



RHB BANK

(RHHBANK MK EQUITY, RHBC.KL)

1 June 2020

Sizeable FVTOCI reserves to mitigate NIM pressure

BUY

(Maintained)

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Rationale for report: Company results/update

Price	RM4.77
Fair Value	RM5.80
52-week High/Low	RM5.98/RM4.23

Key Changes

Fair value	⬇️
EPS	⬇️

YE to Dec	FY19	FY20F	FY21F	FY22F
Total income (RM mil)	7,100.8	6,980.6	6,961.6	7,169.0
Core net profit (RM mil)	2,482.4	2,290.3	2,383.6	2,631.0
FD Core EPS (sen)	61.9	57.1	59.4	65.6
FD Core EPS growth (%)	7.7	(7.7)	4.1	10.4
Consensus Net Profit (RM mil)	-	2,265.0	2,433.0	2,650.0
DPS (sen)	31.0	31.0	29.7	32.8
BV/share (RM)	6.42	6.82	7.19	7.90
PE (x)	7.7	8.4	8.0	7.3
Div yield (%)	6.5	6.5	6.2	6.9
P/BV (x)	0.7	0.7	0.7	0.6
ROE (%)	10.1	8.6	8.5	8.7

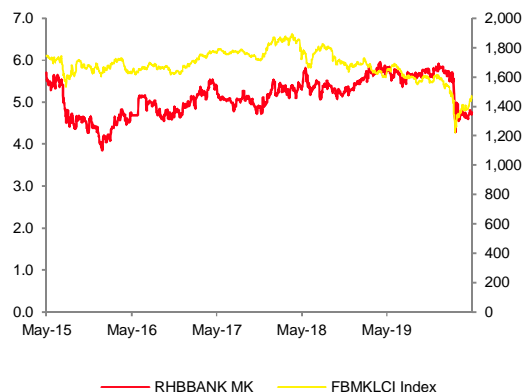
Stock and Financial Data

Shares Outstanding (million)	4,010.0
Market Cap (RM mil)	19,127.7
Book Value (RM/share)	6.42
P/BV (x)	0.7
ROE (%)	10.1

Major Shareholders	Employees Provident Fund (41.7%) OSK Holdings Bhd (10.1%)
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Free Float	48.2
Avg Daily Value (RM mil)	22.8

Price performance	3mth	6mth	12mth
Absolute (%)	(14.1)	(15.7)	(16.9)
Relative (%)	(13.5)	(10.7)	(6.9)



Investment Highlights

- We maintain our BUY recommendation on RHB Bank with a revised fair value of RM5.80/share (previously: RM5.70/share). We continue to peg the stock to an FY20 P/BV of 0.9x supported by an ROE of 8.6%. We fine-tune our 20/21 earnings by +0.4%/ -0.8 to reflect slower loan growth of 2%/3% and a moderation in deposit growth.
- 1Q20 earnings were RM571mil (-9.4% YoY), a flat total income of +0.2% YoY. Higher net interest income was offset by lower non-interest income attributed to unrealised marked-to-market (MTM) losses on FVTPL securities from swings in MGS yields. In April 2020, yields have turned more favourable, and this has reversed the losses, turning into gains.
- Net profit was within expectations, making up for 25.0% of ours and 25.2% of consensus estimate.
- Loan growth decelerated to 3.6% YoY, supported by mortgages, and SME and overseas loans. Domestic loan growth expanded by 2.2% YoY, slower than the industry's growth of 4.0% YoY.
- 1Q20 NIM fell 3bps QoQ to 2.11% due to OPR cuts of 25bps each on Jan and Mar 2020. Moving forward, we expect the group's NIM to taper further due to the 50bps interest rate cut in May 2020. As of now, we have yet to see signs of further rate cuts domestically.
- Deposit growth eased to 3.8% YoY while CASA ratio climbed to 27.4%. The strong CASA growth of 16.4% YoY was supported largely by the expansion of retail, wholesale banking and overseas' low cost deposits.
- The group posted a positive JAW of 0.8% in 1Q20. CI ratio was 48.2%, a slight improvement over 1Q19.
- 1Q20 credit cost rose to 0.34% due to the preemptive provisioning taken for the impact from Covid-19. We expect potentially further increase in the provisioning buffer. The group's GIL ratio rose to 2.00% from 1.97% in 4Q19 contributed by the impairment of a corporate in Malaysia related to property development.
- The group targets to maintain its FY20 dividend at 31 sen/share, similar to FY19.

EXHIBIT 1: RESULTS COMPARISON

Income Statement (RM m, FYE 31 Dec)	1Q19	4Q19	1Q20	% QoQ	% YoY
Interest income	2,035	1,997	1,904	-4.7%	-6.5%
Interest expense	-1,155	-1,066	-1,009	-5.3%	-12.6%
Net interest income	880	931	894	-3.9%	1.6%
Islamic banking income	381	383	447	16.6%	17.4%
Non interest income	481	526	404	-23.3%	-16.1%
Total income	1,742	1,841	1,745	-5.2%	0.2%
Overhead expenses	-846	-921	-841	-8.6%	-0.6%
Pre-provision profit	896	920	904	-1.7%	0.9%
Loan impairment allowances	-92	-68	-151	121.9%	63.5%
Other allowances	19	0	-1	na	-104.0%
Associates and JV income	0	0	0	na	-100.0%
Pretax profit	823	852	752	-11.7%	-8.6%
Income tax	-192	-229	-180	-21.4%	-6.2%
Minority interest	-1	-2	-1	-27.6%	45.3%
Net profit	630	621	571	-8.1%	-9.4%
EPS (sen)	15.7	15.5	14.2	-8.4%	-9.6%
Profit by segments (RM m)					
Group retail banking	250	334	273	-18.2%	9.2%
Group business banking	100	120	104	-13.6%	3.2%
Group CBIB	155	41	148	258.5%	-4.8%
Group treasury and global markets	328	280	247	-11.6%	-24.8%
Group international business	54	75	12	-83.8%	77.5%
Support center and others	-65	2	-32	-2046.6%	-51.4%
Inter-segment elimination	0	0	0		
Share of profit from JV	0	0	0	na	-100.0%
Group profit before taxation	823	852	752	-11.7%	-8.6%
Balance Sheet (RM m, FYE 31 Dec)					
Gross loans and advances	170,056	176,175	176,199	0.0%	3.6%
Net loans and advances	166,825	173,237	173,225	0.0%	3.8%
Customer deposits	186,890	190,555	193,979	1.8%	3.8%
Gross impaired loans	3,603	3,479	3,526	1.3%	-2.1%
Average shareholders funds	23,868	25,798	25,911	0.4%	8.6%
Ratios (%)					
Net LD	89.3%	90.9%	89.3%		
CASA	24.5%	25.7%	27.4%		
NIM	2.16%	2.14%	2.11%		
Cost to income	48.6%	50.0%	48.2%		
Credit cost (based only on loans)	0.22%	0.15%	0.34%		
Loan loss coverage (including reg reserve)	106.3%	107.9%	107.6%		
GIL/Gross NPL	2.12%	1.97%	2.00%		
ROE	10.6%	9.6%	8.8%		
CET1 ratio	15.7%	16.3%	16.0%		
Tier 1	15.8%	16.3%	16.0%		
Total capital ratio	19.0%	18.6%	18.3%		

Company, AmlInvestment Bank Bhd estimates.

1Q20 EARNINGS WITHIN EXPECTATION

For 1Q20, the group posted a net profit of RM571mil (-9.4% YoY), underpinned by flat total income (+0.2% YoY) and higher provisioning for loan losses, which included a

RM50mil preemptive provision for the potential impact of Covid-19.

The group delivered an ROE of 8.8% for 1Q20 in line with our estimate. 1Q20 earnings were within expectations,

making up 25.0% of ours and 25.2% of consensus estimates.

Outstanding FVTOCI reserves declined to RM937mil in 1Q20 vs. RM1.3bil in 4Q19 attributed to the increase in MGS yields in Mar 2020 from the selling of securities by foreign investors. Nevertheless, the group's FVTOCI reserves remain higher than most peers'. This will provide opportunities for RHB Bank to further realise gains from sale of bonds in a sustained low interest rate environment to support its non-fund-based income.

DOMESTIC LOAN GROWTH MODERATED

The group's loan growth further moderated to 3.6% YoY in 1Q20 from 4.3% YoY in the preceding quarter. Loan expansion was driven largely by mortgages, SME loans and growth of overseas loans (mainly Singapore). ASB loans declined due to redemptions as a result of the lower dividends while unsecured loan grew modestly. Corporate loans contracted due to repayments. Domestic loan growth moderated to 2.2 %YoY, below the industry's 4.0% YoY.

For FY20, management is now guiding for a loan growth of 2.0–3.0% (previously 4.0%).

EXHIBIT 2: LOANS BY PURPOSE

Loans by purpose (RM Mil)	1Q19	2Q19	3Q19	4Q19	1Q20	%QoQ	%YoY
Purchase of securities	11,354	11,340	11,279	11,305	10,268	-9.2%	-9.6%
Purchase of transport vehicles	8,866	8,863	8,812	8,703	8,593	-1.3%	-3.1%
Purchase of landed property:-							
residential	55,996	57,343	58,391	59,458	60,343	1.5%	7.8%
non-residential	18,220	18,047	18,205	18,786	18,802	0.1%	3.2%
Total mortgage loan	74,217	75,390	76,596	78,245	79,145	1.2%	6.6%
Purchase of property, plant and equipment:-							
other than land and building	2,637	2,834	2,755	2,645	2,570	-2.9%	-2.6%
Personal use	10,311	10,328	10,346	10,421	10,346	-0.7%	0.3%
Credit card	2,099	2,134	2,137	2,226	2,077	-6.7%	-1.1%
Purchase of consumer durables	15	15	14	15	14	-6.2%	-11.5%
Construction	7,171	7,341	7,488	7,552	7,969	5.5%	11.1%
Merger and acquisition	2,591	2,482	2,551	2,424	2,093	-13.6%	-19.2%
Working capital	37,439	37,857	36,398	37,465	37,611	0.4%	0.5%
Other purpose	13,356	13,762	14,382	15,175	15,513	2.2%	16.1%
Total gross loans	170,056	172,346	172,759	176,175	176,199	0.01%	3.6%

Source: Company, AmlInvestment Bank Bhd

EXHIBIT 3: LOANS BY ECONOMIC SECTOR

By economic sector	1Q19	2Q19	3Q19	4Q19	1Q20	%QoQ	%YoY
Agriculture, hunting, forestry and fishing	3,675	3,398	3,519	3,641	3,557	-2.3%	-3.2%
Mining and quarrying	621	659	631	656	631	-3.7%	1.7%
Manufacturing	8,550	8,985	8,806	9,493	9,174	-3.4%	7.3%
Electricity, gas and water	2,050	2,209	2,180	2,122	2,065	-2.7%	0.7%
Construction	12,161	11,852	12,486	12,317	12,772	3.7%	5.0%
Wholesale and retail trade and restaurant and hotel	13,219	13,596	13,977	14,319	17,123	19.6%	29.5%
Transport, storage and communication	7,688	7,453	6,846	7,216	6,779	-6.1%	-11.8%
Real estate	4,865	4,695					
Finance, insurance and business services	14,772	15,489	19,453	19,982	18,750	-6.2%	26.9%
Government and government agencies	5,441	5,417	5,429	5,496	5,517	0.4%	1.4%
Education, health & others	5,337	5,259	5,103	5,514	4,786	-13.2%	-10.3%
Household sector	90,536	92,200	93,202	94,401	93,945	-0.5%	3.8%
Others	1,139	1,134	1,126	1,018	1,099	8.0%	-3.5%
	170,056	172,346	172,759	176,175	176,199	0.01%	3.6%

Source: Company, AmlInvestment Bank Bhd

EXHIBIT 4: CUSTOMER DEPOSITS BY TYPE

Customer deposit by type (RM Mil)	1Q19	2Q19	3Q19	4Q19	1Q20	%QoQ	%YoY
Demand deposit	35,415	38,877	36,154	38,376	42,012	9.5%	18.6%
Saving deposit	10,283	10,302	10,289	10,555	11,161	5.7%	8.5%
Time deposit	139,645	133,870	135,415	140,706	139,966	-0.5%	0.2%
Negotiable instrument of deposit	1,546	1,980	1,260	918	839	-8.6%	-45.7%
Total customer deposits	186,890	185,029	183,118	190,555	193,979	1.8%	3.8%
CASA ratio (%)	24.5%	26.6%	25.4%	25.7%	27.4%		
CASA (in absolute amount)	45,699	49,179	46,443	48,931	53,173		
CASA growth (%YoY)	-8.1%	2.2%	0.6%	5.5%	16.4%		
CASA growth (%QoQ)	-1.5%	7.6%	-5.6%	5.4%	8.7%		

Source: Company, AmlInvestment Bank Bhd

A STRONG PICK-UP IN CASA

Total customer deposits growth eased to 3.8% YoY.

The group's CASA gained traction to register a stronger growth of 16.4% YoY. This was supported by domestic wholesale and retail CASA as well as low cost deposits of the group's overseas operations. The group's CASA ratio surged to 27.4% in 1Q20. Domestic CASA growth climbed by 14.2% YoY while overseas CASA registered a strong growth of 28.3% YoY.

RHB Bank's net LD ratio was 89.3%. The group's LCR ratio slipped to 133.7% vs. 152.7% in the preceding quarter with the decline in expensive FDs and money market term deposits (MMTD). We continue see room for optimization of its LCR to improve its funding cost if necessary.

NIM COMPRESSED DUE TO CONSECUTIVE CUTS IN BENCHMARK INTEREST RATE

NIM fell by 3bps QoQ to or 5bps YoY to 2.11% in 1Q20 due to the impact of Jan and Mar 2020's OPR cut of 25bps each. NIM is expected to be compressed again in 2Q20 due to the recently announced OPR cut of 50bps on 5 May 2020.

Every 25bps cut in OPR will impact the group's NIM by 4bps and profit by RM100–120mil. We see the potential monetisation of gains in FVTOCI securities, which have benefitted from the swings in MGS yields, to be able to mitigate interest margin pressures from the OPR cuts. Barring any further interest rate reduction and excluding the one-off day 1 modification loss in 2Q20 on fixed rate loans due to the moratorium, management is guiding for a NIM of 2.00% in FY20, a decline of 12bps from FY19's 2.12%.

We gather that the tenor of the group's FDs is now shorter. This will facilitate a faster repricing of deposits from interest rate cuts.

LOWER NOII IN 1Q20 DUE TO DECLINE IN INVESTMENT AND TRADING INCOME, FX GAINS AND IB-RELATED FEES

For 1Q20, the group's non-fund-based income fell by 9.3% YoY. Trading and investment income in 1Q20 was impacted by the movement in MGS yields which rose, particularly in Mar 2020 due the selling pressure on securities from foreign investors. This has resulted in unrealised marked-to-market (MTM) losses on FVTPL securities of RM87.5mil. Nevertheless, in Apr 2020, the yield of MGS has dropped, and this has reversed the YTD MTM losses on FVTPL securities to a gain of RM33.9mil. We understand that the group's balance of MGS/GII securities has declined by RM923mil to RM1.42bil in 27 May 2020 compared to RM2.34bil in 1Q20. This has reflected the disposal of the securities to monetize gains which are expected to be reflected in the upcoming 2Q20's results.

EXHIBIT 5: NON-INTEREST INCOME

<u>Other Operating Income (RM Mil)</u>	1Q19	2Q19	3Q19	4Q19	1Q20
Fee income					
Service charges and fees	41	46	38	45	44
Brokerage	61	60	59	58	79
Commission	36	39	38	39	49
Unit trust fee income	14	24	41	31	24
Commitment fees	11	11	11	10	10
Guarantee fees	8	7	9	9	9
Underwriting and arrangement fees	15	4	5	5	5
Corporate advisory fees	20	9	5	18	8
Fund management fees	54	57	61	63	65
Other fee income	23	14	14	32	16
Fee and commission expenses	-36	-49	-68	-61	-51
Total fee income	247	224	212	249	256
Net gain/(loss) arising from sale/ redemption of securities and derivatives					
Net gain from sale of securities (FVTPL)	31	42	38	-4	6
Net gain from sale of securities (FVOCI)	38	58	36	73	73
Net gain from sale of securities (FV at amortised cost)					
Derivatives	69	100	73	69	79
Net gain on fair value hedges	-5	0	0	0	3
Net gain from derecognition of financial assets at amortised cost					0
Unrealised gain/(loss) on revaluation of securities					
FVTPL securities	31	49	-17	-10	-89
Derivatives	-28	-52	5	22	36
	-1	-3	-12	11	-50
Gross dividend income from					
Securities FVTPL	25	15	15	22	14
Securities FVOCI	0	4	1	5	
Securities FV at amortised cost					
	25	19	16	27	14
Total investment and trading income	92	115	78	108	44
Other Income					
Foreign exchange gain/(loss):-					
	realised				
	unrealised				
Net Gain on FX	87	42	59	93	31
Insurance underwriting surplus before management expenses	45	54	40	54	53
Rental income	1	1	1	0	0
Net gain on disposal of PPE	0	2	0	1	0
Gain on liquidation of a subsidiary/associate	0		0		
Gain arising from acquisition of a subsidiary/JV					
Gain on disposal of intangible assets					
Other gains				0	0
Other operating income	9	9	8	11	6
Other non-operating income	0	17	7	10	14
Total Other Income	142	125	116	169	104
TOTAL OTHER OPERATING INCOME	481	464	405	526	404

Source: Company, AmInvestment Bank Bhd estimates.

HIGHER 1Q20 GIL RATIO DUE TO IMPAIRMENT OF A CORPORATE BANKING LOAN IN MALAYSIA RELATED TO PROPERTY DEVELOPMENT

1Q20 saw impaired loans rising by 1.3% QoQ or RM46.3mil. By sector, there were higher impaired loans from the finance insurance, real estate and business services segments. Correspondingly, this has increased the group's GIL ratio to 2.00% in 1Q20 from 1.97% in 4Q19.

GIL ratio for corporate loans increased QoQ due to the impairment of a loan extended to a property developer. Elsewhere, GIL ratio for business banking recorded a slight uptick QoQ. For retail loans, GIL for mortgage was stable while that of unsecured and auto finance registered an uptick QoQ. Domestic GIL ratio at 1.61% was close to the industry's 1.6% while GIL ratio for Singapore improved to 5.54%.

1Q20 credit cost based on loans rose to 0.34% compared to 0.22% in 1Q19. This was due to the preemptive provisioning of RM50mil taken for the potential impact of Covid-19 as well as the non-recurring of 1Q19 write-backs in provisioning for corporate, business banking and Singapore loans. The group is now guiding for a credit cost of slightly north of 0.30% for FY20. RHB Bank's loss cover inclusive of regulatory reserves remained steady at 107.6%.

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

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

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

Source: Company, AmInvestment Bank Bhd estimates.

FY20 TARGETS

ROE: 10.3–10.5% (management to provide new guidance in the 2Q20 results briefing).

Loan growth: 2–3.0% (previously 4.0%);

CASA growth: 4.0%;

GIL ratio: 1.95%

CI ratio: 48.5%

OTHER HIGHLIGHTS

The group does not intend to utilise the temporary flexibility allowed by BNM to drawdown the capital conservation buffer of 2.5% or the release of regulatory reserves to zero.

An average of 86.0% of domestic retail loans are under the moratorium while the percentages for SME, corporate and commercial and overseas loans are 92.4%, 16.5% and 9.6% respectively. Total loans under moratorium stood at RM107bil, representing 61.0% of the total group's loan base of RM176bil.

The group has approved RM1.3bil of the BNM Special Relief Facility to around 2,000 SMEs.

Exposure to oil & gas loans remained at RM4.2bil (2.4% of gross loans). The percentage of exposure to borrowers in upstream rose while that of downstream decreased. This was due to the reclassification of certain loans from downstream to upstream.

MAINTAIN BUY

Valuation continues to be appealing with the stock trading at FY20 P/BV of 0.7x. Its capital position remains strong compared to its peers with a high CET1 ratio at the group and bank entity levels. With its higher FVTOVCI reserves and low interest rate environment sustaining, there is room for the group to further dispose of a portion of its securities to realised gains from the favourable movement in yields.

EXHIBIT 7: PB BAND CHART

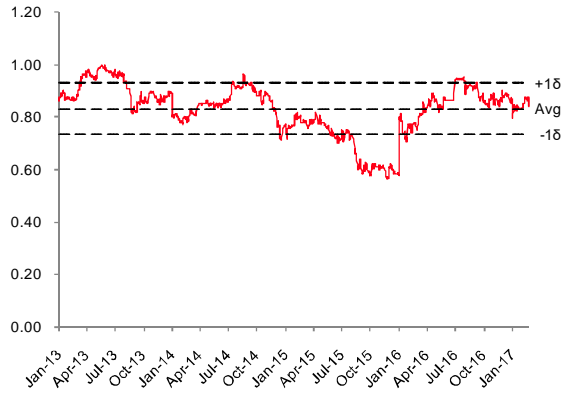


EXHIBIT 8: PE BAND CHART

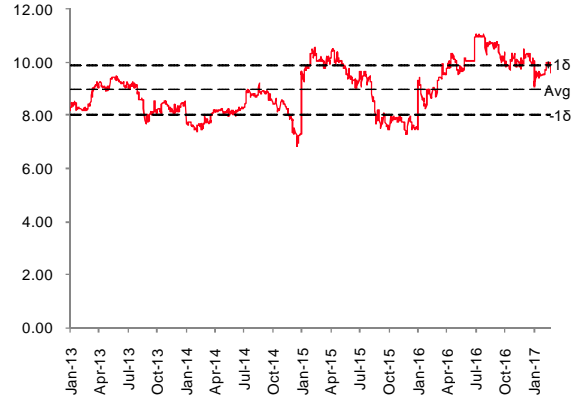


EXHIBIT 9: FINANCIAL DATA

Income Statement (RMmil, YE31 Dec)	FY18	FY19	FY20F	FY21F	FY22F
Net interest income	3,655.2	3,609.6	3,188.4	3,016.4	2,856.0
Non-interest income	1,722.1	1,876.7	1,916.0	1,764.8	1,779.2
Islamic banking income	1,428.3	1,614.5	1,876.2	2,180.4	2,533.9
Total income	6,805.6	7,100.8	6,980.6	6,961.6	7,169.0
Overhead expenses	(3,357.7)	(3,471.8)	(3,385.6)	(3,272.0)	(3,369.4)
Pre-provision profit	3,448.0	3,629.0	3,595.0	3,689.7	3,799.6
Loan loss provisions	(306.0)	(278.5)	(529.0)	(543.9)	(285.2)
Impairment & others	(23.0)	-	-	-	-
Associates	-	-	-	-	-
Pretax profit	3,119.0	3,350.4	3,066.1	3,145.8	3,514.4
Tax	(810.1)	(862.6)	(768.9)	(755.0)	(875.5)
Minority interests	(3.7)	(5.4)	(6.9)	(7.2)	(7.9)
Net profit	2,305.1	2,482.4	2,290.3	2,383.6	2,631.0
Core net profit	2,305.1	2,482.4	2,290.3	2,383.6	2,631.0
Balance Sheet (RMmil, YE31 Dec)	FY18	FY19	FY20F	FY21F	FY22F
Cash & deposits with FIs	12,553.2	11,628.0	13,496.9	12,325.7	12,933.6
Marketable securities	52,497.9	60,629.0	58,391.4	59,892.5	62,429.8
Total current assets	65,051.1	72,257.0	71,888.3	72,218.2	75,363.4
Net loans & advances	165,629.8	173,236.7	176,317.1	181,296.1	190,127.6
Statutory deposits	nm	nm	nm	nm	nm
Long-term investments	4,795.2	4,549.3	4,851.0	4,879.1	5,052.9
Fixed assets	1,000.0	991.3	978.2	966.7	956.0
Intangible assets	2,649.3	2,654.1	2,654.1	2,654.1	2,654.1
Other long-term assets	4,040.3	3,904.1	3,535.9	3,816.1	3,940.7
Total LT assets	178,114.6	185,335.5	188,336.3	193,612.2	202,731.4
Total assets	243,165.7	257,592.5	260,224.7	265,830.4	278,094.8
Customer deposits	178,856.3	190,555.2	194,366.3	200,197.3	209,206.2
Deposits of other FIs	18,290.9	21,539.3	21,169.3	20,969.3	21,936.6
Subordinated debts	3,748.7	2,724.2	2,322.5	1,828.0	1,497.5
Hybrid capital securities	5,567.7	3,790.9	2,608.5	1,800.6	1,149.1
Other liabilities	13,306.1	13,172.0	12,325.0	12,129.3	12,574.1
Total liabilities	219,769.7	231,781.7	232,791.6	236,924.5	246,363.5
Shareholders' funds	23,358.0	25,775.4	27,395.3	28,867.0	31,692.1
Minority interests	38.0	35.4	37.8	38.9	39.2
Key Ratios (YE31 Dec)	FY18	FY19	FY20F	FY21F	FY22F
Total income growth (%)	6.6	4.3	(1.7)	(0.3)	3.0
Pre-provision profit growth (%)	7.7	5.3	(0.9)	2.6	3.0
Core net profit growth (%)	18.2	7.7	(7.7)	4.1	10.4
Net interest margin (%)	2.2	2.2	2.0	2.1	2.1
Cost-to-income ratio (%)	49.3	48.9	48.5	47.0	47.0
Effective tax rate (%)	26.0	25.7	25.1	24.0	24.9
Dividend payout (%)	35.7	50.1	54.3	50.0	50.0
Key Assumptions (YE31 Dec)	FY18	FY19	FY20F	FY21F	FY22F
Loan growth (%)	5.5	4.3	2.0	3.0	5.0
Deposit growth (%)	7.6	6.5	2.0	3.0	4.5
Loan-deposit ratio (%)	92.6	90.9	90.7	90.6	90.9
Gross NPL (%)	2.1	2.0	2.0	2.1	1.9
Net NPL (%)	1.1	1.1	1.0	1.1	0.8
Credit charge-off rate (%)	0.2	0.2	0.3	0.3	0.2
Loan loss reserve (%)	93.3	85.7	94.1	97.6	114.2

Source: Company, AmInvestment Bank Bhd estimates

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