22 Jul 2026

CMB International Global Markets | Equity Research | Company Update

Ping An (2318 HK/601318 CH)

1H26 preview: 2Q OPAT strength persists while NBV takes a breather

Ping An is set to release its 1H26 results on Aug 20 (Thu) post-market. We estimate Group OPAT at RMB83.3bn (+7.2% YoY), implying a robust 2Q26 increase of 6.8%, (vs. +7.6% in 1Q26). We expect Group NPAT to reach RMB83.8bn (+23% YoY), slightly above OPAT, reflecting positive short-term investment variances from the 2Q equity market rally (i.e. CSI300: +12% in 2Q26 vs. -4% in 1Q26/+1% in 2Q25) and revaluation gains on the conversion value of the outstanding convertible bonds.

Key drivers for this solid 1H26 performance include 1) L&H OPAT expected to grow ~3% YoY (*CMBI est*) benefiting from a more stable interest rate environment in 2Q26 (i.e. 10YR government bond yield down 5.7bps, vs. -17bps in 2Q25), which should aid new business contractual service margin (NB CSM) growth. This is partially offset by a near-term deceleration in CSM release, as in-force book mix shifts toward savings products; 2) P&C underwriting to improve on disciplined expense controls, and we project 1H26 COR to edge down to 95.1% (vs. 95.2% in 1H25); 3) PAB to deliver quality growth in line with its year-start guidance; 4) Asset management profit momentum likely sustained thanks to improving sentiment and trading activities. **We remain positive on the Group's core earnings trajectory, and reiterate our view on L&H CSM growth inflection by FY26E.** Maintain BUY, with TP at HK$86/RMB75 (unchanged) based on SOTP implying 0.83x FY26E P/EV.

- **L&H core metrics back on track.** We estimate 2Q26 Group OPAT at RMB42.5bn (+6.8% YoY) driven by cross-segment growth. L&H OPAT is likely to sustain its uptrend as CSM release gradually returns to a growth trajectory. We estimate the Group's NB CSM to rise by mid-teens YoY in 1H26 against a more stabilized interest rate backdrop, though partially offset by a lower CSM release rate due to in-force product mix shift toward savings-type policies. **We maintain our view that L&H CSM growth inflection will reach by FY26E..**

- **2Q NBV may moderate on stringent regulations and margin recalibration.** We forecast 1H26 NBV at RMB25bn (+12% YoY), implying a flattish 2Q26. This moderation reflects 1) stringent regulatory oversight on bancassurance expenses extending from commissions to the full fee structure (i.e. Circular 65 in Mar 2026); 2) a high base effect following the actuarial assumption changes as of end-FY25, which left NBV margin in 1H25 unadjusted. Looking into 2H26E, we think the high base impact on new policy sales could be more evident in 3Q26, while the NBV margin drag should gradually normalize toward year-end.

- **Higher OCI allocation lowers bottom-line upside from equity rally.** Unlike major peers, Ping An captured less NPAT upside from the 2Q equity market rally (i.e. CSI 300 +12%) largely due to its higher allocation of stocks and equity funds to FVOCI relative to FVTPL. As of FY25, Ping An's FVOCI stock exposure was at 43.6% (vs. listed peers at 10%-31%). We forecast net asset value at RMB1.12tn by 1H26, supported by 1) robust retained profit growth from net earnings, and 2) a modest positive impact from higher FVOCI reserves (lower spot yields) partially offset by an increase in insurance finance reserves amid the downward trending 20-day avg. bond yield.

- **Valuation:** Ping An-H is trading at 0.52x FY26E P/EV and 0.75x FY26E P/B, with a yield of 6% and an average three-year forward operating ROE >13%. We are constructive on the prospect of Ping An's core business improvements, including 1) accelerating Life OPAT growth in FY26E driven by CSM release and balance approaching to inflection; 2) PAB profit enhancement; and 3) ongoing de-risking of the AM segment. Maintain BUY, with our TP at HK$86/RMB75 (unchanged) for H/A share, which implies 0.83x FY26E P/EV and 1.2x FY26E P/B.

	2318 HK	601318 CH
	BUY	BUY
	Maintain	Maintain
TP	HK$86.00	RMB75.00
Prior TP	HK$86.00	RMB75.00
Up/Downside	52.9%	41.8%
Current Price	HK$56.3	RMB52.9

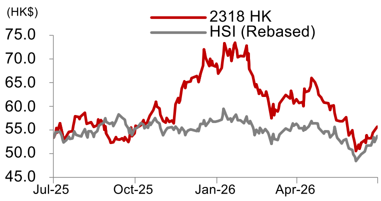
China Insurance

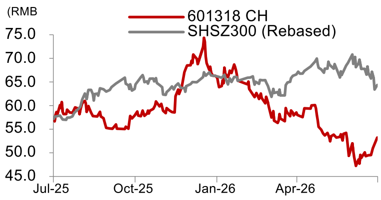
Nika MA

(852) 3900 0805

nikama@cmbi.com.hk

12-mth Price Performance





Source: FactSet

Stock Performance

	2318 HK		601318 CH	
	Abs.	Rel.	Abs.	Rel.
1-mth	3.4%	-1.6%	7.8%	12.9%
3-mth	-9.4%	-5.0%	-9.1%	-4.9%
6-mth	-19.3%	-15.0%	-20.1%	-15.9%

Source: FactSet

Stock data

(LC)	2318.HK	601318.CH
Mkt Cap (bn)	1,008.6	963.9
Avg. 3mths t/o (mn	2,105.48	4,989.10
52w High	73.45	74.32
52w Low	50.55	47.23
Issued Shares (mn	18,108	18,108

Related reports:

1. 1Q OPAT a slight beat; positive outlook for full-year NBV and life OPAT acceleration, Apr 29, 2026
2. 1Q26 preview: Expect resilient OPAT, NPAT to slide on equity swings; solid NBV uptrend, Apr 22, 2026
3. Group OPAT back to double-digit rise; expect CSM to return to positive growth in 2026E, Mar 30,2026
4. Banca fuelling NBV growth in jumpstart sales; 4Q earnings could ease on growth stock corrections, 23 Jan 2026
5. China Insurance - Easing solvency risk factors to steer insurance funds into long-term stockholdings, 8 Dec 2025
6. 3Q earnings beat; improving business quality with catalysts across-the-board worth to expect, 31 Oct, 2025

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Net profit (RMB mn)	126,607	134,778	148,129	163,434	180,303
EPS, diluted (RMB)	6.99	7.44	8.18	9.03	9.96
Consensus EPS (RMB)	n.a	n.a	8.21	8.99	9.79
P/B (x)	0.9	0.9	0.8	0.7	0.7
P/Embedded value (x)	0.6	0.6	0.5	0.5	0.5
Dividend yield (%)	5.3	5.6	6.0	6.3	6.7
ROE (%)	13.9	14.0	13.8	14.0	14.0

Source: Company data, Bloomberg, CMBIGM estimates

- **Catalysts:** 1) faster-than-expected L&H CSM balance growth turnaround within 2026E; 2) continued AM OPAT outperformance led by the de-risking progress; 3) accelerating OPAT payout ratio growth; 4) significant rallies in equity markets; 5) new protection-type product rollouts, i.e. participating critical illness, etc.

- **Key risks:** 1) regulatory tightening on life insurance and financial conglomerates; 2) heightened equity market volatility; 3) a 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 0.52x FY26E P/EV and 0.75x FY26E P/B.

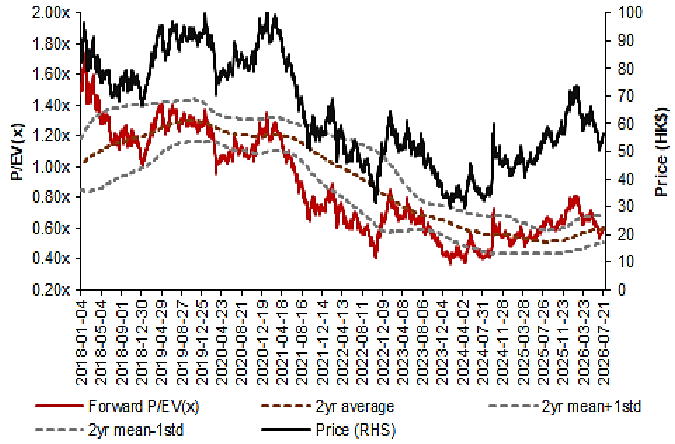
- **Ping An-A (601318 CH):** We derive our price target of RMB75 for Ping An-A (601318 CH) based on SOTP and by applying a CNY/HKD exchange rate of 1.09 and an H/A discount of 7%, referring to an average of year-to-date trading. Our TP implies 0.83x FY26E P/EV and 1.2x FY26E P/B.

- **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 rerating 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 total 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.

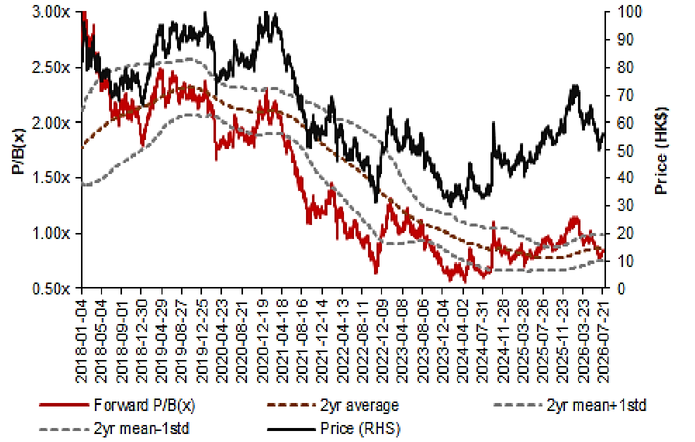
Focus Charts

Figure 1: Ping An's P/EV(x) valuation band



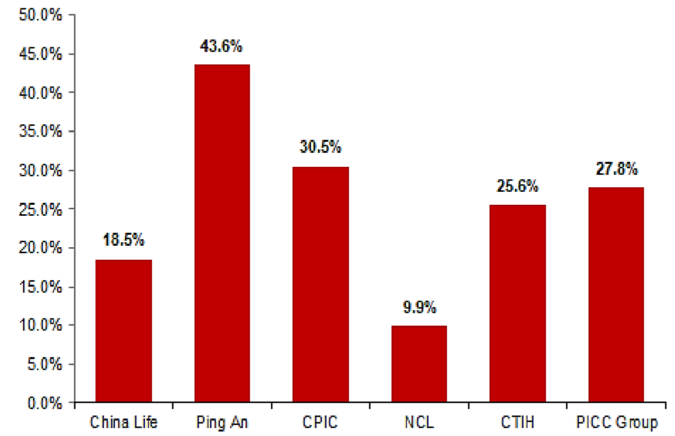
Source: Bloomberg, CMBIGM estimates | Note: stock price data quoted by market close on Jul 21, 2026 (Tue).

Figure 2: Ping An's P/B(x) valuation band



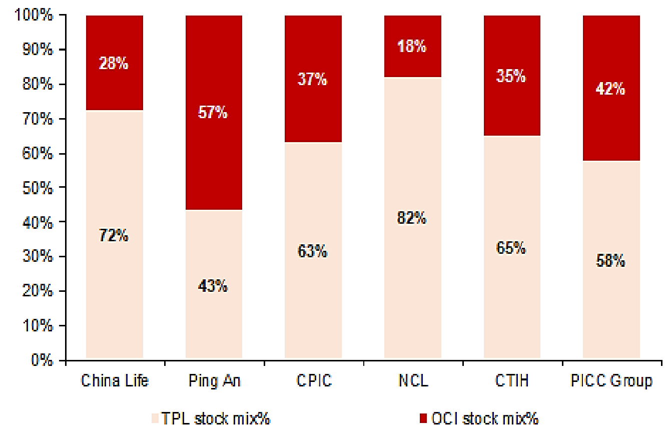
Source: Bloomberg, CMBIGM estimates | Note: stock price data quoted by market close on Jul 21, 2026 (Tue).

Figure 3: Listed insurers' OCI stocks allocation in FY25



Source: Company data, CMBIGM

Figure 4: Stock mix by FVTPL vs. FVOCI as of FY25



Source: Company data, CMBIGM

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Insurance revenue	**536,440**	**551,186**	**559,502**	**572,386**	**595,452**	**627,698**
Insurance service expenses	**(440,178)**	**(449,102)**	**(453,268)**	**(464,871)**	**(484,330)**	**(510,962)**
Net expenses from reinsurance contracts held	(3,731)	(3,601)	(5,066)	(5,302)	(5,532)	(5,838)
Insurance service results	**92,301**	**98,127**	**100,970**	**102,010**	**105,376**	**110,673**
Net finance (expenses)/income from insurance contracts	(123,959)	(172,662)	(179,978)	(202,513)	(227,151)	(255,811)
Net finance (expenses)/income from reinsurance contracts	542	960	336	339	359	384
Interest income	118,503	123,627	135,798	150,850	170,545	191,693
Net investment income	33,324	161,074	154,544	164,538	185,525	208,261
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**	**100,780**	**115,494**	**130,599**
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)	(9,619)	(9,536)	(9,455)
Other income	68,804	65,191	73,345	80,101	88,363	98,421
Other expenses	(129,813)	(139,117)	(137,291)	(144,354)	(152,924)	(163,526)
Foreign exchange gains/losses	120	380	618	618	618	618
Other results	**7,912**	**(17,338)**	**(7,481)**	**(6,814)**	**(7,356)**	**(8,915)**
Profit before tax	**120,117**	**170,495**	**185,590**	**190,691**	**207,701**	**225,963**
Income taxes	(10,843)	(23,762)	(27,289)	(24,202)	(25,328)	(26,413)
Net profit	109,274	146,733	158,301	166,488	182,373	199,550
Net profit attributable to shareholders	**85,665**	**126,607**	**134,778**	**148,129**	**163,434**	**180,303**

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	28,685	31,546	33,073
Loans and advances to customers	3,320,110	3,294,053	3,320,386	3,379,289	3,462,564	3,527,881
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	2,127,922	1,710,628	1,545,174
Total assets	**11,583,417**	**12,957,827**	**13,898,471**	**16,506,146**	**17,222,588**	**17,708,540**
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	5,902,823	6,491,389	6,805,667
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**	**14,910,889**	**15,483,969**	**15,888,524**
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	866,336	978,486	1,043,582
Total shareholders' equity	**899,011**	**928,600**	**1,000,419**	**1,144,792**	**1,250,327**	**1,311,635**
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**	**1,595,257**	**1,738,620**	**1,820,016**
Total liabilities & equity	**11,583,417**	**12,957,827**	**13,898,471**	**16,506,146**	**17,222,588**	**17,708,540**

PER SHARE DATA	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
DPS (RMB)	2.43	2.55	2.70	2.90	3.07	3.26
EPS, diluted (RMB)	4.74	6.99	7.44	8.18	9.03	9.96
Consensus EPS (RMB)	n.a	n.a	n.a	8.21	8.99	9.79
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%	13.8%	14.0%	14.0%
VNB margin (FYAP basis)	23.7%	18.5%	23.4%	23.8%	24.9%	25.9%
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)	0.6	0.6	0.6	0.5	0.5	0.5
P/B (x)	1.0	0.9	0.9	0.8	0.7	0.7
Dividend yield (%)	5.1	5.3	5.6	6.0	6.3	6.7

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets. | Note: stock price data quoted by market close on Jul 21, 2026 (Tue).

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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