

PICC P&C (2328 HK)

3Q25 review: dual strength in underwriting and investment income

PICC P&C delivered robust 3Q25 results with net profit reaching RMB15.8bn, up 91.5% YoY, inline with the range in [profit alert](#) of 57%-122% (CMBI est). The improvement was driven by both enhanced underwriting performance and robust investment income. In 3Q25, insurance service results surged 3.3x YoY to RMB 5.3bn, up 3.28x YoY, and net investment results amounted to RMB 16.6bn, rising 61% YoY. CoR improved 2.1pct YoY to 96.1%, with auto/non-auto CoR improved by 2.0pct/2.5pct YoY to 94.8%/98.0% respectively. Underwriting profit rose 130.7% YoY to RMB14.9bn in 9M25, reaching our full-year estimate (RMB 15bn), with 3Q UWP turning positive to RMB 1.85bn (vs. 3Q24: an UW loss of RMB 2.6bn). The improved UW profitability in auto and non-auto lines can be largely attributable to the insurer's stringent expense control, and we expect in both lines the drop in expense ratio to more than offset the increase in claims ratio. Total investment yield (unannualized) was 5.4% in 9M25, up by 0.8pct YoY. Considering stronger-than-expected investment results and improved expense management, we raise our FY25-27E EPS forecasts by 11%/6%/6% to RMB 1.86/1.94/2.17 (previous: RMB 1.68/1.83/2.04) and lift our TP based on P/B-ROE to HK\$23.6. Maintain BUY.

■ **Auto CoR improved by stringent cost control.** In 9M25, auto CoR fell 2.0pct YoY to 94.8%, with auto insurance revenue edging up 3.7% YoY to RMB 227.6bn. We estimate the auto CoR in 3Q to be 96.1%, slightly higher than the year-start target of <96%. Mgmt. mentioned in call that auto CoR improved as the drop of expense ratio (-2.7pct) more than offset the rise of claims ratio (+0.7pct). Auto underwriting profit grew 65% YoY to RMB 11.7bn in 9M25, translating into a 57% YoY uptick to RMB 3.0bn in 3Q25. Auto premiums grew 3.1% YoY to RMB 220bn, and mgmt. guided the segment's premium increase should largely align with the retail auto sales growth at ~3% over years. NEV CoR improved with robust UW profitability from household vehicles (1H25: 73.4% mix) and strengthened repricing on operating/commercial vehicles. **Given proactive expense ratio control and optimized UW structure, we adjust our estimates on auto CoR to 95.1% (prev. 95.8%), and trim auto premium growth to 3.2% (prev. 4%).**

■ **Non-auto UWP turned positive.** Non-auto CoR was 98%, down 2.5pct YoY in 9M25, thanks to reduced catastrophic losses on top of a high base and enhanced underwriting structure. The segment's UWP reached RMB 3.1bn in 9M25 (vs. a UW loss of RMB 676mn in 9M24). Non-auto premiums grew 3.7% YoY to RMB 43.8bn in the quarter, and premiums of A&H, agricultural, liability and commercial property lines rose 11.5%/1.3%/0.5%/3.4% YoY. The new regulation on non-auto expense ratio control from November 1 could be a catalyst for non-auto CoR improvement in 4Q25E/FY26E, and **we estimate the full-year non-auto CoR to be 99.0%/98.1% in FY25/26E, largely unchanged. (Fig.1).**

■ **Strong equity market rally strengthened TII.** In 9M25, total investment income amounted to RMB 35.9bn, rising 33% YoY. Total investment yield (unannualized) edged up 0.8pct YoY to 5.4%, which can be attributable to an increasing scale and share of the insurer's equity investment exposure. As of 1H25, the mix in TPL stocks/funds/OCI stocks was at 2.4%/4.6%/6.8% of total investment assets, with TPL equities (7.0%) relatively lower than most peers. Looking ahead, we believe the insurer has ample headroom to enhance its TPL stock allocation vs. equity funds and OCI stocks, steering the portfolio into a more balanced direction.

■ **Valuation: raise TP to HK\$23.6; maintain BUY.** The stock is trading at 1.35x FY25E P/B with 3yr forward ROE at 15% and a yield of >4%. Considering the improved UW structure and upbeat investment performance, we raise our FY25-27E EPS estimates by 11%/6%/6% to RMB 1.86/1.94/2.17 (vs. previous: RMB 1.68/1.83/2.04). Maintain BUY, we raise our TP to HK\$23.6 based on P/B-ROE, implying 1.7x FY25E P/B.

BUY (Maintain)

Target Price	HK\$23.60
(Previous TP)	HK\$21.60)
Up/Downside	26.3%
Current Price	HK\$18.69

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Stock Data

Mkt Cap (HK\$ mn)	415,703.0
Avg 3 mths t/o (HK\$ mn)	429.1
52w High/Low (HK\$)	19.37/11.56
Total Issued Shares (mn)	22,242.0

Source: FactSet

Shareholding Structure

JPMorgan Chase & Co	8.5%
The Capital Group	7.1%

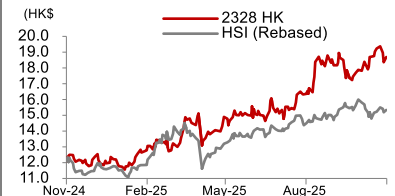
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	5.2%	9.1%
3-mth	15.2%	8.0%
6-mth	25.4%	7.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

Auditor: Deloitte

Related reports:

- [PICC P&C \(2328 HK\) - Robust 1H delivery of CoR; overseas expansion yields to a second growth trajectory](#), Sep 1, 2025
- [PICC P&C \(2328 HK\) - 1Q25 CoR outperformed](#), Apr 15, 2025
- [PICC P&C \(2328 HK\) - Optimized CoR guidance beat expectations](#), Apr 1, 2025
- [PICC P&C \(2328 HK\) - 3Q CoR miss dragged by non-auto claims](#), Oct 31 2024
- [PICC P&C \(2328 HK\) -CoR sequentially improved turning to positive 2Q net profit growth; first interim dividend in place](#), Aug 30, 2024
- [PICC P&C \(2328 HK\) - 1Q catastrophe induced claims fully released; FY24 CoR guidance sustained; exp. >40% payout](#), May7, 2024

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	24,566	32,161	41,307	43,118	48,155
EPS (Reported)(RMB)	1.11	1.45	1.86	1.94	2.17
Consensus EPS (RMB)	n.a	n.a	1.84	1.93	2.10
Combined ratio (%)	97.8	98.8	96.6	96.2	95.6
P/B (x)	1.6	1.5	1.4	1.3	1.2
Dividend yield (%)	2.9	3.2	4.3	4.5	5.1
ROE (%)	10.8	13.0	15.2	14.7	15.2

Source: Company data, Bloomberg, CMBIGM estimates

7. [PICC P&C \(2328 HK\) - Non-auto CoR better than expected; sustain 40%+ payout in next two years](#), Apr 2, 2024

8. [PICC P&C\(2328 HK\) - Expect FY23E CoR guidance met; underwriting of NEVs and individual A&H to drive new growth](#)
Feb 5, 2024

Downside risks: 1) full-year CoR deteriorates due to worse-than-expected catastrophic claims; 2) slower-than-expected auto and non-auto premium growth; 3) the new regulatory action on non-auto expense ratio control takes longer to materialize; 4) significant interest rate shock; and 5) heightened stock market volatilities, etc.

Key forecast changes

(RMB bn, %)	Current				Old			Change (pct)		
	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
EPS (RMB)	1.45	1.86	1.94	2.17	1.68	1.83	2.04	11%	6%	6%
ROE	13.0%	15.2%	14.7%	15.2%	13.8%	14.1%	14.6%	1.4	0.6	0.7
COR	98.8%	96.6%	96.2%	95.6%	97.0%	96.5%	95.9%	(0.4)	(0.3)	(0.3)
Auto COR	96.8%	95.1%	95.0%	94.9%	95.8%	95.5%	95.3%	(0.7)	(0.6)	(0.4)
Non-auto COR	101.9%	99.0%	98.1%	96.8%	99.0%	98.1%	96.8%	(0.0)	(0.0)	(0.1)
UWP	5.7	17.0	20.0	24.0	15.0	18.5	22.9	13%	8%	5%
Premiums	538.1	558.0	581.6	609.2	564.2	595.1	631.3	-1%	-2%	-4%
Auto	297.4	306.8	316.9	327.6	311.0	325.6	341.3	-1%	-3%	-4%
Non-auto	240.7	251.1	264.7	281.6	253.1	269.4	290.1	-1%	-2%	-3%

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Insurance revenue	424,355	457,203	485,223	501,808	522,645	549,006
Insurance service expenses	(395,965)	(431,991)	(465,392)	(471,956)	(489,870)	(512,339)
Net expenses from reinsurance contracts held	(5,993)	(6,142)	(5,451)	(4,829)	(4,781)	(4,733)
Insurance service results	22,397	19,070	14,380	25,023	27,995	31,934
Net finance (expenses)/income from insurance contracts	(9,333)	(10,127)	(9,901)	(9,231)	(9,166)	(9,073)
Net finance (expenses)/income from reinsurance contracts	1,301	1,246	1,234	1,163	1,151	1,140
Interest income	20,180	11,710	11,860	12,399	13,306	14,334
Net investment income	(3,706)	4,077	15,118	14,985	13,117	13,924
Credit impairment losses	(500)	(423)	911	19	0	0
Net investment results	7,942	6,483	19,222	19,334	18,407	20,324
Other income	1,064	195	254	184	194	203
Other expenses	(1,818)	(2,203)	(1,763)	(2,147)	(2,255)	(2,367)
Foreign exchange gains/losses	759	111	(8)	(105)	(107)	(109)
Other results	(1,000)	(3,048)	(2,710)	(3,151)	(3,284)	(3,422)
Profit before tax	34,021	28,035	38,015	48,822	50,962	56,915
Income taxes	(4,912)	(3,469)	(5,854)	(7,515)	(7,844)	(8,761)
Net profit	29,109	24,566	32,161	41,307	43,118	48,155
Net profit attributable to shareholders	29,164	24,585	32,173	41,322	43,137	48,177

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
ASSETS						
Investments in associates and joint ventures	58,085	62,601	67,129	74,876	82,998	92,352
Property	30,332	29,527	29,825	31,316	32,882	34,526
Investment property	7,440	7,576	7,234	8,325	9,229	10,269
Insurance contract assets	611	2,885	1,713	1,799	1,889	1,983
Reinsurance contract assets	36,827	38,891	40,506	42,531	44,658	46,891
Financial investments:	405,001	450,381	499,896	574,770	638,777	710,765
At amortized cost:	113,790	126,192	136,060	154,124	171,288	190,591
At fair value through other comprehensive income:	154,285	180,142	243,771	285,718	317,536	353,321
At fair value through profit or loss:	140,730	144,047	120,065	134,928	149,954	166,853
Loans and advances to customers	73,657	57,785	77,156	65,949	71,782	79,871
Deferred tax assets	12,083	10,139	8,392	8,812	9,252	9,715
Other assets	27,176	27,312	27,022	28,373	29,792	31,281
Cash and cash equivalents	21,250	16,526	19,370	16,697	18,174	20,222
Total assets	672,462	703,623	778,243	853,448	939,432	1,037,875
LIABILITIES						
Insurance contract liabilities	351,254	371,829	401,837	401,445	411,332	428,046
Investment contract liabilities	1,741	1,736	1,731	1,818	1,908	2,004
Obligations under repurchase agreements	41,690	40,037	39,642	40,435	41,244	42,068
Current tax liabilities	3,446	8	0	0	0	0
Bonds payable	8,097	8,365	20,433	21,455	22,527	23,654
Lease liabilities	1,484	1,316	1,301	1,366	1,434	1,506
Other liabilities	43,145	46,007	52,619	102,800	156,929	212,196
Liabilities in disposal group held for sale	450,857	469,319	517,622	569,363	635,425	709,529
EQUITIES						
Share capital	22,242	22,242	22,242	22,242	22,242	22,242
Reserves	196,471	209,178	235,682	156,069	159,227	162,450
Retained profits	79,782	78,496	82,057	103,008	119,578	140,456
Total shareholders' equity	218,713	231,420	257,924	281,318	301,047	325,149
Non-controlling interests	2,892	2,884	2,698	2,766	2,960	3,197
Total equity	221,605	234,304	260,622	284,085	304,008	328,346
Total liabilities & equity	672,462	703,623	778,244	853,448	939,432	1,037,875

PER SHARE DATA	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
DPS	0.48	0.49	0.54	0.74	0.78	0.87
EPS (Reported)	1.31	1.11	1.45	1.86	1.94	2.17
Consensus EPS	n.a	n.a	n.a	1.84	1.93	2.10
No. of shares basic	22,242	22,242	22,242	22,242	22,242	22,242
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Return on equity (ROE)	13.5%	10.8%	13.0%	15.2%	14.7%	15.2%
Combined ratio	96.6%	97.8%	98.8%	96.6%	96.2%	95.6%
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/B (x)	1.7	1.6	1.5	1.4	1.3	1.2
Dividend yield (%)	2.8	2.9	3.2	4.3	4.5	5.1

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

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