerous contracts and reversals of those losses (7)	-	(2,382)	-	(2,382)
Changes in the fulfilment cash flows relating to the liabilities for incurred claims (8)	-	-	(12,693)	(12,693)
Other expenses (9)	-	-	-	-
Insurance service expenses (10)=(5)+(6)+(7)+(8)+(9)	10,498	(7,992)	18,537	21,043
Insurance service result (11)=(4)+(10)	(41,901)	(7,992)	18,537	(31,356)
Insurance finance income or expenses from insurance contracts issued (12)	76,977	578	1,695	79,250
Other income or expenses recognised in P&L (13)	-	-	-	-
Other income or expenses recognised in other comprehensive income (14)	(19)	-	26	7
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	35,057	(7,414)	20,258	47,901
Investment components (16)	(77,366)	-	77,366	-
Premiums received (17)	171,429	-	-	171,429
Insurance acquisition cash flows (18)	(13,977)	-	-	(13,977)
Claims and other directly attributable expenses paid (including investment components) (19)	-	-	(103,633)	(103,633)
Other cash flows (20)	-	-	-	-
Total cash flows (21)=(17)+(18)+(19)+(20)	157,452	-	(103,633)	53,819
Other movements (22)	(54)	-	(467)	(521)
Net insurance contracts liabilities as at 31 December (23)=(3)+(15)+(16)+(21)+(22)	689,818	8,833	67,785	766,436
Insurance contract assets as at 31 December (24)	(634)	-	409	(225)
Insurance contract liabilities as at 31 December (25)	690,452	8,833	67,376	766,661

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### 35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

#### (3) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts measured under the premium allocation approach:

	2025					TOTAL
	Asset for remaining coverage		Asset for incurred claims		Risk adjustment for non-financial risk	
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows			
Reinsurance contract assets as at 1 January (1)	(1,258)	532	32,508	1,069	32,851	
Reinsurance contract liabilities as at 1 January (2)	(18)	2	103	2	89	
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	(1,276)	534	32,611	1,071	32,940	
Allocation of reinsurance premiums (4)	(31,574)	-	-	-	(31,574)	
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	-	(138)	26,314	580	26,756	
Recognition and reversals of the loss -recovery component (6)	-	260	-	-	260	
Changes in the fulfilment cash flows relating to incurred claims recovery (7)	-	-	219	(516)	(297)	
Effect of changes in the risk of reinsurers' non-performance (8)	-	-	(2)	-	(2)	
Other recoveries (9)	-	-	-	-	-	
Amounts recoverable from reinsurers (10)=(5)+(6)+(7)+(8)+(9)	-	122	26,531	64	26,717	
Net expenses from reinsurance contracts held (11)=(4)+(10)	(31,574)	122	26,531	64	(4,857)	
Finance income or expenses from reinsurance contracts held (12)	486	5	343	20	854	
Other income or expenses recognised in P&L (13)	-	-	-	-	-	
Other income or expenses recognised in other comprehensive income (14)	3	-	(7)	(2)	(6)	
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(31,085)	127	26,867	82	(4,009)	
Investment components (16)	(3,126)	-	3,126	-	-	
Premiums ceded to reinsurers (17)	32,678	-	-	-	32,678	
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (18)	-	-	(25,975)	-	(25,975)	
Other cash flows (19)	-	-	-	-	-	
Total cash flows (20)=(17)+(18)+(19)	32,678	-	(25,975)	-	6,703	
Other movements (21)	-	-	-	-	-	
Net reinsurance contract assets as at 31 December (22)=(3)+(15)+(16)+(20)+(21)	(2,809)	661	36,629	1,153	35,634	
Reinsurance contract assets as at 31 December (23)	(2,629)	657	36,527	1,151	35,706	
Reinsurance contract liabilities as at 31 December (24)	(180)	4	102	2	(72)	

**35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)****(3) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts measured under the premium allocation approach: (continued)**

	2024					TOTAL
	Asset for remaining coverage		Asset for incurred claims			
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for nonfinancial risk		
Reinsurance contract assets as at 1 January (1)	(636)	297	29,012	955		29,628
Reinsurance contract liabilities as at 1 January (2)	(28)	-	13	-		(15)
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	(664)	297	29,025	955		29,613
Allocation of reinsurance premiums (4)	(29,200)	-	-	-		(29,200)
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	-	(72)	24,669	525		25,122
Recognition and reversals of the loss -recovery component (6)	-	306	-	-		306
Changes in the fulfilment cash flows relating to incurred claims recovery (7)	-	-	(875)	(450)		(1,325)
Effect of changes in the risk of reinsurers' non-performance (8)	-	-	(17)	-		(17)
Other recoveries (9)	-	-	-	-		-
Amounts recoverable from reinsurers (10)=(5)+(6)+(7)+(8)+(9)	-	234	23,777	75		24,086
Net expenses from reinsurance contracts held (11)=(4)+(10)	(29,200)	234	23,777	75		(5,114)
Finance income or expenses from reinsurance contracts held (12)	414	3	761	41		1,219
Other income or expenses recognised in P&L (13)	-	-	-	-		-
Other income or expenses recognised in other comprehensive income (14)	(8)	-	5	-		(3)
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(28,794)	237	24,543	116		(3,898)
Investment components (16)	(2,421)	-	2,421	-		-
Premiums ceded to reinsurers (17)	30,603	-	-	-		30,603
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (18)	-	-	(23,378)	-		(23,378)
Other cash flows (19)	-	-	-	-		-
Total cash flows (20)=(17)+(18)+(19)	30,603	-	(23,378)	-		7,225
Other movements (21)	-	-	-	-		-
Net reinsurance contract assets as at 31 December (22)=(3)+(15)+(16)+(20)+(21)	(1,276)	534	32,611	1,071		32,940
Reinsurance contract assets as at 31 December (23)	(1,258)	532	32,508	1,069		32,851
Reinsurance contract liabilities as at 31 December (24)	(18)	2	103	2		89

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### 35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

#### (4) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts not measured under the premium allocation approach:

	2025			
	Asset for remaining coverage		Asset for incurred claims	TOTAL
	Excluding loss recovery component	Loss recovery component		
Reinsurance contract assets as at 1 January (1)	(4,290)	56	11,145	6,911
Reinsurance contract liabilities as at 1 January (2)	(280)	2	118	(160)
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	(4,570)	58	11,263	6,751
Allocation of reinsurance premiums (4)	(3,735)	-	-	(3,735)
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	-	(219)	3,153	2,934
Recognition and reversals of the loss recovery component (6)	-	242	-	242
Changes in the fulfilment cash flows relating to incurred claims recovery (7)	-	-	(1,303)	(1,303)
Effect of changes in the risk of reinsurers' non-performance (8)	366	-	(20)	346
Other recoveries (9)	-	-	-	-
Amounts recoverable from reinsurers (10)=(5)+(6)+(7)+(8)+(9)	366	23	1,830	2,219
Net expenses from reinsurance contracts held (11)=(4)+(10)	(3,369)	23	1,830	(1,516)
Finance income or expenses from reinsurance contracts held (12)	346	3	142	491
Other income or expenses recognised in P&L (13)	-	-	-	-
Other income or expenses recognised in other comprehensive income (14)	2	-	(29)	(27)
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(3,021)	26	1,943	(1,052)
Investment components (16)	(1,690)	-	1,690	-
Premiums ceded to reinsurers (17)	4,843	-	-	4,843
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (18)	-	-	(4,172)	(4,172)
Other cash flows (19)	-	-	-	-
Total cash flows (20)=(17)+(18)+(19)	4,843	-	(4,172)	671
Other movements (21)	-	-	-	-
Net reinsurance contract assets as at 31 December (22)=(3)+(15)+(16)+(20)+(21)	(4,438)	84	10,724	6,370
Reinsurance contract assets as at 31 December (23)	(4,531)	84	10,891	6,444
Reinsurance contract liabilities as at 31 December (24)	93	-	(167)	(74)

**35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)****(4) Reconciliation of the asset for remaining coverage and the asset for incurred claims for reinsurance contracts not measured under the premium allocation approach: (continued)**

	2024			
	Asset for remaining coverage			TOTAL
	Excluding loss recovery component	Loss recovery component	Asset for incurred claims	
Reinsurance contract assets as at 1 January (1)	(3,871)	91	13,411	
Reinsurance contract liabilities as at 1 January (2)	(471)	2	366	(103)
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	(4,342)	93	13,777	9,528
Allocation of reinsurance premiums (4)	(4,420)	-	-	(4,420)
Recoveries on incurred claims and other incurred reinsurance service expenses (5)	-	(36)	3,207	3,171
Recognition and reversals of the loss recovery component (6)	-	(5)	-	(5)
Changes in the fulfilment cash flows relating to incurred claims recovery (7)	-	-	(1,609)	(1,609)
Effect of changes in the risk of reinsurers' non-performance (8)	578	-	(65)	513
Other recoveries (9)	-	-	-	-
Amounts recoverable from reinsurers (10)=(5)+(6)+(7)+(8)+(9)	578	(41)	1,533	2,070
Net expenses from reinsurance contracts held (11)=(4)+(10)	(3,842)	(41)	1,533	(2,350)
Finance income or expenses from reinsurance contracts held (12)	107	-	325	432
Other income or expenses recognised in P&L (13)	-	-	-	-
Other income or expenses recognised in other comprehensive income (14)	(31)	6	34	9
Total amounts recognised in comprehensive income (15)=(11)+(12)+(13)+(14)	(3,766)	(35)	1,892	(1,909)
Investment components (16)	(1,184)	-	1,184	-
Premiums ceded to reinsurers (17)	4,722	-	-	4,722
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (18)	-	-	(5,590)	(5,590)
Other cash flows (19)	-	-	-	-
Total cash flows (20)=(17)+(18)+(19)	4,722	-	(5,590)	(868)
Other movements (21)	-	-	-	-
Net reinsurance contract assets as at 31 December (22)=(3)+(15)+(16)+(20)+(21)	(4,570)	58	11,263	6,751
Reinsurance contract assets as at 31 December (23)	(4,290)	56	11,145	6,911
Reinsurance contract liabilities as at 31 December (24)	(280)	2	118	(160)

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### 35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

#### (5) Reconciliation of the measurement components of insurance contracts not measured under the premium allocation approach:

	2025			TOTAL
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin(a)	
Insurance contract liabilities as at 1 January (1)	640,423	12,552	113,686	766,661
Insurance contract assets as at 1 January (2)	(239)	12	2	(225)
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	640,184	12,564	113,688	766,436
Contractual service margin recognised for the service provided (4)	-	-	(17,851)	(17,851)
Change in the risk adjustment for non-financial risk (5)	-	(1,558)	-	(1,558)
Experience adjustments for the period (6)	1,722	-	-	1,722
Changes that relate to current service (7)=(4)+(5)+(6)	1,722	(1,558)	(17,851)	(17,687)
Contracts initially recognised in the year (8)	(30,674)	3,717	30,211	3,254
Changes in estimates that adjust the contractual service margin (9)	1,248	130	(1,378)	-
Changes in estimates that do not adjust the contractual service margin (10)	1,328	47	-	1,375
Other changes that relate to future service (11)	-	-	-	-
Changes that relate to future service (12)=(8)+(9)+(10)+(11)	(28,098)	3,894	28,833	4,629
Changes in the fulfilment cash flows relating to the liability for incurred claims (13)	(7,658)	(856)	-	(8,514)
Other changes that relate to past service (14)	-	-	-	-
Changes that relate to past service (15)=(13)+(14)	(7,658)	(856)	-	(8,514)
Insurance service result (16)=(7)+(12)+(15)	(34,034)	1,480	10,982	(21,572)
Insurance finance income or expenses from insurance contracts issued (17)	16,640	296	4,090	21,026
Other income or expenses recognised in P&L (18)	-	-	-	-
Other income or expenses recognised in other comprehensive income (19)	(26)	(3)	(1)	(30)
Total amounts recognised in comprehensive income (20)=(16)+(17)+(18)+(19)	(17,420)	1,773	15,071	(576)
Premiums received (21)	202,596	-	-	202,596
Insurance acquisition cash flows (22)	(14,818)	-	-	(14,818)
Claims and other directly attributable expenses paid (including investment components) (23)	(127,452)	-	-	(127,452)
Other cash flows (24)	-	-	-	-
Total cash flows (25)=(21)+(22)+(23)+(24)	60,326	-	-	60,326
Other movements (26)	(468)	-	-	(468)
Net insurance contracts liabilities as at 31 December (27)=(3)+(20)+(25)+(26)	682,622	14,337	128,759	825,718
Insurance contract assets as at 31 December (28)	(384)	12	8	(364)
Insurance contract liabilities as at 31 December (29)	683,006	14,325	128,751	826,082

**35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)****(5) Reconciliation of the measurement components of insurance contracts not measured under the premium allocation approach: (continued)**

	2024			TOTAL
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin(a)	
Insurance contract liabilities as at 1 January (1)	560,067	11,319	93,725	665,111
Insurance contract assets as at 1 January (2)	92	31	3	126
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	560,159	11,350	93,728	665,237
Contractual service margin recognised for the service provided (4)	-	-	(14,772)	(14,772)
Change in the risk adjustment for non-financial risk (5)	-	(1,377)	-	(1,377)
Experience adjustments for the period (6)	(132)	-	-	(132)
Changes that relate to current service (7)=(4)+(5)+(6)	(132)	(1,377)	(14,772)	(16,281)
Contracts initially recognised in the year (8)	(26,533)	3,021	25,240	1,728
Changes in estimates that adjust the contractual service margin (9)	(5,491)	(64)	5,555	-
Changes in estimates that do not adjust the contractual service margin (10)	(4,153)	43	-	(4,110)
Other changes that relate to future service (11)	-	-	-	-
Changes that relate to future service (12)=(8)+(9)+(10)+(11)	(36,177)	3,000	30,795	(2,382)
Changes in the fulfilment cash flows relating to the liability for incurred claims (13)	(11,293)	(1,400)	-	(12,693)
Other changes that relate to past service (14)	-	-	-	-
Changes that relate to past service (15)=(13)+(14)	(11,293)	(1,400)	-	(12,693)
Insurance service result (16)=(7)+(12)+(15)	(47,602)	223	16,023	(31,356)
Insurance finance income or expenses from insurance contracts issued (17)	74,327	989	3,934	79,250
Other income or expenses recognised in P&L (18)	-	-	-	-
Other income or expenses recognised in other comprehensive income (19)	2	2	3	7
Total amounts recognised in comprehensive income (20)=(16)+(17)+(18)+(19)	26,727	1,214	19,960	47,901
Premiums received (21)	171,429	-	-	171,429
Insurance acquisition cash flows (22)	(13,977)	-	-	(13,977)
Claims and other directly attributable expenses paid (including investment components) (23)	(103,633)	-	-	(103,633)
Other cash flows (24)	-	-	-	-
Total cash flows (25)=(21)+(22)+(23)+(24)	53,819	-	-	53,819
Other movements (26)	(521)	-	-	(521)
Net insurance contracts liabilities as at 31 December (27)=(3)+(20)+(25)+(26)	640,184	12,564	113,688	766,436
Insurance contract assets as at 31 December (28)	(239)	12	2	(225)
Insurance contract liabilities as at 31 December (29)	640,423	12,552	113,686	766,661

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### 35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

#### (5) Reconciliation of the measurement components of insurance contracts not measured under the premium allocation approach: (continued)

(a) For insurance contracts issued that are not measured under the premium allocation approach, an analysis of the contractual service margin by transition method is included in the following tables:

	2025			TOTAL
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other insurance contracts	
Insurance contract liabilities as at 1 January (1)	66,193	6,335	41,158	113,686
Insurance contract assets as at 1 January (2)	-	-	2	2
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	66,193	6,335	41,160	113,688
Contractual service margin recognised for the service provided (4)	(8,085)	(986)	(8,780)	(17,851)
Change in the risk adjustment for non-financial risk (5)	-	-	-	-
Experience adjustments for the period (6)	-	-	-	-
Changes that relate to current service (7)=(4)+(5)+(6)	(8,085)	(986)	(8,780)	(17,851)
Contracts initially recognised in the year (8)	-	-	30,211	30,211
Changes in estimates that adjust the contractual service margin (9)	23	2,603	(4,004)	(1,378)
Changes in estimates that do not adjust the contractual service margin (10)	-	-	-	-
Other changes that relate to future service (11)	-	-	-	-
Changes that relate to future service (12)=(8)+(9)+(10)+(11)	23	2,603	26,207	28,833
Changes in the fulfilment cash flows relating to the liability for incurred claims (13)	-	-	-	-
Other changes that relate to past service (14)	-	-	-	-
Changes that relate to past service (15)=(13)+(14)	-	-	-	-
Insurance service result (16)=(7)+(12)+(15)	(8,062)	1,617	17,427	10,982
Insurance finance income or expenses from insurance contracts issued (17)	2,366	211	1,513	4,090
Other income or expenses recognised in P&L (18)	-	-	-	-
Other income or expenses recognised in other comprehensive income (19)	-	-	(1)	(1)
Total amounts recognised in comprehensive income (20)=(16)+(17)+(18)+(19)	(5,696)	1,828	18,939	15,071
Premiums received (21)	-	-	-	-
Insurance acquisition cash flows (22)	-	-	-	-
Claims and other directly attributable expenses paid (including investment components) (23)	-	-	-	-
Other cash flows (24)	-	-	-	-
Total cash flows (25)=(21)+(22)+(23)+(24)	-	-	-	-
Other movements (26)	-	-	-	-
Net insurance contracts liabilities as at 31 December (27)=(3)+(20)+(25)+(26)	60,497	8,163	60,099	128,759
Insurance contract assets as at 31 December (28)	-	-	8	8
Insurance contract liabilities as at 31 December (29)	60,497	8,163	60,091	128,751

**35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)****(5) Reconciliation of the measurement components of insurance contracts not measured under the premium allocation approach: (continued)**

**(a) For insurance contracts issued that are not measured under the premium allocation approach, an analysis of the contractual service margin by transition method is included in the following tables: (continued)**

	2024			TOTAL
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other insurance contracts	
Insurance contract liabilities as at 1 January (1)	68,620	4,403	20,702	93,725
Insurance contract assets as at 1 January (2)	-	-	3	3
Net insurance contracts liabilities as at 1 January (3)=(1)+(2)	68,620	4,403	20,705	93,728
Contractual service margin recognised for the service provided (4)	(9,490)	(686)	(4,596)	(14,772)
Change in the risk adjustment for non-financial risk (5)	-	-	-	-
Experience adjustments for the period (6)	-	-	-	-
Changes that relate to current service (7)=(4)+(5)+(6)	(9,490)	(686)	(4,596)	(14,772)
Contracts initially recognised in the year (8)	-	-	25,240	25,240
Changes in estimates that adjust the contractual service margin (9)	4,139	2,497	(1,081)	5,555
Changes in estimates that do not adjust the contractual service margin (10)	-	-	-	-
Other changes that relate to future service (11)	-	-	-	-
Changes that relate to future service (12)=(8)+(9)+(10)+(11)	4,139	2,497	24,159	30,795
Changes in the fulfilment cash flows relating to the liability for incurred claims (13)	-	-	-	-
Other changes that relate to past service (14)	-	-	-	-
Changes that relate to past service (15)=(13)+(14)	-	-	-	-
Insurance service result (16)=(7)+(12)+(15)	(5,351)	1,811	19,563	16,023
Insurance finance income or expenses from insurance contracts issued (17)	2,924	121	889	3,934
Other income or expenses recognised in P&L (18)	-	-	-	-
Other income or expenses recognised in other comprehensive income (19)	-	-	3	3
Total amounts recognised in comprehensive income (20)=(16)+(17)+(18)+(19)	(2,427)	1,932	20,455	19,960
Premiums received (21)	-	-	-	-
Insurance acquisition cash flows (22)	-	-	-	-
Claims and other directly attributable expenses paid (including investment components) (23)	-	-	-	-
Other cash flows (24)	-	-	-	-
Total cash flows (25)=(21)+(22)+(23)+(24)	-	-	-	-
Other movements (26)	-	-	-	-
Net insurance contracts liabilities as at 31 December (27)=(3)+(20)+(25)+(26)	66,193	6,335	41,160	113,688
Insurance contract assets as at 31 December (28)	-	-	2	2
Insurance contract liabilities as at 31 December (29)	66,193	6,335	41,158	113,686

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### 35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

#### (6) Reconciliation of the measurement components of reinsurance contracts not measured under the premium allocation approach:

	2025			TOTAL
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin(a)	
Reinsurance contract assets as at 1 January (1)	5,211	598	1,102	6,911
Reinsurance contract liabilities as at 1 January (2)	(1,322)	585	577	(160)
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	3,889	1,183	1,679	6,751
Contractual service margin recognised for the service provided (4)	-	-	(429)	(429)
Change in the risk adjustment for non-financial risk (5)	-	(143)	-	(143)
Experience adjustments for the period (6)	(229)	-	-	(229)
Changes that relate to current service (7)=(4)+(5)+(6)	(229)	(143)	(429)	(801)
Reinsurance contracts initially recognised in the period (8)	(235)	89	146	-
Changes in estimates that adjust the contractual service margin (9)	1,291	167	(1,458)	-
Changes in estimates that do not adjust the contractual service margin (10)	-	-	-	-
Recognition and reversals of a loss-recovery component (11)	-	-	242	242
Other changes that relate to future service (12)	-	-	-	-
Changes that relate to future service (13)=(8)+(9)+(10)+(11)+(12)	1,056	256	(1,070)	242
Changes in the fulfilment cash flows relating to incurred claims recovery (14)	(1,143)	(160)	-	(1,303)
Other changes that relate to past service (15)	-	-	-	-
Changes that relate to past service (16)=(14)+(15)	(1,143)	(160)	-	(1,303)
Changes in the risk of reinsurers non-performance (17)	346	-	-	346
Net expenses from reinsurance contracts held (18)=(7)+(13)+(16)+(17)	30	(47)	(1,499)	(1,516)
Finance income or expenses from reinsurance contracts held (19)	402	38	51	491
Other income or expenses recognised in P&L (20)	-	-	-	-
Other income or expenses recognised in other comprehensive income (21)	(23)	(2)	(2)	(27)
Total amounts recognised in comprehensive income (22)=(18)+(19)+(20)+(21)	409	(11)	(1,450)	(1,052)
Premiums ceded to reinsurers (23)	4,843	-	-	4,843
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	(4,172)	-	-	(4,172)
Other cash flows (25)	-	-	-	-
Total cash flows (26)=(23)+(24)+(25)	671	-	-	671
Other movements (27)	-	-	-	-
Net reinsurance contract assets as at 31 December (28)=(3)+(22)+(26) +(27)	4,969	1,172	229	6,370
Reinsurance contract assets as at 31 December (29)	5,048	1,170	226	6,444
Reinsurance contract liabilities as at 31 December (30)	(79)	2	3	(74)

**35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)****(6) Reconciliation of the measurement components of reinsurance contracts not measured under the premium allocation approach: (continued)**

	2024			TOTAL
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin(a)	
Reinsurance contract assets as at 1 January (1)	7,394	795	1,442	9,631
Reinsurance contract liabilities as at 1 January (2)	(1,100)	572	425	(103)
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	6,294	1,367	1,867	9,528
Contractual service margin recognised for the service provided (4)	-	-	(1,368)	(1,368)
Change in the risk adjustment for non-financial risk (5)	-	(100)	-	(100)
Experience adjustments for the period (6)	219	-	-	219
Changes that relate to current service (7)=(4)+(5)+(6)	219	(100)	(1,368)	(1,249)
Reinsurance contracts initially recognised in the period (8)	(1,042)	108	934	-
Changes in estimates that adjust the contractual service margin (9)	(168)	(14)	182	-
Changes in estimates that do not adjust the contractual service margin (10)	-	-	-	-
Recognition and reversals of a loss-recovery component (11)	-	-	(5)	(5)
Other changes that relate to future service (12)	-	-	-	-
Changes that relate to future service (13)=(8)+(9)+(10)+(11)+(12)	(1,210)	94	1,111	(5)
Changes in the fulfilment cash flows relating to incurred claims recovery (14)	(1,338)	(271)	-	(1,609)
Other changes that relate to past service (15)	-	-	-	-
Changes that relate to past service (16)=(14)+(15)	(1,338)	(271)	-	(1,609)
Changes in the risk of reinsurers non-performance (17)	513	-	-	513
Net expenses from reinsurance contracts held (18)=(7)+(13)+(16)+(17)	(1,816)	(277)	(257)	(2,350)
Finance income or expenses from reinsurance contracts held (19)	282	88	62	432
Other income or expenses recognised in P&L (20)	-	-	-	-
Other income or expenses recognised in other comprehensive income (21)	(3)	5	7	9
Total amounts recognised in comprehensive income (22)=(18)+(19)+(20)+(21)	(1,537)	(184)	(188)	(1,909)
Premiums ceded to reinsurers (23)	4,722	-	-	4,722
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	(5,590)	-	-	(5,590)
Other cash flows (25)	-	-	-	-
Total cash flows (26)=(23)+(24)+(25)	(868)	-	-	(868)
Other movements (27)	-	-	-	-
Net reinsurance contract assets as at 31 December (28)=(3)+(22)+(26) +(27)	3,889	1,183	1,679	6,751
Reinsurance contract assets as at 31 December (29)	5,211	598	1,102	6,911
Reinsurance contract liabilities as at 31 December (30)	(1,322)	585	577	(160)

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### 35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

#### (6) Reconciliation of the measurement components of reinsurance contracts not measured under the premium allocation approach: (continued)

(a) For reinsurance contracts issued that are not measured under the premium allocation approach, an analysis of the contractual service margin by transition method is included in the following tables:

	2025			TOTAL
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other reinsurance contracts	
Reinsurance contract assets as at 1 January (1)	184	103	815	1,102
Reinsurance contract liabilities as at 1 January (2)	92	136	349	577
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	276	239	1,164	1,679
Contractual service margin recognised for the service provided (4)	368	45	(842)	(429)
Change in the risk adjustment for non-financial risk (5)	-	-	-	-
Experience adjustments for the period (6)	-	-	-	-
Changes that relate to current service (7)=(4)+(5)+(6)	368	45	(842)	(429)
Reinsurance contracts initially recognised in the period (8)	-	-	146	146
Changes in estimates that adjust the contractual service margin (9)	(494)	(1,074)	110	(1,458)
Changes in estimates that do not adjust the contractual service margin (10)	-	-	-	-
Recognition and reversals of a loss-recovery component (11)	1	80	161	242
Other changes that relate to future service (12)	-	-	-	-
Changes that relate to future service (13)=(8)+(9)+(10)+(11)+(12)	(493)	(994)	417	(1,070)
Changes in the fulfilment cash flows relating to incurred claims recovery (14)	-	-	-	-
Other changes that relate to past service (15)	-	-	-	-
Changes that relate to past service (16)=(14)+(15)	-	-	-	-
Changes in the risk of reinsurers non-performance (17)	-	-	-	-
Net expenses from reinsurance contracts held (18)=(7)+(13)+(16)+(17)	(125)	(949)	(425)	(1,499)
Finance income or expenses from reinsurance contracts held (19)	10	8	33	51
Other income or expenses recognised in P&L (20)	-	-	-	-
Other income or expenses recognised in other comprehensive income (21)	-	-	(2)	(2)
Total amounts recognised in comprehensive income (22)=(18)+(19)+(20)+(21)	(115)	(941)	(394)	(1,450)
Premiums ceded to reinsurers (23)	-	-	-	-
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	-	-	-	-
Other cash flows (25)	-	-	-	-
Total cash flows (26)=(23)+(24)+(25)	-	-	-	-
Other movements (27)	-	-	-	-
Net reinsurance contract assets as at 31 December (28)=(3)+(22)+(26)+(27)	161	(702)	770	229
Reinsurance contract assets as at 31 December (29)	161	(702)	767	226
Reinsurance contract liabilities as at 31 December (30)	-	-	3	3

**35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)****(6) Reconciliation of the measurement components of reinsurance contracts not measured under the premium allocation approach: (continued)**

**(a) For reinsurance contracts issued that are not measured under the premium allocation approach, an analysis of the contractual service margin by transition method is included in the following tables: (continued)**

	2024			TOTAL
	Contracts measured under the modified retrospective approach	Contracts measured under the fair value approach	Other reinsurance contracts	
Reinsurance contract assets as at 1 January (1)	496	118	828	1,442
Reinsurance contract liabilities as at 1 January (2)	99	75	251	425
Net reinsurance contract assets as at 1 January (3)=(1)+(2)	595	193	1,079	1,867
Contractual service margin recognised for the service provided (4)	(268)	(38)	(1,062)	(1,368)
Change in the risk adjustment for non-financial risk (5)	-	-	-	-
Experience adjustments for the period (6)	-	-	-	-
Changes that relate to current service (7)=(4)+(5)+(6)	(268)	(38)	(1,062)	(1,368)
Reinsurance contracts initially recognised in the period (8)	-	-	934	934
Changes in estimates that adjust the contractual service margin (9)	(52)	24	210	182
Changes in estimates that do not adjust the contractual service margin (10)	-	-	-	-
Recognition and reversals of a loss-recovery component (11)	(19)	53	(39)	(5)
Other changes that relate to future service (12)	-	-	-	-
Changes that relate to future service (13)=(8)+(9)+(10)+(11)+(12)	(71)	77	1,105	1,111
Changes in the fulfilment cash flows relating to incurred claims recovery (14)	-	-	-	-
Other changes that relate to past service (15)	-	-	-	-
Changes that relate to past service (16)=(14)+(15)	-	-	-	-
Changes in the risk of reinsurers non-performance (17)	-	-	-	-
Net expenses from reinsurance contracts held (18)=(7)+(13)+(16)+(17)	(339)	39	43	(257)
Finance income or expenses from reinsurance contracts held (19)	19	7	36	62
Other income or expenses recognised in P&L (20)	-	-	-	-
Other income or expenses recognised in other comprehensive income (21)	1	-	6	7
Total amounts recognised in comprehensive income (22)=(18)+(19)+(20)+(21)	(319)	46	85	(188)
Premiums ceded to reinsurers (23)	-	-	-	-
Amounts received from reinsurers relating to incurred claims and other expenses (including investment components) (24)	-	-	-	-
Other cash flows (25)	-	-	-	-
Total cash flows (26)=(23)+(24)+(25)	-	-	-	-
Other movements (27)	-	-	-	-
Net reinsurance contract assets as at 31 December (28)=(3)+(22)+(26)+(27)	276	239	1,164	1,679
Reinsurance contract assets as at 31 December (29)	184	103	815	1,102
Reinsurance contract liabilities as at 31 December (30)	92	136	349	577

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### 35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

#### (7) Expected release of the contractual service margin for insurance contracts not measured under the premium allocation approach:

Number of years until expected to be released	As at 31 December 2025		As at 31 December 2024	
	Insurance contracts issued	Reinsurance contracts issued	Insurance contracts issued	Reinsurance contracts issued
Within 5 years (including 5 years)	47,136	338	42,577	1,160
More than 5 years	81,623	(109)	71,111	519
TOTAL	128,759	229	113,688	1,679

#### (8) Impact of contracts initially recognised in the year – insurance contracts measured not under the premium allocation approach:

	2025			2024		
	Non-onerous contracts	Onerous contracts	TOTAL	Non-onerous contracts	Onerous contracts	TOTAL
Insurance acquisition cash flows	9,551	3,334	12,885	10,820	3,636	14,456
Incurred claims and other directly attributable expenses	91,272	90,225	181,497	85,805	56,004	141,809
Estimates of the present value of future cash outflows	100,823	93,559	194,382	96,625	59,640	156,265
Estimates of the present value of future cash inflows	(133,904)	(91,152)	(225,056)	(124,159)	(58,639)	(182,798)
Risk adjustment for non-financial risk	2,870	847	3,717	2,294	727	3,021
Contractual service margin	30,211	–	30,211	25,240	–	25,240
TOTAL	–	3,254	3,254	–	1,728	1,728

### 35. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (continued)

#### (9) Impact of contracts recognised in the year – reinsurance contracts not measured under the premium allocation approach:

	2025	2024
Estimates of the present value of future cash outflows	1,765	1,278
Estimates of the present value of future cash inflows	(2,000)	(2,320)
Risk adjustment for non-financial risk	89	108
Contractual service margin	146	934
<b>TOTAL</b>	<b>–</b>	<b>–</b>

#### (10) The following table describes the composition of the assets or liabilities and their fair values of the underlying items corresponding to insurance contracts with direct participation in profit-sharing features:

	31 December 2025	31 December 2024
Financial assets at fair value through profit or loss	91,081	84,278
Debt investments at fair value through other comprehensive income	141,852	162,708
Equity investments at fair value through other comprehensive income	23,187	12,754
Others	11,757	24,046
<b>TOTAL</b>	<b>267,877</b>	<b>283,786</b>

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### 36. PENSION BENEFIT OBLIGATION

The Group is committed to defined benefit retirement benefit plans. Through the retirement benefit plans, the Group offered pension and medical benefits for employees who retired on or prior to 31 July 2003. The amounts of these pension and medical benefits are paid monthly according to a policy agreed with these employees and number of years of services of these employees with the Group. The Group also offered an early retirement program to certain employees during its group reorganisation in 2003. For employees who joined this program, they are entitled to various periodic benefits up to their normal retirement ages. The beneficiaries of these pension benefits are not in active employment with the Group and these benefits are fully vested. The funding level of the Group's defined benefit plans is 0%, as no plan assets are held and the Group bears the full obligation.

#### (a) The movements in the present value of early retirement and retirement benefits are shown below:

	2025	2024
At beginning of the year	2,795	2,720
Interest cost on pension benefit obligation (note 9)	44	61
Actuarial (gains)/losses arising from experience adjustments	(32)	2
Actuarial (gains)/losses arising from changes in financial assumptions	(62)	215
Benefits paid	(186)	(203)
At end of the year	2,559	2,795

The plans typically expose the Group to interest rate risk, longevity risk and inflation risk.

- Interest rate risk: an increase/(decrease) in the bond interest rate will (decrease)/increase the plan liability.
- Longevity risk: the present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Inflation risk: as inflation rises, expenses related to medical care, retirement living costs, equipment expenditures, and other subsidy benefits will increase, consequently leading to a higher plan liability.

For defined benefit retirement benefit plans, the Group offered pension and medical benefits for employees who retired on or prior to 31 July 2003. The Group employs a third-party actuary annually to conduct an actuarial assessment of the pension benefit scheme and issue a special actuarial report. At the end of 2025, Towers Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch was engaged to conduct an actuarial assessment of the pension benefit plan and issued the Actuarial Assessment Report for PICC Group as at 31 December 2025.

**36. PENSION BENEFIT OBLIGATION (continued)**

**(b) The discount rates and the principal actuarial assumptions for the above obligations are as follows:**

	31 December 2025	31 December 2024
Discount rates:		
– Early retirement benefits	1.50%	1.25%
– Retirement benefits	1.75%	1.50%
– Supplementary medical benefits	2.00%	1.75%
Average annual growth rates:		
– Early retirement benefits	2.50%	2.50%
– Medical expenses	8.00%	8.00%

Discount rates are set to be the government bond yields with similar maturities and vary for different types of benefits. The durations of early retirement benefits, retirement benefits and supplementary medical benefits are 4 years, 7 years and 11 years as at 31 December 2025 (31 December 2024: 4 years, 8 years and 11 years).

**(c) The maturity of these benefits, in terms of undiscounted cash flows, is presented as follows:**

	31 December 2025	31 December 2024
No more than 3 months	45	47
3 to 12 months (including 12 months)	135	141
1 to 5 years (including 5 years)	699	727
More than 5 years	2,241	2,428
TOTAL	3,120	3,343

**(d) Sensitivity analysis**

Significant actuarial assumptions for the determination of the defined obligation are discount rate and average annual growth rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Change in assumptions	Effect on the pension benefit obligation	
		2025	2024
Discount rate	+50bps	(117)	(134)
Discount rate	– 50bps	127	145
Average annual growth rate	+50bps	121	139
Average annual growth rate	– 50bps	(113)	(129)

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### 37. OTHER LIABILITIES

	31 December 2025	31 December 2024
Salaries and welfare payable	38,134	34,020
Payables to non-controlling interests of consolidated structure entities	33,570	22,393
Premiums received in advance	9,763	7,319
Value added tax and other taxes payable	6,620	8,207
Payables to co-insurers and refund premiums	4,150	3,360
Dividends payable	2,020	2,788
Payable to suppliers	1,422	1,494
Insurance deposits received	654	674
Bank borrowings	297	357
Others	12,955	12,641
<b>TOTAL</b>	<b>109,585</b>	<b>93,253</b>

### 38. ISSUED CAPITAL

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

### 39. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

#### (a) General risk reserve

Pursuant to "Financial Standards of Financial Enterprises – Implementation Guide" issued by the MOF of the PRC on 30 March 2007, a general risk reserve should be set aside to cover catastrophic or other losses as incurred by companies operating in the insurance businesses. The Group's respective entities would need to make appropriations for such reserve based on their respective annual profit, year-end risk assets or asset management fee income as determined in their annual financial statements. This reserve is not available for profit distribution and cannot be transferred to capital.

#### (b) Catastrophic loss reserve

Pursuant to the relevant regulatory requirements, the Group is required to make appropriation to a reserve when the agriculture and nuclear insurance business records underwriting profits. This reserve cannot be used for dividend distribution or conversion into capital, but can be utilised when there are catastrophic losses.

#### (c) Surplus reserve

In accordance with the Company Law and the Articles of Association, the Company is required to make appropriation to a statutory surplus reserve based on its profit for the year (after offsetting any prior years' losses) as determined based on applicable financial regulations in the PRC in their annual statutory financial statements. When the balance of such reserve fund reaches 50% of the capital, any further appropriation is optional. The Company may also make appropriation to a discretionary surplus reserve provided that the appropriation is approved by a resolution of the shareholders. Subject to resolutions passed in general meetings, the statutory and discretionary surplus reserves can be transferred to the share capital. The balance of the statutory surplus reserve fund after transfers to the share capital should not be less than 25% of the share capital.

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### 39. RESERVES (continued)

#### (d) Principal items of other reserves were summarized as follows:

	Transfer to issued capital (1)	Compensation for post- employment benefit obligation (2)	Transactions with non- controlling interests	Other reserves of associates	TOTAL
As at 31 December 2025	(17,942)	2,847	(69)	(147)	(15,311)
As at 31 December 2024	(17,942)	2,847	(69)	(8)	(15,172)

- (1) In 2009, the Company obtained approval from the MOF for converting into a joint stock company. During the process, certain assets were revalued and the corresponding revaluation surplus was transferred to the issued capital. On consolidation, these revaluations were reversed, creating a negative balance.
- (2) In 2009, the Company recognised an amount of RMB2,847 million recoverable from the MOF as compensation for the Company's assumption of post-employment benefit obligation. The amount was recognised as a special capital contribution from the MOF and was credited to other reserves. The amount has been fully recovered from the MOF.

### 40. NON-CONTROLLING INTERESTS

	31 December 2025	31 December 2024
PICC P&C	96,639	87,525
PICC Life	11,050	7,921
PICC Health	3,491	3,063
Others	103	46
TOTAL	111,283	98,555

## 41. CAPITAL AND RISK MANAGEMENT

### 41.1 Capital management

#### **(a) Governance framework**

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The risk management structure runs through the board of directors, the management and all functional departments and covers all business sectors and branches at all levels of the Group. The board of directors is ultimately responsible for the risk management, internal control, and compliance policy formulation of the Group. The Risk Management & Consumers' Rights and Interests Protection Committee is responsible for having a comprehensive understanding of significant risks faced by the Group and relevant risk management, as well as supervising the effectiveness of the operation of risk management system.

#### **(b) Capital management approach**

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels (by each regulated entity) on a regular basis and taking appropriate actions to adjust the capital position of the Group in light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds and issued bonds. The Group also makes reinsurance arrangements to manage its regulatory capital requirements.

The solvency results of the Group's principal subsidiaries of the fourth quarter of 2025 are prepared in accordance with the requirements of the "Notice on the Distribution of the Regulatory Rules on the Solvency of Insurance Companies (II)" (CBIRC [2021] No. 51) and the "Notice on Matters concerning the Formal Implementation of the Regulatory Rules on the Solvency of Insurance Companies (II)" (CBIRC [2021] No. 52) and the "Notice on Optimising the Regulatory Standards for the Solvency of Insurance Companies by the National Financial Regulatory Administration" (NFRA [2023] No. 5) and the relevant notices issued by the former CBIRC.

Insurance companies carrying out business in China are required to comply with capital requirements imposed by the National Financial Regulatory Administration ("NFRA"). These capital requirements are generally known as solvency requirements in the insurance industry.

Insurance companies comply with requirements on both the core capital and actual capital (sum of core and supplementary capital). Under China Risk Oriented Solvency System, the minimum capital is calculated by formula prescribed by the NFRA. The minimum capital requirement is a result of quantifications of underwriting risks, market risks, credit risks and results of an internal control assessment.

## 41. CAPITAL AND RISK MANAGEMENT (continued)

### 41.1 Capital management

#### *(b) Capital management approach (continued)*

Comprehensive and core solvency margin ratios are defined as actual capital and core capital divided by the minimum capital requirements, respectively. Comprehensive and core solvency margin ratio have to be higher than 100% and 50% respectively for compliance with the solvency requirements. The solvency results of PICC P&C, PICC Life and PICC Health of the fourth quarter of 2025 meet the above regulatory requirements.

The NFRA can take a number of regulatory measures against any insurance company who is not compliant with the solvency requirements. These regulatory measures include restriction on business scope, dividend distributions, investment strategy; order to transfer business or place reinsurance; removal of senior executives of the insurance companies.

#### *(c) Regulatory framework*

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

### 41.2 Risk management

The Group's activities are exposed to insurance risk and varieties of financial risks. The Group issues contracts that transfer insurance risk or financial risk or both. The key financial risk is that proceeding 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. This section summarizes these risks.

## 41. CAPITAL AND RISK MANAGEMENT (continued)

### 41.2 Risk management (continued)

#### (a) Insurance risk

##### (1) Insurance risk types

The risk under an insurance contract is the possibility of occurrence of insured events and uncertainty of the amount and timing of the resulting claims. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This could occur due to any of the following factors:

Occurrence risk – the possibility that the number of insured events will differ from that expected.

Severity risk – the possibility that the costs of the events will differ from those expected.

Development risk – the possibility that changes may occur in the amount of a policyholder's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by careful risk selection and implementation of underwriting strategies and guidelines.

When the underwriting risks principally are mortality risks, epidemics, widespread changes in lifestyle and natural disasters, they may result in earlier or more claims than expected; when the underwriting risks principally are longevity risks, continued improvement in medical science and social conditions that would improve longevity, they may result in losses to annuity or similar contracts. For contracts with discretionary participation features, a significant portion of these insurance risks is shared with the insured parties.

Insurance risk of life insurance contracts is also affected by the policyholders' rights to terminate the contracts, to pay reduced premiums, refuse to pay premiums or to avail annuity conversion rights. Therefore, the resulting insurance risk is subject to policyholders' behavior and decisions.

For non-life insurance contracts, claims are often affected by many factors such as climate changes, natural disasters, calamities, and terrorist activities.

The Group's risk management objectives, policies and processes and the methodology used to measure risk have not changed significantly compared with previous period.

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### 41. CAPITAL AND RISK MANAGEMENT (continued)

#### 41.2 Risk management (continued)

##### (a) Insurance risk (continued)

##### (2) Insurance risk concentration

Non-life claims of certain provinces in the PRC are often affected by natural disasters including flooding, earthquakes and typhoons. Therefore, an undue concentration of risk units in these areas may have an impact on the severity of claim payments on a portfolio basis. The Group has achieved geographical diversification by accepting risks in different provinces of the PRC (including Hong Kong SAR).

The Group's concentration of non-life insurance risk is managed by products and geographical locations, including premiums before and after reinsurance. The location with the highest insurance risk concentration is coastal and developed provinces (including Hong Kong SAR).

For life and health insurance contracts, their insurance risks usually do not vary significantly in relation to the geographical locations of the insured and therefore geographical concentration by locations is not presented.

An analysis for estimation of insurance risk exposure per class of business is provided in the following tables:

	Insurance contract assets	Insurance contract liabilities	Reinsurance contract assets	Reinsurance contract liabilities
<b>31 December 2025</b>				
PICC P&C	764	433,224	43,129	31
PICC Life	–	693,252	636	–
PICC Health	–	104,383	1,646	–
	Insurance contract assets	Insurance contract liabilities	Reinsurance contract assets	Reinsurance contract liabilities
<b>31 December 2024</b>				
PICC P&C	1,713	401,837	40,506	59
PICC Life	–	620,872	61	32
PICC Health	–	92,376	1,621	–

##### (3) Reinsurance

The Group limits its exposure to losses within non-life insurance operations through participation in reinsurance arrangements. The majority of the business ceded is placed on the quota share basis or the surplus line basis with retention limits varying by product lines. There are profit commission, sliding, scale commission and loss participation limit clauses in various proportional reinsurance contracts. Excess of loss catastrophic reinsurance is also arranged to limit the Group's exposure to certain catastrophic events.

Even though the Group may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders, and thus a credit exposure exists with respect to the businesses ceded, to the extent that the reinsurers are unable to meet their obligations assumed under such reinsurance agreements.

**41. CAPITAL AND RISK MANAGEMENT (continued)****41.2 Risk management (continued)****(a) Insurance risk (continued)***(4) Key assumptions and sensitivity analysis*Long-term life insurance contracts

In the process of measuring the insurance contract reserves for long-term life insurance contracts, the Group has to make significant judgments on the assumptions of insurance accident rate, surrender rate, expense, discount rate, mortality, morbidity and policy dividends. These measurement assumptions are based on information available at the balance sheet date. The relevant assumptions are detailed in note 3.

The Group has considered the respective impact of various independent assumptions based on future experience on the insurance contract reserves. When testing an assumption, the other assumptions remain the same.

The following tables present information on how reasonably possible changes in assumptions impact insurance contract liabilities for PICC Life:

Assumptions	Change in assumptions	Pre-tax impact on profit		Pre-tax impact on equity		Pre-tax impact on profit		Pre-tax impact on equity	
		2025		31 December 2025		2024		31 December 2024	
		Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Mortality/morbidity	+10%	(549)	(446)	(1,997)	(1,893)	(538)	(439)	(2,322)	(2,224)
Mortality/morbidity	-10%	534	428	2,109	2,003	526	445	2,458	2,376
Lapse and surrenders rate	+25%	1,223	1,222	1,784	1,783	527	527	1,175	1,175
Lapse and surrenders rate	-25%	(1,549)	(1,548)	(2,039)	(2,038)	(773)	(774)	(1,318)	(1,319)
Expenses	+10%	(179)	(179)	(323)	(322)	(187)	(187)	(363)	(363)
Expenses	-10%	178	177	321	321	184	184	360	360

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### 41. CAPITAL AND RISK MANAGEMENT (continued)

#### 41.2 Risk management (continued)

##### (a) Insurance risk (continued)

##### (4) Key assumptions and sensitivity analysis (continued)

##### *Long-term life insurance contracts (continued)*

The following tables present information on how reasonably possible changes in assumptions impact insurance contract liabilities for PICC Health:

Assumptions	Change in assumptions	Pre-tax impact on profit		Pre-tax impact on equity		Pre-tax impact on profit		Pre-tax impact on equity	
		2025		31 December 2025		2024		31 December 2024	
		Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Mortality/morbidity	+10%	(654)	(583)	(678)	(606)	(603)	(501)	(675)	(570)
Mortality/morbidity	-10%	643	572	666	594	599	497	672	567
Lapse and surrenders rate	+25%	101	103	(139)	(136)	187	198	283	295
Lapse and surrenders rate	-25%	(104)	(106)	215	212	(198)	(210)	(64)	(77)
Expenses	+10%	(24)	(24)	(24)	(24)	(19)	(19)	(40)	(40)
Expenses	-10%	24	24	24	24	19	19	40	40

The above analyses do not take into account the mitigating effect from asset-liability management and possible actions taken by management in view of these changes.

##### *Non-life insurance and short-term health insurance contracts*

The principal assumption underlying the estimates is the Group's past claims development experience. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

The range of reasonable estimates of LIC, projected using different statistical techniques and various key assumptions, represents different views on the speed of settlements, changes in premium rates and the underwriting controls over ultimate losses.

It is not possible to quantify the sensitivity of certain variables such as legislative change and uncertainty in the estimation process with any degree of confidence. Furthermore, because of delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the LIC is not quantifiable with certainty at the end of 2025 and 2024.

**41. CAPITAL AND RISK MANAGEMENT (continued)****41.2 Risk management (continued)****(a) Insurance risk (continued)***(4) Key assumptions and sensitivity analysis (continued)**Non-life insurance and short-term health insurance contracts (continued)*

The following analysis shows the development of claims over a period of time on a gross basis:

	Accident year – gross					Total
	Year ended 31 December					
	2021	2022	2023	2024	2025	
Estimated cumulative claims paid by PICC P&C:						
Total cumulative undiscounted claims paid						
At the end of current year	315,563	331,070	362,420	395,250	407,737	1,812,040
One year later	315,081	321,466	362,074	388,748		1,387,369
Two years later	315,012	313,962	361,684			990,658
Three years later	313,436	311,283				624,719
Four years later	312,913					312,913
Estimated cumulative claims of PICC P&C	312,913	311,283	361,684	388,748	407,737	1,782,365
Cumulative claims paid by PICC P&C	(307,754)	(298,466)	(346,763)	(349,710)	(267,221)	(1,569,914)
Subtotal as at 31 December 2025						212,451
Prior year adjustments, unallocated loss adjustment expenses, discount, non-financial risk adjustment, etc. of PICC P&C						27,968
Gross LIC of other insurance subsidiaries						28,646
LIC, gross						269,065

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### 41. CAPITAL AND RISK MANAGEMENT (continued)

#### 41.2 Risk management (continued)

##### (a) Insurance risk (continued)

##### (4) Key assumptions and sensitivity analysis (continued)

##### *Non-life insurance and short-term health insurance contracts (continued)*

The following analysis shows the development of non-life claims over a period of time on a net basis:

	Accident year – net					Total
	Year ended 31 December					
	2021	2022	2023	2024	2025	
Estimated cumulative claims paid by PICC P&C:						
Total cumulative undiscounted claims paid						
At the end of current year	287,366	299,423	331,652	363,233	374,037	1,655,711
One year later	285,476	290,387	331,354	356,823		1,264,040
Two years later	285,239	283,444	331,201			899,884
Three years later	284,095	280,558				564,653
Four years later	283,592					283,592
Estimated cumulative claims of PICC P&C	283,592	280,558	331,201	356,823	374,037	1,626,211
Cumulative claims paid by PICC P&C	(279,631)	(270,439)	(320,562)	(323,488)	(246,478)	(1,440,598)
Subtotal as at 31 December 2025						185,613
Prior year adjustments, unallocated loss adjustment expenses, discount, non-financial risk adjustment, etc. of PICC P&C						10,371
Net LIC of other insurance subsidiaries						24,575
LIC, net						220,559

The ultimate liabilities will vary as a result of subsequent developments. Differences resulting from the re-assessment of the ultimate liabilities are recognised in subsequent years.

As the claims of PICC Life and PICC Health are usually settled within one year, an analysis of the development of claims by year was not reflected.

## 41. CAPITAL AND RISK MANAGEMENT (continued)

### 41.2 Risk management (continued)

#### (b) Financial risks

##### (1) Credit risk

Credit risk is the risk that one party to a financial instrument or insurance contract will cause a financial loss to the other party by failing to discharge an obligation.

The Group is exposed to credit risks primarily associated with its cash and cash equivalents, financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, insurance contract assets, reinsurance contract assets, term deposits, financial assets measured at fair value through profit or loss and other assets, etc. The Group uses a variety of controls to identify, measure, monitor and report credit risk.

The Group evaluates its credit risks in investments by both qualitative and quantitative analysis, including studying the relevant industry, enterprise management, financial factors, company prospects, as well as the use of internal credit models. The Group mitigates credit risk by using a variety of methods including impositions of aggregate counterparty exposure limits and increasing the diversification of fixed income investment portfolios.

The Group's credit risk associated with insurance mainly arises from non-life insurance business for which the Group only issues insurance policies on credit to corporate customers or to individuals who purchase certain policies through insurance intermediaries. A policyholder usually has a maximum credit period of three months but a longer period can be granted on a discretionary basis. For large corporate customers and certain multi-year policies, payments by instalments are usually arranged.

Except for domestic reinsurance companies, reinsurance of the Group is mainly placed with state-owned reinsurers and reinsurers with Standard & Poor's ratings of A- (or ratings of an equal level given by other international rating institutions such as A.M. Best, Fitch or Moody's) or above. The Group's management performs regular assessment of creditworthiness of reinsurers to update reinsurance purchase strategies and ascertain suitable allowances for impairment of reinsurance assets.

As to debt investment, the Group rates these investments by internal credit rating policies, selects counterparties with high credit quality and sets strict entry criteria.

The Group's debt investment mainly includes domestic government bonds, financial institution bonds, corporate bonds guaranteed by state-owned commercial banks and large enterprise groups, deposits in state-owned or national commercial banks, trust schemes, debt investment plans and asset backed plans, etc. The Group manages the credit risk for these investments mainly through controlling the investment scales, selecting counterparties within the financial institutions with appropriate credit quality prudently, balancing the credit risks and rate of return of investment and considering the internal and external credit rating information comprehensively.

## 41. CAPITAL AND RISK MANAGEMENT (continued)

### 41.2 Risk management (continued)

#### (b) Financial risks (continued)

##### (1) Credit risk (continued)

###### Guarantees and other credit enhancement arrangements

The group holds securities purchased under resale agreements where debt-type investments held by counterparties are used as collateral. In the event of a default by the counterparties, the group has the right to obtain the collateral.

###### Credit quality

The majority of the Group's bank deposits are with the four largest state-owned commercial banks and other national commercial banks. Most of the reinsurance contracts are entered into with state-owned reinsurance companies or large international reinsurance companies. The Group believes these commercial banks and reinsurance companies have a high credit quality. The trustees of the Group's trust plans, creditors' investments plans and asset support plans are mostly large domestic trust companies and asset management companies.

###### Expected credit losses

From 1 January 2023, the Group formulates the credit losses of debt instruments measured at amortized cost and financial assets measured at fair value through other comprehensive income using ECL models according to IFRS 9 requirements.

###### Parameters of ECL model

The parameters and assumptions involved in ECL model are described below:

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments with or without significant increase in credit risk, 12-month or lifetime expected credit losses are provided respectively. The expected credit losses are the result of discounting the product of EAD, PD and LGD.

- (1) Exposure at Default ("EAD"): EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- (2) Probability of Default ("PD"): The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- (3) Loss given Default ("LGD"): LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by seniority of claim and availability of collateral or other credit support.

## 41. CAPITAL AND RISK MANAGEMENT (continued)

### 41.2 Risk management (continued)

#### (b) Financial risks (continued)

##### (1) Credit risk (continued)

###### Judgement of significant increase in credit risk ("SICR")

The Group considers various reasonable supporting information to judge if there is significant increase in credit risk, including the forward-looking information, when determining the ECL staging for financial assets. Major factors being considered include regulatory and operating environment, internal and external credit ratings, solvency, and operational capabilities. The Group could base on individual financial instruments or portfolios of financial instruments with similar credit risk characteristics to determine ECL staging by comparing the credit risks of the financial instruments at the reporting date with initial recognition.

The judgement criteria mainly include the significant fluctuations in evaluation of bonds, significant changes in the financial business performance of the issuers, obvious changes in the issuers' ability and willingness of the solvency, incidents that affect the security of the bonds and other indicators of SICR, etc. In the judgement of whether the financial instruments have SICR after initial recognition, the Group considers the 30 days past due as one of criteria of SICR, in accordance with the standard.

###### The definition of credit-impaired assets

Under IFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets, while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- Default (considered to be default if it is 90 days past due);
- The debtor has significant financial difficulties;
- The lender gives the debtor concessions for economic or contractual reasons due to the debtor's financial difficulties, where such concessions are normally reluctant to be made by the lender;
- The debtor is likely to go bankrupt or other financial restructuring;
- The active market for financial assets disappears;
- Purchase or generate a financial asset at a significant discount that reflects the fact of credit loss.

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable events.

## 41. CAPITAL AND RISK MANAGEMENT (continued)

### 41.2 Risk management (continued)

#### (b) Financial risks (continued)

##### (1) Credit risk (continued)

###### Forward-looking information

The determinations of 12 months and the lifetime EAD, PD and LGD also incorporate forward-looking information. The Group has performed historical data analysis and identified the key macroeconomic variables associated with credit risk and expected credit losses for each portfolio. The Group has developed macroeconomic forward looking adjustment model by establishing a pool of macro-economic indicators, preparing data, filtering model factors and adjusting forward-looking elements, and the indicators include Gross Domestic Product ("GDP"), Customer Price Index ("CPI") and other macroeconomic variables. Through regression analysis, the relationship for ECL is established, and the ECL is then determined through forecasting economic indicator.

During the reporting period, the Group adjusted the predicted values of forward-looking economic indicators by statistical analysis and also considered the range of possible outcomes represented by each scenario, to determine the final macroeconomic scenarios and weights for measuring the relevant expected credit loss. The Group has the highest weight of the base scenario, and the weight of the base scenario is higher than the sum of the weight of other base scenarios.

The cumulative year-on-year growth rate of GDP used in the various scenarios to evaluate ECL at 31 December 2025 ranges from 4.09% to 5.88% under the base, optimistic, and adverse scenarios.

Similar to other economic forecasts, the estimates of economic indicators have high inherent uncertainties, actual results may have significant difference with estimates. The Group considered the estimates above represented the optimal estimation of possible outcomes.

**41. CAPITAL AND RISK MANAGEMENT (continued)****41.2 Risk management (continued)****(b) Financial risks (continued)***(1) Credit risk (continued)*Credit exposure

The following table presents the credit risk exposure of the main financial assets under the scope of expected credit loss. Without considering guarantees or any other credit enhancement measures, for on-balance sheet assets, the maximum credit risk exposure is presented as the net carrying amount of the main financial assets:

	31 December 2025			Maximum credit risk exposure
	Stage 1	Stage 2	Stage 3	
Cash and cash equivalents	59,874	–	–	59,874
Financial investments:				
Financial assets measured at amortized cost	321,283	1,285	88	322,656
Debt instruments measured at fair value through other comprehensive income	607,327	–	–	607,327
Term deposits	127,438	–	–	127,438
Restricted statutory deposits	13,662	–	–	13,662
<b>TOTAL</b>	<b>1,129,584</b>	<b>1,285</b>	<b>88</b>	<b>1,130,957</b>

	31 December 2024			Maximum credit risk exposure
	Stage 1	Stage 2	Stage 3	
Cash and cash equivalents	44,132	–	–	44,132
Financial investments:				
Financial assets measured at amortized cost	311,716	4,435	80	316,231
Debt instruments measured at fair value through other comprehensive income	523,581	–	–	523,581
Term deposits	126,556	–	–	126,556
Restricted statutory deposits	14,745	–	–	14,745
<b>TOTAL</b>	<b>1,020,730</b>	<b>4,435</b>	<b>80</b>	<b>1,025,245</b>

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### 41. CAPITAL AND RISK MANAGEMENT (continued)

#### 41.2 Risk management (continued)

##### (b) Financial risks (continued)

###### (1) Credit risk (continued)

###### Impairment stage changes

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets between the beginning and the end of the annual period due to these factors:

Financial assets measured at amortized cost	Stage 1		Stage 2		Stage 3		TOTAL
	12-month ECL		Lifetime ECL		Lifetime ECL		
	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	
1 January 2025	312,588	872	4,517	82	398	318	1,272
Net increase/(decrease) for the year	9,512	(55)	(2,092)	1,058	(2)	(10)	993
Net amount transfer in/(out) from Stage 1 to Stage 2	-	-	-	-	-	-	-
Net amount transfer in/(out) from Stage 1 to Stage 3	-	-	-	-	-	-	-
Net amount transfer in/(out) from Stage 2 to Stage 3	-	-	-	-	-	-	-
31 December 2025	322,100	817	2,425	1,140	396	308	2,265

Debt instruments measured at fair value through other comprehensive income	Stage 1		Stage 2		Stage 3		TOTAL
	12-month ECL		Lifetime ECL		Lifetime ECL		
	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	
1 January 2025	523,581	364	-	-	-	-	364
Net increase/(decrease) for the year	83,746	45	-	-	-	-	45
Net amount transfer in/(out) from Stage 1 to Stage 2	-	-	-	-	-	-	-
Net amount transfer in/(out) from Stage 1 to Stage 3	-	-	-	-	-	-	-
Net amount transfer in/(out) from Stage 2 to Stage 3	-	-	-	-	-	-	-
31 December 2025	607,327	409	-	-	-	-	409

**41. CAPITAL AND RISK MANAGEMENT (continued)****41.2 Risk management (continued)****(b) Financial risks (continued)***(1) Credit risk (continued)**Impairment stage changes (continued)*

The following tables explain the changes in the gross carrying amount and impairment provision of the main financial assets between the beginning and the end of the annual period due to these factors: (continued)

	Stage 1		Stage 2		Stage 3		TOTAL
	12-month ECL		Lifetime ECL		Lifetime ECL		
	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	
<b>Financial assets measured at amortized cost</b>							
1 January 2024	311,984	1,793	8,785	399	532	504	2,696
Net increase/(decrease) for the year	(3,407)	(1,235)	(257)	(3)	(134)	(186)	(1,424)
Net amount transfer in/(out) from Stage 1 to Stage 2	4,011	314	(4,011)	(314)	-	-	-
Net amount transfer in/(out) from Stage 1 to Stage 3	-	-	-	-	-	-	-
Net amount transfer in/(out) from Stage 2 to Stage 3	-	-	-	-	-	-	-
31 December 2024	312,588	872	4,517	82	398	318	1,272

	Stage 1		Stage 2		Stage 3		TOTAL
	12-month ECL		Lifetime ECL		Lifetime ECL		
	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision	
<b>Debt instruments measured at fair value through other comprehensive income</b>							
1 January 2024	338,717	652	-	-	-	-	652
Net increase/(decrease) for the year	184,864	(288)	-	-	-	-	(288)
Net amount transfer in/(out) from Stage 1 to Stage 2	-	-	-	-	-	-	-
Net amount transfer in/(out) from Stage 1 to Stage 3	-	-	-	-	-	-	-
Net amount transfer in/(out) from Stage 2 to Stage 3	-	-	-	-	-	-	-
31 December 2024	523,581	364	-	-	-	-	364

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### 41. CAPITAL AND RISK MANAGEMENT (continued)

#### 41.2 Risk management (continued)

##### (b) Financial risks (continued)

###### (1) Credit risk (continued)

###### *Measurement of expected credit losses*

The following table contains an analysis of the credit risk grading of financial assets at amortized cost and debt instruments measured at fair value through other comprehensive income. The carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

For financial assets that meet the condition of only paying principal and interest, except for overseas bonds held, the credit ratings of other financial assets are given by qualified domestic rating agencies, and their risk disclosures are as follows:

<b>Domestic debt investments measured at amortized cost and debt investments measured at fair value through other comprehensive income</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Credit rating		
AAA	645,635	604,987
AA+	2,061	715
AA	299	–
A-	439	–
A-1	–	–
A and lower rating	498	597
Not rated or exempted from rating	273,596	227,980
<b>TOTAL</b>	<b>922,528</b>	<b>834,279</b>

Government bonds and certain financial bonds issued by policy banks with low credit risks are included in the not rated or exempted from rating category.

For overseas bonds that meet the condition of only paying principal and interest, Moody's ratings are used, and their credit risk exposures are as follows:

<b>Overseas debt investments measured at amortized cost and debt investments measured at fair value through other comprehensive income</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Credit rating		
Aaa	166	601
Aa (include Aa1, Aa2 and Aa3)	1,219	571
A (include A1, A2 and A3)	4,842	3,165
Baa (include Baa1, Baa2 and Baa3)	477	375
Not rated	751	821
<b>TOTAL</b>	<b>7,455</b>	<b>5,533</b>

**41. CAPITAL AND RISK MANAGEMENT (continued)****41.2 Risk management (continued)****(b) Financial risks (continued)***(2) Liquidity risk*

Liquidity risk is the risk of not having access to sufficient funds or being unable to liquidate a position in a timely manner at a reasonable price to meet the Group's obligations as they become due.

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations and fund its lending and investment operations on a timely basis.

The Group manages the liquidity risks of its major operating subsidiaries by requiring them to perform cash flow forecasts on a quarterly basis under different scenarios and establish contingency plans for any expected shortfall of liquidity.

The Group held cash and cash equivalents which accounted for 2.95% of total assets as at 31 December 2025 (31 December 2024: 2.50%).

It is unusual for an enterprise primarily transacting insurance business to predict the requirements of funding with absolute certainty, as the theory of probability is applied on insurance contracts to ascertain the likely provision and the period when such liabilities will require settlement. The amounts and maturity periods of these insurance liabilities are thus based on management's best estimate according to statistical techniques and past experience.

## Notes to the Consolidated Financial Statements (Continued)

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### 41. CAPITAL AND RISK MANAGEMENT (continued)

#### 41.2 Risk management (continued)

##### (b) Financial risks (continued)

##### (2) Liquidity risk (continued)

##### *Maturity profiles of financial assets and financial liabilities*

The table below summarizes maturity profiles of main financial assets and major financial liabilities of the Group. Maturity profiles of financial assets and financial liabilities are prepared, using the contractual or expected collection or repayment dates. The maturity date is determined based on the remaining contractual terms, liabilities payable upon notification are classified as demand liabilities.

	31 December 2025						TOTAL
	On demand/ past due	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity date	
Financial assets							
Cash and cash equivalents	23,916	35,969	–	–	–	–	59,885
Financial assets measured at amortized cost	–	8,270	66,335	103,888	256,997	–	435,490
Financial assets measured at fair value through other comprehensive income	–	10,298	30,823	170,472	639,070	169,046	1,019,709
Financial assets measured at fair value through profit or loss	–	8,782	11,723	43,870	136,670	227,249	428,294
Term deposits	–	1,267	14,888	117,514	1,820	–	135,489
Restricted statutory deposits	–	123	935	12,238	1,010	–	14,306
<b>TOTAL</b>	<b>23,916</b>	<b>64,709</b>	<b>124,704</b>	<b>447,982</b>	<b>1,035,567</b>	<b>396,295</b>	<b>2,093,173</b>
Financial liabilities							
Financial liabilities measured at fair value through profit or loss	–	–	–	–	–	22,210	22,210
Securities sold under agreements to repurchase	–	180,808	–	–	–	–	180,808
Investment contract liabilities	1,726	4,494	269	193	197	–	6,879
Bonds payable	–	12,772	2,308	17,660	12,225	–	44,965
Lease liabilities	–	142	789	1,037	87	–	2,055
<b>TOTAL</b>	<b>1,726</b>	<b>198,216</b>	<b>3,366</b>	<b>18,890</b>	<b>12,509</b>	<b>22,210</b>	<b>256,917</b>

**41. CAPITAL AND RISK MANAGEMENT (continued)****41.2 Risk management (continued)****(b) Financial risks (continued)***(2) Liquidity risk (continued)**Maturity profiles of financial assets and financial liabilities (continued)*

	31 December 2024						TOTAL
	On demand/ past due	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years	No maturity date	
Financial assets							
Cash and cash equivalents	24,519	19,613	-	-	-	-	44,132
Financial assets measured at amortized cost	-	7,406	29,344	162,583	180,269	-	379,602
Financial assets measured at fair value through other comprehensive income	-	5,359	33,373	139,556	403,055	115,778	697,121
Financial assets measured at fair value through profit or loss	-	1,483	5,842	24,346	124,133	197,313	353,117
Term deposits	-	7,795	23,105	79,317	22,300	-	132,517
Restricted statutory deposits	-	34	3,654	11,511	-	-	15,199
<b>TOTAL</b>	<b>24,519</b>	<b>41,690</b>	<b>95,318</b>	<b>417,313</b>	<b>729,757</b>	<b>313,091</b>	<b>1,621,688</b>
Financial liabilities							
Financial liabilities measured at fair value							
through profit or loss	-	-	-	-	-	7,506	7,506
Securities sold under agreements to repurchase	-	111,239	-	-	-	-	111,239
Investment contract liabilities	1,934	78	253	5,902	5	-	8,172
Bonds payable	-	8,397	1,145	17,075	31,532	-	58,149
Lease liabilities	-	201	541	1,419	154	-	2,315
<b>TOTAL</b>	<b>1,934</b>	<b>119,915</b>	<b>1,939</b>	<b>24,396</b>	<b>31,691</b>	<b>7,506</b>	<b>187,381</b>

## Notes to the Consolidated Financial Statements (Continued)

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### 41. CAPITAL AND RISK MANAGEMENT (continued)

#### 41.2 Risk management (continued)

##### (b) Financial risks (continued)

##### (2) Liquidity risk (continued)

##### *Insurance liquidity risk*

For insurance and reinsurance contracts issued, the liquidity of undiscounted cash flow is as follows (the LRC for insurance contracts issued and the ARC for reinsurance contracts held measured under the PAA are not included in the tables):

	31 December 2025						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	TOTAL
Reinsurance contract assets, net	28,437	4,665	2,748	2,244	1,127	5,857	45,078
Insurance contract liabilities, net	138,332	62,580	56,709	67,747	61,930	1,503,392	1,890,690

	31 December 2024						
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	TOTAL
Reinsurance contract assets, net	20,429	4,447	1,995	1,554	977	2,585	31,987
Insurance contract liabilities, net	141,532	69,804	68,031	47,887	64,779	1,291,553	1,683,586

Amount that policyholders can demand repayment at any time:

	31 December 2025		31 December 2024	
	Amount that policyholders can demand repayment at any time	Carrying amount	Amount that policyholders can demand repayment at any time	Carrying amount
Insurance contract liabilities	651,206	794,649	569,333	710,483

## 41. CAPITAL AND RISK MANAGEMENT (continued)

### 41.2 Risk management (continued)

#### (b) Financial risks (continued)

##### (3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk), market interest rates (interest rate risk) or market prices (other price risk).

The Group uses multiple methods managing market risk, including using sensitive analysis, Value-at-Risk ("VaR"), stress test, scenario analysis and other quantitative models to analyse market risks; mitigating market risk through a diversified investment portfolio; implementing investment risk budget management, setting an acceptable risk tolerance level according to development goals, making investment risk budget and tracking the risk control results dynamically to maintain market risk exposure within an acceptable level.

##### Foreign currency risk

Currency risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are settled in Renminbi ("RMB"), and it is not exposed to significant risk except for certain insurance policies settled in United States Dollars ("USD") and Hong Kong Dollars ("HKD"), and other foreign currencies, as well as the foreign exchange risk arising from holding certain financial assets and liabilities denominated in USD, HKD, and other foreign currencies.

## Notes to the Consolidated Financial Statements (Continued)

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### 41. CAPITAL AND RISK MANAGEMENT (continued)

#### 41.2 Risk management (continued)

##### (b) Financial risks (continued)

##### (3) Market risk (continued)

##### Foreign currency risk

The table below summarizes the Group's main assets and liabilities by major currency, expressed in RMB equivalent:

31 December 2025	RMB	USD in RMB equivalent	HKD in RMB equivalent	Others in RMB equivalent	Total in RMB equivalent
Cash and cash equivalents	58,081	866	857	70	59,874
Financial assets measured at amortized cost	322,656	–	–	–	322,656
Financial assets measured at fair value through other comprehensive income	768,869	6,469	1,035	–	776,373
Financial assets measured at fair value through profit or loss	401,406	4,920	3,391	–	409,717
Insurance contract assets	530	209	18	37	794
Reinsurance contract assets	40,757	1,469	205	(281)	42,150
Term deposits	123,482	3,662	290	4	127,438
Restricted statutory deposits	13,662	–	–	–	13,662
<b>Total assets</b>	<b>1,729,443</b>	<b>17,595</b>	<b>5,796</b>	<b>(170)</b>	<b>1,752,664</b>
Financial liabilities measured at fair value through profit or loss	22,210	–	–	–	22,210
Securities sold under agreements to repurchase	180,763	–	–	–	180,763
Insurance contract liabilities	1,234,882	4,547	264	(174)	1,239,519
Reinsurance contract liabilities	38	(34)	120	22	146
Investment contract liabilities	6,879	–	–	–	6,879
Bonds payable	41,806	–	–	–	41,806
<b>Total liabilities</b>	<b>1,486,578</b>	<b>4,513</b>	<b>384</b>	<b>(152)</b>	<b>1,491,323</b>
<b>Net exposure</b>	<b>242,865</b>	<b>13,082</b>	<b>5,412</b>	<b>(18)</b>	<b>261,341</b>

**41. CAPITAL AND RISK MANAGEMENT (continued)****41.2 Risk management (continued)****(b) Financial risks (continued)***(3) Market risk (continued)**Foreign currency risk (continued)*

The table below summarizes the Group's main assets and liabilities by major currency, expressed in RMB equivalent: (continued)

31 December 2024	RMB	USD in RMB equivalent	HKD in RMB equivalent	Others in RMB equivalent	Total in RMB equivalent
Cash and cash equivalents	41,263	1,293	1,535	41	44,132
Financial assets measured at amortized cost	316,231	–	–	–	316,231
Financial assets measured at fair value through other comprehensive income	633,604	3,262	2,493	–	639,359
Financial assets measured at fair value through profit or loss	312,338	3,914	1,418	–	317,670
Insurance contract assets	1,417	269	33	9	1,728
Reinsurance contract assets	37,683	596	1,493	(10)	39,762
Term deposits	123,124	2,770	662	–	126,556
Restricted statutory deposits	14,745	–	–	–	14,745
Total assets	1,480,405	12,104	7,634	40	1,500,183
Financial liabilities measured at fair value through profit or loss	7,506	–	–	–	7,506
Securities sold under agreements to repurchase	111,236	–	–	–	111,236
Insurance contract liabilities	1,118,181	1,794	2,691	131	1,122,797
Reinsurance contract liabilities	67	2	2	–	71
Investment contract liabilities	8,166	–	5	–	8,171
Bonds payable	50,132	–	–	–	50,132
Total liabilities	1,295,288	1,796	2,698	131	1,299,913
Net exposure	185,117	10,308	4,936	(91)	200,270

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### 41. CAPITAL AND RISK MANAGEMENT (continued)

#### 41.2 Risk management (continued)

##### (b) Financial risks (continued)

##### (3) Market risk (continued)

##### Foreign currency risk (continued)

Sensitivity analysis

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive main financial assets and liabilities.

	31 December 2025	
	Pre-tax impact on profit Increase/(decrease)	Pre-tax impact on equity Increase/(decrease)
<b>Exchange rate of foreign currencies</b>		
+5%	921	924
-5%	(921)	(924)

	31 December 2024	
	Pre-tax impact on profit Increase/(decrease)	Pre-tax impact on equity Increase/(decrease)
<b>Exchange rate of foreign currencies</b>		
+5%	747	758
-5%	(747)	(758)

The method used for deriving sensitivity information and significant variables has not changed from the previous year.

##### Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, while fix rate instruments expose the Group to fair value interest rate risk.

Based on asset liability matching gap analysis, the Group implements sensitive analysis and stress tests to monitor and to evaluate interest rate risk regularly. The Group manages interest rate risk by monitoring the average duration and expiry dates as well as adjusting composition of portfolio.

## 41. CAPITAL AND RISK MANAGEMENT (continued)

### 41.2 Risk management (continued)

#### (b) Financial risks (continued)

##### (3) Market risk (continued)

###### Interest rate risk (continued)

###### Sensitivity analysis

At 31 December 2025, with all other variables held constant, if market interest rates had been 50 basis points higher or lower, the impact on the Group's profit before tax for the year from the corresponding changes in the Group's related financial assets and insurance and reinsurance contracts would be a decrease of RMB2,927 million or an increase of RMB2,845 million (31 December 2024: a decrease of RMB2,019 million or an increase of RMB1,552 million); the impact on the Group's shareholders' equity before tax was an increase of RMB10,356 million or a decrease of RMB15,422 million (31 December 2024 an increase of RMB15,737 million or a decrease of RMB21,660 million)

###### Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure mainly relates to stock and fund investments whose values will fluctuate as a result of changes in market prices, and insurance contracts with direct participation features.

The Group's price risk policy requires setting and managing investment objectives. Subject to laws and regulatory policies, the Group manages price risk by diversification of investments, setting limits for investments in different securities, etc.

###### Sensitivity analysis

At 31 December 2025, with all other variables held constant, if the value of investments held by the Group, including stocks, equity funds and asset management products etc., which fluctuates with market prices had been 5% higher or lower, the impact on the Group's profit before tax for the year from the corresponding changes in the Group's related financial assets and insurance contracts would be an increase of RMB7,327 million or a decrease of RMB7,407 million (31 December 2024: an increase of RMB5,703 million or a decrease of RMB6,228 million); the impact on the Group's shareholders' equity before tax was an increase of RMB10,928 million or a decrease of RMB11,008 million (31 December 2024: an increase of RMB12,759 million or a decrease of RMB13,284 million).

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

### 42. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Determination of fair value and the fair value hierarchy

This note provides information on how the Group determines the fair value of its financial assets and financial liabilities. For details on the fair value measurement of investment properties, please refer to note 24 of these consolidated financial statements.

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 42(c) of these consolidated financial statements.

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

**42. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)****Determination of fair value and the fair value hierarchy (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 inputs used).

Items	Fair value 31 December 2025	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets measured at fair value through profit or loss	183,784	Level 1	Quoted bid prices in an active market.
Financial assets measured at fair value through profit or loss	161,558	Level 2	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.
Financial assets measured at fair value through profit or loss	45,539	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as adjustment for liquidity restriction, comparable company method, net asset value method and recent financing price.
Financial assets measured at fair value through profit or loss	18,836	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	14,509	Level 1	Quoted bid prices in an active market.
Debt instruments measured at fair value through other comprehensive income	592,818	Level 2	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.
Equity instruments measured at fair value through other comprehensive income	70,514	Level 1	Quoted bid prices in an active market.
Equity instruments measured at fair value through other comprehensive income	73,219	Level 2	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.
Equity instruments measured at fair value through other comprehensive income	316	Level 3	Valuation techniques with non-observable input value are used to determine fair value, such as adjustment for liquidity restriction, comparable company method, net asset value method and recent financing price.
Equity instruments measured at fair value through other comprehensive income	24,997	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	22,210	Level 2	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.

## Notes to the Consolidated Financial Statements (Continued)

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(Amounts in millions of Renminbi, unless otherwise stated)

### 42. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### Determination of fair value and the fair value hierarchy (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 31 December 2024	Fair value hierarchy	Valuation technique(s) and key input(s)
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	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.
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 adjustment for liquidity restriction, 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	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.
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	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.
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 adjustment for liquidity restriction, 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	Valuations are generally obtained from third-party valuation service providers for identical or comparable assets, or through the use of valuation methodologies using observable market inputs.

As at 31 December 2025, the Group transferred certain debt securities with a carrying amount of RMB7,762 million (2024: RMB8,022 million) from Level 1 to Level 2 as the Group could not obtain quoted prices in active markets. The Group transferred debt securities with a carrying amount of RMB6,341 million (2024: RMB12,499 million) from Level 2 to Level 1 as the Group is able to obtain quoted prices in active markets.

**42. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)****Determination of fair value and the fair value hierarchy (continued)****(b) Reconciliation of Level 3 fair value measurements**

	2025	2024
As at 1 January	80,959	84,391
Unrealised (losses)/gains recognised in other comprehensive income	(198)	1,899
Additions	18,162	14,163
Gains recognised in profit or loss	942	1,686
Transfer from Level 3 to Level 1	(4,089)	(2)
Disposals	(6,088)	(21,178)
As at 31 December	89,688	80,959

As at 31 December 2025 and 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:

	Fair value level at 31 December 2025			
	Level 1	Level 2	Level 3	TOTAL
Financial assets:				
Financial assets measured at amortized cost	45,177	197,875	103,302	346,354
Financial liabilities:				
Bonds payable	–	42,132	–	42,132
	Fair value level at 31 December 2024			
	Level 1	Level 2	Level 3	TOTAL
Financial assets:				
Financial assets measured at amortized cost	4,303	172,910	172,265	349,478
Financial liabilities:				
Bonds payable	–	51,176	–	51,176

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 are estimated cash flow and the discount rate that represents the risk counterparty and the Group.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

### 43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	2025				TOTAL
	Securities sold under agreements to repurchase (note 32)	Bonds payable (note 33)	Bank borrowings (note)	Lease liabilities (note 34)	
As at 1 January 2025	111,236	50,132	357	2,113	163,838
Financing cash flows	67,663	(9,541)	(70)	(1,301)	56,751
Finance costs	1,864	1,215	10	45	3,134
New leases entered	–	–	–	1,024	1,024
As at 31 December 2025	180,763	41,806	297	1,881	224,747

	2024				TOTAL
	Securities sold under agreements to repurchase (note 32)	Bonds payable (note 33)	Bank borrowings (note)	Lease liabilities (note 34)	
As at 1 January 2024	108,969	37,992	603	2,270	149,834
Financing cash flows	623	10,725	(261)	(1,057)	10,030
Finance costs	1,644	1,415	15	56	3,130
New leases entered	–	–	–	844	844
As at 31 December 2024	111,236	50,132	357	2,113	163,838

Note: Bank borrowings were included in other liabilities and disclosed in note 37.

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

Given the nature of the insurance business, the Group is involved in legal proceedings in the ordinary course of business, including as plaintiff or defendant in litigation and arbitration. These legal proceedings primarily involve claims arising from the Group's insurance policies, and some losses arising therefrom may be partly indemnified by reinsurers or recoverable through other means, including salvages and subrogation. During the year ended 31 December 2025, the Group was involved in similar legal proceedings related to certain insurance business activities. The claim amounts in these cases are significant, and the proceedings remain ongoing. While the outcomes of these contingencies, lawsuits or other proceedings cannot currently be determined, and the likelihood and amounts of any potential losses cannot be reliably estimated, the Group believes that any resulting liabilities, if any, will not have a material adverse effect on the financial position at 31 December 2025 or on its operating results for the year then ended.

**(b) Capital commitments**

	31 December 2025	31 December 2024
Property and equipment/intangible assets commitments:		
Contracted, but not provided for	1,293	896

	31 December 2025	31 December 2024
Investment commitments:		
Contracted, but not provided for	7,861	8,353

**45. OPERATING LEASING ARRANGEMENTS****The Group as lessor**

The Group leases its investment properties (note 24) under operating lease arrangements, with lease terms ranging from 1 to 23 years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

Undiscounted lease payment receivables on leases are as follows:

	31 December 2025	31 December 2024
Within one year, inclusive	383	407
In the second year, inclusive	295	280
In the third year, inclusive	221	207
In the fourth year, inclusive	165	156
In the fifth year, inclusive	92	120
After five years	276	193
<b>TOTAL</b>	<b>1,432</b>	<b>1,363</b>

#### 46. RELATED PARTY DISCLOSURES

- (a) A party is considered to be related to the Group if:
- (1) the party is a person or a close member of that person's family and that person:
    - (i) has control or joint control over the Group;
    - (ii) has significant influence over the Group; or
    - (iii) is a member of the key management personnel of the Group or of a parent of the Group; or
  - (2) the party is an entity where any of the following conditions applies:
    - (i) the entity and the Group are members of the same group;
    - (ii) one entity is an associate or a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
    - (iii) the entity and the Group are joint ventures of the same third party;
    - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
    - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
    - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
    - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**46. RELATED PARTY DISCLOSURES (continued)**

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

(c) During the year, the Group had the following significant related party transactions:

<b>Transactions with associates:</b>	<b>2025</b>	<b>2024</b>
Industrial Bank		
Gross written premiums	240	214
Investment income	230	283
Dividend income	2,840	2,786
Claims and policyholders' benefits	159	142
Handling charges and commission expenses	23	34
Hua Xia Bank		
Gross written premiums	7	6
Investment income	92	92
Dividend income	1,038	1,241
Handling charges and commission expenses	5	3
Claims and policyholders' benefits	4	–
Other associates		
Investment income	13	33
Dividend income	450	335
Other income	11	12
Purchase of spare parts	–	171
Other operating and administrative expense	–	1

The transactions described above do not constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

(Amounts in millions of Renminbi, unless otherwise stated)

### 46. RELATED PARTY DISCLOSURES (continued)

#### (d) Balances with related parties

	31 December 2025	31 December 2024
<b>Receivables from associates</b>		
Industrial Bank		
Cash and cash equivalents	2,817	2,596
Financial assets measured at fair value through other comprehensive income	–	947
Term deposits	4,169	6,280
Hua Xia Bank		
Cash and cash equivalents	91	100
Term deposits	3,572	3,525
Other associates		
Financial assets measured at fair value through other comprehensive income	–	830
Other assets	–	6

	31 December 2025	31 December 2024
<b>Payables to associates</b>		
Other associates		
Other liabilities	13	14

#### (e) Compensation of key management personnel

Key management personnel of the Company include certain Directors, Supervisors and Senior Management. The summary of compensation of key management personnel for 2025 and 2024 is as follows:

	2025 (in RMB'000)	2024 (in RMB'000) (Restated)
Short-term employee benefits	4,995	8,010
Other long-term benefits	750	874
Retirement benefits	1,589	1,898
Total compensation paid to key management personnel	7,334	10,782

## 46. RELATED PARTY DISCLOSURES (continued)

### (f) 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.

## 47. STRUCTURED ENTITIES

The Group issues certain structured entities, and acts as a manager for such entities according to the contracts. Meanwhile, the Group may be exposed to variability of returns as a result of holding shares of the structured entities. In addition, the Group may also hold structured entities originated and managed by other asset managers. To determine whether it exercises control over a structured entity, the Group primarily evaluates its overall economic interest in the entity (including returns derived from direct holdings and anticipated management fees etc.) as well as the scope of its decision-making authority over the entity. At each balance sheet date, additions, redemptions or liquidations of structured entities included in the scope of consolidation result in a change in the scope of consolidation.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

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### 47. STRUCTURED ENTITIES (continued)

- (a) As at 31 December 2025, management determined that the Group has control of certain structured entities and the significant consolidated structured entities are as follows:

Name	Percentage of shares held	Paid-in capital	Principal activities
Chongqing Trust • China Railway Engineering Group Collective Fund Trust Schemes	76.25%	8,000	Investment management
PICC Capital – Nanjing Yangtze River State Investment Shantytown Renovation Debt Investment Schemes	100.00%	5,700	Investment management
Aviation Industry Corporation of China Trust • Tianqi 22A302 Industrial and Commercial Enterprise Loan Collective Fund Trust Schemes	91.27%	5,500	Investment management
PICC Asset – China Resources Land 2024 No. 1 Consumer Infrastructure Asset-Backed Schemes	99.98%	5,334	Investment management
PICC Capital – State Grid Xinyuan Equity Investment Schemes	100.00%	5,006	Investment management

- (b) Investments in unconsolidated structured entities are disclosed in respective notes of “Financial assets measured at amortized cost”, “Financial assets measured at fair value through other comprehensive income” and “Financial assets measured at fair value through profit or loss”. The corresponding investment income is recorded in profit or loss as changes in fair values, realised gains/losses, dividend or interest income, and impairment losses. Certain subsidiaries of the Group are managers of these structured entities and therefore are considered sponsor of these entities. Assets management income earned by the asset management segment is disclosed in note 7 of these consolidated financial statements.

As at 31 December 2025, the interest rate of the Group’s debt investment schemes were 2.80%-6.00% per annum (2024: 3.47%-6.00% per annum); The trust schemes mainly invest in debt instruments and provides an annual return of 2.60%-5.75% (2024: 3.07%-6.00%) to the Group; Asset management products contain a variety of financial products that are not quoted in active markets and provide their investors with fixed or determinable returns, these financial products include securitised assets, creditor’s right of return and asset-backed security offered by banks, securities companies or asset management companies, as at 31 December 2025, the yields of these financial products were 2.46%-6.08% (2024: 2.25%-6.08%).

**47. STRUCTURED ENTITIES (continued)**

The Group does not control any of these structured entities and therefore does not consolidate these structured entities. The following table shows the Groups' interests in unconsolidated structured entities. It also shows the Group's maximum exposure to these unconsolidated structured entities, representing the Group's maximum possible risk exposure that could occur. The Group does not provide any financial support for these unconsolidated structured entities:

	31 December 2025		
	Carrying amount of the investment	The Group's maximum exposure	Interest held by the Group
Products managed by the Group (note 1)	18,429	18,429	Investment income and management fee
Products managed by third parties (note 2)	134,466	134,466	Investment income
Total	152,895	152,895	

	31 December 2024		
	Carrying amount of the investment	The Group's maximum exposure	Interest held by the Group
Products managed by the Group (note 1)	28,293	28,293	Investment income and management fee
Products managed by third parties (note 2)	167,454	167,454	Investment income
Total	195,747	195,747	

Note 1: As at 31 December 2025, the size of unconsolidated structured entities that the Group sponsored was RMB332,396 million (31 December 2024: RMB427,967 million). As at 31 December 2025, the size of the unconsolidated structured entities that the Group sponsored but had no interest was RMB260,378 million (as at 31 December 2024: RMB323,856 million), which were mainly funds, asset management products and pension products, etc., sponsored by the Group to generate management service fee income; In 2025, the management service fee from these structured entities was RMB308 million (2024: RMB351 million), which was recorded as other income.

Note 2: The structured entities are sponsored by third party financial institutions and the information related to the size of these structured entities were not publicly available.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

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### 48. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	31 December 2025	31 December 2024
<b>ASSETS</b>		
Cash and cash equivalents	290	693
Financial assets purchased under resale agreements	2,616	3,190
Financial investment:		
Financial assets measured at fair value through profit or loss	3,186	2,701
Financial assets measured at amortized cost	2,892	4,212
Debt financial assets measured at fair value through other comprehensive income	10,935	10,634
Equity financial assets measured at fair value through other comprehensive income	4,865	4,845
Term Deposits	585	581
Long-term equity investment	92,536	92,390
Investment properties	2,220	2,232
Fixed assets	2,880	2,911
Intangible assets	277	160
Other assets	416	614
<b>TOTAL ASSETS</b>	<b>123,698</b>	<b>125,163</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Securities sold under agreements to repurchase	–	890
Salaries and staff welfare payables	3,461	3,695
Tax payable	32	3
Bonds payable	12,225	12,225
Other liabilities	2,510	3,777
<b>TOTAL LIABILITIES</b>	<b>18,228</b>	<b>20,590</b>
<b>EQUITY</b>		
Issued capital	44,224	44,224
Capital reserves	35,578	35,578
Other comprehensive income	786	472
Surplus reserves	17,742	16,835
Retained profits	7,140	7,464
<b>TOTAL EQUITY</b>	<b>105,470</b>	<b>104,573</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>123,698</b>	<b>125,163</b>



## Notes to the Consolidated Financial Statements (Continued)

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(Amounts in millions of Renminbi, unless otherwise stated)

### **48. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)**

The balance sheet and reserve movements of the Company disclosed in this note are prepared in accordance with China Accounting Standards (“CAS”), the primary accounting standards for the Company to determine the amount of retained profits available for distribution.

There is no material difference in recognition and measurement between CAS and the significant accounting policies as disclosed in note 2.5 in preparation of the above balance sheet and reserve movement of the Company.

There is no significant difference between the consolidated financial statements prepared in accordance with IFRS Accounting Standards and CAS by the Group in the equity as at 31 December 2025 and 31 December 2024 and no significant difference in the net profit for the respective years then ended.

### **49. EVENT AFTER THE REPORTING PERIOD**

On 26 March 2026, the Board of Directors of the Company proposed a final dividend of RMB14.50 cents (tax inclusive) per ordinary share for the year ended 31 December 2025, amounting to a total of approximately RMB6,412 million. The above proposal is subject to the approval of the shareholders at the general meeting.

### **50. APPROVAL OF THE FINANCIAL STATEMENTS**

These consolidated financial statements were approved by the Board of Directors of the Company on 26 March 2026.

**PICC**

**中国人民保险集团股份有限公司**

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