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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 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 2023

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 2023 of the Company (exclusive of subsidiaries). The financial information included in this announcement was prepared in accordance with the PRC Accounting Standards for Business Enterprises¹ and has not been audited.

I. Business Overview

In the first quarter of 2023, the Company focused on the national strategic guidelines, development of real economic and improvement of people's livelihood, strengthened innovation of products and services, optimised risk reduction services, improved risk pricing and management and control of claims, continued to improve customer experience, refined the comprehensive risk management system, and steadily enhanced operational efficiency. In the first quarter of 2023, the Company achieved an insurance revenue of RMB107,520 million, an underwriting combined ratio² of 95.7%, representing a year-on-year decrease of 0.9 percentage point, and a net profit of RMB9,508 million.

Note: According to the accounting policies applied in the preparation of the financial statements for the first quarter of 2022 disclosed by the Company, in the first quarter of 2023, the Company achieved original insurance premium income of RMB167,641 million, representing a year-on-year increase of 10.2%, and a net profit of RMB9,820 million, representing a year-on-year increase of 13.5%.

¹ Since 1 January 2023, the Company has implemented Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standard for Business Enterprises No. 24 - Hedge Accounting and Accounting Standard for Business Enterprises No. 37 - Presentation of Financial Instruments (the above standards are abbreviated as the “New Financial Instruments Standards”) and Accounting Standard for Business Enterprises No. 25 - Insurance Contracts.

² Underwriting combined ratio = [Insurance service expenses + (Allocation of reinsurance premiums paid - Amounts recovered from reinsurance contracts) + (Finance expenses from insurance contracts issued - Finance income from reinsurance contracts held) + Change in premium reserves]/Insurance revenue

II. Financial Statements

(i) Statement of Financial Position of the Company

Items	As at 31 March 2023 <i>RMB'000</i> Unaudited	As at 1 January 2023 <i>RMB'000</i> Unaudited
Cash and cash equivalents	9,473,392	10,720,209
Term deposits	74,901,351	74,634,602
Financial assets purchased under resale agreements	7,724,904	10,399,544
Financial Investments:	408,889,237	409,093,382
Financial assets at fair value through profit or loss	138,343,050	140,710,154
Financial assets at amortised cost	112,498,264	114,098,280
Debt financial assets at fair value through other comprehensive income	84,326,462	86,344,323
Equity financial assets at fair value through other comprehensive income	73,721,461	67,940,625
Insurance contract assets	441,855	610,685
Reinsurance contract assets	32,829,143	36,827,377
Investments in subsidiaries, associates and joint ventures	62,623,994	61,900,885
Restricted statutory deposits	4,650,648	4,730,559
Investment properties	5,825,753	5,825,753
Property and equipment	20,433,546	20,790,359
Right-of-use assets	1,479,523	1,583,828
Intangible assets	6,400,077	6,662,310
Deferred income tax assets	12,628,124	12,597,469
Other assets	13,593,635	13,975,410
TOTAL ASSETS	661,895,182	670,352,372
Securities sold under agreements to repurchase	22,400,596	41,710,301
Premiums received in advance	3,006,490	4,755,308
Salaries and staff welfare payables	16,595,767	17,226,572
Tax payable	10,830,519	10,940,785
Investment contract liabilities	1,739,460	1,741,127
Premium reserves	3,086,163	2,570,119
Bonds payable	8,114,628	8,323,757
Insurance contract liabilities	350,130,445	351,253,813
Lease liabilities	1,535,323	1,600,066
Other liabilities	17,340,090	12,970,888
TOTAL LIABILITIES	434,779,481	453,092,736
Issued capital	22,242,765	22,242,765

Share premium account	10,502,014	10,502,014
Other comprehensive income	14,395,608	14,047,590
Surplus reserve	67,690,786	67,690,786
General risk reserve	23,414,001	23,414,001
Catastrophic loss reserve	85,054	85,054
Retained profits	88,785,473	79,277,426
TOTAL EQUITY	227,115,701	217,259,636
TOTAL LIABILITIES AND EQUITY	661,895,182	670,352,372

(ii) Income Statement of the Company³

Items	Three months ended 31 March	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Operating income	115,257,732	105,361,390
Insurance revenue	107,520,497	98,472,063
Interest revenue	2,933,230	0
Investment income	3,350,333	6,606,577
Included: Share of profits or losses of associates and joint ventures	755,371	780,984
Net gains from the derecognition of financial assets measured at amortised cost	620	0
Other gains	102,203	121,928
Net gains/(losses) on fair value changes	1,224,547	(92,624)
Foreign exchange (losses)/gains, net	(123,355)	6,055
Other operating income	226,398	241,076
Net gains on disposal of assets	23,879	6,315
Operating expenses	103,692,371	95,972,943
Insurance service expenses	96,875,156	90,322,778
Allocation of reinsurance premiums paid	7,948,908	6,926,974
Less: Amounts recovered from reinsurance contracts	4,605,770	4,694,552
Finance expenses from insurance contracts issued	2,446,783	2,317,952
Less: Finance income from reinsurance contracts held	283,100	233,576
Interest expenses	264,562	0
Tax and other surcharges	10,956	14,515
General and administrative expenses	303,305	211,829
Credit impairment losses	61,622	0
Asset impairment losses	0	116,993
Change in premium reserves	516,397	445,251
Other operating costs	153,552	544,779
Operating profit	11,565,361	9,388,447
Add: Sundry income	66,270	15,566

³ The Company has retrospectively adjusted the comparative data for the same period in 2022 in accordance with Accounting Standard for Business Enterprises No. 25 - Insurance Contracts and chosen not to retrospectively adjust the comparative investment business data for the same period in 2022 in accordance with the New Financial Instruments Standards.

Less: Sundry expenses	22,497	68,871
Profit before income tax	11,609,134	9,335,142
Less: Income tax expense	2,101,087	1,544,479
Net profit	9,508,047	7,790,663

(iii) Statement of Cash Flows of the Company

Items	Three months ended 31 March	
	2023 <i>RMB'000</i> Unaudited	2022 <i>RMB'000</i> Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums received from insurance contracts issued	124,846,693	107,552,397
Proceeds from reinsurance contracts issued, net	2,565,903	2,247,892
Others	17,185,656	15,664,906
Cash inflows from operating activities	144,598,252	125,465,195
Claims paid for insurance contracts issued	76,819,296	69,186,350
Payments for reinsurance contracts held, net	1,657,954	1,455,987
Commissions paid	10,622,990	9,819,328
Payment to and on behalf of staff	9,020,480	9,529,705
Taxes and surcharges paid	9,233,309	8,862,909
Others	30,912,637	26,711,296
Cash outflows from operating activities	138,266,666	125,565,575
Net cash flows generated from/(used in) operating activities	6,331,586	(100,380)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments	45,610,717	38,777,124
Investment income and interest revenue received	3,038,870	3,029,894
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	8,154	1,606
Others, net	0	2,712,590
Cash inflows from investing activities	48,657,741	44,521,214
Payment for purchases of investments	38,720,065	36,083,475
Payment for purchases of fixed assets, intangible assets and other long-term assets	116,157	182,602
Others, net	587,657	0
Cash outflows from investing activities	39,423,879	36,266,077
Net cash flows generated from investing activities	9,233,862	8,255,137
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for financial assets sold under agreements to repurchase, net	19,290,013	9,281,599
Others	421,139	412,663
Cash outflows from financing activities	19,711,152	9,694,262
Net cash flows used in financing activities	(19,711,152)	(9,694,262)
Effect of exchange rate changes on cash and cash equivalents	(31,150)	(2,635)
Net decrease in cash and cash equivalents	(4,176,854)	(1,542,140)

III. Solvency Margin

	As at 31 March 2023 <i>RMB million</i> Unaudited	As at 31 December 2022 <i>RMB million</i> Audited	Change %
Actual capital	226,932	215,415	5.3
Core capital	201,596	189,730	6.3
Minimum capital	100,288	93,964	6.7
Comprehensive solvency margin ratio (%)	226.3	229.3	Decrease by 3.0 pp
Core solvency margin ratio (%)	201.0	201.9	Decrease by 0.9 pp

Note: According to Articles 5 and 7 of the Solvency Supervision and Administration Rules of Insurance Companies No. 1 - Actual Capital, the assessment of actual capital should adjust assessment standards for assets and liabilities on the basis of the accounting standards for enterprises approved by the China Banking and Insurance Regulatory Commission and for the purpose of solvency margin supervision. The carrying amount of the assets and liabilities of insurance contracts should be recognised and measured in accordance with the Accounting Standard for Business Enterprises No. 25 - Original Insurance Contract, the Accounting Standard for Business Enterprises No. 26 - Reinsurance Contract issued in 2006 and the Regulations regarding the Accounting Treatment of Insurance Contracts issued in 2009 by the Ministry of Finance.

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
Bi Xin
Secretary of the Board

Beijing, the PRC, 27 April 2023

As at the date of this announcement, the executive directors are Mr. Yu Ze, Mr. Jiang Caishi, Mr. Zhang Daoming and Mr. Hu Wei, the non-executive director is Mr. Li Tao, and the independent directors are Mr. Lo Chung Hing, Ms. Qu Xiaohui, Mr. Cheng Fengchao and Mr. Wei Chenyang.