

Singapore

ADD (no change)

Consensus ratings*: Buy 16 Hold 5 Sell 0

Current price:	S\$11.99
Target price:	S\$15.50
Previous target:	S\$14.20
Up/downside:	29.3%
CGS-CIMB / Consensus:	13.2%
Reuters:	OCBC.SI
Bloomberg:	OCBC SP
Market cap:	US\$39,030m
	S\$53,889m
Average daily turnover:	US\$47.86m
	S\$66.29m
Current shares o/s:	4,496m
Free float:	79.8%

*Source: Bloomberg

Key changes in this note

- We raise FY22-24F EPS by c.5-13% to factor in stronger NIM expansion, softer wealth management income and lower credit costs.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	6.1	-3.2	-2.1
Relative (%)	1	-0.1	-5.4

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

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OCBC

Asset quality staying resilient

- Wealth management could remain lacklustre in 2H22F, but NII growth will likely offset this. We expect c.25bp yoy NIM growth in FY22F.
- Lowered FY22F credit cost guidance is a key positive. Onshore Mainland China real estate book (<1% of loans) is stress-tested and resilient.
- Reiterate Add with higher GGM-based TP of S\$15.50 as we factor in the more aggressive NIM expansion. Attractive entry point at c. 1.1x FY22F P/BV.

Recession not on the cards for Singapore

In management's view, a recession is not on the cards for Singapore at this juncture and regional markets are on a steadier recovery plan. OCBC expects economic growth in Asia to remain positive in 2H22, albeit at a slower pace. In terms of loan growth, the bank is on track to meeting its mid-single digit target for FY22F (1H22: +2.8% YTD). With NIM expansion coming in at a more aggressive pace than expected in 2Q22 (+16bp qoq), further NII upside from the more recent Fed rate hikes in Jun/Jul 22 should cushion softer non-II in 2H22F. On non-II, wealth management income could stay lacklustre in 2H22F as customers remain risk-off amid sustained financial market volatility.

We expect NIMs to rise to c.1.79%/2.06% in FY22F/23F

OCBC's strong NIM expansion in 2Q22 was mainly a result of higher benchmark rates transmitting into higher asset yields, but with funding costs not yet having caught up. We understand that the transition to SORA-based loans (c.15% of SGD book in 2Q22) given the gradual phase-out of SIBOR/SOR loans had also contributed to NIM surprise given its quicker response time to Fed rate hikes (vs. SIBOR/SOR). That said, management guides that sequential qoq margin expansion may not be as large as 2Q22 as funding costs rise due to customers switching into higher-yielding fixed deposits (from CASA) and stiffer deposit rate competition amongst peers. OCBC's CASA ratio stood at 61% in 2Q22. Its 2Q22 exit NIM was c.1.8% (vs. 2Q22 quarterly NIM of c.1.71%). Factoring in the Fed rate increasing to c.3.5% by end-2022, a slight cut to c.3.25% by end-2023, and c.3% by end-2024, we raise our FY22F/23F/24F NIM estimates to c.1.79%/2.06%/2% (FY21: 1.54%).

Onshore Mainland China real estate loans are resilient

With asset quality staying benign in 2Q22, OCBC guides for its credit cost to trend towards the lower end of c.20-25bp in FY22F. While guidance is improved, this imputes higher (double-digit) credit costs in 2H22 (vs. 8bp in 1H22) to cater for potential macroeconomic headwinds such as persistent inflationary pressures ahead and sustained Russia-Ukraine war. Onshore Mainland China loans came up to c.2% of group loans in 2Q22 (c.S\$6bn). Of this portfolio, about one-third was real estate and most of these are to network clients (e.g. Singapore developer expanding into China). Having stress-tested this portfolio, OCBC is not seeing structural asset quality concerns but has nonetheless allocated some additional management overlays to reflect potential downside risks mentioned. We pen in c.18bp credit costs in FY22F to factor in its portfolio resilience (from c.25bp previously).

Financial Summary

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Net Interest Income (S\$m)	5,966	5,855	7,215	8,779	8,993
Total Non-Interest Income (S\$m)	4,173	4,741	4,590	4,904	5,243
Operating Revenue (S\$m)	10,139	10,596	11,805	13,683	14,235
Total Provision Charges (S\$m)	-2,043	-873	-433	-611	-644
Net Profit (S\$m)	3,586	4,858	6,017	7,275	7,432
Core EPS (S\$)	0.81	1.08	1.33	1.61	1.65
Core EPS Growth	(28.2%)	33.9%	23.3%	20.9%	2.2%
FD Core P/E (x)	14.85	11.10	9.00	7.44	7.28
DPS (S\$)	0.32	0.53	0.60	0.60	0.60
Dividend Yield	2.65%	4.42%	5.00%	5.00%	5.00%
BVPS (S\$)	10.24	10.70	11.43	12.44	13.49
P/BV (x)	1.17	1.12	1.05	0.96	0.89
ROE	8.0%	10.3%	12.0%	13.5%	12.7%
% Change In Core EPS Estimates			10.7%	13.1%	4.7%
CGS-CIMB/Consensus EPS (x)			1.11	1.16	1.10

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: OCBC - quarterly key statistics

S\$m	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	qoq %	yoy%	FY21	FY22F	yoy %
Income Statement															
Net interest income	1,626	1,483	1,421	1,436	1,441	1,461	1,461	1,492	1,503	1,700	13%	16%	5,855	7,215	23%
Insurance income (life + general)	157	282	264	196	470	254	311	299	330	423	28%	67%	1,334	1,446	8%
Fees and commissions (net)	546	440	501	517	585	563	569	528	522	477	-9%	-15%	2,245	1,907	-15%
Wealth management	291	205	252	250	321	288	297	248	256	215	-16%	-25%	1,310	825	-37%
Treasury income (and others)	136	388	312	301	387	249	175	179	258	216	-16%	-13%	983	1,055	7%
Non-interest income	864	1,142	1,118	1,049	1,473	1,111	1,099	1,058	1,140	1,179	3%	6%	4,741	4,590	-3%
Total income	2,490	2,625	2,539	2,485	2,914	2,572	2,560	2,550	2,643	2,879	9%	12%	10,596	11,805	11%
Total operating expenses	(1,109)	(1,107)	(1,098)	(1,125)	(1,149)	(1,138)	(1,188)	(1,289)	(1,205)	(1,253)	4%	10%	(4,764)	(5,069)	6%
Pre-provision operating profit (PPOP)	1,381	1,518	1,441	1,360	1,765	1,434	1,372	1,261	1,438	1,626	13%	13%	5,832	6,737	16%
Loan loss provision	(657)	(750)	(350)	(285)	(161)	(232)	(163)	(317)	(44)	(72)	64%	-69%	(873)	(433)	-50%
Profit before tax	863	904	1,218	1,180	1,787	1,390	1,387	1,116	1,623	1,772	9%	27%	5,680	7,089	25%
Tax	(164)	(117)	(216)	(75)	(286)	(230)	(163)	(143)	(267)	(208)	-22%	-10%	(648)	(886)	37%
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(174)	(186)	7%
Core net profit	698	788	1,028	1,131	1,501	1,160	1,224	973	1,356	1,481	9%	28%	4,858	6,017	24%
Overall stats/drivers															
NIM (%)	1.76%	1.60%	1.54%	1.56%	1.56%	1.58%	1.52%	1.52%	1.55%	1.71%			1.54%	1.79%	
qoq loan growth (net)	2.0%	-1.2%	0.4%	-0.7%	1.4%	1.4%	3.7%	1.7%	1.5%	1.3%			5.1%	6.2%	
Cost-income ratio	44.5%	42.2%	43.2%	45.3%	39.4%	44.2%	46.4%	50.5%	45.6%	43.5%			45.0%	42.9%	
Credit costs (bp) (calculated)	98	111	52	43	24	34	23	44	6	10			32	15	
CET-1 ratio	14.3%	14.2%	14.4%	15.2%	15.5%	16.1%	15.5%	15.5%	15.2%	n.a.			15.5%	n.a.	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Results comparison table

FYE Dec (S\$ m)	2Q22	2Q21	yoy % chg	1Q22	qoq % chg	FY21	FY20	yoy % chg	Prev. 2Q22F	Prev. FY22F	Comments
Net interest income	1,700	1,461	16.4	1,503	13.1	5,855	5,966	(1.9)	1,588	6,459	Above expectations. NIMs rose 16bp qoq to 1.71% (we expected c.9bp qoq).
Non-interest income	1,179	1,111	6.1	1,140	3.4	4,741	4,173	13.6	1,078	4,987	Above expectations due to stronger insurance income.
Total income	2,879	2,572	11.9	2,643	8.9	10,596	10,139	4.5	2,666	11,446	Above expectations.
Overhead expenses	(1,253)	(1,138)	10.1	(1,205)	4.0	(4,764)	(4,439)	7.3	(1,246)	(5,069)	In line.
Pre-provision profit	1,626	1,434	13.4	1,438	13.1	5,832	5,700	2.3	1,419	6,377	Above expectations.
Amortisation	(27)	(25)	8.0	(25)	8.0	(103)	(104)				
Loan loss provisions	(72)	(232)	(69.0)	(44)	63.6	(873)	(2,043)	(57.3)	(90)	(725)	In line.
Exceptionals	-	-	na	-	na	-	-	na	-	-	
Associates' contrib	245	213	15.0	254	(3.5)	824	612	34.6	212	890	
Pretax profit	1,772	1,390	27.5	1,623	9.2	5,680	4,165	36.4	1,515	6,438	Above expectations.
Tax	(208)	(230)	(9.6)	(267)	(22.1)	(648)	(437)	48.3	(182)	(805)	
Tax rate (%)	12	17		16		11	10		-	(197)	
Minority interests	-	-	#DIV/0!	-	#DIV/0!	(174)	(142)	22.5	-	(197)	
Net profit	1,564	1,160	34.8	1,356	15.3	4,858	3,586	35.5	1,333	5,436	Above expectations. ROE of 11% in 1H22.
Core net profit	1,564	1,160	34.8	1,356	15.3	4,858	3,586	35.5	1,333	5,436	
Core EPS (Scts)	1.0	28.2	(96.3)	0.9	12.0	80.2	111.7	(28.2)	n.a.	-	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Re-rating catalysts and downside risks

A firmer dividend policy (currently progressive with c.40-50% dividend payout ratio) and stronger-than-expected NIM momentum are re-rating catalysts. A significant deterioration in asset quality and, correspondingly, a downwards revision in credit cost guidance, are key downside risks.

Figure 3: Earnings changes

	New			Old			% chg		
	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
NIM (%)	1.79%	2.06%	2.00%	1.60%	1.78%	1.89%	+20bp	+28bp	+12bp
Net loan growth (%)	6.2%	5.5%	5.2%	7.0%	6.0%	5.2%	-0.8%pt	-0.5%pt	0%pt
NII (S\$m)	7,215	8,779	8,993	6,459	7,669	8,573	11.7%	14.5%	4.9%
Non-NII (S\$m)	4,590	4,904	5,243	4,987	5,229	5,484	-8.0%	-6.2%	-4.4%
Operating expenses (S\$m)	5,069	5,426	5,809	5,069	5,426	5,809	0.0%	0.0%	0.0%
Cost-to-income (%)	42.9%	42.5%	42.5%	44.3%	42.5%	42.5%	-1.3%pt	0%pt	0%pt
Provisions (S\$m)	433	611	644	725	772	815	-40.2%	-20.8%	-21.0%
Net profit (S\$m)	6,017	7,275	7,432	5,436	6,431	7,095	10.7%	13.1%	4.7%
EPS (Scts)	134	162	165	121	143	158	10.7%	13.1%	4.7%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: GGM valuation

GGM valuation	
COE	9.0%
Sustainable ROE	11.5%
LTG	2.0%
(ROE-LTG) - [a]	9.5%
(COE - LTG) - [b]	7.0%
Target P/BV (x) - [a]/[b]	1.35
FY22 BV (S\$)	11.49
Target price (S\$)	15.50

SOURCE: CSG-CIMB RESEARCH, COMPANY

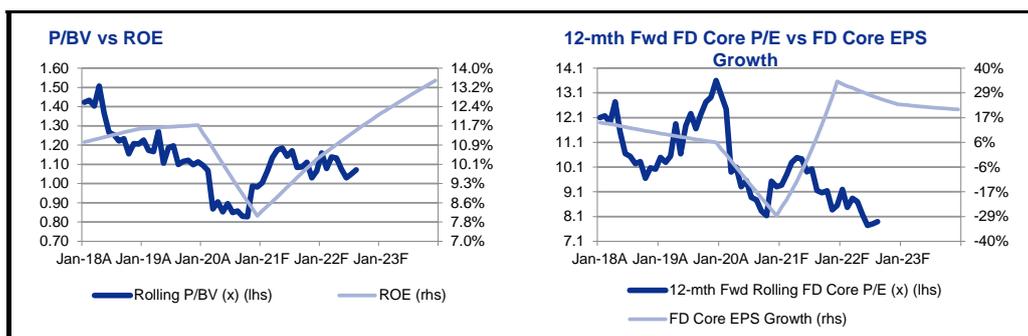
Figure 5: Sector Comparison

Company	Bbg Ticker	Recom.	Price (local)	Tgt Price (local)	Mkt Cap (US\$ m)	3-year EPS CAGR (%)	P/BV (x)			Recurr. ROE (%)			P/POPS (x)			Div Yield (%)		
							CY22F	CY23F	CY24F	CY22F	CY23F	CY24F	CY22F	CY23F	CY24F	CY22F	CY23F	CY24F
DBS Group	DBS SP	Add	32.33	40.20	60,261	14.1%	1.40	1.27	1.15	14.1%	15.7%	15.2%	9.1	7.1	6.5	4.5%	4.5%	4.5%
OCBC	OCBC SP	Add	11.99	14.20	39,030	12.4%	1.06	0.99	0.92	11.0%	12.2%	12.5%	8.6	7.3	6.6	5.0%	5.0%	5.0%
United Overseas Bank	UOB SP	Add	27.78	35.60	33,694	16.7%	1.03	0.95	0.88	10.2%	12.5%	12.4%	7.4	6.1	5.7	4.5%	4.5%	4.5%
Singapore average						14.3%	1.18	1.09	1.00	11.9%	13.6%	13.5%	8.5	6.9	6.3	4.6%	4.6%	4.6%
Bank Central Asia	BBCA IJ	Hold	7,625	8,100	63,035	13.9%	4.25	3.90	3.58	17.3%	18.2%	18.6%	18.2	16.2	14.8	2.3%	2.7%	3.0%
Bank Danamon	BDMN IJ	Add	2,580	3,300	1,691	na	0.50	0.47	na	7.7%	8.4%	na	2.4	2.3	na	5.2%	6.0%	na
Bank Jago	ARTO IJ	Hold	11,000	9,825	10,221	95.2%	18.31	17.47	16.36	0.9%	4.9%	8.0%	318.6	110.4	59.8	0.0%	0.0%	0.1%
Bank Mandiri	BMRI IJ	Add	8,250	8,700	25,818	11.0%	1.87	1.77	1.67	16.5%	17.5%	17.9%	6.6	6.1	5.8	5.2%	5.8%	6.3%
Bank Negara Indonesi	BBNI IJ	Add	8,125	8,710	10,161	28.0%	1.04	0.94	0.86	11.5%	12.9%	13.6%	4.8	4.4	4.1	3.0%	4.6%	6.1%
Bank Permata	BNLI IJ	Reduce	1,185	1,500	2,862	na	0.94	0.89	na	3.9%	4.8%	na	8.6	7.9	na	0.0%	0.0%	na
Bank Rakyat Indonesi	BBRI IJ	Add	4,380	5,000	44,516	18.4%	2.16	2.06	1.96	14.5%	16.0%	18.0%	8.5	7.8	6.7	5.4%	6.4%	7.6%
Bank Tabungan Nega	BBTN IJ	Add	1,490	2,100	1,058	14.4%	0.67	0.60	0.54	11.7%	12.4%	13.0%	2.5	2.3	2.1	3.3%	3.9%	4.5%
Bank Tabungan Pensi	BTPN IJ	Hold	2,530	2,500	1,383	na	0.66	na	na	7.2%	na	na	3.3	na	na	0.5%	na	na
Bank Tabungan Pensi	BTPS IJ	Hold	2,860	3,900	1,478	25.1%	2.61	2.18	1.79	22.8%	23.7%	25.7%	7.2	6.2	5.1	2.0%	2.4%	3.0%
Indonesia average						na	2.32	na	na	14.0%	na	na	9.7	na	na	3.5%	na	na
Affin Bank Berhad	ABANK MK	Add	2.12	2.17	1,053	3.2%	0.46	0.45	0.43	5.2%	5.7%	6.1%	4.8	4.8	4.3	4.3%	5.0%	5.6%
Alliance Bank Malaysi	ABMB MK	Hold	3.45	3.45	1,199	17.4%	0.77	0.71	0.67	11.1%	11.5%	11.7%	4.6	4.1	3.9	6.0%	6.7%	7.3%
AMMB Holdings	AMM MK	Add	3.88	4.28	2,883	7.2%	0.73	0.69	0.65	9.8%	9.7%	9.7%	4.7	4.3	3.8	4.2%	5.4%	5.8%
Bank Islam Malaysia B	BIMB MK	Add	2.71	3.48	1,311	14.8%	0.82	0.77	0.73	7.7%	10.0%	10.9%	5.2	4.4	4.1	4.4%	6.3%	7.3%
Hong Leong Bank	HLBK MK	Add	20.80	23.30	10,119	9.4%	1.29	1.20	1.12	10.1%	10.3%	10.3%	12.5	11.6	10.7	2.9%	3.3%	3.6%
Malayan Banking Bhd	MAY MK	Add	8.83	10.00	23,721	5.0%	1.09	1.03	0.97	9.3%	9.6%	9.9%	7.5	6.8	6.2	4.8%	5.6%	6.0%
Public Bank Bhd	PBK MK	Add	4.61	5.07	20,083	8.6%	1.72	1.59	1.49	11.9%	13.8%	13.3%	9.3	8.4	7.7	3.3%	4.2%	4.3%
RHB Bank Bhd	RHBBANK MK	Add	5.85	7.70	5,530	8.9%	0.75	0.69	0.64	9.3%	10.7%	10.7%	5.2	4.5	4.1	5.6%	7.4%	8.0%
Malaysia average						8.2%	1.14	1.06	1.00	9.8%	10.6%	10.7%	7.7	7.0	6.4	4.1%	5.0%	5.3%
Bangkok Bank	BBL TB	Add	131.5	164.0	6,927	na	0.51	0.49	na	6.2%	6.7%	na	4.0	3.7	na	3.8%	3.8%	na
Kasikornbank	KBANK TB	Add	145.0	170.0	9,481	na	0.69	0.65	na	8.2%	8.4%	na	3.6	3.5	na	3.4%	4.1%	na
Kiatnakin Phatra Bank	KKP TB	Hold	65.00	59.00	1,519	na	1.13	1.10	na	13.1%	13.6%	na	4.3	4.1	na	6.5%	8.1%	na
Krung Thai Bank	KTB TB	Hold	15.70	12.70	6,055	na	0.59	0.57	na	5.9%	5.9%	na	3.4	3.2	na	3.5%	3.7%	na
Krungthai Card	KTC TB	Reduce	57.75	42.00	4,109	na	4.89	4.19	na	25.2%	26.0%	na	10.0	9.2	na	2.0%	2.4%	na
Muangthai Capital	MTC TB	Add	48.75	67.00	2,852	20.2%	3.44	2.79	2.30	22.0%	23.3%	22.3%	11.8	9.4	8.1	0.9%	1.1%	4.4%
SCB X	SCB TB	Add	100.5	119.0	9,339	na	0.75	0.72	na	8.3%	8.9%	na	3.8	3.6	na	5.0%	5.5%	na
Srisawad Corporation	SAWAD TB	Add	50.75	69.00	1,923	11.2%	2.55	2.26	2.00	19.9%	20.7%	21.4%	10.5	8.9	7.8	3.7%	4.3%	5.0%
Tisco Financial Group	TISCO TB	Hold	89.00	101.0	1,966	na	1.72	1.67	na	17.1%	17.8%	na	6.4	6.0	na	8.7%	9.0%	na
TMBThanachart Bank	TTB TB	Add	1.17	1.33	3,120	na	0.51	0.48	na	6.6%	6.9%	na	2.7	2.6	na	5.1%	5.6%	na
Thailand average						na	0.78	0.73	na	8.0%	8.4%	na	4.2	4.0	na	4.0%	4.4%	na

SOURCES: CSG-CIMB RESEARCH, COMPANY

Refinitiv ESG Scores	
	
     	
<p>ESG in a nutshell</p> <p>OCBC scored C for its combined ESG score by Refinitiv in 2020, anchored mainly by its steady Social pillar (c.50% weightage on its ESG score) over the past three years. The bank is guided by its Responsible Investing Policy developed to integrate ESG considerations into investment decision-making, and has outlined sector-specific policies to manage its ESG risks. While OCBC improved its Environmental pillar score in 2020 on the back of better resource use (environmental supply chain, energy efficiency, etc.), the effects on its overall ESG score were offset by a weaker Governance pillar score due to a lower proportion of independent board members. OCBC was the first bank in Singapore to assert its stance of no longer providing new financing of coal-fired power plants in 2019, and it has since raised its sustainable finance commitment target to S\$50bn by 2025 (having achieved S\$34bn by 2021).</p>	
<p>Keep your eye on</p> <p>OCBC has been flagged for controversy regarding product responsibility as the bank issued letters of credit supporting duplicate transactions in a case involving oil trader Hin Leong in Singapore. Nonetheless, OCBC won a favourable decision from the International Chamber of Commerce on the trade-finance dispute in relation to the collapsed oil trader. Hin Leong Trading is currently being investigated for fraudulent transactions.</p> <p>Apart from this, OCBC was also flagged for controversy surrounding phishing scams involving its customers in Dec 2021. The bank reported that a total of S\$13.7m was lost in relation to the scams. OCBC made full goodwill payouts to the affected customers. The Monetary Authority of Singapore (MAS) imposed additional capital requirements of c.S\$330m on OCBC given the deficiencies in the bank's response to the SMS phishing scams. The additional capital requirement will be reviewed when the MAS is satisfied that OCBC has addressed all deficiencies identified in its internal controls process.</p>	<p>Implications</p> <p>While court proceedings are still ongoing, the collapse of Hin Leong Trading is related to charges including cheating, conspiracy to commit forgery, and abetment of forgery of a valuable security against its founder amid sharp swings in crude oil prices. This incidence is one-off, and we believe does not implicate OCBC's underwriting standards. As such, this issue is not factored into our valuations.</p> <p>On its controversy regarding the phishing scam, OCBC engaged an independent firm to review its systems and processes. Deficiencies were noted in the bank's mitigation of identified risks, pre- and post-transaction controls, incident management and complaints handling, resulting in delays in containment measures and customer response time. The deficiencies identified are in line with MAS's assessment and the bank is in the process of addressing them. We expect the MAS to remove the additional capital requirement in due course.</p>
<p>ESG highlights</p> <p>Refinitiv ranked OCBC slightly weaker than peers (DBS: B+, UOB: B+). Apart from the controversies above, OCBC's softer score was largely due to weaker Environmental and Social pillar scores which carry weightages of c.14% and c.50%, respectively, on its ESG score.</p> <p>On the Environmental front, OCBC's peers had been more progressive in targeting CO2 emissions and environmental product innovation, which led to better scores. On the Social front, its peers were ahead with introduction and implementation of policies focused on child labour, forced labour, and fair competition.</p>	<p>Implications</p> <p>OCBC fares well in its Governance pillar, sustaining its score over the past five years. Notably, metrics on gender diversity of the board and executive members had improved yoy.</p> <p>We view OCBC as having sound corporate governance given its lack of governance-related controversies, and believe that this could be valued at a premium by some investors.</p>
<p>Trends</p> <p>OCBC significantly improved its Environmental pillar score to B- in 2020, from D in 2019. Among the key contributors to this are its energy efficiency targets, environmental supply chain policies, and environmental material sourcing.</p>	<p>Implications</p> <p>We believe OCBC's Environmental pillar score will improve as the bank adopts practices to reduce its CO2 emissions. The rollout of environmentally-innovative products could also attract more interest from funds with an ESG focus.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS

Profit & Loss

(\$m)	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Net Interest Income	5,966	5,855	7,215	8,779	8,993
Total Non-Interest Income	4,173	4,741	4,590	4,904	5,243
Operating Revenue	10,139	10,596	11,805	13,683	14,235
Total Non-Interest Expenses	-4,543	-4,867	-5,173	-5,531	-5,915
Pre-provision Operating Profit	5,596	5,729	6,633	8,152	8,321
Total Provision Charges	-2,043	-873	-433	-611	-644
Operating Profit After Provisions	3,553	4,856	6,200	7,541	7,676
Pretax Income/(Loss) from Assoc.	612	824	890	934	981
Operating EBIT (Incl Associates)	4,165	5,680	7,089	8,475	8,658
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	4,165	5,680	7,089	8,475	8,658
Exceptional Items					
Pre-tax Profit	4,165	5,680	7,089	8,475	8,658
Taxation	-437	-648	-886	-975	-996
Consolidation Adjustments & Others					
Exceptional Income - post-tax	0	0	0	0	0
Profit After Tax	3,728	5,032	6,203	7,500	7,662
Minority Interests	-142	-174	-186	-225	-230
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
Net Profit	3,586	4,858	6,017	7,275	7,432
Recurring Net Profit	3,586	4,858	6,017	7,275	7,432

Balance Sheet Employment

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Gross Loans/Cust Deposits	84.9%	82.3%	82.9%	82.9%	82.7%
Avg Loans/Avg Deposits	86.2%	83.5%	82.6%	82.9%	82.8%
Avg Liquid Assets/Avg Assets	17.8%	17.3%	16.7%	16.2%	15.6%
Avg Liquid Assets/Avg IEAs	27.3%	27.4%	26.5%	25.6%	24.8%
Net Cust Loans/Assets	50.5%	50.1%	50.9%	51.4%	51.6%
Net Cust Loans/Broad Deposits	81.2%	79.0%	79.5%	79.6%	79.4%
Equity & Provsns/Gross Cust Loans	18.6%	18.6%	18.6%	19.1%	19.6%
Asset Risk Weighting	41.8%	41.3%	42.0%	42.4%	0.0%
Provision Charge/Avg Cust Loans	0%	0%	0%	0%	0%
Provision Charge/Avg Assets	0%	0%	0%	0%	0%
Total Write Offs/Average Assets	0%	0%	0%	0%	0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(\$m)	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Total Gross Loans	300,056	313,115	330,867	347,660	364,395
Liquid Assets & Invst. (Current)	33,143	33,474	33,809	34,147	34,489
Other Int. Earning Assets					
Total Gross Int. Earning Assets	333,199	346,590	364,677	381,808	398,884
Total Provisions/Loan Loss Reserve	-3,702	-3,089	-3,282	-3,463	-3,644
Total Net Interest Earning Assets	329,497	343,500	361,395	378,344	395,240
Intangible Assets	4,837	4,837	4,837	4,837	4,837
Other Non-Interest Earning Assets	127,245	143,699	149,249	158,083	168,305
Total Non-Interest Earning Assets	132,082	148,536	154,086	162,920	173,142
Cash And Marketable Securities	59,816	60,892	61,990	63,112	64,257
Long-term Investments	0	0	0	0	0
Total Assets	521,395	552,929	577,471	604,376	632,639
Customer Interest-Bearing Liabilities	314,907	340,100	358,805	378,539	399,359
Bank Deposits	9,586	10,353	10,922	11,523	12,157
Interest Bearing Liabilities: Others	39,871	41,913	43,079	44,317	45,633
Total Interest-Bearing Liabilities	364,364	392,366	412,806	434,380	457,149
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	105,855	107,096	108,076	109,066	110,066
Total Liabilities	470,219	499,461	520,882	543,446	567,215
Shareholders' Equity	49,622	52,087	55,395	59,962	64,685
Minority Interests	1,554	1,380	1,194	969	739
Total Equity	51,176	53,467	56,589	60,930	65,424

Key Ratios

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Total Income Growth	(6.7%)	4.5%	11.4%	15.9%	4.0%
Operating Profit Growth	(8.6%)	2.4%	15.8%	22.9%	2.1%
Pretax Profit Growth	(28.2%)	36.4%	24.8%	19.5%	2.2%
Net Interest To Total Income	58.8%	55.3%	61.1%	64.2%	63.2%
Cost Of Funds	0.89%	0.41%	0.82%	0.95%	1.05%
Return On Interest Earning Assets	2.76%	2.18%	2.96%	3.44%	3.51%
Net Interest Spread	1.86%	1.77%	2.14%	2.48%	2.45%
Net Interest Margin (Avg Deposits)	1.93%	1.79%	2.06%	2.38%	2.31%
Net Interest Margin (Avg RWA)	2.77%	2.62%	3.06%	3.52%	7.02%
Provisions to Pre Prov. Operating Profit	36.5%	15.2%	6.5%	7.5%	7.7%
Interest Return On Average Assets	1.18%	1.09%	1.28%	1.49%	1.45%
Effective Tax Rate	10.5%	11.4%	12.5%	11.5%	11.5%
Net Dividend Payout Ratio	39.7%	49.3%	45.0%	37.2%	36.5%
Return On Average Assets	0.71%	0.90%	1.06%	1.23%	1.20%

Key Drivers

	Dec-20A	Dec-21F	Dec-22F	Dec-23F	Dec-24F
Net interest margin (%)	1.6%	1.5%	1.8%	2.1%	2.0%
Net interest income growth (%)	-5.8%	-1.9%	23.2%	21.7%	2.4%
Non-interest income growth (%)	-8.1%	13.6%	-3.2%	6.8%	6.9%
Cost-income ratio (%)	43.8%	45.0%	42.9%	42.5%	42.5%
Net loan growth (%)	0.5%	5.1%	6.2%	5.5%	5.2%
Deposit growth (%)	4.0%	8.0%	5.5%	5.5%	5.5%
Loans-deposits ratio (%)	83.7%	81.4%	82.0%	82.0%	81.8%

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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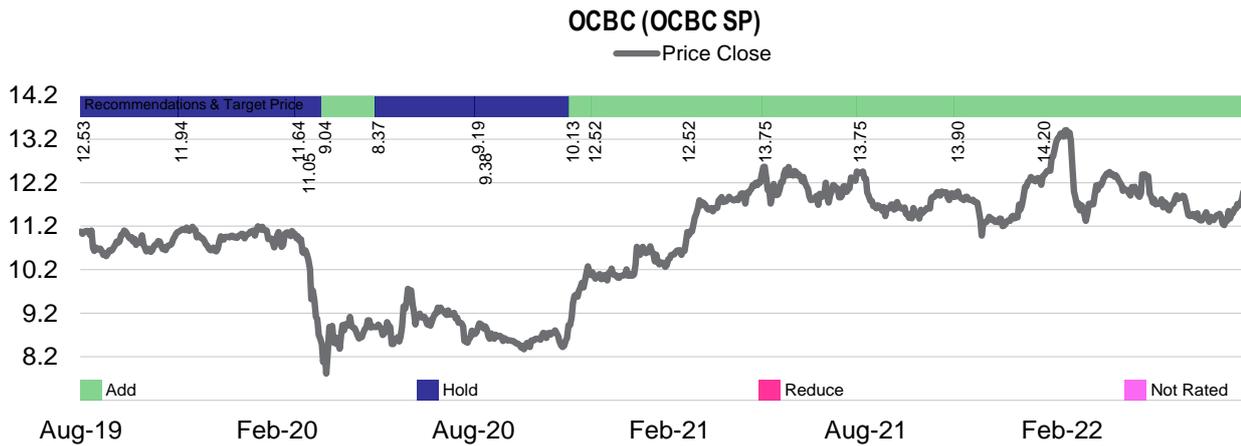
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2022		
643 companies under coverage for quarter ended on 30 June 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	68.4%	0.8%
Hold	24.6%	0.0%
Reduce	7.0%	0.2%

Spitzer Chart for stock being researched (2 year data)



Recommendation Framework

Stock Ratings

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

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

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