

BOC HK: Higher mortgage rates fuel bank-margin gains

DIGITAL ENGAGEMENT TEAM

15 JUNE 2022

**TRADING MATTERS SERIES:
STOCK HIGHLIGHT**

Features a single stock and zooms in on its performance in the market

KEY METRICS	
Current Price	30.55
Latest Dividend	0.68
Dividend Ex-Date	4/7/2022
Indicated Dividend Yield	3.70%
14 Day RSI	56.92
Analysts 12M Target Price	35.37

**REFINITIV STOCKREPORTS+
AVERAGE SCORE**

6/10
As of 15 Jun 2022

Refer to page 3 for indicator components

Bank of China Hong Kong Ltd (2388 HK) Price Chart



Any red lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame, and are for illustration purposes only.

As of 14 Jun 2022 closing

KEY MARKET EVENTS

- 23 Jun US PMI Release (Jun)
- 28 Jun US Consumer Confidence (Jun)
- 29 Jun US Q1 GDP Release
- 30 Jun China PMI Release (Jun)
- 01 Jul HK SAR Establishment Day

Hang Seng Index Price Chart



As of 14 Jun 2022 closing

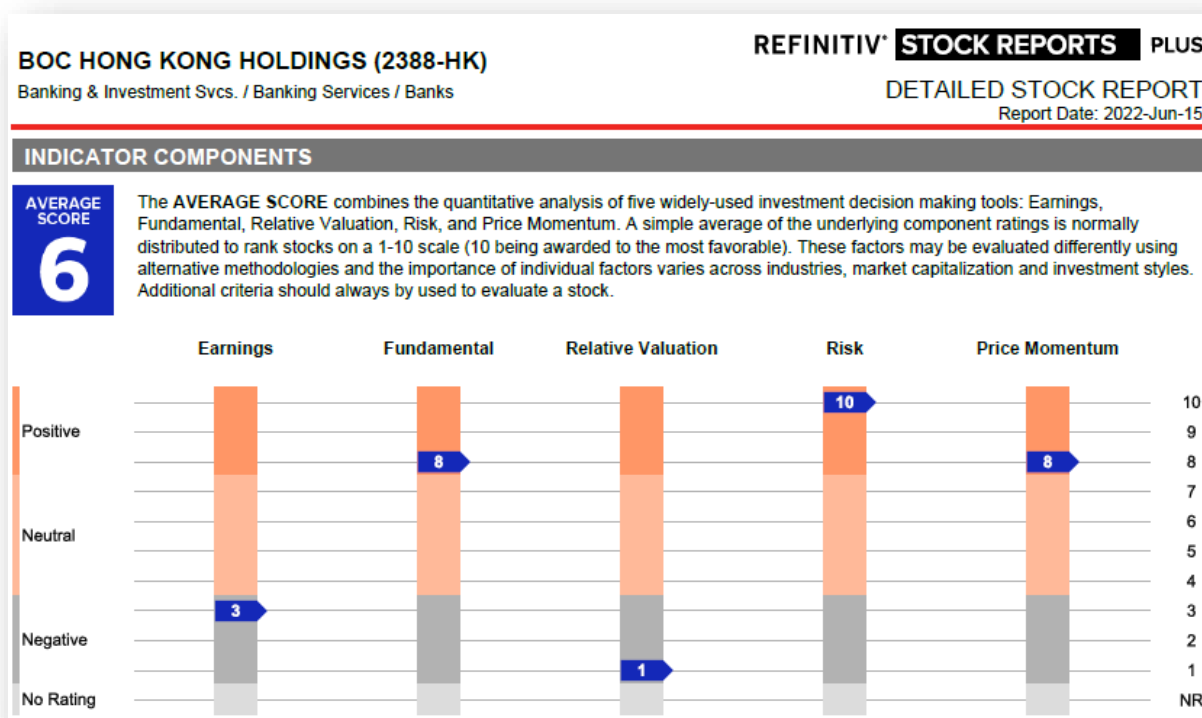
Headline News & Information

- BOC Hong Kong (Holdings) Limited provides a comprehensive range of financial products and services to retail and corporate customers. Its products include retail banking, corporate banking, and treasury services. The company operates its branches in Hong Kong and China (Bloomberg)
- Hong Kong's rate hikes to drive down costly housing prices (14 Jun 2022, Bloomberg)
 - Rising interest rates in Hong Kong are pushing up costs for homeowners and threatening to drive down prices in the world's most expensive housing market
 - With the US Federal Reserve hiking rates aggressively and Hong Kong forced to follow, consumers are being saddled with higher debt
 - Demand for home loans to fall, cooling property prices further
- Higher mortgage rates fuel bank-margin gains (07 Jun 2022, Bloomberg Intelligence)
 - One-month HIBOR could climb 80-100 basis points by year-end from 0.24% on 02 Jun 2022
 - BOCHK may widen margins by 9-10 bps in 2022, in Bloomberg Intelligence's scenario with rising mortgage yields as one of the key drivers
 - The city's lenders stand a chance to increase prime lending rates by year-end for the first time since 2018
- BOC Hong Kong remains aggressive in mortgages (07 Jun 2022, Bloomberg Intelligence)
 - BOC Hong Kong could keep its lead in the city's mortgage market in 2022, after topping peers during 2019-21
 - Its mortgage share in secondary-home sales reached 23.2% in May, topping peers for 10th consecutive month

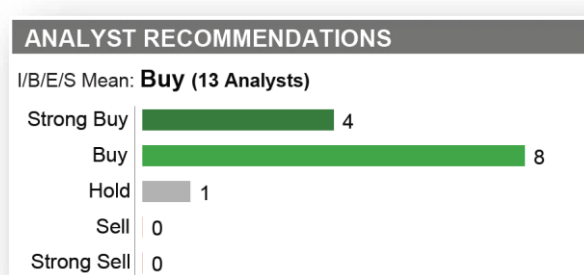
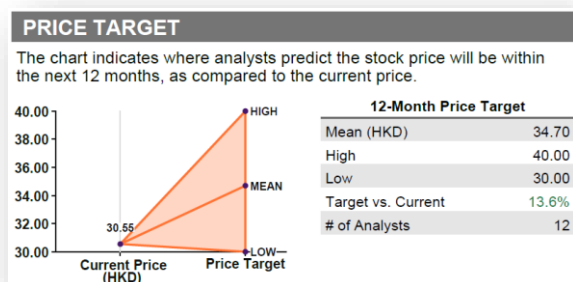
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
• Shares rose 0.5% in the past 5 days and are up 2.9% in the past 30 days	<ul style="list-style-type: none"> • 31.00 (May 2022) • 32.50 (Feb 2022) • 35.50 (Apr 2019) 	<ul style="list-style-type: none"> • 29.00 (May 2022) • 28.50 (Mar 2022) • 27.09 (200 Day MA)

Fundamental Viewpoint

An Extract from STOCKREPORTS+



Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 15 Jun 2022

HK Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in HKD	
Average Score	Ticker	PRICE MOMENTUM				Market Cap	VALUATION		FUNDAMENTAL		ANALYSTS		# of Analysts	
		Price (2022-06-14)	1-Mo Return	3-Mo Return	1-Yr Return		Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean		
9	939	5.54	1.5%	-1.6%	-11.5%	1.3T	4.0	3.8	8.1%	23.6%	5.7%	Buy	26	
8	5	49.55	3.8%	-0.10%	4.1%	1.0T	10.0	9.8	4.0%	16.6%	-	Buy	8	
10	1398	4.52	-1.1%	-1.7%	-10.3%	394.9B	4.1	3.8	8.0%	25.7%	4.9%	Buy	25	
6	2388	30.55	2.9%	8.0%	10.3%	311.9B	13.4	11.3	3.7%	23.0%	-	Buy	12	
3	11	137.00	-1.7%	-4.9%	-13.9%	259.2B	19.3	16.5	3.7%	32.7%	-	Buy	9	
10	3968	3.06	1.7%	3.7%	8.1%	256.7B	3.7	3.6	8.9%	22.1%	6.5%	Buy	19	
10	267	8.51	4.8%	-2.2%	-3.2%	251.6B	3.5	3.3	7.1%	7.7%	-	Buy	6	
7	3968	46.95	10.2%	-16.2%	-31.4%	224.5B	8.8	7.7	4.0%	26.0%	12.7%	Buy	27	
9	3328	5.19	1.4%	-0.38%	-0.58%	181.7B	4.0	3.7	8.4%	17.0%	7.4%	Buy	19	
7	2888	57.00	2.6%	14.9%	5.0%	173.6B	11.9	7.9	1.7%	12.6%	-	Buy	7	
6	23	11.22	-0.18%	-4.6%	-28.1%	30.5B	7.3	7.1	6.2%	18.6%	-	Hold	9	
7.7	Average	32.64	2.3%	-0.46%	-6.5%	402.9B	8.2	7.1	5.8%	20.5%	7.4%	Buy	15.2	

PEER COMPANIES			
11	Hang Seng Bank	3328	Bank of Communications Co
1398	Industrial and Commercial Bank	3968	China Merchants Bank Co
23	Bank of East Asia	3988	Bank of China
267	CITIC	5	HSBC Holdings
2888	Standard Chartered	939	China Construction Bank Corp

Source: REFINITIV STOCKREPORTS+, extracted 15 Jun 2022

Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
Average		28,546	341.73	12.21	14.63	1.26	1.35	3.82
2388 HK	BOC HONG KONG HOLDINGS LTD	41,146	30.55	14.06	10.02	1.00	0.85	3.70
KMB IN	KOTAK MAHINDRA BANK LTD	44,256	1,740.05	28.64	34.16	3.55	4.48	0.06
ICICIBC IN	ICICI BANK LTD	61,322	688.30	19.22	21.97	2.63	2.73	0.73
3988 HK	BANK OF CHINA LTD	133,671	3.06	3.53	3.47	0.40	0.38	8.42
2887 TT	TAISHIN FINANCIAL HOLDING	6,498	16.90	11.88	11.26	1.00	1.03	3.58
AMM MK	AMMB HOLDINGS	2,817	3.76	8.25	N/A	0.74	0.65	1.33
SRBNK NO	SPAREBANK 1 SR BANK ASA	2,933	113.40	9.29	11.45	1.11	1.25	5.29
2892 TT	FIRST FINANCIAL HOLDING CO	11,578	26.50	17.51	16.05	1.49	1.37	3.77
BOB IN	BANK OF BARODA	6,642	100.25	6.61	12.18	0.57	0.52	2.84
BNGA IJ	BANK CIMB NIAGA TBK PT	1,742	1,020.00	5.92	8.31	0.57	0.58	9.22
BOMH IN	BANK OF MAHARASHTRA	1,401	16.25	9.39	17.47	0.78	1.04	3.08

Source: Bloomberg, extracted 14 Jun 2022 closing

DISCLAIMER

The information provided herein is a compilation or summary of materials and data based from external sources available to OCBC Securities Private Limited ("OSPL"), and does not represent OSPL's view on the matters mentioned. Whilst we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee its accuracy or completeness, and you should not act on it without first independently verifying its contents.

Trading in capital markets products and borrowing to finance the trading transactions (including, but not limited to leveraged trading or gearing) can be very risky, and you may lose all or more than the amount invested or deposited. Where necessary, please seek advice from an independent financial adviser regarding the suitability of any trade or capital markets product taking into account your investment objectives, financial situation or particular needs before making a commitment to trade or purchase the capital markets product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the capital markets product is suitable for you. You should consider carefully and exercise caution in making any trading decision whether or not you have received advice from any financial adviser. You should also read the relevant prospectus and/or profile statement (a copy of which may be obtained from the relevant fund manager or any of its approved distributors), prior to any trading or investment decision. Please refer to the prospectus of the relevant fund for the name of the fund manager and the investment objectives of the fund. In relation to collective investment schemes, the value of the units and the income accruing therefrom, if any, may rise or fall. For funds that are listed on an approved exchange, investors cannot redeem their units of those funds with the manager, or may only redeem units with the manager under certain specified conditions. The listing of the units of those funds on any approved exchange does not guarantee a liquid market for the units.

No representation or warranty whatsoever (including without limitation any representation or warranty as to accuracy, usefulness, adequacy, timeliness or completeness) in respect of any information (including without limitation any statement, figures, opinion, view or estimate) provided herein is given by OSPL and it should not be relied upon as such. OSPL does not undertake an obligation to update the information or to correct any inaccuracy that may become apparent at a later time. OSPL shall not be responsible for any loss or damage howsoever arising, directly or indirectly, as a result of any person acting on any information provided herein.

The information provided herein is intended for general circulation/discussion purposes only and may not be published or circulated in whole or in part without our written consent. All trademarks, registered trademarks, product names and company names or logos mentioned herein are the property of their respective owners, and you agree that you will not do anything to infringe or prejudice those rights. Reference to any products, services, processes or other information, does not constitute or imply endorsement, sponsorship or recommendation thereof by OSPL.