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NCI 新华保险

新華人壽保險股份有限公司
NEW CHINA LIFE INSURANCE COMPANY LTD.

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

(Stock Code: 01336)

THIRD QUARTER REPORT 2020

This announcement is made by New China Life Insurance Company Ltd. (the "**Company**") pursuant to the provisions regarding disclosure of inside information 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 in the Third Quarter Report 2020 of the Company have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.

§1 IMPORTANT INFORMATION

1.1 The board of directors (the "**Board**"), the board of supervisors and directors, supervisors and members of senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of this report, and that there are no false representations, misleading statements or material omissions in this report, and are legally liable for this report jointly and severally.

1.2 The Third Quarter Report 2020 of the Company was considered and approved at the 14th meeting of the seventh session of the Board on 27 October 2020, which 13 directors were required to attend and 12 of them attended in person, independent non-executive director Mr. MA Yiu Tim authorized independent non-executive director Mr. ZHENG Wei to attend the meeting and vote on behalf of him.

1.3 The financial statements of the Company for the third quarter of 2020 have been prepared in accordance with the PRC Accounting Standards for Business Enterprises and are unaudited.

1.4 Mr. LIU Haoling, the chairman of the Board of the Company, Mr. LI Quan, the chief executive officer and president of the Company, Mr. YANG Zheng, the chief financial officer (financial principal) of the Company, Mr. GONG Xingfeng, the chief actuary of the Company and Mr. ZHANG Tao, the officer in charge of the accounting department of the Company warrant the truthfulness, accuracy and completeness of the financial statements in the Third Quarter Report 2020.

§2 BASIC INFORMATION OF THE COMPANY

2.1 Key accounting data and financial indicators

Unit: RMB in millions

	As at 30 September 2020	As at 31 December 2019	Change
Total assets	**939,265**	878,970	6.9%
Equity attributable to shareholders of the Company	**93,830**	84,451	11.1%
Net assets per share attributable to shareholders of the Company (RMB)	**30.07**	27.07	11.1%

For the nine months ended 30 September	**2020**	2019	Change
Net cash flows from operating activities	**55,610**	28,088	98.0%
Weighted average net cash flows per share from operating activities (RMB)	**17.82**	9.00	98.0%

For the nine months ended 30 September	**2020**	2019	Change
Operating income	**169,772**	132,842	27.8%
Net profit attributable to shareholders of the Company	**11,105**	13,003	-14.6%
Net profit attributable to shareholders of the Company after deducting non-recurring items	**11,182**	11,178	–
Basic/diluted earnings per share (RMB)	**3.56**	4.17	-14.6%
Basic earnings per share after deducting non-recurring items (RMB)	**3.58**	3.58	–
Weighted average return on equity	**12.36%**	17.41%	Decreasing by 5.05 percentage points
Weighted average return on equity after deducting non-recurring items	**12.44%**	14.96%	Decreasing by 2.52 percentage points

Note: Data and indicators of shareholders' equity refer to shareholders' equity attributable to shareholders of the Company, while those of net profit refer to net profit attributable to shareholders of the Company.

2.2 Non-recurring items and amount

Unit: RMB in millions

Non-recurring items	**For the three months ended 30 September 2020**	For the nine months ended 30 September 2020
Gains/(Losses) on disposal of non-current assets	**(1)**	(2)
Gains/(Losses) on other non-recurring items	**(9)**	(84)
Effect of income tax expenses of non-recurring items	**1**	9
Attribute to minority shareholders	**–**	–
Total	**(9)**	(77)

2.3 Other key indicators

Unit: RMB in millions

Indicators	**As at 30 September 2020/For the nine months ended 30 September 2020**	As at 31 December 2019/For the nine months ended 30 September 2019	Change
Investment assets (1)	**899,141**	839,447	7.1%
Premium income	**134,355**	107,912	24.5%
Premiums earned	**131,421**	105,219	24.9%
Growth rate of earned premiums	**24.9%**	7.8%	Increasing by 17.1 percentage points
Net claims expense	**42,468**	47,819	-11.2%
In: Claims and death, invalid and medical benefits	**7,569**	7,169	5.6%
Maturity benefits and annuity paid	**35,850**	41,358	-13.3%
Less: Claims recoverable from reinsurers	**(951)**	(708)	34.3%
Surrender rate (2)	**1.1%**	1.4%	Decreasing by 0.3 percentage points

Notes:

1. Investment assets of unit-linked contract accounts are included in investment assets.

2. Surrender rate = surrenders/(balance of life insurance and long-term health insurance contract liabilities at the beginning of the period+ premium income of long-term insurance contracts)

2.4 Solvency

New China Life Insurance Company Ltd. calculated and disclosed core capital, actual capital, minimum capital, core solvency margin ratio and comprehensive solvency margin ratio according to the *Solvency Regulatory Rules (No. 1-17) for Insurance Companies*. As required by the China Banking and Insurance Regulatory Commission, solvency margin ratios of a domestic insurance company in the PRC must meet the prescribed thresholds.

Unit: RMB in millions

	As at 30 September 2020	As at 30 June 2020
Core capital	**276,549**	272,078
Actual capital	**286,549**	282,078
Minimum capital	**101,019**	100,107
Core solvency margin ratio(1)	**273.76%**	271.79%
Comprehensive solvency margin ratio(1)	**283.66%**	281.78%

Note:

1. Core solvency margin ratio = core capital/minimum capital; comprehensive solvency margin ratio = actual capital/minimum capital.

2.5 Total number of shareholders and their shareholdings

Unit: Share

Total number of shareholders	72,571 (including 72,285 A Share shareholders and 286 H Share shareholders)						
Shares held by top ten shareholders							
				Shares pledged or frozen			
Names of the shareholders	**Total number of shares held**	**Percentage of the shareholding (%)**	**Number of shares held with selling restriction**[1]	**Status**	**Number of shares**	**Classes of the shares**	**Types of shares**
HKSCC Nominees Limited[2]	1,033,432,031	33.13	–	Unknown	Unknown	Overseas legal person shares	H
Central Huijin Investment Ltd.	977,530,534	31.34	–	–	–	State-owned shares	A
China Baowu Steel Group Corporation	377,162,581	12.09	–	–	–	State-owned legal person shares	A
China Securities Finance Corporation Limited	93,339,045	2.99	–	–	–	State-owned legal person shares	A
Central Huijin Asset Management Ltd.	28,249,200	0.91	–	–	–	State-owned legal person shares	A
Hong Kong Securities Clearing Company Limited[3]	27,866,582	0.89	–	–	–	Overseas legal person shares	A
Beijing Taiji Huaqing Information System Co., Ltd.	17,500,000	0.56	–	–	–	Domestic legal person shares	A
National Social Security Fund 110 Combination	16,889,296	0.54	–	–	–	State-owned legal person shares	A
National Social Security Fund 114 Combination	9,199,921	0.29	–	–	–	State-owned legal person shares	A
Dacheng Fund-ABC-Dacheng China Securities Financial Asset Management Plan	8,713,289	0.28	–	–	–	Other	A
Description of related-party relations or concerted action among the aforesaid shareholders	Central Huijin Asset Management Ltd. is a wholly owned subsidiary of Central Huijin Investment Ltd. Save for the above, the Company is not aware of any related-party relationship among the shareholders or whether they are parties acting in concert.						

Notes:

1. As at the end of the reporting period, none of the Company's A Shares or H Shares was subject to selling restrictions.

2. HKSCC Nominees Limited is a company that holds shares on behalf of the clients of the Hong Kong stock brokers and other participants of CCASS system. The relevant regulations of The Stock Exchange of Hong Kong Limited do not require such persons to declare whether their shareholdings are pledged or frozen. Therefore, HKSCC Nominees Limited is unable to calculate or provide the number of shares pledged or frozen.

3. Hong Kong Securities Clearing Company Limited is the nominee for investors of Shanghai-Hong Kong Stock Connect programme.

§3 QUARTERLY BUSINESS ANALYSIS

3.1 Insurance Business

As of the end of the third quarter of 2020, the Company achieved gross written premiums of RMB134,355 million, representing a year-on-year increase of 24.5%. The first year premiums from long-term insurance business amounted to RMB35,995 million, increasing by 124.7% year on year. The first year regular premiums from long-term insurance business realized RMB18,015 million, increasing by 12.6% year on year. The renewal premiums amounted to RMB92,118 million, representing a year-on-year increase of 6.8%. The premiums from short-term insurance business amounted to RMB6,242 million, representing a year-on-year increase of 11.2%.

The individual insurance channel realized total premiums of RMB95,761 million in the first three quarters of this year, rising by 9.1% year on year. The first year premiums from long-term insurance business amounted to RMB13,645 million, increasing by 9.4% year on year. The first year regular premiums from long-term insurance business reached RMB13,050 million, increasing by 4.8% year on year. The premiums from short-term insurance business amounted to RMB4,222 million, growing by 18.2% year on year.

The bancassurance channel realized the first year premiums from long-term insurance business of RMB22,319 million in the first three quarters of this year, increasing by 529.8% year on year. The first year regular premiums from long-term insurance business reached RMB4,964 million, increasing by 40.2% year on year.

The group insurance achieved premiums of RMB1,993 million in the first three quarters of this year, realizing negative growth of 0.4% year on year.

Unit: RMB in millions

	For the nine months ended 30 September		
	2020	2019	Change
Gross written premiums	**134,355**	107,912	24.5%
First year premiums from long-term insurance business	**35,995**	16,021	124.7%
Single premiums	**17,980**	24	74,816.7%
Regular premiums	**18,015**	15,997	12.6%
Regular premiums with payment periods of ten years or more	**7,837**	8,885	-11.8%
Renewal premiums	**92,118**	86,280	6.8%
Premiums from short-term insurance business	**6,242**	5,611	11.2%

Unit: RMB in millions

	For the nine months ended 30 September		
	2020	2019	Change
Individual insurance channel			
First year premiums from long-term insurance business	**13,645**	12,476	9.4%
Single premiums	**595**	19	3,031.6%
Regular premiums	**13,050**	12,457	4.8%
Renewal premiums	**77,894**	71,686	8.7%
Premiums from short-term insurance business	**4,222**	3,572	18.2%
Total	**95,761**	87,734	9.1%
Bancassurance channel			
First year premiums from long-term insurance business	**22,319**	3,544	529.8%
Single premiums	**17,355**	4	433,775.0%
Regular premiums	**4,964**	3,540	40.2%
Renewal premiums	**14,216**	14,586	-2.5%
Premiums from short-term insurance business	**66**	46	43.5%
Total	**36,601**	18,176	101.4%
Group insurance			
First year premiums from long-term insurance business	**31**	1	3,000.0%
Renewal premiums	**8**	8	–
Premiums from short-term insurance business	**1,954**	1,993	-2.0%
Total	**1,993**	2,002	-0.4%
Gross written premiums	**134,355**	107,912	24.5%

3.2 Asset Management Business

As at 30 September 2020, the investment assets of the Company amounted to RMB899,141 million, growing by 7.1% compared with the end of 2019. The annualized total investment yield[1] was 5.6% for the nine months ended 30 September 2020, increasing by 0.9 percentage points year on year.

Note:

1. The annualized total investment yield = (investment income + fair value gains/(losses) – impairment losses on investment assets – interest expense of items sold under agreements to repurchase)/(monthly average investment assets – monthly average financial assets sold under agreements to repurchase – monthly average interest receivables) x 366/274.

§4 SIGNIFICANT EVENTS

4.1 Significant changes in key financial statement items and financial indicators and reasons for the changes

✓Applicable ☐ Not applicable

Unit: RMB in millions

Balance sheet	**As at 30 September 2020**	As at 31 December 2019	Change	Main reasons for the changes
Financial assets measured at fair value through profit or loss	**31,754**	24,409	30.1%	Increase of allocation of trading collective asset management products
Interests receivable	**12,221**	8,671	40.9%	Increase of allocation of debt financial assets and the timing factor
Premiums receivable	**5,620**	2,233	151.7%	Accumulated increase of insurance business and uneven distribution among quarters
Other receivables	**1,257**	3,890	-67.7%	Decrease in investment clearing account receivables
Term deposits	**91,440**	64,040	42.8%	Increase of allocation of term deposits
Other assets	**705**	1,938	-63.6%	Decrease in corporate income tax to be refunded
Financial assets sold under agreements to repurchase	**24,676**	68,190	-63.8%	The allocation of investment assets and the requirement of liquidity management
Premiums received in advance	**209**	4,181	-95.0%	The impact of business development pace
Brokerage and commission payable	**3,136**	2,353	33.3%	Increase of commission payable due to the increase of insurance business
Unearned premiums liabilities	**2,765**	2,102	31.5%	Increase of short-term insurance business and uneven distribution among quarters
Outstanding claims liabilities	**2,362**	1,611	46.6%	Delay of claims because certain customers failed to report the case promptly due to the pandemic
Borrowings	**10,000**	–	N/A	The issuance of capital supplementary bonds
Other comprehensive income	**6,635**	3,960	67.6%	The effect of change in fair value of available-for-sale financial assets due to the fluctuation of capital market

Unit: RMB in millions

Income statement	For the nine months ended 30 September		Change	Main reasons for the changes
	2020	2019		
Investment income	**39,777**	26,382	50.8%	Increase in net realized gains on investment assets
Fair value gains/(losses)	**(2,098)**	633	N/A	The effect of the disposal of a part of financial assets measured at fair value through profit or loss and fair value change
Other operating income	**671**	471	42.5%	Increase of income of asset management fee
Claims recoverable from reinsurers	**951**	708	34.3%	Increase in claims due to the increase of business ceded out
Increase in insurance contracts reserve	**(78,377)**	(37,598)	108.5%	The increase in premium income and decrease in surrenders and claims
Policyholder dividends	**(377)**	(37)	918.9%	Increase of participating business profit and continuous growth of participating business
Impairment losses	**(2,699)**	(1,686)	60.1%	Increase in impairment of available-for-sale financial assets due to the fluctuation of the capital market in comparison with the same period of the last year
Income tax expenses	**(933)**	683	N/A	The impact of the adjustment of pre-tax deduction policy for the commission and brokerage expenses of insurance enterprises in the corresponding period of 2019

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

☐ Applicable ✓Not applicable

4.3 Disclosable unfulfilled undertakings during the reporting period

☐ Applicable ✓Not applicable

4.4 Warnings and explanation for any significant changes or cumulative losses in net profit from the beginning of the year to the end of the next reporting period as compared to the same period of last year

☐ Applicable ✓Not applicable

4.5 Separate disclosure event

The Company determined actuarial assumptions which include, among other things, assumptions on the discount rates, mortality rates, morbidity rates, expenses, policyholder dividend, lapse rates, etc., based on current available information as at the date of the balance sheet. These assumptions were used to calculate the liabilities of insurance contracts as at the date of the balance sheet.

The Company reviewed the above assumptions based on the available information on 30 September 2020. Movements in liabilities of insurance contracts arising from the changes in the above assumptions were recognised in the income statement. The changes in accounting estimates resulted in an increase in liabilities of life insurance contracts by RMB2,095 million, an increase in liabilities of long-term health insurance contracts by RMB5,503 million as at 30 September 2020, which in aggregate reduced profit before tax by RMB7,598 million for the first three quarters of 2020.

Please refer to the Announcement on Changes in Accounting Estimates issued by the Company on the same day on Shanghai Stock Exchange website (www.sse.com.cn) for the details of this event.

By Order of the Board
New China Life Insurance Company Ltd.
LIU Haoling
Chairman

Beijing, China, 27 October 2020

As at the date of this announcement, the chairman and non-executive director of the Company is LIU Haoling; the executive director is LI Quan; the non-executive directors are YANG Yi, GUO Ruixiang, HU Aimin, LI Qiqiang, PENG Yulong and Edouard SCHMID; and the independent non-executive directors are LI Xianglu, ZHENG Wei, CHENG Lie, GENG Jianxin and MA Yiu Tim.

§5 APPENDIX

5.1 Statement of Financial Position (unaudited)

(All amounts in RMB million unless otherwise stated)

Assets	**As at 30 September 2020 Group**	As at 31 December 2019 Group	**As at 30 September 2020 Company**	As at 31 December 2019 Company
Assets				
Cash and bank deposits	**9,967**	11,768	**9,183**	10,972
Financial assets measured at fair value through profit or loss	**31,754**	24,409	**20,834**	12,460
Financial assets purchased under agreements to resell	**4,166**	5,682	**2,905**	5,307
Interests receivable	**12,221**	8,671	**12,080**	8,193
Premiums receivable	**5,620**	2,233	**5,620**	2,233
Receivables from reinsurers	**75**	188	**75**	188
Unearned premium reserves receivables from reinsurers	**264**	185	**264**	185
Claim reserves receivable from reinsurers	**179**	44	**179**	44
Reserves for life insurance receivables from reinsurers	**1,506**	1,433	**1,506**	1,433
Reserves for long-term health insurance receivables from reinsurance	**1,480**	1,178	**1,480**	1,178
Policy loans	**36,997**	35,148	**36,997**	35,148
Other receivables	**1,257**	3,890	**965**	3,511
Term deposits	**91,440**	64,040	**91,280**	63,780
Available-for-sale financial assets	**392,446**	387,296	**384,846**	379,993
Held-to-maturity investments	**272,932**	246,212	**272,709**	246,090
Investments classified as loans and receivables	**40,077**	49,434	**38,714**	38,364
Long-term equity investments	**5,246**	4,917	**31,199**	40,998
Statutory deposits	**1,715**	1,715	**715**	715
Investment properties	**8,864**	9,051	**8,924**	9,112
Fixed assets	**10,721**	10,165	**8,331**	7,719
Constructions in process	**4,399**	4,170	**2,392**	2,509
Right-of-use assets	**1,265**	1,152	**1,239**	1,114
Intangible assets	**3,587**	3,726	**1,623**	1,736
Deferred tax assets	**201**	162	**–**	–
Other assets	**705**	1,938	**439**	1,978
Separate account assets	**181**	163	**181**	163
Total assets	**939,265**	878,970	**934,680**	875,123

5.1 Statement of Financial Position (unaudited) (continued)

(All amounts in RMB million unless otherwise stated)

Liabilities and Equity	**As at 30 September 2020 Group**	As at 31 December 2019 Group	**As at 30 September 2020 Company**	As at 31 December 2019 Company
Liabilities				
Financial liabilities measured at fair value through profit or loss	**406**	501	**–**	–
Financial assets sold under agreements to repurchase	**24,676**	68,190	**24,248**	67,964
Premiums received in advance	**209**	4,181	**209**	4,181
Brokerage and commission payable	**3,136**	2,353	**3,136**	2,353
Reinsurance payable	**397**	220	**397**	220
Salary and welfare payable	**3,450**	3,905	**2,984**	3,304
Taxes payable	**447**	289	**339**	87
Claims payable	**6,516**	5,704	**6,516**	5,704
Other payable	**2,624**	2,533	**2,378**	2,647
Policyholder deposits	**50,676**	46,366	**50,676**	46,366
Unearned premiums liabilities	**2,765**	2,102	**2,765**	2,102
Outstanding claims liabilities	**2,362**	1,611	**2,362**	1,611
Reserves for life insurance	**623,774**	567,985	**623,774**	567,985
Reserves for long-term health insurance	**111,391**	86,493	**111,391**	86,493
Borrowings	**10,000**	–	**10,000**	–
Lease liabilities	**1,081**	961	**1,054**	921
Provisions	**29**	29	**29**	29
Deferred income	**507**	517	**–**	–
Deferred tax liabilities	**522**	298	**467**	244
Other liabilities	**285**	119	**283**	117
Separate account liabilities	**170**	152	**170**	152
Total liabilities	**845,423**	794,509	**843,178**	792,480
Shareholders' equity				
Share capital	**3,120**	3,120	**3,120**	3,120
Capital reserve	**23,868**	23,870	**23,865**	23,868
Other comprehensive income	**6,635**	3,960	**6,588**	3,915
Surplus reserve	**8,703**	7,357	**8,703**	7,357
General reserve	**6,067**	6,067	**6,053**	6,053
Retained earnings	**45,437**	40,077	**43,173**	38,330
Total equity attributable to shareholders of the company	**93,830**	84,451	**91,502**	82,643
Non-controlling interests	**12**	10	**–**	–
Total shareholders' equity	**93,842**	84,461	**91,502**	82,643
Total liabilities and shareholders' equity	**939,265**	878,970	**934,680**	875,123

LIU Haoling	**LI Quan**	**YANG Zheng**	**GONG Xingfeng**	**ZHANG Tao**
Chairman	*President*	*Chief Financial Officer*	*Chief Actuary*	*Head of Accounting Department*

5.2 Statement of Income (unaudited)

(All amounts in RMB million unless otherwise stated)

For the nine months ended 30 September	2020 Group	2019 Group	2020 Company	2019 Company
1. Operating income	**169,772**	132,842	**168,916**	132,187
Premiums earned	**131,421**	105,219	**131,421**	105,219
Premium income	**134,355**	107,912	**134,355**	107,912
Less: Premiums ceded out	**(2,350)**	(1,942)	**(2,350)**	(1,942)
Net change in unearned premiums liabilities	**(584)**	(751)	**(584)**	(751)
Investment income	**39,777**	26,382	**38,527**	26,006
In: Share of profit of associates and joint ventures	**328**	220	**287**	186
Fair value gains/(losses)	**(2,098)**	633	**(1,387)**	533
Foreign exchange gains/(losses)	**(76)**	95	**(75)**	94
Assets disposal gains/(losses)	**(1)**	–	**–**	–
Other gains	**78**	42	**45**	15
Other operating income	**671**	471	**385**	320
2. Operating expenses	**(157,682)**	(120,494)	**(157,432)**	(120,262)
Surrenders	**(8,808)**	(9,978)	**(8,808)**	(9,978)
Claims expense	**(43,419)**	(48,527)	**(43,419)**	(48,527)
Less: Claims recoverable from reinsurers	**951**	708	**951**	708
Increase in insurance contracts reserve	**(78,377)**	(37,598)	**(78,377)**	(37,598)
Less: Insurance reserves recoverable from reinsurers	**510**	386	**510**	386
Policyholder dividends	**(377)**	(37)	**(377)**	(37)
Business tax and surcharges expenses	**(170)**	(114)	**(151)**	(100)
Commission and brokerage expenses	**(14,258)**	(13,026)	**(14,258)**	(13,026)
Administrative expenses	**(8,755)**	(8,949)	**(8,613)**	(8,815)
Less: Expenses recoverable from reinsurers	**573**	544	**573**	544
Other operating expenses	**(2,853)**	(2,217)	**(2,764)**	(2,133)
Impairment losses	**(2,699)**	(1,686)	**(2,699)**	(1,686)
3. Operating profit	**12,090**	12,348	**11,484**	11,925
Add: Non-operating income	**29**	62	**15**	12
Less: Non-operating expenses	**(79)**	(89)	**(79)**	(89)
4. Net profit before income tax expenses	**12,040**	12,321	**11,420**	11,848
Less: Income tax expenses	**(933)**	683	**(832)**	744
5. Net profit	**11,107**	13,004	**10,588**	12,592
(1) Classification of net profit				
Net profit from continuing operation	**11,107**	13,004	**10,588**	12,592
Net profit from discontinued operation	**–**	–	**–**	–
(2) Attributable to:				
Shareholders of the Company	**11,105**	13,003		
Non-controlling interests	**2**	1		

5.2 Statement of Income (unaudited) (continued)

(All amounts in RMB million unless otherwise stated)

For the nine months ended 30 September	2020 Group	2019 Group	2020 Company	2019 Company
6. Other comprehensive income, net of tax	**2,675**	3,666	**2,673**	3,641
Total other comprehensive income attribute to shareholders of the company, net of tax	**2,675**	3,666	**2,673**	3,641
Other comprehensive income to be reclassified to profit or loss in subsequent periods	**2,675**	3,666	**2,673**	3,641
Share of other comprehensive income under the equity method and the effect on insurance contracts reserve and policyholder deposits, net of tax	**89**	(31)	**89**	(31)
Gains/(losses) arising from fair value changes and the effect on insurance contracts reserve and policyholder deposits, net of tax	**2,593**	3,689	**2,584**	3,672
Currency translation differences	**(7)**	8	**–**	–
Total other comprehensive income attribute to non-controlling interests, net of tax	**–**	–	**–**	–
7. Total comprehensive income	**13,782**	16,670	**13,261**	16,233
Attributable to shareholders of the Company	**13,780**	16,669		
Attributable to non–controlling interests	**2**	1		
8. Earnings per share				
Basic earnings per share	**RMB3.56**	RMB4.17		
Diluted earnings per share	**RMB3.56**	RMB4.17		

LIU Haoling	**LI Quan**	**YANG Zheng**	**GONG Xingfeng**	**ZHANG Tao**
Chairman	*President*	*Chief Financial Officer*	*Chief Actuary*	*Head of Accounting Department*

5.2 Statement of Income (unaudited)

(All amounts in RMB million unless otherwise stated)

For the three months ended 30 September	2020 Group	2019 Group	2020 Company	2019 Company
1. Operating income	**51,112**	42,610	**50,577**	42,343
Premiums earned	**36,639**	33,181	**36,639**	33,181
Premium income	**37,476**	33,918	**37,476**	33,918
Less: Premiums ceded out	**(872)**	(694)	**(872)**	(694)
Net change in unearned premiums liabilities	**35**	(43)	**35**	(43)
Investment income	**14,481**	9,053	**13,924**	8,882
In: Share of profit of associates and joint ventures	**75**	42	**47**	9
Fair value gains/(losses)	**(150)**	80	**3**	63
Foreign exchange gains/(losses)	**(130)**	90	**(129)**	89
Assets disposal gains/(losses)	**(1)**	–	**–**	–
Other gains	**13**	31	**7**	7
Other operating income	**260**	175	**133**	121
2. Operating expenses	**(48,317)**	(40,149)	**(48,241)**	(40,064)
Surrenders	**(3,332)**	(3,105)	**(3,332)**	(3,105)
Claims expense	**(13,813)**	(13,861)	**(13,813)**	(13,861)
Less: Claims recoverable from reinsurers	**364**	242	**364**	242
Increase in insurance contracts reserve	**(22,782)**	(14,980)	**(22,782)**	(14,980)
Less: Insurance reserves recoverable from reinsurers	**213**	120	**213**	120
Policyholder dividends	**(187)**	(18)	**(187)**	(18)
Business tax and surcharges expenses	**(55)**	(26)	**(50)**	(23)
Commission and brokerage expenses	**(4,641)**	(4,083)	**(4,641)**	(4,083)
Administrative expenses	**(3,067)**	(3,098)	**(3,034)**	(3,051)
Less: Expenses recoverable from reinsurers	**205**	205	**205**	205
Other operating expenses	**(902)**	(879)	**(864)**	(844)
Impairment losses	**(320)**	(666)	**(320)**	(666)
3. Operating profit	**2,795**	2,461	**2,336**	2,279
Add: Non-operating income	**16**	4	**3**	4
Less: Non-operating expenses	**(25)**	(36)	**(25)**	(36)
4. Net profit before income tax expenses	**2,786**	2,429	**2,314**	2,247
Less: Income tax expenses	**102**	29	**151**	39
5. Net profit	**2,888**	2,458	**2,465**	2,286
(1) Classification of net profit				
Net profit from continuing operation	**2,888**	2,458	**2,465**	2,286
Net profit from discontinued operation	**–**	–	**–**	–
(2) Attributable to:				
Shareholders of the Company	**2,887**	2,458		
Non-controlling interests	**1**	–		

5.2 Statement of Income (unaudited)(continued)

(All amounts in RMB million unless otherwise stated)

For the three months ended 30 September	**2020 Group**	2019 Group	**2020 Company**	2019 Company
6. Other comprehensive income, net of tax	**(227)**	781	**(224)**	762
Total other comprehensive income attribute to shareholders of the company, net of tax	**(227)**	781	**(224)**	762
Other comprehensive income to be reclassified to profit or loss in subsequent periods	**(227)**	781	**(224)**	762
Share of other comprehensive income under the equity method and the effect on insurance contracts reserve and policyholder deposits, net of tax	**141**	(34)	**141**	(34)
Gains/(losses) arising from fair value changes and the effect on insurance contracts reserve and policyholder deposits, net of tax	**(355)**	810	**(365)**	796
Currency translation differences	**(13)**	5	**–**	–
Total other comprehensive income attribute to non-controlling interests, net of tax	**–**	–	**–**	–
7. Total comprehensive income	**2,661**	3,239	**2,241**	3,048
Attributable to shareholders of the Company	**2,660**	3,239		
Attributable to non-controlling interests	**1**	–		
8. Earnings per share				
Basic earnings per share	**RMB0.93**	RMB0.79		
Diluted earnings per share	**RMB0.93**	RMB0.79		

LIU Haoling	**LI Quan**	**YANG Zheng**	**GONG Xingfeng**	**ZHANG Tao**
Chairman	*President*	*Chief Financial Officer*	*Chief Actuary*	*Head of Accounting Department*

5.3 Statement of Cash Flows (unaudited)

(All amounts in RMB million unless otherwise stated)

For the nine months ended 30 September	2020 Group	2019 Group	2020 Company	2019 Company
1. Cash flows from operating activities				
Premium received	**127,131**	103,835	**127,131**	103,835
Net increase in policyholder deposits	**3,225**	4,150	**3,225**	4,150
Cash received from other operating activities	**723**	977	**423**	261
Sub-total of cash inflows from operating activities	**131,079**	108,962	**130,779**	108,246
Cash paid for claims	**(51,415)**	(57,786)	**(51,415)**	(57,786)
Net cash paid for reinsurance business	**(538)**	(441)	**(538)**	(441)
Cash paid for policyholder dividends	**(377)**	(37)	**(377)**	(37)
Cash paid for brokerage and commission fees	**(13,476)**	(12,375)	**(13,476)**	(12,375)
Cash paid to and for employees	**(6,624)**	(6,711)	**(6,109)**	(6,299)
Cash paid for taxes and surcharges	**(849)**	(1,464)	**(593)**	(1,345)
Cash paid for other operating activities	**(2,190)**	(2,060)	**(2,111)**	(1,975)
Sub-total of cash outflows from operating activities	**(75,469)**	(80,874)	**(74,619)**	(80,258)
Net cash flows from operating activities	**55,610**	28,088	**56,160**	27,988
2. Cash flows from investing activities				
Cash received from sales and redemption of investments	**239,352**	138,776	**238,406**	130,679
Cash received from investment income	**31,755**	23,858	**31,977**	23,731
Net cash received from sales of fixed assets, intangible assets and other long-term assets	**1**	17	**1**	13
Net cash received from financial assets purchased under agreements to resell	**1,631**	3,385	**2,517**	3,355
Net cash received from acquisition of structured entities	**–**	63	**–**	–
Sub-total of cash inflows from investing activities	**272,739**	166,099	**272,901**	157,778
Cash paid for investment	**(284,959)**	(202,277)	**(288,888)**	(194,641)
Net increase in policy loans	**(1,849)**	(2,759)	**(1,849)**	(2,759)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	**(1,555)**	(2,844)	**(1,182)**	(2,161)
Net cash generated from the disposal of structured entities	**(3,676)**	–	**–**	–
Cash paid for other investing activities	**(80)**	(64)	**(691)**	(406)

5.3 Statement of Cash Flows (unaudited) (continued)

(All amounts in RMB million unless otherwise stated)

For the nine months ended 30 September	**2020 Group**	2019 Group	**2020 Company**	2019 Company
Sub-total of cash outflows from investing activities	**(292,119)**	(207,944)	**(292,610)**	(199,967)
Net cash flows from investing activities	**(19,380)**	(41,845)	**(19,709)**	(42,189)
3. Cash flows from financing activities				
Cash received from investors	**81**	39	**–**	–
In: Capital injected into structured entities by non-controlling interests	**81**	39	**–**	–
Cash received from bond issuance	**10,000**	–	**10,000**	–
Net cash received from financial assets sold under agreements to repurchase	**–**	22,538	**–**	22,406
Sub-total of cash inflows from financing activities	**10,081**	22,577	**10,000**	22,406
Net cash paid from financial assets sold under agreements to repurchase	**(43,096)**	–	**(43,348)**	–
Cash paid for dividends and interests	**(4,416)**	(2,321)	**(4,399)**	(2,321)
Cash paid for principal and interest of lease liabilities	**(469)**	(401)	**(435)**	(388)
Cash paid for other financing activities	**(70)**	–	**–**	–
Sub-total of cash outflows from financing activities	**(48,051)**	(2,722)	**(48,182)**	(2,709)
Net cash flows from financing activities	**(37,970)**	19,855	**(38,182)**	19,697
4. Effect of foreign exchange rate changes	**(62)**	69	**(58)**	70
5. Net increase/(decrease) in cash and cash equivalents	**(1,802)**	6,167	**(1,789)**	5,566
Add: Opening balance of cash and cash equivalents	**11,765**	9,005	**10,988**	8,338
6. Closing balance of cash and cash equivalents	**9,963**	15,172	**9,199**	13,904

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