

## Company Report

### Ping An (2318 HK)

#### 3Q22 results in-line

- Life NBV down 26.6% yoy in 3Q22
- Number of individual agents slipped qoq
- Maintain BUY on valuation; TP slightly revised to HKD65.9

#### 3Q22 results broadly in-line

**Profitability:** In 3Q22, shareholders' operating profit increased by 3.8% yoy. Shareholders' NP dropped by 6.3% yoy partly due to investment performance and impact of discount rate change. **Life NBV:** Life NBV dropped by 26.6% yoy in 3Q22, vs. down 28.5% yoy in 1H22. The decrease in NBV was the result of agent force contraction, NBV margin decline (NBM on FYP dropped to 25.8% in 3Q22 from 30.7% in 3Q21), and the high base from 1Q21. **Life agent force:** Total number of agents in the individual business further dropped by ~6% qoq from 519k at end-1H22 to 488k at end-3Q22, or dropped by ~19% YTD from 600k at end-2021. The Company continued promoting the quality-oriented transformation of the agent force and emphasized that agent productivity measured by pre-agent NBV increased by 22% yoy in 3Q22. The proportion of agents with a college education background and above rose by 4.0 pps yoy as of end-September 30, 2022. Ping An Life raised the proportion of "Talent +" new agents in its agent channel by 10.3 pps yoy in 3Q22. **P&C:** Aggregate COR came in at 97.9% at end-3Q22 (vs. 97.3% in 3Q21 or 97.3% in 1H22). Operating profit of the P&C segment decreased by 21.3% yoy due to higher COR and lower investment incomes. **Banking:** Banking segment posted steady asset quality at end-3Q22, with virtually unchanged NPL ratio and provision coverage ratio. Net profit of the segment grew fast by 25.8% yoy in 3Q22. **Healthcare ecosystem strategy:** Ping An's healthcare ecosystem partnered with all top 100 hospitals and 3A hospitals, over 50,000 in-house doctors and contracted external doctors, and approximately 211,000 pharmacies in China as of end-3Q22.

#### Valuation, recommendation, and risks

Ping An is trading at ~0.36x 22E P/EV or ~0.6x 22E P/B, valuation undemanding. The negative NBV growth rate will not deteriorate 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 gradually upgraded agent team and the strengthened agent productivity. We revised down our 2022E NBV and 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 HKD71.4 to HKD65.9, 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	1,274,681	1,375,272	1,477,839
Shareholders' net profit	143,099	101,618	103,930	118,939	132,490
EPS (RMB)	8.1	5.8	5.9	6.7	7.5
BVPS (RMB)	41.7	44.4	49.4	53.2	57.5
P/E (x)	3.7	5.2	5.1	4.5	4.0
P/B (x)	0.7	0.7	0.6	0.6	0.5
P/EV (x)	0.41	0.39	0.36	0.33	0.30
ROE (%)	20.0	13.0	12.1	12.7	13.1

Sources: Company data, CMS (HK) estimates; Note: share price is as of Oct. 26, 2022

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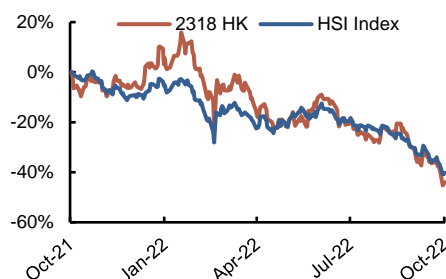
#### WHAT'S NEW

3Q22 results review; revised TP

### BUY

Previous	BUY
Price (Oct. 26, 2022)	HKD33.5
12-month Target Price (Potential up/downside)	HKD65.9 (+97%)
Previous	HKD71.4

#### Price Performance



Source: Wind

%	1m	6m	12m
2318 HK	(16.0)	(30.1)	(42.8)
HSI	(12.0)	(21.2)	(38.7)

#### Sector: Insurance

Hang Seng Index (Oct. 26, 2022)	15,318
HSCEI (Oct. 26, 2022)	5,218

#### Key Data

52-week range (HKD)	32.0-69.4
Market cap (HKD mn)	640,828
Avg. daily volume (mn)	27.9

#### 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

1. Ping An Insurance (2318 HK) Slower decline in NBV; Maintain BUY (BUY) (Aug. 24, 2022)
2. Ping An Insurance (2318 HK) - Quality-oriented reform of life business continued (BUY) (Apr. 30, 2022)
3. Ping An Insurance (2318 HK) - Life business under pressure (BUY) (Mar. 18, 2022)

## Focus charts

Figure 1: Ping An key 3Q22 results

(RMB mn)	3Q22	3Q21	yoy
<b>Life segment</b>			
Life FYP used to calculate NBV	100,001	114,749	-12.9%
Aggregate NBV	25,848	35,237	-26.6%
Aggregate NBM on FYP	25.8%	30.7%	
Operating profit	86,486	73,684	17.4%
Total number of individual agents (in thousands)	488	600 (end-2021)	-18.6%
<b>P&amp;C segment</b>			
Total P&C premium income	222,024	199,343	11.4%
Auto	145,692	135,468	7.5%
Non-auto	57,217	47,165	21.3%
Accident & Health	19,115	16,710	14.4%
Combined ratio (%)	97.9	97.3	
Operating profit	10,453	13,283	-21.3%
<b>Banking segment</b>			
Net interest margin % (Annualized)	2.77	2.76 (end-1H22)	
Non-performing loan ratio %	1.03	1.02 (end-1H22)	
Provision coverage ratio %	290.27	290.06 (end-1H22)	
Net profit	36,659	29,135	25.8%
<b>(RMB mn)</b>			
<b>Aggregate results *</b>			
Shareholders' operating profit	123,288	118,737	3.8%
Shareholders' net profit	76,463	81,638	-6.3%
Insurance biz net investment yield, annualized (%) ***	4.2	4.2	
Insurance biz total investment yield, annualized (%) ***	2.7	3.7	

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	28,968	31,505	30,508	32,993	-5.0%	-4.5%
Life EV	876,490	970,160	1,073,287	971,685	1,076,398	-0.2%	-0.3%
Shareholders' net profit for the year	101,618	103,930	118,939	107,594	121,666	-3.4%	-2.2%
Implied assumptions:							
New business value growth yoy	-23.6%	-23.6%	8.8%	-19.5%	8.1%		
New business value margin on FYP	27.8%	21.7%	22.3%	22.8%	23.4%		

Sources: Company data, CMS (HK) estimates

Figure 3: Life sector's key performance metrics

	PING AN (2318 HK) * (3Q22)	CHINA LIFE (2628 HK) (1H22)	NCI (1336 HK) (1H22)	CPIC (2601 HK) (1H22)
Shareholders' net profit yoy growth	-6.3%	-38.0%	-50.8%	-23.1%
ROE (unannualized)	19.9% **	5.2%	4.77%	5.7%
Shareholders' comprehensive income yoy growth	-4.9%	-49.0%	-95.7%	-40.1%
Agency channel performance				
Life agent headcount yoy growth	-18.7% ***	-35.1%	-27.9%	-51.3%
Agency Channel regular FYP yoy growth	n.a.	0.5%	-22.9%	-35.1%
Life NBV yoy growth	-26.6%	-13.8%	-48.4%	-45.3%
Net investment yield (annualized)	4.2%	4.15%	4.7%	3.9%
Total investment yield (annualized)	2.7%	4.21%	4.2%	3.9%

Sources: Company data, CMS (HK); Note: \* Ping An has adopted IFRS 9 since 2018; \*\* Annualized operating ROE; \*\*\* End-3Q22 YTD growth

Figure 4: Number of exclusive life insurance agents

('000)	2019	1H20	2020	1H21	3Q21	2021	1Q22	1H22	3Q22
Monthly average agent number: Ping An	1,200	1,108	1,055 *	940	706 **	796	538 ***	514	488 ****
Period end agent number: China Life	1,613	1,690	1,378	1,150	980	820	780	746	n.a.
Monthly average agent number: CPIC	790	766	749	641	n.a.	525	n.a.	312	n.a.
Period end agent number: NCI	507	526	606	441	n.a.	389	n.a.	318	n.a.
<b>Growth</b>	<b>hoh</b>	<b>hoh</b>	<b>yoy</b>	<b>YTD</b>	<b>YTD</b>	<b>yoy</b>	<b>YTD</b>	<b>YTD</b>	<b>YTD</b>
Monthly average agent number: Ping An	-2.83%	-7.67%	-12.08%	-10.90%	-31.02% **	-24.55%	-10.41% ***	-35.43%	-18.68% ****
Period end agent number: China Life	2.54%	4.77%	-14.57%	-16.55%	-28.88%	-40.49%	-4.88%	-9.02%	n.a.
Monthly average agent number: CPIC	-0.75%	-3.04%	-5.19%	-14.42%	n.a.	-29.91%	n.a.	-40.57%	n.a.
Period end agent number: NCI	31.35%	3.75%	19.53%	-27.23%	n.a.	-35.81%	n.a.	-18.25%	n.a.

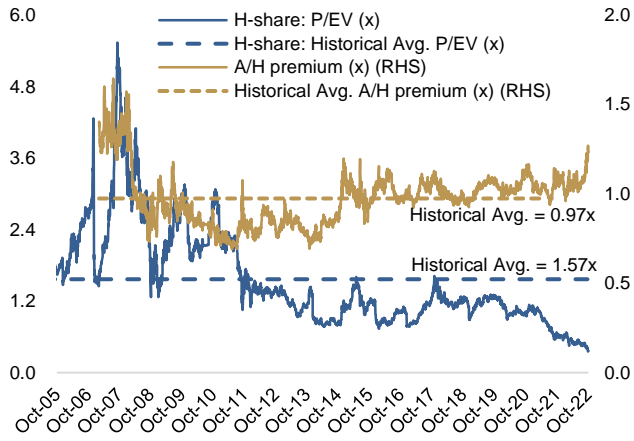
Sources: Company data, CMS (HK); Note: \*2021 revised data; \*\* 3Q21-end figure (706K) compared with 2020-end figure (1,024K); \*\*\* 1Q22-end figure (538K) compared with 2021-end figure (600K); \*\*\*\* 3Q22-end figure (488K) compared with 2021-end figure (600K)

Figure 5: Allocation of investment assets (1H22)

(RMB mn)	Ping An (2318 HK)		China Life (2628 HK)		CPIC (2601 HK)		NCI (1336 HK)	
	Carrying Value	Percentage	Carrying Value	Percentage	Carrying Value	Percentage	Carrying Value	Percentage
Term deposits	251,787	5.9%	510,832	10.3%	218,354	11.2%	186,747	16.4%
Debt financial assets	2,834,716	66.4%	3,187,833	64.1%	1,264,723	65.2%	578,471	50.7%
Equity financial assets	543,792	12.7%	559,247	11.2%	233,393	12.0%	179,891	15.8%
Other equity financial assets *	386,441	9.0%	297,335	6.0%	163,306	8.4%	111,619	9.8%
Other investment assets	135,598	3.2%	282,765	5.7%	11,624	0.6%	65,824	5.8%
Cash, cash equivalents and others	118,445	2.8%	139,070	2.8%	49,767	2.6%	17,813	1.6%
<b>Total</b>	<b>4,270,779</b>		<b>4,977,082</b>		<b>1,941,167</b>		<b>1,140,365</b>	

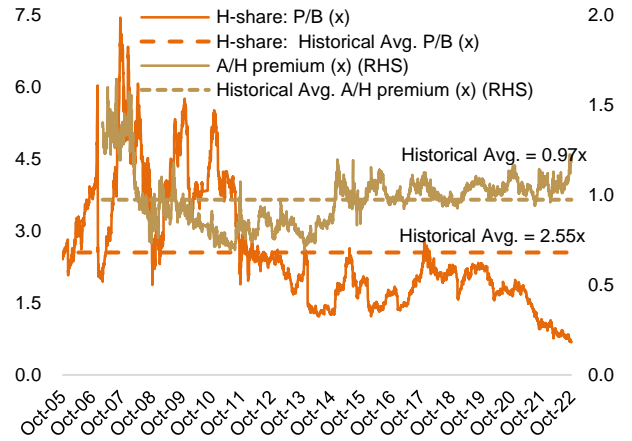
Sources: Company data, CMS (HK) estimates; \*Note: other equity financial assets may include equity asset management products, private equity, equity plans, unlisted equity investments, preferred shares, and long-term equity stakes and so on.

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 HKD65.9 per share, equivalent to ~0.7x 22E P/EV or ~1.2x 22E P/B (representing a ~55% discount to its historical average P/EV of ~1.6x and a ~53% discount to its historical average P/B of ~2.6x).

Figure 8: Ping An's SOTP valuation

Segment	Valuation (RMB mn)	Notes
<b>Life</b>		
2022E EV	970,160	
2022E NBV	28,968	
NBV multiple	0x	
EV multiple	0.75x	
Shareholders' appraisal value	<b>724,054</b>	<b>A</b>
<b>P&amp;C</b>		
2022E net assets	125,941	
P/B multiple	0.65x	
Shareholders' valuation	<b>81,485</b>	<b>B</b>
<b>Internet finance</b>		
Assumed average shareholding	45%	Assuming a total value of ~USD 9.1 bn
Shareholders' valuation	<b>29,484</b>	<b>C</b> Exchange rate: 1 USD = 7.2 RMB
<b>All other segments</b>		
<b>2022E net assets</b>		
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	<b>248,938</b>	<b>D</b>
<b>SOTP Valuation</b>		
Attributable to - owners of the parent	<b>1,083,961</b>	<b>E=A+B+C+D</b>
Total number of shares (mn)	18,280	
Valuation per share (RMB)	<b>59.3</b>	
Valuation per share (HKD)	<b>65.9</b>	Exchange rate: 1 HKD = 0.9 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
<b>HK Listed Peers</b>															
Ping An	2318 HK	BUY	33.5	65.9	89,474	0.36	0.33	5.1	4.5	0.61	0.57	12.1	12.7	5.9	6.7
China Life	2628 HK	BUY	9.0	17.7	90,715	0.17	0.15	5.3	4.8	0.45	0.43	8.8	9.1	6.8	7.5
China Pacific	2601 HK	BUY	12.5	24.3	22,264	0.19	0.17	4.6	4.2	0.45	0.42	10.0	10.4	7.8	8.6
New China Life	1336 HK	BUY	13.4	26.5	8,812	0.13	0.12	3.6	2.9	0.33	0.30	9.4	11.0	8.3	10.5
ZA Online	6060 HK	BUY	15.2	30.9	2,917	n.a.	n.a.	n.a.	17.9	1.13	1.07	0.03	6.2	0.0	0.0
China Taiping *	966 HK	NR	5.7	n.a.	2,674	n.a.	n.a.	3.6	2.7	0.23	0.22	6.8	8.5	6.5	8.0
PICC Group *	1339 HK	NR	2.2	n.a.	27,004	n.a.	n.a.	3.6	3.2	0.39	0.35	10.9	11.3	8.7	9.2
PICC P&C *	2328 HK	NR	7.6	n.a.	21,451	n.a.	n.a.	5.5	5.0	0.70	0.64	13.1	13.3	7.3	7.9
China Re *	1508 HK	NR	0.4	n.a.	2,408	n.a.	n.a.	3.7	2.6	0.18	0.17	5.3	6.8	7.4	11.3
AIA *	1299 HK	NR	59.1	n.a.	92,496	n.a.	n.a.	26.8	12.6	1.78	1.60	7.0	14.1	2.5	2.8
<b>Arithmetic Average</b>						<b>0.21</b>	<b>0.19</b>	<b>6.9</b>	<b>6.0</b>	<b>0.63</b>	<b>0.58</b>	<b>8.3</b>	<b>10.3</b>	<b>6.1</b>	<b>7.2</b>
<b>Weighted Average</b>						<b>0.25</b>	<b>0.23</b>	<b>10.5</b>	<b>6.6</b>	<b>0.84</b>	<b>0.77</b>	<b>9.6</b>	<b>11.8</b>	<b>5.7</b>	<b>6.3</b>
<b>China A-share Listed Peers *</b>															
Ping An	601318 CH	NR	37.7	n.a.	89,473	n.a.	n.a.	6.0	4.9	0.77	0.73	13.0	14.8	6.6	7.0
China Life	601628 CH	NR	28.3	n.a.	90,715	n.a.	n.a.	17.9	14.6	1.60	1.48	9.1	11.1	2.0	2.5
China Pacific	601601 CH	NR	18.6	n.a.	22,264	n.a.	n.a.	7.5	6.1	0.76	0.70	10.6	12.3	5.1	6.0
New China Life	601336 CH	NR	24.1	n.a.	8,812	n.a.	n.a.	7.3	5.3	0.67	0.61	9.9	12.2	4.2	5.6
PICC Group	601319 CH	NR	5.0	n.a.	27,004	n.a.	n.a.	8.6	7.7	0.94	0.86	11.1	11.3	3.6	3.8
<b>Arithmetic Average</b>								<b>9.5</b>	<b>7.7</b>	<b>0.95</b>	<b>0.87</b>	<b>10.7</b>	<b>12.3</b>	<b>4.3</b>	<b>5.0</b>
<b>Weighted Average</b>								<b>11.0</b>	<b>9.1</b>	<b>1.10</b>	<b>1.02</b>	<b>11.0</b>	<b>12.6</b>	<b>4.3</b>	<b>4.8</b>

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
<b>Global Peers *</b>															
GREAT-WEST LIFEC	GWO CN	NR	30.3	n.a.	20,812	n.a.	n.a.	8.7	8.1	1.19	1.15	13.8	14.9	6.5	7.0
MUENCHENER RUE-R	MUV2 GR	NR	265.5	n.a.	37,462	n.a.	n.a.	14.0	9.5	1.56	1.40	9.9	15.8	4.4	4.6
HANNOVER RUECK S	HNR1 GR	NR	163.6	n.a.	19,843	n.a.	n.a.	14.5	10.9	2.06	1.82	12.9	18.2	3.7	3.9
METLIFE INC	MET US	NR	70.9	n.a.	56,511	n.a.	n.a.	9.9	8.5	1.75	1.72	10.8	13.5	2.8	2.9
PRUDENTIAL PLC	PRU LN	NR	819.6	n.a.	26,206	n.a.	n.a.	10.7	8.3	1.47	1.28	12.7	16.4	1.9	2.0
AFLAC INC	AFL US	NR	62.0	n.a.	39,154	n.a.	n.a.	11.7	11.5	1.50	1.42	12.3	12.4	2.6	2.8
MANULIFE FIN	MFC CN	NR	22.1	n.a.	31,003	n.a.	n.a.	7.1	6.7	0.83	0.81	12.0	12.0	5.9	6.4
ALLIANZ SE-VINK	ALV GR	NR	177.7	n.a.	73,165	n.a.	n.a.	10.4	7.5	1.18	1.10	10.1	15.2	6.4	6.8
SAMSUNG LIFE INS	032830 KS	NR	65,400.0	n.a.	9,447	n.a.	n.a.	10.5	8.5	0.44	0.42	3.4	4.9	4.4	5.0
AEGON NV	AGN NA	NR	4.4	n.a.	9,358	n.a.	n.a.	11.4	5.8	0.43	0.41	2.7	6.9	5.2	6.1
AXA SA	CS FP	NR	24.8	n.a.	58,475	n.a.	n.a.	8.1	7.5	1.05	0.98	11.7	13.1	6.7	7.1
DAI-ICHI LIFE	8750 JP	NR	2,363.0	n.a.	16,475	n.a.	n.a.	6.4	9.0	0.48	0.58	7.2	5.7	3.5	3.7
<b>Average</b>								<b>10.3</b>	<b>8.5</b>	<b>1.16</b>	<b>1.09</b>	<b>10.0</b>	<b>12.4</b>	<b>4.5</b>	<b>4.9</b>

Sources: Company data, Bloomberg, CMS (HK) estimates; Prices are as of Oct. 26, 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	329,613	351,613	377,712
Financial Assets excl. policy loans, repo and derivative	4,644,966	4,892,417	5,391,903	5,852,039	6,367,626
Cash and amounts due from central banks, banks and other financial institutions	880,129	905,949	1,026,533	1,123,603	1,233,244
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	176,076	203,828	254,199
<b>Total assets</b>	<b>9,527,870</b>	<b>10,142,026</b>	<b>11,322,475</b>	<b>12,357,605</b>	<b>13,541,491</b>
Insurance contracts	2,972,460	3,261,354	3,522,765	3,806,274	4,115,087
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	1,087,174	1,246,546	1,452,787
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	140,278	151,162	162,200
Policyholder dividends payable	63,806	67,276	66,681	65,159	62,618
Accounts payable	5,148	6,663	8,157	8,655	9,278
Insurance payables	139,528	150,767	164,598	180,926	198,886
Bonds payable	901,285	1,097,523	1,332,661	1,553,322	1,817,698
Derivative financial liabilities	48,579	35,049	40,306	44,337	48,771
Other liabilities	337,201	358,432	444,531	466,996	495,167
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
<b>Total liabilities</b>	<b>8,539,965</b>	<b>9,064,303</b>	<b>10,162,309</b>	<b>11,100,970</b>	<b>12,176,349</b>
Share capital	18,280	18,280	18,280	18,280	18,280
Reserves and retained earnings	744,280	794,125	884,235	953,987	1,032,092
Non-controlling interests	225,345	265,318	257,652	284,367	314,770
<b>Total equity</b>	<b>987,905</b>	<b>1,077,723</b>	<b>1,160,167</b>	<b>1,256,634</b>	<b>1,365,142</b>
Attributable to:					
- Owners of the parent	762,560	812,405	902,515	972,267	1,050,372

### Consolidated Cash Flow Statement

Year ended 31 Dec (RMB mn)	2020A	2021A	2022E	2023E	2024E
Net cash from operating activities	312,075	90,116	423,514	328,242	338,337
Net cash from investing activities	(447,138)	27,933	(469,869)	(390,220)	(392,550)
Net cash from financing activities	260,641	(136,412)	84,581	94,660	90,310
<b>Net increase in cash and cash equivalents</b>	<b>125,578</b>	<b>(18,363)</b>	<b>38,226</b>	<b>32,682</b>	<b>36,097</b>
Effect of foreign exchange rate changes	(4,296)	(3,260)	0	0	0
<b>Cash and cash equivalents at end of year*</b>	<b>424,748</b>	<b>403,125</b>	<b>441,351</b>	<b>474,033</b>	<b>510,130</b>

### Consolidated Statement of Profit or Loss

Year ended 31 Dec (RMB mn)	2020A	2021A	2022E	2023E	2024E
Gross written premiums	797,880	760,843	771,216	823,528	883,636
Net premiums earned	757,599	739,933	747,912	798,099	855,775
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	160,394	186,809	208,166
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
<b>Total revenues</b>	<b>1,321,418</b>	<b>1,287,675</b>	<b>1,274,681</b>	<b>1,375,272</b>	<b>1,477,839</b>
Insurance benefits and claims (net of reinsurers' share)	(614,751)	(618,662)	(612,296)	(663,815)	(716,558)
Commission expenses on insurance operations	(102,021)	(80,711)	(76,520)	(82,627)	(89,398)
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)	(174,782)	(182,000)	(190,429)
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)
<b>Total benefits, claims and expenses</b>	<b>(1,133,654)</b>	<b>(1,148,095)</b>	<b>(1,121,822)</b>	<b>(1,199,031)</b>	<b>(1,280,810)</b>
<b>Profit before income tax</b>	<b>187,764</b>	<b>139,580</b>	<b>152,859</b>	<b>176,241</b>	<b>197,029</b>
Income tax expense	(28,405)	(17,778)	(26,047)	(30,291)	(33,810)
<b>Net profit for the year</b>	<b>159,359</b>	<b>121,802</b>	<b>126,812</b>	<b>145,949</b>	<b>163,219</b>
Attributable to:					
<b>Owners of the parent</b>	<b>143,099</b>	<b>101,618</b>	<b>103,930</b>	<b>118,939</b>	<b>132,490</b>

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	5.89	6.75	7.51
BVPS for ordinary shares (RMB)	41.7	44.4	49.4	53.2	57.5
Life NBV per share (RMB)	2.71	2.07	1.58	1.72	1.87
Life EV per share (RMB)	45.1	47.9	53.1	58.7	64.9
ROE (%)	20.0	13.0	12.1	12.7	13.1
GWP and policy fees growth yoy	0.4%	-4.6%	1.4%	6.8%	7.3%
New business value growth yoy	-34.7%	-23.6%	-23.6%	8.8%	8.7%
NBV margin on FYP	33.3%	27.8%	21.7%	22.3%	23.0%

## 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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