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# China bank shares rise after \$72 billion recapitalisation plan

By Reuters

March 31, 2025 11:33 AM GMT+1 · Updated March 31, 2025



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A sign of China Construction Bank is seen at a branch in Beijing, China, April 21, 2016. REUTERS/Kim Kyung-Hoon/File Photo [Purchase Licensing Rights](#)

## Summary Companies

- Bank shares jump on recapitalisation plans
- Lenders expect increases to core tier-1 ratios
- Capital injections leverage more credit to support the economy

BEIJING, March 31 (Reuters) - Shares in China's big state-owned banks rose on Monday after the lenders unveiled around a \$72 billion recapitalisation plan to boost their core capital.

The recapitalisation aims to help the banks to increase capital buffers and manage asset quality strains. China's major banks have reported flat annual profit and lower margins as a slowing economy and a struggling property sector have weighed on their earnings.

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China Construction Bank (CCB) ([601939.SS](#)) closed up 3.6% in Shanghai and Bank of China ([601988.SS](#)) rose 1.8%. Bank of Communications (BoCom) ([601328.SS](#)) increased 1.2% and Postal Savings Bank of China (BoC) ([601658.SS](#)) rose 0.2%.

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These state-owned banks said on Sunday they plan to raise a combined 520 billion yuan (\$71.70 billion) from investors via private share placements after Beijing pledged to help them support the economy.

China's finance ministry, a major shareholder in the four banks, will be involved in all four capital raising exercises. As part of the plan, the finance ministry said on Monday that it would issue 500 billion yuan in special treasury bonds in 2025 to support bank capital replenishment.

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The capital injection is expected to increase BoCom's core tier-1 capital adequacy ratio by 1.28 percentage points, the bank's board secretary He Zhaobin said at an online investors' briefing on Monday. Core tier-1 capital is used to gauge a bank's financial strength.



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Postal Savings Bank of China said its core tier-1 capital ratio will increase 1.5 percentage points on recapitalisation, and CCB expects an increase of 0.48 percentage points on capital adequacy ratios.

"Our bank's risk resilience will be further enhanced to ensure security in the face of changes in market environment, asset quality control and unexpected events," CCB chief financial officer Sheng Liurong said at the briefing.

The recapitalisation will offset ongoing net interest margin pressure of the lenders and restore their lending capability, Judy Zhang, an analyst at Citi, said in a report on Monday.

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"Supplementing bank capital can leverage banks to support a larger scale of credit," analysts at Northeast Securities wrote in a research note on Monday.

"Shrinking interest rates meant banks' net interest margins narrowed and profit declined, which increased banks' capital pressure."

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As the pressure on small and medium-sized banks increases, it is expected that large banks will play a greater role in supporting the economy in the future, the analysts said.

(\$1 = 7.2524 Chinese yuan renminbi)

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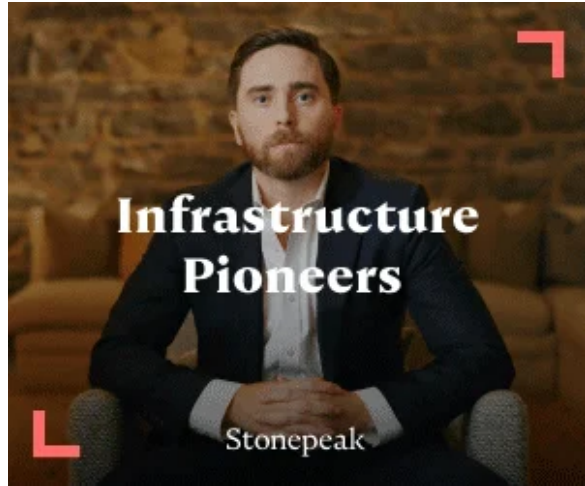
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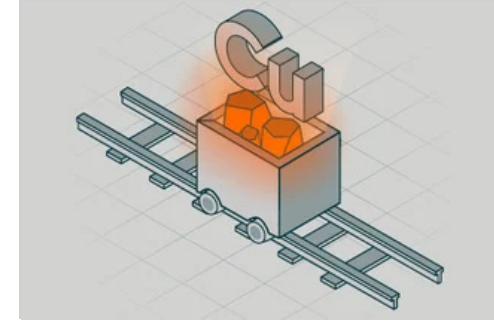
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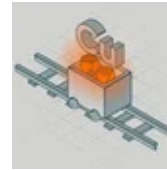
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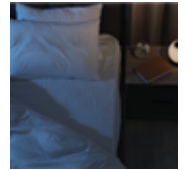
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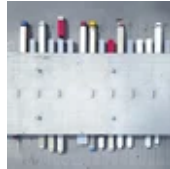
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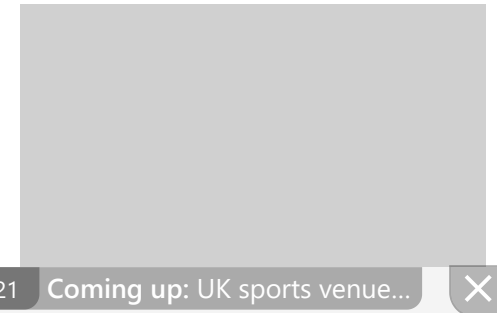
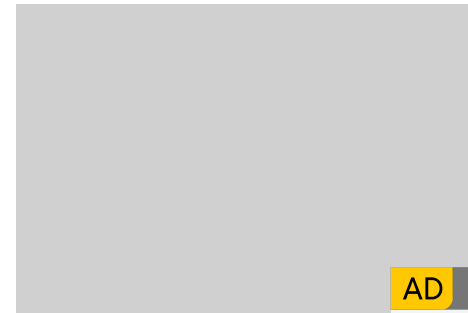
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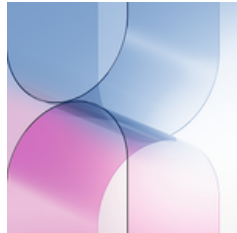
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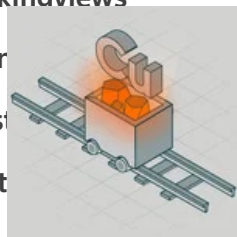
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