

Hong Kong

ADD (no change)

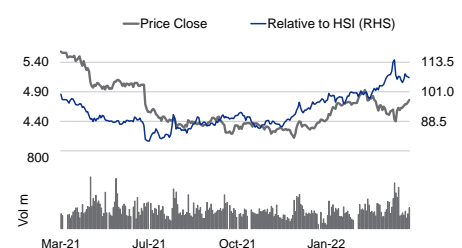
Consensus ratings*: Buy 24 Hold 3 Sell 0

Current price:	HK\$4.76
Target price:	HK\$5.90
Previous target:	HK\$5.80
Up/downside:	23.9%
CGS-CIMB / Consensus:	-3.3%
Reuters:	1398.HK
Bloomberg:	1398 HK
Market cap:	US\$252,716m
	HK\$1,977,986m
Average daily turnover:	US\$120.0m
	HK\$936.8m
Current shares o/s:	356,407m
Free float:	65.3%

*Source: Bloomberg

Key changes in this note

➤ No changes to FY22F–24F EPS.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.9	7.9	-14.4
Relative (%)	4	11.7	7.8

Major shareholders	% held
Central Huijin	34.7

Analyst(s)


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ICBC

Return to double-digit growth after 8 years

- FY21 net profit growth of 10.3% yoy is the first return to double-digit growth since FY13 and is the strongest increase since FY12.
- We like its rising FY21 ROE (first rise since FY11), 10bp qoq fall in 4Q21 NPL ratio (largest fall since 2Q16), and strong capital ratios.
- Interestingly, personal business loans decelerated to 35% yoy in 2H21 from 1H21's 51%, with mortgages accelerating to 11.1% yoy in 2H21 (1H21: 10%).
- Reiterate Add rating. We raise our TP slightly to HK\$5.90 from HK\$5.80.

Strongest net profit growth in 9 years, first ROE rise in 10 years

FY21 net profit rose 10.3% yoy (strongest rise since FY12 in Fig 1) and was virtually in-line with our forecast, with 4Q21 net profit up 18.6% yoy. FY21 ROE was 12.2%, up 20bp yoy and the first rise in ROE since FY11 (Fig 2).

What we liked about the FY21 results

i) 4Q21 net interest margin (NIM) was 2.11%, +2bp qoq; ii) 4Q21 non-performing loan (NPL) ratio was 1.42%, -10bp qoq and -16bp yoy. This 10bp qoq fall in the NPL ratio was the largest qoq fall since 2Q16 (Fig 3). 2H21 mix of loans over 90 days overdue was 0.88%, -13bp hoh, with 2H21 mix of loans under 90 days overdue at 0.35%, +3bp hoh. 2H21 special mention loans ratio was 1.99%, +7bp hoh; iii) 4Q21 provisioning coverage ratio was 206%, up 9% pts qoq. 4Q21 loan loss reserve (LLR) to loans was 2.9%, -8bp qoq; iv) NPL recognition standards tightened further, with 2H21's NPL recognition ratio (NPLs/loans over 90 days overdue) at 161%, up 8.5% pts hoh; v) 4Q21 core Tier 1 ratio remains high at 13.3%, +12bp yoy and +17bp qoq; vi) FY21 credit costs were 0.86%, down 11bp yoy; vii) FY21 effective tax rate was 17.6% (FY20: 19%, FY19: 20%).

What we did not like about the FY21 results

i) FY21 cost-to-income ratio was 27.4%, up 1.6% pts yoy; ii) 4Q21 net fee income growth was 5.8% (3Q21: -0.5%, 2H21: 2.6%, 1H21: 0.5%); iii) The higher-than-expected expenses hurt 4Q21 pre-provisioning operating profit (PPOP), up 0.2% yoy (3Q21: 9.4% yoy); iv) 4Q21 loan-to-deposit ratio (LDR) was 78.2%, +2.1%-pts qoq and +4.1%-pts yoy.

What else we thought was interesting about the FY21 results

i) 2H21 mix of mortgages was 30.8%, +61bp hoh; ii) 2H21 group corporate loans rose 11% yoy (1H21: 11.2%); iii) 2H21 group mortgages rose 11.1% yoy (1H21: 10%); iv) FY21 personal business loan growth yoy was 34.7% (1H21: 51%; FY20: 50.8%; FY19: 60.1%; FY18: -0.1%); v) 4Q21 loan growth yoy was 11% (3Q21: 10.7%, 4Q20: 11.1%); vi) FY21 DPS was Rmb0.29, up 10.3% yoy, with FY21 dividend payout ratio at 30.9%.

Reiterate Add rating; Slightly higher TP to HK\$5.90 from HK\$5.80

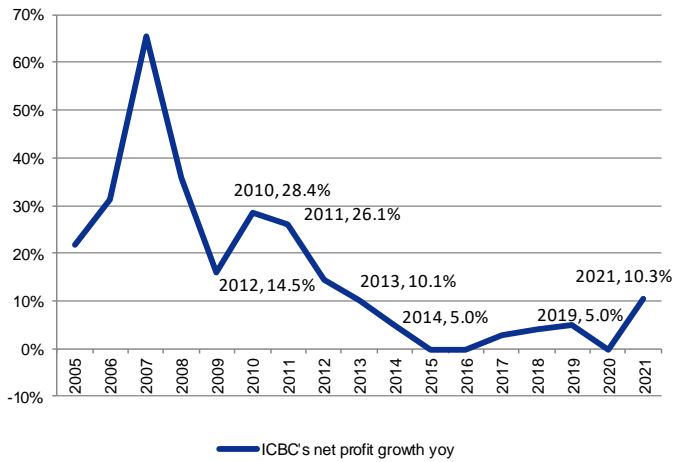
We value ICBC using a stress-test adjusted GGM. Potential re-rating catalysts are improving asset quality and economic recovery. Key downside risks: a worse-than-expected NIM trend and greater social responsibilities.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Net Interest Income (Rmbm)	646,765	690,680	719,542	774,311	832,350
Total Non-Interest Income (Rmbm)	153,310	170,200	177,380	189,016	202,907
Operating Revenue (Rmbm)	800,075	860,880	896,922	963,326	1,035,258
Total Provision Charges (Rmbm)	(202,668)	(202,623)	(198,757)	(206,631)	(204,240)
Net Profit (Rmbm)	307,067	338,731	365,357	398,553	443,464
Core EPS (Rmb)	0.86	0.95	1.03	1.12	1.24
Core EPS Growth	(0.2%)	10.3%	7.9%	9.1%	11.3%
FD Core P/E (x)	4.48	4.06	3.77	3.45	3.10
DPS (Rmb)	0.27	0.29	0.32	0.35	0.38
Dividend Yield	6.89%	7.59%	8.19%	8.93%	9.94%
BVPS (Rmb)	7.48	8.15	8.88	9.68	10.58
P/BV (x)	0.52	0.47	0.44	0.40	0.37
ROE	12.0%	12.2%	12.0%	12.1%	12.3%
% Change In Core EPS Estimates			0.000%	(0.000%)	(0.000%)
CGS-CIMB/Consensus EPS (x)			1.04	1.06	1.00

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

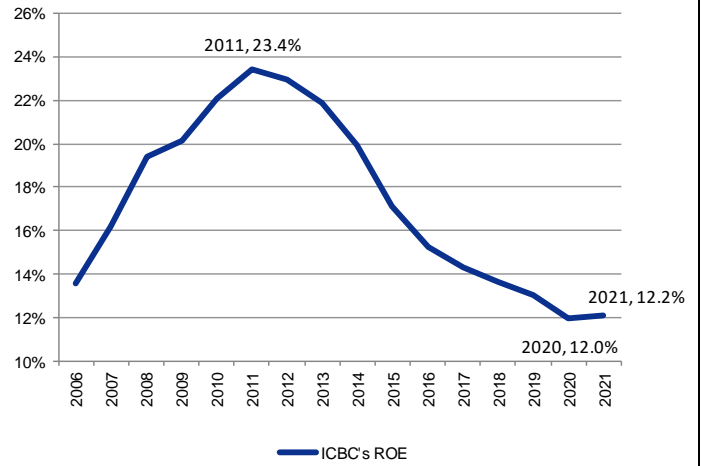
Return to double-digit growth after 8 years

Figure 1: ICBC's net profit growth yoy



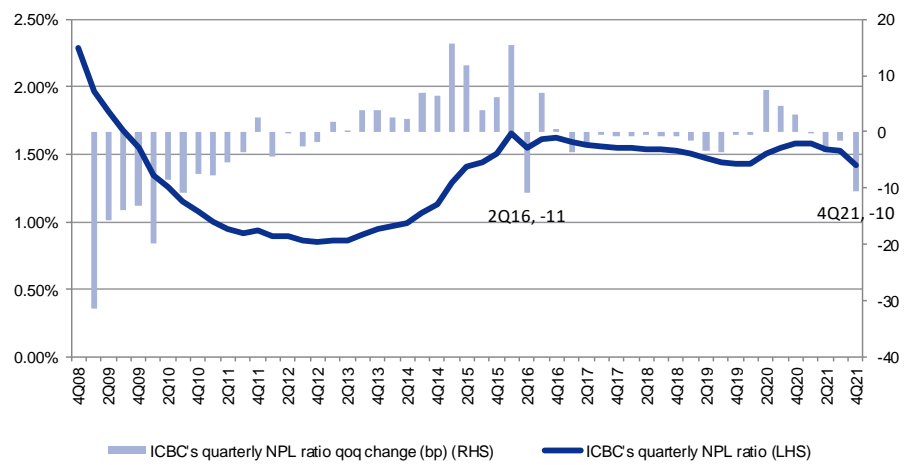
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: ICBC's ROE




SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: ICBC's quarterly NPL ratio and quarterly NPL ratio qoq changes over time



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

ESG in a nutshell		Refinitiv ESG Scores					
							
		B ESG Score	A ESG Controversies Score	B ESG Combined Score	C+ ESG Environment Pillar Score	B- ESG Social Pillar Score	B+ ESG Government Pillar Score
<p>ICBC scored a B- rating for its combined ESG score by Refinitiv. One of the key strategies of ICBC is to build a world-leading green bank. During the pandemic, ICBC has focused on green finance, Covid-19 response, poverty alleviation donations, consumer protection and inclusive finance to serve real economy. The bank's loans for precision poverty alleviation grew by 17.8%, faster than the average growth of total loans. ICBC has incorporated ESG into the whole-process management of investment and financing; for example, it built green financial requirements into due diligence, credit rating, review and approval. ICBC also announced that the bank will double its renewable energy investment in the next 10 years and produce a timetable to phase out coal investment to help the Chinese government achieve carbon neutrality by 2060.</p>							
<p>Keep your eye on</p> <p>According to Fortune, ICBC has been flagged for environmental controversies relating to direct funding to the coal power companies and was the world's leading coal underwriter over the past two years. Keep your eye on the pace at 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>Implications</p> <p>ICBC's ESG Controversies score by Refinitiv has dropped significantly in 2020 to C+ (from A- in 2019). The financing of coal power companies could be a key reason. We believe ICBC will start reducing its coal industry funding over the next few years after President Xi's announcement in Apr 2021 that China's coal consumption will fall starting no later than 2026. 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>ESG highlights</p> <p>ICBC's B- ESG score by Refinitiv is on the upper-end of ESG scoring against its sectoral peers among China banks (with the highest rating of B for CCB), driven by the full incorporation of ESG into its operations, strengthened risk management capabilities, people-oriented working culture, and increased green finance projects.</p>	<p>Implications</p> <p>ICBC has proactively committed to improving its ESG over the past few years. While not priced in at the current stage, we believe ICBC's improved focus on ESG, as well as its pledge to produce a timetable to phase out coal power investment, will support re-rating cycles.</p>						
<p>Trends</p> <p>While ICBC's ESG combined score has been relatively stable over 2016-2020, the Environmental pillar score has fallen from B- in 2018 to C+ in both 2019 and 2020. The Social pillar score has fallen from B+ in 2016 to B in 2017 and then further down to B- in 2020. The Governance pillar score has fallen from A- in 2019 to B+ in 2020.</p>	<p>Implications</p> <p>We believe the trend will be stable and gradually improve if ICBC decreases its share of financing in sectors with high ESG risks.</p>						

SOURCES: CGS-CIMB RESEARCH, REFINITIV

Changes to our forecasts

Our FY22F-24F EPS are unchanged, as lower income assumptions are offset by lower provisioning expense assumptions (Fig 4).

Figure 4: Changes to our forecasts

(Rmb m)	FY22F			FY23F			FY24F		
	Old	New	+/-	Old	New	+/-	Old	New	+/-
Net interest income	732,001	719,542	-1.7%	785,976	774,311	-1.5%	842,870	832,350	-1.2%
Non interest income	211,515	177,380	-16.1%	233,407	189,016	-19.0%	257,751	202,907	-21.3%
Total operating income	943,516	896,922	-4.9%	1,019,383	963,326	-5.5%	1,100,621	1,035,258	-5.9%
Operating expense	-246,010	-243,656	-1.0%	-263,133	-261,695	-0.5%	-281,262	-281,236	0.0%
Pre-prov profit	697,506	653,266	-6.3%	756,250	701,631	-7.2%	819,359	754,022	-8.0%
Provisions	-228,701	-198,757	-13.1%	-245,741	-206,631	-15.9%	-252,428	-204,240	-19.1%
Operating profit	468,805	454,509	-3.0%	510,509	495,000	-3.0%	566,931	549,782	-3.0%
Tax	-93,805	-80,392	-14.3%	-102,127	-87,509	-14.3%	-113,385	-97,137	-14.3%
Net profit to common shareholders	365,357	365,357	0.0%	398,553	398,553	0.0%	443,464	443,464	0.0%
Key ratios									
EPS (Rmb)	1.03	1.03	0.0%	1.12	1.12	0.0%	1.24	1.24	0.0%
EPS growth	7.4%	7.9%	0.4% pts	9.1%	9.1%	0.0% pts	11.3%	11.3%	0.0% pts
PPOP per share	1.96	1.83	-6.3%	2.12	1.97	-7.2%	2.30	2.12	-8.0%
PPOP per share growth	7.7%	4.6%	-3.1% pts	8.4%	7.4%	-1.0% pts	8.3%	7.5%	-0.9% pts
ROA	0.98%	1.00%	1bp	0.99%	1.00%	1bp	1.01%	1.03%	1bp
ROE	12.0%	12.0%	0.0% pts	12.0%	12.1%	0.0% pts	12.3%	12.3%	0.0% pts
Payout ratio	30.9%	30.9%	0.0% pts	30.9%	30.9%	0.0% pts	30.9%	30.9%	0.0% pts
Core tier 1 ratio	13.2%	13.4%	15bp	13.3%	13.4%	16bp	13.4%	13.5%	16bp
Tier 1 ratio	14.1%	14.9%	71bp	14.1%	14.8%	67bp	14.2%	14.8%	63bp
Total CAR	16.4%	17.7%	132bp	16.3%	17.5%	125bp	16.2%	17.4%	117bp
Loan-deposit ratio	77.5%	80.2%	2.7% pts	78.5%	82.2%	3.7% pts	79.5%	84.2%	4.7% pts
NPL ratio	1.46%	1.38%	-8bp	1.42%	1.35%	-7bp	1.40%	1.33%	-7bp
Cost-income ratio	26.1%	27.2%	109bp	25.8%	27.2%	135bp	25.6%	27.2%	161bp
Net interest margin	2.06%	2.05%	0bp	2.04%	2.03%	0bp	2.02%	2.01%	0bp
Credit cost	0.89%	0.76%	-14bp	0.86%	0.71%	-16bp	0.80%	0.63%	-17bp
Provisioning coverage ratio	192.9%	216.2%	23.3% pts	203.3%	225.7%	22.4% pts	211.0%	231.0%	20.0% pts
Loan growth	11.2%	11.5%	0.3% pts	10.7%	11.0%	0.3% pts	10.4%	10.6%	0.2% pts
Interbank assets growth	7.1%	7.2%	0.1% pts	7.1%	7.3%	0.1% pts	7.2%	7.3%	0.1% pts
Investment growth	6.4%	6.3%	-0.1% pts	6.5%	6.4%	-0.1% pts	6.5%	6.4%	-0.1% pts
RWA growth	8.4%	8.8%	0.4% pts	8.5%	8.5%	0.0% pts	8.3%	8.4%	0.1% pts

SOURCES: CGS-CIMB RESEARCH ESTIMATES

Valuation and risks

We value ICBC using a stress test adjusted Gordon Growth Model (GGM), with a slightly higher target price of HK\$5.90 (previously HK\$5.80).

Our key valuation assumptions are a COE of 10% (unchanged), a sustainable growth (g) assumption of 3% (unchanged), an initial sustainable ROE assumption of 12.3% (unchanged) based on FY24F ROE, and an asset quality and investor compensation valuation discount of 31% (unchanged). We also apply a policy risk valuation discount of 40% (unchanged) (Fig 5). We thus derive a stress-test-adjusted target FY22F P/BV multiple of 0.56x (previously 0.55x), implying a sustainable ROE assumption of 6.9% (unchanged).

We arrive at a target price of HK\$5.90 and reiterate our Add rating on ICBC.

Figure 5: Valuation using a stress-test-adjusted GGM

	New	Old	% change
Equity risk premium	8.0%	8.0%	0.0%
Risk free rate	3.0%	3.0%	0.0%
Beta	0.87	0.87	0.0%
COE	10.0%	10.0%	0.0%
g	3.0%	3.0%	0.0%
Sustainable ROE (based on FY24F ROE)	12.3%	12.3%	0.2%
Initial target P/BV	1.33x	1.33x	0.3%
Asset quality valuation discount	-31%	-31%	0.0%
Policy risk' discount	-40%	-40%	0.0%
Final target P/BV	0.56x	0.55x	0.3%
FY22F BVPS	8.88	8.90	-0.3%
Rmb/HK\$	1.19	1.19	0.0%
Target price (Rmb)	4.93	4.93	0.0%
Target price (HK\$)	5.90	5.80	1.7%
TP-implied sustainable ROE	6.9%	6.9%	0.2%
Current price (HK\$)	4.53		
Upside/ downside	30.2%		

SOURCES: CGS-CIMB RESEARCH ESTIMATES

Downside risks include a worse-than-expected economic slowdown in China. This could result in higher-than-expected asset quality 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 6: China banks valuation table (H-share and A-share banks)

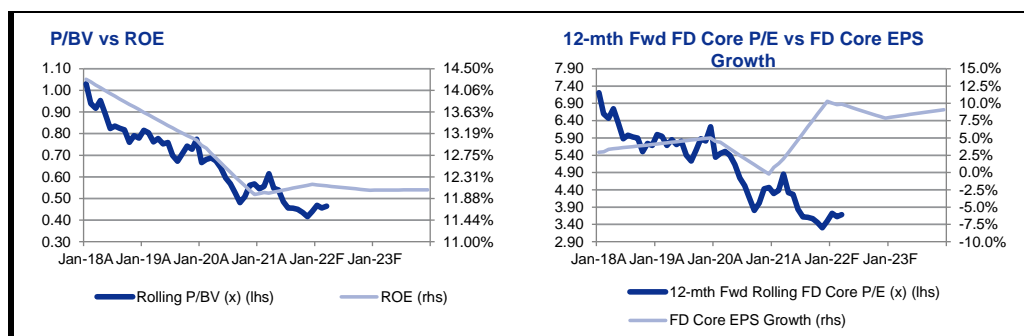
Company	Ticker	Rating	Mkt cap (US\$ bn)	Price (Lcy)	Target price (Lcy)	Upside/ Downside	P/BV (x)		P/E (x)		P/POP (x)		Dividend yield		ROE(%)		
							FY21F	FY22F	FY21F	FY22F	FY21F	FY22F	FY21F	FY22F	FY21F	FY22F	
ICBC	1398 HK	Add	243.4	4.76	5.90	24%	0.49	0.45	4.2	3.9	2.3	2.2	7.3	7.9	12.2	12.0	
CCB	0939 HK	Add	169.4	5.80	8.00	38%	0.49	0.45	4.1	3.8	2.2	2.1	7.5	8.0	12.5	12.3	
BOC	3988 HK	Add	129.5	3.12	4.20	35%	0.41	0.37	3.8	3.5	2.0	1.9	8.4	9.1	11.2	11.2	
ABC	1288 HK	Add	156.0	2.99	4.40	47%	0.43	0.40	3.8	3.6	1.9	1.7	8.2	8.8	11.6	11.5	
BOCOM	3328 HK	Hold	49.3	5.49	5.30	-3%	0.43	0.40	4.2	3.8	2.1	2.0	7.7	8.3	10.8	10.9	
CMB	3968 HK	Add	204.7	61.05	84.10	38%	1.77	1.56	11.2	9.5	6.2	5.6	3.0	3.5	17.0	17.4	
CITIC	0998 HK	Add	30.5	3.94	4.90	24%	0.32	0.29	3.1	2.8	1.1	1.1	9.1	10.0	10.8	10.9	
MSB	1988 HK	Hold	24.8	2.98	2.60	-13%	0.23	0.22	3.5	3.3	1.0	1.0	8.5	9.2	6.6	6.8	
CQRCB	3618 HK	Add	6.1	3.01	4.10	36%	0.28	0.26	2.9	2.6	1.3	1.3	10.3	11.6	10.2	10.6	
H-share weighted average								0.69	0.62	5.3	4.7	2.8	2.6	6.9	7.6	12.6	12.7
ICBC - A	601398 CH	Add	243.4	4.71	5.10	8%	0.58	0.53	5.0	4.6	2.7	2.6	6.2	6.7	12.2	12.0	
CCB - A	601939 CH	Add	169.4	6.19	7.10	15%	0.62	0.57	5.2	4.8	2.8	2.6	5.9	6.3	12.5	12.3	
BOC - A	601988 CH	Add	129.5	3.22	3.80	18%	0.50	0.46	4.6	4.3	2.5	2.3	6.9	7.4	11.2	11.2	
ABC - A	601288 CH	Add	156.0	3.05	3.90	28%	0.52	0.48	4.7	4.3	2.3	2.1	6.7	7.3	11.6	11.5	
BOCOM - A	601328 CH	Hold	49.3	5.04	4.80	-5%	0.47	0.44	4.6	4.2	2.3	2.1	7.0	7.7	10.8	10.9	
CMB - A	600036 CH	Add	204.7	46.23	71.50	55%	1.59	1.41	10.0	8.6	5.5	5.0	3.3	3.8	17.0	17.4	
CITIC - A	601998 CH	Add	30.5	5.11	5.00	-2%	0.49	0.45	4.8	4.3	1.8	1.6	5.9	6.5	10.8	10.9	
MSB - A	600016 CH	Reduce	24.8	3.82	2.50	-35%	0.35	0.33	5.4	5.0	1.5	1.6	5.6	6.1	6.6	6.8	
PAB - A	000001 CH	Add	54.0	15.21	22.70	49%	0.91	0.80	8.8	6.1	2.5	2.3	1.5	2.2	10.8	14.0	
CQRCB - A	601077 CH	Add	6.1	3.90	4.50	15%	0.44	0.41	4.5	4.0	2.0	1.9	6.7	7.5	10.2	10.6	
A-share weighted average								0.74	0.67	5.9	5.3	3.0	2.8	5.6	6.1	12.5	12.7
Combined sector weighted average								0.71	0.64	5.6	5.0	2.9	2.7	6.3	6.8	12.6	12.7

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 30 MAR 2022

Figure 7: Key financial data

Profit & loss								
(Rmb m)	2018	2019	2020	2021	2022F	2023F	2024F	2025F
Net interest income	572,518	606,926	646,765	690,680	719,542	774,311	832,350	894,190
yoy	9.7%	6.0%	6.6%	6.8%	4.2%	7.6%	7.5%	7.4%
Non interest income	152,603	169,076	153,310	170,200	177,380	189,016	202,907	217,849
yoy	-0.6%	10.8%	-9.3%	11.0%	4.2%	6.6%	7.3%	7.4%
Total revenue	725,121	776,002	800,075	860,880	896,922	963,326	1,035,258	1,112,039
yoy	7.3%	7.0%	3.1%	7.6%	4.2%	7.4%	7.5%	7.4%
Operating expenses	-194,203	-207,776	-206,585	-236,227	-243,656	-261,695	-281,236	-302,094
Pre-prov profit	530,918	568,226	593,490	624,653	653,266	701,631	754,022	809,945
yoy	8.5%	7.0%	4.4%	5.3%	4.6%	7.4%	7.5%	7.4%
Provisioning expenses	-161,594	-178,957	-202,668	-202,623	-198,757	-206,631	-204,240	-195,234
Net profit to common shareholders	293,031	307,699	307,067	338,731	365,357	398,553	443,464	496,693
yoy	4.1%	5.0%	-0.2%	10.3%	7.9%	9.1%	11.3%	12.0%
Key balance sheet items								
(Rmb m)	2018	2019	2020	2021	2022F	2023F	2024F	2025F
Loans	15,419,905	16,761,319	18,624,308	20,667,245	23,037,612	25,564,653	28,284,763	31,204,010
Interbank assets	1,696,498	1,887,554	1,821,185	1,490,646	1,598,353	1,714,763	1,840,643	1,976,830
Investments	6,754,692	7,647,117	8,591,139	9,257,760	9,841,989	10,467,564	11,137,766	11,856,159
Deposits	21,408,934	22,977,655	25,134,726	26,441,774	28,739,055	31,115,185	33,607,786	36,215,790
Interbank liabilities	2,329,296	2,529,846	3,077,693	3,286,972	3,714,213	4,242,911	4,854,360	5,575,598
Bonds	617,842	742,875	798,127	791,375	830,944	872,491	916,115	961,921
Common shareholders' equity	2,243,950	2,470,054	2,667,683	2,903,424	3,164,247	3,450,049	3,770,518	4,130,356
Total shareholders' equity	2,344,883	2,692,003	2,909,515	3,275,258	3,538,103	3,826,105	4,149,016	4,511,584
RWA	17,190,992	18,616,886	20,124,139	21,690,349	23,606,561	25,605,406	27,750,228	30,060,074
Total assets	27,699,540	30,109,436	33,345,058	35,171,383	38,198,319	41,432,696	44,903,282	48,640,897
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Loans	8.3%	8.7%	11.1%	11.0%	11.5%	11.0%	10.6%	10.3%
Interbank assets	-7.5%	11.3%	-3.5%	-18.1%	7.2%	7.3%	7.3%	7.4%
Investments	17.3%	13.2%	12.3%	7.8%	6.3%	6.4%	6.4%	6.5%
Deposits	11.4%	7.3%	9.4%	5.2%	8.7%	8.3%	8.0%	7.8%
Interbank liabilities	-15.4%	8.6%	21.7%	6.8%	13.0%	14.2%	14.4%	14.9%
Bonds	17.3%	20.2%	7.4%	-0.8%	5.0%	5.0%	5.0%	5.0%
Common shareholders' equity	9.9%	10.1%	8.0%	8.8%	9.0%	9.0%	9.3%	9.5%
Total shareholders' equity	9.5%	14.8%	8.1%	12.6%	8.0%	8.1%	8.4%	8.7%
RWA	8.1%	8.3%	8.1%	7.8%	8.8%	8.5%	8.4%	8.3%
Total assets	6.2%	8.7%	10.7%	5.5%	8.6%	8.5%	8.4%	8.3%
Key ratios & drivers								
	2018	2019	2020	2021	2022F	2023F	2024F	2025F
EPS (Rmb)	0.82	0.86	0.86	0.95	1.03	1.12	1.24	1.39
EPS Growth	4.1%	5.0%	-0.2%	10.3%	7.9%	9.1%	11.3%	12.0%
BVPS (Rmb)	6.30	6.93	7.48	8.15	8.88	9.68	10.58	11.59
BVPS Growth	10%	10%	8%	9%	9%	9%	9%	10%
ROAE	13.7%	13.1%	12.0%	12.2%	12.0%	12.1%	12.3%	12.6%
ROAA	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%
ROARWA	1.8%	1.7%	1.6%	1.6%	1.6%	1.6%	1.7%	1.7%
PPOARWA	3.2%	3.2%	3.1%	3.0%	2.9%	2.9%	2.8%	2.8%
DPS (Rmb)	0.25	0.26	0.27	0.29	0.32	0.35	0.38	0.43
Payout ratio	30%	30%	31%	31%	31%	31%	31%	31%
Core tier 1 ratio	13.0%	13.2%	13.1%	13.2%	13.4%	13.4%	13.5%	13.7%
Tier 1 ratio	13.4%	14.3%	14.3%	14.9%	14.9%	14.8%	14.8%	14.9%
Total CAR	15.4%	16.8%	16.9%	18.0%	17.7%	17.5%	17.4%	17.3%
Equity/Assets	9.2%	9.8%	9.5%	10.2%	10.2%	10.1%	10.1%	10.2%
Loan-deposit ratio	72%	73%	74%	78%	80%	82%	84%	86%
NPL ratio	1.52%	1.43%	1.58%	1.42%	1.38%	1.35%	1.33%	1.31%
NPL write-off rate	49%	42%	50%	34%	31%	28%	25%	22%
Net NPL formation rate	0.86%	0.67%	1.04%	0.54%	0.55%	0.50%	0.46%	0.42%
NPL coverage	176%	199%	180%	206%	216%	226%	231%	232%
LLR to loan	2.68%	2.85%	2.85%	2.92%	2.98%	3.04%	3.07%	3.05%
Cost-income ratio	27%	27%	26%	27%	27%	27%	27%	27%
Net interest margin	2.30%	2.24%	2.15%	2.11%	2.05%	2.03%	2.01%	1.99%
Non interest income/ total income	21%	22%	19%	20%	20%	20%	20%	20%
Credit cost	0.99%	1.01%	0.97%	0.86%	0.76%	0.71%	0.63%	0.55%

SOURCES: CGS-CIMB RESEARCH ESTIMATES

BY THE NUMBERS

Profit & Loss

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Net Interest Income	646,765	690,680	719,542	774,311	832,350
Total Non-Interest Income	153,310	170,200	177,380	189,016	202,907
Operating Revenue	800,075	860,880	896,922	963,326	1,035,258
Total Non-Interest Expenses	(206,585)	(236,227)	(243,656)	(261,695)	(281,236)
Pre-provision Operating Profit	593,490	624,653	653,266	701,631	754,022
Total Provision Charges	(202,668)	(202,623)	(198,757)	(206,631)	(204,240)
Operating Profit After Provisions	390,822	422,030	454,509	495,000	549,782
Pretax Income/(Loss) from Assoc.	1,304	2,869	2,869	2,869	2,869
Operating EBIT (incl Associates)	392,126	424,899	457,378	497,869	552,651
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	392,126	424,899	457,378	497,869	552,651
Exceptional Items					
Pre-tax Profit	392,126	424,899	457,378	497,869	552,651
Taxation	(74,441)	(74,683)	(80,392)	(87,509)	(97,137)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	317,685	350,216	376,986	410,360	455,513
Minority Interests	(1,779)	(1,878)	(2,022)	(2,201)	(2,443)
Pref. & Special Div	(8,839)	(9,607)	(9,607)	(9,607)	(9,607)
FX And Other Adj.	0	0	0	0	0
Net Profit	307,067	338,731	365,357	398,553	443,464
Recurring Net Profit	307,067	338,731	365,357	398,553	443,464

Balance Sheet Employment

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Gross Loans/Cust Deposits	74.1%	78.2%	80.2%	82.2%	84.2%
Avg Loans/Avg Deposits	73.5%	76.2%	79.2%	81.2%	83.2%
Avg Liquid Assets/Avg Assets	42.2%	40.6%	38.7%	37.4%	36.3%
Avg Liquid Assets/Avg IEAs	43.1%	41.4%	39.4%	38.0%	36.8%
Net Cust Loans/Assets	54.3%	57.0%	58.5%	59.8%	61.1%
Net Cust Loans/Broad Deposits	64.1%	67.5%	68.9%	70.1%	71.3%
Equity & Provs/Gross Cust Loans	18.4%	18.7%	18.3%	17.9%	17.6%
Asset Risk Weighting	60.4%	61.7%	61.8%	61.8%	61.8%
Provision Charge/Avg Cust Loans	0%	0%	0%	0%	0%
Provision Charge/Avg Assets	0%	0%	0%	0%	0%
Total Write Offs/Average Assets	0.64%	0.59%	0.54%	0.52%	0.47%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Gross Loans	20,445,493	22,157,891	24,635,965	27,279,416	30,125,406
Liquid Assets & Invst. (Current)	8,591,139	9,257,760	9,841,989	10,467,564	11,137,766
Other Int. Earning Assets	3,537,795	3,098,438	3,098,438	3,098,438	3,098,438
Total Gross Int. Earning Assets	32,574,427	34,514,089	37,576,392	40,845,418	44,361,609
Total Provisions/Loan Loss Reserve	(531,161)	(603,983)	(686,117)	(776,639)	(867,126)
Total Net Interest Earning Assets	32,043,266	33,910,106	36,890,275	40,068,779	43,494,483
Intangible Assets	0	0	0	0	0
Other Non-Interest Earning Assets	1,301,792	1,261,277	1,308,044	1,363,917	1,408,799
Total Non-Interest Earning Assets	1,301,792	1,261,277	1,308,044	1,363,917	1,408,799
Cash And Marketable Securities	0	0	0	0	0
Long-term Investments	0	0	0	0	0
Total Assets	33,345,058	35,171,383	38,198,319	41,432,696	44,903,282
Customer Interest-Bearing Liabilities	25,134,726	26,441,774	28,739,055	31,115,185	33,607,786
Bank Deposits	3,077,693	3,286,972	3,714,213	4,242,911	4,854,360
Interest Bearing Liabilities: Others	941,039	918,278	957,847	999,394	1,043,018
Total Interest-Bearing Liabilities	29,153,458	30,647,024	33,411,115	36,357,490	39,505,165
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	1,282,085	1,249,101	1,249,101	1,249,101	1,249,101
Total Liabilities	30,435,543	31,896,125	34,660,216	37,606,591	40,754,266
Shareholders' Equity	2,893,502	3,257,755	3,518,578	3,804,380	4,124,849
Minority Interests	16,013	17,503	19,525	21,725	24,168
Total Equity	2,909,515	3,275,258	3,538,103	3,826,105	4,149,016

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Income Growth	3.10%	7.60%	4.19%	7.40%	7.47%
Operating Profit Growth	4.45%	5.25%	4.58%	7.40%	7.47%
Pretax Profit Growth	0.1%	8.4%	7.6%	8.9%	11.0%
Net Interest To Total Income	80.8%	80.2%	80.2%	80.4%	80.4%
Cost Of Funds	1.61%	1.58%	1.65%	1.67%	1.69%
Return On Interest Earning Assets	3.51%	3.46%	3.46%	3.46%	3.46%
Net Interest Spread	1.91%	1.89%	1.81%	1.79%	1.77%
Net Interest Margin (Avg Deposits)	2.69%	2.68%	2.61%	2.59%	2.57%
Net Interest Margin (Avg RWA)	3.34%	3.30%	3.18%	3.15%	3.12%
Provisions to Pre Prov. Operating Profit	34.1%	32.4%	30.4%	29.5%	27.1%
Interest Return On Average Assets	2.04%	2.02%	1.96%	1.94%	1.93%
Effective Tax Rate	19.0%	17.6%	17.6%	17.6%	17.6%
Net Dividend Payout Ratio	30.9%	30.9%	30.9%	30.9%	30.9%
Return On Average Assets	0.97%	0.99%	1.00%	1.00%	1.03%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Loan Growth (%)	11.1%	11.0%	11.5%	11.0%	10.6%
Net Interest Margin (%)	2.2%	2.1%	2.1%	2.0%	2.0%
Non Interest Income Growth (%)	-9.3%	11.0%	4.2%	6.6%	7.3%
Cost-income Ratio (%)	25.8%	27.4%	27.2%	27.2%	27.2%
Provision charge as % avg loans	1.0%	0.9%	0.8%	0.7%	0.6%
Effective tax rate (%)	19.0%	17.6%	17.6%	17.6%	17.6%
Net NPL Ratio (%)	1.6%	1.4%	1.4%	1.3%	1.3%
Provisioning coverage ratio (%)	180.4%	205.8%	216.2%	225.7%	231.0%
Loan Loss Reserve (%)	2.8%	2.9%	3.0%	3.0%	3.1%
Deposit Growth (%)	9.4%	5.2%	8.7%	8.3%	8.0%
Loan-deposit Ratio (%)	74.1%	78.2%	80.2%	82.2%	84.2%
Core Tier 1 ratio (%)	14.3%	14.9%	14.9%	14.8%	14.8%
Risk weighted assets to total assets ratio (%)	60.4%	61.7%	61.8%	61.8%	61.8%
Dividend payout ratio (%)	30.9%	30.9%	30.9%	30.9%	30.9%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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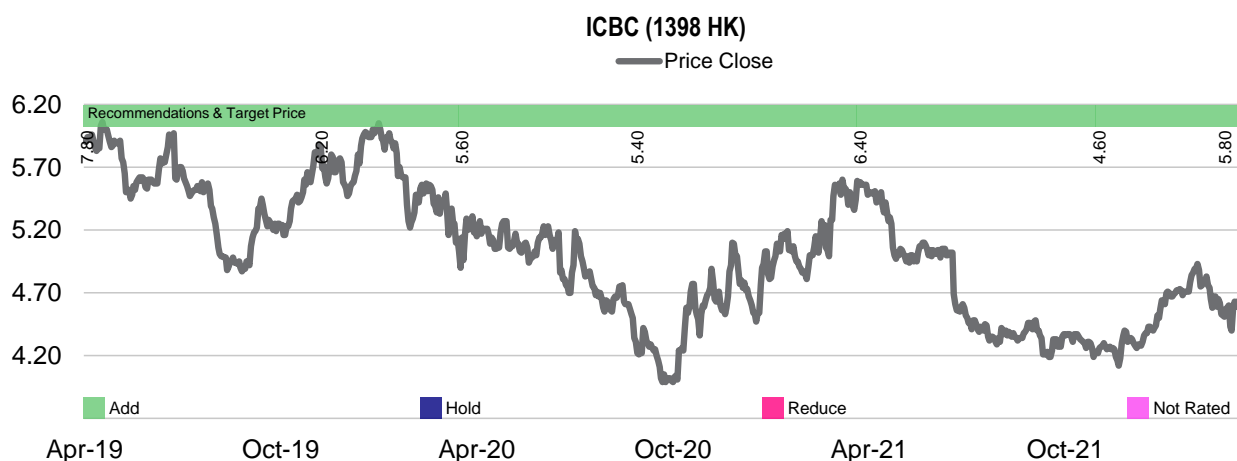
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%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

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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.
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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.

