

Oct 31, 2018

Hold
Downgrade

风险累积

民生银行 (01988 HK)

Market Data: Oct 30

Closing Price (HK\$)	5.70
Price Target (HK\$)	6.18
HSCEI	9,990
HSCCI	4,018
52-week High/Low (HK\$)	7.28/5.49
Market Cap (USD Mn)	26,448
Market Cap (HK\$ Mn)	207,600
Shares Outstanding (Mn)	36,485
Exchange Rate (RMB-HK\$)	1.13

Price Performance Chart:



Source: Bloomberg

Analyst

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Related Reports

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Financial summary and valuation

	2016	2017	2018E	2019E	2020E
Net interest income (RMB M)	94,684	86,552	98,330	106,470	114,939
YOY (%)	0.44	(8.59)	13.61	8.28	7.95
Net income (RMB M)	47,843	49,813	52,225	54,702	58,865
YOY (%)	3.76	4.12	4.84	4.74	7.61
EPS (RMB)	1.31	1.35	1.43	1.50	1.61
Diluted EPS (RMB)	1.31	1.35	1.43	1.50	1.61
BVPS (RMB)	9.12	10.10	12.44	13.90	15.47
ROAE (%)	14.86	13.81	12.35	11.06	10.68
NPL ratio (%)	1.68	1.71	1.75	1.86	1.98
CAR (%)	10.96	11.85	12.01	12.15	13.15
P/E (x)	3.86	3.75	3.54	3.38	3.14
P/B (x)	0.56	0.50	0.41	0.36	0.33

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.

业绩符合预期。民生银行周二公布了 2018 年三季度业绩。2018 年三季度末贷款余额同比增长 5%，存款余额同比增长 14%。净利息收益率达到 1.66%，而 2017 年和 2018 年上半年分别为 1.50% 和 1.64%。净利息收入同比增长 15%，而非利息收入同比保持稳定。净利润达到人民币 427 亿元，基础每股收益为 0.97 人民币，同比增长为 6%。公司不良贷款率由 2017 年的 1.71% 和 2018 年上半年的 1.72% 上升到 1.75%，而公司拨备覆盖率达到 162%，而 2017 年和 2018 年上半年分别为 156% 和 163%。公司核心一级资本充足率和总资本充足率分别由 2017 年的 8.63% 和 11.85% 提升至 8.77% 和 11.89%。

基本面承压。民生银行一直以来都以积极进取的经营风格著称，截至 2018 年中期，公司贷款和债券投资在总资产中占比达到 84%，高于行业 69% 的平均水平。在今年年初，我们认为在经济企稳和同业利率回落的背景下，资产端优势重要性超越负债端，因此资产配置激进和同业负债占比高的银行弹性更佳。但是，展望未来，在非标融资持续下降和中美贸易战的影响下，经济增长不确定性显著增强，资产配置激进的银行净息差和资产质量下行风险更大。民生银行单季净息差改善幅度由今年一季度的 11 个基点下降至二季度的 3 个基点和第三季度的 2 个基点，不良率单季上升幅度由今年一季度的 0 个基点增加至二季度的 1 个基点和第三季度的 3 个基点。

估值受限。从 2017 年开始，针对影子银行的监管政策卷土重来，包括宏观审慎评估体系、信托贷款委托贷款监管和资管新规及细则。这加剧了市场对于银行资本拨备计提压力加大和信贷理财业务放缓的担忧。尽管最终出台的理财细则和央行补充意见对非标业务监管有一些边际放松，有利于缓解表外融资集中回表对银行资本水平和实体经济融资造成大的冲击，但是从中长期来看，非标资产面临的不仅仅是银行理财配置力量的缺失，而是打破刚兑、限制期限错配、解决资产嵌套等金融严监管和去杠杆的大背景。目前非标资产在存量非保本理财产品中的占比约为 15%，在这部分理财产品到期后，银行需要寻求其他基础资产来配置，而标的企业也需要寻求债券或者银行贷款融资来替代原有的非标融资。这将导致银行理财业务规模增速放缓，收益率下降，资本计提压力提升，实体经济融资可得性降低。因此在中美贸易战和金融去杠杆加大经济下行压力的背景下，银行板块估值修复空间有限，尤其是非标业务占比较高的银行。

下调评级至中性。我们下调 2018-2020 年 EPS 预测至人民币 1.43/1.50/1.61 元，同比增长 5%/5%/8%。目前公司对应 0.36 倍 2019 年 PB，我们给予公司 0.4 倍的目标 PB，对应 6.18 港币的目标价，对应 8% 的上升空间，下调评级至中性。

投资要点:

Results in line. CMBC reported 3Q18 results. Total loans as of 3Q18 grew 5%YoY and total deposits grew 14%YoY. NIM reached 1.66%, as compared to 1.50% in 2017 and 1.64% in 1H18. Net interest income decreased by 15%YoY, while fees and commission income remained stable. Net profit reached RMB 42.7bn (+6% YoY) and EPS of Rmb0.97. Its NPL ratio increased to 1.75% from 1.71% in 2017 and 1.72% in 1H18, while its coverage ratio reached 162% as compared to 156% in 2017 and 163% in 1H18. Core tier 1 CAR and total CAR increased to 8.77% and 11.89% as compared to 8.63% and 11.85% in 2017.

Fundamental pressure. CMBC used to be well known by its aggressive asset portfolio. As of end 1H18, CMBC's total loans and bonds accounted for 84% of total assets as compared to sector average of 69%. In the year beginning, we have argued that the asset side advantage may become more important than the liability side amid the recovering economy and stabilizing interbank rates, and those laggard banks with more aggressive asset portfolios and heavier reliance on interbank liability may start to catch up. Looking forward, however, the declining non-standardized financing and the trade war between China and US will lead to market concern about rising credit risks and economic downward pressure, so those banks with aggressive asset portfolios may suffer in NIM and asset quality. The QoQ NIM enhancement of CMBC has narrowed to 3bps in 2Q18 and 2bps in 3Q18 as compared to 11bps in 1Q18. The NPL ratio increase rose from 0bps in 1Q18 and 1bps in 2Q18 to 3bps in 3Q18.

Valuation overhang. Since 2017, the tightening shadow banking regulation led to market concern about banks' rising capital and provision pressure, as well as decelerating loans and WMP growth. Though the marginal loosening in WMP regulation could alleviate the market concern about systematic liquidity and credit risk, it remains strict toward rigid payment, non-standardized assets exposure and duration mismatch. So it makes much more difficult for banks WMP to invest in long term non-standardized assets in the future. Banks may have to find other underlying assets after these assets become due. And those underlying enterprises relying on non-standardized financing have to find other financing channels like bonds and banks loans. So in the mid-long term, the ongoing financial deleverage and cautious economic outlook will curb the valuation recovery room for banks, especially those banks with larger non-standardized assets exposure like CMBC.

Downgrade to Hold. We revise down our EPS forecasts to Rmb1.43 in 18E (+5%YoY), Rmb1.50 in 19E (+5% YoY) and Rmb1.61 in 20E (+8%YoY). Currently CMBC is trading at 0.36x 2019E PB. We give it a target PB of 0.4x and arrive at target price of HK\$6.18. With 8% upside, we downgrade its rating from Outperform to Hold.

Appendix

Fig 11: Income statement

Rmbm	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018(E)	2019(E)	2020(E)
Interest Income	58,436	70,720	117,281	151,887	182,154	199,052	203,382	203,918	230,910	259,472	271,654	293,715
Interest expense	(21,201)	(24,903)	(52,460)	(74,734)	(99,121)	(106,916)	(109,114)	(109,234)	(144,358)	(161,142)	(165,184)	(178,775)
Net interest income	37,235	45,817	64,821	77,153	83,033	92,136	94,268	94,684	86,552	98,330	106,470	114,939
Fee and commission income	5,006	8,753	15,991	22,091	33,061	42,293	55,107	56,266	54,068	62,178	67,774	71,163
Fee and commission expense	(342)	(464)	(890)	(1,568)	(3,105)	(4,054)	(3,902)	(4,005)	(6,326)	(7,275)	(7,930)	(8,326)
Net fee and commission income	4,664	8,289	15,101	20,523	29,956	38,239	51,205	52,261	47,742	54,903	59,845	62,837
NOPLAT	41,899	54,106	79,922	97,676	112,989	130,375	145,473	146,945	134,294	153,233	166,315	177,776
Other operating income	(448)	(139)	1,078	5,185	3,113	4,632	8,278	7,106	7,653	1,002	1,003	1,004
Operating income	41,451	53,967	81,000	102,861	116,102	135,007	153,751	154,051	141,947	154,235	167,318	178,780
Operating expense	(17,737)	(21,625)	(29,333)	(35,064)	(37,958)	(45,077)	(48,208)	(48,086)	(47,245)	(50,898)	(55,215)	(58,997)
Business tax and surcharges	(2,802)	(3,827)	(6,116)	(7,825)	(8,004)	(9,005)	(9,968)	(4,338)		(9,680)	(10,213)	(10,976)
Operating profit	20,912	28,515	45,551	59,972	70,140	80,925	95,575	101,627	94,702	93,658	101,890	108,806
Net non-operating income	51	(35)	-	-	-	-	-	-	0	(98)	(97)	(96)
Operating profit before provisions	20,963	28,480	45,551	59,972	70,140	80,925	95,575	101,627	94,702	93,560	101,793	108,710
Provision for impairment losses	(5,307)	(5,504)	(8,376)	(9,320)	(12,989)	(21,132)	(34,801)	(41,378)	(34,140)	(30,067)	(35,352)	(35,993)
Profit before tax	15,656	22,976	37,175	50,652	57,151	59,793	60,774	60,249	60,562	63,493	66,441	72,717
Income tax	(3,548)	(5,288)	(8,732)	(12,344)	(13,869)	(14,226)	(13,752)	(11,471)	(9,640)	(10,159)	(10,631)	(11,635)
Net profit	12,108	17,688	28,443	38,308	43,282	45,567	47,022	48,778	50,922	53,334	55,811	61,083
Minority interest	(4)	(107)	(523)	(745)	(1,004)	(1,021)	(911)	(935)	(1,109)	(1,109)	(1,109)	(2,218)
Net profit attributable to equity holders of the bank	12,104	17,581	27,920	37,563	42,278	44,546	46,111	47,843	49,813	52,225	54,702	58,865

Source: Bloomberg, SWS Research

Fig 2:Balance sheet

Rmbm	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018(E)	2019(E)	2020(E)
Assets												
Cash and Balance with central bank	226,054	266,835	332,805	420,418	433,802	471,632	432,831	524,239	442,938	498,340	528,241	554,653
Interbank	134,863	274,847	411,103	1,048,905	767,335	927,756	901,302	461,837	271,274	96,172	(34,159)	(160,640)
Loans and advances to customers	867,738	1,037,723	1,178,285	1,351,512	1,539,447	1,774,159	1,997,625	2,397,192	2,729,788	3,084,660	3,423,973	3,732,131
Investments	156,366	180,818	256,967	318,329	389,265	690,219	1,011,316	2,309,543	2,255,935	2,458,969	2,581,918	2,711,013
Non interest-bearing assets	41,371	63,514	49,904	72,837	96,361	151,370	177,614	203,066	202,151	125,268	132,652	139,534
Total	1,426,392	1,823,737	2,229,064	3,212,001	3,226,210	4,015,136	4,520,688	5,895,877	5,902,086	6,263,410	6,632,625	6,976,690
Liabilities												
Interbank	166,579	250,688	374,120	982,732	720,079	1,124,602	1,210,919	1,959,186	1,905,687	2,022,353	2,141,566	2,252,659
Deposits from customers	1,127,938	1,416,939	1,644,738	1,926,194	2,146,689	2,433,810	2,732,262	3,082,242	2,966,311	3,114,627	3,301,504	3,466,579
Debts issued	23,060	21,496	31,030	74,969	91,968	129,279	181,233	398,376	501,927	501,927	501,927	501,927
Trading and Derivative liabilities			787	1,335	1,883	2,558	3,663	11,145	21,449	21,449	21,449	21,449
Non interest-bearing liabilities	19,921	29,357	44,279	58,227	61,304	77,110	82,828	92,901	116,900	124,057	131,369	138,184
Total	1,337,498	1,718,480	2,094,954	3,043,457	3,021,923	3,767,359	4,210,905	5,543,850	5,512,274	5,784,412	6,097,816	6,380,799
Shareholders' equity												
Share capital	22,262	26,715	26,715	28,366	28,366	34,153	36,485	36,485	36,485	36,485	36,485	36,485
Capital reserve	38,181	37,787	38,360	45,714	49,234	49,949	64,744	64,744	64,753	64,753	64,753	64,753
Surplus reserve	4,184	5,903	8,647	12,330	16,456	17,077	25,361	30,052	34,914	39,895	45,118	50,588
General reserve	10,904	13,822	16,740	39,480	42,487	49,344	56,351	82,821	84,060	91,894	100,099	108,929
Retained earnings	12,503	19,881	39,245	37,615	64,023	90,019	116,826	130,630	163,420	234,020	275,294	319,859
Others			(110)	(428)	(2,854)	(400)	1,451	(2,142)	(4,662)			
Total shareholders' equity	88,034	104,108	129,597	163,077	197,712	240,142	301,218	342,590	378,970	467,047	521,749	580,614
Minority Interests	860	1,149	4,513	5,467	6,575	7,614	8,565	9,437	10,842	11,951	13,060	15,278
Total shareholders' equity and liabilities	1,426,392	1,823,737	2,229,064	3,212,001	3,226,210	4,015,115	4,520,688	5,895,877	5,902,086	6,263,410	6,632,625	6,976,690

Source: Bloomberg, SWS Research

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