Banking

As the Dust Settles

NEUTRAL (Downgrade)

Analyst
Samuel Woo
samuelwoo.cy@midf.com.my
03-2173 8461

HIGHLIGHTS

- **In light of worsening economic conditions, the banking sector has to contend with various potential headwinds**
- **Headwinds include: (1) Weaker loan growth, (2) Poorer NOII outlook, (3) Higher provisioning costs, and (4) Possible NIM compression. At current juncture, we do not see any convincing tailwinds to the bottom line**
- **Valuations are cheap in light of recent sell-downs, but a high level of economic and geopolitical uncertainty makes the possibility of a rebound happening anytime soon very unlikely**
- **Downgrade to NEUTRAL call: Banking is still a viable safe-haven sector due to its attractive dividend yields and defensive properties, but we advocate a bottom-up approach to stock selection, given the lack of industry-wide tailwinds**

Our Verdict	**Multiple threats to the banking sector's bottom line have emerged, all of which are linked to the weaker global economic outlook. Still, the banking sector retains some level of attractiveness due to exceptional dividend yields and other defensive qualities. Valuations are cheap but are unlikely to stage a meaningful rebound unless convincing signs of an improvement in the global economic and geopolitical arena are flagged.**
Core Themes	1. ▲ Dividend yields remain especially attractive. Most banks are already well-capitalised; hence dividend certainty is very high. Be wary of possible DRP programmes. 2. ► Mixed view on retail loans: Hire purchase and unsecured loans may take centre stage, but their viability may be limited. 3. ► NOII, once a highlight of 2025F, has a much more muted outlook. It is dragged by weaker fee income. 4. ► NIM outlook is also less optimistic than before. While COF situation remains healthy, we see threats to loan yields. 5. ▼ Geopolitical risks and poor economic outlook will likely keep banks' valuations depressed in the near future. 6. ▼ Expect higher provisioning costs and lower likelihood of overlay writebacks. 7. ▼ Poor business loan growth outlook – especially when the SME/Commercial segment was already overcompetitive.

ROE has to be prioritised – unlikely to pare down capital for further optimisation. We expect most banks should cut their ROE forecasts, facing both topline compression and higher provisioning costs. We see two main means of preventing ROE from dipping any further: (1) Strict cost management and (2) Not overspending on liquidity for loan acquisition. On a brighter note, dividend certainty should be maintained – pre-existing CET 1 ratios are already very high (even when taking into account putting aside for Basel IV uncertainties in mind), so there is not much incentive to raise it any further. We do note the possibility of additional DRP exercises.

COMPANY *IN FOCUS*

Public Bank

Maintain BUY | Target Price: RM4.77
Price @ 21 April 2025: RM4.40

- Defensive pick, given its excellent asset quality and NCC.
- Group was never really into business loans in the first place – it can easily fall back to a more retail-loan-based strategy.
- Solid dividend yields. Payout is expected to increase over time.

SHARE PRICE CHART

HL Bank

Maintain BUY | Target Price: RM22.10
Price @ 21 April 2025: RM19.98

- Defensive pick.
- Extremely high rate of fee income growth – we see this being maintained for now.
- Rising dividend yields are expected.

SHARE PRICE CHART

Poor loan outlook, possible pivot to retail loans. A poor economic outlook will lead to lower demand for business loans. This bodes poorly for banks, as nearly all of them were relying on SME and commercial segments as the core driver of growth in 2025F. We may see some focus shift to domestic non-residential mortgage retail loans, namely hire purchase and unsecured loans. Weaker regional economic conditions could severely dent overseas loan growth prospects, especially for banks grappling with pre-existing asset quality issues.

NIMs see multiple threats, despite the local COF situation improving. We think the likelihood of an OPR cut is slim, but we see the danger in possible overseas interest rate cuts, which could affect some of the large-to-mid-sized banks. We are also wary of possible further loan yield compression on a local front – the heavy take-up of business loans originally aimed to combat falling loan yields. Regardless, the liquidity situation has become better, with there being less incentive to compete for loans.

NOII outlook is skewed towards the negative. Weaker economic and market conditions bode poorly for the fee income, especially when several banks were gunning for their investment banking franchise to capitalise on 2025F's much brighter initial outlook. Non-fee income should see strong forex gains – investment income performance is less predictable.

Asset quality deterioration shouldn't be too big an issue, but macroeconomic overlays may cause NCC to come in at the higher end. Local banks tend to be very good at managing asset quality, especially after stricter underwriting standards have been employed since the pandemic. We are slightly worried about the outlook of loan segments that previously had asset quality issues, namely overseas segments. The likelihood of sizeable macroeconomic provisions is very high, especially since the light of the end of the tunnel (from an economic standpoint) seems very far away.

Advocating a bottom-up approach to stock selection, given the lack of broad-based tailwinds. We note some degree of difficulty with stock selection: Smaller banks are too sensitive to OPR movements and are usually more dependent on business loans. Larger banks, on the other hand, have larger exposure to overseas markets, which are far likelier to be subject to interest rate cuts and more adverse asset quality conditions as compared to the local front. That being said, we advocate traditional defensive picks: **Public Bank and HL Bank** due to their excellent asset quality (reducing the likelihood of a macroeconomic overlay having a material impact on bottom line), the possibility of further improvements to dividend payout, and their ability to generate extremely consistent earnings. We also like **CIMB** – we think exposure to Indonesia is not that bad (given some stickiness of asset yields when it comes to rate cuts), and we are optimistic that its capital redistribution exercise away from Thailand gives some room for further ROE accretion.

Downgrade to NEUTRAL call. (Our comprehensive list of sector drivers is on the first page.)
Top downside risks include:

1. Weaker-than-expected loan growth.
2. Higher-than-expected NCC allocations.

Top Picks: Public Bank (BUY, TP: RM4.77) and **HL Bank (BUY, TP: RM22.10).**

PEER COMPARISON

Bank	Rec	Share P*	Target P	Upside	Mkt Cap	P/E (x)		P/B (x)		ROE (%)		Div Yield (%)	
		(RM)	(RM)	(%)	(RM b)	FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26
MAY	NEUTRAL	9.98	10.20	2.2	120.3	11.6	11.4	1.2	1.2	10.9	10.7	6.9	7.0
CIMB	BUY	6.86	8.10	18.1	73.4	9.5	9.3	1.0	1.0	11.0	10.8	5.8	5.9
PBK	BUY	4.40	4.77	8.4	85.4	11.6	11.0	1.4	1.3	12.4	12.3	4.6	5.0
RHB	NEUTRAL	6.57	6.70	2.0	28.1	9.1	8.6	0.8	0.8	9.3	9.5	6.4	6.7
HLBK	BUY	19.98	22.10	10.6	40.9	9.4	9.1	1.0	0.9	11.3	10.8	3.7	3.9
AMMB	NEUTRAL	5.12	5.33	4.1	16.9	8.7	8.6	0.8	0.8	9.8	9.3	4.8	5.2
BIMB	NEUTRAL	2.40	2.43	1.3	5.4	9.2	8.9	0.7	0.7	7.7	7.8	6.5	6.7
AFFIN	NEUTRAL	2.72	2.46	-9.4	6.8	11.4	10.7	0.6	0.5	5.0	5.1	2.6	2.8
ABMB	NEUTRAL	4.35	4.57	5.1	6.7	9.0	8.8	0.9	0.8	10.1	9.6	4.5	4.5
Simple avg (ex-HLFG)						**9.9**	**9.6**	**0.9**	**0.9**	**9.7**	**9.6**	**5.1**	**5.3**
Weighted avg (ex-HLFG)						**10.6**	**10.2**	**1.1**	**1.1**	**11.0**	**10.8**	**5.6**	**5.8**

**Closing prices from 21 Apr 2025.*

Source: MIDFR

FIG 1: Call, Target Price, and Forecast Changes

Bank	Call		Target Price (RM)			P/BV (x)		FY25 Earnings (RM mil)*			FY26 Earnings (RM mil)*		
	New	Former	New	Former	Change	New	Former	New	Former	Change	New	Former	Change
MAY	NEUTRAL	BUY	10.20	12.11	**-16%**	1.27	1.50	10,378	10,684	**-3%**	10,554	11,213	**-6%**
CIMB	BUY	BUY	8.10	9.15	**-11%**	1.20	1.35	7,754	8,268	**-6%**	7,924	8,428	**-6%**
PBK	BUY	BUY	4.77	5.35	**-11%**	1.52	1.71	7,360	7,619	**-3%**	7,740	7,831	**-1%**
RHB	NEUTRAL	BUY	6.70	7.40	**-9%**	0.85	0.94	3,076	3,287	**-6%**	3,253	3,411	**-5%**
HLBK	BUY	BUY	22.10	24.60	**-10%**	1.05	1.16	4,372	4,476	**-2%**	4,509	4,855	**-7%**
AMMB	NEUTRAL	NEUTRAL	5.33	5.73	**-7%**	0.82	0.88	1,950	1,950	**+0%**	1,961	2,035	**-4%**
BIMB	NEUTRAL	BUY	2.43	2.95	**-18%**	0.72	0.87	586	624	**-6%**	609	665	**-8%**
AFFIN	NEUTRAL	NEUTRAL	2.46	2.65	**-7%**	0.51	0.52	599	647	**-7%**	639	688	**-7%**
ABMB	NEUTRAL	BUY	4.57	5.02	**-9%**	0.86	0.94	750	750	**+0%**	764	812	**-6%**

Source: MIDFR

We make alterations to our earnings forecasts to account for (1) Weaker loan growth, (2) Weaker fee income, (3) Higher NCC, and (4) Slight NIM compression.

Core Theme #1: Loan growth faces multiple downside pressures, but there are pivot opportunities

1. **Negative revisions in global GDP projections imply a weaker global economic outlook sentiment, which is bad for business loans.** Global GDP projections have been cut, which is detrimental to loan prospects. Naturally, businesses will cut back on working capital and expansionary spending. This was meant to be a big year for business loans, with notable themes being Johor-SEZ, the acceleration of domestic infrastructure projects, data-centre projects, renewable energy investments (under NETR), and increased intra-ASEAN trade collaborations.

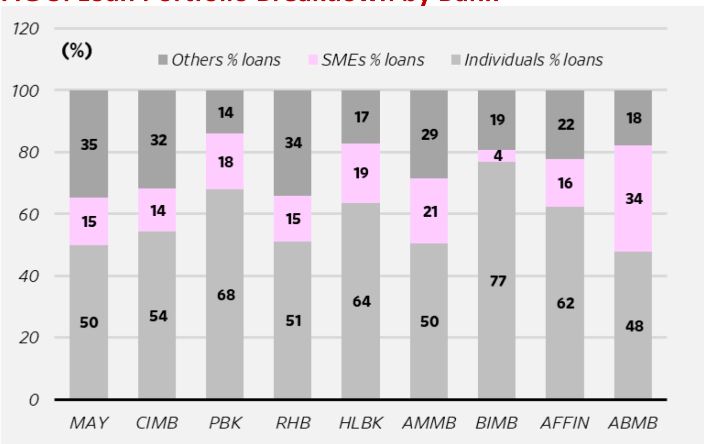
FIG 2: Global GDP: Changes in Selected Consensus Forecasts

Metric (%yoy)	MIDFR's MY GDP	SG GDP	TH GDP	IND GDP	China GDP
Previous	4.6	1 - 3	>2.5	5.2	4.0
Post-tariff	4.0	0 - 2	<2.5	4.9	3.4

Source: Company, MIDFR

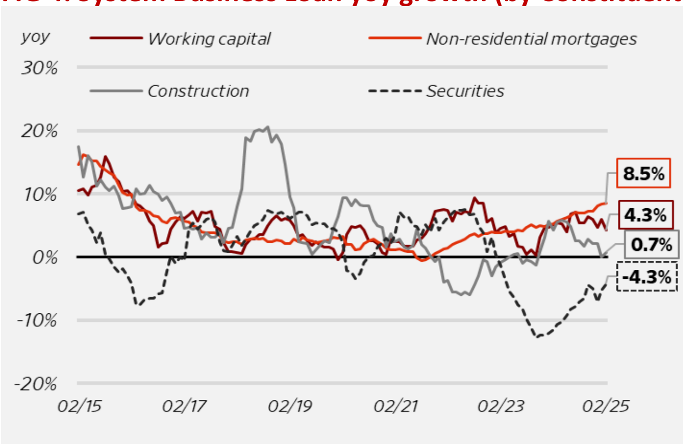
Banks are over-relying on the SME/commercial segment as the core driver of growth – there may not be enough for everyone. Every single bank we cover will be looking at either the SME or commercial segment to drive growth. The heightened competition is exacerbated by demand declines, as companies roll back on spending in light of less favourable economic conditions (foreign companies will also roll back on FDI, with Microsoft making headlines recently). We think there is just not enough SME/commercial loans of a satisfactory asset quality to go around, implying that some banks will end up losing on this front. Some will lose out more than others – we are somewhat sceptical of several banks' ability to compete with far more established players in these brackets.

FIG 3: Loan Portfolio Breakdown by Bank



Source: Companies, MIDFR

FIG 4: System Business Loan yoy growth (by Constituents)



Source: BNM, MIDFR

FIG 5: Targeted Loan Segments by Bank

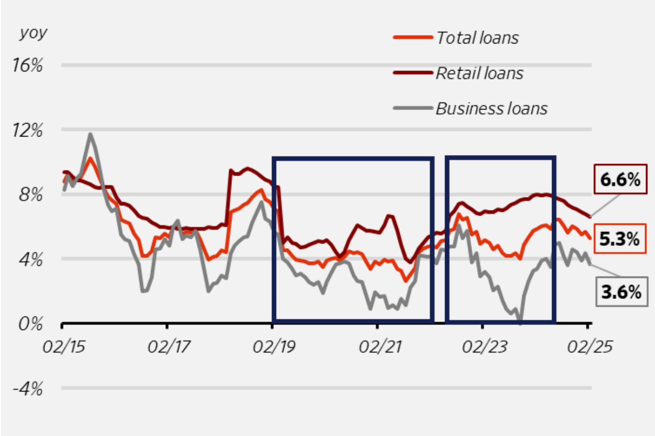
Bank	FY25F loan growth targets (%)	Retail				Commercial		Corporate	Geography	
		Res Mortgages	Auto	Conspt'n + Other retail	RSME	SME	Commercial	Corporate	Domestic	Overseas
MAY	5 - 6									
CIMB	5 - 7									
PBK	5 - 6									
RHB	6 - 7									
HLBK	6 - 7									
AMMB	3 - 6									
BIMB	6 - 7									
AFFIN	12									
ABMB	8 - 10									

Green box implies core driver of loan growth

Source: Company, MIDFR

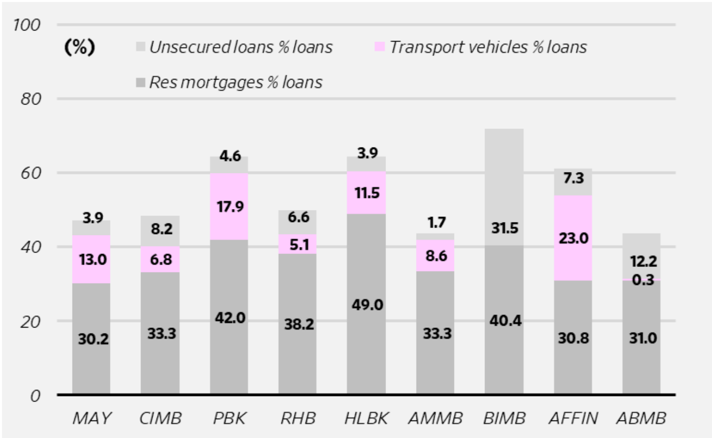
2. **Retail loans may help, but not be fully able to compensate for business loan weakness.** Retail loans kept the economy afloat during the pandemic, while business loans floundered. This was assisted by a combination of incentives and stimulus packages, which targeted hire purchase and mortgage loans. Things may be slightly harder this time around, as we doubt that fiscal policy will be as expansionary this time. We doubt there will be stimulus packages as supportive to the residential market as those of the Covid era, and the removal of RON95 petrol subsidies targeted in mid-2025 could further dampen consumer sentiment.

FIG 6: yoy System loans – Retail loan growth previously compensated for the weakness in the Business segment



Source: BNM, MIDFR

FIG 7: Major Retail Loan Categories as a % of Banks' Loan Portfolio



Source: Companies, MIDFR

Residential mortgages are incapable of being a core driver of growth.

a. **Loan yields are too thin, and attractive segments are overly competitive.** Most banks are targeting higher-value mortgages for safety and access to a more affluent clientele. This seems very niche and highly specific – we do not think there is enough pudding to go around.
b. **Large ticket items are less favourable in poor economic conditions.** More people will switch to renting instead (or living with their parents). If they were to take loans, we think these would be for smaller ticket items instead.
c. **OPR won't hit the lows seen in the pandemic. Stimulus packages will likely be more geared towards businesses rather than consumers.** We do not think fiscal policy will be as expansionary as during the pandemic.

Instead, other forms of retail loans will take centre stage. These include:

a. **Hire purchase loans.** Well collateralised, lower-ticket size, with strong demand still seen in the used car segment. They also have the benefit of being fixed-rate loans – a defensive pick when the possibility of rate cuts is very high.

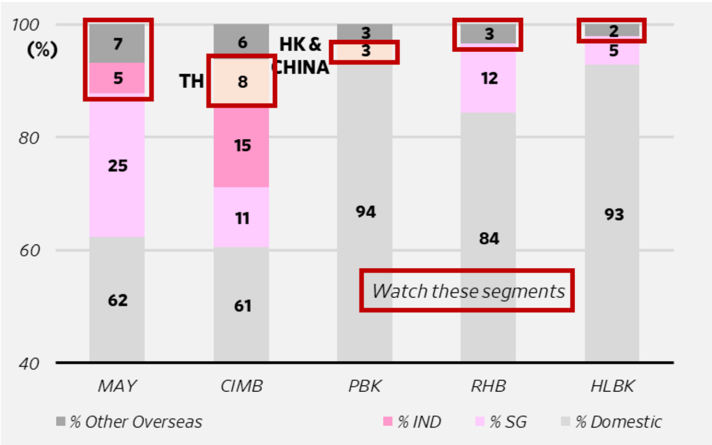
b. **Unsecured loans.** Despite the lack of collateral, these loan segments performed strongly from an asset quality standpoint post-pandemic. Recall that most banks turned to business loans as a means of NIM optimisation – unsecured loans, with its higher yields, can function as replacements.

3. **Precarious asset quality situation overseas may lead to a more conservative, cautious stance to growing overseas loans.** Weaker economic sentiment abroad could prolong or even reverse ongoing asset quality recovery. Banks will likely grow these loan segments more slowly to avoid immediate overexposure, as the focus shifts to rebalancing rather than straight growth.

   a. **Example: RHB.** RHB's Cambodian and Thai impairments have been a persistent issue. For Thai impairments, the commercial segment makes up 60%, while SME is about 34%. Sectors include manufacturing, construction, tourism and wholesale/retail. For Cambodia, corporate and commercial make up 60%, SME make up 11%, while the remainder are retail impairments. Sectors include retail/wholesale and construction. These asset quality issues contributed to the weaker loan growth seen in recent years, as RHB wanted to take a more measured approach in growing its overseas exposure.

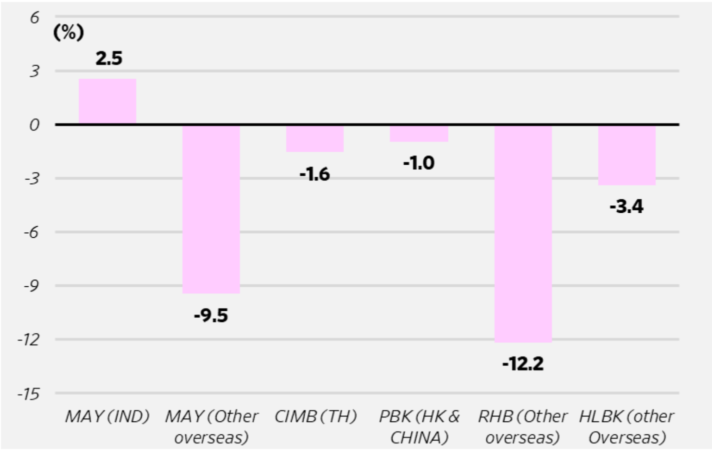
   In the last couple of quarters, management has become more optimistic on recovery prospects, as economic outlook became more optimistic. The bank guided for larger recoveries and a recovery in overseas loan growth, which was previously one of the core growth drivers. In light of recent events, this situation has since changed.

FIG 8: Banks with notable Overseas Loan Exposure



Source: Companies, MIDFR

FIG 9: %yoy Loan Growth in Specific Overseas Segments



Source: Companies, MIDFR

Theme #2: While COF outlook doesn't seem too bad, there are other threats to NIM

An OPR cut is not in our base case scenario. For the most part, the impact is manageable, save for some smaller banks.

FIG 10: Sensitivity to -25bps OPR Change

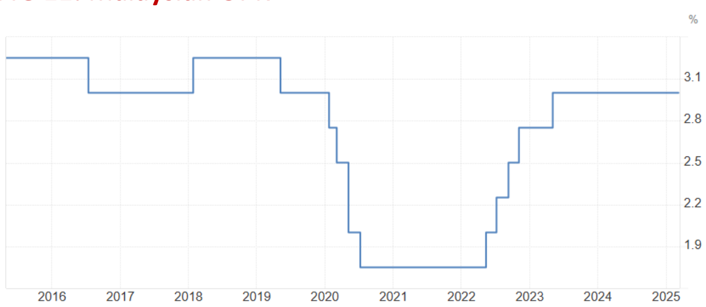
Bank	NIM impact (bps)*	Current NIM forecasts (%)		Revised NIM forecasts (%)		Impact on earnings (%)		Target Price		
		FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	Current (RM)	Adjusted (RM)	Change (%)
MAY	2	2.02	2.05	2.00	2.03	-0.8%	-0.8%	10.20	10.12	-1%
CIMB	2 - 3	2.19	2.19	2.16	2.16	-1.2%	-1.2%	8.10	7.96	-2%
PBK	3 - 4	2.18	2.20	2.14	2.16	-1.5%	-1.5%	4.77	4.67	-2%
RHB	3 - 4	1.75	1.78	1.71	1.74	-1.8%	-1.8%	6.70	6.54	-2%
HLBK	3	1.81	1.82	1.78	1.79	-1.0%	-1.0%	22.10	21.86	-1%
AMMB	2	1.91	1.93	1.89	1.91	-0.9%	-0.9%	5.33	5.26	-1%
BIMB	2	2.23	2.23	2.21	2.21	-0.9%	-0.9%	2.43	2.40	-1%
AFFIN	4 - 5	1.52	1.53	1.47	1.48	-2.5%	-2.5%	2.46	2.32	-6%
ABMB	3 - 4	2.49	2.50	2.45	2.46	-1.7%	-1.7%	4.57	4.41	-4%

^ABMB and AMMB use FY26F and FY27F instead

Source: Company, MIDFR

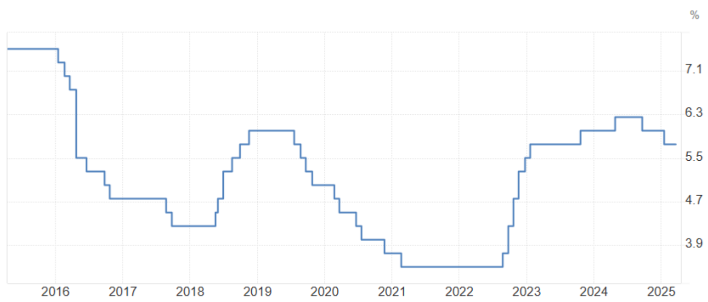
Be wary of overseas interest rate cuts. Compared to Malaysia, regional interest rates remain much higher than pre-pandemic levels. Large-to-mid-sized banks are far more exposed to this risk, given their portfolio exposure; most small banks have zero overseas exposure. We think the impact is not entirely clear-cut, and there might be some opportunity for impact minimisation: For example, Indonesians' loan yields may not automatically reprice downwards upon an interest rate cut.

FIG 11: Malaysian OPR



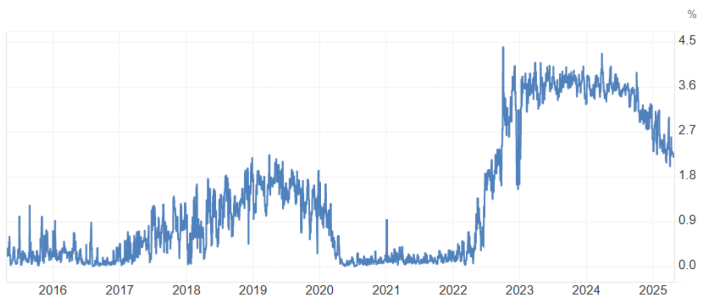
Source: Trading Economics, MIDFR

FIG 12: Indonesia Interest rates



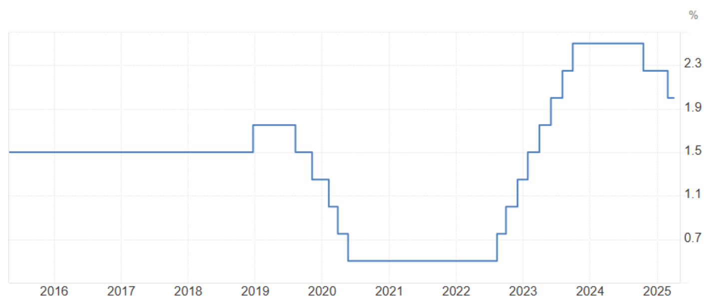
Source: Trading Economics, MIDFR

FIG 13: Singapore Overnight Rate Average (SORA)



Source: Trading Economics, MIDFR

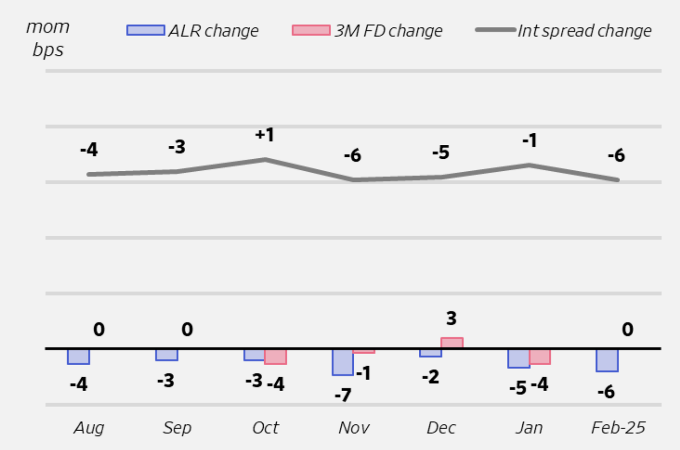
FIG 14: Thai Interest rates



Source: Trading Economics, MIDFR

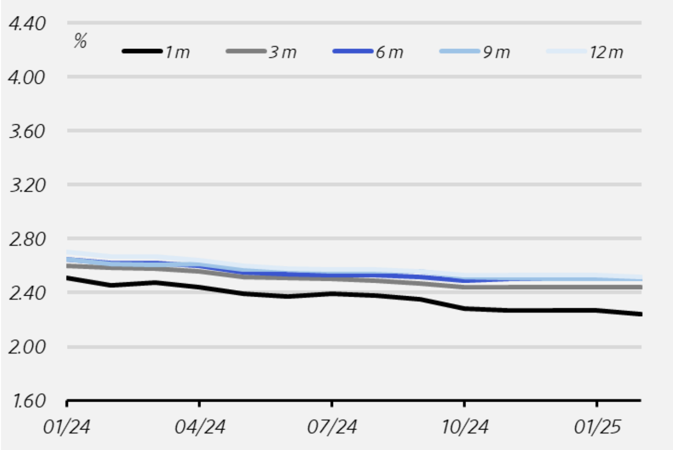
Without business loans, we foresee further loan yield compression on a local front. Recall that the industry-wide pivot to business loans was a means of NIM optimisation via improving loan yields. The ALR has been falling for several consecutive months. Unsecured loans are not necessarily the best substitute on this front: while higher-yielding, unsecured loans are not as collateralised or backed by guarantees as SMES. Hence, most banks tend to set limits on unsecured loan exposure.

FIG 15: The ALR is declining quite steeply…



Source: Companies, MIDFR

FIG 16: …while FD rates are more flat

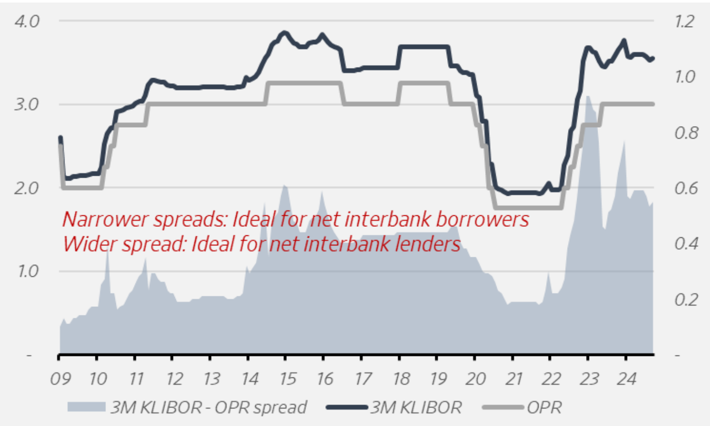


Source: Companies, MIDFR

Regardless, the local COF outlook doesn't seem too bad. Some pointers:

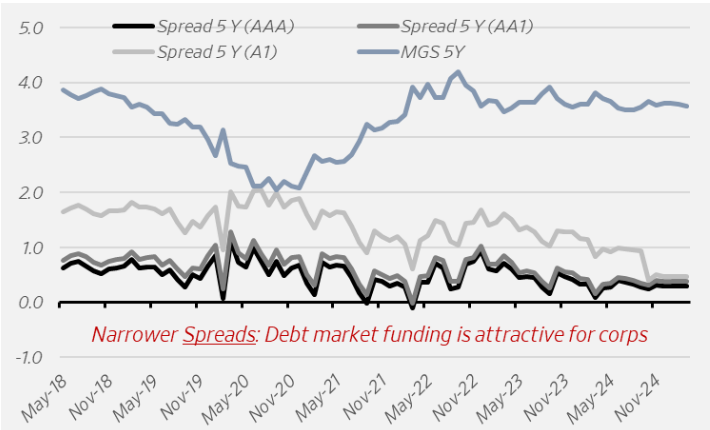
a. Being forced to pare down on loan growth targets, banks no longer need to compete for deposits as aggressively.
b. With the stock market performing poorly and businesses retaining cash, there should be a lot of cash holdings.
c. 3M KLIBOR – OPR spread has declined in the past few months and remained stable, implying that interbank lending is still viable.
d. 5Y Corporate – MGS Bond Yield spreads have not widened, implying that banks can still draw down on bonds as a means of funding.

FIG 17: 3M KLIBOR – OPR spread



Source: BNM, MIDFR

FIG 18: 5Y Corporate – MGS Bond Yield spread



Source: BNM, MIDFR

Theme #3: NOII outlook is skewed towards the negative

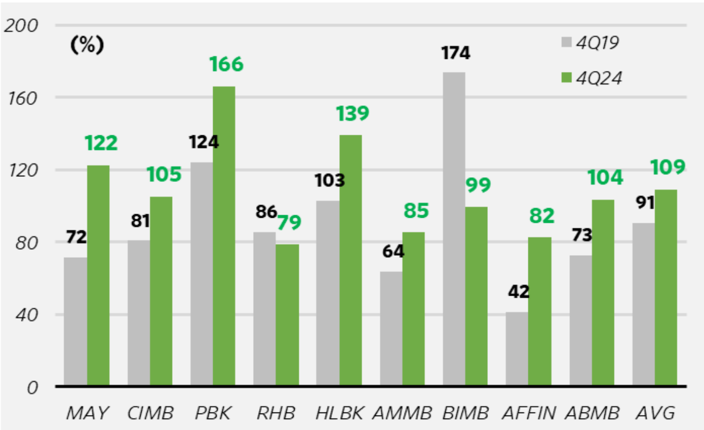
Fee income outlook is not looking so good – non-fee income is a bit harder to predict. Combination of several things: (1) A delay in IPOs and other equity market activity, given poor economic and market conditions, (2) Poor loan growth implies less loan-related fees, (3) Weaker stockbroking and unit trust performance. Recall that several banks were banking heavily on their investment banking franchise to capitalise on 2025F's much brighter initial outlook. On the other hand, non-fee income should be buoyed by forex volatility. Investment income is less predictable.

Theme #4: Macroeconomic overlay allocations may drive NCC upwards

Banks are well prepared, so asset quality deterioration should be minimal, though some overseas segments may incur more trouble. We are not too worried about this at this juncture, especially since banks have employed much stricter loan underwriting standards following the pandemic. Industry loan loss coverage ratios remained extraordinarily high – we see this as persisting, given that most banks will likely try to retain their pre-existing overlays in light of poorer macroeconomic conditions.

We do worry about the outlook of loan segments that have had pre-existing asset quality issues: These include (1) CIMB's TH consumer, (2) RHB's Thai and Cambodian exposure, and (3) AFFIN's consumer portfolio.

FIG 19: Industry Loan Loss Coverage ratio



Source: Companies, MIDFR

But macroeconomic overlay allocations will likely happen regardless. We worry about the outlook for NCC, as worse economic conditions often result in poorer modelling outcomes. Despite a healthy level of provisioning, we foresee most banks' NCC allocations coming in closer to the upper bound of guidance. In previous years, some banks' actual NCC figures would usually come in at the lower bound of guidance, or beat it entirely.

FIG 20: Sensitivity to +5bps NCC Change

Bank	GIL ratio (%) (Dec-24)	FY24/FY25 NCC (bps)	FY25 NCC Guidance	Current NCC forecasts (%)		Revised NCC forecasts (%)		Impact on earnings (%)		Guided for Recoveries?
				FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	
MAY	1.23	25	<30	28	28	33	33	-2.5%	-2.6%	
CIMB	2.12	31	30 - 40	35	35	36	36	-2.2%	-2.3%	
PBK	0.52	0	<5	4	4	9	9	-2.3%	-2.3%	
RHB	1.47	23	15 - 20	20	18	25	23	-3.0%	-3.0%	
HLBK	0.55	-6	<10	5	5	10	10	-1.9%	-2.0%	
AMMB	1.67	52	Mid-teens	25	25	30	30	-2.9%	-2.9%	
BIMB	1.06	14	20 - 25	20	20	25	25	-4.6%	-4.7%	
AFFIN	1.94	-9	12 (GCC)	13	13	18	18	-4.9%	-5.1%	
ABMB	1.97	42	30 - 35	35	35	40	40	-3.2%	-3.2%	

^ABMB and AMMB use FY26F and FY27F forcasts instead

Source: Company, MIDFR

Income Statement	Balance Sheet	Valuations & Sector
Core NP – Core Net Profit	LCR – Liquidity Coverage ratio	ROE – Return on Equity
PPOP – Pre-Provisioning Operating Profit	L/D ratio – Loan/Deposit ratio	GGM – Gordon Growth Model
NII – Net Interest Income	CASA – Current & Savings accounts	P/BV – Price to Book Value
NIM – Net Interest Margin	FD – Fixed Deposits	BVPS – Book Value per Share
COF – Cost of Funds	GIL – Gross Impaired Loans	BNM – Bank Negara Malaysia
NOII – Non-Interest Income	NIL – Net Impaired Loans	OPR – Overnight Policy Rate
MTM – Mark to Market	LLC – Loan Loss Coverage	SRR – Statutory Reserve Requirement
CIR – Cost to Income Ratio	NCC – Net Credit Costs	SBR – Standardised Base Rate
OPEX – Operational Expenses	GCC – Gross Credit Costs	ALR – Average Lending Rate
	CET 1 – Common Equity Tier 1	

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD. The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.
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