Ping An Insurance

Robust operating profit despite enhanced market volatility

6 May 2026

Company Overview

Ping An was founded in 1988 in Shekou, Shenzhen. As the first joint-stock insurance company in China, Ping An has grown into a personal financial services group and is undergoing further transformation. Led by "finance + technology" and "finance + ecosystem" strategies, Ping An is developing five ecosystems, covering financial services, health care, auto services, real estate services, and smart city services.

Investment Overview

Growth in operating profit while net profit dragged by higher market volatility. Ping An's 1Q26 operating profit reached Rmb40.8bn, up 7.6% y/y and slightly ahead of consensus. The robust operating profit reflects a) strong life business growth, b) re-accelerating profit growth in Ping An Bank (000001 CN, NR), and c) stabilising asset management business. However, with A-share and H-share index posting declines of 3.3% q/q and 5.9% q/q, respectively during the period, dragging down its investment income growth, net profit declined 7.4% y/y to Rmb25bn, in line with expectations

Confident in VNB growth outlook. New business value (VNB) in 1Q26 reached Rmb15.6bn, up 20.8% y/y and in-line with expectations. While new business premium grew strongly by 45.5% y/y, a lower VNB margin of 23.5% (down 4.8 pps y/y) somewhat diluted the overall VNB growth. The lower margin was due to a) the impact of the economic assumption change in 4Q25, hence a higher yearly comparison base, and b) a continued product mix shift toward participating products. Demand for health and protection products is expected to accelerate, and management remains confident in its VNB growth and margin outlook in FY26F.

Core solvency remains robust despite higher market volatility. Higher equity market volatility has temporarily clouded its investment income growth during the quarter, with unannualised net/comprehensive investment yield reaching 0.8% (down 0.1 pps y/y) and 0.2% (down 1.1pps y/y), respectively. However, its core solvency ratio remained robust at 131% (up 7.7pps q/q) as it benefited from higher participating product mix and a one-time increase in deferred tax assets. An improvement in earnings quality from non-life businesses was also seen, with P&C's combined ratio improved to 95.8% (down 0.8 pps y/y), PAB's profit regaining its growth, and a stabilised asset management business.

Lower TP to HKD83.5. Reiterate BUY. We fine-tune our FY26/27F earnings to reflect lower investment income growth given the heightened market volatility, and consequently lower TP to HKD83.5, based on the same target multiple. Given 38% share price upside and an attractive 5.4% yield, we reiterate BUY on Ping An.

Risks

i) Increasing market competition, ii) interest rate downcycle, iii) rising volatility in China's bond and equity markets, iv) policy risks, and v) an economic slowdown in China.

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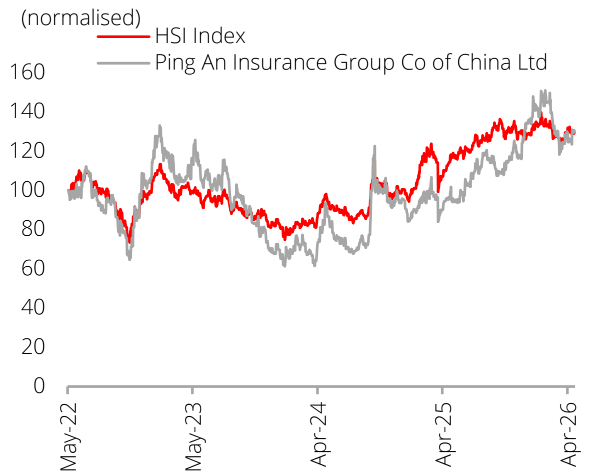
Key Financial Data

Bloomberg Ticker	2318 HK
Sector	Insurance
Share Price (HKD)	63.50
DBS Rating	BUY
12-mth Target Price (HKD)	83.50
Market Cap (USDbn)	140.19
Volume (mn shares)	12.57
Free float (%)	79.00
Dividend yield (%)	4.73
Net Debt/Equity (%)	Cash
Fwd. P/E (x)	na
P/Book (x)	1.03
ROE (%)	13.97

Closing Price as of 05 May 2026
Source: Twelve Data, DBS, Visible Alpha

Indexed Share price vs Composite Index Performance



Source: S&P

Financial Summary (CNYmn)

FY Dec	FY2023 (A)	FY2024 (A)	FY2025 (A)	FY2026 (F)	FY2027 (F)
Gross written premium growth (%)	7.50	5.57	5.25	6.52	6.46
Total weighted premium growth (%)	nm	nm	nm	nm	nm
Agency growth (%)	(27.9)	4.61	(3.31)	(2.00)	2.00
Agency productivity growth (%)	107.6	20.6	(11.6)	2.00	2.00
VNB growth	7.84	(8.19)	29.3	18.5	12.8
VNB margin	16.7	14.6	18.8	20.2	20.8
Net investment return	4.20	3.80	3.70	3.60	3.50
Gross investment return	2.98	4.16	4.20	3.03	2.77
EV Growth	(2.36)	2.34	5.74	5.92	6.60
Solvency ratio (%)	194.7	189.2	175.7	186.6	190.8
CSM amortization rate	8.87	8.87	8.60	8.60	8.60
New business CSM	38,951	35,405	36,688	48,271	56,928
CSM closing balance	768,440	731,312	725,119	739,510	764,941
Expense ratio	29.2	27.3	26.4	26.4	26.4
Loss ratio	71.5	71.0	70.4	70.3	70.2
Combined ratio	100.7	98.3	96.8	96.7	96.6

Source: Company, DBS

Valuation Metrics

FY Dec	FY2023 (A)	FY2024 (A)	FY2025 (A)	FY2026 (F)	FY2027 (F)
P/EV (x)	0.7	0.7	0.6	0.6	0.6
PE (x)	11.0	7.4	6.9	6.7	6.1
P/B (x)	1.07	1.04	0.96	0.85	0.76
Dividend Yield (%)	4.58	4.81	5.09	5.39	5.73
Net DPS (HKD)	2.7	2.7	3.0	3.3	3.5
BV Per Share (HKD)	54.3	54.3	61.5	71.2	79.6

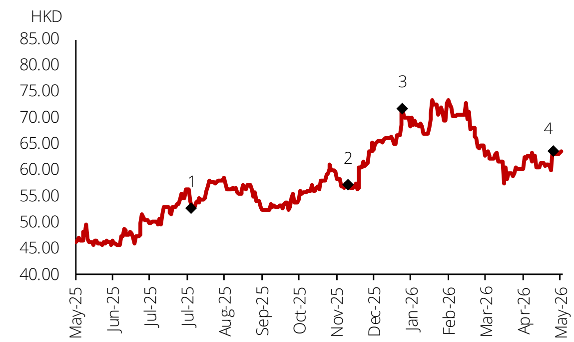
Source: Company, DBS

Financial Stability Measures

FY Dec	FY2023 (A)	FY2024 (A)	FY2025 (A)	FY2026 (F)	FY2027 (F)
Leverage ratio (X)	9.4	9.9	9.8	9.6	9.5
Solvency ratio (%)	194.7	189.2	175.7	186.6	190.8

Source: Company, DBS

Target Price & Ratings History



S.No.	Date	Closing Price	Target Price	Rating
1	1-Aug-25	HKD53.95	HKD69.00	BUY
2	26-Nov-25	HKD59.47	HKD72.00	BUY
3	6-Jan-26	HKD68.60	HKD85.00	BUY
4	29-Apr-26	HKD60.05	HKD83.50	BUY

Note: Share price and Target price are adjusted for corporate actions

Source: DBS

Analyst: Ken SHIH

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FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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