

Qifu Technology

Prudent growth, strong commitment to shareholder return

Reiterate Rating: BUY | PO: 20.50 USD | Price: 16.30 USD

Solid result, strong commitment to shareholder return

QFIN's 4Q23 revenue rose 5% QoQ to RMB4.5bn, beat consensus by 5%, net profit fell 2.7% QoQ to RMB1.1bn, in line. DPS was USD0.58 for 2H23 or USD1.08 for FY23 (~30% payout), implying ~7% dividend yield. It continued to repurchase shares under the 2023 USD150mn buyback plan (had bought ~USD132mn by Mar 12th) and announced a new buyback plan of USD350mn (~13% of the latest market cap). Management guided total shareholder return intensity for next 3 years will be similar to those announced for 2024. Cut 2024-25E EPS by 5-7% to reflect conservative growth, kept target P/E unchanged at 5x and roll over valuation base to 2024E. Raise POs by 2-3% to USD20.5/HKD79.8. Reiterate Buy on steady operations, high shareholder return, and potential significant reduction of share counts due to buyback (EPS accretive, not factored in our model yet).

4Q23: further tightened risk control amid tough macro

New loans fell 3.4% QoQ to RMB119bn in 4Q23 or rose 15.4% YoY in FY23, in line. Loan balance fell 1.4% QoQ or rose 14.1% YoY. ~57% of the new loans in 4Q/FY23 was from non-credit risk bearing services. New loan pricing edged down to 21.4% in 4Q on tightened risk control. Funding cost continued to decline with higher mix of ABS funding. Day 1 delinquency rate rose to 5.0% and 30-day collection rate fell to 84.9% in 4Q due to tough macro and industry-wide technical issue that reduced collection effectiveness. QFIN further controlled risk by reducing exposure to higher risk & longer duration loans and by driving more non-credit risk bearing services. Risk metrics have improved YTD and are expected to further improve throughout this year gradually, as per management.

FY24: probably less new loans but better profitability

QFIN will focus on driving profitability and operational efficiency as they continue to tighten risk management and optimize business mix to achieve quality growth. As such, management didn't guide FY24 new loans, but will guide quarterly profit instead. They currently expect RMB1.15-1.20bn non-GAAP net profit for 1Q24, implying 17-22% YoY or 0-4% QoQ growth. We expect new loans and loan balance to decline in FY24 as QFIN cuts loss-making loan businesses, but net profit to rise on better profitability.

Estimates (Dec) (CNY)	2022A	2023A	2024E	2025E	2026E
Net Income (Adjusted - mn)	4,224	4,471	4,812	5,305	5,793
EPS	25.75	26.72	29.35	32.46	35.55
EPS Change (YoY)	-31.6%	3.8%	9.8%	10.6%	9.5%
Dividend / Share	4.84	7.74	8.80	9.74	10.67
Book Value / Share	116.78	139.62	160.69	184.10	209.64
Valuation (Dec)					
P/E	4.40x	4.33x	3.99x	3.60x	3.29x
Dividend Yield	4.14%	6.62%	7.53%	8.33%	9.12%
P/B	1.00x	0.86x	0.75x	0.65x	0.57x
RoE / PB	23.59x	24.41x	26.30x	29.04x	31.71x
Price / Pre-provision Profit	1.60x	1.75x	1.62x	1.53x	NA

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Refer to important disclosures on page 8 to 11. Analyst Certification on page 5. Price Objective Basis/Risk on page 5.

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Equity

Key Changes

(CNY)	Previous	Current
Price Obj.	US\$20.00	US\$20.50
2024E EPS	30.91	29.35
2025E EPS	35.02	32.46
2026E EPS	NA	35.55

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Stock Data

Price (ADR / Common)	16.30 USD / 61.00 HKD
Price Objective	20.50 USD / 79.80 HKD
Date Established	13-Mar-2024 / 13-Mar-2024
Investment Opinion	C-1-7 / C-1-7
52-Week Range	13.12 USD-20.40 USD
Market Value (mn)	2,632 USD
Shares Outstanding (mn)	161.5 / 322.9
Average Daily Value (mn)	16.07 USD
Free Float	100.0%
BofA Ticker / Exchange	QFIN / NAS
BofA Ticker / Exchange	XDHRF / HKG
Bloomberg / Reuters	QFIN US / QFIN.OQ
ROE (2024E)	19.7%

ABS: Asset-backed Securities

ADS: American Depositary Shares

QFIN: Qifu Technology

Note consensus is Visible Alpha consensus

DPS is dividend per ADS

iQprofileSM Qifu Technology

Key Income Statement Data (Dec)

(CNY Millions)

	2022A	2023A	2024E	2025E	2026E
Net Interest Income	3,488	5,110	5,872	6,394	6,888
Net Fee Income	7,167	6,434	6,774	7,242	7,796
Securities Gains / (Losses)	NA	NA	NA	NA	NA
Other Income	5,899	4,746	4,122	3,904	4,099
Total Non-Interest Income	13,066	11,180	10,896	11,146	11,895
Total Operating Income	16,554	16,290	16,768	17,539	18,784
Operating Expenses	(5,498)	(5,666)	(5,379)	(5,472)	(5,654)
Pre-Provision Profit	11,056	10,624	11,389	12,067	13,129
Provisions Expense	(2,216)	(2,713)	(3,352)	(3,574)	(3,849)
Operating Profit	4,472	4,857	5,594	6,210	6,821
Non-Operating Income	270.19	420.49	187.88	187.88	187.88
Pre-Tax Income	4,742	5,277	5,782	6,398	7,009
Net Income to Comm S/Hold.	4,024	4,285	4,641	5,134	5,623
Adjusted Net Income (Operating)	4,224	4,471	4,812	5,305	5,793

Key Balance Sheet Data

Total Assets	40,343	45,819	46,588	52,047	58,649
Average Interest Earning Assets	6,641	5,672	5,274	7,609	10,570
Weighted Risk Assets	NA	NA	NA	NA	NA
Total Gross Customer Loans	NA	NA	NA	NA	NA
Total Customer Deposits	NA	NA	NA	NA	NA
Tier 1 Capital	NA	NA	NA	NA	NA
Tangible Equity	NA	NA	NA	NA	NA
Common Shareholders' Equity	18,847	21,937	25,247	28,926	32,938

Key Metrics

Net Interest Margin	52.52%	90.09%	111.35%	84.03%	65.17%
Tier 1 Ratio	NA	NA	NA	NA	NA
Effective Tax Rate	15.5%	19.1%	20.0%	20.0%	20.0%
Loan / Assets Ratio	NA	NA	NA	NA	NA
Loan / Deposit Ratio	NA	NA	NA	NA	NA
Oper Leverage (Inc Growth - Cost Growth)	-5.5%	-4.7%	8.0%	2.9%	3.8%
Gearing (Assets / Equity)	2.1x	2.1x	1.8x	1.8x	1.8x
Tangible Common Equity / Assets	0%	0%	0%	0%	0%
Tangible Common Equity / WRAs	NA	NA	NA	NA	NA
Revenue Growth	-0.5%	-1.6%	2.9%	4.6%	7.1%
Operating Expense Growth	5.0%	3.1%	-5.1%	1.7%	3.3%
Provisions Expense Growth	44.5%	22.4%	23.6%	6.6%	7.7%
Operating Revenue / Average Assets	44.8%	37.8%	36.3%	35.6%	33.9%
Operating Expenses / Average Assets	14.9%	13.2%	11.6%	11.1%	10.2%
Pre-Provision ROA	29.9%	24.7%	24.6%	24.5%	23.7%
ROA	11.4%	10.4%	10.4%	10.8%	10.5%
Pre-Provision ROE	64.8%	51.9%	48.1%	44.4%	42.3%
ROE	23.6%	21.0%	19.7%	19.0%	18.2%
RoTE	NA	NA	NA	NA	NA
RoWRAs	NA	NA	NA	NA	NA
Dividend Payout Ratio	18.8%	29.0%	30.0%	30.0%	30.0%
Efficiency Ratio	33.2%	34.8%	32.1%	31.2%	30.1%
Headline Cost/Income Ratio	33.2%	34.8%	32.1%	31.2%	30.1%
Total Non-Interest Inc / Operating Inc	79%	69%	65%	64%	63%
Market-Related Revenue / Total Revenues	0%	0%	0%	0%	0%
Provisioning Burden as % of PPP	20.0%	25.5%	29.4%	29.6%	29.3%
NPLs plus Foreclosed Real Estate / Loans	NA	NA	NA	NA	NA
Loan Loss Reserves / NPLs	NA	NA	NA	NA	NA
Loan Loss Reserves / Total Loans	NA	NA	NA	NA	NA
Provisions Expense / Average Loans	NA	NA	NA	NA	NA

Other Metrics

Income / Employee	NA	NA	NA	NA	NA
(Operating Expenses) / Employee	NA	NA	NA	NA	NA
Pre-Provision Profit / Employee	NA	NA	NA	NA	NA
Net Profit / Employee	NA	NA	NA	NA	NA

Company Sector

Other Financials

Company Description

Qifu Technology is a Credit-Tech platform in China that provides a comprehensive suite of technology services to assist financial institutions and consumers and SMEs in the loan lifecycle, ranging from borrower acquisition, preliminary credit assessment, fund matching and post-facilitation services. The Company is dedicated to making credit services more accessible and personalized to consumers and SMEs through Credit-Tech services to financial institutions.

Investment Rationale

We rate QFIN at Buy for 1) its leading position and proven track record, 2) stabilized regulatory environment and reduced ADR delisting risk, 3) cyclical consumption recovery and improved loan risk profile, 4) better utilization of capital and upgrading SaaS business, and 5) attractive valuation, dividend and share buyback program.

Stock Data

Shares / Common	0.50
Price to Book Value	0.7x

Key Changes

(CNY)	Previous	Current
Price Obj.	HK\$77.80	HK\$79.80
2024E EPS	15.45	14.67
2025E EPS	17.51	16.23
2026E EPS	NA	17.78

Exhibit 1: QFIN quarterly financial table

Qifu Technology's historical quarterly performance comparison

RMB mn	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23	4Q23	2023
Credit-driven services	2,451	2,405	2,620	2,713	10,189	2,921	2,948	2,941	2,777	11,586	2,631	2,789	3,071	3,248	11,739
Platform services	1,148	1,597	1,993	1,709	6,446	1,399	1,235	1,203	1,130	4,968	969	1,126	1,210	1,247	4,551
Total net revenue	3,599	4,002	4,613	4,422	16,636	4,320	4,183	4,144	3,907	16,554	3,599	3,914	4,281	4,496	16,290
Growth (QoQ/YoY)	+7.8%	+11.2%	+15.3%	-4.1%	+22.6%	-2.3%	-3.2%	-0.9%	-5.7%	-0.5%	-7.9%	+8.8%	+9.4%	+5.0%	-1.6%
Total operating expenses	-1,046	-1,280	-1,461	-1,449	-5,237	-1,394	-1,388	-1,483	-1,233	-5,498	-1,326	-1,362	-1,425	-1,552	-5,666
Pre-provision profit	2,553	2,721	3,152	2,973	11,398	2,927	2,795	2,662	2,674	11,056	2,273	2,552	2,856	2,943	10,624
Total provision	-995	-868	-1,258	-1,491	-4,612	-1,567	-1,784	-1,503	-1,730	-6,584	-1,266	-1,370	-1,467	-1,664	-5,767
Operating profit	1,558	1,853	1,894	1,482	6,786	1,359	1,011	1,158	944	4,472	1,007	1,182	1,389	1,280	4,857
Non-operating items	48	100	29	60	237	32	144	13	81	270	95	185	89	51	420
Profit before income tax	1,605	1,953	1,923	1,542	7,023	1,391	1,155	1,172	1,025	4,742	1,102	1,366	1,478	1,331	5,277
Income taxes expense	-258	-405	-359	-236	-1,258	-216	-180	-183	-157	-737	-172	-273	-340	-223	-1,009
Net profit	1,347	1,548	1,564	1,305	5,765	1,174	975	988	868	4,006	930	1,093	1,138	1,108	4,269
Minority interest & others	0	0	0	17	17	5	5	4	4	19	4	4	4	4	17
Attributed net profit	1,347	1,548	1,564	1,323	5,782	1,179	980	993	872	4,024	934	1,097	1,142	1,112	4,285
Growth (QoQ/YoY)	+11.8%	+14.9%	+1.1%	-15.4%	+65.4%	-10.8%	-16.9%	+1.3%	-12.2%	-30.4%	+7.1%	+17.5%	+4.1%	-2.7%	+6.5%
Non-GAAP attributed net profit	1,407	1,615	1,634	1,380	6,036	1,232	1,027	1,042	923	4,224	981	1,151	1,185	1,154	4,471
Growth (QoQ/YoY)	+7.2%	+14.8%	+1.2%	-15.5%	+58.9%	-10.8%	-16.6%	+1.5%	-11.4%	-30.0%	+6.2%	+17.3%	+3.0%	-2.6%	+5.8%
EPS (RMB)	8.84	10.09	10.15	8.56	37.63	7.60	6.29	6.35	5.53	25.75	5.79	6.79	7.12	7.03	26.72
BPS (RMB)	71.19	81.07	91.29	97.94	97.94	104.10	109.01	114.48	116.78	116.78	121.68	128.79	132.24	139.62	139.62
DPS (RMB)	0.00	0.00	1.80	1.66	3.46	1.39	1.21	1.14	1.10	4.84	0.00	3.63	0.00	4.12	7.74
Supplementary Data	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23	4Q23	2023
New loan volume	74,149	88,452	97,592	96,910	357,103	98,833	98,281	110,675	104,572	412,361	109,456	124,225	123,148	119,002	475,831
Platform services	37,245	49,638	55,476	51,866	194,225	53,327	54,784	64,583	58,438	231,132	61,342	71,860	69,579	68,239	271,020
Credit driven	36,904	38,814	42,116	45,044	162,878	45,506	43,497	46,092	46,134	181,229	48,114	52,365	53,569	50,763	204,811
Growth	+7.4%	+19.3%	+10.3%	-0.7%	+44.7%	+2.0%	-0.6%	+12.6%	-5.5%	+15.5%	+4.7%	+13.5%	-0.9%	-3.4%	+15.4%
Platform services	+58.2%	+33.3%	+11.8%	-6.5%	+179.4%	+2.8%	+2.7%	+17.9%	-9.5%	+19.0%	+5.0%	+17.1%	-3.2%	-1.9%	+17.3%
Credit driven	-18.9%	+5.2%	+8.5%	+7.0%	-8.1%	+1.0%	-4.4%	+6.0%	+0.1%	+11.3%	+4.3%	+8.8%	+2.3%	-5.2%	+13.0%
Mix	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Platform services	50.2%	56.1%	56.8%	53.5%	54.4%	54.0%	55.7%	58.4%	55.9%	56.1%	56.0%	57.8%	56.5%	57.3%	57.0%
Credit driven	49.8%	43.9%	43.2%	46.5%	45.6%	46.0%	44.3%	41.6%	44.1%	43.9%	44.0%	42.2%	43.5%	42.7%	43.0%
Loan balance	101,920	117,559	133,425	141,987	141,987	146,720	150,490	160,020	163,465	163,465	171,302	184,459	189,100	186,478	186,478
Platform services	42,775	58,187	72,435	77,268	77,268	78,804	82,580	91,196	96,558	96,558	104,523	114,835	116,283	114,476	114,476
Credit driven	59,145	59,372	60,990	64,719	64,719	67,916	67,910	68,824	66,907	66,907	66,779	69,624	72,817	72,002	72,002
Growth	+10.7%	+15.3%	+13.5%	+6.4%	+54.2%	+3.3%	+2.6%	+6.3%	+2.2%	+15.1%	+4.8%	+7.7%	+2.5%	-1.4%	+14.1%
Platform services	+45.7%	+36.0%	+24.5%	+6.7%	+163.2%	+2.0%	+4.8%	+10.4%	+5.9%	+25.0%	+8.2%	+9.9%	+1.3%	-1.6%	+18.6%
Credit driven	-5.7%	+0.4%	+2.7%	+6.1%	+3.2%	+4.9%	-0.0%	+1.3%	-2.8%	+3.4%	-0.2%	+4.3%	+4.6%	-1.1%	+7.6%
Mix	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Platform services	42.0%	49.5%	54.3%	54.4%	54.4%	53.7%	54.9%	57.0%	59.1%	59.1%	61.0%	62.3%	61.5%	61.4%	61.4%
Credit driven	58.0%	50.5%	45.7%	45.6%	45.6%	46.3%	45.1%	43.0%	40.9%	40.9%	39.0%	37.7%	38.5%	38.6%	38.6%
Key financial metrics															
90 day+ delinquency rate	1.29%	1.19%	1.17%	1.54%	1.54%	2.40%	2.62%	2.31%	2.03%	2.03%	2.18%	1.84%	1.82%	2.35%	2.35%
Operating margin	43.3%	46.3%	41.1%	33.5%	40.8%	31.5%	24.2%	27.9%	24.2%	27.0%	28.0%	30.2%	32.4%	28.5%	29.8%
Net profit margin	37.4%	38.7%	33.9%	29.5%	34.7%	27.2%	23.3%	23.8%	22.2%	24.2%	25.8%	27.9%	26.6%	24.6%	26.2%
Effective tax rate	16.1%	20.8%	18.7%	15.3%	17.9%	15.6%	15.6%	15.6%	15.3%	15.5%	15.6%	20.0%	23.0%	16.8%	19.1%
ROA	21.1%	22.6%	21.2%	16.4%	20.0%	13.6%	10.7%	10.2%	8.7%	10.9%	9.2%	10.4%	10.2%	9.7%	9.9%
ROE	52.9%	53.0%	47.0%	36.1%	46.8%	30.1%	23.6%	22.7%	19.0%	23.6%	19.4%	21.7%	21.8%	20.7%	21.0%
Leverage ratio	5.4x	4.8x	4.3x	4.3x	4.3x	4.2x	4.0x	3.8x	3.5x	3.5x	3.4x	3.3x	3.5x	3.3x	3.3x

Source: Company report

BofA GLOBAL RESEARCH



Exhibit 2: China FinTech/Bank valuation comp

QFIN's valuation is attractive considering its high ROE and ROA

	Bloomberg Ticker	BofA Rating	Price (USD; HKD)	Mkt cap (USD mn)	P/E		P/B		Dividend Yield		ROE		ROA	
					2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
China FinTech														
Lufax	LU US	NEUTRAL	2.91	1,668	48.1x	9.0x	0.13x	0.13x	12.3%	12.3%	0.3%	1.4%	0.1%	0.7%
Qifu Tech	QFIN US	BUY	16.30	2,632	4.0x	3.6x	0.75x	0.65x	7.5%	8.3%	19.7%	19.0%	10.0%	10.4%
FinVolution	FINV US	NC	5.23	1,465	3.7x	3.2x	0.62x	0.53x	4.9%	6.0%	17.8%	18.3%	11.0%	11.4%
Lexin	LX US	NC	1.90	310	1.5x	1.3x	0.22x	0.19x	9.1%	8.3%	16.1%	16.1%	5.0%	7.0%
Sector total/average				6,075	15.9x	4.9x	0.52x	0.45x	8.3%	8.9%	13.7%	13.8%	7.3%	7.8%
China Banks														
ABC	1288 HK	BUY	3.29	196,930	4.3x	4.1x	0.41x	0.38x	7.6%	7.9%	10.0%	9.8%	0.6%	0.6%
BOC	3988 HK	BUY	3.23	163,339	4.0x	3.8x	0.37x	0.35x	7.9%	8.3%	9.5%	9.4%	0.6%	0.6%
CCB	939 HK	BUY	4.93	160,672	3.5x	3.4x	0.36x	0.33x	8.6%	9.0%	10.4%	10.2%	0.8%	0.8%
ICBC	1398 HK	BUY	4.11	240,781	3.9x	3.7x	0.37x	0.35x	8.1%	8.3%	9.9%	9.6%	0.7%	0.7%
BoComm	3328 HK	BUY	5.28	57,618	4.2x	3.9x	0.37x	0.35x	7.8%	8.3%	9.2%	9.2%	0.6%	0.6%
PSBC	1658 HK	NEUTRAL	4.26	63,808	4.8x	4.6x	0.46x	0.43x	6.7%	7.1%	9.9%	9.7%	0.5%	0.5%
CEB	6818 HK	UNDERPERFORM	2.54	24,855	3.4x	3.2x	0.30x	0.28x	8.3%	8.7%	9.1%	8.9%	0.6%	0.6%
CMB	3968 HK	BUY	31.65	110,332	5.0x	4.7x	0.72x	0.65x	6.6%	7.0%	15.1%	14.4%	1.3%	1.2%
CNCB	998 HK	BUY	4.20	37,505	2.9x	2.8x	0.29x	0.27x	9.6%	10.2%	10.5%	10.3%	0.7%	0.7%
MSB	1988 HK	UNDERPERFORM	2.78	22,803	3.3x	3.1x	0.20x	0.19x	9.1%	9.7%	6.2%	6.4%	0.4%	0.4%
CQRB	3618 HK	BUY	3.26	6,551	3.2x	3.0x	0.28x	0.26x	9.7%	10.2%	9.0%	8.9%	0.7%	0.7%
Sector total/average				1,085,194	4.0x	3.9x	0.41x	0.38x	7.9%	8.3%	10.4%	10.1%	0.7%	0.7%

Note: NC = Not covered; Bloomberg consensus for FINV/LX

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH



Price objective basis & risk

Qifu Technology (QFIN / XDXRF)

Our PO for QFIN is USD20.5/HKD79.8, based on a target P/E multiple of 5x P/E on our 2024E earnings, implying 0.9x 2024E P/B. Our target P/E multiple for QFIN is justifiable, compared to traditional banks given QFIN's higher ROE/ROA, higher mix of capital-light business, and high provision coverage ratio. We believe QFIN deserves a valuation premium over other FinTech lenders due to stronger profitability, higher mix of capital-light business, good track record and better stock liquidity.

Downside risks to our PO are weak economic recovery, high youth jobless, lower loan pricing, intensified competition, weak capital markets/RMB and heightened geopolitical tension. Upside risks to our PO are faster-than-expected loan growth, better-than-expected risk performance, higher-than-expected take rate and progress in SaaS business.

Analyst Certification

I, Emma Xu, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Greater China - Financials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Agricultural Bank of China	ACGBF	1288 HK	Winnie Wu
	Agricultural Bank Of China-A	XACNF	601288 CH	Winnie Wu
	AIA Group Limited	AAIGF	1299 HK	Michael Li
	Bank Of China	BACHF	3988 HK	Winnie Wu
	Bank of Comm	BKFCF	3328 HK	Winnie Wu
	Bank Of Communications Co-A	XNCTF	601328 CH	Winnie Wu
	Bank of Jiangsu	XBJCF	600919 CH	Emma Xu
	Bank of Suzhou	XCZIF	002966 CH	Wenqing Han, CFA
	BOC Hong Kong Holdings Ltd	BNKHF	2388 HK	Winnie Wu
	Chailease	XCAHZ	5871 TT	Brooksley Kang
	China CITIC Bk	CHBJF	998 HK	Emma Xu
	China Construction Bank	CICHF	939 HK	Winnie Wu
	China Construction Bank -A	XCTBF	601939 CH	Winnie Wu
	China Galaxy Securities Co Ltd	CGXYF	6881 HK	Michael Li
	China Life Insurance	CIJF	2628 HK	Michael Li
	China MERCH BK	CIHMF	3968 HK	Winnie Wu
	China MERCH BK -A	CIHKF	600036 CH	Winnie Wu
	China Merchants Securities	XMRKF	600999 CH	Susie Liu, CFA
	China Merchants Securities	XCJRF	6099 HK	Susie Liu, CFA
	China Pacific Insurance Group	CHPXF	2601 HK	Michael Li
	Chongqing Rural Commercial Bank	COGQF	3618 HK	Wenqing Han, CFA
	Chongqing Rural Commercial Bank - A	XCRQF	601077 CH	Wenqing Han, CFA
	CITIC Limited	CTPCF	267 HK	Ronald Leung, CFA
	CITIC Securities	CIHMF	6030 HK	Michael Li
	CITIC Securities -A	CIISF	600030 CH	Michael Li
	CTBC FHC	CTFHF	2891 TT	Brooksley Kang
	Fubon FHC	FUISF	2881 TT	Brooksley Kang
	Futu Holdings	FUTU	FUTU US	Emma Xu
	GF Securities	GFSEZ	1776 HK	Susie Liu, CFA
	GF Securities	XMPQF	000776 CH	Susie Liu, CFA
	Guolian Securities	XLTYF	601456 CH	Susie Liu, CFA
	Guotai Junan International	GUOTF	1788 HK	Michael Li
	Guotai Junan Securities	XGUOF	2611 HK	Michael Li
	Guotai Junan Securities-A	XOQOF	601211 CH	Michael Li
	HKEX	HKXCF	388 HK	Michael Li
	Huatai Securities	XHTLF	601688 CH	Susie Liu, CFA



Greater China - Financials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Huatai Securities	HUATF	6886 HK	Susie Liu, CFA
	Ind & Comm BK	IDCBF	1398 HK	Winnie Wu
	Ind & Comm BK -A	XIKNF	601398 CH	Winnie Wu
	Jiangsu Changshu Rural Commercial Bank	XBJTF	601128 CH	Wenqing Han, CFA
	Noah Holdings Limited	NOAH	NOAH US	Emma Xu
	Noah Holdings Limited	XNHLF	6686 HK	Emma Xu
	PICC Group	PINXF	1339 HK	Michael Li
	PICC Property & Casualty	PPCCF	2328 HK	Michael Li
	Ping An Insurance	PIAIF	2318 HK	Michael Li
	Ping An Insurance	XPSPF	601318 CH	Michael Li
	Qifu Technology	QFIN	QFIN US	Emma Xu
	Qifu Technology	XDXXF	3660 HK	Emma Xu
	Sinolink Securities	XERQF	600109 CH	Susie Liu, CFA
	Waterdrop	WDH	WDH US	Michael Li
	Zheshang Securities	XDSEF	601878 CH	Susie Liu, CFA
	ZhongAn Online P&C Insurance	ZZHGF	6060 HK	Michael Li
NEUTRAL				
	Bank Of China -A	BACZF	601988 CH	Winnie Wu
	Bank of Hangzhou	XBHCF	600926 CH	Emma Xu
	Bank of Nanjing	XBNMF	601009 CH	Wenqing Han, CFA
	Bank of Ningbo	XBINF	002142 CH	Emma Xu
	Cathay FHC	XCIF	2882 TT	Brooksley Kang
	China Securities Corp	XCUEF	6066 HK	Susie Liu, CFA
	E.Sun FHC	ESUFF	2884 TT	Brooksley Kang
	Hang Seng Bk	HSNGF	11 HK	Winnie Wu
	Hang Seng Bk - A	HSNGY	HSNGY US	Winnie Wu
	Lufax Holding	LU	LU US	Emma Xu
	New China Life	NWWCF	1336 HK	Michael Li
	Postal Savings Bank of China	PSBKF	1658 HK	Winnie Wu
	Postal Savings Bank of China - A	XPSSF	601658 CH	Winnie Wu
UNDERPERFORM				
	Bank of Chengdu	XBCQF	601838 CH	Emma Xu
	Bank of E Asia	BKEAF	23 HK	Winnie Wu
	Bank of E Asia-A	BKEAY	BKEAY US	Winnie Wu
	BOC International (China)	XLFTF	601696 CH	Susie Liu, CFA
	China Cinda Asset Management	CCGDF	1359 HK	Michael Li
	China CITIC Bk -A	CHCKF	601998 CH	Emma Xu
	China Everbright Bank	CEBCF	6818 HK	Emma Xu
	China Everbright Bank	XCBLF	601818 CH	Emma Xu
	China Galaxy Securities Co Ltd	XCXYF	601881 CH	Michael Li
	China Industrial Bank Co. Ltd.	INBLF	601166 CH	Emma Xu
	China International Capital Corporation	CNICF	3908 HK	Susie Liu, CFA
	China Life Insurance	XCNNF	601628 CH	Michael Li
	China Minsheng Banking Corp Ltd	CGMBF	1988 HK	Emma Xu
	China Minsheng Banking Corp Ltd -A	CMAKF	600016 CH	Emma Xu
	China Pacific Insurance Group	XQJNF	601601 CH	Michael Li
	China Securities Corp	XCSIF	601066 CH	Susie Liu, CFA
	Haitong Securities	HTNGF	6837 HK	Michael Li
	Haitong Securities -A	XHTSF	600837 CH	Michael Li
	Mega FHC	MGFNF	2886 TT	Brooksley Kang
	New China Life	XNWC	601336 CH	Michael Li
	Orient Securities	XOBNF	600958 CH	Susie Liu, CFA
	Orient Securities	XONQF	3958 HK	Susie Liu, CFA
	PICC Group	XPIDF	601319 CH	Michael Li
	Ping An Bank	XPABY	000001 CH	Emma Xu
	Shanghai Pudong Dev Bank	SHVPF	600000 CH	Emma Xu
	Shin Kong FHC	SKFHF	2888 TT	Brooksley Kang

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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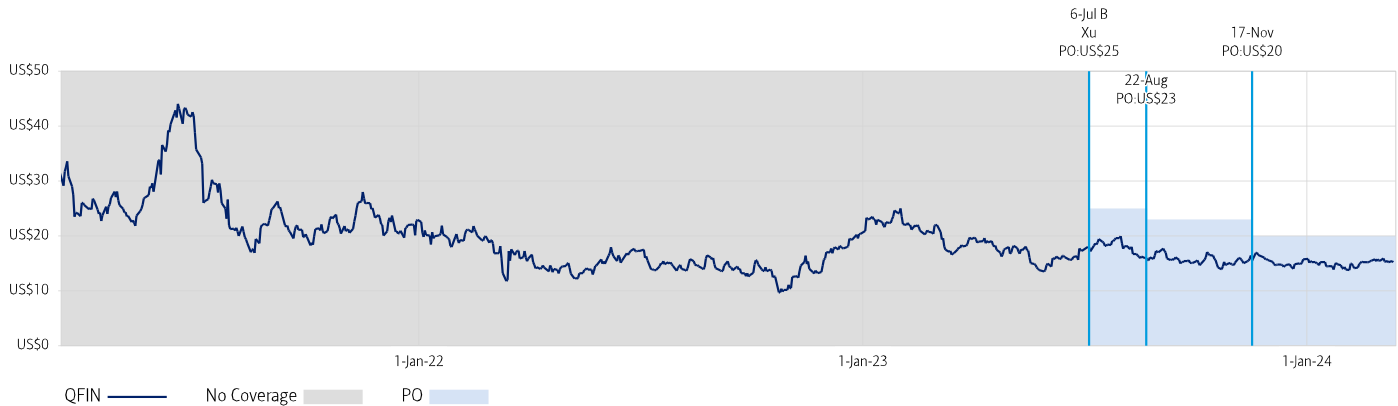
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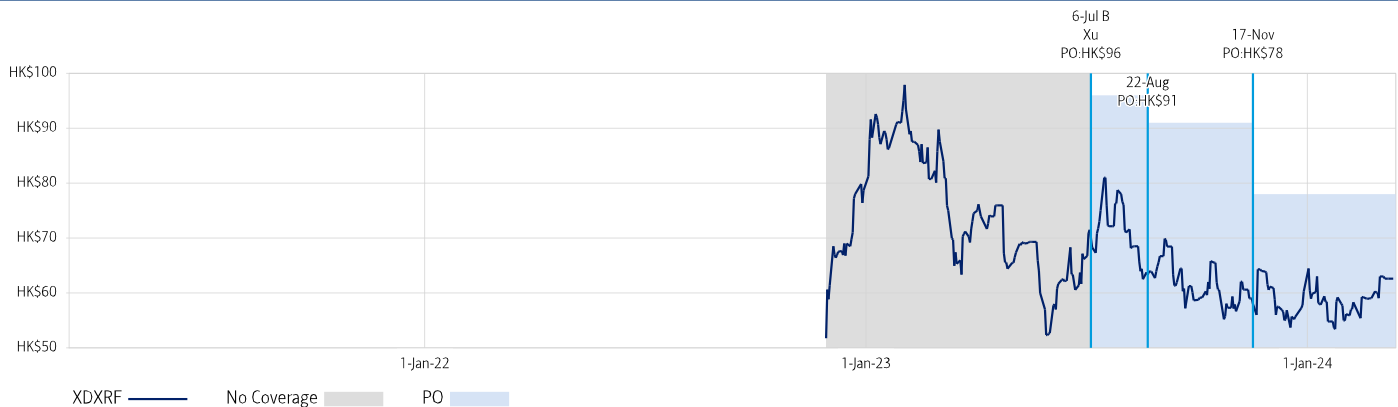
Qifu Technology (QFIN) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Qifu Technology (XDXRF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Financial Services Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	156	53.79%	Buy	94	60.26%
Hold	72	24.83%	Hold	48	66.67%
Sell	62	21.38%	Sell	35	56.45%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2}Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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