

China Financials Weekly

CPIC agency FYP growth picked up in Jul-Aug

Major listed insurers reported August premiums data, showing that P&C premium income growth remained strong in August. Our channel check suggests that life insurers' new business momentum diverged in July-August. Thanks to the turnaround in core agency scale on the back of proactive channel reform, CPIC's agency FYP YoY growth turned positive in July-August, up from the double-digit decline in 1H22. We think CPIC is likely to record positive VNB growth in 3Q22, due to 1) improving productivity and increasing scale of core agent team and 2) a low base in 3Q21. And the declining yield of deposits and WM products will stimulate savings insurance sales and support a turnaround of life sector, in our view. We rearrange our pecking order to CPIC > PICC P&C > Ping An, as we expect to see more near-term +VE data points from CPIC. For banking sector, some of the large banks (i.e. ICBC, CCB, ABC, BOC, BoComm and PSBC etc.) cut deposit rates of both term deposits and demand deposits starting from 15 September. We expect the deposit rate cuts by major banks to lower their funding cost and ease NIM contraction. We estimate that in this round of rate cuts, banks may lower liability cost by 4bps, or save RMB100bn p.a. on deposit cost, equivalent to 3.5% of sector pre-tax profit.

■ **Life insurance: CPIC's agency new business growth picked up in July-August.** The monthly data showed that listed life insurers' total premium growth slowed in August compared to July momentum, due to a resurgence of pandemic restrictions and seasonality. However, our channel check shows that insurers' agency new business recorded divergent performance. CPIC's agency FYP YoY growth turned positive in July-August, driven by the improving scale and productivity of core agency force and low base effect, while New China Life and Taiping Life saw weak agency new business momentum owing to shrinking agent headcount. We believe CPIC will outperform in 2H22 and is likely to record positive VNB growth in 3Q22 on the back of its proactive agency reform.

■ **P&C premiums growth remained strong; Zhong An saw low base effect kicked in.** PICC P&C, Ping An and CPIC recorded 8.8%, 16.3% and 13.1% YoY monthly premiums growth respectively in August, as auto growth trended higher amid strong new car sales. Zhong An saw a strong rebound of monthly premiums growth to 35% YoY in August from 2.6% YoY in 7M22, as the online insurer fully digested the impact of regulatory tightening started in July 2021.

Deposit rate cuts to support NIM. On 15 September, some of the large banks (i.e. ICBC, CCB, ABC, BOC, BoComm and PSBC etc.) cut deposit rates of both term deposits and demand deposits. The banks lower the rate of 3-YR deposit by 15bps to 2.60%, and cut the rates of 3-M/6-M/1-YR/2-YR/5-YR deposits by 10bps, respectively, to 1.25%/1.45%/1.65%/2.15%/2.65%. The banks also trimmed the rate of demand deposits by 0.5bp. We believe other banks may follow suit soon. The deposit rate cuts will help banks to release pressures from LPR cuts and ease NIM contraction. As of end-1H22, total RMB deposit was RMB251.05 tn, around 2/3 of which are term deposits. We estimate that in this round of rate cuts, banks may lower liability cost by 4bps, or save around RMB100 bn p.a. on deposit cost, equivalent to 3.5% of sector pre-tax profit.

OUTPERFORM
(Maintain)

China Financials Sector

Gigi Chen, CFA
(852) 3916 3739
gigichen@cmbi.com.hk

Nika MA
(852) 3900 0805
nikama@cmbi.com.hk

Stocks Covered:

Ticker	Rating	Target Price	Upside
2318 HK	BUY	81.40	78%
601318CH	BUY	67.56	54%
2628 HK	BUY	18.18	65%
601628CH	SELL	18.10	-42%
2601 HK	BUY	30.49	91%
601601CH	BUY	30.37	45%
1336 HK	BUY	32.35	101%
601336CH	SELL	26.85	-3%
966 HK	BUY	11.48	53%
1339 HK	BUY	3.58	50%
601319CH	SELL	3.72	-26%
2328 HK	BUY	11.64	32%
6060 HK	BUY	33.20	57%
1658 HK	BUY	8.40	76%
939 HK	BUY	8.10	73%
600000CH	HOLD	9.00	26%
601229CH	BUY	8.68	47%
3618 HK	HOLD	3.05	17%
601577CH	HOLD	8.30	25%
601658CH	BUY	7.07	56%
601939CH	BUY	7.50	36%
601077CH	HOLD	3.60	1%

Source: Company data, CMBIGM estimates

Recent Reports:

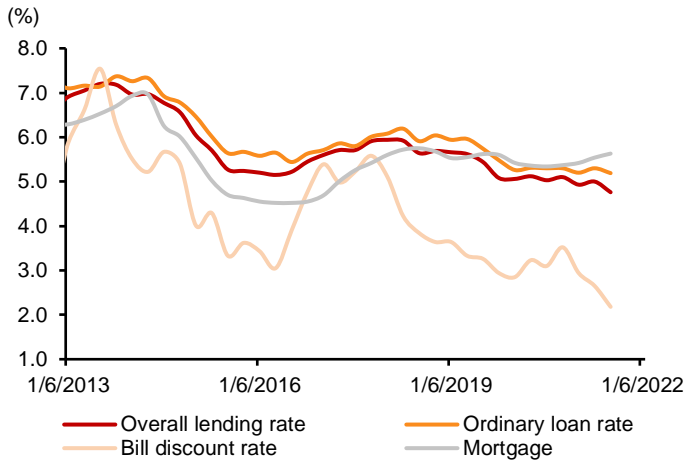
- ST loan and special bond drive TSF beat; P&C momentum rebounded ([link](#))
- Manageable impact of Henan village banks' incident ([link](#))
- Ping An agency scale bottoming out; Retail banking business to remain muted ([link](#))
- China Financials Weekly – Exposure to mortgage boycotts manageable at current stage, waiting for top-down solution ([link](#))
- China Banking Sector – Banks' asset quality remained stable in 2Q22; LPR cut in line with market expectations ([link](#))

Contents

Banking Focus Charts	3
Insurance Focus Charts	5
Trading Bands of PBV by banks.....	9
Trading Bands of PER by banks.....	12
Trading Bands of PBV by insurers	15
Trading Bands of PER by insurers	19
Trading Bands of PBV by brokers	21
Trading Bands of PER by brokers	23
Valuation.....	25
Banking Industry.....	25
Insurance Industry.....	25

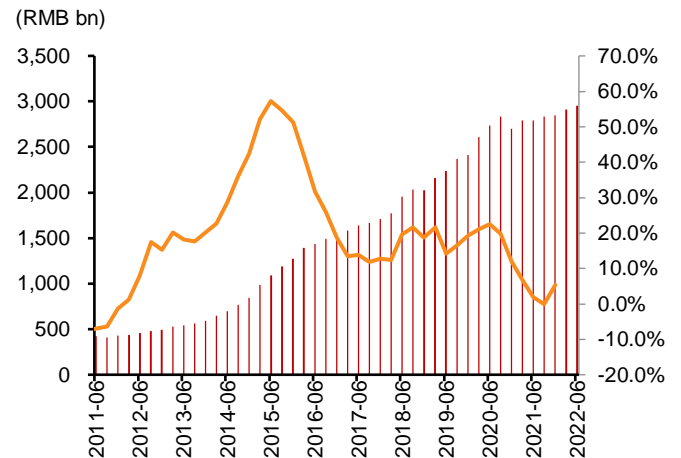
Banking Focus Charts

Figure 1: Market lending rate



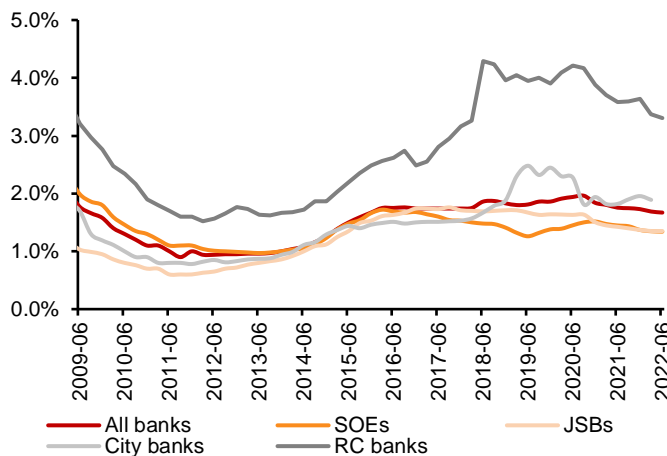
Source: Company data, CMBIGM estimates

Figure 2: Sector NPL balance and growth



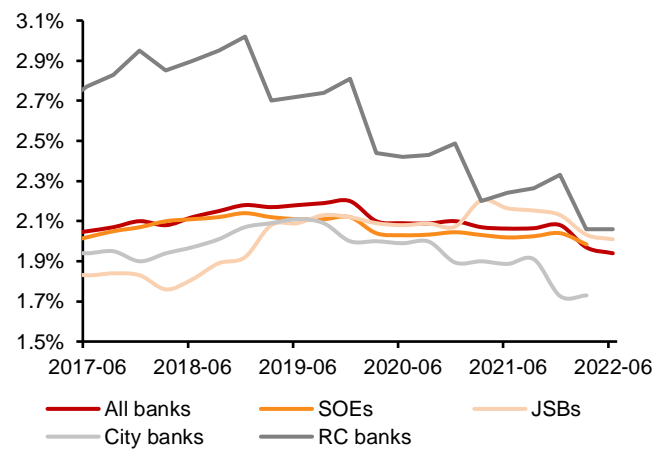
Source: Company data, CMBIGM estimates

Figure 3: Sub-sector NPL ratio



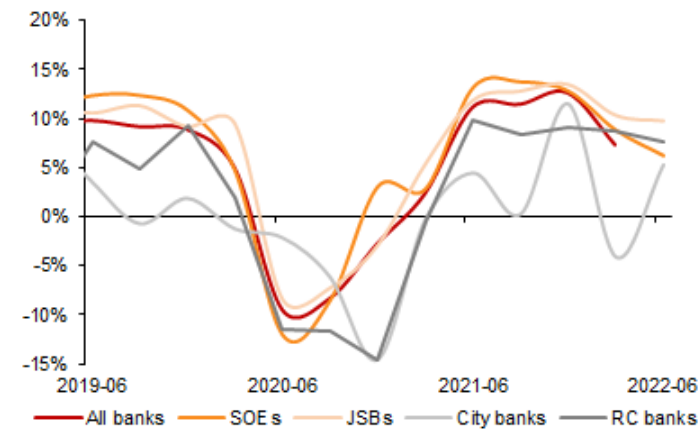
Source: Company data, CMBIGM estimates

Figure 4: Sub-sector NIM



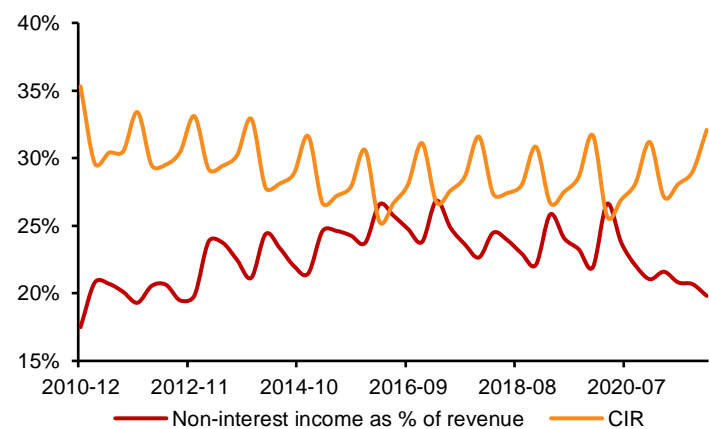
Source: Company data, CMBIGM estimates

Figure 5: Sub-sector earnings growth



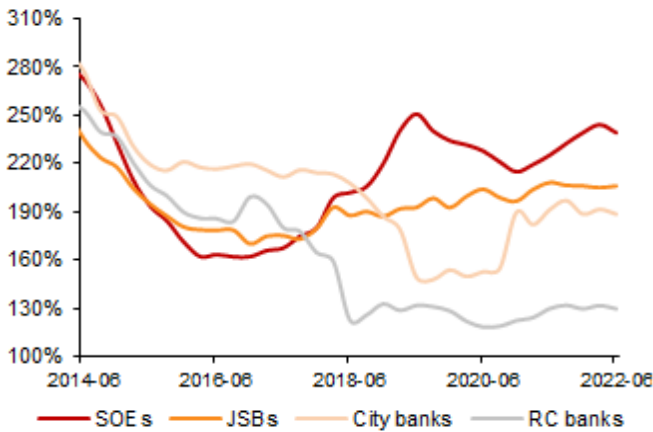
Source: Company data, CMBIGM estimates

Figure 6: CIR and non-interest income as % of revenue



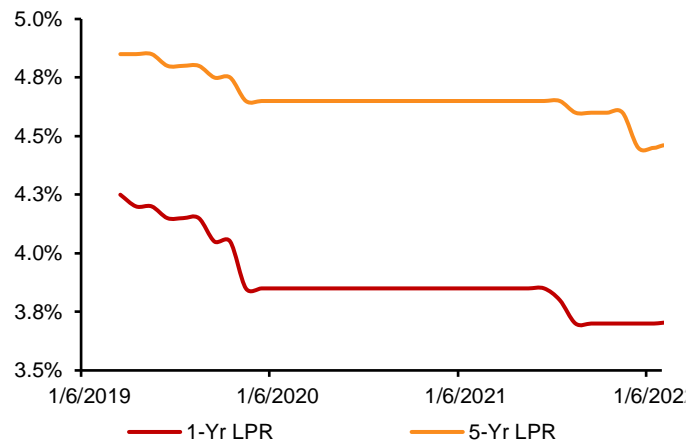
Source: Company data, CMBIGM estimates

Figure 7: Sub sector provision coverage ratio changes



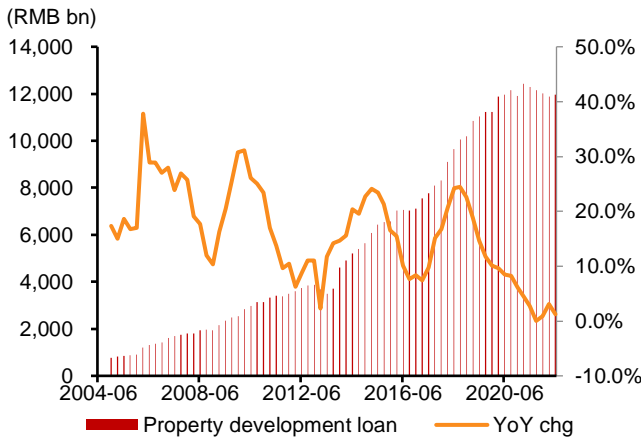
Source: Company data, CMBIGM estimates

Figure 8: Loan Prime Rate (LPR) changes



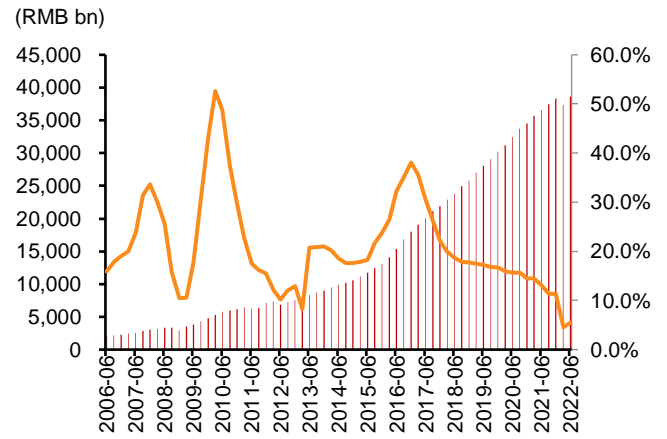
Source: Company data, CMBIGM estimates

Figure 9: Development loan balance and growth



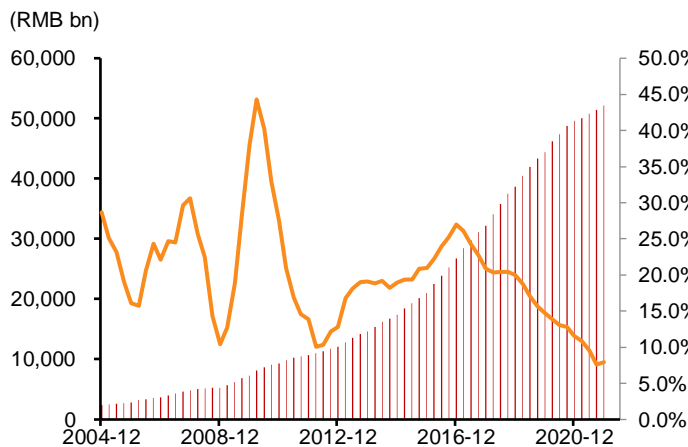
Source: Company data, CMBIGM estimates

Figure 10: Mortgage balance and growth



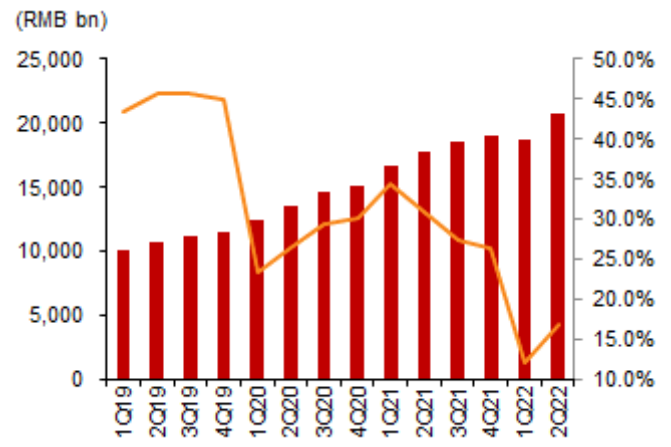
Source: Company data, CMBIGM estimates

Figure 11: All property loan changes



Source: Company data, CMBIGM estimates

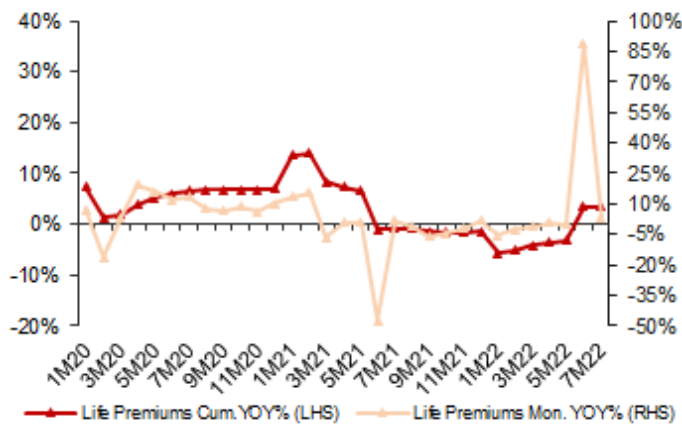
Figure 12: Sector SME loan balance changes



Source: Company data, CMBIGM estimates

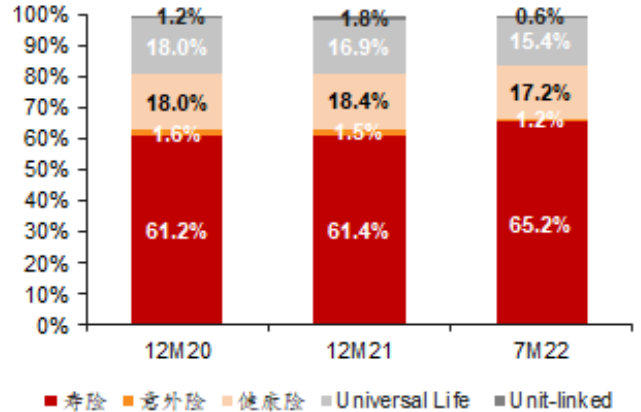
Insurance Focus Charts

Figure 1: Life Premiums Accumulative & Monthly YoY%



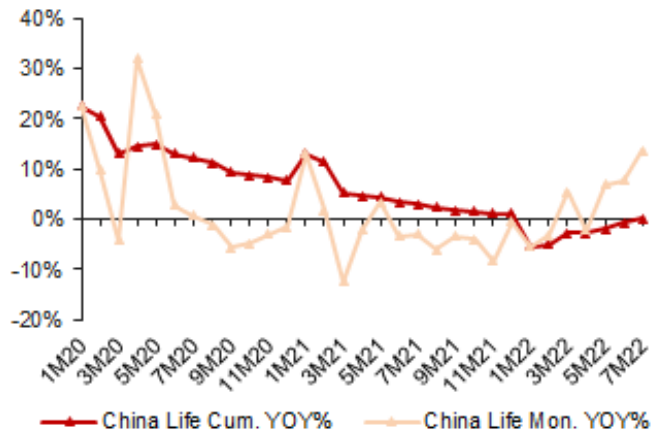
Source: Company data, CMBIGM

Figure 2: Life Premiums Mix % (FY19-FY21, 7M22)



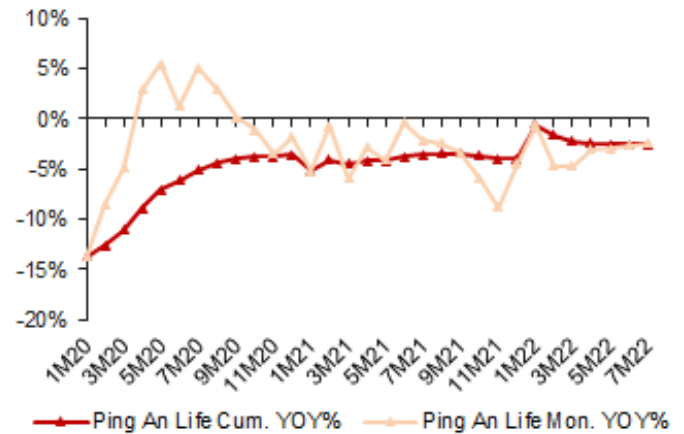
Source: Company data, CMBIGM

Figure 3: China Life (2628 HK) Premiums Cum & Mon YoY%



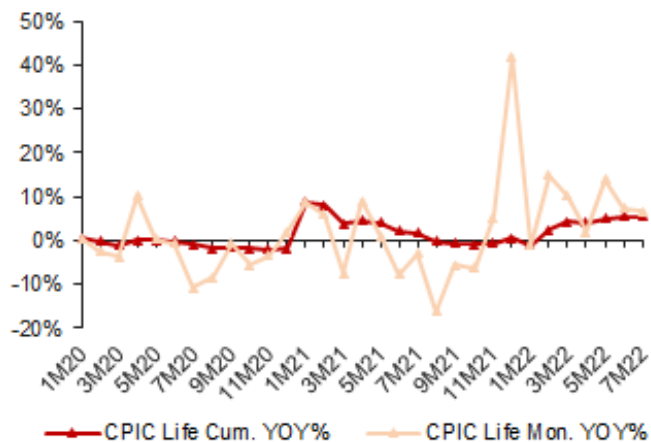
Source: Company data, CMBIGM

Figure 4: Ping An (2318 HK) Life Premiums Cum.& Mon. YoY%



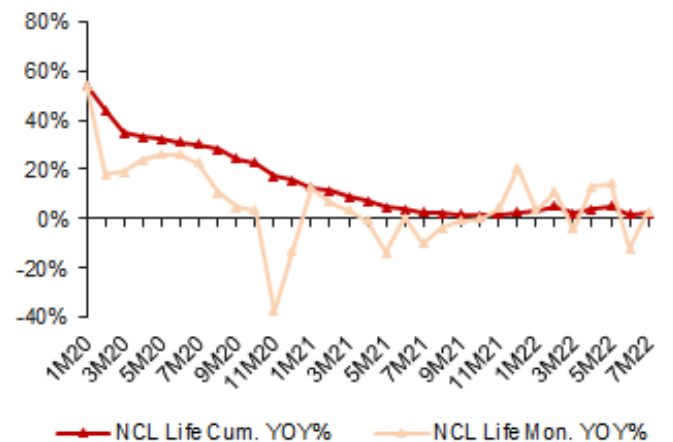
Source: Company data, CMBIGM

Figure 5: CPIC(2601 HK) Life Premiums Cum.& Mon. YoY%



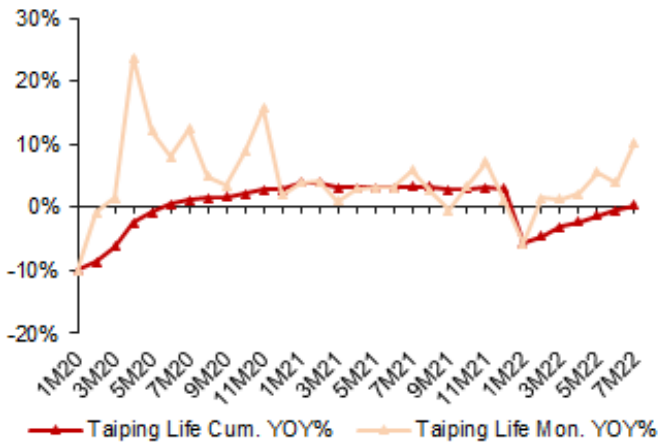
Source: Company data, CMBIGM

Figure 6: NCL (1336 HK) Life Premiums Cum.& Mon YoY%



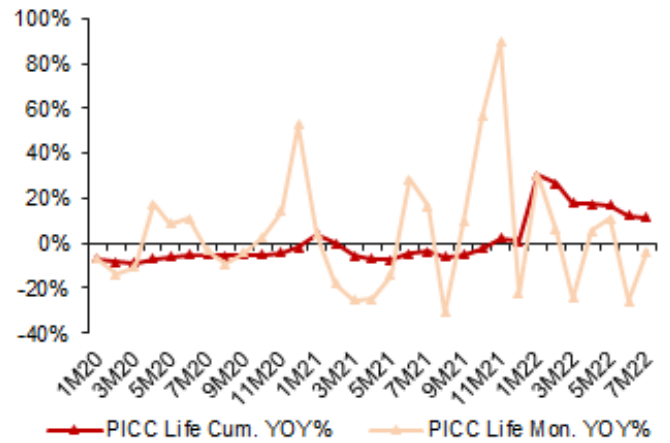
Source: Company data, CMBIGM

Figure 7: Taiping(966 HK)Life Premiums Cum. & Mon. YoY%



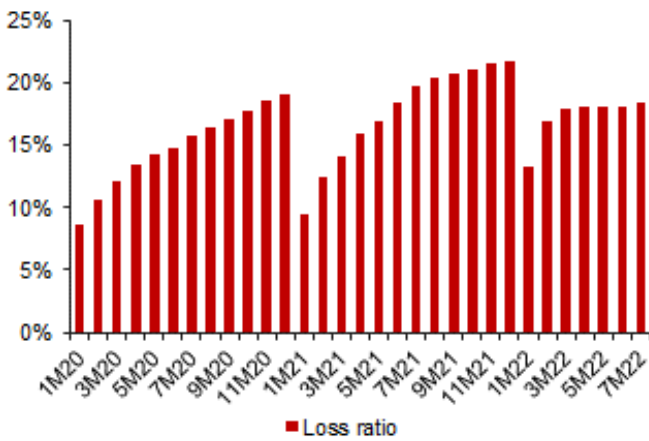
Source: Company data, CMBIGM

Figure 8: PICC Life (1339 HK) Premiums Cum. & Mon. YoY%



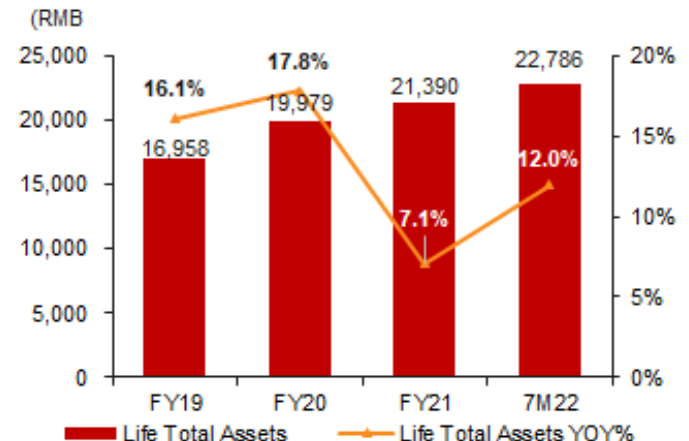
Source: Company data, CMBIGM

Figure 9: Life Insurance Industry Loss Ratio (1M20 – 7M22)



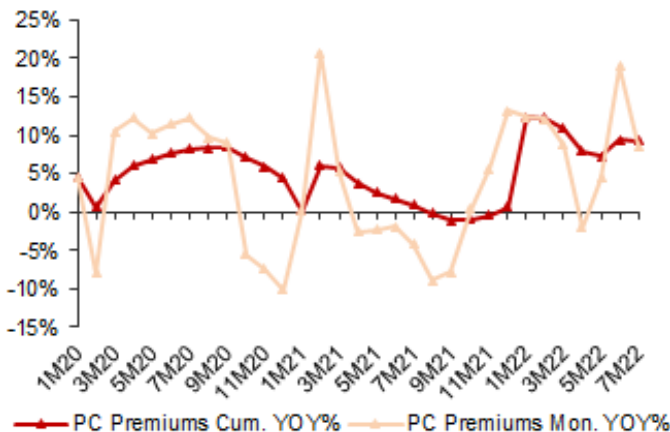
Source: Company data, CMBIGM

Figure 10: Life Industry Total Assets & YoY% (incl. 7M22)



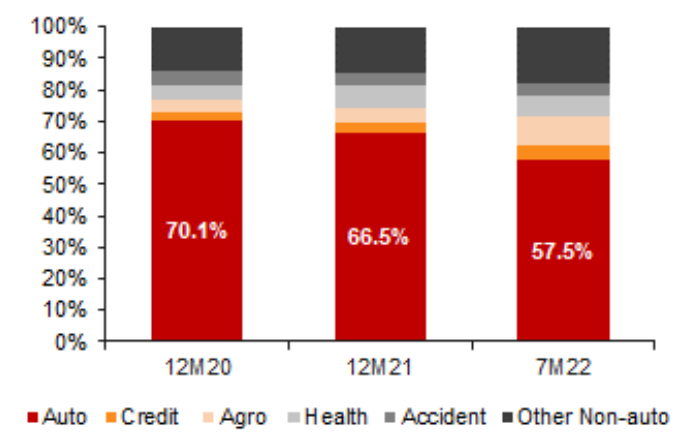
Source: Company data, CMBIGM

Figure 11: P&C Premiums Accumulative & Monthly YoY%



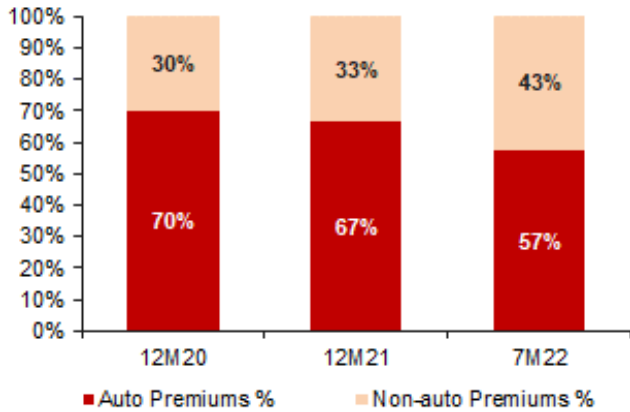
Source: Company data, CMBIGM

Figure 12: P&C Insurance Premiums Mix (%) (FY19-7M22)



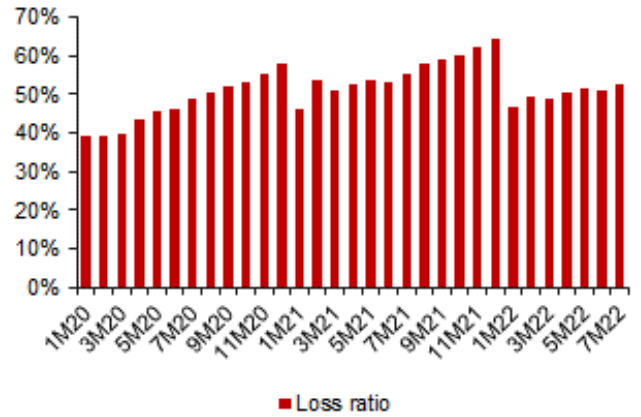
Source: Company data, CMBIGM

Figure 13: P&C Auto VS Non-auto Premiums Mix (incl.7M22)



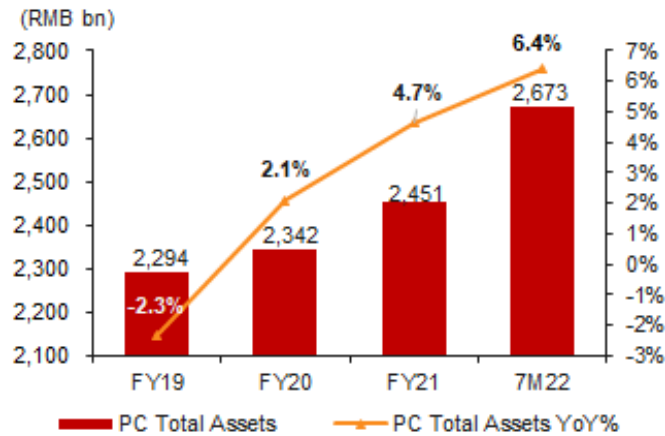
Source: Company data, CMBIGM

Figure 14: P&C Industry Loss Ratio (1M20-7M22)



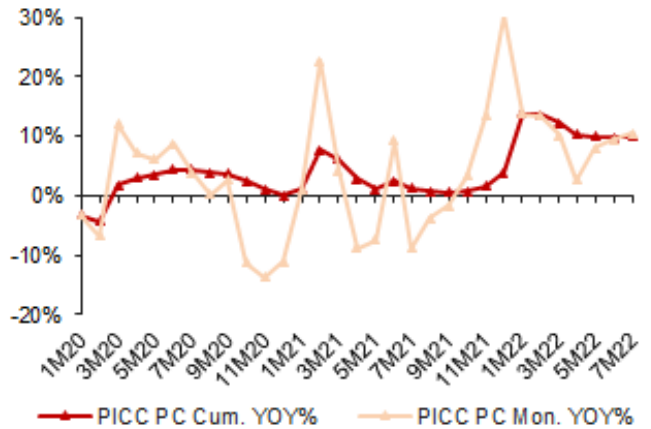
Source: Company data, CMBIGM

Figure 15: P&C Industry Total Assets & YoY% (incl.7M22)



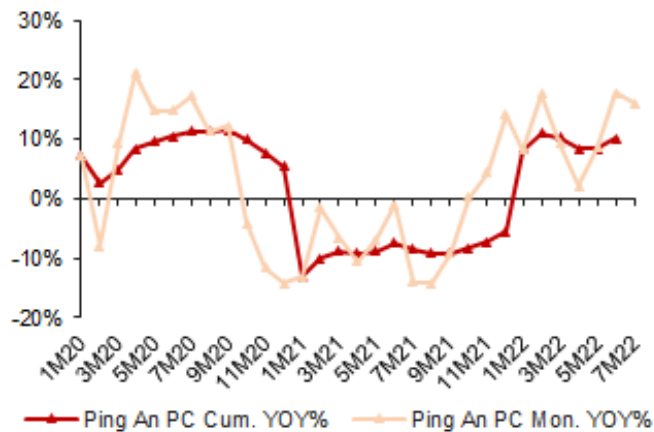
Source: Company data, CMBIGM

Figure 16: PICC PC(2328 HK) Premiums Cum.& Mon. YoY%



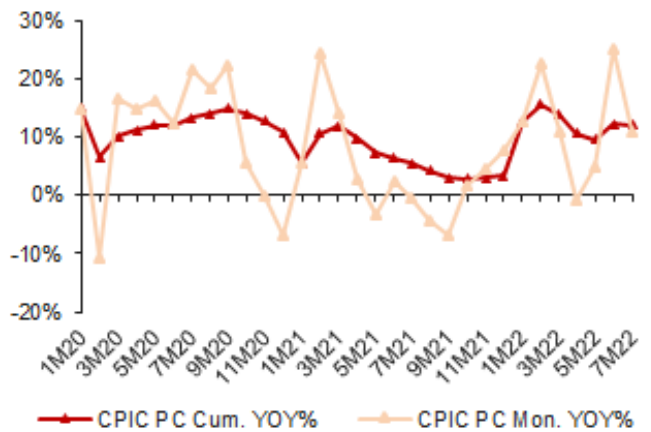
Source: Company data, CMBIGM

Fig 17: Ping An (2318 HK) PC Premiums Cum.& Mon. YoY%



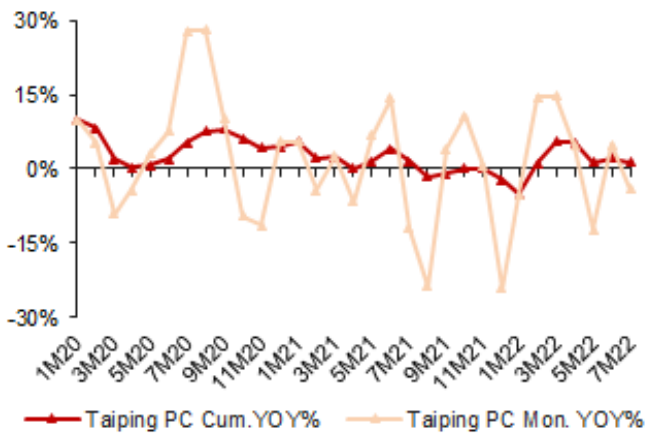
Source: Company data, CMBIGM

Figure 18: CPIC (2601 HK) PC Premiums Cum.& Mon. YoY%



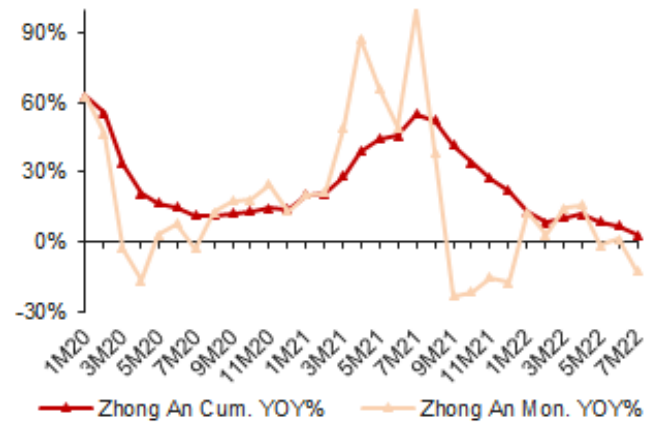
Source: Company data, CMBIGM

Figure19:Taiping(966 HK)PC Premiums Cum.& Mon.YoY%



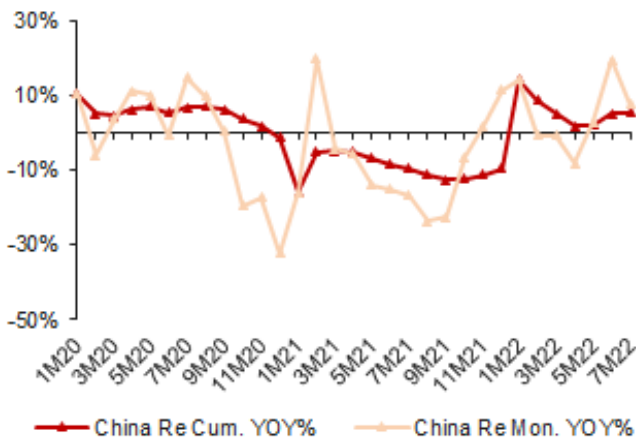
Source: Company data, CMBIGM

Figure20: Zhong An(6060 HK) Premiums Cum. & Mon. YoY%



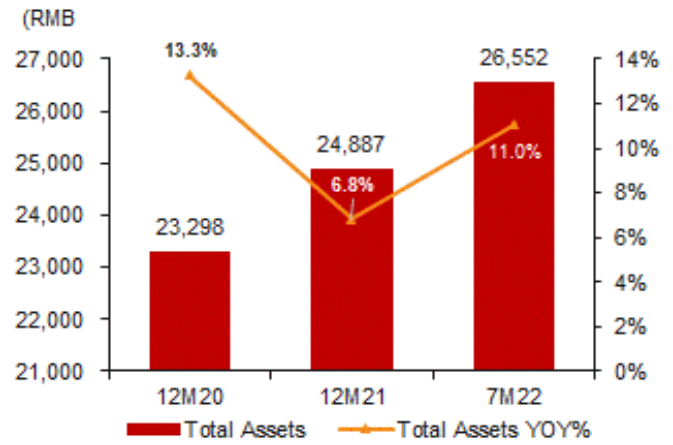
Source: Company data, CMBIGM

Figure 21: China Re(1508 HK)PC Premiums Cum.&Mon YoY%



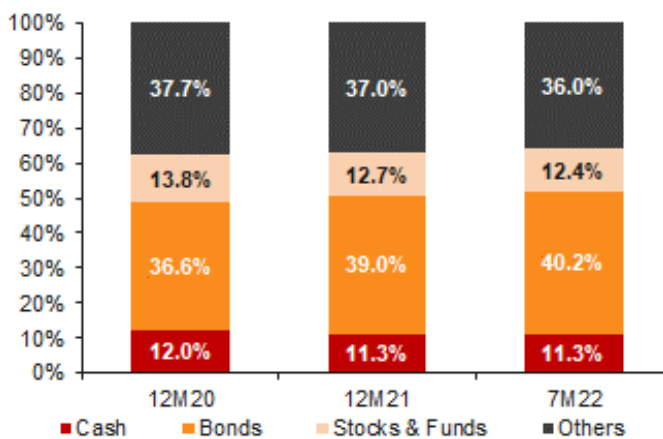
Source: Company data, CMBIGM

Figure 22: Industry – Total Assets & YoY% (FY19-7M22)



Source: Company data, CMBIGM

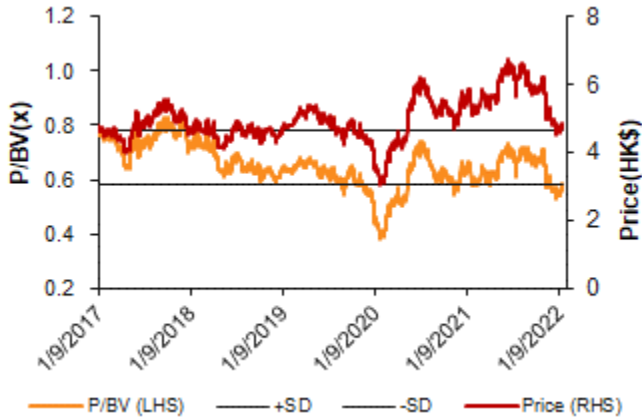
Figure 23: Industry – Investment Assets Mix% (FY19-7M22)



Source: Company data, CMBIGM

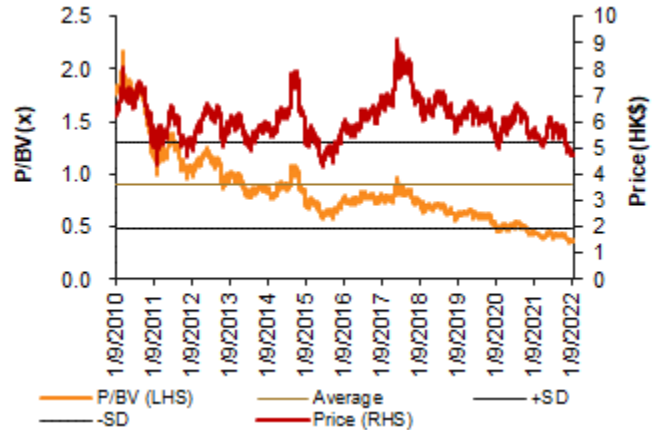
Trading Bands of PBV by banks

Fig.1: Postal Savings-H (1658 HK) 12-month forward P/B



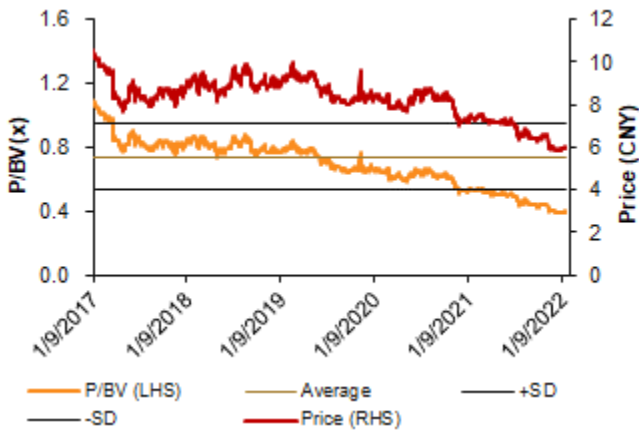
Source: Company data, CMBIGM

Fig.2: CCB-H (0939 HK) 12-month forward P/B



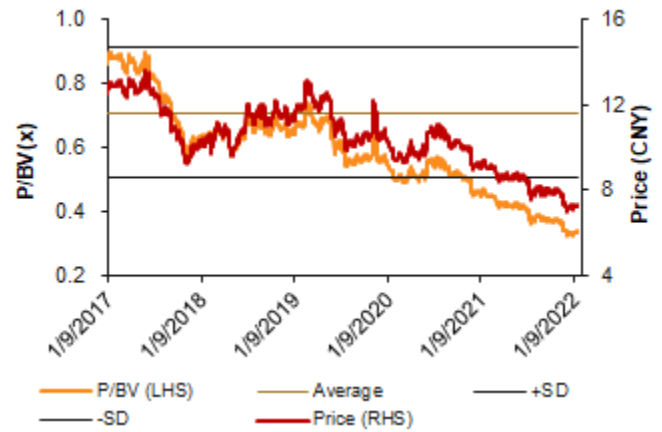
Source: Company data, CMBIGM

Fig.3: Bank of Shanghai (601229 CH) 12-month forward P/B



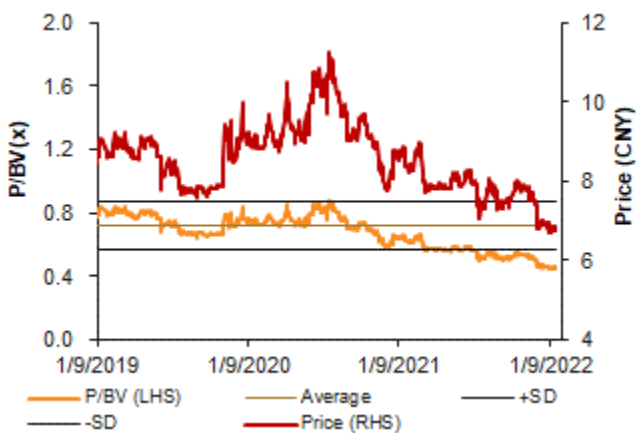
Source: Company data, CMBIGM

Fig.4: SPDB-CH (600000 CH) 12-month forward P/B



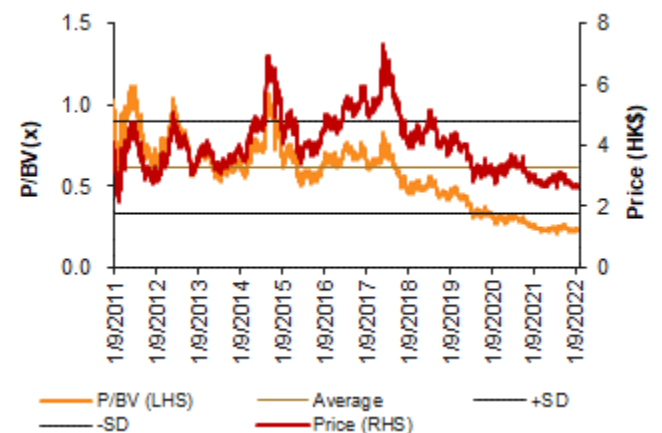
Source: Company data, CMBIGM

Fig.5: Bank of Changsha (601577 CH) 12-month forward P/B



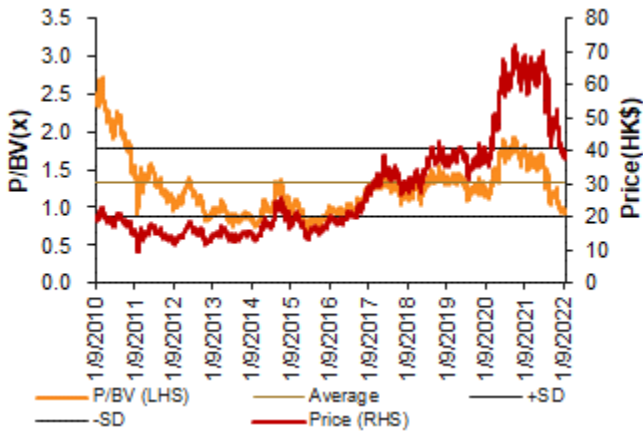
Source: Company data, CMBIGM

Fig.6: CQRC-H (3618 HK) 12-month forward P/B



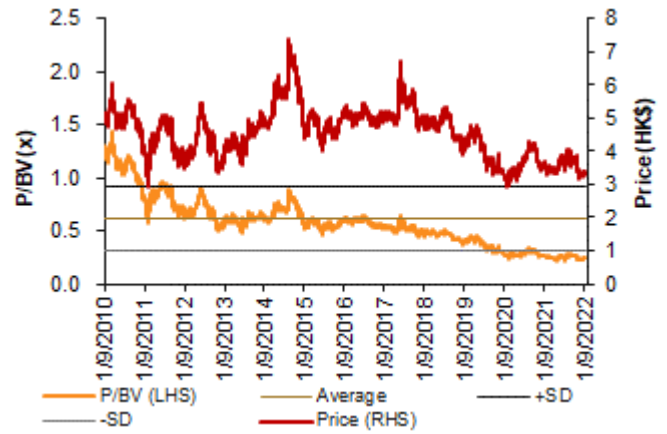
Source: Company data, CMBIGM

Fig.7: CM BANK-H (3968 HK) 12-month forward P/B



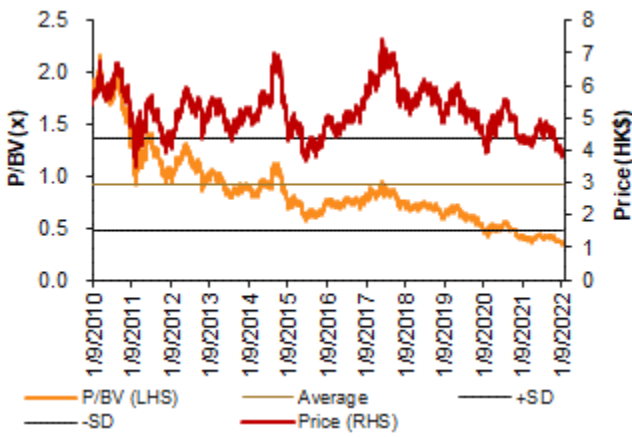
Source: Company data, CMBIGM

Fig.8: CITIC BANK-H (0998 HK) 12-month forward P/B



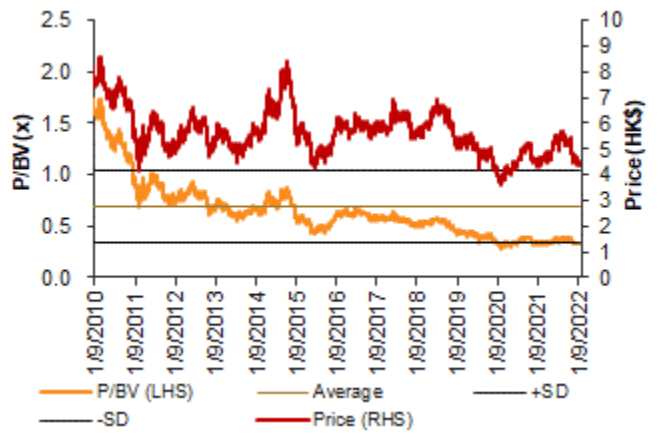
Source: Company data, CMBIGM

Fig.9: ICBC-H (1398 HK) 12-month forward P/B



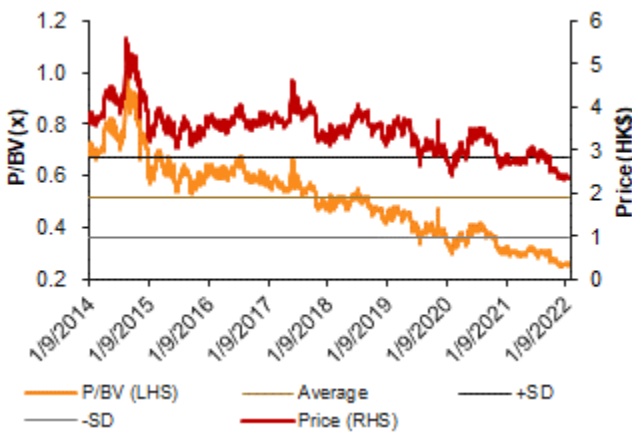
Source: Company data, CMBIGM

Fig.10: BANKCOMM-H (3328 HK) 12-month forward P/B



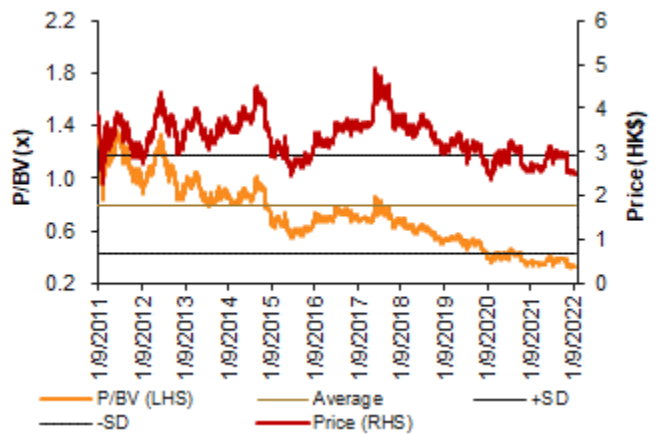
Source: Company data, CMBIGM

Fig.11: CEB BANK-H (6818 HK) 12-month forward P/B



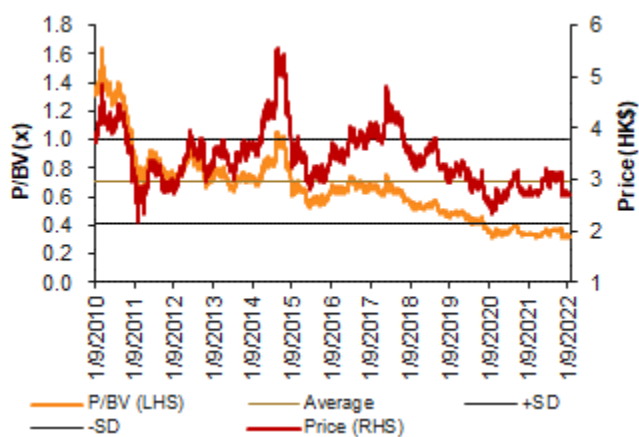
Source: Company data, CMBIGM

Fig.12: ABC-H (1288 HK) 12-month forward P/B



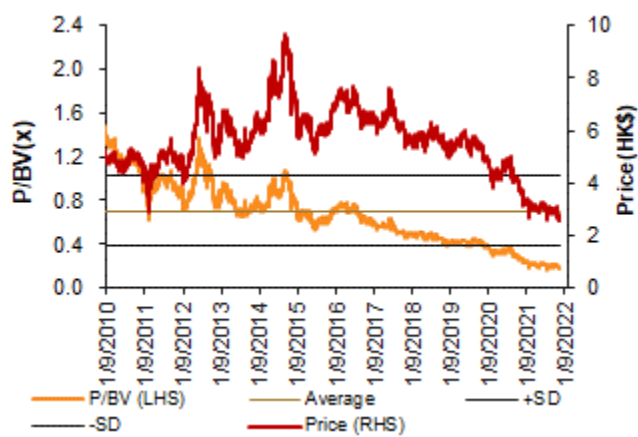
Source: Company data, CMBIGM

Fig.13: Bank of China-H (3988 HK) 12-month forward P/B



Source: Company data, CMBIGM

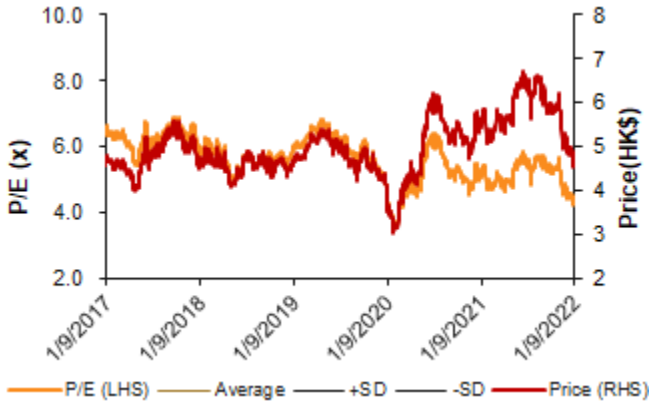
Fig.14: China Minsheng-H (1988 HK) 12-month forward P/B



Source: Company data, CMBIGM

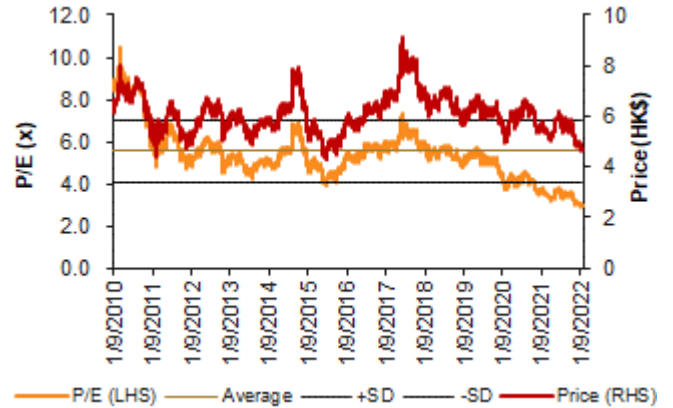
Trading Bands of PER by banks

Fig.1: Postal Savings-H (1658 HK) 12-month forward P/E



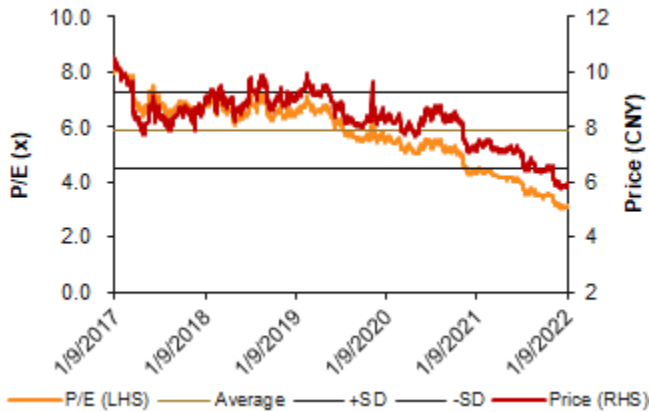
Source: Company data, CMBIGM

Fig.2: CCB-H (0939 HK) 12-month forward P/E



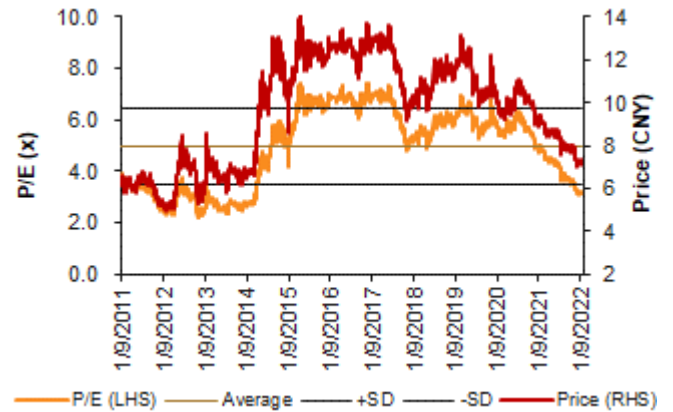
Source: Company data, CMBIGM

Fig.3: Bank of Shanghai (601229 CH) 12-month forward P/E



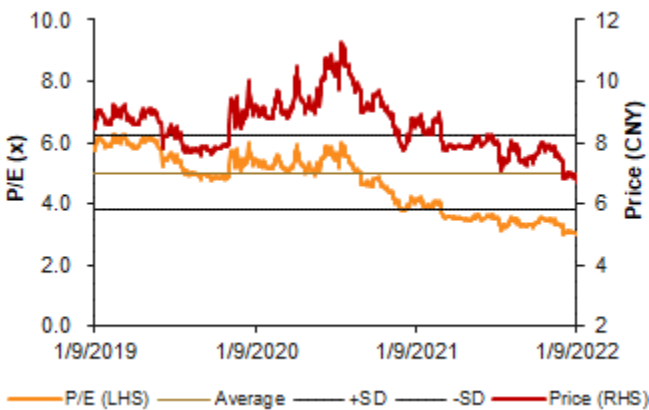
Source: Company data, CMBIGM

Fig.4: SPDB-CH (600000 CH) 12-month forward P/E



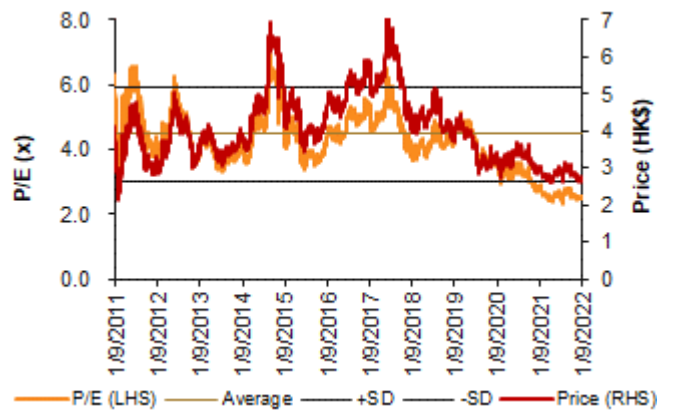
Source: Company data, CMBIGM

Fig.5: Bank of Changsha (601577 CH) 12-month forward P/E



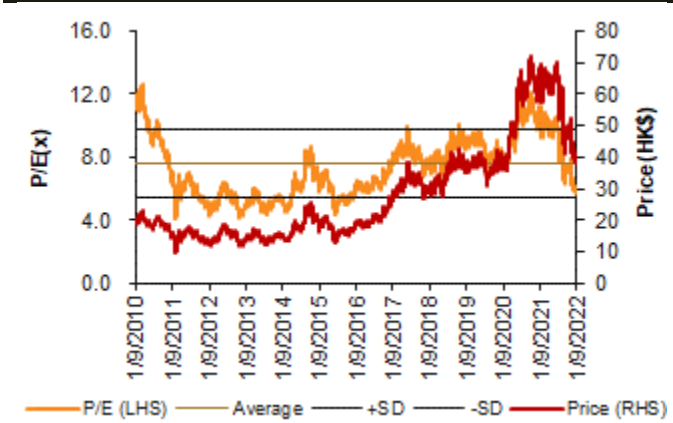
Source: Company data, CMBIGM

Fig.6: CQRC-H (3618 HK) 12-month forward P/E



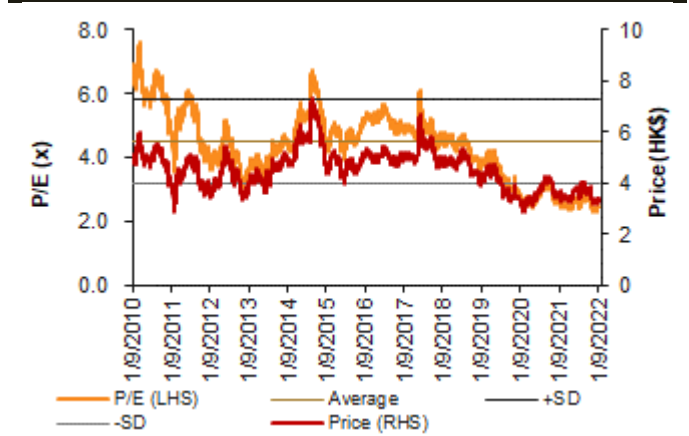
Source: Company data, CMBIGM

Fig.7: CM BANK-H (3968 HK) 12-month forward P/E



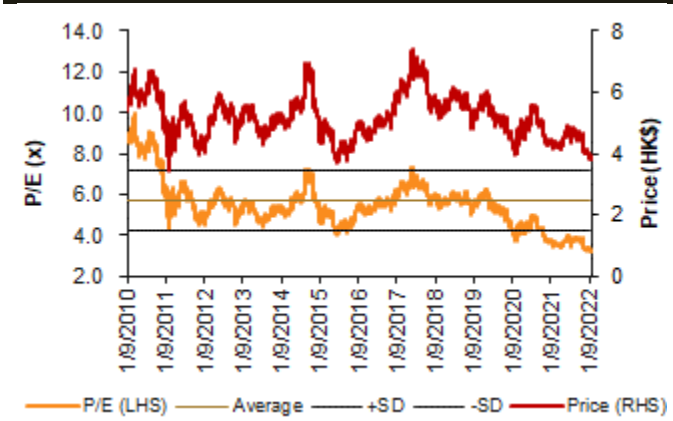
Source: Company data, CMBIGM

Fig.8: CITIC BANK-H (0998 HK) 12-month forward P/E



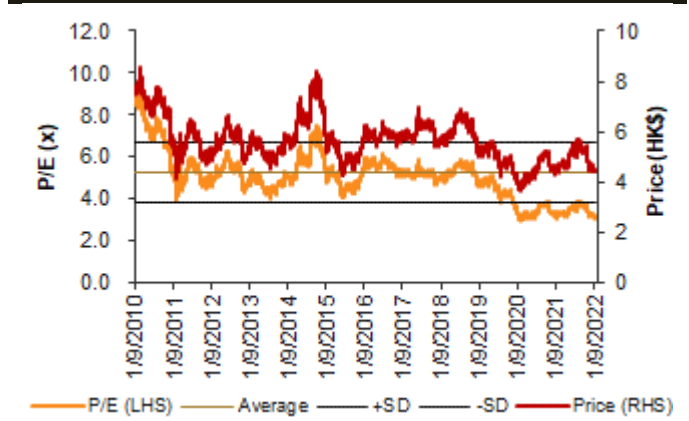
Source: Company data, CMBIGM

Fig.9: ICBC-H (1398 HK) 12-month forward P/E



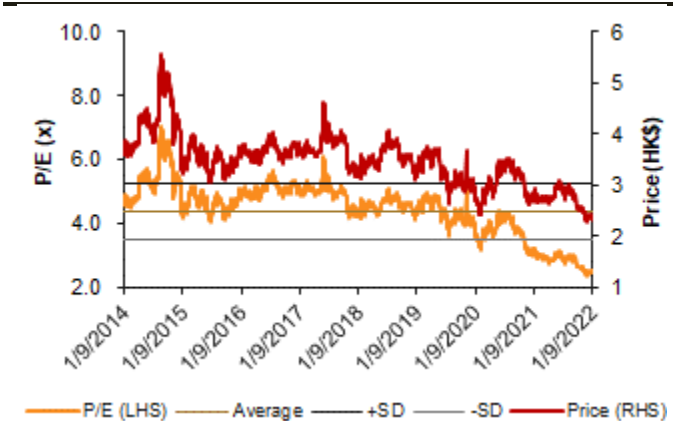
Source: Company data, CMBIGM

Fig.10: BANKCOMM-H (3328 HK) 12-month forward P/E



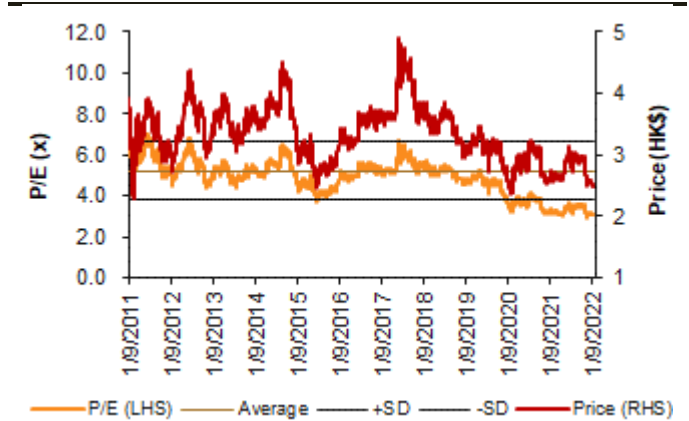
Source: Company data, CMBIGM

Fig.11: CEB BANK-H (6818 HK) 12-month forward P/E



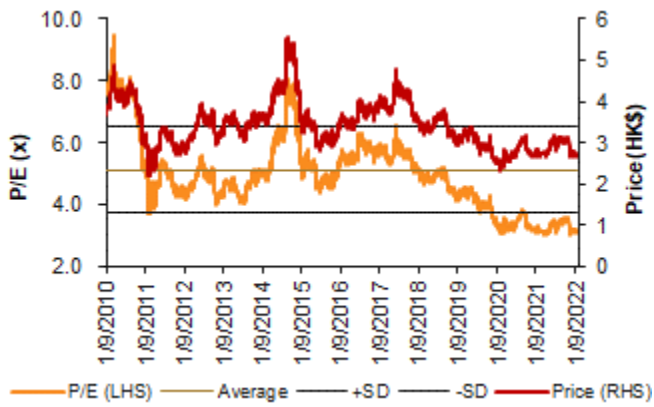
Source: Company data, CMBIGM

Fig.12: ABC-H (1288 HK) 12-month forward P/E



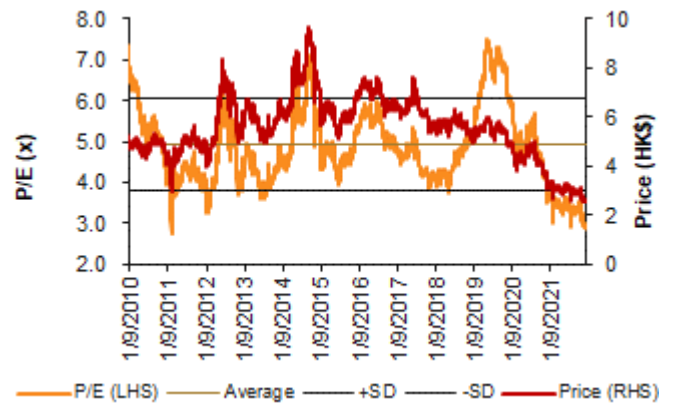
Source: Company data, CMBIGM

Fig.13: Bank of China-H (3988 HK) 12-month forward P/E



Source: Company data, CMBIGM

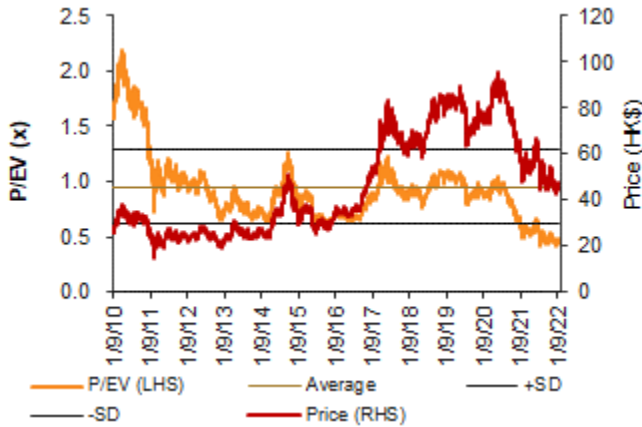
Fig.14: China Minsheng-H (1988 HK) 12-month forward P/E



Source: Company data, CMBIGM

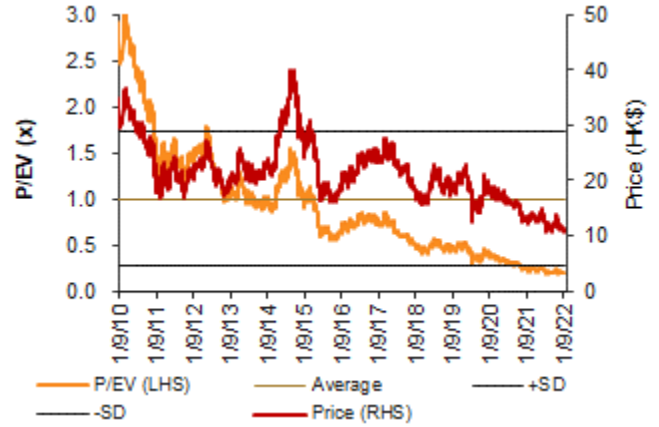
Trading Bands of PEV by insurers

Fig.1: Ping An-H (2318 HK) 12-month forward P/EV



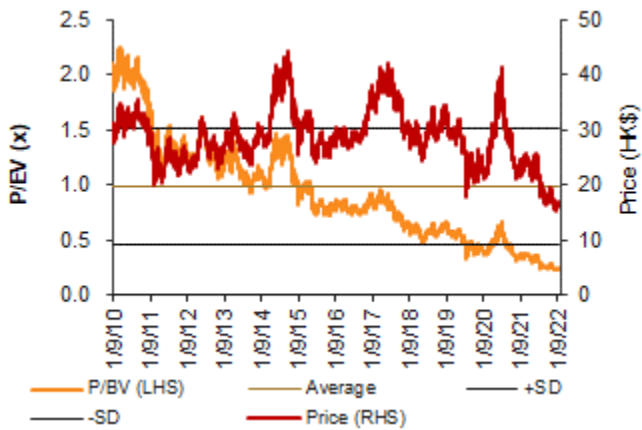
Source: Company data, CMBIGM

Fig.2: China Life-H (2628 HK) 12-month forward P/EV



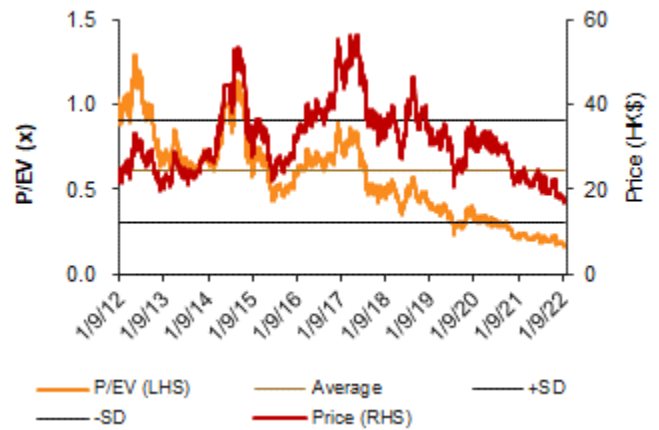
Source: Company data, CMBIGM

Fig.3: CPIC-H (2601 HK) 12-month forward P/EV



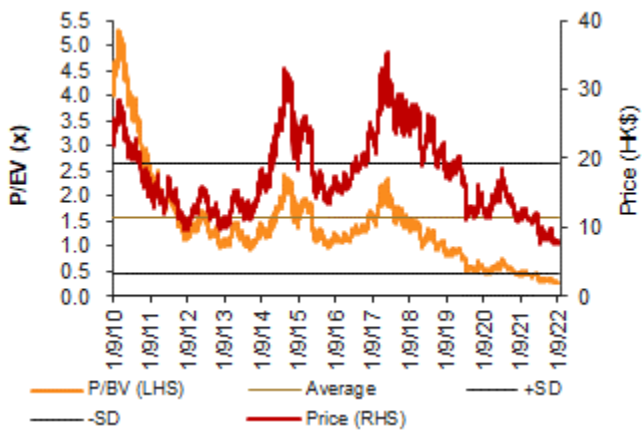
Source: Company data, CMBIGM

Fig.4: New China Life-H (1336 CH) 12-month forward P/EV



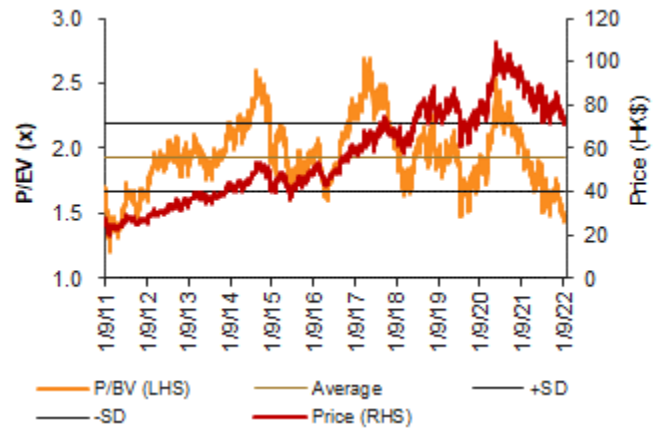
Source: Company data, CMBIGM

Fig.5: China Taiping-H (966 HK) 12-month forward P/EV



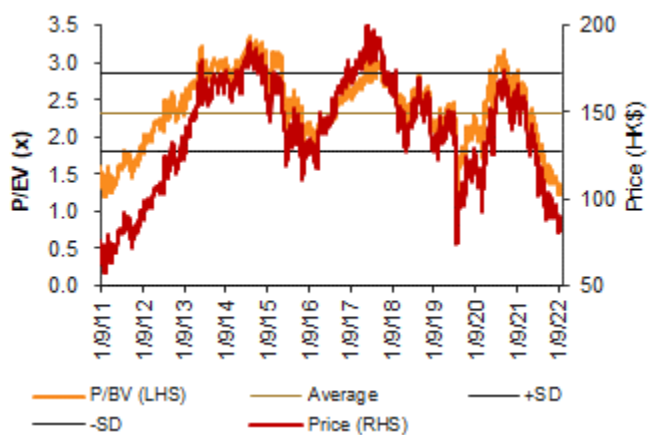
Source: Company data, CMBIGM

Fig.6: AIA-H (1229 HK) 12-month forward P/EV



Source: Company data, CMBIGM

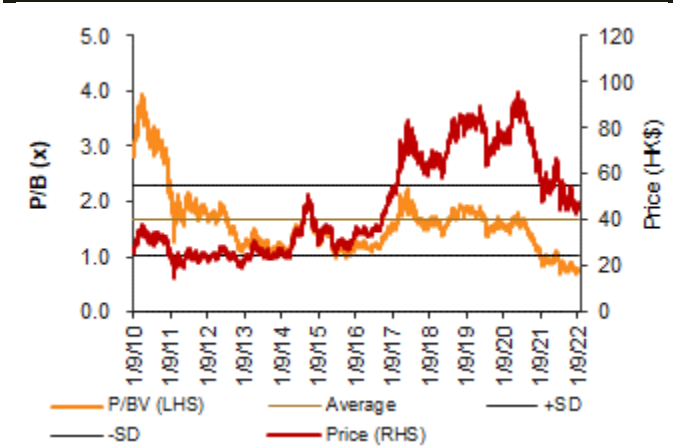
Fig.7: Prudential-H (2378 HK) 12-month forward P/EV



Source: Company data, CMBIGM

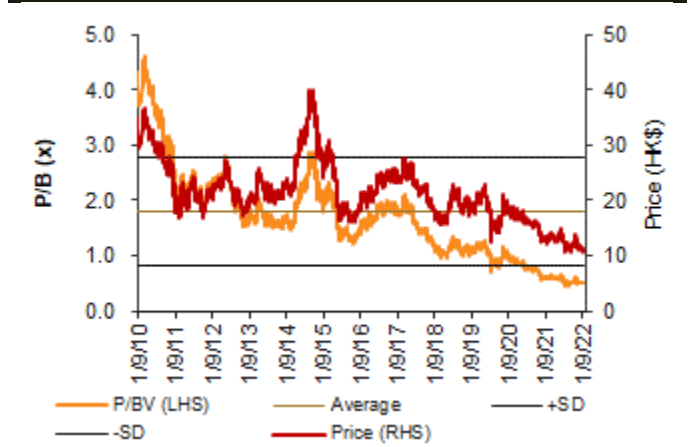
Trading Bands of PBV by insurers

Fig.1: Ping An-H (2318 HK) 12-month forward P/B



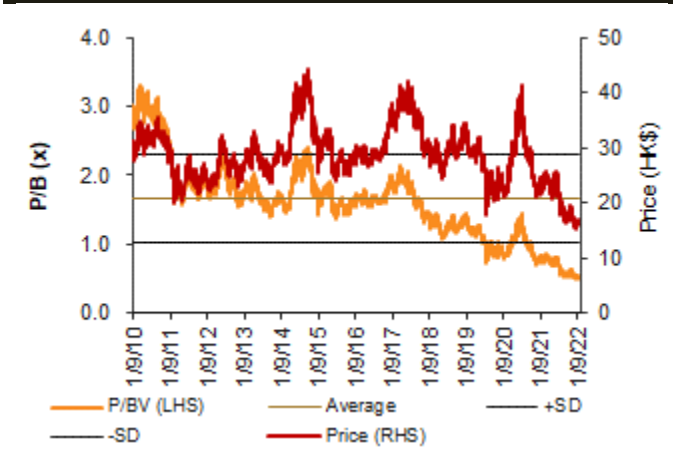
Source: Company data, CMBIGM

Fig.2: China Life-H (2628 HK) 12-month forward P/B



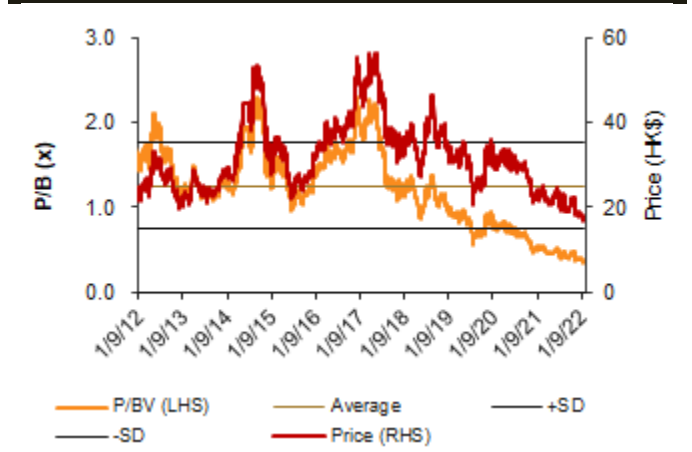
Source: Company data, CMBIGM

Fig.3: CPIC-H (2601 HK) 12-month forward P/B



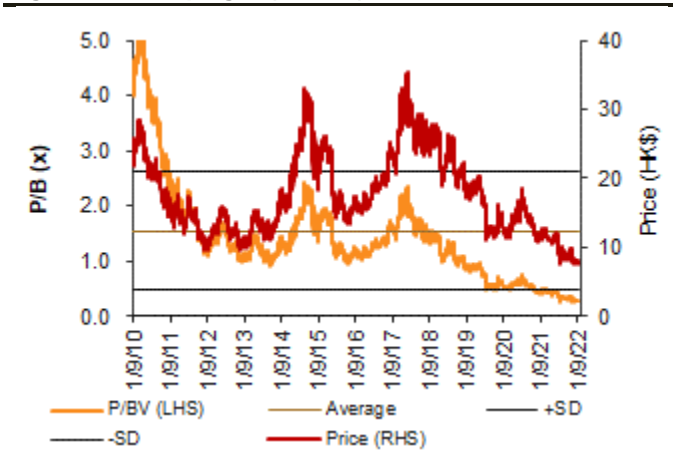
Source: Company data, CMBIGM

Fig.4: New China Life-H (1336 CH) 12-month forward P/B



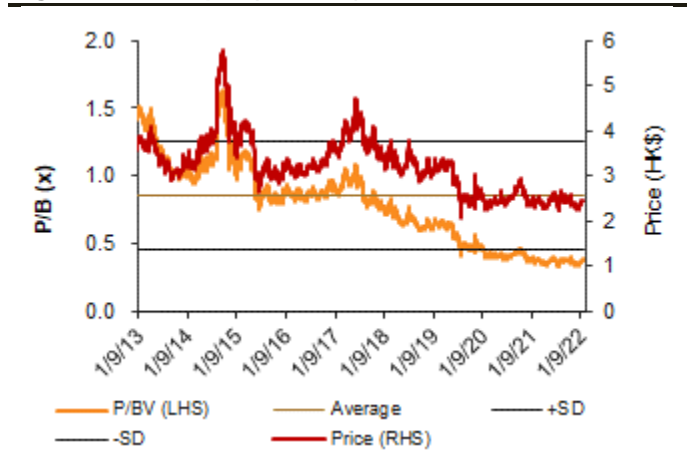
Source: Company data, CMBIGM

Fig.5: China Taiping-H (966 HK) 12-month forward P/B



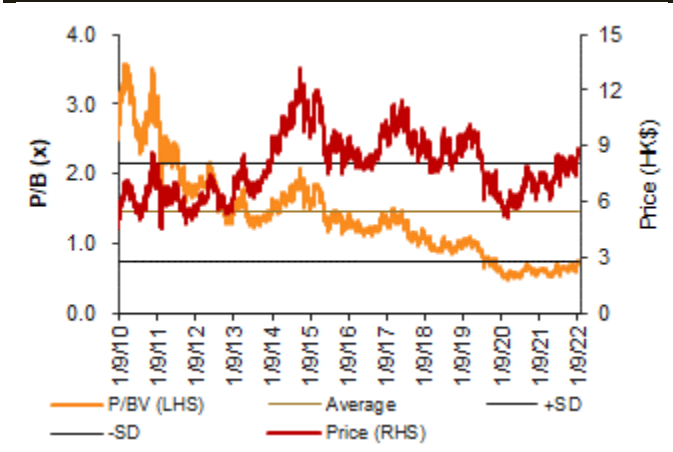
Source: Company data, CMBIGM

Fig.6: PICC Group-H (1339 HK) 12-month forward P/B



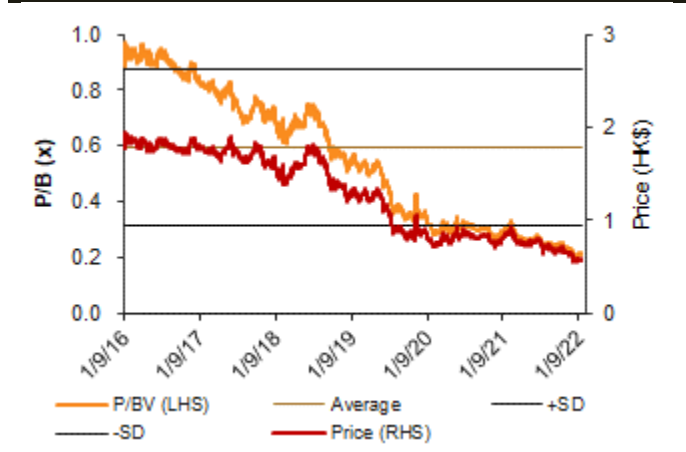
Source: Company data, CMBIGM

Fig.7: PICC P&C-H (2328 HK) 12-month forward P/B



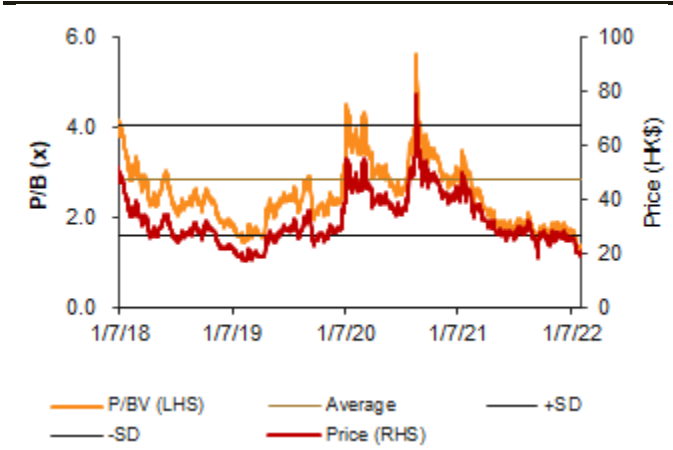
Source: Company data, CMBIGM

Fig.8: China Re-H (1508 HK) 12-month forward P/B



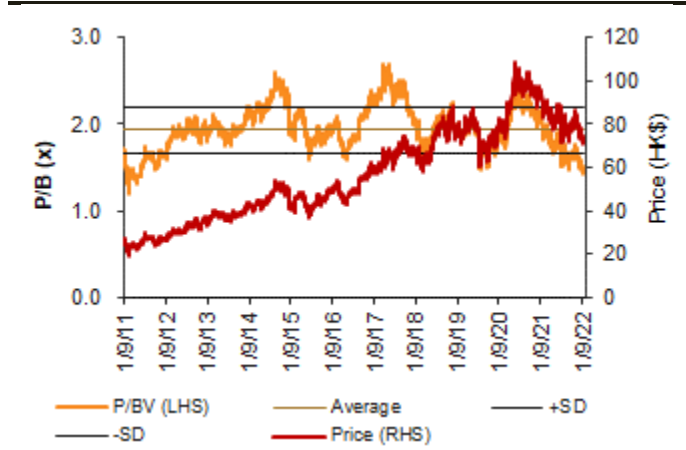
Source: Company data, CMBIGM

Fig.9: Zhong An-H (6060 HK) 12-month forward P/B



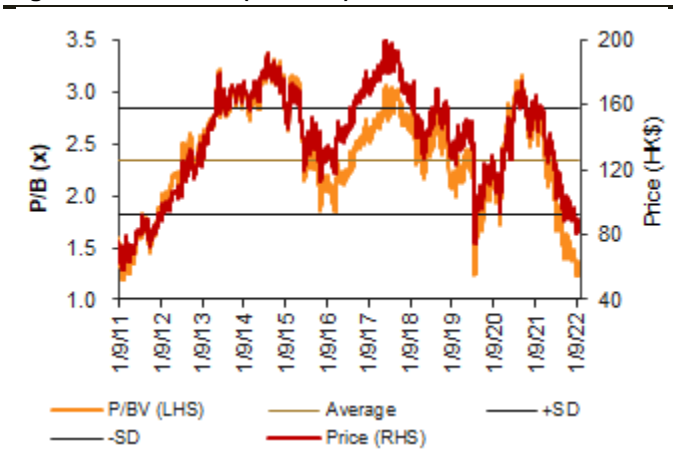
Source: Company data, CMBIGM

Fig.10: AIA-H (1299 HK) 12-month forward P/B



Source: Company data, CMBIGM

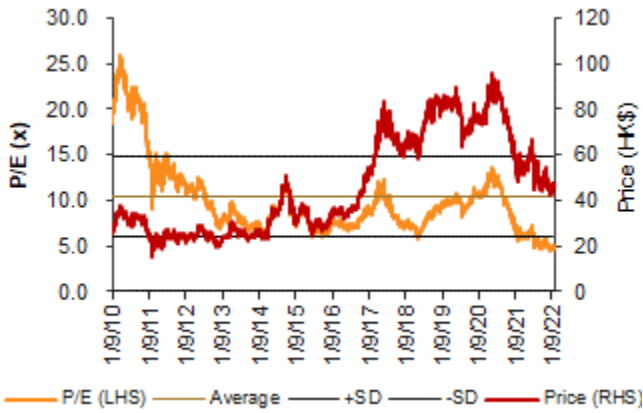
Fig.11: Prudential-H (2378 HK) 12-month forward P/B



Source: Company data, CMBIGM

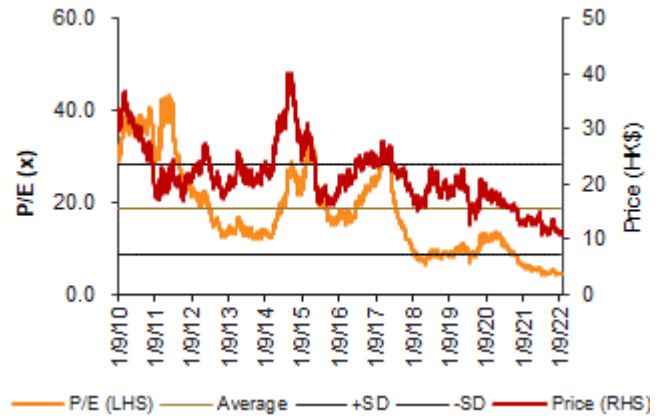
Trading Bands of PER by insurers

Fig.1: Ping An-H (2318 HK) 12-month forward P/E



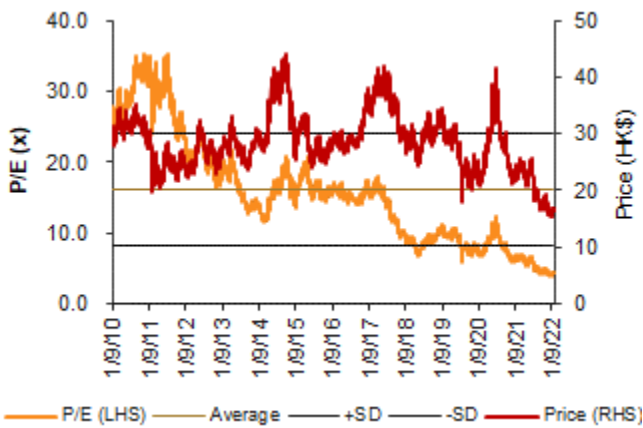
Source: Company data, CMBIGM

Fig.2: China Life-H (2628 HK) 12-month forward P/E



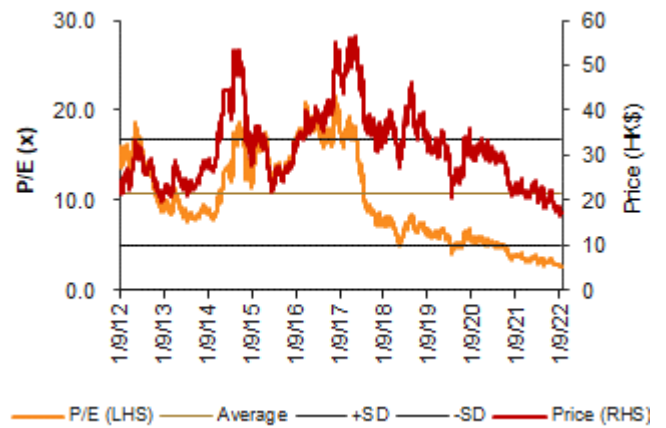
Source: Company data, CMBIGM

Fig.3: CPIC-H (2601 HK) 12-month forward P/E



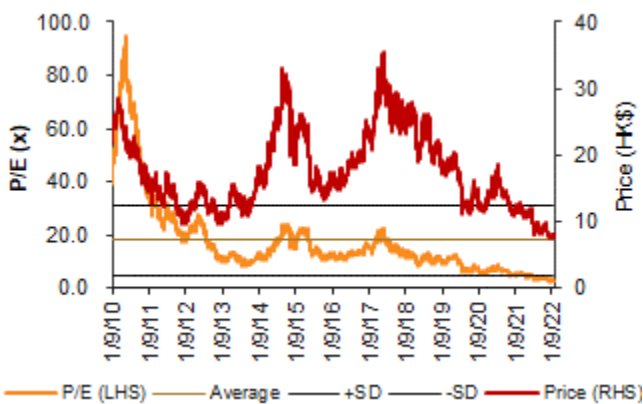
Source: Company data, CMBIGM

Fig.4: New China Life-H (1336 CH) 12-month forward P/E



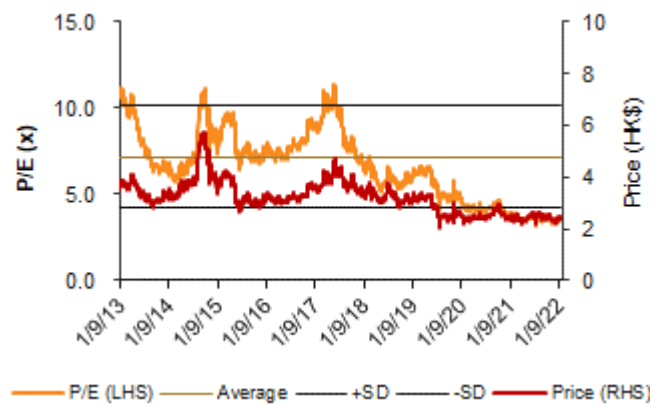
Source: Company data, CMBIGM

Fig.5: China Taiping-H (966 HK) 12-month forward P/E



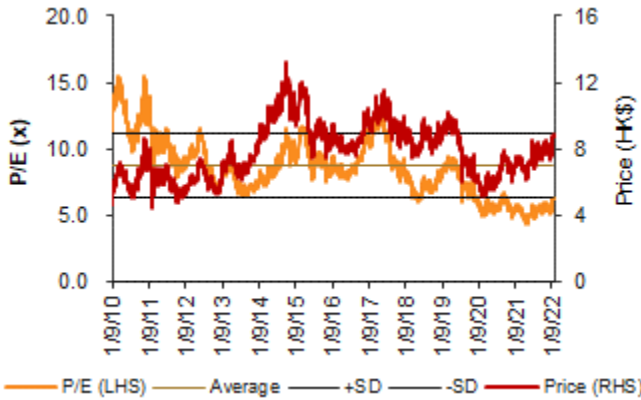
Source: Company data, CMBIGM

Fig.6: PICC Group-H (1339 HK) 12-month forward P/E



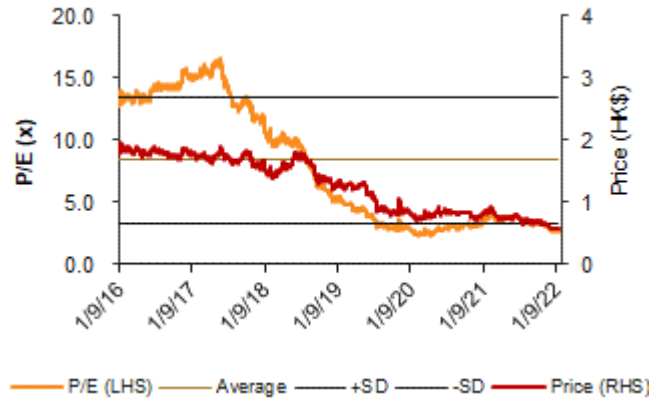
Source: Company data, CMBIGM

Fig.7: PICC P&C-H (2328 HK) 12-month forward P/E



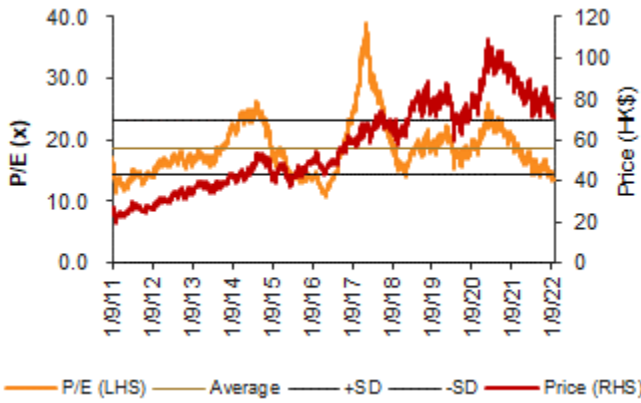
Source: Company data, CMBIGM

Fig.8: China Re-H (1508 HK) 12-month forward P/E



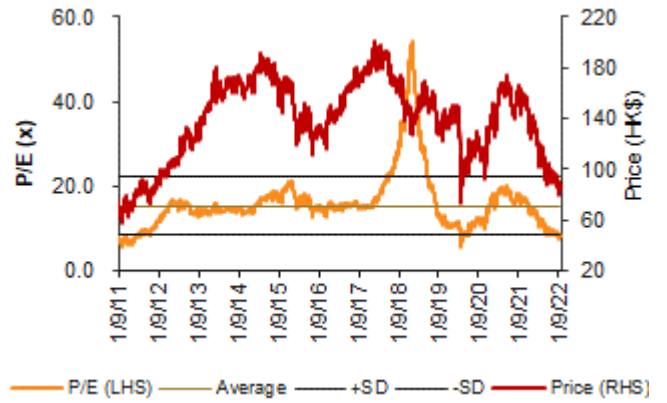
Source: Company data, CMBIGM

Fig.9: AIA-H (1299 HK) 12-month forward P/E



Source: Company data, CMBIGM

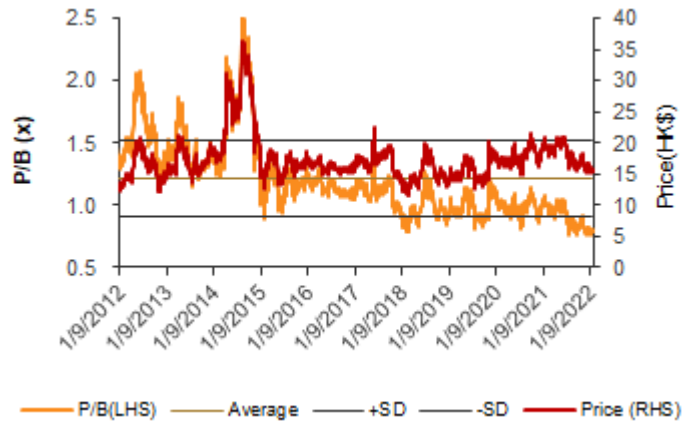
Fig.10: Prudential-H (2378 HK) 12-month forward P/E



Source: Company data, CMBIGM

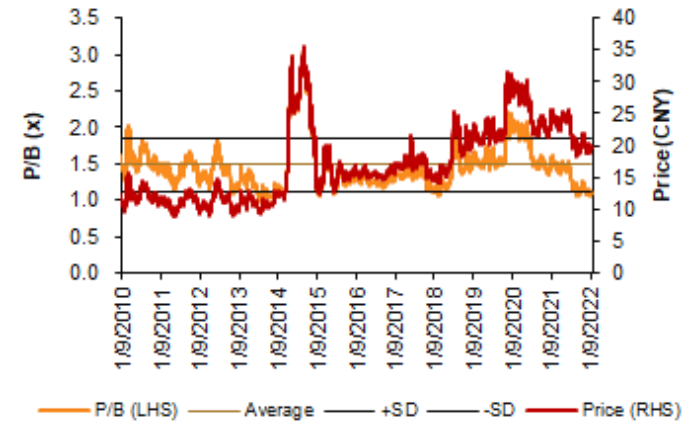
Trading Bands of PBV by brokers

Fig.1: CITIC SEC-H (6030 HK) 12-month forward P/B



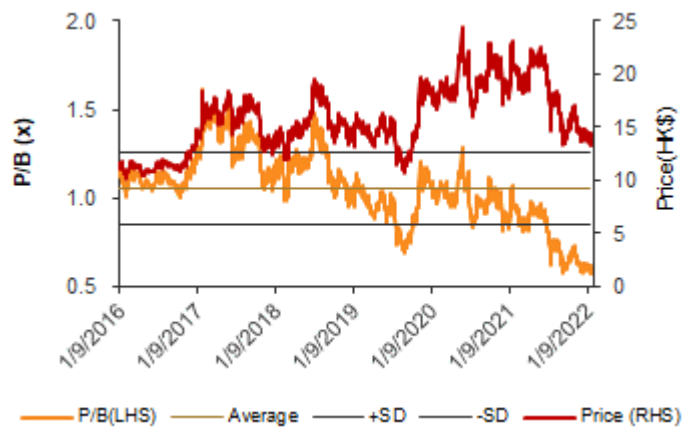
Source: Company data, CMBIGM

Fig.2: CITIC-CH (600030 CH) 12-month forward P/B



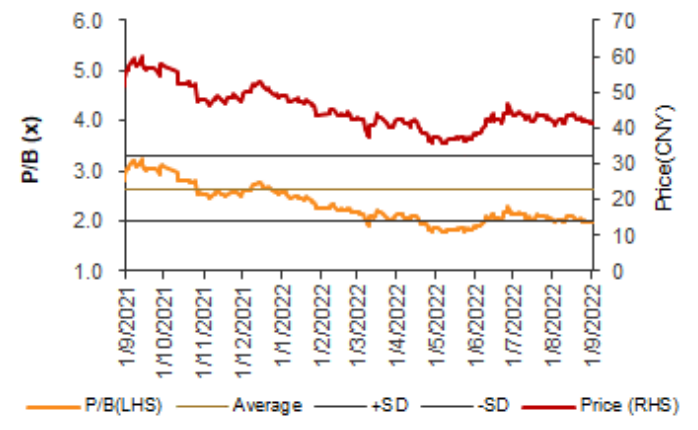
Source: Company data, CMBIGM

Fig.3: CICC-H (3908 HK) 12-month forward P/B



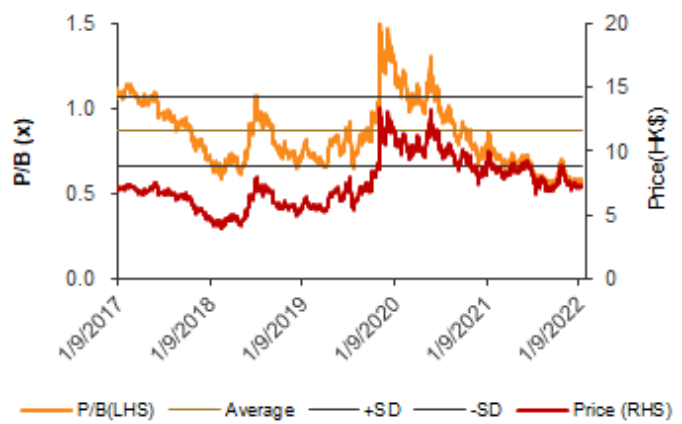
Source: Company data, CMBIGM

Fig.4: CICC-CH (601995 CH) 12-month forward P/B



Source: Company data, CMBIGM

Fig.5: CSC-H (6066 HK) 12-month forward P/B



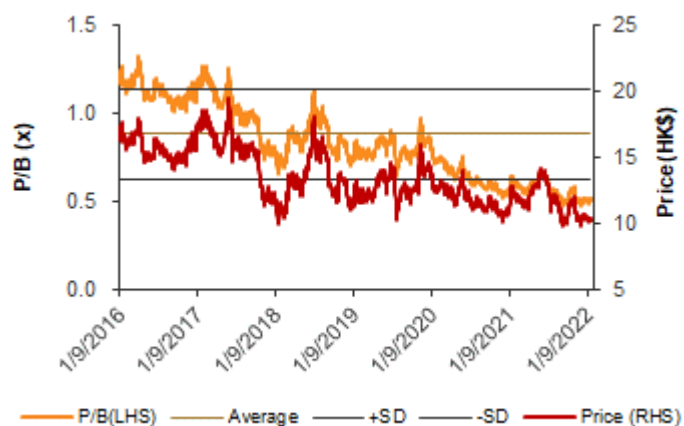
Source: Company data, CMBIGM

Fig.6: CSC-CH (601066 HK) 12-month forward P/B



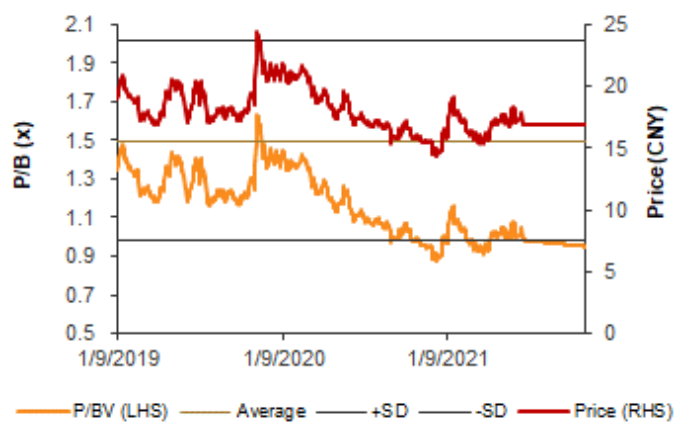
Source: Company data, CMBIGM

Fig.7: HUATAI SEC-H (6886 HK) 12-month forward P/B



Source: Company data, CMBIGM

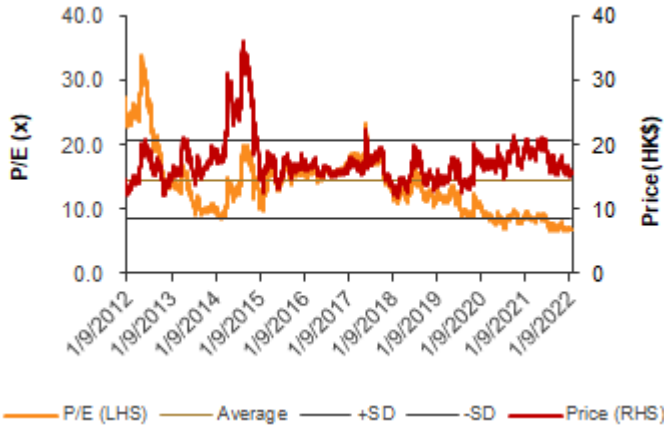
Fig.8: HUATAI SEC-CH (601688 CH) 12-month forward P/B



Source: Company data, CMBIGM

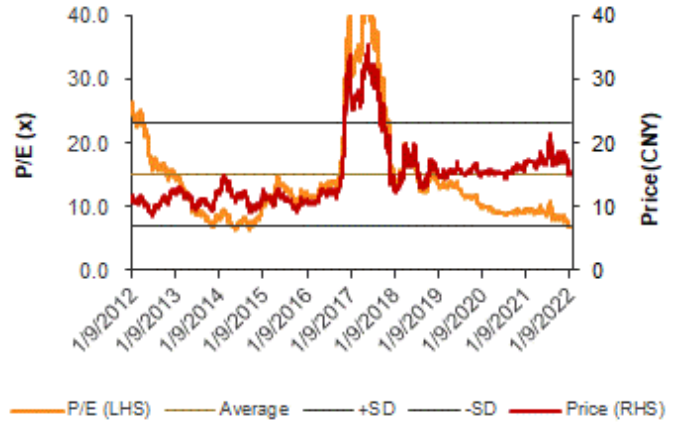
Trading Bands of PER by brokers

Fig.1: CITIC SEC-H (6030 HK) 12-month forward P/E



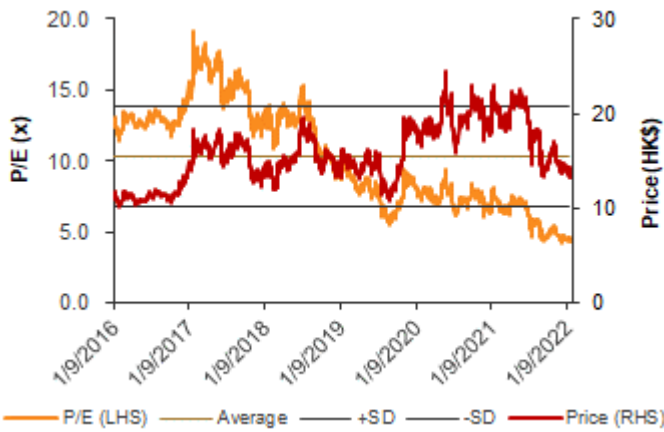
Source: Company data, CMBIGM

Fig.2: CITIC-CH (600030 CH) 12-month forward P/E



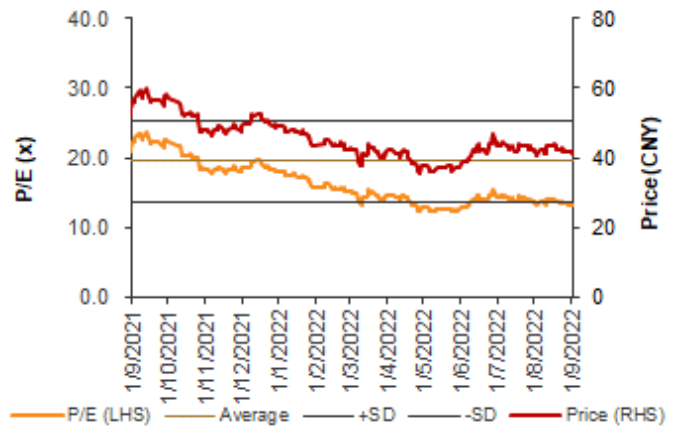
Source: Company data, CMBIGM

Fig.3: CICC-H (3908 HK) 12-month forward P/E



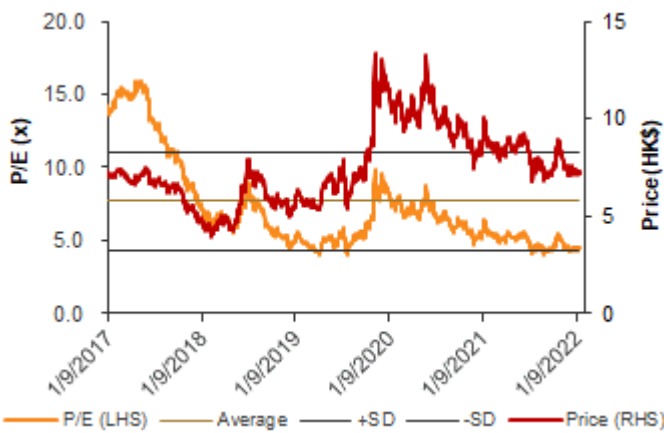
Source: Company data, CMBIGM

Fig.4: CICC-CH (601995 CH) 12-month forward P/E



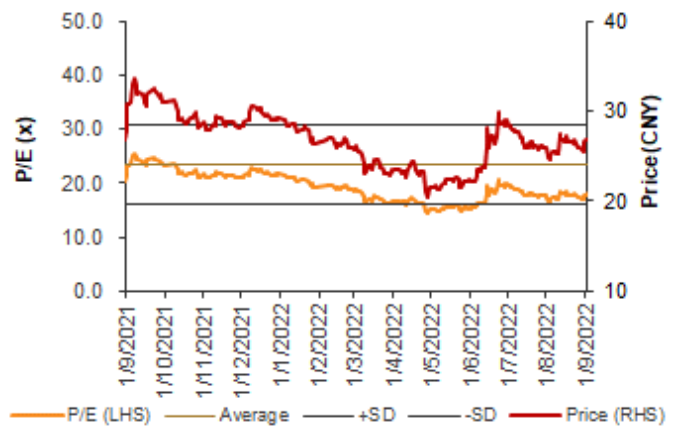
Source: Company data, CMBIGM

Fig.5: CSC-H (6066 HK) 12-month forward P/E



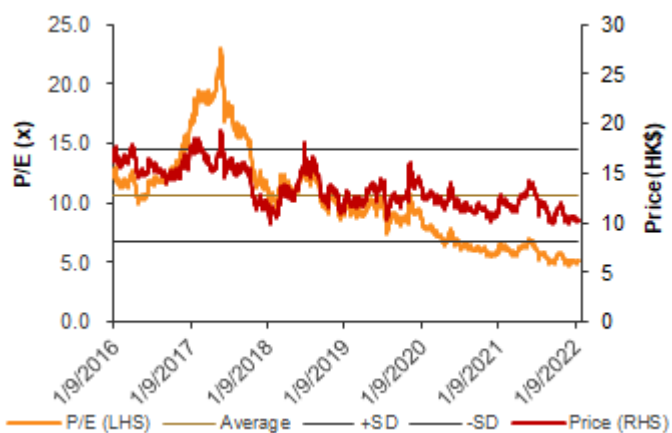
Source: Company data, CMBIGM

Fig.6: CSC-CH (601066 HK) 12-month forward P/E



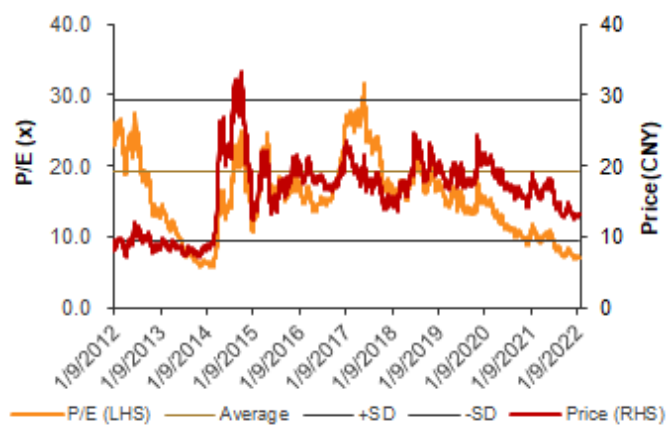
Source: Company data, CMBIGM

Fig.7: HUATAI SEC-H (6886 HK) 12-month forward P/E



Source: Company data, CMBIGM

Fig.8: HUATAI SEC-CH (601688 CH) 12-month forward P/E



Source: Company data, CMBIGM

Valuation

Banking Industry

Ticker	Name	Mkt Cap (LC)	Price (LC)	Rating	TP (LC)	Upside	P/E (x)		P/B (x)		Dividend yields	
							FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
1658 HK	PSBC-H	462.3	4.77	BUY	8.40	76%	5.5	5.0	0.6	0.6	5.9%	6.4%
939 HK	CCB-H	1,185.0	4.68	BUY	8.10	73%	3.7	3.3	0.4	0.4	8.3%	9.3%
600000.CH	SPDB-A	209.6	7.14	HOLD	9.00	26%	4.0	3.7	0.3	0.3	6.1%	6.6%
601229.CH	BOSH-A	83.7	5.89	BUY	8.68	47%	3.5	3.1	0.4	0.4	7.9%	9.0%
3618 HK	CQRCB-H	41.8	2.61	HOLD	3.05	17%	3.0	2.7	0.3	0.3	10.3%	11.2%
601577.CH	BOCS-A	26.8	6.66	HOLD	8.30	25%	3.9	3.4	0.5	0.4	6.4%	7.4%
601658.SH	PSBC-A	412.3	4.52	BUY	7.07	56%	5.2	4.8	0.6	0.6	6.2%	6.8%
601939.SH	CCB-A	1,044.0	5.52	BUY	7.50	36%	4.3	3.9	0.5	0.5	7.1%	7.9%
601077.SH	CQRCB-A	37.2	3.55	HOLD	3.60	1%	4.0	3.7	0.4	0.3	7.6%	8.2%

Source: CMBIGM estimates, Company data, Wind; Note: share price dated to market close on 16 Sep 2022.

Insurance Industry

Ticker	Company	Price	Rating	PO	Upside	P/BV		Dividend yields		P/E	
						FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
2318 HK	Ping An	45.75	BUY	81.40	78%	0.8 x	0.7 x	6.7%	7.6%	5.9 x	5.3 x
2628 HK	China Life	11.02	BUY	18.18	65%	0.5 x	0.4 x	7.9%	8.5%	4.5 x	4.2 x
2601 HK	CPIC	15.98	BUY	30.49	91%	0.5 x	0.5 x	11.1%	12.6%	4.4 x	3.9 x
1336 HK	NCL	16.10	BUY	32.35	101%	0.3 x	0.3 x	12.1%	13.7%	2.5 x	2.2 x
966 HK	Taiping	7.49	BUY	11.48	53%	0.2 x	0.2 x	9.7%	10.9%	3.1 x	2.7 x
1339 HK	PICC Group	2.39	BUY	3.58	50%	0.4 x	0.3 x	10.0%	11.4%	3.5 x	3.0 x
2328 HK	PICC P&C	8.82	BUY	11.64	32%	0.7 x	0.7 x	6.5%	7.7%	6.4 x	5.4 x
6060 HK	Zhong An	21.10	BUY	33.20	57%	1.3 x	1.2 x	0.0%	0.0%	26.5 x	17.3 x
601318 CH	Ping An	43.93	BUY	67.56	54%	0.9 x	0.8 x	5.8%	6.5%	6.9 x	6.1 x
601628 CH	China Life	31.06	SELL	18.10	-42%	1.6 x	1.5 x	2.3%	2.5%	15.2 x	14.1 x
601601 CH	CPIC	20.88	BUY	30.37	45%	0.8 x	0.7 x	7.1%	8.0%	6.9 x	6.1 x
601336 CH	NCL	27.70	SELL	26.85	-3%	0.7 x	0.6 x	5.9%	6.6%	5.2 x	4.6 x
601319 CH	PICC Group	5.04	SELL	3.72	-26%	0.9 x	0.9 x	3.9%	4.5%	8.8 x	7.7 x

Ticker	Company	P/EV (Group)		New Business Multiplier		ROE		ROEV	
		FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
2318 HK	Ping An	0.4 x	0.4 x	(23.3) x	(25.4) x	13.6%	14.1%	8.9%	10.3%
2628 HK	China Life	0.2 x	0.2 x	(22.3) x	(23.8) x	11.5%	11.3%	8.4%	8.4%
2601 HK	CPIC	0.2 x	0.2 x	(29.9) x	(29.1) x	12.1%	12.6%	7.4%	7.5%
1336 HK	NCL	0.2 x	0.1 x	(36.0) x	(36.0) x	13.7%	14.0%	5.8%	5.5%
966 HK	Taiping	0.1 x	0.1 x	(24.2) x	(24.6) x	8.4%	8.7%	6.5%	6.4%
1339 HK	PICC Group	0.3 x	0.3 x	(71.2) x	(76.2) x	11.2%	11.8%	7.3%	7.7%
601318 CH	Ping An	0.5 x	0.5 x	(20.3) x	(22.7) x	13.6%	14.1%	8.9%	10.3%
601628 CH	China Life	0.7 x	0.6 x	(8.7) x	(10.7) x	11.5%	11.3%	8.4%	8.4%
601601 CH	CPIC	0.4 x	0.4 x	(24.4) x	(24.2) x	12.1%	12.6%	7.4%	7.5%
601336 CH	NCL	0.3 x	0.3 x	(29.0) x	(29.5) x	13.7%	14.0%	5.8%	5.5%
601319 CH	PICC Group	0.7 x	0.7 x	(27.2) x	(33.9) x	11.2%	11.8%	7.3%	7.7%

Ticker	Company	P&C premium growth		Combined ratio		Expense ratio		Loss ratio	
		FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
2318 HK	Ping An	10.0%	10.0%	98.0%	98.0%	36.5%	36.5%	61.5%	61.5%
2601 HK	CPIC	9.6%	9.6%	99.7%	99.7%	27.0%	27.0%	72.7%	72.7%
966 HK	Taiping	5.0%	5.0%	103.0%	101.0%	45.0%	45.0%	56.0%	55.0%
2328 HK	PICC P&C	10.0%	10.0%	99.0%	98.6%	25.0%	25.0%	74.0%	73.6%
6060 HK	Zhong An	0.2%	0.2%	98.5%	97.7%	49.8%	49.0%	48.7%	48.7%

Source: CMBIGM estimates, Company data, Bloomberg; Note: share price dated to market close on 16 Sep 2022.

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

CMBIGM Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.