

Ping An (2318 HK/601318 CH)

1Q OPAT a slight beat; positive outlook for full-year NBV and life OPAT acceleration

Ping An posted solid 1Q results, with Group OPAT up 7.6% YoY to RMB40.8bn, outpacing our estimate of RMB39.2bn ([link](#)). This increase can be attributed to 1) a resilient L&H OPAT uptrend (+4.6% vs CMBI est: +4.5%); 2) PAB profit turnaround (+3.0%); and 3) a notable surge in AM profitability (+193.3%). Group NPAT fell 7.4% YoY to RMB25bn, slightly better than our estimate of RMB24.3bn, due to heightened market headwinds in 1Q26. Group net asset value (NAV) grew 1.8% from year-start to RMB1.02tn, in line with our forecast. Life NBV grew 20.8% YoY to RMB15.6bn (vs. CMBI est: RMB15.4bn), primarily driven by new business sales (+45.5% YoY) partially offset by a softening margin (-4.8pct YoY). P&C UW performance was a beat, with COR down 0.8pct YoY to 95.8% and non-auto premium rising 19.5% YoY, which exceeded the industry average growth of 5.3% YoY in 1Q26. **Mgmt. mentioned in the call that achieving double-digit NBV growth in 2026E is a baseline target, and we are positive on a high-teens NBV uptick and life OPAT acceleration in 2026E as CSM approaches an inflection point.** Maintain BUY, with our SOTP-based H/A-share TP at HK\$86/RMB75, implying 0.83x FY26E P/EV.

■ **1Q OPAT a slight beat, driven by L&H/PAB/AM.** Group OPAT growth in 1Q26 was mainly driven by increases in Life & Health (+4.6%), Ping An Bank (+3.0%) and AM (+193.3%). L&H OPAT growth was broadly in line with our forecast, with new business CSM likely to achieve a promising rise amid stable interest rates. The banking business returned to positive growth, driven by 1) a stabilized NIM (1Q26: 1.79% vs FY25: 1.78%), and 2) non-interest income growth from wealth management and bond investments. AM OPAT amounted to RMB3.2bn in 1Q26, nearly tripling from 1Q25, thanks to upside from brokerage and asset management businesses amid heightened equity volatility, which bolstered trading activity. **We maintain our view that continued easing of the AM drag and expected Life OPAT acceleration should drive the Group's valuation re-rating over time.**

■ **L&H OPAT in-line; NBV rose on higher new business sales.** Life NBV grew 20.8% YoY to RMB15.6bn, driven by strong new policy sales (+45.5%) partially offset by a 4.8pct YoY decline in margin to 23.5%. Mgmt. noted that this margin contraction was not due to product or channel skewness, but rather the fact that the comparable 1Q25 figures were not adjusted for changes in actuarial assumptions. Overall, NBV margin stood stable vs. the year-start level of 23.4%. Bancassurance was the leading channel for NBV growth, with its contribution (together with community finance) rising 6.8pct YoY to 31% in 1Q26. Agent headcount declined 5.4% from year-start to 0.33mn, partly due to seasonality. We expect NBV to reach high-teens YoY growth in 2026E led by new biz sales.

■ **P&C underwriting beat; OPAT weighed by investment.** P&C COR improved 0.8pct YoY to 95.8% in 1Q26, better than our estimate of 96.1%, due to lower NAT CAT claims and continued expense rate controls across non-auto insurance lines. Total premium rose 6.8% YoY to RMB91bn, with auto insurance down 0.6% YoY to RMB53bn and non-auto up 19.5% YoY to RMB38bn in 1Q26. Per mgmt., non-auto premium growth was mainly driven by health insurance. UW profit grew 28.4% YoY to RMB3.5bn, but this was partially offset by a decline in investment returns, resulting in a 13.4% YoY decrease in P&C OPAT in 1Q26.

■ **Maintain BUY with TP of HK\$86/RMB75.** The stock is trading at 0.6x FY26E P/EV and 0.8x FY26E P/B. We are positive on the prospect of Ping An's core business improvement, including 1) Life OPAT acceleration in 2026E as CSM approaches the inflection; 2) PAB profit enhancement; and 3) ongoing progress on AM de-risking. Maintain BUY with our SOTP-based TP at HK\$86 (H-share, unchanged) and RMB75 (A-share, added), implying 0.83x FY26E P/EV and 1.2x FY26E P/B.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS (Reported)(RMB)	7.16	7.68	8.20	8.72	9.44
Consensus EPS (RMB)	n.a	n.a	8.03	8.53	8.94
P/B (x)	1.0	1.0	0.8	0.8	0.7
P/Embedded value (x)	0.7	0.6	0.6	0.6	0.5
Dividend yield (%)	4.9	5.3	5.5	5.8	6.2

Source: Company data, Bloomberg, CMBIGM estimates

	2318 HK	601318 CH
	BUY	BUY
	Maintain	Maintain
TP	HK\$86.0	RMB75.0
Prior TP	HK\$86.0	RMB75.0
Up/Downsid	43.2%	30.1%
Current Pric	HK\$60.1	RMB57.6

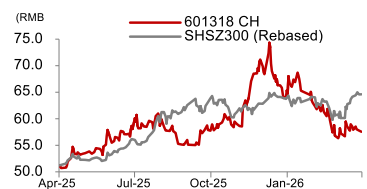
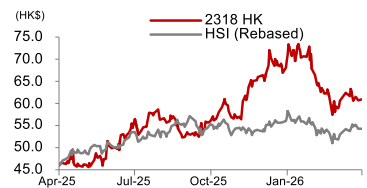
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12-mth Price Performance



Source: FactSet

Share performance

	2318.HK		601318.CH	
	Abs.	Rel.	Abs.	Rel.
1-mth	1.3%	-1.6%	1.2%	-4.4%
3-mth	-15.4%	-8.3%	-11.0%	-16.3%
6-mth	6.9%	9.7%	-0.2%	5.2%

Source: Factset

Stock data

(LC)	2318.HK	601318.CH
Mkt Cap (bn)	1,087.4	1,043.6
Avg. 3mths t/o (mn)	2,553.40	4,752.95
52w High	73.45	74.32
52w Low	45.60	50.71
Issued Shares (mn)	18,108	18,108

Auditor: Ernst & Young

Related reports:

- 1Q26 preview: Expect resilient OPAT, NPAT to slide on equity swings; solid NBV uptrend, Apr 22, 2026
- Group OPAT back to double-digit rise; expect CSM to return to positive growth in 2026E, Mar 30, 2026
- Banca fuelling NBV growth in jumpstart sales; 4Q earnings could ease on growth stock corrections, 23 Jan 2026
- China Insurance - Easing solvency risk factors to steer insurance funds into long-term stockholdings, 8 Dec 2025
- 3Q earnings beat; improving business quality with catalysts across-the-board worth to expect, 31 Oct, 2025
- 1H25 a mixed bag: NBV beat while OPAT in line, Aug 28, 2025

- **Stable NIY; CIY recorded a larger decline.** In 1Q26, NIY was broadly stable at 0.8% (unannualized) vs. 0.9% in 1Q25, boding well for a stabilized trend in market interest rate. CIY posted a larger decline of 1.1pct YoY to 0.2% (unannualized), mainly due to heightened equity market headwinds in 1Q. Total investment assets remained stable at ~RMB6.55tn, up 0.9% from year-start.
- **Catalysts:** 1) Life CSM release and balance growth inflection in 2026E; 2) continued AM OPAT outperformance led by faster-than-expected de-risking progress; 3) accelerating OPAT payout ratio growth; 4) significant rallies in equity markets; 5) new protection-typed product rollouts, i.e. participating critical illness.
- **Key risks:** 1) regulatory tightening on life insurance and financial conglomerates; 2) heightened equity market volatility; 3) prolonged low-interest rate environment; 4) intensified pricing competition in P&C industry; 5) asset quality deterioration; and 6) a significant decline in Group capital level weighing on DPS growth, etc.
- **Ping An-H (2318 HK):** We derive our price target of HK\$86 for Ping An-H (2318 HK) based on SOTP, assuming a 12.5% cost of capital and 2.5% terminal growth rate. Our valuation includes 1) 1.3x Life EV, based on ~13% average ROEV in FY26-28E; 2) 0.9x book value (BV) for Ping An P&C; 3) 0.6x BV for PAB; 4) 1.0x BV for AM and other segments; 5) HK\$0.8 per share for finance enablement businesses based on P/B-ROE; and 6) a 15% Group conglomerate discount. Our TP implies 0.83x FY26E P/EV and 1.2x FY26E P/B, vs. currently trading at 0.6x FY26E P/EV and 0.8x FY26E P/B.
- **Ping An-A (601318 HK):** We derive our price target of RMB75 for Ping An-A (601318 CH) based on SOTP and by applying a CNY/HKD exchange rate of 1.09 and an H/A discount of 7% referring to an average of year-to-date trading. Our TP implies 0.83x FY26E P/EV and 1.2x FY26E P/B, vs. currently trading at 0.6x FY26E P/EV and 0.9x FY26E P/B.
- **Investment thesis:** Ping An is in the advanced phase of de-risking its property exposure, and with consecutive provisions being made for the AM segment, we expect the AM drag to ease further, which could drive the Group's valuation re-rating over time. As of FY25, the operating loss from AM segment narrowed significantly to RMB3.8bn from RMB11.9bn in the prior year. We believe continued improvement in its core business performance should support a share price re-rating, alongside mgmt.'s focus on shareholder returns and an enhanced balance sheet. We like Ping An for its resilient growth recovery driven by 1) Life OPAT growth acceleration in 2026E, as CSM release approaches an inflection point; 2) continued progress on AM de-risking; and 3) an advanced deployment in technology and the buildout of a healthcare and elderly care ecosystem. We see Ping An as a pioneer in life insurance reform, and expect intra-Group cooperation to further drive synergies and operational efficiency.
- **Company description:** Founded in 1988, Ping An is a leading financial conglomerate with businesses spanning life and P&C insurance, pension, banking, brokerage, trust, and other financial services. The company pursues a technology-empowered growth strategy across core financial businesses of insurance, banking, brokerage, and asset management. As of FY25, Ping An ranked as the second-largest Life and P&C insurers in China by written premiums. The banking business segment is operated by its subsidiary Ping An Bank (000001 CH, 58% Group stake), which has a focus on retail and SME businesses. Ping An Healthcare and Technology (1833 HK, 53% Group stake) was listed in May 2018 as China's first listed internet-health company.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Insurance revenue	536,440	551,186	559,502	570,712	594,017	626,469
Insurance service expenses	(440,178)	(449,102)	(453,268)	(463,856)	(483,459)	(510,215)
Net expenses from reinsurance contracts held	(3,731)	(3,601)	(5,066)	(5,286)	(5,518)	(5,824)
Insurance service results	92,301	98,127	100,970	101,791	105,271	110,674
Net finance (expenses)/income from insurance contracts	(123,959)	(172,662)	(179,978)	(202,519)	(227,180)	(255,861)
Net finance (expenses)/income from reinsurance contracts	542	960	336	339	359	384
Interest income	118,503	123,627	135,798	151,689	168,444	187,650
Net investment income	33,324	161,074	154,544	163,491	181,256	201,740
Other gains/(losses) from changes in fair value	(9,940)	(19,814)	(13,795)	(12,435)	(13,784)	(13,928)
Net investment results	18,470	93,185	96,905	100,566	109,095	119,986
Net interest income from banking operations	118,947	93,913	88,662	86,134	83,663	80,997
Net interest income/(expenses) from non-banking operations	(24,346)	(19,405)	(20,533)	(20,397)	(21,191)	(22,924)
Loan loss provisions	(62,833)	(56,245)	(54,738)	(53,326)	(52,247)	(50,887)
Other fee and commission income/(expenses)	(8,773)	(7,841)	(9,779)	(9,610)	(9,518)	(9,429)
Other income	68,804	65,191	73,345	80,126	88,429	98,548
Other expenses	(129,813)	(139,117)	(137,291)	(145,142)	(153,609)	(164,106)
Foreign exchange gains/losses	120	380	618	618	618	618
Other results	7,912	(17,338)	(7,481)	(8,178)	(9,188)	(11,204)
Profit before tax	120,117	170,495	185,590	189,344	200,226	214,306
Income taxes	(10,843)	(23,762)	(27,289)	(27,216)	(28,543)	(29,737)
Net profit	109,274	146,733	158,301	162,128	171,683	184,569
Net profit attributable to shareholders	85,665	126,607	134,778	144,001	153,056	165,744

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
ASSETS						
Cash and amount due from banks and other financial institutions	804,077	1,018,027	1,189,867	1,268,310	1,355,602	1,402,775
Balances with central bank and statutory deposits	329,531	344,608	334,290	338,552	342,868	345,047
Intangible assets	99,078	97,263	83,478	59,290	42,110	35,489
Investments in associates and joint ventures	258,877	185,514	141,251	144,090	146,986	148,456
Property	50,401	48,603	46,934	47,032	47,131	47,180
Investment property	121,406	119,158	128,259	141,158	155,926	164,094
Reinsurance contract assets	22,215	26,084	25,515	28,689	31,552	33,079
Loans and advances to customers	3,320,110	3,294,053	3,320,386	3,378,649	3,459,909	3,525,498
Fixed maturity investments	4,976,779	5,912,846	6,074,144	6,705,605	7,429,889	7,831,064
Equity investments	1,130,853	1,328,664	1,928,348	2,142,865	2,389,790	2,526,941
Derivative financial assets	44,978	68,698	30,002	33,077	36,468	38,291
Deferred tax assets	101,337	122,012	114,640	90,270	71,081	63,075
Other assets	323,775	392,297	481,357	2,125,429	1,700,069	1,535,590
Total assets	11,583,417	12,957,827	13,898,471	16,503,016	17,209,380	17,696,579
LIABILITIES						
Due to banks and other financial institutes	963,718	838,183	1,104,609	972,826	1,021,468	1,133,064
Customer deposits and payables to brokerage customers	3,534,539	3,710,167	3,809,246	6,044,885	6,166,387	6,228,051
Insurance contract liabilities	4,159,801	4,984,795	5,360,910	5,903,488	6,492,648	6,806,826
Obligations under repurchase agreements	241,803	462,292	643,547	521,273	422,231	342,007
Derivative financial instruments	44,531	74,937	46,862	47,804	48,765	49,252
Deferred tax liabilities	14,148	13,977	6,647	3,739	2,103	1,577
Current tax liabilities	7,117	14,970	11,095	7,101	4,545	3,636
Other liabilities	1,388,743	1,553,225	1,499,030	1,410,437	1,327,080	1,325,269
Total liabilities	10,354,453	11,653,115	12,482,483	14,911,554	15,485,227	15,889,683
EQUITIES						
Share capital	18,210	18,210	18,108	18,108	18,108	18,108
Reserves	263,752	221,594	215,070	260,348	253,733	249,945
Retained profits	622,050	693,797	767,241	862,540	964,020	1,030,463
Total shareholders' equity	899,011	928,600	1,000,419	1,140,997	1,235,861	1,298,516
Non-controlling interests	329,953	376,112	415,569	450,465	488,292	508,381
Total equity	1,228,964	1,304,712	1,415,988	1,591,462	1,724,153	1,806,896
Total liabilities & equity	11,583,417	12,957,827	13,898,471	16,503,016	17,209,380	17,696,579

PER SHARE DATA	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
DPS (RMB)	2.48	2.61	2.78	2.92	3.09	3.28
EPS (Reported, RMB)	4.84	7.16	7.68	8.20	8.72	9.44
Consensus EPS (RMB)	n.a	n.a	n.a	8.03	8.53	8.94
No. of shares basic (mn)	18,210	18,210	18,108	18,108	18,108	18,108
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Return on equity (ROE)	9.7%	13.9%	14.0%	13.4%	12.0%	13.0%
Operating ROEV	7.7%	7.5%	7.4%	6.9%	7.2%	7.5%
VNB margin (FYP basis)	23.7%	18.5%	23.4%	24.4%	25.4%	26.5%
Combined ratio (%)	100.7%	98.3%	96.8%	96.8%	96.7%	96.6%
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/Embedded value (x)	0.7	0.7	0.6	0.6	0.6	0.5
P/B (x)	1.1	1.0	1.0	0.8	0.8	0.7
Dividend yield (%)	4.7	4.9	5.3	5.5	5.8	6.2
Dividend payout (%)	51.4	36.5	36.3	35.6	35.5	34.8

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

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