

# China Merchant Bank: Valuations could gain after China's NPC meeting

DIGITAL ENGAGEMENT TEAM

08 MARCH 2023

## TRADING MATTERS SERIES: STOCK HIGHLIGHT

Features a single stock and zooms in on its performance in the market

KEY METRICS	
Current Price	41.30
Latest Dividend	1.52
Dividend Ex-Date	7/7/2022
Indicated Dividend Yield	4.32%
14 Day RSI	36.57
Analysts 12M Target Price	58.60

**REFINITIV STOCKREPORTS+ AVERAGE SCORE**

**9/10**  
As of 08 Mar 2023

Refer to page 3 for indicator components

### China Merchants Bank Co (3968 HK) Price Chart



Any red lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame, and are for illustration purposes only.

As of 08 Mar 2023 midday closing

### KEY MARKET EVENTS

- 14 Mar** US CPI Release (Feb)
- 15 Mar** China Industrial Production (Feb)
- 23 Mar** US Fed Interest Rate Decision
- 03-05 Apr** China Ching Ming Festival Holiday
- 07 Apr** US/HK/SG Good Friday Holiday

### Hang Seng Index Price Chart



As of 08 Mar 2023 midday closing

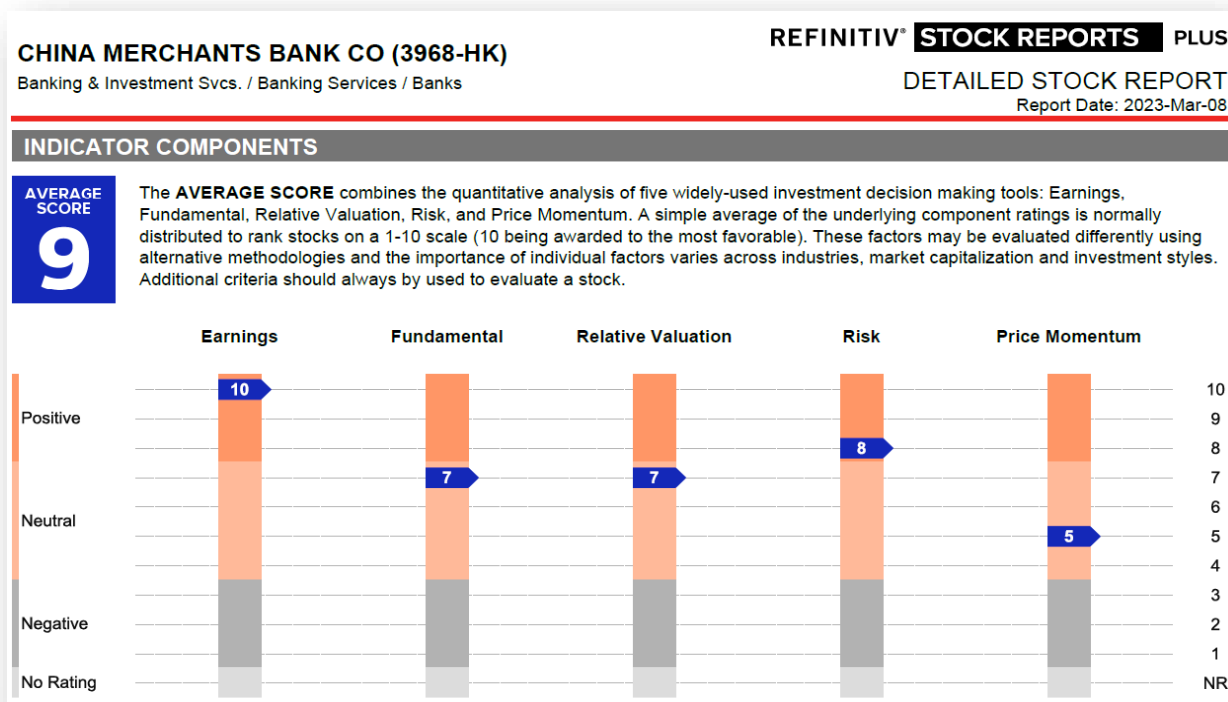
## Headline News & Information

- China Merchants Bank Co Ltd operates as a commercial bank. The company provides deposits, loans, wealth management, asset custody, finance leasing, investment banking, and other banking services. China Merchants Bank conducts businesses domestically and internationally (Bloomberg)
- JPMorgan's long position in H-shares of China Merchants Bank falls to 6.94%: HKEX Filing (07 Mar 2023, Reuters)
  - JPMorgan Chase's long position in H-shares of China Merchants Bank reduced from 7.13% to 6.94% on 01 Mar 2023
- China, Hong Kong banks likely to gain after People's Congress (07 Mar 2023, Bloomberg Intelligence)
  - China and Hong Kong bank valuations could gain after the National People's Congress as they mostly have historically
  - Stimulus measures have been revealed at the congress in the past, boosting economic prospects and the outlook for bank lending
  - New bank loans could exceed 22 trillion yuan in China in 2023, versus 2022's 20.9 trillion yuan, as lenders' roles in reviving the economy may be highlighted
- China SOEs rise as bourse head urges better access to funding (06 Mar 2023, Bloomberg)
  - China's state-owned firms lead gained after the general manager of the Shanghai Stock Exchange called for the firms to have better access to funding from the market
  - While profits at listed SOEs have risen 70% over the past five years, their market cap has only increased by 10%, and their price to book value has decreased 30%, Cai Jianchun said during an interview with the Shanghai Securities News on the sidelines of the National Party Congress

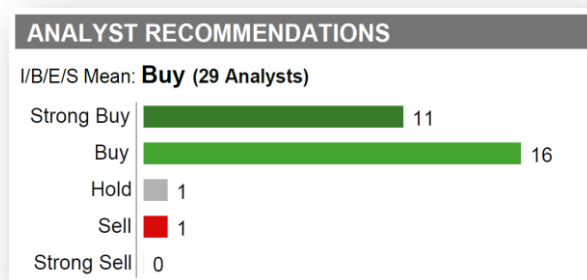
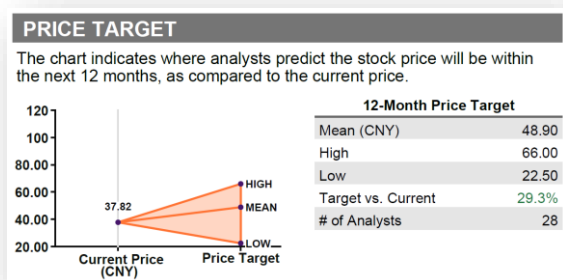
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
<ul style="list-style-type: none"> <li>• Shares fell 8.5% in the past 5 days and are down 12% in the past 30 days</li> </ul>	<ul style="list-style-type: none"> <li>• 46.10 (50 Day MA)</li> <li>• 52.00 (Jan 2023)</li> <li>• 62.00 (Apr 2022)</li> </ul>	<ul style="list-style-type: none"> <li>• 38.00 (Sep 2022)</li> <li>• 34.00 (Nov 2022)</li> <li>• 28.00 (Oct 2022)</li> </ul>

# Fundamental Viewpoint

## An Extract from STOCKREPORTS+



## Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 08 Mar 2023

# HK Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in HKD	
Average Score	Ticker	PRICE MOMENTUM				VALUATION		FUNDAMENTAL		ANALYSTS			# of Analysts	
		Price (2023-03-07)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean		
5	2388	27.30	4.0%	11.4%	2.2%	286.0B	12.6	10.1	4.1%	22.9%	-- Buy	13		
10	267	9.23	3.0%	19.9%	3.8%	258.6B	3.8	3.4	7.1%	7.9%	-- Buy	5		
9	3988	3.01	1.7%	12.7%	2.4%	250.0B	3.8	3.6	9.0%	22.0%	6.7% Buy	22		
4	11	125.40	1.0%	2.7%	-7.1%	246.4B	25.6	13.2	3.3%	19.8%	-- Hold	12		
8	2888	74.55	17.4%	35.3%	55.5%	213.4B	11.2	7.9	1.9%	11.9%	-- Buy	10		
9	3968	42.85	-7.4%	9.5%	-29.8%	203.4B	7.1	6.2	4.4%	27.2%	12.9% Buy	29		
10	3328	4.87	1.5%	12.0%	-5.1%	168.4B	3.9	3.7	9.0%	16.4%	7.2% Buy	19		
8	1658	5.13	-0.97%	12.0%	-19.5%	100.3B	5.6	5.0	5.9%	14.6%	12.1% Buy	26		
9	23	11.18	11.6%	23.3%	-9.4%	30.3B	8.4	6.3	3.0%	12.2%	-- Hold	11		
7	2356	6.60	5.4%	22.2%	-1.8%	9.3B	5.5	4.0	5.2%	24.4%	-- Buy	2		
6	9889	6.90	1.3%	-1.7%	-9.0%	8.0B	6.5	6.6	5.2%	23.3%	-- Strong Buy	1		
7.7	Average	28.82	3.5%	14.5%	-1.6%	161.3B	8.5	6.4	5.3%	18.4%	9.7% Buy	13.6		

PEER COMPANIES			
11	Hang Seng Bank	267	CITIC
1658	Postal Savings Bank of China	2888	Standard Chartered
23	Bank of East Asia	3328	Bank of Communications Co
2356	Dah Sing Banking Group	3988	Bank of China
2388	BOC Hong Kong Holdings	9889	Dongguan Rural Commercial Bank

Source: REFINITIV STOCKREPORTS+, extracted 08 Mar 2023

# Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
<b>Average</b>		<b>29,216</b>	<b>12680.25</b>	<b>10.87</b>	<b>12.74</b>	<b>1.64</b>	<b>1.71</b>	<b>5.26</b>
3968 HK	CHINA MERCHANTS BANK-H	130,955	41.30	6.97	9.14	1.16	1.50	4.32
EIB UH	EMIRATES ISLAMIC BANK	11,074	7.49	32.82	41.56	4.39	4.64	N/A
NBK KK	NATIONAL BANK OF KUWAIT	27,442	1,117.00	17.41	18.96	2.33	2.22	4.48
KOMB CP	KOMERCNI BANKA AS	6,354	748.00	8.06	9.42	1.18	1.14	8.08
VCB VN	BANK FOR FOREIGN TRADE JSC	18,160	91,000	14.41	14.78	3.12	3.01	N/A
BID VN	BANK FOR INVESTM AND DEVE	9,919	46,500	12.93	14.28	2.36	2.08	N/A
601166 CH	INDUSTRIAL BANK	50,217	16.86	4.29	4.86	0.54	0.64	6.14
002142 CH	BANK OF NINGBO CO	27,059	28.58	8.37	11.19	1.26	1.69	1.75
600016 CH	CHINA MINSHENG BANKING	20,312	3.43	4.91	5.28	0.30	0.33	6.21
601229 CH	BANK OF SHANGHAI	12,364	6.07	3.83	4.26	0.44	0.51	6.59
601838 CH	BANK OF CHENGDU	7,525	14.05	5.55	6.41	1.00	1.09	4.48

Source: Bloomberg, extracted 08 Mar 2023 midday closing

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