



March 5, 2015

Sector Rating:  
**OVERWEIGHT**

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**Key Data**

Avg.15E P/E (x)	4.83
Avg.15E P/B (x)	0.81
Avg.15E Dividend Yield (%)	5.90
Source(s): Company, Bloomberg, ABCI Securities	

**Sector relevant metrics (%)**

Interest income	78.53
Non-interest income	21.47
Source(s): Company, ABCI Securities	

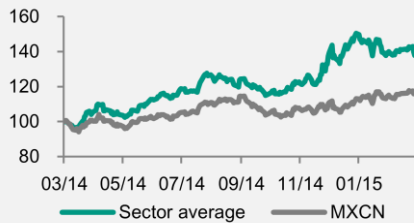
**Sector performance (%)**

	Absolute	Relative*
1-mth	(1.57)	(2.16)
3-mth	(1.29)	(5.53)
6-mth	10.75	9.41

\*Relative to MXCN

Source(s): Bloomberg, ABCI Securities

**1-Year Sector performance**



Source(s): Bloomberg, ABCI Securities

## China Banks Sector Re-rating ensues - don't miss the train!

**Investment themes**

- ❖ With the slew of pro-growth policies, asset quality risk in China banks sector should turn more manageable
- ❖ With the rate cut cycle being kick-started in Nov 2014, we forecast more interest rates/RRR cuts to come and system NIM would reduce by 10-15bps yoy in 2015E
- ❖ We set our 2015E system loan growth target at RMB 10.5tn, as loosened credits and ample liquidity should sustain momentum
- ❖ We expect deposit insurance to be launched in 2015; impact on banks' earnings would be mild
- ❖ We believe sector re-rating has started. H-share banks are now trading at discounts to A-share peers. Maintain **OVERWEIGHT** sector rating with ICBC (1398 HK), CCB (939 HK) and ABC (1288 HK) as our top picks

**Policy gearing toward economic growth.** Priority of China's latest policy has been directed to promote economic growth. System NPL ratio rose by 25bps in 2014 to 1.25%, but we believe the economy would expand by 7.2% YoY in 2015E after achieving a 7.3% growth in 2014. Hence, massive asset quality deterioration is unlikely to occur.

**More rate cuts to come.** Many small enterprises are burdened by the high non-bank lender interest rates at 18%-20%. To establish a more supportive interest rate environment, a new rate cut cycle has begun, with two rate cuts being enforced in Nov 2014 and Feb 2015. We expect to see another 25bps cut in coming months for both loan and deposit rates. Thanks to loan re-pricing and continuous balance sheet management, we forecast 2015E system NIM will only edge down slightly by 10-15bps yoy.

**Loose credit policy sustains loan growth.** After the RRR cut in Feb 2015, we expect another 50bps cut to be announced in the coming quarters. However, given the system surplus reserve ratio at 2.65%, we believe LDR cap is the major barrier to loan growth. System loan growth was reported at RMB 9.78tn in 2014, slightly higher than our target of RMB 9.5tn by 2.9%. Loose credits and liquidity policies should sustain loan growth in 2015. Hence, we set our 2015E new loan target at RMB 10.5tn, or 12.4% yoy.

**Limited impact on earnings from deposit insurance.** We expect the deposit insurance scheme, a major milestone of interest rate liberalization, to be launched in 2015, to be followed by full deposit rate liberalization in 2H15 the earliest. With reference to various countries, we forecast the insurance premium to be at 0.04%-0.06% of the banks' deposits, which will translate into a 2.8%-4.2% decline in earnings. The actual impact could be reduced further if the scheme is implemented in phases.

**Sector re-rating has started.** Recent share price rebound in the sector indicates re-rating has begun. While our earnings estimates remain unchanged, we modify our ERP and sustainable ROE assumptions, which results in a TP change of -2.8% to 26%. Given the low valuation and promising dividend yield, we think H-share banks are attractive trading at discounts to their corresponding A-shares. We maintain our **OVERWEIGHT** sector rating with ICBC (1398 HK), CCB (939 HK), and ABC (1288 HK) as our top picks.

**Risk factors:** 1) Faster-than-expected pace of interest rate liberalization; 2) Increasing competition from non-bank financial institutions; 3) Sharp asset quality deterioration and weak loan demand; 4) New regulations affecting banks' operation and profitability.

**Sector Valuation Summary (data as of Mar 4, 2015)**

Company	Ticker	Rating	Price (HK\$)	TP (HK\$)	FY14E P/E(x)	FY15E P/E (x)	FY14E P/B (x)	FY15E P/B (x)	FY14E Yield (%)	FY15E Yield (%)
ICBC	1398 HK	BUY	5.51	7.00	5.44	5.01	1.06	0.94	6.35	6.81
CCB	939 HK	BUY	6.26	7.74	5.44	5.06	1.03	0.91	6.39	6.99
ABC	1288 HK	BUY	3.76	5.09	5.01	4.49	1.01	0.88	6.98	7.65
BOC	3988 HK	BUY	4.30	5.24	5.73	5.21	0.93	0.83	6.10	6.69
BoCom	3328 HK	BUY	6.44	8.27	5.99	5.37	0.82	0.74	5.05	5.63
CMB	3968 HK	BUY	17.14	21.80	6.04	5.17	1.11	0.96	4.96	5.83
MSB	1988 HK	BUY	8.92	11.68	4.22	3.82	1.01	0.87	3.78	4.06
CITICB	998 HK	HOLD	5.91	6.55	5.56	4.82	0.86	0.75	5.29	6.13
CEB	6818 HK	BUY	3.88	5.02	4.78	4.25	0.84	0.74	5.80	6.44
HB	3698 HK	BUY	3.39	4.19	5.77	5.12	0.80	0.70	4.42	5.16
HRB	6138 HK	BUY	2.84	3.43	5.68	5.16	0.84	0.72	3.52	4.40
BoCQ	1963 HK	BUY	6.25	7.56	4.81	4.42	0.82	0.69	4.20	5.00

Source(s): Companies, Bloomberg, ABCI Securities estimates



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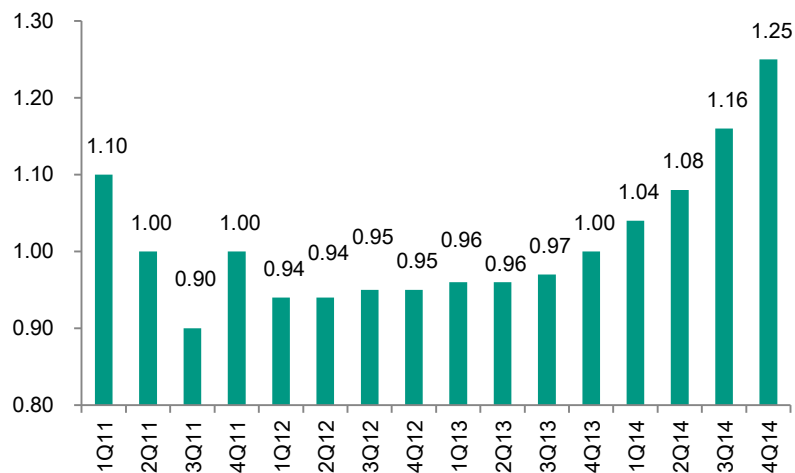
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## Supporting the economy as key mission

### A stable economy will lower asset quality risk

As bank sector is highly correlated with economic health, stabilizing the economy has therefore become one of the government's core missions amid the slowdown in overall growth. Collapse of funding chains to small enterprises can potentially lead to an asset quality crisis in the bank sector even if risk exposure is low among banks. According to CBRC, the rise of system NPL ratio accelerated in 2014 from 1% in Dec 2013 to 1.25% in Dec 2014. Nevertheless, our ABCI economists forecast that China's GDP would grow by 7.2% in 2015E after expanding by 7.3% in 2014. Assuming a stable economic growth, we believe massive asset quality deterioration is unlikely to occur in 2015.

**Exhibit 1: System NPL ratio (%)**



Source(s): CBRC, ABCI Securities

### Policy focus shifts to support economic growth

Prior to 2014, policy of the China bank sector has mostly been risk-focused. Regulations related to local government financing vehicle (LGFV), wealth management products (WMPs), interbank activities, and exposure to high-risk industries such as properties and over-capacitated sectors have been enforced to control banks' operations. Combined with negative media coverage, share prices of banks have been depressed in past years.

Policies in recent quarters, however, have been shifting to ones that emphasize on supporting economic growth. These policies include, but are not limited to, targeted RRR cut for Sannong (agriculture, farmers and rural areas) and SME/MSE lending, benchmark rate cut, modification of interbank balance in LDR calculation, etc. Asset quality affects banks' loan portfolio as well as the ongoing survival of small enterprises which, in the case of widespread bankruptcy, can trigger a cascade of effects that may impair China's economy as a whole.

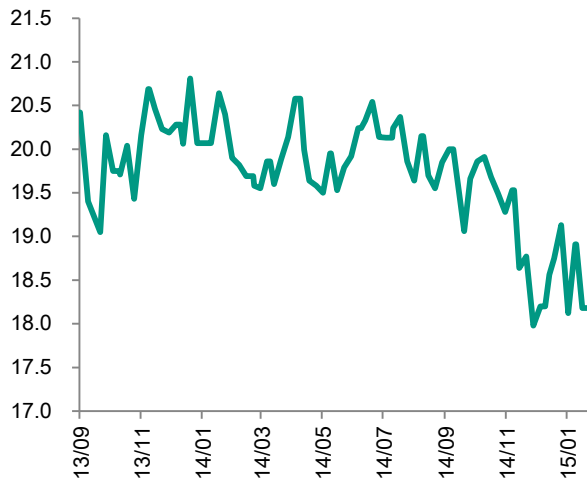
## Rate cut cycle to ease asset quality risk

### High interest rate environment is improving

To support the country's economic growth and manage asset quality risk, regulators have been working to create a more supportive interest rate environment. According to our channel checks, small businesses rely heavily on domestic, non-bank lenders due to the difficulty in obtaining bank loans and as a result, bear high funding costs.

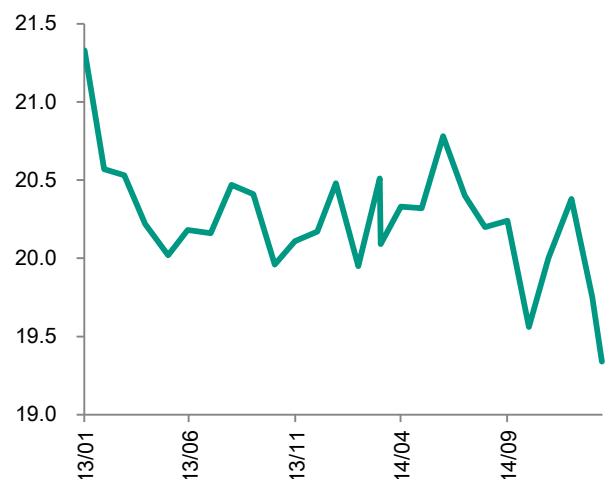
Although various local organizations indicate interest rates offered by non-bank lenders have been reducing in the last few quarters, composite interest rate of China and Wenzhou small lenders remain high at ~18%-20%, according to Wenzhou Finance Office. Meanwhile, Guangzhou small lender 3M interest rate and China P2P composite interest rate are at 18.5% and 15%, according to Guangzhou Finance Street and Shenzhen E-Commerce Association. In particular, the P2P composite rate has been reducing from over 26% in Dec 2013 to the current level.

**Exhibit 2: China small lender composite interest rate index (%)**



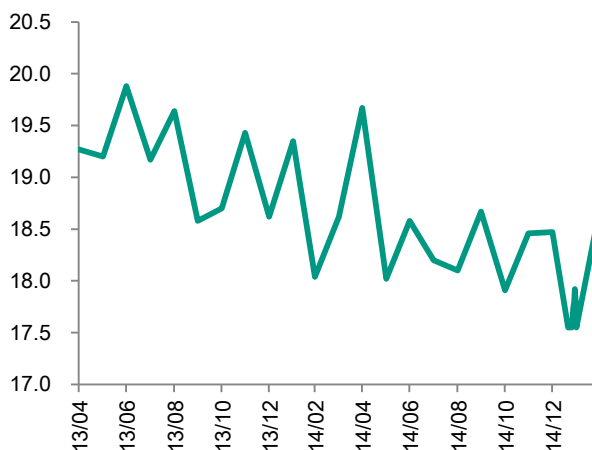
Source(s): Wenzhou Finance Office, ABCI Securities

**Exhibit 3: Wenzhou small lender composite interest rate index (%)**



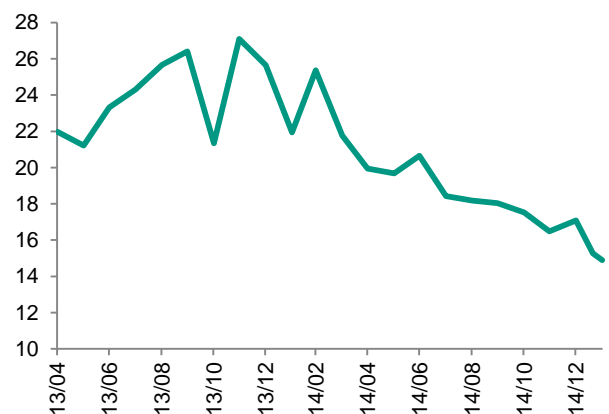
Source(s): Wenzhou Finance Office, ABCI Securities

**Exhibit 4: Guangzhou small lender 3M interest rate (%)**



Source(s): Guangzhou Finance Street, ABCI Securities

**Exhibit 5: China P2P composite interest rate index (%)**



Source(s): Shenzhen E-commerce Association, ABCI Securities



This implies that customers of these small lenders (mainly SMEs and MSEs) could only sustain if their profit margins are high enough to cover the high interest cost. Against the backdrop of a slower economic growth, the situation is drawing more concerns from regulators.

### A new rate cut cycle has begun

In Nov 2014, PBOC announced its first benchmark rate cut since July 2012. We believe the 25-40bps cut in deposit rates and 15-40bps cut in lending rates signified the start of a new rate cut cycle in China. In Feb 2015, PBOC, announced another symmetric rate adjustment of a 25bps reduction in both the lending and deposit rates; the deposit rate cap was also raised from 1.2x of benchmark rates to 1.3x. With deposit rate cut and the risen deposit rate cap, we expect system deposit rates would be reduced by ~5bps. Responses from the market have been positive so far, as a lower funding cost would improve corporate profitability and reduce default risk among banks.

Exhibit 6: Benchmark rate changes (bps)

	2010-10	2010-12	2011-02	2011-04	2011-07	2012-06	2012-07	2014-11	2015-02
<b>Deposit</b>									
Saving	0	0	4	10	0	-10	-5	0	0
3M	20	34	35	25	25	-25	-25	-25	-25
6M	22	30	30	25	25	-25	-25	-25	-25
1Y	25	25	25	25	25	-25	-25	-25	-25
2Y	46	30	35	25	25	-30	-35	-40	-25
3Y	52	30	35	25	25	-35	-40	-25	-25
<b>Loan</b>									
<6M	24	25	25	25	25	-25	-25	0	-25
6M-1Y	25	25	25	25	25	-25	-31	-40	-25
1Y-3Y	20	25	25	30	25	-25	-25	-15	-25
3Y-5Y	20	26	23	20	25	-25	-25	-40	-25
>5Y	20	26	20	20	25	-25	-25	-40	-25
<b>Mortgage</b>									
<5Y	17	25	25	20	25	-25	-20	-25	-25
>5Y	18	25	20	20	20	-20	-20	-25	-25

Source(s): PBOC, ABCI Securities

### More rate cuts to come

Based on history, each rate hike/cut cycle normally lasts for 2-6 months with 2-3 rate adjustments. After the cuts in Nov 2014 and Feb 2015, we forecast another rate reduction to be announced in the following months, depending on the economic condition.

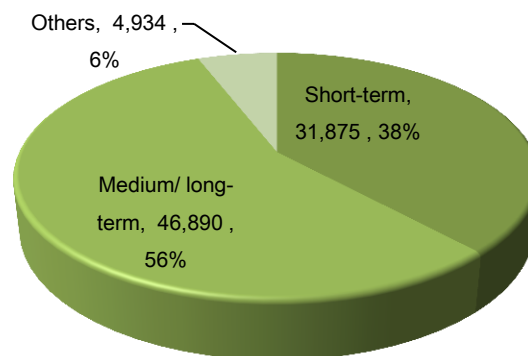
Although the degree of reduction in the 1Y loan rate (40bps in Nov 2014) was larger than the 1Y deposit rate cut by 15bps, we believe strong loan demand should prevent excessive NIM contraction under this asymmetric rate cut. This was proven by the system NIM that expanded by 2bps qoq in 4Q14 to 2.7%. We expect the upcoming reduction would remain symmetric (like the one in Feb 2015), with a 25bps reduction on the loan and deposit sides on average. After all, we believe the primary objective of this rate cut cycle is to lower corporate funding cost without drastic reduction in banks' profits.

## Re-pricing defers rate cut impact

Based on the two rate cuts in 2012, the actual impact on interest will likely be fully reflected over a year due to the re-pricing effect. Although loan rate decreased by an average of 50bps from the 2 rate cuts in 2012, thanks to banks' continuous balance sheet management, the system NIM only contracted by 20bps (bottomed in 1Q13 at 2.57%).

As of Jan 2015, only 38% of the system loan was short-term in nature, while 56% of the total was medium- and long- term. If we expect loan rate to fall by 60-90bps in the latest cycle (with 2-3 rate cuts), there would be a 30bps-40bps NIM squeeze from 2.7% (4Q14 data) to 2.3%-2.4% in 3Q-4Q15E. As we expect system NIM in 1H15 to stay firm, system NIM for 2015E should only contract by 10-15bps yoy.

**Exhibit 7: Jan 2015 system loan duration (RMB bn)**

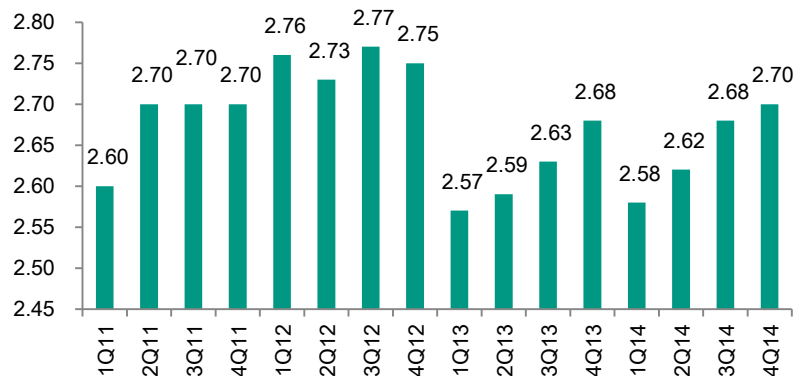


Source(s): PBOC, ABCI Securities

## Expect NIM squeeze to be mild

We believe the above estimates are conservative, as potential NIM expansion through continuous balance sheet management and robust loan growth have not been taken into account. China banks demonstrated skillful balance sheet management in 2013 and 2014; their NIMs rose back to 2.7% after the rate cuts in 2012. Unstable interbank rates have pressured NIM in 2014; however, with such rates turning more stable in recent quarters, we expect the NIM trend to turn steadier and downside pressure would be manageable.

**Exhibit 8: System NIM (%)**



Source(s): CBRC, ABCI Securities

## LDR cap is limiting loan growth

### Two RRR cuts in 2015

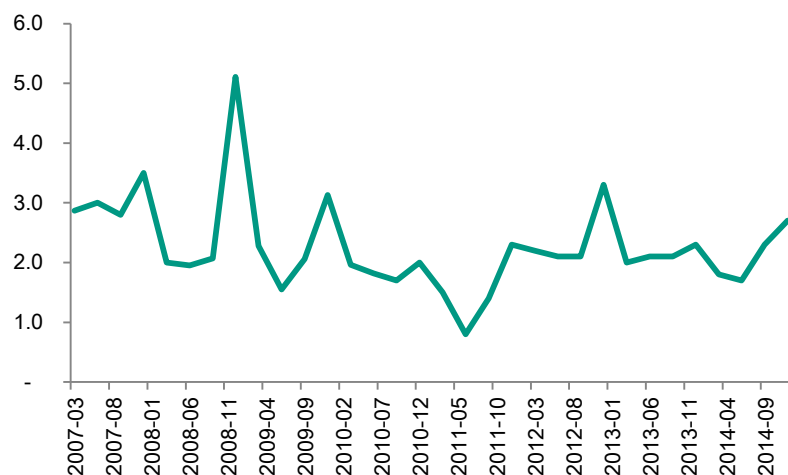
The RRR cut cycle has started when the first reduction was announced on Feb 4, 2015. The general RRR was slashed by 50bps, while specific RRR for Agriculture Development Bank of China (ADB) was reduced by 4ppt; also, targeted RRR cut was applicable to city commercial banks and rural commercial banks given the structure requirements in Sannong, SME, and MSE loans can be fulfilled. In each cycle, RRR is usually adjusted by 50 bps for 3-9 times. Hence, we forecast another 50bps cut to be announced in coming quarters.

**Exhibit 9: RRR changes (%)**

	Medium and small banks	Changes (bps)	Large banks	Changes (bps)
2010-01-18	14.0	50	16.0	50
2010-02-25	14.5	50	16.5	50
2010-05-10	15.0	50	17.0	50
2010-11-16	15.5	50	17.5	50
2010-11-29	16.0	50	18.0	50
2010-12-20	16.5	50	18.5	50
2011-01-20	17.0	50	19.0	50
2011-02-24	17.5	50	19.5	50
2011-03-25	18.0	50	20.0	50
2011-04-21	18.5	50	20.5	50
2011-05-18	19.0	50	21.0	50
2011-06-20	19.5	50	21.5	50
2011-12-05	19.0	-50	21.0	-50
2012-02-24	18.5	-50	20.5	-50
2012-05-12	18.0	-50	20.0	-50
2015-02-04	17.5	-50	19.5	-50

Source(s): PBOC, ABCI Securities

**Exhibit 10: Surplus reserve ratio (%)**



Source(s): CBRC, ABCI Securities



## What surplus reserve reveals

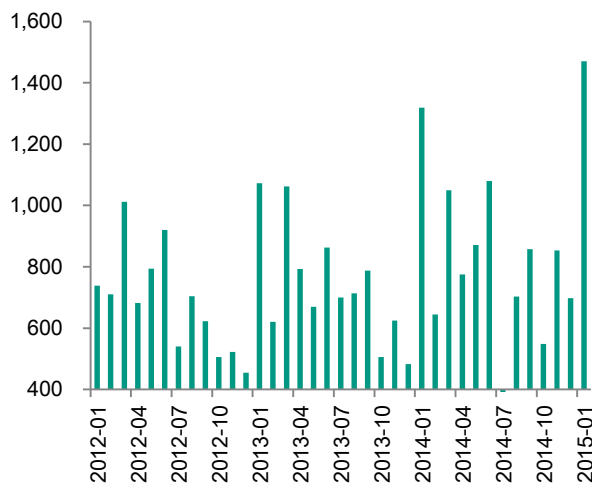
In our view, the 75% LDR cap, instead of the RRR, is the major factor limiting system loan growth. The LDR cap ranges between 70%-75% for most H-share big banks and JSBs. According to CBRC data, banks have maintained their surplus reserve ratio mostly at above 2%. As of Dec 2014, the surplus reserve ratio was 2.65%. In our view, RRR has never been a major barrier to expanding loan growth given the sufficient buffer provided by the surplus reserve. Nevertheless, we believe that further reduction in RRR should support loan growth.



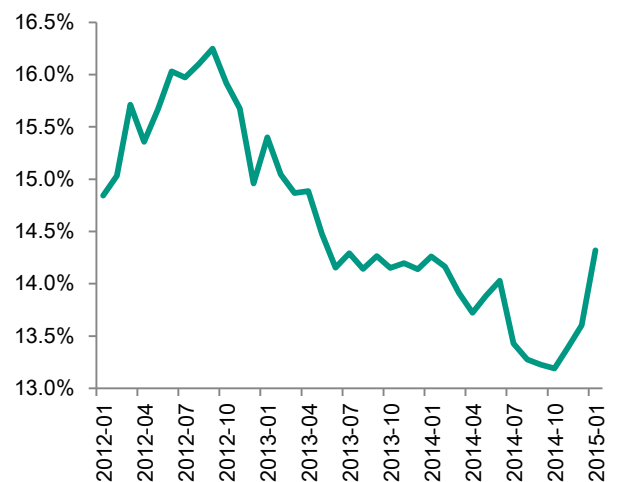
## Loosen credit policy sustains loan growth

### Policy to support market liquidity

To support economic growth, proactive measures have been implemented to support Sannong, SMEs and MSEs. Aside from encouraging lending to these enterprises with the targeted RRR cut in 2014, PBOC also modified the LDR calculation in Dec 2014 and released RMB 50bn loans to Sannong in Jan 2015.

**Exhibit 11: Monthly new loan growth (RMB bn)**


Source(s): PBOC, ABCI Securities

**Exhibit 12: System loan yoy growth (%)**


Source(s): PBOC, ABCI Securities

We believe regulators are aware of the barrier imposed by LDR on loan growth. Since direct modification of banking ordinance and the LDR rule would necessitate a lengthy and complicated legislation process, the authorities have instead adjusted the calculation for LDR. In Dec 2014, the deposit base calculation of LDR has been modified to include interbank deposits as regular deposits and on a temporary basis, no RRRs would be applied to such deposits. Banks with higher LDR, such as JSBs, have been the key beneficiaries.

### System loan growth to sustain

According to the PBOC, system loan growth in 2014 was reported at RMB 9.78tn, 2.9% higher than our 2014 target of RMB 9.5tn and represented a 13.6% yoy growth in total loan balance. Although we expect the loosening credit atmosphere and sufficient liquidity would stimulate system loan growth in 2015, the boost will be a mild as banks are required to consider other factors such as capital, asset quality, and loan quota when releasing loans.

In our base case scenario, we expect loan growth momentum to sustain and our 2015E loan growth target is RMB 10.5tn, which implies a 12.4% yoy growth in total loan balance. Based on the typical loan split in the past, we estimate 60% of the loan would be made in 1H15, with 30% each in 1Q/2Q15; the remaining 40% would be made in 2H14, with 20% each in 3Q/4Q15. We expect the absolute loan increase to be RMB 3.15tn each in 1Q/2Q15 of, and RMB 2.1tn each in 3Q/4Q15. We believe sizeable banks would be more selective of loan customers to avoid over-exposure to risk.



## Interest rate liberalization to accelerate

### Deposit insurance scheme to be launched in 2015

We believe the long-awaited deposit insurance scheme—a milestone of interest rate liberalization in China, will be launched in 2015 although some suggest the preparation may take another 12 months. With the deposit rate cap being raised to 1.3x the benchmark rates in the latest rate cut, we believe PBOC is gauging the market readiness for deposit rate liberalization. Upon the launch of deposit insurance scheme, we forecast full liberalization of deposit rates may occur in 2H15 the soonest.

The deposit insurance scheme was first introduced in the U.S. in 1934. India adopted such scheme in 1962, followed by Canada in 1967. Its development accelerated in the 70s and 80s, during which Japan established its first deposit insurance company in 1971. Taiwan also launched a voluntary deposit insurance system in 1985; the system was made compulsory in 1999. According to the World Bank, more than 90 countries have set up an explicit deposit insurance scheme; other countries, for the purpose of financial stability, have also adopted similar system implicitly to protect depositors' wealth.

Being the two SARs of China, Hong Kong and Macau introduced the deposit insurance system in 2006 and 2012. The preparatory period for Hong Kong was a lengthy one, considering the public enquiry phase started in 1992. We believe the development in Hong Kong and Macau would provide valuable references for the establishment of deposit insurance system in China.

### Minor impact on banks' earnings

In most countries, banks pay insurance premium to a dedicated insurance company or government-owned organization based on a percentage of their assets or deposits. Generally, such insurance premium is equivalent to 0.01%-0.45% of a bank's total deposit. For Asian countries, the insurance premium is typically set at 0.04%-0.06% of a bank's total deposit balance.

Deposit of the Chinese bank system amounted to RMB 117,373bn as of Dec 2014. Assuming a deposit insurance premium at 0.04%-0.06% of total deposit balance, the total insurance premium would amount to RMB 46.95bn-70.42bn, equivalent to 2.8%-4.2% of earnings in the banking system. According to the latest speech by the CBRC and PBOC, the adoption of deposit insurance scheme could take place in phases. A unified and lower premium rate will be applied to all banks in phase 1, and a differentiated premium rate will be applied based on the risk level of individual banks in phase 2. With the progressive implementation, we believe the overall impact on banks would be mild.

## Valuation

### Sector re-rating has started

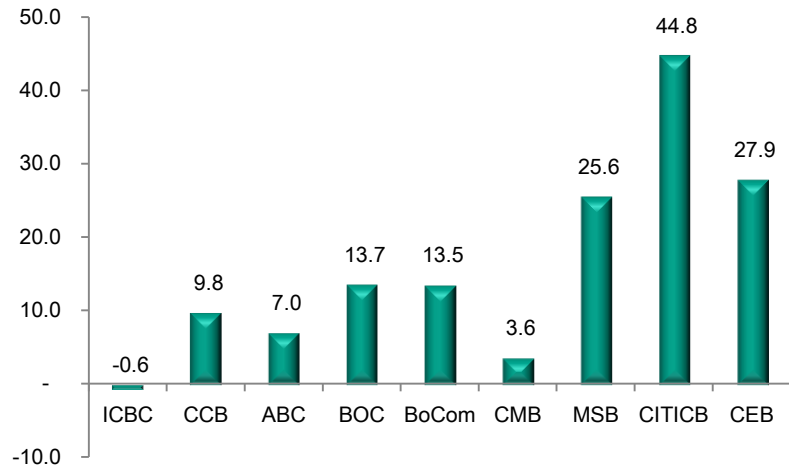
As mentioned in our previous report on Nov 11, 2014, we believe desensitization to negative news would be favorable to sector re-rating. With the sector share prices rising by 10.75% on average for the past 6 months, we believe the re-rating has begun. We maintain our **OVERWEIGHT** rating based on the undemanding valuation and promising dividend yield. Most banks in our coverage universe are still trading at below their 2015E book value despite the latest rally. In particular, we favor big names in the sector, given the 2015E dividend yield of 6.69%-7.65% among the big 4 banks. ICBC, CCB and ABC remain our sector top picks.



### Time to BUY H-shares at discount

Except for ICBC, A-share banks are currently trading at a premium of 3.6%-44.8% to their corresponding H-shares. This could be due to the more pronounced herd behavior in the A-share market which has a higher proportion of retail investors. We prefer the H-share banks based on their defensiveness and lower valuations at present. We believe such factors would also help attract mainland investors through the HK-Shanghai connect.

Exhibit 13: A/H share premium of banks (%)



Source(s): Bloomberg, ABCI Securities

### Lower risk premium assumption

Without any material changes in the operating environment, our earnings estimates remain largely the same. Considering that more pro-growth policies would be launched in the future, we are convinced that country risk of China and asset quality risk in the China banks sector are decreasing. Therefore, we adjust down our EPR assumption in our valuation models by 100bps from 10.5% to 9.5% and adjust our sustainable ROE assumption by -0.5% to 1% based on the recent financial performance among banks. Hence, TP of the H-share banks are revised by -2.8% to 26%.

Exhibit 14: Summary of TP changes

	ICBC	CCB	ABC	BOC	BoCom	MSB	CMB	CITICB	CEB	HB	HRB	BoCQ
TP (old)	6.24	6.90	4.54	4.45	6.94	9.55	17.3	5.37	4.48	4.03	3.53	6.38
TP (new)	7.00	7.74	5.09	5.24	8.27	11.68	21.8	6.55	5.02	4.19	3.43	7.56
Change (%)	12.2	12.2	12.1	17.8	19.2	22.3	26.0	22.0	12.1	4.0	(2.8)	18.5
Sus. ROE (old)	18.2	18.2	19.1	15.8	14.3	17.1	17.8	14.9	16.7	15	15.8	14.8
Sus. ROE (new)	18.2	18.2	19.3	15.8	14.8	18.1	18.8	14.9	16.7	14.5	15.3	15.3
Change (%)	-	-	0.2	-	0.5	1.0	1.0	-	-	(0.5)	(0.5)	0.5
COE (old)	17.4	18.2	18.5	17.4	16.4	18.0	18.2	19.0	18.5	16.9	16.9	18.5
COE (new)	16.2	16.8	17.1	15.7	15.2	16.7	16.5	16.7	17.1	15.9	16.7	17.1
Change (%)	(1.2)	(1.4)	(1.4)	(1.7)	(1.2)	(1.3)	(1.7)	(2.3)	(1.4)	(1.0)	(0.2)	(1.4)
Target P/B (old)	1.07	1.00	1.06	0.86	0.80	0.93	0.97	0.68	0.86	0.83	0.90	0.70
Target P/B (new)	1.19	1.12	1.19	1.02	0.96	1.14	1.22	0.83	0.96	0.86	0.87	0.84
Change (%)	11.21	12.00	12.26	18.60	20.00	22.58	25.77	22.06	11.63	3.61	(3.33)	20.00

Source(s): ABCI Securities estimates



Exhibit 15: Valuation table (closing price as of Mar 4, 2015)

Name	BBG code	Market cap	Price	Rating	TP	Upside	200 Days Vol. (%)	P/B (x)		P/E (x)		ROE (%)		Div yield (%)	
		(USDmn)	(HKD)		(HKD)	(%)		14E	15E	14E	15E	14E	15E	14E	15E
ICBC	1398 HK	249,916	5.51	BUY	7.00	27.04	21.61	1.06	0.94	5.44	5.01	20.7	19.7	6.35	6.81
CCB	939 HK	202,479	6.26	BUY	7.74	23.64	20.68	1.03	0.91	5.44	5.06	20.2	19.2	6.39	6.99
ABC	1288 HK	165,843	3.76	BUY	5.09	35.37	20.33	1.01	0.88	5.01	4.49	21.6	20.8	6.98	7.65
BOC	3988 HK	174,210	4.30	BUY	5.24	21.86	23.01	0.93	0.83	5.73	5.21	17.2	17.0	6.10	6.69
BoCom	3328 HK	65,678	6.44	BUY	8.27	28.42	28.10	0.82	0.74	5.99	5.37	14.5	14.5	5.05	5.63
CMB	3968 HK	56,876	17.14	BUY	21.80	27.19	28.88	1.11	0.96	6.04	5.17	19.9	20.0	4.96	5.83
MSB	1988 HK	46,853	8.92	BUY	11.68	30.94	29.64	1.01	0.87	4.22	3.82	20.4	19.2	3.78	4.06
CITICB	998 HK	44,907	5.91	HOLD	6.55	10.83	24.88	0.86	0.75	5.56	4.82	16.4	16.5	5.29	6.13
CEB	6818 HK	28,631	3.88	BUY	5.02	29.38	26.09	0.84	0.74	4.78	4.25	17.3	17.1	5.80	6.44
HB	3698 HK	4,830	3.39	BUY	4.19	23.60	16.32	0.80	0.70	5.77	5.12	15.2	14.4	4.42	5.16
HRB	6138 HK	4,027	2.84	BUY	3.43	20.77	23.34	0.84	0.72	5.68	5.16	16.6	15.1	3.52	4.40
BoCQ	1963 HK	2,180	6.25	BUY	7.56	20.96	22.18	0.82	0.69	4.81	4.42	18.8	17.1	4.20	5.00
<b>Avg</b>						<b>25.00</b>	<b>23.76</b>	<b>0.93</b>	<b>0.81</b>	<b>5.37</b>	<b>4.83</b>	<b>18.2</b>	<b>17.6</b>	<b>5.24</b>	<b>5.90</b>

Source(s): Bloomberg, ABCI Securities estimates



## ICBC

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	417,828	443,335	494,694	527,682	565,420
Non-interest income	111,892	135,566	153,466	172,435	193,454
Of which: Fees and commissions	106,064	122,326	139,783	158,323	178,930
<b>Oper. income (Top line)</b>	<b>529,720</b>	<b>578,901</b>	<b>648,160</b>	<b>700,117</b>	<b>758,874</b>
Operating expenses	(174,944)	(187,702)	(205,402)	(224,609)	(245,696)
Amortisation	(14,996)	(16,438)	(17,978)	(19,484)	(21,093)
<b>PPOP</b>	<b>339,780</b>	<b>374,761</b>	<b>424,780</b>	<b>456,024</b>	<b>492,084</b>
Impairment loans losses	(33,745)	(38,321)	(59,590)	(60,447)	(64,827)
<b>Operating profit</b>	<b>306,035</b>	<b>336,440</b>	<b>365,190</b>	<b>395,577</b>	<b>427,258</b>
Non-operating income	2,652	2,097	2,286	2,469	2,666
<b>Profit before tax</b>	<b>308,687</b>	<b>338,537</b>	<b>367,476</b>	<b>398,045</b>	<b>429,924</b>
Tax	(69,996)	(75,572)	(84,519)	(91,550)	(98,883)
Minority interests	(159)	(316)	(348)	(382)	(421)
<b>Net profit</b>	<b>238,532</b>	<b>262,649</b>	<b>282,609</b>	<b>306,113</b>	<b>330,621</b>
<b>Growth (%)</b>					
Net interest income	15.18	6.10	11.58	6.67	7.15
Non-interest income	3.76	21.16	13.20	12.36	12.19
Of which: Fees and commissions	4.45	15.33	14.27	13.26	13.02
<b>Oper. income (Top line)</b>	<b>12.56</b>	<b>9.28</b>	<b>11.96</b>	<b>8.02</b>	<b>8.39</b>
Operating expenses	12.03	7.29	9.43	9.35	9.39
Amortisation	11.47	9.62	9.37	8.38	8.26
<b>PPOP</b>	<b>12.89</b>	<b>10.30</b>	<b>13.35</b>	<b>7.36</b>	<b>7.91</b>
Impairment loans losses	8.43	13.56	55.50	1.44	7.25
<b>Operating profit</b>	<b>13.40</b>	<b>9.94</b>	<b>8.55</b>	<b>8.32</b>	<b>8.01</b>
Non-operating income	8.51	(20.93)	9.00	8.00	8.00
<b>Profit before tax</b>	<b>13.36</b>	<b>9.67</b>	<b>8.55</b>	<b>8.32</b>	<b>8.01</b>
Tax	9.60	7.97	11.84	8.32	8.01
Minority interests	(11.67)	98.74	10.00	10.00	10.00
<b>Net profit</b>	<b>14.53</b>	<b>10.11</b>	<b>7.60</b>	<b>8.32</b>	<b>8.01</b>
<b>Per share</b>					
EPS	0.68	0.75	0.81	0.88	0.95
BVPS	3.22	3.63	4.14	4.69	5.29
DPS	0.24	0.26	0.28	0.30	0.33
<b>Key ratio (%)</b>					
Net interest margin	2.66	2.56	2.60	2.50	2.41
Net interest spread	2.49	2.38	2.38	2.30	2.21
Cost to income ratio	33.0	32.4	31.7	32.1	32.4
Return on average assets	1.44	1.44	1.42	1.39	1.35
Return on average equity	22.9	21.9	20.7	19.7	18.9
Effective tax rate	22.7	22.3	23.0	23.0	23.0
Dividend payout	35.0	35.0	35.0	35.0	35.0

Source(s): Company, ABCI Securities estimates



## ICBC

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash & cash equivalent	3,174,943	3,294,007	3,782,416	4,449,832	5,320,265
Dues from banks & non-bank FI	1,181,029	1,049,887	1,102,855	1,214,287	1,338,450
Investment securities	4,083,887	4,322,244	4,525,625	4,749,027	5,016,179
Net loans and advances	8,583,289	9,681,415	10,836,023	12,085,950	13,431,912
<b>Total IEA</b>	<b>17,023,148</b>	<b>18,347,553</b>	<b>20,246,918</b>	<b>22,499,097</b>	<b>25,106,806</b>
Property and equipment	135,889	164,347	197,216	236,660	283,992
Other non-int. earn assets	383,180	405,852	429,915	451,410	473,981
<b>Total assets</b>	<b>17,542,217</b>	<b>18,917,752</b>	<b>20,874,049</b>	<b>23,187,167</b>	<b>25,864,778</b>
Customer deposits	13,642,910	14,620,825	16,388,645	18,486,847	20,751,300
Due to other banks & FIs	1,486,805	1,269,255	1,396,181	1,535,799	1,689,378
Subordinated term debt	232,186	253,018	283,380	317,386	355,472
<b>Total IBL</b>	<b>15,399,910</b>	<b>16,273,656</b>	<b>18,205,291</b>	<b>20,483,971</b>	<b>22,947,288</b>
Current taxes	56,922	55,674	66,809	80,171	96,205
Deferred tax liabilities	552	420	483	555	639
Other liabilities	956,374	1,309,539	1,142,345	967,524	954,332
<b>Total liabilities</b>	<b>16,413,758</b>	<b>17,639,289</b>	<b>19,414,928</b>	<b>21,532,222</b>	<b>23,998,463</b>
Share capital	349,620	351,390	351,390	351,390	351,390
Reserves	775,377	922,744	1,102,536	1,297,321	1,507,445
Minorities	3,462	4,329	5,195	6,234	7,481
<b>Shareholder's equity</b>	<b>1,128,459</b>	<b>1,278,463</b>	<b>1,459,121</b>	<b>1,654,945</b>	<b>1,866,316</b>
<b>Growth (%)</b>					
Cash & cash equivalent	14.9	3.8	14.8	17.6	19.6
Dues from banks & non-bank FI	45.8	(11.1)	5.0	10.1	10.2
Investment securities	4.3	5.8	4.7	4.9	5.6
Net loans and advances	13.0	12.8	11.9	11.5	11.1
<b>Total IEA</b>	<b>12.9</b>	<b>7.8</b>	<b>10.4</b>	<b>11.1</b>	<b>11.6</b>
<b>Total assets</b>	<b>13.3</b>	<b>7.8</b>	<b>10.3</b>	<b>11.1</b>	<b>11.5</b>
Customer deposits	11.3	7.2	12.1	12.8	12.2
Due to other banks & FIs	10.8	(14.6)	10.0	10.0	10.0
Subordinated term debt	13.7	9.0	12.0	12.0	12.0
<b>Total IBL</b>	<b>11.2</b>	<b>5.7</b>	<b>11.9</b>	<b>12.5</b>	<b>12.0</b>
<b>Total liabilities</b>	<b>13.0</b>	<b>7.5</b>	<b>10.1</b>	<b>10.9</b>	<b>11.5</b>
<b>Shareholder's equity</b>	<b>17.8</b>	<b>13.3</b>	<b>14.1</b>	<b>13.4</b>	<b>12.8</b>
<b>Key ratio (%)</b>					
Loan to deposits	64.5	67.9	67.8	67.2	66.6
CT1 CAR	na	10.6	11.0	11.3	11.4
Total CAR	13.7	13.1	13.5	13.8	13.9
NPL ratio	0.85	0.94	1.04	1.11	1.17
NPL growth	2.1	25.6	22.9	19.3	17.9
Net bad debt charge ratio	0.4	0.4	0.6	0.5	0.5
Provision to total loans	2.5	2.6	2.6	2.7	2.8
Provision coverage	295.5	257.2	246.3	239.4	234.5

Source(s): Company, ABCI Securities estimates



## CCB

### Consolidated income statement (2012A-2016E)

FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	353,202	389,544	423,792	455,914	493,215
Non-interest income	109,331	121,596	137,451	154,444	172,336
Of which: Fees and commissions	93,507	104,283	117,223	131,396	147,009
<b>Operating income (Top line)</b>	<b>462,533</b>	<b>511,140</b>	<b>561,244</b>	<b>610,358</b>	<b>665,551</b>
Operating expenses	(168,877)	(185,796)	(206,104)	(227,686)	(251,507)
Amortisation	(2,204)	(2,389)	(2,580)	(2,787)	(3,009)
<b>PPOP</b>	<b>291,452</b>	<b>322,955</b>	<b>352,559</b>	<b>379,886</b>	<b>411,035</b>
Impairment losses on loans	(40,041)	(43,209)	(52,315)	(56,311)	(58,425)
<b>Operating profit</b>	<b>251,411</b>	<b>279,746</b>	<b>300,244</b>	<b>323,574</b>	<b>352,610</b>
Non-operating income	28	60	63	66	69
<b>Profit before tax</b>	<b>251,439</b>	<b>279,806</b>	<b>300,307</b>	<b>323,641</b>	<b>352,679</b>
Tax	(57,837)	(64,684)	(69,071)	(74,437)	(81,116)
Minority interests	(423)	(465)	(488)	(513)	(538)
<b>Net profit</b>	<b>193,179</b>	<b>214,657</b>	<b>230,748</b>	<b>248,691</b>	<b>271,025</b>
<b>Growth (%)</b>					
Net interest income	16.0	10.3	8.8	7.6	8.2
Non-interest income	15.3	11.2	13.0	12.4	11.6
Of which: Fees and commissions	7.5	11.5	12.4	12.1	11.9
<b>Operating income (Top line)</b>	<b>15.8</b>	<b>10.5</b>	<b>9.8</b>	<b>8.8</b>	<b>9.0</b>
Operating expenses	18.6	10.0	10.9	10.5	10.5
Amortisation	5.0	8.4	8.0	8.0	8.0
<b>PPOP</b>	<b>14.4</b>	<b>10.8</b>	<b>9.2</b>	<b>7.8</b>	<b>8.2</b>
Impairment losses on loans	11.9	7.9	21.1	7.6	3.8
<b>Operating profit</b>	<b>14.8</b>	<b>11.3</b>	<b>7.3</b>	<b>7.8</b>	<b>9.0</b>
Non-operating income	16.7	114.3	5.0	5.0	5.0
<b>Profit before tax</b>	<b>14.8</b>	<b>11.3</b>	<b>7.3</b>	<b>7.8</b>	<b>9.0</b>
Tax	16.4	11.8	6.8	7.8	9.0
Minority interests	133.7	9.9	5.0	5.0	5.0
<b>Net profit</b>	<b>14.1</b>	<b>11.1</b>	<b>7.5</b>	<b>7.8</b>	<b>9.0</b>
<b>Per share</b>					
EPS	0.77	0.86	0.92	0.99	1.08
BVPS	3.77	4.26	4.86	5.50	6.20
DPS	0.27	0.30	0.32	0.35	0.38
<b>Key ratio (%)</b>					
Net interest margin	2.75	2.74	2.77	2.70	2.69
Net interest spread	2.58	2.57	2.59	2.52	2.46
Cost to income ratio	37.0	36.8	37.2	37.8	38.2
Return on average assets	1.47	1.46	1.44	1.42	1.43
Return on average equity	22.0	21.4	20.2	19.2	18.5
Effective tax rate	23.0	23.0	23.0	23.0	23.0
Dividend payout	34.7	34.9	35.0	35.0	35.0

Source(s): Company, ABCI Securities estimates



## CCB

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash & cash equivalent	2,774,754	2,756,448	2,610,167	2,480,638	2,363,859
Dues from banks & non-bank FI	715,551	473,351	447,967	441,643	436,649
Investment securities	2,839,076	3,050,567	3,328,360	3,619,649	3,920,649
Net loans and advances	7,309,879	8,361,361	9,496,148	10,723,032	11,971,112
<b>Total IEA</b>	<b>13,639,260</b>	<b>14,641,727</b>	<b>15,882,642</b>	<b>17,264,962</b>	<b>18,692,269</b>
Property and equipment	113,946	135,678	156,030	179,434	206,349
Other non-int. earn assets	219,622	585,805	675,598	779,245	898,900
<b>Total assets</b>	<b>13,972,828</b>	<b>15,363,210</b>	<b>16,714,270</b>	<b>18,223,641</b>	<b>19,797,518</b>
Customer deposits	11,343,079	12,223,037	13,151,114	14,045,722	14,947,386
Due to other banks & FIs	1,097,743	848,012	720,810	634,313	570,882
Subordinated term debt	262,991	357,540	393,294	428,690	462,986
<b>Total IBL</b>	<b>12,761,246</b>	<b>13,969,871</b>	<b>14,887,693</b>	<b>15,824,570</b>	<b>16,783,000</b>
Current taxes liabilities	53,271	60,209	66,230	72,853	80,138
Deferred tax liabilities	332	138	179	233	303
Other liabilities	208,370	258,663	535,560	940,740	1,373,730
<b>Total liabilities</b>	<b>13,023,283</b>	<b>14,288,881</b>	<b>15,489,662</b>	<b>16,838,397</b>	<b>18,237,171</b>
Share capital	250,011	250,011	250,011	250,011	250,011
Reserves	691,657	815,940	964,962	1,125,598	1,300,701
Minorities	7,877	8,378	9,635	9,635	9,635
<b>Shareholder's equity</b>	<b>949,545</b>	<b>1,074,329</b>	<b>1,224,608</b>	<b>1,385,244</b>	<b>1,560,347</b>
<b>Growth (%)</b>					
Cash & cash equivalent	7.6	(0.7)	(5.3)	(5.0)	(4.7)
Dues from banks & non-bank FI	85.5	(33.8)	(5.4)	(1.4)	(1.1)
Investment securities	4.4	7.4	9.1	8.8	8.3
Net loans and advances	15.6	14.4	13.6	12.9	11.6
<b>Total IEA</b>	<b>13.6</b>	<b>7.3</b>	<b>8.5</b>	<b>8.7</b>	<b>8.3</b>
<b>Total assets</b>	<b>13.8</b>	<b>10.0</b>	<b>8.8</b>	<b>9.0</b>	<b>8.6</b>
Customer deposits	13.6	7.8	7.6	6.8	6.4
Due to other banks & FIs	5.1	(22.7)	(15.0)	(12.0)	(10.0)
Subordinated term debt	119.4	36.0	10.0	9.0	8.0
<b>Total IBL</b>	<b>13.8</b>	<b>9.5</b>	<b>6.6</b>	<b>6.3</b>	<b>6.1</b>
<b>Total liabilities</b>	<b>13.6</b>	<b>9.7</b>	<b>8.4</b>	<b>8.7</b>	<b>8.3</b>
<b>Shareholder's equity</b>	<b>16.3</b>	<b>13.1</b>	<b>14.0</b>	<b>13.1</b>	<b>12.6</b>
<b>Key ratio (%)</b>					
Loan to deposits	66.2	70.3	74.2	78.5	82.4
Core CAR	na	10.8	11.3	11.8	12.2
Total CAR	14.3	13.3	13.9	14.3	14.7
NPL ratio	0.99	0.99	1.03	1.08	1.10
NPL growth	5.2	14.3	18.3	17.9	14.4
Net bad debt charge ratio	0.5	0.5	0.6	0.5	0.5
Provision to total loans	2.7	2.7	2.7	2.8	2.8
Provision coverage	271.3	268.2	261.3	255.0	253.5

Source(s): Company, ABCI Securities estimates





## ABC

### Consolidated income statement (2012A-2016E)

FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	341,879	376,202	430,089	462,426	510,286
Non-interest income	83,085	89,569	101,318	113,110	124,344
Of which: Fees and commissions	74,844	83,171	93,649	104,204	114,340
<b>Oper. income (Top line)</b>	<b>424,964</b>	<b>465,771</b>	<b>531,407</b>	<b>575,536</b>	<b>634,629</b>
Operating expenses	(167,306)	(181,146)	(202,521)	(226,013)	(250,968)
Amortisation	(15,496)	(17,461)	(19,731)	(22,296)	(25,194)
<b>PPOP</b>	<b>242,162</b>	<b>267,164</b>	<b>309,154</b>	<b>327,228</b>	<b>358,467</b>
Impairment loans losses	(54,235)	(52,990)	(55,486)	(46,667)	(53,585)
<b>Profit before tax</b>	<b>187,927</b>	<b>214,174</b>	<b>253,669</b>	<b>280,560</b>	<b>304,882</b>
Tax	(42,796)	(47,963)	(58,344)	(64,529)	(70,123)
Minority interests	(37)	104	114	126	138
<b>Net profit</b>	<b>145,094</b>	<b>166,315</b>	<b>195,439</b>	<b>216,157</b>	<b>234,898</b>
<b>Growth (%)</b>					
Net interest income	11.3	10.0	14.3	7.5	10.3
Non-interest income	14.5	7.8	13.1	11.6	9.9
Of which: Fees and commissions	8.9	11.1	12.6	11.3	9.7
<b>Oper. income (Top line)</b>	<b>11.9</b>	<b>9.6</b>	<b>14.1</b>	<b>8.3</b>	<b>10.3</b>
Operating expenses	16.0	8.3	11.8	11.6	11.0
Amortisation	18.0	12.7	13.0	13.0	13.0
<b>PPOP</b>	<b>8.9</b>	<b>10.3</b>	<b>15.7</b>	<b>5.8</b>	<b>9.5</b>
Impairment loans losses	(15.6)	(2.3)	4.7	(15.9)	14.8
<b>Profit before tax</b>	<b>18.8</b>	<b>14.0</b>	<b>18.4</b>	<b>10.6</b>	<b>8.7</b>
Tax	18.1	12.1	21.6	10.6	8.7
Minority interests	27.6	(381.1)	10.0	10.0	10.0
<b>Net profit</b>	<b>19.0</b>	<b>14.6</b>	<b>17.5</b>	<b>10.6</b>	<b>8.7</b>
<b>Per share</b>					
EPS	0.45	0.51	0.60	0.67	0.72
BVPS	2.31	2.60	2.98	3.41	3.88
DPS	0.16	0.18	0.21	0.23	0.25
<b>Key ratio (%)</b>					
Net interest margin	2.81	2.79	2.87	2.77	2.75
Net interest spread	2.67	2.63	2.62	2.48	2.42
Cost to income ratio	39.4	38.9	38.1	39.3	39.5
Return on average assets	1.16	1.20	1.27	1.26	1.23
Return on average equity	20.7	20.9	21.6	20.8	19.8
Effective tax rate	23.0	23.0	23.0	23.0	23.0
Dividend payout	35.0	35.0	35.0	35.0	35.0

Source(s): Company, ABCI Securities estimates



## ABC

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash & cash equivalent	2,613,111	2,603,802	2,828,182	3,048,432	3,287,099
Dues from banks & non-bank FI	1,300,233	1,443,385	1,661,964	1,911,626	2,208,091
Investment securities	2,851,448	3,208,246	3,555,853	3,906,938	4,266,369
Net loans and advances	6,153,411	6,902,522	7,747,737	8,694,037	9,743,734
<b>Total IEA</b>	<b>12,918,203</b>	<b>14,157,955</b>	<b>15,793,735</b>	<b>17,561,032</b>	<b>19,505,293</b>
Property and equipment	141,490	150,859	161,419	172,718	172,718
Other non-int. earn assets	184,649	253,288	300,361	356,204	356,204
<b>Total assets</b>	<b>13,244,342</b>	<b>14,562,102</b>	<b>16,255,515</b>	<b>18,089,955</b>	<b>20,034,216</b>
Customer deposits	10,862,935	11,811,411	13,320,404	14,877,736	16,545,598
Due to other banks & FIs	934,139	903,821	813,439	732,095	658,886
Subordinated term debt	192,639	266,261	306,200	342,944	377,239
<b>Total IBL</b>	<b>11,989,713</b>	<b>12,981,493</b>	<b>14,440,043</b>	<b>15,952,776</b>	<b>17,581,722</b>
Current taxes	40,419	44,263	48,689	53,558	53,558
Deferred tax liabilities	15	8	10	12	12
Other liabilities	462,841	691,801	796,071	973,425	1,137,240
<b>Total liabilities</b>	<b>12,492,988</b>	<b>13,717,565</b>	<b>15,284,813</b>	<b>16,979,771</b>	<b>18,772,531</b>
Share capital	324,794	324,794	324,794	324,794	324,794
Reserves	425,021	518,314	644,365	783,724	935,091
Minorities	1,539	1,429	1,543	1,667	1,800
<b>Shareholder's equity</b>	<b>751,354</b>	<b>844,537</b>	<b>970,702</b>	<b>1,110,185</b>	<b>1,261,685</b>
<b>Growth (%)</b>					
Cash & cash equivalent	5.1	(0.4)	8.6	7.8	7.8
Dues from banks & non-bank FI	48.8	11.0	15.1	15.0	15.5
Investment securities	8.5	12.5	10.8	9.9	9.2
Net loans and advances	13.7	12.2	12.2	12.2	12.1
<b>Total IEA</b>	<b>13.3</b>	<b>9.6</b>	<b>11.6</b>	<b>11.2</b>	<b>11.1</b>
<b>Total assets</b>	<b>13.4</b>	<b>9.9</b>	<b>11.6</b>	<b>11.3</b>	<b>10.7</b>
Customer deposits	12.9	8.7	12.8	11.7	11.2
Due to other banks & FIs	29.0	(3.2)	(10.0)	(10.0)	(10.0)
Subordinated term debt	61.4	38.2	15.0	12.0	10.0
<b>Total IBL</b>	<b>14.6</b>	<b>8.3</b>	<b>11.2</b>	<b>10.5</b>	<b>10.2</b>
<b>Total liabilities</b>	<b>13.3</b>	<b>9.8</b>	<b>11.4</b>	<b>11.1</b>	<b>10.6</b>
<b>Shareholder's equity</b>	<b>15.4</b>	<b>12.4</b>	<b>15.0</b>	<b>14.4</b>	<b>13.7</b>
<b>Key ratio (%)</b>					
Loan to deposits	59.2	61.2	60.9	61.1	61.6
CT1 CAR	na	9.2	9.5	9.8	10.0
Total CAR	12.6	11.9	11.7	11.9	12.2
NPL ratio	1.33	1.20	1.23	1.27	1.30
NPL growth	(1.7)	1.2	15.0	15.4	14.9
Net bad debt charge ratio	0.9	0.8	0.7	0.5	0.6
Provision to total loans	4.4	4.5	4.5	4.4	4.4
Provision coverage	326.1	370.7	365.1	346.7	334.2

Source(s): Company, ABCI Securities estimates



## BOC

### Consolidated income statement (2012A-2016E)

FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	256,964	283,585	318,886	344,646	377,226
Non-interest income	109,212	123,924	144,216	165,235	189,250
Of which: Fees and commissions	69,923	82,092	94,767	109,533	126,463
<b>Operating income (Topline)</b>	<b>366,176</b>	<b>407,509</b>	<b>463,102</b>	<b>509,881</b>	<b>566,476</b>
Operating expenses	(160,022)	(172,314)	(193,421)	(216,793)	(241,056)
Amortisation	(12,289)	(13,598)	(15,230)	(17,057)	(19,104)
<b>PPOP</b>	<b>206,154</b>	<b>235,195</b>	<b>269,682</b>	<b>293,088</b>	<b>325,420</b>
Impairment losses on loans	(19,387)	(23,510)	(47,843)	(48,917)	(47,306)
<b>Operating profit</b>	<b>186,767</b>	<b>211,685</b>	<b>221,839</b>	<b>244,171</b>	<b>278,114</b>
Non-operating income	613	1,092	1,201	1,309	1,427
<b>Profit before tax</b>	<b>187,380</b>	<b>212,777</b>	<b>223,040</b>	<b>245,480</b>	<b>279,540</b>
Tax	(41,858)	(49,036)	(46,947)	(51,974)	(59,470)
Minority interest	(6,090)	(6,830)	(7,376)	(7,967)	(8,604)
<b>Net profit</b>	<b>139,432</b>	<b>156,911</b>	<b>168,716</b>	<b>185,539</b>	<b>211,466</b>
<b>Growth (%)</b>					
Net interest income	12.7	10.4	12.4	8.1	9.5
Non-interest income	9.0	13.5	16.4	14.6	14.5
Of which: Fees and commissions	8.1	17.4	15.4	15.6	15.5
<b>Oper. income (Top line)</b>	<b>11.5</b>	<b>11.3</b>	<b>13.6</b>	<b>10.1</b>	<b>11.1</b>
Operating expenses	13.6	7.7	12.2	12.1	11.2
Amortisation	15.4	12.0	12.0	12.0	12.0
<b>PPOP</b>	<b>10.0</b>	<b>14.1</b>	<b>14.7</b>	<b>8.7</b>	<b>11.0</b>
Impairment losses on loans	0.2	21.3	103.5	2.2	(3.3)
<b>Operating profit</b>	<b>11.1</b>	<b>13.3</b>	<b>4.8</b>	<b>10.1</b>	<b>13.9</b>
Non-operating income	18.8	78.1	10.0	9.0	9.0
<b>Profit before tax</b>	<b>11.1</b>	<b>13.6</b>	<b>4.8</b>	<b>10.1</b>	<b>13.9</b>
Tax	9.7	17.1	(4.3)	10.7	14.4
Minority interest	(2.2)	8.0	8.0	8.0	8.0
<b>Net profit</b>	<b>12.2</b>	<b>12.5</b>	<b>7.5</b>	<b>10.0</b>	<b>14.0</b>
<b>Per share</b>					
EPS	0.50	0.56	0.60	0.66	0.76
BVPS	2.95	3.31	3.70	4.13	4.62
DPS	0.18	0.20	0.21	0.23	0.26
<b>Key ratio (%)</b>					
Net interest margin	2.15	2.24	2.26	2.20	2.18
Net interest spread	2.03	2.12	1.94	1.98	1.97
Cost to income ratio	43.7	42.3	41.8	42.5	42.6
Return on average assets	1.14	1.18	1.15	1.14	1.18
Return on average equity	18.0	17.9	17.2	17.0	17.3
Effective tax rate	22.3	23.0	21.0	21.2	21.3
Dividend payout	34.8	34.8	35.0	35.0	35.0

Source(s): Company, ABCI Securities estimates



## BOC

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash & cash equivalent	775,574	702,584	680,315	703,818	728,701
Dues from banks	2,381,596	2,792,050	3,152,146	3,514,340	3,878,249
Investment securities	2,210,524	2,256,470	2,333,745	2,471,915	2,613,628
Net loans and advances	6,710,040	7,439,742	8,449,158	9,515,911	10,617,000
<b>Total IEA</b>	<b>12,077,734</b>	<b>13,190,846</b>	<b>14,615,364</b>	<b>16,205,984</b>	<b>17,837,578</b>
Property and equipment	167,466	179,239	189,993	201,393	213,477
Derivative assets	40,188	40,823	41,639	42,472	43,322
Other non-IEA	395,227	463,391	553,776	635,330	728,980
<b>Total assets</b>	<b>12,680,615</b>	<b>13,874,299</b>	<b>15,400,773</b>	<b>17,085,179</b>	<b>18,823,356</b>
Customer deposits	9,173,995	10,097,786	11,482,442	12,925,457	14,377,571
Due to other banks & FIs	1,996,218	2,091,828	2,196,419	2,350,169	2,561,684
Subordinated term debt	233,178	254,274	274,616	296,585	320,312
<b>Total IBL</b>	<b>11,403,391</b>	<b>12,443,888</b>	<b>13,953,478</b>	<b>15,572,211</b>	<b>17,259,567</b>
Trading liabilities	32,457	36,212	38,023	39,924	41,920
Current taxes	34,994	40,031	48,037	57,645	69,174
Deferred tax liabilities	3,838	3,385	4,231	5,289	6,611
Other liabilities	344,393	389,306	283,830	214,256	110,651
<b>Total liabilities</b>	<b>11,819,073</b>	<b>12,912,822</b>	<b>14,327,599</b>	<b>15,889,325</b>	<b>17,487,922</b>
Share capital	279,147	279,365	279,365	279,365	279,365
Reserves	545,530	644,551	754,369	875,077	1,012,587
Minority interest	36,865	37,561	39,439	41,411	43,482
<b>Total shareholders' equity</b>	<b>861,542</b>	<b>961,477</b>	<b>1,073,173</b>	<b>1,195,853</b>	<b>1,335,434</b>
<b>Growth (%)</b>					
Cash & cash equivalent	31.2	(9.4)	(3.2)	3.5	3.5
Dues from banks	(6.2)	17.2	12.9	11.5	10.4
Investment securities	10.5	2.1	3.4	5.9	5.7
Net loans and advances	8.2	10.9	13.6	12.6	11.6
<b>Total IEA</b>	<b>6.6</b>	<b>9.2</b>	<b>10.8</b>	<b>10.9</b>	<b>10.1</b>
<b>Total assets</b>	<b>7.2</b>	<b>9.4</b>	<b>11.0</b>	<b>10.9</b>	<b>10.2</b>
Customer deposits	4.0	10.1	13.7	12.6	11.2
Due to other banks & FIs	16.2	4.8	5.0	7.0	9.0
Subordinated term debt	18.6	9.0	8.0	8.0	8.0
<b>Total IBL</b>	<b>6.2</b>	<b>9.1</b>	<b>12.1</b>	<b>11.6</b>	<b>10.8</b>
<b>Total liabilities</b>	<b>6.7</b>	<b>9.3</b>	<b>11.0</b>	<b>10.9</b>	<b>10.1</b>
<b>Shareholders' equity</b>	<b>13.8</b>	<b>11.6</b>	<b>11.6</b>	<b>11.4</b>	<b>11.7</b>
<b>Key ratio (%)</b>					
Loan to deposits	74.8	75.3	75.4	75.5	75.7
Core CAR	10.5	9.7	9.7	9.8	9.9
Total CAR	13.6	12.5	12.5	12.6	12.7
NPL ratio	0.95	0.96	1.04	1.07	1.10
NPL growth	3.4	12.0	22.7	16.3	14.8
Net bad debt charge ratio	0.3	0.3	0.6	0.5	0.5
Provision to total loans	2.3	2.2	2.4	2.5	2.5
Provision coverage	236.3	229.4	226.1	228.5	226.8

Source(s): Company, ABCI Securities estimates



## BoCom

### Consolidated income statement (2012A-2016E)

FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	120,126	130,658	141,604	148,999	159,165
Non-interest income	28,058	34,370	42,368	51,144	60,366
Of which: Fees and commissions	20,882	25,968	31,531	37,753	44,500
<b>Oper income (Top line)</b>	<b>148,184</b>	<b>165,028</b>	<b>183,972</b>	<b>200,143</b>	<b>219,530</b>
Operating expenses	(58,436)	(66,709)	(76,427)	(87,123)	(99,695)
<b>PPOP</b>	<b>89,748</b>	<b>98,319</b>	<b>107,545</b>	<b>113,020</b>	<b>119,835</b>
Impairment losses on loans	(14,537)	(18,410)	(25,343)	(21,773)	(22,456)
<b>Profit before tax</b>	<b>75,211</b>	<b>79,909</b>	<b>82,203</b>	<b>91,247</b>	<b>97,379</b>
Tax	(16,739)	(17,448)	(18,085)	(20,074)	(21,423)
Minorities & other dilutions	103	166	174	183	192
<b>Net profit</b>	<b>58,369</b>	<b>62,295</b>	<b>63,944</b>	<b>70,989</b>	<b>75,763</b>
<b>Growth (%)</b>					
Net interest income	16.1	8.8	8.4	5.2	6.8
Non-interest income	15.5	22.5	23.3	20.7	18.0
Of which: Fees and commissions	11.9	24.4	21.4	19.7	17.9
<b>Oper income (Top line)</b>	<b>16.0</b>	<b>11.4</b>	<b>11.5</b>	<b>8.8</b>	<b>9.7</b>
Operating expenses	17.2	14.2	14.6	14.0	14.4
<b>PPOP</b>	<b>15.2</b>	<b>9.6</b>	<b>9.4</b>	<b>5.1</b>	<b>6.0</b>
Impairment losses on loans	16.5	26.6	37.7	(14.1)	3.1
<b>Profit before tax</b>	<b>14.9</b>	<b>6.2</b>	<b>2.9</b>	<b>11.0</b>	<b>6.7</b>
Tax	14.4	4.2	3.6	11.0	6.7
Minorities & other dilutions	25.6	61.2	5.0	5.0	5.0
<b>Net profit</b>	<b>15.0</b>	<b>6.7</b>	<b>2.6</b>	<b>11.0</b>	<b>6.7</b>
<b>Per share</b>					
EPS	0.86	0.84	0.86	0.96	1.02
BVPS	5.12	5.65	6.25	6.92	7.62
DPS	0.24	0.26	0.26	0.29	0.31
<b>Key ratio (%)</b>					
Net interest margin	2.53	2.44	2.36	2.23	2.15
Net interest spread	2.38	2.26	2.21	2.08	1.99
Cost to income ratio	39.4	40.4	41.5	43.5	45.4
Return on average assets	1.18	1.11	1.02	1.01	0.97
Return on average equity	17.9	15.6	14.5	14.5	14.0
Effective tax rate	22.3	21.8	22.0	22.0	22.0
Dividend payout	30.5	31.0	30.0	30.0	30.0

Source(s): Company, ABCI Securities estimates



## BoCom

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash & cash equivalent	816,846	896,556	984,349	1,079,137	1,180,525
Dues from banks	520,963	566,429	664,088	765,529	873,365
Investment securities	885,779	1,084,904	1,212,658	1,354,105	1,499,647
Net loans and advances	2,879,628	3,193,063	3,531,354	3,906,443	4,302,217
<b>Total IEA</b>	<b>5,103,216</b>	<b>5,740,952</b>	<b>6,392,450</b>	<b>7,105,215</b>	<b>7,855,754</b>
Property and equipment	45,536	57,179	60,038	63,040	66,192
Other non-int. earning assets	124,627	162,806	185,505	211,522	241,351
<b>Total assets</b>	<b>5,273,379</b>	<b>5,960,937</b>	<b>6,637,992</b>	<b>7,379,776</b>	<b>8,163,297</b>
Customer deposits	3,728,412	4,157,833	4,590,912	5,039,560	5,482,613
Due to other banks & FIs	942,989	1,126,563	1,329,344	1,542,039	1,773,345
Subordinated term debt	70,000	82,238	94,574	105,923	116,515
<b>Total IBL</b>	<b>4,741,401</b>	<b>5,366,634</b>	<b>6,014,830</b>	<b>6,687,522</b>	<b>7,372,473</b>
Trading liabilities	23,060	28,640	31,504	34,654	38,120
Current taxes	7,125	6,107	6,718	7,389	8,128
Deferred tax liabilities	5	18	19	20	21
Other liabilities	120,341	138,054	118,296	133,602	175,953
<b>Total liabilities</b>	<b>4,891,932</b>	<b>5,539,453</b>	<b>6,171,367</b>	<b>6,863,187</b>	<b>7,594,694</b>
Share capital	74,263	74,263	74,263	74,263	74,263
Capital surplus	305,655	345,298	390,248	439,999	491,780
Minorities	1,529	1,923	2,115	2,327	2,560
<b>Shareholder's equity</b>	<b>381,447</b>	<b>421,484</b>	<b>466,626</b>	<b>516,589</b>	<b>568,603</b>
<b>Growth (%)</b>					
Cash & cash equivalent	10.8	9.8	9.8	9.6	9.4
Dues from banks	17.5	8.7	17.2	15.3	14.1
Investment securities	10.0	22.5	11.8	11.7	10.7
Net loans and advances	14.9	10.9	10.6	10.6	10.1
<b>Total IEA</b>	<b>13.6</b>	<b>12.5</b>	<b>11.3</b>	<b>11.2</b>	<b>10.6</b>
<b>Total assets</b>	<b>14.4</b>	<b>13.0</b>	<b>11.4</b>	<b>11.2</b>	<b>10.6</b>
Customer deposits	13.6	11.5	10.4	9.8	8.8
Due to other banks & FIs	10.4	19.5	18.0	16.0	15.0
Subordinated term debt	(14.4)	17.5	15.0	12.0	10.0
<b>Total IBL</b>	<b>12.4</b>	<b>13.2</b>	<b>12.1</b>	<b>11.2</b>	<b>10.2</b>
<b>Total liabilities</b>	<b>12.8</b>	<b>13.2</b>	<b>11.4</b>	<b>11.2</b>	<b>10.7</b>
<b>Shareholder's equity</b>	<b>39.8</b>	<b>10.5</b>	<b>10.7</b>	<b>10.7</b>	<b>10.1</b>
<b>Key ratio (%)</b>					
Loan to deposits	79.0	78.6	78.9	79.5	80.5
CT1 CAR	na	9.8	9.3	9.2	9.2
Total CAR	14.1	12.1	11.6	11.5	11.5
NPL ratio	0.92	0.98	1.02	1.02	1.02
NPL growth	22.8	18.8	15.1	10.7	10.1
Net bad debt charge ratio	0.5	0.6	0.7	0.6	0.5
Provision to total loans	2.3	2.2	2.5	2.6	2.6
Provision coverage	250.7	228.7	245.4	250.4	250.4

Source(s): Company, ABCI Securities estimates



## MSB

### Consolidated income statement (2012A-2016E)

FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	77,153	83,033	90,703	96,389	102,111
Non-interest income	25,708	33,069	40,904	49,444	60,004
Of which: Fees and commissions	20,523	29,956	37,441	45,509	55,528
<b>Oper. income (Top line)</b>	<b>102,861</b>	<b>116,102</b>	<b>131,607</b>	<b>145,833</b>	<b>162,115</b>
Operating expenses	(41,301)	(43,848)	(50,098)	(56,460)	(63,072)
Amortisation	(1,588)	(2,114)	(2,854)	(3,710)	(4,638)
<b>PPOP</b>	<b>59,972</b>	<b>70,140</b>	<b>78,655</b>	<b>85,664</b>	<b>94,406</b>
Impairment loans losses	(9,320)	(12,989)	(18,358)	(18,830)	(18,948)
<b>Profit before tax</b>	<b>50,652</b>	<b>57,151</b>	<b>60,297</b>	<b>66,833</b>	<b>75,457</b>
Tax	(12,344)	(13,869)	(13,868)	(15,372)	(17,355)
Minority interests	(745)	(1,004)	(1,255)	(1,569)	(1,961)
<b>Net profit</b>	<b>37,563</b>	<b>42,278</b>	<b>45,174</b>	<b>49,893</b>	<b>56,141</b>
<b>Growth (%)</b>					
Net interest income	19.0	7.6	9.2	6.3	5.9
Non-interest income	48.0	28.6	23.7	20.9	21.4
Of which: Fees and commissions	35.9	46.0	25.0	21.5	22.0
<b>Oper. income (Top line)</b>	<b>25.1</b>	<b>12.9</b>	<b>13.4</b>	<b>10.8</b>	<b>11.2</b>
Operating expenses	16.8	6.2	14.3	12.7	11.7
Amortisation	22.8	33.1	35.0	30.0	25.0
<b>PPOP</b>	<b>31.7</b>	<b>17.0</b>	<b>12.1</b>	<b>8.9</b>	<b>10.2</b>
Impairment loans losses	11.3	39.4	41.3	2.6	0.6
<b>Profit before tax</b>	<b>36.3</b>	<b>12.8</b>	<b>5.5</b>	<b>10.8</b>	<b>12.9</b>
Tax	41.4	12.4	(0.0)	10.8	12.9
Minority interests	42.4	34.8	25.0	25.0	25.0
<b>Net profit</b>	<b>34.5</b>	<b>12.6</b>	<b>6.8</b>	<b>10.4</b>	<b>12.5</b>
<b>Per share</b>					
EPS	1.41	1.58	1.69	1.87	2.10
BVPS	5.75	5.97	7.04	8.22	9.39
DPS	0.30	0.22	0.27	0.29	0.33
<b>Key ratio (%)</b>					
Net interest margin	2.94	2.49	2.63	2.62	2.49
Net interest spread	2.76	2.31	2.58	2.47	2.33
Cost to income ratio	40.2	37.8	38.1	38.7	38.9
Return on average assets	1.38	1.31	1.31	1.27	1.28
Return on average equity	25.7	23.1	20.4	19.2	18.7
Effective tax rate	24.4	23.0	23.0	23.0	23.0
Dividend payout	22.7	17.3	20.0	20.0	20.0

Source(s): Company, ABCI Securities estimates



## MSB

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash & cash equivalent	420,418	433,802	496,757	554,548	598,705
Dues from banks & non-bank FI	1,048,905	767,335	856,434	937,411	1,009,464
Investment securities	243,520	306,722	356,403	409,533	461,678
Net loans and advances	1,351,512	1,539,447	1,765,984	2,005,035	2,248,450
<b>Total IEA</b>	<b>3,064,355</b>	<b>3,047,306</b>	<b>3,475,579</b>	<b>3,906,527</b>	<b>4,318,297</b>
Property and equipment	13,631	24,102	27,958	32,152	36,975
Other non-int. earn assets	134,015	154,802	186,990	223,884	268,075
<b>Total assets</b>	<b>3,212,001</b>	<b>3,226,210</b>	<b>3,690,527</b>	<b>4,162,563</b>	<b>4,623,347</b>
Customer deposits	1,926,194	2,146,689	2,480,608	2,798,483	3,126,141
Due to other banks & FIs	849,397	655,512	721,063	778,748	833,261
Subordinated term debt and others	74,969	91,968	105,763	121,628	139,872
<b>Total IBL</b>	<b>2,850,560</b>	<b>2,894,169</b>	<b>3,307,434</b>	<b>3,698,859</b>	<b>4,099,273</b>
Current taxes	3,263	2,475	3,020	3,623	4,348
Other liabilities	189,634	125,279	133,052	172,172	191,489
<b>Total liabilities</b>	<b>3,043,457</b>	<b>3,021,923</b>	<b>3,443,506</b>	<b>3,874,655</b>	<b>4,295,110</b>
Share capital	28,366	34,040	34,040	34,040	34,040
Reserves	134,711	169,346	205,748	245,912	285,446
Minorities	5,467	6,575	7,233	7,956	8,751
<b>Shareholder's equity</b>	<b>168,544</b>	<b>209,961</b>	<b>247,021</b>	<b>287,908</b>	<b>328,237</b>
<b>Growth (%)</b>					
Cash & cash equivalent	26.3	3.2	14.5	11.6	8.0
Dues from banks & non-bank FI	155.1	(26.8)	11.6	9.5	7.7
Investment securities	15.1	26.0	16.2	14.9	12.7
Net loans and advances	14.7	13.9	14.7	13.5	12.1
<b>Total IEA</b>	<b>43.6</b>	<b>(0.6)</b>	<b>14.1</b>	<b>12.4</b>	<b>10.5</b>
<b>Total Assets</b>	<b>44.1</b>	<b>0.4</b>	<b>14.4</b>	<b>12.8</b>	<b>11.1</b>
Customer deposits	17.1	11.4	15.6	12.8	11.7
Due to other banks & FIs	165.2	(22.8)	10.0	8.0	7.0
Subordinated term debt and others	141.6	22.7	15.0	15.0	15.0
<b>Total IBL</b>	<b>42.8</b>	<b>1.5</b>	<b>14.3</b>	<b>11.8</b>	<b>10.8</b>
<b>Total liabilities</b>	<b>45.3</b>	<b>(0.7)</b>	<b>14.0</b>	<b>12.5</b>	<b>10.9</b>
<b>Shareholder's equity</b>	<b>25.7</b>	<b>24.6</b>	<b>17.7</b>	<b>16.6</b>	<b>14.0</b>
<b>Key ratio (%)</b>					
Loan to deposits	71.9	73.3	72.9	73.4	73.8
CT1 CAR	na	8.7	9.2	9.6	9.8
Total CAR	10.8	10.7	11.3	11.7	12.0
NPL ratio	0.76	0.85	1.35	1.35	1.35
NPL growth	39.6	27.4	28.1	19.6	12.3
Net bad debt charge ratio	0.6	0.9	1.1	1.0	0.9
Provision to total loans	2.4	2.2	2.3	2.4	2.5
Provision coverage	314.5	259.7	242.1	240.0	250.0

Source(s): Company, ABCI Securities estimates





## CMB

### Consolidated income statement (2012A-2016E)

FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	88,374	98,913	106,010	116,920	133,568
Non-interest income	25,380	34,117	48,050	61,737	74,242
Of which: Fees and commissions	19,739	29,184	42,910	56,456	68,927
<b>Operating income (Topline)</b>	<b>113,754</b>	<b>133,030</b>	<b>154,060</b>	<b>178,657</b>	<b>207,810</b>
Operating expenses	(48,677)	(54,475)	(60,520)	(67,924)	(76,451)
<b>PPOP</b>	<b>65,077</b>	<b>78,555</b>	<b>93,539</b>	<b>110,733</b>	<b>131,359</b>
Impairment losses on loans	(5,583)	(10,218)	(19,158)	(23,889)	(30,889)
<b>Operating profit</b>	<b>59,494</b>	<b>68,337</b>	<b>74,382</b>	<b>86,844</b>	<b>100,470</b>
Non-operating income	64	88	97	106	117
<b>Profit before tax</b>	<b>59,558</b>	<b>68,425</b>	<b>74,479</b>	<b>86,951</b>	<b>100,587</b>
Tax	(14,287)	(16,683)	(17,130)	(19,999)	(23,135)
Minority interest	(4)	1	1	1	1
<b>Net profit</b>	<b>45,267</b>	<b>51,743</b>	<b>57,350</b>	<b>66,953</b>	<b>77,453</b>
<b>Growth (%)</b>					
Net interest income	15.8	11.9	7.2	10.3	14.2
Of which: Fees and commissions	26.3	47.8	47.0	31.6	22.1
<b>Operating income (Top line)</b>	<b>17.8</b>	<b>16.9</b>	<b>15.8</b>	<b>16.0</b>	<b>16.3</b>
Operating expenses	18.2	11.9	11.1	12.2	12.6
<b>PPOP</b>	<b>17.4</b>	<b>20.7</b>	<b>19.1</b>	<b>18.4</b>	<b>18.6</b>
Impairment losses on loans	(33.1)	83.0	87.5	24.7	29.3
<b>Operating profit</b>	<b>26.4</b>	<b>14.9</b>	<b>8.8</b>	<b>16.8</b>	<b>15.7</b>
Non-operating income	1.6	37.5	10.0	10.0	10.0
<b>Profit before tax</b>	<b>26.4</b>	<b>14.9</b>	<b>8.8</b>	<b>16.7</b>	<b>15.7</b>
Tax	29.9	16.8	2.7	16.7	15.7
Minority interest	(300.0)	(125.0)	10.0	10.0	10.0
<b>Net profit</b>	<b>25.3</b>	<b>14.3</b>	<b>10.8</b>	<b>16.7</b>	<b>15.7</b>
<b>Per share (RMB)</b>					
EPS	2.10	2.21	2.27	2.65	3.07
BVPS	9.28	10.53	12.34	14.27	16.49
DPS	0.63	0.62	0.68	0.80	0.92
<b>Key ratio (%)</b>					
Net interest margin	3.03	2.82	2.62	2.44	2.37
Net interest spread	2.87	2.64	2.61	2.55	2.46
Cost to income ratio	42.8	40.9	39.3	38.0	36.8
Return on average assets	1.46	1.39	1.30	1.28	1.26
Return on average equity	24.8	22.2	19.9	20.0	20.0
Effective tax rate	23.0	23.0	23.0	23.0	23.0
Dividend payout	30.0	30.0	30.0	30.0	30.0

Source(s): Company, ABCI Securities estimates



## CMB

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash & cash equivalent	752,285	562,722	693,044	823,307	977,731
Dues from banks & non-bank FI	210,385	466,952	579,248	703,070	853,410
Investment securities	518,471	757,476	843,120	932,623	1,022,384
Net loans and advances	1,863,325	2,148,330	2,577,928	3,071,278	3,637,884
<b>Total IEA</b>	<b>3,344,466</b>	<b>3,935,480</b>	<b>4,693,341</b>	<b>5,530,278</b>	<b>6,491,409</b>
Property and equipment	22,030	25,900	28,490	31,054	33,538
Other non-int. earn assets	41,603	55,019	67,967	81,097	96,783
<b>Total assets</b>	<b>3,408,099</b>	<b>4,016,399</b>	<b>4,789,798</b>	<b>5,642,430</b>	<b>6,621,730</b>
Customer deposits	2,545,457	2,796,217	3,408,733	4,025,787	4,682,192
Due to other banks & FIs	526,460	792,478	950,974	1,122,149	1,301,693
Subordinated term debt	64,098	47,995	52,795	58,074	65,043
<b>Total IBL</b>	<b>3,145,614</b>	<b>3,666,816</b>	<b>4,447,146</b>	<b>5,247,584</b>	<b>6,100,895</b>
Current taxes	6,679	8,722	9,158	10,074	11,585
Deferred tax liabilities	813	770	770	770	770
Other liabilities	54,592	74,135	20,948	23,518	92,041
<b>Total liabilities</b>	<b>3,207,698</b>	<b>3,750,443</b>	<b>4,478,022</b>	<b>5,281,946</b>	<b>6,205,291</b>
Share capital	21,577	25,220	25,220	25,220	25,220
Reserves	178,751	240,245	286,040	334,723	390,651
Minorities	73	491	516	541	568
<b>Shareholder's equity</b>	<b>200,401</b>	<b>265,956</b>	<b>311,776</b>	<b>360,484</b>	<b>416,439</b>
<b>Growth (%)</b>					
Cash & cash equivalent	59.6	(25.2)	23.2	18.8	18.8
Dues from banks & non-bank FI	2.4	122.0	24.0	21.4	21.4
Investment securities	12.9	46.1	11.3	10.6	9.6
Net loans and advances	16.1	15.3	20.0	19.1	18.4
<b>Total IEA</b>	<b>22.1</b>	<b>17.7</b>	<b>19.3</b>	<b>17.8</b>	<b>17.4</b>
<b>Total Assets</b>	<b>21.9</b>	<b>17.8</b>	<b>19.3</b>	<b>17.8</b>	<b>17.4</b>
Customer deposits	13.9	9.9	21.9	18.1	16.3
Due to other banks & FIs	67.0	50.5	20.0	18.0	16.0
Subordinated term debt	105.5	(25.1)	10.0	10.0	12.0
<b>Total IBL</b>	<b>21.6</b>	<b>16.6</b>	<b>21.3</b>	<b>18.0</b>	<b>16.3</b>
<b>Total liabilities</b>	<b>22.0</b>	<b>16.9</b>	<b>19.4</b>	<b>18.0</b>	<b>17.5</b>
<b>Shareholder's equity</b>	<b>21.4</b>	<b>32.7</b>	<b>17.2</b>	<b>15.6</b>	<b>15.5</b>
<b>Key ratio (%)</b>					
Loan to deposits	74.8	78.6	77.5	78.2	79.8
CT1 CAR	na	9.3	9.2	9.1	9.0
Total CAR	12.1	11.1	11.2	11.1	11.0
NPL ratio	0.61	0.95	0.91	0.94	0.98
NPL growth	27.5	78.0	15.0	24.3	23.3
Net bad debt charge ratio	0.3	0.5	0.8	0.8	0.9
Provision to total loans	2.2	2.2	2.4	2.5	2.6
Provision coverage	351.8	234.2	264.8	264.6	264.7

Source(s): Company, ABCI Securities estimates



## CITICB

### Consolidated income statement (2012A-2016E)

FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	75,486	85,688	86,828	96,894	109,651
Non-interest income	14,225	19,125	27,801	36,585	45,244
Of which: Fees and commissions	11,210	16,811	25,246	33,764	42,422
<b>Oper income (Top line)</b>	<b>89,711</b>	<b>104,813</b>	<b>114,629</b>	<b>133,479</b>	<b>154,895</b>
Operating expenses	(34,470)	(39,796)	(45,375)	(51,601)	(58,739)
Amortisation	(509)	(639)	(767)	(905)	(1,050)
<b>PPOP</b>	<b>54,732</b>	<b>64,378</b>	<b>68,487</b>	<b>80,974</b>	<b>95,106</b>
Impairment losses on loans	(13,104)	(11,940)	(14,351)	(18,591)	(21,402)
<b>Operating profit</b>	<b>41,628</b>	<b>52,438</b>	<b>54,136</b>	<b>62,383</b>	<b>73,703</b>
Non-oper. Income (Associate inc)	(19)	111	128	147	169
<b>Profit before tax</b>	<b>41,609</b>	<b>52,549</b>	<b>54,264</b>	<b>62,530</b>	<b>73,872</b>
Tax	(10,224)	(15,832)	(14,109)	(16,258)	(19,207)
Minorities & other dilutions	353	542	569	598	627
<b>Net profit</b>	<b>31,032</b>	<b>36,175</b>	<b>39,586</b>	<b>45,674</b>	<b>54,038</b>
<b>Growth (%)</b>					
Net interest income	15.9	13.5	1.3	11.6	13.2
Non-interest income	18.7	34.4	45.4	31.6	23.7
Of which: Fees and commissions	26.9	50.0	50.2	33.7	25.6
<b>Oper income (Top line)</b>	<b>16.4</b>	<b>16.8</b>	<b>9.4</b>	<b>16.4</b>	<b>16.0</b>
Operating expenses	23.3	15.5	14.0	13.7	13.8
Amortisation	19.8	25.5	20.0	18.0	16.0
<b>PPOP</b>	<b>12.4</b>	<b>17.6</b>	<b>6.4</b>	<b>18.2</b>	<b>17.5</b>
Impairment losses on loans	81.8	(8.9)	20.2	29.5	15.1
<b>Operating profit</b>	<b>0.3</b>	<b>26.0</b>	<b>3.2</b>	<b>15.2</b>	<b>18.1</b>
Non-oper. Income (Associate inc)	(122.1)	(684.2)	15.0	15.0	15.0
<b>Profit before tax</b>	<b>0.0</b>	<b>26.3</b>	<b>3.3</b>	<b>15.2</b>	<b>18.1</b>
Tax	(4.9)	54.9	(10.9)	15.2	18.1
Minorities & other dilutions	1,312.0	53.5	5.0	5.0	5.0
<b>Net profit</b>	<b>0.7</b>	<b>16.6</b>	<b>9.4</b>	<b>15.4</b>	<b>18.3</b>
<b>Per share (RMB)</b>					
EPS	0.66	0.77	0.85	0.98	1.15
BVPS	4.24	4.82	5.51	6.29	7.21
DPS	0.15	0.25	0.25	0.29	0.35
<b>Key ratio (%)</b>					
Net interest margin	2.81	2.60	2.44	2.33	2.26
Net interest spread	2.60	2.40	2.32	2.20	2.11
Cost to income ratio	39.0	38.6	40.3	39.3	38.6
Return on average assets	1.08	1.10	1.00	0.98	1.01
Return on average equity	16.6	17.1	16.4	16.5	17.1
Effective tax rate	26.0	26.0	26.0	26.0	26.0
Dividend payout	22.6	32.6	30.0	30.0	30.0

Source(s): Company, ABCI Securities estimates



## CITICB

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash & cash equivalent	428,167	496,476	578,624	669,948	770,388
Dues from banks	457,476	540,792	655,706	788,301	941,113
Investment securities	344,148	343,827	377,815	416,221	461,905
Net loans and advances	1,627,576	1,899,921	2,233,263	2,614,690	3,041,922
<b>Total IEA</b>	<b>2,857,367</b>	<b>3,281,016</b>	<b>3,845,408</b>	<b>4,489,160</b>	<b>5,215,327</b>
Property and equipment	11,853	14,011	16,533	19,344	22,439
Trading assets	4,160	7,749	11,624	16,854	23,596
Other non-int. earning assets	86,559	338,417	413,543	464,265	502,744
<b>Total assets</b>	<b>2,959,939</b>	<b>3,641,193</b>	<b>4,287,108</b>	<b>4,989,622</b>	<b>5,764,105</b>
Customer deposits	2,255,141	2,651,678	3,145,047	3,663,255	4,236,997
Due to other banks & FIs	399,734	609,568	719,290	834,377	959,533
Subordinated term debt	56,402	79,869	91,849	102,871	113,158
<b>Total IBL</b>	<b>2,711,277</b>	<b>3,341,115</b>	<b>3,956,186</b>	<b>4,600,503</b>	<b>5,309,689</b>
Trading liabilities	3,412	6,853	7,675	8,827	10,151
Current taxes	4,558	4,355	5,226	6,533	8,166
Other liabilities	37,606	58,145	54,947	73,705	92,833
<b>Total liabilities</b>	<b>2,756,853</b>	<b>3,410,468</b>	<b>4,024,035</b>	<b>4,689,567</b>	<b>5,420,838</b>
Share capital	46,787	46,787	46,787	46,787	46,787
Reserve	151,569	178,814	210,906	247,619	290,549
MI	4,730	5,124	5,380	5,649	5,932
<b>Shareholder's equity</b>	<b>203,086</b>	<b>230,725</b>	<b>263,073</b>	<b>300,055</b>	<b>343,268</b>
<b>Growth (%)</b>					
Cash & cash equivalent	16.9	16.0	16.5	15.8	15.0
Dues from banks	(34.6)	18.2	21.2	20.2	19.4
Investment securities	37.0	(0.1)	9.9	10.2	11.0
Net loans and advances	15.4	16.7	17.5	17.1	16.3
<b>Total IEA</b>	<b>4.7</b>	<b>14.8</b>	<b>17.2</b>	<b>16.7</b>	<b>16.2</b>
<b>Total assets</b>	<b>7.0</b>	<b>23.0</b>	<b>17.7</b>	<b>16.4</b>	<b>15.5</b>
Customer deposits	14.6	17.6	18.6	16.5	15.7
Due to other banks & FIs	(27.3)	52.5	18.0	16.0	15.0
Subordinated term debt	67.2	41.6	15.0	12.0	10.0
<b>Total IBL</b>	<b>6.2</b>	<b>23.2</b>	<b>18.4</b>	<b>16.3</b>	<b>15.4</b>
<b>Total liabilities</b>	<b>6.6</b>	<b>23.7</b>	<b>18.0</b>	<b>16.5</b>	<b>15.6</b>
<b>Shareholder's equity</b>	<b>13.6</b>	<b>13.6</b>	<b>14.0</b>	<b>14.1</b>	<b>14.4</b>
<b>Key ratio (%)</b>					
Loan to deposits	73.7	73.2	72.6	73.1	73.6
CT1 CAR	na	8.8	8.6	8.4	8.4
Total CAR	13.4	11.2	10.9	10.8	10.7
NPL ratio	0.74	1.03	1.14	1.21	1.26
NPL growth	43.5	62.9	30.1	24.7	21.7
Net bad debt charge ratio	0.8	0.6	0.6	0.7	0.7
Provision to total loans	2.1	2.1	2.3	2.4	2.5
Provision coverage	288.2	206.6	197.9	198.5	197.8

Source(s): Company, ABCI Securities estimates



## CEB

### Consolidated income statement (2012A-2016E)

FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	50,263	50,862	57,576	65,013	73,599
Non-interest income	9,807	14,665	18,366	22,177	25,837
Of which: Fees and commissions	9,479	14,952	18,712	22,613	26,403
<b>Operating income</b>	<b>60,070</b>	<b>65,527</b>	<b>75,942</b>	<b>87,190</b>	<b>99,436</b>
Operating expenses	(22,685)	(26,473)	(30,828)	(36,031)	(42,434)
<b>Pre-provision operating profit</b>	<b>37,385</b>	<b>39,054</b>	<b>45,114</b>	<b>51,159</b>	<b>57,002</b>
Impairment loans losses	(5,795)	(4,633)	(7,549)	(9,105)	(12,357)
<b>Profit before tax</b>	<b>31,590</b>	<b>34,421</b>	<b>37,565</b>	<b>42,055</b>	<b>44,645</b>
Tax	(7,970)	(7,667)	(9,391)	(10,514)	(11,161)
Minority interests	(29)	(39)	(43)	(47)	(52)
<b>Net profit</b>	<b>23,591</b>	<b>26,715</b>	<b>28,131</b>	<b>31,494</b>	<b>33,432</b>
<b>Growth (%)</b>					
Net interest income	27.4	1.2	13.2	12.9	13.2
Non-interest income	38.9	49.5	25.2	20.8	16.5
Of which: Fees and commissions	35.9	57.7	25.1	20.8	16.8
<b>Operating income</b>	<b>29.2</b>	<b>9.1</b>	<b>15.9</b>	<b>14.8</b>	<b>14.0</b>
Operating expenses	24.5	16.7	16.5	16.9	17.8
<b>Pre-provision operating profit</b>	<b>32.2</b>	<b>4.5</b>	<b>15.5</b>	<b>13.4</b>	<b>11.4</b>
Impairment loans losses	56.7	(20.1)	62.9	20.6	35.7
<b>Profit before tax</b>	<b>28.2</b>	<b>9.0</b>	<b>9.1</b>	<b>12.0</b>	<b>6.2</b>
Tax	30.1	(3.8)	22.5	12.0	6.2
Minority interests	70.6	34.5	10.0	10.0	10.0
<b>Net profit</b>	<b>27.6</b>	<b>13.2</b>	<b>5.3</b>	<b>12.0</b>	<b>6.2</b>
<b>Per share (RMB)</b>					
EPS	0.58	0.62	0.65	0.73	0.77
BVPS	2.82	3.30	3.71	4.19	4.70
DPS	0.06	0.17	0.18	0.20	0.21
<b>Key ratio (%)</b>					
Net interest margin	2.56	2.16	2.29	2.24	2.19
Net interest spread	2.35	1.95	2.06	1.84	1.71
Cost to income ratio	37.8	40.4	40.6	41.3	42.7
Return on average assets	1.18	1.14	1.07	1.03	0.95
Return on average equity	23.6	20.0	17.3	17.1	16.1
Effective tax rate	25.2	25.0	25.0	25.0	25.0
Dividend payout	9.9	30.1	30.0	30.0	30.0

Source(s): Company, ABCI Securities estimates



## CEB

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash & bank	285,478	312,643	366,718	434,136	513,018
Due from banks & FIs	413,724	360,626	455,476	533,166	620,481
Investment securities	480,061	494,927	590,461	705,631	838,788
Net loans and advances	997,331	1,142,138	1,292,332	1,460,860	1,649,047
<b>Total interest earning assets</b>	<b>2,176,594</b>	<b>2,310,334</b>	<b>2,704,988</b>	<b>3,133,793</b>	<b>3,621,335</b>
Property and equipment	11,869	12,629	13,639	14,730	15,909
Other non-interest earning assets	90,832	92,123	106,544	123,047	141,831
<b>Total assets</b>	<b>2,279,295</b>	<b>2,415,086</b>	<b>2,825,171</b>	<b>3,271,571</b>	<b>3,779,074</b>
Customer deposits	1,426,941	1,605,278	1,835,905	2,084,519	2,350,431
Due to other banks & FIs	527,561	438,604	504,395	575,010	649,761
Subordinated term debts	52,700	42,247	59,146	68,018	78,220
<b>Total interest bearing liabilities</b>	<b>2,007,202</b>	<b>2,086,129</b>	<b>2,399,445</b>	<b>2,727,547</b>	<b>3,078,412</b>
Current taxes	3,174	2,605	3,074	3,596	4,172
Other liabilities	154,597	173,300	249,166	344,540	476,824
<b>Total liabilities</b>	<b>2,164,973</b>	<b>2,262,034</b>	<b>2,651,685</b>	<b>3,075,683</b>	<b>3,559,408</b>
Share capital	40,435	46,277	46,679	46,679	46,679
Reserves	73,743	106,562	126,541	148,876	172,571
Minorities	144	213	266	333	416
<b>Shareholder's equity</b>	<b>114,322</b>	<b>153,052</b>	<b>173,486</b>	<b>195,888</b>	<b>219,666</b>
<b>Growth (%)</b>					
Cash & bank	24.8	9.5	17.3	18.4	18.2
Due from banks & FIs	5.0	(12.8)	26.3	17.1	16.4
Investment securities	193.7	3.1	19.3	19.5	18.9
Net loans and advances	14.8	14.5	13.2	13.0	12.9
<b>Total interest earning assets</b>	<b>31.5</b>	<b>6.1</b>	<b>17.1</b>	<b>15.9</b>	<b>15.6</b>
<b>Total assets</b>	<b>31.5</b>	<b>6.0</b>	<b>17.0</b>	<b>15.8</b>	<b>15.5</b>
Customer deposits	16.5	12.5	14.4	13.5	12.8
Due to other banks & FIs	77.0	(16.9)	15.0	14.0	13.0
Subordinated term debts	229.4	(19.8)	40.0	15.0	15.0
<b>Total interest bearing liabilities</b>	<b>30.4</b>	<b>3.9</b>	<b>15.0</b>	<b>13.7</b>	<b>12.9</b>
<b>Total liabilities</b>	<b>32.2</b>	<b>4.5</b>	<b>17.2</b>	<b>16.0</b>	<b>15.7</b>
<b>Shareholder's equity</b>	<b>18.9</b>	<b>33.9</b>	<b>13.4</b>	<b>12.9</b>	<b>12.1</b>
<b>Key ratio (%)</b>					
Loan to deposit ratio	71.7	72.7	71.9	71.7	72.0
CT1 CAR	8.0	9.1	8.8	8.6	8.3
Total CAR	11.0	10.6	10.3	10.0	9.7
NPL ratio	0.74	0.86	1.12	1.13	1.15
NPL growth	32.9	31.7	46.8	14.8	15.6
Net bad debt charge ratio	0.66	0.61	0.61	0.65	0.78
Provision to total loans	2.53	2.07	2.10	2.25	2.50
Provision coverage ratio	339.6	241.0	188.3	199.1	216.5

Source(s): Company, ABCI Securities estimates



## HB

### Consolidated income statement (2012A-2016E)

FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	8,569	9,602	10,949	11,872	12,850
Net fee and commission	396	540	782	1,095	1,479
Other operating income	270	31	43	58	79
<b>Operating income</b>	<b>9,235</b>	<b>10,173</b>	<b>11,775</b>	<b>13,026</b>	<b>14,408</b>
Operating expenses	(3,132)	(3,386)	(3,894)	(4,479)	(5,150)
Impairment losses	(458)	(435)	(1,053)	(970)	(1,114)
Share of associates	35	48	55	64	73
<b>Profit before tax</b>	<b>5,680</b>	<b>6,399</b>	<b>6,883</b>	<b>7,640</b>	<b>8,216</b>
Income tax expenses	(1,374)	(1,473)	(1,652)	(1,834)	(1,972)
<b>Net profit</b>	<b>4,306</b>	<b>4,926</b>	<b>5,231</b>	<b>5,807</b>	<b>6,244</b>
<b>Growth (%)</b>					
Net interest income	20.9	12.1	14.0	8.4	8.2
Net fee and commission	(4.1)	36.3	45.0	40.0	35.0
<b>Operating income</b>	<b>20.7</b>	<b>10.2</b>	<b>15.8</b>	<b>10.6</b>	<b>10.6</b>
Operating expenses	25.3	8.1	15.0	15.0	15.0
Impairment losses	(20.9)	(4.9)	141.9	(7.8)	14.8
Share of associates	10.4	37.0	15.0	15.0	15.0
<b>Profit before tax</b>	<b>23.4</b>	<b>12.7</b>	<b>7.6</b>	<b>11.0</b>	<b>7.5</b>
Income tax expenses	23.6	7.2	12.2	11.0	7.5
<b>Net profit</b>	<b>23.3</b>	<b>14.4</b>	<b>6.2</b>	<b>11.0</b>	<b>7.5</b>
<b>Per share (RMB)</b>					
EPS	0.53	0.59	0.47	0.53	0.57
BVPS	2.51	2.87	3.38	3.90	4.44
DPS	0.10	0.00	0.12	0.14	0.16
<b>Key ratio (%)</b>					
Net interest margin	3.03	2.63	2.66	2.54	2.44
Net interest spread	2.88	2.44	2.33	2.20	2.10
Cost to income ratio	33.9	33.3	33.1	34.4	35.7
Return on average assets	1.48	1.39	1.28	1.25	1.20
Return on average equity	22.93	18.89	15.15	14.44	13.56
Effective tax rate	24.2	24.0	24.0	24.0	24.0
Dividend payout	19.0	0.0	25.0	26.0	28.0

Source(s): Company, ABCI Securities estimates



## HB

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash and bank	57,649	76,178	87,605	98,118	107,930
Due from bank and FIs	44,845	48,964	53,861	58,708	63,992
Net loans	159,941	191,280	220,563	253,208	290,141
Investment securities	57,056	60,266	67,091	73,759	80,817
<b>Total IEA</b>	<b>319,492</b>	<b>376,689</b>	<b>429,120</b>	<b>483,793</b>	<b>542,880</b>
Other assets	4,732	5,420	6,504	7,805	9,366
<b>Total assets</b>	<b>324,224</b>	<b>382,109</b>	<b>435,624</b>	<b>491,597</b>	<b>552,245</b>
Customer deposits	239,543	272,798	310,990	351,419	397,103
Due to bank and FIs	54,747	61,703	69,108	76,710	85,148
Subordinated debt	3,992	8,986	10,784	12,401	13,641
<b>Total IBL</b>	<b>298,282</b>	<b>343,488</b>	<b>390,882</b>	<b>440,530</b>	<b>495,892</b>
Other liabilities	5,462	6,949	7,355	8,008	7,284
<b>Total liabilities</b>	<b>303,743</b>	<b>350,437</b>	<b>398,237</b>	<b>448,538</b>	<b>503,177</b>
Share capital	8,175	11,050	11,050	11,050	11,050
Retained earnings	7,064	8,659	12,583	16,880	21,376
Reserves	5,242	11,916	13,703	15,074	16,581
MI	0	47	51	57	62
<b>Total equity</b>	<b>20,481</b>	<b>31,672</b>	<b>37,387</b>	<b>43,060</b>	<b>49,069</b>
<b>Growth (%)</b>					
Cash and bank	3.3	32.1	15.0	12.0	10.0
Due from bank and FIs	180.7	9.2	10.0	9.0	9.0
Net loans	19.4	19.6	15.3	14.8	14.6
Investment securities	19.3	5.6	11.3	9.9	9.6
<b>Total IEA</b>	<b>26.0</b>	<b>17.9</b>	<b>13.9</b>	<b>12.7</b>	<b>12.2</b>
<b>Total assets</b>	<b>26.2</b>	<b>17.9</b>	<b>14.0</b>	<b>12.8</b>	<b>12.3</b>
Customer deposits	17.7	13.9	14.0	13.0	13.0
Due to bank and FIs	88.5	12.7	12.0	11.0	11.0
Subordinated debt	0.0	125.1	20.0	15.0	10.0
<b>Total IBL</b>	<b>26.1</b>	<b>15.2</b>	<b>13.8</b>	<b>12.7</b>	<b>12.6</b>
<b>Total liabilities</b>	<b>26.6</b>	<b>15.4</b>	<b>13.6</b>	<b>12.6</b>	<b>12.2</b>
<b>Total equity</b>	<b>19.9</b>	<b>54.6</b>	<b>18.0</b>	<b>15.2</b>	<b>14.0</b>
<b>Key ratio (%)</b>					
Loan to deposits	68.4	71.6	72.6	73.8	74.9
CT1 CAR	10.3	12.6	13.2	13.5	13.6
Total CAR	13.5	15.2	15.5	15.8	16.0
NPL ratio	0.58	0.54	0.70	0.75	0.80
NPL growth	44.0	11.1	49.7	23.1	22.4
Net bad debt charge ratio	0.3	0.3	0.2	0.5	0.4
Provision to total loans	2.4	2.1	2.3	2.4	2.5
Provision coverage	537.7	395.0	328.6	320.0	312.5

Source(s): Company, ABCI Securities estimates





## HRB

### Consolidated income statement (2012A-2016E)

FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	6,658	6,818	9,010	10,448	11,630
Net fee and commission	679	1,247	1,596	2,027	2,554
Other operating income	374	479	575	747	1,009
<b>Operating income</b>	<b>7,711</b>	<b>8,544</b>	<b>11,181</b>	<b>13,222</b>	<b>15,193</b>
Operating expenses	(3,026)	(3,591)	(4,489)	(5,476)	(6,462)
Impairment losses	(836)	(506)	(1,165)	(1,247)	(1,217)
Investment in associates	9	3	4	4	5
<b>Profit before tax</b>	<b>3,859</b>	<b>4,450</b>	<b>5,531</b>	<b>6,504</b>	<b>7,519</b>
Income tax expenses	(987)	(1,079)	(1,383)	(1,626)	(1,880)
MI	(7)	(21)	(20)	(20)	(20)
<b>Net profit</b>	<b>2,864</b>	<b>3,350</b>	<b>4,128</b>	<b>4,858</b>	<b>5,619</b>
<b>Growth (%)</b>					
Net interest income	38.2	2.4	32.2	16.0	11.3
Net fee and commission	64.8	83.8	28.0	27.0	26.0
Other operating income	103.2	28.0	20.0	30.0	35.0
<b>Operating income</b>	<b>42.4</b>	<b>10.8</b>	<b>30.9</b>	<b>18.3</b>	<b>14.9</b>
Operating expenses	45.3	18.7	25.0	22.0	18.0
Impairment losses	1.5	(39.5)	130.1	7.1	(2.4)
Investment in associates	na	na	15.0	15.0	15.0
<b>Profit before tax</b>	<b>53.9</b>	<b>15.3</b>	<b>24.3</b>	<b>17.6</b>	<b>15.6</b>
Income tax expenses	51.7	9.3	28.2	17.6	15.6
MI	228.3	187.8	(3.6)	0.0	0.0
<b>Net profit</b>	<b>54.5</b>	<b>17.0</b>	<b>23.2</b>	<b>17.7</b>	<b>15.7</b>
<b>Per share (RMB)</b>					
EPS	0.37	0.42	0.40	0.44	0.51
BVPS	2.24	2.42	2.70	3.15	3.65
DPS	0.02	0.04	0.08	0.10	0.13
<b>Key ratio (%)</b>					
Net interest margin	3.09	2.64	2.57	2.51	2.42
Net interest spread	3.06	2.56	2.34	2.26	2.16
Cost to income ratio	39.24	42.03	40.15	41.42	42.53
Return on average assets	1.20	1.14	1.16	1.15	1.15
Return on average equity	20.35	18.36	16.64	15.10	15.03
Effective tax rate	25.6	24.2	25.0	25.0	25.0
Dividend payout	6.0	9.4	20.0	22.0	25.0

Source(s): Company, ABCI Securities estimates



## HRB

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash and bank	51,859	51,552	57,738	62,357	67,346
Due from bank and FIs	71,692	84,982	100,279	116,323	127,956
Net loans	85,298	103,515	123,924	146,386	170,075
Investment securities	51,180	75,725	97,363	120,461	143,642
<b>Total IEA</b>	<b>260,029</b>	<b>315,774</b>	<b>379,303</b>	<b>445,528</b>	<b>509,019</b>
Other assets	10,061	6,401	7,681	9,217	11,061
<b>Total assets</b>	<b>270,090</b>	<b>322,175</b>	<b>386,984</b>	<b>454,746</b>	<b>520,080</b>
Customer deposits	186,642	224,178	260,047	304,255	355,978
Due to bank and FIs	59,951	70,489	84,587	93,046	102,350
Subordinated debt	3,500	3,500	8,750	17,500	17,500
<b>Total IBL</b>	<b>250,093</b>	<b>298,167</b>	<b>353,384</b>	<b>414,800</b>	<b>475,828</b>
Other liabilities	3,060	4,081	3,899	5,298	4,117
<b>Total liabilities</b>	<b>253,153</b>	<b>302,248</b>	<b>357,283</b>	<b>420,098</b>	<b>479,946</b>
Share capital	7,560	8,247	10,996	10,996	10,996
Retained earnings	3,179	4,031	7,333	11,122	15,337
Reserves	6,025	7,450	11,078	12,186	13,405
MI	172	200	294	343	397
<b>Total equity</b>	<b>16,937</b>	<b>19,927</b>	<b>29,701</b>	<b>34,647</b>	<b>40,135</b>
<b>Growth (%)</b>					
Cash and bank	67.6	(0.6)	12.0	8.0	8.0
Due from bank and FIs	8.8	18.5	18.0	16.0	10.0
Net loans	27.3	21.4	19.7	18.1	16.2
Investment securities	42.0	48.0	28.6	23.7	19.2
<b>Total IEA</b>	<b>30.1</b>	<b>21.4</b>	<b>20.1</b>	<b>17.5</b>	<b>14.3</b>
<b>Total assets</b>	<b>30.7</b>	<b>19.3</b>	<b>20.1</b>	<b>17.5</b>	<b>14.4</b>
Customer deposits	27.9	20.1	16.0	17.0	17.0
Due to bank and FIs	29.8	17.6	20.0	10.0	10.0
Subordinated debt	250.0	0.0	150.0	100.0	0.0
<b>Total IBL</b>	<b>29.5</b>	<b>19.2</b>	<b>18.5</b>	<b>17.4</b>	<b>14.7</b>
<b>Total liabilities</b>	<b>29.7</b>	<b>19.4</b>	<b>18.2</b>	<b>17.6</b>	<b>14.2</b>
<b>Total equity</b>	<b>46.9</b>	<b>17.7</b>	<b>49.1</b>	<b>16.7</b>	<b>15.8</b>
<b>Key ratio (%)</b>					
Loan to deposits	46.8	47.3	48.8	49.3	49.0
CT1 CAR	11.9	11.7	12.7	12.0	11.8
Total CAR	13.0	12.6	15.0	14.0	13.6
NPL ratio	0.64	0.85	0.95	1.10	1.25
NPL growth	31.5	61.2	34.0	36.9	32.1
Net bad debt charge ratio	1.1	0.5	1.0	0.9	0.8
Provision to total loans	2.3	2.3	2.4	2.5	2.6
Provision coverage	352.1	269.4	252.6	227.3	204.0

Source(s): Company, ABCI Securities estimates



## BoCQ

### Consolidated income statement (2012A-2016E)

FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Net interest income	4,150	5,179	6,371	7,212	8,285
Net fee and commission	368	645	838	1,022	1,206
Other operating income	140	51	67	77	88
<b>Operating income</b>	<b>4,658</b>	<b>5,875</b>	<b>7,276</b>	<b>8,311</b>	<b>9,579</b>
Operating expenses	(1,901)	(2,283)	(2,922)	(3,506)	(4,208)
Impairment losses	(240)	(536)	(645)	(770)	(918)
Investment in associates	1	1	2	2	2
<b>Profit before tax</b>	<b>2,518</b>	<b>3,057</b>	<b>3,711</b>	<b>4,036</b>	<b>4,456</b>
Income tax expenses	(593)	(728)	(891)	(969)	(1,069)
<b>Net profit</b>	<b>1,925</b>	<b>2,329</b>	<b>2,820</b>	<b>3,068</b>	<b>3,386</b>
<b>Growth (%)</b>					
Net interest income	25.0	24.8	23.0	13.2	14.9
Net fee and commission	26.9	75.2	30.0	22.0	18.0
Other operating income	(450.0)	(63.4)	30.0	15.0	15.0
<b>Operating income</b>	<b>30.4</b>	<b>26.1</b>	<b>23.9</b>	<b>14.2</b>	<b>15.3</b>
Operating expenses	31.0	20.1	28.0	20.0	20.0
Impairment losses	30.4	123.2	20.4	19.4	19.2
Investment in associates	na	na	20.0	20.0	20.0
<b>Profit before tax</b>	<b>30.1</b>	<b>21.4</b>	<b>21.4</b>	<b>8.8</b>	<b>10.4</b>
Income tax expenses	32.4	22.8	22.3	8.8	10.4
<b>Net profit</b>	<b>29.4</b>	<b>21.0</b>	<b>21.1</b>	<b>8.8</b>	<b>10.4</b>
<b>Per share (RMB)</b>					
EPS	0.95	1.10	1.04	1.13	1.25
BVPS	4.09	4.98	6.10	7.20	8.38
DPS	0.05	0.22	0.21	0.25	0.31
<b>Key ratio (%)</b>					
Net interest margin	2.85	2.81	2.83	2.65	2.54
Net interest spread	2.66	2.61	2.60	2.44	2.34
Cost to income ratio	40.81	38.86	40.16	42.19	43.93
Return on average assets	1.36	1.28	1.23	1.11	1.03
Return on average equity	26.17	21.43	18.81	17.05	16.07
Effective tax rate	23.6	24.0	24.0	24.0	24.0
Dividend payout	5.3	26.0	20.0	22.0	25.0

Source(s): Company, ABCI Securities estimates



## BoCQ

### Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cash and bank	25,243	32,823	39,387	45,689	51,172
Due from bank and FIs	18,532	32,143	41,787	52,233	65,291
Net loans	75,257	88,638	105,376	125,944	149,621
Investment securities	32,132	47,431	58,423	70,489	83,908
<b>Total IEA</b>	<b>151,164</b>	<b>201,035</b>	<b>244,972</b>	<b>294,355</b>	<b>349,992</b>
Other assets	4,999	5,752	6,615	7,607	8,748
<b>Total assets</b>	<b>156,163</b>	<b>206,787</b>	<b>251,587</b>	<b>301,962</b>	<b>358,741</b>
Customer deposits	114,043	148,801	186,001	226,922	272,306
Due to bank and FIs	27,659	33,750	40,499	46,574	52,163
Subordinated debt	1,790	4,778	5,733	6,593	7,385
<b>Total IBL</b>	<b>143,492</b>	<b>187,328</b>	<b>232,234</b>	<b>280,089</b>	<b>331,854</b>
Other liabilities	4,413	5,979	2,853	2,393	4,223
<b>Total liabilities</b>	<b>147,905</b>	<b>193,308</b>	<b>235,087</b>	<b>282,483</b>	<b>336,077</b>
Share capital	2,021	2,705	2,705	2,705	2,705
Retained earnings	4,554	5,676	7,932	10,325	12,865
Reserves	1,683	5,098	5,863	6,449	7,094
<b>Total equity</b>	<b>8,258</b>	<b>13,479</b>	<b>16,500</b>	<b>19,479</b>	<b>22,664</b>
<b>Growth (%)</b>					
Cash and bank	30.5	30.0	20.0	16.0	12.0
Due from bank and FIs	(23.9)	73.4	30.0	25.0	25.0
Net loans	19.8	17.8	18.9	19.5	18.8
Investment securities	88.0	47.6	23.2	20.7	19.0
<b>Total IEA</b>	<b>22.3</b>	<b>33.0</b>	<b>21.9</b>	<b>20.2</b>	<b>18.9</b>
<b>Total assets</b>	<b>22.6</b>	<b>32.4</b>	<b>21.7</b>	<b>20.0</b>	<b>18.8</b>
Customer deposits	27.7	30.5	25.0	22.0	20.0
Due to bank and FIs	(2.8)	22.0	20.0	15.0	12.0
Subordinated debt	79.9	166.9	20.0	15.0	12.0
<b>Total IBL</b>	<b>20.8</b>	<b>30.5</b>	<b>24.0</b>	<b>20.6</b>	<b>18.5</b>
<b>Total liabilities</b>	<b>22.3</b>	<b>30.7</b>	<b>21.6</b>	<b>20.2</b>	<b>19.0</b>
<b>Total equity</b>	<b>28.0</b>	<b>63.2</b>	<b>22.4</b>	<b>18.1</b>	<b>16.3</b>
<b>Key ratio (%)</b>					
Loan to deposits	67.2	60.8	58.0	56.9	56.4
CT1 CAR	9.4	10.8	10.7	10.6	10.4
Total CAR	12.8	13.3	12.7	12.6	12.4
NPL ratio	0.33	0.39	0.45	0.50	0.50
NPL growth	12.9	39.6	37.5	32.9	18.9
Net bad debt charge ratio	0.3	0.6	0.7	0.7	0.7
Provision to total loans	1.8	2.1	2.3	2.4	2.5
Provision coverage	537.7	528.8	511.1	480.0	500.0

Source(s): Company, ABCI Securities estimates

## Disclosures

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### Definition of equity rating

Rating	Definition
Buy	Stock return $\geq$ Market return rate
Hold	Market return – 6% $\leq$ Stock return < Market return rate
Sell	Stock return < Market return – 6%

Stock return is defined as the expected % change of share price plus gross dividend yield over the next 12 months

Market return: 5-year average market return rate from 2009-2013

Time horizon of share price target: 12-month

### Definition of share price risk

Rating	Definition
Very high	$2.6 \leq$ 180 day volatility/180 day benchmark index volatility
High	$1.5 \leq$ 180 day volatility/180 day benchmark index volatility < 2.6
Medium	$1.0 \leq$ 180 day volatility/180 day benchmark index volatility < 1.5
Low	180 day volatility/180 day benchmark index volatility < 1.0

We measure share price risk by its volatility relative to volatility of benchmark index. Benchmark index: Hang Seng Index.

Volatility is calculated from the standard deviation of day to day logarithmic historic price change. The 180-day price volatility equals the annualized standard deviation of the relative price change for the 180 most recent trading days closing price.

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