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中国人民保险集团股份有限公司

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

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

(Stock Code: 1339)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the “**Board**”) of The People’s Insurance Company (Group) of China Limited (the “**Company**”) announces the following audited annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 together with the comparative figures for the previous year, which should be read in conjunction with the following management discussion and analysis:

FINANCIAL STATEMENTS AND MATERIAL NOTES

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2022	2021
Gross written premiums	6	625,820	585,425
Less: Premiums ceded to reinsurers	6	(54,779)	(47,058)
Net written premiums	6	571,041	538,367
Change in unearned premium reserves	6	(11,135)	(8,476)
Net earned premiums		559,906	529,891
Reinsurance commission income		12,327	11,070
Investment income	7	39,799	49,497
Other income		3,700	4,148
TOTAL INCOME		615,732	594,606
Life insurance death and other benefits paid		66,498	41,213
Claims incurred		358,667	337,328
Changes in long-term life insurance contract liabilities		40,970	71,735
Policyholder dividends		4,006	3,693
Claims and policyholders' benefits		470,141	453,969
Less: Claims and policyholders' benefits ceded to reinsurers		(34,402)	(30,566)
Net claims and policyholders' benefits		435,739	423,403
Handling charges and commissions		49,933	50,939
Finance costs		6,518	5,549
Exchange (gains)/losses		(1,059)	331
Other operating and administrative expenses		98,832	92,366
TOTAL BENEFITS, CLAIMS AND EXPENSES		589,963	572,588
Share of profits or losses of associates and joint ventures		15,466	13,571
Dilution loss arising on a reduced stake in an associate		(95)	–
PROFIT BEFORE TAX	8	41,140	35,589
Income tax expense	9	(6,712)	(5,219)
PROFIT FOR THE YEAR		34,428	30,370
Attributable to:			
Owners of the Company		24,477	21,476
Non-controlling interests		9,951	8,894
		34,428	30,370
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic (in RMB Yuan)	10	0.55	0.49
– Diluted (in RMB Yuan)	10	0.53	0.49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	<i>Notes</i>	2022	2021
PROFIT FOR THE YEAR		<u>34,428</u>	<u>30,370</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value (losses)/gains		(33,236)	11,263
– Reclassification of losses/(gains) to profit or loss on disposals		2,222	(10,651)
– Impairment losses	7(d)	1,615	545
Portion of fair value changes attributable to participating policyholders		2,652	(335)
Income tax effect		<u>6,032</u>	<u>(6)</u>
		<u>(20,715)</u>	<u>816</u>
Share of other comprehensive (expense)/income of associates and joint ventures		(537)	920
Exchange differences arising on translating foreign operations		<u>213</u>	<u>(92)</u>
NET OTHER COMPREHENSIVE (EXPENSE)/INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		<u>(21,039)</u>	<u>1,644</u>
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		614	768
Income tax effect		<u>(141)</u>	<u>(119)</u>
		<u>473</u>	<u>649</u>
Actuarial losses on pension benefit obligation		(50)	(174)
Share of other comprehensive (expense)/income of associates and joint ventures		<u>(32)</u>	<u>138</u>
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		<u>391</u>	<u>613</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(20,648)</u>	<u>2,257</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>13,780</u>	<u>32,627</u>
Attributable to:			
– Owners of the Company		9,072	22,853
– Non-controlling interests		<u>4,708</u>	<u>9,774</u>
		<u>13,780</u>	<u>32,627</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and cash equivalents		40,599	33,276
Debt securities		536,254	494,550
Equity securities, mutual funds and investment schemes		258,022	262,357
Insurance receivables, net	12	76,709	58,130
Reinsurance assets		46,425	40,263
Term deposits		101,180	94,341
Restricted statutory deposits		12,923	12,994
Investments classified as loans and receivables		176,082	144,603
Investments in associates and joint ventures	13	146,233	135,570
Investment properties		15,085	13,340
Property and equipment		34,130	33,357
Right-of-use assets		7,109	7,987
Intangible assets		3,523	3,471
Goodwill		198	198
Deferred tax assets		17,960	10,143
Other assets		36,711	32,277
TOTAL ASSETS		1,509,143	1,376,857
LIABILITIES			
Securities sold under agreements to repurchase		100,890	77,598
Payables to reinsurers		27,661	22,767
Income tax payable		4,028	1,083
Bonds payable		43,356	43,804
Lease liabilities		2,291	2,993
Insurance contract liabilities		860,576	773,098
Investment contract liabilities for policyholders		51,931	44,252
Policyholder dividends payable		5,756	5,480
Pension benefit obligation		2,776	2,872
Deferred tax liabilities		260	2,053
Other liabilities		108,665	103,964
TOTAL LIABILITIES		1,208,190	1,079,964
EQUITY			
Issued capital	14	44,224	44,224
Reserves		177,547	175,032
Equity attributable to owners of the Company		221,771	219,256
Non-controlling interests		79,182	77,637
TOTAL EQUITY		300,953	296,893
TOTAL EQUITY AND LIABILITIES		1,509,143	1,376,857

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to owners of the Company													Non-controlling interests	Total	
	Issued capital <i>(note 14)</i>	Share Premium account	Available-for-sale financial asset revaluation reserve	General risk reserve	Catastrophic loss reserve	Asset revaluation reserve	Share of other comprehensive income/ (expense) of associates and joint ventures	Portion of fair value change attributable to policyholders	Foreign currency translation reserve	Surplus reserve [†]	Other reserves	Actuarial losses on pension benefit obligation	Retained profits			Subtotal
Balance at 1 January 2022	44,224	23,973	18,067	15,751	212	3,681	135	(1,536)	(147)	14,187	(15,153)	(1,383)	117,245	219,256	77,637	296,893
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	24,477	24,477	9,951	34,428
Other comprehensive (expense)/income for the year	-	-	(16,995)	-	-	306	(395)	1,536	193	-	-	(50)	-	(15,405)	(5,243)	(20,648)
Total comprehensive (expense)/income for the year	-	-	(16,995)	-	-	306	(395)	1,536	193	-	-	(50)	24,477	9,072	4,708	13,780
Appropriations to general risk reserve and surplus reserve	-	-	-	2,159	-	-	-	-	-	751	-	-	(2,910)	-	-	-
Appropriation to catastrophic loss reserve	-	-	-	-	41	-	-	-	-	-	-	-	(41)	-	-	-
Utilisations of catastrophic loss reserve	-	-	-	-	(194)	-	-	-	-	-	-	-	194	-	-	-
Dividends paid to shareholders <i>(note 11)</i>	-	-	-	-	-	-	-	-	-	-	-	-	(6,501)	(6,501)	-	(6,501)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,143)	(3,143)
Others	-	-	-	-	-	-	-	-	-	-	(56)	-	-	(56)	(20)	(76)
Balance at 31 December 2022	44,224	23,973	1,072	17,910	59	3,987	(260)	-	46	14,938	(15,209)	(1,433)	132,464	221,771	79,182	300,953

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB177,547 million in the consolidated statement of financial position as at 31 December 2022 comprise these reserve accounts.

Attributable to owners of the Company

	Issued capital <i>(note 14)</i>	Available- for-sale		Share of other comprehensive		Asset revaluation reserve	income /(expense) of associates and joint ventures	Portion of fair value change attributable to policyholders	Foreign currency translation reserve	Surplus reserve *	Other reserves	Actuarial losses on pension benefit obligation	Retained profits	Subtotal	Non- controlling interests	Total
		Share Premium account	financial asset revaluation reserve	General risk reserve	Catastrophic loss reserve											
		**	**	**	**	**	**	**	**	**	**	**	**			
Balance at 1 January 2021	44,224	23,973	17,507	13,771	793	3,209	(638)	(1,344)	(67)	13,319	(15,153)	(1,209)	104,095	202,480	71,076	273,556
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	21,476	21,476	8,894	30,370
Other comprehensive income/(expense) for the year	-	-	560	-	-	472	791	(192)	(80)	-	-	(174)	-	1,377	880	2,257
Total comprehensive income/(expense) for the year	-	-	560	-	-	472	791	(192)	(80)	-	-	(174)	21,476	22,853	9,774	32,627
Appropriations to general risk reserve and surplus reserve	-	-	-	1,980	-	-	-	-	-	868	-	-	(2,848)	-	-	-
Appropriation to catastrophic loss reserve	-	-	-	-	204	-	-	-	-	-	-	-	(204)	-	-	-
Utilisations of catastrophic loss reserve	-	-	-	-	(785)	-	-	-	-	-	-	-	785	-	-	-
Dividends paid to shareholders <i>(note 11)</i>	-	-	-	-	-	-	-	-	-	-	-	-	(6,059)	(6,059)	-	(6,059)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,209)	(3,209)
Others	-	-	-	-	-	-	(18)	-	-	-	-	-	-	(18)	(4)	(22)
Balance at 31 December 2021	44,224	23,973	18,067	15,751	212	3,681	135	(1,536)	(147)	14,187	(15,153)	(1,383)	117,245	219,256	77,637	296,893

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB175,032 million in the consolidated statement of financial position as at 31 December 2021 comprise these reserve accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts in millions of Renminbi, unless otherwise stated)

	<i>Notes</i>	2022	2021
OPERATING ACTIVITIES			
Profit before tax		41,140	35,589
Adjustments for:			
Investment income	7	(39,799)	(49,497)
Exchange (gains)/losses		(1,059)	331
Share of profits or losses of associates and joint ventures		(15,466)	(13,571)
Dilution loss arising on a reduced stake in an associate		95	–
Depreciation of property and equipment	8	2,626	2,522
Depreciation of right-of-use assets	8	1,519	1,474
Amortisation of intangible assets	8	1,007	770
Disposal gains from investment properties, property and equipment, intangible assets and land use rights		(321)	(330)
Finance costs except for interests credited to policyholders		4,265	4,031
Recognition of impairment losses on receivables and other assets		1,072	404
Investment expenses		214	295
Operating cash flows before working capital changes		(4,707)	(17,982)
Increase in insurance receivables, net		(19,404)	(5,822)
Increase in investment contract liabilities for policyholders		7,679	5,581
Increase in insurance contract liabilities, net		83,968	93,004
(Increase)/decrease in other assets, net		(611)	403
Increase in other liabilities, net		12,212	3,382
Cash generated from operations		79,137	78,566
Income tax paid		(7,486)	(5,835)
Net cash generated from operating activities		71,651	72,731

	<i>Notes</i>	2022	2021
INVESTING ACTIVITIES			
Interests received		33,636	32,366
Dividends received		14,959	9,004
Increase in policy loans		(530)	(594)
Purchases of investment properties, property and equipment, intangible assets and land use rights		(6,576)	(3,655)
Proceeds from disposals of investment properties, property and equipment, intangible assets and land use rights		464	494
Investments in associates and joint ventures		–	(401)
Purchases of investments		(482,692)	(349,624)
Proceeds from disposal of interest in an associate		–	416
Proceeds from disposals of investments		373,819	235,487
Payments for investment expenses		(397)	(303)
Rentals received		608	575
Increase in term deposits, net		(6,576)	(5,320)
Net cash used in investing activities		<u>(73,285)</u>	<u>(81,555)</u>
FINANCING ACTIVITIES			
Increase/(decrease) in securities sold under agreements to repurchase, net		23,292	(8,228)
Issue of bonds payable		3,000	2,000
Proceeds from bank borrowings		215	292
Repayment of bank borrowings		(304)	(247)
Repayment of bonds payable		(3,500)	(15,000)
Interests paid		(4,195)	(4,062)
Dividends paid		(9,644)	(9,268)
Repayment of lease liabilities		(1,149)	(1,171)
Cash received/(paid) related to non-controlling interests of consolidated structured entities, net		842	(177)
Net cash generated from/(used in) financing activities		<u>8,557</u>	<u>(35,861)</u>
Net increase/(decrease) in cash and cash equivalents		6,923	(44,685)
Cash and cash equivalents at beginning of the year		33,276	78,209
Effects of exchange rate changes on cash and cash equivalents		400	(248)
Cash and cash equivalents at end of the year		<u>40,599</u>	<u>33,276</u>
Analysis of balances of cash and cash equivalents			
Deposits with banks with original maturity of no more than three months and money at call and short notice		21,365	21,786
Securities purchased under resale agreements with original maturity of no more than three months		<u>19,234</u>	<u>11,490</u>
Cash and cash equivalents at end of the year		<u>40,599</u>	<u>33,276</u>

NOTES:

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 Avenue, 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 (the "**Stock Exchange**") 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 2022, 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. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") which comprise all standards and interpretations issued by the International Accounting Standards Board and the disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. 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.

3. BASIS OF PREPARATION

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods, services and certain financial instruments.

4. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

In current year, the Group has applied, for the first time, the following amendments to IFRSs which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's consolidated financial statements:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual improvements to IFRS standards 2018-2020 Cycle
Amendments to IFRS 3	Reference to the Conceptual Framework

The application of the amendments to IFRSs in current year has had no material effect on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in the consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

5. 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 and reportable segments:

- 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");
- The life insurance segment offers a wide range of life insurance products by PICC Life Insurance Company Limited ("PICC Life");
- The health insurance segment offers a wide range of health and medical insurance products by PICC Health Insurance Company Limited ("PICC Health");
- The asset management segment offers asset management services;
- The headquarters segment provides management and support for the Group's business through its strategy, risk management, finance, legal and human resources functions;
- The others segment 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 balance sheet.

During the reporting period, no direct written premiums from transactions with a single external customer amounted to 10% or more of the Group's total direct written premiums.

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

The Group's revenue and profits for the period were mainly derived from the aforementioned business in Mainland China. As the revenue, net profit, assets and liabilities of operations outside Mainland China constitute less than 1% of the consolidated amounts in these financial statements, geographical segmental information is not presented.

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

Segment revenue and results for the year ended 31 December 2022

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters	Others	Eliminations	Total
Net earned premiums	426,251	90,852	35,185	-	-	7,642	(24)	559,906
Reinsurance commission income	11,881	402	1,379	-	-	88	(1,423)	12,327
Investment income	15,008	20,606	1,644	490	8,963	2,097	(9,009)	39,799
Other income	1,649	552	393	2,168	4	1,073	(2,139)	3,700
TOTAL INCOME								
- SEGMENT INCOME	454,789	112,412	38,601	2,658	8,967	10,900	(12,595)	615,732
- External income	457,822	112,148	38,422	1,620	772	4,948	-	615,732
- Inter-segment income	(3,033)	264	179	1,038	8,195	5,952	(12,595)	-
Net claims and policyholders' benefits	306,142	94,925	29,368	-	-	5,549	(245)	435,739
Handling charges and commissions	38,332	7,211	4,390	-	-	-	-	49,933
Finance costs	1,009	3,565	388	32	994	545	(15)	6,518
Exchange (gains)/losses	(754)	(123)	(1)	6	(123)	(64)	-	(1,059)
Other operating and administrative expenses	84,806	8,557	3,143	1,716	990	3,630	(4,010)	98,832
TOTAL BENEFITS, CLAIMS AND EXPENSES	429,535	114,135	37,288	1,754	1,861	9,660	(4,270)	589,963
Share of profits or losses of associates and joint ventures	9,253	5,580	4	25	1,045	4	(445)	15,466
Dilution loss arising on a reduced stake in an associate	(95)	-	-	-	-	-	-	(95)
PROFIT/(LOSS) BEFORE TAX	34,412	3,857	1,317	929	8,151	1,244	(8,770)	41,140
Income tax expense	(4,251)	(1,151)	(875)	(193)	(49)	(82)	(111)	(6,712)
PROFIT FOR THE YEAR								
- SEGMENT RESULTS	30,161	2,706	442	736	8,102	1,162	(8,881)	34,428

Segment revenue and results for the year ended 31 December 2021

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters	Others	Eliminations	Total
Net earned premiums	397,710	95,203	31,190	–	–	5,895	(107)	529,891
Reinsurance commission income	10,733	227	1,414	–	–	153	(1,457)	11,070
Investment income	20,706	22,353	2,582	656	11,097	2,873	(10,770)	49,497
Other income	1,764	761	337	2,067	7	1,128	(1,916)	4,148
TOTAL INCOME								
– SEGMENT INCOME	<u>430,913</u>	<u>118,544</u>	<u>35,523</u>	<u>2,723</u>	<u>11,104</u>	<u>10,049</u>	<u>(14,250)</u>	<u>594,606</u>
– External income	433,429	118,062	35,449	1,832	1,188	4,646	–	594,606
– Inter-segment income	<u>(2,516)</u>	<u>482</u>	<u>74</u>	<u>891</u>	<u>9,916</u>	<u>5,403</u>	<u>(14,250)</u>	<u>–</u>
Net claims and policyholders' benefits	<u>293,098</u>	<u>98,087</u>	<u>27,899</u>	<u>–</u>	<u>–</u>	<u>4,156</u>	<u>163</u>	<u>423,403</u>
Handling charges and commissions	37,706	9,034	4,199	–	–	–	–	50,939
Finance costs	1,534	2,481	430	31	996	97	(20)	5,549
Exchange losses/(gains)	266	26	1	(1)	27	12	–	331
Other operating and administrative expenses	<u>77,747</u>	<u>8,903</u>	<u>2,809</u>	<u>1,623</u>	<u>924</u>	<u>3,831</u>	<u>(3,471)</u>	<u>92,366</u>
TOTAL BENEFITS, CLAIMS AND EXPENSES	<u>410,351</u>	<u>118,531</u>	<u>35,338</u>	<u>1,653</u>	<u>1,947</u>	<u>8,096</u>	<u>(3,328)</u>	<u>572,588</u>
Share of profits or losses of associates and joint ventures	<u>8,948</u>	<u>5,048</u>	<u>(2)</u>	<u>15</u>	<u>87</u>	<u>(9)</u>	<u>(516)</u>	<u>13,571</u>
PROFIT/(LOSS) BEFORE TAX	29,510	5,061	183	1,085	9,244	1,944	(11,438)	35,589
Income tax (expense)/credit	<u>(3,665)</u>	<u>(934)</u>	<u>77</u>	<u>(263)</u>	<u>(8)</u>	<u>(521)</u>	<u>95</u>	<u>(5,219)</u>
PROFIT FOR THE YEAR								
– SEGMENT RESULTS	<u>25,845</u>	<u>4,127</u>	<u>260</u>	<u>822</u>	<u>9,236</u>	<u>1,423</u>	<u>(11,343)</u>	<u>30,370</u>

Segment assets and liabilities as at 31 December 2022 and 2021, and other segment information for the years ended 31 December 2022 and 2021 are as follows:

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters	Others	Eliminations	Total
31 December 2022								
Segment assets	<u>771,648</u>	<u>578,244</u>	<u>94,135</u>	<u>12,587</u>	<u>127,807</u>	<u>71,270</u>	<u>(146,548)</u>	<u>1,509,143</u>
Segment liabilities	<u>539,186</u>	<u>539,499</u>	<u>87,252</u>	<u>4,094</u>	<u>23,219</u>	<u>24,950</u>	<u>(10,010)</u>	<u>1,208,190</u>
Other segment information:								
Capital expenditures	5,589	283	166	256	111	81	(14)	6,472
Depreciation and amortisation	3,726	736	305	180	210	119	(273)	5,003
Interest income	<u>13,785</u>	<u>15,735</u>	<u>2,318</u>	<u>85</u>	<u>731</u>	<u>536</u>	<u>306</u>	<u>33,496</u>
31 December 2021								
Segment assets	<u>697,231</u>	<u>539,957</u>	<u>76,773</u>	<u>11,965</u>	<u>126,693</u>	<u>73,865</u>	<u>(149,627)</u>	<u>1,376,857</u>
Segment liabilities	<u>476,537</u>	<u>490,667</u>	<u>69,568</u>	<u>3,685</u>	<u>23,491</u>	<u>25,521</u>	<u>(9,505)</u>	<u>1,079,964</u>
Other segment information:								
Capital expenditures	2,723	370	236	136	123	91	(24)	3,655
Depreciation and amortisation	3,564	729	245	161	176	109	(218)	4,766
Interest income	<u>14,373</u>	<u>14,927</u>	<u>1,911</u>	<u>96</u>	<u>782</u>	<u>899</u>	<u>(434)</u>	<u>32,554</u>

The headquarters, non-life and life segments hold equity interests of 0.85%, 5.91%, and 6.14% (31 December 2021: 0.85%, 5.91%, and 6.14%), respectively, in Industrial Bank Co., Ltd. (“**Industrial Bank**”), an associate of the Group. These interests are accounted for as available-for-sale financial assets in headquarters and non-life segments, while accounted for as investment in associate in life segment. 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 holding. Details of these interests are disclosed in note 13.

6. GROSS AND NET WRITTEN PREMIUMS

	2022	2021
(a) Gross written premiums		
Long-term life insurance premiums	115,148	117,730
Short-term health insurance premiums	19,599	15,467
Non-life insurance premiums	<u>491,073</u>	<u>452,228</u>
TOTAL	<u>625,820</u>	<u>585,425</u>
(b) Premiums ceded to reinsurers		
Long-term life insurance premiums	(6,437)	(6,304)
Short-term health insurance premiums	(777)	(213)
Non-life insurance premiums	<u>(47,565)</u>	<u>(40,541)</u>
TOTAL	<u>(54,779)</u>	<u>(47,058)</u>
Net written premiums	<u>571,041</u>	<u>538,367</u>
(c) Change in unearned premium reserves		
Change in gross unearned premium reserves	(13,151)	(9,894)
Less: Change in reinsurers' share of unearned premium reserves	<u>2,016</u>	<u>1,418</u>
Net	<u>(11,135)</u>	<u>(8,476)</u>

7. INVESTMENT INCOME

	2022	2021
Dividend, interest and rental income (a)	44,889	38,708
Realised (losses)/gains (b)	(2,931)	11,267
Fair value (losses)/gains (c)	(579)	636
Impairment losses (d)	<u>(1,580)</u>	<u>(1,114)</u>
TOTAL	<u>39,799</u>	<u>49,497</u>

(a) Dividend, interest and rental income

	2022	2021
Dividend income		
Equity securities, mutual funds and investment schemes		
– Available-for-sale	10,135	5,348
– At fair value through profit or loss	<u>650</u>	<u>228</u>
Subtotal	<u>10,785</u>	<u>5,576</u>
Interest income		
Current and term deposits	4,876	4,717
Debt securities		
– Held-to-maturity	8,478	8,308
– Available-for-sale	10,655	9,247
– At fair value through profit or loss	909	996
Loans and receivables	<u>8,578</u>	<u>9,289</u>
Subtotal	<u>33,496</u>	<u>32,557</u>
Operating lease income from investment properties	<u>608</u>	<u>575</u>
TOTAL	<u>44,889</u>	<u>38,708</u>

(b) Realised (losses)/gains

	2022	2021
Debt securities		
– Available-for-sale	1,848	455
– At fair value through profit or loss	<u>17</u>	<u>161</u>
Subtotal	<u>1,865</u>	<u>616</u>
Equity securities, mutual funds and investment schemes		
– Available-for-sale	(4,070)	10,196
– At fair value through profit or loss	<u>(726)</u>	<u>455</u>
Subtotal	<u>(4,796)</u>	<u>10,651</u>
TOTAL	<u>(2,931)</u>	<u>11,267</u>

(c) Fair value (losses)/gains

	2022	2021
Debt securities		
– At fair value through profit or loss	(451)	458
Equity securities, mutual funds and investment schemes		
– At fair value through profit or loss	54	321
Investment properties	(182)	(143)
TOTAL	(579)	636

(d) Impairment losses

	2022	2021
Available-for-sale	(1,615)	(545)
Investments classified as loans and receivables	178	(569)
Held-to-maturity financial assets	(143)	–
TOTAL	(1,580)	(1,114)

8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following items:

	2022	2021
Employee costs (a) (note)	55,584	55,013
Depreciation of property and equipment (note)	2,626	2,522
Depreciation of right-of-use assets (note)	1,519	1,474
Amortisation of intangible assets (note)	1,007	770
Recognition of impairment losses on insurance receivables (note 12(a))	825	98
Recognition of impairment losses on other assets	246	306
Recognition of impairment losses on intangible assets	1	–
Auditors' remuneration	36	35

Note: Certain employee costs, depreciation and amortisation are presented as claim handling expenses within claims incurred and are not included in other operating and administrative expenses.

(a) Employee costs

	2022	2021
Employee costs (including directors' and supervisors' remuneration)		
– Salaries, allowances and performance related bonuses	50,599	49,840
– Pension scheme contributions	4,985	5,173
TOTAL	55,584	55,013

9. INCOME TAX EXPENSE

	2022	2021
Current tax	10,391	6,531
Adjustments in respect of prior years	40	15
Deferred tax	<u>(3,719)</u>	<u>(1,327)</u>
TOTAL	<u>6,712</u>	<u>5,219</u>

Certain operations of the Company's subsidiary in the Western region and Hainan Province are 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 recognized as a high-tech enterprise and its eligible taxable income is subject to an income tax 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% (2021: 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:

	2022	2021
Profit before tax	<u>41,140</u>	<u>35,589</u>
Tax at the statutory tax rate	10,285	8,897
Adjustments in respect of prior years	40	15
Tax effect of share of profits or losses of associates and joint ventures	(3,866)	(3,393)
Income not subject to tax	(4,147)	(2,636)
Expenses not deductible for tax	405	401
Unrecognised deductible temporary differences and tax losses	4,272	2,132
Effects of different tax rates applied to subsidiaries	(276)	(107)
Others	<u>(1)</u>	<u>(90)</u>
Income tax expense for the year	<u>6,712</u>	<u>5,219</u>

10. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share for the years of 2022 and 2021 is based on the profit attributable to owners of the Company and the number of ordinary shares in issue during the periods.

	2022	2021
Profit attributable to owners of the Company for the year	<u>24,477</u>	<u>21,476</u>
Weighted average number of ordinary shares in issue (<i>in million shares</i>)	<u>44,224</u>	44,224
Basic earnings per share (<i>in RMB Yuan</i>)	<u><u>0.55</u></u>	<u><u>0.49</u></u>

(b) Diluted Earnings Per Share

	2022	2021
Profit attributable to owners of the Company for the year	24,477	21,476
Add: Adjustment of profit attributable to owners of the Company from the assumption of the convention of all the convertible bonds issued by an associate (<i>note</i>)	<u>(1,201)</u>	<u>–</u>
Profit attributable to owners of the Company for the calculation of diluted earnings per share	<u>23,276</u>	<u>21,476</u>
Weighted average number of ordinary shares in issue (<i>in million shares</i>)	<u>44,224</u>	44,224
Diluted earnings per share (<i>in RMB Yuan</i>)	<u><u>0.53</u></u>	<u><u>0.49</u></u>

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 convention of all the convertible bonds issued by the associate was considered in the calculation of diluted earnings per share.

11. DIVIDENDS

	2022	2021
Dividends recognised as distributions:		
2020 Final, paid – RMB12.00 cents per share	–	5,307
2021 Interim, paid – RMB1.70 cents per share	–	752
2021 Final, paid – RMB14.70 cents per share	<u><u>6,501</u></u>	<u><u>–</u></u>

A final dividend in respect of the year ended 31 December 2021 of RMB14.70 cents per share was proposed by the Board on 25 March 2022 and approved by the shareholders on 20 June 2022 at the general meeting and paid on 29 July 2022.

12. INSURANCE RECEIVABLES, NET

	31 December 2022	31 December 2021
Premiums receivable and agents' balances	59,589	45,186
Receivables from reinsurers	<u>21,436</u>	<u>16,521</u>
Subtotal	<u>81,025</u>	<u>61,707</u>
Less: Impairment provisions on		
– Premiums receivable and agents' balances	(4,142)	(3,415)
– Receivables from reinsurers	<u>(174)</u>	<u>(162)</u>
TOTAL	<u>76,709</u>	<u>58,130</u>

(a) The movements of provision for impairment of insurance receivables are as follows:

	2022	2021
At the beginning of the period	3,577	3,503
Recognition of impairment losses (<i>note 8</i>)	825	98
Amount written off as uncollectible	<u>(86)</u>	<u>(24)</u>
At the end of the period	<u>4,316</u>	<u>3,577</u>

(b) Analysis of insurance receivable as at the end of the reporting period, based on the payment past due date and net of provision, is as follows:

	31 December 2022	31 December 2021
Not yet due and up to 3 months	59,000	45,592
More than 3 months to 6 months	6,674	4,300
More than 6 months to 12 months	7,439	5,827
More than 1 year to 2 years	3,080	1,956
More than 2 years	<u>516</u>	<u>455</u>
TOTAL	<u>76,709</u>	<u>58,130</u>

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(a) The Group's investments in associates and joint ventures as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Associates		
Cost of investment in associates	67,974	67,892
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable (<i>note</i>)	<u>75,313</u>	<u>64,396</u>
Subtotal	<u>143,287</u>	<u>132,288</u>
Joint ventures		
Cost of investment in joint ventures	3,086	3,086
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable (<i>note</i>)	<u>(140)</u>	<u>196</u>
Subtotal	<u>2,946</u>	<u>3,282</u>
TOTAL	<u>146,233</u>	<u>135,570</u>

Movement of investments in associates and joint ventures is as follows:

Associates and joint ventures	1 January 2022	Additions	Disposals	Share of profit	Share of other comprehensive income	Share of other movement	Dividend received	Impairment	31 December 2022
Industrial Bank	76,128	-	-	10,964	(251)	1	(2,773)	-	84,069
Hua Xia Bank	39,972	-	-	3,696	(431)	(158)	(866)	-	42,213
Others	<u>19,470</u>	<u>82</u>	<u>-</u>	<u>806</u>	<u>113</u>	<u>(5)</u>	<u>(515)</u>	<u>-</u>	<u>19,951</u>
Total	<u>135,570</u>	<u>82</u>	<u>-</u>	<u>15,466</u>	<u>(569)</u>	<u>(162)</u>	<u>(4,154)</u>	<u>-</u>	<u>146,233</u>

Note: As permitted by Amendments to IFRS 4 Insurance Contracts, the Group elects not to apply uniform accounting policies when using the equity method for Industrial Bank, Hua Xia Bank and other associates and joint ventures.

As at 31 December 2022, the carrying amounts of associates, Hua Xia Bank and Industrial Bank, companies listed on the Shanghai Stock Exchange, exceeded their market values. Management performed impairment assessment accordingly considering such impairment indicator exist. Based on management's assessment results, there was no impairment as at 31 December 2022 (31 December 2021: none).

(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 2022		31 December 2021	
			Direct	Indirect	Direct	Indirect
Industrial Bank	Fujian Province, PRC	Banking, PRC	0.85%	12.05%	0.85%	12.05%
Hua Xia Bank	Beijing, PRC	Banking, PRC	–	16.11%	–	16.66%

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.

14. ISSUED CAPITAL

	31 December 2022	31 December 2021
Issued and fully paid ordinary shares of RMB1 each (<i>in million shares</i>)		
A shares	35,498	35,498
H shares	8,726	8,726
	<u>44,224</u>	<u>44,224</u>
Issued capital (<i>in RMB million</i>)		
A shares	35,498	35,498
H shares	8,726	8,726
	<u>44,224</u>	<u>44,224</u>

15. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Company	31 December 2022	31 December 2021
ASSETS		
Cash and bank balances	1,170	777
Financial assets at fair value through profit or loss	93	391
Financial assets purchased under resale agreements	–	183
Term deposits	4,327	4,466
Available-for-sale financial assets	16,804	16,135
Held-to-maturity financial assets	134	–
Investments classified as loans and receivables	5,840	6,904
Long-term equity investment	91,142	90,404
Investment properties	2,448	2,514
Fixed assets	2,807	2,787
Intangible asset	111	92
Other assets	585	454
	<u>125,461</u>	<u>125,107</u>
TOTAL ASSETS	<u>125,461</u>	<u>125,107</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Securities sold under agreements to repurchase	480	773
Salaries and staff welfare payables	3,686	3,715
Tax payable	2	1
Bonds payable	17,998	17,992
Other liabilities	1,053	1,009
	<u>23,219</u>	<u>23,490</u>
TOTAL LIABILITIES	<u>23,219</u>	<u>23,490</u>
EQUITY		
Issued capital	44,224	44,224
Capital reserves	35,578	35,578
Other comprehensive income	85	473
Surplus reserves	14,938	14,187
Retained profits	7,417	7,155
	<u>102,242</u>	<u>101,617</u>
TOTAL EQUITY	<u>102,242</u>	<u>101,617</u>
TOTAL EQUITY AND LIABILITIES	<u>125,461</u>	<u>125,107</u>

16. EVENT AFTER THE REPORTING PERIOD

On 24 March 2023, the Board of the Company proposed a final dividend of RMB16.60 cents (tax inclusive) per ordinary share for the year ended 31 December 2022, amounting to a total of approximately RMB7,341 million. The above proposal is subject to the approval of shareholders' general meeting of the Company.

OPERATING HIGHLIGHTS

1. Rapid Growth in Profitability and Continuous Improvement in Operation Quality and Efficiency

In 2022, the profit before tax amounted to RMB41,140 million, representing a year-on-year increase of 15.6%. Net profit amounted to RMB34,428 million, representing a year-on-year increase of 13.4%. Net profit attributable to owners of the Company amounted to RMB24,477 million, representing a year-on-year increase of 14.0%. The combined ratio of PICC P&C was 97.6%, representing a year-on-year decrease of 2.0 percentage points.

2. Steady Growth in Written Premiums and Continuing Improvement of Business Structure

In 2022, the gross written premiums (the “GWPs”) of the Group exceeded RMB600 billion, and the business scale grew steadily.

In terms of the P&C insurance business, PICC P&C deeply promoted the system and mechanism reforms, focused on the customers’ demand, improved the business mode, intensified product innovation, and recorded GWPs of RMB487,533 million, representing a year-on-year increase of 8.5%, and the market share of 32.7%, maintaining at the first place in the industry. The non-vehicle insurance business accounted for 44.4% of the GWPs, representing a year-on-year increase of 1.2 percentage points, realising a more balanced overall business structure.

In terms of the life and health insurance business, in actively responding to the in-depth industry adjustment and transformation, PICC Life recorded total written premiums (the “TWPs”) of RMB102,864 million, representing a positive year-on-year increase. The TWPs of regular premiums from new clients recorded a year-on-year positive growth, which outperformed major industry players. The original premiums income of PICC Health exceeded RMB40 billion for the first time, and it ranked the top among professional health insurance companies in terms of premium scale.

3. Emphasis on Shareholders’ Return and Continuous Increase in Cash Dividends

The cash dividend paid to shareholders for the year of 2022 amounted to RMB1.66 per 10 shares (tax inclusive)¹, representing a year-on-year increase of 1.2%. The dividend payout ratio based on the net profit attributable to owners of the Company amounted to 30.0%.

¹ On 24 March 2023, the Board of the Company proposed the distribution of a final dividend of RMB1.66 per 10 shares (tax inclusive) for the year of 2022. The profit distribution proposal will be implemented upon approval by the general meeting of the Company.

4. Supporting the Real Economy and Serving the National Strategies

The Group actively served the country's overall development and provided effective support and security for the real economy. Centering on the "To be Prominent Strategy", the Group expanded the "Six Strategic Services". Placing the utmost interests of the nation as the highest priority, the Group has underwritten major projects such as Comac C919 and Jinshajiang Baihetan Hydropower Station. The Group actively participated in the construction of national major projects and complementary projects through various products such as debt schemes, equity schemes and funds, supported the construction and development of key industrial fields, and improved the level of support for the development of green and low-carbon economy. In terms of rural revitalisation, the Group promoted the complete implementation and expansion of business scope of the full cost insurance and income insurance for the three main cereal crops in pilot provinces, vigorously developed innovative agricultural insurance, provided risk protection of exceeding RMB47.9 trillion by the "Rural Insurance", an insurance resolution for rural areas. The Group also developed the small-amount life and health insurance products designated for rural areas and the "Preferential Insurance", an exclusive product for poverty alleviation, which provided 1,251 thousand people with premiums protection of RMB24.8 billion, and issued debt investment schemes in support of the comprehensive improvement of environmental protection in towns. In terms of intelligent transportation, the Group aligned with new trends of transportation development such as new energy and intelligent network connection, carried out "intelligent network connection" vehicle insurance business, firstly launched the "intelligent network connection" passenger transportation carrier liability insurance, and continued to improve vehicle insurance coverage. The Group actively invested in new energy vehicles, green transportation, logistics hubs and other fields, and invested in supporting the expansion of regional transportation hub network, innovative development of automobile industry and smart logistics. In terms of health care and endowment, the Group vigorously promoted products such as "Hui Min Bao" (惠民保) that served the health protection needs of people with "Hui Min Bao" (惠民保) covering 256 regions and cities. The Group actively developed inclusive insurance, among which the "Hao Yi Bao" (好醫保) series products achieved an original premiums income of RMB12,294 million. PICC Life implemented the national pension insurance pilot deployment, solidly carried out exclusive commercial pension insurance pilot, provided practitioners of the new industry and new business ecology and freelancers with sufficient endowment insurance coverage by developing the first exclusive product "Fu Shou Nian Nian" (福壽年年) in the industry. In 2022, the TWPs has exceeded RMB0.7 billion, ranked second in the industry, and the number of insurance policies has exceeded 122 thousand, continued to rank first in the industry. The Group focused on key therapeutic areas, innovative therapeutic and elderly care services, invested in bulk drug and advanced medical devices, and cooperated with China KangYang under China Chengtong to implement the "Huairou Kang Yang" (懷柔康養) project. In terms of green environmental protection, the Group innovated the carbon allowance, carbon offset insurance, and signed the first carbon capture insurance of China,

provided green insurance coverage of RMB68 trillion throughout the year. By gradually expanding the proportion of green investment, practising the philosophy of responsible investment and tapping into new energy fields such as wind power, photovoltaics, hydrogen energy and energy storage, the Group provided strong financial support in areas of green industry development, pollution prevention and control, peak carbon emissions and carbon neutrality. The Group invested in distributed photovoltaic power generation projects, which helped local to find a new way to combine ecological assistance and clean energy construction. At the end of 2022, the Group's green finance investment scale was RMB65 billion, an increase of 34% over the same period last year. In terms of technological innovation, the Group continued to improve the supply of technology insurance. The China Integrated Circuit Insurance Pool provided risk protection for customers. The Group strengthened financing support to meet a series of security needs. So far, it has signed the intellectual property insurance strategic cooperation agreements with 14 provinces. The Group focused on leading enterprises with core technologies and components in key sectors, invested in chips, storage and other key engineering fields, as well as emerging technology fields such as industrial digitalization. By the end of 2022, the Group invested RMB32.6 billion in high-end manufacturing and key engineering, representing an increase of 13% over the same period last year. In terms of social governance, the Group introduced the new citizen series of exclusive products, and provided a number of 338 thousand accident prevention services for 218 thousand enterprises through intellectual risk control service platform.

5. Living up to Our Founding Mission and Being a Heart-Warming Insurer for the People

The Group had properly responded to emergencies such as the “3•21” China Eastern Airlines Flight Accident, the collapse of a self-constructed residential building in Changsha, the major fire accident in Anyang, Henan, the collapse of a pit gold mine in Yining, as well as major natural disasters such as the earthquake in Luding, Sichuan, mudslides in Beiliu, Guangxi, Typhoon Chaba, Typhoon Muifa, rainstorms and floods in the south, drought in the Yangtze River Basin and flash floods in Beichuan, Sichuan. The Group immediately activated emergency plans, organised claim expert teams to provide assistance in the front line, actively cooperated with local governments, helped local rescue and disaster relief work, opened green channel for claims, and quickly completed the payment of major disaster claims, thus acting as a social stabiliser to ensure the normal production and life of people. The Group served to stabilize the economy, provided 53 thousand loans or financing to micro, small, and medium-sized enterprises, individual industrial and commercial proprietors in an amount of RMB18.4 billion, to practically serve as “Being a Heart-Warming Insurer for the People”.

As the official partner of the 2022 Beijing Winter Olympics and Winter Paralympic Games and the only insurance company in China insuring the two Olympic Games, the Group integrated digital technology into the Winter Olympics scenario, and took multiple measures to provide insurance protection services. In terms of product research and development, insurance products were tailor-made for each group of the Winter Olympics, covering vehicle, property, liability and life and accident loss, to safeguard the normal operation of the Olympic venues, official events and the development of the ice and snow industry. In terms of customer services, the Group had organised exclusive service teams, set up exclusive help desks and provided round-the-clock bilingual services in both Chinese and English to ensure that Winter Olympic customers' needs were promptly handled. In terms of claims settlement, the Group relied on the Winter Olympics Insurance Service Command Center and carried out online intelligent claims settlement services through "Ten Clouds"² to meet the requirements for closed-loop management and provide full protection for the grand Winter Olympics, in an effort to convey the warmth of PICC brand through its services and demonstrate that "Meeting Your Demands and Warming Your Hearts" is reachable and perceivable.

6. Continuous Improvement of Brand Value and Enhanced Recognition of Brand Image

In 2022, the Group communicated its brand value to the public in serving national strategies and supported its business development with a more competitive brand image. The Group's brand value continued to improve and it reached the highest ranking since being listed in Brand Finance. With the endorsement of the Winter Olympics athletes Eileen Gu (谷愛凌), the brand ambassador and Yang Qian (楊倩), the product ambassador, PICC has been given more youthful vitality. The microfilm "GOOD YOUNG" has drawn more than 54 million views, ranked as the most viewed film in recent years in the insurance industry, and was among the most popular in the financial industry, and the brand message "PICC makes growth worry-free" was favored and recognized by the young people. In 2022, the Group ranked 110th in Fortune 500.

2 On-cloud command & dispatch, on-cloud voice command, on-cloud self-service claims settlement, on-cloud coordinated claims settlement, on-cloud housekeeping service, on-cloud full entrustment, on-cloud injury mediation, on-cloud humanistic care, on-cloud direct compensation service, on-cloud major case consultation.

7. Accelerating Science and Technology Construction and Supporting Strategic Implementation Effectively

The Group continuously deepened science and technology innovation, accelerated digital transformation, and strengthened science and technology empowerment of the insurance value chain: Firstly, it reinforced the infrastructural construction, and solidly promoted the “multi-site and multi-centre” construction such as the south data centre and north data centre. It built a unified, shared, efficient, safe, autonomous and controllable information system infrastructure and resource platform, and successfully completed the major security for the Beijing Winter Olympics. The network security management level was improved progressively. Secondly, it built a unified technical architecture system, accelerated the construction for consolidated development, technology, data and intelligence platforms of the Group, improved and upgraded the core business system of the principal business of insurance, strengthened the construction of shared systems of the Group, systematically promoted data governance, structural optimisation and application innovation, and created an independent and controllable, steady and secured technology ecosystem powered by top-notch technology. Thirdly, it continued to enhance technological empowerment by promoting the construction of major projects in various sectors and giving strong support to the reform and transformation of the major business companies based on the strategies of subsidiaries, actively created a series of application systems that support business operations and enhance management capabilities, built an integrated interface and new media marketing account matrix for the Group, established a vehicle life services ecosystem, and strengthened data monitoring application and risk management and control. Fourthly, it held the “Technology Creates Prosperity, PICC Creates the Future” (科技創萬象、人保致未來) technology conference, released a number of scientific and technological innovations in the fields of knowledge mapping, block chain, privacy computing and digital workforce, and continued to make technological breakthroughs which made positive impacts inside and outside the system.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2022, we welcomed the historical moment of starting Chinese modernization and embarked on a new journey for the great rejuvenation of the Chinese nation. The Group acts on the general principle of pursuing progress while ensuring stability, effectively tackled various difficulties and challenges, and actively served the national strategy. We have achieved steady growth in business scale, continuous optimisation of business structure, significant improvement in operational efficiency, obvious results in strategic services, accelerated innovation and change, progress in technology empowerment, and effective risk prevention and control. In terms of property insurance, the Company pursued the development of high-quality family-owned vehicle business, improved the specialization of personal non-vehicle business, developed high-quality corporate customer business, actively undertook policy business, and maintained a stable market share; in terms of life insurance, the Company actively responded to market pressure, focused on embedded value, improved the quality of the agent team and optimised the business structure; in terms of health insurance, the Company actively explored the niche market, improved health management services, and continued to improve operational quality and efficiency; in the reinsurance third-party market, the Company recorded rapid business growth; in terms of investment segment, the Company focused on “serving strategies and major businesses”, overcame the impact of capital market fluctuations, optimised the Group’s investment asset allocation, and achieved positive results in overall investment income; in terms of technology segment, the Company deepened the institutional reform, comprehensively promoted project construction, and made encouraging strides in technology empowerment. The Group achieved good development results in 2022 and took a solid step towards the full realization of the “To be Prominent Strategy”.

I. BUSINESS OVERVIEW OF THE COMPANY

(I) Review of Our Industry

In 2022, the insurance industry in general maintained a steady yet progressive momentum, driven by its dogged pursuit of insisting on high-quality development, sustained efforts to improve the quality and efficiency of services for the real economy as well as relentless endeavour to prevent and resolve financial risks. In 2022, the original premiums income of the insurance industry was RMB4.7 trillion, representing a year-on-year increase of 4.6%; the insurance amount was RMB13,678 trillion, representing a year-on-year increase of 12.6%; the policyholders’ benefits and claims were RMB1.55 trillion, reflecting a stable improvement in safeguarding services for the real economy and people’s livelihood. In particular, P&C insurance effectively drove industry growth, the comprehensive reform of vehicle insurance was gradually deepened and the new energy vehicle insurance maintained rapid growth. The growth of non-vehicle insurance business accelerated, backed by accelerated product innovation and optimised business structure. Faced with the pressure from industry transformation, life and health insurance actively responded by continuously promoting the revamp of business model, strengthening the professional transformation of sales team and increasing the supply of health care and endowment services, with the aim of better satisfying the people’s needs for a better life.

In 2022, regulating authorities introduced a series of new policies and measures to serve the economy and maintain stability, improve the quality and efficiency of financial services for the real economy, improve the quality of industry development and enhance the effectiveness of supervision. In terms of serving the real economy, regulating authorities clarified the key tasks of comprehensively promoting rural revitalisation, heightening the function and effectiveness of insurance in serving rural revitalisation, constantly improving the financial supply for small and micro-enterprises, expanding the financial coverage for micro-entities such as new citizens, individual industrial and commercial proprietors, and encouraging the insurance industry to support urban construction and governance. They also encouraged insurance institutions to increase the risk protection level for manufacturing enterprises, improve technology insurance services, and extend the protection coverage of intellectual property rights, materials and equipment for scientific research and the quality of scientific research results. They also encouraged insurance institutions with sufficient capital reserve to engage in the project construction such as major highway infrastructures and new public transport infrastructures by leveraging their capability of risk protection. In terms of accelerating the digital transformation of the financial industry, regulating authorities encouraged financial institutions to play an active role in developing industrial digital finance, promote the digital transformation of personal financial services, establish a digital operation and service system, strengthen the building of digital risk control capacity, increase data governance, enhance the support capability of technological structure, and increase the application, independence and controllability of new technologies. In terms of improving the quality of the industry's development, regulating authorities strengthened the management of insurance sales practices and improved the agency marketing system of the life and health insurance industry; improved the classification and tiered treatment of property covered disasters and accidents; increased the information disclosure requirements for life and health insurance products and launched a special risk check for enhanced whole life insurance products. In terms of enhancing the foresight and effectiveness of supervision, regulating authorities strived to build a fair and transparent business environment characterised by stability, visibility and rule of law for the insurance industry in pursuit of high-quality development by comprehensively promoting the construction of legal system of the industry, optimising the functions of regulators, facilitating legislation in key areas, strengthening the management of non-life insurance reserve, regulating the off-site supervision process of insurance companies, reinforcing the supervision over investment in financial products with insurance funds and use of funds by insurance institutions on related party transactions, maintaining strict administrative punishment, imposing more stringent administrative penalties, raising the cost of violations of financial laws and regulations, innovating enforcement measures, and increasing enforcement efficiency.

(II) Principal Businesses

In 2022, the Group actively responded to the impact of “threefold pressure” of the economy and other uncertainties, achieving sound development results. In terms of business scale, the GWPs exceeded RMB600 billion for the first time, representing a year-on-year growth of 6.9%, an increase of 3 percentage points as compared to the growth rate in 2021. In terms of profitability, the Group achieved net profit attributable to owners of the Company of RMB24,477 million, representing a year-on-year increase of 14.0%. The combined ratio of PICC P&C dropped year-on-year, and the Group's investment performance maintained at the top in the industry, demonstrating the orientation of high-quality development. In terms of scale of assets, the Group's total assets exceeded RMB1.5 trillion and its net assets exceeded RMB300 billion.

As of 31 December 2022, the market share of PICC P&C in the P&C insurance market was 32.7%, the aggregate market share of PICC Life and PICC Health in the life and health insurance market was 4.2%. In terms of the TWPs, in 2022, the TWPs of PICC P&C, PICC Life, PICC Health and The People's Insurance Company of China (Hong Kong), Limited ("**PICC Hong Kong**") amounted to RMB485,434 million, RMB102,864 million, RMB41,265 million and RMB259 million, respectively.

1. P&C Insurance Segment: Balanced and Stable Business Development and Continuous Improvement of Operating Efficiency

PICC P&C further promoted system and mechanism reform, focused on customers' needs, and optimised business model. PICC P&C also stepped up product innovation, improved insurance service level, and maintained stable operating development. It achieved the GWPs of RMB487,533 million, representing a year-on-year increase of 8.5%, among which, the GWPs of motor vehicle insurance business amounted to RMB271,160 million, representing a year-on-year increase of 6.2%. The non-vehicle insurance business achieved the GWPs of RMB216,373 million, representing a year-on-year increase of 11.4%. The non-vehicle insurance business accounted for 44.4% of the GWPs, representing a year-on-year increase of 1.2 percentage points, realising a more balanced overall business structure.

PICC P&C further promoted "quality improvement, costs reduction and efficiency enhancement", implemented the new logic of "underwriting + loss reduction + empowerment + claims", upgraded the actuarial pricing model, strengthened the risk identification ability, optimised resource allocation efficiency, and constantly strengthened the refined management for claims, and achieved underwriting profits amounted to RMB10,329 million, representing a year-on-year increase of 579.1%. The combined ratio was 97.6%, representing a year-on-year decrease of 2.0 percentage points. Net profit amounted to RMB26,653 million, representing a year-on-year increase of 19.2%.

2 Life and Health Insurance Segment: Steady Progress in Scale with Improvement of Operation Quality and State

In 2022, the economic development moved forward under pressure, and the life and health insurance industry underwent in-depth adjustment. The Group actively responded to the pressure and challenges and promoted high-quality and healthy development of businesses. In 2022, the scale of the life and health insurance business rose steadily, and the Group achieved GWPs of RMB133,735 million, representing a year-on-year increase of 0.8%.

The overall business development of PICC Life grew steadily. In 2022, the TWPs amounted to RMB102,864 million, representing a year-on-year increase of 0.6%; the TWPs of regular premiums from new clients amounted to RMB18,276 million, representing a year-on-year increase of 0.9%, which ranked the top among major peers in terms of growth rate. The operating results of PICC Health hit a record high, which recorded a net profit of RMB442 million, representing a year-on-year increase of 70.0%. The premium income ranked the top among professional health insurance companies. The TWPs for Internet insurance business was RMB16,161 million, representing a year-on-year increase of 11.9%.

3. Investment Segment: Strengthening the Ability of Providing “Dual Service” and Maintaining Industry-leading Performance

The investment segment adhered to the philosophy of value investment, constantly enhanced its capabilities to “serve strategies and major businesses”, strengthened professional capacity building, and built an investment portfolio that would realise long-term stable returns from a cross-cyclical perspective. In 2022, the Group achieved a total investment income of RMB55,170 million; the total investment yield amounted to 4.6%, ranking the top of the market. At the same time, the investment segment leveraged the advantages of core competency in multi-asset allocation, increased product innovation and accelerated the development of third-party management business. As of 31 December 2022, the scale of third-party assets management increased by 26.7% compared with the beginning of the year, among which the scale of portfolio asset management products amounted to RMB245,939 million, representing an increase of 71.9% compared with the beginning of the year.

4. Technology Segment: Consolidating Foundation of Technology to Enhance Support Capability

The technology segment took customer experience and the perception of grassroots level as the standard and actively improved the technology support capability. Firstly, we strengthened the technology project management mechanism, promoted the construction and improvement of five types of application systems: insurance core, investment management, risk management, data application and comprehensive management, empowered the Company’s transformation and development; secondly, we promoted data application and empowerment, actively supported data application in the Group’s management and decision making, risk monitoring and other aspects, improved the Company’s risk control capability, and completed the construction of AI development platforms such as machine learning, deep learning, knowledge mapping and privacy computing. We also promoted the implementation of new technology innovation applications in combination with the business needs of each subsidiary, so as to continuously improve the level of intelligence; thirdly, we empowered the online development and transformation of organizations at all levels by revamp of online integrated interface platforms as well as optimisation of user interface operation for individual, group and employee, and established a vehicle life services ecosystem with rich scenarios, and enhanced the market development capabilities.

(III) Key Operating Data

The Group 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 P&C insurance segment of the Group 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 life insurance segment and health insurance segment, among which the life insurance segment includes PICC Life, in which the Company holds 80.00% equity interest directly and indirectly, and the health insurance segment includes PICC Health, in which the Company holds 95.45% equity interest directly and indirectly; and the asset management business consists of asset management segment of the Group and primarily includes PICC Asset Management Company Limited (“**PICC AMC**”), PICC Investment Holding Co., Ltd. (“**PICC Investment Holding**”), and PICC Capital Insurance Asset Management Co., Ltd. (“**PICC Capital**”), which are all wholly owned by the Company. The Company also holds 100.00% equity interest in PICC Pension Company Limited (“**PICC Pension**”) and PICC Information Technology Co., Ltd. (“**PICC Technology**”), and directly and indirectly holds 100.00% equity interest in PICC Reinsurance Company Limited (“**PICC Reinsurance**”) and PICC Financial Services Company Limited (“**PICC Financial Services**”).

	<i>Unit: RMB million</i>		
	For the year ended 31 December		
	2022	2021	(% of change)
Original premiums income			
PICC P&C	485,434	448,384	8.3
PICC Life	92,713	96,849	(4.3)
PICC Health	41,022	35,816	14.5
Combined ratio of PICC P&C (%)	97.6	99.6	Decrease of 2.0 pts
Value of one year's new business of PICC Life	2,669	3,227	(17.3)
Value of one year's new business of PICC Health	1,035	765	35.3
Total investment yield (%)	4.6	5.8	Decrease of 1.2 pts

	<i>Unit: RMB million</i>		
	As of 31 December 2022	As of 31 December 2021	(% of change)
Market share (%)			
PICC P&C	32.7	32.8	Decrease of 0.1 pt
PICC Life	2.9	3.1	Decrease of 0.2 pt
PICC Health	1.3	1.1	Increase of 0.2 pt
Embedded Value of PICC Life	103,772	111,431	(6.9)
Embedded Value of PICC Health	18,239	16,176	12.8

Note: The market share was independently calculated based on the original premiums income in the PRC (excluding Hong Kong, Macau and Taiwan) published by the China Banking and Insurance Regulatory Commission (“CBIRC”), and the market share of PICC P&C represents its market share among all P&C insurance companies, and the market share of PICC Life and PICC Health represents their respective market share among all life and health insurance companies (starting from June 2021, the summarised data of P&C insurance companies and life and health insurance companies published by the CBIRC does not include certain institutions which are in the stage of risk disposal in the insurance industry).

The solvency results of the Group and major subsidiaries as at 31 December 2022 were calculated in accordance with the Solvency Regulatory Rules for Insurance Companies (II) and the relevant notices issued by the CBIRC. Among which, as at 31 December 2022, the PICC Group’s actual capital was RMB392,103 million, the core capital was RMB297,513 million, the minimum capital was RMB156,803 million, and the comprehensive solvency margin ratio and core solvency margin ratio of PICC Group were 250% and 190%, respectively; the comprehensive solvency margin ratio and core solvency margin ratio of PICC P&C were 229% and 202%, respectively; the comprehensive solvency margin ratio and core solvency margin ratio of PICC Life were 204% and 118%, respectively; and the comprehensive solvency margin ratio and core solvency margin ratio of PICC Health were 189% and 94%, respectively. The above indicators are pending audit procedures and subject to the approval by the CBIRC.

(IV) Key Financial Indicators

	<i>Unit: RMB million</i>		
	For the year ended 31 December		
	2022	2021	(% of change)
Gross written premiums			
PICC P&C	487,533	449,533	8.5
PICC Life	92,713	96,849	(4.3)
PICC Health	41,022	35,816	14.5
Profit before tax	41,140	35,589	15.6
Net profit	34,428	30,370	13.4
Net profit attributable to owners of the Company	24,477	21,476	14.0
Earnings per share ⁽¹⁾ (RMB/share)	0.55	0.49	14.0
Weighted average return on equity (%)	11.1	10.2	Increase of 0.9 pt

(1) The percentage increase or decrease of earnings per share was calculated based on the data before rounding off.

	<i>Unit: RMB million</i>		
	31 December 2022	31 December 2021	(% of change)
Total assets	1,509,143	1,376,857	9.6
Total liabilities	1,208,190	1,079,964	11.9
Total equity	300,953	296,893	1.4
Net assets per share ⁽¹⁾ (RMB)	5.01	4.96	1.1
Gearing ratio ⁽²⁾ (%)	80.1	78.4	Increase of 1.7 pts

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

(2) The gearing ratio refers to the ratio of total liabilities to total assets.

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

	Net profit attributable to owners of the Company		Equity attributable to owners of the Company	
	For the year ended	For the year ended	<i>Unit: RMB million</i>	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Under the China Accounting Standards for Business Enterprises	24,406	21,638	221,510	219,132
Items and amounts adjusted in accordance with the International Financial Reporting Standards:				
Catastrophic risk reserve of agricultural insurance (<i>Note 1</i>)	183	(200)	409	226
Dilution of equity interest in associates (<i>Note 3</i>)	(65)	-	-	-
Impact of above adjustment on deferred income tax	(46)	50	(102)	(57)
Reclassification of insurance contracts to investment contracts (<i>Note 2</i>)	(1)	(12)	(46)	(45)
Under the International Financial Reporting Standards	24,477	21,476	221,771	219,256

Explanation for major adjustments:

1. According to the Cai Jin [2013] No.129 Document, PICC P&C made provision for catastrophic risk reserve of agricultural insurance based on a certain proportion of the retained premiums of agricultural insurance; however, the provision for premium reserve is not accounted under the International Financial Reporting Standards. Hence, there is a difference in the reserve between the two reporting standards.
2. At the end of 2014, PICC Life reviewed the result of major insurance risks test for insurance policies and reclassified contracts relating to certain insurance types from insurance contracts to investment contracts. However, under the International Financial Reporting Standards, once a contract is classified as an insurance contract, such classification shall remain so until the contract expires. This has led to difference in the measurement of the liabilities relating to such contracts under the two reporting standards.
3. In 2022, an associate of PICC P&C completed its private offering. Since PICC P&C did not subscribe for the shares proportionately, its total equity interest in the associate was diluted, resulting in a loss from the dilution of the equity interests in the associate. According to the China Accounting Standards for Business Enterprises, such loss was directly charged to capital reserve, but under the International Financial Reporting Standards, such loss was included in the profit or loss of the current period, thus there exists a difference for the dilution of the equity interests in such associate under two standards.

II. PERFORMANCE ANALYSIS

(I) Insurance Business

P&C Insurance Business

1. *PICC P&C*

PICC P&C insisted on serving economic development and improving people's well-being, promoting the "To be Prominent Strategy" and fully implementing the three major tasks of financial work. Firstly, it dovetailed with the needs of national economic and social development, implemented the notion of politics, serving the people and professionalism, enriched and expanded the six strategic services, increased product development efforts, implemented "serving the real economy", and further enhanced its business development capabilities. Secondly, it improved internal control and risk management system, strengthened overall risk management and risk prevention in key areas, implemented "prevention and control of financial risks", and further strengthened business foundation. Thirdly, it furthered the system and mechanism reform, reshaped business management logic, and implemented "deepening financial reform", initially formed a new management system and achieved a new breakthrough in business performance. In 2022, PICC P&C achieved the GWPs of RMB487,533 million, representing a year-on-year growth of 8.5%; and the market share was 32.7%, maintaining the top position in the industry. Underwriting profits amounted to RMB10,329 million, representing a year-on-year increase of 579.1%. The combined ratio was 97.6%, representing a year-on-year decrease of 2.0 percentage points. Net profit amounted to RMB26,653 million, representing a year-on-year increase of 19.2%.

(1) Underwriting

In 2022, PICC P&C achieved the GWPs of RMB487,533 million, representing a year-on-year increase of 8.5%. The business growth was mainly due to the growth in motor vehicle insurance, agricultural insurance, and accidental injury and health insurance. PICC P&C further promoted "quality improvement, costs reduction and efficiency enhancement", implemented the new logic of "underwriting + loss reduction + empowerment + claims", upgraded the actuarial pricing model, strengthened underwriting risk selection, improved the efficiency of resource allocation, constantly strengthened the level of refined claims management, and improved underwriting performance year-on-year. The claim ratio was 71.8%, representing a year-on-year decrease of 1.9 percentage points. The expense ratio was 25.8%, representing a year-on-year decrease of 0.1 percentage point. The combined ratio was 97.6%, representing a year-on-year decrease of 2.0 percentage points. Underwriting profits amounted to RMB10,329 million, representing a year-on-year increase of 579.1%.

- Motor vehicle insurance

PICC P&C insisted on “improving renewal of insurance and optimising transfer of insurance”, continuously strengthened resource integration, and enhanced customer service capabilities. The renewal rate of vehicle insurance recorded a year-on-year increase of 1.3 percentage points, and the number of insured vehicles and average vehicle premiums both recorded an increase. The GWPs of motor vehicle insurance amounted to RMB271,160 million, representing a year-on-year increase of 6.2%.

PICC P&C insisted on high-quality development. On the one hand, through the innovative use of technology tools, PICC P&C improved its risk identification and refined pricing capabilities, enhanced underwriting risk selection, and significantly improved its motor vehicle insurance business structure; on the other hand, with the in-depth promotion of cost reduction and efficiency enhancement, and claims refinement management, PICC P&C strengthened risk prevention and control, improved resource allocation efficiency, and significantly improved operating efficiency. The claim ratio for motor vehicle insurance was 68.1%, representing a year-on-year decrease of 2.0 percentage points. The expense ratio was 27.5%, representing a year-on-year increase of 0.3 percentage point. The combined ratio was 95.6%, representing a year-on-year decrease of 1.7 percentage points. Underwriting profits amounted to RMB11,305 million, representing a year-on-year increase of 69.4%.

- Accidental injury and health insurance

PICC P&C actively participated in the construction of the national medical insurance system. In addition to the steady development of its traditional business, PICC P&C also actively expanded its businesses such as “Hui Min Bao (惠民保)” and nursing care insurance, developed exclusive group insurance products by customer group, vigorously developed our livelihood business and individual diversified accidental health insurance, and promoted the integration of social medical insurance and commercial health insurance. The overall accidental injury and health insurance business achieved the GWPs of RMB88,999 million, representing a year-on-year increase of 10.3%.

From the underwriting side, PICC P&C strengthened its underwriting control, enhanced risk identification capabilities, optimised its product management model and improved business quality; from the claims side, PICC P&C optimised its management process and strengthened risk prevention and control. The claim ratio of accidental injury and health insurance was 81.6%, representing a year-on-year decrease of 3.6 percentage points. The overall expense ratio of accidental injury and health insurance was 18.8%, representing a year-on-year increase of 1.4 percentage points, due to an increase in the proportion of commercial business. The combined ratio was 100.4%, representing a year-on-year decrease of 2.2 percentage points. The underwriting loss was reduced by RMB1,602 million.

- Agricultural insurance

PICC P&C actively served the rural revitalization and agriculture and rural modernisation, helped to upgrade the local agricultural industry with special advantages and the “Vegetable Basket” protection project, implemented and expanded full cost insurance and income insurance in the pilot provinces, and increased its business layout for farming insurance and other specialty insurances. The GWPs was RMB52,060 million, representing a year-on-year increase 21.7%.

PICC P&C implemented the integrated management of the agricultural insurance claims process, optimised the claims operation mode, and improved the risk identification and prevention capability. The claim ratio of agricultural insurance was 79.2%, representing a year-on-year decrease of 2.4 percentage points. The expense ratio of agricultural insurance was 13.7%, representing a year-on-year decrease of 6.3 percentage points. The combined ratio was 92.9%, representing a year-on-year decrease of 8.7 percentage points, and the underwriting profit was RMB2,658 million, effectively improving the profitability level.

- Liability insurance

While paying close attention to the quality of its underwriting business and conducting business specific governance, PICC P&C implemented the national deployment to “consolidate and expand the achievements in poverty alleviation” and “improve the system and mechanism for disaster prevention, mitigation and relief”, proactively responded to the market demand, and vigorously developed the businesses such as safety production liability insurance and government assistance type insurance. The overall liability insurance business achieved the GWPs of RMB33,772 million, representing a year-on-year increase of 1.9%.

Due to the increase in personal injury compensation standards and historical business claim liabilities, the overall claim ratio of liability insurance was 76.2%, representing a year-on-year increase of 8.3 percentage points. Besides, PICC P&C strengthened its customer base classification management, enhanced channel management, and accurately allocated resources. The expense ratio of liability insurance was 36.6%, representing a year-on-year decrease of 2.9 percentage points; and the combined ratio was 112.8%, representing a year-on-year increase of 5.4 percentage points.

- Credit and surety insurance

Taking the opportunity of economic stabilization and stable growth of domestic and international trade, PICC P&C proactively served the national strategy and the real economy, served the financing needs of small and micro enterprises, continued to strengthen the professional team building, expanded new models and new business formats, and actively developed quality customers. The GWPs of overall credit and surety insurance amounted to RMB5,294 million, representing a year-on-year increase of 86.4%.

By optimising the business structure, enhancing sales capacity and strengthening post-insurance management, the quality of new underwriting business of PICC P&C in 2022 showed a stable and healthy development trend. The overall claim ratio of credit and surety insurance was 45.6%, representing a year-on-year decrease of 5.0 percentage points. As a result of the impact of formation rate of net premiums earned, the expense ratio of credit and surety insurance was 30.8%, representing a year-on-year increase of 14.7 percentage points; the combined ratio was 76.4%, representing a year-on-year increase of 9.7 percentage points; and the underwriting profit was RMB1,158 million.

- Commercial property insurance

PICC P&C actively grasped the market opportunity of the domestic economic stabilization and improvement, strengthened product supply, and enhanced market responsiveness. The GWPs of commercial property insurance was RMB16,553 million, representing a year-on-year increase of 4.0%.

PICC P&C continued to optimise and adjust its business structure, actively carried out disaster prevention and loss prevention work, effectively reduced underwriting risk. Coupled with the year-on-year decrease in catastrophe losses, the claim ratio of commercial property insurance was 70.8%, representing a year-on-year decrease of 19.9 percentage points; the expense ratio was 38.8%, representing a year-on-year decrease of 0.5 percentage point; the combined ratio was 109.6%, representing a year-on-year decrease of 20.4 percentage points; the underwriting loss was reduced by RMB1,616 million.

- Cargo insurance

PICC P&C seized the growth opportunities of import and export trade and e-commerce, and vigorously expanded import and export and internet cargo insurance. The GWPs of cargo insurance amounted to RMB4,831 million, representing a year-on-year increase of 0.4%.

PICC P&C implemented a differentiated expense allocation strategy. The expense ratio of cargo insurance was 32.0%, representing a year-on-year decrease of 6.6 percentage points. However, due to the change in business structure and the increase in claim frequency, the claim ratio of cargo insurance was 61.3%, representing a year-on-year increase of 8.7 percentage points; the combined ratio was 93.3%, representing a year-on-year increase of 2.1 percentage points; and the underwriting profit was RMB205 million.

- Other insurances

PICC P&C deeply served the social governance and safeguarded national pillar projects, and continued to increase product innovation and promotion. The GWPs of other insurances amounted to RMB14,864 million, representing a year-on-year increase of 5.4%.

In response to the impact of disasters, PICC P&C actively implemented the new logic of “underwriting + loss reduction + empowerment + claims”, continued to strengthen risk control and risk reduction management services, and enhanced pre-policy risk investigation. The claim ratio of other insurances was 64.1%, representing a year-on-year decrease of 1.9 percentage points. Due to changes in business structure and formation rate of net premiums earned, the expense ratio of other insurances was 44.9%, representing a year-on-year increase of 2.1 percentage points, and the combined ratio was 109.0%, representing a year-on-year increase of 0.2 percentage point.

Unit: RMB million

	For the year ended 31 December 2022						
	Original premiums income	Gross written premiums	Amount of insurance	Net claims	Liability balance of reserve	Underwriting profits	Combined ratio (%)
Motor vehicle insurance	271,160	271,160	215,954,285	160,908	221,872	11,305	95.6
Accidental injury and health insurance	88,999	88,999	1,051,305,786	61,478	48,931	(350)	100.4
Agricultural insurance	52,054	52,060	2,005,232	28,524	19,917	2,658	92.9
Liability insurance	33,772	33,772	247,466,766	13,463	40,436	(3,153)	112.8
Credit and surety insurance	5,294	5,294	1,210,286	2,184	8,208	1,158	76.4
Commercial property insurance	15,496	16,553	39,543,402	5,250	18,241	(827)	109.6
Cargo insurance	4,830	4,831	16,485,087	1,497	3,510	205	93.3
Other insurances	13,829	14,864	133,987,313	3,670	23,764	(667)	109.0
Total	485,434	487,533	1,707,958,157	276,974	384,879	10,329	97.6

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

① Analysis by Insurance Type

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

Unit: RMB million

	For the year ended 31 December		
	2022	2021	(% of change)
Motor vehicle insurance	271,160	255,275	6.2
Accidental injury and health insurance	88,999	80,692	10.3
Agricultural insurance	52,054	42,654	22.0
Liability insurance	33,772	33,132	1.9
Credit and surety insurance	5,294	2,840	86.4
Commercial property insurance	15,496	14,923	3.8
Cargo insurance	4,830	4,814	0.3
Other insurances	13,829	14,054	(1.6)
Total	485,434	448,384	8.3

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

	For the year ended 31 December				
	2022			2021	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Insurance agents channel	301,921	62.2	7.9	279,707	62.4
Among which:					
Individual insurance agents	167,779	34.6	12.1	149,731	33.4
Ancillary insurance agents	33,050	6.8	(14.0)	38,426	8.6
Professional insurance agents	101,092	20.8	10.4	91,550	20.4
Direct sales channel	141,930	29.2	9.2	130,017	29.0
Insurance brokerage channel	41,583	8.6	7.6	38,660	8.6
Total	485,434	100.0	8.3	448,384	100.0

In 2022, PICC P&C deepened the management of channel business, strengthened technology empowerment, upgraded sales tools, optimised the direct sales team management model, refined professional skills, and further improved the integrated sales and service capabilities and productivity of the direct sales team. The original premiums income of direct sales channel increased by 9.2% year-on-year, and the business proportion increased by 0.2 percentage point year-on-year.

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

	For the year ended 31 December		
	2022	2021	(% of change)
Guangdong Province	50,443	44,774	12.7
Jiangsu Province	48,586	44,144	10.1
Zhejiang Province	39,813	35,849	11.1
Shandong Province	29,788	27,410	8.7
Hebei Province	26,696	24,205	10.3
Sichuan Province	23,551	22,309	5.6
Hunan Province	20,883	19,217	8.7
Hubei Province	20,615	18,424	11.9
Anhui Province	20,070	17,664	13.6
Fujian Province	19,576	18,039	8.5
Other regions	185,413	176,349	5.1
Total	485,434	448,384	8.3

(2) Financial Analysis

The following table sets forth certain selected key financial data of PICC P&C for the reporting period:

	<i>Unit: RMB million</i>		
	For the year ended 31 December		
	2022	2021	(% of change)
Net earned premiums	425,480	396,997	7.2
Investment income	11,443	17,207	(33.5)
Other income	1,607	1,784	(9.9)
Total income	450,426	426,793	5.5
Net claims and policyholders' benefits	305,634	292,588	4.5
Handling charges and commissions	38,297	37,674	1.7
Finance costs	1,005	1,533	(34.4)
Other operating and administrative expenses	84,530	77,633	8.9
Total benefits, claims and expenses	428,665	409,710	4.6
Profit before tax	30,919	26,028	18.8
Less: Income tax expense	4,266	3,663	16.5
Net profit	26,653	22,365	19.2

Net earned premiums

Net earned premiums of PICC P&C increased by 7.2% from RMB396,997 million in 2021 to RMB425,480 million in 2022, which was mainly attributable to the growth in original premiums income.

Investment income

Investment income of PICC P&C decreased by 33.5% from RMB17,207 million in 2021 to RMB11,443 million in 2022, mainly affected by the volatility in the capital market.

Net claims and policyholders' benefits

Net claims and policyholders' benefits of PICC P&C increased by 4.5% from RMB292,588 million in 2021 to RMB305,634 million in 2022. The claim ratio decreased by 1.9 percentage points from 73.7% in 2021 to 71.8% in 2022, mainly attributable to the strengthening of underwriting risk selection and continuous improvement of the level of refined management on claim settlement.

Handling charges and commissions

The handling charges and commissions increased by 1.7% from RMB37,674 million in 2021 to RMB38,297 million in 2022, and the handling charge rate decreased by 0.5 percentage point from 8.4% in 2021 to 7.9% in 2022, mainly due to the fact that PICC P&C has strengthened the construction of its own channels, and enhanced the ability of direct sales and direct control.

Finance costs

Finance costs of PICC P&C decreased by 34.4% from RMB1,533 million in 2021 to RMB1,005 million in 2022, which was mainly due to the decrease in interest expenses of capital supplementary bonds.

Income tax expense

Income tax expense of PICC P&C increased by 16.5% from RMB3,663 million in 2021 to RMB4,266 million in 2022, mainly due to the increase in profit.

Net profit

As a result of the foregoing reasons, the net profit of PICC P&C increased by 19.2% from RMB22,365 million in 2021 to RMB26,653 million in 2022.

2. PICC Hong Kong

As of 31 December 2022, total assets of PICC Hong Kong amounted to RMB4,552 million, and net assets amounted to RMB1,239 million. In 2022, the GWPs amounted to RMB1,855 million, representing a year-on-year increase of 16.5%. The combined ratio was 97.5%, representing a decrease of 1.0 percentage point over the same period last year.

PICC Reinsurance

In 2022, PICC Reinsurance continued to improve its market competitiveness, and the proportion of third-party market business recorded a steady year-on-year increase of more than 50%. Focusing on customers' needs, customer service capabilities in the domestic market have improved continuously, the partnership with leading insurance companies has been further consolidated, and has become the lead reinsurer for a number of clients. Another new breakthrough was made on the international business front that PICC Reinsurance has become the first Chinese-funded reinsurance company to obtain cross-border insurance business qualification in Chile, and was invited to join the Argentine Chamber of Commerce. The construction of professional and technical capabilities has achieved remarkable results with the development of the VCE cloud explosion model which breaks the barrier of technologies dominated by foreign invested companies. PICC Reinsurance took the lead in formulating the first claims standard in the reinsurance industry and published the first domestic probable maximum loss (PML) white paper, filling the gap in the industry. In 2022, the net profit of PICC Reinsurance increased by 8.7% year-on-year.

Life and Health Insurance

1. PICC Life

In 2022, PICC Life actively implemented the Group's "To be Prominent Strategy" and pushed forward the Company's high-quality transformation and development, achieved overall operational stability, maintained a TWPs platform of RMB100 billion, and continued to promote the transformation and upgrade of product structure. The regular premiums business from new clients grew steadily, some performance indicators outperformed the industry, business quality was gradually improved, and the efficiency of short-term insurance business was enhanced.

PICC Life stepped up its efforts to expand its third pillar pension business and actively promoted the development of policy-based pension products. It developed the first exclusive commercial endowment insurance "Fu Shou Nian Nian" (福壽年年) in the industry, and served practitioners of the new industry and new business ecology and freelancers, ranking second in the industry in terms of the premium size of new policies and first in the industry in terms of the number of policies, serving about 0.12 million customers and creating a good social impact. On 23 November 2022, PICC Life received the first batch of qualification for private pension business.

(1) Original Premiums Income

① Analysis by Product

Income from various products of PICC Life in terms of original premiums income for the reporting period is as follows:

	<i>Unit: RMB million</i>				
	For the year ended 31 December				
	2022			2021	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Life insurance	75,977	81.9	(2.2)	77,659	80.2
General life insurance	29,850	32.2	15.7	25,792	26.6
Participating life insurance	46,018	49.6	(11.1)	51,764	53.4
Universal life insurance	109	0.1	5.8	103	0.1
Health insurance	15,743	17.0	(12.3)	17,959	18.5
Accident insurance	993	1.1	(19.4)	1,232	1.3
Total	92,713	100.0	(4.3)	96,849	100.0

PICC Life actively adjusted and optimised business structure, and compressed the scale of low-value life insurance products. In 2022, PICC Life achieved an original premiums income of RMB92,713 million, representing a slight year-on-year decrease. Meanwhile, PICC Life increased the sales of medium and high value life insurance and annuity insurance products, and achieved an original premiums income from general life insurance of RMB29,850 million, representing a year-on-year increase of 15.7%.

In terms of TWPs, in 2022, the TWPs of general life insurance, participating life insurance and universal life insurance amounted to RMB29,850 million, RMB46,282 million and RMB9,984 million, respectively. TWPs of health insurance and accident insurance amounted to RMB15,754 million and RMB993 million, respectively.

② Analysis by Channel

Income of PICC Life as categorised by channel in terms 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

	For the year ended 31 December				
	2022			2021	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Individual Insurance Channel	45,598	49.2	(9.2)	50,194	51.8
First-year business of long-term insurance	15,011	16.2	(9.6)	16,598	17.1
Single premiums	6,142	6.6	(12.9)	7,048	7.3
First-year regular premiums	8,869	9.6	(7.1)	9,550	9.9
Renewal business	29,824	32.2	(8.5)	32,609	33.7
Short-term insurance	763	0.8	(22.7)	987	1.0
Bancassurance Channel	44,030	47.5	3.1	42,725	44.1
First-year business of long-term insurance	28,392	30.6	(0.3)	28,479	29.4
Single premiums	19,088	20.6	(4.7)	20,020	20.7
First-year regular premiums	9,304	10.0	10.0	8,460	8.7
Renewal business	15,594	16.8	9.8	14,200	14.7
Short-term insurance	44	0.0	(2.2)	45	0.0
Group Insurance Channel	3,085	3.3	(21.5)	3,930	4.1
First-year business of long-term insurance	96	0.1	(88.1)	804	0.8
Single premiums	20	0.0	(97.2)	713	0.7
First-year regular premiums	76	0.1	(16.5)	91	0.1
Renewal business	737	0.8	(15.4)	871	0.9
Short-term insurance	2,252	2.4	(0.2)	2,256	2.3
Total	92,713	100.0	(4.3)	96,849	100.0

In 2022, PICC Life continued to optimise the team structure based on “team building and excellent performance achievement”, established more efficient recruitment tools and recruitment systems, focused on team quality building, and continuously enhanced risk management and control capabilities. The monthly average sales-in-force was 22,171 for the channel of “Comprehensive individual life insurance”, and the original premiums income of individual insurance channel was RMB45,598 million.

In 2022, PICC Life strived to enhance the value of new business of the bancassurance channel and realised an effective increase in the channel value contribution. The original premiums income of bancassurance channel was RMB44,030 million, representing a year-on-year increase of 3.1%, and new business value reached RMB549 million, representing a year-on-year increase of 332.3%.

In terms of TWPs, in 2022, the TWPs from the individual insurance channel, bancassurance channel and group insurance channel amounted to RMB54,483 million, RMB44,965 million and RMB3,417 million, respectively. As of 31 December 2022, the number of sales agents for “Comprehensive individual life insurance” was 97,371. The regular premiums payment from new clients per capita per month of the “Comprehensive individual life insurance” channel amounted to RMB3,995.03.

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:

	<i>Unit: RMB million</i>		
	For the year ended 31 December		
	2022	2021	(% of change)
Zhejiang Province	11,312	12,282	(7.9)
Sichuan Province	8,940	8,548	4.6
Jiangsu Province	6,177	7,027	(12.1)
Hunan Province	4,570	4,403	3.8
Beijing City	3,961	4,247	(6.7)
Henan Province	3,851	3,312	16.3
Hubei Province	3,723	3,488	6.7
Gansu Province	3,544	3,789	(6.5)
Guangdong Province	3,399	3,642	(6.7)
Shandong Province	3,232	4,039	(20.0)
Other regions	40,004	42,072	(4.9)
Total	92,713	96,849	(4.3)

④ Persistency Ratios of Premiums

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

Items	For the year ended 31 December	
	2022	2021
13-month premium persistency ratio ⁽¹⁾ (%)	82.7	76.3
25-month premium persistency ratio ⁽²⁾ (%)	73.1	82.5

- (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 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 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 products	Type of insurance	Sales channels	Original premiums income
PICC Life Xin An Endowment Insurance (Participating) (Type C)	Participating life insurance	Individual insurance channel/Bancassurance channel	18,172
PICC Life Ru Yi Bao Endowment Insurance (Participating)	Participating life insurance	Individual insurance channel/Bancassurance channel	14,755
PICC Life Ju Cai Bao Retirement Annuity Insurance (Participating)	Participating life insurance	Individual insurance channel	5,588
PICC Life Wen Nuan Jin Sheng Annuity Insurance	General life insurance	Individual insurance channel	4,651
PICC Life Zhuo Yue Jin Sheng Endowment Insurance	General life insurance	Individual insurance channel	4,332

(2) Financial Analysis

The following table sets forth certain selected key financial data of PICC Life for the reporting period:

	<i>Unit: RMB million</i>		
	For the year ended 31 December		
	2022	2021	(% of change)
Net earned premiums	90,852	95,203	(4.6)
Investment income	20,606	22,353	(7.8)
Other income	552	761	(27.5)
Total income	112,412	118,544	(5.2)
Net claims and policyholders' benefits	94,925	98,087	(3.2)
Handling charges and commissions	7,211	9,034	(20.2)
Finance costs	3,565	2,481	43.7
Other operating and administrative expenses	8,557	8,903	(3.9)
Total benefits, claims and expenses	114,135	118,531	(3.7)
Profit before tax	3,857	5,061	(23.8)
Less: Income tax expense	1,151	934	23.2
Net profit	2,706	4,127	(34.4)

Net earned premiums

Net earned premiums of PICC Life decreased by 4.6% from RMB95,203 million in 2021 to RMB90,852 million in 2022.

Investment income

The investment income of PICC Life decreased by 7.8% from RMB22,353 million in 2021 to RMB20,606 million in 2022. This was primarily due to the volatility in the capital market.

Other income

Other income of PICC Life decreased by 27.5% from RMB761 million in 2021 to RMB552 million in 2022. This was primarily due to the year-on-year decrease in business synergy income.

Net claims and policyholders' benefits

Net claims and policyholders' benefits of PICC Life decreased by 3.2% from RMB98,087 million in 2021 to RMB94,925 million in 2022. This was mainly due to the decrease in insurance liability reserves.

Handling charges and commissions

Handling charges and commissions of PICC Life decreased by 20.2% from RMB9,034 million in 2021 to RMB7,211 million in 2022.

Finance costs

Finance costs of PICC Life increased by 43.7% from RMB2,481 million in 2021 to RMB3,565 million in 2022. It was mainly due to the interest settlement on investment funds and the increase in interest expenses relating to financial assets sold under agreements to repurchase.

Income tax expense

The income tax expense of PICC Life increased by 23.2% from RMB934 million in 2021 to RMB1,151 million in 2022, mainly due to the reversal of deferred income tax assets as a result of volatility in the capital market.

Net profit

As a result of the foregoing reasons, the net profit of PICC Life decreased by 34.4% from RMB4,127 million in 2021 to RMB2,706 million in 2022.

2. PICC Health

In 2022, PICC Health stayed committed to serving the Group's "To be Prominent Strategy" while implementing the "Four New"³ development ideas, and launched implementation of "Healthy Project". The development of the Company has demonstrated a satisfactory trend of rapid growth in business scale, significant improvement in operational quality and efficiency, continuous enhancement in professional competence, and constantly strengthening management foundation. The original premiums income of PICC Health was RMB41,022 million, reaching RMB40 billion for the first time, representing a year-on-year increase of 14.5%. Net profit amounted to RMB442 million, representing a year-on-year increase of 70.0%. It achieved new business value of RMB1,035 million, representing a year-on-year increase of 35.3%. The "Hao Yi Bao" (好醫保) series of products achieved an original premiums income of RMB12,294 million. PICC Health actively provided 30 health management services of 8 types such as health examinations, pharmaceutical services, oral and dental services, and realised a service income of RMB188 million, representing a year-on-year increase of 72.7%. The original premiums income of health insurance and accident insurance amounted to RMB31,440 million, representing a year-on-year increase of 13.4%, which outpaced the growth rate of the health insurance and accident insurance of all the other industry peers by 12.7 percentage points.

³ Establishing new business philosophy, building new business structure, releasing new development momentum, and demonstrating new business style.

(1) Original Premiums Income

① Analysis by Product

Income from various products of PICC Health in terms of original premiums income for the reporting period is as follows:

Unit: RMB million

	For the year ended 31 December				
	2022			2021	
Health insurance products	Amount	(% of total)	(% of change)	Amount	(% of total)
Medical insurance	24,377	59.4	8.3	22,519	62.9
Participating endowment insurance	9,582	23.4	18.4	8,090	22.6
Illness insurance	5,428	13.2	65.7	3,276	9.1
Nursing care insurance	1,082	2.6	(17.7)	1,314	3.7
Accidental injury insurance	502	1.2	(5.3)	530	1.5
Disability losses insurance	51	0.1	(41.4)	87	0.2
Total	41,022	100.0	14.5	35,816	100.0

In 2022, PICC Health strengthened the planning leadership, proactively promoted business development, strived to build a “6+1”⁴ business pattern, and realised an original premiums income of RMB41,022 million, representing a year-on-year increase of 14.5%.

PICC Health actively served the construction of multi-level medical security system and realised an original premiums income of medical insurance of RMB24,377 million, representing a year-on-year increase of 8.3%.

PICC Health proactively developed critical illness insurance business, and realised an original premiums income of illness insurance of RMB5,428 million, representing a year-on-year increase of 65.7%.

PICC Health actively responded to the national strategy against population aging, actively developed policy and commercial nursing care insurance businesses, and realised an original premiums income of nursing care insurance of RMB1,082 million.

PICC Health increased the quality control of short-term accidental insurance business. The original premiums income of accidental injury insurance was basically the same as last year.

4 Integration and mutual promotion of government commissioned business, group customer business, Internet insurance business, individual insurance business, bancassurance business, synergy business and health management.

In 2022, the TWPs of medical insurance, participating endowment insurance, illness insurance, nursing care insurance, accidental injury insurance and disability losses insurance amounted to RMB24,408 million, RMB9,582 million, RMB5,428 million, RMB1,294 million, RMB502 million and RMB51 million, respectively.

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 insurance channel and group insurance channel.

Unit: RMB million

	For the year ended 31 December				
	2022		(% of change)	2021	
	Amount	(% of total)		Amount	(% of total)
Individual Insurance	18,524	45.2	8.4	17,093	47.7
First-year business of					
long-term insurance	2,752	6.7	(39.4)	4,545	12.7
Single premiums	204	0.5	67.2	122	0.3
First-year regular premiums	2,548	6.2	(42.4)	4,422	12.3
Renewal business	13,134	32.0	10.7	11,866	33.1
Short-term insurance	2,638	6.4	287.4	681	1.9
Bancassurance	8,626	21.0	23.4	6,992	19.5
First-year business of					
long-term insurance	7,874	19.2	25.4	6,278	17.5
Single premiums	7,136	17.4	20.3	5,934	16.6
First-year regular premiums	738	1.8	114.5	344	1.0
Renewal business	751	1.8	5.3	713	2.0
Short-term insurance	–	–	–	1	–
Group Insurance	13,872	33.8	18.3	11,731	32.8
First-year business of					
long-term insurance	39	0.1	(75.0)	156	0.4
Single premiums	25	0.1	(72.8)	92	0.3
First-year regular premiums	14	–	(78.1)	64	0.2
Renewal business	79	0.2	125.7	35	0.1
Short-term insurance	13,754	33.5	19.2	11,539	32.2
Total	41,022	100.0	14.5	35,816	100.0

In terms of individual insurance agent business, PICC Health adhered to the professional development path, focused on high-value business, and actively planned for channel innovation, transformation and development. In terms of Internet insurance business, PICC Health continued to deepen business cooperation with major platforms and innovated online operation modes; continuously explored market demand, actively strengthened product development and upgrading, optimised operation process and system support, and promoted healthy and orderly development of Internet insurance business. The original premiums income of individual insurance channel was RMB18,524 million, representing a year-on-year increase of 8.4%.

PICC Health continued to strengthen its cooperation with the bancassurance channel, vigorously developed regular premiums business from new clients, and strengthened training to nurture high-performing teams. It also dug up network resources and promoted the rapid development of bancassurance business. The original premiums income of bancassurance channel was RMB8,626 million, representing a year-on-year increase of 23.4%.

In terms of commercial group insurance business, PICC Health took multiple measures to focus on the development of corporate customer business and social business integration business, improve service capabilities, accelerate the promotion of the construction of joint medical offices for corporate and promote the business model of professional group development, and promoted the transformation of group insurance business towards high-quality development and transformation. In terms of social medical supplementary insurance business, PICC Health focused on national strategies such as Healthy China, actively addressing population aging and rural revitalization. On the basis of continuous consolidation and improvement of traditional businesses, it accelerated innovative breakthroughs in emerging businesses such as outpatient chronic and special diseases, long-term nursing care insurance and “Hui Min Bao”, and promoted the sustainable and high-quality development of business. The original premiums income of group insurance channel was RMB13,872 million, representing a year-on-year increase of 18.3%.

In terms of TWPs, in 2022, the TWPs from the individual insurance channel, bancassurance channel and group insurance channel amounted to RMB18,715 million, RMB8,654 million and RMB13,896 million, respectively.

③ Analysis by Region

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

	<i>Unit: RMB million</i>		
	For the year ended 31 December		
	2022	2021	(% of change)
Guangdong Province	19,578	16,042	22.0
Henan Province	2,448	2,716	(9.9)
Jiangxi Province	2,149	2,464	(12.8)
Liaoning Province	1,932	1,596	21.1
Hubei Province	1,711	1,109	54.3
Yunnan Province	1,536	1,447	6.2
Shanxi Province	1,279	1,311	(2.4)
Anhui Province	1,251	1,034	21.0
Shandong Province	1,075	966	11.3
Shaanxi Province	1,061	613	73.1
Other regions	7,002	6,518	7.4
Total	41,022	35,816	14.5

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:

Items	For the year ended 31 December	
	2022	2021
13-month premium persistency ratio ⁽¹⁾ (%)	86.7	82.8
25-month premium persistency ratio ⁽²⁾ (%)	81.7	81.6

- (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

For the year ended 31 December 2022

Insurance products	Type of insurance	Sales channels	Original premiums income
Jian Kang Jin Fu You Xiang Bao Individual Medical Insurance (2018)	Medical insurance	Individual insurance channel	9,590
Kang Li Ren Sheng Endowment Insurance (Participating)	Endowment insurance	Bancassurance channel/ Individual insurance channel/Group insurance channel	9,453
Group Critical Illness Medical Insurance for Urban and Rural Residents (Type A)	Medical insurance	Group insurance channel	4,718
He Xie Sheng Shi Large Amount Supplementary Group Medical Insurance for Urban Employees	Medical insurance	Group insurance channel	4,219
PICC Health e-Help Internet Critical Illness Insurance	Illness insurance	Individual insurance channel	1,453

(2) Financial Analysis

The following table sets forth certain selected key financial data of PICC Health for the reporting period:

Unit: RMB million

For the year ended 31 December

	2022	2021	(% of change)
Net earned premiums	35,185	31,190	12.8
Investment income	1,644	2,582	(36.3)
Other income	393	337	16.6
Total income	38,601	35,523	8.7
Net claims and policyholders' benefits	29,368	27,899	5.3
Handling charges and commissions	4,390	4,199	4.5
Finance costs	388	430	(9.8)
Other operating and administrative expenses	3,143	2,809	11.9
Total benefits, claims and expenses	37,288	35,338	5.5
Profit before tax	1,317	183	619.7
Less: Income tax expense	875	(77)	-
Net profit	442	260	70.0

Net earned premiums

Net earned premiums of PICC Health increased by 12.8% from RMB31,190 million in 2021 to RMB35,185 million in 2022, which was primarily due to the growth of TWPs of insurance business.

Investment income

The investment income of PICC Health decreased by 36.3% from RMB2,582 million in 2021 to RMB1,644 million in 2022, which was primarily due to significant correction in the equity market.

Other income

Other income of PICC Health increased by 16.6% from RMB337 million in 2021 to RMB393 million in 2022.

Net claims and policyholders' benefits

Net claims and policyholders' benefits of PICC Health increased by 5.3% from RMB27,899 million in 2021 to RMB29,368 million in 2022.

Handling charges and commissions

The handling charges and commissions of PICC Health increased by 4.5% from RMB4,199 million in 2021 to RMB4,390 million in 2022, basically the same.

Finance costs

Finance costs of PICC Health decreased by 9.8% from RMB430 million in 2021 to RMB388 million in 2022.

Net profit

As a result of the foregoing reasons, the net profit of PICC Health increased by 70.0% from RMB260 million in 2021 to RMB442 million in 2022.

(II) Asset Management Business

In 2022, the asset management segment of the Group implemented the Group’s “To be Prominent Strategy” requirements, constantly enhanced its capabilities to “serve strategies and major businesses”, and built an investment portfolio that would achieve long-term stable returns from a cross-cyclical perspective.

As of 31 December 2022, the scale of third-party assets under management of the Group amounted to RMB787,060 million, representing an increase of 26.7% compared with the beginning of the year. Among which, in terms of portfolio asset management products, the Group actively grasped the development opportunities, and the scale of assets under management increased by 71.9% compared with the beginning of the year. The investment subsidiaries of the Group continued to strengthen their professional capacity building and enhance their ability in supporting national strategies and serving the real economy. In 2022, PICC AMC took the “Empowerment Projects” as the guidance, focused on the construction of core investment and research ability, reinforced the study of market trend, scientifically judged the strategic asset allocation strategies and improved investment income in multiple channels; intensified the effort in serving real economy, built the “orange red, green and dark blue”⁵ product lines in the fields of six strategic services, relevant investment increased by 40.0% compared with the beginning of the year; actively expanded the investment direction of insurance funds, and launched the first 10-year customized CMBS product in the industry. PICC Capital has formed a diversified investment system covering debenture scheme, equity scheme, asset-backed scheme, equity fund, custody consulting, investment in third-party financial products, of which, the newly added withdrawn scale of debenture products recorded a historic high in 2022.

The investment income of the asset management segment of the Group does not include investment income generated by the investment assets managed by the asset management segment on behalf of various insurance segments of the Group. The investment income generated by the investment assets managed by the asset management segment on behalf of other segments of the Group has already been included in the investment income of the relevant segments.

⁵ The series of “orange red” refers to three fields of rural revitalisation, intelligent transportation and social governance in the six strategic services and focuses on “new infrastructure and new urbanization initiatives and major projects (兩新一重)”; the series of “green” refers to the green environmental protection field in the six strategic services and focuses on green and low carbon; and the series of “dark blue” refers to the two fields of technological innovation and health care and endowment in the six strategic services and focuses on high-end manufacturing.

The following table sets forth several selected major financial data of the asset management segment for the reporting period:

	<i>Unit: RMB million</i>		
	For the year ended 31 December		
	2022	2021	(% of change)
Investment income	490	656	(25.3)
Other income	2,168	2,067	4.9
Total income	2,658	2,723	(2.4)
Finance costs	32	31	3.2
Other operating and administrative expenses	1,716	1,623	5.7
Total expenses	1,754	1,653	6.1
Profit before tax	929	1,085	(14.4)
Less: Income tax expense	193	263	(26.6)
Net profit	736	822	(10.5)

Investment income

Investment income of the asset management segment decreased by 25.3% from RMB656 million in 2021 to RMB490 million in 2022, mainly due to the fluctuation of the capital market.

Other income

Other income of the asset management segment increased by 4.9% from RMB2,067 million in 2021 to RMB2,168 million in 2022.

Net profit

As a result of the foregoing reasons and the year-on-year increase in total expenses, the net profit of the asset management segment decreased by 10.5% from RMB822 million in 2021 to RMB736 million in 2022.

(III) Investment Portfolio and Investment Income

In 2022, the Group proactively fulfilled the social responsibilities as a financial central enterprise, adhered to the philosophy of long-term investment, value investment and prudent investment of insurance funds while investing and serving national strategies as well as serving real economy, actively guarded against the risk of possible extreme market shock, and maintained stable investment performance. In order to further enhance the investment asset allocation ability, the Group consolidated and built a unified strategic asset allocation mode of the Group, to improve the systematicness, flexibility and perspectiveness of asset allocation dynamic optimisation through effective linkage between the strategic asset allocation and tactical asset allocation. From the perspective of major assets investment strategies, for the bond investment, the Group has better followed up the changes in interest rate during the year, intensified band operation at the lower market interest rate, optimised the credit qualification and structure of positioning; and for the equity investment, the Group has grasped the main operation lines in the market, effectively controlled the portfolio marketization fluctuation and proactively explored the structural opportunities of the booming segments with steady growth.

1. Investment Portfolio

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

	As of 31 December 2022		<i>Unit: RMB million</i> As of 31 December 2021	
	Amount	(% of total)	Amount	(% of total)
Investment assets	1,292,797	100.0	1,196,920	100.0
Classified by investment object				
Cash and cash equivalents	40,599	3.1	33,276	2.8
Fixed-income investments	832,858	64.4	752,377	62.9
Term deposits	101,180	7.8	94,341	7.9
Treasury bonds and government bonds	183,728	14.2	183,252	15.3
Financial bonds	178,365	13.8	135,335	11.3
Corporate bonds	170,257	13.2	169,032	14.1
Long-term debt investment schemes	87,757	6.8	69,738	5.8
Other fixed-income investments ⁽¹⁾	111,571	8.6	100,679	8.4
Fund and equity securities investments at fair value	201,642	15.6	212,939	17.8
Fund	120,310	9.3	115,276	9.6
Shares	55,604	4.3	62,843	5.3
Perpetual bonds	25,728	2.0	34,820	2.9
Other investments	217,698	16.8	198,328	16.6
Investment in associates and joint ventures	146,233	11.3	135,570	11.3
Others ⁽²⁾	71,465	5.5	62,758	5.2
By the purpose for which it was held				
Financial assets at fair value through profit or loss for the period	38,301	3.0	57,459	4.8
Held-to-maturity investments	198,393	15.3	197,346	16.5
Available-for-sale financial assets	557,582	43.1	502,102	41.9
Long-term equity investments	146,233	11.3	135,570	11.3
Loans and others ⁽³⁾	352,288	27.3	304,443	25.4

Notes:

- (1) Other fixed-income investments consist of Tier 2 capital instruments, wealth management products, restricted statutory deposits, policy loans, trust products and asset management products.
- (2) Others consist of investment real estate, equity investment schemes, reinsurance arrangements classified as investment contracts, unlisted equity investments and derivative financial assets.
- (3) Loans and others primarily consist of monetary capital, term deposits, financial assets purchased under resale agreements, policy loans, restricted statutory deposits, investments classified as loans and receivables, and investment real estate.

(1) Classified by investment object

In terms of fixed-income investments, the Group strengthened its prediction on the market interest rate trends, better grasped the trading and allocation opportunities in 2022. The Group deeply explored the value of fixed-income investments through comparing to relative valuation of fixed-income assets, effectively satisfied the Group's matured and newly added capital allocation demand; also, the Group enhanced the construction of credit risk management capability, continued to optimise the credit structure of existing assets, and the credit premium was at a relatively reasonable level.

As of 31 December 2022, the bond investment accounted for 41.2%. The liabilities under corporate bonds and non-policy bank financial bonds or their issuers rated at AAA accounted for 99.6%. The industries associated with credit bond currently held by the Group are diversified, involving various sectors such as bank and transportation; the ability of entities to repay debt is generally strong and the credit risks are controllable as a whole. In the years of credit bond investment, the Group has always been paying close attention to the prevention and control of credit risks, strictly followed relevant regulatory requirements, established investment management and risk control mechanisms in line with market practices and investment features for insurance funds, and strengthened the forward-looking and early warning, analysis and disposal of credit risk. In 2022, the Group continued to strengthen the normalisation of credit risk screening, strengthened post-investment management, five-level risk classification and follow-up rating, and took the internal rating alert list and the risk/concerned asset list as a starting point to emphasise in-process risk monitoring, alert and disposal functions, so as to reduce the proportion of low- and medium-rated credit bonds orderly, and strictly control the incremental business risks while optimising the stock structure. In addition, the first and second lines of defense of the Company have continually improved the digital and intelligent level to credit risk management and intensified the empowerment and decision support of investment business through active utilization of models/systems including smart credit rating and technology for monitoring public opinion.

The overall credit risk of the Group's investment in non-standard financial product asset invested by the entrusted fund in the Group's system is controllable, assets with an external credit rating of AAA accounted for 99.5%. At present, the non-standard assets cover most of the provincial administrative regions with better credit ratings in the country. The industries cover transportation, energy, public utilities, construction and decoration and commercial real estate. These industries played a positive role in serving the development of real economy and supporting the implementation of major national strategies. Apart from actively selecting core counterparties with reliable credit qualifications as financing entities/guarantors, the Group has effective credit enhancement measures in place, together with stringent terms regarding accelerated expiry/fund misappropriation protection, providing a sound guarantee for the repayment of the principal and investment income.

The Group insisted on the idea of “long-term and value investment” in terms of equity investment. Under the unfavourable environment of sharp decline of the equity market, the Group improved the precision of position control, and the proportion of equity positions was controlled within a risk tolerance range. In terms of type selection, the Group focused on four strategic tracks including green and low carbon, technological innovation, consumption upgrading and health care and endowment, established the stock and fund investment coordinated mechanism, optimised individual stock research system with valuation and pricing capability as the core, and strengthened fund research with FOF public simulation portfolio as the starting point, proactively grasped the structural investment opportunities in the market.

(2) *Classified by investment purpose*

From the perspective of investment purposes, the Group’s investment assets are mainly distributed in available-for-sale financial assets, held-to-maturity investments, loans and others. The proportion of financial assets at fair value through profit or loss for the period decreased by 1.8 percentage points as compared with that as at the end of last year. The proportion of held-to-maturity investments decreased by 1.2 percentage points as compared with that as at the end of last year. The proportion of available-for-sale financial assets increased by 1.2 percentage points as compared with that as at the end of last year, mainly due to the increase in non-held-to-maturity bonds and equity allocation. The proportion of loans and others increased by 1.9 percentage points as compared with that as at the end of last year, mainly because the national pro-growth policies were actively implemented, and the investment efforts in key areas increased such as infrastructure construction and dual carbon strategy.

2. Investment Income

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

Items	<i>Unit: RMB million</i>	
	For the year ended 31 December	
	2022	2021
Cash and cash equivalents	394	710
Fixed-income investments	34,473	32,083
Interest income	33,024	31,578
Gains and losses from disposal of financial instruments	1,865	616
Gains and losses on fair value changes	(451)	458
Impairment	35	(569)
Fund and equity securities investments at fair value	4,123	15,999
Dividends and bonus income	10,480	5,563
Gains and losses from disposal of financial instruments	(4,796)	10,660
Gains and losses on fair value changes	54	321
Impairment	(1,615)	(545)
Other investments	16,180	14,276
Investment income from associates and joint ventures	15,466	13,573
Other gains and losses	714	703
Total investment income	55,170	63,068
Net investment income⁽¹⁾	60,355	52,270
Total investment yield⁽²⁾(%)	4.6	5.8
Net investment yield⁽³⁾(%)	5.1	4.8

(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)

(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)

The total investment income of the Group decreased by 12.5% from RMB63,068 million in 2021 to RMB55,170 million in 2022. The net investment income increased by 15.5% from RMB52,270 million in 2021 to RMB60,355 million in 2022. The total investment yield decreased by 1.2 percentage points from 5.8% in 2021 to 4.6% in 2022. The net investment yield increased by 0.3 percentage point from 4.8% in 2021 to 5.1% in 2022.

III. SPECIFIC ANALYSIS

(I) Liquidity Analysis

1. Liquidity Analysis

The liquidity of the Group is mainly derived from premiums income, 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.

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

	For the year ended 31 December		
	2022	2021	(% of change)
Net cash generated from operating activities	71,651	72,731	(1.5)
Net cash used in investing activities	(73,285)	(81,555)	(10.1)
Net cash generated from/(used in) financing activities	8,557	(35,861)	–

The Group's net cash generated from operating activities changed from a net inflow of RMB72,731 million in 2021 to a net inflow of RMB71,651 million in 2022, mainly due to the year-on-year increase in cash paid for claims of original insurance contracts.

The Group's net cash used in investing activities changed from a net outflow of RMB81,555 million in 2021 to a net outflow of RMB73,285 million in 2022, mainly due to the increase in cash received from disposals of investments.

The Group's net cash flows generated from financing activities changed from a net outflow of RMB35,861 million in 2021 to a net inflow of RMB8,557 million in 2022, mainly due to the year-on-year decrease in the net cash outflow for financial assets sold under agreements to repurchase.

(II) Solvency

For details of solvency of the Group, please refer to the "I. Business Overview of the Company" as set out in the Management Discussion and Analysis of this results announcement.

IV. EVENT AFTER THE REPORTING PERIOD

On 24 March 2023, the Board of the Company proposed a final dividend of RMB16.60 cents per ordinary share (tax inclusive) for 2022, amounting to a total of approximately RMB7,341 million. The above proposal is subject to the approval at the Company's general meeting.

FUTURE PROSPECTS

(I) Industry Landscape and Trend

The year 2023 is the first year for the full implementation of the spirit of the Party's 20th National Congress. The gradual release of the effect of policies on stabilising the economy and the acceleration of economic recovery will create favorable conditions for the development of the insurance industry. The insurance industry will usher in new policies and market opportunities in Chinese-style modernization and all the serving areas such as scientific and technological innovation, rural revitalization, healthy China, construction of elderly medical care security system, major national and regional strategies and the "the Belt and Road", contain huge opportunity and potential for future development of the industry. The insurance industry will adapt to macroeconomic and customer demand changes, and accelerate the transformation of development mode. The development of new models such as risk reduction management and the application of insurance technologies such as big data and artificial intelligence will further drive the innovation of insurance product and services, sales models and business models. The role of ecological extension in automobile, pension, medical care, pharmaceuticals and other aspects in the differentiated competition of the industry will become more apparent, and innovation will drive high-quality development of China's insurance industry.

(II) Development Strategy of the Company

The Group is committed to building a world-class financial insurance group with excellent risk management capabilities. In 2023, we will strengthen confidence in development, persist in seeking progress while maintaining a stable performance, continue to promote the implementation of "To be Prominent Strategy", and promote our own high-quality development in serving the national overall pro-growth situation.

(III) Operation Plan

The **insurance segment** will effectively seize the strategic opportunities in Chinese-style modernization, optimise the business structure and improve the quality of development. **PICC P&C** will continue to consolidate its position in the vehicle insurance market and vigorously develop individual non-vehicle decentralized businesses; focusing on national strategies and industrial development needs, develop corporate business with high quality; focusing on building an agricultural power and improving people's livelihood, actively develop agricultural insurance, social security and other policy businesses. **PICC Life** will continue to consolidate the management foundation, improve the professional management level of channels, and improve the quality of sales force; promote the third pillar of endowment business, expand the sales of exclusive commercial endowment insurance, promote differentiated product innovation, and enhance the supply capacity of endowment and health services. **PICC Health** will continue to develop Internet business, accelerate the expansion of niche markets, deeply participate in the linkage of "three medical areas", continue to promote the integration and utilisation of high-quality medical resources, and improve the professional health management service capacity. **PICC Reinsurance** will optimise the business structure, continue to improve underwriting profits, and cultivate competitive advantages in subdivisions. **PICC Hong Kong** will accelerate the overseas business expansion, and strengthen investment risk prevention and control.

The **investment segment** will deepen the system and mechanism reform, optimise the asset allocation, and improve the capability for serving national strategies and serving the principal businesses of insurance. **PICC AMC** will constantly advance the systematic construction of asset allocation, consolidate and strengthen the foundation role of fixed-income investment, improve the professional capability of equity investment, and actively explore the third-party businesses. **PICC Pension** will adhere to optimise and strengthen the second pillar, and carry out the commercial pension pilot of the third pillar, striving to improve the pension-specific investment and management abilities. **PICC Investment Holding** will accelerate the promotion of real estate investment, pension industrial investment, real estate operation and property service business development. **PICC Capital** will strengthen the layout of alternative investment and promote innovative development of investment business.

The **technology segment** will consistently strengthen the technology empowerment. **PICC Technology** will closely focus on development demands of principal businesses, speed up the infrastructure construction, push ahead the launch of unified structure, continuously deepen the application of insurance technology innovation. **PICC Financial Services** will focus on digital operation service, vehicle-ecological home lifestyle service and scenario innovation service and other key fields to serve the digital transformation of the Group and major business companies.

EMBEDDED VALUE

1. Result Summary

Embedded Value of PICC Life and PICC Health as at 31 December 2022 and 31 December 2021 with 10% as the risk discount rate are summarized below (in RMB million):

	PICC Life		PICC Health	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Adjusted Net Worth	70,257	74,859	5,911	7,785
Value of In-Force Business before CoC	45,953	46,506	13,312	9,182
Cost of Required Capital	(12,437)	(9,934)	(983)	(791)
Value of In-Force Business after CoC	33,516	36,572	12,328	8,392
Embedded Value	103,772	111,431	18,239	16,176

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

Value of One Year's New Business for the 12 months up to 31 December 2022 and 31 December 2021 of PICC Life and PICC Health with 10% as the risk discount rate are summarized below (in RMB million):

	PICC Life		PICC Health	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Value of One Year's New Business before CoC	4,645	4,922	1,414	1,250
Cost of Required Capital	(1,976)	(1,696)	(379)	(485)
Value of One Year's New Business after CoC	2,669	3,227	1,035	765

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

Value of One Year's New Business for the 12 months up to 31 December 2022 and 31 December 2021 of PICC Life and PICC Health by distribution channel are summarized below (in RMB million):

	PICC Life		PICC Health	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Bancassurance Channel	549	127	68	69
Individual insurance agent Channel	2,071	2,999	1,520	885
Group insurance sales Channel	49	101	(552)	(189)
Total	2,669	3,227	1,035	765

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

The results disclosed above were based on 100% shareholding of PICC Life and PICC Health.

2. Key Assumptions

For the results as at 31 December 2022 disclosed above, the assumption on risk discount rate is 10% and the assumption on the rate of investment return is 5% p.a. used by PICC Life and PICC Health. Corporate income tax is currently levied at 25% on taxable income. The assumptions on mortality rates, morbidity rates, lapse rates, expenses and commissions are based on the operational experience of PICC Life and PICC Health, as well as expectations on future experience and etc.

3. Sensitivity Tests

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

The results of sensitivity tests for PICC Life at 31 December 2022 are summarized below (in RMB million):

Scenarios	Risk Discount Rate at 10% (Note)	
	Value of In-Force Business after CoC	Value of One Year's New Business after CoC
Base Scenario	33,516	2,669
Risk Discount Rate at 9%	38,368	3,333
Risk Discount Rate at 11%	29,457	2,102
Rate of investment return increased by 50 bps	44,499	4,109
Rate of investment return decreased by 50 bps	22,716	1,231
Expenses increased by 10%	32,606	2,602
Expenses decreased by 10%	34,425	2,736
Lapse rates increased by 10%	33,310	2,578
Lapse rates decreased by 10%	33,733	2,763
Mortality increased by 10%	33,063	2,632
Mortality reduced by 10%	33,974	2,706
Morbidity increased by 10%	32,304	2,600
Morbidity reduced by 10%	34,744	2,738
Short-term business claim ratio increased by 10%	33,461	2,515
Short-term business claim ratio decreased by 10%	33,570	2,823
Participating Ratio (80/20)	32,084	2,596

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 10%.

The results of sensitivity tests for PICC Health at 31 December 2022 are summarized below (in RMB million):

Scenarios	Risk Discount Rate at 10% (Note)	
	Value of In-Force Business after CoC	Value of One Year's New Business after CoC
Base Scenario	12,328	1,035
Risk Discount Rate at 9%	13,218	1,189
Risk Discount Rate at 11%	11,552	898
Rate of investment return increased by 50 bps	13,530	1,220
Rate of investment return decreased by 50 bps	11,121	851
Expenses increased by 10%	12,216	869
Expenses decreased by 10%	12,441	1,202
Lapse rates increased by 10%	12,079	985
Lapse rates decreased by 10%	12,584	1,087
Mortality increased by 10%	12,332	1,030
Mortality reduced by 10%	12,324	1,041
Morbidity increased by 10%	12,678	913
Morbidity reduced by 10%	11,966	1,155
Short-term business claim ratio increased by 5%	12,287	567
Short-term business claim ratio decreased by 5%	12,369	1,504
Participating Ratio (80/20)	12,182	982

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 10%.

4. Movement Analysis

This section shows the analysis of Embedded Value movement of PICC Life and PICC Health from 31 December 2021 to 31 December 2022 based on 10% risk discount rate (in RMB million):

No.	Description	Risk Discount Rate at 10% (Note)	
		PICC Life	PICC Health
1	Embedded Value as at 31 December 2021	111,431	16,176
2	New Business Contribution	2,955	1,311
3	Expected Return	7,910	1,457
4	Investment Return Variance	(13,742)	(2,172)
5	Other Experience Variances	(4,843)	1,441
6	Model and Assumption Modification	222	(29)
7	Capital Change and Market Value Adjustment	(161)	55
8	Embedded Value as at 31 December 2022	103,772	18,239

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

Explanations to above items 2 to 7:

2. The contribution of new business sold in 2022 to the embedded value at 31 December 2022;
3. The expected return in 2022 arising from the in-force business and adjusted net worth as at 31 December 2021;
4. Change in embedded value arising from variances between the actual investment return and the related investment return assumption in 2022;
5. Change in embedded value arising from variances between the actual experiences and assumptions other than the related investment return in 2022;
6. The impact on embedded value due to model enhancement and the changes in assumptions during 2022;
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 2022.

CORPORATE GOVERNANCE

The Company consistently abides by the Company Law of the People's Republic of China, the Insurance Law of the People's Republic of China and relevant laws, diligently carries out the requirements of relevant laws and regulations published by regulators, the articles of association and other rules, strictly adheres to the principle of sound corporate governance, dedicates to continuously enhance the level of corporate governance, ensures the solid development of the Company and endeavors to improve the interests of shareholders.

During the year of 2022, the Company complied with the corporate governance provisions of listed companies of Shanghai Stock Exchange and the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, continuously refined the structure of corporate governance. The general meeting of shareholders, the Board, the supervisory committee and senior management of the Company independently performed their rights and responsibilities in accordance with the articles of association and complied with laws and regulations.

PURCHASE, DISPOSAL OR REDEMPTION OF LISTED SECURITIES

During the year of 2022, the Company and its subsidiaries did not purchase, dispose of or redeem any listed securities of the Company or its subsidiaries.

RECOMMENDATION OF FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The Board proposed the distribution of a final dividend of RMB1.66 per 10 shares (tax inclusive) for the year ended 31 December 2022, amounting to a total of approximately RMB7,341 million. The above proposal will be put forward to a general meeting of the Company for consideration and approval. The specific arrangements regarding the final dividend announcement and its distribution (including arrangement of withholding and payment of income tax for shareholders) and the time and arrangement of the closure of register of members of H shares will be disclosed separately in the circular for the relevant general meeting. If approved at the general meeting of the Company, the final dividend is expected to be paid on or around 28 July 2023.

REVIEW OF ANNUAL RESULTS

The audit committee of the Board of the Company has reviewed, in the presence of the external auditor of the Company, the consolidated financial statements of the Group for the year ended 31 December 2022, including the accounting principles and practices. The figures in respect of the Group's consolidated results for the year ended 31 December 2022 as set out in this announcement have been agreed by the external auditors of the Company to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022.

PUBLICATION OF THE ANNUAL REPORT

The 2022 Annual Report of the Company will be published on the website of the Company (www.picc.com.cn) and the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in due course.

By Order of the Board
The People's Insurance Company (Group) of China Limited
Wang Tingke
Vice Chairman, President

Beijing, the PRC, 24 March 2023

As at the date of this announcement, the executive directors of the Company are Mr. Wang Tingke, Mr. Li Zhuyong and Mr. Xiao Jianyou; the non-executive directors are Mr. Wang Qingjian, Mr. Miao Fusheng, Mr. Wang Shaoqun, Mr. Yu Qiang and Mr. Wang Zhibin; and the independent non-executive directors are Mr. Shiu Sin Por, Mr. Ko Wing Man, Mr. Chen Wuzhao, Ms. Cui Li and Ms. Xu Lina.