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ANZ Banking Group (ANZ)

Back in business

Recommendation

Buy (unchanged)

Price

\$28.00

Target (12 months)

\$30.00 (previously \$24.50)

GICS Sector

Banks

Expected Return

Capital growth	7.1%
Dividend yield	5.0%
Total expected return	12.1%

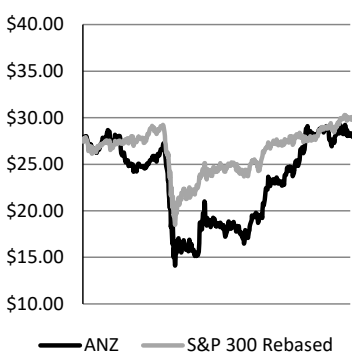
Company Data & Ratios

Enterprise value	n/m
Market cap	\$79,712m
Issued capital	2,847m
Free float	100%
Avg. daily val. (52wk)	\$162.8m
12 month price range	\$16.40 - \$29.64

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	27.86	28.14	19.08
Absolute (%)	1.44	0.43	48.11
Rel market (%)	-2.52	-7.65	24.72

Absolute Price



SOURCE: IRESS

Strong 3Q21 anticipated

ANZ should expect these to be the same on 18 August 2021: 1) statutory NPAT ~\$1.3bn; 2) cash profit (continuing) ~\$1.3bn; and 3) cash profit (continuing and ex-large notable items) ~\$1.3bn. This is based on almost unchanged banking income (lower net interest income and higher other banking income), further improvement in operating expenses (costs excluding large and notable items again well-managed with the bulk in productivity/modernisation savings), slight credit impairment charge (as opposed to a benefit in 1H21 due to normalisation) and effective tax rate of 30%.

Capital return

ANZ announced a capital management update this week signalling its intention to buy back \$1.5bn shares on market. There was also the promise of further capital to be returned given its position, but only if all balanced and prudent outcomes are satisfied. As it is, ANZ will return a modest amount targeting around 35bp (Level 2 and Level 1 CET1 ratios as at 31 March 2021 are 12.4% and 12.2% respectively) that would still place the bank comfortably ahead of the capital requirement of 10.5%. This theoretically means the bank can also pay at least another \$2.5bn by 2022. This would also bring the CET1 ratio to around 11.4-11.5%, suggesting the bank can still enjoy a buffer of around 1.0% over APRA's minimum capital requirement.

Price target increased to \$30.00, Buy rating unchanged

We look at ANZ's outcomes in two sections. The first lies in changes to projections leading up to but not including the \$1.5bn capital return, while the second includes the capital return of \$1.5bn in FY21 and \$2.5bn in FY22. Assuming no difference in earnings capacity, the only real changes lie in: 1) cash EPS (continuing) (FY21 0cps; FY22 5cps; FY23 12cps; and FY24 12cps); and 2) cash ROE (continuing) (FY21 0.0%; FY22 +0.3%; FY23 +0.5%; and FY24 +0.5%). The price target is increased by 22% to \$30.00 (previously \$24.50), mainly from the effects of the first section, while ANZ's Buy rating is maintained.

Earnings Forecast

Year end 30 September	2020	2021e	2022e	2023e
Statutory profit (A\$m)	3,577	5,615	5,908	6,255
Cash profit (continuing) (A\$m)	3,758	5,662	5,908	6,255
Cash EPS (continuing) (A¢)	133	199	212	232
Cash EPS (continuing) growth (%)	-42%	50%	6%	9%
PER (x)	21.1	14.1	13.2	12.1
P/Book (x)	1.3	1.3	1.3	1.3
P/NTA (x)	1.4	1.4	1.4	1.3
Dividend (A¢)	60	140	146	154
Yield (%)	2.1%	5.0%	5.2%	5.5%
ROE (%)	6.2%	9.1%	9.5%	10.0%
NIM (%)	1.62%	1.64%	1.62%	1.61%
Franking (%)	100.0%	100.0%	100.0%	100.0%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Back in business

Strong 3Q21 anticipated

We expect ANZ to report the following on 18 August 2021 (pre capital return):

- 1 Statutory NPAT ~\$1.3bn;
- 2 Cash profit (continuing) ~\$1.3bn;
- 3 Cash profit (continuing and ex-large notable items) ~\$1.3bn;
- 4 Profit before credit impairment & tax ~\$1.9bn;
- 5 Credit impairment charge ~\$0.2bn; and
- 6 CET1 ratio 12.4%.

This is based on almost unchanged banking income (lower net interest income, i.e. stable NIM despite ongoing rate pressures more than offset by lower interest earning assets primarily in institutional banking – thus the lower overall income, and higher other banking income with a pick-up in trading), improvement in operating expenses (costs excluding large and notable items again well-managed with the bulk in productivity savings), slight credit impairment charge (as opposed to a benefit in 1H21 due to normalisation) and effective tax rate of close to 30%.

Capital return

ANZ announced a capital management update this week signalling its intention to buy back \$1.5bn shares on market (given the bank's financial strength to "support our customers while also returning surplus capital to shareholders").

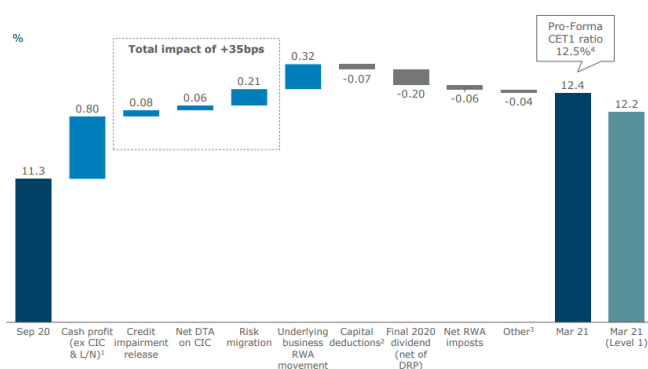
There was also the promise of further capital to be returned given its capital position, but only if all balanced and prudent outcomes are satisfied. ANZ will return a "modest" amount of capital in the meantime, targeting around 35bp (Level 2 and Level 1 CET1 ratios as at 31 March 2021 are 12.4% and 12.2% respectively) that would still place the bank comfortably and well ahead of the capital requirement of 10.5%.

This theoretically means the bank can pay at least another \$2.5bn by FY22. This would bring its CET1 ratio to around 11.4-11.5%, suggesting the bank can still enjoy a buffer of around 1.0% over APRA's minimum capital requirement.

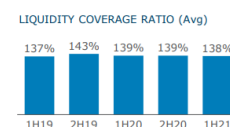
Figure 1 – CET1 ratio

CAPITAL & LIQUIDITY

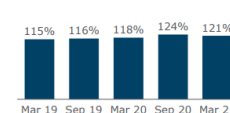
APRA LEVEL 2 CET1 RATIO



LIQUIDITY



NET STABLE FUNDING RATIO (EOP)



- CIC: Credit impairment charge / (release); L/N: Large / Notable items
- Mainly comprises the movement in retained earnings in deconsolidated entities and expected losses in excess of eligible provision shortfall
- Other impacts include movements in non-cash earnings, net foreign currency translation and impacts from Large / Notable items (non-capital deduction related)
- With conversion of NZD500m Capital notes

SOURCE: COMPANY DATA

Price target increased to \$30.00, Buy rating unchanged

We look at ANZ's outcomes in two sections. The first lies in changes to projections leading up to but not including the \$1.5bn capital return, while the second includes the capital return of \$1.5bn in FY21 and \$2.5bn in FY22.

Assuming no difference in earnings capacity, the only real changes lie in cash EPS (continuing) (FY21 0cps; FY22 5cps; FY23 12cps; and FY24 12cps) and cash ROE (continuing) (FY21 0.0%; FY22 +0.3%; FY23 +0.5%; and FY24 +0.5%).

The price target is increased by 22% to \$30.00 (previously \$24.50) mainly from changes in operating expenses (falling by 8-10%) and the credit impairment charge (+838% in FY21, but falling down by 3% in FY24 and beyond).

ANZ's Buy rating is maintained as a result.

Table 1 – Composite valuation

Composite Valuation	Value (\$m)	Per share	Weighting	Composite value per share
DCF	80,437	\$28.25	25%	\$7.06
Dividend yield (sustainable)	106,283	\$37.33	25%	\$9.33
ROE (sustainable)	73,408	\$25.79	25%	\$6.45
Sum-of-Parts	74,915	\$26.31	25%	\$6.58
Total				\$29.42
Plus surplus capital *		\$0.27		\$29.69

* Less estimated NZ new capital requirement

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Table 2 – SOP valuation

Sum-of-Parts (As Is)	FY22e NPAT	Pros. PE (times)	Value (\$m)	Per share
Australia	3,110	12.0	37,317	\$13.11
Pacific	36	10.0	358	\$0.13
Institutional	1,593	13.0	20,711	\$7.28
Wealth Australia	0	-	0	\$0.00
New Zealand	1,377	12.0	16,529	\$5.81
Other	-209	-	0	\$0.00
Total	5,908	12.7	74,915	\$26.31

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Table 3 – Estimate changes

ANZ Bank Y/e September 30 (\$m)	FY21e			FY22e			FY23e			FY24e		
	Current	Previous	Change	Current	Previous	Change	Current	Previous	Change	Current	Previous	Change
Profit & Loss												
Net interest income	13,707	13,163	4%	13,755	13,515	2%	13,991	13,791	1%	14,279	14,144	1%
Other operating income	3,044	4,392	-31%	3,680	4,502	-18%	4,185	4,600	-9%	4,286	4,703	-9%
Operating income	16,751	17,555	-5%	17,435	18,017	-3%	18,176	18,391	-1%	18,565	18,847	-1%
Operating expenses	-8,847	-8,872	0%	-8,217	-8,935	9%	-8,248	-9,028	9%	-8,401	-9,199	10%
Credit impairment charge	310	-2,284	-838%	-843	-1,603	90%	-1,057	-1,136	7%	-1,133	-1,167	3%
Profit before income tax	8,215	6,399	28%	8,374	7,480	12%	8,872	8,227	8%	9,031	8,481	6%
Income tax expense	-2,553	-1,897	-26%	-2,467	-2,215	-10%	-2,617	-2,434	-7%	-2,665	-2,508	-6%
Non-controlling interests	-8	0	n/m	0	0	n/m	0	0	n/m	0	0	n/m
Cash profit	5,654	4,502	26%	5,908	5,265	12%	6,255	5,793	8%	6,366	5,973	7%
Cash profit (continuing)	5,662	4,502	26%	5,908	5,265	12%	6,255	5,793	8%	6,366	5,973	7%
DPS (cps)	140	87	61%	146	121	21%	154	133	16%	158	137	15%
Payout ratio (target 60-65%)	70%	55%	15%	69%	65%	4%	66%	65%	1%	67%	65%	2%
Cash EPS (continuing) (cps)	199	158	25.7%	212	185	14.2%	232	204	13.7%	236	210	12.2%
Cash ROE (continuing)	9.1%	7.2%	1.9%	9.5%	8.2%	1.3%	10.0%	8.8%	1.2%	9.9%	8.9%	1.0%
NIM	1.64%	1.51%	0.12%	1.62%	1.50%	0.12%	1.61%	1.49%	0.11%	1.61%	1.50%	0.11%
CIR (continuing)	53%	51%	-2%	47%	50%	2%	45%	49%	4%	45%	49%	4%
Impairment expense as % of GLA	-0.05%	0.35%	0.40%	0.13%	0.24%	0.11%	0.16%	0.17%	0.01%	0.17%	0.17%	0.00%
Effective tax rate	31%	30%	-1%	29%	30%	0%	30%	30%	0%	30%	30%	0%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

ANZ Banking Group

Company description

ANZ operates primarily in Australia, New Zealand and selected markets in the Asia Pacific region via its Institutional Bank. The Group services 6m customers and provides the following products and services: retail banking; business banking and institutional banking.

Investment strategy

ANZ's focus is now on the more profitable and higher ROE Australian and New Zealand retail, business and private banking space, although we believe there is still value in selected offshore locations focusing on institutional banking particularly in trade finance servicing corporates doing business offshore and high net worth customers.

Valuation

The price target is closely aligned with the bank's composite valuation, weighted in the table below.

Table 4 – Composite valuation

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Dividend yield (sustainable)	106,283	\$37.33	25%	\$9.33
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Total				\$29.42
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Pacific	36	10.0	358	\$0.13
Institutional	1,593	13.0	20,711	\$7.28
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Total	5,908	12.7	74,915	\$26.31

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

SWOT analysis

Strengths

1. Domestic retail and SME banking franchise, including service and sales, and corporate banking; and
2. Management execution.

Weaknesses

1. Underweight home lending Australia (although being addressed); and
2. Overweight New Zealand.

Opportunities

1. Further cost management; and
2. Divesting non-core businesses (under way).

Threats

1. Macroeconomic factors such as higher regulatory requirements in Australia and New Zealand, higher regional unemployment and slowing domestic credit growth;
2. Rising wholesale funding costs;
3. COVID-19 implications on Institutional/Corporate business in Asia;

4. Sovereign risk – exposed to sometimes unstable governments; and
5. Increased competition specifically from CBA, WBC and NAB on the domestic front in retail and wholesale banking and wealth management.

Sensitivities

Table 6 – Sensitivities

Y/e September 30	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e
Sensitivities									
Group NIM +10bp									
- Cash profit upside (continuing)	10.4%	10.0%	9.7%	9.8%	9.7%	9.6%	9.5%	9.4%	9.4%
- Price target upside	\$3.11	\$3.01	\$2.92	\$2.93	\$2.90	\$2.88	\$2.85	\$2.83	\$2.81
Group Loans +1%									
- Cash profit upside (continuing)	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
- Price target upside	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.17	\$0.17
Aust. loans (ex Wealth/IB) +1%									
- Cash profit upside (continuing)	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
- Price target upside	\$0.17	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16
APEA loans +1%									
- Cash profit upside (continuing)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
- Price target upside	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NZ loans +1%									
- Cash profit upside (continuing)	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
- Price target upside	\$0.08	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07
Other income +1%									
- Cash profit upside (continuing)	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
- Price target upside	\$0.11	\$0.13	\$0.14	\$0.14	\$0.14	\$0.14	\$0.14	\$0.14	\$0.14
BDD +1%									
- Cash profit upside (continuing)	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
- Price target upside	\$0.01	-\$0.03	-\$0.04	-\$0.04	-\$0.04	-\$0.04	-\$0.04	-\$0.04	-\$0.04
Costs +1%									
- Cash profit upside (continuing)	-1.1%	-1.0%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%
- Price target upside	-\$0.33	-\$0.29	-\$0.28	-\$0.28	-\$0.27	-\$0.27	-\$0.27	-\$0.26	-\$0.26

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Table 7 – Financial summary

ANZ Bank						Share Price (A\$)						28.00
As at	23-Jul-21					Market Cap (A\$M)						79,712
PROFIT AND LOSS												
Y/e September 30 (\$m)	2019	2020	2021e	2022e	2023e	VALUATION DATA						
Net interest income	14,339	14,049	13,707	13,755	13,991	Y/e September 30	2019	2020	2021e	2022e	2023e	
Other banking income	4,672	3,703	3,044	3,680	4,185	Cash profit (continuing) (\$m)	6,470	3,758	5,662	5,908	6,255	
Total banking income	19,011	17,752	16,751	17,435	18,176	Statutory EPS (c)	210	126	198	212	232	
Funds management income	0	0	0	0	0	- Growth	-5%	-40%	56%	7%	9%	
Insurance income	18	0	0	0	0	Cash EPS (continuing) (c)	228	133	199	212	232	
Operating income	19,029	17,752	16,751	17,435	18,176	- Growth	2%	-42%	50%	6%	9%	
Operating expenses	-9,071	-9,383	-8,847	-8,217	-8,248	P / E ratio (times)	12.3	21.1	14.1	13.2	12.1	
Credit impairment charge	-795	-2,738	310	-843	-1,057	P / Book ratio (times)	1.3	1.3	1.3	1.3	1.3	
Profit before income tax	9,163	5,631	8,215	8,374	8,872	P / NTA ratio (times)	1.4	1.4	1.4	1.4	1.3	
Income tax expense	-2,678	-1,872	-2,553	-2,467	-2,617	Net DPS (c)	160	60	140	146	154	
Non-controlling interests	-15	-1	0	0	0	Yield	5.7%	2.1%	5.0%	5.2%	5.5%	
Investment experience	0	0	0	0	0	Franking	85%	100%	100%	100%	100%	
Cash profit (continuing)	6,470	3,758	5,662	5,908	6,255	Payout (cash basis, target 60-65%)	70%	45%	70%	69%	66%	
Discontinued operations	-309	-98	-8	0	0	CAPITAL ADEQUACY						
Cash profit	6,161	3,660	5,654	5,908	6,255	Y/e September 30	2019	2020	2021e	2022e	2023e	
Hedging, one off gains, etc.	-208	-83	-39	0	0	Risk weighted assets (\$m)	416,961	429,384	417,393	431,361	445,861	
Statutory profit	5,953	3,577	5,615	5,908	6,255	Average risk weight	46%	46%	46%	46%	46%	
						Tier 1 ratio	13.2%	13.2%	13.8%	13.2%	13.3%	
						CET1 capital ratio	11.4%	11.3%	11.9%	11.4%	11.5%	
						Total capital ratio	15.3%	16.4%	17.7%	17.0%	17.0%	
						Equity ratio	6.2%	5.9%	5.9%	5.7%	5.8%	
CASHFLOW												
Y/e September 30 (\$m)	2019	2020	2021e	2022e	2023e	DIVISIONAL						
Cash profit	6,161	3,660	5,654	5,908	6,255	Y/e September 30 (\$m)	2019	2020	2021e	2022e	2023e	
Increase in loans	-9,640	-1,598	-9,658	-14,565	-13,891	Australia						
Increase in other assets	-31,308	-32,642	29,278	-16,665	-17,680	Net interest income	8,092	7,916	7,902	8,054	8,129	
Capital expenditure	-91	-1,089	179	-86	-88	Other income	1,347	1,161	757	1,232	1,577	
Investing cashflow	-41,039	-35,329	19,799	-31,316	-31,660	Total banking income	9,439	9,077	8,659	9,286	9,706	
Increase in deposits & borrowings	28,986	35,692	23,326	22,010	21,805	Operating expenses	-4,074	-4,091	-4,702	-4,207	-4,290	
Increase in other liabilities	7,580	24,954	-27,401	9,889	7,648	Impairment expenses	-712	-1,647	202	-636	-741	
Ordinary equity raised	0	0	0	0	0	Net profit before tax	4,653	3,339	4,790	4,442	4,675	
Other	-4,703	-2,675	-4,840	-6,490	-4,048	Corporate tax expense	-1,458	-1,002	-1,515	-1,333	-1,403	
Financing cashflow	31,863	57,971	-8,916	25,408	25,405	Cash profit (continuing)	3,195	2,337	3,275	3,110	3,273	
Net change in cash	-3,015	26,302	16,537	0	0	Loans	331,871	339,381	357,126	364,268	371,554	
Cash at end of period	81,621	107,923	124,460	124,460	124,460	Deposits	208,005	234,594	249,427	256,909	264,617	
BALANCE SHEET												
Y/e September 30 (\$m)	2019	2020	2021e	2022e	2023e	Pacific						
Cash and liquid assets	81,621	107,923	124,460	124,460	124,460	Net interest income	128	109	110	107	91	
Divisional gross loans	621,873	621,670	633,400	647,275	661,300	Other income	104	84	63	54	46	
Provisions	-4,190	-5,899	-4,995	-4,305	-4,440	Total banking income	232	193	174	161	137	
Other gross loans / inter div.	-3,106	404	-2,572	-2,572	-2,572	Operating expenses	-150	-205	-136	-115	-97	
Other IEA	267,169	302,285	273,653	290,319	307,999	Impairment expenses	1	-52	-6	-5	-4	
Intangibles	4,861	4,379	4,024	4,024	4,024	Net profit before tax	83	-64	32	41	36	
PP&E	1,924	3,013	2,834	2,920	3,008	Corporate tax expense	-24	2	-4	-5	-4	
Insurance assets	0	0	0	0	0	Cash profit (continuing)	59	-62	28	36	31	
Other assets	10,985	8,511	7,865	7,865	7,865	Loans	2,120	1,866	1,586	1,348	1,146	
Total assets	981,137	1,042,286	1,038,669	1,069,985	1,101,645	Deposits	3,546	3,534	3,110	2,643	2,247	
Divisional deposits & IBL	613,680	649,372	672,698	694,708	716,512	Institutional						
Other borrowings	295,556	318,885	292,364	302,253	309,901	Net interest income	3,080	3,182	2,816	2,704	2,794	
Other liabilities	11,107	12,732	11,851	11,851	11,851	Other income	2,192	2,649	2,044	2,093	2,143	
Total liabilities	920,343	980,989	976,913	1,008,812	1,038,265	Total banking income	5,272	5,831	4,860	4,797	4,937	
Ordinary share capital	26,490	26,531	25,115	22,615	22,615	Operating expenses	-2,667	-2,558	-2,568	-2,420	-2,478	
Other equity instruments	0	0	0	0	0	Impairment expenses	2	-694	55	-101	-103	
Reserves	1,629	1,501	741	741	741	Net profit before tax	2,607	2,579	2,347	2,276	2,356	
Retained profits	32,664	33,255	35,890	37,807	40,014	Corporate tax expense	-779	-725	-676	-683	-707	
Minority interests	11	10	10	10	10	Cash profit (continuing)	1,828	1,854	1,671	1,593	1,649	
Total shareholders' equity	60,794	61,297	61,756	61,173	63,380	Loans	164,526	157,634	148,299	151,265	154,290	
Total sh. equity & liabs.	981,137	1,042,286	1,038,669	1,069,985	1,101,645	Other IEA	346,094	391,862	346,990	353,930	361,008	
WANOS - statutory (m)	2,834	2,830	2,842	2,790	2,699	IBL	290,671	296,715	299,067	308,039	317,280	
WANOS - underlying (m)	2,842	2,833	2,844	2,792	2,701	Wealth Australia						
PROFITABILITY RATIOS												
Y/e September 30	2019	2020	2021e	2022e	2023e	Net interest income						
Return on assets (cash, continuing)	0.7%	0.3%	0.5%	0.6%	0.6%	Other operating income						
Return on equity (cash, continuing)	10.9%	6.2%	9.1%	9.5%	10.0%	Net funds management income						
Leverage ratio	5.7%	5.4%	5.6%	5.3%	5.4%	Net insurance & other income						
Net interest margin (continuing)	1.75%	1.62%	1.64%	1.62%	1.61%	Total operating income						
Cost / income ratio (continuing)	48%	53%	53%	47%	45%	Operating expenses						
Cost / average assets (continuing)	0.92%	0.86%	0.86%	0.77%	0.75%	Impairment expenses						
Growth in operating income	-2%	-7%	-6%	4%	4%	Net profit before tax						
Growth in operating expenses	-4%	3%	-6%	-7%	0%	Corporate tax expense						
Jaws (continuing)	2%	-10%	0%	11%	4%	Cash profit (continuing)						
Effective tax rate	29%	33%	31%	29%	30%	FUM						
ASSET QUALITY												
Y/e September 30	2019	2020	2021e	2022e	2023e	New Zealand						
Impairment expense / GLA	0.13%	0.44%	-0.05%	0.13%	0.16%	Net interest income	2,736	2,731	2,777	2,788	2,875	
Impairment expense / RWA	0.19%	0.64%	-0.07%	0.20%	0.24%	Other income	580	473	480	501	520	
Total provisions (\$m)	4,190	5,899	4,995	4,305	4,440	Total operating income	3,316	3,204	3,257	3,289	3,395	
Total provisions / GLA	0.67%	0.95%	0.79%	0.67%	0.67%	Operating expenses	-1,286	-1,435	-1,256	-1,275	-1,283	
Indiv ass prov / gross imp assets	40%	36%	36%	40%	40%	Impairment expenses	-87	-345	58	-101	-209	
IBL / IEA	103%	105%	107%	107%	107%	Net profit before tax	1,943	1,424	2,059	1,913	1,903	
Total provisions + GRCL / RWA	1.00%	1.37%	1.20%	1.00%	1.00%	Corporate tax expense	-544	-407	-573	-536	-533	
						Minority interests	0	0	0	0	0	
						Investment experience	0	0	0	0	0	
						Cash profit (continuing)	1,399	1,017	1,486	1,377	1,370	
						Loans	119,166	116,890	121,394	126,088	129,871	
						Deposits	87,456	92,832	99,217	105,055	110,307	
						Other IBL	24,002	21,697	21,877	22,061	22,061	

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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