

Hong Kong

**ADD** (no change)

Consensus ratings\*: Buy 26 Hold 4 Sell 1

Current price:	HK\$7.79
Target price:	HK\$10.00
Previous target:	HK\$9.40
Up/downside:	28.4%
CGS-CIMB / Consensus:	6.4%
Reuters:	2328.HK
Bloomberg:	2328 HK
Market cap:	US\$22,146m
	HK\$173,271m
Average daily turnover:	US\$28.75m
	HK\$223.4m
Current shares o/s:	22,242m
Free float:	47.0%

\*Source: Bloomberg

**Key changes in this note**

- FY21F EPS raised by 1.1%.
- FY22F EPS raised by 0.8%.
- FY23F EPS raised by 5.9%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-4.7	21.7	25.6
Relative (%)	-0.5	27.2	47

Major shareholders	% held
PICC Group	69.0

**Analyst(s)**



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# PICC Property & Casualty

## Model adjustment

- We marginally raise our FY21F-23F EPS forecasts by 0.8%–5.9%.
- We now forecast combined ratios rose from 98.9% in FY20 to 99.2% in FY21F, and will rise to 99.7% for FY22F and 99.9% in FY23F.
- Maintain an Add rating. TP raised slightly to HK\$10 as we roll forward our valuation and apply our target P/BV multiple to FY22F BVPS.

### FY21F-23F EPS raised marginally by 0.8%–5.9%

This is driven by marginally higher premium growth and investment income assumptions. We forecast gross written premium (GWP) growth accelerated from FY20's 0% to 3.6% in FY21F, then 11.1% in FY22F and 11.7% in FY23F, driven by a recovery of auto GWP growth, given that the yoy drag on premium growth from auto insurance reform is now over.

### We forecast a continued slight deterioration in the combined ratio

We assume combined ratios rose from 98.9% in FY20 to 99.2% in FY21F, and will rise to 99.7% for FY22F and 99.9% in FY23F, driven by rising competition.

### Maintain Add rating, TP raised by 6.4% to HK\$10


Our GGM-based TP rises to HK\$10 from HK\$9.4, driven by higher FY21F-23F EPS, as we roll forward our valuation, and apply our target P/BV multiple to FY22F BVPS. Re-rating catalysts: faster premium growth and any rebound in the A-share market. Downside risks: intensifying competition, stricter regulations and greater policy risks.

### Financial Summary

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Gross Premium (Rmbm)	433,187	448,996	498,809	557,323	625,762
Investment And Other Income (Rmbm)	18,184	22,235	23,077	25,927	27,465
Net Premium (Rmbm)	433,187	448,996	498,809	557,323	625,762
Net Profit (Rmbm)	20,247	23,580	23,015	24,585	24,861
Normalised EPS (Rmb)	0.91	1.06	1.03	1.11	1.12
Normalised EPS Growth	(16.6%)	16.5%	(2.4%)	6.8%	1.1%
FD Normalised P/E (x)	6.97	5.99	6.13	5.74	5.68
P/NB (x)	NA	NA	NA	NA	NA
DPS (Rmb)	0.37	0.42	0.41	0.44	0.45
Dividend Yield	5.91%	6.68%	6.52%	6.96%	7.04%
P/EV (x)	NA	NA	NA	NA	NA
P/BV (x)	0.75	0.70	0.65	0.61	0.57
ROE	11.3%	12.1%	11.0%	11.0%	10.4%
% Change In Normalised EPS Estimates		1.15%	0.76%	5.87%	
Normalised EPS/consensus EPS (x)		0.99	0.87	0.82	0.78

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Model adjustment

ESG in a nutshell		Refinitiv ESG Scores					
		B+ ESG Score	A+ ESG Controversies Score	B+ ESG Combined Score	B+ ESG Environment Pillar Score	B- ESG Social Pillar Score	A- ESG Government Pillar Score
<p>PICC P&amp;C scored a B+ rating for its combined ESG score by Refinitiv in FY20. The company has carried out its mission of being the insurer for the people in the new era, providing reliable insurance protection for economic development, social stability, national prosperity and people’s well-being. While continuously reducing the impact that operations had on the environment, PICC P&amp;C simultaneously implemented the national deployment of building a green financial system. In November 2020, the company was the first to issue first policy-based natural grassland insurance in China. This insurance policy provides insurance against natural disasters such as droughts and sandstorms for more than 1 million mu (66,667 hectares) of grassland in Inner Mongolia, with a guarantee amount of more than Rmb20m. In the field of rural revitalisation, the company and its subsidiaries launched the exclusive protection scheme of “Rural Revitalization Insurance”, which provides over Rmb279.1bn in risk protection. Going forward, PICC P&amp;C has stated that it will continue to pioneer public health emergency assistance insurance and proactively incorporate ESG into its daily operations.</p>							
<p><b>Keep your eye on</b></p> <p>Climate change risk forms part of PICC P&amp;C’s overall insurance risk profile through its role in increasing the frequency and intensity of natural disasters.</p>	<p><b>Implications</b></p> <p>There has not been much detail on how PICC P&amp;C will manage the risks from climate change. Thus 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>						
<p><b>ESG highlights</b></p> <p>PICC P&amp;C’s B+ ESG score is among the average of ESG scoring against its peers, driven by its pioneer status in public health emergency.</p>	<p><b>Implications</b></p> <p>PICC P&amp;C has increasingly focused on its ESG issues. While not priced into valuations at the current stage, we believe its ESG progress will support a re-rating cycles.</p>						
<p><b>Trends</b></p> <p>PICC P&amp;C’s ESG score upgraded from B- in FY19 to B+ in FY20, with the Environmental pillar score upgraded from B- in FY19 to B+ FY20 and the Social pillar score upgraded from C in FY19 to B- in FY20, while the Governance pillar score is the same as in FY19. The company’s ESG Controversies score has remained A+ since FY18.</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 further disclosures on the climate change risks.</p>						

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## Changes to our forecasts

We raise our FY21F, FY22F and FY23F EPS forecasts by 1.1%, 0.8% and 5.9%, respectively. This is primarily driven by higher premium growth and investment income assumptions (Fig 1).

**Figure 1: Changes to our key estimates for PICC P&C**

(Rmb m)	FY21F			FY22F			FY23F		
	Old	New	% change	Old	New	% change	Old	New	% change
<b>Profit &amp; loss</b>									
Net premiums earned	380,266	386,266	1.6%	417,181	429,074	2.9%	461,023	477,225	3.5%
Total investment income	20,624	22,235	7.8%	21,406	23,077	7.8%	22,675	25,927	14.3%
Other income	0	0	n.a.	0	0	n.a.	0	0	n.a.
Total Revenue	400,890	408,501	1.9%	438,587	452,151	3.1%	483,698	503,153	4.0%
Insurance-related expenses	255,691	259,978	1.7%	284,454	292,564	2.9%	317,095	328,050	3.5%
Underwriting and policy acquisition costs	100,570	103,267	2.7%	107,483	112,154	4.3%	116,771	122,811	5.2%
Other expenses	121,761	124,769	2.5%	131,437	136,687	4.0%	143,655	150,541	4.8%
Total benefits, claims and expenses	377,453	384,747	1.9%	415,890	429,251	3.2%	460,750	478,591	3.9%
Share of P/L from associates	4,128	4,128	0.0%	4,314	4,314	0.0%	4,510	4,510	0.0%
Pre-tax profit	27,566	27,882	1.1%	27,011	27,215	0.8%	27,458	29,071	5.9%
Income tax	4,254	4,303	1.1%	4,168	4,200	0.8%	4,237	4,486	5.9%
Minority interests (or non-controlling interests)	0	0	n.a.	0	0	n.a.	0	0	n.a.
<b>Net profit</b>	<b>23,312</b>	<b>23,580</b>	<b>1.1%</b>	<b>22,843</b>	<b>23,015</b>	<b>0.8%</b>	<b>23,221</b>	<b>24,585</b>	<b>5.9%</b>
EPS	1.05	1.06	1.1%	1.03	1.03	0.8%	1.04	1.11	5.9%
DPS	0.42	0.42	1.1%	0.41	0.41	0.8%	0.42	0.44	5.9%
BVPS	9.10	9.12	0.1%	9.71	9.73	0.2%	10.34	10.42	0.7%
<b>Key balance sheet items</b>									
Total investment assets	537,342	537,342	0%	574,956	574,956	0%	615,203	615,203	0%
Total assets	696,415	696,415	0%	748,346	748,346	0%	802,637	802,637	0%
Total shareholders' equity excl. minorities	202,484	202,752	0%	216,009	216,342	0%	230,099	231,728	1%
<b>Other key metrics</b>									
Gross written premiums (GWP)	442,511	448,996	1%	485,957	498,809	3%	539,679	557,323	3%
GWP growth	2%	4%	1% pts	10%	11%	1% pts	11%	12%	1% pts
Net investment yield	3.77%	4.07%	0.29% pts	3.66%	3.94%	0.29% pts	3.62%	4.14%	0.52% pts
Gross investment yield	3.97%	4.28%	0.31% pts	3.85%	4.15%	0.30% pts	3.81%	4.36%	0.55% pts
Insurance-related expenses/ (net earned premiums+ total investment revenue)	63.8%	63.6%	-0.1% pts	64.9%	64.7%	-0.2% pts	65.6%	65.2%	-0.4% pts
Underwriting and policy acquisition costs/ net earned premiums	26.4%	26.7%	0.3% pts	25.8%	26.1%	0.4% pts	25.3%	25.7%	0.4% pts
Effective tax rate	15.4%	15.4%	0.0% pts	15.4%	15.4%	0.0% pts	15.4%	15.4%	0.0% pts
Dividend payout ratio	40%	40%	0% pts	40%	40%	0% pts	40%	40%	0% pts
EPS growth	12%	13%	1% pts	-2%	-2%	0% pts	2%	7%	5% pts
BVPS growth	8%	8%	0% pts	7%	7%	0% pts	7%	7%	1% pts
Combined ratio	98.9%	99.2%	0.3% pts	99.3%	99.6%	0.3% pts	99.5%	99.9%	0.3% pts

SOURCES: CGS-CIMB RESEARCH ESTIMATES

## Valuation and risks

We raise our target price by 6.4% to HK\$10 from HK\$9.40, and reiterate our Add rating on PICC P&C.

We value PICC P&C using a Gordon Growth Model (GGM), where our target 0.9x P/BV multiple (unchanged) is derived by a cost of equity of 12.4% (unchanged), a terminal growth rate assumption of 3% (unchanged) and a sustainable ROE assumption of 11.1% (unchanged).

We then apply this target P/BV multiple to our FY22F (previously FY21F) BVPS of Rmb9.73 (previously Rmb9.10), and assuming an Rmb/HK\$ exchange rate of 1.19 (unchanged), we derive a target price of HK\$10 (previously HK\$9.40) (Fig 2).

Key downside risks include another outbreak of Covid-19 in China (which could adversely impact premium growth) and weaker investment income stemming from either falling bond yields or falling equity markets, as well as intensifying

competition, stricter regulations and greater policy risks, which could hurt combined ratios.

**Figure 2: Changes to our key valuation assumptions for PICC P&C**

	New	Old	% change
Equity risk premiums (ERP)	8.0%	8.0%	0.0%
Risk free rate	3.0%	3.0%	0.0%
Beta	1.18	1.18	0.0%
Cost of equity (COE)	12.4%	12.4%	0.0%
Terminal growth rate	3.0%	3.0%	0.0%
Rmb/HK\$ exchange rate	1.19	1.19	0.0%
Sustainable ROE (weighted average of FY20F-FY24F, with an equal weighting to all years)	11.1%	11.1%	-0.2%
Target P/BV (x)	0.9x	0.9x	-0.2%
FY22F BVPS (Rmb)	9.73	9.10	6.8%
FY22F BVPS (HK\$)	11.62	10.87	6.8%
Target price (HK\$)	9.97	9.35	6.6%
Final target price (HK\$)	10.00	9.40	6.4%
Current share price (HK\$)	7.79		
Upside/ downside	28%		

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG  
Share price as of 24 Mar 2022

**Figure 3: 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	15.40	26%	0.27x	0.24x	0.22x	-13.3x	-15.4x	-22.5x	0.6x	0.6x	0.6x	16.8	12.5	11.7
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	-7.7x	-11.0x	1.2x	1.2x	1.1x	11.8	11.7	11.1
HK-listed weighted average ex AIA							0.44x	0.42x	0.39x	-14.3x	-18.7x	-22.4x	0.9x	0.8x	0.7x	13.3	10.0	11.2

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 4: Key financial data**

(Rmb m)	FY15	FY16	FY17	FY18	FY19	FY20	FY21F	FY22F	FY23F	FY24F
<b>Profit &amp; loss</b>										
Net premiums earned	244,567	270,261	309,076	344,124	380,683	393,127	386,266	429,074	477,225	533,756
<i>of which:</i>										
Gross written premiums (GWP)	281,698	311,160	350,314	388,769	433,175	433,187	448,996	498,809	557,323	625,762
Total investment income	20,536	15,780	15,392	15,303	17,426	18,184	22,235	23,077	25,927	27,465
Other income	404	369	372	1,151	354	-89	0	0	0	0
Total Revenue	265,507	286,410	324,840	360,578	398,463	411,222	408,501	452,151	503,153	561,221
Insurance benefits and claims expenses	153,419	171,759	192,520	213,303	251,822	260,320	259,978	292,564	328,050	369,730
Other expenses	84,358	95,145	109,734	127,592	127,108	130,177	124,769	136,687	150,541	166,808
Total benefits, claims and expenses	237,777	266,904	302,254	340,895	378,930	390,497	384,747	429,251	478,591	536,538
Share of P/L from associates	473	2,945	4,575	3,745	4,250	3,951	4,128	4,314	4,510	4,715
Profit before income tax	28,203	22,451	27,161	23,428	23,783	24,676	27,882	27,215	29,071	29,397
Income tax	6,356	4,430	7,353	7,942	-496	3,808	4,303	4,200	4,486	4,537
Net profit after tax	21,847	18,021	19,808	15,486	24,279	20,868	23,580	23,015	24,585	24,861
Minority interests	0	1	1	1	-3	0	0	0	0	0
Net profit attrib. to shareholders	21,847	18,020	19,807	15,485	24,282	20,868	23,580	23,015	24,585	24,861
EPS	1.47	1.22	1.34	0.70	1.09	0.94	1.06	1.03	1.11	1.12
DPS	0.30	0.31	0.34	0.27	0.46	0.37	0.42	0.41	0.44	0.45
BVPS	7.35	8.05	8.98	6.36	7.64	8.43	9.12	9.73	10.42	11.09
ROE	22.4%	15.8%	15.7%	11.3%	15.6%	11.6%	11.9%	10.9%	10.9%	10.3%
<b>Key balance sheet items</b>										
Total investment assets	341,028	376,915	412,405	429,640	460,184	502,189	537,342	574,956	615,203	658,267
Total assets	420,420	475,949	524,566	550,619	596,081	646,801	696,415	748,346	802,637	859,366
Total shareholders' equity excl. minorities	108,946	119,306	133,107	141,495	169,953	187,513	202,752	216,342	231,728	246,762
<b>Other key metrics</b>										
GWP growth	11.3%	10.5%	12.6%	11.0%	11.4%	0.0%	3.6%	11.1%	11.7%	12.3%
Net investment yield	4.30%	4.02%	3.73%	3.88%	3.73%	3.59%	4.07%	3.94%	4.14%	4.10%
Gross investment yield	6.48%	4.40%	3.90%	3.63%	3.92%	3.78%	4.28%	4.15%	4.36%	4.31%
Loss ratio	62.7%	63.6%	62.3%	62.0%	66.2%	66.2%	67.3%	68.2%	68.7%	69.3%
Expense ratio	33.8%	34.6%	34.7%	36.5%	33.0%	32.7%	31.9%	31.5%	31.1%	30.9%
Combined ratio	96.5%	98.1%	97.0%	98.5%	99.2%	98.9%	99.2%	99.6%	99.9%	100.1%
Mix of total GWP from auto	73%	73%	71%	67%	61%	61%	57%	55%	53%	51%
Auto GWP growth	10%	10%	10%	4%	2%	1%	-4%	7%	8%	9%
Non-auto GWP growth	14%	10%	18%	17%	25%	10%	18%	17%	16%	16%
Auto combined ratio	96.1%	96.6%	96.3%	98.4%	96.7%	96.5%	98.4%	99.3%	99.6%	99.9%
Non-auto combined ratio	97.8%	103.3%	99.2%	98.5%	103.9%	103.3%	100.6%	100.2%	100.3%	100.4%
Mix of investment assets from equities (including investments in associates & JV)	23%	28%	26%	28%	31%	33%	33%	33%	33%	33%
Effective tax rate	23%	20%	27%	34%	-2%	15%	15%	15%	15%	15%
Dividend payout ratio	21%	25%	25%	39%	42%	40%	40%	40%	40%	40%
EPS growth	39%	-18%	10%	-48%	57%	-14%	13%	-2%	7%	1%
BVPS growth	27%	10%	12%	-29%	20%	10%	8%	7%	7%	6%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

## BY THE NUMBERS

<b>Profit &amp; Loss</b>					
<b>(Rmbm)</b>	<b>Dec-20A</b>	<b>Dec-21F</b>	<b>Dec-22F</b>	<b>Dec-23F</b>	<b>Dec-24F</b>
Revenue	393,127	386,266	429,074	477,225	533,756
Total Claims and Changes in Reserves	(260,320)	(259,978)	(292,564)	(328,050)	(369,730)
Acq. Costs/Other Underwriting Exp.					
Total Underwriting Result	2,630	1,520	(177)	(1,366)	(2,782)
Investment Income on Tech Reserve	0	0	0	0	0
Insurance Profit / (Loss)	2,630	1,520	(177)	(1,366)	(2,782)
Total Other Technical Income	17,474	22,235	23,077	25,927	27,465
<b>Total Other Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Operating Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</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>20,104</b>	<b>23,754</b>	<b>22,901</b>	<b>24,561</b>	<b>24,683</b>
Pretax Income/(Loss) from Assoc.	3,951	4,128	4,314	4,510	4,715
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>24,055</b>	<b>27,882</b>	<b>27,215</b>	<b>29,071</b>	<b>29,397</b>
Taxation	(3,808)	(4,303)	(4,200)	(4,486)	(4,537)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>20,247</b>	<b>23,580</b>	<b>23,015</b>	<b>24,585</b>	<b>24,861</b>
Minority Interests	0	0	0	0	0
Preferred Dividends					
Special Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
<b>Net Profit</b>	<b>20,247</b>	<b>23,580</b>	<b>23,015</b>	<b>24,585</b>	<b>24,861</b>

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	25,725	28,298	30,844	33,343	35,773
Intangible Assets	0	0	0	0	0
Other Long Term Assets	514,219	551,361	590,797	632,657	677,087
<b>Total Non-current Assets</b>	<b>539,944</b>	<b>579,658</b>	<b>621,641</b>	<b>666,000</b>	<b>712,860</b>
Total Cash And Equivalents	26,192	28,025	29,987	32,086	34,332
Trade Debtors	50,103	55,113	60,073	64,939	69,674
Other Current Assets	30,562	33,618	36,644	39,612	42,500
<b>Total Current Assets</b>	<b>106,857</b>	<b>116,757</b>	<b>126,705</b>	<b>136,638</b>	<b>146,506</b>
Creditors - Direct & Reinsurance Business					
Provision For Claims Outstanding					
Other Current Liabilities	50,884	54,713	58,985	63,319	67,963
<b>Total Current Liabilities</b>	<b>50,884</b>	<b>54,713</b>	<b>58,985</b>	<b>63,319</b>	<b>67,963</b>
Total Long-term Debt	23,297	25,050	27,006	28,990	31,117
Hybrid Debt - Debt Component					
Other Liabilities	382,589	411,382	443,496	476,083	511,006
<b>Total Non-current Liabilities</b>	<b>405,886</b>	<b>436,432</b>	<b>470,502</b>	<b>505,073</b>	<b>542,123</b>
<b>Total Technical &amp; Other Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities</b>	<b>456,770</b>	<b>491,146</b>	<b>529,486</b>	<b>568,392</b>	<b>610,086</b>
Shareholders' Equity	187,513	202,752	216,342	231,728	246,762
Minority Interests	2,518	2,518	2,518	2,518	2,518
<b>Total Equity</b>	<b>190,031</b>	<b>205,270</b>	<b>218,860</b>	<b>234,246</b>	<b>249,280</b>
Life Embedded Value					

### Key Ratios

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Net Premium Growth	0.0%	3.6%	11.1%	11.7%	12.3%
Operating Profit Growth (Life & Health)	N/A	N/A	N/A	N/A	N/A
Value Of New Life Business Growth (after-tax)	N/A	N/A	N/A	N/A	N/A
Life Embedded Value Growth	N/A	N/A	N/A	N/A	N/A
Pre-tax Margin	6.12%	7.22%	6.34%	6.09%	5.51%
Net Profit Margin	5.15%	6.10%	5.36%	5.15%	4.66%
Effective Tax Rate	15.8%	15.4%	15.4%	15.4%	15.4%
Net Dividend Payout Ratio	41.2%	40.0%	40.0%	40.0%	40.0%
Return On Average Assets	3.26%	3.51%	3.19%	3.17%	2.99%
Net Gearing	(1.57%)	(1.49%)	(1.40%)	(1.35%)	(1.32%)
Financial Leverage	3.48	3.44	3.45	3.46	3.47
Equity / Assets	29.0%	29.1%	28.9%	28.9%	28.7%

### Key Drivers

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Combined ratio (%)	98.9%	99.2%	99.6%	99.9%	100.1%
Gross written premiums growth (%)	0.0%	3.6%	11.1%	11.7%	12.3%
Gross investment income yield (%)	3.8%	4.3%	4.1%	4.4%	4.3%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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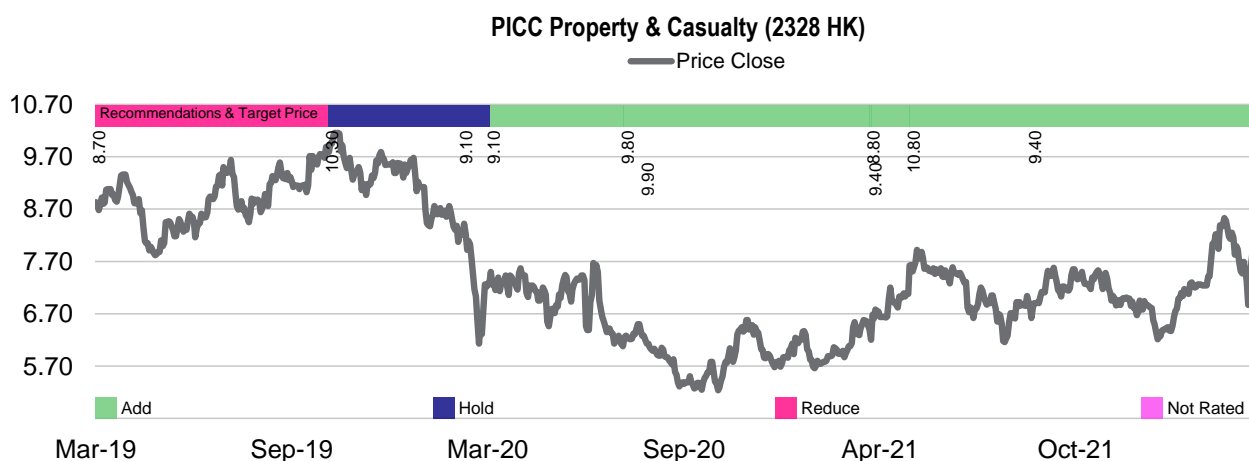
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	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	
<b>Stock Ratings</b>	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>	
<b>Sector Ratings</b>	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.
<b>Country Ratings</b>	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.

