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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 THREE MONTHS ENDED 31 MARCH 2020

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”).

The Board of Directors of the Company announces the unaudited results for the three months ended 31 March 2020 of the Company (exclusive of subsidiaries). The financial information included in this announcement was prepared in accordance with the PRC Accounting Standards for Business Enterprises and has not been audited.

I. Analysis of Operating Results for the First Quarter

(i) Overview

In the first quarter of 2020, taking into account of the whole picture of serving economic development as well as prevention and control of the epidemic, the Company innovated business development model in the context of the epidemic through further promotion of business online migration, while at the same time devoting itself to the joint prevention and control efforts against the epidemic. The Company upgraded product supply and insurance protection services, accelerated the business model reform, and deepened the integration between policy-oriented business and commercial business. It improved governance structure and risk control system to safeguard the bottom line of no systematic risk. During the reporting period, the Company recorded a net profit of RMB 6,356 million, with a combined ratio of 97.1%.

(ii) Main Financial Indicators

	Three months ended 31 March		Movement %
	2020 RMB million	2019 RMB million	
Original insurance premium income	127,643	125,463	1.7
Profit before income tax	8,312	6,442	29.0
Net profit	6,356	5,209	22.0

	As at 31 March 2020 <i>RMB million</i>	As at 31 December 2019 <i>RMB million</i>	Movement %
Total assets	645,248	595,247	8.4
Total liabilities	474,013	425,659	11.4
Total equity	171,235	169,588	1.0

(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:

	Three months ended 31 March		Movement %
	2020 <i>RMB million</i>	2019 <i>RMB million</i>	
Motor vehicle insurance	61,660	63,877	-3.5%
Accidental injury and health insurance	34,805	28,268	23.1%
Agriculture insurance	9,766	8,863	10.2%
Liability insurance	8,213	8,549	-3.9%
Commercial property insurance	4,859	5,050	-3.8%
Credit and surety insurance	2,497	4,799	-48.0%
Cargo insurance	1,039	1,174	-11.5%
Other insurance	4,804	4,883	-1.6%
Total	127,643	125,463	1.7%

II. Solvency Margin Ratio Indicators

	As at 31 March 2020 <i>RMB million</i>
Core capital	164,731
Actual capital	192,328
Minimum capital required	64,001
Core solvency margin ratio (%)	257%
Comprehensive solvency margin ratio (%)	301%

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

(i) Statement of Financial Position of the Company

	As at 31 March 2020 <i>RMB'000</i> <i>Unaudited</i>
Cash and bank balances	14,820,794
Held for trading financial assets	23,369,985
Financial assets purchased under resale agreements	9,499,550
Premiums receivable	72,582,155

Receivables from reinsurers	22,163,314
Reinsurers' share of unearned premium reserves, receivable	13,908,619
Reinsurers' share of loss and loss adjustment expense reserves, receivable	17,973,197
Term deposits	64,778,581
Available-for-sale financial assets	171,794,331
Held-to-maturity investments	46,087,340
Investments classified as loans and receivables	71,812,415
Long term equity investments	51,022,655
Capital security fund	4,448,554
Investment properties	4,766,901
Fixed assets	17,117,882
Intangible assets	6,189,856
Deferred tax assets	10,615,388
Right-of-use assets	2,085,397
Other assets	20,211,120
TOTAL ASSETS	645,248,034
Financial assets sold under agreements to repurchase	9,158,626
Premiums received in advance	15,378,780
Commissions payable	7,597,597
Payables to reinsurers	29,076,242
Salaries and staff welfare payables	10,370,640
Tax payable	13,128,412
Claims payable	1,842,385
Policyholders' dividend payable	60,493
Policyholders' deposits	1,831,244
Unearned premium reserves	182,620,424
Loss and loss adjustment expense reserves	158,849,646
Premium reserves	2,799,410
Bonds payable	23,210,334
Lease liabilities	2,153,760
Other liabilities	15,935,187
TOTAL LIABILITIES	474,013,180
Issued capital	22,242,765
Share premium account	10,661,466
Other comprehensive income reserve	13,732,739
Surplus reserve	59,703,480
General risk reserve	15,426,695

Agriculture catastrophic loss reserve	1,790,935
Retained profits	47,676,774
TOTAL EQUITY	171,234,854
TOTAL LIABILITIES AND EQUITY	645,248,034

(ii) Income Statement of the Company

	Three months ended 31 March 2020 RMB '000 Unaudited
Operating income	99,460,546
Net earned premiums	93,239,175
Gross written premiums	127,678,989
Included: Reinsurance premiums assumed	35,679
Less: Reinsurance premiums ceded	11,582,429
Change in unearned premium reserves	22,857,385
Investment income	5,631,965
Gains on fair value changes	67,347
Exchange gains, net	162,845
Other operating income ^{Note}	230,063
Gains on disposal of assets	22,291
Other gains	106,860
Operating expenses	91,110,706
Gross claims paid	51,688,230
Less: Paid losses recoverable from reinsurers	3,932,314
Change in loss and loss adjustment expense reserves	13,304,804
Less: Reinsurers' share of loss and loss adjustment expense reserves	-510,317
Change in premium reserves	290,784
Interest expenses credited to policyholders' deposits	2
Reinsurance expenses	3,338
Tax and other surcharges	448,989
Commission expenses	12,977,753
General and administrative expenses	17,684,810
Less: Reinsurers' share of general and administrative expenses	2,935,079
Other operating costs ^{Note}	516,356
Asset impairment losses	552,716
Operating profit	8,349,840
Add: Sundry income	25,643
Less: Sundry expenses	63,586
Profit before income tax	8,311,897
Less: Income tax expense	1,955,982
Net profit	6,355,915

Note: For the first quarter of 2020, interest income of demand deposits was reclassified into other operating income, and other interest expenses, finance costs and investment related expenses were reclassified into other operating costs to align with the reporting standard of audited annual report.

(iii) Statement of Cash Flows of the Company

	Three months ended 31 March 2020 RMB'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES	
Premiums received	93,442,511
Others	14,787,026
Cash inflows from operating activities	108,229,537
Claims paid	52,099,438
Payment to and on behalf of staff	7,468,710
Commissions paid	12,602,696
Taxes and surcharges paid	8,304,066
Payment in relation to reinsurance business	1,631,927
Others	24,973,238
Cash outflows from operating activities	107,080,075
Net cash flows from operating activities	1,149,462
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from investments	21,429,773
Investment income received	2,816,611
Proceeds from disposal of fixed assets, intangible assets and other long term assets	309
Others	9,481,102
Cash inflows from investing activities	33,727,795
Payment for purchases of investments	30,950,901
Payment for purchases of fixed assets, intangible assets and other long term assets	2,389,337
Cash outflows from investing activities	33,340,238
Net cash flows from investing activities	387,557
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of capital supplementary bonds	8,000,000
Cash inflows from financing activities	8,000,000
Decrease in financial assets sold under agreements to repurchase, net	8,011,483
Others	27,604
Cash outflows from financing activities	8,039,087

Net cash flows used in financing activities	-39,087
Net foreign exchange differences	-24,166
Net increase in cash and cash equivalents	1,473,766

This announcement is prepared in both Chinese and English, and the Chinese version prevails.

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

Beijing, the PRC, 29 April 2020

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 director is 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.