

ZhongAn (6060 HK)

HK Stablecoins outlook opens up the headroom for valuation re-rating; uplift TP to HK\$20.4

ZhongAn's share price surged 55% in the week of 26 May, propelled by a resurgence of sentiment spurred by [the passage of the Stablecoins Bill](#) by the HK LegCo on 21 May, and [the GENIUS Act](#) advancement to the US Senate on 20 May. Despite the surge was to some extent driven by a round of FOMO sentiment, **we expect the valuation re-rating of ZhongAn starts to gain traction in the market alongside underwriting improvement in insurance segment, leaving limited downside risk for the stock's valuation reverting to the previous low of 0.7x-0.8x FY25E P/B.** With the Stablecoins Ordinance to come into effect this year, we believe the first batch of participants of the HKMA's stablecoin issuer sandbox could be key beneficiaries for capitalizing on the fund flow momentum on virtual assets in HK, and bring tailwinds of topline upside to affiliated companies. ZhongAn Online holds 8.7% in RD Technologies ([Fig.3](#)) which is potentially an undervalued target, in our view. For insurance, we see topline growth on robust health and auto premiums and improved CoR to underpin margin profile. On banking, we raise the target P/B multiple for it being HK's first digital bank to provide reserve banking service for stablecoin issuers and crypto trading services to retail investors with reference to the valuation of global peers ([Fig.2](#)). We lift our FY25-27E EPS forecasts to RMB 0.69/0.79/0.93 (prev. RMB 0.63/0.74/0.87) and target P/B for banking to 2.3x (prev.1.12x). **Based on SOTP, we derive our new 12m forward target price to HK\$20.4 ([Fig.1](#)), which implies 1.29x FY25E P/B. Maintain BUY.**

- **ZA Bank likely to ride on the tailwind of HK stablecoin boom.** As one of the initial stakeholders in the seed round financing of RD Technologies, ZhongAn Digital Asset held 20% interests in RD Wallet, a subsidiary of RD Technologies. RD InnoTech, another subsidiary of RD Technologies, was [approved as one of the sandbox participants](#) to launch the fiat-referenced stablecoin HKDR, which is expected to be 1:1 backed by HKD. ZA Bank, the operating entity of ZhongAn Digital Asset, thereby can provide custody services for the stablecoin issuer and benefit from the potential statutory reserve inflows. **ZhongAn Online indirectly holds 8.7% of RD Technologies, making it a key beneficiary of the boom.** Looking ahead, we expect the reserve banking services for stablecoin issuers could boost the bank's net interest income, as the fiat-referenced reserves can expand the lower-cost savings deposit balance, and thus enhance the NIM. We maintain the bank's bottom-line forecast at HK\$1.9mn in FY25E, equivalent to RMB 0.77mn in Group P/L, and raise the target P/B by referring to that of global digital banks to 2.3x ([Fig.2](#)), corresponding to recent momentum of stablecoins.
- **Expect insurance fundamentals to outperform.** In 1-4M25, the insurer grew total premiums by 12.7% YoY to RMB 10.9bn. We expect the trend of double-digit increase to sustain in year, underpinned by health and auto insurance. **We maintain our forecast on full-year premium rise of 14.6% YoY and revise down our CoR estimate to 96.9%** (prev. 97.2%), thanks to an improved mix of product as the insurer proactively scaled down low-margin businesses, i.e. digital lifestyle and consumer finance. The newly launched Zhong Min Bao Mid-to-High-End medical insurance (“众民保中高端医疗险”) continued to outgrow and accumulate over RMB300mn by end May, above 50% of scale in last year.
- **Valuation.** The stock is trading at 1.3x FY25E P/B, at 26% premium (or 0.7std) above its 3yr historical average. Despite the surge of stablecoin momentum, current valuation of the stock still ranks at 10% of historical P/B(x) from listing. With the HK Stablecoin Ordinance to take effect in 2025, we see a path for upward revision on ZA bank's valuation and topline growth driven by UW performance. **Our new TP based on SOTP is HK\$20.4 implying 1.29x FY25E P/B. Maintain BUY.**

BUY (Maintain)

Target Price	HK\$20.40
(Previous TP)	HK\$16.00)
Up/Downside	5.9%
Current Price	HK\$19.26

China Insurance

Nika MA

(852) 3900 0805

nikama@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	28,308.6
Avg 3 mths t/o (HK\$ mn)	294.1
52w High/Low (HK\$)	21.05/9.41
Total Issued Shares (mn)	1469.8

Source: FactSet

Shareholding Structure

Ant Group Co., Ltd.	10.7%
Ping An Insurance Group	10.6%

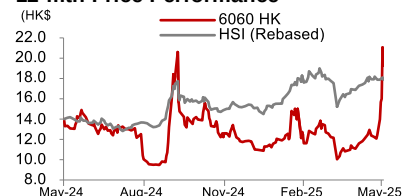
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	71.7%	63.0%
3-mth	65.7%	63.3%
6-mth	52.9%	27.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Auditor:

PricewaterhouseCoopers

Related reports:

1. ZhongAn (6060 HK) - Tech export out of the red; ZA Bank on track for breakeven, 24 Mar 2025 ([link](#))
2. ZhongAn (6060 HK) - Digital lifestyle leading growth; ZA Bank and technology export breakeven on track, 28 Mar 2024 ([link](#))
3. ZhongAn (6060 HK) - Strong investment and UW profits drive 1H23 earnings turnaround, Aug 28, 2023 ([link](#))

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Net profit (RMB mn)	3,845	603	1,008	1,162	1,363
EPS (Reported)(RMB)	2.77	0.41	0.69	0.79	0.93
Consensus EPS (RMB)	n.a	n.a	0.69	0.77	0.87
Combined ratio (%)	95.2	96.9	96.9	96.8	96.7
P/B (x)	1.4	1.3	1.3	1.2	1.2
ROE (%)	22.8	2.9	4.7	5.2	5.7

Source: Company data, Bloomberg, CMBIGM estimates | Note: stock price data was quoted by market close on 2 Jun 2025 (Mon).

Key risks: heightened market fluctuations on stablecoin and cryptocurrencies; slower-than-expected execution of licensed stablecoin issuers; prolonged low interest rate environment; and sharpened equity market volatilities, etc.

Valuation

Figure 1: Sum-of-the-part for ZhongAn Online

(\$bn, %)	FY24	FY25E	FY26E	FY27E
Insurance				
Book Value (RMB bn)	19.6	20.2	20.7	21.4
P/B(x)		1.17x	1.17x	1.17x
Fair value (HK\$ bn)		25.6	26.2	27.1
Technology				
Domestic tech export:				
Net profit (RMB bn)	0.08	0.14	0.19	0.26
P/E(x)		15.0x	15.0x	15.0x
Domestic export fair value (HK\$ bn)		1.8	2.5	3.4
Overseas tech export:				
ARR (HK\$ bn)	0.17	0.20	0.23	0.27
ARR multiple (x)		0.6x	0.6x	0.6x
Overseas export fair value (HK\$ bn)		0.12	0.14	0.16
Fair value, combined (HK\$ bn)		1.9	2.7	3.5
Banking				
Book Value (RMB mn)	0.82	0.82	0.87	0.98
P/B(x)*		2.3x	2.3x	2.3x
Fair value (HK\$ mn)		2.1	2.2	2.5
Others (HK\$ bn)	(0.7)	(0.3)	(0.1)	0.2
Total valuation (HK\$ bn)		29.2	31.0	33.2
No. of shares outstanding (mn)		1,470	1,470	1,470
Price per share (HK\$)		19.9	21.1	22.6

12mth forward TP (HK\$)	20.4
Implied P/E (x)	27.5x
Implied P/B (x)	1.29x

Source: Company data, CMBIGM estimates | Note: banking's target P/B(x) multiple refers to the table of global peers' comparable in Fig 2.

Key forecasts

	Current				Old			Chg		
	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
EPS	0.41	0.69	0.79	0.93	0.63	0.74	0.87	8.1%	6.9%	6.0%
P&C Insurance:										
GWP	33,417	38,283	42,413	46,876	38,240	43,528	49,208	0.1%	-2.6%	-4.7%
COR	96.9%	96.9%	96.8%	96.7%	97.2%	97.3%	97.3%	(0.3)	(0.4)	(0.6)
UWP	899	1,007	1,168	1,353	918	1,032	1,159	9.7%	13.2%	16.7%
Technology										
Net profit	78	141	194	259	141	194	259	0.0%	0.0%	0.0%
Banking										
Net profit	-92	1	50	109	1	50	109	0.0%	0.0%	0.0%

Source: Company data, CMBIGM estimates

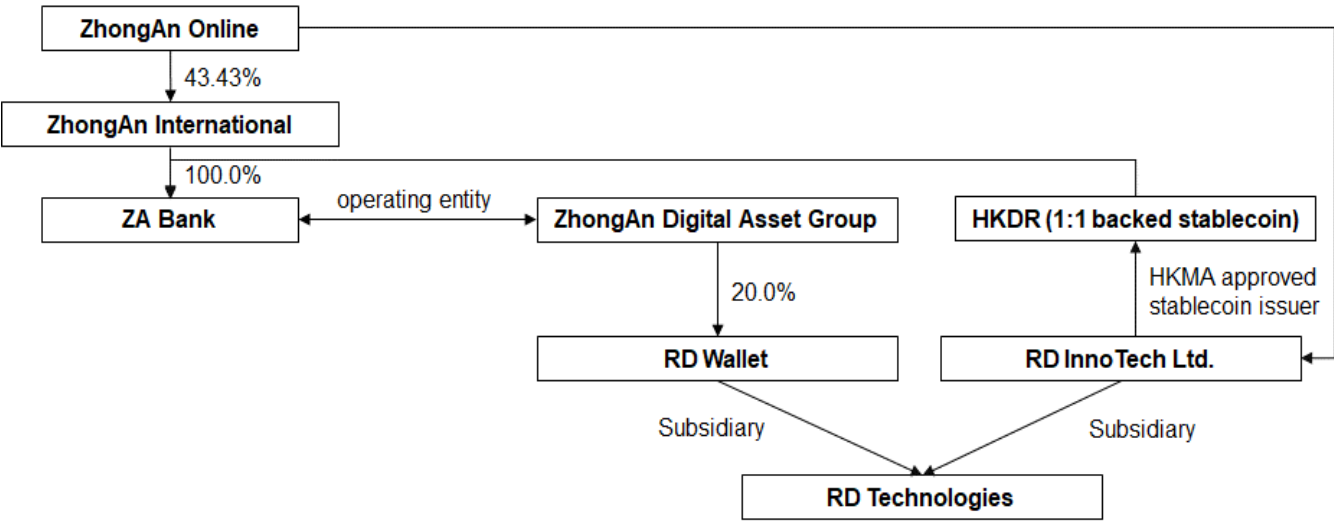
Peers comparable

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

Company	Ticker	Price (LC)	Mkt Cap (LC bn)	FY25E EPS	FY25E P/B(x)	FY26E P/B(x)	FY27E P/B(x)
US companies:							
NU Holdings Ltd.	NU US	12.01	57.9	0.56	5.6x	4.3x	3.2x
Upstart Holdings Inc.	UPST US	47.17	4.5	1.47	5.6x	4.7x	4.0x
SLM Corp	SLM US	32.37	6.8	3.11	3.0x	2.5x	2.1x
Credit Acceptance Corp	CACC US	477.3	5.5	40.03	2.8x	2.1x	1.6x
SoFi Technologies Inc.	SOFI US	13.3	14.7	0.28	2.1x	2.0x	1.8x
Enova International Inc.	ENVA US	92.67	2.4	11.76	1.7x	1.3x	n.a
OneMain Holdings Inc.	OMF US	51.84	6.2	6.11	1.8x	1.6x	1.4x
Synchrony Financial	SYF US	57.65	21.9	7.66	1.4x	1.2x	1.1x
Nelnet Inc.	NNI US	116.18	4.2	7.69	1.2x	1.1x	1.3x
Inter & Co Inc.	INTR US	7.12	3.1	3.28	0.3x	0.3x	0.2x
JP companies:							
SBI Sumishin Net Bank Ltd	7163 JP	4880	735.9	266.43	3.6x	3.0x	2.5x
Rakuten Group Inc.	4755 JP	819.3	1,768.5	(25.66)	2.0x	1.4x	1.3x
Seven Bank Ltd	8410 JP	270	318.4	17.03	1.1x	n.a	n.a
South Korea company:							
KakaoBank Corp	323410 KS	24050	11,471.6	1,096.28	1.7x	1.6x	1.5x
Australia company:							
Judo Capital Holdings Ltd	JDO AU	1.385	1.5	0.07	0.9x	0.9x	0.8x
Average					2.3x	2.0x	1.8x

Source: Bloomberg, CMBIGM estimates

Figure 3: ZhongAn’s stake-holding in RD Technologies



Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Insurance revenue	22,189	27,535	31,744	36,461	40,395	44,641
Insurance service expenses	(20,673)	(26,089)	(30,690)	(35,285)	(39,049)	(43,100)
Net expenses from reinsurance contracts held	(99)	(109)	(14)	(17)	(19)	(21)
Insurance service results	1,417	1,337	1,040	1,159	1,327	1,519
Net finance (expenses)/income from insurance contracts	(145)	(52)	(52)	(59)	(66)	(73)
Net finance (expenses)/income from reinsurance contracts	(10)	8	2	0	0	0
Net investment income	1,688	4,136	437	1,231	1,307	1,406
Other gains/(losses) from changes in fair value	(1,803)	768	1,024	13	0	0
Net investment results	(115)	4,904	1,460	1,244	1,307	1,406
Other income	1,129	1,135	1,032	1,142	1,253	1,377
Other expenses	(2,966)	(2,670)	(1,952)	(2,023)	(2,164)	(2,318)
Foreign exchange gains/losses	(549)	(95)	(99)	(99)	(99)	(99)
Other results	(2,814)	(2,094)	(1,466)	(1,404)	(1,413)	(1,423)
Profit before tax	(1,683)	4,010	854	1,097	1,271	1,497
Income taxes	298	(165)	(251)	(89)	(109)	(135)
Net profit	(1,384)	3,845	603	1,008	1,162	1,363
Net profit attributable to shareholders	(1,112)	4,078	603	1,008	1,162	1,363

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
ASSETS						
Cash and amount due from banks and other financial institutions	3,526	1,576	1,467	2,757	4,216	6,205
Intangible assets	662	527	619	619	619	619
Investments in associates and joint ventures	554	5,297	5,591	5,591	5,591	5,591
Property	434	377	798	798	798	798
Reinsurance contract assets	595	762	710	726	756	800
At amortized cost:	1,431	1,452	1,051	1,105	1,162	1,222
At fair value through profit or loss:	21,863	22,252	20,706	21,930	23,224	24,593
Loans and advances to customers	4,367	0	0	0	0	0
Other assets	1,702	2,104	2,692	2,720	2,749	2,780
Cash and cash equivalents	3,526	1,576	1,467	2,757	4,216	6,205
Total assets	47,649	42,864	45,285	47,072	48,961	50,957
LIABILITIES						
Insurance contract liabilities	4,029	3,335	5,000	5,500	6,050	6,655
Borrowings	6,805	6,900	6,993	7,133	7,275	7,421
Obligations under repurchase agreements	6,992	8,491	7,931	8,724	9,597	10,557
Current tax liabilities	0	27	18	18	18	18
Lease liabilities	374	287	123	135	149	164
Other liabilities	11,819	3,750	4,024	3,628	2,777	1,686
Total liabilities	30,034	22,790	24,358	25,138	25,865	26,499
EQUITIES						
Share capital	1,470	1,470	1,470	1,470	1,470	1,470
Reserves	16,473	16,732	16,996	16,996	16,996	16,996
Retained profits	(2,176)	1,871	2,461	3,468	4,630	5,993
Total shareholders' equity	15,766	20,073	20,926	21,934	23,096	24,458
Non-controlling interests	1,849	0	0	0	0	0
Total equity	17,615	20,073	20,926	21,934	23,096	24,458
Total liabilities & equity	47,649	42,864	45,285	47,072	48,961	50,957

PER SHARE DATA	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
EPS (Reported)	(0.76)	2.77	0.41	0.69	0.79	0.93
Consensus EPS	n.a	n.a	n.a	0.69	0.77	0.87
No. of shares basic	1,470	1,470	1,470	1,470	1,470	1,470
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Return on equity (ROE)	n.a	22.8%	2.9%	4.7%	5.2%	5.7%
Combined ratio (%)	94.2%	95.2%	96.9%	96.9%	96.8%	96.7%
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/B (x)	1.6	1.4	1.3	1.3	1.2	1.2

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets. | Note: stock price data was quoted by market close on Jun 2, 2025 (Mon).

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.