

Singapore

ADD (no change)

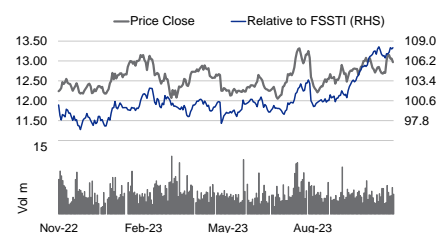
Consensus ratings*: Buy 11 Hold 5 Sell 2

Current price:	S\$12.97
Target price:	S\$14.00
Previous target:	S\$14.00
Up/downside:	7.9%
CGS-CIMB / Consensus:	-2.6%
Reuters:	OCBC.SI
Bloomberg:	OCBC SP
Market cap:	US\$42,869m
	S\$58,294m
Average daily turnover:	US\$41.11m
	S\$56.01m
Current shares o/s:	4,496m
Free float:	79.8%

*Source: Bloomberg

Key changes in this note

- We cut FY23-25F EPS by c.3-4% as we raise credit cost assumptions and tweak NIM expectations downwards, given higher-than-expected funding costs.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-0.2	-2.1	6
Relative (%)	2.7	4.4	8.1

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

Analyst(s)



Andrea CHOONG

T (65) 6210 8672

E andrea.choong@cgs-cimb.com

LIM Siew Khee

T (65) 6210 8664

E siewkhee.lim@cgs-cimb.com

OCBC

CET1 upside

- Systemic asset quality risks were not detected, but we expect credit costs to hover at current levels; sustained NIMs should still support yoy earnings.
- MAS's penalty of a 1.3x multiplier on OCBC's operational RWA has been lifted. We estimate a pro-forma c.30bp lift to its CET1 ratio in 4Q23F.
- Reiterate Add, with GGM-based TP unchanged. CET1 upside gives hope of higher DPS in 2H23F. Valuations are attractive at 1x FY24F P/BV.

Macroeconomic uncertainties may pressure credit cost

As macroeconomic uncertainties abound (inflationary pressures, geopolitical uncertainties, interest rate trajectory), OCBC's management said in its 3Q23 analyst briefing that it will only give its FY24F outlook statement at its 4Q23F earnings update in Feb 24 when business visibility improves. Management shared that it is on track towards its target of a revenue growing by c.S\$3bn over FY23-25F; it added that it had not detected any systemic risks in its portfolio at this point. Its total non-performing assets (NPAs) were lower qoq in 3Q23 from the recovery of two sizeable exposures — a real estate exposure in China (classified NPL in 3Q22) and a project-finance-related loan (turned NPL in 4Q21). That said, specific provisions (as reported) were considerably higher at 21bp in 3Q23 (vs. 6bp quarterly average over the past 4 quarters). OCBC shared that these weaknesses were broad-based in terms of sector and geography. To this end, we raise our FY23-25F credit cost (calculated based on total allowances) expectations to c.23-25bp (from c.20bp previously; 3Q23: c.25bp) as we bake in the more challenging operating conditions ahead.

1.3x multiplier penalty on operational RWA from MAS removed

A key takeaway from this briefing was that OCBC confirmed that the capital penalty — 1.3x multiplier on operational risk-weighted assets (RWA) imposed by the Monetary Authority of Singapore (MAS) in May 22 in relation to deficiencies in the bank's response to the SMS phishing scams in Dec 21 — had been lifted in Oct 23. On a pro-forma basis, we estimate that OCBC's CET1 would come up to a higher 15.1% (vs. 14.8% in 3Q23) with the removal of the penalty. We believe that this sets the scene for potentially higher-than-expected DPS in 2H23F. We have penciled in c.80Scts for FY23F (1H23: 40Scts declared) — in line with management's c.50% dividend payout guidance.

Higher-for-longer Fed rates should sustain NIMs in FY24F

We highlight that OCBC's updated NIM guidance of c.2.25% in FY23F (vs. above c.2.2% previously) implies weaker NIMs in 4Q23F, reflecting its expectations of higher funding costs to come amid potentially stiffer deposit-pricing competition (3Q23 exit NIM of 2.23% vs. 3Q23 quarterly NIM of 2.27%). Beyond 4Q23F, we think that margin stabilisation would largely depend on liquidity management, as most of its loans have already been repriced at higher interest rates over the past 18 months. That said, the higher-for-longer Fed rate scenario should sustain NIMs at c.2.1-2.2% in FY24F, in our view. Reiterate Add and TP. Asset quality deterioration given the elevated interest rates are a downside risk.

Financial Summary

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Net Interest Income (S\$m)	5,855	7,688	9,593	9,481	9,652
Total Non-Interest Income (S\$m)	4,741	3,987	4,006	4,276	4,572
Operating Revenue (S\$m)	10,596	11,675	13,599	13,757	14,224
Total Provision Charges (S\$m)	(873.0)	(584.0)	(682.6)	(761.6)	(796.3)
Net Profit (S\$m)	4,858	5,748	7,009	7,029	7,198
Core EPS (S\$)	1.08	1.27	1.55	1.56	1.59
Core EPS Growth	33.9%	17.8%	21.9%	0.3%	2.4%
FD Core P/E (x)	12.00	10.19	8.35	8.33	8.14
DPS (S\$)	0.53	0.68	0.80	0.85	0.85
Dividend Yield	4.09%	5.24%	6.17%	6.55%	6.55%
BVPS (S\$)	11.04	11.43	12.18	12.89	13.63
P/BV (x)	1.18	1.13	1.06	1.01	0.95
ROE	10.2%	11.3%	13.2%	12.4%	12.0%
% Change In Core EPS Estimates			(2.70%)	(4.27%)	(2.64%)
EPS/Consensus EPS (x)			0.98	0.97	0.97

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: OCBC – quarterly key statistics

S\$m	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23F	qoq %	yoy%	FY22	FY23F	yoy %
Income Statement												
Net interest income	1,503	1,700	2,099	2,386	2,338	2,389	2,456	3%	17%	7,688	9,593	25%
Insurance income (life + general)	330	208	370	66	238	262	220	-16%	-41%	1,189	946	-20%
Fees and commissions (net)	522	477	453	399	453	430	461	7%	2%	1,851	1,787	-3%
Wealth management	256	215	179	139	190	181	196	8%	9%	919	744	-19%
Treasury income (and others)	258	216	230	150	321	374	292	-22%	27%	744	1,273	71%
Non-interest income	1,140	964	1,053	615	1,012	1,066	973	-9%	-8%	3,987	4,006	0%
Total income	2,643	2,664	3,152	3,001	3,350	3,455	3,429	-1%	9%	11,675	13,599	16%
Total operating expenses	(1,205)	(1,304)	(1,269)	(1,299)	(1,244)	(1,329)	(1,278)	-4%	1%	(5,026)	(5,324)	6%
Pre-provision operating profit (PPOP)	1,438	1,360	1,883	1,702	2,106	2,126	2,151	1%	14%	6,649	8,276	24%
Loan loss provision	(44)	(72)	(154)	(314)	(110)	(252)	(184)	-27%	19%	(584)	(683)	17%
Profit before tax	1,623	1,506	1,959	1,585	2,231	2,098	2,195	5%	12%	6,939	8,515	23%
Tax	(267)	(208)	(354)	(279)	(352)	(388)	(385)	-1%	9%	(1,057)	(1,362)	29%
Non-controlling interests	-	-	-	-	-	-	-	-	-	(134)	(143)	7%
Core net profit	1,356	1,281	1,605	1,306	1,879	1,710	1,810	6%	13%	5,748	7,009	22%
Overall stats/drivers												
NIM (%)	1.55%	1.71%	2.06%	2.31%	2.30%	2.26%	2.27%			1.91%	2.26%	
qoq loan growth (net)	1.5%	1.3%	1.7%	-2.6%	-0.3%	1.1%	0.2%			1.8%	1.3%	
Cost-income ratio	45.6%	48.9%	40.3%	43.3%	37.1%	38.5%	37.3%			43.0%	39.1%	
Credit costs (bp) (calculated)	6	10	21	43	15	34	25			20	23	
CET-1 ratio	15.2%	14.9%	14.4%	15.2%	15.9%	15.4%	14.8%			15.2%	n.a.	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Re-rating catalyst and downside risk ➤

We reiterate Add as we look forward to a recovery in wealth management income as the likelihood of Fed rate hikes dissipate, as reflected in the financial markets' expectations via the Fed fund futures.

Our GGM-based TP is unchanged at S\$14 (ROE: 12%, cost of equity: 10.8%, LTG: 2%). Valuations are attractive, in our view – OCBC is currently trading at 1x FY24F P/BV, which is 1 s.d. below its 10-year mean. OCBC's dividend yield is trending at c.6%, which is over 2 s.d. above mean.

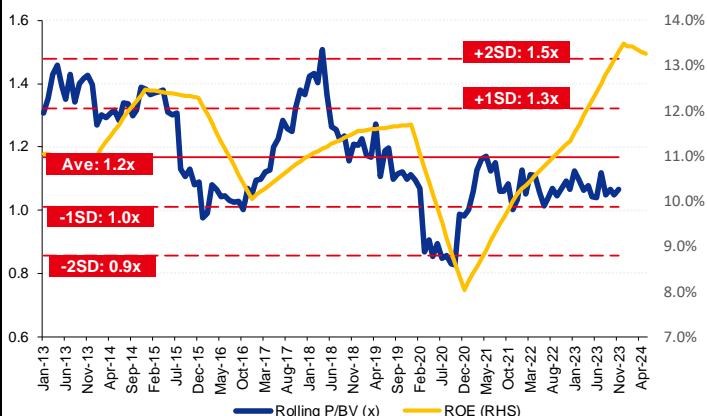
Stronger and sustainable treasury income and wealth management fees are key potential re-rating catalysts. A significant deterioration in asset quality as a result of the higher interest rate environment is a downside risk. A dilutive M&A (given its buffer of excess capital) could be another downside risk.

Figure 2: Earnings changes

	New			Old			% chg		
	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
NIM (%)	2.26%	2.20%	2.14%	2.27%	2.20%	2.14%	-1bp	-1bp	0bp
Net loan growth (%)	1.3%	4.0%	5.0%	3.2%	4.0%	4.3%	-1.9%pt	0%pt	+0.7%pt
NII (\$m)	9,593	9,481	9,652	9,434	9,483	9,602	1.7%	0.0%	0.5%
Non-NII (\$m)	4,006	4,276	4,572	4,461	4,655	4,859	-10.2%	-8.1%	-5.9%
Operating expenses (\$m)	5,324	5,628	5,913	5,466	5,777	6,066	-2.6%	-2.6%	-2.5%
Cost-to-income (%)	39.1%	40.9%	41.6%	39.3%	40.9%	42.0%	-0.2%pt	0%pt	-0.4%pt
Provisions (\$m)	683	762	796	599	621	647	13.9%	22.7%	23.1%
Net profit (\$m)	7,009	7,029	7,198	7,204	7,342	7,393	-2.7%	-4.3%	-2.6%
EPS (Scts)	156	156	160	160	163	165	-2.7%	-4.3%	-2.6%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: OCBC's P/BV (x) vs. forward ROE (%)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 4: OCBC's rolling dividend yield (%)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

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/PPOPS (x)			Div Yield (%)		
							CY23F	CY24F	CY25F	CY23F	CY24F	CY25F	CY23F	CY24F	CY25F	CY23F	CY24F	CY25F
DBS Group	DBS SP	Hold	33.17	35.30	62,984	9.0%	1.44	1.36	1.29	18.6%	16.8%	16.1%	6.9	6.9	6.8	6.7%	7.6%	8.1%
OCBC	OCBC SP	Add	12.97	14.00	42,917	9.3%	1.06	1.00	0.94	13.6%	12.9%	12.2%	7.0	7.1	7.1	6.2%	6.6%	6.6%
United Overseas Bank	UOB SP	Add	27.40	33.30	33,737	9.4%	0.99	0.93	0.88	14.5%	13.3%	12.4%	5.5	5.4	5.3	6.9%	6.9%	6.9%
Singapore average						9.2%	1.18	1.11	1.05	15.7%	14.5%	13.7%	6.6	6.5	6.4	6.6%	7.1%	7.4%
Bank Central Asia	BBCA IJ	Add	8,825	10,150	69,492	11.7%	4.50	4.11	3.75	21.2%	20.6%	20.6%	17.2	15.9	14.6	2.7%	2.9%	3.1%
Bank Jago	ARTO IJ	Hold	2,060	1,650	1,823	162.2%	3.43	3.38	3.29	0.8%	1.2%	3.4%	45.4	30.8	20.1	0.0%	0.0%	0.1%
Bank Mandiri	BMRI IJ	Add	5,775	6,850	34,430	0.7%	2.11	1.92	1.75	21.0%	20.6%	20.3%	6.2	5.8	5.2	5.7%	6.2%	6.6%
Bank Negara Indonesia	BBNI IJ	Add	4,860	5,900	11,579	14.2%	1.25	1.14	1.04	15.2%	15.8%	16.4%	5.1	4.7	4.3	5.9%	6.6%	7.6%
Bank Rakyat Indonesia	BBRI IJ	Add	5,075	6,100	49,132	11.5%	2.38	2.28	2.17	18.8%	19.6%	20.7%	7.9	7.2	6.6	6.5%	7.2%	7.9%
Bank Tabungan Negara	BBTN IJ	Add	1,215	1,700	1,089	0.8%	0.53	0.49	0.44	10.7%	10.4%	11.3%	1.9	2.0	1.7	3.6%	4.1%	4.9%
Bank Tabungan Pensi	BTSP IJ	Hold	1,705	1,960	839.0	7.6%	1.46	1.28	1.12	14.9%	18.4%	20.2%	3.9	4.0	3.6	5.4%	3.9%	5.4%
Indonesia average						12.2%	2.60	2.41	2.22	19.0%	19.1%	19.5%	9.0	8.3	7.5	4.6%	5.0%	5.6%
Affin Bank Berhad	ABANK MK	Add	2.06	2.26	1,030	44.3%	0.46	0.44	0.43	5.0%	5.3%	5.7%	6.0	5.7	4.9	4.3%	4.8%	5.2%
Alliance Bank Malaysia	ABMB MK	Hold	3.38	3.50	1,115	6.1%	0.72	0.67	0.63	10.2%	10.2%	10.2%	4.8	4.5	4.1	5.8%	6.3%	6.8%
AMMB Holdings	AMM MK	Add	3.87	4.39	2,730	3.1%	0.69	0.66	0.62	9.9%	9.9%	9.8%	4.8	4.3	3.9	5.3%	5.8%	6.1%
Bank Islam Malaysia B	BIMB MK	Add	2.21	2.40	1,067	5.4%	0.72	0.69	0.67	7.6%	8.6%	8.8%	4.7	4.4	4.2	4.1%	4.9%	5.2%
Hong Leong Bank	HLBK MK	Add	19.08	25.30	8,813	5.5%	1.13	1.01	0.94	11.4%	10.7%	10.5%	11.5	10.5	9.9	3.5%	4.0%	4.3%
Malayan Banking Bhd	MAY MK	Add	9.08	10.30	23,334	8.2%	1.14	1.08	1.03	10.8%	10.6%	10.5%	7.2	6.7	6.3	5.4%	5.8%	6.1%
Public Bank Bhd	PBK MK	Add	4.16	5.10	17,206	8.0%	1.44	1.35	1.26	13.3%	13.1%	12.9%	8.5	7.8	7.5	4.3%	4.7%	5.0%
RHB Bank Bhd	RHBBANK MK	Add	5.64	6.56	5,151	7.3%	0.69	0.64	0.60	10.2%	9.4%	9.3%	5.1	4.8	4.5	6.6%	7.1%	7.5%
Malaysia average						7.9%	1.06	1.00	0.94	10.9%	10.7%	10.6%	7.3	6.8	6.4	4.9%	5.3%	5.6%
Bangkok Bank	BBL TB	Add	157.0	193.0	8,419	16.6%	0.56	0.53	0.50	7.1%	7.6%	7.8%	3.8	3.4	3.2	3.2%	4.5%	5.1%
Kasikornbank	KBANK TB	Add	131.5	168.0	8,752	12.2%	0.59	0.56	0.53	8.0%	8.2%	8.7%	3.0	2.9	2.8	4.6%	4.9%	5.7%
Kiatnakin Phatra Bank	KKP TB	Add	49.75	81.00	1,183	4.3%	0.68	0.63	0.58	11.7%	12.8%	12.2%	2.6	2.4	2.2	7.6%	8.0%	8.0%
Krung Thai Bank	KTB TB	Add	19.00	22.30	7,460	8.6%	0.66	0.61	0.57	9.6%	9.6%	9.4%	3.3	3.1	2.9	3.7%	3.7%	3.7%
Muangthai Capital	MTC TB	Reduce	42.00	36.00	2,501	14.1%	2.79	2.38	2.02	15.9%	18.1%	18.6%	8.3	7.1	6.4	0.8%	1.1%	1.3%
SCB X	SCB TB	Add	97.75	145.0	9,246	12.1%	0.68	0.64	0.60	9.5%	9.7%	10.0%	3.4	3.3	3.1	5.6%	6.1%	7.2%
Srisawad Corporation	SAWAD TB	Reduce	46.25	49.00	1,784	12.4%	2.28	2.04	1.83	17.8%	19.2%	19.4%	8.3	7.1	6.2	3.7%	4.5%	5.0%
Tisco Financial Group	TISCO TB	Add	97.25	103.0	2,187	4.0%	1.78	1.74	1.67	16.1%	16.4%	17.4%	7.6	7.3	6.6	7.7%	8.0%	8.0%
Thailand average						11.6%	0.70	0.65	0.62	8.9%	9.3%	9.5%	3.7	3.4	3.2	4.4%	4.9%	5.4%

DATA AS AT 10 NOV 23

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG

ESG in a nutshell



OCBC scored C+ for its combined ESG score by Refinitiv in 2022. The bank is guided by its Responsible Investing Policy, which was developed to integrate ESG considerations into investment decision-making, and has outlined sector-specific policies to manage its ESG risks. 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 achieved its sustainable finance commitment target of S\$50bn by 2025F in Sep 23.

Keep your eye on

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.

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.

Implications

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 incident is a one-off, and we believe does not implicate OCBC's underwriting standards. As such, this issue is not factored into our valuations.

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 understand from management that the MAS has removed the additional capital requirement on OCBC in Oct 23.

ESG highlights

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 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.

Implications

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.

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.

Trends

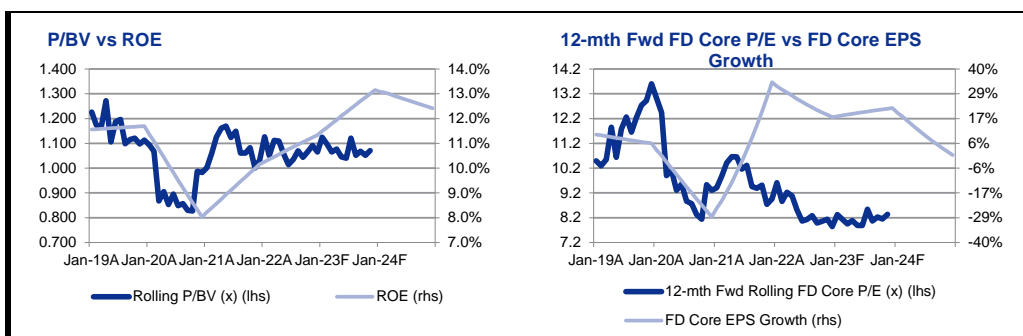
OCBC significantly improved its Environmental pillar score to B in 2023, from D in 2019. Among the key contributors to this are its energy efficiency targets, environmental supply chain policies, and environmental material sourcing.

Implications

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.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(\$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Net Interest Income	5,855	7,688	9,593	9,481	9,652
Total Non-Interest Income	4,741	3,987	4,006	4,276	4,572
Operating Revenue	10,596	11,675	13,599	13,757	14,224
Total Non-Interest Expenses	-4,867	-5,130	-5,429	-5,734	-6,020
Pre-provision Operating Profit	5,729	6,545	8,171	8,023	8,204
Total Provision Charges	-873	-584	-683	-762	-796
Operating Profit After Provisions	4,856	5,961	7,488	7,261	7,408
Pretax Income/(Loss) from Assoc.	824	978	1,027	1,078	1,132
Operating EBIT (incl Associates)	5,680	6,939	8,515	8,340	8,540
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	5,680	6,939	8,515	8,340	8,540
Exceptional Items					
Pre-tax Profit	5,680	6,939	8,515	8,340	8,540
Taxation	-648	-1,057	-1,362	-1,168	-1,196
Consolidation Adjustments & Others					
Exceptional Income - post-tax	0	0	0	0	0
Profit After Tax	5,032	5,882	7,153	7,172	7,344
Minority Interests	-174	-134	-143	-143	-147
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
Net Profit	4,858	5,748	7,009	7,029	7,198
Recurring Net Profit	4,858	5,748	7,009	7,029	7,198

Balance Sheet Employment

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Gross Loans/Cust Deposits	84.7%	84.3%	81.2%	80.1%	79.8%
Avg Loans/Avg Deposits	84.8%	84.5%	82.7%	80.7%	79.9%
Avg Liquid Assets/Avg Assets	16.9%	16.4%	16.4%	16.0%	15.5%
Avg Liquid Assets/Avg IEAs	26.3%	25.7%	26.4%	26.2%	25.5%
Net Cust Loans/Assets	52.8%	52.1%	50.7%	50.4%	50.7%
Net Cust Loans/Broad Deposits	81.6%	80.9%	78.1%	77.0%	76.7%
Equity & Provsns/Gross Cust Loans	18.2%	18.0%	18.9%	19.2%	19.3%
Asset Risk Weighting	41.5%	41.4%	40.9%	40.4%	39.8%
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%	0%	0%	0%	0%

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	315,510	325,224	329,158	341,531	357,490
Liquid Assets & Invst. (Current)	34,015	28,010	28,290	28,573	28,859
Other Int. Earning Assets					
Total Gross Int. Earning Assets	349,525	353,234	357,448	370,104	386,349
Total Provisions/Loan Loss Reserve	-3,767	-3,513	-3,295	-3,428	-3,601
Total Net Interest Earning Assets	345,758	349,721	354,152	366,675	382,748
Intangible Assets	4,774	4,643	4,643	4,643	4,643
Other Non-Interest Earning Assets	126,465	131,259	148,488	160,495	170,312
Total Non-Interest Earning Assets	131,239	135,902	153,131	165,138	174,955
Cash And Marketable Securities	65,190	74,333	75,768	77,234	78,733
Long-term Investments	0	0	0	0	0
Total Assets	542,187	559,956	583,052	609,048	636,436
Customer Interest-Bearing Liabilities	342,395	350,081	367,585	387,802	409,131
Bank Deposits	8,239	10,046	10,548	11,128	11,741
Interest Bearing Liabilities: Others	29,185	37,986	38,902	40,067	41,305
Total Interest-Bearing Liabilities	379,819	398,113	417,035	438,998	462,177
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	108,030	107,175	108,094	109,080	110,076
Total Liabilities	487,849	505,288	525,129	548,078	572,253
Shareholders' Equity	52,663	53,087	56,484	59,675	63,035
Minority Interests	1,675	1,581	1,438	1,295	1,148
Total Equity	54,338	54,668	57,922	60,970	64,183

Key Ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Income Growth	4.5%	10.2%	16.5%	1.2%	3.4%
Operating Profit Growth	2.4%	14.2%	24.8%	(1.8%)	2.3%
Pretax Profit Growth	36.4%	22.2%	22.7%	(2.1%)	2.4%
Net Interest To Total Income	55.3%	65.9%	70.5%	68.9%	67.9%
Cost Of Funds	0.42%	1.00%	2.14%	1.74%	1.26%
Return On Interest Earning Assets	2.18%	3.30%	5.15%	4.65%	4.05%
Net Interest Spread	1.75%	2.30%	3.01%	2.91%	2.79%
Net Interest Margin (Avg Deposits)	1.78%	2.22%	2.67%	2.51%	2.42%
Net Interest Margin (Avg RWA)	2.64%	3.37%	4.08%	3.91%	3.87%
Provisions to Pre Prov. Operating Profit	15.2%	8.9%	8.4%	9.5%	9.7%
Interest Return On Average Assets	1.10%	1.40%	1.68%	1.59%	1.55%
Effective Tax Rate	11.4%	15.2%	16.0%	14.0%	14.0%
Net Dividend Payout Ratio	49.3%	53.4%	51.5%	54.6%	53.3%
Return On Average Assets	0.91%	1.04%	1.23%	1.18%	1.16%

Key Drivers

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Net interest margin (%)	1.5%	1.9%	2.3%	2.2%	2.1%
Net interest income growth (%)	-1.9%	31.3%	24.8%	-1.2%	1.8%
Non-interest income growth (%)	13.6%	-15.9%	0.5%	6.7%	6.9%
Cost-income ratio (%)	45.0%	43.0%	39.1%	40.9%	41.6%
Net loan growth (%)	8.6%	1.8%	1.3%	4.0%	5.0%
Deposit growth (%)	8.7%	2.2%	5.0%	5.5%	5.5%
Loans-deposits ratio (%)	83.6%	83.3%	80.3%	79.2%	78.9%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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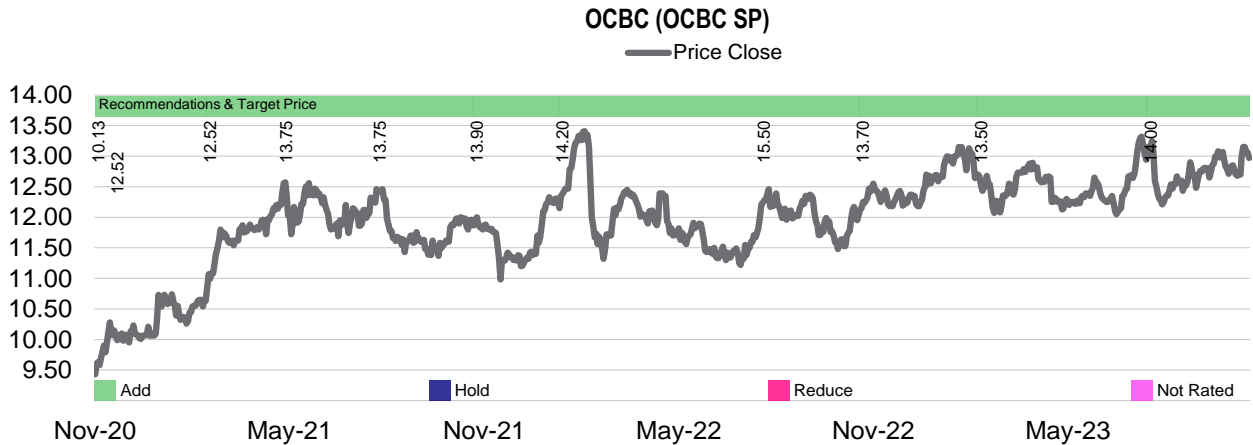
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2023		
634 companies under coverage for quarter ended on 30 September 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	66.7%	0.9%
Hold	23.7%	0.0%
Reduce	9.6%	0.2%

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.