Ping An (2318 HK/601318 CH)

3Q26 preview: NPAT to hit quarterly trough while OPAT remained robust

Ping An is scheduled to report 3Q26 quarterly earnings on 28 Oct (Wed) post-market. We expect Group OPAT to grow 8.1% YoY in 9M26 (1H26: +8.3%), implying broadly intact 3Q growth of 7.6% YoY (vs 1Q/2Q26: +7.6%/+9.0%) unaffected by the quarterly capital market volatilities. Group NPAT could drop 29% YoY in 9M26 per our estimate (vs. 1H26: +36%), dragged by sharp A-share market corrections as CSI300/SHCOMP index was down 13%/6% in 3Q26 (vs. 3Q25: +18%/+13%). NAV could rise 3.0% from year-start, flat QoQ, as a combined result of 1) higher fair value gains from OCI equities i.e. the CSI Dividend/CSI High Dividend Low Vol index rose 9%/10% in 3Q26 and Ping An's higher-than-most-peers OCI stock exposure (1H26: 66%); 2) China's 10yr govt. bond yield trending lower in 3Q, which could boost OCI bonds' fair value, offset by the 3) increase in liability reserve charge. NBV could see a double-digit decline, which we estimate to fall 14% YoY in 9M26. This was weighed by an industry-wide sales slowdown and a one-off negative impact on margin given the high comparative set prior to actuarial assumption changes by end-FY25. Despite an anticipated recovery in 4Q, we revise down our full-year NBV growth forecast to bake in the 3Q26 lag. P&C combined ratio could be better than expected and we forecast to improve 0.5pct YoY to 96.5% in 9M26. Maintain BUY with our H/A-share price target unchanged at HK$81/RMB73.

- **3Q NPAT to hit a quarterly trough within the year while OPAT stayed robust.** We expect Group NPAT to decline 29% YoY in 9M26, mainly weighed by A-share market headwinds in 3Q26 (CSI 300/SHCOMP: -13%/-6%, vs. 3Q25: +18%/+13%), offsetting 1H investment gains. Despite this softness, Ping An could outperform peers in 3Q IFRS net earnings given its greater exposure to OCI stocks than peers (1H26: 66% in stock mix/9.6% of insurance funds vs. peers' average of 40%/4.7%). Group OPAT could grow 8.1% YoY in 9M26, translating into a 7.6% YoY lift in 3Q, of which we expect the L&H, PAB, and AM segments to remain solid drivers.
- **NBV to fall on premium slowdown and a margin high-base.** We forecast NBV to decline 14% YoY in 9M26 (vs. 1H26: +11%), dragged by an industry-wide sales slowdown against a strong comparative prior to the PIR cuts in Sep 2025, the feed-through impact of tighter bancassurance regulation, and a one-off negative margin impact given the base set before the actuarial assumption changes by end-2025. 4Q NBV recovery could come along with the ramp-up of the 2027 jumpstart sales, yet the agency force would still need more time shifting towards life products with extended payment terms. We revise down our FY26E NBV growth forecast to 4%.
- **P&C COR likely better than previous estimates.** We estimate P&C combined ratio to improve 0.5pct YoY to 96.5% in 9M26 despite under the backdrop of increasing natural catastrophe (NAT CAT) claims in 3Q. The COR improvement could be a result of 1) ongoing tightening of expense control, allowing the decrease of expense ratio more than offset the increase in claims ratio (*CMBI est*); 2) robust underwriting prints in 1H26 left space for claims on major catastrophes in 3Q26. On the premiums front, we maintain our forecast on low single-digit growth in 9M.
- **TP unchanged; yield topped among peers.** The stock is trading at 0.47x FY26E P/EV and 0.7x FY26E P/B with an avg. 3yr forward ROE >13% and a yield close to 7% amid recent share price corrections, standing as the highest among peers. We expect a clearer guidance on 4Q-to-date life sales momentum and updates for the 2027 jumpstart sales during the call. Maintain BUY, with our H/A-share TP unchanged at HK$81/RMB73 which implies 0.8x FY26E P/EV and 1.2x FY26E P/B.

Earnings Summary:

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS, diluted (RMB)	6.99	7.44	6.98	8.34	9.06
Consensus EPS (RMB)	n.a	n.a	8.05	8.85	9.60
P/B (x)	0.8	0.7	0.7	0.7	0.6
P/Embedded value (x)	0.5	0.5	0.5	0.4	0.4
Dividend yield (%)	6.2	6.5	6.9	7.4	7.9
ROE (%)	13.9	14.0	12.4	13.0	14.0

Source: Company data, Bloomberg, CMBIGM estimates

	2318 HK	601318 CH
	BUY	BUY
	Maintain	Maintain
TP	HK$81.00	RMB73.00
Prior TP	HK$81.00	RMB73.00
Up/Downside	67.1%	43.3%
Current Price	HK$48.5	RMB50.9

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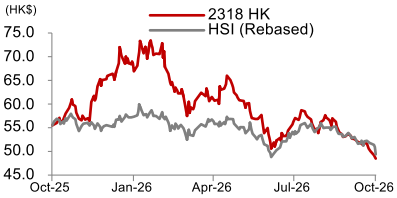
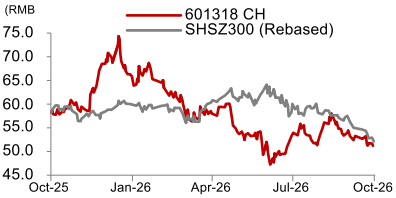
12-mth Price Performance





Source: FactSet

Stock Performance

	2318 HK		601318 CH	
	Abs.	Rel.	Abs.	Rel.
1-mth	-10.1%	-1.6%	-6.5%	-0.6%
3-mth	-14.2%	-6.9%	-5.6%	-1.6%
6-mth	-20.9%	-9.8%	-12.2%	-7.7%

Source: FactSet

Stock Data

(LC)	2318 HK	601318 CH
Mkt Cap (mn)	877875.8	922421.52
Avg 3 mths t/o (mn)	1720.15	3699.94
52w High	73.45	74.32
52w Low	48.48	47.23
Issued Shares (mn)	18108	18108

Source: FactSet

Auditor: Ernst & Young

Recent reports:

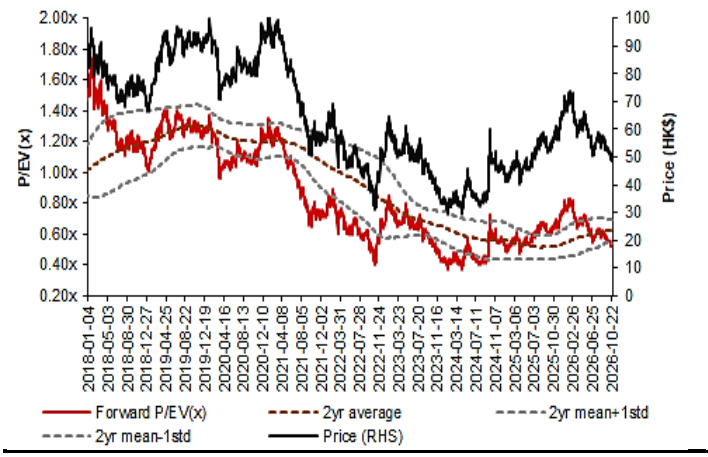
1. Group OPAT strengthened by AM; NBV largely in-line, Aug 25, 2026
2. 1H26 preview: 2Q OPAT strength persists while NBV takes a breather, Jul 22, 2026
3. 1Q OPAT a slight beat; positive outlook for full-year NBV and life OPAT acceleration, Apr 29, 2026
4. 1Q26 preview: Expect resilient OPAT, NPAT to slide on equity swings; solid NBV uptrend, Apr 22, 2026
5. Group OPAT back to double-digit rise; expect CSM to return to positive growth in 2026E, Mar 30,2026
6. Banca fuelling NBV growth in jumpstart sales; 4Q earnings could ease on growth stock corrections, 23 Jan 2026

- **Key risks:** 1) regulatory tightening on life insurance and financial conglomerates; 2) heightened equity market volatility; 3) a prolonged low-interest rate environment; 4) intensified pricing competition in P&C industry; 5) asset quality deterioration; and 6) a significant decline in Group capital level weighing on DPS growth, etc**.**

- **Company description:** Founded in 1988, Ping An is a leading financial conglomerate with businesses spanning life and P&C insurance, pension, banking, brokerage, trust, and other financial services. The company pursues a technology-empowered growth strategy across core financial businesses of insurance, banking, brokerage, and asset management. As of FY25, Ping An ranked as the second-largest Life and P&C insurer in China by total written premiums. The banking business segment is operated by its subsidiary Ping An Bank (000001 CH, 58% Group stake), which has a focus on retail and SME businesses. Ping An Healthcare and Technology (1833 HK, 53% Group stake) was listed in May 2018 as China's first listed internet-health company.

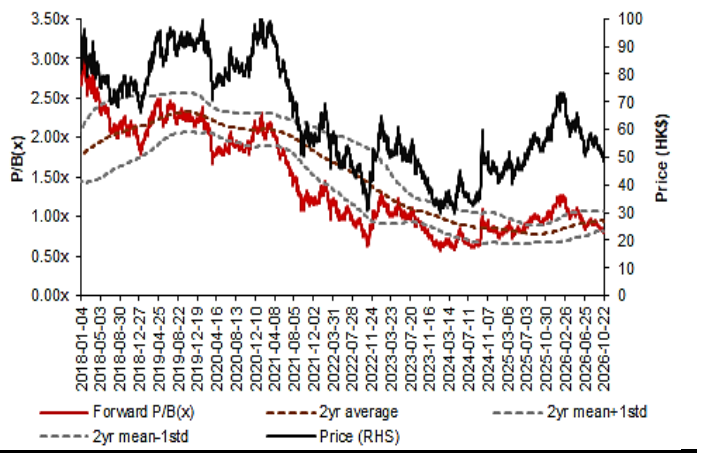
Focus Charts

Fig 1. Ping An's P/EV(x) trading below 2yr mean-1STD



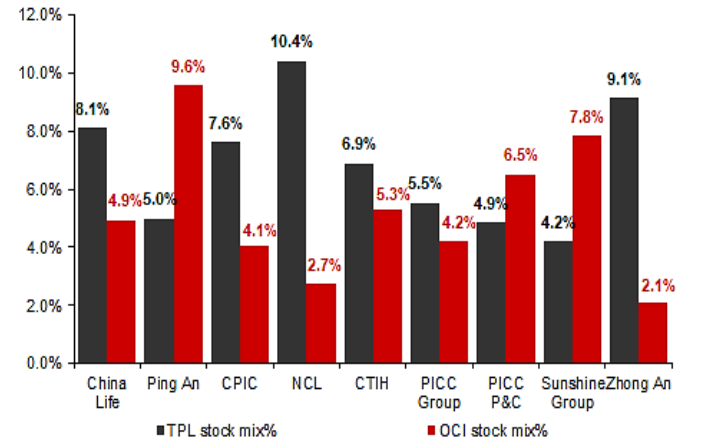
Source: Bloomberg, CMBIGM estimates | Note: stock price data quoted by market close on 22 Oct (Thu).

Fig 2. Ping An's P/B(x) trading below 2yr mean-1STD



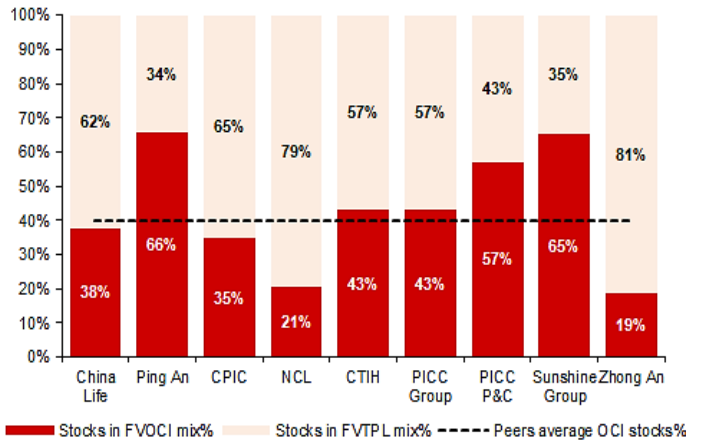
Source: Bloomberg, CMBIGM estimates | Note: stock price data quoted by market close on 22 Oct (Thu).

Fig 3. Listed insurers' OCI stocks allocation in 1H26



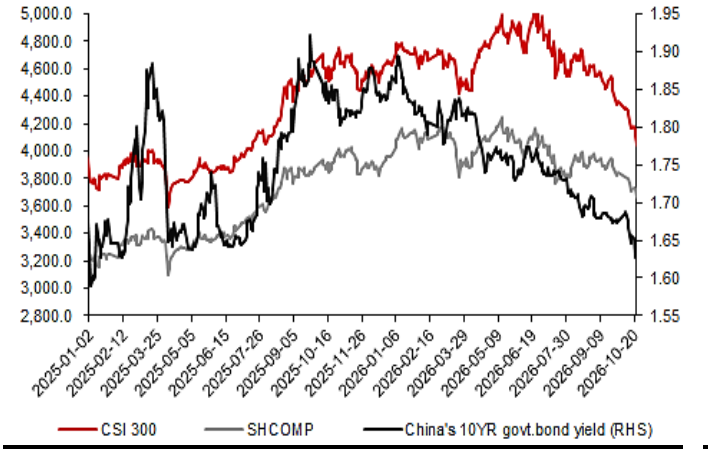
Source: Company data, CMBIGM

Fig 4. Stocks categorized in FVTPL vs. FVOCI in 1H26



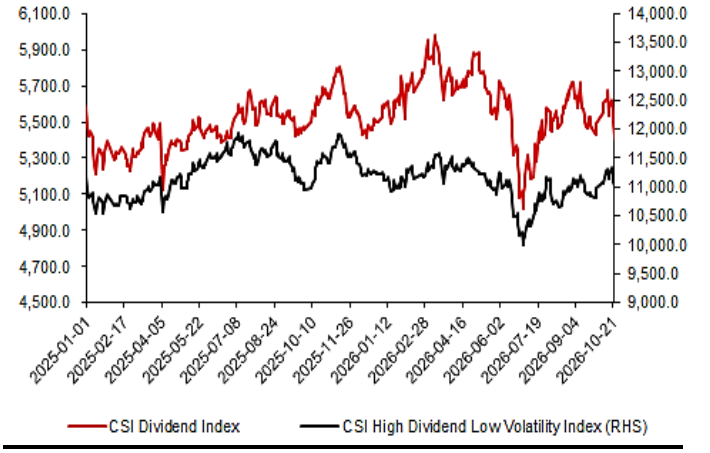
Source: Company data, CMBIGM

Fig 5. CSI 300/SHCOMP index & CNGB10YR yield (%)



Source: Bloomberg, Wind, CMBIGM | Note: stock price data quoted by market close on 22 Oct (Thu).

Fig 6. CSI dividend/CSI High Div Low Vol performance



Source: Bloomberg, Wind, CMBIGM | Note: stock price data quoted by market close on 22 Oct (Thu).

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Insurance revenue	**536,440**	**551,186**	**559,502**	**562,225**	**566,269**	**585,092**
Insurance service expenses	**(440,178)**	**(449,102)**	**(453,268)**	**(454,804)**	**(456,846)**	**(471,872)**
Net expenses from reinsurance contracts held	(3,731)	(3,601)	(5,066)	(4,412)	(4,848)	(5,002)
Insurance service results	**92,301**	**98,127**	**100,970**	**102,827**	**104,380**	**108,012**
Net finance (expenses)/income from insurance contracts	(123,959)	(172,662)	(179,978)	(214,143)	(239,253)	(267,544)
Net finance (expenses)/income from reinsurance contracts	542	960	336	503	502	528
Interest income	118,503	123,627	135,798	124,419	141,407	157,539
Net investment income	33,324	161,074	154,544	200,168	227,190	253,097
Other gains/(losses) from changes in fair value	(9,940)	(19,814)	(13,795)	(26,417)	(27,920)	(28,467)
Net investment results	**18,470**	**93,185**	**96,905**	**84,530**	**101,926**	**115,154**
Net interest income from banking operations	118,947	93,913	88,662	84,848	83,916	82,795
Net interest income/(expenses) from non-banking operations	(24,346)	(19,405)	(20,533)	(19,879)	(18,752)	(18,173)
Loan loss provisions	(62,833)	(56,245)	(54,738)	(49,732)	(47,144)	(44,350)
Other fee and commission income/(expenses)	(8,773)	(7,841)	(9,779)	(11,327)	(11,894)	(12,517)
Other income	68,804	65,191	73,345	73,969	74,695	75,481
Other expenses	(129,813)	(139,117)	(137,291)	(142,113)	(145,833)	(150,073)
Foreign exchange gains/losses	120	380	618	(167)	(167)	(167)
Other results	**7,912**	**(17,338)**	**(7,481)**	**(8,235)**	**(7,193)**	**(7,116)**
Profit before tax	**120,117**	**170,495**	**185,590**	**178,504**	**198,433**	**215,302**
Income taxes	(10,843)	(23,762)	(27,289)	(32,465)	(28,845)	(30,531)
Net profit	109,274	146,733	158,301	146,039	169,588	184,770
Net profit attributable to shareholders	**85,665**	**126,607**	**134,778**	**126,306**	**150,986**	**164,101**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
ASSETS						
Cash and amount due from banks and other financial institutions	804,077	1,018,027	1,189,867	1,034,475	1,061,140	1,088,525
Balances with central bank and statutory deposits	329,531	344,608	334,290	310,612	288,610	268,167
Intangible assets	99,078	97,263	83,478	79,972	76,613	73,395
Investments in associates and joint ventures	258,877	185,514	141,251	133,727	136,415	139,157
Property	50,401	48,603	46,934	44,987	43,120	41,331
Investment property	121,406	119,158	128,259	130,752	139,525	149,131
Reinsurance contract assets	22,215	26,084	25,515	27,364	30,086	33,037
Loans and advances to customers	3,320,110	3,294,053	3,320,386	3,365,921	3,522,868	3,697,643
Fixed maturity investments	4,976,779	5,912,846	6,074,144	6,522,106	6,980,625	7,483,529
Equity investments	1,130,853	1,328,664	1,928,348	2,062,071	2,221,310	2,396,547
Derivative financial assets	44,978	68,698	30,002	28,636	31,571	34,807
Deferred tax assets	101,337	122,012	114,640	121,475	128,717	136,392
Other assets	323,775	392,297	481,357	493,009	617,829	768,193
Total assets	**11,583,417**	**12,957,827**	**13,898,471**	**14,355,106**	**15,278,428**	**16,309,853**
LIABILITIES						
Due to banks and other financial institutes	963,718	838,183	1,104,609	972,826	1,021,468	1,072,541
Customer deposits and payables to brokerage customers	3,534,539	3,710,167	3,809,246	3,739,019	3,814,173	3,890,838
Insurance contract liabilities	4,159,801	4,984,795	5,360,910	6,001,577	6,598,497	7,245,879
Obligations under repurchase agreements	241,803	462,292	643,547	443,435	359,182	290,937
Derivative financial instruments	44,531	74,937	46,862	40,758	41,577	42,412
Deferred tax liabilities	14,148	13,977	6,647	4,511	2,538	1,427
Current tax liabilities	7,117	14,970	11,095	12,585	14,275	16,191
Other liabilities	1,388,743	1,553,225	1,499,030	1,660,469	1,839,295	2,037,379
Total liabilities	**10,354,453**	**11,653,115**	**12,482,483**	**12,875,180**	**13,691,004**	**14,597,605**
EQUITIES						
Share capital	18,210	18,210	18,108	18,108	18,108	18,108
Reserves	263,752	221,594	215,070	181,679	165,759	156,663
Retained profits	622,050	693,797	767,241	843,454	944,684	1,055,288
Total shareholders' equity	**899,011**	**928,600**	**1,000,419**	**1,043,241**	**1,128,551**	**1,230,059**
Non-controlling interests	329,953	376,112	415,569	436,685	458,873	482,189
Total equity	**1,228,964**	**1,304,712**	**1,415,988**	**1,479,926**	**1,587,424**	**1,712,248**
Total liabilities & equity	**11,583,417**	**12,957,827**	**13,898,471**	**14,355,106**	**15,278,428**	**16,309,853**

PER SHARE DATA	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
DPS (RMB)	2.43	2.55	2.70	2.86	3.03	3.27
EPS, diluted (RMB)	4.74	6.99	7.44	6.98	8.34	9.06
Consensus EPS (RMB)	n.a	n.a	n.a	8.05	8.85	9.60
No. of shares outstanding (mn)	18,210	18,210	18,108	18,108	18,108	18,108
PROFITABILITY	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Return on equity (ROE)	9.7%	13.9%	14.0%	12.4%	13.0%	14.0%
VNB margin (FYP basis)	23.7%	18.5%	23.4%	24.2%	24.2%	24.3%
Combined ratio (%)	100.7%	98.3%	96.8%	96.7%	96.5%	96.3%
VALUATION	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
P/Embedded value (x)	0.5	0.5	0.5	0.5	0.4	0.4
P/B (x)	0.8	0.8	0.7	0.7	0.7	0.6
Dividend yield (%)	5.9	6.2	6.5	6.9	7.4	7.9

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets. | Note: stock price data quoted by market close on Oct 22, 2026 (Thu).

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