

Ping An (2318 HK)

Banca fuelling NBV growth in jumpstart sales; 4Q earnings could ease on growth stock corrections

We maintain Ping An as one of our sector top picks, and lift TP to HK\$90 based on SOTP, by 1) rolling forward to FY26E forecasts, and 2) fine-tuning net earnings and NBV growth in FY25-27E. On a like-for-like basis, we estimate 12% YoY growth of Group OPAT in FY25E to RMB136bn, which implies ~46% YoY increase in 4Q25 (vs. 3Q25: +15.2%). The 4Q acceleration could be driven by 1) robust L&H OPAT growth supported with improving operating variance and investment service result; 2) asset management on a YoY decline of impairment loss thanks to capital market recovery; and 3) P&C's robust underwriting profit. For Group NPAT, we forecast a 5.1% YoY increase in FY25E to RMB133bn. That said, non-operating items (i.e. NPAT-OPAT) could drop in 4Q due to 1) weaker equity market performances (i.e. CSI300/SHCOMP: -0.2%/ +2.2% in 4Q25, vs. 3Q: +18%/ +13%); 2) an uplifting bond yield to 1.85% as of year-end and flattened in 4Q25, which likely reduced bond fair value gains; and 3) revaluation losses on higher value of H-share convertible bonds. Looking ahead, we expect the insurer's NBV to book a double-digit increase against a high base in FY26E, with bancassurance outgrowing agency. Maintain BUY, with our new TP implying 0.9x FY26E P/EV and 1.24x FY26E P/B.

■ Banca NBV hiking in jumpstart sales; expect FY26E NBV to rise by 18%.

Ping An edged on its proprietary bancassurance channels through PAB historically, and expanded to ~19k non-PAB outlets by 3Q25. We think bancassurance can be a primary channel benefiting from the migration of households' deposits given their low risk appetite and demand for higher reinvestment yields. With total ~200k outlets in China, Ping An could fully leverage this channel by enhancing outlet penetration and sales productivity. Assuming 20%-30% of these outlets have high-net-worth clients, the insurer still has ample headroom for further outlet expansion in our view. We project FY25E/26E NBV growth to be 42%/18% YoY, boosted by robust FYP uptick and a stable margin. Jumpstart sales performance in bancassurance has been strong in 2026E based on our channel check, which laid a solid foundation for 1Q26E NBV growth on top of a low comparative base.

■ Weaker 4Q earnings by growth stock corrections; expect robust solvency.

The insurer increased exposure to growth stocks in 3Q25, amidst the broader sector trend to capture the rising momentum in A-share market. As of 1H25, the allocation to TPL/OCI stocks was at 35%/65% for Ping An, and we expect the TPL mix to further rise by year-end amid a shift to PAR products. By 1H25, Ping An's total equity exposure (incl. listed/non-standard equity investments and LTVs) amounted to 18.3% of total investment assets, which we believe could further grow in 2H25, given more proactive stock allocation amid supportive policies. In 4Q25, CSI A500/HSTECH indices were +2.7%/-14.7%, vs. 3Q25: +47%/+22%, suggesting a weaker 4Q25 investment contribution to net earnings. We fine-tuned our group NPAT forecast to RMB133bn in FY25E.

■ Lift our TP to HK\$90 from HK\$75. The stock is trading at 0.71x FY26E P/Group EV and 1.01x FY26E P/B. We derive our HK\$90 price target using an SOTP valuation approach, including 1) 1.32x P/Life EV for Ping An Life; 2) 0.94x P/B for Ping An P&C; 3) 0.6x P/B for PAB; 4) 1.0x P/B for AM and other operations; 5) HK\$0.8 per share for online businesses based on respective P/B-ROE; and 6) 15% conglomerate discount. Our new TP implies 0.9x FY26E P/EV and 1.24x FY26E P/B. We like Ping An as a sector pioneer in life insurance reform with its L&H CSM balance heading towards the right track. Maintain BUY.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	115,572	163,433	162,483	164,768	175,702
EPS (Reported)(RMB)	4.84	7.16	7.52	7.93	8.50
Consensus EPS (RMB)	n.a	n.a	8.25	8.70	9.27
P/B (x)	1.2	1.2	1.0	0.9	0.9
P/Embedded value (x)	0.8	0.8	0.7	0.7	0.6
Dividend yield (%)	4.2	4.4	4.6	4.9	5.2
ROE (%)	9.7	13.9	13.3	12.4	12.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$90.00
(Previous TP)	HK\$75.00)
Up/Downside	34.5%
Current Price	HK\$66.90

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Stock Data

Mkt Cap (HK\$ mn)	1,218,249.0
Avg 3 mths t/o (HK\$ mn)	2,605.6
52w High/Low (HK\$)	72.00/40.80
Total Issued Shares (mn)	18210.0

Source: FactSet

Shareholding Structure

Charoen Pokphand Group	13.0%
Company Ltd	
UBS Group AG	8.6%

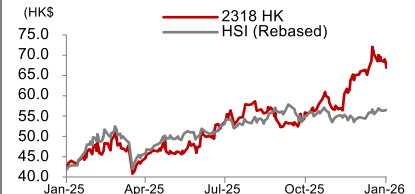
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	2.5%	-0.7%
3-mth	20.5%	16.7%
6-mth	25.0%	18.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

Auditor: Ernst & Young

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- **Downside risks:** 1) regulatory tightening on life insurance or financial conglomerates; 2) heightened equity market volatilities; 3) prolonged low-interest rate environment; 4) intensified pricing competition in P&C industry; and 5) asset quality deterioration, etc.

Key forecasts and YoY change

(RMB bn, %)	Current				YoY Change		
	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
EPS (RMB)	7.16	7.52	7.93	8.50	5.1%	5.4%	7.2%
Group NPAT	126.6	133.0	140.3	150.3	5.1%	5.4%	7.2%
Operating EPS (RMB)	6.89	7.68	7.85	8.46	11.5%	2.2%	7.8%
Group OPAT	121.9	135.9	138.8	149.6	11.5%	2.2%	7.8%
NBV	28.5	40.4	47.6	56.2	41.7%	17.7%	18.0%
FYP	154.0	166.8	187.4	211.4	8.3%	12.3%	12.8%
NBV margin (FYP basis)	18.5%	24.2%	25.4%	26.6%	5.7pct	1.2pct	1.2pct
EV	1,423	1,528	1,653	1,798	7.4%	8.1%	8.8%
Net asset value	923	1,079	1,179	1,279	16.2%	9.3%	8.5%
DPS (RMB)	2.61	2.76	2.90	3.08	5.9%	5.1%	6.0%
Dividend payout	36.5%	36.7%	36.6%	36.2%	0.3pct	-0.1pct	-0.3pct
ROE (%)	13.9%	13.3%	12.4%	12.0%	-0.6pct	-0.8pct	-0.4pct
Operating RoEV (%)	7.5%	8.2%	8.4%	8.6%	0.7pct	0.2pct	0.2pct

Source: Company data, CMBIGM estimates

Valuation by Sum-of-the-Part (SOTP)

(RMB bn, %)	Forward BV/EV	Ownership	Valuation
Life insurance			
FY26E L&H Embedded value	998.6	99.51%	
Adjusted L&H Embedded value	870.4		
Operating RoEV (Avg. 3yr forward)	15.6%		
Target P/EV (x)	1.32x		
Fair value			1,140
P&C insurance			
FY26E shareholders' equity	163.8	99.55%	
P&C ROE (Avg. 3yr forward)	11.9%		
Target P/B (x)	0.94x		
Fair value			153
Banking			
FY26E shareholders' equity	294.4	57.96%	
PAB ROE	8.4%		
Target P/B (x)	0.59x		
Fair value			101
Securities, Trust, and Others AMC			
FY26E shareholders' equity	318.2	100.00%	
Target P/B (x)	1.00x		
Fair value			318
Consolidated fair value			1,712
<i>Conglomerate discount</i>			-15.0%
Fair value of the Group's Financial business (RMB bn)			1,455
Price target for the Group's Financial business (HK\$)			89.2
Price target for the Group's Technology business (HK\$)			0.80
Price target for Ping An Group (HK\$)			90.0
Implied P/B (x)			1.24x
Implied P/EV (x)			0.88x
Implied P/E (x)			10.13x
Cost of equity (%)	12.5%		
Terminal growth (g)	2.5%		
No. of shares outstanding (mn)	18,210		
USD/HKD (21/1/2026)	7.79		
CNY/HKD (21/1/2026)	1.12		
Prev. target price	75.0		
Price target chg. (%)	20.0%		

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	568,127	591,265	622,633
Insurance service expenses	(422,221)	(440,178)	(449,102)	(463,920)	(484,892)	(511,521)
Net expenses from reinsurance contracts held	(4,314)	(3,731)	(3,601)	(4,290)	(4,489)	(4,744)
Insurance service results	99,368	92,301	98,127	99,443	101,524	105,989
Net finance (expenses)/income from insurance contracts	(99,933)	(123,959)	(172,662)	(170,259)	(190,223)	(213,020)
Net finance (expenses)/income from reinsurance contracts	564	542	960	657	696	745
Interest income	115,933	118,503	123,627	160,095	178,371	200,112
Net investment income	(2,311)	33,324	161,074	125,111	139,394	156,384
Other gains/(losses) from changes in fair value	(13,300)	(9,940)	(19,814)	(19,806)	(23,363)	(27,161)
Net investment results	953	18,470	93,185	95,798	104,875	117,059
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)	(21,702)	(23,615)	(25,996)
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)	(7,962)	(7,984)	(7,927)
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	942	92	92
Other results	36,301	14,210	(638)	(10,596)	(15,253)	(19,453)
Profit before tax	146,787	126,415	187,195	181,217	187,945	200,473
Income taxes	(7,518)	(10,843)	(23,762)	(18,734)	(23,177)	(24,771)
Net profit	139,269	115,572	163,433	162,483	164,768	175,702
Net profit attributable to shareholders	111,008	85,665	126,607	133,050	140,264	150,344

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	29,751	33,670	37,995
Loans and advances to customers	3,242,258	3,320,110	3,294,053	3,406,142	3,575,724	3,761,255
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	882,837	1,145,682	1,456,336
Total assets	11,009,940	11,583,417	12,957,827	14,525,750	16,135,481	18,006,547
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	5,564,146	6,297,069	7,105,955
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	73,149	161,698
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	13,043,882	14,545,334	16,307,942
EQUITIES						
Share capital	18,280	18,210	18,210	18,210	18,210	18,210
Reserves	268,724	263,752	221,594	283,575	292,313	293,864
Retained profits	593,183	622,050	693,797	781,945	873,383	972,024
Total shareholders' equity	869,191	899,011	928,600	1,078,729	1,178,905	1,279,097
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	1,481,869	1,590,148	1,698,605
Total liabilities & equity	11,009,940	11,583,417	12,957,827	14,525,750	16,135,481	18,006,547

PER SHARE DATA	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
DPS	2.40	2.48	2.61	2.76	2.90	3.08
EPS (Reported)	8.80	4.84	7.16	7.52	7.93	8.50
Consensus EPS	n.a	n.a	n.a	8.25	8.70	9.27
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%	13.3%	12.4%	12.0%
Return on life embedded value (RoEV)	7.3%	7.7%	7.5%	8.2%	8.4%	8.6%
VNB margin (FYP basis)	24.2%	23.7%	26.0%	24.2%	25.4%	26.6%
Combined ratio (%)	100.3%	100.7%	98.3%	97.0%	96.6%	96.3%
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/Group EV(x)	0.8	0.8	0.8	0.7	0.7	0.6
P/B (x)	1.3	1.2	1.2	1.0	0.9	0.9
Dividend yield (%)	4.0	4.2	4.4	4.6	4.9	5.2
Dividend payout (%)	27.2	51.4	36.5	36.7	36.6	36.2

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets. | Note: stock price data quoted by market close on Jan 22, 2026 (Thu).

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