



農銀國際

ABC INTERNATIONAL

ABCI SECURITIES COMPANY LIMITED

ABCI Research  
China Banks Sector

**Entry point for long term investors**

Sector Report  
Oct 15, 2020



## China Banks Sector

### Entry point for long term investors

- Chinese banks' earnings will recover in 2H20 on resuming economic activities
- Banks with robust risk buffer and rapid balance sheet growth would outperform
- System NPL ratio will continue to increase mildly in coming quarters
- We revise down earnings forecast on large provisions; nonetheless, we expect better earnings growth momentum for 2021E/22E
- OVERWEIGHT** on A/H-shr banks sector; current valuation indicates attractive entry point for long term investors. **CCB (939 HK/601939 CH)** and **ABC (1288HK/601288 CH)** remains as our sector top picks

**Profitability to resume from 2H20.** Impacts of COVID-19 recede in China as the situation is contained and economic activities resume. We expect profits to recover in banks from 2H20. Supported by improvement in a slew of economic data, such as FAI, retail sales, industrial production, and exports, our GDP growth forecast stands at 2.5% for 2020E implying meaningful upticks in 2H20. The rollout of supportive policies have slowed since 3Q20 – we view it as a signal of reduced urgency for intervention in the economy.

**Two key differentiation factors.** Based on 1H20 results, large provisions would continue pressuring earnings in coming quarters. CMB (3968 HK/600036 CH) outperformed in 1H20 with better earnings growth and risk buffer, which allowed for a lower-than-peer increase in provision expenses; meanwhile BHB (9668 HK) demonstrated a higher balance sheet growth than peers. We believe risk buffer and balance sheet growth will be crucial in determining a bank's profitability over the coming quarters.

**Mild increase in NPL ratios.** Despite the fading impacts of COVID-19, asset quality would only turned stable quarters later given the lag effect. We project system NPL ratio to inch up by a single-digit bps QoQ in coming quarters after the 3bps QoQ increase in 2Q20. As a result, large provisions will persist in order to maintain provision coverage ratio at similar levels in 2021E.

**Revising down earnings on large provisions.** Given the likelihood of large provisions, we revise down our earnings forecasts by 9.71%-17.85% for 2020E and 8.70%-19.29% for 2021E. We adjust our topline forecasts by -2.41% to +8.38% for 2020E and -0.35% to +10.72% for 2021E. Large provisions would be the primary factor limiting earnings growth, which we estimate to be in the range of -15.37% to +7.77% for 2020E. Higher earnings growth at the range of 3.2%-18.6% YoY would be seen in 2021E/22E for the banks under coverage.

**OVERWEIGHT on A/H share banks sector; attractive entry point for long term investors.** At the current valuation, the average forward P/B of H-shr and A-shr Big 5 banks are at 2 s.d. and 1.5 s.d. below their historical means, indicating an attractive entry point for investors seeking long-term capital gain and stable dividend payout. Short term share prices rebound, however, would need strong catalysts from policy supporting bank sector or much better than expected fundamental turnaround. We prefer H-shr banks over the A-shr equivalents for their lower valuations. Our top picks include CCB (939 HK/601939 CH) and ABC (1288 HK/601288 CH).

**Risk Factors:** 1) Increasing competition from non-bank financial institutions and foreign players; 2) Sharp deterioration in asset quality; 3) Increasing policy risk on macro uncertainties; 4) Prolonged impact from COVID-19 pandemic and Sino-US disputes.

## Sector Report

Oct 15, 2020

Rating (H): Overweight

Rating (A): Overweight

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### Key Data

Avg.20E P/E (x)	4.22/6.28
(H/A shr)	
Avg.20E P/B (x)	0.45/0.66
(H/A shr)	
Avg.20E Dividend Yield (%) (H/A shr)	6.10/5.29

Source(s): Bloomberg, ABCI Securities

### Sector Performance – H shr

	Absolute	Relative*
1-mth	(7.07)	(6.01)
3-mth	(19.47)	(12.75)
6-mth	(18.37)	(18.01)

\*Relative to HSI

Source(s): Bloomberg, ABCI Securities

### Sector Performance – A shr

	Absolute	Relative*
1-mth	(0.68)	(0.74)
3-mth	(10.36)	(5.40)
6-mth	(1.86)	(18.86)

\*Relative to CSI300

Source(s): Bloomberg, ABCI Securities



**Sector valuation summary – H shr (Data as of Oct 14, 2020)**

Company	Ticker	Rating	Price (HK\$)	TP (HK\$)	Upside (%)	FY20E P/B(x)	FY21E P/B (x)	FY20E P/E (x)	FY21E P/E (x)	FY20E Yield(%)	FY21E Yield(%)
ICBC	1398HK	BUY	4.26	6.75	58.45	0.50	0.46	4.63	4.52	6.48	6.75
CCB	939HK	BUY	5.30	8.72	64.53	0.51	0.47	4.66	4.43	6.73	7.16
ABC	1288HK	BUY	2.56	4.46	74.22	0.41	0.38	4.12	3.98	7.64	8.09
BoCom	3328HK	BUY	3.86	5.71	47.93	0.34	0.32	4.00	3.57	8.04	8.94
CMB	3968HK	BUY	38.25	44.50	16.34	1.24	1.11	9.01	7.98	3.85	4.33
MSB	1988HK	BUY	4.06	6.73	65.76	0.32	0.30	3.15	2.92	9.91	10.76
CITICB	998HK	BUY	3.11	4.81	54.66	0.28	0.26	3.14	2.97	8.14	8.50
CEB	6818HK	BUY	2.68	3.35	25.00	0.36	0.34	3.88	3.48	9.44	10.30
BHB	9668HK	BUY	4.79	5.69	18.79	0.87	0.76	7.44	7.30	3.06	3.43

\*CNY/HKD =1.15 throughout this report, unless otherwise stated

Source(s): Bloomberg, ABCI Securities estimates

**Sector valuation summary – A shr (Data as of Oct 14, 2020)**

Company	Ticker	Rating	Price (RMB)	TP (RMB)	Upside (%)	FY20E P/B(x)	FY21E P/B (x)	FY20E P/E (x)	FY21E P/E (x)	FY20E Yield(%)	FY21E Yield(%)
ICBC	601398CH	BUY	4.92	7.50	52.44	0.66	0.61	6.15	6.00	4.88	5.08
CCB	601939CH	BUY	6.17	9.66	56.56	0.68	0.63	6.23	5.93	5.02	5.35
ABC	601288CH	BUY	3.17	4.92	55.21	0.59	0.55	5.87	5.66	5.36	5.68
BoCom	601328CH	BUY	4.56	5.71	25.22	0.46	0.43	5.43	4.85	5.92	6.58
CMB	600036CH	BUY	38.05	46.70	22.73	1.42	1.27	10.31	9.12	3.36	3.78
MSB	600016CH	BUY	5.33	6.72	26.08	0.48	0.45	4.76	4.40	6.57	7.13
CITICB	601998CH	HOLD	5.16	5.17	0.19	0.54	0.50	6.00	5.67	4.26	4.46
CEB	601818CH	HOLD	3.97	3.49	(12.09)	0.62	0.57	6.62	5.93	5.54	6.05

Source(s): Bloomberg, ABCI Securities estimates

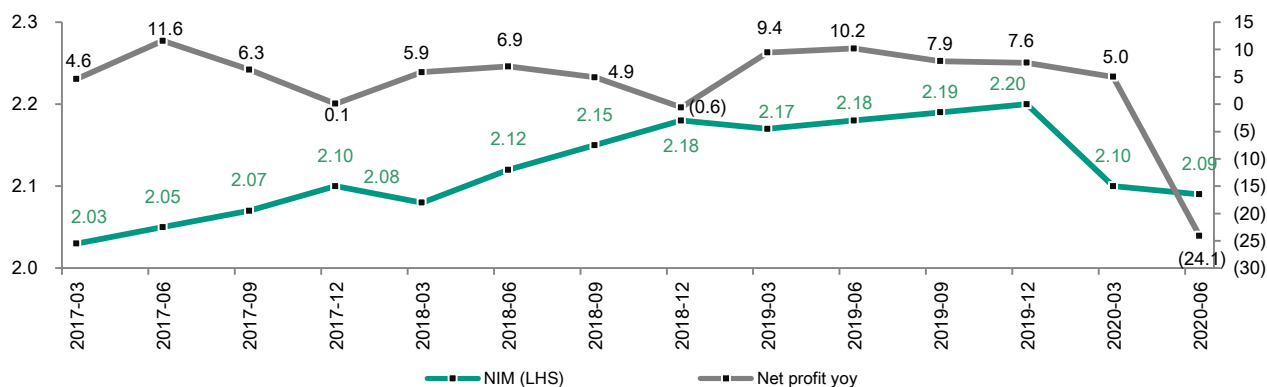


## Profitability starts to recover from 2H20

Approaching the 3Q20 results season in late Oct, we believe earnings and asset quality of the Chinese banks will continue to be the focuses. As a result of decelerating earnings growth triggered by COVID-19, the system net profit declined by 9.4% YoY in 1H20, or down by 24.1% YoY in 2Q20.

Triggered by resuming economic activities in 3Q20 and balance sheet growth, we expect profitability could start to recover in 2H20. Our ABCI Economist forecast China's GDP to grow by 2.5% for 2020E, which implies a solid rebound expectation for 2H20. Indeed, economic data, including such as FAI, retail sales, industrial production, and exports, have showed meaningful recovery since July. Unlike the almost immediate implementation of MSE aiding policies in 2Q20 that include reduced financing cost and extended repayment schedule, the rollout of supportive policy has slowed. This may signal the reduced urgency for intervention with the recovery on track.

**Exhibit 1: System NIM and system net profit YoY change (%)**



Source(s): CBIRC, ABCI Securities

## Two key factors – risk buffer and balance sheet growth

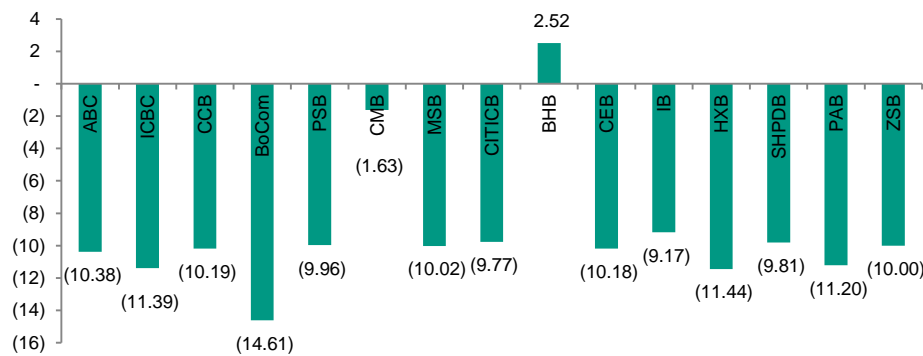
For most listed Chinese banks, net profit dropped YoY by 9.17%-14.61% in 1H20. CMB and BHB were the outliers – the former's net profit only dropped 1.63% YoY while the latter grew 2.52% YoY. The outperformance can be attributable to the specific strengths in these banks. CMB had a robust risk buffer, which allowed for a lower-than-peer increase in provision expenses reported at 22.32% YoY (listed JSBs average: 36.27% YoY) in 1H20. BHB's balance sheet growth was faster than peers – its total assets and total liabilities grew HoH by 13.49% and 14.1% as of June 2020, compared to an average of 7.7% and 7.92% HoH for big banks and 8.89% and 9.48% HoH for listed JSBs.

Banks with a faster balance sheet growth would be able to defend NIM pressure throughout the interest rate down cycle, while banks with a strong risk buffer could reduce pressure on earnings by avoiding sizable provisions. We believe the two factors will be the major determinants of a bank's profitability over the next few quarters.





Exhibit 2: Big banks and JSBs net profit YoY (1H20, %)

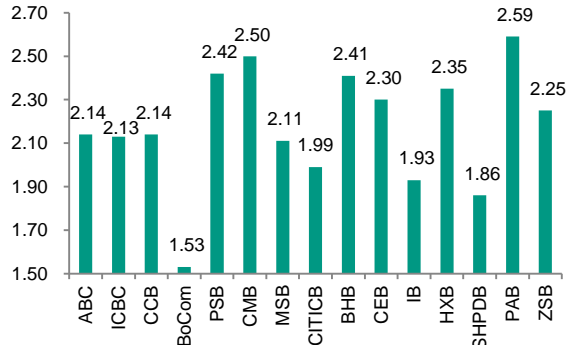


Source(s): Companies, ABCI Securities

### Better NIM in JSBs

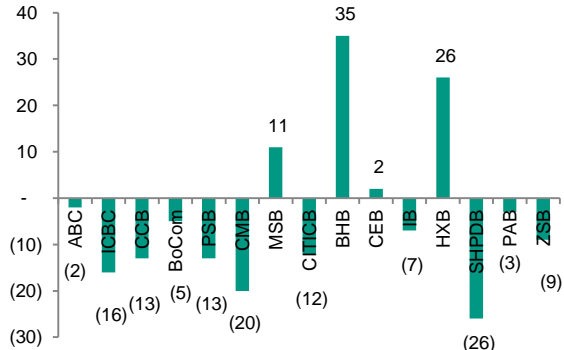
In 1H20, NIM of the big banks dropped 8bps YoY on average vs. the 6bps average decline in JSBs. Despite a general downtrend in NIM, JSBs have fared better so far with more flexible balance sheet management and comparative advantages in the MSE clientele segment. Specifically, PAB (000001 CH) and CMB reported the highest NIM in 1H20 at 2.59% and 2.5%, while BHB, HXB (600015 CH) and MSB (1988 HK/600016 CH) widened their NIMs by 35bps, 26bps, and 11bps YoY in 1H20. Generally speaking, we project the system NIM would narrow by 15bps-20bps YoY each in 2020E/21E.

Exhibit 3: NIM in Big banks and JSBs (1H20, %)



Source(s): Companies, ABCI Securities

Exhibit 4: NIM changes in Big banks and JSBs (1H20, bps YoY)



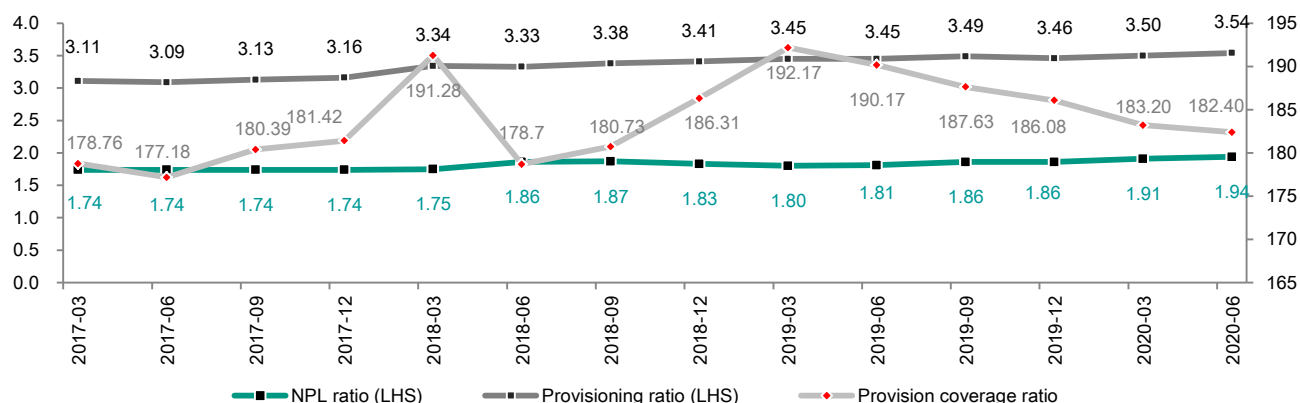
Source(s): Companies, ABCI Securities

### Mild increase in NPL ratios

Despite a rebound in China's economic growth in 2H20, asset quality would not stabilize until quarters later due to the lag effect. Our base case assumption is that the system NPL ratio would inch up by a single-digit bps QoQ in coming quarters after increasing by 3bps QoQ in 2Q20 to 1.94%. This has taken into account of the banks' proactive effort in NPL handling. Large provisions will persist to maintain provision coverage ratio at a similar level of 2020E for 2021E to 2022E.



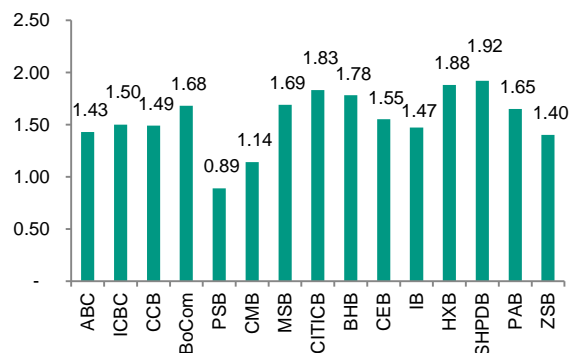
Exhibit 5: System asset quality (%)



Source(s): CBIRC, ABCI Securities

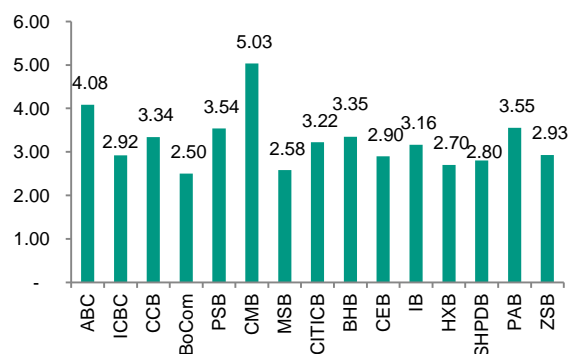
By category, asset quality of the big banks was more stable than that of the JSBs in 1H20. BoCom (3328 HK/601328 CH) was the exception – its NPL ratio surged by 21bps HoH while NPL ratios of the Big 4 banks were up only by 3bps-7bps HoH, compared to a wider range of -13bps to +18bps HoH changes for A/H-shr listed JSBs. The average NPL ratio of big banks was 1.4% as of June 2020, lower than the average of 1.52% for JSBs and 1.86% for district banks. Among the banks, NPL ratios of BoCom and CITICB (998 HK/601998 CH) increased the most by 21bps and 18bps HoH as of June 2020, while SHPDB (600000 CH) and IB (601166 CH) reported the deepest decline by 13bps and 7bps HoH over the same period.

Exhibit 6: NPL ratio of the Big banks and JSBs (June 2020, %)



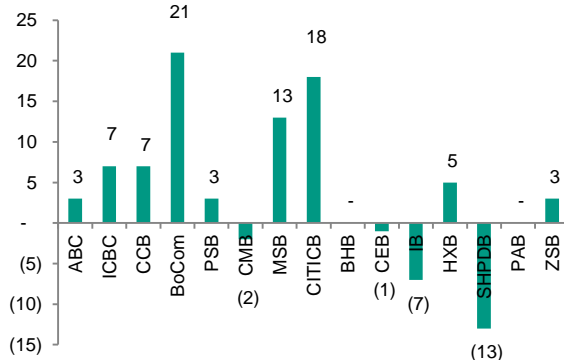
Source(s): Companies, ABCI Securities

Exhibit 8: Provisioning ratio of the Big banks and JSBs: (June 2019, %)



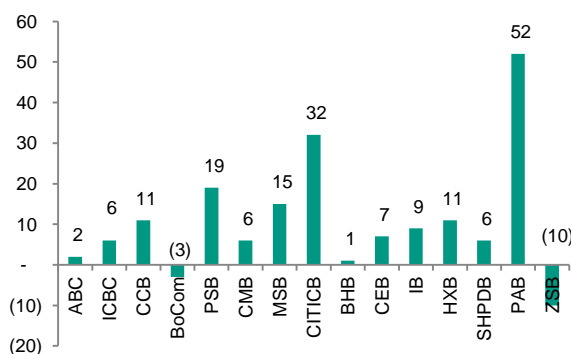
Source(s): Companies, ABCI Securities

Exhibit 7: HoH change in NPL ratio among the Big banks and JSBs (June 2020, bps)



Source(s): Companies, ABCI Securities

Exhibit 9: HoH change in provisioning ratio among the Big banks and JSBs (June 2019, bps)

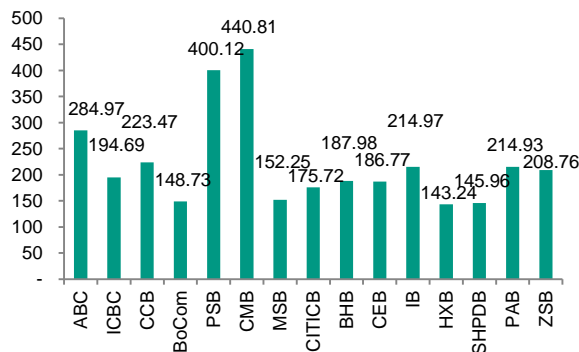


Source(s): Companies, ABCI Securities



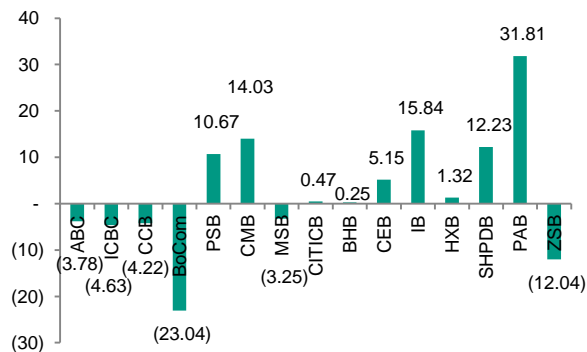
As NPL ratio is partly distorted by banks' NPL handlings, we believe a bank's provisioning level is a more objective measure of risk absorption ability. As of June 2020, CMB's provisioning ratio was at 5.03%, followed by ABC's 4.08%, while BoCom and MSB reported the lowest figures at 2.5% and 2.58%. PAB and CITICB's provisioning ratio increased the most HoH by 52bps and 32bps in 1H20, while BoCom and ZSB (2016 HK) were the only banks reporting a HoH reduction of 3bps and 10bps HoH. In terms of provision coverage ratio, CMB and PSB (1658 HK) were the highest among peers at 440.81% and 400.12% as of June 2020, while HXB and SHPDB were the lowest at 143.24% and 145.96%.

**Exhibit 10: Provision coverage ratio of the Big banks and JSBs (June 2020, %)**



Source(s): Companies, ABCI Securities

**Exhibit 11: HoH change in provision coverage ratio among the Big banks and JSBs (June 2020, bps)**



Source(s): Companies, ABCI Securities

## Revise down earnings on large provisions

Factoring in the latest operation trend and macro outlook, we adjust our topline forecasts by -2.41% to +8.38% for 2020E and -0.35% to +10.72% in 2021E, as we believe banks would be able to sustain a solid topline growth. We fine-tune our NIM forecasts by -9bps to +3bps for 2020E and -17bps to +1bps for 2021E.

However, with the large provisions expected, we revise down our earnings forecasts by 9.71%-17.85% for 2020E and 8.70%-19.29% for 2021E. Our provisioning ratio forecasts, therefore, would change by -5bp to +34bps in 2020E and -6bps to 38bps in 2021E. We adjust our NPL ratio estimates by -6bps to +22bps for 2020E and -8bps to +33bps for 2021E; as a result, our provision coverage ratio forecasts would be altered by -23.94ppt to +25.33ppt for 2020E and -31.96ppt to +33.97ppt for 2021E.

Our updated forecasts project a solid topline growth of 6.18%-26.49% YoY for banks in our coverage universe in 2020E, while large provisions would limit earnings growth to -15.37% to +7.77% YoY. We expect momentum to resume to 5.3%-18.6% YoY for 2021E and 3.2%-12.0% for 2022E. We project 9M20 net profit to account for 75%-80% of the full-year forecast.

No adjustments were made for BHB, whose initiation report was published by us on Sep 14, 2020.



Exhibit 12: Changes in financial forecasts

	ICBC	CCB	ABC	BoCom	CMB	MSB	CEB	CITICB	BHB
HKEx/SSE	1398/ 601398	939/ 601939	1288/ 601288	3328/ 601328	3968/ 600036	1988/ 600016	6818/ 601818	998/ 601998	9668
2020									
Topline (old)	821,162	738,192	666,797	242,907	296,460	186,322	142,087	203,870	35,896
Topline (new)	822,388	720,368	664,312	247,246	293,067	201,942	148,819	202,018	35,896
Changes (ppt)	0.15	(2.41)	(0.37)	1.79	(1.14)	8.38	4.74	(0.91)	-
2021									
Topline (old)	865,789	780,701	705,481	249,951	320,680	194,188	153,022	215,957	42,574
Topline (new)	865,617	777,966	706,986	264,435	321,986	215,000	159,910	215,813	42,574
Changes (ppt)	(0.02)	(0.35)	0.21	5.79	0.41	10.72	4.50	(0.07)	-
2020									
Net profit (old)	327,822	281,744	222,826	79,612	102,941	56,636	39,012	52,372	8,830
Net profit (new)	288,680	250,343	197,370	65,401	92,941	49,403	32,924	43,389	8,830
Changes (ppt)	(11.94)	(11.15)	(11.42)	(17.85)	(9.71)	(12.77)	(15.61)	(17.15)	-
2021									
Net profit (old)	340,411	292,779	234,429	82,364	115,224	59,441	41,890	56,979	9,891
Net profit (new)	297,828	263,152	204,966	72,787	105,194	53,636	36,689	45,988	9,891
Changes (ppt)	(12.51)	(10.12)	(12.57)	(11.63)	(8.70)	(9.77)	(12.42)	(19.29)	-
2020									
NIM (old)	2.13	2.14	2.17	1.59	2.50	2.01	2.31	2.00	2.48
NIM (new)	2.04	2.09	2.09	1.57	2.45	2.04	2.34	2.00	2.48
Change (%)	(0.09)	(0.05)	(0.08)	(0.02)	(0.05)	0.03	0.03	-	-
2021									
NIM (old)	2.04	2.05	2.01	1.56	2.45	1.94	2.25	1.87	2.54
NIM (new)	1.87	1.98	1.99	1.44	2.35	1.93	2.12	1.88	2.54
Change (%)	(0.17)	(0.07)	(0.02)	(0.12)	(0.10)	(0.01)	(0.13)	0.01	-
2020									
NPL % (old)	1.49	1.48	1.40	1.54	1.23	1.62	1.61	1.72	1.85
NPL % (new)	1.53	1.55	1.46	1.76	1.17	1.73	1.59	1.90	1.85
Change (%)	0.04	0.07	0.06	0.22	(0.06)	0.11	(0.02)	0.18	-
2021									
NPL % (old)	1.54	1.55	1.46	1.60	1.30	1.70	1.68	1.80	1.91
NPL % (new)	1.60	1.62	1.51	1.93	1.22	1.81	1.65	1.98	1.91
Change (%)	0.06	0.07	0.05	0.33	(0.08)	0.11	(0.03)	0.18	-
2020									
Prov % (old)	2.92	3.31	4.06	2.60	5.05	2.55	2.90	3.01	3.50
Prov % (new)	2.97	3.40	4.10	2.55	5.10	2.63	2.98	3.35	3.50
Change (%)	0.05	0.09	0.04	(0.05)	0.05	0.08	0.08	0.34	-
2021									
Prov % (old)	2.97	3.38	4.10	2.70	5.11	2.66	3.00	3.12	3.59
Prov % (new)	3.09	3.48	4.18	2.64	5.21	2.75	3.10	3.50	3.59
Change (%)	0.12	0.10	0.08	(0.06)	0.10	0.09	0.10	0.38	-
2020									
Prov coverage (old)	195.97	223.65	288.75	188.83	410.57	157.41	180.12	175.00	189.19
Prov coverage (new)	194.12	219.35	280.82	164.89	435.90	152.02	187.42	176.32	189.19
Change (%)	(1.85)	(4.30)	(7.93)	(23.94)	25.33	(5.39)	7.30	1.32	-
2021									
Prov coverage (old)	192.86	218.06	280.82	188.75	393.08	156.47	178.57	175.33	187.96
Prov coverage (new)	193.13	214.81	276.82	156.79	427.05	151.93	187.88	176.77	187.96
Change (%)	0.27	(3.25)	(4.00)	(31.96)	33.97	(4.54)	9.31	1.44	-

Source(s): Companies, ABCI Securities estimates





## Attractive entry point for long term investors

At the current share prices, the average forward P/Bs of A/H-shr Big 5 banks are at 2s.d. and 1.5s.d. below their historical means, while their average forward dividend yields were both at ~2s.d above their historical means. This signaled a trough valuation of the Chinese bank sector in both markets - an attractive entry point for investors seeking long-term capital gain and sustainable dividend payout. In our base case scenario, we expect 2020E-22E dividend payout to remain at levels similar to 2019. However, China's economic and policy outlook remains sensitive to investors, short term share price would need strong catalyst from policy supporting the sector, or much better than expected fundamental turnaround in coming quarters.

In our base case scenario, we expect a decent rebound in earnings growth for 2021E/22E after the negative earnings growth in 1H20. With China's economy stabilizing banks' fundamentals in 2H20, and the assumption that Chinese banks would maintain their dividend payout ratio, we maintain our **OVERWEIGHT** rating for the China banks sector in both A/H-shr markets. We prefer H-shr banks over A-shr banks for their lower valuation.

Our sector top picks are **CCB (939 HK/601939 CH)** for its prudent practices and high degree of business diversification and **ABC (1288 HK/601288 CH)** for its robust risk buffer. For the JSBs, we like **CMB (3968 HK/600036 CH)** in A/H-shr markets for its sound fundamentals, however CMB's sector high valuation would limit its share price upside. Meanwhile, we downgrade **CITICB (998 HK/601998 CH)**'s A-shr from BUY to HOLD on the rising trading premium over H-shr.

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



Source(s): Bloomberg, ABCI Securities estimates



Exhibit 14: Average forward dividend yield band chart of the H-shr Big 5 banks (%)



Source(s): Bloomberg, ABCI Securities estimates

Exhibit 15: Average forward P/B band chart of the A-shr Big 5 banks (%)



Source(s): Bloomberg, ABCI Securities estimates

Exhibit 16: Average forward dividend yield band chart of the A-shr Big 5 banks (%)



Source(s): Bloomberg, ABCI Securities estimates



## TP assumptions for Chinese banks

We derive the TPs of A/H-shr banks based on the same set of fundamental assumptions in the Gordon Growth Model with a different beta to reflect the distinct structure, including investor behaviors, in A/H markets. Different betas are applied for the same bank because of the different underlying index (HSI vs. CSI 300) used in the A/H markets. The betas applied for A-shr TP calculations are 7.78%-15.73% lower than their H-shr equivalents. We extend our financial forecasts to 2022E and roll over our TP calculation based on 2021E BVPSs.

## Gordon growth model assumptions

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

1. Sustainable ROAE of 8.43%–14.79% (reference to historical average of individual banks);
2. Cost of Equity (COE) of 8.9%–12.93%
3. Risk-free rate 3.16% (10-year Chinese government bond yield)
4. Equity beta of 0.82-1.05 for H-shr banks; 0.75-0.95 for A-shr banks (with reference to Bloomberg data)
5. Equity risk premium of 7.0%-10.5% (with reference to Bloomberg data)
6. Long-term growth of 5.0%-7.0% (with reference to historical growth rate and China's GDP)

## Exhibit 17: Change of TP assumptions (H-shr banks)

	ICBC	CCB	ABC	BoCom	CMB	MSB	CEB	CITICB	BHB
HKEEx	1398	939	1288	3328	3968	1988	6818	998	9668
H-shr									
TP (old)	7.19	8.94	4.88	6.57	41.80	7.00	3.92	5.56	5.69
TP (new)	6.75	8.72	4.46	5.71	44.50	6.73	3.35	4.81	5.69
Change (%)	(6.12)	(2.46)	(8.61)	(13.09)	6.46	(3.86)	(14.54)	(13.49)	-
Sus. ROE (old)	11.14	11.71	11.20	10.48	16.13	10.41	8.46	10.74	8.72
Sus. ROE (new)	9.56	9.89	10.07	8.62	14.79	9.09	8.85	8.43	8.72
Change (%)	(1.58)	(1.82)	(1.13)	(1.86)	(1.34)	(1.32)	0.39	(2.31)	-
COE (old)	12.44	12.89	12.94	14.38	14.75	13.58	13.00	15.63	8.90
COE (new)	11.17	11.26	11.97	12.61	12.93	12.16	12.66	12.61	8.90
Change (%)	(1.27)	(1.63)	(0.97)	(1.77)	(1.82)	(1.42)	(0.34)	(3.02)	-
Target P/B (old)	0.83	0.86	0.79	0.58	1.31	0.55	0.36	0.50	0.92
Target P/B (new)	0.74	0.78	0.68	0.48	1.32	0.50	0.43	0.41	0.92
Change (%)	(10.84)	(9.30)	(13.92)	(17.24)	0.76	(9.09)	19.44	(18.00)	-
Rfr (%)	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16
Beta	0.89	0.90	0.89	0.90	1.05	0.90	0.95	0.90	0.82
ERP (%)	9.00	9.00	9.90	10.50	9.30	10.00	10.00	10.50	7.00
LT gr (%)	5.00	5.00	6.00	5.00	7.00	6.00	6.00	5.50	6.50

Source(s): Bloomberg, ABCI Securities estimates



Exhibit 18: Change of TP assumptions (A-shr banks)

	ICBC 601398	CCB 601939	ABC 601288	BoCom 601328	CMB 600036	MSB 600016	CEB 601818	CITICB 601988
A-shr								
TP (old)	7.46	9.21	5.08	6.87	43.49	6.99	3.70	5.97
TP (new)	7.50	9.66	4.92	5.71	46.70	6.72	3.49	5.17
Change (%)	0.54	4.89	(3.15)	(16.89)	7.38	(3.86)	(5.68)	(13.40)
Sus. ROE (old)	11.14	11.71	11.20	10.48	16.13	10.41	8.46	10.74
Sus. ROE (new)	9.56	8.89	10.07	8.62	14.79	9.09	8.85	8.43
Change (%)	(1.58)	(2.82)	(1.13)	(1.86)	(1.34)	(1.32)	0.39	(2.31)
COE (old)	11.55	12.00	11.96	13.26	14.20	13.00	12.43	14.21
COE (new)	9.91	10.00	10.78	11.56	12.00	11.46	11.66	11.35
Change (%)	(1.64)	(2.00)	(1.18)	(1.70)	(2.20)	(1.54)	(0.77)	(2.86)
Target P/B (old)	0.94	0.96	0.90	0.66	1.50	0.60	0.39	0.58
Target P/B (new)	0.93	0.98	0.85	0.55	1.56	0.57	0.50	0.50
Change (%)	(1.06)	2.08	(5.56)	(16.67)	4.00	(5.00)	28.21	(13.79)
Rfr (%)	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16
Beta	0.75	0.76	0.77	0.80	0.95	0.83	0.85	0.78
ERP (%)	9.00	9.00	9.90	10.50	9.30	10.00	10.00	10.50
LT gr (%)	5.00	5.00	6.00	5.00	7.00	6.00	6.00	5.50

Source(s): Bloomberg, ABCI Securities estimates

Sector Valuation Summary – H shr (Data as of Oct 14, 2020)

Company	Ticker	Current Rating	Previous Rating	TP (HK\$)	Upside (%)	FY20E P/B(x)	FY21E P/B (x)	FY20E P/E (x)	FY21E P/E (x)	FY20E Yield (%)	FY21E Yield (%)
ICBC	1398HK	BUY	BUY	6.75	58.45	0.50	0.46	4.63	4.52	6.48	6.75
CCB	939HK	BUY	BUY	8.72	64.53	0.51	0.47	4.66	4.43	6.73	7.16
ABC	1288HK	BUY	BUY	4.46	74.22	0.41	0.38	4.12	3.98	7.64	8.09
BoCom	3328HK	BUY	BUY	5.71	47.93	0.34	0.32	4.00	3.57	8.04	8.94
CMB	3968HK	BUY	BUY	44.50	16.34	1.24	1.11	9.01	7.98	3.85	4.33
MSB	1988HK	BUY	BUY	6.73	65.76	0.32	0.30	3.15	2.92	9.91	10.76
CITICB	998HK	BUY	BUY	4.81	54.66	0.28	0.26	3.14	2.97	8.14	8.50
CEB	6818HK	BUY	BUY	3.35	25.00	0.36	0.34	3.88	3.48	9.44	10.30
BHB	9668HK	BUY	BUY	5.69	18.79	0.87	0.76	7.44	7.30	3.06	3.43

Source(s): Bloomberg, ABCI Securities estimates

Sector Valuation Summary – A shr (Data as of Oct 14, 2020)

Company	Ticker	Current Rating	Previous Rating	TP (RMB)	Upside (%)	FY20E P/B(x)	FY21E P/B (x)	FY20E P/E (x)	FY21E P/E (x)	FY20E Yield (%)	FY21E Yield (%)
ICBC	601398CH	BUY	BUY	7.50	52.44	0.66	0.61	6.15	6.00	4.88	5.08
CCB	601939CH	BUY	BUY	9.66	56.56	0.68	0.63	6.23	5.93	5.02	5.35
ABC	601288CH	BUY	BUY	4.92	55.21	0.59	0.55	5.87	5.66	5.36	5.68
BoCom	601328CH	BUY	BUY	5.71	25.22	0.46	0.43	5.43	4.85	5.92	6.58
CMB	600036CH	BUY	BUY	46.70	22.73	1.42	1.27	10.31	9.12	3.36	3.78
MSB	600016CH	BUY	BUY	6.72	26.08	0.48	0.45	4.76	4.40	6.57	7.13
CITICB	601998CH	BUY	HOLD	5.17	0.19	0.54	0.50	6.00	5.67	4.26	4.46
CEB	601818CH	HOLD	HOLD	3.49	(12.09)	0.62	0.57	6.62	5.93	5.54	6.05

Source(s): Bloomberg, ABCI Securities estimates



## Appendix- Financial forecasts

ICBC (1398HK/601398CH)

Consolidated income statement

FY Ended Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Net interest income	572,518	606,926	648,176	687,953	717,709
Non-interest income	152,603	169,076	174,211	177,664	184,479
Of which: Fees and commissions	145,301	155,600	161,824	168,297	176,712
<b>Operating income</b>	<b>725,121</b>	<b>776,002</b>	<b>822,388</b>	<b>865,617</b>	<b>902,188</b>
Operating expenses	(178,457)	(192,171)	(197,365)	(206,187)	(218,369)
Amortization	(15,746)	(15,605)	(15,449)	(15,294)	(15,142)
<b>Pre-provision operating profit</b>	<b>530,918</b>	<b>568,226</b>	<b>609,574</b>	<b>644,135</b>	<b>668,677</b>
Impairment loans losses	(161,594)	(178,957)	(247,916)	(270,977)	(275,578)
<b>Operating profit</b>	<b>369,324</b>	<b>389,269</b>	<b>361,658</b>	<b>373,158</b>	<b>393,099</b>
Non-operating income	3,089	2,520	756	832	931
<b>Profit before tax</b>	<b>372,413</b>	<b>391,789</b>	<b>362,414</b>	<b>373,989</b>	<b>394,030</b>
Tax	(73,690)	(78,428)	(72,483)	(74,798)	(78,806)
Minority interests	(1,047)	(1,137)	(1,251)	(1,363)	(1,472)
<b>Net profit attributable to equity holders</b>	<b>297,676</b>	<b>312,224</b>	<b>288,680</b>	<b>297,828</b>	<b>313,752</b>
Preference share dividend	4,506	4,525	4,525	4,525	4,525
<b>Net profit attributable to ordinary shareholders</b>	<b>293,170</b>	<b>307,699</b>	<b>284,155</b>	<b>293,303</b>	<b>309,227</b>
<b>Growth (%)</b>					
Net interest income	9.7	6.0	6.8	6.1	4.3
Non-interest income	(0.6)	10.8	3.0	2.0	3.8
Of which: Fees and commissions	4.1	7.1	4.0	4.0	5.0
<b>Operating income</b>	<b>7.3</b>	<b>7.0</b>	<b>6.0</b>	<b>5.3</b>	<b>4.2</b>
Operating expenses	4.8	7.7	2.7	4.5	5.9
Amortization	(1.5)	(0.9)	(1.0)	(1.0)	(1.0)
<b>Pre-provision operating profit</b>	<b>8.5</b>	<b>7.0</b>	<b>7.3</b>	<b>5.7</b>	<b>3.8</b>
Impairment loans losses	26.5	10.7	38.5	9.3	1.7
<b>Operating profit</b>	<b>2.1</b>	<b>5.4</b>	<b>(7.1)</b>	<b>3.2</b>	<b>5.3</b>
Non-operating income	4.7	(18.4)	(70.0)	10.0	12.0
<b>Profit before tax</b>	<b>2.1</b>	<b>5.2</b>	<b>(7.5)</b>	<b>3.2</b>	<b>5.4</b>
Tax	(4.5)	6.4	(7.6)	3.2	5.4
Minority interests	(25.3)	8.6	10.0	9.0	8.0
<b>Net profit attributable to equity holders</b>	<b>4.1</b>	<b>4.9</b>	<b>(7.5)</b>	<b>3.2</b>	<b>5.3</b>
Preference share dividend	1.6	0.4	0.0	0.0	0.0
<b>Net profit attributable to ordinary shareholders</b>	<b>4.1</b>	<b>5.0</b>	<b>(7.7)</b>	<b>3.2</b>	<b>5.4</b>
<b>Per share (RMB)</b>					
EPS	0.82	0.86	0.80	0.82	0.87
BVPS	6.30	6.93	7.48	8.08	8.72
DPS	0.25	0.26	0.24	0.25	0.26
<b>Key ratio (%)</b>					
Net interest margin	2.30	2.24	2.04	1.87	1.71
Net interest spread	2.16	2.08	1.87	1.66	1.51
Cost to income ratio	24.61	24.76	24.00	23.82	24.20
Return on average assets	1.11	1.08	0.89	0.79	0.73
Return on average equity	13.36	12.47	10.40	9.99	9.80
Effective tax rate	19.79	20.02	20.00	20.00	20.00
Dividend payout	30.47	30.44	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





ICBC (1398HK/601398CH)  
Consolidated balance sheet

As of Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Cash & equivalent	3,372,576	3,317,916	3,649,708	3,978,181	4,336,218
Interbank assets	1,696,498	1,887,554	2,918,673	3,909,981	5,106,380
Investment securities	6,754,692	7,647,117	8,947,127	10,289,196	11,832,575
Net loans and advances	15,306,728	16,282,589	18,414,338	20,687,408	23,086,840
<b>Total interest earning assets</b>	<b>27,130,494</b>	<b>29,135,176</b>	<b>33,929,845</b>	<b>38,864,767</b>	<b>44,362,013</b>
Property and equipment	290,404	286,561	289,427	295,215	304,072
Other non-interest earning assets	278,642	687,699	848,367	1,040,600	1,269,199
<b>Total assets</b>	<b>27,699,540</b>	<b>30,109,436</b>	<b>35,067,639</b>	<b>40,200,582</b>	<b>45,935,283</b>
Customer deposits	21,186,473	22,740,858	26,562,539	30,556,880	34,692,751
Interbank liabilities	1,814,495	2,266,573	3,354,528	4,528,613	5,660,766
Subordinated debt	617,842	742,875	705,731	726,903	748,710
<b>Total interest bearing liabilities</b>	<b>23,841,271</b>	<b>25,987,103</b>	<b>30,866,699</b>	<b>36,061,175</b>	<b>41,355,982</b>
Current taxes	84,741	96,192	48,096	36,072	40,401
Deferred tax liabilities	1,217	1,873	2,341	2,856	3,428
Other liabilities	1,427,428	1,332,265	1,260,106	995,990	1,203,653
<b>Total liabilities</b>	<b>25,354,657</b>	<b>27,417,433</b>	<b>32,177,243</b>	<b>37,096,094</b>	<b>42,603,463</b>
Share capital	442,458	562,539	562,539	562,539	562,539
Reserves	1,887,543	2,113,647	2,311,091	2,524,177	2,750,621
Minorities	14,882	15,817	16,766	17,772	18,661
<b>Shareholder's equity incl. MI</b>	<b>2,344,883</b>	<b>2,692,003</b>	<b>2,890,396</b>	<b>3,104,488</b>	<b>3,331,820</b>
<b>Growth (%)</b>					
Cash & equivalent	(6.7)	(1.6)	10.0	9.0	9.0
Interbank assets	(7.5)	11.3	54.6	34.0	30.6
Investment securities	17.3	13.2	17.0	15.0	15.0
Net loans and advances	10.2	6.4	13.1	12.3	11.6
<b>Total interest earning assets</b>	<b>8.1</b>	<b>7.4</b>	<b>16.5</b>	<b>14.5</b>	<b>14.1</b>
Property and equipment	17.2	(1.3)	1.0	2.0	3.0
Other non-interest earning assets	(62.4)	146.8	23.4	22.7	22.0
<b>Total assets</b>	<b>6.2</b>	<b>8.7</b>	<b>16.5</b>	<b>14.6</b>	<b>14.3</b>
Customer deposits	8.3	7.3	16.8	15.0	13.5
Interbank liabilities	6.3	24.9	48.0	35.0	25.0
Subordinated debt	17.3	20.2	(5.0)	3.0	3.0
<b>Total interest bearing liabilities</b>	<b>9.4</b>	<b>9.0</b>	<b>18.8</b>	<b>16.8</b>	<b>14.7</b>
Current taxes	20.0	13.5	(50.0)	(25.0)	12.0
Deferred tax liabilities	181.1	53.9	25.0	22.0	20.0
Other liabilities	(31.3)	(6.7)	(5.4)	(21.0)	20.8
<b>Total liabilities</b>	<b>5.9</b>	<b>8.1</b>	<b>17.4</b>	<b>15.3</b>	<b>14.8</b>
Share capital	0.0	27.1	0.0	0.0	0.0
Reserves	12.0	12.0	9.3	9.2	9.0
Minorities	9.7	6.3	6.0	6.0	5.0
<b>Shareholder's equity</b>	<b>9.5</b>	<b>14.8</b>	<b>7.4</b>	<b>7.4</b>	<b>7.3</b>
<b>Key ratio (%)</b>					
CT1 CAR	12.98	13.20	12.19	11.47	10.82
Total CAR	15.39	16.77	15.54	14.51	13.59
NPL ratio	1.50	1.43	1.53	1.60	1.65
Provision to total loans	2.68	2.86	2.97	3.09	3.20
Provision coverage ratio	175.76	199.32	194.12	193.13	193.94

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

FY Ended Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Net interest income	486,278	510,680	552,128	603,307	647,909
Non-interest income	147,494	167,321	168,240	174,659	184,117
Of which: Fees and commissions	123,035	137,284	145,521	154,252	165,050
<b>Operating income</b>	<b>633,772</b>	<b>678,001</b>	<b>720,368</b>	<b>777,966</b>	<b>832,026</b>
Operating expenses	(172,337)	(185,509)	(192,632)	(200,068)	(209,022)
Amortization	(2,427)	(2,623)	(2,780)	(2,919)	(3,065)
<b>Pre-provision operation profit</b>	<b>459,008</b>	<b>489,869</b>	<b>524,956</b>	<b>574,979</b>	<b>619,938</b>
Impairment losses on loans	(150,988)	(163,521)	(217,415)	(252,289)	(263,716)
<b>Operating profit</b>	<b>308,020</b>	<b>326,348</b>	<b>307,541</b>	<b>322,689</b>	<b>356,223</b>
Non-operating income	140	249	336	420	504
<b>Profit before tax</b>	<b>308,160</b>	<b>326,597</b>	<b>307,877</b>	<b>323,110</b>	<b>356,727</b>
Tax	(52,534)	(57,375)	(55,418)	(58,160)	(64,211)
Minority interests	(971)	(2,489)	(2,116)	(1,798)	(1,529)
<b>Net profit attributable to equity holders</b>	<b>254,655</b>	<b>266,733</b>	<b>250,343</b>	<b>263,152</b>	<b>290,988</b>
Preference share dividend	3,936	3,962	3,962	3,962	3,962
<b>Net profit attributable to ordinary shareholders</b>	<b>250,719</b>	<b>262,771</b>	<b>246,381</b>	<b>259,190</b>	<b>287,026</b>
<b>Growth (%)</b>					
Net interest income	7.5	5.0	8.1	9.3	7.4
Non-interest income	4.2	13.4	0.5	3.8	5.4
Of which: Fees and commissions	4.4	11.6	6.0	6.0	7.0
<b>Operating income</b>	<b>6.7</b>	<b>7.0</b>	<b>6.2</b>	<b>8.0</b>	<b>6.9</b>
Operating expenses	4.6	7.6	3.8	3.9	4.5
Amortization	5.2	8.1	6.0	5.0	5.0
<b>Pre-provision operation profit</b>	<b>7.5</b>	<b>6.7</b>	<b>7.2</b>	<b>9.5</b>	<b>7.8</b>
Impairment losses on loans	18.6	8.3	33.0	16.0	4.5
<b>Operating profit</b>	<b>2.8</b>	<b>6.0</b>	<b>(5.8)</b>	<b>4.9</b>	<b>10.4</b>
Non-operating income	(13.0)	77.9	35.0	25.0	20.0
<b>Profit before tax</b>	<b>2.8</b>	<b>6.0</b>	<b>(5.7)</b>	<b>4.9</b>	<b>10.4</b>
Tax	(6.5)	9.2	(3.4)	4.9	10.4
Minority interests	(28.1)	156.3	(15.0)	(15.0)	(15.0)
<b>Net profit attributable to equity holders</b>	<b>5.1</b>	<b>4.7</b>	<b>(6.1)</b>	<b>5.1</b>	<b>10.6</b>
Preference share dividend	276.7	0.7	0.0	0.0	0.0
<b>Net profit attributable to ordinary shareholders</b>	<b>3.9</b>	<b>4.8</b>	<b>(6.2)</b>	<b>5.2</b>	<b>10.7</b>
<b>Per share (RMB)</b>					
EPS	1.00	1.05	0.99	1.04	1.15
BVPS	7.65	8.39	9.11	9.87	10.72
DPS	0.32	0.34	0.31	0.33	0.36
<b>Key ratio (%)</b>					
Net interest margin	2.31	2.24	2.09	1.98	1.86
Net interest spread	2.18	2.11	1.93	1.81	1.70
Cost to income ratio	27.58	27.75	27.13	26.09	25.49
Return on average assets	1.12	1.10	0.92	0.85	0.82
Return on average equity	13.56	12.72	10.85	10.56	10.80
Effective tax rate	17.05	17.57	18.00	18.00	18.00
Dividend payout	31.59	31.48	31.00	31.00	31.00

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

As of Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Cash & equivalent	2,632,863	2,621,010	2,358,909	2,240,964	2,128,915
Interbank assets	1,038,521	1,508,616	1,950,852	2,352,134	2,847,580
Investment securities	5,714,909	6,213,241	7,145,227	8,145,559	9,285,937
Net loans and advances	13,365,430	14,540,667	16,892,874	19,716,217	22,756,171
<b>Total interest earning assets</b>	<b>22,751,723</b>	<b>24,883,534</b>	<b>28,347,862</b>	<b>32,454,874</b>	<b>37,018,603</b>
Property and equipment	169,574	170,740	165,618	162,305	160,682
Other non-interest earning assets	301,396	381,987	486,774	616,395	775,528
<b>Total assets</b>	<b>23,222,693</b>	<b>25,436,261</b>	<b>29,000,254</b>	<b>33,233,574</b>	<b>37,954,814</b>
Customer deposits	17,108,678	18,366,293	22,086,873	26,145,208	30,533,005
Interbank liabilities	1,847,697	2,194,251	2,260,079	2,305,280	2,351,386
Subordinated debt	775,785	1,076,575	861,260	775,134	736,377
<b>Total interest bearing liabilities</b>	<b>20,779,416</b>	<b>22,697,465</b>	<b>26,279,161</b>	<b>30,307,281</b>	<b>34,713,243</b>
Current taxes liabilities	77,883	86,635	30,322	33,354	36,356
Deferred tax liabilities	485	457	617	802	802
Other liabilities	373,315	416,577	271,463	279,021	375,368
<b>Total liabilities</b>	<b>21,231,099</b>	<b>23,201,134</b>	<b>26,581,563</b>	<b>30,620,458</b>	<b>35,125,770</b>
Share capital	329,647	369,638	369,638	369,638	369,638
Reserves	1,646,816	1,846,619	2,027,352	2,218,523	2,430,707
Minorities	15,131	18,870	21,701	24,956	28,699
<b>Shareholder's equity</b>	<b>1,991,594</b>	<b>2,235,127</b>	<b>2,418,691</b>	<b>2,613,116</b>	<b>2,829,044</b>
<b>Growth (%)</b>					
Cash & equivalent	(11.9)	(0.5)	(10.0)	(5.0)	(5.0)
Interbank assets	46.6	45.3	29.3	20.6	21.1
Investment securities	10.3	8.7	15.0	14.0	14.0
Net loans and advances	6.4	8.8	16.2	16.7	15.4
<b>Total interest earning assets</b>	<b>6.1</b>	<b>9.4</b>	<b>13.9</b>	<b>14.5</b>	<b>14.1</b>
Property and equipment	(0.1)	0.7	(3.0)	(2.0)	(1.0)
Other non-interest earning assets	(41.7)	26.7	27.4	26.6	25.8
<b>Total assets</b>	<b>5.0</b>	<b>9.5</b>	<b>14.0</b>	<b>14.6</b>	<b>14.2</b>
Customer deposits	4.6	7.4	20.3	18.4	16.8
Interbank liabilities	7.4	18.8	3.0	2.0	2.0
Subordinated debt	30.1	38.8	(20.0)	(10.0)	(5.0)
<b>Total interest bearing liabilities</b>	<b>5.0</b>	<b>9.2</b>	<b>15.8</b>	<b>15.3</b>	<b>14.5</b>
Current taxes liabilities	43.9	11.2	(65.0)	10.0	9.0
Deferred tax liabilities	24.7	(5.8)	35.0	30.0	0.0
Other liabilities	(21.8)	11.6	(34.8)	2.8	34.5
<b>Total liabilities</b>	<b>4.4</b>	<b>9.3</b>	<b>14.6</b>	<b>15.2</b>	<b>14.7</b>
Share capital	0.0	12.1	0.0	0.0	0.0
Reserves	13.6	12.1	9.8	9.4	9.6
Minorities	(5.8)	24.7	15.0	15.0	15.0
<b>Shareholder's equity</b>	<b>10.9</b>	<b>12.2</b>	<b>8.2</b>	<b>8.0</b>	<b>8.3</b>
<b>Key ratio (%)</b>					
CT1 CAR	13.83	13.88	12.97	12.24	11.61
Total CAR	17.19	17.52	16.46	15.56	14.77
NPL ratio	1.46	1.42	1.55	1.62	1.70
Provision to total loans	3.04	3.23	3.40	3.48	3.55
Provision coverage	208.37	226.93	219.35	214.81	208.82

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

FY Ended Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Net interest income	477,760	486,871	536,369	574,098	617,401
Non-interest income	124,797	142,479	127,943	132,887	138,227
Of which: Fees and commissions	78,141	86,926	92,142	96,749	101,586
<b>Operating income</b>	<b>602,557</b>	<b>629,350</b>	<b>664,312</b>	<b>706,986</b>	<b>755,628</b>
Operating expenses	(197,572)	(205,340)	(209,056)	(219,821)	(233,748)
Amortization	(16,413)	(18,711)	(19,647)	(21,022)	(22,914)
<b>Pre-provision operating profit</b>	<b>388,572</b>	<b>405,299</b>	<b>435,609</b>	<b>466,143</b>	<b>498,966</b>
Impairment loans losses	(136,898)	(138,723)	(188,381)	(209,341)	(224,628)
<b>Profit before tax</b>	<b>251,674</b>	<b>266,576</b>	<b>247,228</b>	<b>256,802</b>	<b>274,338</b>
Tax	(49,043)	(53,652)	(49,446)	(51,360)	(54,868)
Minority interests	152	(826)	(413)	(475)	(546)
<b>Net profit attributable to equity holders</b>	<b>202,783</b>	<b>212,098</b>	<b>197,370</b>	<b>204,966</b>	<b>218,924</b>
Preference share dividend	4,600	4,600	9,753	9,753	9,753
<b>Net profit attributable to ordinary shareholders</b>	<b>198,183</b>	<b>207,498</b>	<b>187,616</b>	<b>195,213</b>	<b>209,171</b>
<b>Growth (%)</b>					
Net interest income	8.1	1.9	10.2	7.0	7.5
Non-interest income	23.6	14.2	(10.2)	3.9	4.0
Of which: Fees and commissions	7.2	11.2	6.0	5.0	5.0
<b>Operating income</b>	<b>11.0</b>	<b>4.4</b>	<b>5.6</b>	<b>6.4</b>	<b>6.9</b>
Operating expenses	5.7	3.9	1.8	5.1	6.3
Amortization	(10.2)	14.0	5.0	7.0	9.0
<b>Pre-provision operating profit</b>	<b>15.1</b>	<b>4.3</b>	<b>7.5</b>	<b>7.0</b>	<b>7.0</b>
Impairment loans losses	39.5	1.3	35.8	11.1	7.3
<b>Profit before tax</b>	<b>5.1</b>	<b>5.9</b>	<b>(7.3)</b>	<b>3.9</b>	<b>6.8</b>
Tax	5.8	9.4	(7.8)	3.9	6.8
Minority interests	(188.9)	(643.4)	(50.0)	15.0	15.0
<b>Net profit attributable to equity holders</b>	<b>5.1</b>	<b>4.6</b>	<b>(6.9)</b>	<b>3.8</b>	<b>6.8</b>
Preference share dividend	0.0	0.0	112.0	0.0	0.0
<b>Net profit attributable to ordinary shareholders</b>	<b>5.2</b>	<b>4.7</b>	<b>(9.6)</b>	<b>4.0</b>	<b>7.2</b>
<b>Per share (RMB)</b>					
EPS	0.59	0.59	0.54	0.56	0.60
BVPS	4.54	5.00	5.38	5.79	6.16
DPS	0.17	0.18	0.17	0.18	0.19
<b>Key ratio (%)</b>					
Net interest margin	2.33	2.17	2.09	1.99	1.91
Net interest spread	2.20	2.03	2.00	1.91	1.83
Cost to income ratio	32.79	32.63	31.47	31.09	30.93
Return on average assets	0.93	0.90	0.74	0.68	0.65
Return on average equity	13.66	12.43	10.49	10.21	10.26
Effective tax rate	19.49	20.13	20.00	20.00	20.00
Dividend payout	30.71	30.68	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



ABC (1288HK/601288CH)  
Consolidated balance sheet

As of Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Cash & equivalent	2,805,107	2,699,895	2,610,747	2,702,454	2,809,424
Interbank assets	1,032,742	1,467,476	1,696,464	1,752,853	1,822,846
Investment securities	6,885,075	7,422,930	8,403,988	9,377,335	10,373,816
Net loans and advances	11,461,542	12,819,610	14,938,379	17,298,023	19,912,121
<b>Total interest earning assets</b>	<b>22,184,466</b>	<b>24,409,911</b>	<b>27,649,578</b>	<b>31,130,664</b>	<b>34,918,207</b>
Property and equipment	152,452	152,484	144,860	137,617	130,736
Other non-interest earning assets	272,553	315,893	537,585	627,153	732,198
<b>Total assets</b>	<b>22,609,471</b>	<b>24,878,288</b>	<b>28,332,023</b>	<b>31,895,434</b>	<b>35,781,141</b>
Customer deposits	17,346,290	18,849,155	21,876,631	25,281,290	29,133,394
Interbank liabilities	2,011,058	2,437,808	2,194,027	2,018,505	1,917,580
Subordinated debt	780,673	1,108,212	1,185,787	1,245,076	1,307,330
<b>Total interest bearing liabilities</b>	<b>20,138,021</b>	<b>22,395,175</b>	<b>25,256,445</b>	<b>28,544,871</b>	<b>32,358,303</b>
Current taxes	49,248	59,286	74,108	90,411	108,493
Deferred tax liabilities	139	520	364	382	401
Other liabilities	747,276	463,545	906,641	1,025,171	949,769
<b>Total liabilities</b>	<b>20,934,684</b>	<b>22,918,526</b>	<b>26,237,558</b>	<b>29,660,835</b>	<b>33,416,967</b>
Share capital	429,882	549,869	549,869	549,869	549,869
Reserves	1,240,412	1,398,486	1,534,102	1,674,970	1,805,131
Minorities	4,493	11,407	10,494	9,760	9,174
<b>Shareholder's equity</b>	<b>1,674,787</b>	<b>1,959,762</b>	<b>2,094,466</b>	<b>2,234,599</b>	<b>2,364,174</b>
<b>Growth (%)</b>					
Cash & equivalent	(3.2)	(3.8)	(3.3)	3.5	4.0
Interbank assets	(12.2)	42.1	15.6	3.3	4.0
Investment securities	11.9	7.8	13.2	11.6	10.6
Net loans and advances	11.1	11.8	16.5	15.8	15.1
<b>Total interest earning assets</b>	<b>8.0</b>	<b>10.0</b>	<b>13.3</b>	<b>12.6</b>	<b>12.2</b>
Property and equipment	(1.8)	0.0	(5.0)	(5.0)	(5.0)
Other non-interest earning assets	(23.6)	15.9	70.2	16.7	16.7
<b>Total assets</b>	<b>7.4</b>	<b>10.0</b>	<b>13.9</b>	<b>12.6</b>	<b>12.2</b>
Customer deposits	7.1	8.7	16.1	15.6	15.2
Interbank liabilities	16.9	21.2	(10.0)	(8.0)	(5.0)
Subordinated debt	64.3	42.0	7.0	5.0	5.0
<b>Total interest bearing liabilities</b>	<b>9.5</b>	<b>11.2</b>	<b>12.8</b>	<b>13.0</b>	<b>13.4</b>
Current taxes	50.0	20.4	25.0	22.0	20.0
Deferred tax liabilities	59.8	274.1	(30.0)	5.0	5.0
Other liabilities	(37.8)	(38.0)	95.6	13.1	(7.4)
<b>Total liabilities</b>	<b>6.7</b>	<b>9.5</b>	<b>14.5</b>	<b>13.0</b>	<b>12.7</b>
Share capital	6.2	27.9	0.0	0.0	0.0
Reserves	21.4	12.7	9.7	9.2	7.8
Minorities	50.7	153.9	(8.0)	(7.0)	(6.0)
<b>Shareholder's equity</b>	<b>17.2</b>	<b>17.0</b>	<b>6.9</b>	<b>6.7</b>	<b>5.8</b>
<b>Key ratio (%)</b>					
CT1 CAR	11.55	11.24	10.68	10.13	9.55
Total CAR	15.12	16.13	15.31	14.55	13.80
NPL ratio	1.59	1.40	1.46	1.51	1.59
Provision to total loans	4.02	4.06	4.10	4.18	4.25
Provision coverage ratio	252.18	288.75	280.82	276.82	267.30

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

FY Ended Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Net interest income	130,908	144,083	151,313	163,401	169,384
Non-interest income	82,147	88,774	95,933	101,034	106,407
Of which: Fees and commissions	41,237	43,625	46,243	48,555	51,468
<b>Operating income</b>	<b>213,055</b>	<b>232,857</b>	<b>247,246</b>	<b>264,435</b>	<b>275,791</b>
Operating expenses	(83,474)	(92,433)	(95,303)	(102,092)	(108,565)
<b>Pre-provision operating profit</b>	<b>129,581</b>	<b>140,424</b>	<b>151,943</b>	<b>162,343</b>	<b>167,226</b>
Impairment losses on loans	(43,514)	(52,224)	(76,515)	(78,243)	(77,935)
<b>Profit before tax</b>	<b>86,067</b>	<b>88,200</b>	<b>75,428</b>	<b>84,099</b>	<b>89,290</b>
Tax	(11,902)	(10,138)	(9,051)	(10,092)	(10,715)
Minorities interests	535	781	976	1,220	1,525
<b>Net profit attributable to equity holders</b>	<b>73,630</b>	<b>77,281</b>	<b>65,401</b>	<b>72,787</b>	<b>77,050</b>
Preference share dividend	2,681	2,681	2,681	2,681	2,681
<b>Net profit attributable to ordinary shareholders</b>	<b>70,949</b>	<b>74,600</b>	<b>62,720</b>	<b>70,107</b>	<b>74,369</b>
<b>Growth (%)</b>					
Net interest income	4.8	10.1	5.0	8.0	3.7
Non-interest income	14.7	8.1	8.1	5.3	5.3
Of which: Fees and commissions	1.7	5.8	6.0	5.0	6.0
<b>Operating income</b>	<b>8.4</b>	<b>9.3</b>	<b>6.2</b>	<b>7.0</b>	<b>4.3</b>
Operating expenses	2.1	10.7	3.1	7.1	6.3
<b>Pre-provision operating profit</b>	<b>12.9</b>	<b>8.4</b>	<b>8.2</b>	<b>6.8</b>	<b>3.0</b>
Impairment losses on loans	38.3	20.0	46.5	2.3	(0.4)
<b>Profit before tax</b>	<b>3.4</b>	<b>2.5</b>	<b>(14.5)</b>	<b>11.5</b>	<b>6.2</b>
Tax	(5.3)	(14.8)	(10.7)	11.5	6.2
Minorities & other dilutions	14.3	46.0	25.0	25.0	25.0
<b>Net profit attributable to equity holders</b>	<b>4.9</b>	<b>5.0</b>	<b>(15.4)</b>	<b>11.3</b>	<b>5.9</b>
Preference share dividend	5.1	0.0	0.0	0.0	0.0
<b>Net profit attributable to ordinary shareholders</b>	<b>4.8</b>	<b>5.1</b>	<b>(15.9)</b>	<b>11.8</b>	<b>6.1</b>
<b>Per share (RMB)</b>					
EPS	0.96	1.00	0.84	0.94	1.00
BVPS	8.60	9.34	9.94	10.62	11.08
DPS	0.30	0.32	0.27	0.30	0.32
<b>Key ratio (%)</b>					
Net interest margin	1.51	1.58	1.57	1.44	1.32
Net interest spread	1.39	1.47	1.47	1.25	1.02
Cost to income ratio	39.18	39.70	38.55	38.61	39.37
Return on average assets	0.80	0.80	0.62	0.61	0.58
Return on average equity	11.36	11.20	9.02	9.43	9.51
Effective tax rate	13.83	11.49	12.00	12.00	12.00
Dividend payout	30.26	31.36	31.00	31.00	31.00

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

As of Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Cash & equivalent	840,171	760,185	828,602	894,890	966,481
Interbank assets	848,067	648,488	745,761	835,253	918,778
Investment securities	2,821,909	3,005,843	3,456,719	3,906,093	4,374,824
Net loans and advances	4,742,372	5,183,653	5,877,064	6,624,540	7,409,215
<b>Total interest earning assets</b>	<b>9,252,519</b>	<b>9,598,169</b>	<b>10,908,146</b>	<b>12,260,775</b>	<b>13,669,298</b>
Property and equipment	153,286	171,179	176,314	179,841	183,437
Other non-interest earning assets	125,366	136,252	148,515	160,658	172,190
<b>Total assets</b>	<b>9,531,171</b>	<b>9,905,600</b>	<b>11,232,976</b>	<b>12,601,274</b>	<b>14,024,926</b>
Customer deposits	5,724,489	6,005,070	6,940,776	7,957,405	9,046,365
Interbank liabilities	2,162,293	1,904,082	1,942,164	2,000,429	2,100,450
Subordinated debt	317,688	403,918	525,093	630,112	756,134
<b>Total interest bearing liabilities</b>	<b>8,204,470</b>	<b>8,313,070</b>	<b>9,408,033</b>	<b>10,587,946</b>	<b>11,902,950</b>
Trading liabilities	51,214	53,404	77,436	96,795	116,154
Current taxes	2,279	7,086	4,606	4,145	3,731
Deferred tax liabilities	598	918	872	828	787
Other liabilities	567,302	730,210	895,269	1,013,109	1,067,251
<b>Total liabilities</b>	<b>8,825,863</b>	<b>9,104,688</b>	<b>10,386,216</b>	<b>11,702,824</b>	<b>13,090,873</b>
Share capital	134,139	174,133	174,133	174,133	174,133
Reserves	564,266	619,114	663,812	714,180	748,263
Minorities	6,903	7,665	8,815	10,137	11,658
<b>Shareholder's equity</b>	<b>705,308</b>	<b>800,912</b>	<b>846,760</b>	<b>898,450</b>	<b>934,053</b>
<b>Growth (%)</b>					
Cash & equivalent	(10.5)	(9.5)	9.0	8.0	8.0
Interbank assets	8.4	(23.5)	15.0	12.0	10.0
Investment securities	11.6	6.5	15.0	13.0	12.0
Net loans and advances	6.0	9.3	13.4	12.7	11.8
<b>Total interest earning assets</b>	<b>6.1</b>	<b>3.7</b>	<b>13.6</b>	<b>12.4</b>	<b>11.5</b>
Property and equipment	15.7	11.7	3.0	2.0	2.0
Other non-interest earning assets	(31.6)	8.7	9.0	8.2	7.2
<b>Total assets</b>	<b>5.5</b>	<b>3.9</b>	<b>13.4</b>	<b>12.2</b>	<b>11.3</b>
Customer deposits	3.2	4.9	15.6	14.6	13.7
Due to other banks & FIs	2.7	(11.9)	2.0	3.0	5.0
Subordinated debt	10.4	27.1	30.0	20.0	20.0
<b>Total interest bearing liabilities</b>	<b>3.3</b>	<b>1.3</b>	<b>13.2</b>	<b>12.5</b>	<b>12.4</b>
Trading liabilities	(15.1)	4.3	45.0	25.0	20.0
Current taxes	(71.3)	210.9	(35.0)	(10.0)	(10.0)
Deferred tax liabilities	15.0	53.5	(5.0)	(5.0)	(5.0)
Other liabilities	60.3	28.7	22.6	13.2	5.3
<b>Total liabilities</b>	<b>5.5</b>	<b>3.2</b>	<b>14.1</b>	<b>12.7</b>	<b>11.9</b>
Share capital	0.0	29.8	0.0	0.0	0.0
Reserves	5.1	9.7	7.2	7.6	4.8
Minorities	34.6	11.0	15.0	15.0	15.0
<b>Shareholder's equity</b>	<b>4.3</b>	<b>13.6</b>	<b>5.7</b>	<b>6.1</b>	<b>4.0</b>
<b>Key ratio (%)</b>					
CT1 CAR	11.16	11.22	11.37	10.58	9.89
Total CAR	14.37	14.83	14.58	13.53	12.61
NPL ratio	1.49	1.47	1.76	1.93	2.07
Provision to total loans	2.30	2.27	2.55	2.64	2.72
Provision coverage ratio	173.13	171.77	164.89	156.79	151.40

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

FY Ended Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Net interest income	160,384	173,090	190,270	211,706	230,108
Non-interest income	86,751	94,975	102,797	110,280	118,065
Of which: Fees and commissions	66,480	71,493	76,498	81,087	85,953
<b>Operating income</b>	<b>247,135</b>	<b>268,065</b>	<b>293,067</b>	<b>321,986</b>	<b>348,173</b>
Operating expenses	(81,110)	(91,497)	(102,326)	(113,420)	(125,561)
<b>Pre-provision operating profit</b>	<b>166,025</b>	<b>176,568</b>	<b>190,741</b>	<b>208,566</b>	<b>222,612</b>
Impairment losses on loans	(60,837)	(61,159)	(75,971)	(78,979)	(77,311)
<b>Operating profit</b>	<b>105,188</b>	<b>115,409</b>	<b>114,770</b>	<b>129,587</b>	<b>145,301</b>
Non-operating income	1,309	1,723	2,240	2,889	3,699
<b>Profit before tax</b>	<b>106,497</b>	<b>117,132</b>	<b>117,010</b>	<b>132,476</b>	<b>149,000</b>
Tax	(25,678)	(23,709)	(23,402)	(26,495)	(29,800)
Minority interests	(259)	(556)	(667)	(787)	(913)
<b>Net profit attributable to equity holders</b>	<b>80,560</b>	<b>92,867</b>	<b>92,941</b>	<b>105,194</b>	<b>118,287</b>
Preference share dividend	1,650	1,670	1,670	1,670	1,670
<b>Net profit attributable to ordinary shareholders</b>	<b>78,910</b>	<b>91,197</b>	<b>91,271</b>	<b>103,524</b>	<b>116,617</b>
<b>Growth (%)</b>					
Net interest income	10.7	7.9	9.9	11.3	8.7
Of which: Fees and commissions	3.8	7.5	7.0	6.0	6.0
<b>Operating income</b>	<b>12.3</b>	<b>8.5</b>	<b>9.3</b>	<b>9.9</b>	<b>8.1</b>
Operating expenses	15.2	12.8	11.8	10.8	10.7
<b>Pre-provision operating profit</b>	<b>11.0</b>	<b>6.4</b>	<b>8.0</b>	<b>9.3</b>	<b>6.7</b>
Impairment losses on loans	1.5	0.5	24.2	4.0	(2.1)
<b>Operating profit</b>	<b>17.3</b>	<b>9.7</b>	<b>(0.6)</b>	<b>12.9</b>	<b>12.1</b>
Non-operating income	31.2	31.6	30.0	29.0	28.0
<b>Profit before tax</b>	<b>17.4</b>	<b>10.0</b>	<b>(0.1)</b>	<b>13.2</b>	<b>12.5</b>
Tax	28.1	(7.7)	(1.3)	13.2	12.5
Minority interests	(46.9)	114.7	20.0	18.0	16.0
<b>Net profit attributable to equity holders</b>	<b>14.8</b>	<b>15.3</b>	<b>0.1</b>	<b>13.2</b>	<b>12.4</b>
Preference share dividend	na	1.2	0.0	0.0	0.0
<b>Net profit attributable to ordinary shareholders</b>	<b>12.5</b>	<b>15.6</b>	<b>0.1</b>	<b>13.4</b>	<b>12.6</b>
<b>Per share (RMB)</b>					
EPS	3.13	3.62	3.69	4.17	4.69
BVPS	20.07	22.89	26.84	29.94	32.97
DPS	0.94	1.20	1.28	1.44	1.61
<b>Key ratio (%)</b>					
Net interest margin	2.57	2.59	2.45	2.35	2.24
Net interest spread	2.49	2.48	2.35	2.24	2.10
Cost to income ratio	32.82	34.13	34.92	35.23	36.06
Return on average assets	1.24	1.31	1.16	1.14	1.12
Return on average equity	15.79	16.13	14.43	14.69	14.91
Effective tax rate	24.11	20.24	20.00	20.00	20.00
Dividend payout	30.04	33.19	33.00	33.00	33.00

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

As of Dec 31 (RMB mn)	2018A	2019E	2020E	2021E	2022E
Cash & equivalent	600,180	678,103	556,289	506,371	481,052
Interbank assets	512,797	416,394	521,695	574,613	637,991
Investment securities	1,705,619	1,828,656	2,285,820	2,811,559	3,401,986
Net loans and advances	3,741,139	4,267,751	4,907,268	5,593,693	6,280,757
<b>Total interest earning assets</b>	<b>6,559,735</b>	<b>7,190,904</b>	<b>8,271,072</b>	<b>9,486,236</b>	<b>10,801,786</b>
Property and equipment	58,267	68,333	72,433	76,779	80,618
Other non-interest earning assets	127,727	158,003	218,844	279,706	329,668
<b>Total assets</b>	<b>6,745,729</b>	<b>7,417,240</b>	<b>8,562,349</b>	<b>9,842,721</b>	<b>11,212,072</b>
Customer deposits	4,400,674	4,858,801	5,883,832	6,887,554	7,969,366
Interbank liabilities	1,150,156	1,138,714	1,343,683	1,545,235	1,746,115
Subordinated debt	424,926	578,191	375,824	300,659	255,560
<b>Total interest bearing liabilities</b>	<b>6,056,470</b>	<b>6,642,340</b>	<b>7,708,620</b>	<b>8,876,631</b>	<b>10,150,020</b>
Current taxes	20,411	19,069	17,162	15,961	15,163
Deferred tax liabilities	1,211	956	1,061	1,061	1,061
Other liabilities	124,032	137,168	152,081	187,162	207,197
<b>Total liabilities</b>	<b>6,202,124</b>	<b>6,799,533</b>	<b>7,878,924</b>	<b>9,080,815</b>	<b>10,373,441</b>
Share capital	59,285	59,285	59,285	59,285	59,285
Reserves	480,833	552,016	617,542	695,758	772,141
Minorities	3,487	6,406	6,598	6,862	7,205
<b>Shareholder's equity</b>	<b>543,605</b>	<b>617,707</b>	<b>683,425</b>	<b>761,905</b>	<b>838,631</b>
<b>Growth (%)</b>					
Cash & equivalent	(14.6)	13.0	(18.0)	(9.0)	(5.0)
Interbank assets	25.9	(18.8)	25.3	10.1	11.0
Investment securities	6.8	7.2	25.0	23.0	21.0
Net loans and advances	9.6	14.1	15.0	14.0	12.3
<b>Total interest earning assets</b>	<b>7.2</b>	<b>9.6</b>	<b>15.0</b>	<b>14.7</b>	<b>13.9</b>
Property and equipment	13.3	17.3	6.0	6.0	5.0
Other non-interest earning assets	2.6	23.7	38.5	27.8	17.9
<b>Total assets</b>	<b>7.1</b>	<b>10.0</b>	<b>15.4</b>	<b>15.0</b>	<b>13.9</b>
Customer deposits	5.9	5.8	29.3	22.6	20.4
Due to other banks & FIs	43.3	36.1	(35.0)	(20.0)	(15.0)
Subordinated debt	7.0	9.7	16.1	15.2	14.3
<b>Total interest bearing liabilities</b>	<b>7.0</b>	<b>9.7</b>	<b>16.1</b>	<b>15.2</b>	<b>14.3</b>
Current taxes	(23.6)	(6.6)	(10.0)	(7.0)	(5.0)
Deferred tax liabilities	13.2	(21.1)	11.0	0.0	0.0
Other liabilities	(0.7)	10.6	10.9	23.1	10.7
<b>Total liabilities</b>	<b>6.7</b>	<b>9.6</b>	<b>15.9</b>	<b>15.3</b>	<b>14.2</b>
Share capital	0.0	0.0	0.0	0.0	0.0
Reserves	14.2	14.8	11.9	12.7	11.0
Minorities	9.6	83.7	3.0	4.0	5.0
<b>Shareholder's equity</b>	<b>12.5</b>	<b>13.6</b>	<b>10.6</b>	<b>11.5</b>	<b>10.1</b>
<b>Key ratio (%)</b>					
CT1 CAR	11.78	11.95	10.87	10.44	10.12
Total CAR	15.68	15.54	13.48	12.88	12.43
NPL ratio	1.36	1.16	1.17	1.22	1.29
Provision to total loans	4.88	4.97	5.10	5.21	5.30
Provision coverage ratio	358.18	426.78	435.90	427.05	410.85

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

FY Ended Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Net interest income	76,680	97,943	120,118	130,972	141,241
Non-interest income	77,481	79,802	81,825	84,028	87,247
Of which: Fees and commissions	48,131	52,295	54,387	56,562	59,390
<b>Operating income</b>	<b>154,161</b>	<b>177,745</b>	<b>201,942</b>	<b>215,000</b>	<b>228,488</b>
Operating expenses	(45,938)	(44,313)	(48,482)	(52,832)	(57,459)
Amortization	(3,118)	(5,703)	(5,874)	(6,109)	(6,415)
<b>Pre-provision operating profit</b>	<b>105,105</b>	<b>127,729</b>	<b>147,586</b>	<b>156,058</b>	<b>164,614</b>
Impairment loans losses	(46,320)	(62,991)	(88,242)	(91,796)	(94,463)
<b>Profit before tax</b>	<b>58,785</b>	<b>64,738</b>	<b>59,344</b>	<b>64,263</b>	<b>70,151</b>
Tax	(8,455)	(9,814)	(8,902)	(9,639)	(10,523)
Minority interests	(3)	(1,105)	(1,039)	(987)	(937)
<b>Net profit attributable to equity holders</b>	<b>50,327</b>	<b>53,819</b>	<b>49,403</b>	<b>53,636</b>	<b>58,691</b>
Preference share dividend	529	559	559	559	559
<b>Net profit attributable to ordinary shareholders</b>	<b>49,798</b>	<b>53,260</b>	<b>48,844</b>	<b>53,077</b>	<b>58,132</b>
<b>Growth (%)</b>					
Net interest income	(11.4)	27.7	22.6	9.0	7.8
Non-interest income	39.9	3.0	2.5	2.7	3.8
Of which: Fees and commissions	0.8	8.7	4.0	4.0	5.0
<b>Operating income</b>	<b>8.6</b>	<b>15.3</b>	<b>13.6</b>	<b>6.5</b>	<b>6.3</b>
Operating expenses	4.7	(3.5)	9.4	9.0	8.8
Amortization	(6.9)	82.9	3.0	4.0	5.0
<b>Pre-provision operating profit</b>	<b>11.0</b>	<b>21.5</b>	<b>15.5</b>	<b>5.7</b>	<b>5.5</b>
Impairment loans losses	35.7	36.0	40.1	4.0	2.9
<b>Profit before tax</b>	<b>(2.9)</b>	<b>10.1</b>	<b>(8.3)</b>	<b>8.3</b>	<b>9.2</b>
Tax	(12.3)	16.1	(9.3)	8.3	9.2
Minority interests	(99.7)	36,733.3	(6.0)	(5.0)	(5.0)
<b>Net profit attributable to equity holders</b>	<b>1.0</b>	<b>6.9</b>	<b>(8.2)</b>	<b>8.6</b>	<b>9.4</b>
Preference share dividend	1.2	5.6	0.0	0.0	0.0
<b>Net profit attributable to ordinary shareholders</b>	<b>1.0</b>	<b>7.0</b>	<b>(8.3)</b>	<b>8.7</b>	<b>9.5</b>
<b>Per share (RMB)</b>					
EPS	1.14	1.22	1.12	1.21	1.33
BVPS	9.37	10.26	11.00	11.86	12.80
DPS	0.36	0.38	0.35	0.38	0.41
<b>Key ratio (%)</b>					
Net interest margin	1.73	1.94	2.04	1.93	1.81
Net interest spread	1.64	1.87	1.90	1.75	1.60
Cost to income ratio	29.80	24.93	24.01	24.57	25.15
Return on average assets	0.85	0.85	0.69	0.65	0.63
Return on average equity	12.60	11.46	9.23	9.40	9.62
Effective tax rate	14.38	15.16	15.00	15.00	15.00
Dividend payout	30.01	30.10	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

As of Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Cash & equivalent	389,281	371,155	435,641	496,046	559,425
Interbank assets	337,869	367,544	357,942	401,070	450,205
Investment securities	1,970,017	2,184,305	2,490,108	2,788,921	3,095,702
Net loans and advances	2,985,530	3,405,126	3,978,749	4,595,976	5,283,813
<b>Total interest earning assets</b>	<b>5,682,697</b>	<b>6,328,130</b>	<b>7,262,440</b>	<b>8,282,013</b>	<b>9,389,144</b>
Property and equipment	48,765	51,365	55,474	59,357	62,919
Other non-interest earning assets	263,360	302,346	342,233	384,276	428,026
<b>Total assets</b>	<b>5,994,822</b>	<b>6,681,841</b>	<b>7,660,146</b>	<b>8,725,647</b>	<b>9,880,088</b>
Customer deposits	3,167,292	3,604,088	4,192,420	4,843,790	5,564,874
Interbank liabilities	1,521,226	1,494,192	1,867,740	2,315,998	2,825,517
Subordinated debt	674,523	817,225	719,158	640,051	576,046
<b>Total interest bearing liabilities</b>	<b>5,363,041</b>	<b>5,915,505</b>	<b>6,779,318</b>	<b>7,799,838</b>	<b>8,966,436</b>
Current taxes	8,728	17,764	12,790	10,232	9,720
Other liabilities	192,052	217,743	303,195	311,913	257,932
<b>Total liabilities</b>	<b>5,563,821</b>	<b>6,151,012</b>	<b>7,095,303</b>	<b>8,121,984</b>	<b>9,234,089</b>
Share capital	53,674	113,642	113,642	113,642	113,642
Reserves	366,400	405,203	438,019	475,652	516,839
Minorities	10,927	11,984	13,182	14,369	15,518
<b>Shareholder's equity</b>	<b>431,001</b>	<b>530,829</b>	<b>564,843</b>	<b>603,663</b>	<b>646,000</b>
<b>Growth (%)</b>					
Cash & equivalent	(12.1)	(4.7)	17.4	13.9	12.8
Interbank assets	24.5	8.8	(2.6)	12.0	12.3
Investment securities	(8.6)	10.9	14.0	12.0	11.0
Net loans and advances	9.4	14.1	16.8	15.5	15.0
<b>Total interest earning assets</b>	<b>1.5</b>	<b>11.4</b>	<b>14.8</b>	<b>14.0</b>	<b>13.4</b>
Property and equipment	0.9	5.3	8.0	7.0	6.0
Other non-interest earning assets	3.2	14.8	13.2	12.3	11.4
<b>Total assets</b>	<b>1.6</b>	<b>11.5</b>	<b>14.6</b>	<b>13.9</b>	<b>13.2</b>
Customer deposits	6.8	13.8	16.3	15.5	14.9
Interbank liabilities	(15.4)	(1.8)	25.0	24.0	22.0
Subordinated debt	34.4	21.2	(12.0)	(11.0)	(10.0)
<b>Total interest bearing liabilities</b>	<b>1.8</b>	<b>10.3</b>	<b>14.6</b>	<b>15.1</b>	<b>15.0</b>
Current taxes	(26.1)	103.5	(28.0)	(20.0)	(5.0)
Other liabilities	(17.9)	13.4	39.2	2.9	(17.3)
<b>Total liabilities</b>	<b>0.9</b>	<b>10.6</b>	<b>15.4</b>	<b>14.5</b>	<b>13.7</b>
Share capital	15.7	111.7	0.0	0.0	0.0
Reserves	10.2	10.6	8.1	8.6	8.7
Minorities	0.8	9.7	10.0	9.0	8.0
<b>Shareholder's equity</b>	<b>10.6</b>	<b>23.2</b>	<b>6.4</b>	<b>6.9</b>	<b>7.0</b>
<b>Key ratio (%)</b>					
CT1 CAR	8.93	8.89	8.04	7.63	7.29
Total CAR	11.75	13.17	12.14	11.24	10.55
NPL ratio	1.76	1.56	1.73	1.81	1.90
Provision to total loans	2.36	2.43	2.63	2.75	2.87
Provision coverage ratio	134.05	155.50	152.02	151.93	151.05

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

FY Ended Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Net interest income	112,912	127,271	135,450	143,264	151,252
Non-interest income	52,854	60,610	66,568	72,549	78,325
Of which: Fees and commissions	37,008	46,384	49,631	52,609	55,765
<b>Operating income</b>	<b>165,766</b>	<b>187,881</b>	<b>202,018</b>	<b>215,813</b>	<b>229,578</b>
Operating expenses	(52,600)	(54,168)	(55,892)	(58,318)	(61,391)
<b>Pre-provision operating profit</b>	<b>113,166</b>	<b>133,713</b>	<b>146,126</b>	<b>157,495</b>	<b>168,187</b>
Impairment losses on loans	(58,233)	(77,255)	(94,057)	(102,489)	(108,063)
<b>Operating profit</b>	<b>54,933</b>	<b>56,458</b>	<b>52,069</b>	<b>55,006</b>	<b>60,124</b>
Non-operating income	(607)	87	(44)	(22)	(11)
<b>Profit before tax</b>	<b>54,326</b>	<b>56,545</b>	<b>52,025</b>	<b>54,984</b>	<b>60,113</b>
Tax	(8,950)	(7,551)	(7,804)	(8,248)	(9,017)
Minorities interests	863	979	832	749	711
<b>Net profit attributable to equity holders</b>	<b>44,513</b>	<b>48,015</b>	<b>43,389</b>	<b>45,988</b>	<b>50,384</b>
Preference share dividend	1,330	1,330	1,330	1,330	1,330
<b>Net profit attributable to ordinary shareholders</b>	<b>43,183</b>	<b>46,685</b>	<b>42,059</b>	<b>44,658</b>	<b>49,054</b>
<b>Growth (%)</b>					
Net interest income	13.3	12.7	6.4	5.8	5.6
Non-interest income	(8.2)	14.7	9.8	9.0	8.0
Of which: Fees and commissions	(21.0)	25.3	7.0	6.0	6.0
<b>Operating income</b>	<b>5.4</b>	<b>13.3</b>	<b>7.5</b>	<b>6.8</b>	<b>6.4</b>
Operating expenses	7.5	3.0	3.2	4.3	5.3
<b>Pre-provision operating profit</b>	<b>4.5</b>	<b>18.2</b>	<b>9.3</b>	<b>7.8</b>	<b>6.8</b>
Impairment losses on loans	4.4	32.7	21.7	9.0	5.4
<b>Operating profit</b>	<b>4.6</b>	<b>2.8</b>	<b>(7.8)</b>	<b>5.6</b>	<b>9.3</b>
Non-operating income	138.0	(114.3)	(150.0)	(50.0)	(50.0)
<b>Profit before tax</b>	<b>3.9</b>	<b>4.1</b>	<b>(8.0)</b>	<b>5.7</b>	<b>9.3</b>
Tax	(4.8)	(15.6)	3.3	5.7	9.3
Minorities interests	176.6	13.4	(15.0)	(10.0)	(5.0)
<b>Net profit attributable to equity holders</b>	<b>4.6</b>	<b>7.9</b>	<b>(9.6)</b>	<b>6.0</b>	<b>9.6</b>
Preference share dividend	0.0	0.0	0.0	0.0	0.0
<b>Net profit attributable to ordinary shareholders</b>	<b>4.7</b>	<b>8.1</b>	<b>(9.9)</b>	<b>6.2</b>	<b>9.8</b>
<b>Per share (RMB)</b>					
EPS	0.88	0.95	0.86	0.91	1.00
BVPS	8.21	8.98	9.63	10.33	10.99
DPS	0.23	0.24	0.22	0.23	0.26
<b>Key ratio (%)</b>					
Net interest margin	2.09	2.12	2.00	1.88	1.76
Net interest spread	2.00	2.04	1.88	1.69	1.52
Cost to income ratio	31.73	28.83	27.67	27.02	26.74
Return on average assets	0.76	0.75	0.61	0.58	0.57
Return on average equity	10.65	10.07	8.14	8.12	8.40
Effective tax rate	16.47	13.35	15.00	15.00	15.00
Dividend payout	26.06	25.05	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



CITICB (998HK/601998CH)

Consolidated balance sheet

As of Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Cash & equivalent	538,708	463,158	393,684	374,000	355,300
Interbank assets	286,103	335,798	383,125	421,424	469,786
Investment securities	1,600,163	1,873,596	2,117,163	2,371,223	2,632,058
Net loans and advances	3,507,312	3,882,498	4,328,943	4,839,752	5,389,759
<b>Total interest earning assets</b>	<b>5,932,286</b>	<b>6,555,050</b>	<b>7,222,916</b>	<b>8,006,399</b>	<b>8,846,903</b>
Property and equipment	21,385	22,372	22,148	21,927	21,708
Trading assets	31,991	17,117	32,522	43,905	57,077
Other non-interest earning assets	81,052	155,894	204,496	249,430	300,560
<b>Total assets</b>	<b>6,066,714</b>	<b>6,750,433</b>	<b>7,482,082</b>	<b>8,321,661</b>	<b>9,226,247</b>
Customer deposits	3,616,423	4,038,820	4,779,450	5,607,691	6,522,008
Interbank liabilities	1,017,937	1,155,499	1,178,609	1,202,181	1,226,225
Subordinated debt	552,483	650,274	617,760	555,984	500,386
<b>Total interest bearing liabilities</b>	<b>5,186,843</b>	<b>5,844,593</b>	<b>6,575,819</b>	<b>7,365,857</b>	<b>8,248,619</b>
Trading liabilities	31,646	16,836	27,779	34,724	41,669
Current taxes	4,920	8,865	11,081	13,298	15,292
Other liabilities	390,219	347,615	302,322	308,087	288,066
<b>Total liabilities</b>	<b>5,613,628</b>	<b>6,217,909</b>	<b>6,917,002</b>	<b>7,721,966</b>	<b>8,593,646</b>
Share capital	83,890	127,018	127,018	127,018	127,018
Reserve	352,771	390,293	422,393	456,538	488,959
Minorities	16,425	15,213	15,669	16,139	16,624
<b>Shareholder's equity</b>	<b>453,086</b>	<b>532,524</b>	<b>565,081</b>	<b>599,696</b>	<b>632,601</b>
<b>Growth (%)</b>					
Cash & equivalent	(5.2)	(14.0)	(15.0)	(5.0)	(5.0)
Interbank assets	(18.5)	17.4	14.1	10.0	11.5
Investment securities	10.7	17.1	13.0	12.0	11.0
Net loans and advances	12.9	10.7	11.5	11.8	11.4
<b>Total interest earning assets</b>	<b>8.4</b>	<b>10.5</b>	<b>10.2</b>	<b>10.8</b>	<b>10.5</b>
Property and equipment	0.3	4.6	(1.0)	(1.0)	(1.0)
Trading assets	(51.1)	(46.5)	90.0	35.0	30.0
Other non-interest earning assets	(32.6)	92.3	31.2	22.0	20.5
<b>Total assets</b>	<b>6.9</b>	<b>11.3</b>	<b>10.8</b>	<b>11.2</b>	<b>10.9</b>
Customer deposits	6.1	11.7	18.3	17.3	16.3
Interbank liabilities	0.8	13.5	2.0	2.0	2.0
Subordinated debt	25.2	17.7	(5.0)	(10.0)	(10.0)
<b>Total interest bearing liabilities</b>	<b>6.7</b>	<b>12.7</b>	<b>12.5</b>	<b>12.0</b>	<b>12.0</b>
Trading liabilities	(51.3)	(46.8)	65.0	25.0	20.0
Current taxes	(44.5)	80.2	25.0	20.0	15.0
Other liabilities	17.4	(10.9)	(13.0)	1.9	(6.5)
<b>Total liabilities</b>	<b>6.6</b>	<b>10.8</b>	<b>11.2</b>	<b>11.6</b>	<b>11.3</b>
Share capital	0.0	51.4	0.0	0.0	0.0
Reserve	11.7	10.6	8.2	8.1	7.1
Minorities	28.4	(7.4)	3.0	3.0	3.0
<b>Shareholder's equity</b>	<b>9.9</b>	<b>17.5</b>	<b>6.1</b>	<b>6.1</b>	<b>5.5</b>
<b>Key ratio (%)</b>					
CT1 CAR	8.62	8.69	8.67	8.19	7.86
Total CAR	12.47	12.44	12.41	11.68	11.13
NPL ratio	1.77	1.65	1.90	1.98	2.06
Provision to total loans	2.80	2.90	3.35	3.50	3.64
Provision coverage ratio	157.98	175.25	176.32	176.77	176.70

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

FY Ended Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Net interest income	78,164	101,918	116,718	125,434	134,958
Non-interest income	32,222	31,021	32,101	34,476	36,931
Of which: Fees and commissions	19,773	23,169	25,949	28,804	31,684
<b>Operating income</b>	<b>110,386</b>	<b>132,939</b>	<b>148,819</b>	<b>159,910</b>	<b>171,888</b>
Operating expenses	(33,706)	(38,429)	(40,932)	(43,344)	(45,885)
<b>Pre-provision operating profit</b>	<b>76,680</b>	<b>94,510</b>	<b>107,887</b>	<b>116,566</b>	<b>126,003</b>
Impairment loans losses	(35,828)	(49,347)	(68,068)	(72,149)	(76,232)
<b>Profit before tax</b>	<b>40,852</b>	<b>45,163</b>	<b>39,819</b>	<b>44,417</b>	<b>49,772</b>
Tax	(7,131)	(7,722)	(6,769)	(7,551)	(8,461)
Minority interests	(62)	(87)	(126)	(177)	(230)
<b>Net profit attributable to equity holders</b>	<b>33,659</b>	<b>37,354</b>	<b>32,924</b>	<b>36,689</b>	<b>41,081</b>
Preference share dividend	1,450	1,450	1,450	1,450	1,450
<b>Net profit attributable to ordinary shareholders</b>	<b>32,209</b>	<b>35,904</b>	<b>31,474</b>	<b>35,239</b>	<b>39,631</b>
<b>Growth (%)</b>					
Net interest income	28.2	30.4	14.5	7.5	7.6
Non-interest income	3.7	(3.7)	3.5	7.4	7.1
Of which: Fees and commissions	(35.7)	17.2	12.0	11.0	10.0
<b>Operating income</b>	<b>20.0</b>	<b>20.4</b>	<b>11.9</b>	<b>7.5</b>	<b>7.5</b>
Operating expenses	9.4	14.0	6.5	5.9	5.9
<b>Pre-provision operating profit</b>	<b>25.3</b>	<b>23.3</b>	<b>14.2</b>	<b>8.0</b>	<b>8.1</b>
Impairment loans losses	74.2	37.7	37.9	6.0	5.7
<b>Profit before tax</b>	<b>0.5</b>	<b>10.6</b>	<b>(11.8)</b>	<b>11.5</b>	<b>12.1</b>
Tax	(21.1)	8.3	(12.3)	11.5	12.1
Minority interests	(6.1)	40.3	45.0	40.0	30.0
<b>Net profit attributable to equity holders</b>	<b>6.7</b>	<b>11.0</b>	<b>(11.9)</b>	<b>11.4</b>	<b>12.0</b>
Preference share dividend	0.0	0.0	0.0	0.0	0.0
<b>Net profit attributable to ordinary shareholders</b>	<b>7.0</b>	<b>11.5</b>	<b>(12.3)</b>	<b>12.0</b>	<b>12.5</b>
<b>Per share (RMB)</b>					
EPS	0.61	0.68	0.60	0.67	0.76
BVPS	5.55	6.00	6.43	6.92	7.46
DPS	0.19	0.24	0.22	0.24	0.26
<b>Key ratio (%)</b>					
Net interest margin	1.97	2.31	2.34	2.12	1.93
Net interest spread	1.91	2.18	2.03	1.85	1.67
Cost to income ratio	30.53	28.91	27.50	27.11	26.69
Return on average assets	0.80	0.82	0.62	0.58	0.55
Return on average equity	10.75	10.57	8.31	8.73	9.18
Effective tax rate	17.46	17.10	17.00	17.00	17.00
Dividend payout	25.11	30.07	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



CEB (6818HK/601818CH)

Consolidated balance sheet

As of Dec 31 (RMB mn)	2018A	2019E	2020E	2021E	2022E
Cash & equivalent	366,575	364,340	390,163	412,580	439,034
Interbank assets	175,463	98,463	356,625	441,932	548,091
Investment securities	1,316,292	1,447,351	1,823,662	2,243,105	2,691,725
Net loans and advances	2,354,120	2,635,976	3,004,888	3,421,052	3,867,509
<b>Total interest earning assets</b>	<b>4,212,450</b>	<b>4,546,130</b>	<b>5,575,338</b>	<b>6,518,669</b>	<b>7,546,359</b>
Property and equipment	18,241	19,342	19,535	19,731	19,928
Other non-interest earn assets	126,641	167,959	229,615	308,887	400,133
<b>Total assets</b>	<b>4,357,332</b>	<b>4,733,431</b>	<b>5,824,488</b>	<b>6,847,287</b>	<b>7,966,421</b>
Customer deposits	2,571,961	2,785,366	3,779,119	4,688,172	5,592,310
Interbank liabilities	642,128	610,545	714,338	821,488	936,497
Subordinated debt	440,449	371,904	353,309	335,643	318,861
<b>Total interest bearing liabilities</b>	<b>3,654,538</b>	<b>3,767,815</b>	<b>4,846,765</b>	<b>5,845,303</b>	<b>6,847,668</b>
Current taxes	5,666	9,322	7,458	7,830	8,222
Other liabilities	374,655	570,240	561,382	559,771	647,542
<b>Total liabilities</b>	<b>4,034,859</b>	<b>4,347,377</b>	<b>5,415,605</b>	<b>6,412,905</b>	<b>7,503,432</b>
Share capital	87,597	122,556	122,556	122,556	122,556
Reserves	233,891	262,426	285,148	310,528	339,006
Minorities	985	1,072	1,179	1,297	1,427
<b>Shareholder's equity</b>	<b>322,473</b>	<b>386,054</b>	<b>408,883</b>	<b>434,382</b>	<b>462,989</b>
<b>Growth (%)</b>					
Cash & equivalent	3.6	(0.6)	7.1	5.7	6.4
Interbank assets	(38.4)	(43.9)	262.2	23.9	24.0
Investment securities	1.1	10.0	26.0	23.0	20.0
Net loans and advances	18.8	12.0	14.0	13.8	13.1
<b>Total interest earning assets</b>	<b>7.4</b>	<b>7.9</b>	<b>22.6</b>	<b>16.9</b>	<b>15.8</b>
Property and equipment	22.2	6.0	1.0	1.0	1.0
Other non-interest earn assets	(16.3)	32.6	36.7	34.5	29.5
<b>Total assets</b>	<b>6.6</b>	<b>8.6</b>	<b>23.1</b>	<b>17.6</b>	<b>16.3</b>
Customer deposits	13.2	8.3	35.7	24.1	19.3
Interbank liabilities	(6.2)	(4.9)	17.0	15.0	14.0
Subordinated debt	(1.1)	(15.6)	(5.0)	(5.0)	(5.0)
<b>Total interest bearing liabilities</b>	<b>7.4</b>	<b>3.1</b>	<b>28.6</b>	<b>20.6</b>	<b>17.1</b>
Current taxes	14.9	64.5	(20.0)	5.0	5.0
Other liabilities	(0.2)	52.2	(1.6)	(0.3)	15.7
<b>Total liabilities</b>	<b>6.7</b>	<b>7.7</b>	<b>24.6</b>	<b>18.4</b>	<b>17.0</b>
Share capital	0.0	39.9	0.0	0.0	0.0
Reserves	7.7	12.2	8.7	8.9	9.2
Minorities	45.7	8.8	10.0	10.0	10.0
<b>Shareholder's equity</b>	<b>5.6</b>	<b>19.7</b>	<b>5.9</b>	<b>6.2</b>	<b>6.6</b>
<b>Key ratio (%)</b>					
CT1 CAR	9.15	9.20	8.10	7.63	7.17
Total CAR	13.01	13.47	11.49	10.73	10.01
NPL ratio	1.59	1.56	1.59	1.65	1.71
Provision to total loans	2.80	2.83	2.98	3.10	3.22
Provision coverage ratio	176.16	181.62	187.42	187.88	188.30

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





**BHB (9668 HK)**  
**Consolidated income statement**

<b>FY Ended Dec 31 (RMB mn)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Net interest income	15,228	22,910	32,326	39,026	46,166
Net fee and commission	6,357	4,226	2,514	2,640	2,904
Other operating income	1,625	1,242	1,056	908	790
Operating income	23,210	28,378	35,896	42,574	49,860
Operating expenses	(8,676)	(8,857)	(9,654)	(10,523)	(11,365)
Impairment losses	(6,508)	(9,567)	(15,205)	(19,687)	(24,494)
Profit before tax	8,027	9,902	11,038	12,364	14,001
Income tax expenses	(947)	(1,709)	(2,208)	(2,473)	(2,800)
Net profit attributable to shareholders	7,080	8,193	8,830	9,891	11,201
<b>Growth (%)</b>					
Net interest income	(10.5)	50.5	41.1	20.7	18.3
Net fee and commission	(26.8)	(33.5)	(40.5)	5.0	10.0
Other operating income	(456.1)	(23.6)	(15.0)	(14.0)	(13.0)
Operating income	(8.1)	22.3	26.5	18.6	17.1
Operating expenses	(4.4)	2.1	9.0	9.0	8.0
Impairment losses	(16.1)	47.0	58.9	29.5	24.4
Profit before tax	(4.7)	23.3	11.5	12.0	13.2
Income tax expenses	(43.3)	80.4	29.2	12.0	13.2
Net profit attributable to shareholders	4.8	15.7	7.8	12.0	13.2
<b>Per share (RMB)</b>					
EPS	0.49	0.57	0.56	0.57	0.65
BVPS	3.87	4.34	4.79	5.45	6.19
DPS	0.14	0.15	0.13	0.14	0.16
<b>Key ratio (%)</b>					
Net interest margin	1.54	2.21	2.48	2.54	2.58
Net interest spread	1.46	2.03	2.02	2.14	2.22
Net fee to operating income	27.39	14.89	7.00	6.20	5.82
Cost to income ratio	35.40	29.50	26.89	24.72	22.79
ROAA	0.70	0.76	0.71	0.67	0.64
ROAE	13.59	13.71	9.52	9.10	9.27
Effective tax rate	11.8	17.3	20.0	20.0	20.0
Dividend payout	29.11	25.98	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



ABCI SECURITIES COMPANY LIMITED

BHB (9668 HK)

Consolidated balance sheet

As of Dec 31 (RMB mn)	2018A	2019A	2020E	2021E	2022E
Cash and bank	123,250	93,014	79,062	69,574	62,617
Repo	10,571	1,850	11,009	15,413	20,036
Deposit with FIs	25,923	14,052	37,939	51,218	65,559
Placement with FIs	2,059	4,411	3,970	3,692	3,507
Net loans	546,004	687,279	861,189	1,037,608	1,232,034
Investment securities	309,420	300,307	351,359	404,063	460,632
Total IEA	1,017,227	1,100,912	1,344,528	1,581,567	1,844,386
Other assets	17,225	16,018	18,901	22,114	25,652
Total assets	1,034,451	1,116,930	1,363,429	1,603,681	1,870,038
Customer deposits	606,701	647,765	816,183	987,582	1,165,347
Deposit with FIs	69,588	78,547	100,541	122,660	147,192
Debt issued	218,679	196,604	216,264	233,565	266,265
Repo	22,364	23,069	21,916	20,820	19,779
Borrowing from central bank	28,596	46,906	58,632	70,358	83,023
Placement from FIs	19,535	21,500	26,875	32,250	37,733
Total IBL	965,463	1,014,391	1,240,411	1,467,235	1,719,337
Other liabilities	13,129	19,901	20,070	22,014	23,477
Total liabilities	978,592	1,034,291	1,260,481	1,489,249	1,742,814
Total equity	55,859	82,639	102,947	114,432	127,224
<b>Growth (%)</b>					
Cash and bank	17.4	(24.5)	(15.0)	(12.0)	(10.0)
Repo	na	(82.5)	495.0	40.0	30.0
Deposit with FIs	197.2	(45.8)	170.0	35.0	28.0
Placement with FIs	na	114.2	(10.0)	(7.0)	(5.0)
Net loans	21.4	25.9	25.3	20.5	18.7
Investment securities	(25.0)	(2.9)	17.0	15.0	14.0
Total IEA	3.1	8.2	22.1	17.6	16.6
Other assets	6.2	(7.0)	18.0	17.0	16.0
Total assets	3.2	8.0	22.1	17.6	16.6
Customer deposits	4.2	6.8	26.0	21.0	18.0
Deposit with FIs	(54.2)	12.9	28.0	22.0	20.0
Debt issued	na	na	na	8.0	14.0
Repo	910.2	3.2	(5.0)	(5.0)	(5.0)
Borrowing from central bank	na	na	25.0	20.0	18.0
Placement from FIs	na	10.1	na	na	na
Total IBL	3.1	5.1	22.3	18.3	17.2
Other liabilities	(26.0)	51.6	0.9	9.7	6.6
Total liabilities	2.6	5.7	21.9	18.1	17.0
Total equity	15.3	47.9	24.6	11.2	11.2
<b>Key ratio (%)</b>					
CT1 CAR	8.61	8.06	9.40	8.90	8.53
Total CAR	11.77	13.07	12.73	11.88	11.22
NPL ratio	1.84	1.78	1.85	1.91	1.97
Provision to total loans	3.44	3.34	3.50	3.59	3.67
Provision coverage	186.96	187.73	189.19	187.96	186.29

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



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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 2008 (HSI total return index 2008-19 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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