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)

FIRST QUARTERLY REPORT OF 2020

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 first quarter of 2020 are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

1. IMPORTANT INFORMATION

1.1 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.

1.2 The 2020 First Quarterly Report of the Company was considered and approved at the 19th meeting of the 3rd session of the Board of Directors of the Company on 29 April 2020, which 11 directors were required to attend and 10 of them attended in person. In which, Mr. Luk Kin Yu, Peter, the Independent Non-executive Director, did not attend the board meeting due to other business engagements and in writing appointed Mr. Chen Wuzhao, the Independent Non-executive Director, to attend the meeting and vote on his behalf.

1.3 Mr. Miao Jianmin (Chairman of the Company), Mr. Li Zhuyong (Vice President in charge of accounting work) and Mr. Zhang Hongtao (Head of the Finance Department) warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

1.4 The financial data contained in the 2020 First Quarterly Report of the Company are unaudited and have been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

Note: Unless otherwise specified, the currencies in this report are all in RMB.

2. BASIC INFORMATION OF THE COMPANY

2.1 Key financial data

Unit: RMB million

	As of 31 March 2020	As of 31 December 2019	Change (%)
Total Assets	**1,204,631**	1,132,771	6.3
Equity attributable to shareholders of the parent company	**187,830**	183,133	2.6
Net assets per share attributable to the shareholders of the parent company (RMB/share)	**4.25**	4.14	2.6

	January to March 2020	January to March 2019	Change (%)
Net cash flows generated from/(used in) operating activities	**1,965**	(11,621)	–
Operating income	**168,881**	163,636	3.2
Net profit attributable to shareholders of the parent company	**7,061**	5,887	19.9
Net profit attributable to shareholders of the parent company after deducting non-recurring items	**7,077**	5,854	20.9
Basic earnings per share (RMB/share)	**0.16**	0.13	19.9
Diluted earnings per share (RMB/share)	**0.16**	0.13	19.9
Basic earnings per share after deducting non-recurring items (RMB/share)	**0.16**	0.13	20.9
Weighted average return on equity (%)	**3.8**	3.7	Increase of 0.1 pt
Weighted average return on equity after deducting non-recurring items (%)	**3.8**	3.7	Increase of 0.1 pt

2.2 Non-recurring items and amount

Unit: RMB million

	January to March 2020	January to March 2019
Gains or losses from disposal of non-current assets	**19**	(1)
Government grants included in profit or loss	**12**	12
Net non-recurring items other than those mentioned above	**(52)**	42
Effect of income tax on non-recurring items	**1**	(15)
Attributable to non-controlling interests	**4**	(5)
Total	**(16)**	33

2.3 Solvency of the Group and its Subsidiaries

Unit: RMB million

As of 31 March 2020	**PICC Group**	**PICC P&C**	**PICC Life**	**PICC Health**
Core capital	**304,066**	**164,731**	94,763	11,828
Actual capital	**365,901**	**192,328**	107,483	15,362
Minimum capital	**115,434**	**64,001**	42,519	6,490
Core solvency margin ratio (%)	**263**	**257**	223	182
Comprehensive solvency margin ratio (%)	**317**	**301**	253	237

Notes:

1. PICC Group means the Company;

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.

2.4 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

Unit: Share

Total number of shareholders				A Share: 245,106; H Share: 5,856		
Shareholdings of the Top Ten Shareholders						
Name of shareholder (in full name)	Number of shares held as at the end of the reporting period	Proportion (%)	The number of shares held subject to selling restrictions	Pledged or frozen shares: Status of the shares	Pledged or frozen shares: Number of shares	Class of Shareholder
Ministry of Finance of the People's Republic of China ("**MOF**")	26,906,570,608	60.84%	26,906,570,608	–	–	The State
HKSCC Nominees Limited	8,704,742,748	19.68%		–	–	Foreign legal person
National Council for Social Security Fund of the PRC ("**NSSF**")	6,791,185,975	15.36%	2,989,618,956	–	–	The State
China Construction Bank Corporation-E Fund 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	74,850,000	0.17%		–	–	Others
Bank of China Limited-China Merchants 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	53,214,606	0.12%		–	–	Others
New China Life Insurance Company Ltd.-Dividend-Personal dividend-018L-FH002 SH	47,188,500	0.11%		–	–	Others
Hong Kong Securities Clearing Company Limited	33,652,305	0.08%		–	–	Foreign legal person
Mo Jianrong	11,533,729	0.03%		–	–	Others
Industrial and Commercial Bank of China Limited-Shanghai 50 trading open index securities investment fund	8,524,700	0.02%		–	–	Others
Huo Wenliang	6,701,560	0.02%		–	–	Others

Shareholdings of the Top Ten Shareholders Not Subject to Selling Restrictions

Name of shareholder	Number of shares held not subject to selling restrictions	Class and number of shares: Class	Number
HKSCC Nominees Limited	8,704,742,748	H Share	8,704,742,748
NSSF	3,801,567,019	A Share	3,801,567,019
China Construction Bank Corporation-E Fund 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	74,850,000	A Share	74,850,000
Bank of China Limited-China Merchants 3-year Closed Operation Mixed Securities Investment Fund with Strategic Placement and Flexible Allocation (LOF)	53,214,606	A Share	53,214,606
New China Life Insurance Company Ltd.-Dividend-Personal dividend-018L-FH002 SH	47,188,500	A Share	47,188,500
Hong Kong Securities Clearing Company Limited	33,652,305	A Share	33,652,305
Mo Jianrong	11,533,729	A Share	11,533,729
Industrial and Commercial Bank of China Limited-Shanghai 50 Trading Open Index Securities Investment Fund	8,524,700	A Share	8,524,700
Huo Wenliang	6,701,560	A Share	6,701,560
Truvalue Asset Management-ICBC Foreign Trade Trust-Foreign Trade Trust • WENFU FOF Single Fund Trust	6,263,701	A Share	6,263,701
Details of the above shareholders who are connected to each other or acting in concert	The Company is not aware of any connected 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".		

Note:

1. In addition to the 6,791,185,975 A Shares of the Company held by it, NSSF holds 524,279,000 H Shares as a beneficial owner and 141,000 H Shares through overseas manager.

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 frozen.

3. The shares under Hong Kong Securities Clearing Company Limited are held by the shareholders of the Shanghai Stock Connect.

3. QUARTERLY BUSINESS ANALYSIS

3.1 Key Financial Indicators

Unit: RMB million

	January to March 2020	January to March 2019	Change (%)
Gross written premiums	**194,177**	193,765	0.2
Profit before tax	**12,070**	9,409	28.3
Net profit	**9,876**	8,150	21.2
Net profit attributable to shareholders of the parent company	**7,061**	5,887	19.9
Basic earnings per share (RMB/share)	**0.16**	0.13	19.9
Weighted average return on equity (%)	**3.8**	3.7	Increase of 0.1 pt

	As of 31 March 2020	As of 31 December 2019	Change (%)
Total assets	**1,204,631**	1,132,771	6.3
Total liabilities	**951,001**	885,932	7.3
Total equity	**253,630**	246,839	2.8
Net assets per share attributable to shareholders of the parent (RMB/share)	**4.25**	4.14	2.6
Gearing ratio (%)	**78.9**	78.2	Increase of 0.7 pt

During the first quarter of 2020, the Group[1] thoroughly implemented the "3411 Project", overall planned for epidemic prevention and control and resumption of production. In the first quarter, the insurance income of the Group amounted to 194.177 billion, representing an increase of 0.2% on a period-to-period basis. The net profit amounted to 9.876 billion, representing an increase of 21.2% on a period-to-period basis. The net profit attributable to shareholders of parent company amounted to 7.061 billion, representing an increase of 19.9% on a period-to-period basis. The earnings per share amounted to RMB0.16, representing an increase of 19.9% on a period-to-period basis. The weighted average return on equity in the first quarter was 3.8%, representing an increase of 0.1 percentage point on a period-to-period basis.

[1] The Group means the Company and all of its subsidiaries.

The capital of the Group was further enriched. As of 31 March 2020, the total equity was 253.630 billion, representing an increase of 2.8% as compared to the beginning of the year; the net assets per share was RMB4.25, representing an increase of 2.6% as compared to the beginning of the year.

3.2 Insurance Business

3.2.1 PICC P&C

During the first quarter of 2020, PICC P&C innovated new business development model through further promotion of business online migration. The Company upgraded product supply and insurance protection services, facilitated 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 net profit of PICC P&C[1] amounted to 6.356 billion, representing an increase of 22.0% on a period-to-period basis. The combined ratio was 97.1%, representing a decrease of 1.2 percentage point on a period-to-period basis.

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

Unit: RMB million

	January to March 2020	January to March 2019	Change (%)
Motor vehicle insurance	**61,660**	63,877	(3.5)
Accidental injury and health insurance	**34,805**	28,268	23.1
Agricultural 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 insurance	**2,497**	4,799	(48.0)
Cargo insurance	**1,039**	1,174	(11.5)
Other P&C insurance	**4,804**	4,883	(1.6)
Total	**127,643**	125,463	1.7

1 the individual report data of PICC P&C.

3.2.2 PICC Life

During the first quarter of 2020, PICC Life determined to "Mode Transformation, Structure Optimisation and Growth Drivers Replacement". Focusing on "three changes", it strengthened online operation, actively pushed forward business model reform, vigorously promoted team-building and strictly controlled risks to consolidate the basis for development. During the reporting period, the original premiums income of PICC Life amounted to 53.579 billion, representing a decrease of 8.7% on a period-to-period basis. PICC Life achieved 11.797 billion in first-year regular premiums of original premiums income, representing a decrease of 5.8% on a period-to-period basis. The ten-year or more regular total written premiums of PICC life amounted to 1.931 billion, representing an increase of 6.2% on a period-to-period basis. The net profit of PICC Life amounted to 2.845 billion, representing an increase of 63.8% on a period-to-period basis.

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

Unit: RMB million

	January to March 2020	January to March 2019	Change (%)
First-year business of long-term insurance	**26,128**	35,564	(26.5)
Single premiums	**14,331**	23,046	(37.8)
First-year regular premiums	**11,797**	12,518	(5.8)
Renewal business	**26,459**	22,249	18.9
Short-term insurance	**992**	848	17.0
Total	**53,579**	58,661	(8.7)

3.2.3 PICC Health

During the first quarter of 2020, PICC Health followed the guidance of "professional, capable, efficient and flattened", positively promoted comprehensive in-depth reforms, perfected "Health insurance + Health management + Information technology" business mode, created a professional health insurance business system with PICC characteristics, and accelerated the transformation to high-quality development under serving the "Healthy China" strategy and the construction of the national multi-level medical security system. Thus, the business achieved a relatively fast growth and a further optimization of its structure. During the reporting period, the first-year regular premiums of PICC Health amounted to 2.387 billion, representing an increase of 41.6% on a period-to-period basis and representing 65.8% of the first-year business of long-term insurance. The net profit of PICC Health amounted to 90 million, representing a decrease of 65.8% on a period-to-period basis.

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

Unit: RMB million

	January to March 2020	January to March 2019	Change (%)
First-year business of long-term insurance	**3,627**	1,853	95.7
Single premiums	**1,240**	167	642.5
First-year regular premiums	**2,387**	1,686	41.6
Renewal business	**2,004**	764	162.3
Short-term insurance	**6,917**	6,491	6.6
Total	**12,548**	9,108	37.8

3.3 Asset management business

During the first quarter of 2020, the Group's asset management segment actively responded to the market changes under the impact of coronavirus epidemic, developed investment layout around structural opportunities, staged opportunities and bottom strategic allocation opportunities to effectively prevent investment risks. In terms of bonds investment, it actively seized the opportunity when bond yield peaked at the beginning of the year and increased allocation in long-term bond and long-duration assets. In terms of equity investment, it grasped the market rhythm and continuously optimized the position structure. It sped up the allocation of high-quality non-standard assets. At the same time, the Group initiated the establishment of two equity investment funds for docking the construction of the Greater Bay Area and Shanghai Technology Innovation Center, and actively served the national regional development strategy.

4. IMPORTANT INFORMATION

4.1 Particulars of and reasons for material changes in major accounting items and financial indicators of the Company

4.1.1 Changes in key financial indicators and the reasons

Unit: RMB million

Key financial indicators	**As of 31 March 2020**	As of 31 December 2019	Change (%)	Reasons of major changes
Total assets	**1,204,631**	1,132,771	6.3	Expanded scale of insurance business and the increased scale of assets available for investment
Total liabilities	**951,001**	885,932	7.3	Increase in insurance reserves
Equity attributable to shareholders of the parent company	**187,830**	183,133	2.6	Increase in net profits

Unit: RMB million

Key financial indicators	**January to March 2020**	January to March 2019	Change (%)	Reasons of major changes
Operating income	**168,881**	163,636	3.2	Growth in insurance business and increase in investment income
Net profit attributable to shareholders of the parent company	**7,061**	5,887	19.9	Increase in investment income

4.1.2 Material changes in major financial items and analysis

Unit: RMB million

Items in Balance Sheet	**As of 31 March 2020**	As of 31 December 2019	Change (%)	Reasons of major changes
Cash and bank balances	**33,495**	24,064	39.2	Needs for liquidity management
Financial assets purchased under resale agreements	**34,932**	53,038	(34.1)	Needs for liquidity management
Premiums receivable	**81,489**	39,292	107.4	Seasonality difference in the settlement of policy business
Receivables from reinsurers	**23,735**	16,175	46.7	Affected by the reinsurance settlement cycle
Other receivables	**16,809**	12,817	31.1	Increase in advance payment for real estate acquisition
Deferred tax assets	**12,667**	8,699	45.6	Change of insurance reserves
Premiums received in advance	**15,885**	26,798	(40.7)	The business has been concentrated since the beginning of the year, resulting in a higher balance of prepaid premiums at the end of last year
Payables to reinsurers	**30,804**	19,046	61.7	Affected by the reinsurance settlement cycle
Tax payable	**13,477**	8,551	57.6	Increase in income tax expense
Deferred tax liabilities	**772**	1,486	(48.0)	Fluctuation in capital market

Unit: RMB million

Items in income statement	**January to March 2020**	January to March 2019	Change (%)	Reasons of major changes
Fair value (losses)/gains	**(57)**	555	–	Fluctuation in capital market
Exchange gains/(losses)	**232**	(236)	–	Fluctuation in exchange rate
Gains/(losses) on disposal of assets	**22**	(1)	–	Increase in net gains from disposal of fixed assets
Other income	**111**	5	2,120.0	Increase in government subsidies
Change in insurance contract liability reserves	**25,863**	8,661	198.6	Growth in insurance business
Reinsurers' share of insurance contract liability reserves	**(360)**	(747)	(51.8)	Structural adjustment of the premiums ceded
Interest expenses credited to policyholders' deposits	**1,808**	1,046	72.8	Growth in participating life insurance
Net reinsurance commission income	**2,949**	2,260	30.5	Increase in reinsurance business
Non-operating income	**29**	82	(64.6)	Decrease of income not directly related to daily operating activities
Non-operating expenses	**80**	28	185.7	Growth in the public welfare expenditure
Income tax expense	**2,194**	1,259	74.3	Increase of net profits

4.2 Explanation and analysis of significant events and their impacts and solutions

□ Applicable √Not applicable

4.3 Undertakings during the reporting period or continued in the reporting period

Background	Commitment types	Commitment party	Commitment	Time and term of commitment	Performance term or no	Performed in time and strictly or not
Commitments in the report on changes in equity	Restriction on sale of A Shares	NSSF	The NSSF, in respect of the shares transfer, shall fulfil the obligation of lock-up period of not less than 3 years from the date of transfer of the shares to its account.	Not less than 3 years from 26 September 2019	Yes	Yes
Commitment related to the initial public offering of A Shares	Restriction on sale of A Shares	MOF	Restrictions on the stock circulation and shareholders' voluntary lock-up commitment to the shares held by them in the Company's A-Shares prospectus.	16 November 2018 to 15 November 2021	Yes	Yes
	Others	MOF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's A-Shares prospectus.	Effective from 16 November 2018	Yes	Yes
		NSSF	Shareholders' intention to hold shares and commitments in relation to reducing their holdings in the Company's A-Shares prospectus	Effective from 16 November 2018	Yes	Yes
	Others	The Company and related directors and senior management	Measures for stabilizing stock prices after listing in the Company's A-Shares prospectus.	16 November 2018 to 15 November 2021	Yes	Yes
	Dividend	The company	The dividend commitment in the Company's A-Shares prospectus.	Effective from 16 November 2018	Yes	Yes
	Others	The company	Commitment to take remedial measures for the dilution impact on immediate return in the Company's A-Shares prospectus.	Effective from 16 November 2018	Yes	Yes
		Directors and senior management	Commitment to take remedial measures for the dilution impact on immediate return in the Company's A-Shares prospectus.	Effective from 16 November 2018	Yes	Yes
	Others	The Company	Commitment in relation to the contents of the prospectus in the Company's A-Shares prospectus.	Effective from 5 November 2018	Yes	Yes
		Directors, supervisors and senior management	Commitment in relation to the contents of the prospectus in the Company's A-Shares prospectus.	Effective from 5 November 2018	Yes	Yes

4.4 Warning of projection on cumulative net profit for the period from the beginning of the year to the end of the next reporting period to be at a loss or expected to have material changes as compared to the corresponding period of last year and its explanation

□ Applicable √ Not applicable

5. APPENDIX

5.1 Consolidated statement of financial position and statement of financial position of the Company as at 31 March 2020 and 31 December 2019

Consolidated Statement of Financial Position
As at 31 March 2020
(Amounts in millions of Renminbi, unless otherwise stated)

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS		
Cash and bank balances	**33,495**	24,064
Financial assets at fair value through profit or loss	**31,746**	27,032
Financial assets purchased under resale agreements	**34,932**	53,038
Premiums receivable	**81,489**	39,292
Receivables from reinsurers	**23,735**	16,175
Reinsurers' share of unearned premium reserves	**12,901**	10,367
Reinsurers' share of outstanding claim reserves	**16,451**	17,058
Reinsurers' share of life insurance reserves	**19**	15
Reinsurers' share of long-term health insurance reserves	**1,777**	1,534
Policy loans	**4,581**	4,508
Other receivables	**16,809**	12,817
Term deposits	**83,081**	87,009
Available-for-sale financial assets	**320,890**	316,901
Held-to-maturity investments	**148,718**	140,398
Investments classified as loans and receivables	**188,548**	182,858
Long-term equity investments	**118,979**	117,083
Restricted statutory deposits	**12,994**	12,994
Investment properties	**12,438**	12,445
Fixed assets	**25,408**	25,636
Right-of-use assets	**2,940**	3,307
Intangible assets	**7,675**	7,807
Deferred tax assets	**12,667**	8,699
Other assets	**12,358**	11,734
TOTAL ASSETS	**1,204,631**	1,132,771

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
LIABILITIES AND EQUITY		
LIABILITIES		
Securities sold under agreements to repurchase	**55,312**	58,263
Premiums received in advance	**15,885**	26,798
Handling charges and commission payable	**9,122**	8,240
Payables to reinsurers	**30,804**	19,046
Salaries and staff welfare payables	**18,812**	18,756
Tax payable	**13,477**	8,551
Claims payable	**9,281**	10,272
Policyholders' dividend payable	**4,680**	3,816
Other payables	**15,659**	15,622
Policyholders' deposits	**37,686**	41,014
Unearned premium reserves	**190,825**	160,608
Outstanding claim reserves	**166,981**	153,920
Life insurance reserves	**280,395**	270,475
Long-term health insurance reserves	**33,565**	30,683
Premiums reserve	**2,799**	2,388
Bonds payable	**56,813**	48,780
Lease liabilities	**2,990**	3,051
Deferred tax liabilities	**772**	1,486
Other liabilities	**5,143**	4,163
TOTAL LIABILITIES	**951,001**	885,932

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
EQUITY		
Issued capital	**44,224**	44,224
Share premium account	**7,516**	7,516
Other comprehensive income	**9,419**	11,783
Surplus reserve fund	**12,551**	12,551
General risk reserve	**11,894**	11,885
Agriculture catastrophic loss reserve	**1,235**	1,235
Retained profits	**100,991**	93,939
Equity attributable to equity holders of the Company	**187,830**	183,133
Non-controlling interests	**65,800**	63,706
TOTAL EQUITY	**253,630**	246,839
TOTAL LIABILITIES AND EQUITY	**1,204,631**	1,132,771

Statement of Financial Position of The Company

As at 31 March 2020

(Amounts in millions of Renminbi, unless otherwise stated)

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS		
Cash and bank balances	**321**	755
Financial assets at fair value through profit or loss	**767**	1,222
Financial assets purchased under resale agreements	**701**	2,248
Other receivables	**347**	386
Term deposit	**4,069**	4,068
Available-for-sale financial assets	**11,175**	10,352
Investments classified as loans and receivables	**7,098**	6,487
Long term equity investments	**90,498**	90,417
Investment properties	**2,656**	2,656
Fixed assets	**2,875**	2,900
Intangible assets	**82**	83
Other assets	**99**	68
TOTAL ASSETS	**120,688**	121,642

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
LIABILITIES AND EQUITY		
LIABILITIES		
Securities sold under agreements to repurchase	**267**	63
Salaries and staff welfare payables	**3,554**	3,582
Tax payable	**12**	13
Other payables	**465**	874
Bonds payable	**17,983**	17,982
Other liabilities	**875**	649
TOTAL LIABILITIES	**23,156**	23,163
EQUITY		
Issued capital	**44,224**	44,224
Share premium account	**35,578**	35,578
Other comprehensive income	**228**	912
Surplus reserve fund	**12,551**	12,551
Retained profits	**4,951**	5,214
TOTAL EQUITY	**97,532**	98,479
TOTAL LIABILITIES AND EQUITY	**120,688**	121,642

5.2 Consolidated income statement and income statement of the Company for the three months ended 31 March 2020 and for the three months ended 31 March 2019

Consolidated Income Statement

For the three months ended 31 March 2020
(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
OPERATING INCOME	**168,881**	163,636
Net earned premiums	**154,814**	150,774
Gross written premiums	**194,177**	193,765
Included: Reinsurance premiums assumed	**359**	503
Less: Premiums ceded to reinsurers	**(11,680)**	(9,116)
Change in unearned premium reserves	**(27,683)**	(33,875)
Investment income	**13,165**	11,734
Included: Share of profits and losses of associates and joint ventures	**2,203**	2,016
Fair value (losses)/gains	**(57)**	555
Exchange gains/(losses)	**232**	(236)
Gains/(losses) on disposal of assets	**22**	(1)
Other income	**111**	5
Other operating income	**594**	805
OPERATING EXPENSES	**156,760**	154,281
Surrenders	**34,216**	39,689
Gross claims paid	**59,062**	67,882
Less: Paid losses recoverable from reinsurers	**(3,821)**	(3,244)
Change in insurance contract liability reserves	**25,863**	8,661
Less: Reinsurers’ share of insurance contract liability reserves	**360**	747
Change in premium reserve	**291**	299
Interest expenses credited to policyholders’ deposits	**1,808**	1,046
Reinsurance expenses	**109**	133
Tax and other surcharges	**490**	525
Handling charges and commissions	**17,407**	17,826
General and administrative expenses	**21,656**	20,150
Less: Net reinsurance commission income	**(2,949)**	(2,260)
Other operating costs	**1,650**	2,099
Impairment losses	**618**	728

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
OPERATING PROFIT	**12,121**	9,355
Add: Non-operating income	**29**	82
Less: Non-operating expenses	**(80)**	(28)
PROFIT BEFORE TAX	**12,070**	9,409
Less: Income tax expense	**(2,194)**	(1,259)
NET PROFIT	**9,876**	8,150
By continuing operations:		
Net profit from continuing operations	**9,876**	8,150
By ownership:		
1. Net profit attributable to equity holders of the Company	**7,061**	5,887
2. Net profit attributable to non-controlling interests	**2,815**	2,263
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		
Other comprehensive (expense)/income attributable to equity holders of the company, net of tax	**(2,364)**	9,196
OTHER COMPREHENSIVE (EXPENSE)/INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:		
Fair value (losses)/gains of available-for-sale financial assets	**(2,425)**	9,059
Other comprehensive income that may be reclassified to profit or loss under the equity method	**39**	158
Exchange differences arising on translation of foreign operations	**22**	(21)
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
Other comprehensive income that cannot be reclassified to profit or loss under the equity method	**–**	–
Other comprehensive (expense)/income attributable to non-controlling interests, net of tax	**(721)**	2,984
TOTAL	**(3,085)**	12,180

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
TOTAL COMPREHENSIVE INCOME	**6,791**	20,330
Attributable to equity holders of the Company	**4,697**	15,083
Attributable to non-controlling interests	**2,094**	5,247
EARNINGS PER SHARE (in RMB Yuan)		
– Basic	**0.16**	0.13

Note: The Group had no potential ordinary shares in issue during the three months ended 31 March 2020 and the three months ended 31 March 2019.

Income Statement of The Company

For the three months ended 31 March 2020

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
OPERATING INCOME	**409**	306
Investment income	**335**	234
Included: Share of profits and losses of associates	**82**	54
Fair value (losses)/gains	**(35)**	2
Exchange gains/(losses)	**30**	(11)
Other operating income	**79**	81
OPERATING EXPENSES	**427**	445
Tax and other surcharges	**3**	3
General and administrative expenses	**163**	191
Other operating costs	**254**	251
Impairment losses	**7**	–
OPERATING PROFIT	**(18)**	(139)
Add: Non-operating income	**–**	1
Less: Non-operating expenses	**–**	–
PROFIT BEFORE TAX	**(18)**	(138)
Less: Income tax expense	**245**	–
NET PROFIT	**(263)**	(138)

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
OTHER COMPREHENSIVE INCOME		
OTHER COMPREHENSIVE (EXPENSE)/INCOME THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
Fair value (losses)/gains of available-for-sale financial assets	**(684)**	706
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
Remeasurement of the variation of defined benefit plans	**–**	–
OTHER COMPREHENSIVE (EXPENSE)/INCOME, NET OF TAX	**(684)**	706
TOTAL COMPREHENSIVE INCOME	**(947)**	568

5.3 Consolidated statement of cash flow and statement of cash flow of the Company for the three months ended 31 March 2020 and for the three months ended 31 March 2019

Consolidated Statement of Cash Flows

For the three months ended 31 March 2020
(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from premiums under direct insurance contracts	**145,215**	143,582
Other cash inflows from operating activities	**4,428**	3,489
Cash inflows from operating activities	**149,643**	147,071
Cash paid for claims payments under direct insurance contracts	**(59,098)**	(67,822)
Decrease from policyholders' deposits	**(3,621)**	(4,227)
Cash paid for reinsurance, net	**(1,251)**	(2,594)
Handling charges and commissions paid	**(16,746)**	(16,642)
Interest paid to policyholders' deposits	**(944)**	(530)
Payment to and on behalf of staff	**(12,203)**	(13,148)
Taxes and surcharges paid	**(4,777)**	(4,057)
Other cash outflows for operating activities	**(49,038)**	(49,672)
Cash outflows for operating activities	**(147,678)**	(158,692)
Net cash flows generated from/(used in) operating activities	**1,965**	(11,621)

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of investments	**105,093**	74,433
Cash received from investment income	**10,786**	10,121
Proceeds from disposals of fixed assets, intangible assets and other long term assets	**58**	98
Cash inflows from investing activities	**115,937**	84,652
Payment for purchases of investments	**(129,104)**	(65,954)
Net increase in policy loans	**(73)**	(185)
Payment for purchases of fixed assets, intangible assets and other long term assets	**(1,939)**	(596)
Other cash outflows for investing activities	**(51)**	(14)
Cash outflows for investing activities	**(131,167)**	(66,749)
Net cash flows (used in)/generated from investing activities	**(15,230)**	17,903

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from debt issuance	**8,000**	–
Cash inflows from financing activities	**8,000**	–
Repayment of lease liabilities	**(239)**	(252)
Cash paid for distribution of dividends, profits or interests	**(305)**	(633)
Other cash outflows for financing activities	**(2,952)**	(4,606)
Cash outflows for financing activities	**(3,496)**	(5,491)
Net cash flows generated from/(used in) financing activities	**4,504**	(5,491)
NET FOREIGN EXCHANGE DIFFERENCES	**27**	(54)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(8,734)**	737
Cash and cash equivalents at beginning of the period	**76,984**	61,601
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**68,250**	62,338

Statement of Cash Flow of The Company

For the three months ended 31 March 2020

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Other cash inflows from operating activities	**79**	82
Cash inflows from operating activities	**79**	82
Payment to and on behalf of staff	**(149)**	(240)
Taxes and surcharges paid	**(1)**	–
Other cash outflows for operating activities	**(72)**	(52)
Cash outflows for operating activities	**(222)**	(292)
Net cash flows used in operating activities	**(143)**	(210)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of investments	**2,467**	1,723
Proceeds from disposals of fixed assets, intangible assets and other long term assets	**–**	1
Investment income received	**165**	202
Net cash inflow on disposal of a subsidiary	**236**	–
Other cash inflows from investing activities	**–**	5
Cash inflows from investing activities	**2,868**	1,931
Payment for purchases of investments	**(4,937)**	(3,831)
Payment for purchases of fixed assets, intangible assets and other long term assets	**(1)**	(15)
Other cash outflows for investing activities	**(2)**	(2)
Cash outflows for investing activities	**(4,940)**	(3,848)
Net cash flows used in investing activities	**(2,072)**	(1,917)

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other cash inflows from financing activities	**205**	365
Cash inflows from financing activities	**205**	365
Interested paid	**(2)**	(2)
Cash outflows for financing activities	**(2)**	(2)
Net cash flows generated from financing activities	**203**	363
NET FOREIGN EXCHANGE DIFFERENCES	**31**	(10)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,981)**	(1,774)
Cash and cash equivalents at beginning of the period	**3,003**	2,294
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**1,022**	520

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

Beijing, the PRC, 29 April 2020

As at the date of this announcement, the executive directors of the Company are Mr. Miao Jianmin and Mr. Xie Yiqun, the non-executive directors are Mr. Wang Qingjian, Mr. Xiao Xuefeng, Ms. Cheng Yuqin and Mr. Wang Zhibin, and the independent non-executive directors are Mr. Shiu Sin Por, Mr. Ko Wing Man, Mr. Luk Kin Yu, Peter, Mr. Lin Yixiang and Mr. Chen Wuzhao.