

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中国人民财产保险股份有限公司

PICC PROPERTY AND CASUALTY COMPANY LIMITED

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

(Stock Code: 2328)

UNAUDITED RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

This announcement is made by PICC Property and Casualty Company Limited (the “Company”) pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Board of Directors of the Company announces the unaudited results for the nine months ended 30 September 2022 of the Company (exclusive of subsidiaries). The financial information included in this announcement was prepared in accordance with the PRC Accounting Standards for Business Enterprises and has not been audited.

I. Financial Summary

	Nine months ended 30 September		Change %
	2022 <i>RMB million</i>	2021 <i>RMB million</i>	
Gross written premiums	381,889	346,657	10.2
Underwriting profit	11,096	3,204	246.3
Total investment income ^{Note}	19,219	21,661	-11.3
Profit before income tax	30,917	23,654	30.7
Net profit for the period	25,948	19,992	29.8
	As at 30 September 2022 <i>RMB million</i>	As at 31 December 2021 <i>RMB million</i>	Change %
Total assets	756,572	679,742	11.3
Total liabilities	547,845	476,481	15.0
Total equity	208,727	203,261	2.7

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

II. Quarterly Operation Analysis

(i) Operation Analysis of Principal Activities

1. Insurance business

1.1 Business overview

In 2022, the Company deeply implements the Central Government's policy deployment of stable economic growth, takes the PICC Group's "Excellent Insurance Strategy" as the guidance, deeply implements the "Six Strategic Services", continues to deepen the reform of the system and mechanism, scientifically and effectively prevents and resolves risks, and makes new breakthroughs in the transformation to high-quality development. In the first three quarters of 2022, the Company achieved gross written premiums of RMB381,889 million, representing a year-on-year increase of 10.2%; the loss ratio was 72.2%, representing a year-on-year decrease of 1.6 percentage points; the expense ratio was 24.3%, representing a year-on-year decrease of 0.8 percentage point; the combined ratio was 96.5%, representing a year-on-year decrease of 2.4 percentage points. The Company achieved an underwriting profit of RMB11,096 million, representing a year-on-year increase of 246.3%.

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

	Nine months ended 30 September		Change %
	2022 <i>RMB million</i>	2021 <i>RMB million</i>	
Gross written premiums	381,889	346,657	10.2
Net earned premiums	315,777	292,507	8.0
Underwriting profit	11,096	3,204	246.3
Loss ratio (%)	72.2	73.8	Decrease by 1.6 pp
Expense ratio (%)	24.3	25.1	Decrease by 0.8 pp
Combined ratio (%)	96.5	98.9	Decrease by 2.4 pp

1.2 Operating results by insurance segments

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

	Nine months ended 30 September 2022		
	Gross written premiums <i>RMB million</i>	Underwriting profit/(loss) <i>RMB million</i>	Combined ratio %
Motor vehicle insurance	196,028	9,155	95.1
Accidental injury and health insurance	80,369	137	99.8
Agriculture insurance	45,922	1,402	95.1
Liability insurance	27,246	(878)	104.7
Commercial property insurance	13,753	(264)	104.1
Credit and surety insurance	4,171	1,191	66.1
Cargo insurance	3,713	118	94.9
Other insurances	10,687	235	95.7
Total	381,889	11,096	96.5

In 2022, the Company continues to optimise its business operation modes, actively implements the new logic of “Underwriting + Loss Reduction + Empowerment + Claim Settlement”, and always adheres to the development with profitability. On the one hand, the Company increases efforts in product development and promotion, deepens the reform of sales expenses, and improves the efficiency of expense; on the other hand, the Company adheres to the bottom line of risks, strengthens underwriting quality control, improves the efficiency of claims management, further consolidates the cost leadership advantage, and achieves significant growth in underwriting profit. In the first three quarters of 2022, the gross written premiums of motor vehicle insurance business amounted to RMB196,028 million, representing a year-on-year increase of 7.1%; the combined ratio was 95.1%, representing a year-on-year decrease of 2.3 percentage points; the underwriting profit was RMB9,155 million, representing a year-on-year increase of 96.2%. The gross written premiums of non-motor vehicle insurance business achieved RMB185,861 million, representing a year-on-year increase of 13.6%; the combined ratio was 98.4%, representing a year-on-year decrease of 2.9 percentage points; the underwriting profit achieved RMB1,941 million, as compared to an underwriting loss of RMB1,462 million in the corresponding period of last year.

2. Insurance funds investment business

The Company always adheres to a long-term and prudent investment philosophy, proactively conducts risk management and control in accordance with condition of the capital market, continuously optimises the investment portfolio and improves the quality of investment portfolio, achieving a balance of risk and return. In the first three quarters of 2022, due to the fluctuations in the capital market, the Company realised a total investment income of RMB19,219 million, representing a year-on-year decrease of RMB2,442 million or 11.3%; the total investment yield (unannualised) was 3.5%, representing a year-on-year decrease of 0.7 percentage point.

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

	Nine months ended 30 September		Change %
	2022 <i>RMB million</i>	2021 <i>RMB million</i>	
Total investment income	19,219	21,661	-11.3
Total investment yield ^{Note} (unannualised) (%)	3.5	4.2	Decrease by 0.7 pp

Note: Total investment yield= total investment income/average balance of total investment assets

(ii) Solvency Margin Ratio Indicators

	As at 30 September 2022 <i>RMB million</i>	As at 30 June 2022 <i>RMB million</i>	Change %
Actual capital	215,804	214,105	0.8
Core capital	189,509	188,742	0.4
Minimum capital	90,724	90,611	0.1
Comprehensive solvency margin ratio (%)	237.9	236.3	Increase by 1.6 pp
Core solvency margin ratio (%)	208.9	208.3	Increase by 0.6 pp

Note: Since the preparation of quarterly report of solvency margin for the first quarter of 2022, the insurance industry has implemented the “Rules for the Supervision of Solvency of Insurance Company (II)”.

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

(i) Statement of Financial Position of the Company

Items	As at 30 September 2022 <i>RMB'000</i> <i>Unaudited</i>	As at 31 December 2021 <i>RMB'000</i> <i>Audited</i>
Cash and cash equivalents	10,736,981	13,265,298
Financial assets measured at fair value through profit or loss	18,084,200	19,816,601
Financial assets purchased under resale agreements	5,119,257	4,104,696
Premiums receivable	75,506,798	38,741,140
Receivables from reinsurers	18,272,712	16,000,829
Reinsurers' share of unearned premium reserves, receivable	18,959,961	14,801,594
Reinsurers' share of loss and loss adjustment expense reserves, receivable	27,970,833	22,146,495
Term deposits	73,611,879	73,427,045
Available-for-sale financial assets	270,684,069	260,008,149
Held-to-maturity investments	38,945,890	36,827,249
Investments classified as loans and receivables	67,109,568	59,243,364

Long term equity investments	61,566,615	60,305,802
Restricted statutory deposits	4,448,554	4,448,554
Investment properties	5,525,873	5,477,115
Fixed assets	18,490,390	19,257,952
Intangible assets	6,099,430	6,621,524
Deferred income tax assets	15,658,685	7,007,593
Right-of-use assets	1,638,136	1,784,622
Other assets	18,141,723	16,456,159
TOTAL ASSETS	756,571,554	679,741,781
Financial assets sold under agreements to repurchase	28,714,849	37,984,648
Premiums received in advance	14,260,098	19,847,163
Commissions payable	8,567,119	7,541,873
Payables to reinsurers	32,648,292	22,496,390
Salaries and staff welfare payables	16,784,312	13,616,538
Tax payable	11,192,390	8,321,136
Claims payable	1,981,676	3,457,438
Policyholders' dividend payable	60,277	60,315
Policyholders' deposits	1,683,813	1,687,345
Unearned premium reserves	195,501,559	167,436,075
Loss and loss adjustment expense reserves	206,992,163	168,676,236
Premium reserves	3,880,563	2,409,830
Bonds payable	8,087,329	8,057,749
Lease liabilities	1,697,896	1,786,340
Other liabilities	15,792,388	13,102,188
TOTAL LIABILITIES	547,844,724	476,481,264
Issued capital	22,242,765	22,242,765
Share premium account	10,661,466	10,661,466
Other comprehensive income reserve	15,312,558	26,741,753
Surplus reserve	64,100,232	64,100,232
General risk reserve	19,823,447	19,823,447
Catastrophic loss reserve	307,023	307,023
Retained profits	76,279,339	59,383,831
TOTAL EQUITY	208,726,830	203,260,517
TOTAL LIABILITIES AND EQUITY	756,571,554	679,741,781

(iii) Income Statement of the Company

Items	Nine months ended 30 September	
	2022 RMB'000 Unaudited	2021 RMB'000 Unaudited
Operating income	337,186,896	315,573,543
Net earned premiums	315,777,431	292,507,276
Gross written premiums	381,889,129	346,656,529
Included: Reinsurance premiums assumed	864,959	860,274
Less: Reinsurance premiums ceded	42,204,580	36,183,459
Change in unearned premium reserves	23,907,118	17,965,794
Investment income	19,425,264	21,748,742
Net (losses)/gains on fair value changes	(156,508)	192,066
Foreign exchange gains/(losses), net	1,015,632	(102,532)
Other operating income	795,814	960,077
Net gains on disposal of assets	177,580	77,802
Other gains	151,683	190,112
Operating expenses	306,380,425	291,994,059
Gross claims paid	213,666,899	214,193,578
Less: Paid losses recoverable from reinsurers	19,512,900	17,340,987
Change in loss and loss adjustment expense reserves	38,315,928	21,016,389
Less: Reinsurers' share of loss and loss adjustment expense reserves	5,824,339	3,187,380
Change in premium reserves	1,453,605	1,248,367
Reinsurance expenses	210,102	237,613
Tax and other surcharges	1,264,561	1,152,153
Commission expenses	29,977,753	29,478,483
General and administrative expenses	53,396,666	51,250,446
Less: Reinsurers' share of general and administrative expenses	9,515,623	9,194,572
Other operating costs	1,409,411	2,162,069
Asset impairment losses	1,538,362	977,900
Operating profit	30,806,471	23,579,484
Add: Sundry income	244,627	171,098
Less: Sundry expenses	133,526	96,645
Profit before income tax	30,917,572	23,653,937
Less: Income tax expense	4,969,257	3,662,232
Net profit	25,948,315	19,991,705

(v) Statement of Cash Flows of the Company

Items	Nine months ended 30 September	
	2022 RMB'000 Unaudited	2021 RMB'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums received	370,439,765	341,785,160
Others	53,014,686	50,052,565
Cash inflows from operating activities	423,454,451	391,837,725
Claims paid	213,243,419	216,504,326
Payment to and on behalf of staff	24,133,324	23,803,603
Commissions paid	29,500,300	28,723,117
Taxes and surcharges paid	26,088,330	23,193,765
Payment in relation to reinsurance business, net	9,624,418	8,904,585
Others	86,533,461	85,465,734
Cash outflows from operating activities	389,123,252	386,595,130
Net cash flows generated from operating activities	34,331,199	5,242,595
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	106,249,927	72,439,867
Investment income received	12,199,436	10,287,453
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	116,281	59,340
Others, net	-	4,123,211
Cash inflows from investing activities	118,565,644	86,909,871
Payment for purchases of investments	128,098,399	92,812,169
Payment for purchases of fixed assets, intangible assets and other long-term assets	523,048	702,011
Others, net	7,518,422	-
Cash outflows from investing activities	136,139,869	93,514,180
Net cash flows used in investing activities	(17,574,225)	(6,604,309)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from financial assets sold under agreements to repurchase, net	-	6,212,201
Cash inflows from financing activities	-	6,212,201
Payments for financial assets sold under agreements to repurchase, net	9,715,299	-
Others	9,742,304	8,882,830
Cash outflows from financing activities	19,457,603	8,882,830
Net cash flows used in financing activities	(19,457,603)	(2,670,629)
Effect of exchange rate changes on cash and cash equivalents	172,312	(60,499)
Net decrease in cash and cash equivalents	(2,528,317)	(4,092,842)

This announcement is prepared in both Chinese and English, and the Chinese version

prevails.

By Order of the Board
PICC Property and Casualty Company Limited
Luo Xi
Chairman

Beijing, the PRC, 27 October 2022

As at the date of this announcement, the Chairman of the Board is Mr. Luo Xi (non-executive director), the executive directors are Mr. Yu Ze, Mr. Jiang Caishi and Mr. Zhang Daoming, Mr. Li Tao is a non-executive director, and the independent directors are Mr. Lin Hanchuan, Mr. Lo Chung Hing and Ms. Qu Xiaohui.