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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 2021

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 2021 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. Financial Summary

	Three months ended 31 March		Change %
	2021 <i>RMB million</i>	2020 <i>RMB million</i>	
Gross written premiums	135,836	127,679	6.4
Underwriting profit	3,897	2,680	45.4
Total investment income <sup>1</sup>	7,397	5,718	29.4
Profit before income tax	11,038	8,312	32.8
Net profit	8,942	6,356	40.7
	As at 31 March 2021 <i>RMB million</i>	As at 31 December 2020 <i>RMB million</i>	Change %
Total assets	702,771	643,528	9.2
Total liabilities	505,897	456,140	10.9
Total equity	196,874	187,388	5.1

Note:

- Total investment income=investment income + gains or losses on fair value changes + interest income from demand deposit + lease income from investment properties - impairment losses of investment assets

## II. Quarterly Operation Analysis

### (i) Operation Analysis of Principal Activities

#### 1. Insurance business

##### 1.1 Business overview

In the first quarter of 2021, the Company fully implemented “To be Prominent Strategy”, consistently upheld a customer-centric concept and concentrated on the four main themes consisting of “focusing on main business, striving for excellence, emphasizing on competency and providing comprehensive service”, proactively responded to the comprehensive reform of motor vehicle insurance, optimised resource allocation and business structure, strictly controlled business risks, promoted the development through reform and innovation and achieved a good start. In the first quarter of 2021, the Company recorded gross written premiums of RMB135,836 million, representing an increase of 6.4% as compared to the corresponding period of last year; the loss ratio was 70.3%, representing an increase of 4.0 percentage points as compared to the corresponding period of last year; the expense ratio was 25.4%, representing a decrease of 5.4 percentage points as compared to the corresponding period of last year; the combined ratio was 95.7%, representing a decrease of 1.4 percentage points as compared to the corresponding period of last year; and the underwriting profit amounted to RMB3,897 million, representing an increase of 45.4% as compared to the corresponding period of last year.

The following table sets forth the key operating results and financial indicators of the insurance business of the Company for the relevant periods:

	Three months ended 31 March		Change %
	2021 <i>RMB million</i>	2020 <i>RMB million</i>	
Gross written premiums	135,836	127,679	6.4
Net earned premiums	91,437	93,239	-1.9
Underwriting profit	3,897	2,680	45.4
Loss ratio (%)	70.3	66.3	Increase by 4.0 percentage points
Expense ratio (%)	25.4	30.8	Decrease by 5.4 percentage points
Combined ratio (%)	95.7	97.1	Decrease by 1.4 percentage points

##### 1.2 Operating results by insurance segments

The following table sets forth the key operating results and financial indicators of motor vehicle insurance, financing credit and surety insurance business, policy-oriented insurance business and commercial non-motor vehicle insurance business of the Company for the relevant period:

	<b>Three months ended 31 March 2021</b>		
	<b>Gross written premiums RMB million</b>	<b>Underwriting profit/ (loss) RMB million</b>	<b>Combined ratio %</b>
Motor vehicle insurance	57,503	3,162	94.6
Financing credit and surety insurance business <sup>1</sup>	(253)	(30)	102.2
Policy-oriented insurance business <sup>2</sup>	47,618	(322)	102.1
Commercial non-motor vehicle insurance business <sup>3</sup>	30,968	1,087	93.2
<b>Total</b>	<b>135,836</b>	<b>3,897</b>	<b>95.7</b>

*Notes:*

1. Financing credit and surety insurance business refers to the financing insurance business that falls into the category of credit and surety insurance business.
2. Policy-oriented insurance business consists of social security business of accidental injury and health insurance and government subsidised business of agriculture insurance.
3. Commercial non-motor vehicle insurance business consists of other insurance businesses except for motor vehicle insurance, financing credit and surety insurance and policy-oriented insurance.

In the first quarter of 2021, due to the impact of the comprehensive reform of motor vehicle insurance, the gross written premiums of motor vehicle insurance business of the Company decreased by RMB4,157 million (or -6.7%) as compared to the corresponding period of last year; the loss ratio was 68.9%, representing an increase of 9.5 percentage points as compared to the corresponding period of last year; the expense ratio was 25.7%, representing a decrease of 9.1 percentage points as compared to the corresponding period of last year; and the combined ratio was 94.6%, representing an increase of 0.4 percentage points as compared to the corresponding period of last year.

The Company further reinforced the development of non-motor vehicle insurance business, which resulted in a substantial scale growth of the policy-oriented insurance business and the commercial non-motor vehicle insurance business, promoting the overall growth of the insurance businesses of the Company. Meanwhile, the Company continuously cleared the existing risks and its financing credit and surety insurance business realised a significant decrease in business scale as compared to the corresponding period of last year and an evident reduction in loss.

## **2. Insurance funds investment business**

### **Investment Results**

While maintaining a steady growth in the overall scale of the investment assets, the Company seized the market opportunities by timely adjusting its investment portfolio, realising its gains in mutual funds and stocks when appropriate, and increasing the proportion of fixed income product investment. In the first quarter of 2021, the Company achieved total investment income of RMB7,397 million, representing an increase of RMB1,679 million (or 29.4%) as compared to the corresponding period of last year, and the annualised total investment yield was 5.8%, representing an increase of 1.1 percentage points as compared to the corresponding period of last year.

The following table sets forth the key operating results and financial indicators of the insurance funds investment business of the Company for the relevant periods:

	Three months ended 31 March		Change %
	2021 <i>RMB million</i>	2020 <i>RMB million</i>	
Total investment income	7,397	5,718	29.4
Total investment yield <sup>1</sup> (annualised) (%)	5.8	4.7	Increase by 1.1 percentage points

Note:

1. Total investment yield= total investment income/average balance of total investment assets

### (ii) Solvency Margin Ratio Indicators

	As at 31 March 2021 <i>RMB million</i>	As at 31 December 2020 <i>RMB million</i>	Change %
Actual capital	217,345	207,246	4.9
Core capital	189,363	179,290	5.6
Minimum capital required	71,606	71,757	-0.2
Comprehensive solvency margin ratio (%)	304	289	Increase by 15 percentage points
Core solvency margin ratio (%)	264	250	Increase by 14 percentage points

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

#### (i) Statement of Financial Position of the Company

Items	As at 31 March 2021 <i>RMB'000</i> <i>Unaudited</i>	As at 31 December 2020 <i>RMB'000</i> <i>Audited</i>
Cash and bank balances	13,126,224	14,469,506
Held for trading financial assets	14,985,634	14,781,064
Financial assets purchased under resale agreements	9,345,570	12,019,172
Premiums receivable	77,407,800	33,314,780
Receivables from reinsurers	22,274,073	16,231,162
Reinsurers' share of unearned premium reserves, receivable	15,787,524	12,992,935
Reinsurers' share of loss and loss adjustment expense reserves, receivable	17,713,504	19,487,273
Term deposits	72,052,347	70,896,347
Available-for-sale financial assets	226,060,206	215,579,845

Held-to-maturity investments	<b>48,109,892</b>	48,796,428
Investments classified as loans and receivables	<b>67,812,660</b>	68,284,989
Long term equity investments	<b>56,847,096</b>	56,215,061
Capital security fund	<b>4,448,554</b>	4,448,554
Investment properties	<b>4,773,909</b>	4,773,909
Fixed assets	<b>19,885,839</b>	20,320,944
Intangible assets	<b>6,274,325</b>	6,438,596
Deferred tax assets	<b>5,339,720</b>	5,088,778
Right-of-use assets	<b>1,655,650</b>	1,747,706
Other assets	<b>18,870,603</b>	17,641,137
<b>TOTAL ASSETS</b>	<b>702,771,130</b>	643,528,186
Financial assets sold under agreements to repurchase	<b>40,970,662</b>	29,028,184
Premiums received in advance	<b>12,437,237</b>	17,755,837
Commissions payable	<b>8,208,211</b>	7,235,855
Payables to reinsurers	<b>30,474,595</b>	21,817,949
Salaries and staff welfare payables	<b>12,618,289</b>	11,788,756
Tax payable	<b>9,437,921</b>	7,942,986
Claims payable	<b>1,734,315</b>	4,495,575
Policyholders' dividend payable	<b>60,422</b>	60,433
Policyholders' deposits	<b>1,820,288</b>	1,689,353
Unearned premium reserves	<b>191,704,043</b>	157,508,123
Loss and loss adjustment expense reserves	<b>152,072,534</b>	152,581,555
Premium reserves	<b>3,094,262</b>	2,593,255
Bonds payable	<b>23,323,329</b>	23,297,166
Lease liabilities	<b>1,708,052</b>	1,668,414
Other liabilities	<b>16,232,566</b>	16,676,656
<b>TOTAL LIABILITIES</b>	<b>505,896,726</b>	456,140,097
Issued capital	<b>22,242,765</b>	22,242,765
Share premium account	<b>10,661,466</b>	10,661,466
Other comprehensive income reserve	<b>25,932,102</b>	25,387,593
Surplus reserve	<b>61,814,301</b>	61,814,301
General risk reserve	<b>17,537,516</b>	17,537,516
Catastrophic loss reserve	<b>1,150,160</b>	1,150,160
Retained profits	<b>57,536,094</b>	48,594,288
<b>TOTAL EQUITY</b>	<b>196,874,404</b>	187,388,089
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>702,771,130</b>	643,528,186

(ii) **Income Statement of the Company**

<b>Items</b>	<b>Three months ended 31 March</b>	
	<b>2021 RMB'000 Unaudited</b>	<b>2020 RMB'000 Unaudited</b>
<b>Operating income</b>	<b>99,319,975</b>	<b>99,460,546</b>
Net earned premiums	<b>91,436,595</b>	93,239,175
Gross written premiums	<b>135,835,907</b>	127,678,989
Included: Reinsurance premiums assumed	<b>284,229</b>	35,679
Less: Reinsurance premiums ceded	<b>12,997,981</b>	11,582,429
Change in unearned premium reserves	<b>31,401,331</b>	22,857,385
Investment income	<b>7,318,567</b>	5,631,965
Net gains on fair value changes	<b>17,267</b>	67,347
Exchange gains, net	<b>67,542</b>	162,845
Other operating income	<b>316,921</b>	230,063
Net gains on disposal of assets	<b>40,269</b>	22,291
Other gains	<b>122,814</b>	106,860
<b>Operating expenses</b>	<b>88,279,614</b>	<b>91,110,706</b>
Gross claims paid	<b>68,191,177</b>	51,688,230
Less: Paid losses recoverable from reinsurers	<b>5,531,738</b>	3,932,314
Change in loss and loss adjustment expense reserves	<b>(509,021)</b>	13,304,804
Less: Reinsurers' share of loss and loss adjustment expense reserves	<b>(1,773,769)</b>	(510,317)
Change in premium reserves	<b>362,922</b>	290,784
Interest expenses credited to policyholders' deposits	-	2
Reinsurance expenses	<b>82,379</b>	3,338
Tax and other surcharges	<b>347,988</b>	448,989
Commission expenses	<b>9,571,992</b>	12,977,753
General and administrative expenses	<b>16,373,496</b>	17,684,810
Less: Reinsurers' share of general and administrative expenses	<b>3,356,412</b>	2,935,079
Other operating costs	<b>729,925</b>	516,356
Asset impairment losses	<b>243,137</b>	552,716
<b>Operating profit</b>	<b>11,040,361</b>	<b>8,349,840</b>
Add: Sundry income	<b>29,253</b>	25,643
Less: Sundry expenses	<b>31,722</b>	63,586
<b>Profit before income tax</b>	<b>11,037,892</b>	<b>8,311,897</b>
Less: Income tax expense	<b>2,096,085</b>	1,955,982
<b>Net profit</b>	<b>8,941,807</b>	<b>6,355,915</b>

**(iii) Statement of Cash Flows of the Company**

<b>Items</b>	<b>Three months ended 31 March</b>	
	<b>2021 RMB'000 Unaudited</b>	<b>2020 RMB'000 Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premiums received	<b>96,536,058</b>	93,442,511
Others	<b>15,579,538</b>	14,787,026
<b>Cash inflows from operating activities</b>	<b>112,115,596</b>	108,229,537
Claims paid	<b>70,293,158</b>	52,099,438
Payment to and on behalf of staff	<b>8,487,591</b>	7,468,710
Commissions paid	<b>8,894,417</b>	12,602,696
Taxes and surcharges paid	<b>7,522,380</b>	8,304,066
Payment in relation to reinsurance business	<b>2,208,035</b>	1,631,927
Others	<b>27,032,749</b>	24,973,238
<b>Cash outflows from operating activities</b>	<b>124,438,330</b>	107,080,075
<b>Net cash flows (used in)/from operating activities</b>	<b>(12,322,734)</b>	1,149,462
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from investments	<b>23,505,965</b>	21,429,773
Investment income received	<b>2,884,330</b>	2,816,611
Proceeds from disposal of fixed assets, intangible assets and other long term assets	<b>35,687</b>	309
Others	<b>3,275,824</b>	9,481,102
<b>Cash inflows from investing activities</b>	<b>29,701,806</b>	33,727,795
Payment for purchases of investments	<b>30,054,841</b>	30,950,901
Payment for purchases of fixed assets, intangible assets and other long term assets	<b>306,929</b>	2,389,337
<b>Cash outflows from investing activities</b>	<b>30,361,770</b>	33,340,238
<b>Net cash flows (used in)/from investing activities</b>	<b>(659,964)</b>	387,557
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of capital supplementary bonds	-	8,000,000
Increase in financial assets sold under agreements to repurchase, net	<b>11,993,413</b>	-
<b>Cash inflows from financing activities</b>	<b>11,993,413</b>	8,000,000
Decrease in financial assets sold under agreements to repurchase, net	-	8,011,483
Others	<b>418,204</b>	27,604

<b>Cash outflows from financing activities</b>	<b>418,204</b>	8,039,087
<b>Net cash flows from/(used in) financing activities</b>	<b>11,575,209</b>	(39,087)
Net foreign exchange differences	<b>1,371</b>	(24,166)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,406,118)</b>	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**  
**Luo Xi**  
*Chairman*

Beijing, the PRC, 28 April 2021

*As at the date of this announcement, the Chairman of the Board is Mr. Luo Xi (non-executive director), the executive directors are Mr. Xie Yiqun and Mr. Jiang Caishi, Mr. Li Tao is a non-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.*