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ABC INTERNATIONAL

ABCI SECURITIES COMPANY LIMITED

ABCI Research
China Banks Sector

Focus on asset quality and NIM

Sector Report
Oct 8, 2019



China Banks Sector

Focus on asset quality and NIM

- Asset quality and NIM would be the key focuses in 3Q19 results
- Big banks have better capacity to handle NPLs with the establishment of asset management subsidiaries
- Banks' earnings growth will be dependent on provision policy
- Robust B/S growth and MSE strength enable higher NIM upside for JSBs and district banks
- Loan prime rate (LPR) reform would add mild NIM pressure
- Initiate coverage on A-shr banks sector with **OVERWEIGHT** rating. **ABC (601288CH)** and **ICBC (601398CH)** are our top picks
- **OVERWEIGHT** on H-shr banks sector; **ABC (1288 HK)** and **CCB (939 HK)** remain as our top picks

Two key focuses for 3Q19 results. We believe the market will be focusing on asset quality and NIM amid prolonged Sino-US trade dispute. Recent initiation of LPR pricing reform, in addition to the policy trend to reduce social financing cost, would add mild pressure on NIM.

Big banks have better control on NPL. System NPL ratio remained stable in 1H19 at 1.81% by end-June 2019, thanks to proactive NPL handling in past quarters. Big banks usually have better control over asset quality, as reflected by the 6bps HoH decline in average NPL ratio in 1H19, as compared to the 4bps drop in JSBs and 1bps HoH reduction in city commercial banks. Big banks. With the early establishment of asset quality subsidiaries and better capital position, big banks have a higher capacity to counteract asset quality deterioration amid slower economic growth.

Earnings growth fluctuates on provision policy. We expect NPL ratio to be stable in the coming quarters. Banks have been strengthening their risk buffer, with system provisioning ratio and provision coverage ratio rising to 3.45% and 190.17% as of June 2019. Large provision would become a primary cause of volatile earnings growth going forward. Meanwhile, the modification on financial enterprises financial rule by the MOF requires banks' provision coverage ratio to stay below 300% would limit banks' size of provisions.

Robust balance sheet growth and optimized business mix to support NIM. Although policies to reduce social financing cost have been implemented since mid-2017, robust balance sheet growth and gradual change in business mix with higher contribution from MSEs have supported NIM. NIM upside potential would be higher for JSBs and district banks given their strength in MSEs and faster balance sheet growth.

Mild NIM pressure from LPR reform. LPR pricing reform initiated by PBOC in Aug 2019 may pressure on banks' NIM due to increased price competition. The authority expects all pricing of new loans to be based on the LPR by end-Mar 2020. We believe banks would develop a rational pricing system to match their funding costs after a transitional period. In our view, the LPR-induced NIM pressure would be mild and temporary.

OVERWEIGHT on A/H share banks sector; prefer big names. We initiate coverage on A-shr banks sector with an **OVERWEIGHT** rating on undemanding valuation and stable fundamentals. Banks included in the A-shr universe are the A-shr equivalents of banks included in our H-shr universe. We apply a different beta for A-shr banks when deriving the TP in the Gordon Growth Model (GGM) to reflect the structural differences in A/H markets. Our A-shr banks top picks are **ABC (601288CH)** and **ICBC (601398 CH)**. For H-shr, **ABC (1288 HK)** and **CCB (939 HK)** remain as our top picks,

Risk Factors: 1) Radical change in business environment induced by heavy-handed supervision and policies; 2) Increasing competition from non-bank financial institutions; 3) Sharp deterioration in asset quality in specific regions; 4) Sharp decline in loan demand; 5) Policy risk in new and fast-growing businesses.

Sector Report

Rating (H): Overweight

Rating (A): Overweight

Analyst : Johannes Au

Tel: (852) 2147 8802

Email: johannesau@abci.com.hk

Key Data

| | |
|---|-----------|
| Avg.19E P/E (x) (H/A shr) | 4.60/6.26 |
| Avg.19E P/B (x) (H/A shr) | 0.56/0.76 |
| Avg.19E Dividend Yield (%) (H/A shr) | 5.33/5.15 |

Source(s): Bloomberg, ABCI Securities

Sector Performance – H shr

| | Absolute | Relative* |
|-------|----------|-----------|
| 1-mth | 2.84 | 0.30 |
| 3-mth | (8.02) | (3.89) |
| 6-mth | (11.05) | (3.88) |

*Relative to MXCN

Source(s): Bloomberg, ABCI Securities

Sector Performance – A shr

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | 1.54 | (1.21) |
| 3-mth | (3.10) | (5.02) |
| 6-mth | 1.37 | (3.10) |

*Relative to CSI300

Source(s): Bloomberg, ABCI Securities



Sector valuation summary – H shr (Data as of Oct 4, 2019)

| Company | Ticker | Rating | Price (HK\$) | TP (HK\$) | Upside (%) | FY19E P/B(x) | FY20E P/B (x) | FY19E P/E (x) | FY20E P/E (x) | FY19E Yield(%) | FY20E Yield(%) |
|---------|---------|--------|--------------|-----------|------------|--------------|---------------|---------------|---------------|----------------|----------------|
| ICBC | 1398 HK | BUY | 5.16 | 7.84 | 51.94 | 0.68 | 0.61 | 5.33 | 4.94 | 5.76 | 6.18 |
| CCB | 939 HK | BUY | 5.92 | 9.60 | 62.16 | 0.64 | 0.59 | 5.03 | 4.72 | 6.13 | 6.50 |
| ABC | 1288 HK | BUY | 3.04 | 5.41 | 77.96 | 0.55 | 0.51 | 4.25 | 3.95 | 6.88 | 7.60 |
| BOC | 3988 HK | BUY | 3.06 | 4.94 | 61.44 | 0.50 | 0.46 | 4.64 | 4.28 | 7.55 | 8.27 |
| BoCom | 3328 HK | BUY | 5.08 | 7.48 | 47.24 | 0.49 | 0.46 | 4.66 | 4.44 | 6.71 | 6.93 |
| CMB | 3968 HK | BUY | 37.35 | 46.60 | 24.77 | 1.41 | 1.26 | 9.30 | 8.42 | 3.42 | 3.74 |
| MSB | 1988 HK | BUY | 5.29 | 7.15 | 35.16 | 0.47 | 0.43 | 4.04 | 3.82 | 7.69 | 8.11 |
| CITICB | 998 HK | BUY | 4.16 | 5.96 | 43.27 | 0.43 | 0.39 | 4.07 | 3.78 | 7.67 | 8.20 |
| CEB | 6818 HK | BUY | 3.27 | 4.26 | 30.28 | 0.50 | 0.46 | 4.57 | 4.25 | 6.73 | 7.06 |
| HB | 3698 HK | BUY | 2.83 | 4.07 | 43.82 | 0.40 | 0.33 | 3.43 | 3.18 | 1.55 | 1.94 |
| HRB | 6138 HK | BUY | 1.48 | 2.04 | 37.84 | 0.27 | 0.24 | 2.49 | 2.32 | - | - |
| BCQ | 1963 HK | BUY | 4.24 | 5.67 | 33.73 | 0.33 | 0.29 | 3.41 | 3.32 | 3.89 | 3.89 |

*CNY/HKD =1.1001 throughout this report, unless otherwise stated

Source(s): Bloomberg, ABCI Securities estimates

Sector valuation summary – A shr (Data as of Oct 4, 2019)

| Company | Ticker | Rating | Price (RMB) | TP (RMB) | Upside (%) | FY19E P/B(x) | FY20E P/B (x) | FY19E P/E (x) | FY20E P/E (x) | FY19E Yield(%) | FY20E Yield(%) |
|---------|----------|--------|-------------|----------|------------|--------------|---------------|---------------|---------------|----------------|----------------|
| ICBC | 601398CH | BUY | 5.53 | 8.65 | 56.42 | 0.80 | 0.72 | 6.28 | 5.82 | 4.88 | 5.24 |
| CCB | 601939CH | BUY | 6.99 | 10.46 | 49.64 | 0.84 | 0.76 | 6.53 | 6.13 | 4.72 | 5.01 |
| ABC | 601288CH | BUY | 3.46 | 5.52 | 59.54 | 0.69 | 0.63 | 5.32 | 4.94 | 5.49 | 6.07 |
| BOC | 601988CH | BUY | 3.58 | 5.58 | 55.87 | 0.65 | 0.60 | 5.97 | 5.51 | 5.87 | 6.42 |
| BoCom | 601328CH | BUY | 5.45 | 7.42 | 36.15 | 0.58 | 0.54 | 5.51 | 5.24 | 5.69 | 5.87 |
| CMB | 600036CH | BUY | 34.75 | 46.05 | 32.52 | 1.44 | 1.29 | 9.52 | 8.62 | 3.34 | 3.65 |
| MSB | 600016CH | BUY | 6.02 | 7.64 | 26.91 | 0.59 | 0.54 | 5.06 | 4.78 | 6.15 | 6.48 |
| CITICB | 601998CH | HOLD | 5.64 | 6.05 | 7.27 | 0.63 | 0.59 | 6.06 | 5.64 | 5.14 | 5.50 |
| CEB | 601818CH | HOLD | 3.94 | 4.26 | 8.12 | 0.66 | 0.60 | 6.06 | 5.63 | 5.08 | 5.33 |

Source(s): Bloomberg, ABCI Securities estimates



Two key focuses in 3Q19 results

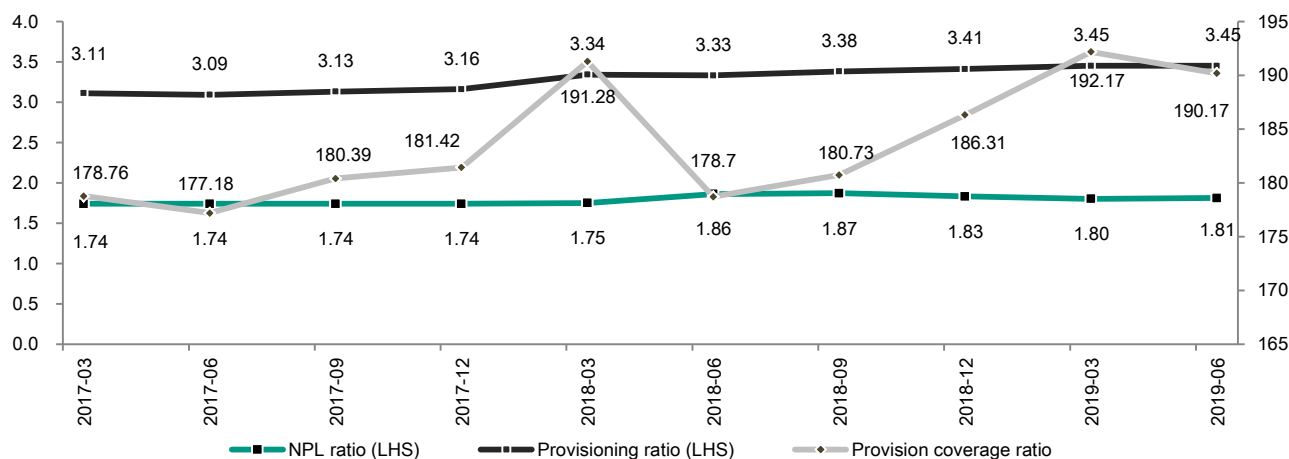
3Q19 results of the Chinese banks will be announced in the last two weeks of Oct. Although we believe sector fundamentals will remain stable in 2H19, increasing market concerns on asset quality and NIM can be expected. Ongoing Sino-US trade war has dragged economic growth in China, which could hamper asset quality in banks. Modification of financial rules by the MOF could limit banks' provision scale. Meanwhile, recent loan prime rate (LPR) reform will create additional pressure on banks' NIM given the declining reference rate.

Asset management subsidiaries to control asset quality risk

Uncertainties engendered by the Sino-US trade war would elevate asset quality risk. Our ABCI economist forecasts China's 2019E/20E GDP growth to be 6.2%/6.0%, assuming that tariffs between China and the US would stay at the current level in 2019E-20E. Despite a decelerating macro growth outlook, system NPL ratio fell from 1.87% in 3Q18 to 1.81% in 2Q19, thanks to increased NPL handlings over the past quarters.

Risk buffers in banks have been strengthened through large provision policy. System provision ratio stayed flat QoQ at 3.45% in 2Q19, while system provision coverage ratio was sustained at above 190% by end-Jun 2019. This implies that banks have been shoring up defense to counteract potential asset quality deterioration in coming quarters. However, the recent modification of financial rules for financial enterprises [金融企业财务规则(征求意见稿)] announced by the MOF requires banks to remain their provision coverage ratio below 300%. Reverse back of provision could result earning enhancement in coming quarters for banks with provision coverage ratio above 300% such as PSB (1658 HK) and CMB (3968HK/ 600036CH). Meanwhile banks' provision scale in coming quarters could be limited.

Exhibit 1: System asset quality (%)



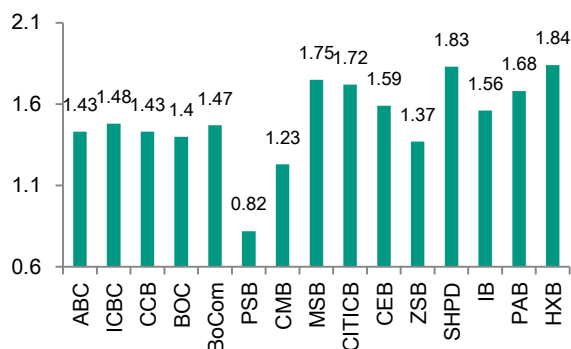
Source(s): CBIRC, ABCI Securities

According to the CBIRC statistics, by bank category, the average NPL ratio of China's big banks fell the most by 6bps QoQ to 1.26% as of June 2019, while JSBs and rural commercial banks saw reductions of 4bps and 1bps QoQ to 1.67% and 3.95%. NPL ratio in city commercial banks surged 42bps QoQ to 2.3%. Sector statistics indicated big banks are more capable of containing their NPL ratio through NPL handling, which is partially aided by their asset management subsidiaries. We expect more proactive NPL handling in the big banks over the coming quarters.



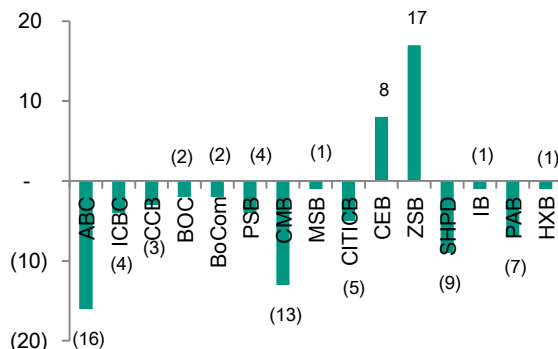
To recap, among listed big banks, ABC's (1288HK/601288CH) NPL ratio dropped the most by 16bps HoH in 1H19 to 1.43%; among listed JSBs, CMB's NPL ratio recorded the sharpest decline of 13bps HoH to 1.23% as of June 2019. Both banks had the highest provisioning ratios in their respective peer categories - 3.98% for ABC and 4.85% for CMB as of June 2019. Among the big banks, PSB reported the highest provision coverage ratio at 396.11%, while such figure was highest in CMB among JSBs at 394.12% as of June 2019.

Exhibit 2: NPL ratio of the Big banks and JSBs (June 2019, %)



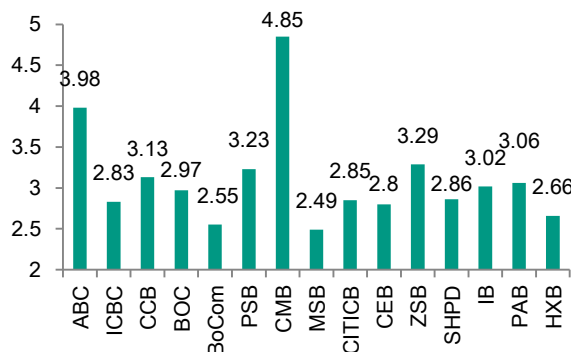
Source(s): Companies, ABCI Securities

Exhibit 3: HoH change in NPL ratio among the Big 6 and JSBs (June 2019, bps)



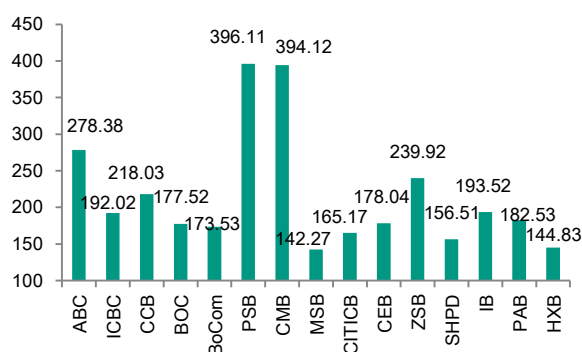
Source(s): Companies, ABCI Securities

Exhibit 4: Provisioning ratio of the Big 6 and JSBs: (June 2019, %)



Source(s): Bloomberg, ABCI Securities

Exhibit 5: Provision coverage ratio of the Big 6 and JSBs (June 2019, %)



Source(s): Bloomberg, ABCI Securities

We reiterate our view that asset quality in the big banks and JSBs would stay benign in coming quarters; meanwhile, district banks may face greater challenges. System NPL ratio would be stable or fall slightly in 2H19 and 2020. For banks under our coverage, average NPL ratio for Big 5 banks, JSBs, and district banks would be 1.6%, 1.72%, and 1.5% by end-2020E. Meanwhile, we estimate the two risk-buffer indicators would continue to go up in 2H19-2020 with large provisions. Average provisioning ratio for the Big 5, JSBs, and district banks would reach 3.27%, 3.40%, 3.16% by end-2020E; average provision coverage ratio of the Big 5, JSBs, and district banks would be 209.67%, 205.86%, and 219.39%.



Earnings growth to be determined by provision policy

As discussed in our previous sector report dated Aug 1, 2019, quarterly earnings would fluctuate on provision size. Most banks have adhered to a large provision policy over the past years to strengthen risk buffer, which in turn affect earnings. Our base case scenario estimates average earnings growth of the Big 5, JSBs, and district banks under coverage to be 5.9%, 7.3%, and 6.6% YoY in 2019E and 7.1%, 7.8%, and 6.5% YoY in 2020E. Meanwhile, we expect 9M19 earnings of these banks to account for 75-80% of our full-year forecasts.

Exhibit 6: PPOP and PBT growth comparison

| | PPOP YoY (%) | | PBT YoY (%) | |
|--------|--------------|-------|-------------|-------|
| | FY19E | FY20E | FY19E | FY20E |
| ICBC | 8.1 | 10.1 | 7.4 | 7.8 |
| CCB | 10.3 | 6.3 | 8.1 | 6.5 |
| ABC | 10.3 | 9.4 | 9.1 | 8.3 |
| BOC | 9.4 | 9.1 | 3.3 | 8.8 |
| BoCom | 6.6 | 7.9 | 4.2 | 4.2 |
| CMB | 9.1 | 7.8 | 14.1 | 10.4 |
| MSB | 8.8 | 10.8 | 5.1 | 6.1 |
| CITICB | 10.8 | 9.0 | 9.9 | 7.6 |
| CEB | 11.6 | 12.0 | 4.2 | 7.3 |
| HB | 13.5 | 14.6 | 7.8 | 8.8 |
| HRB | 8.9 | 9.4 | 6.9 | 7.7 |
| BCQ | 0.8 | 9.2 | 2.0 | 2.6 |

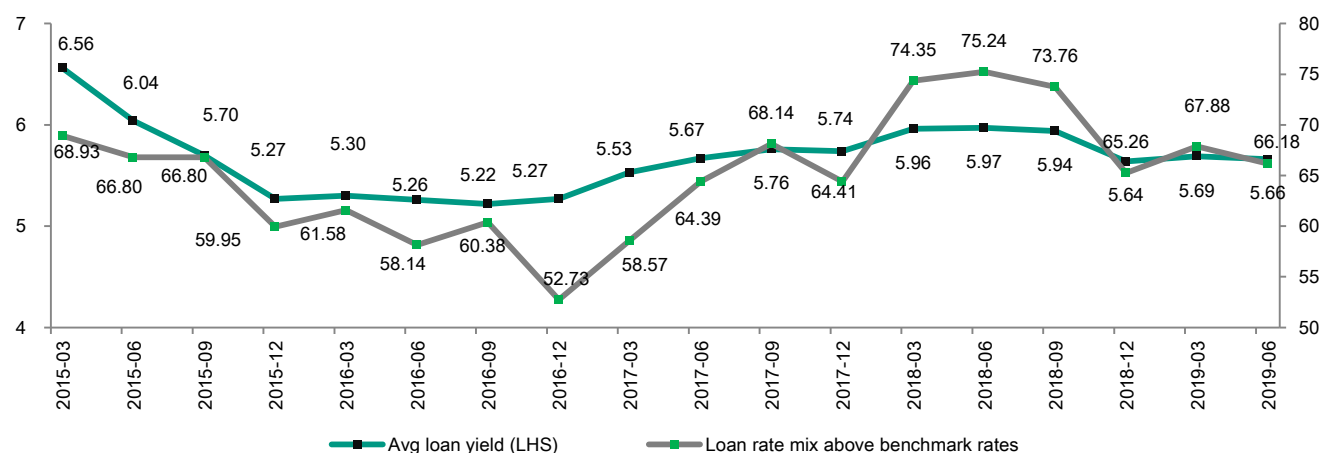
Source(s): Companies, ABCI Securities estimates



Stable NIM on robust growth in balance sheet and changes in business mix

Since mid-2017, the government policies have been directed to offer support lending to MSEs and private enterprises through reduction in social financing cost. In particular, explicit targets have been set for the Big 5 to increase their MSE loan balance by 30% and reduce average lending yield of MSEs by 1ppt in 2019. We project the increased mix of higher-yield MSE loans would partly offset the impact of lower lending rate, hence supporting NIM. Robust balance sheet growth, which was evident among banks in 1H19, would also help support NIM.

Exhibit 7: Average loan yield vs. the proportion of loans priced at above benchmark rates (%)



Source(s): PBOC, ABCI Securities

As the Big 5 banks usually have a smaller exposure to MSE/private enterprises than the smaller peers, increasing the proportion of these higher-yield clients would help them defend against the downtrend in lending yield. According to the PBOC data, system average lending yield stabilized at 5.6%-5.7% over 4Q18-2Q19. Impact of increased businesses with MSEs and private enterprises have successfully offset negative impacts from reduced social financing cost. Also, the proportion of loans priced at above benchmark rates was 65%-68% between Dec 2018 and June 2019.

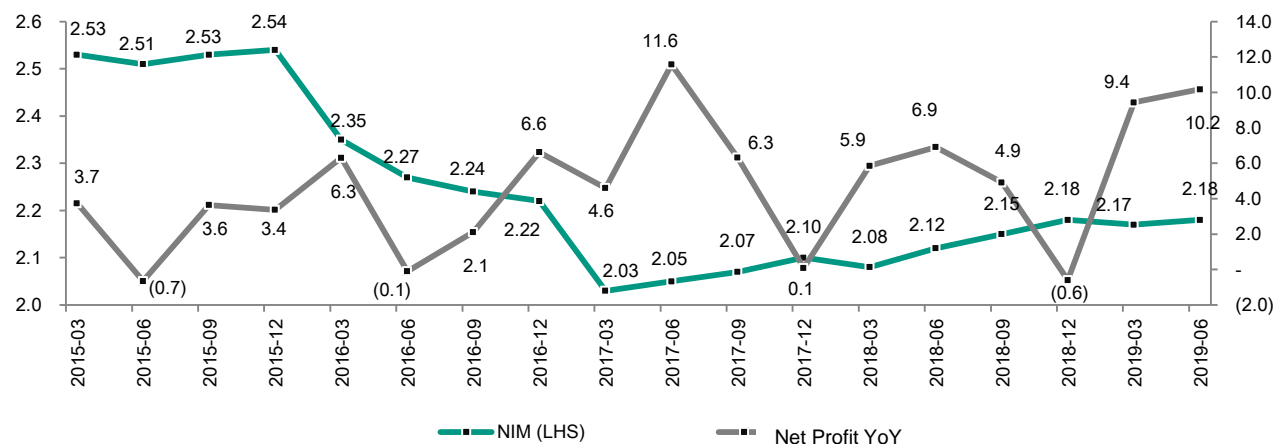
NIM outlook varies by bank category

According to the CBIRC data, system NIM was stable at 2.17%-2.18% in 4Q18 and 2Q19. In our base case scenario, we expect such trend would extend to 2H19 and 2020 given the lower market rates and robust balance sheet growth. However, NIM outlook would differ among banks. In particular, average NIM of the Big 5 would be relatively stable with mild pressure, while that of JSBs and district banks may have better upside potential due to their strength in MSEs and rapid growth in balance sheet.

Average NIM of the Big banks was down by 1bps QoQ to 2.11% in 2Q19, while that of JSBs, city commercial banks, and rural commercial banks increased by 1bps, 2bps, and 2bps QoQ to 2.09%, 2.09%, and 2.72%, according to the CBIRC statistics. Among the listed big banks, PSB had the highest NIM at 2.55% 1H19, followed by ICBC's 2.29% and CCB's 2.27%. Among listed JSBs, CMB reported an outstanding NIM at 2.7% in 1H19, the highest among listed Big banks and JSBs.

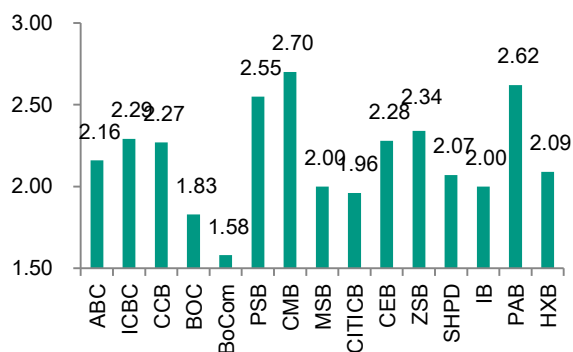


Exhibit 8: System NIM and system net profit YoY change (%)



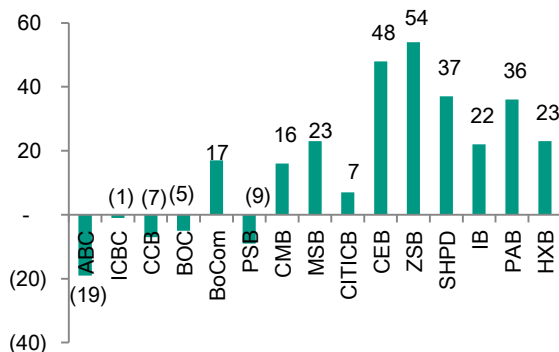
Source(s): CBIRC, ABCI Securities

Exhibit 9: NIM in Big banks and JSBs (June 2019, %)



Source(s): Companies, ABCI Securities

Exhibit 10: NIM changes in Big banks and JSBs (June 2019, bps YoY)



Source(s): Companies, ABCI Securities

Mild NIM pressure from LPR reform

Nevertheless, NIM pressure may increase starting from 3Q19 because of the lending prime rate (LPR) pricing reform initiated by PBOC on Aug 17, 2019. This was an iconic move under the interest rate reform in China to further liberalize pricing competition in the banking system. Explicit targets have been set: 30%, 50% and 100% of new loans are required to be priced based on the LPR by the end of Sep 2019, Dec 2019 and Mar 2020.

In late Aug 2019, most banks expressed a neutral view towards the reform. While a mild increase in NIM pressure can be anticipated, most believe the margin would stay manageable under the LPR reform. We concur with this stance since the primary goal of such reform is to accelerate marketization of interest rate instead of reining in the interest rate level. Banks would adjust their LPR reference lending rates based on their funding cost.

Exhibit 11: China's LPR (%)

| | 1Y | 5Y |
|-----------|------|------|
| 16/8/2019 | 4.31 | - |
| 20/8/2019 | 4.25 | 4.85 |
| 20/9/2019 | 4.20 | 4.85 |

Source(s): Nation Interbank Funding Center, ABCI Securities



A transition period would be necessary for banks to make relevant adjustments to the new pricing system; moreover, one can expect higher volatility in interest rate with the LPR reference. After the LPR reform (Aug 17, 2019), 1Y LPR fell 6bps on Aug 20 and was down by another 5bps on Sep 20 to 4.2%; consequentially, lending rates of existing loans in banks have been affected. Nonetheless, we believe the impact of LPR reform would be mild and temporary for two reasons. First, the proportion of loans priced with LPR is still low at present, therefore the actual impacts on NIM would be limited. Second, banks should be able to identify the pattern of the LPR volatility over time and adjust their pricing mechanism accordingly to manage NIM. Recent declines in LPR would incentivize lenders to switch to LPR-based pricing for their loans instead of following the benchmark rate-based pricing.

Stable NIM outlook with upside potential

We expect average NIM of the big banks, JSBs, and district banks under coverage to remain stable over 2019E-21E with a YoY change of -1bps to +3bps in our base case scenario. Potential NIM upside is higher for JSBs and district banks given their expertise in SMEs and private enterprises. We estimate a topline growth of 8.5%/8.1% for the Big 5, 9.6%/9.3% for the JSBs, and 9.0%/10.5% for the district banks in 2019E/20E.



Valuation

Initiate coverage of major A-shr banks with OVERWEIGHT sector rating

We initiate our coverage on the A-shr banks with an **OVERWEIGHT** rating given the undemanding valuation and stable fundamentals. The coverage list of the A-shr banks sector is the A-shr equivalents of those in our H-shr universe. For both markets, we prefer big 5 banks for their promising dividend yield and high degree of business diversification. These banks have repeatedly demonstrated strong defensiveness against policy risks and high adaptability to macro changes.

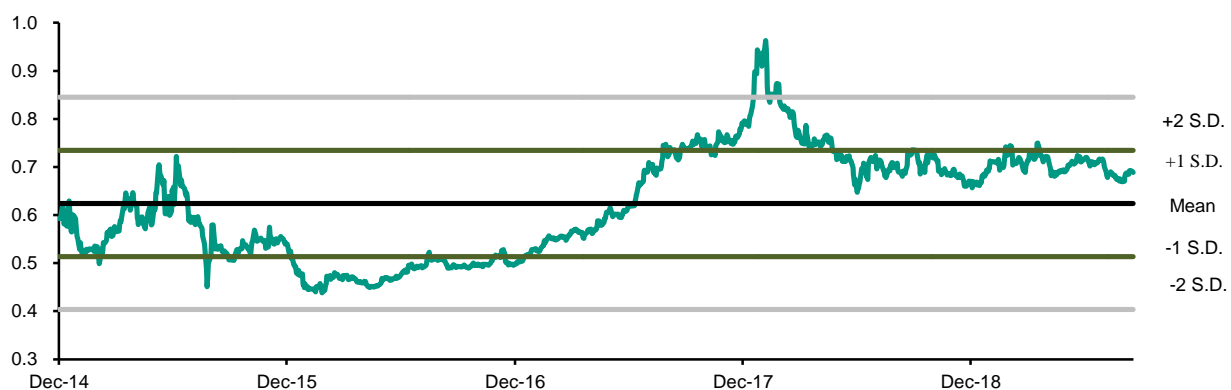
Our sector top picks for H-shr banks are **ABC (1288 HK)** for its outstanding risk buffer; it is also the major beneficiary under China's inclusive finance and Sannong policies. We like **CCB (939 HK)** for its prudent practices and high degree of business diversification. Our top picks for A-shr banks are also **ABC (601288 CH)** and **ICBC (601398 CH)**, with the latter having a lower valuation than **CCB (601939 CH)**. Among the JSBs, we are positive on **CMB (3968 HK/600036 CH)** in both markets for its above-peer growth and profitability; nonetheless, high valuation in both markets is limiting its share price upside.

Exhibit 12: Average forward P/B band chart of the Big 5 banks (H-shr)



Source(s): Bloomberg, ABCI Securities estimates

Exhibit 13: Average forward P/B band chart of the Big 5 banks (A-shr)



Source(s): Bloomberg, ABCI Securities estimates



Three stages of valuation discrepancy between A/H banks

Similar share price movement has been shown between the A/H Chinese banks since end-2014, as evidenced by the average forward P/B band of the Big 5 in both markets. Meanwhile, H-shr banks had a more volatile share price pattern compared to their A-shr counterparts.

We have identified three stages of valuation discrepancy between the two markets over the past years:

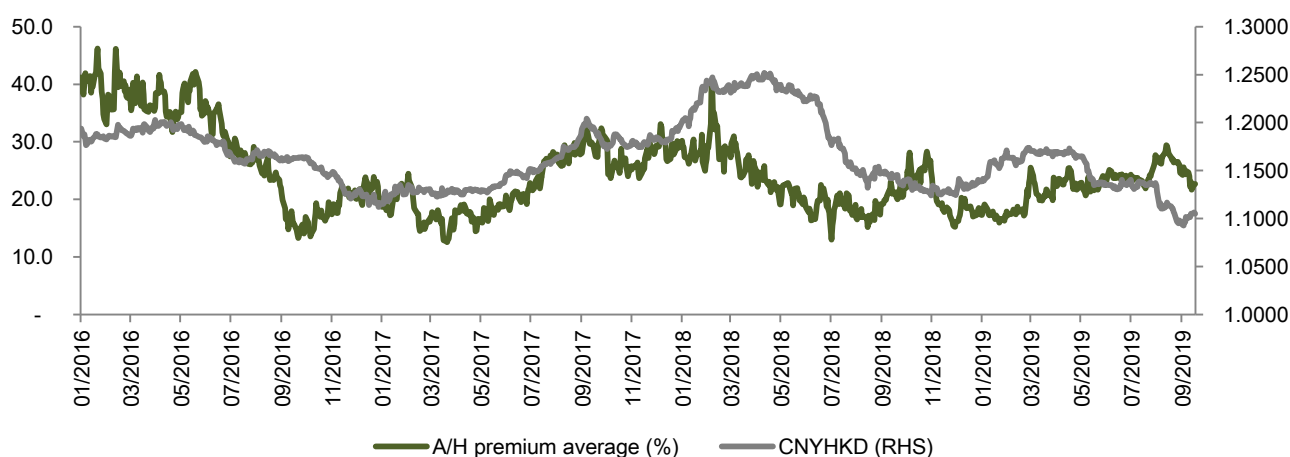
First stage referred to the period prior to mid-2015. The average valuation of the Big 5-H was higher than the Big 5-A. Specifically, valuation peak of average forward P/B in 1H15 was over 0.8x in H-shr market versus 0.7x in A-shr market.

The second stage refers to the period between 2H15 and early 2016. Valuations in both markets were corrected downwards with a narrowing discrepancy. Average forward P/B in both markets bottomed at ~0.45x in early 2016, which was 1.5-2.0 SD below historical mean.

The third stage refers to the period since early 2016 till now. Valuations recovered in both markets, but A-shr China banks showed a sharper rebound than the H-shr counters. Average forward P/B of the Big 5-A rose above 0.9x in early 2018 when the Big 5-H was capped at previous peak of 0.8x. Since then, valuation level in both markets have trended down, stabilizing at the normalized levels of 0.65x-0.75x for the Big 5-A and 0.55x-0.65x for the Big 5-H.

The Big 5-A is trading at ~0.7x forward P/B, representing ~0.5 SD above historical mean, whereas the Big 5-H is trading at ~0.6x forward P/B, or ~0.7 SD below historical mean. This reflects the different risk perception, which is affected by fundamentals and exchange rate outlook, between onshore and offshore investors towards the China banks sector.

Exhibit 14: A/H average premium (%) vs. CNYHKD



Source(s): Bloomberg, ABCI Securities

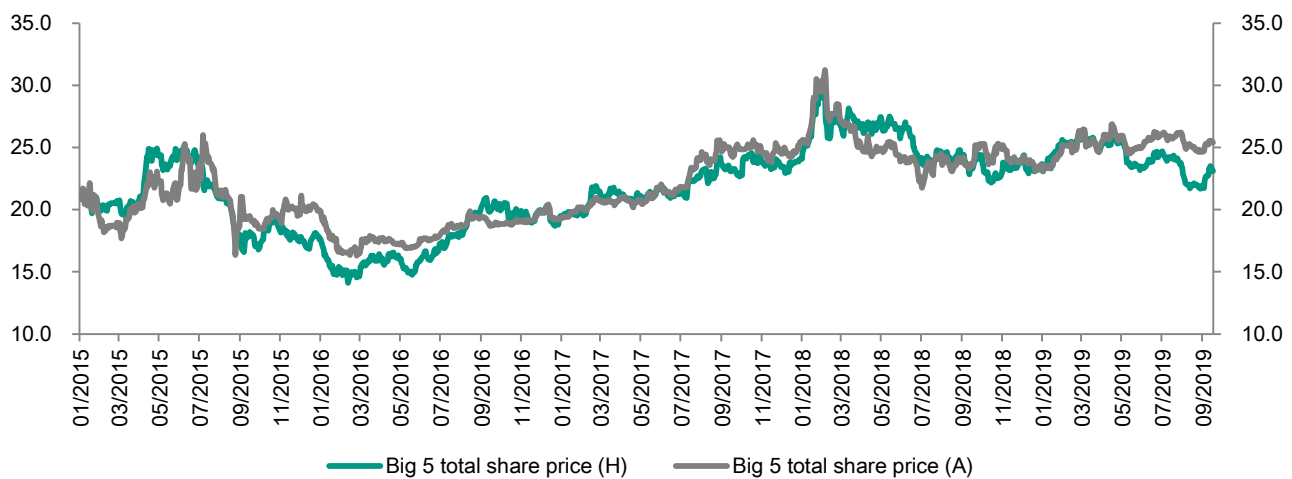


A/H premium fluctuated on exchange rate changes

Since early 2016, share prices of A-shr banks have been trading at a premium to their H-shr counterparts. The average A/H premium fluctuated in the range of 10%-45%. As of Sep 30, 2019, the average A/H premium of dual-listed Chinese banks was 22.9%. Aside from the differential risk perception, the volatility of A/H premium in recent years has also reflected the fluctuation in RMB/HKD exchange rate.

By adding up the individual share prices of the Big Five (A&H) in their denominated currencies, the movement of total share prices in both markets was highly correlated, indicating that investors in both markets reacted similarly to fundamental changes. Separately, movement of A/H premium and CNY/HKD exchange rate followed closely with each other, reflecting that exchange rate could be the core determinant of volatility in A/H premium.

Exhibit 15: Total share price of the Big 5 banks in A/H markets (HKD/RMB)



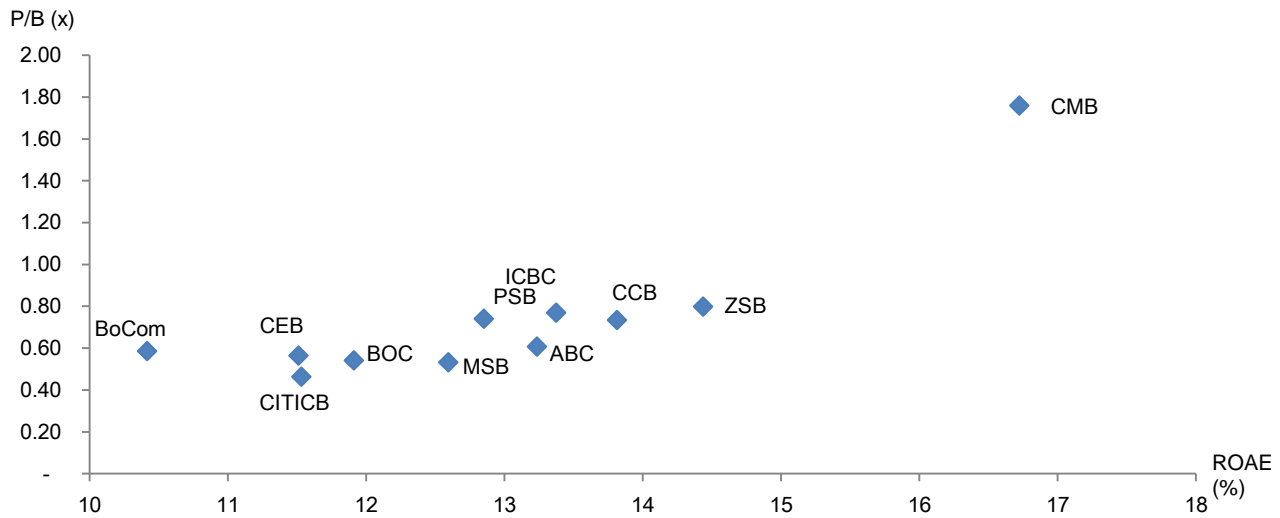
Source(s): Bloomberg, ABCI Securities

Similar stock preferences in A/H markets

Correlation can be seen between P/B and ROAE for the Big 5 and JSBs. Banks with a high P/B also had a high ROAE. CMB, with the highest ROAE, had the highest P/B in A/H markets. Also, valuation premium tended to follow big names. Although MSB's ROAE was higher than BOC's, their P/Bs were at similar levels in both markets; likewise, BoCom and CEB's P/Bs were similar when the latter's ROAE was higher.

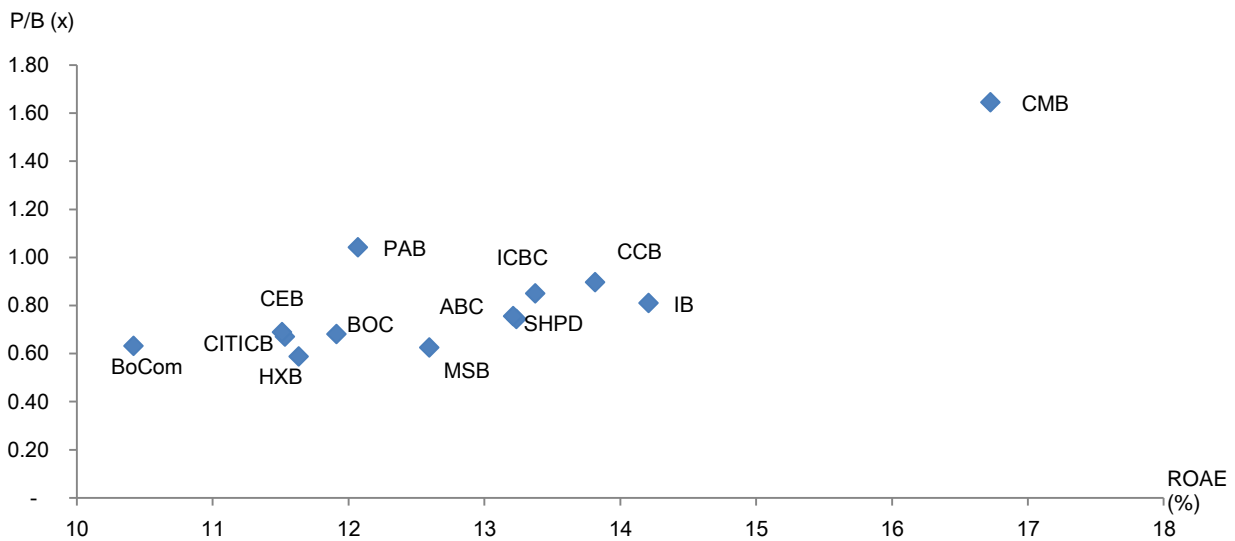


Exhibit 16: Big banks and JSBs: P/B (x) vs. ROAE (%) in 2018, H-shr



Source(s): Bloomberg, ABCI Securities

Exhibit 17: Big banks and JSBs: P/B (x) vs. ROAE (%) in 2018, A-shr



Source(s): Bloomberg, ABCI Securities



TP assumptions for A-shr banks

Our fundamental forecast and TP assumptions for H-shr banks under coverage remain unchanged. Meanwhile, we derive the TPs for A-shr banks based on the same set of assumptions in the Gordon Growth Model with a different beta to reflect the distinct structure, including investor behaviors, in A/H markets. Different betas for the same bank are the result of different underlying index (HSI vs CSI300) used in A/H markets. The betas applied for A-shr TP calculations are 6.96%-16.36% lower than their H-shr banks equivalents.

Gordon growth model assumptions for A-shr banks

Our TP calculations are based on Gordon Growth Model, a widely adopted valuation method for banks:

1. Sustainable ROAE of 8.91%–16.12% (reference to historical average of individual banks);
2. Cost of Equity (COE) of 10.13%–13.80%
3. Risk-free rate 3.30% (10-year Chinese government bond yield)
4. Equity beta of 0.92-1.25 (with reference to Bloomberg data)
5. Equity risk premium of 6.90%-8.80% (with reference to Bloomberg data)
6. Long-term growth of 4.5%-10.50% (with reference to historical growth rate and China's GDP)



Exhibit 18: TP assumptions (Data as of Oct 4, 2019)

| | ICBC | CCB | ABC | BOC | BoCom | CMB | MSB | CEB | CITICB |
|----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|
| HKE/SSE | 1398/ 601398 | 939/ 601939 | 1288/ 601288 | 3988/ 601988 | 3328/ 601328 | 3968/ 600036 | 1988/ 600016 | 6818/ 601818 | 998/ 601988 |
| H-shr | | | | | | | | | |
| TP (HKD) | 7.84 | 9.60 | 5.41 | 4.94 | 7.48 | 46.60 | 7.15 | 4.26 | 5.96 |
| Sus. ROE (%) | 11.87 | 12.84 | 12.56 | 9.86 | 8.91 | 16.12 | 9.90 | 9.51 | 9.31 |
| COE (%) | 12.54 | 13.41 | 13.30 | 11.55 | 10.75 | 14.22 | 13.30 | 12.50 | 13.42 |
| Target P/B (x) | 0.90 | 0.93 | 0.87 | 0.72 | 0.65 | 1.51 | 0.56 | 0.57 | 0.54 |
| Rfr (%) | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 |
| Beta | 1.20 | 1.28 | 1.25 | 1.10 | 1.08 | 1.30 | 1.25 | 1.15 | 1.15 |
| ERP (%) | 7.70 | 7.90 | 8.00 | 7.50 | 6.90 | 8.40 | 8.00 | 8.00 | 8.80 |
| LT gr (%) | 5.80 | 5.40 | 7.70 | 5.50 | 5.50 | 10.50 | 5.50 | 5.50 | 4.50 |
| A-shr | | | | | | | | | |
| TP (RMB) | 8.65 | 10.46 | 5.52 | 5.58 | 7.42 | 46.05 | 7.64 | 4.13 | 6.05 |
| Sus. ROE (%) | 11.87 | 12.84 | 12.56 | 9.86 | 8.91 | 16.12 | 9.90 | 9.51 | 9.31 |
| COE (%) | 11.15 | 11.83 | 12.50 | 10.20 | 10.13 | 13.80 | 11.94 | 11.86 | 12.19 |
| Target P/B (x) | 1.13 | 1.16 | 1.01 | 0.93 | 0.74 | 1.70 | 0.68 | 0.63 | 0.63 |
| Rfr (%) | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 |
| Beta | 1.02 | 1.08 | 1.15 | 0.92 | 0.99 | 1.25 | 1.08 | 1.07 | 1.01 |
| ERP (%) | 7.70 | 7.90 | 8.00 | 7.50 | 6.90 | 8.40 | 8.00 | 8.00 | 8.80 |
| LT gr (%) | 5.80 | 5.40 | 7.70 | 5.50 | 5.50 | 10.50 | 5.50 | 5.50 | 4.50 |

Notes: HSI/CSI300 are used to compute A/H shr betas

Source(s): Bloomberg, ABCI Securities estimates

Sector Valuation Summary – H shr (Data as of Oct 4, 2019)

| Company | Ticker | Current Rating | Previous Rating | TP (HK\$) | Upside (%) | FY19E P/B(x) | FY20E P/B (x) | FY19E P/E (x) | FY20E P/E (x) | FY19E Yield (%) | FY20E Yield (%) |
|---------|---------|----------------|-----------------|-----------|------------|--------------|---------------|---------------|---------------|-----------------|-----------------|
| ICBC | 1398 HK | BUY | BUY | 7.84 | 51.94 | 0.68 | 0.61 | 5.33 | 4.94 | 5.76 | 6.18 |
| CCB | 939 HK | BUY | BUY | 9.60 | 62.16 | 0.64 | 0.59 | 5.03 | 4.72 | 6.13 | 6.50 |
| ABC | 1288 HK | BUY | BUY | 5.41 | 77.96 | 0.55 | 0.51 | 4.25 | 3.95 | 6.88 | 7.60 |
| BOC | 3988 HK | BUY | BUY | 4.94 | 61.44 | 0.50 | 0.46 | 4.64 | 4.28 | 7.55 | 8.27 |
| BoCom | 3328 HK | BUY | BUY | 7.48 | 47.24 | 0.49 | 0.46 | 4.66 | 4.44 | 6.71 | 6.93 |
| CMB | 3968 HK | BUY | BUY | 46.60 | 24.77 | 1.41 | 1.26 | 9.30 | 8.42 | 3.42 | 3.74 |
| MSB | 1988 HK | BUY | BUY | 7.15 | 35.16 | 0.47 | 0.43 | 4.04 | 3.82 | 7.69 | 8.11 |
| CITICB | 998 HK | BUY | BUY | 5.96 | 43.27 | 0.43 | 0.39 | 4.07 | 3.78 | 7.67 | 8.20 |
| CEB | 6818 HK | BUY | BUY | 4.26 | 30.28 | 0.50 | 0.46 | 4.57 | 4.25 | 6.73 | 7.06 |
| HB | 3698 HK | BUY | BUY | 4.07 | 43.82 | 0.40 | 0.33 | 3.43 | 3.18 | 1.55 | 1.94 |
| HRB | 6138 HK | BUY | BUY | 2.04 | 37.84 | 0.27 | 0.24 | 2.49 | 2.32 | - | - |
| BCQ | 1963 HK | BUY | BUY | 5.67 | 33.73 | 0.33 | 0.29 | 3.41 | 3.32 | 3.89 | 3.89 |

Source(s): Bloomberg, ABCI Securities estimates

Sector Valuation Summary – A shr (Data as of Oct 4, 2019)

| Company | Ticker | Current Rating | Previous Rating | TP (RMB) | Upside (%) | FY19E P/B(x) | FY20E P/B (x) | FY19E P/E (x) | FY20E P/E (x) | FY19E Yield (%) | FY20E Yield (%) |
|---------|----------|----------------|-----------------|----------|------------|--------------|---------------|---------------|---------------|-----------------|-----------------|
| ICBC | 601398CH | BUY | NA | 8.65 | 56.42 | 0.80 | 0.72 | 6.28 | 5.82 | 4.88 | 5.24 |
| CCB | 601939CH | BUY | NA | 10.46 | 49.64 | 0.84 | 0.76 | 6.53 | 6.13 | 4.72 | 5.01 |
| ABC | 601288CH | BUY | NA | 5.52 | 59.54 | 0.69 | 0.63 | 5.32 | 4.94 | 5.49 | 6.07 |
| BOC | 601988CH | BUY | NA | 5.58 | 55.87 | 0.65 | 0.60 | 5.97 | 5.51 | 5.87 | 6.42 |
| BoCom | 601328CH | BUY | NA | 7.42 | 36.15 | 0.58 | 0.54 | 5.51 | 5.24 | 5.69 | 5.87 |
| CMB | 600036CH | BUY | NA | 46.05 | 32.52 | 1.44 | 1.29 | 9.52 | 8.62 | 3.34 | 3.65 |
| MSB | 600016CH | BUY | NA | 7.64 | 26.91 | 0.59 | 0.54 | 5.06 | 4.78 | 6.15 | 6.48 |
| CITICB | 601998CH | BUY | NA | 6.05 | 7.27 | 0.63 | 0.59 | 6.06 | 5.64 | 5.14 | 5.50 |
| CEB | 601818CH | BUY | NA | 4.26 | 8.12 | 0.66 | 0.60 | 6.06 | 5.63 | 5.08 | 5.33 |

Source(s): Bloomberg, ABCI Securities estimates



ICBC (1398HK/601398CH)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|
| Net interest income | 522,078 | 572,518 | 620,622 | 683,203 | 742,694 |
| Non-interest income | 153,576 | 152,603 | 159,519 | 167,588 | 175,229 |
| Of which: Fees and commissions | 139,625 | 145,301 | 152,718 | 161,276 | 169,392 |
| Operating income | 675,654 | 725,121 | 780,141 | 850,791 | 917,923 |
| Operating expenses | (170,207) | (178,457) | (189,815) | (201,947) | (215,305) |
| Amortization | (15,987) | (15,746) | (16,295) | (17,019) | (17,765) |
| Pre-provision operating profit | 489,460 | 530,918 | 574,031 | 631,825 | 684,853 |
| Impairment loans losses | (127,769) | (161,594) | (177,123) | (203,990) | (230,723) |
| Operating profit | 361,691 | 369,324 | 396,907 | 427,835 | 454,131 |
| Non-operating income | 2,950 | 3,089 | 3,243 | 3,406 | 3,576 |
| Profit before tax | 364,641 | 372,413 | 400,151 | 431,241 | 457,707 |
| Tax | (77,190) | (73,690) | (80,030) | (86,248) | (91,541) |
| Minority interests | (1,402) | (1,047) | (1,204) | (1,385) | (1,592) |
| Net profit attributable to equity holders | 286,049 | 297,676 | 318,917 | 343,608 | 364,573 |
| Preference share dividend | 4,437 | 4,506 | 4,488 | 4,488 | 4,488 |
| Net profit attributable to ordinary shareholders | 281,612 | 293,170 | 314,429 | 339,120 | 360,085 |
| Growth (%) | | | | | |
| Net interest income | 10.6 | 9.7 | 8.4 | 10.1 | 8.7 |
| Non-interest income | (9.6) | (0.6) | 4.5 | 5.1 | 4.6 |
| Of which: Fees and commissions | (3.7) | 4.1 | 5.1 | 5.6 | 5.0 |
| Operating income | 5.3 | 7.3 | 7.6 | 9.1 | 7.9 |
| Operating expenses | (3.5) | 4.8 | 6.4 | 6.4 | 6.6 |
| Amortization | (4.4) | (1.5) | 3.5 | 4.4 | 4.4 |
| Pre-provision operating profit | 9.1 | 8.5 | 8.1 | 10.1 | 8.4 |
| Impairment loans losses | 45.4 | 26.5 | 9.6 | 15.2 | 13.1 |
| Operating profit | 0.3 | 2.1 | 7.5 | 7.8 | 6.1 |
| Non-operating income | 13.3 | 4.7 | 5.0 | 5.0 | 5.0 |
| Profit before tax | 0.4 | 2.1 | 7.4 | 7.8 | 6.1 |
| Tax | (8.3) | (4.5) | 8.6 | 7.8 | 6.1 |
| Minority interests | 63.6 | (25.3) | 15.0 | 15.0 | 15.0 |
| Net profit attributable to equity holders | 2.8 | 4.1 | 7.1 | 7.7 | 6.1 |
| Preference share dividend | (0.3) | 1.6 | (0.4) | 0.0 | 0.0 |
| Net profit attributable to ordinary shareholders | 2.9 | 4.1 | 7.3 | 7.9 | 6.2 |
| Per share (RMB) | | | | | |
| EPS | 0.79 | 0.82 | 0.88 | 0.95 | 1.01 |
| BVPS | 5.73 | 6.30 | 6.94 | 7.63 | 8.36 |
| DPS | 0.24 | 0.25 | 0.27 | 0.29 | 0.31 |
| Key ratio (%) | | | | | |
| Net interest margin | 2.22 | 2.30 | 2.31 | 2.35 | 2.37 |
| Net interest spread | 2.10 | 2.16 | 2.18 | 2.23 | 2.24 |
| Cost to income ratio | 25.19 | 24.61 | 24.33 | 23.74 | 23.46 |
| Return on average assets | 1.14 | 1.11 | 1.11 | 1.10 | 1.09 |
| Return on average equity | 13.96 | 13.36 | 13.04 | 12.81 | 12.42 |
| Effective tax rate | 21.17 | 19.79 | 20.00 | 20.00 | 20.00 |
| Dividend payout | 30.48 | 30.47 | 30.50 | 30.50 | 30.50 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



ICBC (1398HK/601398CH)

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash & equivalent | 3,613,872 | 3,372,576 | 3,406,302 | 3,440,365 | 3,474,768 |
| Interbank assets | 1,834,242 | 1,696,498 | 1,775,289 | 1,858,996 | 1,945,524 |
| Investment securities | 5,756,704 | 6,754,692 | 7,767,896 | 8,777,722 | 9,831,049 |
| Net loans and advances | 13,892,966 | 15,006,728 | 16,148,744 | 17,301,298 | 18,427,540 |
| Total interest earning assets | 25,097,784 | 26,830,494 | 29,098,231 | 31,378,381 | 33,678,881 |
| Property and equipment | 247,744 | 290,404 | 325,252 | 357,778 | 389,978 |
| Other non-interest earning assets | 741,515 | 578,642 | 537,123 | 510,685 | 501,131 |
| Total assets | 26,087,043 | 27,699,540 | 29,960,606 | 32,246,843 | 34,569,990 |
| Customer deposits | 19,562,936 | 21,186,473 | 22,957,897 | 24,802,934 | 26,668,282 |
| Interbank liabilities | 1,706,549 | 1,814,495 | 1,923,365 | 2,019,533 | 2,110,412 |
| Subordinated debt | 526,940 | 617,842 | 710,518 | 817,096 | 939,660 |
| Total interest bearing liabilities | 21,796,425 | 23,841,271 | 25,825,364 | 27,884,826 | 29,975,881 |
| Current taxes | 70,644 | 84,741 | 98,300 | 113,044 | 130,001 |
| Deferred tax liabilities | 433 | 1,217 | 1,521 | 1,902 | 2,377 |
| Other liabilities | 2,078,485 | 1,427,428 | 1,459,417 | 1,423,570 | 1,377,316 |
| Total liabilities | 23,945,987 | 25,354,657 | 27,384,601 | 29,423,342 | 31,485,575 |
| Share capital | 442,458 | 442,458 | 442,458 | 442,458 | 442,458 |
| Reserves | 1,685,033 | 1,887,543 | 2,117,176 | 2,363,036 | 2,622,148 |
| Minorities | 13,565 | 14,882 | 16,370 | 18,007 | 19,808 |
| Shareholder's equity incl. MI | 2,141,056 | 2,344,883 | 2,576,005 | 2,823,501 | 3,084,414 |
| Growth (%) | | | | | |
| Cash & equivalent | 7.9 | (6.7) | 1.0 | 1.0 | 1.0 |
| Interbank assets | 18.1 | (7.5) | 4.6 | 4.7 | 4.7 |
| Investment securities | 5.0 | 17.3 | 15.0 | 13.0 | 12.0 |
| Net loans and advances | 8.8 | 8.0 | 7.6 | 7.1 | 6.5 |
| Total interest earning assets | 8.4 | 6.9 | 8.5 | 7.8 | 7.3 |
| Property and equipment | 0.6 | 17.2 | 12.0 | 10.0 | 9.0 |
| Other non-interest earning assets | 0.4 | (22.0) | (7.2) | (4.9) | (1.9) |
| Total assets | 8.1 | 6.2 | 8.2 | 7.6 | 7.2 |
| Customer deposits | 9.7 | 8.3 | 8.4 | 8.0 | 7.5 |
| Interbank liabilities | (15.4) | 6.3 | 6.0 | 5.0 | 4.5 |
| Subordinated debt | 47.2 | 17.3 | 15.0 | 15.0 | 15.0 |
| Total interest bearing liabilities | 6.7 | 9.4 | 8.3 | 8.0 | 7.5 |
| Current taxes | 34.2 | 20.0 | 16.0 | 15.0 | 15.0 |
| Deferred tax liabilities | (28.3) | 181.1 | 25.0 | 25.0 | 25.0 |
| Other liabilities | 23.4 | (31.3) | 2.2 | (2.5) | (3.2) |
| Total liabilities | 8.1 | 5.9 | 8.0 | 7.4 | 7.0 |
| Share capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reserves | 10.3 | 12.0 | 12.2 | 11.6 | 11.0 |
| Minorities | 18.9 | 9.7 | 10.0 | 10.0 | 10.0 |
| Shareholder's equity | 8.1 | 9.5 | 9.9 | 9.6 | 9.2 |
| Key ratio (%) | | | | | |
| CT1 CAR | 12.77 | 12.98 | 12.42 | 12.67 | 12.93 |
| Total CAR | 15.14 | 15.39 | 15.15 | 15.48 | 15.85 |
| NPL ratio | 1.55 | 1.52 | 1.59 | 1.63 | 1.69 |
| Provision to total loans | 2.39 | 2.68 | 2.90 | 3.05 | 3.25 |
| Provision coverage ratio | 154.07 | 175.76 | 182.39 | 187.12 | 192.31 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



CCB (939HK/601939CH)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|
| Net interest income | 452,456 | 486,278 | 538,446 | 574,500 | 614,250 |
| Non-interest income | 141,575 | 147,494 | 155,280 | 163,450 | 170,337 |
| Of which: Fees and commissions | 117,798 | 123,035 | 128,209 | 133,873 | 138,446 |
| Operating income | 594,031 | 633,772 | 693,726 | 737,950 | 784,587 |
| Operating expenses | (164,737) | (172,337) | (184,830) | (196,876) | (209,313) |
| Amortization | (2,306) | (2,427) | (2,548) | (2,676) | (2,810) |
| Pre-provision operation profit | 426,988 | 459,008 | 506,347 | 538,398 | 572,464 |
| Impairment losses on loans | (127,362) | (150,988) | (173,431) | (183,843) | (193,173) |
| Operating profit | 299,626 | 308,020 | 332,916 | 354,555 | 379,291 |
| Non-operating income | 161 | 140 | 175 | 219 | 273 |
| Profit before tax | 299,787 | 308,160 | 333,091 | 354,773 | 379,564 |
| Tax | (56,172) | (52,534) | (59,956) | (63,859) | (68,322) |
| Minority interests | (1,351) | (971) | (1,117) | (1,284) | (1,477) |
| Net profit attributable to equity holders | 242,264 | 254,655 | 272,018 | 289,630 | 309,766 |
| Preference share dividend | 1,045 | 3,936 | 3,936 | 3,936 | 3,936 |
| Net profit attributable to ordinary shareholders | 241,219 | 250,719 | 268,082 | 285,694 | 305,830 |
| Growth (%) | | | | | |
| Net interest income | 8.3 | 7.5 | 10.7 | 6.7 | 6.9 |
| Non-interest income | (0.3) | 4.2 | 5.3 | 5.3 | 4.2 |
| Of which: Fees and commissions | (0.6) | 4.4 | 4.2 | 4.4 | 3.4 |
| Operating income | 6.1 | 6.7 | 9.5 | 6.4 | 6.3 |
| Operating expenses | (2.7) | 4.6 | 7.2 | 6.5 | 6.3 |
| Amortization | 4.2 | 5.2 | 5.0 | 5.0 | 5.0 |
| Pre-provision operation profit | 10.0 | 7.5 | 10.3 | 6.3 | 6.3 |
| Impairment losses on loans | 36.6 | 18.6 | 14.9 | 6.0 | 5.1 |
| Operating profit | 1.5 | 2.8 | 8.1 | 6.5 | 7.0 |
| Non-operating income | 133.3 | (13.0) | 25.0 | 25.0 | 25.0 |
| Profit before tax | 1.6 | 2.8 | 8.1 | 6.5 | 7.0 |
| Tax | (10.6) | (6.5) | 14.1 | 6.5 | 7.0 |
| Minority interests | 45.4 | (28.1) | 15.0 | 15.0 | 15.0 |
| Net profit attributable to equity holders | 4.7 | 5.1 | 6.8 | 6.5 | 7.0 |
| Preference share dividend | (2.1) | 276.7 | 0.0 | 0.0 | 0.0 |
| Net profit attributable to ordinary shareholders | 4.7 | 3.9 | 6.9 | 6.6 | 7.0 |
| Per share (RMB) | | | | | |
| EPS | 0.96 | 1.00 | 1.07 | 1.14 | 1.22 |
| BVPS | 6.86 | 7.65 | 8.35 | 9.17 | 10.04 |
| DPS | 0.29 | 0.31 | 0.33 | 0.35 | 0.37 |
| Key ratio (%) | | | | | |
| Net interest margin | 2.21 | 2.31 | 2.30 | 2.33 | 2.35 |
| Net interest spread | 2.09 | 2.18 | 2.14 | 2.16 | 2.19 |
| Cost to income ratio | 28.12 | 27.58 | 27.01 | 27.04 | 27.04 |
| Return on average assets | 1.12 | 1.12 | 1.14 | 1.14 | 1.15 |
| Return on average equity | 14.44 | 13.56 | 13.13 | 12.76 | 12.48 |
| Effective tax rate | 18.74 | 17.05 | 18.00 | 18.00 | 18.00 |
| Dividend payout | 30.03 | 30.04 | 30.00 | 30.00 | 30.00 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



CCB (939HK/601939CH))

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash & equivalent | 2,988,256 | 2,632,863 | 2,501,220 | 2,376,159 | 2,257,351 |
| Interbank assets | 708,598 | 1,038,521 | 1,192,273 | 1,344,568 | 1,503,330 |
| Investment securities | 5,181,648 | 5,714,909 | 6,286,400 | 6,852,176 | 7,400,350 |
| Net loans and advances | 12,559,639 | 13,328,632 | 14,188,887 | 15,032,597 | 15,942,073 |
| Total interest earning assets | 21,438,141 | 22,714,925 | 24,168,780 | 25,605,499 | 27,103,104 |
| Property and equipment | 169,679 | 169,574 | 171,270 | 172,982 | 174,712 |
| Other non-interest earning assets | 516,563 | 338,194 | 367,437 | 400,609 | 438,214 |
| Total assets | 22,124,383 | 23,222,693 | 24,707,487 | 26,179,091 | 27,716,030 |
| Customer deposits | 16,363,754 | 16,931,429 | 17,780,127 | 18,655,676 | 19,576,147 |
| Interbank liabilities | 1,720,634 | 1,847,697 | 1,977,036 | 2,095,658 | 2,221,397 |
| Subordinated debt | 596,526 | 775,785 | 930,942 | 1,117,130 | 1,340,556 |
| Total interest bearing liabilities | 19,796,497 | 20,602,167 | 21,808,668 | 23,067,468 | 24,421,035 |
| Current taxes liabilities | 54,106 | 77,883 | 93,460 | 111,217 | 131,236 |
| Deferred tax liabilities | 389 | 485 | 534 | 587 | 646 |
| Other liabilities | 477,564 | 550,564 | 619,204 | 607,488 | 549,573 |
| Total liabilities | 20,328,556 | 21,231,099 | 22,521,865 | 23,786,759 | 25,102,489 |
| Share capital | 329,647 | 329,647 | 329,647 | 329,647 | 329,647 |
| Reserves | 1,450,113 | 1,646,816 | 1,838,574 | 2,042,674 | 2,260,882 |
| Minorities | 16,067 | 15,131 | 17,401 | 20,011 | 23,012 |
| Shareholder's equity | 1,795,827 | 1,991,594 | 2,185,621 | 2,392,331 | 2,613,542 |
| Growth (%) | | | | | |
| Cash & equivalent | 4.9 | (11.9) | (5.0) | (5.0) | (5.0) |
| Interbank assets | (17.5) | 46.6 | 14.8 | 12.8 | 11.8 |
| Investment securities | 2.2 | 10.3 | 10.0 | 9.0 | 8.0 |
| Net loans and advances | 9.3 | 6.1 | 6.5 | 5.9 | 6.1 |
| Total interest earning assets | 5.8 | 6.0 | 6.4 | 5.9 | 5.8 |
| Property and equipment | (0.2) | (0.1) | 1.0 | 1.0 | 1.0 |
| Other non-interest earning assets | (2.3) | (34.5) | 8.6 | 9.0 | 9.4 |
| Total assets | 5.5 | 5.0 | 6.4 | 6.0 | 5.9 |
| Customer deposits | 6.2 | 3.5 | 5.0 | 4.9 | 4.9 |
| Interbank liabilities | (11.1) | 7.4 | 7.0 | 6.0 | 6.0 |
| Subordinated debt | 32.1 | 30.1 | 20.0 | 20.0 | 20.0 |
| Total interest bearing liabilities | 4.7 | 4.1 | 5.9 | 5.8 | 5.9 |
| Current taxes liabilities | 20.5 | 43.9 | 20.0 | 19.0 | 18.0 |
| Deferred tax liabilities | (31.8) | 24.7 | 10.0 | 10.0 | 10.0 |
| Other liabilities | 13.2 | 15.3 | 12.5 | (1.9) | (9.5) |
| Total liabilities | 4.9 | 4.4 | 6.1 | 5.6 | 5.5 |
| Share capital | 22.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reserves | 11.0 | 13.6 | 11.6 | 11.1 | 10.7 |
| Minorities | 22.1 | (5.8) | 15.0 | 15.0 | 15.0 |
| Shareholder's equity | 13.0 | 10.9 | 9.7 | 9.5 | 9.2 |
| Key ratio (%) | | | | | |
| CT1 CAR | 13.09 | 13.83 | 13.91 | 14.20 | 14.48 |
| Total CAR | 15.50 | 17.19 | 17.31 | 17.71 | 18.13 |
| NPL ratio | 1.49 | 1.46 | 1.50 | 1.54 | 1.60 |
| Provision to total loans | 2.66 | 3.04 | 3.20 | 3.29 | 3.35 |
| Provision coverage | 178.79 | 208.37 | 213.33 | 213.64 | 209.38 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



ABC (1288HK/601288CH)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|
| Net interest income | 441,930 | 477,760 | 531,616 | 583,994 | 640,513 |
| Non-interest income | 100,968 | 124,797 | 128,376 | 133,055 | 136,980 |
| Of which: Fees and commissions | 72,903 | 78,141 | 83,311 | 89,390 | 94,541 |
| Operating income | 542,898 | 602,557 | 659,993 | 717,049 | 777,493 |
| Operating expenses | (186,975) | (197,572) | (213,957) | (229,642) | (244,992) |
| Amortization | (18,279) | (16,413) | (17,562) | (18,791) | (19,919) |
| Pre-provision operating profit | 337,644 | 388,572 | 428,474 | 468,616 | 512,582 |
| Impairment loans losses | (98,166) | (136,898) | (153,988) | (171,288) | (186,518) |
| Profit before tax | 239,478 | 251,674 | 274,486 | 297,328 | 326,064 |
| Tax | (46,345) | (49,043) | (52,152) | (56,492) | (61,952) |
| Minority interests | (171) | 152 | 190 | 238 | 297 |
| Net profit attributable to equity holders | 192,962 | 202,783 | 222,524 | 241,073 | 264,409 |
| Preference share dividend | 4,600 | 4,600 | 4,600 | 4,600 | 4,600 |
| Net profit attributable to ordinary shareholders | 188,362 | 198,183 | 217,924 | 236,473 | 259,809 |
| Growth (%) | | | | | |
| Net interest income | 11.0 | 8.1 | 11.3 | 9.9 | 9.7 |
| Non-interest income | (9.9) | 23.6 | 2.9 | 3.6 | 2.9 |
| Of which: Fees and commissions | (19.8) | 7.2 | 6.6 | 7.3 | 5.8 |
| Operating income | 6.4 | 11.0 | 9.5 | 8.6 | 8.4 |
| Operating expenses | 5.0 | 5.7 | 8.3 | 7.3 | 6.7 |
| Amortization | (4.0) | (10.2) | 7.0 | 7.0 | 6.0 |
| Pre-provision operating profit | 7.8 | 15.1 | 10.3 | 9.4 | 9.4 |
| Impairment loans losses | 13.6 | 39.5 | 12.5 | 11.2 | 8.9 |
| Profit before tax | 5.7 | 5.1 | 9.1 | 8.3 | 9.7 |
| Tax | 8.9 | 5.8 | 6.3 | 8.3 | 9.7 |
| Minority interests | 43.7 | (188.9) | 25.0 | 25.0 | 25.0 |
| Net profit attributable to equity holders | 4.9 | 5.1 | 9.7 | 8.3 | 9.7 |
| Preference share dividend | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit attributable to ordinary shareholders | 5.0 | 5.2 | 10.0 | 8.5 | 9.9 |
| Per share (RMB) | | | | | |
| EPS | 0.58 | 0.59 | 0.65 | 0.70 | 0.77 |
| BVPS | 4.15 | 4.54 | 4.98 | 5.45 | 5.97 |
| DPS | 0.18 | 0.17 | 0.19 | 0.21 | 0.23 |
| Key ratio (%) | | | | | |
| Net interest margin | 2.28 | 2.33 | 2.34 | 2.36 | 2.39 |
| Net interest spread | 2.15 | 2.20 | 2.23 | 2.24 | 2.25 |
| Cost to income ratio | 32.96 | 32.79 | 32.42 | 32.03 | - |
| Return on average assets | 0.95 | 0.93 | 0.94 | 0.94 | 0.95 |
| Return on average equity | 14.57 | 13.66 | 12.74 | 12.65 | 12.72 |
| Effective tax rate | 19.35 | 19.49 | 19.00 | 19.00 | 19.00 |
| Dividend payout | 30.74 | 29.60 | 30.00 | 30.00 | 30.00 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



ABC (1288HK/601288CH)

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash & equivalent | 2,896,619 | 2,805,107 | 2,745,626 | 2,808,378 | 2,884,058 |
| Interbank assets | 1,175,900 | 1,032,742 | 991,730 | 985,028 | 983,369 |
| Investment securities | 6,152,743 | 6,885,075 | 7,562,740 | 8,239,675 | 8,888,355 |
| Net loans and advances | 10,316,311 | 11,461,542 | 12,797,519 | 14,177,294 | 15,577,660 |
| Total interest earning assets | 20,541,573 | 22,184,466 | 24,097,615 | 26,210,375 | 28,333,442 |
| Property and equipment | 155,258 | 152,452 | 153,977 | 155,516 | 157,071 |
| Other non-interest earning assets | 356,551 | 272,553 | 302,288 | 334,288 | 368,457 |
| Total assets | 21,053,382 | 22,609,471 | 24,553,879 | 26,700,180 | 28,858,971 |
| Customer deposits | 16,194,279 | 17,346,290 | 18,390,296 | 19,442,438 | 20,513,113 |
| Interbank liabilities | 1,720,738 | 2,011,058 | 2,513,823 | 3,092,002 | 3,710,402 |
| Subordinated debt | 475,017 | 780,673 | 975,841 | 1,219,802 | 1,524,752 |
| Total interest bearing liabilities | 18,390,034 | 20,138,021 | 21,879,960 | 23,754,241 | 25,748,267 |
| Current taxes | 32,842 | 49,248 | 56,635 | 65,130 | 74,900 |
| Deferred tax liabilities | 87 | 139 | 178 | 224 | 282 |
| Other liabilities | 1,201,022 | 747,276 | 789,712 | 887,502 | 860,361 |
| Total liabilities | 19,623,985 | 20,934,684 | 22,726,485 | 24,707,098 | 26,683,811 |
| Share capital | 404,693 | 429,882 | 429,882 | 429,882 | 429,882 |
| Reserves | 1,021,722 | 1,240,412 | 1,392,749 | 1,558,152 | 1,739,977 |
| Minorities | 2,982 | 4,493 | 4,763 | 5,048 | 5,301 |
| Shareholder's equity | 1,429,397 | 1,674,787 | 1,827,394 | 1,993,082 | 2,175,160 |
| Growth (%) | | | | | |
| Cash & equivalent | 3.0 | (3.2) | (2.1) | 2.3 | 2.7 |
| Interbank assets | (23.0) | (12.2) | (4.0) | (0.7) | (0.2) |
| Investment securities | 15.4 | 11.9 | 9.8 | 9.0 | 7.9 |
| Net loans and advances | 10.7 | 11.1 | 11.7 | 10.8 | 9.9 |
| Total interest earning assets | 8.2 | 8.0 | 8.6 | 8.8 | 8.1 |
| Property and equipment | (2.1) | (1.8) | 1.0 | 1.0 | 1.0 |
| Other non-interest earning assets | (15.1) | (23.6) | 10.9 | 10.6 | 10.2 |
| Total assets | 7.6 | 7.4 | 8.6 | 8.7 | 8.1 |
| Customer deposits | 7.7 | 7.1 | 6.0 | 5.7 | 5.5 |
| Interbank liabilities | (1.6) | 16.9 | 25.0 | 23.0 | 20.0 |
| Subordinated debt | 22.4 | 64.3 | 25.0 | 25.0 | 25.0 |
| Total interest bearing liabilities | 7.1 | 9.5 | 8.7 | 8.6 | 8.4 |
| Current taxes | 100.8 | 50.0 | 15.0 | 15.0 | 15.0 |
| Deferred tax liabilities | 50.0 | 59.8 | 28.0 | 26.0 | 26.0 |
| Other liabilities | 13.7 | (37.8) | 5.7 | 12.4 | (3.1) |
| Total liabilities | 7.5 | 6.7 | 8.6 | 8.7 | 8.0 |
| Share capital | 0.0 | 6.2 | 0.0 | 0.0 | 0.0 |
| Reserves | 11.8 | 21.4 | 12.3 | 11.9 | 11.7 |
| Minorities | (12.2) | 50.7 | 6.0 | 6.0 | 5.0 |
| Shareholder's equity | 8.2 | 17.2 | 9.1 | 9.1 | 9.1 |
| Key ratio (%) | | | | | |
| CT1 CAR | 10.63 | 11.55 | 11.93 | 11.96 | 12.08 |
| Total CAR | 13.74 | 15.12 | 15.47 | 15.49 | 15.63 |
| NPL ratio | 1.81 | 1.59 | 1.50 | 1.55 | 1.61 |
| Provision to total loans | 3.77 | 4.02 | 4.10 | 4.17 | 4.25 |
| Provision coverage ratio | 208.37 | 252.18 | 273.33 | 269.03 | 263.98 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



BOC (3988HK/601988)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|
| Net interest income | 338,389 | 359,706 | 395,780 | 436,275 | 476,555 |
| Non-interest income | 145,372 | 144,100 | 148,539 | 151,673 | 154,810 |
| Of which: Fees and commissions | 88,691 | 87,208 | 89,824 | 91,621 | 93,453 |
| Operating income | 483,761 | 503,806 | 544,318 | 587,949 | 631,364 |
| Operating expenses | (173,859) | (176,979) | (186,721) | (197,819) | (209,596) |
| Pre-provision operating profit | 309,902 | 326,827 | 357,597 | 390,130 | 421,768 |
| Impairment losses on loans | (88,161) | (99,294) | (122,981) | (135,296) | (154,901) |
| Operating profit | 221,741 | 227,533 | 234,616 | 254,834 | 266,868 |
| Non-operating income | 1,162 | 2,110 | 2,638 | 3,297 | 4,121 |
| Profit before tax | 222,903 | 229,643 | 237,253 | 258,130 | 270,989 |
| Tax | (37,917) | (37,208) | (40,333) | (43,882) | (46,068) |
| Minority interests | (12,579) | (12,349) | (13,584) | (14,942) | (16,437) |
| Net profit attributable to equity holders | 172,407 | 180,086 | 183,336 | 199,306 | 208,484 |
| Preference share dividend | 6,626 | 6,772 | 6,772 | 6,772 | 6,772 |
| Net profit attributable to ordinary shareholders | 165,782 | 173,314 | 176,565 | 192,534 | 201,712 |
| Growth (%) | | | | | |
| Net interest income | 10.6 | 6.3 | 10.0 | 10.2 | 9.2 |
| Non-interest income | (19.1) | (0.9) | 3.1 | 2.1 | 2.1 |
| Of which: Fees and commissions | 0.0 | (1.7) | 3.0 | 2.0 | 2.0 |
| Operating income | (0.4) | 4.1 | 8.0 | 8.0 | 7.4 |
| Operating expenses | (0.7) | 1.8 | 5.5 | 5.9 | 6.0 |
| Pre-provision operating profit | (0.2) | 5.5 | 9.4 | 9.1 | 8.1 |
| Impairment losses on loans | (1.0) | 12.6 | 23.9 | 10.0 | 14.5 |
| Operating profit | 0.1 | 2.6 | 3.1 | 8.6 | 4.7 |
| Non-operating income | 29.5 | 81.6 | 25.0 | 25.0 | 25.0 |
| Profit before tax | 0.2 | 3.0 | 3.3 | 8.8 | 5.0 |
| Tax | (1.2) | (1.9) | 8.4 | 8.8 | 5.0 |
| Minority interests | (35.4) | (1.8) | 10.0 | 10.0 | 10.0 |
| Net profit attributable to equity holders | 4.8 | 4.5 | 1.8 | 8.7 | 4.6 |
| Preference share dividend | (1.9) | 2.2 | 0.0 | 0.0 | 0.0 |
| Net profit attributable to ordinary shareholders | 5.0 | 4.5 | 1.9 | 9.0 | 4.8 |
| Per share (RMB) | | | | | |
| EPS | 0.56 | 0.59 | 0.60 | 0.65 | 0.69 |
| BVPS | 4.74 | 5.14 | 5.55 | 6.00 | 6.47 |
| DPS | 0.18 | 0.18 | 0.21 | 0.23 | 0.24 |
| Key ratio (%) | | | | | |
| Net interest margin | 1.84 | 1.90 | 1.91 | 1.93 | 1.95 |
| Net interest spread | 1.70 | 1.79 | 1.74 | 1.76 | 1.76 |
| Cost to income ratio | 35.94 | 35.13 | 34.30 | 33.65 | 33.20 |
| Return on average assets | 0.92 | 0.88 | 0.83 | 0.83 | 0.80 |
| Return on average equity | 11.86 | 11.58 | 10.95 | 11.07 | 10.77 |
| Effective tax rate | 17.01 | 16.20 | 17.00 | 17.00 | 17.00 |
| Dividend payout | 33.90 | 33.84 | 34.00 | 34.00 | 34.00 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



BOC (3988HK/601988)

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash & equivalent | 560,463 | 439,931 | 417,934 | 397,038 | 377,186 |
| Interbank assets | 2,227,614 | 2,331,053 | 2,447,606 | 2,545,510 | 2,621,875 |
| Investment securities | 4,554,722 | 5,054,551 | 5,610,552 | 6,171,607 | 6,788,767 |
| Net loans and advances | 10,644,304 | 11,515,491 | 12,386,207 | 13,339,019 | 14,278,180 |
| Total interest earning assets | 17,987,103 | 19,341,026 | 20,862,299 | 22,453,173 | 24,066,008 |
| Property and equipment | 205,614 | 227,394 | 250,133 | 275,147 | 299,910 |
| Derivative assets | 94,912 | 124,126 | 155,158 | 189,292 | 227,151 |
| Other non-interest earning assets | 1,179,795 | 1,574,729 | 1,808,264 | 2,058,945 | 2,324,380 |
| Total assets | 19,467,424 | 21,267,275 | 23,075,854 | 24,976,558 | 26,917,449 |
| Customer deposits | 13,657,924 | 14,883,596 | 16,063,743 | 17,274,981 | 18,522,729 |
| Interbank liabilities | 2,961,151 | 3,250,997 | 3,576,097 | 3,897,945 | 4,209,781 |
| Subordinated debt | 529,756 | 814,888 | 1,018,610 | 1,222,332 | 1,466,798 |
| Total interest bearing liabilities | 17,148,831 | 18,949,481 | 20,658,450 | 22,395,259 | 24,199,308 |
| Trading liabilities | 111,095 | 99,254 | 101,239 | 103,264 | 106,362 |
| Current taxes | 34,521 | 27,894 | 30,126 | 32,536 | 34,813 |
| Deferred tax liabilities | 4,018 | 4,548 | 5,094 | 5,654 | 6,219 |
| Other liabilities | 592,280 | 460,701 | 422,534 | 437,986 | 418,373 |
| Total liabilities | 17,890,745 | 19,541,878 | 21,217,442 | 22,974,698 | 24,765,076 |
| Share capital | 394,102 | 394,102 | 394,102 | 394,102 | 394,102 |
| Reserves | 1,101,914 | 1,218,878 | 1,340,651 | 1,472,970 | 1,611,352 |
| Minority interest | 80,663 | 112,417 | 123,659 | 134,788 | 146,919 |
| Total shareholders' equity | 1,576,679 | 1,725,397 | 1,858,412 | 2,001,860 | 2,152,373 |
| Growth (%) | | | | | |
| Cash & equivalent | (15.1) | (21.5) | (5.0) | (5.0) | (5.0) |
| Interbank assets | (1.9) | 4.6 | 5.0 | 4.0 | 3.0 |
| Investment securities | 14.6 | 11.0 | 11.0 | 10.0 | 10.0 |
| Net loans and advances | 9.3 | 8.2 | 7.6 | 7.7 | 7.0 |
| Total interest earning assets | 8.1 | 7.5 | 7.9 | 7.6 | 7.2 |
| Property and equipment | 5.5 | 10.6 | 10.0 | 10.0 | 9.0 |
| Derivative assets | (27.3) | 30.8 | 25.0 | 22.0 | 20.0 |
| Other non-interest earning assets | (0.3) | 33.5 | 14.8 | 13.9 | 12.9 |
| Total assets | 7.3 | 9.2 | 8.5 | 8.2 | 7.8 |
| Customer deposits | 5.6 | 9.0 | 7.9 | 7.5 | 7.2 |
| Interbank liabilities | 14.3 | 9.8 | 10.0 | 9.0 | 8.0 |
| Subordinated debt | 36.0 | 53.8 | 25.0 | 20.0 | 20.0 |
| Total interest bearing liabilities | 7.7 | 10.5 | 9.0 | 8.4 | 8.1 |
| Trading liabilities | 3.7 | (10.7) | 2.0 | 2.0 | 3.0 |
| Current taxes | 23.0 | (19.2) | 8.0 | 8.0 | 7.0 |
| Deferred tax liabilities | (10.7) | 13.2 | 12.0 | 11.0 | 10.0 |
| Other liabilities | (1.7) | (22.2) | (8.3) | 3.7 | (4.5) |
| Total liabilities | 7.4 | 9.2 | 8.6 | 8.3 | 7.8 |
| Share capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reserves | 8.3 | 10.6 | 10.0 | 9.9 | 9.4 |
| Minority interest | 7.0 | 39.4 | 10.0 | 9.0 | 9.0 |
| Shareholders' equity | 6.0 | 9.4 | 7.7 | 7.7 | 7.5 |
| Key ratio (%) | | | | | |
| CT1 CAR | 11.15 | 11.41 | 11.47 | 11.44 | 11.44 |
| Total CAR | 14.19 | 14.97 | 15.46 | 15.66 | 15.95 |
| NPL ratio | 1.45 | 1.42 | 1.46 | 1.52 | 1.58 |
| Provision to total loans | 2.77 | 3.07 | 2.99 | 3.06 | 3.18 |
| Provision coverage ratio | 159.18 | 181.97 | 204.79 | 201.32 | 201.27 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



BoCom (3328HK/601328CH)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|
| Net interest income | 124,873 | 130,908 | 143,033 | 155,623 | 170,353 |
| Non-interest income | 71,647 | 82,147 | 87,125 | 94,363 | 103,100 |
| Of which: Fees and commissions | 40,551 | 41,237 | 43,356 | 46,408 | 50,268 |
| Operating income | 196,520 | 213,055 | 230,158 | 249,986 | 273,453 |
| Operating expenses | (81,786) | (83,474) | (92,017) | (100,985) | (109,959) |
| Pre-provision operating profit | 114,734 | 129,581 | 138,141 | 149,000 | 163,494 |
| Impairment losses on loans | (31,469) | (43,514) | (48,486) | (55,552) | (61,895) |
| Profit before tax | 83,265 | 86,067 | 89,655 | 93,448 | 101,599 |
| Tax | (12,574) | (11,902) | (12,552) | (13,083) | (14,224) |
| Minorities interests | 468 | 535 | 535 | 535 | 535 |
| Net profit attributable to equity holders | 70,223 | 73,630 | 76,568 | 79,831 | 86,840 |
| Preference share dividend | 2,551 | 2,681 | 2,681 | 2,681 | 2,681 |
| Net profit attributable to ordinary shareholders | 67,672 | 70,949 | 73,888 | 77,150 | 84,160 |
| Growth (%) | | | | | |
| Net interest income | (7.4) | 4.8 | 9.3 | 8.8 | 9.5 |
| Non-interest income | 21.0 | 14.7 | 6.1 | 8.3 | 9.3 |
| Of which: Fees and commissions | 10.2 | 1.7 | 5.1 | 7.0 | 8.3 |
| Operating income | 1.3 | 8.4 | 8.0 | 8.6 | 9.4 |
| Operating expenses | 2.9 | 2.1 | 10.2 | 9.7 | 8.9 |
| Pre-provision operating profit | 0.1 | 12.9 | 6.6 | 7.9 | 9.7 |
| Impairment losses on loans | 10.5 | 38.3 | 11.4 | 14.6 | 11.4 |
| Profit before tax | (3.3) | 3.4 | 4.2 | 4.2 | 8.7 |
| Tax | (31.9) | (5.3) | 5.5 | 4.2 | 8.7 |
| Minorities & other dilutions | 6.1 | 14.3 | 0.0 | 0.0 | 0.0 |
| Net profit attributable to equity holders | 4.5 | 4.9 | 4.0 | 4.3 | 8.8 |
| Preference share dividend | (5.3) | 5.1 | 0.0 | 0.0 | 0.0 |
| Net profit attributable to ordinary shareholders | 4.9 | 4.8 | 4.1 | 4.4 | 9.1 |
| Per share (RMB) | | | | | |
| EPS | 0.91 | 0.96 | 0.99 | 1.04 | 1.13 |
| BVPS | 8.23 | 8.60 | 9.33 | 10.08 | 10.91 |
| DPS | 0.29 | 0.00 | 0.31 | 0.32 | 0.35 |
| Key ratio (%) | | | | | |
| Net interest margin | 1.51 | 1.51 | 1.52 | 1.54 | 1.58 |
| Net interest spread | 1.40 | 1.39 | 1.35 | 1.38 | 1.38 |
| Cost to income ratio | 41.62 | 39.18 | 39.98 | 40.40 | 40.21 |
| Return on average assets | 0.81 | 0.80 | 0.78 | 0.76 | 0.77 |
| Return on average equity | 11.44 | 11.36 | 10.56 | 10.23 | 10.35 |
| Effective tax rate | 15.10 | 13.83 | 14.00 | 14.00 | 14.00 |
| Dividend payout | 30.20 | - | 30.00 | 30.00 | 30.00 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



BoCom (3328HK/601328CH)

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|------------------|------------------|-------------------|-------------------|-------------------|
| Cash & equivalent | 938,571 | 840,171 | 798,162 | 758,254 | 720,342 |
| Interbank assets | 782,468 | 848,067 | 915,912 | 989,185 | 1,068,320 |
| Investment securities | 2,528,276 | 2,821,909 | 3,160,538 | 3,539,803 | 3,929,181 |
| Net loans and advances | 4,473,255 | 4,742,372 | 4,973,449 | 5,206,843 | 5,465,888 |
| Total interest earning assets | 8,722,570 | 9,252,519 | 9,848,062 | 10,494,086 | 11,183,730 |
| Property and equipment | 132,492 | 153,286 | 176,279 | 200,958 | 227,082 |
| Other non-interest earning assets | 183,192 | 125,366 | 136,029 | 147,500 | 159,902 |
| Total assets | 9,038,254 | 9,531,171 | 10,160,370 | 10,842,544 | 11,570,715 |
| Customer deposits | 5,545,366 | 5,724,489 | 6,061,685 | 6,391,012 | 6,710,930 |
| Interbank liabilities | 2,106,192 | 2,162,293 | 2,227,162 | 2,293,977 | 2,362,796 |
| Subordinated debt | 287,662 | 317,688 | 365,341 | 401,875 | 442,063 |
| Total interest bearing liabilities | 7,939,220 | 8,204,470 | 8,654,188 | 9,086,864 | 9,515,789 |
| Trading liabilities | 60,308 | 51,214 | 46,093 | 41,483 | 37,335 |
| Current taxes | 7,943 | 2,279 | 2,552 | 2,833 | 3,117 |
| Deferred tax liabilities | 520 | 598 | 688 | 791 | 902 |
| Other liabilities | 353,992 | 567,302 | 695,437 | 890,562 | 1,129,465 |
| Total liabilities | 8,361,983 | 8,825,863 | 9,398,958 | 10,022,534 | 10,686,607 |
| Share capital | 134,139 | 134,139 | 134,139 | 134,139 | 134,139 |
| Reserves | 537,004 | 564,266 | 618,299 | 674,654 | 735,948 |
| Minorities | 5,128 | 6,903 | 8,974 | 11,217 | 14,022 |
| Shareholder's equity | 676,271 | 705,308 | 761,412 | 820,010 | 884,108 |
| Growth (%) | | | | | |
| Cash & equivalent | (5.3) | (10.5) | (5.0) | (5.0) | (5.0) |
| Interbank assets | 9.3 | 8.4 | 8.0 | 8.0 | 8.0 |
| Investment securities | 12.2 | 11.6 | 12.0 | 12.0 | 11.0 |
| Net loans and advances | 11.6 | 6.0 | 4.9 | 4.7 | 5.0 |
| Total interest earning assets | 9.5 | 6.1 | 6.4 | 6.6 | 6.6 |
| Property and equipment | 15.8 | 15.7 | 15.0 | 14.0 | 13.0 |
| Other non-interest earning assets | (42.8) | (31.6) | 8.5 | 8.4 | 8.4 |
| Total assets | 7.6 | 5.5 | 6.6 | 6.7 | 6.7 |
| Customer deposits | 17.3 | 3.2 | 5.9 | 5.4 | 5.0 |
| Due to other banks & FIs | (5.6) | 2.7 | 3.0 | 3.0 | 3.0 |
| Subordinated debt | 25.3 | 10.4 | 15.0 | 10.0 | 10.0 |
| Total interest bearing liabilities | 10.4 | 3.3 | 5.5 | 5.0 | 4.7 |
| Trading liabilities | (28.5) | (15.1) | (10.0) | (10.0) | (10.0) |
| Current taxes | 53.8 | (71.3) | 12.0 | 11.0 | 10.0 |
| Deferred tax liabilities | 258.6 | 15.0 | 15.0 | 15.0 | 14.0 |
| Other liabilities | (28.0) | 60.3 | 22.6 | 28.1 | 26.8 |
| Total liabilities | 7.6 | 5.5 | 6.5 | 6.6 | 6.6 |
| Share capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reserves | 8.5 | 5.1 | 9.6 | 9.1 | 9.1 |
| Minorities | 57.1 | 34.6 | 30.0 | 25.0 | 25.0 |
| Shareholder's equity | 6.9 | 4.3 | 8.0 | 7.7 | 7.8 |
| Key ratio (%) | | | | | |
| CT1 CAR | 10.79 | 11.16 | 11.67 | 11.78 | 11.90 |
| Total CAR | 14.00 | 14.37 | 15.07 | 15.13 | 15.22 |
| NPL ratio | 1.50 | 1.49 | 1.53 | 1.58 | 1.63 |
| Provision to total loans | 2.31 | 2.30 | 2.42 | 2.58 | 2.65 |
| Provision coverage ratio | 154.73 | 173.13 | 178.17 | 183.29 | 182.58 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



CMB (3968HK/600036CH)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|
| Net interest income | 144,852 | 160,384 | 178,296 | 194,759 | 211,313 |
| Non-interest income | 75,187 | 86,751 | 93,938 | 101,653 | 110,051 |
| Of which: Fees and commissions | 64,018 | 66,480 | 71,235 | 76,679 | 82,580 |
| Operating income | 220,039 | 247,135 | 272,235 | 296,412 | 321,364 |
| Operating expenses | (70,431) | (81,110) | (91,176) | (101,185) | (110,922) |
| Pre-provision operating profit | 149,608 | 166,025 | 181,059 | 195,227 | 210,442 |
| Impairment losses on loans | (59,926) | (60,837) | (61,132) | (63,073) | (61,890) |
| Operating profit | 89,682 | 105,188 | 119,926 | 132,154 | 148,552 |
| Non-operating income | 998 | 1,309 | 1,636 | 1,996 | 2,395 |
| Profit before tax | 90,680 | 106,497 | 121,563 | 134,150 | 150,948 |
| Tax | (20,042) | (25,678) | (29,175) | (32,196) | (36,227) |
| Minority interests | (488) | (259) | (298) | (343) | (394) |
| Net profit attributable to equity holders | 70,150 | 80,560 | 92,090 | 101,611 | 114,326 |
| Preference share dividend | 0 | 1,650 | 1,650 | 1,650 | 1,650 |
| Net profit attributable to ordinary shareholders | 70,150 | 78,910 | 90,440 | 99,961 | 112,676 |
| Growth (%) | | | | | |
| Net interest income | 7.6 | 10.7 | 11.2 | 9.2 | 8.5 |
| Of which: Fees and commissions | 5.2 | 3.8 | 7.2 | 7.6 | 7.7 |
| Operating income | 4.8 | 12.3 | 10.2 | 8.9 | 8.4 |
| Operating expenses | 8.1 | 15.2 | 12.4 | 11.0 | 9.6 |
| Pre-provision operating profit | 3.3 | 11.0 | 9.1 | 7.8 | 7.8 |
| Impairment losses on loans | (9.4) | 1.5 | 0.5 | 3.2 | (1.9) |
| Operating profit | 14.0 | 17.3 | 14.0 | 10.2 | 12.4 |
| Non-operating income | 210.9 | 31.2 | 25.0 | 22.0 | 20.0 |
| Profit before tax | 14.8 | 17.4 | 14.1 | 10.4 | 12.5 |
| Tax | 20.9 | 28.1 | 13.6 | 10.4 | 12.5 |
| Minority interests | 63.2 | (46.9) | 15.0 | 15.0 | 15.0 |
| Net profit attributable to equity holders | 13.0 | 14.8 | 14.3 | 10.3 | 12.5 |
| Preference share dividend | na | na | 0.0 | 0.0 | 0.0 |
| Net profit attributable to ordinary shareholders | 13.0 | 12.5 | 14.6 | 10.5 | 12.7 |
| Per share (RMB) | | | | | |
| EPS | 2.78 | 3.13 | 3.65 | 4.03 | 4.53 |
| BVPS | 19.04 | 20.07 | 24.09 | 27.00 | 30.31 |
| DPS | 0.84 | 0.94 | 1.16 | 1.27 | 1.43 |
| Key ratio (%) | | | | | |
| Net interest margin | 2.43 | 2.57 | 2.59 | 2.63 | 2.69 |
| Net interest spread | 2.29 | 2.44 | 2.44 | 2.48 | 2.53 |
| Cost to income ratio | 32.01 | 32.82 | 33.49 | 34.14 | 34.52 |
| Return on average assets | 1.15 | 1.24 | 1.31 | 1.35 | 1.41 |
| Return on average equity | 15.90 | 15.79 | 16.05 | 15.77 | 15.82 |
| Effective tax rate | 22.10 | 24.11 | 24.00 | 24.00 | 24.00 |
| Dividend payout | 30.20 | 29.43 | 30.00 | 30.00 | 30.00 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



CMB (3968HK/600036CH)

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|------------------|------------------|------------------|------------------|------------------|
| Cash & equivalent | 702,646 | 600,180 | 574,493 | 554,661 | 541,153 |
| Interbank assets | 407,178 | 512,797 | 607,101 | 700,527 | 808,375 |
| Investment securities | 1,597,272 | 1,705,619 | 1,790,900 | 1,880,445 | 1,974,467 |
| Net loans and advances | 3,414,612 | 3,741,139 | 4,095,016 | 4,439,970 | 4,787,768 |
| Total interest earning assets | 6,121,708 | 6,559,735 | 7,067,510 | 7,575,603 | 8,111,763 |
| Property and equipment | 51,424 | 58,267 | 65,259 | 72,438 | 79,681 |
| Other non-interest earning assets | 124,506 | 127,727 | 146,337 | 166,575 | 187,365 |
| Total assets | 6,297,638 | 6,745,729 | 7,279,107 | 7,814,615 | 8,378,810 |
| Customer deposits | 4,064,345 | 4,400,674 | 4,810,377 | 5,230,208 | 5,666,106 |
| Interbank liabilities | 1,252,310 | 1,150,156 | 1,092,648 | 1,038,016 | 986,115 |
| Subordinated debt | 296,477 | 424,926 | 509,911 | 586,398 | 674,358 |
| Total interest bearing liabilities | 5,661,608 | 6,056,470 | 6,509,793 | 6,966,007 | 7,449,102 |
| Current taxes | 26,701 | 20,411 | 21,432 | 22,503 | 23,628 |
| Deferred tax liabilities | 1,070 | 1,211 | 1,356 | 1,506 | 1,506 |
| Other liabilities | 124,867 | 124,032 | 135,139 | 139,440 | 135,489 |
| Total liabilities | 5,814,246 | 6,202,124 | 6,667,720 | 7,129,456 | 7,609,724 |
| Share capital | 59,285 | 59,285 | 59,285 | 59,285 | 59,285 |
| Reserves | 420,925 | 480,833 | 548,266 | 621,656 | 705,159 |
| Minorities | 3,182 | 3,487 | 3,836 | 4,219 | 4,641 |
| Shareholder's equity | 483,392 | 543,605 | 611,387 | 685,160 | 769,085 |
| Growth (%) | | | | | |
| Cash & equivalent | (0.1) | (14.6) | (4.3) | (3.5) | (2.4) |
| Interbank assets | (15.0) | 25.9 | 18.4 | 15.4 | 15.4 |
| Investment securities | 9.4 | 6.8 | 5.0 | 5.0 | 5.0 |
| Net loans and advances | 8.3 | 9.6 | 9.5 | 8.4 | 7.8 |
| Total interest earning assets | 5.7 | 7.2 | 7.7 | 7.2 | 7.1 |
| Property and equipment | 12.9 | 13.3 | 12.0 | 11.0 | 10.0 |
| Other non-interest earning assets | 20.9 | 2.6 | 14.6 | 13.8 | 12.5 |
| Total assets | 6.0 | 7.1 | 7.9 | 7.4 | 7.2 |
| Customer deposits | 1.5 | 12.6 | 11.8 | 10.9 | 10.3 |
| Due to other banks & FIs | 7.8 | 43.3 | 20.0 | 15.0 | 15.0 |
| Subordinated debt | 4.7 | 7.0 | 7.5 | 7.0 | 6.9 |
| Total interest bearing liabilities | 4.7 | 7.0 | 7.5 | 7.0 | 6.9 |
| Current taxes | 36.8 | (23.6) | 5.0 | 5.0 | 5.0 |
| Deferred tax liabilities | 19.3 | 13.2 | 12.0 | 11.0 | 0.0 |
| Other liabilities | 14.4 | (0.7) | 9.0 | 3.2 | (2.8) |
| Total liabilities | 5.0 | 6.7 | 7.5 | 6.9 | 6.7 |
| Share capital | 135.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reserves | 11.6 | 14.2 | 14.0 | 13.4 | 13.4 |
| Minorities | 214.4 | 9.6 | 10.0 | 10.0 | 10.0 |
| Shareholder's equity | 19.8 | 12.5 | 12.5 | 12.1 | 12.2 |
| Key ratio (%) | | | | | |
| CT1 CAR | 12.06 | 11.78 | 11.84 | 12.11 | 12.60 |
| Total CAR | 15.48 | 15.68 | 14.65 | 14.78 | 15.17 |
| NPL ratio | 1.61 | 1.36 | 1.40 | 1.46 | 1.50 |
| Provision to total loans | 4.22 | 4.88 | 5.00 | 5.11 | 5.16 |
| Provision coverage ratio | 262.11 | 358.18 | 357.14 | 350.00 | 344.00 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



MSB (1988HK,600016CH)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|
| Net interest income | 86,552 | 76,680 | 81,854 | 90,308 | 96,925 |
| Non-interest income | 55,395 | 77,481 | 83,741 | 89,401 | 93,786 |
| Of which: Fees and commissions | 47,742 | 48,131 | 51,609 | 54,795 | 57,448 |
| Operating income | 141,947 | 154,161 | 165,596 | 179,709 | 190,711 |
| Operating expenses | (43,895) | (45,938) | (48,245) | (50,207) | (52,248) |
| Amortization | (3,350) | (3,118) | (2,962) | (2,814) | (2,673) |
| Pre-provision operating profit | 94,702 | 105,105 | 114,388 | 126,688 | 135,790 |
| Impairment loans losses | (34,140) | (46,320) | (52,623) | (61,150) | (67,093) |
| Profit before tax | 60,562 | 58,785 | 61,766 | 65,538 | 68,697 |
| Tax | (9,640) | (8,455) | (9,265) | (9,831) | (10,304) |
| Minority interests | (1,109) | (3) | (4) | (5) | (6) |
| Net profit attributable to equity holders | 49,813 | 50,327 | 52,497 | 55,702 | 58,386 |
| Preference share dividend | 523 | 529 | 529 | 529 | 529 |
| Net profit attributable to ordinary shareholders | 49,290 | 49,798 | 51,968 | 55,173 | 57,857 |
| Growth (%) | | | | | |
| Net interest income | (8.6) | (11.4) | 6.7 | 10.3 | 7.3 |
| Non-interest income | (6.7) | 39.9 | 8.1 | 6.8 | 4.9 |
| Of which: Fees and commissions | (8.6) | 0.8 | 7.2 | 6.2 | 4.8 |
| Operating income | (7.9) | 8.6 | 7.4 | 8.5 | 6.1 |
| Operating expenses | (10.2) | 4.7 | 5.0 | 4.1 | 4.1 |
| Amortization | (5.2) | (6.9) | (5.0) | (5.0) | (5.0) |
| Pre-provision operating profit | (6.8) | 11.0 | 8.8 | 10.8 | 7.2 |
| Impairment loans losses | (17.5) | 35.7 | 13.6 | 16.2 | 9.7 |
| Profit before tax | 0.5 | (2.9) | 5.1 | 6.1 | 4.8 |
| Tax | (16.0) | (12.3) | 9.6 | 6.1 | 4.8 |
| Minority interests | 18.6 | (99.7) | 25.0 | 25.0 | 25.0 |
| Net profit attributable to equity holders | 4.1 | 1.0 | 4.3 | 6.1 | 4.8 |
| Preference share dividend | 2,452.9 | 1.2 | 0.0 | 0.0 | 0.0 |
| Net profit attributable to ordinary shareholders | 3.1 | 1.0 | 4.4 | 6.2 | 4.9 |
| Per share (RMB) | | | | | |
| EPS | 1.13 | 1.14 | 1.19 | 1.26 | 1.32 |
| BVPS | 8.43 | 9.37 | 10.21 | 11.11 | 12.04 |
| DPS | 0.14 | 0.36 | 0.37 | 0.39 | 0.41 |
| Key ratio (%) | | | | | |
| Net interest margin | 1.50 | 1.73 | 1.86 | 1.91 | 1.93 |
| Net interest spread | 1.35 | 1.64 | 1.71 | 1.75 | 1.77 |
| Cost to income ratio | 30.92 | 29.80 | 29.13 | 27.94 | 27.40 |
| Return on average assets | 0.84 | 0.85 | 0.85 | 0.84 | 0.83 |
| Return on average equity | 13.81 | 12.60 | 11.97 | 11.69 | 11.30 |
| Effective tax rate | 15.92 | 14.38 | 15.00 | 15.00 | 15.00 |
| Dividend payout | 10.99 | 30.01 | 30.00 | 30.00 | 30.00 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



MSB (1988HK,600016CH)

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|------------------|------------------|------------------|------------------|------------------|
| Cash & equivalent | 442,938 | 389,281 | 378,826 | 376,119 | 379,344 |
| Interbank assets | 271,274 | 337,869 | 387,758 | 441,248 | 502,286 |
| Investment securities | 2,154,631 | 1,970,017 | 2,068,518 | 2,171,944 | 2,280,541 |
| Net loans and advances | 2,729,788 | 2,985,530 | 3,238,601 | 3,501,324 | 3,775,884 |
| Total interest earning assets | 5,598,631 | 5,682,697 | 6,073,703 | 6,490,635 | 6,938,055 |
| Property and equipment | 48,338 | 48,765 | 49,253 | 49,745 | 50,243 |
| Other non-interest earning assets | 255,117 | 263,360 | 278,855 | 298,052 | 324,194 |
| Total assets | 5,902,086 | 5,994,822 | 6,401,811 | 6,838,432 | 7,312,491 |
| Customer deposits | 2,966,311 | 3,167,292 | 3,387,797 | 3,643,627 | 3,913,128 |
| Interbank liabilities | 1,798,165 | 1,521,226 | 1,597,287 | 1,677,152 | 1,761,009 |
| Subordinated debt | 501,927 | 674,523 | 775,701 | 853,272 | 955,664 |
| Total interest bearing liabilities | 5,266,403 | 5,363,041 | 5,760,786 | 6,174,050 | 6,629,802 |
| Current taxes | 11,807 | 8,728 | 10,037 | 11,442 | 12,930 |
| Other liabilities | 234,064 | 192,052 | 162,854 | 145,409 | 120,932 |
| Total liabilities | 5,512,274 | 5,563,821 | 5,933,677 | 6,330,901 | 6,763,664 |
| Share capital | 46,377 | 53,674 | 53,674 | 53,674 | 53,674 |
| Reserves | 332,593 | 366,400 | 403,315 | 442,489 | 483,558 |
| Minorities | 10,842 | 10,927 | 11,146 | 11,368 | 11,596 |
| Shareholder's equity | 389,812 | 431,001 | 468,134 | 507,531 | 548,828 |
| Growth (%) | | | | | |
| Cash & equivalent | (15.5) | (12.1) | (2.7) | (0.7) | 0.9 |
| Interbank assets | (41.3) | 24.5 | 14.8 | 13.8 | 13.8 |
| Investment securities | (2.7) | (8.6) | 5.0 | 5.0 | 5.0 |
| Net loans and advances | 13.9 | 9.4 | 8.5 | 8.1 | 7.8 |
| Total interest earning assets | 0.0 | 1.5 | 6.9 | 6.9 | 6.9 |
| Property and equipment | 4.7 | 0.9 | 1.0 | 1.0 | 1.0 |
| Other non-interest earning assets | 1.4 | 3.2 | 5.9 | 6.9 | 8.8 |
| Total assets | 0.1 | 1.6 | 6.8 | 6.8 | 6.9 |
| Customer deposits | (3.8) | 6.8 | 7.0 | 7.6 | 7.4 |
| Interbank liabilities | (2.6) | (15.4) | 5.0 | 5.0 | 5.0 |
| Subordinated debt | 26.0 | 34.4 | 15.0 | 10.0 | 12.0 |
| Total interest bearing liabilities | (1.1) | 1.8 | 7.4 | 7.2 | 7.4 |
| Current taxes | 42.0 | (26.1) | 15.0 | 14.0 | 13.0 |
| Other liabilities | 12.0 | (17.9) | (15.2) | (10.7) | (16.8) |
| Total liabilities | (0.6) | 0.9 | 6.6 | 6.7 | 6.8 |
| Share capital | 0.0 | 15.7 | 0.0 | 0.0 | 0.0 |
| Reserves | 12.3 | 10.2 | 10.1 | 9.7 | 9.3 |
| Minorities | 14.9 | 0.8 | 2.0 | 2.0 | 2.0 |
| Shareholder's equity | 10.7 | 10.6 | 8.6 | 8.4 | 8.1 |
| Key ratio (%) | | | | | |
| CT1 CAR | 8.63 | 8.93 | 9.10 | 9.28 | 9.42 |
| Total CAR | 11.85 | 11.75 | 12.81 | 13.11 | 13.43 |
| NPL ratio | 1.71 | 1.76 | 1.80 | 1.86 | 1.90 |
| Provision to total loans | 2.66 | 2.36 | 2.45 | 2.56 | 2.67 |
| Provision coverage ratio | 155.61 | 134.05 | 136.11 | 137.63 | 140.53 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



CITICB (998HK/601998CH)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|
| Net interest income | 99,645 | 104,772 | 119,120 | 132,765 | 147,796 |
| Non-interest income | 57,586 | 60,994 | 62,809 | 64,708 | 66,429 |
| Of which: Fees and commissions | 46,858 | 45,148 | 45,709 | 46,396 | 46,908 |
| Operating income | 157,231 | 165,766 | 181,929 | 197,473 | 214,225 |
| Operating expenses | (48,913) | (52,600) | (56,540) | (60,803) | (64,926) |
| Pre-provision operating profit | 108,318 | 113,166 | 125,389 | 136,669 | 149,299 |
| Impairment losses on loans | (55,787) | (58,233) | (65,005) | (71,652) | (79,764) |
| Operating profit | 52,531 | 54,933 | 60,383 | 65,017 | 69,536 |
| Non-operating income | (255) | (607) | (698) | (803) | (923) |
| Profit before tax | 52,276 | 54,326 | 59,685 | 64,214 | 68,613 |
| Tax | (9,398) | (8,950) | (11,937) | (12,843) | (13,723) |
| Minorities interests | 312 | 863 | 992 | 1,141 | 1,313 |
| Net profit attributable to equity holders | 42,566 | 44,513 | 46,756 | 50,230 | 53,578 |
| Preference share dividend | 1,330 | 1,330 | 1,330 | 1,330 | 1,330 |
| Net profit attributable to ordinary shareholders | 41,236 | 43,183 | 45,426 | 48,900 | 52,248 |
| Growth (%) | | | | | |
| Net interest income | (6.1) | 5.1 | 13.7 | 11.5 | 11.3 |
| Non-interest income | 19.9 | 5.9 | 3.0 | 3.0 | 2.7 |
| Of which: Fees and commissions | 10.8 | (3.6) | 1.2 | 1.5 | 1.1 |
| Operating income | 2.0 | 5.4 | 9.8 | 8.5 | 8.5 |
| Operating expenses | 3.5 | 7.5 | 7.5 | 7.5 | 6.8 |
| Pre-provision operating profit | 1.3 | 4.5 | 10.8 | 9.0 | 9.2 |
| Impairment losses on loans | 6.7 | 4.4 | 11.6 | 10.2 | 11.3 |
| Operating profit | (3.8) | 4.6 | 9.9 | 7.7 | 7.0 |
| Non-operating income | (2,933.3) | 138.0 | 15.0 | 15.0 | 15.0 |
| Profit before tax | (4.3) | 3.9 | 9.9 | 7.6 | 6.8 |
| Tax | (26.7) | (4.8) | 33.4 | 7.6 | 6.8 |
| Minorities interests | 98.7 | 176.6 | 15.0 | 15.0 | 15.0 |
| Net profit attributable to equity holders | 2.3 | 4.6 | 5.0 | 7.4 | 6.7 |
| Preference share dividend | na | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit attributable to ordinary shareholders | (0.9) | 4.7 | 5.2 | 7.6 | 6.8 |
| Per share (RMB) | | | | | |
| EPS | 0.84 | 0.88 | 0.93 | 1.00 | 1.07 |
| BVPS | 7.45 | 8.21 | 8.89 | 9.62 | 10.39 |
| DPS | 0.26 | 0.27 | 0.29 | 0.31 | 0.33 |
| Key ratio (%) | | | | | |
| Net interest margin | 1.79 | 1.94 | 1.98 | 2.01 | 2.04 |
| Net interest spread | 1.64 | 1.85 | 1.79 | 1.81 | 1.84 |
| Cost to income ratio | 31.11 | 31.73 | 31.08 | 30.79 | 30.31 |
| Return on average assets | 0.73 | 0.76 | 0.74 | 0.73 | 0.71 |
| Return on average equity | 10.93 | 10.65 | 10.31 | 10.30 | 10.21 |
| Effective tax rate | 17.98 | 20.00 | 20.00 | 20.00 | 20.00 |
| Dividend payout | 30.01 | 30.00 | 30.00 | 30.00 | 30.00 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



CITICB (998HK/601998CH)

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|------------------|------------------|------------------|------------------|------------------|
| Cash & equivalent | 568,300 | 538,513 | 543,898 | 549,337 | 554,830 |
| Interbank assets | 351,045 | 286,103 | 279,171 | 271,532 | 264,828 |
| Investment securities | 1,445,298 | 1,585,062 | 1,743,568 | 1,917,925 | 2,090,538 |
| Net loans and advances | 3,105,984 | 3,507,312 | 3,887,526 | 4,301,703 | 4,737,517 |
| Total interest earning assets | 5,470,627 | 5,916,990 | 6,454,164 | 7,040,497 | 7,647,714 |
| Property and equipment | 21,330 | 21,385 | 22,027 | 22,687 | 23,595 |
| Trading assets | 65,451 | 31,991 | 28,792 | 26,489 | 25,164 |
| Other non-interest earning assets | 120,283 | 96,348 | 101,629 | 107,206 | 113,363 |
| Total assets | 5,677,691 | 6,066,714 | 6,606,611 | 7,196,879 | 7,809,836 |
| Customer deposits | 3,407,636 | 3,616,423 | 3,894,405 | 4,223,098 | 4,599,942 |
| Interbank liabilities | 1,010,102 | 1,017,937 | 1,119,731 | 1,209,309 | 1,293,961 |
| Subordinated debt | 441,244 | 552,483 | 690,604 | 828,725 | 953,033 |
| Total interest bearing liabilities | 4,858,982 | 5,186,843 | 5,704,739 | 6,261,131 | 6,846,936 |
| Trading liabilities | 64,937 | 31,646 | 28,481 | 26,203 | 24,893 |
| Current taxes | 8,858 | 4,920 | 5,510 | 6,117 | 6,728 |
| Other liabilities | 332,481 | 390,219 | 378,222 | 374,544 | 360,698 |
| Total liabilities | 5,265,258 | 5,613,628 | 6,116,953 | 6,667,994 | 7,239,255 |
| Share capital | 83,890 | 83,890 | 83,890 | 83,890 | 83,890 |
| Reserve | 315,748 | 352,771 | 386,058 | 421,737 | 459,712 |
| Minorities | 12,795 | 16,425 | 19,710 | 23,258 | 26,979 |
| Shareholder's equity | 412,433 | 453,086 | 489,658 | 528,885 | 570,581 |
| Growth (%) | | | | | |
| Cash & equivalent | 2.7 | (5.2) | 1.0 | 1.0 | 1.0 |
| Interbank assets | (35.8) | (18.5) | (2.4) | (2.7) | (2.5) |
| Investment securities | (22.0) | 9.7 | 10.0 | 10.0 | 9.0 |
| Net loans and advances | 10.8 | 12.9 | 10.8 | 10.7 | 10.1 |
| Total interest earning assets | (4.9) | 8.2 | 9.1 | 9.1 | 8.6 |
| Property and equipment | 19.6 | 0.3 | 3.0 | 3.0 | 4.0 |
| Trading assets | 38.2 | (51.1) | (10.0) | (8.0) | (5.0) |
| Other non-interest earning assets | 8.5 | (19.9) | 5.5 | 5.5 | 5.7 |
| Total assets | (4.3) | 6.9 | 8.9 | 8.9 | 8.5 |
| Customer deposits | (6.4) | 6.1 | 7.7 | 8.4 | 8.9 |
| Interbank liabilities | (14.8) | 0.8 | 10.0 | 8.0 | 7.0 |
| Subordinated debt | 14.0 | 25.2 | 25.0 | 20.0 | 15.0 |
| Total interest bearing liabilities | (6.8) | 6.7 | 10.0 | 9.8 | 9.4 |
| Trading liabilities | 44.1 | (51.3) | (10.0) | (8.0) | (5.0) |
| Current taxes | 39.2 | (44.5) | 12.0 | 11.0 | 10.0 |
| Other liabilities | 17.3 | 17.4 | (3.1) | (1.0) | (3.7) |
| Total liabilities | (5.1) | 6.6 | 9.0 | 9.0 | 8.6 |
| Share capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reserve | 6.9 | 11.7 | 9.4 | 9.2 | 9.0 |
| Minorities | 142.7 | 28.4 | 20.0 | 18.0 | 16.0 |
| Shareholder's equity | 7.3 | 9.9 | 8.1 | 8.0 | 7.9 |
| Key ratio (%) | | | | | |
| CT1 CAR | 8.49 | 8.62 | 8.69 | 8.63 | 8.60 |
| Total CAR | 11.65 | 12.47 | 12.57 | 12.33 | 12.15 |
| NPL ratio | 1.68 | 1.77 | 1.78 | 1.85 | 1.90 |
| Provision to total loans | 2.84 | 2.80 | 2.90 | 2.95 | 3.00 |
| Provision coverage ratio | 169.44 | 157.98 | 162.92 | 159.46 | 157.89 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



CEB (6818HK/601818CH)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|---------------|----------------|----------------|----------------|----------------|
| Net interest income | 60,950 | 61,043 | 65,253 | 70,952 | 79,055 |
| Non-interest income | 31,068 | 49,343 | 57,444 | 65,460 | 73,562 |
| Of which: Fees and commissions | 30,774 | 36,894 | 44,082 | 51,209 | 58,355 |
| Operating income | 92,018 | 110,386 | 122,698 | 136,411 | 152,618 |
| Operating expenses | (30,802) | (33,706) | (37,113) | (40,546) | (43,804) |
| Pre-provision operating profit | 61,216 | 76,680 | 85,585 | 95,865 | 108,814 |
| Impairment loans losses | (20,570) | (35,828) | (43,021) | (50,185) | (59,377) |
| Profit before tax | 40,646 | 40,852 | 42,564 | 45,680 | 49,437 |
| Tax | (9,035) | (7,131) | (7,023) | (7,537) | (8,157) |
| Minority interests | (66) | (62) | (69) | (77) | (85) |
| Net profit attributable to equity holders | 31,545 | 33,659 | 35,471 | 38,066 | 41,195 |
| Preference share dividend | 1,450 | 1,450 | 1,450 | 1,450 | 1,450 |
| Net profit attributable to ordinary shareholders | 30,095 | 32,209 | 34,021 | 36,616 | 39,745 |
| Growth (%) | | | | | |
| Net interest income | (6.6) | 0.2 | 6.9 | 8.7 | 11.4 |
| Non-interest income | 6.8 | 58.8 | 16.4 | 14.0 | 12.4 |
| Of which: Fees and commissions | 9.5 | 19.9 | 19.5 | 16.2 | 14.0 |
| Operating income | (2.5) | 20.0 | 11.2 | 11.2 | 11.9 |
| Operating expenses | 1.8 | 9.4 | 10.1 | 9.3 | 8.0 |
| Pre-provision operating profit | (4.5) | 25.3 | 11.6 | 12.0 | 13.5 |
| Impairment loans losses | (14.0) | 74.2 | 20.1 | 16.7 | 18.3 |
| Profit before tax | 1.2 | 0.5 | 4.2 | 7.3 | 8.2 |
| Tax | (7.7) | (21.1) | (1.5) | 7.3 | 8.2 |
| Minority interests | 11.9 | (6.1) | 12.0 | 11.0 | 10.0 |
| Net profit attributable to equity holders | 4.0 | 6.7 | 5.4 | 7.3 | 8.2 |
| Preference share dividend | 36.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit attributable to ordinary shareholders | 2.8 | 7.0 | 5.6 | 7.6 | 8.5 |
| Per share (RMB) | | | | | |
| EPS | 0.61 | 0.61 | 0.65 | 0.70 | 0.76 |
| BVPS | 5.14 | 5.55 | 5.97 | 6.52 | 7.11 |
| DPS | 0.21 | 0.19 | 0.20 | 0.21 | 0.22 |
| Key ratio (%) | | | | | |
| Net interest margin | 1.52 | 1.54 | 1.56 | 1.57 | 1.59 |
| Net interest spread | 1.32 | 1.48 | 1.52 | 1.54 | 1.59 |
| Cost to income ratio | 33.47 | 30.53 | 30.25 | 29.72 | 28.70 |
| Return on average assets | 0.78 | 0.80 | 0.77 | 0.74 | 0.73 |
| Return on average equity | 11.36 | 10.75 | 10.59 | 10.50 | 10.49 |
| Effective tax rate | 22.23 | 17.46 | 16.50 | 16.50 | 16.50 |
| Dividend payout | 30.12 | 25.11 | 25.00 | 25.00 | 25.00 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



CEB (6818HK/601818CH)

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|------------------|------------------|------------------|------------------|------------------|
| Cash & equivalent | 353,703 | 366,575 | 359,438 | 371,461 | 377,244 |
| Interbank assets | 285,011 | 175,463 | 158,078 | 145,316 | 136,638 |
| Investment securities | 1,302,449 | 1,316,292 | 1,447,921 | 1,563,755 | 1,673,218 |
| Net loans and advances | 1,980,818 | 2,354,120 | 2,736,544 | 3,122,720 | 3,489,949 |
| Total interest earning assets | 3,921,981 | 4,212,450 | 4,701,981 | 5,203,252 | 5,677,049 |
| Property and equipment | 14,929 | 18,241 | 21,524 | 25,184 | 29,213 |
| Other non-interest earn assets | 151,333 | 126,641 | 135,132 | 143,912 | 217,073 |
| Total assets | 4,088,243 | 4,357,332 | 4,858,637 | 5,372,348 | 5,923,335 |
| Customer deposits | 2,272,665 | 2,571,961 | 2,867,655 | 3,201,109 | 3,575,112 |
| Interbank liabilities | 684,245 | 642,128 | 693,498 | 742,043 | 793,986 |
| Subordinated debt | 445,396 | 440,449 | 528,539 | 607,820 | 698,993 |
| Total interest bearing liabilities | 3,402,306 | 3,654,538 | 4,089,692 | 4,550,972 | 5,068,090 |
| Current taxes | 4,932 | 5,666 | 6,516 | 7,428 | 8,394 |
| Other liabilities | 375,569 | 374,655 | 413,049 | 435,655 | 437,236 |
| Total liabilities | 3,782,807 | 4,034,859 | 4,509,257 | 4,994,055 | 5,513,720 |
| Share capital | 87,597 | 87,597 | 87,597 | 87,597 | 87,597 |
| Reserves | 217,163 | 233,891 | 260,700 | 289,505 | 320,708 |
| Minorities | 676 | 985 | 1,084 | 1,192 | 1,311 |
| Shareholder's equity | 305,436 | 322,473 | 349,381 | 378,294 | 409,616 |
| Growth (%) | | | | | |
| Cash & equivalent | (7.3) | 3.6 | (1.9) | 3.3 | 1.6 |
| Interbank assets | (33.1) | (38.4) | (9.9) | (8.1) | (6.0) |
| Investment securities | (1.6) | 1.1 | 10.0 | 8.0 | 7.0 |
| Net loans and advances | 13.1 | 18.8 | 16.2 | 14.1 | 11.8 |
| Total interest earning assets | 1.0 | 7.4 | 11.6 | 10.7 | 9.1 |
| Property and equipment | 4.9 | 22.2 | 18.0 | 17.0 | 16.0 |
| Other non-interest earn assets | 22.5 | (16.3) | 6.7 | 6.5 | 50.8 |
| Total assets | 1.7 | 6.6 | 11.5 | 10.6 | 10.3 |
| Customer deposits | 7.2 | 13.2 | 11.5 | 11.6 | 11.7 |
| Interbank liabilities | (29.2) | (6.2) | 8.0 | 7.0 | 7.0 |
| Subordinated debt | 8.0 | (1.1) | 20.0 | 15.0 | 15.0 |
| Total interest bearing liabilities | (2.8) | 7.4 | 11.9 | 11.3 | 11.4 |
| Current taxes | 9.6 | 14.9 | 15.0 | 14.0 | 13.0 |
| Other liabilities | 42.2 | (0.2) | 10.2 | 5.5 | 0.4 |
| Total liabilities | 0.4 | 6.7 | 11.8 | 10.8 | 10.4 |
| Share capital | 14.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reserves | 24.9 | 7.7 | 11.5 | 11.0 | 10.8 |
| Minorities | 10.3 | 45.7 | 10.0 | 10.0 | 10.0 |
| Shareholder's equity | 21.7 | 5.6 | 8.3 | 8.3 | 8.3 |
| Key ratio (%) | | | | | |
| CT1 CAR | 9.56 | 9.15 | 9.15 | 9.03 | 9.34 |
| Total CAR | 13.49 | 13.01 | 12.59 | 12.27 | 12.53 |
| NPL ratio | 1.59 | 1.59 | 1.62 | 1.69 | 1.74 |
| Provision to total loans | 2.52 | 2.80 | 2.90 | 2.98 | 3.05 |
| Provision coverage ratio | 158.18 | 176.16 | 179.01 | 176.33 | 175.29 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



HB (3698 HK)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|---------------|---------------|---------------|---------------|---------------|
| Net interest income | 20,197 | 17,967 | 20,560 | 23,970 | 28,164 |
| Net fee and commission | 2,844 | 3,706 | 4,151 | 4,566 | 4,932 |
| Other operating income | (532) | 5,277 | 5,541 | 5,763 | 5,936 |
| Operating income | 22,508 | 26,951 | 30,252 | 34,299 | 39,032 |
| Operating expenses | (5,830) | (6,205) | (6,701) | (7,304) | (8,035) |
| Impairment losses | (7,203) | (10,064) | (12,024) | (14,445) | (17,320) |
| Share of associates | 137 | 140 | 142 | 145 | 148 |
| Profit before tax | 9,613 | 10,821 | 11,670 | 12,695 | 13,825 |
| Income tax expenses | (1,801) | (1,961) | (2,101) | (2,285) | (2,488) |
| Minority interests | (197) | (113) | (135) | (159) | (188) |
| Net profit attributable to equity holders | 7,615 | 8,747 | 9,434 | 10,250 | 11,148 |
| Preference share dividend | (360) | (377) | (377) | (377) | (377) |
| Net profit attributable to ordinary shareholders | 7,255 | 8,370 | 9,057 | 9,873 | 10,771 |
| Growth (%) | | | | | |
| Net interest income | 10.1 | (11.0) | 14.4 | 16.6 | 17.5 |
| Net fee and commission | 14.2 | 30.3 | 12.0 | 10.0 | 8.0 |
| Other operating income | (710.0) | (1,091.3) | 5.0 | 4.0 | 3.0 |
| Operating income | 7.6 | 19.7 | 12.3 | 13.4 | 13.8 |
| Operating expenses | 1.2 | 6.4 | 8.0 | 9.0 | 10.0 |
| Impairment losses | 11.0 | 39.7 | 19.5 | 20.1 | 19.9 |
| Share of associates | (4.8) | 1.8 | 2.0 | 2.0 | 2.0 |
| Profit before tax | 9.1 | 12.6 | 7.8 | 8.8 | 8.9 |
| Income tax expenses | (0.8) | 8.9 | 7.1 | 8.8 | 8.9 |
| Minority interests | 56.5 | (42.4) | 19.0 | 18.0 | 18.0 |
| Net profit attributable to equity holders | 10.8 | 14.9 | 7.9 | 8.7 | 8.8 |
| Preference share dividend | na | 4.7 | 0.0 | 0.0 | 0.0 |
| Net profit attributable to ordinary shareholders | 5.6 | 15.4 | 8.2 | 9.0 | 9.1 |
| Per share (RMB) | | | | | |
| EPS | 0.60 | 0.69 | 0.75 | 0.81 | 0.89 |
| BVPS | 4.68 | 5.12 | 6.38 | 7.82 | 9.45 |
| DPS | 0.06 | 0.03 | 0.04 | 0.05 | 0.05 |
| Key ratio (%) | | | | | |
| Net interest margin | 2.31 | 2.37 | 2.44 | 2.47 | 2.51 |
| Net interest spread | 2.18 | 2.21 | 2.45 | 2.47 | 2.46 |
| Cost to income ratio | 25.90 | 23.02 | 22.15 | 21.30 | 20.59 |
| Return on average assets | 0.92 | 0.90 | 0.84 | 0.79 | 0.75 |
| Return on average equity | 13.55 | 13.51 | 12.08 | 10.80 | 9.78 |
| Effective tax rate | 18.74 | 18.12 | 18.00 | 18.00 | 18.00 |
| Dividend payout | 8.85 | 3.16 | 5.00 | 5.00 | 5.00 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



HB (3698 HK)

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|----------------|------------------|------------------|------------------|------------------|
| Cash and equivalent | 92,358 | 88,144 | 85,500 | 83,790 | 82,114 |
| Interbank asset | 49,281 | 39,274 | 35,346 | 33,579 | 31,900 |
| Net loans and advances | 305,209 | 370,661 | 438,583 | 515,158 | 600,744 |
| Investment securities | 418,777 | 504,646 | 595,482 | 696,714 | 808,189 |
| Total interest earning assets | 865,624 | 1,002,725 | 1,154,911 | 1,329,241 | 1,522,947 |
| Other assets | 42,476 | 47,781 | 52,559 | 57,815 | 63,597 |
| Total assets | 908,100 | 1,050,506 | 1,207,470 | 1,387,056 | 1,586,544 |
| Customer deposits | 512,808 | 573,798 | 645,523 | 722,986 | 806,129 |
| Interbank liabilities | 121,990 | 146,613 | 175,935 | 209,363 | 247,048 |
| Subordinated debt | 115,180 | 91,444 | 109,733 | 131,679 | 158,015 |
| Total interest bearing liabilities | 749,979 | 811,855 | 931,191 | 1,064,028 | 1,211,192 |
| Other liabilities | 98,909 | 168,374 | 190,311 | 219,207 | 251,263 |
| Total liabilities | 848,888 | 980,229 | 1,121,502 | 1,283,235 | 1,462,455 |
| Share capital | 11,050 | 12,155 | 12,155 | 12,155 | 12,155 |
| Retained earnings | 19,107 | 23,049 | 31,634 | 40,995 | 51,209 |
| Reserves | 21,557 | 27,019 | 33,773 | 41,879 | 51,511 |
| Minority interests | 1,509 | 2,065 | 2,416 | 2,803 | 3,223 |
| Total equity | 59,212 | 70,277 | 85,969 | 103,822 | 124,088 |
| Growth (%) | | | | | |
| Cash and equivalent | 4.9 | (4.6) | (3.0) | (2.0) | (2.0) |
| Interbank asset | 60.0 | (20.3) | (10.0) | (5.0) | (5.0) |
| Net loans and advances | 13.3 | 21.4 | 18.3 | 17.5 | 16.6 |
| Investment securities | 23.8 | 20.5 | 18.0 | 17.0 | 16.0 |
| Total interest earning assets | 19.2 | 15.8 | 15.2 | 15.1 | 14.6 |
| Other assets | 49.4 | 12.5 | 10.0 | 10.0 | 10.0 |
| Total assets | 20.3 | 15.7 | 14.9 | 14.9 | 14.4 |
| Customer deposits | 11.0 | 11.9 | 12.5 | 12.0 | 11.5 |
| Interbank liabilities | 23.7 | 20.2 | 20.0 | 19.0 | 18.0 |
| Subordinated debt | 25.9 | (20.6) | 20.0 | 20.0 | 20.0 |
| Total interest bearing liabilities | 15.0 | 8.3 | 14.7 | 14.3 | 13.8 |
| Other liabilities | 99.8 | 70.2 | 13.0 | 15.2 | 14.6 |
| Total liabilities | 21.0 | 15.5 | 14.4 | 14.4 | 14.0 |
| Share capital | 0.0 | 10.0 | 0.0 | 0.0 | 0.0 |
| Retained earnings | 23.6 | 20.6 | 37.2 | 29.6 | 24.9 |
| Reserves | 11.3 | 25.3 | 25.0 | 24.0 | 23.0 |
| Minority interests | 15.0 | 36.9 | 17.0 | 16.0 | 15.0 |
| Total equity | 11.3 | 18.7 | 22.3 | 20.8 | 19.5 |
| Key ratio (%) | | | | | |
| CT1 CAR | 8.48 | 8.37 | 8.70 | 9.14 | 9.53 |
| Total CAR | 12.19 | 11.65 | 11.20 | 11.65 | 12.04 |
| NPL ratio | 1.05 | 1.04 | 1.10 | 1.16 | 1.21 |
| Provision to total loans | 3.01 | 3.15 | 3.23 | 3.31 | 3.40 |
| Provision coverage ratio | 287.45 | 302.22 | 293.64 | 285.34 | 280.99 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



HRB (6138 HK)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|---------------|---------------|---------------|---------------|---------------|
| Net interest income | 11,466 | 10,127 | 11,218 | 12,466 | 13,840 |
| Net fee and commission | 2,445 | 2,391 | 2,368 | 2,379 | 2,403 |
| Other operating income | 381 | 1,807 | 1,879 | 1,936 | 1,974 |
| Operating income | 14,134 | 14,325 | 15,465 | 16,781 | 18,217 |
| Operating expenses | (4,344) | (4,594) | (4,870) | (5,187) | (5,550) |
| Impairment losses | (2,762) | (2,426) | (2,787) | (3,186) | (3,632) |
| Profit before tax | 7,028 | 7,305 | 7,808 | 8,408 | 9,036 |
| Income tax expenses | (1,819) | (1,731) | (1,874) | (2,018) | (2,169) |
| Minority interests | (60) | (26) | (29) | (32) | (32) |
| Net profit attributable to equity holders | 5,249 | 5,549 | 5,905 | 6,358 | 6,835 |
| Preference share dividend | 0 | 0 | 0 | 0 | 0 |
| Net profit attributable to ordinary shareholders | 5,249 | 5,549 | 5,905 | 6,358 | 6,835 |
| Growth (%) | | | | | |
| Net interest income | (0.9) | (11.7) | 10.8 | 11.1 | 11.0 |
| Net fee and commission | 2.1 | (2.2) | (1.0) | 0.5 | 1.0 |
| Other operating income | 85.8 | 373.7 | 4.0 | 3.0 | 2.0 |
| Operating income | (0.3) | 1.4 | 8.0 | 8.5 | 8.6 |
| Operating expenses | (4.0) | 5.8 | 6.0 | 6.5 | 7.0 |
| Impairment losses | (16.2) | (12.2) | 14.9 | 14.3 | 14.0 |
| Profit before tax | 9.0 | 3.9 | 6.9 | 7.7 | 7.5 |
| Income tax expenses | 22.6 | (4.9) | 8.3 | 7.7 | 7.5 |
| Minority interests | (30.2) | (56.9) | 12.0 | 11.0 | 0.0 |
| Net profit attributable to equity holders | 7.6 | 5.7 | 6.4 | 7.7 | 7.5 |
| Preference share dividend | na | na | na | na | na |
| Net profit attributable to ordinary shareholders | 7.6 | 5.7 | 6.4 | 7.7 | 7.5 |
| Per share (RMB) | | | | | |
| EPS | 0.48 | 0.50 | 0.54 | 0.58 | 0.62 |
| BVPS | 3.75 | 4.21 | 4.91 | 5.70 | 6.57 |
| DPS | 0.05 | 0.00 | 0.00 | 0.00 | 0.00 |
| Key ratio (%) | | | | | |
| Net interest margin | 2.15 | 1.87 | 1.77 | 1.78 | 1.79 |
| Net interest spread | 1.95 | 1.67 | 1.52 | 1.45 | 1.38 |
| Cost to income ratio | 29.71 | 30.88 | 31.49 | 30.91 | 30.46 |
| Return on average assets | 0.96 | 0.94 | 0.91 | 0.90 | 0.88 |
| Return on average equity | 13.50 | 12.68 | 11.49 | 10.65 | 9.93 |
| Effective tax rate | 25.52 | 23.69 | 24.00 | 24.00 | 24.00 |
| Dividend payout | 10.48 | - | - | - | - |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



HRB (6138 HK)

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|
| Cash and equivalent | 69,533 | 75,809 | 81,873 | 87,605 | 92,861 |
| Interbank asset | 25,402 | 32,190 | 40,237 | 49,492 | 58,400 |
| Net loans and advances | 230,647 | 248,572 | 268,771 | 293,075 | 328,941 |
| Investment securities | 204,494 | 224,879 | 249,615 | 274,577 | 297,916 |
| Total interest earning assets | 530,075 | 581,449 | 640,497 | 704,748 | 778,117 |
| Other assets | 34,180 | 34,140 | 35,164 | 35,867 | 36,226 |
| Total assets | 564,255 | 615,588 | 675,660 | 740,616 | 814,343 |
| Customer deposits | 378,258 | 400,280 | 422,296 | 443,410 | 467,798 |
| Interbank liabilities | 41,531 | 49,487 | 58,395 | 68,322 | 79,254 |
| Subordinated debt | 91,334 | 112,766 | 134,192 | 158,347 | 185,265 |
| Total interest bearing liabilities | 511,124 | 562,534 | 614,883 | 670,079 | 732,317 |
| Other liabilities | 10,723 | 5,563 | 5,452 | 6,517 | 8,342 |
| Total liabilities | 521,846 | 568,097 | 620,335 | 676,596 | 740,659 |
| Share capital | 10,996 | 10,996 | 10,996 | 10,996 | 10,996 |
| Retained earnings | 13,452 | 16,720 | 22,626 | 28,984 | 35,819 |
| Reserves | 16,813 | 18,559 | 20,414 | 22,660 | 25,379 |
| Minority interests | 1,148 | 1,217 | 1,290 | 1,380 | 1,491 |
| Total equity | 42,409 | 47,492 | 55,326 | 64,020 | 73,684 |
| Growth (%) | | | | | |
| Cash and equivalent | 3.8 | 9.0 | 8.0 | 7.0 | 6.0 |
| Interbank asset | (47.7) | 26.7 | 25.0 | 23.0 | 18.0 |
| Net loans and advances | 17.4 | 7.8 | 8.1 | 9.0 | 12.2 |
| Investment securities | 6.4 | 10.0 | 11.0 | 10.0 | 8.5 |
| Total interest earning assets | 5.1 | 9.7 | 10.2 | 10.0 | 10.4 |
| Other assets | (1.8) | (0.1) | 3.0 | 2.0 | 1.0 |
| Total assets | 4.7 | 9.1 | 9.8 | 9.6 | 10.0 |
| Customer deposits | 10.2 | 5.8 | 5.5 | 5.0 | 5.5 |
| Interbank liabilities | (61.2) | 19.2 | 18.0 | 17.0 | 16.0 |
| Subordinated debt | 118.1 | 23.5 | 19.0 | 18.0 | 17.0 |
| Total interest bearing liabilities | 3.9 | 10.1 | 9.3 | 9.0 | 9.3 |
| Other liabilities | 12.3 | (48.1) | (2.0) | 19.5 | 28.0 |
| Total liabilities | 4.0 | 8.9 | 9.2 | 9.1 | 9.5 |
| Share capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Retained earnings | 34.3 | 24.3 | 35.3 | 28.1 | 23.6 |
| Reserves | 8.5 | 10.4 | 10.0 | 11.0 | 12.0 |
| Minority interests | 38.8 | 6.0 | 6.0 | 7.0 | 8.0 |
| Total equity | 13.6 | 12.0 | 16.5 | 15.7 | 15.1 |
| Key ratio (%) | | | | | |
| CT1 CAR | 9.72 | 9.74 | 10.14 | 10.71 | 11.22 |
| Total CAR | 12.25 | 12.15 | 12.49 | 13.07 | 13.58 |
| NPL ratio | 1.70 | 1.73 | 1.77 | 1.82 | 1.88 |
| Provision to total loans | 2.84 | 2.94 | 2.99 | 3.05 | 3.12 |
| Provision coverage ratio | 167.29 | 169.88 | 168.93 | 167.58 | 165.96 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



BCQ (1963 HK)

Consolidated income statement (2017A-2021E)

| FY Ended Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|---------------|---------------|---------------|---------------|---------------|
| Net interest income | 8,115 | 6,876 | 7,074 | 7,878 | 8,838 |
| Net fee and commission | 1,680 | 1,466 | 1,363 | 1,336 | 1,362 |
| Other operating income | 220 | 2,289 | 2,518 | 2,744 | 2,964 |
| Operating income | 10,015 | 10,630 | 10,954 | 11,958 | 13,165 |
| Operating expenses | (2,299) | (2,571) | (2,828) | (3,083) | (3,329) |
| Impairment losses | (2,999) | (3,437) | (3,443) | (4,104) | (4,841) |
| Investment in associates | 178 | 220 | 256 | 294 | 335 |
| Profit before tax | 4,895 | 4,843 | 4,939 | 5,065 | 5,329 |
| Income tax expenses | (1,169) | (1,073) | (1,087) | (1,114) | (1,172) |
| Net profit attributable to equity holders | 3,726 | 3,770 | 3,852 | 3,951 | 4,157 |
| Preference share dividend | 0 | (310) | (310) | (310) | (310) |
| Net profit attributable to ordinary shareholders | 3,726 | 3,460 | 3,542 | 3,641 | 3,847 |
| Growth (%) | | | | | |
| Net interest income | 5.7 | (15.3) | 2.9 | 11.4 | 12.2 |
| Net fee and commission | (12.8) | (12.8) | (7.0) | (2.0) | 2.0 |
| Other operating income | (57,752.2) | 942.1 | 10.0 | 9.0 | 8.0 |
| Operating income | 4.3 | 6.1 | 3.1 | 9.2 | 10.1 |
| Operating expenses | (9.4) | 11.8 | 10.0 | 9.0 | 8.0 |
| Impairment losses | 24.4 | 14.6 | 0.2 | 19.2 | 18.0 |
| Investment in associates | 4,462.1 | 23.6 | 16.0 | 15.0 | 14.0 |
| Profit before tax | 5.1 | (1.1) | 2.0 | 2.6 | 5.2 |
| Income tax expenses | 1.1 | (8.3) | 1.3 | 2.6 | 5.2 |
| Net profit attributable to equity holders | 6.4 | 1.2 | 2.2 | 2.6 | 5.2 |
| Preference share dividend | na | na | 0.0 | 0.0 | 0.0 |
| Net profit attributable to ordinary shareholders | 6.4 | (7.1) | 2.4 | 2.8 | 5.7 |
| Per share (RMB) | | | | | |
| EPS | 1.19 | 1.11 | 1.13 | 1.16 | 1.23 |
| BVPS | 9.90 | 10.57 | 11.84 | 13.13 | 14.48 |
| DPS | 0.12 | 0.15 | 0.15 | 0.15 | 0.16 |
| Key ratio (%) | | | | | |
| Net interest margin | 2.11 | 2.07 | 2.07 | 2.10 | 2.14 |
| Net interest spread | 1.89 | 1.79 | 1.84 | 1.87 | 1.89 |
| Cost to income ratio | 22.95 | 24.19 | 25.82 | 25.78 | 25.29 |
| Return on average assets | 0.95 | 0.88 | 0.81 | 0.76 | 0.72 |
| Return on average equity | 14.90 | 12.80 | 10.99 | 10.12 | 9.63 |
| Effective tax rate | 23.89 | 22.15 | 22.00 | 22.00 | 22.00 |
| Dividend payout | 9.90 | 12.77 | 12.00 | 12.00 | 12.00 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equities

Source(s): Company, ABCI Securities estimates



BCQ (1963 HK)

Consolidated balance sheet (2017A-2021E)

| As of Dec 31 (RMB mn) | 2017A | 2018A | 2019E | 2020E | 2021E |
|---|----------------|----------------|----------------|----------------|----------------|
| Cash & equivalent | 43,727 | 33,217 | 33,549 | 33,884 | 34,223 |
| Interbank assets | 37,000 | 57,915 | 71,236 | 84,770 | 100,029 |
| Net loans and advances | 172,162 | 205,923 | 239,141 | 274,067 | 311,931 |
| Investment securities | 159,429 | 117,210 | 113,694 | 110,283 | 106,975 |
| Total interest earning assets | 412,319 | 414,266 | 457,619 | 503,005 | 553,158 |
| Other assets | 10,444 | 36,103 | 39,714 | 43,685 | 48,927 |
| Total assets | 422,763 | 450,369 | 497,333 | 546,690 | 602,085 |
| Customer deposits | 238,705 | 256,394 | 276,906 | 297,674 | 321,488 |
| Interbank liabilities | 55,771 | 57,090 | 65,653 | 75,501 | 86,827 |
| Subordinated debt | 88,727 | 96,983 | 110,560 | 124,933 | 141,174 |
| Total interest bearing liabilities | 383,203 | 410,467 | 453,119 | 498,108 | 549,489 |
| Other liabilities | 7,100 | 5,291 | 7,189 | 7,538 | 7,331 |
| Total liabilities | 390,303 | 415,757 | 460,309 | 505,646 | 556,820 |
| Share capital | 3,127 | 3,127 | 3,127 | 3,127 | 3,127 |
| Retained earnings | 11,597 | 12,045 | 15,435 | 18,912 | 22,570 |
| Reserves | 11,318 | 12,970 | 13,553 | 14,096 | 14,659 |
| Total equity | 30,952 | 33,051 | 37,025 | 41,044 | 45,266 |
| Growth (%) | | | | | |
| Cash & equivalent | 2.1 | (24.0) | 1.0 | 1.0 | 1.0 |
| Interbank assets | (33.6) | 56.5 | 23.0 | 19.0 | 18.0 |
| Net loans and advances | 17.3 | 19.6 | 16.1 | 14.6 | 13.8 |
| Investment securities | 32.5 | (26.5) | (3.0) | (3.0) | (3.0) |
| Total interest earning assets | 12.8 | 0.5 | 10.5 | 9.9 | 10.0 |
| Other assets | 39.6 | 245.7 | 10.0 | 10.0 | 12.0 |
| Total assets | 13.3 | 6.5 | 10.4 | 9.9 | 10.1 |
| Customer deposits | 4.0 | 7.4 | 8.0 | 7.5 | 8.0 |
| Interbank liabilities | (7.6) | 2.4 | 15.0 | 15.0 | 15.0 |
| Subordinated debt | 62.5 | 9.3 | 14.0 | 13.0 | 13.0 |
| Total interest bearing liabilities | 11.2 | 7.1 | 10.4 | 9.9 | 10.3 |
| Other liabilities | 49.5 | (25.5) | 35.9 | 4.9 | (2.7) |
| Total liabilities | 11.7 | 6.5 | 10.7 | 9.8 | 10.1 |
| Share capital | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Retained earnings | 17.6 | 3.9 | 28.1 | 22.5 | 19.3 |
| Reserves | 4.5 | 14.6 | 4.5 | 4.0 | 4.0 |
| Total equity | 30.0 | 6.8 | 12.0 | 10.9 | 10.3 |
| Key ratio (%) | | | | | |
| CT1 CAR | 8.62 | 8.47 | 8.57 | 8.66 | 8.68 |
| Total CAR | 13.60 | 11.73 | 13.56 | 13.78 | 13.87 |
| NPL ratio | 1.35 | 1.36 | 1.45 | 1.52 | 1.59 |
| Provision to total loans | 2.85 | 3.08 | 3.05 | 3.12 | 3.20 |
| Provision coverage ratio | 210.16 | 225.87 | 210.34 | 205.26 | 201.26 |

Note1: Individual items may not sum to total due to rounding difference

Note2: Key ratios may not match with financial reports due to adjustment for comparison consistency among individual equity

Source(s): Company, ABCI Securities estimates



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Analyst Certification

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Definition of equity rating

| Rating | Definition |
|--------|--|
| Buy | Stock return rate \geq Market return rate (10%) |
| Hold | - Market return rate (-10%) \leq Stock return rate < Market return rate (+10%) |
| Sell | Stock return < - Market return (-10%) |

Notes: Stock return rate: expected percentage change of share price plus gross dividend yield over the next 12 months
Market return rate: average market return rate since 2005 (HSI total return index 2005-17 CAGR at 10%)

Time horizon of share price target: 12-month

Stock rating, however, may vary from the stated framework due to factors including but not limited to: corporate governance, market capitalization, historical price volatility relative to corresponding benchmark index, average daily turnover of the stock relative to market capitalization of the stock, competitive advantages in corresponding industry, etc.

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Office address: ABCI Securities Company Limited, 13/F Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong.

Tel: (852) 2868 2183