

## Banks - China

Weekly wrap: Solid China bank sector  
4Q23 performance

Industry Overview

## Sector performance: bank sector performed strongly

**H-share bank sector** was up 5.3% WoW (vs MSCI China/HSI +5.0%/+2.4%). CNCB (+7.5%) outperformed, while PSBC (+3.2%) underperformed. Sector P/B: 0.39x, P/E: 3.8x, dividend yield: 8.1%. **A-share bank sector** rose 6.5% (vs CSI300 +3.7%), with PAB (+12.2%, limiting up on Feb 21<sup>st</sup>) leading and CSRB (-1.0%) lagging. Sector P/B: 0.54x, P/E: 5.3x, dividend yield: 5.7%.

## Sector focus: solid China bank sector 4Q23 performance

**1) Sector NIM** fell 4bp QoQ to 1.69% in 4Q partly due to mortgage repricing (-4bp/-5bp/-3bp/+1bp QoQ for state/joint-stock/city/rural banks). NIM still faces downward pressure in 2024 given continued LPR cuts (note 1yr LPR was kept unchanged while 5yr LPR was cut by 25bp in Jan-2024 likely to help property market and LGFVs), though partly mitigated by [deposit pricing cuts \(report link\)](#); **2) faster asset growth**: sector asset YoY growth accelerated from 9.5% in 9M23 to 9.9% in FY23, mainly driven by faster growth at state banks (up from 12.1% to 13.1% and state banks' asset growth continued to lead the sector); **3) improved net profit growth**: sector net profit growth accelerated from 1.6% YoY in 9M23 to 3.2% in FY23, with state/joint-stock/city/rural banks reporting +1.8%/-3.7%/+14.8%/+14.8% FY23 net profit growth; and **4) largely stable asset quality**: sector NPL ratio further fell 2bp QoQ to 1.59% likely due to write-off, though SML ratio further rebounded 1bp QoQ to 2.20%. NPL coverage ratio declined 2.7ppt QoQ to 205.1% and loan reserve ratio fell 8bp QoQ to 3.27%.

## Bank specific: MSB, PAB, BONB, BOSZ, HK banks

**Minsheng Bank (MSB)** is going to re-elect its Board in 2024. Chairman Gao Yingxin is likely to be re-elected, while President Zheng Wanchun will retire and likely be succeeded by Wang Xiaoyong (current President of CCB Sichuan Branch), according to various news (Caixin/Shanghai Securities News etc.). **Ping An Bank (PAB)** completed a round of organizational restructuring recently, to streamline structure, shorten decision-making chain, and improve efficiency. On the corporate side, it merged the six industry business units into a strategic client department. On the retail side, it abolished the three retail regional sales promotion departments. **PAB** granted RMB8bn credit line with one year tenor to Ping An Real Estate (PARE), a subsidiary of Ping An Insurance and a related party of PAB. The credit line equals to ~0.2% of PAB's total loans by 3Q23. PARE's total assets/liabilities/equities were RMB107.5bn/59.4bn/48.1bn and revenue/profit were RMB2.59bn/0.16bn, as of 3Q23. **Bank of Ningbo (BONB)**: the third largest shareholder Youngor Group continued to buy BONB and has bought 42.67mn shares (0.65% stake) since Nov 16<sup>th</sup>, 2023. **Bank of Suzhou (BOSZ)**: the largest shareholder Suzhou International Development bought 81.4mn shares (2.22% stake). **BEA management call** on 2pm HKT, Feb 28<sup>th</sup>, RSVP. Also see [result note for HSB](#), [results note for BEA](#), as well as [HSB call takeaways note](#).

26 February 2024

Equity  
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Banks-Multinational

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LPR: Loan Prime Rate

Mgmt: Management

NIM: Net Interest Margin

NPL: Non-performing Loan

SML: Special-mention Loan

See company acronym at the end of this report

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Timestamp: 25 February 2024 05:00PM EST

## Performance and valuation

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

CNCB/PAB/HSB outperformed, while PSBC/CSRB/HSBC 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	201.9	3.31	+5.8%	+15.7%	+12.6%	+30.3%	+29.6%	+10.0%	0.40x	4.0x	7.7%
BOC	3988 HK	168.5	3.16	+5.0%	+11.3%	+9.0%	+20.6%	+17.3%	+6.0%	0.34x	3.7x	8.3%
BoComm	3328 HK	58.8	5.23	+7.2%	+17.8%	+10.6%	+21.9%	+18.6%	+7.4%	0.35x	3.9x	8.2%
CCB	939 HK	162.6	4.98	+5.5%	+12.9%	+7.3%	+21.8%	+10.3%	+7.1%	0.35x	3.3x	9.0%
ICBC	1398 HK	251.2	4.14	+5.3%	+14.7%	+7.5%	+21.1%	+11.9%	+8.4%	0.36x	3.7x	8.2%
PSBC	1658 HK	65.7	4.24	+3.2%	+20.5%	+15.5%	+7.1%	-8.6%	+13.7%	0.45x	4.3x	7.3%
CEB	6818 HK	25.2	2.52	+5.9%	+14.0%	+13.5%	+13.5%	+20.0%	+8.6%	0.27x	3.1x	8.9%
CMB	3968 HK	113.1	31.80	+3.2%	+18.2%	+5.1%	+4.6%	-25.2%	+16.9%	0.68x	4.8x	6.9%
CNCB	998 HK	39.5	4.29	+7.5%	+17.9%	+18.8%	+25.1%	+26.6%	+16.6%	0.30x	2.9x	9.3%
MSB	1988 HK	23.4	2.83	+6.0%	+13.2%	+6.0%	+3.3%	+11.4%	+6.8%	0.20x	3.4x	9.0%
CQRB	3618 HK	6.6	3.25	+6.2%	+12.8%	+11.7%	+20.8%	+32.0%	+7.3%	0.26x	2.8x	9.8%
Weighted average				+5.3%	+15.0%	+9.5%	+19.9%	+11.9%	+9.5%	0.39x	3.8x	8.1%
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	201.9	4.26	+7.6%	+15.8%	+16.4%	+22.4%	+54.9%	+17.0%	0.55x	5.6x	5.5%
BOC	601988 CH	168.5	4.60	+6.7%	+15.6%	+16.2%	+20.1%	+51.2%	+15.3%	0.55x	5.9x	5.3%
BoComm	601328 CH	58.8	6.49	+8.0%	+12.9%	+11.1%	+16.5%	+42.1%	+13.1%	0.48x	5.2x	6.1%
CCB	601939 CH	162.6	7.19	+5.7%	+10.4%	+13.1%	+19.0%	+36.5%	+10.4%	0.55x	5.2x	5.7%
ICBC	601398 CH	251.2	5.48	+6.2%	+12.1%	+14.2%	+18.1%	+35.9%	+14.6%	0.52x	5.4x	5.7%
PSBC	601658 CH	65.7	4.99	+6.4%	+12.9%	+10.2%	+2.3%	+14.7%	+14.7%	0.57x	5.5x	5.7%
CEB	601818 CH	25.2	3.28	+4.1%	+10.4%	+12.3%	+6.5%	+16.8%	+13.1%	0.38x	4.4x	6.3%
CMB	600036 CH	113.1	32.95	+4.9%	+9.9%	+9.3%	+6.8%	-9.1%	+18.4%	0.77x	5.4x	6.1%
CNCB	601998 CH	39.5	6.62	+8.5%	+17.8%	+21.5%	+18.9%	+42.0%	+25.1%	0.51x	4.8x	5.5%
MSB	600016 CH	23.4	4.13	+4.6%	+10.4%	+7.8%	+3.5%	+27.4%	+10.4%	0.31x	5.4x	5.6%
CIB	601166 CH	48.7	16.86	+5.0%	+11.7%	+13.7%	+6.0%	+6.3%	+4.0%	0.43x	4.0x	6.5%
SPDB	600000 CH	29.7	7.28	+4.6%	+10.0%	+5.1%	+3.7%	+5.2%	+10.0%	0.31x	6.7x	3.2%
PAB	000001 CH	29.2	10.85	+12.2%	+18.4%	+6.9%	-3.6%	-20.9%	+15.5%	0.45x	4.0x	3.1%
BOCD	601838 CH	7.3	13.70	+10.9%	+14.8%	+15.8%	-1.2%	+0.7%	+21.7%	0.68x	3.7x	9.5%
BOHZ	600926 CH	9.4	11.44	+6.9%	+9.8%	+9.9%	-0.8%	-3.7%	+14.3%	0.62x	4.2x	6.7%
BOJS	600919 CH	20.0	7.85	+7.8%	+11.3%	+16.0%	+11.3%	+15.6%	+17.3%	0.57x	3.8x	10.4%
BONB	002142 CH	21.0	22.84	+9.9%	+17.6%	-7.6%	-14.8%	-23.3%	+13.6%	0.74x	5.2x	2.8%
BONJ	601009 CH	12.5	8.72	+6.7%	+10.7%	+14.4%	+4.6%	-6.6%	+18.2%	0.56x	4.6x	8.2%
BOSZ	002966 CH	3.7	7.33	+1.1%	+6.1%	+13.8%	+4.7%	+2.8%	+13.5%	0.59x	4.7x	7.1%
CQRB	601077 CH	6.6	4.53	+3.7%	+11.6%	+12.4%	+18.3%	+35.1%	+11.0%	0.41x	4.3x	6.8%
CSRB	601128 CH	2.7	7.15	-1.0%	+7.2%	+3.0%	-0.6%	-4.8%	+11.9%	0.68x	4.9x	5.6%
Weighted average				+6.5%	+13.0%	+13.2%	+14.5%	+30.4%	+14.6%	0.54x	5.3x	5.7%
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	27.6	20.45	+4.1%	+10.8%	-6.2%	-1.0%	-18.6%	-3.5%	0.64x	6.1x	8.8%
BEA	23 HK	3.4	9.99	+7.0%	+13.4%	+2.9%	-3.8%	-6.2%	+3.6%	0.26x	4.8x	8.9%
HSB	11 HK	22.1	90.60	+9.3%	+12.8%	-0.7%	-7.0%	-27.4%	-0.5%	0.99x	9.3x	7.2%
HSBC	5 HK	144.5	59.25	-4.4%	+0.1%	-1.1%	+2.8%	+7.0%	-6.0%	0.79x	5.9x	9.9%
StanChart	2888 HK	21.3	62.45	+6.8%	+7.7%	-2.8%	-12.3%	-11.8%	-4.4%	0.45x	5.3x	3.7%
Weighted average				-0.6%	+3.7%	-1.8%	-0.2%	-1.7%	-4.8%	0.75x	6.2x	8.9%
Major indices	Bloomberg ticker	Price		1W	1M	3M	6M	1Y	YTD			
MSCI China	MXCN Index	55.0		+5.0%	+11.9%	-5.7%	-6.3%	-18.3%	-1.8%			
HSI	HSI Index	16,726		+2.4%	+8.9%	-6.6%	-6.3%	-17.8%	-1.9%			
HK Financials	H-FIN Index	12,409		+5.5%	+14.6%	+2.7%	+7.3%	-8.3%	+6.8%			
Hang Seng TECH	HSTECH Index	3,400		+1.7%	+8.0%	-17.4%	-15.2%	-18.1%	-9.7%			
China Internet ETF	KWEB US	25.8		+2.2%	+11.4%	-6.9%	-3.1%	-13.4%	-4.6%			
SSE50	SSE50 Index	2,433		+3.4%	+9.3%	+1.2%	-1.1%	-12.1%	+4.6%			
CSI300	SHSZ300 Index	3,490		+3.7%	+8.0%	-2.0%	-5.6%	-15.0%	+1.7%			
CSI500	SH000905 Index	5,198		+0.9%	+6.8%	-7.6%	-7.7%	-18.3%	-4.3%			
S&P500	SPX Index	5,087		+1.1%	+4.9%	+11.6%	+15.9%	+27.5%	+6.7%			
NASDAQ	CCMP Index	16,042		+0.9%	+4.4%	+12.4%	+18.8%	+39.4%	+6.9%			
US banks	BKX Index	95.5		-0.2%	+0.7%	+15.9%	+20.2%	-12.0%	-0.6%			
EU banks	SX7P Index	172.3		+2.0%	+3.4%	+7.3%	+10.3%	+4.9%	+2.0%			

Source: Bloomberg; as of February 23 except for US/EU ones which were as of February 22



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

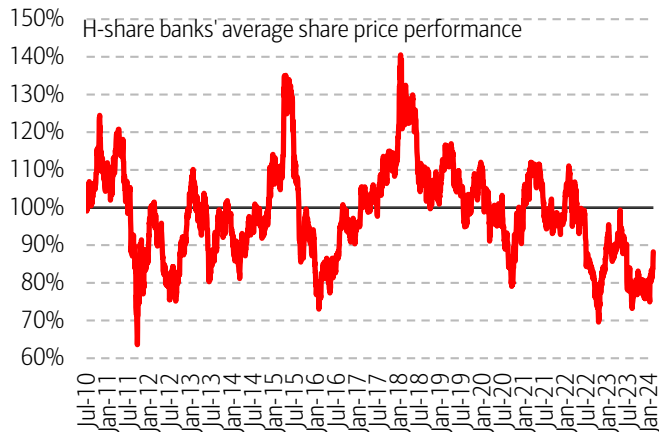
PICC P&C/New China Life-A/Everbright Securities/Everbright Securities-A/Lufax outperformed, while Zhong An/China Life-A/Orient Securities/CICC-A/Noah underperformed among H-share China insurance/A-share China insurance/H-share China brokers/A-share China brokers/China diversified financials

				Price performance					
H-Share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Life	2628 HK	101.0	10.20	+4.6%	+18.5%	-10.5%	-9.7%	-22.8%	+0.8%
China Pacific	2601 HK	31.4	16.14	+3.3%	+21.0%	-9.4%	-5.5%	-22.7%	+2.4%
New China Life	1336 HK	11.9	15.78	+8.4%	+19.9%	-4.9%	-17.4%	-17.0%	+3.7%
PICC Group	1339 HK	29.4	2.68	+7.2%	+15.5%	+3.1%	+3.1%	+10.6%	+11.7%
PICC P&C	2328 HK	30.4	10.70	+10.9%	+12.9%	+15.4%	+28.5%	+57.0%	+15.3%
Ping An	2318 HK	101.5	37.40	+7.2%	+19.5%	-5.6%	-13.6%	-29.5%	+5.8%
Zhong An	6060 HK	2.5	13.22	-0.9%	+1.5%	-36.6%	-41.1%	-42.1%	-25.9%
AIA	1299 HK	93.7	64.75	+0.7%	+5.7%	-11.8%	-6.9%	-18.5%	-4.8%
<b>Weighted average</b>				<b>+5.0%</b>	<b>+15.2%</b>	<b>-6.5%</b>	<b>-6.3%</b>	<b>-15.0%</b>	<b>+2.7%</b>
A-share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Life	601628 CH	101.0	31.55	+2.5%	+23.2%	-0.6%	-9.9%	-10.7%	+11.3%
China Pacific	601601 CH	31.4	27.03	+3.9%	+24.0%	+8.9%	-1.1%	+0.3%	+13.7%
New China Life	601336 CH	11.9	33.73	+10.3%	+19.6%	+3.8%	-18.8%	+10.3%	+8.4%
PICC Group	601319 CH	29.4	5.35	+4.7%	+14.6%	+1.7%	-9.8%	+6.1%	+10.5%
Ping An	601318 CH	101.5	44.07	+3.0%	+12.0%	+2.4%	-3.2%	-5.3%	+9.4%
<b>Weighted average</b>				<b>+3.4%</b>	<b>+18.1%</b>	<b>+2.0%</b>	<b>-6.8%</b>	<b>-4.8%</b>	<b>+10.6%</b>
H-Share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	6881 HK	14.2	4.21	+6.6%	+13.8%	-4.3%	+4.7%	+11.1%	+1.9%
China Merchants Securities	6099 HK	15.6	6.34	+5.7%	+10.1%	-5.9%	-11.6%	-19.0%	-0.8%
China Securities	6066 HK	22.1	6.48	+4.2%	+10.4%	-16.3%	-22.2%	-16.7%	-6.1%
CICC	3908 HK	16.5	10.22	+6.2%	+9.1%	-24.6%	-37.0%	-41.2%	-10.8%
CITIC Securities	6030 HK	41.6	15.28	+3.8%	-1.7%	-8.5%	+1.7%	-8.0%	-4.1%
Everbright Securities	6178 HK	9.7	5.44	+8.4%	+13.8%	-1.8%	-1.6%	+0.5%	+5.2%
GF Securities	1776 HK	13.5	8.53	+4.9%	+10.9%	-18.1%	-22.3%	-24.4%	-8.7%
Guotai Junan Securities	2611 HK	17.5	9.12	+5.4%	+4.6%	-1.6%	+0.9%	+2.2%	+3.8%
Haitong Securities	6837 HK	14.0	3.89	+4.9%	+5.7%	-15.4%	-20.4%	-22.0%	-6.7%
Huatai Securities	6886 HK	16.9	9.60	+3.7%	+2.7%	-9.6%	-7.5%	+9.7%	-2.6%
Orient Securities	3958 HK	9.5	3.35	+3.4%	+9.5%	-9.0%	-21.7%	-21.4%	-2.9%
<b>Weighted average</b>				<b>+4.9%</b>	<b>+6.5%</b>	<b>-10.6%</b>	<b>-10.8%</b>	<b>-11.3%</b>	<b>-3.3%</b>
A-share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	601881 CH	14.2	12.09	+4.6%	+11.6%	-4.9%	+1.0%	+26.5%	+0.3%
China Merchants Securities	600999 CH	15.6	14.12	+1.3%	+10.1%	-1.0%	-1.5%	+1.0%	+3.5%
China Securities	601066 CH	22.1	23.28	+1.6%	+6.2%	-12.6%	-8.1%	-12.8%	-1.6%
CICC	601995 CH	16.5	34.60	+0.2%	+7.4%	-16.4%	-16.4%	-19.9%	-9.1%
CITIC Securities	600030 CH	41.6	21.52	+1.3%	+8.8%	-3.2%	-3.6%	+4.5%	+5.6%
Everbright Securities	601788 CH	9.7	17.04	+6.5%	+17.2%	+2.2%	-1.9%	+7.2%	+10.5%
GF Securities	000776 CH	13.5	14.18	+1.6%	+5.0%	-3.5%	-6.2%	-12.3%	-0.8%
Guotai Junan Securities	601211 CH	17.5	15.18	+2.2%	+6.5%	-0.6%	+1.9%	+9.0%	+2.0%
Haitong Securities	600837 CH	14.0	9.17	+1.2%	+3.5%	-7.8%	-9.3%	+1.4%	-2.1%
Huatai Securities	601688 CH	16.9	14.56	+2.5%	+6.8%	-6.0%	-11.1%	+17.1%	+4.4%
Orient Securities	600958 CH	9.5	8.73	+1.4%	+5.8%	-2.6%	-14.8%	-14.8%	+0.3%
<b>Weighted average</b>				<b>+1.9%</b>	<b>+7.9%</b>	<b>-5.5%</b>	<b>-6.0%</b>	<b>+1.0%</b>	<b>+1.5%</b>
Diversified Financials	Bloomberg ticker	Market cap (USD bn)	Price (HKD; USD)	1W	1M	3M	6M	1Y	YTD
HKEX	388 HK	41.0	253.20	+0.6%	+8.5%	-13.3%	-8.4%	-20.7%	-5.5%
Futu	FUTU US	7.0	50.48	-0.4%	+12.0%	-15.0%	+4.4%	+8.6%	-7.6%
Lufax	LU US	1.5	2.65	+8.6%	+22.1%	-26.9%	-45.1%	-69.3%	-13.7%
Noah	NOAH US	0.8	11.81	-2.1%	+2.3%	-12.1%	-3.9%	-35.8%	-14.5%
Qifu Technology	QFIN US	2.5	15.47	+1.6%	+11.5%	-3.7%	+2.2%	-21.6%	-2.2%
East Money	300059 CH	30.2	13.73	+3.5%	+8.0%	-8.8%	-10.5%	-24.2%	-2.2%
FinVolution	FINV US	1.4	5.16	+2.8%	+12.7%	+13.7%	+0.8%	+1.7%	+5.3%
Up Fintech	TIGR US	0.7	3.99	+1.3%	+9.0%	-16.4%	+19.1%	+4.2%	-9.7%
<b>Weighted average</b>				<b>+1.7%</b>	<b>+9.0%</b>	<b>-11.3%</b>	<b>-8.0%</b>	<b>-19.9%</b>	<b>-4.5%</b>

Source: Bloomberg; as of February 23, except for ADRs which were as of February 22

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

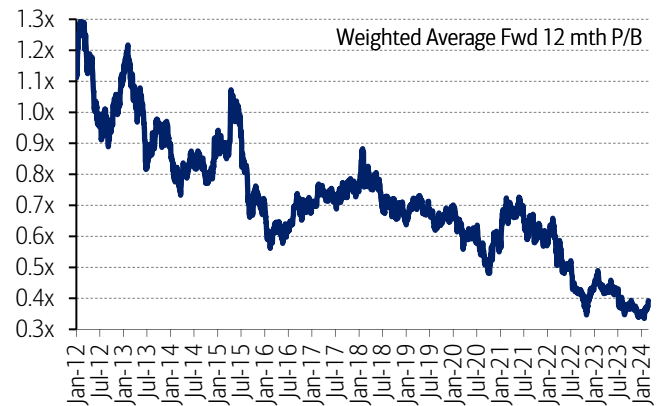
H-share banks' average share price at the low end of the LT average level



Source: Bloomberg, share price here doesn't adjust for dividend; as of Feb 23; LT=Long Term  
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**Exhibit 4: H-share banks' forward P/B valuation since 2012**

P/B increased from 0.37x to 0.39x WoW



Source: Bloomberg, share price here doesn't adjust for dividend; as of Feb 23  
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**A-H share premium****Exhibit 5: A-H share premium**

A-H share premium changed by -3.8ppt to +3.8ppt last week

	ABC	BOC	BoComm	CCB	ICBC	PSBC	CEB	CMB	CNCB	MSB	CQRB	Average
Current	39.9%	58.2%	34.9%	56.9%	43.9%	27.9%	41.5%	12.6%	67.7%	58.6%	51.5%	44.9%
WoW	+2.3ppt	+2.5ppt	+1.0ppt	+0.3ppt	+1.1ppt	+3.8ppt	-2.4ppt	+1.8ppt	+1.5ppt	-2.2ppt	-3.8ppt	+0.5ppt
YTD	+6.8ppt	+10.9ppt	+5.2ppt	+2.9ppt	+6.2ppt	-0.4ppt	+3.9ppt	+0.1ppt	+9.6ppt	+3.4ppt	+3.4ppt	+4.7ppt
vs 2023 avg	+7.6ppt	+16.0ppt	+7.0ppt	+12.2ppt	+12.0ppt	+6.4ppt	-4.2ppt	+9.5ppt	-1.0ppt	+9.2ppt	+1.0ppt	+6.9ppt

Source: Bloomberg; as of February 23

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

Last week, Southbound investors bought ABC/BOC while sold MSB/CMB; Northbound investors bought BOJS/CCB/CIB while sold BOSZ

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	21.95%	8.51%	3.04%	8.31%	26.40%	10.87%	11.87%	5.65%	19.36%	22.37%	37.19%	0.29%	0.06%	0.21%	9.13%
WoW	+25bp	+14bp	+1bp	+3bp	+2bp	+9bp	-1bp	-7bp	-2bp	-12bp	+1bp	-1bp	+0bp	+0bp	-1bp
YTD	+24bp	+30bp	+27bp	+13bp	+8bp	+100bp	-6bp	+86bp	+34bp	+27bp	+51bp	-8bp	-10bp	+0bp	-5bp
Northbound holdings in A-share China banks															
	ABC	BOC	BoComm	CCB	ICBC	PSBC	CEB	CMB	CNCB	MSB	CIB	SPDB	PAB	BOCD	BOHZ
% stake	0.98%	0.80%	3.34%	7.50%	0.98%	1.07%	2.13%	5.46%	0.49%	2.45%	3.55%	2.22%	3.38%	3.92%	2.13%
WoW	+5bp	+2bp	+21bp	+32bp	+4bp	+11bp	+13bp	+15bp	+1bp	+15bp	+25bp	+10bp	+17bp	+9bp	-1bp
YTD	+13bp	+10bp	+68bp	+83bp	+15bp	+5bp	+50bp	+32bp	-3bp	+26bp	+57bp	+25bp	-43bp	+15bp	+2bp
	BOJS	BONB	BONJ	BOSZ	CQRB	CSRB									
% stake	5.44%	4.07%	1.83%	1.96%	4.22%	4.17%									
WoW	+38bp	+12bp	+3bp	-9bp	+20bp	+9bp									
YTD	+173bp	-50bp	-2bp	+32bp	-10bp	+91bp									

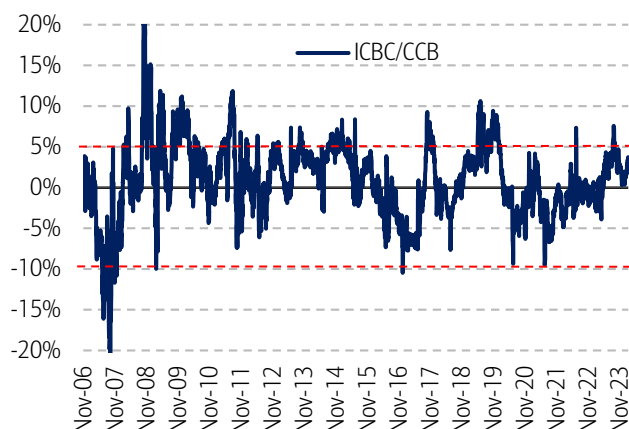
Source: Wind; as of February 22

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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

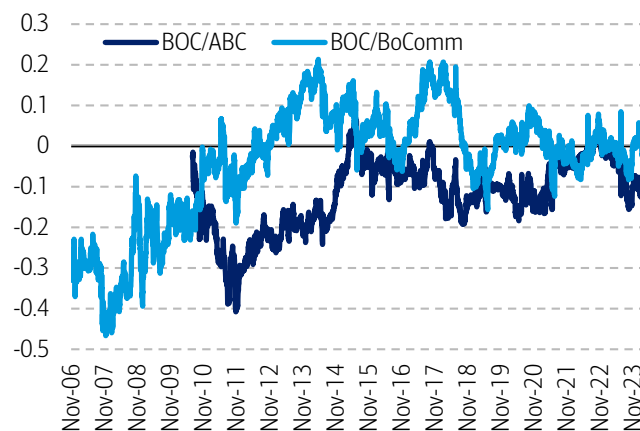


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

BOC traded at 13% and 2% discount to ABC and BoComm

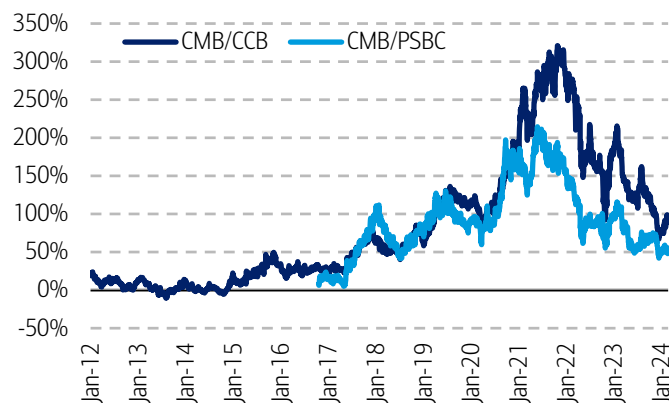


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

CMB's P/B was 95% and 53% higher than CCB and PSBC

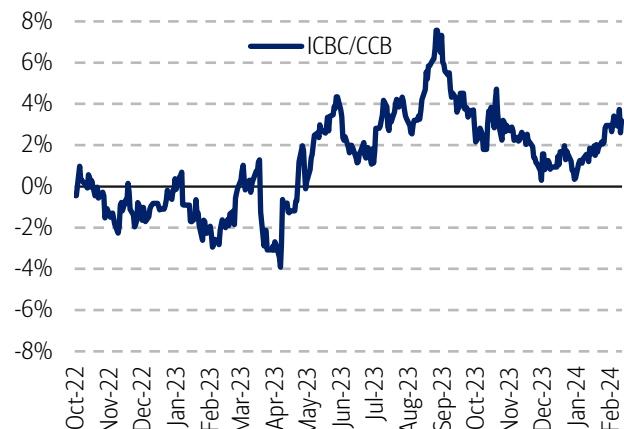


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

ICBC's premium over CCB decreased from 3.4% to 3.2% WoW

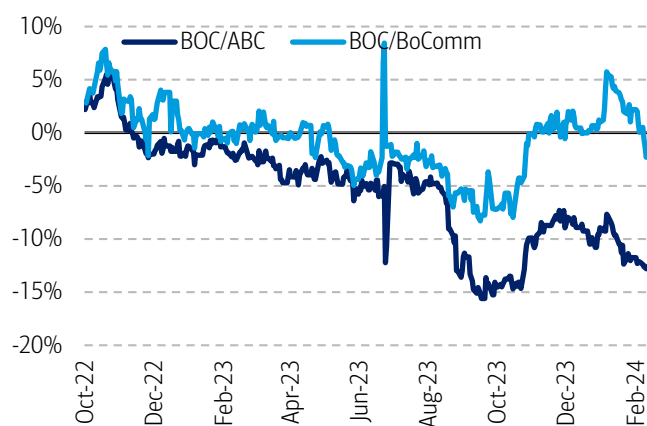


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

BOC's discount to ABC and BoComm enlarged WoW

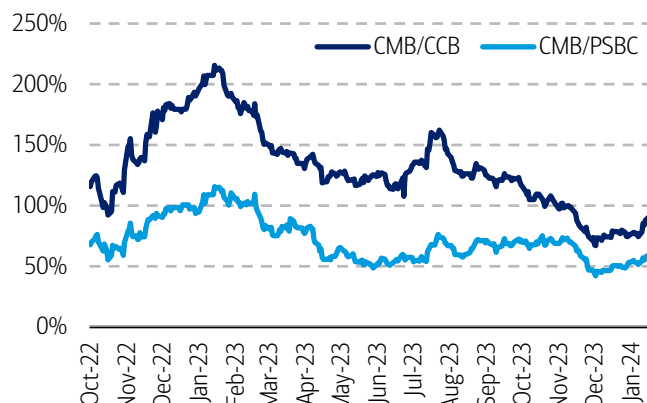


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

CMB's P/B premium over CCB narrowed and to PSBC was unchanged WoW

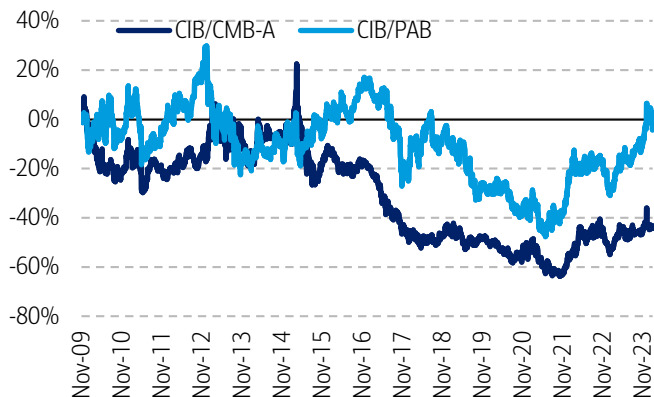


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

CIB's P/B was 44% and 4% lower than CMB-A and PAB

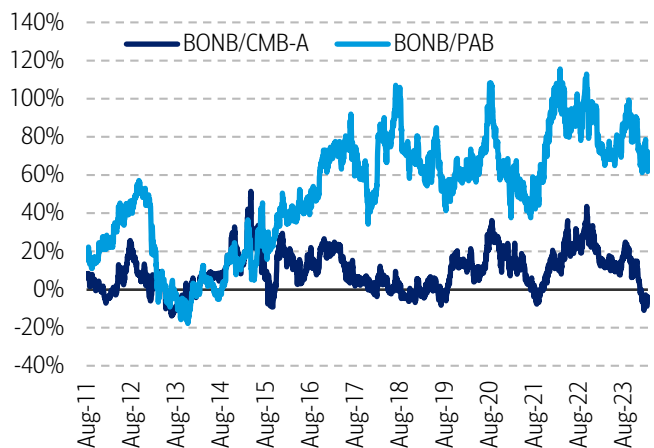


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

BONB's P/B was 4% lower and 64% higher than CMB-A and PAB

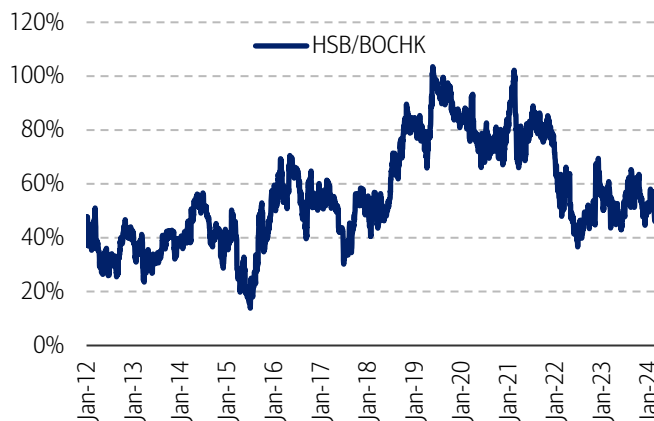


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

HSB's P/B was 55% higher than BOCHK

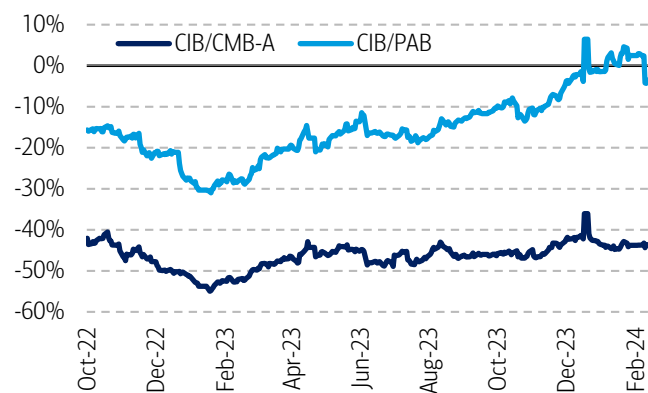


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

CIB's discount to CMB remained unchanged and to PAB enlarged last week

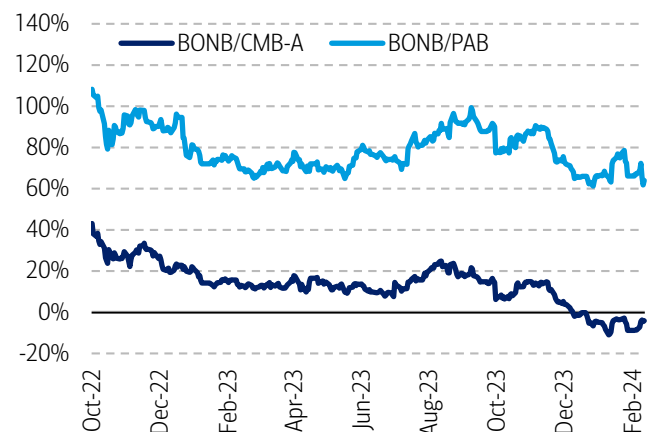


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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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

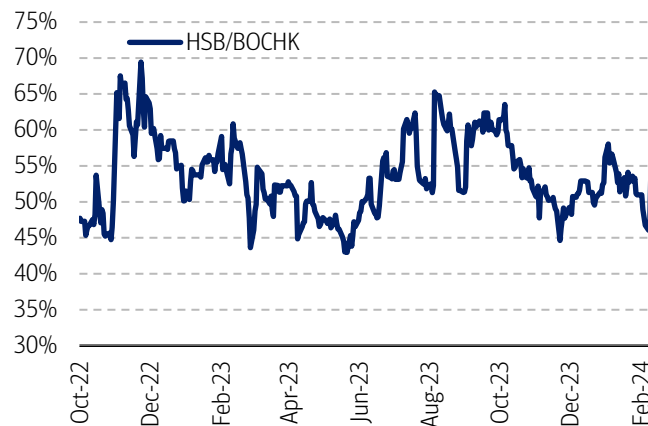


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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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



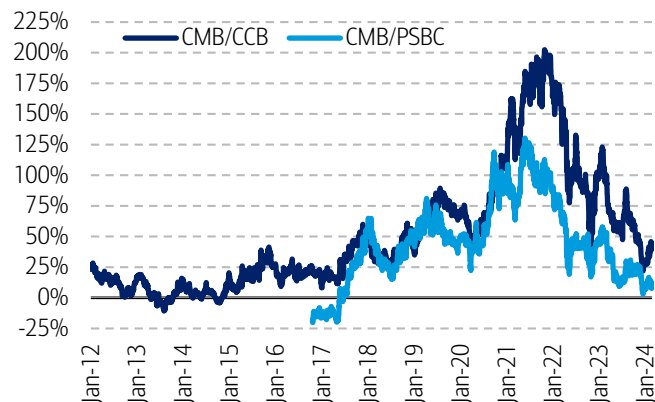
Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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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

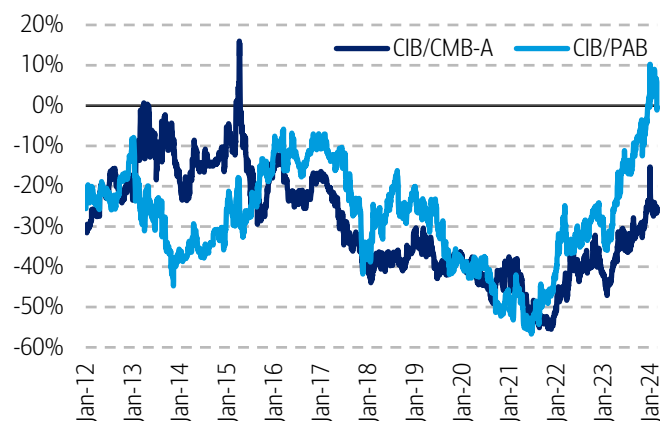


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

CIB's P/E was 26% and 0.3% lower than CMB-A and PAB's

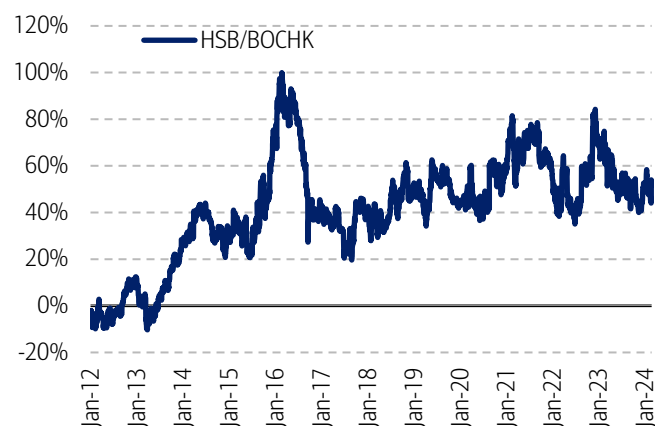


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

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

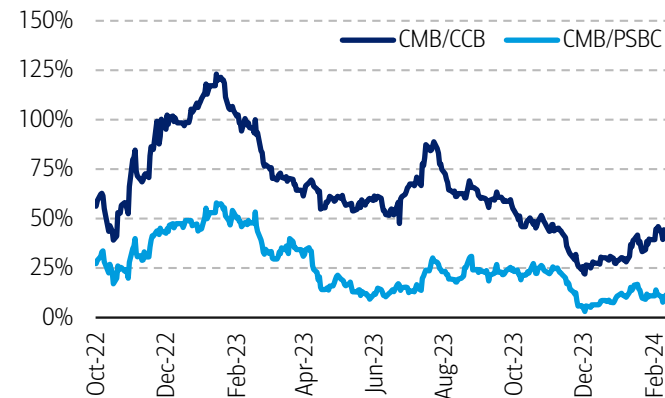


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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

CMB's P/E premium over CCB narrowed and to PSBC unchanged WoW

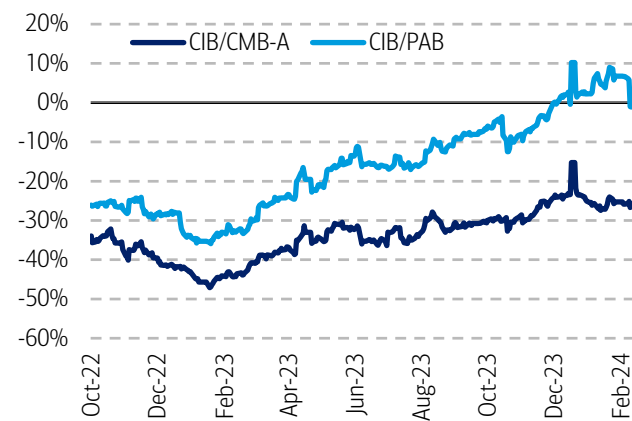


Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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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 remained unchanged and to PAB enlarged WoW



Source: Bloomberg, as of Feb 23, 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



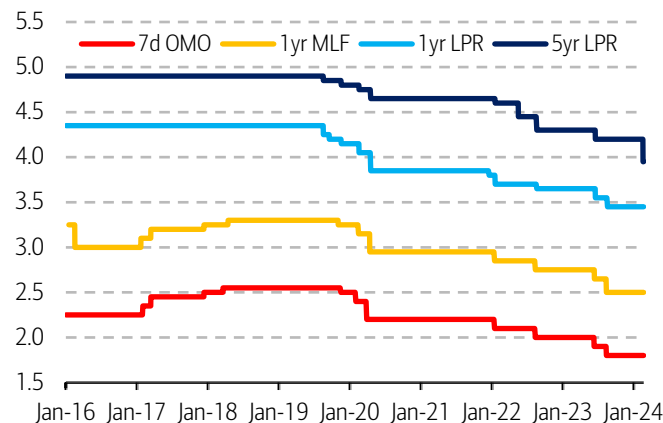
Source: Bloomberg, as of Feb 23, share price here doesn't adjust for dividend

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## Interest rates and NCDs

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

5yr LPR decreased 25bp WoW

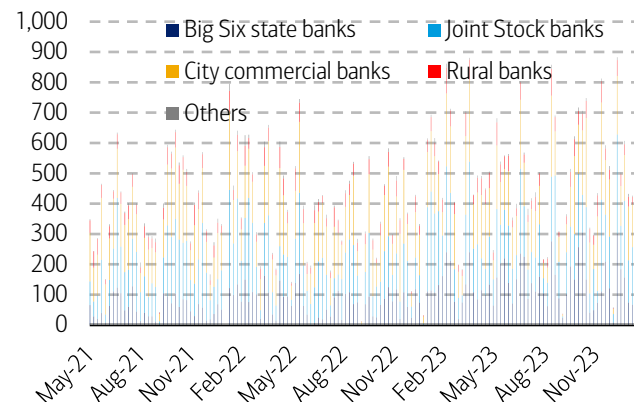


Source: Bloomberg, Wind, as of Feb 23

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

Gross issuance was only RMB0.54bn from Feb 12-18 amid Spring Festival

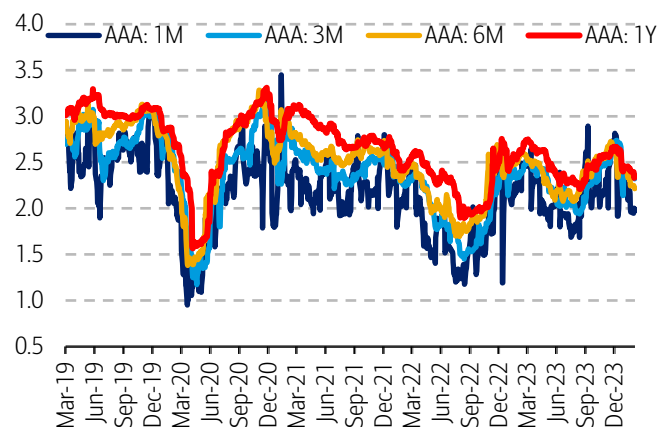


Source: Wind, as of Feb 19, \*NCD: Negotiated Certificate of Deposits

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

AAA rated NCD yields changed by -8bp to +5bp WoW for 1M-1Y tenors

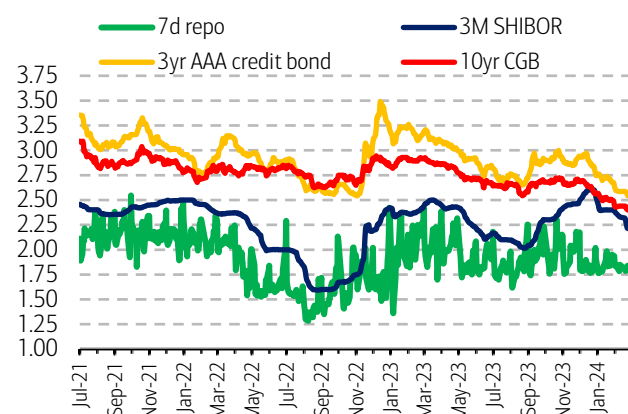


Source: CEIC, as of Feb 22, \*NCD: Negotiated Certificate of Deposits

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

3M SHIBOR down 10bp and 3yr AAA credit/10yr CGB yield down 4bp WoW

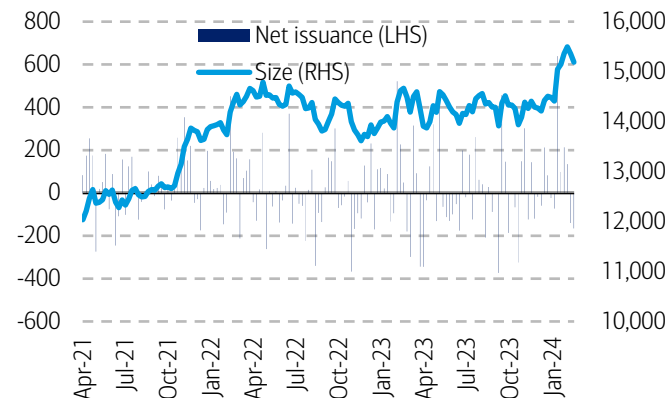


Source: Bloomberg, Wind, as of Feb 23, \*CGB: China Government Bond

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

NCD size decreased from RMB15.4tn to RMB15.2tn WoW

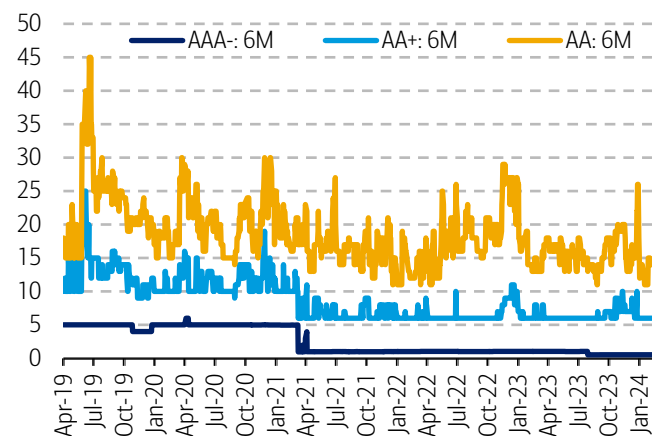


Source: Wind, as of Feb 19, \*NCD: Negotiated Certificate of Deposits

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

Credit spread of 6M AA rated NCDs increased by 2bp last week



Source: CEIC, as of Feb 22, \*NCD: Negotiated Certificate of Deposits

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## Bank FY23 preliminary results

### Exhibit 31: China bank FY23 preliminary results

10 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%

Source: Wind, as of Feb 23

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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.

**INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

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