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 2021

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 2021 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 2021 First Quarterly Report of the Company was considered and approved at the 27th meeting of the 3rd session of the Board of Directors of the Company on 28 April 2021, which 13 directors were required to attend and 13 of them attended in person.

1.3 Mr. Luo Xi (Chairman of the Company), Mr. Wang Tingke (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 2021 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 2021	As of 31 December 2020	Change (%)
Total Assets	**1,339,181**	1,255,461	6.7
Equity attributable to shareholders of the parent company	**207,758**	202,194	2.8
Net assets per share attributable to shareholders of the parent company (RMB/share)	**4.70**	4.57	2.8

	January to March 2021	January to March 2020	Change (%)
Net cash flows generated from operating activities	**23,198**	1,965	1,080.6
Operating income	**173,762**	168,881	2.9
Net profit attributable to shareholders of the parent company	**10,034**	7,061	42.1
Net profit attributable to shareholders of the parent company after deducting non-recurring items	**9,999**	7,077	41.3
Basic earnings per share (RMB/share)	**0.23**	0.16	42.1
Diluted earnings per share (RMB/share)	**0.23**	0.16	42.1
Basic earnings per share after deducting non-recurring items (RMB/share)	**0.23**	0.16	41.3
Weighted average return on equity (%)	**4.9**	3.8	Increase of 1.1 pts
Weighted average return on equity after deducting non-recurring items (%)	**4.9**	3.8	Increase of 1.1 pts

Note: The percentage increase or decrease of basic earnings per share, diluted earnings per share and basic earnings per share after deducting non-recurring items is calculated based on the data before rounding off.

2.2 Non-recurring Items

Unit: RMB million

	January to March 2021	January to March 2020
Gains or losses from disposal of non-current assets	**42**	19
Government grants included in profit or loss	**12**	12
Net non-recurring items other than those mentioned above	**15**	(52)
Effect of income tax on non-recurring items	**(20)**	1
Attributable to non-controlling interests	**(14)**	4
Total	**35**	(16)

2.3 Solvency of the Group and Its Subsidiaries

Unit: RMB million

As of 31 March 2021	**PICC Group**	**PICC P&C**	**PICC Life**	**PICC Health**
Core capital	**337,368**	**189,363**	**106,511**	**13,016**
Actual capital	**399,723**	**217,345**	**119,345**	**16,569**
Minimum capital	**128,790**	**71,606**	**46,122**	**8,516**
Core solvency margin ratio (%)	**262**	**264**	**231**	**153**
Comprehensive solvency margin ratio (%)	**310**	**304**	**259**	**195**

Notes:

1. PICC Group means the Company and all of its subsidiaries;
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 (Shareholder)						**A Share: 257,974; H Share: 5,643**
Shareholdings of the Top Ten Shareholders						
				Pledged or frozen shares		
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**	**Status of the shares**	**Number of shares**	**Class of Shareholder**
Ministry of Finance of the PRC	26,906,570,608	60.84%	26,906,570,608	–	–	The State
HKSCC Nominees Limited	8,702,517,698	19.68%		–	–	Foreign legal person
National Council for Social Security Fund, PRC	6,313,368,327	14.28%	2,989,618,956	–	–	The State
Hong Kong Securities Clearing Company Limited	47,954,061	0.11%	–	–	–	Foreign legal person
Beijing Hengzhaoweiye Investment Company Limited	20,607,653	0.05%	–	–	–	Domestic Non-state-owned legal person
Wang Ru	13,982,890	0.03%	–	–	–	Domestic natural person
Industrial and Commercial Bank of China-Shanghai 50 Transactional Open Index Securities Investment Fund	12,795,077	0.03%	–	–	–	Others
Li Shaofu	12,150,000	0.03%	–	–	–	Domestic natural person
CITIC Securities Company Limited	9,912,088	0.02%	–	–	–	Domestic Non-state-owned legal person
Huo Wenliang	9,774,871	0.02%	–	–	–	Domestic natural person

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	8,702,517,698	H Share	8,702,517,698
National Council for Social Security Fund, PRC	3,323,749,371	A Share	3,323,749,371
Hong Kong Securities Clearing Company Limited	47,954,061	A Share	47,954,061
Beijing Hengzhaoweiye Investment Company Limited	20,607,653	A Share	20,607,653
Wang Ru	13,982,890	A Share	13,982,890
Industrial and Commercial Bank of China-Shanghai 50 Transactional Open Index Securities Investment Fund	12,795,077	A Share	12,795,077
Li Shaofu	12,150,000	A Share	12,150,000
CITIC Securities Company Limited	9,912,088	A Share	9,912,088
Huo Wenliang	9,774,871	A Share	9,774,871
Li Mahao	8,911,600	A Share	8,911,600
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 6,313,368,327 A Shares of the Company held by it, National Council for Social Security Fund, PRC holds 524,279,000 H Shares as a beneficial owner and 649,000 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 2021	January to March 2020	Change (%)
Gross written premiums	**204,754**	194,177	5.4
Profit before tax	**16,172**	12,070	34.0
Net profit	**13,844**	9,876	40.2
Net profit attributable to shareholders of the parent company	**10,034**	7,061	42.1
Basic earnings per share (RMB/share)	**0.23**	0.16	42.1
Weighted average return on equity (%)	**4.9**	3.8	Increase of 1.1 pts

	As of 31 March 2021	As of 31 December 2020	Change (%)
Total assets	**1,339,181**	1,255,461	6.7
Total liabilities	**1,058,117**	982,325	7.7
Total equity	**281,064**	273,136	2.9
Net assets per share attributable to shareholders of the parent company (RMB/share)	**4.70**	4.57	2.8
Gearing ratio (%)	**79.0**	78.2	Increase of 0.8 pt

In the first quarter of 2021, the Group[1] firmly kept in mind the initial mission of serving the people, carried out "To be Prominent Strategy", strengthened responsibility, maintained a stable, progressive, and positive development trend in the core businesses. Its profitability increased significantly, and the performance of cash flows from operating activities was excellent. The group has achieved satisfactory results in the transformation to high-quality development. In the first quarter of 2021, the gross written premiums of the Group amounted to RMB204,754 million, representing a period-on-period increase of 5.4%. The net profit amounted to RMB13,844 million, representing a period-on-period increase of 40.2%. The net profit attributable to shareholders of the parent company amounted to RMB10,034 million, representing a period-on-period increase of 42.1%. The net profit attributable to shareholders of the parent company after deducting non-recurring items amounted to RMB9,999 million, representing a period-on-period increase of 41.3%. The earnings per share amounted to RMB0.23, representing a period-on-period increase of 42.1%. The weighted average return on equity was 4.9%, representing a period-on-period increase of 1.1 percentage points. The net cash flow generated from operating activities amounted to RMB23,198 million, representing a significantly increase compared with the same period of last year.

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

The Group further boosted its capital. As of 31 March 2021, the total equity of the Group was RMB281,064 million, representing an increase of 2.9% as compared to the beginning of the year, the net assets per share attributable to shareholders of the parent company was RMB4.70, representing an increase of 2.8% as compared to the beginning of the year.

3.2 Insurance Business

3.2.1 PICC P&C

In the first quarter of 2021, PICC P&C fully implemented "To be Prominent Strategy" of the Group, 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 business structure and resource allocation, strictly controlled business risks, promoted the development through reform and innovation and achieved a good start. During the reporting period, PICC P&C[1] achieved original premiums income of RMB135,552 million, representing a period-on-period increase of 6.2%. The claim ratio was 70.3%, representing a period-on-period increase of 4.0 percentage points. The expense ratio was 25.4%, representing a period-on-period decrease of 5.4 percentage points. The combined ratio was 95.7%, representing a period-on-period decrease of 1.4 percentage points. The net profit amounted to RMB8,942 million, representing a period-on-period increase of 40.7%.

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

Unit: RMB million

	January to March 2021	January to March 2020	Change (%)
Motor vehicle insurance	**57,503**	61,660	(6.7)
Accidental injury and health insurance	**43,646**	34,805	25.4
Agricultural insurance	**12,196**	9,766	24.9
Liability insurance	**9,784**	8,213	19.1
Commercial property insurance	**5,266**	4,859	8.4
Credit insurance	**490**	2,497	(80.4)
Cargo insurance	**1,257**	1,039	21.0
Other P&C insurance	**5,410**	4,804	12.6
Total	**135,552**	127,643	6.2

[1] The data is from the individual statement of PICC P&C as the parent company.

3.2.2 PICC Life

In the first quarter of 2021, PICC Life thoroughly implemented the Group's "To be Prominent Strategy", put more efforts into innovation and reform, improved product structure, vigorously promoted team-building and the development of value-based regular premium business, strictly controlled risks, reinforced the foundation of development and strengthened value-oriented, which led to further improved profitability. During the reporting period, PICC Life achieved original premiums income of RMB50,660 million, representing a period-on-period decrease of 5.4%. The regular original premiums income amounted to RMB40,737 million, representing a period-on-period increase of 6.5%. The first-year regular total written premiums with the paid period of more than ten years amounted to RMB1,581 million. The net profit was RMB3,290 million, representing a period-on-period increase of 15.6%.

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

Unit: RMB million

	January to March 2021	January to March 2020	Change (%)
First-year business of long-term insurance	**21,527**	26,128	(17.6)
Single premiums	**8,868**	14,331	(38.1)
First-year regular premiums	**12,659**	11,797	7.3
Renewal business	**28,078**	26,459	6.1
Short-term insurance	**1,055**	992	6.4
Total	**50,660**	53,579	(5.4)

3.2.3 PICC Health

In the first quarter of 2021, PICC Health extensively carried out the Group's "To be Prominent Strategy", adhered to the direction of serving people's health, highlighted the two functions of "protecting from health risks and providing healthcare services", concentrated on the three key words of "Progress, Breakthrough, and Reform", promoted business growth, strengthened corporation's characteristics, enhanced sales' quality and efficiency, steadily promoted the transformation of business model. PICC Health accelerated the high-quality development in the strategy of serving "Healthy China" and constructing the national multi-level medical security system and realised the relatively rapid growth in business, which indicates the overall business of PICC Health will continue to achieve sustained growth. During the reporting period, PICC Health achieved original premiums income of RMB17,190 million, representing a period-on-period increase of 37.0%. The net profit amounted to RMB141 million, representing a period-on-period increase of 56.7%.

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

Unit: RMB million

	January to March 2021	January to March 2020	Change (%)
First-year business of long-term insurance	**7,040**	3,627	94.1
Single premiums	**5,122**	1,240	313.1
First-year regular premiums	**1,918**	2,387	(19.6)
Renewal business	**3,585**	2,004	78.9
Short-term insurance	**6,565**	6,917	(5.1)
Total	**17,190**	12,548	37.0

3.3 Asset Management Business

In the first quarter of 2021, the asset management segment of the Group actively served for the new development pattern of national "Dual Circulation", implemented requirements of the Group's "To be Prominent Strategy", strengthened market trend research, adjusted asset allocation dynamically, made the investment yield well, and prevented investment risks effectively. In terms of bond investment, the asset management segment chose optimal allocation time, grasped investment opportunities, and never chase the high income at the expense of credit sinking. In terms of equity investment, it actively seized investment opportunities of industry and individual stock, optimised the position structure constantly, and achieved robust investment performance.

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 2021**	As of 31 December 2020	Change (%)	Reasons of major changes
Total assets	**1,339,181**	1,255,461	6.7	Growth in insurance business
Total liabilities	**1,058,117**	982,325	7.7	Increase in insurance reserves
Equity attributable to shareholders of the parent company	**207,758**	202,194	2.8	Increase in net profits

Unit: RMB million

Key financial indicators	**January to March 2021**	January to March 2020	Change (%)	Reasons of major changes
Operating income	**173,762**	168,881	2.9	Growth in insurance business and increase in investment income
Net profit attributable to the shareholders of the parent company	**10,034**	7,061	42.1	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 2021**	As of 31 December 2020	Change (%)	Reasons of major changes
Premiums receivable	**85,612**	36,775	132.8	Growth in scale of government coordinating business
Receivables from reinsurers	**22,717**	15,578	45.8	Affected by increase of premiums ceded and reinsurance settlement cycle
Premiums received in advance	**13,177**	24,048	(45.2)	Transformation of prepaid premiums to received premiums
Payables to reinsurers	**31,093**	21,296	46.0	Affected by reinsurance settlement cycle
Policyholders' dividend payable	**5,477**	4,096	33.7	Increase in policy dividend
Deferred tax liabilities	**271**	1,449	(81.3)	Fluctuation in capital market

Unit: RMB million

Items in income statement	**January to March 2021**	January to March 2020	Change (%)	Reasons of major changes
Reinsurance premiums assumed	**1,300**	359	262.1	Increase in overseas reinsurance business
Change in unearned premium reserves	**36,017**	27,683	30.1	Increase in insurance business and decline in policy acquisition cost ratio
Investment income	**17,995**	13,165	36.7	Increase in the bid-ask spread of financial assets
Fair value losses	**387**	57	578.9	Fluctuation in capital market
Exchange gains	**90**	232	(61.2)	Fluctuation in exchange rate
Gains on disposal of assets	**42**	22	90.9	Increase in disposal of assets
Other operating income	**798**	594	34.3	Increase in rental income and management income
Surrenders	**6,622**	34,216	(80.6)	Adjustment of business structure and significant reduction of surrenders compared with the same period of last year
Gross claims paid	**78,030**	59,062	32.1	Achieving faster claim settlement
Paid losses recoverable from reinsurers	**5,718**	3,821	49.6	Achieving faster claim settlement and increase in ceded scale
Change in insurance contract liability reserves	**41,166**	25,863	59.2	Decrease in the surrender value of life insurance compared with the same period of last year
Reinsurers' share of insurance contract liability reserves	**(1,352)**	(360)	275.6	Decrease in original insurance outstanding claim reserves compared with the same period of last year, leading to corresponding increase in the reinsurers' share of insurance contract liability reserves
Reinsurance expenses	**371**	109	240.4	Increase in reinsurance business
Impairment losses	**334**	618	(46.0)	Improvement of premiums receivable and reduction of bad debts loss
Operating profit	**16,177**	12,121	33.5	Affected by above mentioned
Non-operating expenses	**38**	80	(52.5)	Reduction of donation expenditure
Profit before tax	**16,172**	12,070	34.0	Affected by above mentioned
Net profit	**13,844**	9,876	40.2	Affected by above mentioned
Other comprehensive income, net of tax	**(5,916)**	(3,085)	91.8	Fluctuation in fair value of available-for-sale financial assets

4.2 Explanation and Analysis of Significant Events and Their Impacts and Solutions

□ Applicable √Not applicable

4.3 Undertakings Were Not Implemented in Due Time During the Reporting Period

□ Applicable √Not applicable

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 2021 and 31 December 2020

Consolidated Statement of Financial Position
As at 31 March 2021
(Amounts in millions of Renminbi, unless otherwise stated)

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS		
Cash and bank balances	**20,982**	24,104
Financial assets at fair value through profit or loss	**41,272**	33,433
Financial assets purchased under resale agreements	**55,307**	55,081
Premiums receivable	**85,612**	36,775
Receivables from reinsurers	**22,717**	15,578
Reinsurers' share of unearned premium reserves	**14,811**	12,202
Reinsurers' share of outstanding claim reserves	**16,522**	18,192
Reinsurers' share of life insurance reserves	**27**	25
Reinsurers' share of long-term health insurance reserves	**4,388**	4,072
Policy loans	**5,611**	5,295
Other receivables	**15,400**	13,893
Term deposits	**89,807**	89,016
Available-for-sale financial assets	**399,152**	379,312
Held-to-maturity investments	**183,524**	181,199
Investments classified as loans and receivables	**163,855**	171,307
Long-term equity investments	**127,880**	124,840
Restricted statutory deposits	**12,994**	12,994
Investment properties	**13,035**	13,246
Fixed assets	**32,912**	33,183
Right-of-use assets	**2,878**	2,942
Intangible assets	**7,916**	8,123
Deferred tax assets	**9,734**	8,491
Other assets	**12,845**	12,158
TOTAL ASSETS	**1,339,181**	1,255,461

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
LIABILITIES AND EQUITY		
LIABILITIES		
Securities sold under agreements to repurchase	**78,410**	85,826
Premiums received in advance	**13,177**	24,048
Handling charges and commission payable	**9,251**	8,177
Payables to reinsurers	**31,093**	21,296
Salaries and staff welfare payables	**22,144**	21,671
Tax payable	**10,000**	8,579
Claims payable	**9,661**	12,493
Policyholders' dividend payable	**5,477**	4,096
Other payables	**17,577**	17,167
Policyholders' deposits	**41,266**	39,338
Unearned premium reserves	**199,488**	160,862
Outstanding claim reserves	**161,181**	162,022
Life insurance reserves	**342,547**	303,046
Long-term health insurance reserves	**48,113**	45,031
Premiums reserve	**3,095**	2,594
Bonds payable	**57,008**	56,960
Lease liabilities	**2,932**	2,792
Deferred tax liabilities	**271**	1,449
Other liabilities	**5,426**	4,878
TOTAL LIABILITIES	**1,058,117**	982,325

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
EQUITY		
Issued capital	**44,224**	44,224
Share premium account	**7,545**	7,545
Other comprehensive income	**12,998**	17,468
Surplus reserve	**13,319**	13,319
General risk reserve	**13,781**	13,772
Catastrophic loss reserve	**793**	793
Retained profits	**115,098**	105,073
Equity attributable to equity holders of the Company	**207,758**	202,194
Non-controlling interests	**73,306**	70,942
TOTAL EQUITY	**281,064**	273,136
TOTAL LIABILITIES AND EQUITY	**1,339,181**	1,255,461

Statement of Financial Position of The Company

As at 31 March 2021

(Amounts in millions of Renminbi, unless otherwise stated)

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS		
Cash and bank balances	**694**	489
Financial assets at fair value through profit or loss	**676**	740
Financial assets purchased under resale agreements	**232**	280
Other receivables	**298**	218
Term deposit	**4,463**	4,462
Available-for-sale financial assets	**12,783**	12,126
Investments classified as loans and receivables	**7,248**	7,248
Long term equity investments	**91,126**	91,042
Investment properties	**2,542**	2,542
Fixed assets	**2,768**	2,790
Intangible assets	**88**	85
Other assets	**80**	66
TOTAL ASSETS	**122,998**	122,088

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
LIABILITIES AND EQUITY		
LIABILITIES		
Securities sold under agreements to repurchase	**123**	30
Salaries and staff welfare payables	**3,539**	3,593
Tax payable	**25**	12
Other payables	**442**	384
Bonds payable	**17,988**	17,987
Other liabilities	**872**	647
TOTAL LIABILITIES	**22,989**	22,653
EQUITY		
Issued capital	**44,224**	44,224
Share premium account	**35,578**	35,578
Other comprehensive income	**1,280**	908
Surplus reserve	**13,319**	13,319
Retained profits	**5,608**	5,406
TOTAL EQUITY	**100,009**	99,435
TOTAL LIABILITIES AND EQUITY	**122,998**	122,088

5.2 Consolidated Income Statement and Income Statement of the Company for the Three Months Ended 31 March 2021 and for the Three Months Ended 31 March 2020

Consolidated Income Statement

For the three months ended 31 March 2021

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
OPERATING INCOME	**173,762**	168,881
Net earned premiums	**155,091**	154,814
Gross written premiums	**204,754**	194,177
Included: Reinsurance premiums assumed	**1,300**	359
Less: Premiums ceded to reinsurers	**(13,646)**	(11,680)
Change in unearned premium reserves	**(36,017)**	(27,683)
Investment income	**17,995**	13,165
Included: Share of profits and losses of associates and joint ventures	**2,643**	2,203
Fair value losses	**(387)**	(57)
Exchange gains	**90**	232
Gains on disposal of assets	**42**	22
Other income	**133**	111
Other operating income	**798**	594
OPERATING EXPENSES	**157,585**	156,760
Surrenders	**6,622**	34,216
Gross claims paid	**78,030**	59,062
Less: Paid losses recoverable from reinsurers	**(5,718)**	(3,821)
Change in insurance contract liability reserves	**41,166**	25,863
Less: Reinsurers' share of insurance contract liability reserves	**1,352**	360
Change in premium reserve	**363**	291
Interest expenses credited to policyholders' deposits	**1,995**	1,808
Reinsurance expenses	**371**	109
Tax and other surcharges	**411**	490
Handling charges and commissions	**14,744**	17,407
General and administrative expenses	**19,438**	21,656
Less: Net reinsurance commission income	**(3,421)**	(2,949)
Other operating costs	**1,898**	1,650
Impairment losses	**334**	618

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
OPERATING PROFIT	**16,177**	12,121
Add: Non-operating income	**33**	29
Less: Non-operating expenses	**(38)**	(80)
PROFIT BEFORE TAX	**16,172**	12,070
Less: Income tax expense	**(2,328)**	(2,194)
NET PROFIT	**13,844**	9,876
By continuing operations:		
Net profit from continuing operations	**13,844**	9,876
By ownership:		
1. Net profit attributable to equity holders of the Company	**10,034**	7,061
2. Net profit attributable to non-controlling interests	**3,810**	2,815
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		
Other comprehensive income attributable to equity holders of the company, net of tax	**(4,470)**	(2,364)
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:		
Fair value losses of available-for-sale financial assets	**(4,408)**	(2,425)
Portion of fair value changes attributable to participating policyholders	**(334)**	–
Other comprehensive income that may be reclassified to profit or loss under the equity method	**225**	39
Exchange differences arising on translation of foreign operations	**9**	22
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	**38**	–
Other comprehensive income attributable to non-controlling interests, net of tax	**(1,446)**	(721)
TOTAL	**(5,916)**	(3,085)

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
TOTAL COMPREHENSIVE INCOME	**7,928**	6,791
Attributable to equity holders of the Company	**5,564**	4,697
Attributable to non-controlling interests	**2,364**	2,094
EARNINGS PER SHARE (in RMB Yuan)		
– Basic	**0.23**	0.16

Note: The Group had no potential ordinary shares in issue during the three months ended 31 March 2021 and the three months ended 31 March 2020.

Income Statement of The Company

For the three months ended 31 March 2021

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
OPERATING INCOME	**495**	409
Investment income	**458**	335
Included: Share of profits and losses of associates	**84**	82
Fair value losses	**(30)**	(35)
Exchange gains	**3**	30
Other operating income	**64**	79
OPERATING EXPENSES	**427**	427
Tax and other surcharges	**4**	3
General and administrative expenses	**158**	163
Other operating costs	**250**	254
Impairment losses	**15**	7
OPERATING PROFIT	**68**	(18)
Add: Non-operating income	**–**	–
Less: Non-operating expenses	**–**	–
PROFIT BEFORE TAX	**68**	(18)
Less: Income tax credit/(expense)	**134**	(245)
NET PROFIT	**202**	(263)

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
OTHER COMPREHENSIVE INCOME		
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
Fair value gains/(losses) of available-for-sale financial assets	**372**	(684)
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
Remeasurement of the variation of defined benefit plans	**–**	–
OTHER COMPREHENSIVE INCOME, NET OF TAX	**372**	(684)
TOTAL COMPREHENSIVE INCOME	**574**	(947)

5.3 Consolidated Statement of Cash Flow and Statement of Cash Flow of the Company for the Three Months Ended 31 March 2021 and for the Three Months Ended 31 March 2020

Consolidated Statement of Cash Flows

For the three months ended 31 March 2021

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from premiums under direct insurance contracts	**148,828**	145,215
Increase from policyholders' deposits	**1,660**	–
Other cash inflows from operating activities	**2,810**	4,428
Cash inflows from operating activities	**153,298**	149,643
Cash paid for claims payments under direct insurance contracts	**(79,766)**	(59,098)
Decrease from policyholders' deposits	**–**	(3,621)
Cash paid for reinsurance, net	**(1,471)**	(1,251)
Handling charges and commissions paid	**(13,995)**	(16,746)
Interest paid to policyholders' deposits	**(614)**	(944)
Payment to and on behalf of staff	**(13,209)**	(12,203)
Taxes and surcharges paid	**(3,710)**	(4,777)
Other cash outflows for operating activities	**(17,335)**	(49,038)
Cash outflows for operating activities	**(130,100)**	(147,678)
Net cash flows generated from operating activities	**23,198**	1,965

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of investments	**57,676**	105,093
Cash received from investment income	**13,793**	10,786
Proceeds from disposals of fixed assets, intangible assets and other long term assets	**302**	58
Cash inflows from investing activities	**71,771**	115,937
Payment for purchases of investments	**(87,861)**	(129,104)
Net increase in policy loans	**(316)**	(73)
Payment for purchases of fixed assets, intangible assets and other long term assets	**(625)**	(1,939)
Other cash outflows for investing activities	**(59)**	(51)
Cash outflows for investing activities	**(88,861)**	(131,167)
Net cash flows used in investing activities	**(17,090)**	(15,230)

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from debt issuance	**–**	8,000
Cash inflows from financing activities	**–**	8,000
Repayment of bank borrowings	**(4)**	–
Repayment of lease liabilities	**(422)**	(239)
Cash paid for distribution of dividends, profits or interests	**(675)**	(305)
Other cash outflows for financing activities	**(7,416)**	(2,952)
Cash outflows for financing activities	**(8,517)**	(3,496)
Net cash flows (used in)/generated from financing activities	**(8,517)**	4,504
NET FOREIGN EXCHANGE DIFFERENCES	**(12)**	27
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,421)**	(8,734)
Cash and cash equivalents at beginning of the period	**78,209**	76,984
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**75,788**	68,250

Statement of Cash Flow of The Company

For the three months ended 31 March 2021

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Other cash inflows from operating activities	**153**	79
Cash inflows from operating activities	**153**	79
Payment to and on behalf of staff	**(163)**	(149)
Taxes and surcharges paid	**(6)**	(1)
Other cash outflows for operating activities	**(43)**	(72)
Cash outflows for operating activities	**(212)**	(222)
Net cash flows used in operating activities	**(59)**	(143)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of investments	**2,137**	2,467
Investment income received	**205**	165
Net cash inflow on disposal of a subsidiary	**–**	236
Cash inflows from investing activities	**2,342**	2,868
Payment for purchases of investments	**(2,202)**	(4,937)
Payment for purchases of fixed assets, intangible assets and other long term assets	**(13)**	(1)
Other cash outflows for investing activities	**(4)**	(2)
Cash outflows for investing activities	**(2,219)**	(4,940)
Net cash flows generated from/(used in) investing activities	**123**	(2,072)

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash inflow from securities sold under agreements to repurchase	**93**	205
Cash inflows from financing activities	**93**	205
Interested paid	**(2)**	(2)
Cash outflows for financing activities	**(2)**	(2)
Net cash flows generated from financing activities	**91**	203
NET FOREIGN EXCHANGE DIFFERENCES	**2**	31
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**157**	(1,981)
Cash and cash equivalents at beginning of the period	**768**	3,003
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**925**	1,022

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

Beijing, the PRC, 28 April 2021

As at the date of this announcement, the executive directors of the Company are Mr. Luo Xi, Mr. Wang Tingke, Mr. Xie Yiqun and Mr. Li Zhuyong, the non-executive directors are Mr. Wang Qingjian, Mr. Miao Fusheng, Mr. Wang Shaoqun, Ms. Cheng Yuqin and Mr. Wang Zhibin, and the independent non-executive directors are Mr. Shiu Sin Por, Mr. Ko Wing Man, Mr. Lin Yixiang and Mr. Chen Wuzhao.