

CCB: People's Bank of China is likely to step up cash injections

DIGITAL ENGAGEMENT TEAM

07 JANUARY 2022

TRADING MATTERS SERIES: STOCK HIGHLIGHT

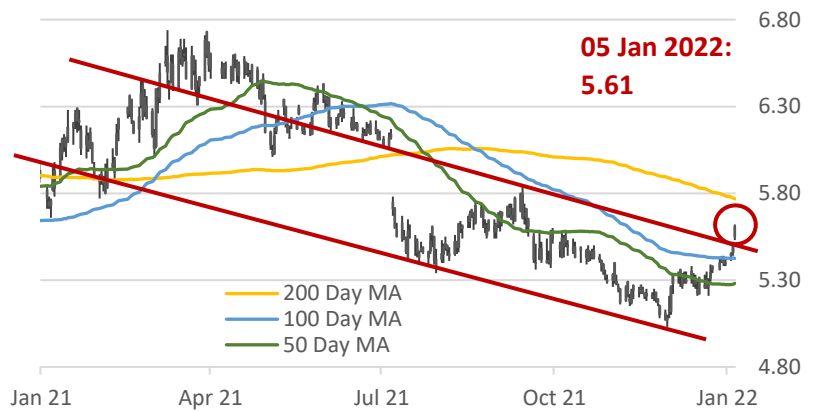
Features a single stock and zooms in on its performance in the market

KEY METRICS	
Current Price	5.61
Latest Dividend	0.33
Dividend Ex-Date	7/7/2021
Indicated Dividend Yield	6.97%
RSI	76.31
Analysts 12M Target Price	8.09

REFINITIV STOCKREPORTS+ AVERAGE SCORE
10/10 As of 05 Jan 2022

Refer to page 3 for indicator components

China Construction Bank (939 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 05 Jan 2022 closing

KEY MARKET EVENTS

- 11 Jan**
China CPI Release (Dec)
- 16 Jan**
China Industrial Production (Dec)
- 17 Jan**
US Martin Luther King, Jr. Day
- 26 Jan**
FOMC Interest Rate Decision
- 1-2 Feb**
Chinese New Year

Hang Seng Index Price Chart



As of 05 Jan 2022 closing

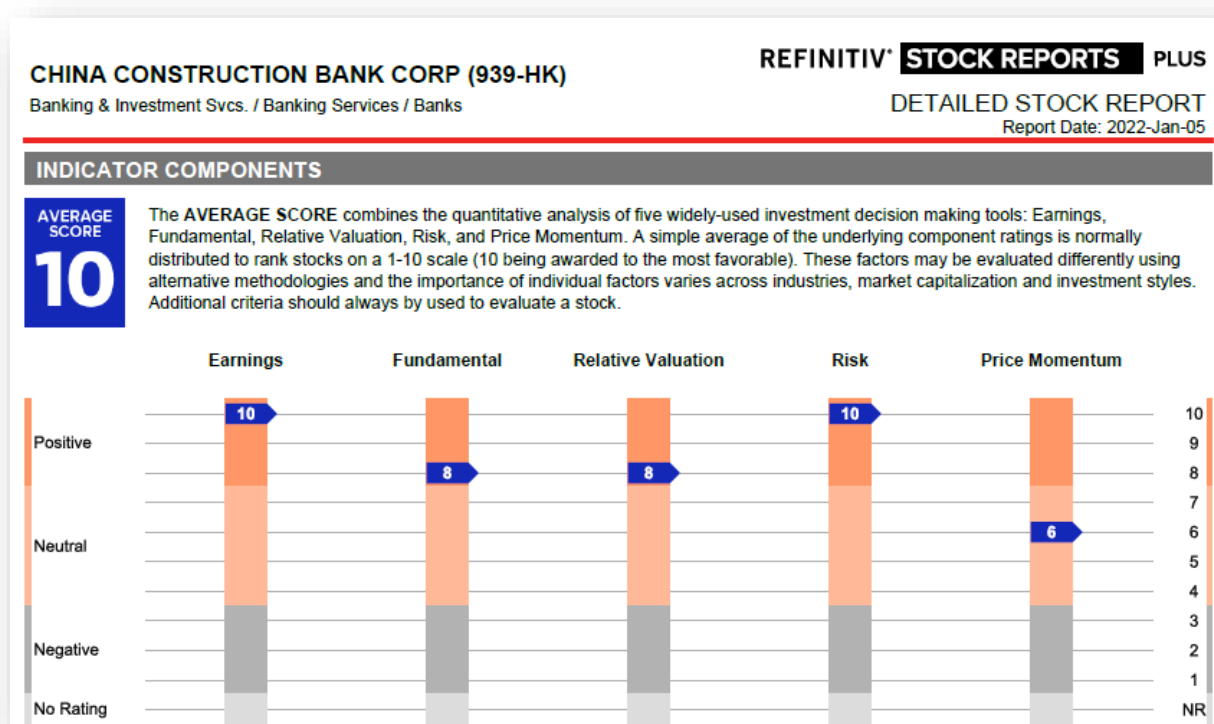
Headline News & Information

- China Construction Bank Corporation provides banking services. The company offers deposits, loans, fund management, foreign exchange, and other services. China Construction Bank provides its services to individuals, enterprises, and other clients (Bloomberg)
- China to 'timely replenish' liquidity shortfalls with cash injections before Lunar New Year holiday (05 Jan 2022, SCMP)
 - The People's Bank of China is likely to step up cash injections through open market operations into the banking system later of January, even as markets were split on whether more monetary easing was imminent in the world's second-largest economy
 - This will help meet rising demand for cash from both companies and households ahead of the week-long Lunar New Year holiday
- China Banks' Solid Prospects Defying Rate, Covid Risks (01 Jan 2022, Bloomberg Intelligence)
 - The recent performance of the 10 Chinese bank stocks that is followed by Bloomberg Intelligence continues to reflect their solid prospects in 2022, despite a five basis-point cut to the one-year loan prime rate. Many may achieve high single-digit profit growth on strong lending gains, better loan quality and easing margin risks
 - Chinese banks' valuations could post a modest recovery in 2022, fueled in part by their more promising and higher-visibility profit prospects relative to other industries. Yet, depressed valuations remain typical, even after last month's broad-market outperformance

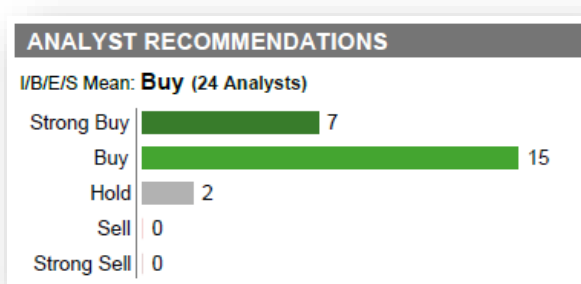
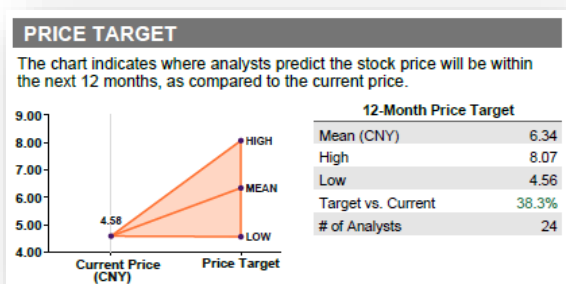
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
• Shares rose 3.7% in the past 5 days and are up 5.3% in the past 30 days	<ul style="list-style-type: none">• 5.76 (200 Day MA)• 5.80 (Sep 2021)	<ul style="list-style-type: none">• 5.43 (100 Day MA)• 5.28 (50 Day MA)• 5.00 (Nov 2021)

Fundamental Viewpoint

An Extract from STOCKREPORTS+



Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 05 Jan 2022

HK Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in HKD	
Average Score	Ticker	PRICE MOMENTUM				Market Cap	VALUATION		FUNDAMENTAL		ANALYSTS		# of Analysts	
		Price (2022-01-05)	1-Mo Return	3-Mo Return	1-Yr Return		Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean		
10	939	5.61	5.3%	1.3%	-2.4%	1.3T	4.3	3.9	6.9%	23.5%	6.6%	Buy	23	
7	5	49.15	9.6%	19.6%	22.4%	952.4B	32.3	8.7	0.4%	11.7%	-	Buy	10	
10	1398	4.52	3.7%	4.9%	-6.0%	381.9B	4.2	3.9	7.0%	25.7%	5.8%	Buy	26	
7	3968	61.75	-3.4%	4.8%	29.0%	278.0B	13.1	11.0	2.4%	25.6%	15.0%	Buy	27	
6	11	149.90	4.9%	10.8%	8.5%	272.8B	17.5	16.4	4.1%	37.1%	-	Buy	11	
5	2388	27.50	13.4%	16.5%	12.7%	270.1B	10.6	11.1	4.5%	23.1%	-	Buy	12	
10	3988	2.92	5.8%	7.0%	10.6%	235.0B	3.9	3.5	8.0%	22.0%	6.0%	Buy	18	
9	267	8.15	11.5%	-1.7%	46.1%	224.0B	4.1	3.5	6.6%	8.8%	-	Buy	7	
10	3328	4.85	2.1%	5.7%	18.0%	164.9B	4.0	3.6	7.8%	18.5%	6.3%	Buy	18	
4	2888	48.30	8.1%	4.3%	-1.4%	142.4B	58.9	7.4	1.2%	11.4%	-	Buy	7	
7	23	11.50	-0.9%	-8.6%	-30.9%	32.7B	11.8	7.2	5.1%	15.8%	-	Hold	11	
7.7	Average	34.01	5.5%	5.9%	9.7%	386.6B	15.0	7.3	4.9%	20.3%	7.9%	Buy	15.5	

PEER COMPANIES			
11	Hang Seng Bank	2888	Standard Chartered
1398	Industrial and Commercial Bank	3328	Bank of Communications Co
23	Bank of East Asia	3968	China Merchants Bank Co
2388	BOC Hong Kong Holdings	3988	Bank of China
267	CITIC	5	HSBC Holdings

Source: REFINITIV STOCKREPORTS+, extracted 05 Jan 2022

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 (%)
Average		64,546	2605.38	6.83	7.04	0.76	0.68	5.39
939 HK	CHINA CONSTRUCTION BANK-H	182,146	5.61	3.92	4.58	0.47	0.53	6.97
1288 HK	AGRICULTURAL BANK OF CHINA-H	159,848	2.78	3.52	3.83	0.40	0.42	8.09
998 HK	CHINA CITIC BANK CORP LTD-H	31,506	3.45	2.56	2.88	0.28	0.30	8.85
KBANK TB	KASIKORNBANK PCL	10,380	145.50	8.32	8.33	0.74	0.62	2.06
UOB SP	UNITED OVERSEAS BANK LTD	33,914	27.49	12.57	12.54	1.10	0.99	3.60
MZTF IT	MIZRAHI TEFAHOT BANK LTD	10,312	12,460.00	10.56	10.12	1.53	1.12	2.36
DBS SP	DBS GROUP HOLDINGS LTD	62,991	33.24	13.21	12.21	1.49	1.22	3.07
601818 CH	CHINA EVERBRIGHT BANK CO-A	26,308	3.36	4.36	5.38	0.50	0.55	6.25
3328 HK	BANK OF COMMUNICATIONS	50,510	4.85	3.12	3.44	0.38	0.36	7.85
ABG SJ	ABSA GROUP LTD	8,493	15,970.00	9.68	10.55	1.09	0.96	1.94
3988 HK	BANK OF CHINA	133,596	2.92	3.34	3.60	0.38	0.38	8.20

Source: Bloomberg, extracted 05 Jan 2022 closing

DISCLAIMER

The information provided herein is a compilation or summary of materials and data based from external sources available to OCBC Securities Private Limited ("OSPL"), and does not represent OSPL's view on the matters mentioned. Whilst we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee its accuracy or completeness, and you should not act on it without first independently verifying its contents.

Trading in securities, collective investment schemes, futures and/or foreign exchange, and borrowing to finance the trading in such investment products (i.e. leveraging/gearing) can be very risky, and you may lose all or more than the amount invested or deposited. Where necessary, please seek advice from an independent financial adviser regarding the suitability of any trade or investment product taking into account your investment objectives, financial situation or particular needs before making a commitment to trade or purchase the investment product. In the event that you choose not to seek from a financial adviser, you should consider whether the investment product is suitable for you. You should consider carefully and exercise caution in making any trading decision whether or not you have received advice from any financial adviser. You should also read the relevant prospectus and/or profile statement (a copy of which may be obtained from the relevant fund manager or any of its approved distributors), prior to any trading or investment decision. Please refer to the prospectus of the relevant fund for the name of the fund manager and the investment objectives of the fund. In relation to collective investment schemes, the value of the units and the income accruing therefrom, if any, may rise or fall. For funds that are listed on an approved exchange, investors cannot redeem their units of those funds with the manager, or may only redeem units with the manager under certain specified conditions. The listing of the units of those funds on any approved exchange does not guarantee a liquid market for the units.

No representation or warranty whatsoever (including without limitation any representation or warranty as to accuracy, usefulness, adequacy, timeliness or completeness) in respect of any information (including without limitation any statement, figures, opinion, view or estimate) provided herein is given by OSPL and it should not be relied upon as such. OSPL does not undertake an obligation to update the information or to correct any inaccuracy that may become apparent at a later time. OSPL shall not be responsible for any loss or damage howsoever arising, directly or indirectly, as a result of any person acting on any information provided herein.

The information provided herein is intended for general circulation/discussion purposes only and may not be published or circulated in whole or in part without our written consent. All trademarks, registered trademarks, product names and company names or logos mentioned herein are the property of their respective owners, and you agree that you will not do anything to infringe or prejudice those rights. Reference to any products, services, processes or other information, does not constitute or imply endorsement, sponsorship or recommendation thereof by OSPL.