

Company Report

Ping An (2318 HK)

Slower decline in NBV; Maintain BUY

- Life NBV down 28.5% yoy in 1H22, in-line with expectation
 - Productivity per-agent and income per-agent increased yoy
 - Maintain BUY on valuation; TP slightly revised to HKD71.4
- 1H22 results broadly in-line; agent team is stabilizing**

Profitability: In 1H22, shareholders' operating profit increased by 4.3% yoy. Shareholders' NP rose 3.9% yoy partly due to improved investment performance and enhanced tech segment profitability. **Life NBV:** Life NBV dropped by 28.5% yoy in 1H22, meeting markets' expectation (or down by 20.3% if 1H21 NBV were restated using the assumptions and method employed at end-2021). The decrease in NBV was the result of agent force contraction, NBV margin decline, and the high base particularly from 1Q21. **Life agent force:** Number of agents in the individual business slightly dropped by ~4% qoq from 538k at end-1Q22 to 519k at end-1H22, or dropped by ~14% YTD from 600k at end-2021. Agent team was stabilizing at the end of 2Q22. The Company continued promoting the quality-oriented transformation of the agent force. Agent productivity measured by pre-agent NBV increased by ~27% yoy in 1H22, and pre-agent income increased by ~35% yoy. The proportion of agents with a college education background or above rose 4 pps yoy in 1H22. **P&C:** Aggregate COR came in at 97.3% at end-1H22 (vs. 96.8% in 1Q21 or 95.9% in 1H21). Operating profit of the P&C segment decreased by 22.3% yoy due to higher COR and lower investment incomes. **Banking:** Banking segment posted steady asset quality at end-1H22, with virtually unchanged NPL ratio and even lower special mention loan ratio vs. end-2021. Net profit of the segment grew fast by 25.6% yoy in 1H22. **Property related risks:** The management suggests that Ping An Group's property-related risks are well under control. The Company will continue to invest in high-quality leasing properties with sustained returns, in line with principle of allocating funds to long-duration assets to match liabilities.

Valuation, recommendation, and risks

Ping An is trading at ~0.43x 22E P/EV or ~0.7x 22E P/B, valuation undemanding. The negative NBV growth rate might continue to narrow in 2H22 in our view, given: 1) A low base from 2H21. For example, Ping An Life's NBV dropped by 43.3% yoy in 2H21, vs. -11.7% in 1H21; 2) The stabilized agent team and the strengthened agent productivity. We maintained our 2022E NBV and revised earnings forecasts (Fig. 2), taking into account the capital market conditions. We maintain BUY for the Company on its undemanding valuation. We slightly revised TP from HKD72.4 to HKD71.4, equivalent to ~0.7x 22E P/EV or ~1.2x 22E P/B (Fig. 8). **Key catalysts:** robust NBV growth, good capital market; **key downside risks:** weak NBV growth, adverse capital market.

Financials

RMB mn	2020A	2021A	2022E	2023E	2024E
Total revenue	1,321,418	1,287,675	1,300,745	1,393,422	1,486,433
Shareholders' net profit	143,099	101,618	107,594	121,666	134,023
EPS (RMB)	8.1	5.8	6.1	6.9	7.6
BVPS (RMB)	41.7	44.4	49.5	53.3	57.6
P/E (x)	4.5	6.3	6.0	5.3	4.8
P/B (x)	0.9	0.8	0.7	0.7	0.6
P/EV (x)	0.50	0.48	0.43	0.39	0.36
ROE (%)	20.0	13.0	12.5	12.9	13.2

Sources: Company data, CMS (HK) estimates; Note: share price is as of Aug. 23, 2022

Felix LUO, PhD Laurel Zhu
+852 3189 6288 +852 3189 6142

felixluo@cmschina.com.hk laurelzhu@cmschina.com.hk

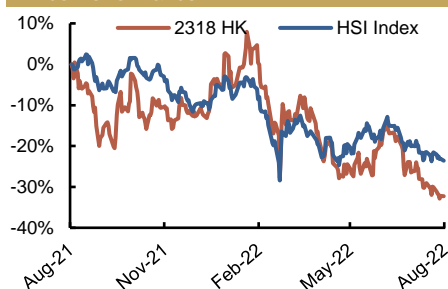
WHAT'S NEW

1H22 results review; slightly revised TP

BUY

Previous	BUY
Price (Aug. 23, 2022)	HKD42.95
12-month Target Price (Potential up/downside)	HKD71.4 (+66%)
Previous	HKD72.4

Price Performance



Source: Wind

%	1m	6m	12m
2318 HK	(9.3)	(30.0)	(33.1)
HSI	(5.4)	(14.8)	(24.2)

Sector: Insurance

Hang Seng Index (Aug. 23, 2022)	19,503
HSCEI (Aug. 23, 2022)	6,649

Key Data

52-week range (HKD)	42.55-69.4
Market cap (HKD mn)	719,805
Avg. daily volume (mn)	30.6

Shareholding Structure

Hong Kong Securities Clearing Company Nominees Limited	37.01%
Shenzhen Investment Holdings Co., Ltd.	5.27%
No. of shares outstanding (mn)	18,280
Free float	57.72%

Sources: Bloomberg, Wind, Company data

Related Research

- Ping An Insurance (2318 HK) - Quality-oriented reform of life business continued (BUY) (Apr. 30, 2022)
- Ping An Insurance (2318 HK) - Life business under pressure (BUY) (Mar. 18, 2022)
- Ping An Insurance (2318 HK) - Weak life business performance in 3Q21 (BUY) (Oct. 28, 2021)

Focus charts

Figure 1: Ping An key 1H22 results

(RMB mn)	1H22	1H21	yoy / hoh
<u>Life segment</u>			
Life written premium	328,456	337,886	-2.8%
Life FYP used to calculate NBV	76,132	87,641	-13.1%
Agent channel NBV	16,434	23,684	-30.6%
Aggregate NBV	19,573	27,387	-28.5%
Aggregate NBM on FYP	25.7%	31.2%	
Life EV	906,619	876,490(end-2021)	3.4%
Residual Margin	924,726	940,733(end-2021)	-1.7%
Operating profit	58,993	50,230	17.4%
Agent channel NBV per headcount (RMB)	31,958	25,185	26.9%
Income per agent per month (RMB)	7,957	5,889	35.1%
Income per agent per month from life products (RMB)	6,373	4,954	28.6%
Activity rate of agents	55.4%	43.9%	
Total number of individual agents (in thousands)	519	600 (end-2021)	-13.5%
<u>P&C segment</u>			
Total P&C premium income	146,792	133,313	10.1%
<i>Auto</i>	95,502	89,015	7.3%
<i>Non-auto</i>	37,923	33,727	12.4%
<i>Accident & Health</i>	13,367	10,571	26.4%
Combined ratio (%)	97.3	95.9	
Operating profit	8,381	10,791	-22.3%
<u>Banking segment</u>			
Net interest margin (%) (Annualized)	2.76	2.83	
Non-performing loan ratio (%)	1.02	1.02 (end-2021)	
Percentage of special mention loans (%)	1.32	1.42 (end-2021)	
Provision coverage ratio (%)	290.06	288.42 (end-2021)	
Net profit	22,088	17,583	25.6%
<u>Aggregate results *</u>			
Shareholders' operating profit	85,340	81,836	4.3%
Shareholders' net profit	60,273	58,005	3.9%
Insurance biz net investment yield, annualized (%) **	3.9	3.8	
Insurance biz total investment yield, annualized (%) **	3.1	3.5	

Sources: Company data, CMS (HK); Note: *: Ping An has adopted IFRS9 since 2018; **: In computing annualized investment yields, only interest revenue from deposits and debt financial assets as well as operating lease income from investment properties were annualized, while interest revenue from financial assets held under resold agreements, interest expenses on assets sold under agreements to repurchase and placements from banks and other financial institutions, dividend income, capital gains from investments and profits/losses from fair value changes were not annualized.

Figure 2: Forecast revisions

(RMB mn)	New			Old		Change	
	2021A	2022E	2023E	2022E	2023E	2022E New/Old	2023E New/Old
New business value	37,898	30,508	32,993	30,346	32,741	0.5%	0.8%
Life EV	876,490	971,685	1,076,398	971,524	1,075,977	0.02%	0.04%
Shareholders' net profit for the year	101,618	107,594	121,666	122,441	135,613	-12.1%	-10.3%
Implied assumptions:							
New business value growth yoy	-23.6%	-19.5%	8.1%	-19.9%	7.9%		
New business value margin on FYP	27.8%	22.8%	23.4%	24.0%	24.4%		

Sources: Company data, CMS (HK) estimates

Figure 3: Life sector's key performance metrics

	PING AN (2318 HK) * (1H22)	CHINA LIFE (2628 HK) (1Q22)	NCI (1336 HK) (1Q22)	CPIC (2601 HK) (1Q22)
Shareholders' net profit yoy growth	3.9%	-46.9%	-78.7%	-36.4%
ROE (unannualized)	14.4% **	3.22%	1.28%	2.4%
Shareholders' comprehensive income yoy growth	14.5%	n.a.	n.a.	n.a.
Agency channel performance				
Life agent headcount qoq growth	-45.3% ***	-4.9%	n.a.	n.a.
Agency Channel regular FYP yoy growth	-12.5%	n.a.	-20.9%	-44.5%
Life NBV yoy growth	-28.5%	-14.3%	n.a.	n.a.
Net investment yield (annualized)	3.9%	4.00%	n.a.	3.7%
Total investment yield (annualized)	3.1%	3.88%	4.0%	3.7%

Sources: Company data, CMS (HK); Note: * Ping An has adopted IFRS 9 since 2018; ** Annualized ROE; *** yoy growth of monthly average agent number

Figure 4: Number of exclusive life insurance agents

('000)	2019	1H20	2020	1Q21	1H21	3Q21	2021	1Q22	1H22
Monthly average agent number: Ping An	1,200	1,108	1,055 *	986 **	940	706 ***	796	538 ****	514
Period end agent number: China Life	1,613	1,690	1,378	1,282	1,150	980	820	780	n.a.
Monthly average agent number: CPIC	790	766	749	n.a.	641	n.a.	525	n.a.	n.a.
Period end agent number: NCI	507	526	606	n.a.	441	n.a.	389	n.a.	n.a.
Growth	hoh	hoh	yoy	YTD	YTD	YTD	yoy	YTD	YTD
Monthly average agent number: Ping An	-2.83%	-7.67%	-12.08%	-3.7% **	-10.90%	-31.02% ***	-24.55%	-10.41% ****	-35.43%
Period end agent number: China Life	2.54%	4.77%	-14.57%	-7.0%	-16.55%	-28.88%	-40.49%	-4.88%	n.a.
Monthly average agent number: CPIC	-0.75%	-3.04%	-5.19%	n.a.	-14.42%	n.a.	-29.91%	n.a.	n.a.
Period end agent number: NCI	31.35%	3.75%	19.53%	n.a.	-27.23%	n.a.	-35.81%	n.a.	n.a.

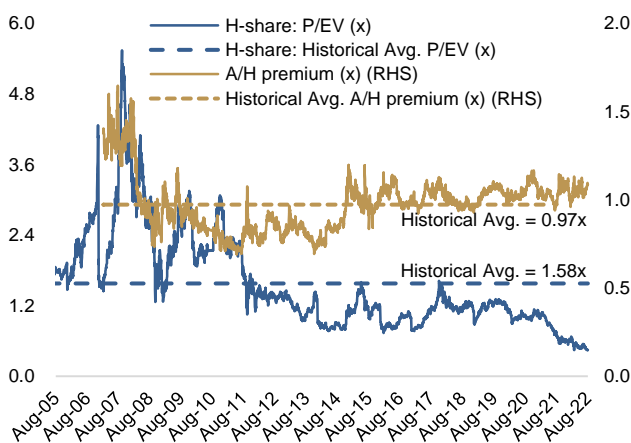
Sources: Company data, CMS (HK); Note: *2021 revised data; ** 1Q21-end figure (986K) compared with 2020-end figure (1,024K); *** 3Q21-end figure (706K) compared with 2020-end figure (1,024K); **** 1Q22-end figure (538K) compared with 2021-end figure (600K);

Figure 5: Allocation of investment assets

(RMB mn)	Ping An (2318 HK) (End-1H22)		China Life (2628 HK) (End-2021)		CPIC (2601 HK) (End-2021)		NCI (1336 HK) (End-2021)	
	Carrying Value	Percentage	Carrying Value	Percentage	Carrying Value	Percentage	Carrying Value	Percentage
Term deposits	251,787	5.9%	529,488	11.2%	196,519	10.8%	168,540	15.6%
Debt financial assets	2,834,716	66.4%	3,142,774	66.6%	1,174,342	64.8%	577,214	53.3%
Equity financial assets	543,792	12.7%	414,779	8.8%	226,786	12.5%	167,022	15.4%
Other equity financial assets *	386,441	9.0%	284,678	6.0%	157,720	8.7%	90,414	8.3%
Other investment assets	135,598	3.2%	271,327	5.8%	7,514	0.4%	64,154	5.9%
Cash, cash equivalents and others	118,445	2.8%	73,355	1.6%	49,188	2.7%	15,459	1.4%
Total	4,270,779		4,716,401		1,812,069		1,082,803	

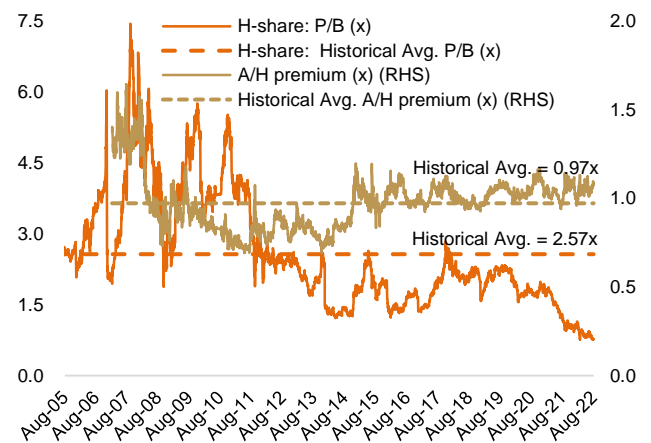
Sources: Company data, CMS (HK) estimates; *Note: other equity financial assets may include equity asset management products, private equity, equity plans, unlisted equity investments, preferred shares, and long-term equity stakes and so on.

Figure 6: P/EV (Group) valuation and A/H premium of Ping An



Sources: Wind, Company data, CMS (HK) estimates

Figure 7: P/B valuation and A/H premium of Ping An



Sources: Wind, Company data, CMS (HK) estimates

Valuation

We employ a sum-of-the-parts (SOTP) approach to obtain a valuation of HKD71.4 per share, equivalent to ~0.7x 22E P/EV or ~1.2x 22E P/B (representing a ~54% discount to its historical average P/EV of ~1.6x and a ~52% discount to its historical average P/B of ~2.6x).

Figure 8: Ping An's SOTP valuation

Segment	Valuation (RMB mn)	Notes
Life		
2022E EV	971,685	
2022E NBV	30,508	
NBV multiple	0x	
EV multiple	0.75x	
Shareholders' appraisal value	725,193	A
P&C		
2022E net assets	127,008	
P/B multiple	0.65x	
Shareholders' valuation	82,175	B
Internet finance		
Assumed average shareholding	45%	Assuming a total value of ~USD 17.15 bn
Shareholders' valuation	52,865	C Exchange rate: 1 USD = 6.85 RMB
All other segments		
2022E net assets	572,951	
Bank	438,139	P/B multiple: 0.7x
Trust	26,269	P/B multiple: 0.6x
Securities	45,284	P/B multiple: 0.6x
Other asset management	85,500	P/B multiple: 0.6x
Others	(22,241)	
Shareholders' valuation	248,938	D
SOTP Valuation		
Attributable to - owners of the parent	1,109,171	E=A+B+C+D
Total number of shares (mn)	18,280	
Valuation per share (RMB)	60.7	
Valuation per share (HKD)	71.4	Exchange rate: 1 HKD = 0.85 RMB

Sources: Company data, CMS (HK) estimates

Valuation comparison

Company	Ticker	Rating	Price Local ccy	TP (HKD)	Mkt Cap (USD mn)	P/EV (x)		P/E (x)		P/B (x)		ROE (%)		Dividend Yield (%)	
						2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
HK Listed Peers															
Ping An	2318 HK	BUY	43.0	71.4	106,713	0.43	0.39	6.0	5.3	0.74	0.68	12.5	12.9	5.0	5.7
China Life	2628 HK	BUY	11.1	17.7	92,710	0.20	0.18	5.1	4.8	0.52	0.49	10.5	10.6	7.0	7.6
China Pacific	2601 HK	BUY	15.5	24.3	25,249	0.22	0.20	4.8	4.3	0.52	0.48	11.2	11.6	7.4	8.3
New China Life	1336 HK	BUY	18.0	26.5	10,849	0.17	0.15	3.5	3.1	0.40	0.37	12.2	12.6	8.7	9.8
ZA Online	6060 HK	BUY	20.9	31.6	3,992	n.a.	n.a.	70.0	23.6	1.52	1.43	2.2	6.2	0.0	0.0
China Taiping *	966 HK	NR	7.9	n.a.	3,621	n.a.	n.a.	4.0	3.3	0.30	0.28	8.0	8.9	6.1	6.5
PICC Group *	1339 HK	NR	2.3	n.a.	26,803	n.a.	n.a.	3.9	3.4	0.38	0.34	10.3	10.8	8.2	9.2
PICC P&C *	2328 HK	NR	7.8	n.a.	22,153	n.a.	n.a.	5.9	5.1	0.68	0.63	12.1	12.8	6.7	7.6
China Re *	1508 HK	NR	0.6	n.a.	3,142	n.a.	n.a.	3.6	2.9	0.22	0.21	6.4	7.9	8.5	10.1
AIA *	1299 HK	NR	75.1	n.a.	113,616	n.a.	n.a.	16.3	13.5	1.83	1.65	11.2	12.2	2.1	2.4
Arithmetic Average						0.26	0.23	12.3	6.9	0.71	0.66	9.7	10.7	6.0	6.7
Weighted Average						0.31	0.28	9.0	7.3	0.94	0.86	11.2	11.8	5.2	5.8
China A-share Listed Peers *															
Ping An	601318 CH	NR	40.7	n.a.	106,713	n.a.	n.a.	6.5	5.3	0.83	0.74	13.6	15.6	6.0	6.4
China Life	601628 CH	NR	27.0	n.a.	92,710	n.a.	n.a.	16.4	13.2	1.51	1.38	9.3	10.7	2.2	2.7
China Pacific	601601 CH	NR	19.6	n.a.	25,249	n.a.	n.a.	7.5	6.2	0.80	0.73	10.4	12.0	4.9	5.8
New China Life	601336 CH	NR	27.7	n.a.	10,849	n.a.	n.a.	7.1	5.4	0.75	0.68	11.2	13.2	3.9	5.3
PICC Group	601319 CH	NR	4.7	n.a.	26,803	n.a.	n.a.	8.5	7.4	0.88	0.82	10.5	10.9	3.7	4.0
Arithmetic Average								9.2	7.5	0.96	0.87	11.0	12.5	4.1	4.9
Weighted Average								10.3	8.4	1.07	0.97	11.4	13.0	4.2	4.8

Company	Ticker	Rating	Price Local ccy	TP (HKD)	Mkt Cap (USD mn)	P/EV (x)		P/E (x)		P/B (x)		ROE (%)		Dividend Yield (%)	
						2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
Global Peers *															
GREAT-WEST LIFEC	GWO CN	NR	32.8	n.a.	23,573	n.a.	n.a.	9.1	8.6	1.27	1.24	14.0	14.9	6.0	6.5
MUENCHENER RUE-R	MUV2 GR	NR	231.8	n.a.	32,250	n.a.	n.a.	10.0	8.3	1.24	1.14	11.1	14.0	5.0	5.2
HANNOVER RUECK S	HNR1 GR	NR	146.1	n.a.	17,468	n.a.	n.a.	12.0	9.9	1.66	1.50	13.0	16.1	4.2	4.4
METLIFE INC	MET US	NR	65.7	n.a.	52,379	n.a.	n.a.	8.8	7.9	1.54	1.44	10.9	13.1	3.0	3.2
PRUDENTIAL PLC	PRU LN	NR	953.8	n.a.	30,980	n.a.	n.a.	11.0	8.8	1.71	1.49	13.7	16.7	1.7	1.8
AFLAC INC	AFL US	NR	61.6	n.a.	38,920	n.a.	n.a.	11.5	11.4	1.46	1.39	12.3	12.2	2.6	2.8
MANULIFE FIN	MFC CN	NR	23.3	n.a.	34,214	n.a.	n.a.	7.3	6.8	0.87	0.83	12.1	12.1	5.7	6.1
ALLIANZ SE-VINK	ALV GR	NR	173.4	n.a.	70,458	n.a.	n.a.	9.9	7.2	0.99	0.93	10.4	14.1	6.5	7.0
SAMSUNG LIFE INS	032830 KS	NR	61,000.0	n.a.	9,111	n.a.	n.a.	9.9	8.1	0.39	0.35	3.3	4.7	4.7	5.6
AEGON NV	AGN NA	NR	4.5	n.a.	9,583	n.a.	n.a.	8.1	5.8	0.42	0.39	4.1	6.9	5.0	5.9
AXA SA	CS FP	NR	23.8	n.a.	55,315	n.a.	n.a.	8.1	7.8	0.93	0.88	10.7	12.4	6.9	7.4
DAI-ICHI LIFE	8750 JP	NR	2,392.0	n.a.	17,979	n.a.	n.a.	6.6	8.6	0.49	0.51	7.2	5.8	3.4	3.6
Average								9.4	8.3	1.08	1.01	10.2	11.9	4.6	5.0

Sources: Company data, Bloomberg, CMS (HK) estimates; Prices are as of Aug. 23, 2022 of HKT; * forecast is based on Bloomberg consensus

Financial Summary

Consolidated Statement of Financial Position

Year ended 31 Dec (RMB mn)	2020A	2021A	2022E	2023E	2024E
Property, plant and equipment	46,286	49,758	49,758	49,758	49,758
Investment properties	43,385	86,041	86,041	90,343	94,860
Intangible assets	64,290	68,462	71,885	75,479	79,253
Investments in associates and jointly controlled entities	267,819	284,061	329,592	351,554	377,593
Financial Assets excl. policy loans, repo and derivative	4,644,966	4,892,417	5,391,616	5,851,362	6,366,410
Cash and amounts due from central banks, banks and other financial institutions	880,129	905,949	1,026,487	1,123,465	1,232,955
Policy loans	161,381	178,298	196,128	215,741	237,315
Derivative financial assets	37,661	30,957	29,192	32,603	30,917
Loans and advances to customers	2,599,510	2,980,975	3,352,887	3,715,116	4,138,709
Policy account assets	53,059	36,002	39,602	43,562	47,919
Financial assets purchased under reverse repurchase agreements	122,765	61,429	93,550	92,581	82,520
Premium receivables	94,003	79,834	85,418	86,418	83,890
Accounts receivables	26,176	26,628	33,375	35,176	37,562
Financial lease receivable	202,050	200,701	254,471	267,793	285,763
Deferred tax assets	61,901	65,360	75,164	86,439	99,404
Reinsurers' share of insurance liabilities	20,219	26,852	30,880	35,512	40,839
Other assets	202,270	168,302	175,986	203,558	253,638
Total assets	9,527,870	10,142,026	11,322,031	12,356,460	13,539,304
Insurance contracts	2,972,460	3,261,354	3,521,038	3,803,106	4,110,809
Investment contract liabilities for policyholders	67,581	72,839	83,764	96,327	110,775
Due to banks and other financial institutions	960,175	797,646	1,087,151	1,246,504	1,452,729
Financial liabilities at fair value through profit or loss	37,217	57,376	68,851	82,621	99,146
Customer deposits and payables to brokerage customers	2,693,833	3,002,049	3,171,614	3,367,072	3,571,410
Financial assets sold under agreements to repurchase	276,602	127,477	140,235	151,083	162,088
Policyholder dividends payable	63,806	67,276	66,603	65,026	62,456
Accounts payable	5,148	6,663	8,156	8,652	9,274
Insurance payables	139,528	150,767	164,477	180,694	198,553
Bonds payable	901,285	1,097,523	1,332,603	1,553,212	1,817,543
Derivative financial liabilities	48,579	35,049	40,306	44,337	48,771
Other liabilities	337,201	358,432	444,424	466,790	494,871
Current income tax liabilities	17,283	16,247	18,684	20,552	22,608
Deferred tax liabilities	19,267	13,605	12,245	11,020	9,918
Total liabilities	8,539,965	9,064,303	10,160,152	11,096,996	12,170,950
Share capital	18,280	18,280	18,280	18,280	18,280
Reserves and retained earnings	744,280	794,125	885,939	956,804	1,035,289
Non-controlling interests	225,345	265,318	257,660	284,381	314,785
Total equity	987,905	1,077,723	1,161,879	1,259,464	1,368,354
Attributable to:					
- Owners of the parent	762,560	812,405	904,219	975,084	1,053,569

Consolidated Cash Flow Statement

Year ended 31 Dec (RMB mn)	2020A	2021A	2022E	2023E	2024E
Net cash from operating activities	312,075	90,116	397,086	306,747	322,612
Net cash from investing activities	(447,138)	27,933	(443,423)	(367,636)	(376,053)
Net cash from financing activities	260,641	(136,412)	84,538	93,523	89,460
Net increase in cash and cash equivalents	125,578	(18,363)	38,201	32,634	36,019
Effect of foreign exchange rate changes	(4,296)	(3,260)	0	0	0
Cash and cash equivalents at end of year*	424,748	403,125	441,326	473,960	509,979

Consolidated Statement of Profit or Loss

Year ended 31 Dec (RMB mn)	2020A	2021A	2022E	2023E	2024E
Gross written premiums	797,880	760,843	769,057	818,748	875,576
Net premiums earned	757,599	739,933	745,854	793,558	848,123
Reinsurance commission income	6,356	5,908	6,617	7,497	8,590
Interest income from banking operations	186,775	213,439	230,128	244,722	257,849
Fees and commission income from non-insurance operations	63,978	51,524	50,418	52,939	55,586
Investment income & interest revenue from non-banking operations	225,046	203,513	188,517	209,501	224,411
Share of profits and losses associates and jointly controlled entities	16,845	7,346	10,547	12,394	14,598
Other income	64,819	66,012	68,663	72,811	77,275
Total revenues	1,321,418	1,287,675	1,300,745	1,393,422	1,486,433
Insurance benefits and claims (net of reinsurers' share)	(614,751)	(618,662)	(634,706)	(680,219)	(725,798)
Commission expenses on insurance operations	(102,021)	(80,711)	(76,306)	(82,100)	(88,481)
Commission expenses on non-insurance operations	(12,216)	(9,940)	(9,889)	(10,386)	(10,885)
Interest expenses on banking operations	(86,371)	(92,071)	(98,668)	(102,920)	(107,327)
Net impairment losses on assets	(79,458)	(105,042)	(81,809)	(85,009)	(87,331)
General and administrative expenses	(181,166)	(177,061)	(174,457)	(181,170)	(188,982)
Foreign exchange gains	2,219	1,267	117	184	102
Interest expenses on non-banking operations	(26,436)	(28,082)	(31,190)	(35,049)	(39,523)
Other expenses	(33,454)	(37,793)	(36,783)	(37,409)	(39,462)
Total benefits, claims and expenses	(1,133,654)	(1,148,095)	(1,143,693)	(1,214,078)	(1,287,687)
Profit before income tax	187,764	139,580	157,052	179,344	198,746
Income tax expense	(28,405)	(17,778)	(26,558)	(30,654)	(33,986)
Net profit for the year	159,359	121,802	130,494	148,690	164,760
Attributable to:					
Owners of the parent	143,099	101,618	107,594	121,666	134,023

Sources: Company data, CMS(HK) estimates; *Cash and cash equivalents at the end of the year consists of parts of the following assets: cash and amounts due from banks and other financial institutions, balances with the Central Bank, bonds, and assets purchased under reverse repurchase agreements

Financial Ratios

	2020A	2021A	2022E	2023E	2024E
EPS for ordinary shares (RMB)	8.10	5.77	6.10	6.90	7.60
BVPS for ordinary shares (RMB)	41.7	44.4	49.5	53.3	57.6
Life NBV per share (RMB)	2.71	2.07	1.67	1.80	1.96
Life EV per share (RMB)	45.1	47.9	53.2	58.9	65.2
ROE (%)	20.0	13.0	12.5	12.9	13.2
GWP and policy fees growth yoy	0.4%	-4.6%	1.1%	6.5%	6.9%
New business value growth yoy	-34.7%	-23.6%	-19.5%	8.1%	8.7%
NBV margin on FYP	33.3%	27.8%	22.8%	23.4%	24.1%

Investment Ratings

Industry Rating	Definition
OVERWEIGHT	Expect sector to outperform the market over the next 12 months
NEUTRAL	Expect sector to perform in-line with the market over the next 12 months
UNDERWEIGHT	Expect sector to underperform the market over the next 12 months

Company Rating	Definition
BUY	Expect stock to generate 10%+ return over the next 12 months
HOLD	Expect stock to generate +10% to -10% over the next 12 months
SELL	Expect stock to generate loss of 10%+ over the next 12 months

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Hong Kong

China Merchants Securities (HK) Co., Ltd.
Address: 48/F, One Exchange Square, Central, Hong Kong
Tel: +852 3189 6888 Fax: +852 3101 0828