

Singapore

ADD (no change)

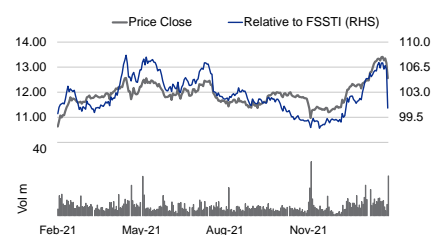
Consensus ratings*: Buy 17 Hold 3 Sell 0

Current price:	S\$12.56
Target price:	S\$14.20
Previous target:	S\$14.20
Up/downside:	13.1%
CGS-CIMB / Consensus:	-2.0%
Reuters:	OCBC.SI
Bloomberg:	OCBC SP
Market cap:	US\$41,955m
	S\$56,420m
Average daily turnover:	US\$61.21m
	S\$82.87m
Current shares o/s:	4,496m
Free float:	79.8%

*Source: Bloomberg

Key changes in this note

- ▶ We tweak FY22-23 EPS estimates by -0.1% to +1.3% and introduce FY24 EPS forecast.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2	6.8	18.2
Relative (%)	-1	1.7	0.8

Major shareholders	% held
Selat Pte Ltd	11.0
Lee Foundation Singapore	4.3
Singapore Investments (Pte) Ltd	3.8

OCBC

Cautiously optimistic

- We view OCBC's target of >10% FY22-24F CAGR in income and profit as achievable, supported by strong wealth mgmt. income and rate hikes.
- We expect c.25bp credit cost in FY22F – on the higher end of its guidance as global supply chain issues persist. Overlays not likely to be reversed as yet.
- Reiterate Add. More clarity on capital mgmt. a re-rating catalyst. OCBC is attractive at 1.1x FY22F P/BV, below its 1.4x peak during last rate hike cycle.

OCBC targets >10% CAGR in income and profit over next 3 years

Management reiterates its cautiously optimistic outlook for FY22F, given the improving business sentiment from an economic rebound across ASEAN amid the headwinds of inflation, rising commodity prices and geopolitical tensions. OCBC targets mid-to-high single-digit loan growth for FY22F (FY21: c.8%) and >10% FY21-24F CAGR in income, profit and loan growth, driven by organic growth. It expects wealth management income (c.37% of its total income) to remain a key driver. Besides wealth management, earnings will likely be driven by NIM expansion. OCBC guides that it has a NIM sensitivity of c.4.5bp per 25bp US federal funds rate (FFR) hike, with its NIMs likely to trend 1.5-1.55% in FY22F. We factored in six FFR hikes over FY22-23F, and think NIMs may rise a cumulative c.22bp to c.1.76% over FY22-24F, with expansion likely to be backloaded given an estimated c.6 months for the pass-through from FFR hikes into NIMs.

Lower credit costs guided for FY22F; overlay writebacks unlikely

OCBC recorded heftier impairments of S\$317m (or 44bp; CGS-CIMB's calculation) in 4Q21, bringing full-year credit costs to 32bp – higher than our expected 25bp. Most of these impairments were attributable to syndicated project financing deals in Greater China which were affected by manpower and equipment delays. The bank's NPL ratio held steady at 1.5% in 4Q21 as higher NPAs from Malaysia (extended moratorium and PEMULIH loans were classified as NPA) and Indonesia (broad-based) were offset by writeoffs of oil-and-gas support vessel exposures in Singapore. All in, relief loans shrunk to c.1% of total loans in 4Q21 (3Q21: 2%) and the NPA build-up was not concentrated in any one sector. OCBC guides for credit costs of c.20-25bp in FY22F – we keep our conservative 25bp estimate for FY22F. Although OCBC has c.S\$400m of management overlays (or excess impairments) in 4Q21, it views its current ECL model assumptions to be insufficient in providing for potential recessionary scenarios. Accounting for this, its excess impairments would amount to less than S\$100m. Management guides that a writeback of these overlays are not likely at this juncture.

Reiterate Add with GGM-based TP of S\$14.20

OCBC maintains a progressive and sustainable dividend policy with a targeted payout ratio of c.40-50%, although the decision on payout would largely be based on maintaining an absolute number rather than ratio (FY21: S\$53Scts, 49% payout). CET1 stayed robust at 15.5% in 4Q21; there are no M&A discussions ongoing. We raise FY22F DPS estimates to 60Scts (50% payout) as we expect c.11% EPS growth and surplus capital.

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Financial Summary

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Net Interest Income (S\$m)	5,966	5,855	6,285	7,149	8,033
Total Non-Interest Income (S\$m)	4,173	4,741	5,104	5,441	5,802
Operating Revenue (S\$m)	10,139	10,596	11,389	12,590	13,835
Total Provision Charges (S\$m)	(2,043)	(873)	(726)	(775)	(819)
Net Profit (S\$m)	3,586	4,858	5,430	6,145	6,882
Core EPS (S\$)	0.81	1.08	1.20	1.36	1.52
Core EPS Growth	(28.2%)	33.9%	11.3%	13.2%	12.0%
FD Core P/E (x)	15.56	11.62	10.44	9.23	8.24
DPS (S\$)	0.32	0.53	0.60	0.60	0.60
Dividend Yield	2.53%	4.22%	4.78%	4.78%	4.78%
BVPS (S\$)	10.24	10.70	11.30	12.06	12.99
P/BV (x)	1.23	1.17	1.11	1.04	0.97
ROE	8.0%	10.3%	10.9%	11.7%	12.2%
% Change In Core EPS Estimates			(0.09%)	1.32%	
CGS-CIMB/Consensus EPS (x)			1.00	1.00	1.14

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Dec (S\$ m)	4Q21	4Q20	yoy % chg	3Q21	qoq % chg	FY21	FY20	yoy % chg	Prev. 4Q21F	Prev. FY21F	Comments
Net interest income	1,492	1,436	3.9	1,461	2.1	5,855	5,966	(1.9)	1,489	6,035	In line. NIMs steady qoq at 1.52%.
Non-interest income	1,058	1,049	0.9	1,099	(3.7)	4,741	4,173	13.6	1,031	4,876	In line. Wealth management fees was slightly softer in 4Q21 but other fee line items held steady. Trading income was relatively low, but stable qoq.
Total income	2,550	2,485	2.6	2,560	(0.4)	10,596	10,139	4.5	2,520	10,911	In line.
Overhead expenses	(1,289)	(1,125)	14.6	(1,188)	8.5	(4,764)	(4,439)	7.3	(1,225)	(4,685)	Above due to higher costs in building up management team, tech team, and costs to integrate OCBC's Hong Kong branch with Wing Hang.
Pre-provision profit	1,261	1,360	(7.3)	1,372	(8.1)	5,832	5,700	2.3	1,295	6,226	Slightly below.
Amortisation	(26)	(26)	-	(26)	-	(103)	(104)				
Loan loss provisions	(317)	(285)	11.2	(163)	94.5	(873)	(2,043)	(57.3)	(140)	(696)	Higher than expected on the back of project financing delays due to supply chain disruptions in Greater China.
Exceptionals	-	-	na	-	na	-	-	na	-	-	
Associates' contrib	198	131	51.1	204	(2.9)	824	612	34.6	200	643	
Pretax profit	1,116	1,180	(5.4)	1,387	(19.5)	5,680	4,165	36.4	1,327	6,068	Below.
Tax	(143)	(75)	90.7	(163)	(12.3)	(648)	(437)	48.3	(140)	(819)	
Tax rate (%)	13	6		12		11	10				
Minority interests	-	-	#DIV/0!	-	#DIV/0!	(174)	(142)	22.5	-	(184)	
Net profit	973	1,105	(11.9)	1,224	(20.5)	4,858	3,586	35.5	1,187	5,065	Below. ROE of 9.6% in FY21 (FY20: 7.6%)
Core net profit	973	1,105	(11.9)	1,224	(20.5)	4,858	3,586	35.5	1,187	5,065	
Core EPS (Scts)	0.0	28.2	(100.0)	0.9	(100.0)	80.2	111.7	(28.2)	n.a.	-	

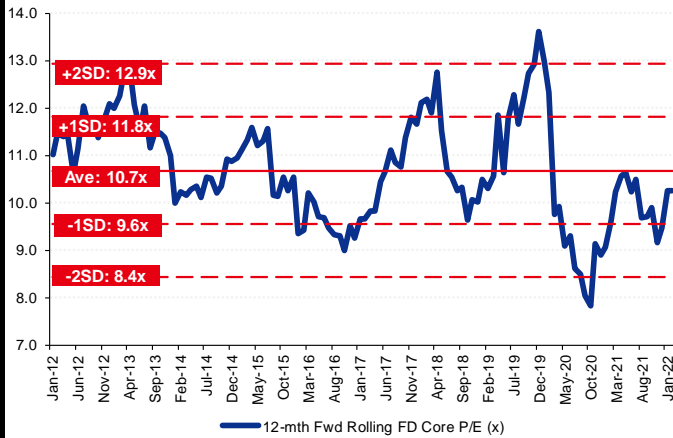
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Earnings changes

	New			Old			% chg		
	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
NIM (%)	1.55%	1.65%	1.76%	1.55%	1.65%	n.a.	0bp	0bp	n.a.
Net loan growth (%)	7.5%	6.0%	5.1%	7.5%	5.0%	n.a.	0%pt	+1%pt	n.a.
NII (S\$m)	6,285	7,149	8,033	6,480	7,301	n.a.	-3.0%	-2.1%	n.a.
Non-NII (S\$m)	5,104	5,441	5,802	5,164	5,470	n.a.	-1.2%	-0.5%	n.a.
Operating expenses (S\$m)	5,090	5,449	5,833	4,864	5,200	n.a.	4.7%	4.8%	n.a.
Cost-to-income (%)	44.7%	42.5%	42.5%	41.8%	42.5%	n.a.	+3.1%pt	0%pt	n.a.
Provisions (S\$m)	726	775	819	750	797	n.a.	-3.2%	-2.7%	n.a.
Net profit (S\$m)	5,430	6,145	6,882	5,389	6,013	n.a.	0.8%	2.2%	n.a.
EPS (Scts)	121	137	153	120	134	n.a.	0.4%	1.8%	n.a.

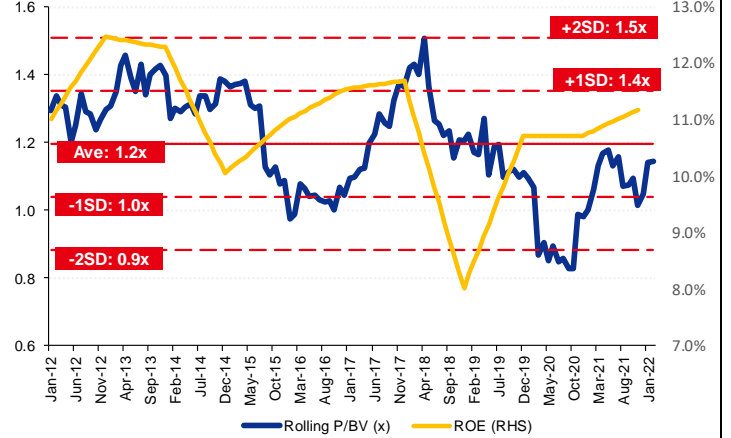
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: OCBC 12-mth Fwd Rolling FD Core P/E (x)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 4: OCBC P/BV (x)




SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 5: Sector Comparison

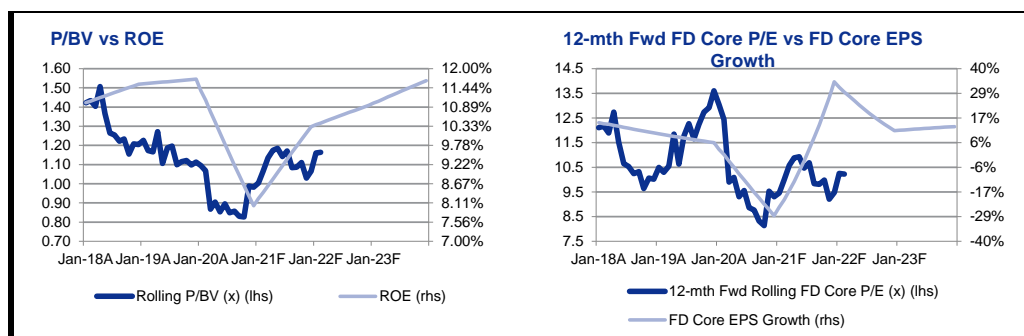
Company	Bbg Ticker	Recom.	Price (local)	Tgt Price (local)	Mkt Cap (US\$ m)	3-year EPS CAGR (%)	P/BV (x)			Recurr. ROE (%)			P/POPS (x)			Div Yield (%)			
							CY21F	CY22F	CY23F	CY21F	CY22F	CY23F	CY21F	CY22F	CY23F	CY21F	CY22F	CY23F	
DBS Group	DBS SP	Add	36.50	39.90	69,844	23.6%	1.70	1.59	1.47	12.8%	13.2%	14.2%	11.9	10.8	8.9	3.2%	3.9%	3.9%	
OCBC	OCBC SP	Add	12.56	14.20	41,955	19.5%	1.16	1.09	1.01	10.8%	10.7%	11.2%	9.2	8.4	7.5	4.0%	4.0%	4.2%	
United Overseas Bank	UOB SP	Add	32.38	35.40	40,258	21.5%	1.27	1.21	1.13	9.3%	9.6%	11.1%	9.9	9.3	8.0	3.7%	3.9%	3.9%	
Singapore average							22.0%	1.39	1.31	1.22	11.1%	11.3%	12.3%	10.5	9.6	8.3	3.6%	3.9%	4.0%
Bank Central Asia	BBCA IJ	Hold	8,050	8,100	69,212	16.1%	4.90	4.49	4.12	16.2%	17.3%	18.2%	20.5	19.2	17.1	1.6%	2.2%	2.5%	
Bank Danamon	BDMN IJ	Add	2,390	3,300	1,629	62.6%	0.49	0.47	0.44	6.5%	7.7%	8.4%	2.5	2.2	2.1	4.3%	5.7%	6.5%	
Bank Jago	ARTO IJ	Add	15,950	20,000	15,414	na	26.64	25.31	23.13	3.1%	7.6%	12.8%	3304.1	285.7	138.3	0.0%	0.0%	0.0%	
Bank Mandiri	BMRI IJ	Add	7,875	8,700	25,631	30.8%	1.80	1.79	1.69	14.2%	16.2%	17.5%	6.9	6.3	5.9	4.6%	5.4%	6.1%	
Bank Negara Indonesia	BBNI IJ	Add	7,925	8,710	10,308	82.7%	1.22	1.02	0.92	9.5%	11.5%	12.9%	5.2	4.7	4.3	1.8%	3.1%	4.7%	
Bank Permata	BNLI IJ	Reduce	1,415	1,500	3,554	34.9%	1.16	1.12	1.07	3.6%	3.9%	4.8%	10.7	10.3	9.5	0.0%	0.0%	0.0%	
Bank Rakyat Indonesia	BBRI IJ	Add	4,480	5,000	47,356	30.5%	2.35	2.24	2.15	11.9%	14.3%	16.3%	9.1	8.7	8.0	4.5%	5.6%	5.9%	
Bank Tabungan Negeri	BBTN IJ	Add	1,765	2,100	1,304	24.8%	0.87	0.79	0.72	11.5%	11.7%	12.4%	3.0	3.0	2.7	2.5%	2.8%	3.3%	
Bank Tabungan Pensi	BTPN IJ	Hold	2,670	2,500	1,518	na	0.49	0.70	na	6.3%	7.2%	na	4.0	3.5	na	0.6%	0.4%	na	
Bank Tabungan Pensi	BTPS IJ	Hold	3,580	3,900	1,924	37.4%	3.89	3.27	2.73	22.5%	22.8%	23.7%	10.6	9.1	7.7	0.9%	1.6%	1.9%	
Indonesia average							na	2.61	2.45	na	12.2%	14.0%	na	10.9	10.2	na	2.7%	3.4%	na
Affin Bank Berhad	ABANK MK	Reduce	1.79	1.27	908.6	20.2%	0.37	0.36	0.34	4.8%	4.3%	4.9%	4.6	4.7	4.3	2.8%	2.6%	3.1%	
Alliance Bank Malaysia	ABMB MK	Reduce	3.30	2.73	1,221	22.0%	0.78	0.74	0.70	7.2%	9.0%	9.6%	5.2	5.0	4.6	3.5%	5.1%	5.8%	
AMMB Holdings	AMM MK	Add	3.35	3.64	2,651	12.8%	0.70	0.67	0.63	8.1%	9.7%	9.8%	4.1	4.0	3.6	3.9%	5.7%	6.1%	
Bank Islam Malaysia B	BIMB MK	Add	3.16	3.46	1,628	11.5%	0.98	0.93	0.88	10.1%	8.5%	10.0%	6.8	5.8	5.3	4.8%	4.5%	5.5%	
Hong Leong Bank	HLBK MK	Add	19.86	20.56	10,288	8.0%	1.37	1.24	1.16	9.5%	9.4%	9.7%	12.6	12.1	11.3	2.5%	2.9%	3.2%	
Malayan Banking Bhd	MAY MK	Add	8.77	9.40	24,895	8.5%	1.19	1.13	1.07	9.4%	8.8%	9.6%	7.9	7.4	7.1	4.6%	4.6%	5.3%	
Public Bank Bhd	PBK MK	Add	4.36	4.60	20,225	8.3%	1.68	1.59	1.49	11.6%	10.5%	12.2%	10.7	9.9	9.2	3.2%	3.2%	4.0%	
RHB Bank Bhd	RHBBANK MK	Add	5.69	6.40	5,633	9.7%	0.79	0.75	0.69	9.6%	8.5%	9.7%	5.9	5.2	4.8	5.3%	5.5%	6.7%	
Malaysia average							10.2%	1.18	1.12	1.05	9.6%	9.0%	10.0%	8.3	7.7	7.2	3.8%	4.0%	4.7%
Bangkok Bank	BBL TB	Add	143.0	164.0	8,454	24.4%	0.58	0.56	0.53	6.1%	6.2%	6.7%	4.7	4.4	4.0	2.8%	3.5%	3.5%	
Kasikornbank	KBANK TB	Add	168.5	170.0	12,365	11.7%	0.86	0.81	0.76	8.1%	8.2%	8.4%	4.4	4.2	4.0	1.8%	3.0%	3.6%	
Kiatnakin Phatra Bank	KKP TB	Hold	70.00	59.00	1,836	8.0%	1.25	1.21	1.18	11.9%	13.1%	13.6%	4.9	4.6	4.4	4.4%	6.1%	7.5%	
Krung Thai Bank	KTB TB	Hold	14.10	12.70	6,103	10.1%	0.55	0.53	0.51	5.4%	5.9%	5.9%	3.1	3.0	2.9	2.8%	3.9%	4.1%	
Krungthai Card	KTC TB	Reduce	65.00	42.00	5,191	18.7%	6.38	5.50	4.72	24.0%	25.2%	26.0%	13.1	11.2	10.3	1.4%	1.7%	2.1%	
Muangthai Capital	MTC TB	Add	52.75	77.00	3,464	15.5%	4.45	3.59	2.90	23.9%	24.1%	24.2%	15.4	11.9	9.7	0.7%	0.9%	1.1%	
Siam Commercial Ban	SCB TB	Add	129.5	119.0	13,619	12.5%	1.01	0.97	0.92	8.4%	8.3%	8.9%	5.1	4.9	4.6	2.3%	3.9%	4.2%	
Srisawad Corporation	SAWAD TB	Add	59.00	78.00	2,509	11.8%	3.29	2.90	2.56	22.4%	22.0%	22.5%	13.3	10.6	9.1	3.1%	3.6%	4.1%	
Tisco Financial Group	TISCO TB	Hold	98.00	101.0	2,430	5.9%	1.93	1.89	1.84	17.1%	17.1%	17.8%	7.3	7.1	6.6	6.9%	7.9%	8.2%	
TMBThanachart Bank	TTB TB	Add	1.39	1.33	4,160	14.1%	0.63	0.60	0.57	5.8%	6.6%	6.9%	3.4	3.2	3.0	3.6%	4.3%	4.7%	
Thailand average							13.8%	0.93	0.88	0.83	7.8%	8.1%	8.5%	5.0	4.8	4.5	2.5%	3.5%	3.9%

SOURCES: CSG-CIMB RESEARCH, COMPANY

		Refinitiv ESG Scores					
ESG in a nutshell		B-	C-	C	B-	C+	B
		ESG Score	ESG Controversies Score	ESG Combined Score	ESG Environment Pillar Score	ESG Social Pillar Score	ESG Government Pillar Score
<p>OCBC scored B- for its combined ESG score by Refinitiv in 2020, anchored mainly by its steady Social pillar (c.50% weightage on its ESG score) over the past three years. The bank is guided by its Responsible Investing Policy developed to integrate ESG considerations into investment decision-making, and has outlined sector-specific policies to manage ESG risk. While OCBC improved its Environmental pillar score in 2020 on the back of better resource use (environmental supply chain, energy efficiency, etc.), the effects on its overall ESG score were offset by a weaker Governance pillar score due to a lower proportion of independent board members. OCBC was the first bank in Singapore to assert its stance of no longer providing new financing of coal-fired power plants in 2019, and it has since raised its sustainable finance commitment target to S\$50bn by 2025 (having achieved S\$34bn by 2021).</p>							
<p>Keep your eye on</p> <p>OCBC has been flagged for controversy regarding product responsibility as the bank issued letters of credit supporting duplicate transactions in a case involving oil trader Hin Leong in Singapore. Nonetheless, OCBC won a favourable decision from the International Chamber of Commerce on the trade-finance dispute in relation to the collapsed oil trader. Hin Leong Trading is currently being investigated for fraudulent transactions.</p>	<p>Implications</p> <p>While court proceedings are still ongoing, the collapse of Hin Leong Trading is related to charges including cheating, conspiracy to commit forgery, and abetment of forgery of a valuable security against its founder amid sharp swings in crude oil prices. This incidence is one-off, and we believe does not implicate OCBC’s underwriting standards. As such, this issue is not factored into our valuations.</p>						
<p>ESG highlights</p> <p>Refinitiv ranked OCBC slightly weaker than peers (DBS: B+, UOB: B+). Apart from the controversy above, OCBC’s softer score is largely due to weaker Environmental and Social pillar scores which carry weightages of c.14% and c.50% respectively on the ESG score.</p> <p>On the Environmental pillar, OCBC’s peers were more progressive in targeting CO2 emissions and environmental product innovation, which led to better scores. On the Social pillar, peers were ahead given the introduction and implementation of policies focused on child labour, forced labour, and fair competition.</p>	<p>Implications</p> <p>OCBC fares well in its Governance pillar, sustaining its score over the past five years. Notably, metrics on gender diversity of the board and executive members, and the proportion of non-executive board members had improved yoy.</p> <p>We view OCBC as having sound corporate governance given its lack of governance-related controversy, and believe that this could be valued at a premium by some investors.</p>						
<p>Trends</p> <p>OCBC significantly improved its Environmental pillar score to B- in 2020, from D in 2019. Among the key contributors to this are the bank’s energy efficiency targets, environmental supply chain policies, and environmental material sourcing.</p>	<p>Implications</p> <p>We believe OCBC’s Environmental pillar score will improve as the bank adopts practices to reduce its CO2 emissions. The rollout of environmentally-innovative products could also attract more interest from funds with an ESG focus.</p>						

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(\$m)	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Net Interest Income	5,966	5,855	6,285	7,149	8,033
Total Non-Interest Income	4,173	4,741	5,104	5,441	5,802
Operating Revenue	10,139	10,596	11,389	12,590	13,835
Total Non-Interest Expenses	(4,543)	(4,867)	(5,194)	(5,554)	(5,939)
Pre-provision Operating Profit	5,596	5,729	6,195	7,037	7,896
Total Provision Charges	(2,043)	(873)	(726)	(775)	(819)
Operating Profit After Provisions	3,553	4,856	5,469	6,261	7,077
Pretax Income/(Loss) from Assoc.	612	824	890	934	981
Operating EBIT (incl Associates)	4,165	5,680	6,359	7,196	8,058
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	4,165	5,680	6,359	7,196	8,058
Exceptional Items					
Pre-tax Profit	4,165	5,680	6,359	7,196	8,058
Taxation	(437)	(648)	(731)	(828)	(927)
Consolidation Adjustments & Others					
Exceptional Income - post-tax	0	0	0	0	0
Profit After Tax	3,728	5,032	5,627	6,368	7,132
Minority Interests	(142)	(174)	(197)	(223)	(250)
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
Net Profit	3,586	4,858	5,430	6,145	6,882
Recurring Net Profit	3,586	4,858	5,430	6,145	6,882

Balance Sheet Employment

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Gross Loans/Cust Deposits	84.9%	82.3%	83.9%	84.3%	84.0%
Avg Loans/Avg Deposits	86.2%	83.5%	83.1%	84.1%	84.2%
Avg Liquid Assets/Avg Assets	17.8%	17.3%	16.7%	16.2%	15.7%
Avg Liquid Assets/Avg IEAs	27.3%	27.4%	26.4%	25.3%	24.4%
Net Cust Loans/Assets	50.5%	50.1%	51.6%	52.4%	52.7%
Net Cust Loans/Broad Deposits	81.2%	79.0%	80.5%	80.9%	80.6%
Equity & Provns/Gross Cust Loans	18.6%	18.6%	18.2%	18.2%	18.6%
Asset Risk Weighting	41.8%	41.3%	42.6%	43.2%	0.0%
Provision Charge/Avg Cust Loans	0%	0%	0%	0%	0%
Provision Charge/Avg Assets	0%	0%	0%	0%	0%
Total Write Offs/Average Assets	0%	0%	0%	0%	0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(\$m)	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Total Gross Loans	300,056	313,115	334,563	353,060	369,739
Liquid Assets & Invst. (Current)	33,143	33,474	33,809	34,147	34,489
Other Int. Earning Assets					
Total Gross Int. Earning Assets	333,199	346,590	368,372	387,207	404,228
Total Provisions/Loan Loss Reserve	(3,702)	(3,089)	(3,323)	(3,523)	(3,703)
Total Net Interest Earning Assets	329,497	343,500	365,050	383,684	400,524
Intangible Assets	4,837	4,837	4,837	4,837	4,837
Other Non-Interest Earning Assets	127,245	143,699	144,997	151,018	160,725
Total Non-Interest Earning Assets	132,082	148,536	149,834	155,855	165,562
Cash And Marketable Securities	59,816	60,892	61,990	63,112	64,257
Long-term Investments	0	0	0	0	0
Total Assets	521,395	552,929	576,874	602,651	630,343
Customer Interest-Bearing Liabilities	314,907	340,100	358,805	378,539	399,359
Bank Deposits	9,586	10,353	10,922	11,523	12,157
Interest Bearing Liabilities: Others	39,871	41,913	43,079	44,317	45,633
Total Interest-Bearing Liabilities	364,364	392,366	412,806	434,380	457,149
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	105,855	107,096	108,076	109,066	110,066
Total Liabilities	470,219	499,461	520,882	543,446	567,215
Shareholders' Equity	49,622	52,087	54,809	58,245	62,418
Minority Interests	1,554	1,380	1,183	960	711
Total Equity	51,176	53,467	55,992	59,205	63,129

Key Ratios

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Total Income Growth	(6.7%)	4.5%	7.5%	10.5%	9.9%
Operating Profit Growth	(8.6%)	2.4%	8.1%	13.6%	12.2%
Pretax Profit Growth	(28.2%)	36.4%	11.9%	13.2%	12.0%
Net Interest To Total Income	58.8%	55.3%	55.2%	56.8%	58.1%
Cost Of Funds	0.89%	0.41%	0.82%	0.92%	1.05%
Return On Interest Earning Assets	2.76%	2.18%	2.68%	2.92%	3.22%
Net Interest Spread	1.86%	1.77%	1.86%	2.00%	2.16%
Net Interest Margin (Avg Deposits)	1.93%	1.79%	1.80%	1.94%	2.07%
Net Interest Margin (Avg RWA)	2.77%	2.62%	2.65%	2.82%	6.17%
Provisions to Pre Prov. Operating Profit	36.5%	15.2%	11.7%	11.0%	10.4%
Interest Return On Average Assets	1.18%	1.09%	1.11%	1.21%	1.30%
Effective Tax Rate	10.5%	11.4%	11.5%	11.5%	11.5%
Net Dividend Payout Ratio	39.7%	49.3%	49.9%	44.1%	39.4%
Return On Average Assets	0.71%	0.90%	0.96%	1.04%	1.12%

Key Drivers

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Net interest margin (%)	1.6%	1.5%	1.5%	1.7%	1.8%
Net interest income growth (%)	-5.8%	-1.9%	7.3%	13.7%	12.4%
Non-interest income growth (%)	-8.1%	13.6%	7.7%	6.6%	6.6%
Cost-income ratio (%)	43.8%	45.0%	44.7%	42.5%	42.5%
Net loan growth (%)	0.5%	5.1%	7.5%	6.0%	5.1%
Deposit growth (%)	4.0%	8.0%	5.5%	5.5%	5.5%
Loans-deposits ratio (%)	83.7%	81.4%	83.0%	83.4%	83.1%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Corporate Governance Report:

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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.

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

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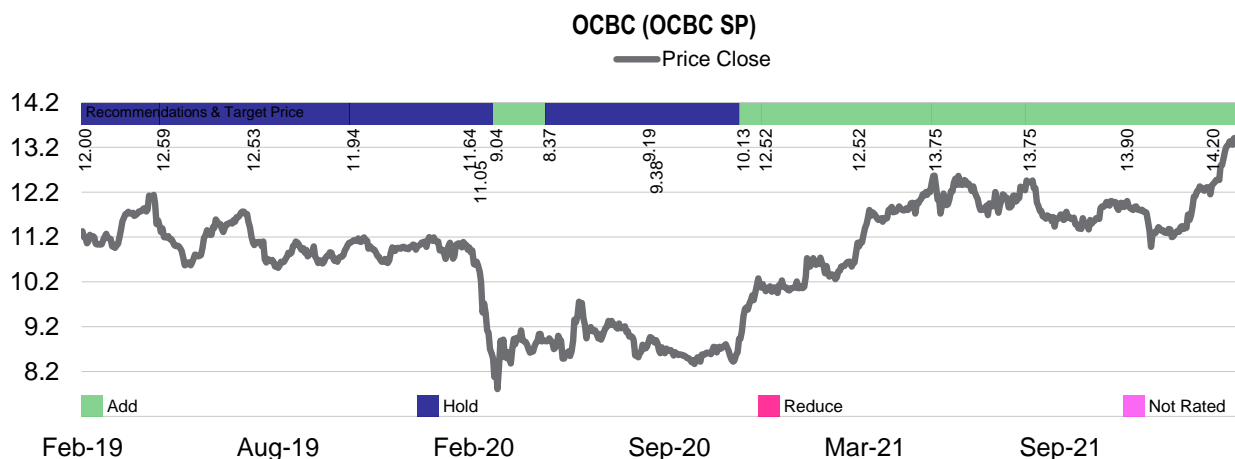
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	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, **CENDEL** – 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	
Stock Ratings	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>	
Sector Ratings	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.
Country Ratings	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.

