

**Malaysia**
**ADD** (no change)

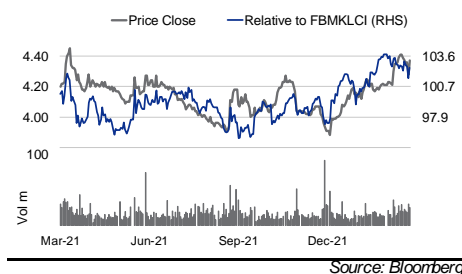
Consensus ratings\*: Buy 8 Hold 9 Sell 4

Current price:	RM4.37
Target price:	RM5.00 ▲
Previous target:	RM4.60
Up/downside:	14.4%
CGS-CIMB / Consensus:	14.9%
Reuters:	PUBM.KL
Bloomberg:	PBK MK
Market cap:	US\$20,185m RM84,825m
Average daily turnover:	US\$17.40m RM73.07m
Current shares o/s:	19,411m
Free float:	76.6%

\*Source: Bloomberg

**Key changes in this note**

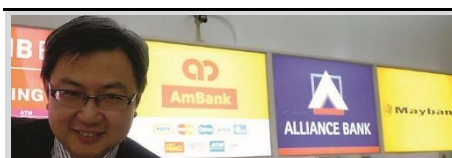
- Core net profit upped by 6.6% for FY22F
- Core net profit upped by 9.6% for FY23F



Price performance	1M	3M	12M
Absolute (%)	4.5	8.7	4.8
Relative (%)	-1	3.8	4.2

**Major shareholders**

	% held
Tan Sri Dr. Teh Hong Piow	23.4
EPF	14.8
Kumpulan Wang Persaraan	4.1

**Analyst(s)**

**Winson NG, CFA**

T (60) 3 2635 9253

E winson.ng@cgs-cimb.com

# Public Bank Bhd

## Continuous increase in management overlay

- PBB's FY21 core net profit was 3.8% above our forecast due to better-than-expected net interest income and lower-than-expected overheads.
- We are projecting a weak CNP growth of 1.2% in FY22F due to CM taxation. Excluding CM, FY22F net profit growth would be 13.8%.
- Reiterate Add on PBB as we see the bank as the most defensive against the credit risks from Covid-19, given its best-in-sector asset quality.

### Final results above our expectations

Public Bank Bhd's (PBB) FY21 core net profit (CNP) was 3.8% above our forecast due to better-than-expected net interest income and lower-than-expected overheads. However, its FY21 net profit was within market expectations at 101% of Bloomberg consensus' estimate. The bank's FY21 DPS of 15 sen was slightly above our projected 14 sen.

### Prudent move to further strengthen its management overlay

Despite having the best asset quality in the sector, PBB continued to strengthen its provision buffer in 4Q21 by providing an additional management overlay of RM300m. This brought its management overlay to a total of RM1.7bn at end-Dec 21, accounting for a whopping 154.3% of its gross impaired loan (GIL) at end-Dec 21.

### Strong 4Q21 net profit growth due to lower LLP

PBB's CNP rose by 20.3% yoy in 4Q21, primarily driven by a 49.3% yoy drop in LLP. Meanwhile, 4Q21 CNP only increased by 1.4% qoq as the 13% qoq drop in LLP was partly offset by a 9.1% qoq decline in non-interest income.

### Slower FY22F net profit growth due to Cukai Makmur

We are projecting weaker CNP growth of 1.2% for PBB in FY22F (vs. 8.9% in FY21), due to additional tax expense under Cukai Makmur (CM). Excluding CM, PBB's FY22F CNP growth would be stronger at 13.8%, underpinned by an 8.4% increase in net interest income and 19.9% drop in LLP.

### Upping FY22-23F net profit forecasts and target price

We raise our FY22-23F net profit forecast by 6-10% as we (1) increase our projected FY22-23F net interest income by 6-11%, and (2) cut our FY22-23F overhead forecasts by circa 5%. This leads to a rise in our DDM-based target price from RM4.60 to RM5.00.

### Reiterate Add; most defensive against credit risks from Covid-19

We retain our Add call on PBB as we see it as the most defensive against the credit risks from Covid-19 among its peers, reflected by its strongest-in-class asset quality. Potential re-rating catalyst includes narrower increase in GIL ratio vs. its peers when the industry's Gil ratio peaks in 2022F. Positive takes from the briefing are (1) PBB's guidance for a drop in credit charge-off rate from 34bp in FY21 to below 20bp in FY22F, (2) a drop in loans under repayment assistance and (3) minimal earnings impact from URUS scheme.

**Financial Summary**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Net Interest Income (RMm)	7,180	8,315	9,010	10,015	10,665
Total Non-Interest Income (RMm)	4,133	4,229	4,723	4,891	5,345
Operating Revenue (RMm)	11,312	12,545	13,732	14,907	16,011
Total Provision Charges (RMm)	(1,106)	(1,201)	(962)	(935)	(1,446)
Net Profit (RMm)	4,872	5,657	5,791	7,351	7,638
Core EPS (RM)	0.27	0.29	0.30	0.38	0.39
Core EPS Growth	(4.7%)	8.9%	1.2%	26.9%	3.9%
FD Core P/E (x)	16.15	14.83	14.65	11.54	11.11
DPS (RM)	0.13	0.15	0.15	0.19	0.20
Dividend Yield	2.97%	3.48%	3.41%	4.33%	4.50%
BVPS (RM)	2.43	2.48	2.67	2.89	3.09
P/BV (x)	1.80	1.76	1.63	1.51	1.41
ROE	11.6%	12.0%	11.6%	13.6%	13.1%
% Change In Core EPS Estimates			6.62%	9.63%	
CGS-CIMB/Consensus EPS (x)			1.01	1.10	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Continuous increase in management overlay

**Figure 1: Public Bank - Results Comparisons for 4QFY21**

FYE Dec (RM m)	4QFY21	4QFY20	yoy % chg	qoq % chg	4QFY21 cum	4QFY20 cum	yoy % chg	Prev. FY21F	Comments
Net interest income	2,085.8	1,935.9	7.7	1.8	8,315.0	7,179.8	15.8	7,682	Above. Yoy expansion in margin.
Non-interest income	577.5	721.9	(20.0)	(9.1)	2,615.8	2,821.3	(7.3)	2,953	Below. Weaker investment income.
Islamic banking incon	389.4	371.4	4.8	0.8	1,613.7	1,311.4	23.1	1,416	Above.
Total income	3,052.7	3,029.2	0.8	(0.6)	12,544.5	11,312.5	10.9	12,051	Above. Driven by net interest income.
Overhead expenses	(960.9)	(991.6)	(3.1)	(1.5)	(3,965.3)	(3,909.5)	1.4	(4,176.8)	Below. Tight cost control.
Pre-provision profit	2,091.8	2,037.6	2.7	(0.1)	8,579.2	7,403.0	15.9	7,874	Above. Wider jaws.
Loan loss provisions	(282.3)	(556.6)	(49.3)	(13.0)	(1,201.2)	(1,106.3)	8.6	(676.3)	Above. Pre-emptive provision for Covid-19.
Associates' contrib	(3.3)	(6.3)	(47.6)	(21.4)	(11.4)	(11.6)	(1.7)	(44.6)	Below.
Pretax profit	<b>1,806.2</b>	<b>1,474.7</b>	22.5	2.3	<b>7,366.6</b>	<b>6,285.1</b>	17.2	<b>7,153.2</b>	In line. 103% of CGS-CIMB.
Tax	(407.6)	(309.3)	31.8	5.7	(1,636.7)	(1,352.8)	21.0	(1,638.1)	In line.
Tax rate (%)	22.6	21.0	-	-	22.2	21.5	3.2	22.9	In line.
Minority interests	(17.8)	(17.4)	2.3	(6.8)	(73.4)	(60.6)	21.1	(70.6)	Above.
Net profit	<b>1,380.8</b>	<b>1,148.0</b>	20.3	1.4	<b>5,656.5</b>	<b>4,871.7</b>	16.1	<b>5,444.5</b>	
Core net profit	1,380.8	1,148.0	20.3	1.4	5,719.7	5,251.0	8.9	5,507.7	Above CGS-CIMB (104%). Within mkt (101%).
EPS (sen)	<b>7.1</b>	<b>5.9</b>	20.5	1.6	<b>29.1</b>	<b>25.1</b>	16.1	<b>28.0</b>	
Core EPS (sen)	7.1	5.9	20.5	1.6	29.5	27.1	8.9	28.4	

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 2: Earnings revision for Public Bank**

	2021A	2022F			2023F		
		Old	New	%chg	Old	New	%chg
Net interest income	8,315	8,490	9,010	6.1%	9,022	10,015	11.0%
Overheads	3,965	4,371	4,149	-5.1%	4,571	4,341	-5.0%
Net profit	5,657	5,432	5,791	6.6%	6,706	7,351	9.6%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

(Note: URUS is a repayment assistance scheme together with interest exemption offered by banks to lower-income borrowers, whose monthly household income is less than RM5,880.)

### Key takeaways from 4QFY21 conference call ▶

PBB's web-based conference call on 25 Feb 22 for its 4Q21 financial results was hosted by Tan Sri Dato' Sri Tay Ah Lek (MD/CEO), Chang Siew Yen (Senior COO) and Yik Sook Ling (CFO). We are more positive on Public Bank following the event due to the following information we gathered from the call:

- The total loan under repayment assistance fell from RM83.4bn at end-Dec 21 to RM81.4bn on 15 Feb 22, signifying easing pressures from Covid-19 credit risks on its asset quality.
- The loan under URUS programme (repayment assistance scheme with interest exemption for lower-income borrowers) was small at only RM300m (based on the latest information disclosed by the bank), accounting for a miniscule 0.1% of its total loans. This assuaged our concerns of a material negative impact from this programme on PBB's earnings.
- The bank is guiding for a decline in credit charge-off rate from 34bp in FY21 to below 20bp in FY22F, supporting our expectation of a downtrend in the banking sector's (including PBB's) loan loss provisioning.

### Targets / guidance for FY22F ►

The following are PBB's targets / guidance for FY22F (the numbers in the brackets are our forecasts):

- Loan growth of 4-5% (4.6%) on the back of PBB's expectation of Malaysia's GDP growth of 5.5-6.5% in 2022
- Credit charge-off rate of below 20bp (26bp)
- ROE of 11-12% (11.6%)
- Dividend payout of 50% (50%), but subject to regulator's approval

### A decline in loans under repayment assistance ►

The size of PBB's loans under repayment assistance would have peaked at RM83.4bn and started to drop to RM81.4bn on 15 Feb 22 (representing a drop of 2.4%). The decline mainly came from the contraction of 11% (from end-Dec 21) for business loan under repayment assistance while the consumer loan under assistance rose by 1.8% over the same period.

Compared to the level three months ago, the loan under repayment assistance decreased slightly from RM81.9bn in Oct 21 to RM81.4bn on 15 Feb 22. Overall, the loan under repayment assistance accounted for 24% of PBB's total loans in Malaysia on 15 Feb 22, slightly below the 25% in Oct 21.

The following are the percentages of PBB's loans under repayment assistance (over total loans in Malaysia in various segments) on 15 Feb 22 (the numbers in the brackets are the comparable numbers in Oct 21):

- Consumer loans – 24% (25%)
- Housing loans – 25% (24%)
- Hire purchase – 21% (24%)
- Business loans – 25% (25%)
- Retail (SME) loans – 36% (35%)


### Further increase in management overlay in 4Q21 ►

PBB increase its management overlay (mainly for the credit risks from Covid-19) by RM300m in 4Q21 to bring the total management overlay up to RM1.7bn at end-Dec 21 (RM600m provided in FY20 and RM1.1bn in FY21).

Its management overlay accounted for a whopping 154.3% of its total gross impaired loans at end-Dec 21. In addition, following its prudential move to build up its provision buffer in the past two years, its loan loss coverage ballooned from 124.1% at end-Dec 19 (before Covid-19 outbreak) to 227.7% at end-Dec 20 and 360.7% at end-Dec 21 (which was more than double the industry's 129% at end-Dec 21, and most likely the highest in the sector). All the above support our view that PBB boasts the best asset quality in the sector and hence is the most defensive against the credit risks from Covid-19, among its peers.

### Potential downside risks ►

The potential downside risks to our call are a deterioration in loan growth and asset quality, which would lower our projected net profit for PBB in FY22F.

Refinitiv ESG Scores	
	
<p><b>ESG in a nutshell</b></p> <p>From an ESG perspective, Public Bank has done well in promoting financial inclusion (due to its focus on the SME segment) and playing the role as a responsible financier (reflected by its stringent lending practices). However, it is not our ESG pick for Malaysian banks as its ESG disclosures are not as comprehensive as those of some of its peers. There is still a lack of detail on its exposure to ESG-vulnerable sectors and how it plans to address these risks. Going forward, we think Public Bank will incorporate ESG evaluation into all of its decision-making processes, including those related to lending and investment. Managing and disclosure of the risks from climate change could be another area of focus for Public Bank.</p>	
<p><b>Keep your eye on</b></p> <p>Public Bank has an ESG lending exclusion list which consists of activities that the group will refrain from financing.</p>	<p><b>Implications</b></p> <p>Going forward, we think Public Bank will expand its lending exclusion list to come out with a watchlist of sectors / companies with high ESG risks. In addition, we think Public Bank will also work with its borrowers in the ESG-vulnerable sectors (like palm oil, as well as oil and gas sectors) to speed up the latter's transition to higher ESG standards. The interaction would involve evaluating the borrowers' ESG standards, formulating an action plan of ESG improvement for the borrowers, setting ESG targets for the borrowers and periodical reviewing the progress made by borrowers in achieving these targets. These have been implemented by some other banks.</p>
<p><b>ESG highlights</b></p> <p>Public Bank is a constituent of several FTSE4Good indexes, including FTSE4Good Bursa Malaysia index, FTSE4Good ASEAN5 and FTSE4Good Emerging index.</p>	<p><b>Implications</b></p> <p>In terms of ESG, Public Bank has done well in the following areas: (1) financial inclusion (due to its focus on SME segment), (2) its role as responsible financier (with stringent lending practices), and (3) strong governance of its operations. However, Public Bank is not our ESG pick among Malaysian banks as its ESG disclosures are not as comprehensive as some of its large bank peers. There is a lack of detail on Public Bank's exposure to ESG-vulnerable sectors and its initiatives to mitigate the risks from these sectors.</p>
<p><b>Trends</b></p> <p>In line with Malaysia's National Green Technology Policy, Public Bank has stated that it is supportive of the government's Green Technology Scheme (GTFS). This scheme is offered to domestic companies and entrepreneurs involved in green technology projects. Combining both GTFS and GTFS 2.0, the group has approved more than RM17m in financing to companies investing in green resources and technology. However, this amount is small relative to its total loans of RM349.8bn as at end-Mar 21.</p>	<p><b>Implications</b></p> <p>Going forward, we think Public Bank will continue to increase its green financing. However, we expect the proportion of green financing to remain small (below 1-2% of its total loans) in the next 2-3 years. Hence, we do not see this as a major driver of loan growth for Public Bank.</p> <p>Several banks have disclosed their targets for sustainable financing and we think that Public Bank would follow suit in the longer term. The scope for sustainable financing is broader as apart from the financing of projects for renewable energy, it also includes certain consumer and SME loans (like the financing of the purchase of electric vehicles and installation of solar panels), corporate-advisory business and ESG-compliant asset and wealth management products.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

Figure 3: Sector Comparison

Company	Bbg Ticker	Recom.	Price (local)	Target Price (local)	Market Cap (US\$ m)	Core P/E (x)		3-year	P/BV (x)	Recurr. ROE (%)	P/PPOPS (x)	Div Yield (%)
						CY2021	CY2022	EPS CAGR (%)				
DBS Group	DBS SP	Add	34.95	39.90	66,487	13.2	11.9	23.6%	1.63	12.8%	11.4	3.3%
OCBC	OCBC SP	Add	11.85	14.20	39,351	11.0	9.9	20.0%	1.11	10.4%	9.3	4.5%
United Overseas Bank	UOB SP	Add	30.57	35.40	37,786	13.2	12.2	21.5%	1.20	9.3%	9.3	3.9%
<b>Singapore average</b>						<b>12.5</b>	<b>11.3</b>	<b>22.3%</b>	<b>1.33</b>	<b>11.0%</b>	<b>10.2</b>	<b>3.8%</b>
Agricultural Bank of China	1288 HK	Add	2.90	3.10	161,586	3.7	3.4	9.0%	0.40	11.2%	1.8	8.4%
Bank of China	3988 HK	Add	3.02	3.10	136,159	3.7	3.4	9.7%	0.38	10.7%	1.8	8.8%
Bank of Communications	3328 HK	Add	5.28	4.50	53,516	4.1	3.7	8.9%	0.40	10.3%	2.0	7.8%
China CITIC Bank	998 HK	Add	3.65	4.90	31,820	2.9	2.6	11.8%	0.29	10.3%	1.0	9.4%
China Construction Bank	939 HK	Add	5.75	6.50	186,181	4.1	3.7	10.8%	0.47	11.9%	2.0	7.5%
China Minsheng Bank	1988 HK	Hold	3.05	2.90	25,211	2.9	2.6	14.5%	0.22	7.9%	0.7	10.5%
ICBC	1398 HK	Add	4.58	4.60	250,327	4.1	3.7	9.1%	0.46	11.7%	2.1	7.6%
<b>Hong Kong average</b>						<b>3.9</b>	<b>3.5</b>	<b>9.8%</b>	<b>0.41</b>	<b>11.2%</b>	<b>1.8</b>	<b>8.0%</b>
Bank Central Asia	BBCA IJ	Hold	8,050	8,100	69,087	31.6	27.2	16.1%	4.90	16.2%	20.5	1.6%
Bank Danamon	BDMN IJ	Add	2,380	3,300	1,619	8.1	6.2	62.6%	0.49	6.5%	2.5	4.3%
Bank Rakyat Indonesia	BBRI IJ	Add	4,550	5,000	48,008	20.3	16.4	30.5%	2.39	11.9%	9.2	4.5%
Bank Tabungan Negara	BBTN IJ	Add	1,775	2,100	1,309	7.9	7.2	24.8%	0.88	11.5%	3.0	2.5%
<b>Indonesia average</b>						<b>24.6</b>	<b>20.3</b>	<b>27.7%</b>	<b>3.08</b>	<b>13.0%</b>	<b>12.6</b>	<b>2.8%</b>
Affin Bank Berhad	ABANK MK	Reduce	1.77	1.27	895	7.8	8.4	20.2%	0.37	4.8%	4.5	2.8%
Alliance Bank Malaysia Berha	ABMB MK	Reduce	3.40	2.73	1,253	11.6	8.7	22.0%	0.80	7.2%	5.4	3.4%
AMMB Holdings	AMM MK	Add	3.43	3.64	2,703	8.5	7.2	12.9%	0.71	8.1%	4.2	3.8%
Bank Islam Malaysia Bhd	BIMB MK	Add	3.23	3.46	1,657	11.5	11.5	11.5%	1.00	10.1%	6.9	4.7%
Hong Leong Bank	HLBK MK	Add	19.86	20.56	10,245	15.3	14.0	8.0%	1.37	9.5%	12.6	2.5%
Malayan Banking Bhd	MAY MK	Add	8.88	9.80	25,101	12.5	12.9	10.2%	1.23	9.7%	7.4	6.5%
Public Bank Bhd	PBK MK	Add	4.37	5.00	20,185	14.8	14.6	11.9%	1.76	12.1%	9.9	3.5%
RHB Bank Bhd	RHBBANK MK	Add	5.73	6.40	5,649	8.8	9.1	9.7%	0.80	9.6%	5.9	5.2%
<b>Malaysia average</b>						<b>12.8</b>	<b>12.6</b>	<b>10.8%</b>	<b>1.20</b>	<b>9.7%</b>	<b>8.1</b>	<b>4.6%</b>
Bangkok Bank	BBL TB	Add	140.0	164.0	8,234	9.9	8.8	24.4%	0.57	6.1%	4.6	2.9%
Kasikombank	KBANK TB	Add	163.5	170.0	11,935	11.1	9.8	11.7%	0.83	8.1%	4.3	1.8%
Kiatnakin Phatra Bank	KKP TB	Hold	68.8	59.0	1,794	10.9	9.2	8.0%	1.22	11.9%	4.9	4.5%
Krung Thai Bank	KTB TB	Hold	13.8	12.7	5,942	10.4	9.0	10.1%	0.54	#N/A	3.0	2.9%
Siam Commercial Bank	SCB TB	Add	125.5	119.0	13,130	12.7	11.6	12.5%	0.98	8.4%	5.0	2.4%
<b>Thailand average</b>						<b>11.2</b>	<b>10.0</b>	<b>13.5%</b>	<b>0.78</b>	<b>#N/A</b>	<b>4.4</b>	<b>2.7%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Public Bank - quarterly profit and loss statement**

FYE Dec (RM m)	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Remarks for 4QFY21
	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	
Interest income	3,385.5	3,485.2	3,356.3	3,375.9	3,381.0	3,345.8	3,372.0	
Interest expense	(1,886.9)	(1,576.2)	(1,420.4)	(1,302.4)	(1,274.4)	(1,296.5)	(1,286.2)	
Net interest income	1,498.6	1,909.0	1,935.9	2,073.5	2,106.6	2,049.3	2,085.8	
Non-interest income	901.0	1,178.6	1,093.3	1,153.6	1,087.4	1,021.5	966.9	
Total income	2,399.6	3,087.6	3,029.2	3,227.1	3,194.0	3,070.8	3,052.7	
Overhead expenses	(970.0)	(948.3)	(991.6)	(1,027.7)	(1,000.7)	(976.1)	(960.9)	
Pre-provision profit	1,429.6	2,139.3	2,037.6	2,199.4	2,193.3	2,094.7	2,091.8	
Loan loss provisions (LLP)	(153.8)	(334.6)	(556.6)	(198.5)	(396.0)	(324.4)	(282.3)	
Associates' contrib	5.9	2.2	(1.5)	(0.4)	(3.3)	(2.1)	0.3	
Allowance, writeback etc	(1.3)	(4.1)	(4.8)	(1.6)	1.3	(2.1)	(3.6)	
<b>Pretax profit</b>	<b>1,280.4</b>	<b>1,802.8</b>	<b>1,474.7</b>	<b>1,998.9</b>	<b>1,795.3</b>	<b>1,766.1</b>	<b>1,806.2</b>	
Tax	(268.8)	(389.5)	(309.3)	(449.7)	(393.8)	(385.6)	(407.6)	
Tax rate (%)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Minority interests	(9.8)	(20.5)	(17.4)	(19.2)	(17.1)	(19.1)	(17.8)	
<b>Net profit</b>	<b>1,001.8</b>	<b>1,392.8</b>	<b>1,148.0</b>	<b>1,530.0</b>	<b>1,384.4</b>	<b>1,361.4</b>	<b>1,380.8</b>	
<b>yoy growth (%)</b>								
Interest income	-16.6%	-14.5%	-18.1%	-14.7%	-0.1%	-4.0%	0.5%	
Interest expense	-15.8%	-28.8%	-35.1%	-38.6%	-32.5%	-17.7%	-9.4%	
Net interest income	-17.6%	2.6%	1.4%	12.9%	40.6%	7.3%	7.7%	Lifted by margin expansion.
Non-interest income	-3.8%	31.3%	16.2%	20.2%	20.7%	-13.3%	-11.6%	Adverse investment income.
Total income	-12.9%	11.9%	6.3%	15.4%	33.1%	-0.5%	0.8%	Dragged down by lower non-interest income.
Overhead expenses	1.4%	-0.5%	0.7%	2.8%	3.2%	2.9%	-3.1%	Tight cost control
Pre-provision profit	-20.5%	18.5%	9.3%	22.4%	53.4%	-2.1%	2.7%	Wider jaws due to a decline in overheads.
Loan loss provisions (LLP)	135.5%	580.1%	1188.4%	223.3%	157.5%	-3.0%	-49.3%	A plunge yoy.
Associates' contrib	-636.4%	37.5%	-266.7%	-91.1%	-155.9%	-195.5%	-120.0%	
Allowance, writeback etc	-	-	-	-	-	-	-	
Pretax profit	-26.0%	2.3%	-19.1%	15.7%	40.2%	-2.0%	22.5%	
Tax	-28.8%	1.7%	-23.1%	16.7%	46.5%	-1.0%	31.8%	
Minority interests	-51.7%	26.5%	20.8%	50.0%	74.5%	-6.8%	2.3%	
Net profit	<b>-24.8%</b>	<b>2.2%</b>	<b>-18.3%</b>	<b>15.1%</b>	<b>38.2%</b>	<b>-2.3%</b>	<b>20.3%</b>	Driven by lower loan loss provisioning.
EPS (sen)	-24.8%	7.5%	27.1%	43.8%	156.6%	112.5%	87.8%	
<b>Key ratios (%)</b>								
ROE	9.2%	12.5%	10.1%	13.3%	11.9%	11.6%	11.7%	Stable qoq but higher yoy.
ROA	0.9%	1.3%	1.0%	1.4%	1.2%	1.2%	1.2%	
Annualised yield on earnings asset	3.90%	3.94%	3.75%	3.72%	3.69%	3.62%	3.63%	
Annualised average cost of funds	2.04%	1.68%	1.50%	1.36%	1.32%	1.34%	1.31%	
Annualised net interest margin	1.57%	2.09%	2.06%	2.28%	2.26%	2.15%	2.18%	A 12bp yoy expansion.
Non-interest income ratio	38%	38%	36%	36%	34%	33%	32%	
Cost-to-income ratio	40%	31%	33%	32%	31%	32%	31%	Stable yoy.
Annualised overheads over avg asset	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	
Annualised credit charge-off rate	0.19%	0.40%	0.66%	0.23%	0.46%	0.37%	0.32%	

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 5: Public Bank - quarterly balance sheet**

Balance Sheet (RM m)	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Remarks for Dec 21
Cash and short-term funds	20,845.6	19,698.1	19,611.8	19,911.7	23,929.7	17,530.6	
Deposits with other financial institutions	0.0	0.0	0.0	0.0	0.0	0.0	
Securities purchased under resale agreements	500.7	202.8	4.5	0.0	0.0	0.0	
Securities held-for-trading	1,684.0	1,583.5	1,175.3	1,938.1	1,286.8	1,016.0	
Securities at fair value through comprehensive income	47,714.2	48,547.4	49,058.2	48,019.1	48,484.7	53,269.3	
Securities available-for-sale	0.0	0.0	0.0	0.0	0.0	0.0	
Securities at amortised costs	28,944.0	27,604.0	27,456.6	27,456.2	26,894.6	26,146.1	
Securities held-to-maturity	0.0	0.0	0.0	0.0	0.0	0.0	
Loans, advances and financing	340,011.6	342,802.8	346,797.9	348,653.0	349,798.3	354,052.5	A 3.3% yoy growth.
Other assets	4,829.7	5,074.9	4,828.8	4,384.9	4,356.9	4,478.1	
Statutory deposits with Central Banks	1,265.0	1,134.9	1,461.6	1,196.0	1,383.7	1,222.2	
Deferred tax assets	113.0	81.6	84.6	112.7	569.8	519.0	
Investment in subsidiary companies	0.0	0.0	0.0	0.0	0.0	0.0	
Investment in associated companies	80.5	78.4	122.3	118.2	116.4	115.4	
Investment properties	731.1	712.9	718.4	720.8	721.8	606.1	
Property and equipment	1,121.0	1,317.8	1,284.7	1,272.1	1,216.1	1,324.7	
Goodwill/intangible asset	2,469.3	2,417.8	2,459.0	2,461.9	2,468.1	2,459.5	
<b>TOTAL ASSETS</b>	<b>450,309.7</b>	<b>451,256.9</b>	<b>455,063.7</b>	<b>456,244.7</b>	<b>461,226.9</b>	<b>462,739.5</b>	
Deposits from customers	363,803.0	365,870.8	368,560.5	375,152.3	378,908.9	380,394.2	4% yoy growth.
Deposits of other financial institutions	11,413.0	10,742.2	14,022.3	8,304.9	9,720.7	8,123.8	
Repurchase agreements	1,221.7	914.1	1,313.3	679.1	448.3	1,001.8	
Bills and acceptances payable	231.6	209.3	257.9	293.2	219.3	222.1	
Recourse obligations on loans sold toCagamas	5,500.0	4,500.0	4,500.0	4,500.0	4,500.0	5,600.0	
Other liabilities	7,355.3	7,327.0	6,977.7	6,130.0	6,385.4	6,392.5	
Subordinated notes & hybrid capital	12,368.8	12,272.4	11,363.0	11,370.4	10,874.1	10,863.7	
Provision for tax expense and zakat	1,056.3	210.1	480.2	803.8	1,838.6	644.9	
Deferred tax liabilities	62.2	784.3	555.8	477.6	68.3	71.0	
<b>TOTAL LIABILITIES</b>	<b>403,011.9</b>	<b>402,830.2</b>	<b>408,030.7</b>	<b>407,711.3</b>	<b>412,963.6</b>	<b>413,314.0</b>	
Share capital	9,417.7	9,417.7	9,417.6	9,417.7	9,417.6	9,417.7	
Reserves	36,663.9	37,830.6	36,383.6	37,868.3	37,572.9	38,745.0	
Proposed dividends	0.0	0.0	0.0	0.0	0.0	0.0	
Treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	
<b>SHF</b>	<b>46,081.6</b>	<b>47,248.3</b>	<b>45,801.2</b>	<b>47,286.0</b>	<b>46,990.5</b>	<b>48,162.7</b>	
Minority Interest	1,216.2	1,178.4	1,231.8	1,247.1	1,272.8	1,262.8	
<b>TOTAL LIABILITIES AND SHF</b>	<b>450,309.7</b>	<b>451,256.9</b>	<b>455,063.7</b>	<b>456,244.4</b>	<b>461,226.9</b>	<b>462,739.5</b>	

SOURCES: CGS-CIMB, COMPANY REPORTS

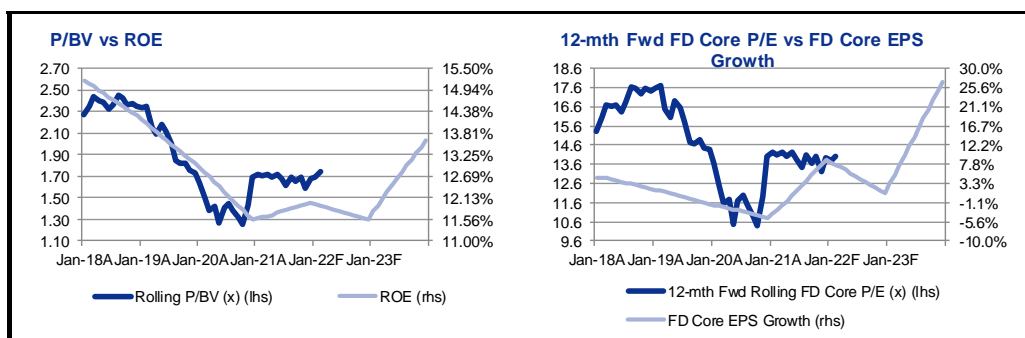
**Figure 6: Public Bank - breakdown of loans**

Loans (RM m)	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Remarks for yoy loan growth at end-Dec 21
Construction	7,569.3	7,423.4	7,396.0	7,521.4	7,626.9	7,687.0	7,662.7	
Residential mortgages	130,065.4	133,223.4	135,970.4	139,187.3	141,428.5	144,695.1	147,679.8	
Non-residential mortgages	82,634.8	83,174.5	82,919.8	82,125.4	81,636.9	81,803.8	81,731.9	
Purchase of securities	4,268.9	4,301.4	4,359.5	4,479.3	4,560.7	4,211.7	3,806.6	
Auto loans	51,000.9	54,009.7	54,982.7	55,748.6	55,967.6	54,773.5	56,213.8	
Purchase of fixed assets	439.5	439.1	443.9	462.8	478.7	469.4	456.3	
Personal use	13,751.9	13,781.9	13,742.1	13,910.1	13,916.0	13,099.7	13,217.8	
Credit cards	1,872.6	1,931.1	1,996.5	1,951.8	1,819.5	1,905.4	2,182.3	
Purchase of consumer durables	0.8	0.8	0.8	0.9	0.9	0.7	0.7	
Working capital	38,000.3	39,061.2	38,874.0	40,056.9	40,297.2	40,773.8	40,836.8	
Merger and acquisition	6.5	6.5	0.0	0.0	0.0	0.0	0.0	
Others	5,011.6	4,989.1	4,965.5	4,387.8	4,338.1	4,091.8	4,238.1	
<b>TOTAL</b>	<b>334,622.5</b>	<b>342,342.1</b>	<b>345,651.2</b>	<b>349,832.3</b>	<b>352,071.0</b>	<b>353,511.9</b>	<b>358,026.8</b>	
<b>%breakdown of loans</b>								
Construction	2.3%	2.2%	2.1%	2.2%	2.2%	2.2%	2.1%	
Residential mortgages	38.9%	38.9%	39.3%	39.8%	40.2%	40.9%	41.2%	Biggest loan segment.
Non-residential mortgages	24.7%	24.3%	24.0%	23.5%	23.2%	23.1%	22.8%	Mainly related to SME financing.
Purchase of securities	1.3%	1.3%	1.3%	1.3%	1.3%	1.2%	1.1%	
Auto loans	15.2%	15.8%	15.9%	15.9%	15.9%	15.5%	15.7%	
Purchase of fixed assets	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	
Personal use	4.1%	4.0%	4.0%	4.0%	4.0%	3.7%	3.7%	
Credit cards	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.6%	
Purchase of consumer durables	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Working capital	11.4%	11.4%	11.2%	11.5%	11.4%	11.5%	11.4%	
Merger and acquisition	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Others	1.5%	1.5%	1.4%	1.3%	1.2%	1.2%	1.2%	
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>y-o-y growth rate</b>								
Construction	9.6%	2.4%	-0.1%	3.5%	0.8%	3.6%	3.6%	
Residential mortgages	8.0%	8.2%	8.0%	8.5%	8.7%	8.6%	8.6%	Stable growth yoy.
Non-residential mortgages	1.2%	2.0%	1.2%	-0.3%	-1.2%	-1.6%	-1.4%	Contracting yoy since Mar 21.
Purchase of securities	11.2%	-0.9%	3.4%	8.9%	6.8%	-2.1%	-12.7%	
Auto loans	-0.5%	4.7%	6.2%	7.1%	9.7%	1.4%	2.2%	A qoq improvement in growth rate.
Purchase of fixed assets	-4.0%	6.7%	2.5%	6.0%	8.9%	6.9%	2.8%	
Personal use	2.3%	0.8%	0.7%	0.7%	1.2%	-4.9%	-3.8%	
Credit cards	-5.2%	-4.4%	-7.6%	-0.1%	-2.8%	-1.3%	9.3%	
Purchase of consumer durables	-11.1%	0.0%	0.0%	12.5%	12.5%	-12.5%	-12.5%	
Working capital	-3.1%	0.5%	0.8%	5.9%	6.0%	4.4%	5.0%	A qoq improvement in growth rate.
Merger and acquisition	-50.0%	-50.0%	-100.0%	-100.0%	-100.0%	-100.0%	-	
Others	10.9%	13.1%	11.4%	-8.0%	-13.4%	-18.0%	-14.6%	
<b>TOTAL</b>	<b>3.4%</b>	<b>4.6%</b>	<b>4.6%</b>	<b>5.1%</b>	<b>5.2%</b>	<b>3.3%</b>	<b>3.6%</b>	A slight improvement in growth rate.

SOURCES: CGS-CIMB, COMPANY REPORTS



## BY THE NUMBERS



### Profit & Loss

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Net Interest Income	7,180	8,315	9,010	10,015	10,665
Total Non-Interest Income	4,133	4,229	4,723	4,891	5,345
<b>Operating Revenue</b>	<b>11,312</b>	<b>12,545</b>	<b>13,732</b>	<b>14,907</b>	<b>16,011</b>
Total Non-Interest Expenses	(3,910)	(3,965)	(4,149)	(4,341)	(4,544)
<b>Pre-provision Operating Profit</b>	<b>7,403</b>	<b>8,579</b>	<b>9,583</b>	<b>10,565</b>	<b>11,467</b>
Total Provision Charges	(1,106)	(1,201)	(962)	(935)	(1,446)
<b>Operating Profit After Provisions</b>	<b>6,297</b>	<b>7,378</b>	<b>8,622</b>	<b>9,630</b>	<b>10,021</b>
Pretax Income/(Loss) from Assoc.	2	(6)	(0)	(1)	(1)
<b>Operating EBIT (incl Associates)</b>	<b>6,299</b>	<b>7,373</b>	<b>8,621</b>	<b>9,629</b>	<b>10,020</b>
Non-Operating Income/(Expense)	(14)	(6)	(76)	(41)	(59)
<b>Profit Before Tax (pre-EI)</b>	<b>6,285</b>	<b>7,367</b>	<b>8,545</b>	<b>9,588</b>	<b>9,961</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>6,285</b>	<b>7,367</b>	<b>8,545</b>	<b>9,588</b>	<b>9,961</b>
Taxation	(1,353)	(1,637)	(2,670)	(2,141)	(2,224)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>4,932</b>	<b>5,730</b>	<b>5,876</b>	<b>7,446</b>	<b>7,737</b>
Minority Interests	(61)	(73)	(85)	(95)	(99)
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
<b>Net Profit</b>	<b>4,872</b>	<b>5,657</b>	<b>5,791</b>	<b>7,351</b>	<b>7,638</b>
Recurring Net Profit	5,251	5,721	5,791	7,351	7,638

### Balance Sheet Employment

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Gross Loans/Cust Deposits	94.5%	94.1%	93.0%	92.7%	93.2%
Avg Loans/Avg Deposits	94.0%	94.3%	93.5%	92.8%	93.0%
Avg Liquid Assets/Avg Assets	20.8%	21.4%	21.9%	22.8%	23.0%
Avg Liquid Assets/Avg IEAs	21.5%	22.0%	22.4%	23.3%	23.5%
Net Cust Loans/Assets	76.0%	76.5%	75.4%	74.8%	75.1%
Net Cust Loans/Broad Deposits	89.9%	89.8%	88.8%	88.5%	89.0%
Equity & Provs/Gross Cust Loans	14.5%	14.6%	14.6%	15.1%	15.5%
Asset Risk Weighting	65.1%	65.3%	65.3%	61.1%	61.3%
Provision Charge/Avg Cust Loans	0.000%	0.000%	0.246%	0.285%	0.316%
Provision Charge/Avg Assets	0.000%	0.000%	0.189%	0.216%	0.239%
Total Write Offs/Average Assets	0.107%	0.059%	0.494%	0.183%	0.274%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Gross Loans	345,651	358,027	374,384	391,638	409,674
Liquid Assets & Invst. (Current)	78,022	80,572	78,342	83,524	84,180
Other Int. Earning Assets					
<b>Total Gross Int. Earning Assets</b>	<b>423,673</b>	<b>438,599</b>	<b>452,727</b>	<b>475,161</b>	<b>493,854</b>
Total Provisions/Loan Loss Reserve	(2,848)	(3,974)	(2,799)	(3,026)	(3,234)
<b>Total Net Interest Earning Assets</b>	<b>420,825</b>	<b>434,624</b>	<b>449,927</b>	<b>472,136</b>	<b>490,620</b>
Intangible Assets	2,418	2,459	2,459	2,459	2,459
Other Non-Interest Earning Assets	8,114	8,125	8,023	8,321	8,418
<b>Total Non-Interest Earning Assets</b>	<b>10,531</b>	<b>10,585</b>	<b>10,483</b>	<b>10,780</b>	<b>10,877</b>
<b>Cash And Marketable Securities</b>	<b>19,901</b>	<b>17,531</b>	<b>32,452</b>	<b>36,527</b>	<b>40,053</b>
Long-term Investments	0	0	0	0	0
<b>Total Assets</b>	<b>451,257</b>	<b>462,740</b>	<b>492,862</b>	<b>519,443</b>	<b>541,550</b>
Customer Interest-Bearing Liabilities	365,871	380,394	402,620	422,492	439,596
Bank Deposits	15,242	13,724	15,689	16,450	17,249
Interest Bearing Liabilities: Others	12,272	10,864	11,407	11,977	12,576
<b>Total Interest-Bearing Liabilities</b>	<b>393,385</b>	<b>404,982</b>	<b>429,716</b>	<b>450,920</b>	<b>469,421</b>
Bank's Liabilities Under Acceptances	1,123	1,224	1,295	1,359	1,414
Total Non-Interest Bearing Liabilities	8,321	7,109	8,685	9,793	9,378
<b>Total Liabilities</b>	<b>402,830</b>	<b>413,314</b>	<b>439,696</b>	<b>462,072</b>	<b>480,213</b>
<b>Shareholders' Equity</b>	<b>47,248</b>	<b>48,163</b>	<b>51,904</b>	<b>56,108</b>	<b>60,074</b>
Minority Interests	1,178	1,263	1,263	1,263	1,263
<b>Total Equity</b>	<b>48,427</b>	<b>49,425</b>	<b>53,167</b>	<b>57,371</b>	<b>61,337</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Income Growth	1.9%	10.9%	9.5%	8.6%	7.4%
Operating Profit Growth	1.6%	15.9%	11.7%	10.2%	8.5%
Pretax Profit Growth	(11.9%)	17.2%	16.0%	12.2%	3.9%
Net Interest To Total Income	63.5%	66.3%	65.6%	67.2%	66.6%
Cost Of Funds	1.81%	1.29%	1.32%	1.31%	1.31%
Return On Interest Earning Assets	3.32%	3.02%	3.11%	3.19%	3.21%
Net Interest Spread	1.51%	1.73%	1.79%	1.88%	1.91%
Net Interest Margin (Avg Deposits)	2.00%	2.23%	2.30%	2.43%	2.47%
Net Interest Margin (Avg RWA)	2.51%	2.79%	2.89%	3.13%	3.28%
Provisions to Pre Prov. Operating Profit	14.9%	14.0%	10.0%	8.9%	12.6%
Interest Return On Average Assets	1.62%	1.82%	1.89%	1.98%	2.01%
Effective Tax Rate	21.5%	22.2%	31.2%	22.3%	22.3%
Net Dividend Payout Ratio	51.8%	52.2%	50.0%	50.0%	50.0%
Return On Average Assets	1.10%	1.24%	1.21%	1.45%	1.44%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Loan growth (%)	4.6%	4.0%	4.6%	4.6%	4.6%
Gross impaired loan ratio (%)	0.4%	0.3%	0.6%	0.7%	0.8%
Loan loss coverage (%)	227.7%	360.7%	127.4%	108.2%	101.6%
Cost-to-income ratio (%)	34.6%	31.6%	30.2%	29.1%	28.4%
Non-interest income ratio (%)	24.9%	20.9%	21.7%	20.2%	20.7%
Common equity Tier-1 capital ratio (%)	14.3%	14.7%	14.7%	17.3%	17.8%
Stage-1 ECL coverage (%)	69.3%	66.9%	28.9%	19.1%	13.6%
Stage-2 ECL coverage (%)	78.4%	102.7%	57.6%	50.0%	48.2%
Stage-3 ECL coverage (%)	30.8%	60.0%	41.0%	39.1%	39.8%
Total provision over loans (%)	0.8%	1.1%	0.7%	0.8%	0.8%
Return on equity (%)	10.7%	11.9%	11.6%	13.6%	13.1%
Return on asset (%)	1.1%	1.2%	1.2%	1.5%	1.4%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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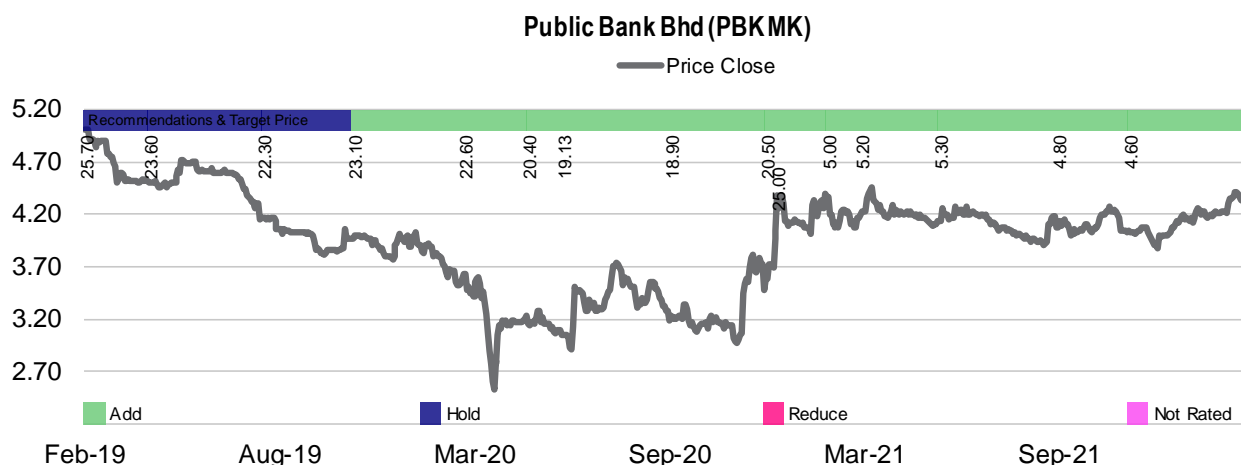
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%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

## Spitzer Chart for stock being researched ( 2 year data)



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

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

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

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

### Recommendation Framework

#### Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

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.

#### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

#### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.



