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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 2024

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 2024 of the Company (exclusive of its 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. Operating Analysis of Principal Activities

In 2024, the Company adhered to the basic principle of seeking progress while maintaining stability, and, with the “Eight Strategic Services” as the mainstay, the Company actively served the overall economic and social development, solidly implemented the “Five Priorities” of finance; made great efforts in promoting high-quality development, continued to optimize its operation and management system, accelerated the implementation of new business model of “insurance + risk reduction service + technology”, strengthened the science and technology empowerment in all sectors, took active actions to prevent and mitigate the risks, and continued to strengthen the foundation of stable development. In the first three quarters of 2024, the Company achieved an insurance revenue of RMB364,306 million, representing a year-on-year increase of 5.3%; and achieved a net profit of RMB26,750 million, representing a year-on-year increase of 38.0%.

(i) Insurance Business

The Company continued to optimize the supply of products, actively explored the service innovation, strengthened the construction of sales channels, continued to improve the customer operation capabilities, and achieved a stable business growth. In the first three quarters of 2024, the Company generated an insurance revenue of RMB364,306 million, representing a year-on-year increase of 5.3%, among which, the insurance revenue of the motor vehicle insurance was RMB219,511 million, representing a year-on-year increase of 4.7%; the insurance revenue of the non-motor vehicle insurance was RMB144,795 million, representing a year-on-year increase of 6.1%.

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 and Accounting Standard for Business Enterprises No. 25 - Insurance Contracts.

The Company continued to promote comprehensive cost reduction and efficiency improvement, deeply implemented the risk reduction services, and built a closed service cycle of “product supply - pre-underwriting - during the term of insurance - pre-disaster - during the disaster - post-disaster”. In the first three quarters of 2024, the Company generated an underwriting profit² of RMB6,443 million, and the combined ratio³ of the Company was 98.2%. Among which, the underwriting profit (*Note*) of the motor vehicle insurance was RMB7,119 million, and the combined ratio was 96.8%; affected by low temperature, rain, snow and ice, storm, strong typhoon and other disasters, the Company suffered an underwriting loss (*Note*) of RMB676 million from non-motor vehicle insurance, and the combined ratio was 100.5%.

Note: In order to facilitate investors’ understanding of the operating results of the insurance segments, the Company allocated the corresponding insurance revenue, insurance service expenses and other profit or loss items of the reinsurance business to motor vehicle insurance and non-motor vehicle insurance, and simulated and calculated the net operating results.

(ii) Insurance Fund Investment Business

The Company has been adhering to the long-term and steady investment philosophy and maintained a basically stable investment portfolio. At the end of September 2024, the capital market recovered, with a significantly better increase than the same period of last year, the Company appropriately increased its investment in secondary equity in the third quarter, and the net gains/(losses) on fair value changes of secondary equity assets held by the Company increased significantly year-on-year. In the first three quarters of 2024, the Company recognised a total investment income⁴ of RMB27,498 million, representing a year-on-year increase of RMB11,358 million, and a total investment yield (unannualised)⁵ of 4.4%, representing a year-on-year increase of 1.7 pp.

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) - change in premium reserves

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) + change in premium reserves]/insurance revenue

⁴ Total investment income = investment income + interest revenue + net gains/(losses) on fair value changes + 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 2024 RMB million Unaudited	As at 31 December 2023 RMB million Audited	Change %
Actual capital	255,071	226,182	12.8
Core capital	233,470	203,088	15.0
Minimum capital	115,806	97,334	19.0
Comprehensive solvency margin ratio (%)	220.3	232.4	Decreased by 12.1 pp
Core solvency margin ratio (%)	201.6	208.7	Decreased by 7.1 pp

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 Financial Regulatory Administration (former China Banking and Insurance Regulatory Commission).

III. Financial Statements

(i) Statement of Financial Position of the Company

Items	As at 30 September 2024 <i>RMB'000</i> Unaudited	As at 31 December 2023 <i>RMB'000</i> Audited
Cash and cash equivalents	10,257,993	12,457,809
Term deposits	81,396,900	57,646,591
Financial assets purchased under resale agreements	4,657,808	4,249,908
Financial investments:	476,796,186	450,335,835
Financial assets at fair value through profit or loss	124,665,127	144,029,552
Financial assets at amortised cost	133,166,755	126,163,800
Debt financial assets at fair value through other comprehensive income	124,739,184	95,072,510
Equity financial assets at fair value through other comprehensive income	94,225,120	85,069,973
Insurance contract assets	1,496,800	2,885,223
Reinsurance contract assets	37,091,559	38,890,733
Investments in subsidiaries, associates and joint ventures	69,080,788	66,338,146
Restricted statutory deposits	4,749,966	4,723,025
Investment properties	5,562,075	5,545,921
Property and equipment	20,013,295	20,399,100
Right-of-use assets	1,360,809	1,422,802
Intangible assets	5,759,882	6,735,516
Deferred income tax assets	10,684,412	10,530,834
Other assets	18,095,747	18,637,223
TOTAL ASSETS	747,004,220	700,798,666
Securities sold under agreements to repurchase	45,086,616	40,037,081
Premiums received in advance	3,687,870	4,963,307
Salaries and staff welfare payables	21,094,234	20,441,724
Tax payable	6,246,694	7,983,753
Investment contract liabilities	1,731,950	1,735,741
Premium reserves	3,272,359	1,696,329
Bonds payable	8,329,810	8,364,795
Insurance contract liabilities	386,912,995	371,680,933
Reinsurance contract liabilities	91,798	21,226
Lease liabilities	1,380,591	1,418,851
Other liabilities	16,060,340	12,066,713
TOTAL LIABILITIES	493,895,257	470,410,453
Issued capital	22,242,765	22,242,765
Share premium account	10,517,542	10,501,368
Other comprehensive income	18,983,708	13,166,188
Surplus reserve	87,155,053	80,155,053
General risk reserve	25,878,268	25,878,268
Catastrophic loss reserve	130,146	130,146

Retained profits	88,201,481	78,314,425
TOTAL EQUITY	253,108,963	230,388,213
TOTAL LIABILITIES AND EQUITY	747,004,220	700,798,666

(ii) Income Statement of the Company

Items	Nine months ended 30 September	
	2024 <i>RMB'000</i> Unaudited	2023 <i>RMB'000</i> Unaudited
Operating income	392,267,034	363,400,569
Insurance revenue	364,306,286	346,038,433
Interest revenue	8,677,670	8,780,734
Investment income	10,900,947	12,022,767
Included: Share of profits or losses of associates and joint ventures	5,229,446	4,459,904
Net gains from the derecognition of financial assets measured at amortised cost	5,908	585
Other gains	169,593	140,616
Net gains/(losses) on fair value changes	7,353,193	(4,571,064)
Foreign exchange (losses)/gains, net	(121,432)	203,341
Other operating income	938,772	711,485
Net gains on disposal of assets	42,005	74,257
Operating expenses	360,327,411	341,411,975
Insurance service expenses	344,085,807	324,704,595
Allocation of reinsurance premiums paid	24,607,956	25,155,020
Less: Amounts recovered from reinsurance contracts held	19,119,737	19,440,705
Finance expenses from insurance contracts issued	7,580,090	7,545,093
Less: Finance income from reinsurance contracts held	914,192	940,663
Interest expenses	778,489	759,660
Tax and other surcharges	21,261	22,514
General and administrative expenses	1,427,404	977,585
Credit impairment losses	(357,784)	481,877
Other impairment losses	-	6,691
Change in premium reserves	1,623,055	1,636,067
Other operating costs	595,062	504,241
Operating profit	31,939,623	21,988,594
Add: Sundry income	90,163	167,491
Less: Sundry expenses	103,567	92,350
Profit before income tax	31,926,219	22,063,735
Less: Income tax expense	5,175,852	2,677,536
Net profit	26,750,367	19,386,199

(iii) Statement of Cash Flows of the Company

Items	Nine months ended 30 September	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums received from insurance contracts issued	422,285,935	408,654,885
Proceeds from reinsurance contracts issued, net	6,392,967	3,835,263
Others	60,852,256	53,539,207
Cash inflows from operating activities	489,531,158	466,029,355
Claims paid for insurance contracts issued	273,184,316	252,441,431
Payments for reinsurance contracts held, net	9,686,706	8,201,098
Commissions paid	31,078,667	31,893,092
Payment to and on behalf of staff	28,225,008	25,789,254
Taxes and surcharges paid	25,968,801	30,835,689
Others	98,908,051	100,370,070
Cash outflows from operating activities	467,051,549	449,530,634
Net cash flows generated from operating activities	22,479,609	16,498,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments	93,550,124	82,278,308
Investment income and interest revenue received	11,410,830	13,116,391
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	9,623	39,515
Others, net	-	5,817,076
Cash inflows from investing activities	104,970,577	101,251,290
Payment for purchases of investments	116,001,942	105,416,447
Payment for purchases of fixed assets, intangible assets and other long-term assets	1,312,672	859,653
Others, net	2,175,534	-
Cash outflows from investing activities	119,490,148	106,276,100
Net cash flows generated from investing activities	(14,519,571)	(5,024,810)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from financial assets sold under agreements to repurchase, net	5,098,614	-
Cash inflows from financing activities	5,098,614	-
Payments for financial assets sold under agreements to repurchase, net	-	3,287,059
Payment for distribution of dividends, profit or payment of interests	11,163,912	10,919,242
Others	540,639	431,273
Cash outflows from financing activities	11,704,551	14,637,574
Net cash flows used in financing activities	(6,605,937)	(14,637,574)
Effect of exchange rate changes on cash and cash equivalents	(63,618)	(801)
Net increase/(decrease) in cash and cash equivalents	1,290,483	(3,164,464)

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

By Order of the Board
PICC Property and Casualty Company Limited

Bi Xin

Secretary of the Board

Beijing, the PRC, 29 October 2024

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