

## Hong Leong Bank Berhad

(5819 | HLBK MK) Financial Services | Finance

### 1QFY24 Results: Loan/Deposit Ratio Slated to Rise

#### KEY INVESTMENT HIGHLIGHTS

- 3MFY24's Core NP of RM1,030m was *Within/Within* our/*street* forecasts: **26%/26%** of full-year forecasts
- Management's tone: **Optimistic**
- Core themes: (a) Asset/liability optimisation, (b) L/D ratio accretion to begin soon, (c) BOCD to rebound
- Forecasts unchanged
- **Maintain BUY with revised TP of RM21.38, based on a revised FY25F P/BV of 1.11x (formerly 1.26x, from FY24F)**

**Verdict:** While HLBK's fundamentals remain intact, downward sentiment-related pressure may delay positive re-rating.

Yays	1. Significant overlay writebacks expected. 2. Defensive pick – GIL ratio is now lowest in industry. 3. BOCD remains strong growth driver. 4. L/D ratio accretion offers room for NIM upside.
Nays	1. Significant downward sentiment from China-related headwinds. 2. Dividend yields are falling behind. Obstacles include HLBK's weaker CET1 ratio and BOCD's high funding appetite. 3. Elevated OPEX expected these few years.
OKs	1. FY24 loan growth target not as impressive as past.

#### Results in a nutshell:

▲ **3MFY24's Core net profit (NP) of RM1,030m up by +5%yoy.** HLBK saw weaker NOII while NII was flattish. Good cost control, writebacks and stronger Associate contributions led to better results.

▲ **1QFY24's Core NP of RM1,030m up by +15%qoq.** The Group saw improvements in virtually everything across the board.

▼ **Gross loans grew by +0.0%qoq, coming up to +0.0%YTD.**

▼ **Deposits grew by -3.0%qoq, coming up to -3.0%YTD.**

▲ **GIL moved by -1bps to 0.57%, LLC currently at 165%.** HLBK currently has the lowest GIL in the industry, surpassing its peer.

#### Have a look at:

▼ **Paring exercises keep quarterly balance sheet growth suppressed, though likely to preserve NIM outlook.** HLBK reported lacklustre sequential quarter growth for both loans (+0.0%qoq) and deposits (-3.0%qoq). Loans saw large repayments within the quarter, and contraction as the Group moves away from trade asset exposure. FY24 loan growth target remains the same.

For deposits, it has undertaken a one-off paring on "Global market" segment deposits (mostly NIDs and Short-Term Corporate Placements), given that these are chunkier, pricier, and non-sticky. It wants to focus on its stable retail base instead. Global markets usually make up 10-15% of funding base, while retail makes up 50%.

**Maintain BUY**
**Revised Target Price: RM21.38**
*(Previously RM22.96)*

#### RETURN STATISTICS

Price @ 30 November 2023 (RM)	19.00
Expected share price return (%)	+12.5
Expected dividend yield (%)	+3.8
Expected total return (%)	<b>+16.4</b>

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.5	-3.0
3 months	-2.4	-3.9
12 months	-8.8	-7.1

#### INVESTMENT STATISTICS

FYE Jun	FY24F	FY25F	FY26F
<b>Core NP (RM m)</b>	<b>4,013</b>	<b>4,278</b>	<b>4,496</b>
CNP growth (%)	4	7	5
<b>Div yield (%)</b>	<b>3.6</b>	<b>3.8</b>	<b>4.0</b>
Gross DPS (sen)	68.6	73.1	76.8
<b>P/BV (x)</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>
BVPS (RM)	17.9	19.3	20.7
<b>ROE (%)</b>	<b>11.4</b>	<b>11.2</b>	<b>11.0</b>
MIDF/Street CNP (%)	100	99	98

#### KEY STATISTICS

FBM KLCI	1,452.74
Issue shares (m)	2,049.0
Estimated free float (%)	32.2
Market Capitalisation (RM'm)	41,273.4
52-wk price range	RM18.4 - RM21.2
3-mth avg daily volume (m)	1.1
3-mth avg daily value (RM'm)	21.0
Top Shareholders (%)	
Hong Leong Financial Group Bhd	61.8
EPF Board	9.4
Hong Leong Bank Sdn Bhd	2.3

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▲ **Loan/Deposit ratio optimisation to occur in next quarter.** HLBK intends to push its current L/D ratio of ~85% toward the sector average of 87.6% starting next quarter. By doing so it can lift its NIM by +1-2bps as well as manage its concentration among big depositors. By what was guided, the L/D ratio increase will be driven by strong loan growth rather than continual paring of deposits.


▲ **BOCD's earnings weakness is due to a one-off provision.** After BOCD's Core NP fell by -15%qoq, management guides that subsequent quarters should show much stronger results. Management also stresses that BOCD's is untouched by property market headwinds and maintains very strict credit underwriting standards. They look to maintain >10% loan growth and >500% LLC.

▼ **Could BOCD's funding appetite keep HLBK's dividend yields suppressed?** As BOCD's CET1 is quite low, there is a possibility of further funding required – though maybe not immediately. This may imply further pressure on HLBK's CET1, which is currently at a low 12.6%. While management reiterates that its CET1 will return to healthy >13% levels by end-FY24, the long-term outlook is not as certain. We feel a constraint to HLBK's CET1 accretion dissuades possible increases in dividend payouts – leaving dividend yields to fall behind the rest of the industry.

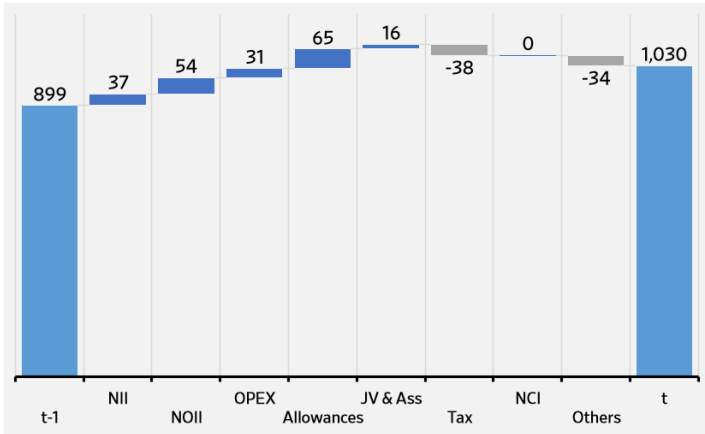
▲ **Despite a large writeback, management overlay balance remains untouched at RM574m.** There was a write back of RM32m worth of forward-looking provision as well as other BAU writebacks and large recoveries.

**Forecasts unchanged.** Though we lower our NCC and NIM forecasts, the combined result makes immaterial changes in forecasts.

**Key downside risks.** (1) *Volatile BOCD earnings*, (2) *Further NIM compression*, (3) *Lower-than-expected loan growth*.

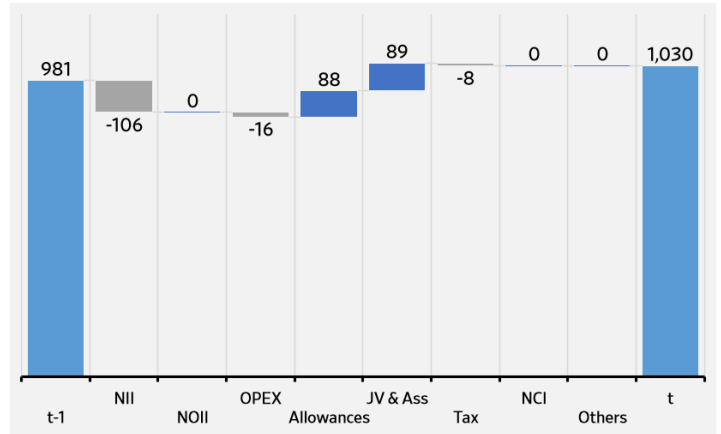
**Maintain BUY call: Revised GGM-TP of RM 21.38 (from RM22.96).** The TP is based on a revised FY25F P/BV of 1.11x (formerly 1.26x, rolled on from FY24F), to reflect altered earnings prospects and ROE-based valuations. We also lower our valuations to account for negative sentiment pertaining to the Chinese market, as well as HLBK's low dividend yields, which have since fallen behind that of its peers. (**GGM assumptions:** FY25F ROE of 11.2%, LTG of 4.0% & COE of 10.5%) 

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



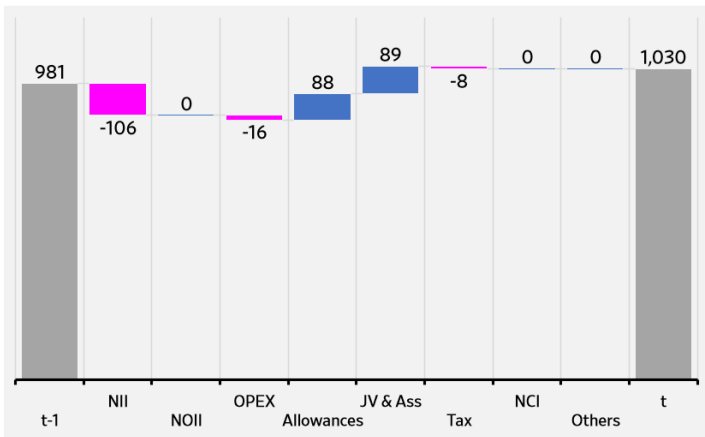
Source: Hong Leong Bank, MIDFR

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



Source: Hong Leong Bank, MIDFR

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



Source: Hong Leong Bank, MIDFR

Fig 4: Quarterly results

FYE Jun (RM m)	1Q FY24	4Q FY23	1Q FY23	Yoy (%)	Qoq (%)	3M FY24	3M FY23	Yoy (%)
Net interest inc.	922	893	990	-7	3	922	990	-7
Islamic banking inc.	230	230	252	-8	0	230	252	-8
Non-interest inc.	242	180	259	-6	34	242	259	-6
<b>Net income</b>	<b>1,394</b>	<b>1,303</b>	<b>1,500</b>	<b>-7</b>	<b>7</b>	<b>1,394</b>	<b>1,500</b>	<b>-7</b>
OPEX	(556)	(587)	(541)	3	-5	(556)	(541)	3
<b>PPOP</b>	<b>838</b>	<b>716</b>	<b>959</b>	<b>-13</b>	<b>17</b>	<b>838</b>	<b>959</b>	<b>-13</b>
Loan provisions	51	(14)	(38)	-236	-455	51	(38)	-236
Other provisions	(0)	0	0	n.m.	n.m.	(0)	0	n.m.
JV & Associates	354	339	265	34	5	354	265	34
<b>PBT</b>	<b>1,243</b>	<b>1,040</b>	<b>1,187</b>	<b>5</b>	<b>19</b>	<b>1,243</b>	<b>1,187</b>	<b>5</b>
Tax	(213)	(176)	(206)	4	21	(213)	(206)	4
NCI	-	-	-	n.m.	n.m.	-	-	n.m.
<b>Reported NP</b>	<b>1,030</b>	<b>865</b>	<b>981</b>	<b>5</b>	<b>19</b>	<b>1,030</b>	<b>981</b>	<b>5</b>
<b>Core NP</b>	<b>1,030</b>	<b>899</b>	<b>981</b>	<b>5</b>	<b>15</b>	<b>1,030</b>	<b>981</b>	<b>5</b>
Total NII	1,126	1,089	1,232	-9	3	1,126	1,232	-9
Total NOII	268	214	268	0	25	268	268	0
<b>Gross DPS (sen)</b>	<b>-</b>	<b>38.0</b>	<b>-</b>	<b>n.m.</b>	<b>n.m.</b>	<b>-</b>	<b>-</b>	<b>n.m.</b>
Core EPS (sen)	50.2	43.8	47.9	5	15	50.2	47.9	5
Gross loans	181,726	181,677	169,452	7.2	0.0			
Gross impaired loans	1,030	1,042	837	22.9	-1.2			
Customer deposits	205,361	211,652	194,557	5.6	-3.0			
CASA	61,913	65,097	63,731	-2.9	-4.9			
<b>Ratios (%)</b>	<b>1Q FY24</b>	<b>4Q FY23</b>	<b>1Q FY23</b>	<b>Yoy (ppts)</b>	<b>Qoq (ppts)</b>	<b>3M FY24</b>	<b>3M FY23</b>	<b>Yoy (ppts)</b>
<b>ROE (Ann.)</b>	<b>12.6</b>	<b>11.1</b>	<b>13.0</b>	<b>-0.4</b>	<b>1.5</b>	<b>12.6</b>	<b>13.0</b>	<b>-0.4</b>
<b>NIM (Reported)</b>	<b>2.14</b>	<b>1.83</b>	<b>2.18</b>	<b>-0.04</b>	<b>0.31</b>	<b>2.14</b>	<b>2.18</b>	<b>-0.04</b>
NOII/Net income	19.2	16.4	17.9	1.4	2.8	19.2	17.9	1.4
Cost/Income	39.9	45.1	36.0	3.9	-5.2	39.9	36.0	3.9
NCC (Ann.) (bps)	(12)	3	9	-21	-15	(12)	9	-21
GIL ratio	0.57	0.57	0.49	0.07	-0.01			
Loan loss coverage	165	169	212	-48	-4			
CASA ratio	30.1	30.8	32.8	-2.6	-0.6			
L/D ratio	87.7	85.0	86.2	1.5	2.7			
CET-1	12.6	12.8	12.9	-0.3	-0.2			

Source: Hong Leong Bank, MIDFR

Fig 5: Retrospective performance (Income Statement)

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Qtrly Core NP	RM mil	1,030	Qtrly ROE	Qtr value	12.6%
	26% of FY CNP				
	Qoq	15%		t-1	11.1%
	Yoy	5%		t-4	13.0%
Cum Core NP	RM mil	1,030	Cum ROE	Cum value	12.6%
	Within our forecast				
	26% of FY CNP				
	Within consensus				
	26% of FY CNP				
	Yoy	5%	t-1	13.0%	
NII	As expected		NIM	As expected	
				Qtr value	1.84
				Cum value	1.84
	Qtr (Qoq)	3%		Qtr (Qoq)	+1bps
	Qtr (Yoy)	-9%		Qtr (Yoy)	-34bps
Cum (Yoy)	-9%	Cum (Yoy)	-34bps		
NOII	As expected		Qtr	% NII	81%
	Qtr (Qoq)	25%		% NOII	19%
	Qtr (Yoy)	0%	Cum	% NII	81%
	Cum (Yoy)	0%		% NOII	19%
OPEX	As expected		Cost/ Inc.	As expected	
				Qtr value	39.9%
				Cum value	39.9%
	Qtr (Qoq)	-5%		Qtr (Qoq)	-5.2%
	Qtr (Yoy)	3%		Qtr (Yoy)	+3.9%
Cum (Yoy)	3%	Cum (Yoy)	+3.9%		
JV & Asso- ciates	+ve surprise				
	Qtr (Qoq)	5%			
	Qtr (Yoy)	34%			
	Cum (Yoy)	34%			

Source: Hong Leong Bank, MIDFR

Notes (Cum = Cumulative, Qtr = Quarterly)

A solid showing, though padded by writebacks.

Unfortunately, it was likely at the expense of lacklustre balance sheet growth.

More normalised contribution, after last quarter's disappointing result.

Cost control remained good.

We were expecting a lot worse, seeing BOCD's poor quarterly results.

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

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy		Notes (Cum = Cumulative, Qtr = Quarterly)
Loans	-ve surprise					<b>We were expecting a lot better – Group pared down on trade assets.</b>
	Qoq	0.0%				
	Yoy	7.2%				
	YTD (FY)	0.0%				
Depo. grwth	-ve surprise		CASA grwth	-ve surprise		<b>One-off paring in “Global Markets” segment deposits.</b>
	Qoq	-3.0%		Qoq	-4.9%	
	Yoy	5.6%		Yoy	-2.9%	
	YTD (FY)	-3.0%		YTD (FY)	-4.9%	
CASA ratio	As expected		L/D ratio	As expected		<b>High net writebacks was a surprise – now GIL ratio is also best in industry.</b>
	Value now	30.1%		Value now	87.7%	
	Qoq	-0.6%		Qoq	+2.7%	
	Yoy	-2.6%		Yoy	+1.5%	
GIL ratio	As expected		LLC ratio	As expected		<b>High net writebacks was a surprise – now GIL ratio is also best in industry.</b>
	Value now	0.57%		Value now	165%	
	Qoq	-1bps		Qoq	-4%	
	Yoy	+7bps		Yoy	-48%	
Qtrly Net CC	+ve surprise		Cum Net CC	As expected		<b>A bit on the low side, but management is confident it should go up to &gt;13% at end-FY24.</b>
	Net writebacks			Net writebacks		
	Value now	-12bps		Value now	-12bps	
	t-1	3bps		t-4	9bps	
CET 1	Could be better		Div payout	No divvy		<b>A bit on the low side, but management is confident it should go up to &gt;13% at end-FY24.</b>
	As expected			As expected		
	Value now	12.6%		Payout	-	
	Qoq	-0.2%				

Others:

Source: Hong Leong Bank, MIDFR

Fig 7: Targets, Achievements, and Outlook

Targets	FY24F	3M FY24	Notes (Red: New guidance, Strikethrough: Guidance is no longer pertinent)
ROE	~12	12.6	We think this is heavily dependent on BOCD's ability to rebound – though it could be padded by heavy net writebacks. Core downside pressure comes OPEX management.
CIR	<40	39.9	Remains elevated – new CEO, big plans unveiled.
NIM	1.8-1.9 (FY23: 1.98)	2.14	NIMs to close to current levels in subsequent quarters.
NOII		0% (yoy)	
Associates		34% (yoy)	
Loans	6-7	0.0 (YTD)	Going to be driven by overseas, SME and commercial banking segments.
Deposits		-3.0 (YTD)	
% CASA	>30	30.1	
Loan/Depo		87.7 Rpt: 85.4	HLBK will start increasing this ratio closer to the sector average of 87.6% starting next quarter (from the usual ~85% range).
GIL ratio	<0.70	0.57	
NCC (bps)	~10	(12)	We think writebacks should keep this figure skewed towards the low side. Overlay balance remains at RM574m
LLC		165	
CET 1		12.6	Management claims this figure will rise to comfortable >13.0% levels by end-FY24.
Div payout		-	Usually 30-38% range.

Source: Hong Leong Bank, MIDFR

## FINANCIAL SUMMARY

### INCOME STATEMENT

FYE Jun (RM m)	FY22	FY23	FY24F	FY25F	FY26F
Interest income	5,723	7,531	7,787	8,208	8,898
Interest expense	(1,968)	(3,847)	(3,924)	(4,069)	(4,520)
<b>Net interest income</b>	<b>3,755</b>	<b>3,684</b>	<b>3,863</b>	<b>4,139</b>	<b>4,378</b>
Islamic banking inc.	905	963	985	1,055	1,116
Other operating inc.	937	1,038	996	1,132	1,188
<b>Net income</b>	<b>5,597</b>	<b>5,686</b>	<b>5,844</b>	<b>6,327</b>	<b>6,681</b>
OPEX	(2,098)	(2,233)	(2,338)	(2,531)	(2,673)
<b>PPOP</b>	<b>3,499</b>	<b>3,452</b>	<b>3,507</b>	<b>3,796</b>	<b>4,009</b>
Loan allowances	(164)	(115)	(112)	(199)	(274)
Other allowances	1	0	(0)	(0)	(0)
JV & Associates	1,030	1,289	1,470	1,588	1,715
<b>PBT</b>	<b>4,367</b>	<b>4,627</b>	<b>4,864</b>	<b>5,185</b>	<b>5,449</b>
Tax & zakat	(1,078)	(808)	(851)	(907)	(954)
NCI	-	-	-	-	-
<b>Reported NP</b>	<b>3,289</b>	<b>3,818</b>	<b>4,013</b>	<b>4,278</b>	<b>4,496</b>
<b>Core NP</b>	<b>3,104</b>	<b>3,852</b>	<b>4,013</b>	<b>4,278</b>	<b>4,496</b>
Total NII	4,618	4,552	4,770	5,110	5,405
Total NOII	979	1,134	1,075	1,217	1,277

### BALANCE SHEET

FYE Jun (RM m)	FY22	FY23	FY24F	FY25F	FY26F
Cash & ST funds	6,937	8,644	6,994	7,193	7,211
Investment securities	65,799	70,736	69,198	68,060	67,296
Net loans	166,488	179,903	191,563	203,549	215,589
Other IEAs	0	0	0	0	0
Non-IEAs	15,107	20,568	20,477	21,941	27,700
<b>Total assets</b>	<b>254,331</b>	<b>279,850</b>	<b>288,233</b>	<b>300,742</b>	<b>317,797</b>
Customer deposits	197,292	211,652	225,409	238,934	252,792
Other IBLs	16,421	22,677	17,685	17,885	18,299
Non-IBLs	9,629	11,535	8,431	4,443	4,271
<b>Total liabilities</b>	<b>223,342</b>	<b>245,864</b>	<b>251,526</b>	<b>261,261</b>	<b>275,362</b>
Share capital	7,739	7,739	7,739	7,739	7,739
Reserves	23,250	26,248	28,968	31,742	34,696
<b>Shareholders' funds</b>	<b>30,989</b>	<b>33,987</b>	<b>36,707</b>	<b>39,481</b>	<b>42,435</b>
NCI	0	0	0	0	0
<b>Total equity</b>	<b>30,989</b>	<b>33,987</b>	<b>36,707</b>	<b>39,481</b>	<b>42,435</b>
<b>Total L&amp;E</b>	<b>254,331</b>	<b>279,850</b>	<b>288,233</b>	<b>300,742</b>	<b>317,797</b>
Total IEAs	239,224	259,282	267,755	278,801	290,097
Total IBLs	213,714	234,328	243,095	256,819	271,090
Gross loans	168,234	181,677	193,122	204,710	216,788
CASA	66,051	65,097	65,369	66,901	70,782

### FINANCIAL RATIOS

FYE Jun (RM m)	FY22	FY23	FY24F	FY25F	FY26F
<b>Interest (%)</b>					
NIM	1.99	1.83	1.81	1.87	1.90
Return on IEAs	2.47	3.02	2.96	3.00	3.13
Cost of funds	0.95	1.72	1.64	1.63	1.71
Net interest spread	1.52	1.30	1.31	1.38	1.42
<b>Profitability (%)</b>					
<b>ROE</b>	<b>10.3</b>	<b>11.9</b>	<b>11.4</b>	<b>11.2</b>	<b>11.0</b>
ROA	1.3	1.4	1.4	1.5	1.5
NOII/Net income	17.5	19.9	18.4	19.2	19.1
Effective tax rate	24.7	17.5	17.5	17.5	17.5
Cost/Income	37.5	39.3	40.0	40.0	40.0
<b>Liquidity (%)</b>					
Loan/Deposit	84.4	85.0	85.0	85.2	85.3
CASA ratio	33.5	30.8	29.0	28.0	28.0
<b>Asset Quality (%)</b>					
GIL ratio	0.49	0.57	0.50	0.40	0.39
LLC ratio	212	169	160	140	140
LLC (w. reserves)	292	265	224	216	213
Net CC (bps)	10	7	6	10	13
<b>Capital (%)</b>					
CET 1	13.9	12.8	13.4	13.6	13.6
Tier 1 capital	15.1	13.9	14.4	14.5	14.5
Total capital	17.2	15.9	16.4	16.6	16.5
<b>Growth (%)</b>					
Total NII	7.1	-1.4	4.8	7.1	5.8
Total NOII	-15.3	15.7	-5.2	13.2	4.9
Net income	2.4	1.6	2.8	8.3	5.6
OPEX	1.0	6.4	4.7	8.3	5.6
Core NP	8.5	24.1	4.2	6.6	5.1
Gross loans	8.0	8.0	6.3	6.0	5.9
Customer deposits	7.6	7.3	6.5	6.0	5.8
CASA	11.5	-1.4	0.4	2.3	5.8
<b>Valuation metrics</b>					
Core EPS (sen)	151.5	188.0	195.8	208.7	219.4
Gross DPS (sen)	55.0	59.0	68.6	73.1	76.8
Div payout (%)	36	31	35	35	35
BVPS (RM)	15.1	16.6	17.9	19.3	20.7
Core P/E (x)	12.5	10.1	9.7	9.1	8.7
<b>Div yield (%)</b>	<b>2.9</b>	<b>3.1</b>	<b>3.6</b>	<b>3.8</b>	<b>4.0</b>
P/BV (x)	1.3	1.1	1.1	1.0	0.9

Source: Hong Leong Bank, MIDFR



**Income Statement**

Core NP – Core Net Profit  
 PPOP – Pre-Provisioning Operating Profit  
 NII – Net Interest Income  
 NIM – Net Interest Margin  
 COF – Cost of Funds  
 NOII – Non-Interest Income  
 MTM – Mark to Market  
 CIR – Cost to Income Ratio  
 OPEX – Operational Expenses

**Balance Sheet**

LCR – Liquidity Coverage ratio  
 L/D ratio – Loan/Deposit ratio  
 CASA – Current & Savings accounts  
 FD – Fixed Deposits  
 GIL – Gross Impaired Loans  
 NIL – Net Impaired Loans  
 LLC – Loan Loss Coverage  
 NCC – Net Credit Costs  
 GCC – Gross Credit Costs  
 CET 1 – Common Equity Tier 1

**Valuations & Sector**

ROE – Return on Equity  
 GGM – Gordon Growth Model  
 P/BV – Price to Book Value  
 BVPS – Book Value per Share  
 BNM – Bank Negara Malaysia  
 OPR – Overnight Policy Rate  
 SRR – Statutory Reserve Requirement  
 SBR – Standardised Base Rate  
 ALR – Average Lending Rate

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### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

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

#### SECTOR RECOMMENDATIONS

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

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

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

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