J.P.Morgan

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China Insurance

1Q26 League Table: Robust core solvency and enhanced pillar 3 disclosure

Insurance

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China's major life and non-life insurers reported robust core solvency in 1Q26, averaging 139% (+2%p q/q) and 195% (-2%p q/q) respectively. The 1Q26 solvency disclosures prove notably informative across several metrics. Life insurers have newly reinstated residual margin disclosure, suspended since Dec-22 following its broad replacement by the contractual service margin (CSM) under IFRS-17. Our analysis indicates that, with the exception of Ping An Life, the remaining major insurers demonstrate relatively resilient reserve balance growth compared to Dec-22 levels, which bodes well for the core earnings growth outlook (Figure 5). Equity-related market risk increased only modestly (3% q/q) for major life insurers ex-PICC Life, suggesting a less active allocation into equities relative to 4Q25. Post the 1Q26 reporting, major life names with strong distribution channels offer an improving risk-reward profile. Top picks: China Life-H (5x FY26E P/E, 3% yield)/ Ping An-H (7x FY26E P/E, 5% yield).

- **Pillar I – Core capital.** China's 10-year government bond yield trended lower during 1Q26, which proved supportive for core capital management, as asset valuations reprice more immediately whilst liability valuations adjust more gradually. Steady AUM and reserve growth- driven by strong life sales and stable lapse experience- alongside a broadly constructive 1Q26 earnings season, provided further support, partly offset by weakness in China's equity market (SHCOMP Index: -2% q/q). Life insurers broadly guided for a marginal decline in core solvency in 2Q26E (-5%p q/q) (Table 4), seemingly reflecting stronger business growth momentum, notwithstanding a marginal decline in China's long-end bond yields YTD. The solvency trajectory remains broadly stable and, in our view, supportive of ‘interim’ dividend proposals moving into summer.

- **Pillar I – Required capital.** A pronounced product mix shift was also evident during the quarter, with four concurrent dynamics collectively driving a broad-based increase in required capital across insurance risk, interest rate risk, and the loss absorption effect of special types of insurance contracts: increased sales of interest rate-sensitive participating policies, seemingly active monthly crediting rate cuts on existing life policies, a strong push towards regular premium products with longer policy durations, and a low interest-rate risk environment. Equity-related market risk increased modestly for major life names (3% q/q), suggesting more allocation towards interest-bearing assets.

- **Pillar II – Qualitative capital requirements.** Despite the absence of IRR rating as of 4Q25, large-cap insurers have sustained a steady insurance risk rating (IRR) till 3Q25 based on the latest 1Q26 solvency report (Table 11). We did not observe any significant changes in the liquidity coverage ratio.

- **Pillar III – Public disclosures.** China's major insurers have introduced new disclosures on residual margin, operational and efficiency metrics in their 1Q26 solvency reports. That said, the related pro-forma disclosure remains unstandardised, seemingly reflecting individual insurers' discretion in presentation. The median net investment yield, based on a three-year rolling average, was 3.3%, well above the risk-free rate of 1.8%.

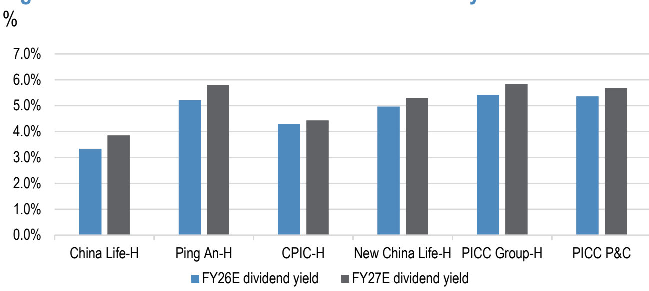
See page 22 for analyst certification and important disclosures, including non-US analyst disclosures.

Key takeaways: 1Q26 solvency ratio

Robust solvency capital with new disclosures

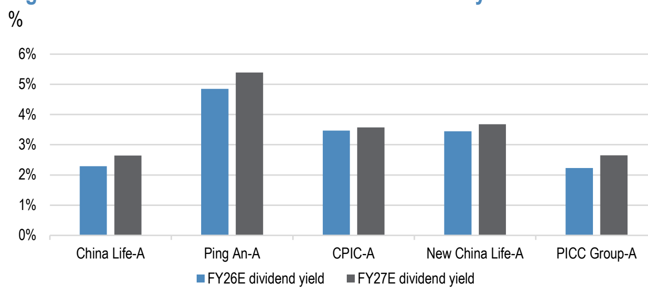
China's major life and non-life insurers reported robust core solvency in 1Q26, averaging 139% and 195% respectively, representing a quarter-on-quarter change of +2%p and -2%p. The solid core solvency delivery as of Mar-26, combined with each insurer's Jun-26 solvency guidance — which appears broadly in line with Mar-26 levels (Table 4) — is encouraging ahead of interim dividend proposals this summer. H-listed Chinese insurers are offering an average FY26E dividend yield of 4.8%, with Ping An-H offering one of the highest at 5.2% (Figure 1).

Figure 1: China Insurance-H: FY26E/27E dividend yield forecast



Source: Bloomberg Finance L.P., J.P. Morgan estimates. Price data as of 4 May 2026.

Figure 2: China Insurance-A: FY26E/27E dividend yield forecast



Source: Bloomberg Finance L.P., J.P. Morgan estimates. Price data as of 30 Apr 2026.

Beyond the headline solvency ratios, we view the 1Q26 solvency report as informative across several dimensions.

Equity asset allocation

Quarterly disclosures from Chinese insurers do not provide granular details on asset allocation changes. As such, it has historically been difficult to assess the extent of equity allocation shifts during any given quarter. However, major life insurer's solvency disclosures on market risk attributable to equity — relative to 4Q25 — suggests that equity exposure increased modestly (3% q/q) on average (excluding PICC Life), pointing to a less active allocation into equities compared to the pace observed through 2025.

Our sense is that overall equity allocation growth is likely to remain modest for the remainder of the year, as insurers navigate a lower funding cost environment with reduced guaranteed product offerings, the scheduled maturity of 3.5% non-participating policies rolling off the balance sheet, and a rebound in long-end bond yields.

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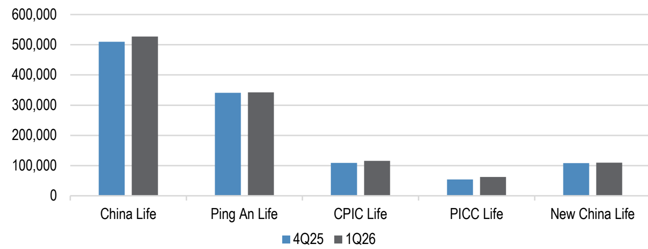
Figure 3: China Life Insurance: Market risk for equity price risk comparison

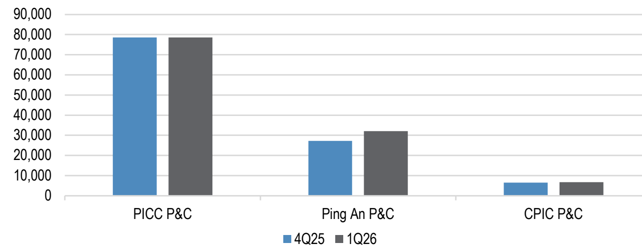
Rmb in million



Source: Each company's 4Q25-1Q26 quarterly solvency ratio.

Figure 4: China Non-Life Insurance: Market risk for equity price risk comparison

Rmb in million



Source: Each company's 4Q25-1Q26 quarterly solvency ratio.

New liability reserve disclosure

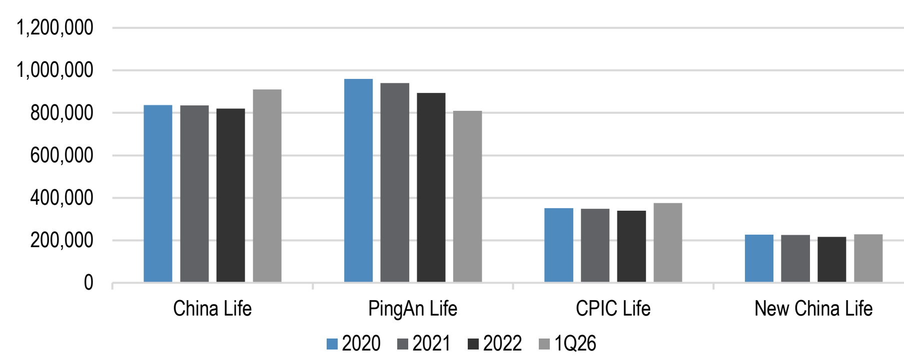
Residual margin disclosure has been reinstated, having been suspended since Dec-22 following its broad replacement by the CSM framework under IFRS-17. Whilst residual margin is conceptually analogous to CSM, a key distinction lies in the fact that assumptions are fixed at the point of sale and variances flow directly through the profit and loss account rather than the reserve balance. We welcome this reinstatement, as it enables more meaningful monitoring of reserve block development across both listed and unlisted companies, with a richer time series for comparison.

We observe that, with the exception of Ping An Life, the remaining insurers demonstrate a relatively resilient recovery in residual margin balances compared to Dec-22 levels (Figure 5). We also compare 1Q26 residual margin with FY25 CSM for additional context (Table 1), whilst noting that a direct comparison between the two may not be entirely straightforward — CSM is based on a dynamic roll-forward of discounted future cash flows, with variances partly absorbed within CSM rather than recognised directly in the P/L.

Nonetheless, since 2022, the reserve blocks of most insurers appear to have remained stable or grown in line with business expansion. In the case of Ping An Life, the relative underperformance appears largely attributable to a higher rate of reserve release into the P/L, alongside a comparatively smaller volume of new life sales relative to the balance sheet over recent years.

Figure 5: China Insurance: Residual margin trend

Rmb in million



Source: Each company's 4Q20-4Q22 and 1Q26 solvency report.

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Table 1: China Life insurers: CSM vs. Residual margin

Rmb in million, %

	CSM (Dec-25) (A)	Residual Margin (Mar-26) (B)	Comparison (C=B/A-1)	Residual Margin (Dec-22) (D)	Residual Margin (Mar-26) (B)	Comparison (E=B/D-1)
China Life	768,369	910,546	19%	819,706	910,546	11%
PingAn Life	725,119	809,011	12%	894,413	809,011	-10%
CPIC Life	356,842	375,878	5%	340,162	375,878	10%
New China Life	181,723	228,900	26%	215,919	228,900	6%

Source: Each insurer FY25 annual report, FY22 annual report, and 1Q26 solvency report.

Product mix shift drives required capital diversification

Whilst required capital movements in the past have largely been driven by changes in equity asset allocation (market risk attributable to equity), we are beginning to see early signs of required capital diversification across insurers. Stabilising liability reserve quality, combined with liability duration extension, is generating greater cash inflows relative to outflows, supporting reserve book growth.

Historically, the scheduled maturity of existing policies has been a significant drag, acting as a key offsetting factor on required capital growth — particularly across insurance risk and interest rate risk.

Against a backdrop of strong life sales in 1Q26, we have observed several management actions aimed at improving reserve quality: a deliberate increase in sales of interest rate-sensitive participating policies; a strong push towards regular premium products with longer policy durations; and monthly crediting rate cuts on existing life policies. Insurers have also broadly factored in a lower reinvestment risk environment.

As a result, the broad-based increase in required capital has been largely driven by growth in insurance risk, interest rate risk, and the loss absorption effect of special types of insurance contracts. In short, should life sales momentum be sustained over the coming quarters, reserve quality improvement — or CSM growth — is well positioned to translate into core earnings growth and a stronger dividend growth outlook. Looking ahead, any further recognition of reserve redundancy (CSM) as part of core capital — beyond the current 40% recognition threshold — could prove incrementally supportive for solvency management. To support our view, we show the CSM variance comparison of Chinese insurers over Korea's under IFRS-17.

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Table 2: China Insurance: Valuation comparison table

Local currency, %, x

Company	B'berg Code	Rating	Price (04-May-2026)	PT (Dec-26)	Upside/ downside	P/E 26e	P/E 27e	P/BV 26e	P/BV 27e	P/EV 26e	P/EV 27e
China Life-H	2628 HK Equity	OW	28.9	40.0	38%	5.4	4.7	1.1	1.1	0.5	0.5
China Life-A*	601628 CH Equity	N	36.7	39.0	6%	18.1	16.0	1.6	1.5	0.7	0.6
Ping An-H	2318 HK Equity	OW	63.3	90.0	42%	7.3	7.0	0.9	0.8	0.6	0.5
Ping An-A*	601318 CH Equity	OW	59.4	83.0	40%	7.6	7.3	1.0	0.9	0.6	0.5
CPIC-H	2601 HK Equity	OW	34.4	43.0	25%	7.0	6.8	0.8	0.7	0.6	0.6
CPIC-A*	601601 CH Equity	OW	37.2	50.0	34%	8.7	8.4	1.0	0.9	0.7	0.7
New China Life-H	1336 HK Equity	N	51.3	45.0	-12%	6.1	5.7	1.1	1.0	0.5	0.5
New China Life-A*	601336 CH Equity	N	64.4	59.0	-8%	8.7	8.2	1.6	1.5	0.7	0.7
PICC Group-H	1339 HK Equity	N	5.3	5.8	9%	5.6	5.2	0.5	0.4	1.2	1.1
PICC Group-A*	601319 CH Equity	N	7.2	6.9	-4%	11.2	9.3	1.1	1.0	1.8	1.7
PICC P&C	2328 HK Equity	N	14.1	14.0	-1%	7.6	6.9	1.0	1.0	n.a.	n.a.
ZhongAn Online P&C	6060 HK Equity	OW	12.0	24.0	100%	13.9	11.6	0.7	0.6	n.a.	n.a.
China Re	1508 HK Equity	N	1.2	1.6	33%	4.2	3.9	0.4	0.3	n.a.	n.a.
China Taiping	966 HK Equity	OW	22.6	30.0	33%	6.2	5.4	0.7	0.6	0.3	0.2
Sunshine Insurance Group	6963 HK Equity	UW	3.5	3.0	-15%	5.2	5.1	0.5	0.5	0.3	0.3

Source: Bloomberg Finance L.P., J.P. Morgan estimates. *: Price data as of 30 Apr 2026.

Table 3: Mainland China/HK insurers: CSM movement and variance trend

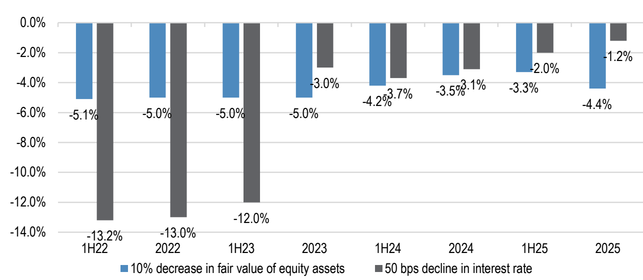
Rmb in million for Mainland China insurers, US$ in million for HK insurers

	China Life	Ping An Life	CPIC Life	New China Life	AIA Group	FWD Group
CSM (ending) - 2023	769,137	768,440	325,726	169,004	53,115	5,046
CSM (ending) - 2024	742,488	731,312	345,366	175,867	56,231	5,174
% growth	-3.5%	-4.8%	6.0%	4.1%	5.9%	2.5%
CSM variance - 2024	(43,622)	(20,640)	20,259	4,660	(956)	(600)
% of volatility compared to beginning CSM	-5.7%	-2.7%	6.2%	2.8%	-1.8%	-11.9%
CSM (ending) - 2025	768,369	725,119	356,842	181,723	64,945	6,562
% growth	3.5%	-0.8%	3.3%	3.3%	15.5%	26.8%
CSM variance - 2025	18,378	2,505	10,665	3,607	952	152
% of volatility compared to beginning CSM	2.5%	0.3%	3.1%	2.1%	1.7%	2.9%

Source: Individual company's 2024 and 2025 annual reports.

Figure 6: Ping An Group: Core solvency sensitivity against macro

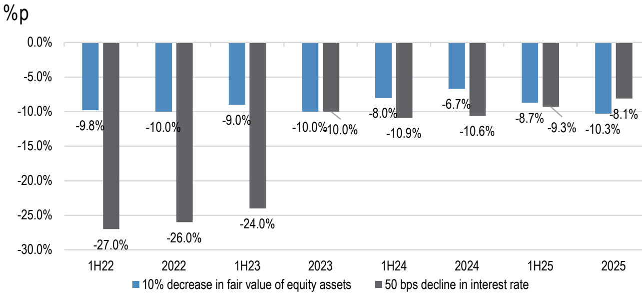
%p



Source: Ping An Group's interim (1H22 to 1H25) and annual presentation (2022-2025).

Figure 7: Ping An Life: Core solvency sensitivity against macro

%p



Source: Ping An Group's interim (1H22 to 1H25) and annual presentation (2022-2025).

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Table 4: China Insurance: Core solvency ratio trend under C-ROSS II

%,%p

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	Q/Q	Y/Y	*1Q26E	Act. Vs. Est.	*2Q26E
Life														
China Life	155%	152%	155%	153%	146%	140%	137%	129%	157%	28%p	11%p	161%	-4%p	158%
Ping An Life	119%	124%	119%	116%	164%	167%	135%	123%	131%	8%p	-33%p	122%	9%p	129%
CPIC Life	108%	121%	131%	130%	140%	136%	124%	157%	146%	-11%p	6%p	151%	-5%p	134%
New China Life	143%	123%	131%	124%	184%	171%	154%	135%	131%	-5%p	-53%p	140%	-10%p	127%
PICC Life	146%	163%	163%	185%	171%	171%	156%	134%	122%	-12%p	-50%p	116%	6%p	115%
Non-Life														
PICC P&C	207%	205%	202%	211%	216%	213%	222%	213%	216%	2%p	-1%p	202%	13%p	198%
Ping An P&C	174%	182%	176%	171%	170%	180%	177%	173%	172%	-2%p	2%p	171%	1%p	171%
CPIC Property	170%	173%	173%	183%	195%	196%	199%	203%	197%	-6%p	2%p	192%	4%p	190%
Foreign JV														
ICBC-AXA	145%	150%	154%	163%	184%	195%	175%	158%	128%	-30%p	-56%p	125%	3%p	109%
AIA China	269%	278%	280%	303%	294%	288%	242%	226%	207%	-19%p	-87%p	231%	-24%p	205%
Generali China	172%	181%	188%	194%	167%	166%	146%	138%	128%	-10%p	-39%p	128%	-1%p	124%
CITIC-Pru	106%	87%	113%	144%	134%	137%	110%	124%	127%	3%p	-8%p	139%	-12%p	130%
CIGNA & CMB	110%	117%	134%	145%	143%	144%	139%	130%	117%	-13%p	-26%p	120%	-3%p	105%
BoCom Life	104%	122%	122%	121%	143%	142%	131%	163%	153%	-10%p	10%p	155%	-2%p	142%

Source: Each company's quarterly solvency reports. Note: All data are on C-ROSS II basis. * Estimated 1Q26E/2Q26E solvency data are figures projected by the company (under a base-case scenario) and extracted from solvency ratio indicators sector in 4Q25/1Q26 solvency reports.

Table 5: China Insurance: Comprehensive solvency ratio trend under C-ROSS II

%,%p

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	Q/Q	Y/Y	*1Q26E	Act. Vs. Est.	*2Q26E
Life														
China Life	209%	205%	212%	208%	199%	191%	184%	174%	202%	28%p	3%p	205%	-3%p	202%
Ping An Life	206%	209%	200%	189%	228%	229%	186%	176%	183%	8%p	-45%p	173%	10%p	181%
CPIC Life	196%	205%	210%	210%	221%	215%	197%	228%	214%	-14%p	-7%p	219%	-5%p	201%
New China Life	252%	225%	223%	218%	256%	256%	234%	210%	204%	-6%p	-52%p	217%	-12%p	200%
PICC Life	224%	252%	249%	275%	262%	262%	235%	202%	185%	-17%p	-77%p	177%	8%p	175%
Non-Life														
PICC P&C	228%	229%	220%	233%	238%	235%	244%	232%	238%	6%p	0%p	220%	18%p	219%
Ping An P&C	199%	205%	215%	205%	206%	216%	214%	217%	218%	1%p	12%p	213%	4%p	216%
CPIC Property	218%	220%	217%	222%	240%	241%	242%	244%	238%	-6%p	-3%p	230%	7%p	230%
Foreign JV														
ICBC-AXA	209%	211%	214%	222%	248%	261%	243%	223%	187%	-36%p	-61%p	182%	5%p	166%
AIA China	420%	416%	413%	424%	418%	410%	358%	335%	307%	-28%p	-111%p	343%	-36%p	308%
Generali China	158%	163%	246%	240%	210%	212%	191%	186%	176%	-10%p	-34%p	173%	3%p	168%
CITIC-Pru	201%	173%	211%	245%	229%	241%	215%	209%	204%	-5%p	-25%p	219%	-15%p	201%
CIGNA & CMB	205%	213%	222%	227%	220%	218%	211%	203%	193%	-10%p	-27%p	194%	-1%p	181%
BoComm Life	187%	211%	209%	212%	229%	223%	214%	210%	194%	-16%p	-36%p	195%	-1%p	180%

Source: Each company's quarterly solvency reports. Note: All data are on C-ROSS II basis. * Estimated 1Q26E/2Q26E solvency data are figures projected by the company (under a base-case scenario) and extracted from solvency ratio indicators sector in 4Q25/1Q26 solvency reports.

Table 6: China SMid Insurance: Core solvency ratio trend under C-ROSS II

%,%p

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	Q/Q	Y/Y	*1Q26E	Act. Vs. Est.	*2Q26E
Life														
Taiping Life	143%	154%	150%	186%	170%	194%	156%	143%	134%	-10%p	-36%p	140%	-6%p	112%
Sunshine Life	135%	140%	136%	137%	145%	155%	134%	110%	114%	4%p	-31%p	98%	16%p	108%
Non-Life														
Taiping General	144%	157%	165%	172%	181%	179%	178%	170%	179%	8%p	-2%p	174%	5%p	177%
Sunshine P&C	159%	168%	172%	165%	170%	177%	190%	172%	182%	10%p	12%p	177%	5%p	184%
ZhongAn Online	211%	216%	217%	221%	214%	217%	219%	233%	232%	-1%p	18%p	241%	-9%p	237%
Reinsurance														
China Re Life	159%	166%	177%	154%	151%	162%	157%	149%	135%	-14%p	-16%p	141%	-6%p	132%
China Re P&C	146%	161%	157%	148%	154%	148%	149%	150%	140%	-9%p	-14%p	135%	4%p	139%

Source: Each company's quarterly solvency reports. Note: All data are on C-ROSS II basis. * Estimated 1Q26E/2Q26E solvency data are figures projected by the company (under a base-case scenario) and extracted from solvency ratio indicators sector in 4Q25/1Q26 solvency reports.

Pillar I: Quantitative Capital

Under C-ROSS II, solvency margin ratio (= actual capital/minimum capital) is the key indicator that insurers use to evaluate capital strength. Two separate formats of solvency ratio include core solvency ratio and comprehensive solvency ratio.

- Core solvency ratio = core capital/minimum capital requirement (vs **min: 50%**)
- Comprehensive solvency ratio = (core capital + supplementary capital)/minimum capital requirement (vs **min: 100%)**

Compared to the previous solvency standard (C-ROSS I), the definitions of actual capital and minimum capital are highly conservative under C-ROSS II. Below are three key changes under the new framework worth highlighting.

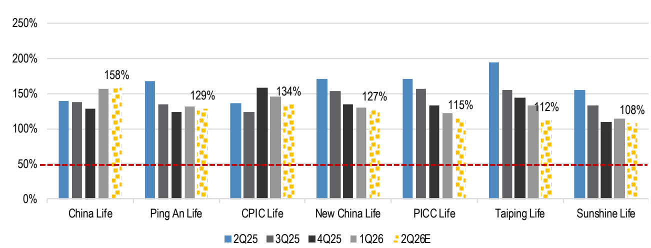
- First, core capital does not fully factor in future profits of existing policies (or residual margin) as core capital. As a result, actual capital for life insurers becomes smaller under the new solvency standard.
- Second, the capital requirement becomes conservative with a 'look-through' approach to market risk and credit risk. More stringent standards were introduced to recognize long-term equity investment and investment properties. Also, interest-rate risk factors were extended to all fixed-income instruments. Lastly, an asset concentration risk factor was introduced. Following the recent capital relaxation rule by NFRA in Dec-25 (link), lower capital charges/risk charges on equity will be applied to qualified insurers.
- Third, insurance risk was strengthened. For the non-life sector, the insurance risk amount increased as broad premium risk and reserve risk base factors were increased in all business lines under C-ROSS II. A risk-weighting calculation for credit guarantee insurance was introduced (i.e. higher risk charge treatment). For the life sector, the introduction of a critical illness deterioration factor and the application of an updated morbidity table (2020) are updated items.

Conceptual framework of C-ROSS II

= Pillar I (quantitative capital requirement) + Pillar II (qualitative capital requirement) + Pillar III (disclosure)

Figure 8: China life Insurers: Quarterly core solvency ratio trend

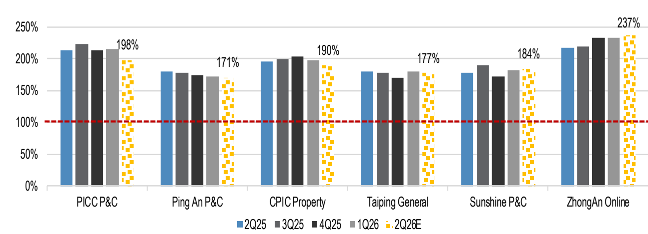
%



Source Each company's solvency reports. Note: 2Q26E is based on company projection.

Figure 9: China non-life Insurers: Quarterly core solvency ratio trend

%



Source Each company's solvency reports. Note: 2Q26E is based on company projection.

Over the past 12 months, one of the most consequential shifts in core capital management has been the transition by Chinese insurers from the cost method to a fair value approach for bond portfolio valuation under the solvency balance sheet. This reclassification has proven broadly supportive of the solvency capital base during a period of declining long-end bond yields in China. However, as yields begin to recover, the same mechanism has introduced meaningful downward pressure on solvency ratios across the life insurance sector, prompting management teams to sharpen their focus on asset-liability management (ALM) as a means of reducing solvency ratio volatility relative to interest rate movements.

In 1Q26, China Life completed the reclassification of its bond portfolio to fair value, resulting in a material uplift to net asset value at a time when peers reported q/q declines. This is consistent with the experience of CPIC Life in 4Q25, where a similar reclassification drove a 54% q/q increase in net assets — a striking illustration of the accounting-driven capital base movement that now characterises the sector.

Table 7: China Life Insurance: Net assets trend (Mar-26 vs. Dec-25)

Rmb in million, %

	Dec-25	Mar-26	Q/Q
China Life	568,640	751,767	32%
Ping An Life	552,027	537,497	-3%
CPIC Life	209,657	203,848	-3%
PICC Life	72,424	71,475	-1%
New China Life	142,220	139,396	-2%

Source: Each company's 4Q25-1Q26 quarterly solvency report. Note: "Net assets" under actual capital (core tier 1 capital) is used for the table presentation.

Table 8: China Insurance: 2025 material events for solvency ratio

	Capital injection	Bond reclassification	Bond issuance
Ping An Life	PingAn Life received capital injection amounting to Rmb20B from PingAn Group in Apr-2025.	Full reclassification of HTM bond to AFS bond, leading to a 39.3%p impact on core solvency	Rmb13bn issuance of perpetual bond in Feb-25, leading to a +3%p impact on core solvency.
Ping An Group	n.a.	n.a.	Ping An Group completed issuance of US$1.5bn (~HK$11.8bn) in convertible bonds, aiming to strengthen the group's capital position and new strategic initiatives in the healthcare and elderly care.
China Life	n.a.	Based on the 4Q25 solvency report, the company has already reclassified all HTM bond to AFS bond. Incorporating this impact, the restated 4Q25 core solvency ratio might increase by an estimate of 33%p.	n.a.
New China Life	n.a.	Full reclassification of HTM bond to AFS bond, leading to a 71%p impact on core solvency ratio.	In Oct-25, the company announced plan to issue up to Rmb10B perpetual bond in domestic market.
CPIC Group	CPIC Group's Board of Director is seeking for 2025 annual general meeting's authorization on potential further equity fundraising in 2026.	Full reclassification of HTM bond to AFS bond, leading to a 41%p impact on 4Q25's core solvency ratio	On 18 September 2025, the Company publicly issued the 5-year zero coupon convertible bonds due 2030 in the aggregate principal amount of HKD 15.556 billion on The Stock Exchange of Hong Kong Limited (the "Convertible Bonds")
Taiping Life	n.a.	n.a.	On 19 March 2025, the company issued a perpetual bond amounting to Rmb9B to replenish core capital tier 2.
Sunshine Life	n.a.	n.a.	On 26 March 2025, the company issued a perpetual bond amounting to Rmb5B to replenish core capital tier 2.
PICC Life	n.a.	n.a.	n.a.

Source: Each insurer's quarterly solvency report (1Q25 to 4Q25) and FY25 annual presentation.

Looking ahead, with the major listed insurers having largely completed their bond portfolio reclassifications, the focus is expected to shift decisively towards managing residual solvency volatility. In this context, we anticipate more active interest-bearing liability matching with interest-bearing assets of comparable duration — a strategy that has become increasingly affordable following the sharp reduction in minimum guarantee rates, now set at 1.25% for participating policies and 2.0% for non-participating policies.

Alongside this, we expect insurers to give more active consideration to reinsurance structures and derivative instruments as hedging tools, provided capital market conditions offer an economically attractive cost relative to the potential benefit. The pace and scale of adoption will, in our view, be closely tied to the trajectory of domestic interest rates and the regulatory environment governing permissible hedging strategies.

Pillar II: Qualitative Capital

Compared to the C-ROSS I framework, public disclosure related to qualitative capital requirements has been strengthened. The integrated risk rating (IRR), which incorporates risk not captured in Pillar I, has more information. Insurers maintain the Own Risk Solvency Assessment (ORSA) disclosure under the name of Solvency Aligned Risk Management Requirements and Assessment (SARMRA). In addition, the liquidity risk analysis adds more stressed scenarios (Table 15). We also highlight that the SARMRA has key metrics of risk management capability with certain policy incentives (i.e. the lower the SARMRA score, the higher the capital requirement).

Under C-ROSS II, the scoring mechanism of SARMRA has also been further optimized with more weighting distribution on key metrics and newly introduced industrial related factors, etc. The regulator evaluates insurers' SARMRA on a rolling basis, meaning that only a fraction of total insurers would be included in the scoring scope each year. Similar to last quarter, the 4Q25 solvency reports updated the major large-cap listed insurers' most recent SARMRA scoring in either 2021 or 2022, which provides a more subjective evaluation base to access each insurer's latest risk management capability. Considering the SARMRA assessment is on a rolling basis, we believe major large cap insurers might have updated scoring in 2026 or coming years soon. Additionally, PICC P&C and PingAn P&C have been selected to refresh SARMRA score of 81.48/86.78 in 2024, maintaining a relatively stable and healthy level scoring across the sector. Conversely, SMid insurers have updated their latest SARMRA score in either 2023 or 2024. Broadly speaking, the majority of insurers have a SARMRA score above 80, suggesting sound risk management capability. More details of the SARMRA score breakdown are displayed in Table 9 and Table 10.

Insurance Risk Rating (IRR) classifies insurers with more differentiation in order to adopt more regulatory control measures. Updated rating rules have been adopted under the new solvency regime. Specifically, IRR categories have been segmented to change from four (A, B, C, D) to eight (AAA, AA, A, BBB, BB, B, C, D). Based on our observations, among the major listed insurers under our coverage, all have BB and above ratings (Min: B rating), implying insurers' risk management for

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operations/strategy/reputation/liquidity is qualified. We see the IRR rating development over a longer period (past 17 consecutive quarters up to 3Q25).

The most recent period of IRR rating is 3Q25 as generally the latest solvency report updates the ratings as of the prior quarter (i.e. the 4Q25 solvency report unveiled the latest IRR ratings as of 3Q25). However, in respective 1Q26 solvency report, individual insurers are not yet disclosing 4Q25 rating. As such, we only keep the latest IRR rating as of 3Q25. We would keep monitoring whether the insurer might continue to update this moving forward. Compared to the previous quarter, all large-cap insurers have no change in the latest IRR rating. Conversely, the ratings of China SMid insurers appear to be more volatile on a quarterly basis. Among which**, China Life and AIA China** sustained the highest rating at AAA whilst **ZhongAn Online and Taiping General** held the lowest rating at BBB. These, in our view, reflect the risk accumulation effect in their investment book arising from more regulatory attention and control measures potential. We will continue to track the companies' rating development in the next quarter's solvency report.

Table 9: China Insurance: SARMRA score breakdown

	China Life	Ping An Life	New China Life	CPIC Life	PICC Life	AIA China	CPIC P&C	PICC P&C	Ping An P&C	Zhong An
The year of Latest SARMRA score	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**	**2021**	**2024**	**2024**	**2022**
SARMRA Score (a= b+c+d+e+f+g+h+i+j)	84.83	84.03	78.55	84.50	78.52	82.59	83.94	81.48	86.78	77.65
Risk management foundation & environment (b)	17.05	16.34	15.76	17.06	15.91	17.23	16.44	78.67	18.08	16.34
Risk management targets & tools (c)	8.01	8.46	7.29	8.89	7.66	7.24	8.24	79.30	8.94	7.68
Insurance risk management (d)	8.50	8.49	7.94	8.43	7.98	8.83	8.64	86.50	8.08	7.50
Market risk management (e)	8.33	8.64	7.08	8.36	7.49	8.24	8.17	83.90	8.88	7.82
Credit risk management (f)	8.50	8.29	7.82	8.37	8.00	8.28	8.60	82.60	8.38	7.82
Operational risk management (g)	8.38	8.64	8.32	8.39	7.63	7.76	8.44	76.55	8.56	7.62
Strategy risk management (h)	8.74	8.10	7.15	8.40	7.74	8.39	8.61	82.50	8.22	7.20
Reputation risk management (i)	8.60	8.44	8.76	8.28	8.13	8.36	8.45	85.30	8.80	7.69
Liquidity risk management (j)	8.72	8.63	8.43	8.32	7.98	8.26	8.35	80.80	8.84	7.98

Source: Each company's quarterly solvency report.

Table 10: China SMid Insurance: SARMRA score breakdown

	Taiping Life	Sunshine Life	Taiping general	Sunshine P&C	China Re Life	China Re P&C
The year of Latest SARMRA Sore	**2023**	**2023**	**2023**	**2025**	**2023**	**2024**
SARMRA Score (a= b+c+d+e+f+g+h+i+j)	83.70	84.33	81.26	82.06	81.24	83.15
Risk management foundation & environment (b)	17.05	17.34	16.16	86.78	16.61	16.69
Risk management targets & tools (c)	8.37	8.34	8.11	79.60	7.84	7.93
Insurance risk management (d)	8.30	8.15	8.13	75.50	8.35	8.00
Market risk management (e)	8.46	8.08	8.29	81.12	7.96	8.39
Credit risk management (f)	8.36	8.30	8.04	82.70	7.99	8.08
Operational risk management (g)	8.27	8.55	8.10	81.57	8.05	8.66
Strategy risk management (h)	8.56	8.56	8.05	84.72	8.13	8.13
Reputation risk management (i)	8.07	8.51	8.16	83.05	8.22	8.81
Liquidity risk management (j)	8.26	8.50	8.22	78.74	8.10	8.46

Source: Each company's 1Q26 solvency report.

Table 11: China Insurance: Insurance Risk Rating (IRR) trend

	China Life	Ping An Life	New China Life	CPIC Life	PICC Life	AIA China	CPIC P&C	PICC P&C	Ping An P&C	ZhongAn
3Q25	**AAA**	**AA**	**BB**	**AA**	**A**	**AAA**	**AA**	**A**	**A**	**BBB**
2Q25	AAA	AA	BB	AA	A	AAA	AA	A	A	BBB
1Q25	AAA	AA	BB	AA	A	AAA	AA	BBB	A	BBB
4Q24	AAA	AA	BB	AA	A	AAA	AA	BBB	A	BBB
3Q24	AAA	A	AA	AA	BBB	AAA	AA	BBB	BBB	BBB
2Q24	AAA	A	AA	AA	BBB	AAA	AA	BBB	BBB	BBB
1Q24	AAA	BB	AA	AA	BB	BBB	AA	BB	BBB	BBB
4Q23	AAA	BB	AA	AA	BB	BBB	AA	BB	BBB	BBB
3Q23	AA	BB	AA	AA	BB	BBB	AA	BB	BBB	BBB
2Q23	AA	BB	AA	AA	BB	BBB	AA	BB	BBB	BB
1Q23	AAA	BB	AA	AA	BB	BBB	AA	BBB	BBB	BB
4Q22	AA	BB	A	AAA	BB	AAA	AA	BBB	BBB	BB
3Q22	AAA	BB	A	AA	BB	AAA	AA	BBB	BBB	BB
2Q22	AAA	BB	AA	AA	BB	AAA	AA	BBB	BBB	BBB
1Q22	AAA	BB	AA	A	BB	AAA	AA	BB	BBB	BBB
4Q21	A	B	A	A	B	A	B	B	A	B
3Q21	A	B	A	A	B	A	B	B	A	B

Source: Each company's quarterly solvency reports. Note: The highest rating score was changed to AAA from A due to a rule update effective from 3Q23. Each individual has not yet disclosed 4Q25 ratings in respective 1Q26 solvency report. Hence, we only update latest ratings as of 3Q25.

Table 12: China SMid Insurance: Insurance Risk Rating (IRR) trend

	Taiping Life	Sunshine Life	Taiping General	Sunshine P&C	China Re Life	China Re P&C
3Q25	**A**	**AA**	**BBB**	**AA**	**n.a.**	**n.a.**
2Q25	A	AA	BBB	AA	BB	AA
1Q25	AA	A	A	AA	A	AA
4Q24	AA	A	A	AA	A	AA

Source: Each company's quarterly solvency reports. Note: Each individual has not yet disclosed 4Q25 ratings in respective 1Q26 solvency report. Hence, we only update latest ratings as of 3Q25.

Liquidity coverage ratio

The liquidity risk to insurance companies arises from any liquidity mismatch between liabilities and assets. Specifically, liquidity insufficiency occurs when liquidity on the liability side exceeds that on the asset side – for example, policy surrenders. The liquidity coverage ratio (LCR) is designed to assess the level of liquidity in the next 12 months under basic/stressed scenarios for insurance companies.

Reflecting the dynamics of coverage ratio development, the 1Q26 liquidity coverage ratio within 3/12 months slightly increased by 3%p and 1%p q/q, respectively, under the base scenario. As such, we think that this relatively stable LCR has demonstrated a manageable short-term liquidity insufficiency risk under a higher lapse risk scenario. In the China life insurance sector, **PingAn Life and PICC Life** bear the least/most liquidity risk given the largest/smallest coverage ratio (Table 15). Even in the case of strong coverage ratio moves, we do not believe there is significant risk posed to major insurers' liquidity, given their capital base remains solid.

Table 13: China Insurance: Key regulatory and monitoring indicators of liquidity risk

%, %p

	China Life	Ping An Life	New China Life	CPIC Life	PICC Life	AIA China	CPIC P&C	PICC P&C	Ping An P&C	ZhongAn
Proportion of domestic fixed-income assets under (including) class AA (a)	0.01%	5.58%	0.05%	2.52%	0.03%	0.00%	0.20%	0.01%	0.00%	0.43%
Q/Q	-0.09%p	1.66%p	-0.01%p	-0.26%p	0.00%p	-0.01%p	-0.10%p	0.00%p	0.00%p	-0.07%p
Proportion of listed stock investment with a shareholding of over 5% (b)	0.57%	0.78%	0.93%	0.35%	5.70%	0.00%	0.00%	8.15%	0.20%	0.00%
Q/Q	0.16%p	0.01%p	0.16%p	0.11%p	0.01%p	0.00%p	0.00%p	-0.17%p	-0.10%p	0.00%p
% of holding related-party assets (c)	0.97%	0.30%	2.44%	1.56%	6.79%	1.55%	2.90%	9.87%	0.90%	2.46%
Q/Q	0.15%p	0.01%p	0.15%p	0.17%p	-0.06%p	-0.06%p	-0.30%p	-0.74%p	-0.40%p	-0.03%p

Source: Each company's 1Q26 quarterly solvency report. Note: (a) denotes proportion of domestic fixed-income assets under (including) class AA = book value of domestic fixed income assets under (including) class AA at the end of the period ÷ ending balance of total assets after deducting the balance of bonds sold under agreements to repurchase and assets held in separate accounts ×100%; (b) denotes proportion of listed stock investment with a shareholding of over 5% = total book value of listed stock investment with a shareholding of over 5% ÷ ending balance of total assets × 100%; (c) denotes proportion of holding related-party assets = total investment assets of counterparties (who are related parties) held ÷ ending balance of total assets × 100%.

Table 14: China SMid Insurance: Key regulatory and monitoring indicators of liquidity risk

%,%p

	Taiping Life	Sunshine Life	Taiping General	Sunshine P&C	China Re Life	China Re P&C
Proportion of domestic fixed-income assets under (including) class AA (a)	1.05%	0.21%	0.04%	2.89%	0.44%	0.50%
Q/Q	-0.23%p	-0.01%p	0.00%p	0.04%p	-0.03%p	-0.02%p
Proportion of listed stock investment with a shareholding of over 5% (b)	0.04%	0.46%	0.00%	0.00%	0.00%	0.00%
Q/Q	-0.01%p	-0.17%p	0.00%p	0.00%p	-0.01%p	0.00%p
Proportion of holding related-party assets (c)	0.85%	2.22%	1.00%	7.29%	3.59%	0.59%
Q/Q	-0.09%p	0.04%p	0.01%p	-0.12%p	-0.08%p	-1.03%p

Source: Each company's 1Q26 quarterly solvency report. Note: (a) denotes proportion of domestic fixed-income assets under (including) class AA = book value of domestic fixed income assets under (including) class AA at the end of the period ÷ ending balance of total assets after deducting the balance of bonds sold under agreements to repurchase and assets held in separate accounts ×100%; (b) denotes proportion of listed stock investment with a shareholding of over 5% = total book value of listed stock investment with a shareholding of over 5% ÷ ending balance of total assets × 100%; (c) denotes proportion of holding related-party assets = total investment assets of counterparties (who are related parties) held ÷ ending balance of total assets × 100%.

Table 15: China Insurance: liquidity coverage ratio under base/stress/self-testing scenarios

%, %p

	China Life	Ping An Life	CPIC Life	PICC Life	New China Life	AIA China	Ping An P&C	CPIC P&C	PICC P&C	ZhongAn
Liquidity coverage ratio										
Overall liquidity coverage ratio of the Company under the basic scenario[1] **(LCR1)**										
within 3 months	140%	242%	129%	106%	159%	104%	105%	121%	111%	118%
Q/Q	*4%p*	*62%p*	*6%p*	*-22%p*	*-36%p*	*-1%p*	*-19%p*	*9%p*	*11%p*	*13%p*
within 12 months	110%	202%	108%	102%	147%	102%	101%	107%	100%	108%
Q/Q	*-2%p*	*6%p*	*1%p*	*-6%p*	*8%p*	*-1%p*	*-4%p*	*2%p*	*-2%p*	*1%p*
Overall liquidity coverage ratio of the Company under the stressed scenario[2] **(LCR2)**										
within 3 months	1306%	1963%	1778%	1388%	804%	858%	197%	342%	238%	277%
Q/Q	*785%p*	*46%p*	*202%p*	*647%p*	*78%p*	*-303%p*	*15%p*	*65%p*	*15%p*	*43%p*
within 12 months	339%	666%	484%	366%	251%	305%	103%	146%	107%	139%
Q/Q	*144%p*	*-17%p*	*0%p*	*18%p*	*-18%p*	*-18%p*	*-1%p*	*11%p*	*-4%p*	*6%p*
Liquidity coverage ratio without considering asset realization under the stressed scenario[3] **(LCR3)**										
within 3 months	83%	255%	121%	107%	147%	88%	62%	95%	79%	105%
Q/Q	*4%p*	*16%p*	*25%p*	*48%p*	*28%p*	*-46%p*	*-12%p*	*30%p*	*18%p*	*11%p*
within 12 months	58%	217%	73%	72%	84%	93%	67%	82%	69%	94%
Q/Q	*-3%p*	*7%p*	*3%p*	*2%p*	*-5%p*	*2%p*	*-5%p*	*4%p*	*-1%p*	*4%p*
Overall liquidity coverage ratio of the Company under the self-testing stressed scenario[2] **(LCR2)**										
within 3 months	5333%	n.a	n.a	1381%	2253%	1874%	n.a	n.a	245%	237%
Q/Q	*3917%p*	*n.a.*	*n.a.*	*628%p*	*717%p*	*-519%p*	*n.a.*	*n.a.*	*20%p*	*25%p*
within 12 months	1056%	n.a.	n.a.	379%	636%	720%	n.a.	n.a.	131%	131%
Q/Q	*313%p*	*n.a.*	*n.a.*	*20%p*	*-6%p*	*-22%p*	*n.a.*	*n.a.*	*-3%p*	*2%p*
Liquidity coverage ratio without considering asset realization under the self-testing stressed scenario[3] **(LCR3)**										
within 3 months	418%	n.a.	n.a.	141%	427%	239%	n.a.	n.a.	119%	112%
Q/Q	*168%p*	*n.a.*	*n.a.*	*58%p*	*139%p*	*-93%p*	*n.a.*	*n.a.*	*23%p*	*14%p*
within 12 months	228%	n.a.	n.a.	98%	239%	269%	n.a.	n.a.	103%	101%
Q/Q	*-48%p*	*n.a.*	*n.a.*	*5%p*	*6%p*	*16%p*	*n.a.*	*n.a.*	*-1%p*	*3%p*

Source: Each company's 1Q26 quarterly solvency report. Note: 1 denotes overall liquidity coverage ratio of the company under the base scenario = (cash inflows of the company under the base scenario + book value of cash and cash equivalents at the valuation date) ÷ cash outflows of the company under the base scenario × 100%); 2 denotes overall liquidity coverage ratio of the company under the stressed scenario = (cash inflows of the company under the stressed scenario + book value of cash and cash equivalents at the valuation date + the amount of realizable liquid asset reserves) ÷ cash outflows of the company under the stressed scenario × 100%); 3 denotes liquidity coverage ratio without considering asset realization under the stressed scenario = (cash inflows of the company under the stressed scenario + book value of cash and cash equivalents at the valuation date) ÷ cash outflows of the company under the stressed scenario × 100%).

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Table 16: China SMid Insurance: liquidity coverage ratio under base/stress/self-testing scenarios

%, %p

	Taiping Life	Sunshine Life	Taiping general	Sunshine P&C	China Re Life	China Re P&C
Liquidity coverage ratio						
Overall liquidity coverage ratio of the Company under the basic scenario[1] **(LCR1)**						
within 3 months	111%	119%	114%	121%	869%	232%
Q/Q	*0%p*	*14%p*	*-10%p*	*1%p*	*-370%p*	*53%p*
within 12 months	102%	104%	103%	106%	117%	122%
Q/Q	*-5%p*	*3%p*	*-2%p*	*0%p*	*0%p*	*-5%p*
Overall liquidity coverage ratio of the Company under the stressed scenario[2] **(LCR2)**						
within 3 months	1397%	1085%	330%	238%	27331%	1781%
Q/Q	*3%p*	*255%p*	*-6%p*	*-34%p*	*-1798%p*	*890%p*
within 12 months	421%	310%	135%	127%	995%	492%
Q/Q	*-2%p*	*0%p*	*-5%p*	*-6%p*	*-1648%p*	*81%p*
Liquidity coverage ratio without considering asset realization under the stressed scenario[3] **(LCR3)**						
within 3 months	72%	128%	79%	111%	81%	227%
Q/Q	*-20%p*	*45%p*	*-14%p*	*5%p*	*-421%p*	*43%p*
within 12 months	70%	83%	69%	90%	100%	130%
Q/Q	*-4%p*	*8%p*	*-5%p*	*0%p*	*48%p*	*-3%p*
Overall liquidity coverage ratio of the Company under the self-testing stressed scenario[2] **(LCR2)**						
within 3 months	n.a.	n.a.	n.a.	249%	27840%	1748%
Q/Q	n.a.	n.a.	n.a.	*-63%p*	*-1710%p*	*820%p*
within 12 months	n.a.	n.a.	n.a.	113%	814%	413%
Q/Q	n.a.	n.a.	n.a.	*-12%p*	*-416%p*	*29%p*
Liquidity coverage ratio without considering asset realization under the self-testing stressed scenario[3] **(LCR3)**						
within 3 months	n.a.	n.a.	n.a.	93%	631%	194%
Q/Q	n.a.	n.a.	n.a.	*1%p*	*-334%p*	*6%p*
within 12 months	n.a.	n.a.	n.a.	66%	114%	118%
Q/Q	n.a.	n.a.	n.a.	*-2%p*	*24%p*	*-12%p*

Source: Each company's 1Q26 quarterly solvency report. Note: 1 denotes overall liquidity coverage ratio of the company under the base scenario = (cash inflows of the company under the base scenario + book value of cash and cash equivalents at the valuation date) ÷ cash outflows of the company under the base scenario × 100%); 2 denotes overall liquidity coverage ratio of the company under the stressed scenario = (cash inflows of the company under the stressed scenario + book value of cash and cash equivalents at the valuation date + the amount of realizable liquid asset reserves) ÷ cash outflows of the company under the stressed scenario × 100%); 3 denotes liquidity coverage ratio without considering asset realization under the stressed scenario = (cash inflows of the company under the stressed scenario + book value of cash and cash equivalents at the valuation date) ÷ cash outflows of the company under the stressed scenario × 100%).

Investment book quality

To sustain a more transparent and healthy investment book quality, insurers are required to disclose and monitor indicators reflecting liquidity risk. Key indicators which we believe are useful to stakeholders including the proportion of: 1) domestic fixed-income assets under (including) class AA; 2) listed stock investments with a shareholding of over 5%; and 3) related-party assets held.

In 1Q26, we observed that **PingAn Life** had the largest portion of class AA and below bonds, followed by CPIC Life, among major life insurers. In line with the broad asset allocation trend in this reporting season, we have observed that China insurers are actively adding incremental equity holdings (following government call to revitalize the A-share capital market). China's 10-year bond yield relatively stabilized at the ~1.8% level by end of Mar-26 (vs. 1.8% as of end of Dec 25). The majority of life players are reducing more exposure on the low rating bond portfolio, whilst PingAn Life, is increasing the exposure (+1.66%p q/q), which in our view might also adopt credit enhancements tools on the low-rating exposure to manage overall risk profile. Regarding listed equity investment exposure with a shareholding of over 5%, **PICC P&C** still held the largest portion at 8.15% (vs peers: 0.2-5.7%) (Table 13).

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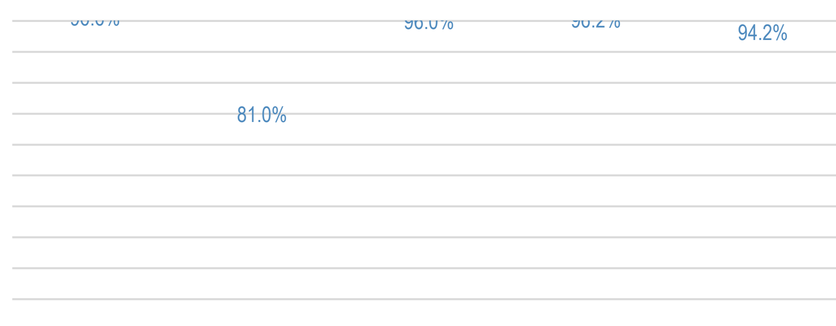
Pillar III: Public disclosure

Since the adoption of the C-ROSS II framework in 2022, the regulator has been gradually optimising the public disclosure requirements for quarterly solvency reports, with the stated objective of enhancing informativeness and transparency for stakeholders. Notwithstanding several incremental updates to newly disclosed items over the intervening period, the disclosure framework remained broadly unchanged until the revised rules were adopted in 3Q23. At that juncture, the regulator mandated all insurers to include a rolling three-year disclosure of net and comprehensive investment yields, effective from 3Q23.

In the 1Q26 solvency reports, we observed a further expansion of disclosures, notably the addition of residual margin, alongside operational and efficiency metrics. We view these additions as meaningful, offering useful insight into product mix evolution and liability reserve development trends. That said, the pro-forma disclosure format does not yet appear fully standardised across the sector, and we will continue to monitor subsequent reports for greater consistency and comparability.

Figure 10: China Life Insurance: 13th-month persistency ratio (1Q26)

%

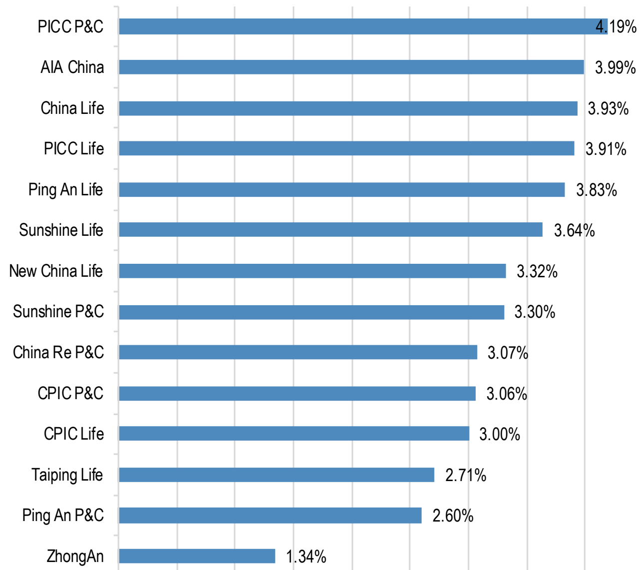


Source: Each company's 1Q26 quarterly solvency report.

Reviewing the trajectory of public disclosures over recent years, we believe the introduction of rolling three-year investment yield disclosures is a constructive regulatory development. In our view, it helps to ease the constraints associated with short-cycle KPIs, and encourages both the market and insurers to orient towards long-term value creation — a welcome shift given the structural pressures facing the sector.

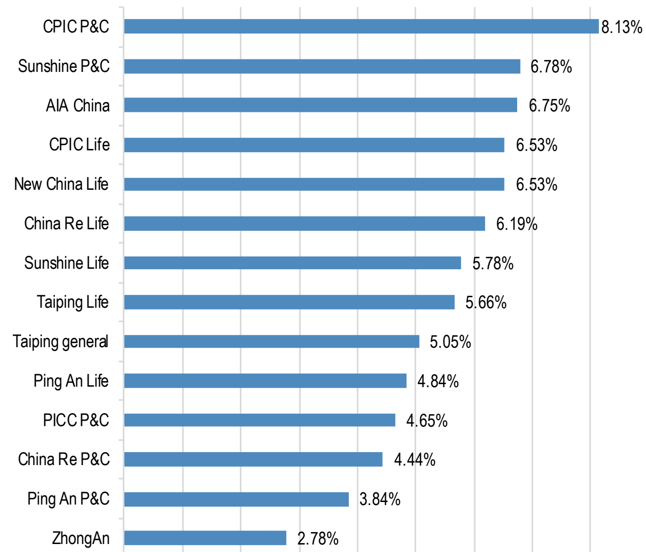
We have included a comparison of investment yields across China's major insurers in Figure 11/Figure 12. With interest rates remaining at low levels — albeit against a backdrop of a steepening yield curve — we believe it is important to monitor both the comprehensive and net investment yields of major life insurers, particularly those where yields have remained above approximately 3% over the most recent three-year period. We will track this trend on a rolling basis in conjunction with blended funding cost developments.

Figure 11: China Insurance: Net investment yield in most recent three years (as of 1Q26)
%



Source: Each company's 1Q26 solvency report.

Figure 12: China Insurance: Comprehensive investment yield in most recent three years (as of 1Q26)
%



Source: Each company's 1Q26 solvency report.

Table 17: China Insurance: Asset allocation trends

Rmb in million, x, %

	FY20	FY21	FY22	FY23	FY24	FY25	Y/Y
China Life							
Deposit	610,243	602,862	651,694	582,319	554,520	612,397	10%
Bond	1,718,639	2,273,425	2,458,440	3,159,774	3,903,074	4,257,872	9%
Stock	464,418	414,779	578,041	637,163	807,634	1,257,184	56%
Non-standard Asset	466,654	443,784	455,026	484,828	523,721	519,517	-1%
Others	835,500	981,570	921,790	795,166	822,122	776,735	-6%
Total AUM	4,095,454	4,716,420	5,064,991	5,659,250	6,611,071	7,423,705	12%
Book Value	456,931	487,134	445,121	487,034	521,248	608,393	17%
Risky assets / AUM	23%	18%	20%	20%	20%	24%	
Risky assets / total equity BV	2.0x	1.8x	2.3x	2.3x	2.6x	2.9x	
Ping An Group	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**Y/Y**
Deposit	314,123	319,179	378,650	327,689	410,574	606,882	48%
Bond	1,927,271	1,994,418	2,325,055	2,850,255	3,638,501	3,650,593	0%
Stock	382,124	363,860	375,784	436,449	570,789	1,241,629	118%
Non-standard Asset	451,983	493,040	493,640	485,209	416,577	359,455	-14%
Others	665,080	745,915	795,271	622,626	694,968	631,403	-9%
Total AUM	3,740,581	3,916,412	4,368,400	4,722,228	5,731,409	6,489,962	13%
Book Value	987,905	1,077,723	1,185,996	1,228,964	1,304,712	1,415,988	9%
Risky assets / AUM	22%	22%	20%	20%	17%	25%	
Risky assets / total equity BV	0.8x	0.8x	0.7x	0.7x	0.8x	1.1x	
CPIC Group	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**Y/Y**
Deposit	232,229	245,707	265,506	199,764	214,080	274,611	28%
Bond	648,475	691,369	870,482	1,163,626	1,642,181	1,855,656	13%
Stock	187,377	224,316	243,353	250,852	317,407	418,745	32%
Non-standard Asset	346,640	375,611	415,259	429,001	357,619	292,682	-18%
Others	233,286	275,066	227,333	206,830	203,170	198,293	-2%
Total AUM	1,648,007	1,812,069	2,021,933	2,250,073	2,734,457	3,039,987	11%
Book Value	220,835	232,405	201,672	267,704	318,481	334,224	5%
Risky assets / AUM	32%	33%	33%	30%	25%	23%	
Risky assets / total equity BV	2.4x	2.6x	3.3x	2.5x	2.12x	2.13x	
New China Life	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**Y/Y**
Deposit	135,633	183,999	245,133	277,772	320,890	336,862	5%
Bond	390,587	416,579	481,752	673,656	849,493	914,024	8%
Stock	141,222	167,022	169,295	190,843	307,119	389,026	27%
Non-standard Asset	241,652	251,049	221,113	156,948	95,128	65,541	-31%
Others	56,559	64,154	40,329	46,256	56,731	135,774	139%
Total AUM	965,653	1,082,803	1,157,622	1,345,475	1,629,361	1,841,227	13%
Book Value	101,680	108,514	97,996	105,092	96,269	111,578	16%
Risky assets / AUM	40%	39%	34%	26%	25%	25%	
Risky assets / total equity BV	3.8x	3.9x	4.0x	3.3x	4.2x	4.1x	
PICC Group	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**Y/Y**
Deposit	167,225	127,617	141,779	110,365	170,703	187,324	10%
Bond	398,922	487,619	532,350	626,502	803,698	918,013	14%
Stock	142,008	178,119	175,914	162,880	146,891	253,506	73%
Non-standard Asset	241,976	233,175	250,102	307,697	275,750	262,008	-5%
Others	138,720	170,390	186,233	225,687	244,714	280,783	15%
Total AUM	1,088,851	1,196,920	1,286,378	1,433,131	1,641,756	1,901,634	16%
Book Value	273,556	296,893	304,893	332,903	367,421	420,466	14%
Risky assets / AUM	35%	34%	33%	33%	26%	27%	
Risky assets / total equity BV	1.4x	1.4x	1.4x	1.4x	1.2x	1.2x	
PICC P&C	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**Y/Y**
Deposit	97,135	90,988	94,907	74,311	96,526	87,755	-9%
Bond	168,511	172,851	192,970	291,964	329,870	373,799	13%
Stock	110,734	143,804	140,718	158,417	170,027	212,481	25%
Non-standard Asset	5,336	4,995	5,245	5,842	5,726	6,574	15%
Others	125,809	121,434	136,896	70,177	74,363	79,757	7%
Total AUM	507,525	534,072	570,736	600,711	676,512	760,366	12%
Book Value	190,031	205,649	212,748	234,304	260,622	288,703	11%
Risky assets / AUM	23%	28%	26%	27%	26%	29%	
Risky assets / total equity BV	0.6x	0.7x	0.7x	0.7x	0.7x	0.8x	

Source: Each company's FY20-25 annual report, J.P. Morgan calculations. Note: we define risky assets as the sum of stock and non-standard assets.

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Table 18: China Insurance: Life insurers' solvency risk under C-ROSS II

Rmb in millions, %, %p

	China Life			Ping An Life			CPIC Life			PICC Life			New China Life		
Item	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q
Core Capital (a)	777,291	965,722	24%	716,540	758,040	6%	292,993	283,756	-3%	98,606	97,840	-1%	201,361	199,554	-1%
Core Tier 1 capital	722,728	910,273	26%	656,765	699,745	7%	252,872	244,616	-3%	94,865	94,209	-1%	194,763	193,303	-1%
Core Tier 2 capital	54,563	55,449	2%	59,774	58,295	-2%	40,121	39,140	-2%	3,741	3,631	-3%	6,598	6,251	-5%
Minimum capital for quantitative risk (b =c+d+e+f-g-h)	613,003	625,193	2%	587,980	585,385	0%	188,682	197,097	4%	72,557	79,229	9%	146,765	150,536	3%
Life insurance risk (c)	129,774	131,676	1%	202,769	205,239	1%	82,202	83,305	1%	19,687	19,887	1%	43,686	44,988	3%
minimum capital for loss risk	93,438	94,440	1%	174,224	175,856	1%	63,383	63,870	1%	16,406	16,639	1%	33,193	33,633	1%
minimum capital for surrender risk	73,102	74,755	2%	87,178	89,104	2%	43,573	44,716	3%	7,611	7,775	2%	22,865	24,389	7%
minimum capital for expense risk	16,802	16,929	1%	13,187	13,398	2%	8,208	8,271	1%	2,456	2,470	1%	5,198	5,267	1%
risk diversification effect	53,568	54,448	2%	71,819	73,119	2%	32,961	33,552	2%	6,786	6,997	3%	17,570	18,301	4%
Non-life insurance risk (d)	11,625	11,983	3%	378	469	24%	1,602	1,657	3%	442	426	-4%	707	699	-1%
minimum capital for premium and reserve risk	11,625	11,983	3%	378	469	24%	1,602	1,657	3%	442	426	-4%	707	699	-1%
minimum capital for catastrophe risk	0	0	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.
risk diversification effect	0	0	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.
Market risk (e)	549,971	568,191	3%	537,051	538,526	0%	154,407	163,880	6%	62,460	71,165	14%	134,162	138,936	4%
minimum capital for interest rate risk	148,593	157,817	6%	185,858	202,400	9%	64,907	68,359	5%	23,823	27,509	15%	47,747	63,343	33%
minimum capital for equity price risk	509,797	527,346	3%	341,237	342,303	0%	109,233	115,831	6%	54,175	62,396	15%	108,379	109,460	1%
minimum capital for property price risk	17,694	16,978	-4%	28,887	29,572	2%	6,059	6,085	0%	1,193	1,188	0%	2,283	2,251	-1%
minimum capital for overseas fixed income asset price risk	379	389	3%	3,012	2,884	-4%	251	248	-1%	236	232	-2%	345	336	-3%
minimum capital for overseas equity asset price risk	70,238	70,953	1%	270,646	267,139	-1%	62,047	66,273	7%	12,314	12,866	4%	39,715	39,620	0%
minimum capital for exchange rate risk	11,374	11,840	4%	37,904	37,383	-1%	8,518	9,067	6%	1,812	1,807	0%	5,889	5,821	-1%
risk diversification effect	208,104	217,132	4%	330,492	343,154	4%	96,607	101,982	6%	31,094	34,833	12%	70,196	81,895	17%
Credit risk (f)	109,813	104,353	-5%	61,229	54,376	-11%	51,042	51,587	1%	11,544	10,740	-7%	11,972	10,929	-9%
minimum capital for interest spread risk	65,522	61,105	-7%	36,988	29,989	-19%	30,940	32,488	5%	5,539	5,158	-7%	5,982	4,654	-22%
minimum capital for counterparty default risk	73,253	70,684	-4%	40,416	38,477	-5%	33,590	32,765	-2%	8,838	8,219	-7%	8,982	8,793	-2%
risk diversification effect	28,962	27,436	-5%	16,175	14,090	-13%	13,489	13,666	1%	2,833	2,637	-7%	2,992	2,518	-16%
Diversification effect (g)	150,787	149,890	-1%	149,166	146,424	-2%	70,813	72,426	2%	18,308	18,349	0%	32,784	32,943	0%
Loss absorption effect of special types of insurance contracts (h)	37,393	41,120	10%	64,282	66,800	4%	29,759	30,906	4%	3,267	4,640	42%	10,978	12,073	10%
Loss absorption adjustment – not considering upper bound	37,393	41,120	10%	64,282	66,800	4%	29,759	30,906	4%	3,267	4,640	42%	10,978	12,073	10%
Upper bound for loss absorption effect adjustment	149,742	165,687	11%	272,327	284,104	4%	126,584	131,252	4%	11,460	17,035	49%	43,987	49,067	12%
Minimum capital for control risk (i)	-9,379	-9,566	2%	-6,674	-6,644	0%	-2,579	-2,694	4%	1,131	1,236	9%	2,269	2,327	3%
Minimum capital (j=b+i)	603,624	615,627	2%	581,306	578,741	0%	186,103	194,403	4%	73,688	80,466	9%	149,034	152,863	3%
Market risk out of Minimum Capital (k=e/j)	91%	92%	1%	92%	93%	1%	83%	84%	2%	85%	88%	4%	90%	91%	1%
Core solvency ratio (=a/j)	129%	157%	28%p	123%	131%	8%p	157%	146%	-11%p	134%	122%	-12%p	135%	131%	-5%p

Source: Each company's quarterly solvency ratio. Note: n.a. means not applicable.

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Table 19: China Insurance: Non-Life insurers' solvency risk under C-ROSS II

Rmb in millions, %, %p

	Ping An P&C			CPIC P&C			PICC P&C			Zhong An		
Item	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q
Core Capital (a)	126,310	127,930	1%	63,335	65,560	4%	264,301	268,694	2%	19,741	20,026	1%
Core Tier 1 capital	126,310	127,930	1%	63,335	65,560	4%	264,301	268,694	2%	19,741	20,026	1%
Core Tier 2 capital	0	0	n.a.	0	0	n.a.	0	0	n.a.	-	-	n.a.
Minimum capital for quantitative risk (b =c+d+e+f-g-h)	74,831	76,483	2%	31,614	33,792	7%	123,977	124,673	1%	8,753	8,931	2%
Life insurance risk (c)	0	0	n.a.	0	0	n.a.	0	0	n.a.	-	-	n.a.
minimum capital for loss risk	0	0	n.a.	0	0	n.a.	0	0	n.a.	-	-	n.a.
minimum capital for surrender risk	0	0	n.a.	0	0	n.a.	0	0	n.a.	-	-	n.a.
minimum capital for expense risk	0	0	n.a.	0	0	n.a.	0	0	n.a.	-	-	n.a.
risk diversification effect	0	0	n.a.	0	0	n.a.	0	0	n.a.	-	-	n.a.
Non-life insurance risk (d)	50,072	47,602	-5%	22,987	25,487	11%	68,375	70,170	3%	3,672	3,344	-9%
minimum capital for premium and reserve risk	44,584	41,646	-7%	19,484	22,316	15%	62,763	63,420	1%	3,376	3,047	-10%
minimum capital for catastrophe risk	14,227	14,886	5%	8,263	7,937	-4%	15,648	18,103	16%	829	814	-2%
risk diversification effect	8,738	8,930	2%	4,760	4,767	0%	10,036	11,353	13%	533	516	-3%
Market risk (e)	46,307	50,879	10%	13,973	14,236	2%	85,292	85,020	0%	7,080	7,447	5%
minimum capital for interest rate risk	28,945	31,361	8%	11,174	11,330	1%	32,904	34,201	4%	1,110	1,107	0%
minimum capital for equity price risk	27,246	32,116	18%	6,495	6,733	4%	78,630	78,613	0%	6,896	7,262	5%
minimum capital for property price risk	1,241	1,233	-1%	328	335	2%	1,207	1,191	-1%	-	-	n.a.
minimum capital for overseas fixed income asset price risk	152	149	-3%	56	56	-1%	354	354	0%	-	-	n.a.
minimum capital for overseas equity asset price risk	20,150	19,875	-1%	5,587	5,633	1%	8,881	7,735	-13%	488	500	2%
minimum capital for exchange rate risk	2,770	3,087	11%	771	800	4%	1,525	1,416	-7%	93	62	-33%
risk diversification effect	34,198	36,942	8%	10,438	10,650	2%	38,209	38,489	1%	1,507	1,484	-1%
Credit risk (f)	9,733	9,887	2%	9,019	8,943	-1%	24,697	24,129	-2%	1,261	1,291	2%
minimum capital for interest spread risk	396	233	-41%	1,233	1,399	14%	5,753	6,311	10%	722	707	-2%
minimum capital for counterparty default risk	9,627	9,826	2%	8,632	8,490	-2%	22,623	21,765	-4%	869	918	6%
risk diversification effect	290	172	-41%	845	946	12%	3,678	3,947	7%	330	334	1%
Diversification effect (g)	31,282	31,885	2%	14,364	14,874	4%	54,388	54,646	0%	3,261	3,151	-3%
Loss absorption effect of special types of insurance contracts (h)	0	0	n.a.	0	0	n.a.	0	0	n.a.	-	-	n.a.
Loss absorption adjustment – not considering upper bound	0	0	n.a.	0	0	n.a.	0	0	n.a.	-	-	n.a.
Upper bound for loss absorption effect adjustment	0	0	n.a.	0	0	n.a.	0	0	n.a.	-	-	n.a.
Minimum capital for control risk (i)	-2,020	-2,065	2%	-412	-440	7%	-114	-114	1%	149	152	2%
Minimum capital (j=b+i)	72,810	74,418	2%	31,203	33,352	7%	123,864	124,559	1%	8,464	8,637	2%
Market risk out of Minimum Capital (k=e/j)	64%	68%	8%	45%	43%	-5%	69%	68%	-1%	84%	86%	3%
Core solvency ratio (=a/j)	173%	172%	-2%p	203%	197%	-6%p	213%	216%	2%p	233%	232%	-1%p

Source: Each company's quarterly solvency ratio. Note: n.a. means not applicable.

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Table 20: China Insurance: Foreign JV insurers' solvency risk under C-ROSS II

Rmb in millions, %, %p

	ICBC-AXA			AIA China			Generali China			CITIC-Prudential			CIGNA & CMB			BoComm Life		
Item	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q
Core Capital (a)	42,257	38,896	-8%	77,436	78,147	1%	13,848	13,847	0%	23,904	26,622	11%	20,560	18,855	-8%	16,910	15,883	-6%
Core Tier 1 capital	34,633	31,246	-10%	74,175	74,902	1%	13,163	13,031	-1%	22,788	20,613	-10%	18,128	16,687	-8%	14,074	13,076	-7%
Core Tier 2 capital	7,623	7,650	0%	3,261	3,245	0%	685	816	19%	1,116	6,009	438%	2,432	2,168	-11%	2,835	2,807	-1%
Minimum capital for quantitative risk (b =c+d+e+f-g-h)	28,267	32,092	14%	36,257	37,963	5%	10,635	11,449	8%	20,623	22,403	9%	16,473	16,826	2%	10,919	10,925	0%
Life insurance risk (c)	8,765	8,886	1%	14,682	15,040	2%	5,811	6,140	6%	6,854	7,161	4%	5,225	5,566	7%	3,107	3,214	3%
minimum capital for loss risk	5,834	5,937	2%	11,524	11,719	2%	4,268	4,419	4%	3,935	4,309	9%	3,397	3,632	7%	1,412	1,453	3%
minimum capital for surrender risk	6,033	6,091	1%	6,221	6,463	4%	3,596	3,917	9%	5,101	5,192	2%	3,698	3,945	7%	2,642	2,745	4%
minimum capital for expense risk	567	578	2%	2,461	2,560	4%	356	362	2%	617	623	1%	310	310	0%	171	167	-2%
risk diversification effect	3,669	3,721	1%	5,524	5,702	3%	2,409	2,558	6%	2,799	2,962	6%	2,180	2,322	6%	1,119	1,152	3%
Non-life insurance risk (d)	225	222	-1%	662	676	2%	435	421	-3%	188	194	3%	207	260	26%	3	3	-17%
minimum capital for premium and reserve risk	225	222	-1%	662	676	2%	435	421	-3%	188	194	3%	207	260	26%	3	3	-17%
minimum capital for catastrophe risk	-	-	n.a.	-	-	n.a.	-	-	n.a.	-	-	n.a.	-	-	n.a.	-	-	n.a.
risk diversification effect	-	-	n.a.	-	-	n.a.	-	-	n.a.	-	-	n.a.	-	-	n.a.	-	-	n.a.
Market risk (e)	21,532	25,393	18%	36,608	39,189	7%	9,333	10,263	10%	19,344	21,646	12%	15,823	16,601	5%	9,145	9,206	1%
minimum capital for interest rate risk	10,567	11,262	7%	31,759	33,582	6%	5,202	5,577	7%	15,703	16,864	7%	14,083	14,758	5%	4,805	5,166	8%
minimum capital for equity price risk	14,491	16,546	14%	21,490	22,985	7%	5,319	6,091	15%	9,842	11,603	18%	7,484	7,590	1%	5,725	5,561	-3%
minimum capital for property price risk	-	-	n.a.	4,592	5,217	14%	51	50	0%	1,525	1,445	-5%	210	250	19%	3	0	-90%
minimum capital for overseas fixed income asset price risk	5	5	-3%	157	153	-3%	290	285	-2%	116	114	-1%	-	-	n.a.	-	-	n.a.
minimum capital for overseas equity asset price risk	9,093	11,923	31%	2,875	4,128	44%	4,670	4,959	6%	6,230	7,275	17%	3,710	4,292	16%	4,216	4,291	2%
minimum capital for exchange rate risk	1,540	1,565	2%	516	604	17%	789	827	5%	904	1,061	17%	477	551	15%	540	550	2%
risk diversification effect	14,164	15,907	12%	24,781	27,478	11%	6,988	7,526	8%	14,976	16,716	12%	10,141	10,840	7%	6,144	6,362	4%
Credit risk (f)	7,089	7,757	9%	5,321	5,572	5%	2,925	2,956	1%	5,643	5,454	-3%	5,570	5,531	-1%	2,457	2,405	-2%
minimum capital for interest spread risk	1,350	1,407	4%	740	863	17%	2,346	2,441	4%	835	677	-19%	4,422	4,562	3%	957	970	1%
minimum capital for counterparty default risk	6,630	7,285	10%	5,087	5,293	4%	1,257	1,165	-7%	5,376	5,245	-2%	2,457	2,188	-11%	2,036	1,972	-3%
risk diversification effect	891	935	5%	506	584	15%	677	650	-4%	568	468	-18%	1,309	1,219	-7%	536	536	0%
Diversification effect (g)	8,774	9,392	7%	11,708	12,153	4%	4,777	4,995	5%	7,088	7,278	3%	6,086	6,326	4%	3,119	3,147	1%
Loss absorption effect of special types of insurance contracts (h)	570	775	36%	9,308	10,362	11%	3,093	3,336	8%	4,318	4,774	11%	4,266	4,805	13%	674	756	12%
Loss absorption adjustment – not considering upper bound	570	775	36%	9,308	10,362	11%	3,093	3,336	8%	4,318	4,774	11%	4,266	4,805	13%	674	756	12%
Upper bound for loss absorption effect adjustment	1,872	2,746	47%	55,143	57,383	4%	13,780	14,512	5%	18,754	20,724	11%	18,568	20,960	13%	2,689	3,067	14%
Minimum capital for control risk (i)	(54)	(62)	14%	(149)	(164)	10%	(35)	(38)	8%	(239)	(260)	9%	175	179	2%	(20)	(20)	0%
Minimum capital (j=b+i)	26,799	30,425	14%	34,296	37,799	10%	10,068	10,838	8%	19,353	21,023	9%	15,824	16,163	2%	10,353	10,359	0%
Market risk out of Minimum Capital (k=e/j)	80%	83%	4%	107%	104%	-3%	93%	95%	2%	100%	103%	3%	100%	103%	3%	88%	89%	1%
Core solvency ratio (=a/j)	158%	128%	-30%p	226%	207%	-19%p	138%	128%	-10%p	124%	127%	3%p	130%	117%	-13%p	163%	153%	-10%p

Source: Each company's quarterly solvency ratio. Note: n.a. means not applicable

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Table 21: China Insurance: SMid insurers' solvency risk under C-ROSS II

Rmb in millions, %, %p

	Taiping Life			Taiping General			Sunshine Life			Sunshine P&C			China Re Life			China Re P&C		
Item	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q	4Q25	1Q26	Q/Q
Core Capital (a)	164,312	155,647	-5%	9,280	9,662	4%	58,731	61,996	6%	15,042	15,464	3%	39,715	38,758	-2%	22,323	22,957	3%
Core Tier 1 capital	144,312	135,647	-6%	9,280	9,662	4%	52,097	55,741	7%	15,042	15,464	3%	27,801	27,131	-2%	22,323	22,957	3%
Core Tier 2 capital	20,000	20,000	0%	-	-	n.a.	6,635	6,255	-6%	-	-	n.a.	11,915	11,627	-2%	-	-	n.a.
Minimum capital for quantitative risk (b =c+d+e+f-g-h)	115,780	117,725	2%	5,730	5,685	-1%	57,032	55,035	-3%	9,232	8,976	-3%	26,711	28,715	7%	15,971	17,452	9%
Life insurance risk (c)	51,968	52,847	2%	-	-	n.a.	17,999	17,897	-1%	-	-	n.a.	7,995	6,322	-21%	-	-	n.a.
minimum capital for loss risk	42,532	43,062	1%	-	-	n.a.	12,595	12,569	0%	-	-	n.a.	7,342	5,549	-24%	-	-	n.a.
minimum capital for surrender risk	25,553	26,273	3%	-	-	n.a.	11,870	11,870	0%	-	-	n.a.	2,925	2,825	-3%	-	-	n.a.
minimum capital for expense risk	3,768	3,843	2%	-	-	n.a.	1,062	936	-12%	-	-	n.a.	162	161	-1%	-	-	n.a.
risk diversification effect	19,886	20,332	2%	-	-	n.a.	7,528	7,479	-1%	-	-	n.a.	2,434	2,213	-9%	-	-	n.a.
Non-life insurance risk (d)	781	863	10%	4,239	4,200	-1%	273	245	-10%	5,946	5,729	-4%	3,932	4,928	25%	13,741	15,555	13%
minimum capital for premium and reserve risk	781	863	10%	4,012	3,959	-1%	273	245	-10%	5,732	5,492	-4%	3,932	4,928	25%	11,944	13,902	16%
minimum capital for catastrophe risk	-	-	n.a.	693	725	5%	-	-	n.a.	700	760	9%	-	-	n.a.	4,436	4,320	-3%
risk diversification effect	-	-	n.a.	466	485	4%	-	-	n.a.	486	523	8%	-	-	n.a.	2,638	2,667	1%
Market risk (e)	89,606	92,950	4%	2,654	2,579	-3%	47,225	46,459	-2%	5,508	5,359	-3%	14,509	17,268	19%	5,269	4,820	-9%
minimum capital for interest rate risk	60,264	63,191	5%	1,689	1,655	-2%	27,371	28,481	4%	1,047	933	-11%	1,817	1,832	1%	3,543	3,396	-4%
minimum capital for equity price risk	64,802	66,505	3%	1,665	1,574	-5%	26,915	28,994	8%	3,261	3,355	3%	6,364	6,659	5%	2,854	2,308	-19%
minimum capital for property price risk	4,499	4,497	0%	334	334	0%	3,299	3,413	3%	660	660	0%	340	337	-1%	172	170	-1%
minimum capital for overseas fixed	87	85	-3%	14	14	-3%	175	256	46%	-	-	n.a.	60	53	-11%	298	292	-2%
minimum capital for overseas equity	18,557	19,646	6%	932	946	2%	22,510	18,098	-20%	3,012	2,727	-9%	10,471	13,247	27%	2,289	2,279	0%
minimum capital for exchange rate risk	2,451	2,622	7%	154	152	-1%	3,669	3,162	-14%	444	411	-7%	2,064	2,073	0%	630	603	-4%
risk diversification effect	61,055	63,595	4%	2,134	2,097	-2%	36,716	35,946	-2%	2,915	2,726	-6%	6,608	6,932	5%	4,518	4,229	-6%
Credit risk (f)	36,524	35,519	-3%	1,368	1,435	5%	10,181	9,371	-8%	1,941	1,959	1%	13,543	14,034	4%	2,528	2,498	-1%
minimum capital for interest spread risk	33,629	32,722	-3%	241	222	-8%	3,647	3,758	3%	142	115	-19%	2,994	3,109	4%	1,037	952	-8%
minimum capital for counterparty default	8,140	7,874	-3%	1,288	1,363	6%	8,637	7,697	-11%	1,901	1,927	1%	12,481	12,931	4%	2,061	2,084	1%
risk diversification effect	5,244	5,078	-3%	161	150	-7%	2,103	2,083	-1%	102	83	-18%	1,932	2,005	4%	570	538	-6%
Diversification effect (g)	45,632	45,955	1%	2,531	2,529	0%	15,975	15,448	-3%	4,162	4,072	-2%	13,236	13,806	4%	5,567	5,421	-3%
Loss absorption effect of special types of insurance contracts (h)	17,468	18,497	6%	-	-	n.a.	2,672	3,488	31%	-	-	n.a.	31	33	5%	-	-	n.a.
Loss absorption adjustment – not considering upper bound	17,468	18,497	6%	-	-	n.a.	2,672	3,488	31%	-	-	n.a.	31	33	5%	-	-	n.a.
Upper bound for loss absorption effect adjustment	75,098	79,699	6%	-	-	n.a.	10,180	13,987	37%	-	-	n.a.	36	33	-8%	-	-	n.a.
Minimum capital for control risk (i)	(1,129)	(1,148)	2%	1	1	7%	(693)	(704)	2%	(33)	(32)	-3%	(4)	(5)	7%	(144)	(157)	9%
Minimum capital (j=b+i)	114,650	116,577	2%	5,445	5,402	-1%	53,487	54,332	2%	8,738	8,495	-3%	26,707	28,710	7%	15,029	16,422	9%
Market risk out of Minimum Capital (k=e/j)	78%	80%	2%	49%	48%	-2%	88%	86%	-3%	63%	63%	0%	54%	60%	11%	35%	29%	-16%
Core solvency ratio (=a/j)	143%	134%	-10%p	170%	179%	8%p	110%	114%	4%p	172%	182%	10%p	149%	135%	-14%p	149%	140%	-9%p

Source: Each company's quarterly solvency ratio.

Companies Discussed in This Report (all prices in this report as of market close on 04 May 2026, unless otherwise indicated)
China Life Insurance - H(2628.HK/HK$28.78/OW), Ping An Insurance Group - H(2318.HK/HK$63.25/OW)

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China Life Insurance - H (2628.HK, 2628 HK) Price Chart

Date	Rating	Price (HK$)	Price Target (HK$)
22-Aug-23	OW	11.12	18
28-Dec-23	OW	9.77	15
10-Sep-24	OW	11.22	17
13-Oct-24	OW	16.46	22
09-Jan-25	UW	13.84	10
15-Apr-25	UW	13.66	9
25-Jul-25	OW	22.35	31
07-Jan-26	OW	31.10	40

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Feb 04, 2004. All share prices are as of market close on the previous business day.

Ping An Insurance Group - H (2318.HK, 2318 HK) Price Chart

Date	Rating	Price (HK$)	Price Target (HK$)
22-Aug-23	OW	43.85	70
14-Sep-23	OW	46.80	77
10-Sep-24	OW	34.75	67
13-Oct-24	OW	51.00	77
22-Oct-24	OW	49.05	78
09-Jan-25	N	43.05	50
20-Mar-25	OW	51.90	70
25-Jul-25	OW	55.40	80
30-Oct-25	OW	56.15	90
07-Jan-26	OW	72.00	100
03-Apr-26	OW	60.20	90

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
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