

Apr 29, 2015

Hold  
Upgrade

## 业绩超预期，但估值充分

### 招商银行 (3968 HK)

#### Market Data: Mar,13

Closing Price (HK\$)	24.05
Price Target (HK\$)	25.09
HSCEI	14,715
HSCCI	5,591
52-week High/Low (HK\$)	24.60/12.92
Market Cap (USD Mn)	57,065
Market Cap (HK\$ Mn)	442,861
Shares Outstanding (Mn)	25,220
Exchange Rate (RMB-HK\$)	1.26

#### Price Performance Chart:



Source: Bloomberg

#### Analyst

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#### Related Reports

"CMB\_NIM still under pressure" Oct 30, 2014

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#### Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Net interest income (RMB M)	98,913	112,000	115,431	122,298	131,994
YOY (%)	11.93	13.23	21.04	5.95	7.93
Net income (RMB M)	51,743	55,911	62,283	69,225	75,840
YOY (%)	14.30	8.06	11.44	11.15	9.56
EPS (RMB)	2.30	2.22	2.47	2.74	3.01
Diluted EPS (RMB)	2.30	2.22	2.47	2.74	3.01
BVPS (RMB)	10.53	12.47	14.83	16.96	19.28
ROAE (%)	22.22	18.91	17.80	17.27	16.60
NPL ratio (%)	0.83	1.11	1.31	1.54	1.75
CAR (%)	13.39	11.74	13.48	13.41	13.45
P/E (x)	8.26	8.56	7.69	6.92	6.32
P/B (x)	1.80	1.47	1.28	1.12	0.99

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised. P/E is calculated as closing price divided by each year's EPS.

**业绩超预期。**招商银行周二公布一季度业绩。季末贷款余额同比增长 11%，净息差同比提升 12 个基点。净利息收入和手续费及佣金净收入分别同比增长 22% 和 28%。归属于母公司股东净利润达到 170 亿元，基本每股收益 0.68 元，较我们的预期高出 4%。核心一级资本充足率和资本充足率由 10.44% 和 12.38% 分别提升至 10.59% 和 12.45%。季末公司不良率较年初上升 0.13 个百分点至 1.24%。公司拨备覆盖率下滑 10 个百分点至 224%。

**员工持股计划缺乏吸引力。**4 月 10 日招行宣布将向核心员工(涵盖部分董事、监事、高级管理层以及中层管理人员)发行不超过 43478 万股。但是认购条件缺乏吸引力，因此我们认为该项员工持股计划未必受欢迎，最后可能会认购不足。即便最后足额认购，对经营业绩的影响也不宜高估。在原有薪酬已经较为市场化的背景下，持有股票带来的额外激励可能相对有限。

**估值充分，上调至持有：**鉴于业绩超预期，我们上调公司 2015 和 2016 年 EPS 预测至 2.47 和 2.74 元，对应净利润增速分别为 11.4% 和 11.1%。基于行业估值中枢的提升，我们上调公司目标 2015PB 至 1.35 倍，对应目标价 25.09 港币，对应 4% 的上行空间。目前公司股价对应 1.28 倍的 2015 年 PB，高于行业平均的 1.07 倍 2015 年 PB。招行 H 股较 A 股溢价 5%，而行业平均折价 12%，我们认为公司估值充分，上调至持有评级。

### Investment highlights :

**Results beat.** China Merchants Bank released 1Q15 results yesterday. Amid continuous liquidity easing, total loans reported 11% YoY growth. Net interest margin increased by 12bps YoY to 2.96% due to rising demand deposit proportion and declining interbank liability cost. Net interest income rose 22% YoY, while fees and commission income grew 28% YoY due to booming wealth management business. Net profit came to Rmb17bn and basic EPS reached Rmb0.68, representing 15.2% YoY, 4% higher than our expectation. The bank's core tier-one capital adequacy ratio and total CAR increased from 10.44% and 12.38% at end-2014 to 10.59% and 12.45%. Amid decelerating economic growth, its NPL ratio increased to 1.24% (+0.13ppts vs end-2014), while its coverage ratio decreased to 224% (-10ppts vs end-2014).

**Unattractive employee shares ownership plan.** On Apr 10, CMB announced an employee stock ownership plan to issue ordinary A shares of no more than 0.43bn(2% of enlarged share capital) to its core staff. But the subscription conditions are not very attractive. We believe the plan may not be well received by its staff, and the final subscription may be less than the upper limit. Even the company forces its staff to subscribe, the additional incentive from stock ownership may be limited and the real impact on its operating performance should not be overestimated.

**Valuation is full.** In light of higher than expected NIM improvement, we revise our EPS forecasts from Rmb2.32 to Rmb2.47 in 15E (+11.4%YoY) and from Rmb2.45 to Rmb2.74 in 16E (+11.1%YoY). Currently it is trading at 1.28x 2015PB, as compared to sector average of 1.07x. Its H share is trading at 5% premium to A peer while H share banks are averagely trading at 12% discount to A peers. We believe its valuation is full and the impact of employee stock ownership plan on operating performance should not be overestimated. We revise our target PB to 1.35x to factor in the lift of sector average valuation and raise target price from HK\$16.72 to HK\$25.09. With 4% upside, we upgrade our rating from Underperform to Hold.

**Figure 1: Valuation table**

Company	Code	Rating	Target price (HK\$)	Trading PE			Trading PB		
				13A	14A	15E	13A	14A	15E
CRCB	3618 HK	BUY	5.74	8.52	7.48	6.76	1.41	1.19	1.05
BOCOM	3328 HK	BUY	10.12	7.64	7.23	7.09	1.13	0.97	0.88
CMBC	1988 HK	O-PF	12.72	6.18	7.04	6.86	1.32	1.31	1.10
BOC	3988 HK	O-PF	5.23	7.91	7.31	7.15	1.34	1.19	1.08
ABC	1288 HK	O-PF	4.19	7.05	6.53	6.37	1.39	1.17	1.04
ICBC	1398 HK	Neutral	5.12	7.40	6.95	6.59	1.52	1.33	1.17
CCB	939 HK	Neutral	5.6	7.23	6.72	6.32	1.46	1.21	1.07
CITIC	998 HK	U-PF	5.53	6.89	6.63	6.62	1.20	1.03	0.91
CMB	3968 HK	U-PF	25.09	8.37	8.55	7.69	1.83	1.49	1.29

Source: Company data, SWS Research

# Appendix

**Figure 2: Forecast Income Statement**

RMB million	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015(E)	2016(E)	2017(E)
Interest Income	25,877	33,990	51,585	72,635	65,838	84,513	121,245	150,101	173,495	197,245	234,457	254,749	281,307
Interest expense	(9,235)	(12,481)	(17,683)	(25,750)	(25,474)	(27,437)	(44,938)	(61,727)	(74,582)	(101,875)	(119,027)	(132,451)	(149,313)
<b>Net interest income</b>	<b>16,642</b>	<b>21,509</b>	<b>33,902</b>	<b>46,885</b>	<b>40,364</b>	<b>57,076</b>	<b>76,307</b>	<b>88,374</b>	<b>98,913</b>	<b>95,370</b>	<b>115,431</b>	<b>122,298</b>	131,994
Fee and commission income	1,856	2,988	7,258	8,776	9,153	12,409	16,924	21,167	31,365	49,152	60,251	72,301	86,761
Fee and commission expense	(289)	(474)	(819)	(1,032)	(1,160)	(1,079)	(1,296)	(1,428)	(2,181)	(2,458)	(4,218)	(5,061)	(6,073)
<b>Net fee and commission income</b>	<b>1,567</b>	<b>2,514</b>	<b>6,439</b>	<b>7,744</b>	<b>7,993</b>	<b>11,330</b>	<b>15,628</b>	<b>19,739</b>	<b>29,184</b>	<b>46,694</b>	<b>56,033</b>	<b>67,240</b>	<b>80,688</b>
Other net income	1,005	843	707	(772)	3,089	2,971	4,668	5,641	4,933	7,000	8,050	9,338	10,832
<b>Operating income</b>	<b>19,214</b>	<b>24,866</b>	<b>41,048</b>	<b>53,857</b>	<b>51,446</b>	<b>71,377</b>	<b>96,603</b>	<b>113,754</b>	<b>133,030</b>	<b>149,064</b>	<b>179,514</b>	<b>198,876</b>	<b>223,514</b>
Operating expense	(7,896)	(9,518)	(14,354)	(20,446)	(23,433)	(28,759)	(35,103)	(41,122)	(45,896)	(49,221)	(58,701)	(66,643)	(74,877)
Business tax and surcharges	(1,219)	(1,573)	(2,384)	(3,296)	(3,129)	(4,153)	(6,091)	(7,555)	(8,579)	(10,364)	(12,564)	(13,792)	(15,535)
<b>Operating profit before provisions</b>	<b>10,099</b>	<b>13,775</b>	<b>24,310</b>	<b>30,115</b>	<b>24,884</b>	<b>38,465</b>	<b>55,409</b>	<b>65,077</b>	<b>78,555</b>	<b>89,479</b>	<b>108,249</b>	<b>118,440</b>	133,102
Provision for impairment losses	(3,637)	(3,691)	(3,305)	(3,703)	(2,971)	(5,501)	(8,350)	(5,583)	(10,218)	(15,568)	(25,884)	(26,895)	(32,810)
Share of profits of an associate			38	347	471	379	63	64	88	100	100	100	101
<b>Profit before tax</b>	<b>6,462</b>	<b>10,084</b>	<b>21,043</b>	<b>26,759</b>	<b>22,384</b>	<b>33,343</b>	<b>47,122</b>	<b>59,558</b>	<b>68,425</b>	<b>73,911</b>	<b>82,364</b>	<b>91,545</b>	<b>100,292</b>
Income tax	(2,713)	(3,290)	(5,800)	(5,813)	(4,149)	(7,574)	(10,995)	(14,286)	(16,683)	(18,021)	(20,082)	(22,320)	(24,453)
<b>Net profit attributable to equity holders of the bank</b>	<b>3,749</b>	<b>6,794</b>	<b>15,243</b>	<b>21,077</b>	<b>18,235</b>	<b>25,769</b>	<b>36,129</b>	<b>45,268</b>	<b>51,743</b>	<b>55,891</b>	<b>62,283</b>	<b>69,225</b>	<b>75,840</b>

Source : Company data, SWS Research

**Figure 3: Forecast Balance Sheet**

RMB million	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015(E)	2016(E)	2017(E)
<b>Assets</b>													
Balance with central bank	62,102	82,372	146,266	181,601	216,167	294,955	689,174	458,673	501,577	528,723	597,457	663,178	729,496
Cash/balances/Placements with banks and other financial institutions	69,473	109,032	245,945	186,466	270,125	264,425	194,427	491,255	505,802	873,227	926,633	944,793	983,982
Loans and advances to customers	458,675	549,420	654,417	852,754	1,161,817	1,402,160	1,604,371	1,863,325	2,148,330	2,458,119	2,777,675	3,110,996	3,484,315
Investments	131,902	178,885	244,348	310,848	377,538	394,619	512,838	492,982	734,253	750,550	836,212	917,124	1,009,987
Goodwill				9,598	9,598	9,598	9,598	9,598	9,953	9,953	9,953	9,953	9,953
Non interest-bearing assets	12,461	14,393	19,576	30,530	32,696	36,750	(215,437)	92,266	116,484	70,364	78,395	85,980	94,686
<b>Total</b>	<b>734,613</b>	<b>934,102</b>	<b>1,310,552</b>	<b>1,571,797</b>	<b>2,067,941</b>	<b>2,402,507</b>	<b>2,794,971</b>	<b>3,408,099</b>	<b>4,016,399</b>	<b>4,690,936</b>	<b>5,226,325</b>	<b>5,732,024</b>	<b>6,312,418</b>
check	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>													
Deposits/Placements from banks and other financial institutions	43,247	76,603	265,123	165,916	265,119	282,023	273,183	368,507	792,478	844,368	888,475	917,124	1,009,987
Deposits from customers	634,404	773,757	943,534	1,250,648	1,608,146	1,897,178	2,220,060	2,532,444	2,775,276	3,304,521	3,734,109	4,144,861	4,559,347
Debts issued	19,877	14,679	14,600	40,278	40,731	36,285	46,167	77,111	68,936	68,936	68,936	68,936	68,936
Other interest-bearing liabilities				4,618	2,677	3,174	48,257	167,552	30,126	30,126	30,126	30,126	30,126
Non interest-bearing liabilities	11,087	13,903	19,311	30,556	58,485	49,841	84,588	62,084	83,627	117,273	130,658	143,301	157,810
<b>Total</b>	<b>708,615</b>	<b>878,942</b>	<b>1,242,568</b>	<b>1,492,016</b>	<b>1,975,158</b>	<b>2,268,501</b>	<b>2,672,255</b>	<b>3,207,698</b>	<b>3,750,443</b>	<b>4,365,225</b>	<b>4,852,304</b>	<b>5,304,347</b>	<b>5,826,206</b>
check	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Shareholders' equity</b>													
Share capital	10,374	14,703	14,705	14,707	19,119	21,577	21,577	21,577	25,220	25,220	25,220	25,220	25,220
Capital reserve	6,499	27,731	27,074	21,677	18,169	36,197	37,508	37,508	67,515	67,515	67,515	67,515	67,515
Surplus reserve	1,591	2,377	3,088	6,653	8,418	10,880	14,325	18,618	23,502	28,676	34,265	40,494	47,416
Regulatory general reserve	3,000	6,500	9,500	10,793	14,976	16,812	18,794	39,195	46,347	57,525	69,982	83,827	98,995
Retained profits	4,534	3,849	12,093	25,719	32,123	49,063	64,446	71,432	95,471	122,074	152,338	185,919	222,362
Others				(34)	(22)	(523)	8,347	11,998	7,410	24,701	24,701	24,702	24,704
<b>Total shareholders' equity</b>	<b>25,998</b>	<b>55,160</b>	<b>66,460</b>	<b>79,515</b>	<b>92,783</b>	<b>134,006</b>	<b>164,997</b>	<b>200,328</b>	<b>265,465</b>	<b>325,711</b>	<b>374,021</b>	<b>427,677</b>	<b>486,212</b>
<b>Minority Interest</b>				266	-	-	13	73	491				
<b>Total shareholders' equity and liabilities</b>	<b>734,613</b>	<b>934,102</b>	<b>1,309,028</b>	<b>1,571,797</b>	<b>2,067,941</b>	<b>2,402,507</b>	<b>2,794,971</b>	<b>3,408,099</b>	<b>4,016,399</b>	<b>4,690,936</b>	<b>5,226,325</b>	<b>5,732,024</b>	<b>6,312,418</b>

Source : Company data, SWS Research

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