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中国人民财产保险股份有限公司

PICC PROPERTY AND CASUALTY COMPANY LIMITED

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

(Stock Code: 2328)

UNAUDITED RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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

The Board of Directors of the Company announces the unaudited results for the nine months ended 30 September 2023 of the Company (exclusive of subsidiaries). The financial information included in this announcement was prepared in accordance with the PRC Accounting Standards for Business Enterprises¹ and has not been audited.

I. Operation Analysis of Principal Activities

In 2023, the Company actively implemented the decisions and arrangements of the central government, made great efforts to serve the Chinese modernization, stucked to the “Eight Strategic Services”, implemented the new business model of “Insurance + Risk Reduction Service + Science and Technology”, continued to optimize the supply of products, promoted the upgrade of management and services, established a comprehensive risk management system and ensured a stable operation and sustainable development. In the first three quarters of 2023, the Company achieved an insurance revenue of RMB346,038 million, representing a year-on-year increase of 8.6%; the net profit was RMB19,386 million, representing a year-on-year decrease of 26.2%. The decrease in the Company’s net profit was attributable to: (i) the impact of resumption of auto transportation; (ii) the impact of severe typhoons and other disasters such as Typhoon Doksuri and Typhoon Haikui; and (iii) the impact of the implementation of the New Financial Instruments Accounting Standards and the volatility of the capital market, which resulted in the fluctuations in the value of certain financial assets being reflected in the profit or loss on fair value changes of the Company in the current period.

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

(I) Insurance Business

With a customer-oriented strategy, the Company has been contributing to the development of real economy, facilitating the implementation of the national strategy and stepping up efforts to support the innovation and promotion of its products. In the first three quarters of 2023, the Company generated an insurance revenue of RMB346,038 million, representing a year-on-year increase of 8.6%, of which, the insurance revenue of motor vehicle insurance was RMB209,583 million, representing a year-on-year increase of 5.2%; the insurance revenue of non-motor insurance was RMB136,455 million, representing a year-on-year increase of 14.2%.

The Company continued to enhance the refined management of underwriting and claims and improved its risk identification, prevention and control capabilities. However, affected by the resumption of auto transportation, severe typhoon disaster accidents of Typhoon Doksuri and Typhoon Haikui and other factors, in the first three quarters of 2023, the Company achieved an underwriting profit² of RMB7,379 million and the combined ratio³ was 97.9%, representing a year-on-year increase of 1.7 percentage points. Among which, the combined ratio of motor vehicle insurance was 97.4%, representing a year-on-year increase of 2.3 percentage points; the combined ratio of non-motor insurance was 98.6%, representing a year-on-year increase of 0.6 percentage points.

(II) Insurance Fund Investment Business

The Company always adheres to the long-term and steady investment philosophy to balance return and risk. Under the New Financial Instruments Accounting Standards, the financial assets at fair value through profit or loss increased significantly as compared to those under previous standards, and the drastic fluctuation in the capital market in the first three quarters of 2023 resulted in a sharp decrease of the profit or loss on fair value changes of equity instruments at fair value through profit or loss. In addition, as a result of the improvement of operating performance of certain associates and joint ventures of the Company and the implementation of new accounting standards, the Company's share of profit or loss of associates and joint ventures increased year on year. To sum up, in the first three quarters of 2023, under the New Financial Instruments Accounting Standards, the Company recognised a total investment income⁴ of RMB16,140 million and a total investment yield (unannualised)⁵ of 2.7%.

² Underwriting profit = insurance revenue – insurance service expenses – (allocation of reinsurance premiums paid – amounts recovered from reinsurance contracts held) – (finance expenses/(income) from insurance contracts issued – finance income/(expenses) from reinsurance contracts held) – changes in premium reserve

³ Combined ratio = [insurance service expenses + (allocation of reinsurance premiums paid – amounts recovered from reinsurance contracts held) + (finance expenses/(income) from insurance contracts issued – finance income/(expenses) from reinsurance contracts held) + changes in premium reserve]/insurance revenue

⁴ Total investment income = investment income + interest income + net profit/(loss) on fair value changes + interest income of demand deposit + rental income - investment asset impairment losses

⁵ Total investment yield = total investment income/(balance of total investment assets at the beginning of the period + balance of total investment assets at the end of the period)*2. Among which, investment assets mainly include cash and cash equivalents, term deposits, financial assets purchased under resale agreements, financial investments, investments in subsidiaries, associates and joint ventures, restricted statutory deposits and investment properties.

II. Solvency Margin

	As at 30 September 2023 RMB million Unaudited	As at 31 December 2022 RMB million Audited	Change %
Actual capital	227,079	215,415	5.4
Core capital	198,747	189,730	4.8
Minimum capital	101,691	93,964	8.2
Comprehensive solvency margin ratio (%)	223.3	229.3	Decreased by 6.0 percentage points
Core solvency margin ratio (%)	195.4	201.9	Decreased by 6.5 percentage points

Note: The solvency margin results were calculated in accordance with the Rules for the Supervision of Insurance Company Solvency (II) and the relevant notices issued by the National Administration of Financial Regulation (former CBIRC).

III. Financial Statements

(i) Statement of Financial Position of the Company

Items	As at 30 September 2023 RMB'000 Unaudited	As at 1 January 2023 RMB'000 Unaudited
Cash and cash equivalents	12,515,294	10,720,209
Term deposits	61,224,720	74,634,602
Financial assets purchased under resale agreements	5,397,095	10,399,544
Financial Investments:		
Financial assets at fair value through profit or loss	144,673,275	140,710,154
Financial assets at amortised cost	122,801,670	114,098,280
Debt financial assets at fair value through other comprehensive income	92,864,015	86,344,323
Equity financial assets at fair value through other comprehensive income	82,130,797	67,940,625
Insurance contract assets	846,648	610,685
Reinsurance contract assets	35,531,593	36,827,377
Investments in subsidiaries, associates and joint ventures	64,738,618	61,900,885
Restricted statutory deposits	4,685,409	4,730,559
Investment properties	5,631,553	5,825,753
Property and equipment	20,181,766	20,790,359
Right-of-use assets	1,406,198	1,583,828
Intangible assets	6,070,950	6,662,310
Deferred income tax assets	15,790,273	12,597,469
Other assets	15,185,325	13,975,410

TOTAL ASSETS	691,675,199	670,352,372
Securities sold under agreements to repurchase	38,116,488	41,710,301
Premiums received in advance	2,363,183	4,755,308
Salaries and staff welfare payables	20,341,238	17,226,572
Tax payable	8,076,282	10,940,785
Investment contract liabilities	1,737,112	1,741,127
Premium reserves	4,205,596	2,570,119
Bonds payable	8,281,141	8,323,757
Insurance contract liabilities	364,631,441	351,253,813
Lease liabilities	1,463,651	1,600,066
Other liabilities	15,978,970	12,970,888
TOTAL LIABILITIES	465,195,102	453,092,736
Issued capital	22,242,765	22,242,765
Share premium account	10,498,693	10,502,014
Other comprehensive income	14,554,691	14,047,590
Surplus reserve	77,690,786	67,690,786
General risk reserve	23,414,001	23,414,001
Catastrophic loss reserve	85,054	85,054
Retained profits	77,994,107	79,277,426
TOTAL EQUITY	226,480,097	217,259,636
TOTAL LIABILITIES AND EQUITY	691,675,199	670,352,372

(ii) Income Statement of the Company⁶

Items	Nine months ended 30 September	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Operating income	363,400,569	340,257,559
Insurance revenue	346,038,433	318,624,969
Interest revenue	8,780,734	Not applicable
Investment income	12,022,767	19,802,212
Included: Share of profit or loss of associates and joint ventures	4,459,904	3,183,284
Net gains from the derecognition of financial assets measured at amortised cost	585	Not applicable
Other gains	140,616	151,683
Net losses on fair value changes	(4,571,064)	(156,508)
Foreign exchange gains, net	203,341	861,809
Other operating income	711,485	795,814
Net gains on disposal of assets	74,257	177,580

⁶ The Company has retrospectively adjusted the comparative data of insurance contracts for the same period in 2022 in accordance with Accounting Standard for Business Enterprises No. 25 - Insurance Contracts and chosen not to retrospectively adjust the comparative data of investment business for the same period in 2022 in accordance with the New Financial Instruments Accounting Standards.

Operating expenses	341,411,975	309,138,005
Insurance service expenses	324,704,595	294,559,330
Allocation of reinsurance premiums paid	25,155,020	25,804,616
Less: Amounts recovered from reinsurance contracts	19,440,705	21,396,233
Finance expenses from insurance contracts issued	7,545,093	7,005,911
Less: Finance income from reinsurance contracts held	940,663	895,072
Interest expenses	759,660	Not applicable
Tax and other surcharges	22,514	27,903
General and administrative expenses	977,585	637,701
Credit impairment losses	481,877	Not applicable
Other asset impairment losses	6,691	Not applicable
Asset impairment losses	Not applicable	558,737
Change in premium reserves	1,636,067	1,453,605
Other operating costs	504,241	1,381,507
Operating profit	21,988,594	31,119,554
Add: Sundry income	167,491	244,627
Less: Sundry expenses	92,350	133,526
Profit before income tax	22,063,735	31,230,655
Less: Income tax expense	2,677,536	4,953,291
Net profit	19,386,199	26,277,364

(iii) Statement of Cash Flows of the Company

Items	Nine months ended 30 September	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums received from insurance contracts issued	408,654,885	370,443,587
Proceeds from reinsurance contracts issued, net	3,835,263	3,304,133
Others	53,539,207	49,717,567
Cash inflows from operating activities	466,029,355	423,465,287
Claims paid for insurance contracts issued	252,441,431	213,260,393
Payments for reinsurance contracts held, net	8,201,098	9,636,502
Commissions paid	31,893,092	29,500,566
Payment to and on behalf of staff	25,789,254	24,133,324
Taxes and surcharges paid	30,835,689	26,088,327
Others	100,370,070	86,526,784
Cash outflows from operating activities	449,530,634	389,145,896
Net cash flows generated from operating activities	16,498,721	34,319,391
CASH FLOWS FROM INVESTING ACTIVITIES		

Proceeds from disposal of investments	82,278,308	106,249,927
Investment income and interest revenue received	13,116,391	12,199,436
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	39,515	116,281
Others, net	5,817,076	-
Cash inflows from investing activities	101,251,290	118,565,644
Payment for purchases of investments	105,416,447	128,098,399
Payment for purchases of fixed assets, intangible assets and other long-term assets	859,653	523,048
Others, net	-	7,518,422
Cash outflows from investing activities	106,276,100	136,139,869
Net cash flows used in investing activities	(5,024,810)	(17,574,225)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for financial assets sold under agreements to repurchase, net	3,287,059	9,715,299
Others	11,350,515	9,742,304
Cash outflows from financing activities	14,637,574	19,457,603
Net cash flows used in financing activities	(14,637,574)	(19,457,603)
Effect of exchange rate changes on cash and cash equivalents	(801)	184,120
Net decrease in cash and cash equivalents	(3,164,464)	(2,528,317)

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

By Order of the Board
PICC Property and Casualty Company Limited
Bi Xin
Secretary of the Board

Beijing, the PRC, 30 October 2023

As at the date of this announcement, the Chairman of the Board of the Company is Mr. Wang Tingke (non-executive director), the Vice Chairman of the Board is Mr. Yu Ze (executive director), Mr. Jiang Caishi, Mr. Zhang Daoming and Mr. Hu Wei are executive directors, Mr. Li Tao is a non-executive director, and the independent directors are Ms. Qu Xiaohui, Mr. Cheng Fengchao, Mr. Wei Chenyang, Mr. Li Weibin and Mr. Qu Xiaobo.