

## Banks - China

## Weekly wrap: more monetary and property easing, solid FY23 bank preliminary results

Industry Overview

## Sector performance: banks rebounded amid risk-on

**H-share bank sector** rebounded 6.5% WoW (vs MSCI China/HSI +4.5%/+4.2%), driven by more government supports to economy, property, and stock market. CMB (+15.1%) and PSBC (+9.6%) led in the risk-on trade and partly due to short-covering, while BOC (+3.1%) lagged. Sector P/B: 0.36x, P/E: 3.5x, dividend yield: 8.9%. **A-share bank sector** rose 5.2% (vs CSI300 +2.0%). BONB (+9.2%) led, though northbound investors were still selling. BOJS (+2.0%) lagged. Sector P/B: 0.51x, P/E: 4.9x, dividend yield: 6.1%.

## Sector update: More easing, solid FY23 bank pre-results

**Monetary easing:** PBOC announced a 50bp RRR cut on Jan 24, effective Feb 5, which will release RMB1tn long-term liquidity. The 50bp cut was larger than expected vs only 25bp each in the previous four cuts. PBOC also stated to cut the relending & rediscount rates for supporting agriculture & SMEs by 25bp to 1.75%, effective Jan 25, which along with the aforementioned RRR cut and major banks' deposit pricing cuts in 4Q23 should help drive the LPR lower. Our China Economic Team now expects 15bp LPR cut in 1Q24 and another 30bp LPR cut for rest of the year. In our recent bank management calls ([see takeaways](#)), CCB indicated it expects an LPR cut soon in Feb or Mar, while BOC said it already expected at least two LPR cuts before recent monetary easing.

**Property easing:** property development loans declined 2.2% QoQ or rose 1.5% YoY to RMB12.9tn in 4Q23, while mortgage loans declined 0.7% QoQ/1.6% YoY to RMB38.17tn in 4Q23, the third quarterly decline in a row. China further stepped up policy supports to the property market, including relaxation on commercial property operating loans (allowed for debt repayment), property financing coordination mechanism (white list for home projects) and more proactive relaxation by local government (e.g., Guangzhou).

**Banking sector FY23 preliminary results:** NFRA disclosed that banks' net profit grew 3.24% YoY to RMB2.38tn in FY23 (up from the 1.6% YoY growth in 9M23). Banking financial institutions' NPL ratio fell 3bp QoQ/9bp YoY to 1.62%, >90day overdue/NPLs fell 3.3ppt QoQ to 84.2%, and NPL coverage ratio fell 2.8ppt QoQ/0.8ppt YoY to 205.1%. Banks disposed RMB3tn non-performing assets in FY23, similar to RMB3-3.1tn p.a. in FY20-22. Banks' CET1 ratio was 10.5% on average, of which, big banks' was 11.7%.

## Bank specific: BOC TLAC, CNCB pre-guidance, Asia II Calls

**BOC** announced the plan to issue ≤RMB150bn TLAC bonds either onshore or offshore, with tenor no less than 1 year. **CNCB** pre-guided FY23 results: revenue declined 2.6% YoY and net profit rose 7.9% YoY in FY23, vs -2.6%/+9.2% YoY in 9M23, largely in line with BofAe (±0.5%) though slightly lower than consensus (1-2% lighter). Assets rose 1.5% QoQ/5.9% YoY by FY23, accelerating from 3.5% YoY in 9M23. NPL ratio fell 4bp QoQ/9bp YoY to 1.18%. NPL coverage ratio fell 2ppt QoQ though still rose 6ppt YoY to 208% by 4Q23, while loan loss ratio fell 11bp QoQ/10bp YoY to 2.45%, likely to support profit. **Asia II Series:** ABC/ICBC/CEB/CNCB/MSB/CIB/SPDB/PAB/HSB/HSBC, RSVP.

29 January 2024

Equity  
China  
Banks-Multinational

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LPR: Loan Prime Rate

RRR: Required Reserve Ratio

SME: Small and Medium sized  
Enterprise

TLAC: Total Loss Absorbing Capacity

See company acronym at the end of  
this report

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Timestamp: 28 January 2024 05:00PM EST

## Performance and valuation

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

CMB/BONB/StanChart outperformed, while BOC/BOJS/HSB 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	183.5	3.02	+5.2%	+3.1%	+5.6%	+11.9%	+15.3%	+0.3%	0.36x	3.7x	8.4%
BOC	3988 HK	157.4	2.97	+3.1%	+2.4%	+9.2%	+6.5%	+6.6%	-0.3%	0.33x	3.5x	9.2%
BoComm	3328 HK	53.6	4.67	+4.7%	-1.1%	-0.8%	+2.0%	+2.3%	-4.1%	0.32x	3.4x	9.2%
CCB	939 HK	152.5	4.66	+6.2%	+3.3%	+2.9%	+6.2%	-2.5%	+0.2%	0.33x	3.1x	9.6%
ICBC	1398 HK	233.5	3.82	+6.4%	+3.8%	+0.5%	+4.7%	-2.6%	-0.0%	0.34x	3.4x	9.1%
PSBC	1658 HK	61.0	3.75	+9.6%	+3.3%	-1.1%	-16.9%	-27.8%	+0.5%	0.39x	3.7x	8.2%
CEB	6818 HK	24.0	2.32	+5.5%	+4.0%	+3.6%	+2.7%	-1.5%	-0.0%	0.25x	2.8x	9.5%
CMB	3968 HK	106.4	28.95	+15.1%	+12.2%	-6.9%	-18.5%	-42.4%	+6.4%	0.62x	4.3x	7.6%
CNCB	998 HK	35.9	3.82	+4.7%	+7.0%	+7.6%	+3.5%	+9.2%	+3.8%	0.27x	2.6x	10.4%
MSB	1988 HK	22.6	2.64	+4.8%	+2.7%	+4.3%	-7.7%	-4.1%	-0.4%	0.18x	3.2x	9.1%
CQRB	3618 HK	6.3	3.03	+5.2%	+2.0%	+2.0%	+9.4%	+15.4%	-0.0%	0.25x	2.6x	10.5%
Weighted average				+6.5%	+4.1%	+2.6%	+2.3%	-2.8%	+0.6%	0.36x	3.5x	8.9%
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	183.5	3.86	+4.9%	+5.2%	+6.6%	+10.9%	+40.8%	+6.0%	0.51x	5.1x	6.0%
BOC	601988 CH	157.4	4.28	+7.8%	+6.2%	+10.3%	+12.9%	+41.1%	+7.3%	0.51x	5.5x	5.9%
BoComm	601328 CH	53.6	5.97	+3.5%	+3.3%	+2.2%	+6.2%	+31.0%	+4.0%	0.44x	4.8x	6.6%
CCB	601939 CH	152.5	6.84	+5.6%	+5.7%	+5.2%	+15.2%	+29.4%	+5.1%	0.53x	5.0x	6.0%
ICBC	601398 CH	233.5	5.09	+4.1%	+5.6%	+6.3%	+9.9%	+25.4%	+6.5%	0.49x	5.0x	6.3%
PSBC	601658 CH	61.0	4.66	+5.9%	+9.9%	-2.9%	-5.3%	+0.3%	+7.1%	0.53x	5.1x	6.1%
CEB	601818 CH	24.0	3.13	+4.3%	+9.4%	+4.7%	+4.0%	+7.5%	+7.9%	0.36x	4.1x	6.5%
CMB	600036 CH	106.4	31.12	+4.7%	+14.1%	-1.2%	-6.7%	-20.0%	+11.9%	0.73x	5.1x	6.5%
CNCB	601998 CH	35.9	6.03	+7.5%	+15.1%	+7.3%	+4.3%	+25.7%	+14.0%	0.47x	4.5x	6.0%
MSB	600016 CH	22.6	4.00	+6.1%	+5.8%	+8.4%	+1.8%	+20.9%	+7.0%	0.30x	5.2x	5.5%
CIB	601166 CH	45.2	15.64	+3.2%	+7.4%	-0.4%	-1.9%	-6.4%	-3.5%	0.41x	3.7x	7.0%
SPDB	600000 CH	28.1	6.87	+4.2%	+4.7%	-1.3%	-5.8%	-2.5%	+3.8%	0.30x	5.9x	3.3%
PAB	000001 CH	26.0	9.62	+4.9%	+5.7%	-7.6%	-17.6%	-34.8%	+2.4%	0.40x	3.5x	3.5%
BOCD	601838 CH	6.6	12.40	+3.2%	+12.6%	-6.5%	-3.5%	-8.5%	+10.1%	0.63x	3.4x	9.0%
BOHZ	600926 CH	8.8	10.69	+2.3%	+11.5%	-0.1%	-7.4%	-16.7%	+6.8%	0.58x	3.9x	6.7%
BOJS	600919 CH	18.5	7.24	+2.0%	+10.5%	+3.1%	+2.8%	+3.1%	+8.2%	0.53x	3.3x	10.2%
BONB	002142 CH	19.9	21.62	+9.2%	+11.2%	-12.0%	-19.0%	-33.6%	+7.5%	0.70x	4.8x	3.1%
BONJ	601009 CH	11.8	8.21	+4.2%	+13.4%	+4.9%	-1.2%	-17.9%	+11.2%	0.53x	4.3x	8.3%
BOSZ	002966 CH	3.6	6.99	+3.9%	+7.2%	+11.1%	+3.1%	-6.8%	+8.2%	0.57x	4.5x	7.0%
CQRB	601077 CH	6.3	4.30	+2.6%	+4.6%	+2.6%	+13.5%	+28.6%	+5.4%	0.39x	4.1x	7.1%
CSRB	601128 CH	2.7	6.95	+3.3%	+10.0%	-5.7%	+1.5%	-3.0%	+8.8%	0.67x	4.8x	5.3%
Weighted average				+5.2%	+7.2%	+4.2%	+6.0%	+19.3%	+6.6%	0.51x	4.9x	6.1%
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	26.0	19.22	+3.6%	-6.5%	-6.5%	-16.0%	-25.7%	-9.3%	0.60x	5.7x	9.4%
BEA	23 HK	3.1	9.20	+3.1%	-2.6%	-0.8%	-22.3%	-5.8%	-4.6%	0.24x	4.5x	10.3%
HSB	11 HK	20.4	83.40	+1.1%	-6.5%	-6.2%	-26.1%	-32.5%	-8.4%	0.91x	8.6x	7.7%
HSBC	5 HK	148.7	60.70	+3.5%	-1.8%	+7.7%	-3.7%	+12.4%	-3.7%	0.82x	5.8x	10.1%
StanChart	2888 HK	20.2	59.15	+4.0%	-7.7%	-1.0%	-17.4%	-11.5%	-9.5%	0.43x	4.9x	3.9%
Weighted average				+3.3%	-3.3%	+3.8%	-8.8%	+1.2%	-5.3%	0.76x	6.0x	9.2%
Major indices	Bloomberg ticker	Price		1W	1M	3M	6M	1Y	YTD			
MSCI China	MXCN Index	53.2		+4.5%	-0.4%	-4.7%	-16.2%	-27.6%	-4.9%			
HSI	HSI Index	15,952		+4.2%	-2.4%	-6.4%	-17.6%	-29.3%	-6.4%			
HK Financials	H-FIN Index	11,479		+6.8%	+2.9%	-3.6%	-8.7%	-22.2%	-1.2%			
Hang Seng TECH	HSTECH Index	3,186		+1.8%	-10.2%	-14.2%	-24.5%	-33.1%	-15.3%			
China Internet ETF	KWEB US	24.7		+4.3%	-4.1%	-4.2%	-14.7%	-28.5%	-8.4%			
SSE50	SSE50 Index	2,314		+3.2%	+2.3%	-3.3%	-10.2%	-18.4%	-0.5%			
CSI300	SHSZ300 Index	3,334		+2.0%	+0.3%	-5.1%	-14.7%	-20.3%	-2.8%			
CSI500	SH000905 Index	5,027		+0.2%	-4.4%	-6.9%	-16.2%	-19.6%	-7.4%			
S&P500	SPX Index	4,894		+2.4%	+2.9%	+16.9%	+7.2%	+21.9%	+2.6%			
NASDAQ	CCMP Index	15,511		+3.0%	+3.5%	+21.0%	+9.7%	+37.1%	+3.3%			
US banks	BX Index	96.2		+4.8%	+0.9%	+33.1%	+9.7%	-12.8%	+0.2%			
EU banks	SX7P Index	167.9		+1.9%	-0.3%	+9.5%	+2.9%	+7.7%	-0.6%			

Source: Bloomberg; as of January 26 except for US/EU ones which were as of January 25



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

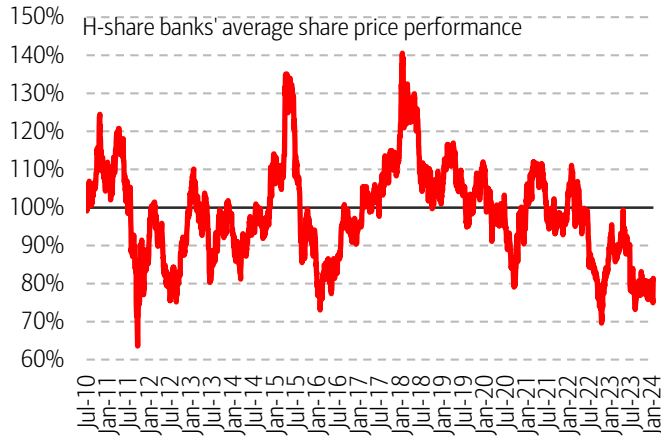
China Pacific/China Pacific-A/Everbright Securities/Everbright Securities-A/Lufax outperformed, while Zhong An/Ping An-A/Huatai Securities/GF Securities-A/Noah underperformed among H-share China insurance/A-share China insurance/H-share China brokers/A-share China brokers/China diversified financials

				Price performance					
H-Share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Life	2628 HK	91.8	9.25	+8.3%	-4.3%	-13.9%	-23.9%	-36.9%	-8.6%
China Pacific	2601 HK	29.0	14.88	+11.7%	-0.3%	-21.9%	-21.7%	-30.8%	-5.6%
New China Life	1336 HK	11.0	14.38	+8.6%	-0.4%	-22.1%	-29.3%	-33.6%	-5.5%
PICC Group	1339 HK	28.1	2.50	+5.9%	+6.4%	-6.4%	-14.1%	-3.6%	+4.2%
PICC P&C	2328 HK	27.7	9.72	+2.2%	+8.6%	+2.7%	+10.2%	+32.9%	+4.7%
Ping An	2318 HK	94.0	33.75	+11.2%	+2.6%	-16.5%	-34.2%	-45.1%	-4.5%
Zhong An	6060 HK	2.6	13.58	-3.6%	-19.4%	-37.4%	-41.1%	-51.8%	-23.9%
AIA	1299 HK	94.4	64.95	+7.4%	-2.6%	-4.1%	-15.2%	-26.3%	-4.6%
<b>Weighted average</b>				<b>+8.4%</b>	<b>-0.1%</b>	<b>-11.3%</b>	<b>-21.2%</b>	<b>-28.3%</b>	<b>-4.4%</b>
A-share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Life	601628 CH	91.8	28.62	+10.5%	+3.5%	-15.7%	-15.3%	-19.6%	+1.0%
China Pacific	601601 CH	29.0	24.87	+12.2%	+9.0%	-12.8%	-15.4%	-1.7%	+4.6%
New China Life	601336 CH	11.0	31.37	+8.8%	+6.3%	-10.7%	-23.1%	-3.0%	+0.8%
PICC Group	601319 CH	28.1	5.11	+8.7%	+8.0%	-7.8%	-16.2%	-1.0%	+5.6%
Ping An	601318 CH	94.0	41.25	+5.2%	+5.5%	-9.7%	-14.9%	-16.7%	+2.4%
<b>Weighted average</b>				<b>+8.5%</b>	<b>+5.5%</b>	<b>-12.1%</b>	<b>-15.6%</b>	<b>-13.7%</b>	<b>+2.4%</b>
H-Share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	6881 HK	14.1	4.03	+7.2%	+3.3%	+0.2%	-5.4%	-4.1%	-2.4%
China Merchants Securities	6099 HK	15.0	6.07	+3.4%	-0.7%	-5.6%	-20.3%	-30.1%	-5.0%
China Securities	6066 HK	21.6	6.15	+3.4%	-7.0%	-14.3%	-30.4%	-27.5%	-10.9%
CICC	3908 HK	16.4	9.94	+6.4%	-5.3%	-24.1%	-34.0%	-45.4%	-13.3%
CITIC Securities	6030 HK	40.7	15.96	+4.3%	+4.2%	+6.0%	+5.3%	-11.7%	+0.1%
Everbright Securities	6178 HK	9.3	5.21	+9.2%	+4.8%	-1.3%	-8.1%	-13.3%	+0.8%
GF Securities	1776 HK	13.4	8.31	+6.9%	-6.1%	-15.5%	-25.0%	-35.7%	-11.0%
Guotai Junan Securities	2611 HK	17.3	8.87	+4.2%	+4.0%	+4.1%	-7.0%	-6.0%	+0.9%
Haitong Securities	6837 HK	14.2	3.85	+3.8%	-3.0%	-13.7%	-26.2%	-29.7%	-7.7%
Huatai Securities	6886 HK	16.7	9.70	-0.0%	+3.9%	-4.0%	-6.0%	-1.2%	-1.6%
Orient Securities	3958 HK	9.5	3.27	+6.2%	-0.0%	-6.3%	-27.0%	-31.6%	-5.2%
<b>Weighted average</b>				<b>+4.6%</b>	<b>+0.1%</b>	<b>-5.4%</b>	<b>-14.0%</b>	<b>-20.0%</b>	<b>-4.6%</b>
A-share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	601881 CH	14.1	12.10	+9.6%	+4.0%	-1.9%	-8.3%	+24.1%	+0.4%
China Merchants Securities	600999 CH	15.0	13.52	+3.8%	+1.1%	-3.6%	-5.3%	-6.2%	-0.9%
China Securities	601066 CH	21.6	22.74	+6.8%	-0.0%	-6.6%	-9.3%	-16.0%	-3.9%
CICC	601995 CH	16.4	34.28	+5.1%	-5.8%	-7.5%	-8.2%	-14.0%	-9.9%
CITIC Securities	600030 CH	40.7	20.83	+7.0%	+4.9%	-4.4%	-2.3%	-1.8%	+2.3%
Everbright Securities	601788 CH	9.3	16.15	+11.7%	+8.5%	-1.0%	-7.5%	+0.4%	+4.7%
GF Securities	000776 CH	13.4	14.09	+2.8%	+0.9%	-3.5%	-5.6%	-19.2%	-1.4%
Guotai Junan Securities	601211 CH	17.3	15.06	+4.8%	+2.9%	+3.1%	+0.2%	+7.9%	+1.2%
Haitong Securities	600837 CH	14.2	9.30	+4.4%	+1.4%	-6.3%	-4.4%	+0.9%	-0.7%
Huatai Securities	601688 CH	16.7	14.28	+4.6%	+5.1%	-10.0%	-7.5%	+11.6%	+2.4%
Orient Securities	600958 CH	9.5	8.76	+5.5%	+6.7%	+2.3%	-14.8%	-19.3%	+0.7%
<b>Weighted average</b>				<b>+6.0%</b>	<b>+2.6%</b>	<b>-4.1%</b>	<b>-5.8%</b>	<b>-2.6%</b>	<b>-0.4%</b>
Diversified Financials	Bloomberg ticker	Market cap (USD bn)	Price (HKD; USD)	1W	1M	3M	6M	1Y	YTD
HKEX	388 HK	39.6	244.00	+6.3%	-4.5%	-10.7%	-18.5%	-33.2%	-9.0%
Futu	FUTU US	6.8	49.02	+6.3%	-4.8%	-12.6%	-4.4%	-8.9%	-10.3%
Lufax	LU US	1.4	2.52	+14.0%	-10.0%	-34.3%	-61.2%	-76.0%	-17.9%
Noah	NOAH US	0.8	12.33	+2.1%	-7.6%	+3.4%	-17.6%	-28.8%	-10.7%
Qifu Technology	QFIN US	2.4	14.84	+2.3%	-1.1%	+1.2%	-19.5%	-32.8%	-6.2%
East Money	300059 CH	29.0	13.12	+3.3%	-4.2%	-11.6%	-11.6%	-32.0%	-6.6%
FinVolution	FINV US	1.3	4.78	+2.8%	-1.0%	+0.6%	-12.9%	-6.8%	-2.4%
Up Fintech	TIGR US	0.7	3.92	+8.0%	-3.4%	-13.3%	+20.2%	-4.9%	-11.3%
<b>Weighted average</b>				<b>+5.2%</b>	<b>-4.4%</b>	<b>-10.9%</b>	<b>-15.2%</b>	<b>-30.8%</b>	<b>-8.2%</b>

Source: Bloomberg; as of January 26, except for ADRs which were as of January 25

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

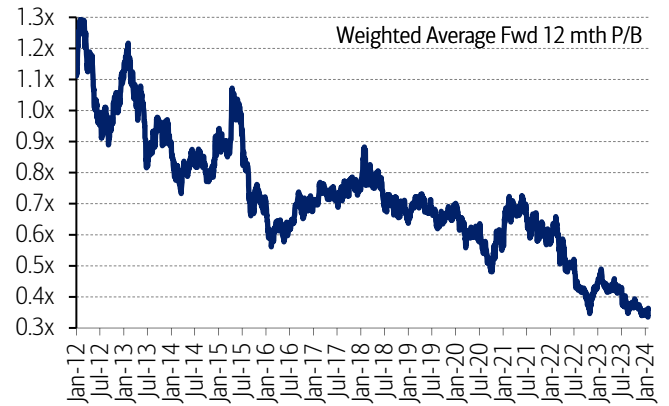
H-share banks' average share price at the low end of the LT average level



Source: Bloomberg, share price here doesn't adjust for dividend; as of Jan 26; LT=Long Term  
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**Exhibit 4: H-share banks' forward P/B valuation since 2012**

P/B rebounded from 0.34x to 0.36x WoW



Source: Bloomberg, share price here doesn't adjust for dividend; as of Jan 26  
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**A-H share premium****Exhibit 5: A-H share premium**

A-H share premium changed by -11.5ppt to +7.0ppt last week

	ABC	BOC	BoComm	CCB	ICBC	PSBC	CEB	CMB	CNCB	MSB	CQRB	Average
Current	39.1%	56.8%	39.1%	59.7%	45.0%	35.2%	46.8%	17.0%	71.8%	64.9%	54.4%	48.2%
WoW	-0.3ppt	+7.0ppt	-1.5ppt	-0.7ppt	-3.0ppt	-4.6ppt	-1.4ppt	-11.5ppt	+4.7ppt	+2.3ppt	-3.7ppt	-1.1ppt
YTD	+6.0ppt	+9.5ppt	+9.4ppt	+5.7ppt	+7.3ppt	+6.9ppt	+9.3ppt	+4.5ppt	+13.6ppt	+9.6ppt	+6.3ppt	+8.0ppt
vs 2023 avg	+6.8ppt	+14.6ppt	+11.2ppt	+15.0ppt	+13.2ppt	+13.7ppt	+1.1ppt	+13.8ppt	+3.1ppt	+15.4ppt	+4.0ppt	+10.2ppt

Source: Bloomberg; as of January 26

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

Last week, Southbound investors bought all major China banks; Northbound investors bought CCB/BoComm/CMB while sold CSRB/BOHZ/BONJ

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	21.44%	8.32%	2.92%	8.30%	26.45%	10.29%	12.02%	5.83%	19.23%	22.40%	37.25%	0.31%	0.06%	0.20%	9.18%
WoW	+7bp	+1bp	+9bp	+9bp	+12bp	+22bp	+12bp	+57bp	+22bp	+26bp	+77bp	-4bp	-1bp	-1bp	+3bp
YTD	-27bp	+11bp	+15bp	+12bp	+13bp	+42bp	+9bp	+104bp	+21bp	+30bp	+57bp	-6bp	-10bp	-1bp	+0bp
Northbound holdings in A-share China banks															
	ABC	BOC	BoComm	CCB	ICBC	PSBC*	CEB	CMB	CNCB	MSB	CIB	SPDB	PAB	BOCD	BOHZ
% stake	0.92%	0.74%	2.85%	6.93%	0.91%	0.88%	1.92%	5.27%	0.48%	2.37%	3.10%	2.03%	3.31%	3.66%	2.03%
WoW	+5bp	+4bp	+23bp	+27bp	+7bp	+0bp	+12bp	+23bp	+2bp	+10bp	+15bp	+11bp	-3bp	-4bp	-18bp
YTD	+7bp	+4bp	+19bp	+26bp	+8bp	-14bp	+29bp	+13bp	-4bp	+18bp	+12bp	+6bp	-50bp	-11bp	-8bp
	BOJS	BONB	BONJ	BOSZ	CQRB	CSRB									
% stake	4.53%	4.54%	1.73%	1.70%	4.69%	3.91%									
WoW	+15bp	-6bp	-15bp	+2bp	+2bp	-22bp									
YTD	+82bp	-3bp	-12bp	+6bp	+37bp	+65bp									

Source: Wind; as of January 25, \*adjust the impact from change of tradable shares

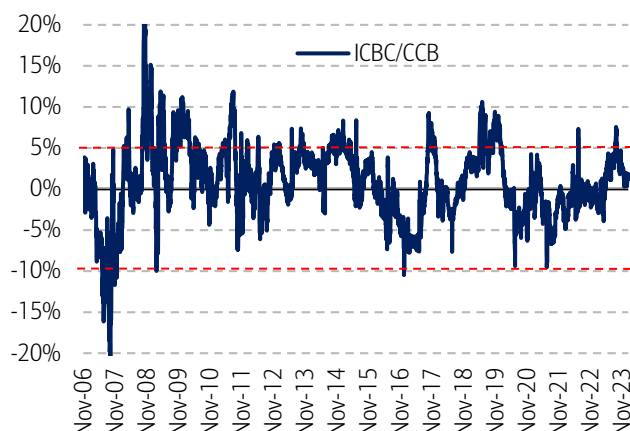
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## Relative valuation

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

ICBC and CCB have been trading closely to each other historically

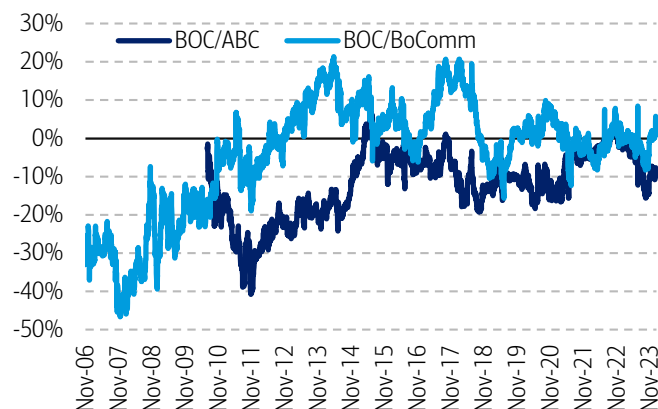


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

BOC traded at 10% discount to ABC and 4% premium to BoComm

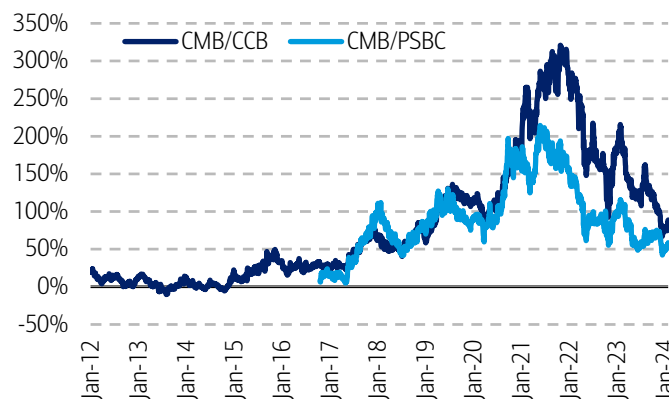


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

CMB's P/B was 89% and 59% higher than CCB and PSBC

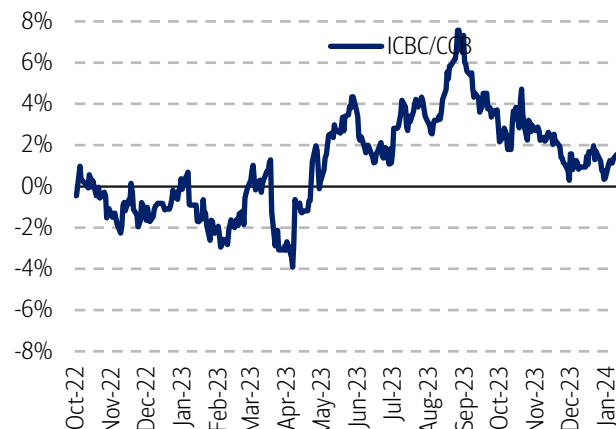


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

ICBC's premium over CCB increased from 1.3% to 1.6% WoW

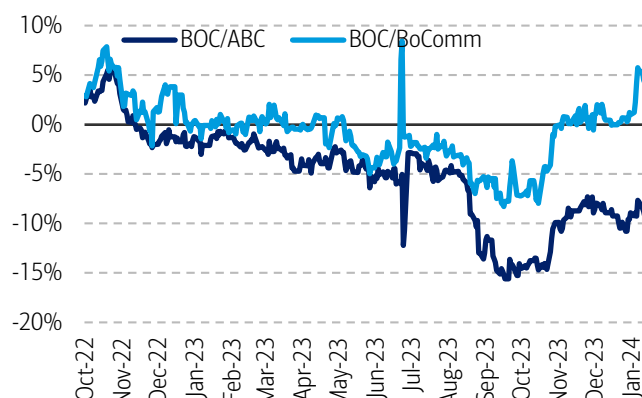


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

BOC's discount to ABC enlarged and premium to BoComm narrowed WoW

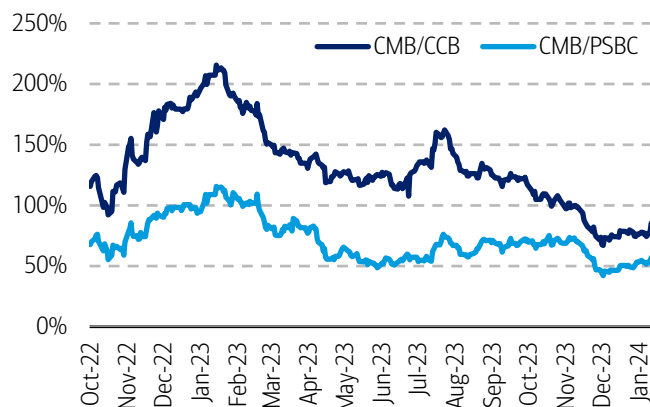


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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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

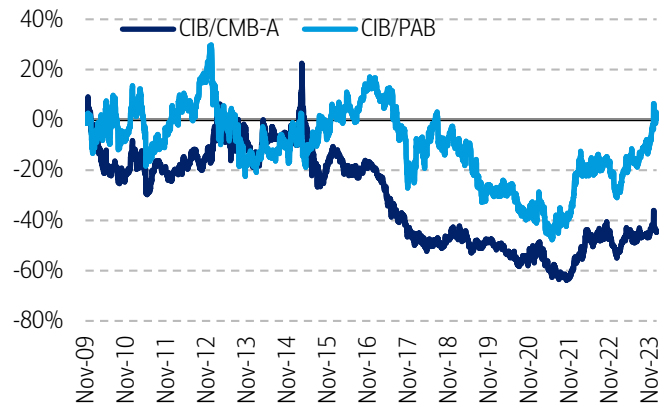


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

CIB's P/B was 45% lower and 0.4% higher than CMB-A and PAB

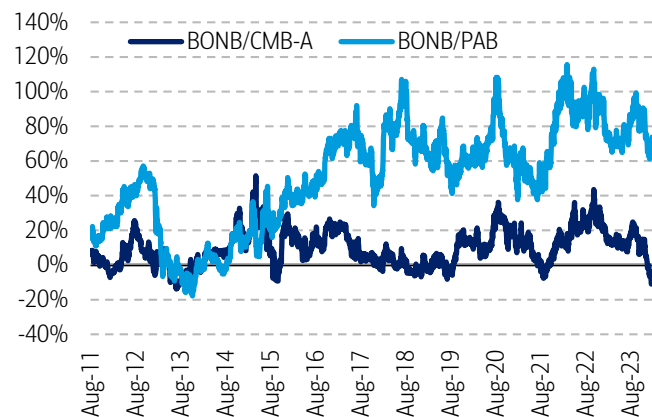


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

BONB's P/B was 4% lower and 74% higher than CMB-A and PAB

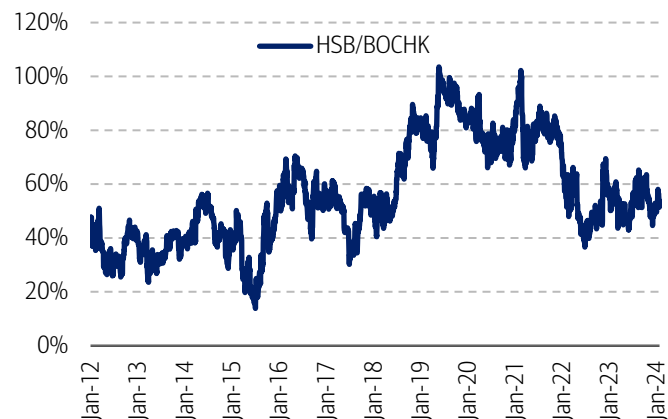


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

HSB's P/B was 52% higher than BOCHK

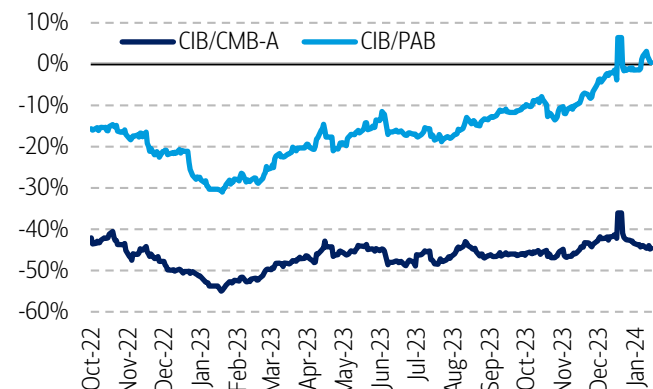


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

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

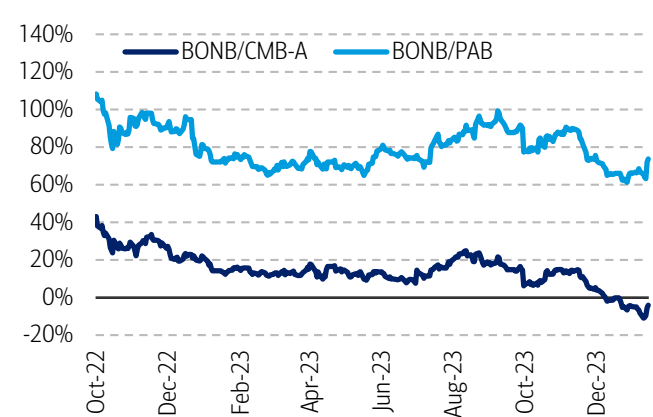


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

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

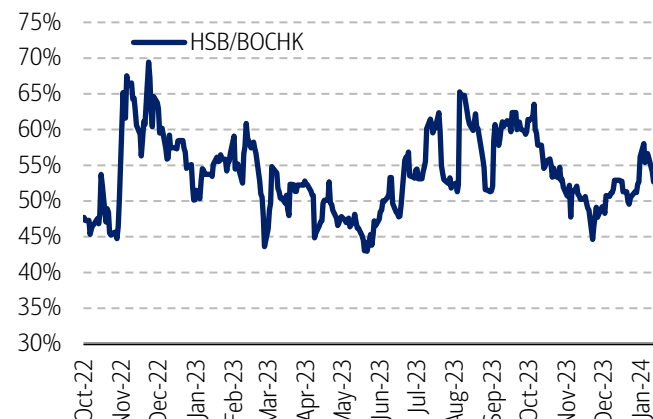


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

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



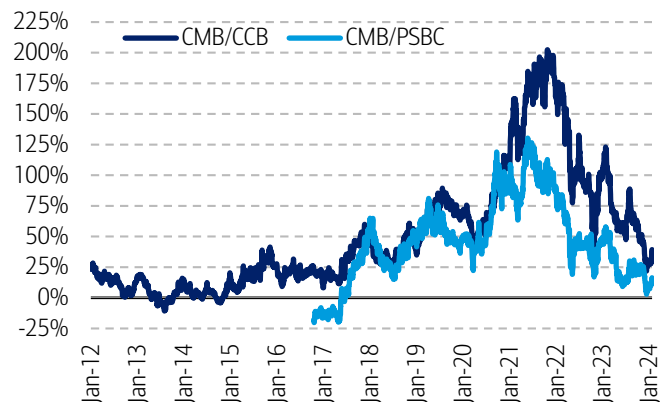
Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

CMB's P/E was 39% and 16% higher than CCB and PSBC's

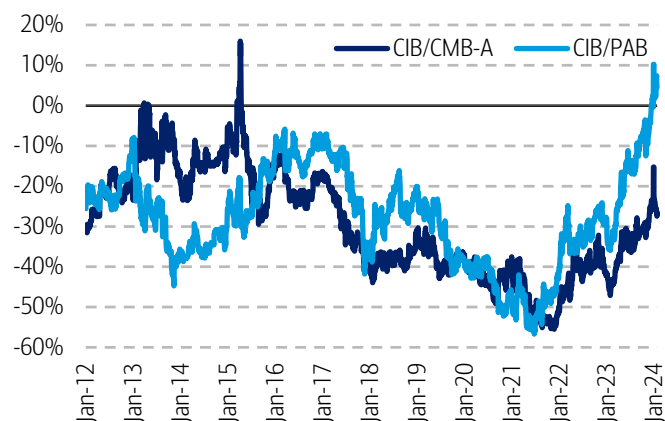


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

CIB's P/E was 27% lower than CMB-A and 5% higher than PAB's



Source: Bloomberg, as of Jan 26, 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 50% higher than BOCHK's

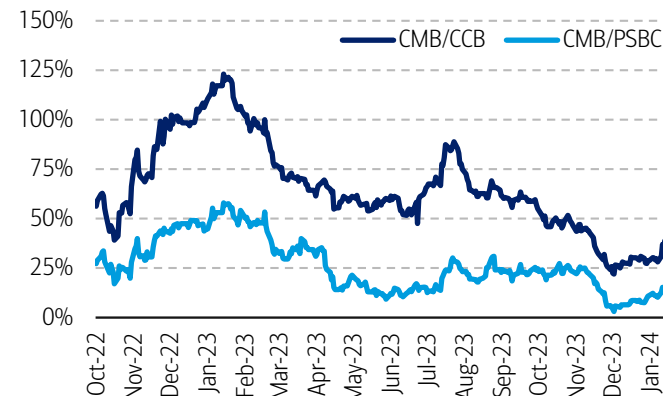


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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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

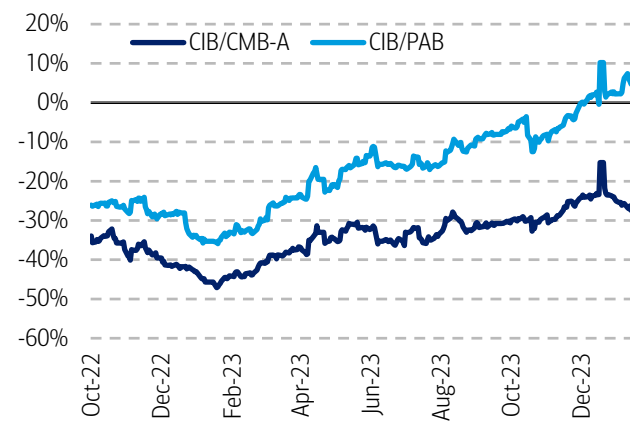


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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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 enlarged and premium to PAB narrowed WoW

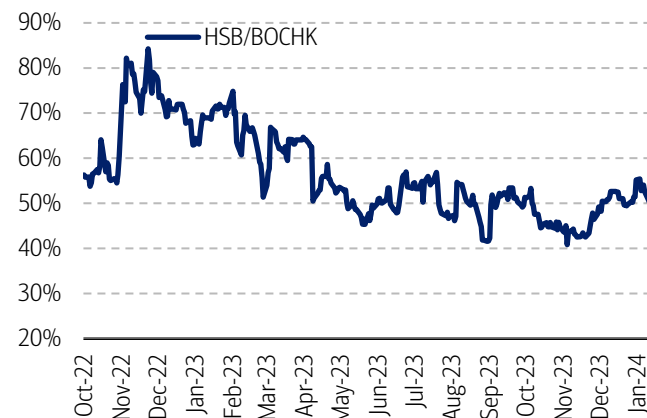


Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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

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



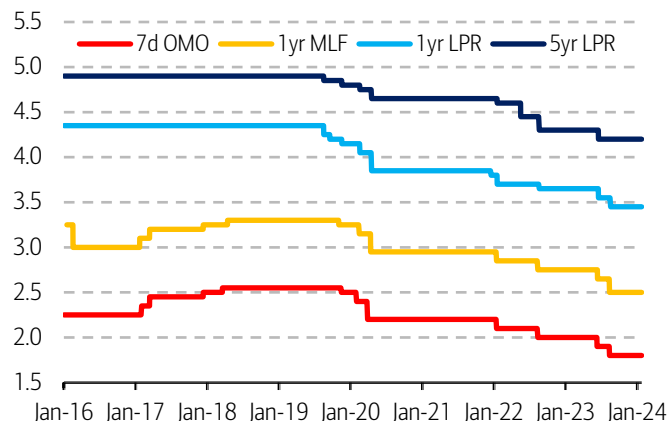
Source: Bloomberg, as of Jan 26, share price here doesn't adjust for dividend

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## Interest rates and NCDs

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

Major policy rates remained unchanged WoW

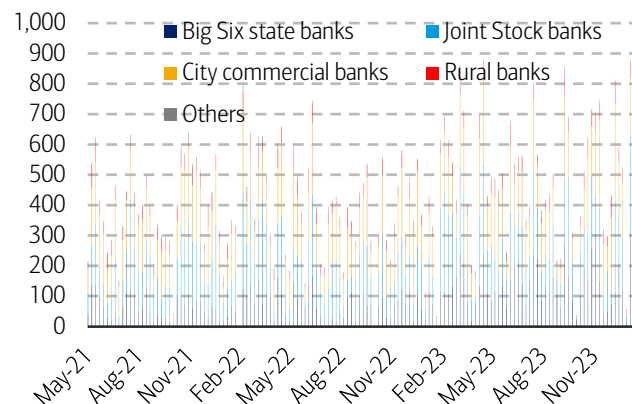


Source: Bloomberg, Wind, as of Jan 26

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

Gross issuance was RMB503bn from Jan 15 to Jan 21

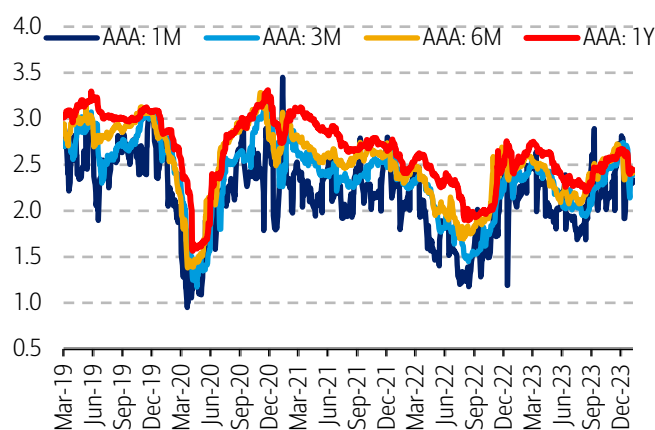


Source: Wind, as of Jan 22, \*NCD: Negotiated Certificate of Deposits

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

AAA rated NCD yields changed by -3 to +4bp WoW for 1M-1Y tenors

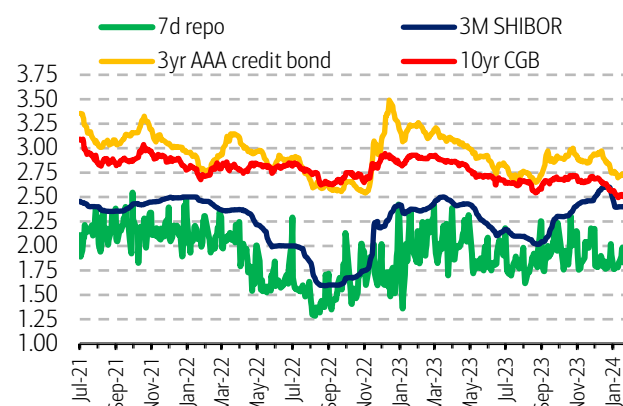


Source: CEIC, as of Jan 25, \*NCD: Negotiated Certificate of Deposits

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

7d repo yield rose by 8bp and 3yr AAA credit bond yield fell by 4bp WoW

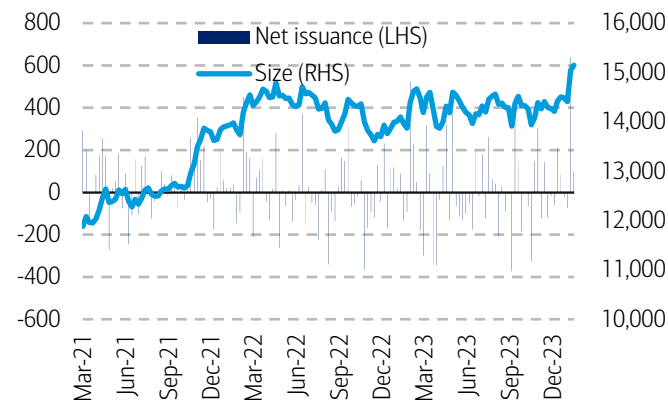


Source: Bloomberg, Wind, as of Jan 26, \*CGB: China Government Bond

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

NCD size increased from RMB15.0tn to RMB15.1tn WoW

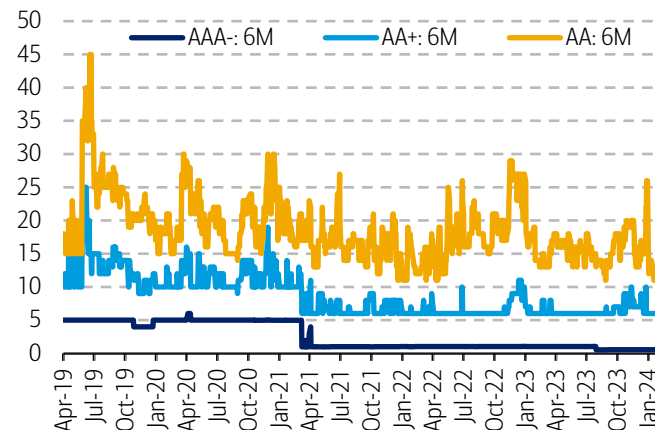


Source: Wind, as of Jan 22, \*NCD: Negotiated Certificate of Deposits

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

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



Source: CEIC, as of Jan 25, \*NCD: Negotiated Certificate of Deposits

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## Bank FY23 preliminary results

### Exhibit 31: China bank FY23 preliminary results

5 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	Bank of Changsha	601577 CH	24,803	+8.5%	7,463	+9.6%
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%
2024/01/22, Mon	China CITIC Bank	601998 CH/0998 HK	205,896	-2.6%	67,016	+7.9%

Source: Wind, as of Jan 26

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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

CITICS: CITIC Securities

CPIC: China Pacific Insurance Company

GFS: Guangfa Securities

NCI: New China Life Insurance

PICC P&C: PICC Property and Casualty Company



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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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