

## China

### ADD (previously HOLD)

Consensus ratings\*: Buy 21 Hold 7 Sell 1

Current price:	Rmb6.07
Target price:	Rmb7.10
Previous target:	Rmb5.70
Up/downside:	17.0%
CGS-CIMB / Consensus:	-1.7%
Reuters:	601939.SS
Bloomberg:	601939 CH
Market cap:	US\$184,256m
	Rmb1,164,353m
Average daily turnover:	US\$78.94m
	Rmb501.5m
Current shares o/s:	250,011m
Free float:	42.6%

\*Source: Bloomberg

#### Key changes in this note

- FY21F EPS raised by 4.4%.
- FY22F EPS raised by 0.4%.
- FY23F EPS cut by 3.9%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1	3.1	-18.6
Relative (%)	0.7	9.3	-14.9

Major shareholders	% held
Huijin	57.3
Temasek	5.8

#### Analyst(s)


**Michael CHANG, CFA**

T (852) 2539 1323

E michael.chang@cgs-cimb.com

# China Construction Bank-A

## Model adjustment

- We adjust FY21F-23F EPS by -3.9% to +4.4%, to reflect our view of a stronger-than-expected FY21F and a weaker economy in FY22F-23F.
- Policy risk has also been better than we had previously expected; hence, we cut our policy risk valuation discount from 50% to 40%.
- Upgrade to Add from Hold. TP rises to Rmb7.10 from Rmb5.70 due to valuation roll-forward and a reduced policy risk valuation discount

### Stronger-than-expected FY21F and a weaker FY22F-23F

We forecast FY21F EPS to accelerate by 11.1% yoy, the strongest since FY12's +14.1% yoy, mainly due to lower credit costs. We then conservatively expect FY22F EPS growth to slow to 7.8% yoy on a weaker economy, before rebounding to 9.1% yoy in FY23F.

### Better-than-expected policy risk

We had previously been concerned that given the worsening economy in 2H21, EPS growth would have been more significantly impacted due to policymaker pressure to 'surrender' profits — the China banks had been asked to surrender Rmb1.5tr in profits back in 2020 (see [Between a rock and a hard place](#), dated 18 Jun 2020). Policy risk has, however, been better than expected, with CCB likely to report a nine-year-high FY21F EPS growth, in our view. We thus cut our policy risk valuation discount from 50% to 40%.

### Upgrade to Add from Hold; TP raised to Rmb7.10 from Rmb5.70


We value CCB-A using a stress-test adjusted GGM, after factoring in historical A-H share valuation premiums. There are no changes to the 'true' corporate NPL ratio of 10.5% used within our stress test. However, due to the lower policy risk valuation discount and a valuation roll-forward (where we now derive our target price by applying our target P/BV multiples to FY22F BVPS), our TP rises to Rmb7.10 from Rmb5.70. Upgrade to Add from Hold. Potential re-rating catalysts are improving asset quality and economic recovery. Key downside risks: a worse-than-expected NIM trend and greater social responsibilities.

#### Financial Summary

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Net Interest Income (Rmbm)	575,909	608,920	652,148	706,810	773,300
Total Non-Interest Income (Rmbm)	138,315	159,182	170,090	184,987	201,477
Operating Revenue (Rmbm)	714,224	768,103	822,238	891,797	974,778
Total Provision Charges (Rmbm)	(189,929)	(183,000)	(193,331)	(207,632)	(219,464)
Net Profit (Rmbm)	265,426	294,956	318,108	347,041	385,710
Core EPS (Rmb)	1.06	1.18	1.27	1.39	1.54
Core EPS Growth	1.0%	11.1%	7.8%	9.1%	11.1%
FD Core P/E (x)	5.72	5.15	4.77	4.37	3.93
DPS (Rmb)	0.33	0.36	0.39	0.43	0.47
Dividend Yield	5.37%	5.97%	6.44%	7.02%	7.80%
BVPS (Rmb)	9.06	9.91	10.82	11.82	12.94
P/BV (x)	0.67	0.61	0.56	0.51	0.47
ROE	12.2%	12.4%	12.3%	12.3%	12.5%
% Change In Core EPS Estimates		4.37%	0.35%	(3.93%)	
CGS-CIMB/Consensus EPS (x)		1.02	1.02	1.03	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Model adjustment

<b>ESG in a nutshell</b> 		Refinitiv ESG Scores					
		B ESG Score	A+ ESG Controversies Score	B ESG Combined Score	B ESG Environment Pillar Score	B- ESG Social Pillar Score	A- ESG Government Pillar Score
<p>CCB scored a B rating for its combined ESG score by Refinitiv over 2016- 2020. With the development philosophy of “digital, platform-based, and ecosystem-based development with empowerment”, CCB successfully met its strategic plan objectives for inclusive finance, leveraging fintech and big data, while adhering to innovation-driven growth and social empowerment. The bank closely combined poverty alleviation with New Finance Actions and made coordinated efforts in promoting poverty alleviation. Through the four major mechanisms of fintech assistance, credit enhancement, industrial chain refinement, and management improvement, CCB provides convenient and fast online financing in poverty-stricken areas. Also, CCB has successfully completed its goal for energy conservation and consumption reduction. Over the past five years, CCB’s average annual electricity consumption dropped by over 2m kilowatt-hours and created a more environmentally friendly workspace. CCB also launched China’s first green bond index, the CCB-Wind Green ESG Bond Index, at the Luxembourg Stock Exchange in May 2021, which will further support the development of green finance in China.</p>							
<p><b>Keep your eye on</b></p> <p>The pace of which green finance solutions are rolled out by the China banks, as well as the extent to which the China banks ramp up lending to coal and energy companies in late 2021 to help ease China’s power shortages.</p>	<p><b>Implications</b></p> <p>China has pledged to hit peak emissions by 2030 and achieve carbon neutrality by 2060. To facilitate the realisation of such a target, CCB will improve its green finance system with stricter standards and take initiative to adjust its credit structure. This long-term shift towards more environmentally friendly lending is not currently factored into valuations, in our view, but a prolonged misalignment with responsible financing practices could be a drag on the stock.</p>						
<p><b>ESG highlights</b></p> <p>According to China Securities Journal, CCB’s B- ESG score is the highest among its sectoral peers in China. It is the highest rating by Refinitiv of the China banks under our coverage.</p>	<p><b>Implications</b></p> <p>CCB has proactively demonstrated its commitment to ESG. While not priced in at the current stage, we believe that CCB’s ESG progress and prominence will be a key differentiating factor amongst more discerning investors in the future.</p>						
<p><b>Trends</b></p> <p>While CCB’s Environmental and Social pillar scores have remained the same over 2016-2020 at B and B- respectively, the Governance pillar score has steadily improved its score from B in 2016 to B+ in both 2017 and 2019, before rising to A- in both 2019 and 2020. Its Resource use score of A- in 2020 has remained constant since 2017. Its ESG controversies score of A- in 2020 fell from A+ in both 2018 and 2019.</p>	<p><b>Implications</b></p> <p>To help China achieve carbon neutrality by 2060, CCB, as an important state-owned-enterprise (SOE) bank, will further support green financing. We think this will have positive implications on its ESG score.</p>						

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## Changes to our forecasts

We adjust FY21F-23F EPS by -3.9% to +4.4%, to reflect our view of a stronger-than-expected FY21F and a weaker economy in FY22F-23F (Fig 1).

Our higher FY21F EPS is mainly driven by lower credit costs or provision expenses, while our FY23F EPS falls due to lower income growth.

Figure 1: Changes to our forecasts

(Rmb m)	FY21F			FY22F			FY23F		
	Old	New	+/-	Old	New	+/-	Old	New	+/-
Net interest income	632,032	608,920	-3.7%	704,864	652,148	-7.5%	769,128	706,810	-8.1%
Non interest income	149,223	159,182	6.7%	163,830	170,090	3.8%	179,788	184,987	2.9%
Total operating income	781,254	768,103	-1.7%	868,694	822,238	-5.3%	948,916	891,797	-6.0%
Operating expense	-206,272	-208,176	0.9%	-229,358	-222,848	-2.8%	-250,539	-241,701	-3.5%
Pre-prov profit	574,982	559,927	-2.6%	639,336	599,390	-6.2%	698,377	650,096	-6.9%
Provisions	-232,452	-183,000	-21.3%	-253,016	-193,331	-23.6%	-257,362	-207,632	-19.3%
Operating profit	342,531	376,927	10.0%	386,320	406,059	5.1%	441,015	442,465	0.3%
Tax	-53,577	-75,586	41.1%	-62,751	-81,428	29.8%	-72,961	-88,729	21.6%
Net profit to common shareholders	282,593	294,956	4.4%	317,004	318,108	0.3%	361,222	347,041	-3.9%
<b>Key ratios</b>									
EPS (Rmb)	1.13	1.18	4.4%	1.27	1.27	0.3%	1.44	1.39	-3.9%
EPS growth	6.5%	11.1%	4.7% pts	12.2%	7.8%	-4.3% pts	13.9%	9.1%	-4.9% pts
PPOP per share	2.30	2.24	-2.6%	2.56	2.40	-6.2%	2.79	2.60	-6.9%
PPOP per share growth	9.4%	6.5%	-2.9% pts	11.2%	7.0%	-4.1% pts	9.2%	8.5%	-0.8% pts
ROA	0.96%	1.00%	4bp	0.98%	0.99%	1bp	1.03%	0.99%	-4bp
ROE	11.9%	12.4%	0.5% pts	12.3%	12.3%	0.0% pts	12.8%	12.3%	-0.5% pts
Payout ratio	30.7%	30.7%	0.0% pts	30.7%	30.7%	0.0% pts	30.7%	30.7%	0.0% pts
Core tier 1 ratio	13.5%	13.5%	0.03% pts	13.6%	13.7%	0.11% pts	13.7%	13.7%	-0.01% pts
Tier 1 ratio	14.1%	14.1%	0.02% pts	14.2%	14.3%	0.11% pts	14.2%	14.2%	-0.01% pts
Total CAR	17.1%	17.0%	-0.10% pts	17.4%	17.3%	-0.11% pts	17.7%	17.4%	-0.31% pts
Loan-deposit ratio	82.2%	82.0%	-0.2% pts	83.2%	83.0%	-0.2% pts	84.2%	84.0%	-0.2% pts
NPL ratio	1.47%	1.50%	2bp	1.42%	1.46%	3bp	1.38%	1.42%	4bp
Cost-income ratio	26.4%	27.1%	70bp	26.4%	27.1%	70bp	26.4%	27.1%	70bp
Net interest margin	2.19%	2.12%	-7bp	2.21%	2.07%	-14bp	2.21%	2.05%	-16bp
Credit cost	1.15%	0.91%	-24bp	1.13%	0.87%	-26bp	1.03%	0.84%	-20bp
Provisioning coverage ratio	254.9%	236.7%	-18.1% pts	293.1%	255.7%	-37.4% pts	327.2%	273.6%	-53.7% pts
Loan growth	11.7%	10.7%	-1.0% pts	11.2%	11.4%	0.2% pts	10.7%	11.2%	0.5% pts
Interbank assets growth	-5.6%	-5.6%	0.0% pts	7.0%	7.0%	0.0% pts	7.0%	7.0%	0.0% pts
Investment growth	11.9%	11.9%	0.0% pts	7.0%	7.0%	0.0% pts	7.0%	7.0%	0.0% pts
RWA growth	9.9%	10.5%	0.7% pts	8.3%	7.6%	-0.8% pts	9.0%	9.3%	0.3% pts

SOURCES: CGS-CIMB RESEARCH ESTIMATES

## Valuation and risks

We value CCB-A using a stress test-adjusted Gordon Growth Model (GGM), after factoring in historical A-H share valuation premiums with a target price of Rmb7.10 (Rmb5.70 previously).

Our key valuation assumptions are a COE of 10% (unchanged), a sustainable growth (g) assumption of 3% (unchanged), an initial sustainable ROE assumption of 12.5% (previously 12.8%) based on FY24F ROE (previously FY23F ROE), and an asset quality and investor compensation valuation discount of 24% (previously 21%). We also cut our policy risk valuation discount to 40% (previously 50%) [Fig 2]. We thus derive a stress-test-adjusted target FY22F (previously FY21F) P/BV multiple of 0.62x (previously 0.55x), implying a sustainable ROE assumption of 7.6% (previously 7.0%).

We arrive at a target price of Rmb7.10 (previously Rmb5.70) and upgrade our rating to Add rating from Hold on CCB-A.

**Figure 2: 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	0.87	0.87	0%
COE	10.0%	10.0%	0%
g	3.0%	3.0%	0%
Sustainable ROE (based on FY24F ROE)	12.5%	12.8%	-2%
Initial target P/BV	1.36x	1.40x	-3%
Asset quality valuation discount	-24%	-21%	13%
National service' discount	-40%	-50%	-20%
Final target P/BV	0.62x	0.55x	12%
Initial target price	10.82	9.86	10%
Average A-H share premium applied	11%	11%	0%
Valuation incorporating average A-H share gap since start-2011	11.97	10.91	10%
Weighting given to A-H valuation gap	50%	50%	0%
Final target price (Rmb)	7.10	5.70	25%
TP-implied sustainable ROE	7.6%	7.0%	8%
Current price (Rmb)	6.07		
Share price upside	17.0%		

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 pressure, 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.

One final downside risk is that the large banks may face greater-than-expected policy risks with respect to lending in the event of a significant economic slowdown. Such policy-directed lending could result in asset quality problems for these banks further down the road, in our view.

**Figure 3: 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	4.53	5.80	28%	0.47	0.43	4.0	3.7	2.1	1.9	7.7	8.3	12.2	12.0
CCB	0939 HK	Add	169.4	5.69	8.00	41%	0.48	0.44	4.1	3.8	2.1	2.0	7.6	8.2	12.4	12.3
BOC	3988 HK	Add	129.5	2.94	4.00	36%	0.38	0.35	3.6	3.4	1.9	1.8	8.8	9.5	10.9	10.9
ABC	1288 HK	Add	156.0	2.85	4.40	54%	0.41	0.38	3.7	3.4	1.8	1.6	8.6	9.2	11.6	11.5
BOCOM	3328 HK	Hold	49.3	5.13	5.30	3%	0.40	0.38	3.9	3.6	1.9	1.8	8.2	8.9	10.8	10.8
CMB	3968 HK	Add	204.7	61.00	84.20	38%	1.67	1.48	11.1	9.5	6.2	5.6	3.0	3.5	16.4	16.5
CITIC	0998 HK	Add	30.5	3.60	4.80	33%	0.29	0.27	2.8	2.6	1.0	0.9	9.6	10.5	10.8	11.0
MSB	1988 HK	Hold	24.8	2.95	2.90	-2%	0.22	0.21	3.3	3.0	0.9	0.9	9.2	10.0	7.1	7.3
CQRCB	3618 HK	Add	6.1	2.85	4.10	44%	0.27	0.25	2.8	2.4	1.3	1.2	10.9	12.3	10.2	10.6
<b>H-share weighted average</b>							0.65	0.59	5.1	4.6	2.7	2.5	7.2	7.9	12.5	12.4
ICBC - A	601398 CH	Add	243.4	4.65	5.10	10%	0.57	0.52	4.9	4.5	2.6	2.4	6.3	6.8	12.2	12.0
CCB - A	601939 CH	Add	169.4	6.07	7.10	17%	0.61	0.56	5.1	4.8	2.7	2.5	6.0	6.4	12.4	12.3
BOC - A	601988 CH	Add	129.5	3.13	3.70	18%	0.48	0.45	4.6	4.3	2.4	2.3	7.0	7.5	10.9	10.9
ABC - A	601288 CH	Add	156.0	2.97	3.90	31%	0.51	0.47	4.5	4.2	2.2	2.0	6.9	7.4	11.6	11.5
BOCOM - A	601328 CH	Hold	49.3	4.82	4.80	0%	0.45	0.42	4.3	4.0	2.1	2.0	7.4	8.0	10.8	10.8
CMB - A	600036 CH	Add	204.7	46.76	71.60	53%	1.52	1.35	10.1	8.7	5.7	5.1	3.3	3.8	16.4	16.5
CITIC - A	601998 CH	Add	30.5	4.60	4.90	7%	0.44	0.41	4.3	3.9	1.5	1.4	6.3	7.0	10.8	11.0
MSB - A	600016 CH	Reduce	24.8	3.89	2.80	-28%	0.35	0.33	5.1	4.7	1.4	1.4	5.9	6.4	7.1	7.3
PAB - A	000001 CH	Add	54.0	14.72	26.20	78%	0.88	0.79	8.5	6.9	2.4	2.2	1.5	1.9	10.8	12.1
CQRCB - A	601077 CH	Add	6.1	3.95	4.50	14%	0.44	0.41	4.5	4.0	2.1	2.0	6.6	7.4	10.2	10.6
<b>A-share weighted average</b>							0.71	0.65	5.8	5.3	2.9	2.7	5.7	6.2	12.4	12.4
<b>Combined sector weighted average</b>							0.68	0.62	5.5	4.9	2.8	2.6	6.5	7.0	12.4	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)

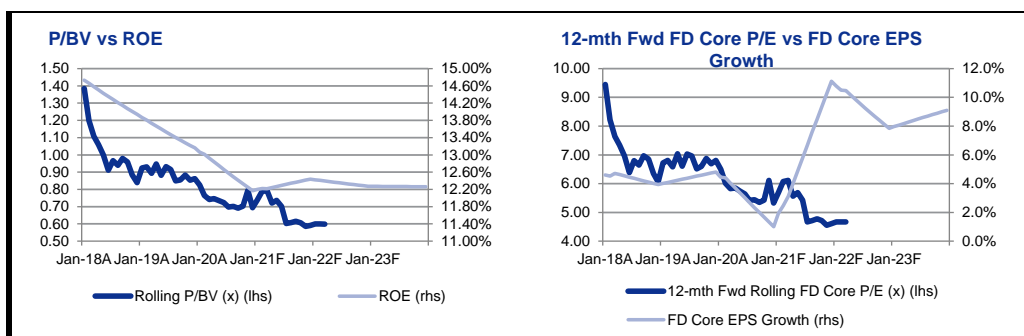
DATA AS OF 7 MAR 2022

**Figure 4: Key financial data**

<b>Profit &amp; loss</b>								
<b>(Rmb m)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>	<b>2025F</b>
Net interest income	486,278	510,680	575,909	608,920	652,148	706,810	773,300	837,236
yoy	7.5%	5.0%	12.8%	5.7%	7.1%	8.4%	9.4%	8.3%
Non interest income	147,494	167,321	138,315	159,182	170,090	184,987	201,477	219,736
yoy	4.2%	13.4%	-17.3%	15.1%	6.9%	8.8%	8.9%	9.1%
<b>Total revenue</b>	<b>633,772</b>	<b>678,001</b>	<b>714,224</b>	<b>768,103</b>	<b>822,238</b>	<b>891,797</b>	<b>974,778</b>	<b>1,056,972</b>
yoy	6.7%	7.0%	5.3%	7.5%	10.0%	10.0%	10.0%	10.0%
Operating expenses	-174,764	-188,132	-188,574	-208,176	-222,848	-241,701	-264,190	-286,467
<b>Pre-prov profit</b>	<b>459,008</b>	<b>489,869</b>	<b>525,650</b>	<b>559,927</b>	<b>599,390</b>	<b>650,096</b>	<b>710,587</b>	<b>770,504</b>
yoy	7.5%	6.7%	7.3%	6.5%	7.0%	8.5%	9.3%	8.4%
Provisioning expenses	-150,988	-163,521	-189,929	-183,000	-193,331	-207,632	-219,464	-214,710
Net profit to common shareholders	250,719	262,771	265,426	294,956	318,108	347,041	385,710	437,105
yoy	3.9%	4.8%	1.0%	11.1%	7.8%	9.1%	11.1%	13.3%
<b>Key balance sheet items</b>								
<b>(Rmb m)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>	<b>2025F</b>
Loans	13,784,115	15,024,159	16,787,432	18,583,687	20,702,228	23,020,877	25,553,174	28,312,916
Interbank assets	1,038,521	1,508,616	1,423,876	1,523,547	1,630,196	1,744,309	1,866,411	1,997,060
Investments	5,714,909	6,213,241	6,950,653	7,437,199	7,957,803	8,514,849	9,110,888	9,748,650
Deposits	17,108,678	18,366,293	20,614,976	22,663,033	24,942,443	27,405,806	30,062,557	32,921,996
Interbank liabilities	1,878,462	2,308,909	2,349,997	2,583,295	2,839,804	3,121,836	3,431,934	3,772,897
Bonds	775,785	1,076,575	940,197	1,034,217	1,137,638	1,251,402	1,376,542	1,514,197
Common shareholders' equity	1,896,827	2,096,630	2,264,840	2,478,292	2,705,829	2,955,188	3,234,333	3,552,999
Total shareholders' equity	1,991,594	2,235,127	2,389,353	2,605,600	2,836,148	3,088,788	3,371,575	3,694,362
RWA	13,659,497	15,053,291	16,604,591	18,352,772	19,741,150	21,579,729	23,573,513	25,736,112
Total assets	23,222,693	25,436,261	28,132,254	30,741,662	33,630,579	36,762,742	40,159,307	43,843,462
yoy								
Loans	6.8%	9.0%	11.7%	10.7%	11.4%	11.2%	11.0%	10.8%
Interbank assets	46.6%	45.3%	-5.6%	7.0%	7.0%	7.0%	7.0%	7.0%
Investments	10.3%	8.7%	11.9%	7.0%	7.0%	7.0%	7.0%	7.0%
Deposits	4.6%	7.4%	12.2%	9.9%	10.1%	9.9%	9.7%	9.5%
Interbank liabilities	4.7%	22.9%	1.8%	9.9%	9.9%	9.9%	9.9%	9.9%
Bonds	30.1%	38.8%	-12.7%	10.0%	10.0%	10.0%	10.0%	10.0%
Common shareholders' equity	11.6%	10.5%	8.0%	9.4%	9.2%	9.2%	9.4%	9.9%
Total shareholders' equity	10.9%	12.2%	6.9%	9.1%	8.8%	8.9%	9.2%	9.6%
RWA	5.7%	10.2%	10.3%	10.5%	7.6%	9.3%	9.2%	9.2%
Total assets	5.0%	9.5%	10.6%	9.3%	9.4%	9.3%	9.2%	9.2%
<b>Key ratios &amp; drivers</b>								
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>	<b>2025F</b>
EPS (Rmb)	1.00	1.05	1.06	1.18	1.27	1.39	1.54	1.75
EPS Growth	4%	5%	1%	11%	8%	9%	11%	13%
BVPS (Rmb)	7.59	8.39	9.06	9.91	10.82	11.82	12.94	14.21
BVPS Growth	12%	11%	8%	9%	9%	9%	9%	10%
ROAE	13.9%	13.2%	12.2%	12.4%	12.3%	12.3%	12.5%	12.9%
ROAA	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
ROARWA	1.9%	1.8%	1.7%	1.7%	1.7%	1.7%	1.7%	1.8%
PPOARWA	3.5%	3.4%	3.3%	3.2%	3.1%	3.1%	3.1%	3.1%
DPS (Rmb)	0.31	0.32	0.33	0.36	0.39	0.43	0.47	0.54
Payout ratio	31%	30%	31%	31%	31%	31%	31%	31%
Core tier 1 ratio	13.8%	13.9%	13.6%	13.5%	13.7%	13.7%	13.8%	13.9%
Tier 1 ratio	14.4%	14.7%	14.2%	14.1%	14.3%	14.2%	14.2%	14.2%
Total CAR	17.2%	17.5%	17.1%	17.0%	17.3%	17.4%	17.5%	17.6%
Equity/Assets	8.9%	9.0%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
Loan-deposit ratio	81%	82%	81%	82%	83%	84%	85%	86%
NPL ratio	1.46%	1.41%	1.55%	1.50%	1.46%	1.42%	1.39%	1.37%
NPL write-off rate	22.8%	24.4%	27.0%	27.0%	26.5%	25.0%	25.0%	25.0%
Net NPL formation rate	0.41%	0.44%	0.70%	0.53%	0.52%	0.49%	0.48%	0.47%
NPL coverage	208%	227%	213%	237%	256%	274%	289%	297%
LLR to loan	3.03%	3.21%	3.31%	3.55%	3.72%	3.89%	4.02%	4.06%
Cost-income ratio	28%	28%	26%	27%	27%	27%	27%	27%
Net interest margin	2.31%	2.26%	2.19%	2.12%	2.07%	2.05%	2.05%	2.03%
Non interest income/ total income	23%	25%	19%	21%	21%	21%	21%	21%
Credit cost	1.07%	1.03%	1.05%	0.91%	0.87%	0.84%	0.80%	0.70%

SOURCES: CGS-CIMB RESEARCH ESTIMATES

## BY THE NUMBERS



### Profit & Loss

(Rmbm)	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Net Interest Income	575,909	608,920	652,148	706,810	773,300
Total Non-Interest Income	138,315	159,182	170,090	184,987	201,477
<b>Operating Revenue</b>	<b>714,224</b>	<b>768,103</b>	<b>822,238</b>	<b>891,797</b>	<b>974,778</b>
Total Non-Interest Expenses	(188,574)	(208,176)	(222,848)	(241,701)	(264,190)
<b>Pre-provision Operating Profit</b>	<b>525,650</b>	<b>559,927</b>	<b>599,390</b>	<b>650,096</b>	<b>710,587</b>
Total Provision Charges	(189,929)	(183,000)	(193,331)	(207,632)	(219,464)
<b>Operating Profit After Provisions</b>	<b>335,721</b>	<b>376,927</b>	<b>406,059</b>	<b>442,465</b>	<b>491,123</b>
Pretax Income/(Loss) from Assoc.	895	1,005	1,083	1,180	1,309
<b>Operating EBIT (incl Associates)</b>	<b>336,616</b>	<b>377,932</b>	<b>407,141</b>	<b>443,644</b>	<b>492,433</b>
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>336,616</b>	<b>377,932</b>	<b>407,141</b>	<b>443,644</b>	<b>492,433</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>336,616</b>	<b>377,932</b>	<b>407,141</b>	<b>443,644</b>	<b>492,433</b>
Taxation	(63,037)	(75,586)	(81,428)	(88,729)	(98,487)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>273,579</b>	<b>302,345</b>	<b>325,713</b>	<b>354,915</b>	<b>393,946</b>
Minority Interests	(2,529)	(2,795)	(3,011)	(3,281)	(3,642)
Pref. & Special Div	(5,624)	(4,594)	(4,594)	(4,594)	(4,594)
FX And Other Adj.	0	0	0	0	0
<b>Net Profit</b>	<b>265,426</b>	<b>294,956</b>	<b>318,108</b>	<b>347,041</b>	<b>385,710</b>
Recurring Net Profit	265,426	294,956	318,108	347,041	385,710

### Balance Sheet Employment

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Gross Loans/Cust Deposits	81.4%	82.0%	83.0%	84.0%	85.0%
Avg Loans/Avg Deposits	81.6%	81.7%	82.5%	83.5%	84.5%
Avg Liquid Assets/Avg Assets	40.2%	39.3%	38.5%	37.7%	36.9%
Avg Liquid Assets/Avg IEAs	40.4%	39.6%	38.7%	37.8%	36.9%
Net Cust Loans/Assets	57.7%	58.3%	59.3%	60.2%	61.1%
Net Cust Loans/Broad Deposits	68.4%	68.9%	69.8%	70.7%	71.6%
Equity & Provs/Gross Cust Loans	17.4%	17.4%	17.3%	17.2%	17.1%
Asset Risk Weighting	59.0%	59.7%	58.7%	58.7%	58.7%
Provision Charge/Avg Cust Loans	0%	0%	0%	0%	0%
Provision Charge/Avg Assets	0%	0%	0%	0%	0%
Total Write Offs/Average Assets	0.71%	0.62%	0.60%	0.59%	0.57%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



## BY THE NUMBERS... cont'd

### Balance Sheet

(Rmbm)	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Total Gross Loans	18,211,308	20,107,235	22,332,423	24,765,186	27,419,585
Liquid Assets & Invst. (Current)	6,950,653	7,437,199	7,957,803	8,514,849	9,110,888
Other Int. Earning Assets	2,816,164	3,013,295	3,224,226	3,449,922	3,691,417
<b>Total Gross Int. Earning Assets</b>	<b>27,978,125</b>	<b>30,557,729</b>	<b>33,514,452</b>	<b>36,729,957</b>	<b>40,221,889</b>
Total Provisions/Loan Loss Reserve	(556,063)	(659,175)	(770,321)	(895,013)	(1,026,450)
<b>Total Net Interest Earning Assets</b>	<b>27,422,062</b>	<b>29,898,554</b>	<b>32,744,131</b>	<b>35,834,944</b>	<b>39,195,439</b>
Intangible Assets	7,489	7,489	7,489	7,489	7,489
Other Non-Interest Earning Assets	702,703	835,619	878,960	920,308	956,378
<b>Total Non-Interest Earning Assets</b>	<b>710,192</b>	<b>843,108</b>	<b>886,449</b>	<b>927,797</b>	<b>963,867</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>28,132,254</b>	<b>30,741,662</b>	<b>33,630,579</b>	<b>36,762,742</b>	<b>40,159,307</b>
Customer Interest-Bearing Liabilities	20,614,976	22,663,033	24,942,443	27,405,806	30,062,557
Bank Deposits	3,131,167	3,364,465	3,620,974	3,903,006	4,213,104
Interest Bearing Liabilities: Others	1,194,276	1,306,081	1,428,533	1,562,660	1,709,588
<b>Total Interest-Bearing Liabilities</b>	<b>24,940,419</b>	<b>27,333,579</b>	<b>29,991,950</b>	<b>32,871,472</b>	<b>35,985,250</b>
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	802,482	802,482	802,482	802,482	802,482
<b>Total Liabilities</b>	<b>25,742,901</b>	<b>28,136,061</b>	<b>30,794,432</b>	<b>33,673,954</b>	<b>36,787,732</b>
<b>Shareholders' Equity</b>	<b>2,364,808</b>	<b>2,578,260</b>	<b>2,805,797</b>	<b>3,055,156</b>	<b>3,334,301</b>
Minority Interests	24,545	27,340	30,351	33,632	37,273
<b>Total Equity</b>	<b>2,389,353</b>	<b>2,605,600</b>	<b>2,836,148</b>	<b>3,088,788</b>	<b>3,371,575</b>

### Key Ratios

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Total Income Growth	5.34%	7.54%	7.05%	8.46%	9.30%
Operating Profit Growth	7.30%	6.52%	7.05%	8.46%	9.30%
Pretax Profit Growth	3.1%	12.3%	7.7%	9.0%	11.0%
Net Interest To Total Income	80.6%	79.3%	79.3%	79.3%	79.3%
Cost Of Funds	1.74%	1.74%	1.74%	1.73%	1.73%
Return On Interest Earning Assets	3.71%	3.64%	3.59%	3.56%	3.56%
Net Interest Spread	1.97%	1.89%	1.85%	1.83%	1.83%
Net Interest Margin (Avg Deposits)	2.95%	2.81%	2.74%	2.70%	2.69%
Net Interest Margin (Avg RWA)	3.64%	3.48%	3.42%	3.42%	3.43%
Provisions to Pre Prov. Operating Profit	36.1%	32.7%	32.3%	31.9%	30.9%
Interest Return On Average Assets	2.15%	2.07%	2.03%	2.01%	2.01%
Effective Tax Rate	18.7%	20.0%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	30.7%	30.7%	30.7%	30.7%	30.7%
Return On Average Assets	0.99%	1.00%	0.99%	0.99%	1.00%

### Key Drivers

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Loan Growth (%)	11.7%	10.7%	11.4%	11.2%	11.0%
Net Interest Margin (%)	2.2%	2.1%	2.1%	2.1%	2.1%
Non Interest Income Growth (%)	-17.3%	15.1%	6.9%	8.8%	8.9%
Cost-income Ratio (%)	26.4%	27.1%	27.1%	27.1%	27.1%
Provision charge as % avg loans	1.1%	0.9%	0.9%	0.8%	0.8%
Effective tax rate (%)	18.7%	20.0%	20.0%	20.0%	20.0%
Net NPL Ratio (%)	1.6%	1.5%	1.5%	1.4%	1.4%
Provisioning coverage ratio (%)	213.3%	236.7%	255.7%	273.6%	288.6%
Loan Loss Reserve (%)	3.3%	3.5%	3.7%	3.9%	4.0%
Deposit Growth (%)	12.2%	9.9%	10.1%	9.9%	9.7%
Loan-deposit Ratio (%)	81.4%	82.0%	83.0%	84.0%	85.0%
Core Tier 1 ratio (%)	14.2%	14.1%	14.3%	14.2%	14.2%
Risk weighted assets to total assets ratio (%)	59.0%	59.7%	58.7%	58.7%	58.7%
Dividend payout ratio (%)	30.7%	30.7%	30.7%	30.7%	30.7%

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 February 28, 2022 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 March 8, 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, 10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #09-01, Singapore 018983 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 March 7, 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.

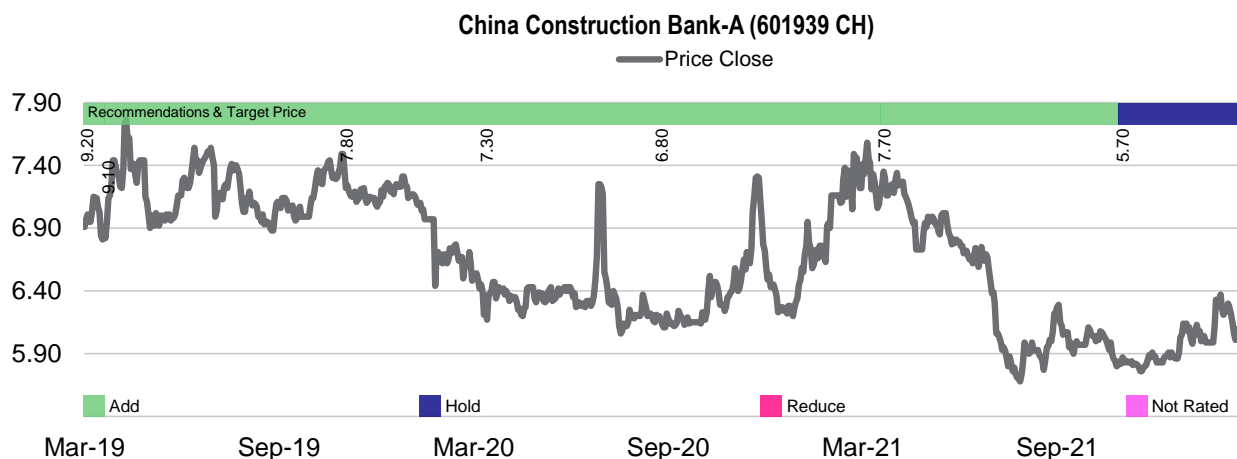
CGS-CIMB Securities (USA) Inc. neither expects to receive nor intends to seek compensation for investment banking services from any of the company mentioned within the next 3 months.

**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.

