

China Insurance

Sunshine Insurance FY25: Strong NBV momentum; One-off tax gain lifted net profit

OUTPERFORM
(Maintain)

Sunshine Insurance Group (6963 HK, NR) reported FY25 results, with net profit rising 16% YoY to RMB6.31bn, translating into an uplift of 27% YoY in 2H25. The increase was mainly due to a one-off deferred income tax adjustment (-79.1% YoY), upon the transition to IFRS 9 & 17. Pre-tax profit slid 12% YoY to RMB7.1bn, with the 2H25 figure down 16% YoY, as both insurance service and investment results lagged in contributions. Net asset value was RMB58.2bn in FY25, down 6.3% YoY but up 4.2% HoH. ROE was up 1.6pct YoY to 10.5%. The dividend was broadly stable at RMB0.19 per share, implying a payout of 34.7%. NBV surged 48.2% YoY to RMB7.6bn, sustaining strong momentum to 2H25 (+49% YoY) driven by bancassurance (+65% YoY). CSM release and balance stayed robust, implying healthy future profit unlocking. Of which, CSM release grew 16.1% YoY to RMB4.7bn while CSM balance rose 13.3% YoY to RMB 57.6bn. Group/Life EV edged up 4.3%/2.9% YoY, yet sequentially eased due to a negative investment experience variance of RMB11.5bn (vs. RMB19.4bn gain in FY24). P&C posted a UW loss of RMB1.03bn as the CoR deteriorated by 2.4pct to 102.1%. This was dragged by the insurer's proactive management to increase reserves for guarantee insurance (CoR at 129%). On the investment front, the NIY/TIY/CIY landed at 3.7%/4.8%/6.1%, -0.5pct/+0.5pct/-0.4pct YoY in FY25. Core equities (stocks + funds) stood at 14.8% of total investment assets, a level at the high end among listed peers.

- **Net profit lifted by a one-off tax gain.** Group net profit rose 15.7% YoY to RMB6.31bn in FY25 (2H25: +26.5% YoY to RMB2.92bn), primarily bolstered by a one-off deferred income tax benefit upon the transition to new accounting standards. Income tax expense dipped to RMB536mn, down 79.1% from RMB2.57bn in FY24. Insurance service results slid 19.3% YoY to RMB4.3bn, dragged by P&C where its insurance service expense growth (+3.1%) outpaced insurance revenue (+0.2%). Net investment results fell 12.9% YoY to RMB7.5bn ([Table](#)), driven by a 33% decline in the Life segment. In FY25, Life segment's net insurance finance income/expense (+54%) outgrew its interest and net investment income (+15%), which could be due to the mirroring effect of the increasing VFA contracts. Pre-tax profit dropped 12.3% YoY to RMB7.1bn in FY25, with 2H25 down 16% YoY reflecting softening contributions from insurance and investment results.
- **NAV declined on FVOCI debt fair value losses.** Net asset value (NAV) slid 6.3% from the start of the year to RMB58.2bn, due to fair value losses on FVOCI debt instruments amid a rising interest rate environment. The China's 10-year government bond yield (CNGB10YR) rose 19bps to 1.87% by end-FY25, with 2H25 yield edging up by 21bps. This led to a fair value loss of RMB12.1bn on OCI debt securities (vs. a RMB16.2bn gain in FY24), weighing on NAV. Insurance finance expenses from both insurance and reinsurance contracts reached RMB1.9bn in FY25, a sharp decline from RMB2.68bn in FY24. The impact of interest rate shock eased in 2H, leading to a 4.2% HoH NAV rise.
- **Life: NBV momentum sustained in 2H; CSM release remained robust.** NBV surged 48.2% YoY to RMB7.64bn, with momentum sustained to 2H25 (+49.3% YoY). By channel, bancassurance led the growth (+65% YoY) in NBV, followed by group and others (+53%) and agency (+20%). Channel mix for bancassurance/agency/group and others was 62%/27%/11% respectively. Total FYP jumped 47.3% YoY to RMB45.1bn, with bancassurance contributing 76% in mix. NBV margin was broadly flat at 16.9%. CSM release, the key driver of Life insurance revenue, grew 16.1% YoY to RMB4.7bn, marking a second consecutive year of double-digit growth. CSM balance climbed 13.3% YoY to RMB57.6bn, with the release rate steadied at 7.6%. Group and Life EV saw moderated growth, weighed by a negative RMB11.5bn investment experience variance (IEV) which was partly due to mark-to-market losses on debt amid a rising yield in 2H25.
- **P&C: CoR deterioration by guarantee insurance loss; Core UW profit still healthy.** In FY25, CoR worsened by 2.4pct YoY to 102.1%, with claims ratio up 3.3pct to 71.7%, partially offset by a 0.9pct improvement in the expense ratio to 30.4%. Guarantee insurance was the main culprit, recording a UW loss of RMB1.5bn with a CoR of 129%. Excluding guarantee insurance, P&C CoR would improve 1pct YoY to 98.9%, implying a UW profit of RMB0.49bn. Auto premium was down 3.3% YoY to RMB25.8bn, and non-

China/HK Insurance Sector

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

Recent reports:

1. China Insurance - Dec Life and P&C premiums marginally improved, Feb 4, 2026 ([link](#))
2. China Insurance - Easing solvency risk factors to steer insurance funds into long-term stockholdings, Dec 8, 2025 ([link](#))
3. 中国保险 - 股票投资风险因子拟再优化, 险资长钱加速入市可期, May 8, 2025 ([link](#))
4. China Insurance: Raised cap for insurer's equity asset allocation could unleash max. RMB 1.7tn to stock market, Apr 9, 2025 ([link](#))
5. China Insurance - 4Q24 insurance funds: industry financial rate of return extended rally in a five-quarter streak, Feb 25, 2025 ([link](#))
6. China Insurance - 11/12M Monthly: Life sales diverged during the jumpstart; P&C softened by non-auto slowdown, 21 Jan, 2025 ([link](#))
7. China Insurance - 10M24 Monthly: Life premium retreated as expected, P&C grew with auto sales momentum, Nov 19, 2024 ([link](#))
8. China Insurance - 9M24 Monthly: Life growth normalized with highlights; P&C expected to see better UW profit, Oct 21, 2024 ([link](#))
9. China Insurance - 8M24 Monthly: Life jumped on top of low base; P&C top players rebounded in growth, Sep 23, 2024 ([link](#))
10. China Insurance - 7M24 Monthly: Life momentum kept strong; P&C edged up by auto & non-auto rebounds, Aug 20, 2024 ([link](#))
11. China Insurance - Insurance funds: Life/P&C diverged in allocation; financial yields marginally recovered in 2Q, Aug 14, 2024 ([link](#))
12. China Insurance - 6M24 monthly: Life prints better-than-expected on high base; P&C dragged by auto sales, Jul 23, 2024 ([link](#))

auto premium was up 4.5% YoY to RMB22.1bn, representing a 54%/46% split. P&C net profit dipped 49% YoY to RMB313mn, reflecting the drag from UW underperformance.

- **Investment:** Total investment assets amounted to RMB640bn, up 16.7% YoY driven by strong premium growth. Core equities (i.e. stocks and equity funds) accounted for 14.8% of total investment assets, a level at the high end among listed peers. Mgmt. indicated a 70/30 split between value and growth stocks within the insurance fund portfolio. Net investment yield (NIY) came in at 3.7% (-0.5pct YoY), total investment yield (TIY) at 4.8% (+0.5pct YoY), and comprehensive investment yield (CIY) at 6.1% (-0.4pct YoY).
- **Valuation:** The stock is trading at 0.3x FY26E P/EV and 0.6x FY26E P/BV, based on Bloomberg consensus.

FY25 Key Metrics Snapshot

(RMB mn, %)	2024	2025	FY25 YoY%	1H25	2H25	1H24	2H24	1H25 YoY%	2H25 YoY%
Insurance revenue	64,004	65,066	1.7%	32,441	32,625	31,488	32,516	3.0%	0.3%
Life	15,742	16,636	5.7%	8,627	8,009	8,024	7,718	7.5%	3.8%
P&C	48,243	48,331	0.2%	23,753	24,578	23,457	24,786	1.3%	-0.8%
Insurance service expense	-58,494	-60,561	3.5%	-28,253	-32,308	-	-	2.3%	4.6%
Life	-10,939	-11,586	5.9%	-4,973	-6,613	-4,962	-5,977	0.2%	10.6%
P&C	-47,334	-48,821	3.1%	-23,218	-25,603	-	-	2.6%	3.6%
Net reinsurance gains/(losses)	-127	-163	28.3%	-127	-36	-285	158	-55.4%	-122.8%
Life	38	-153	-502.6%	-130	-23	-14	52	828.6%	-144.2%
P&C	-165	-41	-75.2%	-5	-36	-271	106	-98.2%	-134.0%
Insurance service results	5,383	4,342	-19.3%	4,061	281	3,583	1,800	13.3%	-84.4%
Life	4,841	4,897	1.2%	3,524	1,373	3,048	1,793	15.6%	-23.4%
P&C	744	-531	-171.4%	530	-1,061	556	188	-4.7%	-664.4%
Net insurance finance income/(expenses)	-11,710	-17,080	45.9%	-7,085	-9,995	-4,182	-7,528	69.4%	32.8%
Life	-10,522	-16,149	53.5%	-6,571	-9,578	-3,667	-6,855	79.2%	39.7%
P&C	-651	-465	-28.6%	-216	-249	-339	-312	-36.3%	-20.2%
Interest income	9,542	9,976	4.5%	4,808	5,168	4,748	4,794	1.3%	7.8%
Life	8,690	9,047	4.1%	4,398	4,649	4,277	4,413	2.8%	5.3%
P&C	732	733	0.1%	360	373	353	379	2.0%	-1.6%
Net investment income	13,134	16,188	23.3%	6,349	9,839	4,463	8,671	42.3%	13.5%
Life	11,131	13,405	20.4%	5,297	8,108	3,673	7,458	44.2%	8.7%
P&C	942	1,927	104.6%	679	1,248	330	612	105.8%	103.9%
Credit impairment loss	-2,377	-1,605	-32.5%	-474	-1,131	-814	-1,563	-41.8%	-27.6%
Life	-1,898	-1,336	-29.6%	-353	-983	-608	-1,290	-41.9%	-23.8%
P&C	-349	-249	-28.7%	-103	-146	-208	-141	-50.5%	3.5%
Net investment results	8,589	7,479	-12.9%	3,598	3,881	4,215	4,374	-14.6%	-11.3%
Life	7,401	4,967	-32.9%	2,771	2,196	3,675	3,726	-24.6%	-41.1%
P&C	674	1,946	188.7%	720	1,226	136	538	429.4%	127.9%
Other income	3,096	2,878	-7.0%	1,260	1,618	1,517	1,579	-16.9%	2.5%
Other expenses	-8,122	-7,220	-11.1%	-3,528	-3,692	-3,159	-4,963	11.7%	-25.6%
Other finance costs	-1,335	-1,076	-19.4%	-556	-520	-679	-656	-18.1%	-20.7%
Other results	-6,361	-5,418	-14.8%	-2,824	-2,594	-2,321	-4,040	21.7%	-35.8%
Share of profit from AJVs	494	703	42.3%	261	442	233	261	12.0%	69.3%
Pre-tax profit	8,105	7,106	-12.3%	5,096	2,010	5,710	2,395	-10.8%	-16.1%
Income tax	-2,565	-536	-79.1%	-1,615	1,079	-2,498	-67	-35.3%	-1710.4%
Net profit	5,540	6,570	18.6%	3,481	3,089	3,212	2,328	8.4%	32.7%
Minority interests	91	263	189.0%	92	171	69	22	33.3%	677.3%
Net profit attributable to shareholders	5,449	6,307	15.7%	3,389	2,918	3,143	2,306	7.8%	26.5%
Net asset value to shareholders	62,082	58,201	-6.3%	55,837	58,201	60,233	62,082	-10.1%	4.2%

Source: Company data, CMBIGM

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.