

## IPO write-up

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### Stock Information

Stock code:	6818 HK
Issue size:	5.080b shares (all new shares)
Green shoe option:	15%
Public/Placement tranche:	5%/95%
Share issue price:	HKD3.83-4.27
Market cap after listing (H-share only):	HKD21.402-23.861b
Use of proceeds (net):	HKD20.137b, 100% increase capital adequacy
Application list open	10th- 13th Dec 2013
Expected listing date:	20th Dec 2013
Book runners:	CICC, UBS, Morgan Stanley, Everbright Securities International
Profit forecast:	N/A
Dividend policy:	No fixed dividend policy (indicative only)
PBR:	0.9-1.0x book value (media reports)
Post IPO shareholders	Central Huijin (42.47%), China Everbright Group (4.52%), China Reinsurance (2.22%)
Cornerstone investors	19 investors, including China Shipping (Group), Chinese Estates (127 HK), Prudential Insurance (US), Sun Life etc. Total investment HKD13.518b, 7.8% of post-IPO share capital, 69.5% of offer shares.

# China Everbright Bank

## Company background

China Everbright Bank (CEB) is a National Joint Stock Commercial Bank committed to establishing itself as one of the most innovative commercial banks in China. In recent years, business scale and customer base have continued to expand rapidly. As of September 30, 2013, assets, deposits and loans amounted to CNY2,474.3 billion, CNY1,622.1 billion and CNY1,139.4 billion, respectively. CEB's net profit increased by 13.9% to CNY21.70 billion for the nine months ended September 30, 2013 from CNY19.06 billion for the nine months ended September 30, 2012. From 2010 to 2012, total assets, total loans and advances to customers, total deposits from customers and net profit grew at a CAGR of 23.9%, 14.6%, 15.9% and 35.9%, respectively. On August 18, 2010, CEB successfully listed its A Shares on the Shanghai Stock Exchange.

## Selling points and strength

- 1) Successful business transformation by focusing on capital efficiency to adapt to the interest rate liberalization in China.
- 2) Rapid and healthy growth in its retail banking business leading to enhanced revenue contribution and elevated market position.
- 3) Committed to serving the real economy, focusing on deepening SME services and customer penetration.
- 4) Well positioned to meet diversified financing needs while expanding financial market businesses.

## Some points of concern

- 1) CEB may be unable to effectively maintain the quality of loan portfolio and its allowance for impairment losses may not be sufficient to cover the actual losses on loan portfolio in the future.
- 2) CEB may not be able to maintain the rapid growth of loan portfolio and other business operations or obtain adequate resources required to support the growth of business.

## Financial Summary (Year ended Dec 31)

CNYm	FY2010	FY2011	FY2012	1H13
Net interest income	30,423	39,440	50,263	26,054
Net fee income	4,709	6,973	9,479	7,349
Net profit	11,935	18,495	23,521	15,037
Net interest margin (%)	2.17	2.49	2.54	2.23
Core CAR (%)	8.15	7.89	8.00	8.34
Total CAR (%)	11.02	10.57	10.99	9.67
NPL ratio (%)	0.75	0.64	0.74	0.80

Source: Company data, Maybank Kim Eng

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