

China

Neutral (no change)

Highlighted Companies

Bank of China

ADD, TP HK\$3.60, HK\$2.94 close

We like Bank of China's (BOC) exposure to higher-for-longer US rates via its HK subsidiary. We also like its inexpensive valuation (lowest FY23F P/BV ratio among the big four banks) and its high FY24F dividend yield of 10.2%.

China Construction Bank

ADD, TP HK\$5.70, HK\$4.52 close

We see CCB's FY24F P/E of 3.1x and FY24F P/BV of 0.33x, the lowest among the big-four China banks, coupled with its FY24F dividend yield of 9.7%, the highest among the big-four banks, as attractive.

China Merchants Bank

ADD, TP HK\$40.40, HK\$25.85 close

China Merchants Bank (CMB) is a sector preferred pick. We believe its better-than-peer FY22 ROE and net profit growth should be sustainable through to FY25F, driven by its robust retail banking operations.

Summary Valuation Metrics

P/E (x)	Dec-23F	Dec-24F	Dec-25F
Bank of China	3.62	3.50	3.33
China Construction Bank	3.18	3.09	2.93
China Merchants Bank	4.22	3.92	3.47

P/BV (x)	Dec-23F	Dec-24F	Dec-25F
Bank of China	0.36	0.33	0.31
China Construction Bank	0.35	0.33	0.30
China Merchants Bank	0.65	0.58	0.52

Dividend Yield	Dec-23F	Dec-24F	Dec-25F
Bank of China	8.81%	9.11%	9.58%
China Construction Bank	9.56%	9.85%	10.39%
China Merchants Bank	7.83%	8.43%	9.52%

Analyst(s)



Michael CHANG, CFA

T (852) 2539 1323

E michael.chang@cgs-cimb.com

Laura LI Zhiyi

T (852) 2532 1127

E laura.li@cgs-cimb.com

Banks

Consumption metrics tracker: No clear turn

- We track consumption-related metrics related to the financial sectors and see little sign at this point of time of a consumption turnaround.
- Monthly metrics tracked include mortgage prepayments, consumer asset quality and loan growth, plus household deposit growth and time deposit mix.
- We see 2024F & 2025F consumer loans lagging system loan growth under a scenario of negative household wealth effects persisting into 2025F.
- Maintain sector Neutral rating. Top picks: BOC, CCB, CMB and CITIC.

Still see no clear evidence of a turnaround in consumption metrics

We track consumption-related monthly metrics related to the financial sector and see little sign at this point of any meaningful consumption turnaround. Having said that, we think consumer credit quality of banks is still not a concern, based on monthly data on overdue loan formation for both mortgages and credit cards up to Nov 2023. With consumer loans (mortgages, credit cards and other consumer) likely to lag corporate loan growth, China's state-owned-enterprise (SOE) banks could once again outperform their mid-sized retail bank focused peers in 2024F.

Monthly metrics tracked give high-frequency insight

Mortgage prepayments ratios are no longer falling and as of Nov 2023, have stabilised at a level that is 21% above 2020-2021 averages (Fig 3). As pointed out in [Mortgage prepayments - What does it signal](#), dated 11 Oct 2022, this could be indicative of subdued consumer confidence. As of Nov 2023, mortgage credit quality is still not a concern, with only a slight uptrend in monthly <30 days overdue loans, based on data from residential mortgage-backed security (RMBS) reports (Fig 4). Credit card asset quality trends of banks are also not a concern, based on monthly credit card asset backed security (ABS) reports (Fig 5). Nov 2023 household time deposit mix continues to trend upwards (Fig 6), despite lower time deposit rates. Nov 2023 monthly household deposits flows remain above pre-pandemic averages (Fig 7) and there is little sign of a turnaround in either mortgage growth or non-mortgage consumer loan growth (Fig 9).

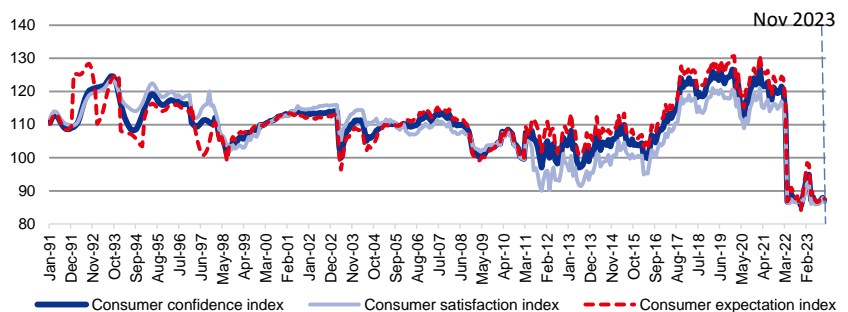
2024F bank loan quotas likely to again be driven by corporate loans

Consumer confidence has stabilised at levels that are materially lower than pre-pandemic averages, with Nov 2023 consumer confidence indices and sub-indices 27–42% below 2019 averages (Fig 12-13). With both mortgages and other consumer loans (including credit cards) growth likely to remain well below pre-pandemic levels, in our view, we see system loan growth in 2024F again being driven by corporate loan growth, especially via the big four banks (see [Defensive appeal persisting in 2024F](#), dated 2 Jan 2024).

Retain sector Neutral rating; Top picks are BOC, CCB, CMB & CITIC

We value the China banks using a stress-test-adjusted GGM. Upside/downside risks: An improving/worsening Chinese economy, and better/worse NIM trends.

Figure 1: The indexes of consumer confidence, consumer satisfaction and consumer expectations in Nov 2023 was 27% to 32% below 2019's average



SOURCES: CGS-CIMB RESEARCH, WIND

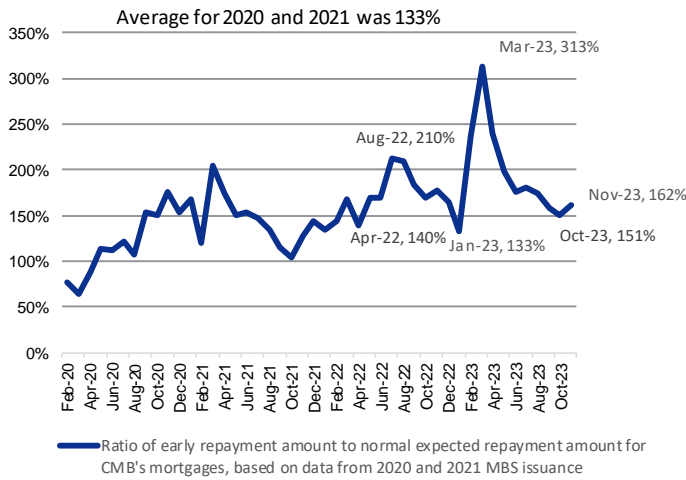
Figure 2: China banks valuation table (H-share and A-share banks)

Company	Ticker	Rating	Mkt cap (US\$ bn)	Price (Lcy)	Target price (Lcy)	Upside/ Downside	P/BV (x)		P/E (x)		P/PPOP (x)		Dividend yield		ROE(%)			
							FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F		
ICBC	1398 HK	Add	224.0	3.68	3.90	6%	0.36	0.34	3.5	3.4	2.0	2.0	9.0	9.3	10.8	10.3		
CCB	0939 HK	Add	151.5	4.52	5.70	26%	0.36	0.33	3.2	3.1	2.0	1.9	9.4	9.7	11.5	10.9		
BOC	3988 HK	Add	150.1	2.94	3.60	22%	0.36	0.34	3.7	3.6	2.0	2.0	8.7	9.0	10.2	9.8		
ABC	1288 HK	Add	175.4	3.02	2.90	-4%	0.41	0.38	4.0	3.9	2.2	2.2	8.1	8.3	10.7	10.3		
BOCOM	3328 HK	Add	53.6	4.49	4.90	9%	0.34	0.32	3.6	3.5	2.0	1.9	9.1	9.4	9.8	9.5		
CMB	3968 HK	Add	96.2	25.85	40.40	56%	0.66	0.59	4.3	4.0	2.8	2.9	7.7	8.3	16.2	15.6		
CITIC	0998 HK	Add	32.3	3.71	5.30	43%	0.28	0.26	2.7	2.5	1.2	1.1	10.4	11.4	10.9	11.1		
MSB	1988 HK	Reduce	21.5	2.63	2.20	-16%	0.20	0.19	3.3	3.1	1.3	1.3	9.1	9.8	6.3	6.5		
CQRCB	3618 HK	Hold	6.1	3.00	2.50	-17%	0.27	0.26	2.9	2.7	1.7	1.6	10.4	11.5	9.5	10.0		
H-share weighted average									0.39	0.36	3.6	3.5	2.1	2.1	8.8	9.1	11.2	10.8
ICBC - A	601398 CH	Reduce	224.0	4.88	3.80	-22%	0.51	0.48	4.9	4.8	2.9	2.9	6.3	6.5	10.8	10.3		
CCB - A	601939 CH	Hold	151.5	6.66	5.60	-16%	0.57	0.52	5.1	5.0	3.1	3.1	6.0	6.1	11.5	10.9		
BOC - A	601988 CH	Hold	150.1	4.10	3.70	-10%	0.54	0.51	5.5	5.3	3.1	3.0	5.8	6.0	10.2	9.8		
ABC - A	601288 CH	Reduce	175.4	3.72	2.90	-22%	0.54	0.51	5.3	5.1	2.9	2.9	6.1	6.3	10.7	10.3		
BOCOM - A	601328 CH	Reduce	53.6	5.88	4.90	-17%	0.48	0.45	5.0	4.9	2.8	2.7	6.5	6.7	9.8	9.5		
CMB - A	600036 CH	Add	96.2	28.17	37.90	35%	0.77	0.69	5.0	4.7	3.3	3.4	6.6	7.1	16.2	15.6		
CITIC - A	601998 CH	Add	32.3	5.59	6.00	7%	0.46	0.42	4.4	4.0	1.9	1.9	6.4	7.1	10.9	11.1		
MSB - A	600016 CH	Reduce	21.5	3.80	2.40	-37%	0.32	0.30	5.1	4.8	2.0	2.0	5.9	6.3	6.3	6.5		
PAB - A	000001 CH	Add	25.5	9.18	13.10	43%	0.44	0.39	3.8	3.4	1.5	1.5	3.4	3.8	12.1	12.1		
CQRCB - A	601077 CH	Reduce	6.1	4.25	3.00	-29%	0.42	0.39	4.4	4.0	2.6	2.5	6.9	7.5	9.5	10.0		
A-share weighted average									0.56	0.52	5.0	4.8	2.9	2.9	6.1	6.3	11.6	11.2
Combined sector weighted average									0.48	0.44	4.3	4.1	2.5	2.5	7.4	7.7	11.4	11.0

 SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG
 DATA AS AT 9 JAN 2024

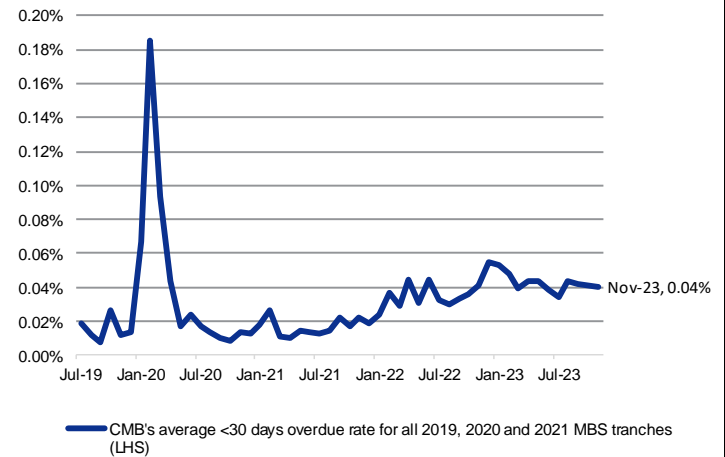
Consumption metrics tracker: No clear turn

Figure 3: Despite falling in recent months, CMB's mortgage prepayment rates in Nov 23 were still 21% above the average in 2020 and 2021, based on mortgage prepayment data from RMBS issued by CMB



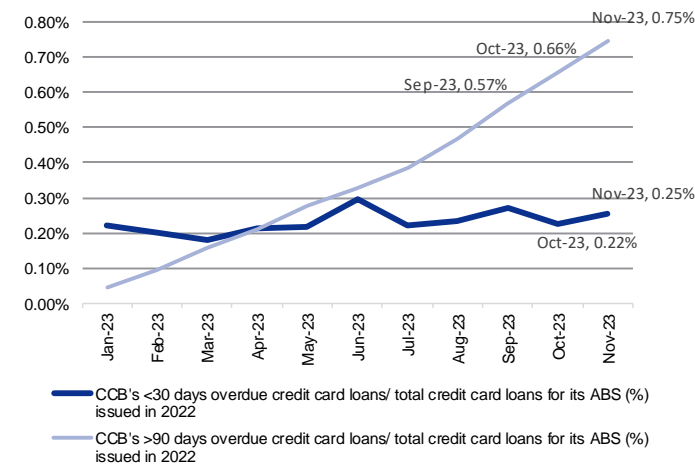
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, CHINABOND
RMBS = RESIDENTIAL MORTGAGE BACKED SECURITIES

Figure 4: While the <30 days monthly overdue mortgage loan ratio for CMB has been gradually trending upwards, it still remains at a very low level of 4bp, albeit above the pre-pandemic average of 2bp



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, CHINABOND

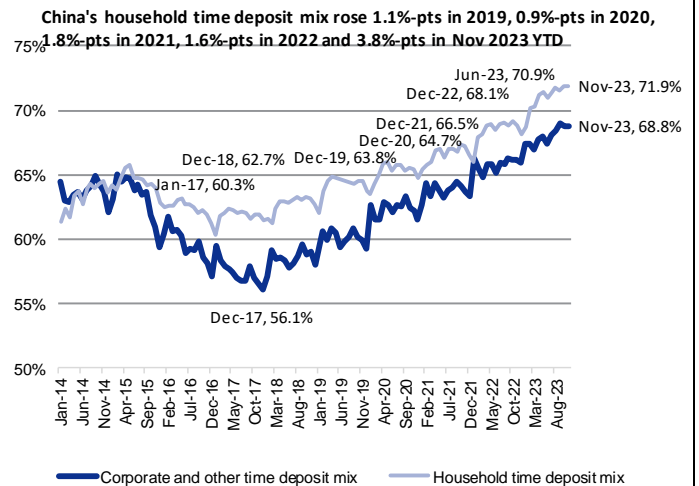
Figure 5: CCB's credit card ABS monthly <30 days overdue loan ratio looks to be stable; its >90 day overdue loan ratio of 0.75% in Nov 2023 is on track, in our view, to level out at around 1.66% by end-2024F, which was the 1H23 NPL ratio of CCB's entire credit card loan portfolio



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, CHINABOND

As of Nov 2023, this remaining average life of CCB's credit card ABS portfolio issued in Dec 2022 is 10.7 months. CCB has previously reported a 1H23 credit card non-performing-loan (NPL) ratio of 1.66%. With CCB's credit card ABS >90 day overdue loan ratio rising by 9bp mom in both Oct 2023 and Nov 2023, we think that CCB's >90 day overdue loan ratio looks well on track to level off at around 1.66% by end 2024F.

Figure 6: The time deposit mix for both households and corporates rose sharply in 2023, up 3.8%-pts in Nov 2023 YTD



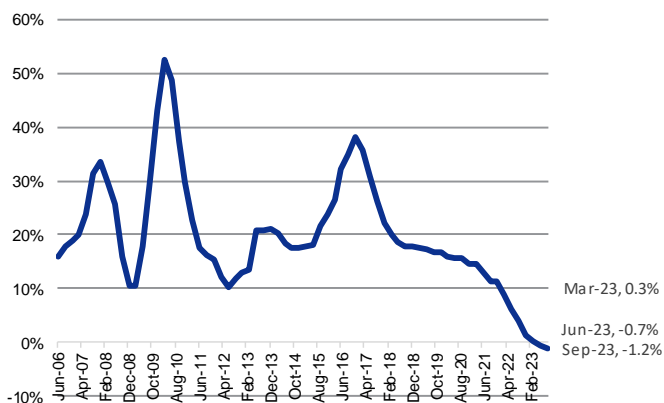
SOURCES: CGS-CIMB RESEARCH, PBOC, WIND

Figure 7: Increase/(decrease) in monthly new household Rmb deposits mom (Rmb bn)

(Rmb bn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Pandemic average (2020 - 2022)	Pre pandemic average (2011 - 2019)	Ratio of 2023 vs Pre pandemic average (2011 - 2019)
Jan	1,420	1,680	750	1,810	483	889	3,130	868	3,860	4,240	1,480	5,410	6,200	3,710	1,654	375%
Feb	240	164	1,770	89	2,550	2,000	101	2,870	1,330	-120	3,260	-292	793	949	1,235	64%
Mar	1,010	1,296	1,180	1,391	597	581	729	532	880	2,350	1,940	2,702	2,907	2,331	911	319%
Apr	-468	-638	-934	-1,230	-1,050	-930	-1,220	-1,320	-625	-800	-1,570	-703	-1,200	-1,024	-935	128%
May	71	226	277	169	-441	54	125	217	242	482	107	739	536	443	104	514%
Jun	1,007	1,482	1,087	1,821	941	945	1,075	1,093	1,133	2,178	2,233	2,474	2,674	2,295	1,176	227%
Jul	-666	-534	-394	-1,080	-60	-224	-752	-293	-103	-720	-1,360	-338	-809	-806	-456	177%
Aug	27	103	86	-231	187	413	259	346	271	397	334	829	788	520	162	485%
Sep	989	1,111	1,167	941	763	951	1,033	1,327	1,542	1,942	2,066	2,389	2,532	2,133	1,091	232%
Oct	-727	-664	-897	-540	-592	-468	-805	-335	-601	-957	-1,210	-510	-637	-892	-625	102%
Nov	210	252	94	65	94	327	146	741	247	633	731	2,250	909	1,205	242	376%
Dec	1,607	1,232	1,303	935	928	621	780	1,154	1,525	1,674	1,889	2,890		2,151	1,120	
Total for year	6,731	7,722	7,503	6,154	6,415	7,176	6,617	9,218	11,719	13,320	11,921	19,862	16,715	15,034	7,695	

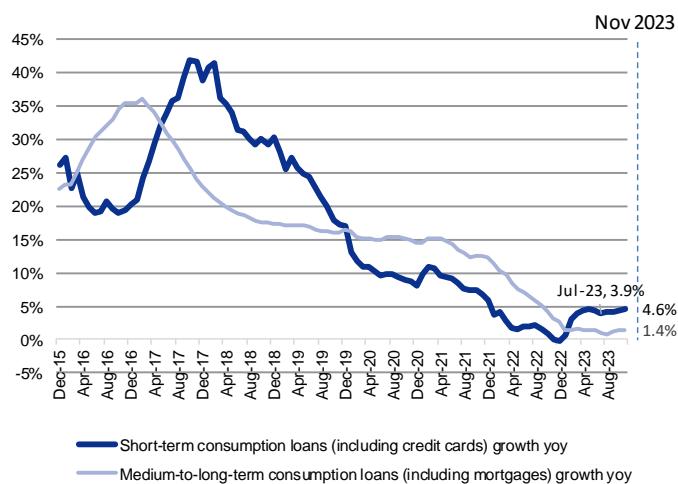
SOURCES: CGS-CIMB RESEARCH, WIND, PBOC

Figure 8: Mortgage growth yoy is at a record low



SOURCES: CGS-CIMB RESEARCH, WIND, PBOC

Figure 9: The growth of both short-term (including credit cards) and medium-to-long-term consumption loans (including mortgages) seems to be stabilising at low levels



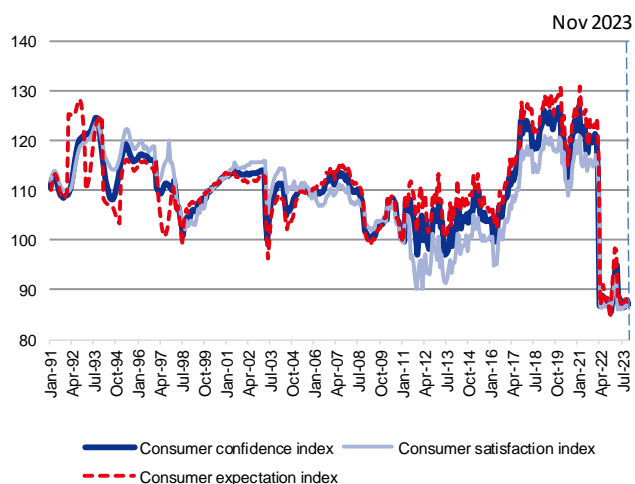
SOURCES: CGS-CIMB RESEARCH, WIND

Figure 10: Comparing 2023's loan growth mom with averages over the four-year period pre-pandemic (i.e. 2016 - 2019)

	Short-term household loans	Short-term household consumption loans	Short-term household operating loans	Medium-to-long-term household loans	Medium-to-long-term household consumption loans	Medium-to-long-term household operating loans	Household consumption loans	Household operating loans
Loan growth mom								
Jan-23	0.2%	0.0%	0.3%	0.4%	0.1%	2.0%	0.1%	1.2%
Feb-23	0.6%	-0.2%	1.6%	0.2%	-0.1%	1.3%	-0.1%	1.5%
Mar-23	2.9%	1.6%	4.8%	1.2%	0.6%	3.6%	0.8%	4.2%
Apr-23	-0.6%	-0.3%	-1.0%	-0.2%	-0.5%	0.9%	-0.4%	0.0%
May-23	0.9%	0.8%	1.1%	0.3%	0.0%	1.6%	0.2%	1.4%
Jun-23	2.3%	1.4%	3.4%	0.8%	0.4%	2.8%	0.6%	3.1%
Jul-23	-0.6%	-0.3%	-0.9%	-0.1%	-0.2%	0.4%	-0.3%	-0.3%
Aug-23	1.1%	1.0%	1.1%	0.3%	0.0%	1.4%	0.2%	1.3%
Sep-23	1.5%	0.6%	2.5%	1.0%	0.7%	2.0%	0.7%	2.2%
Oct-23	-0.5%	-0.1%	-1.0%	0.1%	0.1%	0.2%	0.1%	-0.3%
Nov-23	0.3%	0.4%	0.0%	0.4%	0.3%	1.0%	0.3%	0.6%
Deviation in 2023 from 2016 - 2019 period average								
Jan-23	-1.7%	-3.3%	0.3%	-1.9%	-2.4%	0.4%	-2.6%	0.4%
Feb-23	1.9%	1.9%	2.1%	-0.9%	-1.3%	1.2%	-0.6%	1.6%
Mar-23	0.2%	-2.1%	3.1%	-0.5%	-1.1%	2.3%	-1.3%	2.7%
Apr-23	-1.4%	-2.1%	-0.6%	-1.8%	-2.2%	0.0%	-2.2%	-0.2%
May-23	-0.4%	-1.4%	0.8%	-1.4%	-1.8%	0.3%	-1.7%	0.6%
Jun-23	0.3%	-1.2%	2.2%	-1.0%	-1.5%	1.0%	-1.5%	1.6%
Jul-23	-1.3%	-1.8%	-0.6%	-1.8%	-2.0%	-0.7%	-2.0%	-0.6%
Aug-23	-0.7%	-1.7%	0.6%	-1.4%	-1.7%	0.1%	-1.7%	0.4%
Sep-23	-0.4%	-1.8%	1.4%	-0.8%	-1.1%	0.4%	-1.2%	0.9%
Oct-23	-1.0%	-1.4%	-0.2%	-1.3%	-1.4%	-0.4%	-1.4%	-0.2%
Nov-23	-1.2%	-2.2%	0.0%	-1.2%	-1.4%	-0.2%	-1.6%	0.0%

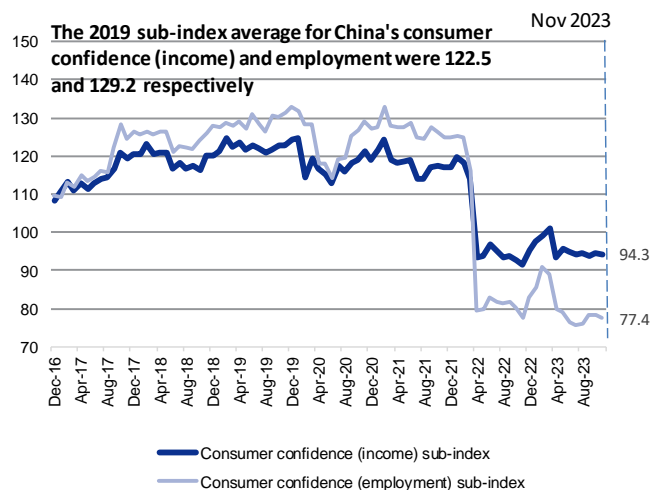
SOURCES: CGS-CIMB RESEARCH, WIND

Figure 11: The indexes of consumer confidence, consumer satisfaction and consumer expectations remain at or near post-1991 lows and as of Nov 2023, was 27% to 32% below 2019's average



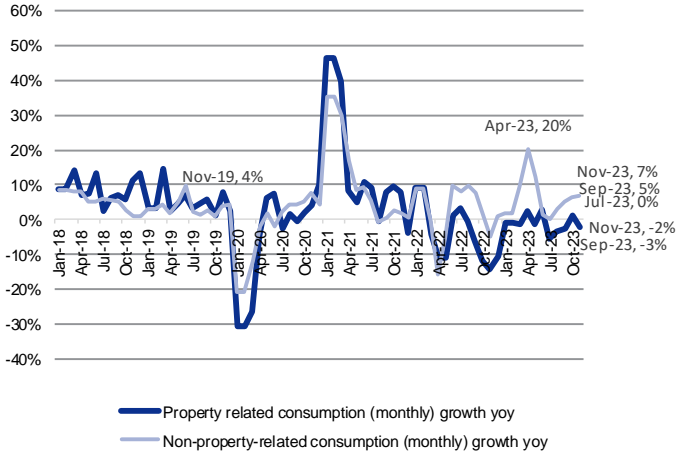
SOURCES: CGS-CIMB RESEARCH, WIND

Figure 12: The consumer confidence sub-indexes of income and employment as of Nov 2023 were 23% and 40% below 2019's average, respectively



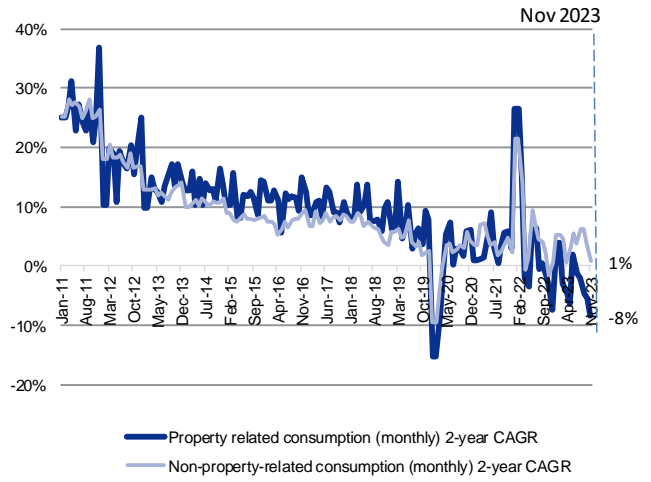
SOURCES: CGS-CIMB RESEARCH, WIND

Figure 13: There is a clear difference between the trends for non-property related consumption, where growth has been recovering over the last 3 months, and property-related consumption, which continues to remain weak



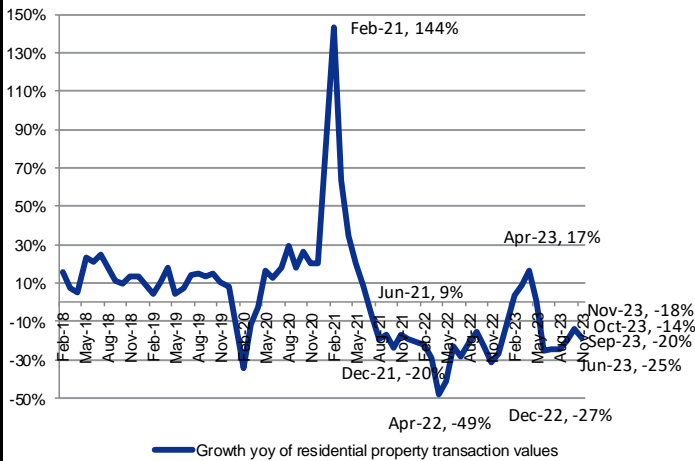
SOURCES: CGS-CIMB RESEARCH, WIND

Figure 14: Nov 2023 2-year CAGR property-related and non-property related consumption metrics fell compared to Oct



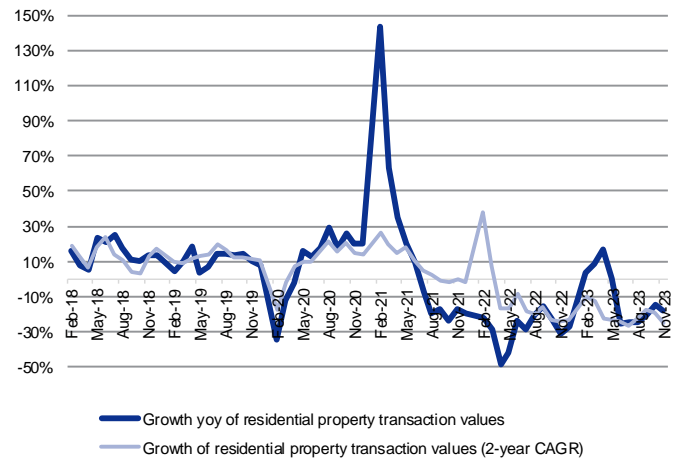
SOURCES: CGS-CIMB RESEARCH, PBOC

Figure 15: Growth yoy of residential property transaction values



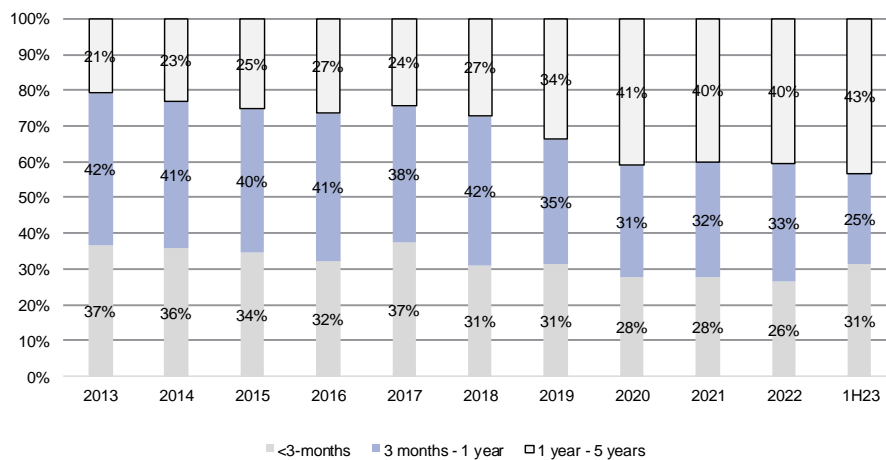
SOURCES: CGS-CIMB RESEARCH, WIND

Figure 16: Growth yoy of residential property transaction values and growth on a 2-year CAGR basis



SOURCES: CGS-CIMB RESEARCH, WIND

Figure 17: There has been a continued trend towards longer-duration time deposits for the China banks under our coverage




SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 18: Mix of time deposits with a remaining duration of 1 year - 5 years (%)

(%)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	1H23	Change from 2022 - 1H23 (%pts)
ICBC	23	26	26	27	30	26	30	45	44	42	43	1
CCB	20	23	31	32	26	35	44	45	43	43	43	0
BOC	19	22	25	25	25	27	29	34	33	32	34	2
ABC	22	26	28	28	30	34	39	43	46	47	50	3
BOCOM	22	22	18	20	17	20	32	42	40	39	40	0
CMB	17	20	21	23	15	15	31	32	33	37	40	3
CITIC	17	17	20	22	17	21	29	32	27	29	38	9
MSB	21	15	14	20	5	9	21	45	29	41	47	6
PAB	25	27	22	29	30	25	32	31	33	37	43	6
CQRCM	16	20	18	16	21	31	39	34	31	38	34	-4
Big four banks	21	24	27	28	28	30	35	42	42	41	43	1
Mid size banks	20	20	19	22	15	18	29	37	33	37	43	6
All banks	21	23	25	27	24	27	34	41	40	40	43	3

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

<h2>ESG in a nutshell</h2>	
<p>We view China banks as having medium ESG risk. The Refinitiv combined ESG scores of the China banks under our coverage ranged from B to C in 2023. We see relative strength in the Social scores being offset by weaker Governance scores (which we think is in part due to the government being the majority shareholder of most of the China banks under our coverage) and somewhat neutral Environmental scores. We view the China banks as good corporate citizens, with a strong sense of social responsibility, and an important provider of inclusive finance. Given President Xi's announcement in Apr 2021 that China's coal consumption will decline starting no later than 2026 and given China's pledge to hit peak emissions by 2030 and achieve carbon neutrality by 2060, the China banks have been actively developing and rolling out green finance solutions. These can be positive for the ESG scores of China banks going forward. Having said that, the road to more environmentally-friendly lending could be rocky, given that policymakers do at times direct banks to lend more to certain sectors. For example, the China banks were told by policymakers in early-Oct 2021 to ramp up funding to coal and energy companies to ease China's power shortages.</p>	
<h3>Keep your eye on</h3> <p>The pace at which green finance solutions are rolled out by the China banks, as well as the extent to which China banks ramped up lending to coal and energy companies in late- 2021 to help ease China's power shortages. Note that the central bank, the People's Bank of China (PBoC), said in early-Jun 2021 that it would implement mandatory disclosure requirements on climate-related impact for banks and had issued a Banking Sector Financial Institution Green Finance Assessment Plan (银行业金融机构绿色金融评价方案), with both qualitative and quantitative metrics used to assess the China banks' green finance initiatives.</p>	<h3>Implications</h3> <p>More lending to coal and energy companies in the near term could be negative for ESG scores via an arguably worse Environmental score. However, this could be temporary, and we do expect loan growth to these companies to slow once China's power shortages ease.</p>
<h3>ESG highlights</h3> <p>Our top ESG pick among the China banks is China Construction Bank (CCB). Refinitiv assigned a combined ESG score of B to CCB in 2020, which is the highest combined ESG of the China banks under our coverage in 2020.</p>	<h3>Implications</h3> <p>We think investors have historically focused very heavily on concerns over the governance of China banks (given their largely state-owned nature), which could see conflicts with the interests of minority shareholders. We also think investors may not have adequately factored in these banks' shifts to offer more green finance solutions to help China achieve its 2030 and 2060 carbon goals. This could lead to improved ESG scores over time and better valuations, in our view.</p>
<h3>Trends</h3> <p>One of the key ESG focus areas for banks is to increase green financing, especially since policymakers were more vocal in 2021 about their environmental goals and the explicit timelines (e.g. 2030 and 2060) that have been announced.</p>	<h3>Implications</h3> <p>The banks have been increasing their disclosures on how they are complying with national objectives to increase green financing.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

DISCLAIMER

The content of this report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by and belongs to CGS-CIMB. Reports relating to a specific geographical area are produced and distributed by the corresponding CGS-CIMB entity as listed in the table below.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the “Restrictions on Distributions” set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CGS-CIMB.

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. CGS-CIMB may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CGS-CIMB has no obligation to update this report in the event of a material change to the information contained in this report. CGS-CIMB does not accept any obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant, (ii) ensure that the content of this report constitutes all the information a prospective investor may require, (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, CGS-CIMB, its affiliates and related persons including CGS International Holdings Limited (“CGSIHL”) and its related corporations (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. In particular, CGS-CIMB disclaims all responsibility and liability for the views and opinions set out in this report.

Unless otherwise specified, this report is based upon sources which CGS-CIMB considers to be reasonable. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CGS-CIMB or any of its affiliates (including CGSIHL and its related corporations) to any person to buy or sell any investments.

CGS-CIMB, its affiliates and related corporations (including CGSIHL and its related corporations) and/or their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CGS-CIMB, its affiliates and their respective related corporations (including CGSIHL and its related corporations) do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CGS-CIMB or its affiliates (including CGSIHL and its related corporations) may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CGS-CIMB may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. The analyst(s) who prepared this research report is prohibited from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

Reports relating to a specific geographical area are produced by the corresponding CGS-CIMB entity as listed in the table below. The term “CGS-CIMB” shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case except as otherwise stated herein, CGS-CIMB Securities International Pte. Ltd. and its affiliates, subsidiaries and related corporations.

Country	CGS-CIMB Entity	Regulated by
Hong Kong	CGS-CIMB Securities (Hong Kong) Limited	Securities and Futures Commission Hong Kong
Indonesia	PT CGS-CIMB Sekuritas Indonesia	Financial Services Authority of Indonesia
Malaysia	CGS-CIMB Securities Sdn. Bhd.	Securities Commission Malaysia
Singapore	CGS-CIMB Securities (Singapore) Pte. Ltd.	Monetary Authority of Singapore
South Korea	CGS-CIMB Securities (Hong Kong) Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Thailand	CGS-CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

Other Significant Financial Interests:

(i) As of January 8, 2024 CGS-CIMB has a proprietary position in the securities (which may include but not be limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) ICBC

(ii) Analyst Disclosure: As of January 10, 2024, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not be limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

This report does not purport to contain all the information that a prospective investor may require. Neither CGS-CIMB nor any of its affiliates (including CGSIHL and its related corporations) make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. Neither CGS-CIMB nor any of its affiliates nor their related persons (including CGSIHL and its related corporations) shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CGS-CIMB's clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report.

The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Restrictions on Distributions

Australia: Despite anything in this report to the contrary, this research is provided in Australia by CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited. This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cth) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. You represent and warrant that if you are in Australia, you are a "wholesale client". This research is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of the individual recipient. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited do not hold, and are not required to hold an Australian financial services license. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited rely on "passporting" exemptions for entities appropriately licensed by the Monetary Authority of Singapore (under ASIC Class Order 03/1102) and the Securities and Futures Commission in Hong Kong (under ASIC Class Order 03/1103).

Canada: This research report has not been prepared in accordance with the disclosure requirements of Dealer Member Rule 3400 – Research Restrictions and Disclosure Requirements of the Investment Industry Regulatory Organization of Canada. For any research report distributed by CIBC, further disclosures related to CIBC conflicts of interest can be found at <https://researchcentral.cibcwm.com>.

China: For the purpose of this report, the People's Republic of China ("PRC") does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan. The distributor of this report has not been approved or licensed by the China Securities Regulatory Commission or any other relevant regulatory authority or governmental agency in the PRC. This report contains only marketing information. The distribution of this report is not an offer to buy or sell to any person within or outside PRC or a solicitation to any person within or outside of PRC to buy or sell any instruments described herein. This report is being issued outside the PRC to a limited number of institutional investors and may not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose.

France: Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

Germany: This report is only directed at persons who are professional investors as defined in sec 31a(2) of the German Securities Trading Act (WpHG). This publication constitutes research of a non-binding nature on the market situation and the investment instruments cited here at the time of the publication of the information.

The current prices/yields in this issue are based upon closing prices from Bloomberg as of the day preceding publication. Please note that neither the German Federal Financial Supervisory Agency (BaFin), nor any other supervisory authority exercises any control over the content of this report.

Hong Kong: This report is issued and distributed in Hong Kong by CGS-CIMB Securities (Hong Kong) Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 4 (advising on securities) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CGS-CIMB Securities (Hong Kong) Limited. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are

unaffected. CHK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CHK.

CHK does not make a market on other securities mentioned in the report.

None of the analyst(s) or the associates serve as an officer of the listed corporation mentioned in this report.

CIMB does not have an officer serving in any of the listed corporation mentioned in this report

CIMB does not receive any compensation or other benefits from any of the listed corporation mentioned, relating to the production of research reports.

Indonesia: This report is issued and distributed by PT CGS-CIMB Sekuritas Indonesia (“CGS-CIMB Indonesia”). The views and opinions in this research report are our own as of the date hereof and are subject to change. CGS-CIMB Indonesia has no obligation to update its opinion or the information in this research report. This report is for private circulation only to clients of CGS-CIMB Indonesia. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable Indonesian capital market laws and regulations.

This research report is not an offer of securities in Indonesia. The securities referred to in this research report have not been registered with the Financial Services Authority (Otoritas Jasa Keuangan) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market law and regulations.

Ireland: CGS-CIMB is not an investment firm authorised in the Republic of Ireland and no part of this document should be construed as CGS-CIMB acting as, or otherwise claiming or representing to be, an investment firm authorised in the Republic of Ireland.

Malaysia: This report is distributed in Malaysia by CGS-CIMB Securities Sdn. Bhd. (“CGS-CIMB Malaysia”) solely for the benefit of and for the exclusive use of our clients. Recipients of this report are to contact CGS-CIMB Malaysia, at Level 29, Menara Aras Raya, No. 11, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia, in respect of any matters arising from or in connection with this report. CGS-CIMB Malaysia has no obligation to update, revise or reaffirm its opinion or the information in this research report after the date of this report.

New Zealand: In New Zealand, this report is for distribution only to persons who are wholesale clients pursuant to section 5C of the Financial Advisers Act 2008.

Singapore: This report is issued and distributed by CGS-CIMB Securities (Singapore) Pte Ltd (“CGS-CIMB Singapore”). CGS-CIMB Singapore is a capital markets services licensee under the Securities and Futures Act 2001. Accordingly, it is exempted from the requirement to hold a financial adviser’s licence under the Financial Advisers Act, 2001 (“FAA”) for advising on investment products, by issuing or promulgating research analyses or research reports, whether in electronic, print or other form. CGS-CIMB Singapore is subject to the applicable rules under the FAA unless it is able to avail itself to any prescribed exemptions.

Recipients of this report are to contact CGS-CIMB Singapore, 10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #09-01, Singapore 018983 in respect of any matters arising from, or in connection with this report. CGS-CIMB Singapore has no obligation to update its opinion or the information in this research report. This publication is strictly confidential and is for private circulation only. If you have not been sent this report by CGS-CIMB Singapore directly, you may not rely, use or disclose to anyone else this report or its contents.

If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CGS-CIMB Singapore accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. If the recipient is an accredited investor, expert investor or institutional investor, the recipient is deemed to acknowledge that CGS-CIMB Singapore is exempt from certain requirements under the FAA and its attendant regulations, and as such, is exempt from complying with the following:

- (a) Section 34 of the FAA (obligation to disclose product information);
- (b) Section 36 (duty not to make recommendation with respect to any investment product without having a reasonable basis where you may be reasonably expected to rely on the recommendation) of the FAA;
- (c) MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03];
- (d) MAS Notice on Recommendation on Investment Products [Notice No. FAA-N16];
- (e) Section 45 (obligation on disclosure of interest in specified products), and
- (f) any other laws, regulations, notices, directive, guidelines, circulars and practice notes which are relates to the above, to the extent permitted by applicable laws, as may be amended from time to time, and any other laws, regulations, notices, directive, guidelines, circulars, and practice notes as we may notify you from time to time. In addition, the recipient who is an accredited investor, expert investor or institutional investor acknowledges that as CGS-CIMB Singapore is exempt from Section 36 of the FAA, the recipient will also not be able to file a civil claim against CGS-CIMB Singapore for any loss or damage arising from the recipient’s reliance on any recommendation made by CGS-CIMB Singapore which would otherwise be a right that is available to the recipient under Section 36 of the FAA .

CGS-CIMB Singapore, its affiliates and related corporations, their directors, associates, connected parties and/or employees may own or have positions in specified products of the company(ies) covered in this research report or any specified products related thereto and may from time to time add to or dispose of, or may be materially interested in, any such specified products. Further, CGS-CIMB Singapore, its affiliates and its related corporations do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in specified products of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CGS-CIMB Singapore does not make a market on other specified products mentioned in the report.

South Korea: This report is issued and distributed in South Korea by CGS-CIMB Securities (Hong Kong) Limited, Korea Branch (“CGS-CIMB Korea”) which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea. In South Korea, this report is for distribution only to professional investors under Article 9(5) of the Financial Investment Services and Capital Market Act of Korea (“FSCMA”).

Spain: This document is a research report and it is addressed to institutional investors only. The research report is of a general nature and not personalised and does not constitute investment advice so, as the case may be, the recipient must seek proper advice before adopting any investment decision. This document does not constitute a public offering of securities.

CGS-CIMB is not registered with the Spanish Comision Nacional del Mercado de Valores to provide investment services.

Sweden: This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

Switzerland: This report has not been prepared in accordance with the recognized self-regulatory minimal standards for research reports of banks issued by the Swiss Bankers' Association (Directives on the Independence of Financial Research).

Thailand: This report is issued and distributed by CGS-CIMB Securities (Thailand) Co. Ltd. ("CGS-CIMB Thailand") based upon sources believed to be reliable (but their accuracy, completeness or correctness is not guaranteed). The statements or expressions of opinion herein were arrived at after due and careful consideration for use as information for investment. Such opinions are subject to change without notice and CGS-CIMB Thailand has no obligation to update its opinion or the information in this research report.

Corporate Governance Report (CGR): ([Thai CGR and Anti-Corruption of Thai Listed Companies - Click here](#))

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

United Arab Emirates: The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom and European Economic Area (EEA): In the United Kingdom and European Economic Area, this material is also being distributed by CGS-CIMB Securities (UK) Limited ("CGS-CIMB UK"). CGS-CIMB UK is authorized and regulated by the Financial Conduct Authority and its registered office is at 53 New Broad Street, London EC2M 1JJ. The material distributed by CGS-CIMB UK has been prepared in accordance with CGS-CIMB's policies for managing conflicts of interest arising as a result of publication and distribution of this material. This material is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of CGS-CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), (c) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Order; (d) are outside the United Kingdom subject to relevant regulation in each jurisdiction, material(all such persons together being referred to as "relevant persons"). This material is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

This material is categorised as non-independent for the purposes of CGS-CIMB UK and therefore does not provide an impartial or objective assessment of the subject matter and does not constitute independent research. Consequently, this material has not been prepared in accordance with legal requirements designed to promote the independence of research and will not be subject to any prohibition on dealing ahead of the dissemination of research. Therefore, this material is considered a marketing communication.

United States: This research report is distributed in the United States of America by CGS-CIMB Securities (USA) Inc, a U.S. registered broker-dealer and an affiliate of CGS-CIMB Securities Sdn. Bhd., CGS-CIMB Securities (Singapore) Pte Ltd, PT CGS-CIMB Sekuritas Indonesia, CGS-CIMB Securities (Thailand) Co. Ltd and CGS-CIMB Securities (Hong Kong) Limited and is distributed solely to persons who qualify as "U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CGS-CIMB Securities (USA) Inc, is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS-CIMB Securities (USA) Inc.

CGS-CIMB Securities (USA) Inc. does not make a market on other securities mentioned in the report.

CGS-CIMB Securities (USA) Inc. has not managed or co-managed a public offering of any of the securities mentioned in the past 12 months.

CGS-CIMB Securities (USA) Inc. has not received compensation for investment banking services from any of the company mentioned in the past 12 months.

CGS-CIMB Securities (USA) Inc. neither expects to receive nor intends to seek compensation for investment banking services from any of the company mentioned within the next 3 months.

United States Third-Party Disclaimer: If this report is distributed in the United States of America by Raymond James & Associates, Inc ("RJA"), this report is third-party research prepared for and distributed in the United States of America by RJA pursuant to an arrangement between RJA and

CGS-CIMB Securities International Pte. Ltd. (“CGS-CIMB”). CGS-CIMB is not an affiliate of RJA. This report is distributed solely to persons who qualify as “U.S. Institutional Investors” or as “Major U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934, as amended. This communication is only for U.S. Institutional Investors or Major U.S. Institutional Investor whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major U.S. Institutional Investor must not rely on this communication. The delivery of this report to any person in the U.S. is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. If you are receiving this report in the U.S from RJA, a FINRA/SIPC member, it takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS-CIMB Securities (USA) Inc. or RJA. <https://raymondjames.com/InternationalEquityDisclosures>

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2023		
636 companies under coverage for quarter ended on 31 December 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	67.5%	1.3%
Hold	22.5%	0.0%
Reduce	10.1%	0.2%

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.