

Ping An (2318 HK)

3Q earnings beat; improving business quality with catalysts across-the-board worth to expect

Ping An reported upbeat 3Q25 results, with Group OPAT rising 7.2% YoY to RMB 116.3bn in 9M25, accelerating to a 15.2% YoY increase in 3Q25 and beating our estimate of RMB 114bn. This improvement was primarily driven by OPAT growth in P&C (9M/3Q25: +8.3%/+26.2% YoY), technology (9M/3Q25: +2.0x/+2.9x YoY), and the AM segment profit turnaround to RMB 2.7bn (9M24: a loss of RMB 2.3bn). Group net profit jumped 11.5% YoY to RMB133bn in 9M25, bolstered by a 45.4% YoY escalation in 3Q25, also exceeding our bottom-line forecast of RMB129bn. If excluding the one-off non-operating impact, Group NPAT growth would have been stronger to rise by 27%/82% YoY in 9M/3Q25. NBV expanded 46.2% YoY to RMB 35.7bn in 9M25, translating to a 58.3% YoY uptick in 3Q25, underpinned by robust growth in agency (+23%) and bancassurance (+171%) channels. P&C combined ratio improved by 0.8pct YoY to 97%, benefiting from lower catastrophic losses from a high base, yet sequentially rose on more frequent typhoon events in 3Q25. Considering improved investment income, easing drag from the AM segment, and strengthened intra-group synergies, we raise our FY25-27E EPS forecasts by 9%/4%/5% to RMB 8.0/8.3/9.2, and lift TP based on SOTP to HK\$75. Reiterate BUY.

■ **Key highlights:** **1) OPAT:** Group OPAT climbed 15.2% YoY to RMB38.5bn in 3Q25, marking a step-up from 2.4%/4.9% YoY in 1Q/2Q25. OPAT of the three core segments rose 2.6% YoY in 3Q25, of which L&H/P&C/PAB was +0.6%/+26.2%/-2.8% YoY. **2) NPAT:** Group NPAT jumped 45.4% YoY to RMB 64.8bn in 3Q25. If excluding the one-off impact of non-operating items (-RMB 9.3bn), NPAT would surge 82% YoY to RMB 68.6bn in 3Q25. **3) NAV:** rose 6.2% from year-start to RMB 986.4bn; and if added back the distributed dividends of RMB 46.8bn, the growth should further tick up to 11.3% from year-start (CMBI est). **4) L&H:** L&H OPAT remained resilient to RMB 78.8bn (68% mix), which edged up 1.9%/0.6% YoY in 9M/3Q25. NPAT surged 86% YoY to RMB 56.4bn in 3Q25, thanks to the rally in stock market and a rising yield, which boosted short-term investment variances to RMB26.1bn (9M24: 3.7bn). The number of life agents sequentially grew 4.1% to 354k. **5) AM drag steadily eased:** continued de-risking process in the AM segment bears fruit. The AM net loss reduced to RMB69mn in 3Q25 (vs. 3Q24: a loss of RMB3.6bn), supporting its 9M25 profit turnaround to RMB2.7bn (vs. 9M24: a loss of RMB2.3bn). **6) NBV:** 9M25 NBV rose 46.2% YoY to RMB 35.7bn, translating to a 58.3% YoY increase in 3Q25. Agency NBV expanded 23% YoY to RMB23.2bn in 9M25, implying 35% YoY increase in 3Q25 (CMBI est). Bancassurance NBV surged 171% YoY to RMB 9.4bn, with 3Q25 NBV soaring 175% YoY (CMBI est). **7) Life core solvency:** Ping An Life's core solvency ratio dropped 33pct QoQ to 134.5% in 3Q25, mainly due to the capital consumption for piling up the stock allocation. **8) P&C CoR:** improved 0.8pct YoY to 97%, yet sequentially lifted given rising typhoon events in 3Q25. We expect non-auto CoR to enjoy further headroom for improvements.

■ **Promising equity returns albeit a lower mix of TPL stock.** Total investment assets increased 11.9% from year-start to RMB 6.41tn in 9M25. Among which, non-standard debts fell 9% from year-start to RMB 334bn (5.2% mix), and real estate investments slid 1.2% QoQ to RMB 204bn (3.2% mix), showcasing the insurer's prudent credit risk management and improving asset quality. NIY/CIY recorded at 2.8%/5.4% (unannualized), down 0.3pct/up 1.0pct YoY. We think the stock market performance will continue to be one of the key earnings drivers in 4Q25E, and on top of the 65%/35% OCI/TPL stock allocation mix by 1H25, the mgmt. guided that the company would keep the A/L duration gap of ~2yrs to enhance long-term investment income. Compared to peers, Ping An's TPL stock allocation mix ranked lower at 35%, vs. China Life's 77%/NCL's 80% as of 1H25. That said, the mgmt. saw high-yield stocks as their long-term allocation strategy.

■ **Valuation/Catalysts.** The stock is trading at 0.6x FY25E P/EV and 0.9x P/B, with a 3yr forward ROE at >13% and 5.2% yield. Looking ahead into FY26E, we think catalysts involve 1) CSM release turning back to a positive trajectory, which we now factor in the timing in 2H26E; 2) P&C non-auto CoR to improve on the

BUY (Maintain)

Target Price	HK\$75.00
(Previous TP)	HK\$71.00)
Up/Downside	31.3%
Current Price	HK\$57.10

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Stock Data

Mkt Cap (HK\$ mn)	1,039,791.0
Avg 3 mths t/o (HK\$ mn)	2,331.0
52w High/Low (HK\$)	58.65/40.80
Total Issued Shares (mn)	18,210.0

Source: FactSet

Shareholding Structure

Charoen Pokphand Group	13.0%
UBS Group AG	9.6%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	7.6%	10.0%
3-mth	1.4%	-2.8%
6-mth	22.5%	3.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Auditor: Ernst & Young

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backdrop of recent non-auto regulatory actions; 3) continued de-risking process to alleviate drags from AM segment; and 4) fintech earnings recovery amid intra-Group synergies. Considering outperformed investment income, drags relieved from the AM segment, and strengthened intra-group synergies, we raise FY25-27E EPS forecasts by 9%/4%/5% to RMB 8.0/8.3/9.2. Reiterate BUY, with [TP lifted to HK\\$75 based on SOTP, implying 0.8x FY25E P/EV and 1.2x FY25E P/B.](#)

■ **Downside risks:** 1) a significant interest rate shock; 2) heightened equity market volatilities; 3) weaker-than-expected new business sales and transition to par; 4) a sharp decline in number of life sales agents; 5) slower-than-expected de-risking process in the AM segment, 6) unexpected credit risk exposure and claims, etc.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	85,665	126,607	141,127	146,154	161,201
EPS (Reported)(RMB)	4.84	7.16	8.03	8.31	9.17
Consensus EPS (RMB)	n.a	n.a	7.52	7.93	8.78
P/B (x)	1.1	1.0	0.9	0.8	0.7
P/Embedded value (x)	0.7	0.7	0.6	0.6	0.5
Dividend yield (%)	4.8	5.0	5.2	5.4	5.7
ROE (%)	9.7	13.9	14.1	13.0	13.0

Source: Company data, Bloomberg, CMBIGM estimates

Key forecast change

(RMB bn, %)	Current				Previous			Change (%, pct)		
	FY24E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
EPS	7.16	8.03	8.31	9.17	7.39	8.02	8.71	9%	4%	5%
Group NPAT	126.6	141.1	146.2	161.2	129.9	141.0	153.2	9%	4%	5%
NBV	28.5	38.4	41.1	44.0	35.6	38.3	41.0	8%	7%	7%
NBV margin (FYP basis)	26.0%	24.3%	24.7%	24.9%	23.7%	24.1%	24.3%	0.6	0.6	0.6
EV	1,423	1,548	1,686	1,846	1,534	1,662	1,809	1%	1%	2%
Net asset value	929	1,076	1,173	1,283	1,065	1,157	1,259	1%	1%	2%
ROE	13.9%	14.1%	13.0%	13.0%	13.0%	12.7%	12.7%	1.1	0.3	0.3

Source: Company CMBIGM estimates

Sum-of-the-part valuation

We derive our new TP of HK\$75 based on the SOTP method, with 1.3x FY25E P/EV for Ping An Life, 1.0x FY25E P/B for Ping An P&C, 0.6x P/B for Ping An Bank, and 1.0x book value of the AM segment. Our new target price implies 0.8x FY25E P/EV and 1.2x FY25E P/B, with an upside of 31% as of market close on Oct 30, 2025, which we think is reasonable.

(RMB bn, %)	Forward BV/EV	Group's Ownership	Valuation
Life insurance			
FY25E L&H Embedded value	920.5	99.51%	
Adjusted L&H Embedded value	656.7		
Operating RoEV (3yr forward)	15.3%		
Target P/EV (x)	1.28x		
Target valuation			836
P&C insurance			
FY25E shareholders' equity	150.7	99.55%	
P&C ROE (3yr forward)	12.2%		
Target P/B (x)	0.97x		
Underwriting cycle discount			
Target valuation			145
Banking			
FY25E shareholders' equity	279.1	57.96%	
PAB ROE (3yr forward)	8.2%		
Target P/B (x)	0.57x		
Target valuation			93
Securities, Trust, and other AMC			
FY25E shareholders' equity	295.2	100.00%	
Target P/B (x)	1.00x		
Target valuation			295
Sum-of-the-part valuation			1,369
Conglomerate discount			-10.0%
Target valuation (RMB bn)			1,232
Fair value_Financial business (HK\$)			74.0
Fair value_Tech business (HK\$)			1.0
Ping An Group_ price target (HK\$)			75.0
Implied P/B (x)			1.16x
Implied P/EV (x)			0.81x
Implied P/E (x)			8.54x

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	565,628	590,713	625,100
Insurance service expenses	(422,221)	(440,178)	(449,102)	(461,761)	(484,421)	(513,429)
Net expenses from reinsurance contracts held	(4,314)	(3,731)	(3,601)	(2,976)	(1,448)	(1,536)
Insurance service results	99,368	92,301	98,127	100,281	104,198	109,453
Net finance (expenses)/income from insurance contracts	(99,933)	(123,959)	(172,662)	(177,777)	(194,819)	(216,008)
Net finance (expenses)/income from reinsurance contracts	564	542	960	163	0	0
Interest income	115,933	118,503	123,627	156,295	173,552	196,638
Net investment income	(2,311)	33,324	161,074	122,142	135,628	153,669
Other gains/(losses) from changes in fair value	(13,300)	(9,940)	(19,814)	5,209	(1,817)	(3,307)
Net investment results	953	18,470	93,185	106,032	112,544	130,993
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	192,485	198,969	219,055
Income taxes	(7,518)	(10,843)	(23,762)	(23,833)	(29,477)	(32,452)
Net profit	139,269	115,572	163,433	168,653	169,491	186,603
Net profit attributable to shareholders	111,008	85,665	126,607	141,022	145,985	161,055

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	1,158,151	1,211,649	1,267,515
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	128,115	143,284	160,976
Reinsurance contract assets	20,615	22,215	26,084	30,016	34,127	38,648
Loans and advances to customers	3,242,258	3,320,110	3,294,053	3,502,463	3,723,869	4,207,972
Fixed maturity investments	4,729,856	4,976,779	5,912,846	6,590,252	7,412,630	8,375,243
Equity investments	1,073,763	1,130,853	1,328,664	1,499,630	1,719,297	1,978,910
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	833,119	1,235,986	2,605,810
Total assets	11,009,940	11,583,417	12,957,827	14,572,619	16,374,388	19,603,392
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	5,613,762	6,382,668	7,228,146
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	13,093,498	14,790,255	17,901,578
EQUITIES						
Share capital	18,280	18,210	18,210	18,210	18,210	18,210
Reserves	268,724	263,752	221,594	272,855	271,919	270,823
Retained profits	593,183	622,050	693,797	789,917	887,763	998,273
Total shareholders' equity	869,191	899,011	928,600	1,075,981	1,172,891	1,282,305
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	1,479,120	1,584,133	1,701,813
Total liabilities & equity	11,009,940	11,583,417	12,957,827	14,572,619	16,374,388	19,603,392

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	8.02	8.30	9.16
Consensus EPS	n.a	n.a	n.a	7.52	7.93	8.78
No. of shares basic (mn)	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%	14.1%	13.0%	13.0%
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	1.1	1.0	0.9	0.8	0.7
Dividend yield (%)	4.6	4.8	5.0	5.2	5.4	5.7

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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