

| Malaysia

REDUCE (no change)

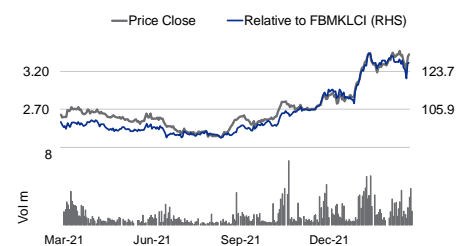
Consensus ratings*: Buy 10 Hold 2 Sell 3

Current price:	RM3.43
Target price:	RM3.17
Previous target:	RM2.73
Up/downside:	-7.6%
CGS-CIMB / Consensus:	-7.4%
Reuters:	ALLI.KL
Bloomberg:	ABMB MK
Market cap:	US\$1,264m
	RM5,310m
Average daily turnover:	US\$1.37m
	RM5.75m
Current shares o/s:	1,548m
Free float:	71.0%

*Source: Bloomberg

Key changes in this note

- FY22F core net profit upped by 24.7%.
- FY23F core net profit upped by 16.5%.
- FY24F core net profit upped by 16.2%.

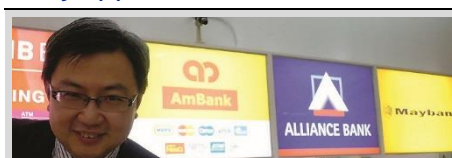


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5.2	24.3	29.4
Relative (%)	-0.6	17.9	27.5

Major shareholders

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

Analyst(s)

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Alliance Bank Malaysia Berhad

Low CCOR in 3QFY22 not sustainable

- 9MFY3/22 net profit was above our expectation (97% of our full-year forecast) due to lower-than-expected LLP.
- We view the low CCOR of 14bp in 3QFY22 as unsustainable and hence project a 271.7% qoq increase in 4QFY22F LLP.
- Reiterate Reduce as we think Alliance faces greater credit risks from Covid-19, as its GIL ratio of 2% at end-Dec 21 was above industry's 1.44%.

9MFY22 net profit above expectation

Alliance Bank's 9MFY3/22 core net profit (CNP) was above expectation, accounting for 97% of our full-year forecast and 95.6% of Bloomberg consensus'. The variance to our forecast primarily emanated from higher-than-expected net interest income and lower-than-expected loan loss provisioning. 9MFY22 CNP surged 53.9% yoy, driven by 12.8% yoy rise in net interest income and 63.7% yoy decline in loan loss provisioning (LLP).

3QFY22 net profit lifted by lower LLP

3QFY22 revenue growth was uninspiring at only 0.9% yoy due to a 39.3% yoy drop in non-interest income. Notwithstanding this, 3QFY22 net profit surged 50.2% yoy, catalysed by an 89.9% yoy plunge in 3QFY22 LLP.

Lower CCOR in 3QFY22 not sustainable

Alliance Bank's credit charge-off rate (CCOR) plunged from 139bp in 3QFY21 to a mere 14bp in 3QFY22; this was even lower than the pre-Covid-19 level of 42bp (average for the eight quarters in 2018-19). We believe the lower 3QFY22 CCOR is not sustainable as the credit risks from Covid-19 has yet to fully subside. Hence, we forecast a 271.7% qoq rise in 4QFY22 LLP, leading to our projection of a 13% qoq drop in 4QFY22 CNP.

Upping FY22-24F CNP forecasts and target price

We raise our FY22-24F CNP forecasts by 16-25% as we (1) increase our FY22-24F net interest income forecasts by c.13%, and (2) cut our FY22F LLP forecast by 19.9%. This lifts our DDM-based target price from RM2.73 to RM3.17.

Maintain Reduce on Alliance

Despite the decline in 9MFY22 LLP, we still think that Alliance Bank faces greater credit risks from the Covid-19 outbreak than its peers as its end-Dec 21 gross impaired loan (GIL) ratio of 2% was higher than the industry's 1.44%. The key potential de-rating catalyst that underpins our Reduce rating is a wider increase in GIL ratio relative to peers when the industry's GIL ratio peaks in mid-2022F. We prefer Hong Leong Bank for exposure to the banking sector.

Financial Summary

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Net Interest Income (RMm)	981	1,017	1,142	1,211	1,302
Total Non-Interest Income (RMm)	708.5	800.9	784.4	838.9	887.2
Operating Revenue (RMm)	1,689	1,818	1,926	2,050	2,189
Total Provision Charges (RMm)	(273.2)	(532.9)	(200.5)	(174.2)	(190.9)
Net Profit (RMm)	424.3	358.8	601.4	748.8	814.3
Core EPS (RM)	0.27	0.23	0.39	0.48	0.53
Core EPS Growth	(21.1%)	(15.4%)	68.9%	23.6%	8.7%
FD Core P/E (x)	12.51	14.80	8.76	7.09	6.52
DPS (RM)	0.06	0.06	0.17	0.21	0.23
Dividend Yield	1.75%	1.69%	4.87%	6.06%	6.59%
BVPS (RM)	3.87	4.04	4.32	4.60	4.91
P/BV (x)	0.89	0.85	0.79	0.74	0.70
ROE	7.2%	5.9%	9.4%	10.8%	11.1%
% Change In Core EPS Estimates			24.7%	16.5%	16.2%
CGS-CIMB/Consensus EPS (x)			1.22	1.28	1.29

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Low CCOR in 3QFY22 not sustainable

Figure 1: Alliance Bank - results comparisons for 3QFY22

FYE Mar (RM m)	3QFY22	3QFY21	yoy %		qoq %		3QFY22	3QFY21	yoy %	Prev. FY22F	Comments
			chg	chg	Cum	Cum					
Net interest income	294.8	253.2	16.4	7.6	845.5	749.3	12.8	1,010.1	12.8	1,010.1	Above. Margin expansion.
Non-interest income	78.5	129.3	(39.3)	(10.3)	268.5	341.6	(21.4)	375.6	(21.4)	375.6	In line. Lower investment income.
Islamic income	106.9	93.2	14.7	17.0	302.1	280.8	7.6	408.8	7.6	408.8	In line.
Total income	480.2	475.7	0.9	6.0	1,416.1	1,371.7	3.2	1,794.4	3.2	1,794.4	Above. Higher-than-expected net interest income.
Overhead expenses	(215.0)	(191.2)	12.4	9.9	(603.9)	(568.5)	6.2	(832.8)	6.2	(832.8)	Below. Close to normalised growth of 5%.
Pre-provision profit	265.2	284.5	(6.8)	3.0	812.2	803.2	1.1	961.6	1.1	961.6	Above. Marginal yoy growth.
Loan loss provisions	(15.2)	(150.8)	(89.9)	(54.8)	(144.0)	(396.3)	(63.7)	(250.4)	(63.7)	(250.4)	Below. A yoy plunge.
Associates' contrib & others	0.3	0.4	-	-	0.4	(0.1)	500.0	4.5	500.0	4.5	
Pretax profit	250.3	134.1	86.7	11.7	668.6	406.8	64.4	715.7	64.4	715.7	Above. 93% of CGS-CIMB.
Tax	(99.3)	(33.6)	195.5	93.6	(198.8)	(98.1)	102.7	(234.3)	102.7	(234.3)	
Tax rate (%)	39.7	25.1	58.3	0.0	29.7	24.1	23.3	32.7	23.3	32.7	Below.
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net profit	151.0	100.5	50.2	(12.6)	469.8	308.7	52.2	481.4	52.2	481.4	
Core net profit	151.0	100.5	50.2	(12.1)	474.6	308.7	53.7	486.2	53.7	486.2	Above CGS-CIMB (97%) & mkt (95.6%)
EPS (sen)	9.8	6.5	50.8	(12.5)	30.3	19.9	52.3	31.1	52.3	31.1	
Core EPS (sen)	9.8	6.5	50.8	(12.0)	30.6	19.9	53.8	31.4	53.8	31.4	

SOURCES: CGS-CIMB, COMPANY REPORTS

Figure 2: Earnings revision for Alliance Bank

RM m	2021A	2022F			2023F			2024F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Net interest income	1,017	1,010	1,142	13.1%	1,069	1,211	13.3%	1,151	1,302	13.2%
Loan loss provisioning	533	250	200	-19.9%	174	174	0.0%	191	191	0.0%
Net profit	359	481	601	24.9%	643	749	16.5%	701	814	16.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

(Note: Cukai Makmur is a one-off special tax proposed by the government under Budget 2022, whereby a tax rate of 33% will be applied to companies' FY22 pre-tax profit in excess of RM100m.)

Highlights of 3QFY3/22 conference call

Alliance Bank held a conference call on 28 Feb for its 3QFY3/22 financial results. The call was hosted by its Group CEO Joel Kornreich. The key highlights from the conference call were details on its loans under repayment assistance and its provisions for the Covid-19 pandemic.

Lower pre-emptive provision in 9MFY22 ➤

The bank's net credit cost improved from 91.3bp in 9MFY21 to 32.5bp in 9MFY22. This was partly due to the decrease in the net credit cost for its management overlay from 51.5bp in 9MFY21 to 26.4bp in 9MFY22.


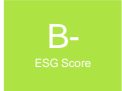

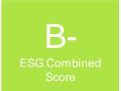



On a qoq comparison, net credit cost declined from 7.5bp in 2QFY22 to 3.2bp in 3QFY22, but the net credit cost for management overlay expanded from 4.7bp in 2QFY22 to 6.8bp in 3QFY22. Excluding the management overlay, Alliance Bank would have achieved a negative net credit cost of 3.6bp in 3QFY22 (a net write-back in credit cost).

A decline in loans under repayment assistance ▶

We take a positive view that, in line with the trends for other banks, Alliance Bank's loans under repayment assistance declined from RM14.5bn in Dec 21 to RM9.25bn in Feb 22. As at end-Feb, loans under repayment assistance accounted for 20.8% of its total loans. The breakdown of its loans under repayment assistance of RM9.25bn in Feb 22 was 39% for consumer loans (mostly mortgages), 36% for SME loans, 16% for commercial loans, and 9% for corporate loans.

Potential upside risks ▶

The potential upside risks to our Reduce call are continuous expansion in net interest margin and lower-than-expected loan loss provisioning.

Refinitiv ESG Scores	
	
     	
<p>ESG in a nutshell</p> <p>During its 2QFY22 results briefing on 26 Nov 2021, Alliance unveiled its key ESG priorities/targets as follows (1) rolling out ESG Screener to categorise all accounts according to Bank Negara Malaysia’s Climate Change and Principle-based Taxonomy, (2) committed to generating RM5bn of new sustainable businesses by FY3/25, (3) partnering with Malaysian Green Technology and Climate Change Corporation and Bursa to help customers adopt sustainability practices, (4) collaborating with strategic partners to promote financial literacy to vulnerable communities, (5) empowering SMEs via education, upskilling and financing, and (6) supporting digital transformation via digital solutions. We are positive on the above as it shows progress in Alliance’s ESG disclosure.</p>	
<p>Keep your eye on</p> <p>In our view, the key priority for Alliance is to integrate ESG evaluation into all facets of its decision-making processes. This would include factoring in the risks from climate change in its key business decisions.</p>	<p>Implications</p> <p>We believe Alliance will work on fully embedding ESG evaluation into the credit-scoring system of its loan-approval process. ESG criteria could also be one of the key considerations for the bank to onboard any new non-borrowing customers and suppliers.</p> <p>So far, there has not been any detail on Alliance Bank’s exposure to risks from climate change. However, we think it will improve its analysis and disclosure of its climate-change risks in the longer term, especially when Bank Negara Malaysia is expected to introduce more regulations on this in the next few years.</p>
<p>ESG highlights</p> <p>Alliance Bank is one of the constituents of the FTSE4Good Bursa Malaysia index but we think there is still room for improvement in its ESG disclosure.</p>	<p>Implications</p> <p>In the longer term, we expect Alliance Bank to disclose more ESG-related information, including (1) the percentage exposure of its loan portfolio to sectors with high ESG risks, (2) its initiatives to mitigate the risks from its exposure to ESG-vulnerable sectors, and (3) its exposure to and potential risks from climate change.</p>
<p>Trends</p> <p>We think the size of Alliance Bank’s green financing is still small at below 1-2% of its total loans, similar to most Malaysian banks.</p>	<p>Implications</p> <p>Alliance Bank is committed to generating RM5bn worth of new sustainable businesses by FY25F, which could partly include green financing. In our view, other types of sustainable businesses would include the financing of the purchase of electric vehicles, green buildings and the equipment related to the generation of green energy (like solar panels) as well as the launch of ESG-compliant wealth-management products and investment accounts.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

Figure 3: 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) CY2021	Recurr. ROE (%) CY2021	P/PPOPS (x) CY2021	Div Yield (%) CY2021
						CY2021	CY2022					
DBS Group	DBS SP	Add	33.82	39.90	64,115	12.7	11.5	23.6%	1.58	12.8%	11.1	3.5%
OCBC	OCBC SP	Add	11.67	14.20	38,618	10.8	9.7	20.0%	1.09	10.4%	9.2	4.5%
United Overseas Bank	UOB SP	Add	29.91	35.40	36,842	12.9	12.0	21.5%	1.17	9.3%	9.1	4.0%
Singapore average						12.2	11.1	22.3%	1.30	11.0%	9.9	3.9%
Agricultural Bank of China	1288 HK	Add	2.96	3.10	162,397	3.8	3.5	9.0%	0.41	11.2%	1.8	8.2%
Bank of China	3988 HK	Add	3.04	3.10	136,066	3.7	3.4	9.7%	0.38	10.7%	1.8	8.7%
Bank of Communications	3328 HK	Add	5.36	4.50	53,745	4.1	3.8	8.9%	0.41	10.3%	2.0	7.7%
China CITIC Bank	998 HK	Add	3.67	4.90	31,816	2.9	2.6	11.8%	0.29	10.3%	1.0	9.4%
China Construction Bank	939 HK	Add	5.86	6.50	189,450	4.2	3.7	10.8%	0.48	11.9%	2.1	7.3%
China Minsheng Bank	1988 HK	Hold	3.04	2.90	25,209	2.9	2.6	14.5%	0.22	7.9%	0.7	10.5%
ICBC	1398 HK	Add	4.67	4.60	250,960	4.1	3.8	9.1%	0.46	11.7%	2.1	7.5%
Hong Kong average						3.9	3.6	9.8%	0.42	11.2%	1.8	7.9%
Bank Central Asia	BBCA IJ	Hold	8,050	8,100	69,000	31.6	27.2	16.1%	4.90	16.2%	20.5	1.6%
Bank Danamon	BDMN IJ	Add	2,380	3,300	1,617	8.1	6.2	62.6%	0.49	6.5%	2.5	4.3%
Bank Rakyat Indonesia	BBRI IJ	Add	4,550	5,000	47,948	20.3	16.4	30.5%	2.39	11.9%	9.2	4.5%
Bank Tabungan Negara	BBTN IJ	Add	1,775	2,100	1,307	7.9	7.2	24.8%	0.88	11.5%	3.0	2.5%
Indonesia average						24.6	20.3	27.7%	3.08	13.0%	12.6	2.8%
Affin Bank Berhad	ABANK MK	Reduce	1.77	1.27	895	7.8	8.4	20.2%	0.37	4.8%	4.5	2.8%
Alliance Bank Malaysia Berhad	ABMB MK	Reduce	3.43	3.17	1,264	9.7	7.4	28.1%	0.81	11.0%	4.9	4.1%
AMMB Holdings	AMM MK	Add	3.36	3.64	2,650	8.3	7.0	12.9%	0.70	8.1%	4.2	3.9%
Bank Islam Malaysia Bhd	BIMB MK	Add	2.99	3.46	1,535	10.6	10.6	11.5%	0.93	10.1%	6.4	5.0%
Hong Leong Bank	HLBK MK	Add	20.06	21.80	10,355	14.8	13.2	9.8%	1.38	9.9%	12.8	2.6%
Malayan Banking Bhd	MAY MK	Add	8.76	9.80	24,779	12.3	12.7	10.2%	1.21	9.7%	7.3	6.6%
Public Bank Bhd	PBK MK	Add	4.45	5.00	20,570	15.1	14.9	11.9%	1.79	12.1%	10.1	3.4%
RHB Bank Bhd	RHBBANK MK	Add	5.90	7.00	5,821	8.6	8.6	13.4%	0.87	10.2%	5.6	6.8%
Malaysia average						12.5	12.2	12.4%	1.22	9.9%	7.9	4.8%
Bangkok Bank	BBL TB	Add	140.0	164.0	8,184	9.9	8.8	24.4%	0.57	6.1%	4.6	2.9%
Kasikombank	KBANK TB	Add	163.5	170.0	11,863	11.1	9.8	11.7%	0.83	8.1%	4.3	1.8%
Kiatnakin Phatra Bank	KKP TB	Hold	68.3	59.0	1,770	10.8	9.1	8.0%	1.21	11.9%	4.8	4.5%
Krung Thai Bank	KTB TB	Hold	14.0	12.7	5,992	10.6	9.2	10.1%	0.55	5.4%	3.1	2.9%
Siam Commercial Bank	SCB TB	Add	125.5	119.0	13,050	12.7	11.6	12.5%	0.98	8.4%	5.0	2.4%
Thailand average						11.2	10.0	13.5%	0.78	7.4%	4.4	2.7%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Alliance - Quarterly profit and loss statements

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Remarks for 3QFY22
FYE Mar (RM m)	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	
Interest income	515.7	480.7	460.6	429.1	423.0	420.4	416.6	432.8	
Interest expense	(261.3)	(239.5)	(205.7)	(175.9)	(155.7)	(143.8)	(142.4)	(138.0)	
Net interest income	254.4	241.2	254.9	253.2	267.3	276.6	274.2	294.8	
Income from Islamic operations (IBI)	92.0	95.1	92.6	93.2	97.7	103.8	91.4	106.9	
Other operating income	87.9	85.3	127.0	129.3	80.8	102.5	87.5	78.5	
Operating income	434.3	421.6	474.5	475.7	445.8	482.9	453.1	480.2	
Other operating expenses	(205.4)	(186.7)	(190.6)	(191.2)	(232.1)	(193.3)	(195.6)	(215.0)	
Operating profit before loan loss provision	228.9	234.9	283.9	284.5	213.7	289.6	257.5	265.2	
Allowance for losses on loans and financing	(98.3)	(95.1)	(150.5)	(150.8)	(136.6)	(95.3)	(33.6)	(15.2)	
Impairment losses	(0.2)	0.0	(0.4)	0.3	0.1	0.0	0.1	0.2	
Operating profit	130.4	139.8	133.0	134.0	77.2	194.3	224.0	250.2	
Exceptional item	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Share in profit of associates	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	
Profit before taxation and zakat	130.4	139.8	133.0	134.1	77.2	194.3	224.0	250.3	
Taxation & zakat	(32.3)	(35.5)	(29.0)	(33.6)	(27.1)	(48.3)	(51.3)	(99.3)	
Tax rate (%)	0.2	0.3	0.2	0.3	0.4	0.2	0.2	0.4	
Net profit after taxation and zakat	98.1	104.3	104.0	100.5	50.1	146.0	172.7	151.0	
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net profit for the financial period	98.1	104.3	104.0	100.5	50.1	146.0	172.7	151.0	
EPS (sen)	6.3	6.7	6.7	6.5	3.2	9.4	11.2	9.8	
YoY growth	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	
FYE Mar (RM m)	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	
Interest income	0.9%	-7.7%	-11.1%	-16.7%	-18.0%	-12.5%	-9.6%	0.9%	
Interest expense	1.4%	-12.8%	-26.0%	-36.0%	-40.4%	-40.0%	-30.8%	-21.5%	
Net interest income	0.5%	-2.0%	6.2%	5.4%	5.1%	14.7%	7.6%	16.4%	Driven by yoy expansion in net interest margin.
Income from Islamic operations (IBI)	-1.7%	2.1%	0.8%	-7.6%	6.2%	9.1%	-1.3%	14.7%	
Other operating income	55.6%	29.6%	32.8%	59.0%	-8.1%	20.2%	-31.1%	-39.3%	Dragged down by lower investment income.
Operating income	7.7%	4.1%	11.0%	12.6%	2.6%	14.5%	-4.5%	0.9%	Dragged down by lower non-interest income.
Other operating expenses	1.0%	-4.8%	-2.9%	-8.6%	13.0%	3.5%	2.6%	12.4%	A double-digit increase.
Operating profit before loan loss provision	14.5%	12.4%	22.7%	33.4%	-6.6%	23.3%	-9.3%	-6.8%	Narrower jaws.
Allowance for losses on loans and financing	146.4%	70.7%	94.9%	259.9%	39.0%	0.2%	-77.7%	-89.9%	A yoy plunge.
Impairment losses	-	-	-	-	-	-	-	-	
Operating profit	-13.5%	34.7%	-12.5%	-26.3%	-40.8%	39.0%	68.4%	86.7%	
Exceptional item	-	-	-	-	-	-	-	-	
Share in profit of associates	-	-	-	-	-	-	-	-	
Profit before taxation and zakat	-13.6%	34.7%	-12.5%	-26.2%	-40.8%	39.0%	68.4%	86.7%	
Taxation & zakat	-17.4%	31.0%	-20.5%	-29.6%	-16.1%	36.1%	76.9%	195.5%	
Tax rate (%)	-4.4%	-2.7%	-9.2%	-4.6%	41.7%	-2.1%	5.0%	58.3%	
Net profit after taxation and zakat	-12.3%	36.0%	-10.0%	-25.0%	-48.9%	40.0%	66.1%	50.2%	
Minority interests	-	-	-	-	-	-	-	-	
Net profit for the financial period	-12.3%	36.0%	-10.0%	-25.0%	-48.9%	40.0%	66.1%	50.2%	Driven by lower loan loss provisioning.
EPS (sen)	-12.5%	34.0%	-10.7%	-25.3%	-49.2%	40.3%	67.2%	50.8%	
Key ratios (%)									
Annualised ROAE	6.7%	7.0%	6.8%	6.5%	3.3%	9.3%	10.7%	9.4%	A yoy improvement.
Annualised ROAA	0.7%	0.7%	0.7%	0.7%	0.3%	1.0%	1.1%	1.0%	
Annualised lending yield	3.66%	3.34%	3.19%	3.03%	2.87%	2.85%	2.82%	3.00%	
Annualised cost of fund	2.07%	1.88%	1.60%	1.40%	1.19%	1.11%	1.11%	1.11%	
Annualised net interest margin	2.46%	2.21%	2.23%	2.26%	2.41%	2.50%	2.44%	2.68%	A 42bp yoy expansion.
Non-interest income ratio	20.2%	20.2%	26.8%	27.2%	18.1%	21.2%	19.3%	16.3%	
IBI over total revenue	21.2%	22.6%	19.5%	19.6%	21.9%	21.5%	20.2%	22.3%	
Cost-to-income ratio	47.3%	44.3%	40.2%	40.2%	52.1%	40.0%	43.2%	44.8%	Pushed up by higher overheads.
Annualised credit charge-off rate	0.92%	0.89%	1.39%	1.39%	1.25%	0.88%	0.31%	0.14%	A yoy plunge.

SOURCES: CGS-CIMB, COMPANY REPORTS

Figure 5: Alliance Bank - Quarterly balance sheets

Balance Sheet	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Yoy growth as at end-Dec 21
Cash and short-term funds	4,039.1	2,439.5	3,088.2	2,951.4	2,967.0	3,142.2	28.8%
Securities purchased under resale agreement	0.0	0.0	0.0	0.0	0.0	0.0	-
Deposits with other FIs	303.4	241.0	41.5	0.0	83.7	0.0	-100.0%
Securities held-for-trading (dealing)	604.6	288.2	237.9	532.2	286.7	263.0	-8.7%
Securities available-for-sale	10,850.6	10,158.6	10,424.7	9,794.2	9,666.4	8,926.5	-12.1%
Securities held-to-maturity (investment)	1,359.8	1,940.6	2,270.5	2,253.5	2,236.3	2,220.5	14.4%
Derivative financial instruments	314.7	274.9	153.7	124.0	94.9	92.1	-66.5%
Loans, advances and financing	43,031.0	42,350.5	43,233.5	42,233.3	42,858.8	43,518.0	2.8%
Statutory deposits with Bank Negara Malaysia	105.8	85.5	88.0	94.7	92.2	84.6	-1.1%
Balances due from clients and brokers	87.1	89.4	105.0	63.1	126.2	40.0	-55.3%
Investment in associated company	1.0	1.0	0.9	1.0	1.0	1.0	0.0%
Trade debtors	0.0	0.0	0.0	0.0	0.0	0.0	-
Other assets	427.7	390.1	414.2	486.2	472.4	547.2	40.3%
Tax recoverable	129.5	82.4	44.4	58.7	28.4	13.5	-83.6%
Deferred tax	13.6	13.9	130.1	119.5	146.2	118.0	748.9%
Intangible assets	440.1	437.4	431.3	433.0	430.3	430.3	-1.6%
Property, plant and equipment	59.0	55.6	57.3	55.2	53.5	52.9	-4.9%
Land held for property development	0.0	0.0	0.0	0.0	0.0	0.0	-
TOTAL ASSETS	61,767.0	58,848.6	60,721.2	59,200.0	59,544.0	59,449.8	1.0%
Deposits from customers	48,702.9	46,081.0	48,488.5	46,777.7	46,310.2	46,424.8	0.7%
Deposits and placements of bank and other financial institutions	1,305.4	1,304.0	1,392.7	1,421.5	1,636.3	1,472.3	12.9%
Obligation on securities sold under repurchase agreements	0.0	0.0	0.0	0.0	0.0	0.0	-
Derivative financial liabilities	316.6	285.3	149.4	164.9	160.6	196.3	-31.2%
Bills and acceptance payable	0.0	0.0	0.0	0.0	0.0	0.0	-
Trade creditors	0.0	0.0	0.0	0.0	0.0	0.0	-
Amount due to Cagamas	1,105.2	800.7	650.5	650.5	650.6	650.6	-18.7%
Other liabilities	2,173.2	2,268.0	2,142.3	2,259.8	2,684.2	2,700.9	19.1%
Balances due to clients and brokers	42.7	39.4	63.4	27.0	89.3	13.1	-66.8%
Deferred tax liabilities	125.5	69.5	3.9	2.8	1.4	25.5	-63.3%
Subordinated bonds	1,581.1	1,562.0	1,572.7	1,562.0	1,573.0	1,562.3	0.0%
Borrowings	0.0	0.0	0.0	0.0	0.0	0.0	-
TOTAL LIABILITIES	55,352.6	52,409.9	54,463.4	52,866.2	53,105.6	53,045.8	1.2%
Share capital	1,548.1	1,548.1	1,548.1	1,548.1	1,548.1	1,548.1	0.0%
Reserves	4,866.3	4,890.6	4,709.7	4,785.7	4,890.4	4,856.0	-0.7%
Shareholders' funds	6,414.4	6,438.7	6,257.8	6,333.8	6,438.5	6,404.1	-0.5%
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	-
TOTAL LIABILITIES AND SHF	61,767.0	58,848.6	60,721.2	59,200.0	59,544.1	59,449.9	1.0%

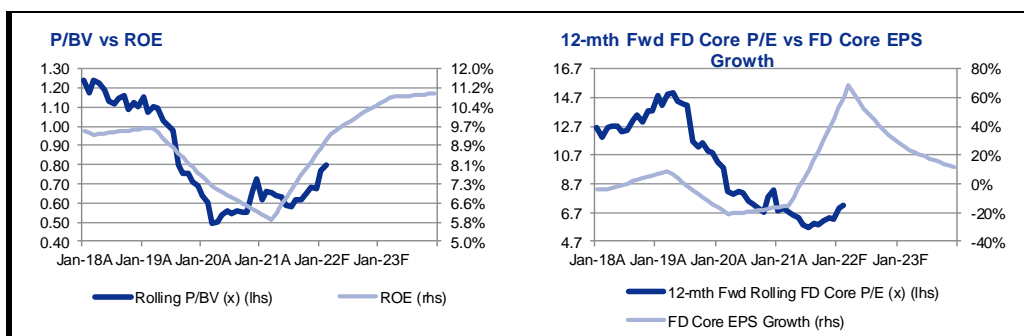
SOURCES: CGS-CIMB, COMPANY REPORTS

Figure 6: Alliance Bank - Breakdown of loans

Loans (RM m) (FYE Mar)	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	Remarks for Dec 21
	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	
Construction	880.1	895.3	954.5	961.9	994.9	1,020.2	
Residential mortgages	15,288.0	15,090.8	14,921.0	14,778.0	14,685.6	14,643.2	
Non-residential mortgages	7,153.1	6,975.4	7,013.4	6,881.5	6,971.1	7,099.6	
Purchase of securities	1,280.3	1,357.9	1,492.9	1,540.4	1,609.9	1,666.4	
Auto loans	547.7	500.7	451.5	409.0	383.7	360.8	
Purchase of fixed assets except for land and building	298.3	277.0	263.7	267.7	271.5	271.4	
Personal use	5,821.4	5,790.6	5,710.5	5,635.6	5,632.0	5,679.4	
Credit card	535.5	535.9	513.3	478.1	470.6	506.0	
Purchase of durable goods	0.0	0.0	0.0	0.0	0.0	0.0	
Working capital	9,377.4	9,056.8	9,920.0	9,306.3	9,782.3	9,994.0	
Others	2,569.2	2,726.1	2,906.5	2,944.2	3,046.0	3,274.3	
TOTAL	43,751.0	43,206.5	44,147.3	43,202.7	43,847.6	44,515.3	
% breakdown							
Construction	2.0%	2.1%	2.2%	2.2%	2.3%	2.3%	
Residential mortgages	34.9%	34.9%	33.8%	34.2%	33.5%	32.9%	Biggest loan segment
Non-residential mortgages	16.3%	16.1%	15.9%	15.9%	15.9%	15.9%	
Purchase of securities	2.9%	3.1%	3.4%	3.6%	3.7%	3.7%	
Auto loans	1.3%	1.2%	1.0%	0.9%	0.9%	0.8%	
Purchase of fixed assets except for land and building	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	
Personal use	13.3%	13.4%	12.9%	13.0%	12.8%	12.8%	
Credit card	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%	
Purchase of durable goods	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Working capital	21.4%	21.0%	22.5%	21.5%	22.3%	22.5%	Mostly for SME loans
Others	5.9%	6.3%	6.6%	6.8%	6.9%	7.4%	
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
yoy loan growth							
Construction	16.1%	2.6%	4.0%	5.2%	13.0%	14.0%	
Residential mortgages	0.6%	-0.8%	-1.4%	-3.0%	-3.9%	-3.0%	Cutting exposure to segment with lower returns.
Non-residential mortgages	0.4%	-1.8%	-1.4%	-2.6%	-2.5%	1.8%	
Purchase of securities	6.0%	6.6%	38.8%	37.3%	25.7%	22.7%	
Auto loans	-20.8%	-22.3%	-23.7%	-30.4%	-29.9%	-27.9%	
Purchase of fixed assets except for land and building	-2.6%	-11.6%	-15.1%	-15.7%	-9.0%	-2.0%	
Personal use	12.4%	6.7%	2.0%	0.1%	-3.3%	-1.9%	Slower growth possibly due to tight credit control.
Credit card	-14.6%	-16.5%	-13.2%	-12.7%	-12.1%	-5.6%	
Purchase of durable goods	-	-	-	-	-	-	
Working capital	-2.8%	-6.0%	0.9%	-1.9%	4.3%	10.3%	An improvement in growth.
Others	3.1%	12.4%	16.5%	17.3%	18.6%	20.1%	
TOTAL	1.2%	-0.8%	1.1%	-0.5%	0.2%	3.0%	An improvement but below industry's growth of 4.5%.

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	1,142	1,211	1,302
Total Non-Interest Income	709	801	784	839	887
Operating Revenue	1,689	1,818	1,926	2,050	2,189
Total Non-Interest Expenses	(807)	(801)	(833)	(876)	(914)
Pre-provision Operating Profit	882	1,017	1,094	1,174	1,276
Total Provision Charges	(273)	(533)	(200)	(174)	(191)
Operating Profit After Provisions	609	484	893	1,000	1,085
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Operating EBIT (incl Associates)	609	484	893	1,000	1,085
Non-Operating Income/(Expense)	(41)	(0)	4	(1)	1
Profit Before Tax (pre-EI)	568	484	898	998	1,086
Exceptional Items	0	0	0	0	0
Pre-tax Profit	568	484	898	998	1,086
Taxation	(144)	(125)	(296)	(250)	(271)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	424	359	601	749	814
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	601	749	814
Recurring Net Profit	424	359	606	749	814

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%	28.9%	27.9%	27.0%
Avg Liquid Assets/Avg IEAs	26.4%	27.1%	28.8%	27.8%	27.0%
Net Cust Loans/Assets	70.7%	71.2%	69.6%	70.6%	71.5%
Net Cust Loans/Broad Deposits	85.6%	86.7%	84.6%	85.7%	86.7%
Equity & Provs/Gross Cust Loans	15.2%	16.4%	16.5%	16.5%	16.6%
Asset Risk Weighting	61.9%	63.7%	63.1%	63.4%	63.3%
Provision Charge/Avg Cust Loans	0.66%	1.10%	0.41%	0.32%	0.32%
Provision Charge/Avg Assets	0.49%	0.80%	0.30%	0.23%	0.24%
Total Write Offs/Average Assets	0.23%	0.23%	0.66%	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	3,677	4,331	4,735
Long-term Investments	0	0	0	0	0
Total Assets	60,976	60,721	64,019	67,251	70,558
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	6,689	7,128	7,599
Minority Interests	0	0	0	0	0
Total Equity	5,989	6,258	6,689	7,128	7,599

Key Ratios

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Income Growth	4.14%	7.59%	5.99%	6.41%	6.81%
Operating Profit Growth	4.1%	15.3%	7.5%	7.3%	8.7%
Pretax Profit Growth	(19.8%)	(14.8%)	85.5%	11.2%	8.7%
Net Interest To Total Income	58.1%	55.9%	59.3%	59.1%	59.5%
Cost Of Funds	1.91%	1.27%	1.14%	1.14%	1.14%
Return On Interest Earning Assets	3.54%	3.02%	3.03%	3.04%	3.08%
Net Interest Spread	1.63%	1.76%	1.89%	1.90%	1.93%
Net Interest Margin (Avg Deposits)	2.10%	2.10%	2.30%	2.32%	2.38%
Net Interest Margin (Avg RWA)	2.65%	2.66%	2.89%	2.92%	2.98%
Provisions to Pre Prov. Operating Profit	31.0%	52.4%	18.3%	14.8%	15.0%
Interest Return On Average Assets	1.67%	1.67%	1.83%	1.84%	1.89%
Effective Tax Rate	25.3%	25.9%	33.0%	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%	0.96%	1.14%	1.18%

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%	43.2%	42.7%	41.7%
Non-interest income ratio (%)	19.6%	23.2%	19.5%	19.4%	18.7%
Common equity Tier-1 capital ratio (%)	13.8%	13.7%	14.0%	14.3%	14.7%
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%	9.3%	10.8%	11.1%
Return on asset (%)	0.7%	0.6%	1.0%	1.1%	1.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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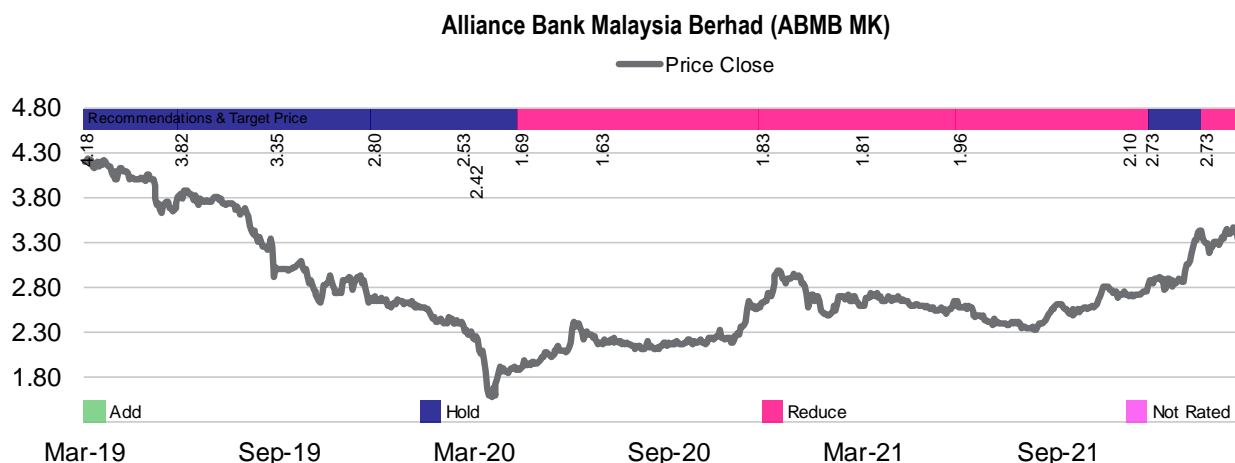
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619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

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, **BCP** – 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.

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- 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.

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.

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Definition:

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- 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.

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- 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.

