

Banks - China

Weekly wrap: all eyes on stimulus policies

Industry Overview

Sector performance: banks trailed the broader market

The **H-share bank sector** fell 2.2% WoW, underperforming MSCI China/HSI (+3.9%/+3.4%), partly on concern about negative NIM impact from potential LPR cut. CMB (-0.1%) led while PSBC/CNCB (-5.6%/-6.0%) lagged. Sector P/B at 0.43x and P/E at 3.8x were at historical low levels. Dividend yield was very attractive at 8.3%. The **A-share bank sector** decreased 3.2% (vs CSI300 +3.3%), with CMB/PAB (+0.6%/+0.3%) leading and PSBC/CNCB (-7.1%/-7.6%) lagging. Sector P/B: 0.53x, P/E: 4.8x, dividend yield: 6.3%.

Sector update: all eyes on stimulus policies

China: May TSF and economic data continued to be weak. PBOC cut the 7-day reverse repo rate, SLF rates and MLF rate by 10bp. According to historical patterns, LPR will likely be cut on Jun 20th. In our view, cutting the 5yr LPR will be more effective than the 1yr LPR. The negative impact of a potential LPR cut on banks' margin should be partly offset by their deposit pricing cut while rate cut(s) and policy easing could help reduce concern on banks' B/S risks (see more in our report: [Weak credit growth and potential rate cuts](#)). Beyond rate cuts, China is also contemplating a stimulus package like special treasury bonds to help indebted local governments, further policy relaxation and support property markets, and various measures to boost domestic consumption, according to Bloomberg and *The Wall Street Journal*. Our China economics team argue that downside risks on growth warrant more than marginal policy stimulus, although intensive and aggressive intervention measures are unlikely until the Politburo meeting at end-July ([link to June 15 report](#)). **HK:** our US Economics Team now expect two more 25bp rate hikes in July and September and a first cut and an end to quantitative tightening in May 2024 ([link to Jun 14 report](#)). The HK aggregate balance remains at a low level of ~HKD45bn (vs the trough of HKD54bn in the last cycle). 1M HIBOR increased from 3.0% in 1Q23 to 3.8% in 2Q23 QTD or 4.5% in June MTD, providing tailwinds to HK banks' NIM and revenue growth.

Bank news: rights issues with offer prices below BPS

Rights issue: Zheshang Bank planned to raise ≤RMB18bn via a rights issue with an offer price ~70% below the last audited BPS. Bank of Jiangsu and Bank of Qingdao were the first and second banks to price rights issues at prices much below BPS back in Dec-2020/Dec-2021. Zheshang Bank was the third while CNCB is in the process of doing so. With many banks' share prices at deep discounts to book value, more banks are resorting to Convertible Bond conversion and rights issues to replenish CET1 capital externally. **ICBC:** Taiping Life Insurance sold 70mn ICBC H shares on Jun 12th and reduced its stake in ICBC-H from 5.01% to 4.93%. Recall that it increased the stake in ICBC-H to more than 5% (the minimum disclosure level) back in Nov-2022. **Ex dividend:** MSB-H and PAB went ex dividend last week. CIB will go ex dividend on Jun 19th and MSB-A will go ex dividend on Jun 26th (see more on page 9).

(This Weekly will pause next week and resume on July 3rd)

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Timestamp: 18 June 2023 06:00PM EDT

12571148

19 June 2023

Equity
China
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Abbreviations:

BPS: Book Value Per Share
CET1: Core Equity Tier 1
Econ: Economic
LGFV: Local Government Financing Vehicle
LPR: Loan Prime Rate
MLF: Medium-term Lending Facility
MTD: Month to Date
NIM: Net Interest Margin
PBOC: People's Bank of China
QTD: Quarter to Date
SLF: Short-term Lending Facility
TSF: Total Social Financing
Yr: Year

See more bank acronyms at the end of this report.

Performance and valuation

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

CMB/CMB-A/StanChart outperformed, while CNCB/CNCB-A/BEA underperformed among H-share China banks/A-share China banks/HK banks, respectively

				Price performance						12mth forward valuation		
H-Share China Banks	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD	P/B	P/E	Dividend yield
ABC	1288 HK	172.7	3.05	-1.6%	-2.6%	+5.5%	+17.8%	+14.7%	+13.8%	0.38x	3.7x	8.7%
BOC	3988 HK	150.9	3.14	-1.6%	-4.0%	+4.3%	+13.8%	+12.7%	+10.6%	0.36x	3.6x	8.7%
BoComm	3328 HK	55.4	5.21	-1.9%	-1.3%	+7.0%	+19.2%	+8.7%	+16.0%	0.37x	3.8x	8.4%
CCB	939 HK	164.2	5.07	-1.4%	-5.4%	-1.0%	+7.9%	-0.4%	+3.7%	0.37x	3.3x	9.0%
ICBC	1398 HK	231.7	4.21	-3.0%	-4.8%	-0.9%	+9.6%	+1.9%	+4.7%	0.38x	3.7x	8.4%
PSBC	1658 HK	69.9	5.04	-5.6%	-3.1%	-0.6%	+5.0%	-10.1%	+3.9%	0.54x	4.7x	6.4%
CEB	6818 HK	24.3	2.46	-1.6%	-3.9%	+1.7%	+4.7%	-3.1%	+3.4%	0.27x	2.9x	9.8%
CMB	3968 HK	120.6	37.80	-0.1%	-5.5%	-6.4%	-11.1%	-18.6%	-13.4%	0.85x	5.4x	6.0%
CNCB	998 HK	37.1	4.09	-6.0%	-5.1%	+10.2%	+19.6%	+18.8%	+18.2%	0.29x	2.8x	9.9%
MSB	1988 HK	22.7	2.87	-2.6%	-5.9%	+17.6%	+15.0%	+12.5%	+15.0%	0.20x	3.4x	8.5%
CQRB	3618 HK	5.8	2.79	-0.7%	-1.4%	+12.0%	+18.5%	+10.5%	+16.3%	0.24x	2.5x	11.4%
Weighted average				-2.2%	-4.2%	+1.6%	+9.5%	+3.2%	+6.1%	0.43x	3.8x	8.3%
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	172.7	3.58	-2.7%	-0.6%	+16.2%	+23.4%	+28.3%	+23.0%	0.48x	4.8x	6.7%
BOC	601988 CH	150.9	3.96	-4.1%	-5.5%	+13.8%	+24.5%	+31.6%	+25.3%	0.49x	5.0x	6.3%
BoComm	601328 CH	55.4	5.82	-3.8%	-1.2%	+13.5%	+22.0%	+26.3%	+22.8%	0.46x	4.7x	6.8%
CCB	601939 CH	164.2	6.30	-4.3%	-5.3%	+4.7%	+11.7%	+11.7%	+11.9%	0.51x	4.6x	6.6%
ICBC	601398 CH	231.7	4.88	-3.7%	-2.6%	+8.0%	+13.8%	+10.6%	+12.4%	0.49x	4.7x	6.6%
PSBC	601658 CH	69.9	5.12	-7.1%	-4.1%	+3.4%	+11.1%	+3.1%	+10.8%	0.60x	5.3x	5.8%
CEB	601818 CH	24.3	3.11	-5.5%	-7.4%	-0.3%	-2.5%	+4.7%	+1.3%	0.37x	4.0x	7.0%
CMB	600036 CH	120.6	33.93	+0.6%	-2.6%	-1.3%	-8.5%	-11.4%	-8.9%	0.84x	5.4x	6.0%
CNCB	601998 CH	37.1	6.11	-7.6%	-12.2%	+16.2%	+20.8%	+36.3%	+22.7%	0.48x	4.6x	6.0%
MSB	600016 CH	22.7	3.94	-1.7%	-3.0%	+16.2%	+12.3%	+7.1%	+14.2%	0.30x	5.2x	5.6%
CIB	601166 CH	49.6	16.99	-0.6%	-1.5%	+1.6%	-3.7%	-12.5%	-3.4%	0.46x	3.6x	7.5%
SPDB	600000 CH	30.7	7.43	-1.7%	-3.1%	+4.5%	+1.1%	-1.0%	+2.1%	0.33x	4.4x	4.8%
PAB	000001 CH	31.7	11.63	+0.3%	-5.6%	-6.5%	-10.7%	-16.0%	-9.4%	0.52x	4.1x	3.1%
BOCD	601838 CH	6.6	12.63	-1.9%	-6.7%	-6.4%	-14.6%	-21.5%	-17.5%	0.69x	3.7x	7.6%
BOHZ	600926 CH	10.0	12.04	-1.4%	-5.6%	+5.4%	-8.3%	-9.9%	-8.0%	0.70x	4.7x	5.3%
BOJS	600919 CH	15.4	7.41	-2.5%	-2.8%	+5.3%	+0.7%	+10.3%	+1.6%	0.54x	3.4x	8.8%
BONB	002142 CH	24.5	26.35	-1.5%	-3.3%	-3.3%	-17.1%	-22.4%	-18.8%	0.93x	6.1x	2.6%
CQRB	601077 CH	5.8	3.91	-3.2%	-6.2%	+6.5%	+8.6%	+5.7%	+10.8%	0.36x	3.9x	7.4%
Weighted average				-3.2%	-3.6%	+7.6%	+11.3%	+11.6%	+11.3%	0.53x	4.8x	6.3%
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	32.8	24.30	-0.6%	-0.4%	-4.1%	-7.1%	-16.2%	-8.6%	0.78x	7.5x	7.0%
BEA	23 HK	3.5	10.20	-1.9%	-0.2%	+0.4%	+11.6%	-0.9%	+9.5%	0.27x	5.1x	8.5%
HSB	11 HK	27.7	113.50	+0.6%	+1.1%	-2.5%	-9.8%	-14.7%	-10.3%	1.17x	11.3x	5.9%
HSBC	5 HK	154.8	61.00	+1.7%	+2.2%	+14.9%	+35.6%	+29.7%	+31.3%	0.84x	6.4x	8.3%
StanChart	2888 HK	24.3	67.60	+2.7%	+11.4%	+7.3%	+19.6%	+20.5%	+16.9%	0.93x	7.1x	7.5%
Weighted average				+1.3%	+2.6%	+9.4%	+22.7%	+17.1%	+19.4%	0.87x	7.2x	7.8%
Major indices	Bloomberg ticker		Price	1W	1M	3M	6M	1Y	YTD			
MSCI China	MXCN Index		64.3	+3.9%	-0.2%	+1.2%	+1.0%	-11.1%	+0.0%			
HSI	HSI Index		20,040	+3.4%	+0.3%	+2.7%	+3.0%	-3.9%	+1.3%			
HK Financials	H-FIN Index		13,688	-1.2%	-6.0%	+2.3%	+8.5%	-1.4%	+5.6%			
SSE50	SSE50 Index		2,601	+2.2%	-2.6%	-1.1%	-3.3%	-10.0%	-1.3%			
CSI300	SHSZ300 Index		3,963	+3.3%	-0.4%	+0.1%	+0.2%	-6.7%	+2.4%			
CSI500	SH000905 Index		6,148	+2.3%	+0.6%	-0.6%	+1.2%	-1.9%	+4.8%			
S&P500	SPX Index		4,426	+3.1%	+7.0%	+11.8%	+13.6%	+16.8%	+15.0%			
NASDAQ	CCMP Index		13,783	+4.1%	+11.5%	+17.6%	+27.5%	+24.2%	+31.5%			
US banks	BKX Index		82.2	-0.4%	+10.4%	-1.1%	-16.5%	-19.8%	-18.6%			
EU banks	SX7P Index		152.8	+0.2%	+1.6%	+5.6%	+12.7%	+17.6%	+7.9%			

Source: Bloomberg; as of June 16, except for US/EU ones which were as of June 15



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

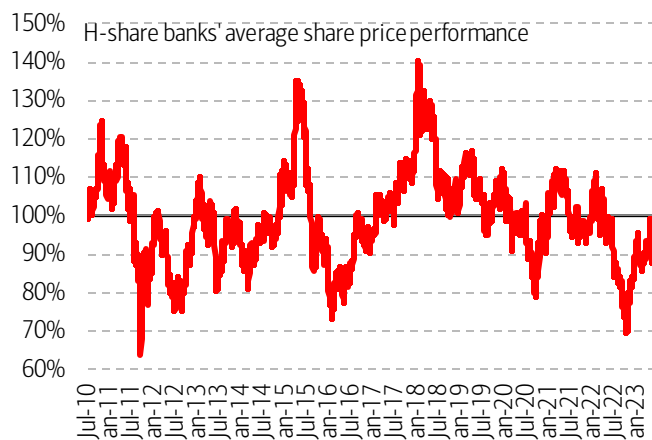
Zhong An/New China Life/A/CICC/China Galaxy Securities-A/Lufax outperformed, while China Pacific/China Pacific-A/China Securities/Haitong Securities-A/Noah underperformed among H-share China insurance/A-share China insurance/H-share China brokers/A-share China brokers/China diversified financials, respectively

		Price performance							
H-Share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Life	2628 HK	124.1	13.84	+2.2%	-7.2%	+4.8%	+13.3%	+18.2%	+3.3%
China Pacific	2601 HK	34.7	20.50	-2.8%	-13.4%	-1.0%	+23.2%	+21.2%	+24.5%
New China Life	1336 HK	14.1	21.55	+0.5%	-3.8%	+14.9%	+18.7%	+8.4%	+12.8%
PICC Group	1339 HK	34.1	3.09	-1.9%	-3.4%	+18.8%	+17.5%	+28.4%	+19.3%
PICC P&C	2328 HK	27.5	9.69	+0.3%	-2.6%	+29.0%	+30.4%	+23.9%	+30.8%
Ping An	2318 HK	124.3	52.80	+1.9%	-5.5%	+5.5%	+6.8%	+12.7%	+5.4%
Zhong An	6060 HK	4.3	23.00	+5.0%	-7.8%	-2.5%	+8.2%	-6.5%	+7.0%
AIA	1299 HK	121.0	81.75	+1.2%	+2.1%	+5.0%	-2.0%	+7.4%	-4.5%
Weighted average				+1.1%	-4.3%	+7.2%	+9.9%	+14.9%	+6.4%
A-share Insurance	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Life	601628 CH	124.1	37.89	+0.0%	-8.0%	+10.1%	+6.3%	+38.6%	+2.1%
China Pacific	601601 CH	34.7	28.50	-4.4%	-13.6%	+5.8%	+15.3%	+32.1%	+16.2%
New China Life	601336 CH	14.1	38.23	+1.5%	-3.6%	+27.5%	+30.1%	+30.9%	+27.1%
PICC Group	601319 CH	34.1	6.15	-1.3%	-7.0%	+16.0%	+16.0%	+26.3%	+17.8%
Ping An	601318 CH	124.3	48.60	+1.3%	-5.8%	+8.5%	+6.9%	+13.9%	+6.6%
Weighted average				-0.0%	-7.5%	+10.4%	+9.5%	+27.0%	+7.9%
H-Share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (HKD)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	6881 HK	13.5	4.42	+1.8%	-5.4%	+12.2%	+14.2%	+7.6%	+16.0%
China Merchants Securities	6099 HK	15.9	7.57	+0.1%	-5.7%	-0.1%	-1.8%	-1.9%	-1.0%
China Securities	6066 HK	23.5	8.36	-0.1%	-5.0%	+8.2%	+20.8%	+6.9%	+22.4%
CICC	3908 HK	20.0	14.82	+3.5%	-12.6%	-6.8%	+0.1%	-4.3%	-0.5%
CITIC Securities	6030 HK	40.1	15.30	+1.5%	-8.5%	-8.7%	-2.9%	-8.1%	-3.0%
Everbright Securities	6178 HK	9.6	5.65	+2.0%	-6.5%	+5.0%	+4.4%	+5.1%	+7.8%
GF Securities	1776 HK	15.0	11.18	+1.6%	-5.3%	+0.7%	-0.4%	+9.8%	-0.4%
Guotai Junan Securities	2611 HK	17.4	9.24	+0.8%	-4.5%	+3.5%	+10.9%	+2.7%	+11.9%
Haitong Securities	6837 HK	15.2	5.27	+0.0%	-4.2%	+4.4%	+9.6%	-1.4%	+9.8%
Huatai Securities	6886 HK	16.8	9.96	+0.1%	-5.0%	+14.0%	+10.1%	-10.8%	+11.5%
Orient Securities	3958 HK	11.2	4.35	+0.9%	-6.7%	+10.1%	+20.4%	+10.1%	+20.7%
Weighted average				+1.1%	-6.6%	+2.0%	+6.6%	-0.1%	+7.3%
A-share Brokers	Bloomberg ticker	Market cap (USD bn)	Price (RMB)	1W	1M	3M	6M	1Y	YTD
China Galaxy Securities	601881 CH	13.5	12.19	+6.9%	+0.3%	+22.6%	+24.1%	+30.9%	+31.2%
China Merchants Securities	600999 CH	15.9	14.07	+1.4%	-4.4%	+1.8%	+3.8%	+0.5%	+5.8%
China Securities	601066 CH	23.5	24.29	+1.1%	-10.5%	-6.1%	-2.5%	-5.3%	+2.3%
CICC	601995 CH	20.0	39.90	+1.9%	-9.6%	-1.1%	+3.0%	-3.5%	+4.6%
CITIC Securities	600030 CH	40.1	20.39	+1.0%	-6.5%	+1.1%	-0.1%	+0.6%	+2.4%
Everbright Securities	601788 CH	9.6	16.54	+3.2%	-3.5%	+9.4%	+6.4%	-9.1%	+11.2%
GF Securities	000776 CH	15.0	15.10	+1.1%	-3.9%	-3.5%	-4.6%	-16.9%	-2.5%
Guotai Junan Securities	601211 CH	17.4	14.94	+0.4%	-2.4%	+4.8%	+5.9%	+3.0%	+9.9%
Haitong Securities	600837 CH	15.2	9.53	-0.2%	-3.3%	+6.1%	+5.8%	+0.4%	+9.7%
Huatai Securities	601688 CH	16.8	14.08	+2.3%	-2.9%	+13.2%	+7.6%	+2.0%	+10.5%
Orient Securities	600958 CH	11.2	10.15	+2.1%	-5.4%	+3.4%	+11.9%	+4.1%	+13.5%
Weighted average				+1.7%	-5.3%	+3.5%	+4.2%	+0.3%	+7.4%
Diversified Financials	Bloomberg ticker	Market cap (USD bn)	Price (HKD; USD)	1W	1M	3M	6M	1Y	YTD
HKEX	388 HK	51.4	317.00	+2.7%	+1.7%	-4.8%	-3.7%	-7.1%	-5.0%
Futu	FUTU US	5.9	42.53	+2.0%	+3.1%	-5.6%	-36.0%	+0.3%	+4.6%
Lufax	LU US	3.9	1.68	+6.3%	-4.0%	-9.9%	-14.0%	-69.4%	-11.3%
Noah	NOAH US	1.0	16.38	-0.2%	+1.7%	-4.8%	+6.4%	-1.1%	+5.7%
Qifu Technology	QFIN US	2.6	16.35	+0.6%	-5.9%	-2.3%	-6.9%	+11.5%	-19.0%
East Money	300059 CH	32.6	14.86	+4.4%	-6.5%	-11.9%	-8.7%	-26.0%	-7.8%
FinVolution	FINV US	1.3	4.59	+3.6%	+12.0%	+29.7%	+1.9%	+11.2%	-2.2%
Up Fintech	TIGR US	0.6	3.20	+0.3%	+21.2%	+5.6%	-37.0%	-24.2%	-6.2%
Weighted average				+3.3%	-1.1%	-6.8%	-7.8%	-14.6%	-5.8%

Source: Bloomberg; as of June 16, except for ADRs which were as of June 15

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

H-share banks' average share price is below the long-term average level

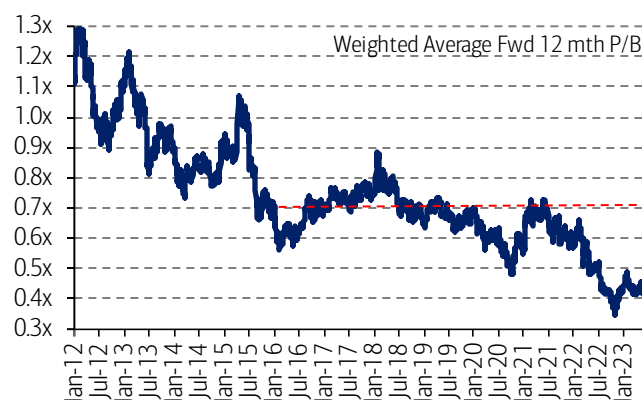


Source: Bloomberg, share price here doesn't adjust for dividend; as of June 16

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Exhibit 4: H-share banks' forward P/B valuation since 2012

P/B remained at 0.43x last week



Source: Bloomberg, share price here doesn't adjust for dividend; as of June 16

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A-H share premium**Exhibit 5: A-H share premium**

A-H share premium fluctuated by -5.6ppt to +1.5ppt across banks last week

	ABC	BOC	BoComm	CCB	ICBC	PSBC	CEB	CMB	CNCB	MSB	CQRB	Average
Current	29.1%	38.8%	22.9%	36.7%	27.5%	11.8%	39.1%	-1.2%	64.4%	51.0%	54.2%	34.0%
WoW	-1.4ppt	-3.6ppt	-2.4ppt	-4.0ppt	-0.9ppt	-1.7ppt	-5.6ppt	+0.8ppt	-2.7ppt	+1.5ppt	-3.9ppt	-2.2ppt
YTD	+6.4ppt	+13.0ppt	+3.6ppt	+6.6ppt	+5.5ppt	+4.1ppt	-6.7ppt	+2.3ppt	+1.7ppt	-5.2ppt	-12.0ppt	+1.8ppt
vs 2022 avg	+2.6ppt	+11.1ppt	+7.4ppt	+6.1ppt	+3.1ppt	+4.8ppt	-1.8ppt	+1.8ppt	+7.1ppt	-19.8ppt	-22.0ppt	+0.0ppt

Source: Bloomberg; as of June 16, share price here doesn't adjust for dividend

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

Southbound investors were buying ABC but selling BOC/CCB/ICBC/CQRB; northbound investors were selling CCB-AWoW

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	17.63%	6.61%	2.02%	7.50%	24.97%	5.81%	11.58%	2.70%	18.36%	21.89%	35.82%	0.44%	0.35%	0.18%	9.38%
WoW	+21bp	-9bp	+4bp	-8bp	-12bp	-1bp	+1bp	+2bp	+5bp	-2bp	-8bp	+3bp	-1bp	+0bp	+0bp
YTD	-102bp	+163bp	+11bp	-176bp	+84bp	+26bp	+190bp	-109bp	-29bp	-292bp	-27bp	-27bp	+24bp	+0bp	+4bp
Northbound holdings in A-share China banks															
	ABC	BOC	BoComm	CCB	ICBC	PSBC*	CEB	CMB	CNCB	MSB	CIB	SPDB	PAB	BOCD	BOHZ
% stake	0.88%	0.70%	3.14%	6.60%	0.87%	1.32%	2.07%	7.06%	0.69%	2.63%	3.51%	2.39%	6.14%	4.59%	2.40%
WoW	-2bp	+0bp	+3bp	-12bp	+0bp	-1bp	+9bp	-8bp	+13bp	-3bp	+3bp	+1bp	-7bp	-5bp	+0bp
YTD	+6bp	+4bp	+42bp	+254bp	+17bp	+30bp	+36bp	-24bp	+18bp	+65bp	-32bp	+16bp	-27bp	-182bp	-53bp
	BOJS	BONB	CQRB												
% stake	4.77%	5.63%	4.22%												
WoW	-11bp	+6bp	-15bp												
YTD	-9bp	-72bp	-16bp												

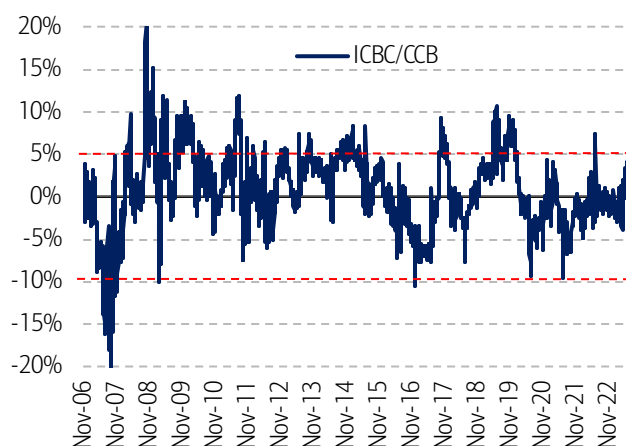
Source: Wind; as of June 15, *adjust the impact from change of tradable shares

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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

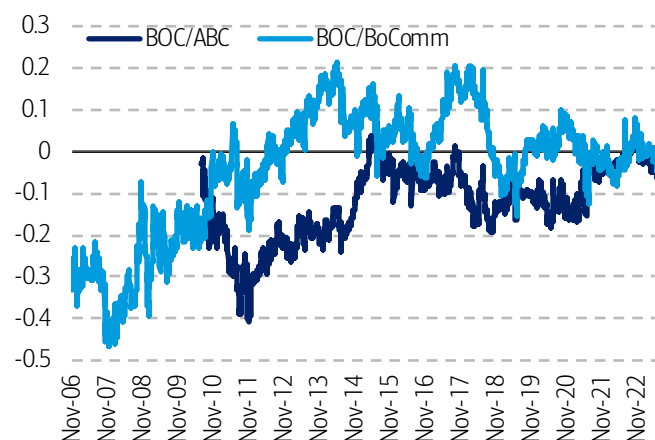


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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

BOC traded at 5% and 4% discount to ABC and BoComm

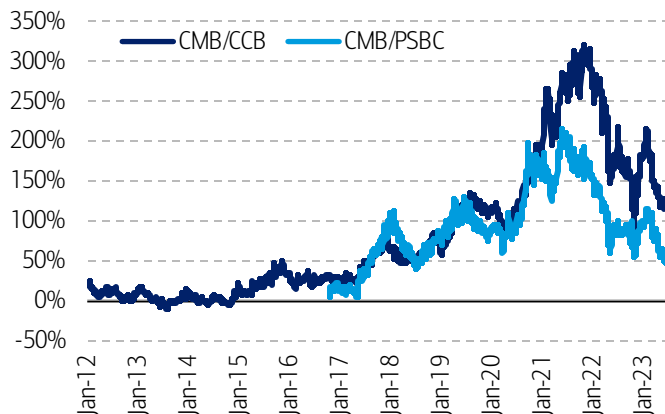


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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

CMB's P/B was 128% and 57% higher than CCB and PSBC

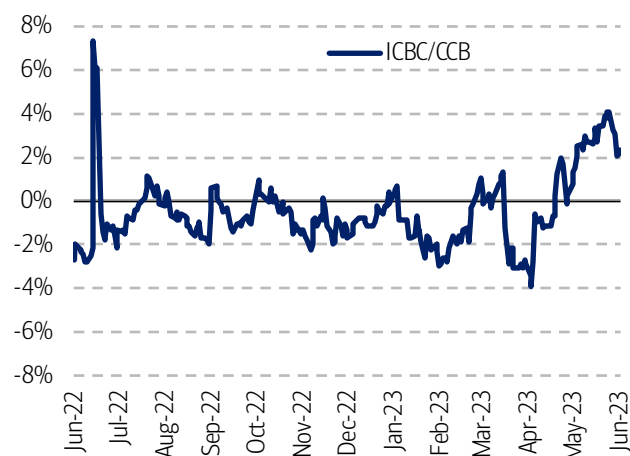


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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

ICBC currently traded at 2.3% premium to CCB

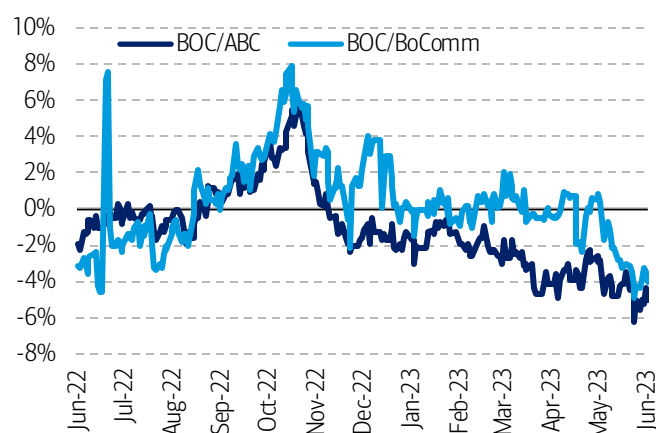


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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

BOC's P/B discount to ABC and BoComm remained stable WoW

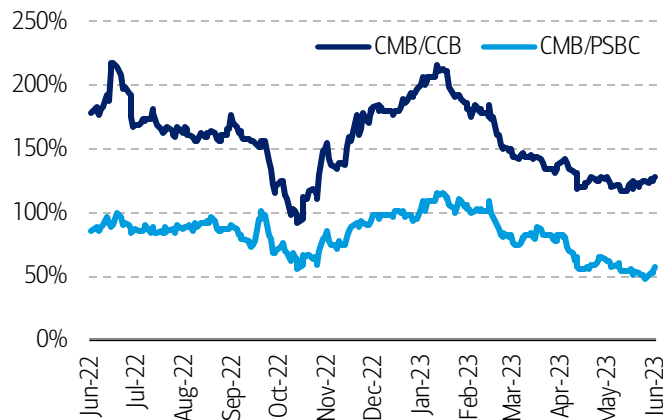


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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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 expanded WoW

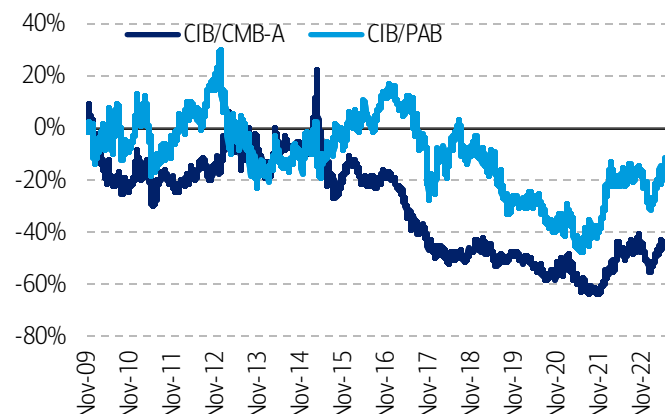


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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

CIB's P/B was 45% and 11% lower than CMB-A and PAB

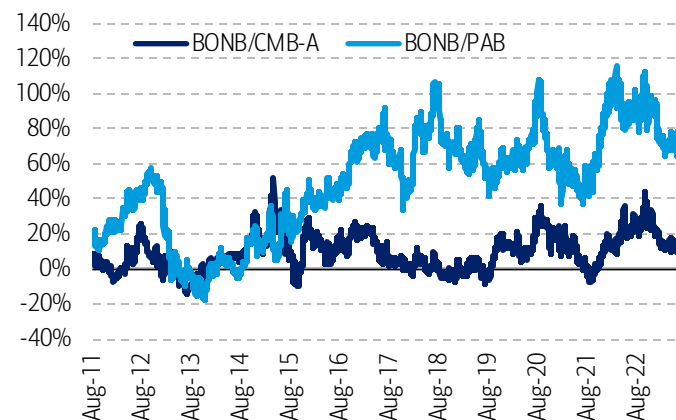


Source: Bloomberg, as of June 16 share price here doesn't adjust for dividend

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

BONB's P/B was 11% and 81% higher than CMB-A and PAB

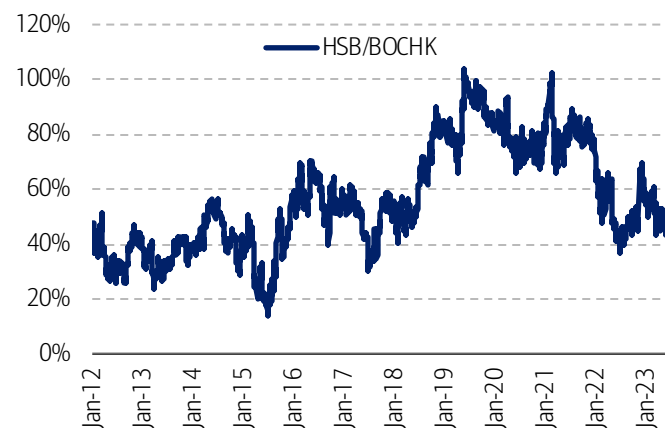


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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

HSB's P/B was 50% higher than BOCHK

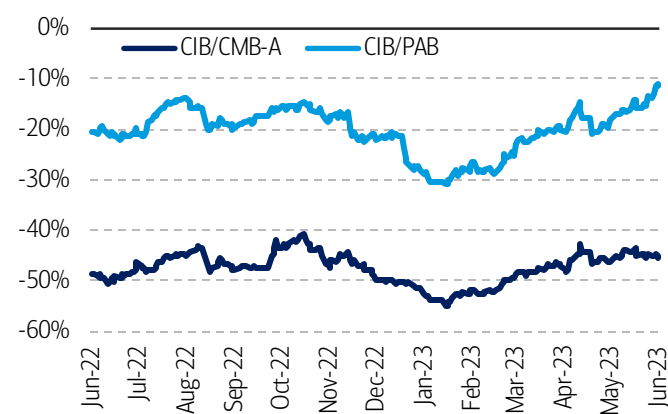


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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

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

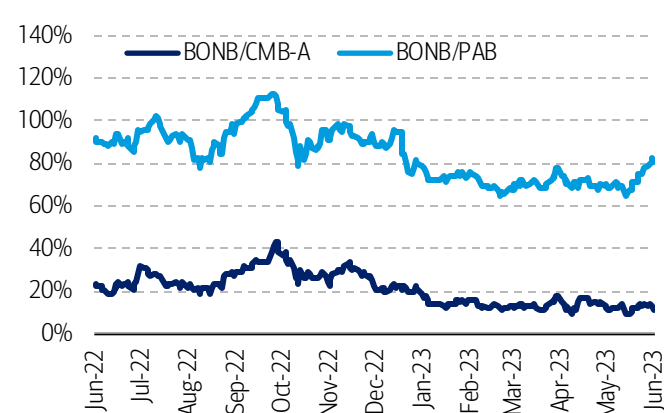


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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

BONB's premium over CMB-A narrowed while over PAB expanded WoW



Source: Bloomberg, as of June 16, 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 rose last week

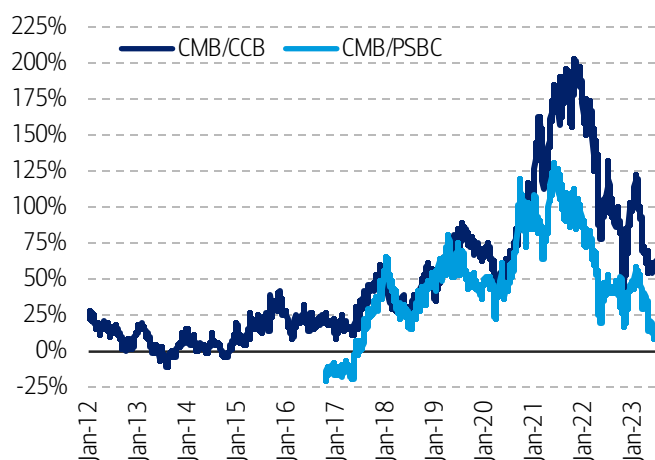


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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

CMB's P/E was 62% and 15% higher than CCB and PSBC's

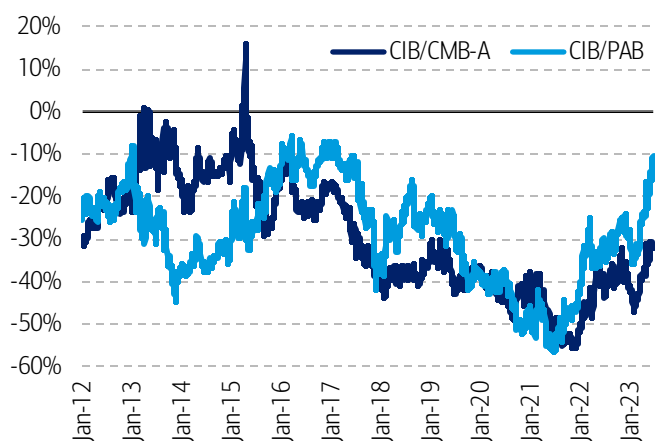


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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

CIB's P/E was 32% and 11% lower than CMB-A and PAB's

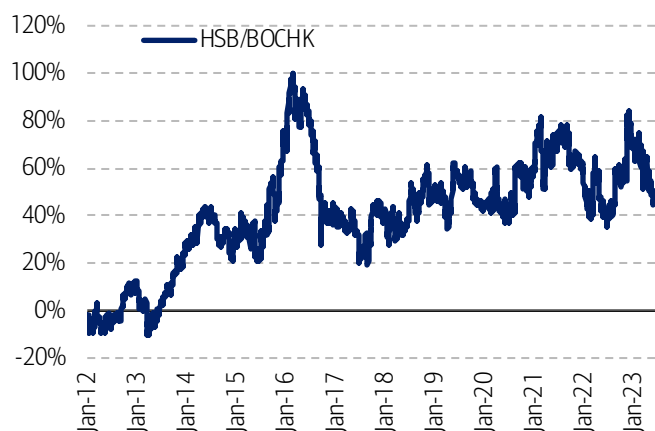


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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

HSB's P/E was 50% higher than BOCHK's

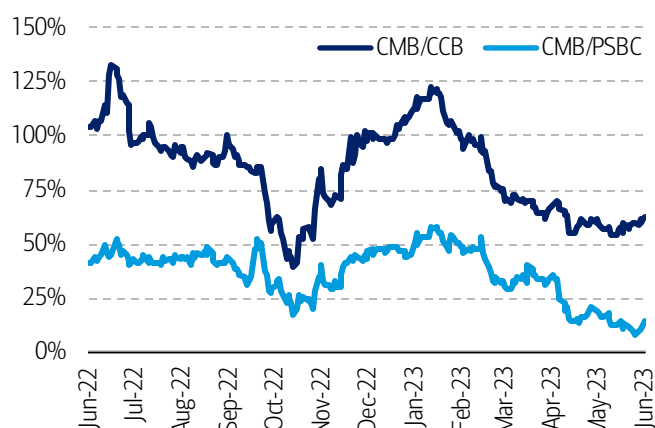


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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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 expanded WoW

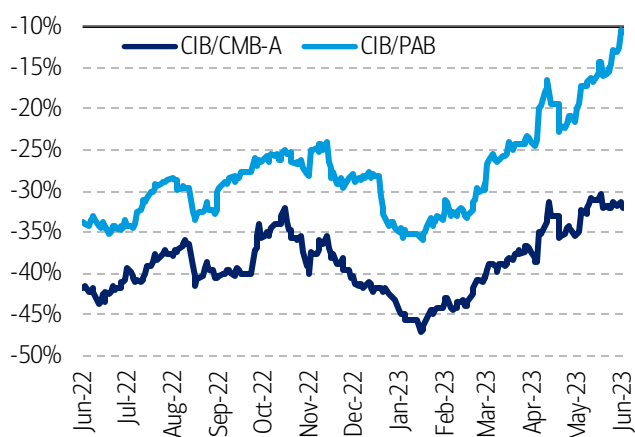


Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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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 expanded while to PAB narrowed last week



Source: Bloomberg, as of June 16, 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 rose last week



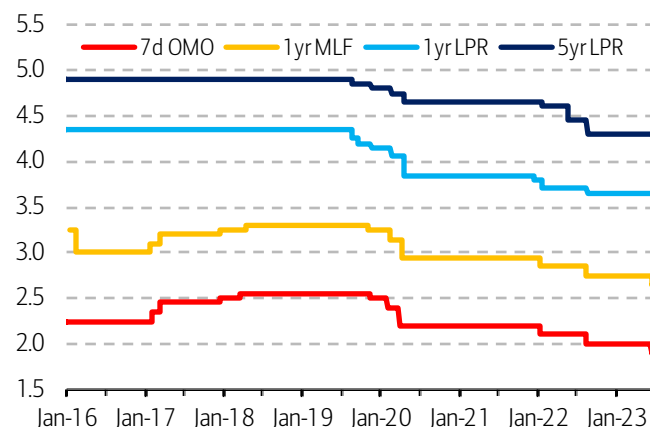
Source: Bloomberg, as of June 16, share price here doesn't adjust for dividend

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Interest rates and NCDs

Exhibit 25: Major policy rate (%)

7d OMO and 1yr MLF rate was cut by 10bp last week

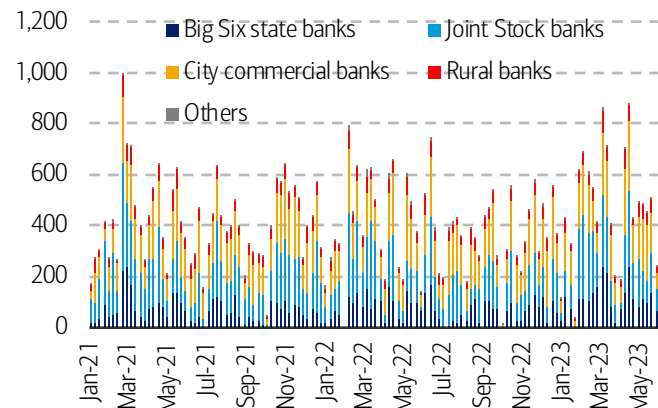


Source: Bloomberg, Wind, as of June 16

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

Gross issuance was RMB682bn from June 5 to June 11

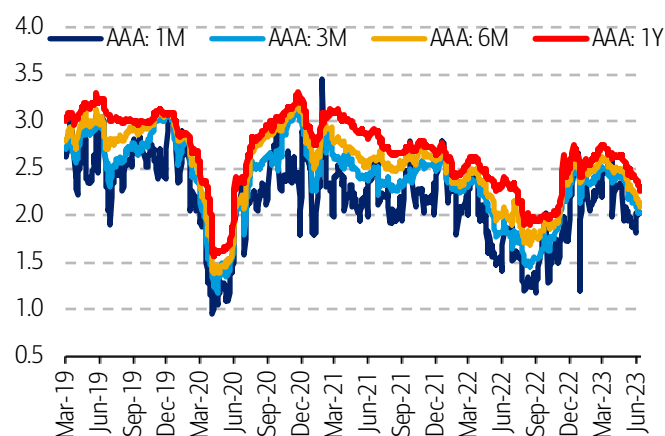


Source: Wind, as of June 12, *NCD: Negotiated Certificate of Deposits

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

AAA-rated NCD yields decrease by 1-3bp for 3M to 1Y tenors WoW

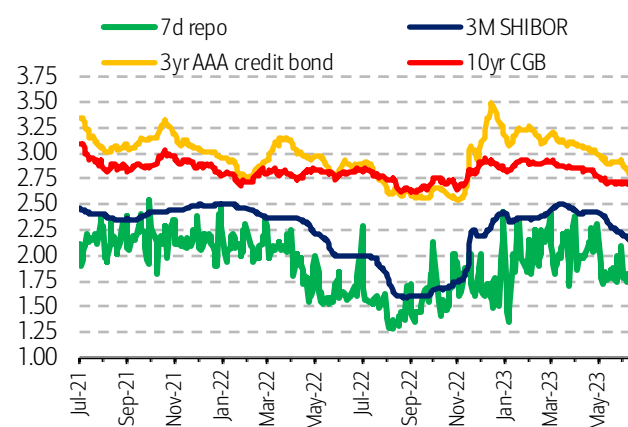


Source: Wind, as of June 15, *NCD: Negotiated Certificate of Deposits

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Exhibit 26: Major market rate (%)

7d repo rate rose by 13bp while other rates fell by 2-7bp WoW

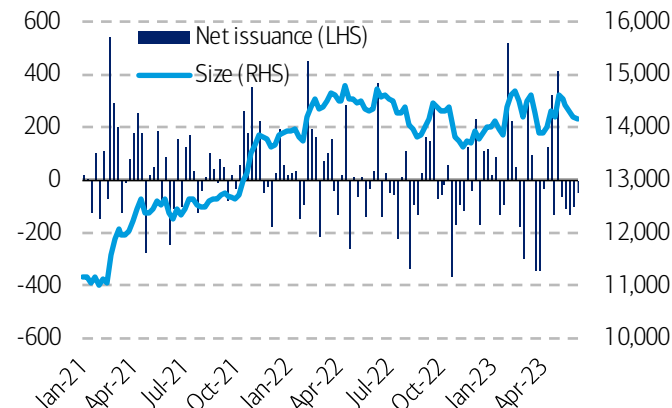


Source: Bloomberg, Wind, as of June 16, *CGB: China Government Bond

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

NCD size dropped from RMB14.6tn in early May to RMB14.1tn now

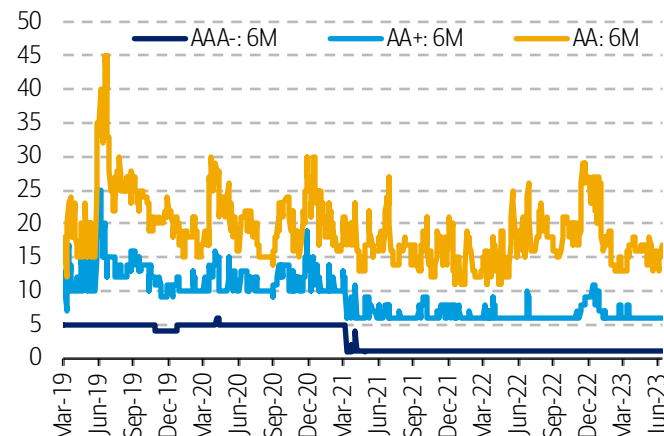


Source: Wind, as of June 12, *NCD: Negotiated Certificate of Deposits

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

Credit spread of 6M AA rated NCDs rose by 2bp this week



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

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Ex-dividend schedule

Exhibit 31: China banks ex-dividend schedule

Banks will ex-dividend from late Jun to early Jul for H-share and around mid Jul for A-share

	2022 DPS (RMB)	H-share		A-share	
		Dividend yield	Ex-date	Dividend yield	Ex-date
ABC	0.22	8.0%	7/10/2023	6.2%	7/18/2023
BOC	0.23	8.1%	7/6/2023	5.9%	7/17/2023
BoComm	0.37	7.9%	7/4/2023	6.4%	na
CCB	0.39	8.4%	7/6/2023	6.2%	na
ICBC	0.30	7.9%	7/6/2023	6.2%	7/17/2023
PSBC	0.26	5.6%	7/5/2023	5.0%	na
CEB	0.19	8.5%	6/26/2023	6.1%	na
CMB	1.74	5.1%	7/5/2023	5.1%	na
CNCB	0.33	8.8%	6/26/2023	5.4%	na
MSB	0.21	8.2%	6/13/2023	5.4%	6/26/2023
CIB	1.19			7.0%	6/19/2023
SPDB	0.32			4.3%	na
PAB	0.29			2.5%	6/14/2023
BOCD	0.78			6.2%	na
BOHZ	0.40			3.3%	na
BOJS	0.40			5.4%	na
BONB	0.50			1.9%	na
CQRB	0.27	10.7%	5/30/2023	6.9%	na

Source: company reports, Bloomberg; as of June 16

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Bank Acronyms

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

CQRB: Chongqing 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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