



July 16, 2015

Sector Rating:
OVERWEIGHT

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Key Data

Avg.15E P/E (x)	5.63
Avg.15E P/B (x)	0.85
Avg.15E Dividend Yield (%)	5.21

Source(s): Company, Bloomberg, ABCI Securities

Sector relevant metrics 1Q15 (%)

Interest income	75.40
Non-interest income	24.60

Source(s): Company, ABCI Securities

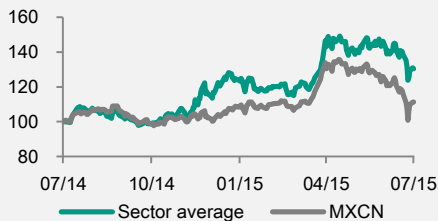
Sector performance (%)

	Absolute	Relative*
1-mth	(8.30)	1.66
3-mth	(11.67)	4.23
6-mth	9.44	8.03

*Relative to MXCN

Source(s): Bloomberg, ABCI Securities

1-Year Sector performance



Source(s): Bloomberg, ABCI Securities

China Banks Sector Mixed operation as next reform milestone; Expect sector re-rating

Investment themes

- ❖ Mixed operation will be the next financial reform target for the Chinese banks; contribution from non-interest income would rise to 27.75% by 17E
- ❖ Cautious provisioning will slow down profit growth in coming quarters; asset quality would remain stable
- ❖ We estimate re-pricing impact will be offset by robust loan growth and quarterly NIM would bottom out in 2H16E. Therefore we assume annual NIM to hit the lowest in 2017E in our models
- ❖ If banks' 1H15 results are solid and China's economy remains stable in 2H15, we believe the second wave of re-rating will soon ensue
- ❖ We adjust our earnings estimates and roll over our TP calculation to June 2016. Hence, TP range is elevated by 4.96%-24.77%. Maintain **OVERWEIGHT** for China banks sector with the big 4 banks as our top picks

Mixed operation will enhance earnings quality. As interest rate liberalization comes into completion, mixed operation will be the next phase of China's financial reform. Business model of banks will transform from credit-based to one that is transaction-based. We estimate non-interest income among H-share banks to expand by 19.03% CAGR in 2014-17E, with average revenue contribution of non-interest income gradually improving from 22.97% in 2014 to 27.75% by 2017E.

Cautious provisioning slows profit growth. We forecast NPL ratio and balance to continue rising, while overall asset quality should remain stable on higher liquidity and lower interest rate. We forecast NPL ratio among H-share banks to rise by 15bps over 2015E-17E. Cautious provisioning policy may slow down profit growth in coming quarters.

NIM to bottom in 2H16. While re-pricing impact from recent rate cuts would pressurize NIM, robust loan growth and proposed lift of LDR should support growth in banks' balance sheet, thus offsetting the NIM pressure. We believe quarterly NIM would bottom in 2H16; therefore, we assume in our earning models that annual NIM would hit the lowest in 2017E. On average, NIM among banks would be reduced by 23bps over 2015E-17E.

Second wave of sector re-rating to soon ensue. Considering the adjustments in non-interest income, provisions, and balance sheet growth, we revise down our 2015E-16E NIM and net profit forecasts by 1bp-2bps and 4.48%-5.47%. If banks' 1H15 results are solid and China's economy remains stable in 2H15, we believe the second wave of re-rating will commence soon after the recent share price correction.

OVERWEIGHT reiterated. Aside from earnings adjustment, we roll over our TP calculation from Dec 2015 to June 2016 BVPS. Hence, our TPs rise by 4.96%-24.77%. We prefer the big 4 banks for better diversification, defensiveness against policy changes, and sustainable dividend yield at above 5%. For mid-cap banks, we favor MSB.

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

Sector Valuation Summary (data as of July 15, 2015)

Company	Ticker	Rating	Price (HK\$)	TP (HK\$)	FY15E P/E(x)	FY16E P/E (x)	FY15E P/B (x)	FY16E P/B (x)	FY15E Yield (%)	FY16E Yield (%)
ICBC	1398 HK	BUY	5.66	7.70	5.59	5.15	0.93	0.83	5.96	6.18
CCB	939 HK	BUY	6.48	9.00	5.63	5.24	0.93	0.83	5.59	5.98
ABC	1288 HK	BUY	3.69	5.38	5.00	4.61	0.82	0.73	6.44	6.78
BOC	3988 HK	BUY	4.44	6.10	5.64	5.07	0.81	0.73	5.91	6.48
BoCom	3328 HK	BUY	7.14	9.53	6.72	6.08	0.82	0.75	4.55	4.90
CMB	3968 HK	BUY	21.05	27.20	6.82	6.06	1.18	1.02	4.39	4.93
MSB	1988 HK	BUY	9.20	12.68	5.29	5.01	0.90	0.78	2.85	2.99
CITICB	998 HK	HOLD	5.87	7.25	5.10	4.70	0.76	0.68	5.96	6.39
CEB	6818 HK	BUY	4.24	5.78	5.38	5.14	0.77	0.67	5.60	5.90
HB	3698 HK	BUY	3.72	4.69	5.41	5.04	0.78	0.68	5.38	6.05
HRB	6138 HK	BUY	2.64	3.60	5.42	4.80	0.69	0.62	5.68	6.16
BoCQ	1963 HK	BUY	7.42	9.28	5.50	5.35	0.82	0.70	4.21	4.89

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



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Mixed operation to enhance earnings quality

Mixed operation as the next step of financial reform

On June 16, 2015, BoCom published an official announcement stating that the State Council had approved its mixed reform scheme in relation to optimizing shareholding structure. The scheme included the exploration of a shareholding mechanism for senior management and employees. On July 1, 2015, local media quoted that Jiangsu CSRC had approved BoCom's application to acquire a 33% stake in Hua Ying Securities. Upon the completion of interest rate liberalization in 2015/16, we believe the China banks sector is entering the next phase of financial reform.

Market interprets such changes as acceleration of mixed operation in banks, which refers to the diversification of a bank's operation into other non-bank business, such as insurance and brokerage, through licensing or M&A. By optimizing shareholding structure, strategic investors are expected to create operational synergies with the banks in the new non-bank businesses; a modified remuneration package with a shareholding element would also help enhance morale and retain talents. After BoCom, the market generally expects BOC to be the next pilot bank.

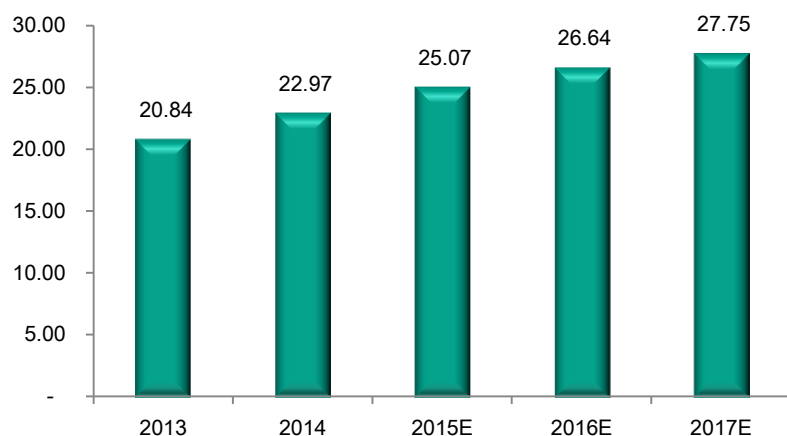
According to the local media, optimized shareholding structure may introduce new strategic investors to banks but their state-owned status would persist, meaning that the Chinese government would continue to be its major shareholder.

Revenue mix will be improved

We believe such shareholding structure reform will introduce a new era of mixed operation. By switching the traditional business model that relies heavily on credit-based interest income to one characterized by a more balanced revenue mix with a higher fees and commissions base, earnings quality in banks should improve.

Aside from diversifying into insurance, securities brokerage and investment banking, non-interest income will be driven by the rapid growth of fee income from internet platform and growing popularity of WMPs. Hence, more product standardization and reclassification of revenue and related assets from off-balance sheet to on-balance sheet can be expected.

Exhibit 1: Average non-interest income to total operating income among H-share banks (%)



Source(s): Company reports, ABCI Securities estimates

As of 2014, average non-interest income to total operating income among H-share banks was 22.97%. We forecast the contribution to rise to 27.75% by 2017E as non-interest income expanded at 19.03% CAGR in 2014-17E; in particular, non-interest income in JSBs and district banks should grow faster at 20.49% and 26.68% CAGRs in 2014-17E, compared to the 13.27% CAGR estimated for the big 5 banks (ICBC, CCB, ABC, BOC, BoCom).

Improving revenue mix should therefore help sustain banks' revenue growth at 11.67% CAGR in 2014-17E despite the lower NIM resulted from interest rate liberalization. More specifically, we forecast revenue of the big 5 banks, JSBs, and district banks to grow by 8.82%, 12.29% and 15.58% CAGRs in 2014-17E.

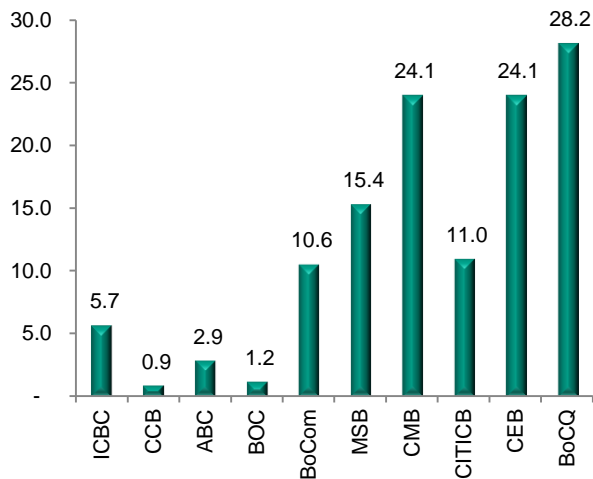
There is a growing speculation that banks may spin off individual business units (such as the credit card, WMPs and trust businesses). While this may provide support to share prices in the short term, we believe it would take time for such plans to materialize.

Large provision slows earnings growth

Key reason of slowing earnings growth

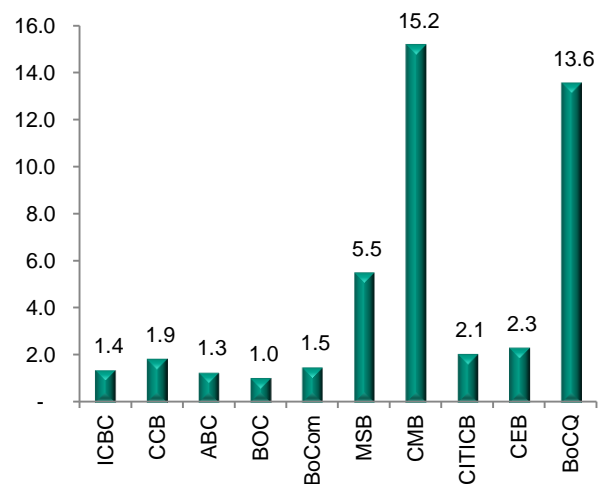
As shown in 4Q14 and 1Q15, larger-than-expected provision has resulted in slower net profit growth in the China banks sector. While we believe that revenue among the Chinese banks would be pressured on the NIM squeeze in coming quarters, cautious provisioning policy will be the major drag to earnings growth.

Exhibit 2: 1Q15 Topline revenue growth among H-share banks (yoy %)



Source(s): Company reports, ABCI Securities

Exhibit 3: Net profit growth among H-share banks in 1Q15 (yoy %)



Source(s): Company reports, ABCI Securities

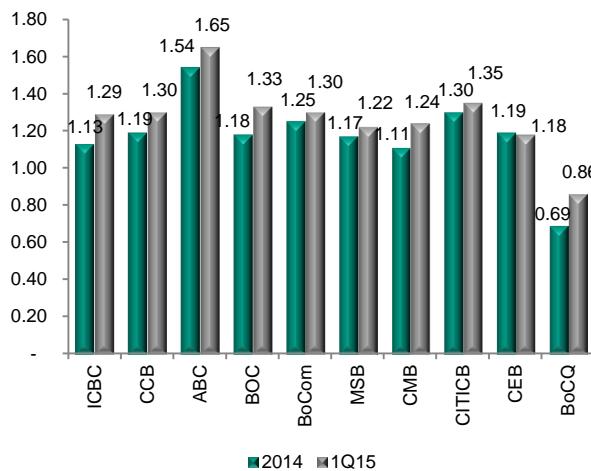
Besides the big 4 banks (ICBC, CCB, ABC, BOC), other H-shares banks showed a faster revenue growth at 10.6%-28.2% yoy than net profit growth at 2.1%-15.2% yoy in 1Q15. This was driven by the larger-than-expected provision in 1Q15 compared to 1Q14. Provision expenses of H-share banks yoy grew by 33.5%-309.7% yoy except for BOC and BoCom, whose provisions remained largely unchanged owing to increased effort in NPL handling and write-offs.

Exhibit 4: Yoy changes in provision expenses among H-share banks in 1Q15 (%)

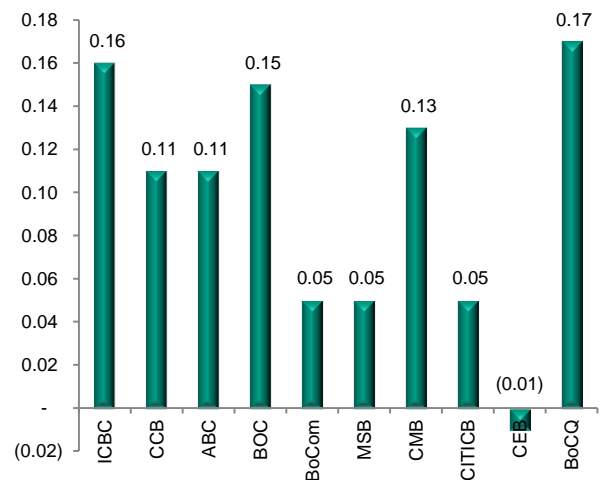

Source(s): Company reports, ABCI Securities

Consistent reduction in risk exposure

The rise in NPL balance and NPL ratio persisted in 1Q15, of which NPL balances among H-share banks rose by 4%-31% qoq while NPL ratios increased by 5-17bps qoq; CEB was the only bank with a stable NPL ratio in 1Q15 (-1bp qoq).

Exhibit 5: H-share banks' NPL (%)


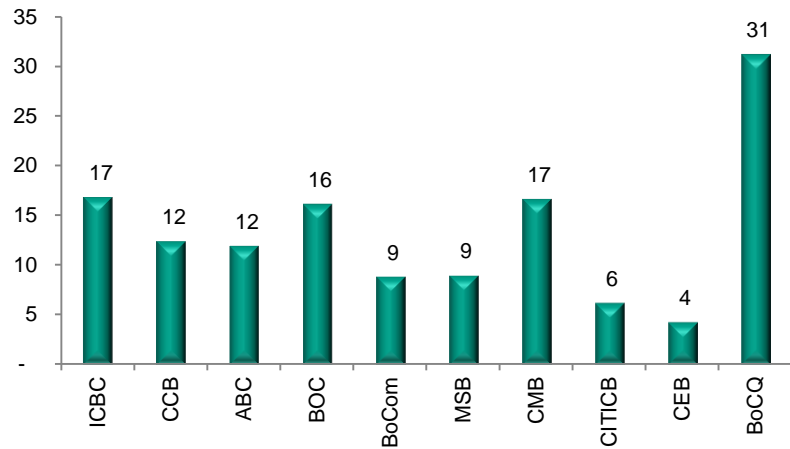
Source(s): Company reports, ABCI Securities

Exhibit 6: Changes in H-share banks' NPL (qoq, %)


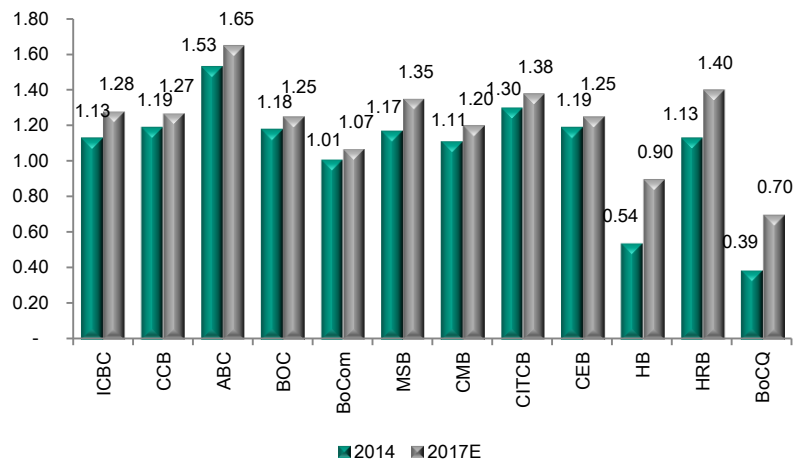
Source(s): Company reports, ABCI Securities

We expect these rising trends to continue in 2Q15, yet overall asset quality in the Chinese banks should improve gradually under the government's policies. Effects of continuous monetary loosening and targeted support of Sannong and SMEs business by regulators should be reflected gradually in 2H15. Meanwhile, trust and entrusted loans have been reducing in 2015, and LGFVs debt swap program launched by the Chinese government will also lower bank's risk profile.

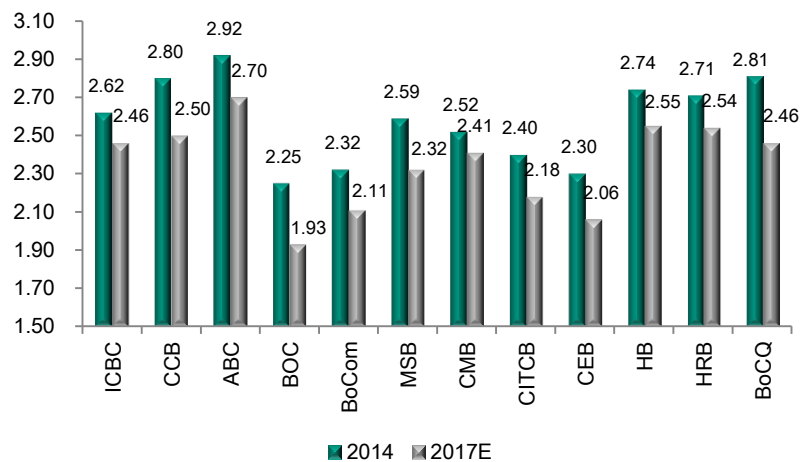
We emphasized in our previous reports that the Chinese banks have always been cautious about risk profile management. We believe LGFVs are no longer a threat to the banks given their proactive control on relevant exposure over the past years, and estimate that such exposures to account for about 4%-5% of H-share banks' total loans as of Dec 2014. We estimate MSB has the highest exposure of 7.3% in our coverage universe.

Exhibit 7: Changes in H-share banks' NPL balance in 1Q15 (qoq %)


Source(s): Company reports, ABCI Securities

Exhibit 8: H-share banks' NPL ratio


Source(s): Company reports, ABCI Securities estimates

Exhibit 9: H-share banks' NIM ratio


Source(s): Company reports, ABCI Securities estimates

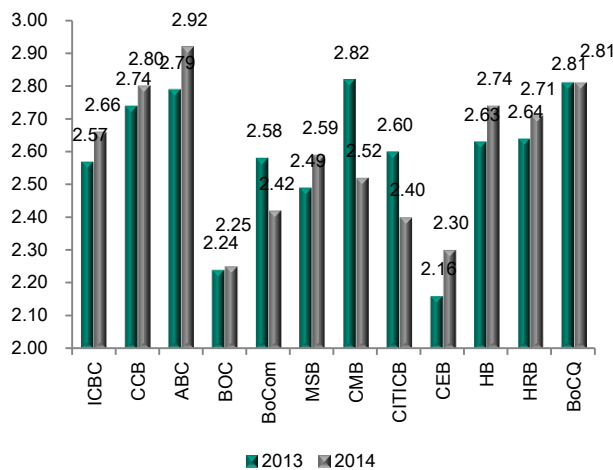
Given banks' increasing effort in NPL handling and continued development of China's distressed assets industry, overall asset quality should remain manageable and improve mildly, dependent on the banks' ability to handle and dispose NPLs. We forecast H-share banks' NPL ratio to increase by an average of 15bps over the next 3 years among H-share banks; of which, NPL ratio in district banks would increase by 31bps under the low base effect.

Stable NIM outlook after 2016

Banks are still cautious in lending

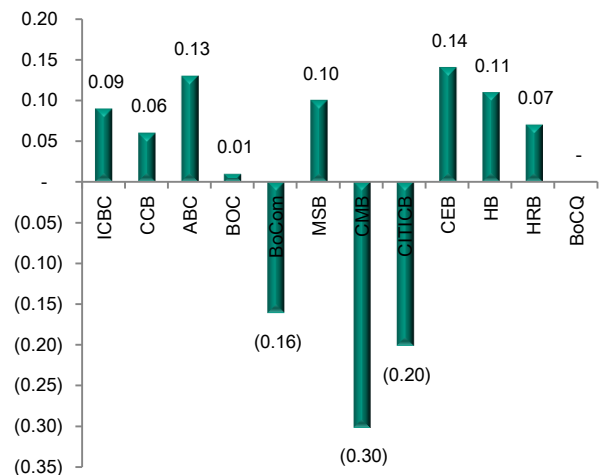
With the multiple rate cuts since 4Q14 and accelerated pace of interest rate liberalization, China banks' NIM will inevitably be pressured in coming quarters. Although NIM trend in 4Q14 and 1Q15 have been sustainable in some banks and loan yields have been increasing through higher loan exposure in SMEs and MSEs, we notice that most banks are still reluctant to expand their lending in risky areas.

Exhibit 10: H-share banks' NIM trend (%)



Source(s): Company reports, ABCI Securities

Exhibit 11: Changes in H-share banks' NIM in 2014 (yoy %)



Source(s): Company reports, ABCI Securities

NIM in H-share banks was flat yoy in 2014 on average while that of JSBs narrowed by 7bps yoy (NIM of CMB and CITICB fell 30bps and 20bps yoy in 2014). We believe this was mainly due to JSBs' higher involvement in deposit fight last year. Together with the latest rate cut (taken place together with RRR cut) on June 28, 2015 and the proposed removal of banks' LDR cap requirement, it is clear that the central government is accelerating to provide a commercial environment with higher liquidity and lower interest rates. Under its foremost priority of stabilizing economic growth, we expect more easing or instructive measures to roll out in 2H15 if the existing policies are unable to provide sufficient support to the overall credit environment in 2H15.

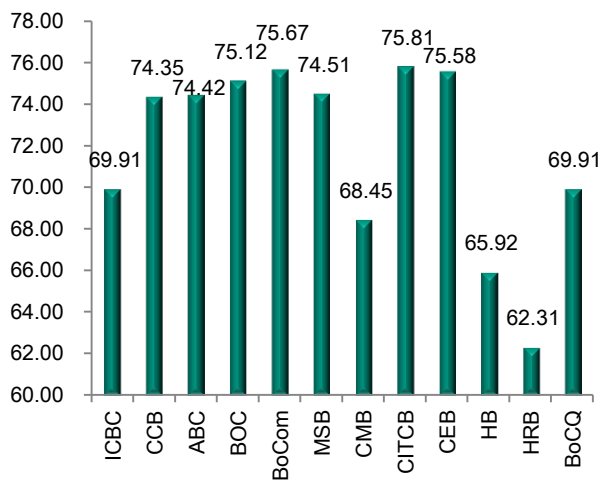
Removal of LDR cap eases competition

On June 24, 2015, the State Council approved an amendment proposal towards the China Banking Ordinance to remove the long established 75% LDR cap. Earlier in 2015, the Regulator has already effectively reduced banks' LDR position by allowing banks to include their interbank deposits into total deposits in LDR calculation.

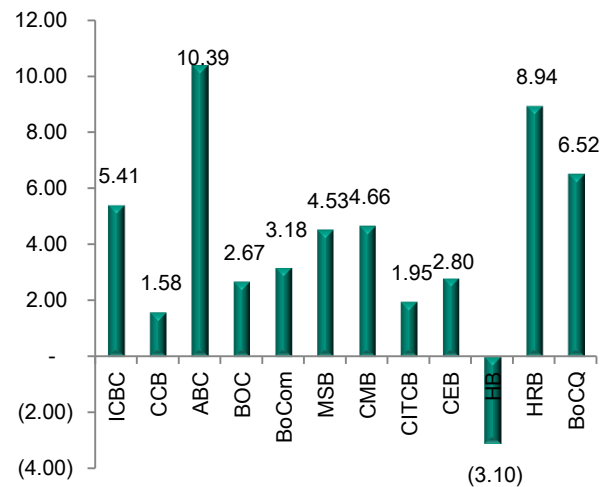
We reckon that the removal of LDR cap would allow banks to formulate their future strategies with more freedom and flexibility, but the actual impacts on

loan growth and deposit rates would be mild in short and medium term. On the loan side, LDR is no longer the key barrier in limiting loan growth; however, our channel checks show that banks are still risk-averse in new loans approval. Therefore, we believe the policy will not be a major stimulus to loan growth.

In terms of the deposit cost, although the removal of LDR requirement would reduce competition in deposit base among banks, overall deposit costs are unlikely to reduce substantially as deposit outflow has been mainly driven by the rapid growth of alternative investment channels such as equity market, fixed income products, trusts, and WMPs. Hence, banks would maintain their deposit rates at similar levels to stay competitive.

Exhibit 12: H-share banks' LDR in 2017E (%)


Source(s): Company reports, ABCI Securities estimates

Exhibit 13: LDR changes among H-share banks in 2014-17E (%)


Source(s): Company reports, ABCI Securities estimates

Considering the necessary legislative procedures involved, we believe the new rule will be implemented in 4Q15 the earliest or by 2016 the latest. We forecast H-share banks' LDR would gradually increase to 62.31%-75.81% by 2017E, which implies an average increase of 4.13ppt over 2014-17E. Big banks, JSBs and district banks' LDR should increase by 4.65ppt, 3.49ppt, and 4.12ppt, respectively.

Loan growth momentum stays healthy

Loan growth momentum stayed solid in 1H15, of which new loans were reported at RMB 6,560bn, equivalent to 62.50% of our full-year forecast of RMB 10.5tn. The strong growth implies that loosening policies have started to take effect. More importantly, total social financing has also been improving since May. Bank loans was steady while debt and equity financing was strong in 1H15.

Meanwhile, trust and entrusted loan, the indicators of shadow banking, shrank in 1H15, signifying measures to curb systemic risk by regulators have been effective.



Exhibit 14: China's new loans (Rmb bn)



Source(s): PBOC, ABCI Securities

Exhibit 15: China's total social financing (Rmb bn)

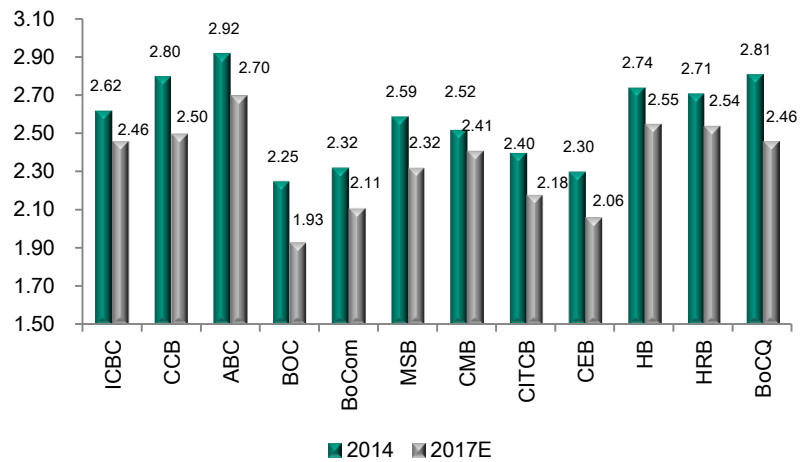


Source(s): PBOC, ABCI Securities

NIM to bottom in 2H16

On a positive note, we believe solid loan demand would help sustain loan pricing, while the LDR removal would allow banks to grow their balance sheet more flexibly. These factors would partially offset the negative impact of rate cuts. Due to loan re-pricing and impacts of previous rate cuts, China banks' NIM should bottom in 2H16, taking into the account that two more interest rate and two more RRR cuts would take place in 2H15.

In our base case scenario, therefore, we forecast banks' NIM to continue contracting till 2017E. We forecast NIM in H-share banks to narrow by 23bps over 2015E-17E. In particular, NIM in big banks, JSBs, and district banks would contract by 24bps, 21bps, and 24bps, respectively. Combined with the solid loan growth outlook and a narrowing NIM trend, we expect 1H15 earnings of H-share banks to arrive at 50%-55% of our full year net profit forecasts.

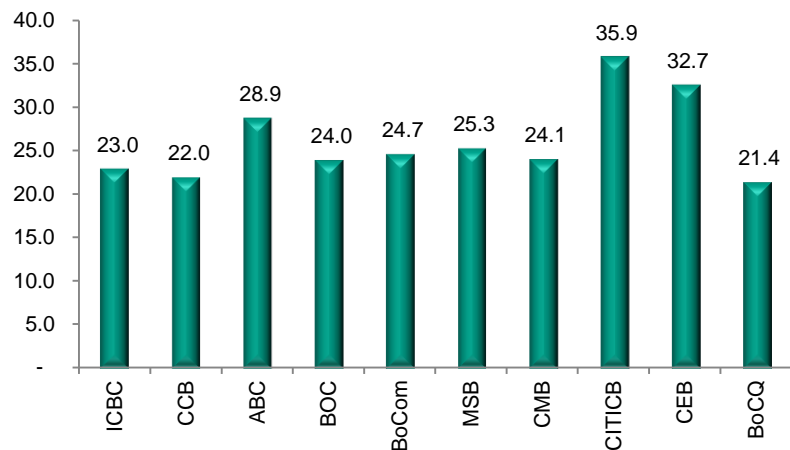
Exhibit 16: NIM outlook for H-share banks (%)


Source(s): Company reports, ABCI Securities estimates

Earnings revision

Diversified competition

Going forward, we believe the Chinese banks will either strategize to risk control or revenue expansion. Big banks will compete more conservatively on risk management and cost control. As shown in 1Q15, big banks appeared to have better CIR than JSBs. We believe cautious cost-control measures will entail slower expansion of physical network and accelerated development of online and mobile banking platforms.

Exhibit 17: H-share banks' CIR (1Q15)


Source(s): Company reports, ABCI Securities

Meanwhile, mid-cap banks (included JSBs and district banks) will tend to maximize NIM and fee income growth. Given the higher risk appetite and more proactive approaches in expanding non-interest income sources, we believe smaller banks may surprise the market with strong revenue growth, even though this would also implies a higher operational risk.

With key adjustments in NIM, non-interest income, provision outlook, and balance sheet growth, we revise down our 2015E and 2016E NIM forecasts slightly by 1bp and 2bps on average. More specifically, we lower our NIM forecast for the big banks by 3bps/6bps in 2015E/2016E; for JSBs, the NIM



forecast is lowered by 6bps each in 2015E and 2016E. Given the low LDR and sustainable loan pricing for SMEs and MSEs, we raise the NIM assumptions for district banks by 10bps and 11bps in 2015E and 2016E.

Exhibit 14: H-share banks earnings revision

	ICBC	CCB	ABC	BOC	BoCom	MSB	CMB	CITICB	CEB	HB	HRB	BoCQ
2015												
NIM (old)	2.50	2.70	2.77	2.20	2.23	2.62	2.44	2.33	2.24	2.54	2.51	2.65
NIM (new)	2.58	2.61	2.83	2.01	2.20	2.46	2.42	2.27	2.24	2.64	2.70	2.65
Change (%)	0.08	(0.09)	0.06	(0.19)	(0.03)	(0.16)	(0.02)	(0.06)	-	0.10	0.19	-
2016												
NIM (old)	2.41	2.69	2.75	2.18	2.15	2.49	2.37	2.26	2.19	2.44	2.42	2.54
NIM (new)	2.51	2.51	2.77	1.95	2.12	2.35	2.38	2.22	2.11	2.56	2.62	2.56
Change (%)	0.10	(0.18)	0.02	(0.23)	(0.03)	(0.14)	0.01	(0.04)	(0.08)	0.12	0.20	0.02
2015												
Net profit (old)	306,113	248,691	216,157	185,539	70,989	49,893	66,953	45,674	31,494	5,807	4,858	3,068
Net profit (new)	285,391	248,595	190,207	182,435	63,438	47,310	62,306	43,146	29,371	6,029	4,275	3,372
Change (%)	(6.77)	(0.04)	(12.01)	(1.67)	(10.64)	(5.18)	(6.94)	(5.53)	(6.74)	3.82	(12.00)	9.91
2016												
Net profit (old)	330,621	271,025	234,898	211,466	75,763	56,141	77,453	54,038	33,432	6,244	5,619	3,386
Net profit (new)	312,502	273,129	206,736	201,974	69,896	50,094	70,037	46,964	30,782	6,476	4,786	3,918
Change (%)	(5.48)	0.78	(11.99)	(4.49)	(7.74)	(10.77)	(9.57)	(13.09)	(7.93)	3.72	(14.82)	15.71

Source(s): ABCI Securities estimates

As a result, we adjust our 2015E/16E net profit forecasts down by an average of 4.48% and 5.47%; specifically, net profits of big banks and JSBs were lowered by an average of 5.79%-6.22% in 2015E and 6.1%-10.34% in 2016E, while average earnings of district banks would remain unchanged.

Valuation

Confirming our conviction of a sector re-rating (as stated in our last report published in Mar 2015), share prices in the sector increased by almost 30% in Apr. While volatile market sentiment has resulted in share price correction recently, we believe the second round of re-rating would be facilitated by supportive policies and stable fundamentals, provided that the 1H15 results of the Chinese banks (to be announced in Aug) are solid and China's economic growth in 2H15 would remain stable. We reiterate our OVERWEIGHT sector view and prefer H-share banks for their lower valuations.

Target price adjustments

In this report, we refine our outlook for individual banks and roll over our TP calculation from Dec 2015 to June 2016 BVPS. We cautiously factor in more conservative assumptions in our Gordon Growth Model by benchmarking the risk-free rate with the 10-year government bond yield, reducing our terminal growth assumption by 100bps, and lowering our sustainable ROE by 1.83ppt – 4.04ppt. However, we also reduce the equity risk premium on improving country risk and asset quality risk. With all these changes combined, our TPs are adjusted up by 4.96%-24.77%.

Exhibit 15: Summary of TP changes

HK\$	ICBC	CCB	ABC	BOC	BoCom	MSB	CMB	CITICB	CEB	HB	HRB	BoCQ
TP (old)	7.00	7.74	5.09	5.24	8.27	11.68	21.80	6.55	5.02	4.19	3.43	7.56
TP (new)	7.70	9.00	5.38	6.10	9.53	12.68	27.20	7.25	5.78	4.69	3.60	9.28
Change (%)	10.00	16.28	5.70	16.41	15.24	8.56	24.77	10.69	15.14	11.93	4.96	22.75
Sus. ROE (old)												
Sus. ROE (old)	18.20	18.20	19.30	15.80	14.80	18.10	18.80	14.90	16.70	14.50	15.30	15.30
Sus. ROE (new)	15.07	15.61	15.26	13.48	12.97	15.45	16.86	12.73	14.27	12.66	13.25	12.79
Change (%)	(3.13)	(2.59)	(4.04)	(2.32)	(1.83)	(2.65)	(1.94)	(2.17)	(2.43)	(1.84)	(2.05)	(2.51)
COE (old)												
COE (old)	16.20	16.80	17.10	15.70	15.20	16.70	16.50	16.70	17.10	15.90	16.70	17.10
COE (new)	13.37	13.70	14.00	13.00	12.62	14.12	13.00	13.75	14.50	13.37	14.27	13.22
Change (%)	(2.83)	(3.10)	(3.10)	(2.70)	(2.58)	(2.58)	(3.50)	(2.95)	(2.60)	(2.53)	(2.43)	(3.88)
Target P/B (old)												
Target P/B (old)	1.19	1.12	1.19	1.02	0.96	1.14	1.22	0.83	0.96	0.86	0.87	0.84
Target P/B (new)	1.20	1.21	1.13	1.06	1.05	1.15	1.42	0.88	0.98	0.91	0.89	0.95
Change (%)	0.84	8.04	(5.04)	3.92	9.38	0.88	16.39	6.02	2.08	5.81	2.30	13.10

Source(s): ABCI Securities estimates

Prefer big banks; remain selective for mid-cap banks

The sector has proven to be relatively defensive despite recent share price correction, share prices of H-share banks dropped by 13.4% on average from their peaks in mid-Apr, compared to the 25.4% correction in the Shanghai Composite Index. Banks are now trading at an average of 0.85x 15E P/B or 0.75x 16E P/B. We prefer the big 4 banks (ICBC, CCB, ABC, BOC) for better risk management, business diversification and relatively higher return/risk ratio (upside/200 days volatility: big banks - 1.42, JSBs - 0.83, district banks – 1.07); for mid-cap banks, we favor MSB for its reasonable trading P/B; the bank's earnings may also surprise the market on the upside.

Exhibit 16: Valuation table (closing price as of July 15, 2015)

Name	BBG code	Market cap		Price (HKD)	Rating	TP (HKD)	Upside (%)	200 Days Vol. (%)	P/B (x)		P/E (x)		ROE (%)		Div yield (%)	
		(USDmn)	(HKD)						15E	16E	15E	16E	15E	16E	15E	16E
ICBC	1398 HK	292,190	5.66	BUY	7.70	36.04	26.15	0.93	0.83	5.59	5.15	17.6	17.1	5.96	6.18	
CCB	939 HK	211,435	6.48	BUY	9.00	38.89	26.43	0.93	0.83	5.63	5.24	17.4	16.8	5.59	5.98	
ABC	1288 HK	194,578	3.69	BUY	5.38	45.80	22.04	0.82	0.73	5.00	4.61	17.4	16.8	6.44	6.78	
BOC	3988 HK	230,164	4.44	BUY	6.10	37.39	30.25	0.81	0.73	5.64	5.07	15.2	15.2	5.91	6.48	
BoCom	3328 HK	83,640	7.14	BUY	9.53	33.47	34.83	0.82	0.75	6.72	6.08	12.9	12.9	4.55	4.90	
CMB	3968 HK	73,859	21.05	BUY	27.20	29.22	46.09	1.18	1.02	6.82	6.06	18.4	18.1	4.39	4.93	
MSB	1988 HK	56,057	9.20	BUY	12.68	37.83	40.13	0.90	0.78	5.29	5.01	18.2	16.6	2.85	2.99	
CITICB	998 HK	64,088	5.87	HOLD	7.25	23.51	29.71	0.76	0.68	5.10	4.70	15.7	15.3	5.96	6.39	
CEB	6818 HK	39,146	4.24	BUY	5.78	36.32	37.51	0.77	0.67	5.38	5.14	15.3	13.9	5.60	5.90	
HB	3698 HK	5,303	3.72	BUY	4.69	26.08	24.61	0.78	0.68	5.41	5.04	15.3	14.3	5.38	6.05	
HRB	6138 HK	3,745	2.64	BUY	3.60	36.36	26.03	0.69	0.62	5.42	4.80	13.4	13.4	5.68	6.16	
BoCQ	1963 HK	2,590	7.42	BUY	9.28	25.07	33.17	0.82	0.70	5.50	5.35	16.4	14.2	4.21	4.89	
Avg							34.40	31.41	0.85	0.75	5.63	5.19	16.1	15.4	5.21	5.63

Source(s): Bloomberg, ABCI Securities estimates



ICBC

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	443,335	493,522	532,908	569,829	614,819
Non-interest income	135,566	141,336	156,541	173,167	193,399
Of which: Fees and commissions	122,326	132,497	147,950	165,709	185,941
Oper. income (Top line)	578,901	634,858	689,449	742,995	808,217
Operating expenses	(187,702)	(200,369)	(219,731)	(241,738)	(266,617)
Amortisation	(16,438)	(18,305)	(20,457)	(22,683)	(24,952)
PPOP	374,761	416,184	449,261	478,574	516,649
Impairment loans losses	(38,321)	(56,567)	(80,275)	(74,496)	(80,522)
Operating profit	336,440	359,617	368,987	404,078	436,126
Non-operating income	2,097	2,157	2,330	2,516	2,516
Profit before tax	338,537	361,774	371,316	406,594	438,642
Tax	(75,572)	(85,326)	(85,403)	(93,517)	(100,888)
Minority interests	(316)	(475)	(523)	(575)	(575)
Net profit	262,649	275,973	285,391	312,502	337,180
Growth (%)					
Net interest income	6.10	11.32	7.98	6.93	7.90
Non-interest income	21.16	4.26	10.76	10.62	11.68
Of which: Fees and commissions	15.33	8.31	11.66	12.00	12.21
Oper. income (Top line)	9.28	9.67	8.60	7.77	8.78
Operating expenses	7.29	6.75	9.66	10.02	10.29
Amortisation	9.62	11.36	11.76	10.88	10.00
PPOP	10.30	11.05	7.95	6.52	7.96
Impairment loans losses	13.56	47.61	41.91	(7.20)	8.09
Operating profit	9.94	6.89	2.61	9.51	7.93
Non-operating income	(20.93)	2.86	8.00	8.00	0.00
Profit before tax	9.67	6.86	2.64	9.50	7.88
Tax	7.97	12.91	0.09	9.50	7.88
Minority interests	98.74	50.32	10.00	10.00	10.00
Net profit	10.11	5.07	3.41	9.50	7.90
Per share (RMB)					
EPS	0.75	0.78	0.81	0.88	0.95
BVPS	3.63	4.33	4.87	5.46	6.11
DPS	0.26	0.26	0.27	0.28	0.30
Key ratio (%)					
Net interest margin	2.56	2.62	2.58	2.51	2.46
Net interest spread	2.38	2.40	2.31	2.22	2.20
Cost to income ratio	32.42	31.56	31.87	32.54	32.99
Return on average assets	1.44	1.40	1.32	1.31	1.29
Return on average equity	21.90	19.68	17.56	17.12	16.48
Effective tax rate	22.32	23.59	23.00	23.00	23.00
Dividend payout	35.01	32.98	33.00	32.00	31.00

Source(s): Company, ABCI Securities estimates



ICBC

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash & cash equivalent	3,294,007	3,523,622	3,803,915	4,106,640	4,473,595
Dues from banks & non-bank FI	1,049,887	1,251,238	1,399,785	1,553,761	1,706,735
Investment securities	4,322,244	4,433,237	4,699,114	5,006,902	5,356,693
Net loans and advances	9,681,415	10,768,750	12,009,492	13,386,079	14,854,865
Total IEA	18,347,553	19,976,847	21,912,306	24,053,382	26,391,888
Property and equipment	164,347	199,280	239,136	286,963	286,963
Other non-int. earn assets	405,852	433,826	497,167	569,870	569,870
Total assets	18,917,752	20,609,953	22,648,609	24,910,216	27,248,721
Customer deposits	14,620,825	15,556,601	16,753,384	18,419,630	20,581,128
Due to other banks & FIs	1,269,255	1,539,239	1,816,302	2,143,236	2,507,587
Subordinated term debt	253,018	279,590	307,549	338,304	372,134
Total IBL	16,273,656	17,551,678	19,097,545	21,169,949	23,783,383
Current taxes	55,674	60,666	66,733	74,741	74,741
Deferred tax liabilities	420	451	487	526	526
Other liabilities	1,309,539	1,459,854	1,755,815	1,725,163	1,218,493
Total liabilities	17,639,289	19,072,649	20,920,580	22,970,378	25,077,143
Share capital	351,390	353,495	353,495	353,495	353,495
Reserves	922,744	1,177,364	1,366,800	1,577,061	1,806,946
Minorities	4,329	6,445	7,734	9,281	11,137
Shareholder's equity	1,278,463	1,537,304	1,728,029	1,939,837	2,171,578
Growth (%)					
Cash & cash equivalent	3.8	7.0	8.0	8.0	8.9
Dues from banks & non-bank FI	(11.1)	19.2	11.9	11.0	9.8
Investment securities	5.8	2.6	6.0	6.5	7.0
Net loans and advances	12.8	11.2	11.5	11.5	11.0
Total IEA	7.8	8.9	9.7	9.8	9.7
Total assets	7.8	8.9	9.9	10.0	9.4
Customer deposits	7.2	6.4	7.7	9.9	11.7
Due to other banks & FIs	(14.6)	21.3	18.0	18.0	17.0
Subordinated term debt	9.0	10.5	10.0	10.0	10.0
Total IBL	5.7	7.9	8.8	10.9	12.3
Total liabilities	7.5	8.1	9.7	9.8	9.2
Shareholder's equity	13.3	20.2	12.4	12.3	11.9
Key ratio (%)					
Loan to deposits	65.04	64.50	69.78	70.53	69.91
CT1 CAR	10.57	11.92	11.68	11.97	12.30
Total CAR	13.12	14.53	14.27	14.51	14.81
NPL ratio	0.94	1.13	1.17	1.22	1.28
NPL growth	25.63	32.88	15.87	16.67	15.85
Net bad debt charge ratio	0.41	0.54	0.69	0.57	0.55
Provision to total loans	2.60	2.55	2.55	2.62	2.68
Provision coverage	257.19	206.90	217.85	213.99	209.80

Source(s): Company, ABCI Securities estimates



CCB

Consolidated income statement (2013A-2017E)

FY Ended Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	389,544	437,398	445,938	470,513	516,653
Non-interest income	121,596	119,342	138,415	159,196	176,885
Of which: Fees and commissions	104,283	108,517	124,780	142,484	160,173
Operating income (Top line)	511,140	556,740	584,353	629,709	693,538
Operating expenses	(185,796)	(193,533)	(213,246)	(235,371)	(259,949)
Amortisation	(2,389)	(2,455)	(2,651)	(2,864)	(3,093)
PPOP	322,955	360,752	368,456	391,475	430,497
Impairment losses on loans	(43,209)	(59,807)	(65,856)	(64,036)	(70,776)
Operating profit	279,746	300,945	302,600	327,438	359,721
Non-operating income	60	245	282	324	324
Profit before tax	279,806	301,190	302,882	327,762	360,045
Tax	(64,684)	(70,839)	(72,692)	(78,663)	(86,411)
Minority interests	(465)	(417)	(459)	(505)	(505)
Net profit	214,657	229,934	229,731	248,595	273,129
Growth (%)					
Net interest income	10.3	12.3	2.0	5.5	9.8
Non-interest income	11.2	(1.9)	16.0	15.0	11.1
Of which: Fees and commissions	11.5	4.1	15.0	14.2	12.4
Operating income (Top line)	10.5	8.9	5.0	7.8	10.1
Operating expenses	10.0	4.2	10.2	10.4	10.4
Amortisation	8.4	2.8	8.0	8.0	8.0
PPOP	10.8	11.7	2.1	6.2	10.0
Impairment losses on loans	7.9	38.4	10.1	(2.8)	10.5
Operating profit	11.3	7.6	0.5	8.2	9.9
Non-operating income	114.3	308.3	15.0	15.0	0.0
Profit before tax	11.3	7.6	0.6	8.2	9.8
Tax	11.8	9.5	2.6	8.2	9.8
Minority interests	9.9	(10.3)	10.0	10.0	10.0
Net profit	11.1	7.1	(0.1)	8.2	9.9
Per share (RMB)					
EPS	0.86	0.92	0.92	0.99	1.09
BVPS	4.26	4.97	5.59	6.28	7.05
DPS	0.30	0.30	0.29	0.31	0.33
Key ratio (%)					
Net interest margin	2.74	2.80	2.61	2.51	2.50
Net interest spread	2.57	2.62	2.45	2.33	2.31
Cost to income ratio	36.82	35.20	36.95	37.83	37.93
Return on average assets	1.46	1.43	1.31	1.29	1.29
Return on average equity	21.38	19.92	17.40	16.75	16.39
Effective tax rate	23.12	23.52	24.00	24.00	24.00
Dividend payout	34.94	32.73	32.00	31.00	30.00

Source(s): Company, ABCI Securities estimates



CCB

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash & cash equivalent	2,756,448	2,884,532	2,939,284	3,012,541	3,141,232
Dues from banks & non-bank FI	473,351	514,986	518,162	536,789	574,520
Investment securities	3,050,567	3,395,634	3,811,754	4,248,608	4,700,710
Net loans and advances	8,361,361	9,222,910	10,276,647	11,488,800	12,871,763
Total IEA	14,641,727	16,018,062	17,545,847	19,286,738	21,288,224
Property and equipment	135,678	151,607	169,800	190,176	190,176
Other non-int. earn assets	585,805	574,461	640,636	715,856	715,856
Total assets	15,363,210	16,744,130	18,356,282	20,192,769	22,194,256
Customer deposits	12,223,037	12,898,675	13,918,679	15,177,295	16,511,305
Due to other banks & FIs	848,012	1,206,520	1,508,150	1,809,780	2,135,540
Subordinated term debt	357,540	431,652	474,817	522,299	574,529
Total IBL	13,969,871	15,117,973	16,529,262	18,187,199	19,953,426
Current taxes liabilities	60,209	62,644	67,656	73,068	73,068
Deferred tax liabilities	138	401	521	678	678
Other liabilities	258,663	310,749	350,035	351,246	395,064
Total liabilities	14,288,881	15,491,767	16,947,474	18,612,191	20,422,235
Share capital	250,011	250,011	250,011	250,011	250,011
Reserves	815,940	992,168	1,148,614	1,320,383	1,511,825
Minorities	8,378	10,184	10,184	10,184	10,184
Shareholder's equity	1,074,329	1,252,363	1,408,809	1,580,578	1,772,020
Growth (%)					
Cash & cash equivalent	(0.7)	4.6	1.9	2.5	4.3
Dues from banks & non-bank FI	(33.8)	8.8	0.6	3.6	7.0
Investment securities	7.4	11.3	12.3	11.5	10.6
Net loans and advances	14.4	10.3	11.4	11.8	12.0
Total IEA	7.3	9.4	9.5	9.9	10.4
Total assets	10.0	9.0	9.6	10.0	9.9
Customer deposits	7.8	5.5	7.9	9.0	8.8
Due to other banks & FIs	(22.7)	42.3	25.0	20.0	18.0
Subordinated term debt	36.0	20.7	10.0	10.0	10.0
Total IBL	9.5	8.2	9.3	10.0	9.7
Total liabilities	9.7	8.4	9.4	9.8	9.7
Shareholder's equity	13.1	16.6	12.5	12.2	12.1
Key ratio (%)					
Loan to deposits	69.79	72.77	73.49	73.42	74.35
Core CAR	10.75	12.20	11.67	11.92	12.18
Total CAR	13.34	14.87	14.37	14.57	14.78
NPL ratio	0.99	1.19	1.21	1.24	1.27
NPL growth	14.27	32.73	12.49	15.07	14.74
Net bad debt charge ratio	0.53	0.66	0.65	0.57	0.56
Provision to total loans	2.66	2.66	2.70	2.70	2.70
Provision coverage	268.22	222.33	224.00	217.63	212.51

Source(s): Company, ABCI Securities estimates



ABC

Consolidated income statement (2013A-2017E)

FY Ended Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	376,202	429,891	466,540	510,269	556,434
Non-interest income	89,569	94,235	106,435	119,669	132,375
Of which: Fees and commissions	83,171	80,123	90,285	101,445	114,151
Oper. income (Top line)	465,771	524,126	572,975	629,938	688,808
Operating expenses	(181,146)	(204,570)	(233,682)	(266,109)	(302,922)
Amortisation	(17,461)	(19,328)	(21,647)	(24,245)	(24,245)
PPOP	267,164	300,228	317,646	339,584	361,641
Impairment loans losses	(52,990)	(67,971)	(70,554)	(71,018)	(73,914)
Profit before tax	214,174	232,257	247,091	268,565	287,727
Tax	(47,963)	(52,747)	(56,831)	(61,770)	(66,177)
Minority interests	104	(49)	(54)	(59)	(59)
Net profit	166,315	179,461	190,207	206,736	221,491
Growth (%)					
Net interest income	10.0	14.3	8.5	9.4	9.0
Non-interest income	7.8	5.2	12.9	12.4	10.6
Of which: Fees and commissions	11.1	(3.7)	12.7	12.4	12.5
Oper. income (Top line)	9.6	12.5	9.3	9.9	9.3
Operating expenses	8.3	12.9	14.2	13.9	13.8
Amortisation	12.7	10.7	12.0	12.0	12.0
PPOP	10.3	12.4	5.8	6.9	6.5
Impairment loans losses	(2.3)	28.3	3.8	0.7	4.1
Profit before tax	14.0	8.4	6.4	8.7	7.1
Tax	12.1	10.0	7.7	8.7	7.1
Minority interests	(381.1)	(147.1)	10.0	10.0	10.0
Net profit	14.6	7.9	6.0	8.7	7.1
Per share (RMB)					
EPS	0.51	0.55	0.59	0.64	0.68
BVPS	2.60	3.17	3.58	4.02	4.49
DPS	0.18	0.18	0.19	0.20	0.21
Key ratio (%)					
Net interest margin	2.79	2.92	2.83	2.77	2.70
Net interest spread	2.64	2.76	2.47	2.30	2.12
Cost to income ratio	38.89	39.03	40.78	42.24	43.98
Return on average assets	1.20	1.18	1.12	1.09	1.05
Return on average equity	20.88	19.15	17.35	16.76	16.02
Effective tax rate	22.39	22.71	23.00	23.00	23.00
Dividend payout	34.57	32.94	32.00	31.00	31.00

Source(s): Company, ABCI Securities estimates



ABC

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash & cash equivalent	2,603,802	2,743,065	2,928,429	3,155,225	3,400,855
Dues from banks & non-bank FI	1,443,385	1,489,285	1,737,322	2,041,882	2,412,369
Investment securities	3,220,098	3,575,630	4,010,371	4,494,661	5,003,649
Net loans and advances	6,902,522	7,739,996	8,702,318	9,744,063	10,871,014
Total IEA	14,169,807	15,547,976	17,378,442	19,435,831	21,687,887
Property and equipment	150,859	154,950	165,797	177,402	189,820
Other non-int. earn assets	241,436	271,226	321,619	381,398	452,315
Total assets	14,562,102	15,974,152	17,865,858	19,994,632	22,330,022
Customer deposits	11,811,411	12,533,597	13,328,044	14,165,905	15,073,349
Due to other banks & FIs	903,821	1,136,185	1,386,146	1,635,652	1,897,356
Subordinated term debt	266,261	325,167	390,200	460,436	529,502
Total IBL	12,981,493	13,994,949	15,104,390	16,261,994	17,500,207
Current taxes	44,263	41,338	45,472	50,019	55,021
Deferred tax liabilities	8	43	52	62	74
Other liabilities	691,801	905,203	1,552,751	2,375,462	3,313,522
Total liabilities	13,717,565	14,941,533	16,702,665	18,687,537	20,868,824
Share capital	324,794	364,738	364,738	364,738	364,738
Reserves	518,314	666,328	796,778	940,545	1,094,503
Minorities	1,429	1,553	1,677	1,811	1,956
Shareholder's equity	844,537	1,032,619	1,163,193	1,307,095	1,461,198
Growth (%)					
Cash & cash equivalent	(0.4)	5.3	6.8	7.7	7.8
Dues from banks & non-bank FI	11.0	3.2	16.7	17.5	18.1
Investment securities	12.9	11.0	12.2	12.1	11.3
Net loans and advances	12.2	12.1	12.4	12.0	11.6
Total IEA	9.7	9.7	11.8	11.8	11.6
Total assets	9.9	9.7	11.8	11.9	11.7
Customer deposits	8.7	6.1	6.3	6.3	6.4
Due to other banks & FIs	(3.2)	25.7	22.0	18.0	16.0
Subordinated term debt	38.2	22.1	20.0	18.0	15.0
Total IBL	8.3	7.8	7.9	7.7	7.6
Total liabilities	9.8	8.9	11.8	11.9	11.7
Shareholder's equity	12.4	22.3	12.7	12.4	11.8
Key ratio (%)					
Loan to deposits	60.70	64.03	67.60	71.09	74.42
CT1 CAR	9.25	9.09	10.38	10.42	10.43
Total CAR	11.86	12.82	14.41	14.38	14.33
NPL ratio	1.20	1.53	1.56	1.60	1.65
NPL growth	1.24	42.82	14.52	14.70	14.75
Net bad debt charge ratio	0.76	0.85	0.83	0.74	0.69
Provision to total loans	4.50	4.50	4.40	4.35	4.30
Provision coverage	370.71	288.48	281.77	271.80	261.08

Source(s): Company, ABCI Securities estimates



BOC

Consolidated income statement (2013A-2017E)

FY Ended Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	283,585	321,102	356,591	390,254	418,051
Non-interest income	123,924	135,226	154,423	174,128	196,394
Of which: Fees and commissions	82,092	91,240	104,673	119,897	136,659
Operating income (Topline)	407,509	456,328	511,014	564,382	614,446
Operating expenses	(172,314)	(177,788)	(200,861)	(226,454)	(253,565)
Amortisation	(13,598)	(13,214)	(14,800)	(16,576)	(18,399)
PPOP	235,195	278,540	310,153	337,929	360,881
Impairment losses on loans	(23,510)	(48,381)	(66,630)	(68,653)	(67,103)
Operating profit	211,685	230,159	243,523	269,276	293,778
Non-operating income	1,092	1,319	1,438	1,553	1,677
Profit before tax	212,777	231,478	244,961	270,829	295,455
Tax	(49,036)	(54,280)	(54,163)	(59,655)	(64,750)
Minority interest	(6,830)	(7,603)	(8,363)	(9,200)	(10,120)
Net profit	156,911	169,595	182,435	201,974	220,586
Growth (%)					
Net interest income	10.4	13.2	11.1	9.4	7.1
Non-interest income	13.5	9.1	14.2	12.8	12.8
Of which: Fees and commissions	17.4	11.1	14.7	14.5	14.0
Oper. income (Top line)	11.3	12.0	12.0	10.4	8.9
Operating expenses	7.7	3.2	13.0	12.7	12.0
Amortisation	12.0	12.0	12.0	12.0	11.0
PPOP	14.1	18.4	11.3	9.0	6.8
Impairment losses on loans	21.3	105.8	37.7	3.0	(2.3)
Operating profit	13.3	8.7	5.8	10.6	9.1
Non-operating income	78.1	20.8	9.0	8.0	8.0
Profit before tax	13.6	8.8	5.8	10.6	9.1
Tax	17.1	10.7	(0.2)	10.1	8.5
Minority interest	8.0	8.0	10.0	10.0	10.0
Net profit	12.5	8.1	7.6	10.7	9.2
Per share(RMB)					
EPS	0.56	0.59	0.63	0.70	0.76
BVPS	3.31	3.95	4.37	4.84	5.35
DPS	0.20	0.19	0.21	0.23	0.25
Key ratio (%)					
Net interest margin	2.24	2.25	2.01	1.95	1.93
Net interest spread	2.12	2.13	1.56	1.41	1.42
Cost to income ratio	42.28	38.96	39.31	40.12	41.27
Return on average assets	1.18	1.16	1.15	1.16	1.16
Return on average equity	17.95	16.43	15.19	15.19	14.99
Effective tax rate	23.05	23.45	22.11	22.03	21.92
Dividend payout	34.84	34.84	34.00	33.00	33.00

Source(s): Company, ABCI Securities estimates



BOC

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash & cash equivalent	702,584	813,054	883,813	961,091	1,045,537
Dues from banks	2,644,889	2,708,368	2,868,499	3,032,865	3,211,845
Investment securities	2,256,470	2,556,265	2,828,883	3,119,603	3,436,665
Net loans and advances	7,439,742	8,294,744	9,089,450	10,065,244	11,144,621
Total IEA	13,043,685	14,372,431	15,670,646	17,178,803	18,838,667
Property and equipment	179,239	172,197	182,529	193,481	205,089
Derivative assets	40,823	47,967	48,926	49,905	50,903
Other non-IEA	610,552	658,787	711,740	768,953	830,766
Total assets	13,874,299	15,251,382	16,613,841	18,191,141	19,925,426
Customer deposits	10,097,786	10,885,223	11,850,581	12,886,232	14,096,876
Due to other banks & FIs	2,091,828	2,353,848	2,636,310	2,926,304	3,218,934
Subordinated term debt	254,274	308,492	354,766	407,981	469,178
Total IBL	12,443,888	13,547,563	14,841,656	16,220,516	17,784,988
Trading liabilities	36,212	40,734	45,622	51,097	57,228
Current taxes	40,031	41,636	52,045	63,495	76,194
Deferred tax liabilities	3,385	4,287	5,487	6,969	8,781
Other liabilities	389,306	433,734	362,455	404,347	402,826
Total liabilities	12,912,822	14,067,954	15,307,266	16,746,424	18,330,017
Share capital	279,365	360,476	360,476	360,476	360,476
Reserves	644,551	780,383	901,402	1,037,309	1,185,654
Minority interest	37,561	42,569	44,697	46,932	49,279
Total shareholders' equity	961,477	1,183,428	1,306,575	1,444,717	1,595,409
Growth (%)					
Cash & cash equivalent	(9.4)	15.7	8.7	8.7	8.8
Dues from banks	11.1	2.4	5.9	5.7	5.9
Investment securities	2.1	13.3	10.7	10.3	10.2
Net loans and advances	10.9	11.5	9.6	10.7	10.7
Total IEA	8.0	10.2	9.0	9.6	9.7
Total assets	9.4	9.9	8.9	9.5	9.5
Customer deposits	10.1	7.8	8.9	8.7	9.4
Due to other banks & FIs	4.8	12.5	12.0	11.0	10.0
Subordinated term debt	9.0	21.3	15.0	15.0	15.0
Total IBL	9.1	8.9	9.6	9.3	9.6
Total liabilities	9.3	8.9	8.8	9.4	9.5
Shareholders' equity	11.6	23.1	10.4	10.6	10.4
Key ratio (%)					
Loan to deposits	70.25	72.45	72.91	74.21	75.12
Core CAR	9.70	11.35	11.64	11.68	11.71
Total CAR	12.46	13.87	14.74	14.93	15.09
NPL ratio	0.96	1.18	1.19	1.22	1.25
NPL growth	11.95	37.15	10.49	13.17	13.32
Net bad debt charge ratio	0.32	0.60	0.75	0.70	0.62
Provision to total loans	2.21	2.22	2.40	2.50	2.55
Provision coverage	229.35	187.60	201.29	205.37	204.79

Source(s): Company, ABCI Securities estimates



BoCom

Consolidated income statement (2013A-2017E)

FY Ended Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	130,658	134,776	137,116	144,430	157,372
Non-interest income	34,370	43,760	51,445	59,741	68,433
Of which: Fees and commissions	25,968	29,604	34,817	40,374	46,209
Oper income (Top line)	165,028	178,536	188,560	204,171	225,806
Operating expenses	(66,709)	(71,863)	(77,679)	(85,318)	(95,483)
PPOP	98,319	106,673	110,881	118,853	130,323
Impairment losses on loans	(18,410)	(20,439)	(29,301)	(28,982)	(35,689)
Profit before tax	79,909	86,234	81,580	89,871	94,634
Tax	(17,448)	(18,892)	(17,948)	(19,772)	(20,819)
Minorities & other dilutions	166	185	194	204	204
Net profit	62,295	67,157	63,438	69,896	73,611
Growth (%)					
Net interest income	8.8	3.2	1.7	5.3	9.0
Non-interest income	22.5	27.3	17.6	16.1	14.6
Of which: Fees and commissions	24.4	14.0	17.6	16.0	14.5
Oper income (Top line)	11.4	8.2	5.6	8.3	10.6
Operating expenses	14.2	7.7	8.1	9.8	11.9
PPOP	9.6	8.5	3.9	7.2	9.7
Impairment losses on loans	26.6	11.0	43.4	(1.1)	23.1
Profit before tax	6.2	7.9	(5.4)	10.2	5.3
Tax	4.2	8.3	(5.0)	10.2	5.3
Minorities & other dilutions	61.2	11.4	5.0	5.0	5.0
Net profit	6.7	7.8	(5.5)	10.2	5.3
Per share(RMB)					
EPS	0.84	0.90	0.85	0.94	0.99
BVPS	5.65	6.34	6.95	7.62	8.33
DPS	0.26	0.27	0.26	0.28	0.30
Key ratio (%)					
Net interest margin	2.44	2.32	2.20	2.12	2.11
Net interest spread	2.26	2.13	2.00	1.89	1.86
Cost to income ratio	40.42	40.25	41.20	41.79	42.29
Return on average assets	1.11	1.10	0.97	0.97	0.93
Return on average equity	15.58	15.08	12.85	12.91	12.42
Effective tax rate	21.83	21.91	22.00	22.00	22.00
Dividend payout	30.99	29.86	30.00	30.00	30.00

Source(s): Company, ABCI Securities estimates



BoCom

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash & cash equivalent	896,556	938,055	988,946	1,042,734	1,089,368
Dues from banks	566,429	525,033	586,137	656,157	740,540
Investment securities	1,084,904	1,173,532	1,286,704	1,417,545	1,568,967
Net loans and advances	3,193,063	3,354,787	3,679,602	4,055,847	4,469,883
Total IEA	5,740,952	5,991,407	6,541,389	7,172,284	7,868,758
Property and equipment	57,179	69,767	82,325	95,497	108,867
Other non-int. earning assets	162,806	207,125	237,068	267,019	295,829
Total assets	5,960,937	6,268,299	6,860,782	7,534,800	8,273,454
Customer deposits	4,157,833	4,029,668	4,191,140	4,404,823	4,676,658
Due to other banks & FIs	1,126,563	1,408,275	1,689,930	1,994,117	2,313,176
Subordinated term debt	82,238	129,547	161,934	197,559	237,071
Total IBL	5,366,634	5,567,490	6,043,004	6,596,500	7,226,905
Trading liabilities	28,640	28,823	31,129	33,619	36,309
Current taxes	6,107	7,852	9,815	11,974	14,369
Deferred tax liabilities	18	32	34	35	37
Other liabilities	138,054	190,497	257,221	322,438	372,145
Total liabilities	5,539,453	5,794,694	6,341,203	6,964,567	7,649,765
Share capital	74,263	74,263	74,263	74,263	74,263
Capital surplus	345,298	396,792	442,129	491,986	544,445
Minorities	1,923	2,550	3,188	3,984	4,980
Shareholder's equity	421,484	473,605	519,579	570,233	623,689
Growth (%)					
Cash & cash equivalent	9.8	4.6	5.4	5.4	4.5
Dues from banks	8.7	(7.3)	11.6	11.9	12.9
Investment securities	22.5	8.2	9.6	10.2	10.7
Net loans and advances	10.9	5.1	9.7	10.2	10.2
Total IEA	12.5	4.4	9.2	9.6	9.7
Total assets	13.0	5.2	9.5	9.8	9.8
Customer deposits	11.5	(3.1)	4.0	5.1	6.2
Due to other banks & FIs	19.5	25.0	20.0	18.0	16.0
Subordinated term debt	17.5	57.5	25.0	22.0	20.0
Total IBL	13.2	3.7	8.5	9.2	9.6
Total liabilities	13.2	4.6	9.4	9.8	9.8
Shareholder's equity	10.5	12.4	9.7	9.7	9.4
Key ratio (%)					
Loan to deposits	69.19	72.49	72.50	74.30	75.67
CT1 CAR	9.76	11.30	10.00	9.99	9.95
Total CAR	12.08	14.04	13.77	14.19	14.54
NPL ratio	0.98	1.01	1.05	1.06	1.07
NPL growth	18.76	8.60	13.43	11.38	12.11
Net bad debt charge ratio	0.59	0.61	0.81	0.73	0.82
Provision to total loans	2.24	2.24	2.50	2.55	2.60
Provision coverage	228.65	221.01	238.91	241.28	241.97

Source(s): Company, ABCI Securities estimates



MSB

Consolidated income statement (2013A-2017E)

FY Ended Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	83,033	92,136	100,142	110,389	125,305
Non-interest income	33,069	42,871	51,234	59,559	67,607
Of which: Fees and commissions	29,956	38,239	46,091	53,841	61,246
Oper. income (Top line)	116,102	135,007	151,376	169,947	192,912
Operating expenses	(43,848)	(51,088)	(57,450)	(64,420)	(72,140)
Amortisation	(2,114)	(2,994)	(3,892)	(4,865)	(4,865)
PPOP	70,140	80,925	90,034	100,662	115,907
Impairment loans losses	(12,989)	(21,132)	(26,935)	(33,533)	(38,827)
Profit before tax	57,151	59,793	63,099	67,129	77,081
Tax	(13,869)	(14,226)	(14,513)	(15,440)	(17,729)
Minority interests	(1,004)	(1,021)	(1,276)	(1,595)	(1,994)
Net profit	42,278	44,546	47,310	50,094	57,358
Growth (%)					
Net interest income	7.6	11.0	8.7	8.7	10.2
Non-interest income	28.6	29.6	19.5	19.5	16.2
Of which: Fees and commissions	46.0	27.7	20.5	20.5	16.8
Oper. income (Top line)	12.9	16.3	12.1	12.1	12.3
Operating expenses	6.2	16.5	12.5	12.5	12.1
Amortisation	33.1	41.6	30.0	25.0	25.0
PPOP	17.0	15.4	11.3	11.3	11.8
Impairment loans losses	39.4	62.7	27.5	27.5	24.5
Profit before tax	12.8	4.6	5.5	5.5	6.4
Tax	12.4	2.6	2.0	2.0	6.4
Minority interests	34.8	1.7	25.0	25.0	25.0
Net profit	12.6	5.4	6.2	6.2	5.9
Per share(RMB)					
EPS	1.58	1.43	1.39	1.47	1.68
BVPS	6.97	7.03	8.22	9.48	10.92
DPS	0.26	0.18	0.21	0.22	0.25
Key ratio (%)					
Net interest margin	2.49	2.59	2.46	2.35	2.32
Net interest spread	2.31	2.41	2.29	2.15	2.08
Cost to income ratio	37.77	37.84	37.95	37.91	37.40
Return on average assets	1.31	1.23	1.09	1.00	1.00
Return on average equity	23.44	20.35	18.16	16.57	16.46
Effective tax rate	24.27	23.79	23.00	23.00	23.00
Dividend payout	17.31	14.18	15.00	15.00	15.00

Source(s): Company, ABCI Securities estimates



MSB

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash & cash equivalent	433,802	471,632	509,829	553,914	605,874
Dues from banks & non-bank FI	767,335	927,756	1,076,972	1,240,729	1,417,487
Investment securities	306,722	601,395	730,635	877,653	1,032,081
Net loans and advances	1,539,447	1,774,159	2,053,485	2,370,208	2,716,008
Total IEA	3,047,306	3,774,942	4,370,920	5,042,504	5,771,450
Property and equipment	24,102	36,936	44,323	52,301	60,670
Other non-int. earn assets	154,802	203,258	239,492	277,675	319,326
Total assets	3,226,210	4,015,136	4,654,735	5,372,480	6,151,445
Customer deposits	2,146,689	2,433,810	2,748,794	3,100,727	3,485,694
Due to other banks & FIs	655,512	1,041,311	1,249,573	1,474,496	1,710,416
Subordinated term debt and others	91,968	129,279	148,671	170,971	196,617
Total IBL	2,894,169	3,604,400	4,147,038	4,746,195	5,392,727
Current taxes	2,475	3,026	3,631	4,357	5,229
Other liabilities	125,279	159,954	214,868	288,844	370,258
Total liabilities	3,021,923	3,767,380	4,365,537	5,039,396	5,768,214
Share capital	28,366	34,153	34,153	34,153	34,153
Reserves	169,346	205,989	246,669	289,719	338,944
Minorities	6,575	7,614	8,375	9,213	10,134
Shareholder's equity	204,287	247,756	289,198	333,085	383,232
Growth (%)					
Cash & cash equivalent	3.2	8.7	8.1	8.6	9.4
Dues from banks & non-bank FI	(26.8)	20.9	16.1	15.2	14.2
Investment securities	26.0	96.1	21.5	20.1	17.6
Net loans and advances	13.9	15.2	15.7	15.4	14.6
Total IEA	(0.6)	23.9	15.8	15.4	14.5
Total Assets	0.4	24.5	15.9	15.4	14.5
Customer deposits	11.4	13.4	12.9	12.8	12.4
Due to other banks & FIs	(22.8)	58.9	20.0	18.0	16.0
Subordinated term debt and others	22.7	40.6	15.0	15.0	15.0
Total IBL	1.5	24.5	15.1	14.4	13.6
Total liabilities	(0.7)	24.7	15.9	15.4	14.5
Shareholder's equity	21.2	21.3	16.7	15.2	15.1
Key ratio (%)					
Loan to deposits	70.12	69.99	71.58	73.18	74.51
CT1 CAR	8.72	8.58	8.48	8.48	8.53
Total CAR	10.69	10.69	10.59	10.66	10.76
NPL ratio	0.85	1.17	1.25	1.30	1.35
NPL growth	27.38	57.67	(0.5)	15.66	14.71
Net bad debt charge ratio	0.88	1.18	1.37	1.48	1.48
Provision to total loans	2.21	2.12	2.30	2.50	2.60
Provision coverage	259.74	182.20	184.00	192.31	192.59

Source(s): Company, ABCI Securities estimates



CMB

Consolidated income statement (2013A-2017E)

FY Ended Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	98,913	112,000	111,649	124,520	142,750
Non-interest income	34,117	54,367	69,153	84,644	101,037
Of which: Fees and commissions	29,184	44,696	56,573	68,694	81,200
Operating income (Topline)	133,030	166,367	180,803	209,164	243,787
Operating expenses	(54,475)	(61,413)	(71,945)	(83,674)	(97,107)
PPOP	78,555	104,954	108,858	125,490	146,680
Impairment losses on loans	(10,218)	(31,681)	(27,941)	(34,563)	(41,287)
Operating profit	68,337	73,273	80,917	90,927	105,393
Non-operating income	88	158	198	247	309
Profit before tax	68,425	73,431	81,114	91,174	105,701
Tax	(16,683)	(17,382)	(18,656)	(20,970)	(24,311)
Minority interest	1	(138)	(152)	(167)	(184)
Net profit	51,743	55,911	62,306	70,037	81,206
Growth (%)					
Net interest income	11.9	13.2	(0.3)	11.5	14.6
Of which: Fees and commissions	47.8	53.2	26.6	21.4	18.2
Operating income (Top line)	16.9	25.1	8.7	15.7	16.6
Operating expenses	11.9	12.7	17.1	16.3	16.1
PPOP	20.7	33.6	3.7	15.3	16.9
Impairment losses on loans	83.0	210.1	(11.8)	23.7	19.5
Operating profit	14.9	7.2	10.4	12.4	15.9
Non-operating income	37.5	79.5	25.0	25.0	25.0
Profit before tax	14.9	7.3	10.5	12.4	15.9
Tax	16.8	4.2	7.3	12.4	15.9
Minority interest	(125.0)	(13,900.0)	10.0	10.0	10.0
Net profit	14.3	8.1	11.4	12.4	15.9
Per share (RMB)					
EPS	2.21	2.22	2.47	2.78	3.22
BVPS	10.53	12.47	14.33	16.44	18.91
DPS	0.62	0.67	0.74	0.83	0.97
Key ratio (%)					
Net interest margin	2.82	2.52	2.42	2.38	2.41
Net interest spread	2.64	2.32	2.40	2.35	2.38
Cost to income ratio	40.95	36.91	39.79	40.00	39.83
Return on average assets	1.39	1.28	1.23	1.22	1.25
Return on average equity	22.22	19.28	18.44	18.05	18.22
Effective tax rate	23.00	23.00	23.00	23.00	23.00
Dividend payout	30.00	30.00	30.00	30.00	30.00

Source(s): Company, ABCI Securities estimates



CMB

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash & cash equivalent	562,722	725,993	837,403	960,673	1,097,830
Dues from banks & non-bank FI	466,952	469,065	499,135	532,725	570,114
Investment securities	757,476	986,659	1,142,603	1,314,597	1,487,761
Net loans and advances	2,148,330	2,448,754	2,785,178	3,155,234	3,556,354
Total IEA	3,935,480	4,630,471	5,264,319	5,963,230	6,712,059
Property and equipment	25,900	29,129	32,624	36,539	40,924
Other non-int. earn assets	55,019	72,229	84,092	94,174	105,332
Total assets	4,016,399	4,731,829	5,381,036	6,093,943	6,858,315
Customer deposits	2,796,217	3,325,729	3,816,767	4,333,447	4,871,654
Due to other banks & FIs	792,478	879,039	966,943	1,063,637	1,170,001
Subordinated term debt	47,995	84,864	97,594	112,233	129,068
Total IBL	3,666,816	4,313,247	4,907,280	5,537,891	6,202,154
Current taxes	8,722	11,656	14,570	17,775	21,330
Deferred tax liabilities	770	771	771	771	771
Other liabilities	74,135	91,095	96,234	122,135	156,525
Total liabilities	3,750,443	4,416,769	5,018,856	5,678,573	6,380,780
Share capital	25,220	25,220	25,220	25,220	25,220
Reserves	240,245	289,184	336,272	389,427	451,592
Minorities	491	656	689	723	723
Shareholder's equity	265,956	315,060	362,181	415,370	477,535
Growth (%)					
Cash & cash equivalent	(25.2)	29.0	15.3	14.7	14.3
Dues from banks & non-bank FI	122.0	0.5	6.4	6.7	7.0
Investment securities	46.1	30.3	15.8	15.1	13.2
Net loans and advances	15.3	14.0	13.7	13.3	12.7
Total IEA	17.7	17.7	13.7	13.3	12.6
Total Assets	17.8	17.8	13.7	13.2	12.5
Customer deposits	9.9	18.9	14.8	13.5	12.4
Due to other banks & FIs	50.5	10.9	10.0	10.0	10.0
Subordinated term debt	(25.1)	76.8	15.0	15.0	15.0
Total IBL	16.6	17.6	13.8	12.9	12.0
Total liabilities	16.9	17.8	13.6	13.1	12.4
Shareholder's equity	32.7	18.5	15.0	14.7	15.0
Key ratio (%)					
Loan to deposits	65.57	63.79	65.07	66.64	68.45
CT1 CAR	9.27	10.44	9.29	9.44	9.67
Total CAR	11.14	12.38	11.70	11.88	12.14
NPL ratio	0.83	1.11	1.13	1.17	1.20
NPL growth	56.76	52.29	16.31	16.76	15.64
Net bad debt charge ratio	0.50	1.34	1.04	1.13	1.20
Provision to total loans	2.22	2.59	2.65	2.68	2.70
Provision coverage	266.00	233.42	233.49	229.19	225.09

Source(s): Company, ABCI Securities estimates



CITICB

Consolidated income statement (2013A-2017E)

FY Ended Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	85,688	94,741	97,859	107,981	121,974
Non-interest income	19,125	30,098	37,923	46,822	56,539
Of which: Fees and commissions	16,811	25,313	32,410	40,569	49,547
Oper income (Top line)	104,813	124,839	135,781	154,803	178,513
Operating expenses	(39,796)	(45,984)	(54,207)	(63,251)	(73,123)
Amortisation	(639)	(812)	(1,015)	(1,238)	(1,486)
PPOP	64,378	78,043	80,559	90,313	103,904
Impairment losses on loans	(11,940)	(23,673)	(22,891)	(27,511)	(33,761)
Operating profit	52,438	54,370	57,669	62,802	70,144
Non-oper. Income (Associate inc)	111	204	255	319	398
Profit before tax	52,549	54,574	57,924	63,121	70,542
Tax	(12,832)	(13,120)	(13,902)	(15,149)	(16,930)
Minorities & other dilutions	542	762	876	1,008	1,159
Net profit	39,175	40,692	43,146	46,964	52,453
Growth (%)					
Net interest income	13.5	10.6	3.3	10.3	13.0
Non-interest income	34.4	57.4	26.0	23.5	20.8
Of which: Fees and commissions	50.0	50.6	28.0	25.2	22.1
Oper income (Top line)	16.8	19.1	8.8	14.0	15.3
Operating expenses	15.5	15.5	17.9	16.7	15.6
Amortisation	25.5	27.1	25.0	22.0	20.0
PPOP	17.6	21.2	3.2	12.1	15.0
Impairment losses on loans	(8.9)	98.3	(3.3)	20.2	22.7
Operating profit	26.0	3.7	6.1	8.9	11.7
Non-oper. Income (Associate inc)	(684.2)	83.8	25.0	25.0	25.0
Profit before tax	26.3	3.9	6.1	9.0	11.8
Tax	25.5	2.2	6.0	9.0	11.8
Minorities & other dilutions	53.5	40.6	15.0	15.0	15.0
Net profit	26.2	3.9	6.0	8.8	11.7
Per share (RMB)					
EPS	0.84	0.87	0.92	1.00	1.12
BVPS	4.82	5.55	6.20	6.91	7.70
DPS	0.25	0.26	0.28	0.30	0.34
Key ratio (%)					
Net interest margin	2.60	2.40	2.27	2.22	2.18
Net interest spread	2.40	2.19	2.10	1.99	1.85
Cost to income ratio	38.58	37.49	40.67	41.66	41.79
Return on average assets	1.19	1.05	0.98	0.93	0.92
Return on average equity	18.48	16.77	15.69	15.31	15.34
Effective tax rate	24.42	24.04	24.00	24.00	24.00
Dividend payout	30.10	30.10	30.00	30.00	30.00

Source(s): Company, ABCI Securities estimates



CITICB

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash & cash equivalent	496,476	538,486	585,214	636,780	698,381
Dues from banks	540,792	297,365	275,737	255,866	250,033
Investment securities	643,985	1,098,126	1,343,566	1,637,145	1,958,275
Net loans and advances	1,899,921	2,136,332	2,419,507	2,735,408	3,095,773
Total IEA	3,581,174	4,070,309	4,624,024	5,265,199	6,002,463
Property and equipment	14,011	14,738	15,622	16,560	17,719
Trading assets	7,749	8,226	8,720	9,330	10,076
Other non-int. earning assets	38,259	45,542	50,914	58,750	69,915
Total assets	3,641,193	4,138,815	4,699,280	5,349,838	6,100,173
Customer deposits	2,651,678	2,849,574	3,072,172	3,317,152	3,581,640
Due to other banks & FIs	609,568	750,122	900,146	1,062,173	1,221,499
Subordinated term debt	79,869	133,488	166,860	208,575	250,290
Total IBL	3,341,115	3,733,184	4,139,178	4,587,900	5,053,428
Trading liabilities	6,853	7,347	8,449	9,463	10,409
Current taxes	4,355	5,985	7,481	9,127	10,953
Other liabilities	58,145	124,953	245,126	409,766	653,231
Total liabilities	3,410,468	3,871,469	4,400,235	5,016,257	5,728,021
Share capital	46,787	46,787	46,787	46,787	46,787
Reserve	178,814	212,890	243,438	276,652	313,701
MI	5,124	7,669	8,819	10,142	11,664
Shareholder's equity	230,725	267,346	299,045	333,582	372,152
Growth (%)					
Cash & cash equivalent	16.0	8.5	8.7	8.8	9.7
Dues from banks	18.2	(45.0)	(7.3)	(7.2)	(2.3)
Investment securities	87.1	70.5	22.4	21.9	19.6
Net loans and advances	16.7	12.4	13.3	13.1	13.2
Total IEA	25.3	13.7	13.6	13.9	14.0
Total assets	23.0	13.7	13.5	13.8	14.0
Customer deposits	17.6	7.5	7.8	8.0	8.0
Due to other banks & FIs	52.5	23.1	20.0	18.0	15.0
Subordinated term debt	41.6	67.1	25.0	25.0	20.0
Total IBL	23.2	11.7	10.9	10.8	10.1
Total liabilities	23.7	13.5	13.7	14.0	14.2
Shareholder's equity	13.6	15.9	11.9	11.5	11.6
Key ratio (%)					
Loan to deposits	70.77	73.86	72.26	72.94	75.81
CT1 CAR	8.78	8.93	8.71	8.54	8.37
Total CAR	11.24	12.33	12.23	12.34	12.32
NPL ratio	1.03	1.30	1.32	1.35	1.38
NPL growth	62.92	42.51	14.97	15.79	15.46
Net bad debt charge ratio	0.63	1.07	0.95	1.01	1.10
Provision to total loans	2.13	2.36	2.45	2.55	2.60
Provision coverage	206.62	181.26	185.75	188.95	188.94

Source(s): Company, ABCI Securities estimates



CEB

Consolidated income statement (2013A-2017E)

FY Ended Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	50,862	58,259	60,514	64,557	70,939
Non-interest income	14,665	20,512	24,782	29,493	34,760
Of which: Fees and commissions	14,952	19,157	23,267	27,809	32,899
Operating income	65,527	78,771	85,296	94,051	105,698
Operating expenses	(26,473)	(30,008)	(34,121)	(38,538)	(43,230)
Pre-provision operating profit	39,054	48,763	51,175	55,513	62,469
Impairment loans losses	(4,633)	(10,209)	(11,948)	(14,398)	(14,968)
Profit before tax	34,421	38,554	39,227	41,115	47,501
Tax	(7,667)	(9,626)	(9,807)	(10,279)	(11,875)
Minority interests	(39)	(45)	(50)	(54)	(60)
Net profit	26,715	28,883	29,371	30,782	35,565
Growth (%)					
Net interest income	1.2	14.5	3.9	6.7	9.9
Non-interest income	49.5	39.9	20.8	19.0	17.9
Of which: Fees and commissions	57.7	28.1	21.5	19.5	18.3
Operating income	9.1	20.2	8.3	10.3	12.4
Operating expenses	16.7	13.4	13.7	12.9	12.2
PPOP	4.5	24.9	4.9	8.5	12.5
Impairment loans losses	(20.1)	120.4	17.0	20.5	4.0
Profit before tax	9.0	12.0	1.7	4.8	15.5
Tax	(3.8)	25.6	1.9	4.8	15.5
Minority interests	34.5	15.4	10.0	10.0	10.0
Net profit	13.2	8.1	1.7	4.8	15.5
Per share (RMB)					
EPS	0.62	0.62	0.63	0.66	0.76
BVPS	3.30	3.83	4.42	5.05	5.39
DPS	0.17	0.19	0.19	0.20	0.23
Key ratio (%)					
Net interest margin	2.16	2.30	2.24	2.11	2.06
Net interest spread	1.95	2.05	2.26	2.11	2.04
Cost to income ratio	40.40	38.10	40.00	40.98	40.90
Return on average assets	1.14	1.12	1.01	0.93	0.95
Return on average equity	20.01	17.41	15.25	13.92	14.59
Effective tax rate	22.27	24.97	25.00	25.00	25.00
Dividend payout	30.05	30.06	30.00	30.00	30.00

Source(s): Company, ABCI Securities estimates



CEB

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash & bank	312,643	354,185	390,073	426,403	466,275
Due from banks & FIs	360,626	459,731	533,302	616,932	712,764
Investment securities	494,927	589,626	687,906	795,025	908,537
Net loans and advances	1,142,138	1,271,430	1,426,102	1,601,735	1,801,428
Total interest earning assets	2,310,334	2,674,972	3,037,383	3,440,096	3,889,004
Property and equipment	12,629	13,043	13,695	14,380	15,099
Other non-interest earning assets	92,123	48,995	54,046	59,625	65,788
Total assets	2,415,086	2,737,010	3,105,124	3,514,101	3,969,892
Customer deposits	1,605,278	1,785,337	1,990,372	2,212,827	2,445,963
Due to other banks & FIs	438,604	507,187	583,265	670,755	771,368
Subordinated term debts	42,247	89,676	107,611	129,133	154,960
Total interest bearing liabilities	2,086,129	2,382,200	2,681,248	3,012,716	3,372,291
Current taxes	2,605	3,829	4,595	5,422	6,344
Other liabilities	173,300	171,498	212,267	258,998	338,004
Total liabilities	2,262,034	2,557,527	2,898,110	3,277,136	3,716,639
Share capital	46,277	46,679	46,679	46,679	46,679
Reserves	106,562	132,296	159,573	189,181	205,027
Minorities	213	508	762	1,105	1,547
Shareholder's equity	153,052	179,483	207,014	236,965	253,253
Growth (%)					
Cash & bank	9.5	13.3	10.1	9.3	9.4
Due from banks & FIs	(12.8)	27.5	16.0	15.7	15.5
Investment securities	3.1	19.1	16.7	15.6	14.3
Net loans and advances	14.5	11.3	12.2	12.3	12.5
Total interest earning assets	6.1	15.8	13.5	13.3	13.0
Total assets	6.0	13.3	13.4	13.2	13.0
Customer deposits	12.5	11.2	11.5	11.2	10.5
Due to other banks & FIs	(16.9)	15.6	15.0	15.0	15.0
Subordinated term debts	(19.8)	112.3	20.0	20.0	20.0
Total interest bearing liabilities	3.9	14.2	12.6	12.4	11.9
Total liabilities	4.5	13.1	13.3	13.1	13.4
Shareholder's equity	33.9	17.3	15.3	14.5	6.9
Key ratio (%)					
Loan to deposit ratio	72.65	72.78	73.34	74.24	75.58
CT1 CAR	9.11	9.34	9.54	9.64	9.10
Total CAR	10.57	11.21	11.68	11.70	11.09
NPL ratio	0.86	1.19	1.21	1.23	1.25
NPL growth	31.74	54.80	14.04	13.80	14.24
Net bad debt charge ratio	0.61	0.86	0.87	0.93	0.86
Provision to total loans	2.07	2.16	2.30	2.50	2.55
Provision coverage ratio	241.02	180.52	189.63	203.85	204.80

Source(s): Company, ABCI Securities estimates



HB

Consolidated income statement (2013A-2017E)

FY Ended Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	9,602	11,423	13,279	15,223	17,240
Net fee and commission	540	856	1,113	1,402	1,711
Other operating income	31	469	586	715	858
Operating income	10,173	12,748	14,978	17,341	19,809
Operating expenses	(3,386)	(4,216)	(5,271)	(6,430)	(7,716)
Impairment losses	(435)	(1,197)	(1,862)	(2,491)	(3,268)
Share of associates	48	76	88	101	116
Profit before tax	6,399	7,411	7,933	8,520	8,941
Income tax expenses	(1,473)	(1,734)	(1,904)	(2,045)	(2,146)
Net profit	4,926	5,677	6,029	6,476	6,795
Growth (%)					
Net interest income	12.1	19.0	16.2	14.6	13.2
Net fee and commission	36.3	58.7	30.0	26.0	22.0
Other operating income	(88.6)	1,415.7	25.0	22.0	20.0
Operating income	10.2	25.3	17.5	15.8	14.2
Operating expenses	8.1	24.5	25.0	22.0	20.0
Impairment losses	(4.9)	175.0	55.6	33.8	31.2
Share of associates	37.0	59.0	15.0	15.0	15.0
Profit before tax	12.7	15.8	7.0	7.4	4.9
Income tax expenses	7.2	17.7	9.8	7.4	4.9
Net profit	14.4	15.2	6.2	7.4	4.9
Per share (RMB)					
EPS	0.59	0.51	0.55	0.59	0.61
BVPS	2.87	3.31	3.82	4.38	4.97
DPS	0.20	0.16	0.16	0.18	0.18
Key ratio (%)					
Net interest margin	2.63	2.74	2.64	2.56	2.55
Net interest spread	2.44	2.47	2.13	2.05	2.01
Cost to income ratio	33.29	33.08	35.19	37.08	38.95
Return on average assets	1.39	1.31	1.16	1.07	0.97
Return on average equity	18.89	16.64	15.30	14.29	13.16
Effective tax rate	23.02	23.40	24.00	24.00	24.00
Dividend payout	33.68	30.37	30.00	30.00	30.00

Source(s): Company, ABCI Securities estimates



HB

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash and bank	76,178	76,421	81,006	85,866	91,018
Due from bank and FIs	48,964	73,786	92,232	112,523	135,028
Net loans	191,280	214,734	240,417	271,308	307,856
Investment securities	60,266	112,356	139,700	172,319	209,357
Total IEA	376,689	477,297	553,355	642,017	743,260
Other assets	5,420	5,467	6,014	6,615	7,277
Total assets	382,109	482,764	559,369	648,633	750,537
Customer deposits	272,798	317,870	365,551	416,728	479,237
Due to bank and FIs	61,703	98,703	123,379	150,522	179,121
Subordinated debt	8,986	18,751	20,626	22,689	24,958
Total IBL	343,488	435,324	509,555	589,938	683,315
Other liabilities	6,949	10,887	7,568	10,295	12,316
Total liabilities	350,437	446,211	517,123	600,233	695,631
Share capital	11,050	11,050	11,050	11,050	11,050
Retained earnings	8,659	10,868	15,088	19,621	24,378
Reserves	11,916	14,456	15,902	17,492	19,241
MI	47	179	206	236	236
Total equity	31,672	36,553	42,246	48,399	54,905
Growth (%)					
Cash and bank	32.1	0.3	6.0	6.0	6.0
Due from bank and FIs	9.2	50.7	25.0	22.0	20.0
Net loans	19.6	12.3	12.0	12.8	13.5
Investment securities	5.6	86.4	24.3	23.3	21.5
Total IEA	17.9	26.7	15.9	16.0	15.8
Total assets	17.9	26.3	15.9	16.0	15.7
Customer deposits	13.9	16.5	15.0	14.0	15.0
Due to bank and FIs	12.7	60.0	25.0	22.0	19.0
Subordinated debt	125.1	108.7	10.0	10.0	10.0
Total IBL	15.2	26.7	17.1	15.8	15.8
Total liabilities	15.4	27.3	15.9	16.1	15.9
Total equity	54.6	15.4	15.6	14.6	13.4
Key ratio (%)					
Loan to deposits	71.65	69.02	67.35	66.77	65.92
CT1 CAR	12.60	11.50	11.55	11.42	11.20
Total CAR	15.19	13.41	14.51	14.23	13.90
NPL ratio	0.54	0.54	0.65	0.80	0.90
NPL growth	11.10	12.25	35.08	39.10	27.72
Net bad debt charge ratio	0.34	0.24	0.72	0.80	0.95
Provision to total loans	2.13	2.12	2.35	2.50	2.55
Provision coverage	394.97	393.48	361.54	312.50	283.33

Source(s): Company, ABCI Securities estimates



HRB

Consolidated income statement (2013A-2017E)

FY Ended Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	6,818	8,398	9,213	10,033	10,659
Net fee and commission	1,247	1,600	2,240	3,025	3,932
Other operating income	479	255	344	464	627
Operating income	8,544	10,253	11,798	13,522	15,218
Operating expenses	(3,591)	(4,433)	(5,231)	(6,068)	(6,918)
Impairment losses	(506)	(709)	(936)	(1,153)	(1,399)
Investment in associates	3	17	20	23	26
Profit before tax	4,450	5,127	5,651	6,323	6,927
Income tax expenses	(1,079)	(1,287)	(1,356)	(1,518)	(1,662)
MI	(21)	(34)	(20)	(20)	(20)
Net profit	3,350	3,807	4,275	4,786	5,244
Growth (%)					
Net interest income	2.4	23.2	9.7	8.9	6.2
Net fee and commission	83.8	28.3	40.0	35.0	30.0
Other operating income	28.0	(46.8)	35.0	35.0	35.0
Operating income	10.8	20.0	15.1	14.6	12.5
Operating expenses	18.7	23.5	18.0	16.0	14.0
Impairment losses	(39.5)	40.1	31.9	23.2	21.3
Investment in associates	(65.7)	430.8	15.0	15.0	15.0
Profit before tax	15.3	15.2	10.2	11.9	9.5
Income tax expenses	9.3	19.3	5.4	11.9	9.5
MI	187.8	64.9	(41.6)	0.0	0.0
Net profit	17.0	13.6	12.3	12.0	9.6
Per share (RMB)					
EPS	0.30	0.35	0.39	0.44	0.48
BVPS	2.42	2.74	3.05	3.43	3.87
DPS	0.04	0.10	0.12	0.13	0.14
Key ratio (%)					
Net interest margin	2.64	2.71	2.70	2.62	2.54
Net interest spread	2.56	2.50	2.48	2.37	2.31
Cost to income ratio	42.03	43.24	44.34	44.88	45.46
Return on average assets	1.14	1.15	1.17	1.18	1.16
Return on average equity	18.36	15.46	13.43	13.44	13.06
Effective tax rate	24.25	25.09	24.00	24.00	24.00
Dividend payout	12.47	29.75	30.00	30.00	30.00

Source(s): Company, ABCI Securities estimates



HRB

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash and bank	51,552	53,871	54,948	56,047	57,168
Due from bank and FIs	84,982	65,475	66,784	68,788	71,539
Net loans	103,515	121,014	139,854	159,912	180,827
Investment securities	71,036	86,647	101,957	118,014	134,313
Total IEA	311,085	327,007	363,544	402,761	443,847
Other assets	11,090	16,634	20,793	25,367	30,440
Total assets	322,175	343,642	384,337	428,128	474,288
Customer deposits	224,178	232,197	250,773	273,342	297,943
Due to bank and FIs	70,489	70,740	84,888	100,168	116,195
Subordinated debt	3,500	4,498	5,623	7,028	8,786
Total IBL	298,167	307,435	341,284	380,539	422,923
Other liabilities	4,081	6,044	9,547	9,869	8,763
Total liabilities	302,248	313,479	350,830	390,408	431,686
Share capital	8,247	10,996	10,996	10,996	10,996
Retained earnings	4,031	5,487	8,479	11,829	15,500
Reserves	7,450	13,048	13,700	14,522	15,684
MI	200	632	332	373	422
Total equity	19,927	30,163	33,507	37,720	42,601
Growth (%)					
Cash and bank	(0.6)	4.5	2.0	2.0	2.0
Due from bank and FIs	18.5	(23.0)	2.0	3.0	4.0
Net loans	21.4	16.9	15.6	14.3	13.1
Investment securities	38.8	22.0	17.7	15.7	13.8
Total IEA	19.6	5.1	11.2	10.8	10.2
Total assets	19.3	6.7	11.8	11.4	10.8
Customer deposits	20.1	3.6	8.0	9.0	9.0
Due to bank and FIs	17.6	0.4	20.0	18.0	16.0
Subordinated debt	0.0	28.5	25.0	25.0	25.0
Total IBL	19.2	3.1	11.0	11.5	11.1
Total liabilities	19.4	3.7	11.9	11.3	10.6
Total equity	17.7	51.4	11.1	12.6	12.9
Key ratio (%)					
Loan to deposits	47.26	53.37	57.17	60.03	62.31
CT1 CAR	10.68	13.94	13.91	14.03	14.25
Total CAR	11.95	14.64	14.60	14.71	14.92
NPL ratio	0.85	1.13	1.25	1.35	1.40
NPL growth	61.24	55.51	27.97	23.62	17.33
Net bad debt charge ratio	0.52	0.62	0.70	0.75	0.80
Provision to total loans	2.29	2.35	2.45	2.55	2.60
Provision coverage	269.44	208.23	196.00	188.89	185.71

Source(s): Company, ABCI Securities estimates



BoCQ

Consolidated income statement (2013A-2017E)

FY Ended Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Net interest income	5,179	6,232	7,997	9,091	9,845
Net fee and commission	645	909	1,136	1,386	1,663
Other operating income	51	343	394	453	521
Operating income	5,875	7,483	9,527	10,930	12,029
Operating expenses	(2,283)	(2,805)	(3,366)	(4,040)	(4,979)
Impairment losses	(536)	(890)	(1,727)	(1,738)	(1,697)
Investment in associates	1	2	2	3	4
Profit before tax	3,057	3,790	4,437	5,156	5,357
Income tax expenses	(728)	(963)	(1,065)	(1,237)	(1,286)
Net profit	2,329	2,827	3,372	3,918	4,071
Growth (%)					
Net interest income	24.8	20.3	28.3	13.7	8.3
Net fee and commission	75.2	41.0	25.0	22.0	20.0
Other operating income	(63.4)	567.8	15.0	15.0	15.0
Operating income	26.1	27.4	27.3	14.7	10.1
Operating expenses	20.1	22.9	20.0	20.0	20.0
Impairment losses	123.2	66.1	94.1	0.6	(2.4)
Investment in associates	na	na	20.0	20.0	20.0
Profit before tax	21.4	24.0	17.1	16.2	3.9
Income tax expenses	22.8	32.3	10.6	16.2	3.9
Net profit	21.0	21.4	19.3	16.2	3.9
Per share (RMB)					
EPS	1.10	1.05	1.08	1.11	1.16
BVPS	4.98	5.88	7.21	8.46	9.79
DPS	0.22	0.27	0.25	0.29	0.30
Key ratio (%)					
Net interest margin	2.81	2.81	2.65	2.56	2.45
Net interest spread	2.61	2.56	2.19	2.11	2.11
Cost to income ratio	38.86	37.49	35.33	36.96	41.39
Return on average assets	1.28	1.17	1.12	1.12	1.00
Return on average equity	21.43	19.24	16.35	14.23	12.70
Effective tax rate	24.00	24.00	24.00	24.00	24.00
Dividend payout	26.02	26.03	26.00	26.00	26.00

Source(s): Company, ABCI Securities estimates



BoCQ

Consolidated balance sheet (2013A-2017E)

As of Dec 31 (RMB mn)	2013A	2014A	2015E	2016E	2017E
Cash and bank	32,823	35,699	44,624	49,979	55,976
Due from bank and FIs	32,143	54,409	64,203	74,476	86,392
Net loans	88,638	104,115	120,871	139,966	160,734
Investment securities	49,257	75,487	89,786	105,312	123,872
Total IEA	202,861	269,710	319,484	369,732	426,975
Other assets	3,926	4,821	5,785	6,827	7,919
Total assets	206,787	274,531	325,269	376,559	434,893
Customer deposits	148,801	167,932	188,084	210,654	235,933
Due to bank and FIs	33,750	81,636	102,861	126,519	154,353
Subordinated debt	4,778	3,785	4,353	5,006	5,506
Total IBL	187,328	253,353	295,298	342,179	395,793
Other liabilities	5,979	5,275	4,627	4,651	4,696
Total liabilities	193,308	258,628	299,925	346,830	400,488
Share capital	2,705	2,705	3,515	3,515	3,515
Retained earnings	5,676	6,955	9,450	12,350	15,362
Reserves	5,098	6,243	12,379	13,864	15,528
Total equity	13,479	15,903	25,344	29,729	34,405
Growth (%)					
Cash and bank	30.0	8.8	25.0	12.0	12.0
Due from bank and FIs	73.4	69.3	18.0	16.0	16.0
Net loans	17.8	17.5	16.1	15.8	14.8
Investment securities	53.3	53.2	18.9	17.3	17.6
Total IEA	34.2	33.0	18.5	15.7	15.5
Total assets	32.4	32.8	18.5	15.8	15.5
Customer deposits	30.5	12.9	12.0	12.0	12.0
Due to bank and FIs	22.0	141.9	26.0	23.0	22.0
Subordinated debt	166.9	(20.8)	15.0	15.0	10.0
Total IBL	30.5	35.2	16.6	15.9	15.7
Total liabilities	30.7	33.8	16.0	15.6	15.5
Total equity	63.2	18.0	59.4	17.3	15.7
Key ratio (%)					
Loan to deposits	60.82	63.39	65.81	68.15	69.91
CT1 CAR	10.82	9.63	12.62	12.81	12.84
Total CAR	13.26	11.00	14.03	14.25	14.33
NPL ratio	0.39	0.39	0.50	0.60	0.70
NPL growth	39.57	17.62	49.08	39.17	34.05
Net bad debt charge ratio	0.64	1.14	1.50	1.30	1.10
Provision to total loans	2.06	2.19	2.35	2.50	2.55
Provision coverage	528.80	562.23	470.00	416.67	364.29

Source(s): Company, ABCI Securities estimates

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Definition of equity rating

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

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

Market return: 5-year average market return rate from 2010-2014

Time horizon of share price target: 12-month

Definition of share price risk

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

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

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

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