Ping An Insurance (Group)
2015 – Another milestone year for Ping An

Equities

China
Insurance, Full-Line

12-month rating	**Buy**
12m price target	HK$107.50
	Prior: HK$86.80
Price	HK$86.35

RIC: 2318.HK **BBG:** 2318 HK

Trading data and key metrics

52-wk range	HK$88.30-56.20
Market cap.	HK$789bn/US$101bn
Shares o/s	9,140m (ORD)
Free float	50%
Avg. daily volume ('000)	36,447
Avg. daily value (m)	HK$2,869.3
Common s/h equity (12/14E)	Rmb268bn
P/BV (12/14E)	2.7x

EPS (UBS, diluted) (Rmb)

	From	To	% ch	Cons.
12/14E	4.67	5.34	14.42	4.80
12/15E	4.88	5.05	3.49	5.23
12/16E	5.44	5.83	7.15	5.83

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Integrated business structure supports Ping An's competitive advantage

We view 2015 as a critical year for Ping An to take further advantage of its leading IT-led "customer-centric" strategy. We believe Ping An's integrated financial services model has helped define its success today and will likely to help to accelerate its business growth significantly over the next couple of years via business units such as Ping An Direct. With the pace of financial deregulation accelerating, Ping An's 'One-brand, Multiple products" strategy will continue to help the firm deliver superior long-term shareholder returns, in our view.

New media could make up 20% of Ping An's new customer acquisition

Since launching its new strategic plan in 2013, Ping An has made significant efforts in enhancing its comprehensive customer management. We expect the group to further consolidate its various new media platforms in 2015. We expect Ping An Direct (PAD), the online distribution platform of Ping An, to launch life insurance and non-Ping An products in 2015 as well, where we estimate that by end of 2017, new media could make up 20% of Ping An's new customer acquisition.

We raise our NPAT forecasts for 2014/2015/2016 by 23%/11%/15%

We raise our NPAT forecasts as: 1) we increase our gross written premium (GWP) assumption to reflect 2014E better-than-expected GWP growth; 2) we raise our total investment yield for 2014E/2015E/2016E by 0.9ppt/0.3ppt/0.2ppt to reflect strong investment performance and balance sheet expansion in 2014; 3) we lower our combined ratio for the P&C unit by 0.2ppt/0.7ppt/1.5ppt for 2014E/2015E/2016E. We also upgrade our 2015/2016 new business value (NBV) growth forecasts to 15%/14% (previously 9/8%).

Valuation: maintain Buy rating; raise price target to HK$107.50

We raise our price target 24%, from HK86.80 to HK$107.50, as 1) we increase our 2015/2016 NBV growth forecasts and higher EV profit estimate, supported by investment income; 2) we value the non-life business at 1.5x P/BV (previously 1.0x P/BV) and value PAB at a 20% discount to its A-share listed price. Our sum-of-the-parts-based price target is equivalent to 1.58x 2015E implied P/EV (previously at 1.28x) and 9.73x 2015E NBV (previously at 5.28x).

Highlights (Rmb)	12/11	12/12	12/13	12/14E	12/15E	12/16E	12/17E	12/18E
EPS (local GAAP, diluted)	2.50	2.53	3.56	5.34	5.05	5.83	6.46	8.38
EPS (UBS, diluted)	2.50	2.53	3.56	5.34	5.05	5.83	6.46	8.38
Emb value EPS (UBS)	4.32	7.08	6.38	9.47	8.63	9.59	10.40	13.08
Emb value per share (UBS)	29.77	36.11	41.64	47.16	53.41	60.31	65.14	68.39
DPS (Rmb)	0.40	0.45	0.65	0.96	0.91	1.05	1.16	1.31
TNAV per share (UBS)	12.29	15.42	17.54	25.29	32.35	39.51	47.69	57.09

Profitability/valuation	12/11	12/12	12/13	12/14E	12/15E	12/16E	12/17E	12/18E
P/E (local GAAP, diluted) x	23.4	19.4	13.6	12.9	13.8	12.0	10.8	8.3
P/Emb value EPS (UBS) x	13.5	6.9	7.6	7.3	8.1	7.3	6.7	5.3
P/EV per share (UBS) x	2.0	1.4	1.2	1.5	1.3	1.2	1.1	1.0
RoEV (UBS) %	23.3	31.6	24.9	32.5	24.3	23.2	23.3	24.2
Return on TNAV (UBS) %	19.5	18.3	21.6	25.7	18.1	16.2	14.8	13.9
Net dividend yield %	0.7	0.9	1.3	1.4	1.3	1.5	1.7	1.9

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of HK$86.35 on 02 Mar 2015 22:40 HKT

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Investment Thesis

Ping An Insurance (Group)

12-month rating **Buy**

12m price target **HK$107.50**

Investment case

We view 2015 a critical year for Ping An to take further advantage of its leading IT-led "customer-centric" strategy. We believe Ping An's integrated financial services model has helped define Ping An's success today and will likely to help accelerate its business growth significantly over the next couple of years via business units such as Ping An Direct. Since launching its new strategic plan in 2013, Ping An has made significant efforts in enhancing its comprehensive customer management. We expect the group to further consolidate its various new media platforms in 2015. Our SOTP-based target price is equivalent to 1.58x 2015E implied P/EV (previously at 1.28x) and 9.73x 2015E NBV (previously at 5.28x). We value P&C business at 1.5x P/BV (previously 1.0x P/BV) as Ping An P&C online direct platform is stabilized and is likely to be able to sustain a long term combined ratio of 97%, which is translating to approximately 14-17% ROE.

Upside scenario

We currently only value PAB at a 20% discount to its A-share listed price and P&C at 1.5x P/BV (vs peers at over 2x). If international investors' concern over PAB's credit quality subsides and Ping An continues to deliver better than industry returns for shareholders, we would expect a much reduced holding company discount to be applied to Ping An's key subsidiaries. We would valuing PAB at 10% discount to its A-share listed price and assume NBV growth to be 19%/17%/16% in 2015/2016/2017, vs our base-case forecasts of 15%/14%10%. This would put our upside scenario valuation at HK$117.37/share.

Downside scenario

In this scenario, we assume a worsening overall Chinese capital market and credit quality for the banking system in China, where investor concerns on PAB and related credit risks rise. We also assume NBV is slower than our expectation as other insurers put more emphasis on individual agency channels, thus increasing competition. We would valuing PAB at a 30% discount to its A-share listed price and assume NBV growth to be 13%/10%/8% in 2015/2016/2017. This implies a downside scenario valuation of HK$95.26/share.

Upcoming catalysts

We view 2015 a critical year for Ping An to further take advantage of its IT-led customer-centric business strategy. We expect the group to provide further disclosure on the group's recent success and business plan over the next couple of years. Increasing transparency about Ping An Direct will also reveal more details of the Group's advantage to the market.

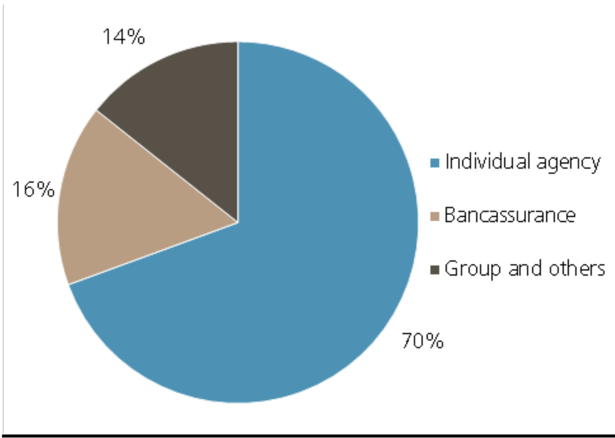
Business description

Ping An Insurance Group was founded in 1988 and is headquartered in Shenzhen. It is an integrated financial services provider in China. Its three core businesses are: 1) Ping An Life and Ping An P & C (in the insurance sector); 2) Ping An Bank (banking); and 3) Ping An Trust and Ping An Securities (investment). Ping An aims to become a leading financial conglomerate that would provide one-stop services for all financial needs.

Industry outlook

The life insurance industry is going through long-term product mix and distribution channel reform. We expect new bancassurance regulation and pricing deregulation to further support a growth recovery for China life insurers in 2015. We expect larger insurers such as Ping An to further enhance their total channel management in 2015-16 in an increasingly deregulating financial industry in China.

H114 first year premium by channel



Source: Company data

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2015—A critical year for Ping An

Ping An has evolved from a small insurance company into one of the largest integrated financial service group over the past two and a half decades. We view 2015 as a critical year for Ping An's corporate evolution where we expect the group to enter into a new stage of “growth driven by technology". We also expect the group to further consolidate its various new media platforms in 2015 that will likely to empower the group to dominate new customer acquisition over the next few years via the internet.

Figure 1: Development stage of selective Chinese insurers in technology utilisation

	Stage 1 IT used to improve internal operations	Stage 2 IT applied to enhance sales experience	Stage 3 IT integrated into expansion strategy and migrate non-traditional customers into traditional financial services
Ping An	✓✓✓✓✓	✓✓✓✓✓	✓✓✓
CPIC	✓✓✓	✓✓✓	✓
China Life	✓✓✓	✓✓✓	✓
PICC P&C	✓✓✓	✓✓✓	✓
PICC Group	✓✓	✓✓	×
Taikang	✓✓✓✓	✓✓✓	✓
Taiping	✓✓✓✓	✓✓✓	✓
Tianping	✓✓✓✓	✓✓✓✓	✓✓
NCL	✓✓✓	✓✓	✓
AIA China	✓✓✓✓✓	✓✓✓	✓

Note: February 2015 assessment. Source: UBS estimates

Figure 2: Development stage of selective Chinese insurers in technology utilisation

	Stage 1 IT used to improve internal operations	Stage 2 IT applied to enhance sales experience	Stage 3 IT integrated into expansion strategy and migrate non-traditional customers into traditional financial services
Ping An	✓✓✓✓	✓✓✓✓✓	✓
CPIC	✓✓	✓✓✓	×
China Life	✓✓	✓✓	×
PICC P&C	✓✓	✓✓✓	×
PICC Group	✓✓	✓	×
Taikang	✓✓✓	✓✓✓	×
Taiping	✓✓✓✓	✓✓	×
Tianping	✓✓✓✓	✓✓✓✓	✓
NCL	✓	✓✓	×
AIA China	✓✓✓✓	✓✓✓	×

Note: October 2013 assessment. Source: UBS estimates

We expect Ping An Direct (PAD), Ping An's online distribution platform, to launch life insurance and non-Ping An products in 2015 as well, where we estimate that by the end of 2017, new media could make up 20% of Ping An's new customer acquisition.

Key investment themes and catalysts for 2015 and 2016

- **Integrated financial service structure supports Ping An Group's competitive advantage:** While many continue to believe that Ping An's diversified business strategy is complicating the investment case for the stock, we believe the current business structure has helped define Ping An's success today. With increasing overall distribution costs for financial products and accelerating financial deregulation in China, Ping An's 'One-brand, Multiple products" strategy will continue to help the firm deliver superior long-term return for shareholders, in our view.

- **Ping An Group—'IT-led' customer management could be a strong re-rating catalyst:** We think Ping An has focused its technological development on the core strategy of servicing retail financial customers. Since the launch of a new business strategy in 2013, Ping An has won significant market share in non-life and P2P funding markets via new customer acquisition media such as Ping An Direct, Ping An HaoChe and Lufax. With increasing disclosure, we expect investors to further recognise the efforts made by Ping An in these areas and reduce the holding company discounts previously applied to Ping An's subsidiaries for the group's SOTP valuation.

- **Ping An P&C—likely to sustain a long-term combined ratio of 97%:** Ping An P&C has established clear cost-leadership in motor insurance and credit insurance via Ping An Direct over the past couple of years, where we estimate Ping An P&C is likely to sustain a long-term combined ratio of 97%, which translates to approximately 14-17% ROE. We have therefore for the first time, raised our valuation for the P&C company from only 1x P/BV to 1.5x P/BV. This still represents up to a 30% discount to the trading valuation of PICC P&C.

- **Ping An Life—normalising long-term growth trend at 15%:** Ping An Life was the first major life insurer to see normalised growth rates by H213, and we expect the group to have expanded its agency force by more than 10% in 2014. Together with the group's leading position in applying an IT-led customer-focused strategy, we expect Ping An Life to sustain NBV growth at 15%c over the next few years.

- **Pessimism on Ping An Trust Co., PAB would subside with improving disclosure:** We expect improving disclosure at the Trust co. and PAB level by Ping An to help investors gain more confidence in the group, where investor confidence about overall Chinese banking market's credit quality could improve as China enters a rate cut cycle.

Earnings estimate revisions

We raise our NPAT forecasts 23%/11%/15% for 2015/2016/2017, as: 1) we increase our GWP assumption to reflect better-than-expected 2014E GWP growth; 2) we raise our total investment yield for 2014E/2015E/2016E 0.9ppt/0.3ppt/0.2ppt to reflect a strong investment performance and balance sheet expansion in 2014; 3) we lower our combined ratios estimates for the P&C unit 0.2ppt/0.7ppt/1.5ppt for 2014/2015/2016. We also upgrade our 2015/2016 NBV growth forecasts to 15%/14% (previously 9%/8%). However, due to dilution from the convertible bond conversion, our EPS estimates change 14.4%/3.5%/7.2% for 2014/2015/2016.

Figure 3: Summary of forecast revisions

GWP (Rmb m)	2014E	2015E	2016E
New	326,156	366,746	409,490
Old	317,734	354,199	387,649
% change	3%	4%	6%
Total investment income (Rmb m)	2014E	2015E	2016E
New	79,624	82,881	93,878
Old	65,653	75,778	85,165
% change	21%	9%	10%
Bank net profit	2014E	2015E	2016E
New	19,269	22,708	26,815
Old	19,269	23,275	27,457
% change	0%	-2%	-2%
Net profit (Rmb m)	2014E	2015E	2016E
New	45,470	46,134	53,278
Old	36,967	41,506	46,295
% change	23%	11%	15%
EV - group (Rmb m)	2014E	2015E	2016E
New	401,346	488,123	551,233
Old	374,727	453,489	506,447
% change	7%	8%	9%
NBV - Life only (Rmb m)	2014E	2015E	2016E
New	22,248	25,585	29,167
Old	22,248	24,257	26,198
% change	0%	5%	11%
Combined ratio	2014E	2015E	2016E
New	94.8%	96.3%	96.8%
Old	94.9%	97.0%	98.3%
% change	-0.2%	-0.7%	-1.5%
EPS (Rmb)	2014E	2015E	2016E
New	5.34	5.05	5.83
Old	4.67	4.88	5.44
% change	14.4%	3.5%	7.2%

Source: UBS estimates

Valuation

Figure 4: PT derivation

DCF using EV Op Profits (Rmb m)		2015E	2016E	2017E
EV Operating Profits		52,536	56,178	58,861
COE	14.5%			
Terminal Growth	4.0%			
PV of 3 year EV Op Profits*		52,536	49,064	44,897
PV of Terminal Value @14.5%				427,587
Life Valuation @14.5% COE/Discount Rate (1)				**574,083**
Non-life and other business (excluding PAB) @ 1.5x P/B (2)				**109,835**
PAB attributable to Group @20% holding discount (3)				**89,732**
Group Valuation (4) = (1) + (2) + (3)				**773,650**
Weighted Number of Shares				9,140
Valuation per share Rmb				84.64
Valuation per share HK$				**107.50**

Source: UBS estimates.

We raise our price target 24% to HK$107.50:

(1) **Life valuation:** We upgrade our 2015/2016 NBV growth forecasts to 15%/14% (previously 9%/8%) and expect higher EV profit supported by investment income.

(2) **Non-life and other business (excluding PAB) valuation:** We value the non-life business (mainly the P&C business) at 1.5x P/BV (previously at 1.0x P/BV), but still below its peer average current share price multiple at over 2.0x 2015E P/BV.

(3) **Ping An Bank valuation attributable to Group:** We value PAB at a 59% ownership and apply a 20% discount to its A-share listed price.

(4) **Dilution from the convertible bond conversion:** We increase Ping An's weighted numbers of shares to 9,140m after fully diluting the convertible bond conversion.

Figure 5: Analysis of movement in EV (Rmb m)

Analysis of movement in EV	2012	2013	2014E	2015E	2016E	2017E
ANW (life company)	48,219	56,973	62,756	89,410	145,093	172,104
VIF	96,182	120,487	140,282	158,532	180,075	205,190
Opening EV	144,401	177,460	203,038	247,942	325,168	377,294
Value of one year new business	16,340	18,540	22,248	25,585	29,167	32,186
Expected return on EV	14,958	16,510	26,654	26,950	27,011	26,675
Operating experience variances	(1,051)	(501)				
Operating assumption changes	10,222	(1,352)				
EV operating profit	**40,469**	**33,197**	**48,902**	**52,536**	**56,178**	**58,861**
Investment return variances	(1,425)	(1,632)				
Effect of changes in economic assumptions						
Other non-operating variances						
Total EV profit	**39,044**	**31,565**	**48,902**	**52,536**	**56,178**	**58,861**
Capital/ Dividend movements	(5,983)	(5,987)	(3,998)	24,691	(4,052)	(4,001)
Effect of changes in exchange rates						
Ending EV (Life only)	**177,462**	**203,038**	**247,942**	**325,168**	**377,294**	**432,154**

Source: Company data, UBS estimates

Upside/Downside scenario

Figure 6: Implied P/EV 2015E in different scenarios

				Implied P/EV 2015				% upside/downside from current price		
Current price	PT (base case)	Upside scenario	Downside scenario	Current price	PT (base case)	Upside scenario	Downside scenario	PT (base case)	Upside scenario	Downside scenario
86.35	107.50	117.37	95.26	1.28x	1.58	1.71	1.41	24%	36%	10%

Note: Above data as of 2 March 2015.
Source: Bloomberg, UBS estimates

Upside scenario

We currently value PAB at only a 20% discount to its A-share listed price and P&C at 1.5x P/BV (vs peers at over 2x). If international investors' concern over PAB's credit quality subsides and Ping An continues to deliver better than industry returns for shareholders, we would expect a reduced holding company discount to be applied to Ping An's key subsidiaries. We would value PAB at a 10% discount to its A-share listed price and assume NBV growth to be 19%/17%/16% in 2015/2016/2017, vs our base-case forecasts of 15%/14%10%. This would put our upside scenario valuation at HK$117.37/share.

Figure 7: Upside scenario valuation

SOTP Valuation	2015E
Life	633,912
Non-life@1.5x P/BV	109,835
% ownership of PAB @10% holding company discount	100,949
Group valuation	844,695
Weighted Number of Shares	9,140
Valuation per share Rmb	92.42
Valuation per share HK$	117.37

Source: UBS estimates

Downside scenario

In this scenario, we assume a worsening overall capital market and credit quality in the China banking system, where investor concerns about PAB and related credit risks rise. We also assume NBV is slower than our expectation as other insurers put more emphasis on individual agency channels, thus increasing competition. We would value PAB at a 30% discount to its A-share listed price and assume NBV growth of 13%/10%/8% in 2015/2016/2017. This implies a downside scenario valuation of HK$95.26/share.

Figure 8: Downside scenario valuation

SOTP Valuation	2015E
Life	497,218
Non-life@1.5x P/BV	109,835
% ownership of PAB @30% holding company discount	78,516
Group valuation	**685,568**
Weighted Number of Shares	9,140
Valuation per share Rmb	75.01
Valuation per share HK$	**95.26**

Source: UBS estimates.

Figure 9: Forward 12 months P/EV

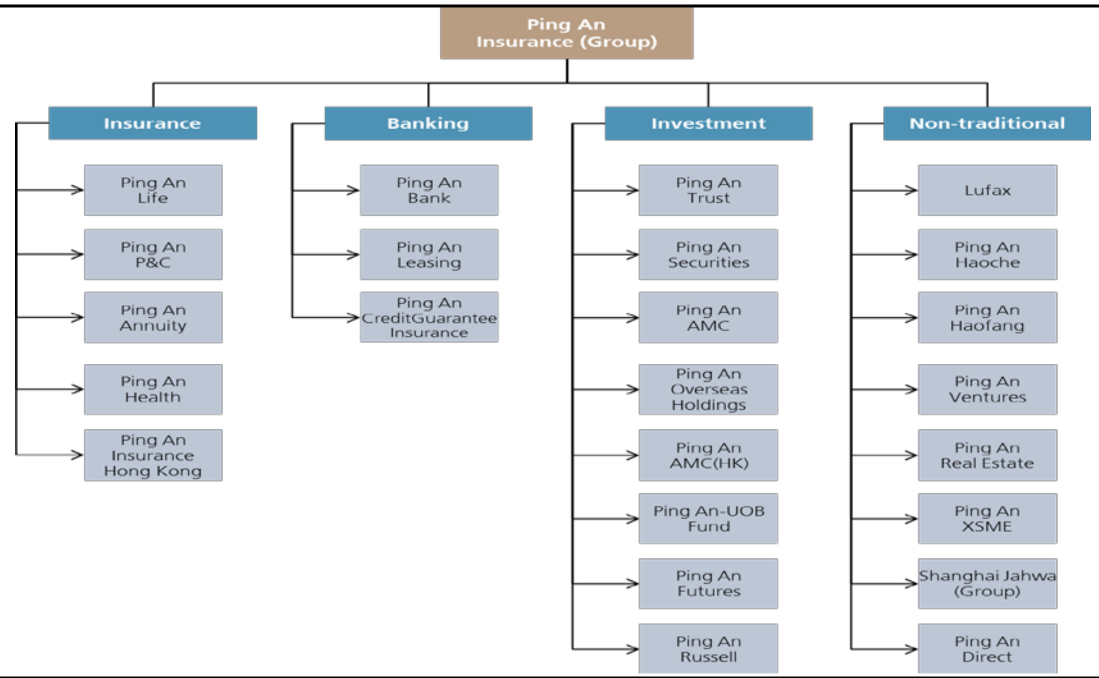
Source: UBS estimates

Why does integrated financial services groups work in China?

Ping An Group is in a unique position in China's financial industry. It was the first insurance company in China to adopt a financial holding company structure and also the first China insurer to have foreign shareholders. With the government approval to establish a financial holding group in 2002, Ping An has expanded rapidly from a pure insurer into a diversified financial service group with the most comprehensive range of financial service licences, including insurance, banking and investment. As at 30 June 2014, Ping An had a total of 24 subsidiaries covering the entire financial services spectrum.

Our top pick is Ping An due to its leadership in distribution, product innovation and IT-led customer-centric strategy

Figure 10: Ping An Group's structure



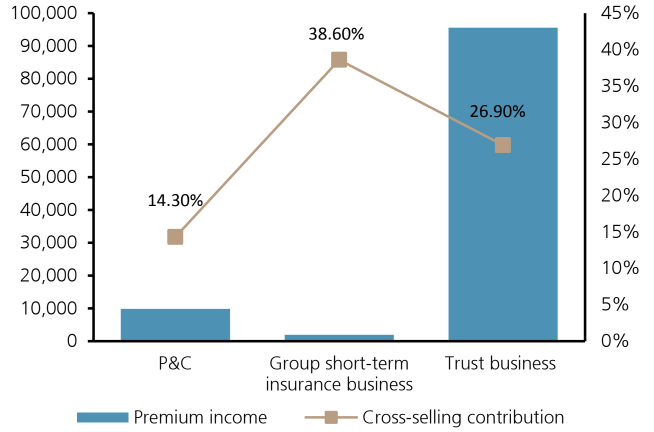
Source: Company data

What makes Ping An different from other financial groups

While many continue to hold that Ping An's diversified business strategy is complicating the investment case for the stock, we believe the current business structure has helped define Ping An's success today. With increasing overall distribution costs for financial products and accelerating financial deregulation in China, Ping An's 'One-brand, Multiple products" strategy will continue to help the firm deliver superior long-term return for shareholders, in our view.

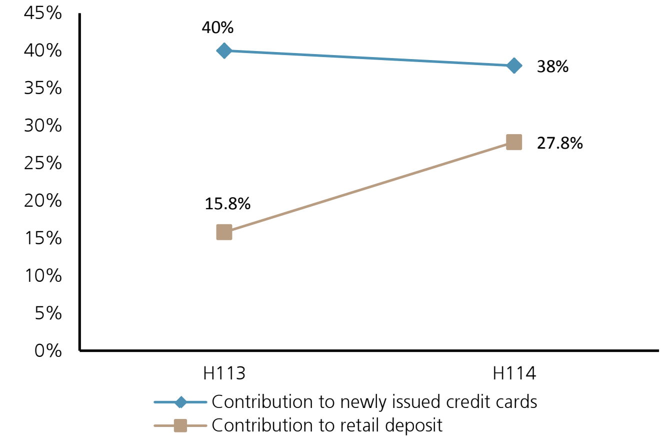
As of June 2014, 6% of Ping An Group's total gross insurance premium was generated from cross-selling through agency force while 53.5% of its auto insurance premium were from cross selling. 38.0% of new credit cards issued by Ping An Bank and 27.8% of new retail deposits were generated through cross-selling channels. Through its online platform, Ping An is focused on bringing new customers from these non-traditional businesses to the traditional businesses of banking, insurance and investment, in our view.

Figure 11: H114 cross-selling contribution to different businesses (Rmb m)



Source: Company data

Figure 12: Cross-selling contribution to banking business



Source: Company data

Ping An remains one of the strongest at cross-selling in China, and we expect further synergies to be extracted as China accelerates its financial reform pace. We expect non-traditional businesses such as Lufax, Ping An Hao Fang (property sales/exchange web), Ping An Haoche (used car information web) and other innovative units to provide additional support for the diversified financial group to enhance its reach to China's fast growing middle income consumers.

Ping An – cost + leadership + customer centric strategy

Ping An has been notable for its dedication to adopting technological innovation. As an integrated financial service company, Ping An naturally needs more extensive IT support to take full advantage of the untapped business potential in its customer base. Ping An has had good results on the cross-selling front. In our view, Ping An is ready to migrate customers of new business lines (such as internet shoppers) to traditional financial services.

Ping An Direct—a company dedicated to technological developments

Ping An's senior management has emphasised technological development. Ping An was the first Chinese insurance company to establish a nationwide call centre.

Ping An started to develop its online platform in 2000. It was the first insurer to establish a centralised IT back office. The experience provided some insights and allowed Ping An to focus on its core business strategy through the application of technology. As the technology improved, Ping An was able to expand into e-commerce and sell insurance products.

In 2000, Ping An launched an e-commerce website (PA18.com, now redirected to Ping An Securities' website). It was one of the first attempts by Ping An to sell multiple financial products online. And later in 2004, Ping An set up Ping An Group Channel Development BU, which was later renamed as Ping An Direct (PAD), to usher in the new era of financial product remote sales. As of 2014, PAD had become a customer-centric integrated digital finance services platform, composed of non-financial business, auto insurance, life & accident, loans, wealth management, customer manager, and internet/mobile customer relationship manager.

Ping An's overall strategy for technological development revolves around its core aim of becoming one of the largest retail financial services groups in China. We believe Ping An is not aiming to become a technology firm; rather, it is using technology to improve its services, study user behaviour, gain more customers, and enhance its cross-selling practices. In our view, the technological improvements are all made in pursuit of Ping An's core strategy, which is to sell financial products to higher-margin, underserved retail clients in China.

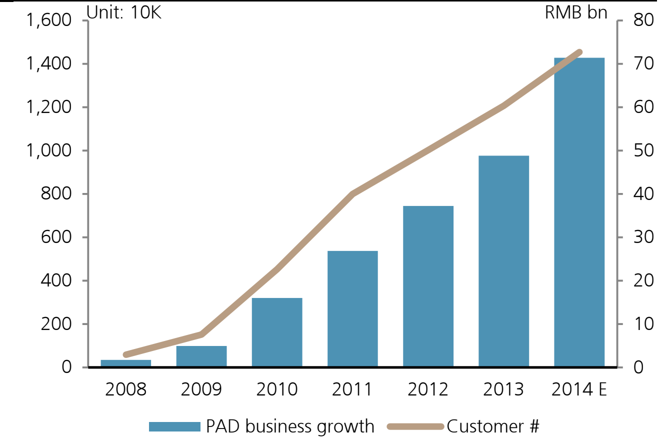
To achieve a technological advantage over its competitors, Ping An established a financial technology consulting group also known as Ping An Jinke in 2011. Ping An Jinke is tasked with exploring new developments in the world of technology. The focus is not only in the insurance industry, but also in areas such as biotechnology, investment banking, IT and others. It will also try to integrate the most cutting-edge and promising innovations into Ping An's own operations.

PAD: a market-oriented customer centric platform

Following Ping An Group's strategy of "getting closer to the customer, becoming a customer-centric integrated digital finance service platform," PAD is positioned as an online distribution platform and to become a key growth business within Ping An Group. PAD's strategy is transforming from a company with TM as the major business to a multi-channel company with more focus on online marketing.

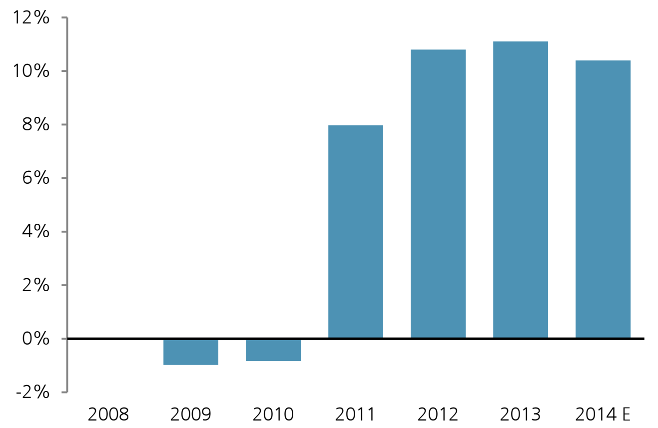
PAD's business scale recorded rapid growth since 2008. We estimate its customer numbers reached 14 million in 2014 (up 20% YoY from end-2013) while its revenue could have grown to Rmb71.4bn (up 46% YoY from end-2013).

Figure 13: PAD's customer number and revenue growth of in 2008-14



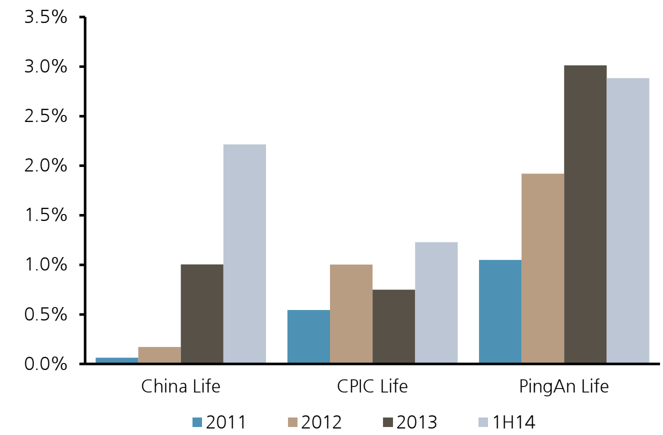
Source: Company data, UBS estimates

Figure 14: PAD's profit contribution as a % of total group profit in 2008-14



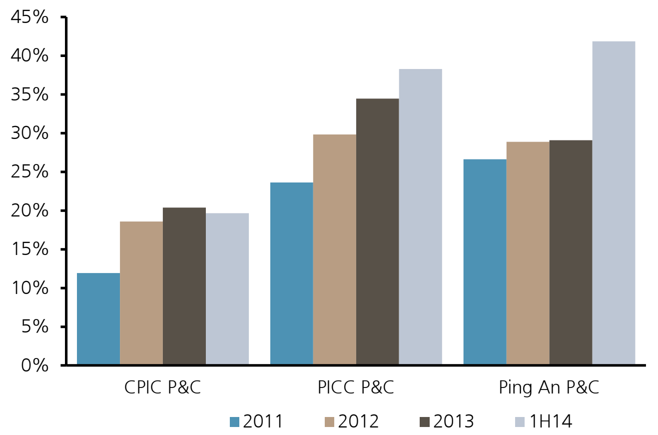
Source: Company data, UBS estimates

Figure 15: New distribution channels* as a % of Life premium



Note: *Including telemarketing, internet and others. Source: Company data, UBS estimates

Figure 16: New distribution channels* as a % of P&C premium



Note: *Including telemarketing, internet and others. Source: Company data, UBS estimates

We expect the company launch life insurance and non-Ping An products on PAD in 2015 as well, where we estimate that by the end of 2017, new media could make up 20% of Ping An's new customer acquisition.

Forecast returns

Forecast price appreciation	+24.5%
Forecast dividend yield	1.3%
Forecast stock return	+25.8%
Market return assumption	9.4%
Forecast excess return	+16.4%

Statement of Risk

We believe investing in Chinese insurance companies (Ping An Insurance) exposes investors to a variety of risks: 1) regulatory and taxation changes; 2) volatility in investment returns—one of the key assumptions used in computing embedded value; 3) the presence of guarantees in policies, explicit or otherwise; 4) the impact of fluctuations in interest rates on surrenders and lapses; and 5) duration mismatch between assets and liabilities given the limited size of capital markets.

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Buy	FSR is > 6% above the MRA.	47%	37%
Neutral	FSR is between -6% and 6% of the MRA.	42%	32%
Sell	FSR is > 6% below the MRA.	11%	21%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%

Source: UBS. Rating allocations are as of 31 December 2014.
1:Percentage of companies under coverage globally within the 12-month rating category. 2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
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UBS AG Hong Kong Branch: Bob Leung; Judy Chen.

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Company Name	Reuters	12-month rating	Short-term rating	Price	Price date
Ping An Insurance (Group)[16, 22]	2318.HK	Suspended	N/A	HK$86.35	02 Mar 2015
Ping An Insurance (Group) - A[16, 22]	601318.SS	Buy	N/A	Rmb69.90	02 Mar 2015

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

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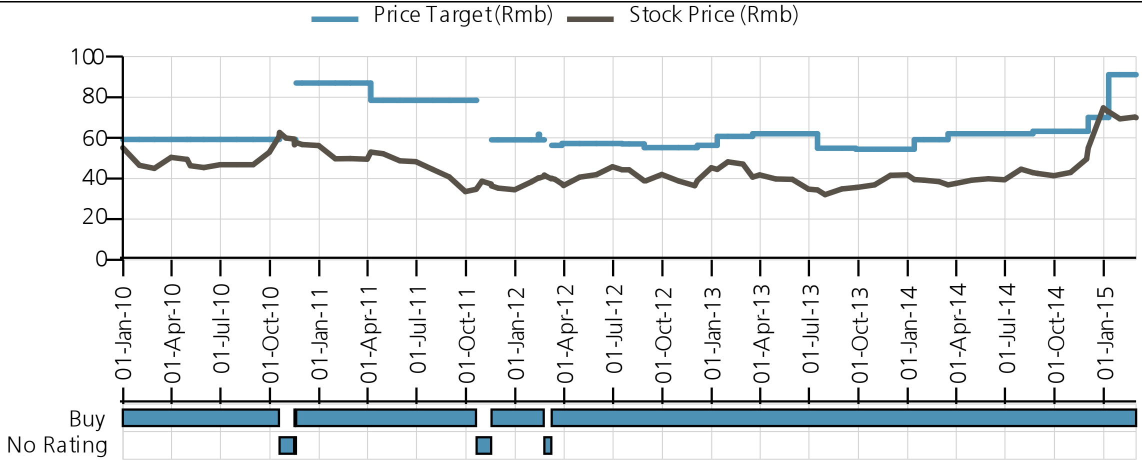
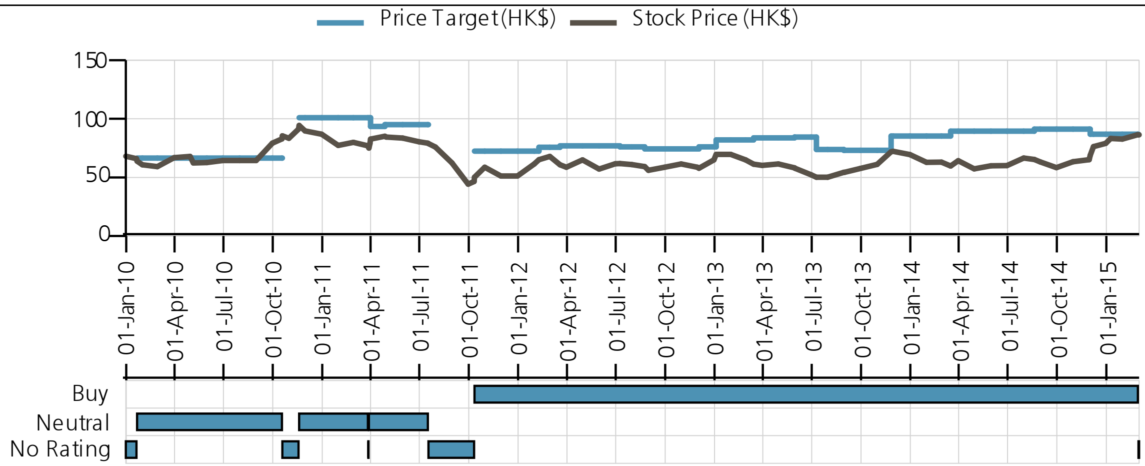
Ping An Insurance (Group) - A (Rmb)



Source: UBS; as of 02 Mar 2015

Ping An Insurance (Group) (HK$)



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