

# Ping An (2318 HK)

## 1H23 NBV beat consensus; interim dividend up 1.1% YoY reinforcing a long-run growth story

Ping An disclosed 1H23 results with NBV +32.6% YoY (+45.0% restated for prior value on basis of comparable EV assumptions and method) driven by noticeable improvements achieved in Life and Health insurance segment, handily beating consensus estimates. Even though the Group's OPAT was down by 5.0% in 1H23, the insurer raised interim dividend by 1.1% YoY to RMB 0.93 per share, implying a potentially higher cash dividend payout in full year to above 28.8% in FY22 under new standards (vs 29.5% under old standards). We believe the L&H segment will further unlock growth potential given 1) the agency reform has paid off, evidenced by the avg. productivity per agent +94.3% YoY in 1H23; 2) PAB's exclusive Private Wealth Adviser(PWA) model giving access to high-net-worth PB clients contributing to ~4x of industry average bancassurance margin at 19.7%. The outperformed agency and bancassurance mix generated robust NBV growth each at +43.0%/+174.7% YoY in 1H23; 3) synergies to be sought within the Group allowing distinctive cross-sales and up-sales opportunities, and we expect them to continue to prosper as the "healthcare and eldercare" service framework deepens. Reiterate BUY.

■ **Strong NBV in 1H23, beating consensus given optimized channel mix.** Ping An achieved outstanding results in L&H insurance attributable to an optimized channel mix. The first-year premium (FYP) rose by 49.6% YoY to RMB113.9bn giving rise to strong NBV growth by +32.6% YoY (restated: +45.0%YoY) to RMB25.96bn in 1H23. Given 8.8% rise in 1Q23 NBV, we see strong momentum sales in 2Q23 transferring to a like-for-like NBV growth by more than 75%. As margin was slightly down to low-twenties (1H23: 22.8%), we believe the sales rally more refers to improvements in channel mix rather than in product front.

For one, the 3-year agency reform finally paid off, shown as 1) monthly avg. agent productivity measured by NBV increasing to RMB9.4k per agent, +94.7% YoY; 2) agent income from life policies and cross-sales boosted by 37% YoY, implying strong individual performances. Agency NBV resulted +29.6% YoY (restated: +43.0% YoY), outperforming peers given Taiping (966 HK)/China Life (2628 HK)/CPIC (2601 HK)/NCL (1336 HK)+22.4%/+13.3%/+13.3%/-5.2% YoY respectively in 1H23. Agency margin remained resilient at ~30%. For another, bancassurance stood out with NBV margin rising to 19.7%, ~4x of industry average at 5% in 1H23. This margin highlight can be seen as a result of exclusive PAB channel with 2,000 professionals trained in a Private Wealth Advisor (PWA) agency model whom on average can generate ~1.8x NBV over a top-level "diamond" agent. The scale and margin uplifts gained traction to bancassurance NBV growth.

■ **Interim dividend raised by 1.1% YoY despite an OPAT decline.** Ping An Group's OPAT was down by 5% in 1H23, mainly due to the negative OPAT impacts of AMC and Technology segments each -67.9%/-64.7% YoY. L&H's OPAT -3% YoY to RMB57.39bn was caused by: 1) a lagged effect on CSM release (-6.9% YoY) given the NBV falls in past three years; 2) one-off impacts of income tax and consolidation for investments in subsidiaries. The segment's profit before tax was up by 1.9% YoY to RMB65.62bn, implying sustainable operating profitability. Given the Group's dividend policy linked to OPAT, the Company increased interim dividend to RMB0.93 per share despite an OPAT decline showing the management's optimism over long-run growth trajectory.

### Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Net profit (RMB mn)	101,618	83,774	129,778	152,547	171,970
EPS (Reported)(RMB)	5.8	4.8	7.1	8.3	9.4
Consensus EPS (RMB)	n.a	n.a	7.1	8.3	9.5
VNB/share (RMB)	2.1	1.6	1.9	2.3	2.7
Group embedded value / share (RMB)	76.3	77.9	82.5	91.6	102.5
P/B (x)	1.4	0.9	0.8	0.8	0.7
P/Embedded value (x)	0.6	0.6	0.5	0.5	0.4
Dividend yield (%)	3.9	5.9	5.7	6.7	7.6
ROE (%)	12.9	10.0	14.4	15.3	15.6

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** HK\$80.30  
 (Previous TP HK\$80.30)  
**Up/Downside** 71.0%  
**Current Price** HK\$46.95

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### Stock Data

Mkt Cap (HK\$ mn)	932,453
Avg 3 mths t/o (HK\$ mn)	1,448.58
52w High/Low (HK\$)	65.10/31.30
Total Issued Shares (mn)	7448.0

Source: FactSet

### Shareholding Structure

Charoen Pokphand Group	15.0%
UBS Group AG	10.5%

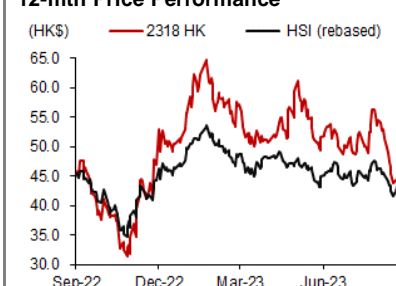
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-12.4%	-7.5%
3-mth	-8.9%	-6.1%
6-mth	-17.9%	-8.2%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

- **Healthcare and elderlycare services shore up pricing with differentiation.** As one of the first movers in industry entering to healthcare and elderlycare services, Ping An Group is able to consolidate resources from all associates and joint ventures to create synergies for internal conversion and customer acquisitions. By 1H23, over 68% of Ping An Life's NBV was generated by customers entitled to healthcare services, and ~30% of the Group's new retail customers were from the healthcare ecosystems. Going forward, we see more cross-sales and up-sales opportunities to be untapped within the Group, and expect such value-added services can protect margins from being narrowed among industry competition.
- **Valuation:** Ping An is trading at 0.5x FY23E P/EV, 0.8x FY23E P/B, ranking at 21.4%/5.7% 1-yr/5-yr P/EV historical valuation percentile. We believe the NBV beat in 1H23 indicates a turnaround in Ping An's L&H fundamentals. The interim dividend increase reinforced a long-run growth story as more synergies to be unleashed. Maintain BUY with TP at HK\$80.3, implied 0.97x FY23E P/EV.
- **Risks:** 1) product shifts under the regulatory change may require 2-3 month transition period; 2) elevated on assets and property risks; 3) continued easing CN 10Yr Treasury yields and sharper-than-expected equity volatilities.

## Ping An: 1H23 key metrics overview

Ping An (2318 HK): 1H23 results at first glance	1H23	1H22_Restate	Y/Y %	2Q23	2Q22_Restate	Y/Y %
<b>Profitability &amp; NAV under IFRS 9 &amp; 17:</b>						
<b>Insurance revenue:</b>	<b>269,305</b>	<b>262,127</b>	<b>2.7%</b>	<b>136,199</b>	<b>131,789</b>	<b>3.3%</b>
<b>Life &amp; Health</b>	<b>113,611</b>	<b>117,934</b>	<b>-3.7%</b>	<b>56,817</b>	<b>58,821</b>	<b>-3.4%</b>
Non-PAA	99,029	102,023	-2.9%			
PAA	14,582	15,911	-8.4%			
<b>P&amp;C</b>	<b>155,899</b>	<b>144,647</b>	<b>7.8%</b>	<b>79,587</b>	<b>73,422</b>	<b>8.4%</b>
Auto	102,275	96,589	5.9%			
Non-auto, excl A&H	42,723	36,145	18.2%			
Accident & Health	10,901	11,913	-8.5%			
<b>Insurance service expenses:</b>	<b>(213,910)</b>	<b>(202,865)</b>	<b>5.4%</b>	<b>(107,955)</b>	<b>(102,841)</b>	<b>5.0%</b>
<b>Life &amp; Health</b>	<b>(65,491)</b>	<b>(66,903)</b>	<b>-2.1%</b>			
Non-PAA	(53,128)	(53,868)	-1.4%			
PAA	(12,363)	(13,035)	-5.2%			
<b>P&amp;C</b>	<b>(148,330)</b>	<b>(136,044)</b>	<b>9.0%</b>			
<b>OPAT attribute to shareholders:</b>	<b>81,957</b>	<b>86,282</b>	<b>-5.0%</b>	<b>40,572</b>	<b>43,430</b>	<b>-6.6%</b>
Life & Health insurance	57,295	59,069	-3.0%	29,134	30,314	-3.9%
P&C insurance	9,242	8,602	7.4%	4,719	5,502	-14.2%
Bank	14,714	12,802	14.9%	6,252	5,354	16.8%
AMC	1,412	4,400	-67.9%	107	1,821	-94.1%
Technology	1,735	4,909	-64.7%	1,042	2,164	-51.8%
Others	(2,441)	(3,499)	-30.2%	(682)	(1,723)	-60.4%
<b>NPAT attribute to shareholders:</b>	<b>69,841</b>	<b>70,725</b>	<b>-1.2%</b>	<b>31,489</b>	<b>44,967</b>	<b>-30.0%</b>
Life & Health insurance	45,121	43,940	2.7%	20,150	31,727	-36.5%
P&C insurance	9,242	8,602	7.4%	4,719	5,502	-14.2%
Bank	14,714	12,802	14.9%	6,252	5,354	16.8%
AMC	1,412	4,400	-67.9%	107	1,821	-94.1%
Technology	1,793	4,480	-60.0%	943	2,286	-58.7%
Others	(2,441)	(3,499)	-30.2%	(682)	(1,723)	-60.4%
<b>Operating ROE by segment:</b>	<b>18.2</b>	<b>21.2</b>	<b>-3.0 pct</b>			
Life & Health insurance	35.6	41.2	-5.6 pct			
P&C insurance	15.2	15.0	0.2 pct			
Bank	12.7	12.2	0.5 pct			
AMC	2.4	8.0	-5.6 pct			
Technology	3.6	8.8	-5.2 pct			

Ping An Life & Health	1H23	1H22_Restate	Y/Y %	2Q23	2Q22_Restate	Y/Y %
<b>VNB</b>	<b>25,960</b>	<b>19,573</b>	<b>32.6%</b>	<b>12,258</b>	<b>6,984</b>	<b>75.5%</b>
<i>VNB restated</i>	<i>25,960</i>	<i>17,903</i>	<i>45.0%</i>			
<b>Agency VNB</b>	<b>21,303</b>	<b>16,434</b>	<b>29.6%</b>			
<i>Agency VNB, restated</i>	<i>21,303</i>	<i>14,895</i>	<i>43.0%</i>			
<b>Bancassurance VNB</b>	<b>2,825</b>	<b>1,060</b>	<b>166.5%</b>			
<i>Bancassurance VNB, restated</i>	<i>2,825</i>	<i>1,028</i>	<i>174.7%</i>			
<b>Group VNB</b>	<b>156</b>	<b>217</b>	<b>-28.1%</b>			
<i>Group VNB, restated</i>	<i>156</i>	<i>202</i>	<i>-22.8%</i>			
<b>VNB margin</b>	<b>22.8</b>	<b>25.7</b>	<b>-2.9 pct</b>	<b>25.3</b>	<b>28.0</b>	<b>-2.7 pct</b>
<i>VNB margin restated</i>	<i>22.8</i>	<i>23.5</i>	<i>-0.7 pct</i>			
<b>Agency VNB margin</b>	<b>29.3</b>	<b>36.7</b>	<b>-7.4 pct</b>			
<i>Agency VNB margin, restated</i>	<i>29.3</i>	<i>33.3</i>	<i>-4.0 pct</i>			
<b>Bancassurance VNB margin</b>	<b>19.7</b>	<b>16.3</b>	<b>3.4 pct</b>			
<i>Bancassurance VNB margin, restated</i>	<i>19.7</i>	<i>15.8</i>	<i>3.9 pct</i>			
<b>Group VNB margin</b>	<b>0.8</b>	<b>1.3</b>	<b>-0.5 pct</b>			
<i>Group VNB margin, restated</i>	<i>0.8</i>	<i>1.2</i>	<i>-0.4 pct</i>			
<b>EV &amp; Solvency ratios (%):</b>	<b>1H23</b>	<b>2022</b>	<b>Y/Y %</b>			
<b>Life &amp; Health EV</b>	<b>924,647</b>	<b>874,786</b>	<b>5.7%</b>			
L&H ANW	418,469	374,080	11.9%			
L&H VIF after CoC	506,178	500,706	1.1%			
<b>L&amp;H Profitability Analysis</b>						
<b>Contract service margin (CSM)</b>	<b>817,494</b>	<b>869,010</b>	<b>-5.9%</b>			
<b>New business CSM (NB CSM)</b>	<b>27,157</b>	<b>24,198</b>	<b>12.2%</b>			
<i>New business CSM margin (%)</i>	<i>10.6%</i>	<i>11.0%</i>	<i>-0.5 pct</i>			
CSM Base	856,158	910,533	-6.0%			
<b>CSM release</b>	<b>38,665</b>	<b>41,524</b>	<b>-6.9%</b>			
<i>CSM release rate (%)</i>	<i>9.0%</i>	<i>9.1%</i>	<i>0.0 pct</i>			
<b>RA release</b>	<b>3,025</b>	<b>2,940</b>	<b>2.9%</b>			
<i>RA release (%)</i>	<i>4.3%</i>	<i>4.3%</i>	<i>0.0 pct</i>			
<b>L&amp;H Insurance service results</b>	<b>48,115</b>	<b>50,226</b>	<b>-4.2%</b>			
<b>L&amp;H Investment service results</b>	<b>17,500</b>	<b>14,176</b>	<b>23.4%</b>			
<b>CROSS-II Solvency ratios (%):</b>	<b>2Q23</b>	<b>1Q23</b>	<b>Q/Q %</b>	<b>1Q23</b>	<b>4Q22</b>	<b>Q/Q %</b>
<b>Ping An Life core solvency ratio (%)</b>	<b>120.4</b>	<b>120.4</b>	<b>0.0 pct</b>	<b>120.4</b>	<b>124.1</b>	<b>-3.7 pct</b>
<b>Ping An Life comprehensive solvency ratio (%)</b>	<b>212.0</b>	<b>212.8</b>	<b>-0.8 pct</b>	<b>212.8</b>	<b>219.7</b>	<b>-6.9 pct</b>
<b>Premiums income breakdown:</b>	<b>1H23</b>	<b>1H22_Restate</b>	<b>Y/Y %</b>			
<b>First-year premiums (FYP)</b>	<b>113,901</b>	<b>76,132</b>	<b>49.6%</b>			
<b>First-year regular premiums (FYRP)</b>	<b>71,237</b>	<b>55,532</b>	<b>28.3%</b>			
First-year single premiums (FYSP)	67,627	32,404	108.7%			
<i>as a % of Total FYP</i>	<i>62.5%</i>	<i>72.9%</i>	<i>-10.4 pct</i>			
Gross written premiums (GWP)	379,918	328,456	15.7%			
<b>Annualized Premiums Earned (APE)</b>	<b>78,000</b>	<b>58,772</b>	<b>32.7%</b>			
<b>Premium income by distribution:</b>						
<b>Agency FYP (incl ST insurance)</b>	<b>72,639</b>	<b>44,720</b>	<b>62.4%</b>			
<i>Agency FYRP</i>	<i>59,180</i>	<i>47,332</i>	<i>25.0%</i>			
<i>as a % of FYP</i>	<i>81.5%</i>	<i>105.8%</i>	<i>-24.4 pct</i>			
<b>Bancassurance FYP (incl ST insurance)</b>	<b>14,342</b>	<b>6,497</b>	<b>120.7%</b>			
<i>Bancassurance FYRP</i>	<i>9,743</i>	<i>5,470</i>	<i>78.1%</i>			
<i>as a % of FYP</i>	<i>67.9%</i>	<i>84.2%</i>	<i>-16.3 pct</i>			
<b>Group &amp; Others FYP</b>	<b>18,526</b>	<b>16,848</b>	<b>10.0%</b>			
<i>Group &amp; Others FYRP</i>	<i>2,314</i>	<i>2,730</i>	<i>-15.2%</i>			
<i>as a % of FYP</i>	<i>12.5%</i>	<i>16.2%</i>	<i>-3.7 pct</i>			

	1H23	1H22_Restate	Y/Y %			
Agency APE	63,369	48,535	30.6%			
Bancassurance APE	10,311	5,590	84.4%			
Group & others APE	4,320	4,647	-7.0%			
Premium income by product:						
Participating	33,601	39,698	-15.4%			
Universal	80,701	52,604	53.4%			
<b>Traditional life</b>	<b>96,633</b>	<b>64,487</b>	<b>49.8%</b>			
Long-term health	58,595	61,167	-4.2%			
Accident & short-term health	23,965	24,913	-3.8%			
<b>Annuity</b>	<b>86,252</b>	<b>85,330</b>	<b>1.1%</b>			
Investment-linked	171	257	-33.5%			
<b>Protection-related</b>	<b>179,193</b>	<b>150,567</b>	<b>19.0%</b>			
Premium income by product mix (%):						
Traditional life as a % of total GWP	25.4%	19.6%	5.8 pct			
Long-term health as a % of total GWP	15.4%	18.6%	-3.2 pct			
Accident & ST health as a % of total GWP	6.3%	7.6%	-1.3 pct			
<b>Protection-related as a % of total GWP</b>	<b>47.2%</b>	<b>45.8%</b>	<b>1.3 pct</b>			
Other operating metrics:						
1) Agent productivity:	1H23	1H22_Restate	Y/Y %			
No. of life insurance agents(mn)	0.37	0.52	-27.9%			
Monthly avg. no. of agents (mn)	0.38	0.51	-26.3%			
Activity rate (%)	54.1	55.4	-2.3%			
<b>Agent productivity (VNB per agent)</b>	<b>56,281</b>	<b>31,958</b>	<b>76.1%</b>			
<i>Agent productivity (VNB per agent), restate</i>	<i>56,281</i>	<i>28,967</i>	<i>94.3%</i>			
2) Life policy persistency ratio (%):						
13-month persistency	93.8	91.7	2.1 pct			
25-month persistency	87.6	80.6	7.0 pct			
Ping An P&C						
	1H23	1H22_Restate	Y/Y %	2Q23	2Q22_Restate	Y/Y %
<b>Underwriting combined ratio (CoR, %):</b>	<b>98.0</b>	<b>97.1</b>	<b>0.9 pct</b>			
Loss ratio (%)	70.6	70.3	0.3 pct			
Expense ratio (%)	27.4	26.8	0.6 pct			
<b>P&amp;C underwriting profits (RMB mn)</b>	<b>3,053</b>	<b>4,197</b>	<b>-27.3%</b>			
CoR by product (%):						
Auto	97.1	94.4	2.7 pct			
Guarantee	117.7	113.0	4.7 pct			
Liability	99.5	102.1	-2.6 pct			
Commercial property	89.0	97.4	-8.4 pct			
Health	92.3	92.3	0.0 pct			
P&C premium income by product:						
Auto	101,348	95,502	6.1%			
<b>Non-auto, excl. A&amp;H</b>	<b>40,640</b>	<b>37,923</b>	<b>7.2%</b>			
Guarantee	2,188	0				
Liability	14,219	12,397	14.7%			
Commercial property	5,765	0				
Agriculture	5,528	3,611	53.1%			
Others, excl agriculture	12,940	21,916	-41.0%			

<b>A&amp;H</b>	<b>23,965</b>	<b>24,913</b>	<b>-3.8%</b>
Accident	5,116	8,899	-42.5%
Health	7,032	4,468	57.4%
<b>Total PC GWP</b>	<b>154,136</b>	<b>146,792</b>	<b>5.0%</b>

<b>CROSS-II Solvency ratios (%):</b>	<b>2Q23</b>	<b>1Q23</b>	<b>Q/Q %</b>	<b>1Q23</b>	<b>4Q22</b>	<b>Q/Q %</b>
Ping An P&C core solvency ratio (%)	176.6	171.6	5.0 pct	171.6	177.6	-6.0 pct
Ping An P&C comprehensive solvency ratio (%)	217.7	211.7	6.0 pct	211.7	220.0	-8.3 pct

<b>Investment performance:</b>	<b>1H23</b>	<b>1H22_Restate</b>	<b>Y/Y %</b>	<b>2Q23</b>	<b>2Q22_Restate</b>	<b>Y/Y %</b>
Net investment yield (%), <i>annualized</i>	3.5	3.9	-0.4 pct			
Total investment yield (%), <i>annualized</i>	3.4	3.0	0.4 pct			
Comprehensive yield (%), <i>annualized</i>	4.1	3.4	0.7 pct			

<b>P/L investment items:</b>			
Net investment income (RMB mn)	85,217	89,778	-5.1%
Total investment income (RMB mn)	79,639	56,231	41.6%
<b>Comprehensive investment income (RMB mn)</b>	<b>109,086</b>	<b>73,492</b>	<b>48.4%</b>

<b>B/S investment items:</b>	<b>1H23</b>	<b>2022</b>	<b>Y/Y %</b>
Total investment assets (RMB mn)	4,615,762	4,368,400	5.7%
Off-balance sheet debt (NSA debt)	432,413	442,793	-2.3%
Off-balance sheet equity (NSA equity)	73,495	50,847	44.5%
Real estate investments	209,393	204,562	2.4%

**Mix by types (%):**

Cash & equivalents %	6.9%	8.7%	-1.8 pct
Bond %	56.6%	49.9%	6.7 pct
NSA debt investments %	9.4%	10.8%	-1.4 pct
NSA equity investments %	1.6%	0.9%	0.7 pct
Real estate investments %	4.5%	5.2%	-0.7 pct

**Mix by financial assets measurement (%):**

FA at amortised costs (AC)	13.3%	0.0%	13.3 pct
FA at fair value through other comprehensive income (FVOCI)	56.7%	0.0%	56.7 pct
FA at fair value through p/l (FVTPL)	22.7%	0.0%	22.7 pct
Others	7.3%	0.0%	7.3 pct

<b>Per share data:</b>	<b>1H23</b>	<b>1H22_Restate</b>	<b>Y/Y %</b>
Operating EPS (annualized)	4.63	4.94	-6.3%
DPS	0.93	0.92	1.1%
EVPS	81.67	77.89	4.9%
VNBPS	1.42	1.07	32.6%

## Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
<b>Total income</b>	<b>1,321,418</b>	<b>1,287,675</b>	<b>1,221,351</b>	<b>1,372,220</b>	<b>1,500,960</b>	<b>1,645,549</b>
Premiums written (gross)	797,880	760,843	769,633	828,426	902,489	994,604
Premiums earned (net)	757,599	739,933	742,418	796,699	868,076	957,059
Investment income	225,046	203,513	127,057	201,595	226,998	247,484
Realized gains (losses)	257,109	270,871	280,916	301,506	331,042	363,588
Other operating income	81,664	73,358	70,960	72,420	74,844	77,418
<b>Losses</b>	<b>(1,133,654)</b>	<b>(1,148,095)</b>	<b>(1,115,536)</b>	<b>(1,174,808)</b>	<b>(1,270,800)</b>	<b>(1,386,836)</b>
Selling	(614,751)	(618,662)	(631,138)	(678,620)	(728,362)	(792,458)
Other selling	(181,166)	(177,061)	(169,840)	(162,113)	(177,185)	(193,673)
Underwriting & commissions	(114,237)	(90,651)	(80,308)	(86,018)	(93,703)	(103,039)
Other operating expense	(223,500)	(261,721)	(234,250)	(248,058)	(271,550)	(297,666)
<b>Operating income before interest expense</b>	<b>187,764</b>	<b>139,580</b>	<b>105,815</b>	<b>197,411</b>	<b>230,160</b>	<b>258,713</b>
<b>Pretax income</b>	<b>187,764</b>	<b>139,580</b>	<b>105,815</b>	<b>197,411</b>	<b>230,160</b>	<b>258,713</b>
Income taxes	(28,405)	(17,778)	1,617	(40,711)	(47,376)	(53,146)
<b>Consolidated net income</b>	<b>159,359</b>	<b>121,802</b>	<b>107,432</b>	<b>156,700</b>	<b>182,784</b>	<b>205,567</b>
Minority interest	(16,260)	(20,184)	(23,658)	(26,922)	(30,237)	(33,597)
<b>Net income</b>	<b>143,099</b>	<b>101,618</b>	<b>83,774</b>	<b>129,778</b>	<b>152,547</b>	<b>171,970</b>

BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
<b>Assets</b>						
Cash & short-term investments	587,391	584,995	770,751	846,006	930,890	1,026,706
Investments	267,819	284,061	280,793	308,872	339,760	373,735
Total fixed income securities investment	4,133,300	4,253,940	4,631,969	4,889,820	5,170,328	5,475,126
Total equity securities investment	795,812	878,204	1,006,163	1,062,174	1,123,106	1,189,315
Real estate assets	89,671	135,799	168,420	177,491	187,258	197,768
Mortgage	37,661	30,957	29,278	29,278	29,278	29,278
Other investments	2,599,510	2,980,975	3,238,054	3,723,762	4,282,326	4,924,675
Premium balance receivables	167,281	142,688	120,342	136,447	154,870	175,954
Net property	292,738	320,954	295,559	312,012	329,911	349,360
Deferred tax assets	61,901	65,360	92,846	97,488	102,363	107,481
Intangible assets	64,290	68,462	99,411	109,352	120,287	132,316
Other assets	430,496	395,631	403,582	464,119	533,737	613,798
<b>Total assets</b>	<b>9,527,870</b>	<b>10,142,026</b>	<b>11,137,168</b>	<b>12,156,822</b>	<b>13,304,114</b>	<b>14,595,512</b>
<b>Liabilities &amp; shareholders' equity</b>						
<b>Insurance policy liabilities</b>	<b>3,040,041</b>	<b>3,334,193</b>	<b>3,641,611</b>	<b>4,088,745</b>	<b>4,525,234</b>	<b>5,013,319</b>
Insurance reserves	1,994,341	2,252,472	2,501,090	2,768,362	3,054,472	3,366,730
Unearned premiums	177,041	170,420	173,742	179,379	185,509	192,235
Policy claims	109,943	118,926	138,393	152,232	167,456	184,201
Other insurance liabilities	754,453	788,220	824,760	984,601	1,113,003	1,264,639
ST debt & curr. portion LT debt	3,979,189	3,962,221	4,662,451	5,239,311	5,888,986	6,620,781
Deferred tax liabilities	19,267	13,605	14,217	14,928	15,674	16,458
Other liabilities	1,501,468	1,754,284	1,643,591	1,520,946	1,451,934	1,377,293
<b>Total liabilities</b>	<b>8,539,965</b>	<b>9,064,303</b>	<b>9,961,870</b>	<b>10,863,929</b>	<b>11,881,829</b>	<b>13,027,850</b>
Common stock/ordinary capital	18,280	18,280	18,280	18,280	18,280	18,280
Retained earnings	522,004	569,834	595,661	680,017	779,172	890,953
Equity reserves	222,276	224,291	244,734	251,051	251,051	251,051
<b>Total shareholders' equity</b>	<b>762,560</b>	<b>812,405</b>	<b>858,675</b>	<b>949,348</b>	<b>1,048,503</b>	<b>1,160,284</b>
<b>Minority interest</b>	<b>225,345</b>	<b>265,318</b>	<b>316,623</b>	<b>343,545</b>	<b>373,782</b>	<b>407,378</b>
<b>Total equity</b>	<b>987,905</b>	<b>1,077,723</b>	<b>1,175,298</b>	<b>1,292,893</b>	<b>1,422,285</b>	<b>1,567,662</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>9,527,870</b>	<b>10,142,026</b>	<b>11,137,168</b>	<b>12,156,822</b>	<b>13,304,114</b>	<b>14,595,512</b>

PER SHARE DATA	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec</b>						
DPS	2.27	2.45	2.51	2.48	2.92	3.29
EPS (Reported)	8.10	5.77	4.80	7.10	8.34	9.41
Group embedded value/share (HK\$)	72.65	76.34	77.89	82.51	91.59	102.49
VNB/share (HK\$)	2.71	2.07	1.58	1.98	2.29	2.66
No. of shares basic	18,280	18,280	18,280	18,280	18,280	18,280
PROFITABILITY	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec</b>						
Return on equity (ROE)	19.9%	12.9%	10.0%	14.4%	15.3%	15.6%
Return on asset (ROA)	1.6%	1.0%	0.8%	1.1%	1.2%	1.2%
Return on life embedded Value	(7.4%)	(37.2%)	(18.2%)	24.6%	26.4%	18.0%
VNB margin (FYP APE basis)	47.6%	37.2%	32.1%	32.0%	32.0%	32.0%
Combined ratio	99.2%	97.6%	99.7%	97.1%	97.0%	96.9%
Loss ratio	60.5%	67.1%	69.8%	70.3%	70.3%	70.3%
Expense ratio	38.6%	30.5%	29.8%	26.8%	26.7%	26.6%
VALUATION	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec</b>						
P/EV	0.6	0.6	0.6	0.5	0.5	0.4
P/B	1.8	1.4	0.9	0.8	0.8	0.7
Div yield (%)	5.2	5.6	5.8	5.7	6.7	7.6

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



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