

Malaysia
REDUCE (previously HOLD)

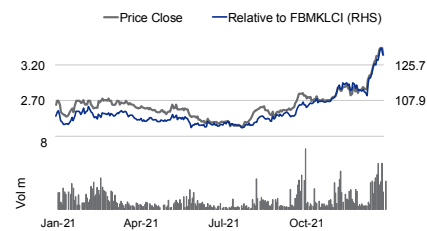
Consensus ratings*: Buy 12 Hold 2 Sell 1

Current price:	RM3.34
Target price:	RM2.73
Previous target:	RM2.73
Up/downside:	-18.3%
CGS-CIMB / Consensus:	-16.4%
Reuters:	ALLI.KL
Bloomberg:	ABMB MK
Market cap:	US\$1,236m
	RM5,171m
Average daily turnover:	US\$1.15m
	RM4.83m
Current shares o/s:	1,548m
Free float:	71.0%

*Source: Bloomberg

Key changes in this note

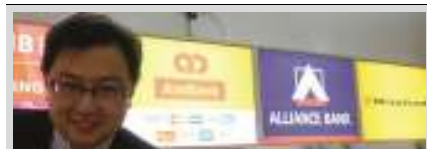
No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	15.2	19.3	26.5
Relative (%)	13.3	24	31

Major shareholders	% held
Vertical Theme	29.1
Employees Provident Fund	10.9
Focus Asia Strategies	4.8

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Alliance Bank Malaysia Berhad

Key takeaways from ESG briefing

- We are positive on Alliance Bank's inaugural ESG briefing on 19 Jan 22, as this reflected the bank's commitment to elevate its ESG disclosures.
- We think that its target for total sustainable financing/investment of RM5bn by FY3/25F is achievable, considering its broad classification.
- Downgrade to Reduce though, due to a 16.8% surge in share price YTD. A potential de-rating catalyst would be an expected increase in GIL ratio.

Inaugural ESG briefing

Alliance Bank Malaysia hosted an inaugural Sustainability Strategy briefing on 19 Jan 22 for analysts. We are positive on this as it showed the commitment of the bank to improve its Economic, Social and Governance (ESG) disclosures. For the event, Alliance was represented by the CEO of Alliance Islamic Bank, Mr. Rizal II-Ehzan Fadil Azim.

Making progress for greater ESG adoption

The key highlight of the briefing was Alliance's ESG adoption progress, which included: 1) the introduction of a list of business activities that it will not finance, and 2) its Risk Acceptance Criteria (RAC), i.e. the ESG guidelines for Alliance's lending practices. These will lay the foundation for the full integration of ESG evaluation with all its major decision-making processes in the future.

Small loan exposure to ESG-sensitive sectors

Alliance's exposure to the four sectors that the bank has classified as having high ESG risks is about 3.5% of its total loans (2.75% for palm oil and the remainder for the other three sectors, i.e. oil and gas, mining and forestry). Alliance's exposure to sectors with high ESG risks is below the 5-10% exposure for other Malaysian banks.

Targeting total sustainable financing of RM5bn by FY3/25F

Alliance is targeting a total sustainable financing of RM5bn by FY3/25F. We think that this is achievable, on our estimated asset size of RM87bn for Alliance in FY25F and the broad-scope of classification for sustainable financing (which includes loans, fixed-income investments and corporate advisory business).

Downgrade to Reduce

We downgrade Alliance from Hold to Reduce as its share price surged by 16.8% in the first 12 trading days of 2022, pushing up its 12-month rolling forward P/E from 7.4x as at end-Dec 21 to 8.4x on 19 Jan 22, which was above its one-year historical average of 7.8x. We see limited scope for further expansion in its P/E valuation from the current level, especially with the potential de-rating catalyst of an expected increase in its gross impaired loan (GIL) ratio in FY3/23. We prefer Hong Leong Bank for exposure to Malaysian banks. Our FY22-24F EPS forecasts and DDM-based target price of RM2.73 for Alliance are intact.

Financial Summary	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Net Interest Income (RMm)	981	1,017	1,010	1,069	1,151
Total Non-Interest Income (RMm)	708.5	800.9	784.4	838.9	887.2
Operating Revenue (RMm)	1,689	1,818	1,794	1,908	2,038
Total Provision Charges (RMm)	(273.2)	(532.9)	(250.4)	(174.2)	(190.9)
Net Profit (RMm)	424.3	358.8	481.4	642.5	700.7
Core EPS (RM)	0.27	0.23	0.31	0.42	0.45
Core EPS Growth	(21.1%)	(15.4%)	35.4%	32.2%	9.0%
FD Core P/E (x)	12.19	14.41	10.64	8.05	7.38
DPS (RM)	0.06	0.06	0.13	0.18	0.19
Dividend Yield	1.80%	1.74%	4.00%	5.34%	5.83%
BVPS (RM)	3.87	4.04	4.28	4.54	4.81
P/BV (x)	0.86	0.83	0.78	0.74	0.69
ROE	7.24%	5.86%	7.54%	9.41%	9.69%
% Change In Core EPS Estimates			0%	0%	0%
CGS-CIMB/Consensus EPS (x)			0.97	1.11	1.11

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



Key takeaways from ESG briefing

The key ESG strategies

Making headway in ESG adoption >

From the Sustainability Strategy briefing, we are encouraged to note the progress in ESG adoption by Alliance Bank in the past 1-2 years, as shown in the following:

- Established a Sustainability Framework and ESG Screener to categorise all accounts according to the guidelines under Climate Change and Principle-based Taxonomy (CCPT) issued by Bank Negara Malaysia (BNM);
- Established a list of business activities that will not be financed by Alliance Bank given the ESG risks from these businesses; and
- Developed an ESG Risk Acceptance Criteria (RAC) to evaluate customers upon on-boarding and annual review.

The types of business activities that are in the prohibited list of Alliance Bank (which it will not finance) are:

- Coal-fired power plants and coal mines;
- Unconventional oil and gas (shale oil and gas or tar sand and extraction using hydraulic fracturing);
- Projects or activities that cause severe environmental damage;
- Arms trading;
- Entertainment sectors, such as bars and pubs, nightclubs, video arcades, karaoke, cybercafes, reflexology centres and massage parlours; and
- Financing of hostile takeovers of companies.

Four types of RACs >

There are five types of RACs established by Alliance Bank, which provide ESG guidelines for its lending decisions. Apart from the general RAC, Alliance Bank has also developed RACs for the following four sectors:

- Palm oil
- Mining and quarrying
- Oil and gas
- Forestry and logging

The focuses for its general RACs are:

- Addressing material environmental issues;
- Working towards helping the nation achieve optimal share of renewable energy in its energy consumption mix;
- Establishment of safe and fair working conditions;
- Establishment of fair and effective labour management;
- Avoiding exploitation of the local community;
- Establishment of anti-bribery and corruption policies;
- Monitoring legal issues or non-compliance with regulatory requirements, including pollution and prevention;
- Establishment of clear distribution of roles and responsibilities; and
- Women representation on the boards of public-listed companies.

Under the palm oil RAC, customers with palm oil estates and smallholding millers and refineries are required to meet the following standards:

- Obtained or in the process of obtaining one of these two certifications — Roundtable on Sustainable Palm Oil (RSPO) or Malaysian Sustainable Palm

Oil (MSPO) certifications — in compliance with Malaysian Palm Oil Board's (MPOB) Code of Good Milling Practice;

- Have no prior cases pertaining to environmentally-damaging burning practices;
- New plantations prohibited to convert or degrade high biodiversity value or high conservation value and high carbon stock forests, primary forests, forest reserves and peatlands;
- Establishment of water and pollution management plans; and
- Customers with millers and refineries to comply with additional standards, such as methane gas trapping facilities or emission avoidance.

Under the oil and gas RAC, customers are required to meet the following standards:

- Obtained Environmental Management Systems (EMS) certification;
- Additional mitigation plans in place for carbon monoxide (CO), nitrogen oxide (NOX), sulphur oxide (SOX) and other significant air emission and related impact;
- Establishment of biodiversity conservation and climate-mitigation policies;
- Establishment of a water and pollution management plan, including onsite assessment on waste storage, handling and disposal;
- Oil Spill Contingency Plan (OSCP) in place for efficient treatment of water discharges, spills, and leaks, i.e. the measurement of total volume of hydrocarbon discharged within produced water;
- Establishment of standard operating procedure (SOPs), which govern daily activities and/or work processes at oil and gas sites; and
- Development of an emergency response plan (ERP) that is maintained and tested.

Under the mining and quarrying RAC, customers are required to meet the following standards:

- Obtained Environmental Impact Assessment (EIA) reports for every lessee of mining leases covering over 250 ha;
- Establishment of internal pollution prevention procedures;
- Obtained approval from relevant governmental agencies to carry out the business activities;
- Establishment of SOPs to govern activities at the mining site; and
- Establishment of an ERP.

Under the forestry and logging RAC, customers are required to meet the following standards:

- Obtained EIA reports for logging activities in concession areas of more than 500 ha;
- Establishment of biodiversity-conservation and climate-mitigation or greenhouse gas (GHG) management plans;
- Establishment of water and pollution management plans for managing waste arising from timber or pulp production, including onsite assessment by the bank on waste storage handling and disposal;
- Protection of natural waterways through buffer or riparian zones;
- Protection of community safety and customary lands of indigenous people; and
- Obtained approval from relevant governmental agencies.

Longer-term ESG goals ▶

The following are the ESG goals for Alliance Bank in the longer term (to be achieved in FY3/25):

- Mandated ESG KPIs for senior management;
- Sustainability topline goals, including: 1) growing RM5bn in new sustainable banking business, 2) helping customers adopt sustainable lifestyle and business practices, and 3) reducing the bank's GHG emission footprint (operational GHG target to be announced in 1QFY3/23); and
- Upskilling workforce to develop sustainability capabilities by rolling out ESG training for its staff and compulsory ESG training for board members and senior management team.

Where will the RM5bn of sustainability financing/investment come from? ▶

As stated, Alliance aims to achieve a total of RM5bn in sustainability financing/investment by FY3/25F. The scope of this is quite broad and includes loans, treasury investments, capital market (advisory and fundraising), ESG wealth products and social funds.

Milestones for ESG development ▶

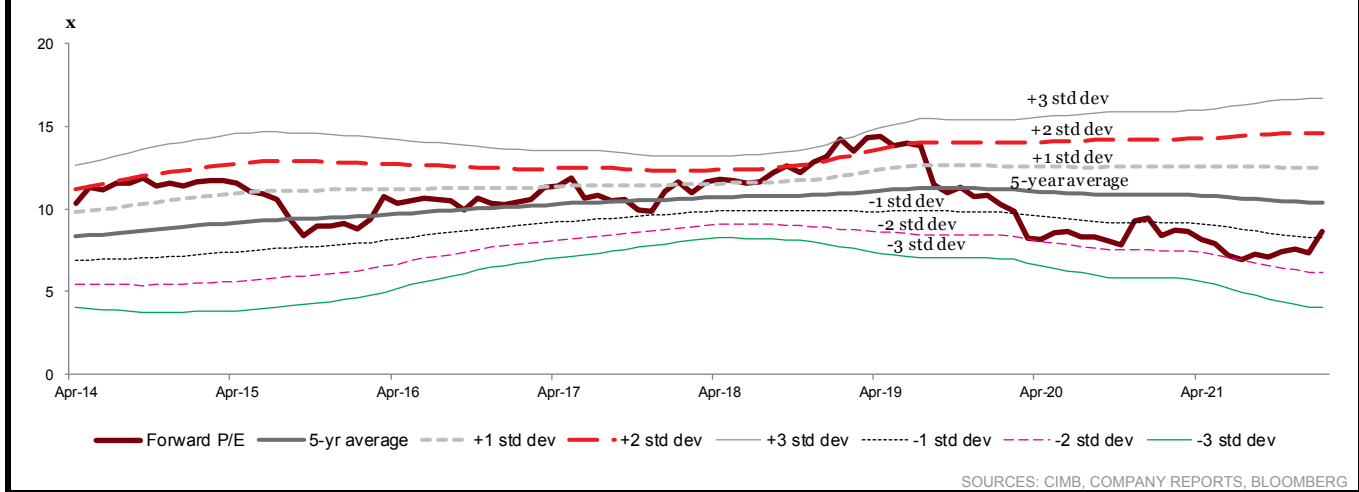
The bank also outlined the major milestones for ESG development in the past 1-2 years, as stipulated in the following:



- Oct 20: established a Sustainability Steering Committee
- Dec 20: rolled out its Sustainability Framework; established the baseline portfolio (on a desktop level) based on the Climate Change and Principle-based Taxonomy (CCPT) issued by BNM
- Jul 21: established a Group Sustainability Committee and a Sustainability Strategy Framework
- Aug 21: developed sustainability topline goals; enhanced Sustainability Framework based on CCPT; established sectoral exclusion list; announced new sustainable business targets
- Sep 21: incorporated sustainability KPIs linkage to executive remunerations; developed ESG Screener Checklist to classify portfolios based on CCPT; rollout of ESG RAC for the palm oil sector; baselined own GHG emissions; launched sustainability microsite
- Oct 21: collaborated with Malaysian Green Technology Corporation (MGTC) and Bursa on a Sustainability Assistance Programme for businesses
- Nov 21: rolled out the ESG RAC for mining and quarrying, as well as oil and gas sectors
- Dec 21: rolled out the ESG RAC for the forestry and logging sector and a general RAC for other sectors

Potential upside risks ▶

The potential upside risks for our Reduce call would be the lower-than-expected loan loss provisioning, as well as a significant improvement in loan growth in FY3/22-23F.

Figure 1: Alliance's rolling forward P/E



 Refinitiv ESG Scores	
	
ESG in a nutshell	
<p>Based on our observation, Alliance Bank has shown marked improvement in its ESG disclosures in the past one year, especially with its inaugural Sustainability Strategy briefing that it hosted on 19 Jan 22 for analysts. Greater ESG disclosure has been seen in the areas on how it integrates ESG evaluation with its loan approval process as well as its longer-term ESG targets. Going forward, we believe that Alliance Bank’s ESG initiatives will be focused on: 1) expanding its ESG evaluation to cover all its major decision-making processes (especially lending and investments), and 2) enhancing the evaluation of the risks from climate change.</p>	
Keep your eye on	Implications
<p>We are encouraged that Alliance Bank has been improving its ESG disclosure by providing the information for its Risk Acceptance Criteria (RAC), which are the ESG guidelines for its lending activities. Alliance Bank has five types of RAC, i.e. 1) general, 2) palm oil, 3) oil and gas, 4) mining and quarrying, and 5) forestry and logging. On top of this, it also has an exclusion list for the business activities that it will not finance based on ESG criteria.</p>	<p>The establishment of the RAC and the exclusion list reflected Alliance Bank’s progress in integrating ESG evaluation with its loan approval processes. These also showed that the bank has started to work with its borrowers to encourage/support the latter’s transition to higher ESG standards. An example is the requirement for its customers in the palm oil sector to obtain the RSPO or MSPO certifications. It also requires its oil and gas customers to obtain Environmental Management Systems certification. In addition, the articulation of the requirements by the bank for each of the RAC during the Sustainability Strategy briefing on 19 Jan 22 reflects positively on its ESG disclosures.</p>
ESG highlights	Implications
<p>Alliance Bank is one of the constituents of the FTSE4Good Bursa Malaysia index.</p>	<p>We believe that the rating of Alliance for FTSE4Good Bursa Malaysia index is based on its ESG performance in 2020 or 1H21. A recent marked improvement in its ESG disclosure would at least keep the bank in the FTSE4Good Bursa Malaysia index with a potential increase in its ranking, in our view.</p>
Trends	Implications
<p>Alliance Bank aims to achieve a total sustainability financing and investment of RM5bn by FY3/25.</p>	<p>We think that its target for RM5bn of total sustainability financing/investment by FY3/25 is achievable, considering that: 1) we estimate a total asset size of RM87bn for Alliance in FY25F, and 2) the scope for the sustainability financing/investment is broad, covering loans, fixed-income investment, wealth management products (which are not included in its balance sheet) and corporate-advisory businesses. However, we do not expect the high sustainability financing/investment to significantly enhance Alliance’s earnings because most of sustainability businesses cannabilise on its existing growth drivers (like the financing of electric vehicles partly replace conventional auto loans).</p>

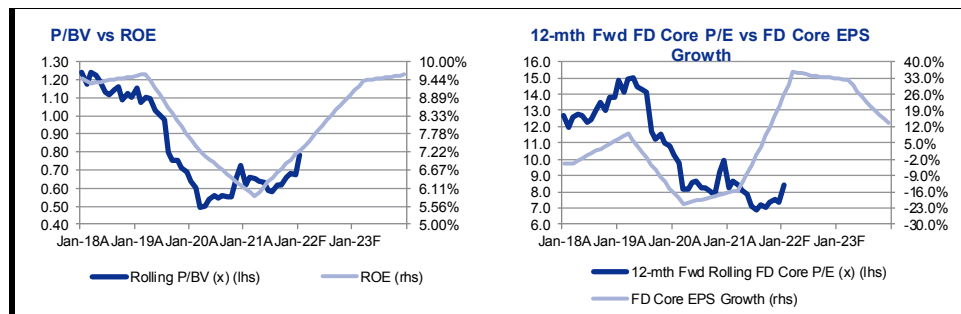
SOURCES: CGS-CIMB RESEARCH, REFINITIV

Figure 2: Sector comparison

Company	Bbg Ticker	Recom.	Price (local)	Target Price (local)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)	Recurr. ROE (%)	P/PPOPS (x)	Div Yield (%)
						CY2021	CY2022					
DBS Group	DBS SP	Add	35.93	34.90	68,381	13.3	12.6	19.0%	1.67	13.1%	11.4	3.3%
OCBC	OCBC SP	Add	12.23	13.90	40,707	10.8	10.4	17.4%	1.12	10.8%	8.9	4.1%
United Overseas Bank	UOB SP	Add	29.89	33.50	37,033	12.2	12.0	21.0%	1.17	9.8%	8.9	4.3%
Singapore average						12.2	11.8	19.1%	1.34	11.4%	9.9	3.8%
Agricultural Bank of China	1288 HK	Add	2.91	3.10	161,262	3.8	3.5	9.0%	0.41	11.2%	1.8	8.3%
Bank of China	3988 HK	Add	3.00	3.10	135,397	3.7	3.4	9.7%	0.38	10.7%	1.8	8.8%
Bank of Communications	3328 HK	Add	5.15	4.50	52,804	4.0	3.7	8.9%	0.40	10.3%	2.0	8.0%
China CITIC Bank	998 HK	Add	3.70	4.90	32,587	2.9	2.6	11.8%	0.29	10.3%	1.0	9.2%
China Construction Bank	939 HK	Add	5.86	6.50	189,954	4.2	3.8	10.8%	0.48	11.9%	2.1	7.3%
China Minsheng Bank	1988 HK	Hold	3.18	2.90	25,505	3.0	2.8	14.5%	0.23	7.9%	0.8	9.9%
ICBC	1398 HK	Add	4.67	4.60	251,528	4.2	3.8	9.1%	0.47	11.7%	2.1	7.4%
Hong Kong average						3.9	3.6	9.8%	0.42	11.2%	1.9	7.9%
Bank Central Asia	BBCA IJ	Hold	7,675	8,100	65,997	31.7	26.8	16.2%	4.75	15.7%	20.1	1.5%
Bank Danamon	BDMN IJ	Add	2,320	3,300	1,582	7.9	6.0	62.6%	0.48	6.5%	2.4	4.4%
Bank Rakyat Indonesia	BBRI IJ	Add	4,130	5,000	43,662	20.4	14.9	30.4%	2.15	11.5%	9.0	4.4%
Bank Tabungan Negara	BBTN IJ	Add	1,680	2,100	1,241	9.2	7.0	25.3%	0.82	9.3%	3.3	1.1%
Indonesia average						24.9	19.3	27.7%	2.88	12.5%	12.5	2.7%
Affin Bank Berhad	ABANK MK	Reduce	1.93	1.27	980	8.5	9.1	20.0%	0.40	4.9%	4.9	2.6%
Alliance Bank Malaysia Berha	ABMB MK	Reduce	3.34	2.73	1,236	11.4	8.6	22.0%	0.79	9.6%	5.3	3.4%
AMMB Holdings	AMM MK	Add	3.52	3.64	2,787	8.7	7.4	12.8%	0.73	8.1%	4.4	3.7%
Bank Islam Malaysia Bhd	BIMB MK	Add	3.10	3.46	1,539	11.0	11.0	11.1%	0.96	10.3%	6.6	4.9%
Hong Leong Bank	HLBK MK	Add	19.50	20.56	10,107	15.0	13.7	8.0%	1.35	9.5%	12.4	2.6%
Malayan Banking Bhd	MAY MK	Add	8.32	9.40	23,629	12.1	12.6	8.5%	1.13	9.4%	7.5	4.8%
Public Bank Bhd	PBK MK	Add	4.18	4.60	19,399	14.7	14.9	8.3%	1.61	11.6%	10.3	3.4%
RHB Bank Bhd	RHBBANK MK	Add	5.76	6.40	5,705	8.9	9.2	9.7%	0.80	9.6%	6.0	5.2%
Malaysia average						12.4	12.3	10.2%	1.15	9.6%	8.1	4.0%
Bangkok Bank	BBL TB	Add	131.0	164.0	7,554	9.3	8.2	23.6%	0.53	6.1%	4.3	3.1%
Kasikornbank	KBANK TB	Add	144.0	170.0	10,307	9.8	8.7	11.7%	0.73	8.1%	3.8	2.1%
Kiatnakin Phatra Bank	KKP TB	Hold	66.0	59.0	1,688	10.5	8.8	8.0%	1.17	11.9%	4.7	4.7%
Krung Thai Bank	KTB TB	Hold	13.9	12.7	5,869	10.5	9.1	10.1%	0.54	5.4%	3.1	2.9%
Siam Commercial Bank	SCB TB	Add	123.5	119.0	12,668	12.5	11.4	12.5%	0.97	8.4%	4.9	2.4%
Thailand average						10.6	9.5	13.3%	0.74	7.4%	4.2	2.9%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(RMm)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Net Interest Income	981	1,017	1,010	1,069	1,151
Total Non-Interest Income	709	801	784	839	887
Operating Revenue	1,689	1,818	1,794	1,908	2,038
Total Non-Interest Expenses	(807)	(801)	(833)	(876)	(914)
Pre-provision Operating Profit	882	1,017	962	1,032	1,124
Total Provision Charges	(273)	(533)	(250)	(174)	(191)
Operating Profit After Provisions	609	484	711	858	933
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Operating EBIT (incl Associates)	609	484	711	858	933
Non-Operating Income/(Expense)	(41)	(0)	4	(1)	1
Profit Before Tax (pre-EI)	568	484	716	857	934
Exceptional Items	0	0	0	0	0
Pre-tax Profit	568	484	716	857	934
Taxation	(144)	(125)	(234)	(214)	(234)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	424	359	481	643	701
Minority Interests	0	0	0	0	0
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
Net Profit	424	359	481	643	701
Recurring Net Profit	424	359	486	643	701

Balance Sheet Employment

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Gross Loans/Cust Deposits	90.4%	91.2%	89.1%	90.4%	91.6%
Avg Loans/Avg Deposits	93.7%	91.3%	91.3%	92.6%	93.8%
Avg Liquid Assets/Avg Assets	26.3%	26.4%	28.8%	27.8%	26.8%
Avg Liquid Assets/Avg IEAs	26.4%	27.1%	28.7%	27.7%	26.8%
Net Cust Loans/Assets	70.7%	71.2%	69.7%	70.7%	71.7%
Net Cust Loans/Broad Deposits	85.6%	86.7%	84.6%	85.7%	86.7%
Equity & Provs/Gross Cust Loans	15.2%	16.4%	16.3%	16.3%	16.3%
Asset Risk Weighting	61.9%	63.7%	62.7%	63.1%	63.0%
Provision Charge/Avg Cust Loans	0.66%	1.10%	0.52%	0.32%	0.32%
Provision Charge/Avg Assets	0.49%	0.80%	0.38%	0.23%	0.24%
Total Write Offs/Average Assets	0.23%	0.23%	0.74%	0.13%	0.13%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Gross Loans	43,769	44,282	45,386	48,336	51,415
Liquid Assets & Invst. (Current)	12,316	12,933	14,297	13,949	13,863
Other Int. Earning Assets					
Total Gross Int. Earning Assets	56,085	57,215	59,684	62,285	65,278
Total Provisions/Loan Loss Reserve	(659)	(1,007)	(780)	(848)	(927)
Total Net Interest Earning Assets	55,426	56,208	58,904	61,437	64,351
Intangible Assets	437	431	433	433	433
Other Non-Interest Earning Assets	1,993	994	1,004	1,050	1,039
Total Non-Interest Earning Assets	2,430	1,425	1,438	1,483	1,472
Cash And Marketable Securities	3,119	3,088	3,622	4,226	4,578
Long-term Investments	0	0	0	0	0
Total Assets	60,976	60,721	63,963	67,146	70,401
Customer Interest-Bearing Liabilities	48,426	48,489	50,913	53,459	56,131
Bank Deposits	1,913	1,393	1,784	1,919	2,064
Interest Bearing Liabilities: Others	1,521	1,573	1,573	1,573	1,573
Total Interest-Bearing Liabilities	51,860	51,454	54,270	56,950	59,768
Bank's Liabilities Under Acceptances	0	0	0	0	0
Total Non-Interest Bearing Liabilities	3,127	3,010	3,060	3,173	3,191
Total Liabilities	54,987	54,463	57,330	60,123	62,959
Shareholders' Equity	5,989	6,258	6,633	7,023	7,442
Minority Interests	0	0	0	0	0
Total Equity	5,989	6,258	6,633	7,023	7,442

Key Ratios

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Income Growth	4.14%	7.59%	(1.27%)	6.34%	6.80%
Operating Profit Growth	4.1%	15.3%	(5.4%)	7.3%	8.9%
Pretax Profit Growth	(19.8%)	(14.8%)	47.9%	19.7%	9.0%
Net Interest To Total Income	58.1%	55.9%	56.3%	56.0%	56.5%
Cost Of Funds	1.91%	1.27%	1.14%	1.14%	1.14%
Return On Interest Earning Assets	3.54%	3.02%	2.82%	2.83%	2.86%
Net Interest Spread	1.63%	1.76%	1.68%	1.69%	1.72%
Net Interest Margin (Avg Deposits)	2.10%	2.10%	2.03%	2.05%	2.10%
Net Interest Margin (Avg RWA)	2.65%	2.66%	2.56%	2.59%	2.66%
Provisions to Pre Prov. Operating Profit	31.0%	52.4%	26.0%	16.9%	17.0%
Interest Return On Average Assets	1.67%	1.67%	1.62%	1.63%	1.67%
Effective Tax Rate	25.3%	25.9%	32.7%	25.0%	25.0%
Net Dividend Payout Ratio	51.1%	22.7%	42.4%	42.4%	42.4%
Return On Average Assets	0.72%	0.59%	0.77%	0.98%	1.02%

Key Drivers

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Loan growth (%)	2.2%	3.4%	2.6%	6.5%	6.4%
Gross impaired loan ratio (%)	2.0%	2.3%	2.9%	2.4%	2.1%
Loan loss coverage (%)	75.7%	97.6%	59.0%	74.0%	86.7%
Cost-to-income ratio (%)	47.8%	44.0%	46.4%	45.9%	44.8%
Non-interest income ratio (%)	19.6%	23.2%	20.9%	20.8%	20.1%
Common equity Tier-1 capital ratio (%)	13.8%	13.7%	14.0%	14.1%	14.4%
Stage-1 ECL coverage (%)	11.1%	9.4%	9.1%	14.2%	18.8%
Stage-2 ECL coverage (%)	30.9%	28.0%	23.5%	24.5%	22.7%
Stage-3 ECL coverage (%)	33.7%	33.1%	26.5%	35.3%	45.3%
Total provision over loans (%)	1.5%	2.3%	1.7%	1.8%	1.8%
Return on equity (%)	7.2%	5.9%	7.5%	9.4%	9.7%
Return on asset (%)	0.7%	0.6%	0.8%	1.0%	1.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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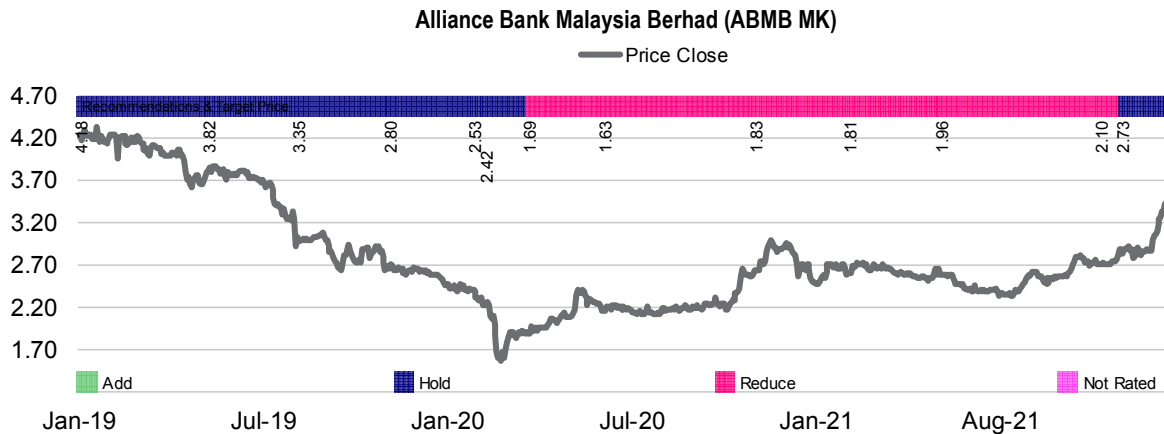
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BGP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework	
Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

