1 Sep 2026

CMB International Global Markets | Equity Research | Company Update

CPIC (2601 HK)

Key metrics stayed robust; first interim dividend declared representing 19.1% payout

CPIC reported solid 1H26 results. Group net profit rose 10.4% YoY to RMB30.8bn, translating into 13.6% YoY increase in 2Q26 (vs 1Q: +4.3%). Group OPAT rose 6.2% YoY to RMB21.1bn, with 2Q OPAT up 8.9% YoY (vs 1Q: +3.6%). Net asset value grew 5.6% HoH to RMB319.2bn, broadly stable QoQ. CPIC Life's NBV grew 12.7% YoY to RMB10.8bn, reflecting 2Q NBV growth of 17.6% YoY (vs. 1Q: +9.6%) mainly led by margin expansion to 17.5% (+2.5pct YoY) but partially offset by FYP decrease (-2.7% YoY). Agency NBV delivered strong performance with a rise of 23.4% YoY to RMB7.07bn (66% mix), supported by agency FYP/FYRP growth of 28.4%/23.2% YoY in 1H26. Group/Life EV edged up 3.8%/4.1% HoH to RMB637bn/RMB485bn. CPIC P&C's CoR improved 1.3pct YoY to 95.1%, driving UW profit up by 35.7% YoY to RMB4.8bn. The Group declared its first interim dividend of RMB0.42/share, representing an OPAT payout of 19.1%, re-addressing mgmt. focus on shareholder returns. We raise FY26-28E EPS forecasts by 3%/7%/8% to RMB5.77/6.13/6.56. Maintain BUY, with our SOTP-based TP lifted to HK$44 (prev. HK$40), implying 0.6x FY26E P/EV and 1.2x FY26E P/B.

- **CPIC Life:** NBV edged up 12.7% YoY to RMB10.8bn, with 2Q26 NBV rising 17.6% YoY (vs. 1Q26: +9.6%) supported by margin expansions (+2.5pct YoY) but partially offset by a modest decline in total FYP (-2.6% YoY). Agency NBV grew 23.4% YoY to RMB7.07bn (66% mix) driven by FYP/FYRP increase of 28.4%/23.2% YoY to RMB29bn/17.3bn and a broadly stable agency margin of 24.3% (*CMBI est*). Bancassurance showed better underwriting structure tilting towards regular-paid policies, with FYRP mix rising to 54.4% (+24pct YoY). Bancassurance NBV dropped 10.6% YoY to RMB3.2bn in 1H26, dragged by the decline in single-paid premiums (-51.4% YoY). In 1H26, Life OPAT grew 5.9% YoY to RMB15.9bn (75.1% mix), and CSM balance grew 3.2% HoH to RMB364.3bn. We lower the FY26-28E NBV growth targets to 10%-12% YoY on continued structural change.
- **CPIC P&C:** Underwriting combined ratio (CoR) improved 1.3pct YoY to 95.1%, with expense/claims ratio down 0.5pct/0.8pct YoY to 26.2%/68.9% in 1H26. UW profit grew 35.7% YoY to RMB4.8bn in 1H26 underpinned by CoR improvement. Auto/non-auto CoR recorded at 94.6%/95.3%, -0.7pct/-2.3pct YoY, reflecting continued prudent expense rate controls to offset the rise of claims ratio. Auto/non-auto premiums rose 0.2%/2.5% YoY to RMB53.7bn/60.6bn (47%/53% mix), of which the premium of health/agriculture/liability/corporate property/others was +10.4%/-1.6%/+6.6%/-21.4%/+3% YoY to RMB17bn/14bn/13.7bn/4bn/11.7bn.
- **Insurance investment funds:** Total investment assets (TIA) rose 4.4% HoH to RMB3.17tn, of which bonds/core equity exposure amounted to 61.4%/13.9%, +0.4pct/+0.5pct YoY. NIY/TIY/CIY reached 1.5%/2.4%/1.8% in 1H26, -0.2pct/+0.1pct/-0.6pct YoY driving 1H net/total investment income up 0.5%/16.1% YoY to RMB43bn/RMB66bn. Mgmt. guided in call that the company will continue to increase allocations in long-term govt. bonds to improve asset-liability duration match, and stocks with a focus on the high-yield and growth-oriented targets.
- **Valuation:** The stock is trading at 0.4x FY26E P/EV and 0.7x FY26E P/B, close to its 2-yr historical average. We maintain BUY, with our SOTP-based TP lifted to HK$44 (prev. HK$40), which implies 0.6x FY26E P/EV and 1.2x FY26E P/B.
- **Key risks** include: 1) a prolonged low-interest rate environment, 2) intensified equity market volatilities; 3) weaker-than-expected new business sales volumes; 4) NBV margin deterioration; and 5) intensified P&C industry competitions, etc.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Net profit (RMB mn)	46,441	55,399	56,935	59,199	63,596
EPS (Reported)(RMB)	4.67	5.56	5.77	6.13	6.56
Consensus EPS (RMB)	n.a	n.a	5.67	5.99	6.39
P/Embedded value (x)	0.4	0.4	0.4	0.3	0.3
Dividend yield (%)	4.2	4.4	4.9	5.4	5.9
ROE (%)	16.6	18.0	17.2	15.9	14.8

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$44.00**
(Previous TP	HK$40.00)
Up/Downside	**45.6%**
Current Price	**HK$30.22**

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Stock Data

Mkt Cap (HK$ mn)	290,726.7
Avg 3 mths t/o (HK$ mn)	319.9
52w High/Low (HK$)	40.00/26.88
Total Issued Shares (mn)	9620.3

Source: FactSet

Shareholding Structure

Ping An Insurance Group	12.1%
JPMorgan Chase & Co.	11.4%

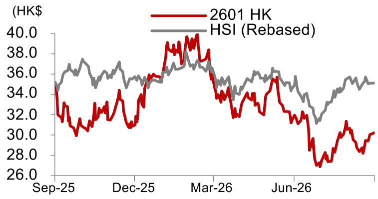
Source:

Share Performance

	Absolute	Relative
1-mth	-1.1%	0.1%
3-mth	-3.8%	-5.3%
6-mth	-15.9%	-12.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

1. CPIC (2601 HK) - Life OPAT outperformed; 2Q earnings and NAV returned to a healthy trend, Sep 1, 2025
2. CPIC (2601 HK) – Participating sales noticeably increased; MTM losses dragged a profit miss in 1Q25, Apr 29, 2025
3. CPIC (2601 HK) – Life OPAT beat, driving DPS to rise faster than Group OPAT, Apr 1, 2025
4. CPIC (2601 HK) – 3Q NBV growth accelerated; expect par sales to outgrow, Nov 1, 2024
5. CPIC (2601 HK) – Steam ahead with doubled 2Q net profit and strong NBV uptrend; revise up TP, Sep 5, 2024
6. CPIC (2601 HK) – NBV growth accelerated; NP turned positive YoY, May 6, 2024

Earnings and key forecast revision

(RMB bn, %)	Current			Old			Chg (%, pct)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
EPS (RMB)	5.77	6.13	6.56	5.60	5.75	6.06	*3%*	*7%*	*8%*
Group NPAT	55.49	58.96	63.08	53.87	55.30	58.29	*3%*	*7%*	*8%*
New business value (NBV)	20.77	22.88	25.18	20.82	23.45	26.55	*0%*	*-2%*	*-5%*
Group EV	657.3	716.0	781.7	669.2	728.1	775.9	*-2%*	*-2%*	*1%*
Life EV	504.9	556.6	615.1	514.8	568.5	629.3	*-2%*	*-2%*	*-2%*
Life EV%	*76.8%*	*77.7%*	*78.7%*	*76.9%*	*78.1%*	*81.1%*	*0pct*	*0pct*	*-2pct*
ROE (%)	17.2%	15.9%	14.8%	16.2%	14.0%	13.0%	*1pct*	*2pct*	*2pct*
Combined ratio (CoR, %)	*96.5%*	*96.4%*	*96.3%*	97.1%	97.0%	97.0%	*-1pct*	*-1pct*	*-1pct*

Source: CMBIGM estimates

Valuation

We derive our new TP of HK$44 based on SOTP, which include

1) 0.74x implied FY26E P/EV for CPIC Life, based on appraisal value approach;

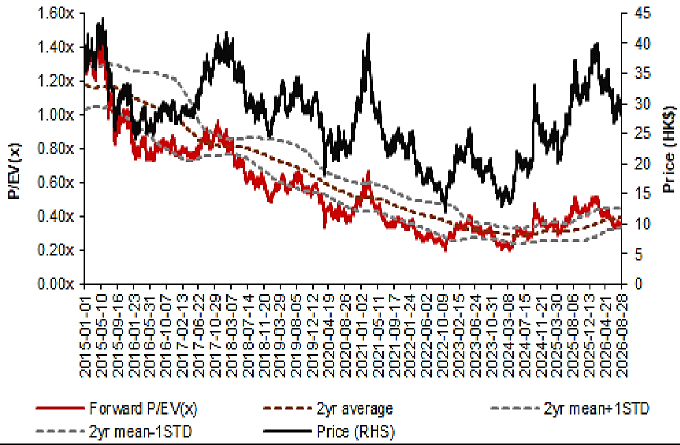
2) 0.8x FY26E P/B for CPIC P&C based on P/B-ROE approach with key assumptions of 16.2% cost of equity, 2% terminal growth and >13% 3yr avg. forward ROE;

3) 1.0x FY26E P/B for AM and other segments; and 15% Group conglomerate discount.

Our new TP implies 0.6x FY26E P/EV and 1.2x FY26E P/B, vs. the stock is currently trading at 0.4x FY26E P/EV and 0.7x FY26E P/B.

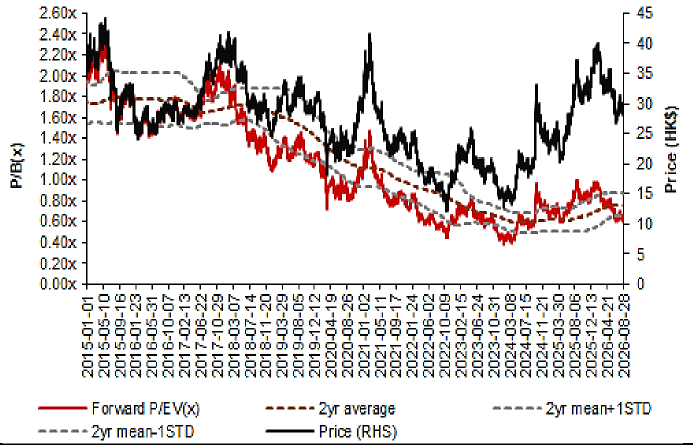
Focus Charts

Figure 1: CPIC-H's P/EV(x) valuation band



Source: Company data, CMBIGM estimates | Note: stock price data quoted by market close on Aug 31, 2026 (Mon).

Figure 2: CPIC-H's P/B(x) valuation band



Source: Company data, CMBIGM estimates | Note: stock price data quoted by market close on Aug 31, 2026 (Mon).

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Insurance revenue	**266,167**	**279,473**	**288,910**	**293,509**	**301,951**	**310,617**
Insurance service expenses	**(231,023)**	**(243,147)**	**(252,043)**	**(252,444)**	**(259,279)**	**(266,435)**
Net expenses from reinsurance contracts held	(1,439)	(1,425)	(1,233)	(2,228)	(2,345)	(2,410)
Insurance service results	**33,705**	**34,901**	**35,634**	**38,836**	**40,327**	**41,772**
Net finance (expenses)/income from insurance contracts	(46,741)	(92,520)	(101,835)	(100,394)	(98,759)	(107,447)
Net finance (expenses)/income from reinsurance contracts	1,174	2,103	881	672	692	726
Interest income	58,262	55,991	58,832	61,547	65,413	70,035
Net investment income	(4,273)	65,160	82,495	74,490	67,829	74,783
Other gains/(losses) from changes in fair value	23	2	90	17	0	0
Net investment results	**8,445**	**30,736**	**40,463**	**36,332**	**35,175**	**38,097**
Other income	4,129	4,153	5,166	5,890	6,463	7,092
Other expenses	(14,051)	(13,623)	(15,051)	(15,057)	(14,562)	(14,127)
Foreign exchange gains/losses	159	(64)	(238)	(490)	(317)	(317)
Other results	**(9,763)**	**(9,534)**	**(10,123)**	**(9,657)**	**(8,416)**	**(7,352)**
Profit before tax	**32,001**	**55,563**	**66,068**	**66,408**	**67,802**	**73,040**
Income taxes	(4,090)	(9,122)	(10,669)	(9,473)	(8,603)	(9,444)
Net profit	**27,911**	**46,441**	**55,399**	**56,935**	**59,199**	**63,596**
Net profit attributable to shareholders	**27,257**	**44,960**	**53,505**	**55,494**	**58,958**	**63,081**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
ASSETS						
Cash and amount due from banks and other financial institutions	172,606	180,669	194,210	212,089	233,418	259,346
Investments in associates and joint ventures	23,184	22,520	14,616	(60,450)	(59,235)	(57,711)
Property	21,384	22,744	26,945	28,641	30,443	32,360
Investment property	10,667	8,951	28,147	29,825	32,824	36,471
Insurance contract assets	335	22	0	0	0	0
Reinsurance contract assets	39,754	46,081	47,746	48,024	53,095	58,342
Financial investments:	**2,009,336**	**2,482,029**	**2,715,708**	**2,966,731**	**3,257,788**	**3,611,563**
At amortized cost:	82,334	64,844	52,601	49,319	54,279	60,308
At fair value through other comprehensive income:	1,345,400	1,749,986	1,948,239	2,131,220	2,345,547	2,606,094
At fair value through profit or loss:	581,602	667,199	714,868	786,192	857,962	945,161
Other assets	32,433	31,629	30,094	125,000	179,041	188,031
Cash and cash equivalents	34,263	40,262	87,301	96,103	105,767	117,516
Total assets	**2,343,962**	**2,834,907**	**3,144,767**	**3,445,963**	**3,833,141**	**4,245,917**
LIABILITIES						
Customer deposits and payables to brokerage customers	5,861	5,942	5,835	7,577	9,168	11,093
Insurance contract liabilities	1,872,620	2,229,514	2,466,607	2,741,257	3,030,710	3,330,179
Obligations under repurchase agreements	115,819	181,695	218,930	171,796	175,249	178,772
Bonds payable	10,285	10,286	22,678	22,178	22,178	22,178
Other liabilities	71,673	88,989	96,493	126,290	161,035	206,881
Total liabilities	**2,076,258**	**2,516,426**	**2,810,543**	**3,069,098**	**3,398,340**	**3,749,103**
EQUITIES						
Share capital	9,620	9,620	9,620	9,620	9,620	9,620
Reserves	118,518	129,907	103,076	103,318	111,463	120,471
Retained profits	121,448	151,890	189,447	230,694	277,079	326,330
Total shareholders' equity	**249,586**	**291,417**	**302,143**	**343,632**	**398,163**	**456,420**
Non-controlling interests	18,118	27,064	32,081	33,233	36,639	40,394
Total equity	**267,704**	**318,481**	**334,224**	**376,865**	**434,801**	**496,815**
Total liabilities & equity	**2,343,962**	**2,834,907**	**3,144,767**	**3,445,963**	**3,833,141**	**4,245,917**

PER SHARE DATA	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
DPS (RMB)	1.02	1.08	1.15	1.27	1.39	1.53
EPS (Reported, RMB)	2.83	4.67	5.56	5.77	6.13	6.56
Consensus EPS (RMB)	n.a	n.a	n.a	5.67	5.99	6.39
No. of shares basic (mn)	9,620	9,620	9,620	9,620	9,620	9,620
PROFITABILITY	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Return on equity (ROE)	12.2%	16.6%	18.0%	17.2%	15.9%	14.8%
Combined ratio (%)	97.7%	98.6%	97.5%	96.5%	96.4%	96.3%
VALUATION	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
P/Embedded value (x)	0.5	0.4	0.4	0.4	0.3	0.3
P/B (x)	1.0	0.9	0.8	0.7	0.6	0.5
Dividend yield (%)	3.9	4.2	4.4	4.9	5.4	5.9
Dividend payout (OPAT basis, %)	27.6	30.2	30.3	31.4	32.0	32.6

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets. | Note: stock price data quoted by market close on Aug 31, 2026 (Mon).

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