

INVESTMENT OPPORTUNITIES IN RMB AND PROSPECT OF GREEN BONDS

13th May 2021 (Thursday)

4:30-6:00 pm (HK/Beijing/Singapore)

9:30-11:00 am (London)

Language: English/Chinese (with English Interpretation)



Co-hosted By BCCL & Industrial Bank

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Housekeeping

- All participants are on a listen only mode during the webinar.
- There will be a Q&A session after presentation. For any questions for the speaker, please type it in Q&A Box on the bottom right corner. The speakers will discuss in Q&A session at the end of the event.
- The webinar is being recorded. A playback will be available on BCCL Website later in due course.
- If any participant requires assistance at any time, please send a message to the host through the chat box in this webinar platform.

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Event Briefing

Xian Chen

Assistant Chief Executive,
Industrial Bank, Hong Kong Branch

Co-hosted By BCCL & Industrial Bank

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Opening Remark

Bond Connect— Development in the Mutual Market Access Scheme



Julien Martin

General Manager,
Bond Connect Company
Limited



Bond Connect— Development in the Mutual Market Access Scheme

Julien Martin
General Manager, Bond Connect Company Limited
May 13, 2021

A Joint Venture Of



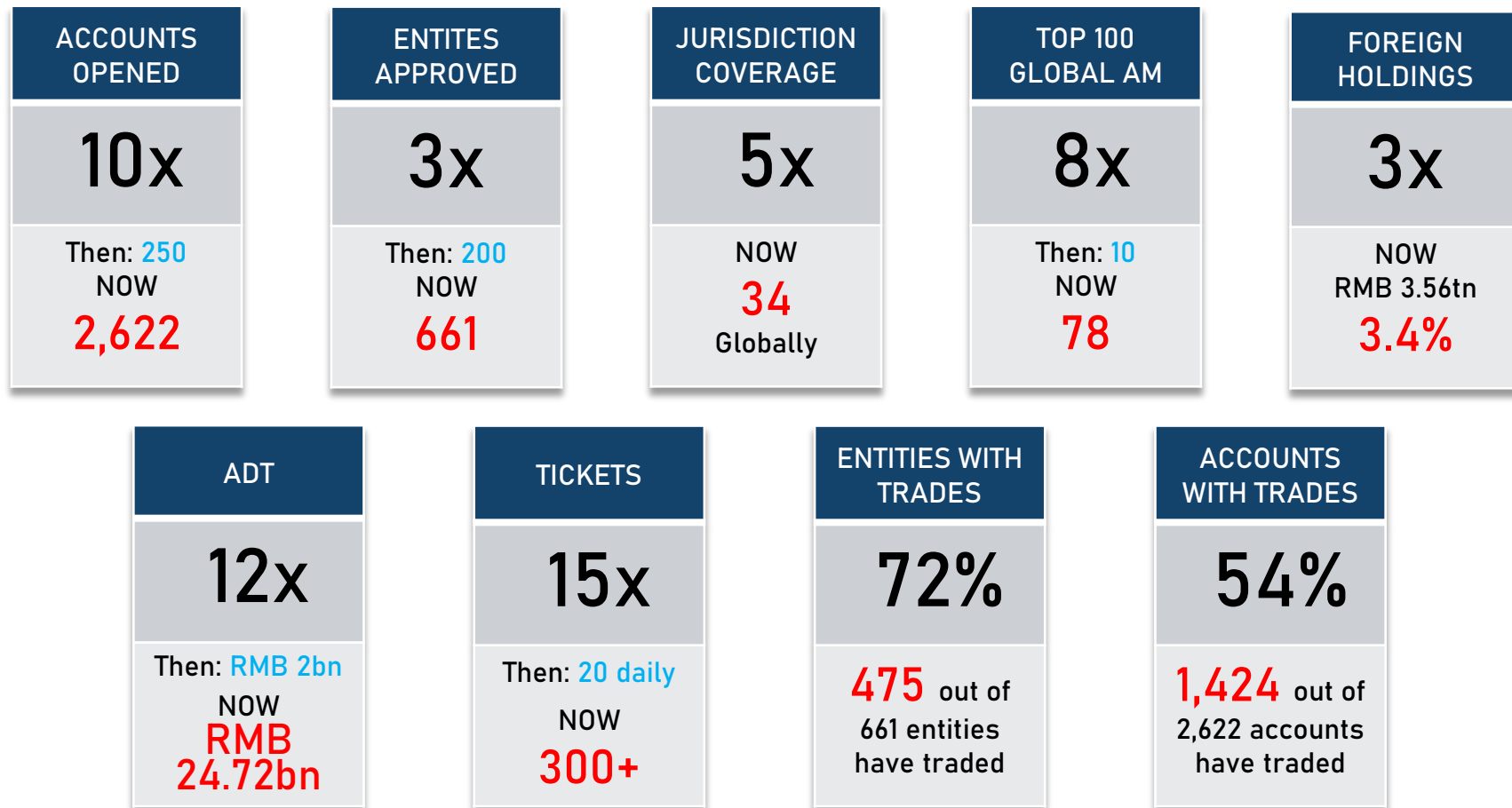
HKEX
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FAST TRACK TO
CHINA BOND MARKET

Bond Connect — Explosive Growth

Core Milestones in close to 4 years
ROBUST Momentum from Launch to PRESENT



Bond Connect Developments – Constantly Evolving Scheme

2020 - 2021

More Coming!

Primary Market
Information Platform &
NCD Subscription

API Datafeed Service to
distribute real-time
transaction data

Additional
Market Makers (56)

Transfer in Defaulted
Bond on maturity

Fee Reduction:
0.2bp for 0-1Y, 0.4bp for
beyond

Trading Hour Extension
to 8pm

Extended Settlement
Cycles &
Settlement Amendment

Additional
FX Settlement Banks (28)

3rd Party FX

ePrime underwriter
functionality established

Entity-level Onboarding

Dealer Pay Model

- ePrime – Investor Functionality
- FX Execution Flexibility; enhancements to FX monitoring and reporting
- Offshore access to Exchange traded products (ETP) and derivatives such as IRS, repo, etc.
- Expand E-trading platforms
- Develop China Credit Market– index, securitization, tax netting for securitized products
- Southbound facilitation
- More to come.....

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Keynote Address

Outlook of China Bond Market Development and Investment Opportunities (Chinese session with English interpretation)



Dajun Ma

General Manager,
Financial Markets

Industrial Bank

Outlook of China Bond Market Development And Investment Opportunities

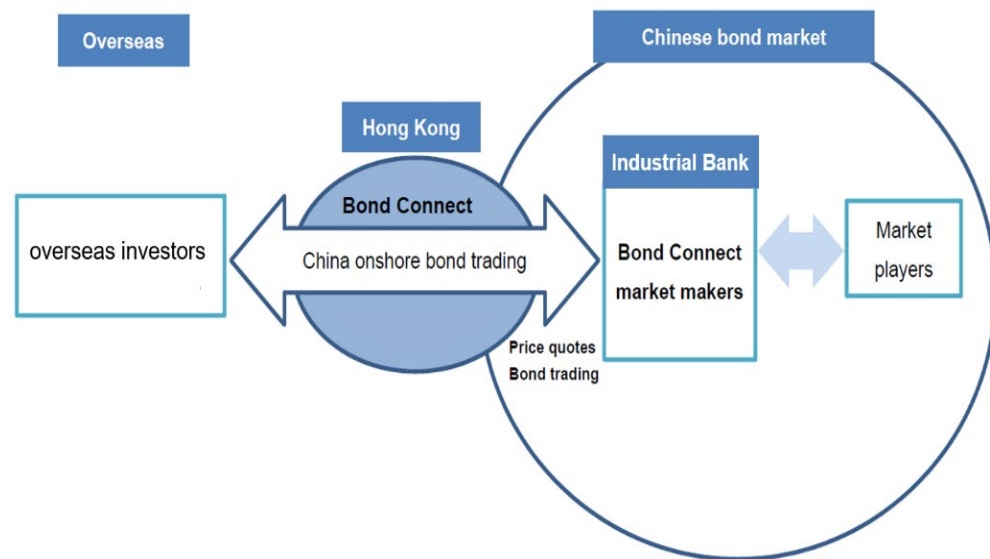
13th May 2021

Dajun Ma, General Manager,
Financial Markets, Industrial Bank

Bond Connect - DIRECT ACCESS TO CHINA BOND MARKET

- Bond Connect is instrumental in acting as an innovative cooperation mechanism, including "Northbound Trading" and "Southbound Trading", for interconnecting the Mainland and Global markets.
- The "Northbound Trading" follows the long-established trading and settlement practices of overseas investors, given an easy access to those investors to enter into huge china onshore bond market, with competitive costs and higher market efficiency.

Industrial Bank as a Bond Connect Dealer



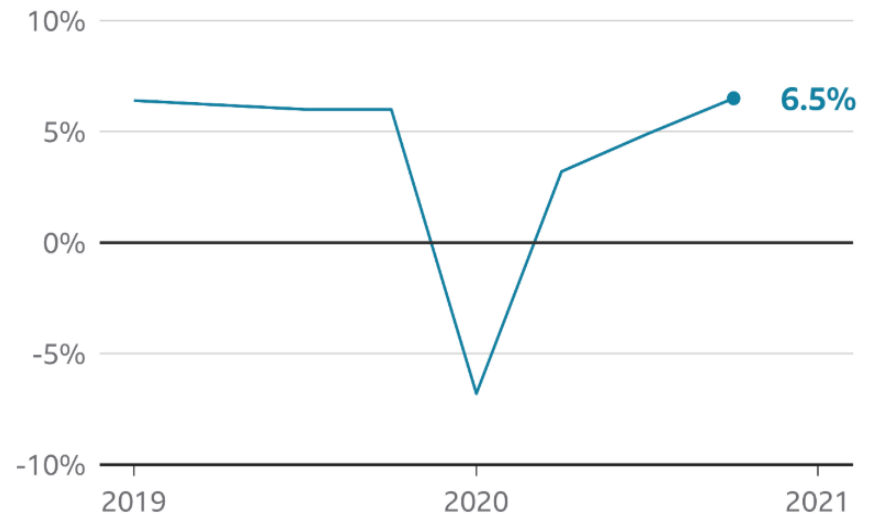
Source: Industrial Bank

China Posts Impressive Economic Recovery, and GDP Q2 Growth Continues

- In 2020, the COVID-19 pandemic made a huge impact on global markets, with major economies experiencing a steep decline in growth rate, rising unemployment rate and negative commodity price movements.
- China's recovery ahead of to other major economies in the first quarter, in growth rate of 18.3% from last year's deep coronavirus slump, propelled by stronger demand from domestic and abroad, also by government subsidies for SMEs.

China, Only Major Economy To Grow At All In 2020

Quarterly year-on-year GDP



Source: National Bureau of Statistics of China

China Domestic Bond Market Has Quickly Become One Of The World's Major Markets

- By the end of April 2021, the total depository balance of China bond market reached RMB118 trillion, over 27,000 market participants, and total trading volume exceed RMB250 trillion, standing as the second-largest bond market in the world after US.
- Chinese bonds plays a good diversifier for global fixed income investors due to its low correlation with non china assets. The low correlation is derived by RMB bond market being more influenced by domestic factors rather than global events.

Facts And Figures of China's Bond Market

Key Numbers



US\$9.7 tril.



US\$9.4 tril.

Correlation of U.S. dollar global IG bonds with DM government bonds: **0.71** High correlation

Correlation of Chinese government bonds with DM government bonds: **0.20** Low correlation



Number of Chinese bond issuers:

6,064

China's bond market total outstanding:

US\$17.4 tril.



Percentage of China's nonfinancial corporate issuers rated domestically as 'AA' or above:

>80%

Average annual growth of China's domestic corporate (financial and nonfinancial) bonds\$ outstanding since 2001:

50%

Source: Standard & Poor's Financial Services LLC

China Domestic Bond Market Has Attractive Yields and RMB FX Remains Stable

- As an emerging economy, China's bond yields are higher than those of developed countries such as the US, and much greater than the negative interest rates economies, for instance like Japan and Euro Zone.
- Current interest rate spread between China and US remains relatively high, with the yield on the 10-year CGB around 3.18%, this is about 160 basis points higher than 10-year US Treasury bond.
- The steady growth of China economy provides strong fundamental support RMB exchange rate to stay stable.

Spread of China 10 Year / US 10 Year Bond

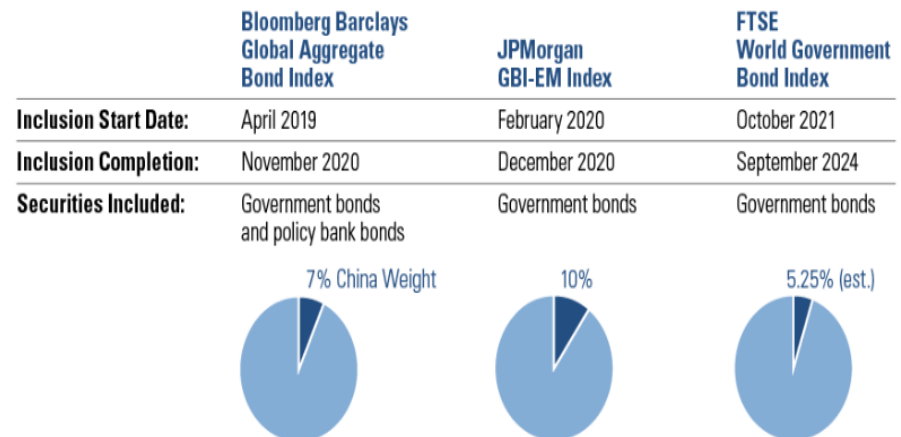


Source: World Government Bonds

Foreign Participation is increasing gradually

- In recent years, the opening up of financial markets has entered into fast track, Chinese government and policy bank bonds had been included in the Bloomberg Barclays Global Aggregate Bond Index, JP Morgan Emerging Markets Government Bond Index, and the FTSE World Government Bond Index.
- Foreign participation in China's Renminbi-denominated bonds was 3.54% as of December 2020.
- This contrasts sharply with the level of foreign participation in other emerging markets.

China's Inclusion In Global Bond Benchmarks

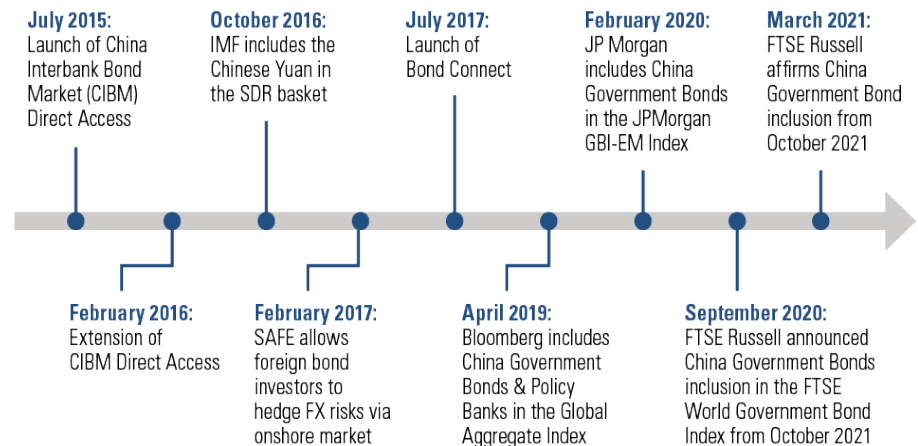


Source: GSAM, Goldman Sachs Global Investment Research, Barclays, FTSE Russell.
Estimated Barclays Figures. As of March 2021.

More Steps to Open China's Bond Market to Foreign Investors

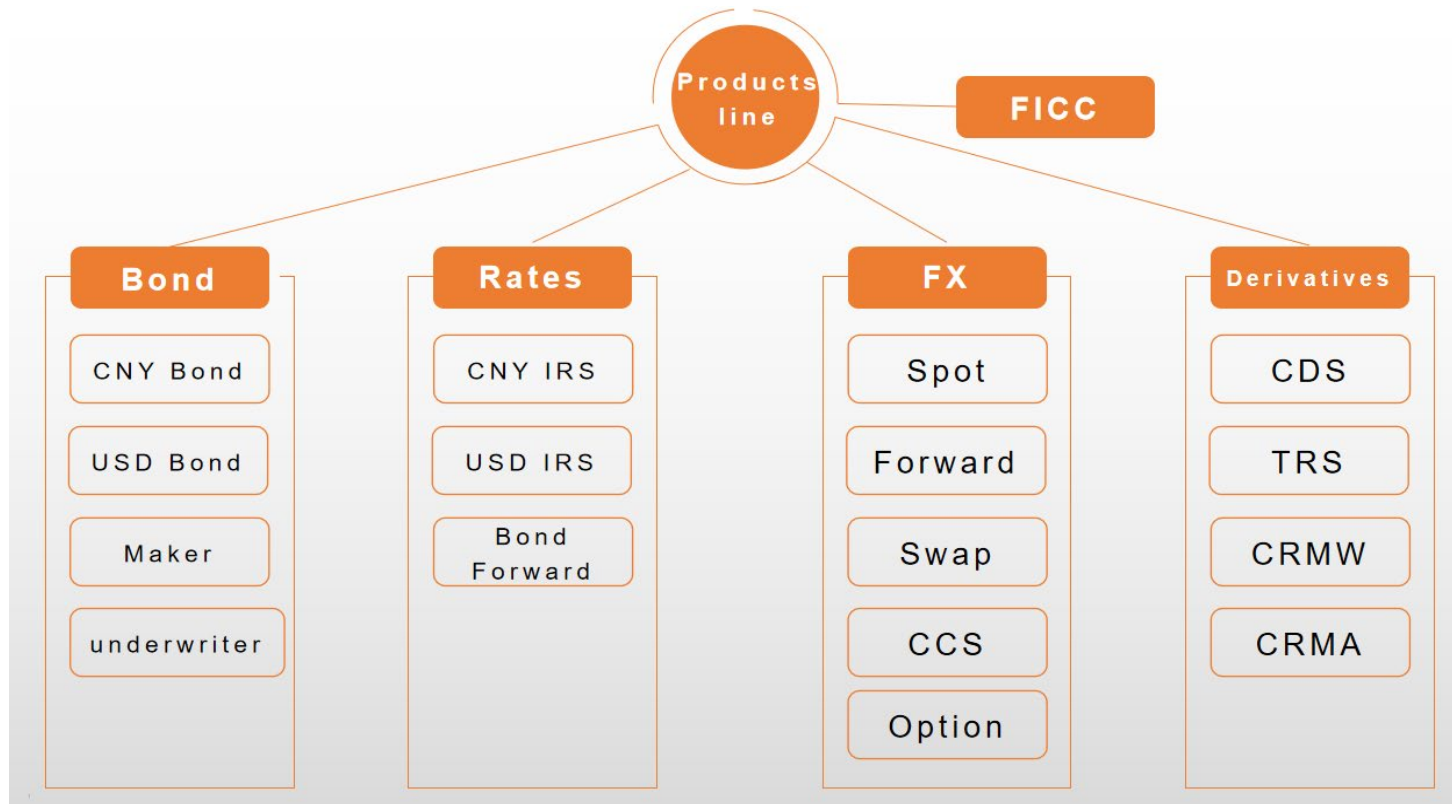
- As the pace of inter-bank and exchange bond market interconnection accelerates, and market rules gradually unify, the opening up of the China bond market will be further enhanced.
- With development of mutual excess, it is expected that domestic investors will participate in overseas bond market through Bond Connect, and foreign institutions will be welcome to participate in onshore market alone with various instrument, such as Repo , IRS, Bond Future etc.

Removing Barriers to Overseas Investment



Source: GSAM. China Foreign Exchange Traded System. As of March 2021.

Overview of Financial Markets, Industrial Bank



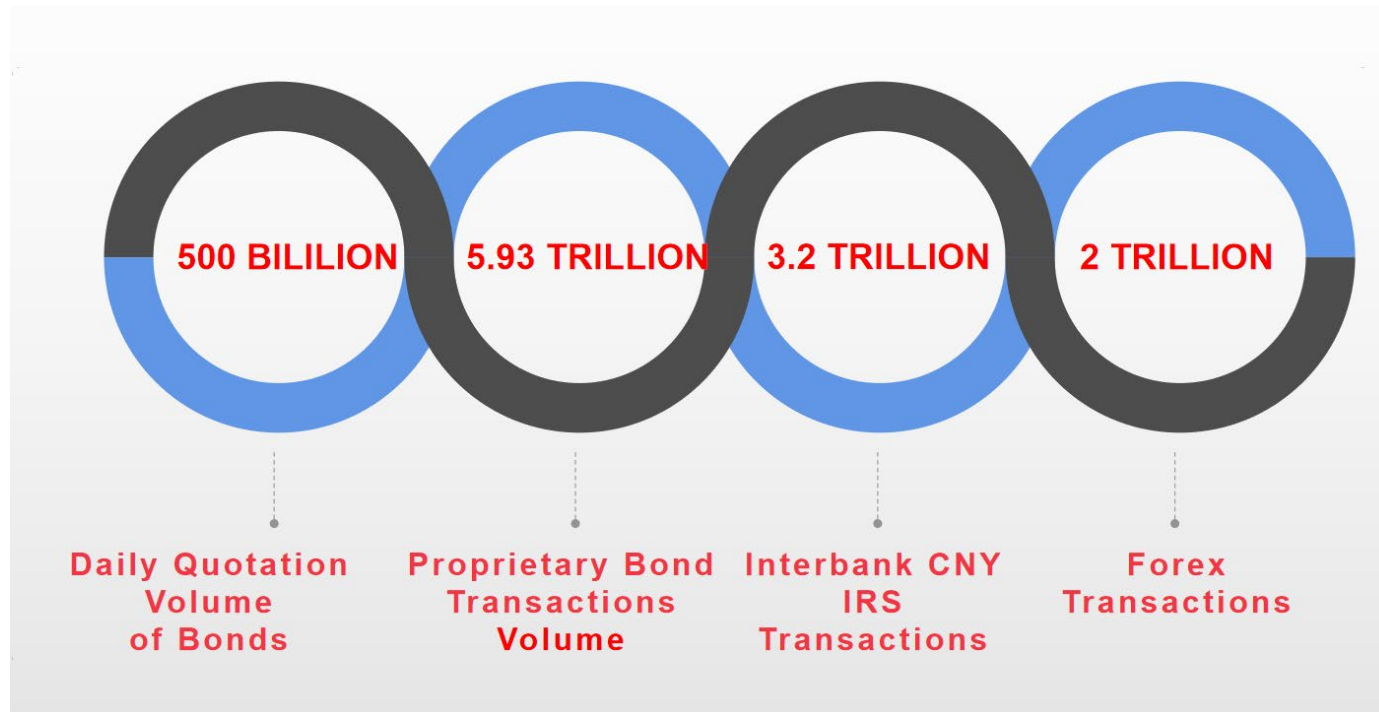
Overview of Financial Markets, Industrial Bank

- In China Interbank Bond Market, CIB is a mainstream market maker in terms of bond, forex and rates.
- A Qualified core dealer in the interbank local currency market, primary dealer in PBOC open market operation, core member of the market interest rate pricing self-regulatory mechanism committee and a Bond Connect market making institution.
- “Best Market Making Institution” by CFETS, “Best Market Maker” by NAFMII and “Bond Connect Top Market Maker” by BCCL over many years.

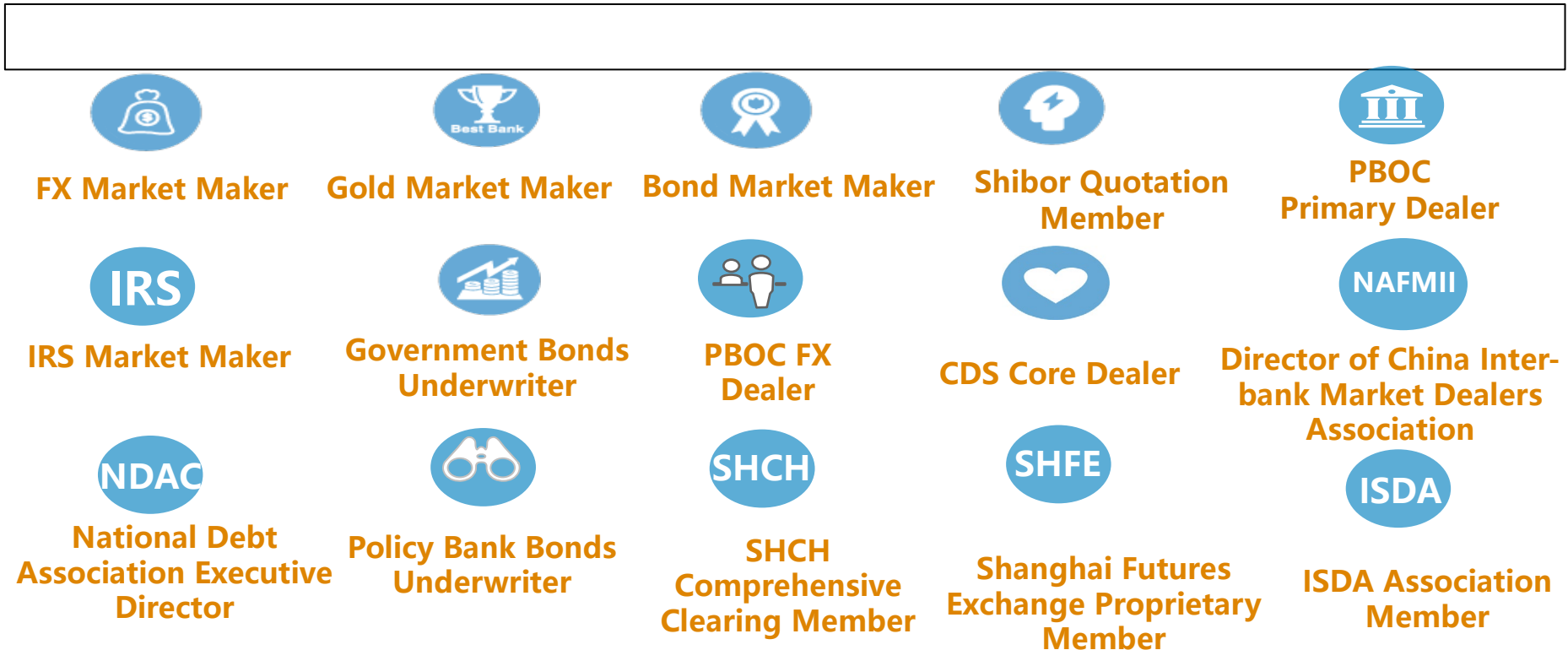
Numerous Accolades Received by CIB



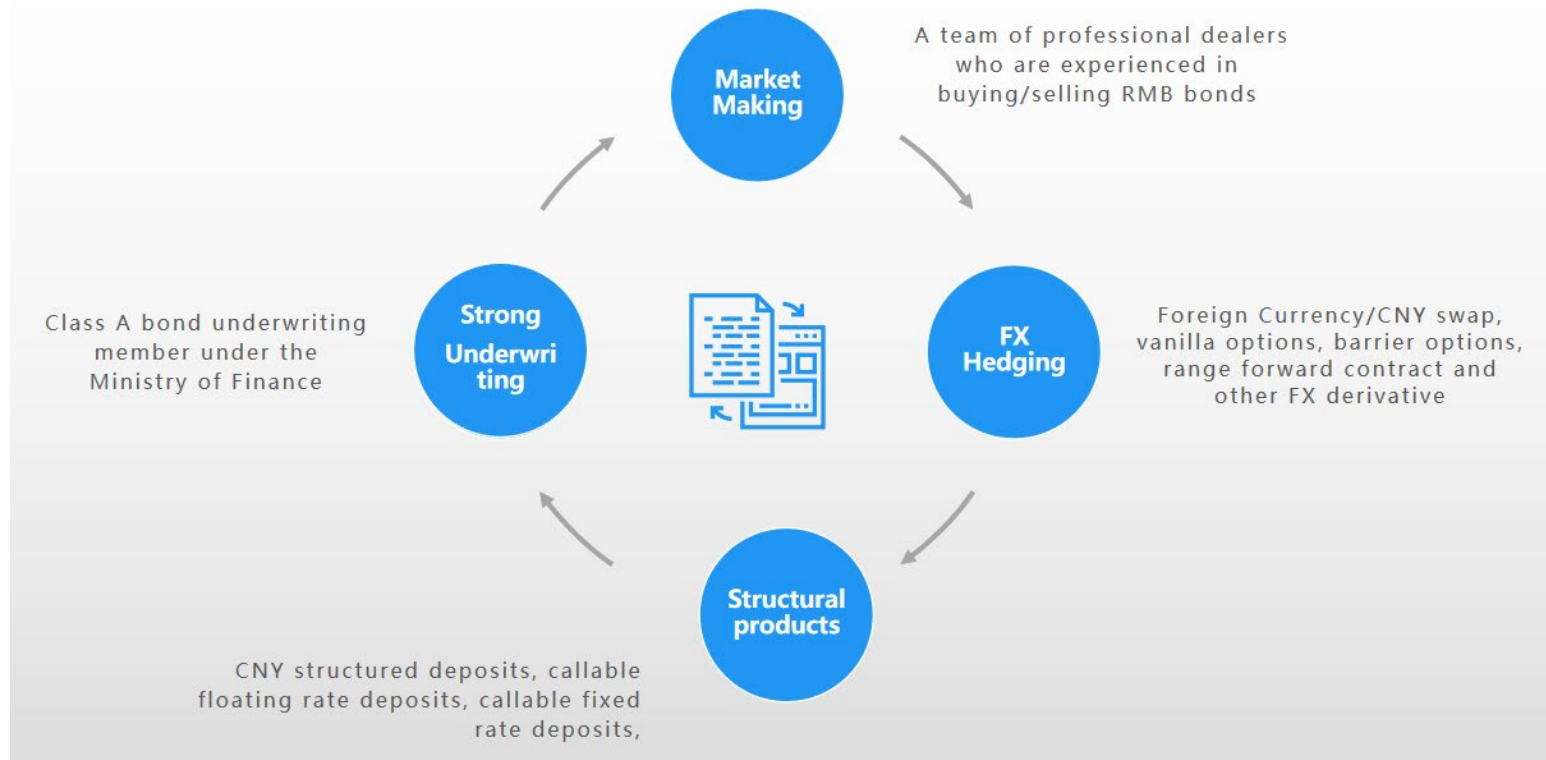
One of the Top Players In China Interbank Bond Market (in RMB)



One of the Top Players In China Interbank Bond Market



Industrial Bank Provide One-Stop Range of Products and Solutions





債券通
BOND CONNECT

兴业银行
INDUSTRIAL BANK CO.,LTD.
香港分行

THANK YOU!

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Development and Practice of Green Finance in China



Ruizhao Chen
Senior Manager,
Green Finance
Industrial Bank

Development and Practice of Green Finance in China

A Case Study of Industrial Bank

Ruizhao Chen (Francis)
Senior Manager, Green Finance
Industrial Bank Co., Ltd.

May 13, 2021



Sustainable Finance: a Mainstream Investment in China

Green Loan	11.55 trillion RMB (Q3 2020)
Green Bond	Total issuance of 1.41 trillion RMB (2016-2020)
Social Bond	Total issuance of 782.78 billion RMB (Oct 2020)
Green Funds	123 ESG fund (public placement), 120.97 billion RMB AUM (Q3 2020)

Standards and Regulations towards Green Finance

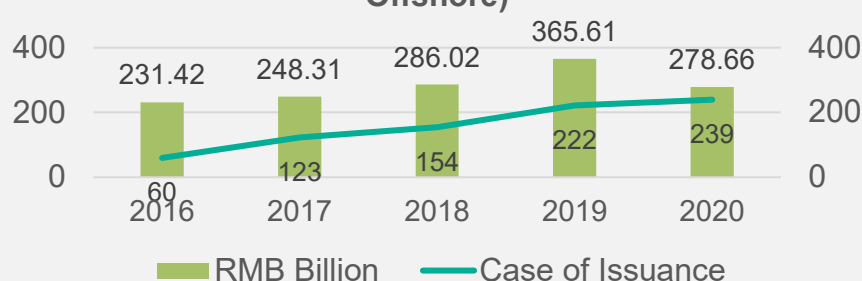
- ***The Guidelines for Establishing a Green Finance System (2016)***: issued by the People's Bank of China (PBoC) and other six Ministries; guidelines to establish a green finance system in China
- ***Green Industries Guidance Catalogue 2019***: issued by National Development and Reform Commission (NDRC) and other six Ministries; a taxonomy to identify green use of proceeds.
- ***Green Bond Endorsed Projects Category (2021 Edition)***: issued by the People's Bank of China (PBoC) and other two Ministries; to echo China's carbon neutrality plan and remove support towards coals and other fossil fuels

Source: *China Sustainable Investment Review 2020* by SynTao Green Finance

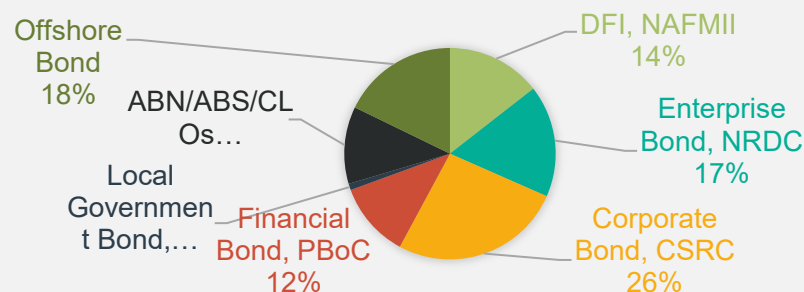
A Brief Overview of Chinese Green Bond Market



Green Bond by Chinese Issuers (Onshore & Offshore)



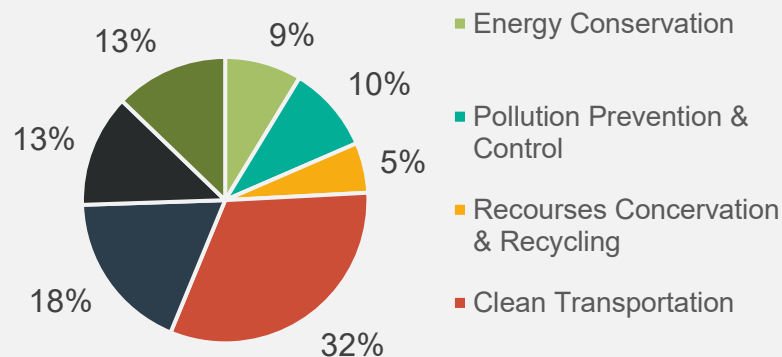
TYPES OF CHINESE GREEN BONDS ISSUED IN 2020



Key Findings

- Expanding green bond market in China both in terms of RMB and case of issuance since 2016, despite a slide in 2020 due to COVID-19 pandemic.
- Smaller issuers and issuers with lower credit rating are entering
- Non-financial corporations have replaced banks and become the largest issuer group
- 50% of proceeds go to Clean Transportation and Clean Energy projects
- *Green Bond Endorsed Projects Category (2021 Edition)* to remove support towards coals and other fossil fuels
- Introduction of Sustainability-Linked Bond and Carbon Neutrality Bond

Use of Proceeds of Onshore green bonds issued in 2020



Source: International Institution of Green Finance, CUFE

Industrial Bank: Financing China's Green Transition

Risk Management

- Adoption of Equator Principles since 2007
- In-house environmental and social risk management process



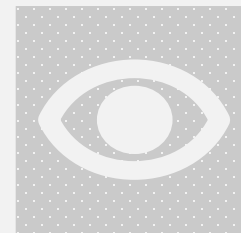
Financial Services

- Financial products and services to financial green projects
- Active green bond issuers



ESG Considerations

- High ESG Rating by MSCI
- Promotion of ESG to Clients
- Pledge to go Climate Neutral



Industrial Bank: Leading Green Finance for 14 Years



- IB has been exploring sustainable finance business since 2006 and gradually adopting green finance as a strategic business of the Group
- China's first bank to adopt the Equator Principles in 2008
- Issued China's first green financial bond and China's first green asset-backed securities in 2016, and the first offshore dual-currency green financial bond in 2018
- In 2019, IB obtained "A" rating from MSCI-ESG for its outstanding performance in sustainable practices, corporate governance, and information disclosure.
- Became the first batch of banks to sign the United Nations Principles for Responsible Banking in 2019, and pledged to ensure that business strategies are consistent with the Paris Climate Agreement and the United Nations Sustainable Development Goals
- Issuance of Blue Bond and COVID-19 Respond Bond in 2020
- The first Chinese commercial bank to complete the issuance of green bonds in both domestic and overseas markets, and the largest commercial financial institution green bond issuer in the world

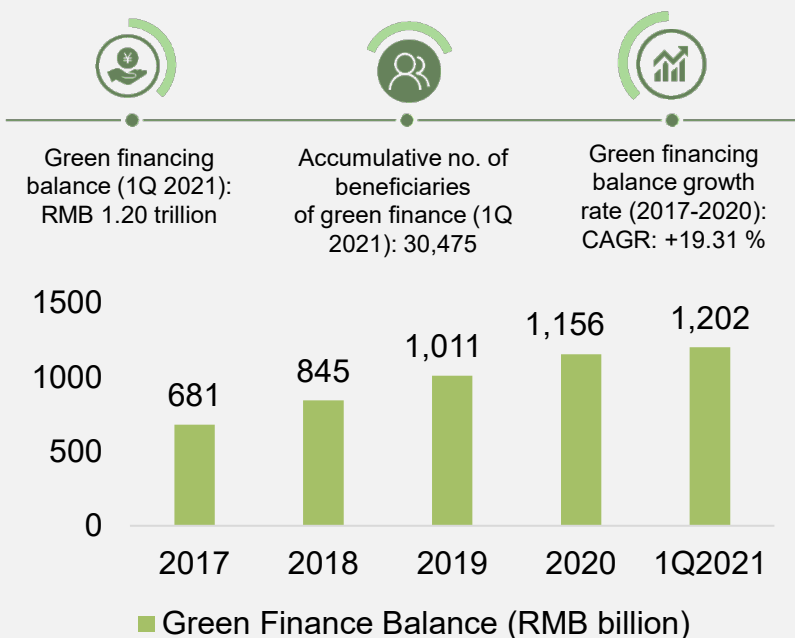


Source: Industrial Bank

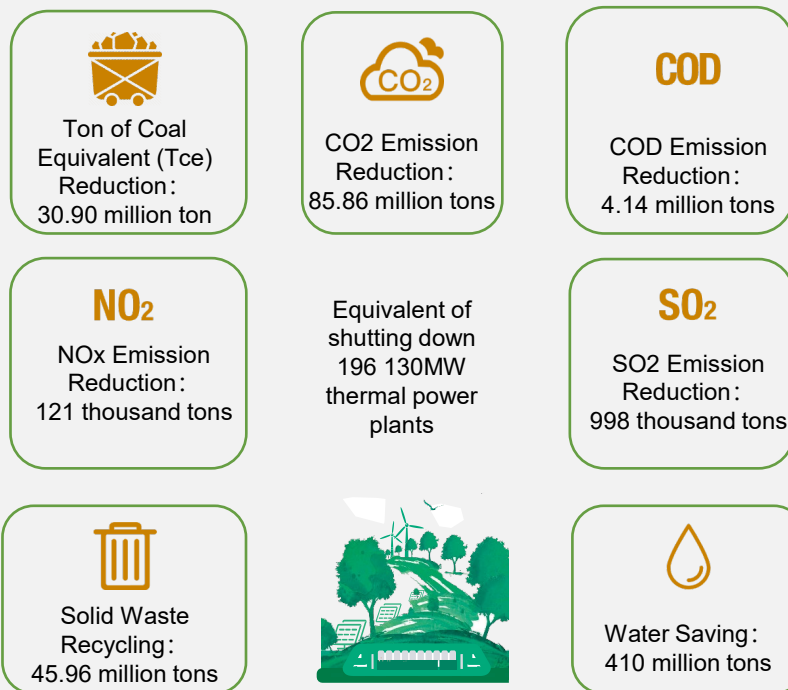
Industrial Bank: Leading Green Finance for 14 Years



- In 1Q 2021, IB had achieved a Green Financing balance of RMB 1.20 trillion and accumulatively provided green financing for 30,475 corporate clients



- In 1Q 2020, IB's Green Financing Portfolio is expected to realize the following environmental impact per year



Source: Industrial Bank

Organizational Structure and Product



Organizational Structure of Green Finance Department

Senior Management	Green Finance Dept. at HQ	Green Finance Dept. at local Branches
<ul style="list-style-type: none"> • CSR Working Group • Green Finance Group Integration Working Group • Green Finance Specialized Committee 	<ul style="list-style-type: none"> • Product • Marketing • Research • Project • Operation Management • Communication and PR 	<ul style="list-style-type: none"> • Operation Management • Marketing • Green Finance Product Manager

- Green Finance Performance as a major KPI for branches
- Exclusive allocation of risk assets to green loans
- Green Bond issuance provides exclusive funding source
- Additional financial support for client development, business development and product development in Green Finance
- Differentiated project approval process and operation

Integrated Green Finance Products and Services

	Green Finance Product			
Corporate Finance	Green Project loans and liquidity loans	Carbon/emission right pledge financing	Receivable pledge financing	Cash Management
Retail Finance	Green mortgage loans	Green wealth management	Green credit card	Green consumer loan
Investment banking and financial markets	Green bond underwriting	Green ABS	Green equity fund	Green investment
Funds	Green industrial fund	Environmental and infrastructure PPP fund		
Trusts	Green entrusted loan	Green entrusted fund		
Financial Leasing	Green direct leasing	Green sale-and-lease-back	Green operating lease	
Securities	Green equity investment	Green bond underwriting	Green enterprise IPO	

Source: Industrial Bank

Best Practice in Green Bond: Green Financial Bond



130 billion RMB Green Financial Bond issued since 2016

Issuer	Industrial Bank Co., Ltd					
Exchange	China Interbank Market					
Bond Type	Commercial Bank Bond (Senior Unsecured)					
Issue Date	2016/01/29	2016/07/18	2016/11/17	2018/11/1	2018/11/26	2019/7/18
Maturity Date	2019/01/29	2019/07/18	2021/11/17	2021/10/31	2021/11/25	2022/7/17
Duration(Y ear)	3	3	5	3	3	3
Amount (100 million)	100	200	200	300	300	200
Price at Issuance	100	100	100	100	100	100
Coupon rate (%)	2.95	3.20	3.40	3.99	3.89	3.55
Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA

Source: Industrial Bank

Issuance Summary

- First Green Finance Bond Issuer In China
- Fund raised will be used to fund projects in environmental protection, energy saving, clean energy, recourse conserving and recycling, clean transportation, ecological protection and climate change respond and other industries that are included in the Green Bond Categories issued by the PBOC. The goal of the issuance is to optimize issuer's financial condition, promote the development and enhance service level of its green finance business¹.
- Prior to the issuance, IB hired an independent third-party agency and performed a full evaluation toward IB's green bond management framework
- Environmental Benefits:



Coal Usage Reduction:
1.47 million tons



CO2 Emission Reduction:
3.33 million tons

COD

COD Emission Reduction
159.4 thousand tons

NH3-n

NH3-n Emission Reduction:
13.8 thousand tons

SO2

SO2 Emission Reduction:
600 tons

NO2

NOx Emission Reduction:
400 tons

Best Practice in Green Bond: Green CLOs



Terms								
Bond Name	Xingyuan Green Asset-backed Securities 2014-2			Xingyin Green Asset-backed Securities 2016-1				
Originator	Industrial Bank Co., Ltd			Industrial Bank Co., Ltd				
Exchange	China Interbank Market			China Interbank Market				
Bond Type	Collateralized Loan Obligations (CLOs)			Collateralized Loan Obligations (CLOs)				
Tranche	Senior A	Senior B	Equity	Senior A1	Senior A2	Senior A3	Senior B	Equity
Bond Code	1489125.IB	1489126.IB	1489127.IB	1689013.IB	1689014.IB	1689015.IB	1689016.IB	1689017.IB
Issue Date	2014-09-18	2014-09-18	2014-09-18	2016-01-07	2016-01-07	2016-01-07	2016-01-07	2016-01-07
Expected Maturity Date	2016-07-12	2016-10-12	2017-04-12	2016-01-17	2016-03-17	2016-06-17	2016-06-17	2016-07-17
Duration(Year)	1.82	2.07	2.57	0.03	0.19	0.44	0.44	0.53
Amount (RMB 100 mil)	27.60	3.35	3.99	5.2	5.3	9.0	3.31	3.65
Price at Issuance	100	100	100	100	100	100	100	100
Coupon rate (%)	3.6	4.39	-	2.7	3.2	3.45	4.39	-
Bond Rating	AAA/AAA	AAA/AA+	NR	AAA/AAA	AAA/AAA	AAA/AAA	A+/A+	NR

Source: Industrial Bank

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Offshore Green Bond, Blue Bond and COVID-19 Respond Bond

Term				
Issuer	Industrial Bank Co., Ltd. Hong Kong Branch			
Bong Type	MTN Reg S			
Bond Rating	Baa2 (Moody's)			
Features	Green Bond		Green Bond (Blue Bond)	COVID-19 Respond Bond
UoP	To finance and refinance, in whole or in part, eligible green assets as defined in Green Bond Framework for Industrial Bank Co., Ltd.		To finance and refinance, in whole or in part, Renewable Energy, Sustainable Marine Economy, Marine Environmental Protection and Coastal Climate Change projects as defined in Green Bond Framework for Industrial Bank Co., Ltd.	To support financing on pandemic control related manufactory, circulation, consumption and infrastructure
Issue Date	2018/11/20	2018/11/20	2020/10/30	2020/10/30
Maturity Date	2021/11/20	2021/11/20	2023/10/30	2022/10/30
Duration (Year)	3	3	3	2
Amount	600 million USD	300 million EUR	450 million USD	3 billion HKD
Price	100	100	100	100
Float/Fix	FRN	FRN	FIX	FIX
Rate	3m LIBOR+85bps	3m EURIBOR+85bps	1.125%	1.10%
Venue	HKEX	LuxEX	HKEX/MOX	HKEX/MOX

Source: Industrial Bank

Offshore Green Bond, Blue Bond and COVID-19 Respond Bond

Issuance Summary

- First Chinese commercial bank to issue green bonds in both onshore and offshore market; First blue bond and COVID-Respond Bond among Chinese Joint Stock Bank; Largest green bond issuer among commercial financial institution globally
- **Green Bond Framework for Industrial Bank Co., Ltd.** which defines UoP, proceeds management, project selection and reporting for CIB's offshore green bonds.
- **Green Bond:** to finance and refinance, in whole or in part, eligible green assets as defined in *Green Bond Framework for Industrial Bank Co., Ltd.*, which is aligned with GBP by IMCA and Green Bond Categories by PBoC
- **Blue Bond:** To finance and refinance, in whole or in part, Renewable Energy, Sustainable Marine Economy, Marine Environmental Protection and Coastal Climate Change projects defined in *Green Bond Framework for Industrial Bank Co., Ltd.*
- **COVID-19 Respond bond:** To support financing on pandemic control related manufactory, circulation, consumption and infrastructure
- **World renowned third-party verifications:** SPOs offer by CICERO and Sustainalytics, Climate Bond certified, HKQAA green finance and Resilience Finance Certification



*CICERO
Dark Green



Climate
Bond
Certified



Source: *Green Bond Framework for Industrial Bank Co., Ltd. (Version 2020.10)*

Green Bond Framework for Industrial Bank Co., Ltd.

Green Bond Framework for Industrial Bank Co., Ltd. (“the framework”) is in alignment with GBP 2019. IB has engaged Sustainalytics to provide Second Party Opinion for GBP alignment of this Framework.

1

Use of Proceeds

- IB establishes this Green Bond Framework under which it plans to finance and refinance, in whole or in part, eligible green assets as defined.

2

Process for Asset Evaluation and Selection

- Domestic and overseas branches of IB shall carry responsibility for a preliminary screening of potential assets.
- A Green Bond Working Group from Green Finance Department at IB's Headquarters will review all potential assets to determine their compliance.

3

Management of Proceeds

- IB shall establish a separate “Green Bond Ledger” to record the source and allocation of proceeds to ensure that all net proceeds of the Green Bonds are used to finance Eligible Green Assets.
- Unallocated proceeds will be held in accordance with IB's prudent liquidity management policy.

4

Reporting

- IB commits to publish a Green Bond report on a yearly basis on its official website (www.cib.com.cn) until full allocation or upon material change of Eligible Green Assets allocated.
- The Green Finance Department will be responsible for producing the Report and IB's senior management will review and approve the Report.

Source: *Green Bond Framework for Industrial Bank Co., Ltd. (Version 2020.10)*

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Green Bond Framework for Industrial Bank Co., Ltd.

Eligible Green Asset

Renewable Energy

Energy Efficiency

Low Carbon and Low Emission Transportation

Sustainable Water and Wastewater Management

Sustainable Marine Economy, Marine Environmental Protection and Coastal Climate Change Adoption

Eligible Green Asset Criteria and Examples

- Generation, maintenance and transmission of renewable energy
- Manufacture of components of renewable energy technology
- Scope of renewable energy includes: solar, onshore and offshore wind, tidal, biomass from agricultural wastes or kitchen wastes for municipal wastes, and hydropower (less than 20MW)

独立台站

- Implementation, construction, maintenance and corresponding development that enhance energy efficiency of underlying technology, product, building, asset or system, and achieve a minimum energy efficiency improvement of 20%

- Construction, operation, maintenance and corresponding services of electric or hydrogen-powered transportation assets, systems and infrastructure
- Manufacture of electric transportation vehicles and components

- Construction, operation and maintenance of wastewater treatment
- Construction and maintenance of sustainable urban drainage systems, river training and other forms of flooding mitigation

- Construction, operation, maintenance and retrofits of shipment and port pollution treatment facilities
- Construction, operation, maintenance and retrofits of sea water desalinization facilities which are powered at least 90% by renewable energy
- Construction, operation and maintenance of sustainable water infrastructure, including wastewater treatment, urban drainage systems, river training and other forms of flooding mitigation for climate change adoption in coastal areas

Alignment with UN SDGs



Source: Green Bond Framework for Industrial Bank Co., Ltd. (Version 2020.10)

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Climate Risk Management, EP Assessment & ESG Engagement



- Integrate Equator Principles and ESG assessment into credit assessment and approval process
- Over 1000 EP project reviewed since 2007
- Limit and reduce exposure towards high energy consumption and emission intensive industries, including coal mining, steel, coking, refining, and thermal power plants



Source: Industrial Bank

- Partner with our corporate clients to improve their ESG performance by providing capacity building and giving action plans to project financing.
- Establish an external experts database for project review and consultancy
- Dialogue with business partners, regulators and international organizations to exchanges experience and idea.
- ESG-theme asset management products to reduce investment risk and promote idea of ESG investment.

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Strong performance in green financing practice and data security improvement drives upgrade



- MSCI gives an A rating to IB's ESG performance, highest among Chinese FIs



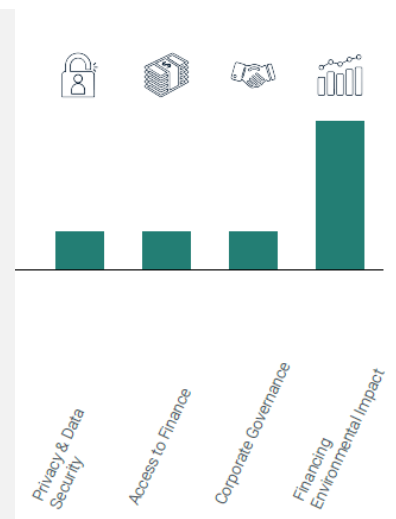
- MSCI-ESG assessment find IB's performance to be above average on green finance, stakeholder engagement, access to finance and corporate governance. **Financial environmental impact** acts as a plus to IB's overall ESG performance.

MSCI ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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LAST UPDATE: April 07, 2020



Source: MSCI, as of April 30 2021

Pledge to go Climate Neutral

- On April 23 2021, IB pledged to become climate neutral through its commitment to **Climate Neutral Now**, an initiative launched by the United Nations Framework Convention on Climate Change (UNFCCC) secretariat, to support global society in increasing climate action and achieving climate neutrality. IB is the first banking institution in China to make public commitment on carbon neutrality.
- IB has committed the following steps to become GHG emission neutral and report its progress on a timely manner:
 - Measure (quantify) greenhouse gas emissions;
 - Reduce those emissions through actions;
 - Compensate any remaining emissions by offsetting

CLIMATE
NEUTRAL
NOW

Source: Industrial Bank

Thank you!

Ruizhao Chen (Francis)
francis.chen@cib.com.cn



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Overview of China Green Bond Primary Market



Xiaotong Chen
Deputy Director,
Bond Underwriting, IBD
Industrial Bank

A low-angle, upward-looking perspective of several modern skyscrapers with glass facades, creating a sense of height and urban density. The entire image is overlaid with a semi-transparent blue filter. The title text is centered in the middle of the image.

Overview of China Green Bond Primary Market

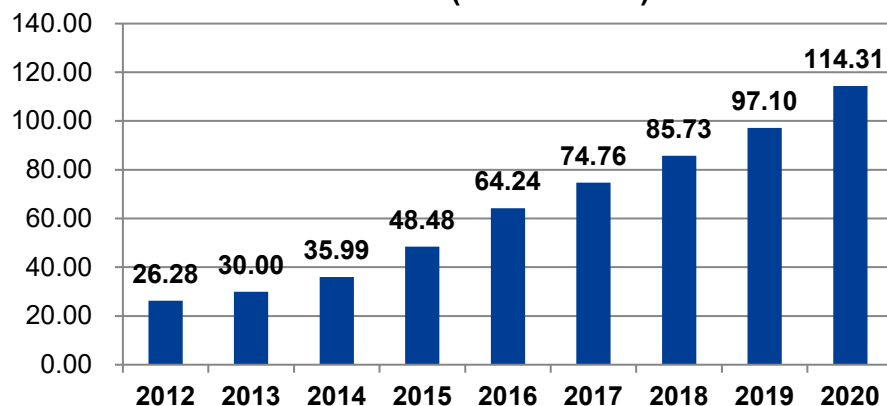
CIB Investment Bank Department

May 2021

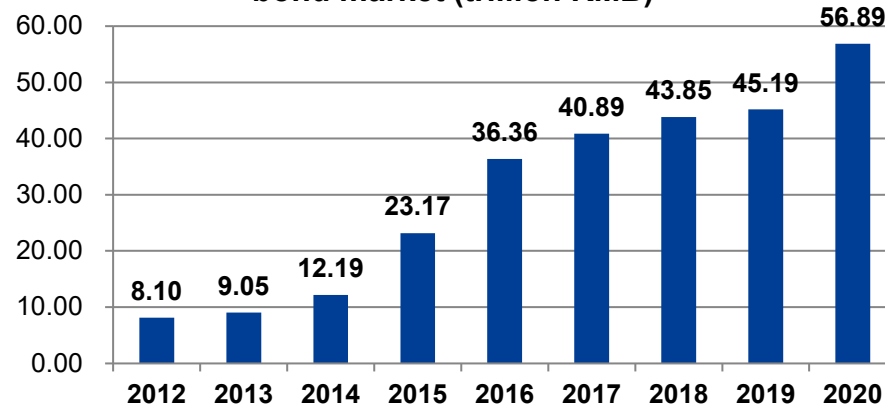
Introduction to China RMB Bond Market

- By the end of 2020, the total balance of China RMB Bond Market was 114.31 trillion, with a year-on-year growth of 17.72%. The balance of Rates bonds was 64.50 trillion, accounting for 56.43%, the balance of Corporate bonds (including NCD) was 49.81 trillion, accounting for 43.57%. In the balance of Corporate bonds, the balance of financial bonds (including NCD) was 21.46 trillion, accounting for 43.09%; The balance of Non-financial corporate bonds was 28.35 trillion, accounting for 56.91%.
- In 2020, a total amount of 56.89 trillion RMB bonds were issued, with a year-on-year growth of 25.89%. 18.83 trillion RMB of Rates bonds were issued, accounting for 33.10%, Corporate bonds (including NCD) issued for 38.06 trillion, accounting for 66.90%. In the issuance of Corporate bonds, Financial bonds (including NCD) issued for 23.65 trillion RMB, accounting for 62.15%, Non-financial corporate bonds issued for 14.41 trillion RMB, accounting for 37.85%.

Historical balance statistics of China RMB bond market (trillion RMB)



Statistics of issuance amount of China RMB bond market (trillion RMB)



Source : Wind

Bond Types in Interbank Market and Exchange Market

- In 2020, 14.41 trillion RMB of Non-financial corporate bonds issued in China RMB bond market, among them, 8.75 trillion RMB were issued in the Interbank market, accounting for 60.71%, the Exchange market issued for 5.66 trillion RMB, accounting for 39.29%. **The Interbank market plays an irreplaceable role in China RMB bond primary market.**

Interbank market

- **Rates Bond**
 - Treasury Bond
 - Municipal Bond
 - Central Bank Bill
 - Policy Bank Bond
- **Corporate Bond**
 - NCD
 - Financial Bond
 - Corporate Bond
 - MTN (Medium-term Note)
 - CP (Commercial Paper)
 - SCP (Super Short-term Commercial Paper)
 - PPN (Private Placement Note)
 - ABN (Asset-Backed Note)
 - ABS

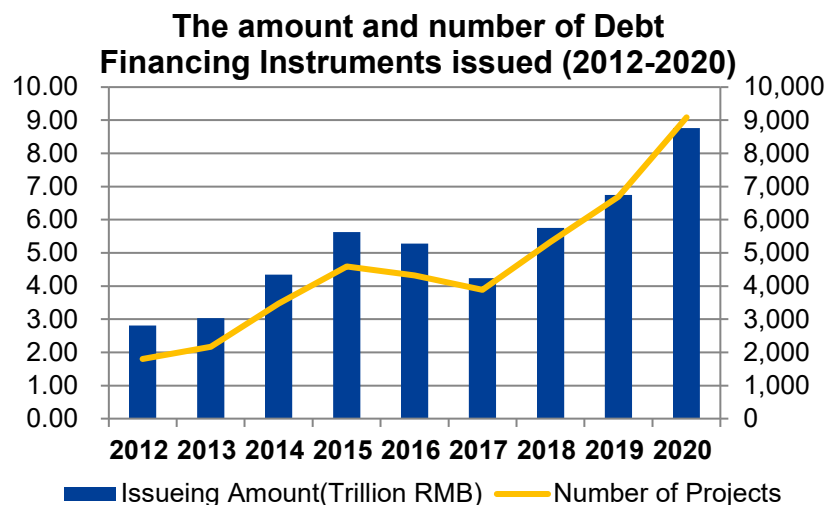
Shanghai & Shenzhen Security Exchange

- Treasury Bond
- Municipal Bond
- Financial Bond
- Corporate Bond (Public offering/Private offering)
- Convertible Bond
- Private Offering Corporate Bond of SME
- Subordinated Debt
- ABS

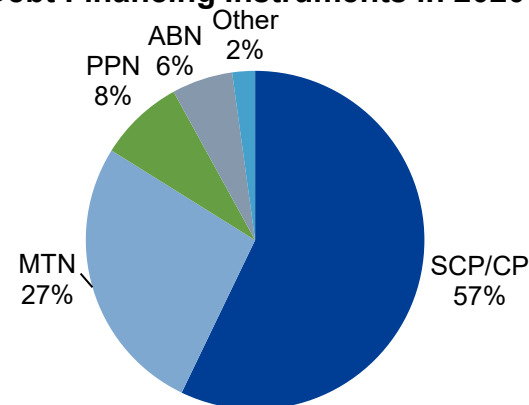
Source : Wind

Debt Financing Instruments Market

- The Debt Financing Instruments in the Interbank bond market mainly issued by SCP, CP, MTN, PPN and ABN. In 2020, it served 2063 issuers, with an issuance amount of nearly 9 trillion RMB and more than 9000 projects.
- In terms of types, SCP/CP issued for 5 trillion RMB(57%) in 2020, with 4839 projects, MTN issued for 2.34 trillion RMB(27%), with 2059 projects, 0.71 trillion RMB(8%) of PPN were issued, with 1019 projects, ABN issued for 0.51 trillion RMB(6%), with 1092 projects.
- In recent years, with the vigorous development of the Interbank bond market, more and more foreign investment institutions enter China Interbank bond market. By the end of 2020, a total of 905 foreign institutions have entered the Interbank bond market, holding 3254.722 billion RMB of Interbank bonds. (including the “Global Connect” and Hong Kong “Bond Connect ”)



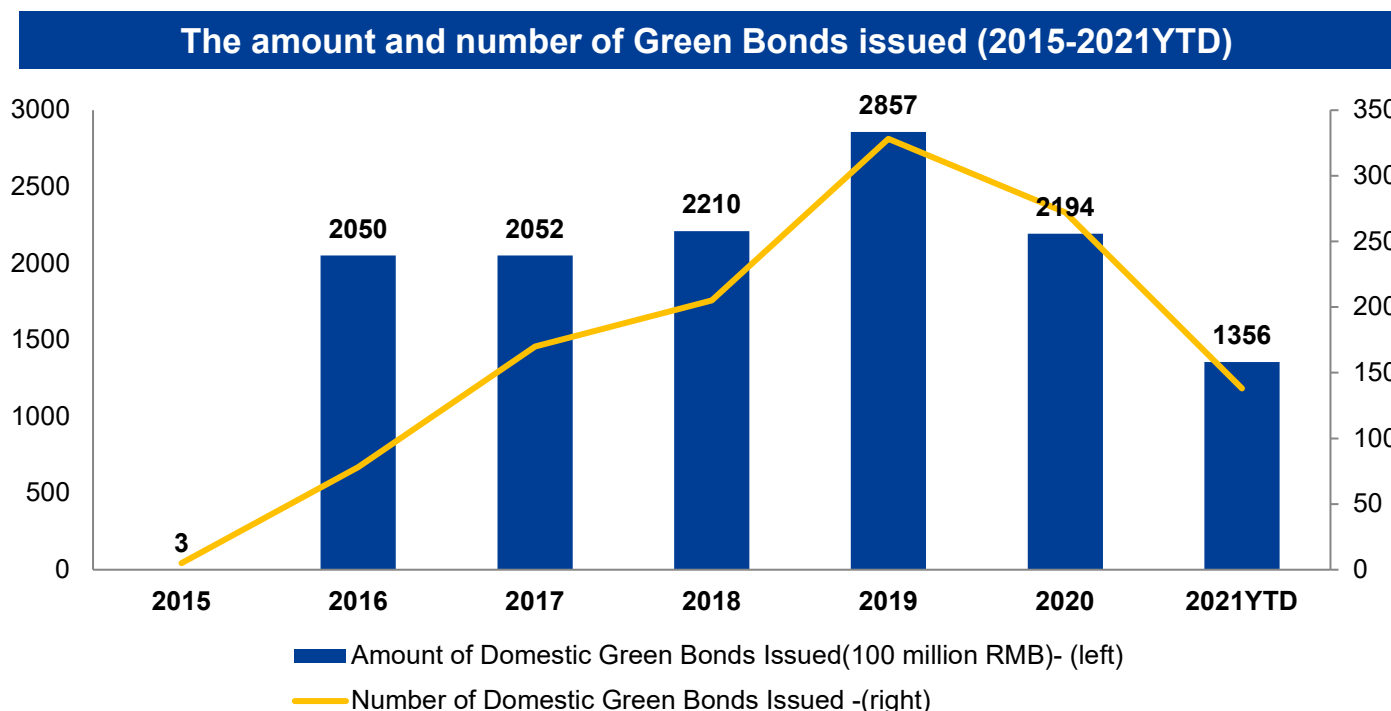
Proportion of issuance amount of various Debt Financing Instruments in 2020



Source : Wind

China RMB Green Bond Market

- China RMB Green Bond market started at the end of 2015 and developed rapidly. In 2018, **China has become the second largest source country of Green Bonds in the world**. The issue volume increased year by year from 2015 to 2019, and the issue amount exceeded 200 billion RMB in every other years except 2015.
- By the end of March 2021, the total Issuance amount of China RMB Green Bond is 1272.2 billion, and the balance is 951.5 billion. The Interbank market bears the largest share of 70%, whereas Shanghai & Shenzhen Stock Exchange accounts for 29% in total. **The Interbank market is the principal market for Green Bonds issuance.**

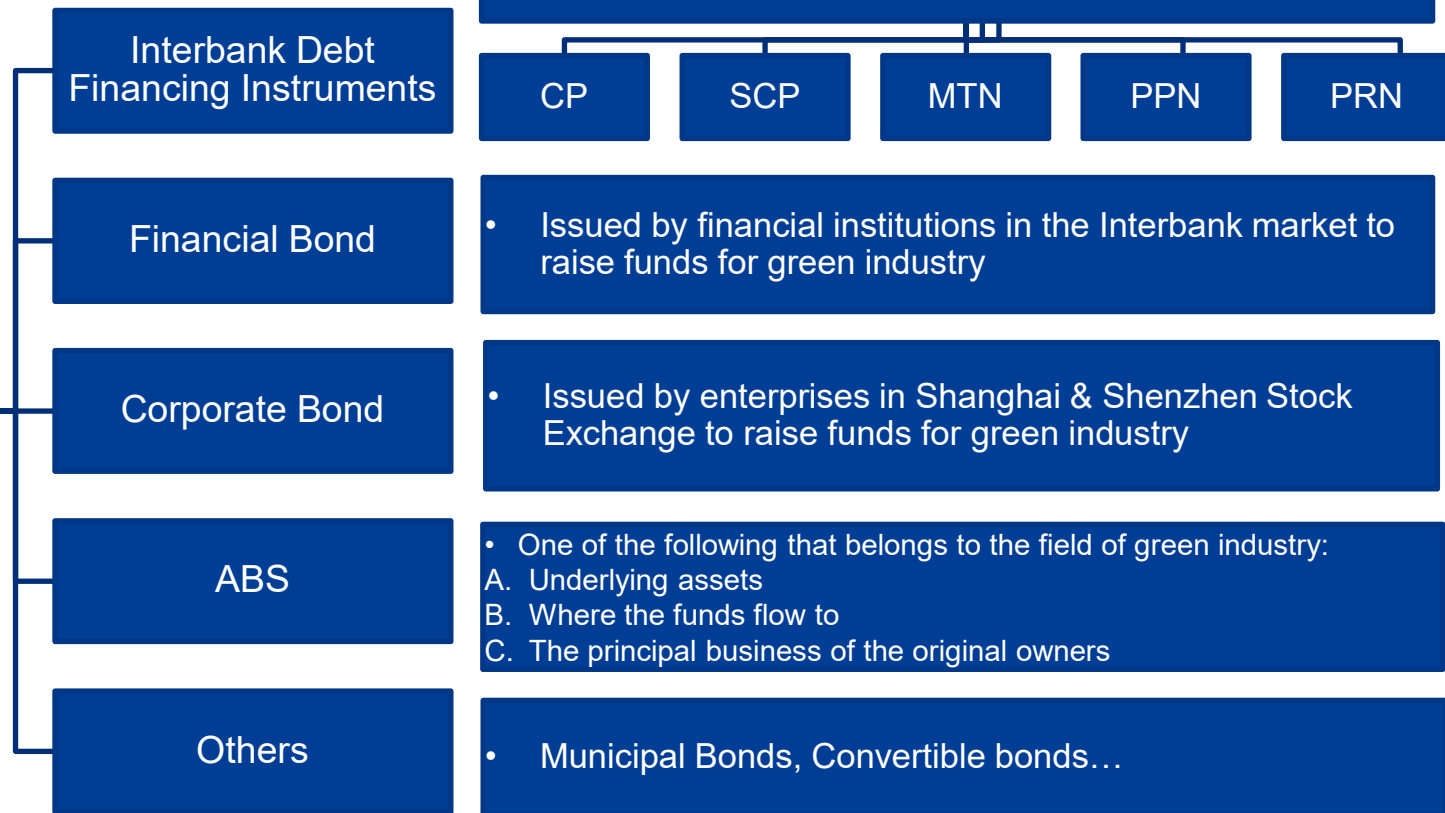


Source : Wind

Different Types of Green Bonds

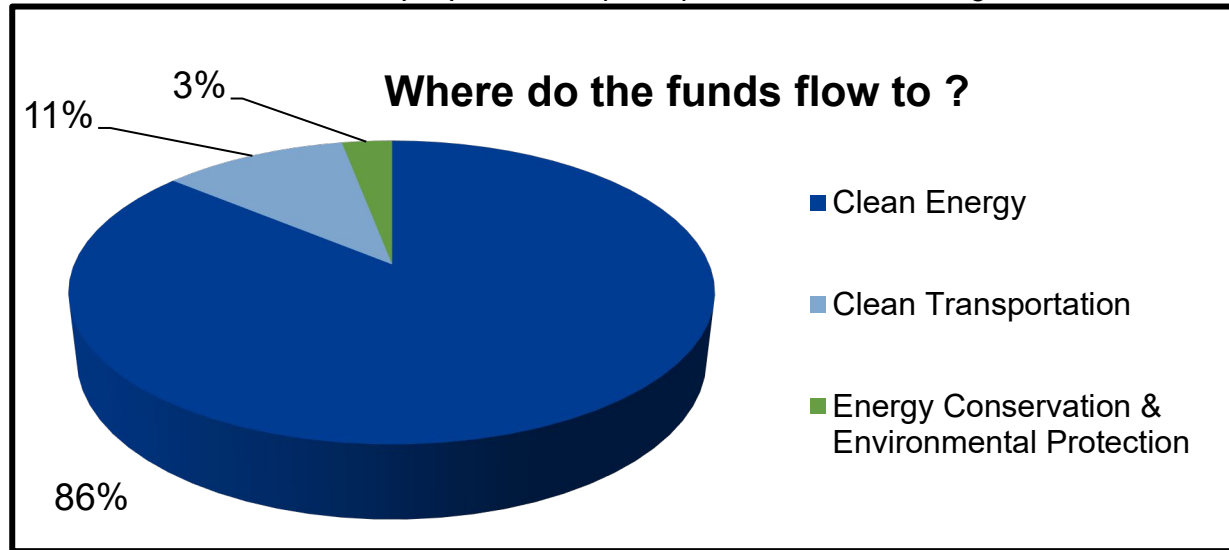
Classification & Definition

Different Types of Green Bonds



The Advantages of Green Bond

- The funds raised from Green Bonds are mainly invested in the green sustainable development in the domestic economy, including **clean energy** (wind power, photoelectric and hydropower), **clean transportation** (public transport and new energy vehicles), **energy conservation and environmental protection**.
- As an investment instrument, Green Bonds are prominent in the following aspects.
 - **Lower credit risk.** By the end of March 2021, there is no known event of default;
 - **Social effect.** The issuance and investment of Green Bonds reflects a good sense of corporate social responsibility;
 - **Widely distributed in various provinces of China.** Allowing investors to diversify the portfolios.
- Overseas institutions such as **HKMA** and **Bank of China (HK)** have also participated in the domestic green bond market actively.

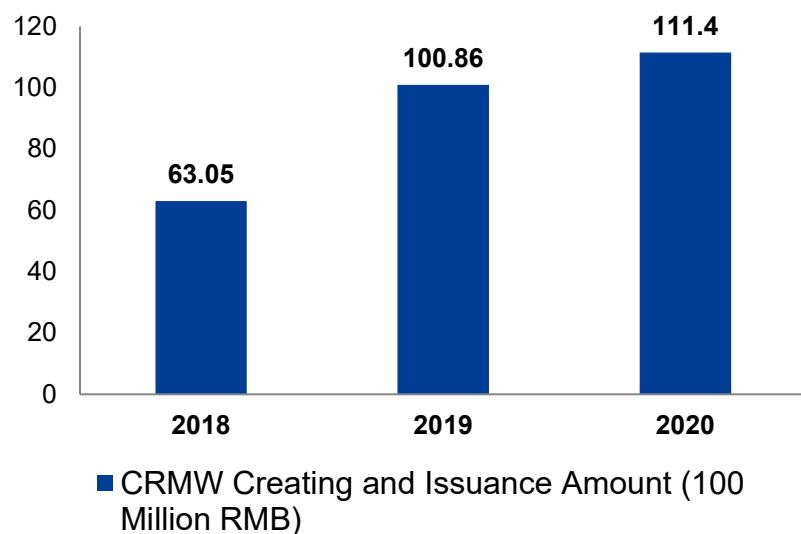


Source : NAFMII, as of Mar 31st 2021

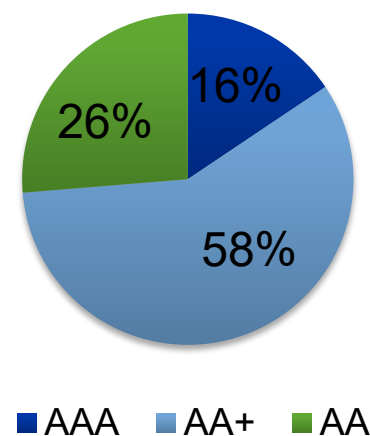
Introduction to CRMW Market

- CRMW (Credit Risk Mitigation Warrant) is the principal Credit Risk Mitigation tool in China RMB Bond market. Since October 2018, the People's Bank of China has been guiding the establishment of private enterprise bond financing support tools and CRMW has started to develop rapidly.
- From 2018 to 2020, the total creating and issuance amount of CRMW is 27.532 billion RMB, with a number of 197 projects. Among them, CIB created and issued 15 projects, with an amount of 975 million RMB.

CRMW Creating and Issuance Amount (2018-2020)



**Proportion of Underlying Bond Issue Rating
(By Creating and Issuance Amount, 2018-2020)**



Source : Wind

Function of CIB Investment Banking Department



Why to Choose CIB as RMB Bond Underwriter

National commercial bank with services across China, 45 Tier-1 Branches and more than 2,000 sub-branches in China

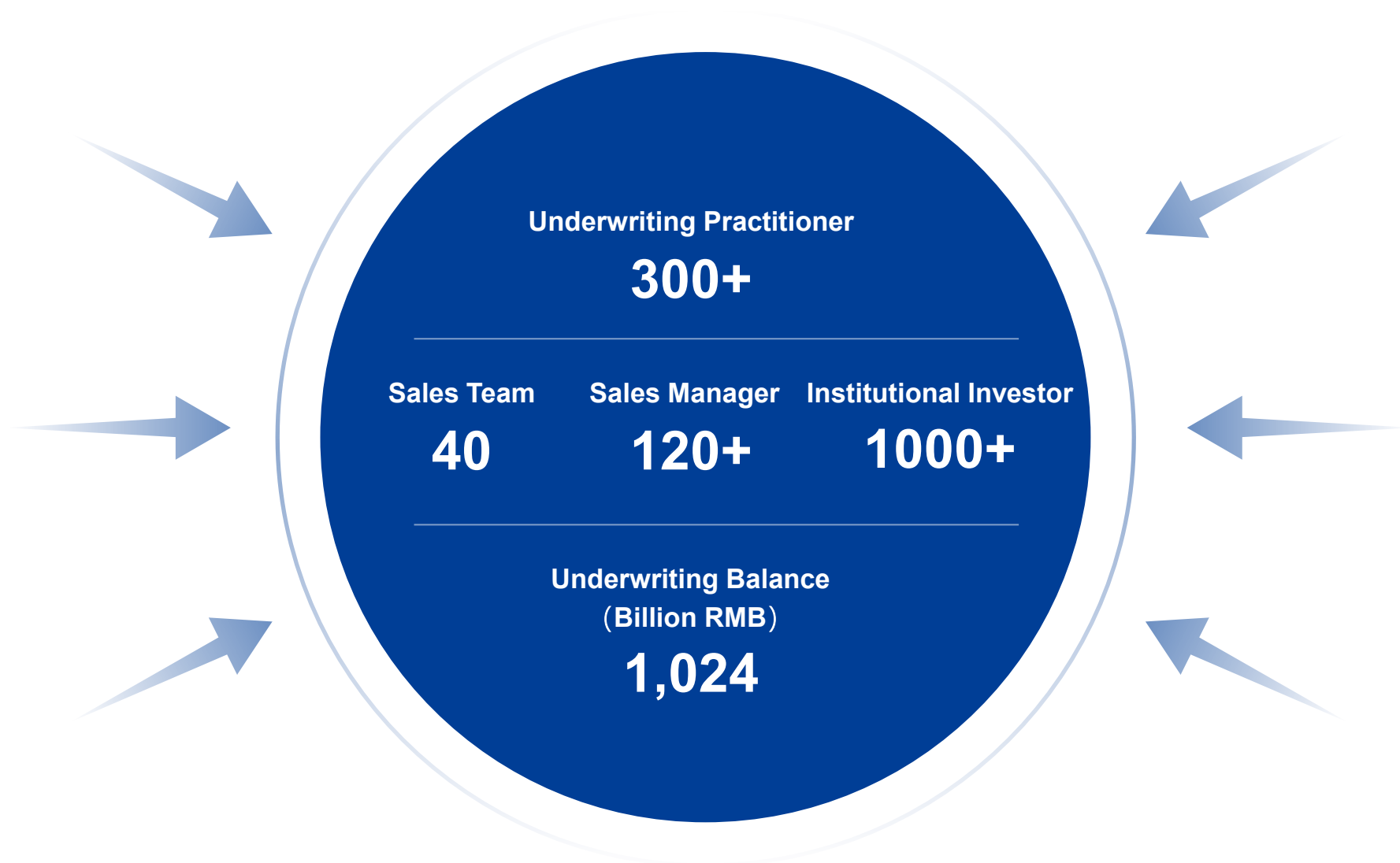
Underwriting RMB bond for 575 Issuers in 2020, Serving the largest number of Issuers in RMB bond market



Ranking	Institution Name	Number of Issuers 2020	Number of Issuers 2019
1	CIB	575	407
2	CITIC	501	320
3	CCB	438	384
4	SPDB	416	340
5	CMB	415	357

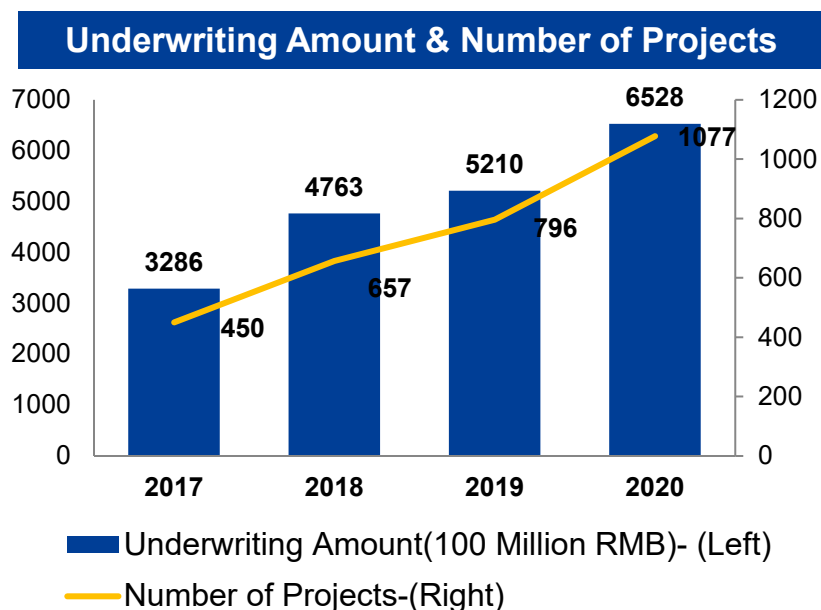
Sources: NAFMII

Why to Choose CIB as RMB Bond Underwriter



CIB: Leading RMB Bond Underwriting

- From 2018 to 2020, the amount of underwriting and the number of projects on Debt Financing Instruments **ranked No.1 for three consecutive years.**
- Since 2017, our RMB bond underwriting amount is 328.6 billion RMB, 476.3 billion RMB, 521 billion RMB and 652.8 billion RMB respectively, and the number of project is 538, 450, 657, 796 and 1077 respectively. **CIB Is the best underwriting institution on Debt Financing Instruments.**

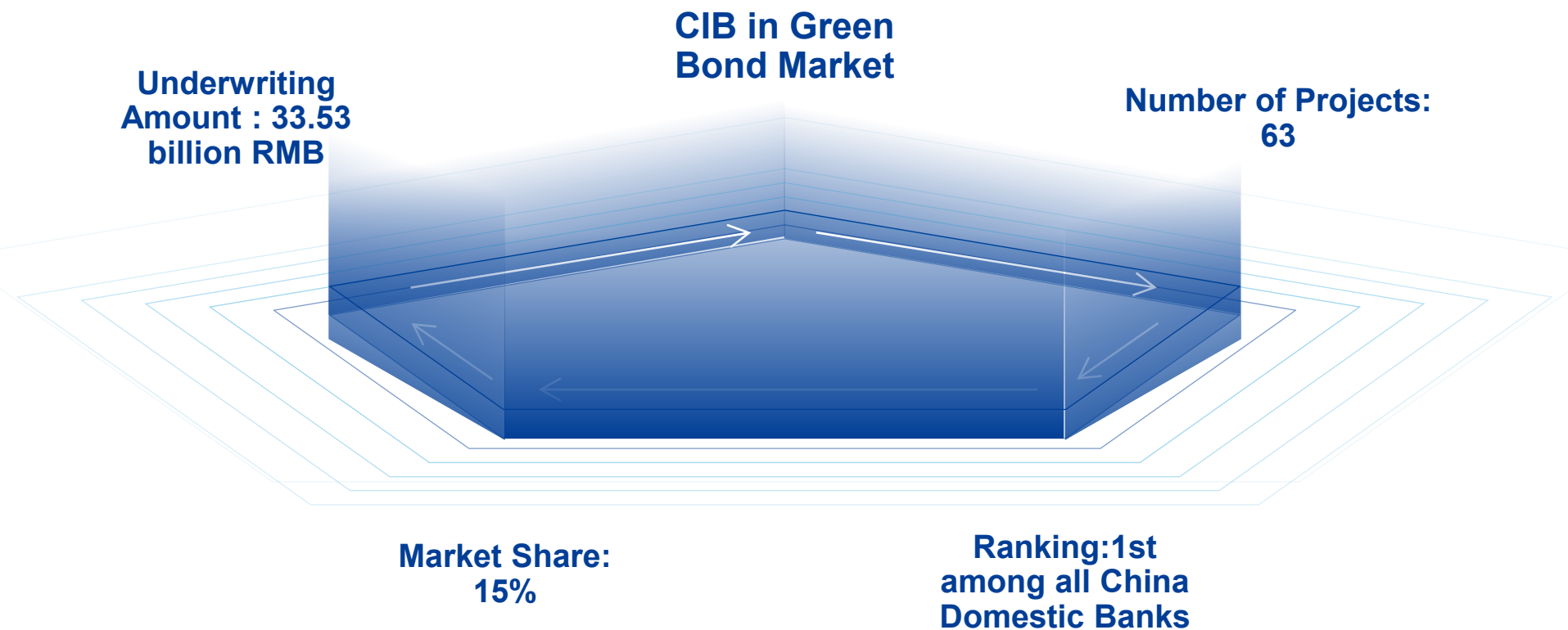


Bond Underwriting Ranking 2020				
Institution Name	Underwriting Amount(100 Million RMB)	Number of Projects	Underwriting Amount Ranking	Number of Projects Ranking
CIB	6,528	1077	1	1
CITIC	6,314	986	2	2
ICBC	6,029	532	3	11
SPDB	5,467	808	4	4
CCB	5,323	851	5	3
CEB	5,219	656	6	7
ABC	5,218	558	7	10
BOC	4,893	673	8	6

Sources: NAFMII, Wind

Our Concentration on Green Bond Market

- As the leader of Green Finance in China, CIB has realized the enlargement of leading advantages of the Green Bond business, which effectively guiding capital to lean towards the Green and low-carbon development field.
- From 2015 to Q1 2021, our Green Bonds underwriting amount is 33.53 billion RMB and **ranked 1st among all China Domestic Banks**, with a number of 63 projects.



Sources: NAFMII, Q1 2021

Recent Green Bonds Issuance

Issuers				
 <p>中国南方电网 CHINA SOUTHERN POWER GRID</p> <p>□ China Southern Power Grid</p>	 <p>国家电投 SPIC</p> <p>□ State Power Investment Corporation</p>	 <p>国家能源集团 CHN ENERGY</p> <p>□ CHN ENERGY Renewable</p>	 <p>大唐集团公司 CHINA DATANG</p> <p>□ China Datang Corporation Renewable Power</p>	 <p>重庆市轨道交通(集团)有限公司 CHONGQING RAIL TRANSIT (GROUP) CO.,LTD.</p> <p>□ Chongqing Rail Transit (Group)</p>
 <p>江苏省国信集团有限公司 JSGX JIANGSU GUOXIN INVESTMENT GROUP LIMITED</p> <p>□ Jiangsu Guoxin Group</p>	 <p>华电福新能源 HUADIAN FUXIN ENERGY</p> <p>□ Huadian Fuxin Energy</p>	 <p>紫金矿业 ZIJIN MINING</p> <p>□ Zijin Mining Group</p>	 <p>江苏省铁路集团 JIANGSU RAILWAY GROUP</p> <p>□ Jiangsu Railway Group</p>	 <p>华电国际电力股份有限公司 HUADIAN POWER INTERNATIONAL CORPORATION LTD.</p> <p>□ Huadian Power International Corporation</p>
 <p>JUSHI</p> <p>□ China Jushi</p>	 <p>越秀集团 YUEXIU GROUP</p> <p>□ Guangzhou Yuexiu Group</p>	 <p>广州地铁 Guangzhou Metro</p> <p>□ Guangzhou Metro Group</p>	 <p>JXBH</p> <p>□ Jiaxing Binhai Holding Group</p>	 <p>新疆能源(集团)有限责任公司 XINJIANG ENERGY CO.,LTD.</p> <p>□ Xinjiang New Energy (Group)</p>



THANK YOU

F O R L I S T E N I N G

Co-hosted By BCCL & Industrial Bank

INVESTMENT OPPORTUNITIES IN RMB & PROSPECT OF GREEN BONDS

Date: 13 May 2021 (Thursday)

Time: 4:30-6:00 pm (HK/Beijing/Singapore)
9:30-11:00 am (London)

Language: English/Chinese (with English Interpretation)



Credit Research Solution for Foreign Investors



Pengcheng Luo

Head of Credit Research,
CIB Economic Research
and Consulting Co., Ltd



兴业研究
CIB RESEARCH
金融资产专业定价

Credit Research Solution for Foreign Investors

Pengcheng Luo

Credit Research Committee

13th May, 2021

1) Introduction to CIB Research

2) Overview of China's Credit Market

3) Research Framework and Our Expertise

4) Products and Services

Company Overview

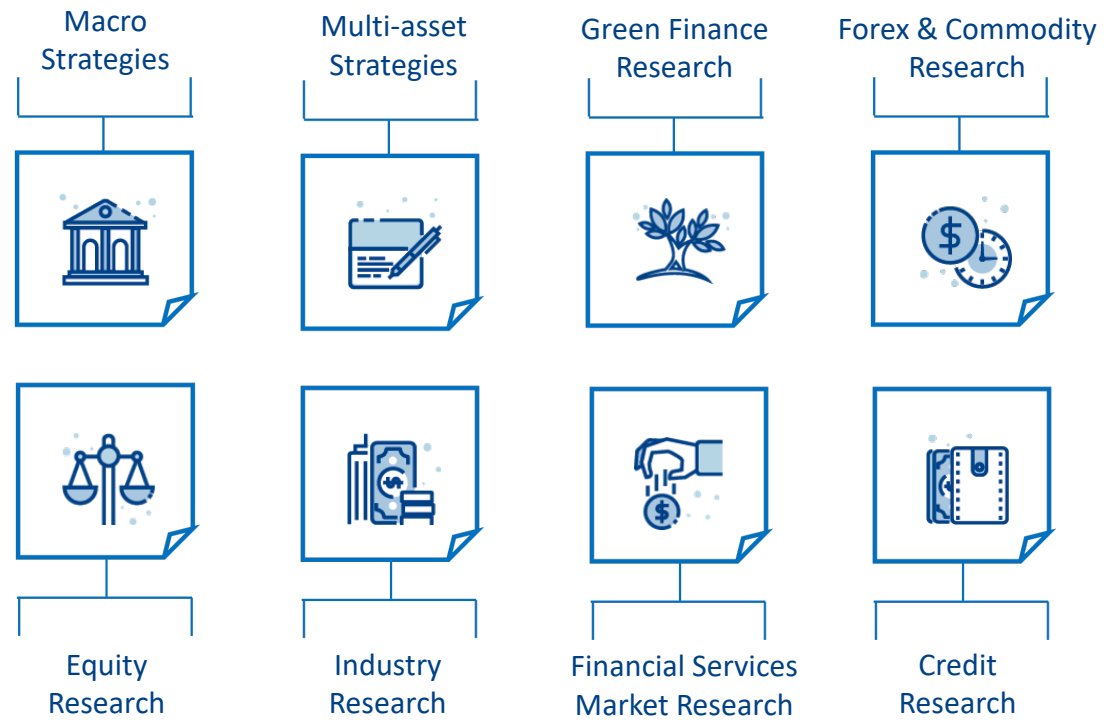
CIB Economic Research and Consulting Co., Ltd (CIB Research), a member of Industrial Bank Group, was founded in June 2015 in Shanghai. As the very first bank-affiliated financial research company in China, CIB Research operates and competes independently in China's financial services industry.

Our company believes in the value of research and provides solutions tailored to the needs of our institutional clients. Our company's research areas include macro economics, multi-asset strategies, foreign exchange, green finance, credit research, etc.

As for credit research, our team has established a reliable and complete methodology based on cash flow, covering all domestic bonds and issuers. Our rigorous standards help our clients determine risks and make wise investment decisions.

Benefiting from our research capabilities and Industrial Bank's support, our company offers solutions to new bond issue evaluation, portfolio/issuer credit analysis, etc.

Research Areas



Our Leadership



Zhengwei Lu (鲁政委), Ph.D.

Chief Economist at Industrial Bank
Chief Economist at Huafu Securities
Vice Chairman at CIB Research



Yongyuan Qiao (乔永远), Ph.D.

Chief Strategist at Industrial Bank

Our Professionals



Jiayi Guo
(郭嘉沂)

Head of
Forex Research



Lihua Qian
(钱立华)

Head of
Green Finance Research



Pengcheng Luo
(罗鹏程)

Head of
Credit Research



Kong Xiang
(孔祥)

Head of Financial Services
Sector Research



Bo Liang
(梁博)

Head of Chemical
Industry Research

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China's Credit Market Structure

- By the end of March 2021, the total amount outstanding in China's credit market was CNY51.67tn, mainly consisting of financial bonds (CNY21.06tn), non-financial bonds (CNY25.20tn) and asset-back securities (CNY4.59tn).

Chart 1: The amount of bonds outstanding, by issuers (Unit: CNY bn)

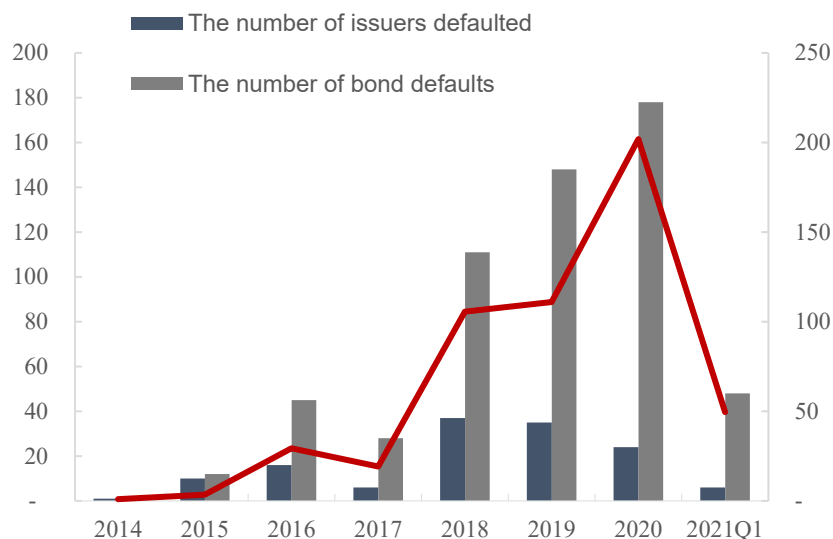


Sources: Wind, CIB Research

The Evolution of Credit Risk in China

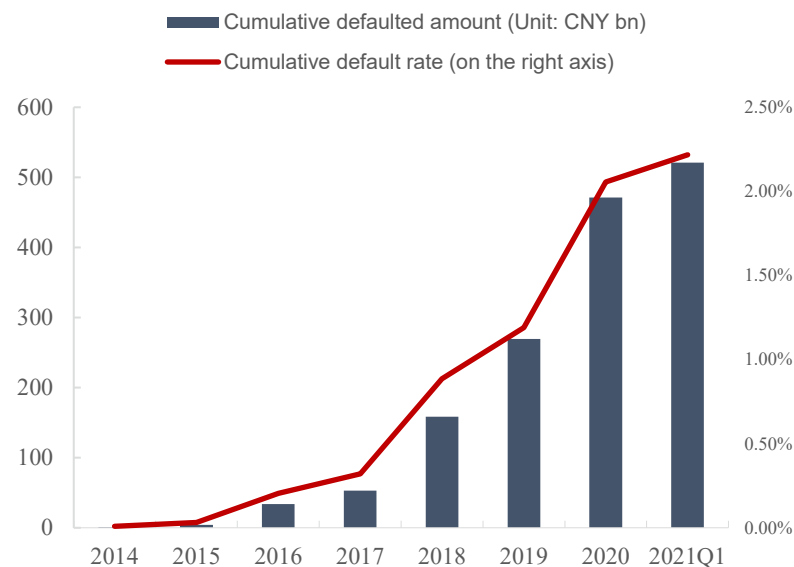
- Stage 1: government bailouts are guaranteed (before 2014); the market didn't see any default
- Stage 2: the default rate remained low (2014-2017); after Chaori's bond became the first defaulted bond in China, a moderate number of defaults were spread out over time and the cumulative default rate remained low (0.01% in 2014, 0.03% in 2015, 0.20% in 2016, 0.32% in 2017)
- Stage 3: defaults started to normalize the market (2018-present); the market experienced a wave of defaults in the private sector in 2018 and the default rate has been rising since then (the cumulative default rate had reached 2.22% by the end of March 2021)

Chart 2: The number of defaulted issuers/bonds and the defaulted amount (non-financial bonds)



Sources: Wind, CIB Research

Chart 3: Cumulative defaulted amount/rate

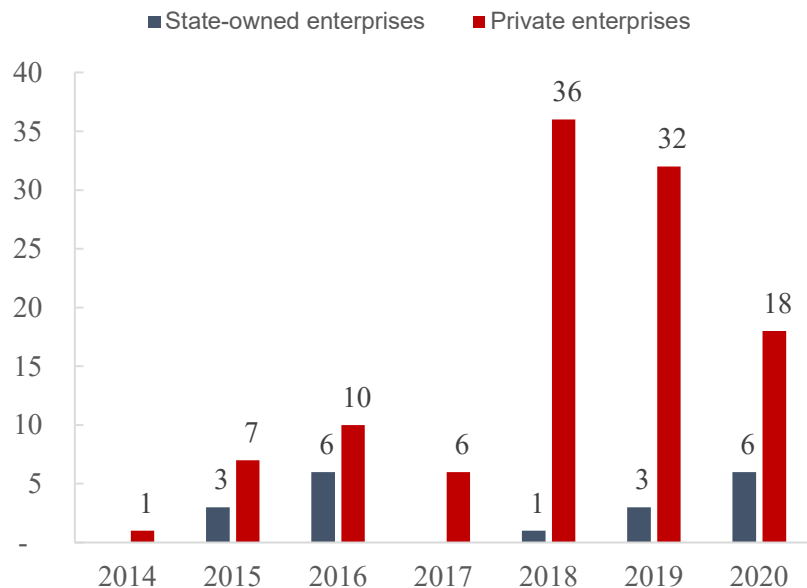


Sources: Wind, CIB Research (Note that Cumulative Default Rate = Cumulative Defaulted Amount / Outstanding Amount of Non-Financial Bonds)

The Evolution of Credit Risk in China

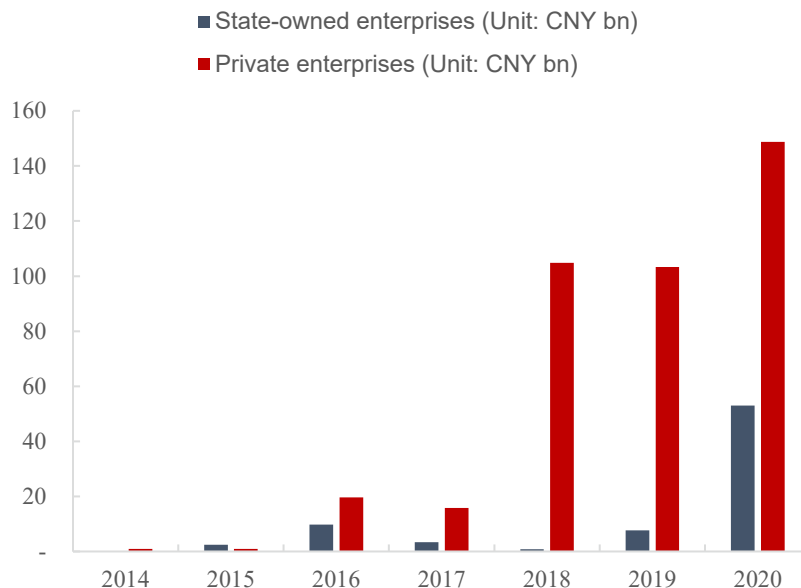
- Private enterprises have higher default rate.
- The defaulted amount by state-owned enterprises has been rising significantly since the second half of 2020.

Chart 4: The number of issuers defaulted
(state-owned enterprises vs. private enterprises)



Sources: Wind, CIB Research

Chart 5: The defaulted amount
(state-owned enterprises vs. private enterprises)

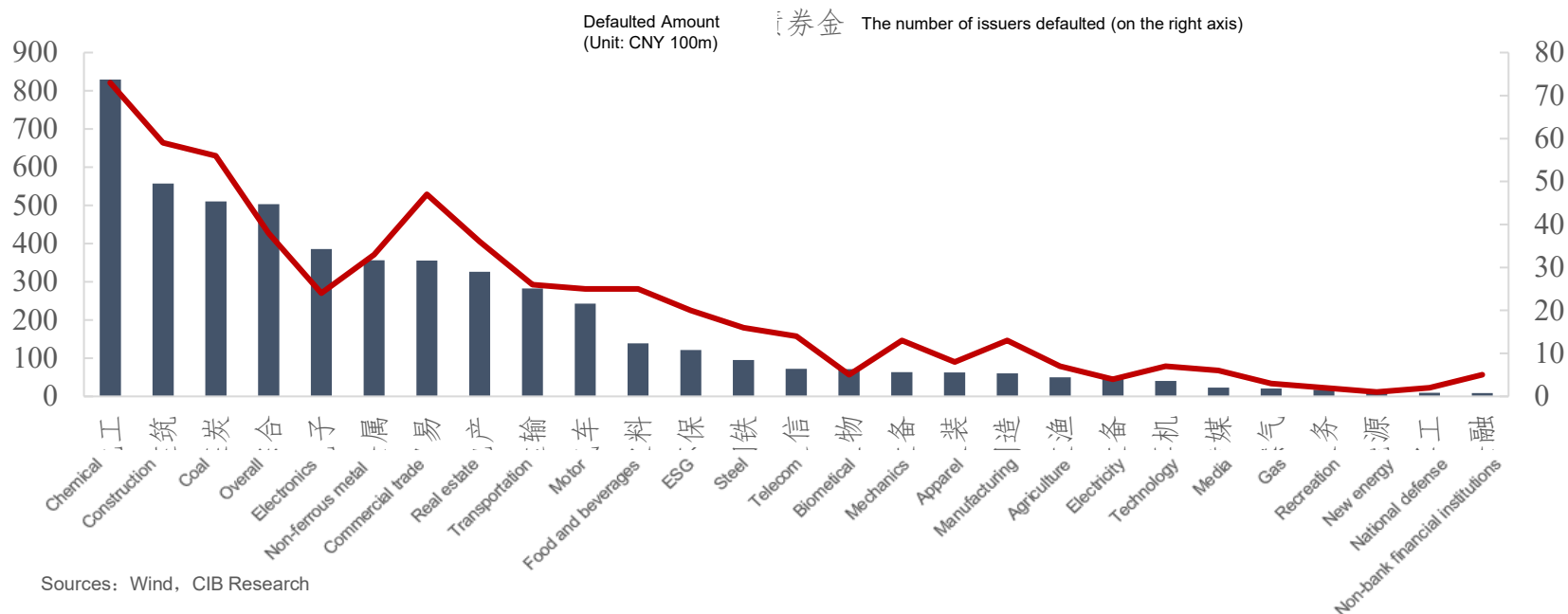


Sources: Wind, CIB Research

The Evolution of Credit Risk in China

- Credit risk has already been widespread across different sectors in China's credit market.
- Chemical industry, construction industry, coal industry and non-ferrous metal industry have higher default rates.

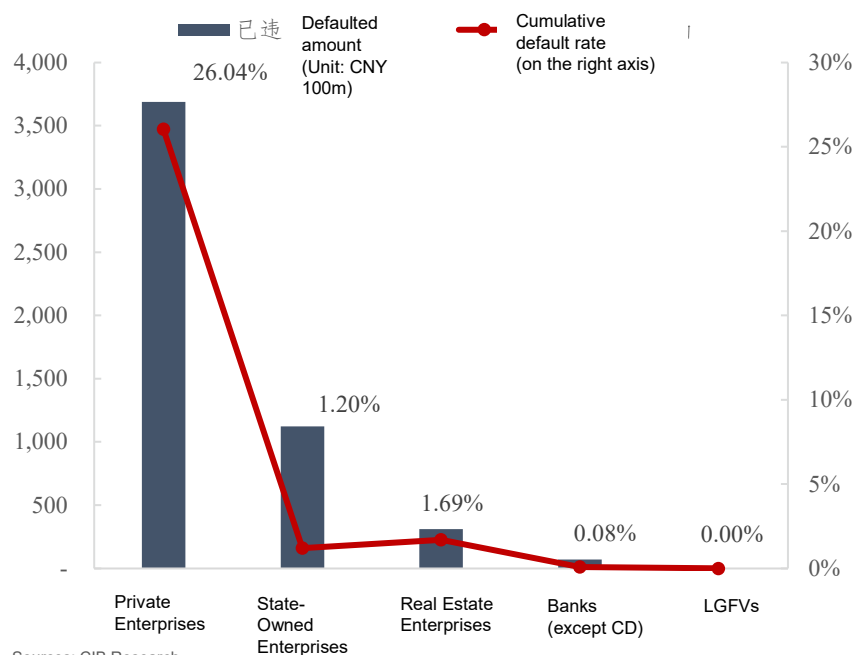
Chart 6: Defaulted amount by industry (by the end of March 2021)



Outlook on China's Credit Market

- The culture of “guaranteed bailout” will be gradually transformed in the real estate sector, then state-owned enterprises and local government financing vehicles (LGFVs).
- Credit stratification among real estate companies, state-owned enterprises and LGFVs is set to increase further in near future.

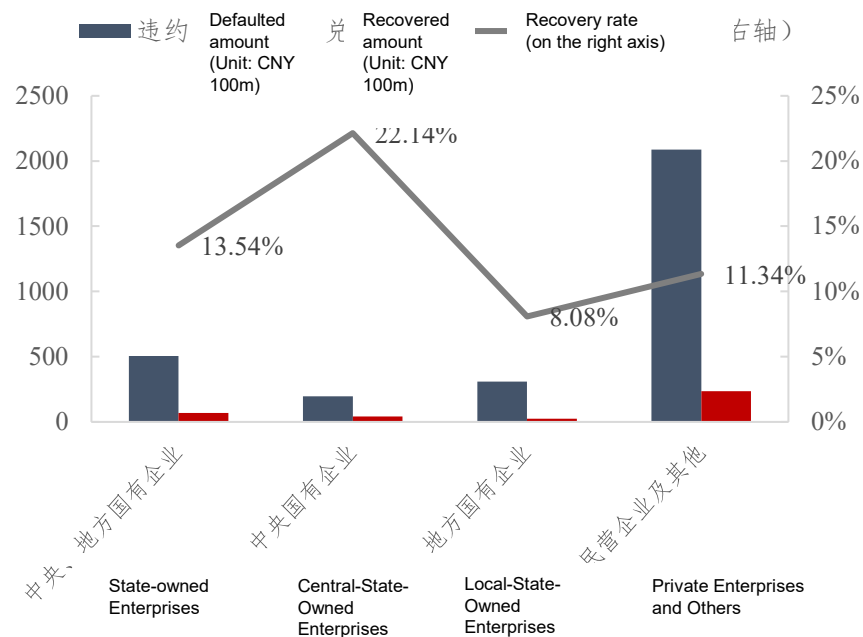
Chart 7: A clear pattern of credit polarization



Sources: CIB Research

Note that 1) Cumulative Default Rate = Cumulative Defaulted Amount/Amount Outstanding of Non-Financial Bonds (as of the end of Nov. 2020); 2) the categories of private enterprises and state-owned enterprises do not include real estate enterprises; 3) given the fact that the amount outstanding of private enterprises has been declining, the corresponding cumulative default rate could be larger than the actual number.

Chart 8: A comparison of recovery rates across different types of enterprises

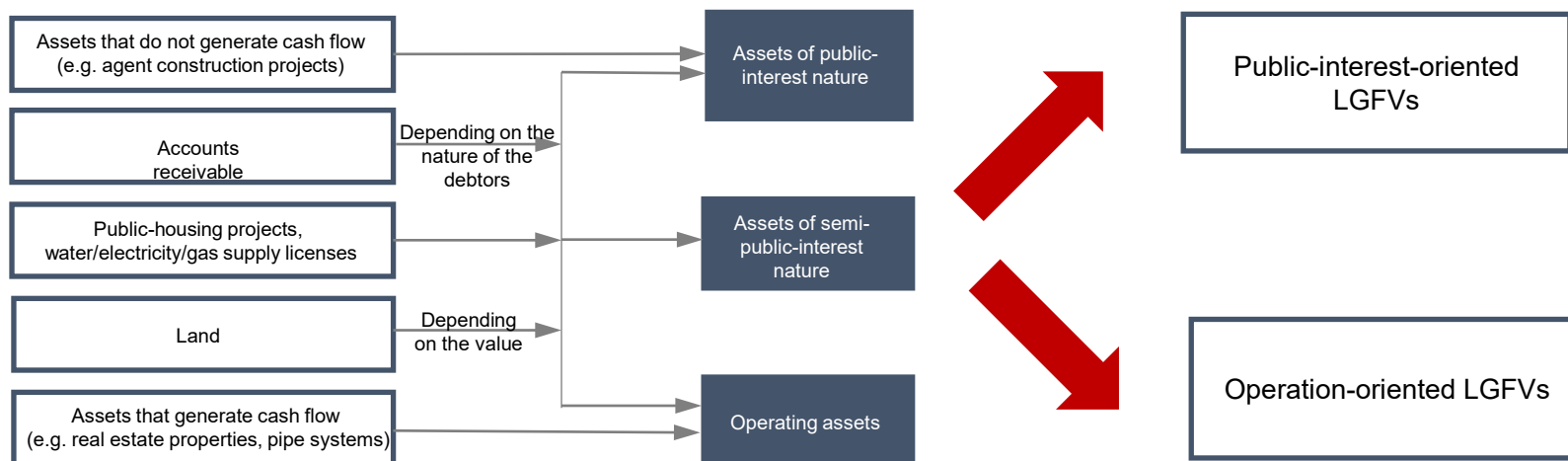


Sources: CIB Research

Outlook on LGFVs

- LGFVs have long been the funding mechanisms by local governments in China. In order to finance government projects, local governments have injected huge amounts of assets into LGFVs, including land, state-owned equities, real estate properties, etc. As the regulation dictates that LGFVs should stop financing for local governments, the primary task of local governments is to make better use of the assets previously injected to reduce the level of debt. Since such assets can hardly be stripped from LGFVs, LGFVs will still be responsible for revitalizing the assets.
- Based on different types of assets being held, LGFVs' future transformation has two directions: public-interest-oriented or operation-oriented.

Chart 9: Different types of assets and corresponding transformation directions

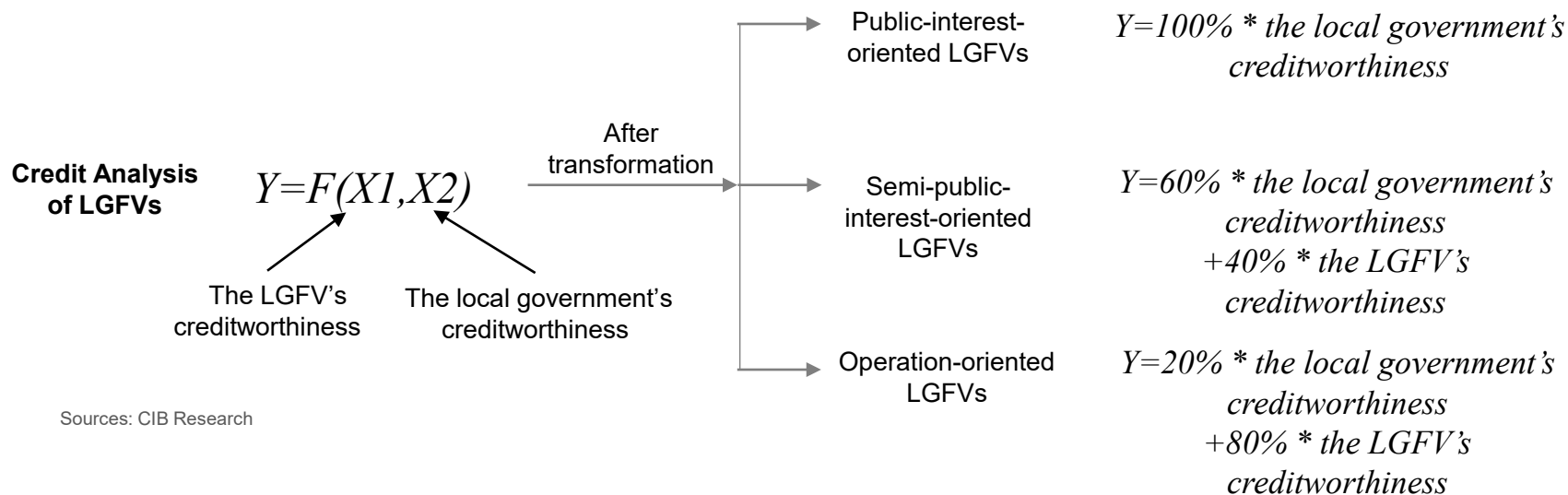


Sources: CIB Research

Outlook on LGFVs

- When we analyze LGFVs, different methodologies should be applied based on their respective nature.

Chart 10: Different methodologies used to analyze LGFVs

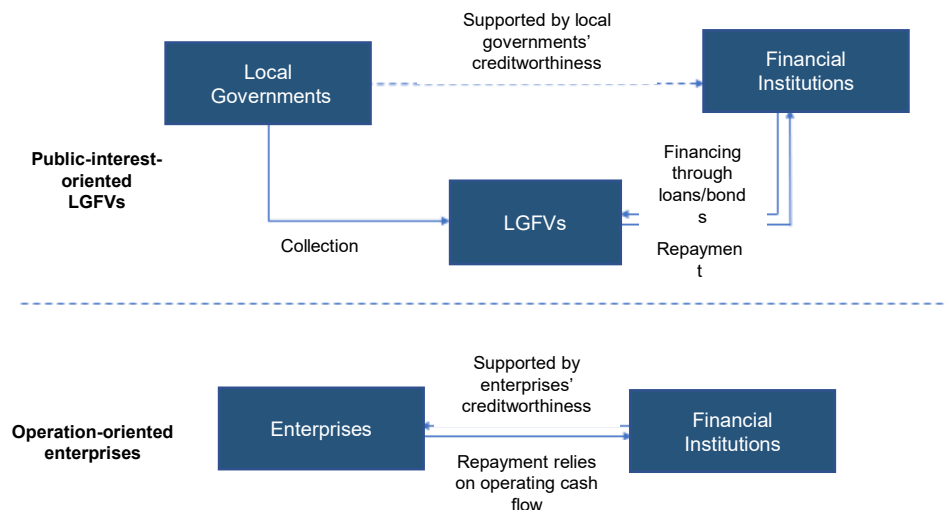


Sources: CIB Research

Outlook on LGFVs

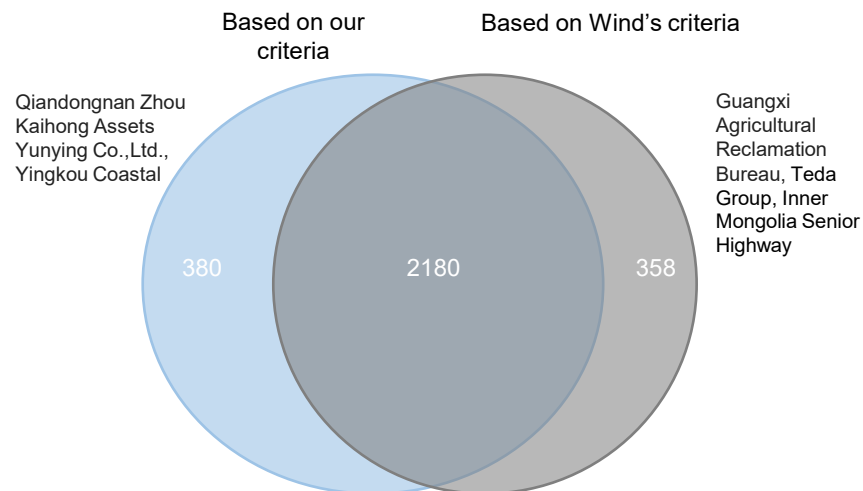
- Identifying the nature of LGFVs' primary operations is key to our research. We classify all LGFVs based on their primary operations and apply distinctive frameworks to avoid misjudgment.
- Based on our criteria, by the end of March 2021, the total amount of LGFV bonds outstanding is 9.2 trillion RMB, accounting for 30.8% of bonds outstanding issued by non-financial companies.

Chart 11: Our redefinition of LGFVs



Sources: CIB Research

Chart 12: Our criteria for LGFVs vs. Wind's



Sources: Wind, CIB Research

Outlook on LGFVs

- Credit polarization among LGFVs across different regions is expected to increase further.
- Under China's new regulation on LGFVs, credit polarization would follow the polarization of regional economy and fiscal capacity; such a trend shall continue as the regulation gets tighter.
- In terms of making investment decisions, regions matter more than issuers.

Chart 13: Polarization of fiscal policy and debt burden across different regions

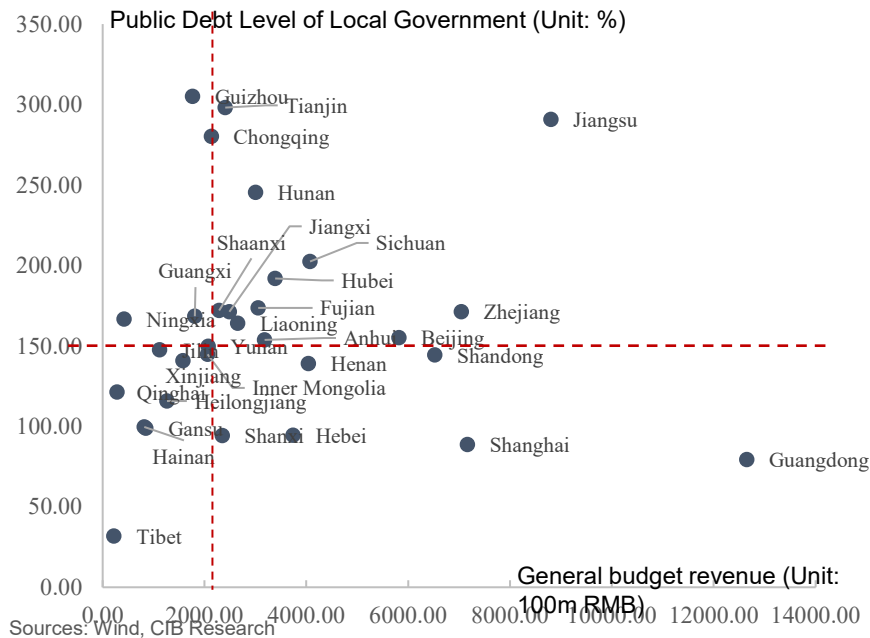
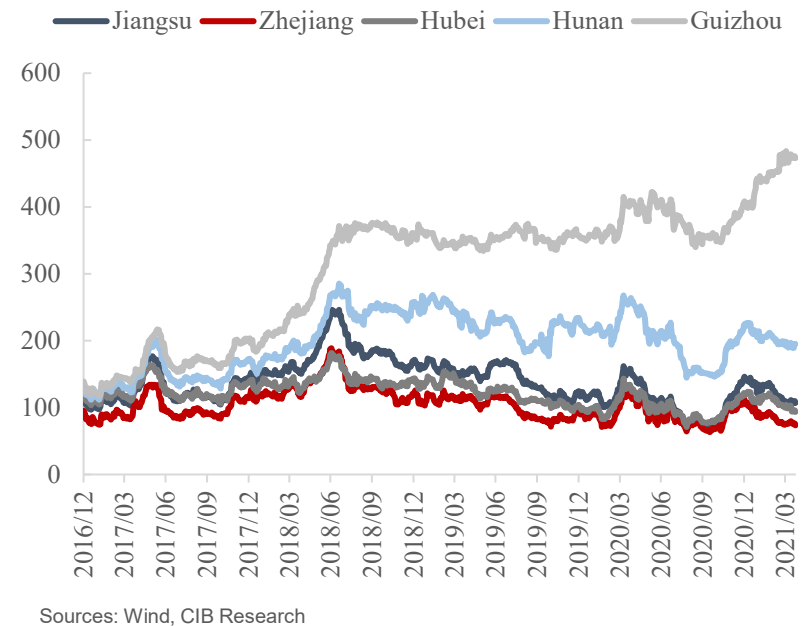


Chart 14: Polarization of credit spread across different regions (Unit: bp)



Outlook on the Real Estate Sector

- From the perspectives of sales volume and prices, the fundamentals of the real estate sector has remained stable.
- Based on the data of sales area collected from 30 major cities, the sector has completely returned to the level before the Covid-19 pandemic.
- The market didn't witness drastic price movements over time; instead, a slow upward trend prevails.

Chart 15: Sales area data of 30 major cities (Unit: 10,000 square meters)

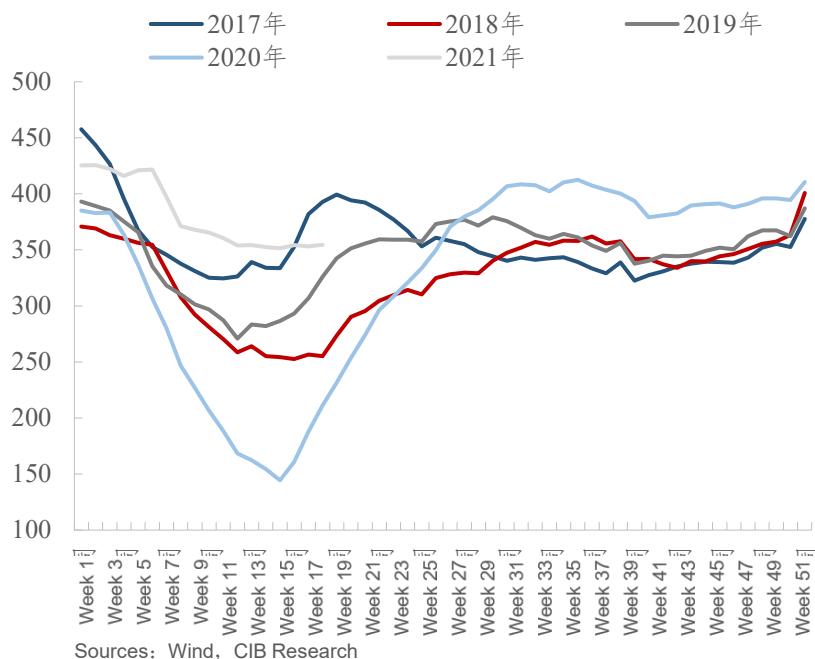
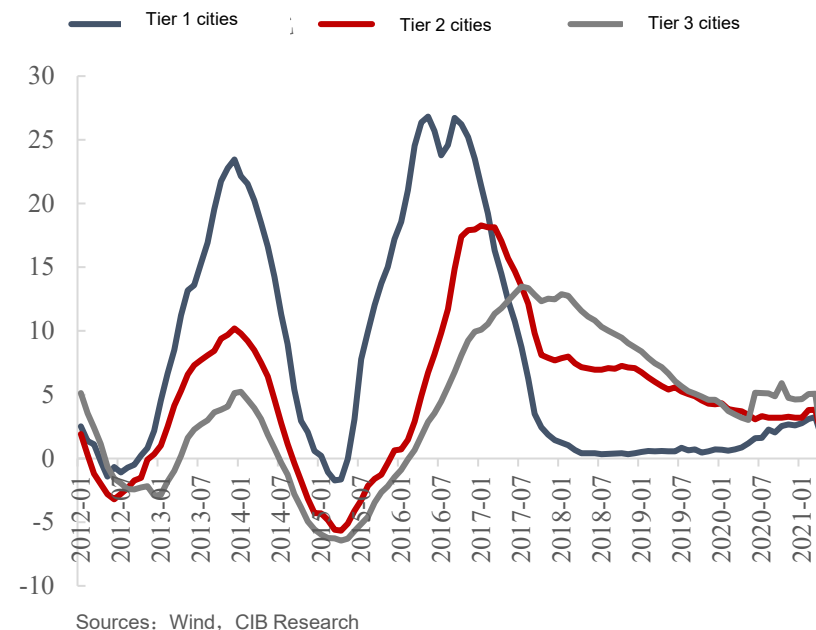


Chart 16: Change in house price indices (YOY)



Outlook on the Real Estate Sector

- As the regulation on debt financing gets tighter, the whole sector is experiencing an ongoing passive deleveraging process. Under a series of policies like “the three red lines”, real estate companies that are highly leveraged have to destock and deleverage.
- Given the current tight financing environment, the importance of liquidity conditions to real estate companies has risen significantly.
- The focus of competition between companies will shift from sales area to profitability. The market has witnessed several defaults among top 20 real estate companies with largest sales volume, like Tahoe Group and CFLD.

Chart 17: Major real estate companies classified by the standards of “three red lines” (by the end of 2020)

Company	Debt-to-asset ratio (advances from customers excepted)	Debt-to-equity ratio	Cash ratio	Classification
China Evergrande Group	83.93%	136.75%	0.71	Red
Country Garden Holdings Co. Ltd	81.75%	56.35%	1.89	Yellow
Greenland Holding Group Company Limited	88.73%	149.16%	0.57	Red
Sunac China Holdings Limited	80.07%	93.33%	1.50	Yellow
Poly Developments and Holdings Group Co., Ltd.	78.68%	62.15%	1.31	Yellow
China Railway Construction Corporation Limited	71.79%	35.67%	1.02	Yellow
China Vanke Co.,Ltd.	71.75%	19.03%	1.39	Yellow
Guangzhou R&F Properties Co.,Ltd.	77.60%	145.04%	0.43	Red
Dalian Wanda Commercial Properties Co.,Ltd	50.75%	47.21%	0.85	Yellow
China Fortune Land Development Co.,Ltd.	81.29%	196.90%	0.23	Red
China Overseas Land & Investment Ltd.	55.65%	25.48%	4.11	Green
China Resources Land Limited	59.76%	30.67%	2.51	Green
Longfor Group Holdings Limited	68.09%	46.82%	4.21	Green
China Merchants Shekou Industrial Zone Holdings Co.,Ltd	65.57%	26.29%	0.99	Yellow
Beijing Capital Development Co.,Ltd.	80.42%	153.82%	0.83	Red
Shenzhen Overseas Chinese Town Co.,Ltd.	75.81%	73.80%	1.74	Yellow
Shimao Group Holdings Limited	71.59%	51.26%	1.83	Yellow
Yango Group Co.,Ltd	83.18%	97.98%	1.13	Yellow
Tahoe Group Co., Ltd	90.73%	444.35%	0.09	Red
Beijing Capital Land Ltd.	74.32%	123.83%	1.10	Orange
Beijing Financial Street Investment Group Co.,Ltd	74.23%	109.65%	1.08	Orange
Jinke Property Group Co.,Ltd.	80.72%	82.21%	0.96	Orange
CIFI Holdings (Group) Co. Ltd.	74.33%	63.75%	2.75	Yellow
Xiamen C&D Corporation Limited	72.63%	43.91%	1.29	Yellow
Agile Group Holdings Limited	72.66%	61.72%	1.30	Yellow
Huafa Industrial Co.,Ltd.Zhuhai	80.29%	148.07%	0.86	Red
China Jinmao Holdings Group Limited	68.81%	53.51%	1.51	Green
Cinda Investment Co.,Ltd.	77.35%	166.83%	0.76	Red
Sino-Ocean Group Holding Limited	69.70%	55.04%	1.69	Green
Greentown China Holdings Limited	74.89%	84.05%	1.34	Yellow

Sources: Wind, CIB Research

1) Introduction to CIB Research

2) Overview of China's Credit Market

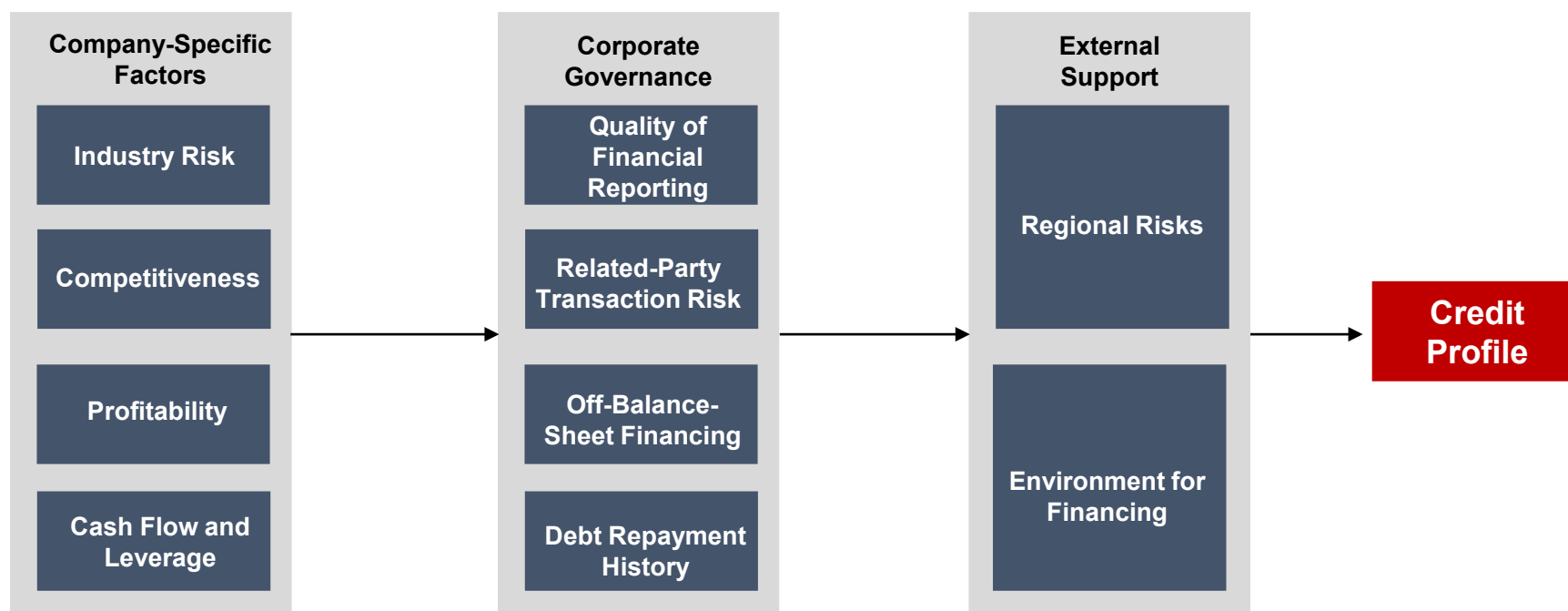
3) Research Framework and Our Expertise

4) Products and Services

Credit Research Framework

- Our team's credit research methodologies are mainly based on cash flow.

Chart18: Credit Research Framework (except Real Estate Companies/Financial Services Companies/Local Government Financing Vehicles)

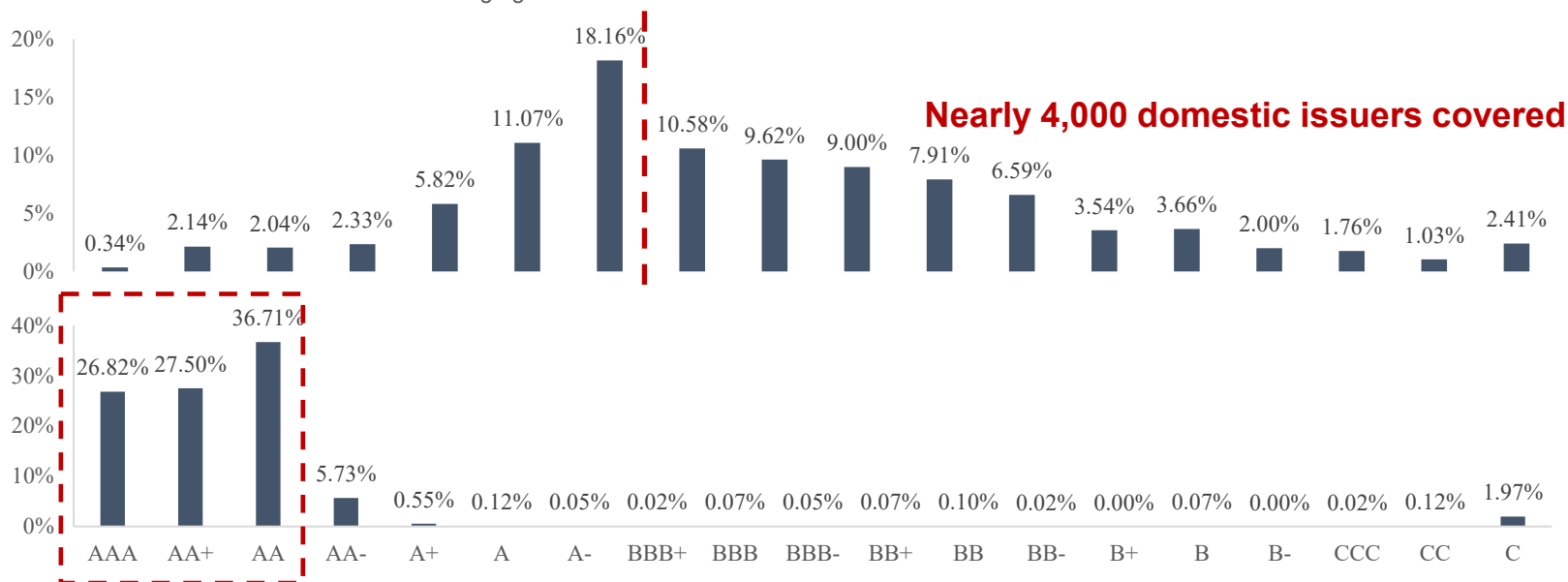


Source: CIB Research

Our Coverage and Expertise

- Based our research methodologies, our team has covered all domestic issuers (nearly 4,000).
- We are capable of better distinguishing investment-grade bonds from high-yield bonds than major domestic rating agencies.

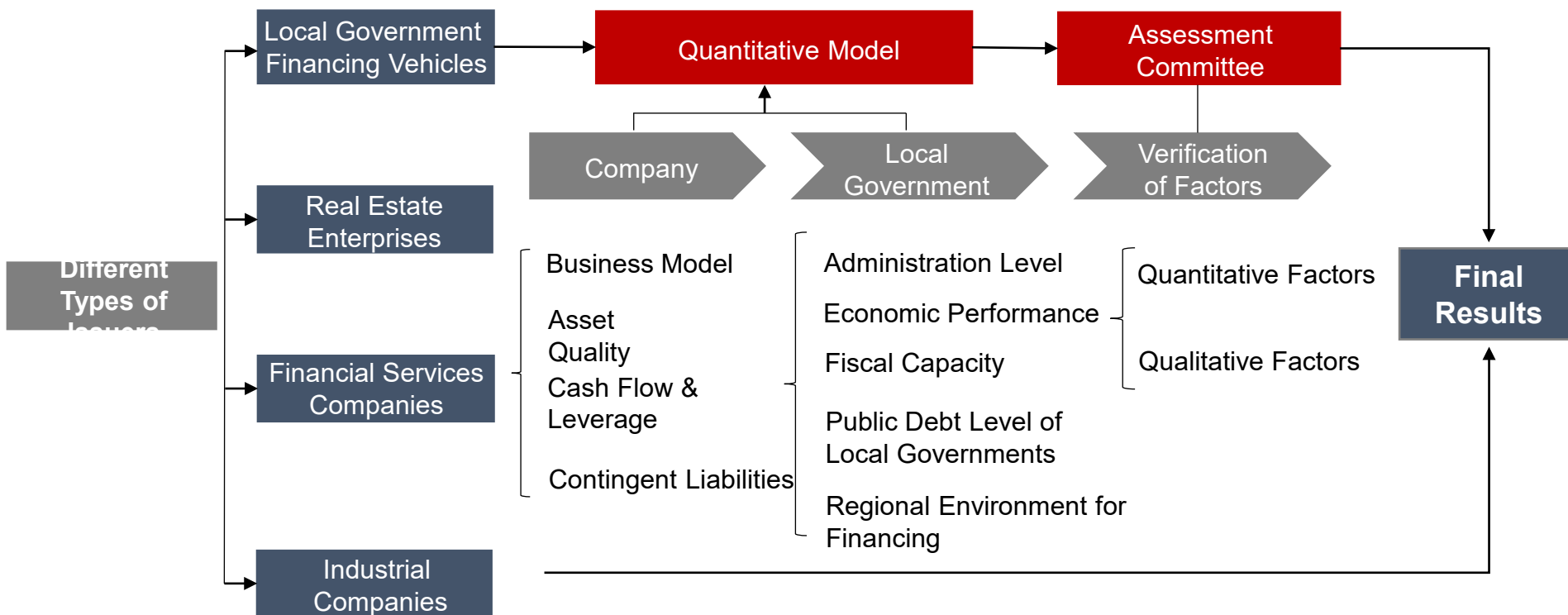
Chart 19: CIB Research vs. other credit rating agencies



Source: CIB Research

Credit Quality Assessment Procedure

Chart 20: Credit quality assessment procedure

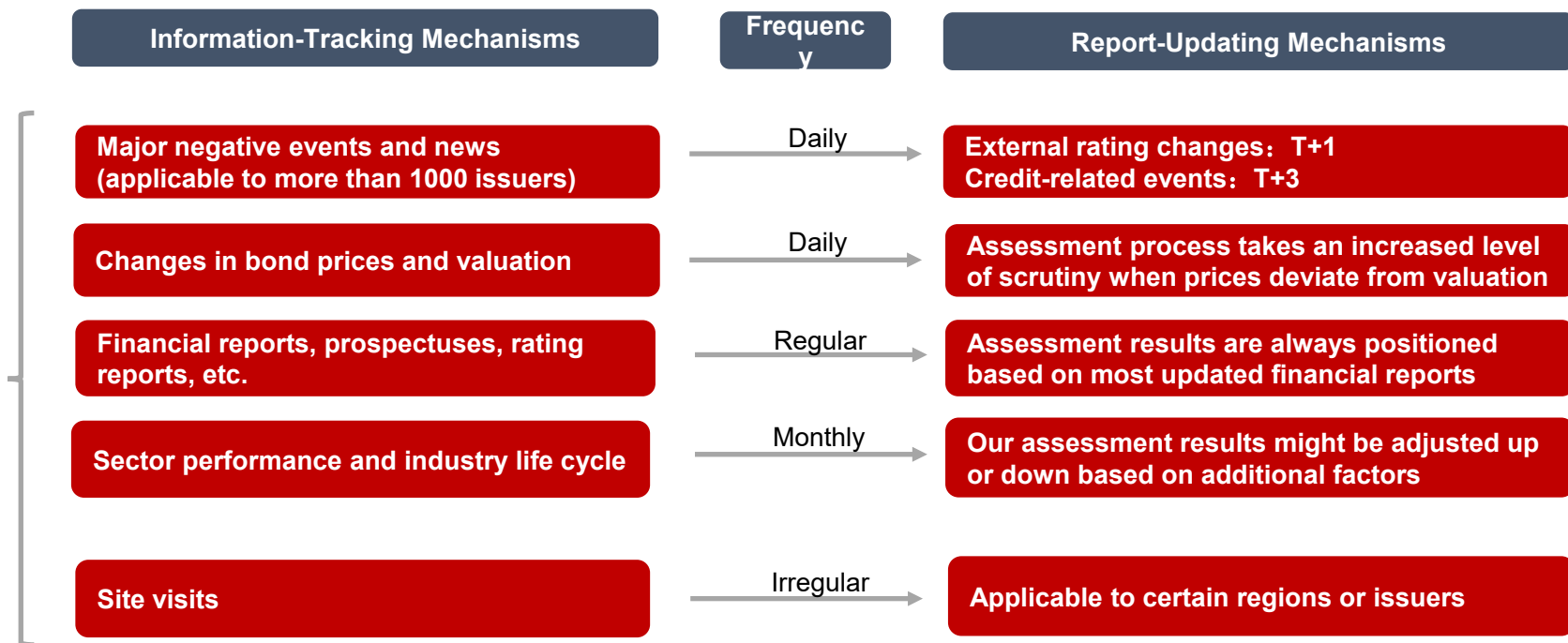


Source: CIB Research

Credit Surveillance Framework

- We monitor issuers and their fundamentals on an ongoing basis.

Chart 21: Credit Monitoring Procedures and Mechanisms



Source: CIB Research

- 1) Introduction to CIB Research
- 2) Overview of China's Credit Market
- 3) Research Framework and Our Expertise
- 4) Products and Services**

Our Platform

Our products and services are available on both our app and online platform (PCs and cell phones are both supported)

Online platform: <https://www.cibresearch.com/XVIEW/>

地方政府

信用排查

债券概况

覆盖跟踪

主体解析

临到期债券观察名单

评价调整

负面信息

新债研究

利差指数

研报中心

债券类型:

全部 超短融 短融 中票 企业债 公司债 私募债 定向工具 金融债

行业:

全部 钢铁 煤炭 交通运输 休闲服务 更多

剩余期限:

全部 0-6M 6-12M 1-3Y 3-5Y >=5

存续状态:

全部 已上市 未上市 已到期

兴业评价:

全部 1 2+ 2 2- 3+ 3 3- 4+ 4 4- 5 D 其他

外部主体评级:

全部 AAA+ AAA AA+ AA AA- A 其他

企业性质:

全部 央企 国企 民企 其他

担保人:

全部 有担保人 无担保人

最新中债估值收益率:

全部 2-3% 3-4% 4-5% 5-6% 6-7% 7+%

兴业展望:

全部 稳定 正面 负面 其他

请输入债券简称、代码或发行主体

债券	发行主体	兴业研究评价 主体/债券	外部评级 主体/债券	修正久期 (年)	中债估值 收益率(%)	发行日期	发行/剩余规模 (亿)
19宝钢SCP005 011900551.IB	宝山钢铁股份有限公司	2+ 稳定 / 2+ (2019-03-07)	AAA/-	0.4793	-	2019-03-08	30.00/30.00
19首钢SCP003 011900536.IB	首钢集团有限公司	3 稳定 / 3 (2018-11-18)	AAA/-	0.7081	3.23 (2019-03-11)	2019-03-06	20.00/20.00
19宝钢SCP004 011900511.IB	宝山钢铁股份有限公司	2+ 稳定 / 2+ (2019-03-07)	AAA/-	0.7075	3.15 (2019-03-11)	2019-03-05	30.00/30.00

A huge number of reports are accessible

Our Products and Services



Credit Research

Our team combines both top-down and bottom-up approaches and applied quantitative pricing models to analyze credit risk and price bonds. The research processes emphasize external support (financing environment, support of shareholders/local governments) and financial data (especially cash flow).

In order to assess credit risk that changes dynamically, we monitor issuers on an ongoing basis and constantly review our assessment based on most current and reliable information available.

Our Products and Services



Pre-investment: Scorecard

Benefitting from our solid background in credit research, our team provides credit research methodologies and tools along with our research output to enrich our clients' research capacity.

Products and services:

- 1) Most updated scorecards that apply to issuers and counterparties in various sectors including local government financing vehicles (LGFVs), real estate bond issuers, non-LGFV issuers, etc.
- 2) Relevant training and consulting services, which help clients make better use of the scorecards (explanation of assessment framework/logic, guidance on input selection/output analysis, etc.)

Scorecard for non-LGFV Issuers

- Scorecards for non-LGFV issuers focus on cash flow and main factors include industry risk, market competency, profitability, leverage, etc.
- Results would be qualitatively adjusted based on the quality of financial reporting, related-party transaction risk, off-balance-sheet financing and credit history.

公司治理变量 Corporate Governance	财务报表质量 Quality of Financial Reporting	财务报表透明度，盈利指标是否显著异常于同行业企业，且没有合理解释 Transparency, reasons for discrepancy,
	关联方风险 Related-Party Transaction Risk	关联方（股东或实际控制人等）资金紧张、且存在潜在关联方占款、关联方担保、或不公允关联交易、要求大额分红等损害债权人利益的行为 Transactions that could harm creditors' interest
	表外债务 Off-Balance-Sheet Financing	异常的少数股东权益、对外担保或其他存在付款义务的债务 Off-balance-sheet financial liabilities and debt (e.g. guarantor's obligations)
	债务履约记录 Credit History	债务履约情况，例如是否存在非标逾期、欠息欠款记录、失信被执行 Debt repayment history (principal, interest, non-standard liabilities, etc.), legal liabilities

《第一章：公司变量》 Company-Specific Assessment Factors

1. 1. 行业风险
Industry Risk

请选择：

请描述：

1. 2. 市场地位
Competitiveness

请选择：

请描述：

1. 3. 盈利能力
Profitability

请选择：

请描述：

1. 4. 全部债务/EBITDA
Total Debt/EBITDA

请选择：

请描述：

1. 5. CFO/全部债务
CFO/Total Debt

请选择：

请描述：

业务竞争力

Competitiveness

经营风险

Operational Risk

偿债能力

Repayment Capacity

基础信用评分建议

Scorecard Outcome

基础信用评分确认

Final Results

Our Products and Services



Pre-Investment: Whitelist of Bonds and Issuers

We provide a database that comprises core industry-specific multiples and indicators along with our qualitative analysis of different sectors. In addition, all the issuers in respective sectors are ranked based on our industry-specific models and methodologies. Clients are also enabled to compare issuers across different sectors and refer to our “whitelist” when making investment decisions.

Specific services:

- 1) The “whitelist” is updated and sent to our clients on a monthly basis, which includes issuers that remain on the list and the ones that are newly added or deleted.
- 2) The “whitelist” contains three main categories: issuers of high credit quality in sectors that outperform, issuers of high credit quality in average sectors and other issuers that have low credit risk.

Our Products and Services



Pre-Investment: Research on New Bond Issuance

Our expertise in the primary market allows us to integrate different sources of information about new issuance and cover the issuers in advance, providing our clients with unparalleled research output. Also, through our quantitative pricing model, we are able to serve our clients like a screener to help them identify low-risk bonds that generate relatively high returns.

Our services:

- 1) Reports on new issuance (updated daily) and our selection of bonds (updated weekly)
- 2) Lists of all new issuance (updated weekly)
- 3) In-depth weekly report on newly issued bonds and their issuers
- 4) Research reports on issuers (available on our online platform and app)

Our Products and Services

兴业研究
CIB RESEARCH

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消息中心

返回首页 联系我们 意见反馈

地方政府

信用排查

新债研究

新债观察

新债优选

定制化新债池

兴讲堂

研报中心

发行成功 发行失败

债券类型: 全部 超短融 短融 中票 企业债 公司债 私募债 定向工具 主体兴业评分: 全部 1 2+ 2- 3+ 3- 4+ 4- 5 D 其他

企业性质: 全部 央企 国企 民企 其他 交易市场: 全部 银行间 交易所

行业: 全部 钢铁 煤炭 非银金融 休闲服务 商业贸易 有色金属 建筑材料 机械设备 房地产 更多

发行日期: 2020-04-17 至 2020-04-17 请输入债券简称、代码或发行主

发行日期	债券简称	债券类型	发行主体	企业性质	行业	兴业新债评分 主体/债券	发行期限 (年)	参考 利息(bp)	参考 收益率 (%)	实际 收益 (%)
2020-04-17	20四川航空 SCP005 d20041625.IB	超短融	四川航空股份有限 公司	地方国有	交通运输	3- 负面/3-	0.49	-9	2.16	-
2020-04-17	20新合 SCP001 d20041622.IB	超短融	浙江新合集团有限 责任公司	地方国有	商业贸易	4+ 稳定/4+	0.66	20	3.16	-
2020-04-17	20佛公用 SCP002 d20041622.IB	超短融	佛山市公用事业控 股有限公司	地方国有	城投	3 稳定/3	0.74	0	2.33	-

热点推荐

兴业研究
CIB RESEARCH

金融资产专业定价

新债研究
2019年5月26日

【永远观市】新债观察
第 404 期

李永强策略团队出品
总第 1612 期 (01-2019-21020401)

兴业研究 • 金融资产专业定价

核心摘要:

展望:

【永远观市】新债观察——第 404 期展望 WID
城投债 3 只，产业债 14 只；发行日均为 5 月；
优选篇:
新债团队通过从兴业研究投行俱乐部获取的信
情请索取报告:【永远观市】新债优选——第 5
会议名称:
兴业研究拟联合兴业银行长沙分行诚邀湖南省
于省内 10 余家主流城投公司、于 5 月 30 日举
湖南地区城投投融资峰会，会议议程详见正文

更多精彩内容，尽在兴业研究金融模型平台，
www.cibresearch.com

二、新债研究结果总览

(1) 新债展望

债券简称	行业行业	期限(年)	发行日	兴业新债评分	参考收益率
19 中农金 SCP002	城投	0.41 年	2019-05-27	1/1, 稳定	3.11%
19 中农金 SCP003	交通运融	0.16 年	2019-05-27	2+/2+, 稳定	2.89%
19 生国农金 SCP001	大药生融	0.25 年	2019-05-27	2/2, 稳定	3.00%
19 中农金 SCP004	地产	0.49 年	2019-05-27	2/2, 稳定	3.22%
19 中农金	地产	4 年(2+)	2019-05-27	2/2+, 稳定	3.76%
19 中农金	地产	7 年(5+)	2019-05-27	2/2+, 稳定	4.08%
19 中农金 SCP002	城投	0.3 年	2019-05-27	3+/3+, 稳定	3.31%
19 广农金 MTN003	城投	3 年	2019-05-27	3/3+, 稳定	4.33%
19 中农金 CP002	地产	1 年	2019-05-27	3/3, 稳定	4.03%
19 中农金 SCP001	地产	0.74 年	2019-05-27	3/3+, 稳定	3.92%
19 中农金 SCP002	地产	0.74 年	2019-05-27	3/3+, 稳定	3.82%
19 中农金 MTN001	城投	3 年	2019-05-27	3/3, 稳定	4.61%
19 中农金 SCP001	地产	0.74 年	2019-05-27	4+/4+, 稳定	4.59%
19 中农金 MTN001	城投	3 年	2019-05-27	4+/4+, 稳定	4.98%
19 中农金 SCP001	地产	0.38 年	2019-05-27	4+/4+, 稳定	4.19%
19 中农金 SCP001	地产	0.73 年	2019-05-27	4+/4+, 稳定	4.54%
19 中农金 SCP001	地产	0.74 年	2019-05-27	4/4, 稳定	5.89%

数据来源: WIND, 兴业研究

Our Products and Services



Pre-Investment: In-Depth Research on Issuers

Depth and broadness illustrate our competitive edge. Relying on our top-down research methodology, we are able to dig deep into issuers' fundamentals and inform our clients of any potential risk. Covering and constantly monitoring all domestic issuers, we are devoted to empower our clients to make better pre-investment decisions and improve post-investment management.

Our services:

- 1) Thorough analysis of issuers, including but not limited to macro environment, industry fundamentals, corporate governance, operation and management, financials, clauses in contracts; reports are available
- 2) One-on-one meetings with our analysts can be arranged based on clients' needs

Our Products and Services



Negative Information Surveillance

Our team gathers thousands of pieces of negative information from the market on a daily basis, including but not limited to information about issuer's financial status/management effectiveness, credit-related events, price movement and regulation. Our analysts' timely responses are compiled and then posted on our online platform and app.

Our Services:

- 1) Most current responses from our analysts are delivered on a daily basis.
- 2) Our online platform and app alarm our clients based on the severity of information.

Our Products and Services



Post-Investment: Portfolio Analysis

Our team keeps monitoring outstanding bonds in our clients' portfolios and warn our clients of any risk identified. For every quarter, our team runs an extensive analysis on each portfolio and provide our clients with a meticulously written report. Based on our research, our clients can better adjust their positions and minimize default risk.

Our products and services:

- 1) Issuers of interest are monitored constantly; a report on portfolio credit risk is provided quarterly.
- 2) Clients' portfolios can be imported into our online platform, which supports real-time risk monitoring and offers most current research reports.
- 3) Clients are alarmed by both our online platform and app when relevant negative information appears; analysts' responses are also available.

Portfolio Analysis



Our Products and Services



Post-Investment: Watchlist of Bonds Close to Maturity

Based on our independent and unbiased research methodologies, our team offers a watchlist containing bonds that mature or will be called within a year. We believe such a list helps clients avoid potential risks and expedite the disposal of risky positions.

Our products and services:

- 1) A report on the watchlist of bonds close to maturity is updated every two weeks.
- 2) The watchlist is updated daily on our online platform.

Other Services

1

Sites Visits/Online Meeting with Management Teams

We help build a platform on which investors are able to have a deeper grasp on companies through direct conversations with management teams.

2

Training

Offline: From the perspective of the banking sector, we provide systematic training on credit research, methodologies and risk management

Online: On our online platform, we offer talks on trending topics in finance and share our insights with the rest of the market.

3

Online Meetings on the Credit Market

Our online meetings help professionals keep track of the market and aware them on market events and breaking news.

4

LGFV Database

Our LGFV database contains data of more than 3000 regions around China, covering local economic conditions, fiscal capacities and the creditworthiness of local governments. The database also comes with more than 30 indicators for our clients' reference, which definitely facilitates their research and investment.

5

Offline Roadshow

We offer insights about asset allocation strategies and credit investment from the perspective of the banking sector.

6

Advisory Services

We have built a platform on which we maintain stable relationships with our clients in the banking sector; our team can be reached by phone and email on a daily basis.

7

Cross Assets Solutions

CIB Research excels in various areas. Besides credit, our firm has experts focusing on macro, multi-asset strategies, forex strategies, equities, industries, financial services sector, etc.

Our Clients

As of March 2020, CIB Research had over 200 clients including rural credit cooperatives, small and medium banks, major banks, policy banks, non-banking financial institutions, local governments and other enterprises.

Our Clients:

Policy Banks: The Export-Import Bank of China, Agricultural Development Bank of China, etc.

State-owned commercial banks/joint-stock banks: China Construction Bank, Bank of China, Industrial Bank, China Merchants Bank, China Citic Bank, Shanghai Pudong Development Bank, China Guangfa Bank, Hengfeng Bank, etc.

Urban Commercial Banks: Bank of Tianjin, Bank of Jiangsu, Bank of Nanjing, Bank of Suzhou, Bank of Hangzhou, Bank of Ningbo, Bank of Guangzhou, Guangdong Huaxing Bank, Bank of Urumqi, Bank of Kunlun, Bank of Weifang, Bank of Langfang, Bank of Jiangxi, Bank of Jiujiang, Bank of Ganzhou, Shanghai Rural Commercial Bank, Kunshan Rural Commercial Bank, Changshu Rural Commercial Bank, Wuxi Rural Commercial Bank, Zhangjiagang Rural Commercial Bank, Nanhai Rural Commercial Bank, Shunde Rural Commercial Bank, Zhongshan Rural Commercial Bank, etc.

Non-banking financial institutions: China Life Insurance Company, Ping An Insurance, CMSC, Guotai Junan Securities, Orient Securities, Huatai Securities Asset Management, Industrial Securities Asset Management, GF Fund Management, Harvest Fund Management, China Universal Asset Management, China Southern Asset Management, Penghua Fund Management, Tai Ping Fund, Zhongyin International Fund Management, etc.

Government agencies: rural credit cooperatives of Fujian/Shanxi/Hubei/ Qinghai, etc.

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Co-hosted By BCCL & Industrial Bank

INVESTMENT OPPORTUNITIES IN RMB & PROSPECT OF GREEN BONDS

Date: 13 May 2021 (Thursday)

Time: 4:30-6:00 pm (HK/Beijing/Singapore)
9:30-11:00 am (London)

Language: English/Chinese (with English Interpretation)



Closing Keynote

Development Path of RMB Green Bond Market under Carbon Neutral Trend in China



Jun Ma

Director of the Green Finance
Committee of China Society for
Finance and Banking, Former
Member of Central Bank Monetary
Policy Committee

Co-hosted By BCCL & Industrial Bank

INVESTMENT OPPORTUNITIES IN RMB & PROSPECT OF GREEN BONDS

Date: 13 May 2021 (Thursday)

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Q&A Session



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