

CPIC (2601 HK)

Steam ahead with doubled 2Q net profit and strong NBV uptrend; revise up TP

BUY (Maintain)

Target Price **HK\$28.30**
 (Previous TP) HK\$24.80
Up/Downside **37.7%**
Current Price **HK\$20.55**

China Insurance

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Stock Data

Mkt Cap (HK\$ mn)	197,698.0
Avg.3 months t/o (HK\$ mn)	234.3
52w High/Low (HK\$)	22.15/12.92
Total Issued Shares (mn)	9620.3

Source: FactSet

Shareholding Structure

Schroders PLC	8.0%
JPMorgan Chase & Co.	7.1%

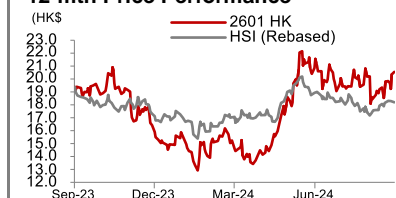
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	1.7%	-2.6%
3-mth	0.7%	2.9%
6-mth	34.8%	26.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Auditor: PwC

Related reports:

- CPIC (2601 HK) - VNB growth accelerated; NP turned positive YoY, May 6, 2024 ([link](#))
- China Life (2628 HK) - Strong lift in banca NBV margin; investment income may continue to rebound in 2H24, Sep 2, 2024 ([link](#))
- PICC P&C (2328 HK) - CoR sequentially improved turning to positive 2Q net profit growth; first interim dividend in place, Aug 30, 2024 ([link](#))
- Ping An (2318 HK) - 2Q NBV stabilized against a high base; expect to see Group OPAT turnaround, Aug 27, 2024 ([link](#))
- AIA Group Ltd. (1299 HK) - 1H24 VNB beat with margin recovery; expect total >US\$7bn cash returns to shareholders in FY24, Aug 26, 2024 ([link](#))

CPIC delivered robust 1H results. Group net profit grew 37.1% YoY to RMB 25.1bn, translating to a nearly doubled 2Q net profit at RMB13.3bn, leading peers once again after 1Q bottom-line first turned into positive growth among CN insurers. Life and P&C net profit was up 43.0%/18.6% YoY to RMB 20bn/4.8bn, supported by strong underwriting and better-than-expected investment. Life NBV remained strong in 2Q, rising 13.5% YoY to RMB3.8bn on top of a solid comparative. We see continued margin expansion in agency (+2.6pct) and bancassurance (+5.6pct), which fuelled NBV uptrend amid structure optimization. Contractual service margin (CSM), the stock of future unearned profit, lifted 2.7% from year-start, 1.9pct higher than the growth in 1H23 indicative of the insurer's accretive life profitability from new business contribution (+0.5pct) and efficient operating variances (+1.3pct) to reflect changes in financial risks of insurance contracts subject to the VFA. Total investment income rallied 46.5% YoY and fair value gains surged 2.93x in 1H, aligning to increasing allocations in FVOCI equities and FVTPL assets, in our view. We revise up our price target to HK\$28.3 (previous HK\$24.8), implying FY24E 0.4x P/EV and 0.9x P/BV. **Reiterate BUY; maintain the stock as our sector top-pick.**

■ **Expect FY24E NBV to sustain mid-to-high teen growth.** Driven by margin expansion and restated comparatives under new EV assumptions by end-FY23, we see resilient NBV growth by 22.8% YoY to RMB9.0bn in 1H24, equivalent to 13.5% YoY increase in 2Q24 on top of a strong base boosted by FYP sales. In 2H24, we expect the product mix shifting to participating policies to gain traction in Sep; and despite lower margins for par than traditional products, full-year NBV could sustain growth at a mid-to-high teen level, thanks to solid 1H results. Total no. of core agents stabilized at 60k in 1H24, +0.8% YoY, contributing to 21.5% YoY increase in agency NBV to RMB7.2bn. Banca NBV rose 26.6% YoY to RMB 1.7bn driven by margin expansion. In the long run, mgmt. expects traditional and participating products to balance in mix and FYP of par to take more than 50%. Driven by a robust transfer from NBV, life OPAT grew 1.8% YoY to RMB15.2bn, despite a slight decrease of CSM release by 1.7% YoY to RMB13.1bn. Looking ahead, we expect Group OPAT to grow by a low single-digit over next 2-3 years.

■ **P&C CoR down by 0.8pct bucking the trend amid rising claims.** CPIC P&C achieved an improved CoR by 0.8pct to 97.1% in 1H24, thanks to a 0.8pct decline in claims ratio and a flat expense ratio at 27.5%. Auto CoR was down 0.9pct to 97.1% in 1H24, driven by evident expense rate cuts (-1.5pct) to 25.7% to compensate for a rising claims ratio (+0.6pct) at 71.4%. This CoR improvement lifted 1H24 underwriting profit by 47.6% YoY to RMB2.7bn, transferring to 56.7% YoY in 2Q24 (CMBI est). Ranking third in P&C industry, the insurer consistently gained share from the top two peers, taking 12.3% share of total premiums by end-Jun (+0.3pct YoY). Looking ahead, we expect auto would continue to be the focus of business development and innovative lines as of health, liability and commercial property still enjoy ample room for sustainable cost reductions. Non-auto CoR was 97.2%, down 0.7pct YoY with lower CoR from health/agriculture/commercial property by 0.4pct/0.3pct/1.2pct. We revise our full-year auto/non-auto premium growth est. to 4.2%/12.5% YoY (previous: 5.4%/10.8%).

■ **Effective barbell with increased FVOCI high-yield stocks and FVTPL.** CPIC gained better-than-peers annualized total investment yield at 5.4% (CMBI est), +1.4pct YoY and comprehensive yield at 6.0% (CMBI est), +1.8pct YoY in 1H24. Despite a modest decline in interest income (-5.3%) given a descending yield curve, net investment income rose 1.7% YoY thanks to 25.5% dividend growth. We align this to increased proportions of high-yield stocks under FVOCI, of which FVOCI equities edged up 24% from year start, making up 55% of total stocks by 1H24. FVTPL assets were up 11.4% from year-start to RMB 647.8bn, leading the surge in fair value gains by 2.93x YoY to RMB20.9bn. Unlike peers, CPIC increased bond and stock investments by 17.3%/17.4% from year start, to strike

a balance between A/L duration match and higher investment income. Looking ahead, we expect increasing par sales could help trim cost of liability subject to the VFA under IFRS 17 standards, given majority of changes in financial risks of insurance contracts under VFA could be net off against a floating interest rate. Heading into 2H24, we expect to see investment income to rebound on a low base.

- Valuation.** We revise up our price target to HK\$28.3 (previous: HK\$24.8), based on SOTP, implying an upside of 14.1%. In our SOTP valuation, 1) CPIC Life is valued through the appraisal value to reflect updated sensitivity movements on value in-force (VIF) and NBV; 2) CPIC P&C is valued by P/B-ROE based on Gordon Growth, given an implied FY24E P/B at 0.78x (previous: 0.71x); 3) Group and Others are valued on 0.7x FY24E book value; 4) 10% conglomerate discount ([Table](#)). Key rationale: 1) positive life and P&C OPAT growth driven by the NBV uptrend and operational efficiency; 2) low cost of liability with a guided breakeven investment yield below 2.5%, outpacing major peers; and 3) flexible investment strategy to net off changes in financial risks of insurance contracts under the VFA. Our new TP implies FY24E 0.48x P/EV and 0.89x P/BV, as shown in [Table](#). The stock is trading at FY24E 0.31x P/EV and 0.64x P/BV, implying a 5.7% yield. **Reiterate BUY, and maintain the stock as our sector top-pick.**

- Key risks:** weaker-than-expected participating policy sales; increased 3Q NAT CAT claims to worsen CoR; slackened new car sales; regulatory uncertainties; a prolonged low interest rate environment and fluctuating equity market.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Net profit (RMB mn)	38,222	27,911	33,952	36,385	40,426
EPS (Reported)(RMB)	2.56	2.83	3.45	3.70	4.11
Consensus EPS (RMB)	n.a	n.a	3.43	3.71	3.99
P/B (x)	0.8	0.7	0.6	0.6	0.5
P/Embedded value (x)	0.3	0.3	0.3	0.3	0.3
Dividend yield (%)	5.5	5.5	5.7	5.9	6.1
ROE (%)	12.6	12.2	12.3	12.2	12.1

Source: Company data, Bloomberg, CMBIGM estimates

Valuation based on SOTP

(RMB mn, %)	Forward EV/BV	Ownership (%)	2601 HK
FY24E L&H Embedded value, unadjusted	438,025		
Adjustment reflecting risk discount rate change	(163,125)		
Adjustment reflecting investment return change	(54,084)		
FY24E L&H Embedded value, adjusted	220,816	98.29%	217,040
PV(Total VNB)			(17,338)
Target valuation (RMB mn), fair value			199,702
Target P/EV (x)			0.46x
FY24E P&C Shareholders' equity	63,381	100.00%	63,381
Target P/B (x)			0.78x
Target valuation (RMB mn)			49,222
Group Co. and others	38,316	100.00%	38,316
Target P/B (x)			0.7x
Target valuation (RMB mn)			26,821
Total valuation			275,745
Conglomerate discount (%)			10.0%
Target price (HK\$)			28.30
Implied P/BV			0.89x
Implied P/EV			0.43x
No. of shares outstanding (mn)	9,620		
CNYHKD assumption	1.10		

Source: CMBIGM estimates

CPIC (2601 HK): 1H24/2Q24 key financial metrics

Fig. 1: CPIC Group/Life/P&C IFRS metrics

(RMB mn, %)	1H24	1H23	Y/Y %	2Q24	2Q23	Y/Y %	1Q24	1Q23	Y/Y %
Profitability & NAV under IFRS 9 & 17:									
Insurance revenue :	137,019	134,064	2.2%	70,051	68,674	2.0%	66,968	65,390	2.4%
Life	41,835	42,865	-2.4%						
LT life insurance	36,513	36,589	-0.2%						
ST life insurance	5,322	6,276	-15.2%						
P&C	93,076	89,320	4.2%						
Auto	52,361	49,924	4.9%						
Non-auto	40,715	39,396	3.3%						
Insurance service expenses:	(116,298)	(114,898)	1.2%	(59,172)	(59,283)	-0.2%	(57,126)	(55,615)	2.7%
Life	(25,926)	(27,613)	-6.1%						
LT life insurance	(20,482)	(21,619)	-5.3%						
ST life insurance	(5,444)	(5,994)	-9.2%						
P&C	(88,119)	(85,583)	3.0%						
Auto	(49,884)	(48,245)	3.4%						
Non-auto	(38,235)	(37,338)	2.4%						
Net profit attributable to shareholders:	25,132	18,332	37.1%	13,373	6,706	99.4%	11,759	11,626	1.1%
Life	20,055	14,023	43.0%						
P&C	4,792	4,041	18.6%						
Net asset value attributable to shareholders	267,310	249,586	7.1%	267,310	249,586	7.1%	257,885	249,586	3.3%

Source: Company data, CMBIGM

Fig. 2: CPIC Life insurance revenue composition

(RMB mn, %)	1H24	1H23	Y/Y %	2023	2022	Y/Y %	2H23	2H22	Y/Y %
Non-PAA contracts:	41,768	41,624	0.3%	82,966	81,310	2.0%	41,342	39,201	5.5%
Release of CSM	13,091	13,314	-1.7%	26,202	27,870	-6.0%	12,888	13,601	-5.2%
Risk adjustment for non-financial risks	674	729	-7.5%	1,274	1,175	8.4%	545	587	-7.2%
Exp. incurred claims and expenses	16,026	15,701	2.1%	31,983	29,166	9.7%	16,282	13,500	20.6%
Experience adj. to current/past service	1,076	1,062	1.3%	1,755	1,377	27.5%	693	553	25.3%
Recovery of IACF	10,901	10,818	0.8%	21,752	21,722	0.1%	10,934	10,960	-0.2%
PAA contracts	95,251	92,440	3.0%	183,201	168,435	8.8%	90,761	39,201	131.5%
Group insurance revenue	137,019	134,064	2.2%	266,167	249,745	6.6%	132,103	78,402	68.5%

Source: Company data, CMBIGM

Fig. 3: Group EV metrics & Solvency ratios (%)

(RMB mn, %)	1H24	2023	Chg. %
Life EV	435,894	402,027	8.4%
Life VIF, after CoC	252,251	242,108	4.2%
Life ANW	183,643	159,919	14.8%
Group EV	568,766	529,493	7.4%
Group VIF, after CoC	247,944	237,974	4.2%
Group ANW	320,822	291,519	10.1%
Group VIF as a % of Life VIF (%)	98.29%	98.29%	
EV Investment experience variance	6,480	(4,316)	n.a
EV Operating experience variance	4,852	1,156	319.7%

CROSS-II Solvency ratios (%):	1H24	2023	Chg. %
Group core solvency ratio (%)	172.92	170.72	1.3pct
Group comprehensive solvency ratio (%)	251.48	256.68	-2.0pct

Source: Company data, CMBIGM

Fig. 4: CPIC Life key metrics

(RMB mn, %)	1H24	1H23	Y/Y %	2Q24	2Q23	Y/Y %	1Q24	1Q23	Y/Y %
NBV	9,037	7,361	22.8%	3,846	3,390	13.5%	5,191	3,971	30.7%
NBV like-for-like*	9,037	6,977	29.5%	3,846	3,006	27.9%	5,191	3,971	30.7%
Agency NBV	7,219	5,940	21.5%						
Agency NBV contribution %	79.9%	80.7%	-0.8 pct						
Bancassurance NBV	1,748	1,381	26.6%						
Bancassurance NBV contribution %	19.3%	18.8%	0.6 pct						
Group & Other channels NBV	70	40	75.0%						
Group & Others NBV contribution %	0.8%	0.5%	0.2 pct						
NBV margin (FYAP basis)	18.7%	13.4%	5.3 pct						
Agency NBV margin	30.6%	27.8%	2.7 pct						
Bancassurance NBV margin	12.5%	6.9%	5.6 pct						
Group & Others NBV margin	0.7%	0.3%	0.4 pct						
IFRS metrics:	1H24	2023	%						
Contract service margin (CSM)	332,576	323,974	2.7%						
For non-PAA contracts	335,404	325,726	3.0%						
For PAA contracts	(2,828)	(1,752)	61.4%						
CROSS-II Solvency ratios (%):	2Q24	1Q24	Q/Q %	1Q24	4Q23	Q/Q %	4Q23	3Q23	Q/Q %
CPIC Life core solvency ratio (%)	121.15	107.86	13.3 pct	107.86	116.98	-9.1 pct	116.98	115.74	1.2 pct
CPIC Life comprehensive solvency ratio (%)	205.30	195.76	9.5 pct	195.76	209.79	-14.0 pct	209.79	208.42	1.4 pct

Source: Company data, CMBIGM estimate

Note: NBV like-for-like restates the 1H23 comparative based on new actuarial assumptions by end-FY23 (RDR at 9% and long-run investment return at 4.5%). 2Q24 NBV is based on CMBI estimate.

Premiums income breakdown	1H24	1H23	Y/Y %	2Q24	2Q23	Y/Y %	1Q24	1Q23	Y/Y %
First-year premiums (FYP)	49,020	55,561	-11.8%	16,229	22,900	-29.1%	32,791	32,661	0.4%
First-year regular premiums (FYRP)	18,194	24,080	-24.4%	7,609	12,731	-40.2%	10,585	11,349	-6.7%
<i>as a % of Total FYP</i>	37.1%	43.3%	-6.2 pct	46.9%	55.6%	-8.7 pct	32.3%	34.7%	-2.5 pct
First-year single premiums (FYSP)	30,826	31,481	-2.1%	8,620	10,169	-15.2%	22,206	21,312	4.2%
<i>as a % of Total FYP</i>	62.9%	56.7%	6.2 pct	53.1%	44.4%	8.7 pct	67.7%	65.3%	2.5 pct
Renewals	120,865	113,854	6.2%	47,767	38,098	25.4%	73,098	75,756	-3.5%
Gross written premiums (GWP)	170,105	169,574	0.3%	64,155	61,117	5.0%	105,950	108,457	-2.3%
Annualized Premiums Earned (APE)	21,299	27,244	-21.8%	8,487	13,760	-38.3%	12,812	13,484	-5.0%
Premium income by distribution:									
Agency FYP (incl. ST insurance)	24,520	22,286	10.0%	8,396	10,009	-16.1%	16,124	12,277	31.3%
Agency FYRP	18,194	17,506	3.9%	7,609	9,063	-16.0%	10,585	8,443	25.4%
<i>as a % of FYP</i>	74.2%	78.6%	-4.4 pct	90.6%	90.5%	0.1 pct	65.6%	68.8%	-3.1 pct
Bancassurance FYP (incl ST insurance)	13,980	20,092	-30.4%	5,262	8,947	-41.2%	8,718	11,145	-21.8%
Group FYP	10,520	13,183	-20.2%	2,571	3,944	-34.8%	7,949	9,239	-14.0%
Premium income by product:									
Traditional	106,437	100,375	6.0%						
Long-term health	27,662	28,618	-3.3%						
Other traditional	78,775	71,757	9.8%						
Participating	38,100	43,415	-12.2%						
Universal	16,399	13,960	17.5%						
Tax-deferred pensions	28	37	-24.3%						
Short-term accident and health	9,141	11,787	-22.4%						
Traditional as a % of GWP	62.6%	59.2%	3.4 pct						
<i>Traditional LT Health as a % of GWP</i>	16.3%	16.9%	-0.6 pct						
Participating as a % of GWP	22.4%	25.6%	-3.2 pct						
<i>Traditional + Participating %</i>	85.0%	84.8%	0.2 pct						
Other operating metrics:									
1) Agent productivity:									
Monthly avg. no. of agents (mn)	0.18	0.22	-16.4%						
Agent activity rate (%)	73.80	69.70	5.9%						
No. of core agents (thousands)	60.0	59.5	0.8%						
Core agent FYP (RMB per month)	64,637	58,442	10.6%						
Core agent FYC (RMB per month)	8,219	7,888	4.2%						
2) Life policy persistency ratio (%):									
13-month persistency	96.90	95.40	1.5 pct						
25-month persistency	91.70	84.10	7.6 pct						
3) Surrender:									
Surrender rate (%)	0.90	0.80	0.1 pct						

Source: Company data, CMBIGM

Fig. 5: CPIC P&C key metrics

(RMB mn, %)	1H24	1H23	Y/Y %	2Q24	2Q23	Y/Y %	1Q24	1Q23	Y/Y %
Underwriting combined ratio (CoR, %):	97.10	97.90	-0.8 pct						
Auto combined ratio	97.10	98.00	-0.9 pct						
Non-auto combined ratio	97.20	97.90	-0.7 pct						
Loss ratio (%)	69.60	70.40	-0.8 pct						
Auto loss ratio	71.40	70.80	0.6 pct						
Expense ratio (%)	27.50	27.50	0.0 pct						
Auto expense ratio	25.70	27.20	-1.5 pct						
P&C underwriting profits (RMB mn)	2,712	1,838	47.6%						
P&C premium income by product:									
Auto GWP	136,211	133,537	2.0%	51,347	47,026	9.2%	84,864	86,511	-1.9%
NEV auto premiums yoy%	41.7%	65.1%							
Non-auto GWP	59,636	52,938	12.7%	23,622	21,292	10.9%	36,014	31,646	13.8%
Liability	12,459	11,143	11.8%						
Health	16,132	13,293	21.4%						
Agriculture	13,650	12,434	9.8%						
Commercial property	4,542	3,706	22.6%						
Others	12,853	12,362	4.0%						
P&C Total GWP	111,803	103,703	7.8%	49,312	46,160	6.8%	62,491	57,543	8.6%
P&C premium income by distribution:									
Agency	58,003	55,622	4.3%						
Direct	37,974	34,547	9.9%						
Brokerage	15,826	13,534	16.9%						
P&C combined ratios by product:									
Auto	97.10	98.00	-0.9 pct						
Non-auto:	97.20	97.90	-0.7 pct						
Liability	99.40	99.40	0.0 pct						
Health	100.80	101.20	-0.4 pct						
Agriculture	97.80	98.10	-0.3 pct						
Guarantee/Commercial property	94.10	95.30	-1.2 pct						
P&C UW profits by product:									
Auto	1,542	981	57.2%						
Non-auto:	1,635	1,362	20.0%						
Liability	69	50	38.0%						
Health	(37)	(99)	-62.6%						
Agriculture	184	134	37.3%						
Guarantee/Commercial property	230	168	36.9%						
CROSS-II Solvency ratios (%):									
CPIC P&C core solvency ratio (%)	172.52	170.15	2.4 pct	170.15	164.08	6.1 pct	164.08	154.67	9.4 pct
CPIC P&C comprehensive solvency ratio (%)	220.01	218.23	1.8 pct	218.23	213.77	4.5 pct	213.77	204.66	9.1 pct

Source: Company data, CMBIGM

Fig. 6: CPIC investment key metrics

(RMB mn, %)	1H24	1H23	Y/Y %
Net investment yield (%), <i>annualized</i>	3.61	4.03	-0.4 pct
Total investment yield (%), <i>annualized</i>	5.41	4.03	1.4 pct
Comprehensive yield (%), <i>annualized</i>	6.02	4.23	1.8 pct
P/L investment items:			
Net investment income (RMB mn)	39,089	38,432	1.7%
<i>Interest income</i>	27,769	29,320	-5.3%
<i>Dividend income</i>	10,974	8,745	25.5%
<i>Investment property rentals</i>	346	367	-5.7%
Total investment income (RMB mn)	56,037	38,249	46.5%
<i>G/L on securities trading</i>	(3,957)	(4,776)	-17.1%
<i>G/L on fair value changes in FA</i>	20,945	5,333	292.7%
<i>FA impairment loss</i>	84	(1,147)	n.a
B/S investment items:			
Total investment assets (RMB mn)	2,456,027	2,118,655	15.9%
Non-public financing instruments(NPFIs)	353,001	408,892	-13.7%
<i>NPFIs as a % of total investment assets</i>	14.4%	19.3%	-4.9 pct
Mix by types%:			
<i>Cash & cash equivalents %</i>	2.6%	1.5%	1.1 pct
<i>FICC-related assets %</i>	82.9%	82.9%	0.0 pct
<i>Equity-related assets %</i>	14.9%	14.5%	0.4 pct
<i>Investment property %</i>	0.4%	0.5%	-0.1 pct
Mix by financial assets measurement%:			
<i>FA at amortized costs (AC)</i>	2.7%	3.7%	-0.9 pct
FA at fair value through other comprehensive income (FVOCI)	59.7%	59.8%	-0.1 pct
<i>FVOCI-D</i>	54.7%	55.4%	-0.7 pct
<i>FVOCI-E</i>	4.9%	4.4%	0.6 pct
FA at fair value through p/l (FVTPL)	26.4%	25.8%	0.5 pct
<i>Share of associates and joint ventures</i>	0.9%	1.0%	-0.1 pct
<i>Others</i>	10.3%	9.7%	0.6 pct

Fig. 7: Key per share data

Per share data (RMB, %)	1H24	1H23	Y/Y %
EPS, basic	2.61	1.91	36.6%
NBV per share	0.94	0.77	22.8%
	1H24	2023	Chg. %
BPS	27.8	25.9	7.1%
EVPS	59.1	55.0	7.4%

Source: Company data, CMBIGM

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Insurance revenue		249,745	266,167	278,798	303,778	333,957
Insurance service expenses		(213,988)	(231,023)	(241,878)	(263,386)	(289,416)
Net expenses from reinsurance contracts held		(2,818)	(1,439)	(1,154)	(1,431)	(1,534)
Insurance service results		32,939	33,705	35,765	38,961	43,007
Net finance (expenses)/income from insurance contracts		(58,074)	(46,741)	(75,417)	(79,188)	(87,286)
Net finance (expenses)/income from reinsurance contracts		1,108	1,174	1,036	0	0
Interest income		0	58,262	57,680	60,457	65,850
Net investment income		77,048	(4,273)	32,855	32,482	36,432
Other gains/(losses) from changes in fair value		24	23	1	0	0
Net investment results		20,106	8,445	16,155	13,751	14,996
Other income		3,984	4,129	4,073	4,183	4,375
Other expenses		(16,032)	(14,051)	(16,387)	(13,747)	(14,420)
Foreign exchange gains/losses		1,085	159	26	0	0
Other results		(10,963)	(9,763)	(12,288)	(9,564)	(10,045)
Profit before tax		42,483	32,001	38,949	42,719	47,525
Income taxes		(4,261)	(4,090)	(4,997)	(6,334)	(7,099)
Net profit		38,222	27,911	33,952	36,385	40,426
Net profit attributable to shareholders		37,381	27,257	33,168	35,581	39,510

BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
ASSETS						
Cash and amount due from banks and other financial institutions	211,375	219,097	172,606	184,233	200,026	218,637
Investments in associates and joint ventures	26,984	25,829	23,184	24,005	26,063	28,488
Property	19,218	19,756	21,384	21,169	20,955	20,744
Investment property	7,514	11,202	10,667	10,773	11,697	12,785
Insurance contract assets	245	305	335	0	0	0
Reinsurance contract assets	31,983	33,205	39,754	45,159	53,478	63,341
Financial investments:	1,479,035	1,672,821	2,009,336	2,194,312	2,382,426	2,604,087
At amortized cost:	0	0	82,334	70,031	76,034	83,109
At fair value through other comprehensive income:	1,466,682	1,646,261	1,345,400	1,520,882	1,651,264	1,804,897
At fair value through profit or loss:	12,353	26,560	581,602	603,400	655,128	716,081
Other assets	26,674	34,849	32,433	190,953	447,505	848,345
Cash and cash equivalents	45,977	54,272	34,263	66,977	72,719	79,485
Total assets	1,849,005	2,071,336	2,343,962	2,737,581	3,214,869	3,875,912
LIABILITIES						
Customer deposits and payables to brokerage customers	3,695	4,639	5,861	7,585	9,599	12,041
Insurance contract liabilities	1,486,435	1,664,848	1,872,620	2,228,664	2,639,200	3,125,966
Obligations under repurchase agreements	73,441	119,665	115,819	98,766	100,751	102,776
Bonds payable	9,995	9,999	10,285	10,102	10,102	10,102
Other liabilities	75,932	69,704	71,673	87,146	118,124	243,806
Total liabilities	1,650,242	1,869,664	2,076,258	2,432,263	2,877,776	3,494,692
EQUITIES						
Share capital	9,620	9,620	9,620	9,620	9,620	9,620
Reserves	114,932	94,269	118,518	123,387	126,846	140,143
Retained profits	69,046	92,588	121,448	144,648	170,128	197,832
Total shareholders' equity	193,598	196,477	249,586	277,655	306,594	347,595
Non-controlling interests	5,165	5,195	18,118	27,663	30,499	33,625
Total equity	198,763	201,672	267,704	305,318	337,093	381,220
Total liabilities & equity	1,849,005	2,071,336	2,343,962	2,737,581	3,214,869	3,875,912

PER SHARE DATA	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
DPS	1.00	1.02	1.02	1.05	1.08	1.12
EPS (Reported)	2.79	2.56	2.83	3.45	3.70	4.11
Consensus EPS	n.a	n.a	n.a	3.43	3.71	3.99
Group embedded value/share (HK\$)	51.8	54.0	55.0	60.3	63.7	67.4
VNB/share (HK\$)	1.39	0.96	1.14	1.33	1.41	1.50
No. of shares basic	9,620	9,620	9,620	9,620	9,620	9,620
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Return on equity (ROE)	13.1%	12.6%	12.2%	12.4%	12.5%	12.6%
Return on embedded Value (ROEV)	10.6%	6.0%	3.7%	10.7%	7.1%	7.2%
Combined ratio	99.0%	97.0%	97.7%	97.4%	97.3%	97.2%
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/Embedded value (x)	0.4	0.3	0.3	0.3	0.3	0.3
P/B (x)	0.8	0.8	0.7	0.6	0.6	0.5
Dividend yield (%)	5.4	5.5	5.5	5.6	5.8	6.0

Source: Company data, CMBIGM estimates. Note: stock data by market close on 3/9/2024.

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