

China Financials Weekly

Manageable impact of Henan village banks' incident

The Henan village banks' default on deposits flagged the vulnerability of corporate governance among small regional banks which aroused investors' concerns about the valuation of R&C banks. Based on our analysis, the incident had no material impacts neither on the stability of banking system nor sector fundamentals. Maintain OUTPERFORM on banking sector with PSBC (1658 HK, BUY) as the top pick with target price of HK\$8.40. On the insurance front, CBIRC recently released industry data in April, with an industry-wide P&C loss ratio improving 2.4ppt YoY in 4M22 (vs 2.1ppt YoY improvement in 1Q22). We also notice that average premium income per policy of auto insurance slightly increased by 2% year-over-year in 4M22, driven by higher pricing of NEV insurance and inflation factors. The published industry data as well implied insurers' higher weights on bond investment to 40% in April (vs 39% in March) in advance of the 5-yr LPR cut announced in May. We maintain PICC P&C (2328 HK, BUY) as our top pick, and remain positive on Ping An (2318 HK) given its ongoing proactive agency reform.

- Village banks' default on deposits will not have material negative impacts to financial system.** As reported by CBIRC Henan office (河南银保监局), some clients encountered difficulties in withdrawing deposits from four village banks in Henan. Yet, this incident occurred last month, noted as the "Red QR Code Event" (河南红码事件), and was pulled back to the spotlight. By now, six village banks were involved, with four in Henan and two in Anhui. In our view, the incident reflected problems of village banks on their corporate governance, rather than asset quality or cash flow, which as a result would not exert any significant impact to the overall financial system. As reported, roughly RMB40bn deposits could not be taken out. By end of April, total liability of R&C banks amounted to RMB45tn, among which we projected the deposit balance at approx. RMB40tn. Given RMB20tn deposits were contributed by village banks, the reported amount that could not be withdrawn merely took a share of 0.2%. Now the four village banks start to register personal information for relevant customers to build up repayment plans, yet it is still uncertain to know if the banks' clients are able to receive appropriate compensation in the short run. The Financial Stability Law (draft), which was introduced in April, clearly stated the risk disposal to reduce reliance on public funds. Thus, from our perspective, the process of information registration was still in the first stage, and repayment plans in specific are hard to be determined for the time being.
- From a regulatory perspective, it will not exert significant impacts to current outstanding loans issued by village banks.** Referring to the regulation of the insurance industry (Qianhai Life, Tian'an P&C, etc.) in previous years, we expected that even if there were some irregularities, China's regulators would mitigate financial impacts by using the old and new zoned off ("新老划断") measure, and thus minimal risks of original credit funds would be delivered. In such case, the regulator would leave borrowers with certain buffers, so as to exit in an orderly manner. Concerning to investors, this event exerted little impact to the fundamentals of relevant listed banks. Rather, corporate governance would be a key concern for R&C banks. In the short run, we would recommend bank investors to avoid small R&C banks yet focus on large SOEs and city banks in developed economic regions.

OUTPERFORM
(Maintain)

China Financials Sector

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

Eric Wang
(852) 6367 0561
ericwang@cmbi.com.hk

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



Stocks Covered:

Ticker	Rating	Target Price	Upside
2318 HK	BUY	81.40	59%
601318CH	BUY	67.56	49%
2628 HK	BUY	18.18	43%
601628CH	SELL	18.10	-37%
2601 HK	BUY	30.49	69%
601601CH	BUY	30.37	32%
1336 HK	BUY	32.35	49%
601336CH	SELL	26.85	-13%
966 HK	BUY	11.48	23%
1339 HK	BUY	3.58	39%
601319CH	SELL	3.72	-26%
2328 HK	BUY	11.64	41%
6060 HK	BUY	33.20	37%
1658 HK	BUY	8.40	40%
939 HK	BUY	8.10	47%
600000CH	HOLD	9.00	14%
601229CH	BUY	8.68	33%
3618 HK	HOLD	3.05	8%
601577CH	HOLD	8.30	6%
601658CH	BUY	7.07	38%
601939CH	BUY	7.50	25%
601077CH	HOLD	3.60	-8%

Source: Company data, CMBIS estimates

Recent Reports:

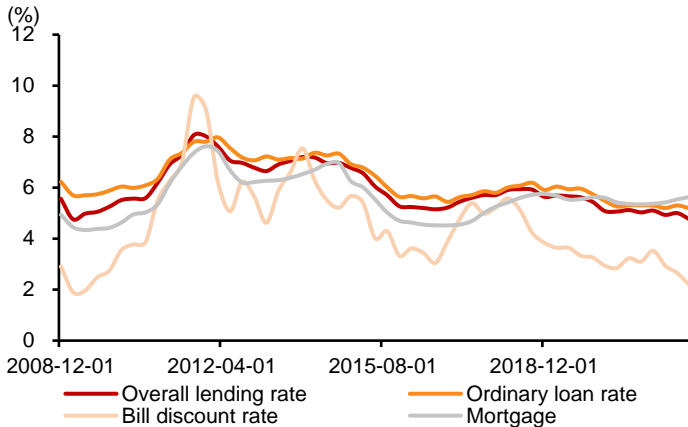
- Expect higher NPL in 2Q & 2H; P&C loss ratio improved during COVID lockdowns ([link](#))
- ST loan and special bond drive TSF beat; P&C momentum rebounded ([link](#))

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.....	17
Trading Bands of PBV by brokers.....	19
Trading Bands of PER by brokers.....	21
Valuation.....	23
Banking Industry	23
Insurance Industry	23

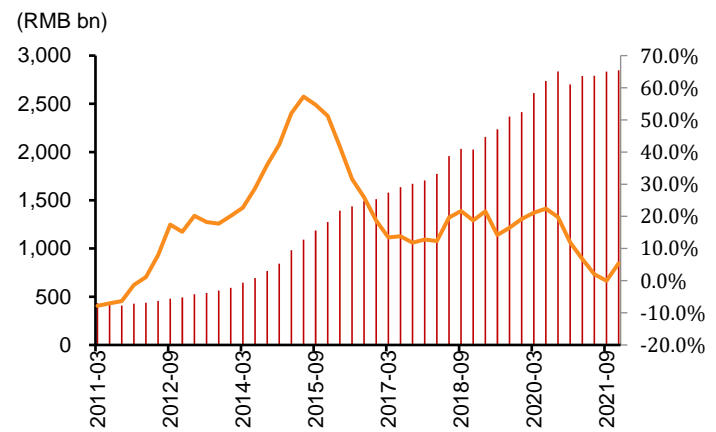
Banking Focus Charts

Figure 1: Market lending rate



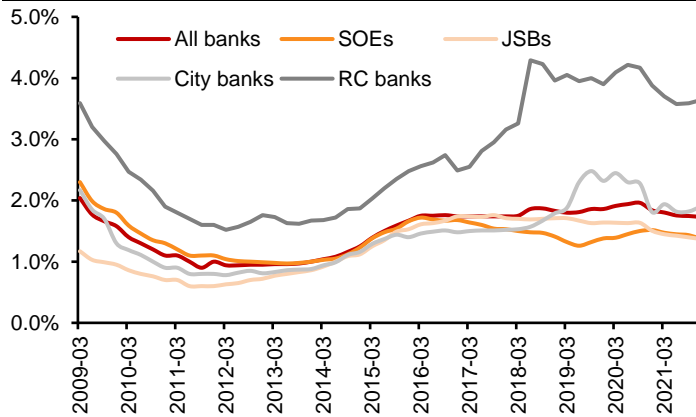
Source: Company data, CMBIGM estimates

Figure 2: Sector NPL balance and growth



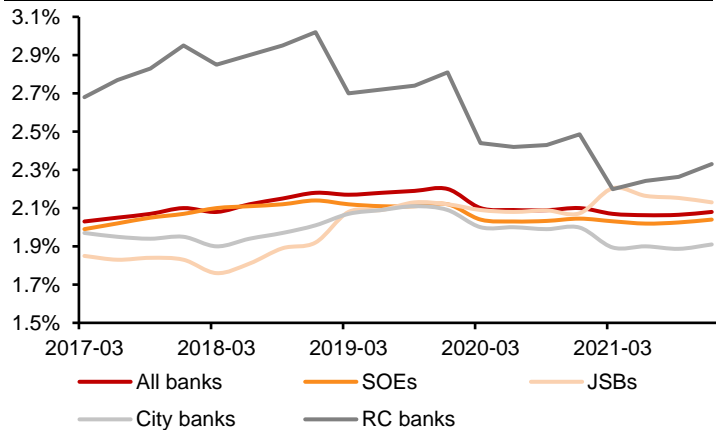
Source: Company data, CMBIGM estimates

Figure 3: Sub-sector NPL ratio



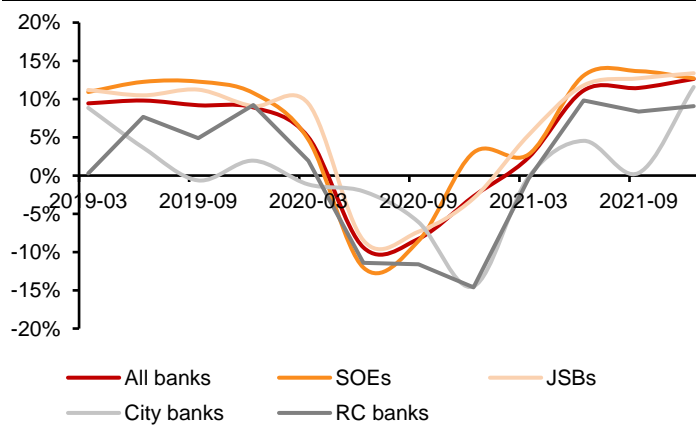
Source: Company data, CMBIGM estimates

Figure 4: Sub-sector NIM



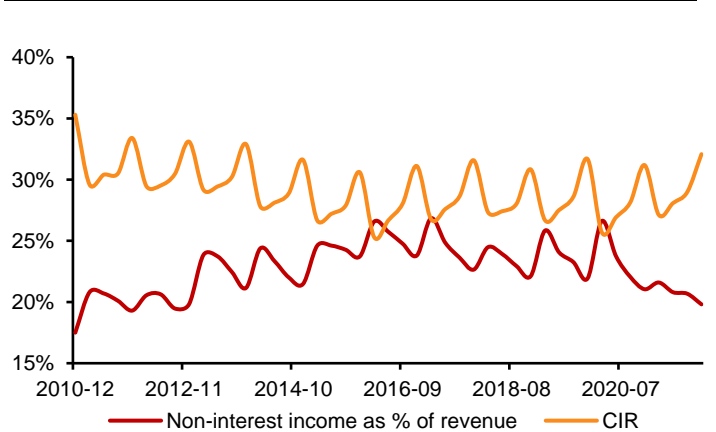
Source: Company data, CMBIGM estimates

Figure 5: Sub-sector earnings growth



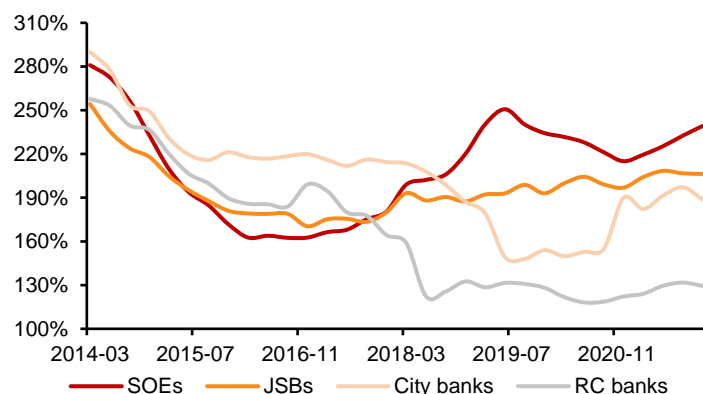
Source: Company data, CMBIGM estimates

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



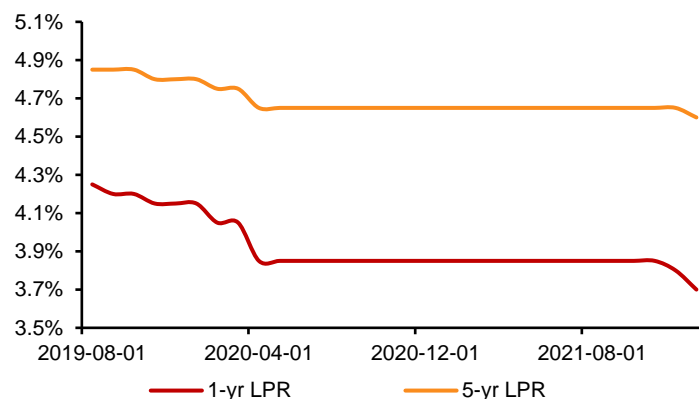
Source: Company data, CMBIGM estimates

Figure 7: Sub sector provision coverage ratio changes



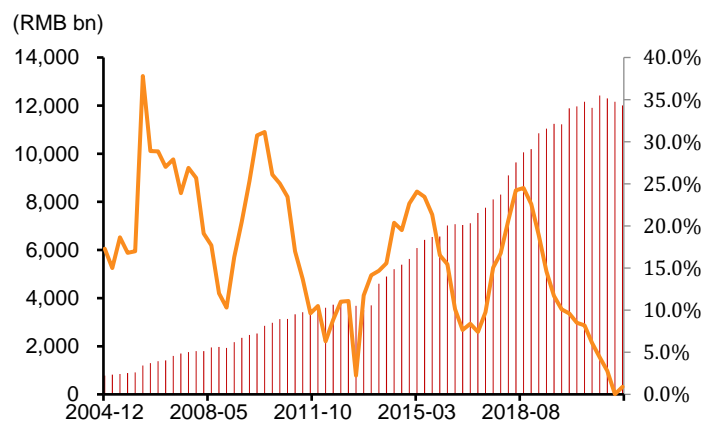
Source: Company data, CMBIGM estimates

Figure 8: Loan Prime Rate (LPR) changes



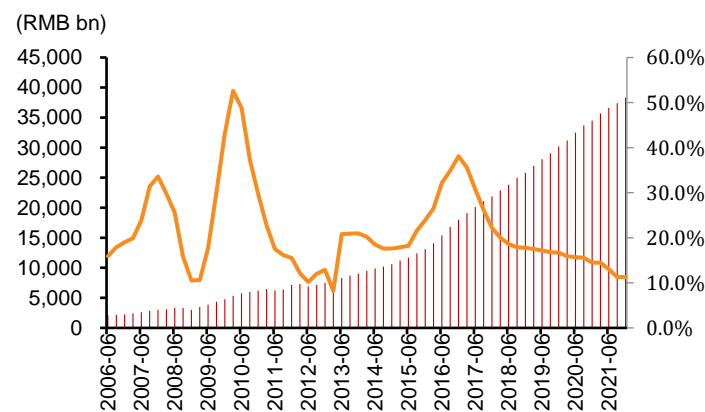
Source: Company data, CMBIGM estimates

Figure 9: Development loan balance and growth



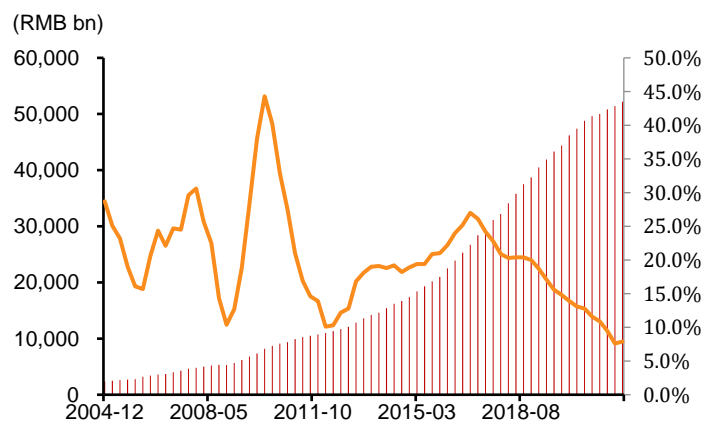
Source: Company data, CMBIGM estimates

Figure 10: Mortgage balance and growth



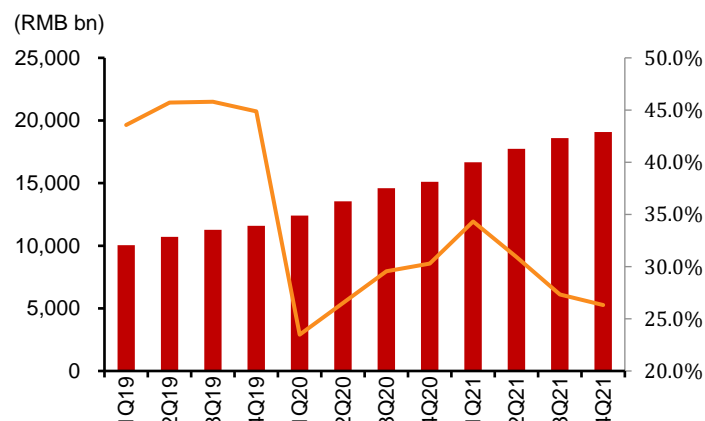
Source: Company data, CMBIGM estimates

Figure 11: All property loan changes



Source: Company data, CMBIGM estimates

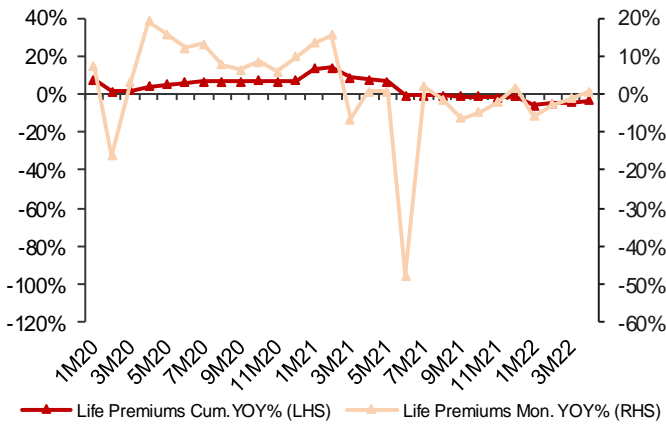
Figure 12: Sector SME loan balance changes



Source: Company data, CMBIGM estimates

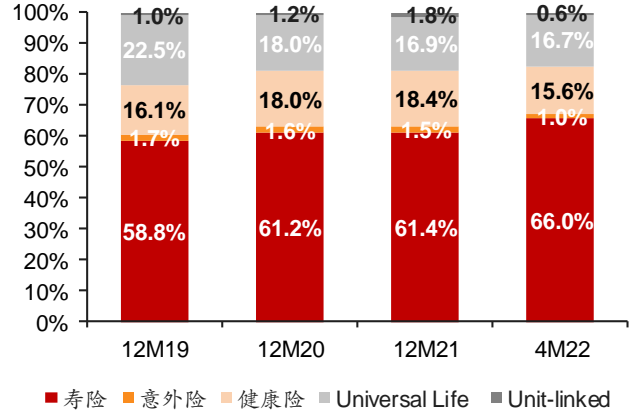
Insurance Focus Charts

Figure 1: Life Premiums Accumulative & Monthly YoY%



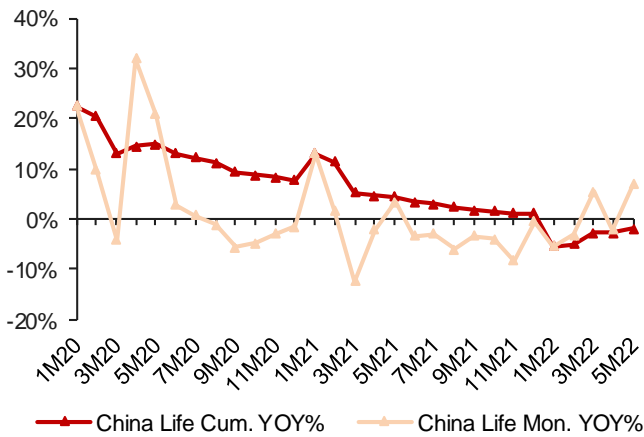
Source: Company data, CMBIGM

Figure 2: Life Premiums Mix % (FY19-FY21, 4M22)



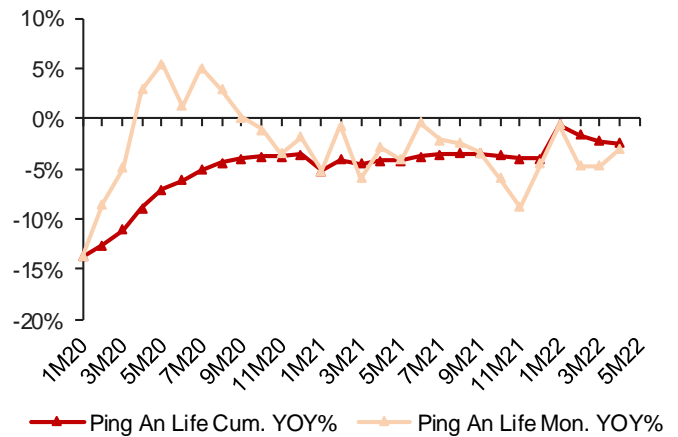
Source: Company data, CMBIGM

Figure3: China Life (2628 HK) Premiums Cum.& Mon. YoY%



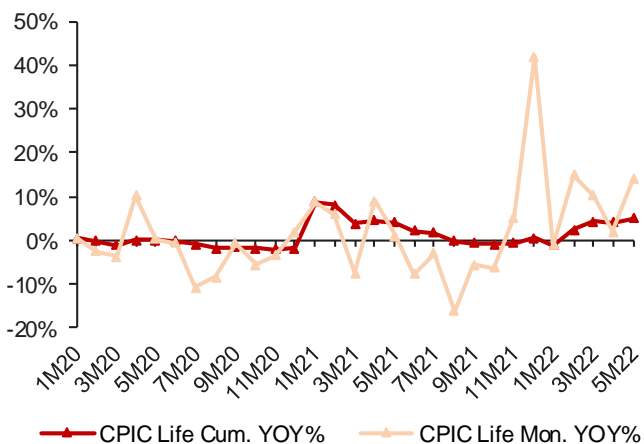
Source: Company data, CMBIGM

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



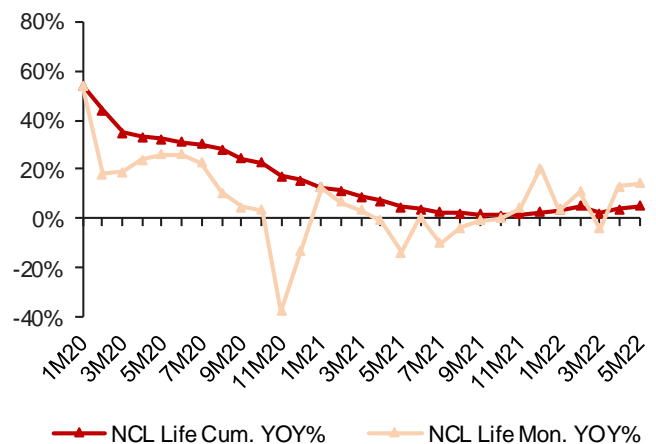
Source: Company data, CMBIGM

Figure5: CPIC(2601 HK) Life Premiums Cum.& Mon. YoY%



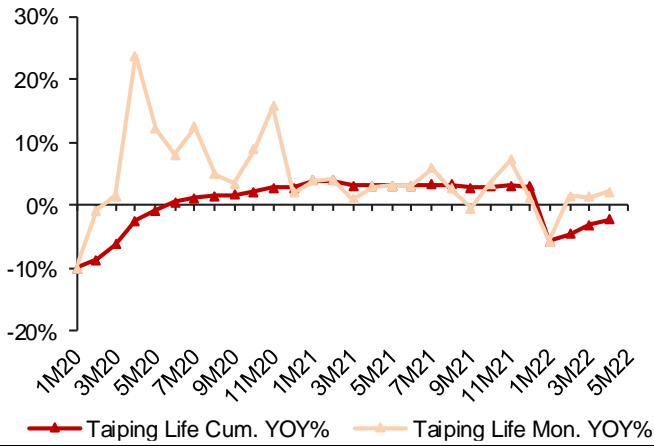
Source: Company data, CMBIGM

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



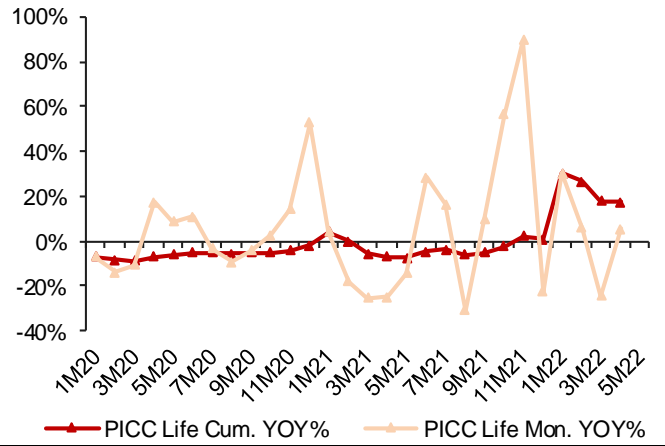
Source: Company data, CMBIGM

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



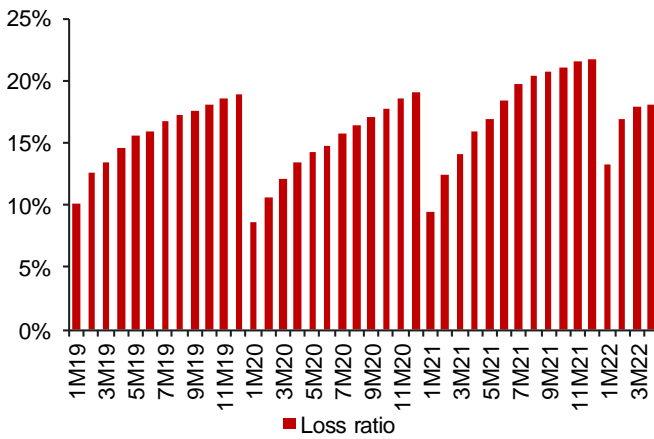
Source: Company data, CMBIGM

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



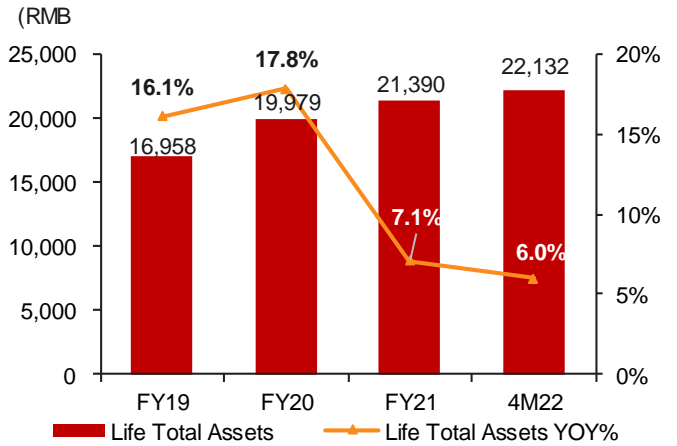
Source: Company data, CMBIGM

Figure 9: Life Insurance Industry Loss Ratio (1M19 – 4M22)



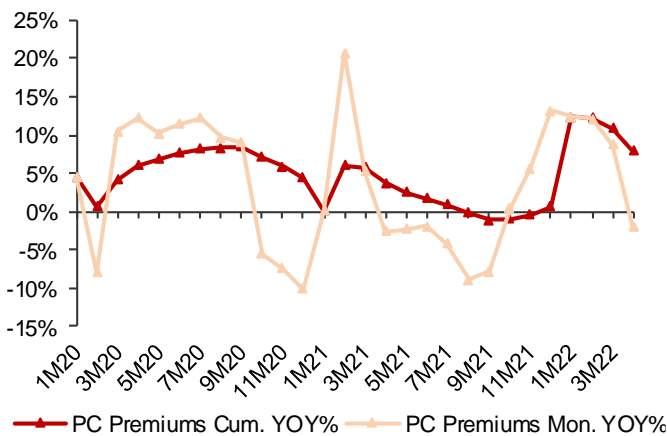
Source: Company data, CMBIGM

Figure 10: Life Industry Total Assets & YoY% (incl. 4M22)



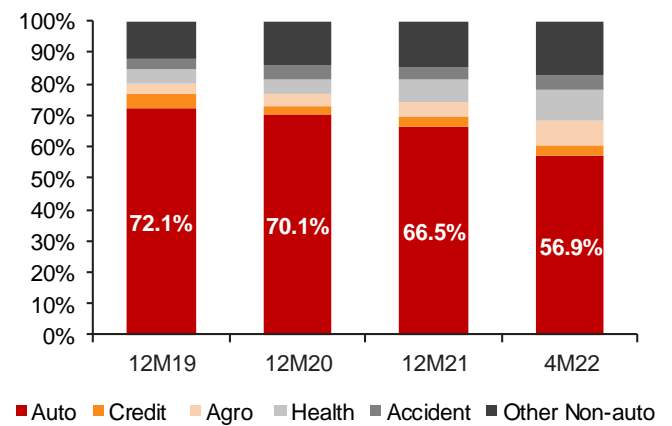
Source: Company data, CMBIGM

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



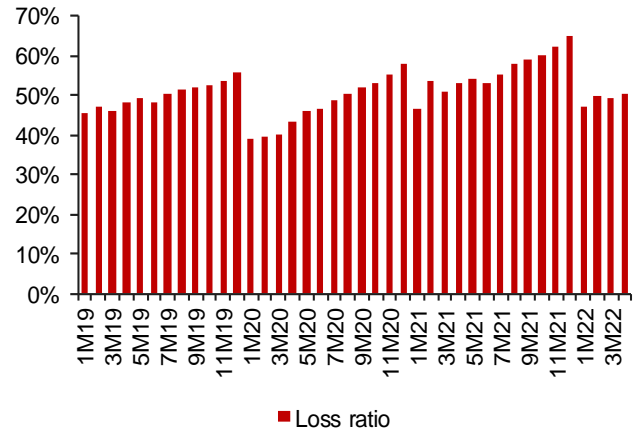
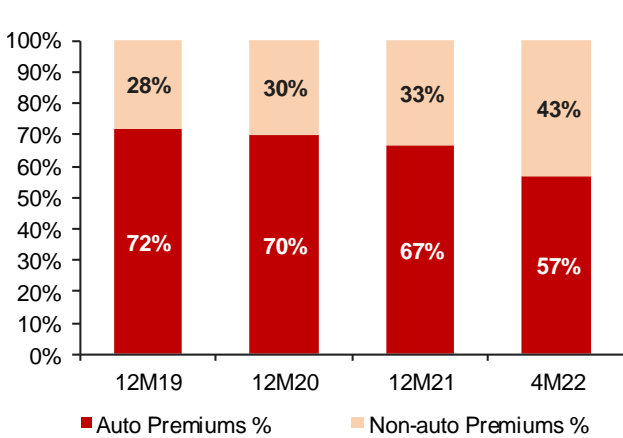
Source: Company data, CMBIGM

Figure 12: P&C Insurance Premiums Mix (%) (FY19-3M22)



Source: Company data, CMBIGM

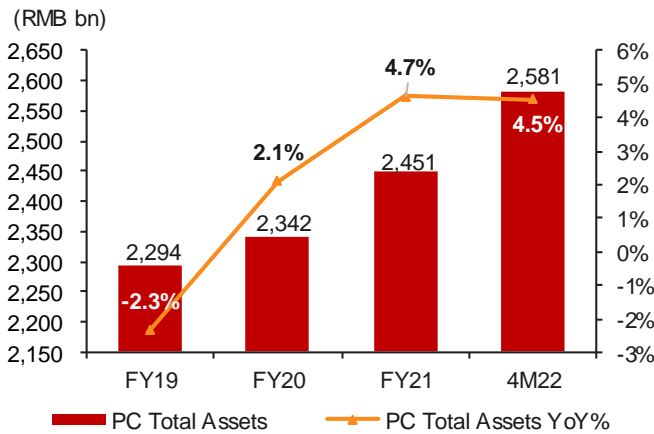
Figure 13: P&C Auto VS Non-auto Premiums Mix (incl.4M22) Figure 14: P&C Industry Loss Ratio (1M19-4M22)



Source: Company data, CMBIGM

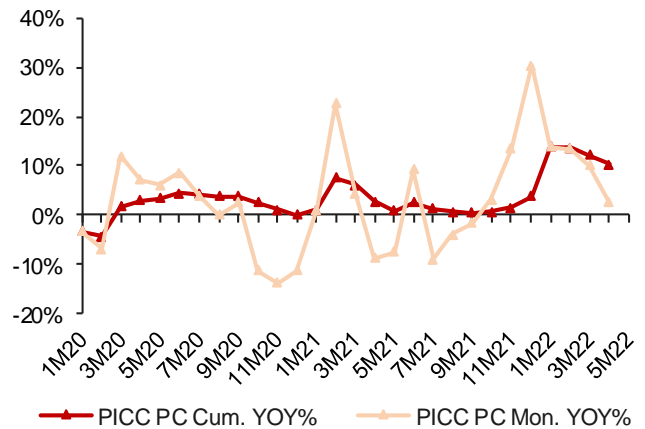
Source: Company data, CMBIGM

Figure 15: P&C Industry Total Assets & YoY% (incl.4M22)



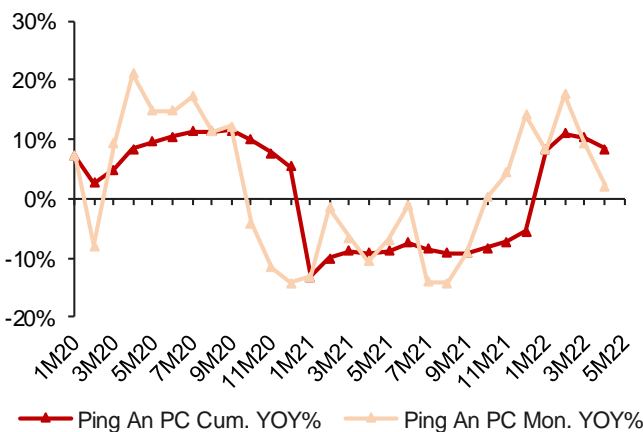
Source: Company data, CMBIGM

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



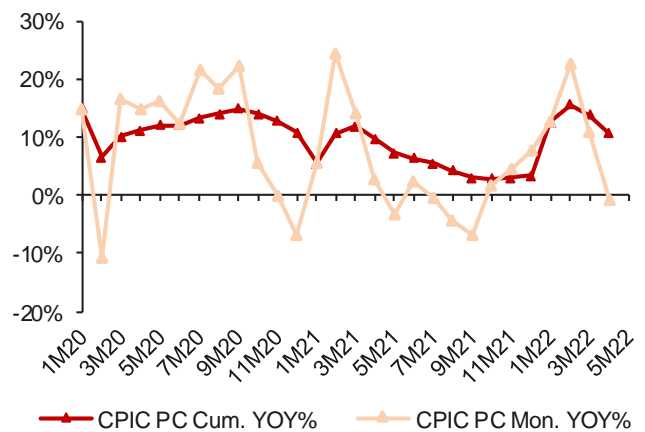
Source: Company data, CMBIGM

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



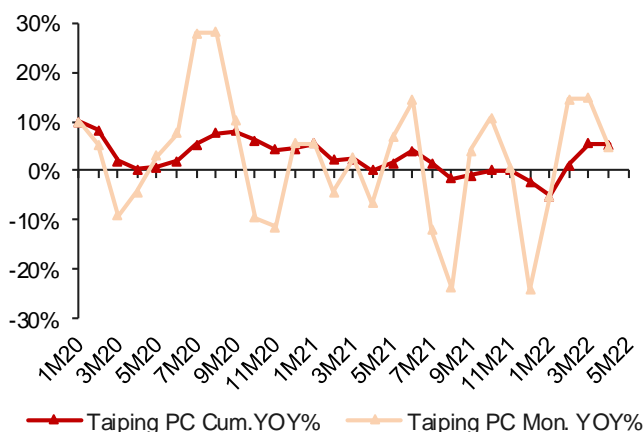
Source: Company data, CMBIGM

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



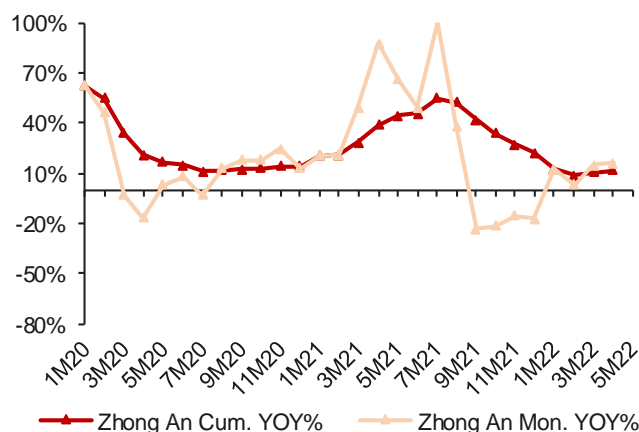
Source: Company data, CMBIGM

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



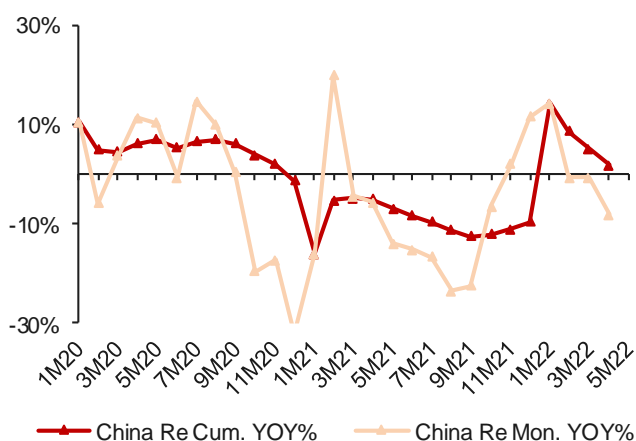
Source: Company data, CMBIGM

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



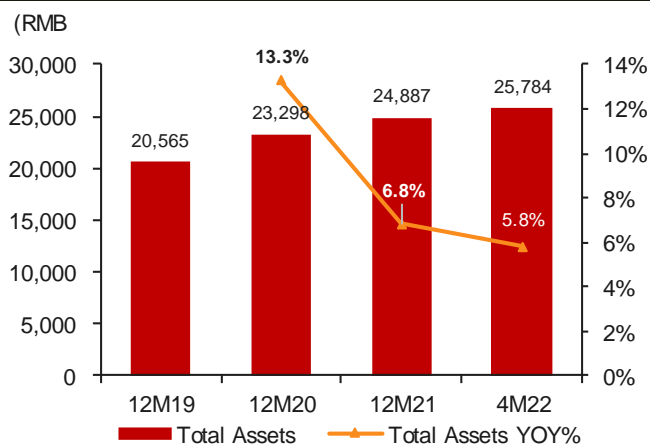
Source: Company data, CMBIGM

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



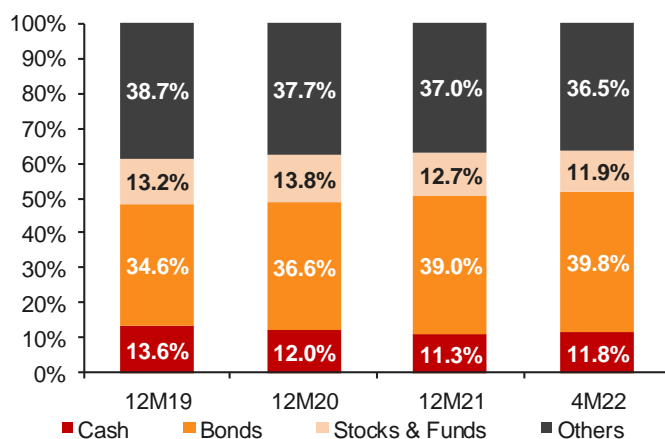
Source: Company data, CMBIGM

Figure 22: Industry – Total Assets & YoY% (FY19-4M22)



Source: Company data, CMBIGM

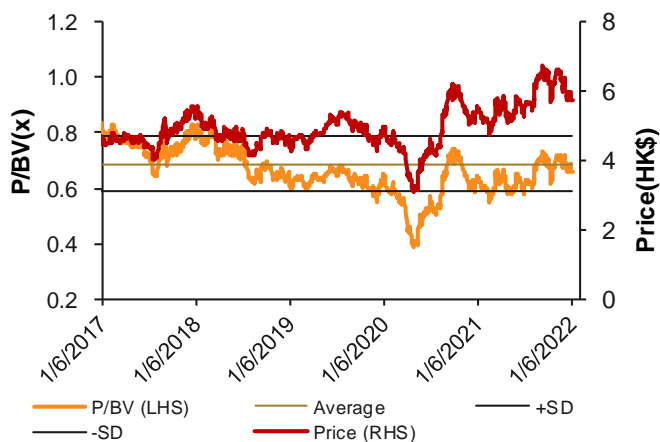
Figure 23: Industry – Investment Assets Mix% (FY19-4M22)



Source: Company data, CMBIGM

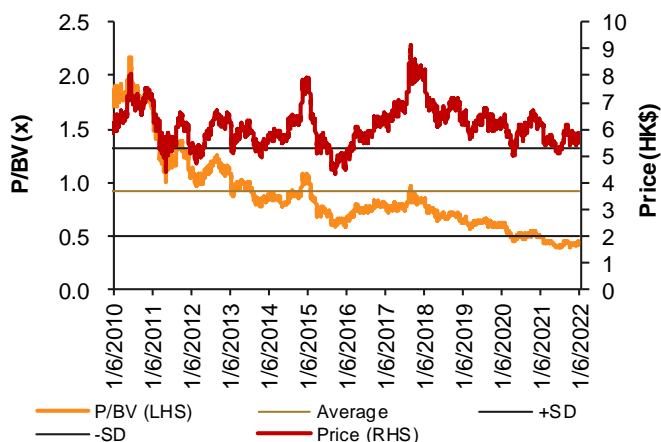
Trading Bands of PBV by banks

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



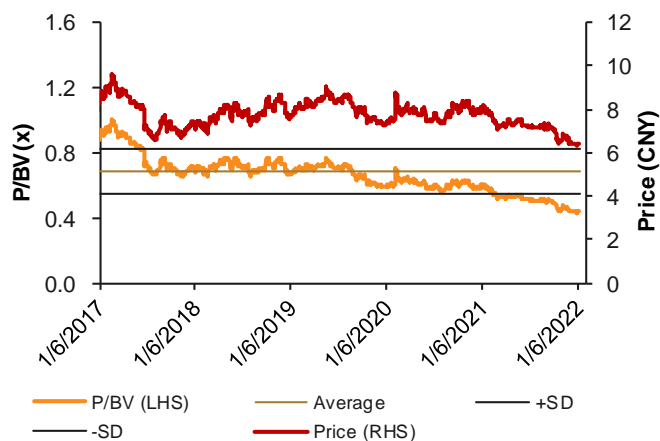
Source: Company data, CMBIGM

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



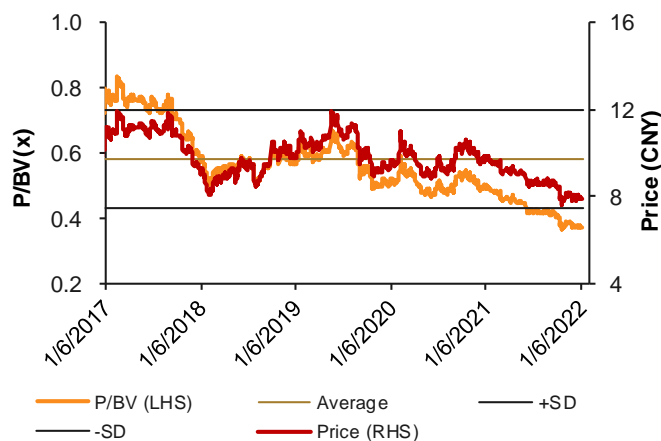
Source: Company data, CMBIGM

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



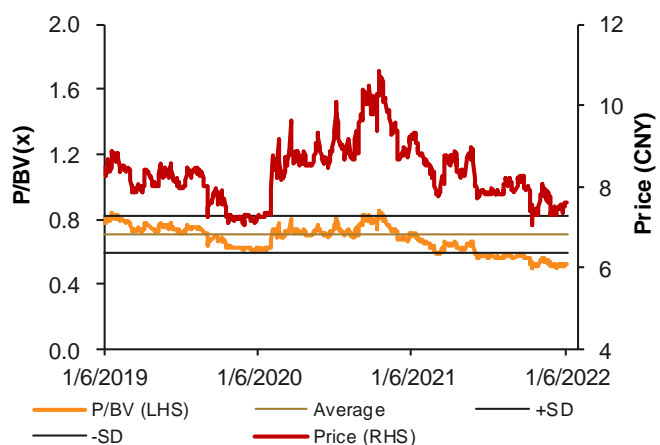
Source: Company data, CMBIGM

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



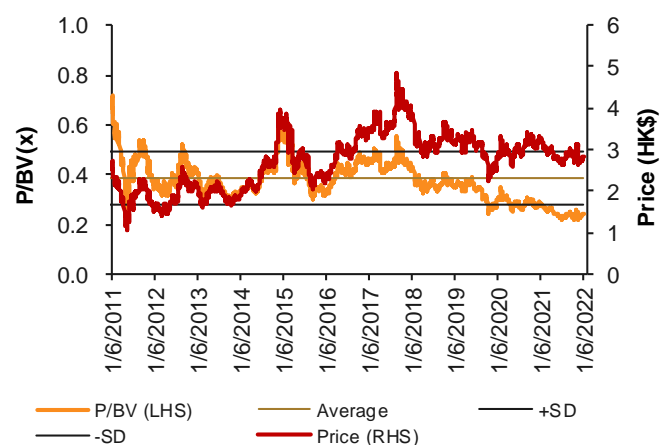
Source: Company data, CMBIGM

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



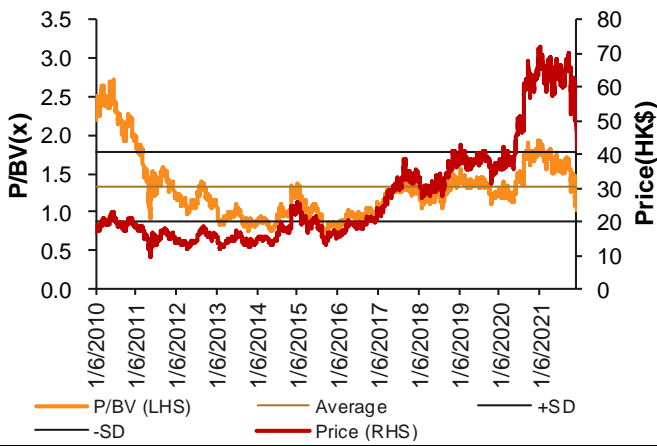
Source: Company data, CMBIGM

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



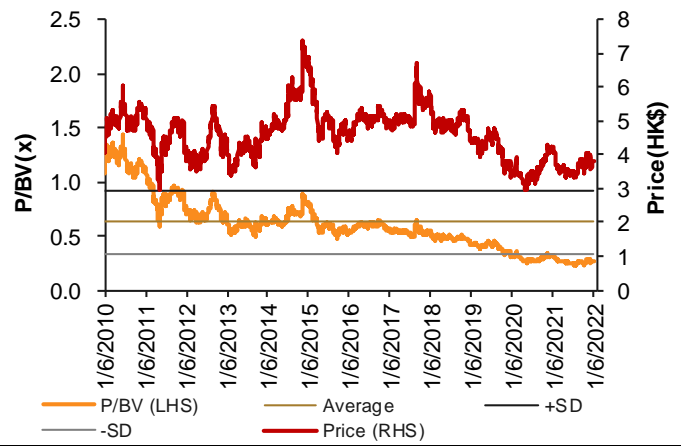
Source: Company data, CMBIGM

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



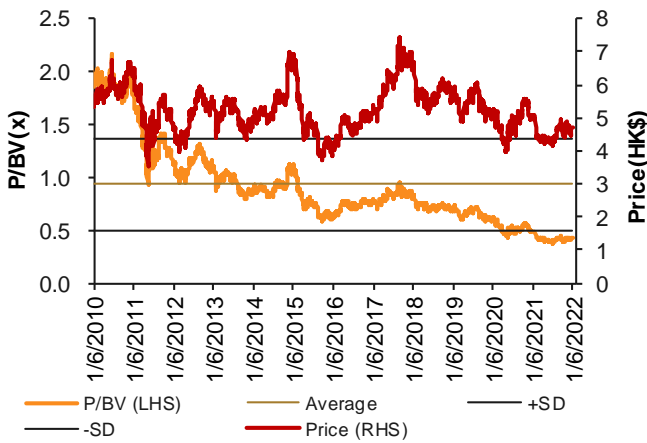
Source: Company data, CMBIGM

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



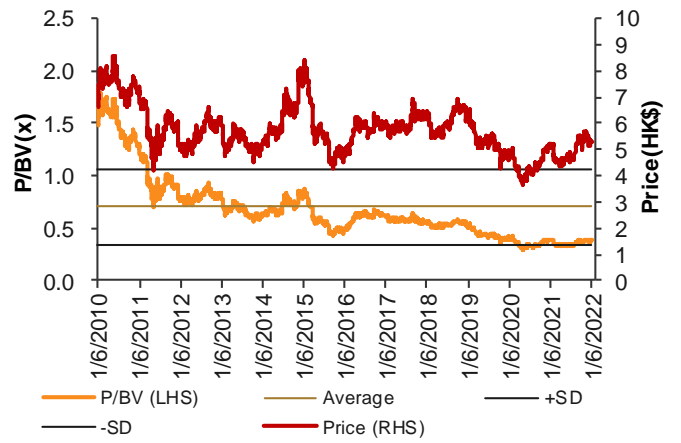
Source: Company data, CMBIGM

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



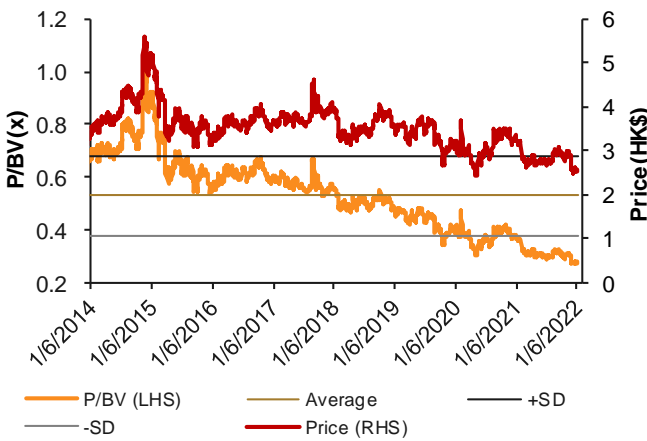
Source: Company data, CMBIGM

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



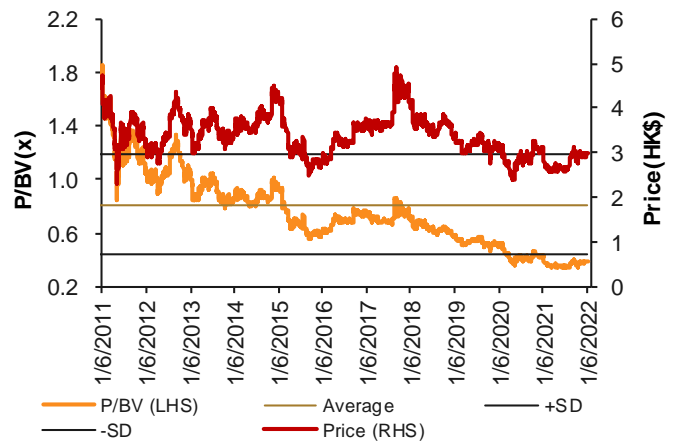
Source: Company data, CMBIGM

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



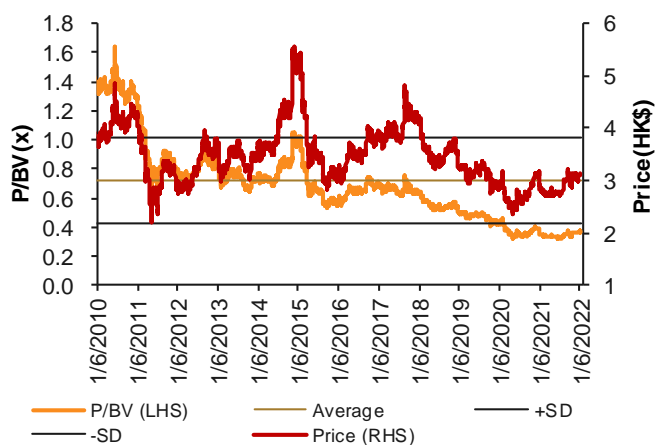
Source: Company data, CMBIGM

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



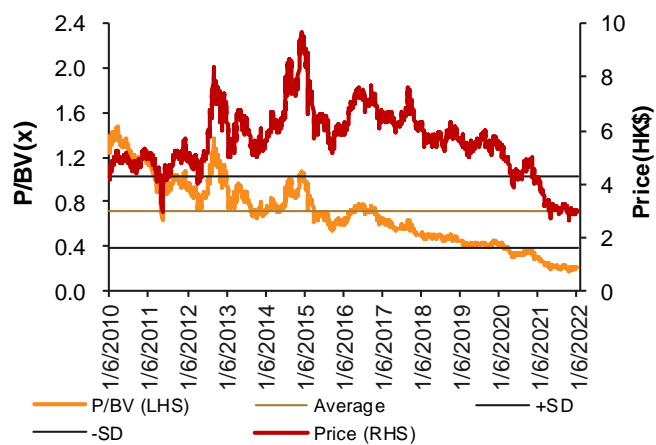
Source: Company data, CMBIGM

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



Source: Company data, CMBIGM

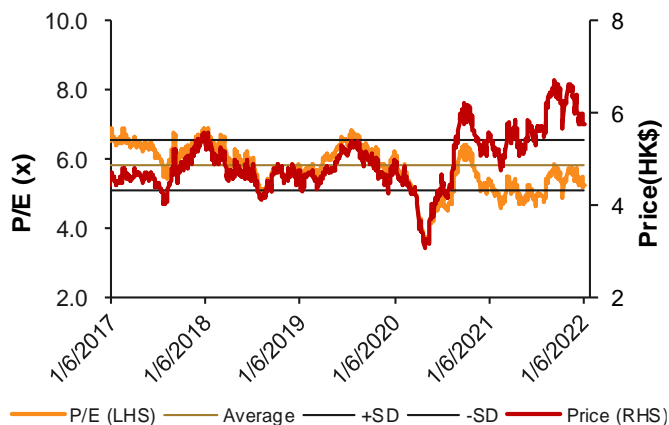
Fig.14: China Minsheng-H (1988 HK) 12-month forward P/B



Source: Company data, CMBIGM

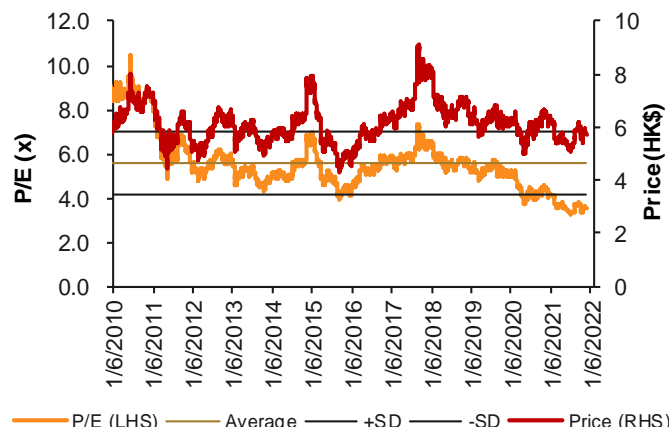
Trading Bands of PER by banks

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



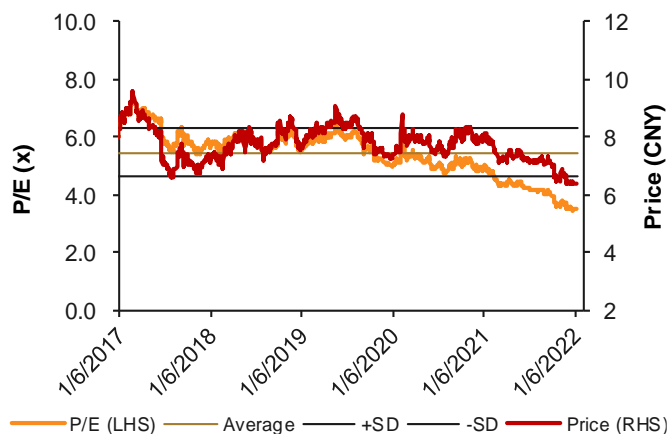
Source: Company data, CMBIGM

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



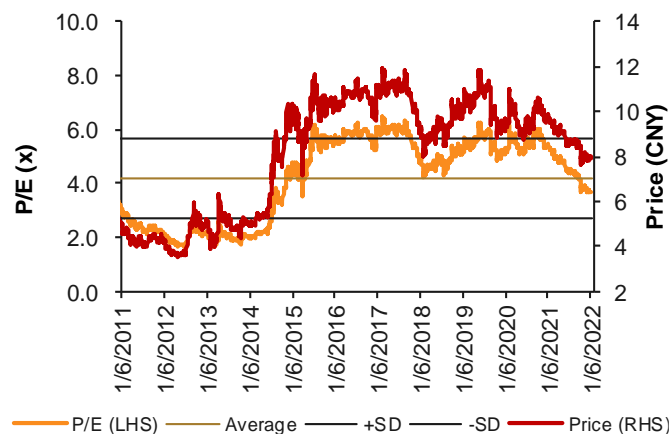
Source: Company data, CMBIGM

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



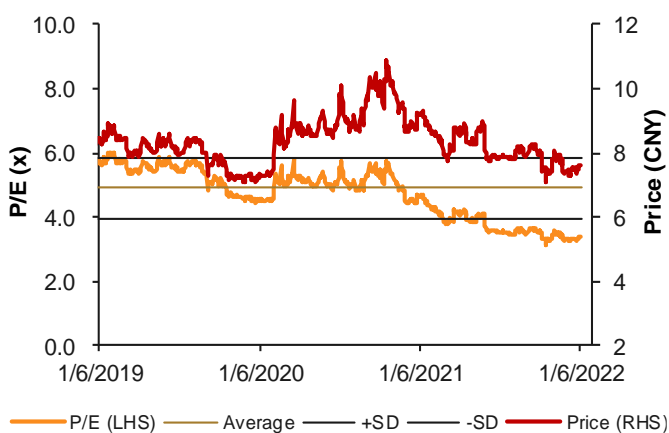
Source: Company data, CMBIGM

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



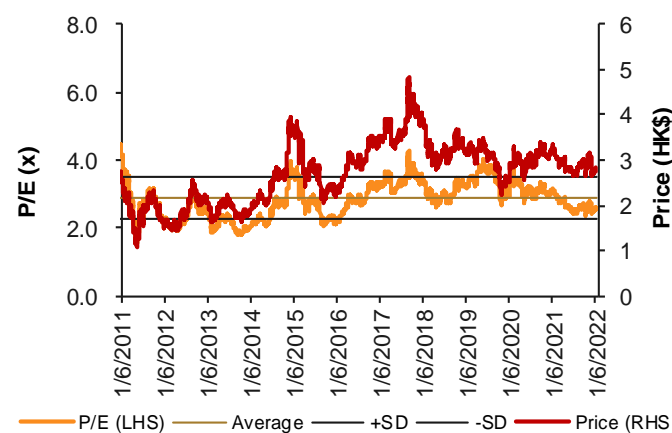
Source: Company data, CMBIGM

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



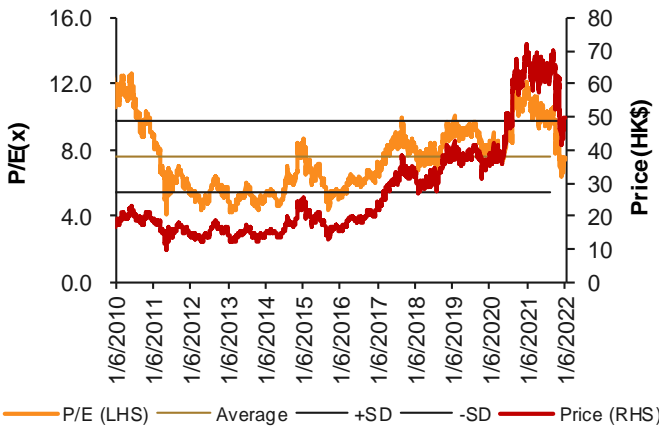
Source: Company data, CMBIGM

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



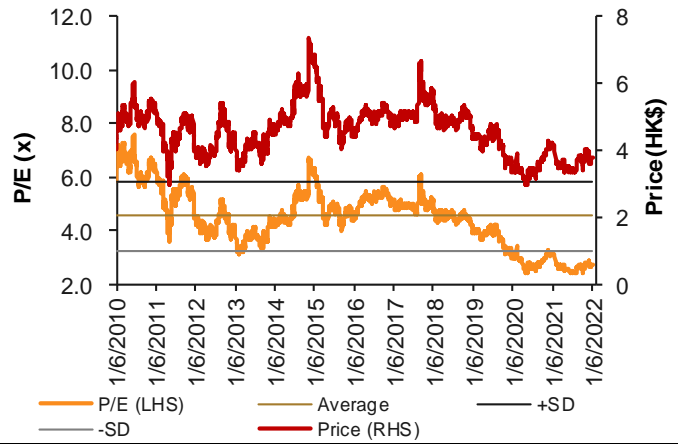
Source: Company data, CMBIGM

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



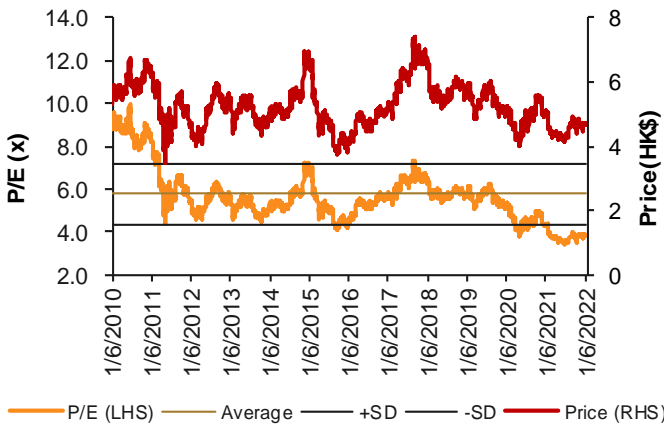
Source: Company data, CMBIGM

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



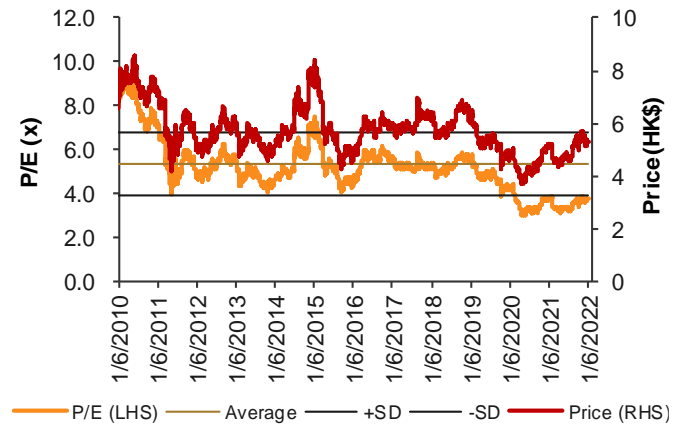
Source: Company data, CMBIGM

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



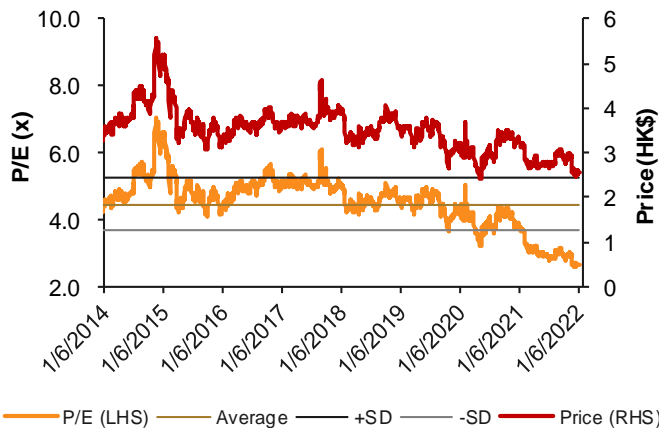
Source: Company data, CMBIGM

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



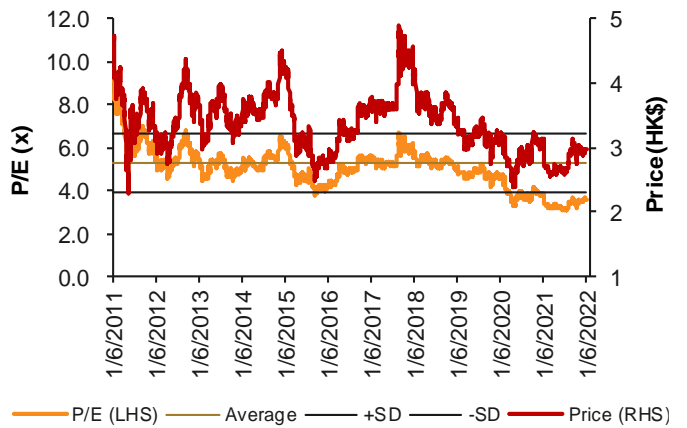
Source: Company data, CMBIGM

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



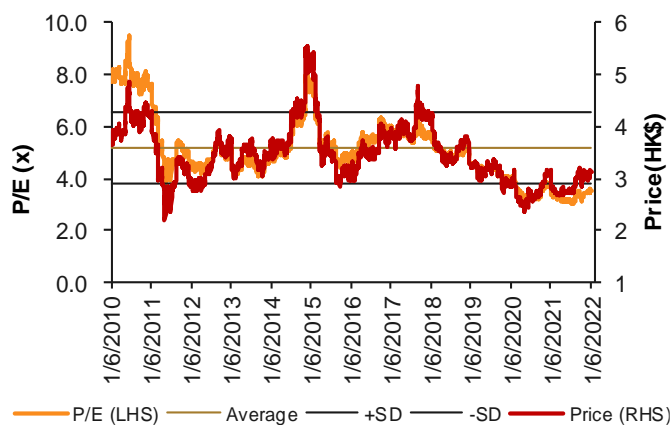
Source: Company data, CMBIGM

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



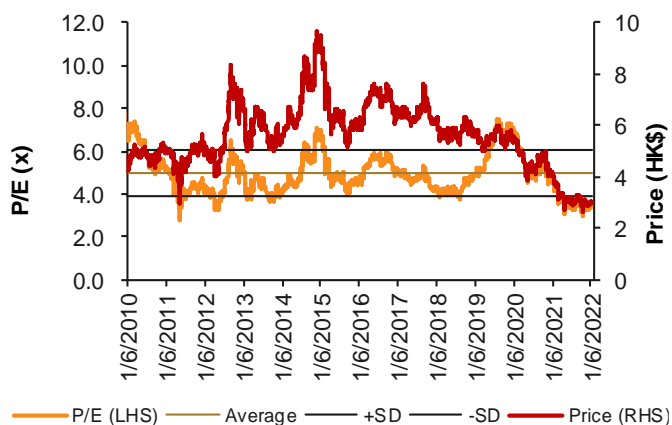
Source: Company data, CMBIGM

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



Source: Company data, CMBIGM

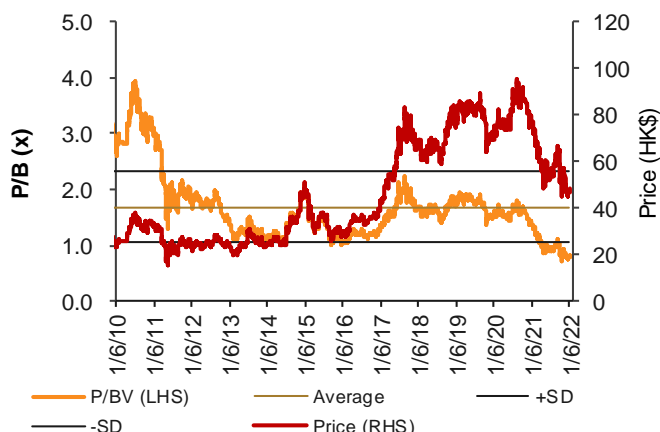
Fig.14: China Minsheng-H (1988 HK) 12-month forward P/E



Source: Company data, CMBIGM

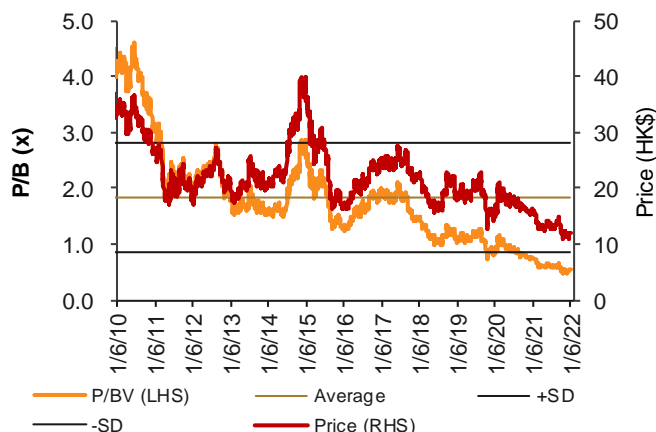
Trading Bands of PBV by insurers

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



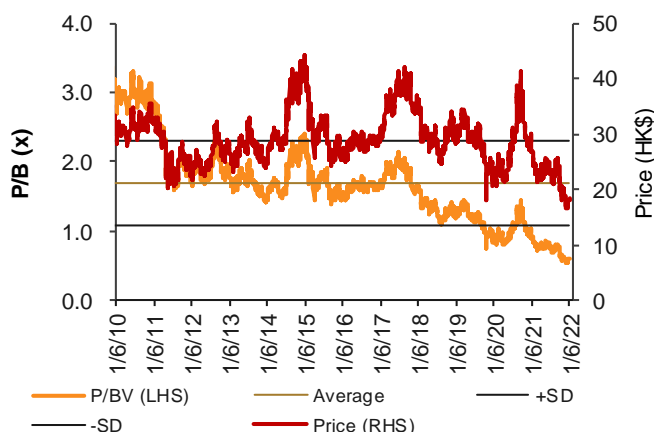
Source: Company data, CMBIGM

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



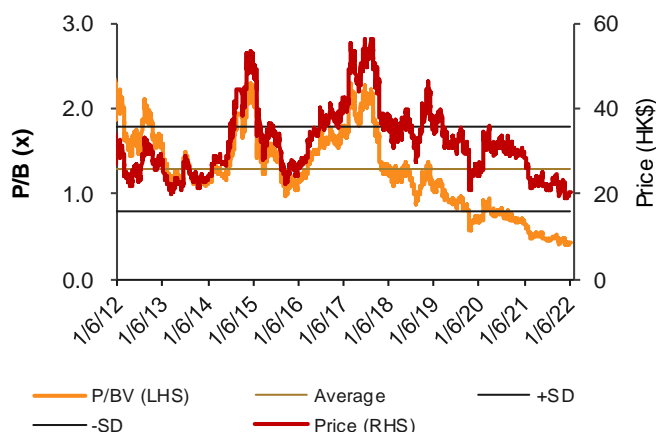
Source: Company data, CMBIGM

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



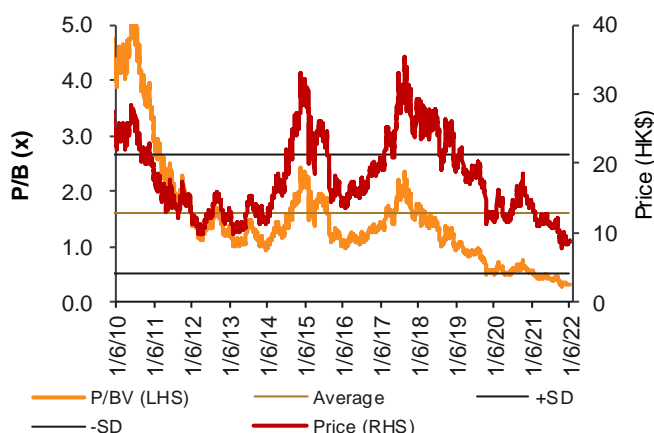
Source: Company data, CMBIGM

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



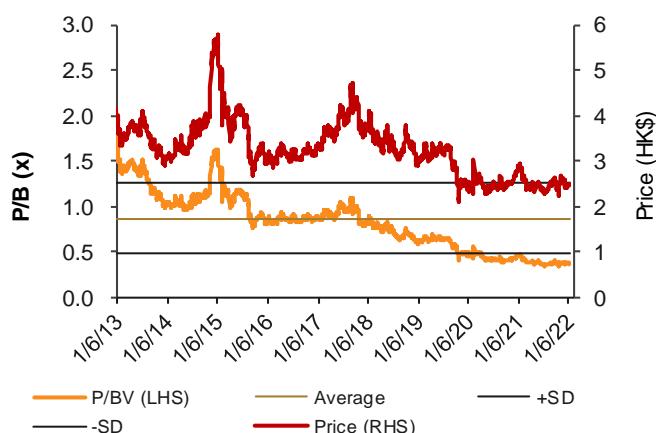
Source: Company data, CMBIGM

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



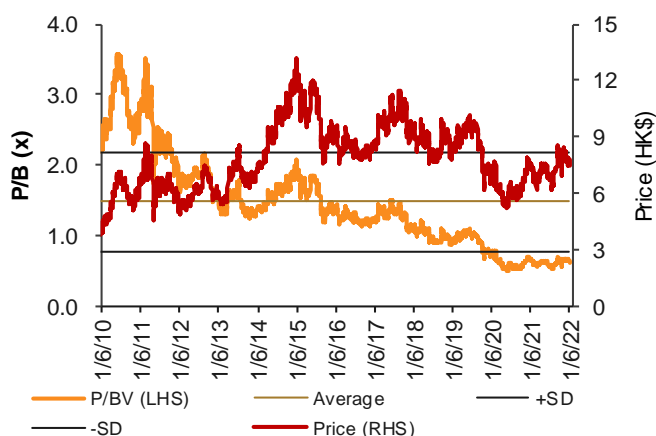
Source: Company data, CMBIGM

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



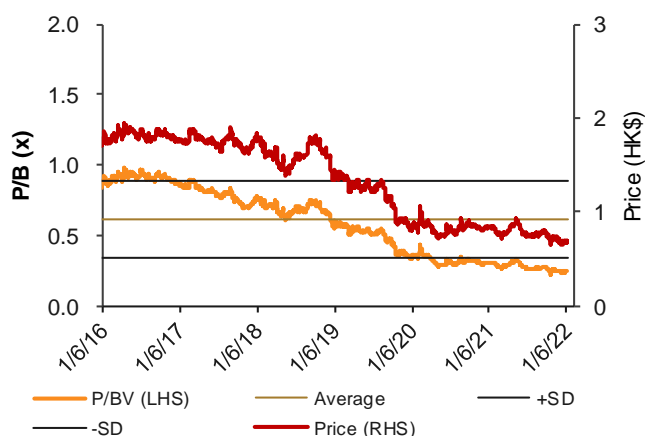
Source: Company data, CMBIGM

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



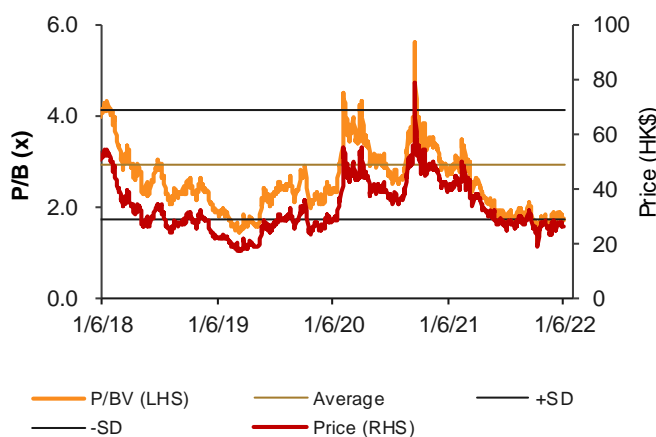
Source: Company data, CMBIGM

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



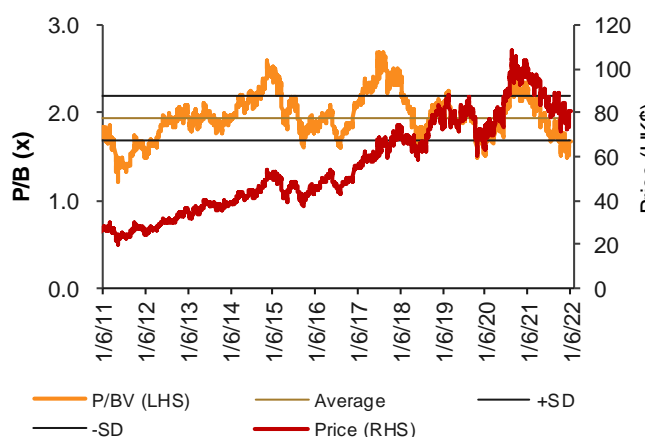
Source: Company data, CMBIGM

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



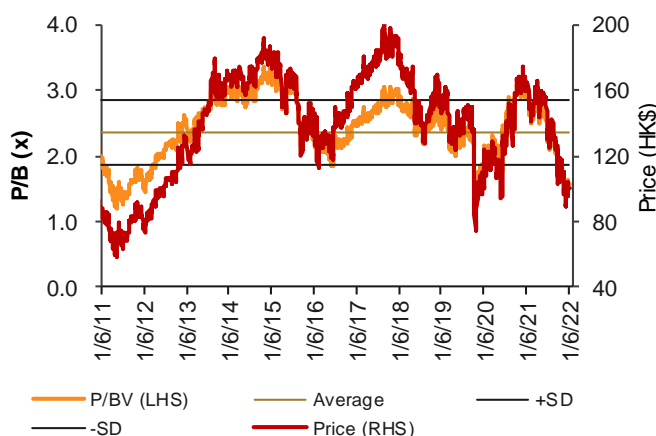
Source: Company data, CMBIGM

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



Source: Company data, CMBIGM

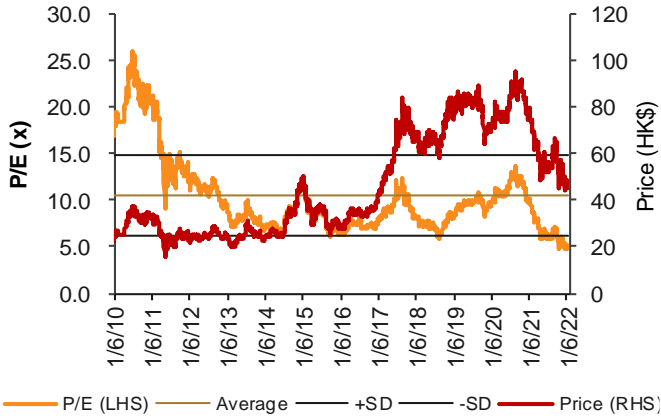
Fig.11: Prudential-H (2378 HK) 12-month forward P/B



Source: Company data, CMBIGM

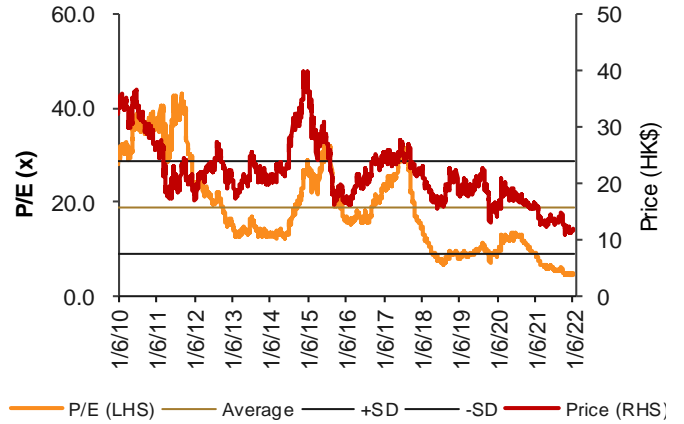
Trading Bands of PER by insurers

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



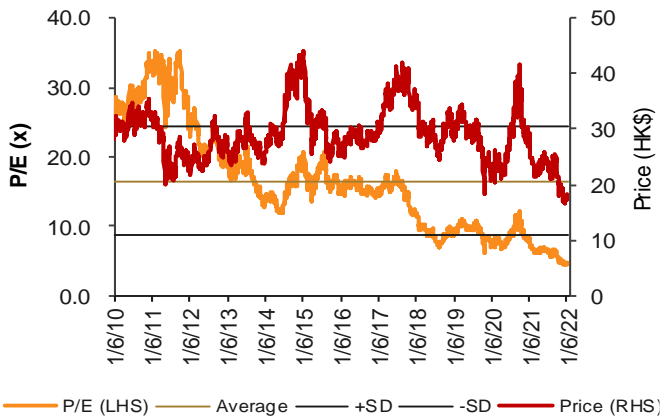
Source: Company data, CMBIGM

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



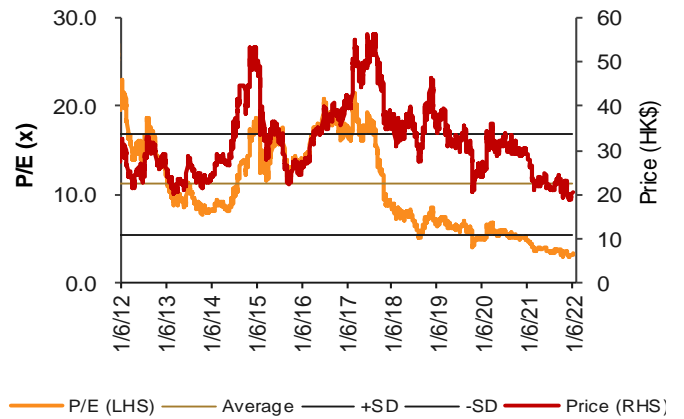
Source: Company data, CMBIGM

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



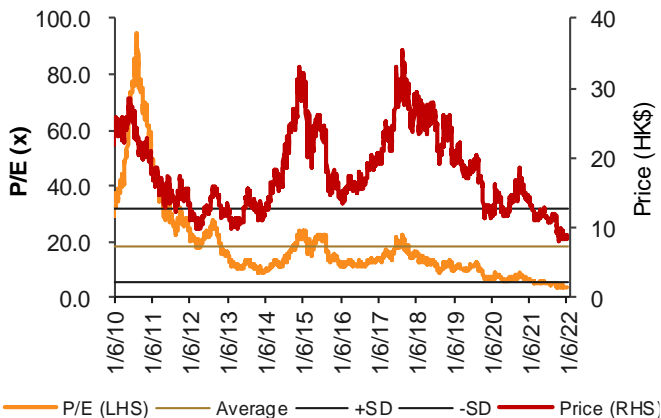
Source: Company data, CMBIGM

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



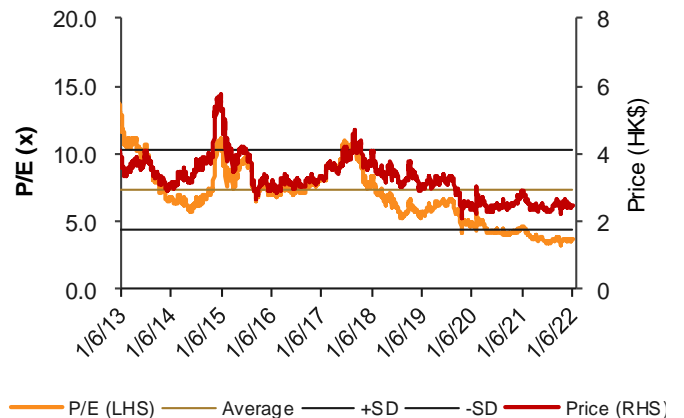
Source: Company data, CMBIGM

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



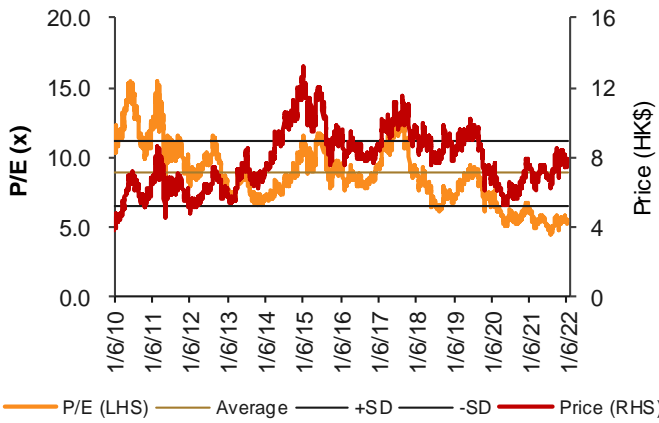
Source: Company data, CMBIGM

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



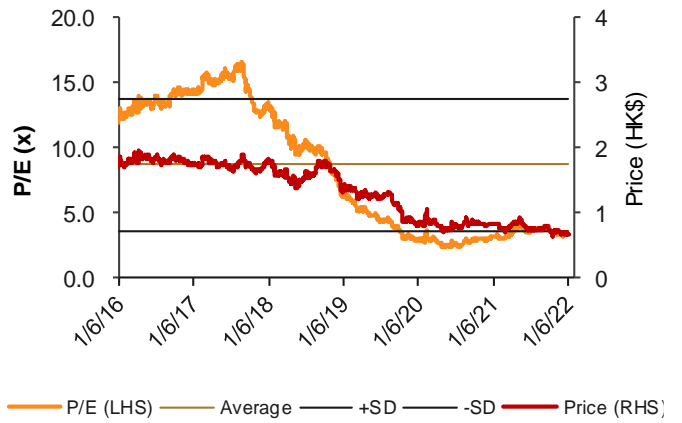
Source: Company data, CMBIGM

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



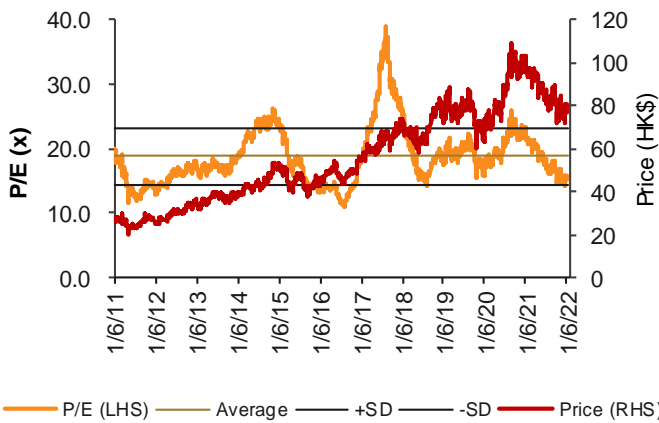
Source: Company data, CMBIGM

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



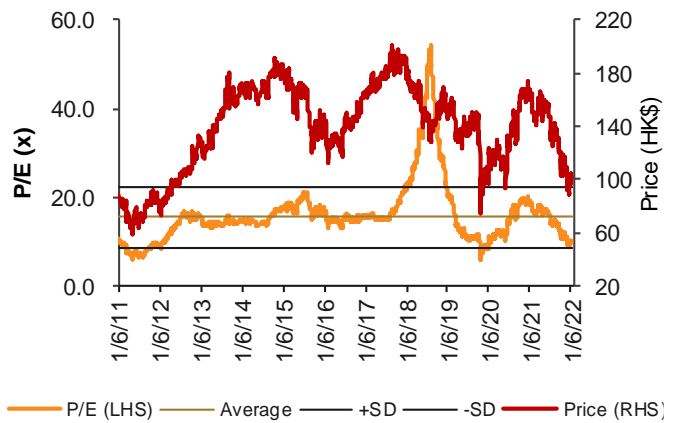
Source: Company data, CMBIGM

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



Source: Company data, CMBIGM

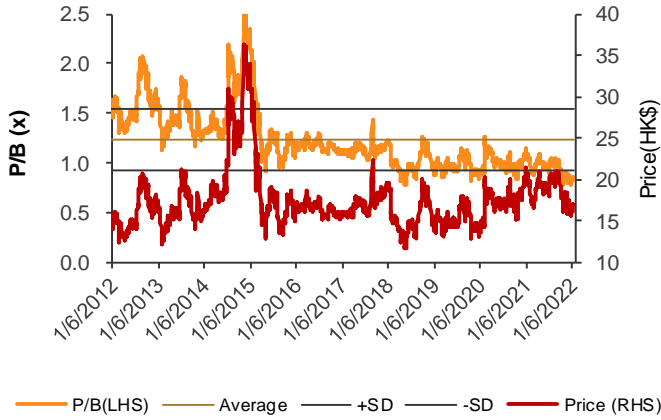
Fig.10: Prudential-H (2378 HK) 12-month forward P/E



Source: Company data, CMBIGM

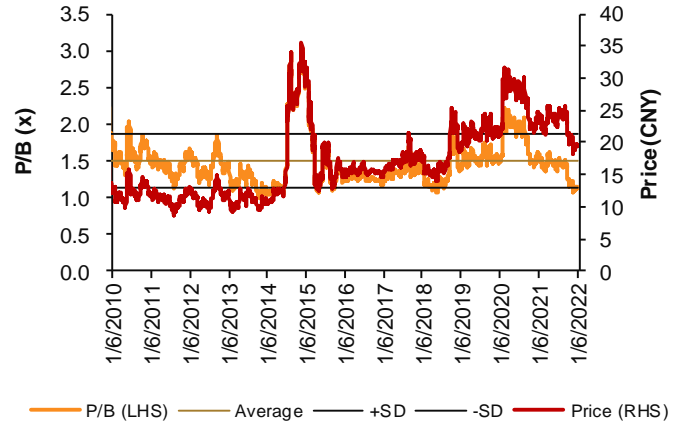
Trading Bands of PBV by brokers

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



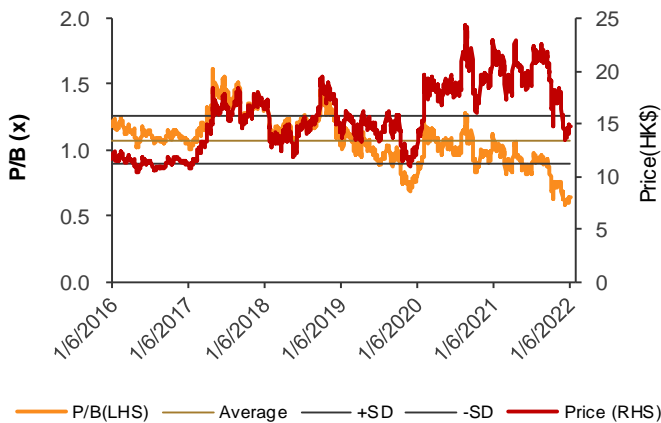
Source: Company data, CMBIGM

Fig.2: CITIC-CH (60030 CH) 12-month forward P/B



Source: Company data, CMBIGM

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



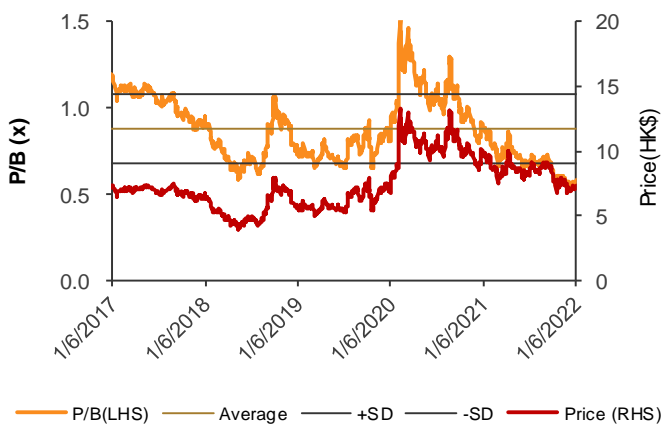
Source: Company data, CMBIGM

Fig.4: CICC-CH (60195 CH) 12-month forward P/B



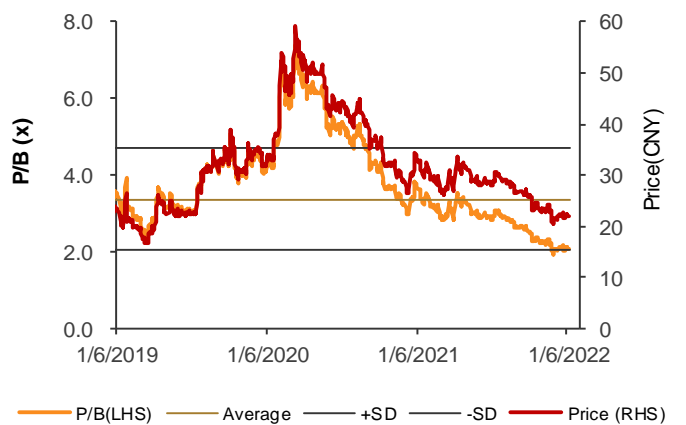
Source: Company data, CMBIGM

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



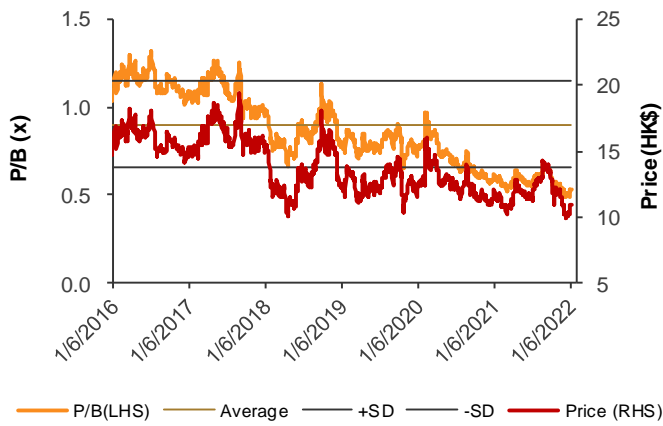
Source: Company data, CMBIGM

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



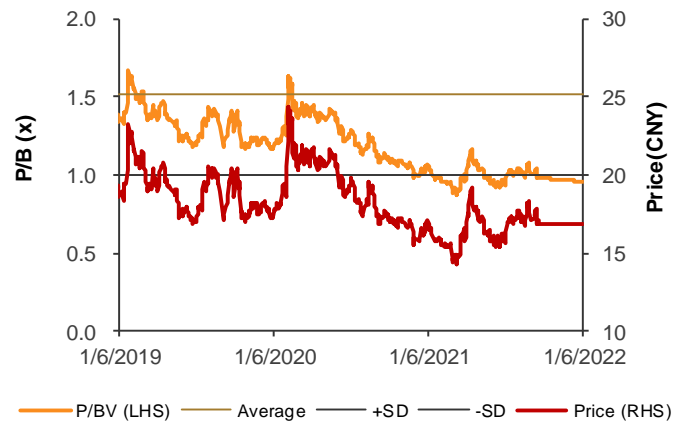
Source: Company data, CMBIGM

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



Source: Company data, CMBIGM

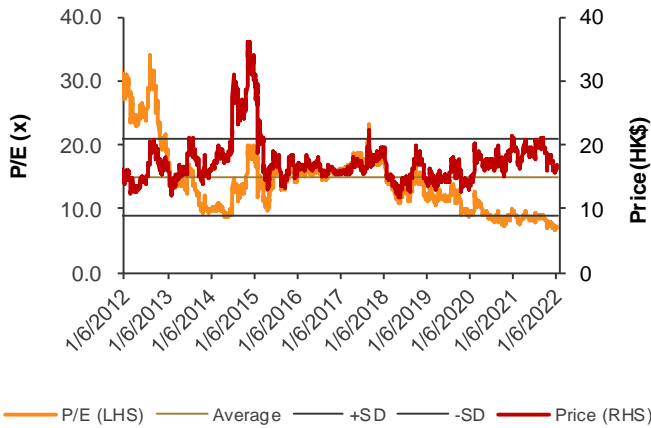
Fig.8: HUATAI SEC-CH (601688 CH) 12-month forward P/B



Source: Company data, CMBIGM

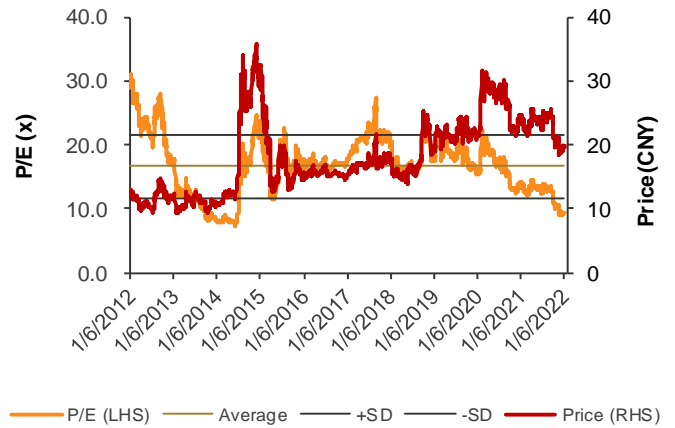
Trading Bands of PER by brokers

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



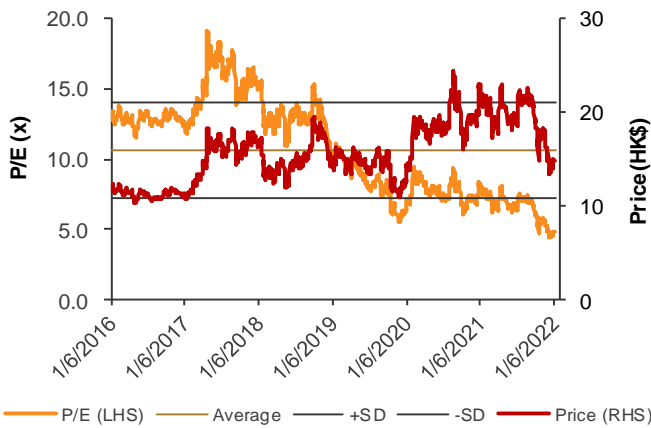
Source: Company data, CMBIGM

Fig.2: CITIC-CH (60030 CH) 12-month forward P/E



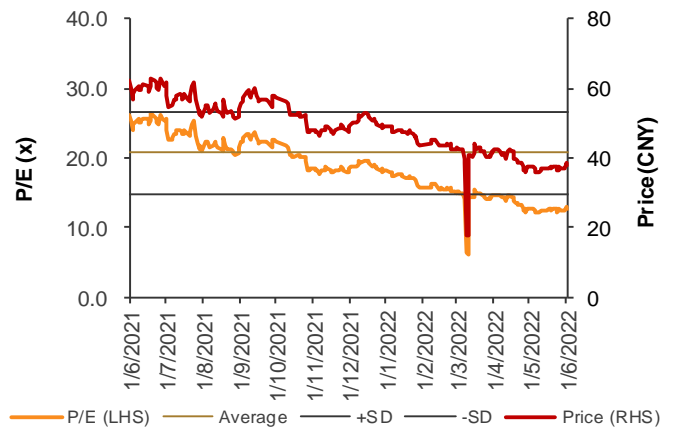
Source: Company data, CMBIGM

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



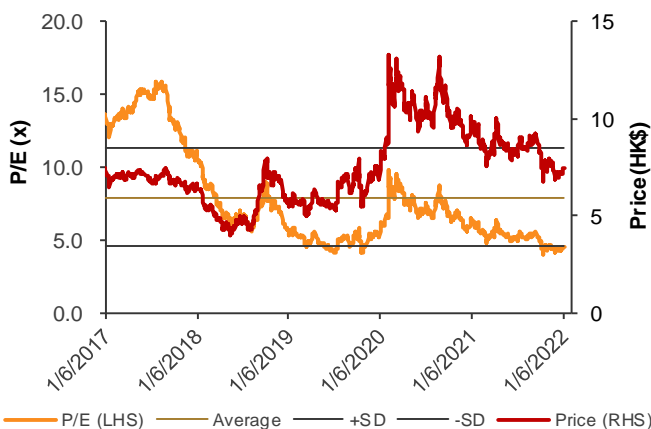
Source: Company data, CMBIGM

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



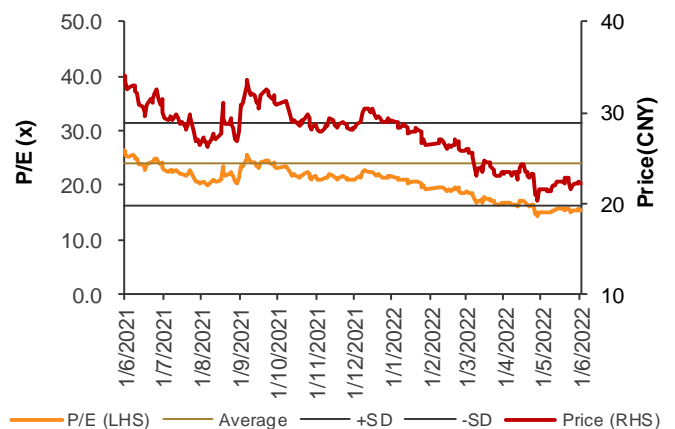
Source: Company data, CMBIGM

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



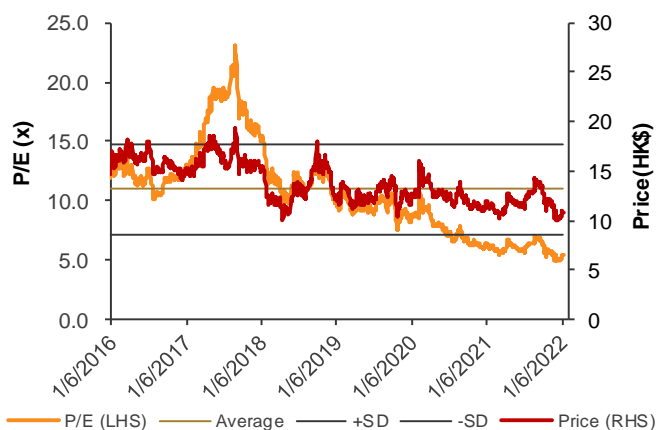
Source: Company data, CMBIGM

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



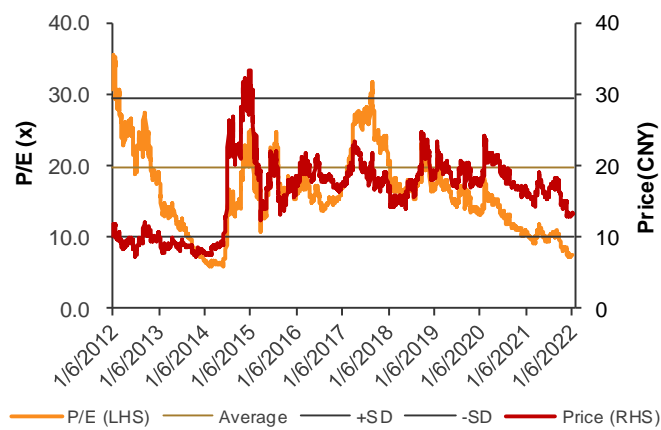
Source: Company data, CMBIGM

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	567.7	5.98	Buy	8.40	40%	6.9	6.3	0.8	0.7	4.7%	5.1%
939 HK	CCB-H	1,412.0	5.50	Buy	8.10	47%	4.3	3.9	0.5	0.5	7.1%	7.9%
600000.CH	SPDB-A	233.4	7.91	Hold	9.00	14%	4.5	4.1	0.4	0.4	5.5%	6.0%
601229.CH	BOSH-A	92.8	6.52	Buy	8.68	33%	3.9	3.5	0.5	0.4	7.2%	8.1%
3618 HK	CQRCB-H	48.3	2.82	Hold	3.05	8%	3.2	2.9	0.3	0.3	9.5%	10.3%
601577.CH	BOCS-A	31.6	7.84	Hold	8.30	6%	4.6	4.0	0.6	0.5	5.5%	6.3%
601658.SH	PSBC-A	481.5	5.14	Buy	7.07	38%	5.9	5.4	0.7	0.6	5.5%	6.0%
601939.SH	CCB-A	1,187.0	5.99	Buy	7.50	25%	4.7	4.2	0.6	0.5	6.5%	7.2%
601077.SH	CQRCB-A	40.8	3.92	Hold	3.60	-8%	4.4	4.1	0.4	0.4	6.9%	7.4%

Source: CMBIGM estimates, Company data, Wind; Note: share price dated to 20 Jun 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	51.15	Buy	81.40	59%	0.9 x	0.8 x	6.0%	6.8%	6.7 x	5.9 x
2628 HK	China Life	12.68	Buy	18.18	43%	0.6 x	0.5 x	6.9%	7.4%	5.1 x	4.8 x
2601 HK	CPIC	18.06	Buy	30.49	69%	0.6 x	0.5 x	9.8%	11.2%	4.9 x	4.4 x
1336 HK	NCL	21.75	Buy	32.35	49%	0.4 x	0.4 x	9.0%	10.2%	3.4 x	3.0 x
966 HK	Taiping	9.37	Buy	11.48	23%	0.3 x	0.3 x	7.8%	8.7%	3.9 x	3.4 x
1339 HK	PICC Group	2.58	Buy	3.58	39%	0.4 x	0.4 x	9.2%	10.6%	3.7 x	3.3 x
2328 HK	PICC P&C	8.27	Buy	11.64	41%	0.7 x	0.6 x	6.9%	8.2%	6.0 x	5.1 x
6060 HK	Zhong An	24.30	Buy	33.20	37%	1.5 x	1.4 x	0.0%	0.0%	30.6 x	19.9 x
601318 CH	Ping An	45.36	Buy	67.56	49%	0.9 x	0.9 x	5.6%	6.3%	7.1 x	6.3 x
601628 CH	China Life	28.88	Sell	18.10	-37%	1.5 x	1.4 x	2.5%	2.7%	14.1 x	13.1 x
601601 CH	CPIC	23.03	Buy	30.37	32%	0.9 x	0.8 x	6.4%	7.3%	7.6 x	6.7 x
601336 CH	NCL	31.01	Sell	26.85	-13%	0.8 x	0.7 x	5.2%	5.9%	5.8 x	5.1 x
601319 CH	PICC Group	5.05	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	0.5 x	0.5 x	(21.1) x	(23.4) x	13.6%	14.1%	8.9%	10.3%
2628 HK	China Life	0.2 x	0.2 x	(21.4) x	(23.0) x	11.5%	11.3%	8.4%	8.4%
2601 HK	CPIC	0.3 x	0.3 x	(28.7) x	(28.0) x	12.1%	12.6%	7.4%	7.5%
1336 HK	NCL	0.2 x	0.2 x	(33.7) x	(33.9) x	13.7%	14.0%	5.8%	5.5%
966 HK	Taiping	0.2 x	0.1 x	(23.4) x	(23.8) x	8.4%	8.7%	6.5%	6.4%
1339 HK	PICC Group	0.3 x	0.3 x	(69.0) x	(74.0) x	11.2%	11.8%	7.3%	7.7%
601318 CH	Ping An	0.5 x	0.5 x	(19.6) x	(22.1) x	13.6%	14.1%	8.9%	10.3%
601628 CH	China Life	0.6 x	0.6 x	(10.0) x	(12.0) x	11.5%	11.3%	8.4%	8.4%
601601 CH	CPIC	0.4 x	0.4 x	(22.8) x	(22.8) x	12.1%	12.6%	7.4%	7.5%
601336 CH	NCL	0.4 x	0.3 x	(27.4) x	(28.0) x	13.7%	14.0%	5.8%	5.5%
601319 CH	PICC Group	0.7 x	0.7 x	(27.1) x	(33.7) 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 20 Jun 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.