

Banks - China

Weekly wrap: key takeaways from three expert calls

Industry Overview

Sector performance: A-H premium continued to widen

H-share bank sector fell 3.0% (vs MSCI China/HSI -5.1%/-5.8%). BOC (-1.7%) led, BoComm (-5.9%) lagged. Sector P/B: 0.34x, P/E: 3.3x, dividend yield: 9.5%. **A-share bank sector** increased 0.6% (vs CSI300 -0.4%), with CMB (+4.2%) leading and BOC (-1.5%) lagging. Sector P/B: 0.49x, P/E: 4.7x, dividend yield: 6.4%. The A-H share premium continued to widen (up 9ppt YTD on average) and stood at the highest level in the past decade for CCB (60%), ICBC (48%), PSBC (40%) and CMB (28%). The divergence is mainly driven by fund flows, as H-share banks continued to face foreign selling pressure, while A-share banks find some supports from national team buying and allocation-type money chasing for dividend yields.

Sector update: key takeaways from three expert calls

LGFV expert call: our expert believes that domestic investors' confidence on LGFV debt situation improved in 2H23, post the July politburo meeting, though repayment pressure remains very high. There may be more policies to support the implementation of LGFV debt resolution in 2024, and the risk for LGFV bond default should be low. After 2026, LGFVs in financially weaker regions may no longer be able to raise new debts. More LGFVs may be shut down or converted to commercial entities ([link to takeaway note](#)).

FinTech credit expert call: our expert believes the FinTech credit market will continue to grow, albeit at a milder pace vs past years. Performance will diverge among players. Ant and Tencent (WeBank)'s loan growth could be contained given their large size. Within smaller platforms, ByteDance has emerged into a leading player and should continue to grow at a fast pace in 2024, given its massive user base and rich consumption scenes. Pinduoduo and Kuaishou, although not taking many actions so far, could also grow their FinTech lending business in the future. JD and Meituan are losing market share. Duxiaoman/QFIN may only grow at moderate pace, due to lack of consumption scenes.

FinTech payment expert call: our expert believes the FinTech payment industry has passed the high-growth era and will enter a stable growth period. 2B business and cross-border business could be new growth drivers. AliPay/TenPay are likely to maintain their market dominance in non-bank payment. UnionPay is gaining customers via subsidies, mainly in tier 1-2 cities, but hard to challenge AliPay/TenPay's status. ByteDance may be a challenger, however, it needs to invest a lot to change customers' mind.

Bank specific: CMB pre-guidance & WMPs, Asia II Series

China Merchants Bank (CMB)'s pre-guidance slightly beat BofAe and consensus. See more in our [Jan 19th CMB report](#). CMB's Duo Bao WMPs exceeded RMB1tn by Jan accounting for ~8%/~10% of its total/non-deposit retail AUM. Duo Bao is a series of WMPs that serve as alternatives to deposits and help consolidate client base and attract demand deposits. **Asia II Series:** QFIN/CSRB/CCB/BOC calls during Jan 24-26; RSVP.

22 January 2024

Equity
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LGFV: Local Government Financing Vehicle

WMP: Wealth Management Product

See company acronym at the end of this report

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Performance and valuation

Exhibit 2: China/HK banks: price performance and valuation

BOC/CMB-A/BOCHK outperformed, while BoComm/BOC-A/StanChart underperformed among H-share China banks/A-share China banks/HK banks, respectively

H-Share China Banks	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	Price performance						12mth forward valuation		
				1W	1M	3M	6M	1Y	YTD	P/B	P/E	Dividend yield
ABC	1288 HK	174.6	2.87	-2.7%	-1.4%	-0.7%	+10.0%	+11.6%	-4.7%	0.35x	3.5x	8.9%
BOC	3988 HK	147.1	2.88	-1.7%	-0.3%	+4.3%	+5.1%	+5.8%	-3.4%	0.32x	3.4x	9.4%
BoComm	3328 HK	51.4	4.46	-5.9%	-3.7%	-5.7%	+0.0%	-0.1%	-8.4%	0.30x	3.3x	9.6%
CCB	939 HK	143.6	4.39	-3.5%	-2.2%	-3.5%	+2.3%	-5.7%	-5.6%	0.31x	3.0x	10.1%
ICBC	1398 HK	223.1	3.59	-2.7%	-2.2%	-5.3%	-0.0%	-6.7%	-6.0%	0.32x	3.2x	9.7%
PSBC	1658 HK	57.2	3.42	-3.1%	-4.7%	-10.7%	-23.0%	-32.7%	-8.3%	0.36x	3.4x	9.0%
CEB	6818 HK	22.9	2.20	-3.1%	-0.9%	-3.5%	+0.0%	-3.6%	-5.2%	0.24x	2.7x	10.1%
CMB	3968 HK	100.0	25.15	-4.0%	-0.4%	-17.8%	-24.4%	-46.6%	-7.5%	0.55x	3.8x	8.6%
CNCB	998 HK	33.5	3.65	-2.7%	+3.4%	+2.0%	+0.8%	+6.9%	-0.8%	0.26x	2.5x	10.7%
MSB	1988 HK	21.3	2.52	-4.2%	-1.9%	-0.0%	-12.5%	-6.3%	-4.9%	0.18x	3.1x	9.6%
QORB	3618 HK	6.1	2.88	-4.0%	-2.4%	-4.0%	+5.5%	+15.3%	-5.0%	0.24x	2.5x	11.1%
Weighted average				-3.0%	-1.6%	-4.0%	-1.2%	-6.0%	-5.5%	0.34x	3.3x	9.5%
A-share China Banks	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD	P/B	P/E	Dividend yield
				1W	1M	3M	6M	1Y	YTD	P/B	P/E	Dividend yield
ABC	601288 CH	174.6	3.68	-0.5%	+1.1%	+0.3%	+8.2%	+34.3%	+1.1%	0.49x	4.9x	6.4%
BOC	601988 CH	147.1	3.97	-1.5%	+0.0%	+0.0%	+6.7%	+30.9%	-0.5%	0.48x	5.1x	6.2%
BoComm	601328 CH	51.4	5.77	-0.7%	-0.3%	-1.2%	+4.5%	+26.4%	+0.5%	0.43x	4.7x	6.8%
CCB	601939 CH	143.6	6.48	-1.1%	+0.6%	-2.1%	+10.0%	+22.8%	-0.5%	0.50x	4.7x	6.3%
ICBC	601398 CH	223.1	4.89	+1.7%	+2.1%	+1.2%	+7.2%	+20.4%	+2.3%	0.47x	4.8x	6.5%
PSBC	601658 CH	57.2	4.40	+1.4%	+2.6%	-12.0%	-7.9%	-3.9%	+1.1%	0.51x	4.8x	6.5%
CEB	601818 CH	22.9	3.00	+1.0%	+5.3%	-1.0%	+2.0%	+3.4%	+3.4%	0.35x	4.0x	6.8%
CMB	600036 CH	100.0	29.73	+4.2%	+8.9%	-5.8%	-5.9%	-22.8%	+6.9%	0.71x	4.9x	6.7%
CNCB	601998 CH	33.5	5.61	+0.4%	+6.9%	-2.1%	-2.5%	+17.2%	+6.0%	0.44x	4.2x	6.4%
MSB	600016 CH	21.3	3.77	+0.8%	-0.5%	+3.3%	-3.8%	+14.6%	+0.8%	0.29x	5.0x	5.9%
CIB	601166 CH	43.7	15.15	+3.1%	+5.2%	-4.4%	-3.6%	-9.9%	-6.5%	0.40x	3.6x	7.3%
SPDB	600000 CH	26.9	6.59	+1.4%	+0.5%	-3.7%	-7.1%	-6.0%	-0.5%	0.29x	5.5x	3.6%
PAB	000001 CH	24.7	9.17	-0.2%	+0.8%	-13.5%	-18.9%	-37.7%	-2.3%	0.39x	3.4x	3.7%
BOCD	601838 CH	6.4	12.02	+2.0%	+10.3%	-8.6%	-1.0%	-10.0%	+6.7%	0.62x	3.3x	8.7%
BOHZ	600926 CH	8.6	10.45	+2.6%	+8.3%	+0.8%	-7.7%	-18.7%	+4.4%	0.58x	3.8x	6.3%
BOJS	600919 CH	18.1	7.10	+2.6%	+9.1%	+0.3%	+1.0%	+1.1%	+6.1%	0.52x	3.3x	9.9%
BONB	002142 CH	18.2	19.79	+0.6%	-0.6%	-18.5%	-18.6%	-39.3%	-1.6%	0.65x	4.5x	3.4%
BONJ	601009 CH	11.3	7.88	+3.8%	+10.8%	+1.9%	-3.0%	-21.0%	+6.8%	0.51x	4.1x	7.8%
BOSZ	002966 CH	3.4	6.73	+0.0%	+5.8%	+0.7%	+0.1%	-11.7%	+4.2%	0.55x	4.4x	7.0%
QORB	601077 CH	6.1	4.19	-0.7%	+1.0%	+1.0%	+13.6%	+25.6%	+2.7%	0.38x	4.0x	7.3%
CSRB	601128 CH	2.6	6.73	+0.4%	+3.2%	-8.1%	-1.3%	-5.6%	+5.3%	0.66x	4.7x	5.1%
Weighted average				+0.6%	+2.5%	-2.0%	+3.0%	+13.6%	+1.4%	0.49x	4.7x	6.4%
HK Banks	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD	P/B	P/E	Dividend yield
				1W	1M	3M	6M	1Y	YTD	P/B	P/E	Dividend yield
BOCHK	2388 HK	25.1	18.56	-3.4%	-8.3%	-10.8%	-16.1%	-26.7%	-12.5%	0.58x	5.5x	9.8%
BEA	23 HK	3.0	8.92	-4.2%	-3.9%	-7.9%	-22.1%	-5.9%	-7.5%	0.24x	4.5x	10.7%
HSB	11 HK	20.2	82.50	-3.5%	-5.0%	-11.1%	-22.8%	-32.2%	-9.4%	0.91x	8.4x	7.8%
HSBC	5 HK	143.7	58.65	-4.6%	-2.7%	-2.1%	-4.8%	+11.0%	-6.9%	0.80x	5.7x	10.5%
StanChart	2888 HK	19.4	56.85	-8.3%	-10.2%	-18.1%	-18.9%	-13.2%	-13.0%	0.41x	4.7x	4.1%
Weighted average				-4.7%	-4.3%	-5.6%	-9.4%	-0.1%	-8.4%	0.74x	5.8x	9.6%
Major indices	Bloomberg ticker	Price		1W	1M	3M	6M	1Y	YTD			
				1W	1M	3M	6M	1Y	YTD			
MSCI China	MXCN Index	50.9		-5.1%	-7.6%	-11.3%	-17.2%	-29.1%	-9.0%			
HSI	HSI Index	15,309		-5.8%	-7.2%	-11.5%	-19.2%	-29.3%	-10.2%			
HK Financials	H-FIN Index	10,748		-4.3%	-3.2%	-10.6%	-11.6%	-24.2%	-7.5%			
Hang Seng TECH	HSTECH Index	3,130		-9.8%	-15.6%	-15.4%	-23.9%	-29.7%	-16.9%			
China Internet ETF	KWEB US	23.7		-7.5%	-10.4%	-9.2%	-13.7%	-27.6%	-12.2%			
SSE50	SSE50 Index	2,244		+0.3%	-0.6%	-6.6%	-10.9%	-20.5%	-3.6%			
CSI300	SHSZ300 Index	3,270		-0.4%	-1.9%	-7.5%	-15.1%	-21.3%	-4.7%			
CSI500	SH000905 Index	5,018		-3.6%	-6.7%	-8.2%	-16.3%	-19.1%	-7.6%			
S&P500	SPX Index	4,781		+0.0%	+0.9%	+10.8%	+5.0%	+21.7%	+0.2%			
NASDAQ	CCMP Index	15,056		+0.6%	+1.0%	+13.1%	+4.9%	+37.4%	+0.3%			
US banks	BKX Index	91.8		-3.5%	-3.4%	+19.7%	+7.1%	-12.3%	-4.4%			
EU banks	SX7P Index	164.8		-1.6%	-1.3%	+2.8%	+2.8%	+6.4%	-2.4%			

Source: Bloomberg; as of January 19 except for US/EU ones which were as of January 18



Exhibit 3: China insurance, brokers, and diversified financials: price performance

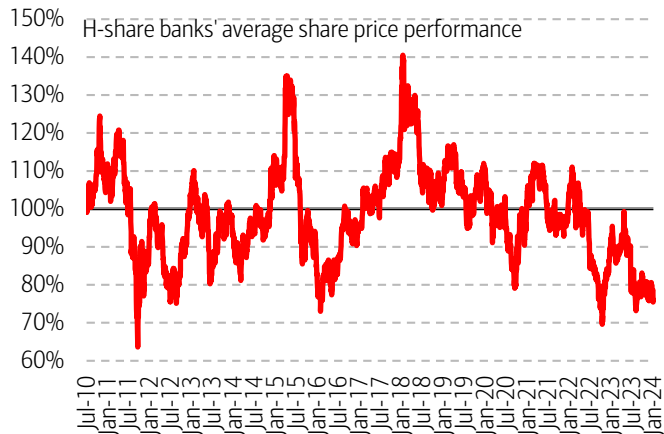
PICC P&C/Ping An-A/Huatai Securities/Orient Securities-A/East Money outperformed, while Zhong An /PICC Group-A/CICC/CICC-A/Lufax underperformed among H-share China insurance/A-share China insurance/H-share China brokers/A-share China brokers/China diversified financials

				Price performance					
H-Share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Life	2628 HK	83.1	8.54	-6.2%	-11.5%	-25.3%	-26.6%	-39.7%	-15.6%
China Pacific	2601 HK	25.8	13.32	-7.6%	-8.3%	-32.3%	-30.6%	-33.2%	-15.5%
New China Life	1336 HK	10.1	13.24	-6.6%	-6.9%	-30.7%	-30.7%	-35.4%	-13.0%
PICC Group	1339 HK	25.8	2.36	-3.7%	+1.3%	-13.6%	-16.3%	-4.1%	-1.7%
PICC P&C	2328 HK	27.1	9.51	-3.0%	+7.8%	-0.1%	+12.5%	+34.2%	+2.5%
Ping An	2318 HK	87.5	30.35	-7.2%	-8.2%	-25.8%	-38.3%	-47.1%	-14.1%
Zhong An	6060 HK	2.6	14.08	-13.7%	-18.9%	-34.7%	-36.0%	-47.5%	-21.1%
AIA	1299 HK	87.8	60.45	-4.7%	-9.0%	-9.4%	-22.5%	-29.4%	-11.2%
Weighted average				-5.8%	-7.3%	-19.4%	-25.2%	-30.1%	-11.7%
A-share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Life	601628 CH	83.1	25.89	+0.7%	-7.1%	-28.1%	-20.6%	-27.0%	-8.7%
China Pacific	601601 CH	25.8	22.16	+1.0%	-4.5%	-24.6%	-19.6%	-10.9%	-6.8%
New China Life	601336 CH	10.1	28.83	+0.8%	-3.4%	-20.2%	-26.1%	-10.5%	-7.4%
PICC Group	601319 CH	25.8	4.70	+0.6%	-1.3%	-16.4%	-20.0%	-8.1%	-2.9%
Ping An	601318 CH	87.5	39.20	+3.1%	+1.3%	-13.1%	-16.3%	-20.4%	-2.7%
Weighted average				+1.6%	-2.9%	-20.4%	-19.0%	-19.9%	-5.5%
H-Share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	6881 HK	12.9	3.76	-5.5%	-4.6%	-4.1%	-5.8%	-7.4%	-9.0%
China Merchants Securities	6099 HK	14.4	5.87	-4.2%	-5.0%	-9.8%	-20.2%	-31.0%	-8.1%
China Securities	6066 HK	20.2	5.95	-6.9%	-11.9%	-17.4%	-29.4%	-26.4%	-13.8%
CICC	3908 HK	15.5	9.34	-7.7%	-11.7%	-30.4%	-33.7%	-45.6%	-18.5%
CITIC Securities	6030 HK	38.1	15.30	-5.0%	-1.0%	+0.3%	+8.2%	-13.0%	-4.0%
Everbright Securities	6178 HK	8.3	4.77	-5.4%	-5.4%	-9.7%	-13.7%	-19.6%	-7.7%
GF Securities	1776 HK	13.0	7.77	-6.9%	-14.4%	-21.1%	-26.7%	-39.2%	-16.8%
Guotai Junan Securities	2611 HK	16.5	8.51	-4.1%	-1.4%	-1.2%	-9.9%	-8.5%	-3.2%
Haitong Securities	6837 HK	13.6	3.71	-7.5%	-8.2%	-17.6%	-24.7%	-29.1%	-11.0%
Huatai Securities	6886 HK	16.0	9.70	-1.5%	+0.2%	-3.4%	-0.9%	+1.8%	-1.6%
Orient Securities	3958 HK	9.0	3.08	-5.5%	-5.8%	-11.2%	-29.8%	-33.8%	-10.7%
Weighted average				-5.4%	-5.7%	-10.0%	-13.6%	-21.2%	-8.8%
A-share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	601881 CH	12.9	11.04	-1.3%	-11.7%	-1.9%	-7.4%	+12.4%	-8.4%
China Merchants Securities	600999 CH	14.4	13.03	+0.6%	-6.0%	-6.1%	-5.7%	-9.5%	-4.5%
China Securities	601066 CH	20.2	21.30	+0.5%	-11.4%	-12.2%	-12.8%	-20.8%	-10.0%
CICC	601995 CH	15.5	32.61	-1.8%	-15.6%	-11.4%	-10.6%	-18.6%	-14.3%
CITIC Securities	600030 CH	38.1	19.47	-0.3%	-5.7%	-9.7%	-2.6%	-8.0%	-4.4%
Everbright Securities	601788 CH	8.3	14.46	+0.4%	-6.6%	-10.5%	-12.1%	-11.2%	-6.2%
GF Securities	000776 CH	13.0	13.70	-1.5%	-3.1%	-5.4%	-6.1%	-23.0%	-4.1%
Guotai Junan Securities	601211 CH	16.5	14.37	-0.7%	-4.2%	-0.6%	-1.6%	+3.6%	-3.4%
Haitong Securities	600837 CH	13.6	8.91	+0.2%	-5.8%	-8.0%	-5.6%	-3.2%	-4.9%
Huatai Securities	601688 CH	16.0	13.65	+0.3%	-3.3%	-13.6%	-4.6%	+7.3%	-2.2%
Orient Securities	600958 CH	9.0	8.30	+1.0%	-1.9%	-1.9%	-16.2%	-24.4%	-4.6%
Weighted average				-0.3%	-7.0%	-8.0%	-6.8%	-8.3%	-6.0%
Diversified Financials	Bloomberg ticker	Market cap (USD bn)	Price (HKD; USD)	1W	1M	3M	6M	1Y	YTD
HKEX	388 HK	37.2	229.60	-8.5%	-10.5%	-18.8%	-21.2%	-34.8%	-14.3%
Futu	FUTU US	6.4	46.11	-4.9%	-10.8%	-25.8%	+4.7%	-6.6%	-15.6%
Lufax	LU US	1.3	2.21	-13.7%	-30.1%	-41.6%	-62.4%	-76.9%	-28.0%
Noah	NOAH US	0.8	12.08	-2.3%	-11.8%	+5.3%	-18.4%	-27.0%	-12.5%
Qifu Technology	QFIN US	2.3	14.50	-4.7%	+0.6%	-2.5%	-17.6%	-30.8%	-8.3%
East Money	300059 CH	28.0	12.70	-1.9%	-10.4%	-15.2%	-11.6%	-34.5%	-9.5%
FinVolution	FINV US	1.3	4.65	-4.3%	-0.4%	-2.1%	-10.4%	-8.2%	-5.1%
Up Fintech	TIGR US	0.6	3.63	-9.0%	-10.6%	-25.2%	+19.8%	-6.2%	-17.9%
Weighted average				-5.7%	-10.3%	-17.5%	-15.6%	-32.2%	-12.6%

Source: Bloomberg; as of January 19, except for ADRs which were as of January 18

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

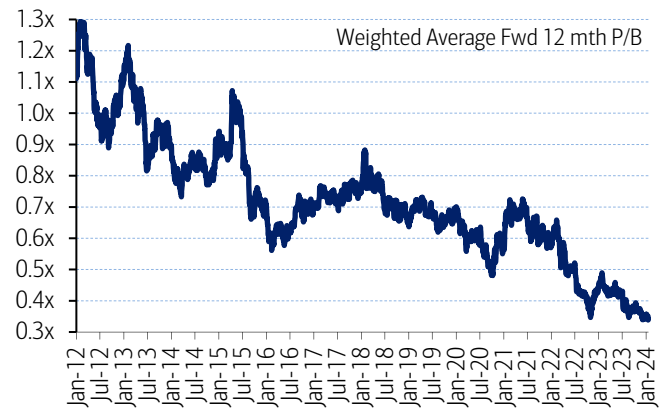
H-share banks' average share price at the low end of the LT average level



Source: Bloomberg, share price here doesn't adjust for dividend; as of Jan 19; LT=Long Term
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Exhibit 4: H-share banks' forward P/B valuation since 2012

P/B decreased from 0.35x to 0.34x WoW



Source: Bloomberg, share price here doesn't adjust for dividend; as of Jan 19
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A-H share premium**Exhibit 6: A-H share premium**

A-H share premium changed by -0.3ppt to +9.6ppt last week

	ABC	BOC	BoComm	CCB	ICBC	PSBC	CEB	CMB	CNCB	MSB	CQRB	Average
Current	39.4%	49.8%	40.6%	60.4%	48.0%	39.8%	48.2%	28.5%	67.0%	62.6%	58.1%	49.3%
WoW	+2.4ppt	-0.3ppt	+6.8ppt	+3.3ppt	+5.7ppt	+5.6ppt	+5.4ppt	+9.6ppt	+4.3ppt	+7.3ppt	+4.6ppt	+5.0ppt
YTD	+6.3ppt	+2.5ppt	+10.9ppt	+6.4ppt	+10.4ppt	+11.5ppt	+10.7ppt	+16.0ppt	+8.9ppt	+7.3ppt	+10.0ppt	+9.2ppt
vs 2023 avg	+7.1ppt	+7.6ppt	+12.7ppt	+15.7ppt	+16.2ppt	+18.3ppt	+2.5ppt	+25.3ppt	-1.7ppt	+13.1ppt	+7.6ppt	+11.3ppt

Source: Bloomberg; as of January 19

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Stock connect holdings**Exhibit 7: Shanghai/Shenzhen-HK Stock Connect Holdings**

Last week, Southbound investors bought CMB/PSBC while sold ABC; Northbound investors bought CSRB/BOJS/BOSZ while sold PAB/BONB

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	21.37%	8.31%	2.83%	8.21%	26.33%	10.07%	11.90%	5.26%	19.01%	22.14%	36.48%	0.35%	0.07%	0.21%	9.15%
WoW	-11bp	+2bp	+2bp	+7bp	+1bp	+10bp	+2bp	+22bp	+1bp	+0bp	+8bp	+1bp	-2bp	+0bp	-1bp
YTD	-34bp	+10bp	+6bp	+3bp	+1bp	+20bp	-3bp	+47bp	-1bp	+4bp	-20bp	-2bp	-9bp	+0bp	-3bp
Northbound holdings in A-share China banks															
	ABC	BOC	BoComm	CCB	ICBC	PSBC*	CEB	CMB	CNCB	MSB	CIB	SPDB	PAB	BOCD	BOHZ
% stake	0.87%	0.70%	2.62%	6.66%	0.84%	0.88%	1.80%	5.04%	0.46%	2.27%	2.95%	1.92%	3.34%	3.70%	2.21%
WoW	-2bp	-1bp	-7bp	+17bp	+1bp	+3bp	+13bp	-4bp	-1bp	+5bp	+3bp	-2bp	-26bp	+7bp	+7bp
YTD	+2bp	+0bp	-4bp	-1bp	+1bp	-14bp	+17bp	-10bp	-6bp	+8bp	-3bp	-5bp	-47bp	-7bp	+10bp
	BOJS	BONB	BONJ	BOSZ	CQRB	CSRB									
% stake	4.38%	4.60%	1.88%	1.68%	4.67%	4.13%									
WoW	+43bp	-19bp	+8bp	+22bp	-2bp	+51bp									
YTD	+67bp	+3bp	+3bp	+4bp	+35bp	+87bp									

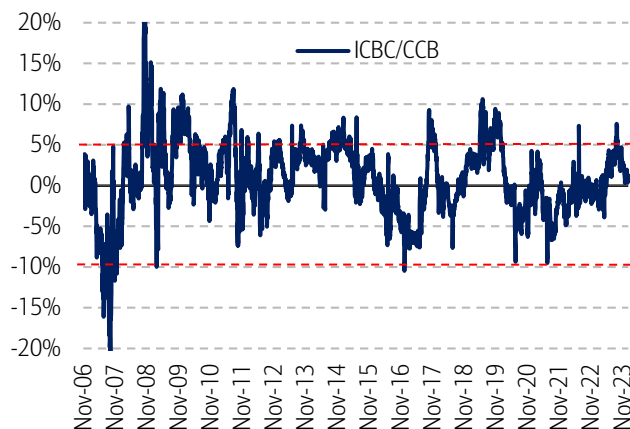
Source: Wind; as of January 18, *adjust the impact from change of tradable shares

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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

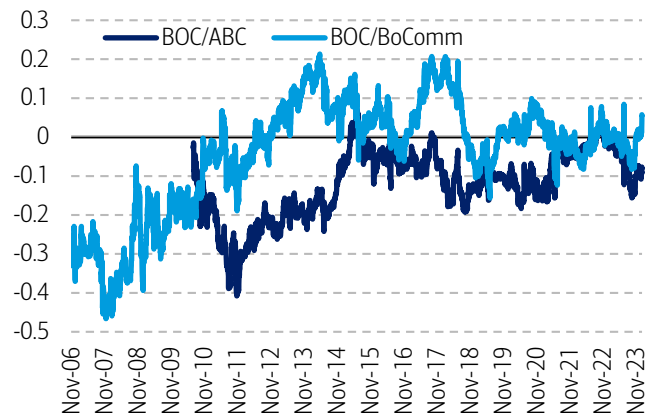


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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

BOC traded at 8% discount to ABC and 6% premium to BoComm

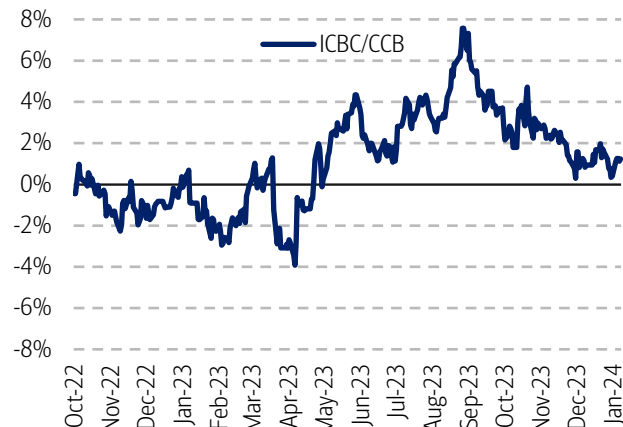


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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

ICBC's premium over CCB increased from 0.4% to 1.2% WoW

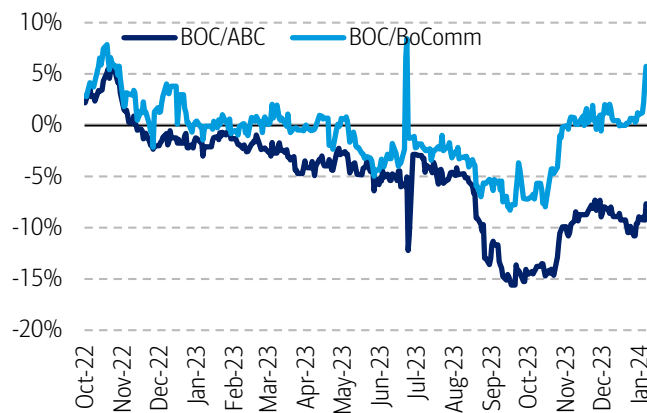


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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

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

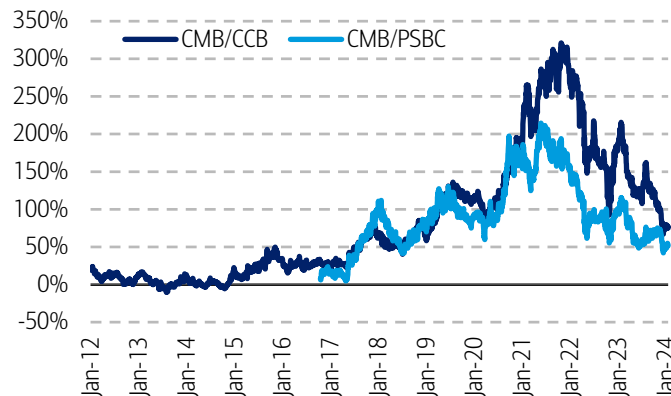


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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

CMB's P/B was 75% and 52% higher than CCB and PSBC

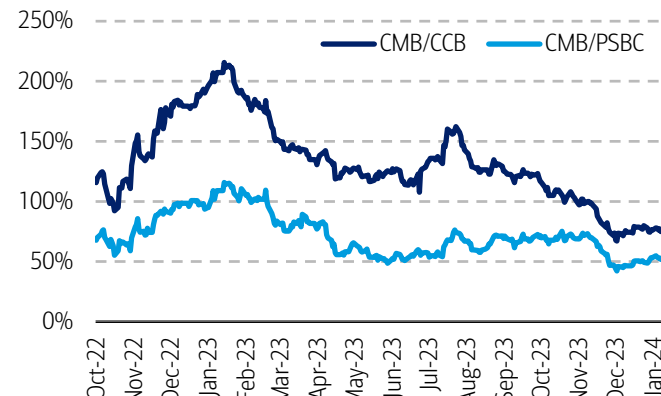


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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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 narrowed WoW

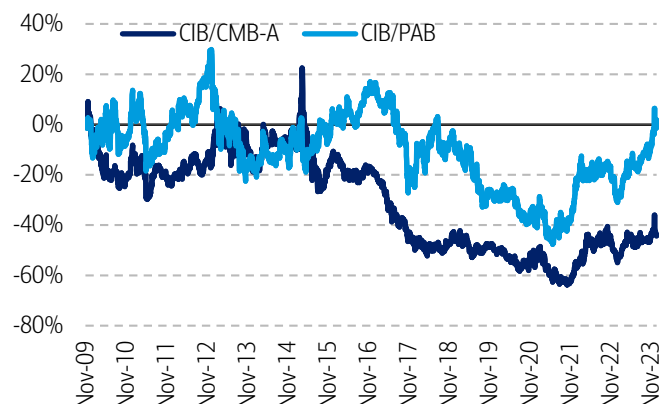


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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

CIB's P/B was 44% lower and 2% higher than CMB-A and PAB

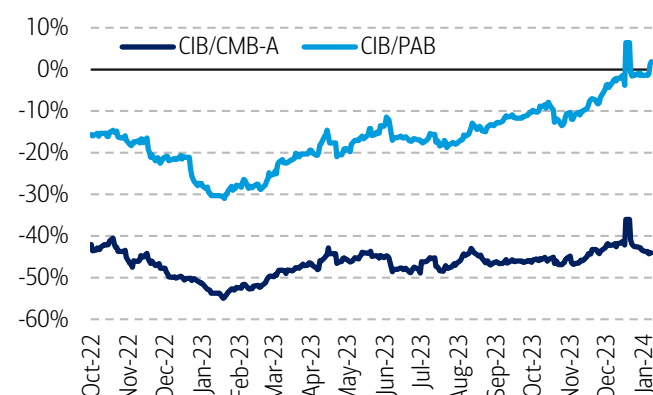


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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

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

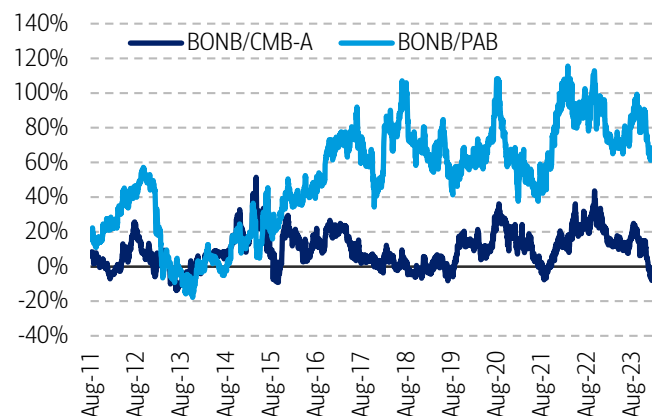


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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

BONB's P/B was 8% lower and 67% higher than CMB-A and PAB

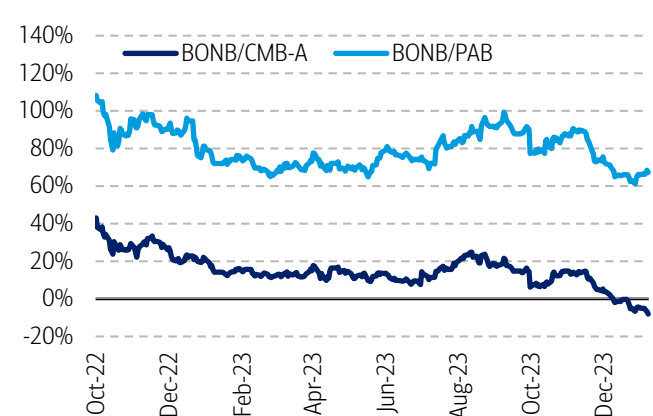


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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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 over PAB enlarged WoW



Source: Bloomberg, as of Jan 19, 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 56% higher than BOCHK

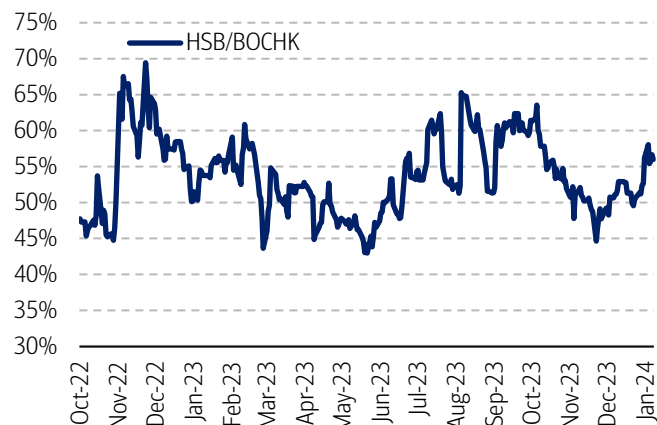


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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

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

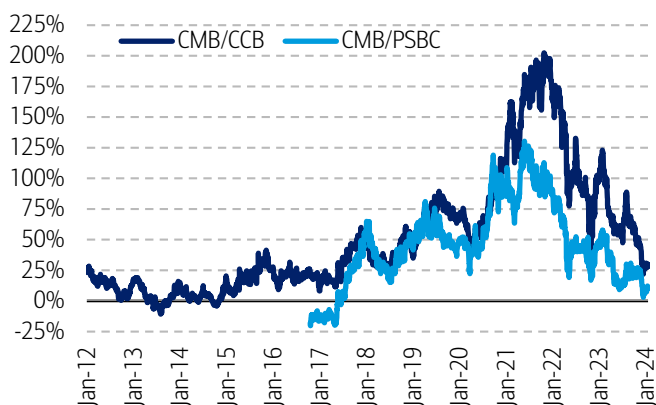


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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

CMB's P/E was 28% and 10% higher than CCB and PSBC's

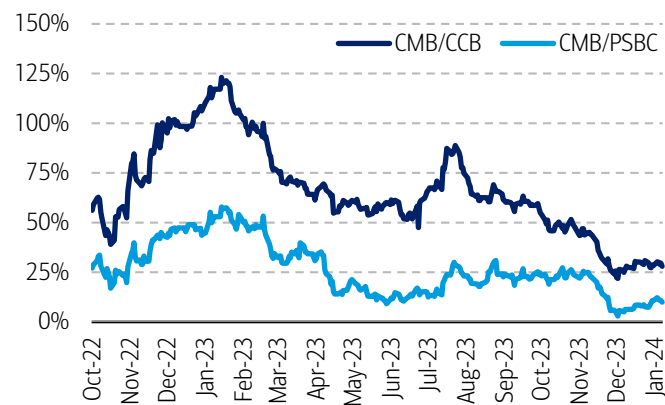


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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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 narrowed slightly WoW

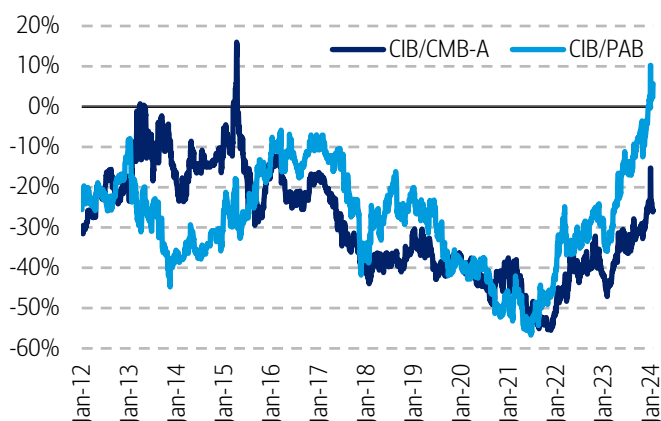


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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

CIB's P/E was 26% lower than CMB-A and 6% higher than PAB's

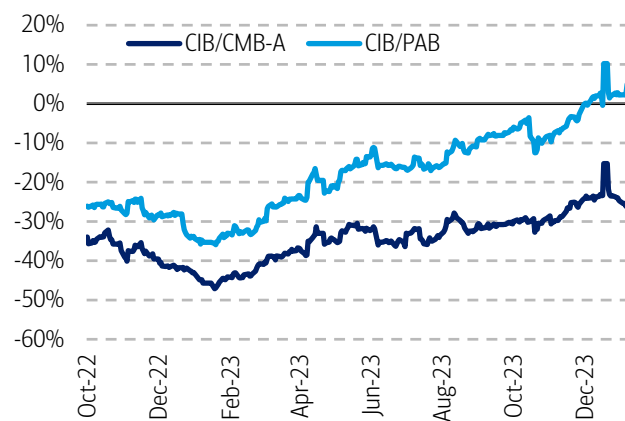


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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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 enlarged WoW



Source: Bloomberg, as of Jan 19, 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 53% higher than BOCHK's

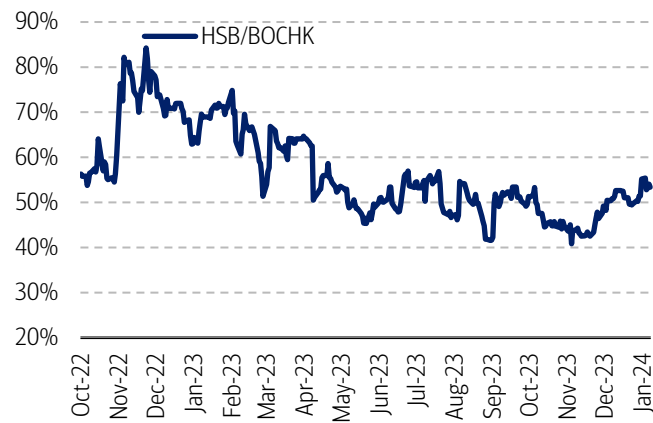


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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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

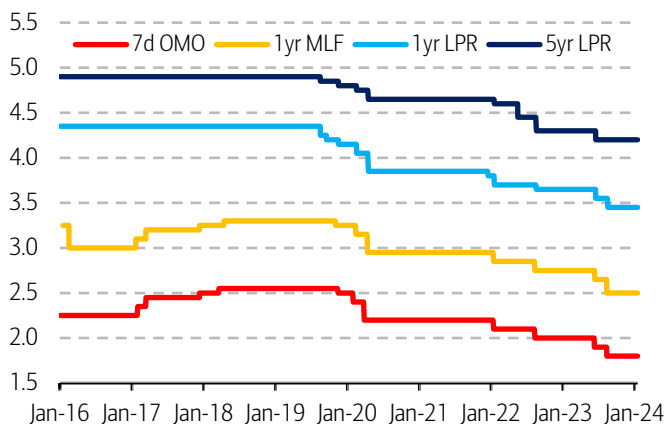


Source: Bloomberg, as of Jan 19, share price here doesn't adjust for dividend

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Interest rates and NCDs**Exhibit 25: Major policy rate (%)**

Major policy rates remained unchanged WoW

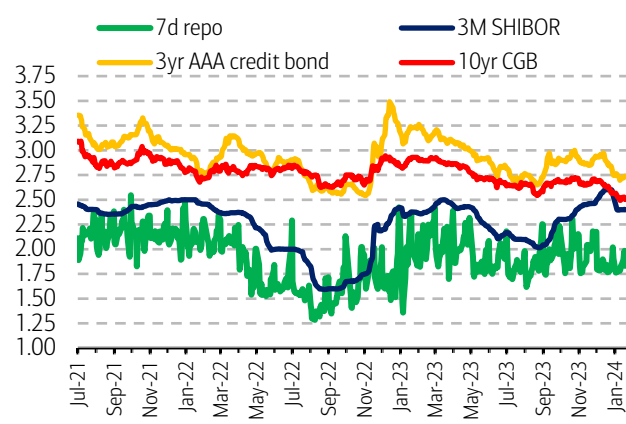


Source: Bloomberg, Wind, as of Jan 19

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Exhibit 26: Major market rate (%)

Major market rates changed by -2 to +3bp WoW

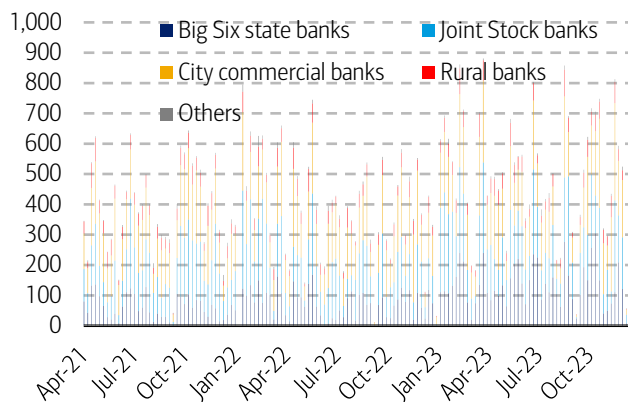


Source: Bloomberg, Wind, as of Jan 19, *CGB: China Government Bond

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

Gross issuance was RMB883bn from Jan 8 to Jan 14

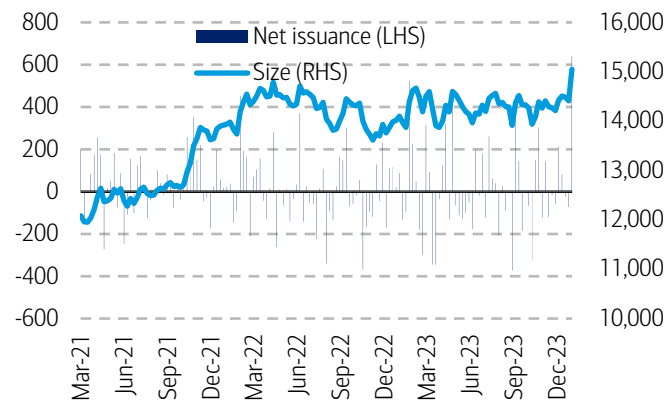


Source: Wind, as of Jan 15, *NCD: Negotiated Certificate of Deposits

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

NCD size increased from RMB14.4tn to RMB15.0tn WoW

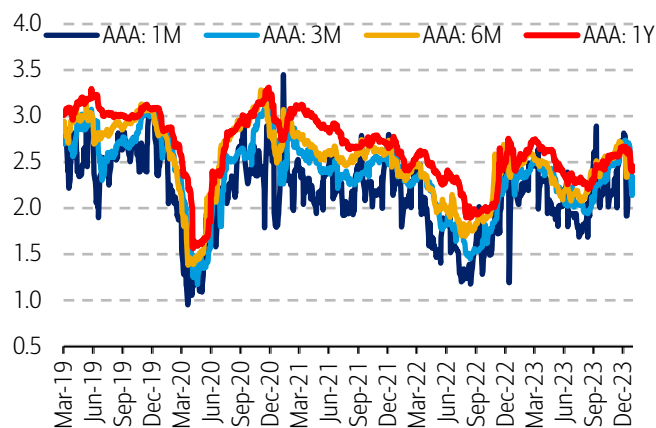


Source: Wind, as of Jan 15, *NCD: Negotiated Certificate of Deposits

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

AAA rated NCD yields rose by 3-5bp WoW for 1M-2M tenors

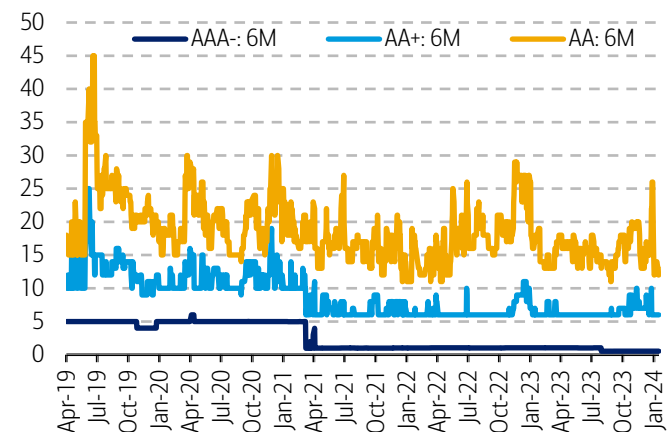


Source: CEIC, as of Jan 18, *NCD: Negotiated Certificate of Deposits

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

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



Source: CEIC, as of Jan 18, *NCD: Negotiated Certificate of Deposits

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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

NCL: New China Life Insurance

PICC P&C: PICC Property and Casualty Company

QFIN: Qifu Technology



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Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R1} 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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