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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 2023

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 2023 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 2023

(Amounts in millions of Renminbi, unless otherwise stated)

	<i>Notes</i>	2023	2022 (Restated)
Insurance revenue	7	503,900	468,802
Interest income (from financial assets not measured at fair value through profit or loss)	8(a)	29,379	N/A
Net investment gains	8(b)	1,407	39,475
Share of profits or losses of associates and joint ventures		14,939	15,466
Exchange gains		228	1,002
Other income		3,614	3,782
TOTAL OPERATING INCOME		553,467	528,527
Insurance service expenses		473,436	433,368
Net expenses from reinsurance contracts held		5,961	6,312
Finance expenses from insurance contracts issued		27,651	35,351
Finance income from reinsurance contracts held		(1,251)	(1,317)
Finance costs		3,461	4,249
Net impairment losses on financial assets	8(c)	1,428	N/A
Other operating and administrative expenses		9,224	7,752
TOTAL OPERATING EXPENSES		519,910	485,715
Dilution loss arising on a reduced stake in an associate		–	(95)
PROFIT BEFORE TAX	9	33,557	42,717
Income tax expenses	10	(2,746)	(7,270)
PROFIT FOR THE PERIOD		30,811	35,447
Attributable to:			
Owners of the Company		22,322	25,382
Non-controlling interests		8,489	10,065
		30,811	35,447
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic (<i>in RMB Yuan</i>)	11(a)	0.50	0.57
– Diluted (<i>in RMB Yuan</i>)	11(b)	0.48	0.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	2023	2022 (Restated)
PROFIT FOR THE PERIOD		<u>30,811</u>	<u>35,447</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Finance expenses from insurance contracts issued		(11,723)	9,809
Finance income from reinsurance contracts held		194	7
Changes in the fair value of debt instruments at fair value through other comprehensive income		8,616	N/A
Allowance for credit losses on debt instruments measured at fair value through other comprehensive income		153	N/A
Available-for-sale financial assets			
– Fair value losses		N/A	(33,236)
– Reclassification of losses to profit on disposals		N/A	2,222
– Impairment losses	8(g)	N/A	1,615
Income tax effect		<u>(1,509)</u>	<u>6,078</u>
		<u>(4,269)</u>	<u>(13,505)</u>
Share of other comprehensive income of associates and joint ventures		(142)	(537)
Exchange differences arising on translating foreign operations		<u>27</u>	<u>184</u>
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		<u>(4,384)</u>	<u>(13,858)</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		409	614
Changes in the fair value of equity instruments at fair value through other comprehensive income		1,165	N/A
Finance expenses from insurance contracts issued		(56)	–
Income tax effect		<u>(429)</u>	<u>(141)</u>
		<u>1,089</u>	<u>473</u>
Actuarial losses on pension benefit obligation		(79)	(50)
Share of other comprehensive income of associates and joint ventures		<u>(19)</u>	<u>(32)</u>
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		<u>991</u>	<u>391</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(3,393)</u>	<u>(13,467)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>27,418</u>	<u>21,980</u>
Attributable to:			
– Owners of the Company		19,382	15,503
– Non-controlling interests		<u>8,036</u>	<u>6,477</u>
		<u>27,418</u>	<u>21,980</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
ASSETS				
Cash and cash equivalents		28,835	40,599	33,276
Debt securities		N/A	536,254	494,550
Equity securities, mutual funds and investment schemes		N/A	258,022	262,357
Financial assets measured at amortized cost		318,605	N/A	N/A
Financial assets measured at fair value through other comprehensive income		435,258	N/A	N/A
Financial assets measured at fair value through profit or loss		383,020	N/A	N/A
Insurance contract assets		2,902	782	508
Reinsurance contract assets		39,259	37,329	30,726
Term deposits		81,487	101,180	94,341
Restricted statutory deposits		13,433	12,923	12,994
Investments classified as loans and receivables		N/A	176,082	144,603
Investments in associates and joint ventures	13	156,665	146,233	135,570
Investment properties		15,791	15,085	13,340
Property and equipment		32,702	34,130	33,357
Right-of-use assets		7,099	7,109	7,987
Intangible assets		3,544	3,523	3,471
Goodwill		198	198	198
Deferred tax assets		13,488	16,788	7,721
Other assets		24,396	30,050	26,513
TOTAL ASSETS		1,556,682	1,416,287	1,301,512
LIABILITIES				
Financial liabilities measured at fair value through profit or loss		4,089	–	–
Securities sold under agreements to repurchase		108,969	100,890	77,598
Income tax payable		567	4,028	1,083
Bonds payable		37,992	43,356	43,804
Lease liabilities		2,270	2,291	2,993
Insurance contract liabilities		980,730	883,055	808,394
Reinsurance contract liabilities		118	362	203
Investment contract liabilities		7,985	7,629	6,090
Pension benefit obligation		2,720	2,776	2,872
Deferred tax liabilities		402	2,022	2,053
Other liabilities		77,937	64,985	63,789
TOTAL LIABILITIES		1,223,779	1,111,394	1,008,879
EQUITY				
Issued capital	14	44,224	44,224	44,224
Reserves		198,982	179,929	170,983
Equity attributable to owners of the Company		243,206	224,153	215,207
Non-controlling interests		89,697	80,740	77,426
TOTAL EQUITY		332,903	304,893	292,633
TOTAL EQUITY AND LIABILITIES		1,556,682	1,416,287	1,301,512

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to owners of the Company															Total	
	Issued capital (Note 14)	Share premium account	Revaluation reserve of financial assets at fair value through other comprehensive income	Available-for-sale financial asset revaluation reserve	Insurance finance reserve	General risk reserve	Catastrophic loss reserve	Asset revaluation reserve	Share of other comprehensive income of associates and joint ventures	Foreign currency translation reserve	Surplus reserve [§]	Other reserves	Actuarial losses on pension benefit	Retained profits	Non-controlling interests		
Balance at 31 December 2022 (Restated)	44,224	23,973	-	1,072	(9,801)	18,442	59	3,987	(260)	11	14,938	(15,209)	(1,433)	144,150	224,153	80,740	304,893
Change of accounting policy	-	-	9,958	(1,072)	1,085	116	-	-	-	(1)	(16)	-	-	(3,041)	7,029	1,942	8,971
Balance at 1 January 2023 (Restated)	44,224	23,973	9,958	-	(8,716)	18,558	59	3,987	(260)	10	14,922	(15,209)	(1,433)	141,109	231,182	82,682	313,864
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	22,322	22,322	8,489	30,811
Other comprehensive income for the year	-	-	5,654	-	(8,651)	-	-	239	(127)	24	-	-	(79)	-	(2,940)	(453)	(3,393)
Total comprehensive income for the year	-	-	5,654	-	(8,651)	-	-	239	(127)	24	-	-	(79)	22,322	19,382	8,036	27,418
Insurance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,500
Other comprehensive income transferred to retained earnings	-	-	279	-	-	-	-	-	-	-	-	-	-	(279)	-	-	-
Appropriations to general risk reserve and surplus reserve	-	-	-	-	-	1,881	-	-	-	-	775	-	-	(2,656)	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	-	-	32	-	-	-	-	-	-	(32)	-	-	-
Dividends paid to shareholders (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,341)	(7,341)	-	(7,341)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,515)	(3,515)
Others	-	-	-	-	-	-	-	-	-	-	-	(17)	-	-	(17)	(6)	(23)
Balance at 31 December 2023	44,224	23,973	15,891	-	(17,367)	20,439	91	4,226	(387)	34	15,697	(15,226)	(1,512)	153,123	243,206	89,697	332,903

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB198,982 million in the consolidated statement of financial position as at 31 December 2023 comprise these reserve accounts.

Attributable to owners of the Company

	Issued capital (Note 14)	Available-for-sale financial assets		Insurance finance reserve	General risk reserve	Catastrophic loss reserve	Asset revaluation reserve	Share of other comprehensive income of associates and joint ventures	Portion of fair value changes attributable to policyholders	Foreign currency translation reserve	Surplus reserve*	Other reserves	Actuarial losses on pension benefit	Retained profits	Non-controlling interests	Total	
		Share premium account	revaluation reserve														
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
Change of accounting policy	-	-	-	(16,898)	393	-	-	-	1,536	-	-	-	-	10,920	(4,049)	(211)	(4,260)
Balance at 1 January 2022 (Restated)	44,224	23,973	18,067	(16,898)	16,144	212	3,681	135	-	(147)	14,187	(15,153)	(1,383)	128,165	215,207	77,426	292,633
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	25,382	25,382	10,065	35,447
Other comprehensive income for the year	-	-	(16,995)	7,097	-	-	306	(395)	-	158	-	-	(50)	-	(9,879)	(3,588)	(13,467)
Total comprehensive income for the year	-	-	(16,995)	7,097	-	-	306	(395)	-	158	-	-	(50)	25,382	15,503	6,477	21,980
Appropriations to general risk reserve and surplus reserve	-	-	-	-	2,298	-	-	-	-	-	751	-	-	(3,049)	-	-	-
Appropriations to catastrophic loss reserve	-	-	-	-	-	41	-	-	-	-	-	-	-	(41)	-	-	-
Utilisations of catastrophic loss reserve	-	-	-	-	-	(194)	-	-	-	-	-	-	-	194	-	-	-
Dividends paid to shareholders (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	(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 (Restated)	44,224	23,973	1,072	(9,801)	18,442	59	3,987	(260)	-	11	14,938	(15,209)	(1,433)	144,150	224,153	80,740	304,893

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB179,929 million in the consolidated statement of financial position as at 31 December 2022 comprise these reserve accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts in millions of Renminbi, unless otherwise stated)

	<i>Notes</i>	2023	2022 (Restated)
OPERATING ACTIVITIES			
Profit before tax		33,557	42,717
Adjustments for:			
Investment income	8	(1,407)	(39,475)
Interest income		(29,379)	N/A
Exchange gains		(228)	(1,002)
Share of profits or losses of associates and joint ventures		(14,939)	(15,466)
Dilution loss arising on a reduced stake in an associate		–	95
Finance costs		3,461	4,249
Net impairment losses on financial assets		1,428	N/A
Depreciation of property and equipment	9	2,560	2,626
Depreciation of right-of-use assets	9	1,260	1,519
Amortisation of intangible assets	9	1,236	1,007
Disposal gains from investment properties, property and equipment, intangible assets and land use rights		(209)	(321)
Recognition of impairment losses on receivables and other assets		190	245
Investment expenses		182	214
		<hr/> (2,288) <hr/>	<hr/> (3,592) <hr/>
Operating cash flows before working capital changes			
Changes in insurance and reinsurance contract assets/liabilities		80,310	76,779
Changes in investment contract liabilities		356	1,539
Increase in other assets, net		(5,214)	(416)
Increase in other liabilities, net		4,008	4,297
		<hr/> 77,172 <hr/>	<hr/> 78,607 <hr/>
Cash generated from operations			
Income tax paid		(6,623)	(7,486)
		<hr/> 70,549 <hr/>	<hr/> 71,121 <hr/>
Net cash generated from operating activities			
INVESTING ACTIVITIES			
Interest income		44,108	33,636
Dividends received		3,207	14,959
Purchases of investment properties, property and equipment, intangible assets and land use rights		(3,573)	(6,576)
Proceeds from disposals of investment properties, property and equipment, intangible assets and land use rights		298	464
Purchases of investments		(413,533)	(482,692)
Proceeds from disposals of investments		277,109	373,819
Payments for investment expenses		(215)	(397)
Rentals received		657	608
Decrease/(Increase) in term deposits, net		21,015	(6,576)
		<hr/> 70,927 <hr/>	<hr/> (72,755) <hr/>
Net cash used in investing activities			

	<i>Notes</i>	2023	2022 (Restated)
FINANCING ACTIVITIES			
Increase in securities sold under agreements to repurchase, net		7,885	23,292
Issue of bonds payable		24,000	3,000
Proceeds from bank borrowings		292	215
Issue of other equity instruments		2,500	–
Repayment of bank borrowings and bonds payable		(30,238)	(3,804)
Interests paid		(3,723)	(4,195)
Dividends paid		(11,215)	(9,644)
Payments of lease liabilities		(1,170)	(1,149)
Cash received related to non-controlling interests of consolidated structured entities, net		186	842
		<u>(11,483)</u>	<u>8,557</u>
Net cash (used in)/generated from financing activities			
		(11,861)	6,923
Net (decrease)/increase in cash and cash equivalents		40,599	33,276
Cash and cash equivalents at beginning of the year			
Effects of exchange rate changes on cash and cash equivalents		97	400
		<u>28,835</u>	<u>40,599</u>
Cash and cash equivalents at end of the year			
		8,442	19,234
Analysis of balances of cash and cash equivalents			
Securities purchased under resale agreements with original maturity of no more than three months		20,393	21,365
Deposits with banks with original maturity of no more than three months and money at call and short notice		<u>28,835</u>	<u>40,599</u>
Cash and cash equivalents at end of the year		<u>28,835</u>	<u>40,599</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 Street, XiCheng District, Beijing, the PRC. The Company's predecessor, the People's Insurance Company of China, is a state-owned enterprise established in October 1949 by the PRC government. The Company is listed on the Stock Exchange of Hong Kong Limited (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 2023, 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 IFRS® Accounting Standards and the disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. IFRS Accounting Standards comprise the following authoritative:

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

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

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

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 and reinsurance contract assets/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

In current year, the Group has applied, for the first time, the following new standards and amendments which are mandatory effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's consolidated financial information:

IFRS 9	Financial Instruments ¹
IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

¹ Effective for accounting periods beginning on or after 1 January 2018

Except for the application of IFRS 9 and IFRS 17, other amendments and interpretation mentioned above have 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. NEW AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not applied the following key new and revised IFRSs that have been issued but are not yet effective in these condensed consolidated financial information:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1	Non-current liabilities with covenants ¹
Amendments to IAS 16	Lease liability in a sale and leaseback ¹
Amendments to IAS 7 and IFRS 7	Financing Arrangements of Supplier ¹
Amendments to IFRS 21	Lack of Exchangeability ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associated or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after a date to be determined

None of these IFRSs is expected to have a significant effect on the consolidated financial statements of the Group.

6. 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 and other segment provides management and support for the Group's business through its strategy, risk management, finance, legal and human resources functions and comprises insurance agent business, reinsurance business and other operating business of the Group.

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

Segment's assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment. Segment's assets are recognised after deducting the related provisions, and such deductions are directly written off in the Group's consolidated balance sheet.

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

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

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

Segment revenue and results for the year ended 31 December 2023

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
Insurance revenue	458,806	18,204	25,619	–	4,887	(3,616)	503,900
Interest income (from financial assets not measured at fair value through profit or loss)	11,780	13,442	2,597	45	1,515	–	29,379
Net investment gains/(losses)	2,199	(2,335)	(509)	12	11,003	(8,963)	1,407
Share of profits or losses of associates and joint ventures	10,212	5,225	2	61	708	(1,269)	14,939
Exchange gains	132	52	1	–	43	–	228
Other income	1,835	508	423	2,592	2,652	(4,396)	3,614
TOTAL INCOME							
– SEGMENT INCOME	484,964	35,096	28,133	2,710	20,808	(18,244)	553,467
– External income	484,165	34,835	28,084	1,385	4,998	–	553,467
– Inter-segment income	799	261	49	1,325	15,810	(18,244)	–
Insurance service expenses	432,312	16,859	23,109	–	4,526	(3,370)	473,436
Net expenses from reinsurance contracts held	6,381	50	(282)	–	67	(255)	5,961
Finance expenses from insurance contracts issued	10,204	15,505	1,831	–	269	(158)	27,651
Finance (losses)/income from reinsurance contracts held	(1,301)	3	(75)	–	(15)	137	(1,251)
Finance costs	1,151	1,095	237	34	944	–	3,461
Other operating and administrative expenses	3,455	2,154	1,074	1,930	4,020	(3,409)	9,224
Net impairment losses on financial assets	404	721	224	16	63	–	1,428
TOTAL OPERATING EXPENSES	452,606	36,387	26,118	1,980	9,874	(7,055)	519,910
PROFIT/(LOSS) BEFORE TAX	32,358	(1,291)	2,015	730	10,934	(11,189)	33,557
Income tax (expenses)/credit	(3,560)	1,294	(179)	(43)	(78)	(180)	(2,746)
PROFIT FOR THE PERIOD							
– SEGMENT RESULTS	28,798	3	1,836	687	10,856	(11,369)	30,811

Segment revenue and results for the year ended 31 December 2022 (Restated)

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
Insurance revenue	425,197	20,422	21,481	–	4,424	(2,722)	468,802
Net investment gains	15,005	20,305	1,629	493	10,622	(8,579)	39,475
Share of profits or losses of associates and joint ventures	9,804	5,580	4	25	1,049	(996)	15,466
Exchange gains	718	123	1	(6)	166	–	1,002
Other income	1,968	406	388	2,172	1,507	(2,659)	3,782
TOTAL INCOME							
– SEGMENT INCOME	452,692	46,836	23,503	2,684	17,768	(14,956)	528,527
– External income	451,908	46,473	23,386	1,646	5,114	–	528,527
– Inter-segment income	784	363	117	1,038	12,654	(14,956)	–
Insurance service expenses	396,977	18,669	16,048	–	4,113	(2,439)	433,368
Net expenses from reinsurance contracts held	6,444	243	128	–	83	(586)	6,312
Finance expenses from insurance contracts issued	9,394	24,190	1,612	–	257	(102)	35,351
Finance income from reinsurance contracts held	(1,364)	6	(73)	–	(12)	126	(1,317)
Finance costs	1,009	1,469	215	32	1,539	(15)	4,249
Other operating and administrative expenses	3,278	2,392	792	1,723	2,126	(2,559)	7,752
TOTAL OPERATING EXPENSES	415,738	46,969	18,722	1,755	8,106	(5,575)	485,715
Dilution loss arising on a reduced stake in an associate	(95)	–	–	–	–	–	(95)
PROFIT/(LOSS) BEFORE TAX	36,859	(133)	4,781	929	9,662	(9,381)	42,717
Income tax expenses	(4,764)	(1,151)	(875)	(193)	(159)	(128)	(7,270)
PROFIT FOR THE PERIOD – SEGMENT RESULTS	32,095	(1,284)	3,906	736	9,503	(9,509)	35,447

Segment assets and liabilities as at 31 December 2023 and 2022, and other segment information for the years ended 31 December 2023 and 2022 are as follows:

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
31 December 2023							
Segment assets	<u>732,187</u>	<u>641,200</u>	<u>102,807</u>	<u>13,799</u>	<u>216,884</u>	<u>(150,195)</u>	<u>1,556,682</u>
Segment liabilities	<u>470,996</u>	<u>605,279</u>	<u>91,089</u>	<u>4,387</u>	<u>57,271</u>	<u>(5,243)</u>	<u>1,223,779</u>
Other segment information:							
Capital expenditures	3,005	87	132	506	760	1	4,491
Depreciation and amortization	<u>3,583</u>	<u>254</u>	<u>235</u>	<u>417</u>	<u>362</u>	<u>82</u>	<u>4,933</u>
31 December 2022 (Restated)							
Segment assets	<u>702,535</u>	<u>570,191</u>	<u>83,635</u>	<u>12,586</u>	<u>193,537</u>	<u>(146,197)</u>	<u>1,416,287</u>
Segment liabilities	<u>461,382</u>	<u>537,807</u>	<u>74,982</u>	<u>4,093</u>	<u>42,574</u>	<u>(9,444)</u>	<u>1,111,394</u>
Other segment information:							
Capital expenditures	5,589	283	166	256	192	(14)	6,472
Depreciation and amortization	3,726	736	305	180	329	(273)	5,003
Interest income	<u>13,785</u>	<u>15,251</u>	<u>2,318</u>	<u>85</u>	<u>1,267</u>	<u>306</u>	<u>33,012</u>

The headquarters, non-life and life segments hold equity interests of 0.85%, 5.91%, and 6.14% (31 December 2022: 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 financial assets in headquarters and others 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.

7. INSURANCE REVENUE

	2023	2022
Insurance revenue from contracts not measured under the PAA		
Insurance revenue relating to the changes in the LRC	37,250	37,525
Expected incurred claims and other insurance service expenses	24,523	26,223
Change in the risk adjustment for non-financial risk for the risk expired	1,673	1,827
CSM recognised for the services provided	10,396	9,565
Others	658	(90)
Insurance acquisition cash flows amortisation	<u>9,771</u>	<u>9,262</u>
Subtotal	<u>47,021</u>	<u>46,787</u>
Insurance revenue from contracts measured under the PAA	<u>456,879</u>	<u>422,015</u>
TOTAL	<u>503,900</u>	<u>468,802</u>

8. NET INVESTMENT INCOME

	2023	2022 (Restated)
Interest income from financial assets not measured at fair value through profit or loss <i>(a)</i>	29,379	N/A
Net investment gains <i>(b)</i>	1,407	N/A
Net impairment losses on financial assets <i>(c)</i>	(1,428)	N/A
Dividend, interest and rental income <i>(d)</i>	N/A	44,565
Realised gains <i>(e)</i>	N/A	(2,931)
Fair value of unrealised gains <i>(f)</i>	N/A	(579)
Impairment losses <i>(g)</i>	<u>N/A</u>	<u>(1,580)</u>
TOTAL	<u>29,358</u>	<u>39,475</u>

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

	2023
Financial assets measured at amortized cost	13,235
Financial assets measured at fair value through other comprehensive income	11,075
Current and term deposits	4,712
Securities purchased under resale agreements	235
Others	<u>122</u>
TOTAL	<u><u>29,379</u></u>

(b) Net investment gains/(losses)

	2023
Interest income	
– Financial assets measured at fair value through profit or loss	5,890
Dividend income	
– Equity instruments measured at fair value through other comprehensive income	3,579
– Financial assets measured at fair value through profit or loss	3,981
Lease income from investment properties	<u>657</u>
Subtotal	<u>14,107</u>
Realised investment gains	
Financial assets measured at fair value through profit or loss	(4,502)
Financial assets measured at fair value through other comprehensive income	1,707
Investments in associates and joint ventures	4
Financial assets measured at amortized cost	<u>3</u>
Subtotal	<u>(2,788)</u>
Unrealised investment gains	
Financial assets measured at fair value through profit or loss	(9,449)
Investment properties	<u>(463)</u>
Subtotal	<u>(9,912)</u>
TOTAL	<u><u>1,407</u></u>

(c) Net impairment losses on financial assets

	2023
Financial assets measured at amortized cost	1,014
Debt instruments measured at fair value through other comprehensive income	314
Term deposits	106
Other financial assets	<u>(6)</u>
TOTAL	<u><u>1,428</u></u>

(d) Dividend, interest and rental income

	2022 (Restated)
Dividend income	
Equity securities, mutual funds and investment schemes	
– Available-for-sale	10,135
– At fair value through profit or loss	<u>650</u>
Subtotal	<u>10,785</u>
Interest income	
Current and term deposits	4,876
Debt securities	
– Held-to-maturity	8,478
– Available-for-sale	10,655
– At fair value through profit or loss	909
Loans and receivables	<u>8,254</u>
Subtotal	<u>33,172</u>
Operating lease income from investment properties	<u>608</u>
TOTAL	<u><u>44,565</u></u>

(e) **Realised gains/(losses)**

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

(f) **Fair value (losses)/gains**

	2022
Debt securities	
– At fair value through profit or loss	(451)
Equity securities, mutual funds and investment schemes	
– At fair value through profit or loss	54
Investment properties	<u>(182)</u>
TOTAL	<u><u>(579)</u></u>

(g) Impairment losses

	2022
Available-for-sale	(1,615)
Held-to-maturity financial assets	(143)
Investments classified as loans and receivables	<u>178</u>
TOTAL	<u><u>(1,580)</u></u>

9. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) the following items:

	2023	2022 (Restated)
Employee costs <i>(a) (note)</i>	49,590	47,944
Depreciation of property and equipment <i>(note)</i>	2,560	2,626
Depreciation of right-of-use assets <i>(note)</i>	1,260	1,519
Amortisation of intangible assets <i>(note)</i>	1,236	1,007
Recognition of impairment losses on property and equipment	9	–
Recognition of impairment losses on other assets	(7)	244
Recognition of impairment losses on intangible assets	1	1
Auditors' remuneration	<u>51</u>	<u>36</u>
Less: Expenses attributable to insurance acquisition cash flows	(59,085)	(55,494)
Other directly attributable expenses	(43,431)	(40,955)

Note: The expense incurred that were fulfilment cash flows are not presented in other operating expenses, but either presented service expenses or recognised as insurance acquisition cash flows according to IFRS 17.

(a) Employee costs

	2023	2022 (Restated)
Employee costs (including directors' and supervisors' remuneration)		
– Salaries, allowances and performance related bonuses	43,825	42,959
– Pension scheme contributions	<u>5,765</u>	<u>4,985</u>
TOTAL	<u><u>49,590</u></u>	<u><u>47,944</u></u>

10. INCOME TAX EXPENSE

	2023	2022 (Restated)
Current tax	3,040	10,391
Adjustments in respect of prior years	122	40
Deferred tax	<u>(416)</u>	<u>(3,161)</u>
TOTAL	<u>2,746</u>	<u>7,270</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% (2022: 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:

	2023	2022 (Restated)
Profit before tax	<u>33,557</u>	<u>42,717</u>
Tax rate	25%	25%
Tax at the statutory tax rate	8,389	10,679
Adjustments in respect of prior years	122	40
Tax effect of share of profits or losses of associates and joint ventures	(3,734)	(3,866)
Income not subject to tax	(3,943)	(4,147)
Expenses not deductible for tax	451	405
Unrecognised deductible temporary differences and tax losses/tax losses utilised from previous periods	1,501	4,436
Effects of different tax rates applied to subsidiaries	(34)	(276)
Others	<u>(6)</u>	<u>(1)</u>
Income tax expense for the year	<u>2,746</u>	<u>7,270</u>

11. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share for the years of 2023 and 2022 is based on the profit attributable to owners of the Company and the number of ordinary shares in issue during the periods.

	2023	2022 (Restated)
Profit attributable to owners of the Company for the year	<u>22,322</u>	<u>25,382</u>
Weighted average number of ordinary shares in issue (<i>in million shares</i>)	<u>44,224</u>	<u>44,224</u>
Basic earnings per share (<i>in RMB Yuan</i>)	<u><u>0.50</u></u>	<u><u>0.57</u></u>

(b) Diluted Earnings Per Share

	2023	2022 (Restated)
Profit attributable to owners of the Company for the year	22,322	25,382
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>(1,241)</u>	<u>(829)</u>
Profit attributable to owners of the Company for the calculation of diluted earnings per share	<u>21,081</u>	<u>24,553</u>
Weighted average number of ordinary shares in issue (<i>in million shares</i>)	<u>44,224</u>	<u>44,224</u>
Diluted earnings per share (<i>in RMB Yuan</i>)	<u><u>0.48</u></u>	<u><u>0.56</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.

12. DIVIDENDS

	2023	2022
Dividends recognised as distributions:		
2022 Final, paid – RMB16.60 cents per share	7,341	–
2021 Final, paid – RMB14.70 cents per share	<u>–</u>	<u>6,501</u>

A final dividend in respect of the year ended 31 December 2022 of RMB16.60 cents per share was proposed by the Board on 24 March 2023 and approved by the shareholders on 19 June 2023 at the general meeting and paid on 28 July 2023.

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(a) The Group's investments in associates and joint ventures as at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Associates		
Cost of investment in associates	68,505	67,974
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable (<i>note</i>)	85,044	75,313
Subtotal	153,549	143,287
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>)	30	(140)
Subtotal	3,116	2,946
TOTAL	156,665	146,233

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

Associates and joint ventures	1 January 2023	Additions	Disposals	Share of profit	Share of other comprehensive income	Share of other movement	Dividend received	Impairment	31 December 2023
Industrial Bank	84,069	-	-	10,201	(228)	(29)	(3,183)	-	90,830
Hua Xia Bank	42,213	-	-	3,783	114	-	(982)	-	45,128
Others	19,951	535	(37)	955	(47)	6	(480)	(176)	20,707
Total	146,233	535	(37)	14,939	(161)	(23)	(4,645)	(176)	156,665

Note: As permitted by related accounting standards, the Group elects not to apply uniform accounting policies over comparative figures when using the equity method for Industrial Bank, Hua Xia Bank and other associates and joint ventures.

As at 31 December 2023, 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 2023 (31 December 2022: 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 2023		31 December 2022	
			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%	–	16.11%

The above table lists out the associates of the Group which principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

14. ISSUED CAPITAL

	31 December 2023	31 December 2022
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 2023	31 December 2022
ASSETS		
Cash and bank balances	139	1,170
Financial assets purchased under resale agreements	499	–
Financial investment:		
Financial assets held for trading	3,632	N/A
Financial assets at amortized cost	5,647	N/A
Debt financial assets at fair value through other comprehensive income	6,332	N/A
Equity financial assets at fair value through other comprehensive income	4,021	N/A
Financial assets at fair value through profit or loss	N/A	93
Available-for-sale financial assets	N/A	16,804
Held-to-maturity financial assets	N/A	134
Investments classified as loans and receivables	N/A	5,840
Term Deposits	572	4,327
Long-term equity investment	92,209	91,142
Investment properties	2,499	2,448
Fixed assets	2,854	2,807
Intangible assets	135	111
Other assets	806	585
	<u>119,345</u>	<u>125,461</u>
TOTAL ASSETS	119,345	125,461
LIABILITIES AND EQUITY		
LIABILITIES		
Securities sold under agreements to repurchase	600	480
Salaries and staff welfare payables	3,588	3,686
Tax payable	2	2
Bonds payable	12,224	17,998
Other liabilities	604	1,053
	<u>17,018</u>	<u>23,219</u>
TOTAL LIABILITIES	17,018	23,219
EQUITY		
Issued capital	44,224	44,224
Capital reserves	35,578	35,578
Other comprehensive income	(79)	85
Surplus reserves	15,697	14,938
Retained profits	6,907	7,417
	<u>102,327</u>	<u>102,242</u>
TOTAL EQUITY	102,327	102,242
TOTAL EQUITY AND LIABILITIES	119,345	125,461

16. EVENT AFTER THE REPORTING PERIOD

On 26 March 2024, the Board of Directors of the Company proposed a final dividend of RMB 15.60 cents (tax inclusive) per ordinary share for the year ended 31 December 2023, amounting to a total of approximately RMB 6,899 million. The above proposal is subject to the approval of shareholders' general meeting of the Company.

OPERATING HIGHLIGHTS

1. Profitability Demonstrates Resilience and Dividend Payment Remains Stable

The Group proactively responded to market challenges, grasped opportunities and promoted development in its operation and management, realizing a net profit of RMB30,811 million and a net profit attributable to owners of the Company of RMB22,322 million in 2023. The five-year average total investment yield¹ of the Group reached 5.1%, and combined ratio² of PICC P&C was 97.8%, both of which were at the leading level in the industry; the value of new business of life and health insurance for the year increased by 105.4% year-on-year.

The cash dividend proposed to be paid to shareholders for the year of 2023 amounted to RMB6,899 million (tax inclusive)³. The dividend payout ratio based on the net profit attributable to owners of the Company has been above 30% for four consecutive years.

2. Steady Growth in Business Scale with Ample and Robust Capital Strength

The Group's business grew steadily. In the year of 2023, the insurance revenue recorded RMB503,900 million, representing a year-on-year increase of 7.5%, and the original premiums income⁴ recorded RMB661,737 million, representing a year-on-year increase of 6.9%. In terms of the P&C insurance business, the business scale of PICC P&C grew steadily. The insurance revenue recorded RMB457,203 million, representing a year-on-year increase of 7.7%, and the original premiums income recorded RMB515,807 million, representing a year-on-year increase of 6.3%. In terms of the life and health insurance business, by grasping the opportunities of industry recovery, the insurance revenue recorded RMB43,823 million, representing a year-on-year increase of 4.6%, and the original premiums income recorded RMB145,842 million, representing a year-on-year increase of 9.1%.

¹ The five-year average total investment yield was calculated by using the data under the calibration of old financial instruments standards. The old financial instruments standards refer to the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (Cai Kuai [2006] No. 3), the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets (Cai Kuai [2006] No. 3), the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting (Cai Kuai [2006] No. 3), and the Accounting Standards for Business Enterprises No. 37 – Presentation and Reporting of Financial Instruments (Cai Kuai [2014] No. 23).

² Combined ratio = (insurance service expenses + net expenses from reinsurance contract held + finance expenses from insurance contracts issued – financial income from reinsurance contracts held)/insurance revenue.

³ On 26 March 2024, the Board of the Company proposed the distribution of a dividend of RMB1.56 per 10 shares (tax inclusive) for the year of 2023. The profit distribution proposal will be implemented upon approval by the general meeting of the Company.

⁴ The original premiums income was calculated based on the premium information after the significant risk test for written premiums and splitting of mixed insurance contracts in accordance with the Notice of Relevant Issues Regarding the Implementation of the No. 2 Interpretation of Accounting Standards for Business Enterprises (Bao Jian Fa [2009] No.1) and the Notice on the Publication of the Regulations on the Accounting Treatment Relating to Insurance Contracts (Cai Kuai [2009] No. 15).

As at 31 December 2023, the Group's net assets amounted to RMB332,903 million, representing an increase of 9.2% from the end of the previous year. The Group's comprehensive solvency margin ratio was 251%, and core solvency margin ratio was 194%, indicating sufficient capital strength.

3. Fulfilling High-quality Development and Continuously Upgrading Structural Quality

In terms of the P&C insurance business, PICC P&C implemented the new business model of “insurance + risk reduction service + technology” and maintained the first place in the P&C insurance sector in terms of the market share⁵. The income proportion of non-vehicle insurance service increased by 1.4 percentage points, indicating a more balanced business structure.

In terms of the life and health insurance business, the annual structure of the life and health insurance sector was further optimized. The proportion of regular premiums of PICC Life increased by 4.3 percentage points, and the first-year regular total written premiums (“TWPs”) increased by 37.0% year-on-year. The 13-month premium persistency ratio reached 92.2%, representing a year-on-year increase of 9.5 percentage points, and the sustainability of business development was significantly enhanced. The first-year regular premiums of PICC Health increased by 34.1% year-on-year, becoming the main driver of business growth.

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

With serving the real economy as the fundamental purpose and the “Eight Strategic Services” as the mainstay, the Group optimized its insurance products, innovated its insurance services and focused on its investment direction, contributed to the Chinese-style modernization construction with high-quality development, and practiced the political and people-oriented nature as the People's Insurance. In 2023, the amount of the Group's risk protection was more than RMB3,500 trillion. As at the end of 2023, the amount of the Group's investment in the implementation of the “Eight Strategic Services” amounted to nearly RMB800 billion.

⁵ The market share was independently calculated based on the original premiums income in the PRC (excluding Hong Kong, Macau and Taiwan) published by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission). Starting from June 2021, the summarised data of P&C insurance companies and life and health insurance companies published by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission) does not include certain institutions which are in the stage of risk disposal in the insurance industry). The same applies below.

Serving the establishment of a modern industrial system. The Group insured China's first over 100 G high-throughput satellite, domestic large aircraft C919, domestically produced Adora Magic City cruiser and other Pillars of the Great Power as the leading underwriter, and innovatively proposed the comprehensive insurance service scheme for bio-pharmaceutical industrial parks and new energy industrial parks, serving approximately 140,000 enterprises in industrial parks and providing risk protection of RMB25 trillion. **Serving the rural revitalization.** The agriculture insurance provided risk protection of RMB2.1 trillion to 64.90 million households and achieved an original premiums income of RMB58.2 billion, representing a year-on-year increase of 11.9%. The full cost and planting income insurance for the three major staple foods covered 16 provinces. **Serving the building of self-reliance and strength in science and technology.** The Group provided insurance services for 110,000 high-tech enterprises and provided risk protection of RMB87.2 trillion, and established the only national pilot comprehensive service platform for intellectual property right insurance upon the approval, which provided the risk protection of nearly RMB25.0 billion for high-tech enterprises. **Serving the enhancement of people's livelihood and wellbeing.** The Group actively insured social medical insurance projects, and the critical illness insurance covered 0.56 billion persons in 27 provinces (including the municipalities directly under the Central Government and autonomous regions). **Serving the green development.** The Group actively developed green insurance, and provided risk protection of RMB75.5 trillion, representing a year-on-year increase of 20.4%, and the number of insured new energy vehicles increased by 57.7% year-on-year. **Serving the safety development.** The local catastrophe insurance covered 270 million people in 15 provinces and 74 prefecture-level cities, which provided risk protection for safe production liabilities of RMB13.5 trillion for over 296,000 enterprises. **Serving the regional development.** The Group provided insurance coverage and financial support to the development of Beijing-Tianjin-Hebei Region, Yangtze River Economic Belt, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta and other major regional development initiatives. The Group underwrote multiple flagship innovative projects including autonomous vehicles, smart parking, ecological governance and urban computing centers. **Serving the "Belt and Road".** The Group's overseas business covers 134 countries (regions), providing the risk protection of RMB1.8 trillion. The Group underwrote trade credit insurance for 13,000 customers with a risk protection of RMB725.9 billion.

5. Remaining True to Our Original Aspiration and Keeping Our Mission Firmly in Mind, Upholding the Mission of “People’s Insurance, Serving the People”

Adhering to the corporate mission of “People’s Insurance, Serving the People”, the Group made all-out efforts in risk reduction, disaster relief and claim settlement and duly performed its functions as the insurance economic shock absorber and social stabilizer. In 2023, in terms of risk reduction services, the Group provided 1.098 million services in more than 10 key areas such as liability insurance, assisted in the risk checks of 663,000 hidden hazards, provided over 4 million meteorological warnings and IOT warnings of corporate business, installed more than 2,290 flooding IOT equipment for enterprises. In terms of disaster relief and claim settlement, the Group paid the claim settlement⁶ of more than RMB409.2 billion, made 42 emergency responses to major disasters and accidents, made risk checks of 69,000 enterprises, and designated 72,000 staff for catastrophe claims and rescue. The Group made active responses to Typhoons Doksuri, Saola, Haikui, earthquake in Jishisan, Gansu Province, avalanche in Linzhi, Tibet and other major disasters. The Company immediately activated emergency response mechanism, organized 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, and ensured the normal production and life of people. During the natural disaster of Typhoon Doksuri, the Group actively mobilized social and professional rescue forces to support the disaster-hit areas, provided non-discriminated rescue services for 22,400 vehicles, and realized 100% rescue for vehicles that met the rescue conditions, and assisted the farmers in the inspection and rectification of farmland drainage and irrigation facilities, disaster prevention and rush-harvest, which effectively reduced the losses caused by the disasters and demonstrated our commitment to ensure a better life of the people.

6. Establishing Sound Corporate Image and Improving the Brand Value

The Group received a number of awards from authoritative media. The Group ranked 120th in the list of Fortune Global 500 in 2023 for 14 consecutive years. The Group ranked the 160th in the list of Brand Finance Global 500 2024, up by 9 places than last year, the best ranking in history. In May 2023, the Company was listed in the TOP 100 Brand Value List of Chinese Listed Companies released by National Business Daily. In July 2023, the Company was awarded the “Ark Award of High Quality Development Insurance Company 2023” and “Ark Award of Green Development in Insurance Industry” at the “Ark Prize in Chinese Insurance Industry in 2023” organized by Securities Times. In December 2023, the Group won a number of awards at the “2023 China Financial Institution Gold Medal List – the Golden Dragon Prize” organized by Financial Times.

⁶ The amount of claims data was based on the line item “Claims Expense” in PRC Accounting Standards for Business Enterprises No. 25 – Original Insurance Contracts issued in 2006.

In 2023, the Group made great efforts in creating a more communicative and influential brand image to promote the construction of a first-class insurance and financial group and serve the high-quality development of the Company. During the 15th Customer Festival, the Group organized a series of activities, and further improved the customer service experience by animated series, real case micro films and sports carnival activities. The Group exclusively sponsored the “Rural Revitalization – China Travel (鄉村振興中國行)” and “China’s Business Cards on the Belt and Road (一帶一路上的中國名片)” produced by China Central Television, which fully demonstrated the Group’s protection role in serving rural revitalization and Belt and Road Initiative, promoted the Group’s brand value effectively, and further demonstrated our original aspiration and mission of “People’s Insurance, Serving the People”. The Group engaged Mr. Zhou Guanyu, the first Chinese driver competing in F1, to act as the new PICC Brand Ambassador, and launched cross-brand cooperations in sports sector with the China Roller Skating Association and Xiong’an Marathon Organizing Committee, which further promoted the Group’s brand rejuvenation strategy.

In 2023, the Group’s efforts in further deepening the implementation of “To be Prominent Strategy” and serving the high-quality development of the economy and society was widely publicized and reported by numerous media such as People’s Daily, Xinhua News Agency and China Media Group, with over 365,000 posts published and forwarded across the Internet, which further enhanced and demonstrated the Group’s sound corporate image.

7. Accelerating Science and Technology Empowerment to Support the Implementation of Strategies Effectively

The Group continuously deepened science and technology innovation, accelerated digital development, and strengthened science and technology empowerment of the insurance value chain. The Group strengthened the top-level design of digitalization by establishing the digitalization development committee of the Group, coordinating and leading the digitalization construction and development of the Group, optimizing the functions of the informationisation construction committee/data governance committee of the Group, and promoting of the informationisation construction and data governance of the Group in a coordinated manner. The Group strengthened infrastructure construction by optimizing the layout structure of “remote disaster recovery + data backup” in data centers, launched PICC North Information Center into operation, ensured safe and stable operation of the information system, accelerated the establishment and improvement of independent, controllable, secure and efficient financial infrastructure system, and gradually improved the level of cybersecurity protection and management. The Group established a unified technical architecture system by accelerating the establishment of a unified development, technology, data, intelligence and operation and maintenance platform for the Group, improving and upgrading the core business system of the principal business of insurance, strengthening the construction of shared systems of the Group, and systematically promoting the data governance, structural optimization and the optimization, update and innovation of applications, and continued to improve user experience. The Group continued to enhance technology empowerment by focusing on “To be Prominent Strategy” and the transformation of subsidiaries, actively creating the application systems that support business operations and enhance management capabilities, and exploring service offerings and scenario-based ecological operations, and assisting in the construction of new business model of “insurance + service + technology”. The risk prevention and control capabilities were

improved continuously. The Group strengthened the research and innovative application of cutting-edge technologies, constantly improved the digital and intelligent level of product development, product sales, investment management, risk management and other business procedures. The Group has successfully organized the science and technology innovation conference for three consecutive years, and released 10 technological innovation achievements such as the “PICC Big Model (人保大模型)”, “Wanxiang Sky Eye (萬象天眼)” and “Shenji Baisuan (神機百算)”. Among them, The “PICC Big Model (人保大模型)” was awarded one of the “10 Major Events in Financial Informatization in 2023” by the Financial Computerizing magazine of the People’s Bank of China, and a number of projects won the Fintech Development Award of the People’s Bank of China.

8. Vigorously and Effectively Conducting Risk Management and Control, and Firmly Holding the Bottom Line of Risks

Taking “attaching greater importance to the comprehensive risk management” as an important guarantee for high-quality development, the Group effectively promoted the comprehensive improvement of risk management ability throughout the system, and continuously enhanced the initiative and foresight of risk prevention and control. Risk preference was well implemented, and there was no major risk event occurred. The Group vigorously promoted the implementation of the “comprehensive risk management action plan”, established the intelligent risk control platform, achieved the unified collection and integration of all kinds of risk data, and realized automatic risk screening and early warning. The Group continued to improve the hierarchical product check and management and the working rules of the investment review committee, and actively strengthened the risk source control. By focusing on key areas such as urban investment and non-standard commercial real estate and conducting specific investigation, the Group improved its post-investment management; the Group updated the internal control framework model at the grass-roots level, promoted the construction of case prevention system, and pushed ahead the extension of risk prevention and control to the grassroots level.

MANAGEMENT DISCUSSION AND ANALYSIS

The year 2023 is the first year for the full implementation of the spirit of the Party's 20th National Congress, and the first year of economic recovery after the three-year COVID-19 pandemic prevention and control. China's overall economy made a turnaround, solid advancement was made in high-quality development, significant progress has been made in the construction of modern industrial system, new breakthroughs have been made in scientific and technological innovation, reform and opening up were pushed forward, the foundation of safe development was consolidated and strengthened, people's livelihoods were safeguarded effectively, and solid strides have been made in comprehensive construction of a socialist modernized country. The Central Financial Work Conference proposed the objective of financial development with Chinese characteristics, acceleration of the construction of a financial powerhouse, and the construction of a powerful nation and realization of national rejuvenation with the support of high-quality financial development, which bring financial work to a new strategic height. The newly elected Party Committee of the Group fully implemented the decisions and arrangements of the Party Central Committee, ensured the stability and continuity of "To be Prominent Strategy", maintained strategic focus, pragmatically promoted the optimization and implementation of "To be Prominent Strategy", focused on serving the overall economic and social development, and promoted high-quality development to achieve new results. The insurance segment effectively grasped favorable opportunities brought about by industry development, and made greater efforts in business innovation and development, ensured a stable growth of insurance premium income and effectively consolidated the market position; the investment segment actively responded to challenges such as fluctuations in the equity market and low interest rate environment, and maintained stable investment returns; the technology segment accelerated the reform of the scientific and technological system, strengthened the construction of technological infrastructure and ensured a steady enhancement of technology empowerment level. In 2024 and afterwards, the Group will earnestly implement the spirit of the Central Financial Work Conference, adhere to the general principle of pursuing progress while ensuring stability, optimize the implementation of "To be Prominent Strategy", and promote the Group's high-quality development to a new level.

I. BUSINESS OVERVIEW OF THE COMPANY

(I) Review of Our Industry

In 2023, the original premiums income of the insurance industry was RMB5.1 trillion, representing a year-on-year increase of 9.1%; the insurance amount was RMB13,402.8 trillion, which remained stable year-on-year; and the original policyholders' benefits and claims were RMB1.9 trillion, representing a year-on-year increase of 21.9%. The industry placed priority on supporting the recovery and expansion of demand, attached great importance to serving the construction of modern industrial system, continued to strengthen its role in safeguarding people's livelihoods, steadily promoted the opening up, and gave better play to the role of the insurance as an economic shock absorber and social stabilizer. During the year, agriculture insurance provided a risk protection of RMB4.98 trillion for agricultural development; the accumulated amount of pension fund exceeded RMB6 trillion, covering nearly 100 million people; China Integrated Circuit Insurance Pool provided risk protection amounted to RMB1.3 trillion, and the green policyholders' benefits and claims were RMB121.46 billion; the claims paid to 16 flood-affected areas including the Beijing-Tianjin-Hebei region amounted to RMB12.6 billion, and the principle of prompt and due claim settlement and reasonable advance compensation was complied with; the construction of "international board" of reinsurance in Shanghai was accelerated, and the China Belt and Road Insurance Pool provided the risk protection of RMB3.36 trillion for the overseas projects invested by Chinese entities.

In 2023, the National Administration of Financial Regulation was formed, marking an important step in the institutional reform of China's financial regulation. By focusing on ensuring overall improvement of economic operation and coordinating the return of insurance companies to origin of insurance, the regulatory authorities introduced a series of new policies and measures to improve the quality of industry development and implement strong and strict supervision. In terms of protecting and serving economic operation, regulatory authorities implemented the key tasks of comprehensively promoting rural revitalization, expanded the full cost insurance and planting income insurance implementation scope for the three major staple foods to all major grain producing counties in China, improved the level of personal insurance protection for farmers, improved the quality of agricultural insurance services, enhanced the quality and efficiency of insurance services for "agriculture, rural areas and farmers", and accelerated the construction of a agricultural powerhouse; the regulatory authorities made more efforts in the improvement of the quality of financial services for small and micro enterprises, established the mechanism for insurance companies to serve small and micro enterprises, diversified the supply of insurance products and services for small and micro enterprises, expanded the insurance coverage channels for small and micro enterprises, increased the insurance coverage for key groups such as new citizens, and ensured high-quality development of inclusive finance; the regulatory authorities encouraged insurance companies to develop specialized insurance products and strengthened life-cycle insurance services for "enterprises that use special and sophisticated technologies to produce novel and unique products; the regulatory authorities improved the green finance policy system, strengthened tracking and supervision, improved green insurance statistical standards, incorporated environmental, social and governance requirements into the comprehensive risk management system, and urged the insurance companies to increase their support for green development; the regulatory authorities promoted the standardized development of commercial health insurance applicable to individual income tax

preferential policies, promoted the orderly linking up of medical insurance programs at different levels, effectively reduced the burden of medical expenses, and diversified the insurance protection for people with anamnesis and the elderly people. In terms of promoting the return of insurance companies to the origin of insurances, the regulatory authorities promoted the property insurance sector to actively develop risk reduction services, expanded the scope of risk reduction services, consolidated the foundation of risk reduction services, and carried out high-quality risk reduction services; the regulatory authorities promoted pension insurance companies to remodel their roles and return to their main business, orderly promote their business structure adjustment and achieve stable institutional and personnel transformation, guided pension insurance companies to establish a long-term performance appraisal mechanism focusing on their pension business, continuously improve their corporate governance, standardize their operation and management, and improve their risk control. In terms of improving the quality of industry development, regulatory authorities strengthened financial supervision, promoted the secure implementation of new accounting standards⁷ by insurance companies, optimized the regulatory standards for the solvency of insurance companies, and strengthened the supervision of systemically important insurance companies; the regulatory authorities further standardized the order of the vehicle insurance market, strengthened the management of cost of vehicle insurance, enhanced and improved the supervision of online property insurance business, promoted the standardized and healthy development of cyber security insurance, standardized short-term health insurance business, and steadily and implemented customized commercial medical insurance services for different cities in an orderly manner; the regulatory authorities guided life insurance companies to scientifically formulate their annual budgets and prevent aggressive development and large inflows and outflows, encouraged the insurance companies to lower the predetermined interest rates of life insurance products to effectively prevent risk of interest spread loss, and ensured the “consistency between the reported commission rates of insurance companies and their actual commission rates” of insurance products; the regulatory authorities imposed consistent regulatory requirements for marketing of insurance products and led the professional and standardized development of insurance sales. In terms of implementing strong and strict supervision, regulatory authorities accelerated the establishment of rules and systems, improved the legal compliance system, and made substantial progress in amending the Insurance Law of the People’s Republic of China; the regulatory authorities focused on preventing and cracking down on illegal financial activities, continued to impose more severe punishment on violations, and resolutely implemented the supervision “aggressively” and sharp-mindedly, and ensured the deterrent effect of regulatory enforcement; the regulatory authorities promoted the gradual implementation of the “General Consumer Protection” work pattern to safeguard the legitimate rights and interests of financial consumers.

⁷ New accounting standards refer to International Financial Reporting Standards No. 9 – Financial Instruments (the “**New Financial Instruments Standard**”) and International Financial Reporting Standards No.17 – Insurance Contracts (the “**New Insurance Contracts Standard**”).

(II) Principal Businesses

In 2023, in the face of a complex and severe development environment, PICC pragmatically promoted the implementation of “To be Prominent Strategy”, and implemented and improved various reform and development measures, continuously improved the quality of development, ensure the diversity and improvement of strategic services, achieved innovation-driven progress, vigorous and effective risk prevention, and achieved stable and positive performance. As the leader in the industry, in 2023, the Group paid the claims of RMB409.2 billion and PICC P&C undertook total insurance responsibility valued at RMB3,345 trillion, each maintained at the top in the industry. With continued improvement of business development, the Group achieved an original premiums income of RMB661,737 million for the year, representing a year-on-year increase of 6.9%, consolidating its favorable development trend in recent years. With a steady quality and efficiency, the Group effectively responded to multiple challenges, and achieved a net profit attributable to owners of the Company for the year of RMB22,322 million.

As of 31 December 2023, the market share of PICC P&C in the P&C insurance market was 32.5%, and the aggregate market share of PICC Life and PICC Health in the life and health insurance market share was 4.1%.

1. P&C Insurance Segment: Serving Real Economy with Balanced Business Development

The P&C insurance segment served the real economy, constantly advanced the “Eight Strategic Services”, optimized and upgraded insurance products and proactively promoted the innovation and practice of insurance, and provided high-quality services for economic and social development. In 2023, PICC P&C achieved original premiums income of RMB515,807 million, representing a year-on-year increase of 6.3%. Its market share in the P&C insurance market was 32.5%, among which, the original premiums income of motor vehicle insurance business amounted to RMB285,626 million, representing a year-on-year increase of 5.3%. The non-vehicle insurance business achieved the original premiums income of RMB230,181 million, representing a year-on-year increase of 7.4%. In 2023, the combined ratio of PICC P&C was 97.8%, among which, the combined ratio of motor vehicle insurance business was 96.9%, and the combined ratio of non-vehicle insurance business was 99.1%. PICC P&C achieved underwriting profits⁸ of RMB10,189 million and net profit of RMB24,566 million.

⁸ Underwriting profits = insurance revenue – insurance service expenses – net expenses from reinsurance contracts held – finance losses/(gains) from insurance contracts issued + financial gains/(losses) from reinsurance contracts held.

2. Life and Health Insurance Segment: Serving National Economy and People’s Livelihood with Improvement in Operation Quality

The life and health insurance segment persisted in returning to the origin of protection, focused on the people’s livelihood and well-being, proactively participated in the construction of the third pillar pension system, continuously developed innovative business areas such as long-term nursing care insurance, outpatient chronic and special diseases insurance, “Hui Min Bao (惠民保)” and tax-subsidized health insurance. PICC Life has achieved an effective improvement of quality on the basis of the stable growth of quantity. In 2023, the original premiums income amounted to RMB100,634 million, representing a year-on-year increase of 8.6%. The first-year regular TWPs amounted to RMB25,030 million, representing a year-on-year increase of 37.0%, which ranked fourth among the major industry players⁹ in terms of growth rate, 6.1 percentage points higher than the average growth rate of major industry players. PICC Life’s value of new business amounted to RMB3,664 million, representing a year-on-year increase of 69.6%. PICC Health adhered to high-quality and sustainable development, and achieved an original premiums income of RMB45,208 million, representing a year-on-year increase of 10.2%. PICC Health realized the first-year regular written premiums of RMB4,426 million, representing a year-on-year increase of 34.1%. The growth rate of health insurance premiums was 8.39 percentage points higher than the health insurance market of life and health insurance companies. The original premiums income of Internet health insurance business was RMB16,538 million, which continued to maintain the market leading position among life and health insurance companies.

3. Investment Segment: Strengthening the Ability of Providing “Dual Service” and Maintaining Steady Growth in the Scale of Assets under Management

The investment segment adhered to the philosophy of long-term investment, value investment and prudent investment, constantly enhanced its effects to “serving the national strategy and the main business of insurance”, strengthened asset and liability management and enhanced professional capacity building, and built an investment portfolio from a cross-cyclical perspective. In 2023, the Group actively responded to the challenge from equity market fluctuation and low interest rate environment, and achieved a total investment income of RMB44,115 million; the total investment yield amounted to 3.3%. 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 2023, the scale of assets under management amounted to RMB2,505.77 billion, among which, the scale of third-party assets under management amounted to RMB1,072.64 billion, representing an increase of 36.3% compared with that as at the beginning of the year.

⁹ The major industry players refer to China Life, Ping An Life Insurance, Pacific Life Insurance, and Taikang Life Insurance, New China Life Insurance, PICC Life Insurance and Taiping Life Insurance, the same below.

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

The technology segment actively practiced “To be Prominent Strategy”, and continuously improved technology support and rapid response capabilities. The technology segment improved the technology project management mechanism, focused on the realization of the business value of science and technology, promoted the construction of five types of application systems: insurance core, investment management, risk management, data application and comprehensive management, and empowered the digital development. The Group’s mobile sales platform “PICC e-Tong” realized premiums income of RMB142.8 billion, and “PICC APP” served more than 100 million customers, promoted online customer services in various categories such as car life, home life, health management, etc., with the binding rate of home and car customers reaching 96%, and promoted data application and empowerment. The technology segment actively supported data application in the management and decision making, risk monitoring and other aspects, improved the Group’s risk prevention and control capabilities, and strengthened the underlying data empowerment, promoted the burden alleviation of underlying statements, empowered the branches for business operation. The technology segment promoted the innovative application of new technology, deepened the application of technology tools such as RPA, OCR, and AI big model in the whole process, to promote more than 100 intelligent scenarios, effectively brought into full play the quality and efficiency of science and technology empowerment, and significantly improved grassroots demand response time through process optimization, platform upgrading and other comprehensive means. Based on the self-reliance and self-improvement of high technology, we have strengthened the sense of self-centeredness, dedicated to enhancing the independent control ability, and the number of patent applications and grants significantly increased.

(III) Key Financial and Business indicators

The Group is mainly engaged 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 The People’s Insurance Company of China (Hong Kong), Limited (“**PICC Hong Kong**”), in which the Company holds 68.98% and 89.36% equity interests, respectively; the life and health insurance business consists of two separate operating segments, including 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**”).

1. Key Financial Indicators

	<i>Unit: RMB million</i>		
	2023	2022	(% of change)
Total operating revenue	553,467	528,527	4.7
Insurance revenue	503,900	468,802	7.5
Total operating expenses	519,910	485,715	7.0
Insurance services expenses	473,436	433,368	9.2
Profit before tax	33,557	42,717	(21.4)
Net Profit	30,811	35,447	(13.1)
Net profit attributable to owners of the Company	22,322	25,382	(12.1)
Earnings per share ⁽¹⁾ (RMB/share)	0.50	0.57	(12.1)
			Decreased by
Weighted average return on equity (%)	9.4	11.6	2.2 pts
Net cash flows from operating activities	70,549	71,121	(0.8)

Note:

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

	<i>Unit: RMB million</i>		
	As of	As of	(% of change)
	31 December 2023	31 December 2022	
Total assets	1,556,682	1,416,287	9.9
Total liabilities	1,223,779	1,111,394	10.1
Equity attributable to owners of the Company	243,206	224,153	8.5
Total share capital	44,224	44,224	–
Net assets per share (RMB/share) ⁽¹⁾	5.50	5.07	8.5

Note:

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

2. Other Financial and Business Indicators

Unit: RMB million

	31 December 2023/2023	31 December 2022/2022
Consolidated		
Insurance contract liabilities	980,730	883,055
Including: Liability for incurred claims	224,764	221,039
Liability for remaining coverage	755,966	662,016
Reinsurance contract assets	39,259	37,329
Reinsurance contract liabilities	118	362
Net expenses of reinsurance contracts ceded	5,961	6,312
Finance expenses from insurance contracts issued	27,651	35,351
Finance gains or losses on reinsurance ceded	(1,251)	(1,317)
Investment assets	1,433,131	1,286,378
Total investment yield (%)	3.3	4.6
Gearing ratio ⁽¹⁾ (%)	78.6	78.5
PICC P&C		
Market share ⁽²⁾	32.5	32.7
Insurance revenue	457,203	424,355
Insurance service expenses	431,991	395,966
Combined ratio (%) ⁽³⁾	97.8	96.6
Comprehensive loss ratio (%) ⁽⁴⁾	70.6	69.4
PICC Life		
Market share ⁽²⁾	2.8	2.9
Insurance revenue	18,204	20,422
Insurance service expenses	16,859	18,669
Contractual service margin for issuance of insurance contracts	75,633	70,989
Initial recognition of contractual service margin for issuance of insurance contracts during the period	9,237	5,811
Value of new business ⁽⁵⁾	3,664	2,160
Embedded value ⁽⁵⁾	101,470	99,525
Lapse rate (%) ⁽⁶⁾	5.1	6.5
PICC Health		
Market share ⁽²⁾	1.3	1.3
Insurance revenue	25,619	21,481
Insurance service expenses	23,109	16,048
Contractual service margin for issuance of insurance contracts	16,979	15,244
Initial recognition of contractual service margin for issuance of insurance contracts for the period	6,361	2,792
Value of new business ⁽⁵⁾	2,826	999
Embedded value ⁽⁵⁾	22,495	17,877
Lapse rate (%) ⁽⁶⁾	1.0	0.9

Notes:

- (1) The gearing ratio refers to the ratio of total liabilities to total assets.
- (2) The market share was independently calculated based on the original premiums income in the PRC (excluding Hong Kong, Macau and Taiwan) published by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission), 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 National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission) does not include certain institutions which are in the stage of risk disposal in the insurance industry.
- (3) Combined ratio = (insurance service expenses + net expenses of reinsurance contracts ceded + finance expenses from insurance contracts issued – finance gains on reinsurance ceded)/insurance revenue.
- (4) Comprehensive loss ratio = (incurred claims and loss adjustment expenses for the period + change in fulfilment cash flows related to liability incurred claims + finance losses/(gains) from insurance contracts issued + (recognition and reversal of losses – allocation of losses) + net expenses of reinsurance contracts ceded – finance gains/(losses) or losses on reinsurance ceded)/insurance revenue.
- (5) The value of new business and embedded value in 2022 were recalculated based on assumptions such as investment return and risk discount rates for 2023.
- (6) Lapse rate = surrender value for the period/(opening balance of long-term insurance liability reserves + long-term insurance original premiums income for the period) x 100%.

3. Solvency Indicators

Unit: RMB million

	31 December 2023	31 December 2022	(% of change)
The Group			
Actual capital	416,669	392,103	6.3
Core capital	323,015	297,513	8.6
Minimum capital	166,206	156,803	6.0
Comprehensive solvency margin ratio (%)	251	250	Increased by 1 percentage point
Core solvency margin ratio (%)	194	190	Increased by 4 percentage points
PICC P&C			
Actual capital	226,182	215,415	5.0
Core capital	203,088	189,730	7.0
Minimum capital	97,334	93,964	3.6
Comprehensive solvency margin ratio (%)	232	229	Increased by 3 percentage points
Core solvency margin ratio (%)	209	202	Increased by 7 percentage points
PICC Life			
Actual capital	96,093	93,690	2.6
Core capital	54,865	54,199	1.2
Minimum capital	48,938	46,004	6.4
Comprehensive solvency margin ratio (%)	196	204	Decreased by 8 percentage points
Core solvency margin ratio (%)	112	118	Decreased by 6 percentage points
PICC Health			
Actual capital	30,034	17,860	68.2
Core capital	15,646	8,930	75.2
Minimum capital	10,409	9,474	9.9
Comprehensive solvency margin ratio (%)	289	189	Increased by 100 percentage points
Core solvency margin ratio (%)	150	94	Increased by 56 percentage points

The solvency results of the Group and its principal subsidiaries as at 31 December 2023 were calculated in accordance with the Solvency Supervision Rules for Insurance Companies (II) and the requirements of the relevant circulars issued by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission).

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

Unit: RMB million

	<u>Net profit attributable to owners of the Company</u>		<u>Equity attributable to owners of the Company</u>	
	2023	2022	As of 31 December 2023	As of 31 December 2022
Under the China Accounting Standards for Business Enterprises	22,773	25,369	242,355	222,851
Items and amounts adjusted in accordance with the International Financial Reporting Standards:				
Catastrophic risk reserve of agricultural insurance ⁽¹⁾	(602)	104	1,135	1,737
Losses of deemed disposal of associates ⁽²⁾	–	(65)	–	–
Impact of above adjustment on deferred income tax	151	(26)	(284)	(435)
Under the International Financial Reporting Standards	22,322	25,382	243,206	224,153

Explanation for major adjustments:

- (1) According to the provisions of Cai Kuai [2014] No. 12, in addition to the liabilities for insurance contracts provided under the Accounting Standards for Business Enterprises No. 25 – Insurance Contract, PICC P&C made provision for catastrophic risk reserve of agricultural insurance based on a certain proportion of the retained premiums of agricultural insurance, and included premium reserves appropriately provided and utilized into the gain or losses for the period.

There are no provisions regarding thereof under the International Financial Reporting Standards, hence there exists differences between such standards. The liabilities for insurance contracts provided under the International Financial Reporting Standard No. 17 is the same as that provided under the Accounting Standards for Business Enterprises No. 25 – Insurance Contract.

- (2) In 2022, an associate company 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 company. 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 company under two reporting standards.

II. PERFORMANCE ANALYSIS

(I) Insurance Business

P&C Insurance Business

1. *PICC P&C*

PICC P&C pragmatically promoted the Group's "To be Prominent Strategy", deeply grasped the "PICC Symbol" of serving the Chinese-style modernization. With focus on the "Eight Strategic Services", it innovated the supply of products and services, deepened the construction of channels, implemented the new business model of "insurance + risk reduction service + technology", strengthened underwriting options, enhanced claims management, promoted comprehensive cost reduction and efficiency, strengthened the construction of specialized teams, continuously improved the level of fine management, gave full play to the functions of economic shock absorber and social stabilizer, and achieved high-quality development in serving the overall situation of economic and social development. In 2023, PICC P&C achieved insurance revenue of RMB457,203 million, representing a year-on-year growth of 7.7%; and the original premiums income accounted for 32.5% of the P&C insurance market share, maintaining the top position in the industry. The combined ratio of PICC P&C was 97.8%, the underwriting profits amounted to RMB10,189 million, and net profit amounted to RMB24,566 million.

(1) Analysis of operating condition and results

In 2023, PICC P&C strengthened risk selection, adjusted and optimized business structure, enhanced refinement and intelligence level of risk pricing, and enriched risk reduction services. The insurance revenue amounted to RMB457,203 million, representing a year-on-year increase of 7.7%. The increase in insurance revenue was mainly attributable to the business scale growth of motor vehicle insurance, accidental injury and health insurance, agricultural insurance etc. Affected by factors such as the return of the accident rate to normal after major disasters and the epidemic, the combined ratio of PICC P&C was 97.8%, representing a year-on-year increase of 1.2 percentage points; and the underwriting profits amounted to RMB10,189 million, representing a year-on-year decrease of 29.1%, and net profit of RMB24,566 million, representing a year-on-year decrease of 15.6%.

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

Indicator	<i>Unit: RMB million</i>		
	2023	2022	(% of change)
Insurance revenue	457,203	424,355	7.7
Less: Insurance service expenses	431,991	395,966	9.1
Less: Net expenses of reinsurance contracts ceded	6,142	5,993	2.5
Less: Finance expenses from insurance contracts issued	10,127	9,333	8.5
Add: Finance gains or losses on reinsurance ceded	1,246	1,301	(4.2)
Underwriting profits	10,189	14,364	(29.1)

To facilitate investors' understanding of the operating results of the main product lines, PICC P&C allocated the corresponding insurance revenue, insurance service expenses and other profit or loss of the reinsurance business to each insurance types, and simulated and calculated the operating results after reinsurance of each insurance types. The following table sets out the selected operating information on insurance types of PICC P&C for the reporting period:

Insurance type	<i>Unit: RMB million</i>				
	Insurance revenue	Insurance service expenses	Underwriting profits	Combined ratio (%)	Amount of insurance
Motor vehicle insurance	282,117	266,923	8,623	96.9	255,285,412
Agricultural insurance	52,857	50,190	2,233	95.8	2,099,036
Accidental injury and health insurance	43,747	40,885	1,007	97.7	1,855,424,715
Liability insurance	32,906	33,443	(2,299)	107.0	1,070,604,870
Commercial property insurance	17,229	16,736	(661)	103.8	44,579,000
Other insurances	28,347	23,814	1,286	95.5	116,822,389
Total	457,203	431,991	10,189	97.8	3,344,815,422

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

- Motor vehicle insurance

PICC P&C actively implemented the regulatory requirements, took the lead in complying with the auto insurance market order, maintained a good market competition environment, continued to optimize business structure, strengthen resource integration, promoted the professionalization of channels, enhanced sales skills, and improved service quality and efficiency, resulting in steady business growth. The insurance revenue of motor vehicle insurance amounted to RMB282,117 million, representing a year-on-year increase of 5.3%.

PICC P&C deeply utilized technological means to strengthen risk pricing, improve risk factors, enhance risk identification capabilities, strengthen underwriting options, and enhance claims management. However, with the recovery of social traffic after the pandemic, the claim increased, coupled with the impact of major disasters such as typhoon and rainstorm, the comprehensive loss ratio¹⁰ of motor vehicle insurance was 70.4%, representing a year-on-year increase of 2.1 percentage points. Due to the amortization of policy acquisition costs under the New Insurance Contract Standards and other factors, the comprehensive expense ratio of motor vehicle insurance was 26.5%, representing a year-on-year increase of 0.3 percentage point; the combined ratio was 96.9%, representing a year-on-year increase of 2.4 percentage points, and the underwriting profits amounted to RMB8,623 million, representing a year-on-year decrease of 41.1%.

- Agricultural insurance

PICC P&C actively served to comprehensively promote rural revitalization and construction of an agricultural power, accelerated the implementation of major national agricultural insurance policies, and seized the policy opportunities such as the expansion of the implementation of the full cost insurance and planting income insurance for the three major staple foods. The planting insurance and farming insurance business continued to maintain rapid development. The insurance revenue of agricultural insurance was RMB52,857 million, representing a year-on-year increase of 10.6%.

Due to the impact of catastrophes such as typhoon and rainstorm, the agricultural insurance comprehensive loss ratio was 80.3%, representing a year-on-year increase of 2.2 percentage points. The comprehensive expense ratio of agricultural insurance was 15.5%, representing a year-on-year decrease of 0.8 percentage point. The combined ratio was 95.8%, representing a year-on-year increase of 1.4 percentage points. The underwriting profits amounted to RMB2,233 million, representing a year-on-year decrease of 16.1%.

¹⁰ Comprehensive loss ratio = (incurred claims and loss adjustment expenses for the period + change in fulfilment cash flows related to liability incurred claims + finance losses/(gains) from insurance contracts issued + (recognition and reversal of losses – allocation of losses) + net expenses of reinsurance contracts ceded – finance gains/(losses) on reinsurance ceded)/insurance revenue.

- Accidental injury and health insurance

PICC P&C adhered to the customer-centered, focused on customer demand to optimize product supply, seized the opportunity of substantial growth in tourism travel after the recovery from the pandemic, actively expanded accidental injury insurance, served the development of cultural and tourism industry, continuously innovated and improved the protection content, and improved the level of protection and service capacity; actively served the improvement in living standard, deeply participated in the construction of multi-layer medical insurance system, and attached attention to exert the positive role of commercial health insurance in perfecting the construction of medical insurance system, promoting the development of health industry and optimizing the public health service. The insurance revenue of accidental injury and health insurance was RMB43,747 million, representing a year-on-year increase of 23.8%.

PICC P&C strictly implemented fees and cost control. The comprehensive expense ratio of accidental injury and health insurance was 38.4%, representing a year-on-year decrease of 4.6 percentage points. PICC P&C strengthened the risk control of underwriting and claims, improved the business quality, however, due to factors such as the recovery of demand for medical treatment after pandemic and the in-depth advancement of direct settlement policies of trans-provincial medical treatment, the claim ratio of accidental injury and health insurance was 59.3%, representing a year-on-year increase of 1.8 percentage points; the combined ratio was 97.7%, representing a year-on-year decrease of 2.8 percentage points; and the underwriting profit was RMB1,007 million, turned around from the underwriting loss of RMB176 million for the corresponding period last year.

- Liability insurance

PICC P&C actively served the construction of a modernized industrial system, and served the technological self-reliance and self-improvement and security development. Supported by service and innovation, PICC P&C focused on social insurance needs, provided specialized, differentiated and customized insurance products, and explored new fields, new industries and new modes of business. The insurance revenue of liability insurance was RMB32,906 million, representing a year-on-year increase of 3.2%.

PICC P&C continued to improve its acquirement ability of high-quality business, actively adjusted the business structure and optimized underwriting conditions. The quality of liability insurance business was improved, with a comprehensive loss ratio of 73.6%, representing a year-on-year decrease of 3.0 percentage points. PICC P&C implemented the new business model of “insurance + risk reduction service + technology”, increased resource investment, and improved the coverage of risk reduction service. The comprehensive expense ratio of liability insurance was 33.4%, representing a year-on-year increase of 0.9 percentage points. The combined ratio was 107.0%, representing a year-on-year decrease of 2.1 percentage points; the underwriting loss was reduced by RMB604 million year-on-year.

- Commercial property insurance

PICC P&C proactively grasped the advantage of the domestic economy recovering and improving, focused on serving the real economy, contributed to upgrade the industrial chain supply chain and strengthened the product supply of specialized and new enterprises as well as small and micro enterprises, and enhanced market responsiveness and professional service capability. The insurance revenue of commercial property insurance was RMB17,229 million, representing a year-on-year increase of 5.1%.

PICC P&C continuously improved the professional operation capability, upgraded the risk reduction service level and improved the efficiency of cost allocation. The comprehensive expense ratio of commercial property insurance was 27.6%, representing a year-on-year decrease of 0.7 percentage points; affected by the catastrophe such as typhoon “Doksuri”, “Saola” and “Haikui”, the comprehensive loss ratio of commercial property insurance was 76.2%, representing a year-on-year increase of 0.3 percentage points; the combined ratio was 103.8%, representing a year-on-year decrease of 0.4 percentage points; and the underwriting loss was reduced by RMB19 million year-on-year.

- Other insurances

PICC P&C served the development of the national real economy, served the technological self-reliance and self-improvement, safeguarded national pillar projects and the “Belt and Road”, proactively expanded emerging business markets, and continued to strengthen product innovation and promotion. The insurance revenue of other insurances was RMB28,347 million, representing a year-on-year increase of 13.5%.

PICC P&C continued to optimize the underwriting pricing model, strengthened the risk control of key businesses, and improved the standardization and intelligence level of key links of claims. The comprehensive loss ratio of other insurances was 64.5%, representing a year-on-year decrease of 3.4 percentage points. Due to the increase in investment of risk reduction services and the adjustment of business structure, the comprehensive expense ratio of other insurances was 31.0%, representing a year-on-year increase of 2.2 percentage points, and the combined ratio was 95.5%, representing a year-on-year decrease of 1.2 percentage points. The underwriting profits amounted to RMB1,286 million, representing a year-on-year increase of 55.3%.

(2) Analysis from the business perspective

① Analysis by Insurance Type

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

	<i>Unit: RMB million</i>		
	2023	2022	(% of change)
Motor vehicle insurance	285,626	271,160	5.3
Accidental injury and health insurance	92,228	88,999	3.6
Agricultural insurance	58,229	52,054	11.9
Liability insurance	34,208	33,772	1.3
Commercial property insurance	16,585	15,496	7.0
Other insurances	28,931	23,953	20.8
Total	515,807	485,434	6.3

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.

	<i>Unit: RMB million</i>				
	2023			2022	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Insurance agents channel	321,632	62.4	6.5	301,921	62.2
Among which:					
Individual insurance agents	174,713	33.9	4.1	167,779	34.6
Ancillary insurance agents	30,518	5.9	(7.7)	33,050	6.8
Professional insurance agents	116,401	22.6	15.1	101,092	20.8
Direct sales channel	152,613	29.6	7.5	141,930	29.2
Insurance brokerage channel	41,562	8.0	(0.1)	41,583	8.6
Total	515,807	100.0	6.3	485,434	100.0

In 2023, PICC P&C continued to strengthen the construction of its own channels and to enhance the comprehensive sales service capabilities of the direct sales team, promoted the integration and development of its businesses. The original premiums income of direct sales channel recorded a year-on-year increase of 7.5%.

③ Analysis by Region

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

	<i>Unit: RMB million</i>		
	2023	2022	(% of change)
Guangdong Province	54,496	50,443	8.0
Jiangsu Province	51,935	48,586	6.9
Zhejiang Province	42,398	39,813	6.5
Shandong Province	31,243	29,788	4.9
Hebei Province	26,035	26,696	(2.5)
Sichuan Province	24,920	23,551	5.8
Hubei Province	22,898	20,615	11.1
Anhui Province	21,417	20,070	6.7
Hunan Province	21,388	20,883	2.4
Fujian Province	20,613	19,576	5.3
Other regions	198,464	185,413	7.0
Total	515,807	485,434	6.3

(3) Insurance contract liabilities

As of 31 December 2023, the insurance contract net liabilities increased by 5.2% compared with the end of last year, mainly due to the business growth; the net assets of reinsurance contract increased by 5.5% compared with the end of last year, mainly due to the increase of reinsurance premiums scale.

The following table sets forth the liabilities of insurance contracts of PICC P&C measured by adopting premiums allocation method for the reporting period:

	<i>Unit: RMB million</i>		
	As of 31 December 2023	As of 31 December 2022	(% of change)
Insurance contract liabilities (assets)	307,928	273,258	12.7
Remaining coverage liabilities	153,468	139,720	9.8
Incurred claims liabilities	154,460	133,538	15.7
Reinsurance contract assets (liabilities)	32,504	25,485	27.5
Remaining coverage assets recovered under reinsurance policies	(464)	(2,186)	(78.8)
Incurred claims assets recovered under reinsurance policies	32,968	27,671	19.1

The following table sets forth the liabilities of insurance contracts of PICC P&C not measured by adopting premium allocation method for the reporting period:

Unit: RMB million

	As of	As of	
	31 December 2023	31 December 2022	(% of change)
Insurance contract liabilities (assets)	61,016	77,385	(21.2)
Remaining coverage liabilities	5,146	5,744	(10.4)
Incurred claims liabilities	55,870	71,641	(22.0)
Reinsurance contract assets (liabilities)	6,366	11,342	(43.9)
Remaining coverage assets recovered			
under reinsurance policies	(146)	367	–
Incurred claims assets recovered			
under reinsurance policies	6,512	10,975	(40.7)

(4) Reinsurance business

PICC P&C always adhered to the prudent reinsurance policies, applied the reinsurance mechanism to diversify operational risks, maintained the Company's operating results, improved risk control technology and expanded underwriting capacity. PICC P&C maintained close cooperation with a number of leading international reinsurance companies in the industry. In addition to state-owned reinsurance companies, PICC P&C mainly cooperated with reinsurance companies with Standard & Poor's credit rating of A- (or equivalent ratings by other international rating agencies, such as A.M.Best, Fitch, Moody's) or above. The reinsurance partners chosen by PICC P&C include China Agricultural Reinsurance Corporation, China Property and Casualty Reinsurance Company Ltd., Hannover Rueckversicherung AG and PICC Reinsurance.

2. *PICC Hong Kong*

In 2023, PICC Hong Kong continued to adhere to the path of high-quality development, realized insurance revenue equivalent to RMB1,603 million, with a combined ratio of 98.7%, and continued to climb in the ranking in Hong Kong P&C insurance market. It actively played its role as an important window on the internationalization of the Group, improved its overseas organization layout and enhanced its ability to serve outbound Chinese-funded customers. The network of overseas policy issuance and reinsurance admission qualification built by it has covered nearly 90 countries/regions, which effectively protected the risk management needs of large-scale key projects along the “Belt and Road”. In 2023, it realized a net profit equivalent to RMB78 million.

Reinsurance business

PICC Reinsurance

PICC Reinsurance provided reinsurance protection and risk solutions around the “Eight Strategic Services”, focused on the construction of professional, innovative, service and risk management capabilities, and strived to build a boutique company with first-class benefits. In 2023, PICC Reinsurance achieved insurance revenue of RMB4,887 million, representing a year-on-year increase of 10.2%, and achieved a net profit of RMB224 million.

Life and Health Insurance Business

1. PICC Life

(1) Analysis of operating condition and results

PICC Life insisted on returning to the origin of insurance, focused on people's livelihood, actively participated in the construction of the third pillar pension system, and continuously explored long-term care insurance. It realized effective enhancement of quality on the basis of quantity growth. Its original premiums income increased by 8.6% year-on-year, and the first-year regular TWPs increased by 37.0% year-on-year; the value of new business increased by 69.6% year-on-year; its insurance revenue amounted to RMB18,204 million, representing a year-on-year decrease of 10.9%; insurance service expenses amounted to RMB16,859 million, representing a year-on-year decrease of 9.7%. The year-on-year decreases in insurance revenue and insurance service expenses were mainly due to the impact of the downturn in the capital market in the past two years. It achieved a net profit of RMB3 million.

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

		<i>Unit: RMB million</i>	
	2023	2022	(% of change)
Insurance revenue	18,204	20,422	(10.9)
Contracts measured under the PAA	3,012	3,247	(7.2)
Contracts not measured under the PAA	15,192	17,175	(11.5)
Insurance service expenses	16,859	18,669	(9.7)
Contracts measured under the PAA	3,068	2,654	15.6
Contracts not measured under the PAA	13,791	16,015	(13.9)
Insurance service performance	1,345	1,753	(23.3)
Contracts measured under the PAA	(56)	593	–
Contracts not measured under the PAA	1,401	1,160	20.8

(2) Analysis from the business perspective

① Analysis by Insurance Type

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

	2023			2022	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Life insurance	83,837	83.3	10.4	75,966	81.9
General life insurance	43,125	42.9	44.5	29,850	32.2
Participating life insurance	40,597	40.3	(11.8)	46,007	49.6
Universal life insurance	115	0.1	5.5	109	0.1
Health insurance	15,668	15.6	(0.5)	15,743	17.0
Accident insurance	1,129	1.1	13.7	993	1.1
Total	100,634	100.0	8.6	92,702	100.0

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

In 2023, PICC Life made great efforts to optimize its business structure and improve the quality of its development, and increased the proportion of value-added regular products. PICC Life recorded the original premiums income of RMB100,634 million, representing a year-on-year increase of 8.6%. Meanwhile, PICC Life increased the sales of whole life insurance and annuity insurance products, and achieved an original premiums income from general life insurance of RMB43,125 million, representing a year-on-year increase of 44.5%, and its proportion increased by 10.7 percentage points. PICC Life achieved the original premiums income from participating life insurance of RMB40,597 million with its proportion decreased by 9.3 percentage points.

② Analysis by Channel

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

	2023			2022	
	Amount	(% of total)	(% of change)	Amount	(% of total)
	<i>Unit: RMB million</i>				
Individual Insurance Channel	47,992	47.7	5.3	45,598	49.2
First-year business of					
long-term insurance	16,496	16.4	9.9	15,011	16.2
Single premiums	5,862	5.8	(4.6)	6,142	6.6
First-year regular					
premiums	10,634	10.6	19.9	8,869	9.6
Renewal business	30,795	30.6	3.3	29,824	32.2
Short-term insurance	700	0.7	(8.3)	763	0.8
Bancassurance Channel	49,064	48.8	11.4	44,030	47.5
First-year business of					
long-term insurance	31,383	31.2	10.5	28,392	30.6
Single premiums	17,085	17.0	(10.5)	19,088	20.6
First-year regular					
premiums	14,298	14.2	53.7	9,304	10.0
Renewal business	17,645	17.5	13.2	15,594	16.8
Short-term insurance	36	0.0	(18.2)	44	0.0
Group Insurance Channel	3,578	3.6	16.4	3,074	3.3
First-year business of					
long-term insurance	442	0.4	420.0	85	0.1
Single premiums	352	0.3	3,420.0	10	0.0
First-year regular					
premiums	90	0.1	18.4	76	0.1
Renewal business	749	0.7	1.6	737	0.8
Short-term insurance	2,388	2.4	6.0	2,252	2.4
Total	100,634	100.0	8.6	92,702	100.0

In 2023, PICC Life adhered to the team development idea of “focusing on the main body, increasing income, optimizing structure and expanding scale”, and emphasized the team quality improvement by “focusing on new, effectiveness and excellence”, strengthened risk control capabilities, so as to ensure synchronous improvement of the team’s quantity and quality, and the structure was continuously optimized. The average monthly labor of its individual business group was 20,672, and the original premiums income of individual insurance channel was RMB47,992 million, representing a year-on-year increase of 5.3%.

As for bancassurance channel, PICC Life strived to enhance the value of new business of the bancassurance channel, and strictly implemented the requirement of “consistency between the reported commission rates of insurance companies and their actual commission rates” of regulatory authorities by improving systems and strengthening rigid control of systems, so as to promote high-quality development of channel transformation. The original premiums income of bancassurance channel was RMB49,064 million, representing a year-on-year increase of 11.4%, and the value of new business reached RMB1,001 million, representing a substantial growth year on year.

As for group insurance channel, PICC Life continued to deepen the business philosophy of “stabilizing existing customers and developing new customers”, focused on maintaining existing customers and exploring new customers, enhanced business quality control, and promoted the stable growth of insurance premiums scale. The original premiums income from group insurance channel amounted to RMB3,578 million, representing a year-on-year increase of 16.4%, of which the original premiums income from short-term insurance amounted to RMB2,388 million, representing a year-on-year increase of 6.0%.

As of 31 December 2023, there were 88,817 salespersons in the individual business group, and the monthly new single premium per capita of the individual business group amounted to RMB8,770.97.

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>		
	2023	2022	(% of change)
Zhejiang Province	13,446	11,312	18.9
Sichuan Province	8,722	8,940	(2.4)
Jiangsu Province	6,641	6,177	7.5
Guangdong Province	4,834	3,399	42.2
Beijing City	4,435	3,960	12.0
Hubei Province	3,930	3,714	5.8
Hunan Province	3,651	4,570	(20.1)
Henan Province	3,608	3,851	(6.3)
Jiangxi Province	3,218	2,760	16.6
Hebei Province	3,142	3,093	1.6
Other regions	45,007	40,927	10.0
Total	100,634	92,702	8.6

④ Persistency Ratios of Premiums

PICC Life continuously improved the persistency ratios from several aspects including adjusting product structure, perfecting management chain, improving insurance quality for new clients, processing reinstatement of invalid insurance policies and dedicating to improving the clients' experience. The 13-month premium persistency ratio for individual customers of PICC Life increased by 9.5 percentage points year-on-year, of which the individual business group increased by 16.8 percentage points year-on-year; and the 25-month premium persistency ratio increased by 7.2 percentage points year-on-year, of which the individual business group increased by 9.7 percentage points year-on-year.

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

Item	2023	2022
13-month premium persistency ratio ⁽¹⁾ (%)	92.2	82.7
25-month premium persistency ratio ⁽²⁾ (%)	80.3	73.1

Notes:

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

⑤ Top Five Products

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

Unit: RMB million

Insurance product	Type of insurance	Sales channels	Original premiums income
PICC Life Xin An Endowment Insurance (Participating) (Type C)	Participating life insurance	Individual insurance channel/ Bancassurance channel	15,302
PICC Life Ru Yi Bao Endowment Insurance (Participating)	Participating life insurance	Individual insurance channel/ Bancassurance channel	13,678
PICC Life Zhen Xin Yi Sheng Whole Life Insurance	General life insurance	Individual insurance channel/ Bancassurance channel	11,538
PICC Life Ju Cai Bao Retirement Annuity Insurance (Participating)	Participating life insurance	Individual insurance channel	5,125
PICC Life Wen Nuan Jin Sheng Annuity Insurance	General life insurance	Individual insurance channel	4,567

(3) Insurance contract liabilities

As of 31 December 2023, the insurance contract net liabilities increased by 14.0% year-on-year compared with the end of last year, mainly due to the accumulation of insurance liabilities and the increase in the size of business; the reinsurance contract net assets increased by RMB159 million compared with the end of last year, mainly due to the change in the net balance of receivable to reinsurers and payable to reinsurers.

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

Unit: RMB million

	As of 31 December 2023	As of 31 December 2022	(<i>% of change</i>)
Insurance contract liabilities (assets)	2,302	2,225	3.5
Remaining coverage liabilities	1,151	1,014	13.5
Liability for incurred claims	1,152	1,211	(4.9)
Reinsurance contract assets (liabilities)	4	9	(55.6)
Remaining coverage assets recovered			
under reinsurance policies	(2)	(2)	0.0
Incurred claims assets recovered			
under reinsurance policies	6	12	(50.0)

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

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

Unit: RMB million

	As of 31 December 2023	As of 31 December 2022	(<i>% of change</i>)
Insurance contract liabilities (assets)	525,988	461,216	14.0
Remaining coverage liabilities	524,157	456,120	14.9
Incurred claims liabilities	1,830	5,097	(64.1)
Reinsurance contract assets (liabilities)	(62)	(226)	(72.6)
Remaining coverage assets recovered			
under reinsurance policies	(446)	(581)	(23.2)
Incurred claims assets recovered			
under reinsurance policies	384	355	8.2

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

2. PICC Health

(1) Analysis of operating conditions and results

In 2023, PICC Health adhered to high-quality and sustainable development, deeply practised the “Four New” development ideas, and continuously enhanced PICC Health’s notion of politics and serving the people in the construction of serving Healthy China and multi-layer social security system, presented a good momentum of recording a new high in business scale, consolidation of serving the overall situation, practicability and effectiveness of innovation-driven and continuous enhancement of risk prevention. PICC Health realized new business value of RMB2,826 million, representing an increase of 182.9% year-on-year. The Internet health insurance business continued to maintain its market-leading position among life insurance companies. The health management business has improved the online operation capabilities, exerted the service functions of “prevention from disease and treatment of disease” and provided various types of health management services for 6.787 million people, representing a year-on-year increase of 28.5%. In 2023, PICC Health achieved the insurance revenue of RMB25,619 million, representing a year-on-year increase of 19.3%, mainly due to the growth in business scale in 2023; the insurance service expenses amounted to RMB23,109 million, representing a year-on-year increase of 44.0%, mainly due to the growth in actual claims and expenses; and achieved a net profit of RMB1,836 million.

The following table sets forth the insurance revenue, insurance service expenses, profit or losses, operating condition and results aggregated by insurance contract portfolio from PICC Health for the reporting period:

	<i>Unit: RMB million</i>		
	2023	2022	(% of change)
Insurance revenue	25,619	21,481	19.3
Contracts measured by adopting insurance allocation method	—	—	—
Contracts not measured by adopting insurance allocation method	25,619	21,481	19.3
Insurance service expenses	23,109	16,048	44.0
Contracts measured by adopting insurance allocation method	—	—	—
Contracts not measured by adopting insurance allocation method	23,109	16,048	44.0
Insurance service results	2,510	5,433	(53.8)
Contracts measured by adopting insurance allocation method	—	—	—
Contracts not measured by adopting insurance allocation method	2,510	5,433	(53.8)

(2) Analysis from the business perspective

① Analysis by Insurance Type

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

	2023			2022	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Medical insurance	25,607	56.6	5.0	24,377	59.4
Participating endowment insurance	10,214	22.6	6.6	9,582	23.4
Illness insurance	5,096	11.3	(6.1)	5,428	13.2
Nursing care insurance	3,645	8.1	236.9	1,082	2.6
Accidental injury insurance	542	1.2	8.0	502	1.2
Disability losses insurance	104	0.2	103.9	51	0.1
Total	45,208	100.0	10.2	41,022	100.0

In 2023, PICC Health actively served the Healthy China strategy and the construction of multi-level social security system, planned business development and exploration and innovation in a scientific manner, and realised an original premiums income of RMB45,208 million, representing a year-on-year increase of 10.2%; and realised an original premiums income of medical insurance of RMB25,607 million, representing a year-on-year increase of 5.0%; and realised original premiums income of accidental injury insurance of RMB542 million, representing a year-on-year increase of 8.0%. PICC Health stepped up the development of policy and commercial nursing care insurance businesses, and realised original premiums income of nursing care insurance of RMB3,645 million, representing a year-on-year increase of 236.9%.

② Analysis by Channel

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

	2023			2022	
	Amount	(% of total)	(% of change)	Amount	(% of total)
	<i>Unit: RMB million</i>				
Individual insurance channel	18,772	41.5	1.3	18,524	45.2
First-year business of					
long-term insurance	2,146	4.7	(22.0)	2,752	6.7
Single premiums	186	0.4	(8.8)	204	0.5
First-year regular premiums	1,960	4.3	(23.1)	2,548	6.2
Renewal business	12,944	28.6	(1.4)	13,134	32.0
Short-term insurance	3,682	8.1	39.6	2,638	6.4
Bancassurance channel	11,655	25.8	35.1	8,626	21.0
First-year business of					
long-term insurance	10,564	23.4	34.2	7,874	19.2
Single premiums	8,122	18.0	13.8	7,136	17.4
First-year regular premiums	2,442	5.4	230.9	738	1.8
Renewal business	1,091	2.4	45.3	751	1.8
Short-term insurance	–	–	–	–	–
Group insurance channel	14,781	32.7	6.6	13,872	33.8
First-year business of					
long-term insurance	73	0.2	87.2	39	0.1
Single premiums	49	0.1	96.0	25	0.1
First-year regular premiums	24	0.1	71.4	14	–
Renewal business	75	0.2	(5.1)	79	0.2
Short-term insurance	14,633	32.4	6.4	13,754	33.5
Total	45,208	100.0	10.2	41,022	100.0

In terms of individual insurance agent business, PICC Health adhered to the professional development path, focused on cultivation of sales elite, increased sales personnel productivity, and actively planned for channel innovation, transformation and development. In terms of Internet insurance business, PICC Health continued to deepen cooperation with existing platforms, optimized the operation mechanism, improved the product matrix, and iterated the supply of inclusive health insurance. Particularly, in 2023, PICC Health focused on market demand, committed to improving the sense of gain of internet users, innovated and launched the first zero deductible long-term medical insurance in the industry, developed and launched several tax-subsidized health insurance product, and achieved a breakthrough in the sales of nursing care insurance through Internet channel. The original premiums income of individual insurance channel was RMB18,772 million, representing a year-on-year increase of 1.3%.

PICC Health continued to strengthen its cooperation with the bancassurance channel, vigorously developed regular premiums business from new clients, especially the long-term nursing care insurance business, and nurtured high performing teams. It also dug up channel resources and achieved the rapid increase of bancassurance business. The original premiums income of bancassurance channel was RMB11,655 million, representing a year-on-year increase of 35.1%.

In terms of social medical supplementary insurance sector, PICC Health focused on national strategies such as Healthy China, actively addressing population aging and rural revitalization. On the basis of consolidation and improvement of traditional businesses, it accelerated the breakthroughs in innovative businesses such as long-term nursing care insurance, outpatient chronic and special diseases insurance, and “Hui Min Bao (惠民保)”. It continued to strengthen its medical insurance handling capacity, with premium scale reaching a new stage, service efficiency improving comprehensively, and innovative businesses growing significantly. In terms of commercial group insurance business, PICC Health actively promoted the implementation of the “Health Enterprise” project, and continued to promote “Group Insurance + Medical”, 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 steadily promoted the transformation of group insurance business towards high-quality development and transformation. The original premiums income of group insurance channel was RMB14,781 million, representing a year-on-year increase of 6.6%.

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>		
	2023	2022	(% of change)
Guangdong Province	19,801	19,578	1.1
Henan Province	2,422	2,448	(1.1)
Liaoning Province	2,171	1,932	12.4
Jiangxi Province	1,976	2,149	(8.1)
Hubei Province	1,961	1,711	14.6
Shaanxi Province	1,943	1,061	83.1
Anhui Province	1,937	1,251	54.8
Shanxi Province	1,593	1,279	24.6
Shandong Province	1,368	1,075	27.3
Jiangsu Province	1,340	961	39.4
Other regions	8,696	7,577	14.8
Total	45,208	41,022	10.2

④ Persistency Ratios of Premiums

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

Item	2023	2022
13-month premium persistency ratio ⁽¹⁾ (%)	88.8	86.7
25-month premium persistency ratio ⁽²⁾ (%)	83.6	81.7

Notes:

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

⑤ Top Five Products

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

Unit: RMB million

Insurance product	Type of insurance	Sales channels	Original premiums income
Kang Li Ren Sheng Endowment Insurance (Participating)	Endowment insurance	Bancassurance channel/ Individual insurance channel/Group insurance channel	10,165
PICC Health You Xiang Bao Internet Medical Insurance	Medical insurance	Individual insurance channel	8,822
Group Critical Illness Medical Insurance for Urban and Rural Residents (Type A)	Medical insurance	Group insurance channel	4,454
He Xie Sheng Shi Large Amount Supplementary Group Medical Insurance for Urban Employees	Medical insurance	Group insurance channel	4,017
PICC Health Zhuo Yue Jin Sheng Lifetime Nursing Care Insurance	Nursing care insurance	Bancassurance channel	1,985

(3) Insurance Contract Liabilities

As of 31 December 2023, the insurance contract net liabilities increased by 21.4% from the end of the prior year, primarily due to the growth in business; the reinsurance contract net assets increased by 62.5% from the end of the prior year, primarily due to the growth in the size of premiums ceded to reinsurers.

The following table sets forth PICC Health's insurance contract liabilities measured under the PAA during the reporting period:

Unit: RMB million

	As of 31 December 2023	As of 31 December 2022	(% of change)
Insurance contract liabilities (assets)	–	–	–
Remaining coverage liabilities	–	–	–
Incurred claims liabilities	–	–	–
Reinsurance contract assets (liabilities)	(1)	–	–
Remaining coverage assets recovered under reinsurance policies	(1)	–	–
Incurred claims assets recovered under reinsurance policies	–	–	–

The following table sets forth PICC Health's insurance contract liabilities not measured under the PAA during the reporting period:

Unit: RMB million

	As of 31 December 2023	As of 31 December 2022	(% of change)
Insurance contract liabilities (assets)	75,668	62,347	21.4
Remaining coverage liabilities	61,270	51,413	19.2
Incurred claims liabilities	14,398	10,934	31.7
Reinsurance contract assets (liabilities)	2,722	1,674	62.6
Remaining coverage assets recovered under reinsurance policies	(3,428)	(1,124)	205.0
Incurred claims assets recovered under reinsurance policies	6,150	2,798	119.8

(II) Asset Management Business

In 2023, the investment segment implemented the requirements of the Group's "To be Prominent Strategy", continued to strengthen the building of professional capability, constantly enhanced capabilities to "serve national strategies and main businesses of insurance" and constructed investment portfolio with a cross-cycle perspective.

I. PICC AMC

In 2023, PICC AMC aimed at the development goal of building a prominent asset management company, promoted high-quality development and stabilized investment returns. As of the end of 2023, the assets under the management of PICC AMC amounted to RMB1,683.8 billion, representing an increase of 14.7% compared to the beginning of the year; the operating income for the year was RMB1,526 million, and net profit was RMB498 million.

Based on the "PICC Symbol" of serving the Chinese-style modernization, PICC AMC focused on the "Eight Strategic Services" of the Group, optimized investment strategies, strengthened management mechanism, refined statistical analysis and enhanced supervision and assessment, and continued to increase efforts to serve national strategies and support the real economy. By the end of 2023, PICC AMC invested RMB696.5 billion in the "Eight Strategic Services", representing an increase of 7% compared to the beginning of the year.

In the face of complex and volatile external environment, PICC AMC actively strengthened its professional capacity building, promoted innovation in investment strategies and models, and stabilized the Group's investment returns. In terms of investment strategy, PICC AMC leveraged the advantages of fixed-income investment, improved allocation capacity, trading capacity, credit value mining capacity and high-quality asset acquisition capacity, and stabilized income contribution. For equity investment, it strengthened proactive management, increased equity allocation with relatively stable profit models and higher dividend rates, and reduced the volatility of investment performance. For alternative investments, it actively promoted innovation and transformation on the basis of consolidating traditional businesses, and has obtained the first batch of ABS business issuance qualifications on the stock exchanges in the industry. In 2023, PICC AMC was awarded the "2023 Ark Award for Insurance Asset Management Gold Risk Control", and the Advanced Manufacturing Industry Fund Equity Investment Plan was honored with the "2023 Ark Award for Insurance Fund Supporting Entity Innovation".

2. *PICC Pension*

In 2023, PICC Pension assisted in the construction of the national multi-pillar pension security system, the coverage of annuity business continued to expand, and commercial pension business started steadily. As of the end of 2023, the assets under the management of PICC Pension amounted to RMB576.3 billion, the operating income for the year was RMB569 million, and net profit was RMB150 million.

PICC Pension continued to make efforts on pension finance, and focused on enhancing strategic services for improving people's livelihood. The service coverage of annuity business grew steadily. The assets under the management of the second pillar amounted to RMB571.97 billion, representing an increase of 17.8% compared to the beginning of the year. PICC Pension served 1,020 corporate annuity customers and over 300,000 individual customers. In 2023, PICC Pension successfully obtained the qualification for offering occupational annuity services in Hainan Province, and won 221 new bids for corporate pension projects during the year. The commercial pension pilot has started steadily, and the third pillar commercial pension business has become an important tool for innovation and transformation of the business model of PICC Pension. As of the end of 2023, the commercial pension of PICC Pension has covered ten pilot regions, and the assets under the management of the third pillar commercial pension amounted to RMB4.29 billion, serving 69,000 customers.

3. *PICC Investment Holding*

In 2023, PICC Investment Holding adhered to the mission and obligation of serving main businesses and empowering insurance, improved the corporate organizational structure, optimized the operation and management mechanism, and promoted the simultaneously improvement of business scale and quality. In 2023, PICC Investment Holding achieved an operating income of RMB687 million and net profit of RMB59 million.

PICC Investment Holding has optimized the operation and management mechanism, built a "1+3" multi-layer platform system, established three professional subsidiaries, namely PICC Operation, PICC Property and PICC Pension Investment, and realized the corporate operation of core businesses. PICC Investment Holding improved the quality and quantity of the asset operation business, actively docked with the occupational operation service of main businesses, with the property service scale of 2.564 million square meters; and focused on the segmental fields including disability care, Alzheimer's care and hospice care, steadily expanded the scale of self-run and self-managed beds, and improved the pension operation and service capacity.

4. *PICC Capital*

In 2023, PICC Capital focused on high-quality entities, formulated investment strategies for various types of products, and continued to optimize the business support systems such as risk control, credit rating and post-investment, with both the newly added withdrawn scale and the scale of assets under management hitting a record high. As at the end of 2023, the scale of assets under management of PICC Capital was RMB176.0 billion, representing an increase of 8.9% compared to the beginning of the year; and achieved an operating income of RMB445 million for the year and net profit of RMB129 million.

PICC Capital adhered to the financial service for the real economy as the fundamental tenet, and proactively responded to the challenge of “asset shortage”. The newly added withdrawal scale of alternative asset management products hit a new high in the past five years . PICC Capital promoted the development of innovative products such as asset-backed plan and equity investment and professional capacity building, and better satisfied the needs of insurance fund allocation; PICC Capital intensified the development of projects in key fields, with newly added investment scale for “Eight Strategic Services” of RMB43.9 billion for the year, and completed the registration of modern industrial fund. The PICC Capital – GAC Aion Equity Investment Plan was awarded the “2023 Ark Award for Insurance Fund Supporting Corporate Innovation”, and the PICC Capital – Ruili Integration Equity Investment Plan was awarded the 2023 “Best Private Equity Investment Case” Award by Chinese Venture.

(III) Investment Portfolio and Investment Income

In 2023, the Group actively fulfilled the social responsibility as a financial central enterprise, continuously strengthened the ability to serve the strategy, proactively responded to changes in the market environment, and coordinated business development and risk prevention and control. From the perspective of asset liability matching management, the Group insisted on the strength of strategic asset allocation, maintained an appropriate degree of flexibility in the allocation of strategic assets, and endeavored to stabilize investment performance. In terms of major assets investment strategy, for fixed-income investment, the Group strengthened the timing ability of bond allocation, enhanced the contribution of bond trading, increased the allocation of high-quality non-standard products, and played the role of ballast for investment returns; for equity investment, the Group proactively optimized the position structure, controlled the fluctuation of investment returns, and actively grasped the structural investment opportunities in the industry.

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 2023		<i>Unit: RMB million</i> As of 31 December 2022⁽¹⁾	
	Amount	(% of total)	Amount	(% of total)
Investment assets	1,433,131	100.0	1,286,378	100.0
Classified by investment object				
Cash and cash equivalents	28,878	2.0	40,599	3.2
Fixed-income investments	924,210	64.5	826,439	64.2
Term deposits	81,487	5.7	101,180	7.9
Treasury bonds and government bonds	228,542	15.9	183,728	14.3
Financial bonds	211,153	14.7	178,365	13.9
Corporate bonds	186,807	13.0	170,257	13.2
Other fixed-income investments ⁽²⁾	216,221	15.1	192,909	15.0
Equity investments at fair value	307,593	21.5	258,022	20.1
Fund	117,375	8.2	120,310	9.4
Share	45,505	3.2	55,604	4.3
Permanent financial products	69,022	4.8	40,000	3.1
Other equity investments	75,691	5.3	42,108	3.3
Other investments	172,450	12.0	161,318	12.5
Investment in associates and joint ventures	156,665	10.9	146,233	11.4
Others ⁽³⁾	15,785	1.1	15,085	1.2
Classified by accounting method				
Financial assets held for trading	383,020	26.7	N/A	N/A
Debt investments	318,605	22.2	N/A	N/A
Other debt investments	338,717	23.6	N/A	N/A
Other equity instruments investments	96,541	6.7	N/A	N/A
Financial assets at fair value through profit or loss for the period	N/A	N/A	38,301	3.0
Available-for-sale financial assets	N/A	N/A	557,582	43.3
Held-to-maturity investments	N/A	N/A	198,393	15.4
Long-term equity investments	156,665	10.9	146,233	11.4
Others ⁽⁴⁾	139,583	9.7	345,869	26.9

Notes:

- (1) The Company has implemented the New Insurance Contracts Standard and the New Financial Instruments Standard since 1 January 2023, and the data as of 31 December 2023 represents the financial results of implementing the New Insurance Contracts Standard and the New Financial Instruments Standard. In accordance with the standard convergence requirements, the Company is not required to restate the data of comparative period under the New Financial Instruments Standard.
- (2) Other fixed-income investments consist of Tier 2 capital instruments, wealth management products, restricted statutory deposits, trust products and asset management products.
- (3) Others consist of investment real estate.
- (4) Others primarily consist of monetary capital, term deposits, financial assets purchased under resale agreements, restricted statutory deposits, and investment real estate.

In terms of fixed-income investments, in the face of the market environment with fluctuating downward of interest rates, the Group seized the favorable opportunity for bond and deposit allocation at the beginning of the year to meet the demand for new capital allocation, increased the trading intensity of long-term bonds, and increased investment income; strengthened the allocation of high-quality non-standard assets to mitigate downward trend of position yields; paid attention to the allocation opportunities of innovative products, and allocated to asset-backed plans, public REITs and other products to broaden the source of investment income; and continued to improve the credit structure of existing assets, enhanced the credit quality of assets, and prevented potential credit risks.

As of 31 December 2023, the bond investment accounted for 43.6%. Among corporate bonds and non-policy bank financial bonds, 98.7% of the bonds or their issuers were rated AAA. The industries associated with credit bond currently held by the Group involves bank, transportation, public utilities and other fields; the ability of entities to repay debt is generally strong and the credit risks are controllable as a whole. The Group paid close attention to the prevention and control of credit risks, strictly followed relevant regulatory requirements, and established investment management 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.

The overall credit risk of investment in non-standard financial products invested by the entrusted fund in the Group's system is controllable, with an external credit rating of AAA accounting for 99.8%. The non-standard asset industry covers transportation, public utilities and other fields, which has played a positive role in serving the development of real economy and supporting the implementation of major national strategies. Apart from strictly selecting core counterparties with reliable credit qualifications as financing entities/guarantors, the Group took effective credit enhancement measures, such as guarantees, shortfall compensation and liquidity support, together with stringent terms regarding accelerated expiry/fund misappropriation protection, to provide a sound guarantee for the repayment of the principal and investment income.

In terms of equity investment, the Group strengthened research and analysis of the market trend, enhanced the flexibility and foresight of the adjustment to tactical assets; intensified investment structural adjustment efforts, took the shares of listed companies with relatively stable profit models and high dividend payout ratios as its main investment types, and enhanced the stability of investment income under the new accounting standards.

2. Investment Income

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

Item	<i>Unit: RMB million</i>	
	2023	2022 ⁽¹⁾
Cash and cash equivalents	433	394
Fixed-income investments	38,884	34,149
Interest income	34,837	32,700
Gains and losses from disposal of financial instruments	1,637	1,865
Gains and losses on fair value changes	3,844	(451)
Impairment	(1,434)	35
Equity investments at fair value	(10,162)	4,123
Dividends and bonus income	7,560	10,480
Gains and losses from disposal of financial instruments	(4,429)	(4,796)
Gains and losses on fair value changes	(13,293)	54
Impairment	–	(1,615)
Other investments	14,960	16,180
Investment income from associates and joint ventures	14,938	15,466
Other gains and losses	22	714
Total investment income	44,115	54,846
Net investment income⁽²⁾	58,425	60,031
Total investment yield ⁽³⁾ (%)	3.3	4.6
Net investment yield ⁽⁴⁾ (%)	4.5	5.1

Notes:

- (1) The Company has implemented the New Insurance Contracts Standard and the New Financial Instruments Standard since 1 January 2023, and the data in 2023 represents the financial results of implementing the New Insurance Contracts Standard and the New Financial Instruments Standard. In accordance with the standard convergence requirements, the Company is not required to restate the comparative period information under the New Financial Instruments Standard.
- (2) 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.
- (3) 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).
- (4) 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).

In 2023, the total investment income of the Group amounted to RMB44,115 million, representing a year-on-year decrease of 19.6%; net investment income amounted to RMB58,425 million, representing a year-on-year decrease of 2.7%; total investment yield was 3.3%, representing a year-on-year decrease of 1.3 percentage points; and net investment yield was 4.5%, representing a year-on-year decrease of 0.6 percentage points.

III. LIQUIDITY ANALYSIS

(I) Liquidity Analysis

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

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

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

(II) 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.

	2023	2022	(% of change)
		<i>Unit: RMB million</i>	
Net cash flows generated from operating activities	70,549	71,121	(0.8)
Net cash flows used in investing activities	(70,927)	(72,755)	(2.5)
Net cash flows (used in)/generated from financing activities	(11,483)	8,557	–

The Group's net cash flows generated from operating activities changed from a net inflow of RMB71,121 million in 2022 to a net inflow of RMB70,549 million in 2023, mainly due to the increase in claim payments.

The Group's net cash flows used in investing activities changed from a net outflow of RMB72,755 million in 2022 to a net outflow of RMB70,927 million in 2023, mainly due to the decrease in cash paid for the investments.

The Group's net cash flows used in financing activities changed from a net outflow of RMB8,557 million in 2022 to a net outflow of RMB11,483 million in 2023, mainly due to the year-on-year increase in cash paid for debts repayment.

IV. EVENT AFTER THE REPORTING PERIOD

On 26 March 2024, the Board of the Company proposed a dividend of RMB1.56 per 10 shares (tax inclusive) for 2023, amounting to a total of approximately RMB6,899 million. The above profit distribution proposal will be implemented after consideration and approval at the Company's general meeting.

FUTURE PROSPECTS

(I) Industry Landscape and Trend

2024 is the first year for the implementation of the spirit of the Central Financial Work Conference, and the effect of economic stabilization policies will continue to be released. It is expected that the trend of economic recovery will be further consolidated and enhanced, creating a favorable external environment for the development of the insurance industry. The central government requires the development of five target areas: technology finance, green finance, inclusive finance, pension finance and digital finance. In the construction of Chinese-style modernization, there is a huge room for development in such aspects as serving the construction of modern industrial system, serving the rural revitalization, serving technological self-reliance and self-improvement, serving the improvement in living standard, serving the green development, serving the safety development, serving the regional development and serving the “Belt and Road”. The 2024 Government Work Report of the State Council requires a sound mechanism to safeguard the income of grain farmers, the active development of the third pillar pension insurance and the promotion of the establishment of a long-term care insurance system, which will provide new development opportunities for the industry. The profound changes in customer demands, as well as the application of new technologies such as artificial intelligence, big data and the Internet of Things, will profoundly change various aspects of insurance operation and management and enhance the effectiveness of technology empowering the insurance industry. The new business model of “insurance + service + technology” will promote a deep transformation of the organizational structure, product technology and business management model of insurance companies.

(II) Development Strategy of the Company

The Group will adhere to the corporate values of integrity, innovation, professionalism and responsibility, and will be committed to focusing on major businesses, pursuing excellence, leading innovation and modern governance, so as to build a global excellent insurance group. In 2024, we will persist in the general working principle of seeking progress while maintaining stability, continue to promote the implementation of “To be Prominent Strategy”, and promote our own high-quality development in serving the construction of Chinese-style modernization.

(III) Operation Plan

The **insurance segment** will maintain a reasonable growth in business scale while optimizing structure and improving quality. **PICC P&C** will improve individual customer business capabilities by making efforts on improvement, enhancement and demonstration; innovate the development of corporate business, and increase protection and support in key areas of serving the real economy; develop high-quality government business and inclusive finance business to consolidate leading advantages. **PICC Life** will improve the sales capacity of guaranteed products and continuously optimize product structure and profit source structure by making efforts on strengthening effective manpower and high-performance team; strengthen institutional management, enhance independent operating capabilities, and minimize the loss of expense margin. **PICC Health** will actively develop new social insurance projects, continue to upgrade the “group insurance + medical” model, and focus on the development of new Internet products, upgrading of old products and expansion of new tracks by making efforts on consolidation and deepening of business development pattern and cultivation of health management service capacity. **PICC Reinsurance** will actively participate in the construction of the Shanghai International Reinsurance Center, deepen market development, and continuously optimize business structure. **PICC Hong Kong** will deeply develop the Hong Kong local market, stabilize international business foundation, improve overseas service network, and gradually strengthen the production capacity of Macau branch.

The **investment segment** will integrate the Group’s investment and research resources, dynamically optimize investment strategies, and strengthen process tracking, so as to make greater contributions to the stable profitability of the Group. **PICC AMC** will enhance proactive management capability and strengthen equity investment capacity; stabilize fixed income fundamentals and strengthen trading capacity; explore growth opportunities of alternative investment; and continuously optimize overseas asset allocation. **PICC Pension** will steadily improve investment performance, increase the scale of assets under management, improve the ranking of return on investment of assets under management in the second pillar, and explore commercial pension business. **PICC Investment Holding** will focus on the construction and operation management of pension industry projects, actively carry out asset management within the system, unified workplace operation management and data center project management, increase the income from pension services, and expand the scale of property services. **PICC Capital** will vigorously develop equity and asset-backed scheme businesses based on new investment fields and new investment logic.

The **technology segment** will provide higher quality technology services for the Group and major businesses. It will improve the planning and layout of data centers, organize and promote the construction of the North Center (Phase II) and the Western Data Center; further promote the basic work of data governance of the Group and accelerate data interconnection; accelerate the transformation of core systems and actively respond to the needs of grassroots and customers; and implement and optimize the technology sharing operation services of the Group.

EMBEDDED VALUE

1. Result Summary

Embedded Value of PICC Life and PICC Health as at 31 December 2023 and 31 December 2022 with 9% as the risk discount rate are summarized below (in RMB million):

	PICC Life		PICC Health	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Adjusted Net Worth	71,080	70,773	8,103	6,052
Value of In-Force Business before CoC	46,968	40,880	15,560	12,785
Cost of Required Capital	(16,578)	(12,128)	(1,169)	(961)
Value of In-Force Business after CoC	30,390	28,752	14,392	11,824
Embedded Value	101,470	99,525	22,495	17,877

- Notes:
1. Figures may not add up to total due to rounding.
 2. In the table above, the embedded value as at 31 December 2022 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

Value of one year's new Business as at 31 December 2023 and 31 December 2022 of PICC Life and PICC Health with 9% as the risk discount rate are summarized below (in RMB million):

	PICC Life		PICC Health	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Value of One Year's New Business before CoC	7,100	4,019	3,331	1,359
Cost of Required Capital	(3,437)	(1,860)	(505)	(360)
Value of One Year's New Business after CoC	3,664	2,160	2,826	999

- Notes:
1. Figures may not add up to total due to rounding.
 2. In the table above, the value of one year's new business as at 31 December 2022 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

Value of one year's new business as at 31 December 2023 and 31 December 2022 of PICC Life and PICC Health by distribution channel are summarized below (in RMB million):

	PICC Life		PICC Health	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Bancassurance Channel	1,001	293	425	26
Individual insurance agent Channel	2,578	1,825	2,878	1,542
Group insurance sales Channel	84	42	(477)	(569)
Total	3,664	2,160	2,826	999

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

2. In the table above, the value of one year's new business as at 31 December 2022 is recalculated based on the investment and risk discount rate assumptions as at 31 December 2023 while the other assumptions remain unchanged.

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 2023 disclosed above, the assumption on risk discount rate is 9% used by PICC Life and PICC Health. The assumption of PICC Life on the rate of investment return is 4.75% p.a. for participating/universal life insurance and 4.5% p.a. for traditional life insurance. The assumption of PICC Health on the rate of investment return is 4.5% p.a.. Corporate income tax is currently levied at 25% on taxable income. The assumptions on mortality rates, morbidity rates, lapse rates, expenses and commissions are based on the operational experience of PICC Life and PICC Health, as well as expectations on future experience and etc.

3. Sensitivity Tests

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

The results of sensitivity tests for PICC Life at 31 December 2023 are summarized below (in RMB million):

Scenarios	Risk Discount Rate at 9% (Note)	
	Value of In-Force Business after CoC	Value of One Year's New Business after CoC
Base Scenario	30,390	3,664
Risk Discount Rate at 8%	36,105	4,680
Risk Discount Rate at 10%	25,725	2,831
Rate of investment return increased by 50 bps	45,512	6,325
Rate of investment return decreased by 50 bps	15,285	980
Expenses increased by 10%	29,437	3,567
Expenses decreased by 10%	31,343	3,761
Lapse rates increased by 10%	30,272	3,551
Lapse rates decreased by 10%	30,514	3,781
Mortality increased by 10%	29,857	3,603
Mortality reduced by 10%	30,921	3,726
Morbidity increased by 10%	29,090	3,607
Morbidity reduced by 10%	31,710	3,721
Short-term business claim ratio increased by 10%	30,343	3,511
Short-term business claim ratio decreased by 10%	30,437	3,816
Participating Ratio (80/20)	29,023	3,586

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 9%.

The results of sensitivity tests for PICC Health at 31 December 2023 are summarized below (in RMB million):

Scenarios	Risk Discount Rate at 9% (Note)	
	Value of In-Force Business after CoC	Value of One Year's New Business after CoC
Base Scenario	14,392	2,826
Risk Discount Rate at 8%	15,544	3,131
Risk Discount Rate at 10%	13,404	2,567
Rate of investment return increased by 50 bps	15,738	3,337
Rate of investment return decreased by 50 bps	13,040	2,318
Expenses increased by 10%	14,243	2,651
Expenses decreased by 10%	14,541	3,001
Lapse rates increased by 10%	14,166	2,771
Lapse rates decreased by 10%	14,612	2,881
Mortality increased by 10%	14,399	2,812
Mortality reduced by 10%	14,385	2,840
Morbidity increased by 10%	14,743	2,611
Morbidity reduced by 10%	14,019	3,035
Short-term business claim ratio increased by 5%	14,370	2,323
Short-term business claim ratio decreased by 5%	14,417	3,328
Participating Ratio (80/20)	14,305	2,789

Note: Except for the sensitivity scenarios on risk discount rate, the risk discount rate used for other scenarios is 9%.

4. Movement Analysis

This section shows the analysis of Embedded Value movement of PICC Life and PICC Health from 31 December 2022 to 31 December 2023 (in RMB million):

No	Description	PICC Life	PICC Health
1	Embedded Value as at 31 December 2022	103,772	18,239
2	New Business Contribution	3,960	3,056
3	Expected Return	7,435	1,585
4	Investment Return Variance	(8,392)	(1,312)
5	Other Experience Variances	(4,210)	1,097
6	Model and Assumption Modification	(6,488)	(562)
7	Capital Change and Market Value Adjustment	5,392	392
8	Embedded Value as at 31 December 2023	101,470	22,495

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 2023 to the embedded value at 31 December 2023;
3. The expected return in 2023 arising from the in-force business and adjusted net worth as at 31 December 2022;
4. Change in embedded value arising from variances between the actual investment return and the related investment return assumption in 2023;
5. Change in embedded value arising from variances between the actual experiences and assumptions other than the related investment return in 2023;
6. The impact on embedded value due to model enhancement and the changes in assumptions during 2023;
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 2023.

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 enhancing the level of corporate governance, ensures the solid development of the Company and endeavors to improve the interests of shareholders.

During the year of 2023, 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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and 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

On 7 June 2023, the Company fully redeemed the 10-year capital supplementary bonds in an amount of RMB18 billion issued in 2018. On 18 May 2023, PICC Life fully redeemed the 10-year capital supplementary bonds in an amount of RMB12 billion issued in 2018.

Save as disclosed above, the Company and its subsidiaries did not purchase, dispose of or redeem any listed securities of the Company or its subsidiaries during the year of 2023.

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

The Board proposed the distribution of a final dividend of RMB1.56 per 10 shares (tax inclusive) for the year ended 31 December 2023, amounting to a total of approximately RMB6,899 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 before 30 August 2024.

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 2023, including the accounting principles and practices. The figures in respect of the Group's consolidated results for the year ended 31 December 2023 as set out in this announcement have been agreed by the external auditor of the Company to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023.

PUBLICATION OF THE ANNUAL REPORT

The 2023 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
Chairman

Beijing, the PRC, 26 March 2024

As at the date of this announcement, the executive directors of the Company are Mr. Wang Tingke, Mr. Zhao Peng, 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. Song Hongjun; and the independent non-executive directors are Mr. Shiu Sin Por, Mr. Ko Wing Man, Ms. Cui Li, Ms. Xu Lina and Mr. Wang Pengcheng.