

Hong Kong

ADD (no change)

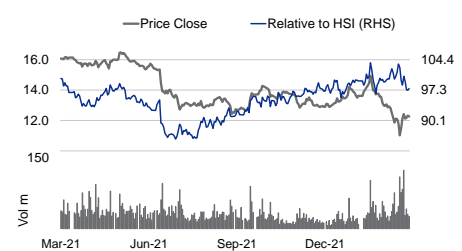
Consensus ratings*: Buy 21 Hold 8 Sell 0

Current price:	HK\$12.26
Target price:	HK\$15.00
Previous target:	HK\$15.40
Up/downside:	22.3%
CGS-CIMB / Consensus:	-13.3%
Reuters:	2628.HK
Bloomberg:	2628 HK
Market cap:	US\$95,167m
	HK\$744,549m
Average daily turnover:	US\$52.92m
	HK\$413.2m
Current shares o/s:	28,265m
Free float:	29.0%

*Source: Bloomberg

Key changes in this note

➤ No changes to FY22-24F EPS.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-6.8	-5	-23.8
Relative (%)	-2.6	0.5	-2.4

Major shareholders

	% held
China Life Insurance Group	68.4

Analyst(s)



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China Life Insurance

Challenges abound

- On balance, we see FY21 results as slightly worse than our forecasts.
- FY21 NBV growth fell 23.3% yoy, worse than 9M21's 19.6% yoy fall and 1H21's 19% yoy fall.
- 4Q21 agents fell to 820,000, down 40% yoy (3Q21: -38% yoy) and down 16% qoq (3Q21: -15% qoq).
- Maintain Add rating; TP cut to HK\$15 from HK\$15.4 on lower FY22F-24F NBV estimates. FY22-24F EPS remain unchanged.

On balance, we see FY21 results as slightly below our forecasts

FY21 net profit and embedded value (EV) were 1-3-1.7% above our forecasts, while FY21 new business value (NBV) fell 23.3% yoy, and 1.3% below our forecasts (Fig 1). We are concerned about the challenging NBV outlook continuing well into FY22F, given that there is little sign of the falling agent numbers abating.

What we liked about the FY21 results

FY21 NBV of non-agency distribution channels rose 161% yoy, comprising 4% of overall NBV.

What we did not like about the FY21 results

i) 4Q21 agents fell to 820,000, -40% yoy (3Q21: -38% yoy) and -16% qoq (3Q21: -15% qoq); ii) FY21 new business margin (annualised premium equivalent [APE]) fell to 42.2% (-5.9%-pts yoy); iii) FY21's EV of Rmb1,203bn was hurt by Rmb6.4bn of adverse operating variances and Rmb7.6bn of 'methodology, model & assumption changes'. Yet, FY21 NBV rose 1% due to the positive effect of actuarial assumption changes; iv) Persistency continued worsening (Figs 3 and 4).

What else we found of interest

i) FY21 equity financial assets comprised 14.8% of total investments (FY20: 17.1%), of which common equities and funds comprised 8.8% in FY21 (11.3% in FY20). Debt-type financial products comprised 9.4% of its FY21 total investments (FY20: 11.1%); ii) FY21 gross investment yield, net investment yield and comprehensive investment yields were 4.98% (-32bp yoy), 4.38% (+4bp yoy) and 4.87% (-146bp yoy); iii) While FY21 profit before tax fell 7.3% yoy at the group level, the worst performer was the health insurance division (-25.9% yoy) as rising claim expenses offset strong premium growth, followed by the life insurance division (-18.9% yoy), as lower investment yields and rising reserving expenses hurt profitability; iv) FY21 core solvency ratio was 253.7% (-6.4%-pts yoy).

Maintain Add rating, TP trimmed by 2.6% to HK\$15

We value China Life using a weighted GGM of P/EV and P/BV. Our lower TP is due to lower FY22-24F estimates for NBV. Potential re-rating catalysts: stabilisation of premium growth and potentially strong equity markets. Risks are falling agent numbers, a greater number of Covid-19 outbreaks and lockdowns, and greater regulatory risk.

Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Gross Premium (Rmbm)	612,265	618,327	611,225	615,330	635,773
Investment And Other Income (Rmbm)	190,980	203,674	183,812	219,438	249,494
Net Premium (Rmbm)	612,265	618,327	611,225	615,330	635,773
Net Profit (Rmbm)	50,055	50,921	50,677	63,698	75,709
Normalised EPS (Rmb)	1.77	1.80	1.79	2.25	2.68
Normalised EPS Growth	(13.5%)	1.7%	(0.5%)	25.7%	18.9%
FD Normalised P/E (x)	5.64	5.54	5.57	4.43	3.73
P/NB (x)	(13.53)	(20.56)	(26.80)	(28.28)	(28.98)
DPS (Rmb)	0.65	0.65	0.65	0.81	0.97
Dividend Yield	6.48%	6.51%	6.48%	8.15%	9.68%
P/EV (x)	0.26	0.23	0.22	0.20	0.18
P/BV (x)	0.63	0.59	0.55	0.51	0.47
ROE	11.7%	11.0%	10.2%	12.0%	13.1%
% Change In Normalised EPS Estimates			0.000%	(0.000%)	0.000%
Normalised EPS/consensus EPS (x)			0.83	0.91	0.79

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Challenges abound

Figure 1: Key financial metrics and variances from our forecasts

(Rmb bn)	FY21 actual	FY21F by CGS-CIMB	% variance	% Growth yoy
Net profit	50.9	50.0	1.7%	1.7%
Embedded value (EV)	1,203	1,188	1.3%	12.2%
New business value (NBV)	44.78	45.36	-1.3%	-23.3%
Gross written premiums (GWP)	618.33	620.01	-0.3%	1.0%
ROE	10.97%	10.74%	2.1%	-7.3%

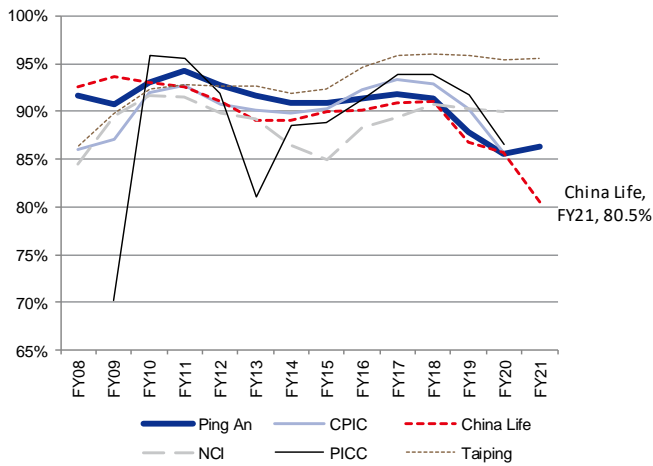
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Other key financial metrics

(Rmb bn)	FY21	Change yoy
Gross investment yield	4.98%	-32bp
Agents (thousands)	820.00	-40.5%
Agent NBV	42.95	-25.5%
First year premiums	175.86	-9.3%
First-year regular premiums	98.41	-14.7%
First-year regular premiums with a payment duration of ten years or longer	41.68	-26.1%
Mix of first year regular premiums with duration of over 10 years	42%	-6.5%-pts
14-month persistency rate	80.50%	-5.2%-pts
26-month persistency rate	81.10%	-1.3%-pts

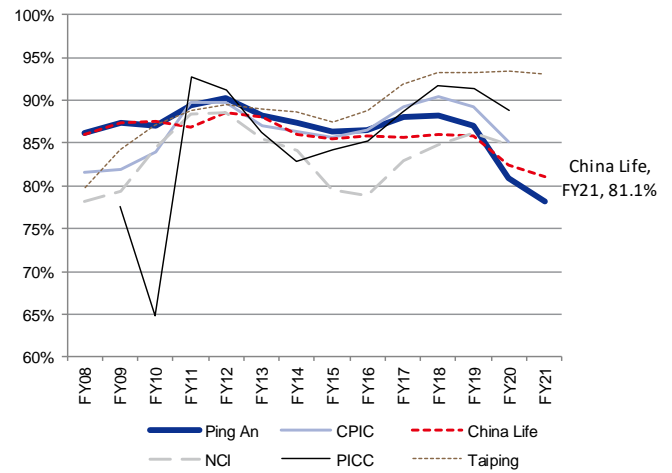
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: 13-month (14-month for China Life) persistency ratios




SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: 25-month (26-month for China Life) persistency ratios



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

ESG in a nutshell		Refinitiv ESG Scores							
				A- ESG Score	A+ ESG Controversies Score	A- ESG Combined Score	B+ ESG Environment Pillar Score	A- ESG Social Pillar Score	A- ESG Government Pillar Score
		<p>China Life scored a A- rating for its combined ESG score by Refinitiv in FY20. China Life has actively supported green finance, improved the green investment and management system, adhered to low carbon operation and integrated energy conservation and emissions reduction into daily operation and business development. Up to 31 Jun 2021, China Life's existing green investment reached nearly Rmb250bn and contributed to the national objective of peaking carbon dioxide emission by 2030 and realising carbon neutrality by 2060. To promote a digital workplace and paperless services, the application rate of online paperless insurance for individual long-term insurance was 99.9%, saving about 365.6 tons of paper. China Life also established a comprehensive investment and financing mechanism for poverty alleviation, a financial and insurance product system for poverty alleviation, and a model of "poverty alleviation through insurance" in order to fight against poverty and work on the rural revitalisation strategy. The company's investment in poverty alleviation funds totalled Rmb4.723bn in 2020. China Life plans to further boost the effectiveness of ESG target management and launched the China Life ESG data system in 2020 to achieve online management and regular review of ESG performance targets.</p>							
Keep your eye on					Implications				
<p>Climate change risk forms part of China Life's overall insurance risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters.</p>					<p>There has not been much detail on how China Life manages the risks from climate change. However, we expect the company to disclose more information on this in the future, including information on how it is going to price in the risks from climate change in the calculation of premium rates for its insurance products.</p>				
ESG highlights					Implications				
<p>China Life's A- ESG score is at the upper end of ESG scoring against its peers, driven by its fully incorporation of ESG into its strategy, sustainable investing, and green operations.</p>					<p>China Life has increasingly committed to its ESG issues over the past few years. While not priced in the valuations at the current stage, we believe China Life's ESG progress will support re-rating cycles.</p>				
Trends					Implications				
<p>China Life's ESG score has been upgraded from B+ in FY19 to A- in FY20. The Environmental and Social pillar score remains unchanged yoy in FY20 while the Governance pillar score was raised from B in FY19 to A- in FY20. The company's ESG Controversies score has remained at A+ since FY16.</p>					<p>We believe the trend will be stable in the next two years. The key driver would be the company's climate changes risk disclosure.</p>				

SOURCES: CGS-CIMB RESEARCH, REFINITIV

Changes to our forecasts

Our FY22-24F EPS forecasts remain unchanged as lower revenue forecasts are offset by higher insurance related reserving expenses (Fig 5).

We also cut our FY22-24F NBV forecasts by 1.3% to reflect our more bearish NBV outlook. Our FY22-24F embedded value (EV) estimates also undergo minimal adjustments of +0.1% to -1.5%.

Figure 5: Changes to our key estimates for China Life

(Rmb m)	FY22F			FY23F			FY24F		
	Old	New	% change	Old	New	% change	Old	New	% change
Profit & loss									
Net premiums earned	603,527	603,997	0.1%	605,874	608,022	0.4%	625,157	628,299	0.5%
Total investment income	200,487	183,812	-8.3%	232,696	219,438	-5.7%	257,217	249,494	-3.0%
Other income	9,315	10,646	14.3%	9,315	11,327	21.6%	9,315	12,052	29.4%
Total Revenue	813,330	798,455	-1.8%	847,885	838,787	-1.1%	891,689	889,845	-0.2%
Insurance-related expenses	-623,244	-631,699	1.4%	-642,880	-659,180	2.5%	-669,021	-694,960	3.9%
Underwriting and policy acquisition costs	-84,604	-64,964	-23.2%	-84,933	-65,397	-23.0%	-87,636	-67,578	-22.9%
Other expenses	-54,768	-62,377	13.9%	-54,981	-62,793	14.2%	-56,730	-64,887	14.4%
Total benefits, claims and expenses	-762,616	-759,039	-0.5%	-782,793	-787,369	0.6%	-813,387	-827,424	1.7%
Share of P/L from associates	8,371	10,844	29.5%	8,790	11,387	29.5%	9,229	11,956	29.5%
Pre-tax profits	59,085	50,260	113.8%	73,881	62,804	113.8%	87,531	74,377	113.8%
Income tax	-7,090	1,908	-126.9%	-8,866	2,384	-126.9%	-10,504	2,824	-126.9%
Minority interests (or non-controlling interests)	-1,318	-1,491	13.1%	-1,318	-1,491	13.1%	-1,318	-1,491	13.1%
Net profit	50,677	50,677	0.0%	63,698	63,698	0.0%	75,709	75,709	0.0%
EPS (Rmb)	1.79	1.79	0.0%	2.25	2.25	0.0%	2.68	2.68	0.0%
DPS (Rmb)	0.65	0.65	-0.1%	0.81	0.81	-0.1%	0.97	0.97	-0.1%
BVPS (Rmb)	18.20	18.08	-0.7%	19.64	19.52	-0.6%	21.35	21.23	-0.6%
EVPS (Rmb)	46.29	46.33	0.1%	51.05	50.66	-0.8%	56.24	55.41	-1.5%
Key balance sheet items									
Total investment assets	5,133,751	5,416,556	5.5%	5,732,070	6,220,650	8.5%	6,400,120	7,144,113	11.6%
Total assets	5,299,729	5,606,494	5.8%	5,902,672	6,427,184	8.9%	6,575,507	7,368,703	12.1%
Total shareholders' equity excl. minorities	514,385	510,978	-0.7%	555,069	551,694	-0.6%	603,425	600,088	-0.6%
Key EV and NBV metrics									
NBV	38,842	38,332	-1.3%	41,192	40,651	-1.3%	44,899	44,310	-1.3%
NBV growth	-14.4%	-14.4%	0.0% pts	6.1%	6.1%	0.0% pts	9.0%	9.0%	0.0% pts
Life embedded value	1,308,334	1,309,634	0.1%	1,442,838	1,431,869	-0.8%	1,589,663	1,566,127	-1.5%
Life ROEV	12%	10%	-1.3% pts	12%	11%	-1.0% pts	12%	11%	-0.8% pts
ROE	10%	10%	0.1% pts	12%	12%	0.1% pts	13%	13%	0.1% pts
NBV margin	39%	40%	0.5% pts	40%	40%	0.5% pts	40%	40%	0.5% pts
First year premiums (APE weighted)	99,163	96,670	-3%	104,121	101,504	-3%	113,492	110,639	-3%
Other key metrics									
Gross written premiums (GWP)	610,607	611,225	0%	613,013	615,330	0%	632,408	635,773	1%
GWP growth	-1.5%	-1.1%	0.4% pts	0.4%	0.7%	0.3% pts	3.2%	3.3%	0.2% pts
FYP (APE) growth	-8.9%	-8.9%	0.0% pts	5.0%	5.0%	0.0% pts	9.0%	9.0%	0.0% pts
Net investment yield	4.2%	4.2%	0.1% pts	4.1%	4.2%	0.1% pts	4.1%	4.2%	0.1% pts
Gross investment yield	4.6%	4.1%	-0.5% pts	4.8%	4.3%	-0.5% pts	4.8%	4.2%	-0.5% pts
Insurance-related expenses/ (net earned premiums+ total investment revenue)	78%	80%	2.7% pts	77%	80%	3.0% pts	76%	79%	3.4% pts
Underwriting and policy acquisition costs/ net earned premiums	14%	11%	-3.3% pts	14%	11%	-3.3% pts	14%	11%	-3.3% pts
Effective tax rate	12%	-4%	-15.8% pts	12%	-4%	-15.8% pts	12%	-4%	-15.8% pts
Dividend payout ratio	36%	36%	-0.1% pts	36%	36%	-0.1% pts	36%	36%	-0.1% pts
EPS growth	1%	0%	-1.7% pts	26%	26%	0.0% pts	19%	19%	0.0% pts
BVPS growth	7%	7%	0.1% pts	8%	8%	0.1% pts	9%	9%	0.1% pts

SOURCES: CGS-CIMB RESEARCH ESTIMATES

NBV = Value of new business; EV = embedded value; GWP = Gross written premiums; FYP = First year premiums; APE = Annualised premium equivalent; EVPS = Embedded value per share

Valuation and risks

We cut our target price by 2.6% to HK\$15 from HK\$15.40 and reiterate our Add rating on China Life. We value China Life using a weighted P/EV and P/BV GGM Gordon Growth Model (GGM) methodology.

We assume beta of 1.77 (unchanged) which results in a cost of equity of 17.2% (unchanged), and a terminal growth rate of 5.0% (unchanged).

We assign a 67% weighting for the P/BV valuation and a 33% weighting for the P/EV valuation (unchanged). This reflects our belief that investors have been losing faith in the embedded value valuation methodology over time and might be more comfortable with a book value valuation methodology.

We expect a sustainable return on embedded value (ROEV) of 11.5% (previously 11.9%) and a sustainable ROE of 11.6% (previously 11.5%) for China Life.

Our FY22F embedded value per share (EVPS) forecast is now Rmb46.33 (previously Rmb46.29), while our FY22F BVPS is now Rmb18.08 (previously Rmb18.2).

As a result, our target price falls 2.6% to HK\$15 (previously HK\$15.4), once we convert it at an Rmb/HK\$ exchange rate of 1.19 (unchanged), which implies 22% potential upside to China Life's share price as of 24 Mar 2022 (Fig 6). Therefore, we reiterate our Add rating.

Figure 6: Changes to our key valuation assumptions for China Life

	New	Old	% change
Equity risk premiums (ERP)	8.0%	8.0%	0.0% pts
Risk free rate	3.0%	3.0%	0.0% pts
Beta	1.77	1.77	0%
Cost of equity (COE)	17.2%	17.2%	0.0% pts
Terminal growth rate	5.0%	5.0%	0.0% pts
Sustainable ROEV	11.5%	11.9%	-0.4% pts
Target P/EV	0.5x	0.6x	-6%
FY22F EVPS (Rmb)	46.33	46.29	0%
i.e. FY22F EVPS (HK\$)	55.35	55.29	0%
Rmb/HK\$ exchange rate	1.19	1.19	0%
Hence target price (HK\$) if 100% weighting to a P/EV GGM approach	29.58	31.44	-6%
Sustainable ROE	11.6%	11.5%	0.1% pts
Target P/BV	0.5x	0.5x	2%
FY22F BVPS (Rmb)	18.08	18.20	0%
i.e. FY22F BVPS (HK\$)	21.59	21.74	-1%
Hence target price (HK\$) if 100% weighting to a P/BV GGM approach	11.70	11.57	1%
Weighting applied to P/EV based approach	33%	33%	0.0% pts
Weighting applied to P/BV based approach	67%	67%	0.0% pts
Conglomerate discount	15%	15%	0.0% pts
Final target price (HK\$)	15.00	15.40	-2.6%
Current share price (HK\$)	12.26		
Upside/ downside	22%		

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG
Share price as of 24 Mar 2022
ROEV = Return on embedded value

We see potential re-rating catalysts from stabilisation of premium growth as well as a rebound in the A-share market, which can benefit investment income.

Key downside risks are intensifying competition (especially within the savings insurance and critical illness insurance segment), and another wave of Covid-19 outbreak in mainland China, which could make it difficult for agents to sell insurance policies given the reduced face-to-face contact amidst an outbreak.

Figure 7: Sector comparison table

Ticker	Rec	Market Cap (US\$bn)	Price (Lcy)	Target Price (Lcy)	+/- (%)	P/EV (x)			VONB multiple (x)			P/BV (x)			Group ROEV (%)			
						FY20A	FY21F	FY22F	FY20A	FY21F	FY22F	FY20A	FY21F	FY22F	FY20A	FY21F	FY22F	
China Life	2628 HK	Add	96.16	12.26	15.00	22%	0.27x	0.24x	0.22x	-13.3x	-15.7x	-22.8x	0.6x	0.6x	0.6x	16.8	13.9	10.4
Ping An	2318 HK	Add	128.99	56.85	72.00	27%	0.62x	0.59x	0.55x	-13.9x	-20.5x	-22.7x	1.1x	1.0x	0.9x	8.7	7.4	10.1
CPIC	2601 HK	Add	31.78	20.15	29.70	47%	0.35x	0.32x	0.29x	-16.2x	-17.3x	-18.3x	0.7x	0.7x	0.7x	18.7	11.8	14.4
PICC P&C	2328 HK	Add	21.87	7.79	10.00	28%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.8x	0.7x	0.7x	n.a.	n.a.	n.a.
AIA	1299 HK	Add	123.82	82.80	101.00	22%	1.97x	1.76x	1.63x	22.8x	16.5x	14.0x	2.0x	2.1x	2.0x	8.4	15.3	11.0
NCI	1336 HK	Add	14.69	21.90	33.10	51%	0.24x	0.21x	0.20x	-20.0x	-27.6x	-28.6x	0.6x	0.5x	0.5x	19.5	12.9	10.6
HK-listed weighted average							0.92x	0.84x	0.78x	-2.7x	-7.8x	-11.1x	1.2x	1.2x	1.1x	11.8	12.0	10.8
HK-listed weighted average ex AIA							0.44x	0.41x	0.39x	-14.3x	-18.8x	-22.6x	0.9x	0.8x	0.7x	13.3	10.5	10.7

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS
Share prices as of 24 Mar 2022

*CPIC: China Pacific Insurance Company; NCI: New China Life Insurance; PICC P&C: PICC (The People's Insurance Company of China) Property & Casualty

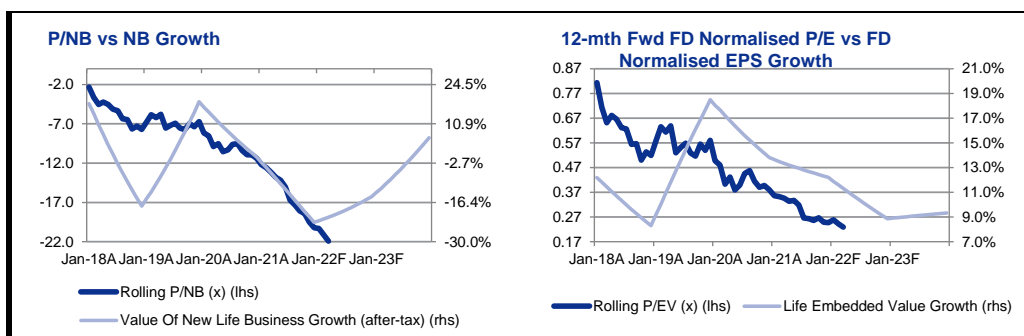
Figure 8: Key financial data

(Rmb m)	FY16	FY17	FY18	FY19	FY20	FY21F	FY22F	FY23F	FY24F
Profit & loss									
Net premiums earned	426,230	506,910	532,023	560,278	604,666	611,251	603,997	608,022	628,299
Total investment income	108,091	128,952	87,298	161,001	190,980	203,674	183,812	219,438	249,494
Other income	6,460	7,493	8,098	8,195	9,403	10,005	10,646	11,327	12,052
Total Revenue	540,781	643,355	627,419	729,474	805,049	824,930	798,455	838,787	889,845
Insurance-related expenses	-428,244	-495,990	-508,197	-540,999	-618,926	-655,893	-631,699	-659,180	-694,960
Underwriting and policy acquisition costs	-52,022	-64,789	-62,705	-81,396	-84,361	-65,744	-64,964	-65,397	-67,578
Other expenses	-42,528	-48,048	-50,341	-55,295	-54,952	-63,126	-62,377	-62,793	-64,887
Total benefits, claims and expenses	-522,794	-608,827	-621,243	-677,690	-758,239	-784,763	-759,039	-787,369	-827,424
Share of P/L from associates	5,855	7,143	7,745	8,011	7,666	10,328	10,844	11,387	11,956
Profit before income tax	23,842	41,671	13,921	59,795	54,476	50,495	50,260	62,804	74,377
Income tax	-4,257	-8,919	-1,985	-781	-3,103	1,917	1,908	2,384	2,824
Net profit after tax	19,585	32,752	11,936	59,014	51,373	52,412	52,168	65,189	77,200
Minority interests	-458	-499	-925	-1,121	-1,318	-1,491	-1,491	-1,491	-1,491
Net profit after tax	19,127	32,253	11,011	57,893	50,055	50,921	50,677	63,698	75,709
EPS (Rmb)	0.66	1.13	0.39	2.05	1.77	1.80	1.79	2.25	2.68
DPS (Rmb)	0.24	0.40	0.16	0.73	0.64	0.65	0.65	0.81	0.97
BVPS (Rmb)	10.74	11.35	11.26	14.29	15.92	16.93	18.08	19.52	21.23
EVPS (Rmb)	23.07	25.97	28.13	33.33	37.93	42.56	46.33	50.66	55.41
Key balance sheet items									
Total investment assets	2,573,049	2,753,124	3,104,014	3,573,154	4,095,491	4,716,401	5,416,556	6,220,650	7,144,113
Total assets	2,696,951	2,897,591	3,254,403	3,726,734	4,252,466	4,891,085	5,606,494	6,427,184	7,368,703
Total shareholders' equity excl. minorities	303,621	320,933	318,371	403,764	450,056	478,585	510,978	551,694	600,088
Key EV and NBV metrics									
NBV	49,311	60,117	49,511	58,698	58,373	44,780	38,332	40,651	44,310
NBV growth	56.4%	21.9%	-17.6%	18.6%	-0.6%	-23.3%	-14.4%	6.1%	9.0%
Life embedded value	652,057	734,172	795,052	942,087	1,072,140	1,203,008	1,309,634	1,431,869	1,566,127
Life ROEV	17.9%	13.7%	9.9%	19.1%	16.8%	13.9%	10.4%	10.7%	11.0%
ROE	6.1%	10.3%	3.4%	16.0%	11.7%	11.0%	10.2%	12.0%	13.1%
NBV margin	46.9%	48.4%	44.6%	50.3%	47.4%	42.2%	39.7%	40.0%	40.0%
First year premiums (APE weighted)	105,250	124,195	111,092	116,603	123,273	106,155	96,670	101,504	110,639
Other key metrics									
Gross written premiums (GWP)	430,498	511,966	535,826	567,086	612,265	618,327	611,225	615,330	635,773
GWP growth	18.3%	18.9%	4.7%	5.8%	8.0%	1.0%	-1.1%	0.7%	3.3%
FYP (APE) growth	44.3%	18.0%	-10.6%	5.0%	5.7%	-13.9%	-8.9%	5.0%	9.0%
Net investment yield	4.60%	4.87%	4.56%	4.48%	4.29%	4.29%	4.25%	4.21%	4.16%
Gross investment yield	4.56%	5.11%	3.18%	5.16%	5.31%	4.90%	4.12%	4.29%	4.24%
Insurance-related expenses/ (NEP+ total investment revenue)	80%	78%	82%	75%	78%	80%	80%	80%	79%
Underwriting and policy acquisition costs/ net earned premiums	12%	13%	12%	15%	14%	11%	11%	11%	11%
Effective tax rate	18%	21%	14%	1%	6%	-4%	-4%	-4%	-4%
Dividend payout ratio	36%	35%	41%	36%	36%	36%	36%	36%	36%
EPS growth	-45.9%	71.2%	-65.5%	425.8%	-13.5%	1.7%	-0.5%	25.7%	18.9%
BVPS growth	-5.9%	5.7%	-0.8%	26.8%	11.5%	6.3%	6.8%	8.0%	8.8%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

* NEP = net earned premiums; GWP = gross written premiums; FYP = first year premiums; APE = annualised premium equivalent; NBV = new business value; EPS = earnings per share; BVPS = book value per share; ROEV = return on embedded value; DPS = dividend per share; EVPS = embedded value per share

BY THE NUMBERS



Profit & Loss

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue	604,666	611,251	603,997	608,022	628,299
Total Claims and Changes in Reserves	(609,080)	(645,265)	(621,463)	(648,499)	(683,699)
Acq. Costs/Other Underwriting Exp.					
Total Underwriting Result	(153,573)	(173,512)	(155,043)	(179,348)	(199,125)
Investment Income on Tech Reserve	0	0	0	0	0
Insurance Profit / (Loss)	(153,573)	(173,512)	(155,043)	(179,348)	(199,125)
Total Other Technical Income	200,383	213,679	194,458	230,765	261,546
Total Other Revenues	0	0	0	0	0
Total Operating Costs	0	0	0	0	0
Other Technical Income / (Loss)					
Depreciation And Amortisation	0	0	0	0	0
Operating Profit	46,810	40,167	39,415	51,418	62,421
Pretax Income/(Loss) from Assoc.	7,666	10,328	10,844	11,387	11,956
Post-Tax Oper. Earnings - Life/Other Biz					
Head Office Costs					
Non-Operating Income/(Expense)	0	0	0	0	0
Net Interest Income	0	0	0	0	0
Investment Income on Shareholders Fund					
Other Income					
Exceptional Items					
Pre-tax Profit	54,476	50,495	50,260	62,804	74,377
Taxation	(3,103)	1,917	1,908	2,384	2,824
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	51,373	52,412	52,168	65,189	77,200
Minority Interests	(1,318)	(1,491)	(1,491)	(1,491)	(1,491)
Preferred Dividends					
Special Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
Net Profit	50,055	50,921	50,677	63,698	75,709

Operating Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Premium Retention Ratio (life & Health)	100.0%	100.0%	100.0%	100.0%	100.0%
Benefits Ratio (life & Health)	(96%)	(101%)	(99%)	(102%)	(104%)
Acquisition Expense Ratio (life & Health)	13.8%	10.6%	10.6%	10.6%	10.6%
Admin Expense Ratio (life & Health)	6.16%	6.60%	6.60%	6.60%	6.60%
Total Expense Ratio (life & Health)	24.4%	22.6%	22.5%	22.6%	22.6%
Policyholder Dividends Ratio (life & Health)	4.62%	4.29%	4.18%	4.33%	4.42%
Combined Underwriting Ratio (life & Health)	(67.1%)	(74.4%)	(72.0%)	(75.4%)	(77.3%)
Underwriting Profit Margin (life & Health)	(25.4%)	(28.4%)	(25.7%)	(29.5%)	(31.7%)
Operating Profit Margin (life & Health)	7.74%	6.57%	6.53%	8.46%	9.93%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Fixed Assets	52,747	54,398	59,100	64,207	69,757
Intangible Assets	0	0	0	0	0
Other Long Term Assets	4,074,058	4,702,271	5,397,456	6,195,595	7,111,948
Total Non-current Assets	4,126,805	4,756,669	5,456,556	6,259,802	7,181,705
Total Cash And Equivalents	59,731	62,958	72,304	83,038	95,365
Trade Debtors	20,730	20,361	22,121	24,033	26,110
Other Current Assets	45,200	51,097	55,513	60,311	65,524
Total Current Assets	125,661	134,416	149,938	167,382	186,998
Creditors - Direct & Reinsurance Business					
Provision For Claims Outstanding					
Other Current Liabilities	181,203	299,928	346,338	399,350	460,068
Total Current Liabilities	181,203	299,928	346,338	399,350	460,068
Total Long-term Debt	19,556	18,686	21,577	24,880	28,663
Hybrid Debt - Debt Component					
Other Liabilities	568,524	617,215	712,721	821,813	946,763
Total Non-current Liabilities	588,080	635,901	734,298	846,694	975,426
Total Technical & Other Provisions	3,026,246	3,468,598	4,005,316	4,618,391	5,320,576
Total Liabilities	3,795,529	4,404,427	5,085,952	5,864,435	6,756,069
Shareholders' Equity	450,056	478,585	510,978	551,694	600,088
Minority Interests	6,881	8,073	9,564	11,055	12,546
Total Equity	456,937	486,658	520,542	562,749	612,634
Life Embedded Value	1,072,140	1,203,008	1,309,634	1,431,869	1,566,127

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Net Premium Growth	7.97%	0.99%	(1.15%)	0.67%	3.32%
Operating Profit Growth (Life & Health)	(9.6%)	(14.2%)	(1.9%)	30.5%	21.4%
Value Of New Life Business Growth (after-tax)	(0.6%)	(23.3%)	(14.4%)	6.1%	9.0%
Life Embedded Value Growth	13.8%	12.2%	8.9%	9.3%	9.4%
Pre-tax Margin	9.0%	8.3%	8.3%	10.3%	11.8%
Net Profit Margin	8.3%	8.3%	8.4%	10.5%	12.0%
Effective Tax Rate	5.70%	0.00%	0.00%	0.00%	0.00%
Net Dividend Payout Ratio	36.5%	36.1%	36.1%	36.1%	36.1%
Return On Average Assets	1.29%	1.15%	0.99%	1.08%	1.12%
Net Gearing	(9.8%)	(10.2%)	(11.0%)	(11.8%)	(12.5%)
Financial Leverage	9.35	9.85	10.61	11.32	11.98
Equity / Assets	10.6%	9.8%	9.1%	8.6%	8.1%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total GWP	0.1	0.0	(0.0)	0.0	0.0
Total FYP	0.1	(0.1)	(0.1)	0.1	0.1
Total renewal business	0.1	0.1	(0.0)	(0.0)	0.0
Total short-term insurance business	0.1	(0.0)	0.1	0.1	0.1
Effective tax rate	0.1	(0.0)	(0.0)	(0.0)	(0.0)
Investment assets growth	0.2	0.2	0.1	0.1	0.1
Dividend payout ratio	0.4	0.4	0.4	0.4	0.4

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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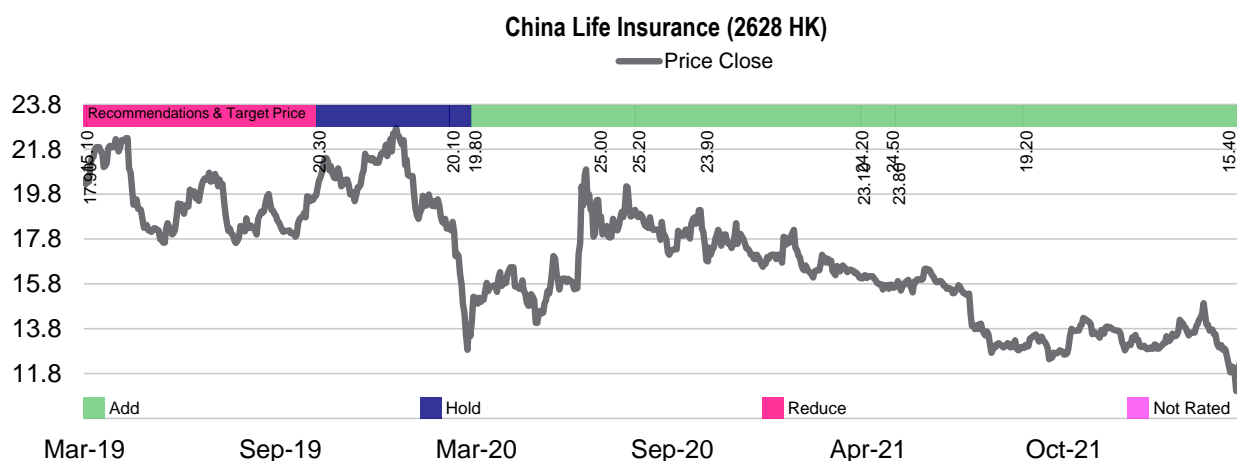
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

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Recommendation Framework	
Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

