



Oct 24, 2016

Sector Rating:
OVERWEIGHT

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Key Data

Avg.16E P/E (x)	5.14
Avg.16E P/B (x)	0.68
Avg.16E Dividend Yield (%)	5.54

Source(s): Company, Bloomberg, ABCI Securities

Sector relevant metrics 2Q16 (%)

Interest income	74.27
Non-interest income	25.73

Source(s): CBRC, ABCI Securities

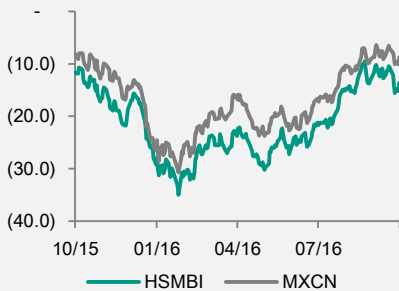
Sector performance (%)

	Absolute (2.08)	Relative* (1.97)
1-mth	10.27	(0.03)
3-mth	11.17	2.43

*Relative to MXCN

Source(s): Bloomberg, ABCI Securities

1-Year Sector performance



Source(s): Bloomberg, ABCI Securities

China Banks Sector Sector fundamentals to stabilize in 2017

Investment themes

- ❖ Sector fundamentals are expected to stabilize in 2017 when impacts of interest rate cuts and VAT reform are fully reflected. We expect 1-2 interest rate and RRR cuts for each year in 2017E-19E
- ❖ Loan growth to stay robust over 2017E-19E at 12%-14% to support economy
- ❖ NPL ratio will rise mildly but increased handling channels should help support asset quality; large provisions will continue to depress earnings growth
- ❖ Under the 13th five-year plan (FYP), more opportunities will emerge to drive non-interest income growth and offshore expansion
- ❖ Sector re-rating has begun in mid-May. Maintain **OVERWEIGHT** for the sector on low valuation and sustainable yield. We prefer big banks on higher defensiveness although fast-growing district banks also provide attractive investment options

Fundamentals to stabilize in 2017. Share price performance in the sector indicates investor concerns on NIM and asset quality are easing. We expect sector fundamentals to stabilize in 2017. With the global economic uncertainties and China's increased reliance on short term monetary tools for liquidity, we expect 1-2 interest rate and RRR cuts for each year in 2017E-19E. Meanwhile, solid loan demand will support NIM, which we expect to bottom in 2017 when the impacts of loan re-pricing and VAT reform are fully reflected.

Robust loan growth to support economic activities. In 9M16, new loans aggregated to RMB 10.16tr, nearing our full-year loan target of RMB12.3tr. The longer loan duration implies banks' undertaking of social responsibility. While future loan growth will be driven by MSEs and Sannong-related sectors, we forecast the system loan to grow by 12%-14% for each year in 2017E-19E.

Increased handling channels to manage asset quality. System NPL has stabilized on increased handling effort in 2016. With more handling channels such as ABS and DES, we forecast NPL ratio to increase mildly over 2017E-19E, although asset quality will be under pressure with China's "new normal" economic growth. Large provisions will slash earnings growth. As we believe regional divergence in economic growth will become increasingly apparent, financial performance of district banks and JSBs, whose businesses are usually concentrated in specific cities or provinces, will differ.

Development under the 13th five-year plan (FYP). More opportunities will emerge under the 13th FYP. Dedication in innovation and accelerating development in mixed operation would fuel non-interest income growth. Meanwhile, more M&As and overseas expansion will broaden income sources.

Maintain OVERWEIGHT. The sector re-rating has started in mid-May. We maintain our **OVERWEIGHT** sector outlook as we believe the market has factored in most negatives and fundamentals will turn stable in 2017. We continue to prefer big banks for their defensiveness – CCB (939 HK) and ICBC (1398 HK) are our sector top picks. We are also interested in fast-growing district banks although their low ADT should be a point of caution.

Risk factors: 1) Financial reforms in faster pace than expected; 2) Increasing competition from non-bank financial institutions; 3) Sharp asset quality deterioration in specific regions; 4) Weak loan demand.

Sector Valuation Summary (data as of Oct 20, 2016)

Company	Ticker	Rating	Price (HK\$)	TP (HK\$)	FY16E P/E(x)	FY17E P/E (x)	FY16E P/B (x)	FY17E P/B (x)	FY16E Yield (%)	FY17E Yield (%)
ICBC	1398 HK	BUY	4.72	6.84	4.98	4.92	0.70	0.63	6.36	6.36
CCB	939 HK	BUY	5.72	8.02	5.24	5.13	0.75	0.68	5.66	5.87
ABC	1288 HK	BUY	3.24	4.56	4.82	4.66	0.66	0.60	6.30	6.67
BOC	3988 HK	BUY	3.48	5.01	5.00	4.83	0.60	0.55	6.55	6.55
BoCom	3328 HK	BUY	5.87	7.71	5.44	5.38	0.62	0.57	5.52	5.52
CMB	3968 HK	BUY	19.24	25.40	6.88	6.54	1.00	0.90	4.30	4.43
MSB	1988 HK	BUY	9.04	11.73	5.89	5.71	0.81	0.72	2.92	2.92
CITICB	998 HK	BUY	5.16	6.13	4.94	4.78	0.59	0.52	5.12	5.12
CEB	6818 HK	BUY	3.60	5.26	4.41	4.23	0.56	0.50	6.67	7.00
HB	3698 HK	BUY	3.65	4.59	5.07	4.68	0.67	0.58	5.59	5.92
HRB	6138 HK	BUY	2.39	2.84	4.53	4.06	0.58	0.51	5.52	6.03
BoCQ	1963 HK	BUY	6.08	8.20	4.44	3.99	0.61	0.51	5.92	6.32

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

Fundamentals to turn stable in 2017

Share price performance in the sector indicates investor concerns on NIM and asset quality are easing. We expect sector fundamentals to stabilize in 2017 with: 1) Lower chances of interest rates and RRR cuts; 2) NIM to bottom in 2017 from loan re-pricing and VAT reform; 3) Solid loan growth under concrete demand; 4) Stable asset quality on increased NPL handling capacity; and 5) possible revenue structure changes under 13th FYP.

Chances of interest rates and RRR cuts are getting lower

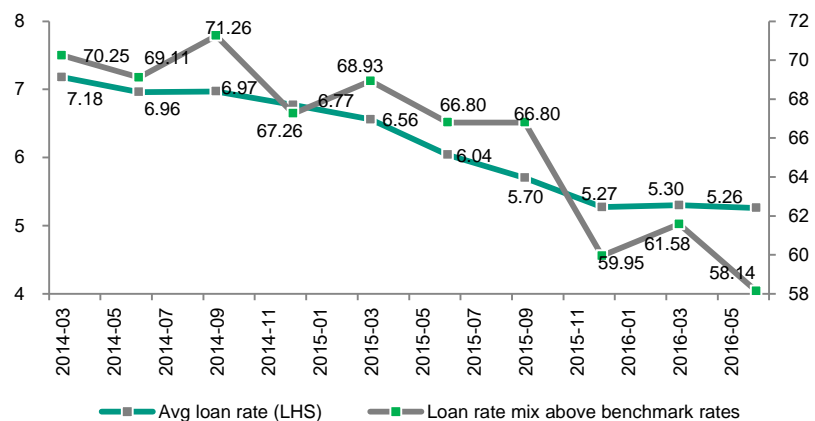
Since Nov 2014, 6 interest rate cuts have been implemented by the PBOC, with the last one taken place in Oct 2015. We estimate the resultant loan re-pricing was completed in 3Q16, thus NIM pressure among banks would stabilize from 4Q16 onward.

Reducing social financing cost has been one of government's key missions. Instead of directly lowering benchmark interest rates, however, the government promotes indirect funding channels such as equity and debt issuance as alternatives to bank loans. Thus, no interest rate cut has taken place in 2016 so far.

With the active use of short-term monetary tools to adjust market liquidity and expand corporate funding sources, along with the mid-to-high speed growth under China's "new normal" economy and the fine-tuning of interest rate enabled by interest rate liberalization, the need to lower interest rate or RRR lessens.

Easing deflation pressure in 2H16 would reduce PBOC's urgency of further monetary easing in 1H17. However, to be conservative, we expect 1-2 interest rate and RRR cuts in 2017E-19E in our base-case scenario, taking into account of the economic uncertainties in the U.S. and Europe. Market liquidity would rely primarily on PBOC's short-term monetary tools for their immediate impacts and flexibility.

Exhibit 1: Average loan yield vs. percentage of loans priced above benchmark rates (%)



Source(s): PBOC, ABCI Securities

A solid loan demand will serve as a buffer against further interest rate cut in the future. Due to loan re-pricing resulted from previous rate cuts, average loan yield dropped 167bps from 6.97% in 3Q14 to 5.3% in 1Q16. However average loan yield has been stable since 4Q15, edging up 3bps QoQ in 1Q16 and down by 4bps QoQ in 2Q16. According to our channel checks, loan re-pricing has been continuing throughout the first 3 quarters of 2016.

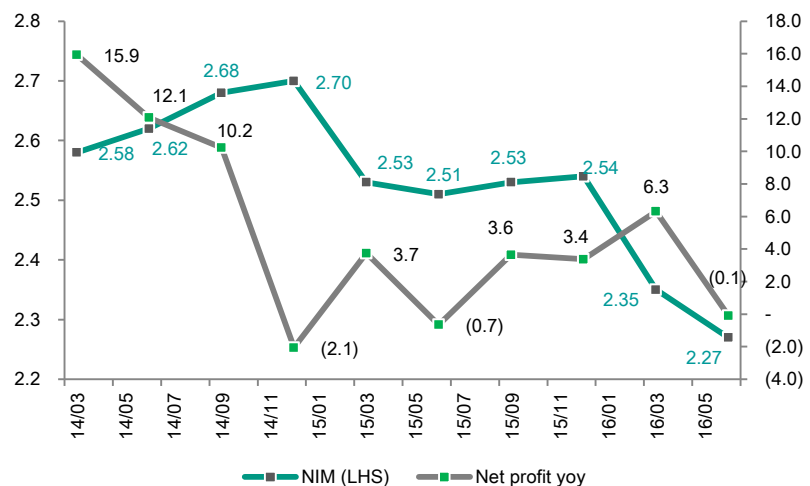
Meanwhile, the mix of loan priced above benchmark rates rebounded from 59.95% in 4Q15 to 61.58% in 1Q16, as compared to 71.26% in 3Q14 (prior to the slew of rate cuts). Although a slight decline was seen in 2Q16, with the ratio fallen to 58.4%, we forecast the proportion would be stable at above 50% in 2017E-19E. We believe, as loans and deposits rates are now fully liberalized, loan pricing are turning more efficient and ultimately, demand and supply in the market will be the core driver.

NIM to bottom in 2017

Under China's "new normal" economic growth, loan demand would remain solid and adjustments in benchmark rates would be slight. In our base case scenario, we assume the sector NIM would bottom in 4Q16-1Q17, taking into account of impacts of loan re-pricing and VAT reform.

Under the VAT reform, system NIM dropped slightly from 2.35% in 1Q16 to 2.27% in 2Q16. Since the reform have only been enforced since May 2016, system NIM is likely to have contracted further in 3Q16. Nonetheless, the new VAT, which entails a similar tax rate as the former business taxes, should mainly bring about a reclassification effect and the NIM reduction is unlikely to pressure banks' earnings growth. We forecast NIM to bottom in 2017 when the full-year impact is reflected.

Exhibit 2: System NIM and system net profit YoY (%)



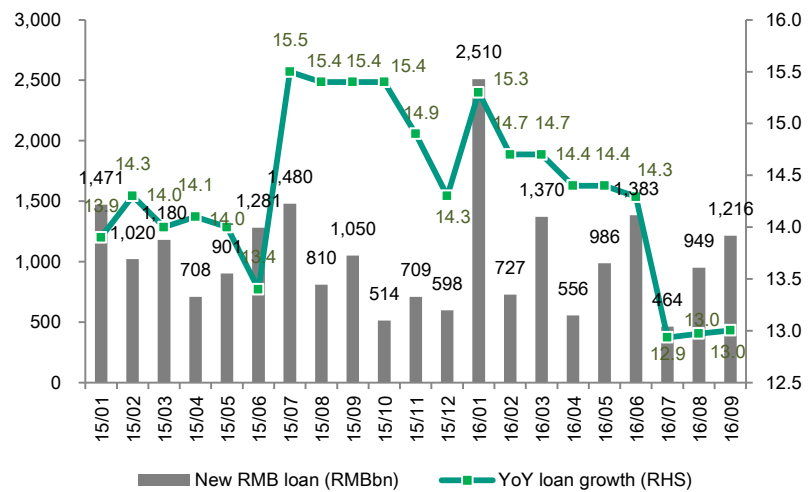
Source(s): CBRC, ABCI Securities

For individual banks, ability in balance sheet growth and flexibility in asset allocation would become the key differentiating factors. Compared to big banks and JSBs, we believe district banks in the growth phase could potentially attain a higher NIM and earnings growth.

Solid loan growth outlook

Loan growth was in line with our expectation. In 9M16, aggregate new loans was RMB 10.16tr, representing 82.6% of our 2016E RMB 12.3tr loan target. We expect 2016E actual loan growth to be similar to our original forecast at RMB 12.3tr.

Loan duration lengthens as banks have shifted their new loan allocation from short-term to medium-to-long term in 2016. In 9M16, medium-to-long-term loans to total new loans was 72.9%, much higher than the 56.2% reported in 2015. The increased mix of longer-term loans is partially attributable to the robust loan growth in personal mortgage as well as proactive moves by the banks to support the economy.

Exhibit 3: Monthly new loans (RMB bn) and YoY growth (%)


Source(s): PBOC, ABCI Securities

Under the 13th FYP, we expect MSEs and Sannong-related sectors to continue to be the core loan growth drivers in the next 3 years. Recently, regulators have advised banks to remain cautious on risks embedded in property-related loans. Nonetheless, we believe mortgage loan demand would remain solid with a stable property price. Hence, we forecast China's loan growth to be 12%-14% over 2017E-19E.

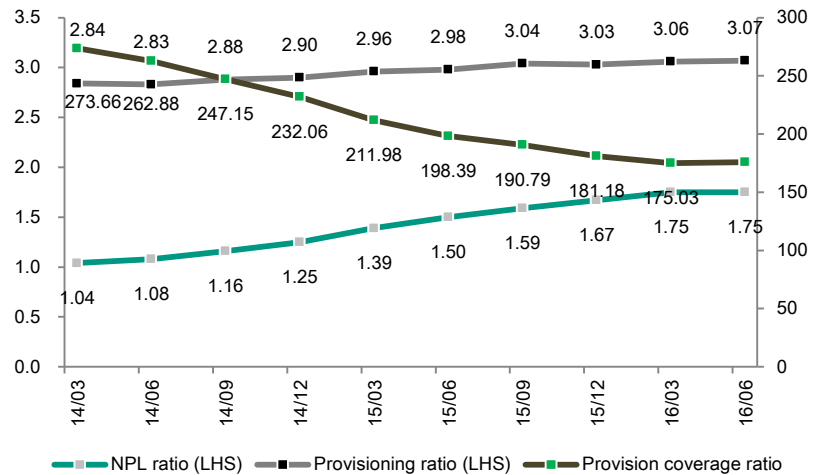
Stable asset quality on increased NPL handling

Based on our channel checks, no significant improvement was seen in overall asset quality despite a stable NPL ratio in 1H16. NPL level, while contained, was mainly a result of increased effort in NPL handling through write-offs and disposals.

Under the current "new normal" economic growth, we expect a medium-to-high level of NPL pressure to persist over the next few years. However, with write-offs and expansion of alternative handling channels, such as asset-backed-securities (ABS) and debt-to-equity-swaps (DES), system NPL ratio should be manageable.

In particular, recent updates on DES implementation emphasized highly on being "market-driven", meaning that sufficient freedom is given to banks, corporates, and third-party intermediaries (TPIs) to maneuver the pricing and deal structure based on the demand and supply in the market without direct intervention from the government. Furthermore, in DES, the converted equity would be held by the TPIs, meaning that risks related to the equity are borne by the intermediates. For banks, DES simply presents an additional disposal channel for NPL. Nevertheless, we believe some banks may conduct DES through its own trust and asset management subsidiaries to drive additional income from its NPL handling process.

System NPL ratio has been easing in 2016. System NPL ratio rose from 1.04% in 1Q14 to 1.75% in 1Q16; the increase slowed from 14bps QoQ in 1Q14 to 6bps QoQ in 1Q16. In 2Q16, system NPL ratio stayed flat QoQ at 1.75%. Taking a conservative stance, we assume an average QoQ increase of 6bps in NPL ratio going forward. System NPL ratio would reach 2.11% by end-2017E, and 2.35% by end-2018E.

Exhibit 4: Asset quality indicators (%)


Source(s): CBRC, ABCI Securities

We expect system NPL ratio to rise mildly. As increasing write-offs and disposals would offset loan provisions previously made, large provisions would persist to maintain a sufficient buffer. This would suppress the sector's earnings growth in 2017E-19E.

Geographical diversification of NPL would continue. Aside from coastal and northeastern China, which used to be the major NPL contributors, new NPLs are arising from central and western China. Big banks will not be affected as much due to their national coverage across the country. For JSBs and district banks that usually focus heavily in one or few specific regions, the upsurge of NPL in their major areas of business could heavily affect their financial results.

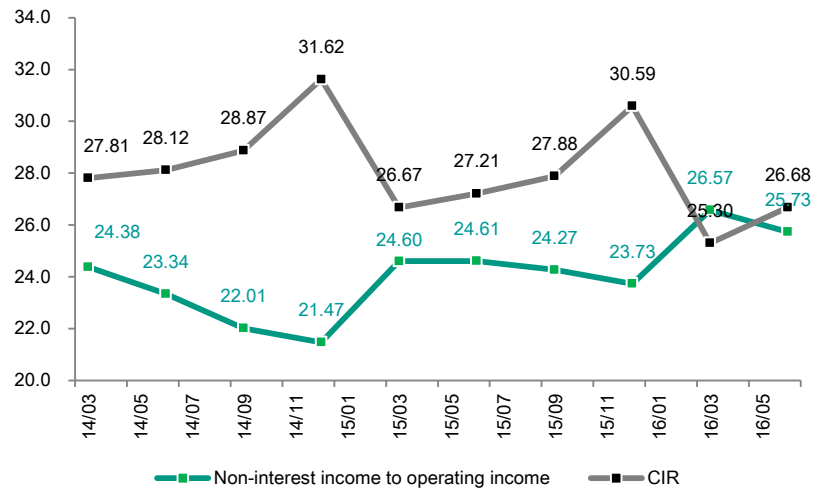
We forecast big banks and JSBs would continue to achieve a flat and low-single-digit earnings growth in the next 3 years. District banks, given their relatively small operation size, could sustain a faster earnings growth.

Possible changes in revenue structure under the 13th FYP

According to the 13th FYP, innovations and reforms in the bank sector are encouraged. Product innovation, such as banks' rapid development in online platform and wealth management products, will accelerate fee income growth. Indeed, such innovations have brought about decent non-interest income growth in the sector. System-wise, the proportion of non-interest income to operating income increased to over 25% in 2Q16.

We expect the proportion of non-interest income to exceed 30% in the next 3 years, which will be similar to that in the developed economies. Policy risk, however, will rise as regulators' concern on risk management grows, given the rapid fee income growth in the past quarters. We expect operation guidelines and regulations regarding wealth management products and online business to be implemented in 2017 the earliest.

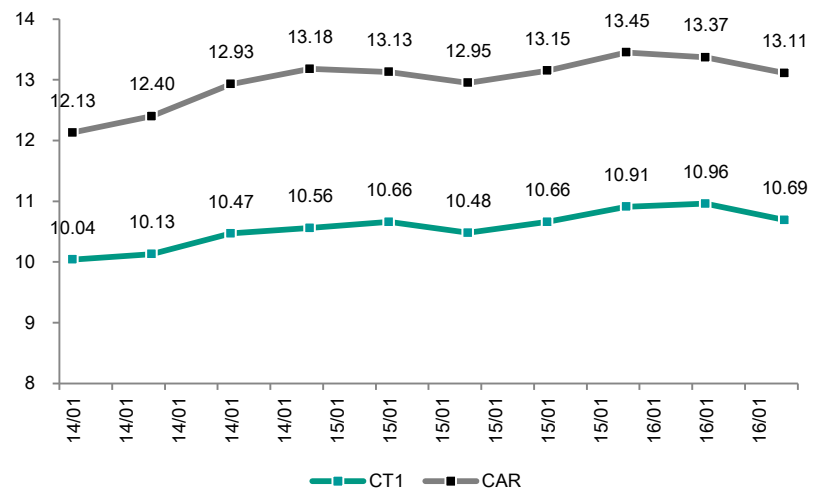
Meanwhile, the VAT reform started in May 2016 reclassifies the business tax from operating expenses as VAT under the topline revenue. Given the similar tax rate, impacts on earnings will be insignificant; NIM and CIR are effectively reduced due to the impact on calculation. As the full-year impact of the reform would be fully reflected in 2017, we expect NIM and CIR to stabilize only thereafter.

Exhibit 5: The proportion of system non-interest income to operating income and system CIR (%)


Source(s): CBRC, ABCI Securities

Furthermore, development of mixed operation in the financial sectors would increase fee competition and potential M&A activities. Expansion in fee income sources will be especially beneficial as downward pressure on interest income increases; also, increased operational synergy among different business lines would support income.

The 13th FYP also encourages two-way development of internationalization in the bank sector by increasing the pace of domestic FIs to expand overseas and foreign FIs to enter China. Internationalization applies not only to the big banks but also the smaller ones, as recently listed district banks also include overseas branch development in their business plans.

Exhibit 6: System CT1 and CAR (%)


Source(s): CBRC, ABCI Securities

Nevertheless, potential M&A and offshore expansion may compromise a bank's capital position. As of June 2016, system CT1 and CAR were reported at 10.69% and 13.11%, complying to the 2018 standard set forth by the new capital rule. With continuous balance sheet growth and overseas expansion opportunities, some banks may need to strengthen their capital position through equity and debt issuances.



Valuation

To reiterate, we prefer big banks

Share price performance of the sector concurs with our view that investor concerns are easing. Although sector re-rating has begun since mid-May, the average valuation of banks in our coverage universe is low at 0.7x 16E P/B. Big banks with a decent dividend yield as well as a high degree of business diversification and defensiveness against policy risk continue to be our preferred choices.

CCB (939 HK) and ICBC (1398 HK) are our sector top picks given their solid deposit base and prudent risk management. ABC, with its robust risk buffer and the highest dividend yield among the big banks, also presents a sensible investment option. Among JSBs, we favor CMB despite its slightly expensive valuation. We believe its nationwide network of retail banking franchise, which is the largest in China, and its renowned WMP brand would drive faster fee income growth.

District banks: fast-growth plays offer attractive opportunities

High growth in the district banks has attracted our attention. Their earnings and balance sheet growth are decent although the increase was partially inflated by their low bases. Moreover, their balance sheets, which are usually smaller to begin with, allows more flexibility in adjustments.

The business of district banks is highly concentrated in specific regions and this allows them to monitor asset quality closely. As we believe regional divergence in economic growth will become increasingly apparent in China, financial performance of district banks and JSBs, dependent on the regional economies of which their businesses are exposed to, will vary. Going forward, we expect business results of district banks to deliver more surprises to the market than the national ones.

We favor HB (3698 HK) for its robust growth outlook and sustainable NIM, and BoCQ (1963 HK) for its sustainable low NPL ratio. Nonetheless, low average daily trading turnover common among district bank stocks remains to be a concern.

Growing number of H-share banks may dilute investors' funding

We expect the new capital rule requirements and higher capital needs arising from the development of mixed operation will motivate more Chinese banks to get listed on HKEx. Over the past few years, 3 banks were listed in Hong Kong per year on average. As of Oct 2016, 20 Chinese banks were listed in Hong Kong. In our view, the growing numbers of H-share banks can potentially dilute investors' funding in each.

We use the latest 3-month ADT as a measure of investors' preference. For the H-share banks, the 3-month ADTs of big banks, JSBs and district banks were HK\$960.1mn, HK\$ 152.4mn, and HK\$ 6.5mn. For the big banks, CCB (939 HK) and ICBC (1398 HK) recorded the highest ADT. For the JSBs, CMB (3968 HK) and MSB (1988 HK) had the highest trading volume. For the district banks, CRCB had an ADT of HK\$ 39.3mn while the rest were in the range of HK\$ 0.4mn-6.3mn.



Exhibit 7: Valuation table (closing price as of Oct 20, 2016)

Name	BBG code	Market cap		Price (HKD)	Rating	TP (HKD)	Upside (%)	200 Days Vol. (%)		P/B (x)		P/E (x)		ROE (%)		Div yield (%)	
		(USDmn)	(HKD)					16E	17E	16E	17E	16E	17E	16E	17E		
ICBC	1398 HK	228,445	4.72	BUY	6.84	44.92	24.29	0.70	0.63	4.98	4.92	14.7	13.6	6.36	6.36		
CCB	939 HK	184,635	5.72	BUY	8.02	40.21	23.78	0.75	0.68	5.24	5.13	15.1	13.8	5.66	5.87		
ABC	1288 HK	149,855	3.24	BUY	4.56	40.74	23.14	0.66	0.60	4.82	4.66	14.2	13.4	6.30	6.67		
BOC	3988 HK	143,538	3.48	BUY	5.01	43.97	22.94	0.60	0.55	5.00	4.83	12.5	11.8	6.55	6.55		
BoCom	3328 HK	59,051	5.87	BUY	7.71	31.35	26.01	0.62	0.57	5.44	5.38	12.0	11.1	5.52	5.52		
CMB	3968 HK	66,151	19.24	BUY	25.40	32.02	30.00	1.00	0.90	6.88	6.54	15.4	14.5	4.30	4.43		
MSB	1988 HK	48,819	9.04	BUY	11.73	29.76	24.73	0.81	0.72	5.89	5.71	14.6	13.4	2.92	2.92		
CITICB	998 HK	40,622	5.16	BUY	6.13	18.80	22.44	0.59	0.52	4.94	4.78	12.5	11.5	5.12	5.12		
CEB	6818 HK	25,636	3.60	BUY	5.26	46.11	28.87	0.56	0.50	4.41	4.23	13.4	12.5	6.67	7.00		
HB	3698 HK	5,199	3.65	BUY	4.59	25.75	20.24	0.67	0.58	5.07	4.68	14.5	13.2	5.59	5.92		
HRB	6138 HK	3,387	2.39	BUY	2.84	18.83	28.29	0.58	0.51	4.53	4.06	13.4	13.2	5.52	6.03		
BoCQ	1963 HK	2,451	6.08	BUY	8.20	34.87	29.41	0.61	0.51	4.44	3.99	15.1	13.9	5.92	6.32		
Avg						33.94	25.35	0.68	0.61	5.14	4.91	13.9	13.0	5.54	5.72		

Source(s): Bloomberg, ABCI Securities estimates



China Banks Sector - Stock Picks

Top picks

ICBC (1398 HK) – We like ICBC's solid business results and defensive stance towards changes in banking environment. Reiterate **BUY**.

CCB (939 HK) - We like CCB's prudent provision policy and agree with the bank on its moderately positive outlook for asset quality. Reiterate **BUY** on high defensiveness.

Other BUYs

ABC (1288 HK) – Despite a relatively high NPL ratio, ABC has a high dividend yield and the strongest provision buffer among peers. We expect NPL ratio to stabilize with expansion in NPL handling channels. Reiterate **BUY**.

BOC (3988 HK) – While BOC's slow growth in domestic business growth will persist in the short term, we favor the bank for having the largest offshore contribution through BOCHK (2388 HK) among H-share banks. Reiterate **BUY**.

BoCom (3328 HK) – With the bank's decent growth in previous quarters, we look forward to see more concrete strategic cooperation with HSBC. Reiterate **BUY**.

CMB (3968 HK) – CMB continue to be our top pick among JSBs despite a high trading P/B. We believe the bank's leading retail banking franchise would translate into solid net fee income growth. Recommend **BUY**.

MSB (1988 HK) – Despite the VAT reform, MSB showed the largest reduction in operating expenses YoY and major CIR improvement in 1H16. Reiterate **BUY**.

CITICB (998 HK) – Solid NII and net fee income growth was seen in 1H16. **BUY** on undemanding valuation.

CEB (6818 HK) – CEB increased its pace in total asset growth in 1H16, we look forward to higher profitability. Maintain **BUY**.

HB (3698 HK) – **BUY** on robust topline revenue growth with sustainable NIM in 1H16. Low average daily trading turnover, however, is a concern.

HRB (6138 HK) – Fast loan and topline revenue growth was seen in 1H16. **BUY** on low valuation. Remain cautious on low average daily trading turnover.

BoCQ (1963 HK) – Sustained one of the lowest NPL ratio (down by 1bp HoH) in 1H16. Reiterate **BUY**. Low average daily trading turnover is a point of caution.



ICBC

Consolidated income statement (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	493,522	507,867	533,362	562,983	600,380
Non-interest income	141,336	160,866	174,001	188,239	203,671
Of which: Fees and commissions	132,497	143,391	154,777	167,585	181,393
Oper. income (Top line)	634,858	668,733	707,363	751,223	804,052
Operating expenses	(200,369)	(203,980)	(215,063)	(228,711)	(244,982)
Amortization	(18,305)	(16,855)	(18,135)	(19,537)	(21,075)
PPOP	416,184	447,898	474,166	502,975	537,995
Impairment loans losses	(56,729)	(86,993)	(113,970)	(133,821)	(148,732)
Operating profit	359,455	360,905	360,196	369,154	389,263
Non-operating income	2,157	2,330	2,516	2,718	2,935
Profit before tax	361,612	363,235	362,713	371,872	392,198
Tax	(85,326)	(85,515)	(83,424)	(85,530)	(90,206)
Minority interests	(475)	(589)	(648)	(713)	(784)
Net profit	275,811	277,131	278,641	285,628	301,208
Growth (%)					
Net interest income	11.32	2.91	5.02	5.55	6.64
Non-interest income	4.26	13.82	8.17	8.18	8.20
Of which: Fees and commissions	8.31	8.22	7.94	8.27	8.24
Oper. income (Top line)	9.67	5.34	5.78	6.20	7.03
Operating expenses	6.75	1.80	5.43	6.35	7.11
Amortization	11.36	(7.92)	7.59	7.73	7.87
PPOP	11.05	7.62	5.86	6.08	6.96
Impairment loans losses	48.04	53.35	31.01	17.42	11.14
Operating profit	6.84	0.40	(0.20)	2.49	5.45
Non-operating income	2.86	8.02	8.00	8.00	8.00
Profit before tax	6.82	0.45	(0.14)	2.53	5.47
Tax	12.91	0.22	(2.45)	2.53	5.47
Minority interests	50.32	24.00	10.00	10.00	10.00
Net profit	5.01	0.48	0.54	2.51	5.45
Per share (RMB)					
EPS	0.78	0.78	0.79	0.80	0.85
BVPS	4.33	5.02	5.61	6.20	6.83
DPS	0.26	0.26	0.25	0.25	0.26
Key ratio (%)					
Net interest margin	2.63	2.47	2.37	2.33	2.31
Net interest spread	2.42	2.30	2.12	2.08	2.06
Cost to income ratio	31.56	30.50	30.40	30.45	30.47
Return on average assets	1.40	1.29	1.21	1.14	1.12
Return on average equity	19.67	16.69	14.71	13.57	12.96
Effective tax rate	23.60	23.00	23.00	23.00	23.00
Dividend payout	33.34	32.85	32.00	31.00	31.00

Source(s): Company, ABCI Securities estimates



ICBC

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash & cash equivalent	3,523,622	3,059,633	2,906,651	2,761,319	2,623,253
Dues from banks & non-bank FI	1,251,238	1,680,126	1,944,836	2,236,164	2,496,736
Investment securities	4,433,237	5,009,963	5,590,030	6,182,686	6,781,525
Net loans and advances	10,768,750	10,745,677	11,614,842	12,488,836	13,446,683
Total IEA	19,976,847	20,495,399	22,056,360	23,669,005	25,348,196
Property and equipment	199,280	224,426	251,357	281,520	315,302
Other non-int. earn assets	433,826	1,489,955	1,712,395	1,967,864	2,261,275
Total assets	20,609,953	22,209,780	24,020,112	25,918,389	27,924,774
Customer deposits	15,556,601	16,281,939	17,136,423	17,970,701	18,859,695
Due to other banks & FIs	1,539,239	2,265,860	2,719,032	3,208,458	3,721,811
Subordinated term debt	279,590	306,622	337,284	371,013	408,114
Total IBL	17,551,678	19,037,773	20,385,259	21,752,317	23,201,873
Current taxes	60,666	63,266	66,429	69,751	73,238
Deferred tax liabilities	451	995	1,075	1,161	1,253
Other liabilities	1,459,854	1,307,227	1,554,951	1,866,414	2,191,337
Total liabilities	19,072,649	20,409,261	22,007,714	23,689,642	25,467,701
Share capital	353,495	356,407	356,407	356,407	356,407
Reserves	1,177,364	1,433,067	1,642,185	1,855,082	2,079,093
Minorities	6,445	11,045	13,806	17,258	21,572
Shareholder's equity	1,537,304	1,800,519	2,012,398	2,228,747	2,457,073
Growth (%)					
Cash & cash equivalent	7.0	(13.2)	(5.0)	(5.0)	(5.0)
Dues from banks & non-bank FI	19.2	34.3	15.8	15.0	11.7
Investment securities	2.6	13.0	11.6	10.6	9.7
Net loans and advances	11.2	(0.2)	8.1	7.5	7.7
Total IEA	8.9	2.6	7.6	7.3	7.1
Total assets	8.9	7.8	8.2	7.9	7.7
Customer deposits	6.4	4.7	5.2	4.9	4.9
Due to other banks & FIs	21.3	47.2	20.0	18.0	16.0
Subordinated term debt	10.5	9.7	10.0	10.0	10.0
Total IBL	7.9	8.5	7.1	6.7	6.7
Total liabilities	8.1	7.0	7.8	7.6	7.5
Shareholder's equity	20.2	17.1	11.8	10.8	10.2
Key ratio (%)					
Loan to deposits	64.50	63.32	64.52	65.69	66.90
CT1 CAR	11.92	12.87	13.21	13.61	13.97
Total CAR	14.53	15.22	15.85	16.24	16.60
NPL ratio	1.13	1.50	1.70	1.90	2.00
NPL growth	32.88	44.19	13.01	20.43	13.48
Net bad debt charge ratio	0.54	1.37	6.98	7.01	14.47
Provision to total loans	2.34	2.55	2.67	2.88	3.00
Provision coverage	206.90	156.34	157.06	151.58	150.00

Source(s): Company, ABCI Securities estimates



CCB

Consolidated income statement (2014A-2018E)

FY Ended Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	437,398	457,752	477,281	509,542	533,800
Non-interest income	119,342	128,935	141,806	156,056	171,206
Of which: Fees and commissions	108,517	113,530	123,523	134,922	147,454
Operating income (Top line)	556,740	586,687	619,087	665,598	705,005
Operating expenses	(193,533)	(192,222)	(203,144)	(215,176)	(228,758)
Amortization	(2,455)	(2,604)	(2,760)	(2,981)	(3,279)
PPOP	360,752	391,861	413,183	447,442	472,968
Impairment losses on loans	(61,911)	(93,639)	(116,112)	(142,767)	(148,516)
Operating profit	298,841	298,222	297,071	304,674	324,452
Non-operating income	245	275	316	364	418
Profit before tax	299,086	298,497	297,387	305,038	324,870
Tax	(70,839)	(69,611)	(68,399)	(71,684)	(79,268)
Minority interests	(417)	(741)	(815)	(897)	(986)
Net profit	227,830	228,145	228,173	232,457	244,616
Growth (%)					
Net interest income	12.3	4.7	4.3	6.8	4.8
Non-interest income	(1.9)	8.0	10.0	10.0	9.7
Of which: Fees and commissions	4.1	4.6	8.8	9.2	9.3
Operating income (Top line)	8.9	5.4	5.5	7.5	5.9
Operating expenses	4.2	(0.7)	5.7	5.9	6.3
Amortization	2.8	6.1	6.0	8.0	10.0
PPOP	11.7	8.6	5.4	8.3	5.7
Impairment losses on loans	43.3	51.2	24.0	23.0	4.0
Operating profit	6.8	(0.2)	(0.4)	2.6	6.5
Non-operating income	308.3	12.2	15.0	15.0	15.0
Profit before tax	6.9	(0.2)	(0.4)	2.6	6.5
Tax	9.5	(1.7)	(1.7)	4.8	10.6
Minority interests	(10.3)	77.7	10.0	10.0	10.0
Net profit	6.1	0.1	0.0	1.9	5.2
Per share (RMB)					
EPS	0.91	0.91	0.91	0.93	0.98
BVPS	4.97	5.74	6.39	7.06	7.76
DPS	0.30	0.27	0.27	0.28	0.29
Key ratio (%)					
Net interest margin	2.80	2.63	2.51	2.44	2.33
Net interest spread	2.62	2.47	2.34	2.27	2.16
Cost to income ratio	35.20	33.21	33.26	32.78	32.91
Return on average assets	1.42	1.30	1.19	1.10	1.06
Return on average equity	19.75	17.05	15.05	13.83	13.21
Effective tax rate	23.69	23.32	23.00	23.50	24.40
Dividend payout	33.03	30.03	30.00	30.00	30.00

Source(s): Company, ABCI Securities estimates



CCB

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash & cash equivalent	2,610,781	2,401,544	2,329,498	2,236,318	2,124,502
Dues from banks & non-bank FI	788,737	974,472	1,180,799	1,407,386	1,658,719
Investment securities	3,727,838	4,271,406	4,952,051	5,593,571	6,318,467
Net loans and advances	9,222,897	10,234,523	11,196,835	12,285,082	13,476,924
Total IEA	16,350,253	17,881,945	19,659,183	21,522,356	23,578,611
Property and equipment	151,607	159,531	169,103	179,249	190,004
Other non-int. earn assets	242,233	308,013	331,893	357,911	385,979
Total assets	16,744,093	18,349,489	20,160,178	22,059,517	24,154,594
Customer deposits	12,899,153	13,668,533	14,652,598	15,591,841	16,577,147
Due to other banks & FIs	1,206,520	1,761,107	2,465,550	3,205,215	3,846,258
Subordinated term debt	431,652	415,544	436,321	453,774	467,387
Total IBL	15,118,451	16,485,835	18,271,998	20,047,287	21,766,895
Current taxes liabilities	62,644	49,411	51,882	54,476	57,199
Deferred tax liabilities	401	624	874	1,179	1,533
Other liabilities	310,749	368,536	227,162	181,614	378,201
Total liabilities	15,492,245	16,904,406	18,551,915	20,284,556	22,203,828
Share capital	250,011	269,670	269,670	269,670	269,670
Reserves	991,499	1,164,350	1,327,530	1,494,228	1,670,033
Minorities	10,338	11,063	11,063	11,063	11,063
Shareholder's equity	1,251,848	1,445,083	1,608,263	1,774,961	1,950,766
Growth (%)					
Cash & cash equivalent	(5.3)	(8.0)	(3.0)	(4.0)	(5.0)
Dues from banks & non-bank FI	66.6	23.5	21.2	19.2	17.9
Investment securities	22.2	14.6	15.9	13.0	13.0
Net loans and advances	10.3	11.0	9.4	9.7	9.7
Total IEA	11.7	9.4	9.9	9.5	9.6
Total assets	9.0	9.6	9.9	9.4	9.5
Customer deposits	5.5	6.0	7.2	6.4	6.3
Due to other banks & FIs	42.3	46.0	40.0	30.0	20.0
Subordinated term debt	20.7	(3.7)	5.0	4.0	3.0
Total IBL	8.2	9.0	10.8	9.7	8.6
Total liabilities	8.4	9.1	9.7	9.3	9.5
Shareholder's equity	16.5	15.4	11.3	10.4	9.9
Key ratio (%)					
Loan to deposits	72.77	73.86	72.35	72.20	73.57
Core CAR	12.11	13.13	13.18	13.31	12.93
Total CAR	14.86	15.39	15.33	15.38	14.83
NPL ratio	1.19	1.58	1.72	1.88	1.99
NPL growth	32.73	46.66	19.10	20.26	16.30
Net bad debt charge ratio	1.28	11.80	11.40	12.10	23.47
Provision to total loans	2.66	2.39	2.58	2.85	3.00
Provision coverage	222.33	150.99	150.00	151.60	150.75

Source(s): Company, ABCI Securities estimates



ABC

Consolidated income statement (2014A-2018E)

FY Ended Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	429,891	436,140	459,230	491,016	521,327
Non-interest income	94,235	104,722	111,695	119,236	126,674
Of which: Fees and commissions	80,123	82,549	86,953	91,352	95,289
Oper. income (Top line)	524,126	540,862	570,926	610,252	648,001
Operating expenses	(204,570)	(206,200)	(220,779)	(236,409)	(252,091)
Amortization	(19,328)	(19,633)	(20,615)	(21,645)	(22,511)
PPOP	300,228	315,029	329,532	352,197	373,398
Impairment loans losses	(67,971)	(84,172)	(94,332)	(107,912)	(119,831)
Profit before tax	232,257	230,857	235,200	244,286	253,567
Tax	(52,747)	(50,083)	(54,096)	(56,186)	(58,320)
Minority interests	(49)	(192)	(240)	(300)	(375)
Net profit	179,461	180,582	180,864	187,800	194,872
Growth (%)					
Net interest income	14.3	1.5	5.3	6.9	6.2
Non-interest income	5.2	11.1	6.7	6.8	6.2
Of which: Fees and commissions	(3.7)	3.0	5.3	5.1	4.3
Oper. income (Top line)	12.5	3.2	5.6	6.9	6.2
Operating expenses	12.9	0.8	7.1	7.1	6.6
Amortization	10.7	1.6	5.0	5.0	4.0
PPOP	12.4	4.9	4.6	6.9	6.0
Impairment loans losses	28.3	23.8	12.1	14.4	11.0
Profit before tax	8.4	(0.6)	1.9	3.9	3.8
Tax	10.0	(5.1)	8.0	3.9	3.8
Minority interests	(147.1)	291.8	25.0	25.0	25.0
Net profit	7.9	0.6	0.2	3.8	3.8
Per share (RMB)					
EPS	0.55	0.56	0.56	0.58	0.60
BVPS	3.17	3.73	4.12	4.53	4.95
DPS	0.18	0.17	0.17	0.18	0.19
Key ratio (%)					
Net interest margin	2.92	2.66	2.48	2.39	2.28
Net interest spread	2.76	2.49	2.27	2.16	2.08
Cost to income ratio	39.03	38.12	38.67	38.74	38.90
Return on average assets	1.18	1.07	0.96	0.90	0.84
Return on average equity	19.15	16.12	14.20	13.38	12.67
Effective tax rate	22.71	21.69	23.00	23.00	23.00
Dividend payout	32.94	30.00	31.00	31.00	31.00

Source(s): Company, ABCI Securities estimates



ABC

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash & cash equivalent	2,743,065	2,587,057	2,663,848	2,764,860	2,891,441
Dues from banks & non-bank FI	1,489,285	1,673,984	1,906,987	2,163,561	2,436,078
Investment securities	3,575,630	4,512,047	5,415,435	6,403,357	7,480,990
Net loans and advances	7,739,996	8,506,675	9,320,267	10,107,523	10,965,136
Total IEA	15,547,976	17,279,763	19,306,537	21,439,300	23,773,645
Property and equipment	154,950	156,178	159,302	162,488	165,737
Other non-int. earn assets	271,226	355,452	414,310	481,042	555,941
Total assets	15,974,152	17,791,393	19,880,149	22,082,830	24,495,323
Customer deposits	12,533,597	13,538,360	14,677,451	15,809,834	16,926,586
Due to other banks & FIs	1,136,185	1,598,259	1,997,824	2,437,345	2,924,814
Subordinated term debt	325,167	382,742	451,636	523,897	602,482
Total IBL	13,994,949	15,519,361	17,126,910	18,771,076	20,453,882
Current taxes	41,338	38,097	35,049	32,596	30,640
Deferred tax liabilities	43	111	139	173	217
Other liabilities	905,203	1,021,939	1,378,433	1,806,740	2,400,767
Total liabilities	14,941,533	16,579,508	18,540,531	20,610,586	22,885,506
Share capital	364,738	404,693	404,693	404,693	404,693
Reserves	666,328	805,398	932,861	1,065,178	1,202,396
Minorities	1,553	1,794	2,063	2,373	2,728
Shareholder's equity	1,032,619	1,211,885	1,339,617	1,472,244	1,609,817
Growth (%)					
Cash & cash equivalent	5.3	(5.7)	3.0	3.8	4.6
Dues from banks & non-bank FI	3.2	12.4	13.9	13.5	12.6
Investment securities	11.0	26.2	20.0	18.2	16.8
Net loans and advances	12.1	9.9	9.6	8.4	8.5
Total IEA	9.7	11.1	11.7	11.0	10.9
Total assets	9.7	11.4	11.7	11.1	10.9
Customer deposits	6.1	8.0	8.4	7.7	7.1
Due to other banks & FIs	25.7	40.7	25.0	22.0	20.0
Subordinated term debt	22.1	17.7	18.0	16.0	15.0
Total IBL	7.8	10.9	10.4	9.6	9.0
Total liabilities	8.9	11.0	11.8	11.2	11.0
Shareholder's equity	22.3	17.4	10.5	9.9	9.3
Key ratio (%)					
Loan to deposits	64.03	65.04	65.60	66.01	66.86
CT1 CAR	9.09	10.24	10.92	10.98	10.83
Total CAR	12.82	13.40	14.07	14.15	13.97
NPL ratio	1.53	2.39	2.60	2.80	2.90
NPL growth	42.82	71.50	19.20	16.94	12.51
Net bad debt charge ratio	0.85	0.96	0.98	1.04	1.06
Provision to total loans	4.50	4.40	4.50	4.62	4.75
Provision coverage	288.48	189.43	173.08	165.00	163.79

Source(s): Company, ABCI Securities estimates



BOC

Consolidated income statement (2014A-2018E)

FY Ended Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	321,102	328,649	348,048	364,668	379,141
Non-interest income	135,226	145,262	159,371	174,408	191,470
Of which: Fees and commissions	91,240	92,410	96,106	98,990	101,959
Operating income (Topline)	456,328	473,912	507,419	539,076	570,611
Operating expenses	(177,788)	(185,401)	(196,485)	(207,870)	(218,053)
Amortization	(13,214)	(13,218)	(14,275)	(15,275)	(16,344)
PPOP	278,540	288,511	310,933	331,206	352,558
Impairment losses on loans	(48,381)	(59,274)	(78,465)	(91,198)	(98,580)
Operating profit	230,159	229,237	232,469	240,008	253,978
Non-operating income	1,319	2,334	2,614	2,902	3,221
Profit before tax	231,478	231,571	235,083	242,910	257,199
Tax	(54,280)	(52,154)	(54,069)	(55,869)	(59,156)
Minority interest	(7,603)	(8,572)	(9,429)	(10,372)	(11,409)
Net profit	169,595	170,845	171,584	176,669	186,634
Growth (%)					
Net interest income	13.2	2.4	5.9	4.8	4.0
Non-interest income	9.1	7.4	9.7	9.4	9.8
Of which: Fees and commissions	11.1	1.3	4.0	3.0	3.0
Oper. income (Top line)	12.0	3.9	7.1	6.2	5.8
Operating expenses	3.2	4.3	6.0	5.8	4.9
Amortization	(2.8)	0.0	8.0	7.0	7.0
PPOP	18.4	3.6	7.8	6.5	6.4
Impairment losses on loans	105.8	22.5	32.4	16.2	8.1
Operating profit	8.7	(0.4)	1.4	3.2	5.8
Non-operating income	20.8	77.0	12.0	11.0	11.0
Profit before tax	8.8	0.0	1.5	3.3	5.9
Tax	10.7	(3.9)	3.7	3.3	5.9
Minority interest	8.0	8.0	10.0	10.0	10.0
Net profit	8.1	0.7	0.4	3.0	5.6
Per share(RMB)					
EPS	0.61	0.58	0.58	0.60	0.63
BVPS	3.95	4.43	4.87	5.32	5.79
DPS	0.19	0.18	0.19	0.19	0.19
Key ratio (%)					
Net interest margin	2.25	2.12	2.03	1.94	1.86
Net interest spread	2.13	1.97	1.82	1.73	1.65
Cost to income ratio	38.96	39.12	38.72	38.56	38.21
Return on average assets	1.16	1.07	0.97	0.91	0.88
Return on average equity	16.43	13.97	12.54	11.79	11.42
Effective tax rate	23.45	22.52	23.00	23.00	23.00
Dividend payout	32.35	30.15	32.00	31.00	30.00

Source(s): Company, ABCI Securities estimates



BOC

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash & cash equivalent	813,054	654,378	588,940	559,493	531,519
Dues from banks	2,708,368	2,196,063	2,086,260	2,023,672	2,064,145
Investment securities	2,710,375	3,595,095	4,601,722	5,798,169	7,073,766
Net loans and advances	8,294,744	8,935,195	9,567,599	10,241,384	10,898,887
Total IEA	14,526,541	15,380,731	16,844,521	18,622,719	20,568,318
Property and equipment	172,197	182,031	192,953	204,530	216,802
Derivative assets	47,967	82,236	83,881	85,558	87,270
Other non-IEA	504,677	1,170,599	1,264,469	1,365,869	1,475,403
Total assets	15,251,382	16,815,597	18,385,824	20,278,677	22,347,793
Customer deposits	10,885,223	11,729,171	12,671,505	13,692,165	14,765,111
Due to other banks & FIs	2,353,848	2,627,973	2,917,050	3,208,755	3,529,631
Subordinated term debt	308,492	313,210	322,606	335,511	352,286
Total IBL	13,547,563	14,670,354	15,911,161	17,236,431	18,647,028
Trading liabilities	40,734	69,160	77,459	86,754	97,165
Current taxes	41,636	37,982	46,338	55,606	66,727
Deferred tax liabilities	4,287	4,291	5,450	6,866	8,652
Other liabilities	433,734	676,205	847,047	1,248,004	1,728,759
Total liabilities	14,067,954	15,457,992	16,887,455	18,633,660	20,548,330
Share capital	360,476	394,102	394,102	394,102	394,102
Reserves	780,383	910,844	1,038,443	1,170,609	1,310,600
Minority interest	42,569	52,659	65,824	80,305	94,760
Total shareholders' equity	1,183,428	1,357,605	1,498,369	1,645,016	1,799,462
Growth (%)					
Cash & cash equivalent	15.7	(19.5)	(10.0)	(5.0)	(5.0)
Dues from banks	2.4	(18.9)	(5.0)	(3.0)	2.0
Investment securities	20.1	32.6	28.0	26.0	22.0
Net loans and advances	11.5	7.7	7.1	7.0	6.4
Total IEA	11.4	5.9	9.5	10.6	10.4
Total assets	9.9	10.3	9.3	10.3	10.2
Customer deposits	7.8	7.8	8.0	8.1	7.8
Due to other banks & FIs	12.5	11.6	11.0	10.0	10.0
Subordinated term debt	21.3	1.5	3.0	4.0	5.0
Total IBL	8.9	8.3	8.5	8.3	8.2
Total liabilities	8.9	9.9	9.2	10.3	10.3
Shareholders' equity	23.1	14.7	10.4	9.8	9.4
Key ratio (%)					
Loan to deposits	72.45	72.23	71.67	71.03	70.15
Core CAR	11.35	12.07	12.74	12.56	12.17
Total CAR	13.87	14.06	15.58	15.36	14.92
NPL ratio	1.18	1.43	1.65	1.78	1.92
NPL growth	37.15	30.25	23.71	15.68	15.05
Net bad debt charge ratio	0.60	0.67	0.83	0.90	0.91
Provision to total loans	2.22	2.40	2.51	2.68	2.90
Provision coverage	187.60	153.30	152.12	150.56	151.04

Source(s): Company, ABCI Securities estimates



BoCom

Consolidated income statement (2014A-2018E)

FY Ended Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	134,776	144,172	148,420	152,546	159,716
Non-interest income	43,850	50,386	57,665	65,310	72,947
Of which: Fees and commissions	29,604	35,027	39,119	43,318	47,391
Oper income (Top line)	178,626	194,558	206,085	217,856	232,664
Operating expenses	(73,260)	(81,386)	(88,684)	(96,413)	(105,177)
PPOP	105,366	113,172	117,401	121,443	127,487
Impairment losses on loans	(20,439)	(27,160)	(31,322)	(34,650)	(37,511)
Profit before tax	84,927	86,012	86,078	86,793	89,976
Tax	(18,892)	(19,181)	(18,937)	(19,094)	(19,795)
Minorities & other dilutions	185	303	318	318	318
Net profit	65,850	66,528	66,823	67,380	69,863
Growth (%)					
Net interest income	3.2	7.0	2.9	2.8	4.7
Non-interest income	27.6	14.9	14.4	13.3	11.7
Of which: Fees and commissions	14.0	18.3	11.7	10.7	9.4
Oper income (Top line)	8.2	8.9	5.9	5.7	6.8
Operating expenses	9.8	11.1	9.0	8.7	9.1
PPOP	7.2	7.4	3.7	3.4	5.0
Impairment losses on loans	11.0	32.9	15.3	10.6	8.3
Profit before tax	6.3	1.3	0.1	0.8	3.7
Tax	8.3	1.5	(1.3)	0.8	3.7
Minorities & other dilutions	11.4	63.8	5.0	5.0	5.0
Net profit	5.7	1.0	0.4	0.8	3.7
Per share(RMB)					
EPS	0.89	0.90	0.90	0.91	0.94
BVPS	6.34	7.20	7.86	8.52	9.22
DPS	0.27	0.27	0.27	0.27	0.27
Key ratio (%)					
Net interest margin	2.32	2.17	2.05	1.90	1.79
Net interest spread	2.13	2.02	1.85	1.73	1.63
Cost to income ratio	41.01	41.83	43.03	44.26	45.21
Return on average assets	1.08	0.99	0.89	0.80	0.74
Return on average equity	14.79	13.23	11.95	11.08	10.60
Effective tax rate	22.24	22.00	22.00	22.00	22.00
Dividend payout	30.45	30.00	30.00	29.50	29.00

Source(s): Company, ABCI Securities estimates



BoCom

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash & cash equivalent	938,055	920,228	874,217	900,443	936,461
Dues from banks	525,033	611,191	702,870	794,243	881,609
Investment securities	1,162,876	1,630,559	2,038,199	2,486,602	2,983,923
Net loans and advances	3,354,787	3,634,568	3,873,255	4,149,467	4,469,906
Total IEA	5,980,751	6,796,546	7,488,540	8,330,756	9,271,899
Property and equipment	69,767	90,393	117,511	150,414	189,522
Other non-int. earning assets	217,781	268,423	332,192	411,736	511,175
Total assets	6,268,299	7,155,362	7,938,242	8,892,906	9,972,596
Customer deposits	4,029,668	4,484,814	4,957,789	5,469,169	6,016,572
Due to other banks & FIs	1,408,275	1,641,239	1,903,837	2,189,413	2,517,825
Subordinated term debt	129,547	170,106	212,633	255,159	306,191
Total IBL	5,567,490	6,296,159	7,074,259	7,913,741	8,840,588
Trading liabilities	38,580	62,461	69,956	76,952	83,108
Current taxes	7,852	8,604	9,378	10,129	10,838
Deferred tax liabilities	32	119	137	153	169
Other liabilities	180,740	249,927	197,096	253,990	346,773
Total liabilities	5,794,694	6,617,270	7,350,826	8,254,964	9,281,475
Share capital	74,263	89,187	89,187	89,187	89,187
Capital surplus	396,792	445,698	494,220	543,744	595,670
Minorities	2,550	3,207	4,009	5,011	6,264
Shareholder's equity	473,605	538,092	587,416	637,941	691,121
Growth (%)					
Cash & cash equivalent	4.6	(1.9)	(5.0)	3.0	4.0
Dues from banks	(7.3)	16.4	15.0	13.0	11.0
Investment securities	7.2	40.2	25.0	22.0	20.0
Net loans and advances	5.1	8.3	6.6	7.1	7.7
Total IEA	4.2	13.6	10.2	11.2	11.3
Total assets	5.2	14.2	10.9	12.0	12.1
Customer deposits	(3.1)	11.3	10.5	10.3	10.0
Due to other banks & FIs	25.0	16.5	16.0	15.0	15.0
Subordinated term debt	57.5	31.3	25.0	20.0	20.0
Total IBL	3.7	13.1	12.4	11.9	11.7
Total liabilities	4.6	14.2	11.1	12.3	12.4
Shareholder's equity	12.4	13.6	9.2	8.6	8.3
Key ratio (%)					
Loan to deposits	72.49	68.05	65.16	62.95	61.18
CT1 CAR	11.30	11.14	11.27	10.93	10.56
Total CAR	14.04	13.49	14.03	13.85	13.64
NPL ratio	1.25	1.51	1.69	1.88	1.95
NPL growth	34.18	30.66	19.52	19.49	11.86
Net bad debt charge ratio	0.61	0.76	0.81	0.84	0.85
Provision to total loans	2.24	2.35	2.56	2.82	2.93
Provision coverage	178.88	155.57	151.48	150.00	150.26

Source(s): Company, ABCI Securities estimates



MSB

Consolidated income statement (2014A-2018E)

FY Ended Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	92,136	94,268	94,170	99,624	106,339
Non-interest income	42,871	59,483	70,367	82,297	94,858
Of which: Fees and commissions	38,239	51,205	60,710	71,083	81,899
Oper. income (Top line)	135,007	153,751	164,537	181,921	201,197
Operating expenses	(51,088)	(54,395)	(60,373)	(66,840)	(73,496)
Amortization	(2,994)	(3,781)	(4,575)	(5,490)	(5,490)
PPOP	80,925	95,575	99,589	109,591	122,212
Impairment loans losses	(21,132)	(34,801)	(37,260)	(45,044)	(51,113)
Profit before tax	59,793	60,774	62,329	64,547	71,098
Tax	(14,226)	(13,752)	(14,336)	(14,846)	(16,353)
Minority interests	(1,021)	(911)	(1,139)	(1,423)	(1,779)
Net profit	44,546	46,111	46,855	48,278	52,966
Growth (%)					
Net interest income	11.0	2.3	(0.1)	5.8	6.7
Non-interest income	29.6	38.7	18.3	17.0	15.3
Of which: Fees and commissions	27.7	33.9	18.6	17.1	15.2
Oper. income (Top line)	16.3	13.9	7.0	10.6	10.6
Operating expenses	16.5	6.5	11.0	10.7	10.0
Amortization	41.6	26.3	23.0	21.0	20.0
PPOP	15.4	18.1	4.2	10.0	11.5
Impairment loans losses	62.7	64.7	7.1	20.9	13.5
Profit before tax	4.6	1.6	2.6	3.6	10.1
Tax	2.6	(3.3)	4.2	3.6	10.1
Minority interests	1.7	(10.8)	25.0	25.0	25.0
Net profit	5.4	3.5	1.6	3.0	9.7
Per share(RMB)					
EPS	1.43	1.33	1.28	1.32	1.45
BVPS	7.03	8.26	9.34	10.47	11.71
DPS	0.18	0.24	0.22	0.22	0.23
Key ratio (%)					
Net interest margin	2.59	2.26	2.11	2.01	1.93
Net interest spread	2.41	2.09	2.06	1.99	1.91
Cost to income ratio	37.84	35.38	36.69	36.74	36.53
Return on average assets	1.23	1.08	0.98	0.90	0.89
Return on average equity	20.35	17.04	14.59	13.36	13.09
Effective tax rate	23.79	22.63	23.00	23.00	23.00
Dividend payout	14.18	17.61	17.00	16.50	16.00

Source(s): Company, ABCI Securities estimates



MSB

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash & cash equivalent	471,632	432,831	419,697	411,105	403,147
Dues from banks & non-bank FI	927,756	901,302	920,021	962,755	1,016,294
Investment securities	601,395	918,737	1,165,816	1,456,068	1,771,951
Net loans and advances	1,774,159	1,997,625	2,236,951	2,485,313	2,721,564
Total IEA	3,774,942	4,250,495	4,742,485	5,315,241	5,912,955
Property and equipment	36,936	41,151	45,678	50,245	55,270
Other non-int. earn assets	203,258	229,042	259,382	293,808	332,760
Total assets	4,015,136	4,520,688	5,047,545	5,659,295	6,300,985
Customer deposits	2,433,810	2,732,262	3,050,497	3,372,265	3,724,523
Due to other banks & FIs	1,041,311	1,161,790	1,301,205	1,444,337	1,588,771
Subordinated term debt and others	129,279	181,233	235,603	294,504	353,404
Total IBL	3,604,400	4,075,285	4,587,305	5,111,105	5,666,698
Current taxes	3,026	6,170	7,713	9,641	12,051
Other liabilities	159,954	129,450	102,224	146,198	183,545
Total liabilities	3,767,380	4,210,905	4,697,241	5,266,944	5,862,294
Share capital	34,153	36,485	36,485	36,485	36,485
Reserves	205,989	264,733	304,397	345,502	390,806
Minorities	7,614	8,565	9,422	10,364	11,400
Shareholder's equity	247,756	309,783	350,304	392,351	438,691
Growth (%)					
Cash & cash equivalent	8.7	(8.2)	(3.0)	(2.0)	(1.9)
Dues from banks & non-bank FI	20.9	(2.9)	2.1	4.6	5.6
Investment securities	96.1	52.8	26.9	24.9	21.7
Net loans and advances	15.2	12.6	12.0	11.1	9.5
Total IEA	23.9	12.6	11.6	12.1	11.2
Total Assets	24.5	12.6	11.7	12.1	11.3
Customer deposits	13.4	12.3	11.6	10.5	10.4
Due to other banks & FIs	58.9	11.6	12.0	11.0	10.0
Subordinated term debt and others	40.6	40.2	30.0	25.0	20.0
Total IBL	24.5	13.1	12.6	11.4	10.9
Total liabilities	24.7	11.8	11.5	12.1	11.3
Shareholder's equity	21.3	25.0	13.1	12.0	11.8
Key ratio (%)					
Loan to deposits	69.99	70.46	70.86	71.32	70.82
CT1 CAR	8.58	9.17	9.22	9.35	9.53
Total CAR	10.69	11.49	11.34	11.71	12.08
NPL ratio	1.17	1.60	1.81	1.93	2.01
NPL growth	57.67	55.3	26.82	18.68	14.20
Net bad debt charge ratio	1.18	1.71	1.63	1.77	1.82
Provision to total loans	2.12	2.46	2.73	2.90	3.03
Provision coverage	182.20	153.63	150.83	150.26	150.75

Source(s): Company, ABCI Securities estimates



CMB

Consolidated income statement (2014A-2018E)

FY Ended Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	117,202	136,729	140,998	151,072	162,156
Non-interest income	49,165	65,437	77,170	90,111	104,130
Of which: Fees and commissions	39,494	53,419	63,350	74,355	86,326
Operating income (Topline)	166,367	202,166	218,168	241,183	266,285
Operating expenses	(61,413)	(67,957)	(75,015)	(82,296)	(90,308)
PPOP	104,954	134,209	143,154	158,887	175,978
Impairment losses on loans	(31,681)	(59,266)	(66,456)	(78,122)	(88,771)
Operating profit	73,273	74,943	76,697	80,765	87,207
Non-operating income	158	136	170	213	266
Profit before tax	73,431	75,079	76,867	80,977	87,472
Tax	(17,382)	(17,061)	(17,679)	(18,625)	(20,119)
Minority interest	(138)	(322)	(403)	(503)	(629)
Net profit	55,911	57,696	58,785	61,849	66,725
Growth (%)					
Net interest income	18.5	16.7	3.1	7.1	7.3
Of which: Fees and commissions	35.3	35.3	18.6	17.4	16.1
Operating income (Top line)	25.1	21.5	7.9	10.5	10.4
Operating expenses	12.7	10.7	10.4	9.7	9.7
PPOP	33.6	27.9	6.7	11.0	10.8
Impairment losses on loans	210.1	87.1	12.1	17.6	13.6
Operating profit	7.2	2.3	2.3	5.3	8.0
Non-operating income	79.5	(13.9)	25.0	25.0	25.0
Profit before tax	7.3	2.2	2.4	5.3	8.0
Tax	4.2	(1.8)	3.6	5.3	8.0
Minority interest	(13,900.0)	133.3	25.0	25.0	25.0
Net profit	8.1	3.2	1.9	5.2	7.9
Per share (RMB)					
EPS	2.22	2.29	2.33	2.45	2.65
BVPS	12.47	14.31	16.03	17.89	19.93
DPS	0.67	0.69	0.69	0.71	0.75
Key ratio (%)					
Net interest margin	2.64	2.75	2.59	2.51	2.40
Net interest spread	2.44	2.59	2.43	2.41	2.33
Cost to income ratio	36.91	33.61	34.38	34.12	33.91
Return on average assets	1.28	1.13	1.01	0.95	0.92
Return on average equity	19.28	17.09	15.36	14.46	13.99
Effective tax rate	23.67	22.72	23.00	23.00	23.00
Dividend payout	30.00	30.00	29.50	29.00	28.50

Source(s): Company, ABCI Securities estimates



CMB

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash & cash equivalent	725,993	664,130	643,165	623,211	604,021
Dues from banks & non-bank FI	469,065	529,617	582,919	636,358	690,866
Investment securities	996,217	1,438,017	1,725,620	2,036,232	2,341,667
Net loans and advances	2,448,754	2,749,442	3,071,346	3,423,210	3,805,987
Total IEA	4,640,029	5,381,206	6,023,050	6,719,012	7,442,541
Property and equipment	29,129	33,543	38,574	43,975	50,131
Other non-int. earn assets	62,671	60,229	69,539	80,086	92,159
Total assets	4,731,829	5,474,978	6,131,163	6,843,072	7,584,832
Customer deposits	3,325,729	3,586,446	3,873,419	4,202,888	4,568,988
Due to other banks & FIs	879,039	1,138,584	1,423,230	1,707,876	1,964,057
Subordinated term debt	84,864	236,759	260,435	286,478	315,126
Total IBL	4,313,247	4,989,591	5,589,613	6,234,975	6,891,565
Current taxes	11,656	12,820	14,102	15,512	17,063
Deferred tax liabilities	771	867	867	867	867
Other liabilities	91,095	109,942	121,181	139,437	171,704
Total liabilities	4,416,769	5,113,220	5,725,762	6,390,791	7,081,199
Share capital	25,220	25,220	25,220	25,220	25,220
Reserves	289,184	335,586	379,181	426,061	477,414
Minorities	656	952	1,000	1,000	1,000
Shareholder's equity	315,060	361,758	405,401	452,281	503,633
Growth (%)					
Cash & cash equivalent	29.0	(8.5)	(3.2)	(3.1)	(3.1)
Dues from banks & non-bank FI	0.5	12.9	10.1	9.2	8.6
Investment securities	31.5	44.3	20.0	18.0	15.0
Net loans and advances	14.0	12.3	11.7	11.5	11.2
Total IEA	17.9	16.0	11.9	11.6	10.8
Total Assets	17.8	15.7	12.0	11.6	10.8
Customer deposits	18.9	7.8	8.0	8.5	8.7
Due to other banks & FIs	10.9	29.5	25.0	20.0	15.0
Subordinated term debt	76.8	179.0	10.0	10.0	10.0
Total IBL	17.6	15.7	12.0	11.5	10.5
Total liabilities	17.8	15.8	12.0	11.6	10.8
Shareholder's equity	18.5	14.8	12.1	11.6	11.4
Key ratio (%)					
Loan to deposits	63.79	66.15	68.89	72.23	73.40
CT1 CAR	10.44	10.83	10.58	10.58	10.63
Total CAR	12.38	12.57	12.22	12.20	12.22
NPL ratio	1.11	1.68	1.84	1.98	2.07
NPL growth	52.29	69.82	22.60	20.22	16.43
Net bad debt charge ratio	1.34	2.22	2.22	2.34	2.38
Provision to total loans	2.59	2.65	2.77	3.00	3.16
Provision coverage	233.42	157.86	150.54	151.52	152.66

Source(s): Company, ABCI Securities estimates



CITICB

Consolidated income statement (2014A-2018E)

FY Ended Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	94,741	104,433	113,389	121,876	130,872
Non-interest income	30,098	41,112	49,694	59,486	70,497
Of which: Fees and commissions	25,313	35,674	43,636	52,716	62,910
Oper income (Top line)	124,839	145,545	163,083	181,362	201,369
Operating expenses	(45,984)	(50,602)	(56,135)	(62,186)	(68,456)
Amortization	(812)	0	0	0	0
PPOP	78,043	94,943	106,948	119,176	132,913
Impairment losses on loans	(23,673)	(40,037)	(50,335)	(60,507)	(68,810)
Operating profit	54,370	54,906	56,613	58,669	64,103
Non-oper. Income (Associate incl.)	204	80	92	106	122
Profit before tax	54,574	54,986	56,705	58,775	64,225
Tax	(13,120)	(13,246)	(13,609)	(14,106)	(15,414)
Minorities & other dilutions	762	582	669	770	885
Net profit	40,692	41,158	42,426	43,899	47,926
Growth (%)					
Net interest income	10.6	10.2	8.6	7.5	7.4
Non-interest income	57.4	36.6	20.9	19.7	18.5
Of which: Fees and commissions	50.6	40.9	22.3	20.8	19.3
Oper income (Top line)	19.1	16.6	12.0	11.2	11.0
Operating expenses	15.5	10.0	10.9	10.8	10.1
Amortization	27.1	(100.0)	na	na	na
PPOP	21.2	21.7	12.6	11.4	11.5
Impairment losses on loans	98.3	69.1	25.7	20.2	13.7
Operating profit	3.7	1.0	3.1	3.6	9.3
Non-oper. Income (Associate incl.)	83.8	(60.8)	15.0	15.0	15.0
Profit before tax	3.9	0.8	3.1	3.7	9.3
Tax	2.2	1.0	2.7	3.7	9.3
Minorities & other dilutions	40.6	(23.6)	15.0	15.0	15.0
Net profit	3.9	1.1	3.1	3.5	9.2
Per share (RMB)					
EPS	0.87	0.86	0.87	0.90	0.98
BVPS	5.55	6.49	7.33	8.23	9.24
DPS	0.00	0.21	0.22	0.22	0.23
Key ratio (%)					
Net interest margin	2.40	2.31	2.17	2.05	1.93
Net interest spread	2.19	2.13	1.89	1.79	1.70
Cost to income ratio	37.49	34.77	34.42	34.29	34.00
Return on average assets	1.05	0.89	0.77	0.70	0.67
Return on average equity	16.77	14.26	12.54	11.53	11.21
Effective tax rate	24.04	24.09	24.00	24.00	24.00
Dividend payout	-	25.21	25.00	24.50	23.00

Source(s): Company, ABCI Securities estimates



CITICB

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash & cash equivalent	538,486	511,189	526,525	547,586	574,965
Dues from banks	297,365	338,140	356,586	380,635	413,208
Investment securities	1,068,126	1,692,127	2,030,367	2,400,874	2,827,202
Net loans and advances	2,136,332	2,468,283	2,820,262	3,189,723	3,578,948
Total IEA	4,040,309	5,009,739	5,733,740	6,518,817	7,394,322
Property and equipment	14,738	15,983	17,262	18,643	20,134
Trading assets	8,226	13,788	16,546	19,689	23,233
Other non-int. earning assets	75,542	82,782	94,960	109,796	127,961
Total assets	4,138,815	5,122,292	5,862,507	6,666,945	7,565,650
Customer deposits	2,849,574	3,182,775	3,550,068	3,950,398	4,395,011
Due to other banks & FIs	750,122	1,188,960	1,486,200	1,813,164	2,175,797
Subordinated term debt	133,488	289,135	332,505	382,381	439,738
Total IBL	3,733,184	4,660,870	5,368,773	6,145,943	7,010,546
Trading liabilities	7,347	11,418	13,702	16,168	18,593
Current taxes	5,985	4,693	5,162	5,627	6,077
Other liabilities	124,953	125,625	113,739	93,778	75,160
Total liabilities	3,871,469	4,802,606	5,501,376	6,261,516	7,110,376
Share capital	46,787	48,935	48,935	48,935	48,935
Reserve	212,890	268,805	309,958	353,876	403,223
MI	7,669	1,946	2,238	2,618	3,116
Shareholder's equity	267,346	319,686	361,131	405,429	455,274
Growth (%)					
Cash & cash equivalent	8.5	(5.1)	3.0	4.0	5.0
Dues from banks	(45.0)	13.7	5.5	6.7	8.6
Investment securities	65.9	58.4	20.0	18.2	17.8
Net loans and advances	12.4	15.5	14.3	13.1	12.2
Total IEA	12.8	24.0	14.5	13.7	13.4
Total assets	13.7	23.8	14.5	13.7	13.5
Customer deposits	7.5	11.7	11.5	11.3	11.3
Due to other banks & FIs	23.1	58.5	25.0	22.0	20.0
Subordinated term debt	67.1	116.6	15.0	15.0	15.0
Total IBL	11.7	24.8	15.2	14.5	14.1
Total liabilities	13.5	24.1	14.5	13.8	13.6
Shareholder's equity	15.9	19.6	13.0	12.3	12.3
Key ratio (%)					
Loan to deposits	73.86	69.12	67.34	67.48	67.24
CT1 CAR	8.93	9.12	8.95	8.82	8.72
Total CAR	12.33	11.87	11.54	11.22	10.94
NPL ratio	1.30	1.43	1.62	1.78	1.93
NPL growth	42.51	26.70	29.92	24.56	21.96
Net bad debt charge ratio	1.07	1.49	1.67	1.78	1.80
Provision to total loans	2.36	2.39	2.45	2.68	2.92
Provision coverage	181.26	167.81	151.23	150.56	151.30

Source(s): Company, ABCI Securities estimates



CEB

Consolidated income statement (2014A-2018E)

FY Ended Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	58,259	66,459	69,383	71,710	76,198
Non-interest income	20,512	26,905	33,132	39,585	46,116
Of which: Fees and commissions	19,157	26,301	32,401	38,716	45,095
Operating income	78,771	93,364	102,515	111,295	122,314
Operating expenses	(30,008)	(32,354)	(35,781)	(39,944)	(45,082)
Pre-provision operating profit	48,763	61,010	66,733	71,351	77,231
Impairment loans losses	(10,209)	(20,071)	(24,833)	(27,802)	(31,284)
Profit before tax	38,554	40,939	41,901	43,549	45,947
Tax	(9,626)	(9,781)	(10,056)	(10,452)	(11,027)
Minority interests	(45)	(49)	(54)	(59)	(65)
Net profit	28,883	31,109	31,791	33,038	34,855
Growth (%)					
Net interest income	14.5	14.1	4.4	3.4	6.3
Non-interest income	39.9	31.2	23.1	19.5	16.5
Of which: Fees and commissions	28.1	37.3	23.2	19.5	16.5
Operating income	20.2	18.5	9.8	8.6	9.9
Operating expenses	13.4	7.8	10.6	11.6	12.9
PPOP	24.9	25.1	9.4	6.9	8.2
Impairment loans losses	120.4	96.6	23.7	12.0	12.5
Profit before tax	12.0	6.2	2.3	3.9	5.5
Tax	25.6	1.6	2.8	3.9	5.5
Minority interests	15.4	8.9	10.0	10.0	10.0
Net profit	8.1	7.7	2.2	3.9	5.5
Per share (RMB)					
EPS	0.62	0.67	0.68	0.71	0.75
BVPS	3.83	4.79	5.36	5.95	6.58
DPS	0.19	0.19	0.20	0.21	0.22
Key ratio (%)					
Net interest margin	2.30	2.25	2.16	2.03	1.95
Net interest spread	2.05	2.01	1.91	1.83	1.79
Cost to income ratio	38.10	34.65	34.90	35.89	36.86
Return on average assets	1.12	1.05	0.94	0.87	0.81
Return on average equity	17.41	15.46	13.42	12.51	11.92
Effective tax rate	24.97	23.89	24.00	24.00	24.00
Dividend payout	30.06	28.51	30.00	30.00	30.00

Source(s): Company, ABCI Securities estimates



CEB

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash & bank	354,185	326,725	315,975	306,706	298,414
Due from banks & FIs	459,731	371,717	407,565	448,730	497,822
Investment securities	589,626	905,496	1,088,592	1,286,099	1,502,918
Net loans and advances	1,271,430	1,475,424	1,668,132	1,868,166	2,085,441
Total interest earning assets	2,674,972	3,079,362	3,480,264	3,909,700	4,384,595
Property and equipment	13,043	12,646	13,025	13,416	13,819
Other non-interest earning assets	48,995	75,702	94,510	113,412	130,596
Total assets	2,737,010	3,167,710	3,587,799	4,036,528	4,529,010
Customer deposits	1,785,337	1,993,843	2,258,172	2,530,483	2,814,213
Due to other banks & FIs	507,187	540,066	572,470	601,093	631,148
Subordinated term debts	89,676	210,061	262,576	328,220	410,275
Total interest bearing liabilities	2,382,200	2,743,970	3,093,218	3,459,796	3,855,636
Current taxes	3,829	6,392	7,990	9,988	12,484
Other liabilities	171,498	193,301	235,760	288,131	353,174
Total liabilities	2,557,527	2,943,663	3,336,968	3,757,915	4,221,295
Share capital	46,679	66,644	66,644	66,644	66,644
Reserves	132,296	156,849	183,578	211,299	240,334
Minorities	508	554	609	670	737
Shareholder's equity	179,483	224,047	250,831	278,613	307,715
Growth (%)					
Cash & bank	13.3	(7.8)	(3.3)	(2.9)	(2.7)
Due from banks & FIs	27.5	(19.1)	9.6	10.1	10.9
Investment securities	19.1	53.6	20.2	18.1	16.9
Net loans and advances	11.3	16.0	13.1	12.0	11.6
Total interest earning assets	15.8	15.1	13.0	12.3	12.1
Total assets	13.3	15.7	13.3	12.5	12.2
Customer deposits	11.2	11.7	13.3	12.1	11.2
Due to other banks & FIs	15.6	6.5	6.0	5.0	5.0
Subordinated term debts	112.3	134.2	25.0	25.0	25.0
Total interest bearing liabilities	14.2	15.2	12.7	11.9	11.4
Total liabilities	13.1	15.1	13.4	12.6	12.3
Shareholder's equity	17.3	24.8	12.0	11.1	10.4
Key ratio (%)					
Loan to deposit ratio	72.78	75.91	76.10	76.33	76.79
CT1 CAR	9.34	9.24	9.89	9.83	9.75
Total CAR	11.21	10.96	11.35	11.20	11.04
NPL ratio	1.19	1.61	1.94	2.17	2.29
NPL growth	54.80	57.00	36.77	25.72	18.07
Net bad debt charge ratio	0.86	1.43	1.54	1.52	1.53
Provision to total loans	2.16	2.52	2.93	3.28	3.50
Provision coverage ratio	180.52	156.39	151.03	151.15	152.84

Source(s): Company, ABCI Securities estimates



HB

Consolidated income statement (2014A-2018E)

FY Ended Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	11,423	14,843	17,482	19,772	21,932
Net fee and commission	856	1,771	2,161	2,593	3,112
Other operating income	469	363	381	400	420
Operating income	12,748	16,977	20,024	22,765	25,464
Operating expenses	(4,216)	(5,435)	(6,957)	(8,766)	(10,870)
Impairment losses	(1,197)	(3,657)	(4,601)	(4,918)	(4,921)
Share of associates	76	88	101	116	134
Profit before tax	7,411	7,973	8,568	9,198	9,807
Income tax expenses	(1,734)	(1,761)	(1,885)	(2,023)	(2,158)
Net profit	5,673	6,161	6,683	7,174	7,649
Growth (%)					
Net interest income	19.0	29.9	17.8	13.1	10.9
Net fee and commission	58.7	106.9	22.0	20.0	20.0
Other operating income	1,415.7	(22.6)	5.0	5.0	5.0
Operating income	25.3	33.2	17.9	13.7	11.9
Operating expenses	24.5	28.9	28.0	26.0	24.0
Impairment losses	175.0	205.4	25.8	6.9	0.1
Share of associates	59.0	15.2	15.0	15.0	15.0
Profit before tax	15.8	7.6	7.5	7.3	6.6
Income tax expenses	17.7	1.5	7.0	7.3	6.6
Net profit	15.2	8.6	8.5	7.3	6.6
Per share (RMB)					
EPS	0.51	0.56	0.60	0.65	0.69
BVPS	3.31	3.83	4.54	5.28	6.06
DPS	0.16	0.16	0.17	0.18	0.19
Key ratio (%)					
Net interest margin	2.74	2.71	2.63	2.59	2.55
Net interest spread	2.47	2.52	2.46	2.45	2.45
Cost to income ratio	33.08	32.02	34.74	38.51	42.69
Return on average assets	1.31	1.10	0.97	0.90	0.83
Return on average equity	16.68	15.89	14.46	13.23	12.21
Effective tax rate	23.40	22.09	22.00	22.00	22.00
Dividend payout	30.39	28.50	28.00	27.50	27.00

Source(s): Company, ABCI Securities estimates



HB

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash and bank	76,421	78,414	81,551	85,628	88,197
Due from bank and FIs	73,786	74,194	80,129	86,539	93,463
Net loans	214,734	237,428	260,693	286,221	311,577
Investment securities	112,358	230,397	295,848	374,501	461,653
Total IEA	477,299	620,433	718,220	832,889	954,890
Other assets	5,465	15,698	18,837	22,228	25,562
Total assets	482,764	636,131	737,058	855,117	980,452
Customer deposits	317,870	359,225	402,332	446,588	491,247
Due to bank and FIs	98,703	142,649	185,444	233,659	292,074
Subordinated debt	18,751	79,426	87,368	100,474	115,545
Total IBL	435,324	581,299	675,144	780,721	898,865
Other liabilities	10,887	12,486	11,802	16,039	14,608
Total liabilities	446,211	593,785	686,945	796,760	913,474
Share capital	11,050	11,050	11,050	11,050	11,050
Retained earnings	10,868	13,121	17,933	23,134	28,719
Reserves	14,456	16,988	19,706	22,465	25,161
MI	179	1,186	1,423	1,708	2,050
Total equity	36,553	42,345	50,112	58,357	66,979
Growth (%)					
Cash and bank	0.3	2.6	4.0	5.0	3.0
Due from bank and FIs	50.7	0.6	8.0	8.0	8.0
Net loans	12.3	10.6	9.8	9.8	8.9
Investment securities	86.4	105.1	28.4	26.6	23.3
Total IEA	26.7	30.0	15.8	16.0	14.6
Total assets	26.3	31.8	15.9	16.0	14.7
Customer deposits	16.5	13.0	12.0	11.0	10.0
Due to bank and FIs	60.0	44.5	30.0	26.0	25.0
Subordinated debt	108.7	323.6	10.0	15.0	15.0
Total IBL	26.7	33.5	16.1	15.6	15.1
Total liabilities	27.3	33.1	15.7	16.0	14.6
Total equity	15.4	15.8	18.3	16.5	14.8
Key ratio (%)					
Loan to deposits	69.02	67.77	66.55	65.91	65.30
CT1 CAR	11.50	9.80	10.23	10.26	10.25
Total CAR	13.41	13.24	13.54	13.51	13.49
NPL ratio	0.83	0.98	1.17	1.35	1.52
NPL growth	72.54	31.01	31.31	26.85	22.71
Net bad debt charge ratio	0.24	0.58	1.58	1.80	1.75
Provision to total loans	2.13	2.47	2.63	2.76	2.87
Provision coverage	255.27	250.49	224.79	204.44	188.82

Source(s): Company, ABCI Securities estimates



HRB

Consolidated income statement (2014A-2018E)

FY Ended Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	8,398	9,633	10,914	12,571	14,431
Net fee and commission	1,600	1,959	2,351	2,775	3,246
Other operating income	255	353	477	643	869
Operating income	10,253	11,945	13,742	15,989	18,546
Operating expenses	(4,433)	(4,737)	(5,116)	(5,576)	(6,134)
Impairment losses	(709)	(1,338)	(2,340)	(3,430)	(4,253)
Investment in associates	17	49	56	65	74
Profit before tax	5,127	5,919	6,342	7,047	8,233
Income tax expenses	(1,287)	(1,409)	(1,522)	(1,691)	(1,976)
MI	(34)	(52)	(20)	(20)	(20)
Net profit	3,807	4,458	4,800	5,336	6,237
Growth (%)					
Net interest income	23.2	14.7	13.3	15.2	14.8
Net fee and commission	28.3	22.4	20.0	18.0	17.0
Other operating income	(46.8)	38.5	35.0	35.0	35.0
Operating income	20.0	16.5	15.0	16.3	16.0
Operating expenses	23.5	6.8	8.0	9.0	10.0
Impairment losses	40.1	88.7	74.9	46.6	24.0
Investment in associates	430.8	185.5	15.0	15.0	15.0
Profit before tax	15.2	15.4	7.2	11.1	16.8
Income tax expenses	19.3	9.5	8.0	11.1	16.8
MI	64.9	51.9	(61.5)	0.0	0.0
Net profit	13.6	17.1	7.7	11.2	16.9
Per share (RMB)					
EPS	0.35	0.41	0.44	0.49	0.57
BVPS	2.74	3.08	3.44	3.89	4.41
DPS	0.10	0.11	0.11	0.12	0.14
Key ratio (%)					
Net interest margin	2.71	2.68	2.52	2.42	2.38
Net interest spread	2.50	2.47	2.42	2.45	2.46
Cost to income ratio	35.04	31.75	37.23	34.88	33.07
Return on average assets	1.15	1.14	0.97	0.89	0.87
Return on average equity	15.46	14.23	13.39	13.24	13.68
Effective tax rate	25.09	24.00	24.00	24.00	24.00
Dividend payout	29.75	26.39	26.00	25.50	25.00

Source(s): Company, ABCI Securities estimates



HRB

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash and bank	53,871	54,566	55,657	56,771	57,906
Due from bank and FIs	65,475	81,063	95,654	110,959	127,603
Net loans	121,014	145,062	169,610	195,123	222,015
Investment securities	86,647	138,981	194,147	252,107	314,917
Total IEA	327,007	419,671	515,068	614,959	722,440
Other assets	16,634	25,180	31,475	39,344	49,180
Total assets	343,642	444,851	546,543	654,303	771,620
Customer deposits	233,794	306,818	389,658	475,383	565,706
Due to bank and FIs	69,143	73,076	81,845	90,848	99,933
Subordinated debt	4,498	23,270	29,087	36,359	45,449
Total IBL	307,435	403,164	500,591	602,591	711,088
Other liabilities	6,044	7,840	8,090	8,941	12,089
Total liabilities	313,479	411,003	508,681	611,532	723,177
Share capital	10,996	10,996	10,996	10,996	10,996
Retained earnings	5,487	8,183	11,735	15,711	20,388
Reserves	13,048	13,921	14,756	15,642	16,580
MI	632	748	375	423	480
Total equity	30,163	33,848	37,862	42,771	48,444
Growth (%)					
Cash and bank	4.5	1.3	2.0	2.0	2.0
Due from bank and FIs	(23.0)	23.8	18.0	16.0	15.0
Net loans	16.9	19.9	16.9	15.0	13.8
Investment securities	22.0	60.4	39.7	29.9	24.9
Total IEA	5.1	28.3	22.7	19.4	17.5
Total assets	6.7	29.5	22.9	19.7	17.9
Customer deposits	4.3	31.2	27.0	22.0	19.0
Due to bank and FIs	(1.9)	5.7	12.0	11.0	10.0
Subordinated debt	28.5	417.3	25.0	25.0	25.0
Total IBL	3.1	31.1	24.2	20.4	18.0
Total liabilities	3.7	31.1	23.8	20.2	18.3
Total equity	51.4	12.2	11.9	13.0	13.3
Key ratio (%)					
Loan to deposits	53.01	48.46	44.69	42.23	40.46
CT1 CAR	13.94	11.14	10.68	10.19	9.93
Total CAR	14.64	11.64	11.15	10.64	10.35
NPL ratio	1.13	1.40	1.66	1.84	1.99
NPL growth	55.51	48.63	38.88	27.79	23.29
Net bad debt charge ratio	0.62	0.98	1.45	1.83	1.98
Provision to total loans	2.35	2.43	2.60	2.81	2.99
Provision coverage	208.23	173.59	156.63	152.72	150.25

Source(s): Company, ABCI Securities estimates



BoCQ

Consolidated income statement (2014A-2018E)

FY Ended Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Net interest income	6,232	7,002	7,872	8,557	9,622
Net fee and commission	909	1,512	1,890	2,325	2,790
Other operating income	343	78	90	104	119
Operating income	7,483	8,593	9,853	10,985	12,532
Operating expenses	(2,805)	(3,190)	(3,605)	(4,037)	(4,482)
Impairment losses	(890)	(1,135)	(1,549)	(1,742)	(2,141)
Investment in associates	2	3	3	4	5
Profit before tax	3,790	4,270	4,702	5,210	5,914
Income tax expenses	(963)	(1,100)	(1,128)	(1,250)	(1,419)
Net profit	2,827	3,170	3,573	3,959	4,494
Growth (%)					
Net interest income	20.3	12.4	12.4	8.7	12.5
Net fee and commission	41.0	66.4	25.0	23.0	20.0
Other operating income	567.8	(77.1)	15.0	15.0	15.0
Operating income	27.4	14.8	14.7	11.5	14.1
Operating expenses	22.9	13.7	13.0	12.0	11.0
Impairment losses	66.1	27.6	36.5	12.5	22.9
Investment in associates	na	na	20.0	20.0	20.0
Profit before tax	24.0	12.7	10.1	10.8	13.5
Income tax expenses	32.3	14.2	2.6	10.8	13.5
Net profit	21.4	12.1	12.7	10.8	13.5
Per share (RMB)					
EPS	1.05	1.17	1.14	1.27	1.44
BVPS	5.88	6.81	8.30	9.93	11.78
DPS	0.27	0.26	0.30	0.32	0.36
Key ratio (%)					
Net interest margin	2.81	2.52	2.38	2.30	2.29
Net interest spread	2.56	2.29	2.15	2.20	2.20
Cost to income ratio	31.02	30.69	36.59	36.75	35.76
Return on average assets	1.17	1.07	1.04	1.02	1.02
Return on average equity	19.24	17.00	15.13	13.89	13.24
Effective tax rate	24.00	24.00	24.00	24.00	24.00
Dividend payout	26.03	26.04	26.00	25.50	25.00

Source(s): Company, ABCI Securities estimates



BoCQ

Consolidated balance sheet (2014A-2018E)

As of Dec 31 (RMB mn)	2014A	2015A	2016E	2017E	2018E
Cash and bank	35,699	38,201	40,875	43,328	45,928
Due from bank and FIs	54,409	45,857	43,564	41,386	39,316
Net loans	104,115	121,816	140,992	161,924	184,992
Investment securities	75,778	108,108	131,367	156,815	184,387
Total IEA	270,001	313,983	356,798	403,453	454,623
Other assets	4,530	5,825	7,281	9,029	11,106
Total assets	274,531	319,808	364,080	412,482	465,728
Customer deposits	167,932	199,299	235,172	275,152	319,176
Due to bank and FIs	81,636	73,236	69,574	67,487	65,462
Subordinated debt	3,785	18,491	20,340	22,374	24,611
Total IBL	253,353	291,025	325,086	365,012	409,249
Other liabilities	5,275	7,490	13,053	16,415	19,643
Total liabilities	258,628	298,515	338,139	381,428	428,892
Share capital	2,705	3,127	3,127	3,127	3,127
Retained earnings	6,955	8,148	10,792	13,742	17,113
Reserves	6,243	10,018	12,022	14,185	16,597
Total equity	15,903	21,293	25,941	31,054	36,837
Growth (%)					
Cash and bank	8.8	7.0	7.0	6.0	6.0
Due from bank and FIs	69.3	(15.7)	(5.0)	(5.0)	(5.0)
Net loans	17.5	17.0	15.7	14.8	14.2
Investment securities	53.8	42.7	21.5	19.4	17.6
Total IEA	33.1	16.3	13.6	13.1	12.7
Total assets	32.8	16.5	13.8	13.3	12.9
Customer deposits	12.9	18.7	18.0	17.0	16.0
Due to bank and FIs	141.9	(10.3)	(5.0)	(3.0)	(3.0)
Subordinated debt	(20.8)	388.5	10.0	10.0	10.0
Total IBL	35.2	14.9	11.7	12.3	12.1
Total liabilities	33.8	15.4	13.3	12.8	12.4
Total equity	18.0	33.9	21.8	19.7	18.6
Key ratio (%)					
Loan to deposits	63.39	62.60	61.52	60.49	59.66
CT1 CAR	9.63	10.49	11.00	11.45	11.85
Total CAR	11.00	11.63	15.21	15.55	15.85
NPL ratio	0.69	0.97	1.17	1.35	1.51
NPL growth	108.09	64.77	39.87	32.75	27.96
Net bad debt charge ratio	0.90	0.98	1.15	1.12	1.20
Provision to total loans	2.19	2.37	2.55	2.72	2.85
Provision coverage	318.87	243.98	217.95	201.48	188.74

Source(s): Company, ABCI Securities estimates

Disclosures

Analyst Certification

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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

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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