

Banks - China

Weekly wrap: another way to defuse LGFV debt risk

Industry Overview

Sector performance: banks retreated after recent strength

H-share bank sector fell 2.4% (vs MSCI China/HSI -1.1%/-0.8%). BoComm (-1.0%) outperformed, while CMB (-4.6%) underperformed. Sector P/B: 0.38x, P/E: 3.7x, dividend yield: 8.4%. **A-share bank sector** declined 2.2% (vs CSI300 +1.4%), with BONJ (-0.1%) leading and BOSZ (-4.2%) lagging. Sector P/B: 0.53x, P/E: 5.2x, dividend yield: 5.8%.

Sector focus: unified borrowing/repayment of LGFV bonds

In addition to the three measures to defuse LGFV (Local Government Financing Vehicle) debt risk (see our [weekly on Oct 23rd, 2023](#)), i.e., 1) special refinancing bonds, 2) bank loan swap and 3) PBOC (People's Bank of China) contingent liquidity supports, the fourth measure "unified borrowing and repayment of LGFV bonds" emerged. A Guizhou LGFV ("Guizhou Hongyingda") issued a private placement bond recently to repay the matured bonds of another Guizhou LGFV ("Guizhou Qiancheng"). Both are LGFVs in Xixiu District, Anshun City, Guizhou Province. "Unified borrowing and repayment of LGFV bonds" is part of the comprehensive plan to resolve the LGFV debt issues ("Article 35"). To support the roll-over of LGFV debt due in 2023-24, 12 high-risk provinces support better-quality LGFVs to issue bonds to help weaker-quality LGFVs to repay. The measure only applies to firms on the LGFV list submitted on Mar 31st, 2023. The bond issuance quota of better-quality LGFVs will be determined by the total size of bonds due of both the better-quality and weaker-quality LGFVs.

Company specific: PAB, BONB, CEB, MSB, Futu

Ping An Bank (PAB) and **Bank of Ningbo (BONB)** echoed Shenzhen Stock Exchange's call to publish announcements on the initiatives to improve both quality and return. While the announcements followed similar template as other Shenzhen listed companies, PAB's tone on dividend payout is more positive than BONB: PAB said it intends to steadily increase dividend payout ratio on the premise that profitability and capital adequacy ratios meet the requirements for sustainable operations and long-term development, while BONB stated it will dynamically balance the needs of business development and shareholder return to formulate reasonable profit distribution policies. Both PAB and BONB's latest payout ratio (13-15%) and dividend yield (~3%) are low among peers. FTSE China A50 Index added **China Everbright Bank (CEB)** and deleted **BONB** in the 1Q24 review. The changes will become effective post market close on Mar 15th. **Minsheng Bank (MSB)** has also been included in the FTSE China A50 Index alternative stock list. **Futu** launched Malaysia business on Feb 27th and amassed >120k users and >10k clients within just 3 days. **Key reports:** A glimpse from sector data: some joint stock banks' FY23 profits could miss (Feb 27th, 2024). [BEA post result call takeaways](#) (Feb 28th, 2024). **Results:** Mar 13th: QFIN; Mar 14th: PAB/Futu. **Briefing:** QFIN: 8:30am HKT, Mar 13th; Futu: 7:30pm HKT, Mar 14th; PAB: 10am HKT, Mar 15th.

This weekly will pause next week and resume in the week of Mar 18th.

04 March 2024

Equity
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Refer to important disclosures on page 10 to 12.

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Performance and valuation

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

BoComm/BONJ/StanChart outperformed, while CMB/BOSZ/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	200.7	3.23	-2.4%	+7.3%	+13.7%	+20.1%	+27.4%	+7.3%	0.39x	3.9x	8.0%
BOC	3988 HK	164.1	3.08	-2.5%	+5.1%	+8.8%	+15.8%	+14.0%	+3.4%	0.34x	3.6x	8.7%
BoComm	3328 HK	57.6	5.18	-1.0%	+11.4%	+12.4%	+15.4%	+18.2%	+6.4%	0.35x	3.9x	8.2%
CCB	939 HK	159.2	4.88	-2.0%	+5.6%	+9.4%	+16.2%	+7.8%	+4.9%	0.34x	3.3x	9.2%
ICBC	1398 HK	244.9	4.05	-2.2%	+6.9%	+9.8%	+12.5%	+8.9%	+6.0%	0.35x	3.7x	8.4%
PSBC	1658 HK	63.9	4.16	-1.9%	+10.3%	+19.9%	+7.5%	-8.6%	+11.5%	0.44x	4.2x	7.4%
CEB	6818 HK	24.7	2.46	-2.4%	+6.0%	+11.3%	+8.8%	+15.6%	+6.0%	0.26x	3.1x	9.2%
CMB	3968 HK	109.3	30.35	-4.6%	+8.4%	+13.7%	-2.1%	-29.4%	+11.6%	0.66x	4.6x	7.2%
CNCB	998 HK	38.5	4.19	-2.3%	+7.4%	+18.4%	+20.1%	+24.0%	+13.9%	0.28x	2.8x	9.8%
MSB	1988 HK	23.0	2.79	-1.4%	+7.7%	+6.5%	+10.7%	+11.8%	+5.3%	0.19x	3.4x	9.1%
CQRB	3618 HK	6.5	3.20	-1.5%	+5.3%	+10.0%	+15.5%	+29.5%	+5.6%	0.26x	2.8x	9.7%
Weighted average				-2.4%	+7.1%	+11.7%	+13.5%	+9.4%	+6.9%	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	200.7	4.24	-0.5%	+9.0%	+16.2%	+23.3%	+54.2%	+16.5%	0.55x	5.6x	5.6%
BOC	601988 CH	164.1	4.48	-2.6%	+4.9%	+10.9%	+20.8%	+46.8%	+12.3%	0.53x	5.7x	5.5%
BoComm	601328 CH	57.6	6.32	-2.6%	+5.7%	+9.3%	+14.3%	+37.3%	+10.1%	0.47x	5.1x	6.2%
CCB	601939 CH	159.2	7.03	-2.2%	+2.8%	+10.2%	+17.2%	+32.7%	+8.0%	0.54x	5.1x	5.9%
ICBC	601398 CH	244.9	5.34	-2.6%	+3.9%	+11.0%	+16.8%	+32.4%	+11.7%	0.51x	5.2x	5.9%
PSBC	601658 CH	63.9	4.84	-3.0%	+3.2%	+9.5%	-1.2%	+11.2%	+11.3%	0.56x	5.3x	5.8%
CEB	601818 CH	24.7	3.22	-1.8%	+3.5%	+10.7%	+7.0%	+14.3%	+11.0%	0.37x	4.4x	6.5%
CMB	600036 CH	109.3	31.94	-3.1%	+5.0%	+13.0%	-1.0%	-11.9%	+14.8%	0.75x	5.2x	6.3%
CNCB	601998 CH	38.5	6.44	-2.7%	+4.5%	+17.9%	+17.7%	+36.7%	+21.7%	0.47x	4.7x	5.9%
MSB	600016 CH	23.0	4.06	-1.7%	+3.6%	+4.9%	+6.3%	+25.2%	+8.6%	0.31x	5.3x	5.8%
CIB	601166 CH	47.8	16.58	-1.7%	+5.5%	+13.5%	+4.0%	+3.9%	+2.3%	0.43x	4.0x	6.5%
SPDB	600000 CH	29.0	7.11	-2.3%	+4.6%	+3.8%	+1.4%	+2.3%	+7.4%	0.31x	6.6x	3.2%
PAB	000001 CH	28.3	10.49	-3.3%	+11.5%	+8.6%	-7.3%	-24.1%	+11.7%	0.43x	3.9x	3.2%
BOCD	601838 CH	7.0	13.14	-4.1%	+5.0%	+16.0%	-6.4%	-4.2%	+16.7%	0.65x	3.6x	9.5%
BOHZ	600926 CH	9.1	11.00	-3.8%	+3.1%	+10.3%	-3.6%	-7.0%	+9.9%	0.59x	4.1x	6.7%
BOJS	600919 CH	19.4	7.61	-3.1%	+4.4%	+14.6%	+6.7%	+12.9%	+13.8%	0.55x	3.6x	10.3%
BONB	002142 CH	20.2	22.03	-3.5%	+3.4%	-2.6%	-20.4%	-26.0%	+9.5%	0.71x	5.0x	2.9%
BONJ	601009 CH	12.5	8.71	-0.1%	+5.4%	+19.6%	+9.6%	-6.6%	+18.0%	0.56x	4.5x	8.1%
BOSZ	002966 CH	3.6	7.02	-4.2%	+0.3%	+9.2%	+3.2%	-1.7%	+8.7%	0.57x	4.5x	7.1%
CQRB	601077 CH	6.5	4.48	-1.1%	+4.4%	+9.3%	+18.2%	+32.8%	+9.8%	0.40x	4.2x	6.9%
CSRB	601128 CH	2.6	6.95	-2.8%	+1.5%	+1.6%	-3.5%	-8.0%	+8.8%	0.66x	4.8x	5.7%
Weighted average				-2.2%	+5.1%	+11.6%	+13.0%	+27.5%	+12.1%	0.53x	5.2x	5.8%
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	+0.0%	+10.2%	-1.4%	-3.9%	-18.8%	-3.5%	0.64x	6.1x	8.8%
BEA	23 HK	3.3	9.87	-1.2%	+10.2%	+3.6%	-8.7%	-7.6%	+2.4%	0.26x	5.1x	8.7%
HSB	11 HK	21.7	88.95	-1.8%	+9.2%	+3.8%	-10.0%	-27.7%	-2.3%	0.97x	9.1x	7.5%
HSBC	5 HK	149.0	61.20	+3.3%	+0.5%	+3.4%	+5.4%	+8.9%	-2.9%	0.80x	6.2x	9.5%
StanChart	2888 HK	22.2	65.50	+4.9%	+11.8%	+1.7%	-8.7%	-11.8%	+0.2%	0.46x	5.6x	3.8%
Weighted average				+2.5%	+3.8%	+2.7%	+1.1%	-0.4%	-2.5%	0.76x	6.4x	8.7%
Major indices	Bloomberg ticker	Price		1W	1M	3M	6M	1Y	YTD			
MSCI China	MXCN Index	54.3		-1.1%	+4.3%	-4.6%	-11.1%	-16.3%	-2.9%			
HSI	HSI Index	16,589		-0.8%	+6.6%	-1.4%	-9.8%	-19.5%	-2.7%			
HK Financials	H-FIN Index	12,059		-2.8%	+7.1%	+5.2%	+0.9%	-11.3%	+3.8%			
Hang Seng TECH	HSTECH Index	3,488		+2.6%	+13.8%	-8.9%	-16.5%	-16.7%	-7.3%			
China Internet ETF	KWEB US	25.4		-1.5%	+6.3%	-7.2%	-11.7%	-11.6%	-6.1%			
SSE50	SSE50 Index	2,415		-0.8%	+7.4%	+2.7%	-4.6%	-12.9%	+3.8%			
CSI300	SHSZ300 Index	3,538		+1.4%	+9.9%	+1.6%	-6.7%	-14.3%	+3.1%			
CSI500	SH000905 Index	5,379		+3.5%	+15.0%	-3.4%	-6.5%	-16.0%	-0.9%			
S&P500	SPX Index	5,096		+0.2%	+3.4%	+12.0%	+13.3%	+28.4%	+6.8%			
NASDAQ	CCMP Index	16,092		+0.3%	+3.0%	+12.9%	+15.4%	+40.5%	+7.2%			
US banks	BKX Index	96.7		+1.3%	-0.4%	+15.0%	+17.8%	-11.8%	+0.7%			
EU banks	SX7P Index	174.4		+1.2%	+3.5%	+7.4%	+9.5%	+2.7%	+3.2%			

Source: Bloomberg; as of March 1 except for US/EU ones which were as of February 29



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

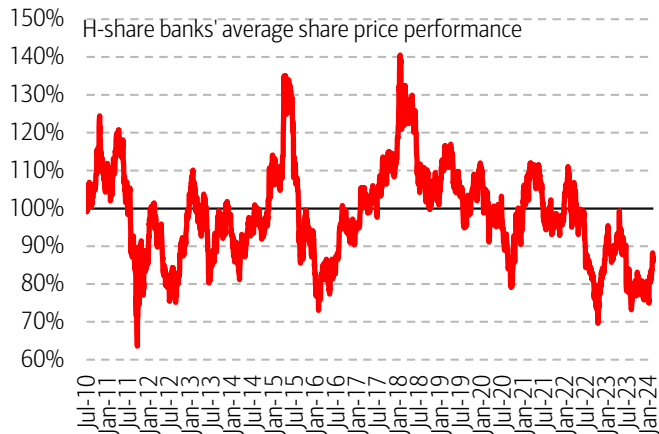
PICC P&C/New China Life-A/Haitong Securities/China Galaxy Securities-A/Lufax outperformed, while Zhong An/China Pacific-A/CITIC Securities/CITIC Securities-A/Noah underperformed among H-share China insurance/A-share China insurance/H-share China brokers/A-share China brokers/China diversified financials

				Price performance					
H-Share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Life	2628 HK	95.8	9.64	-5.5%	+6.3%	-8.2%	-19.0%	-28.8%	-4.7%
China Pacific	2601 HK	29.4	15.24	-5.6%	+6.4%	-7.2%	-15.1%	-27.0%	-3.3%
New China Life	1336 HK	11.6	15.32	-2.9%	+9.6%	-0.9%	-22.0%	-19.2%	+0.7%
PICC Group	1339 HK	28.8	2.64	-1.5%	+6.9%	+5.2%	-1.1%	+10.2%	+10.0%
PICC P&C	2328 HK	30.6	10.78	+0.7%	+10.8%	+16.8%	+19.5%	+62.0%	+16.2%
Ping An	2318 HK	97.9	35.30	-5.6%	+8.3%	-2.1%	-23.2%	-35.3%	-0.1%
Zhong An	6060 HK	2.3	12.38	-6.4%	+1.5%	-37.6%	-46.9%	-48.9%	-30.6%
AIA	1299 HK	90.4	62.55	-3.4%	+2.3%	-6.4%	-11.6%	-25.3%	-8.1%
Weighted average				-4.2%	+6.3%	-3.1%	-13.9%	-19.2%	-1.5%
A-share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Life	601628 CH	95.8	29.95	-5.1%	+6.7%	-0.8%	-19.8%	-18.1%	+5.6%
China Pacific	601601 CH	29.4	25.27	-6.5%	+4.8%	+5.7%	-13.6%	-8.5%	+6.3%
New China Life	601336 CH	11.6	33.15	-1.7%	+11.8%	+5.3%	-21.0%	+5.4%	+6.5%
PICC Group	601319 CH	28.8	5.25	-1.9%	+3.8%	+3.8%	-12.1%	+2.3%	+8.5%
Ping An	601318 CH	97.9	42.99	-2.5%	+6.7%	+4.8%	-12.4%	-9.5%	+6.7%
Weighted average				-3.8%	+6.4%	+2.8%	-15.6%	-10.6%	+6.4%
H-Share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	6881 HK	14.6	4.18	-0.7%	+9.4%	+0.5%	-0.9%	+10.6%	+1.2%
China Merchants Securities	6099 HK	15.5	6.31	-0.5%	+10.1%	-1.9%	-12.7%	-17.4%	-1.3%
China Securities	6066 HK	22.3	6.43	-0.8%	+6.5%	-12.3%	-23.0%	-16.5%	-6.8%
CICC	3908 HK	16.6	10.00	-2.2%	+7.4%	-18.0%	-33.7%	-41.5%	-12.7%
CITIC Securities	6030 HK	41.1	14.76	-3.4%	-0.7%	-8.6%	-3.7%	-10.2%	-7.4%
Everbright Securities	6178 HK	9.7	5.38	-1.1%	+10.9%	+2.1%	-7.6%	+1.5%	+4.1%
GF Securities	1776 HK	13.6	8.60	+0.8%	+11.4%	-12.6%	-23.2%	-22.7%	-7.9%
Guotai Junan Securities	2611 HK	17.4	8.99	-1.4%	+6.6%	-0.6%	-2.3%	+1.6%	+2.3%
Haitong Securities	6837 HK	14.2	3.95	+1.5%	+10.0%	-9.6%	-18.9%	-20.2%	-5.3%
Huatai Securities	6886 HK	17.1	9.42	-1.9%	+1.4%	-5.8%	-8.7%	+9.9%	-4.5%
Orient Securities	3958 HK	9.8	3.38	+0.9%	+11.9%	-1.7%	-22.5%	-20.8%	-2.0%
Weighted average				-1.2%	+6.2%	-7.1%	-13.0%	-11.4%	-4.5%
A-share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	601881 CH	14.6	12.57	+4.0%	+10.7%	-0.2%	+10.1%	+31.2%	+4.3%
China Merchants Securities	600999 CH	15.5	14.06	-0.4%	+5.2%	-0.2%	-1.2%	+0.1%	+3.1%
China Securities	601066 CH	22.3	23.59	+1.3%	+6.5%	-8.2%	-8.8%	-11.4%	-0.3%
CICC	601995 CH	16.6	35.00	+1.2%	+8.7%	-13.6%	-10.8%	-16.5%	-8.0%
CITIC Securities	600030 CH	41.1	21.32	-0.9%	+4.3%	-1.1%	-4.7%	+4.2%	+4.7%
Everbright Securities	601788 CH	9.7	17.03	-0.1%	+10.9%	+4.5%	+0.7%	+8.1%	+10.4%
GF Securities	000776 CH	13.6	14.22	+0.3%	+4.8%	-2.0%	-6.3%	-12.4%	-0.5%
Guotai Junan Securities	601211 CH	17.4	15.10	-0.5%	+3.1%	+0.2%	+3.6%	+8.4%	+1.5%
Haitong Securities	600837 CH	14.2	9.27	+1.1%	+8.8%	-5.5%	-5.6%	+2.3%	-1.1%
Huatai Securities	601688 CH	17.1	14.82	+1.8%	+6.8%	+2.4%	-8.3%	+18.8%	+6.2%
Orient Securities	600958 CH	9.8	8.97	+2.7%	+8.2%	+1.8%	-10.1%	-12.0%	+3.1%
Weighted average				+0.7%	+6.5%	-2.4%	-4.1%	+2.1%	+2.1%
Diversified Financials	Bloomberg ticker	Market cap (USD bn)	Price (HKD; USD)	1W	1M	3M	6M	1Y	YTD
HKEX	388 HK	38.9	240.00	-5.2%	+1.4%	-14.2%	-21.1%	-25.5%	-10.4%
Futu	FUTU US	7.5	53.52	+6.0%	+12.0%	-1.9%	-10.8%	+8.8%	-2.0%
Lufax	LU US	1.8	3.12	+17.7%	+29.5%	-7.3%	-36.4%	-61.7%	+1.6%
Noah	NOAH US	0.7	11.12	-5.8%	-6.9%	-18.8%	-19.1%	-38.9%	-19.5%
Qifu Technology	QFIN US	2.5	15.45	-0.1%	+9.3%	-1.0%	-7.4%	-20.9%	-2.3%
East Money	300059 CH	30.8	14.00	+2.0%	+10.3%	-4.9%	-12.4%	-20.8%	-0.3%
FinVolution	FINV US	1.5	5.23	+1.4%	+9.4%	+17.5%	+0.2%	+9.0%	+6.7%
Up Fintech	TIGR US	0.7	4.02	+0.8%	+3.6%	-8.0%	-13.4%	+7.8%	-9.0%
Weighted average				-0.8%	+6.5%	-8.6%	-16.5%	-20.6%	-5.3%

Source: Bloomberg; as of March 1, except for ADRs which were as of February 29

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

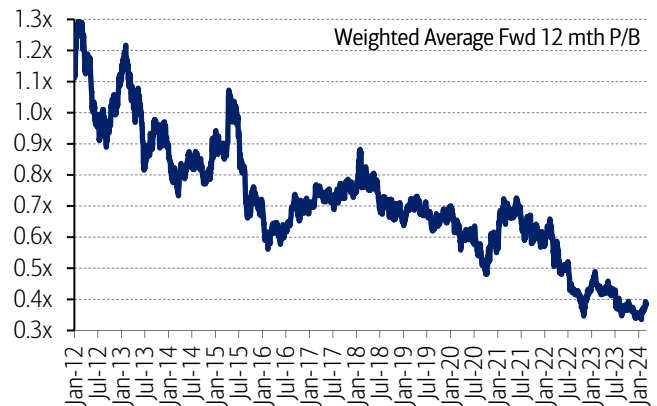
H-share banks' average share price at the low end of the LT average level



Source: Bloomberg, share price here doesn't adjust for dividend; as of Mar 1; LT=Long Term
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Exhibit 4: H-share banks' forward P/B valuation since 2012

P/B decreased from 0.39x to 0.38x WoW



Source: Bloomberg, share price here doesn't adjust for dividend; as of Mar 1
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A-H share premium**Exhibit 5: A-H share premium**

A-H share premium changed by -2.2ppt to +2.9ppt last week

	ABC	BOC	BoComm	CCB	ICBC	PSBC	CEB	CMB	CNCB	MSB	CQRB	Average
Current	42.7%	58.2%	32.7%	56.7%	43.4%	26.5%	42.3%	14.4%	67.1%	58.2%	52.2%	45.0%
WoW	+2.9ppt	-0.0ppt	-2.2ppt	-0.3ppt	-0.5ppt	-1.4ppt	+0.9ppt	+1.8ppt	-0.6ppt	-0.4ppt	+0.7ppt	+0.1ppt
YTD	+9.7ppt	+10.9ppt	+3.0ppt	+2.6ppt	+5.7ppt	-1.8ppt	+4.8ppt	+1.9ppt	+9.0ppt	+3.0ppt	+4.1ppt	+4.8ppt
vs 2023 avg	+10.5ppt	+15.9ppt	+4.8ppt	+12.0ppt	+11.5ppt	+5.0ppt	-3.4ppt	+11.3ppt	-1.6ppt	+8.8ppt	+1.8ppt	+7.0ppt

Source: Bloomberg; as of March 1

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

Last week, Southbound investors bought CQRB/CNCB while sold CMB/ICBC; Northbound investors bought BOJS/BOCD while sold 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	22.24%	8.61%	3.13%	8.35%	26.32%	11.14%	12.03%	5.34%	19.72%	22.39%	37.75%	0.30%	0.06%	0.21%	9.13%
WoW	+29bp	+10bp	+9bp	+4bp	-8bp	+27bp	+16bp	-31bp	+36bp	+2bp	+56bp	+1bp	+0bp	+0bp	+0bp
YTD	+53bp	+40bp	+36bp	+17bp	+0bp	+127bp	+10bp	+55bp	+70bp	+29bp	+107bp	-7bp	-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	1.00%	0.82%	3.39%	7.45%	1.02%	1.17%	2.16%	5.52%	0.49%	2.54%	3.67%	2.24%	3.40%	4.08%	2.15%
WoW	+2bp	+2bp	+5bp	-5bp	+4bp	+10bp	+3bp	+6bp	+0bp	+9bp	+12bp	+2bp	+2bp	+16bp	+2bp
YTD	+15bp	+12bp	+73bp	+78bp	+19bp	+15bp	+53bp	+38bp	-3bp	+35bp	+69bp	+27bp	-41bp	+31bp	+4bp
	BOJS	BONB	BONJ	BOSZ	CQRB	CSRB									
% stake	5.65%	4.11%	1.85%	1.95%	4.27%	4.00%									
WoW	+21bp	+4bp	+2bp	-1bp	+5bp	-17bp									
YTD	+194bp	-46bp	+0bp	+31bp	-5bp	+74bp									

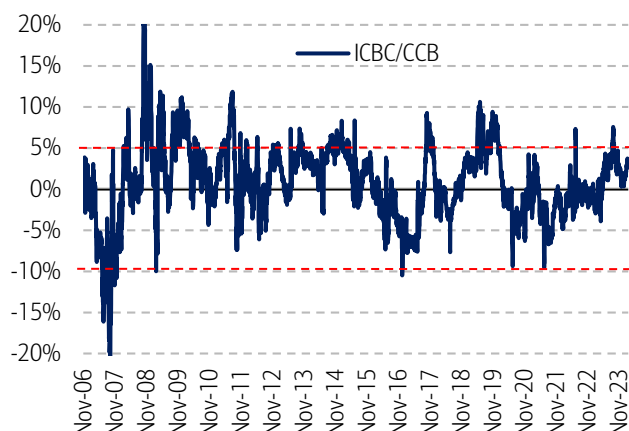
Source: Wind; as of February 29

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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

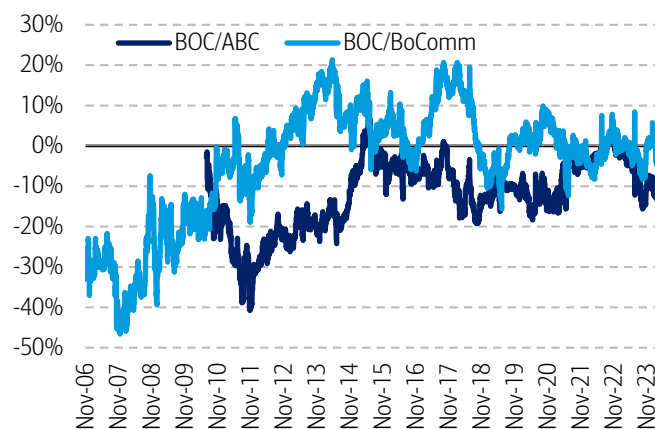


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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

BOC traded at 13% and 5% discount to ABC and BoComm

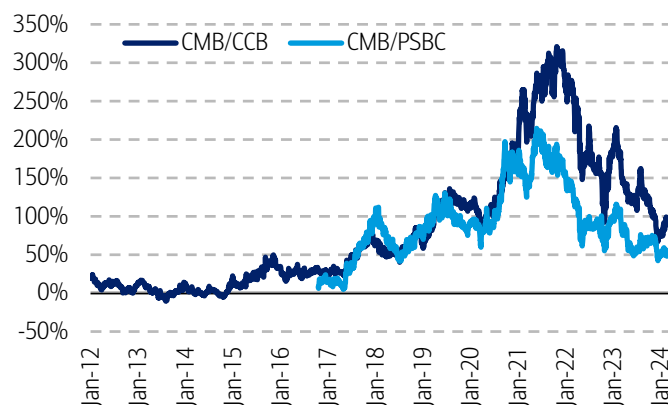


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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

CMB's P/B was 91% and 49% higher than CCB and PSBC

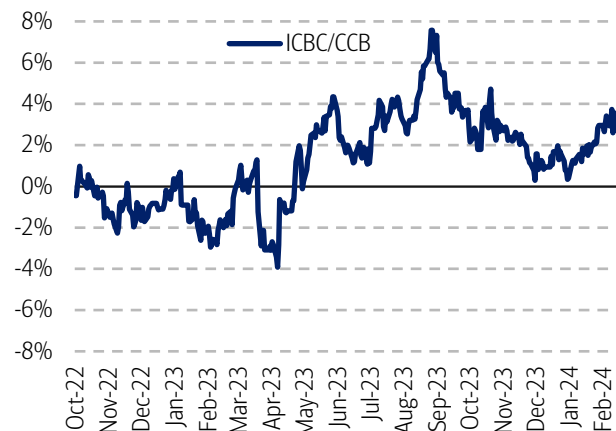


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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

ICBC's premium over CCB decreased from 3.2% to 3.0% WoW

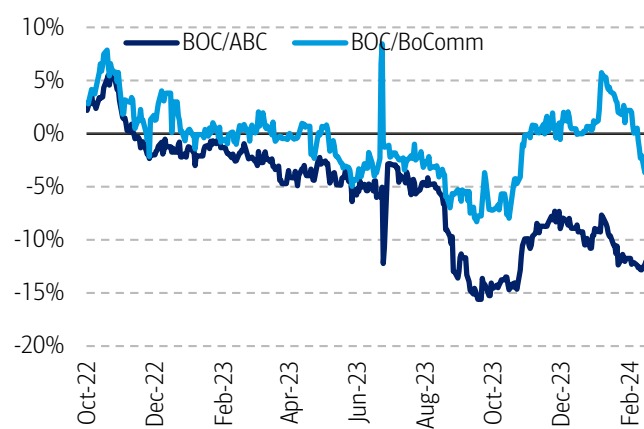


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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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

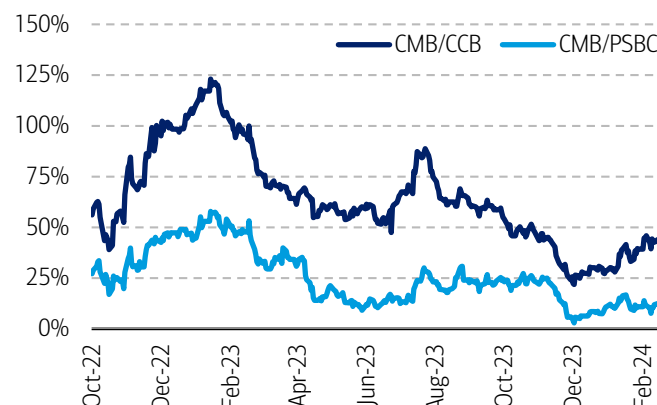


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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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



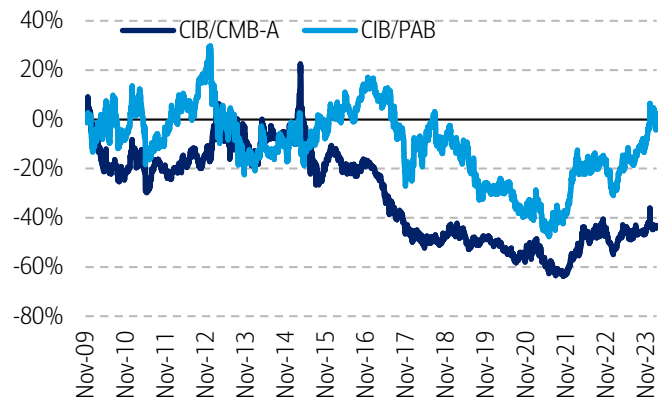
Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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

CIB's P/B was 43% and 2% lower than CMB-A and PAB

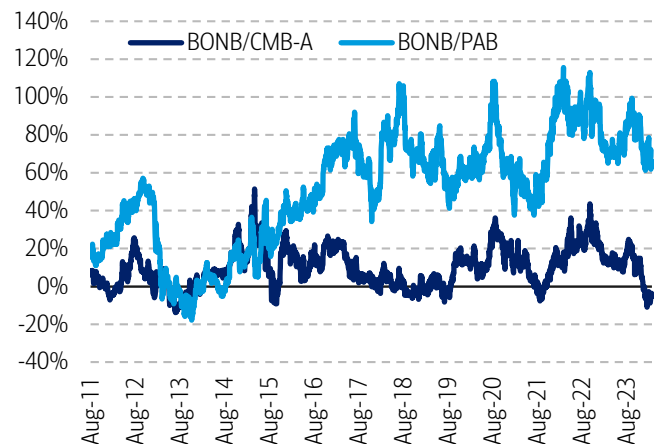


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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

BONB's P/B was 6% lower and 64% higher than CMB-A and PAB

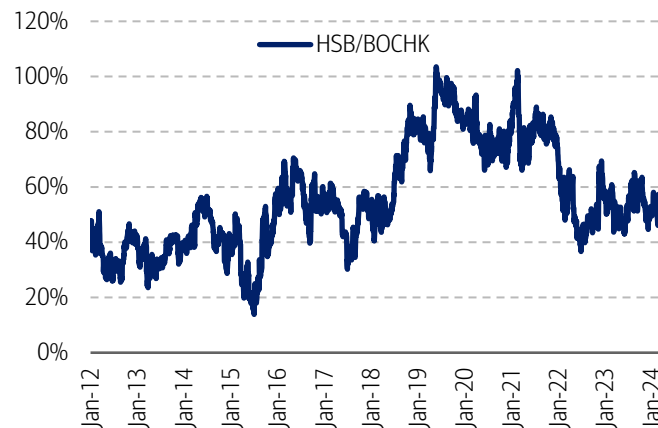


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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

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

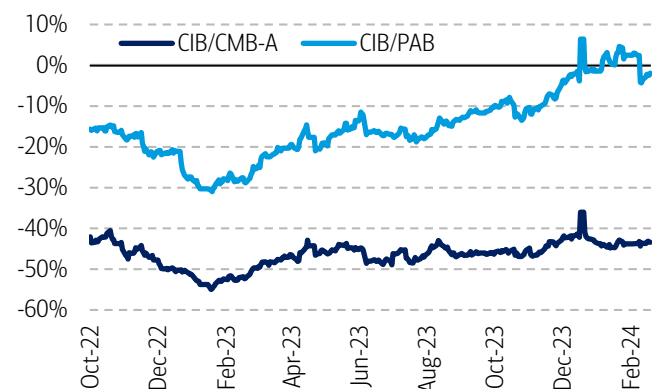


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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

CIB's discount to CMB and PAB narrowed last week

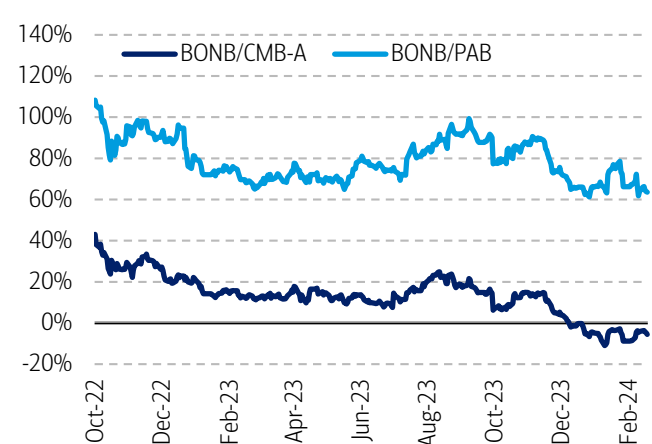


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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

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

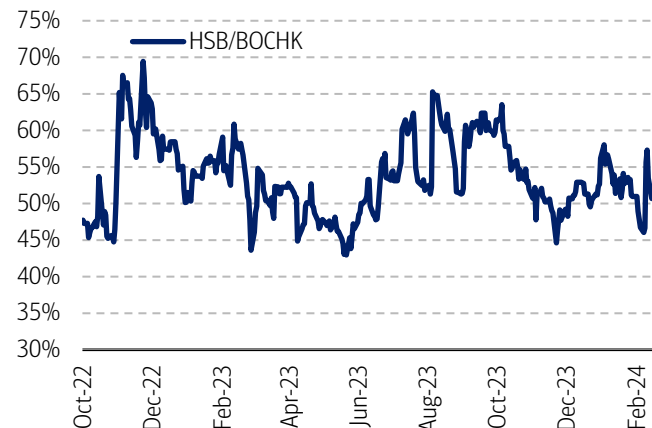


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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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

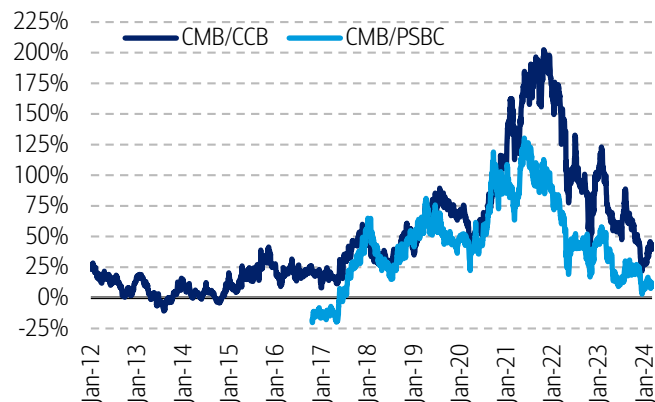


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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

CMB's P/E was 39% and 9% higher than CCB and PSBC's

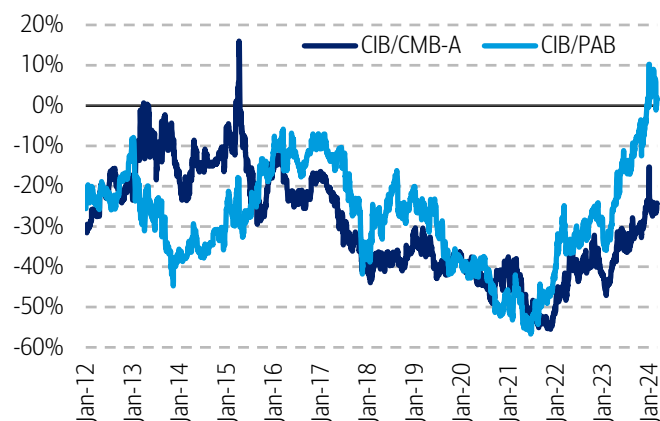


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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

CIB's P/E was 24% lower and 2% higher than CMB-A and PAB's



Source: Bloomberg, as of Mar 1, 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 49% higher than BOCHK's

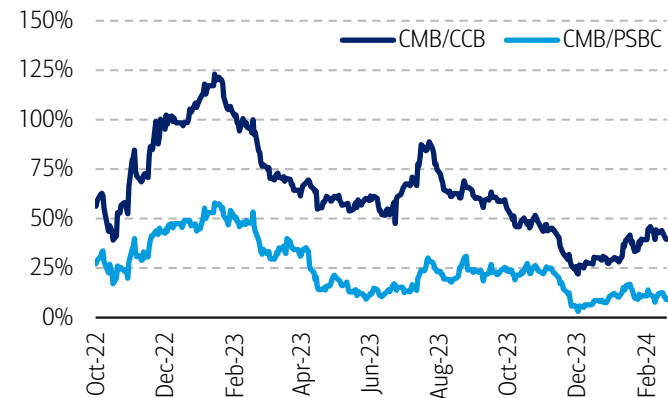


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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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 WoW

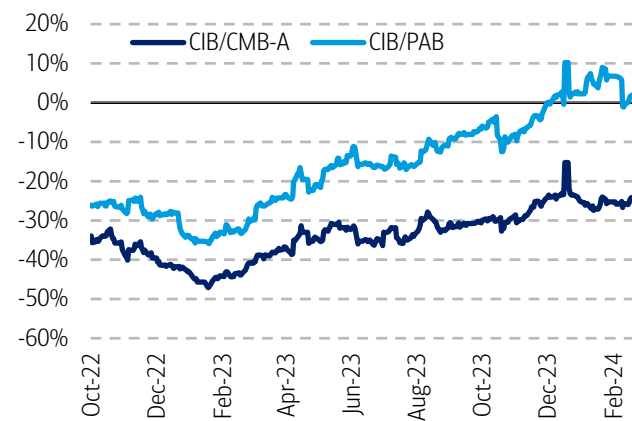


Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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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 narrowed and premium to PAB enlarged WoW



Source: Bloomberg, as of Mar 1, 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



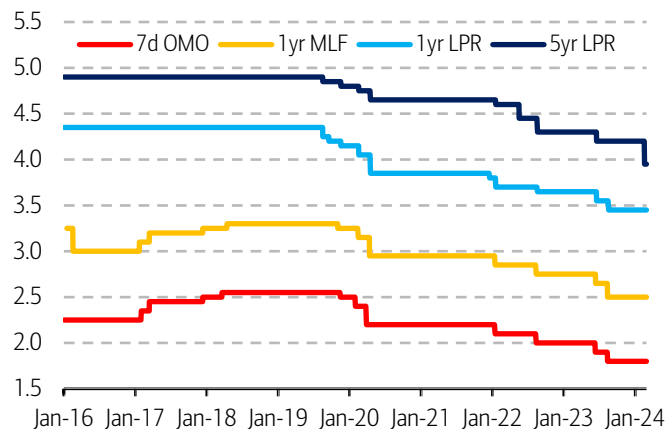
Source: Bloomberg, as of Mar 1, share price here doesn't adjust for dividend

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Interest rates and NCDs

Exhibit 25: Major policy rate (%)

Major policy rates remained unchanged WoW

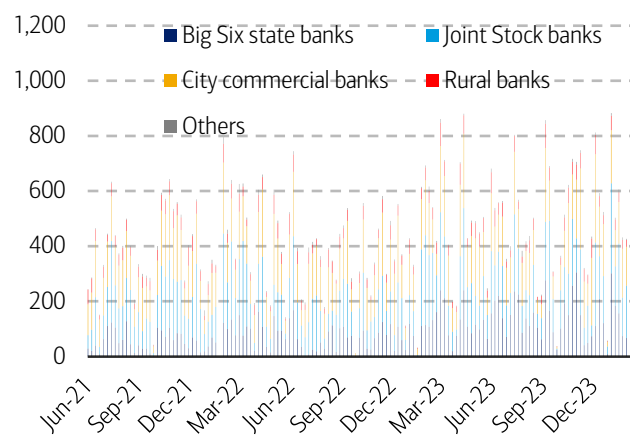


Source: Bloomberg, Wind, as of Mar 1

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

Gross issuance was RMB1.12tn from Feb 19 to 25 post Spring Festival

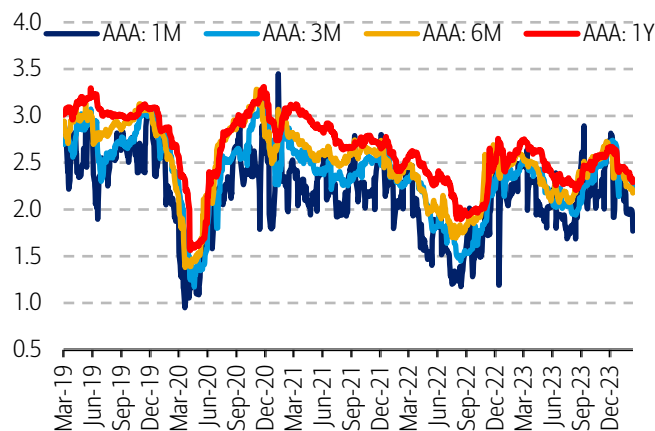


Source: Wind, as of Feb 26, *NCD: Negotiated Certificate of Deposits

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

AAA rated NCD yields decreased by 1bp to 23bp WoW for 1M-1Y tenors

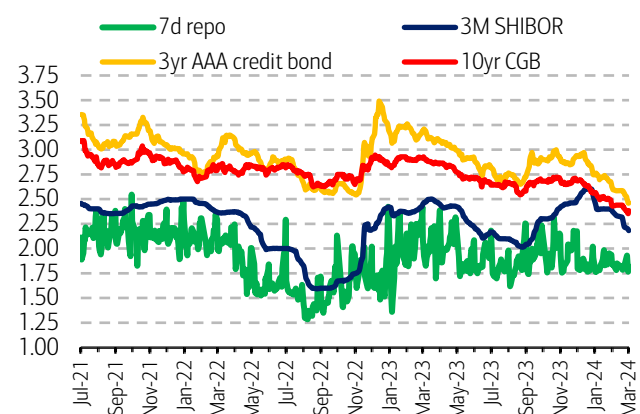


Source: CEIC, as of Feb 29, *NCD: Negotiated Certificate of Deposits

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Exhibit 26: Major market rate (%)

Major market rates decreased 2bp to 8bp WoW

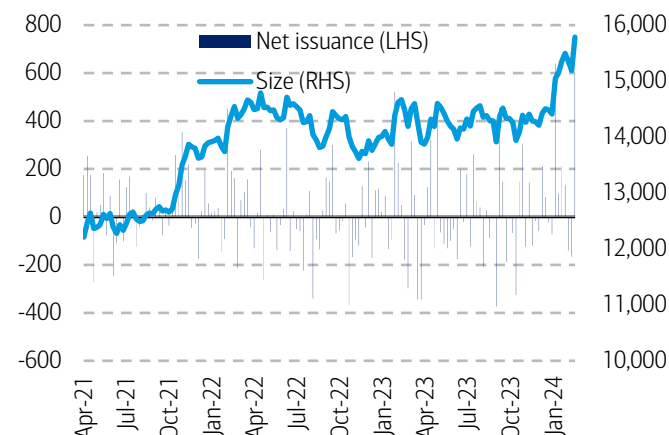


Source: Bloomberg, Wind, as of Mar 1, *CGB: China Government Bond

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

NCD size increased from RMB15.2tn to RMB15.8tn WoW

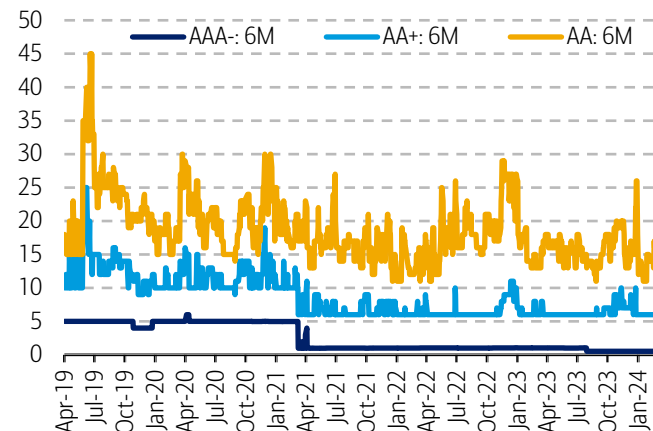


Source: Wind, as of Feb 26, *NCD: Negotiated Certificate of Deposits

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

Credit spread of 6M AA rated NCDs decreased by 5bp last week



Source: CEIC, as of Feb 29, *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 Mar 1

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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



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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
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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