

AMMB Holdings Berhad

(1015 | AMM MK) Financial Services | Finance

1QFY25 Results: Major Loan Rebalancing Underway

KEY INVESTMENT HIGHLIGHTS

- 3MFY25's Core NP of RM500m was *Within/Within* our/street forecasts: **29%/28%** of full-year forecasts
- Management's tone: **Optimistic**
- Core themes: (a) **Liability management to improve NIM further, (b) Disappointing loan growth target revision, (c) Still plenty of upside for dividend payouts**
- FY25/26/27 Core NP adjusted by **+3%/+2%/+3%**.
- **Downgrade to NEUTRAL | Revised TP of RM5.18 | based on a revised FY26F P/BV of 0.80x (formerly 0.78x, from FY25F)**

Verdict: Following recent share price rally, valuations are no longer as attractive.

| Yays | 1. Dividend yields should continue to improve – with credit accretion to back it up. |
|------|--|
| | 2. Excellent cost management – even with higher spending expected in the short run. |
| | 3. Solid NOII outlook – from both fee & non-fee income side. |
| | 4. We believe there's a high chance that NCC might vastly overperform. |
| Nays | 1. Loan growth was weak – attribute this to portfolio rebalancing. |
| | 2. FY25 ROE target of 10% remains lofty without one-off events. |
| OKs | 1. Further RWA optimisation is possible – but on a smaller scale. |

Results in a nutshell:

▲ **3MFY25's Core net profit (NP) of RM500m up by +42%oyoy.** The weaker NOII performance was offset by stronger NII, solid cost control, and larger provision writebacks (as well as stronger associate contributions).

▲ **1QFY25's Core NP of RM500m up by +5%qoq.** Improvements in NII, OPEX and provisioning offset weaker NOII performance.

▼ **Gross loans grew by -1.1%qoq, coming up to -1.1%YTD.** The weak loan growth was due to the Group paring down on residential mortgages.

► **Deposits grew by -4.8%qoq, coming up to -4.8%YTD.** Although the compression was sharp, this was seasonal (and expected).

► **GIL moved by +3bps to 1.70%, LLC currently at 89%.** Deterioration was minor.

Downgrade to NEUTRAL

(Previously BUY)

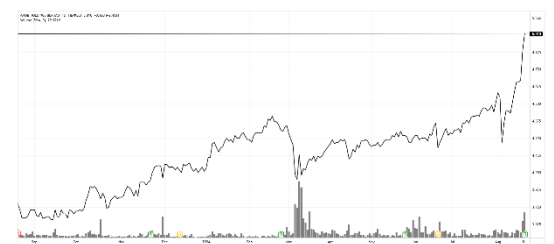
Revised Target Price: RM5.18

(Previously RM4.75)

RETURN STATISTICS

| | |
|---------------------------------|------|
| Price @ 20 August 2024 (RM) | 5.01 |
| Expected share price return (%) | +3.4 |
| Expected dividend yield (%) | +5.2 |
| Expected total return (%) | +8.6 |

SHARE PRICE CHART



| Price performance (%) | Absolute | Relative |
|-----------------------|----------|----------|
| 1 month | 11.1 | 10.9 |
| 3 months | 14.2 | 13.4 |
| 12 months | 26.9 | 12.0 |

INVESTMENT STATISTICS

| FYE Mar | FY25F | FY26F | FY27F |
|----------------------------|--------------|--------------|--------------|
| Core NP (RM m) | 1,825 | 1,907 | 1,975 |
| CNP growth (%) | 7 | 5 | 4 |
| Div yield (%) | 4.4 | 5.2 | 5.4 |
| Gross DPS (sen) | 22.1 | 26.0 | 27.0 |
| P/BV (x) | 0.8 | 0.8 | 0.7 |
| BVPS (RM) | 6.2 | 6.5 | 6.8 |
| ROE (%) | 9.2 | 9.1 | 9.0 |
| MIDF/Street CNP (%) | 103 | 101 | 96 |

KEY STATISTICS

| | |
|------------------------------|-----------------|
| FBM KLCI | 1,642.77 |
| Issue shares (m) | 3,299.8 |
| Estimated free float (%) | 77.3 |
| Market Capitalisation (RM'm) | 16,197.7 |
| 52-wk price range | RM3.64 - RM4.93 |
| 3-mth avg daily volume (m) | 6.5 |
| 3-mth avg daily value (RM'm) | 28.1 |
| Top Shareholders (%) | |
| ANZ Funds Pty Ltd | 15.3 |
| Clear Goal Sdn Bhd | 9.1 |
| EPF Board | 8.4 |

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Have a look at:

▼ **Loan growth target reduced, as portfolio rebalancing is in full swing.** AMMB reported a weak sequential quarter contraction in loans, mainly driven by residential mortgages. This aligns with AMMB multi-year plan: SME and corporate segments as core drivers, while low-yielding residential mortgages take a back seat for the sake of improving NIM profile.

While non-retail loans maintain a solid pipeline, expect the drag from the mortgage loan segment to persist. The Group has cut down its initial FY25 loan growth target of 1.25x-1.5x (probably equating to 5-7% growth) to 4-5% instead.

▲ **This is good for capital accretion and dividend yields.** While the loan growth was disappointing, we believe it bodes well for capital accretion (from an earnings perspective) – as AMMB has historically found it harder to keep up with deposit-based funding (due to its weak deposit franchise) without incurring too high COF. We opine it ties in neatly with AMMB's intentions to improve dividend yields – a >40% dividend payout being achieved as early as FY25 could be likely.

▶ **Still unsure whether FY25's ROE target of 10.0% is achievable.** 1QFY25 narrowly scrapped an ROE of 10% (FY25 target: 10%). This factored in large provision writebacks, the scale of which is likely unachievable in subsequent quarters. There's also the issue of cost inflation – management's guidance of RM2.2b implies +7%yoy inflation, much higher than 1QFY25's +3%yoy. As a result, we think the FY25 target is only achievable via an exemplary NOII performance in subsequent quarters to offset more higher NCC charges and backloaded costs.

▲ **Further room for NIM improvement via liability management.** NIM increased by an exemplary +10bps qoq, driven almost exclusively by COF optimisation – more precisely, liability management (more debt market funding, revamping deposit composition etc.). Easing deposit rates did help, though to a much smaller degree. Expect further liability management in subsequent quarters – but with more muted improvement. The improved liquidity environment benefits AMMB more than its peers, given its history with liquidity issues.

▲ **Sizeable writeback this quarter is good for NCC outlook.** A large chunk of forward-looking provisions was written back due to improved macroeconomic outlook. Management cites that further writebacks are possible, though not to that degree. We believe a NCC of 20-25bps is achievable (FY24 target: 30-35bps), especially since asset quality trends seem to be moving in a positive direction.

Forecasts revised: FY25/26/27 Core NP adjusted by +3%/+2%/+3%. To reflect lower NCC charges and higher NOII performance.

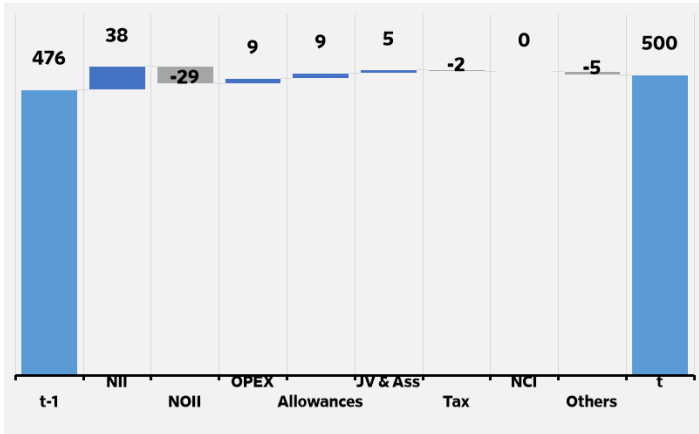
Key downside risks. (1) Weaker-than-expected NOII performance, (2) Higher-than-expected credit costs, (3) Unfavourable NIM movements.

Downgrade to NEUTRAL call: Revised GGM-TP of RM 5.18 (from RM4.75). The TP is based on a revised FY26F P/BV of 0.80x (formerly 0.78x, rolled on from FY25F), to reflect altered earnings prospects and ROE-based valuations. We downgraded our call as valuations are less attractive following its recent share price rally.

(GGM assumptions: FY26F ROE of 9.1%, LTG of 3.5% & COE of 10.5%)

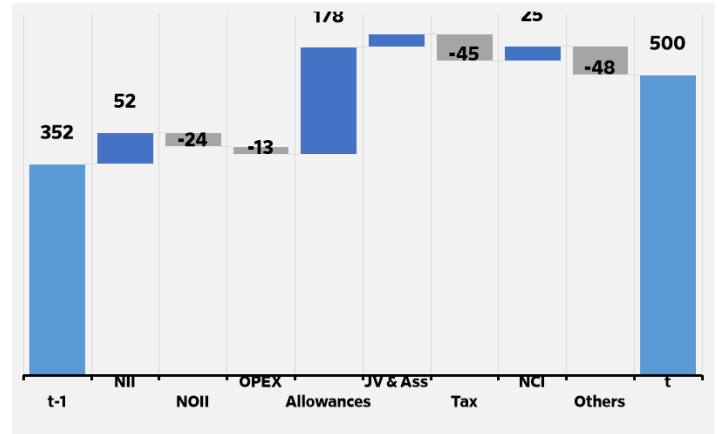


Fig 1: QoQ P/L walk (Quarterly results)



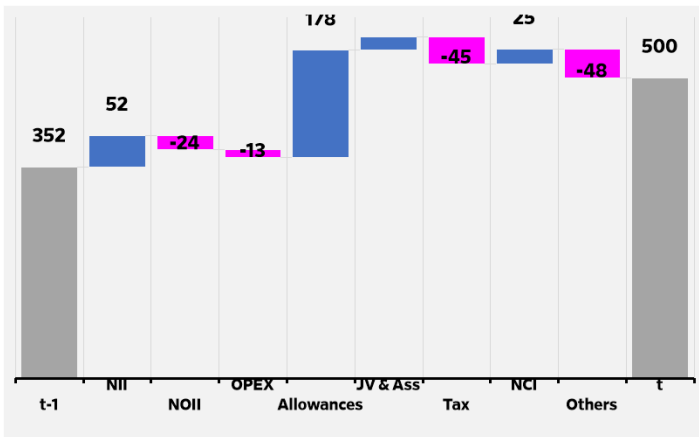
Source: AMMB, MIDFR

Fig 2: YoY P/L walk (Quarterly results)



Source: AMMB, MIDFR

Fig 3: YoY P/L walk (Cumulative results)



Source: AMMB, MIDFR

Fig 4: Quarterly results

| FYE Mar (RM m) | 1Q FY25 | 4Q FY24 | 1Q FY24 | Yoy (%) | Qoq (%) | 3MFY25 | 3MFY24 | Yoy (%) |
|------------------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|
| Net interest inc. | 571 | 519 | 520 | 10 | 10 | 571 | 520 | 10 |
| Islamic banking inc. | 304 | 356 | 371 | -18 | -15 | 304 | 371 | -18 |
| Non-interest inc. | 271 | 268 | 249 | 9 | 1 | 271 | 249 | 9 |
| Net income | 1,146 | 1,142 | 1,141 | 0 | 0 | 1,146 | 1,141 | 0 |
| OPEX | (521) | (530) | (508) | 3 | -2 | (521) | (508) | 3 |
| PPOP | 626 | 613 | 633 | -1 | 2 | (521) | (508) | 3 |
| Loan provisions | (36) | (40) | (166) | -78 | -9 | (36) | (166) | -78 |
| Other provisions | 24 | 19 | (24) | -199 | 29 | 24 | (24) | -199 |
| JV & Associates | 32 | 27 | 10 | 229 | 19 | 32 | 10 | 229 |
| PBT | 646 | 619 | 453 | 43 | 4 | 646 | 453 | 43 |
| Tax | (146) | (143) | (100) | 45 | 2 | (146) | (100) | 45 |
| Discontinued ops | - | - | 51 | n.m. | n.m. | - | 51 | n.m. |
| NCI | 0 | (0) | (25) | n.m. | n.m. | 0 | (25) | n.m. |
| Reported NP | 500 | 476 | 378 | 32 | 5 | 500 | 378 | 32 |
| Core NP | 500 | 476 | 352 | 42 | 5 | 500 | 352 | 42 |
| Total NII* | 861 | 823 | 809 | 6 | 5 | 861 | 809 | 6 |
| Total NOII* | 318 | 347 | 342 | -7 | -8 | 318 | 342 | -7 |
| Gross DPS (sen) | - | 16.6 | - | n.m. | n.m. | - | - | n.m. |
| Core EPS (sen) | 15.1 | 14.4 | 10.7 | 42 | 5 | 15.1 | 10.7 | 42 |
| Gross loans | 132,672 | 134,130 | 128,971 | 2.9 | -1.1 | | | |
| Gross impaired loans | 2,253 | 2,236 | 2,139 | 5.3 | 0.7 | | | |
| Customer deposits | 135,479 | 142,381 | 130,265 | 4.0 | -4.8 | | | |
| CASA | 45,767 | 52,767 | 39,583 | 15.6 | -13.3 | | | |

*Contains contributions from JV & Associates

| Ratios (%) | 1Q FY25 | 4Q FY24 | 1Q FY24 | Yoy (ppts) | Qoq (ppts) | 3MFY25 | 3MFY24 | Yoy (ppts) |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ROE (Ann.) | 10.0 | 9.8 | 7.6 | 2.4 | 0.2 | 10.0 | 7.6 | 2.4 |
| NIM (Reported) | 1.89 | 1.79 | 1.76 | 0.13 | 0.10 | 1.89 | 1.76 | 0.13 |
| NOII/Net income | 27.0 | 29.7 | 29.7 | -2.7 | -2.7 | 27.0 | 29.7 | -2.7 |
| Cost/Income | 45.4 | 46.4 | 44.5 | 0.9 | -0.9 | 45.4 | 44.5 | 0.9 |
| NCC (Ann.) (bps) | 11 | 12 | 53 | -42 | -1 | 11 | 53 | -42 |
| GIL ratio | 1.70 | 1.67 | 1.66 | 0.04 | 0.03 | | | |
| Loan loss coverage | 89 | 91 | 97 | -7 | -1 | | | |
| CASA ratio | 33.8 | 37.1 | 30.4 | 3.4 | -3.3 | | | |
| L/D ratio | 96.4 | 92.8 | 97.4 | -1.0 | 3.7 | | | |
| CET-1 | 13.2 | 13.0 | 12.9 | 0.4 | 0.2 | | | |

Source: AMMB, MIDFR

Fig 5: Retrospective performance (Income Statement)

| Metric | Surprise? Qoq/Yoy | | Metric | Surprise? Qoq/Yoy | |
|---------------------|----------------------|-----------|---------------|----------------------|--------|
| Qtrly Core NP | RM mil | 500 | Qtrly ROE | Qtr value | 10.0% |
| | 29% of FY CNP | | | | |
| | Qoq | 5% | | t-1 | 9.8% |
| | Yoy | 42% | | t-4 | 7.6% |
| Cum Core NP | RM mil | 500 | Cum ROE | Cum value | 10.0% |
| | Within our forecast | | | | |
| | 29% of FY CNP | | | | |
| | Within consensus | | | | |
| | Yoy | 42% | | t-1 | 7.6% |
| NII | As expected | | NIM | +ve surprise | |
| | | | | Qtr value | 1.89 |
| | | | | Cum value | 1.89 |
| | Qtr (Qoq) | 5% | | Qtr (Qoq) | +10bps |
| | Qtr (Yoy) | 6% | | Qtr (Yoy) | +13bps |
| | Cum (Yoy) | 6% | | Cum (Yoy) | +13bps |
| NOII | As expected | | Qtr | % NII | 73% |
| | Qtr (Qoq) | -8% | | % NOII | 27% |
| | Qtr (Yoy) | -7% | Cum | % NII | 73% |
| | Cum (Yoy) | -7% | | % NOII | 27% |
| OPEX | As expected | | Cost/ Inc. | As expected | |
| | | | | Qtr value | 45.4% |
| | | | | Cum value | 45.4% |
| | Qtr (Qoq) | -2% | | Qtr (Qoq) | -0.9% |
| | Qtr (Yoy) | 3% | | Qtr (Yoy) | +0.9% |
| Cum (Yoy) | 3% | Cum (Yoy) | +0.9% | | |

Source: AMMB, MIDFR

Notes (Cum = Cumulative, Qtr = Quarterly)

NIM improvement driven by liability management – expect this to persist (but on a smaller scale).

Fig 6: Retrospective performance (Balance Sheet, Dividends, and anything extra)

| Metric | Surprise? Qoq/Yoy | | Metric | Surprise? Qoq/Yoy | | Notes (Cum = Cumulative, Qtr = Quarterly) |
|--------------|----------------------|-------|------------|----------------------|--------|--|
| Loans | -ve surprise | | | | | |
| | Qoq | -1.1% | | | | |
| | Yoy | 2.9% | | | | |
| | YTD (FY) | -1.1% | | | | |
| Depo. grwth | As expected | | CASA grwth | As expected | | More upbeat macroeconomic outlook led to a large chunk of forward-looking provisions being written back. |
| | Qoq | -4.8% | | Qoq | -13.3% | |
| | Yoy | 4.0% | | Yoy | 15.6% | |
| | YTD (FY) | -4.8% | | YTD (FY) | -13.3% | |
| CASA ratio | As expected | | L/D ratio | As expected | | |
| | Value now | 33.8% | | Value now | 96.4% | |
| | Qoq | -3.3% | | Qoq | +3.7% | |
| | Yoy | +3.4% | | Yoy | -1.0% | |
| GIL ratio | As expected | | LLC ratio | As expected | | |
| | Value now | 1.70% | | Value now | 89% | |
| | Qoq | +3bps | | Qoq | -1% | |
| | Yoy | +4bps | | Yoy | -7% | |
| Qtrly Net CC | As expected | | Cum Net CC | As expected | | |
| | Small provision | | | Small provision | | |
| | Value now | 11bps | | Value now | 11bps | |
| | t-1 | 12bps | | | | |
| | t-4 | 53bps | | t-4 | 53bps | |
| CET 1 | Healthy level | | Div payout | No divvy | | |
| | As expected | | | As expected | | |
| | Value now | 13.2% | | Payout | 40% | |
| | Qoq | 0.2% | | | | |

Others:

Source: AMMB, MIDFR

Fig 7: Targets, Achievements, and Outlook

| Targets | FY24F | 3MFY25 | Notes (Red: New guidance, Strikethrough: Guidance is no longer pertinent) |
|------------|------------------------------------|------------|---|
| ROE | 10 | 10.0 | |
| CIR | 44 | 45.4 | Vying for +2% positive JAWs per year. RM2.2b slated for cost. |
| NIM | | 1.89 | NIM to further improve – still space for further liability management. |
| NOII | | -7% (yoy) | |
| Loans | 4-5 1.25-1.5x GDP | -1.1 (YTD) | Loan growth will be driven primarily by the SME segment. CAGR by segments (as per multi-year plan): SME: 12% / Corporate: 5.3% (Incl. Unrated bonds) / Retail: likely <6%. |
| Deposits | | -4.8 (YTD) | |
| % CASA | | 33.8 | |
| Loan/Depo | | 96.4 | |
| GIL ratio | | 1.70 | |
| NCC (bps) | 30-35 | 11 | Management thinks it will come <30bps (Which we still feel is very conservative). |
| LLC | | 89 | |
| CET 1 | | 13.2 | |
| Div payout | 40 | - | |

Source: AMMB, MIDFR

FINANCIAL SUMMARY

INCOME STATEMENT

| FYE Mar (RM m) | FY23 | FY24 | FY25F | FY26F | FY27F |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Net interest income | 2,281 | 2,137 | 2,532 | 2,634 | 2,704 |
| Islamic banking inc. | 1,301 | 1,316 | 1,193 | 1,240 | 1,273 |
| Other operating inc. | 956 | 1,103 | 1,080 | 1,199 | 1,285 |
| Net income | 4,538 | 4,555 | 4,805 | 5,073 | 5,262 |
| OPEX | (1,999) | (2,052) | (2,138) | (2,258) | (2,342) |
| PPOP | 2,539 | 2,504 | 2,667 | 2,816 | 2,920 |
| Loan allowances | (422) | (696) | (345) | (393) | (414) |
| Other allowances | 68 | (153) | 5 | 9 | 12 |
| JV & Associates | 44 | 40 | 43 | 45 | 47 |
| PBT | 2,229 | 1,694 | 2,370 | 2,477 | 2,565 |
| Tax & zakat | (513) | 148 | (545) | (570) | (590) |
| NCI | 59 | (25) | - | - | - |
| Discontinued ops | (66) | 51 | - | - | - |
| Reported NP | 1,709 | 1,868 | 1,825 | 1,907 | 1,975 |
| Core NP | 1,709 | 1,707 | 1,825 | 1,907 | 1,975 |
| Total NII | 3,498 | 3,304 | 3,617 | 3,762 | 3,863 |
| Total NOII | 1,083 | 1,291 | 1,188 | 1,311 | 1,400 |

BALANCE SHEET

| FYE Mar (RM m) | FY23 | FY24 | FY25F | FY26F | FY27F |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Cash & ST funds | 8,699 | 6,493 | 9,125 | 9,345 | 9,450 |
| Investment securities | 51,851 | 47,717 | 44,246 | 41,161 | 38,425 |
| Net loans | 128,243 | 132,102 | 139,102 | 146,902 | 154,981 |
| Other IEAs | 0 | 0 | 0 | 0 | 0 |
| Non-IEAs | 8,639 | 10,452 | 10,297 | 12,136 | 15,353 |
| Total assets | 197,432 | 196,764 | 202,770 | 209,543 | 218,209 |
| Customer deposits | 130,315 | 142,381 | 150,212 | 159,225 | 168,778 |
| Other IBLs | 34,513 | 22,089 | 20,706 | 18,912 | 17,913 |
| Non-IBLs | 14,577 | 12,851 | 11,409 | 9,985 | 9,068 |
| Total liabilities | 179,405 | 177,322 | 182,328 | 188,122 | 195,759 |
| Share capital | 6,376 | 6,376 | 6,376 | 6,376 | 6,376 |
| Reserves | 11,650 | 13,065 | 14,066 | 15,045 | 16,074 |
| Shareholders' funds | 18,026 | 19,441 | 20,443 | 21,421 | 22,450 |
| NCI | 1 | 1 | 0 | 0 | 0 |
| Total equity | 18,027 | 19,442 | 20,443 | 21,421 | 22,450 |
| Total L&E | 197,432 | 196,764 | 202,770 | 209,543 | 218,209 |
| Total IEAs | 188,792 | 186,312 | 192,473 | 197,408 | 202,856 |
| Total IBLs | 164,828 | 164,471 | 170,919 | 178,137 | 186,691 |
| Gross loans | 130,227 | 134,130 | 141,507 | 149,290 | 157,501 |
| CASA | 48,800 | 52,767 | 54,076 | 57,321 | 60,760 |

FINANCIAL RATIOS

| FYE Mar (RM m) | FY23 | FY24 | FY25F | FY26F | FY27F |
|--------------------------|------------|------------|------------|------------|------------|
| Interest (%) | | | | | |
| NIM | 1.96 | 1.76 | 1.91 | 1.93 | 1.93 |
| Return on IEAs | 2.79 | 3.24 | 3.04 | 3.10 | 3.05 |
| Cost of funds | 1.76 | 2.39 | 1.92 | 1.95 | 1.86 |
| Net interest spread | 1.03 | 0.85 | 1.12 | 1.15 | 1.19 |
| Profitability (%) | | | | | |
| ROE | 9.8 | 9.1 | 9.2 | 9.1 | 9.0 |
| ROA | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 |
| NOII/Net income | 22.9 | 27.5 | 24.7 | 25.8 | 26.6 |
| Effective tax rate | 23.0 | -8.8 | 23.0 | 23.0 | 23.0 |
| Cost/Income | 44.0 | 45.0 | 44.5 | 44.5 | 44.5 |
| Liquidity (%) | | | | | |
| Loan/Deposit | 98.4 | 92.8 | 92.6 | 92.3 | 91.8 |
| CASA ratio | 37.4 | 37.1 | 36.0 | 36.0 | 36.0 |
| Asset Quality (%) | | | | | |
| GIL ratio | 1.46 | 1.67 | 1.70 | 1.60 | 1.60 |
| LLC ratio | 105 | 91 | 100 | 100 | 100 |
| LLC (w. reserves) | 116 | 102 | 108 | 108 | 108 |
| Net CC (bps) | 34 | 53 | 25 | 27 | 27 |
| Capital (%) | | | | | |
| CET 1 | 12.4 | 13.0 | 13.7 | 13.6 | 13.5 |
| Tier 1 capital | 12.4 | 13.0 | 13.7 | 13.6 | 13.5 |
| Total capital | 15.8 | 16.3 | 16.9 | 16.8 | 16.7 |
| Growth (%) | | | | | |
| Total NII | 16.1 | -5.5 | 9.5 | 4.0 | 2.7 |
| Total NOII | 14.0 | 19.2 | -8.0 | 10.4 | 6.7 |
| Net income | 11.9 | 0.4 | 5.5 | 5.6 | 3.7 |
| OPEX | 11.7 | 2.6 | 4.2 | 5.6 | 3.7 |
| Core NP | 13.7 | -0.1 | 6.9 | 4.5 | 3.5 |
| Gross loans | 8.5 | 3.0 | 5.5 | 5.5 | 5.5 |
| Customer deposits | 6.3 | 9.3 | 5.5 | 6.0 | 6.0 |
| CASA | 13.2 | 8.1 | 2.5 | 6.0 | 6.0 |
| Valuation metrics | | | | | |
| Core EPS (sen) | 51.7 | 51.6 | 55.2 | 57.7 | 59.7 |
| Gross DPS (sen) | 18.3 | 22.6 | 22.1 | 26.0 | 27.0 |
| Div payout (%) | 35 | 44 | 40 | 45 | 45 |
| BVPS (RM) | 5.5 | 5.9 | 6.2 | 6.5 | 6.8 |
| Core P/E (x) | 9.7 | 9.7 | 9.1 | 8.7 | 8.4 |
| Div yield (%) | 3.7 | 4.5 | 4.4 | 5.2 | 5.4 |
| P/BV (x) | 0.9 | 0.9 | 0.8 | 0.8 | 0.7 |

Source: AMMB, MIDFR

| Income Statement | Balance Sheet | Valuations & Sector |
|--|-----------------------------------|-------------------------------------|
| Core NP – Core Net Profit | LCR – Liquidity Coverage ratio | ROE – Return on Equity |
| PPOP – Pre-Provisioning Operating Profit | L/D ratio – Loan/Deposit ratio | GGM – Gordon Growth Model |
| NII – Net Interest Income | CASA – Current & Savings accounts | P/BV – Price to Book Value |
| NIM – Net Interest Margin | FD – Fixed Deposits | BVPS – Book Value per Share |
| COF – Cost of Funds | GIL – Gross Impaired Loans | BNM – Bank Negara Malaysia |
| NOII – Non-Interest Income | NIL – Net Impaired Loans | OPR – Overnight Policy Rate |
| MTM – Mark to Market | LLC – Loan Loss Coverage | SRR – Statutory Reserve Requirement |
| CIR – Cost to Income Ratio | NCC – Net Credit Costs | SBR – Standardised Base Rate |
| OPEX – Operational Expenses | GCC – Gross Credit Costs | ALR – Average Lending Rate |
| | CET 1 – Common Equity Tier 1 | |

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

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| BUY | Total return is expected to be >10% over the next 12 months. |
| TRADING BUY | Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow. |
| NEUTRAL | Total return is expected to be between -10% and +10% over the next 12 months. |
| SELL | Total return is expected to be <-10% over the next 12 months. |
| TRADING SELL | Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow. |

SECTOR RECOMMENDATIONS

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| POSITIVE | The sector is expected to outperform the overall market over the next 12 months. |
| NEUTRAL | The sector is to perform in line with the overall market over the next 12 months. |
| NEGATIVE | The sector is expected to underperform the overall market over the next 12 months. |

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

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| ☆☆☆☆ | Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |
| ☆☆☆ | Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |
| ☆☆ | Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |
| ☆ | Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology