

## Malaysia

### ADD (no change)

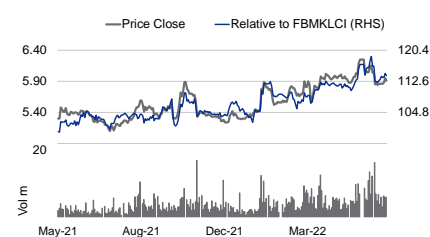
Consensus ratings\*: Buy 14 Hold 2 Sell 1

Current price:	RM5.91
Target price:	RM7.70 ▲
Previous target:	RM7.00
Up/downside:	30.3%
CGS-CIMB / Consensus:	13.5%
Reuters:	RHBC.KL
Bloomberg:	RHBBANK MK
Market cap:	US\$5,608m
	RM24,485m
Average daily turnover:	US\$7.56m
	RM32.40m
Current shares o/s:	4,143m
Free float:	48.2%

\*Source: Bloomberg

#### Key changes in this note

- FY22F net profit forecasts cut by 4.3%.
- FY23-24F net profit forecasts raised by 2.9%.

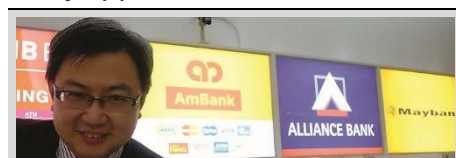


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-5.4	0.2	10.1
Relative (%)	-1.8	4.3	13.3

Major shareholders	% held
EPF	41.7
OSK Holdings	10.1
Amanah Saham Bumiputera	4.2

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# RHB Bank Bhd

## Brighter outlook in 2Q22F due to OPR hike

- 1Q22 net profit was below our expectation at 21% of our full-year forecast due to lower-than-expected non-interest income.
- We expect a qoq increase in 2Q22F net profit due to the positive impact from OPR hike.
- Retain Add, given its above-industry loan growth, larger impact from OPR hikes relative to other big-capped banks and enticing 5.6% dividend yield.

### 1Q22 below expectation due to weak non-interest income

RHB Bank's 1QFY22 net profit was below expectations as it only accounted for 21% of our full-year forecast and 22% of Bloomberg consensus estimate. The variance to our forecast mainly came from lower-than-expected non-interest income, dented by losses from its portfolio of fixed-income securities arising from the increase in bond yields.

### 1Q22 net profit brought down by lacklustre non-interest income

RHB Bank's net profit slid by 7.7% yoy in 1Q22, dragged down by (1) 7.4% yoy drop in non-interest income (due to adverse investment income) and (2) 35.6% yoy rise in tax expense (lifted by Cukai Makmur taxation). 1Q22 net profit fell by 4.9% qoq, dented by a 78.2% qoq surge in LLP.

### Expecting qoq improvement in 2Q22 net profit due to OPR hike

We expect higher net profit of RM620m-700m for RHB in 2Q22F (vs. RM600.3m in 1Q22) as it will start to benefit from the OPR hike. However, this could still be lower than the net profit of RM701.3m registered in 2Q21, which was the highest quarterly net profit in 2021.

### Changes in net profit forecasts and target price

For our earnings forecasts, we factor in another OPR hike of 25bp (on top of the 25bp hike we had factored in) but cut our projected FY22F non-interest income by 10.2% as we assume lower investment income. This led to a 4.3% drop in our projected FY22F net profit but 2.9% increase in our net profit forecasts for FY23-24F. For our DDM valuation, we raise our assumed risk-free rate from 3.8% to 4% (due to the increase in interest rate) but lower the discount to DDM value from 20% to 10% (given the easing Covid-19 credit risks). Consequently, our target price is raised from RM7.00 to RM7.70.

### Reiterate Add call on RHB Bank

We are not overly concerned about RHB Bank's earnings miss in 1Q22 as this was caused by adverse investment income arising from rising bond yield. As such, we continue to rate the stock as an Add. Potential re-rating catalysts could come from wider expansion in net interest margin relative to its peers in the event of OPR hikes and above-industry loan growth. In fact, we see it as the biggest beneficiary of the OPR hike among the larger banks. Its FY22F dividend yield is also attractive at 5.6%.

#### Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Net Interest Income (RMm)	3,343	3,817	4,075	4,426	4,617
Total Non-Interest Income (RMm)	3,842	3,972	4,425	5,002	5,432
Operating Revenue (RMm)	7,186	7,789	8,500	9,428	10,049
Total Provision Charges (RMm)	(1,145)	(737)	(625)	(663)	(704)
Net Profit (RMm)	2,033	2,618	2,728	3,592	3,895
Core EPS (RM)	0.58	0.69	0.66	0.87	0.94
Core EPS Growth	(6.6%)	19.0%	(4.3%)	31.7%	8.4%
FD Core P/E (x)	10.22	8.59	8.98	6.82	6.29
DPS (RM)	0.18	0.40	0.33	0.43	0.47
Dividend Yield	2.99%	6.77%	5.57%	7.34%	7.95%
BVPS (RM)	6.74	6.76	7.81	8.46	9.09
P/BV (x)	0.88	0.87	0.76	0.70	0.65
ROE	8.8%	10.2%	9.0%	10.7%	10.7%
% Change In Core EPS Estimates			(4.31%)	2.93%	2.91%
CGS-CIMB/Consensus EPS (x)			1.00	1.10	1.14

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Brighter outlook in 2Q22F due to OPR hike

Figure 1: RHB Bank - Results comparison for 1QFY22

FYE Dec (RM m)	1QFY22	1QFY21	yoy % chg	4QFY21	qoq % chg	Prev. FY22F	Comments
Net interest income	989.9	964.1	2.7	995.0	(0.5)	4,015.5	In line. Stable margin yoy.
Non-interest income	404.6	436.7	(7.4)	389.0	4.0	2,360.6	Below. Weak investment income.
Islamic income	508.9	522.1	(2.5)	535.2	(4.9)	2,304.6	Below.
Total income	1,903.4	1,922.9	(1.0)	1,919.2	(0.8)	8,680.7	Below. Lower non-interest income.
Overhead expenses	(859.1)	(885.1)	(2.9)	(910.4)	(5.6)	(3,813.2)	Below. Lower yoy due to tight cost control.
Pre-provision profit	1,044.3	1,037.8	0.6	1,008.8	3.5	4,867.5	Below. Flattish due to lower revenue.
Loan loss provisions	(153.8)	(173.9)	(11.6)	(86.3)	78.2	(625.3)	In line. A decline yoy.
Pretax profit	<b>890.5</b>	<b>863.9</b>	3.1	<b>922.5</b>	(3.5)	<b>4,191.4</b>	Below. 21% of CGS-CIMB.
Tax	(289.3)	(213.3)	35.6	(291.3)	(0.7)	(1,336.5)	Below.
Tax rate (%)	32.5	24.7	-	31.6	-	31.9	In line.
Minority interests	(0.9)	(0.3)	200.0	-	-	(4.7)	Below.
Net profit	<b>600.3</b>	<b>650.3</b>	(7.7)	<b>631.2</b>	(4.9)	<b>2,850.3</b>	Below CGS-CIMB (21%) & mkt. (22%).
EPS (sen)	14.5	16.2	(10.5)	15.3	(5.2)	68.8	

SOURCES: CGS-CIMB, COMPANY REPORTS

Figure 2: Earnings revision for RHB Bank

	2020A	2021F			2022F			2023F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Net interest income	3,817	4,015	4,075	1.5%	4,291	4,429	3.2%	4,472	4,618	3.3%
Non interest income	1,876	2,361	2,121	-10.2%	2,467	2,467	0.0%	2,644	2,644	0.0%
Net profit	2,618	2,850	2,728	-4.3%	3,490	3,592	2.9%	3,785	3,895	2.9%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

### About our valuation methodology for RHB Bank

The proxy for the risk-free rate underpinning the cost of equity for our DDM methodology is the 10-year Malaysian government securities (MGS) yield. Our assumed risk-free rate of 4% is derived from the average consensus of the 10-year MGS yield for the next 10 quarters (from 2Q22 to 3Q24; extracted from Bloomberg). The increase in our assumed risk-free rate comes in tandem with the rise in interest rates in Malaysia (overnight policy rate and MGS yields).

Previously, we applied a discount of 20% to our DDM value to arrive at our target price for RHB Bank given the potential risks from the Covid-19 pandemic to its asset quality. Now, we are lowering the discount to 10% as we see easing credit risk pressures from the Covid-19 outbreak, as reflected in the following:

- The group's gross impaired loan ratio improved from 1.66% in Mar 21 to 1.5% in Mar 22.
- Its loan loss coverage was strong at 125.7% in Mar 22, higher than the 119.5% in Mar 21.
- The proportion of its loans under repayment assistance declined sharply by 12% on 31 Jan 22 to 5% on 30 Apr 22.

### Key takeaways from 1QFY22 results conference call

RHB Bank held a conference call on 30 May 22 in conjunction with the release of its 1QFY22 financial results. Group MD/Group CEO Mohd Rashid Mohamad and Group CFO Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil hosted the call. The key highlights from the conference call were the bank's FY22F KPIs as well as the guidance for the group's strategic focuses and financial performance in 2022.

### Hits and misses for its FY22 KPIs ➤

Based on the financial performance in 1QFY22, RHB Bank achieved three out of its five KPIs for FY22F, including the following (the numbers in brackets represent actual performance in 1QFY22):

- ROE of 8.5% (8.8%)
- Loan growth of 4-5% (5.7%)
- Gross impaired loan ratio of 1.7% or lower (1.5% at end-Mar 22)

However, it slightly missed on two FY22F KPIs in 1Q22, i.e. CASA (current account savings account or low-cost deposit) composition of 30% and maximum cost-to-income ratio of 45%. In 1Q22, it achieved a CASA composition of 29% and cost-to-income ratio of 45.1%.

### Strategic focuses and guidance for 2022F ➤

The following are the bank's guidance for its strategic focuses and the outlook for 2022F:

- Malaysia's GDP is expected to expand by 5.5% in 2022, close to the 5.6% projected by CGS-CIMB economist.
- OPR is expected to be raised in 2H22.
- Wealth management is one of the bank's key focuses to build the flow of its fee income.
- It will continue to focus on cost control to keep its cost-to-income ratio to a maximum of 45%.
- Loan growth is expected to emanate from mortgages, auto finance, SME and operations in Singapore.

### A decline in loans under repayment assistance ➤


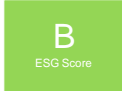

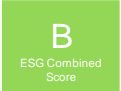



We are encouraged that RHB Bank's loans under repayment assistance declined sharply from RM21.3bn on 31 Jan 22 to RM9.2bn on 30 Apr 22, leading to a drop in the ratio for loans under repayment assistance (over total domestic loans) from 12% on 31 Jan 22 to 5% on 30 Apr 22.

We have seen an improvement across the board in the proportion of loans under repayment assistance for all loan segments to the following levels on 30 Apr 22 (the numbers in brackets are the corresponding ratios on 31 Jan 22):

- Retail loans – 4% (12%)
- Mortgages – 5% (14%)
- Unsecured business – 3% (8%)
- Auto finance – 1% (5%)
- Loans for the purchase of securities – 3% (9%)
- SME – 11% (19%)
- Corporate loans – 3% (7%)
- Commercial loans – 13% (20%)

### Potential downside risks ➤

We see the following as potential downside risks to our Add call: 1) a drastic slowdown in loan growth, 2) material deterioration in asset quality and 3) a spike in loan loss provisioning in FY22F.

 <b>Refinitiv ESG Scores</b>	
     	
<p><b>ESG in a nutshell</b></p> <p>RHB Bank has a systematic approach in handling borrowers in ESG-vulnerable sectors, supported by its ESG Risk Assessment (ERA) guidelines. The ERA evaluation encompasses general and industry-specific criteria and is integrated into the bank's financing decision-making for non-retail lending and is required to be adhered to for the granting of new financing, changes in financing and account reviews.</p>	
<p><b>Keep your eye on</b></p> <p>We observe that RHB Bank has one of the best ESG disclosures among Malaysian banks. We also like the bank's efforts to address exposure to sectors with high ESG risks.</p> <p>Apart from having the list of prohibited credit (from the perspective of ESG), RHB Bank also established ERA for ESG-sensitive sectors. The ERA tools comprise general and industry-wide criteria. These provide guidance to its relationship managers and credit evaluators when assessing the ESG risks for each of the ESG sensitive sectors.</p>	<p><b>Implications</b></p> <p>RHB Bank's high ESG standards are reflected in its disclosure of ESG-sensitive sectors as well as its approach/practices to handle accounts in these sectors. Under RHB's classification, the five ESG-sensitive sectors are: 1) palm oil, 2) oil and gas, 3) manufacturing of iron, steel and other metals, 4) power producers, and 5) manufacturing of cement.</p> <p>Going forward, we think RHB Bank would further integrate the ESG evaluation into its credit scoring systems for loan approvals and review. This would help the bank to better manage the risks from its exposures to certain sectors with high ESG risks (like palm oil as well as oil and gas), which we think are unavoidable.</p> <p>Another area RHB Bank will focus on would be the improvement of the analysis and disclosure for the exposures to and risks from climate change. This is in line with the expected increase in regulatory requirements by Bank Negara Malaysia (BNM) for this, for instance, the requirement for banks to conduct stress testing for the risks from climate-change by 2024.</p>
<p><b>ESG highlights</b></p> <p>As reported in The Edge Markets on 18 Jun 2021, RHB Bank said that on 17 Jun 2021, it discovered an error in the issuance of current account e-statements sent via e-mail to a number of customers. The error affected less than 0.5% of the bank's total retail customer base in Malaysia, RHB said.</p>	<p><b>Implications</b></p> <p>This case of customer data breach is the reason why RHB Bank is not our ESG pick among Malaysian banks, despite its good practices for ESG disclosure and handling of accounts in ESG-sensitive sectors. Following this incident in Jun 2021, we believe the bank has tightened its data protection systems to avoid a recurrence of such event.</p>
<p><b>Trends</b></p> <p>As at end-Dec 2020, RHB Bank had extended total green financing of RM3.1bn, of which RM521.6m (or 16.8%) was for renewable energy projects. Green financing accounted for 1.7% of its total loans as at end-Dec 2020.</p>	<p><b>Implications</b></p> <p>For the longer term, RHB Bank is committing RM5bn in support of green activities by 2025 through lending, capital market advisory and fund-raising activities, together with investments. The scope for this is broad, which could encompass certain consumer and SME loans (the financing of the purchase of electric vehicles and properties in the green projects), investment-banking deals relating to ESG transactions, investments in green bonds and ESG-compliant asset and wealth management products.</p> <p>Like all Malaysian banks, RHB Bank will have to adopt Climate Change and Principle-based Taxonomy (introduced by BNM) by Jul 22. Following this, it will increase its focus on financing climate-supporting and transitioning activities.</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) CY2021	Core P/E (x) CY2022F	3-year EPS CAGR (%)	P/BV (x) CY2021	Recurr. ROE (%) CY2021	P/PPOPS (x) CY2021	Div Yield (%) CY2021
DBS Group	DBS SP	Add	31.17	40.20	58,630	11.8	10.1	26.9%	1.45	12.8%	10.2	3.8%
OCBC	OCBC SP	Add	11.72	14.20	38,519	10.8	9.7	21.0%	1.10	10.4%	9.2	4.5%
United Overseas Bank	UOB SP	Add	29.34	35.60	35,911	12.7	11.1	21.9%	1.15	9.3%	9.0	4.1%
<b>Singapore average</b>						<b>11.7</b>	<b>10.2</b>	<b>24.1%</b>	<b>1.25</b>	<b>11.0%</b>	<b>9.5</b>	<b>4.1%</b>
Agricultural Bank of China	1288 HK	Add	2.99	4.40	156,389	3.9	3.6	9.2%	0.43	11.5%	1.9	8.1%
Bank of China	3988 HK	Add	3.10	4.20	134,236	3.8	3.5	10.6%	0.41	11.2%	2.0	8.4%
Bank of Communications	3328 HK	Add	5.27	5.30	52,427	4.1	3.7	10.0%	0.42	10.7%	2.0	7.9%
China CITIC Bank	998 HK	Add	3.76	4.80	30,892	3.0	2.7	12.6%	0.31	10.8%	1.1	9.5%
China Construction Bank	939 HK	Add	5.83	8.00	187,235	4.2	3.9	9.7%	0.50	12.5%	2.3	7.3%
China Minsheng Bank	1988 HK	Hold	3.01	2.60	23,359	3.6	3.3	8.0%	0.23	6.6%	1.0	8.3%
ICBC	1398 HK	Add	4.68	5.90	239,884	4.2	3.9	9.1%	0.49	12.2%	2.3	7.4%
<b>Hong Kong average</b>						<b>4.0</b>	<b>3.7</b>	<b>9.7%</b>	<b>0.44</b>	<b>11.6%</b>	<b>2.0</b>	<b>7.8%</b>
Bank Central Asia	BBCA IJ	Hold	7,575	8,100	64,148	29.7	25.6	16.1%	4.61	16.2%	19.3	1.7%
Bank Danamon	BDMN IJ	Add	2,420	3,300	1,625	8.2	6.3	62.6%	0.50	6.5%	2.5	4.3%
Bank Rakyat Indonesia	BBRI IJ	Add	4,430	5,000	46,123	19.6	15.9	30.6%	2.33	12.0%	9.0	3.9%
Bank Tabungan Negara	BBTN IJ	Add	1,675	2,100	1,219	7.5	6.8	24.8%	0.83	11.5%	2.8	2.7%
<b>Indonesia average</b>						<b>23.4</b>	<b>19.4</b>	<b>27.7%</b>	<b>2.94</b>	<b>13.1%</b>	<b>12.0</b>	<b>2.6%</b>
Affin Bank Berhad	ABANK MK	Hold	2.18	2.19	1,060	8.7	9.3	22.7%	0.47	5.4%	5.2	5.7%
Alliance Bank Malaysia Berhad	ABMB MK	Reduce	3.50	3.17	1,241	9.9	7.6	28.1%	0.82	8.6%	5.0	4.0%
AMMB Holdings	AMM MK	Add	3.43	3.64	2,603	8.5	7.2	12.9%	0.71	8.1%	4.2	3.8%
Bank Islam Malaysia Bhd	BIMB MK	Add	2.92	3.30	1,441	11.8	10.6	8.4%	0.95	9.1%	6.9	3.7%
Hong Leong Bank	HLBK MK	Add	21.12	23.30	10,485	15.6	13.8	8.9%	1.45	10.0%	13.5	2.5%
Malayan Banking Bhd	MAY MK	Add	8.98	10.00	24,618	12.6	13.0	8.8%	1.24	9.7%	7.5	6.5%
Public Bank Bhd	PBK MK	Add	4.59	5.07	20,405	15.6	15.3	10.8%	1.85	12.1%	10.4	3.3%
RHB Bank Bhd	RHBBANK MK	Add	5.91	7.70	5,608	8.6	9.0	12.9%	0.87	10.2%	5.6	6.8%
<b>Malaysia average</b>						<b>12.9</b>	<b>12.4</b>	<b>11.8%</b>	<b>1.26</b>	<b>10.0%</b>	<b>8.1</b>	<b>4.7%</b>
Bangkok Bank	BBL TB	Add	130.5	164.0	7,301	9.2	8.2	24.4%	0.53	6.1%	4.3	3.1%
Kasikornbank	KBANK TB	Add	148.0	170.0	10,278	10.0	8.9	11.7%	0.75	8.1%	3.9	2.0%
Kiatnakin Phatra Bank	KKP TB	Hold	71.8	59.0	1,781	11.4	9.6	8.0%	1.28	11.9%	5.1	4.3%
Krung Thai Bank	KTB TB	Hold	15.1	12.7	6,186	11.4	9.9	10.1%	0.59	5.4%	3.3	2.6%
Tisco Financial Group	TISCO TB	Hold	91.3	101.0	2,141	11.2	10.4	5.9%	1.80	17.1%	6.8	7.5%
<b>Thailand average</b>						<b>10.3</b>	<b>9.0</b>	<b>13.8%</b>	<b>0.68</b>	<b>7.1%</b>	<b>4.0</b>	<b>3.0%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: RHB Bank - Quarterly profit and loss statements**

	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Remarks for 1Q22
FYE Dec (RM m)	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	
Interest income	1,616.6	1,676.5	1,549.3	1,563.0	1,403.5	1,567.7	1,580.6	
Interest expenses	(711.0)	(627.8)	(585.2)	(549.8)	(558.8)	(572.7)	(590.7)	
Net interest income	905.6	1,048.7	964.1	1,013.2	844.7	995.0	989.9	
Non-interest income	568.9	551.0	436.7	500.8	550.0	389.0	404.6	
Islamic Banking Income (IBI)	355.6	468.3	522.1	491.5	546.3	535.2	508.9	
Total income	1,830.1	2,068.0	1,922.9	2,005.5	1,941.0	1,919.2	1,903.4	
Overhead expenses	(853.7)	(889.4)	(885.1)	(864.5)	(862.4)	(910.4)	(859.1)	
Pre-provision profit	976.4	1,178.6	1,037.8	1,141.0	1,078.6	1,008.8	1,044.3	
Loan loss provisions	(186.5)	(604.4)	(173.9)	(227.3)	(249.8)	(86.3)	(153.8)	
Associates' contrib and others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Allowance, writeback etc	48.1	0.0	0.0	(0.3)	0.0	0.0	0.0	
INCPs dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Pretax profit	838.0	574.2	863.9	913.4	828.8	922.5	890.5	
Tax	(214.1)	(134.9)	(213.3)	(210.0)	(191.0)	(291.3)	(289.3)	
Tax rate (%)	25.5	23.5	24.7	23.0	23.0	31.6	32.5	
Minority interests	(1.7)	(0.7)	(0.3)	(2.1)	(2.2)	0.0	(0.9)	
Net profit	622.2	438.6	650.3	701.3	635.6	631.2	600.3	
EPS (sen)	14.3	10.9	16.2	17.5	15.6	15.3	14.5	
	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	
yoy chg (%)	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	
Interest income	-20.3%	-16.0%	-18.5%	13.7%	-13.2%	-6.5%	2.0%	
Interest expenses	-36.0%	-41.1%	-42.0%	-37.4%	-21.4%	-8.8%	0.9%	
Net interest income	-1.1%	12.8%	8.0%	104.2%	-6.7%	-5.1%	2.7%	Stable net interest margin yoy.
Non-interest income	43.6%	5.8%	12.2%	-25.0%	-3.3%	-29.4%	-7.4%	Weaker investment income.
Islamic Banking Income (IBI)	-15.1%	22.1%	16.8%	24.6%	53.6%	14.3%	-2.5%	
Total income	5.8%	12.8%	11.2%	28.7%	6.1%	-7.2%	-1.0%	Dragged down by lower non-int.
Overhead expenses	3.8%	-1.2%	8.3%	4.0%	1.0%	2.4%	-2.9%	Tight cost control.
Pre-provision profit	7.6%	26.3%	13.8%	56.9%	10.5%	-14.4%	0.6%	Flatish yoy due to a decline in revenue.
Loan loss provisions	190.5%	791.4%	15.4%	11.8%	33.9%	-85.7%	-11.6%	A yoy decline.
Associates' contrib and others	-	-	-	-	-	-	-	
Allowance, writeback etc	-	-	-	-	-	-	-	
INCPs dividends	-	-	-	-	-	-	-	
Pretax profit	0.5%	-32.6%	14.8%	77.6%	-1.1%	60.7%	3.1%	
Tax	-1.5%	-41.1%	18.3%	89.7%	-10.8%	115.9%	35.6%	
Tax rate (%)	-1.9%	-12.7%	3.0%	6.8%	-9.8%	34.4%	31.6%	
Minority interests	70.0%	-58.8%	-76.9%	-27.6%	29.4%	-100.0%	200.0%	
Net profit	1.0%	-29.4%	13.9%	75.0%	2.2%	43.9%	-7.7%	Dented by lower non-interest income and higher taxation.
EPS (sen)	-8.3%	-31.0%	12.5%	75.0%	9.1%	40.4%	-10.5%	
Key ratios (%)								
Annualised return on equity	9.4%	6.6%	9.7%	10.3%	9.3%	9.2%	8.6%	
Annualised return on asset	1.0%	0.7%	1.0%	1.0%	0.9%	0.9%	0.8%	
Annualised yield on income earning assets	2.60%	2.65%	2.39%	2.37%	2.09%	2.29%	2.27%	
Annualised cost of fund	1.25%	1.09%	1.00%	0.92%	0.92%	0.92%	0.94%	
Annualised net interest margin	1.99%	2.38%	2.16%	2.15%	1.98%	2.21%	2.16%	Stable net interest margin yoy.
Annualised credit charge-off rate	0.42%	1.33%	0.38%	0.49%	0.53%	0.18%	0.32%	A small decline yoy.
Non-interest income ratio	31.1%	26.6%	22.7%	25.0%	28.3%	20.3%	21.3%	Lower due to weak investment income.
IBI over total revenue	19.4%	22.6%	27.2%	24.5%	28.1%	27.9%	26.7%	
Cost-to-income ratio	46.6%	43.0%	46.0%	43.1%	44.4%	47.4%	45.1%	Lower yoy due to the larger contraction in overheads.
LLP over gross interest income	11.5%	36.1%	11.2%	14.5%	17.8%	5.5%	9.7%	

SOURCES: CGS-CIMB, COMPANY REPORTS



**Figure 5: RHB Bank - Quarterly balance sheet**

RM m	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Remarks for Mar 22
Cash and short-term funds	8,904.3	15,073.6	19,459.0	16,542.5	19,831.3	17,957.1	
Securities purchased under resale agreement	0.0	0.0	0.0	0.0	0.0	144.1	
Deposits with other FI's	6,069.4	5,987.1	4,561.2	4,409.1	3,486.8	7,958.3	
Securities held-for-trading	4,462.1	4,127.4	2,939.1	3,063.6	2,778.3	3,919.9	
Securities available-for-sale	42,903.3	44,118.6	41,191.7	39,260.5	41,140.9	40,975.5	
Securities held-to-maturity	16,005.3	16,336.9	16,723.3	17,353.7	17,961.5	19,554.6	
Loans, advances and financing	182,424.9	184,482.8	187,190.5	190,857.2	194,896.6	197,488.5	+7% yoy
Clients and brokers' balances	1,339.6	1,274.0	1,069.7	1,060.7	879.6	816.7	
Other assets	3,799.4	3,697.8	3,764.9	3,020.8	3,056.7	3,316.5	
Amount due from holding company	0.0	0.0	0.0	0.0	0.0	0.0	
Investment in joint venture	0.0	0.0	0.0	0.0	0.0	0.0	
Statutory deposits	612.7	604.5	656.5	579.6	635.0	494.7	
Tax recoverable	290.0	280.7	223.8	167.7	131.3	103.2	
Deferred tax assets	35.3	190.4	168.0	280.1	377.8	498.8	
Investment in associates	0.0	0.0	0.0	0.0	0.0	0.0	
Property, plant and equipment	1,013.3	1,020.6	1,030.8	1,001.4	1,016.8	1,024.9	
Goodwill	3,290.4	3,318.6	3,333.9	3,336.3	3,348.9	3,345.8	
<b>TOTAL ASSETS</b>	<b>271,150.0</b>	<b>280,513.0</b>	<b>282,312.4</b>	<b>280,933.2</b>	<b>289,541.5</b>	<b>297,598.6</b>	
Deposits from customers	203,470.8	217,999.1	215,594.0	214,386.8	219,313.9	227,655.3	+4.4% yoy
Deposits from other FI's	21,035.2	18,355.8	18,235.0	18,150.3	23,406.8	23,310.5	
Investment account	0.0	0.0	0.0	0.0	0.0	0.0	
Obligations on repurchase agreement securities	973.0	1,539.3	2,062.5	2,081.5	2,066.1	2,276.9	
Bill and acceptances payable	187.0	304.6	650.8	172.9	210.1	159.9	
Clients and brokers' balances	1,171.9	1,154.9	1,103.5	953.4	948.5	839.8	
Other liabilities	7,097.7	5,639.0	5,783.8	5,800.6	6,185.7	5,682.1	
Recourse obligations on loans sold to Cagamas	3,023.8	2,030.3	2,012.4	2,030.5	2,259.9	2,276.0	
Taxation	69.6	104.2	156.3	248.1	124.2	231.8	
Deferred tax liabilities	165.9	3.3	2.1	0.1	0.1	0.1	
Borrowings	4,179.8	3,943.6	5,938.7	5,981.4	3,773.7	3,828.9	
Subordinated obligations	2,718.7	2,728.2	3,221.6	3,236.5	3,221.9	3,236.1	
Hybrid Tier-1 capital securities	0.0	0.0	0.0	0.0	0.0	0.0	
INCPS	0.0	0.0	0.0	0.0	0.0	0.0	
<b>TOTAL LIABILITIES</b>	<b>244,093.4</b>	<b>253,802.3</b>	<b>254,760.7</b>	<b>253,042.1</b>	<b>261,510.9</b>	<b>269,497.4</b>	
Share capital	6,994.1	6,994.1	6,994.1	7,262.9	7,612.7	7,612.6	
Reserves	20,029.7	19,683.5	20,526.4	20,594.7	20,385.7	20,455.5	
<b>Shareholders' funds (SHF)</b>	<b>27,023.8</b>	<b>26,677.6</b>	<b>27,520.5</b>	<b>27,857.6</b>	<b>27,998.4</b>	<b>28,068.1</b>	
Minority Interest	32.7	33.1	31.2	33.5	32.2	33.1	
<b>TOTAL LIABILITIES AND SHF</b>	<b>271,149.9</b>	<b>280,513.0</b>	<b>282,312.4</b>	<b>280,933.2</b>	<b>289,541.5</b>	<b>297,598.6</b>	

SOURCES: CGS-CIMB, COMPANY REPORTS

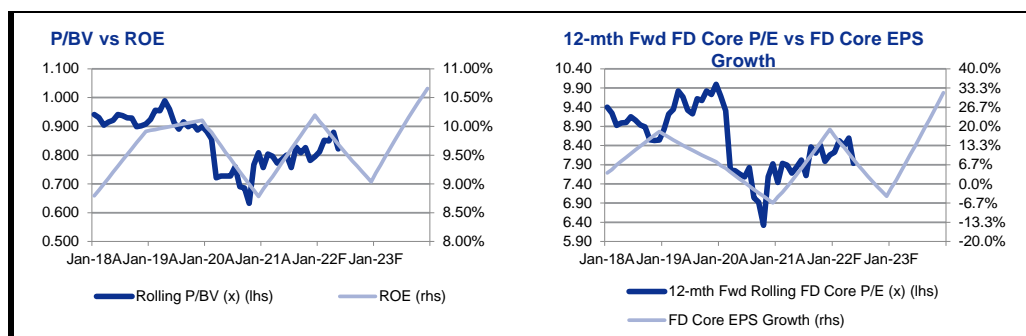
**Figure 6: RHB Bank - Breakdown of loans**

Loans (RM m)	1Q21	2Q21	3Q21	4Q21	1Q22	Remarks for Mar 22
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	
<b>Sectorial breakdown of loans</b>						
Construction	7,828.6	7,934.6	7,949.5	7,208.8	7,204.5	
Residential mortgages	65,124.8	66,211.7	67,356.3	70,018.5	71,675.0	
Non-residential	19,607.2	19,769.6	19,866.1	19,610.3	20,039.4	
Purchase of securities	11,651.9	10,949.0	11,912.7	12,233.9	12,217.5	
Auto loans	9,383.5	9,458.3	9,264.2	9,576.2	9,646.7	
Purchase of fixed assets	2,567.5	2,545.8	2,295.8	2,279.6	2,294.1	
Personal use	10,831.0	11,073.5	11,475.4	11,680.4	11,835.9	
Credit card	1,945.2	1,856.6	1,835.7	1,936.6	1,911.4	
Purchase of consumer durables	11.6	10.6	10.0	9.1	9.1	
Merger & acquisitions	1,693.5	1,582.6	1,455.5	2,662.1	2,547.8	
Working capital	43,327.3	44,845.3	45,997.8	46,478.3	47,195.5	
Others	14,221.2	14,774.7	15,207.3	14,818.0	14,770.8	
<b>TOTAL</b>	<b>188,193.3</b>	<b>191,012.3</b>	<b>194,626.3</b>	<b>198,511.8</b>	<b>201,347.7</b>	
<b>Sectorial breakdown of loans (%)</b>						
Construction	4.2%	4.2%	4.1%	3.6%	3.6%	
Residential mortgages	34.6%	34.7%	34.6%	35.3%	35.6%	Biggest loan segment.
Non-residential	10.4%	10.3%	10.2%	9.9%	10.0%	
Purchase of securities	6.2%	5.7%	6.1%	6.2%	6.1%	
Auto loans	5.0%	5.0%	4.8%	4.8%	4.8%	
Purchase of fixed assets	1.4%	1.3%	1.2%	1.1%	1.1%	
Personal use	5.8%	5.8%	5.9%	5.9%	5.9%	
Credit card	1.0%	1.0%	0.9%	1.0%	0.9%	
Purchase of consumer durables	0.0%	0.0%	0.0%	0.0%	0.0%	
Merger & acquisitions	0.9%	0.8%	0.7%	1.3%	1.3%	
Working capital	23.0%	23.5%	23.6%	23.4%	23.4%	Second largest loan segment
Others	7.6%	7.7%	7.8%	7.5%	7.3%	
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>y-o-y growth rate</b>						
Construction	-1.8%	-1.9%	1.0%	-6.4%	-8.0%	
Residential mortgages	7.9%	8.2%	7.4%	9.8%	10.1%	Above the industry's growth of 6.9%.
Non-residential	4.3%	3.3%	2.3%	0.5%	2.2%	
Purchase of securities	13.5%	3.6%	8.6%	1.6%	4.9%	
Auto loans	9.2%	11.7%	2.8%	3.5%	2.8%	Growing at 2-4% yoy in the past three quarters.
Purchase of fixed assets	-0.1%	-0.1%	-18.3%	-6.6%	-10.6%	
Personal use	4.7%	9.7%	9.2%	5.6%	9.3%	
Credit card	-6.3%	-5.1%	-8.2%	-4.2%	-1.7%	
Purchase of consumer durables	-15.3%	-19.1%	-20.6%	-24.2%	-21.6%	
Merger & acquisitions	-	-	-	-	-	
Working capital	15.2%	10.0%	8.5%	8.5%	8.9%	Healthy growth of 8-9% yoy in the past three quarters.
Others	-8.3%	-7.4%	18.7%	8.6%	3.9%	
<b>TOTAL</b>	<b>6.8%</b>	<b>5.7%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>7.0%</b>	Sustained loan growth at 7% yoy, one of the strongest in the sector.

SOURCES: CGS-CIMB, COMPANY REPORTS



## BY THE NUMBERS



### Profit & Loss

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Net Interest Income	3,343	3,817	4,075	4,426	4,617
Total Non-Interest Income	3,842	3,972	4,425	5,002	5,432
<b>Operating Revenue</b>	<b>7,186</b>	<b>7,789</b>	<b>8,500</b>	<b>9,428</b>	<b>10,049</b>
Total Non-Interest Expenses	(3,387)	(3,522)	(3,813)	(3,997)	(4,189)
<b>Pre-provision Operating Profit</b>	<b>3,799</b>	<b>4,266</b>	<b>4,687</b>	<b>5,431</b>	<b>5,860</b>
Total Provision Charges	(1,145)	(737)	(625)	(663)	(704)
<b>Operating Profit After Provisions</b>	<b>2,654</b>	<b>3,529</b>	<b>4,061</b>	<b>4,768</b>	<b>5,156</b>
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
<b>Operating EBIT (incl Associates)</b>	<b>2,654</b>	<b>3,529</b>	<b>4,061</b>	<b>4,768</b>	<b>5,156</b>
Non-Operating Income/(Expense)	25	(0)	(51)	(35)	(25)
<b>Profit Before Tax (pre-EI)</b>	<b>2,679</b>	<b>3,529</b>	<b>4,011</b>	<b>4,733</b>	<b>5,131</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>2,679</b>	<b>3,529</b>	<b>4,011</b>	<b>4,733</b>	<b>5,131</b>
Taxation	(640)	(906)	(1,278)	(1,136)	(1,232)
Consolidation Adjustments & Others					
Exceptional Income - post-tax	0	0	0	0	0
<b>Profit After Tax</b>	<b>2,039</b>	<b>2,623</b>	<b>2,732</b>	<b>3,597</b>	<b>3,900</b>
Minority Interests	(7)	(5)	(5)	(5)	(5)
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
<b>Net Profit</b>	<b>2,033</b>	<b>2,618</b>	<b>2,728</b>	<b>3,592</b>	<b>3,895</b>
Recurring Net Profit	2,319	2,805	2,728	3,592	3,895

### Balance Sheet Employment

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Gross Loans/Cust Deposits	91.5%	87.0%	88.8%	87.5%	86.2%
Avg Loans/Avg Deposits	91.9%	89.1%	87.9%	88.1%	86.8%
Avg Liquid Assets/Avg Assets	28.3%	30.6%	32.0%	32.3%	33.1%
Avg Liquid Assets/Avg IEAs	29.6%	31.7%	33.0%	33.3%	34.1%
Net Cust Loans/Assets	67.3%	64.6%	64.9%	64.3%	63.6%
Net Cust Loans/Broad Deposits	80.9%	76.5%	78.3%	77.3%	76.5%
Equity & Provsns/Gross Cust Loans	16.6%	16.6%	17.4%	17.8%	18.0%
Asset Risk Weighting	48.2%	47.5%	47.9%	47.9%	48.1%
Provision Charge/Avg Cust Loans	0.67%	0.40%	0.36%	0.36%	0.36%
Provision Charge/Avg Assets	0.457%	0.271%	0.236%	0.235%	0.232%
Total Write Offs/Average Assets	0.16%	0.40%	0.64%	0.27%	0.29%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Gross Loans	192,183	194,269	201,730	212,224	223,648
Liquid Assets & Invst. (Current)	63,371	69,605	69,895	76,266	82,675
Other Int. Earning Assets	0	0	0	0	0
<b>Total Gross Int. Earning Assets</b>	<b>255,554</b>	<b>263,874</b>	<b>271,625</b>	<b>288,490</b>	<b>306,323</b>
Total Provisions/Loan Loss Reserve	(3,806)	(3,610)	(2,476)	(2,429)	(2,322)
<b>Total Net Interest Earning Assets</b>	<b>251,747</b>	<b>260,264</b>	<b>269,149</b>	<b>286,061</b>	<b>304,002</b>
Intangible Assets	3,290	3,349	3,349	3,349	3,349
Other Non-Interest Earning Assets	7,090	6,097	6,517	6,475	6,659
<b>Total Non-Interest Earning Assets</b>	<b>10,381</b>	<b>9,446</b>	<b>9,866</b>	<b>9,823</b>	<b>10,008</b>
<b>Cash And Marketable Securities</b>	<b>8,904</b>	<b>19,831</b>	<b>25,905</b>	<b>28,318</b>	<b>31,508</b>
Long-term Investments	0	0	0	0	0
<b>Total Assets</b>	<b>271,032</b>	<b>289,541</b>	<b>304,920</b>	<b>324,203</b>	<b>345,518</b>
Customer Interest-Bearing Liabilities	203,471	219,314	225,724	241,002	257,618
Bank Deposits	22,008	25,473	27,061	28,452	29,917
Interest Bearing Liabilities: Others	9,120	8,094	8,673	8,401	8,560
<b>Total Interest-Bearing Liabilities</b>	<b>234,599</b>	<b>252,880</b>	<b>261,458</b>	<b>277,854</b>	<b>296,095</b>
Bank's Liabilities Under Acceptances	3,024	2,260	4,023	4,232	4,459
Total Non-Interest Bearing Liabilities	6,470	6,371	7,045	7,032	7,265
<b>Total Liabilities</b>	<b>244,093</b>	<b>261,511</b>	<b>272,526</b>	<b>289,118</b>	<b>307,820</b>
<b>Shareholders' Equity</b>	<b>27,024</b>	<b>27,998</b>	<b>32,360</b>	<b>35,049</b>	<b>37,660</b>
Minority Interests	33	32	34	36	37
<b>Total Equity</b>	<b>27,057</b>	<b>28,031</b>	<b>32,394</b>	<b>35,085</b>	<b>37,698</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Income Growth	1.8%	8.4%	9.1%	10.9%	6.6%
Operating Profit Growth	3.5%	12.3%	9.9%	15.9%	7.9%
Pretax Profit Growth	(20.0%)	31.7%	13.7%	18.0%	8.4%
Net Interest To Total Income	46.5%	49.0%	47.9%	46.9%	45.9%
Cost Of Funds	1.39%	0.92%	1.08%	1.09%	1.08%
Return On Interest Earning Assets	2.60%	2.25%	2.40%	2.43%	2.39%
Net Interest Spread	1.21%	1.33%	1.31%	1.34%	1.31%
Net Interest Margin (Avg Deposits)	1.70%	1.81%	1.83%	1.90%	1.85%
Net Interest Margin (Avg RWA)	2.66%	2.85%	2.87%	2.94%	2.87%
Provisions to Pre Prov. Operating Profit	30.1%	17.3%	13.3%	12.2%	12.0%
Interest Return On Average Assets	1.27%	1.36%	1.37%	1.41%	1.38%
Effective Tax Rate	23.9%	25.7%	31.9%	24.0%	24.0%
Net Dividend Payout Ratio	26.1%	45.7%	33.6%	37.5%	37.5%
Return On Average Assets	1.01%	1.26%	1.35%	1.50%	1.53%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Loan growth (%)	5.6%	5.0%	5.1%	5.2%	5.4%
Gross impaired loan ratio (%)	1.7%	1.5%	1.5%	1.6%	1.7%
Loan loss coverage (%)	119.6%	122.4%	76.7%	69.6%	61.0%
Cost-to-income ratio (%)	47.1%	45.2%	44.9%	42.4%	41.7%
Non-interest income ratio (%)	30.3%	24.1%	24.9%	26.2%	26.3%
Common equity Tier-1 capital ratio (%)	16.2%	16.2%	16.0%	16.0%	15.8%
Stage-1 ECL coverage (%)	17.8%	19.3%	18.1%	17.3%	16.7%
Stage-2 ECL coverage (%)	26.1%	25.5%	21.3%	21.1%	18.9%
Stage-3 ECL coverage (%)	45.2%	44.8%	37.3%	31.1%	25.4%
Total provision over loans (%)	2.0%	1.8%	1.2%	1.1%	1.0%
Return on equity (%)	7.7%	9.5%	9.0%	10.7%	10.7%
Return on asset (%)	0.8%	0.9%	0.9%	1.1%	1.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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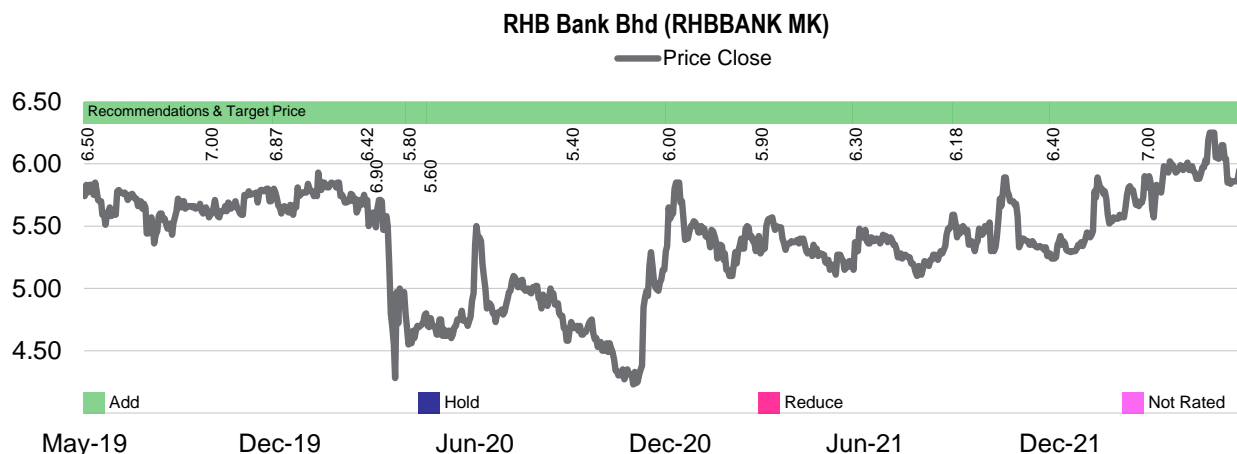
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%



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, **CENTEL** – 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.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework	
<b>Stock Ratings</b>	Definition:
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.
<i>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.</i>	
<b>Sector Ratings</b>	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
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.
<b>Country Ratings</b>	Definition:
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.