

Ping An (2318 HK)

1H25 a mixed bag: NBV beat while OPAT in line

Ping An reported mixed 1H25 results, with Group OPAT rising 3.7% YoY to RMB 77.7bn, translating to a 4.9% YoY uptick in 2Q25 (vs.1Q25: +2.4%), in-line with consensus. OPAT of three core business segments (Life, P&C, and PAB) edged up 1% YoY to RMB 76.9bn (98.9% mix), slightly short of our expectations. NBV jumped 39.8% YoY to RMB 22.3bn, a clear beat, mainly driven by bancassurance (+169%, 27% mix). Agency and community finance grew NBV by 17%/43% with margin expansions. In 1H25, the Group's net profit dropped 9% YoY to RMB 68bn with the gap of OPAT (RMB 9.7bn) reflecting 1) RMB4.1bn short-term investment variances for the L&H business; 2) RMB3.4bn one-off losses from the consolidation of Ping An Good Doctor (1833 HK), and 3) RMB2.2bn revaluation losses on the conversion values of USD and HKD convertible bonds issued, given the share price ticking upward. P&C CoR enhanced 2.6pct YoY to 95.2% in 1H25, with auto and non-auto CoR improved by more than 2pct YoY to 95.5%/94.8%. Equity-related investments increased over RMB200bn in 1H25, of which FVOCI stocks took >80% of this increment, making up 65.3% (vs. FY24: 60.2%) of total stocks in insurance funds investment portfolio as of 1H25. To bake in 1H outcome, we revise down our FY25-27E EPS forecasts by 6%/5%/5% to RMB7.08/7.63/8.16, and upgrade FY25E NBV growth estimate to 26%, given potential catalysts of 1) a new round of PIR cut starting in Sep; 2) extensive banca partnerships with large SOEs, reputable joint-stock and city commercial banks, etc; and 3) the Group-wide synergies for client acquisition. We derive our new TP based on SOTP at HK\$71, which corresponds to 0.8x FY25E P/Group EV (vs. trading: 0.6x). Maintain BUY.

■ **Group OPAT largely in line with upticks diverged by lines.** In 1H25, Group OPAT rose 3.7% YoY to RMB77.7bn, with 2Q's growth (+4.9%) outpacing that of 1Q (+2.4%) bolstered by strong rebounds of AM (1H/2Q: +110%/+324%) and Finance enablement business (1H/2Q: +179%/47%). OPAT of three core segments i.e. L&H/P&C/PAB was relatively stable ticking up 1%/1.7% YoY in 1H/2Q25 to RMB76.9bn. L&H OPAT grew 2.5% YoY/flat in 1H/2Q25 to RMB52.4bn, falling short of our expectation. The surge in AM OPAT was mainly driven by 1) Ping An Securities' outperformance amid tailwinds of the A&H stock market boom; 2) a steady rise in AUM of Ping An Asset Management; and 3) unwinding credit risk exposure. Looking ahead, we expect the insurer's L&H OPAT about to reach the inflection point given continued NBV outgrowth and positive operating variances. In 1H25, CSM grew 0.3% from year-start, driven by new business CSM (+6.2%), which contributed 3.3% of CSM release base.

■ **NBV beat driven by bancassurance outgrowth.** NBV jumped 39.8% YoY to RMB 22.3bn, with agency/banca/community finance/group each up by 17%/169%/43%/down 10% YoY to make up 65%/27%/8%/1% of total NBV. Of which, bancassurance was the highlight, with the channel's FYP surging 78% YoY amid a margin expansion of 9.7pct YoY to 28.6% (FYP basis). By cooperating with large SOEs, reputable joint-stock and city commercial banks, we think the banca NBV growth could sustain in the long run, yet may sequentially down in 2H25E. By 1H25, participating NBV comprised >40% mix, which indicated a success of transformation to par policy sales amid a prolonged low-yield environment. With catalysts of the PIR cut starting in Sep, we raise our FY25E NBV growth to 26%.

■ **Valuation:** The stock is trading at FY25E 0.6x P/EV or 0.9x P/B, with a yield of 5.3%. Interim DPS was up 2.2% YoY to RMB 0.95 per share. We revise down our FY25-27E EPS forecasts by 6%/5%/5% to RMB7.08/7.63/8.16 to reflect the lower-than-expected 1H bottom-line results, and roll forward to FY25E forecasts to derive our new TP at HK\$71, corresponding to 0.8x FY25E P/B. Maintain BUY.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	115,572	163,433	150,460	156,534	167,384
EPS (Reported)(RMB)	4.84	7.16	7.08	7.63	8.16
Consensus EPS (RMB)	n.a	n.a	7.01	7.68	8.31
P/B (x)	1.0	1.0	0.9	0.8	0.8
P/Embedded value (x)	0.7	0.7	0.6	0.6	0.5
Dividend yield (%)	4.8	5.0	5.3	5.5	5.7
ROE (%)	9.7	13.9	12.5	12.2	12.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$71.00
(Previous TP)	HK\$65.10)
Up/Downside	26.1%
Current Price	HK\$56.30

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Stock Data

Mkt Cap (HK\$ mn)	1,025,223.0
Avg 3 mths t/o (HK\$ mn)	2,726.4
52w High/Low (HK\$)	59.70/34.40
Total Issued Shares (mn)	18210.0

Source: FactSet

Shareholding Structure

Charoen Pokphand Group	13.7%
Company Ltd	
Citigroup Inc.	5.8%

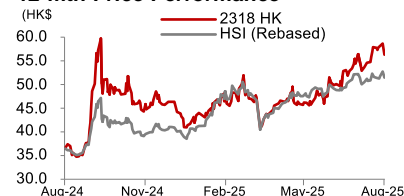
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	3.3%	4.1%
3-mth	21.9%	13.1%
6-mth	16.9%	10.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

Auditor: Ernst & Young

Related reports:

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- [Life OPAT awaits for longer time to turnaround](#), 24 Mar, 2025
- [Robust 3Q doubled in NBV and earnings growth](#), 23 Oct, 2024
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- [Expect \\$3.5bn CB dilutive effect to be short-term](#), Jul. 17, 2024
- [1Q24 NBV beat: Life OPAT y/y turned positive](#), Apr.15, 2024
- [Resilient DPS despite OPAT decline: EV assumptions change cut VNB more than expected](#), Mar 27, 2024

Valuation

(RMB bn, %)	Forward EV/BV	Ownership	Valuation
Life & Health insurance			
FY25E L&H Embedded value	916.5		
Adjusted L&H Embedded value	653.9		
3yr avg. operating RoEV (%)	14.6%		
Target P/EV (x)	1.20x		
L&H, fair value		99.51%	781.8
P&C insurance			
FY25E shareholders' equity	150.1		
3yr avg. P&C ROE (%)	11.6%		
Target P/B (x)	0.91x		
P&C, fair value		99.55%	135.5
Banking			
FY25E shareholders' equity	274.2		
PAB ROE	8.5%		
Target P/B (x)	0.60x		
PAB, fair value		57.96%	94.7
Securities, Trust, and Others AMC			
FY25E shareholders' equity	284.9		
Target P/B (x)	1.00x		
Others, fair value		100.00%	284.9
Sum-of-the-parts total			1,297
Conglomerate discount (%)			-10.0%
Total fair value			1,167
Financial business, price per share (HK\$)			69.7
Tech business, price per share (HK\$)			0.80
Target price (HK\$)			71.0
Implied P/B (x)			1.12x
Implied P/EV (x)			0.78x
Required return	9.5%		
Risk free rate	2.5%		
Risk premiums	7.0%		
Beta	1.4x		
COE	12.5%		
No. of shares outstanding (mn)	18,210		
Stock price, 27/8/2025	56.30		
Upside (%)	26.1%		
Prev. target price	65.1		
Target price chg. (%)	9.1%		

Source: CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Insurance revenue	525,981	536,440	551,186	565,020	595,150	630,622
Insurance service expenses	(422,221)	(440,178)	(449,102)	(461,379)	(487,147)	(516,823)
Net expenses from reinsurance contracts held	(4,314)	(3,731)	(3,601)	(2,973)	(1,459)	(1,550)
Insurance service results	99,368	92,301	98,127	100,057	105,898	111,567
Net finance (expenses)/income from insurance contracts	(99,933)	(123,959)	(172,662)	(172,836)	(184,229)	(199,612)
Net finance (expenses)/income from reinsurance contracts	564	542	960	163	0	0
Interest income	115,933	118,503	123,627	142,069	158,726	174,028
Net investment income	(2,311)	33,324	161,074	111,024	124,041	135,999
Other gains/(losses) from changes in fair value	(13,300)	(9,940)	(19,814)	5,209	(1,389)	(2,367)
Net investment results	953	18,470	93,185	85,629	97,149	108,048
Net interest income from banking operations	131,096	118,947	93,913	95,056	101,445	104,170
Net interest income/(expenses) from non-banking operations	(22,698)	(24,346)	(19,405)	(21,489)	(22,899)	(24,778)
Loan loss provisions	(64,168)	(62,833)	(56,245)	(65,506)	(68,780)	(68,626)
Other fee and commission income/(expenses)	(9,928)	(8,773)	(7,841)	(7,878)	(7,958)	(7,901)
Other income	60,652	68,804	65,191	73,044	78,432	84,269
Other expenses	(107,779)	(123,515)	(122,417)	(134,058)	(143,017)	(152,510)
Foreign exchange gains/losses	3,144	120	380	842	31	31
Other results	36,301	14,210	(638)	(10,399)	(14,573)	(18,269)
Profit before tax	146,787	126,415	187,195	171,816	185,120	197,944
Income taxes	(7,518)	(10,843)	(23,762)	(21,356)	(28,586)	(30,561)
Net profit	139,269	115,572	163,433	150,460	156,534	167,384
Net profit attributable to shareholders	111,008	85,665	126,607	124,495	134,091	143,418

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
ASSETS						
Cash and amount due from banks and other financial institutions	774,841	804,077	1,018,027	1,059,860	1,139,897	1,238,621
Balances with central bank and statutory deposits	336,294	329,531	344,608	360,375	424,149	499,209
Intangible assets	99,411	99,078	97,263	98,659	97,877	97,101
Investments in associates and joint ventures	280,793	258,877	185,514	161,147	164,386	167,690
Property	53,657	50,401	48,603	45,587	43,097	40,744
Investment property	114,763	121,406	119,158	126,427	138,436	153,140
Reinsurance contract assets	20,615	22,215	26,084	29,984	33,985	38,323
Loans and advances to customers	3,242,258	3,320,110	3,294,053	3,497,103	3,711,417	4,185,141
Fixed maturity investments	4,729,856	4,976,779	5,912,846	6,503,418	7,161,844	7,967,554
Equity investments	1,073,763	1,130,853	1,328,664	1,562,394	1,690,453	1,847,497
Derivative financial assets	29,278	44,978	68,698	38,498	42,444	46,795
Deferred tax assets	89,321	101,337	122,012	126,607	121,594	116,778
Other assets	165,090	323,775	392,297	940,260	1,550,056	3,098,439
Total assets	11,009,940	11,583,417	12,957,827	14,550,319	16,319,635	19,497,031
LIABILITIES						
Due to banks and other financial institutes	923,088	963,718	838,183	1,199,145	1,259,103	1,322,058
Customer deposits and payables to brokerage customers	3,431,999	3,534,539	3,710,167	3,970,031	4,130,420	4,297,289
Insurance contract liabilities	3,671,177	4,159,801	4,984,795	5,607,870	6,356,040	7,167,384
Obligations under repurchase agreements	271,737	241,803	462,292	539,425	594,716	655,674
Derivative financial instruments	39,738	44,531	74,937	46,521	47,456	48,410
Deferred tax liabilities	14,217	14,148	13,977	8,653	8,319	7,999
Current tax liabilities	16,076	7,117	14,970	33,091	232,472	1,633,143
Other liabilities	1,455,807	1,388,743	1,553,225	1,682,870	2,135,101	2,708,859
Total liabilities	9,823,944	10,354,453	11,653,115	13,087,606	14,763,627	17,840,816
EQUITIES						
Share capital	18,280	18,210	18,210	18,210	18,210	18,210
Reserves	268,724	263,752	221,594	272,975	272,213	271,282
Retained profits	593,183	622,050	693,797	773,390	859,343	952,216
Total shareholders' equity	869,191	899,011	928,600	1,059,574	1,144,765	1,236,707
Non-controlling interests	316,805	329,953	376,112	403,139	411,243	419,509
Total equity	1,185,996	1,228,964	1,304,712	1,462,713	1,556,008	1,656,215
Total liabilities & equity	11,009,940	11,583,417	12,957,827	14,550,319	16,319,635	19,497,031

PER SHARE DATA	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
DPS	2.40	2.48	2.61	2.72	2.83	2.97
EPS (Reported)	8.80	4.84	7.16	7.08	7.63	8.16
Consensus EPS	n.a	n.a	n.a	7.01	7.68	8.31
No. of shares basic	18,280	18,210	18,210	18,210	18,210	18,210
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Return on equity (ROE)	13.2%	9.7%	13.9%	12.5%	12.2%	12.0%
Combined ratio (%)	100.3%	100.7%	98.3%	97.0%	96.7%	96.4%
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/Embedded value (x)	0.7	0.7	0.7	0.6	0.6	0.5
P/B (x)	1.1	1.0	1.0	0.9	0.8	0.8
Dividend yield (%)	4.6	4.8	5.0	5.3	5.5	5.7

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets. | Note: stock price data was quoted by market close on Aug 27th, 2025 (Wed).

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