Ping An (2318 HK/601318 CH)

3Q key metrics in-line; mgmt. restates double-digit NBV growth target over long run

	2318 HK	601318 CH
	BUY	BUY
	Maintain	Maintain
TP	HK$81.00	RMB73.00
Prior TP	HK$81.00	RMB73.00
Up/Downside	67.4%	39.6%
Current Price	HK$48.4	RMB52.3

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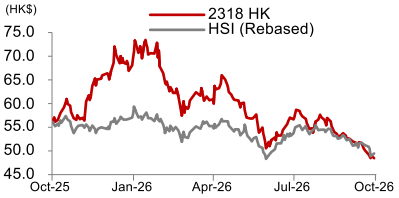
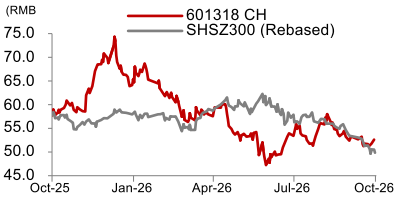
12-mth Price Performance





Source: FactSet

Stock Performance

	2318 HK		601318 CH	
	Abs.	Rel.	Abs.	Rel.
1-mth	-8.0%	-1.9%	-0.2%	-1.4%
3-mth	-15.3%	-7.1%	-3.5%	-4.4%
6-mth	-19.4%	-10.4%	-9.2%	-5.3%

Source: FactSet

Stock Data

(LC)	2318 HK	601318 CH
Mkt Cap (mn)	876065	947229.48
Avg 3 mths t/o (mn)	1748.88	3722.51
52w High	73.45	74.32
52w Low	48.38	47.23
Issued Shares (mn)	18108	18108

Source: FactSet

Auditor: Ernst & Young

Recent reports:

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

Ping An reported 3Q26 results, with Group OPAT growing 8.3% YoY to RMB125.9bn in 9M26, slightly ahead of our estimate (+8.1% YoY, *link*), which implied a robust 8.2% YoY increase in 3Q26 (vs. 1Q/2Q26: +7.6%/+9.0%). Group NPAT fell 27.3% YoY to RMB96.6bn (vs. *CMBI est: -29% YoY*), translating into a 95% drawdown in 3Q26 (vs. 1Q/2Q26: -7.4%/+64.7%) weighed by the sharp A-share equity market pullback in 3Q. The NPAT/OPAT variation comprised 1) RMB34bn short-term investment variances from L&H segment, and 2) RMB4.5bn one-off revaluation gains on conversion values of USD/HKD-denominated convertible bonds under the backdrop of a declining share price (9M25: a loss of RMB9.3bn). P&C OPAT was the main drag to the Group (-69% YoY), due to a significant retreat in investment income partially offset by improved UW profits (*+52% YoY, CMBI est*). OPAT growth of L&H/PAB remained solid at 4.7%/2.2% YoY whilst that of the AM segment hiked 6.3x YoY in 9M26, thanks to enhanced AUM amid sustained active trading. NBV edged down 13.3% YoY to RMB31.0bn in 9M26, broadly in line with our forecast, reflecting a 54% YoY decline in 3Q26. The drawdown was a result of a declining FYP (-9.1% YoY) amid a margin contraction (-1.2pct YoY). P&C COR improved 1.4pct YoY to 95.6%, ahead of our estimate, implying a 3Q COR of 96.5%. **Despite the weak NBV in 3Q, mgmt. guided a double-digit increase over the next three to five years with bancassurance likely to return to solid growth in 1H27E.** Maintain BUY with price target of HK$81/RMB73, implying 0.8x FY26E P/EV.

- **L&H OPAT in solid growth, with CSM returning to growth on track.** In 9M26, L&H OPAT grew 4.7% YoY to RMB82.5bn, translating into a 12.4% YoY increase in 3Q26 (1Q/2Q26: +4.6%/-3.1%). Although the insurer did not disclose CSM release/balance in quarterly results, the mgmt. mentioned in call that CSM is heading towards a positive growth trajectory with support of 1) solid new business growth, and 2) continued improving operational efficiency to offset the interest rate volatilities. We maintain our forecast on L&H CSM growth inflection within FY26E.
- **NBV dragged by a high base of FYP and margin decline.** NBV fell 13.3% YoY to RMB31.0bn in 9M26, implying a 54.1% YoY decrease in 3Q26 (vs. 1Q/2Q26: +20.8%/-1.8%). FYP was down 9.1% YoY to RMB128.9bn mainly weighed by a high-base effect. NBV margin slid 1.2pct YoY to 24% in 9M26, as the comparative was set prior to the actuarial assumption changes as of end-FY25. By 9M26, the NBV mix of agency/bancassurance & other channels amounted to 63.1%/36.9%.
- **P&C combined ratio outpacing estimate but offset by investment headwinds.** P&C premium income rose 3.5% YoY to RMB265bn, with auto/non-auto premiums flat/+10% YoY to RMB166bn/RMB263bn (63%/37% mix) in 9M26. P&C combined ratio improved 1.4pct YoY to 95.6% in 9M26, indicating a 3Q26 COR of 96.5% (vs. 3Q25: 100.4%, *CMBI est*), which boosted UW profits by 52% YoY to RMB11.6bn. Despite a strong UW performance, P&C OPAT/NPAT fell 69%/63% YoY in 9M26/ 3Q26, as a main drag to the Group profitability, mainly weighed by 3Q investment headwinds and a one-off write-off on the segment's legacy investments per mgmt.
- **NIY/CIY fell on a lower rate and lagging equity performance.** Total investment assets grew 5.2% from year-start to RMB6.83tn by 9M26, with non-standard debts declining to RMB286bn (4.2% mix, -0.8pct from year-start) and real-estate relevant assets staying overall manageable (3.0% mix, -0.1pct from year-start). NIY/CIY (unannualized) was down 0.3pct/3.1pct YoY in 9M26 dragged by a high base amid significant 3Q A-share equity market drawdowns and lower long-term bond yields.
- **Valuation:** The stock is trading at 0.47x FY26E P/EV and 0.71x FY26E P/B, 1STD below its 2-year historical mean with a yield close to 7%. The stock valuation fell back evidently post 1H results, as the market baked in the high-base effect in 3Q26 and weakened investment income caused by equity market headwinds and lower bond yields. **We expect to see a sector re-rating following the release of 3Q26 earnings, and remain constructive on Ping An's 1) solid L&H OPAT growth; 2) continued de-risking of the AM segment, and 3) PAB profit enhancement.**

Maintain BUY, with our SOTP-derived H/A-share price target at HK$81/RMB73 (unchanged), which correspond to 0.8x FY26E P/EV and 1.2x FY26E P/B.

■ **Key highlights of 3Q26 earnings call:**

1) **Updates on the 2027 jumpstart sales:** The 2027 jumpstart sales would face a high NBV base (1Q26 NBV: +20.8% YoY), but the company would strengthen on top of the 2026 strategy, by focusing on the products of protection-typed and with longer-payment periods. Mgmt. expects participating products to remain as a major category in the 2027 jumpstart sales, including participating increasing sum-assured whole life insurance and participating annuity, etc.
2) **Progress on new asset-liability management regulation:** The company fulfils new regulatory requirements on asset-liability matching, and remains disciplined on interest rate risk exposure. Based on internal estimation, even under extreme scenarios, the company would maintain top-level coverage ratios among listed insurance peers.
3) **Outlook on interest yields:** Expect a prolonged low-interest rate environment, with long-term yields to remain range-bound at low levels but with limited scope for a sharp decline.
4) **Asset allocation:** The company will maintain a high-yield stock strategy to balance between enhancing investment returns and reducing capital market volatilities, and keeps secondary equity exposure within a reasonable range (1H26: 14.6% mix). The mgmt. does not expect a substantial increase in equity exposure in the short term.

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	8.02	8.82	9.55
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	6.6	6.9	7.4	7.9
ROE (%)	13.9	14.0	12.4	13.0	14.0

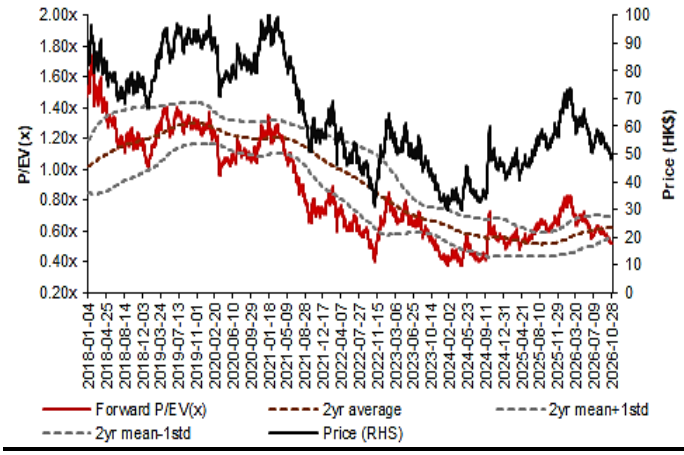
Source: Company data, Bloomberg, CMBIGM estimates | Note: stock price data quoted by market close on Oct 28 (Wed), 2026.

- **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 the Group capital level which could weigh 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.

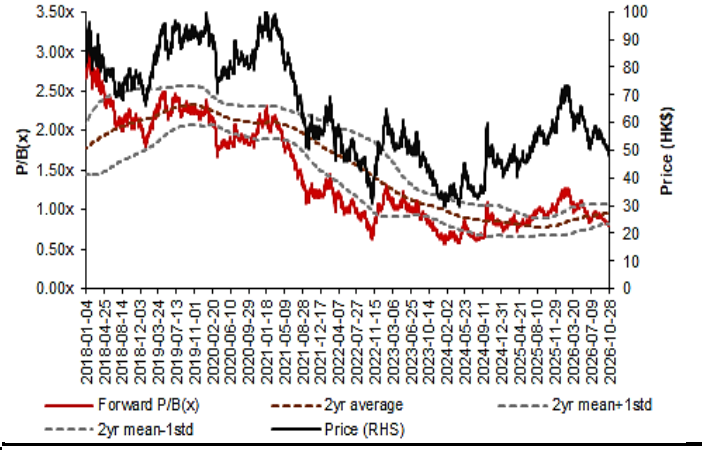
Focus Charts

Fig. 1: Ping An's P/EV(x) valuation band



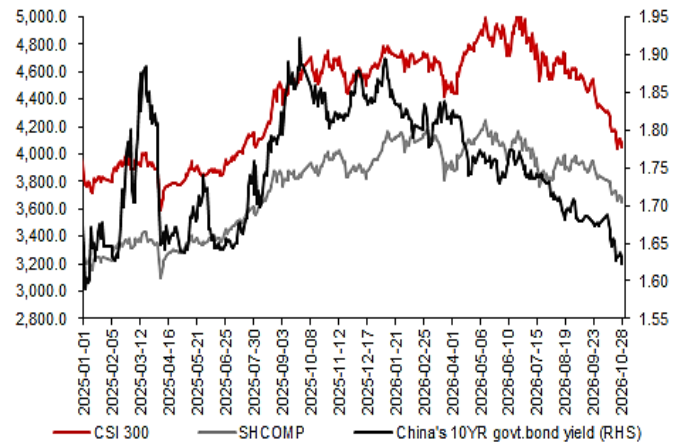
Source: Company data, CMBIGM estimates | Note: stock price quoted by market close on Oct 28, 2026 (Wed).

Fig. 2: Ping An's P/B(x) valuation band



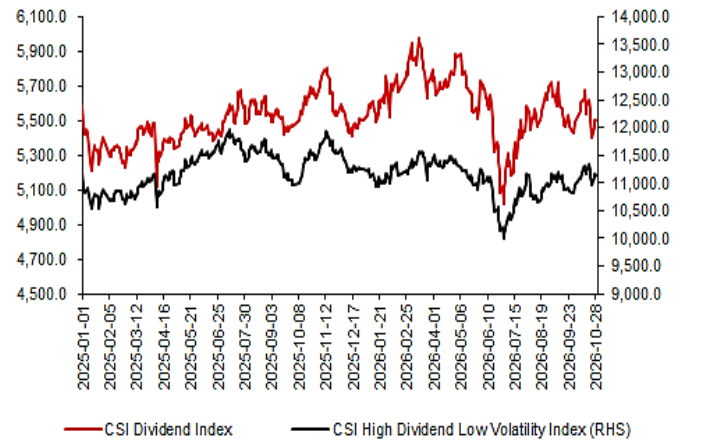
Source: Company data, CMBIGM estimates | Note: stock price quoted by market close on Oct 28, 2026 (Wed).

Fig.3: CSI 300/SHCOMP index & CNGB10YR yield (%)



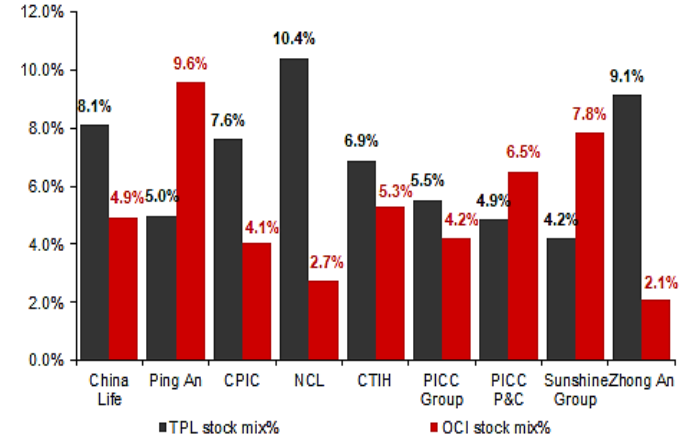
Source: Company data, CMBIGM | Note: stock index and bond yield data quoted by market close on Oct 28, 2026 (Wed).

Fig.4:CSI dividend/CSI High Div Low Vol performance



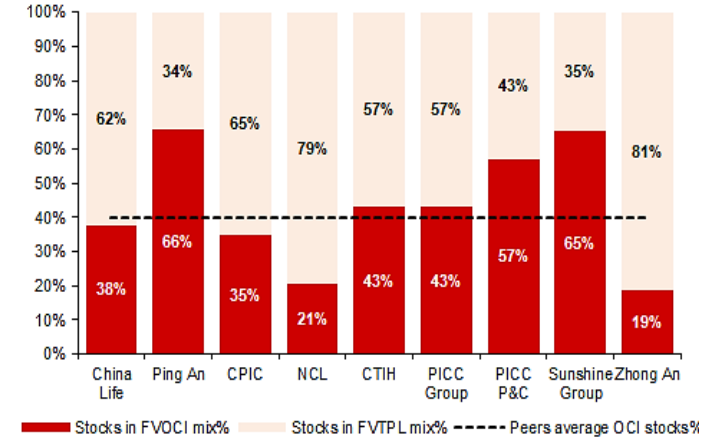
Source: Company data, CMBIGM | Note: stock index data quoted by market close on Oct 28, 2026 (Wed).

Fig. 5: Ping An's OCI stock allocation mix vs. peers by 1H26



Source: Company data, CMBIGM

Fig.6: Ping An's TPL vs. OCI stock exposure vs. peers by 1H26



Source: Company data, CMBIGM

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	8.02	8.82	9.55
No. of shares basic (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	6.6	6.9	7.4	7.9

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets. | Note: stock price quoted by market close on Oct 28, 2026 (Wed).

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