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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)

THIRD QUARTERLY REPORT OF 2022

This announcement is made by The People's Insurance Company (Group) of China Limited (the “**Company**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial data of the Company for the third quarter of 2022 are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

IMPORTANT INFORMATION

- The Board of Directors, the Board of Supervisors, the directors, the supervisors and the senior management of the Company undertake that the contents of this quarterly report are true, accurate and complete and that there is no false record, misleading statement or material omission in this quarterly report, and they severally and jointly accept responsibility for the contents of this quarterly report.
- Chairman of the Company, President in charge of accounting work and Head of the Finance Department (accounting supervisor) warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.
- The financial data contained in the 2022 Third Quarterly Report of the Company are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

1. KEY FINANCIAL DATA

1.1 Key Accounting Data and Financial Indicators

Unit: RMB million

Items	July to September 2022	Change (%)	January to September 2022	Change (%)
Operating income	144,610	4.0	481,475	6.4
Net profit attributable to the shareholders of the parent company	5,645	45.1	23,495	13.1
Net profit attributable to the shareholders of the parent company after deducting non- recurring items	5,499	43.7	23,256	13.2
Net cash flows generated from operating activities	N/A	N/A	52,471	11.8
Basic earnings per share (<i>RMB/share</i>)	0.13	45.1	0.53	13.1
Diluted earnings per share (<i>RMB/share</i>)	0.12	33.3	0.52	10.6
Basic earnings per share after deducting non-recurring items (<i>RMB/share</i>)	0.12	43.7	0.53	13.2
Weighted average return on equity (%)	2.6	Increase of 0.8 pt	10.6	Increase of 0.7 pt
Weighted average return on equity after deducting non-recurring items (%)	2.5	Increase of 0.7 pt	10.5	Increase of 0.7 pt

Unit: RMB million

	As of 30 September 2022	As of 31 December 2021	Change (%)
Total assets	1,500,461	1,376,402	9.0
Net assets attributable to shareholders of the parent company	221,051	219,132	0.9
Net assets per share attributable to the shareholders of the parent company (<i>RMB/share</i>)	5.00	4.96	0.9

Notes:

1. Unless otherwise specified, the currencies in this report are all in RMB.
2. The percentage increase or decrease of basic earnings per share and basic earnings per share after deducting non-recurring items is calculated based on the data before rounding off.

1.2 Non-recurring Items and Amounts

Unit: RMB million

	July to September 2022	January to September 2022	Note
Gains or losses from disposal of non-current assets (including the write-off accrued asset impairment)	200	208	
Tax rebates or exemptions that are occasional	–	33	
Government grants included in profit or loss (except for fixed or quantitative government grants that are highly related to company's normal business operations and are continuously received in accordance with a certain standard, complying with national policies and regulations)	77	214	
Gains of losses from the fair value change of investment property by adopting the fair value model for subsequent measurement	2	(19)	
Net non-recurring items other than those mentioned above	(9)	10	
Other profit and loss items meeting the definition of non- recurring items	–	(20)	Mainly related expenses of individual branches of PICC Life meeting the definition of non-recurring profit and loss
Less: Effect of income tax	69	112	
Effect of non-controlling interests (after tax)	55	75	
Total	146	239	

Explanation of defining the non-recurring profit or loss items listed in the “Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public - non-recurring profit or loss” as recurring profit and loss items:

√ Applicable ☐ Not applicable

As an insurance group company, investment with insurance funds is one of the principal activities of the Company. The financial assets at fair value through profit or loss and financial assets available for sale held belong to the normal business activities of the Company. Therefore, the investment income and fair value gains or losses obtained from the financial assets at fair value through profit or loss and financial assets available for sale are not regarded as non-recurring profit or loss.

1.3 Particulars of and Reasons for Material Changes in Major Accounting Data and Financial Indicators

Items	Change (%)	Main Reasons
Net profit attributable to the shareholders of the parent company – July to September 2022	45.1	Due to the rapid growth of premium scale and the impact of natural disasters, the compensation cost base in the third quarter of last year was relatively high.
Net profit attributable to the shareholders of the parent company after deducting non-recurring items – July to September 2022	43.7	Same as above
Basic earnings per share – July to September 2022	45.1	Same as above
Diluted earnings per share – July to September 2022	33.3	Same as above
Basic earnings per share after deducting non-recurring items – July to September 2022	43.7	Same as above

1.4 Solvency of the Group and its Subsidiaries

As of 30 September 2022	Unit: RMB million			
	PICC Group	PICC P&C	PICC Life	PICC Health
Core capital	299,361	189,509	56,808	9,627
Actual capital	394,661	215,804	95,815	19,254
Minimum capital	152,137	90,724	44,544	9,556
Core solvency margin ratio (%)	197	209	128	101
Comprehensive solvency margin ratio (%)	259	238	215	201

Notes:

1. PICC Group means the Company and all of its subsidiaries;
2. PICC P&C means PICC Property and Casualty Company Limited;
3. PICC Life means PICC Life Insurance Company Limited;
4. PICC Health means PICC Health Insurance Company Limited.
5. The solvency results as of 30 September 2022 are calculated in accordance with the Solvency Regulatory Rules for Insurance Companies (II) and the relevant requirements under the notice issued by China Banking and Insurance Regulatory Commission.

2. INFORMATION OF SHAREHOLDERS

Total Number of Shareholders, Shareholdings of the Top Ten Shareholders and Top Ten Shareholders not Subject to Selling Restrictions as at the End of the Reporting Period

Total number of ordinary shareholders (Shareholder) A Share: 201,996;

H Share: 5,431

Total number of preferred shareholders with restored voting rights (if any) N/A

Shareholdings of the Top Ten Shareholders

Name of shareholder	Class of shareholder	Number of shares held (shares)	Proportion (%)	The number of shares held subject to selling restrictions	Pledged/arked/frozen status	Number (shares)
				(shares)	Status of the shares	
Ministry of Finance of the PRC	The State	26,906,570,608	60.84	–	–	–
HKSCC Noninees Limited	Foreign legal person	8,702,536,375	19.68	–	–	–
National Council for Social Security Fund, PRC	The State	5,605,582,779	12.68	–	–	–
Hong Kong Securities Clearing Company Limited	Foreign legal person	405,534,783	0.92	–	–	–
Guosen Securities Company Limited – Founder Fubon China Securities Insurance Themed Index Securities Investment Fund	Others	48,275,676	0.11	–	–	–
China Construction Bank Corporation – Hua’an Juyou Jingxuan Hybrid Securities Investment Fund	Others	20,939,400	0.05	–	–	–
Beijing Hengzhaoweiye Investment Company Limited	Others	20,607,653	0.05	–	–	–
China Merchants Bank Co., Ltd. – Hua’an Anjin Flexible Allocation Hybrid Sponsored Securities Investment Fund	Others	17,980,900	0.04	–	–	–
Kong Fengquan	Domestic natural person	16,630,622	0.04	–	–	–
Abu Dhabi Investment Authority	Foreign legal person	14,750,438	0.03	–	–	–

Shareholdings of the Top Ten Shareholders Not Subject to Selling Restrictions

Name of shareholder	Number of shares held not subject to selling restrictions (shares)	Class and number of shares	
		Class	Number (shares)
Ministry of Finance of the PRC	26,906,570,608	A Share	26,906,570,608
HKSCC Nominees Limited	8,702,536,375	H Share	8,702,536,375
National Council for Social Security Fund, PRC	5,605,582,779	A Share	5,605,582,779
Hong Kong Securities Clearing Company Limited	405,534,783	A Share	405,534,783
Guosen Securities Company Limited – Founder Fubon China Securities Insurance Themed Index Securities Investment Fund	48,275,676	A Share	48,275,676
China Construction Bank Corporation – Hua'an Juyou Jingxuan Hybrid Securities Investment Fund	20,939,400	A Share	20,939,400
Beijing Hengzhaoweiye Investment Company Limited	20,607,653	A Share	20,607,653
China Merchants Bank Co., Ltd. – Hua'an Anjin Flexible Allocation Hybrid Sponsored Securities Investment Fund	17,980,900	A Share	17,980,900
Kong Fengquan	16,630,622	A Share	16,630,622
Abu Dhabi Investment Authority	14,750,438	A Share	14,750,438
Details of the above shareholders who are related to each other or acting in concert	The Company is not aware of any related relationship among the above shareholders or any parties acting in concert as defined by the “Measures for the Administration of the Takeover of Listed Companies”.		
Statement of top ten shareholders and top ten shareholders not subject to selling restrictions that participating in businesses of securities of margin trading and refinancing (if any)	Among the top 10 shareholders, Kong Fengquan, a shareholder, holds 15,355,522 A Shares of the Company through credit securities account.		

Notes:

1. In addition to the 5,605,582,779 A Shares of the Company held by it, National Council for Social Security Fund, PRC holds 524,711,000 H Shares. Among them, 524,279,000 H Shares are managed by the overseas manager Invesco Hong Kong Limited, and 432,000 H Shares are managed by the other overseas managers.
2. HKSCC Nominees Limited holds shares on behalf of securities firm customers in Hong Kong and other CCASS participant. Relevant regulations of The Stock Exchange of Hong Kong Limited do not require such persons to declare whether their shareholdings are pledged or frozen. Hence, HKSCC Nominees Limited is unable to calculate or provide the number of shares that are pledged or marked or frozen.
3. The shares under Hong Kong Securities Clearing Company Limited are held by the shareholders of the Shanghai Stock Connect.

3. OPERATING

3.1 Key Financial Indicators

Unit: RMB million

	January to September 2022	January to September 2021	Change (%)
Gross written premiums	504,372	458,245	10.1
Profit before tax	39,819	33,625	18.4
Net profit	33,077	28,735	15.1
Net profit attributable to the shareholders of the parent company	23,495	20,775	13.1
Basic earnings per share (<i>RMB/share</i>)	0.53	0.47	13.1
Weighted average return on equity (%)	10.6	9.9	Increase of 0.7 pt

Unit: RMB million

	As of 30 September 2022	As of 31 December 2021	Change (%)
Total assets	1,500,461	1,376,402	9.0
Total liabilities	1,200,653	1,079,697	11.2
Total equity	299,808	296,705	1.0
Net assets per share attributable to the shareholders of the parent company (<i>RMB/share</i>)	5.00	4.96	0.9
Gearing ratio (%)	80.0	78.4	Increase of 1.6 pts

In the first three quarters of 2022, the Group¹ effectively responded to the impact of the evolving pandemic, the “threefold pressure” faced by the economy and other external uncertainties, and highlighted its role and responsibilities as a central enterprise by steadily implementing the “To Be Prominent Strategy” and taking part as an industry leader. Its efforts paid off with optimised quality and efficiency, accelerated innovation in products and services, robust and effective risk prevention and control, optimised protection function of insurance as well as more advanced development adhering to the notion of politics, serving the people and professionalism. During the reporting period, our insurance business achieved a rapid growth with steady improvement in operating efficiency. The gross premiums amounted to RMB504,372 million, representing a year-on-year increase of 10.1%. Net profit attributable to shareholders of the parent company amounted to RMB23,495 million, representing a year-on-year increase of 13.1%. Weighted average return on equity was 10.6%, representing a year-on-year increase of 0.7 percentage point. Net cash flows generated from operating activities amounted to RMB52,471 million, representing a year-on-year increase of 11.8%.

¹ The Group refers to the Company and all of its subsidiaries.

The Group further boosted its capital. As of 30 September 2022, the total equity of the Group was RMB299,808 million, representing an increase of 1.0% as compared to the beginning of the year; the net assets per share attributable to the shareholders of the parent company was RMB5.00 per share, representing an increase of 0.9% as compared to the beginning of the year.

3.2 Insurance Business

3.2.1 PICC P&C

In the first three quarters of 2022, PICC P&C has thoroughly implemented the central government's policies to stabilise economic growth. Guided by the Group's "To be Prominent Strategy", it has further advanced its "Six Strategic Services", continued to promote system and mechanism reform, scientifically and effectively prevented and resolved risks, and made new breakthroughs in high-quality development and transformation. During the reporting period, the original premiums income of PICC P&C² was RMB381,024 million, representing a year-on-year increase of 10.2%. The combined ratio was 96.5%, representing a year-on-year decrease of 2.4 percentage points. As affected by the volatility in the capital market, PICC P&C achieved a total investment income³ of RMB19,219 million for the first three quarters, representing a year-on-year decrease of 11.3%. Net profit amounted to RMB25,948 million, representing a year-on-year increase of 29.8%.

The original premiums income by type from PICC P&C for the above periods indicated as follows:

	January to September 2022	January to September 2021	<i>Unit: RMB million</i> Change (%)
Motor vehicle insurance	196,028	183,004	7.1
Accidental injury and health insurance	80,369	70,129	14.6
Agricultural insurance	45,924	37,371	22.9
Liability insurance	27,246	26,075	4.5
Commercial property insurance	12,922	12,613	2.4
Credit insurance	4,171	1,832	127.7
Cargo insurance	3,713	3,670	1.2
Other P&C insurance	10,651	11,102	(4.1)
Total	381,024	345,796	10.2

² The data is from the individual statement of PICC P&C as the parent company.

³ Total investment income = investment income + gains and losses on fair value changes + interest income on demand deposits + rental income – impairment losses of investment assets.

3.2.2 PICC Life

In the first three quarters of 2022, guided by the Group's "To be Prominent Strategy", PICC Life further promoted the implementation of the "Xiangjiang Breakthrough" transformation project, continued to optimise resource allocation, strived to strengthen channel construction, focused on customer orientation, strengthened internal control compliance and risk prevention, and accelerated the promotion of high-quality development and transformation. During the reporting period, the original premiums income of PICC Life was RMB82,465 million, representing a year-on-year increase of 5.8%. Regular original premiums income amounted to RMB57,537 million. Net profit amounted to RMB3,681 million, representing a year-on-year decrease of 30.7%.

The original premiums income by type from PICC Life for the above periods indicated as follows:

	January to September 2022	<i>Unit: RMB million</i> January to September 2021	Change (%)
First-year business of long-term insurance	38,761	32,577	19.0
Single premiums	22,341	15,888	40.6
First-year regular premiums	16,420	16,689	(1.6)
Renewal business	41,117	42,657	(3.6)
Short-term insurance	2,587	2,702	(4.3)
Total	82,465	77,936	5.8

3.2.3 PICC Health

In the first three quarters of 2022, PICC Health implemented the "Four New"⁴ development ideas under the guidance of the Group's "To be Prominent Strategy". 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. During the reporting period, the original premiums income of PICC Health was RMB36,214 million, representing a year-on-year increase of 18.2%. Net profit amounted to RMB897 million, representing a year-on-year increase of 90.0%.

⁴ Establishing new business philosophy, building new business structure, releasing new development momentum, and demonstrating new business style.

The original premiums income by type from PICC Health for the above periods indicated as follows:

	<i>Unit: RMB million</i>		
	January to September 2022	January to September 2021	Change (%)
First-year business of long-term insurance	9,687	9,264	4.6
Single premiums	7,017	5,196	35.0
First-year regular premiums	2,671	4,068	(34.3)
Renewal business	10,769	9,607	12.1
Short-term insurance	15,758	11,779	33.8
Total	36,214	30,650	18.2

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

3.3 Asset Management Business

In the first three quarters of 2022, the domestic economy in general maintained a recovery momentum despite an increasingly complex and challenging external environment shaped by slowing global economic growth, high inflations and ongoing geopolitical tensions, yet it was still under the threefold pressure from shrinking demands, supply shocks and weakening expectations. In addressing the challenges of the capital market, the asset management segment of the Group followed the Group's "To be Prominent Strategy", strengthened market trend research and analysis, actively responded to market changes, made dynamic adjustments to asset allocation, stabilised investment income, prevented investment risks and strove to play the role of the main force of investment income. In terms of bond investment, the asset management segment proactively seized the periodic interest rate hikes during the year to lengthen the duration, strengthened the allocation of high-quality non-standard assets and never chased the high income at the expense of credit sinking. In terms of equity investment, it flexibly adjusted the positions based on the market trend, strengthened the allocation for market bottom, actively grasped structural investment opportunities and optimised the position structure constantly.

4. OTHER REMINDERS

Other important information about the Group's business needed to remind investors to focus on during the reporting period

☐ Applicable ☒ Not applicable

5. QUARTERLY FINANCIAL STATEMENTS

5.1 Type of Audit Opinion

☐ Applicable ☒ Not applicable

5.2 Financial Statements

5.2.1 Consolidated statement of financial position as at 30 September 2022 and 31 December 2021

Consolidated statement of financial position

As at 30 September 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS		
Cash and cash equivalents	19,684	22,398
Financial assets at fair value through profit or loss	50,256	57,459
Financial assets purchased under resale agreements	8,664	11,490
Premiums receivable	82,427	41,720
Receivables from reinsurers	23,441	16,359
Reinsurers' share of unearned premium reserves	17,560	13,591
Reinsurers' share of outstanding claim reserves	26,022	20,670
Reinsurers' share of life insurance reserves	31	28
Reinsurers' share of long-term health insurance reserves	5,061	5,386
Policy loans	6,181	5,889
Term deposits	100,074	94,341
Available-for-sale financial assets	538,059	502,102
Held-to-maturity investments	204,869	197,346
Investments classified as loans and receivables	159,473	144,603
Long-term equity investments	141,844	135,570
Restricted statutory deposits	12,994	12,994
Investment properties	14,709	13,340
Fixed assets	31,514	33,025
Right-of-use assets	2,541	3,066
Intangible assets	7,681	8,392
Goodwill	198	198
Deferred tax assets	18,528	10,225
Other assets	28,650	26,210
TOTAL ASSETS	1,500,461	1,376,402

30 September 2022 (Unaudited)	31 December 2021 (Audited)
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LIABILITIES AND EQUITY

LIABILITIES

Securities sold under agreements to repurchase	78,083	77,598
Premiums received in advance	15,587	27,390
Handling charges and commission payable	9,399	8,535
Payables to reinsurers	37,923	22,767
Salaries and staff welfare payables	28,244	25,052
Tax payable	11,659	8,803
Claims payable	7,354	10,751
Policyholder dividends payable	5,407	5,342
Policyholders' deposits	51,006	44,855
Unearned premium reserves	202,722	170,602
Outstanding claim reserves	221,499	179,153
Life insurance reserves	389,995	364,646
Long-term health insurance reserves	63,382	55,555
Premiums reserve	3,883	2,412
Bonds payable	43,325	43,804
Lease liabilities	2,623	2,993
Deferred tax liabilities	865	2,053
Other liabilities	27,697	27,386

TOTAL LIABILITIES

1,200,653 1,079,697

EQUITY

Issued capital	44,224	44,224
Share premium account	7,523	7,527
Other comprehensive income	3,774	18,845
Surplus reserve fund	14,187	14,187
General risk reserve	15,786	15,752
Catastrophic loss reserve	212	212
Retained profits	135,345	118,385

Equity attributable to owners of the Company

221,051 219,132

Non-controlling interests

78,757 77,573

TOTAL EQUITY

299,808 296,705

TOTAL LIABILITIES AND EQUITY

1,500,461 1,376,402

5.2.2 Consolidated income statement for the nine months ended 30 September 2022 and for the nine months ended 30 September 2021

Consolidated income statement

For the nine months ended 30 September 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September 2022 (Unaudited)	Nine months ended 30 September 2021 (Unaudited)
OPERATING INCOME	481,475	452,710
Net earned premiums	431,661	398,868
Gross written premiums	504,372	458,245
Included: Reinsurance premiums assumed	4,546	3,695
Less: Premiums ceded to reinsurers	(44,560)	(38,103)
Change in unearned premium reserves	(28,151)	(21,274)
Investment income	46,028	50,919
Included: Share of profits and losses of associates and joint ventures	10,403	9,820
Fair value losses	(853)	(379)
Exchange gains/(losses)	1,312	(92)
Gains on disposal of assets	208	87
Other income	193	316
Other operating income	2,926	2,991
OPERATING EXPENSES	441,789	419,118
Surrenders	25,116	19,136
Gross claims paid	257,134	237,922
Less: Paid losses recoverable from reinsurers	(20,736)	(18,172)
Change in insurance contract liability reserves	78,174	79,873
Less: Reinsurers' share of insurance contract liability reserves	(5,030)	(4,069)
Change in premium reserve	1,454	1,248
Policyholder dividends	3,463	3,181
Reinsurance expenses	1,064	876
Tax and other surcharges	1,533	1,433
Handling charges and commissions	38,038	39,633
General and administrative expenses	63,311	60,542
Less: Net reinsurance commission income	(9,257)	(9,156)
Other operating costs	5,357	5,405
Impairment losses	2,168	1,266

	Nine months ended 30 September 2022 (Unaudited)	Nine months ended 30 September 2021 (Unaudited)
OPERATING PROFIT	39,686	33,592
Add: Non-operating income	308	255
Less: Non-operating expenses	<u>(175)</u>	<u>(222)</u>
PROFIT BEFORE TAX	39,819	33,625
Less: Income tax expense	<u>(6,742)</u>	<u>(4,890)</u>
NET PROFIT	<u>33,077</u>	<u>28,735</u>
By continuing operations:		
Net profit from continuing operations	<u>33,077</u>	<u>28,735</u>
By ownership:		
1. Net profit attributable to owners of the Company	23,495	20,775
2. Net profit attributable to non-controlling interests	<u>9,582</u>	<u>7,960</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX		
Other comprehensive income attributable to owners of the Company, net of tax	<u>(15,071)</u>	<u>(3,565)</u>
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS		
Fair value losses of available-for-sale financial assets	(17,496)	(3,756)
Portion of fair value changes attributable to participating policyholders	2,050	(408)
Gains on revaluation transferred to investment properties	190	225
Other comprehensive income that may be reclassified to profit or loss under the equity method	4	372
Exchange differences arising on translation of foreign operations	216	(14)

Nine months ended 30 September 2022 (Unaudited)	Nine months ended 30 September 2021 (Unaudited)
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**OTHER COMPREHENSIVE INCOME THAT WILL NOT
BE RECLASSIFIED TO PROFIT OR LOSS**

Remeasurement of the variation of defined benefit plans	(18)	(78)
Other comprehensive income that cannot be reclassified to profit or loss under the equity method	(17)	94
Other comprehensive income attributable to non-controlling interests, net of tax	<u>(5,252)</u>	<u>(920)</u>

TOTAL	<u>(20,323)</u>	<u>(4,485)</u>
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TOTAL COMPREHENSIVE INCOME	<u>12,754</u>	<u>24,250</u>
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Attributable to owners of the Company	8,424	17,210
Attributable to non-controlling interests	<u>4,330</u>	<u>7,040</u>

EARNINGS PER SHARE (in RMB Yuan)

– Basic	<u>0.53</u>	<u>0.47</u>
– Diluted	<u>0.52</u>	<u>0.47</u>

5.2.3 Consolidated statement of cash flow for the nine months ended 30 September 2022 and for the nine months ended 30 September 2021

Consolidated statement of cash flow

For the nine months ended 30 September 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September 2022 (Unaudited)	Nine months ended 30 September 2021 (Unaudited)
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		
Cash received from premiums under direct insurance contracts	462,696	431,517
Increase from policyholders' deposits and investments contract liabilities	4,936	3,209
Other cash inflows from operating activities	3,726	2,668
Cash inflows from operating activities	471,358	437,394
Cash paid for claims payments under direct insurance contracts	(259,109)	(243,042)
Cash paid for reinsurance, net	(4,461)	(9,228)
Handling charges and commissions paid	(39,048)	(39,071)
Cash paid for policyholder dividends	(3,398)	(2,068)
Payment to and on behalf of staff	(39,969)	(37,336)
Taxes and surcharges paid	(22,962)	(13,128)
Other cash outflows for operating activities	(49,940)	(46,585)
Cash outflows for operating activities	(418,887)	(390,458)
Net cash flows generated from operating activities	52,471	46,936

Nine months ended 30 September 2022 (Unaudited)	Nine months ended 30 September 2021 (Unaudited)
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CASH FLOWS USED IN INVESTING ACTIVITIES

Proceeds from disposals of investments	290,853	256,062
Cash received from investment income	35,903	32,489
Proceeds from disposals of fixed assets, intangible assets and other long term assets	561	508
Proceeds from disposal of interest in an associate	<u>–</u>	<u>416</u>
Cash inflows from investing activities	<u>327,317</u>	<u>289,475</u>
Payment for purchases of investments	(372,353)	(337,273)
Net increase in policy loans	(292)	(433)
Payment for purchases of fixed assets, intangible assets and other long term assets	(1,736)	(1,800)
Other cash outflows for investing activities	<u>(300)</u>	<u>(441)</u>
Cash outflows for investing activities	<u>(374,681)</u>	<u>(339,947)</u>
Net cash flows used in investing activities	<u>(47,364)</u>	<u>(50,472)</u>

Nine months ended 30 September 2022 (Unaudited)	Nine months ended 30 September 2021 (Unaudited)
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CASH FLOWS USED IN FINANCING ACTIVITIES

Issue of debts	–	287
Issue of bonds payable	3,000	2,000
Increase in securities sold under agreements to repurchase, net	486	–
Other cash inflows from financing activities	784	–

Cash inflows from financing activities	4,270	2,287
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Repayment of bank borrowings	(3,560)	(171)
Repayment of lease liabilities	(874)	(692)
Cash paid for distribution of dividends, profits or interests	(12,594)	(12,376)
Decrease in securities sold under agreements to repurchase, net	–	(29,646)

Cash outflows for financing activities	(17,028)	(42,885)
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Net cash flows used in financing activities	(12,758)	(40,598)
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EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS

1,208	(98)
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NET DECREASE IN CASH AND CASH EQUIVALENTS

(6,443)	(44,232)
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Add: Cash and cash equivalents at beginning of the period	33,276	78,209
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CASH AND CASH EQUIVALENTS AT END OF THE PERIOD

26,833	33,977
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5.2.4 Statement of financial position of the Company as at 30 September 2022 and 31 December 2021

Statement of financial position of the Company

As at 30 September 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS		
Cash and cash equivalents	630	777
Financial assets at fair value through profit or loss	657	391
Financial assets purchased under resale agreements	835	183
Term deposits	4,328	4,466
Available-for-sale financial assets	15,694	16,135
Investments classified as loans and receivables	5,749	6,904
Long-term equity investment	91,139	90,404
Investment properties	2,514	2,514
Fixed assets	2,706	2,787
Intangible asset	94	92
Other assets	581	454
TOTAL ASSETS	124,927	125,107
LIABILITIES AND EQUITY		
LIABILITIES		
Securities sold under agreements to repurchase	–	773
Salaries and staff welfare payables	3,616	3,715
Tax payable	14	1
Bonds payable	17,996	17,992
Other liabilities	884	1,009
TOTAL LIABILITIES	22,510	23,490
EQUITY		
Issued capital	44,224	44,224
Share Premium account	35,578	35,578
Other comprehensive (loss)/income	(18)	473
Surplus reserve fund	14,187	14,187
Retained profits	8,446	7,155
TOTAL EQUITY	102,417	101,617
TOTAL EQUITY AND LIABILITIES	124,927	125,107

5.2.5 Income statement of the Company for the nine months ended 30 September 2022 and for the nine months ended 30 September 2021

Income statement of the Company

For the nine months ended 30 September 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September 2022 (Unaudited)	Nine months ended 30 September 2021 (Unaudited)
OPERATING INCOME	9,355	10,851
Investment income	8,943	10,634
Included: Share of profits and losses of associates and joint ventures	335	380
Fair value losses	(4)	(40)
Exchange gains/(losses)	105	(15)
Other operating income	311	272
OPERATING EXPENSES	1,405	1,324
Tax and other surcharges	38	37
General and administrative expenses	599	522
Other operating costs	748	750
Impairment losses	20	15
OPERATING PROFIT	7,950	9,527
Add: Non-operating income	1	—
Less: Non-operating expenses	(1)	—
PROFIT BEFORE TAX	7,950	9,527
Less: Income tax expense	(158)	(122)
NET PROFIT	7,792	9,405
OTHER COMPREHENSIVE INCOME, NET OF TAX		
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:		
Fair value losses of available-for-sale financial assets	(473)	(450)
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:		
Remeasurement of the variation of defined benefit plans	(18)	(78)
OTHER COMPREHENSIVE INCOME, NET OF TAX	(491)	(528)
TOTAL COMPREHENSIVE INCOME	7,301	8,877

5.2.6 Statement of cash flow of the Company for the nine months ended 30 September 2022 and for the nine months ended 30 September 2021

Statement of cash flow of the Company

For the nine months ended 30 September 2022

(Amounts in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September 2022 (Unaudited)	Nine months ended 30 September 2021 (Unaudited)
CASH FLOWS USED IN OPERATING ACTIVITIES		
Other cash inflows from operating activities	<u>171</u>	<u>252</u>
Cash inflows from operating activities	<u>171</u>	<u>252</u>
Payment to and on behalf of staff	(375)	(436)
Taxes and surcharges paid	(15)	(31)
Other cash outflows for operating activities	<u>(229)</u>	<u>(81)</u>
Cash outflows for operating activities	<u>(619)</u>	<u>(548)</u>
Net cash flows used in operating activities	<u>(448)</u>	<u>(296)</u>
CASH FLOWS GENERATED FROM INVESTING ACTIVITIES		
Proceeds from disposals of investments	8,189	8,321
Cash received from investment income	8,806	10,201
Proceeds from disposal of subsidiaries	<u>–</u>	<u>32</u>
Cash inflows from investing activities	<u>16,995</u>	<u>18,554</u>
Payment for purchases of investments	(7,358)	(11,789)
Payment for purchases of fixed assets, intangible assets and other long term assets	(51)	(30)
Payments for establishment of subsidiaries	(400)	–
Other cash outflows for investing activities	<u>(77)</u>	<u>(55)</u>
Cash outflows for investing activities	<u>(7,886)</u>	<u>(11,874)</u>
Net cash flows generated from investing activities	<u>9,109</u>	<u>6,680</u>

Nine months ended 30 September 2022 (Unaudited)	Nine months ended 30 September 2021 (Unaudited)
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CASH FLOWS USED IN FINANCING ACTIVITIES

Cash paid for interests	(906)	(901)
Cash paid for distribution of dividends	(6,501)	(5,307)
Decrease in securities sold under agreements to repurchase, net	(773)	(30)

Cash outflows for financing activities	(8,180)	(6,238)
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Net cash flows used in financing activities	(8,180)	(6,238)
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EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS

25	(15)
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NET INCREASE IN CASH AND CASH EQUIVALENTS

506	131
959	768

Add: Cash and cash equivalents at beginning of the period		
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CASH AND CASH EQUIVALENTS AT END OF THE PERIOD

1,465	899
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5.3 Announcement of no adoption of the new financial statement

√ Applicable ☐ Not applicable

On 22 June 2017, the Ministry of Finance (“**MOF**”) released the Circular on the Transitional Measures Related to the Implementation of the Accounting New Financial Instruments Standards (Cai Kuai [2017] No. 20) (the “**Transitional Measures**”). According to the Transitional Measures, insurance company listed in A and H share markets who meets the “conditions for insurance companies to postpone the adoption of the new financial instruments standards” are permitted to postpone its adoption of new financial instruments standards until 1 January 2021.

On 31 December 2020, MOF released the Circular on the Further Implementation of the New Financial Instruments Standards (Cai Kuai [2020] No. 22) (the “**Supplementary Circular**”). According to the Supplementary Circular, insurance company that meets the “conditions for insurance companies to postpone the adoption of the new financial instruments standards” in the Transitional Measures could postpone its adoption of new financial instruments standards until the date of adoption of PRC Accounting Standards for Business Enterprises No. 25 – Insurance Contracts (Cai Kuai [2020] No. 20), i.e. 1 January 2023.

According to the Transitional Measures and the Supplementary Circular, the main activities of insurance company that postpone the adoption of the new financial instruments standards should be related to insurance. If the Insurance Group’s financial statements meet the condition to postpone the adoption of the new financial instruments standards, the parent company could also postpone the adoption of new financial instruments standards. Base on the Group’s financial position on 31 December 2015, the carrying amounts of insurance-related liabilities account is more than 90% of the total carrying amounts of all liabilities. In addition, there are no major changes in the Group’s activities that need to be reassessed since 31 December 2015. Accordingly, the Group’s main activities are related to insurance, which meets the conditions to postpone the adoption of the new financial instrument standards. Therefore, The Group chooses to postpone the adoption of the new financial instruments standards until 1 January 2023.

The Group's main associates, Industrial Bank and Hua Xia Bank, adopted the new financial instrument standards since 1 January 2019. According to the Transitional Measures, the Group chose not to unify accounting policy when using equity method to account for such associates.

By Order of the Board
The People's Insurance Company (Group) of China Limited
Luo Xi
Chairman

Beijing, the PRC, 27 October 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.