



## Company report

# CIMB GROUP

(CIMB MK EQUITY, CIMB.KL)

1 March 2019

Weaker revenue growth after excluding one-off gains

## HOLD

(Maintained)

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Rationale for report: Company results/update

Price	RM5.85
Fair Value	RM5.80
52-week High/Low	RM7.36/RM5.21

### Key Changes

Fair value	⬇️
EPS	⬇️

YE to Dec	FY18	FY19F	FY20F	FY21F
Total income (RM mil)	17,382.0	17,817.6	18,623.2	19,434.6
Core net profit (RM mil)	4,492.1	4,966.3	5,205.2	5,703.2
FD Core EPS (sen)	48.0	53.1	55.6	61.0
FD Core EPS growth (%)	(1.9)	10.6	4.8	9.6
Consensus Net Profit (RM mil)	-	5,165.0	5,612.0	-
DPS (sen)	25.0	27.4	28.7	31.5
BV/share (RM)	5.51	5.76	6.03	6.34
PE (x)	12.2	11.0	10.5	9.6
Div yield (%)	4.3	4.7	4.9	5.4
P/BV (x)	1.1	1.0	1.0	0.9
ROE (%)	9.0	9.4	9.4	9.9

### Stock and Financial Data

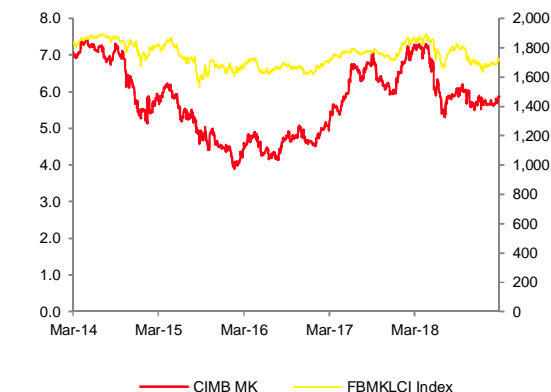
Shares Outstanding (million)	9,564.5
Market Cap (RM mil)	55,952.1
Book Value (RM/share)	5.51
P/BV (x)	1.1
ROE (%)	9.0

Major Shareholders	Khazanah Nasional Bhd (27.5%) Employees Provident Fund (13.9%)
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Free Float	46.3
Avg Daily Value (RM mil)	49.7

### Price performance

	3mth	6mth	12mth
Absolute (%)	1.6	(3.9)	(18.6)
Relative (%)	(0.1)	2.4	(11.6)



### Investment Highlights

- We maintain our HOLD call on CIMB Group Holdings (CIMB) with a revised fair value of RM5.80/share from RM6.30/share. Our revised FV is based on a lower FY19 ROE of 9.4% leading to a P/BV multiple of 1.0x. We trim our FY19/20 earnings by 0.6%/1.7% after adjusting our credit cost estimate to 0.50% (previously: 0.52%). Also, we raise CI ratio assumptions to take into account the investment expenses for the group's Forward23 strategy.
- 4QFY18 core net profit came in at RM1.11bil (-5.3%QoQ). For 12MFY18, the group reported a core net profit of RM4.49bil (+1.2%YoY) after excluding one-off gains of RM1.09bil from partial disposals of CSI, CPAM and CPIAM. Core revenue growth was weak for 12MFY19 due to softer non-interest income (NOII) from weak capital markets in Malaysia and the pressure on NIM in Indonesia which had impacted Niaga's interest income.
- Cumulative core earnings were within expectations, making up 95.5% of our and 94.6% of consensus estimates. ROE for FY18 based on core earnings was 9.0% vs. our expectation of 9.5%.
- By segment, consumer banking continued to contribute strongly to group earnings with higher revenue and lower provisions while commercial banking profits improved on the back of lower cost and provisions after the recalibration of regional business. Meanwhile, IB and markets business turned softer in 4QFY18 after improving in 3QFY18. The market continues to be volatile and this will continue to pose challenges for wholesale banking.
- The group's gross loans picked up pace to 6.8%YoY from 4.8%YoY in the preceding quarter. Excluding FX impact, loans growth was 7.4%YoY.
- Group NIM slipped 4bps QoQ to 2.45% in 4QFY18. Margin is expected to further contract in FY19 largely due to pressure on Niaga's NIM as well as structural changes in the Malaysian mortgage book which will cause a decline in asset yield.
- Opex for 12MFY18 fell 5.2%YoY, benefitting from the deconsolidation of CSI which provided cost savings RM150mil per quarter as well as due to FX impact. Excluding FX impact, Opex decreased by 1.4%YoY. CI ratio based on core total income for FY18 was 53.1%. JAW for FY18 was -2.3% after excluding all one-off gains.
- FY18 credit cost improved to 0.41% from FY17's 0.69%. The group's overall GIL ratio declined to 2.91% supported by recoveries and write-offs.
- The group declared a second interim dividend of 12 sen/share, bringing the full-year dividends to 25 sen/share (payout: 52.1% based on core EPS. Full-year dividend payments were in line with our expectation.

## EXHIBIT 1: RESULTS COMPARISON

Income Statement (RM m, FYE 31 Dec)	4Q17	3Q18	4Q18	% QoQ	% YoY	12M17	12M18	% YoY
Interest income	4,815	4,858	5,017	3.3%	4.2%	19,509	19,239	-1.4%
Interest expense	-2,289	-2,445	-2,583	5.7%	12.9%	-9,050	-9,604	6.1%
<b>Net interest income</b>	<b>2,526</b>	<b>2,413</b>	<b>2,434</b>	0.8%	-3.7%	<b>10,459</b>	<b>9,634</b>	-7.9%
Islamic banking income	614	668	680	1.9%	10.8%	2,132	2,610	22.4%
Non interest income	1,375	1,059	960	-9.3%	-30.2%	5,036	5,137	2.0%
<b>Total income</b>	<b>4,515</b>	<b>4,141</b>	<b>4,075</b>	-1.6%	-9.8%	<b>17,626</b>	<b>17,382</b>	-1.4%
Overhead expenses	-2,308	-2,158	-2,269	5.1%	-1.7%	-9,134	-8,656	-5.2%
<b>Pre-provision profit</b>	<b>2,208</b>	<b>1,982</b>	<b>1,806</b>	-8.9%	-18.2%	<b>8,493</b>	<b>8,726</b>	2.7%
Loan impairment allowances	-578	-399	-288	-27.8%	-50.2%	-2,231	-1,433	-35.8%
Other allowances	-98	-110	-13	-88.5%	-87.1%	-165	-127	-22.9%
Associates and JV income	3	13	7	-43.7%	112.8%	13	34	168.2%
<b>Pretax profit</b>	<b>1,535</b>	<b>1,486</b>	<b>1,512</b>	1.7%	-1.5%	<b>6,110</b>	<b>7,201</b>	17.9%
Income tax	-442	-295	-394	33.8%	-10.8%	-1,502	-1,537	2.3%
Minority interest	-33	-12	-1	-94.6%	-98.1%	-133	-80	-39.9%
<b>Net profit</b>	<b>1,060</b>	<b>1,180</b>	<b>1,117</b>	-5.3%	5.4%	<b>4,475</b>	<b>5,584</b>	24.8%
<b>Core net profit</b>	<b>1,025</b>	<b>1,180</b>	<b>1,117</b>	-5.3%	9.0%	<b>4,437</b>	<b>4,492</b>	1.2%
Core EPS (sen)	11.2	12.6	11.7	-7.1%	4.2%	49.2	48.0	-2.4%
<b>PBT by segments (RM m)</b>								
Consumer Banking	652	747	598	-19.9%	-8.3%	2,567	2,957	15.2%
Commercial Banking	-43	176	190	7.6%	-545.6%	236	661	180.3%
Wholesale Banking	723	354	486	37.1%	-32.8%	2,567	1,754	-31.7%
Group Asset Management and Investments	37	44	-34	-176.9%	-192.9%	132	110	-16.6%
Group Funding and Others	166	164	273	66.1%	64.2%	607	1,719	183.0%
<b>Group Pretax profit</b>	<b>1,535</b>	<b>1,486</b>	<b>1,512</b>	1.7%	-1.5%	<b>6,110</b>	<b>7,201</b>	17.9%
<b>Balance Sheet (RM m, FYE 31 Dec)</b>								
Gross loans and advances	324,218	341,484	346,291	1.4%	6.8%	324,218	346,291	6.8%
Net loans and advances	316,557	331,874	337,148	1.6%	6.5%	316,557	337,148	6.5%
Customer deposits	348,518	355,623	370,193	4.1%	6.2%	348,518	370,193	6.2%
Gross impaired loans	10,994	10,483	10,077	-3.9%	-8.3%	10,994	10,077	-8.3%
Average shareholders funds	48,145	49,292	50,692	2.8%	5.3%	47,266	49,810	5.4%
<b>Ratios (%)</b>								
Net LD (excluding investment account)	90.8%	93.3%	91.1%			90.8%	91.1%	
CASA	35.0%	32.7%	32.7%			35.0%	32.7%	
Cost to income (based on report numbers)	51.1%	52.1%	55.7%			51.8%	49.8%	
Cost to income (excluding one-off gains)	51.5%	52.1%	55.7%			51.8%	53.1%	
Credit cost	0.71%	0.47%	0.33%			0.69%	0.41%	
Loan loss coverage	70.5%	92.0%	91.0%			70.5%	91.0%	
Loan loss coverage (including regulatory reserves)	84.1%	107.1%	106.3%			84.1%	106.3%	
GIL/Gross NPL	3.39%	3.07%	2.91%			3.39%	2.91%	
NIM	2.53%	2.49%	2.45%			2.63%	2.50%	
ROE (based on core net profit)	8.8%	9.6%	8.8%			9.4%	9.0%	
CET1 ratio	12.2%	12.3%	12.6%			12.2%	12.6%	
CCR	13.6%	13.4%	14.1%			13.6%	14.1%	
RWCR	16.5%	16.9%	17.3%			16.5%	17.3%	

Source: Company, AmInvestment Bank Bhd estimates.

### 12MFY18 CORE EARNINGS WITHIN EXPECTATION

The group reported a core net profit of RM1.11bil (-5.3%QoQ) in 4QFY18. 12MFY18 core earnings of RM4.49bil were flat (+1.2%YoY) after stripping out one-off gains totalling RM1.09bil from partial disposals of CSI, CPAM and CPIAM. Recall, the group recorded a total of

RM163mil gains from the disposal of stakes in CSI and gains of RM928mil from the partial disposal of CPAM and CPIAM in 1HFY18. Cumulative earnings were within expectation, accounting for 95.5% of our projection. Nevertheless, it was slightly below street numbers, making up only 94.6% of consensus estimates.

## EXHIBIT 2: BREAKDOWN OF LOANS

Loan by type of customers (RM Mil)	4Q17	1Q18	2Q18	3Q18	4Q18	%QoQ	%YoY
Domestic Fis	18	389	46	118	93	-21.7%	419.3%
Domestic non-bank Fis:-							
stockbroking comp	103	18	2	2	0	-91.9%	-99.8%
others	3,888	4,123	4,042	4,201	4,069	-3.1%	4.7%
Domestic business ent:-							
SMEs	48,873	50,030	50,354	47,876	49,649	3.7%	1.6%
others	57,184	55,891	57,079	60,415	62,518	3.5%	9.3%
Government and statutory bodies	10,019	10,266	10,274	10,253	10,188	-0.6%	1.7%
Individuals	159,515	160,153	162,641	167,567	170,415	1.7%	6.8%
Other domestic entities	5,450	5,329	6,473	7,146	8,805	23.2%	61.6%
Foreign entities	39,169	39,816	41,950	43,907	40,554	-7.6%	3.5%
(Less):Islamic fin sold to CAGAMAS							
<b>Total gross loans</b>	<b>324,218</b>	<b>326,015</b>	<b>332,861</b>	<b>341,484</b>	<b>346,291</b>	<b>1.4%</b>	<b>6.8%</b>
Loan by economic purpose (RM Mil)	4Q17	1Q18	2Q18	3Q18	4Q18	%QoQ	%YoY
Personal use	13,116	13,071	13,291	13,702	13,808	0.8%	5.3%
Credit card	9,568	9,155	9,079	9,185	9,462	3.0%	-1.1%
Purchase of consumer durables	90	88	87	82	80	-2.7%	-11.8%
Construction	12,262	13,948	13,246	13,576	13,971	-99.4%	-99.4%
Residential property (HL)	90,672	91,705	93,121	95,423	98,068	2.8%	8.2%
Non-residential property	24,943	25,763	26,293	26,865	27,478	2.3%	10.2%
Purchased of FA other than PPEs	14,143	13,298	13,801	13,726	13,995	2.0%	-1.0%
M&A	2,242	1,906	1,871	2,773	2,648	-4.5%	18.1%
Purchase of securities	25,104	26,374	27,850	27,135	25,756	-5.1%	2.6%
Purchase of transport vehicles	21,588	21,294	21,555	21,733	21,899	0.8%	1.4%
Working capital	85,385	82,694	84,416	89,368	90,316	1.1%	5.8%
Others	25,106	26,719	28,250	27,916	28,811	3.2%	14.8%
(Less) Islamic fin sold to CAGAMAS							
<b>Total gross loans</b>	<b>324,218</b>	<b>326,015</b>	<b>332,861</b>	<b>341,484</b>	<b>346,291</b>	<b>1.4%</b>	<b>6.8%</b>

Source: Company, AmInvestment Bank Bhd estimates.

The group met all its FY18 targets except for ROE and CI ratio due to weaker revenue after stripping out one-off gains.

### STRONGER DOMESTIC LOANS GROWTH THAN THE INDUSTRY'S

The group's gross loans picked up pace to register a growth of 6.8%YoY compared with 4.8%YoY in the preceding quarter. Excluding FX impact, the group's loans grew 7.4%YoY. Domestic loans remained strong at 10.5%YoY, higher than the industry growth of 5.6%YoY. Loan growth in Indonesia continued to stay muted impacted by contraction in auto loans due to the strategy to recalibrate the segment's business. Meanwhile, Singapore and Thailand recorded decent loan growths.

4QFY18 saw a QoQ pick up in loan growth for Consumer and Wholesale Banking loans while that of Commercial Banking was subdued.

## EXHIBIT 3: BREAKDOWN OF DEPOSITS FROM CUSTOMERS

Deposit By Product Type (RM mil)	4Q17	1Q18	2Q18	3Q18	4Q18	%QoQ	%YoY
Demand Deposits	79,757	82,252	79,864	75,349	79,086	5.0%	-0.8%
Savings Deposits	44,866	45,058	45,875	44,193	44,720	1.2%	-0.3%
<b>CASA</b>	<b>124,623</b>	<b>127,310</b>	<b>125,738</b>	<b>119,542</b>	<b>123,806</b>	3.6%	-0.7%
FD	150,964	150,792	144,352	156,043	165,742	6.2%	9.8%
Negotiable instruments of deposits	757	172	260	184	304	65.1%	-59.8%
Others	72,174	75,561	73,187	79,854	80,341	0.6%	11.3%
<b>TOTAL</b>	<b>348,518</b>	<b>353,835</b>	<b>343,538</b>	<b>355,623</b>	<b>370,193</b>	<b>4.1%</b>	<b>6.2%</b>
<b>% of total deposit by product type</b>							
Demand Deposits	22.9%	23.2%	23.2%	21.2%	21.4%		
Savings Deposits	12.9%	12.7%	13.4%	12.4%	12.1%		
FDR	43.3%	42.6%	42.0%	43.9%	44.8%		
Negotiable instruments of deposits	0.2%	0.0%	0.1%	0.1%	0.1%		
Others	20.7%	21.4%	21.3%	22.5%	21.7%		
	100.0%	100.0%	100.0%	100.0%	100.0%		

Source: Company, AmInvestment Bank Bhd estimates.

### NIM DECLINES 4BPS QOQ IN 4QFY18

NIM in 4QFY18 fell 4bps QoQ to 2.45%. For the full FY18, NIM declined 13bps YoY to 2.50% largely due to contraction of Niaga's margin following the interest rate hikes in Indonesia. Niaga's NIM is expected to remain under pressure in FY19 as further rate hikes loom in Indonesia. We gather that in FY18, of the 175bps interest rate increase in Indonesia, Niaga has only managed to pass through 50-75bps to their borrowers' lending rates. Hence, it remains a concern if the total rate hikes by Bank Indonesia can be fully passed on to the borrowers. Besides, asset yields are likely to further decline in Indonesia due to Niaga's focus on higher quality loans.

For FY19, the group guided for its NIM to be further compressed by 5 to 10bps. We understand that the pressure on margin will be due to the structural changes in the Malaysian mortgage book which will see a decline in asset yield. This will be in addition to the pressure on Niaga's margin and CIMB Thai asset yield's focus on better quality financing that will also compress its NIM.

**EXHIBIT 4: NON-INTEREST INCOME (EXCLUDING GAINS FROM DISPOSAL OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES)**

	4Q17	1Q18	2Q18	3Q18	4Q18
<b>Fee income:-</b>					
Commissions	349	358	290	277	311
Fee on loan, advances and financing	147	145	149	151	152
Portfolio management fees					
Service charges and fees	183	158	187	173	185
Corporate advisory fees	26	7	3	5	5
Guarantee fees	17	13	16	16	18
Other income fees	62	73	46	66	56
Placement fees	3	0	0	2	0
Underwriting commission	2	17	16	17	11
Al-Wakala fee					
Fee and commission income	788	771	708	706	738
Fee and commission expense	-187	-185	-179	-188	-136
<b>Net fee and commission income</b>	<b>601</b>	<b>586</b>	<b>529</b>	<b>517</b>	<b>603</b>
<b>Gross dividend income:</b>					
<b>Malaysia</b>					
Securities HFT	11	3	12	20	18
AFS	17	1	2	0	0
HTM					
<b>Outside Malaysia</b>					
HFT	0	0	0	0	0
AFS	0	0	1	0	0
	29	4	15	20	18
Net (loss)/gain from HFT securities:-					
realised	-61	134	-425	-220	-127
unrealised	151	-388	135	351	9
Net (loss)/gain from derivative financial instruments:-					
realised	303	-650	964	624	401
unrealised	-403	641	54	-161	11
Net gain/(loss) arising from financial liability designated at fair value					
realised	-3	-9	57	36	-13
unrealised	14	28	-28	-50	-113
Net loss arising from hedging derivatives					
	1	-15	-6	-14	20
Net gain from sale of AFS					
	60	30	-5	10	3
Net (loss)/gain from HTM					
		0	0		-1
Net gain from financial assets designated at fair value through P&L					
Income from asset management and securities services					
	112	110	75	8	5
Brokerage Income					
	106	36	34	31	26
<b>Total investment and trading income</b>	<b>280</b>	<b>-82</b>	<b>855</b>	<b>615</b>	<b>223</b>
<b>Other non-interest income:-</b>					
FOREX	396	602	-528	-106	107
Rental income	6	5	5	11	7
Gain on disposal of interest in subsidiary					
Gain on disposal of PPE	5	15	-1	3	4
Net gain from insurance business					
Gain on disposal of leased assets/associates	0				
Underwriting surplus before management expenses					
Other non-operating income					
Gain from distribution of JV					
(Loss)/gain on disposal of foreclosed properties	-12	-21	-18	-17	-15
Gain on revaluation of investment properties					
Share of gain from recovery of impaired loans					
Other non-operating income	33	29	29	16	14
<b>Total other non interest income</b>	<b>429</b>	<b>630</b>	<b>-513</b>	<b>-93</b>	<b>117</b>
<b>Total non interest income</b>	<b>1,339</b>	<b>1,139</b>	<b>887</b>	<b>1,059</b>	<b>961</b>

Source: Company, AmInvestment Bank Bhd estimates.

**EXHIBIT 5: GROSS IMPAIRED LOAN RATIO**

Gross impaired loan/NPL by economic purpose (RM mil)	4Q17	1Q18	2Q18	3Q18	4Q18	%QoQ	%YoY
Personal use	433	457	588	599	413	-31.0%	-4.5%
Credit card	175	176	160	161	152	-5.7%	-13.4%
Purchase of consumer durables	0	0	1	1	1	41.3%	109.1%
Construction	1,521	1,546	1,529	1,525	1,519	-0.4%	-0.1%
Residential property (Housing)	1,418	1,482	1,538	1,573	1,488	-5.4%	5.0%
Non-residential property	271	273	265	294	306	3.9%	12.8%
Purchase of fixed assets other than land and building	862	782	853	769	647	-15.8%	-24.8%
Mergers and acquisitions	153	151	150	80	51	-35.8%	-66.4%
Purchase of securities	143	142	143	144	137	-5.3%	-4.6%
Purchase of transport vehicles	296	281	285	258	222	-14.2%	-25.2%
Working capital	4,591	4,203	4,042	3,980	4,158	4.5%	-9.4%
Other purpose	1,131	1,012	1,000	1,099	984	-10.5%	-13.0%
<b>Total gross impaired loans</b>	<b>10,994</b>	<b>10,506</b>	<b>10,554</b>	<b>10,483</b>	<b>10,077</b>	<b>-3.9%</b>	<b>-8.3%</b>

Gross impaired loan/NPL ratios by economic purpose (%)	4Q17	1Q18	2Q18	3Q18	4Q18
Personal use	3.3%	3.5%	4.4%	4.4%	3.0%
Credit card	1.8%	1.9%	1.8%	1.7%	1.6%
Purchase of consumer durables	0.4%	0.5%	0.7%	0.6%	0.9%
Construction	12.4%	11.1%	11.5%	11.2%	10.9%
Residential property (Housing)	1.6%	1.6%	1.7%	1.6%	1.5%
Non-residential property	1.1%	1.1%	1.0%	1.1%	1.1%
Purchase of fixed assets other than land and building	6.1%	5.9%	6.2%	5.6%	4.6%
Mergers and acquisitions	6.8%	7.9%	8.0%	2.9%	1.9%
Purchase of securities	0.6%	0.5%	0.5%	0.5%	0.5%
Purchase of transport vehicles	1.4%	1.3%	1.3%	1.2%	1.0%
Working capital	5.4%	5.1%	4.8%	4.5%	4.6%
Other purpose	4.5%	3.8%	3.5%	3.9%	3.4%
<b>Total gross impaired loan ratio</b>	<b>3.39%</b>	<b>3.22%</b>	<b>3.17%</b>	<b>3.07%</b>	<b>2.91%</b>

Source: Company, AmInvestment Bank Bhd estimates.

**IMPROVED GIL RATIO**

The group's outstanding impaired loans balances declined 0.7%QoQ to RM10.5bil, contributed by recoveries and write-offs.

Overall GIL ratio further declined to 2.91% in 4QFY18 from 3.07% in 3QFY18. Credit cost for 12MFY18 of 0.41% (0.69% in 12MFY17) was lower than our projection of 0.50% for FY18 and management's guidance of 0.55–0.60%.

Provisions for wholesale banking increased in 12MFY18 by 28.7%YoY contributed by Malaysia and Indonesia's corporate banking impairments. Meanwhile, provisions for consumer and commercial banking improved YoY.

The group's loan loss cover including regulatory reserves stood at 106.3%.

**KEY TARGETS FOR FY19**

ROE: 9.0–9.5%;

Dividend payout ratio: 40–60%;

Loan growth: 6.0%

Credit cost: 0.40–0.50%;

Group CET1 ratio: >12.0% and

CI ratio: Flat (Similar to FY18)

**FORWARD 23, A 5-YEAR TRANSFORMATIONAL GROWTH STRATEGY**

The four-year strategic plan, Target 2018 (T18) which focused on cost management and recalibration of business to narrow the gap with peers has been completed. Hence, the group will now embark on the next transformational strategy, Forward 23. Forward 23 is a five-year strategy till 2023. The group plans to accelerate the business momentum in Malaysia and Indonesia in the areas of consumer and commercial banking as well as reposition and grow its business in Thailand, Singapore and Cambodia. By 2023, the group aims to achieve CI ratio of 45.0%, CET 1 ratio of 13.0% and ROE of 12.0–13.0%. At this juncture, only a broad outline of the strategy has been provided and details are still sketchy.

We understand that investments will be needed to accelerate the growth of the group's revenue. This will include investments in IT infrastructures, data and people and as well as seeding new investments into existing ones such as the Touch n Go and in existing markets. We understand investments will be incurred over the next 5 years with the bulk of expenses front-loaded, incurring mostly in 2019 and 2020. This expenses are expected to result in a flat CI ratio for the next two financial years, hence causing the group's ROE to be unexciting based on core earnings. Management guided that its Forward 23 investments will result in an incremental increase of 4.0% to its operating expenses in 2019.

**MAINTAIN HOLD**

We do not see many earnings catalysts as Niaga's NIM will remain under pressure in Indonesia while NOII continues to look challenging due to the volatile market. Even though provisions have improved, revenue growth remains a challenge. Meanwhile, operating expenses are expected to trend higher in FY19 and FY20 owing to investments needed for the Forward 23 strategy before scaling up its revenue.

**EXHIBIT 6: PB BAND CHART**



**EXHIBIT 7: PE BAND CHART**



**EXHIBIT 8: FINANCIAL DATA**

<b>Income Statement (RMmil, YE31 Dec)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19F</b>	<b>FY20F</b>	<b>FY21F</b>
Net interest income	10,459.1	9,634.4	9,588.2	9,989.9	10,390.7
Non-interest income	5,035.6	5,137.4	5,141.9	5,139.6	5,137.4
Islamic banking income	2,131.8	2,610.2	3,087.5	3,493.6	3,906.6
<b>Total income</b>	<b>17,626.5</b>	<b>17,382.0</b>	<b>17,817.6</b>	<b>18,623.2</b>	<b>19,434.6</b>
Overhead expenses	(9,133.6)	(8,655.8)	(9,265.2)	(9,684.1)	(9,717.3)
Pre-provision profit	8,492.9	8,726.1	8,552.5	8,939.1	9,717.3
Loan loss provisions	(2,230.9)	(1,432.7)	(1,763.5)	(1,844.2)	(1,931.0)
Impairment & others	(164.8)	(127.1)	(143.9)	(153.3)	(177.1)
Associates	12.8	34.3	16.0	39.7	40.3
<b>Pretax profit</b>	<b>6,110.0</b>	<b>7,200.7</b>	<b>6,661.1</b>	<b>6,981.3</b>	<b>7,649.6</b>
Tax	(1,502.0)	(1,537.3)	(1,598.7)	(1,675.3)	(1,835.9)
Minority interests	(132.8)	(79.8)	(96.2)	(100.8)	(110.5)
<b>Net profit</b>	<b>4,475.2</b>	<b>5,583.5</b>	<b>4,966.3</b>	<b>5,205.2</b>	<b>5,703.2</b>
Core net profit	4,437.2	4,492.1	4,966.3	5,205.2	5,703.2
<b>Balance Sheet (RMmil, YE31 Dec)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19F</b>	<b>FY20F</b>	<b>FY21F</b>
Cash & deposits with FIs	41,667.9	35,528.9	57,196.5	59,638.1	71,456.9
Marketable securities	109,970.4	125,924.6	117,311.0	137,253.8	137,952.5
<b>Total current assets</b>	<b>151,638.3</b>	<b>161,453.6</b>	<b>174,507.5</b>	<b>196,891.9</b>	<b>209,409.4</b>
Net loans & advances	316,557.0	337,148.3	352,700.9	369,037.7	386,197.8
Statutory deposits	nm	nm	nm	nm	nm
Long-term investments	8,630.5	8,139.2	8,289.6	8,226.3	8,097.1
Fixed assets	2,093.6	2,348.9	2,293.7	2,309.2	2,388.5
Intangible assets	10,046.1	9,388.6	9,388.6	9,388.6	9,388.6
Other long-term assets	17,534.1	15,610.6	14,300.4	13,293.4	21,790.6
<b>Total LT assets</b>	<b>354,861.3</b>	<b>372,635.5</b>	<b>386,973.2</b>	<b>402,255.2</b>	<b>427,862.6</b>
<b>Total assets</b>	<b>506,499.5</b>	<b>534,089.1</b>	<b>561,480.6</b>	<b>599,147.2</b>	<b>637,272.0</b>
Customer deposits	349,426.0	371,962.4	391,461.4	411,579.1	431,978.8
Deposits of other FIs	19,751.6	20,232.9	19,206.1	16,814.8	15,944.9
Subordinated debts	12,533.0	13,482.3	13,412.8	13,311.3	13,578.6
Hybrid capital securities	17,123.8	16,936.8	18,949.1	19,816.5	22,154.8
Other liabilities	57,858.7	58,886.8	63,507.1	80,109.6	93,209.1
<b>Total liabilities</b>	<b>456,693.1</b>	<b>481,501.1</b>	<b>506,536.5</b>	<b>541,631.3</b>	<b>576,866.1</b>
Shareholders' funds	48,445.5	51,574.3	53,919.6	56,443.5	59,279.6
Minority interests	1,360.9	1,013.7	1,024.4	1,072.4	1,126.3
<b>Key Ratios (YE31 Dec)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19F</b>	<b>FY20F</b>	<b>FY21F</b>
Total income growth (%)	9.7	(1.4)	2.5	4.5	4.4
Pre-provision profit growth (%)	14.6	2.7	(2.0)	4.5	8.7
Core net profit growth (%)	30.0	1.2	10.6	4.8	9.6
Net interest margin (%)	2.7	2.5	2.4	2.4	2.4
Cost-to-income ratio (%)	51.8	49.8	52.0	52.0	50.0
Effective tax rate (%)	24.6	21.3	24.0	24.0	24.0
Dividend payout (%)	nm	50.0	50.0	50.0	50.0
<b>Key Assumptions (YE31 Dec)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19F</b>	<b>FY20F</b>	<b>FY21F</b>
Loan growth (%)	0.1	6.8	5.0	5.0	5.0
Deposit growth (%)	3.8	6.4	5.2	5.1	5.0
Loan-deposit ratio (%)	90.6	90.6	90.1	89.7	89.4
Gross NPL (%)	3.4	3.1	3.2	3.2	3.2
Net NPL (%)	2.0	3.2	3.3	3.3	3.3
Credit charge-off rate (%)	0.7	0.4	0.5	0.5	1.0
Loan loss reserve (%)	70.5	85.4	94.0	104.6	114.7

Source: Company, AmlInvestment Bank Bhd estimates



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