

China / Hong Kong Company Update

HSBC Holdings

Bloomberg: 5 HK EQUITY | Reuters: 0005.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

27 Feb 2024

BUY

Last Traded Price (26 Feb 2024): HK\$59.70 (HSI: 16,635)
Price Target 12-mth: HK\$74.60 (25% upside) (Prev HK\$71.70)

Analyst

Manyi Lu +852 36684186 manyilu@dbs.com
Ken Shih +852 36684184 kenshih@dbs.com
Iris GAO +852 36684196 irisgao@dbs.com

What's New

- FY23 results below market expectations; net earnings-to-shareholders c.USD22.4bn
- Negative surprise from USD3bn on impairment on BOCOM
- Core profit largely in line with expectations; HSBC remains a solid dividend yield player in FY24/25F
- Reiterate BUY with TP revised up to HKD 74.6 as valuation base rolling over to FY24F

Price Relative



Forecasts and Valuation

FY Dec (US\$ m)	2023A	2024F	2025F	2026F
Pre-prov. Profit	33,988	33,783	31,403	31,265
Pre-prov. Profit Gth	85	(1)	(7)	0
Pretax Profit	30,348	32,512	29,733	29,272
Net Profit	22,432	25,802	22,679	22,250
EPS (US\$)	1.15	1.40	1.32	1.37
EPS (HK\$)	9.01	10.99	10.30	10.71
EPS Gth (%)	54	22	(6)	4
PE (X)	6.6	5.4	5.8	5.6
DPS (HK\$)	4.15	6.17	4.29	4.71
Div Yield (%)	6.9	10.3	7.2	7.9
BV Per Share (HK\$)	76.30	82.70	89.40	96.71
P/Book Value (x)	0.8	0.7	0.7	0.6
ROAE (%)	12.0	10.9	11.4	10.9
ROAE (ex-exceptional) (%)	12.0	10.9	11.4	10.9
ROA (%)	0.75	0.84	0.74	0.71
Earnings Rev (%)		(7)	(11)	New
Consensus EPS (US\$)		1.30	1.25	1.27
Other Broker Recs:		B:18	S:3	H:4

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

Solid yield play in interest downturn cycle

Investment Thesis

Still a solid yield play. In spite of lower-than-expected FY23 results, we see HSBC remains a solid yield play and expect c.10.3% in FY24F dividend yield, including the special dividend yield related to Canada sales. Its solid CET-1 ratio of 14.8% by FY23 supports further shareholder distributions. While the market may be concerned about BOCOM being at risk of further impairment following the USD3bn impairment, the impact on capital should be not material, as HSBC still has USD 14bn in regulatory capital deductions above thresholds.

Limited earnings upside expected in FY24/25F. With the expectation that Fed Fund rate will begin the downturn cycle in 2H24F, we expect NIM downward pressure for HK banks, including HSBC in FY24/25F. Meanwhile, we expect stronger loan volume growth when the interest rate becomes lower. Credit cost expectations are in general similar to that in FY23, around 36-37bps of gross loan. Overall, we expect FY24/25F adjusted earnings to show limited upside compared to FY23.

Return on Tangible Equity (ROTE) one of HSBC's primary share price drivers, according to our empirical study. One of HSBC's key strategies is to shift capital and resources to areas that generate the highest returns and where it has competitive strength. We see HSBC is well on track to reach its mid-teen ROTE target and expect c.14%-16% ROTE to be reported in FY24/25F.

Reiterate BUY with TP revised up at HK\$74.6 with the valuation base roll over to FY24F while earnings are revised down by 7/11% for FY24/25F respectively. Our TP is based on the DDM model, assuming a 12.6% COE, 14% ROTE, and 0% terminal growth. Our TP implies 0.9x FY24F P/BV, +15D above its five-year average of 0.7x, with a better outlook on ROTE compared to previous years, while the stock is currently trading at c.0.7x FY24F P/BV and a >7% dividend yield in FY24/25F.

Key Risks

Geopolitical risks, global economic slowdown, and operational efficiency being lower-than-expected.

At A Glance

Issued Capital (m shrs)	19,263
Mkt Cap (HKm/US\$m)	1,150,001 / 146,981
Major Shareholders (%)	
Ping An Asset Management Co., Ltd.	8.7
BlackRock Institutional Trust Company, N.A.	7.7
Free Float (%)	83.6
3m Avg. Daily Val. (US\$m)	133.2
GICS Industry: Financials / Banks	

WHAT'S NEW**FY23 results below expectation; core growth remains solid****FY23 results below expectations**

HSBC (5 HK) FY23 net profit to shareholders was c.USD22.4bn vs. USD 14.3bn in FY22 (consensus: USD 25.5bn). 4Q NIM dropped by 18bps q-o-q to 1.52%, below market expectations and the drop mainly comes from 1) Argentina's hyperinflation; 2) reclassification of cash flow hedge revenue referred to previously; and 3) higher time deposit costs in HK. Other negative surprises are from 1) a 1% higher-than-guidance costs due to UK bank levy and FDIC special assessment; and 2) USD3bn of impairment on BOCOM.

Core growth remains solid

Nevertheless, we see that HSBC's core growth remains solid. FY23's reported revenue of c.USD66.1bn is largely in line with expectations. ECL charge of c.USD3.4bn represents c.36bps of average gross loans and advances, lower than consensus' expectation. Customer lending/ deposits balance by end-FY23 was largely stable q-o-q at USD939bn/ USD1612bn respectively. Reported ROTE of 14.6%, 15.6% excluding strategic transactions and the impairment of BoCom, which is on track to its guided mid-teen ROTE target.

Outlook:**1) Banking NII**

HSBC guided for at least USD 41bn of FY24F banking NII, which is lower than the estimated consensus of c.USD 44bn. Looking ahead, we expect more downside pressure in FY24F NII when the interest rate begins the downturn cycle. We expect the loan volume growth to remain sluggish in 1H24 while more upside in 2H24 onwards. We expect banking NII at USD 42.8bn/ 40.7bn in FY24/25F respectively, vs c.USD 44.1bn in FY23. Following a softer NII expectation, we revised down our revenue estimation (before adjustments for notable items) for FY24/25F by c.2% each year to USD 66.7/64.4bn, offset by an assumption of steady non-NII growth.

2) Operating and credit cost

Its latest cost guidance is a c.5% growth in 2024 costs on a target basis to reflect its investment in growth and efficiency and inflation, partly offset by cost management actions. We expect near c.USD 33bn of cost for FY24F, including one quarter of cost of its Canada business, which is c.1.5% higher than our previous estimation.

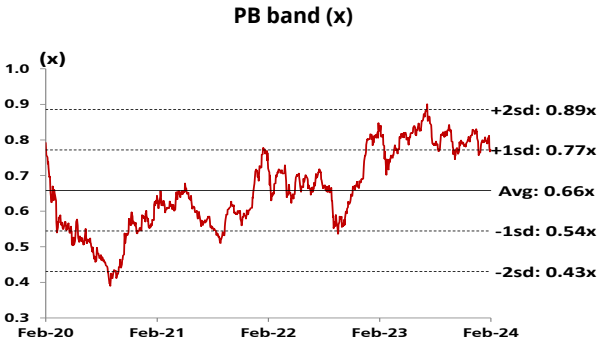
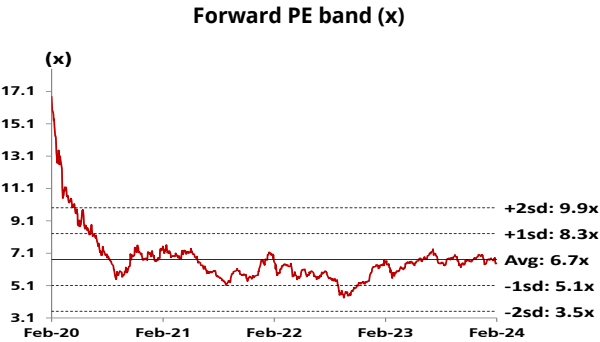
Our credit cost assumption is at similar level of that in FY23 at c.36-37bps for FY24/25F. The uncertainties in global macro-economies remain, while China CRE sector is quite well provisioned at this stage.

Company Background

HSBC first introduced local banking services in 1865 in Hong Kong and Shanghai. With various acquisitions, the bank conceived its "three-legged stool" strategy, representing its presence in the Asia-Pacific, the US, and the UK. It has dual listings on the Hong Kong Stock Exchange and London Stock Exchange. HSBC is one of the world's largest banking and financial service institutions with about US\$3tn in assets (as at end-Dec 2023). It operates three global businesses and a corporate centre: 1) Retail Banking and Wealth Management, 2) Commercial Banking, 3) Global Banking and Markets. It has 11 global functions, including for risk, finance, compliance, marketing, and legal.

HSBC Holdings

Historical PE and PB band



Source: Thomson Reuters, DBS HK

HSBC Holdings

Key Assumptions

FY Dec	2022A	2023A	2024F	2025F	2026F
NIM (%)	1.48	1.66	1.61	1.54	1.52
Loan growth (%)	(12)	2	2	3	4
Cost-to-income (%)	64	49	49	51	51
Credit cost (%)	0.3	0.4	0.4	0.4	0.4
	0.00	0.00	0.00	0.00	0.00
Customer Deposits Growth (%)	(8)	3	2	3	3
Yld. On Earnings Assets (%)	2.63	5.04	4.54	4.34	4.28
Avg Cost Of Funds (%)	1.23	3.66	3.54	3.22	3.07

Source: Company, DBS HK

Income Statement (US\$ m)

FY Dec	2022A	2023A	2024F	2025F	2026F
Net Interest Income	32,610	35,796	35,804	33,724	33,566
Non-Interest Income	19,117	30,262	30,933	30,694	29,994
Operating Income	51,727	66,058	66,737	64,418	63,560
Operating Expenses	(33,330)	(32,070)	(32,954)	(33,015)	(32,295)
Pre-provision Profit	18,397	33,988	33,783	31,403	31,265
Provisions	(3,592)	(3,447)	(3,449)	(3,630)	(3,758)
Associates	2,723	(193)	2,178	1,961	1,765
Exceptionals	(6,482)	(150)	4,650	100	100
Pre-tax Profit	17,528	30,348	32,512	29,733	29,272
Taxation	(858)	(5,789)	(4,737)	(5,038)	(4,959)
Minority Interests	(635)	(1,026)	(872)	(916)	(961)
Preference Dividend	(1,213)	(1,101)	(1,101)	(1,101)	(1,101)
Net Profit	14,822	22,432	25,802	22,679	22,250
Net Profit bef Except	20,828	22,582	21,152	22,579	22,150

Growth (%)

Net Interest Income Gth	23.11	9.77	0.02	(5.81)	(0.47)
Net Profit Gth	17.57	51.34	15.03	(12.11)	(1.89)

Margins, Costs & Efficiency (%)

Spread	1.40	1.38	1.00	1.12	1.21
Net Interest Margin	1.56	1.79	1.61	1.54	1.52
Cost-to-Income Ratio	64.4	48.5	49.4	51.3	50.8

Business Mix (%)

Net Int. Inc / Opg Inc.	63.0	54.2	53.6	52.4	52.8
Non-Int. Inc / Opg inc.	37.0	45.8	46.4	47.6	47.2
Fee Inc / Opg Income	62.2	34.9	36.9	41.9	44.1
Oth Non-Int Inc/Opg Inc	0.0	0.0	0.0	0.0	0.0

Profitability (%)

ROAE Pre Ex.	10.6	12.0	10.9	11.4	10.9
ROAE	10.6	12.0	10.9	11.4	10.9
ROA Pre Ex.	0.7	0.8	0.7	0.7	0.7
ROA	0.5	0.7	0.8	0.7	0.7

Source: Company, DBS HK

HSBC Holdings

Interim Income Statement (US\$ m)

FY Dec	2H2021	1H2022	2H2022	1H2023	2H2023
Net Interest Income	13,391	14,451	18,159	18,264	17,532
Non-Interest Income	10,610	10,785	8,332	18,612	11,650
Operating Income	24,001	25,236	26,491	36,876	29,182
Operating Expenses	(17,533)	(16,419)	(16,911)	(15,457)	(16,613)
Pre-Provision Profit	6,468	8,817	9,580	21,419	12,569
Provisions	209	(1,090)	(2,502)	(1,345)	(2,102)
Associates	1,390	1,449	1,274	1,583	(1,776)
Exceptionals	1,899	1,497	5,135	2,707	3,622
Pretax Profit	8,067	9,176	8,352	21,657	8,691
Taxation	(1,796)	39	(897)	(3,586)	(2,203)
Minority Interests	(303)	(300)	(335)	(563)	(463)
Net Profit	5,331	8,289	6,533	16,966	5,466

Growth (%)

Net Interest Income Gth	2.5	10.3	35.6	26.4	(3.5)
Net Profit Gth	177.5	13.9	22.5	104.7	(16.3)

Source: Company, DBS HK

Balance Sheet (US\$ m)

FY Dec	2022A	2023A	2024F	2025F	2026F
Cash/Bank Balance	327,002	285,868	242,799	99,482	3,189
Government Securities	0	0	0	0	0
Inter Bank Assets	104,475	112,902	118,547	124,474	130,698
Total Net Loans & Adv.	923,561	938,535	955,429	984,091	1,023,455
Investment	364,726	442,763	442,763	442,763	442,763
Associates	29,254	27,344	25,559	23,890	22,330
Fixed Assets	0	0	0	0	0
Goodwill	11,419	12,487	13,655	14,932	16,329
Other Assets	0	0	0	0	0
Total Assets	2,949,286	3,038,677	3,077,863	3,069,451	3,168,179
Customer Deposits	1,570,303	1,611,647	1,643,880	1,693,196	1,743,992
Inter Bank Deposits	74,586	80,458	87,521	95,265	103,758
Debts/Borrowings	100,439	118,871	135,325	155,852	181,199
Others	0	0	0	0	0
Minorities	7,364	7,281	8,153	9,069	10,030
Shareholders' Funds	0	0	0	0	0
Total Liab& S/H's Funds	2,949,286	3,038,677	3,077,863	3,069,451	3,168,179

Source: Company, DBS HK

HSBC Holdings

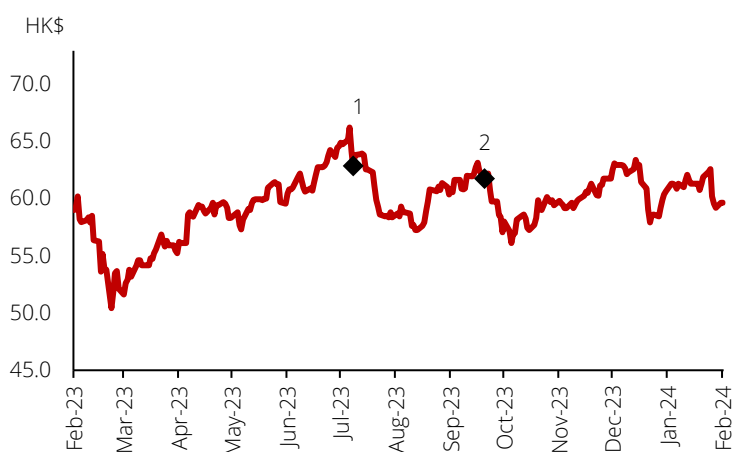
Financial Stability Measures (%)

FY Dec	2022A	2023A	2024F	2025F	2026F
Balance Sheet Structure					
Loan-to-Deposit Ratio	59.6	58.9	58.8	58.8	59.4
Net Loans / Total Assets	31.3	30.9	31.0	32.1	32.3
Investment / Total Assets	12.4	14.6	14.4	14.4	14.0
Cust. Dep./Int. Bear. Liab.	90.0	89.0	88.1	87.1	86.0
Interbank Dep / Int. Bear.	4.3	4.4	4.7	4.9	5.1
Asset Quality					
NPL / Total Gross Loans	2.1	2.0	2.1	1.9	1.7
NPL / Total Assets	0.7	0.6	0.7	0.6	0.6
Loan Loss Reserve Coverage	65.3	57.5	55.5	61.4	68.6
Provision Charge-Off Rate	0.4	0.4	0.4	0.4	0.4
Capital Strength					
Total CAR	19.3	20.0	19.7	19.5	19.3
Tier-1 CAR	16.6	16.9	16.6	16.5	16.4

Source: Company, DBS HK

HSBC Holdings

Target Price & Ratings 12-mth History



S.No.	Date	Closing Price	Target Price	Rating
1	3-Aug-23	HK\$64.20	HK\$71.70	BUY
2	16-Oct-23	HK\$61.80	HK\$71.70	BUY

Source: DBS HK

Analyst: Manyi Lu

Ken Shih

Iris GAO

DBS Group Research recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

Completed Date: 27 Feb 2024 16:28:37 (HKT)

Dissemination Date: 27 Feb 2024 16:41:11 (HKT)

Sources for all charts and tables are DBS HK unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK"). This report is solely intended for the clients of DBS Bank Ltd., DBS Vickers Securities (Singapore) Pte Ltd. ("DBSVS"), its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS HK.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd., DBSVS, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBS Vickers Securities (USA) Inc (“DBSVUSA”), a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBSVS or their subsidiaries and/or other affiliates have a proprietary position in HSBC Holdings PLC (5 HK) recommended in this report as of 22 Feb 2024.

2. **Compensation for investment banking services:**

DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from HSBC Holdings PLC (5 HK), Bank of Communications Co Ltd (3328 HK) and Bank Of Communications Company Limited (601328 CH) as of 31 Jan 2024.

DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA, within the next 3 months, will receive or intend to seek compensation for investment banking services from Bank of Communications Co Ltd (3328 HK) and Bank Of Communications Company Limited (601328 CH) as of 31 Jan 2024.

DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.


3. **Disclosure of previous investment recommendation produced:**

DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

RESTRICTIONS ON DISTRIBUTION

General	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.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBS Vickers (Hong Kong) Limited ("DBSV HK"). DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	<p>This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH 8290) at dbsvhk@dbs.com.</p>
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;"> Wong Ming Tek, Executive Director, ADBSR</p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanakul] at [research@th.dbs.com]</p>
United Kingdom	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</p> <p>This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS Bank Ltd is regulated by the Monetary Authority of Singapore. DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>

Dubai International Financial Centre	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our-network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>
United States	<p>This report was prepared by DBS HK. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.</p>
Other jurisdictions	<p>In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.</p>

DBS Bank (Hong Kong) Limited

13th Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

Tel: (852) 3668-4181, Fax: (852) 2521-1812

HSBC Holdings

DBS Regional Research Offices

HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Dennis Lam

13th Floor One Island East,
18 Westlands Road, Quarry Bay, Hong Kong

Tel: 852 3668 4181

Fax: 852 2521 1812

e-mail: dbsvhk@dbs.com

SINGAPORE

DBS Bank Ltd

Contact: Andy Sim

12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982

Tel: 65 6878 8888

e-mail: groupresearch@dbs.com

Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif

DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia

Tel: 62 21 3003 4900

Fax: 6221 3003 4943

e-mail: indonesiaresearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul

989 Siam Pivat Tower Building,
9th, 14th-15th Floor

Rama 1 Road, Pathumwan,

Bangkok Thailand 10330

Tel. 66 2 857 7831

Fax: 66 2 658 1269

e-mail: research@th.dbs.com

Company Regn. No 0105539127012

Securities and Exchange Commission, Thailand