

# ZhongAn (6060 HK)

## Net earnings weakened in 2H; ZA Bank hit first full-year profit

ZhongAn reported FY25 results with net profit surging 83% YoY to RMB1.1bn, below our estimate of RMB1.2bn ([link](#)), given retreated 2H net earnings of RMB434mn (-21% YoY). The adjusted net profit amounted to RMB1.8bn, up 198% YoY, helped by approx. RMB0.7bn one-off impairment loss on the Group's joint venture ZhongAn International. CoR improved 1.1pct YoY to 95.8%, a beat to our estimate of 96.6% ([Table](#)), thanks to a strong print in Health and Auto segments, of which CoR was 92.1%/93.1%, -3.6pct/-1.1pct YoY. GWP grew 6.9% YoY to RMB35.7bn, primarily driven by Auto (+35%) and Health (+23%). ZA Bank achieved its first full-year profit of HK\$17.27mn on back of its strong net revenue of HK\$892mn (+62.7%), and improved cost-to-income ratio to 77.7% (-32pct). In July 2025, the insurer completed an H-share placement of US\$500mn to further optimize its capital structure, bringing down the FY25's gearing ratio to 45.5% (-8.3pct). Looking into FY26E, we believe Health and Auto segments will continue to be the key drivers of UW profit and sales growth, given their broad total addressable market (TAM) and ZhongAn's potential to further deepen customer wallet share with AI empowerment. We revise down our TP to HK\$18 (previous: HK\$23) to factor in a more prudent equity investment return in FY26E amid heightened stock market volatilities (i.e. CSI 300/HSI -5%/-5% YTD vs. 1Q25: +15%/-1%). Our new TP implies 1.1x FY26E P/B.

■ **Auto and Health led UW profit growth.** CoR improved by 1.1pct YoY to 95.8% in FY25, outpacing our estimate of 96.6% ([Table](#)), thanks to UW profit enhancement in Health and Auto segments, partially offset by CoR deterioration in Consumer Finance. Health CoR slid 3.6pct YoY to 92.1%, driven by 6.7pct YoY improvement in expense ratio given AI-driven cost efficiency, offset by 3.1pct YoY increase in claims ratio due to an increasing mix of Zhong Min Bao targeting people with substandard risks. Health GWP grew 22.7% YoY to RMB12.68bn, of which Personal Clinic Policy and Zhong Min Bao made up RMB8.34bn (66% mix) and RMB2.17bn (17% mix). We see Health CoR a positive surprise, as the market previously concerned about the rise in claims following the launch of Zhong Min Bao Mid-to-High Medical Insurance in March 2025. Auto CoR dipped 1.1pct to 93.1%, with expense ratio down 2.8pct YoY to 23.9%, offset by 1.7pct YoY increase in claims ratio to 69.2%. Auto GWP grew 34.6% YoY to RMB2.76bn, given expanding NEV penetration (28.3% mix). CoR of Digital Lifestyle and Consumer Finance was 99.9%/97%, flat/+6.9pct YoY, due to the product mix change and a proactive scale-down of insured loans to RMB22.9bn, -5.4% YoY.

■ **ZA Bank's first full-year profit validated its business model.** ZA Bank achieved its first full-year profit at HK\$17.27mn in FY25, aided by 1) robust net revenue of HK\$892mn, +62.7% YoY, with interest/non-interest income surging 37%/278% YoY to HK\$669mn/HK\$223mn respectively; and 2) significantly improved cost-to-income ratio to 77.7% (-32pct). NIM edged up 0.28pct YoY to 2.69% in FY25. Net profit was HK\$17.27mn by year-end FY25, reversing from a negative HK\$232mn by FY24. So far, the HK digital bank has covered product suites in trading HK/US stocks, funds, cryptocurrencies, FX, and H-share IPO subscription, which we think a more diversified profile could enhance the bank's outlook on non-interest revenue growth. In 2026, we expect ZA Bank's net profit to further expand in double-digit on scalability.

■ **Revised down TP to HK\$18 reflecting more prudent investment return.** The stock is trading at 0.74x FY26E P/B, close to its 3-year mean-1STD (0.73x). We update our model by factoring into solid FY25 results, and roll-forward estimates to FY26-FY28E. On P&C business front, we expect UW margin improvement in FY26E/FY27E by lowering CoR forecasts to 95.6%/95.4% (vs. previous: 96.5%/96.4%) and revising down GWP growth to 8%/7% YoY in FY26E/27E (vs. previous: +10%/+10%) given the contraction in consumer finance likely to sustain. On investment front, we expect normalized net investment income from realized gains/(losses) from FY25 (i.e. RMB1.08bn vs. FY24: -459mn). We derive our TP based on SOTP at HK\$18, which includes 1) 1.0x P/B for P&C business (referring to 10% discount to 1.1x P/B of PICC P&C); 2) 11.4x P/E for domestic tech export (referring to avg. HSI FY1 trading P/E); 3) 1.0x ARR multiple for overseas tech export; and 4) 1.8x P/B for ZA Bank, referring to global listed peers ([Table](#)). Our new TP implies 1.10x FY26E P/B. Maintain BUY.

**BUY (Maintain)**

**Target Price** **HK\$18.00**  
 (Previous TP) HK\$23.00  
**Up/Downside** **36.9%**  
**Current Price** **HK\$13.15**

### China Insurance

**Nika MA**  
 (852) 3900 0805  
 nikama@cmbi.com.hk

### Stock Data

Mkt Cap (HK\$ mn)	20,741.7
Avg 3 mths t/o (HK\$ mn)	179.8
52w High/Low (HK\$)	21.90/10.04
Total Issued Shares (mn)	1577.3

Source: FactSet

### Shareholding Structure

Ping An Insurance Group	9.2%
Shenzhen Jiadexin Inv Co Ltd	8.2%

Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-21.2%	-12.4%
3-mth	-18.0%	-13.3%
6-mth	-24.2%	-18.7%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

**Auditor: PwC**

### Related reports:

- [1.1H earnings a clear beat; ZA Bank turned profit faster than expected; raise TP to HK\\$23](#), Aug 26, 2025
- [2. Placement may cause limited downside despite short-term volatilities](#), Jun 26, 2025
- [3. HK Stablecoins outlook opens up the headroom for valuation re-rating; uplift TP to HK\\$20.4](#), Jun 3 2025
- [4. Tech export out of the red; ZA Bank on track for breakeven](#), 24 Mar 2025
- [5. Digital lifestyle leading growth; ZA Bank and technology export breakeven on track](#), 28 Mar 2024

## Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Net profit (RMB mn)	603	1,102	988	1,102	1,220
EPS (Reported)(RMB)	0.41	0.70	0.59	0.65	0.72
Consensus EPS (RMB)	n.a	n.a	0.84	0.99	1.24
Combined ratio (%)	96.9	95.8	95.6	95.4	95.2
P/B (x)	0.8	0.8	0.7	0.7	0.7
ROE (%)	2.9	4.8	3.8	4.1	4.3

Source: Company data, Bloomberg, CMBIGM estimates

- Key risks:** 1) intensified industry competitions that adversely impacted on premium sales and wallet share gains; 2) deteriorated loss ratio due to economic shock and/or increasing catastrophic claims; 3) expense overruns; 4) prolonged low-interest rate environment and heightened equity market volatilities, and 5) slower-than-expected topline growth prospect of ZA Bank and/or margin deteriorations, etc.

## FY25 Key metrics snapshot vs. CMBI estimates

(RMB bn, %)	Actual	CMBI est	Diff. (%)
	FY25	FY25	
Net profit	1.1	1.2	-9%
EPS	0.70	0.80	-13%
ROE	4.8%	5.6%	-0.8pct
Gross written premium	35.7	37.3	-4%
Insurance revenue	33.5	35.4	-6%
<b>Underwriting profit</b>	<b>1.22</b>	<b>1.11</b>	<b>9%</b>
<b>Combined ratio (%)</b>	<b>95.8%</b>	<b>96.6%</b>	<b>-0.8pct</b>
- Digital lifestyle	99.9%	99.5%	0.4pct
- Consumer finance	97.0%	89.0%	8.0pct
- Health	92.1%	96.1%	-4.0pct
- Auto	93.1%	94.1%	-1.0pct

Source: Company data, CMBIGM estimates

## Valuation

Figure 1: Sum-of-the-parts for ZhongAn Online to revise down our TP to HK\$18.0

	FY25	FY26E	FY27E	FY28E
<b>P&amp;C Insurance</b>				
Book value (RMB bn)	22.5	25.7	27.1	28.8
P/B(x)	1.0x	1.0x	1.0x	1.0x
<b>Fair value (HK\$ mn)</b>		<b>28.7</b>	<b>30.2</b>	<b>32.1</b>
<b>Technology</b>				
Net profit (RMB bn)	0.05	0.09	0.10	0.11
<b>Domestic tech export</b>		<b>0.96</b>	<b>1.00</b>	<b>1.05</b>
P/E(x)		11.4x	11.4x	11.4x
<b>Overseas tech export</b>		<b>0.22</b>	<b>0.26</b>	<b>0.29</b>
ARR (HK\$ mn)	0.19	0.22	0.26	0.29
ARR multiple (x)		1.0x	1.0x	1.0x
<b>Fair value (HK\$ mn), combined</b>		<b>1.18</b>	<b>1.26</b>	<b>1.35</b>
<b>Banking</b>				
Book Value (RMB bn)		0.85	0.86	0.87
P/B(x)		1.8x	1.8x	1.8x
<b>Fair value (HK\$ mn)</b>		<b>1.70</b>	<b>1.72</b>	<b>1.74</b>
<b>Others (RMB bn)</b>	<b>(0.85)</b>	<b>(1.35)</b>	<b>(1.93)</b>	<b>(2.81)</b>
<b>Total valuation (HK\$ bn)</b>		<b>30.2</b>	<b>31.3</b>	<b>32.4</b>
No. of shares outstanding (bn)	1.470	1.685	1.685	1.685
<b>Price per share (HK\$)</b>		<b>17.9</b>	<b>18.6</b>	<b>19.2</b>
<b>12mth forward TP (HK\$)</b>	<b>18.0</b>			
Implied P/E (x)	23.1x			
Implied P/B (x)	1.10x			
CNY/HKD	1.10			
Stock price (23/3/2026), HK\$	13.15			
Upside (%)	36.9%			

Source: Company data, CMBIGM estimate

## Peers comparable vs. global listed digital banks

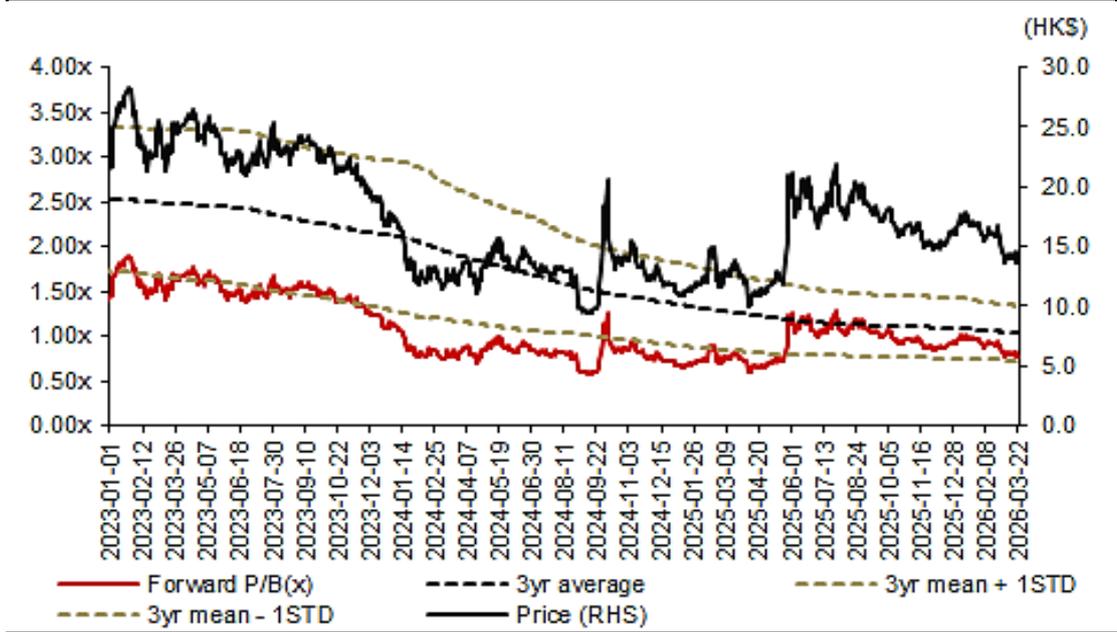
Figure 2: Global listed digital banks and 12mth forward P/B(x) valuation

Company	Ticker	PX_LAST (LC)	Market Cap (LC)	FY26E P/B(x)	FY27E P/B(x)	FY28E P/B(x)	
<b>US companies:</b>							
Upstart Holdings Inc	UPST US Equity	25.98	2.55	2.8x	2.3x	1.7x	
NU Holdings Ltd/Cayman Islands	NU US Equity	13.94	67.69	4.4x	3.3x	2.6x	
SLM Corp	SLM US Equity	19.73	3.91	1.6x	1.4x	1.2x	
Credit Acceptance Corp	CACC US Equity	431.18	4.63	2.4x	1.9x	1.3x	
SoFi Technologies Inc	SOFI US Equity	16.9	21.55	1.9x	1.8x	1.6x	
Enova International Inc	ENVA US Equity	134.99	3.38	2.1x	1.5x		
OneMain Holdings Inc	OMF US Equity	51.48	6.13	1.6x	1.5x	1.3x	
Synchrony Financial	SYF US Equity	66.19	23.01	1.5x	1.4x	1.2x	
Nelnet Inc	NNI US Equity	126.68	4.55	1.2x			
Inter & Co Inc	INTR US Equity	7.8	3.43	0.3x	0.3x	0.2x	
<b>JP companies:</b>							
Rakuten Group Inc	4755 JP Equity	727.8	1,580.87	2.1x	2.0x	1.7x	
Seven Bank Ltd	8410 JP Equity	267	314.88	1.1x	1.1x	1.1x	
<b>South Korean company:</b>							
KakaoBank Corp	323410 KS Equity	23,000	10,972				
<b>Australia company:</b>							
Judo Capital Holdings Ltd	JDO AU Equity	1.535	1.72	0.96	0.88	0.80	
				<b>Average</b>	<b>1.8x</b>	<b>1.6x</b>	<b>1.3x</b>

Source: Bloomberg, company data, CMBIGM

Note: Data as of market close on 23 March 2026.

**Figure 3: ZhongAn P/B(x) valuation band**



Source: Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Insurance revenue	27,535	31,744	33,485	36,071	38,580	41,453
Insurance service expenses	(26,089)	(30,690)	(32,174)	(34,290)	(36,597)	(39,253)
Net expenses from reinsurance contracts held	(109)	(14)	127	(18)	(19)	(20)
Insurance service results	1,337	1,040	1,438	1,764	1,964	2,179
Net finance (expenses)/income from insurance contracts	(52)	(52)	(33)	(35)	(37)	(40)
Net finance (expenses)/income from reinsurance contracts	8	2	6	0	0	0
Net investment income	4,136	437	1,838	1,405	1,468	1,534
Other gains/(losses) from changes in fair value	768	1,024	316	215	226	239
Net investment results	4,904	1,460	2,153	1,620	1,694	1,772
Other income	1,135	1,032	659	693	684	672
Other expenses	(2,670)	(1,952)	(2,377)	(2,506)	(2,641)	(2,783)
Foreign exchange gains/losses	(95)	(99)	37	37	37	37
Other results	(2,094)	(1,466)	(1,991)	(2,070)	(2,199)	(2,339)
Profit before tax	4,010	854	1,506	1,211	1,355	1,506
Income taxes	(165)	(251)	(405)	(222)	(253)	(286)
Net profit	3,845	603	1,102	988	1,102	1,220
Net profit attributable to shareholders	4,078	603	1,102	988	1,102	1,220

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
<b>ASSETS</b>						
Cash and amount due from banks and other financial institutions	1,576	1,467	3,035	4,926	6,883	9,026
Intangible assets	527	619	618	618	618	618
Investments in associates and joint ventures	5,297	5,591	4,875	4,875	4,875	4,875
Property	377	798	1,590	1,590	1,590	1,590
Reinsurance contract assets	762	710	1,199	1,274	1,375	1,504
At amortized cost:	1,452	1,051	782	823	865	910
At fair value through profit or loss:	22,252	20,706	20,907	22,041	23,236	24,496
Loans and advances to customers	0	0	0	0	0	0
Other assets	2,104	2,692	2,395	2,418	2,441	2,466
Cash and cash equivalents	1,576	1,467	3,035	4,926	6,883	9,026
<b>Total assets</b>	<b>42,864</b>	<b>45,285</b>	<b>46,710</b>	<b>48,608</b>	<b>50,623</b>	<b>52,763</b>
<b>LIABILITIES</b>						
Insurance contract liabilities	3,335	5,000	7,254	7,979	8,777	9,655
Borrowings	6,900	6,993	2,631	2,684	2,737	2,792
Obligations under repurchase agreements	8,491	7,931	5,778	6,356	6,992	7,691
Current tax liabilities	27	18	407	407	407	407
Lease liabilities	287	123	139	152	168	184
Other liabilities	3,750	4,024	4,818	4,592	4,003	3,274
<b>Total liabilities</b>	<b>22,790</b>	<b>24,358</b>	<b>21,260</b>	<b>22,170</b>	<b>23,084</b>	<b>24,003</b>
<b>EQUITIES</b>						
Share capital	1,470	1,470	1,685	1,685	1,685	1,685
Reserves	16,732	16,996	20,503	20,503	20,503	20,503
Retained profits	1,871	2,461	3,262	4,250	5,352	6,572
<b>Total shareholders' equity</b>	<b>20,073</b>	<b>20,926</b>	<b>25,449</b>	<b>26,437</b>	<b>27,539</b>	<b>28,759</b>
Non-controlling interests	0	0	0	0	0	0
<b>Total equity</b>	<b>20,073</b>	<b>20,926</b>	<b>25,449</b>	<b>26,437</b>	<b>27,539</b>	<b>28,759</b>
<b>Total liabilities &amp; equity</b>	<b>42,864</b>	<b>45,285</b>	<b>46,710</b>	<b>48,608</b>	<b>50,623</b>	<b>52,763</b>

<b>PER SHARE DATA</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
EPS (Reported)	2.77	0.41	0.70	0.59	0.65	0.72
Consensus EPS	n.a	n.a	n.a	0.84	0.99	1.24
No. of shares basic	1,470	1,470	1,685	1,685	1,685	1,685
<b>PROFITABILITY</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Return on equity (ROE)	22.8%	2.9%	4.8%	3.8%	4.1%	4.3%
Combined ratio (%)	95.2%	96.9%	95.8%	95.6%	95.4%	95.2%
<b>VALUATION</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
P/B(x)	0.8	0.8	0.8	0.7	0.7	0.7

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

# Disclosures & Disclaimers

## Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report. Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## CMBIGM Ratings

**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
**MARKET-PERFORM** : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months  
**UNDERPERFORM** : Industry expected to underperform the relevant broad market benchmark over next 12 months

## CMB International Global Markets Limited

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

**CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)**

## Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM. Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.