

## Hong Kong

### ADD (no change)

Consensus ratings\*: Buy 21 Hold 3 Sell 0

Current price:	HK\$19.66
Target price:	HK\$29.90
Previous target:	HK\$29.70
Up/downside:	52.1%
CGS-CIMB / Consensus:	2.6%
Reuters:	2601.HK
Bloomberg:	2601 HK
Market cap:	US\$31,847m
	HK\$249,272m
Average daily turnover:	US\$30.76m
	HK\$240.1m
Current shares o/s:	9,620m
Free float:	52.4%

\*Source: Bloomberg

### Key changes in this note

- FY21F EPS is raised by 5.5%.
- FY22F EPS is raised by 4.1%.
- FY23F EPS is raised by 3.0%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-10.2	-9	-35
Relative (%)	-4.2	-1.2	-11.7

Major shareholders	% held
Fortune Investment Co., Ltd.	14.2
Shenergy (Group) Co., Ltd	13.5
Shanghai Haiyan Investment	5.2

### Analyst(s)



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# China Pacific Insurance

## Model adjustment

- We raise our FY21–23F EPS by 3-5.5%, driven by a higher investment asset base and hence higher forecast investment income.
- We now assume NBV fell 23% in FY21F, to fall 14% in FY22F and rise by 5% in FY23F.
- Maintain Add rating, TP increased slightly to HK\$29.90 as we roll forward our valuation; higher FY21F-23F EPS offsets lower FY21-23F NBV estimates.

### FY21F–23F EPS raised 3–5.5%

We raise our FY21–23F EPS by 3-5.5%, driven by a higher investment asset base and hence higher forecast investment income.

### NBV adversely impacted by falling agent numbers & falling margins

We also cut our FY21–23F new business value (NBV) growth assumptions, driven by falling agent numbers (it was down 16% yoy to 641,000 agents in 1H21, and we expect this fall to have notably worsened in 2H21F) as well as lower NBV margins (due to shifts in product mix, distribution channel mix and expense overruns). We now assume NBV fell 23% in FY21F, and will decline 14% in FY22F but rise by 5% in FY23F.


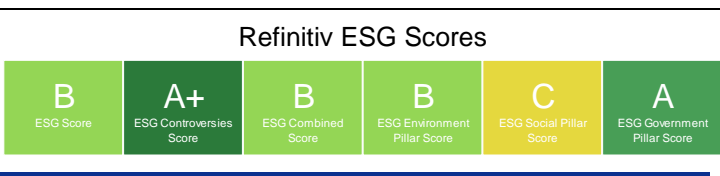
### Maintain Add rating, TP rises slightly by 1% to HK\$29.90

Our SOP-based TP is now HK\$29.90 (previously HK\$29.70), with our slightly higher TP driven by the higher FY21F-23F EPS, as well as rolling forward our valuation whereby we apply target multiples to FY22F estimates (previously FY21F). Potential re-rating catalysts: stabilisation of premium growth and potentially strong equity markets. 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, continued falls in agent numbers and greater regulatory risk.

Financial Summary	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Gross Premium (Rmbm)	363,702	364,306	378,379	396,505	418,909
Investment And Other Income (Rmbm)	82,740	88,674	100,247	111,613	123,588
Net Premium (Rmbm)	343,208	343,131	354,663	370,085	389,628
Net Profit (Rmbm)	24,584	27,615	31,171	34,601	38,325
Normalised EPS (Rmb)	2.63	2.87	3.24	3.60	3.98
Normalised EPS Growth	(14.0%)	9.1%	12.9%	11.0%	10.8%
FD Normalised P/E (x)	6.07	5.57	4.93	4.44	4.01
P/NB (x)	(10.52)	(16.33)	(22.10)	(24.33)	(25.43)
DPS (Rmb)	1.30	1.42	1.59	1.78	1.99
Dividend Yield	8.1%	8.9%	9.9%	11.1%	12.4%
P/EV (x)	0.45	0.41	0.37	0.34	0.31
P/BV (x)	0.71	0.67	0.63	0.59	0.55
ROE	12.5%	12.4%	13.1%	13.6%	14.1%
% Change In Normalised EPS Estimates		5.45%	4.10%	2.95%	
Normalised EPS/consensus EPS (x)		1.01	1.02	1.01	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Model adjustment

	
<p>CPIC scored a B rating for its combined ESG score by Refinitiv in FY20. CPIC fully integrates Environmental, Social and Governance (“ESG”) into its operation and management. It identifies ESG risks, formulates response strategies, and optimizes the operating system in accordance with the ESG report guidelines. CPIC leverages its advantages in risks management and financing to support rural revitalization, empower the country with science and technology. The company has continuously upgraded smart devices of E-agricultural insurance and has built up a digital operation management platform cluster suitable for different agricultural scenarios, making the entire business process more efficient. In 2020, CPIC’s poverty alleviation programs covered about 7.62m registered impoverished households nationwide and provided a total of Rmb3.08trn in sum assured to poverty-stricken areas. In 2021, Changjiang Pension, a subsidiary of CPIC, issued the first ESG insurance asset management product in China, which channeled funds to support green development. Going forward, CPIC will continue to incorporate ESG management concepts and requirements into its daily operation and contribute to alleviating poverty.</p>	
<p><b>Keep your eye on</b></p> <p>Climate change has become a new hot spot to the insurance industry due to its profound impact on catastrophe risks.</p>	<p><b>Implications</b></p> <p>We are happy to see that the company disclosed more details on its measures against climate change risks for the first time in FY20. The company has rolled out catastrophe insurance products and services, and developed agricultural index insurance to fight risks caused by severe weather, and etc. We expect the company to continue doing so and provide more information on how it affects the insurance products pricing.</p>
<p><b>ESG highlights</b></p> <p>CPIC’s B ESG score ranks around the average of ESG scoring against its peers, driven by its fully incorporation of ESG into its efforts in rural revitalization.</p>	<p><b>Implications</b></p> <p>CPIC has increasingly committed to improving ESG over the past few years and has incorporated ESG into its entire business process. While not priced in the valuations at the current stage, we believe CPIC’s progress in ESG adoption will help support future re-rating cycles.</p>
<p><b>Trends</b></p> <p>CPIC’s ESG score has increased from B- in FY19 to B in FY20. The Environmental pillar score increased from B- in FY19 to B in FY20 and the Governance pillar score increased from A- in FY19 to A in FY20 while the Social pillar score remain the same yoy in FY20. The company’s ESG Controversies score has remained A+ since FY16.</p>	<p><b>Implications</b></p> <p>We believe the trend will remain relatively stable in the coming years. The key driver would be the company’s management of the social pillar.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## Changes to our forecasts

We raise our FY21–23F EPS by 3-5.5%, driven by a higher investment asset base and hence higher forecast investment income (Fig 1).

**Figure 1: Changes to our key estimates for CPIC**

(Rmb m)	FY21F			FY22F			FY23F		
	Old	New	% change	Old	New	% change	Old	New	% change
<b>Profit &amp; loss</b>									
Net premiums earned	344,906	330,755	-4.1%	369,158	341,699	-7.4%	398,478	356,403	-10.6%
Total investment income	84,153	88,674	5.4%	95,726	100,247	4.7%	107,092	111,613	4.2%
Other income	2,936	4,708	60.4%	3,065	4,837	57.8%	3,200	4,972	55.4%
Total Revenue	431,994	424,137	-1.8%	467,949	446,783	-4.5%	508,771	472,988	-7.0%
Insurance-related expenses	304,819	295,491	-3.1%	329,322	309,918	-5.9%	357,712	327,249	-8.5%
Other expenses	97,064	96,561	-0.5%	104,081	100,567	-3.4%	112,200	105,386	-6.1%
Total benefits, claims and expenses	401,883	392,051	-2.4%	433,403	410,485	-5.3%	469,912	432,635	-7.9%
Share of P/L from associates	566	512	-9.5%	566	512	-9.5%	566	512	-9.5%
Income tax	3,587	4,079	13.7%	4,152	4,623	11.4%	4,713	5,160	9.5%
Minority interests (or non-controlling interests)	904	904	0.0%	1,016	1,016	0.0%	1,104	1,104	0.0%
Net profit	26,187	27,615	5.5%	29,944	31,171	4.1%	33,609	34,601	3.0%
EPS	2.72	2.87	5.5%	3.11	3.24	4.1%	3.49	3.60	3.0%
DPS	1.42	1.42	0.0%	1.59	1.59	0.0%	1.78	1.78	0.0%
BVPS	23.68	23.83	0.6%	25.21	25.48	1.1%	26.92	27.30	1.4%
<b>Key balance sheet items</b>									
Total investment assets	1,900,337	1,900,337	0.0%	2,176,754	2,176,754	0.0%	2,477,547	2,477,547	0.0%
Total assets	2,035,159	2,035,159	0.0%	2,323,931	2,323,931	0.0%	2,637,575	2,637,575	0.0%
Total shareholders' equity excl. minorities	227,793	229,221	0.6%	242,485	245,140	1.1%	259,011	262,658	1.4%
<b>Key EV and NBV metrics</b>									
NBV	19,696	13,778	-30%	21,891	11,898	-46%	24,782	12,459	-50%
NBV growth	10%	-23%	-33% pts	11%	-14%	-25% pts	13%	5%	-8% pts
Life embedded value	383,956	378,687	-1%	431,968	416,657	-4%	485,795	456,862	-6%
Life ROEV	16%	14%	-2% pts	16%	13%	-3% pts	16%	13%	-3% pts
ROE	11%	12%	0% pts	12%	12%	0% pts	13%	13%	0% pts
NBV margin	66%	50%	-16% pts	66%	50%	-16% pts	66%	50%	-16% pts
First year premiums (APE weighted)	29,699	27,402	-8%	33,341	23,902	-28%	37,744	25,028	-34%
<b>Other key metrics</b>									
Gross written premiums (GWP)	379,857	362,668	-5%	407,775	376,741	-8%	441,104	394,867	-10%
GWP growth	5%	0%	-5% pts	7%	4%	-3% pts	8%	5%	-3% pts
FYP (APE) growth	20%	11%	-9% pts	12%	-13%	-25% pts	13%	5%	-8% pts
Net investment yield	4.37%	4.37%	0% pts	4.33%	4.33%	0% pts	4.24%	4.24%	0% pts
Gross investment yield	5.47%	5.47%	0% pts	4.97%	4.97%	0% pts	4.87%	4.87%	0% pts
Insurance-related expenses/ (net earned premiums+ total investment revenue)	71%	70%	-1% pts	71%	70%	-1% pts	71%	70%	-1% pts
Effective tax rate	12%	13%	1% pts	12%	13%	1% pts	12%	13%	1% pts
Dividend payout ratio	52%	49%	-3% pts	51%	49%	-2% pts	51%	49%	-1% pts
EPS growth	4%	9%	6% pts	14%	13%	-1% pts	12%	11%	-1% pts
BVPS growth	3%	4%	1% pts	6%	7%	0% pts	7%	7%	0% pts

SOURCES: CGS-CIMB RESEARCH ESTIMATES

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

## Valuation and risks

We slightly raise our sum-of-parts (SOP) based target price by 1% to HK\$29.90 from HK\$29.70, driven by the higher FY21F-23F EPS, as well as rolling forward our valuation whereby we apply target multiples to FY22F estimates (previously FY21F).

CPIC Life contributes 70% to the group's valuation while CPIC P&C forms 10%. Its other businesses comprise the remaining 19%.

We assume a beta of 1.75 (unchanged), cost of equity of 17% (unchanged), and a terminal growth rate of 4.9% (unchanged).

We value CPIC Life on a weighted P/EV and P/BV Gordon Growth Model (GGM) basis. We assign a 67% weighting for P/BV valuation and a 33% weighting for P/EV valuation as we believe that investors have lost faith in the embedded value valuation methodology over time.

Our valuation for CPIC Life falls by 1% to HK\$25.67 (previously HK\$25.93), primarily driven by a 9% cut in our P/EV GGM-derived valuation, with our P/BV GGM-derived valuation for CPIC Life actually rising by 9% (Fig 2). We assume a Rmb/HK\$ exchange rate of 1.19 (unchanged).

For CPIC P&C, we use the P/BV GGM valuation method. We project a sustainable ROE of 12% (previously 11.7%) for CPIC P&C, which results in a target P/BV multiple of 0.6x (unchanged). When we apply this GGM-derived target P/BV multiple to FY22F (previously FY21F) BVPS of Rmb5.29 (previously Rmb4.98), this results in a valuation for CPIC's P&C business of HK\$3.71 (previously HK\$3.32).

We value CPIC's other businesses based on half of their FY21F book value or HK\$7.11 (previously HK\$7). We have applied this 50% discount to reflect our belief that investors will not have easy access to the excess capital that is sitting within this 'other businesses' segment.

As a result, our target price rises slightly to HK\$29.90 (previously HK\$29.70), which implies a 52% potential upside to CPIC's share price as of 25 Mar 2022 (Fig 2). Therefore, we reiterate our Add rating.

**Figure 2: Changes to our key valuation assumptions for CPIC**

	New	Old	% change
Equity risk premiums (ERP)	8.0%	8.0%	0%
Risk free rate	3.0%	3.0%	0%
Beta	1.75	1.75	0%
Cost of equity (COE)	17.0%	17.0%	0%
Terminal growth rate	4.9%	4.9%	0%
Sustainable ROEV for CPIC Life	14.4%	16.2%	-2%
Target P/EV (x)	0.8x	0.9x	-16%
CPIC Life FY22F EVPS (Rmb)	43.31	39.91	9%
CPIC Life FY22F EVPS (HK\$)	51.74	47.68	9%
Rmb/HK\$ exchange rate	1.19	1.19	0%
CPIC Life P/EV GGM target price (HK\$)	40.53	44.41	-9%
Sustainable ROE for CPIC Life	27.2%	29.2%	-2%
Target P/BV (x)	1.8x	2.0x	-8%
CPIC Life FY22F BVPS (Rmb)	8.29	6.97	19%
CPIC Life FY22F BVPS (HK\$)	9.90	8.33	19%
CPIC Life P/BV GGM target price (HK\$)	18.25	16.69	9%
CPIC Life weighted average valuation (HK\$)	25.67	25.93	-1%
Sustainable ROE for CPIC P&C	12.0%	11.7%	0%
Target P/BV (x)	0.6x	0.6x	5%
CPIC P&C FY22F BVPS (Rmb)	5.29	4.98	6%
CPIC P&C FY22F BVPS (HK\$)	6.32	5.95	6%
CPIC P&C valuation (HK\$)	3.71	3.32	12%
Other business FY22F BVPS (HK\$)	14.22	14.01	2%
Other business valuation (HK\$)	7.11	7.00	2%
Conglomerate discount	18%	18%	0 pts
P/EV weighting for CPIC Life	33%	33%	0 pts
P/BV weighting for CPIC Life	67%	67%	0 pts
Final target price	29.90	29.70	1%
Current share price (HK\$)	19.66		
Upside/ downside	52%		
% of valuation from life	70%		
% of valuation from P&C	10%		
% of valuation from Other	19%		
Implied target P/(Group EV) multiple (FY22F)	0.5x		
Implied target P/BV multiple (FY22F)	1.2x		

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG  
Share price as of 25 Mar 2022  
ROEV = Return on embedded value; EVPS = Embedded value per share

We see stabilisation of premium growth as well as any potential rebound in the A-share market (which benefits investment income) as key re-rating catalysts.

Key downside risks to our call are increased loss of faith in EV- and NBV-based valuation metrics, A-share market weakness, potential acquisition risk, more rapid agent turnover, and a longer-than-expected Covid-19 outbreak, which will hurt NBV growth.

**Figure 3: Sector comparison table**

	Ticker	Rec	Market Cap (US\$bn)	Price	Target	+/-	P/EV (x)			VONB multiple (x)			P/BV (x)			Group ROEV (%)			
				(Lcy)	Price (Lcy)	(%)	FY20A	FY21F	FY22F	FY20A	FY21F	FY22F	FY20A	FY21F	FY22F	FY20A	FY21F	FY22F	
	China Life	2628 HK	Add	96.16	11.98	15.00	25%	0.26x	0.23x	0.22x	-13.4x	-15.8x	-22.9x	0.6x	0.6x	0.6x	16.8	13.9	10.4
	Ping An	2318 HK	Add	128.99	55.45	72.00	30%	0.61x	0.58x	0.54x	-14.5x	-21.2x	-23.4x	1.0x	0.9x	0.8x	8.7	7.4	10.1
	CPIC	2601 HK	Add	31.78	19.66	29.70	51%	0.34x	0.31x	0.28x	-16.4x	-17.5x	-18.5x	0.7x	0.7x	0.7x	18.7	11.8	14.4
	PICC P&C	2328 HK	Add	21.87	7.68	10.00	30%	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	80.20	101.00	26%	1.91x	1.70x	1.58x	21.4x	15.3x	12.9x	2.0x	2.1x	1.9x	8.4	15.3	11.0
	NCI	1336 HK	Add	14.69	21.45	33.10	54%	0.23x	0.21x	0.19x	-20.1x	-27.8x	-28.8x	0.5x	0.5x	0.5x	19.5	12.9	10.6
	HK-listed weighted average							0.89x	0.81x	0.75x	-3.4x	-8.4x	-11.8x	1.2x	1.1x	1.1x	11.8	12.0	10.8
	HK-listed weighted average ex AIA							0.43x	0.40x	0.38x	-14.7x	-19.2x	-23.0x	0.8x	0.8x	0.7x	13.3	10.5	10.7

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Share prices as of 25 Mar 2022

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

**Figure 4: Key financial data**

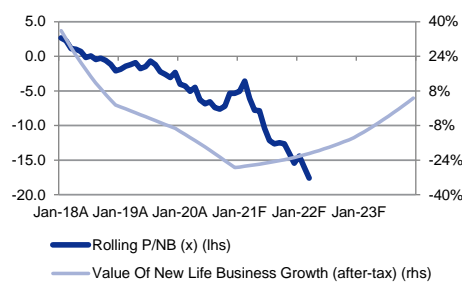
(Rmb m)	FY17	FY18	FY19	FY20	FY21	FY22F	FY23F	FY24F	FY25F
<b>Profit &amp; loss</b>									
Gross written premiums	281,644	321,895	347,517	362,064	362,668	376,741	394,867	417,271	444,665
Net premiums earned	263,554	299,724	313,246	331,639	330,755	341,699	356,403	375,088	398,452
Investment income	52,657	49,999	65,730	82,740	88,674	100,247	111,613	123,588	136,118
Other operating income	3,194	3,380	3,706	4,585	4,708	4,837	4,972	5,115	5,264
Total income	319,405	353,103	382,682	418,964	424,137	446,783	472,988	503,791	539,834
Net policyholders' benefits and claims:	210,130	226,444	260,850	293,415	295,491	309,918	327,249	348,015	372,716
Total benefits, claims and expenses	298,377	325,430	355,210	390,238	392,051	410,485	432,635	459,065	490,413
Share of profit in equity accounted investees	74	335	494	512	512	512	512	512	512
Profit before tax	21,102	28,008	27,966	29,238	32,598	36,810	40,865	45,237	49,933
Income tax	6,111	9,574	(388)	3,886	4,079	4,623	5,160	5,742	6,367
Net profit before minorities	14,991	18,434	28,354	25,352	28,519	32,187	35,705	39,496	43,566
Minorities interest	329	415	613	768	904	1,016	1,104	1,171	1,221
Net profit	14,662	18,019	27,741	24,584	27,615	31,171	34,601	38,325	42,345
EPS	1.62	1.99	3.06	2.63	2.87	3.24	3.60	3.98	4.40
DPS	0.80	1.00	1.20	1.30	1.42	1.59	1.78	1.99	2.23
BVPS	15.17	16.51	19.69	23.01	23.83	25.48	27.30	29.30	31.47
<b>Key balance sheet items</b>									
Total investment assets	1,081,282	1,233,222	1,419,263	1,648,007	1,900,337	2,176,754	2,477,547	2,802,786	3,152,325
Total assets	1,171,224	1,335,959	1,528,333	1,771,004	2,035,159	2,323,931	2,637,575	2,976,124	3,339,389
Total shareholders' equity excl. minorities	137,498	149,576	178,427	215,224	229,221	245,140	262,658	281,851	302,768
<b>Key EV and NBV metrics</b>									
NBV	26,723	27,120	24,597	17,841	13,778	11,898	12,459	13,601	15,327
NBV growth	40.3%	1.5%	-9.3%	-27.5%	-22.8%	-13.6%	4.7%	9.2%	12.7%
Life embedded value	214,037	258,428	305,521	341,348	378,687	416,657	456,862	499,657	545,443
Life ROEV	25%	25%	23%	17%	14%	13%	13%	13%	13%
Group embedded value	286,170	336,141	395,987	459,320	496,659	548,212	604,634	666,730	735,491
Group ROEV	19.1%	20.1%	20.5%	18.7%	10.7%	12.9%	12.7%	12.6%	12.6%
ROE	10%	11%	14%	11%	12%	12%	13%	13%	14%
NBV margin	54.0%	60.4%	69.5%	72.1%	50.3%	49.8%	49.8%	49.8%	49.8%
First year premiums (APE weighted)	49,466	44,906	35,394	24,749	27,402	23,902	25,028	27,322	30,791
<b>Other key metrics</b>									
Life gross written premiums (GWP)	176,072	203,202	213,663	213,980	209,610	205,119	203,493	204,994	210,379
Life GWP growth	28%	15%	5%	0%	-2%	-2%	-1%	1%	3%
Life FYP (APE) growth	29%	-9%	-21%	-30%	11%	-13%	5%	9%	13%
P&C combined ratio	98.8%	98.4%	98.3%	99.0%	99.8%	99.6%	99.3%	99.1%	98.9%
Group net investment yield	5.40%	4.90%	4.90%	4.70%	4.37%	4.33%	4.24%	4.16%	4.07%
Group gross investment yield	5.40%	4.60%	5.40%	5.90%	5.47%	5.41%	5.30%	5.19%	5.08%
Effective tax rate	29%	34%	-1%	13%	13%	13%	13%	13%	13%
Dividend payout ratio	49%	50%	39%	51%	49%	49%	49%	50%	51%
EPS growth	22%	23%	54%	-14%	9%	13%	11%	11%	10%
BVPS growth	4%	9%	19%	17%	4%	7%	7%	7%	7%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

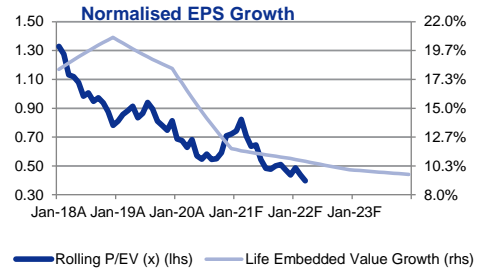
\* NEP = net earned premiums; GWP = gross written premiums; FYP = first year premiums; APE = annualised premium equivalent; NBV = new business value; EPS = earnings per share; BVPS = book value per share; ROEV = return on embedded value; DPS = dividend per share; EVPS = embedded value per share

## BY THE NUMBERS

P/NB vs NB Growth



12-mth Fwd FD Normalised P/E vs FD Normalised EPS Growth



### Profit & Loss

(Rmbm)	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Revenue	331,725	330,841	341,785	356,489	375,174
Total Claims and Changes in Reserves	(292,763)	(294,839)	(309,266)	(326,597)	(347,363)
Acq. Costs/Other Underwriting Exp.					
Total Underwriting Result	(54,353)	(57,050)	(64,540)	(71,987)	(79,732)
Investment Income on Tech Reserve	0	0	0	0	0
Insurance Profit / (Loss)	(54,353)	(57,050)	(64,540)	(71,987)	(79,732)
Total Other Technical Income	81,032	87,089	98,791	110,293	122,410
<b>Total Other Revenues</b>	<b>6,207</b>	<b>6,207</b>	<b>6,207</b>	<b>6,207</b>	<b>6,207</b>
<b>Total Operating Costs</b>	<b>(4,160)</b>	<b>(4,160)</b>	<b>(4,160)</b>	<b>(4,160)</b>	<b>(4,160)</b>
Other Technical Income / (Loss)					
<b>Depreciation And Amortisation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating Profit</b>	<b>28,726</b>	<b>32,086</b>	<b>36,298</b>	<b>40,353</b>	<b>44,725</b>
Pretax Income/(Loss) from Assoc.	512	512	512	512	512
Post-Tax Oper. Earnings - Life/Other Biz					
Head Office Costs					
<b>Non-Operating Income/(Expense)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Interest Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Investment Income on Shareholders Fund					
Other Income					
Exceptional Items					
<b>Pre-tax Profit</b>	<b>29,238</b>	<b>32,598</b>	<b>36,810</b>	<b>40,865</b>	<b>45,237</b>
Taxation	(3,886)	(4,079)	(4,623)	(5,160)	(5,742)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>25,352</b>	<b>28,519</b>	<b>32,187</b>	<b>35,705</b>	<b>39,496</b>
Minority Interests	(768)	(904)	(1,016)	(1,104)	(1,171)
Preferred Dividends					
Special Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
<b>Net Profit</b>	<b>24,584</b>	<b>27,615</b>	<b>31,171</b>	<b>34,601</b>	<b>38,325</b>

### Operating Ratios

	Dec-20A	Dec-21F	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)	(99%)	(100%)	(104%)	(108%)	(112%)
Acquisition Expense Ratio (life & Health)	0%	0%	0%	0%	0%
Admin Expense Ratio (life & Health)	0%	0%	0%	0%	0%
Total Expense Ratio (life & Health)	21.5%	21.4%	21.4%	21.4%	21.4%
Policyholder Dividends Ratio (life & Health)	5.38%	5.43%	5.67%	5.88%	6.08%
Combined Underwriting Ratio (life & Health)	(71.6%)	(73.0%)	(77.0%)	(80.8%)	(84.2%)
Underwriting Profit Margin (life & Health)	(26.1%)	(27.6%)	(32.1%)	(36.2%)	(40.0%)
Operating Profit Margin (life & Health)	9.4%	11.6%	13.4%	14.9%	16.3%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



## BY THE NUMBERS... cont'd

### Balance Sheet

(Rmbm)	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Fixed Assets	19,293	21,222	23,238	25,336	27,508
Intangible Assets	4,680	4,680	4,680	4,680	4,680
Other Long Term Assets	1,675,858	1,929,865	2,207,872	2,510,151	2,836,756
<b>Total Non-current Assets</b>	<b>1,699,831</b>	<b>1,955,767</b>	<b>2,235,790</b>	<b>2,540,167</b>	<b>2,868,944</b>
Total Cash And Equivalents	20,878	24,075	27,577	31,387	35,507
Trade Debtors	50,435	55,479	60,749	66,232	71,910
Other Current Assets	0	0	0	0	0
<b>Total Current Assets</b>	<b>71,313</b>	<b>79,553</b>	<b>88,325</b>	<b>97,619</b>	<b>107,418</b>
Creditors - Direct & Reinsurance Business					
Provision For Claims Outstanding					
Other Current Liabilities	31,248	36,272	41,752	47,699	54,113
<b>Total Current Liabilities</b>	<b>31,248</b>	<b>36,272</b>	<b>41,752</b>	<b>47,699</b>	<b>54,113</b>
Total Long-term Debt	9,991	11,597	13,349	15,251	17,302
Hybrid Debt - Debt Component					
Other Liabilities	255,771	296,897	341,749	390,426	442,925
<b>Total Non-current Liabilities</b>	<b>265,762</b>	<b>308,494</b>	<b>355,098</b>	<b>405,677</b>	<b>460,227</b>
<b>Total Technical &amp; Other Provisions</b>	<b>1,253,159</b>	<b>1,454,656</b>	<b>1,674,410</b>	<b>1,912,906</b>	<b>2,170,127</b>
<b>Total Liabilities</b>	<b>1,550,169</b>	<b>1,799,423</b>	<b>2,071,260</b>	<b>2,366,282</b>	<b>2,684,467</b>
Shareholders' Equity	215,224	229,221	245,140	262,658	281,851
Minority Interests	5,611	6,515	7,531	8,635	9,806
<b>Total Equity</b>	<b>220,835</b>	<b>235,736</b>	<b>252,671</b>	<b>271,293</b>	<b>291,657</b>
Life Embedded Value	341,348	378,687	416,657	456,862	499,657

### Key Ratios

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Net Premium Growth	3.75%	(0.02%)	3.36%	4.35%	5.28%
Operating Profit Growth (Life & Health)	1.5%	20.0%	12.7%	10.5%	10.2%
Value Of New Life Business Growth (after-tax)	(27.5%)	(22.8%)	(13.6%)	4.7%	9.2%
Life Embedded Value Growth	11.7%	10.9%	10.0%	9.6%	9.4%
Pre-tax Margin	8.8%	9.9%	10.8%	11.5%	12.1%
Net Profit Margin	7.4%	8.3%	9.1%	9.7%	10.2%
Effective Tax Rate	13.3%	12.5%	12.6%	12.6%	12.7%
Net Dividend Payout Ratio	50.9%	49.3%	48.9%	49.4%	49.9%
Return On Average Assets	1.54%	1.50%	1.48%	1.44%	1.41%
Net Gearing	(5.33%)	(5.76%)	(6.16%)	(6.55%)	(6.91%)
Financial Leverage	8.38	8.56	9.19	9.77	10.31
Equity / Assets	12.2%	11.3%	10.5%	10.0%	9.5%

### Key Drivers

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Total GWP	0.0	0.0	0.0	0.0	0.1
Net earned premiums/ GWP ratio	0.9	0.9	0.9	0.9	0.9
Gross investment income yield (computed)	0.1	0.1	0.0	0.0	0.0
weight of CPIC Life investment income	0.9	0.9	0.9	0.9	0.9
Effective tax rate	0.1	0.1	0.1	0.1	0.1
Minority interests growth yoy	0.3	0.2	0.1	0.1	0.1

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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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.



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

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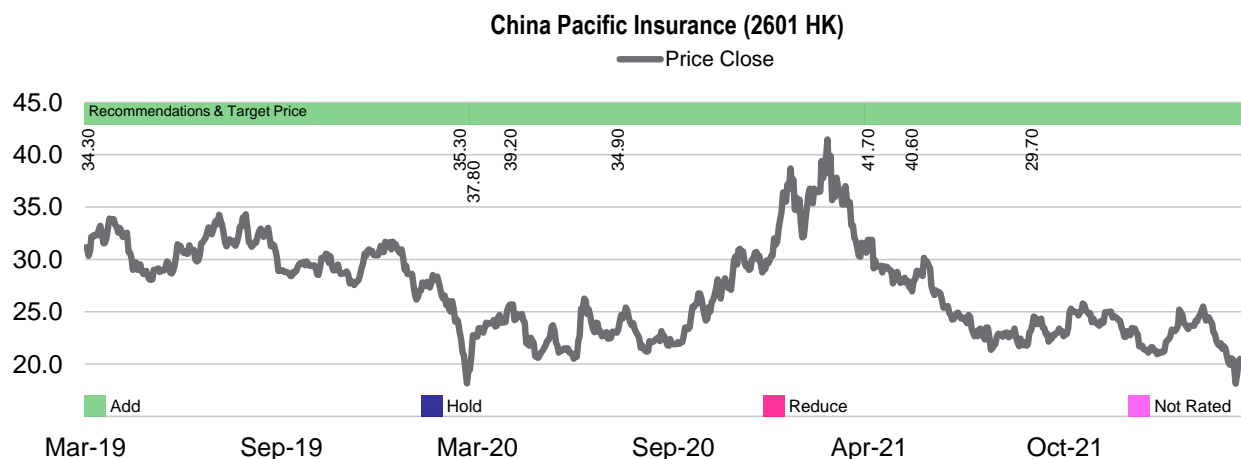
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%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

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

### 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.

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.

#### 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.

