

28 September 2020

By Raymond Choo Ping Khoo | pkchoo@kenanga.com.my; Vincent Tee | vincent.tee@kenanga.com.my

Research Highlights

SINGAPORE NEWS HIGHLIGHTS

- FinCEN leaks: DBS, CIMB and Deutsche among banks in S'pore that handled about SGD6.0b in suspicious transactions
- Open banking APIs a bigger threat to Singapore banks than digital entrants: DBS Research

INDONESIA NEWS HIGHLIGHTS

- Bank Indonesia Review Prompted by Jokowi Call for Coordination
- Bank Indonesia policy to remain accommodative amid limited recovery

THAILAND NEWS HIGHLIGHTS

- Thai central bank studies option of virtual banking licences
- BoT allays deposit run concern

Currency Exchange

Currency	Today	1-Week Chg (%)
USD/IDR	14,873.0	0.94%
USD/SGD	1.38	1.30%
USD/THB	31.62	1.90%

Singapore

Indices	Today	1-Week Chg (%)
FSSTI	2,472.3	-1.02%
FSTFN	828.44	-1.00%
FSTCG	414.88	-0.91%
FSTTC	541.4	-3.11%

Indonesia

Indices	Today	1-Week Chg (%)
JCI	4,945.8	-2.24%
JAKFIN	1,072.3	-1.97%
JAKAGRI	1,137.6	-2.91%
JAKINFR	803.6	-4.12%

Thailand

Indices	Today	1-Week Chg (%)
SET	1,244.9	-3.37%
SETBANK	249.1	-3.88%
SETAGRI	226.1	0.57%
SETCOMUN	132.0	-2.95%



Singapore's Corporate News

- **FinCEN leaks: DBS, CIMB and Deutsche among banks in S'pore that handled about SGD6.0b in suspicious transactions**

A number of banks in Singapore handled about USD4.5b (SGD6.1b) in suspicious transactions between 2000 and 2017, with DBS Bank, CIMB Bank and Deutsche Bank among those that processed the largest sums of such funds here. This is according to the findings of the International Consortium of Investigative Journalists (ICIJ) on leaked files, comprising so-called suspicious activity reports, from the Financial Crimes Enforcement Network (FinCEN) in the United States. The consortium noted that, within almost 20 years, Singapore received about USD3 and sent USD1.5b in 1,781 suspicious transactions. (Source: *The Straits Times*)

- **Open banking APIs a bigger threat to Singapore banks than digital entrants: DBS Research**

THE addressable loan market for Singapore's upcoming digital banks is estimated to be worth SGD220b to SGD243b, with these digital-only entities likely to catalyse loan growth in underserved segments, according to DBS Group Research. But even with such market potential, DBS analyst Lim Rui Wen reckoned that, over the medium term, open banking developments may be a bigger disruption force to traditional banks than the entry of digital banks. (Source: *Business Times*)

Indonesia's Corporate News

- **Bank Indonesia Review Prompted by Jokowi Call for Coordination**

The draft bill to overhaul Bank Indonesia's mandate was prompted by a broader request from President Joko Widodo to find ways to improve the bank's response to the pandemic, according to people familiar with the matter. Jokowi, as the president is known, had discussions with officials including Coordinating Minister for Economic Affairs Airlangga Hartarto, Finance Minister Sri Mulyani Indrawati and Head of National Development Planning Agency Suharso Monoarfa to suggest ways to improve coordination between the government and the central bank, said the people, who asked not to be named as the talks are private. (Source: *Bloomberg*)

- **Bank Indonesia policy to remain accommodative amid limited recovery**

Bank Indonesia's (BI) policy will remain accommodative to help South-east Asia's largest economy recover from the impact of the coronavirus pandemic, Dody Budi Waluyo, the central bank's deputy governor, said on Wednesday. The recovery has so far been limited to some sectors, "incomplete and uneven", and loan growth has been slow due to weak domestic demand and banks' reluctance to take on more risks, Mr Dody

said in a webinar. "Monetary policy will be directed toward an accommodative stance," he said. "BI will guarantee from the liquidity side, that there is ample liquidity in the banking system to use as capital for national economic recovery." (Source: *The Business Times*)

Thailand's Corporate News

▪ Thai central bank studies option of virtual banking licences

Bank of Thailand's deputy governor Ronadol Numnonda said the central bank is studying the pros and cons of virtual banking now that central banks in other countries have granted licences for digital banking. Banks in Europe, Singapore and Malaysia already offer customer services via virtual banking platforms. Though Thai banks provide several services via mobile banking and have cut down on physical bank branches in response to consumer demands, the services provided online are still limited. (Source: *The Star*)

▪ BoT allays deposit run concern

The central bank insists it is not worried about a possible deposit run after pro-democracy demonstrators called for a boycott of a commercial bank. Given the existing surplus liquidity of the banking industry, there has not been significant withdrawals in the banking sector, said Tharith Panpiemras, senior director of banking supervision and risk assessment at the Bank of Thailand. Thousands of youth-led protesters staged a big rally in Bangkok on the weekend to press their demands, including a call for people to withdraw deposits from SET-listed Siam Commercial Bank, 23.38% of which is held by the monarchy, according to the Stock Exchange of Thailand's data. (Source: *The Bangkok Post*)

28 September 2020

Regional Banking peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 25 Sept 2020	Market Cap (USDm)	CY20 P/E (x)	CY21 P/E (x)	Current EPS	CY21 EPS	PBV (x)	CY20 ROE	CY21 ROE	Est. DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
Indonesia												
BANK CENTRAL ASIA TBK PT	28,050	46166.4	29.9	23.4	1039.6	1160.3	4.1	12.7	15.1	42721.3	1.5	2.0
BANK RAKYAT INDONESIA PERSER	3,160	26019.5	19.0	12.9	263.7	283.0	2.1	10.1	14.4	11744.0	3.7	5.3
BANK MANDIRI PERSERO TBK PT	5,350	16666.7	15.2	10.1	515.2	586.1	1.4	8.5	12.6	25899.0	4.8	6.6
BANK NEGARA INDONESIA PERSER	4,600	5726.6	15.1	7.6	821.2	836.6	0.8	4.7	9.4	13597.6	3.0	4.5
BANK DANAMON INDONESIA TBK	2,220	1448.4	10.2	6.5	431.6	389.4	0.5	4.8	7.2	14592.2	6.6	8.4
Simple Average			17.9	12.1				8.2	11.7			5.4
Singapore												
DBS GROUP HOLDINGS LTD	20.01	36857.4	11.5	10.1	2.2	2.5	1.0	8.9	9.8	88.0	4.4	5.7
OVERSEA-CHINESE BANKING CORP	8.46	27035.1	11.3	10.1	1.1	1.1	0.8	7.1	8.1	34.6	4.1	5.2
UNITED OVERSEAS BANK LTD	19.10	23131.2	11.3	10.4	2.4	2.6	0.8	7.4	7.9	78.2	4.1	6.0
Simple Average			11.4	10.2				7.8	8.6			5.6
Thailand												
SIAM COMMERCIAL BANK PUB CO	64.0	6870.8	8.3	7.8	12.7	12.9	0.5	6.5	6.7	404.0	6.3	9.8
BANGKOK BANK PUBLIC CO LTD	96.0	5793.7	7.9	6.7	18.9	19.3	0.4	5.3	6.1	524.3	5.5	5.2
KASIKORNBANK PCL	76.0	5693.2	8.6	7.1	16.1	16.2	0.4	5.3	6.1	323.4	4.3	5.9
KRUNG THAI BANK PUB CO LTD	8.9	3910.6	7.1	6.8	2.1	2.1	0.4	5.2	5.3	44.1	5.0	8.5
BANK OF AYUDHYA PCL	19.9	4628.0	6.4	6.2	3.4	4.3	0.5	8.1	8.2	81.3	4.1	2.3
Simple Average			7.6	6.9				6.1	6.5			6.3
Regional Average			12.4	9.7				7.3	9.0			5.8
Malaysia												
MALAYAN BANKING BHD	7.08	19079.2	13.1	11.6	0.7	0.7	1.0	7.2	8.1	35.9	5.1	5.5
CIMB GROUP HOLDINGS BHD	3.06	7279.0	13.1	8.3	0.5	0.5	0.5	3.7	6.2	10.5	3.4	8.5
PUBLIC BANK BERHAD	15.44	14369.0	13.1	11.9	1.5	1.4	1.3	10.3	10.6	51.2	3.3	2.6
HONG LEONG BANK BERHAD	14.84	7711.6	11.7	10.6	1.2	1.3	1.1	9.3	9.7	44.4	3.0	3.4
AMMB HOLDINGS BHD	2.94	2121.1	7.8	6.8	0.4	0.5	0.5	6.2	6.6	13.6	4.6	4.5
RHB BANK BHD	4.60	4422.0	9.3	8.1	0.6	0.6	0.7	7.7	8.4	24.1	5.2	4.0
ALLIANCE BANK MALAYSIA BHD	2.18	809.0	8.8	7.6	0.3	0.4	0.6	6.5	7.3	7.8	3.6	2.8
Simple Average			11.0	9.3				7.3	8.1			4.5

28 September 2020

Regional Plantation peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 25 Sept 2020	Market Cap (USDm)	CY20 P/E (x)	CY21 P/E (x)	Current EPS	CY21 EPS	PBV (x)	CY20 ROE	CY21 ROE	Best DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
Indonesia												
ASTRA AGRO LESTARI TBK PT	9,975	1281.6	22.5	18.9	773.3	237.8	1.0	4.2	5.3	7820.1	0.8	0.5
PP LONDON SUMATRA INDONES PT	925	421.3	19.3	15.9	82.9	36.8	0.7	3.7	4.6	1497.4	1.6	1.6
SAMPOERNA AGRO TBK PT	1,460	184.2	10.7	10.0	109.3	66.0	0.7	5.8	5.9	1100.0	0.8	N.A.
EAGLE HIGH PLANTATIONS TBK P	93	195.7	N.A.	46.5	N.A.	N.A.	0.7	-8.6	1.3	N.A.	N.A.	N.A.
BAKRIE SUMATERA PLANTATIO PT	80	13.4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Simple Average			17.5	22.8				1.3	4.3			1.1
Singapore												
WILMAR INTERNATIONAL LTD	4.40	20293.4	16.0	14.8	0.2	0.2	1.2	7.5	7.7	9.2	2.9	3.1
GOLDEN AGRI-RESOURCES LTD	0.14	1316.6	103.7	25.9	0.0	0.0	0.3	(1.1)	0.7	0.3	2.9	4.1
OLAM INTERNATIONAL LTD	1.26	2920.9	7.9	7.4	0.1	0.2	0.7	N.A.	N.A.	7.5	6.0	6.3
Simple Average			42.5	16.0				3.2	4.2			4.5
Regional Average			30.0	19.9				1.9	4.3			3.1
Malaysia												
SIME DARBY BERHAD	2.40	3913.1	14.9	14.1	0.1	0.1	1.1	7.3	7.2	10.2	4.3	4.2
IOI CORP BHD	4.45	6685.2	31.3	29.1	0.2	0.1	3.0	9.3	9.7	8.9	2.0	1.8
KUALA LUMPUR KEPONG BHD	22.64	5853.2	28.9	26.0	0.9	0.6	2.3	7.7	8.6	49.7	2.2	2.2
GENTING PLANTATIONS BHD	9.78	2103.5	39.0	31.4	0.3	0.2	1.8	4.4	5.2	13.2	1.3	1.6
IJM PLANTATIONS BHD	1.80	380.0	26.5	21.7	0.1	0.0	1.2	5.1	6.0	3.5	1.9	1.1
TA ANN HOLDINGS BERHAD	2.73	288.3	17.7	13.6	0.2	0.1	0.8	4.6	6.0	6.8	2.5	1.8
Simple Average			26.4	22.7				6.4	7.1			2.1

28 September 2020

Regional Telco peers comparison based on Bloomberg estimation

Company Names	Local Share Price @ 25 Sept 2020	Market Cap (USDm)	CY20 P/E (x)	CY21 P/E (x)	Current EPS	CY21 EPS	CY20 EV/EBITDA	CY21 EV/EBITDA	PBV (x)	CY20 ROE	CY21 ROE	Best DPS (sen)	Est. Yield (%)	Historical 12 Mth Div Yield
Indonesia														
TELEKOMUNIKASI INDONESIA PER	2,690	17788.9	12.9	12.0	198.0	207.9	4.5	4.3	2.8	19.5	19.8	15912.8	5.9	5.7
XL AXIATA TBK PT	1,965	1404.4	13.8	15.9	3.6	61.3	4.0	3.7	1.0	6.7	5.3	3336.1	1.7	1.0
INDOSAT TBK PT	1,945	705.5	N.A.	N.A.	-345.6	-242.4	3.2	3.0	0.9	-8.8	-6.7	0.0	0.0	N.A.
Simple Average			13.4	13.9			3.9	3.6		5.8	6.1			3.4
Singapore														
SINGAPORE TELECOMMUNICATIONS	2.14	25349.6	15.4	12.7	0.2	0.2	11.8	11.6	1.3	8.2	10.0	11.6	5.4	5.7
STARHUB LTD	1.18	1482.3	14.4	14.2	0.1	0.1	6.2	6.0	6.0	31.4	30.9	6.6	5.6	7.8
M1 LTD	N.A.	N.A.	N.A.	N.A.	0.1	0.1	N.A.	N.A.	N.A.	22.6	N.A.	9.3	N.A.	N.A.
Simple Average			14.9	13.4			9.0	8.8		20.7	20.4			6.8
Thailand														
ADVANCED INFO SERVICE PCL	170.0	15982.3	18.1	17.4	10.2	10.8	7.6	7.2	7.1	38.0	35.3	668.5	3.9	4.0
TOTAL ACCESS COMMUNICATION	33.5	2507.9	14.3	17.5	0.6	2.7	4.9	4.8	3.2	21.6	17.3	162.3	4.8	5.2
Simple Average			16.2	17.5			6.3	6.0		29.8	26.3			4.6
Regional Average			14.8	15.0			6.0	5.8		17.4	16.0			4.9
Malaysia														
MAXIS BHD	4.97	9320.5	26.6	24.7	0.3	0.2	12.8	12.2	5.5	20.8	21.9	17.5	3.5	3.6
AXIATA GROUP BERHAD	2.97	6528.5	39.1	28.6	0.1	0.1	5.2	5.0	1.7	4.1	5.7	6.9	2.3	3.2
DIGI.COM BHD	4.02	7492.6	23.9	22.8	0.2	0.2	11.5	11.3	51.1	201.5	207.8	16.7	4.2	4.2
TELEKOM MALAYSIA BHD	4.15	3754.1	17.6	17.3	0.1	0.3	5.5	5.4	2.1	11.7	11.6	11.9	2.9	4.0
Simple Average			26.8	23.4			8.8	8.5		59.5	61.7			3.8

28 September 2020

Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published and printed by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

