

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 June 2023

The Board of Directors (the “**Board**”) of The People’s Insurance Company (Group) of China Limited (the “**Company**”) announces the following unaudited interim consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023 together with the comparative figures for the previous year, which should be read in conjunction with the following management discussion and analysis:

CONDENSED FINANCIAL STATEMENTS AND MATERIAL NOTES

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

CONDENSED CONSOLIDATED INCOME STATEMENT*FOR THE SIX MONTHS ENDED 30 JUNE 2023**(Amounts in millions of Renminbi, unless otherwise stated)*

	<i>Notes</i>	Six months ended 30 June 2023 (Unaudited)	Six months ended 30 June 2022 (Restated, Unaudited)
Insurance revenue	4	246,884	227,796
Interest income (from financial assets not measured at fair value through profit or loss)	5	14,589	N/A
Net investment gains	5	9,631	25,180
Share of profits or losses of associates and joint ventures		7,359	7,163
Exchange gains		469	537
Other income		1,916	1,649
TOTAL OPERATING INCOME		280,848	262,325
Insurance service expenses	4	219,147	204,703
Net expenses from reinsurance contracts held		6,167	3,152
Finance expenses from insurance contracts issued		18,293	18,108
Finance income from reinsurance contracts held		(634)	(534)
Finance costs		1,525	1,826
Net impairment losses on financial assets	5	295	N/A
Other operating and administrative expenses		4,056	4,047
TOTAL OPERATING EXPENSES		248,849	231,302
PROFIT BEFORE TAX		31,999	31,023
Income tax expenses	7	(4,219)	(5,159)
PROFIT FOR THE PERIOD		27,780	25,864
Attributable to:			
Owners of the Company		20,588	18,915
Non-controlling interests		7,192	6,949
		27,780	25,864
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic (<i>in RMB Yuan</i>)	8	0.47	0.43
– Diluted (<i>in RMB Yuan</i>)	8	0.43	0.41

CONDENSED CONSOLIDATED INCOME STATEMENT*FOR THE SIX MONTHS ENDED 30 JUNE 2023**(Amounts in millions of Renminbi, unless otherwise stated)*

	<i>Notes</i>	Six months ended 30 June 2023 (Unaudited)	Six months ended 30 June 2022 (Restated, Unaudited)
PROFIT FOR THE PERIOD		<u>27,780</u>	<u>25,864</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Finance expenses from insurance contracts issued		(6,139)	4,300
Finance income from reinsurance contracts held		128	83
Changes in the fair value of debt instruments at fair value through other comprehensive income		4,292	N/A
Allowance for credit losses on debt instruments measured at fair value through other comprehensive income		34	N/A
Available-for-sale financial assets			
– Fair value losses		N/A	(15,191)
– Reclassification of losses to profit on disposals		N/A	(4,403)
– Impairment losses		N/A	454
Income tax effect		<u>(173)</u>	<u>4,130</u>
		<u>(1,858)</u>	<u>(10,627)</u>
Share of other comprehensive income of associates and joint ventures		74	10
Exchange differences arising on translating foreign operations		<u>117</u>	<u>63</u>
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		<u>(1,667)</u>	<u>(10,554)</u>

	Six months ended <i>Notes</i> 30 June 2023 (Unaudited)	Six months ended 30 June 2022 (Restated, Unaudited)
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	470	297
Changes in the fair value of equity instruments at fair value through other comprehensive income	1,197	N/A
Finance expenses from insurance contracts issued	(70)	–
Income tax effect	(447)	(70)
	<u>1,150</u>	<u>227</u>
Actuarial losses on pension benefit obligation	(36)	(18)
Share of other comprehensive income of associates and joint ventures	(15)	(34)
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	<u>1,099</u>	<u>175</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	<u>(568)</u>	<u>(10,379)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>27,212</u></u>	<u><u>15,485</u></u>
Attributable to:		
– Owners of the Company	19,920	11,347
– Non-controlling interests	7,292	4,138
	<u><u>27,212</u></u>	<u><u>15,485</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

(Amounts in millions of Renminbi, unless otherwise stated)

	<i>Notes</i>	30 June 2023	31 December 2022
		(Unaudited)	(Restated, Unaudited)
ASSETS			
Cash and cash equivalents		31,159	40,599
Debt securities		N/A	536,254
Equity securities, mutual funds and investment schemes		N/A	258,022
Financial assets measured at amortised cost		304,740	N/A
Financial assets measured at fair value through other comprehensive income		394,691	N/A
Financial assets measured at fair value through profit or loss		369,100	N/A
Insurance contract assets	<i>10</i>	659	782
Reinsurance contract assets		31,911	37,329
Term deposits		101,010	101,180
Restricted statutory deposits		13,418	12,923
Investments classified as loans and receivables		N/A	176,082
Investments in associates and joint ventures	<i>11</i>	149,698	146,233
Investment properties		16,002	15,085
Property and equipment		32,726	34,130
Right-of-use assets		7,380	7,109
Intangible assets		2,980	3,523
Goodwill		198	198
Deferred tax assets		17,150	16,788
Other assets		19,857	30,050
TOTAL ASSETS		<u>1,492,679</u>	<u>1,416,287</u>

	<i>Notes</i>	30 June 2023	31 December 2022
		(Unaudited)	(Restated, Unaudited)
LIABILITIES			
Securities sold under agreements to repurchase		81,228	100,890
Income tax payable		2,805	4,028
Bonds payable		37,378	43,356
Lease liabilities		2,518	2,291
Insurance contract liabilities	<i>10</i>	951,526	883,055
Reinsurance contract liabilities		183	362
Investment contract liabilities		7,741	7,629
Pension benefit obligation		2,751	2,776
Deferred tax liabilities		26	2,022
Other liabilities		76,301	64,985
		<u>1,162,457</u>	<u>1,111,394</u>
TOTAL LIABILITIES			
EQUITY			
Issued capital	<i>12</i>	44,224	44,224
Reserves		199,539	179,929
		<u>243,763</u>	<u>224,153</u>
Equity attributable to owners of the Company		243,763	224,153
Non-controlling interests		86,459	80,740
		<u>330,222</u>	<u>304,893</u>
TOTAL EQUITY			
TOTAL EQUITY AND LIABILITIES			
		<u>1,492,679</u>	<u>1,416,287</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023
(Amounts in millions of Renminbi, unless otherwise stated)

Attributable to owners of the Company																	
	Issued capital	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	Share of other comprehensive income of associates and joint ventures	Foreign currency translation reserve	Surplus reserve [*]	Other	Actuarial losses on pension benefit obligation	Retained profits	Subtotal	Non-controlling interests	Total	
																	(Note 12)
Balance at 31 December 2022 (Restated, Unaudited)	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, Unaudited)	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 period	-	-	-	-	-	-	-	-	-	-	-	-	-	20,588	20,588	7,192	27,780
Other comprehensive income for the period	-	-	3,039	-	(4,053)	-	-	252	25	105	-	-	(36)	-	(668)	100	(568)
Total comprehensive income for the period	-	-	3,039	-	(4,053)	-	-	252	25	105	-	-	(36)	20,588	19,920	7,292	27,212
Appropriations to general risk reserve	-	-	-	-	-	67	-	-	-	-	-	-	-	(67)	-	-	-
Dividends paid to shareholders (Note 9)	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,341)	(7,341)	-	(7,341)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,515)	(3,515)
Others	-	-	-	-	-	-	-	-	-	-	-	-	2	-	2	-	2
Balance at 30 June 2023 (Unaudited)	44,224	23,973	12,997	-	(12,769)	18,625	59	4,239	(235)	115	14,922	(15,207)	(1,469)	154,289	243,763	86,459	330,222

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB199,539 million in the condensed consolidated statement of financial position as at 30 June 2023 comprise these reserve accounts.

Attributable to owners of the Company

	Available-		Share of other							Actuarial				Non-	Total		
	Share	financial asset	Insurance	General	Catastrophic	Asset	income of	Portion of fair	Foreign	losses on			controlling				
Issued	premium	revaluation	finance	risk	loss reserve	revaluation	associates and	value changes	currency	Surplus	Other	benefit	Retained	Subtotal	interests		
capital	account	reserves**	reserves**	reserves**	reserves**	reserves**	joint ventures	policyholders	reserve	reserve*	obligation	profits					
(Note 12)	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
Balance at 31 December 2021																	
(Audited)	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, Unaudited)	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 period	-	-	-	-	-	-	-	-	-	-	-	-	-	18,915	18,915	6,949	25,864
Other comprehensive income for the period	-	-	(10,694)	2,956	-	-	147	(8)	-	49	-	-	(18)	-	(7,568)	(2,811)	(10,379)
Total comprehensive income for the period	-	-	(10,694)	2,956	-	-	147	(8)	-	49	-	-	(18)	18,915	11,347	4,138	15,485
Appropriations to general risk reserve	-	-	-	-	21	-	-	-	-	-	-	-	-	(21)	-	-	-
Dividends paid to shareholders (Note 9)	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,501)	(6,501)	-	(6,501)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,140)	(3,140)
Others	-	-	-	-	-	-	-	-	-	-	-	(1)	-	-	(1)	(2)	(3)
Balance at 30 June 2022																	
(Restated, Unaudited)	44,224	23,973	7,373	(13,942)	16,165	212	3,828	127	-	(98)	14,187	(15,154)	(1,401)	140,558	220,052	78,422	298,474

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB175,828 million in the condensed consolidated statement of financial position as at 30 June 2022 comprise these reserve accounts.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*FOR THE SIX MONTHS ENDED 30 JUNE 2023**(Amounts in millions of Renminbi, unless otherwise stated)*

	Six months ended 30 June 2023 (Unaudited)	Six months ended 30 June 2022 (Restated, Unaudited)
Net cash flows from operating activities	<u>59,921</u>	<u>49,444</u>
Net cash flows used in investing activities	<u>(40,901)</u>	<u>(24,687)</u>
Net cash flows used in financing activities	<u>(28,715)</u>	<u>(24,066)</u>
Net (decrease)/increase in cash and cash equivalent	(9,695)	691
Cash and cash equivalents at beginning of the period	40,599	33,276
Effects of exchange rate changes on cash and cash equivalents	<u>255</u>	<u>347</u>
Cash and cash equivalents at end of the period	<u>31,159</u>	<u>34,314</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 and the Shanghai Stock Exchange. The controlling shareholder of the Company is the Ministry of Finance (“**MOF**”) of the PRC.

The Company is an investment holding company. During the six months ended 30 June 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 condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company, and all values are rounded to the nearest million except when otherwise indicated.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board, as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

The condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

(1) Changes in accounting policy and disclosures

In the current interim period, 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 interim condensed 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

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 interpretations mentioned above have had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the interim condensed consolidated financial information.

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

(2) New and revised standards not yet adopted

The Group has not applied the following key new and revised IFRSs that have been issued but are not yet effective in the interim 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 liabilities in a Sale and Leaseback ¹
Amendments to IAS 7 and IFRS 7	Financing Arrangements of Supplier ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associated or Joint Venture ²

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

² 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.

3. OPERATING SEGMENT INFORMATION

The Group's operating segments are presented in a manner consistent with the internal management reporting provided to the management for deciding how to allocate resources and for assessing performance.

For management purposes, the Group is organised into business units based on principal activities of subsidiaries and has the following operating 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.

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

Segment revenue and results for the six months ended 30 June 2023:

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
Insurance revenue	224,868	8,598	12,628	-	2,344	(1,554)	246,884
Interest income (from financial assets not measured at fair value through profit or loss)	5,860	6,697	1,233	24	995	(220)	14,589
Net investment gains/(losses)	4,389	3,738	357	249	9,765	(8,867)	9,631
Share of profits or losses of associates and joint ventures	5,828	2,655	4	14	514	(1,656)	7,359
Exchange gains	301	60	1	-	107	-	469
Other income	740	165	211	1,136	884	(1,220)	1,916
TOTAL INCOME							
- SEGMENT INCOME	<u>241,986</u>	<u>21,913</u>	<u>14,434</u>	<u>1,423</u>	<u>14,609</u>	<u>(13,517)</u>	<u>280,848</u>
- External income	241,714	21,795	14,392	970	1,977	-	280,848
- Inter-segment income	<u>272</u>	<u>118</u>	<u>42</u>	<u>453</u>	<u>12,632</u>	<u>(13,517)</u>	<u>-</u>
Insurance service expenses	204,733	5,267	9,039	-	2,115	(2,007)	219,147
Net expenses from reinsurance contracts held	6,057	(42)	514	-	31	(393)	6,167
Finance expenses from insurance contracts issued	5,025	11,971	1,178	-	189	(70)	18,293
Finance income or loss from reinsurance contracts held	(663)	2	(38)	-	(8)	73	(634)
Finance costs	498	359	92	6	570	-	1,525
Other operating and administrative expenses	1,138	906	407	812	1,607	(814)	4,056
Net impairment losses on financial assets	220	48	36	(5)	(4)	-	295
TOTAL OPERATING EXPENSES	<u>217,008</u>	<u>18,511</u>	<u>11,228</u>	<u>813</u>	<u>4,500</u>	<u>(3,211)</u>	<u>248,849</u>
PROFIT/(LOSS) BEFORE TAX	<u>24,978</u>	<u>3,402</u>	<u>3,206</u>	<u>610</u>	<u>10,109</u>	<u>(10,306)</u>	<u>31,999</u>
Income tax (expenses)/credit	<u>(3,558)</u>	<u>9</u>	<u>(480)</u>	<u>(30)</u>	<u>(87)</u>	<u>(73)</u>	<u>(4,219)</u>
PROFIT FOR THE PERIOD							
- SEGMENT RESULTS	<u>21,420</u>	<u>3,411</u>	<u>2,726</u>	<u>580</u>	<u>10,022</u>	<u>(10,379)</u>	<u>27,780</u>

Segment revenue and results for the six months ended 30 June 2022 (Restated):

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and others	Eliminations	Total
Insurance revenue	205,747	10,255	10,887	–	2,259	(1,352)	227,796
Net investment gains/(losses)	10,886	11,784	1,383	274	8,972	(8,119)	25,180
Share of profits or losses of associates and joint ventures	4,764	2,659	(1)	8	596	(863)	7,163
Exchange gains/(losses)	429	47	1	(2)	62	–	537
Other income	722	205	173	1,070	547	(1,068)	1,649
TOTAL INCOME							
– SEGMENT INCOME	<u>222,548</u>	<u>24,950</u>	<u>12,443</u>	<u>1,350</u>	<u>12,436</u>	<u>(11,402)</u>	<u>262,325</u>
– External income	222,426	24,812	12,400	900	1,787	–	262,325
– Inter-segment income	<u>122</u>	<u>138</u>	<u>43</u>	<u>450</u>	<u>10,649</u>	<u>(11,402)</u>	<u>–</u>
Insurance service expenses	189,573	7,178	7,404	–	2,295	(1,747)	204,703
Net expenses from reinsurance contracts held	3,279	110	304	–	47	(588)	3,152
Finance expenses from insurance contracts issued	4,661	12,304	1,040	–	150	(47)	18,108
Finance income from reinsurance contracts held	(558)	5	(34)	–	(6)	59	(534)
Finance costs	520	597	159	5	557	(12)	1,826
Other operating and administrative expenses	<u>1,429</u>	<u>1,132</u>	<u>354</u>	<u>759</u>	<u>1,262</u>	<u>(889)</u>	<u>4,047</u>
Total operating expenses	<u>198,904</u>	<u>21,326</u>	<u>9,227</u>	<u>764</u>	<u>4,305</u>	<u>(3,224)</u>	<u>231,302</u>
PROFIT/(LOSS) BEFORE TAX	23,644	3,624	3,216	586	8,131	(8,178)	31,023
Income tax (expenses)/credit	<u>(3,434)</u>	<u>(960)</u>	<u>(520)</u>	<u>(130)</u>	<u>(6)</u>	<u>(109)</u>	<u>(5,159)</u>
PROFIT FOR THE PERIOD							
– SEGMENT RESULTS	<u>20,210</u>	<u>2,664</u>	<u>2,696</u>	<u>456</u>	<u>8,125</u>	<u>(8,287)</u>	<u>25,864</u>

Segment assets and liabilities as at 30 June 2023 and 31 December 2022, and other segment information for the six months ended 30 June 2023 and 2022 are as follows:

	Non-life insurance	Life insurance	Health insurance	Asset management	Headquarters and Others	Eliminations	Total
30 June 2023							
Segment assets	<u>717,604</u>	<u>619,044</u>	<u>94,882</u>	<u>13,763</u>	<u>198,766</u>	<u>(151,380)</u>	<u>1,492,679</u>
Segment liabilities	<u>464,633</u>	<u>577,009</u>	<u>84,117</u>	<u>4,443</u>	<u>46,628</u>	<u>(14,373)</u>	<u>1,162,457</u>
Six months ended 30 June 2023							
Other segment information:							
Capital expenditures	908	120	158	83	288	(439)	1,118
Depreciation and amortization	<u>2,277</u>	<u>550</u>	<u>211</u>	<u>162</u>	<u>352</u>	<u>(1,054)</u>	<u>2,498</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>460,831</u>	<u>537,807</u>	<u>74,982</u>	<u>4,093</u>	<u>42,615</u>	<u>(8,934)</u>	<u>1,111,394</u>
Six months ended 30 June 2022							
(Restated)							
Other segment information:							
Capital expenditures	740	65	36	113	203	(97)	1,060
Depreciation and amortization	1,842	387	150	89	153	(137)	2,484
Interest income	<u>6,635</u>	<u>7,610</u>	<u>1,107</u>	<u>45</u>	<u>698</u>	<u>111</u>	<u>16,206</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 the Industrial Bank Co., Ltd. (“**Industrial Bank**”), an associate of the Group. These interests are accounted for as financial investments measured at fair value through other comprehensive income in headquarters and non-life segments on 30 June 2023 (31 December 2022: available-for-sale financial assets), 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 condensed consolidated financial statements are allocated to the respective segments according to their respective equity interest holding.

4. INSURANCE REVENUE AND EXPENSES

	Six months ended 30 June 2023	Six months ended 30 June 2022 (Restated)
Insurance revenue		
Contracts not measured under the PAA	23,066	23,975
Contracts measured under the PAA	<u>223,818</u>	<u>203,821</u>
TOTAL	<u>246,884</u>	<u>227,796</u>
Insurance service expenses		
Liability for remaining coverage	49,259	46,832
Liability for incurred claims	<u>169,888</u>	<u>157,871</u>
TOTAL	<u>219,147</u>	<u>204,703</u>

5. NET INVESTMENT INCOME

	Six months ended 30 June 2023	Six months ended 30 June 2022 (Restated)
Interest income from financial assets not measured at fair value through profit or loss (a)	14,589	N/A
Net investment gains (b)	9,631	N/A
Net impairment losses on financial assets (c)	(295)	N/A
Dividend, interest and rental income (d)	N/A	21,397
Realised gains (e)	N/A	4,122
Fair value of unrealised gains (f)	N/A	92
Impairment losses (g)	<u>N/A</u>	<u>(431)</u>
TOTAL	<u>23,925</u>	<u>25,180</u>

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

	Six months ended 30 June 2023
Current and term deposits	2,532
Financial assets measured at fair value through other comprehensive income	5,469
Financial assets measured at amortized cost	6,441
Securities purchased under resale agreements	124
Others	<u>23</u>
TOTAL	<u><u>14,589</u></u>

(b) Net investment gains

	Six months ended 30 June 2023
Interest income	
– Financial assets measured at fair value through profit or loss	2,538
Dividend income	
– Equity instruments measured at fair value through other comprehensive income	1,636
– Financial assets measured at fair value through profit or loss	1,874
Lease income from investment properties	<u>366</u>
Subtotal	<u>6,414</u>
Realised investment gains	
Financial assets measured at fair value through profit or loss	1,020
Financial assets measured at fair value through other comprehensive income	1,120
Investments in associates and joint ventures	4
Financial assets measured at amortized cost	<u>(1)</u>
Subtotal	<u>2,143</u>
Unrealised investment gains	
Financial assets measured at fair value through profit or loss	1,156
Investment properties	<u>(82)</u>
Subtotal	<u>1,074</u>
TOTAL	<u><u>9,631</u></u>

(c) Net impairment losses on financial assets

	Six months ended 30 June 2023
Financial assets measured at amortized cost	(68)
Debt instruments measured at fair value through other comprehensive income	(34)
Term deposits	16
Other financial assets	<u>(209)</u>
TOTAL	<u><u>(295)</u></u>

(d) Dividend, interest and rental income

	Six months ended 30 June 2022 (Restated)
Dividend income	
Equity securities, mutual funds and investment schemes	
– Available-for-sale	4,835
– At fair value through profit or loss	<u>181</u>
Subtotal	<u>5,016</u>
Interest income	
Current and term deposits	2,337
Debt securities	
– Held-to-maturity	4,217
– Available-for-sale	5,048
– At fair value through profit or loss	534
Loans and receivables	<u>3,985</u>
Subtotal	<u>16,121</u>
Operating lease income from investment properties	<u>260</u>
TOTAL	<u><u>21,397</u></u>

(e) Realised gains

	Six months ended 30 June 2022
Debt securities	
– Available-for-sale	1,497
– At fair value through profit or loss	<u>108</u>
Subtotal	<u>1,605</u>
Equity securities, mutual funds and investment schemes	
– Available-for-sale	2,906
– At fair value through profit or loss	<u>(389)</u>
Subtotal	<u>2,517</u>
TOTAL	<u><u>4,122</u></u>

(f) Fair value gains

	Six months ended 30 June 2022
Debt securities	
– At fair value through profit or loss	(153)
Equity securities, mutual funds and investment schemes	
– At fair value through profit or loss	266
Investment properties	<u>(21)</u>
TOTAL	<u><u>92</u></u>

(g) Impairment losses

	Six months ended 30 June 2022
Available-for-sale	(454)
Held-to-maturity	(112)
Investments classified as loans and receivables	<u>135</u>
TOTAL	<u><u>(431)</u></u>

6. EXPLANATORY NOTE FOR SELECTED EXPENSES

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

7. INCOME TAX EXPENSES

	Six months ended 30 June 2023	Six months ended 30 June 2022 (Restated)
Current tax	7,290	9,813
Adjustments in respect of prior years	63	14
Deferred tax	<u>(3,134)</u>	<u>(4,668)</u>
TOTAL	<u>4,219</u>	<u>5,159</u>

Certain operations of the Company's subsidiaries 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 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.

8. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share for the six months ended 30 June 2023 and the six months ended 30 June 2022 is based on the profit attributable to owners of the Company and the number of ordinary shares in issue during the periods.

	Six months ended 30 June 2023	Six months ended 30 June 2022 (Restated)
Profit attributable to owners of the Company for the period	<u>20,588</u>	<u>18,915</u>
Weighted average number of ordinary shares in issue (in million shares)	<u>44,224</u>	<u>44,224</u>
Basic earnings per share (in RMB Yuan)	<u>0.47</u>	<u>0.43</u>

(b) Diluted Earnings Per Share

	Six months ended 30 June 2023	Six months ended 30 June 2022 (Restated)
Profit attributable to owners of the Company for the period	20,588	18,915
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>(1,617)</u>	<u>(921)</u>
Profit attributable to owners of the Company for the calculation of diluted earnings per share	<u>18,971</u>	<u>17,994</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>0.43</u></u>	<u><u>0.41</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.

9. DIVIDENDS

	Six months ended 30 June 2023	Six months ended 30 June 2022
Dividends recognised as distribution during the period:		
Year 2021 Final – RMB14.70 cents per share	–	6,501
Year 2022 Final – RMB16.60 cents per share	<u>7,341</u>	<u>–</u>

10. INSURANCE CONTRACT ASSETS AND LIABILITIES

	30 June 2023	31 December 2022 (Restated)
Insurance contracts issued		
Insurance contract assets	659	782
Insurance contract liabilities	951,526	883,055
Net insurance contract liabilities		
– Liability for remaining coverage	708,176	653,730
– Liability for incurred claims	242,691	228,543
TOTAL	<u>950,867</u>	<u>882,273</u>

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in the associates and joint ventures as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Associates		
Cost of investment in associates	68,467	67,974
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable	78,173	75,313
Subtotal	<u>146,640</u>	<u>143,287</u>
Joint Ventures		
Cost of investment in joint ventures	3,086	3,086
Share of post-acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable	(28)	(140)
Subtotal	<u>3,058</u>	<u>2,946</u>
TOTAL	<u>149,698</u>	<u>146,233</u>

Note: As permitted by International Accounting Standard 28 “Investments in Associates and Joint Ventures”, for the six months ended 30 June 2023, the Group accounts for the share of profit of Industrial Bank, an associate of the Group, from 1 October 2022 to 31 March 2023, taking into account any significant events or transactions for the period from 1 April 2023 to 30 June 2023.

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

	1 January 2023	Additions	Disposals	Share of profit	Share of Other comprehensive income	Share of other movement	Dividend received	Impairment	30 June 2023
Associates and Joint Ventures	<u>146,233</u>	<u>530</u>	<u>(37)</u>	<u>7,359</u>	<u>59</u>	<u>2</u>	<u>(4,441)</u>	<u>(7)</u>	<u>149,698</u>

12. ISSUED CAPITAL

	30 June 2023	31 December 2022
Issued and fully paid ordinary shares of RMB1 each (in million shares)		
A shares	35,498	35,498
H shares	<u>8,726</u>	<u>8,726</u>
	<u>44,224</u>	<u>44,224</u>
Issued capital (in RMB million)		
A shares	35,498	35,498
H shares	<u>8,726</u>	<u>8,726</u>
	<u>44,224</u>	<u>44,224</u>

OPERATING HIGHLIGHTS

1. Continuous Improvement in Profitability and Focus on Quality and Efficiency Improvement of Principal Business

The Group effectively grasped the favorable conditions in macroeconomic and industry development, actively responded to the challenges of intensified market competition, and seized opportunities and promoted development in operation management. The profitability maintained the growth momentum. In the first half of 2023, net profit amounted to RMB27,780 million, representing a year-on-year increase of 7.4%. Net profit attributable to owners of the Company amounted to RMB20,588 million, representing a year-on-year increase of 8.8%.

In terms of the P&C insurance business, PICC P&C achieved underwriting profits¹ of RMB9,469 million, representing a year-on-year increase of 7.0%. In terms of the life and health insurance business, the value of half year's new business of PICC Life and PICC Health increased by 66.8% and 58.7% year-on-year, respectively.

2. Steady Progress in Business Development with Continuous Optimization of Structure Quality

The Group's business has grown steadily. In the first half of 2023, the insurance revenue recorded RMB246,884 million, and the original premiums income² recorded RMB413,616 million, representing a year-on-year increase of 9.1%.

In terms of the P&C insurance business, the business scale of PICC P&C has grown steadily. As of the end of June 2023, the market share³ of PICC P&C in the P&C insurance market was 34.3%, maintaining the first place in the industry. In the first half of 2023, the insurance revenue recorded RMB224,368 million, and the original premiums income was RMB300,930 million, representing a year-on-year increase of 8.8%, among which, the proportion of non-vehicle insurance business increased by 1.4 percentage points year-on-year, and the overall business structure became more balanced.

¹ Underwriting profits = insurance revenue – insurance service expenses – net expenses from reinsurance contracts held – finance expenses from insurance contracts issued + financial income from reinsurance contracts held.

² The data of original premiums income was prepared pursuant to the Accounting Standards for Business Enterprises No. 25 - Original Insurance Contracts (Cai Kuai [2006] No.3) and the Regulations regarding the Accounting Treatment of Insurance Contracts (Cai Kuai [2009] No.15) of the MOF.

³ 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 Administration of Financial Regulation (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 Administration of Financial Regulation (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.

In terms of the life and health insurance business, by grasping the opportunities of industry recovery, in the first half of 2023, PICC Life achieved the insurance revenue of RMB8,598 million and original premiums income of RMB78,910 million, representing a year-on-year increase of 9.5%. The business quality has been steadily improved. The 13-month premium persistency ratio reached 92.1%, representing a year-on-year increase of 6.3 percentage points. The business scale of PICC Health grew rapidly, and in the first half of 2023, PICC Health achieved the insurance revenue of RMB12,628 million and original premiums income of RMB33,735 million, representing a year-on-year increase of 11.0%. The regular premiums from new clients recorded a year-on-year growth of 69.3%, becoming the major driving force for the business growth of PICC Health, and the business structure has been continuously optimized.

3. Practising the Responsibilities as a Central Enterprise and Serving the National Strategies

Placing the utmost interests of the nation as the highest priority, the Group resolutely implemented the requirements of the national development strategies, made every effort to serve the country to build a new development pattern and promote the modernization construction with Chinese characteristics, and continuously promoted the “Eight Strategic Services”⁴. **In terms of the construction of modern industrial system**, the Group vigorously developed insurance products by “industries+sectors”⁵ and offered tailored risk solutions to customers. In the first half of 2023, the Group provided risk protection in an amount of RMB20.4 trillion to relevant industries. **In terms of the rural revitalization**, the Group promoted the upgrading of the “Rural Insurance (乡村保)”, an insurance resolution for rural areas. In the first half of 2023, the Group provided risk protection of agricultural insurance in an amount of RMB1.4 trillion for 48.49 million rural households. The Group has been awarded the highest grade in the evaluation of central units’ designated poverty alleviation for five consecutive years. The Group solidly conducted exploration of agriculture-related insurance innovation practice, actively promoted the launch and coverage expansion of innovative agricultural insurance including potential quality defects liability insurance for construction work of high-standard farmland and seed crop insurance, and the “Mode of Boosting Soybean Production Capacity with Agricultural Insurance” was selected by the Ministry of Agriculture and Rural Affairs as the Top 10 innovative modes. **In terms of technological self-reliance and self-improvement**, in the first half of 2023, the semiconductor business provided risk protection in an amount of RMB1.4 trillion. The Group strengthened the investment layout in the field of technological innovation and focused on key areas such as emerging digital industries, artificial intelligence and biological manufacturing to help achieve technological breakthroughs. As of 30 June 2023, the strategic investment for serving technological self-reliance and self-improvement amounted to RMB29.0 billion. **In terms of the improvement in living standard**, the Group vigorously promoted products such as “Hui Min Bao (惠民保)” that served the health protection needs of people and have carried out a total of 360 commercial “Hui Min Bao (惠民保)” projects. Since its inception, it has underwritten over 0.1 billion people, covering 29 provinces (autonomous regions and municipalities). The Group actively undertook policy-related social security projects, covering 31 provinces (autonomous

⁴ 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”.

⁵ It refers to risk solutions provided to customers in high-end equipment and new material industries, and industrial parks, etc.

regions and municipalities), nationwide and with the number of people served exceeding 0.8 billion. The Group actively implemented the national policy of benefiting the people, promoted the deployment of tax-subsidized health insurance, and PICC Health has become one of the first batch of five life insurance companies approved for the pioneer demonstration. The Group actively participated in the system construction of the third pillar of endowment business, and the exclusive commercial endowment insurance has been ranked first in the industry in terms of sales scale and the number of insurance policies since its inception. **In terms of green development**, the Group improved the “dual carbon” insurance product system, and promoted the implementation of carbon offset, carbon allowance, carbon asset loss insurance and other innovative products. The “dual carbon” insurance products provided risk protection of RMB6.6 trillion. The Group actively explored the blue ocean of new energy vehicle insurance market, and the number of new energy vehicles underwritten increased by 54.4% year-on-year. The Group increased investment support for green, low-carbon and circular economy. As of 30 June 2023, the strategic investment for serving green development amounted to RMB91.9 billion. **In terms of safety development**, the Group continued to promote the development of catastrophe insurance, provided risk protection of approximately RMB2.5 trillion for over 0.24 billion people. The Group strengthened the application of the Group’s disaster accidents and incidents monitoring and reporting system, and implemented a hierarchical response to disaster relief and claim settlement. The “Cheng Shi Bao (城市保)” project was implemented in 16 cities, providing 165 thousand enterprises with RMB3.6 trillion of risk coverage for work safety liability insurance. **In terms of regional development**, the Group provided insurance coverage and financial support for the construction of major regions such as the Beijing-Tianjin-Hebei region, the Yangtze Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta. The Group underwrote a number of landmark innovative projects including unmanned vehicles, smart parking, ecological governance and urban computing center. **In terms of “the Belt and Road”**, the Group underwrote 218 “the Belt and Road” projects, provided risk protection of RMB1.1 trillion, and chaired the underwriting of major projects such as the Santa Cruz hydroelectric project in Argentina and the Barishal coal fired power project in Bangladesh.

4. Upholding the Founding 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 to provide risk reduction and disaster relief services. In the first half of 2023, the Group paid claims of more than RMB180.0 billion⁶, and the Group carried out 24.6 thousand risk inspections and made 131 disaster warnings in the flood season. The Group took appropriate measures to respond to natural disasters and safety accidents such as the the mine collapse in Alxa of Inner Mongolia, the “Lupeng Yuanyu 028” fishing vessel accident, “6.21” gas explosion accident in Ningxia, tunnel avalanche accident in Nyingchi of Tibet, “protracted rain spell” during reaping period in Henan and floods and mudslides in Wenchuan of Sichuan, promptly activated the emergency response mechanism, organized claims experts to provide assistance in the frontline, actively cooperated with local governments, assisted in local rescue and disaster relief work, opened green channel for claims, and quickly completed the payment of claims, thus acting as a social stabiliser to ensure the normal production and life of people. After the occurrence of “protracted rain spell” during reaping period in Henan, the Group arranged more than 1,800 employees and more than 8,000 agricultural-related insurance claim personnel and

⁶ The amount of claims reported in line item “Claims Expense” in PRC Accounting Standards for Business Enterprises No. 25 – Original Insurance Contracts issued by Ministry of Finance in 2006.

agricultural experts, with whose efforts nearly 800 vehicles were inspected and the compensation of RMB0.54 billion was paid within 10 days, to cash out the solemn commitments for protecting people's good life with practical actions.

The Group integrated consumer rights protection into corporate governance system and corporate culture, improved the consumer protection system in all aspects, comprehensively promoted the implementation of various mechanisms, and systematically improved the quality and level of consumer rights services.

5. Significant Improvement in Brand Value and Effectively Served the Business Development

The Group honored a number of authoritative media's annual awards. In the list of Fortune Global 500 published in 2023, the Group ranked 120th, being on the list for 14 consecutive years. In the list of Global 500 2023 released by Brand Finance, PICC ranked the 169th, up by 39 places than last year; in the list of Insurance 100 2023 published by Brand Finance, PICC ranked the 9th, up by 4 places than last year, and entered the top 10. 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 Prize for Insurance Company in High Quality Development 2023" and "Ark Prize for Green Development in Insurance Industry 2023" at the "Ark Prize in Chinese Insurance Industry in 2023" organised by Securities Times.

In the first half of 2023, the Group put efforts in creating a more communicative and influential brand image to promote the construction of a first-class insurance and financial group, and served the high-quality development of the Company. The Group organized series of activities for the 15th Customer Festival. Through the series of animations, real case micro films and sports carnival activities, the Group further improved the customer service experience. The Group exclusively sponsored the "Rural Revitalization – China Travel (鄉村振興中國行)" produced by CCTV-2 (Financial Channel), in which program it visited the beautiful rural areas of China with China Media Group, demonstrated the Group's role of insurance protection in rural revitalization, effectively communicated the Group's brand value, and further unfolded the origin and mission of "People's Insurance, Serving the People". The Group engaged Zhou Guanyu, the first Chinese driver competing in F1 to act as the new PICC Brand Ambassador, and launched a cross-branding cooperation in the sector of sports with the China Roller Skating Association, which further facilitated the Group's brand transformation to accommodate younger generations.

In the first half of 2023, the Group's initiatives to further deepen the implementation of "To be Prominent Strategy" and serve the high-quality development of the economy and society was widely publicised and reported by numerous media such as People's Daily, Xinhua News Agency and China Media Group, with over 0.12 million posts published and forwarded across the Internet, which continually enhanced and demonstrated the corporate image.

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

The Group continuously deepened science and technology innovation, accelerated digital transformation, and strengthened science and technology empowerment of the insurance value chain. Firstly, it reinforced the infrastructures, and coordinately promoted the “multi-site and multi-centre” construction. The north data centre was ready for commissioning. It built a unified, shared, efficient, safe, autonomous and controllable information system infrastructure and resource platform, organized activities for the Network Security Awareness Week, effectively solidified the network safety defense line, and the network security management level was improved progressively. Secondly, it built a unified technical architecture system, accelerated the construction for consolidated development, technology, data and intelligence platforms of the Group, improved and upgraded the core business system of the principal business of insurance, strengthened the construction of shared systems of the Group, systematically promoted data governance, structural optimisation and application innovation, and created an independent and controllable, steady and secured technology ecosystem powered by top-notch technology. Thirdly, it continued to enhance technological empowerment by promoting major projects in various sectors and giving strong support to the reform and transformation of the subsidiaries based on the strategies of subsidiaries, actively created a series of application systems that support business operations and enhance management capabilities, and explored service offerings and scenario-based ecological operations. Fourthly, 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 intelligent platform has supported the application of 100 + intelligent scenarios, and actively promoted the cooperation with the national key laboratories of cognitive intelligence, to create the big model products in the insurance field with PICC possessing the proprietary intellectual property rights .

MANAGEMENT DISCUSSION AND ANALYSIS

The year 2023 marked the start of the full implementation of the spirit of the Party’s 20th National Congress. In the first half of the year, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, the economy in China continued to recover with an overall turnaround, high-quality development has been solidly promoted, industrial upgrading has been intensified, food and energy security has been effectively guaranteed, and the overall social situation has remained stable. The new session of the Party Committee of the Group adhered to the stability and continuity of “To be Prominent Strategy”, maintained strategic focus, and optimized strategies based on the spirit of the Party’s 20th National Congress and changes in the external environment. The business development of the Group continued to improve in the first half of the year, quality and efficiency continued to improve, strategic services were strengthened to enhance efficiency, innovation and change were further promoted, risk prevention and control were further strengthened, and good operating results were achieved. In terms of insurance segment, the Group effectively grasped favorable opportunities for industry development, and increased business innovation and development efforts. The premiums income maintained stable growth, which effectively consolidated the market position. In terms of investment segment, the Group strengthened the investment and research capacity building, actively responded to challenges such as fluctuations in the equity market and low interest rate environment, and consistently

outperformed the industry in terms of investment yield. In terms of technology segment, the Group accelerated the institutional reform of technology, and strengthened the construction of technology infrastructure. The level of technology empowerment has steadily improved, which better supported grassroots level business development and customer experience improvement. In the second half of the year and beyond, PICC will continue to anchor high-quality development goals, and pragmatically promote the implementation of “To be Prominent Strategy”.

I. BUSINESS OVERVIEW OF THE COMPANY

(I) Review of Our Industry

In the first half of 2023, the original premiums income of the insurance industry was RMB3.2 trillion, representing a year-on-year increase of 12.5%. The risk coverage amounted to RMB6,930 trillion, and the original policyholders’ benefits and claims were RMB915.1 billion, reflecting a stable improvement in safeguarding services for the overall situation of national development and economic and social stability. In particular, P&C insurance continuously deepened the reform, adhered to integrity and innovation, and supported the recovery and growth of the real economy. P&C Insurance regulated the development of the vehicle insurance market and focused on developing new energy vehicle insurance. P&C Insurance actively developed innovative insurance products such as green insurance, climate insurance, network security insurance and IT application innovation industry insurance, strengthened the research and application of new technologies, enhanced risk reduction management and professional capacity building for underwriting and claims, and promoted the effective improvement of “quality” and reasonable growth of “quantity”. Life and health insurance actively responded to the pressure from industry transformation, accelerated the improvement of management mechanism of marketing personnel, actively responded to the growth of demand for health care and endowment in the post pandemic era, supported the development of the third pillar of endowment insurance, effectively served the construction of multi-level medical security system, and enhanced the supply of insurance protection services.

In the first half of 2023, regulatory authorities introduced a series of new policies and measures to fully protect and serve the overall improvement in economic operation, co-ordinate and promote the return of insurance companies to origins, and improve the quality of industry development. In terms of protecting and serving economic operation, regulatory authorities implemented the key tasks of comprehensively promoting rural revitalization, promoted the full coverage of full cost insurance for the three main cereal crops and planting income insurance in major grain producing provinces and counties, improved the level of personal insurance protection for farmers, improved the quality of agricultural insurance services, and enhanced the quality and efficiency of insurance services in the field of “agriculture, rural areas and farmers”. Regulatory authorities strengthened efforts to improve the quality of financial services for small and micro enterprises, established a mechanism for insurance companies to serve small and micro enterprises, enriched the supply of insurance products and services for small and micro enterprises, and expanded insurance coverage channels for small and micro enterprises. In terms of promoting the return of insurance companies to origins, regulatory agencies promoted the property insurance industry to actively develop risk reduction services, expanded the scope of risk reduction services, consolidated the foundation of risk reduction services, and carried out risk reduction services in accordance with the

law. They promoted the standardized development of commercial health insurance products applicable to individual income tax preferential policies, facilitated the orderly connection of multi-level medical insurance, effectively reduced the burden of medical expenses, and enriched the insurance protection for people with anamnesis and the elderly. They carried out pilot projects on the conversion between life insurance and long-term care insurance liabilities, and strengthened long-term care services and guarantees for disabled elderly. In terms of improving the quality of industry development, regulatory authorities strengthened financial supervision, promoted the proper implementation of new accounting standards⁷ by insurance companies, and facilitated the stable operation and high-quality development of the insurance industry.

(II) Principal Businesses

In the first half of 2023, PICC seized the favorable conditions in macroeconomic and industry development, pragmatically promoted “To be Prominent Strategy”, and achieved good operating performance. Business development continued to improve. The Group achieved insurance revenue of RMB246,884 million in the first half of the year, representing a year-on-year increase of 8.4%, consolidating the favourable development trend in recent years. With continuous improvement of quality and efficiency, the Group achieved net profit attributable to owners of the Company of RMB20,588 million, representing a year-on-year increase of 8.8% in the first half of the year.

In the first half of the year, the original premiums income of the Group amounted to RMB413,616 million, representing a year-on-year increase of 9.1%. As of 30 June 2023, the market share of PICC P&C in the P&C insurance market was 34.3%, and the market share of PICC Life and PICC Health in the life and health insurance market was 4.8%.

1. P&C Insurance Segment: Balanced Business Development and Stable Growth in Performance

In the first half of 2023, PICC P&C implemented the new business model of “insurance + risk reduction service + technology”. It achieved original premiums income of RMB300,930 million, representing a year-on-year increase of 8.8%. Its market share in the P&C insurance market was 34.3%, among which, the original premiums income of motor vehicle insurance business amounted to RMB135,899 million, representing a year-on-year increase of 5.5%. The non-vehicle insurance business achieved the original premiums income of RMB165,031 million, representing a year-on-year increase of 11.6%. It achieved underwriting profits of RMB9,469 million, representing a year-on-year increase of 7.0%. The combined ratio⁸ was 95.8%, representing a year-on-year increase of 0.1 percentage point. Net profit amounted to RMB20,256 million, representing a year-on-year increase of 5.4%.

⁷ New accounting standards refer to IFRS 9 - Financial Instruments (the “**New Financial Instruments Accounting Standards**”) and IFRS 17 - Insurance Contracts (the “**New Insurance Contracts Accounting Standards**”).

⁸ Combined ratio = (insurance service expenses + net expenses/(income) from reinsurance contract held + finance expenses/(income) from insurance contracts issued – financial income/(expenses) from reinsurance contracts held)/insurance revenue.

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

In the first half of 2023, PICC Life achieved rapid growth in quantity and effective improvement in quality. The original premiums income amounted to RMB78,910 million, representing a year-on-year increase of 9.5%. The first-year regular premiums amounted to RMB21,630 million, representing a year-on-year increase of 49.9%, which ranked among the top of major industry players⁹ in terms of growth rate, higher than the average growth rate of major peers.

In the first half of 2023, PICC Health adhered to high-quality and sustainable development, and accelerated the implementation of “Health Project”. It achieved an original premiums income of RMB33,735 million, representing a year-on-year increase of 11.0%. The growth rate of health insurance premiums continued to lead the health insurance market of life and health insurance companies. The regular premiums from new clients amounted to RMB3,156 million, representing a year-on-year increase of 69.3%. The original premiums income of Internet insurance business was RMB8,804 million, which continued to maintain the leading position in terms of market share in the Internet health insurance market among life and health insurance companies.

3. Investment Segment: Strengthening the Ability of Providing “Dual Service” and Maintaining Rapid 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 capabilities to “serve strategies and major businesses”, strengthened professional capacity building, and built an investment portfolio from a cross-cyclical perspective. In the first half of 2023, the Group achieved a total investment income of RMB31,486 million; the total investment yield (annualised) amounted to 4.9%. Moreover, 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 30 June 2023, the scale of assets management amounted to RMB2,433,999 million, among which, the scale of third-party assets management amounted to RMB1,054,181 million, representing an increase of 33.9% compared with that as at the beginning of the year.

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

The technology segment actively practiced “To be Prominent Strategy”, focused on customer experience and grassroots feeling, and continuously improved technology support and rapid response capabilities. Firstly, the technology segment improved the technology project management mechanism, promoted the construction of five types of application systems: insurance core, investment management, risk management, data application and comprehensive management, and empowered the Group’s transformation and development. Secondly, the technology segment promoted data application and empowerment, actively supported data application in the Group’s management and decision making, risk monitoring and other aspects, improved the Group’s risk control capability, and actively promoted the construction of AI development platforms such as machine learning, deep learning, knowledge mapping and privacy computing. The technology segment also promoted the implementation of new technology innovation applications in combination with the business needs of each subsidiary, so as to continuously improve the level of intelligence.

⁹ Major industry players refer to China Life, Ping An Life, CPIC Life, Taikang Life, New China Life, PICC Life and Taiping Life.

(III) Key Operating Data

The Group engages in three main businesses, namely P&C insurance business, life and health insurance business and asset management business. The Group's businesses are composed of four main operating segments: the P&C insurance business consists of P&C insurance segment of the Group and includes PICC P&C and 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").

	<i>Unit: RMB million</i>		
	For the six months ended 30 June		
	2023	2022	(% of change)
Insurance revenue			
PICC P&C	224,368	205,189	9.3
PICC Life	8,598	10,255	(16.2)
PICC Health	12,628	10,887	16.0
Combined ratio of PICC P&C (%)	95.8	95.7	Increase of 0.1 pt
Value of half year's new business of PICC Life	2,490	1,493	66.8
Value of half year's new business of PICC Health	1,355	854	58.7
Total investment yield (annualised) (%)	4.9	5.3	Decrease of 0.4 pt

	<i>Unit: RMB million</i>		
	30 June 2023	31 December 2022	(% of change)
Market share (%)			
PICC P&C	34.3	32.7	Increase of 1.6 pts
PICC Life	3.4	2.9	Increase of 0.5 pt
PICC Health	1.4	1.3	Increase of 0.1 pt
Embedded Value of PICC Life	110,298	103,772	6.3
Embedded Value of PICC Health	25,531	18,239	40.0

Note:

The market share was independently calculated based on the original premiums income in the PRC (excluding Hong Kong, Macau and Taiwan) published by the National Administration of Financial Regulation (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 Administration of Financial Regulation (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 solvency results of the Group and major subsidiaries as at 30 June 2023 were calculated in accordance with the Solvency Regulatory Rules for Insurance Companies (II) and the relevant notices issued by the National Administration of Financial Regulation (the former China Banking and Insurance Regulatory Commission), among which, as at 30 June 2023, the Group's actual capital was RMB416,539 million, the core capital was RMB319,669 million, the minimum capital was RMB173,358 million, and the comprehensive solvency margin ratio and core solvency margin ratio were 240% and 184%, respectively; the comprehensive solvency margin ratio and core solvency margin ratio of PICC P&C were 222% and 194%, respectively; the comprehensive solvency margin ratio and core solvency margin ratio of PICC Life were 200% and 121%, respectively; and the comprehensive solvency margin ratio and core solvency margin ratio of PICC Health were 236% and 121%, respectively.

(IV) Key Financial Indicators

	<i>Unit: RMB million</i>		
	For the six months ended 30 June		
	2023	2022	(% of change)
Total operating revenue	280,848	262,325	7.1
Insurance revenue	246,884	227,796	8.4
Total operating expenses	248,849	231,302	7.6
Insurance services expenses	219,147	204,703	7.1
Profit before tax	31,999	31,023	3.1
Net Profit	27,780	25,864	7.4
Net profit attributable to owners of the Company	20,588	18,915	8.8
Earnings per share ⁽¹⁾ (RMB/share)	0.47	0.43	8.8
Weighted average return on equity (%)	8.6	8.6	—
Net cash flows from operating activities	59,921	49,444	21.2

Note:

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

Unit: RMB million

	As of 30 June 2023	As of 31 December 2022	(<i>% of change</i>)
Total assets	1,492,679	1,416,287	5.4
Total liabilities	1,162,457	1,111,394	4.6
Equity attributable to shareholders of the parent company	243,763	224,153	8.7
Total share capital	44,224	44,224	–
Net assets per share ⁽¹⁾ (RMB/share)	5.51	5.07	8.7

Note:

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

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

Unit: RMB million

	Net profit attributable to owners of the Company		Equity attributable to owners of the Company	
	For the six months ended 30 June 2023	For the six months ended 30 June 2022	As of 30 June 2023	As of 31 December 2022
Under the China Accounting Standards for Business Enterprises				
Enterprises	19,881	18,296	241,754	222,851
Items and amounts adjusted in accordance with the International Financial Reporting Standards:				
Catastrophic risk reserve of agricultural insurance ⁽¹⁾	942	826	2,679	1,737
Impact of above adjustment on deferred income tax	(235)	(207)	(670)	(435)
Under the International Financial Reporting Standards	20,588	18,915	243,763	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 China Accounting Standards for Business Enterprises No. 25 – Insurance Contract, PICC P&C made provision for catastrophic risk reserve of agricultural insurance based on a certain proportion of the retained premiums of agricultural insurance, and included premium reserves appropriately provided and utilised into the gain or losses for the period.

There is no 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 Standards No. 17 is the same as that provided under the China Accounting Standards for Business Enterprises No. 25 – Insurance Contract.

(VI) Other Major Financial and Regulatory Indicators

	<i>Unit: RMB million</i>	
	As of 30 June 2023/ For the six months ended 30 June 2023	As of 31 December 2022/ For the six months ended 30 June 2022
Consolidated		
Insurance contract assets	659	782
Insurance contract liabilities	951,526	883,055
Reinsurance contract assets	31,911	37,329
Reinsurance contract liabilities	183	362
Investment assets	1,379,818	1,286,378
Total investment yield (annualised) (%)	4.9	5.3
Gearing ratio ⁽¹⁾ (%)	77.9	78.5
PICC P&C		
Insurance revenue	224,368	205,189
Insurance service expenses	204,715	189,368
Combined ratio (%)	95.8	95.7
PICC Life		
Insurance revenue	8,598	10,255
Insurance service expenses	5,267	7,178
Lapse rate ⁽²⁾ (%)	4.1	4.0
PICC Health		
Insurance revenue	12,628	10,887
Insurance service expenses	9,039	7,404
Lapse rate (%)	0.7	0.6

Notes:

- (1) The gearing ratio refers to the ratio of total liabilities to total assets.
- (2) 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%, of which, the surrender value, long-term insurance liability reserves and long-term insurance original premiums income are relevant data under the Accounting Standards for Business Enterprises No. 25 – Original Insurance Contracts (Cai Kuai [2006] No.3) issued by the MOF in 2006 and the Accounting Treatment Regulations for Insurance Contracts (Cai Kuai [2009] No.15).

II. PERFORMANCE ANALYSIS

(I) Insurance Business

P&C Insurance Business

1. *PICC P&C*

PICC P&C has actively implemented the decisions and deployments of the Central Government, and with the Group's "To be Prominent Strategy" as guidance, it profoundly focused on the "PICC Symbol" of serving the Chinese-style modernization. Focusing on the "Eight Strategic Services", PICC P&C has carried out in-depth innovation of its products and services, implemented the new business model of "insurance + risk reduction service + technology", continued to strengthen the construction of risk management and control system, and wrote the "chapter of PICC" to serve the Chinese-style modernization. In the first half of 2023, PICC P&C achieved insurance revenue of RMB224,368 million, representing a year-on-year growth of 9.3%; and the market share was 34.3%, maintaining the top position in the industry, and achieved the underwriting profits of RMB9,469 million, representing a year-on-year increase of 7.0%. The combined ratio was 95.8%, representing a year-on-year increase of 0.1 percentage point. Net profit amounted to RMB20,256 million, representing a year-on-year increase of 5.4%.

(1) Analysis of operating conditions and results

In the first half of 2023, PICC P&C achieved insurance revenue of RMB224,368 million, representing a year-on-year increase of 9.3%. The business growth was mainly attributable to the motor vehicle insurance, agricultural insurance, as well as accidental injury and health insurance, etc. PICC P&C optimized its product operation strategy, improved its business structure, strengthened refined and intelligent pricing, enriched the content of its risk reduction services, and pushed forward with further cost reductions and efficiency improvements. The combined ratio was 95.8%, representing a year-on-year increase of 0.1 percentage point, basically remained stable; and the underwriting profits amounted to RMB9,469 million, representing a year-on-year increase of 7.0%.

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

Indicator	<i>Unit: RMB million</i>		
	For the six months ended 30 June		
	2023	2022	(% of change)
Insurance revenue	224,368	205,189	9.3
Less: Insurance service expenses	204,715	189,368	8.1
Less: Net expenses of reinsurance contracts ceded	5,818	2,877	102.2
Less: Finance expenses from insurance contracts issued	4,998	4,649	7.5
Add: Finance gains or losses on reinsurance ceded	632	552	14.5
Underwriting profits	9,469	8,847	7.0

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 product line, and simulated and calculated the net operating results of each product line. The following table sets out the selected operating information on product lines of PICC P&C for the reporting period:

Unit: RMB million

For the six months ended 30 June 2023

Product line	Insurance			Combined ratio (%)
	Insurance revenue	service expenses	Underwriting profits	
Motor vehicle insurance	137,907	130,036	4,590	96.7
Agricultural insurance	25,043	22,324	2,245	91.0
Accidental injury and health insurance	23,019	21,570	350	98.5
Liability insurance	16,922	16,581	(477)	102.8
Commercial property insurance	8,337	5,841	666	92.0
Other insurances	13,140	8,363	2,095	84.1
Total	224,368	204,715	9,469	95.8

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

- Motor vehicle insurance

PICC P&C adhered to the principle of “stabilizing new insurance, improving renewals of insurance and optimising transfers of insurance”, continuously enhanced the integration of resources, and strengthened the construction of customer service capacity, with the renewal rate of vehicle insurance increasing by 2.0 percentage points year-on-year. Benefiting from the growth in new vehicle sales and the continuation of the policy of new energy vehicle purchase tax exemption, the number of insured motor vehicles increased by 7.3% year-on-year in the first half of 2023, and the insurance revenue increased by 5.2% year-on-year to RMB137,907 million.

PICC P&C adhered to the principle of cost-effective development, strengthened risk selection, optimized business structure and insisted on the high-quality development of its vehicle insurance business. The comprehensive loss ratio¹⁰ of motor vehicle insurance was 69.7%, representing a year-on-year decrease of 0.1 percentage point. The comprehensive expense ratio¹¹ of vehicle insurance was 27.0%, representing a year-on-year increase of 1.0 percentage point. The combined ratio was 96.7%, representing a year-on-year increase of 0.9 percentage point, and the underwriting profits amounted to RMB4,590 million, representing a year-on-year decrease of 15.8%.

¹⁰ Comprehensive loss ratio = (incurred claims and loss adjustment expenses for the period + change in fulfilment cash flows related to liability incurred claims + finance expenses/(income) from insurance contracts issued + (recognition and reversal of losses – loss component allocated in liability for remaining coverage) + net expenses/(income) from reinsurance contracts held – finance income/(expenses) from reinsurance contracts held) ÷ insurance revenue

¹¹ Comprehensive expense ratio = (amortization of insurance acquisition cash flows + maintenance costs) ÷ insurance revenue

- Agricultural insurance

PICC P&C took the initiative to serve rural revitalization as well as the modernization of agriculture and rural areas, it also seized the opportunities of the expansion of the implementation of the full cost insurance and income insurance for the three main cereal crops, the expansion of local characteristics of agricultural insurance central incentives and other policy opportunities, and achieved the rapid development of planting insurance and farming insurance business. The insurance revenue of agricultural insurance was RMB25,043 million, representing a year-on-year increase of 22.2%.

Affected by freezes, winds, continuous rain and other natural disasters, agricultural insurance comprehensive loss ratio was 76.8%, representing a year-on-year increase of 3.1 percentage points. The comprehensive expense ratio was 14.2%, representing a year-on-year decrease of 1.6 percentage points. The combined ratio was 91.0%, representing a year-on-year increase of 1.5 percentage points. The underwriting profits amounted to RMB2,245 million, representing a year-on-year increase of 4.5%.

- Accidental injury and health insurance

PICC P&C actively served the improvement in living standard, deeply participated in the construction of the national medical insurance system, vigorously developed people's livelihood insurance and individual decentralized accidental health insurance business, actively expanded the business of "Hui Min Bao (惠民保)" and nursing care insurance, and continued to push forward the restructuring of the group accidental injury and health insurance business, and promoted the integrated development of social medical insurance and commercial health insurance. The insurance revenue of accidental injury and health insurance was RMB23,019 million, representing a year-on-year increase of 34.1%.

PICC P&C adhered to its customer-centric approach, optimized product offerings, strengthened the detailed management of underwriting, and improved cost allocation efficiency. The comprehensive expense ratio of accidental injury and health insurance was 34.5%, representing a year-on-year decrease of 5.9 percentage points; the comprehensive loss ratio was 64.0%, representing a year-on-year increase of 2.9 percentage points, due to the expansion of the liability for claims payment under the terms and conditions of the products. The combined ratio was 98.5%, representing a year-on-year decrease of 3.0 percentage points. Accidental injury and health insurance turned from a loss to a profit, realized underwriting profits of RMB350 million.

- 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. PICC P&C increased product supply, supported by service and innovation, helped the development of the real economy and escorted the national strategy. In terms of traditional liability insurance, PICC P&C focused on the protection of various areas of national economy and people's livelihood, and provided specialized, differentiated and customized insurance products, gave full play to the functions of insurance as "economic booster" and "social stabilizer"; in terms of emerging liability insurance, PICC P&C focused on the development needs of emerging industries, expanded the supply of innovative products such as science and technology insurance and green insurance, and explored new fields, new industries and new modes of business. The insurance revenue of liability insurance was RMB16,922 million, representing a year-on-year increase of 6.1%.

PICC P&C further upgraded its digitalized risk control, implemented full-volume risk survey, precise sales fee allocation, enhanced its ability to acquire quality business, optimized underwriting conditions, proactively restructured business structure and gradually improved the quality of its insurance policies while its business grew steadily. The comprehensive loss ratio of liability insurance was 71.0%, representing a year-on-year decrease of 1.7 percentage points. The comprehensive expense ratio was 31.8%, representing a year-on-year decrease of 0.3 percentage points. The combined ratio was 102.8%, representing a year-on-year decrease of 2.0 percentage points, and the underwriting loss was reduced by RMB285 million year-on-year.

- Commercial property insurance

PICC P&C proactively grasped the market opportunity of the domestic economy stabilizing and improving, served the real economy, and strengthened the product supply. PICC P&C also enhanced market responsiveness and professional service capability, provided good customer and key project services, and gave full play to the sales vitality of the grassroots level. The insurance revenue of commercial property insurance was RMB8,337 million, representing a year-on-year increase of 3.2%.

PICC P&C adhered to the operating efficiency-oriented approach, strengthened the optimization of business structure on the underwriting side and the refined management of claims, improved the risk survey service system, and enhanced the service standard of risk reduction. The impact of disasters in the first half of 2023 was relatively lower than that in the same period last year. The comprehensive loss ratio of commercial property insurance was 64.4%, representing a year-on-year decrease of 3.8 percentage points. The comprehensive expense ratio was 27.6%, representing a year-on-year decrease of 1.1 percentage points. The combined ratio was 92.0%, representing a year-on-year decrease of 4.9 percentage points. The underwriting profits amounted to RMB666 million, representing a year-on-year increase of 165.3%.

- Other insurances

PICC P&C insisted on serving the development of the real economy, serving regional development and escorting the construction of “the Belt and Road”, and continued to strengthen product innovation and promotion. The insurance revenue of other insurances was RMB13,140 million, representing a year-on-year increase of 6.0%.

PICC P&C continued to enhance its professional operation capability, and upgraded the service level of risk reduction. The comprehensive loss ratio of other insurances was 54.0%, representing a year-on-year decrease of 1.2 percentage points; The comprehensive expense ratio was 30.1%, representing a year-on-year increase of 1.6 percentage points; and the combined ratio was 84.1%, representing a year-on-year increase of 0.4 percentage point. The underwriting profits amounted to RMB2,095 million, representing a year-on-year increase of 3.7%.

(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:

Unit: RMB million

	For the six months ended 30 June		
	2023	2022	(% of change)
Motor vehicle insurance	135,899	128,808	5.5
Accidental injury and health insurance	72,447	68,882	5.2
Agricultural insurance	44,088	36,721	20.1
Liability insurance	20,976	19,265	8.9
Commercial property insurance	10,034	9,539	5.2
Other insurances	17,486	13,456	29.9
Total	300,930	276,671	8.8

② Analysis by Channel

The following table sets forth a breakdown of the original premiums income of PICC P&C by distribution channel for the reporting period, which can be further divided into insurance agents channel, direct sales channel and insurance brokerage channel.

Unit: RMB million

	For the six months ended 30 June				
	2023			2022	
	Amount	(% of total)	(% of change)	Amount	(% of total)
Insurance agents channel	158,777	52.7	8.7	146,027	52.8
Among which: Individual insurance					
agents	91,225	30.3	10.6	82,468	29.8
Ancillary insurance					
agents	14,256	4.7	(10.8)	15,976	5.8
Professional					
insurance agents	53,296	17.7	12.0	47,583	17.2
Direct sales channel	117,859	39.2	10.0	107,107	38.7
Insurance brokerage channel	24,294	8.1	3.2	23,537	8.5
Total	300,930	100.0	8.8	276,671	100.0

In the first half of 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, accelerated the transformation to a comprehensive financial sales team, enhanced channel coordination and promoted the integration and development of its businesses. The original premiums income of direct sales channel recorded a year-on-year increase of 10.0%.

③ Analysis by Region

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

Unit: RMB million

	For the six months ended 30 June		
	2023	2022	(% of change)
Guangdong Province	29,845	26,864	11.1
Jiangsu Province	29,705	26,706	11.2
Zhejiang Province	22,497	20,958	7.3
Shandong Province	19,256	18,281	5.3
Hebei Province	16,014	14,662	9.2
Hubei Province	15,126	13,287	13.8
Hunan Province	13,930	13,385	4.1
Sichuan Province	13,478	12,587	7.1
Anhui Province	13,208	12,156	8.7
Fujian Province	12,166	11,231	8.3
Other regions	115,705	106,554	8.6
Total	300,930	276,671	8.8

2. *PICC Hong Kong*

On the one hand, PICC Hong Kong continued to maintain the momentum of high-quality development. In the first half of 2023, the insurance revenue was RMB998 million, representing a year-on-year increase of 13.1%, and the combined ratio was 89.8%. On the other hand, PICC Hong Kong further played an important role as a window for international development, and actively implemented the strategic layout and capacity improvement of overseas institutions. The number of overseas cooperative companies and global reinsurance qualification service network covered nearly 90 countries/regions. The participation in “the Belt and Road” and the Guangdong-Hong Kong-Macao Greater Bay Area Construction achieved better results.

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 the first half of 2023, PICC Reinsurance achieved insurance revenue of RMB2,344 million, representing a year-on-year increase of 3.8%, and achieved net profit of RMB196 million.

Life and Health Insurance

1. PICC Life

(1) Analysis of operating condition and results

In the first half of 2023, PICC Life constantly focused on high-quality development, actively promoted “To be Prominent Strategy”, deeply conducted business mode innovation and management mode reform, took the initiative to grasp the recovery opportunities in the industry, realized qualitative and efficient improvement while maintaining quantitative growth. In the first half of 2023, PICC Life recorded the original premiums income of RMB78,910 million, representing a year-on-year increase of 9.5%; insurance revenue of RMB8,598 million, representing a year-on-year decrease of 16.2%; and insurance service expenses of RMB5,267 million, representing a year-on-year decrease of 26.6%. The decrease in insurance revenue was mainly due to the decrease in unrealized profits at the beginning of 2023 caused by the downward capital market in 2022. PICC Life recorded net profits of RMB3,411 million, representing a year-on-year increase of 28.0%. The value of half year’s new business recorded RMB2,490 million, representing a year-on-year increase of 66.8%.

(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:

Unit: RMB million

	For the six months ended 30 June					
	2023			2022		
	Amount	(% of total)	(% of change)	Amount	(% of total)	
Life insurance	69,940	88.6	11.3	62,844	87.2	
General life insurance	33,887	42.9	52.5	22,219	30.8	
Participating life insurance	35,996	45.6	(11.3)	40,574	56.3	
Universal life insurance	57	0.1	9.6	52	0.1	
Health insurance	8,424	10.7	(3.4)	8,716	12.1	
Accident insurance	546	0.7	13.5	481	0.7	
Total	78,910	100.0	9.5	72,041	100.0	

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

In the first half of 2023, PICC Life actively optimised business structure, and continued to improve specified operating capabilities. PICC Life recorded the original premiums income of RMB78,910 million, representing a year-on-year increase of 9.5%. 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 RMB33,887 million, representing a year-on-year increase of 52.5%, and its proportion increased by 12.1 percentage points. PICC Life achieved the original premiums income from participating life insurance of RMB35,996 million with its proportion decreased by 10.7 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.

Unit: RMB million

	For the six months ended 30 June					
	2023			2022		
	Amount	(% of total)	(% of change)	Amount	(% of total)	
Individual Insurance Channel	32,598	41.3	4.9	31,089	43.2	
First-year business of						
long-term insurance	11,378	14.4	12.1	10,151	14.1	
Single premiums	3,031	3.8	(4.4)	3,170	4.4	
First-year regular premiums	8,347	10.6	19.6	6,981	9.7	
Renewal business	21,016	26.6	1.6	20,678	28.7	
Short-term insurance	204	0.3	(21.5)	260	0.4	
Bancassurance Channel	44,337	56.2	12.9	39,280	54.5	
First-year business of						
long-term insurance	30,344	38.5	15.3	26,327	36.5	
Single premiums	17,073	21.6	(9.8)	18,925	26.3	
First-year regular premiums	13,271	16.8	79.3	7,402	10.3	
Renewal business	13,972	17.7	8.1	12,930	17.9	
Short-term insurance	21	0.0	(8.7)	23	0.0	
Group Insurance Channel	1,975	2.5	18.1	1,673	2.3	
First-year business of						
long-term insurance	243	0.3	350.0	54	0.1	
Single premiums	231	0.3	3,200.0	7	0.0	
First-year regular premiums	12	0.0	(74.5)	47	0.1	
Renewal business	411	0.5	2.0	403	0.6	
Short-term insurance	1,321	1.7	8.7	1,215	1.7	
Total	78,910	100.0	9.5	72,041	100.0	

In the first half of 2023, PICC Life continued to optimise the team structure based on “team building and excellent performance achievement”, established more efficient recruitment tools and recruitment systems, focused on team quality building, and continuously enhanced risk management and control capabilities. The original premiums income of individual insurance channel was RMB32,598 million. As of 30 June 2023, the number of marketing personnel for “comprehensive individual life insurance” channel was 79,068, of which monthly average effective personnel was 22,542, and the regular premiums payment from new clients per capita per month of the “comprehensive individual life insurance” channel amounted to RMB12,132.67.

As for bancassurance channel, PICC Life strived to enhance the value of new business of the bancassurance channel and realised an effective increase in the channel value contribution. The original premiums income of bancassurance channel was RMB44,337 million, representing a year-on-year increase of 12.9%, and the value of half year’s new business reached RMB1,052 million, representing a year-on-year increase of 331.1%.

As for group insurance channel, PICC Life coordinately promoted the development of short-term insurance business, focused on exploration of corporate clients, enhanced business quality control, deeply practiced the obligation and mission as a centralized enterprise for serving real economy and serving healthcare and pension. The original premiums income from group insurance channel amounted to RMB1,975 million, representing a year-on-year increase of 18.1%, of which the original premiums income from short-term insurance amounted to RMB1,321 million, representing a year-on-year increase of 8.7%.

③ Analysis by Region

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

	<i>Unit: RMB million</i>		
	For the six months ended 30 June		
	2023	2022	(% of change)
Zhejiang Province	9,402	7,292	28.9
Sichuan Province	6,834	7,114	(3.9)
Jiangsu Province	5,543	4,949	12.0
Guangdong Province	3,737	2,420	54.4
Hubei Province	3,279	3,013	8.8
Beijing City	3,073	2,656	15.7
Hunan Province	2,853	3,773	(24.4)
Gansu Province	2,782	3,166	(12.1)
Henan Province	2,773	3,128	(11.3)
Jiangxi Province	2,755	2,317	18.9
Other regions	35,879	32,214	11.4
Total	78,910	72,041	9.5

④ Persistency Ratios of Premiums

PICC Life 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 6.3 percentage points year-on-year, of which the “comprehensive individual life insurance” channel increased by 12.8 percentage points year-on-year; and the 25-month premium persistency ratio increased by 4.3 percentage points year-on-year, of which the “comprehensive individual life insurance” channel increased by 6.8 percentage points year-on-year.

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

Item	For the six months ended 30 June	
	2023	2022
13-month premium persistency ratio ⁽¹⁾ (%)	92.1	85.8
25-month premium persistency ratio ⁽²⁾ (%)	83.6	79.3

Notes:

- (1) The 13-month premium persistency ratio for a given year is the proportion of the actual total written premiums (the “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 previous 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:

Insurance product	Type of insurance	Sales channels	Unit: RMB million
			For the six months ended 30 June 2023
			Original premiums income
PICC Life Xin An Endowment Insurance (Participating) (Type C)	Participating life insurance	Individual insurance channel/ Bancassurance channel	15,292
PICC Life Ru Yi Bao Endowment Insurance (Participating)	Participating life insurance	Individual insurance channel/ Bancassurance channel	13,451
PICC Life Zhen Xin Yi Sheng Whole Life Insurance	General life insurance	Individual insurance channel/ Bancassurance channel	9,657
PICC Life Wen Nuan Jin Sheng Annuity Insurance	General life insurance	Individual insurance channel	4,376
PICC Life Zhuo Yue Jin Sheng Endowment Insurance	General life insurance	Individual insurance channel	4,124

2. PICC Health

(1) Analysis of operating conditions and results

In the first half of 2023, PICC Health adhered to high-quality and sustainable development, focused on its major responsibilities and major businesses and professional operations, accelerated the implementation of “Health Project”, and deeply practiced the new business model of “insurance + health services + technology”, which demonstrated a satisfactory trend of rapid growth in business scale, effective implementation of national strategies and continuous enhancement of risk prevention and control. PICC Health achieved the insurance revenue of RMB12,628 million, representing a year-on-year increase of 16.0%; and achieved net profit of RMB2,726 million, and the value of half year’s new business amounted to RMB1,355 million, representing a year-on-year increase of 58.7%. The Internet insurance business continued to maintain a leading position in the Internet health insurance market share of life and health insurance companies. The health management business has improved the service product system, improved online operation capabilities, and provided various types of health management services for 1,459 thousand people, representing a year-on-year increase of 12.7%.

(2) Analysis from the business perspective

① Analysis by Insurance Type

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

Unit: RMB million

	For the six months ended 30 June					
	2023			2022		
	Amount	(% of total)	(% of change)	Amount	(% of total)	
Medical insurance	17,500	51.9	3.6	16,900	55.6	
Participating endowment insurance	9,352	27.7	9.4	8,550	28.1	
Illness insurance	3,411	10.1	(12.9)	3,917	12.9	
Nursing care insurance	3,098	9.2	347.0	693	2.3	
Accidental injury insurance	316	0.9	10.1	287	0.9	
Disability losses insurance	58	0.2	61.1	36	0.1	
Total	33,735	100.0	11.0	30,383	100.0	

In the first half of 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 RMB33,735 million, representing a year-on-year increase of 11.0%; and realised an original premiums income of medical insurance of RMB17,500 million, representing a year-on-year increase of 3.6%; PICC Health stepped up the development of policy and commercial nursing care insurance businesses, and realised an original premiums income of nursing care insurance of RMB3,098 million, representing a year-on-year increase

of 347.0%; PICC Health realised original premiums income of accidental injury insurance of RMB316 million, representing a year-on-year increase of 10.1%.

② Analysis by Channel

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

Unit: RMB million

	For the six months ended 30 June					
	2023			2022		
	Amount	(% of total)	(% of change)	Amount	(% of total)	
Individual insurance channel	10,410	30.9	(5.1)	10,974	36.1	
First-year business of long-term insurance	1,234	3.7	(26.3)	1,675	5.5	
Single premiums	177	0.5	(10.2)	197	0.6	
First-year regular premiums	1,057	3.2	(28.5)	1,478	4.9	
Renewal business	6,972	20.7	0.4	6,943	22.9	
Short-term insurance	2,204	6.5	(6.5)	2,356	7.8	
Bancassurance channel	10,430	30.9	36.8	7,625	25.1	
First-year business of long-term insurance	9,817	29.1	37.3	7,150	23.5	
Single premiums	7,725	22.9	14.2	6,767	22.3	
First-year regular premiums	2,092	6.2	446.2	383	1.3	
Renewal business	613	1.8	29.1	475	1.6	
Short-term insurance	-	-	-	-	-	
Group insurance channel	12,895	38.2	9.4	11,784	38.8	
First-year business of long-term insurance	42	0.1	162.5	16	0.1	
Single premiums	35	0.1	169.2	13	0.0	
First-year regular premiums	7	0.0	133.3	3	0.0	
Renewal business	74	0.2	1.4	73	0.2	
Short-term insurance	12,779	37.9	9.3	11,695	38.5	
Total	33,735	100.0	11.0	30,383	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 key platforms, iterated the supply of inclusive health insurance, created the first zero deductible long-term medical insurance in the market, followed the trend of online consumption, and focused on market demand to enrich and upgrade product matrix. The original premiums income of individual insurance channel was RMB10,410 million, representing a slight decrease compared with that for the same period last year.

PICC Health continued to strengthen its cooperation with the bancassurance channel, vigorously developed regular premiums business from new clients, especially the nursing insurance business, and nurtured high-performing teams by internal training and external introduction. It also dug up network resources and promoted the rapid development of bancassurance business. The original premiums income of bancassurance channel was RMB10,430 million, representing a year-on-year increase of 36.8%.

In terms of social medical supplementary insurance business, PICC Health focused on national strategies such as Healthy China, actively addressing population aging and rural revitalization. On the basis of continuous consolidation and improvement of traditional businesses, it accelerated innovative breakthroughs in emerging businesses such as outpatient chronic and special diseases, long-term nursing care insurance and “Hui Min Bao (惠民保)”, strengthened the construction of medical insurance handling capacity, and promoted the sustainable and high-quality development of business. In terms of commercial group insurance business, PICC Health took multiple measures to focus on the development of corporate customer business and social business integration business, improve service capabilities, accelerate the promotion of the construction of joint medical offices for corporate and promote the business model of professional group development, and promoted the transformation of group insurance business towards high-quality development and transformation. The original premiums income of group insurance channel was RMB12,895 million, representing a year-on-year increase of 9.4%.

③ Analysis by Region

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

	<i>Unit: RMB million</i>		
	For the six months ended 30 June		
	2023	2022	(% of change)
Guangdong Province	11,220	11,565	(3.0)
Henan Province	2,305	2,636	(12.6)
Jiangxi Province	1,909	1,997	(4.4)
Anhui Province	1,861	1,198	55.3
Liaoning Province	1,835	1,585	15.8
Hubei Province	1,796	1,548	16.0
Shaanxi Province	1,715	863	98.7
Shandong Province	1,406	885	58.9
Shanxi Province	1,363	1,086	25.5
Yunnan Province	1,275	1,498	(14.9)
Other regions	7,050	5,522	27.7
Total	33,735	30,383	11.0

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	For the six months ended 30 June	
	2023	2022
13-month premium persistency ratio ⁽¹⁾ (%)	84.4	86.1
25-month premium persistency ratio ⁽²⁾ (%)	82.8	76.8

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:

<i>Unit: RMB million</i>			
For the six months ended 30 June 2023			
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	9,317
PICC Health You Xiang Bao Internet Medical Insurance	Medical insurance	Individual insurance channel	4,626
Group Critical Illness Medical Insurance for Urban and Rural Residents (Type A)	Medical insurance	Group insurance channel	4,473
He Xie Sheng Shi Large Amount Supplementary Group Medical Insurance for Urban Employees	Medical insurance	Group insurance channel	3,564
PICC Health Zhuo Yue Jin Sheng Lifetime Nursing Care Insurance	Nursing care insurance	Bancassurance channel	1,672

(II) Asset Management Business

In the first half of 2023, the asset management segment of the Group implemented the requirements of the Group's "To be Prominent Strategy", continued to strengthen the building of professional capability, constantly enhanced its capabilities to "serve strategies and major businesses", and built the investment portfolio from a cross-cyclical perspective. As of 30 June 2023, the scale of assets under management of the Group amounted to RMB2,433,999 million, of which the scale of third-party assets under management amounted to RMB1,054,181 million, representing an increase of 33.9% compared with the beginning of the year.

In the first half of 2023, PICC AMC deepened the implementation of the "Empowerment Projects" and actively explored new channels and new ways to serve the national strategy. In terms of portfolio asset management products, PICC AMC actively grasped the development opportunities, and the scale of assets under management increased by 54.6% compared with the beginning of the year. PICC Investment Holding completed organizational structure adjustment, and actively explored elderly care service models. PICC Pension seized the development opportunities of the third pillar of endowment, and achieved a stable start to commercial pension, the scale of assets under the management of which increased by 12.8% compared to that as at the beginning of the year. PICC Capital focused on high-quality entities, formulated investment strategies for various types of products, and continuously optimized business support systems such as risk control, credit rating and post-investment. In the first half of 2023, both the newly added withdrawn scale and the scale of assets under management recorded a historic high. The PICC Capital-GAC Aion Equity Investment Plan was awarded the Ark Prize for Supporting Corporate Innovation with Insurance Funds 2023.

(III) Investment Portfolio and Investment Income

In the first half of 2023, the Group actively fulfilled the social responsibility of a financial central enterprise, continuously enhanced its ability to serve the strategy, integrated business development and risk prevention and control, maintained relative flexibility in tactical asset adjustment, and maintained stable investment performance. From the perspective of major assets investment strategy, fixed income investment actively optimized the credit structure of positions and played the effect of return ballast; equity investment actively explored structural opportunities in the industry and better grasped the main line of market operation.

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 30 June 2023		<i>Unit: RMB million</i> As of 31 December 2022⁽¹⁾	
	Amount	(% of total)	Amount	(% of total)
Investment assets	1,379,818	100.0	1,286,378	100.0
Classified by investment object				
Cash and cash equivalents	31,159	2.3	40,599	3.2
Fixed-income investments	892,492	64.7	826,439	64.2
Term deposits	101,010	7.3	101,180	7.9
Treasury bonds and government bonds	195,477	14.2	183,728	14.3
Financial bonds	202,671	14.7	178,365	13.9
Corporate bonds	183,771	13.3	170,257	13.2
Other fixed-income investments ⁽²⁾	209,563	15.2	192,909	15.0
Equity investments at fair value	290,467	21.1	258,022	20.1
Fund	113,486	8.2	120,310	9.4
Share	47,240	3.4	55,604	4.3
Permanent financial products	54,871	4.0	40,000	3.1
Other equity investments	74,870	5.4	42,108	3.3
Other investments	165,700	12.0	161,318	12.5
Investment in associates and joint ventures	149,698	10.8	146,233	11.4
Others ⁽³⁾	16,002	1.2	15,085	1.2
By the accounting method				
Financial assets held for trading	369,100	26.8	N/A	N/A
Debt investments	304,740	22.1	N/A	N/A
Other debt investments	313,553	22.7	N/A	N/A
Other equity instruments investments	81,138	5.9	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	149,698	10.8	146,233	11.4
Others ⁽⁴⁾	161,589	11.7	345,869	26.9

Notes:

- (1) The Company has implemented the New Insurance Contracts Accounting Standards and the New Financial Instruments Accounting Standards since 1 January 2023, and the data as of 30 June 2023 represents the financial results of implementing the New Insurance Contracts Standards and the New Financial Instruments Accounting Standards. In accordance with the standard convergence requirements, the Company is not required to restate the comparative period information under the New Financial Instruments Accounting Standards.
- (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 investment, in the face of the market environment of declining interest rates in the bond market, the Group has actively allocated high-quality non-standard financial products to meet the financing needs of the real economy while alleviating the pressure of allocating new funds; 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 the inventory of assets, enhanced the credit quality of the inventory of assets, with the credit premiums remaining at a relatively reasonable level.

As of 30 June 2023, the bond investment accounted for 42.2%. Among corporate bonds and non-policy bank financial bonds, 99.6% of the bonds or their issuers were rated AAA. The industries associated with credit bond currently held by the Group involving various fields such as bank, transportation, non-bank finance and public utilities; 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 needs for insurance funds, and strengthened the forward-looking and early warning, analysis and disposal of credit risk. In the first half of 2023, the Group continuously conducted regular credit risk screening, strengthened post-investment management, five-level risk classification and follow-up rating, and took the internal rating alert list and the risk/concerned asset list ledger as a starting point to emphasise risk monitoring, alert and disposal, so as to reduce the proportion of low- and medium-rated credit bonds orderly and strictly controlled the risks of the incremental business in the urban investment and real estate sectors.

The overall credit risk of investment in non-standard financial product asset invested by the entrusted fund in the Group's system is controllable, assets with an external credit rating of AAA account for 96.8%. At present, the non-standard assets cover most of the provincial administrative regions with better credit ratings in the country. The industries cover transportation, energy, public utilities, construction and decoration. The investment in these industries 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 has

effective credit enhancement measures in place, such as guarantees, repurchase, shortfall compensation and others, together with stringent terms regarding accelerated expiry/fund misappropriation protection, providing a sound guarantee for the repayment of the principal and investment income.

In terms of equity investment, in the face of the unfavorable situation of the equity market's low level of shock and intensified differentiation in the first half of the year, the Group strengthened research and analysis of the general market trend, and better grasped the rhythm of the market. In terms of variety selection, the Group attached great importance to the trend of China's economic transformation and upgrading, participated in depth in the investment opportunities of strategic emerging industries, and actively explored and grasped the structural opportunities of the computer and electronics industries; further optimized the synergistic mechanism of stock and fund investment, optimized the research system of individual stocks based on the core of valuation and pricing ability, and enhanced the ability of grasping the investment opportunities of individual stocks. Besides, the Group intensified structural adjustment efforts, taking shares of listed companies with relatively stable profit models and high dividend payout ratios as its main investment types.

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>	
	For the six months ended 30 June⁽¹⁾	
	2023	2022
Cash and cash equivalents	202	218
Fixed-income investments	20,761	17,330
Interest income	16,925	15,857
Gains or losses from disposal of financial instruments	989	1,603
Gains or losses on fair value changes	2,933	(153)
Impairment	(86)	23
Equity investments at fair value	2,883	7,392
Dividends and bonus income	3,510	5,063
Gains or losses from disposal of financial instruments	1,150	2,517
Gains or losses on fair value changes	(1,777)	266
Impairment	–	(454)
Other investments	7,640	7,402
Investment income from associates and joint ventures	7,359	7,163
Other gains or losses	281	239
Total investment income	31,486	32,342
Net investment income⁽²⁾	28,362	28,561
Total investment yield (annualised)⁽³⁾(%)	4.9	5.3
Net investment yield (annualised)⁽⁴⁾(%)	4.4	4.6

Notes:

- (1) The Company has implemented the New Insurance Contracts Accounting Standards and the New Financial Instruments Accounting Standards since 1 January 2023, and the data as of 30 June 2023 represents the financial results of implementing the New Insurance Contracts Standards and the New Financial Instruments Accounting Standards. In accordance with the standard convergence requirements, the Company is not required to restate the comparative period information under the New Financial Instruments Accounting Standards.
- (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 (annualised) = (total investment income – interest expenses on securities sold under agreements to repurchase)/(average total investment assets as of the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period) × 2
- (4) Net investment yield (annualised) = (net investment income – interest expenses on securities sold under agreements to repurchase)/(average total investment assets as of the beginning and end of the period – average amount of financial assets sold under agreement to repurchase as of the beginning and end of the period) × 2

For the first half of 2023, the total investment income of the Group amounted to RMB31,486 million, representing a year-on-year decrease of 2.6%; net investment income amounted to RMB28,362 million, representing a year-on-year decrease of 0.7%; total investment yield (annualised) was 4.9%, representing a year-on-year decrease of 0.4 percentage points; and net investment yield (annualised) was 4.4%, representing a year-on-year decrease of 0.2 percentage points.

III. SPECIFIC ANALYSIS

(I) Liquidity Analysis

1. Liquidity Analysis

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

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

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

2. Statement of Cash Flows

The Group has established a cash flow monitoring mechanism, regularly conducted cash flow rolling analysis and forecasting, and actively took initiatives to develop management plans and contingencies to effectively prevent liquidity risks.

	<i>Unit: RMB million</i>		
	For the six months ended 30 June		
	2023	2022	(% of change)
Net cash flows generated from operating activities	59,921	49,444	21.2
Net cash flows used in investing activities	(40,901)	(24,687)	65.7
Net cash flows used in financing activities	(28,715)	(24,066)	19.3

The Group's net cash flows generated from operating activities changed from a net inflow of RMB49,444 million in January to June 2022 to a net inflow of RMB59,921 million in January to June 2023, mainly due to the increase in cash inflows from premiums arising from the growth of underwriting business scale.

The Group's net cash flows used in investing activities changed from a net outflow of RMB24,687 million in January to June 2022 to a net outflow of RMB40,901 million in January to June 2023, mainly due to the expansion of investment size.

The Group's net cash flows used in financing activities changed from a net outflow of RMB24,066 million in January to June 2022 to a net outflow of RMB28,715 million in January to June 2023, mainly due to the year-on-year increase in cashes paid for debts repayment.

(II) Solvency

Regarding the solvency of the Group, please refer to section headed "I. Business Overview of the Company" in the Management Discussion and Analysis of this results announcement for details.

IV. EVENT AFTER THE REPORTING PERIOD

In late July and early August 2023, many districts in North China and Northeast China were hit by heavy rainfall, which caused major casualties and property losses. Since the occurrence of the disaster, the Group has launched disaster emergency plan immediately and has been mobilizing all levels of resources for rescue and claims. The Group will pay continuous attention to the development of subsequent reported cases and paid claims of the disaster, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of this announcement, the assessment is still in progress.

FUTURE PROSPECTS

In the first half of 2023, China's national economy continued to recover. In the second half of the year, the central government will introduce a series of policies and measures that are conducive to expanding domestic demand, stabilizing employment, revitalizing the market, boosting confidence, stabilizing expectations and deepening reform, effectively overcome difficulties and challenges, promote high-quality development of national economy. Under the new development environment, the insurance industry will enter into the key period of transformation and development in the PRC, the ability of the insurance industry to cope with long-term challenges will be pending for further improvement, the structure of property insurance business will be pending for further optimization, and the business model transformation of life insurance will be pending for further acceleration.

In the second half of 2023, PICC will, guided by the Xi Jinping Thought on Socialism with Chinese characteristics in the New Era, further anchor the goal of high-quality development, effectively enhance the notion of politics and serving the people, and adhere to main responsibilities and main businesses, and make more practical efforts to promote the implementation of "To be Prominent Strategy". We will insist on more emphasis on political leadership, more emphasis on serving national strategies, more emphasis on development quality, more emphasis on innovation driven, more emphasis on comprehensive risk management and more emphasis on comprehensive and strict governance of the Party to make new contributions to the promotion of Chinese modernization.

The insurance segment will insist on stabilizing business development and enhancing operational efficiency. PICC P&C will adhere to leading the development, ensure "double excellence" in development and efficiency, stabilise the vehicle insurance, develop high-quality policy insurance, accelerate the expansion of commercial non-vehicle insurance, improve the underwriting quality, provide excellent risk reduction service, improve customer service levels, and deepen cost reduction and efficiency enhancement. **PICC Life** will insist on transformation and development, consolidate the channel value of individual life insurance as the main channel position, improve the sustainability of the value contribution of bancassurance channel, enhance the ability to generate expenses for group insurance channel, strengthen assets and liabilities management to effectively prevent spreads loss risks. **PICC Health** will adhere to professional operation, enhance the value creation capacity of social security and commercial group business, consolidate the competitive advantage of Internet health insurance, actively explore innovative businesses such as tax premium nursing insurance, strengthen the effectiveness of health management services, and promote high-quality sustainable development. **PICC Reinsurance** will seize the opportunity of rising demand in the reinsurance market, optimize business structure, and improve underwriting quality. **PICC Hong Kong** will further optimize business structure, strengthen institutional capacity, and make greater contributions to the international development of the Group.

The investment segment will be endeavour to maintain relatively stable investment returns and expand innovation space. PICC AMC will continuously strengthen professional capacity building, play a leading role in stabilizing investment returns, focus on enhancing the proactive investment capability and risk management capability, and take multiple measures to maintain relatively stable investment returns. **PICC Pension** will enhance the investment and research capabilities, improve the level of portfolio refinement management, and improve the customer acquisition capability through excellent investment performance. **PICC Investment Holding** will strengthen the investment, construction, management and operation capabilities of the real estate and pension industries, and serve the workplace management needs of main businesses. **PICC Capital** will increase efforts to implement high-quality non-standard asset development, give full play to the platform role of PICC equity, and prioritize capabilities and control risks for innovative businesses.

The technology segment will strengthen co-operation in tackling problems and strengthen technological support. The technology department of the Company will coordinate and leverage the roles of PICC Technology, PICC Financial Services and the technology department of major subsidiaries, strengthen coordination and guidance, increase technology investment, strengthen the technology team, accelerate the migration of data centres and the distributed transformation and upgrading of system, enhance autonomy and controllability, and promote technology empowerment. **PICC Technology** will strengthen technological foundation and core competencies, continue to promote the construction of data centres, accelerate data interconnection and empowerment, continuously optimise business application systems, research and promote the implementation of smart technologies, and empower the Group's business model innovation and digital transformation with technological innovation. **PICC Financial Services** will focus on technological innovation and serving main businesses, strengthen scenario empowerment, and continue to play an important role in the process of improving the online level of the Group's enterprises and serving the digital transformation of the Group.

In the second half of the year, PICC will consolidate the favourable development trend, coordinate and promote the transformation of mode, development promotion, efficiency increase, structure optimization and risk prevention, continuously optimize business structure, deepen innovation-driven development, improve the level of technology empowerment, enhance the synergy of development, improve the comprehensive risk management system, and strengthen legal compliance and consumer rights protection. PICC will unswervingly promote high-quality development and make every effort to fulfil the set goals and tasks for the whole year.

EMBEDDED VALUE

1. Result Summary

Embedded Value of PICC Life and PICC Health as at 30 June 2023 and 31 December 2022 with 10% as the risk discount rate are summarized below (in RMB million):

	PICC Life		PICC Health	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
Adjusted Net Worth	75,489	70,257	8,841	5,911
Value of In-Force Business before CoC	51,960	45,953	17,732	13,312
Cost of Required Capital	(17,151)	(12,437)	(1,043)	(983)
Value of In-Force Business after CoC	34,809	33,516	16,689	12,328
Embedded Value	110,298	103,772	25,531	18,239

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

Value of Half Year's New Business for the 6 months up to 30 June 2023 and 30 June 2022 of PICC Life and PICC Health with 10% as the risk discount rate are summarized below (in RMB million):

	PICC Life		PICC Health	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
Value of Half Year's New Business before CoC	5,810	2,841	1,689	1,129
Cost of Required Capital	(3,320)	(1,349)	(334)	(275)
Value of Half Year's New Business after CoC	2,490	1,493	1,355	854

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

Value of half year's new business for the 6 months up to 30 June 2023 and 30 June 2022 of PICC Life and PICC Health by distribution channel are summarized below (in RMB million):

	PICC Life		PICC Health	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
Bancassurance Channel	1,052	244	596	67
Individual insurance agent Channel	1,404	1,212	934	1,036
Group insurance sales Channel	34	37	(175)	(249)
Total	2,490	1,493	1,355	854

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

The results disclosed in this report are based on 100% shareholding of PICC Life and PICC Health.

2. Key Assumptions

For the results as at 30 June 2023 disclosed above, the assumption on risk discount rate is 10% and the assumption on the rate of investment return is 5% p.a. used by PICC Life and PICC Health. Corporate income tax is currently levied at 25% on taxable income. The assumptions on mortality rates, morbidity rates, lapse rates, expenses and commissions are based on the operational experience of PICC Life and PICC Health, as well as expectations on future experience and etc.

3. Sensitivity Tests

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

The results of sensitivity tests for PICC Life at 30 June 2023 are summarized below (in RMB million):

Scenarios	Risk Discount Rate at 10% (Note)	
	Value of In-Force Business after CoC	Value of Half Year's New Business after CoC
Base Scenario	34,809	2,490
Risk Discount Rate at 9%	40,616	3,349
Risk Discount Rate at 11%	29,988	1,775
Rate of investment return increased by 50 bps	48,195	4,462
Rate of investment return decreased by 50 bps	21,582	515
Expenses increased by 10%	33,927	2,452
Expenses decreased by 10%	35,691	2,528
Lapse rates increased by 10%	34,641	2,389
Lapse rates decreased by 10%	34,985	2,595
Mortality increased by 10%	34,312	2,441
Mortality reduced by 10%	35,296	2,541
Morbidity increased by 10%	33,618	2,466
Morbidity reduced by 10%	36,016	2,515
Short-term business claim ratio increased by 10%	34,758	2,411
Short-term business claim ratio decreased by 10%	34,860	2,569
Participating Ratio (80/20)	33,408	2,445

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

The results of sensitivity tests for PICC Health at 30 June 2023 are summarized below (in RMB million):

Scenarios	Risk Discount Rate at 10% (Note)	
	Value of In-Force Business after CoC	Value of Half Year's New Business after CoC
Base Scenario	16,689	1,355
Risk Discount Rate at 9%	17,743	1,537
Risk Discount Rate at 11%	15,772	1,200
Rate of investment return increased by 50 bps	18,375	1,713
Rate of investment return decreased by 50 bps	14,997	997
Expenses increased by 10%	16,579	1,234
Expenses decreased by 10%	16,799	1,476
Lapse rates increased by 10%	16,444	1,326
Lapse rates decreased by 10%	16,935	1,384
Mortality increased by 10%	16,695	1,346
Mortality reduced by 10%	16,678	1,364
Morbidity increased by 10%	17,099	1,292
Morbidity reduced by 10%	16,265	1,416
Short-term business claim ratio increased by 5%	16,472	968
Short-term business claim ratio decreased by 5%	16,906	1,742
Participating Ratio (80/20)	16,480	1,307

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

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in the first half of 2023, and has adopted the recommended best practices under appropriate circumstances.

INTERIM DIVIDEND

The Company does not declare any interim dividend for the first half of 2023.

NO MATERIAL CHANGES

Save as disclosed in this announcement, after the publication of the annual report 2022, no material changes affecting the Company's performance need to be disclosed under paragraph 46 (3) of Appendix 16 to the Listing Rules.

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 in the first half of 2023.

ISSUANCE OF CAPITAL SUPPLEMENTARY BONDS

On 1 June 2023, approved by the China Banking and Insurance Regulatory Commission (currently known as the National Administration of Financial Regulation) and the People's Bank of China, the Company issued in public the capital supplementary bonds in an amount of RMB12 billion in the national inter-bank bond market, and completed the issuance on 5 June 2023. The capital supplementary bonds are 10-year fixed rate bonds, and the coupon rate is 3.29% per annum for the first five years with redemption right for the Company at the end of the fifth year.

On 24 May 2023, approved by the China Banking and Insurance Regulatory Commission (currently known as the National Administration of Financial Regulation) and the People's Bank of China, PICC Life issued in public the capital supplementary bonds in an amount of RMB12 billion in the national inter-bank bond market, and completed the issuance on 26 May 2023. The capital supplementary bonds are 10-year fixed rate bonds, and the coupon rate is 3.32% per annum for the first five years with redemption right for PICC Life at the end of the fifth year.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Board has reviewed, in the presence of the external auditor, the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

PUBLICATION OF THE INTERIM REPORT

The 2023 Interim 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, 29 August 2023

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