

AIA Group Ltd. (1299 HK)

FY23 VNB +33% in line; strong MCV momentum sustained to 1-2M24

AIA reported full-year results with VNB +33% YoY (CER basis, +30% on AER basis) to US\$4,034mn, and ANP +45% YoY (CER basis, +41% on AER basis) to US\$7,650mn, in line with our forecasts (VNB +31%, ANP +44% on AER basis). We saw a narrowed downtrend in VNB margin to 52.6%, sequentially improved by 3.8pct to 54.5% in 2H23 (vs 1H23: 50.7%). Among double-digit growth in four segments, AIA HK's VNB remarkably rose 82% YoY underpinned by sequential growth in 4Q23 by capturing MCV demands against a sector-wide slowdown. The solid MCV momentum continued year-to-date, driving a double-digit VNB uptick in 1-2M24, which would support a mid-double digit VNB gain in 1Q24 in our view.

Despite geographical highlights, we saw mixed patterns in profitability and EV, adversely impacted by investment return variances and higher medical claims, jointly offsetting the increase from new business growth. Looking ahead, we are positive on AIA's long-term OPAT growth, as 1) the growth of contractual service margin (CSM) release (+6% YoY) implying future profit release outpaced that of current OPAT (-1% YoY) and 2) medical claims will normalize in product repricing.

We rebase our valuation by taking into account both P/EV vs RoEV on Gordon Growth and Appraisal Value approach by adjusting assumptions of 1) long-term RoEV from 14% to 11%; 2) risk discount rate from 10% to 9.5%, and 3) involving 8.6% long-term investment return in calc. the discount factor, as shown in [Fig. 4](#). The new price target (TTM) of HK\$96.5 implies 1.8x FY24E P/EV. Reiterate BUY.

■ **AIA China VNB +28% YoY in Feb-Dec implying resilience.** AIA China grew full-year VNB by 20% YoY, of which agency VNB was +20% YoY in Feb-Dec as pandemic disruptions subsided. Agency VNB margin rose to 63.4% in 2H23, +6.7pct from 56.7% in 1H23 given product mix shifting to traditional protection and lucrative long-term savings, such as private pension and retirement plans with VNB margin >65%. Critical illness (CI) made up ~70% of protection VNB in 2H23. The bancassurance advanced rapidly, making up 6% of total VNB with a consecutively increasing margin to >30% by Jan 2024. The insurer carried on with provincial expansions, to 1-2 cities per year. Looking ahead, we expect the long-term savings momentum to sustain within a prolonged low-interest-rate environment; yet from 2Q24 onwards, a high base might be a pressure.

■ **CSM +6% YoY outgrew OPAT bolstering financial health.** The IFRS OPAT (-1% YoY on CER basis) was below market expectations, as a first decline in company's history. We see this fall a result of: 1) US\$221m medical claims that negatively offset the CSM contribution (+6% YoY) to insurance service results (-5% YoY); and 2) a low CSM beg. balance dragged by prior-year VNB decline. Yet, we are unconcerned as of: 1) the CSM, which implies the unearned profit of in-force policies for future, outgrew OPAT growth by +6% YoY, showing the Group's financial health with incremental future profit release; 2) EV operating profit +30% YoY to US\$8.9bn supporting consistent EV growth; 3) the insurer refined EV assumptions by lowering the risk discount rate (RDR) of AIA China, AIA Thailand and AIA Malaysia, and increasing the long-term equity investment return of most markets. After the refinement, the avg. RDR is -45bps to 9.5% and avg. long-term equity return is +8.5bps to 8.9% giving upside for future EV.

■ **Revise price target to HK\$96.5.** We revise our valuation with a new price target derived from P/EV vs RoEV and Appraisal Value approach. We adjust assumptions of 1) long-term RoEV from 14% to 11%; 2) risk discount rate from 10% to 9.5%; and 3) adding 8.6% investment return to calc. for discount factor. The stock is now trading at 1.2x FY24E P/EV, while our new price target implies 1.8x FY24E P/EV. We are positive on the insurer's organic growth, disciplined capital management, and consistent returns to shareholders. Reiterate BUY.

BUY (Maintain)

Target Price **HK\$96.50**
 (Previous TP) HK\$118.00
Up/Downside **58.2%**
Current Price **HK\$61.00**

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Stock Data

| | |
|--------------------------|-------------|
| Mkt Cap (HK\$ mn) | 693,082.0 |
| Avg 3 mths t/o (HK\$ mn) | 1,647.7 |
| 52w High/Low (HK\$) | 85.90/59.10 |
| Total Issued Shares (mn) | 11362.0 |

Source: FactSet

Shareholding Structure

| | |
|-------------------------------|-------|
| Bank of New York Mellon Corp. | 10.2% |
| JPMorgan Chase & Co. | 8.9% |

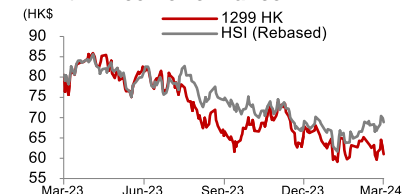
Source: HKEx

Share Performance

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | -3.6% | -8.1% |
| 3-mth | -10.2% | -9.8% |
| 6-mth | -8.3% | -0.3% |

Source: FactSet

12-mth Price Performance



Source: FactSet

Auditor: PwC

Recent Reports:

- AIA Group Ltd. (1299 HK) – Long-term growth intact, expect 2H22 recovery ([link](#))
- AIA Group Ltd. (1299 HK) – Pent-up demands to boost HK growth; Raise TP ([link](#))
- AIA Group Ltd. (1299 HK) – 2H22 recovery in line; Upbeat trend in HK and mainland China in 2M23 ([link](#))
- AIA Group Ltd. (1299 HK) – Strong 1Q23 momentum ([link](#))

Earnings Summary

| (YE 31 Dec) | FY22A | FY23A | FY24E | FY25E | FY26E |
|-------------------------------------|-------|-------|-------|-------|-------|
| Net profit (US\$ mn) | 3,365 | 3,781 | 6,357 | 6,970 | 7,718 |
| EPS (Reported)(US\$) | 0.28 | 0.33 | 0.58 | 0.64 | 0.73 |
| Consensus EPS (US\$) | n.a | n.a | 0.58 | 0.65 | 0.71 |
| VNB/share (US\$) | 0.27 | 0.36 | 0.42 | 0.48 | 0.56 |
| Group embedded value / share (US\$) | 5.87 | 5.94 | 6.60 | 7.28 | 8.07 |
| P/B (x) | 2.6 | 2.7 | 1.9 | 1.8 | 1.7 |
| P/Embedded value (x) | 1.3 | 1.3 | 1.2 | 1.1 | 1.0 |
| Dividend yield (%) | 2.0 | 2.1 | 2.9 | 3.3 | 3.7 |
| ROE (%) | 6.6 | 8.8 | 15.0 | 15.5 | 16.2 |

Source: Company data, Bloomberg, CMBIGM estimates

Rerating rationale

■ **RoEV vs P/EV in addition to Appraisal Value.** In our previous model, we adopted only the Appraisal Value approach to derive the price target (HK\$118) for AIA, given the fact that the pan-Asian life insurer operates businesses primarily in emerging markets. The key variable of the approach stands on the new business multiplier (NBM), which depends on actuarial assumptions incl. risk discount rate (RDR) and long-term equity investment return to derive a proper discount factor. The formula of the approach is stated in the following:

$$\text{Total value} = \text{Embedded Value} + \text{Value of New Business} * \text{New Business Multiplier}$$

The approach focuses more on new business growth, given the emerging markets usually have lower insurance penetration and density; and yet it may not provide a full picture of embedded value (EV) movements in our view. The change in EV beginning and ending balance shows a process of the insurer's value generation, and differences between the pricing and actual variances, from both operating and investment perspectives. Given increasing macro uncertainties, we incorporate the RoEV vs P/EV based on Gordon Growth in addition to the Appraisal Value approach to derive our new price target (TTM) at HK\$96.5 per share. ([Fig. 3/Fig. 4](#))

■ **Long-term RoEV from 14% to 11%:** Aside from the operating RoEV, we also include other metrics, i.e. investment experience variances, effect of changes in economic assumptions, other non-operating variances and changes in FX rates, etc. as part of the return on embedded value. We see a trend of negative investment variances in recent years, offsetting the growth of total EV profit. On a 10-year+ horizon, we find the Group's RoEV fluctuates at around 11%.

■ **Risk discount rate down from 10.0% to 9.5%:** In 2023, the Group revised down the core economic assumptions for AIA China, given the risk discount rate (RDR) contracted by 53bps YoY from 9.69% to 9.16% and local equities return dropped by 50bps YoY from 9.30% to 8.80%, as a result of a prolonged low-interest-rate environment and gloomy market sentiment, as shown in [Fig.1/Fig.2](#). After the cut, the average risk discount rate of the Group was down 50bps YoY from 9.89% to 9.45% ([Fig.1](#)).

Embedded value economic assumptions by market

Figure 1: Risk discount rate (RDR) and 10-year bond yields (%) by market

| Markets | Risk discount rate (RDR, %) | | | | 10-year govt. bond yields (%) | | | |
|---------------------|-----------------------------|-------------|-------------|-------------|-------------------------------|-------------|-------------|-------------|
| | FY21 | FY22 | 1H23 | FY23 | FY21 | FY22 | 1H23 | FY23 |
| AIA Australia | 6.41 | 7.43 | 7.43 | 7.93 | 1.67 | 3.30 | 3.30 | 3.80 |
| AIA China | 9.72 | 9.69 | 9.67 | 9.16 | 2.78 | 3.70 | 3.70 | 3.50 |
| AIA Hong Kong | 6.98 | 7.46 | 7.45 | 7.97 | 1.51 | 3.00 | 3.00 | 3.50 |
| AIA Indonesia | 12.98 | 13.09 | 13.13 | 13.17 | 6.38 | 7.50 | 7.50 | 7.50 |
| AIA Korea | 8.1 | 8.91 | 8.86 | 8.81 | 2.26 | 3.00 | 3.00 | 3.00 |
| AIA Malaysia | 8.56 | 8.92 | 8.86 | 8.80 | 3.58 | 4.50 | 4.50 | 4.50 |
| AIA New Zealand | 6.53 | 7.43 | 7.39 | 7.85 | 2.39 | 3.30 | 3.30 | 3.80 |
| AIA Philippines | 11.8 | 12.10 | 12.10 | 12.10 | 4.82 | 5.80 | 5.80 | 6.00 |
| AIA Singapore | 6.59 | 7.27 | 7.22 | 7.38 | 1.67 | 2.90 | 2.90 | 3.10 |
| AIA Sri Lanka | 14.7 | 21.00 | 21.00 | 14.70 | 11.71 | 10.00 | 10.00 | 10.00 |
| AIA Taiwan | 7.25 | 7.67 | 7.64 | 7.62 | 0.73 | 1.50 | 1.50 | 1.50 |
| AIA Thailand | 7.69 | 8.09 | 8.00 | 7.81 | 1.9 | 3.20 | 3.20 | 3.40 |
| AIA Vietnam | 9.16 | 9.57 | 9.55 | 9.54 | 2.08 | 4.00 | 4.00 | 4.00 |
| Average | 8.96 | 9.89 | 9.87 | 9.45 | 3.34 | 4.28 | 4.28 | 4.43 |
| <i>Change (bps)</i> | | 93.5bps | | (44.5bps) | | 94.0bps | | 14.6bps |

Source: Company annual report, CMBIGM

Figure 2: Local equity investment return (%) and risk premium (%) by market

| Markets | Local equity investment return (%) | | | | Risk premium (%) | | | |
|---------------------|------------------------------------|-------------|-------------|-------------|------------------|-------------|-------------|-------------|
| | FY21 | FY22 | 1H23 | FY23 | FY21 | FY22 | 1H23 | FY23 |
| AIA Australia | 6.60 | 7.60 | 7.60 | 8.10 | 4.93 | 4.30 | 4.30 | 4.30 |
| AIA China | 9.30 | 9.30 | 9.30 | 8.80 | 6.52 | 5.60 | 5.60 | 5.30 |
| AIA Hong Kong | 7.00 | 7.50 | 7.50 | 8.00 | 5.49 | 4.50 | 4.50 | 4.50 |
| AIA Indonesia | 12.00 | 12.00 | 12.00 | 12.00 | 5.62 | 4.50 | 4.50 | 4.50 |
| AIA Korea | 6.50 | 7.30 | 7.30 | 7.30 | 4.24 | 4.30 | 4.30 | 4.30 |
| AIA Malaysia | 8.60 | 9.10 | 9.10 | 9.10 | 5.02 | 4.60 | 4.60 | 4.60 |
| AIA New Zealand | 6.80 | 7.80 | 7.80 | 8.30 | 4.41 | 4.50 | 4.50 | 4.50 |
| AIA Philippines | 10.50 | 10.80 | 10.80 | 10.80 | 5.68 | 5.00 | 5.00 | 4.80 |
| AIA Singapore | 6.70 | 7.40 | 7.40 | 7.60 | 5.03 | 4.50 | 4.50 | 4.50 |
| AIA Sri Lanka | 11.00 | 12.00 | 12.00 | 12.00 | -0.71 | 2.00 | 2.00 | 2.00 |
| AIA Taiwan | 5.60 | 6.10 | 6.10 | 6.10 | 4.87 | 4.60 | 4.60 | 4.60 |
| AIA Thailand | 7.70 | 8.20 | 8.20 | 8.10 | 5.80 | 5.00 | 5.00 | 4.70 |
| AIA Vietnam | 8.80 | 9.30 | 9.30 | 9.30 | 6.72 | 5.30 | 5.30 | 5.30 |
| Average | 8.24 | 8.80 | 8.80 | 8.88 | 4.89 | 4.52 | 4.52 | 4.45 |
| <i>Change (bps)</i> | | 56.2bps | | 8.5bps | | -37.8bps | | -6.2bps |

Source: Company annual report, CMBIGM

Valuation

Figure 3: P/EV vs RoEV approach based on Gordon Growth Model

| | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|----------------------------|--------------|-------------|-------------|--------------|--------------|--------------|
| Required rate of return | 9.0% | 9.9% | 9.5% | 9.5% | 9.5% | 9.5% |
| Risk-free rate | 3.3% | 4.3% | 4.3% | 4.3% | 4.3% | 4.3% |
| Risk premium | 5.6% | 5.6% | 5.2% | 5.2% | 5.2% | 5.2% |
| Beta | 0.7 | 1.0 | 0.9 | 1.0 | 1.0 | 1.0 |
| COE | 7.2% | 9.7% | 8.9% | 9.6% | 9.6% | 9.6% |
| RoEV (10yr.avg) | 12.7% | 10.9% | 10.4% | 11.0% | 11.0% | 11.0% |
| Terminal growth rate | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| P/EV multiple (x) | 2.30 | 1.18 | 1.26 | 1.22 | 1.22 | 1.22 |
| EV | 72,987 | 68,865 | 67,447 | 71,790 | 77,799 | 84,794 |
| Total value (US\$ mn) | 168,015 | 81,256 | 84,719 | 87,514 | 94,840 | 103,366 |
| No. of shares outstanding | 12,097 | 11,734 | 11,362 | 10,884 | 10,690 | 10,505 |
| Target price (US\$) | 13.89 | 6.92 | 7.46 | 8.04 | 8.87 | 9.84 |
| USD/HKD | 7.81 | 7.80 | 7.81 | 7.81 | 7.81 | 7.81 |
| Target price (HK\$) | | | | 62.80 | 69.29 | 76.85 |
| Implied VNB multiplier (x) | 28.2x | 4.0x | 4.3x | 3.5x | 3.3x | 3.2x |

Source: CMBIGM estimates

Figure 4: Appraisal Value approach

| | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E | Terminal Value |
|---|--------|--------|--------|--------------|--------------|--------------|----------------|
| EV (US\$ mn) | 72,987 | 68,865 | 67,447 | 71,790 | 77,799 | 84,794 | |
| VNB (US\$ mn) | 3,366 | 3,092 | 4,034 | 4,497 | 5,130 | 5,856 | |
| Risk discount rate (RDR) | | | 9.5% | 9.5% | 9.5% | 9.5% | 9.5% |
| Long-term investment return | | | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% |
| Discount factor | | | | 0.9132 | 0.9054 | 0.8977 | 0.9167 |
| VNB growth% | | | | 11.5% | 14.1% | 14.2% | 3.0% |
| New business FV | | | | 1.00 | 1.14 | 1.30 | |
| New business PV | | | | | 1.03 | 1.17 | 20.64 |
| VNB multiplier (x) | | | | 22.8x | | | |
| Target valuation (US\$ mn) | | | | 174,488 | 194,953 | 218,538 | |
| No. of shares outstanding | | | | 10,884 | 10,690 | 10,505 | |
| Target price (US\$) | | | | 16.0 | 18.2 | 20.8 | |
| USD/HKD | | | | 7.81 | 7.81 | 7.81 | |
| Target price (HK\$) | | | | 125.2 | 142.4 | 162.5 | |
| Avg. TP on basis of two methods: | | | | | | | |
| Implied price per share (HK\$) | | | | 94.0 | 105.9 | 119.7 | |
| <i>Implied EV per share (HK\$)</i> | | | | <i>1.82x</i> | <i>1.86x</i> | <i>1.90x</i> | |
| CMBI price target (TTM), HK\$ | | | | 96.5 | | | |

Source: CMBIGM estimates

Sensitivity analysis of VNB multiplier for Appraisal Value

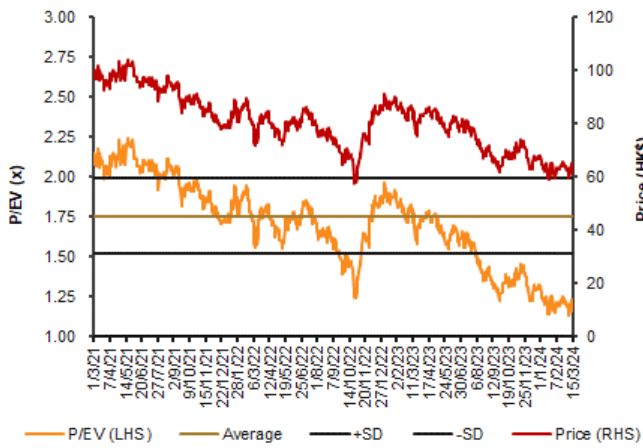
Figure 5: Sensitivity analysis of VNB multiplier for Appraisal Value

| Discount rate (r) | Terminal growth (g) | | | | | | | | | | | |
|-------------------|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------|
| | 22.8x | 0.50% | 1.00% | 1.50% | 2.00% | 2.50% | 3.0% | 3.50% | 4.00% | 4.50% | 5.00% | 5.50% |
| 6.0% | 26.2x | 28.7x | 31.8x | 35.6x | 40.5x | 47.1x | 56.3x | 70.1x | 93.1x | 139.1x | 277.2x | |
| 6.5% | 24.2x | 26.3x | 28.8x | 31.9x | 35.7x | 40.7x | 47.3x | 56.5x | 70.4x | 93.5x | 139.8x | |
| 7.0% | 22.5x | 24.3x | 26.4x | 28.9x | 32.0x | 35.9x | 40.8x | 47.5x | 56.8x | 70.7x | 93.9x | |
| 7.5% | 21.0x | 22.5x | 24.3x | 26.5x | 29.0x | 32.1x | 36.0x | 41.0x | 47.7x | 57.0x | 71.0x | |
| 8.0% | 19.7x | 21.1x | 22.6x | 24.4x | 26.6x | 29.1x | 32.2x | 36.1x | 41.2x | 47.9x | 57.2x | |
| 8.5% | 18.6x | 19.8x | 21.1x | 22.7x | 24.5x | 26.6x | 29.2x | 32.4x | 36.3x | 41.3x | 48.1x | |
| 9.0% | 17.6x | 18.7x | 19.9x | 21.2x | 22.8x | 24.6x | 26.7x | 29.3x | 32.5x | 36.4x | 41.5x | |
| 9.5% | 16.7x | 17.7x | 18.7x | 19.9x | 21.3x | 22.8x | 24.7x | 26.8x | 29.4x | 32.6x | 36.5x | |
| 10.0% | 16.0x | 16.8x | 17.7x | 18.8x | 20.0x | 21.3x | 22.9x | 24.7x | 26.9x | 29.5x | 32.7x | |
| 10.5% | 15.2x | 16.0x | 16.8x | 17.8x | 18.8x | 20.0x | 21.4x | 23.0x | 24.8x | 27.0x | 29.6x | |
| 11.0% | 14.6x | 15.3x | 16.0x | 16.9x | 17.8x | 18.9x | 20.1x | 21.5x | 23.1x | 24.9x | 27.1x | |
| 11.5% | 14.0x | 14.6x | 15.3x | 16.1x | 16.9x | 17.9x | 19.0x | 20.2x | 21.5x | 23.1x | 25.0x | |
| 12.0% | 13.5x | 14.0x | 14.7x | 15.4x | 16.1x | 17.0x | 17.9x | 19.0x | 20.2x | 21.6x | 23.2x | |
| 12.5% | 13.0x | 13.5x | 14.1x | 14.7x | 15.4x | 16.2x | 17.0x | 18.0x | 19.1x | 20.3x | 21.7x | |
| 13.0% | 12.5x | 13.0x | 13.5x | 14.1x | 14.7x | 15.4x | 16.2x | 17.1x | 18.0x | 19.1x | 20.4x | |

Source: CMBIGM estimates

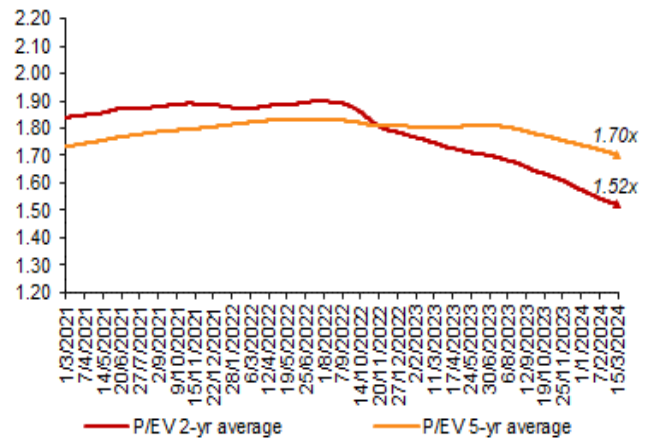
12M forward P/EV & Historical avg. P/EV

Figure 6: AIA 12M forward P/EV band



Source: Company data, Bloomberg, CMBIGM estimates
 Note: Stock price quoted by market close on 15 Mar 2024.

Figure 7: AIA's historical 2-yr and 5-yr avg. P/EV



Source: Company data, Bloomberg, CMBIGM estimates
 Note: Stock price quoted by market close on 15 Mar 2024.

Financial Summary

| INCOME STATEMENT | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|--|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| YE 31 Dec (US\$ mn) | | | | | | |
| Insurance revenue | | 16,319 | 17,514 | 18,432 | 19,965 | 21,866 |
| Contracts not measured under PAA: | | 14,524 | 15,107 | 15,736 | 16,946 | 18,484 |
| Contracts measured under PAA | | 1,795 | 2,407 | 2,696 | 3,019 | 3,382 |
| Insurance service expenses | | (10,434) | (12,078) | (12,435) | (13,411) | (14,615) |
| Contracts not measured under PAA: | | (8,869) | (9,775) | (9,862) | (10,528) | (11,386) |
| Contracts measured under PAA | | (1,565) | (2,303) | (2,574) | (2,883) | (3,229) |
| Net expenses from reinsurance contracts held | | (419) | (345) | (319) | (351) | (386) |
| Insurance service results | | 5,466 | 5,091 | 5,677 | 6,204 | 6,865 |
| Net finance (expenses)/income from insurance contracts | | 31,122 | (10,301) | (7,305) | (8,072) | (9,217) |
| Net investment results | | 3,597 | 3,792 | 3,508 | 3,750 | 4,018 |
| Other expenses | | (1,512) | (1,534) | (1,580) | (1,627) | (1,676) |
| Other results | | (1,438) | (1,555) | (1,602) | (1,650) | (1,699) |
| Profit before tax | | 4,415 | 4,883 | 7,431 | 8,145 | 9,017 |
| Income taxes | | (1,050) | (1,102) | (1,073) | (1,175) | (1,300) |
| Net profit | | 3,365 | 3,781 | 6,357 | 6,970 | 7,718 |
| Net profit attributable to shareholders | | 3,331 | 3,764 | 6,375 | 6,990 | 7,739 |
| BALANCE SHEET | | | | | | |
| YE 31 Dec (US\$ mn) | | | | | | |
| ASSETS | | | | | | |
| Intangible assets | 2,914 | 3,277 | 3,615 | 3,688 | 3,762 | 3,837 |
| Investments in associates and joint ventures | 831 | 2,056 | 1,331 | 1,385 | 1,441 | 1,499 |
| Property | 2,744 | 2,844 | 4,058 | 4,222 | 4,307 | 4,393 |
| Investment property | 4,716 | 4,600 | 4,504 | 4,686 | 4,875 | 5,072 |
| Insurance contract assets | 3,681 | 2,037 | 1,457 | 1,530 | 1,606 | 1,687 |
| Reinsurance contract assets | 6,436 | 5,763 | 6,047 | 6,349 | 6,667 | 7,000 |
| Financial investments: | 278,231 | 232,711 | 248,958 | 272,095 | 294,491 | 321,835 |
| At amortised cost: | 6,910 | 6,353 | 5,888 | 6,435 | 6,965 | 7,612 |
| At fair value through other comprehensive income: | 103,580 | 86,060 | 88,612 | 96,847 | 104,818 | 114,551 |
| At fair value through profit or loss: | 167,741 | 140,298 | 154,458 | 168,812 | 182,707 | 199,672 |
| Deferred tax assets | 104 | 229 | 301 | 307 | 313 | 320 |
| Current tax recoverable | 120 | 117 | 207 | 211 | 215 | 220 |
| Other assets | 6,486 | 4,524 | 4,316 | 4,403 | 4,491 | 4,582 |
| Cash and cash equivalents | 4,989 | 8,020 | 11,525 | 12,585 | 13,612 | 14,865 |
| Assets in disposal group held for sale | 0 | 4,293 | 0 | 0 | 0 | 0 |
| Total assets | 311,252 | 270,471 | 286,319 | 311,460 | 335,780 | 365,309 |
| LIABILITIES | | | | | | |
| Insurance contract liabilities | 217,773 | 181,851 | 203,271 | 216,829 | 231,640 | 248,082 |
| Investment contract liabilities | 13,896 | 9,092 | 9,170 | 10,110 | 11,146 | 12,289 |
| Borrowings | 9,588 | 11,206 | 11,800 | 13,010 | 14,343 | 15,813 |
| Obligations under repurchase agreements | 1,588 | 1,748 | 3,461 | 3,601 | 3,746 | 3,898 |
| Derivative financial instruments | 1,392 | 8,638 | 8,035 | 8,360 | 8,697 | 9,049 |
| Provisions | 186 | 153 | 174 | 181 | 188 | 196 |
| Deferred tax liabilities | 4,103 | 3,409 | 3,204 | 3,333 | 3,468 | 3,608 |
| Current tax liabilities | 389 | 467 | 387 | 403 | 419 | 436 |
| Other liabilities | 5,121 | 4,264 | 4,887 | 10,663 | 14,907 | 22,000 |
| Liabilities in disposal group held for sale | 0 | 4,111 | 0 | 0 | 0 | 0 |
| Total liabilities | 254,745 | 225,323 | 244,725 | 266,847 | 288,938 | 315,780 |
| EQUITIES | | | | | | |
| Share capital | 14,160 | 14,171 | 14,176 | 14,189 | 14,204 | 14,220 |
| Reserves | (7,134) | (15,998) | (17,398) | (17,627) | (17,868) | (18,123) |
| Retained profits | 48,997 | 46,499 | 44,333 | 47,562 | 50,012 | 52,933 |
| Total shareholders' equity | 56,023 | 44,672 | 41,111 | 44,124 | 46,348 | 49,030 |
| Non-controlling interests | 484 | 476 | 483 | 489 | 494 | 499 |
| Total equity | 56,507 | 45,148 | 41,594 | 44,613 | 46,843 | 49,529 |
| Total liabilities & equity | 311,252 | 270,471 | 286,319 | 311,460 | 335,780 | 365,309 |

| PER SHARE DATA | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|------------------------------------|--------|--------|--------|--------|--------|--------|
| YE 31 Dec | | | | | | |
| DPS (US\$) | 0.19 | 0.20 | 0.21 | 0.23 | 0.26 | 0.29 |
| EPS (Reported, US\$) | 0.62 | 0.28 | 0.33 | 0.58 | 0.64 | 0.73 |
| Diluted EPS (US\$) | 0.61 | 0.28 | 0.33 | 0.57 | 0.64 | 0.73 |
| Consensus EPS (US\$) | | | 0.33 | 0.58 | 0.65 | 0.71 |
| Group embedded value/share (US\$) | 6.03 | 5.87 | 5.94 | 6.60 | 7.28 | 8.07 |
| VNB/share (US\$) | 0.28 | 0.27 | 0.36 | 0.42 | 0.48 | 0.56 |
| No. of shares outstanding, basic | 12,097 | 11,734 | 11,362 | 10,884 | 10,690 | 10,505 |
| PROFITABILITY | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
| YE 31 Dec | | | | | | |
| Return on equity (ROE) | 12.5% | 6.6% | 8.8% | 15.0% | 15.5% | 16.2% |
| Return on asset (ROA) | 2.3% | 1.1% | 1.4% | 2.1% | 2.2% | 2.2% |
| Operating return on embedded Value | 12.1% | 9.0% | 13.0% | 14.2% | 14.8% | 15.3% |
| VNB margin (FYP APE basis) | 59.3% | 57.0% | 52.6% | 53.1% | 54.2% | 55.3% |
| VALUATION | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
| YE 31 Dec | | | | | | |
| P/Embedded value (x) | 1.3 | 1.3 | 1.3 | 1.2 | 1.1 | 1.0 |
| P/B | 2.6 | 2.6 | 2.7 | 1.9 | 1.8 | 1.7 |
| Div yield (%) | 1.6 | 2.0 | 2.1 | 2.9 | 3.3 | 3.7 |

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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| | |
|-----------------------|---|
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