



AmInvestment Bank

Company report

CIMB GROUP

(CIMB MK EQUITY, CIMB.KL)

1 Sep 2021

Lower BAU operating expenses and provisions

BUY

(Maintained)

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Rationale for report: Company results/update

Price	RM4.91
Fair Value	RM5.80
52-week High/Low	RM4.94/RM2.90

Key Changes

Fair value	↑
EPS	↑

YE to Dec	FY20	FY21F	FY22F	FY23F
Total income (RM mil)	17,189.0	18,812.7	19,762.6	20,693.8
Core net profit (RM mil)	1,276.7	4,776.7	5,710.5	6,684.5
FD Core EPS (sen)	12.9	48.1	57.5	67.4
FD Core EPS growth (%)	(73.8)	274.1	19.5	17.1
Consensus Net Profit (RM mil)	-	4,088.0	5,038.0	5,682.0
DPS (sen)	4.8	24.1	28.8	33.7
BV/share (RM)	5.66	5.90	6.18	6.52
PE (x)	38.2	10.2	8.5	7.3
Div yield (%)	1.0	4.9	5.9	6.9
P/BV (x)	0.9	0.8	0.8	0.8
ROE (%)	2.1	8.3	9.5	10.6

Stock and Financial Data

Shares Outstanding (million)	9,923.0
Market Cap (RM mil)	48,721.8
Book Value (RM/share)	5.66
P/BV (x)	0.9
ROE (%)	2.1
Major Shareholders	Khazanah Nasional Bhd (23.8%) Employees Provident Fund (13.1%)
Free Float	48.1
Avg Daily Value (RM mil)	51.8

Price performance	3mth	6mth	12mth
Absolute (%)	14.7	13.4	48.8
Relative (%)	13.4	11.7	41.7



— CIMB MK — FBMKLCI Index

Investment Highlights

- We maintain BUY on CIMB Group Holdings (CIMB) with a revised fair value of RM5.80/share (previously: RM5.60/share) based on higher FY22 ROE of 9.5% (previously: 9.3%), leading to P/BV of 0.9x. Valuation of the stock remains undemanding at 0.8x FY22 P/BV. It remains one of our top picks for the sector. It is also one of the banking sector's stocks with higher liquidity.
- We raise our FY21/22/23 net profit by 4.7%/2.7%/2.4% to reflect lower CI ratio assumptions.
- CIMB posted subdued core earnings of RM1.29bil (stripping out transformation cost of RM17mil and intangible asset (IA) write-off and accelerated amortization of RM241mil) in 2Q21. This was contributed by lower underlying operating expenses (opex) and provisions offset by softer non-interest income (NOII). Wealth management and trading income slowed down in 2Q21 after a strong showing in 1Q21.
- 6M21 normalised net profit grew 162.4% YoY to RM2.62bil contributed by higher total income and lower provisions partially offset by marginally higher BAU opex.
- Earnings were above expectations, accounting for 57.5% and 64.1% of our and consensus estimates respectively. The variance to our expectation was largely due to lower-than-expected underlying opex.
- The group's gross loans growth remained subdued at -0.2% YoY with expansion of loans in Malaysia offset by a contraction of loans in Indonesia and Thailand (downsizing of commercial loans).
- In 2Q21, the group's NIM improved by 4bps QoQ to 2.56% attributed to stronger interest margins in Malaysia, Singapore and Thailand. Meanwhile, in Indonesia, NIM contracted QoQ due to pressure on asset yields.
- Underlying opex for 6M21 was flat at +1.2% YoY contributed by higher personnel, IT, admin and general expenses. The group is looking at a cost reduction of RM300–RM500mil over two years (FY21 to FY22). Thus far, the group has identified RM335mil in cost savings (RM30mil: Thailand optimisation, RM45mil: Singapore optimisation, RM200mil: deconsolidation of TNGD and savings of RM60mil from IA write-offs and accelerated amortisation). Management alluded to a potential write-off of a portion of goodwill in 3Q21.
- For 6M21, provisions on loans were lower at RM1.37bil (-43.9% YoY). Credit cost (based on loans) of 0.74% for 6M21 were within guidance of 0.80-0.90% for FY21. CIMB's overall GIL ratio was stable at 3.44%.
- An interim dividend of 10.44 sen/share (payout: 40.0%) has been proposed.

EXHIBIT 1: RESULTS COMPARISON

Income Statement (RM m, FYE 31 Dec)	2Q20	1Q21	2Q21	% QoQ	% Yoy	6M20	6M21	% Yoy
Interest income	4,710	4,031	4,040	0.2%	-14.2%	9,584	8,071	-15.8%
Interest expense	-2,018	-1,333	-1,233	-7.5%	-38.9%	-4,318	-2,567	-40.6%
Modification loss	-212	4	-11	-360.9%	-94.7%	-212	-7	-96.7%
Net interest income	2,480	2,702	2,796	3.5%	12.7%	5,053	5,498	8.8%
Islamic banking income	524	898	894	-0.5%	70.5%	1,316	1,792	36.1%
Non interest income	861	2,356	981	-58.4%	14.0%	1,639	3,337	103.6%
Total income	3,865	5,957	4,671	-21.6%	20.8%	8,008	10,627	32.7%
Overhead expenses	-2,124	-2,338	-2,452	4.8%	15.4%	-4,443	-4,790	7.8%
Pre-provision profit	1,741	3,618	2,219	-38.7%	27.5%	3,565	5,837	63.7%
Loan impairment allowances	-1,470	-716	-652	-8.9%	-55.6%	-2,437	-1,368	-43.9%
Other allowances	-102	-40	-12	-70.2%	-88.3%	-263	-52	-80.3%
Associates and JV income	28	35	23	-34.9%	-17.3%	46	58	27.0%
Pretax profit	196	2,898	1,578	-45.6%	703.4%	910	4,475	391.6%
Income tax	77	-423	-466	10.3%	-709.3%	-139	-889	541.4%
Minority interest	4	-18	-27	53.3%	-753.4%	13	-45	-436.0%
Net profit	277	2,457	1,084	-55.9%	291.3%	785	3,541	351.1%
Core net profit	491	1,298	1,289	-0.8%	162.4%	999	2,622	162.4%
Core EPS (sen)	4.9	13.1	12.9	-1.5%	161.6%	10.1	26.3	161.7%
PBT by segments (RM m)								
Consumer Banking	-83	615	556	-9.5%	-773.5%	445	1,170	163.0%
Commercial Banking	120	293	306	4.5%	154.8%	35	599	1590.6%
Wholesale Banking	-30	623	676	8.5%	-2388.5%	44	1,299	2843.0%
Group Ventures Partnership & Funding/Others	188	1,368	40	>100%	-78.8%	386	1,408	264.8%
Group Pretax profit	196	2,898	1,578	-45.6%	703.4%	910	4,475	391.6%
Balance Sheet (RM m, FYE 31 Dec)								
Gross loans and advances	369,937	366,563	369,173	0.7%	-0.2%	369,937	369,173	-0.2%
Net loans and advances	358,999	353,701	356,200	0.7%	-0.8%	358,999	356,200	-0.8%
Customer deposits	409,909	403,509	408,730	1.3%	-0.3%	409,909	408,730	-0.3%
Gross impaired loans	13,366	12,611	12,693	0.6%	20.3%	13,366	12,693	20.3%
Average shareholders funds	55,379	56,648	57,940	2.3%	4.6%	56,149	57,218	1.9%
Ratios (%)								
Net LD (excluding investment account)	87.6%	87.7%	87.1%			87.6%	87.1%	
CASA	38.4%	42.3%	41.6%			38.4%	41.6%	
Cost to income (BAU)	55.0%	47.7%	47.2%			55.5%	47.5%	
Credit cost	1.59%	0.78%	0.71%			1.32%	0.74%	
Loan loss coverage	81.9%	101.9%	102.2%			81.9%	102.2%	
Loan loss coverage (including regulatory reserves)	81.9%	102.9%	102.4%			81.9%	102.4%	
GIL/Gross NPL	3.61%	3.44%	3.44%			3.61%	3.44%	
NIM	2.35%	2.52%	2.56%			2.29%	2.53%	
ROE (based on core net profit)	3.5%	9.2%	8.9%			3.6%	9.2%	
CET 1 ratio	12.9%	12.9%	13.4%			12.9%	13.4%	
Tier 1	14.0%	14.2%	14.4%			14.0%	14.4%	
Total capital	16.4%	17.1%	17.4%			16.4%	17.4%	

Source: Company, AmInvestment Bank Bhd estimates.

6M21 CORE EARNINGS ABOVE EXPECTATIONS

For 6M21, core earnings of RM2.6bil (after stripping out revaluation gains of RM1.15bil from the deconsolidation of Touch 'n' Go Digital [TNGD], net modification losses, transformation/restructuring cost of RM63mil and intangible asset (IA) write-offs and acceleration in amortization of RM241mil) rose by 162.4% YoY contributed by higher total income and lower provisions. Earnings were above

expectations, accounting for 57.5% and 64.1% of ours and consensus estimates respectively.

By segment, consumer banking PBT improved YoY underpinned by lower provisions. Meanwhile, for commercial banking, the segment's PBT rose sharply YoY largely due to the non-repeat of provisions for an oil & gas loan in Singapore in 1H20. Meanwhile, PBT for wholesale banking rose YoY owing to stronger performance of treasury &

markets and the non-repeat of provisions for a large account related to oil & gas sector in Singapore. Digital assets and group funding's (CDAF) PBT climbed YoY due to rise in operating income from higher NII and lower losses from the deconsolidation of TNGD in Feb 2021.

EXHIBIT 2: BREAKDOWN OF LOANS

Loan by type of customers (RM Mil)	2Q20	3Q20	4Q20	1Q21	2Q21	%QoQ	%YoY
Domestic Fis	288	535	805	615	793	29.0%	175.2%
Domestic non-bank Fis:-							
stockbroking comp	8	0	139	110	84	-23.6%	946.6%
others	6,515	6,253	5,956	5,614	5,848	4.2%	-10.2%
Domestic business ent:-							
SMEs	49,971	49,346	49,710	49,475	49,412	-0.1%	-1.1%
others	66,829	62,304	60,887	62,264	62,124	-0.2%	-7.0%
Government and statutory bodies	8,695	8,536	8,054	8,071	7,940	-1.6%	-8.7%
Individuals	186,468	188,223	190,816	190,784	192,112	0.7%	3.0%
Other domestic entities	11,056	10,034	9,950	10,097	10,699	6.0%	-3.2%
Foreign entities	40,105	41,176	39,528	39,533	40,162	1.6%	0.1%
(Less):Islamic fin sold to CAGAMAS							
Total gross loans	369,937	366,406	365,844	366,563	369,173	0.7%	-0.2%
Loan by economic purpose (RM Mil)	2Q20	3Q20	4Q20	1Q21	2Q21	%QoQ	%YoY
Personal use	20,956	20,738	20,852	20,730	21,220	2.4%	1.3%
Credit card	8,558	8,377	8,403	8,130	7,743	-4.8%	-9.5%
Purchase of consumer durables	110	132	154	176	187	6.1%	69.1%
Construction	15,596	14,964	14,813	14,693	14,602	-0.6%	-6.4%
Residential property (HL)	110,948	112,005	114,174	115,750	117,299	1.3%	5.7%
Non-residential property	29,346	30,031	30,269	30,808	30,680	-0.4%	4.5%
Purchased of FA other than PPEs	14,000	12,742	12,881	12,491	11,989	-4.0%	-14.4%
M&A	3,334	3,220	3,089	2,972	2,935	-1.2%	-12.0%
Purchase of securities	23,522	25,030	24,712	23,443	23,301	-0.6%	-0.9%
Purchase of transport vehicles	23,606	23,962	24,262	24,012	23,787	-0.9%	0.8%
Working capital	87,639	83,170	81,372	80,940	84,847	4.8%	-3.2%
Others	32,321	32,034	30,863	32,416	30,583	-5.7%	-5.4%
(Less) Islamic fin sold to CAGAMAS							
Total gross loans	369,937	366,406	365,844	366,563	369,173	0.7%	-0.2%

Source: Company, AmInvestment Bank Bhd

LOAN GROWTH REMAINED SUBDUED DUE TO CONTRACTION OF COMMERCIAL AND WHOLESALE BANKING LOANS

The group's gross loans growth remained subdued at -0.2% YoY with modest growth in consumer loans offset by A contraction in commercial and wholesale banking loans. The group continued to derisk its commercial book by recalibrating commercial loans in Indonesia and Singapore. Meanwhile, in Thailand, loans contracted due to the deliberate strategy to exit commercial loans. Loan growth in Singapore grew modestly YoY contributed by expansion of retail loans. Domestically, loans grew by 3.8% YoY above the industry's 3.4% YoY growth. Excluding FX impact, the group's loans grew moderately by 1.0% YoY.

We gather that the mod loss in 3Q21 from the latest Pemulih moratorium will be significantly lower at circa one third of the amount seen in 2Q20 under the blanket automatic moratorium. This is due the ability to charge interest on accrual basis for loans for the Pemulih moratorium.

DEPOSIT GROWTH EASED WITH SLOWER MOMENTUM FOR CASA

Group deposit growth eased to 0.3% YoY from 3.3% YoY in the preceding quarter. Deposits for consumer banking contracted while that for commercial and wholesale banking expanded. Excluding FX impact, deposits grew by 1.5% YoY. CASA growth tapered to 8.7% YoY leading to a lower CASA ratio of 41.6% in 2Q21 vs. 42.3% in 1Q21. Except Singapore, CASA ratio for all the other key markets declined in 2Q21.

LCR for all banking entities, including CIMB Niaga and Thai, remained above 100.0%.

EXHIBIT 3: BREAKDOWN OF DEPOSITS FROM CUSTOMERS

Deposit By Product Type (RM mil)	2Q20	3Q20	4Q20	1Q21	2Q21	%QoQ	%YoY
Demand Deposits	97,308	102,584	102,464	105,790	105,464	-0.3%	8.4%
Savings Deposits	62,960	63,697	66,289	67,914	68,747	1.2%	9.2%
CASA	160,267	166,281	168,754	173,704	174,211	0.3%	8.7%
FD	174,491	164,144	156,086	151,028	155,297	2.8%	-11.0%
Negotiable instruments of deposits	62	72	199	409	335	-18.1%	444.7%
Others	75,088	78,875	78,013	78,368	78,887	0.7%	5.1%
TOTAL	409,909	409,371	403,051	403,509	408,730	1.3%	-0.3%
% of total deposit by product type							
Demand Deposits	23.7%	25.1%	25.4%	26.2%	25.8%		
Savings Deposits	15.4%	15.6%	16.4%	16.8%	16.8%		
FDR	42.6%	40.1%	38.7%	37.4%	38.0%		
Negotiable instruments of deposits	0.0%	0.0%	0.0%	0.1%	0.1%		
Others	18.3%	19.3%	19.4%	19.4%	19.3%		
	100.0%	100.0%	100.0%	100.0%	100.0%		

Source: Company, AmlInvestment Bank Bhd estimates.

NIM ROSE BY 4BPS QOQ IN 2Q21

In 2Q21, the group's NIM improved by 4bps QoQ to 2.56% attributed to stronger interest margins in Malaysia, Singapore and Thailand. Meanwhile, in Indonesia, NIM contracted due to pressure on asset yields. For 6M21, NIM expanded 24bps to 2.53%. Nevertheless, 2H21 is likely to see NIM tapering as liabilities optimization has been completed in 1H21 while some competition for deposits is starting to be seen in Malaysia. Meanwhile, in Singapore, interest margin is also likely to see some compression in 2H21 due to lesser room for further deposit reprising.

Management continues to guide for its FY21 NIM to expand by 10–20bps from FY20.

SOFTER NOII IN 2Q21 AS WEALTH MANAGEMENT AND TRADING INCOME SLOWED DOWN FOR CONSUMER AND WHOLESALE BANKING AFTER A STRONG SHOWING IN 1Q21

In 2Q21, NOII (including Islamic banking income) fell by 18.8% QoQ attributed to slower wealth management income under consumer banking business and trading income of wholesale banking. For 6M21, NOII expanded by 29.8% YoY largely attributed to a strong wealth management and trading income in 1Q21.

The group's FVTOCI reserves remained in deficit of -RM515mil in 2Q21 vs. -RM809mil in 1Q21.

EXHIBIT 4: NON-INTEREST INCOME (EXCLUDING GAINS FROM DISPOSAL OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES)

	2Q20	3Q20	4Q20	1Q21	2Q21
Fee income:-					
Commissions	185	275	286	403	236
Fee on loan, advances and financing	71	99	72	95	137
Portfolio management fees					
Service charges and fees	129	139	121	106	81
Corporate advisory fees	4	6	10	6	13
Guarantee fees	15	18	19	21	20
Other income fees	59	27	69	56	60
Placement fees	6	0	3	2	1
Underwriting commission	22	20	22	11	10
Al-Wakala fee					
Fee and commission income	491	584	602	700	558
Fee and commission expense	-146	-154	-128	-122	-82
Net fee and commission income	345	430	474	578	476
Gross dividend income:					
Malaysia					
Securities FVTPL	17	24	17	15	18
FVOCI		1	0		1
At amortised cost					
Outside Malaysia					
FVTPL					
FVOCI	1	0	0	0	1
	18	25	17	15	20
Net (loss)/gain from FVTPL securities:-					
realised	-147	-23	537	-86	-76
unrealised	561	389	-205	-670	109
Net (loss)/gain from derivative financial instruments:-					
realised	-233	426	-316	495	270
unrealised	124	-1,047	-365	1,451	103
Net gain/(loss) arising from financial liability designated at fair value					
realised	16	-99	-69	-11	-100
unrealised	-51	117	83	115	40
Net loss arising from hedging derivatives	-8	-4	1	3	2
Net gain from sale of FVTPL					
Net (loss)/gain from HTM					7
Net gain from financial assets designated at fair value through P&L or comprehensive income	56	115	6	130	112
Net gain/(loss) arising from loans, advances and financing at fair value through profit or loss	0	0	1	0	0
Income from asset management and securities services	3	4	5	6	6
Brokerage Income	0	1	1	1	0
Total investment and trading income	321	-119	-321	1,432	474
Other non-interest income:-					
FOREX	113	714	980	-853	-36
Rental income	7	11	6	6	7
Gain on disposal of interest in subsidiary					
Gain on disposal of PPE	7	7	4	3	3
Net gain from insurance business					
Gain on disposal of leased assets/associates					
Underwriting surplus before management expenses					
Other non-operating income					
Gain from distribution of JV					
(Loss)/gain on disposal of foreclosed properties	1	6	3	-3	0
Gain on disposal of loans, advances and financing			64		33
Gain on revaluation of investment properties					
Share of gain from recovery of impaired loans					
Other non-operating income	49	34	58	22	4
Total other non interest income	177	773	1,115	-825	11
Total non interest income	861	1,109	1,285	1,201	981

Source: Company, AmInvestment Bank Bhd estimates.

EXHIBIT 5: GROSS IMPAIRED LOAN RATIO

Gross impaired loan/NPL by economic purpose (RM mil)	2Q20	3Q20	4Q20	1Q21	2Q21	%QoQ	%YoY
Personal use	461	368	530	465	453	-2.5%	-1.8%
Credit card	180	138	141	195	235	20.5%	30.3%
Purchase of consumer durables	1	1	1	1	1	30.0%	33.1%
Construction	1,445	1,420	1,472	1,451	1,459	0.5%	0.9%
Residential property (Housing)	2,034	1,799	2,258	1,911	2,031	6.3%	-0.1%
Non-residential property	397	369	544	491	484	-1.6%	21.7%
Purchase of fixed assets other than land and building	1,081	999	1,170	1,156	940	-18.7%	-13.1%
Mergers and acquisitions	382	372	311	321	334	4.0%	-12.7%
Purchase of securities	162	159	290	186	184	-0.9%	13.7%
Purchase of transport vehicles	172	131	254	221	273	23.4%	58.5%
Working capital	5,994	5,632	5,232	5,356	5,448	1.7%	-9.1%
Other purpose	1,055	978	826	857	851	-0.7%	-19.4%
Total gross impaired loans	13,366	12,366	13,027	12,611	12,693	0.6%	-5.0%

Gross impaired loan/NPL ratios by economic purpose (%)	2Q20	3Q20	4Q20	1Q21	2Q21
Personal use	2.2%	1.8%	2.5%	2.2%	2.1%
Credit card	2.1%	1.7%	1.7%	2.4%	3.0%
Purchase of consumer durables	0.8%	0.8%	0.5%	0.5%	0.6%
Construction	9.3%	9.5%	9.9%	9.9%	10.0%
Residential property (Housing)	1.8%	1.6%	2.0%	1.7%	1.7%
Non-residential property	1.4%	1.2%	1.8%	1.6%	1.6%
Purchase of fixed assets other than land and building	7.7%	7.8%	9.1%	9.3%	7.8%
Mergers and acquisitions	11.5%	11.5%	10.1%	10.8%	11.4%
Purchase of securities	0.7%	0.6%	1.2%	0.8%	0.8%
Purchase of transport vehicles	0.7%	0.5%	1.0%	0.9%	1.1%
Working capital	6.8%	6.8%	6.4%	6.6%	6.4%
Other purpose	3.3%	3.1%	2.7%	2.6%	2.8%
Total gross impaired loan ratio	3.61%	3.38%	3.56%	3.44%	3.44%

Source: Company, AmlInvestment Bank Bhd estimates.

MARGINAL INCREASE IN IMPAIRED LOANS AND LOWER PROVISIONS QOQ IN 2Q21

The group's outstanding impaired loans increased only marginally by 0.6% QoQ to RM12.6bil in 2Q21 contributed by upticks in impaired loans in Malaysia and Indonesia. Meanwhile, in Thailand and Singapore, impaired loan balances declined QoQ. The group's GIL ratio was sustained at 3.44%.

Credit cost for 2Q21 (based on loans) was lower at 0.71% vs. 1Q21's 0.78% contributed by a drop in BAU provisions as delinquencies for consumer portfolio and provisions for Covid-19 related loans declined. Recall in 1Q21, provisions of RM182mil were set aside for the impact of Covid-19 on a leisure-related industry loan account. For loans, 2Q21 saw a further top-up in provisions for changes to macroeconomic factors (MEF) and overlays of RM79mil (1Q21: RM20mil). These have resulted in total provisions for changes to macroeconomic factors (MEF) and overlays of RM99mil in 6M21 much lower than in 6M20 of RM379mil. Recall in 1Q21, additional overlays were booked for the Indonesian consumer portfolio. In 2Q21, the group has further topped up overlays for Malaysia's consumer and SME loans.

For 6M21, provisions on loans were lower at RM1.37bil (-43.9% YoY) contributed by the non-repeat in provisions of RM1.2bil in 6M20 for 2 oil & gas loans in Singapore and

recovery of legacy accounts. The write-back in provisions of RM64mil due to Thailand's enhancement of modelling in 6M20 was not repeated in 6M21. Credit cost (based on loans) of 0.74% for 6M21 were within guidance of 0.80-0.90% for FY21.

6M21 did not see a repeat of the high provisions of a total of RM213mil set aside for debt securities and RM402mil on other provisions in 6M20.

The percentage of loans under moratorium and restructuring and rescheduling (R&R) for the group has risen to 21.0% as at end July 2021 vs. 13.0% of total loans as of June 2021. In Malaysia, the percentage of loans under moratorium and R&R increased to 27.0% due to higher relief assistance for consumer and commercial loan borrowers. Malaysia's consumer loans that were under the payment relief assistance rose to 27.0% vs. 10.0% as of end June 2021 due to the announcement of the Pemulihan programmes. Borrowers for 90.0% of the loans in Malaysia have opted for moratorium while circa 10.0% have requested a reduction in their instalment payments. Over in Indonesia, the percentage of loans under payment relief to total loans increased slightly to 15.0%. This was due to higher commercial loans under the moratorium and R&R. Meanwhile, in Singapore and Thailand, the percentages of loans under moratorium and R&R have declined in July 2021 compared to end-March 2021.

EXCEPT FOR ROTCE, ROE, LOAN GROWTH AND CI RATIO, NO CHANGES TO OTHER KEY TARGETS/GUIDANCE FOR FY21

ROTCE (return on average tangible common equity): 9.0–10.0% (previously: 8.0-9.0%);

ROE: 7.0–8.0% (previously: 6.0–7.0%);

Dividend payout ratio: 40–60% (unchanged);

Loan growth: 2.0–3.0% (previously: 4.0–5.0%);

NIM: +10-20bps (unchanged);

Credit cost: 80–90bps (unchanged);

Group CET1 ratio: >12.5% (unchanged); and

CI ratio: <50.0% (previously: <52.0%).

EXHIBIT 6: PB BAND CHART

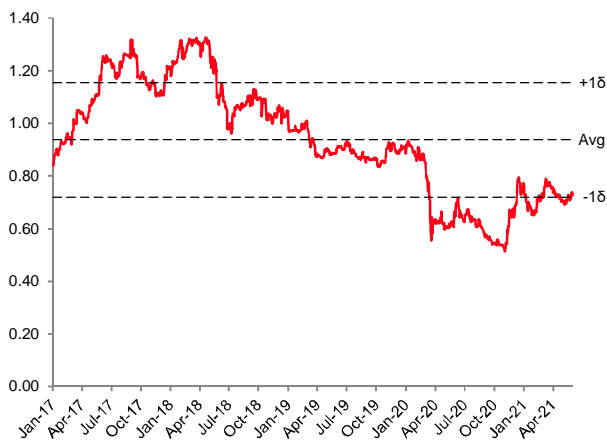


EXHIBIT 7: PE BAND CHART

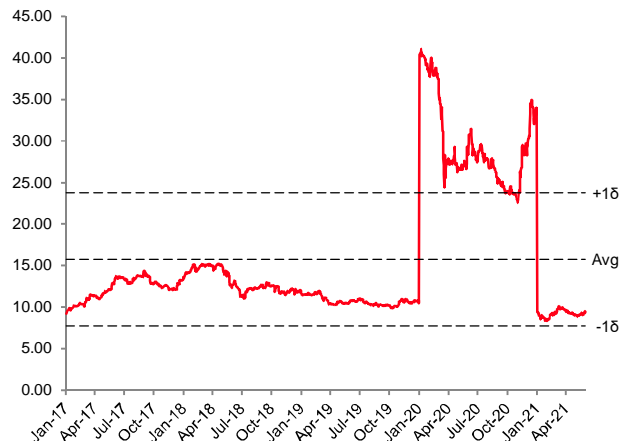


EXHIBIT 8: ESG RATING

Overall	★	★	★		
Board composition	★	★	★		
Employee welfare and environmental protection	★	★	★		
Corporate social responsibility	★	★	★		
Earnings quality	★	★	★		
Balance sheet strength	★	★	★		
Accessibility & transparency	★	★	★	★	

We accord a discount/premium of -6%, -3%, 0%, +3% and +6% on fundamental fair value based on the overall ESG rating as appraised by us, from 1-star to 5-star

EXHIBIT 9: FINANCIAL DATA

Income Statement (RMmil, YE31 Dec)	FY19	FY20	FY21F	FY22F	FY23F
Net interest income	10,083.9	10,440.0	11,533.4	12,284.1	13,018.8
Non-interest income	4,671.3	4,032.5	4,177.3	4,345.3	4,510.6
Islamic banking income	3,040.7	2,937.5	3,102.1	3,133.2	3,164.4
Total income	17,795.9	17,189.0	18,812.7	19,762.6	20,693.8
Overhead expenses	(9,872.9)	(8,976.8)	(9,406.4)	(9,486.0)	(9,726.1)
Pre-provision profit	7,923.0	8,212.2	9,406.4	10,276.5	10,967.7
Loan loss provisions	(1,638.8)	(5,341.2)	(2,875.6)	(2,628.6)	(2,184.7)
Impairment & others	(340.0)	(1,456.2)	(293.1)	(189.5)	(78.1)
Associates	30.7	116.5	169.1	200.5	260.9
Pretax profit	5,974.8	1,531.3	6,406.8	7,659.0	8,965.8
Tax	(1,519.7)	(383.8)	(1,537.6)	(1,837.9)	(2,151.8)
Minority interests	104.5	47.9	(92.5)	(110.6)	(129.5)
Net profit	4,559.7	1,195.4	4,776.7	5,710.5	6,684.5
Core net profit	4,772.5	1,276.7	4,776.7	5,710.5	6,684.5
Balance Sheet (RMmil, YE31 Dec)	FY19	FY20	FY21F	FY22F	FY23F
Cash & deposits with FIs	37,765.1	39,563.4	59,078.2	57,474.1	30,183.8
Marketable securities	137,148.5	173,279.8	164,892.3	180,978.3	196,489.0
Total current assets	174,913.5	212,843.2	223,970.5	238,452.5	226,672.8
Net loans & advances	360,340.1	353,916.0	359,448.9	375,660.7	397,216.0
Statutory deposits	nm	nm	nm	nm	nm
Long-term investments	11,500.0	4,411.6	3,535.3	2,853.2	12,642.6
Fixed assets	2,442.3	2,407.4	2,545.9	2,633.4	2,721.3
Intangible assets	10,318.6	10,414.3	10,513.4	10,513.4	10,513.4
Other long-term assets	13,731.2	18,362.5	22,135.1	28,338.7	42,153.7
Total LT assets	398,332.1	389,511.7	398,178.6	419,999.3	465,247.0
Total assets	573,245.7	602,355.0	622,149.1	658,451.8	691,919.7
Customer deposits	395,798.4	405,729.5	416,806.7	437,530.7	463,332.3
Deposits of other FIs	23,666.7	31,791.2	37,198.1	45,477.1	56,415.6
Subordinated debts	13,520.9	12,808.5	12,900.8	12,714.4	12,459.0
Hybrid capital securities	18,425.2	20,661.2	23,608.3	29,491.9	37,683.1
Other liabilities	64,365.3	74,190.4	72,010.4	70,703.8	56,089.9
Total liabilities	515,776.6	545,180.8	562,524.3	595,917.9	625,980.0
Shareholders' funds	56,437.2	56,125.7	58,513.1	61,367.9	64,710.3
Minority interests	1,031.9	1,048.5	1,111.7	1,166.0	1,229.5
Key Ratios (YE31 Dec)	FY19	FY20	FY21F	FY22F	FY23F
Total income growth (%)	2.4	(3.4)	9.4	5.0	4.7
Pre-provision profit growth (%)	(9.2)	3.7	14.5	9.3	6.7
Core net profit growth (%)	6.2	(73.2)	274.1	19.5	17.1
Net interest margin (%)	2.5	2.4	2.5	2.5	2.5
Cost-to-income ratio (%)	53.0	52.2	50.0	48.0	47.0
Effective tax rate (%)	25.4	25.1	24.0	24.0	24.0
Dividend payout (%)	55.3	39.9	50.0	50.0	50.0
Key Assumptions (YE31 Dec)	FY19	FY20	FY21F	FY22F	FY23F
Loan growth (%)	6.7	(1.0)	3.0	5.0	6.0
Deposit growth (%)	6.4	2.5	2.7	5.0	5.9
Loan-deposit ratio (%)	91.0	87.2	86.2	85.9	85.7
Gross NPL (%)	3.1	3.6	3.8	3.3	3.0
Net NPL (%)	0.6	0.3	1.3	0.9	0.9
Credit charge-off rate (%)	0.5	1.5	0.8	0.7	0.5
Loan loss reserve (%)	80.7	91.6	121.4	153.2	176.4

Source: Company, AmInvestment Bank Bhd estimates

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