



# RHB BANK

(RHBBANK MK EQUITY, RHBC.KL)

1 Sep 2020

*Loan growth picks up pace; higher FVTOCI reserves*

**BUY**

(Maintained)

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**Rationale for report: Company results/update**

Price	RM4.58
Fair Value	RM5.70
52-week High/Low	RM5.98/RM4.23

### Key Changes

Fair value	⬇️
EPS	↔️

YE to Dec	FY19	FY20F	FY21F	FY22F
Total income (RM mil)	7,100.8	6,803.9	6,818.7	7,021.2
Core net profit (RM mil)	2,482.4	2,077.8	2,326.2	2,571.6
FD Core EPS (sen)	61.9	51.8	58.0	64.1
FD Core EPS growth (%)	7.7	(16.3)	12.0	10.6
Consensus Net Profit (RM mil)	-	2,021.0	2,285.0	2,572.0
DPS (sen)	31.0	31.0	29.0	32.1
BV/share (RM)	6.42	6.77	7.13	7.83
PE (x)	7.4	8.8	7.9	7.1
Div yield (%)	6.8	6.8	6.3	7.0
P/BV (x)	0.7	0.7	0.6	0.6
ROE (%)	10.1	7.8	8.3	8.6

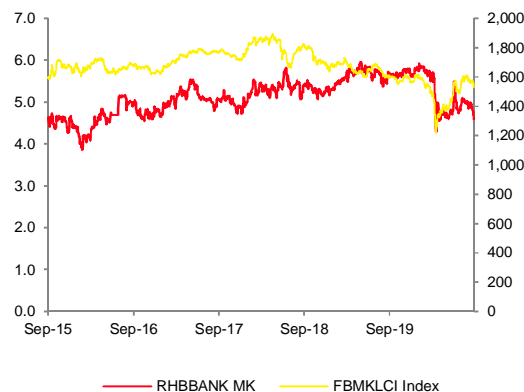
### Stock and Financial Data

Shares Outstanding (million)	4,010.0
Market Cap (RM mil)	18,365.8
Book Value (RM/share)	6.42
P/BV (x)	0.7
ROE (%)	10.1

Major Shareholders	Employees Provident Fund (41.7%) OSK Holdings Bhd (10.1%)
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Free Float	48.2
Avg Daily Value (RM mil)	19.4

Price performance	3mth	6mth	12mth
Absolute (%)	(4.0)	(17.5)	(19.6)
Relative (%)	(7.3)	(19.8)	(15.1)



### Investment Highlights

- We maintain our BUY recommendation on RHB Bank with a revised fair value of RM5.70/share (from RM6.00/share). We peg the stock to an FY21 P/BV of 0.8x supported by a ROE of 8.3%. We lower our FY20 earnings by 6.0% to reflect higher credit cost of 0.40% (previously: 0.30%).
- 2Q20 core earnings stripping out the modification loss of RM392.4mil came in at RM687mil (+20.3% QoQ) driven by higher non-interest income (NOII) attributed to a rise in investment and trading coupled with stronger brokerage income.
- 6M20 underlying net profit stood at RM1.26bil (+1.0% YoY) making up for 56.9% and 61.1% of our and consensus estimate. We deem it to be within expectation as we have pencilled in another OPR cut of 25bps to 1.50% into our earnings projection.
- Loan growth picked up pace to 4.9% YoY (1Q20: 3.6% YoY), supported by mortgages, and SME and overseas loans.
- 2Q20 NIM slipped by 6ps QoQ to 2.05% due to the OPR cut of 50bps in May 2020. Moving forward, we expect the group's NIM to further taper due to the 25bps interest rate cut in July 2020 and the likelihood of another cut of similar quantum in Sept 2020.
- Deposit growth accelerated to 7.8% YoY (1Q20: 3.8% YoY) while momentum for CASA remained strong, lifting CASA ratio higher to 28.6% (1Q20: 27.4%).
- The group posted a positive JAW of 6.7% YoY in 6M20 with a CI ratio of 45.5% based on underlying total income.
- 6M20 credit cost rose to 0.40% due to the further pre-emptive provisioning taken for the impact of Covid-19 of RM90mil and another RM160mil due to higher ECL via adjustments of macroeconomic variables (MEVs). The group's GIL ratio declined slightly to 1.87% with domestic GIL ratio at 1.43%, below the industry's 1.5%.
- No interim dividend has been proposed pending more clarity of the market outlook and group performance.

## EXHIBIT 1: RESULTS COMPARISON

Income Statement (RM m, FYE 31 Dec)	2Q19	1Q20	2Q20	% QoQ	% Yoy	6M19	6M20	% Yoy
Interest income	2,036	1,904	1,768	-7.1%	-13.2%	4,071	3,672	-9.8%
Interest expense	-1,155	-1,009	-879	-12.9%	-24.0%	-2,310	-1,888	-18.3%
<b>Net interest income</b>	<b>881</b>	<b>894</b>	<b>890</b>	-0.5%	1.0%	<b>1,761</b>	<b>1,784</b>	1.3%
Islamic banking income	431	447	395	-11.7%	-8.5%	812	842	3.6%
Non interest income	464	404	682	68.9%	46.8%	946	1,085	14.8%
Modification loss			-392				-392	
<b>Total income</b>	<b>1,777</b>	<b>1,745</b>	<b>1,574</b>	-9.8%	-11.4%	<b>3,519</b>	<b>3,319</b>	-5.7%
Overhead expenses	-861	-841	-846	0.5%	-1.8%	-1,708	-1,688	-1.2%
Pre-provision profit	<b>915</b>	<b>904</b>	<b>728</b>	-19.5%	-20.5%	<b>1,811</b>	<b>1,631</b>	-9.9%
Loan impairment allowances	-74	-151	-208	37.6%	181.9%	-168	-359	113.4%
Other allowances	0	0	-5	na	na	21	-6	-127.6%
Associates and JV income	0	0	0	na	na	0	0	na
<b>Pretax profit</b>	<b>842</b>	<b>752</b>	<b>514</b>	-31.6%	-38.9%	<b>1,665</b>	<b>1,266</b>	-23.9%
Income tax	-224	-180	-111	-38.6%	-50.7%	-416	-291	-30.2%
Minority interest	-2	-1	-3	127.0%	66.0%	-3	-4	59.1%
<b>Net profit</b>	<b>615</b>	<b>571</b>	<b>401</b>	-29.8%	-34.9%	<b>1,246</b>	<b>972</b>	-22.0%
<b>Core net profit</b>	<b>615</b>	<b>571</b>	<b>687</b>	20.3%	11.6%	<b>1,246</b>	<b>1,258</b>	1.0%
Core EPS (sen)	15.3	14.2	17.1	20.4%	11.8%	31.1	31.4	1.0%
<b>Profit by segments (RM m)</b>								
Group retail banking	251	273	204	-25.3%	-18.6%	501	478	-4.8%
Group business banking	157	104	67	-35.3%	-57.2%	257	171	-33.6%
Group CBIB	160	148	188	27.4%	17.5%	316	336	6.5%
Group treasury and global markets	329	247	429	73.6%	30.4%	657	676	2.9%
Group international business	10	12	31	154.3%	-223.0%	64	43	32.3%
Support center and others	-65	-32	-405	1174.2%	525.0%	-130	-437	235.4%
Inter-segment elimination	0	0	0			0	0	
Share of profit from JV	0	0	0	na	na	0	0	na
<b>Group profit before taxation</b>	<b>842</b>	<b>752</b>	<b>514</b>	-31.6%	-38.9%	<b>1,665</b>	<b>1,267</b>	-23.9%
<b>Balance Sheet (RM m, FYE 31 Dec)</b>								
Gross loans and advances	172,346	176,199	180,750	2.6%	4.9%	172,346	180,750	4.9%
Net loans and advances	169,232	173,225	177,675	2.6%	5.0%	169,232	177,675	5.0%
Customer deposits	185,029	193,979	199,382	2.8%	7.8%	185,029	199,382	7.8%
Gross impaired loans	3,700	3,526	3,377	-4.2%	-8.7%	3,700	3,377	-8.7%
Average shareholders funds	24,615	25,911	26,288	1.5%	6.8%	24,105	26,152	8.5%
<b>Ratios (%)</b>								
Net LD	91.5%	89.3%	89.1%			91.5%	89.1%	
CASA	26.6%	27.4%	28.6%			26.6%	28.6%	
NIM	2.09%	2.11%	2.05%			2.11%	2.07%	
Cost to income	48.5%	48.2%	53.8%			48.5%	50.8%	
Credit cost (based only on loans)	0.17%	0.34%	0.46%			0.20%	0.40%	
Loan loss coverage (including reg reserve)	106.1%	107.6%	107.7%			106.1%	107.7%	
GIL/Gross NPL	2.15%	2.00%	1.87%			2.15%	1.87%	
Underlying ROE	10.0%	8.8%	10.4%			10.3%	9.6%	
CET1 ratio	16.3%	16.0%	16.6%			16.3%	16.6%	
Tier 1	16.5%	16.0%	16.6%			16.5%	16.6%	
Total capital ratio	19.4%	18.3%	18.5%			19.4%	18.5%	

Company, AmlInvestment Bank Bhd estimates.

## **6M20 CORE EARNINGS WITHIN EXPECTATION**

For 6M20, the group recorded a net profit of RM1.26bil (+1.0% YoY) after excluding the modification loss of RM392.4mil from the loan moratorium. The modification loss will gradually unwind over the remaining tenor of the loans.

Management highlighted that by 2024, circa 73% of the net modification loss would have been unwound. Underlying total income grew by 5.5% YoY, underpinned by higher interest and non-interest income, but was partially offset by higher provisions for loan losses, which included additional pre-emptive provisions of RM40mil in 2Q20 on top the RM50mil set aside in 1Q20 for the potential impact of Covid-19.

6M20 earnings were deemed within expectations, making up 56.9% of our estimates.

Outstanding FVTOCI reserves rose to RM1.73bil in 2Q20 from RM937mil in 1Q20. This was contributed by the decline in MGS yields (after rising in Mar 2020), succumbing to pressure from the disposal of securities by foreign investors. The group's FVTOCI reserves remain higher than most peers'. This is expected to continue to provide opportunities to realise gains from sale of securities with the low interest rates persisting.

## **LOAN GROWTH PICKED UP PACE WITH ACCELERATION IN PACE OF DOMESTIC LOANS**

The group's loan growth improved slightly to 4.9% YoY in 2Q20 vs. 3.6% YoY in the preceding quarter. Loan expansion was supported by mortgages, SME loans and growth of overseas loans (mainly Singapore). Corporate loan growth improved to 2.2% YoY. Even though domestic loans grew at a marginally faster pace of 3.4% YoY vs. 2.2% YoY in 1Q20, it was still below the industry's growth of 4.1% YoY.

Exposure of loans to the vulnerable segments stood at 11–12% compared to 8–9% previously.

## EXHIBIT 2: LOANS BY PURPOSE

Loans by purpose (RM Mil)	2Q19	3Q19	4Q19	1Q20	2Q20	%QoQ	%YoY
Purchase of securities	11,340	11,279	11,305	10,268	10,563	2.9%	-6.8%
Purchase of transport vehicles	8,863	8,812	8,703	8,593	8,464	-1.5%	-4.5%
Purchase of landed property:-							
residential	57,343	58,391	59,458	60,343	61,176	1.4%	6.7%
non-residential	18,047	18,205	18,786	18,802	19,135	1.8%	6.0%
<b>Total mortgage loan</b>	<b>75,390</b>	<b>76,596</b>	<b>78,245</b>	<b>79,145</b>	<b>80,311</b>	1.5%	6.5%
Purchase of property, plant and equipment:-							
other than land and building	2,834	2,755	2,645	2,570	2,547	-0.9%	-10.1%
Personal use	10,328	10,346	10,421	10,346	10,093	-2.5%	-2.3%
Credit card	2,134	2,137	2,226	2,077	1,956	-5.8%	-8.4%
Purchase of consumer durables	15	14	15	14	13	-4.1%	-11.0%
Construction	7,341	7,488	7,552	7,969	8,088	1.5%	10.2%
Merger and acquisition	2,482	2,551	2,424	2,093	1,984	-5.2%	-20.1%
Working capital	37,857	36,398	37,465	37,611	40,783	8.4%	7.7%
Other purpose	13,762	14,382	15,175	15,513	15,947	2.8%	15.9%
<b>Total gross loans</b>	<b>172,346</b>	<b>172,759</b>	<b>176,175</b>	<b>176,199</b>	<b>180,750</b>	<b>2.6%</b>	<b>4.9%</b>

Source: Company, AmlInvestment Bank Bhd

## EXHIBIT 3: LOANS BY ECONOMIC SECTOR

By economic sector	2Q19	3Q19	4Q19	1Q20	2Q20	%QoQ	%YoY
Agriculture, hunting, forestry and fishing	3,398	3,519	3,641	3,557	3,545	-0.3%	4.3%
Mining and quarrying	659	631	656	631	638	1.1%	-3.2%
Manufacturing	8,985	8,806	9,493	9,174	9,446	3.0%	5.1%
Electricity, gas and water	2,209	2,180	2,122	2,065	1,911	-7.4%	-13.5%
Construction	11,852	12,486	12,317	12,772	13,207	3.4%	11.4%
Wholesale and retail trade and restaurant and hotel	13,596	13,977	14,319	17,123	17,550	2.5%	29.1%
Transport, storage and communication	7,453	6,846	7,216	6,779	6,713	-1.0%	-9.9%
Real estate	4,695						
Finance, insurance and business services	15,489	19,453	19,982	18,750	19,409	3.5%	25.3%
Government and government agencies	5,417	5,429	5,496	5,517	6,495	17.7%	19.9%
Education, health & others	5,259	5,103	5,514	4,786	6,140	28.3%	16.8%
Household sector	92,200	93,202	94,401	93,945	94,637	0.7%	2.6%
Others	1,134	1,126	1,018	1,099	1,059	-3.6%	-6.6%
	<b>172,346</b>	<b>172,759</b>	<b>176,175</b>	<b>176,199</b>	<b>180,750</b>	<b>2.6%</b>	<b>4.9%</b>

Source: Company, AmlInvestment Bank Bhd

## EXHIBIT 4: CUSTOMER DEPOSITS BY TYPE

Customer deposit by type (RM Mil)	2Q19	3Q19	4Q19	1Q20	2Q20	%QoQ	%YoY
Demand deposit	38,877	36,154	38,376	42,012	44,665	6.3%	14.9%
Saving deposit	10,302	10,289	10,555	11,161	12,271	9.9%	19.1%
Time deposit	133,870	135,415	140,706	139,966	141,600	1.2%	5.8%
Negotiable instrument of deposit	1,980	1,260	918	839	845	0.7%	-57.3%
<b>Total customer deposits</b>	<b>185,029</b>	<b>183,118</b>	<b>190,555</b>	<b>193,979</b>	<b>199,382</b>	<b>2.8%</b>	<b>7.8%</b>
CASA ratio (%)	26.6%	25.4%	25.7%	27.4%	28.6%		
CASA (in absolute amount)	49,179	46,443	48,931	53,173	56,936		
CASA growth (%YoY)	2.2%	0.6%	5.5%	16.4%	15.8%		
CASA growth (%QoQ)	7.6%	-5.6%	5.4%	8.7%	7.1%		

Source: Company, AmlInvestment Bank Bhd

## **MOMENTUM FOR CASA REMAINED STRONG**

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Total customer deposits growth accelerated to 7.8% YoY (1Q20: 3.8% YoY) contributed by growth in CASA and FD.

The group's CASA growth remained strong at 15.8% YoY (1Q20: 16.4% YoY). This was supported by domestic wholesale, business banking and retail CASA as well as low-cost deposits of the group's overseas operations. The group's CASA ratio rose to (1Q20: 27.4%). Domestic CASA growth climbed by 11.3% YoY while overseas CASA registered a strong growth of 41.0% YoY. Nevertheless, we continue to expect the group's CASA ratio to trend lower after the 6-month automatic moratorium ends in Sept 2020.

RHB Bank's net LD ratio declined slightly to 89.1%. The group's LCR ratio increased to 141.5% from 133.7% in the preceding quarter due to the accelerating deposit growth.

## **NIM COMPRESSED DUE TO CONSECUTIVE CUTS IN BENCHMARK INTEREST RATE**

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NIM slipped by 6bps QoQ in 2Q20 to 2.05% due to the impact of May 2020's OPR cut of 50bps. For 6M20, NIM was compressed by 5bps YTD to 2.07% contributed by the consecutive reductions totalling 100bps in the benchmark interest rate.

NIM is expected to be compressed again in 3Q20 due to the recently announced OPR cut of 25bps on 7 July 2020 and potentially another rate cut of similar quantum in the coming MPC meeting on 10 Sept 2020. Every 25bps cut in OPR will impact the group's NIM by 4bps and profit by RM100–120mil. Nevertheless, we see the potential monetisation of gains in FVTOCI securities from lower MGS yields to mitigate some of the pressure on interest margin pressures from rate cuts. Management continues to guide for a NIM of 1.96% in FY20, a decline of 16bps from FY19's 2.12%.

## **IMPROVEMENT IN NOI IN 2Q20 DUE TO HIGHER INVESTMENT AND TRADING INCOME RECOVERING FROM MORE FAVOURABLE MGS YIELD MOVEMENT**

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For 2Q20, the group's non-fund-based-income climbed by 50% QoQ. This was contributed by a stronger trading and investment income, recovering from the negative impact in 1Q20 caused by higher MGS yields, particularly in Mar 2020 due the selling pressure on securities from foreign investors. 2Q20 saw higher unrealised marked-to-market (MTM) gains on FVTPL and an increase in gains booked from the sale of FVTPL and FVTOCI securities. 2Q20 also saw higher brokerage income from the stronger equity market performance. The MGS yield declined in 2Q20 and QTD in 3Q20, it has continued to trend lower with the market pricing in for another cut in the OPR. This will be positive on the marked to market unrealised gains on RHB Banks' securities portfolio, thus further increasing its FVTOCI reserves.

For 6M20, the group's non-fund-based income rose by 9.8% YoY to RM1.2bil due to higher brokerage, investment and trading income coupled with a stronger insurance underwriting surplus.

## EXHIBIT 5: NON-INTEREST INCOME

By economic sector	2Q19	3Q19	4Q19	1Q20	2Q20	%QoQ	%YoY
Agriculture, hunting, forestry and fishing	132	65	61	66	65	-0.3%	-50.7%
Mining and quarrying	214	218	206	210	209	-0.6%	-2.3%
Manufacturing	469	546	505	523	497	-4.9%	6.1%
Electricity, gas and water	348	343	289	269	270	0.5%	-22.3%
Construction	310	278	273	300	300	-0.1%	-3.4%
Wholesale and retail trade and restaurant and hotel	298	287	312	294	366	24.2%	22.7%
Transport, storage and communication	489	511	423	388	384	-1.1%	-21.6%
Real estate	125						
Finance, insurance, real estate and business services	120	242	223	267	268	0.3%	124.0%
Education, health & others	32	32	33	35	35	0.4%	9.9%
Household sector	1,134	1,184	1,124	1,138	945	-17.0%	-16.7%
Others	29	31	32	36	38	5.9%	30.5%
	<b>3,700</b>	<b>3,737</b>	<b>3,479</b>	<b>3,526</b>	<b>3,377</b>	<b>-4.2%</b>	<b>-8.7%</b>

	2Q19	3Q19	4Q19	1Q20	2Q20
Agriculture, hunting, forestry and fishing	3.9%	1.9%	1.7%	1.8%	1.8%
Mining and quarrying	32.4%	34.6%	31.4%	33.3%	32.7%
Manufacturing	5.2%	6.2%	5.3%	5.7%	5.3%
Electricity, gas and water	15.7%	15.7%	13.6%	13.0%	14.1%
Construction	2.6%	2.2%	2.2%	2.3%	2.3%
Wholesale and retail trade and restaurant and hotel	2.2%	2.1%	2.2%	1.7%	2.1%
Transport, storage and communication	6.6%	7.5%	5.9%	5.7%	5.7%
Real estate	2.7%	na	na	na	na
Finance, insurance, real estate and business services	0.8%	1.2%	1.1%	1.4%	1.4%
Education, health & others	0.6%	0.6%	0.6%	0.7%	0.6%
Household sector	1.2%	1.3%	1.2%	1.2%	1.0%
Others	2.6%	2.7%	3.1%	3.3%	3.6%
	<b>2.15%</b>	<b>2.16%</b>	<b>1.97%</b>	<b>2.00%</b>	<b>1.87%</b>

Source: Company, AmlInvestment Bank Bhd estimates.

### LOWER GIL RATIO BUT HIGHER PROVISIONS DUE TO ADJUSTMENTS IN MACROECONOMIC VARIABLES AND HIGHER PRUDENTIAL BUFFER FOR COVID-19 IMPACT

2Q20 saw impaired loans rising by 4.2% QoQ or RM149mil. By sector, it was driven largely by lower impaired loans by the household and manufacturing sectors. Correspondingly, this has lowered the group's GIL ratio further to 1.87% from 2.00% in 1Q20.

GIL ratio for all segments (retail, business and wholesale banking) as well as overseas operations decreased in 2Q02 compared to 4Q19. For retail loans, GIL for mortgages, and unsecured and auto finance also improved. Domestic GIL ratio declined to 1.43% from 1.61% in the preceding quarter, falling below the industry's 1.5% while GIL ratio for Singapore improved marginally to 5.52% from 5.54% in 1Q20.

6M20 credit cost based on loans climbed to 0.40% compared to 0.20% in 6M19. This was due to the pre-emptive provisioning of RM90mil taken for the potential impact of Covid-19 (1Q20: RM50mil and 2Q20: RM40mil) as well as additional provisions of RM160mil set aside from the increase in ECL through adjustments in macroeconomic variables. Credit cost guidance for FY20 has been raised to 0.40% compared to slightly north of 0.30% previously. For FY21, management has guided for an elevated credit cost but below 0.30%.

Exposure to oil & gas loans was slightly lower QoQ at RM3.0bil (2.3% of gross loans). The percentage of exposure to borrowers in upstream declined moderately while that of downstream was unchanged.

**EXHIBIT 6: GROSS IMPAIRED LOANS (RM' MIL)/ GIL RATIO (%)**

By economic sector	1Q19	2Q19	3Q19	4Q19	1Q20	%QoQ	%YoY
Agriculture, hunting, forestry and fishing	73	132	65	61	66	8.3%	-10.1%
Mining and quarrying	206	214	218	206	210	2.1%	2.1%
Manufacturing	534	469	546	505	523	3.5%	-2.1%
Electricity, gas and water	89	348	343	289	269	-6.8%	200.8%
Construction	402	310	278	273	300	9.9%	-25.5%
Wholesale and retail trade and restaurant and hotel	340	298	287	312	294	-5.6%	-13.3%
Transport, storage and communication	469	489	511	423	388	-8.3%	-17.2%
Real estate	284	125				na	na
Finance, insurance, real estate and business services	79	120	242	223	267	20.1%	238.5%
Education, health & others	16	32	32	33	35	6.1%	113.2%
Household sector	1,080	1,134	1,184	1,124	1,138	1.2%	5.4%
Others	31	29	31	32	36	13.7%	14.7%
	<b>3,603</b>	<b>3,700</b>	<b>3,737</b>	<b>3,479</b>	<b>3,526</b>	<b>1.3%</b>	<b>-2.1%</b>

	1Q19	2Q19	3Q19	4Q19	1Q20
Agriculture, hunting, forestry and fishing	2.0%	3.9%	1.9%	1.7%	1.8%
Mining and quarrying	33.1%	32.4%	34.6%	31.4%	33.3%
Manufacturing	6.2%	5.2%	6.2%	5.3%	5.7%
Electricity, gas and water	4.4%	15.7%	15.7%	13.6%	13.0%
Construction	3.3%	2.6%	2.2%	2.2%	2.3%
Wholesale and retail trade and restaurant and hotel	2.6%	2.2%	2.1%	2.2%	1.7%
Transport, storage and communication	6.1%	6.6%	7.5%	5.9%	5.7%
Real estate	5.8%	2.7%	na	na	na
Finance, insurance, real estate and business services	0.5%	0.8%	1.2%	1.1%	1.4%
Education, health & others	0.3%	0.6%	0.6%	0.6%	0.7%
Household sector	1.2%	1.2%	1.3%	1.2%	1.2%
Others	2.8%	2.6%	2.7%	3.1%	3.3%
	<b>2.12%</b>	<b>2.15%</b>	<b>2.16%</b>	<b>1.97%</b>	<b>2.00%</b>

Source: Company, AmInvestment Bank Bhd estimates.

**REVISED FY20 TARGETS**

- ROE:  $\geq$ 8.0% from 10.3–10.5%;
- Loan growth: 2–3.0% (unchanged);
- CASA growth: 5–6.0% from 4.0%;
- GIL ratio: <1.95% from 1.95%
- CI ratio: <48.9% from 4.89%

**MAINTAIN BUY**

Valuation continues to be appealing with the stock trading at FY21 P/BV of 0.6x. Its capital position remains strong compared to its peers with a high CET1 ratio at the group and bank entity levels. With its higher FVTOVCI reserves and low interest rate environment sustaining, there is room for the group to further dispose of a portion of its securities to realised gains from the favourable movement in yields.

**OTHER HIGHLIGHTS**

The percentages of domestic retail and SME loans under the moratorium have declined QoQ to 82.5% and 80.2% respectively. Meanwhile, the percentages for corporate and overseas loans have risen QoQ to 19.1% and 15.1% respectively. Total loans under moratorium stood at RM106.5bil, representing 59.3% of the total group's loan base of RM81bil.

The group has disbursed RM910mil of the BNM Special Relief Facility to more than 1,300 SMEs while RM1bil of repayment assistance has been approved for 7,000 retail loan accounts.

EXHIBIT 7: PB BAND CHART

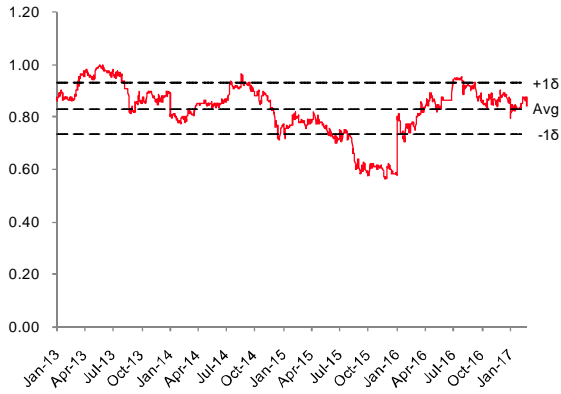
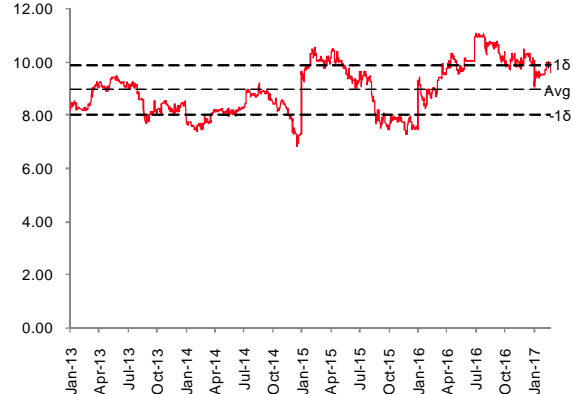


EXHIBIT 8: PE BAND CHART





## EXHIBIT 9: FINANCIAL DATA

Income Statement (RMmil, YE31 Dec)	FY18	FY19	FY20F	FY21F	FY22F
Net interest income	3,655.2	3,609.6	3,011.7	2,873.5	2,708.2
Non-interest income	1,722.1	1,876.7	1,916.0	1,764.8	1,779.2
Islamic banking income	1,428.3	1,614.5	1,876.2	2,180.4	2,533.9
<b>Total income</b>	<b>6,805.6</b>	<b>7,100.8</b>	<b>6,803.9</b>	<b>6,818.7</b>	<b>7,021.2</b>
Overhead expenses	(3,357.7)	(3,471.8)	(3,299.9)	(3,204.8)	(3,300.0)
Pre-provision profit	3,448.0	3,629.0	3,504.0	3,613.9	3,721.2
Loan loss provisions	(306.0)	(278.5)	(705.3)	(543.9)	(285.2)
Impairment & others	(23.0)	-	-	-	-
Associates	-	-	-	-	-
<b>Pretax profit</b>	<b>3,119.0</b>	<b>3,350.4</b>	<b>2,798.7</b>	<b>3,070.0</b>	<b>3,436.0</b>
Tax	(810.1)	(862.6)	(714.7)	(736.8)	(856.6)
Minority interests	(3.7)	(5.4)	(6.3)	(7.0)	(7.7)
<b>Net profit</b>	<b>2,305.1</b>	<b>2,482.4</b>	<b>2,077.8</b>	<b>2,326.2</b>	<b>2,571.6</b>
Core net profit	2,305.1	2,482.4	2,077.8	2,326.2	2,571.6
Balance Sheet (RMmil, YE31 Dec)	FY18	FY19	FY20F	FY21F	FY22F
Cash & deposits with FIs	12,553.2	11,628.0	13,496.9	12,325.7	12,933.6
Marketable securities	52,497.9	60,629.0	58,391.4	59,892.5	62,429.8
<b>Total current assets</b>	<b>65,051.1</b>	<b>72,257.0</b>	<b>71,888.3</b>	<b>72,218.2</b>	<b>75,363.4</b>
Net loans & advances	165,629.8	173,236.7	176,317.1	181,296.1	190,127.6
Statutory deposits	nm	nm	nm	nm	nm
Long-term investments	4,795.2	4,549.3	4,851.0	4,879.1	5,052.9
Fixed assets	1,000.0	991.3	978.2	966.7	956.0
Intangible assets	2,649.3	2,654.1	2,654.1	2,654.1	2,654.1
Other long-term assets	4,040.3	3,904.1	3,535.9	3,816.1	3,940.7
<b>Total LT assets</b>	<b>178,114.6</b>	<b>185,335.5</b>	<b>188,336.3</b>	<b>193,612.2</b>	<b>202,731.4</b>
<b>Total assets</b>	<b>243,165.7</b>	<b>257,592.5</b>	<b>260,224.7</b>	<b>265,830.4</b>	<b>278,094.8</b>
Customer deposits	178,856.3	190,555.2	194,366.3	200,197.3	209,206.2
Deposits of other FIs	18,290.9	21,539.3	21,169.3	20,969.3	21,936.6
Subordinated debts	3,748.7	2,724.2	2,322.5	1,828.0	1,497.5
Hybrid capital securities	5,567.7	3,790.9	2,608.5	1,800.6	1,149.1
Other liabilities	13,306.1	13,172.0	12,537.6	12,370.5	12,845.1
<b>Total liabilities</b>	<b>219,769.7</b>	<b>231,781.7</b>	<b>233,004.1</b>	<b>237,165.8</b>	<b>246,634.4</b>
Shareholders' funds	23,358.0	25,775.4	27,182.7	28,625.8	31,421.2
Minority interests	38.0	35.4	37.8	38.9	39.2
Key Ratios (YE31 Dec)	FY18	FY19	FY20F	FY21F	FY22F
Total income growth (%)	6.6	4.3	(4.2)	0.2	3.0
Pre-provision profit growth (%)	7.7	5.3	(3.4)	3.1	3.0
Core net profit growth (%)	18.2	7.7	(16.3)	12.0	10.6
Net interest margin (%)	2.2	2.2	2.0	2.0	2.0
Cost-to-income ratio (%)	49.3	48.9	48.5	47.0	47.0
Effective tax rate (%)	26.0	25.7	25.5	24.0	24.9
Dividend payout (%)	35.7	50.1	59.8	50.0	50.0
Key Assumptions (YE31 Dec)	FY18	FY19	FY20F	FY21F	FY22F
Loan growth (%)	5.5	4.3	2.0	3.0	5.0
Deposit growth (%)	7.6	6.5	2.0	3.0	4.5
Loan-deposit ratio (%)	92.6	90.9	90.7	90.6	90.9
Gross NPL (%)	2.1	2.0	2.0	2.1	1.9
Net NPL (%)	1.1	1.1	1.0	1.1	0.8
Credit charge-off rate (%)	0.2	0.2	0.4	0.3	0.2
Loan loss reserve (%)	93.3	85.7	94.1	97.6	114.2

Source: Company, AmInvestment Bank Bhd estimates

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