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中国人民保险集团股份有限公司

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

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

(Stock Code: 1339)

ANNOUNCEMENT OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 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 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Gross written premiums	4	382,624	344,131
Less: premiums ceded to reinsurers	4	<u>(32,863)</u>	<u>(28,347)</u>
Net written premiums	4	349,761	315,784
Change in unearned premium reserves		<u>(48,793)</u>	<u>(40,796)</u>
Net earned premiums		300,968	274,988
Reinsurance commission income		6,826	6,758
Investment income	5	25,265	28,934
Other income		<u>1,797</u>	<u>1,979</u>
TOTAL INCOME		<u>334,856</u>	<u>312,659</u>
Life insurance death and other benefits paid		47,003	22,055
Claims incurred		170,646	153,863
Changes in long-term life insurance contract liabilities		33,220	50,409
Policyholder dividends		<u>3,013</u>	<u>2,396</u>
Claims and policyholders' benefits		253,882	228,723
Less: claims and policyholders' benefits ceded to reinsurers		<u>(15,905)</u>	<u>(11,313)</u>
Net claims and policyholders' benefits		<u>237,977</u>	<u>217,410</u>
Handling charges and commissions		25,880	27,574
Finance costs		2,939	2,851
Exchange (gains)/losses		(626)	107
Other operating and administrative expenses		<u>45,888</u>	<u>43,461</u>
TOTAL BENEFITS, CLAIMS AND EXPENSES		<u>312,058</u>	<u>291,403</u>
Share of profits or losses of associates and joint ventures		<u>7,163</u>	<u>6,428</u>

	<i>Notes</i>	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
PROFIT BEFORE TAX	6	29,961	27,684
Income tax expense	7	<u>(5,150)</u>	<u>(4,442)</u>
PROFIT FOR THE PERIOD		<u>24,811</u>	<u>23,242</u>
Attributable to:			
Owners of the Company		17,850	16,855
Non-controlling interests		<u>6,961</u>	<u>6,387</u>
		<u>24,811</u>	<u>23,242</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic (<i>in RMB Yuan</i>)	9	<u>0.40</u>	<u>0.38</u>
– Diluted (<i>in RMB Yuan</i>)	9	<u>0.40</u>	<u>0.38</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
PROFIT FOR THE PERIOD		<u>24,811</u>	<u>23,242</u>
OTHER COMPREHENSIVE INCOME/ (EXPENSE)			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value (losses)/gains		(15,191)	6,118
– Reclassification of losses to profit on disposals		(4,403)	(10,026)
– Impairment losses	5(d)	454	429
Portion of fair value changes attributable to participating policyholders		2,652	(584)
Income tax effect		<u>4,053</u>	<u>910</u>
		<u>(12,435)</u>	<u>(3,153)</u>
Share of other comprehensive income of associates and joint ventures		10	366
Exchange differences arising on translating foreign operations		<u>104</u>	<u>(23)</u>
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		<u>(12,321)</u>	<u>(2,810)</u>
Items that will not be reclassified to profit or loss:			
Gains on revaluation of properties and equipment and right-of-use assets upon transfer to investment properties		297	323
Income tax effect		<u>(70)</u>	<u>(10)</u>
		<u>227</u>	<u>313</u>
Actuarial losses on pension benefit obligation		(18)	(78)
Share of other comprehensive income of associates and joint ventures		<u>(34)</u>	<u>53</u>

	<i>Notes</i>	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
NET OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		<u>175</u>	<u>288</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>(12,146)</u>	<u>(2,522)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>12,665</u>	<u>20,720</u>
Attributable to:			
– Owners of the Company		8,910	14,772
– Non-controlling interests		<u>3,755</u>	<u>5,948</u>
		<u>12,665</u>	<u>20,720</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents		34,314	33,276
Debt securities		518,210	494,550
Equity securities, mutual funds and investment schemes		254,001	262,357
Insurance receivables, net	10	123,094	58,130
Reinsurance assets		50,351	40,263
Term deposits		95,900	94,341
Restricted statutory deposits		12,994	12,994
Investments classified as loans and receivables		156,002	144,603
Investments in associates and joint ventures	11	138,859	135,570
Investment properties		14,377	13,340
Property and equipment		32,120	33,357
Right-of-use assets		7,743	7,987
Intangible assets		3,019	3,471
Goodwill		198	198
Deferred tax assets		18,322	10,143
Other assets		38,356	32,277
TOTAL ASSETS		1,497,860	1,376,857
LIABILITIES			
Securities sold under agreements to repurchase		53,555	77,598
Payables to reinsurers		40,135	22,767
Income tax payable		6,124	1,083
Bonds payable		46,871	43,804
Lease liabilities		2,836	2,993
Insurance contract liabilities		889,658	773,098
Investment contract liabilities for policyholders		47,084	44,252
Policyholder dividends payable		6,238	5,480
Pension benefit obligation		2,817	2,872
Deferred tax liabilities		1,572	2,053
Other liabilities		101,056	103,964
TOTAL LIABILITIES		1,197,946	1,079,964
EQUITY			
Issued capital	12	44,224	44,224
Reserves		177,440	175,032
Equity attributable to owners of the Company		221,664	219,256
Non-controlling interests		78,250	77,637
TOTAL EQUITY		299,914	296,893
TOTAL EQUITY AND LIABILITIES		1,497,860	1,376,857

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	Attributable to owners of the Company															
	Available-for-sale financial			Share of other comprehensive income of			Portion of fair value changes	Foreign currency	Actuarial losses on pension				Non-controlling			
	Issued capital	Share premium account	asset revaluation reserve	General risk reserve	Catastrophic loss reserve	Asset revaluation reserve	associates and joint ventures	attributable to policyholders	translation reserve	Surplus reserve *	Other reserves	benefit obligation	Retained profits	Subtotal	interests	Total
	(Note 12)	**	**	**	**	**	**	**	**	**	**	**	**	**		
Balance at 1 January 2022	44,224	23,973	18,067	15,751	212	3,681	135	(1,536)	(147)	14,187	(15,153)	(1,383)	117,245	219,256	77,637	296,893
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	17,850	17,850	6,961	24,811
Other comprehensive income/ (expense) for the period	-	-	(10,694)	-	-	147	(8)	1,540	93	-	-	(18)	-	(8,940)	(3,206)	(12,146)
Total comprehensive income/ (expense) for the period	-	-	(10,694)	-	-	147	(8)	1,540	93	-	-	(18)	17,850	8,910	3,755	12,665
Appropriations to general risk reserve and surplus reserve	-	-	-	21	-	-	-	-	-	-	-	-	(21)	-	-	-
Dividends paid to shareholders (Note 8)	-	-	-	-	-	-	-	-	-	-	-	-	(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																
(Unaudited)	44,224	23,972	7,373	15,772	212	3,828	127	4	(54)	14,187	(15,153)	(1,401)	128,573	221,664	78,250	299,914

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB177,440 million in the condensed consolidated statement of financial position as at 30 June 2022 comprise these reserve accounts.

Attributable to owners of the Company

	Issued capital (Note 12)	Share premium account **	Available-for-sale financial asset revaluation reserve **	General risk reserve **	Catastrophic loss reserve **	Asset revaluation reserve **	Share of other comprehensive income of associates and joint ventures **	Portion of fair value changes attributable to policyholders **	Foreign currency translation reserve **	Surplus reserve * **	Other reserves **	Actuarial losses on pension benefit obligation **	Retained profits **	Subtotal	Non-controlling interests	Total
Balance at 1 January 2021	44,224	23,973	17,507	13,771	793	3,209	(638)	(1,344)	(67)	13,319	(15,153)	(1,209)	104,095	202,480	71,076	273,556
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	16,855	16,855	6,387	23,242
Other comprehensive income/ (expense) for the period	-	-	(2,174)	-	-	222	307	(339)	(21)	-	-	(78)	-	(2,083)	(439)	(2,522)
Total comprehensive income/ (expense) for the period	-	-	(2,174)	-	-	222	307	(339)	(21)	-	-	(78)	16,855	14,772	5,948	20,720
Appropriations to general risk reserve and surplus reserve	-	-	-	19	-	-	-	-	-	-	-	-	(19)	-	-	-
Dividends paid to shareholders (Note 8)	-	-	-	-	-	-	-	-	-	-	-	-	(5,307)	(5,307)	-	(5,307)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,587)	(2,587)
Others	-	-	-	-	-	-	58	-	-	-	-	-	-	58	10	68
Balance at 30 June 2021 (Unaudited)	44,224	23,973	15,333	13,790	793	3,431	(273)	(1,683)	(88)	13,319	(15,153)	(1,287)	115,624	212,003	74,447	286,450

* This reserve contains both statutory and discretionary surplus reserves.

** Consolidated reserves of RMB167,779 million in the condensed consolidated statement of financial position as at 30 June 2021 comprise these reserve accounts.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*FOR THE SIX MONTHS ENDED 30 JUNE 2022**(Amounts in millions of Renminbi, unless otherwise stated)*

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Net cash flows from operating activities	<u>49,705</u>	<u>48,355</u>
Net cash flows used in investing activities	<u>(24,948)</u>	<u>(14,057)</u>
Net cash flows used in financing activities	<u>(24,066)</u>	<u>(62,758)</u>
Net increase/(decrease) in cash and cash equivalents	691	(28,460)
Cash and cash equivalents at beginning of the period	33,276	78,209
Effects of exchange rate changes on cash and cash equivalents	<u>347</u>	<u>(55)</u>
Cash and cash equivalents at end of the period	<u><u>34,314</u></u>	<u><u>49,694</u></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 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 2022, the Company's subsidiaries mainly provide integrated financial products and services and are engaged in property and casualty insurance, life and health insurance, asset management and other businesses. The Company and its subsidiaries are collectively referred to as the "Group".

These 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 ("**IASB**"), 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 2022 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2021.

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 2021.

(1) Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the adoption of amended or improved standards and interpretations as of 1 January 2022 as described below.

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

The application of the amendments to IFRSs in the current interim period 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.

(2) New and revised standards not yet adopted

All IFRSs that remain in effect which are relevant to the Group have been applied except IFRS 9, as the Group qualifies for a temporary exemption from IFRS 9 which was illuminated in IFRS 4 Amendments.

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

IFRS 17 and Amendments to IFRS17	Insurance Contracts ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to IAS 8	Definition of Accounting Estimates 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 2023

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, except for IFRS 9 and IFRS 17. The Group is currently assessing the impact of the implementation of the standards.

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on the segment results.

As the revenue, net profit, assets and liabilities of operations outside Mainland China constitute less than 1% of the consolidated amounts in these financial statements, geographical segmental information is not presented.

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

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

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

(Unaudited)	Non-life insurance	Life insurance	Health insurance	Asset management	Head quarters	Others	Eliminations	Total
Net earned premiums	204,265	71,202	21,599	–	–	3,904	(2)	300,968
Reinsurance commission income	6,960	78	463	–	–	75	(750)	6,826
Investment income	10,886	11,865	1,387	274	8,015	958	(8,120)	25,265
Other income	723	301	176	1,068	3	546	(1,020)	1,797
TOTAL INCOME								
– SEGMENT INCOME	222,834	83,446	23,625	1,342	8,018	5,483	(9,892)	334,856
– External income	224,351	83,309	23,573	824	420	2,379	–	334,856
– Inter-segment income	(1,517)	137	52	518	7,598	3,104	(9,892)	–
Net claims and policyholders' benefits	145,989	71,363	18,152	–	–	2,590	(117)	237,977
Handling charges and commissions	18,576	4,860	2,444	–	–	–	–	25,880
Finance costs	527	1,608	243	17	498	59	(13)	2,939
Exchange (gains)/losses	(505)	(47)	(1)	2	(42)	(28)	(5)	(626)
Other operating and administrative expenses	39,048	4,009	1,524	745	414	2,378	(2,230)	45,888
TOTAL BENEFITS, CLAIMS AND EXPENSES	203,635	81,793	22,362	764	870	4,999	(2,365)	312,058
Share of profits or losses of associates and joint ventures	4,386	2,659	(1)	8	594	2	(485)	7,163
PROFIT BEFORE TAX	23,585	4,312	1,262	586	7,742	486	(8,012)	29,961
Income tax (expense)/credit	(3,482)	(960)	(520)	(130)	15	(20)	(53)	(5,150)
PROFIT FOR THE PERIOD								
– SEGMENT RESULTS	20,103	3,352	742	456	7,757	466	(8,065)	24,811

Segment revenue and results for the six months ended 30 June 2021:

(Unaudited)	Non-life insurance	Life insurance	Health insurance	Asset management	Head quarters	Others	Eliminations	Total
Net earned premiums	190,147	63,146	18,865	–	–	2,779	51	274,988
Reinsurance commission income	6,734	143	667	–	–	98	(884)	6,758
Investment income	12,348	13,195	1,591	310	7,004	388	(5,902)	28,934
Other income	<u>846</u>	<u>359</u>	<u>141</u>	<u>1,131</u>	<u>2</u>	<u>337</u>	<u>(837)</u>	<u>1,979</u>
TOTAL INCOME								
– SEGMENT INCOME	<u>210,075</u>	<u>76,843</u>	<u>21,264</u>	<u>1,441</u>	<u>7,006</u>	<u>3,602</u>	<u>(7,572)</u>	<u>312,659</u>
– External income	211,273	76,947	21,268	1,004	653	1,514	–	312,659
– Inter-segment income	<u>(1,198)</u>	<u>(104)</u>	<u>(4)</u>	<u>437</u>	<u>6,353</u>	<u>2,088</u>	<u>(7,572)</u>	<u>–</u>
Net claims and policyholders' benefits	<u>136,245</u>	<u>62,252</u>	<u>17,158</u>	<u>–</u>	<u>–</u>	<u>1,818</u>	<u>(63)</u>	<u>217,410</u>
Handling charges and commissions	19,450	5,801	2,323	–	–	–	–	27,574
Finance costs	929	1,219	205	6	500	–	(8)	2,851
Exchange losses/(gains)	97	6	–	–	7	16	(19)	107
Other operating and administrative expenses	<u>36,444</u>	<u>4,505</u>	<u>1,256</u>	<u>692</u>	<u>381</u>	<u>1,645</u>	<u>(1,462)</u>	<u>43,461</u>
TOTAL BENEFITS, CLAIMS AND EXPENSES	<u>193,165</u>	<u>73,783</u>	<u>20,942</u>	<u>698</u>	<u>888</u>	<u>3,479</u>	<u>(1,552)</u>	<u>291,403</u>
Share of profits or losses of associates and joint ventures	<u>3,957</u>	<u>2,348</u>	<u>(3)</u>	<u>6</u>	<u>546</u>	<u>(7)</u>	<u>(419)</u>	<u>6,428</u>
PROFIT BEFORE TAX	20,866	5,408	319	749	6,664	116	(6,434)	27,688
Income tax (expense)/credit	<u>(3,228)</u>	<u>(951)</u>	<u>(60)</u>	<u>(170)</u>	<u>8</u>	<u>(38)</u>	<u>(3)</u>	<u>(4,442)</u>
PROFIT FOR THE PERIOD								
– SEGMENT RESULTS	<u><u>17,639</u></u>	<u><u>4,457</u></u>	<u><u>259</u></u>	<u><u>579</u></u>	<u><u>6,672</u></u>	<u><u>78</u></u>	<u><u>(6,442)</u></u>	<u><u>23,242</u></u>

Segment assets and liabilities as at 30 June 2022 and 31 December 2021, and other segment information for the six months ended 30 June 2022 and 2021 are as follows:

	Non-life insurance	Life insurance	Health insurance	Asset management	Head quarters	Others	Eliminations	Total
30 June 2022 (Unaudited)								
Segment assets	<u>782,402</u>	<u>557,979</u>	<u>95,107</u>	<u>12,206</u>	<u>133,319</u>	<u>72,857</u>	<u>(156,010)</u>	<u>1,497,860</u>
Segment liabilities	<u>557,508</u>	<u>512,437</u>	<u>87,843</u>	<u>3,746</u>	<u>28,954</u>	<u>19,303</u>	<u>(11,845)</u>	<u>1,197,946</u>
Six months ended 30 June 2022 (Unaudited)								
Other segment information:								
Capital expenditures	740	65	36	113	194	9	(97)	1,060
Depreciation and amortisation	1,842	387	150	89	98	55	(137)	2,484
Interest income	<u>6,635</u>	<u>7,610</u>	<u>1,107</u>	<u>45</u>	<u>368</u>	<u>330</u>	<u>111</u>	<u>16,206</u>
31 December 2021 (Audited)								
Segment assets	<u>697,231</u>	<u>539,957</u>	<u>76,773</u>	<u>11,965</u>	<u>126,693</u>	<u>73,865</u>	<u>(149,627)</u>	<u>1,376,857</u>
Segment liabilities	<u>476,537</u>	<u>490,667</u>	<u>69,568</u>	<u>3,685</u>	<u>23,491</u>	<u>25,521</u>	<u>(9,505)</u>	<u>1,079,964</u>
Six months ended 30 June 2021 (Unaudited)								
Other segment information:								
Capital expenditures	1,055	129	64	19	25	3	–	1,295
Depreciation and amortisation	1,794	356	115	75	71	50	(167)	2,294
Interest income	<u>7,348</u>	<u>7,293</u>	<u>894</u>	<u>53</u>	<u>348</u>	<u>250</u>	<u>(13)</u>	<u>16,173</u>

The headquarters, non-life and life segments hold equity interests of 0.85%, 5.91%, and 6.14% (31 December 2021: 0.85%, 5.91%, and 6.14%), respectively, in the Industrial Bank Co., Ltd. (“**Industrial Bank**”), an associate of the Group. These interests are accounted for as available-for-sale financial assets in headquarters and non-life segments, while accounted for as investment in associate in life segment. On consolidation, these interests in aggregate are accounted for as an associate and the impacts of relevant adjustments to the condensed consolidated financial statements are allocated to the respective segments according to their respective equity interest holding.

4. GROSS AND NET WRITTEN PREMIUMS

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Gross written premiums		
Long-term life insurance premiums	87,200	77,472
Short-term health insurance premiums	15,717	12,334
Non-life insurance premiums	<u>279,707</u>	<u>254,325</u>
TOTAL	<u>382,624</u>	<u>344,131</u>
Premiums ceded to reinsurers		
Long-term life insurance premiums	(3,227)	(2,382)
Short-term health insurance premiums	(86)	(791)
Non-life insurance premiums	<u>(29,550)</u>	<u>(25,174)</u>
TOTAL	<u>(32,863)</u>	<u>(28,347)</u>
Net written premiums	<u><u>349,761</u></u>	<u><u>315,784</u></u>

5. INVESTMENT INCOME

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Dividend, interest and rental income (a)	21,482	19,283
Realised gains (b)	4,122	10,566
Fair value gains/(losses) (c)	92	(119)
Impairment (losses)/reversal (d)	<u>(431)</u>	<u>(796)</u>
TOTAL	<u><u>25,265</u></u>	<u><u>28,934</u></u>

(a) Dividend, interest and rental income

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Dividend income		
Equity securities, mutual funds and investment schemes		
– Available-for-sale	4,835	2,654
– At fair value through profit or loss	181	167
Subtotal	5,016	2,821
Interest income		
Current and term deposits	2,337	2,355
Debt securities		
– Held-to-maturity	4,217	4,080
– Available-for-sale	5,048	4,333
– At fair value through profit or loss	534	512
Investments classified as loans and receivables	4,070	4,893
Subtotal	16,206	16,173
Operating lease income from investment properties	260	289
TOTAL	21,482	19,283

(b) Realised gains

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Debt securities		
– Available-for-sale	1,497	181
– At fair value through profit or loss	108	(27)
Subtotal	1,605	154
Equity securities, mutual funds and investment schemes		
– Available-for-sale	2,906	9,846
– At fair value through profit or loss	(389)	566
Subtotal	2,517	10,412
TOTAL	4,122	10,566

(c) Fair value gains/(losses)

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Debt securities		
– At fair value through profit or loss	(153)	106
Equity securities, mutual funds and investment schemes		
– At fair value through profit or loss	266	(250)
Investment properties	<u>(21)</u>	<u>25</u>
TOTAL	<u>92</u>	<u>(119)</u>

(d) Impairment (losses)/reversal

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Available-for-sale	(454)	(429)
Held-to-maturity	(112)	–
Investments classified as loans and receivables	<u>135</u>	<u>(367)</u>
TOTAL	<u>(431)</u>	<u>(796)</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging the following items:

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Employee costs (<i>note</i>)	29,151	25,167
Depreciation of property and equipment (<i>note</i>)	1,297	1,282
Recognition of impairment losses on insurance receivables (<i>note 10</i>)	963	627
Depreciation of right-of-use assets (<i>note</i>)	767	740
Amortisation of intangible assets (<i>note</i>)	502	369
Changes of impairment on other assets	<u>281</u>	<u>195</u>

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

7. INCOME TAX EXPENSE

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Current tax	9,813	7,789
Adjustments in respect of prior years	14	(2)
Deferred tax	<u>(4,677)</u>	<u>(3,345)</u>
TOTAL	<u>5,150</u>	<u>4,442</u>

Certain operations of the Company's subsidiary in the Western region are entitled to tax benefits, and their eligible taxable income is subject to an income tax rate of 15%. Except for the above-mentioned subsidiary, the Company and its subsidiaries registered in the PRC are subject to corporate income tax ("CIT") at the statutory rate of 25% (2021: 25%) on their respective taxable income in accordance with the relevant PRC income tax rules and regulations. Income taxes on taxable income elsewhere were calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. DIVIDENDS

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Dividends recognised as distribution during the period:		
Year 2020 Final-RMB12.00 cents per share	–	5,307
Year 2021 Final-RMB14.70 cents per share	<u>6,501</u>	<u>–</u>

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2022 and the six months ended 30 June 2021 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 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Profit attributable to owners of the Company for the period	<u>17,850</u>	<u>16,855</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><u>0.40</u></u>	<u><u>0.38</u></u>

Diluted earnings per share is the same as basic earnings per share for the six months ended 30 June 2022 and 2021 as the Group had no potential ordinary shares in issue during the periods.

10. INSURANCE RECEIVABLES, NET

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Premiums receivable and agents' balances	104,224	45,186
Receivables from reinsurers	<u>23,393</u>	<u>16,521</u>
Subtotal	<u>127,617</u>	<u>61,707</u>
Less: impairment provision on		
– Premiums receivable and agents' balances	(4,327)	(3,415)
– Receivables from reinsurers	<u>(196)</u>	<u>(162)</u>
TOTAL	<u><u>123,094</u></u>	<u><u>58,130</u></u>

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

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
At the beginning of the period	3,577	3,503
Recognition of impairment losses (<i>note 6</i>)	963	627
Amount written off as uncollectible	(17)	—
At the end of the period	<u>4,523</u>	<u>4,130</u>

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Not yet due and up to 3 months	97,080	45,592
More than 3 months to 6 months	13,833	4,300
More than 6 months to 12 months	8,171	5,827
More than 1 year to 2 years	3,484	1,956
More than 2 years	<u>526</u>	<u>455</u>
TOTAL	<u>123,094</u>	<u>58,130</u>

The Group's credit risk associated with insurance receivables mainly arises from non-life insurance business for which the Group only issues insurance policies on credit to corporate customers or to individuals who purchase certain policies through insurance intermediaries. A policyholder usually has a maximum credit period of three months but a longer period can be granted on a discretionary basis. For large corporate customers and certain multi-year policies, payments by instalments are usually arranged.

Reinsurance of the Group is mainly placed with reinsurers with Standard & Poor's ratings of A- (or ratings of an equal level given by other international rating institutions such as A.M. Best, Fitch and Moody's) or above. Management performs regular assessment of creditworthiness of reinsurers to update reinsurance purchase strategies and allowances for impairment of reinsurance assets have been provided to reflect the expected losses arising from non-performance of the reinsurers.

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in the associates and joint ventures as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Associates		
Cost of investment in associates	67,892	67,892
Share of post – acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable	<u>67,817</u>	<u>64,396</u>
Subtotal	<u>135,709</u>	<u>132,288</u>
Joint ventures		
Cost of investment in joint ventures	3,086	3,086
Share of post – acquisition profits, other comprehensive income and other equity movement, less dividend received or receivable	<u>64</u>	<u>196</u>
Subtotal	<u>3,150</u>	<u>3,282</u>
TOTAL	<u>138,859</u>	<u>135,570</u>

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

As permitted by International Accounting Standard 28 “Investments in Associates and Joint Ventures”, for the six months ended 30 June 2022, the Group accounts for the share of profit of Industrial Bank, an associate of the Group, from 1 October 2021 to 31 March 2022, taking into account any significant events or transactions for the period from 1 April 2022 to 30 June 2022.

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

	1 January 2022 (Audited)	Acquisition	Disposals	Share of profit	Share of other comprehensive income	Share of other equity movement	Dividend received	Impairment	30 June 2022 (Unaudited)
Associates and joint ventures	<u>135,570</u>	<u>-</u>	<u>-</u>	<u>7,163</u>	<u>(24)</u>	<u>-</u>	<u>(3,850)</u>	<u>-</u>	<u>138,859</u>

12. ISSUED CAPITAL

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
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. Rapid Growth in Business Scale and Steady Improvement in Operating Profits

In the first half of 2022, the gross written premiums (the “GWPs”) amounted to RMB382,624 million, representing a year-on-year increase of 11.2%. Profit before tax amounted to RMB29,961 million, representing a year-on-year increase of 8.2%. Net profit amounted to RMB24,811 million, representing a year-on-year increase of 6.8%. Net profit attributable to owners of the Company amounted to RMB17,850 million, representing a year-on-year increase of 5.9%.

2. More Balanced Development of P&C Insurance Business with Improving Profitability

PICC P&C continued to optimise the business model, promote business integration development and achieve product innovation and upgrade. In the first half of 2022, the GWPs amounted to RMB277,408 million, representing a year-on-year increase of 9.8%. Among which, the GWPs of motor vehicle insurance amounted to RMB128,808 million, representing a year-on-year increase of 6.7%. The non-vehicle insurance business achieved the GWPs of RMB148,600 million, representing a year-on-year increase of 12.7%. The non-vehicle insurance business accounted for 53.6%, representing a year-on-year increase of 1.4 percentage points, realising a more balanced overall business structure.

PICC P&C focused on “quality improvement, costs reduction and efficiency enhancement”, adhered to the philosophy of efficiency-first and maintained steady business development. In the first half of 2022, the combined ratio was 96.0%, decreased by 1.2 percentage points as compared to the corresponding period of last year. Net profit amounted to RMB19,041 million, representing a year-on-year increase of 15.4%.

3. Strengthening the Development Foundation of Life and Health Insurance Business with Continuous Improvement in Operation Quality and Efficiency

As of 30 June 2022, the embedded value of the life and health insurance business grew steadily to RMB130,169 million, representing an increase of 2.0% as compared to the end of last year. As the business scale is expanding steadily, the original premiums income in the first half of 2022 was RMB102,425 million, representing a year-on-year increase of 14.2%.

Actively responding to the in-depth industry adjustment and transformation, PICC Life recorded an original premiums income of RMB72,042 million, representing a year-on-year increase of 12.3%, which outperformed major industry players. Business quality has improved, as evidenced by a year-on-year increase of 3.8 percentage points in the 13-month premium persistency ratio. The transformation of agent team has made headway with a year-on-year increase of 49% in the number of high-end sales elites. The operating results of PICC Health hit a record high, which achieved net profit of RMB742 million, representing a year-on-year increase of 186.5%. The original premiums income amounted to RMB30,383 million, representing a year-on-year increase of 18.8%. It ranked the top among professional health insurance companies in terms of premium scale.

4. Serving the People's Livelihood and Supporting the Real Economy

The Group actively served the country's development and provided effective support and security for the real economy. Placing the utmost interests of the nation as the highest priority, the Group chaired the underwriting of major projects such as ChinaSat 6D satellite and CNOOC windpower and iconic "the Belt and Road" projects such as offshore windpower in Cà Mau, Vietnam by PowerChina. In terms of rural revitalisation, the Group carried out the pilot work of the full cost insurance and income insurance for the three main cereal crops in 13 provinces, which provided risk protection of RMB184.66 billion to 19.19 million rural households, and vigorously developed an innovative agricultural insurance, namely the "Rural Insurance", which is an insurance solution dedicated for rural areas and provided risk protection of RMB20.9 trillion to 99.95 million rural households. The Group also launched the small-amount life and health insurance products designated for rural areas and the "Preferential Insurance", an exclusive product for poverty alleviation, which provided 0.8786 million people with life and health insurance protection of RMB16,051 million, and issued debt investment schemes in support of the comprehensive improvement of environmental protection in towns. In terms of intelligent transportation, the Group aligned with new trends of transportation development such as new energy and intelligent network connection, accelerated vehicle insurance product innovation, and continued to improve vehicle insurance coverage. It invested in new infrastructures such as new energy vehicles and green transportation, and upgraded the "linkage between police and insurance". It covered 4 municipalities and 332 prefecture-level cities administrative regions, serving a total of nearly 5.30 million people. In terms of health care and endowment, the Group vigorously promoted products such as "Hui Min Bao" (惠民保) that served the health protection needs of people and have carried out a total of 158 commercial "Hui Min Bao" projects. Since inception, it has underwritten over 75 million people with risk protection of over RMB15 trillion. In actively serving the construction of the national multi-level medical security system, the Group has undertaken a total of 1,395 policy social security projects, covering 30 provinces (autonomous regions and municipalities) nationwide and serving 0.9 billion people. The Group actively developed inclusive insurance, among which the "Hao Yi Bao" (好医保) series long-term insurance products achieved an original premiums income of RMB6,264 million. As among the first batch of companies piloting on exclusive commercial endowment insurance, PICC Life provided practitioners of the new industry and new business ecology and freelancers with sufficient endowment insurance coverage by developing the first exclusive product "Fu Shou Nian Nian" (福寿年年) in the industry. Since the product was launched, the accumulated premium scale has exceeded RMB300 million, and the accumulated number of insurance policies ranked first in the industry. It also cooperated with China KangYang under China Chengtong to implement the "Huairou Kang Yang" (怀柔康养) project. In terms of green environmental protection, the Group innovated the development of green insurance and actively explored carbon insurance pilot projects. The amount of environmental pollution liability insurance in the first half of the year recorded a year-on-year increase of 17.2%. By gradually expanding the proportion of green investment, practising the philosophy of responsible investment and tapping into new energy fields such as wind power, photovoltaics, hydrogen energy and energy storage, it provided strong financial support in areas of green industry development, pollution prevention and control, carbon neutrality and carbon peak. Besides, it paved a new path characterised by ecological poverty alleviation and clean energy construction for the poverty-stricken regions in Shangrao, Jiangxi by investing in the photovoltaic generation project in Shangrao, Jiangxi. In terms of technological innovation, the Group continued to improve the supply of technology

insurance and strengthen financing support to meet a series of security needs. So far, it has signed the intellectual property insurance strategic cooperation agreements with 14 provinces. It also invested in semiconductor and other pivotal engineering fields. In terms of social governance, the Group improved the comprehensive insurance product system, which basically covered all areas across the nation. In terms of pandemic prevention and control, the Group innovated the development of “COVID-19 Vaccine Abnormal Reaction Insurance” and complementary service supply model. Since the commencement of business, it has underwritten a total of over 1.7 billion doses of COVID-19 vaccinations, accounting for 51% of the total vaccinations nationwide, covering 31 provinces (autonomous regions and municipalities) nationwide and the Xinjiang Production and Construction Corps. Also, it innovated the “COVID-19 Vaccine Quality and Safety Insurance”. Since the commencement of business, it has underwritten a total of over 0.76 billion doses of COVID-19 vaccinations, providing risk protection of RMB314.7 billion.

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

The Group had properly responded to emergencies such as the China Eastern plane crash, the Tibet Airlines accident, and the collapse of a self-constructed residential building in Changsha, as well as major natural disasters such as the earthquake in Ya'an and Aba, Sichuan, mudslides in Beiliu, Guangxi, Typhoon Chaba, and heavy rainfall in various regions. Based on the disaster level, the Group immediately activated emergency plans, established on-site claim expert teams to provide assistance in the front line, actively cooperated with local governments, helped local rescue and disaster relief work, opened green channel for claims, and quickly completed the payment of major disaster claims, thus acting as a social stabiliser to ensure the normal production and life of people. The Group actively promoted comprehensive security plans such as “Urban Insurance”, “Insurance for Extreme Weather” and “Emergency Insurance”, and implemented regional catastrophe insurance projects in 13 provinces (autonomous regions, municipalities and cities specifically designated in the state plan) to practically serve as “Being a Heart-Warming Insurer for the People”.

As the official partner of the 2022 Beijing Winter Olympics and the only insurance company in China insuring the two Olympic Games, the Group integrated digital technology into the Winter Olympics scenario, and took multiple measures to provide insurance protection services. In terms of product research and development, insurance products were tailor-made for each group of the Winter Olympics, covering vehicle, property, liability and life and accident loss, to safeguard the normal operation of the Olympic venues, official events and the development of the ice and snow industry. In terms of customer services, the Group had organised exclusive service teams, set up exclusive help desks and provided round-the-clock bilingual services in both Chinese and English to ensure that Winter Olympic customers' needs were promptly handled. In terms of claims settlement, the Group relied on the Winter Olympics Insurance Service Command Center and carried out online intelligent claims settlement services through “Ten Clouds”¹ to meet the requirements for closed-loop management and provide full protection for the grand Winter Olympics, in an effort to convey the warmth of PICC brand through its services and demonstrate that “Meeting Your Demands and Warming Your Hearts” is reachable and perceivable.

¹ On-cloud command & dispatch, on-cloud voice command, on-cloud self-service claims settlement, on-cloud coordinated claims settlement, on-cloud housekeeping service, on-cloud full entrustment, on-cloud injury mediation, on-cloud humanistic care, on-cloud direct compensation service, on-cloud major case consultation.

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

The Group accelerated the reform of the science and technology management system mechanism and the implementation of informationisation construction plans for “the 14th Five-Year Plan”. It continuously deepened science and technology innovation, accelerated digital transformation, strengthened science and technology empowerment of the insurance value chain, and supported the implementation of the “To be Prominent Strategy”. Firstly, it continued to optimise the governance system, with PICC Information Technology Company Limited (“**PICC Technology**”) and PICC Financial Services Company Limited (“**PICC Financial Services**”) complementing and effectively coordinating with each other, built a governance structure of “one council, one department and two companies”, and effectively improved the technology governance level and management and control capabilities of the Group. Secondly, it reinforced the infrastructural construction, solidly promoted the “multi-site and multi-centre” construction in Langfang, Foshan, Shanghai, etc., and built a unified, shared, efficient, safe, autonomous and controllable information system infrastructure and resource platform, and successfully completed the major security for the Beijing Winter Olympics. The network security management level was improved progressively. Thirdly, it standardised technological structure, 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. Fourthly, it continued to enhance technological empowerment by promoting the construction of major projects in various sectors and giving strong support to the reform and transformation of the major business companies based on the strategies of subsidiaries. Highlighting the “Heart-warming Projects 2.0”, it actively created a series of application systems that support business operations and enhance management capabilities, built an integrated interface and new media marketing account matrix for the Group, established a vehicle life services ecosystem, strengthened data monitoring application and risk management and control, and strongly supported the implementation of the “To be Prominent Strategy”.

MANAGEMENT DISCUSSION AND ANALYSIS

2022 marks a historic year for China to embark on a new journey toward building a modern socialist country in an all-round way and achieving the second centenary goal, and also a crucial year for the Group to fully implement the “To be Prominent Strategy”. In the first half of the year, we remained committed to seeking progress while maintaining a stable performance, implemented the requirements of “rooting in the new development stage, rolling out the new development concept, devising the new development layout and promoting high-quality development”, promoted “Six Strategic Services”, conducted scientific research and development of strategic projects, innovated product technology, accelerated information technology construction, deepened system and mechanism reform, penetrated the general layout of risk prevention and control, practically carried out supervision and rectification, steadily promoted the Group’s “To be Prominent Strategy”, and effectively responded to the evolving pandemic, the “threefold pressure (namely, shrinking demand, impact on the supply side and lower growth expectation)” faced by the economy and other external uncertainties. These efforts yielded

a reasonable growth in quantity and a steady enhancement in quality in terms of operating results. During the first half of the year, property insurance consolidated the development advantages of vehicle insurance and innovated the development of individual non-vehicle insurance business along with effective implementation of the requirements of “Six Strategic Services” in the corporate business and active undertaking of policy business, contributing to a growth in premiums which outperformed the market. In the face of downward market pressures, life insurance actively responded by improving the quality of agent team and its premiums growth outperformed other major industry players. Health insurance realised continuous improvement in operating quality and efficiency by actively optimising business model as well as health care products and health management services. Focusing on “serving strategies and major businesses”, the investment segment made active efforts to explore quality assets, premium projects and profitable transactions, optimised asset allocation for the Group’s investment, and effectively stabilised investment efficiency. The technology segment deepened the system reform by comprehensively promoting the project construction and made encouraging strides in technology empowerment.

I. BUSINESS OVERVIEW OF THE COMPANY

(I) Review of Our Industry

In the first half of 2022, the insurance industry in general maintained a steady yet progressive momentum, driven by its dogged pursuit of returning to the essence of protection, sustained efforts to improve the quality and efficiency of services for the real economy as well as relentless endeavour to prevent and resolve financial risks. In the first half of 2022, the original premiums income of the insurance industry was RMB2.85 trillion, representing a year-on-year increase of 5.1%. The policyholders’ benefits and claims were RMB0.78 trillion, representing a year-on-year increase of 3.1%, reflecting a stable improvement in safeguarding services for the real economy and people’s livelihood. In particular, P&C insurance rebounded, the pressure against comprehensive reform of vehicle insurance unleashed and the competitive order of the market improved. Non-vehicle insurance business delivered steady growth, backed by accelerated product innovation and optimised business structure. Faced with the pressure from industry transformation, life and health insurance actively responded by continuously promoting the revamp of business model, strengthening the professional transformation of sales team and increasing the supply of health care and endowment services, with the aim of better satisfying the people’s needs for a better life.

In the first half of 2022, regulating authorities introduced a series of new policies and measures to serve the economy and maintain stability, improve the quality and efficiency of financial services for the real economy, and improve the effectiveness of supervision. In terms of serving the real economy, regulating authorities clarified the key tasks of comprehensively promoting rural revitalisation, heightening the function and effectiveness of insurance in serving rural revitalisation, constantly improving the financial supply for small and micro-enterprises, and expanding the financial coverage for micro-entities such as new citizens, individual industrial and commercial proprietors. They encouraged insurance institutions to increase the risk protection level for manufacturing enterprises, improve technology insurance services, and extend the protection coverage of intellectual property rights, materials and equipment for scientific research and the quality of scientific research results. They also encouraged

insurance institutions with sufficient capital reserve to engage in the project construction such as major highway infrastructures and new public transport infrastructures by leveraging their capability of risk protection. In terms of accelerating the digital transformation of the financial industry, regulating authorities encouraged financial institutions to play an active role in developing industrial digital finance, promote the digital transformation of personal financial services, establish a digital operation and service system, strengthen the building of digital risk control capacity, increase data governance, enhance the support capability of technological structure, and increase the application, independence and controllability of new technologies. In terms of enhancing the foresight and effectiveness of supervision, regulating authorities strived to build a fair and transparent business environment characterised by stability, visibility and rule of law for the insurance industry in pursuit of high-quality development by comprehensively promoting the construction of legal system of the industry, optimising the functions of regulators, facilitating legislation in key areas, strengthening the management of non-life insurance reserve, regulating the off-site supervision process of insurance companies, reinforcing the supervision over investment in financial products with insurance funds and use of funds by insurance institutions on related party transactions, maintaining strict administrative punishment, imposing more stringent administrative penalties, raising the cost of violations of financial laws and regulations, innovating enforcement measures, and increasing enforcement efficiency.

(II) Principal Businesses

In the first half of 2022, despite complex and challenging economic situations at home and abroad, the Group was determined to carry out the new development concept and fulfilled its responsibilities as a central financial enterprise by giving full play to the protection function of insurance and taking part as an industry leader. Its efforts paid off with notable improvement in the ability to serve national strategies, market-leading growth in business development, optimised quality and efficiency, accelerated innovation in products and services, robust and effective risk prevention and control, steady promotion of “To be Prominent Strategy” as well as more advanced development adhering to the notion of politics, serving the people and professionalism.

As of 30 June 2022, the market share of PICC P&C in the P&C insurance market was 34.4%, the market share of PICC Life and PICC Health in the life and health insurance market was 5.0%. In terms of the total written premiums (the “TWPs”), in the first half of 2022, the TWPs of PICC P&C, PICC Life, PICC Health and The People’s Insurance Company of China (Hong Kong), Limited (“**PICC Hong Kong**”) amounted to RMB276,671 million, RMB76,894 million, RMB30,556 million and RMB135 million, respectively.

1. P&C Insurance Segment: Steady yet Progressive Momentum with Enhanced Strength in General

PICC P&C furthered its efforts to optimise business model and consolidated its established advantages while fostering the integrated development of businesses and stepping up product innovation. In the first half of 2022, it achieved the GWPs of RMB277,408 million, representing a year-on-year increase of 9.8%. Among which, the GWPs of motor vehicle insurance amounted to RMB128,808 million, representing a year-on-year increase of 6.7%. The non-vehicle insurance business achieved the GWPs of RMB148,600 million, representing a year-on-year increase of 12.7%. The non-vehicle insurance

business accounted for 53.6%, representing a year-on-year increase of 1.4 percentage points, realising a more balanced overall business structure. Setting its sights on “quality improvement, costs reduction and efficiency enhancement”, PICC P&C upgraded the actuarial pricing model, enhanced underwriting risk selection, constantly strengthened the refined management for claims, aligned premiums with expenses, and improved the efficiency of resource utilisation. Consequently, it registered significant increase in underwriting results with stable operating development and achieved underwriting profits of RMB8,246 million, representing a year-on-year increase of 52.5%. The combined ratio was 96.0%, decreased by 1.2 percentage points as compared to the corresponding period of last year. Net profit amounted to RMB19,041 million, representing a year-on-year increase of 15.4%.

2. Life and Health Insurance Segment: Steady Growth in Scale with Solid Operation Foundation

PICC Life strengthened the construction of professional channels, constantly consolidated the operation foundation, and maintained stable business development. In the first half of 2022, the original premiums income amounted to RMB72,042 million, representing a year-on-year increase of 12.3% which outperformed other major industry players. The operating results of PICC Health hit a record high, which achieved net profit of RMB742 million, representing a year-on-year increase of 186.5%. PICC Health topped the list of professional health insurance companies in terms of premium scale. The TWPs for Internet insurance business was RMB9,255 million, representing a year-on-year increase of 23.3%.

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

The investment segment adhered to the philosophy of value investment, constantly enhanced its capabilities to “serve strategies and major businesses”, strengthened the building of professional capability, and built an investment portfolio that would realise long-term stable returns from a cross-cyclical perspective. In the first half of 2022, the Group achieved a total investment income of RMB32,428 million and an annualised total investment yield of 5.5%, remaining at the forefront of the industry. At the same time, the investment segment leveraged the advantages of core competency in multi-asset allocation, increased product innovation and accelerated the development of third-party management business. As of 30 June 2022, the scale of third-party assets management increased by 23.0% compared with the beginning of the year. In particular, the scale of portfolio assets management and third party specific accounts amounted to RMB218,108 million, representing an increase of 41.2% compared with the beginning of the year.

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

The technology segment took customer experience and the perception of grassroots level as the standard and actively improved the technology support capability. Firstly, we steadily pressed ahead with the optimisation and upgrade of the core systems by enhancing the development of application systems including intelligent risk control and health protection service platforms, conducting system reforms on targeted issues to secure a successful commencement of the “Heart-warming Projects 2.0” and continuously improving the technology support capability. Secondly, we integrated internal information, introduced industry risk data, labelled risk data, strengthened the risk controllability of the Company and

continuously enhanced the intelligent level by conducting the research and application of cutting-edge technologies such as privacy-preserving computation, digital human and knowledge graph based on business scenarios. Thirdly, we empowered the online development and transformation of organisations of all levels by revamp of “PICC” APP, comprehensive e-commerce website, PICC e-Tong and other online integrated interface platforms as well as optimisation of user interface operation for individual (To C), group (To B) and employee (To E). In the first half of 2022, the “PICC” APP served over 34 million users, and the platform achieved a year-on-year increase of more than 80% in premiums. We also built an innovative new media marketing accounts matrix of “one main service channel and multiple specialised services”, established a vehicle life services ecosystem with rich scenarios, and enhanced the market development capabilities by applying new models of short videos, live streaming service, ecosystem value-added service and data empowerment. Fourthly, the effect of technology empowerment continued to feed through. The online platform tools fully supported the Company’s business operations and the full promotion of online services such as mobile billing, intelligent double recording, intelligent revisits, online claims and online preservation. In particular, it gave full play to the role of technological support and operational security amid the pandemic outbreak. The mobile billing rate maintained at more than 99%, property insurance online tool assisted in the investigation of more than 2.70 million cases, and life insurance online preservation rate reached 94%, achieving a continuous improvement in customer experience and making new strides in the digital transformation of the Group.

(III) Key Operating Data

The Group engages in three main businesses, namely P&C insurance business, life and health insurance business and asset management business. The Group’s businesses are composed of four main operating segments: the P&C insurance business consists of P&C insurance segment of the Group and includes PICC P&C and PICC Hong Kong, in which the Company holds 68.98% and 89.36% equity interests, respectively; the life and health insurance business consists of two separate operating segments, including life insurance segment and health insurance segment, among which the life insurance segment includes PICC Life, in which the Company holds 80.00% equity interest directly and indirectly, and the health insurance segment includes PICC Health, in which the Company holds 95.45% equity interest directly and indirectly; and the asset management business consists of asset management segment of the Group and primarily includes PICC Asset Management Company Limited (“**PICC AMC**”), PICC Investment Holding Company Limited (“**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 Technology, and directly and indirectly holds 100.00% equity interest in PICC Reinsurance Company Limited (“**PICC Reinsurance**”) and PICC Financial Services.

Unit: RMB million

	For the six months ended 30 June		
	2022	2021	(% of change)
Original premiums income			
PICC P&C	276,671	251,825	9.9
PICC Life	72,042	64,134	12.3
PICC Health	30,383	25,570	18.8
Combined ratio of PICC P&C (%)	96.0	97.2	Decrease of 1.2 pts
Value of half year's new business of PICC Life	1,493	2,412	(38.1)
Value of half year's new business of PICC Health	854	711	20.1
Total investment yield (annualised) (%)	5.5	6.7	Decrease of 1.2 pts

Unit: RMB million

	30 June 2022	31 December 2021	(% of change)
Market share (%)			
PICC P&C	34.4	32.8	Increase of 1.6 pts
PICC Life	3.5	3.1	Increase of 0.4 pt
PICC Health	1.5	1.1	Increase of 0.4 pt
Embedded Value of PICC Life	109,568	111,431	(1.7)
Embedded Value of PICC Health	20,601	16,176	27.4

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

	30 June 2022	31 December 2021	(Change)
Comprehensive solvency margin ratio (%)			
The Group	262	301	Not applicable
PICC P&C	236	284	Not applicable
PICC Life	233	249	Not applicable
PICC Health	219	190	Not applicable
Core solvency margin ratio (%)			
The Group	200	264	Not applicable
PICC P&C	208	266	Not applicable
PICC Life	145	221	Not applicable
PICC Health	110	151	Not applicable

Note: The solvency results on 30 June 2022 are calculated in accordance with the Solvency Regulatory Rules for Insurance Companies (II) and the relevant requirements under the notice issued by the CBIRC, and the solvency results on 31 December 2021 are calculated in accordance with the C-ROSS Phase I rules.

(IV) Key Financial Indicators

<i>Unit: RMB million</i>			
For the six months ended 30 June			
	2022	2021	(% of change)
Gross written premiums			
PICC P&C	277,408	252,626	9.8
PICC Life	72,042	64,134	12.3
PICC Health	30,383	25,570	18.8
Profit before tax	29,961	27,684	8.2
Net profit	24,811	23,242	6.8
Net profit attributable to owners of the Company	17,850	16,855	5.9
Earnings per share ⁽¹⁾ (RMB/share)	0.40	0.38	5.9
Weighted average return on equity (%)	8.0	8.1	Decrease of 0.1 pt

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

<i>Unit: RMB million</i>			
	30 June 2022	31 December 2021	(% of change)
Total assets	1,497,860	1,376,857	8.8
Total liabilities	1,197,946	1,079,964	10.9
Total equity	299,914	296,893	1.0
Net assets per share ⁽¹⁾ (RMB)	5.01	4.96	1.1
Gearing ratio ⁽²⁾ (%)	80.0	78.4	Increase of 1.6 pts

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

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

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

	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 2022	For the six months ended 30 June 2021	30 June 2022	31 December 2021
Under the China Accounting Standards for Business Enterprises	17,850	16,884	221,540	219,132
Items and amounts adjusted in accordance with the International Financial Reporting Standards:				
Catastrophic Risk Reserve of Agricultural Insurance (<i>Note 1</i>)	8	(10)	234	226
Impact of above adjustment on deferred income tax	(2)	3	(59)	(57)
Reclassification of insurance contracts to investment contracts (<i>Note 2</i>)	(6)	(22)	(51)	(45)
Under the International Financial Reporting Standards	17,850	16,855	221,664	219,256

Explanation for major adjustments:

1. According to the Cai Jin [2013] No.129 Document, PICC P&C made provision for catastrophic risk reserve of agricultural insurance based on a certain proportion of the retained premiums of agricultural insurance; however, the provision for catastrophic risk reserve is not accounted under the International Financial Reporting Standards. Hence, there is a difference in the reserve under the two reporting standards.
2. At the end of 2014, PICC Life reviewed the result of major insurance risks test for insurance policies and reclassified contracts relating to certain insurance types from insurance contracts to investment contracts. However, under the International Financial Reporting Standards, once a contract is classified as an insurance contract, such classification shall remain so until the contract expires. This has led to difference in the measurement of the liabilities relating to such contracts under the two reporting standards.

II. PERFORMANCE ANALYSIS

(I) Insurance Business

P&C Insurance Business

1. PICC P&C

Under the guidance of the Group's "To be Prominent Strategy", PICC P&C extended the "Six Strategic Services", namely rural revitalisation, intelligent transportation, health care and endowment, green environmental protection, technological innovation and social governance, to expand and upgrade the supply of insurance. It further promoted system and mechanism reform. Taking organisational structure, performance appraisal and channel construction as the core, it focused on customers' needs and social value, integrated the enterprise operational value chain, implemented penetration management, and established a customer-integrated interface. It strengthened comprehensive risk management, promoted internal control transformation and upgrade, continuously consolidated operating foundation, and constructed a new pattern of transformation towards high-quality development. In the first half of 2022, PICC P&C achieved the GWPs of RMB277,408 million, representing a year-on-year growth of 9.8%; and the market share was 34.4%, maintaining the top position in the industry. Underwriting profits amounted to RMB8,246 million, representing a year-on-year increase of 52.5%. The combined ratio was 96.0%, decreased by 1.2 percentage points as compared to the corresponding period of last year. Net profit amounted to RMB19,041 million, representing a year-on-year increase of 15.4%.

(1) Underwriting

PICC P&C continued to optimise its operating model and promote business integration development. The original premiums income was RMB276,671 million, representing a year-on-year increase of 9.9%. The business growth was mainly derived from the business development of accidental injury and health insurance, motor vehicle insurance and agricultural insurance. PICC P&C focused on "quality improvement, costs reduction and efficiency enhancement", upgraded the actuarial pricing model, strengthened underwriting risk selection, continued to improve the level of refined claims management, implemented price-fee linkage, enhanced resource utilisation efficiency, and significantly improved underwriting performance. The claim ratio was 71.5%, representing a year-on-year decrease of 0.2 percentage point. The expense ratio was 24.5%, representing a year-on-year decrease of 1.0 percentage point. Underwriting profits amounted to RMB8,246 million, representing a year-on-year increase of 52.5%.

- Motor vehicle insurance

PICC P&C actively responded to the impact of the COVID-19 pandemic and the decline in production and sales of new vehicles, tapped into market potential, continuously improved service quality and segmented pricing capabilities, strengthened sales channel construction, and increased customer stickiness with stronger comprehensive strength. The renewal rate of vehicle insurance recorded a year-on-year increase of 1.7 percentage points, and the number of insured vehicles recorded a year-on-year increase of 4.7%, The GWPs of motor vehicle insurance amounted to RMB128,808 million, representing a year-on-year increase of 6.7%.

PICC P&C continued to optimise its business quality and structure, improved the accuracy of risk pricing, strengthened price-fee linkage and process management and control, enhanced the intelligence level in claims settlement, and intensified recovery efforts, effectively offsetting unfavourable factors such as working hours for spare parts and rising compensation standards for personal injuries. The claim ratio for motor vehicle insurance was 69.7%, representing a year-on-year decrease of 0.7 percentage point. PICC P&C improved channel resource allocation efficiency and continued to promote costs reduction and efficiency enhancement. The expense ratio of motor vehicle insurance was 25.7%, representing a year-on-year decrease of 0.6 percentage point. The combined ratio was 95.4%, decreased by 1.3 percentage points as compared to the corresponding period of last year. Underwriting profits amounted to RMB5,686 million, representing a year-on-year increase of 44.9%.

- Accidental injury and health insurance

PICC P&C focused on the “Healthy China” strategy, continued to consolidate its existing advantages in social medical insurance business, promoted the integrated development of policy business and commercial health insurance, actively developed the “Hui Min Bao” (惠民保) business, tapped into the potential needs of existing customers, and achieved significant growth in social medical insurance business, personal health insurance and driving accident insurance business. The GWPs of overall accidental injury and health insurance amounted to RMB68,882 million, representing a year-on-year increase of 14.7%.

PICC P&C strengthened risk prevention and control in high-claim business and vigorously expanded personal accident and health insurance business. The claim ratio of accidental injury and health insurance was 82.7%, representing a year-on-year decrease of 2.2 percentage points. The expense ratio was 18.1%, representing a year-on-year increase of 1.4 percentage points. The combined ratio was 100.8%, decreased by 0.8 percentage point as compared to the corresponding period of last year.

- Agricultural insurance

PICC P&C fully promoted rural revitalisation and agriculture and rural modernisation, implemented the full cost insurance and income insurance pilot scheme rolled out by the central government for the three main cereal crops, intensified product innovation, and enriched and optimised product supply. The GWPs of agricultural insurance amounted to RMB36,721 million, representing a year-on-year increase of 23.8%.

Affected by natural disasters such as storms and rainstorms, the agricultural insurance claim ratio was 77.5%, representing a year-on-year increase of 1.7 percentage points. PICC P&C continued to reduce operating costs. The expense ratio was 11.8%, representing a year-on-year decrease of 9.3 percentage points. The combined ratio was 89.3%, decreased by 7.6 percentage points as compared to the corresponding period of last year.

- Liability insurance

PICC P&C proactively adapted to changes in market demand, timely adjusted product marketing strategies, continued to promote the integrated development of liability insurance business, strengthened the selection of underwriting risks, optimised its business structure, and actively promoted business development in safety production, government assistance, and product liability. The GWPs of overall liability insurance amounted to RMB19,265 million, representing a year-on-year increase of 2.1%.

PICC P&C implemented differentiated dynamic expense management to optimise resource allocation efficiency. The expense ratio of liability insurance was 34.4%, representing a year-on-year decrease of 0.9 percentage point. As the claim standard of personal injury raises, the claim ratio of liability insurance was 71.0%, representing a year-on-year increase of 7.9 percentage points. The combined ratio was 105.4%, increased by 7.0 percentage points as compared to the corresponding period of last year.

- Credit insurance

Taking the opportunity of gradual recovery in global supply chain, PICC P&C actively served the real economy and intensified innovation in inclusive financial products. The GWPs of overall credit insurance amounted to RMB2,674 million, representing a year-on-year increase of 129.9%.

PICC P&C continued to strengthen cost control, and the total expenses basically remained stable. However, due to the formation rate of net premiums earned, the expense ratio of credit insurance recorded a year-on-year increase of 6.3 percentage points to 34.4%. PICC P&C continued to optimise the risk control model, focused on improving the quality of new businesses, strengthened process monitoring and recovery management, and promoted costs reduction and efficiency enhancement. The claim ratio of overall credit insurance was 29.0%, representing a year-on-year decrease of 32.5 percentage points. The combined ratio was 63.4%, decreased by 26.2 percentage points as compared to the corresponding period of last year. Underwriting profits amounted to RMB869 million, representing a year-on-year increase of 185.9%.

- Commercial property insurance

Making the most of the steady recovery of domestic economy and the unleashing of insurance demand, PICC P&C actively served commercial risk protection needs, and vigorously developed high-quality business. The GWPs of commercial property insurance amounted to RMB10,252 million, representing a year-on-year increase of 1.3%.

PICC P&C improved its underwriting risk selection capability, strengthened the construction of independent underwriter teams, and implemented the linkage between underwriting and claims, quality and expenses. The claim ratio of commercial property insurance was 55.4%, representing a year-on-year decrease of 2.1 percentage points. The expense ratio was 38.2%, representing a year-on-year decrease of 2.2 percentage points. The combined ratio was 93.6%, decreased by 4.3 percentage points as compared to the corresponding period of last year.

- Cargo insurance

PICC P&C actively seized the opportunities arising from the recovery and development of trade import and export and domestic logistics, increased efforts in exploring foreign trade hotspots (such as cross-border e-commerce), and maintained rapid development in import and export and Internet cargo insurance. The GWPs of overall cargo insurance was RMB2,580 million, representing a year-on-year increase of 2.0%.

PICC P&C insisted on an efficiency-oriented approach and strengthened cost control. The expense ratio of cargo insurance was 33.3%, representing a year-on-year decrease of 7.7 percentage points. Due to the increase in claim frequency, the claim ratio of cargo insurance was 58.1%, representing a year-on-year increase of 16.4 percentage points. The combined ratio was 91.4%, increased by 8.7 percentage points as compared to the corresponding period of last year.

- Other insurances

The GWPs of other insurances of PICC P&C amounted to RMB8,226 million, representing a year-on-year decrease of 13.2%, which was mainly due to the year-on-year decrease in the scale of special insurance and engineering insurance business.

Underwriting profits of other insurances of PICC P&C amounted to RMB638 million. Due to the impact of the China Eastern plane crash and other major claims, the claim ratio was 42.1%, representing a year-on-year increase of 0.6 percentage point. The combined ratio was 83.4%, increased by 3.7 percentage points as compared to the corresponding period of last year.

The following table sets forth the business information on major insurances of PICC P&C for the reporting period:

Unit: RMB million

	For the six months ended 30 June						
	Original premiums income	Gross written premiums	Amount of insurance	Net claims	Liability balance of reserve	Underwriting profits	Combined ratio (%)
Motor vehicle insurance	128,808	128,808	96,753,536	76,734	211,171	5,686	95.4
Accidental injury and health insurance	68,882	68,882	711,644,456	24,789	76,336	(303)	100.8
Agricultural insurance	36,721	36,721	1,264,876	9,097	36,765	1,580	89.3
Liability insurance	19,265	19,265	74,974,856	6,017	38,219	(653)	105.4
Credit insurance	2,674	2,674	739,092	785	8,581	869	63.4
Commercial property insurance	9,539	10,252	24,582,168	2,321	19,196	293	93.6
Cargo insurance	2,580	2,580	9,107,955	699	3,379	136	91.4
Other insurances	8,202	8,226	69,120,410	1,551	21,689	638	83.4
Total	276,671	277,408	988,187,349	121,993	415,336	8,246	96.0

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

① Analysis by Insurance Type

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

Unit: RMB million

	For the six months ended 30 June		
	2022	2021	(% of change)
Motor vehicle insurance	128,808	120,755	6.7
Accidental injury and health insurance	68,882	60,036	14.7
Agricultural insurance	36,721	29,565	24.2
Liability insurance	19,265	18,875	2.1
Credit insurance	2,674	1,163	129.9
Commercial property insurance	9,539	9,437	1.1
Cargo insurance	2,580	2,529	2.0
Other insurances	8,202	9,465	(13.3)
Total	276,671	251,825	9.9

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					
	2022			2021		
	Amount	(% of total)	(% of change)	Amount	(% of total)	
Insurance agents channel	146,027	52.8	7.2	136,180	54.1	
Among which: Individual insurance						
agents	82,468	29.8	11.9	73,683	29.3	
Ancillary insurance						
agents	15,976	5.8	(14.6)	18,702	7.4	
Professional insurance						
agents	47,583	17.2	8.6	43,795	17.4	
Direct sales channel	107,107	38.7	11.5	96,046	38.1	
Insurance brokerage channel	23,537	8.5	20.1	19,599	7.8	
Total	276,671	100.0	9.9	251,825	100.0	

In the first half of 2022, 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 11.5%.

③ Analysis by Region

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

<i>Unit: RMB million</i>			
For the six months ended 30 June			
	2022	2021	(% of change)
Guangdong Province	26,864	23,812	12.8
Jiangsu Province	26,706	23,985	11.3
Zhejiang Province	20,958	18,337	14.3
Shandong Province	18,281	16,427	11.3
Hebei Province	14,662	13,713	6.9
Hunan Province	13,385	12,044	11.1
Hubei Province	13,287	11,566	14.9
Sichuan Province	12,587	12,202	3.2
Anhui Province	12,156	10,433	16.5
Fujian Province	11,231	10,510	6.9
Other regions	106,554	98,796	7.9
Total	276,671	251,825	9.9

(2) Financial Analysis

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

<i>Unit: RMB million</i>			
For the six months ended 30 June			
	2022	2021	(% of change)
Net earned premiums	203,876	189,774	7.4
Investment income	9,845	11,208	(12.2)
Other income	697	846	(17.6)
Total income	221,351	208,599	6.1
Net claims and policyholders' benefits	145,767	136,031	7.2
Handling charges and commissions	18,557	19,434	(4.5)
Finance costs	526	953	(44.8)
Other operating and administrative expenses	38,872	36,323	7.0
Total benefits, claims and expenses	203,221	192,841	5.4
Profit before tax	22,516	19,716	14.2
Less: Income tax expense	3,475	3,219	8.0
Net profit	19,041	16,497	15.4

Net earned premiums

Net earned premiums of PICC P&C increased by 7.4% from RMB189,774 million in the first half of 2021 to RMB203,876 million for the same period in 2022, which was mainly attributable to the growth in original premiums income.

Investment income

Investment income of PICC P&C decreased by 12.2% from RMB11,208 million in the first half of 2021 to RMB9,845 million for the same period in 2022, mainly affected by the volatility in the capital market.

Net claims and policyholders' benefits

Net claims and policyholders' benefits of PICC P&C increased by 7.2% from RMB136,031 million in the first half of 2021 to RMB145,767 million for the same period in 2022. The claim ratio was 71.5%, representing a decrease of 0.2 percentage point over the same period last year, mainly attributable to the strengthening of underwriting risk selection and continuous improvement of the level of refined management on claim settlement.

Handling charges and commissions

In the first half of 2022, PICC P&C strengthened the construction of its own channels, and enhanced the direct controllability of direct sales. As a result, the handling charges rate decreased by 1.0 percentage point from 7.7% in the first half of 2021 to 6.7% for the same period in 2022, and the handling charges and commissions decreased by 4.5% from RMB19,434 million in the first half of 2021 to RMB18,557 million for the same period in 2022.

Finance costs

Finance costs of PICC P&C decreased by 44.8% from RMB953 million in the first half of 2021 to RMB526 million for the same period in 2022, which was mainly due to the decrease in interest expenses of capital supplementary bonds.

Income tax expense

Income tax expense of PICC P&C increased by 8.0% from RMB3,219 million in the first half of 2021 to RMB3,475 million for the same period in 2022, mainly due to the increase in profit.

Net profit

As a result of the foregoing reasons, the net profit of PICC P&C increased by 15.4% from RMB16,497 million in the first half of 2021 to RMB19,041 million for the same period in 2022.

2. PICC Hong Kong

As of 30 June 2022, PICC Hong Kong's total assets amounted to RMB4,767 million, and net assets amounted to RMB1,312 million. In the first half of 2022, the GWPs amounted to RMB1,280 million, representing a year-on-year increase of 30.1%. The combined ratio was 91.4%, representing a decrease of 2.0 percentage points over the same period last year.

PICC Reinsurance

In the first half of 2022, PICC Reinsurance continued to improve its market competitiveness, and the proportion of third-party market business recorded a steady year-on-year increase of 37.4%. Focusing on customers' needs, customer service capabilities in the domestic market have improved continuously, and the partnership with leading insurance companies has further consolidated. Another new breakthrough was made on the international business front that PICC Reinsurance has become the first Chinese-funded reinsurance company to obtain cross-border insurance business qualification in Chile. Life and health insurance business thrived and achieved dual growth in premiums and efficiency. The construction of professional and technical capabilities has achieved remarkable results with the development of the VCE cloud explosion model which breaks the barrier of technologies dominated by foreign invested companies. In the first half of 2022, the net profit of PICC Reinsurance increased by 7.0% year-on-year.

Life and Health Insurance

1. PICC Life

PICC Life remained steadfast in the Group's "To be Prominent Strategy", continuously consolidated its business foundation and strengthened the construction of professional channels, and adhered to a new sales management matrix with individual insurance as the main force, bancassurance as the booster, and group insurance and e-commerce as the two wings, contributing to the effective improvement in the comprehensive service capabilities and business scale of the Company. In the first half of 2022, the original premiums income recorded a year-on-year increase of 12.3%. The quality of "Comprehensive individual life insurance" agent has been improved, and the construction of high-end sales teams has achieved initial results. The product structure of bancassurance channel has been optimised, and the transformation of channel value was continuously promoted. The value of new business increased by RMB246 million year-on-year. The group insurance channel adjusted its business structure to improve the profitability of short-term insurance. Short-term insurance underwriting profit margin increased by 16 percentage points year-on-year. The e-commerce channel actively expanded the cooperation platform and continuously optimised its business structure. The business of ten years and above increased by 15.4% year-on-year. In general, all channels maintained positive momentum in development, laying a foundation for future earnings.

(1) Original Premiums Income

① Analysis by Product

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

<i>Unit: RMB million</i>					
For the six months ended 30 June					
2022			2021		
	Amount	(% of total)	(% of change)	Amount	(% of total)
Life insurance	62,845	87.2	18.2	53,157	82.9
General life insurance	22,219	30.8	10.9	20,043	31.3
Participating life insurance	40,575	56.3	22.7	33,063	51.6
Universal life insurance	52	0.1	2.0	51	0.1
Health insurance	8,716	12.1	(15.2)	10,284	16.0
Accident insurance	481	0.7	(30.7)	694	1.1
Total	72,042	100.0	12.3	64,134	100.0

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

PICC Life analysed the development trend of life and health insurance market, predicted customers' needs, optimised product allocation and sales strategies, and achieved an original premiums income of RMB72,042 million, representing a year-on-year increase of 12.3%.

Upholding a customer-oriented approach, PICC Life provided insurance services based on the diversified demands of customers, including endowment, health care and medical needs, asset allocation and wealth inheritance, and achieved an original premiums income of life insurance of RMB62,845 million, representing a year-on-year increase of 18.2%.

As affected by a number of factors such as the development of policy-based inclusive health insurance business, PICC Life achieved an original premiums income of health insurance of RMB8,716 million, representing a year-on-year decrease of 15.2%.

PICC Life recorded a year-on-year decrease of 17.2% in the combined ratio of short-term accident insurance with notable improvement in efficiency as it strengthened the management and control of business risk and actively adjusted the business structure of short-term insurance. In the first half of the year, the original premiums income of accident insurance amounted to RMB481 million, representing a year-on-year decrease of 30.7%.

In terms of the TWPs, in the first half of 2022, the TWPs of general life insurance, participating life insurance and universal life insurance amounted to RMB22,219 million, RMB40,813 million and RMB4,665 million, respectively. The TWPs of health insurance and accident insurance amounted to RMB8,716 million and RMB481 million, respectively.

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 bancassurance channel, individual insurance channel and group insurance channel.

Unit: RMB million

For the six months ended 30 June					
2022			2021		
	Amount	(% of total)	(% of change)	Amount	(% of total)
Bancassurance Channel	39,280	54.5	41.9	27,676	43.2
First-year business of long-term insurance	26,327	36.5	69.1	15,567	24.3
Single premiums	18,925	26.3	119.4	8,624	13.4
First-year regular premiums	7,402	10.3	6.6	6,944	10.8
Renewal business	12,930	17.9	7.0	12,080	18.8
Short-term insurance	23	0.0	(20.7)	29	0.0
Individual Insurance Channel	31,089	43.2	(9.1)	34,215	53.3
First-year business of long-term insurance	10,151	14.1	(10.7)	11,370	17.7
Single premiums	3,170	4.4	(14.4)	3,704	5.8
First-year regular premiums	6,981	9.7	(8.9)	7,667	12.0
Renewal business	20,678	28.7	(7.9)	22,445	35.0
Short-term insurance	260	0.4	(35.0)	400	0.6
Group Insurance Channel	1,673	2.3	(25.4)	2,243	3.5
First-year business of long-term insurance	55	0.1	(89.0)	498	0.8
Single premiums	8	0.0	(98.2)	441	0.7
First-year regular premiums	47	0.1	(19.0)	58	0.1
Renewal business	403	0.6	(21.4)	513	0.8
Short-term insurance	1,215	1.7	(1.3)	1,231	1.9
Total	72,042	100.0	12.3	64,134	100.0

In the first half of 2022, PICC Life was determined to enhance the value of bancassurance channel and realised a significant increase in the channel value contribution. The original premiums income of bancassurance channel was RMB39,280 million, representing a year-on-year increase of 41.9%, and new business value reached RMB244 million, representing a year-on-year increase of RMB246 million.

In the first half of 2022, individual insurance channel of PICC Life focused on high-performance manpower, consolidated its fundamental management, and improved the product structure. The monthly average sales-in-force was 28,242 for the channel of “Comprehensive individual life insurance” and the original premiums income of individual insurance channel was RMB31,089 million, representing a year-on-year decrease of 9.1%.

PICC Life has terminated supplementary group medical products. The original premiums income of group insurance channel was RMB1,673 million, representing a year-on-year decrease of 25.4%.

In terms of the TWPs, in the first half of 2022, the TWPs from the bancassurance channel, individual insurance channel and group insurance channel amounted to RMB39,790 million, RMB35,190 million and RMB1,914 million, respectively. As of 30 June 2022, the number of sales agents for “Comprehensive individual life insurance” was 129,110. The regular premiums payment from new clients per capita per month of the “Comprehensive individual life insurance” channel amounted to RMB5,842.

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		
	2022	2021	(% of change)
Zhejiang Province	7,292	7,128	2.3
Sichuan Province	7,114	5,991	18.7
Jiangsu Province	4,949	3,935	25.8
Hunan Province	3,773	3,434	9.9
Gansu Province	3,166	2,467	28.3
Henan Province	3,128	2,484	25.9
Hubei Province	3,013	2,553	18.0
Beijing City	2,656	2,353	12.9
Shandong Province	2,603	2,033	28.0
Guangdong Province	2,420	2,261	7.0
Other regions	31,928	29,495	8.2
Total	72,042	64,134	12.3

④ Persistency Ratios of Premiums

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

Items	For the six months ended 30 June	
	2022	2021
13-month premium persistency ratio ⁽¹⁾ (%)	85.8	82.0
25-month premium persistency ratio ⁽²⁾ (%)	79.3	88.7

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

Unit: RMB million			
Insurance products	Type of insurance	Sales channels	For the six months ended 30 June
			Original premiums income
PICC Life Xin An Endowment Insurance (Participating) (Type C)	Participating life insurance	Individual insurance channel/Bancassurance channel	18,172
PICC Life Ru Yi Bao Endowment Insurance (Participating)	Participating life insurance	Individual insurance channel/Bancassurance channel	14,676
PICC Life Wen Nuan Jin Sheng Annuity Insurance	General life insurance	Individual insurance channel	4,461
PICC Life Zhuo Yue Jin Sheng Endowment Insurance	General life insurance	Individual insurance channel	4,288
PICC Life Yue Xiang Sheng Huo Annuity Insurance	General life insurance	Individual insurance channel	3,777

(2) Financial Analysis

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

<i>Unit: RMB million</i>			
For the six months ended 30 June			
	2022	2021	(% of change)
Net earned premiums	71,202	63,146	12.8
Investment income	11,865	13,195	(10.1)
Other income	301	359	(16.2)
Total income	83,446	76,843	8.6
Net claims and policyholders' benefits	71,363	62,252	14.6
Handling charges and commissions	4,860	5,801	(16.2)
Finance costs	1,608	1,219	31.9
Other operating and administrative expenses	4,009	4,505	(11.0)
Total benefits, claims and expenses	81,793	73,783	10.9
Profit before tax	4,312	5,408	(20.3)
Less: Income tax expense	960	951	0.9
Net profit	3,352	4,457	(24.8)

Net earned premiums

Net earned premiums of PICC Life increased by 12.8% from RMB63,146 million in the first half of 2021 to RMB71,202 million for the same period in 2022.

Investment income

The investment income of PICC Life decreased by 10.1% from RMB13,195 million in the first half of 2021 to RMB11,865 million in the same period of 2022, mainly due to the volatility in the capital market.

Other income

Other income of PICC Life decreased by 16.2% from RMB359 million in the first half of 2021 to RMB301 million for the same period in 2022. This was primarily due to the year-on-year decrease in business synergy income.

Net claims and policyholders' benefits

Net claims and policyholders' benefits of PICC Life increased by 14.6% from RMB62,252 million in the first half of 2021 to RMB71,363 million for the same period in 2022, mainly due to the year-on-year increase in maturity benefits as more insurance products for previous years expired during the current year.

Handling charges and commissions

Handling charges and commissions of PICC Life decreased by 16.2% from RMB5,801 million in the first half of 2021 to RMB4,860 million for the same period in 2022.

Finance costs

Finance costs of PICC Life increased by 31.9% from RMB1,219 million in the first half of 2021 to RMB1,608 million for the same period in 2022. It was mainly due to the interest settlement on investment funds and the increase in interest expenses relating to financial assets sold under agreements to repurchase.

Income tax expense

The income tax expense of PICC Life changed from RMB951 million in the first half of 2021 to RMB960 million for the same period in 2022, which remained basically stable.

Net profit

As a result of the foregoing reasons, the net profit of PICC Life decreased by 24.8% from RMB4,457 million in the first half of 2021 to RMB3,352 million for the same period in 2022.

2. PICC Health

In the first half of 2022, PICC Health stayed committed to serving the Group's "To be Prominent Strategy" while implementing the "Four New"² development ideas. The development has demonstrated a satisfactory trend of rapid growth in business scale, continuous improvement in operational quality and efficiency, and solid progress in risk prevention and control. The original premiums income of PICC Health was RMB30,383 million, representing a year-on-year increase of 18.8%. Net profit amounted to RMB742 million, representing a year-on-year increase of 186.5%. It achieved value of new business of RMB854 million, representing a year-on-year increase of 20.1%. The "Hao Yi Bao" (好醫保) series long-term insurance products achieved an original premiums income of RMB6,264 million. PICC Health actively provided various health management services such as health examinations, drug services, oral and dental services, and realised a service income of RMB77.656 million, representing a year-on-year increase of 257.2%.

² Establishing new business philosophy, building new business structure, releasing new development momentum, and demonstrating new business style.

(1) Original Premiums Income

① Analysis by Product

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

<i>Unit: RMB million</i>					
For the six months ended 30 June					
2022			2021		
Health insurance products	Amount	(% of total)	(% of change)	Amount	(% of total)
Medical insurance	16,900	55.6	7.6	15,708	61.4
Participating endowment insurance	8,550	28.1	29.0	6,629	25.9
Illness insurance	3,917	12.9	125.0	1,741	6.8
Nursing care insurance	693	2.3	(38.0)	1,118	4.4
Accidental injury insurance	287	0.9	(4.3)	300	1.2
Disability losses insurance	36	0.1	(51.4)	74	0.3
Total	30,383	100.0	18.8	25,570	100.0

In the first half of 2022, PICC Health strengthened the planning leadership, proactively promoted business development, continued to optimise the business structure, and realised an original premiums income of RMB30,383 million, representing a year-on-year increase of 18.8%. Of which, the premiums income of health insurance and accident insurance amounted to RMB21,833 million, representing a year-on-year increase of 15.3%, which outpaced the growth of the health insurance and accident insurance of all other industry peers by 12.4 percentage points.

PICC Health actively served the construction of multi-level medical security system and realised an original premiums income of medical insurance of RMB16,900 million, representing a year-on-year increase of 7.6%.

PICC Health proactively developed critical illness insurance business, and realised an original premiums income of illness insurance of RMB3,917 million, representing a year-on-year increase of 125.0%.

PICC Health continued to keep track of the expansion of the national long-term nursing care insurance pilot program, and actively carried out individual commercial nursing care insurance, yet it was affected by the progress of signing contracts for certain projects. The original premiums income of nursing care insurance amounted to RMB693 million, representing a year-on-year decrease of 38.0%.

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

In the first half of 2022, the TWPs of medical insurance, participating endowment insurance, illness insurance, nursing care insurance, accidental injury insurance and disability losses insurance amounted to RMB16,925 million, RMB8,550 million, RMB3,917 million, RMB841 million, RMB287 million and RMB36 million, respectively.

② Analysis by Channel

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

Unit: RMB million

	For the six months ended 30 June					
	2022			2021		
	Amount (% of total)		(% of change)	Amount (% of total)		
Bancassurance	7,625	25.1	34.1	5,685	22.2	
First-year business of long-term insurance	7,150	23.5	36.6	5,234	20.5	
Single premiums	6,767	22.3	35.2	5,004	19.6	
First-year regular premiums	383	1.3	66.5	230	0.9	
Renewal business	475	1.6	5.3	451	1.8	
Short-term insurance	–	–	–	–	–	
Individual Insurance	10,974	36.1	17.0	9,379	36.7	
First-year business of long-term insurance	1,675	5.5	(42.3)	2,904	11.4	
Single premiums	197	0.6	155.8	77	0.3	
First-year regular premiums	1,478	4.9	(47.7)	2,827	11.1	
Renewal business	6,943	22.9	14.0	6,092	23.8	
Short-term insurance	2,356	7.8	515.1	383	1.5	
Group Insurance	11,784	38.8	12.2	10,506	41.1	
First-year business of long-term insurance	16	0.1	(88.4)	138	0.5	
Single premiums	13	0.0	(84.3)	83	0.3	
First-year regular premiums	3	0.0	(94.5)	55	0.2	
Renewal business	73	0.2	247.6	21	0.1	
Short-term insurance	11,695	38.5	13.0	10,347	40.5	
Total	30,383	100.0	18.8	25,570	100.0	

PICC Health continued to strengthen its cooperation with the bancassurance channel, vigorously developed regular premiums business from new clients, strengthened training to nurture high-performing teams, and acquired quality customers through targeted marketing. It also dug up network resources and promoted the rapid development of bancassurance business. The original premiums income of bancassurance channel was RMB7,625 million, representing a year-on-year increase of 34.1%.

In terms of individual insurance agent business, under the guidance of the Group's "To be Prominent Strategy", PICC Health adhered to the development path of cultivating elites, aimed at high-end market, focused on high-value business, and actively planned for channel innovation, transformation and development. In terms of Internet insurance business, PICC Health consolidated major business and deepened the cooperation with excellent platforms, continued to enrich the product system of Internet health insurance products, optimised and improved operation process, and further expanded the premium scale. The original premiums income of individual insurance channel was RMB10,974 million, representing a year-on-year increase of 17.0%.

In terms of commercial group insurance business, PICC Health took multiple measures to focus on the development of corporate customer business and social security integration business, improve service capabilities and explore the construction of joint medical offices for corporate and the business model of professional group development, and promoted the transformation of group insurance business towards high-quality development and transformation. In terms of social medical insurance business, PICC Health actively responded to the reform of national medical security system and the requirements of the "Healthy China" strategy. On the basis of continuous consolidation and improvement of traditional businesses, it vigorously developed urban customised commercial medical insurance, outpatient chronic and special disease business, long-term nursing care insurance and other innovative business, and promoted the sustainable and steady development of social security business. The original premiums income of group insurance channel was RMB11,784 million, representing a year-on-year increase of 12.2%.

In terms of the TWPs, in the first half of 2022, the TWPs from the bancassurance channel, individual insurance channel and group insurance channel amounted to RMB7,648 million, RMB11,110 million and RMB11,798 million, respectively.

③ Analysis by Region

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

	<i>Unit: RMB million</i>		
	For the six months ended 30 June		
	2022	2021	(% of change)
Guangdong Province	11,565	8,753	32.1
Henan Province	2,636	2,556	3.1
Jiangxi Province	1,997	1,818	9.8
Liaoning Province	1,585	1,454	9.0
Hubei Province	1,548	797	94.2
Yunnan Province	1,498	1,353	10.7
Anhui Province	1,198	808	48.3
Shanxi Province	1,086	1,098	(1.1)
Shandong Province	885	976	(9.3)
Tianjin City	872	699	24.7
Other regions	5,513	5,258	4.8
Total	30,383	25,570	18.8

④ Persistency Ratios of Premiums

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

Items	For the six months ended 30 June	
	2022	2021
13-month premium persistency ratio ⁽¹⁾ (%)	86.1	77.9
25-month premium persistency ratio ⁽²⁾ (%)	76.8	84.1

- (1) The 13-month premium persistency ratio for a given year is the proportion of the actual TWPs for the 13th month after the long-term regular premium individual 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 the actual TWPs for the 25th month after the long-term regular premium individual health 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 Health's top five insurance products in terms of original premiums income for the reporting period:

Unit: RMB million

Insurance products	Type of insurance	For the six months ended 30 June	
		Sales channels	Original premiums income
Kang Li Ren Sheng Endowment Insurance (Participating)	Endowment insurance	Bancassurance channel/ Individual insurance channel/Group insurance channel	8,448
Jian Kang Jin Fu You Xiang Bao Individual Medical Insurance (2018)	Medical insurance	Individual insurance channel	4,962
Group Critical Illness Medical Insurance for Urban and Rural Residents (Type A)	Medical insurance	Group insurance channel	4,694
He Xie Sheng Shi Large Amount Supplementary Group Medical Insurance for Urban Employees	Medical insurance	Group insurance channel	3,519
PICC Health e-Help Internet Critical Illness Insurance	Illness insurance	Individual insurance channel	1,499

(2) Financial Analysis

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

	<i>Unit: RMB million</i>		
	For the six months ended 30 June		
	2022	2021	(% of change)
Net earned premiums	21,599	18,865	14.5
Investment income	1,387	1,591	(12.8)
Other income	176	141	24.8
Total income	23,625	21,264	11.1
Net claims and policyholders' benefits	18,152	17,158	5.8
Handling charges and commissions	2,444	2,323	5.2
Finance costs	243	205	18.5
Other operating and administrative expenses	1,524	1,256	21.3
Total benefits, claims and expenses	22,362	20,942	6.8
Profit before tax	1,262	319	295.6
Less: Income tax expense	520	60	766.7
Net profit	742	259	186.5

Net earned premiums

Net earned premiums of PICC Health increased by 14.5% from RMB18,865 million in the first half of 2021 to RMB21,599 million for the same period in 2022, which was primarily due to the growth of insurance business scale.

Investment income

Investment income of PICC Health decreased by 12.8% from RMB1,591 million in the first half of 2021 to RMB1,387 million for the same period in 2022, mainly due to the volatility in the capital market.

Other income

Other income of PICC Health increased by 24.8% from RMB141 million in the first half of 2021 to RMB176 million for the same period in 2022.

Net claims and policyholders' benefits

Net claims and policyholders' benefits of PICC Health increased by 5.8% from RMB17,158 million in the first half of 2021 to RMB18,152 million for the same period in 2022.

Handling charges and commissions

The handling charges and commissions of PICC Health increased by 5.2% from RMB2,323 million in the first half of 2021 to RMB2,444 million for the same period in 2022, mainly due to the business growth.

Finance costs

Finance costs of PICC Health increased by 18.5% from RMB205 million in the first half of 2021 to RMB243 million for the same period in 2022.

Net profit

As a result of the foregoing reasons, the net profit of PICC Health increased by 186.5% from RMB259 million in the first half of 2021 to RMB742 million for the same period in 2022

(II) Asset Management Business

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

As of 30 June 2022, the scale of third-party assets under management of the Group amounted to RMB764,238 million, representing an increase of 23.0% compared with the beginning of the year. Among which, in terms of portfolio asset management products and third-party special accounts, the Group actively grasped the needs of banks for wealth management funds, and the scale of assets under management increased by 41.2% compared with the beginning of the year. The investment subsidiaries of the Group continued to strengthen their professional capacity building and enhance their ability in supporting national strategies and serving the real economy. In the first half of 2022, PICC AMC launched the "Empowerment Projects", ranging from political construction, human resources construction, investment and research construction to operational risk control system construction and technological capacity construction, in an effort to build excellent investment management capabilities in a comprehensive manner. PICC Capital was determined to serve the real economy, vigorously supported the national development strategies in major regions, continued to support investment projects in major areas such as strategic emerging industries, new energy, infrastructure, and transportation, and improved market-oriented asset management systems, standardised compliance systems and multi-level risk management systems.

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

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

	<i>Unit: RMB million</i>		
	For the six months ended 30 June		
	2022	2021	(% of change)
Investment income	274	310	(11.6)
Other income	1,068	1,131	(5.6)
Total income	1,342	1,441	(6.9)
Finance costs	17	6	183.3
Other operating and administrative expenses	745	692	7.7
Total expenses	764	698	9.5
Profit before tax	586	749	(21.8)
Less: Income tax expense	130	170	(23.5)
Net profit	456	579	(21.2)

Investment income

Investment income of the asset management segment decreased by 11.6% from RMB310 million in the first half of 2021 to RMB274 million for the same period in 2022, mainly due to the volatility in the capital market.

Other income

Other income of the asset management segment decreased by 5.6% from RMB1,131 million in the first half of 2021 to RMB1,068 million for the same period in 2022.

Net profit

As a result of the foregoing reasons, the net profit of the asset management segment decreased by 21.2% from RMB579 million in the first half of 2021 to RMB456 million for the same period in 2022.

(III) Investment Portfolio and Investment Income

In the first half of 2022, in face of the complex and ever-changing internal and external environment, the Group adhered to the philosophy of long-term investment, value investment and prudent investment, maintained strategic determination, focused on the construction of core investment and research capabilities, and implemented the requirements of the central government's policy on stabilising the economy and the broader market. Meanwhile, it strengthened the research and judgement on market trends, made dynamic adjustments to asset allocation, actively guarded against possible extreme market shock, and maintained stable investment performance. In bond investment, the Group has well capitalised on the movement of market interest rate, stepped up efforts in swing trading, and effectively prevented credit risks. In equity investment, the Group seized the opportunity arising from the bottom out of the market, and actively explored structural opportunities in stable growth and high-prosperity sectors.

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 2022		As of 31 December 2021	
	Amount	(% of total)	Amount	(% of total)
Investment assets	1,230,807	100.0	1,196,920	100.0
Classified by investment object				
Cash and cash equivalents	34,314	2.8	33,276	2.8
Fixed-income investments	789,256	64.1	752,377	62.9
Term deposits	95,900	7.8	94,341	7.9
Treasury bonds	178,735	14.5	183,252	15.3
Financial bonds	156,119	12.7	135,335	11.3
Corporate bonds	176,465	14.3	169,032	14.1
Long-term debt investment schemes	73,968	6.0	69,738	5.8
Other fixed-income investments ⁽¹⁾	108,069	8.8	100,679	8.4
Fund and equity securities investments at fair value	204,678	16.6	212,939	17.8
Fund	121,538	9.9	115,276	9.6
Shares	60,446	4.9	62,843	5.3
Perpetual bond	22,694	1.8	34,820	2.9
Other investments	202,559	16.5	198,328	16.6
Investment in associates and joint ventures	138,859	11.3	135,570	11.3
Others ⁽²⁾	63,700	5.2	62,758	5.2
By the purpose for which it was held				
Financial assets at fair value through profit or loss for the period	49,297	4.0	57,459	4.8
Held-to-maturity investments	200,866	16.3	197,346	16.5
Available-for-sale financial assets	522,048	42.4	502,102	41.9
Long-term equity investments	138,859	11.3	135,570	11.3
Loans and others ⁽³⁾	319,737	26.0	304,443	25.4

Notes:

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

(1) Classified by investment object

In terms of fixed income investment, under the generally low market interest rate and the insufficient supply of high-quality non-standard assets, the Group strengthened its research and judgement on interest rate trends, actively grasped the timing for bond allocation and trading, and intensified the search and investment on high-quality non-standard projects, thus effectively alleviating allocation pressure and improving investment returns. At the same time, it continued to optimise the credit structure of existing assets, and the credit premium was maintained at a relatively reasonable level.

As of 30 June 2022, the bond investment accounted for 41.5%. The liabilities under corporate bonds and non-policy bank financial bonds or their issuers were rated at AA/A-1 and above, of which, those rated at AAA accounted for 99.5%. The industries associated with credit bond currently held by the Group are diversified, involving various fields such as bank, transportation, general and non-bank finance; the ability of entities to repay debt is generally strong and the credit risks are controllable as a whole. In the years of credit bond investment, the Group has always been paying close attention to the prevention and control of credit risks, strictly followed relevant regulatory requirements of the CBIRC. It has deepened the need for credit risk management, 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 2022, the Group continued to strengthen the normalisation of credit risk screening, strengthened post-investment management, five-level risk classification and follow-up rating, and took the internal rating alert list and the risk/concerned asset list ledger as a starting point to emphasise in-process risk monitoring, alert and disposal functions, so as to reduce the proportion of low- and medium-rated credit bonds orderly, and strictly control the incremental business risks while optimising the stock structure. In addition, the first and second lines of defense of the Company have improved the digital and intelligent level to credit risk management and intensified the empowerment and decision support of investment business through active utilisation of models/systems including artificial intelligence technology for monitoring public opinion and smart credit rating.

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 99.13%. At present, the non-standard assets cover most of the provincial administrative regions with better credit ratings in the country. The industries cover transportation, energy, public utilities, construction and decoration, and commercial real estate. 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 actively 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.

The Group insisted on the idea of “long-term and value investment” in terms of equity investment. For equity position control, the proportion of equity positions was controlled within a risk tolerance range in the first half of the year when the equity market plunged drastically and active efforts were also made to seize the buying opportunities arising from the bottom out of the market. For equity selection, the Group mainly captured the structural investment opportunities arising from “the valuation and mean reversion of traditional economic industries that are benefited from pro-growth policies” and “the rapid growth of green and low-carbon and other emerging strategic industries”.

(2) Classified by investment purpose

From the perspective of investment purposes, the Group's investment assets are mainly distributed in available-for-sale financial assets, held-to-maturity investments, loans and others. The proportion of financial assets at fair value through profit or loss for the period decreased by 0.8 percentage point as compared with those as at the end of last year. The proportion of held-to-maturity investments decreased by 0.2 percentage point as compared with those as at the end of last year. The proportion of available-for-sale financial assets increased by 0.5 percentage point as compared with those as at the end of last year, mainly due to the increase in non-held-to-maturity bonds and equity allocation. The proportion of loans and others increased by 0.6 percentage point as compared with those as at the end of last year, mainly because the national pro-growth policies were actively implemented, and the increase of investment efforts in key areas such as infrastructure construction and dual carbon strategy.

2. Investment Income

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

Items	Unit: RMB million	
	For the six months ended	
	30 June	
	2022	2021
Cash and cash equivalents	218	438
Fixed-income investments	17,416	15,627
Interest income	15,941	15,734
Gains and losses from disposal of financial instruments	1,605	154
Gains and losses on fair value changes	(153)	106
Impairment	23	(367)
Fund and equity securities investments at fair value	7,195	12,554
Dividends and bonus income	4,866	2,821
Gains and losses from disposal of financial instruments	2,517	10,412
Gains and losses on fair value changes	266	(250)
Impairment	(454)	(429)
Other investments	7,599	6,743
Investment income from associates and joint ventures	7,163	6,428
Other gains and losses	436	315
Total investment income	32,428	35,362
Net investment income ⁽¹⁾	28,645	25,711
Total investment yield (annualised) ⁽²⁾ (%)	5.5	6.7
Net investment yield (annualised) ⁽³⁾ (%)	4.9	4.8

- (1) Net investment income = total investment income – gains and losses from the disposal of investment assets – gains and losses on fair value changes of investment assets – impairment losses of investment assets
- (2) Total investment yield (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
- (3) 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

The total investment income of the Group decreased by 8.3% from RMB35,362 million in the first half of 2021 to RMB32,428 million for the same period in 2022. The net investment income increased by 11.4% from RMB25,711 million in the first half of 2021 to RMB28,645 million for the same period in 2022. The total investment yield (annualised) decreased by 1.2 percentage points from 6.7% in the first half of 2021 to 5.5% for the same period in 2022. The net investment yield (annualised) increased by 0.1 percentage point from 4.8% in the first half of 2021 to 4.9% for the same period in 2022.

III. SPECIFIC ANALYSIS

(I) Liquidity Analysis

1. Liquidity Analysis

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

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

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

2. Statement of Cash Flows

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

Unit: RMB million

	For the six months ended 30 June		
	2022	2021	(% of change)
Net cash flows from operating activities	49,705	48,355	2.8
Net cash flows used in investing activities	(24,948)	(14,057)	77.5
Net cash flows used in financing activities	(24,066)	(62,758)	(61.7)

The Group's net cash flows from operating activities changed from a net inflow of RMB48,355 million in the first half of 2021 to a net inflow of RMB49,705 million for the same period in 2022, mainly driven by the increase in cash inflows of premiums from the expansion in the scale of underwriting business.

The Group's net cash flows used in investing activities changed from a net outflow of RMB14,057 million in the first half of 2021 to a net outflow of RMB24,948 million for the same period in 2022, mainly due to the expansion in the scale of investment in order to seize investment opportunities in the capital market.

The Group's net cash flows used in financing activities changed from a net outflow of RMB62,758 million in the first half of 2021 to a net outflow of RMB24,066 million for the same period in 2022, mainly due to the year-on-year decrease in the net cash outflow for financial assets sold under agreements to repurchase.

(II) Solvency

The Group calculated and disclosed the actual capital, core capital, minimum capital, comprehensive solvency margin ratio and core solvency margin ratio in accordance with the relevant CBIRC requirements.

Unit: RMB million

	As of 30 June 2022	As of 31 December 2021	(% of change)
The Group			
Actual capital	398,990	395,232	Not applicable
Core capital	303,745	345,816	Not applicable
Minimum capital	152,185	131,147	Not applicable
Comprehensive solvency margin ratio (%)	262	301	Not applicable
Core solvency margin ratio (%)	200	264	Not applicable
PICC P&C			
Actual capital	214,105	207,421	Not applicable
Core capital	188,742	194,361	Not applicable
Minimum capital	90,611	73,082	Not applicable
Comprehensive solvency margin ratio (%)	236	284	Not applicable
Core solvency margin ratio (%)	208	266	Not applicable
PICC Life			
Actual capital	104,484	113,741	Not applicable
Core capital	65,218	100,942	Not applicable
Minimum capital	44,916	45,593	Not applicable
Comprehensive solvency margin ratio (%)	233	249	Not applicable
Core solvency margin ratio (%)	145	221	Not applicable
PICC Health			
Actual capital	20,534	17,258	Not applicable
Core capital	10,267	13,691	Not applicable
Minimum capital	9,365	9,094	Not applicable
Comprehensive solvency margin ratio (%)	219	190	Not applicable
Core solvency margin ratio (%)	110	151	Not applicable

Note: The solvency results on 30 June 2022 are calculated in accordance with the Solvency Regulatory Rules for Insurance Companies (II) and the relevant requirements under the notice issued by the CBIRC, and the solvency results on 31 December 2021 are calculated in accordance with the C-ROSS Phase I rules.

As of 30 June 2022, the comprehensive solvency margin ratio of the Group was 262%, and its core solvency margin ratio was 200%, which were in compliance with the regulatory requirements with adequate level of solvency.

As of 30 June 2022, the comprehensive solvency margin ratio of PICC P&C was 236%, and its core solvency margin ratio was 208%; the comprehensive solvency margin ratio of PICC Life was 233%, and its core solvency margin ratio was 145%; the comprehensive solvency margin ratio of PICC Health was 219%, and its core solvency margin ratio was 110%.

FUTURE PROSPECT

2022 marks the key year of further continuing the implementation of the “14th Five-Year Plan” to build a modern socialist country in an all-rounded way. In the first half of 2022, China has efficiently coordinated the prevention and control of the pandemic and economic and social development, withstanding the impact of unexpected factors and achieving stable economic growth, which has laid a good foundation for the stable development of the insurance industry and its inclusion into the new development landscape. Meanwhile, in the midst of intensifying geopolitical conflicts, rising risks of global stagflation, the resurgence of the pandemic, escalating market competition, and accelerated change of growth momentum, the insurance industry is experiencing pressure and challenges. The transformation of life insurance requires further acceleration, while the business structure of property insurance needs to be further optimised and the innovation of products and sales model of the industry should be further deepened.

In the second half of 2022, the Group will further strengthen the notion of politics, serving the people and professionalism of PICC, by continuing to promote the “Six Strategic Services”, upgrading insurance supply, enhancing the initiative, creativity and effectiveness when serving national strategies, so as to further improve the quality and efficiency of development, and unswervingly pursue high quality development.

Insurance segment will speed up the path to innovate product and service, upgrade old models and explore new businesses to optimise business structure along with quality and efficiency of development. **PICC P&C** will strategically develop new energy vehicle insurance, tap into new opportunities for individual customer business, advance the speed and efficiency of corporate customer business, continue to optimise the business structure, and strengthen its leading market position. **PICC Life** will adhere to a long-term approach to promote the construction of a high-end individual insurance sales elite team, focus on meeting the diverse needs of customers, optimise product supply, rebuild sales teams, innovate sales models, formulate distinct channel strategies, create service ecosystem, and establish a new service-driven marketing model. **PICC Health** will fully implement the “Health Project”, explore the blue ocean of businesses, consolidate the supporting role of the Internet business, enhance secondary development for long-term insurance customers, strategically promote workplace marketing based on the construction of joint medical centres, and strive to increase the income from health management business. **PICC Reinsurance** will increase its efforts in third-party market development, build stable business channels, and continue to consolidate its market position. **PICC Hong Kong** will strengthen capacity building, integrate into the development of the Greater Bay Area and explore the potential of domestic business.

The investment segment will intensify insurance investment to serve the real economy, grasp the policy direction in the new round of national infrastructure construction, optimise asset allocation and the investment structure in serving the strategies and major businesses, and improve the management level. **PICC AMC** will give full play to its strengths in fixed income investment, seize opportunities in the equity market, and actively develop third-party business to maintain steady investment income and improve operating results. **PICC Pension** will continue to strengthen the development of the second pillar of annuity business, strive to achieve breakthroughs in the third pillar of commercial endowment business, and further improve pension investment performance. **PICC Investment Holding** will accurately promote the implementation of strategic projects for healthy endowment, accelerate the contracting of aged-care service organisations, and promote the professional layout of real estate and properties. **PICC Capital** will focus on the development needs of the principal business of insurance and identify investment opportunities in emerging areas such as medical and health care and technology innovation, optimise investments in non-standard debt assets, and prudently make strategic equity investments.

The financial technology segment will strengthen technology empowerment in building its core competitiveness in technology. **PICC Technology** will coordinate the construction of the Group's basic technology platform and enhance the support of technology for business model optimisation. **PICC Financial Services** will proactively build an Internet platform to serve the entire Group and provide effective support for the major business.

In the second half of 2022, the Group will abide by the work deployment at the beginning of the year, which centres on achieving high-quality development goals, intensifying and solidifying development quality as well as inspection and rectification and system construction, thus laying a more solid foundation for the "To be Prominent Strategy".

EMBEDDED VALUE

1. Result Summary

Embedded Value of PICC Life and PICC Health as at 30 June 2022 and 31 December 2021 with 10% as the risk discount rate are summarized below (in RMB million):

	PICC Life		PICC Health	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
Adjusted Net Worth	72,765	74,859	6,753	7,785
Value of In-Force Business before CoC	47,975	46,506	14,701	9,182
Cost of Required Capital	(11,171)	(9,934)	(853)	(791)
Value of In-Force Business after CoC	36,804	36,572	13,848	8,392
Embedded Value	109,568	111,431	20,601	16,176

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 2022 and 30 June 2021 of PICC Life and PICC Health with 10% as the risk discount rate are summarized below (in RMB million):

	PICC Life		PICC Health	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
Value of Half Year's New Business before CoC	2,841	3,701	1,129	1,017
Cost of Required Capital	(1,349)	(1,289)	(275)	(306)
Value of Half Year's New Business after CoC	1,493	2,412	854	711

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 2022 and 30 June 2021 of PICC Life and PICC Health by distribution channel are summarized below (in RMB million):

	PICC Life		PICC Health	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
Bancassurance Channel	244	(2)	67	148
Individual insurance agent Channel	1,212	2,341	1,036	579
Group insurance sales Channel	37	73	(249)	(16)
Total	1,493	2,412	854	711

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

The results disclosed above are based on 100% shareholding of PICC Life and PICC health.

2. Key Assumptions

For the results as at 30 June 2022 disclosed above, the assumption on risk discount rate is 10% and the assumption on the rate of investment return is 5% p.a. used by PICC Life and PICC Health. Corporate income tax is currently levied at 25% on taxable income. The assumptions on mortality rates, morbidity rates, lapse rates, expenses and commissions are based on the operational experience of PICC Life and PICC Health, as well as expectations on future experience and etc.

3. Sensitivity Tests

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

The results of sensitivity tests for PICC Life at 30 June 2022 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	36,804	1,493
Risk Discount Rate at 9%	41,765	1,930
Risk Discount Rate at 11%	32,645	1,116
Rate of investment return increased by 50 bps	49,063	2,477
Rate of investment return decreased by 50 bps	24,821	521
Expenses increased by 10%	35,848	1,445
Expenses decreased by 10%	37,759	1,540
Lapse rates increased by 10%	36,584	1,452
Lapse rates decreased by 10%	37,036	1,535
Mortality increased by 10%	36,362	1,464
Mortality reduced by 10%	37,250	1,521
Morbidity increased by 10%	35,522	1,438
Morbidity reduced by 10%	38,103	1,548
Short-term business claim ratio increased by 10%	36,747	1,418
Short-term business claim ratio decreased by 10%	36,860	1,567
Participating Ratio (80/20)	35,473	1,458

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 2022 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	13,848	854
Risk Discount Rate at 9%	14,645	944
Risk Discount Rate at 11%	13,147	772
Rate of investment return increased by 50 bps	14,959	984
Rate of investment return decreased by 50 bps	12,732	724
Expenses increased by 10%	13,849	785
Expenses decreased by 10%	13,835	923
Lapse rates increased by 10%	13,594	836
Lapse rates decreased by 10%	14,098	872
Mortality increased by 10%	13,842	852
Mortality reduced by 10%	13,841	856
Morbidity increased by 10%	14,138	826
Morbidity reduced by 10%	13,572	883
Short-term business claim ratio increased by 5%	13,629	463
Short-term business claim ratio decreased by 5%	14,067	1,245
Participating Ratio (80/20)	13,679	809

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 2022, 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 2022.

NO MATERIAL CHANGES

Save as disclosed in this announcement, after the publication of the annual report 2021, 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

In the first half of 2022, the Company and its subsidiaries did not purchase, dispose of or redeem any listed securities of the Company or its subsidiaries.

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 2022.

PUBLICATION OF THE INTERIM REPORT

The 2022 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
Luo Xi
Chairman

Beijing, the PRC, 26 August 2022

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