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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 limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2328)

## UNAUDITED RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 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 three months ended 31 March 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

	Three months ended 31 March		Change %
	2022 <i>RMB million</i>	2021 <i>RMB million</i>	
Gross written premiums	152,470	135,836	12.2
Underwriting profit	4,316	3,897	10.8
Total investment income <sup>1</sup>	6,540	7,397	-11.6
Profit before income tax	10,486	11,038	-5.0
Net profit	8,654	8,942	-3.2
	As at 31 March 2022 <i>RMB million</i>	As at 31 December 2021 <i>RMB million</i>	Change %
Total assets	727,030	679,742	7.0
Total liabilities	521,115	476,481	9.4
Total equity	205,915	203,261	1.3

Note:

1. 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 takes serving the construction of a new development paradigm as the core, deepening of the supply-side structural reform of insurance as main direction, and reform of system and mechanism as motivation. The Company is empowered by science and technology and driven by innovation, promotes cost reduction and efficiency enhancement, upholds the bottom line of risk, and fully implements the “Six Strategic Services” so as to better serve the development of the real economy and spare no effort to facilitate the implementation of the PICC Group’s “Excellent Insurance Strategy”. In the first quarter of 2022, the Company achieved gross written premiums of RMB152,470 million, representing an increase of 12.2% as compared to the corresponding period of last year; the loss ratio was 70.5%, representing an increase of 0.2 percentage point as compared to the corresponding period of last year; the expense ratio was 25.1%, representing a decrease of 0.3 percentage point as compared to the corresponding period of last year; the combined ratio was 95.6%, representing a decrease of 0.1 percentage point as compared to the corresponding period of last year. The Company achieved an underwriting profit of RMB4,316 million, representing an increase of 10.8% as compared to the corresponding period of last year.

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

	Three months ended 31 March		Change %
	2022 <i>RMB million</i>	2021 <i>RMB million</i>	
Gross written premiums	152,470	135,836	12.2
Net earned premiums	98,117	91,437	7.3
Underwriting profit	4,316	3,897	10.8
Loss ratio (%)	70.5	70.3	Increase by 0.2 pp
Expense ratio (%)	25.1	25.4	Decrease by 0.3 pp
Combined ratio (%)	95.6	95.7	Decrease by 0.1 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:

	Three months ended 31 March 2022		
	Gross written premiums <i>RMB million</i>	Underwriting profit/(loss) <i>RMB million</i>	Combined ratio %
Motor vehicle insurance	63,782	2,487	96.0
Accidental injury and health insurance	48,744	(109)	100.6
Agriculture insurance	15,704	487	92.1
Liability insurance	10,993	(277)	104.4
Commercial property insurance	5,593	490	79.3
Credit and surety insurance	1,488	482	63.7
Cargo insurance	1,380	174	79.6
Other insurance	4,786	582	71.5
<b>Total</b>	<b>152,470</b>	<b>4,316</b>	<b>95.6</b>

In the first quarter of 2022, the Company actively coped with the complex market situation, adjusted and optimised the business structure, promoted the construction of sales channels, and continuously consolidated the leading advantage of the combined ratio. The gross written premiums of motor vehicle insurance amounted to RMB63,782 million, representing an increase of 10.9% as compared to the corresponding period of last year; the combined ratio was 96.0%, maintained at a relatively good level; the underwriting profit was RMB2,487 million, representing a decrease of 21.3% as compared to the corresponding period of last year. The gross written premiums of non-motor vehicle insurance achieved RMB88,688 million, representing an increase of 13.2% as compared to the corresponding period of last year; the underwriting profit achieved RMB1,829 million, representing an increase of 148.8% as compared to 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 conditions of money market and capital market, continuously optimises and improves the quality of the investment portfolio, achieving a balance of risk and yield. In the first quarter of 2022, due to fluctuations in the capital market, the spread income of the Company decreased as compared to the corresponding period of last year. The Company realised a total investment income of RMB6,540 million, representing a decrease of RMB857 million or 11.6% as compared to the corresponding period of last year; the total investment yield was 1.2%, representing a decrease of 0.2 percentage point as compared to the corresponding period of last year.

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:

	Three months ended 31 March		Change %
	2022 <i>RMB million</i>	2021 <i>RMB million</i>	
Total investment income	6,540	7,397	-11.6
Total investment yield <sup>1</sup> (unannualised) (%)	1.2	1.4	Decrease by 0.2 pp

Note:

1. Total investment yield= total investment income/average balance of total investment assets

## (ii) Solvency Margin Ratio Indicators

	As at 31 March 2022 <i>RMB million</i>	As at 31 December 2021 <i>RMB million</i>	Change %
Actual capital	211,989	207,421	2.2
Core capital	183,060	194,361	-5.8
Minimum capital required	90,201	73,082	23.4
Comprehensive solvency margin ratio (%)	235	284	Decrease by 49 pp
Core solvency margin ratio (%)	203	266	Decrease by 63 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)”. Solvency margin results as at 31 December 2021 were based on the supervision provisions of the first-phase of the C-ROSS.

## 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 31 March 2022 <i>RMB'000</i> <i>Unaudited</i>	As at 31 December 2021 <i>RMB'000</i> <i>Audited</i>
Cash and bank balances	11,723,157	13,265,298
Financial assets measured at fair value through profit or loss	18,505,229	19,816,601
Financial assets purchased under resale agreements	7,820,130	4,104,696
Premiums receivable	87,303,871	38,741,140
Receivables from reinsurers	19,730,432	16,000,829
Reinsurers' share of unearned premium reserves, receivable	17,892,659	14,801,594
Reinsurers' share of loss and loss adjustment expense reserves, receivable	22,556,428	22,146,495
Term deposits	66,344,037	73,427,045
Available-for-sale financial assets	251,794,620	260,008,149
Held-to-maturity investments	36,300,332	36,827,249
Investments classified as loans and receivables	61,978,401	59,243,364
Long term equity investments	61,053,216	60,305,802
Capital security fund	4,448,554	4,448,554
Investment properties	5,477,115	5,477,115
Fixed assets	18,969,822	19,257,952
Intangible assets	6,414,796	6,621,524
Deferred tax assets	9,530,998	7,007,593

Right-of-use assets	1,790,494	1,784,622
Other assets	17,396,069	16,456,159
<b>TOTAL ASSETS</b>	<b>727,030,360</b>	679,741,781
Financial assets sold under agreements to repurchase	28,960,310	37,984,648
Premiums received in advance	13,009,629	19,847,163
Commissions payable	7,962,070	7,541,873
Payables to reinsurers	30,844,081	22,496,390
Salaries and staff welfare payables	13,359,703	13,616,538
Tax payable	8,699,329	8,321,136
Claims payable	1,538,420	3,457,438
Policyholders' dividend payable	60,301	60,315
Policyholders' deposits	1,686,034	1,687,345
Unearned premium reserves	210,380,399	167,436,075
Loss and loss adjustment expense reserves	174,826,473	168,676,236
Premium reserves	2,872,045	2,409,830
Bonds payable	8,067,609	8,057,749
Lease liabilities	1,849,248	1,786,340
Other liabilities	16,999,799	13,102,188
<b>TOTAL LIABILITIES</b>	<b>521,115,450</b>	476,481,264
Issued capital	22,242,765	22,242,765
Share premium account	10,661,466	10,661,466
Other comprehensive income reserve	20,742,431	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	68,037,546	59,383,831
<b>TOTAL EQUITY</b>	<b>205,914,910</b>	203,260,517
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>727,030,360</b>	679,741,781

**(ii) Income Statement of the Company**

Items	Three months ended 31 March	
	2022 RMB'000 Unaudited	2021 RMB'000 Unaudited
<b>Operating income</b>	<b>104,957,311</b>	99,319,975
Net earned premiums	98,116,694	91,436,595
Gross written premiums	152,469,916	135,835,907
Included: Reinsurance premiums assumed	330,959	284,229
Less: Reinsurance premiums ceded	14,499,963	12,997,981
Change in unearned premium reserves	39,853,259	31,401,331

Investment income	6,606,577	7,318,567
Net (losses)/gains on fair value changes	(92,624)	17,267
Exchange losses, net	(42,655)	67,542
Other operating income	241,076	316,921
Net gains on disposal of assets	6,315	40,269
Other gains	121,928	122,814
<b>Operating expenses</b>	<b>94,418,128</b>	<b>88,279,614</b>
Gross claims paid	68,407,874	68,191,177
Less: Paid losses recoverable from reinsurers	5,407,401	5,531,738
Change in loss and loss adjustment expense reserves	6,150,238	(509,021)
Less: Reinsurers' share of loss and loss adjustment expense reserves	409,933	(1,773,769)
Change in premium reserves	445,251	362,922
Reinsurance expenses	73,382	82,379
Tax and other surcharges	420,468	347,988
Commission expenses	10,162,826	9,571,992
General and administrative expenses	17,018,771	16,373,496
Less: Reinsurers' share of general and administrative expenses	3,592,725	3,356,412
Other operating costs	559,294	729,925
Asset impairment losses	590,083	243,137
<b>Operating profit</b>	<b>10,539,183</b>	<b>11,040,361</b>
Add: Sundry income	15,566	29,253
Less: Sundry expenses	68,871	31,722
<b>Profit before income tax</b>	<b>10,485,878</b>	<b>11,037,892</b>
Less: Income tax expense	1,832,163	2,096,085
<b>Net profit</b>	<b>8,653,715</b>	<b>8,941,807</b>

**(iii) Statement of Cash Flows of the Company**

Items	Three months ended 31 March	
	2022 RMB'000 Unaudited	2021 RMB'000 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premiums received	107,553,364	96,536,058
Others	17,909,617	15,579,538
<b>Cash inflows from operating activities</b>	<b>125,462,981</b>	<b>112,115,596</b>
Claims paid	69,180,001	70,293,158
Payment to and on behalf of staff	9,529,705	8,487,591
Commissions paid	9,819,325	8,894,417
Taxes and surcharges paid	8,862,909	7,522,380

Payment in relation to reinsurance business, net	<b>1,451,692</b>	2,208,035
Others	<b>26,712,048</b>	27,032,749
<b>Cash outflows from operating activities</b>	<b>125,555,680</b>	124,438,330
<b>Net cash flows used in operating activities</b>	<b>(92,699)</b>	(12,322,734)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from investments	<b>38,777,124</b>	23,505,965
Investment income received	<b>3,029,894</b>	2,884,330
Proceeds from disposal of fixed assets, intangible assets and other long term assets	<b>1,606</b>	35,687
Others, net	<b>2,712,590</b>	3,275,824
<b>Cash inflows from investing activities</b>	<b>44,521,214</b>	29,701,806
Payment for purchases of investments	<b>36,083,475</b>	30,054,841
Payment for purchases of fixed assets, intangible assets and other long term assets	<b>182,602</b>	306,929
<b>Cash outflows from investing activities</b>	<b>36,266,077</b>	30,361,770
<b>Net cash flows from/(used in) investing activities</b>	<b>8,255,137</b>	(659,964)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from financial assets sold under agreements to repurchase, net	-	11,993,413
<b>Cash inflows from financing activities</b>	-	11,993,413
Payments for financial assets sold under agreements to repurchase, net	<b>9,281,599</b>	-
Others	<b>412,663</b>	418,204
<b>Cash outflows from financing activities</b>	<b>9,694,262</b>	418,204
<b>Net cash flows (used in)/from financing activities</b>	<b>(9,694,262)</b>	11,575,209
Net foreign exchange differences	<b>(10,317)</b>	1,371
<b>Net decrease in cash and cash equivalents</b>	<b>(1,542,141)</b>	(1,406,118)

**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, 28 April 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 non-executive directors are Mr. Lin Hanchuan, Mr. Lo Chung Hing, Mr. Chu Bende and Ms. Qu Xiaohui.*