

Singapore

ADD (no change)

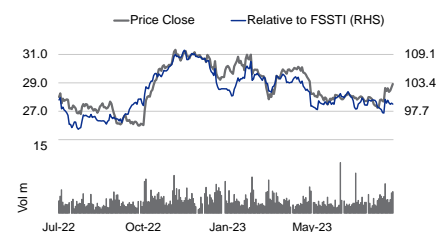
Consensus ratings*: Buy 7 Hold 7 Sell 1

Current price:	S\$28.92
Target price:	S\$33.30
Previous target:	S\$33.30
Up/downside:	15.1%
CGS-CIMB / Consensus:	6.4%
Reuters:	UOBH.SI
Bloomberg:	UOB SP
Market cap:	US\$36,498m
	S\$48,419m
Average daily turnover:	US\$57.28m
	S\$76.71m
Current shares o/s:	1,672m
Free float:	85.6%

*Source: Bloomberg

Key changes in this note

- ▶ We adjust FY23-25F EPS by 0-2% as we raise NIMs slightly (FY23F NIM raised by 2bp to 2.16%) to incorporate the latest US Fed Funds rate hike, and factor in higher credit costs in view of potential weakening in borrower repayment capacities.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.3	-0.7	3.3
Relative (%)	0.2	-2.4	-0.8

Major shareholders	% held
Wee Investments Pte Ltd	7.7
Wah Hin & Co Pte Ltd	5.0
Vanguard Group	2.0

Analyst(s)



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United Overseas Bank

Swift Citi integration

- Management is optimistic about NIM upside given the current US Fed Funds rate trajectory. A rebound in CASA further eases funding cost concerns.
- Citi integration progressing well; c.41-42% CTI is in view as one-off costs roll off at end-FY23. No systemic asset quality risks raised; UOB is watchful.
- Reiterate Add with GGM-based TP unchanged. Rising NIM momentum is a re-rating catalyst. We raise FY23F DPS to S\$1.85; its c.6% yield is attractive.

Some NIM upside ahead as Fed Funds rate hikes filter to it books

Milder-than-expected NIM compression in 2Q23 (-2bp qoq to 2.12%), and a higher 2.14% NIM at end-Jun (2Q23 average: 2.12%) were the pleasant surprises in this set of results. Factoring in the US Fed Funds rate (FFR) hike on 27 Jul, UOB had turned more positive on its NIM outlook in 2H23F and guides that NIMs should stabilise in the short term, with some possible upside in 2H23F. 2Q23 loan yields had improved on the back of the three FFR hikes in 1H23, though overall NIM was weighed down by excess funds placed out in short-term Singapore treasury bills. The CASA rebound in 2Q23 should further ease funding costs, holding NIMs stable in 2H23F at least at current levels, in our view.

Targeting wealth management as the next key earnings driver

Notwithstanding the NIM positivity, UOB toned down its fee income guidance for FY23 (from double-digit growth to high single-digit) mainly to account for softer wealth management performance amid weak market sentiment. Net new money inflows stayed resilient at +S\$11bn in 1H23 (FY22: +S\$15bn), bringing UOB's total asset under management (AUM) to S\$165bn at end-Jun 23. We think the strong AUM inflows set a firm foundation to drive wealth management earnings when risk-on sentiment returns, likely when FFR hike newsflow recedes. Persistent market volatility, hampering the return of risk-on sentiment, is a downside risk.

UOB guides c.25bp credit costs in 2H23F as interest rates stay high

The rise in its credit costs to c.30bp in 2Q23 (vs. its c.20-25bp guidance) was attributable to its exposure to a manufacturing company in Thailand that was affected by fraud. UOB has made full provisions for this exposure. Although management reports that it had not identified any systemic risks in its portfolio, it now guides for c.25bp credit costs in 2H23F to reflect the current operating environment vis-à-vis higher interest rates. We raise FY23F credit costs to c.27bp (from c.25bp previously) to factor in the elevated risk of borrower repayment disruptions. UOB remains watchful on the commercial real estate segment.

Citi integration costs to drop off by end-FY23; CTI may improve

UOB guides that the bulk of the related costs (c.S\$300m-400m) should roll off by end-FY23 as the integration in Malaysia and Indonesia completes, placing it on track towards c.41-42% cost-to-income (CTI) ratio in 2024 (c.44% currently). Operational delays in integrating the rest of Citi's franchise is a downside risk. We raise FY23-24F DPS to S\$1.85 (from S\$1.65-1.75 previously), in line with UOB's 50% dividend payout ratio policy. We think that its current c.6% dividend yield is attractive, positioning UOB well as a yield play.

Financial Summary

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Net Interest Income (S\$m)	6,388	8,343	9,768	9,701	9,773
Total Non-Interest Income (S\$m)	3,401	3,232	4,148	4,179	4,502
Operating Revenue (S\$m)	9,789	11,575	13,916	13,880	14,275
Total Provision Charges (S\$m)	(863.2)	(567.4)	(872.7)	(671.0)	(710.0)
Net Profit (S\$m)	3,869	4,855	6,244	6,203	6,355
Core EPS (S\$)	2.31	2.90	3.73	3.70	3.80
Core EPS Growth	32.5%	25.4%	28.5%	(0.7%)	2.5%
FD Core P/E (x)	12.50	9.97	7.76	7.81	7.62
DPS (S\$)	1.20	1.35	1.85	1.85	1.90
Dividend Yield	4.15%	4.67%	6.40%	6.40%	6.57%
BVPS (S\$)	25.50	25.90	27.58	29.31	31.19
P/BV (x)	1.13	1.12	1.05	0.99	0.93
ROE	9.3%	11.3%	13.9%	13.0%	12.5%
% Change In Core EPS Estimates			2.16%	(0.00%)	1.48%
CGS-CIMB/Consensus EPS (x)			1.11	1.06	1.03

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 1: Earnings summary table

S\$m															
Income Statement	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	qoq %	yoy %	FY22	FY23F	yoy %
Net interest income	1,529	1,578	1,604	1,677	1,686	1,863	2,234	2,560	2,409	2,437	1%	31%	8,343	9,768	17%
Fee and commission income	638	595	589	589	572	567	519	485	552	524	-5%	-8%	2,143	1,936	-10%
Wealth management	239	201	199	184	160	147	131	125	156	142	-9%	-3%	536	579	8%
Treasury income	246	183	192	110	44	214	369	203	474	478	1%	123%	1,064	851	-20%
Non-interest income	957	839	848	757	673	840	943	770	1,115	1,105	-1%	32%	3,232	4,148	28%
Total income	2,486	2,417	2,453	2,434	2,359	2,702	3,184	3,330	3,524	3,542	1%	31%	11,575	13,916	20%
Total operating expenses	(1,089)	(1,057)	(1,072)	(1,095)	(1,058)	(1,184)	(1,357)	(1,418)	(1,440)	(1,448)	1%	22%	(5,281)	(5,786)	10%
Preprovision operating profit (PPOP)	1,397	1,360	1,381	1,339	1,301	1,519	1,827	1,912	2,083	2,093	0%	38%	6,294	8,130	29%
Loan loss provision	(201)	(182)	(163)	(112)	(178)	(137)	(104)	(184)	(169)	(365)	116%	166%	(603)	(873)	45%
Profit before tax	1,228	1,216	1,247	1,246	1,152	1,405	1,741	1,753	1,936	1,754	-9%	25%	5,785	7,353	27%
Tax	(220)	(207)	(200)	(229)	(246)	(292)	(338)	(355)	(425)	(175)	-59%	-40%	(1,202)	(1,397)	16%
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(10)	(12)	19%
Core net profit	1,008	1,009	1,046	1,017	906	1,113	1,403	1,398	1,577	1,507	-4%	35%	4,819	6,244	30%
Overall stats/drivers															
NIM (%)	1.57%	1.56%	1.55%	1.56%	1.58%	1.67%	1.95%	2.22%	2.14%	2.12%			1.86%	2.16%	
Loan growth	5.8%	2.0%	2.4%	1.5%	3.0%	0.6%	0.4%	-1.2%	-1.1%	-0.4%			2.8%	2.2%	
Cost-to-income ratio	43.8%	43.7%	43.7%	45.0%	44.8%	43.8%	42.6%	42.6%	40.9%	40.9%			45.6%	41.6%	
Credit cost (bp of loans, calculated)	29	26	20	12	19	22	17	22	24	30			18	27	
CET-1 ratio	14.3%	14.2%	13.5%	13.5%	13.1%	13.1%	12.8%	13.3%	14.0%	13.6%			13.3%	n.a.	

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: Earnings changes

	New			Old			% chg		
	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
NIM (%)	2.16%	2.08%	2.00%	2.14%	2.08%	2.00%	+2bp	0bp	0bp
Net loan growth (%)	2.2%	5.4%	6.3%	3.3%	5.4%	6.3%	-1.1%pt	0%pt	0%pt
NII (\$\$m)	9,768	9,701	9,773	9,698	9,786	9,856	0.7%	-0.9%	-0.9%
Non-NII (\$\$m)	4,148	4,179	4,502	3,995	4,103	4,311	3.8%	1.9%	4.4%
Operating expenses (\$\$m)	5,786	5,881	5,803	5,786	5,881	5,803	0.0%	0.0%	0.0%
Cost-to-income (%)	41.6%	42.4%	40.6%	42.3%	42.3%	41.0%	-0.7%pt	0%pt	-0.3%pt
Provisions (\$\$m)	873	671	710	813	678	718	7.4%	-1.1%	-1.1%
Net profit (\$\$)	5,944	6,003	6,355	5,812	6,003	6,263	2.3%	0.0%	1.5%
EPS	3.73	3.70	3.80	3.65	3.70	3.74	2.2%	0.0%	1.5%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Re-rating catalysts and downside risks ►

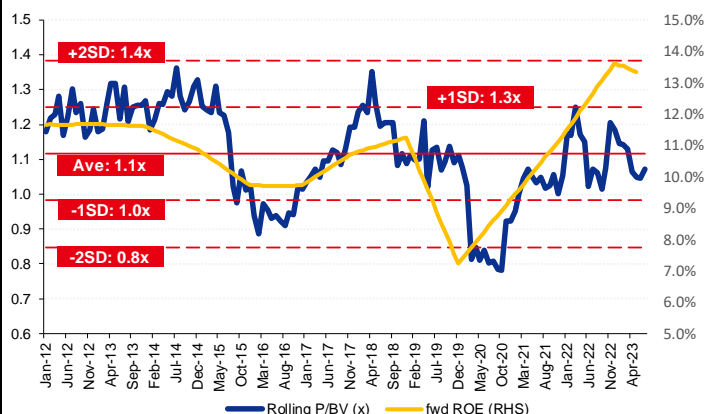
A quicker integration of and therefore earlier revenue contribution from Citi's retail franchise is a potential re-rating catalyst. A significant deterioration in asset quality as a result of the higher interest rate environment is a downside risk to our Add call. Persistent market volatility, hampering a return of risk-on sentiment and consequently, wealth management income growth, is also a downside risk.

Figure 3: GGM valuation

GGM valuation	
COE	11.1%
Sustainable ROE	13.0%
LTG	2.0%
(ROE-LTG) - [a]	11.0%
(COE - LTG) - [b]	9.1%
Target P/BV (x) - [a]/[b]	1.20
FY24 BVPS (\$\$)	27.65
Target price (\$\$)	33.30

SOURCE: CGS-CIMB RESEARCH, COMPANY

Figure 4: United Overseas Bank rolling P/BV (x) and 12M forward ROE **Figure 5: United Overseas Bank's rolling dividend yield (%)**




SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 6: Sector comparison

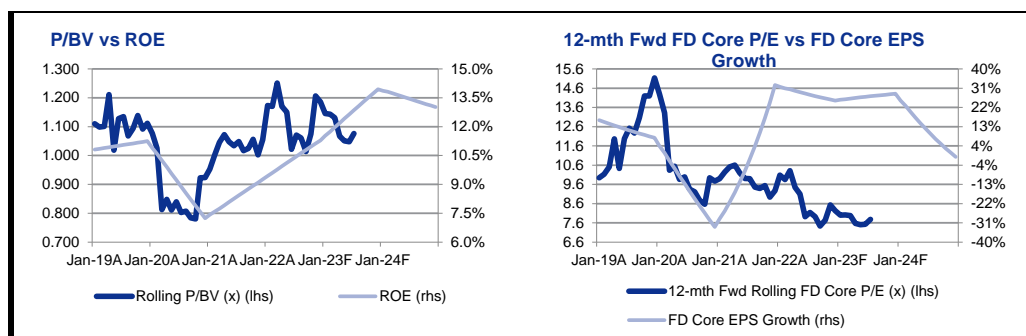
Company	Bbg Ticker	Recom.	Price (local)	Tgt Price (local)	Mkt Cap (US\$ m)	3-year EPS CAGR (%)	P/BV (x)			Recurr. ROE (%)			P/PPOPS (x)			Div Yield (%)		
							CY23F	CY24F	CY25F	CY23F	CY24F	CY25F	CY23F	CY24F	CY25F	CY23F	CY24F	CY25F
DBS Group	DBS SP	Hold	33.76	35.30	65,634	8.0%	1.45	1.34	1.26	17.4%	15.9%	15.1%	7.4	7.5	7.3	5.2%	5.9%	6.6%
OCBC	OCBC SP	Add	13.07	13.50	44,285	8.1%	1.07	1.01	0.96	13.2%	12.3%	11.7%	7.4	7.6	7.5	6.1%	6.1%	6.5%
United Overseas Bank	UOB SP	Add	28.92	33.30	36,498	9.9%	1.04	0.98	0.92	13.6%	12.9%	12.3%	6.1	6.0	5.8	5.7%	6.1%	6.6%
Singapore average						8.5%	1.20	1.13	1.06	14.9%	13.8%	13.1%	7.0	7.1	6.9	5.6%	6.0%	6.6%
Bank Central Asia	BBCA IJ	Hold	9,225	9,900	75,814	10.5%	4.72	4.32	3.95	20.9%	20.2%	20.1%	17.9	16.7	15.4	2.5%	2.7%	2.9%
Bank Danamon	BDMN IJ	Add	3,200	3,300	2,085	na	0.59	na	na	8.4%	na	na	2.8	na	na	4.8%	na	na
Bank Jago	ARTO IJ	Add	3,010	3,200	2,780	180.8%	4.99	4.91	4.75	1.1%	1.6%	4.1%	54.6	38.7	26.7	0.0%	0.0%	0.1%
Bank Mandiri	BMRI IJ	Add	5,625	5,750	35,000	-1.2%	2.08	1.90	1.74	19.6%	19.6%	19.5%	6.2	5.9	5.2	5.4%	5.9%	6.4%
Bank Negara Indonesia	BBNI IJ	Add	8,900	11,300	11,065	14.2%	1.14	1.05	0.95	15.2%	15.8%	16.4%	4.7	4.3	3.9	6.4%	7.2%	8.2%
Bank Permata	BNLI IJ	Reduce	975.0	1,500	2,341	na	0.73	na	na	4.8%	na	na	6.5	na	na	0.0%	na	na
Bank Rakyat Indonesia	BBRI IJ	Add	5,650	6,000	57,087	11.1%	2.65	2.54	2.42	18.8%	19.5%	20.6%	9.1	8.3	7.5	5.8%	6.4%	7.0%
Bank Tabungan Negara	BBTN IJ	Add	1,310	1,700	1,226	0.8%	0.57	0.53	0.48	10.7%	10.4%	11.3%	2.1	2.1	1.9	3.4%	3.8%	4.5%
Bank Tabungan Pensi	BTPN IJ	Hold	2,730	2,500	1,468	na	na	na	na	na	na	na	na	na	na	na	na	na
Bank Tabungan Pensi	BTPT IJ	Add	2,130	3,170	1,094	16.7%	1.78	1.50	1.28	17.1%	23.4%	23.9%	4.8	4.3	3.8	4.3%	3.7%	5.7%
Indonesia average						na	na	na	na	na	na	na	na	na	na	na	na	na
Affin Bank Berhad	ABANK MK	Add	1.95	2.36	1,011	48.0%	0.42	0.40	0.39	5.3%	5.6%	6.0%	5.3	5.0	4.3	5.0%	5.5%	6.0%
Alliance Bank Malaysia	ABMB MK	Hold	3.50	3.85	1,198	8.7%	0.72	0.68	0.63	11.5%	11.7%	11.6%	4.2	3.9	3.7	6.6%	7.2%	7.6%
AMMB Holdings	AMM MK	Add	3.82	4.39	2,792	5.0%	0.68	0.64	0.60	9.7%	9.7%	9.6%	4.2	3.8	3.5	5.5%	5.9%	6.2%
Bank Islam Malaysia B	BIMB MK	Add	2.13	2.40	1,067	5.1%	0.69	0.67	0.65	7.6%	8.6%	8.8%	4.5	4.3	4.0	4.2%	5.1%	5.4%
Hong Leong Bank	HLBK MK	Add	19.60	25.30	9,392	7.1%	1.12	1.04	0.97	10.8%	10.6%	10.5%	11.1	10.3	9.6	3.6%	3.9%	4.2%
Malayan Banking Bhd	MAY MK	Add	8.99	10.30	23,955	8.2%	1.13	1.07	1.02	10.8%	10.6%	10.5%	7.2	6.6	6.3	5.4%	5.9%	6.1%
Public Bank Bhd	PBK MK	Add	4.11	5.10	17,635	8.1%	1.43	1.33	1.24	13.3%	13.1%	12.9%	8.4	7.7	7.4	4.3%	4.7%	5.0%
RHB Bank Bhd	RHBBANK MK	Add	5.68	7.62	5,382	13.1%	0.68	0.63	0.59	11.1%	10.4%	10.2%	4.6	4.4	4.1	7.4%	7.9%	8.4%
Malaysia average						9.0%	1.05	0.98	0.93	11.0%	10.8%	10.7%	7.1	6.5	6.2	5.0%	5.4%	5.7%
Bangkok Bank	BBL TB	Add	170.0	193.0	9,475	16.6%	0.61	0.57	0.54	7.1%	7.6%	7.8%	4.1	3.7	3.4	2.9%	4.1%	4.7%
Kasikornbank	KBANK TB	Add	125.0	168.0	8,647	12.2%	0.56	0.53	0.50	8.0%	8.2%	8.7%	2.9	2.8	2.6	4.8%	5.2%	6.0%
Kiatnakin Phatra Bank	KKP TB	Add	55.75	81.00	1,378	4.3%	0.76	0.71	0.65	11.7%	12.8%	12.2%	2.9	2.7	2.5	6.8%	7.2%	7.2%
Krung Thai Bank	KTB TB	Add	20.40	22.30	8,324	8.6%	0.70	0.65	0.61	9.6%	9.6%	9.4%	3.5	3.3	3.1	3.4%	3.4%	3.4%
Krungthai Card	KTC TB	Reduce	47.50	42.00	3,576	na	3.45	na	na	26.0%	na	na	7.5	na	na	2.9%	na	na
Muangthai Capital	MTC TB	Reduce	36.00	28.00	2,228	13.7%	2.40	2.05	1.75	15.6%	17.7%	18.3%	7.2	6.1	5.5	0.9%	1.2%	1.5%
SCB X	SCB TB	Add	111.0	145.0	10,912	13.1%	0.77	0.72	0.68	9.4%	9.5%	9.9%	4.1	3.9	3.7	5.0%	5.0%	5.4%
Srisawad Corporation	SAWAD TB	Reduce	48.50	49.00	1,944	12.4%	2.39	2.13	1.91	17.8%	19.2%	19.4%	8.7	7.5	6.5	3.5%	4.2%	4.8%
Tisco Financial Group	TISCO TB	Add	99.50	103.0	2,326	4.0%	1.82	1.78	1.71	16.1%	16.4%	17.4%	7.8	7.4	6.7	7.5%	7.8%	7.8%
TMBThanachart Bank	TTB TB	Add	1.69	1.44	4,775	na	0.72	0.69	na	6.1%	7.0%	na	4.5	4.1	na	3.3%	3.6%	na
Thailand average						na	0.78	na	na	8.9%	na	na	4.1	na	na	4.0%	na	na

SOURCES: CSG-CIMB RESEARCH ESTIMATES, COMPANY, BLOOMBERG DATA AS AT 27 JUL 23

 <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: #4CAF50; color: white; padding: 5px; text-align: center;">B+ <small>ESG Score</small></div> <div style="background-color: #4CAF50; color: white; padding: 5px; text-align: center;">A- <small>ESG Controversies Score</small></div> <div style="background-color: #4CAF50; color: white; padding: 5px; text-align: center;">B+ <small>ESG Combined Score</small></div> <div style="background-color: #4CAF50; color: white; padding: 5px; text-align: center;">A- <small>ESG Environment Pillar Score</small></div> <div style="background-color: #4CAF50; color: white; padding: 5px; text-align: center;">A- <small>ESG Social Pillar Score</small></div> <div style="background-color: #4CAF50; color: white; padding: 5px; text-align: center;">B- <small>ESG Governance Pillar Score</small></div> </div>	
<h2>ESG in a nutshell</h2> <p>UOB was given a B+ for its combined ESG score by Refinitiv in 2022, led by an A- Social pillar score (c.50% weightage of its combined ESG score). UOB outlined five guiding principles in its approach to sustainability, as well as four overarching strategies to incorporate ESG into its operations. UOB registered improvements in both its Social and Governance pillars, driven mainly by its human rights efforts, management, and CSR strategy. Meanwhile, UOB also launched Phase Two of Better U, the group's learning and development programme that is focused on improving employees' relevant skills. In 2020, it was included in the Bloomberg Gender-Equality Index for the 3rd consecutive year for its commitment to advancing workplace diversity.</p>	
<h3>Keep your eye on</h3> <p>In 2021, UOB was flagged for a controversy regarding product responsibility, where a staff fell for a scam and ended up disclosing information on 1,166 Chinese national customers in the process.</p>	<h3>Implications</h3> <p>We believe that UOB has since reviewed its internal control processes and implemented safeguards and protocols for its staff. We think this issue will not be viewed too negatively by the investment community as it is a one-off. However, additional security breaches may not be seen as lightly and could cast a shadow on its valuations.</p>
<h3>ESG highlights</h3> <p>According to data from Refinitiv, UOB stands strong among its peers, charging ahead in the Environmental pillar.</p> <p>UOB also ranks well in the Social pillar, largely due to its heavy emphasis on human rights. This is exhibited in its Responsible Financing Policy that prohibits the financing of companies involved in the exploitation of forced and child labour, as well as those in violation of rights of local or indigenous communities, among others.</p>	<h3>Implications</h3> <p>We think UOB is viewed favourably by market participants given that it is proactive in emphasising the importance of human rights issues. The implementation of its Responsible Financing Policy further highlights its commitment to sustainable investing. UOB may be valued at a premium when ESG mandates take off in a more material manner, in our view.</p>
<h3>Trends</h3> <p>From 2019 to 2022, UOB improved its Social scores from B+ to A- and maintained its Governance score at B-. Its Environmental score improved to A- (from B+) during this period.</p> <p>Its relative improvements in human rights, management and CSR categories were partially offset by relative deteriorations in emissions, workforce and environment innovation categories.</p>	<h3>Implications</h3> <p>While not explicitly factored into its valuations, we believe the progressive improvements in UOB's ESG pillars will be appreciated by ESG-centric investors and could warrant a premium to valuations when the marketplace becomes more discerning in terms of ESG adherence.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(\$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Net Interest Income	6,388	8,343	9,768	9,701	9,773
Total Non-Interest Income	3,401	3,232	4,148	4,179	4,502
Operating Revenue	9,789	11,575	13,916	13,880	14,275
Total Non-Interest Expenses	-4,313	-5,281	-5,786	-5,881	-5,803
Pre-provision Operating Profit	5,476	6,294	8,130	7,999	8,472
Total Provision Charges	-863	-567	-873	-671	-710
Operating Profit After Provisions	4,613	5,727	7,257	7,328	7,762
Pretax Income/(Loss) from Assoc.	118	94	96	98	100
Operating EBIT (incl Associates)	4,731	5,821	7,353	7,426	7,862
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	4,731	5,821	7,353	7,426	7,862
Exceptional Items					
Pre-tax Profit	4,731	5,821	7,353	7,426	7,862
Taxation	-850	-1,202	-1,397	-1,411	-1,494
Consolidation Adjustments & Others					
Exceptional Income - post-tax	0	246	300	200	0
Profit After Tax	3,881	4,865	6,256	6,215	6,368
Minority Interests	-12	-10	-12	-12	-13
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
Net Profit	3,869	4,855	6,244	6,203	6,355
Recurring Net Profit	3,869	4,855	6,244	6,203	6,355

Balance Sheet Employment

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Gross Loans/Cust Deposits	88.1%	86.7%	84.4%	84.7%	85.7%
Avg Loans/Avg Deposits	87.4%	87.4%	85.6%	84.6%	85.2%
Avg Liquid Assets/Avg Assets	29.3%	30.0%	30.5%	29.4%	28.4%
Avg Liquid Assets/Avg IEAs	33.5%	34.7%	36.6%	36.0%	34.9%
Net Cust Loans/Assets	66.8%	62.5%	60.8%	60.9%	61.6%
Net Cust Loans/Broad Deposits	83.3%	80.2%	78.1%	78.3%	79.3%
Equity & Provsns/Gross Cust Loans	13.7%	13.6%	14.1%	14.3%	14.3%
Asset Risk Weighting	56.4%	52.3%	50.4%	50.0%	50.1%
Provision Charge/Avg Cust Loans	0.259%	0.180%	0.270%	0.200%	0.200%
Provision Charge/Avg Assets	0.172%	0.118%	0.169%	0.123%	0.124%
Total Write Offs/Average Assets	0.194%	0.118%	0.169%	0.123%	0.124%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(\$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Gross Loans	349,716	355,073	362,543	380,359	402,295
Liquid Assets & Invst. (Current)	57,180	71,667	72,702	73,755	74,824
Other Int. Earning Assets					
Total Gross Int. Earning Assets	406,896	426,740	435,245	454,114	477,119
Total Provisions/Loan Loss Reserve	-4,087	-4,371	-4,546	-4,728	-4,917
Total Net Interest Earning Assets	402,809	422,369	430,700	449,386	472,202
Intangible Assets	4,145	4,900	4,900	4,900	4,900
Other Non-Interest Earning Assets	15,811	27,509	44,099	51,461	56,149
Total Non-Interest Earning Assets	19,956	32,409	48,999	56,361	61,049
Cash And Marketable Securities	36,558	49,419	50,407	51,416	52,444
Long-term Investments	0	0	0	0	0
Total Assets	459,323	504,197	530,106	557,162	585,696
Customer Interest-Bearing Liabilities	352,633	368,553	386,981	406,330	426,646
Bank Deposits	15,561	24,537	25,764	27,052	28,405
Interest Bearing Liabilities: Others	34,056	40,593	42,623	44,754	46,991
Total Interest-Bearing Liabilities	402,250	433,683	455,367	478,136	502,042
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	14,212	26,971	28,320	29,736	31,222
Total Liabilities	416,462	460,654	483,687	507,871	533,265
Shareholders' Equity	42,633	43,366	46,191	49,075	52,228
Minority Interests	228	240	228	216	203
Total Equity	42,861	43,606	46,419	49,291	52,431

Key Ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Income Growth	6.7%	18.2%	20.2%	(0.3%)	2.8%
Operating Profit Growth	9.7%	14.9%	29.2%	(1.6%)	5.9%
Pretax Profit Growth	33.8%	23.0%	26.3%	1.0%	5.9%
Net Interest To Total Income	65.3%	72.1%	70.2%	69.9%	68.5%
Cost Of Funds	0.47%	1.08%	1.65%	1.45%	1.26%
Return On Interest Earning Assets	2.10%	3.09%	3.96%	3.71%	3.42%
Net Interest Spread	1.63%	2.00%	2.32%	2.25%	2.17%
Net Interest Margin (Avg Deposits)	1.89%	2.31%	2.59%	2.45%	2.35%
Net Interest Margin (Avg RWA)	2.64%	3.19%	3.68%	3.55%	3.42%
Provisions to Pre Prov. Operating Profit	15.8%	9.0%	10.7%	8.4%	8.4%
Interest Return On Average Assets	1.43%	1.73%	1.89%	1.78%	1.71%
Effective Tax Rate	18.0%	20.7%	19.0%	19.0%	19.0%
Net Dividend Payout Ratio	51.9%	49.1%	52.1%	51.6%	50.1%
Return On Average Assets	0.87%	0.96%	1.15%	1.10%	1.11%

Key Drivers

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Net interest margin (%)	1.6%	1.9%	2.2%	2.1%	2.0%
Net interest income growth (%)	5.8%	30.6%	17.1%	-0.7%	0.7%
Non-interest income growth (%)	8.3%	-5.0%	28.3%	0.8%	7.7%
Cost-income ratio (%)	44.1%	45.6%	41.6%	42.4%	40.6%
Net loan growth (%)	10.6%	2.8%	2.2%	5.4%	6.3%
Deposit growth (%)	5.0%	5.0%	5.0%	5.0%	5.0%
Loans-deposits ratio (%)	87.0%	85.6%	83.3%	83.6%	84.6%

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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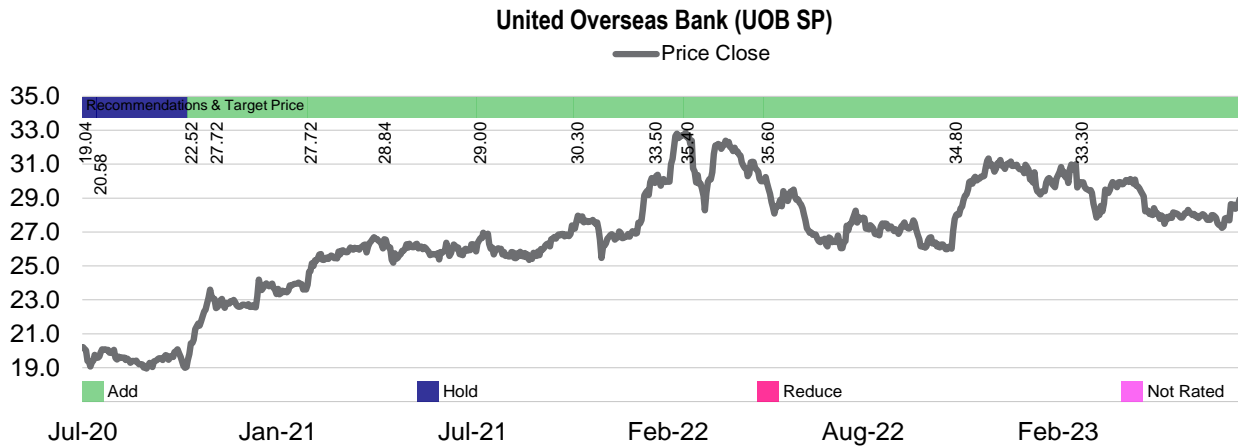
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2023		
632 companies under coverage for quarter ended on 30 June 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	65.3%	0.9%
Hold	25.8%	0.3%
Reduce	8.9%	0.0%

Spitzer Chart for stock being researched (2 year data)



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.