

## Banks - China

## Weekly wrap: Feb TSF missed and 2M24 growth weaker than last year

Industry Overview

## Sector performance: banks underperformed the markets

**H-share bank sector** was down 0.8% (vs MSCI China/HSI +4.7%/+2.2%). CMB (+2.2%) outperformed, while PSBC (-2.4%) underperformed. Sector P/B: 0.38x, P/E: 3.7x, dividend yield: 8.4%. **A-share bank sector** declined 2.6% (vs CSI300 +0.7%), with PAB (+2.1%) leading and BOC (-4.4%) lagging. Sector P/B: 0.52x, P/E: 5.1x, dividend yield: 6.0%.

## Sector focus: Feb TSF missed by a wide margin

Feb new Total Social Financing (TSF) was RMB1.56tn, missed consensus of RMB2.34tn by a wide margin. TSF growth slowed down from 9.5% YoY in Jan to 9.0% in Feb. 2M24 TSF at RMB8.06tn was RMB1.10tn lower YoY. New RMB loans was RMB1.46tn (vs consensus of RMB1.55tn) in Feb, of which, loans to real economy were RMB980bn. 2M24 loans to real economy at RMB5.82tn was RMB0.93tn lower YoY. Short-term (ST) and mid-to-long-term (MLT) household loans declined RMB493bn and RMB111bn in Feb, respectively. Household loans grew RMB389bn in 2M24, weaker than the RMB465bn increase in 2M23, with ST household loans seeing an RMB134bn decline while MLT household loan growth remaining relatively weak vs history (only better than 2023 out of the 8 years since 2016). ST/MLT corporate loans held up well in Feb and they grew RMB1.99tn/RMB4.60tn in 2M24, similar to RMB2.09tn /RMB4.61tn in 2M23. Discounted bills dropped RMB1.25tn in 2M24 (vs down RMB0.51tn in 2M23), partly to smooth total loan growth throughout the year as guided by regulators. Credit bond issuance was slow in Feb but achieved growth in 2M24. Government bond issuance was relatively slow in 2M24, but could potentially pick up going forward.

## Company specific: PAB, BONJ, 4Q23 results season

**Ping An Bank (PAB)** hosted briefing on Mar 15<sup>th</sup>. Some key takeaways: 1) PAB carried out organizational restructuring to streamline structure and improve efficiency; 2) PAB will continue to compress high-risk retail businesses, expect NIM to fall below 2%, NPL not to rebound, and 60day+ overdue ratio under control; 3) 2024-25 will probably be the most difficult period for the bank, PAB will try to mitigate the revenue decline by controlling costs (funding cost, operating cost and credit cost) and maintain profit relatively stable; and 4) PAB increased dividend payout to 30% on improved CET1 ratio. Future payout will depend on both willingness and ability, and PAB hopes to maintain a relatively high payout. **Bank of Nanjing (BONJ)**: the largest shareholder BNP PARIBAS increased its stake in BONJ by 0.77% to 17.04% during Feb 26<sup>th</sup> to Mar 13<sup>th</sup>, 2024, the first increase since 2022. **Key reports**: [QFIN: Prudent growth, strong commitment to shareholder return \(13 Mar 2024\)](#), [Futu: 4Q miss, forward guidance beat \(15 Mar 2024\)](#), [PAB: 4Q first-take: dividend payout surprise to the upside, but is it sustainable? \(15 Mar 2024\)](#). **Key events ahead** (Hong Kong Time): **results**: Mar 21<sup>st</sup>: CNCB/CQRB, Mar 22<sup>nd</sup>: Lufax; **briefing**: Lufax: 9am, Mar 22<sup>nd</sup>, CNCB: 9:30am, Mar 22<sup>nd</sup>, **post result calls**: QFIN: 4pm, Mar 19<sup>th</sup>; Futu: 11am, Mar 20<sup>th</sup>. RSVP. See more in [Exhibit 33](#) and [Exhibit 34](#).

18 March 2024

Equity  
China  
Banks-Multinational

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CET1: Core Equity Tier 1  
NIM: Net Interest Margin  
NPL: Non-performing Loan  
See company acronym at the end of this report

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## Performance and valuation

### Exhibit 1: China/HK banks: price performance and valuation

CMB/PAB/HSB outperformed, while PSBC/BOC-A/BEA underperformed among H-share China banks/A-share China banks/HK banks, respectively

		Price performance								12mth forward valuation		
H-Share China Banks	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD	P/B	P/E	Dividend yield
ABC	1288 HK	197.2	3.22	-1.8%	+3.5%	+10.3%	+15.8%	+23.4%	+7.0%	0.39x	3.9x	8.0%
BOC	3988 HK	161.7	3.21	+1.3%	+7.4%	+9.9%	+17.6%	+17.2%	+7.7%	0.35x	3.8x	8.3%
BoComm	3328 HK	56.9	5.17	-1.0%	+7.5%	+10.5%	+12.4%	+16.8%	+6.2%	0.35x	3.8x	8.3%
CCB	939 HK	156.0	4.78	-1.6%	+1.9%	+5.3%	+8.4%	+3.3%	+2.8%	0.34x	3.2x	9.4%
ICBC	1398 HK	239.4	3.98	-1.7%	+2.3%	+7.6%	+4.7%	+2.0%	+4.2%	0.35x	3.6x	8.6%
PSBC	1658 HK	62.6	4.09	-2.4%	+1.7%	+12.1%	+4.1%	-13.0%	+9.7%	0.43x	4.1x	7.5%
CEB	6818 HK	25.3	2.53	-0.0%	+10.0%	+12.4%	+10.5%	+16.0%	+9.1%	0.27x	3.2x	8.8%
CMB	3968 HK	107.2	30.30	+2.2%	-0.0%	+17.2%	-6.8%	-21.5%	+11.4%	0.66x	4.6x	7.2%
CNCB	998 HK	37.3	4.14	-1.4%	+5.3%	+15.6%	+14.0%	+23.9%	+12.5%	0.28x	2.8x	9.9%
MSB	1988 HK	22.5	2.70	-2.2%	+4.7%	+3.1%	+3.4%	+10.7%	+1.9%	0.19x	3.3x	9.1%
CQRB	3618 HK	6.6	3.25	-0.6%	+9.4%	+9.8%	+13.2%	+31.0%	+7.3%	0.26x	2.8x	9.6%
Weighted average				-0.8%	+3.6%	+9.8%	+8.9%	+7.4%	+6.5%	0.38x	3.7x	8.4%
A-share China Banks	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD	P/B	P/E	Dividend yield
ABC	601288 CH	197.2	4.16	-2.6%	+5.1%	+16.2%	+19.9%	+45.8%	+14.3%	0.54x	5.5x	5.7%
BOC	601988 CH	161.7	4.35	-4.4%	+0.9%	+11.3%	+17.6%	+36.2%	+9.0%	0.52x	5.6x	5.7%
BoComm	601328 CH	56.9	6.19	-2.5%	+3.0%	+8.0%	+9.6%	+29.7%	+7.8%	0.46x	5.0x	6.4%
CCB	601939 CH	156.0	6.83	-3.9%	+0.4%	+7.2%	+11.6%	+22.2%	+4.9%	0.52x	5.0x	6.1%
ICBC	601398 CH	239.4	5.21	-3.3%	+1.0%	+10.1%	+12.5%	+24.6%	+9.0%	0.49x	5.1x	6.1%
PSBC	601658 CH	62.6	4.74	-2.5%	+1.1%	+9.2%	-5.0%	+3.5%	+9.0%	0.55x	5.2x	5.9%
CEB	601818 CH	25.3	3.29	+1.2%	+4.4%	+15.0%	+7.2%	+13.8%	+13.4%	0.38x	4.5x	6.2%
CMB	600036 CH	107.2	31.18	-1.5%	-0.7%	+14.5%	-5.4%	-5.7%	+12.1%	0.74x	5.1x	6.5%
CNCB	601998 CH	37.3	6.21	-3.0%	+1.8%	+18.3%	+9.7%	+27.7%	+17.4%	0.45x	4.5x	6.1%
MSB	600016 CH	22.5	3.99	-2.0%	+1.0%	+6.4%	+5.6%	+24.5%	+6.7%	0.30x	5.3x	5.7%
CIB	601166 CH	47.3	16.39	-0.5%	+2.1%	+14.5%	+1.8%	+6.3%	+1.1%	0.42x	4.0x	6.7%
SPDB	600000 CH	28.9	7.09	-0.4%	+1.9%	+7.9%	-0.4%	+4.7%	+7.1%	0.31x	6.6x	3.2%
PAB	000001 CH	28.6	10.60	+2.1%	+9.6%	+15.1%	-5.5%	-16.8%	+12.9%	0.44x	3.9x	3.2%*
BOCD	601838 CH	7.0	13.17	-2.5%	+6.6%	+20.5%	-3.9%	+1.6%	+17.0%	0.66x	3.6x	9.3%
BOHZ	600926 CH	9.0	10.91	-2.2%	+2.0%	+12.4%	-3.5%	-1.0%	+9.0%	0.59x	4.0x	6.7%
BOJS	600919 CH	19.6	7.69	-0.8%	+5.6%	+17.6%	+8.8%	+16.5%	+14.9%	0.56x	3.8x	10.1%
BONB	002142 CH	19.4	21.16	-1.0%	+1.8%	+3.8%	-23.2%	-22.6%	+5.2%	0.68x	4.8x	3.1%
BONJ	601009 CH	12.9	8.99	-0.0%	+10.0%	+25.6%	+13.9%	+1.9%	+21.8%	0.58x	4.7x	7.8%
BOSZ	002966 CH	3.6	7.03	-1.4%	-3.0%	+10.2%	-0.3%	+5.4%	+8.8%	0.57x	4.5x	7.2%
CQRB	601077 CH	6.6	4.50	-2.6%	+3.0%	+8.4%	+13.9%	+33.1%	+10.3%	0.40x	4.2x	6.9%
CSRB	601128 CH	2.6	6.84	-1.0%	-5.3%	+2.5%	-7.1%	-6.4%	+7.0%	0.65x	4.7x	5.8%
Weighted average				-2.6%	+2.1%	+11.8%	+9.4%	+22.0%	+9.8%	0.52x	5.1x	6.0%
HK Banks	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD	P/B	P/E	Dividend yield
BOCHK	2388 HK	28.5	21.05	-0.2%	+8.7%	+0.5%	-4.1%	-13.5%	-0.7%	0.66x	6.3x	8.6%
BEA	23 HK	3.1	9.25	-3.6%	+2.9%	+1.1%	-4.9%	-4.5%	-2.3%	0.24x	4.9x	9.2%
HSB	11 HK	21.6	88.30	+2.2%	+12.6%	+2.1%	-6.2%	-19.9%	+0.5%	0.96x	9.0x	7.6%
HSBC	5 HK	142.3	58.55	-0.4%	-0.6%	-0.6%	+1.6%	+14.9%	-3.2%	0.77x	5.9x	9.9%
StanChart	2888 HK	21.7	64.45	-2.4%	+15.7%	+1.7%	-8.0%	-0.4%	+1.1%	0.45x	5.5x	3.7%
Weighted average				-0.4%	+3.6%	+0.1%	-1.0%	+5.9%	-2.0%	0.74x	6.2x	8.9%
Major indices	Bloomberg ticker	Price		1W	1M	3M	6M	1Y	YTD			
MSCI China	MXCN Index	55.9		+4.7%	+7.1%	+2.2%	-6.5%	-12.0%	-0.1%			
HSI	HSI Index	16,721		+2.2%	+4.9%	-0.4%	-8.0%	-14.4%	-1.9%			
HK Financials	H-FIN Index	11,946		-0.8%	+3.6%	+5.6%	-3.1%	-10.0%	+2.8%			
Hang Seng TECH	HSTECH Index	3,550		+4.9%	+10.1%	-6.1%	-12.9%	-8.2%	-5.7%			
China Internet ETF	KWEB US	26.4		+6.1%	+5.1%	-1.6%	-3.6%	-7.0%	-2.1%			
SSE50	SSE50 Index	2,427		+0.0%	+3.2%	+8.1%	-3.5%	-8.4%	+4.3%			
CSI300	SHSZ300 Index	3,570		+0.7%	+6.1%	+6.8%	-3.7%	-10.5%	+4.0%			
CSI500	SH000905 Index	5,454		+2.0%	+5.9%	+0.1%	-4.4%	-12.4%	+0.5%			
S&P500	SPX Index	5,150		-0.1%	+3.0%	+9.1%	+14.3%	+31.4%	+8.0%			
NASDAQ	CCMP Index	16,129		-0.9%	+1.7%	+9.3%	+15.8%	+41.1%	+7.4%			
US banks	BX Index	98.0		-1.1%	+4.8%	+1.5%	+18.4%	+16.6%	+2.1%			
EU banks	SX7P Index	181.0		+1.5%	+7.5%	+8.0%	+13.2%	+17.6%	+7.1%			

Source: Bloomberg; as of March 15 except for US/EU ones which were as of March 14, \*subject to revision after PAB raised its FY23 dividend payout



**Exhibit 2: China insurance, brokers, and diversified financials: price performance**

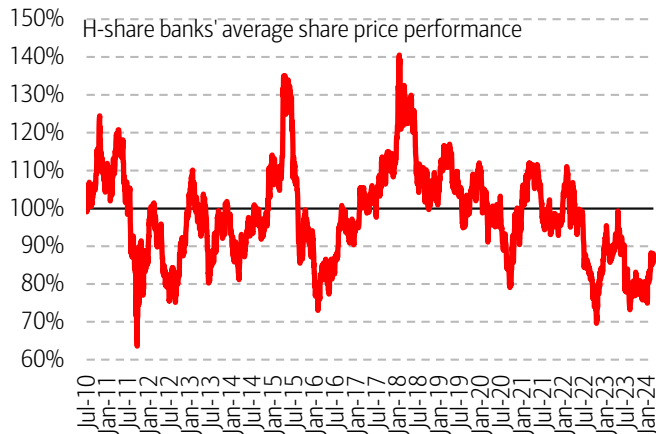
Zhong An /Ping An-A/Huatai Securities/China Galaxy Securities-A/Qifu Technology outperformed, while China Pacific/China Pacific-A/Guotai Junan Securities/Huatai Securities-A/Noah underperformed among H-share China insurance/A-share China insurance/H-share China brokers/A-share China brokers/China diversified financials

				Price performance					
H-Share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Life	2628 HK	91.9	9.50	+0.1%	+0.6%	-4.0%	-21.5%	-24.4%	-6.1%
China Pacific	2601 HK	26.7	13.78	-5.5%	-8.7%	-9.0%	-27.5%	-31.7%	-12.6%
New China Life	1336 HK	10.8	14.36	-2.4%	+2.3%	-3.1%	-27.4%	-18.4%	-5.7%
PICC Group	1339 HK	28.0	2.54	-4.2%	+3.7%	+6.7%	-8.6%	+5.6%	+5.8%
PICC P&C	2328 HK	30.3	10.66	-3.3%	+10.7%	+20.2%	+13.2%	+51.6%	+14.9%
Ping An	2318 HK	97.4	35.55	+1.4%	+6.0%	+3.9%	-25.0%	-28.3%	+0.6%
Zhong An	6060 HK	2.3	12.14	+2.5%	+0.5%	-36.3%	-50.1%	-46.0%	-32.0%
AIA	1299 HK	88.1	61.00	-0.8%	-3.6%	-10.2%	-8.3%	-22.7%	-10.4%
<b>Weighted average</b>				<b>-0.8%</b>	<b>+1.4%</b>	<b>-1.2%</b>	<b>-16.3%</b>	<b>-17.1%</b>	<b>-3.4%</b>
A-share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Life	601628 CH	91.9	28.65	-1.5%	-7.0%	+2.6%	-19.6%	-15.3%	+1.1%
China Pacific	601601 CH	26.7	22.94	-7.9%	-11.8%	-1.3%	-21.5%	-9.8%	-3.5%
New China Life	601336 CH	10.8	30.83	-1.9%	+0.8%	+2.4%	-19.8%	+6.3%	-1.0%
PICC Group	601319 CH	28.0	5.11	-2.9%	+0.0%	+5.8%	-13.5%	-0.4%	+5.6%
Ping An	601318 CH	97.4	42.48	-0.9%	-0.7%	+9.5%	-11.9%	-2.7%	+5.4%
<b>Weighted average</b>				<b>-2.1%</b>	<b>-4.0%</b>	<b>+5.2%</b>	<b>-16.2%</b>	<b>-7.4%</b>	<b>+2.7%</b>
H-Share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	6881 HK	14.0	4.06	-1.2%	+7.1%	-0.0%	-2.2%	+13.0%	-1.7%
China Merchants Securities	6099 HK	15.5	6.17	-1.9%	+5.7%	-1.4%	-12.6%	-15.0%	-3.4%
China Securities	6066 HK	21.8	6.31	-0.0%	+6.4%	-8.9%	-23.0%	-13.2%	-8.6%
CICC	3908 HK	16.1	9.85	+0.8%	+8.7%	-9.8%	-32.3%	-36.0%	-14.0%
CITIC Securities	6030 HK	40.1	13.96	-2.8%	-2.0%	-11.1%	-12.2%	-11.8%	-12.4%
Everbright Securities	6178 HK	9.5	5.30	-0.2%	+8.8%	+2.5%	-6.9%	+5.3%	+2.5%
GF Securities	1776 HK	13.4	8.69	-0.8%	+14.9%	-7.7%	-21.6%	-17.3%	-7.0%
Guotai Junan Securities	2611 HK	16.9	8.86	-2.9%	+5.5%	+2.4%	-3.8%	+1.4%	+0.8%
Haitong Securities	6837 HK	13.8	3.95	-1.0%	+11.3%	-4.6%	-18.6%	-16.5%	-5.3%
Huatai Securities	6886 HK	16.6	9.35	+1.1%	+4.2%	-4.0%	-9.9%	+14.1%	-5.2%
Orient Securities	3958 HK	9.4	3.29	-1.5%	+7.2%	-1.2%	-21.5%	-19.1%	-4.6%
<b>Weighted average</b>				<b>-1.2%</b>	<b>+5.7%</b>	<b>-5.3%</b>	<b>-14.8%</b>	<b>-9.2%</b>	<b>-6.7%</b>
A-share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	601881 CH	14.0	12.05	+0.6%	+4.2%	-3.2%	+8.5%	+28.3%	+0.0%
China Merchants Securities	600999 CH	15.5	14.03	+0.4%	+0.6%	+1.2%	+0.2%	+3.3%	+2.9%
China Securities	601066 CH	21.8	22.97	+0.2%	+0.3%	-4.9%	-8.6%	-9.3%	-2.9%
CICC	601995 CH	16.1	33.72	-0.2%	-2.4%	-13.9%	-11.1%	-14.3%	-11.4%
CITIC Securities	600030 CH	40.1	20.87	+0.3%	-1.8%	+2.0%	-5.4%	+6.3%	+2.5%
Everbright Securities	601788 CH	9.5	16.69	-0.1%	+4.3%	+6.4%	+0.0%	+12.0%	+8.2%
GF Securities	000776 CH	13.4	13.98	+0.4%	+0.1%	-1.5%	-6.5%	-8.6%	-2.2%
Guotai Junan Securities	601211 CH	16.9	14.72	-0.7%	-0.9%	-1.8%	+0.0%	+8.1%	-1.1%
Haitong Securities	600837 CH	13.8	9.04	-0.4%	-0.2%	-4.1%	-9.2%	+3.5%	-3.5%
Huatai Securities	601688 CH	16.6	14.27	-1.2%	+0.4%	+1.4%	-12.1%	+18.8%	+2.3%
Orient Securities	600958 CH	9.4	8.64	+0.1%	+0.3%	+1.2%	-10.6%	-10.2%	-0.7%
<b>Weighted average</b>				<b>-0.0%</b>	<b>-0.0%</b>	<b>-1.5%</b>	<b>-5.2%</b>	<b>+3.6%</b>	<b>-0.5%</b>
Diversified Financials	Bloomberg ticker	Market cap (USD bn)	Price (HKD; USD)	1W	1M	3M	6M	1Y	YTD
HKEX	388 HK	39.6	244.40	+6.0%	+0.5%	-4.4%	-17.2%	-23.7%	-7.4%
Futu	FUTU US	7.9	56.40	+0.4%	+12.9%	+2.5%	-5.4%	+20.2%	+3.2%
Lufax	LU US	1.6	2.83	+9.7%	+16.9%	-25.7%	-38.9%	-62.1%	-7.8%
Noah	NOAH US	0.7	10.62	-2.3%	-11.0%	-26.5%	-19.2%	-40.0%	-23.1%
Qifu Technology	QFIN US	3.0	18.60	+22.4%	+21.5%	+26.4%	+19.4%	+12.4%	+17.6%
East Money	300059 CH	30.1	13.66	+0.7%	+2.9%	-3.7%	-11.2%	-17.8%	-2.7%
FinVolution	FINV US	1.5	5.18	+3.6%	+4.6%	+12.4%	+2.4%	+21.9%	+5.7%
Up Fintech	TIGR US	0.8	4.42	+6.8%	+9.7%	+2.1%	-17.5%	+39.0%	+0.0%
<b>Weighted average</b>				<b>+4.2%</b>	<b>+3.6%</b>	<b>-2.7%</b>	<b>-12.8%</b>	<b>-15.8%</b>	<b>-3.7%</b>

Source: Bloomberg; as of March 15, except for ADRs which were as of March 14

**Exhibit 3: H-share banks' weighted average stock price performance**

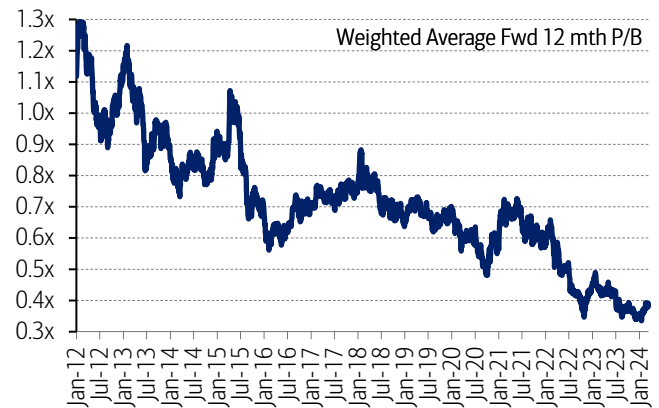
H-share banks' average share price at the low end of the LT average level



Source: Bloomberg, share price here doesn't adjust for dividend; as of Mar 15; LT=Long Term  
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**Exhibit 4: H-share banks' forward P/B valuation since 2012**

P/B remained at 0.38x WoW



Source: Bloomberg, share price here doesn't adjust for dividend; as of Mar 15  
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**A-H share premium****Exhibit 5: A-H share premium**

A-H share premium changed by -8.9ppt to +1.6ppt last week

	ABC	BOC	BoComm	CCB	ICBC	PSBC	CEB	CMB	CNCB	MSB	CQRB	Average
Current	40.4%	47.3%	30.1%	55.3%	42.3%	26.0%	41.3%	11.8%	63.0%	60.6%	50.5%	42.6%
WoW	-1.2ppt	-8.9ppt	-2.2ppt	-3.9ppt	-2.5ppt	-0.2ppt	+1.6ppt	-4.4ppt	-2.8ppt	+0.2ppt	-3.2ppt	-2.5ppt
YTD	+7.4ppt	-0.0ppt	+0.5ppt	+1.3ppt	+4.6ppt	-2.3ppt	+3.8ppt	-0.7ppt	+4.9ppt	+5.3ppt	+2.4ppt	+2.5ppt
vs 2023 avg	+8.1ppt	+5.1ppt	+2.2ppt	+10.6ppt	+10.4ppt	+4.4ppt	-4.4ppt	+8.7ppt	-5.7ppt	+11.2ppt	+0.0ppt	+4.6ppt

Source: Bloomberg; as of March 15

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**Stock connect holdings****Exhibit 6: Shanghai/Shenzhen-HK Stock Connect Holdings**

Last week, Southbound investors bought BOC/ABC while sold CNCB; Northbound investors bought CCB/BONB while sold CQRB/CSRB

Southbound holdings in H-share China banks and HK banks															
	ABC	BOC	BoComm	CCB	ICBC	PSBC	CEB	CMB	CNCB	MSB	CQRB	BOCHK	BEA	HSB	HSBC
% stake	22.94%	9.57%	3.19%	8.32%	26.34%	11.53%	12.23%	5.22%	19.58%	22.40%	37.98%	0.34%	0.06%	0.21%	9.09%
WoW	+32bp	+92bp	-1bp	-7bp	-6bp	+14bp	+9bp	+6bp	-8bp	-7bp	+2bp	-1bp	+0bp	+0bp	-1bp
YTD	+123bp	+136bp	+42bp	+14bp	+2bp	+166bp	+30bp	+43bp	+56bp	+30bp	+130bp	-3bp	-10bp	+0bp	-9bp
Northbound holdings in A-share China banks															
	ABC	BOC	BoComm	CCB	ICBC	PSBC	CEB	CMB	CNCB	MSB	CIB	SPDB	PAB	BOCD	BOHZ
% stake	1.01%	0.85%	3.47%	7.81%	1.04%	1.25%	2.28%	5.53%	0.57%	2.63%	3.76%	2.26%	3.40%	4.14%	2.45%
WoW	+0bp	+2bp	+2bp	+9bp	-1bp	+4bp	+0bp	+0bp	+5bp	-3bp	+3bp	+2bp	-4bp	+7bp	+2bp
YTD	+16bp	+15bp	+81bp	+114bp	+21bp	+23bp	+65bp	+39bp	+5bp	+44bp	+78bp	+29bp	-41bp	+37bp	+34bp
	BOJS	BONB	BONJ	BOSZ	CQRB	CSRB									
% stake	5.69%	4.13%	2.08%	1.99%	4.12%	3.30%									
WoW	-7bp	+9bp	+7bp	-2bp	-29bp	-27bp									
YTD	+198bp	-44bp	+23bp	+35bp	-20bp	+4bp									

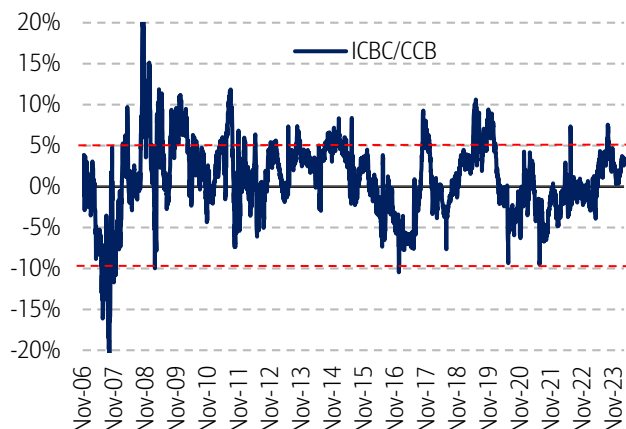
Source: Wind; as of March 14

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## Relative valuation

### Exhibit 7: Relative P/B: ICBC's premium over CCB

ICBC and CCB have been trading closely to each other historically

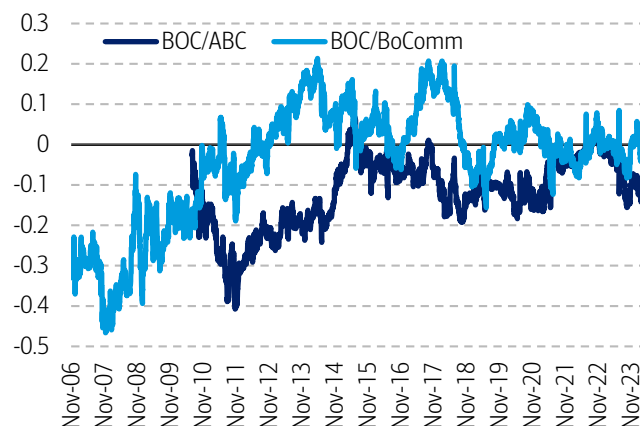


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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### Exhibit 9: Relative P/B: BOC's premium over ABC & BoComm

BOC traded at 9% and 1% discount to ABC and BoComm

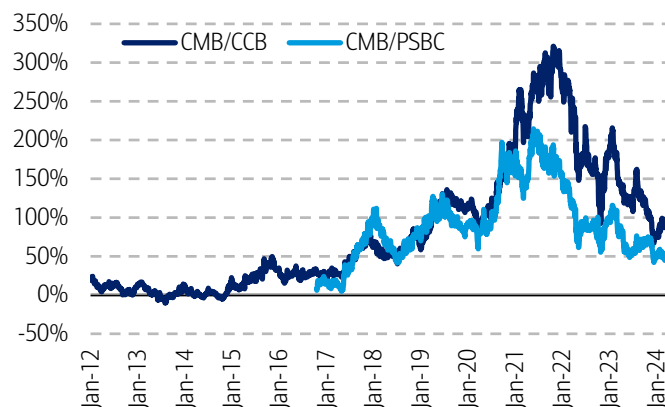


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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### Exhibit 11: Relative P/B: CMB's premium over CCB & PSBC

CMB's P/B was 95% and 52% higher than CCB and PSBC

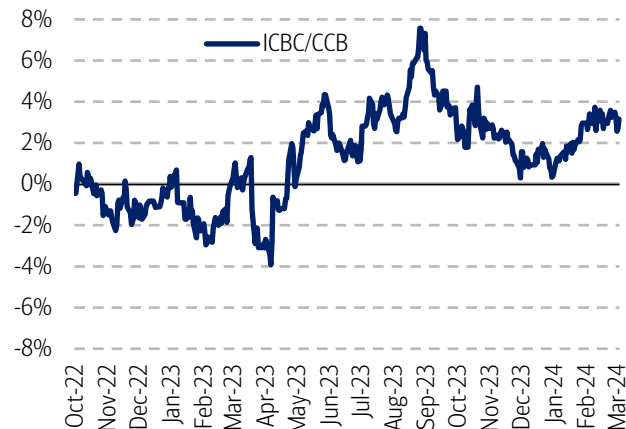


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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### Exhibit 8: Relative P/B: ICBC's premium over CCB (LTM)

ICBC's premium over CCB stayed largely flat WoW at 3.2%

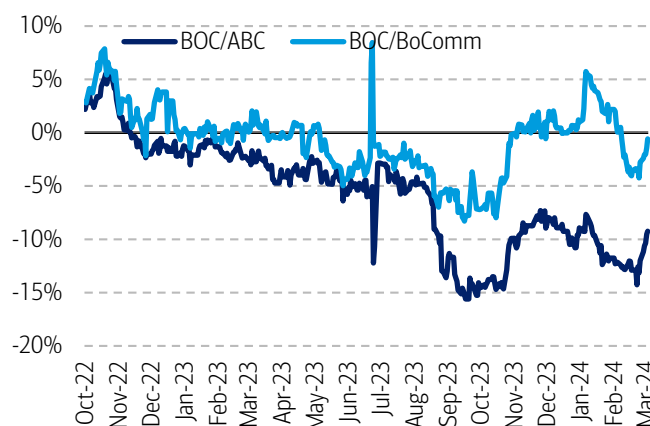


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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### Exhibit 10: Relative P/B: BOC's premium over ABC & BoComm (LTM)

BOC's discount to ABC and BoComm narrowed WoW

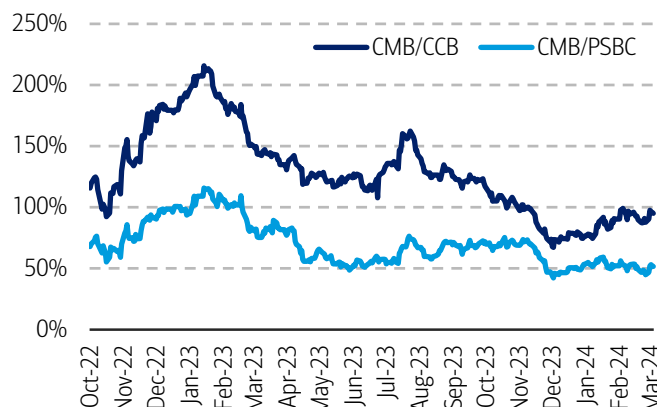


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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### Exhibit 12: Relative P/B: CMB's premium over CCB & PSBC (LTM)

CMB's P/B premium over CCB and PSBC enlarged WoW

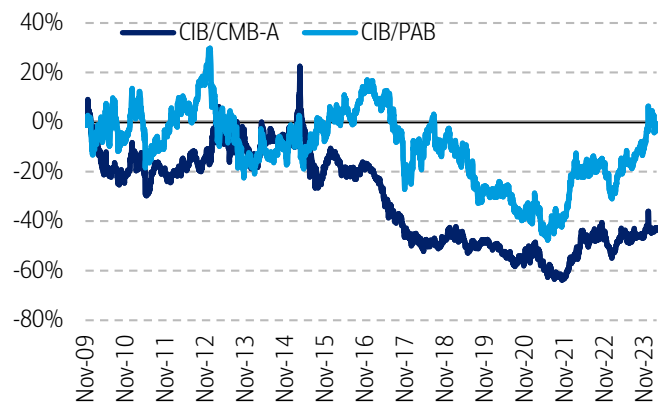


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 13: Relative P/B: CIB's discount to CMB-A & PAB**

CIB's P/B was 43% and 4% lower than CMB-A and PAB

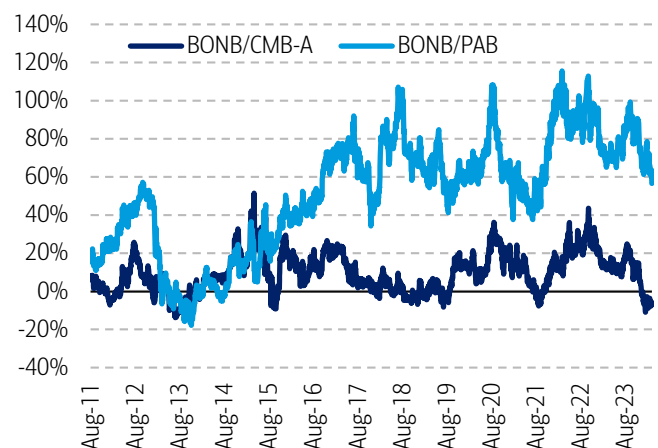


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 15: Relative P/B: BONB's premium over CMB-A & PAB**

BONB's P/B was 7% lower and 57% higher than CMB-A and PAB

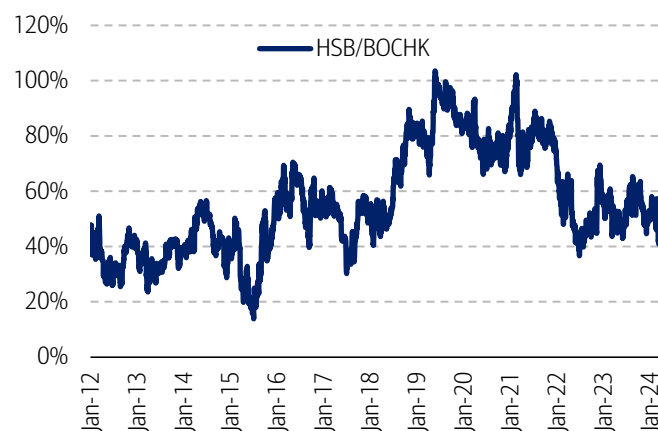


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 17: Relative P/B: HSB's premium over BOCHK**

HSB's P/B was 47% higher than BOCHK

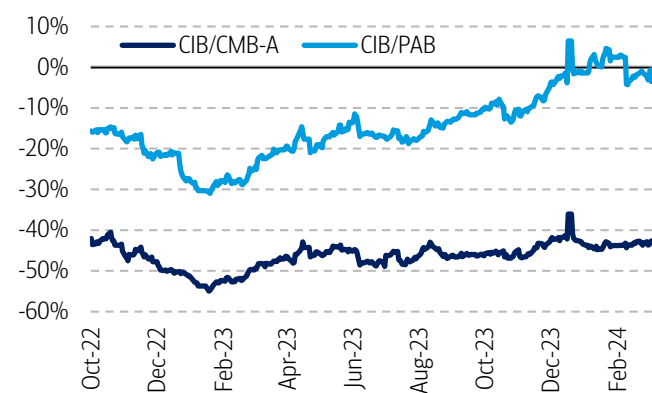


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 14: Relative P/B: CIB's discount to CMB-A & PAB (LTM)**

CIB's discount to CMB narrowed and to PAB enlarged last week

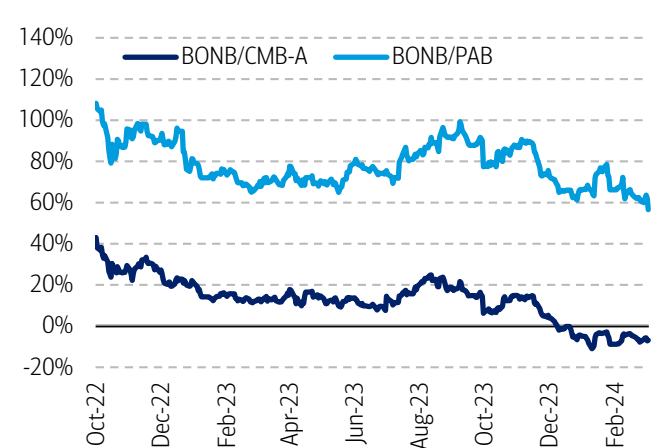


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 16: Relative P/B: BONB's premium over CMB-A & PAB (LTM)**

BONB's discount to CMB-A and premium to PAB narrowed WoW

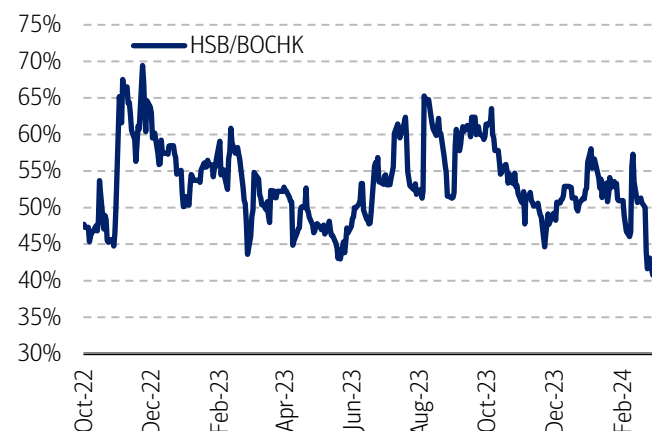


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 18: Relative P/B: HSB's premium over BOCHK (LTM)**

HSB's P/B premium over BOCHK enlarged last week



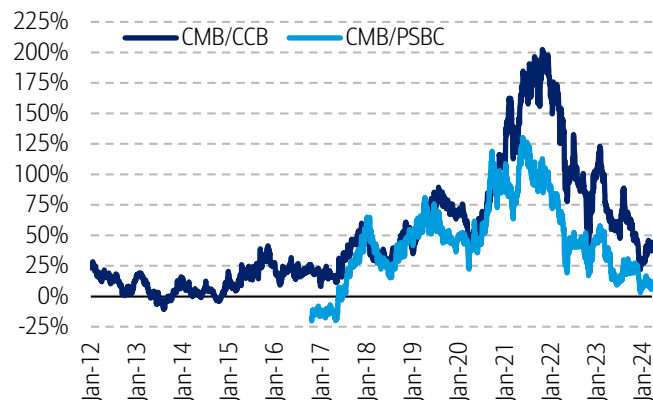
Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 19: Relative P/E: CMB's premium over CCB & PSBC**

CMB's P/E was 43% and 11% higher than CCB and PSBC's

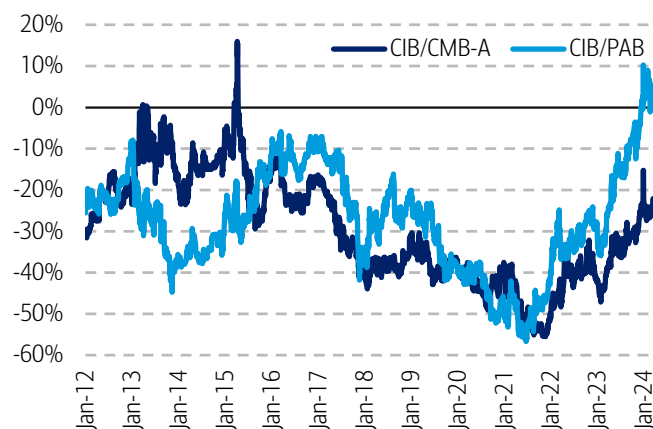


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 21: Relative P/E: CIB's discount to CMB-A and PAB**

CIB's P/E was 22% lower and 2% higher than CMB-A and PAB's



Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 23: Relative P/E: HSB's premium over BOCHK**

HSB's P/E was 43% higher than BOCHK's

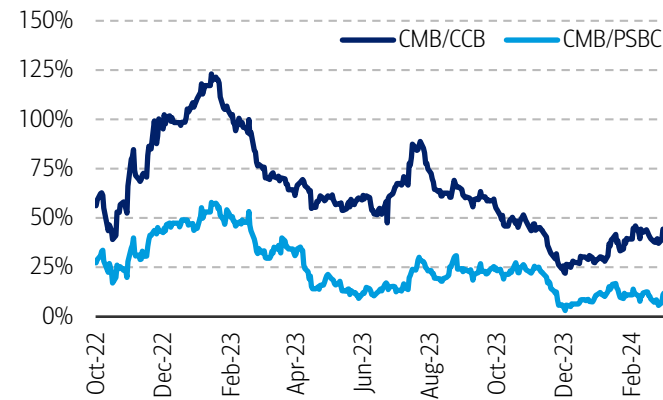


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 20: Relative P/E: CMB's premium over CCB & PSBC (LTM)**

CMB's P/E premium over CCB and PSBC enlarged WoW

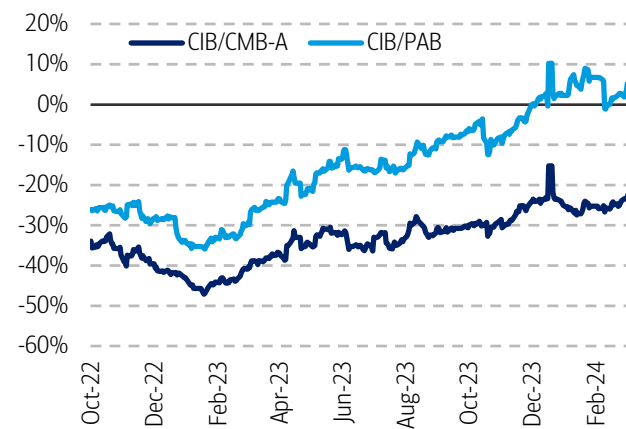


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 22: Relative P/E: CIB's discount to CMB-A and PAB (LTM)**

CIB's P/E discount to CMB-A and premium to PAB narrowed WoW

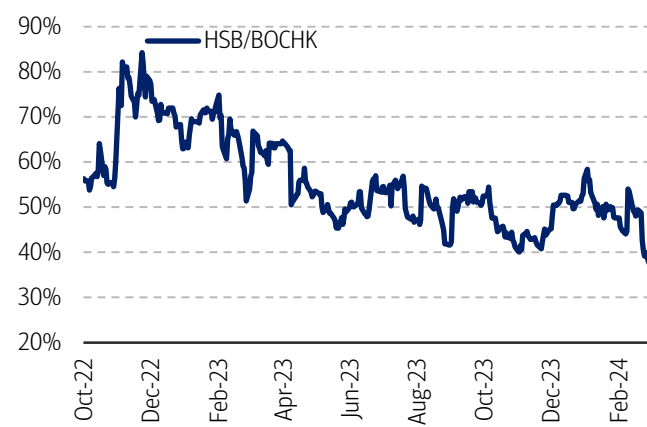


Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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**Exhibit 24: Relative P/E: HSB's premium over BOCHK (LTM)**

HSB's P/E premium over BOCHK enlarged last week



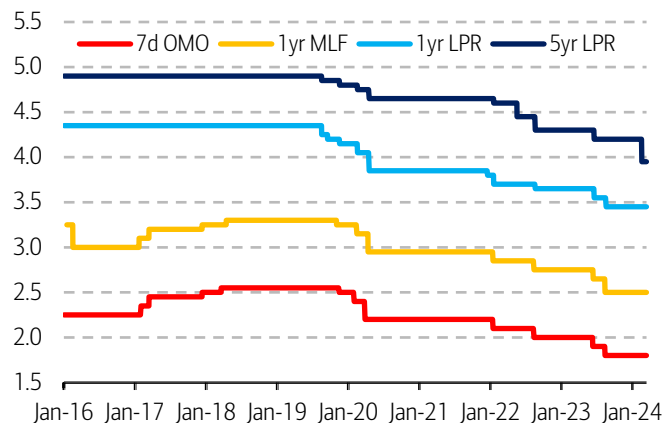
Source: Bloomberg, as of Mar 15, share price here doesn't adjust for dividend

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## Interest rates and NCDs

### Exhibit 25: Major policy rate (%)

Major policy rates remained unchanged WoW

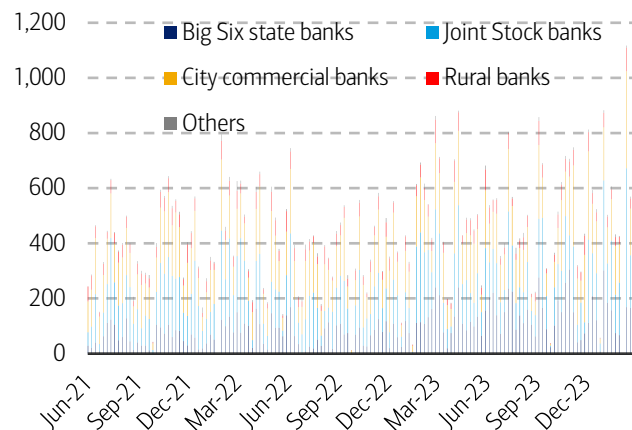


Source: Bloomberg, Wind, as of Mar 15

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### Exhibit 27: Weekly NCD gross issuance by bank type (RMB bn)

Gross issuance was RMB499bn from Mar 4 to Mar 10

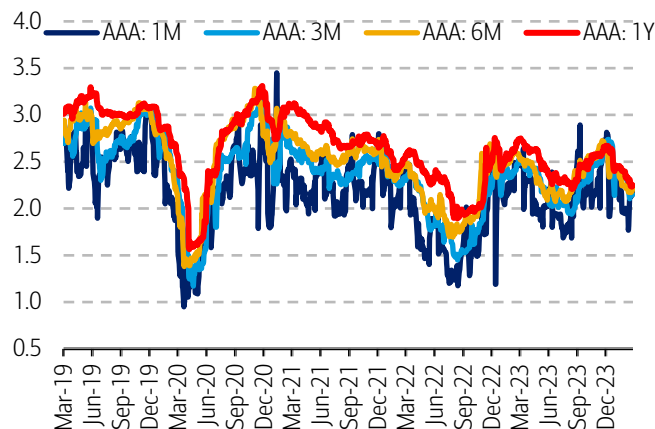


Source: Wind, as of Mar 11, \*NCD: Negotiated Certificate of Deposits

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### Exhibit 29: Yield to maturities of AAA rated NCD (%)

AAA rated NCD yields increased by 4bp to 6bp WoW for 1M-1Y tenors

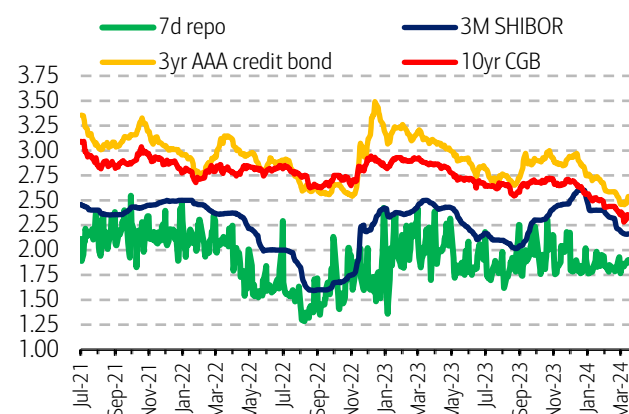


Source: CEIC, as of Mar 14, \*NCD: Negotiated Certificate of Deposits

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### Exhibit 26: Major market rate (%)

3yr AAA credit bond rate increased 8bp WoW

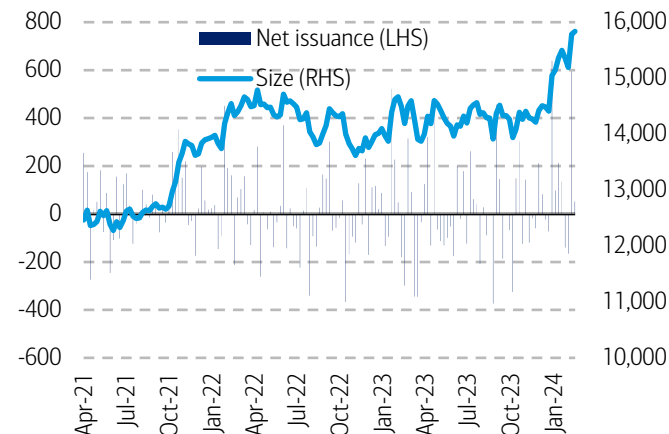


Source: Bloomberg, Wind, as of Mar 15, \*CGB: China Government Bond

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### Exhibit 28: Weekly NCD net issuance and outstanding size (RMB bn)

NCD size increased from RMB15.78tn to RMB15.84tn WoW

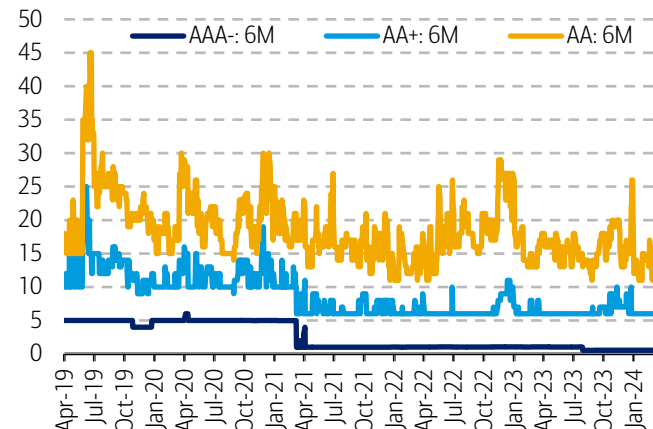


Source: Wind, as of Mar 11, \*NCD: Negotiated Certificate of Deposits

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### Exhibit 30: Credit spread over AAA rated NCD (bp)

Credit spread of 6M AA rated NCDs increased by 1bp last week



Source: CEIC, as of Mar 14, \*NCD: Negotiated Certificate of Deposits

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## Bank FY23 preliminary results

### Exhibit 31: China bank FY23 preliminary results

11 out of 42 listed China banks released FY23 preliminary results

Date	Name	Ticker	Operating revenue		Net profit	
			RMB mn	YoY	RMB mn	YoY
2024/01/12, Fri	Bank of Hangzhou	600926 CH	35,016	6.3%	14,383	23.2%
2024/01/19, Fri	China Merchants Bank	600036 CH/3968 HK	339,123	-1.6%	146,602	6.2%
2024/01/19, Fri	Qilu Bank	601665 CH	11,952	8.0%	4,234	18.0%
2024/01/19, Fri	Bank of Changsha	601577 CH	24,803	8.5%	7,463	9.6%
2024/01/22, Mon	China CITIC Bank	601998 CH/0998 HK	205,896	-2.6%	67,016	7.9%
2024/01/29, Mon	Bank of Qingdao	002948 CH/3866 HK	12,472	7.1%	3,549	15.1%
2024/01/31, Wed	Xiamen Bank	601187 CH	5,610	-4.8%	2,661	6.2%
2024/02/05, Mon	Bank of Lanzhou	001227 CH	8,019	7.6%	1,860	7.3%
2024/02/07, Wed	Bank of Ningbo	002142 CH	61,584	6.4%	25,535	10.7%
2024/02/22, Thu	Huaxia Bank	600015 CH	93,207	-0.6%	26,363	5.3%
2024/03/04, Mon	Changshu Rural Commercial Bank	601128 CH	9,870	12.0%	3,282	19.6%

Source: Wind, as of Mar 15

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## Company FY23 final results

### Exhibit 32: China bank FY23 results

1 out of 42 listed China banks released FY23 results

Date	Name	Ticker	Operating revenue		Net profit	
			RMB mn	YoY	RMB mn	YoY
2024/03/14, Thu	Ping An Bank	000001 CH	164,699	-8.4%	46,455	2.1%

Source: Wind, as of Mar 15

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## FY23 reporting/briefing schedule

### Exhibit 33: HK/China banks FY23 reporting schedule (tentative)

Banks to report FY23 results from mid Mar to late Apr

Bank	H-share ticker	A-share ticker	Result date (tentative)	Briefing date (HKT)
PAB		000001 CH	2024/3/14, Thu	2024/03/15, Fri, 10:00-12:00
CSRB		601128 CH	2024/3/21, Thu	
CNCB	998 HK	601998 CH	2024/3/21, Thu	2024/03/22, Fri, 9:30-11:00
CMB	3968 HK	600036 CH	2024/3/25, Mon	2024/03/27, Wed, 9:30-11:30
ABC	1288 HK	601288 CH	2024/3/27, Wed	2024/03/28, Thu, 17:00-18:00
BoComm	3328 HK	601328 CH	2024/3/27, Wed	2024/03/27, Wed, 17:00-18:30
CCB	939 HK	601939 CH	2024/3/28, Thu	2024/04/02, Tue, 16:00-17:15
ICBC	1398 HK	601398 CH	2024/3/28, Thu	
CQRB	3618 HK	601077 CH	2024/3/28, Thu	
PSBC	1658 HK	601658 CH	2024/3/28, Thu	
BOC	3988 HK	601988 CH	2024/3/28, Thu	
BOCHK	2388 HK		2024/3/28, Thu	
MSB	1988 HK	600016 CH	2024/3/28, Thu	
CEB	6818 HK	601818 CH	2024/3/28, Thu	
CIB		601166 CH	2024/3/29, Fri	
BONB		002142 CH	2024/4/9, Tue	
BOCD		601838 CH	2024/4/24, Wed	
BOHZ		600926 CH	2024/4/24, Wed	
BOSZ		002966 CH	2024/4/26, Fri	
BONJ		601009 CH	2024/4/26, Fri	
BOJS		600919 CH	2024/4/29, Mon	
SPDB		600000 CH	2024/4/29, Mon	

Source: Company announcements

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## FY23 Post result series

### Exhibit 34: FY23 post result call series

We will host FY23 post result call series during Mar to April; More schedules to be released

Date	Sector	Company	11-12am	2-3pm	3-4pm	4-5pm
Mar 19, Tue	Fintech	QFIN (QFIN US/3660 HK)				Group (E)
Mar 20, Wed	Fintech	Futu (FUTU US)	Group (E)			
Mar 26, Tue	Bank	Ping An Bank (000001 CH)				Group (E)
Mar 27, Wed	FinTech	Lufax (LU US)		Group (E)		
Apr 8, Mon	Bank	China Merchant Bank (3968 HK)				Group (E)
Apr 11, Thu	Bank	Bank of Communication (3328 HK)				Group (M/E)

Source: BofA Global Research, E: English, M/E=Mandarin with English translation

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## Company Acronym

ABC: Agricultural Bank of China

BOC: Bank of China

BoComm: Bank of Communications

CCB: China Construction Bank

ICBC: Industrial and Commercial Bank of China

PSBC: Postal Savings Bank of China

CEB: China Everbright Bank

CMB: China Merchants Bank

CNCB: China CITIC Bank

MSB: China Minsheng Bank

CIB: China Industrial Bank

SPDB: Shanghai Pudong Development Bank

PAB: Ping An Bank

BOCD: Bank of Chengdu

BOHZ: Bank of Hangzhou

BOJS: Bank of Jiangsu

BONB: Bank of Ningbo

BONJ: Bank of Nanjing

BOSZ: Bank of Suzhou

CQRB: Chongqing Rural Commercial Bank

CSRB: Changshu Rural Commercial Bank

BEA: Bank of East Asia

BOCHK: Bank of China (Hong Kong) Limited

HSB: Hang Seng Bank

StanChart: Standard Chartered

# Disclosures

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R1</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R1</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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