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中国人民财产保险股份有限公司

PICC PROPERTY AND CASUALTY COMPANY LIMITED

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

(Stock Code: 2328)

UNAUDITED RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

This announcement is made by PICC Property and Casualty Company Limited (the “Company”) pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Pursuant to the regulatory rules relating to the issue of capital supplementary bonds by insurance companies and disclosure of solvency margin, the Company should release its quarterly reports and the abstracts of its quarterly reports on the solvency margin. Meanwhile, the People’s Insurance Company (Group) of China Limited, the controlling shareholder of the Company, will release its quarterly report which contains financial information of the Company. Accordingly, the Company announces the unaudited results for the nine months ended 30 September 2019 of the Company (exclusive of subsidiaries).

I. Analysis of Quarterly Operating Results

(i) Overview

During the first three quarters of 2019, the Company, on the basis of reinforcement of its sound development momentum in the first half of the year, set its target as stable growth, better profitability and improved service, prioritised improving business quality, optimising business structure, enhancing claim efficiency and improving customer experience, and speeded up the insurance supply-side structural reform through transformation of business model and promotion of supply upgrading. It provided insurance services of higher quality, operated the company with higher efficiency and offered better insurance supply to strengthen its dominant market position and facilitate the company’s transformation towards high-quality development. During the reporting period, the Company realised a net profit of RMB21,985 million, with a combined ratio of 97.9%.

(ii) Main Financial Indicators

	Nine months ended 30 September		Movement %
	2019 RMB million	2018 RMB million	
Original insurance premium income	331,755	293,707	13.0
Profit before income tax	21,361	21,024	1.6
Net profit	21,985	13,190	66.7

	As at 30 September 2019 RMB million	As at 31 December 2018 RMB million	Movement %
Total assets	616,940	550,370	12.1
Total liabilities	454,096	409,890	10.8
Total equity	162,844	140,480	15.9

(iii) Original insurance premium income by insurance segments

The following table sets forth the original insurance premium income of the Company by insurance segments for the relevant periods:

	Nine months ended 30 September		Movement %
	2019 RMB million	2018 RMB million	
Motor vehicle insurance	189,174	185,389	2.0
Accidental injury and health insurance	50,204	36,269	38.4
Agriculture insurance	27,217	23,093	17.9
Liability insurance	21,931	17,019	28.9
Commercial property insurance	12,136	11,096	9.4
Credit and surety insurance	18,047	7,910	128.2
Cargo insurance	3,062	2,985	2.6
Other insurance	9,984	9,946	0.4
Total	331,755	293,707	13.0

II. Solvency Margin Ratio Indicators

	As at 30 September 2019 RMB million
Core capital	158,544
Actual capital	179,713
Minimum capital required	63,233
Core solvency margin ratio (%)	251%
Comprehensive solvency margin ratio (%)	284%

III. Financial Statements Prepared in accordance with the PRC Accounting Standards for Business Enterprises

(i) Statement of Financial Position of the Company as at 30 September 2019

	As at 30 September 2019 RMB'000 Unaudited
Cash and bank balances	16,312,953
Held for trading financial assets	16,530,512
Financial assets purchased under resale agreements	16,783,820
Interest receivables	5,730,413
Premiums receivable	56,342,463
Receivables from reinsurers	17,615,373
Reinsurers' share of unearned premium reserves	12,465,613
Reinsurers' share of loss and loss adjustment expense reserves	20,166,070
Term deposits	57,755,313
Available-for-sale financial assets	179,928,415
Held-to-maturity investments	45,744,757
Investments classified as loans and receivables	67,103,027
Long term equity investments	49,054,116
Capital security fund	4,448,554
Investment properties	4,891,721
Fixed assets	16,265,234
Intangible assets	5,115,964
Deferred tax assets	7,274,597
Right-of-use assets	2,601,553
Other assets	14,810,004
TOTAL ASSETS	616,940,472
Financial assets sold under agreements to repurchase	24,640,874
Premiums received in advance	12,968,684
Commission payable	8,275,932
Payables to reinsurers	24,737,892
Salaries and staff welfare payables	8,564,714
Tax payable	9,305,554
Claims payable	2,208,544
Policyholders' dividend payable	60,556
Policyholders' deposits	1,840,015
Unearned premium reserves	164,970,320
Loss and loss adjustment expense reserves	152,762,395

Premium reserves	4,457,631
Bonds payable	23,521,936
Lease liabilities	2,473,308
Other liabilities	13,308,383
TOTAL LIABILITIES	454,096,738
Issued capital	22,242,765
Share premium account	10,793,865
Other comprehensive income reserve	14,493,284
Surplus reserve	57,212,164
General risk reserve	12,935,379
Agriculture catastrophic loss reserve	2,472,155
Retained profits	42,694,122
TOTAL EQUITY	162,843,734
TOTAL LIABILITIES AND EQUITY	616,940,472

(ii) **Income Statement of the Company for the Nine Months Ended 30 September 2019**

	Nine months ended 30 September 2019 RMB'000 Unaudited
Operating income	298,604,282
Net earned premiums	280,185,604
Gross written premiums	332,807,862
Included: Reinsurance premiums assumed	1,053,091
Less: Reinsurance premiums ceded	28,539,891
Change in unearned premium reserves	24,082,367
Investment income	17,051,944
Net losses on fair value changes	-31,540
Exchange losses, net	233,869
Other operating income	940,576
Net gains on disposal of assets	46,267
Other gains	177,562
Operating expenses	277,236,618
Gross claims paid	182,466,580
Less: Paid losses recoverable from reinsurers	13,174,238
Change in loss and loss adjustment expense reserves	18,235,549
Less: Reinsurers' share of loss and loss adjustment expense reserves	2,462,971
Change in premium reserves	1,003,371
Interest expenses credited to policyholders' deposits	173
Reinsurance expenses	294,803
Tax and other surcharges	1,288,126

Commission expenses	41,936,199
General and administrative expenses	52,187,343
Less: Reinsurers' share of general and administrative expenses	8,032,419
Other operating costs	2,130,122
Asset impairment losses	1,363,980
Operating profit	21,367,664
Add: Sundry income	103,639
Less: Sundry expenses	110,120
Profit before income tax	21,361,183
Less: Income tax expense	-623,830
Net profit	21,985,013

(iii) **Statement of Cash Flows of the Company for the Nine Months Ended 30 September 2019**

	Nine months ended 30 September 2019 RMB'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES	
Premiums received	319,597,859
Others	44,626,339
Cash inflows from operating activities	364,224,198
Claims paid	182,456,237
Payment to and on behalf of staff	23,540,222
Commission paid	40,464,776
Taxes and surcharges paid	22,456,907
Payment in relation to reinsurance business	5,946,338
Others	78,773,238
Cash outflows from operating activities	353,637,718
Net cash flows from operating activities	10,586,480
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from investments	52,569,747
Investment income received	11,530,474
Proceeds from disposal of fixed assets, intangible assets and other long term assets	39,765
Others	3,913,313
Cash inflows from investing activities	68,053,299
Payment for purchases of investments	65,934,404
Payment for purchases of fixed assets, intangible assets and other long term assets	1,810,185

Cash outflows from investing activities	67,744,589
Net cash flows from investing activities	308,710
CASH FLOWS FROM FINANCING ACTIVITIES	
Decrease in financial assets sold under agreements to repurchase, net	3,835,385
Others	6,177,635
Cash outflows from financing activities	10,013,020
Net cash flows used in financing activities	-10,013,020
Net foreign exchange differences	18,215
Net increase in cash and cash equivalents	900,385

This announcement is prepared in both Chinese and English, and the Chinese version prevails. The financial information included in this announcement are prepared in accordance with the PRC Accounting Standards for Business Enterprises and have not been audited or reviewed.

By Order of the Board
PICC Property and Casualty Company Limited
Miao Jianmin
Chairman

Beijing, the PRC, 29 October 2019

As at the date of this announcement, the Chairman of the Board is Mr. Miao Jianmin (executive director), the Vice Chairman is Mr. Xie Yiqun (executive director), the non-executive directors are Mr. Tang Zhigang and Mr. Li Tao, Ms. Xie Xiaoyu is an executive director, and the independent non-executive directors are Mr. Lin Hanchuan, Mr. Lo Chung Hing, Mr. Ma Yusheng, Mr. Chu Bende and Ms. Qu Xiaohui.