

# Key Equity Recommendation

Impact of the SVB saga on Bank stocks- Stay calm and focus  
on stronger banks

15 Mar 2023

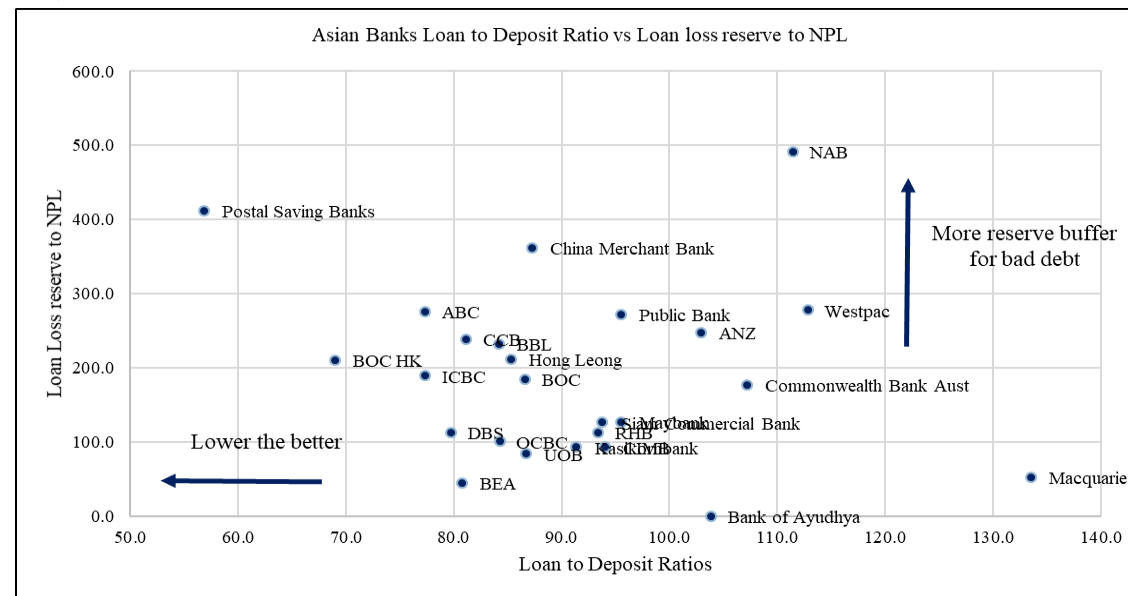
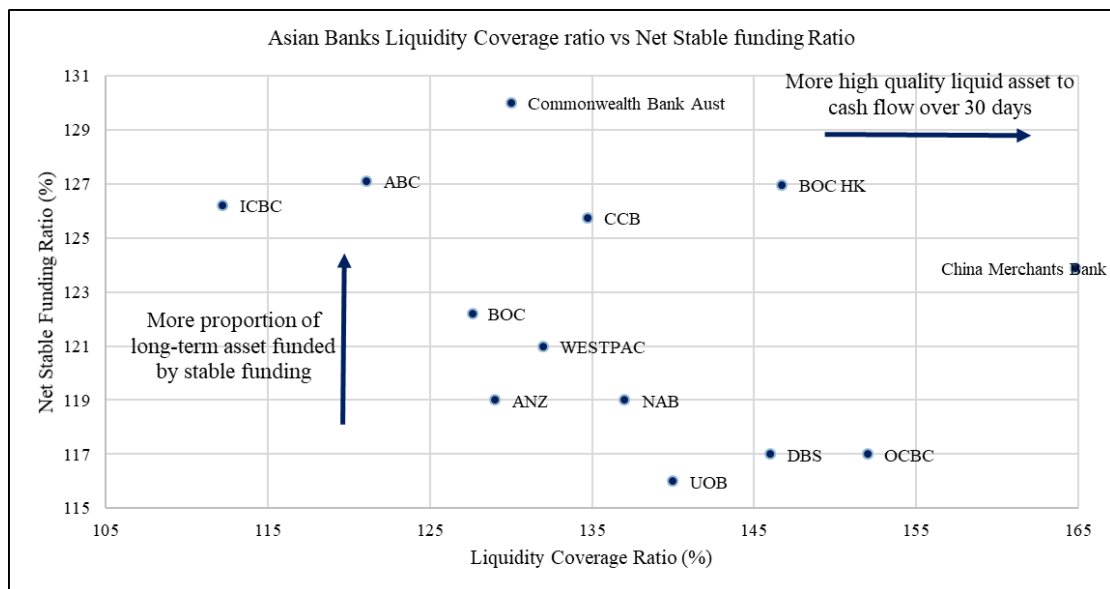
# Key recommendations- Equity Focus list- New

Focus List													
Ticker	Name	Industry	Price	1 yr Target Price	% Upside	Market cap (US\$ mil)	YTD	Fwd 2023 PE (x)	2023 Net income (mil)	2023 growth	PB (x)	Div yield	ESG Score
<b>Singapore</b>													
Gens SP Equity	GENTING SINGAPOR	Travel and Leisure	1.02	1.24	22%	9,135	7%	17	716	13%	1.6	2.0%	BB
KORE SP Equity	KEPPEL PACIFIC O	Commercial REITS	0.45	0.80	80%	465	2%	14	54	(8%)	0.5	13.5%	N.S.
SGREIT SP Equity	STARHILL GLOBAL	Retail REITS	0.53	0.70	33%	876	0%	13	96	5%	0.6	7.3%	N.S.
THBEV SP Equity	Thai Beverage	Food, Beverage & Tobacco	0.62	0.78	26%	11,556	(7%)	12	31,998	8%	1.9	3.8%	N.S.
SIA SP Equity	SINGAPORE AIRLIN	Travel and Leisure	5.65	6.70	19%	12,451	2%	12	1,477	(23%)		1.8%	A
SATS SP Equity	SATS LTD	Travel and Leisure	2.39	4.95	107%	2,041	(11%)	20	187	1244%	1.9		N.S.
CD SP Equity	COMFORTDELGRO CO	Travel and Leisure	1.18	1.50	27%	1,896	(4%)	13	200	12%	1.0	5.4%	N.S.
WIL SP Equity	Wilmar	Food, Beverage & Tobacco	3.99	5.00	25%	18,478	(4%)	9	2,086	6%	0.9	4.1%	A
<b>Greater China/Hong Kong</b>													
1398 HK Equity	ICBC	Banks	4.19	6.60	58%	220,386	4%	4	375,175	5%	0.4	8.2%	A
3988 HK Equity	Bank of China	Banks	2.95	4.00	36%	133,404	4%	3	212,111	(2%)	0.4	8.8%	A
700 HK Equity	Tencent	Media & Entertainment	350.00	428.00	22%	427,314	10%	21	143,325	23%	3.9	0.5%	BBB
9618 HK Equity	JD.com	Retailing	157.80	467.00	196%	63,578	(28%)	11	39,748	28%		3.1%	BBB
2628 HK Equity	China Life	Insurance	12.96	18.00	39%	116,265	(3%)	6	51,525	33%	0.7	5.9%	BBB
2318 HK Equity	Ping An	Insurance	51.80	84.00	62%	122,001	0%	6	137,198	34%	1.0	5.4%	A
9888 HK Equity	Baidu	Media & Entertainment	132.90	159.10	20%	46,853	19%	12	26,001	15%			BBB
1772 HK Equity	Ganfeng Lithium	EV - Lithium producer	49.10	90.00	83%	18,051	(16%)	5	19,208	(2%)	2.2	0.5%	BBB
941 HK Equity	China Mobile	Telecom	64.50	71.50	11%	181,194	25%	9	137,193	8%	0.9	7.2%	N.S.
1928 HK Equity	Sands China	Gaming	27.25	32.60	20%	28,125	5%	14	1,551	335%			A
883 HK Equity	CNOOC	Oil & Gas	11.94	14.00	17%	75,735	20%	4	128,787	(7%)	0.9	15.7%	N.S.
TSM US Equity	TSMC	Semiconductor	87.74	105.00	20%	455,063	18%	13	1,061,991	N.A.		2.1%	AAA
<b>United States and others</b>													
BAC US Equity	Bank of America	Banks	28.51	47.00	65%	228,060	(13%)	8	27,978	3%	0.9	3.0%	A
GM US Equity	General Motors	Automobiles & Components	35.76	60.00	68%	49,872	7%	6	8,690	(0%)	0.7	0.8%	BBB
MSFT US Equity	Microsoft	Software & Services	253.92	306.00	21%	1,890,131	6%	24	80,092	15%	10.3	1.0%	AAA
GOOGL US Equity	Alphabet Inc	Software & Services	91.11	123.00	35%	1,170,371	3%	14	82,726	17%	4.6		BBB
KER FP Equity	Kering Group	Software & Services	550.20	641.00	17%	73,090	17%	15	4,491	10%	4.8	2.4%	AAA

Source: Bloomberg, HLBS, updated as of 15 Mar 2023, Recommend to buy on dips for the Greater China/ Hong Kong ideas on the Focus List

# Impact of SVB saga on Bank stocks- Stay calm and focus on stronger banks

- Currently, the investors will likely be focused on which banks will have the most liquidity buffer, and loan loss buffer to weather the current risk of **increasing unrealized investment loss as a result of high interest rate and volatile pricing in bonds, and increased risk of bank run.**
- Based on our analysis and comparison of Net Stable Funding Ratio, Liquidity Coverage Ratio, Loan Loss Reserve to NPL, and Loan to Deposit ratio, we have identified that **the Chinese and Singaporean banks have higher liquidity and better loan loss buffer compared to the APAC peers**
- Potential entry levels: BOC: 2.90 to 2.95, ICBC, 3.90 to 4.05, DBS 27 to 29, OCBC 11 to 11.50



**Footnote:**

Liquidity Coverage Ratio (LCR): unencumbered high quality liquid asset to meet liquidity needs for a 30 day calendar, **High quality liquid asset amount/Total net cash flow amount**

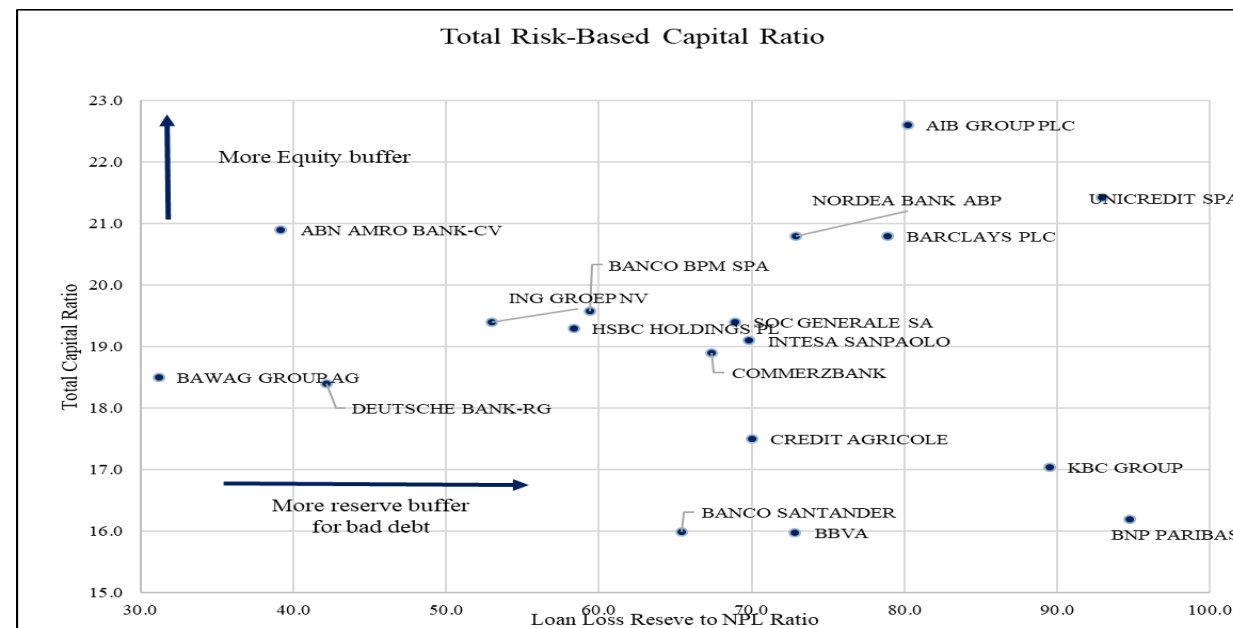
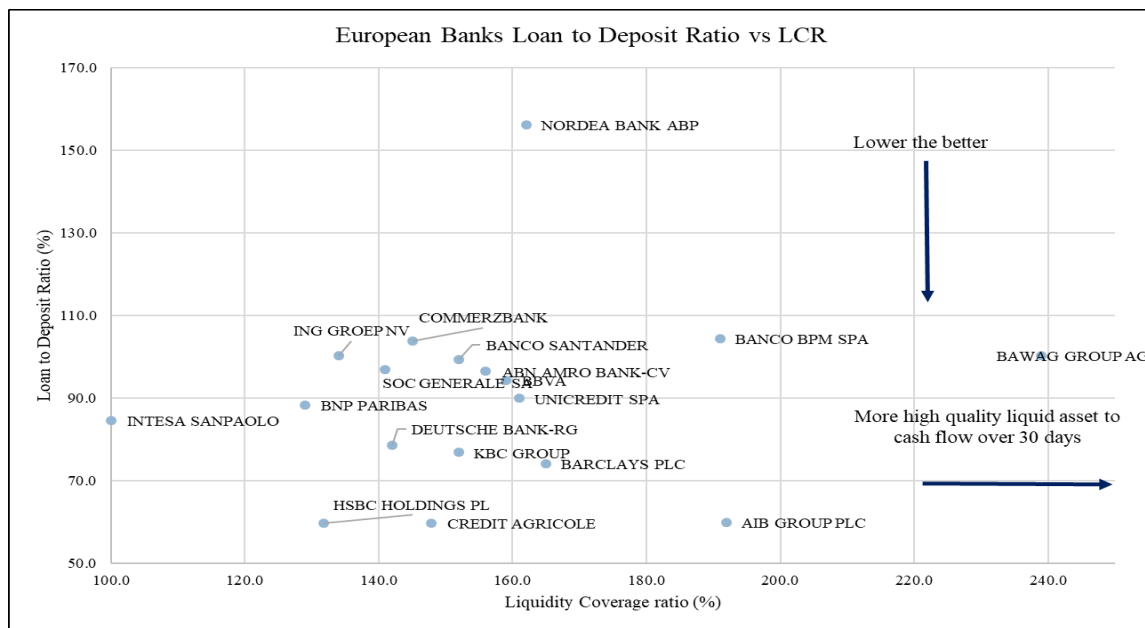
Net Stable Funding Ratio (NSFR): **Available amount of stable funding/ Required amount of stable funding**

Loan to Deposit Ratio: Ratio of Loan to deposit, a lower ratio means **Banks will be more buffered from risk of unable to meet sudden withdrawal**

Loan loss reserve to NPL: **How much the Bank has set aside for their identified bad debt**

# Impact of SVB saga on Bank stocks- Stay calm and focus on stronger banks (Continued)

- Among the European banks, banks like Barclays, HSBC, Credit Agricole, Commerzbank are better capitalized and have better liquidity to meet potential withdrawal and risk of higher unrealized investment loss



**Footnote:**

Liquidity Coverage Ratio (LCR): unencumbered high quality liquid asset to meet liquidity needs for a 30 day calendar, **High quality liquid asset amount/Total net cash flow amount**

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