

## China

**ADD** (no change)

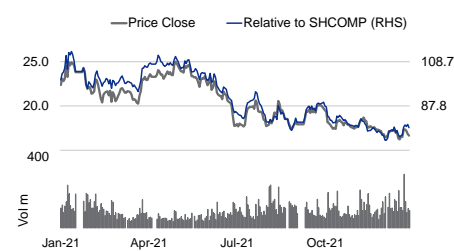
Consensus ratings\*: Buy 41 Hold 2 Sell 0

Current price:	Rmb16.65
Target price:	Rmb25.50
Previous target:	Rmb24.90
Up/downside:	53.2%
CIMB / Consensus:	1.1%
Reuters:	000001.SZ
Bloomberg:	000001 CH
Market cap:	US\$51,045m
	Rmb323,109m
Average daily turnover:	US\$301.1m
	Rmb1,915m
Current shares o/s:	19,406m
Free float:	42.0%

\*Source: Bloomberg

**Key changes in this note**

- FY21F EPS increased by 4.0%.
- FY22F EPS increased by 4.4%.
- FY23F EPS increased by 4.1%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.8	-17	-25.6
Relative (%)	0.7	-13	-22.4

Major shareholders	% held
Ping An Insurance Group	58.0

**Analyst(s)**

**Michael CHANG, CFA**

T (852) 2539 1323

E michael.chang@cgs-cimb.com

# Ping An Bank

## Moving onto the start of a new era

- We see a P/BV re-rating as a 7-year falling ROE cycle reverses, partly due to falling credit costs amid 10-year-high provisioning buffers & rising recoveries.
- We also see its 3-year trend of rising investor interest resuming, after falling in 2H21 partly due to property concerns, which we think has been priced in.
- In particular, the number of shares held by its top 50 shareholders rose almost four-fold over 2Q18 – 2Q21 (Fig 2), before falling slightly since 2Q21.
- Its NIM also remains less impacted than peers by monetary easing, in our view. Reiterate Add rating; TP rises to Rmb25.50. PAB remains a top pick.

### We see a P/BV re-rating as a 7-year falling ROE cycle reverses

FY21 ROE rose to 10.8%, up 1.2% pts yoy based on its preliminary FY21 results release. This ROE increase, the first since FY14, is important as investors can now have faith in PAB's level of sustainable ROEs for the first time in seven years, which is a critical part of the GGM used for bank's valuation and a core component of investability, in our view.

### ROEs can continue to rise driven by multiple factors

We expect ROEs to continue to rise (Fig 1), driven by (i) falling credit costs (Fig 2) amidst improving asset quality and growing writebacks/recoveries (Fig 7) as provisioning buffers are already at 10-year highs (Fig 4), (ii) rebounding fee income growth, and (iii) a better-than-peers net interest margin (NIM) performance, with its loans more resilient to monetary easing versus peers given its highest-of-peers consumer loan mix (Fig 13).

### Expect the trend of rapidly rising investor appetite to resume

There has been a significant rise in institutional investor interest in PAB's shares, with the number of shares owned by its top 50 institutional shareholders almost quadrupling over 2Q18 – 2Q21, before falling 4% over 2Q21 – 4Q21 (Fig 8). We think this was driven by PAB's notable share price underperformance versus peers (Fig 9), due in part to investor concerns about asset quality amidst property developer weakness. Such concerns are more than priced-in, in our view, as this segment only comprises 10% of PAB's 1H21 loans (Fig 10), with the 1H21 NPL ratio of this segment the lowest among peers (Fig 11).

### Capital raising risks remain as our key concern

While capital levels remain our biggest concern (3Q21's core Tier 1 ratio at 8.6% or 81bp above new regulatory minimum requirements and the lowest of the banks under our coverage; see Fig 14), we think this issue is well known and is arguably already priced in. We also think its share price could rally strongly once it raises capital, similar to when it successfully placed a convertible bond in early-2019.

### Reiterate Add; stress-test adjusted TP rises slightly to Rmb25.5

The slight TP rise is primarily driven by a 4% increase in FY21 – FY23F EPS estimates and hence higher ROE (Fig 16). Potential re-rating catalysts: better asset quality & ROE. Key downside risks: capital raising risks, Covid-19 outbreaks and stricter regulations.

Financial Summary	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Net Interest Income (Rmbm)	89,961	99,650	111,469	123,120	136,561
Total Non-Interest Income (Rmbm)	48,096	53,969	57,990	62,433	67,225
Operating Revenue (Rmbm)	138,057	153,619	169,459	185,553	203,786
Total Provision Charges (Rmbm)	(59,527)	(70,418)	(72,943)	(74,990)	(75,120)
Net Profit (Rmbm)	27,321	27,234	33,487	41,481	51,611
Core EPS (Rmb)	1.54	1.40	1.73	2.14	2.66
Core EPS Growth	10.3%	(8.8%)	23.0%	23.9%	24.4%
FD Core P/E (x)	11.71	11.86	9.65	7.79	6.26
DPS (Rmb)	0.22	0.18	0.22	0.27	0.34
Dividend Yield	1.31%	1.08%	1.33%	1.65%	2.05%
BVPS (Rmb)	14.07	15.16	16.77	18.69	21.07
P/BV (x)	1.18	1.10	0.99	0.89	0.79
ROE	11.1%	9.6%	10.8%	12.1%	13.4%
% Change In Core EPS Estimates			4.04%	4.44%	4.12%
CGS-CIMB/Consensus EPS (x)			0.96	1.00	1.05

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Moving onto the start of a new era

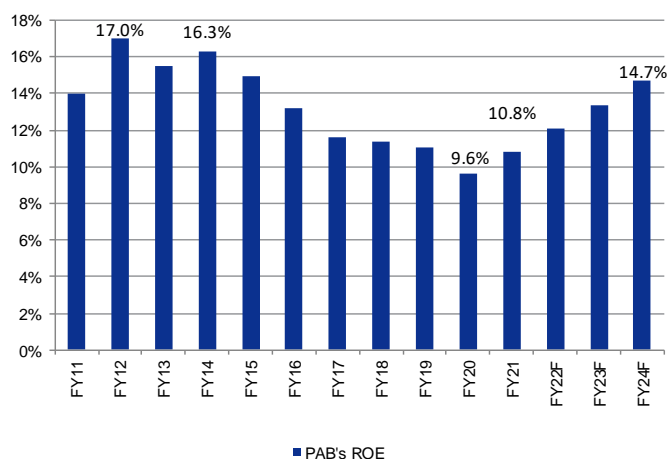
### ROE rises in FY21, for the first time since FY14

#### We see ROE continuing to rise due to multiple drivers

Ping An Bank's (PAB) FY21 ROE rose to 10.8%, up 1.2% pts yoy based on its preliminary FY21 results announcement. This is PAB's first ROE increase since FY14 (Fig 1) and important because for the first time in seven years, investors can have faith in PAB's level of sustainable ROEs, which is a critical part of the GGM used in the bank's valuation methodology.

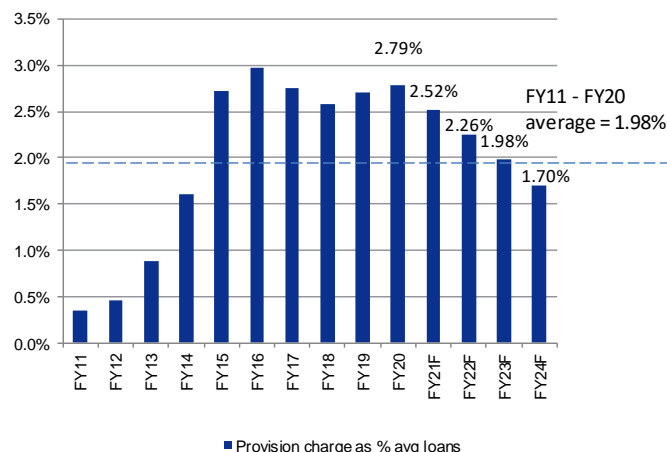
Many investors of China banks had previously complained that part of the reason why they saw the sector as not investable was due to the lack of visibility of sustainable ROEs (and hence, the determination of the right valuation was always difficult), given the multi-year fall in sector ROEs.

Figure 1: PAB's ROE across time



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: PAB's credit costs (provisioning expenses/ average loans) across time



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Going forward, we expect rising ROEs to continue well into FY24F (Fig 1). This is driven by multiple factors.

Firstly, we expect credit costs to fall into FY24F (Fig 2). Investors should note that PAB's credit costs have been the highest among peers since FY15 (Fig 3).

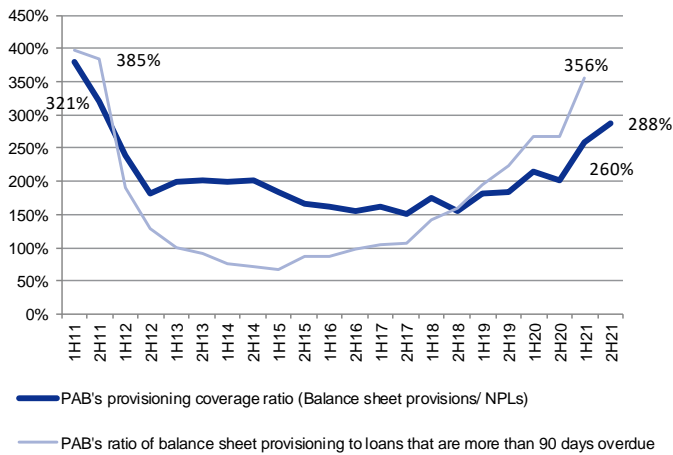
Figure 3: Credit cost of the China banks under our coverage (%) (provisioning expenses / average loans)

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	1H21
ICBC	0.44%	0.39%	0.41%	0.54%	0.75%	0.69%	0.91%	0.99%	1.01%	0.97%	1.07%
CCB	0.53%	0.55%	0.53%	0.66%	0.93%	0.81%	1.00%	1.07%	1.03%	1.05%	1.25%
BOC	0.30%	0.29%	0.32%	0.58%	0.63%	0.91%	0.81%	0.87%	0.82%	0.87%	0.71%
ABC	1.17%	0.91%	0.76%	0.85%	0.96%	0.85%	0.91%	1.21%	1.10%	1.15%	1.22%
BOCOM	0.52%	0.53%	0.59%	0.61%	0.76%	0.73%	0.69%	0.92%	1.03%	1.12%	1.09%
CMB	0.53%	0.31%	0.50%	1.33%	2.15%	2.12%	1.74%	1.58%	1.29%	0.98%	0.56%
CITIC	0.43%	0.83%	0.63%	1.07%	1.49%	1.69%	1.65%	1.70%	1.79%	1.64%	1.99%
MSB	0.70%	0.64%	0.88%	1.18%	1.71%	1.83%	1.22%	1.58%	1.92%	2.53%	1.87%
PAB	0.42%	0.47%	0.88%	1.60%	2.72%	2.97%	2.76%	2.58%	2.71%	2.79%	2.69%
CQRCB	0.42%	0.17%	0.51%	0.82%	1.17%	0.83%	1.03%	1.61%	1.21%	2.00%	1.35%
Big four banks	0.61%	0.53%	0.50%	0.65%	0.82%	0.80%	0.91%	1.04%	1.00%	1.01%	1.07%
Mid-size banks	0.53%	0.55%	0.66%	1.08%	1.62%	1.69%	1.45%	1.54%	1.60%	1.65%	1.48%
Sector weighted average	0.59%	0.53%	0.54%	0.76%	1.02%	1.02%	1.05%	1.17%	1.15%	1.18%	1.18%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

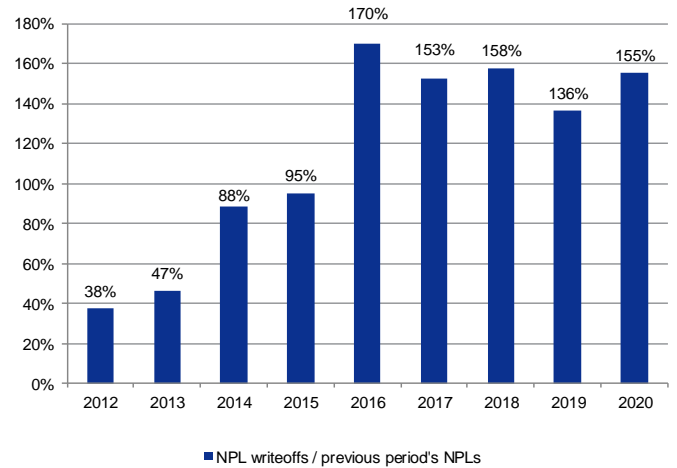
PAB's high credit costs have in part been due to it deliberately being prudent in order to build up provisioning buffers, its focus on higher risk unsecured consumer loans, as well as its high non-performing loan (NPL) write-off rate (Fig 5). Its provisioning buffers now look highly adequate, with its provisioning coverage ratio (balance sheet provisions/ NPLs) of 288% at a post FY11 high (Fig 4).

**Figure 4: PAB's provisioning buffers have risen significantly in recent times**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

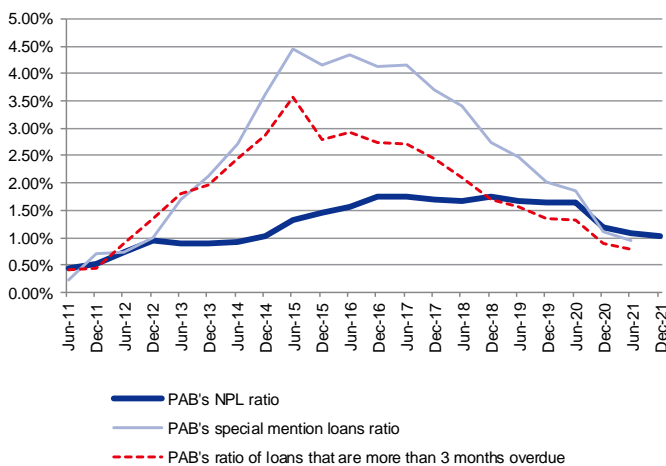
**Figure 5: PAB's NPL write-offs / previous period's NPLs**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

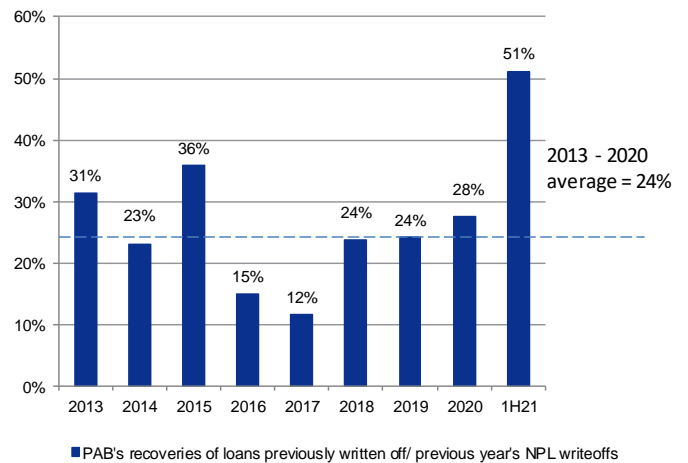
We expect lower credit costs well into FY24F due to continued improvements in asset quality (Fig 6) and growing writebacks/ recoveries (Fig 7) as provisioning buffers are already at 10-year highs (Fig 4). Note that write-backs and recoveries of previously written off NPLs had begun to spike upwards in 1H21 to 51% of the previous period's NPL write-offs.

**Figure 6: PAB's key asset quality indicators**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 7: PAB's recoveries of loans previously written off/ previous year's NPL write-offs**



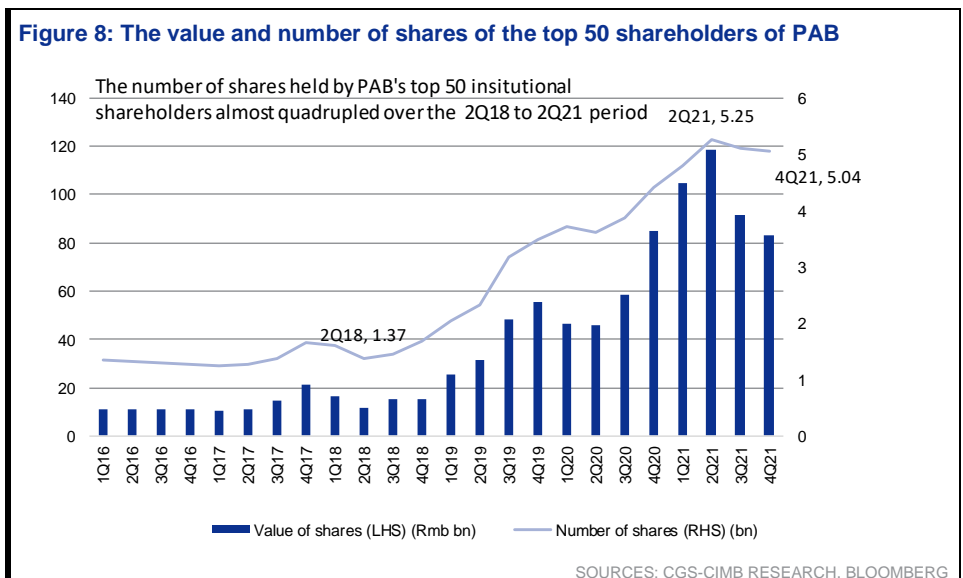
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Other reasons why we expect a continued rise in ROEs are rebounding fee income growth, and a better-than-peer net interest margin (NIM) performance. This is because we believe the net interest margins (NIM) on its loans are more resilient to monetary easing versus peers given its highest-of-peer consumer loan mix (Fig 8), with consumer loans making up 48% of total loans in 1H21 (Fig 13).

This is because we do not believe that loan yields on its unsecured consumer loans would be impacted by monetary easing, and we see only minimal adverse impact to NIM for mortgages during the current monetary easing cycle.

**Expect the trend of rapidly rising investor appetite to resume**

There has been a significant increase in institutional investor interest in PAB’s shares, with the number of shares owned by its top 50 institutional shareholders almost quadrupling over 2Q18 – 2Q21, before falling 4% over 2Q21 – 4Q21 (Fig 8).



We think this was driven by PAB’s notable share price underperformance versus peers, due in part to investor concerns about asset quality amidst property developer weakness. PAB’s share price performance has been the weakest of the banks under our coverage over the last one, three, six, and twelve months (Fig 9).

PAB has been the worst performer of the banks under our coverage over the last 1, 3, 6 and 12 months

**Figure 9: Share price performance of the banks under our coverage**

	ICBC	CCB	ABC	BOC	BOCOM	CMB	CITIC	MSB	PAB-A	CQRCB
<b>Absolute share price perf.</b>										
Dec-11	-18%	-19%	-13%	-27%	-23%	-19%	-9%	3%	-1%	-23%
Dec-12	26%	21%	21%	29%	10%	13%	10%	44%	4%	11%
Dec-13	1%	0%	6%	10%	-1%	4%	-4%	1%	23%	-7%
Dec-14	15%	16%	10%	31%	41%	24%	58%	46%	57%	37%
Dec-15	-13%	-12%	-14%	-17%	-21%	-3%	-19%	-24%	-8%	1%
Dec-16	6%	20%	7%	6%	10%	4%	4%	14%	-8%	3%
Dec-17	43%	27%	21%	17%	9%	77%	4%	-1%	48%	27%
Dec-18	-7%	-6%	-1%	-7%	12%	-4%	3%	-16%	-28%	-21%
Dec-19	13%	10%	6%	5%	-4%	43%	4%	17%	77%	0%
Dec-20	-11%	-7%	-12%	-15%	-21%	27%	-24%	-19%	20%	-14%
Dec-21	-7%	-2%	2%	15%	24%	27%	11%	-28%	-14%	-5%
Jan-22	7%	10%	10%	8%	13%	11%	10%	7%	2%	4%
1-wk	1%	1%	2%	2%	4%	6%	1%	1%	0%	-1%
1-mth	8%	10%	10%	10%	14%	9%	9%	6%	2%	7%
3-mth	9%	10%	9%	9%	13%	-1%	5%	2%	-3%	2%
6-mth	6%	7%	13%	11%	18%	16%	7%	-2%	-16%	1%
1-yr	0%	3%	8%	20%	31%	15%	10%	-29%	-5%	-10%
<b>Relative share price perf. (vs. MSCI China)</b>										
31-Dec-11	3%	1%	7%	-7%	-3%	2%	12%	23%	19%	-3%
31-Dec-12	7%	3%	2%	10%	-9%	-6%	-9%	25%	-15%	-8%
31-Dec-13	1%	-1%	5%	9%	-1%	4%	-5%	0%	23%	-7%
31-Dec-14	11%	12%	5%	26%	36%	19%	53%	41%	53%	33%
31-Dec-15	-3%	-2%	-4%	-7%	-11%	7%	-9%	-14%	2%	11%
31-Dec-16	7%	21%	9%	8%	11%	5%	5%	15%	-6%	5%
31-Dec-17	-10%	-25%	-32%	-35%	-43%	25%	-48%	-54%	-4%	-26%
31-Dec-18	14%	15%	19%	13%	32%	16%	23%	4%	-8%	0%
31-Dec-19	-8%	-10%	-14%	-16%	-25%	23%	-16%	-3%	57%	-21%
31-Dec-20	-38%	-34%	-38%	-41%	-47%	0%	-51%	-45%	-7%	-41%
31-Dec-21	16%	20%	24%	37%	46%	49%	34%	-6%	8%	17%
25-Jan-22	7%	9%	10%	8%	12%	11%	10%	7%	2%	4%
1-wk	1%	1%	1%	2%	3%	6%	1%	0%	0%	-2%
1-mth	7%	9%	9%	9%	13%	8%	8%	4%	2%	6%
3-mth	21%	21%	21%	21%	25%	11%	17%	13%	-4%	13%
6-mth	12%	13%	19%	17%	23%	21%	13%	3%	-5%	7%
1-yr	32%	36%	41%	52%	64%	47%	42%	3%	0%	23%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

We think these concerns about property developers are more than priced in, as this segment only comprises 10% of PAB's 1H21 loans (Fig 10), with the 1H21 NPL ratio of this segment the lowest among peers (Fig 11).

**Figure 10: Loan mix of manufacturing loans, wholesale and retail loans and property developer loans (FY09 vs. 1H19)**

	Manufacturing		Wholesale and retail		Property developers		Combined	
	FY09	1H21	FY09	1H21	FY09	1H21	FY09	1H21
ICBC	14%	9%	5%	3%	8%	5%	28%	18%
CCB	17%	9%	3%	5%	8%	5%	29%	18%
BOC	22%	12%	15%	0%	9%	8%	45%	20%
ABC	23%	10%	6%	3%	11%	5%	40%	19%
BOCOM	21%	11%	8%	3%	6%	6%	34%	21%
CMB	16%	5%	7%	3%	8%	8%	31%	16%
CITIC	20%	7%	8%	3%	4%	6%	32%	17%
MSB	14%	8%	4%	6%	12%	10%	30%	24%
CQRCB	18%	11%	3%	5%	18%	1%	39%	17%
PAB	17%	4%	10%	3%	6%	10%	33%	18%
Big four banks	19%	10%	7%	3%	9%	6%	35%	19%
Mid size banks	18%	8%	7%	4%	7%	8%	32%	20%
All banks under our coverage	19%	10%	7%	3%	8%	6%	34%	19%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Investors should also note that this segment historically has resulted in lower NPL ratios and lower credit costs because of their relatively high collateral ratio compared to other industries.

**Figure 11: NPL ratios of selected industries**

	1H21			FY20		
	Property developers	Manufacturing	Wholesale and retail	Property developers	Manufacturing	Wholesale and retail
ICBC	4.3%	4.1%	10.4%	2.3%	4.2%	13.8%
CCB	1.6%	5.1%	2.3%	1.3%	6.0%	2.9%
ABC	1.5%	4.1%	4.6%	1.8%	5.1%	8.6%
BOC	4.9%	4.2%	0.0%	4.7%	4.3%	3.0%
BOCOM	1.7%	4.2%	4.3%	1.4%	4.5%	4.8%
CMB	1.7%	3.1%	4.0%	0.3%	3.6%	4.3%
CITIC	3.1%	3.1%	4.3%	5.8%	3.4%	7.2%
MSB	1.0%	3.2%	3.3%	0.7%	3.4%	3.5%
CQRCB	3.1%	1.6%	3.3%	0.0%	4.9%	8.0%
PAB	0.6%	2.4%	1.2%	0.2%	3.4%	2.4%
Big four banks average	3.1%	4.4%	4.6%	2.5%	4.9%	7.4%
Mid-size banks average	1.7%	3.0%	3.4%	1.9%	3.4%	4.6%
Sector average	2.8%	4.1%	4.4%	2.4%	4.6%	6.8%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

PAB has also been pulling back on its growth of property developer loans, with this segment of the loan portfolio slowing to only 4% yoy in 1H21, down from 19% yoy in FY20 (Fig 12).

**Figure 12: Growth yoy of property developer loans**

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	1H21
ICBC	8.9%	-0.1%	6.2%	14.1%	15.2%	14.9%	6.8%	5.5%	4.5%
CCB	9.7%	6.3%	-9.1%	-14.2%	16.4%	20.7%	4.6%	19.7%	11.1%
ABC	15.7%	7.0%	-6.7%	-6.9%	12.3%	8.0%	13.9%	13.2%	14.4%
BOC	12.7%	14.3%	6.4%	-1.2%	9.3%	11.6%	13.9%	9.1%	4.1%
BOCOM	11.9%	3.1%	9.4%	-10.1%	-8.5%	15.9%	22.1%	31.6%	19.2%
CMB	28.6%	37.3%	18.4%	6.8%	14.7%	21.3%	16.4%	6.1%	-1.9%
CITIC	-3.7%	39.4%	41.9%	15.1%	13.5%	-6.0%	-7.7%	-0.5%	1.6%
MSB	11.9%	43.1%	3.0%	-7.0%	12.9%	51.5%	22.8%	-7.8%	-17.1%
PAB	91.4%	22.2%	34.3%	10.5%	4.2%	15.1%	29.9%	18.9%	4.3%
CQRCB	-12.9%	0.0%	27.4%	-20.1%	-24.2%	-22.9%	-2.8%	-29.3%	-23.9%
Big four banks	11.8%	7.2%	-0.5%	-1.8%	12.9%	13.5%	9.9%	11.1%	7.9%
Mid-size banks	16.8%	27.6%	18.7%	2.5%	8.3%	18.5%	15.4%	6.8%	-0.9%
Total	12.8%	12.0%	4.8%	-0.5%	11.3%	14.9%	11.6%	9.6%	4.9%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 13: Loan mix changes (FY09 vs. FY20)**

	Corporate loans (excluding bills) to total loans mix		Consumer loans to total loans mix		Mortgages to total loans mix	
	FY09	1H21	FY09	1H21	FY09	1H21
ICBC	69%	61%	19%	35%	18%	30%
CCB	70%	56%	23%	41%	18%	34%
ABC	61%	57%	17%	38%	18%	30%
BOC	85%	60%	23%	38%	12%	30%
BOCOM	78%	64%	17%	31%	11%	22%
CMB	59%	39%	30%	47%	23%	25%
CITIC	77%	49%	14%	39%	11%	20%
MSB	73%	52%	13%	28%	11%	14%
PAB	60%	35%	24%	48%	17%	9%
CQRCB	57%	52%	19%	31%	12%	18%
Big four banks	71%	58%	20%	38%	17%	31%
Mid size banks	70%	50%	20%	38%	14%	19%
All banks under our coverage	71%	53%	20%	36%	16%	28%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

As we had flagged in past reports, our key concern for PAB is capital raising risks (see [Well-positioned for first ROE rise since 2014](#), dated 20 Oct 2021).

While capital levels remain our biggest concern (3Q21's core Tier 1 ratio at 8.6% or 81bp above new regulatory minimum requirements and the lowest of the banks under our coverage; see Fig 14), we think this issue is well known and is arguably already priced in. We also think its share price could rally strongly once it raises capital, similar to when it successfully placed a convertible bond in early-2019.

**Figure 14: Core Tier 1 ratios of the banks under our coverage**

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
ICBC	13.2%	12.7%	12.8%	13.2%	13.3%	12.9%	13.1%
CCB	13.8%	13.2%	13.1%	13.6%	13.4%	13.2%	13.4%
BOC	11.2%	11.0%	10.9%	11.3%	11.1%	10.8%	11.1%
ABC	11.3%	10.9%	10.9%	11.0%	11.0%	10.8%	11.2%
BOCOM	10.8%	10.6%	10.4%	10.9%	10.9%	10.6%	10.7%
CMB	11.9%	11.3%	11.7%	12.3%	12.2%	11.9%	12.3%
CITIC	8.9%	8.8%	8.6%	8.7%	8.6%	8.6%	8.8%
MSB	9.0%	8.2%	8.6%	8.5%	8.6%	8.5%	8.8%
PAB	9.2%	8.9%	8.9%	8.7%	8.7%	8.5%	8.6%
CQRCB	12.7%	12.4%	12.2%	12.0%	12.0%	12.0%	12.3%
Big four banks	12.5%	12.0%	12.0%	12.4%	12.3%	12.0%	12.3%
Mid-size banks	9.7%	9.4%	9.4%	9.4%	9.4%	9.2%	9.4%
Sector weighted average	11.9%	11.5%	11.5%	11.8%	11.7%	11.5%	11.7%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Changes to our forecasts

Our FY21F – FY23F estimates are increased by 4%, primarily driven by lower provision expenses (Fig 15).

**Figure 15: Changes to our forecasts**

(Rmb m)	FY21F			FY22F			FY23F		
	Old	New	+/-	Old	New	+/-	Old	New	+/-
Net interest income	110,964	111,469	0.5%	121,650	123,120	1.2%	134,007	136,561	1.9%
Non interest income	63,264	57,990	-8.3%	74,671	62,433	-16.4%	88,362	67,225	-23.9%
Total operating income	174,228	169,459	-2.7%	196,321	185,553	-5.5%	222,369	203,786	-8.4%
Operating expense	-52,151	-50,724	-2.7%	-58,177	-54,986	-5.5%	-65,896	-60,389	-8.4%
Pre-prov profit	122,077	118,735	-2.7%	138,145	130,567	-5.5%	156,473	143,397	-8.4%
Provisions	-77,803	-72,943	-6.2%	-84,635	-74,990	-11.4%	-90,583	-75,120	-17.1%
Operating profit	44,273	45,792	3.4%	53,510	55,577	3.9%	65,890	68,277	3.6%
Tax	-9,239	-9,456	2.4%	-10,943	-11,247	2.8%	-13,474	-13,817	2.5%
Net profit to common shareholders	32,186	33,487	4.0%	39,718	41,481	4.4%	49,567	51,611	4.1%
<b>Key ratios</b>									
EPS (Rmb)	1.66	1.73	4.0%	2.05	2.14	4.4%	2.55	2.66	4.1%
EPS growth	18.2%	23.0%	4.8% pts	23.4%	23.9%	0.5% pts	24.8%	24.4%	-0.4% pts
PPOP per share	6.29	6.12	-2.7%	7.12	6.73	-5.5%	8.06	7.39	-8.4%
PPOP per share growth	13.9%	10.8%	-3.1% pts	13.2%	10.0%	-3.2% pts	13.3%	9.8%	-3.4% pts
ROA	0.7%	0.71%	3bp	0.8%	0.78%	3bp	0.85%	0.86%	2bp
ROE	10.4%	10.8%	0.4% pts	11.7%	12.1%	0.4% pts	13.0%	13.4%	0.4% pts
Payout ratio	12.8%	12.8%	0bp	12.8%	12.8%	0bp	12.8%	12.8%	0bp
Core tier 1 ratio	8.6%	8.7%	0.2% pts	8.5%	8.5%	-0.1% pts	8.6%	8.6%	-0.1% pts
Tier 1 ratio	10.6%	10.7%	0.2% pts	10.3%	10.2%	-0.1% pts	10.2%	10.1%	-0.1% pts
Total CAR	13.4%	13.7%	0.2% pts	13.1%	12.9%	-0.2% pts	12.9%	12.7%	-0.2% pts
Loan-deposit ratio	98.9%	98.9%	0.0% pts	98.9%	98.9%	0.0% pts	98.9%	98.9%	0.0% pts
NPL ratio	1.15%	1.02%	-13bp	1.10%	0.96%	-15bp	1.06%	0.92%	-14bp
Cost-income ratio	29.9%	29.9%	0bp	29.6%	29.6%	0bp	29.6%	29.6%	0bp
Net interest margin	2.50%	2.50%	0bp	2.48%	2.48%	0bp	2.48%	2.48%	0bp
Credit cost	2.69%	2.52%	-17bp	2.57%	2.26%	-31bp	2.42%	1.98%	-44bp
Provisioning coverage ratio	331.4%	288.4%	-43.0% pts	431.5%	355.6%	-75.9% pts	518.6%	390.1%	-128.5% pts
Loan growth	14.3%	14.9%	0.6% pts	13.9%	14.4%	0.6% pts	13.5%	14.0%	0.5% pts
Interbank assets growth	3.2%	3.2%	0.0% pts	3.0%	3.0%	0.0% pts	2.8%	2.8%	0.0% pts
Investment growth	12.0%	12.0%	0.0% pts	7.0%	7.0%	0.0% pts	7.0%	7.0%	0.0% pts
RWA growth	11.3%	10.1%	-1.1% pts	11.4%	14.8%	3.4% pts	11.3%	11.7%	0.4% pts

SOURCES: CGS-CIMB RESEARCH ESTIMATES

## Valuation and risks

We value PAB using a stress test adjusted Gordon Growth Model (GGM), with a target price of Rmb25.50 (Rmb24.90 previously).

Our key valuation assumptions are a COE of 9.1% (unchanged), a sustainable growth (g) assumption of 3% (unchanged), an initial sustainable ROE assumption of 13.4% (previously (13.0%) based on FY23F ROE, and an asset quality and investor compensation valuation discount of 37% (unchanged) [Fig

16]. We thus derive a stress-test-adjusted target FY22F (previously FY21F) P/BV multiple of 1.66x (previously 1.65x), implying a sustainable ROE assumption of 9.5% (previously 9.3%).

We arrive at a target price of Rmb25.5 (previously Rmb24.90) and reiterate our Add rating on PAB, which remains our second pick of the China banks after CMB (Add, TP: HK\$72.10, CP: HK\$67.5).

**Figure 16: Valuation using a stress-test-adjusted GGM**

	New	Old	% change
Equity risk premium	8.0%	8.0%	0%
Risk free rate	3.0%	3.0%	0%
Beta	0.78	0.76	3%
COE	9.2%	9.1%	2%
g	3.0%	3.0%	0%
Sustainable ROE (based on FY23F ROE)	13.4%	13.0%	3%
Initial target P/BV	1.66x	1.65x	1%
Asset quality valuation discount	-37%		0%
Initial target P/BV after applying the asset quality valuation discount	1.04x	1.03x	1%
FY22F BVPS (Rmb)	18.69	16.64	12%
Initial target price (Rmb) prior to factoring in a A-H share valuation gap	19.49	17.19	13%
Average A-H share gap of joint stock banks since Jan 2015	31%	45%	-31%
Final target price (Rmb)	25.50	24.90	2%
TP-implied target P/BV	1.36x	1.50x	-9%
TP-implied sustainable ROE	9.5%	9.3%	2%
Current share price (Rmb)	16.65		
Share price upside/ downside	53.2%		

SOURCES: CGS-CIMB RESEARCH ESTIMATES

Downside risks include a worse-than-expected economic slowdown in China. This could result in higher-than-expected asset quality pressures, as well as greater-than-expected loan prime rate (LPR) cuts, which could also depress net interest margins.

Another key downside risk is a substantial increase in confirmed Covid-19 cases in China, forcing the country into lockdown again. This could substantially reduce income growth.

As argued previously, capital raising risks are another downside risk.

**Figure 17: China banks valuation table (H-share and A-share banks)**

Company	Ticker	Rating	Mkt cap (US\$ bn)	Price (Lcy)	Target price (Lcy)	Upside/ Downside	P/BV (x)		P/E (x)		P/POP (x)		Dividend yield		ROE(%)		
							FY21F	FY22F	FY21F	FY22F	FY21F	FY22F	FY21F	FY22F	FY21F	FY22F	
ICBC	1398 HK	Add	243.4	4.73	4.60	-3%	0.49	0.45	4.4	4.0	2.2	2.1	7.1	7.8	11.7	11.8	
CCB	0939 HK	Add	169.4	5.94	6.50	9%	0.51	0.46	4.4	3.9	2.2	2.0	6.9	7.8	11.9	12.3	
BOC	3988 HK	Add	129.5	3.01	3.10	3%	0.39	0.36	3.8	3.5	1.9	1.7	8.5	9.2	10.7	10.8	
ABC	1288 HK	Add	156.0	2.90	3.10	7%	0.42	0.39	3.9	3.6	1.9	1.7	8.0	8.8	11.2	11.3	
BOCOM	3328 HK	Hold	49.3	5.28	4.50	-15%	0.42	0.39	4.2	3.9	2.1	1.9	7.5	8.2	10.3	10.3	
CMB	3968 HK	Add	204.7	67.50	72.10	7%	2.00	1.76	13.0	10.8	6.9	6.2	2.5	3.0	16.3	17.3	
CITIC	0998 HK	Add	30.5	3.74	4.90	31%	0.31	0.28	3.1	2.7	1.0	0.9	8.8	9.9	10.3	10.7	
MSB	1988 HK	Hold	24.8	3.19	2.90	-9%	0.24	0.23	3.1	2.9	0.8	0.7	9.6	10.5	7.9	8.1	
CQRCB	3618 HK	Add	6.1	2.89	3.00	4%	0.28	0.26	3.1	2.8	1.3	1.2	9.8	10.9	9.3	9.7	
<b>H-share weighted average</b>								0.73	0.65	5.7	5.0	2.9	2.6	6.7	7.4	12.1	12.5
ICBC - A	601398 CH	Hold	243.4	4.69	4.10	-13%	0.58	0.53	5.1	4.7	2.6	2.5	6.0	6.6	11.7	11.8	
CCB - A	601939 CH	Hold	169.4	6.04	5.70	-6%	0.61	0.56	5.3	4.8	2.6	2.4	5.7	6.4	11.9	12.3	
BOC - A	601988 CH	Hold	129.5	3.09	2.90	-6%	0.48	0.44	4.6	4.2	2.3	2.1	6.9	7.6	10.7	10.8	
ABC - A	601288 CH	Hold	156.0	2.96	2.70	-9%	0.51	0.47	4.7	4.3	2.2	2.0	6.6	7.3	11.2	11.3	
BOCOM - A	601328 CH	Hold	49.3	4.79	4.00	-16%	0.45	0.42	4.6	4.2	2.3	2.1	7.0	7.6	10.3	10.3	
CMB - A	600036 CH	Add	204.7	51.00	61.30	20%	1.79	1.58	11.7	9.7	6.2	5.5	2.8	3.4	16.3	17.3	
CITIC - A	601998 CH	Add	30.5	4.68	5.00	7%	0.45	0.42	4.6	4.1	1.5	1.4	5.9	6.6	10.3	10.7	
MSB - A	600016 CH	Reduce	24.8	3.91	2.70	-31%	0.35	0.33	4.6	4.2	1.2	1.1	6.6	7.2	7.9	8.1	
PAB - A	000001 CH	Add	54.0	16.65	25.50	53%	0.99	0.89	9.6	7.8	2.7	2.5	1.3	1.6	10.8	12.1	
CQRCB - A	601077 CH	Reduce	6.1	3.90	3.20	-18%	0.44	0.41	4.9	4.4	2.1	1.9	6.1	6.8	9.3	9.7	
<b>A-share weighted average</b>								0.76	0.69	6.3	5.5	3.0	2.7	5.5	6.1	12.0	12.4
<b>Combined sector weighted average</b>								0.75	0.67	6.0	5.3	3.0	2.7	6.1	6.7	12.1	12.4


SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

(\*ICBC: INDUSTRIAL AND COMMERCIAL BANK OF CHINA; CCB: CHINA CONSTRUCTION BANK; BOC: BANK OF CHINA; ABC: AGRICULTURAL BANK OF CHINA; BOCOM: BANK OF COMMUNICATIONS; CMB: CHINA MERCHANTS BANK; CITIC: CHINA CITIC BANK; MSB: CHINA MINSHENG BANK;

CQRCB: CHONGQING RURAL COMMERCIAL BANK)

DATA AS OF 26 JAN 2022



<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: left;"> <h2 style="margin: 0;">ESG in a nutshell</h2> </div> <div style="text-align: center;">  </div> <div style="text-align: right;"> <h3 style="margin: 0;">Refinitiv ESG Scores</h3> <table border="1" style="margin: 0 auto; border-collapse: collapse;"> <tr> <td style="background-color: #f1c232; color: white; text-align: center; padding: 5px;">C ESG Score</td> <td style="background-color: #2e8b57; color: white; text-align: center; padding: 5px;">A+ ESG Controversies Score</td> <td style="background-color: #f1c232; color: white; text-align: center; padding: 5px;">C ESG Combined Score</td> <td style="background-color: #f1c232; color: white; text-align: center; padding: 5px;">C- ESG Environment Pillar Score</td> <td style="background-color: #2e8b57; color: white; text-align: center; padding: 5px;">B- ESG Social Pillar Score</td> <td style="background-color: #f1c232; color: white; text-align: center; padding: 5px;">D+ ESG Government Pillar Score</td> </tr> </table> </div> </div>		C ESG Score	A+ ESG Controversies Score	C ESG Combined Score	C- ESG Environment Pillar Score	B- ESG Social Pillar Score	D+ ESG Government Pillar Score
C ESG Score	A+ ESG Controversies Score	C ESG Combined Score	C- ESG Environment Pillar Score	B- ESG Social Pillar Score	D+ ESG Government Pillar Score		
<p>PAB scored a C rating for its combined ESG score by Refinitiv in 2020, an upgrade from C- in 2019. Ping An contributed to China's carbon neutrality goals through green finance and supported rural development through Ping An Rural Communities Support. PAB cumulatively provided Rmb36bn for poverty alleviation and industry revitalisation as of Jun 2021. PAB also supported the establishment of 12 party building sites in seven provinces, benefiting more than 30,000 villages. In 2021 and going forward, Ping An will more proactively contribute to China's carbon peak and neutrality goals by comprehensively upgrading its green finance initiative, leveraging integrated financial services, and utilising green insurance, green investment and green credit.</p>							
<p><b>Keep your eye on</b></p> <p>A key reason why its 2020 combined ESG score of C is the equal-lowest (same as CITIC bank) of the banks under our coverage is due to its Governance Pillar Score (D+) and its Environmental Pillar Score (C-).</p>	<p><b>Implications</b></p> <p>There seems to be significant scope to improve ESG scores, which could be positive for valuations should such improvements be achieved.</p>						
<p><b>ESG highlights</b></p> <p>PAB's ESG combined rating of C is currently the equal-lowest of ESG scores of China banks peers (with the highest rating of B for CCB). It is impressive that PAB's ESG Controversies Score has remained A+ since 2017.</p>	<p><b>Implications</b></p> <p>PAB has made great efforts in supporting sustainable development and green operations. While not priced in at the current stage, we believe PAB's ESG progress and prominence will support re-rating cycles.</p>						
<p><b>Trends</b></p> <p>Refinitiv's ESG combined score improved from C- in 2019 to C in 2020, with the Environmental Pillar score improving from D to C- and Social Pillar score improving from C- to B-. However, the Governance pillar score dropped from C- in 2019 to D+ in 2020.</p>	<p><b>Implications</b></p> <p>We believe these improvements are positive and could continue. The management of its governance will be a key driver of improving the bank's score further, in our view.</p>						

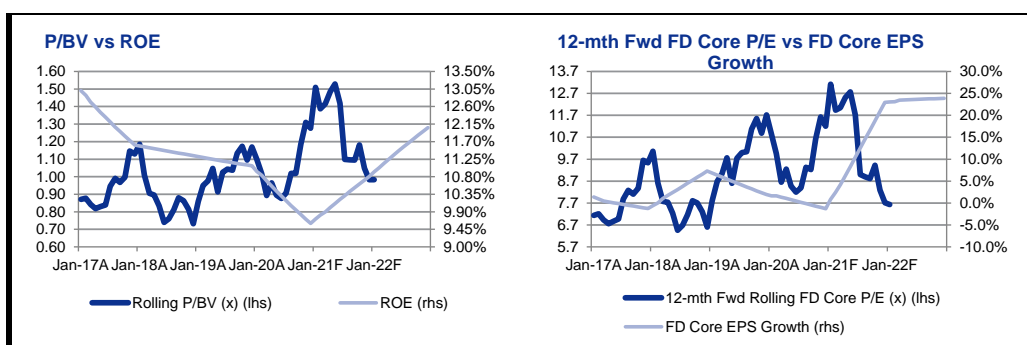
SOURCES: CGS-CIMB RESEARCH, REFINITIV

**Figure 18: Key financial data**

<b>Profit &amp; loss</b>								
<b>(Rmb m)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>
Net interest income	76,411	74,009	74,745	89,961	99,650	111,469	123,120	136,561
yoy	11.6%	-3.1%	1.0%	20.4%	10.8%	11.9%	10.5%	10.9%
Non interest income	31,666	31,815	41,999	48,096	53,969	57,990	62,433	67,225
yoy	14.3%	0.5%	32.0%	14.5%	12.2%	7.5%	7.7%	7.7%
<b>Total revenue</b>	<b>108,077</b>	<b>105,824</b>	<b>116,744</b>	<b>138,057</b>	<b>153,619</b>	<b>169,459</b>	<b>185,553</b>	<b>203,786</b>
yoy	12.4%	-2.1%	10.3%	18.3%	11.3%	10.3%	9.5%	9.8%
Operating expense	-31,483	-32,742	-36,642	-42,290	-46,447	-50,724	-54,986	-60,389
<b>Pre-prov profit</b>	<b>76,594</b>	<b>73,082</b>	<b>80,102</b>	<b>95,767</b>	<b>107,172</b>	<b>118,735</b>	<b>130,567</b>	<b>143,397</b>
yoy	29.2%	-4.6%	9.6%	19.6%	11.9%	10.8%	10.0%	9.8%
Provision	-46,518	-42,925	-47,871	-59,527	-70,418	-72,943	-74,990	-75,120
Net Profit to common shareholders	22,599	22,315	23,944	27,321	27,234	33,487	41,481	51,611
yoy	3.4%	-1.3%	7.3%	14.1%	-0.3%	23.0%	23.9%	24.4%
<b>Key balance sheet items</b>								
<b>(Rmb m)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>
Loans	1,475,801	1,704,230	1,997,529	2,323,205	2,666,297	3,063,448	3,506,066	3,997,439
Interbank assets	273,208	231,157	195,017	227,269	272,484	281,259	289,651	297,738
Investments	759,438	807,002	850,317	1,047,080	1,143,611	1,280,844	1,370,503	1,466,439
Deposits	1,921,835	2,000,420	2,149,142	2,459,768	2,695,935	2,961,819	3,545,039	4,041,873
Interbank liabilities	463,878	465,287	425,332	434,861	545,871	573,165	607,554	644,008
Bonds	263,464	342,492	381,884	513,762	611,865	740,236	814,260	895,686
Common shareholders' equity	182,218	202,101	220,089	273,035	294,187	325,504	362,690	408,981
Total shareholders' equity	202,171	222,054	240,042	312,983	364,131	395,448	432,634	478,925
RWA	2,033,715	2,226,112	2,340,236	2,784,405	3,151,764	3,471,183	3,985,239	4,451,463
Total assets	2,953,434	3,248,474	3,418,592	3,939,070	4,468,514	4,921,380	5,650,200	6,311,204
<b>yoy</b>								
Loans	21.4%	15.5%	17.2%	16.3%	14.8%	14.9%	14.4%	14.0%
Interbank assets	-9.8%	-15.4%	-15.6%	16.5%	19.9%	3.2%	3.0%	2.8%
Investments	27.7%	6.3%	5.4%	23.1%	9.2%	12.0%	7.0%	7.0%
Deposits	10.8%	4.1%	7.4%	14.5%	9.6%	9.9%	19.7%	14.0%
Interbank liabilities	38.8%	0.3%	-8.6%	2.2%	25.5%	5.0%	6.0%	6.0%
Bonds	23.7%	30.0%	11.5%	34.5%	19.1%	21.0%	10.0%	10.0%
Common shareholders' equity	12.8%	10.9%	8.9%	24.1%	7.7%	10.6%	11.4%	12.8%
Total shareholders' equity	25.2%	9.8%	8.1%	30.4%	16.3%	8.6%	9.4%	10.7%
RWA	22.4%	9.5%	5.1%	19.0%	13.2%	10.1%	14.8%	11.7%
Total assets	17.8%	10.0%	5.2%	15.2%	13.4%	10.1%	14.8%	11.7%
<b>Key ratios &amp; drivers</b>								
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>
EPS (Rmb)	1.32	1.30	1.39	1.54	1.40	1.73	2.14	2.66
EPS Growth	1.6%	-1.3%	7.3%	10.3%	-8.8%	23.0%	23.9%	24.4%
BVPS (Rmb)	10.61	11.77	12.82	14.07	15.16	16.77	18.69	21.07
BVPS Growth	12.8%	10.9%	8.9%	9.8%	7.7%	10.6%	11.4%	12.8%
ROAE	13.1%	11.6%	11.3%	11.1%	9.6%	10.8%	12.1%	13.4%
ROAA	0.83%	0.72%	0.72%	0.74%	0.65%	0.71%	0.78%	0.86%
ROARWA	1.22%	1.05%	1.05%	1.07%	0.92%	1.01%	1.11%	1.22%
PPOARWA	4.15%	3.43%	3.51%	3.74%	3.61%	3.59%	3.50%	3.40%
DPS (Rmb)	0.74	0.14	0.15	0.22	0.18	0.22	0.27	0.34
Payout ratio	12%	10%	10%	15%	13%	13%	13%	13%
Core tier 1 ratio	8.4%	8.3%	8.5%	9.1%	8.7%	8.7%	8.5%	8.6%
Tier 1 ratio	9.3%	9.2%	9.4%	10.5%	10.9%	10.7%	10.2%	10.1%
Total CAR	11.5%	11.2%	11.5%	13.2%	13.3%	13.7%	12.9%	12.7%
Equity/Assets	8.4%	8.3%	8.5%	9.1%	8.7%	8.7%	8.5%	8.6%
Loan-deposit ratio	77%	85%	93%	94%	99%	99%	99%	99%
NPL ratio	1.74%	1.70%	1.75%	1.65%	1.18%	1.02%	0.96%	0.92%
NPL write-off rate	203%	154%	160%	137%	164%	199%	199%	199%
Net NPL formation rate	3.61%	2.91%	3.07%	2.55%	2.40%	2.34%	2.10%	2.00%
NPL coverage	155%	151%	155%	183%	201%	288%	356%	390%
LLR to loan	2.71%	2.57%	2.71%	3.01%	2.37%	2.94%	3.40%	3.60%
Cost-income ratio	29.1%	30.9%	31.4%	30.6%	30.2%	29.9%	29.6%	29.6%
Net interest margin	2.75%	2.37%	2.35%	2.62%	2.53%	2.50%	2.48%	2.48%
Non interest income/ total income	29%	30%	36%	35%	35%	34%	34%	33%
Credit cost	2.97%	2.76%	2.58%	2.71%	2.79%	2.52%	2.26%	1.98%

SOURCES: CGS-CIMB RESEARCH ESTIMATES

## BY THE NUMBERS



### Profit & Loss

(Rmbm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Net Interest Income	89,961	99,650	111,469	123,120	136,561
Total Non-Interest Income	48,096	53,969	57,990	62,433	67,225
<b>Operating Revenue</b>	<b>138,057</b>	<b>153,619</b>	<b>169,459</b>	<b>185,553</b>	<b>203,786</b>
Total Non-Interest Expenses	(42,290)	(46,447)	(50,724)	(54,986)	(60,389)
<b>Pre-provision Operating Profit</b>	<b>95,767</b>	<b>107,172</b>	<b>118,735</b>	<b>130,567</b>	<b>143,397</b>
Total Provision Charges	(59,527)	(70,418)	(72,943)	(74,990)	(75,120)
<b>Operating Profit After Provisions</b>	<b>36,240</b>	<b>36,754</b>	<b>45,792</b>	<b>55,577</b>	<b>68,277</b>
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
<b>Operating EBIT (incl Associates)</b>	<b>36,240</b>	<b>36,754</b>	<b>45,792</b>	<b>55,577</b>	<b>68,277</b>
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>36,240</b>	<b>36,754</b>	<b>45,792</b>	<b>55,577</b>	<b>68,277</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>36,240</b>	<b>36,754</b>	<b>45,792</b>	<b>55,577</b>	<b>68,277</b>
Taxation	(8,045)	(7,826)	(9,456)	(11,247)	(13,817)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>28,195</b>	<b>28,928</b>	<b>36,336</b>	<b>44,330</b>	<b>54,460</b>
Minority Interests	0	0	0	0	0
Pref. & Special Div	(874)	(1,694)	(2,849)	(2,849)	(2,849)
FX And Other Adj.	0	0	0	0	0
<b>Net Profit</b>	<b>27,321</b>	<b>27,234</b>	<b>33,487</b>	<b>41,481</b>	<b>51,611</b>
Recurring Net Profit	27,321	27,234	33,487	41,481	51,611

### Balance Sheet Employment

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Gross Loans/Cust Deposits	94%	99%	103%	99%	99%
Avg Loans/Avg Deposits	94%	97%	101%	101%	99%
Avg Liquid Assets/Avg Assets	38.8%	38.4%	37.9%	36.3%	34.0%
Avg Liquid Assets/Avg IEAs	39.7%	39.3%	38.3%	36.9%	35.1%
Net Cust Loans/Assets	57.2%	58.3%	60.4%	59.9%	61.1%
Net Cust Loans/Broad Deposits	74.9%	77.3%	81.3%	79.2%	80.1%
Equity & Provsns/Gross Cust Loans	16.5%	16.0%	15.8%	15.7%	15.6%
Asset Risk Weighting	70.7%	70.5%	70.5%	70.5%	70.5%
Provision Charge/Avg Cust Loans	0%	0%	0%	0%	0%
Provision Charge/Avg Assets	0%	0%	0%	0%	0%
Total Write Offs/Average Assets	1.19%	1.84%	0.98%	0.87%	0.84%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(Rmbm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Gross Loans	2,802,704	3,222,763	3,642,888	4,108,807	4,623,922
Liquid Assets & Invest. (Current)	1,047,080	1,143,611	1,280,844	1,370,503	1,466,439
Other Int. Earning Assets					
<b>Total Gross Int. Earning Assets</b>	<b>3,849,784</b>	<b>4,366,374</b>	<b>4,923,732</b>	<b>5,479,311</b>	<b>6,090,360</b>
Total Provisions/Loan Loss Reserve	(70,013)	(63,219)	(90,019)	(119,173)	(143,777)
<b>Total Net Interest Earning Assets</b>	<b>3,779,771</b>	<b>4,303,155</b>	<b>4,833,713</b>	<b>5,360,138</b>	<b>5,946,583</b>
Intangible Assets	11,929	11,420	11,420	11,420	11,420
Other Non-Interest Earning Assets	147,370	153,939	76,247	278,642	353,201
<b>Total Non-Interest Earning Assets</b>	<b>159,299</b>	<b>165,359</b>	<b>87,667</b>	<b>290,062</b>	<b>364,621</b>
<b>Cash And Marketable Securities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term Investments	0	0	0	0	0
<b>Total Assets</b>	<b>3,939,070</b>	<b>4,468,514</b>	<b>4,921,380</b>	<b>5,650,200</b>	<b>6,311,204</b>
Customer Interest-Bearing Liabilities	2,459,768	2,695,935	2,961,819	3,545,039	4,041,873
Bank Deposits	548,192	670,458	697,752	732,141	768,595
Interest Bearing Liabilities: Others	543,453	643,370	771,741	845,765	927,191
<b>Total Interest-Bearing Liabilities</b>	<b>3,551,413</b>	<b>4,009,763</b>	<b>4,431,312</b>	<b>5,122,946</b>	<b>5,737,659</b>
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	74,674	94,620	94,620	94,620	94,620
<b>Total Liabilities</b>	<b>3,626,087</b>	<b>4,104,383</b>	<b>4,525,932</b>	<b>5,217,566</b>	<b>5,832,279</b>
<b>Shareholders' Equity</b>	<b>312,983</b>	<b>364,131</b>	<b>395,448</b>	<b>432,634</b>	<b>478,925</b>
Minority Interests	0	0	0	0	0
<b>Total Equity</b>	<b>312,983</b>	<b>364,131</b>	<b>395,448</b>	<b>432,634</b>	<b>478,925</b>

### Key Ratios

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Income Growth	18.3%	11.3%	10.3%	9.5%	9.8%
Operating Profit Growth	19.6%	11.9%	10.8%	10.0%	9.8%
Pretax Profit Growth	12.4%	1.4%	24.6%	21.4%	22.9%
Net Interest To Total Income	65.2%	64.9%	65.8%	66.4%	67.0%
Cost Of Funds	2.63%	2.32%	2.34%	2.31%	2.25%
Return On Interest Earning Assets	4.95%	4.56%	4.53%	4.49%	4.48%
Net Interest Spread	2.32%	2.24%	2.19%	2.18%	2.22%
Net Interest Margin (Avg Deposits)	3.90%	3.87%	3.94%	3.78%	3.60%
Net Interest Margin (Avg RWA)	3.51%	3.36%	3.37%	3.30%	3.24%
Provisions to Pre Prov. Operating Profit	62.2%	65.7%	61.4%	57.4%	52.4%
Interest Return On Average Assets	2.45%	2.37%	2.37%	2.33%	2.28%
Effective Tax Rate	22.2%	21.3%	20.7%	20.2%	20.2%
Net Dividend Payout Ratio	15.5%	12.8%	12.8%	12.8%	12.8%
Return On Average Assets	0.74%	0.65%	0.71%	0.78%	0.86%

### Key Drivers

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Loan Growth (%)	16.3%	14.8%	14.9%	14.4%	14.0%
Net Interest Margin (%)	2.6%	2.5%	2.5%	2.5%	2.5%
Non Interest Income Growth (%)	14.5%	12.2%	7.5%	7.7%	7.7%
Cost-income Ratio (%)	30.6%	30.2%	29.9%	29.6%	29.6%
Provision charge as % avg loans	2.7%	2.8%	2.5%	2.3%	2.0%
Effective tax rate (%)	22.2%	21.3%	20.7%	20.2%	20.2%
Net NPL Ratio (%)	1.6%	1.2%	1.0%	1.0%	0.9%
Provisioning coverage ratio (%)	183.1%	201.4%	288.4%	355.6%	390.1%
Loan Loss Reserve (%)	3.0%	2.4%	2.9%	3.4%	3.6%
Deposit Growth (%)	14.5%	9.6%	9.9%	19.7%	14.0%
Loan-deposit Ratio (%)	94.4%	98.9%	98.9%	98.9%	98.9%
Core Tier 1 ratio (%)	9.1%	8.7%	8.7%	8.5%	8.6%
Risk weighted assets to total assets ratio (%)	70.7%	70.5%	70.5%	70.5%	70.5%
Dividend payout ratio (%)	15.5%	12.8%	12.8%	12.8%	12.8%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## DISCLAIMER

The content of this report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by and belongs to CGS-CIMB. Reports relating to a specific geographical area are produced and distributed by the corresponding CGS-CIMB entity as listed in the table below.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the “Restrictions on Distributions” set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CGS-CIMB.

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. CGS-CIMB may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CGS-CIMB has no obligation to update this report in the event of a material change to the information contained in this report. CGS-CIMB does not accept any obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant, (ii) ensure that the content of this report constitutes all the information a prospective investor may require, (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, CGS-CIMB, its affiliates and related persons including China Galaxy International Financial Holdings Limited (“CGIFHL”) and CIMB Group Sdn. Bhd. (“CIMBG”) and their respective related corporations (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. In particular, CGS-CIMB disclaims all responsibility and liability for the views and opinions set out in this report.

Unless otherwise specified, this report is based upon sources which CGS-CIMB considers to be reasonable. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CGS-CIMB or any of its affiliates (including CGIFHL, CIMBG and their respective related corporations) to any person to buy or sell any investments.

CGS-CIMB, its affiliates and related corporations (including CGIFHL, CIMBG and their respective related corporations) and/or their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CGS-CIMB, its affiliates and their respective related corporations (including CGIFHL, CIMBG and their respective related corporations) do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CGS-CIMB or its affiliates (including CGIFHL, CIMBG and their respective related corporations) may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CGS-CIMB may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. The analyst(s) who prepared this research report is prohibited from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

Reports relating to a specific geographical area are produced by the corresponding CGS-CIMB entity as listed in the table below. The term “CGS-CIMB” shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case except as otherwise stated herein, CGS-CIMB Securities International Pte. Ltd. and its affiliates, subsidiaries and related corporations.

Country	CGS-CIMB Entity	Regulated by
Hong Kong	CGS-CIMB Securities (Hong Kong) Limited	Securities and Futures Commission Hong Kong
India	CGS-CIMB Securities (India) Private Limited	Securities and Exchange Board of India (SEBI)
Indonesia	PT CGS-CIMB Sekuritas Indonesia	Financial Services Authority of Indonesia
Malaysia	CGS-CIMB Securities Sdn. Bhd.	Securities Commission Malaysia
Singapore	CGS-CIMB Securities (Singapore) Pte. Ltd.	Monetary Authority of Singapore
South Korea	CGS-CIMB Securities (Hong Kong) Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Thailand	CGS-CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

#### Other Significant Financial Interests:

(i) As of December 31, 2021 CGS-CIMB has a proprietary position in the securities (which may include but not be limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

(ii) Analyst Disclosure: As of January 26, 2022, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not be limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

This report does not purport to contain all the information that a prospective investor may require. Neither CGS-CIMB nor any of its affiliates (including CGIFHL, CIMBG and their related corporations) make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. Neither CGS-CIMB nor any of its affiliates nor their related persons (including CGIFHL, CIMBG and their related corporations) shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CGS-CIMB's clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report.

The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

#### Restrictions on Distributions

**Australia:** Despite anything in this report to the contrary, this research is provided in Australia by CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited. This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cth) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. You represent and warrant that if you are in Australia, you are a "wholesale client". This research is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of the individual recipient. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited do not hold, and are not required to hold an Australian financial services license. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited rely on "passporting" exemptions for entities appropriately licensed by the Monetary Authority of Singapore (under ASIC Class Order 03/1102) and the Securities and Futures Commission in Hong Kong (under ASIC Class Order 03/1103).

**Canada:** This research report has not been prepared in accordance with the disclosure requirements of Dealer Member Rule 3400 – Research Restrictions and Disclosure Requirements of the Investment Industry Regulatory Organization of Canada. For any research report distributed by CIBC, further disclosures related to CIBC conflicts of interest can be found at <https://researchcentral.cibcwm.com>.

**China:** For the purpose of this report, the People's Republic of China ("PRC") does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan. The distributor of this report has not been approved or licensed by the China Securities Regulatory Commission or any other relevant regulatory authority or governmental agency in the PRC. This report contains only marketing information. The distribution of this report is not an offer to buy or sell to any person within or outside PRC or a solicitation to any person within or outside of PRC to buy or sell any instruments described herein. This report is being issued outside the PRC to a limited number of institutional investors and may not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose.

**France:** Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

**Germany:** This report is only directed at persons who are professional investors as defined in sec 31a(2) of the German Securities Trading Act (WpHG). This publication constitutes research of a non-binding nature on the market situation and the investment instruments cited here at the time of the publication of the information.

The current prices/yields in this issue are based upon closing prices from Bloomberg as of the day preceding publication. Please note that neither the German Federal Financial Supervisory Agency (BaFin), nor any other supervisory authority exercises any control over the content of this report.

**Hong Kong:** This report is issued and distributed in Hong Kong by CGS-CIMB Securities (Hong Kong) Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 4 (advising on securities) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CGS-CIMB Securities (Hong Kong) Limited. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets

Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CHK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CHK.

CHK does not make a market on other securities mentioned in the report.

None of the analyst(s) or the associates serve as an officer of the listed corporation mentioned in this report.

CIMB does not have an officer serving in any of the listed corporation mentioned in this report

CIMB does not receive any compensation or other benefits from any of the listed corporation mentioned, relating to the production of research reports.

**India:** This report is issued and distributed in India by CGS-CIMB Securities (India) Private Limited (“CGS-CIMB India”). CGS-CIMB India is a subsidiary of CGS-CIMB Securities International Pte. Ltd. which is in turn is a 50:50 joint venture company of CGIFHL and CIMBG. The details of the members of the group of companies of CGS-CIMB can be found at [www.cgs-cimb.com](http://www.cgs-cimb.com), CGIFHL at [www.chinastock.com.hk/en/ACG/ContactUs/index.aspx](http://www.chinastock.com.hk/en/ACG/ContactUs/index.aspx) and CIMBG at [www.cimb.com/en/who-we-are.html](http://www.cimb.com/en/who-we-are.html). CGS-CIMB India is registered with the National Stock Exchange of India Limited and BSE Limited as a trading and clearing member (Merchant Banking Number: INM000012037) under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992. In accordance with the provisions of Regulation 4(g) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, CGS-CIMB India is not required to seek registration with the Securities and Exchange Board of India (“SEBI”) as an Investment Adviser. CGS-CIMB India is registered with SEBI (SEBI Registration Number: INZ000209135) as a Research Analyst (INH000000669) pursuant to the SEBI (Research Analysts) Regulations, 2014 (“Regulations”).

This report does not take into account the particular investment objectives, financial situations, or needs of the recipients. It is not intended for and does not deal with prohibitions on investment due to law/jurisdiction issues etc. which may exist for certain persons/entities. Recipients should rely on their own investigations and take their own professional advice before investment.

The report is not a “prospectus” as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of CGS-CIMB India and they have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues, client feedback and competitive factors. Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed or proposed to be performed by CGS-CIMB India or its affiliates.

CGS-CIMB India does not have actual / beneficial ownership of 1% or more securities of the subject company in this research report, at the end of the month immediately preceding the date of publication of this research report. However, since affiliates of CGS-CIMB India are engaged in the financial services business, they might have in their normal course of business financial interests or actual / beneficial ownership of one per cent or more in various companies including the subject company in this research report.

CGS-CIMB India or its associates, may: (a) from time to time, have long or short position in, and buy or sell the securities of the subject company in this research report; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company in this research report or act as an advisor or lender/borrower to such company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

CGS-CIMB India, its associates and the analyst engaged in preparation of this research report have not received any compensation for investment banking, merchant banking or brokerage services from the subject company mentioned in the research report in the past 12 months.

CGS-CIMB India, its associates and the analyst engaged in preparation of this research report have not managed or co-managed public offering of securities for the subject company mentioned in the research report in the past 12 months. The analyst from CGS-CIMB India engaged in preparation of this research report or his/her relative (a) do not have any financial interests in the subject company mentioned in this research report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the research report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the research report.

**Indonesia:** This report is issued and distributed by PT CGS-CIMB Sekuritas Indonesia (“CGS-CIMB Indonesia”). The views and opinions in this research report are our own as of the date hereof and are subject to change. CGS-CIMB Indonesia has no obligation to update its opinion or the information in this research report. This report is for private circulation only to clients of CGS-CIMB Indonesia. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable Indonesian capital market laws and regulations.

This research report is not an offer of securities in Indonesia. The securities referred to in this research report have not been registered with the Financial Services Authority (Otoritas Jasa Keuangan) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market law and regulations.

**Ireland:** CGS-CIMB is not an investment firm authorised in the Republic of Ireland and no part of this document should be construed as CGS-CIMB acting as, or otherwise claiming or representing to be, an investment firm authorised in the Republic of Ireland.

**Malaysia:** This report is distributed in Malaysia by CGS-CIMB Securities Sdn. Bhd. (“CGS-CIMB Malaysia”) solely for the benefit of and for the exclusive use of our clients. Recipients of this report are to contact CGS-CIMB Malaysia, at Level 29, Menara Bumiputra-Commerce, No. 11, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia, in respect of any matters arising from or in connection with this report. CGS-CIMB Malaysia has no obligation to update, revise or reaffirm its opinion or the information in this research reports after the date of this report.

**New Zealand:** In New Zealand, this report is for distribution only to persons who are wholesale clients pursuant to section 5C of the Financial Advisers Act 2008.

**Singapore:** This report is issued and distributed by CGS-CIMB Securities (Singapore) Pte Ltd (“CGS-CIMB Singapore”). CGS-CIMB Singapore is a capital markets services licensee under the Securities and Futures Act (Chapter 289). Accordingly, it is exempted from the requirement to hold a

financial adviser's licence under the Financial Advisers Act, Cap 110 ("FAA") for advising on investment products, by issuing or promulgating research analyses or research reports, whether in electronic, print or other form. CGS-CIMB Singapore is subject to the applicable rules under the FAA unless it is able to avail itself to any prescribed exemptions.

Recipients of this report are to contact CGS-CIMB Singapore, 50 Raffles Place, #16-02 Singapore Land Tower, Singapore in respect of any matters arising from, or in connection with this report. CGS-CIMB Singapore has no obligation to update its opinion or the information in this research report. This publication is strictly confidential and is for private circulation only. If you have not been sent this report by CGS-CIMB Singapore directly, you may not rely, use or disclose to anyone else this report or its contents.

If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CGS-CIMB Singapore accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. If the recipient is an accredited investor, expert investor or institutional investor, the recipient is deemed to acknowledge that CGS-CIMB Singapore is exempt from certain requirements under the FAA and its attendant regulations, and as such, is exempt from complying with the following:

- (a) Section 25 of the FAA (obligation to disclose product information);
- (b) Section 27 (duty not to make recommendation with respect to any investment product without having a reasonable basis where you may be reasonably expected to rely on the recommendation) of the FAA;
- (c) MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03];
- (d) MAS Notice on Recommendation on Investment Products [Notice No. FAA-N16];
- (e) Section 36 (obligation on disclosure of interest in specified products), and
- (f) any other laws, regulations, notices, directive, guidelines, circulars and practice notes which are relates to the above, to the extent permitted by applicable laws, as may be amended from time to time, and any other laws, regulations, notices, directive, guidelines, circulars, and practice notes as we may notify you from time to time. In addition, the recipient who is an accredited investor, expert investor or institutional investor acknowledges that as CGS-CIMB Singapore is exempt from Section 27 of the FAA, the recipient will also not be able to file a civil claim against CGS-CIMB Singapore for any loss or damage arising from the recipient's reliance on any recommendation made by CGS-CIMB Singapore which would otherwise be a right that is available to the recipient under Section 27 of the FAA. .

CGS-CIMB Singapore, its affiliates and related corporations, their directors, associates, connected parties and/or employees may own or have positions in specified products of the company(ies) covered in this research report or any specified products related thereto and may from time to time add to or dispose of, or may be materially interested in, any such specified products. Further, CGS-CIMB Singapore, its affiliates and its related corporations do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in specified products of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

As of January 26, 2022, CGS-CIMB Singapore does not have a proprietary position in the recommended specified products in this report. CGS-CIMB Singapore does not make a market on the securities mentioned in the report.

**South Korea:** This report is issued and distributed in South Korea by CGS-CIMB Securities (Hong Kong) Limited, Korea Branch ("CGS-CIMB Korea") which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea. In South Korea, this report is for distribution only to professional investors under Article 9(5) of the Financial Investment Services and Capital Market Act of Korea ("FSCMA").

**Spain:** This document is a research report and it is addressed to institutional investors only. The research report is of a general nature and not personalised and does not constitute investment advice so, as the case may be, the recipient must seek proper advice before adopting any investment decision. This document does not constitute a public offering of securities.

CGS-CIMB is not registered with the Spanish Comision Nacional del Mercado de Valores to provide investment services.

**Sweden:** This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

**Switzerland:** This report has not been prepared in accordance with the recognized self-regulatory minimal standards for research reports of banks issued by the Swiss Bankers' Association (Directives on the Independence of Financial Research).

**Thailand:** This report is issued and distributed by CGS-CIMB Securities (Thailand) Co. Ltd. ("CGS-CIMB Thailand") based upon sources believed to be reliable (but their accuracy, completeness or correctness is not guaranteed). The statements or expressions of opinion herein were arrived at after due and careful consideration for use as information for investment. Such opinions are subject to change without notice and CGS-CIMB Thailand has no obligation to update its opinion or the information in this research report.

CGS-CIMB Thailand may act or acts as Market Maker, and issuer and offeror of Derivative Warrants and Structured Note which may have the following securities as its underlying securities. Investors should carefully read and study the details of the derivative warrants in the prospectus before making investment decisions.

AAV, ACE, ADVANC, AEONTS, AMATA, AOT, AP, BAM, BANPU, BBL, BCH, BCP, BCPG, BDMS, BEC, BEM, BGRIM, BH, BJC, BTS, CBG, CENTEL, CHG, CK, CKP, COM7, CPALL, CPF, CPN, CRC, DELTA, DOHOME, DTAC, EA, EGCO, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, ICHI, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KKP, KTB, KTC, LH, MAJOR, MEGA, MINT, MTC, NRF, OR, ORI, OSP, PLANB, PRM, PSL, PTG, PTL, PTT, PTTEP, PTTGC, QH, RATCH, RBF, RS, SAWAD, SCB, SCC, SCGP, SINGER, SPALI, SPRC, STA, STEC, STGT, SUPER, SYNEX, TASCO, TCAP, THANI, TISCO, TKN, TOP, TQM, TRUE, TTB, TU, TVO, VGI, WHA

#### **Corporate Governance Report:**

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.



<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A

**United Arab Emirates:** The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

**United Kingdom and European Economic Area (EEA):** In the United Kingdom and European Economic Area, this material is also being distributed by CGS-CIMB Securities (UK) Limited (“CGS-CIMB UK”). CGS-CIMB UK is authorized and regulated by the Financial Conduct Authority and its registered office is at 53 New Broad Street, London EC2M 1JJ. The material distributed by CGS-CIMB UK has been prepared in accordance with CGS-CIMB’s policies for managing conflicts of interest arising as a result of publication and distribution of this material. This material is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of CGS-CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), (c) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Order; (d) are outside the United Kingdom subject to relevant regulation in each jurisdiction, material (all such persons together being referred to as “relevant persons”). This material is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

This material is categorised as non-independent for the purposes of CGS-CIMB UK and therefore does not provide an impartial or objective assessment of the subject matter and does not constitute independent research. Consequently, this material has not been prepared in accordance with legal requirements designed to promote the independence of research and will not be subject to any prohibition on dealing ahead of the dissemination of research. Therefore, this material is considered a marketing communication.

**United States:** This research report is distributed in the United States of America by CGS-CIMB Securities (USA) Inc, a U.S. registered broker-dealer and an affiliate of CGS-CIMB Securities Sdn. Bhd., CGS-CIMB Securities (Singapore) Pte Ltd, PT CGS-CIMB Sekuritas Indonesia, CGS-CIMB Securities (Thailand) Co. Ltd, CGS-CIMB Securities (Hong Kong) Limited and CGS-CIMB Securities (India) Private Limited, and is distributed solely to persons who qualify as “U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CGS-CIMB Securities (USA) Inc, is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS-CIMB Securities (USA) Inc.

CGS-CIMB Securities (USA) Inc. does not make a market on other securities mentioned in the report.

CGS-CIMB Securities (USA) Inc. has not managed or co-managed a public offering of any of the securities mentioned in the past 12 months.

CGS-CIMB Securities (USA) Inc. has not received compensation for investment banking services from any of the company mentioned in the past 12 months.

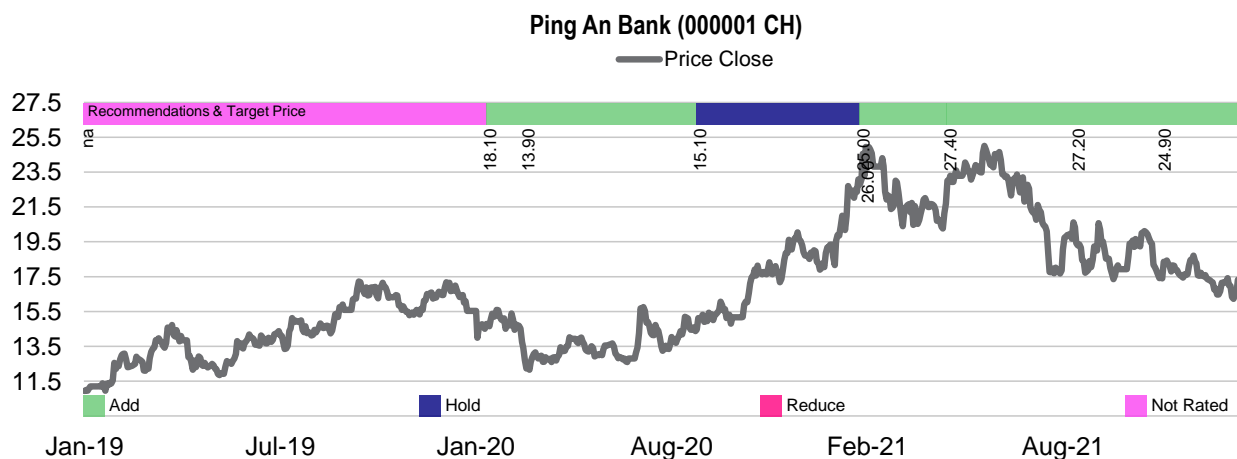
CGS-CIMB Securities (USA) Inc. neither expects to receive nor intends to seek compensation for investment banking services from any of the company mentioned within the next 3 months.

**United States Third-Party Disclaimer:** If this report is distributed in the United States of America by Raymond James & Associates, Inc (“RJA”), this report is third-party research prepared for and distributed in the United States of America by RJA pursuant to an arrangement between RJA and CGS-CIMB Securities International Pte. Ltd. (“CGS-CIMB”). CGS-CIMB is not an affiliate of RJA. This report is distributed solely to persons who qualify as “U.S. Institutional Investors” or as “Major U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934, as amended. This communication is only for U.S. Institutional Investors or Major U.S. Institutional Investor whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major U.S. Institutional Investor must not rely on this communication. The delivery of this report to any person in the U.S. is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. If you are receiving this report in the U.S from RJA, a FINRA/SIPC member, it takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS-CIMB Securities (USA) Inc. or RJA. <https://raymondjames.com/InternationalEquityDisclosures>

**Other jurisdictions:** In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

Spitzer Chart for stock being researched ( 2 year data )



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021**

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** - Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework	
<b>Stock Ratings</b>	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
<b>Sector Ratings</b>	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
<b>Country Ratings</b>	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

