Banking

Feb-25: Growth Takes a Breather

POSITIVE (Maintain)

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HIGHLIGHTS

- ▼ **(1) ALR continues to compress.**
- ► **(1) System loan growth has a weak showing this month, with both retail and business loans reporting weaker results, (2) Leading indicators are stable, but do not match the highs seen in CY24, (3) Deposit growth remains sluggish – though CASA figures show a strong rebound, (4) System GIL ratio is flattish, (5) FD rates are relatively stable, though Islamic FD rates show slight improvement.**
- **Maintain POSITIVE call: We think growth will pick up again soon. Banks remain pretty optimistic about CY25's balance sheet prospects. Themes such as major infrastructure projects, Johor-Singapore SEZ, and renewable energy investments support this.**

Our Verdict	While banks' CY25 may not reach the highs of CY24, stable earnings, solid loan growth prospects, and high dividend yields make it an investor's safe haven given the frequency of geopolitical and economic shocks – especially at current post-selldown valuations. Our house does not expect a full-blown global recession – but ongoing fears of one happening provide the largest downside risk to share prices.
Core Themes	1. ▲ Loan growth prospects remain strong, buoyed by a combination of major infrastructure projects, Johor-Singapore SEZ, and renewable energy investments. Currency fluctuations provide downside risk to overseas growth figures. 2. ▲ Following multiple selldowns, banking valuations are a lot more attractive. 3. ► Banking remains a solid safe haven pick: ROE and upside earnings prospects are less exciting than CY24's – but stability is intact. 4. ▲▼ Mixed feelings on capital and dividends. On one hand, banks are exercising concern about future Basel IV impact and accelerated asset growth, opting to retain capital. On the other, there is a conscious effort by several banks to shore up dividend payouts. 5. ▼ As a new world order takes shape, geopolitical and economic fears have amped up. Further shocks and selldowns are possible – a bad sign for banks with large overseas exposure.
Side Themes	1. ▲ Non-fee income outlook could go either way – but forex volatility and the Fed's dovish lean provide more upside risk. Fee income outlook, on the other hand, is bright. 2. ▲ Asset quality is largely benign, with some normalisation in provision expected (a negative development), though selected names may see significant recoveries and overlay writebacks. 3. ► Most banks seem conservative on NIM prospects – we think the caution is warranted. High L/D ratios and hints of irrational deposit competition may imply that local liquidity isn't as ample as last year. 4. ► High-cost growth to persist – but we could see some impact from tech investments come into fruition. Some players

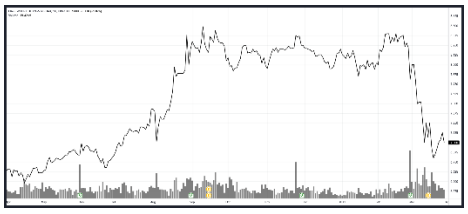
COMPANY *IN FOCUS*

CIMB

Maintain BUY | Target Price: RM9.15
Price @ 28 March 2025: RM7.00

- Valuations are attractive, following negative newsflow. We think the impact on fundamentals is limited.
- CIMB's capital reallocation and optimisation programme should boost ROE prospects.
- Regional presence provides cross-border corridor opportunities.

SHARE PRICE CHART



HL FG

Maintain BUY | Target Price: RM24.70
Price @ 28 March 2025: RM17.40

- Low exposure to healthcare insurance premiums shields HLFG from industry pressures.
- Low-hanging fruit in the form of NOII-related cross-selling remains an easy way to drive topline.
- Attractive valuations.

SHARE PRICE CHART



FIG 1: Overview of Major Indicators

Category	Performance	Notes
Loans	► **System loans:** +5.3%yoy | +0.1%mom ► **Retail loans:** +6.6%yoy | +0.3%mom ► **Business loans:** +3.6%yoy | -0.2%mom ▲ **SME loans (Jan-25):** +8.9%yoy | +0.4%mom	System loan growth has a weak showing, with both retail and business loans reporting markedly weak growth this month.
Leading Indicators	► **System:** Relatively stable from last month **Approval rates:** 49% ► **SME (Jan-25):** Slight pick up from last month's weak result **SME Approval rates:** 40%	Areas of weakness (for loan applications): Working capital, securities, and personal loans.
Deposits	► **Deposits + repos:** +3.5%yoy | +0.9%mom ► **Deposits (ex-repos):** +3.3%yoy | +0.7%mom ► **FD:** +3.3%yoy | +0.2%mom ▲ **CASA:** +4.1%yoy | +1.4%mom **Loan/Deposit ratio:** 91.7% **Loan Coverage ratio:** 154%	Deposit growth has been somewhat weak lately, though CASA figures show a strong rebound. On the other hand, deposit competition and better funding alternatives ensure that FD growth remains sluggish.
GIL ratio	► **System GIL ratio:** 1.45% | -1bps mom ► **Retail:** 1.16% | 0bps mom ► **Business:** 1.81% | -1bps mom ► **SME GIL ratio (Jan-25):** 2.78% | +2bps mom	▼ **Notable deteriorations, mom:** Personal financing +4bps, Working capital +3bps. ▲ **Notable improvements, mom: Construction** -39bps.
Interest rates	► **FD rates (Conv.):** Stable ▲ **FD rates (Isl.):** Slight improvement in most duration brackets ▼ **Lending rates (ALR):** -6bps mom	FD rates are stable or showing slight improvement. ALR continues compression that started multiple months ago.

Maintain POSITIVE call. *(Our comprehensive list of sector drivers is on the first page).*

Top downside risks include:

1. Geopolitical/recession risk-induced selldowns.
2. Weaker-than-expected loan growth.
3. Asset quality shocks.

Top Picks: CIMB (BUY, TP: RM9.15) and **HL FG (BUY, TP: RM24.70).**

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	BUY	10.12	12.11	19.7	122.0	11.4	10.9	1.2	1.2	11.2	11.3	6.6	7.4
CIMB	BUY	7.00	9.15	30.7	74.9	9.1	8.9	1.0	1.0	11.7	11.3	1.0	1.0
PBK	BUY	4.42	5.35	21.0	85.8	11.2	11.0	1.4	1.3	12.9	12.5	4.9	5.0
RHB	BUY	6.84	7.40	8.2	29.3	8.9	8.6	0.9	0.8	9.9	9.9	6.5	6.6
HLBK	BUY	20.14	24.60	22.1	41.3	8.5	7.9	1.0	0.9	11.6	11.4	4.1	4.4
HLFG	BUY	17.40	24.70	42.0	19.7	5.6	5.2	0.6	0.5	10.4	10.3	3.6	3.9
AMMB	NEUTRAL	5.60	5.73	2.3	18.5	9.5	9.1	0.9	0.9	9.8	9.7	4.4	5.0
BIMB	BUY	2.56	2.95	15.2	5.8	9.2	8.6	0.8	0.7	8.2	8.5	6.4	6.9
AFFIN	NEUTRAL	2.81	2.65	-5.7	6.5	10.3	9.7	0.6	0.5	5.4	5.5	2.9	3.0
ABMB	BUY	4.62	5.02	8.6	7.2	9.5	8.8	0.9	0.9	10.1	10.2	4.2	4.5
Simple avg (ex-HLFG)						**9.7**	**9.3**	**1.0**	**0.9**	**10.1**	**10.0**	**4.6**	**4.9**
Weighted avg (ex-HLFG)						**10.3**	**9.9**	**1.1**	**1.1**	**11.4**	**11.2**	**4.7**	**5.0**

**Closing prices from 28 Mar 2024.*

Source: MIDFR

A. SYSTEM LOAN & CONSTITUENTS

FIG 2: Overview of Major Indicators

	yoy Growth rates (%)				YTD Ann. (%)	mom Growth rates (%)			
	Feb-25	Jan-25	Dec-24	Nov-24		Feb-25	Jan-25	Dec-24	Nov-24
Total loans	**5.3**	**5.7**	**5.5**	**5.8**	**2.7**	**0.1**	**0.4**	**0.8**	**0.6**
Retail loans	6.6	6.7	6.9	7.1	5.6	0.3	0.6	0.5	0.5
Business loans	3.6	4.4	3.9	4.4	-0.8	-0.2	0.1	1.0	0.7
SME*	-	8.9	8.6	8.7	4.8	-	0.4	1.2	0.9
Deposits + repo	**3.5**	**3.1**	**3.0**	**3.6**	**5.4**	**0.9**	**0.0**	**0.7**	**0.9**
Total deposits	**3.3**	**3.1**	**3.3**	**4.0**	**4.9**	**0.7**	**0.2**	**0.9**	**0.9**
CASA	4.1	3.2	4.7	5.2	5.1	1.4	-0.5	1.2	1.9
FD	3.3	4.2	3.9	3.7	2.2	0.2	0.2	0.3	0.2
Total provisions	-7.9	-7.3	-8.4	-6.8	6.7	-0.5	1.6	-3.6	-0.3
Total GIL	-7.1	-5.9	-7.7	-5.1	6.7	-0.3	1.4	-3.8	-0.4
Leading indicators									
3MA applications	1	1	1	2	0	-5	-6	-4	-3
Retail	-3	-6	-2	2	-39	-2	-5	1	-3
Business	6	11	4	2	-93	-8	-8	-9	-2
3MA approvals	-4	-7	-3	-1	0	-7	-12	0	-2
Retail	-9	-11	-8	-3	-56	-4	-6	3	-4
Business	1	-3	0	0	-153	-10	-17	-2	-1

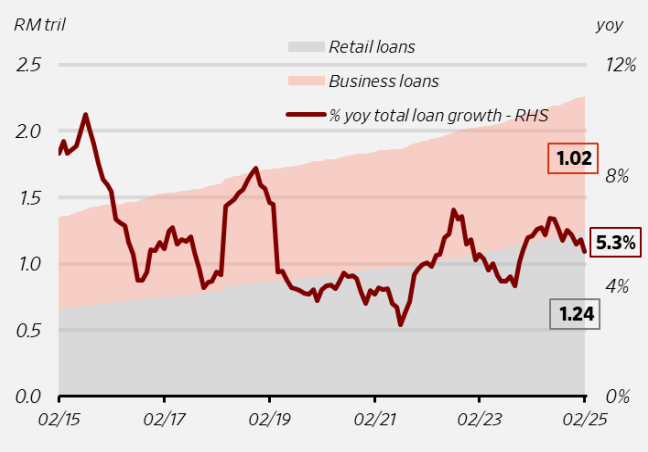
	Feb-25	Jan-25	Dec-24	Nov-24	Feb-24
Interest spread	2.43	2.49	2.50	2.55	2.66
ALR	5.00	5.06	5.11	5.13	5.34
3M FD rate	2.57	2.57	2.61	2.58	2.69
Loan approval rate	49	43	62	53	46
SME approval rate*	-	40	67	60	44
GIL ratio	1.45	1.46	1.44	1.51	1.64
Retail	1.16	1.16	1.14	1.18	1.32
Business	1.81	1.82	1.81	1.92	2.03
SME*	-	2.78	2.76	2.97	2.99
LLC ratio	91.4	91.6	91.4	91.2	92.2
CASA ratio	31.4	31.2	31.4	31.3	31.2
Loan/Deposit ratio	91.7	92.2	92.0	92.1	90.0
Liquidity coverage ratio	154	158	161	148	154
CET 1	14.3	14.7	14.3	14.4	14.7
Tier 1 Capital	14.8	15.2	14.8	14.9	15.2
Total Capital	17.7	18.2	17.8	17.9	18.4

	Period	Forecast	Formerly
Loan growth	CY25	6.0-6.5%	
GDP	CY25	4.6%	
OPR	CY25	3.00%	

**SME data until Jan-25*

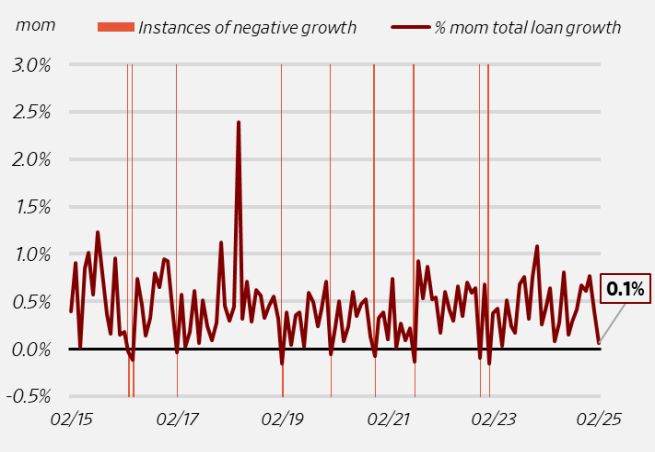
Source: BNM, MIDFR

FIG 3: yoy System loans



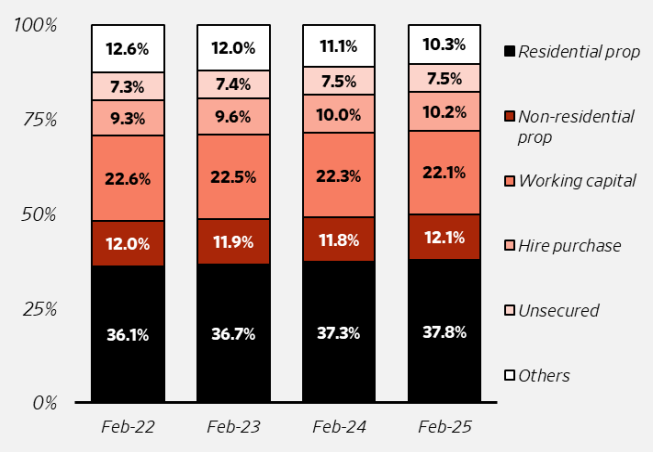
Source: BNM, MIDFR

FIG 4: mom System loans



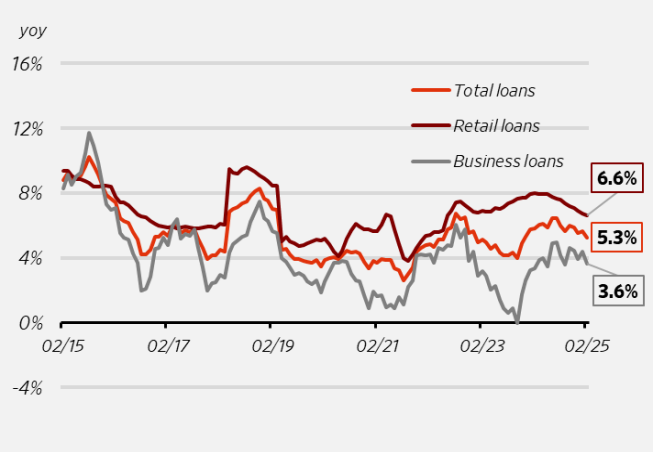
Source: BNM, MIDFR

FIG 5: yoy Loan breakdown by type



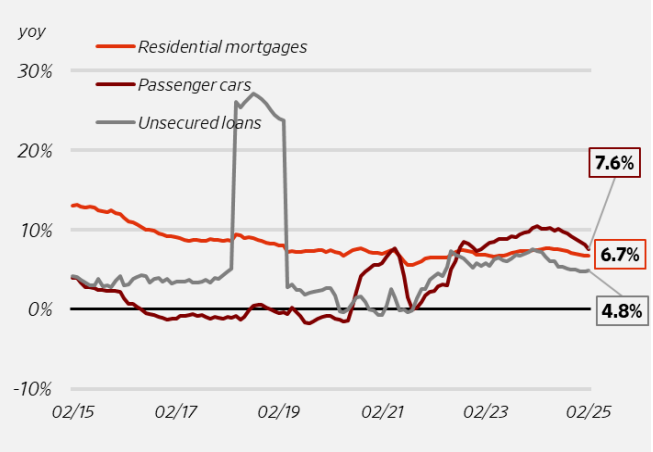
Source: BNM, MIDFR

FIG 6: Retail & business loan growth



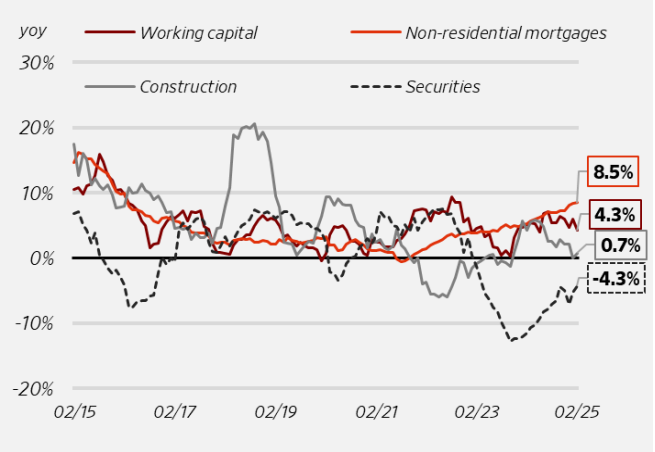
Source: BNM, MIDFR

FIG 7: Retail loan constituents



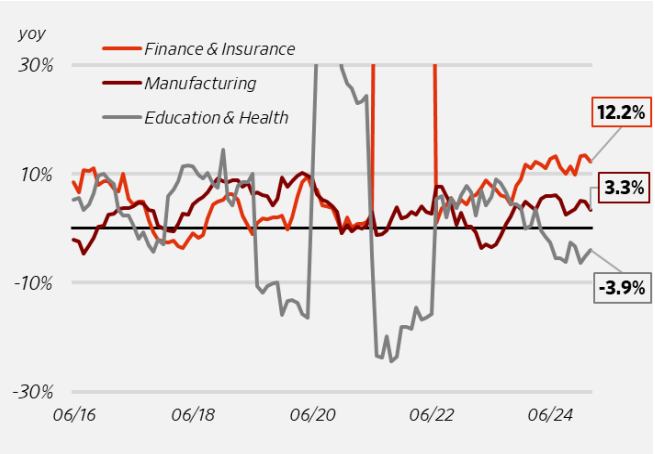
Source: BNM, MIDFR

FIG 8: Business loan constituents



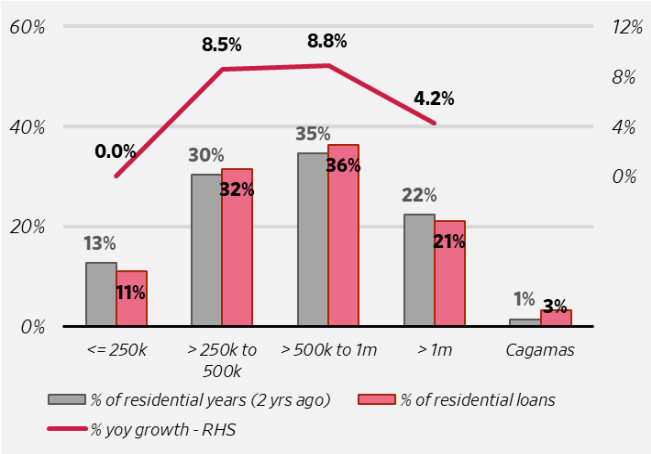
Source: BNM, MIDFR

FIG 9: Loan growth of other sectors



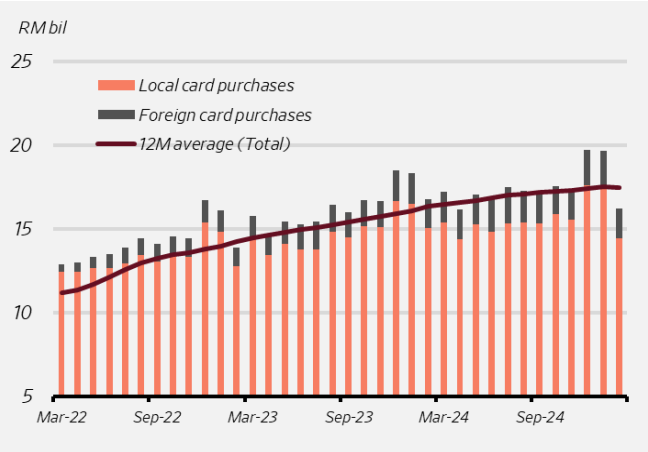
Source: BNM, MIDFR

FIG 10: Residential loans by segment



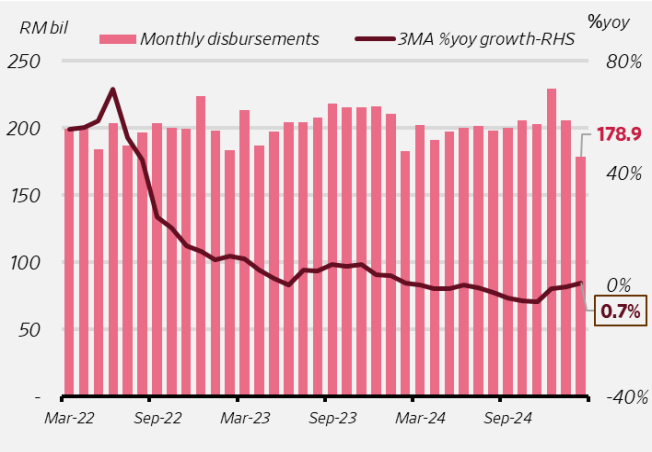
Source: BNM, MIDFR

FIG 11: Credit card purchases



Source: BNM, MIDFR

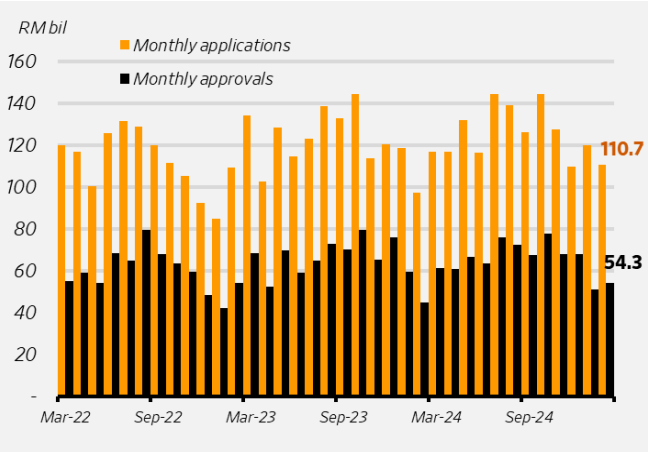
FIG 12: Monthly loan disbursements



Source: BNM, MIDFR

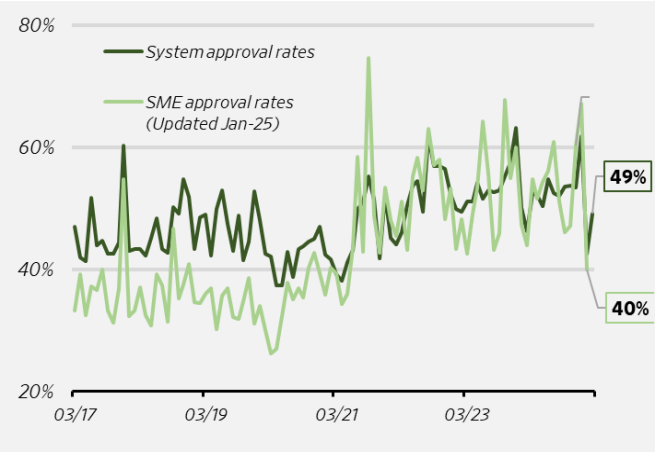
B. LEADING INDICATOR TRENDS

FIG 13: Monthly applications & approvals



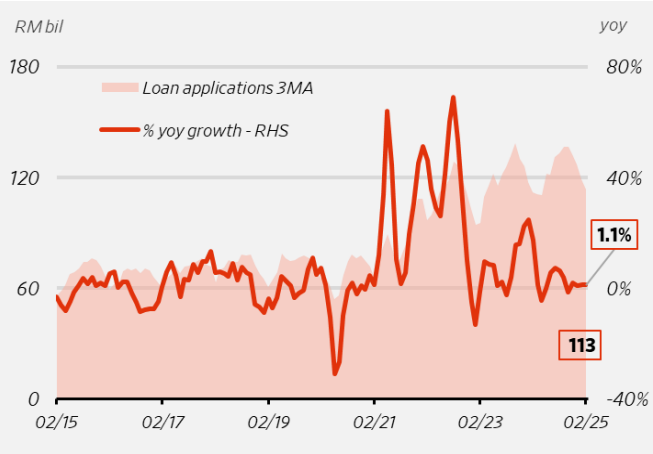
Source: BNM, MIDFR

FIG 14: System & SME approval rates



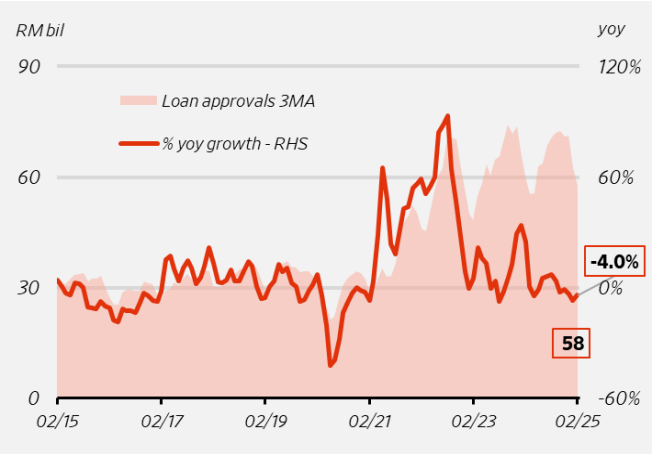
Source: BNM, MIDFR

FIG 15: Loan applications (3-mth average)



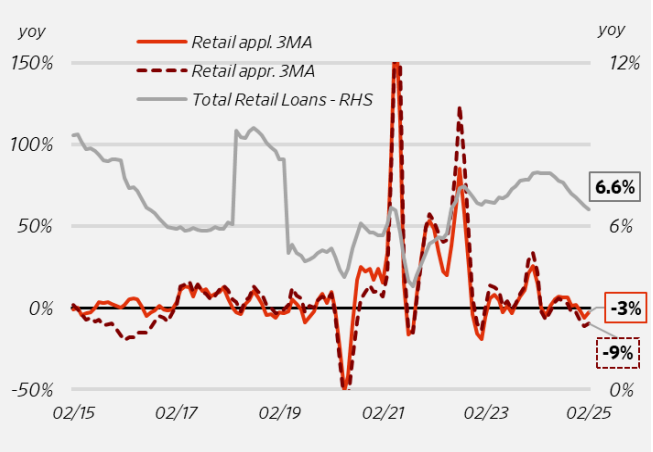
Source: BNM, MIDFR

FIG 16: Loan approvals (3-mth average)



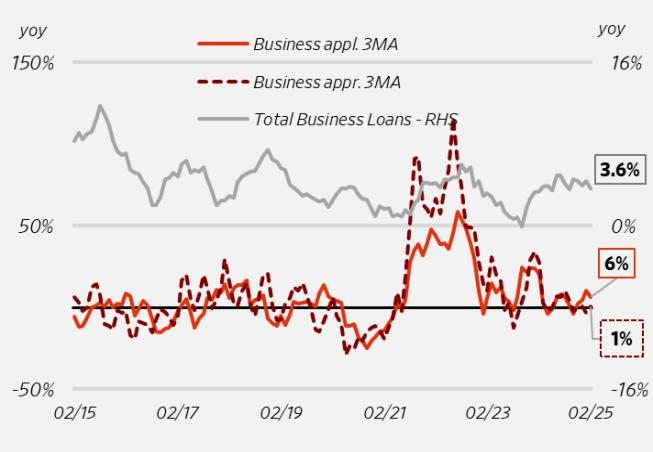
Source: BNM, MIDFR

FIG 17: Retail loan indicators



Source: BNM, MIDFR

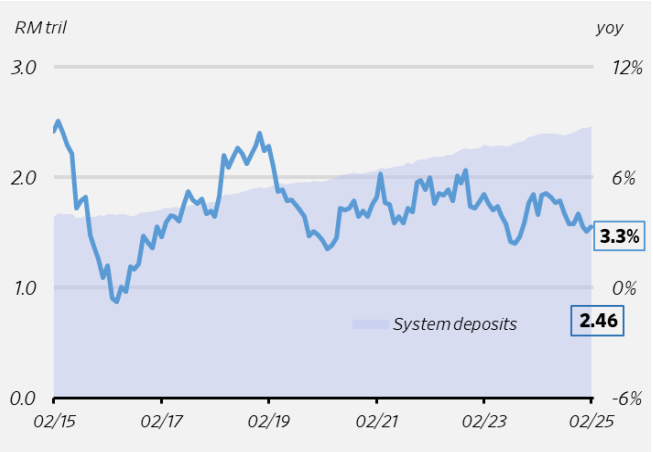
FIG 18: Business loan indicators



Source: BNM, MIDFR

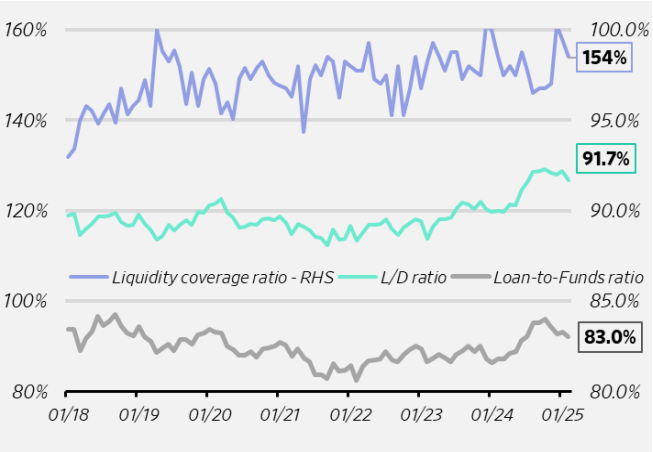
C. DEPOSITS & LIQUIDITY

FIG 19: yoy System deposits



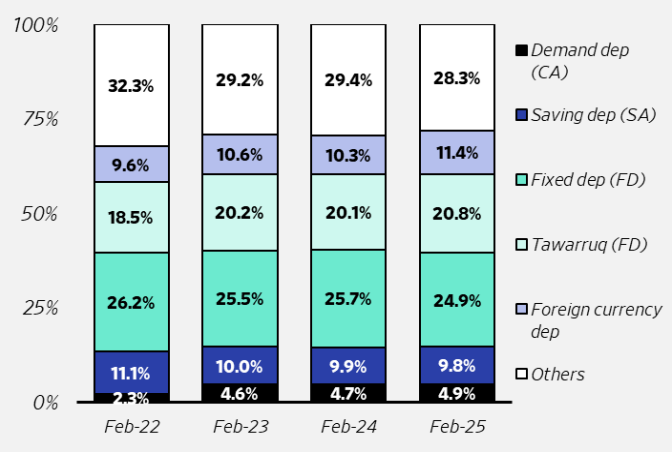
Source: BNM, MIDFR

FIG 20: LCR, LDR & LTF ratio



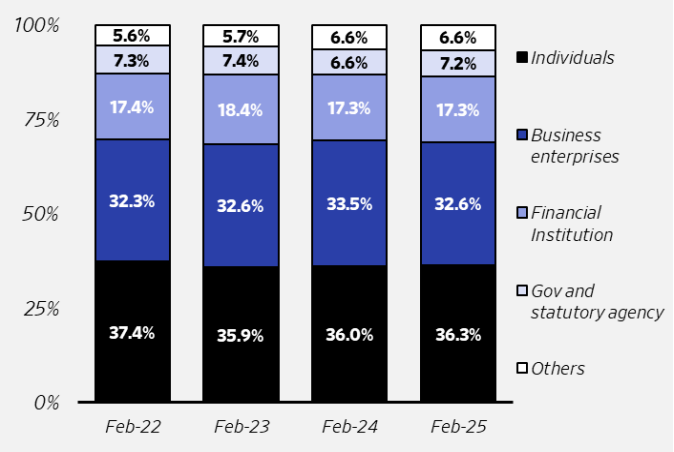
Source: BNM, MIDFR

FIG 21: Deposit breakdown by type



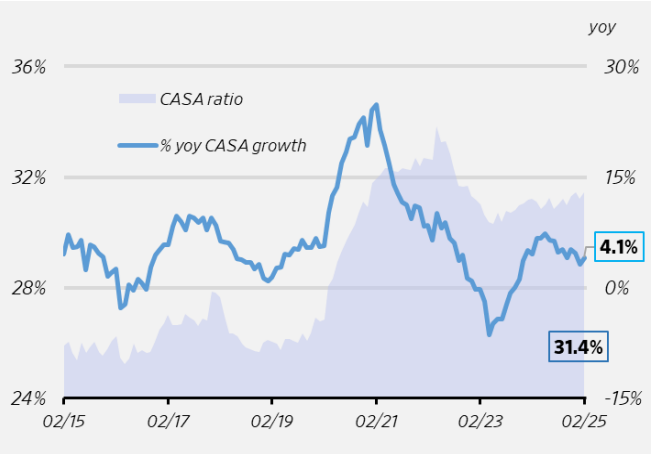
Source: BNM, MIDFR

FIG 22: Deposit breakdown by holder



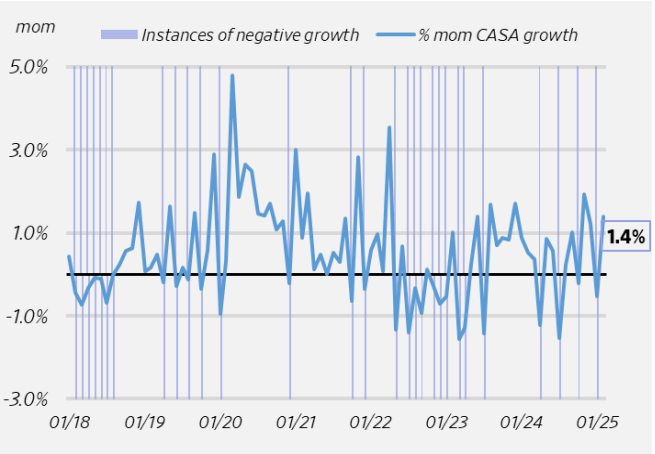
Source: BNM, MIDFR

FIG 23: CASA ratio and yoy growth



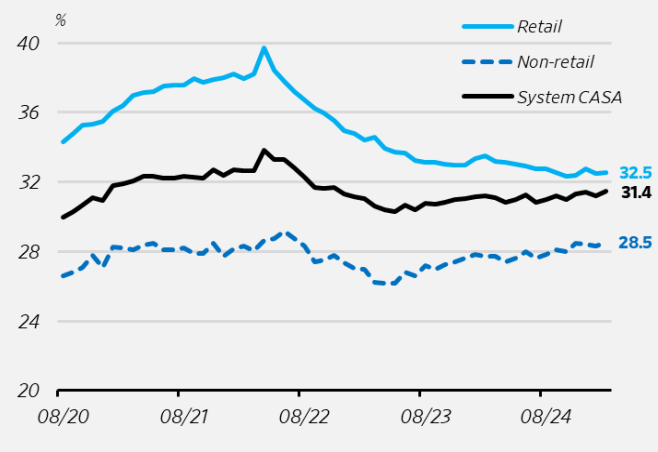
Source: BNM, MIDFR

FIG 24: mom CASA growth



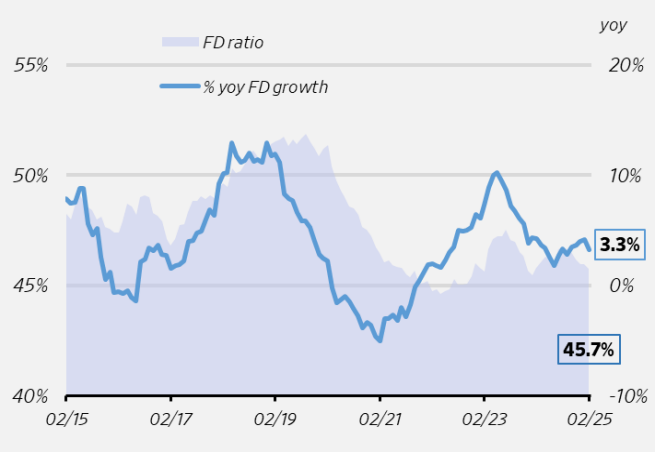
Source: BNM, MIDFR

FIG 25: CASA ratio by holder



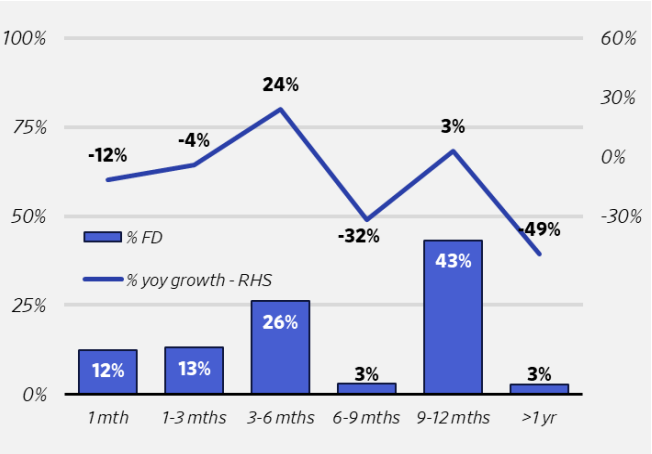
Source: BNM, MIDFR

FIG 26: FD ratio and yoy growth



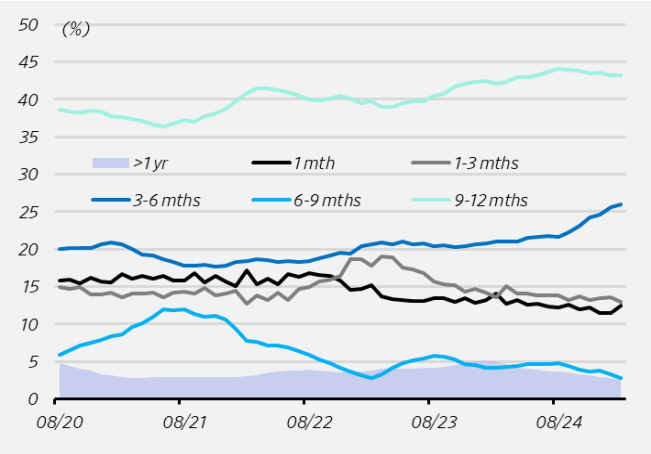
Source: BNM, MIDFR

FIG 27: FD by maturity brackets and yoy growth



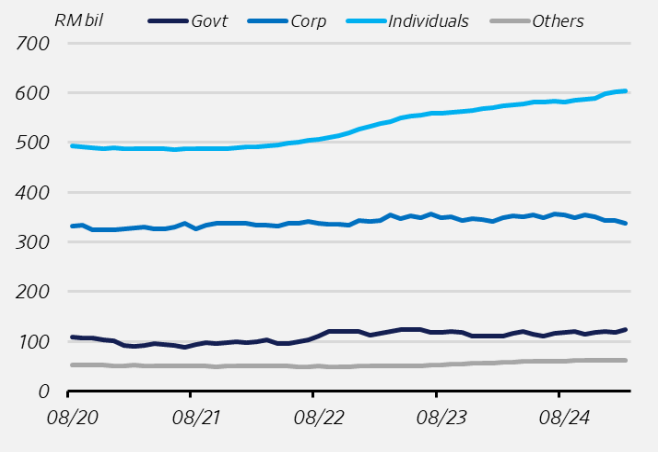
Source: BNM, MIDFR

FIG 28: FD by maturity brackets (% Proportion)



Source: BNM, MIDFR

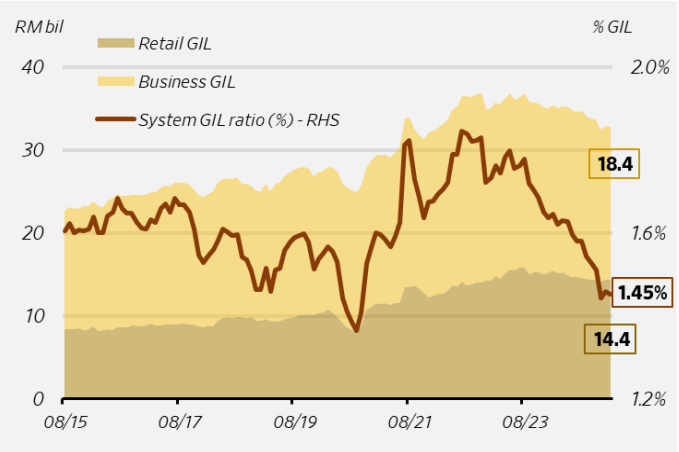
FIG 29: FD by depositor



Source: BNM, MIDFR

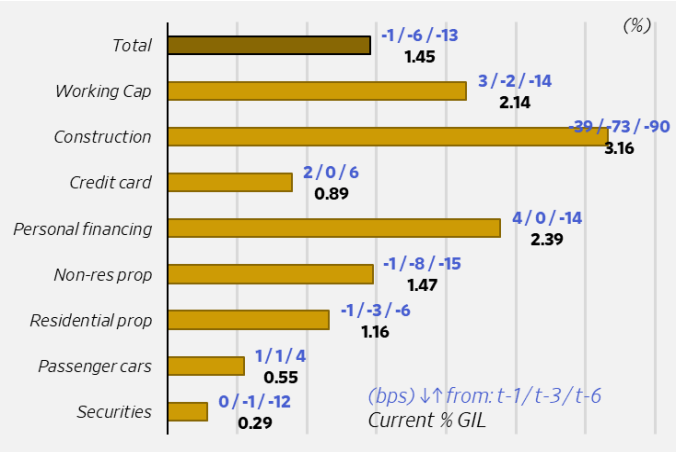
D. ASSET QUALITY & PROVISIONING

FIG 30: System gross impaired loans



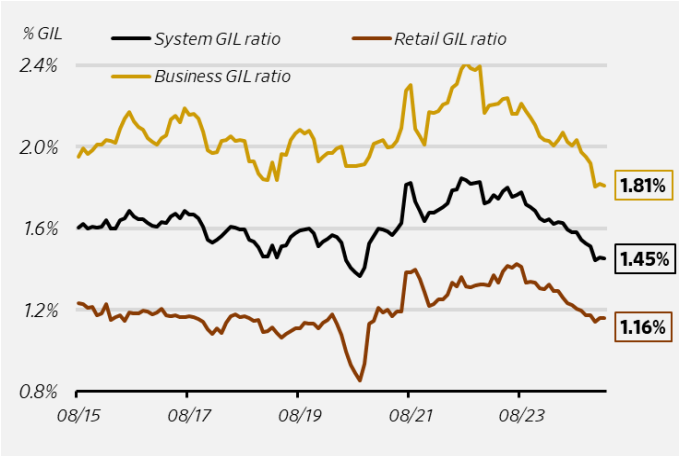
Source: BNM, MIDFR

FIG 31: Segmental GIL ratio changes



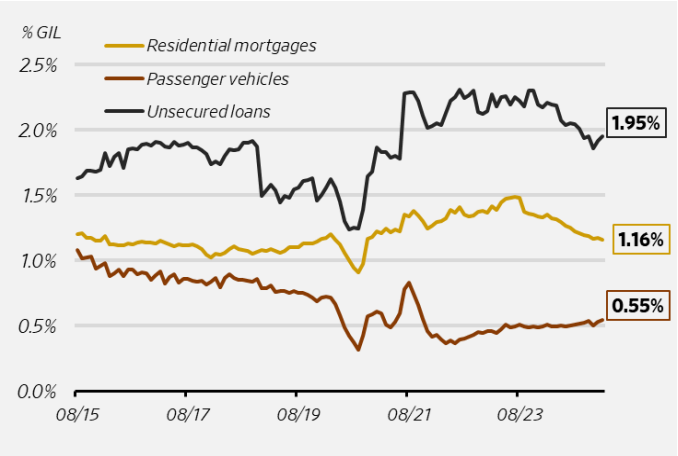
Source: BNM, MIDFR

FIG 32: System, Retail, Business GIL ratios



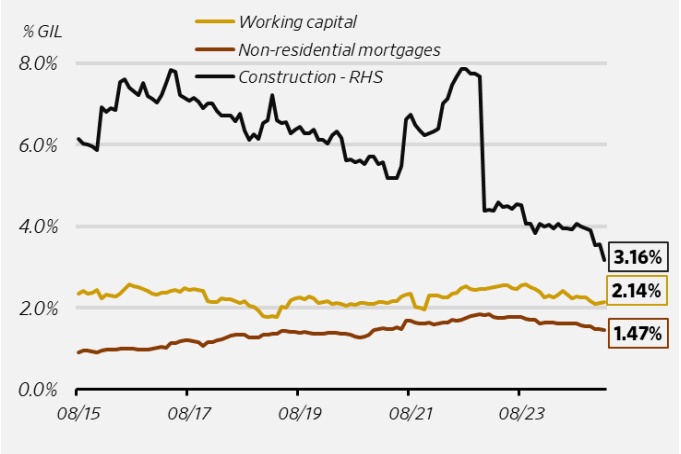
Source: BNM, MIDFR

FIG 33: Retail GIL ratios



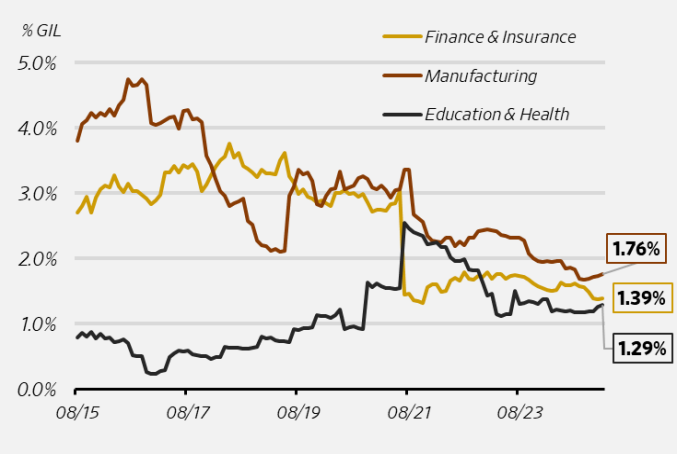
Source: BNM, MIDFR

FIG 34: Business GIL ratios



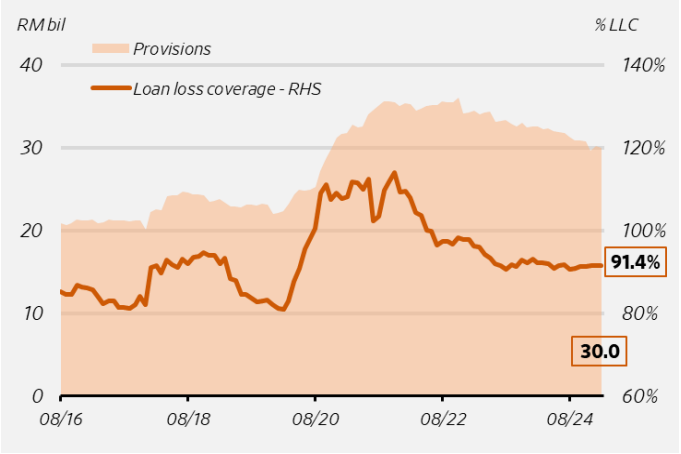
Source: BNM, MIDFR

FIG 35: GIL ratios of other sectors



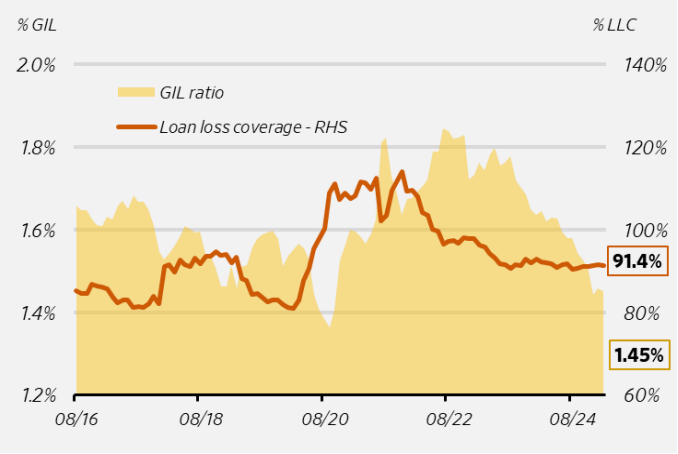
Source: BNM, MIDFR

FIG 36: Provisions & loan loss coverage



Source: BNM, MIDFR

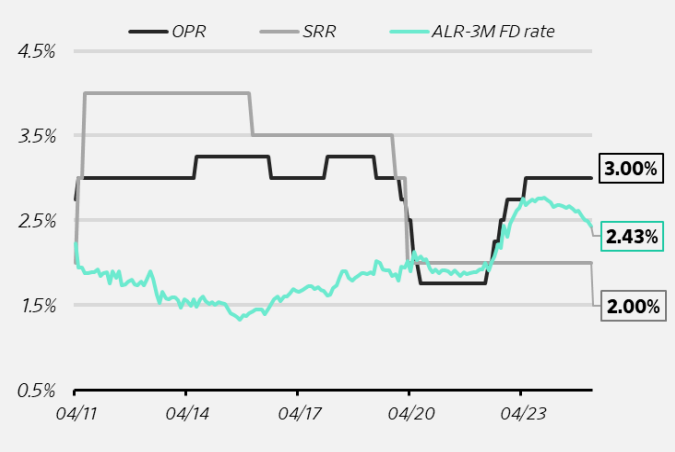
FIG 37: LLC & GIL ratio relationship



Source: BNM, MIDFR

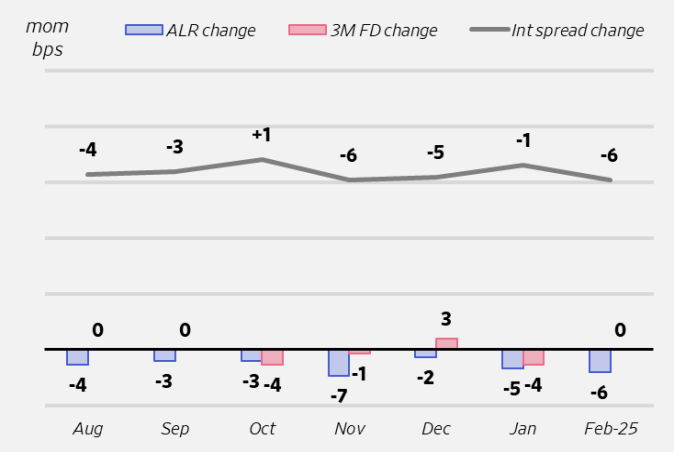
E. INTEREST SPREAD AND CAPITAL

FIG 38: Interest spread, OPR, SRR



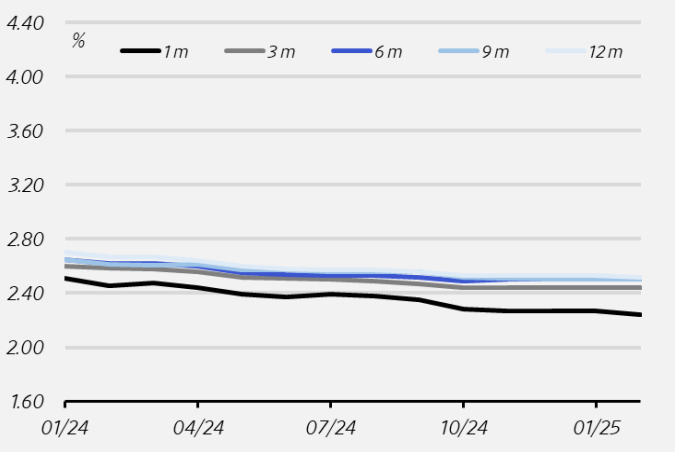
Source: BNM, MIDFR

FIG 39: mom Changes in Interest spreads



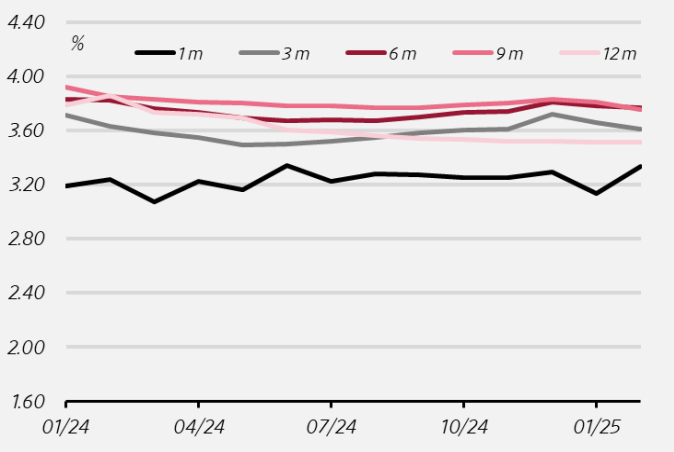
Source: BNM, MIDFR

FIG 40: Weighted avg Conv. FD rates by bracket



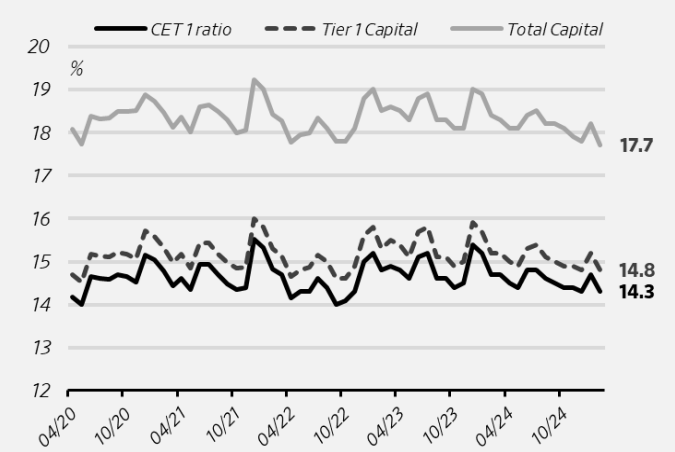
Source: BNM, MIDFR

FIG 41: Weighted avg Isl. FD rates by bracket



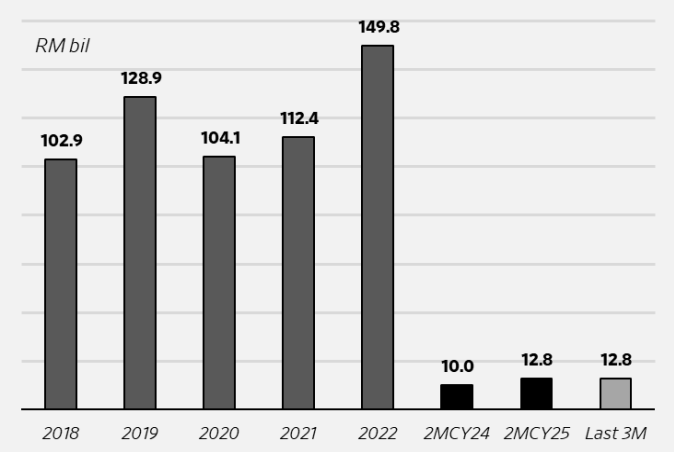
Source: BNM, MIDFR

FIG 42: Capital ratios



Source: BNM, MIDFR

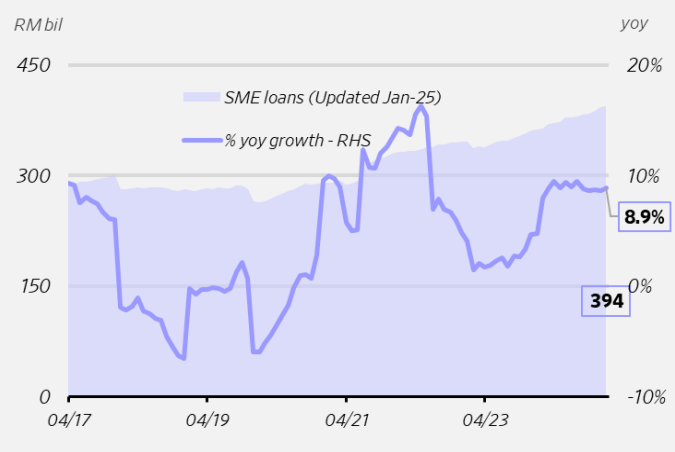
FIG 43: Bond/Sukuk issuances



Source: BNM, MIDFR

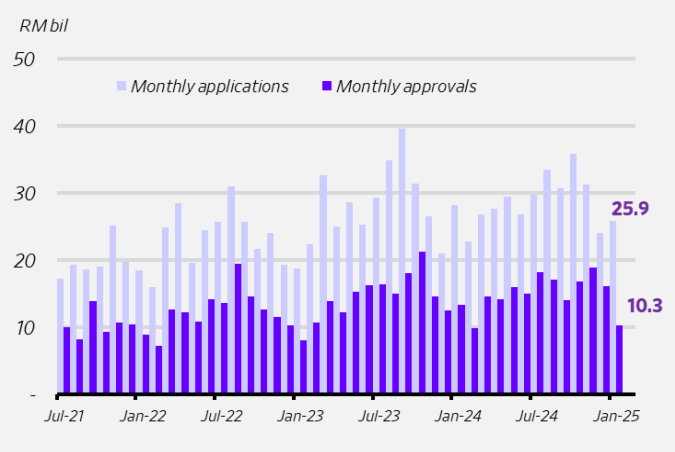
F. SME DATA

FIG 44: SME loans



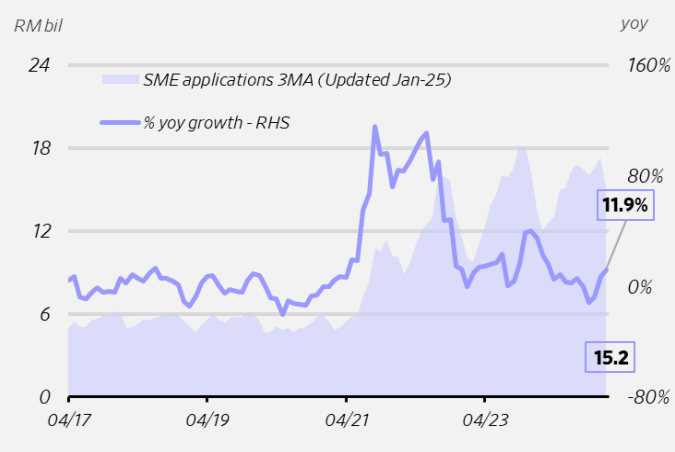
Source: BNM, MIDFR

FIG 45: SME Monthly leading indicators



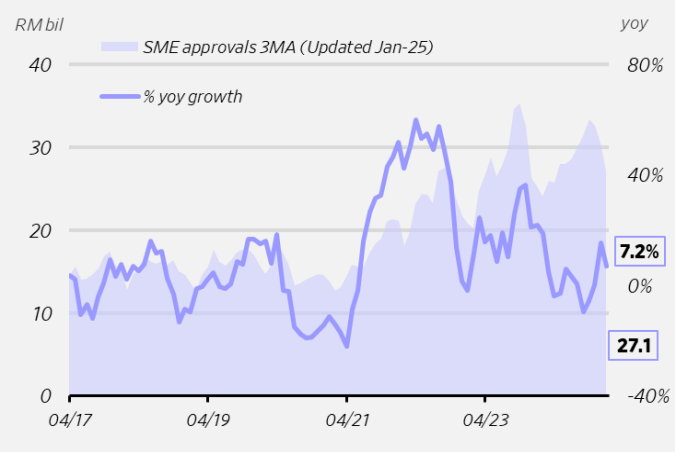
Source: BNM, MIDFR

FIG 46: SME applications (3-mth-average)



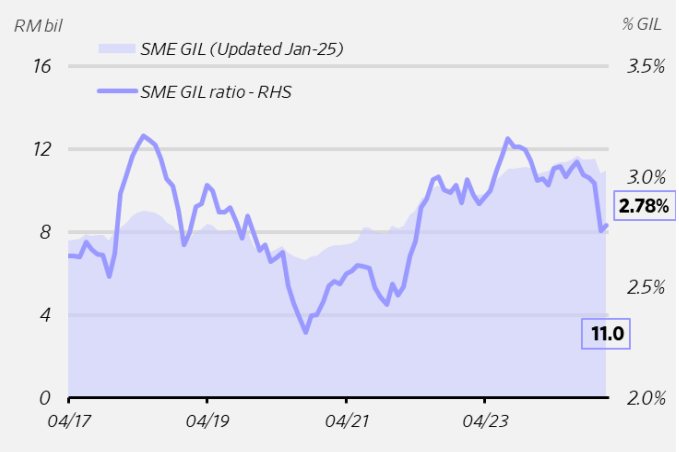
Source: BNM, MIDFR

FIG 47: SME approvals (3-mth-average)



Source: BNM, MIDFR

FIG 48: SME GILs



Source: BNM, MIDFR

G. VISUALISATION TABLES

FIG 49: System loans

	Total loans (RM tr)	Growth (% yoy)	Growth (% mom)	Retail			Business		
				Growth (% yoy)	Growth (% mom)	% of total	Growth (% yoy)	Growth (% mom)	% of total
Mar-23	2.04	5.0	0.4	6.9	0.6	53.3	2.9	0.3	46.7
Apr-23	2.04	4.6	0.0	6.9	0.5	53.5	2.0	-0.5	46.5
May-23	2.05	4.8	0.5	7.1	0.5	53.5	2.3	0.5	46.5
Jun-23	2.05	4.4	0.2	7.0	0.6	53.7	1.4	-0.2	46.3
Jul-23	2.06	4.2	0.2	7.1	0.6	54.0	0.9	-0.4	46.0
Aug-23	2.07	4.2	0.7	7.4	0.8	54.0	0.6	0.5	46.0
Sep-23	2.09	4.3	0.8	7.5	0.8	54.0	0.9	0.8	46.0
Oct-23	2.09	4.0	0.3	7.7	0.7	54.3	-0.0	-0.2	45.7
Nov-23	2.11	4.9	0.8	7.7	0.7	54.2	1.7	0.9	45.8
Dec-23	2.13	5.3	1.1	7.7	0.7	54.0	2.6	1.5	46.0
Jan-24	2.14	5.7	0.3	7.9	0.8	54.3	3.3	-0.3	45.7
Feb-24	**2.15**	**5.8**	**0.4**	**8.0**	**0.4**	**54.3**	**3.4**	**0.5**	**45.7**
Mar-24	2.16	6.0	0.6	7.9	0.5	54.2	3.9	0.7	45.8
Apr-24	2.16	6.1	0.1	7.9	0.5	54.4	4.0	-0.4	45.6
May-24	2.17	5.9	0.3	7.9	0.5	54.6	3.5	-0.0	45.4
Jun-24	2.19	6.5	0.8	7.8	0.5	54.4	4.9	1.2	45.6
Jul-24	2.19	6.4	0.1	7.7	0.5	54.6	5.0	-0.3	45.4
Aug-24	2.19	6.0	0.3	7.6	0.7	54.9	4.1	-0.2	45.1
Sep-24	2.20	5.6	0.4	7.4	0.6	54.9	3.6	0.2	45.1
Oct-24	2.22	6.0	0.7	7.2	0.6	54.9	4.6	0.8	45.1
Nov-24	2.23	5.8	0.6	7.1	0.5	54.8	4.4	0.7	45.2
Dec-24	2.25	5.5	0.8	6.9	0.5	54.7	3.9	1.0	45.3
Jan-25	2.26	5.7	0.4	6.7	0.6	54.8	4.4	0.1	45.2
Feb-25	**2.26**	**5.3**	**0.1**	**6.6**	**0.3**	**55.0**	**3.6**	**-0.2**	**45.0**

Source: BNM, MIDFR

FIG 50: yoy Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Mar-23	6.8	8.5	5.5	4.9	4.1	-0.5	-3.6
Apr-23	6.6	8.4	6.2	3.2	3.9	-0.1	-5.4
May-23	6.7	8.9	6.5	3.7	4.0	0.5	-6.4
Jun-23	6.8	8.8	6.2	1.7	4.2	0.5	-7.5
Jul-23	6.9	8.9	6.1	1.5	4.1	-0.9	-8.2
Aug-23	7.1	9.1	6.3	0.4	4.8	-0.4	-9.8
Sep-23	7.2	9.0	6.9	1.1	5.1	-0.7	-11.2
Oct-23	7.4	9.4	6.8	0.2	4.7	-1.3	-12.8
Nov-23	7.3	9.7	7.0	3.1	4.9	0.8	-12.3
Dec-23	7.3	9.7	7.2	4.7	4.9	3.1	-12.3
Jan-24	7.4	10.2	7.6	4.7	5.0	5.8	-12.0
Feb-24	**7.5**	**10.4**	**7.3**	**5.1**	**5.2**	**4.3**	**-11.5**
Mar-24	7.5	10.1	7.3	5.4	5.6	5.5	-10.6
Apr-24	7.7	10.0	6.6	5.3	5.9	5.9	-10.3
May-24	7.7	10.2	6.1	4.0	6.3	5.6	-9.2
Jun-24	7.6	9.9	6.0	6.8	6.5	4.9	-8.3
Jul-24	7.5	10.1	5.4	7.1	7.0	2.5	-7.8
Aug-24	7.5	9.7	5.4	5.4	7.0	2.6	-7.1
Sep-24	7.3	9.4	5.1	5.4	7.0	1.7	-6.6
Oct-24	7.1	9.1	5.0	6.4	7.3	2.9	-4.4
Nov-24	7.0	8.7	5.0	5.9	7.2	2.1	-5.0
Dec-24	6.9	8.4	4.8	4.7	8.1	2.2	-7.0
Jan-25	6.8	8.0	4.8	5.9	8.4	0.0	-5.2
Feb-25	**6.7**	**7.4**	**4.8**	**4.3**	**8.5**	**0.7**	**-4.3**

Source: BNM, MIDFR

FIG 51: mom Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Mar-23	0.5	1.1	1.4	0.9	0.9	-0.3	-1.9
Apr-23	0.3	0.8	3.0	-0.9	-0.0	-0.0	-1.5
May-23	0.5	0.6	3.4	0.8	0.3	0.5	-1.0
Jun-23	0.6	0.8	4.1	-0.7	0.5	0.6	-1.3
Jul-23	0.7	0.6	4.5	-0.7	0.1	0.0	-0.4
Aug-23	0.7	1.0	5.3	0.8	0.9	0.6	-1.2
Sep-23	0.7	0.7	6.2	0.8	0.7	0.6	-0.9
Oct-23	0.8	0.9	6.1	0.3	0.3	0.1	-2.1
Nov-23	0.6	0.9	6.4	1.1	0.5	1.3	0.3
Dec-23	0.6	0.7	7.2	2.3	0.5	-0.4	1.0
Jan-24	0.7	1.2	6.2	-1.0	0.3	2.4	-2.0
Feb-24	**0.5**	**0.7**	**2.2**	**1.4**	**0.2**	**-1.0**	**-1.1**
Mar-24	0.6	0.8	1.8	1.3	1.3	0.8	-1.0
Apr-24	0.5	0.8	1.4	-1.1	0.3	0.3	-1.1
May-24	0.6	0.7	1.0	-0.4	0.6	0.3	0.2
Jun-24	0.5	0.5	1.9	1.9	0.8	-0.1	-0.2
Jul-24	0.6	0.7	1.6	-0.4	0.6	-2.2	0.1
Aug-24	0.7	0.7	2.7	-0.8	0.8	0.6	-0.4
Sep-24	0.5	0.5	3.5	0.8	0.7	-0.3	-0.3
Oct-24	0.6	0.6	3.5	1.2	0.6	1.2	0.1
Nov-24	0.5	0.5	4.1	0.7	0.4	0.5	-0.2
Dec-24	0.5	0.4	4.8	1.1	1.3	-0.3	-1.2
Jan-25	0.6	0.8	6.2	0.1	0.6	0.3	-0.1
Feb-25	**0.4**	**0.2**	**2.4**	**-0.2**	**0.3**	**-0.3**	**-0.1**

Source: BNM, MIDFR

FIG 52: Loan applications & approvals (3MA)

	Applied (3MA) (RM b)	Growth (% yoy)	Growth (% mom)	Approved (3MA) (RM b)	Growth (% yoy)	Growth (% mom)
Mar-23	109.5	9.6	14.6	55.0	21.6	13.9
Apr-23	115.5	8.6	5.4	58.4	16.3	6.1
May-23	121.8	8.3	5.5	63.5	13.2	8.8
Jun-23	115.3	0.8	-5.4	60.4	-0.2	-4.9
Jul-23	122.0	2.4	5.9	64.6	3.5	6.9
Aug-23	125.4	-2.4	2.8	65.7	-7.3	1.7
Sep-23	131.5	3.9	4.9	69.4	-1.9	5.6
Oct-23	138.6	15.6	5.4	74.3	5.6	7.0
Nov-23	130.2	16.1	-6.1	71.7	12.7	-3.5
Dec-23	126.0	22.4	-3.2	73.6	29.2	2.7
Jan-24	117.5	24.8	-6.7	66.9	33.9	-9.1
Feb-24	**112.1**	**17.3**	**-4.6**	**60.2**	**24.6**	**-10.1**
Mar-24	111.0	1.4	-1.0	55.3	0.5	-8.1
Apr-24	110.3	-4.5	-0.6	55.7	-4.5	0.8
May-24	121.9	0.0	10.5	62.9	-1.0	12.9
Jun-24	121.6	5.5	-0.2	63.6	5.3	1.2
Jul-24	131.0	7.3	7.7	68.7	6.3	7.9
Aug-24	133.3	6.3	1.8	70.6	7.4	2.8
Sep-24	136.6	3.9	2.5	71.9	3.6	1.8
Oct-24	136.6	-1.4	-0.0	72.5	-2.4	0.8
Nov-24	132.8	2.0	-2.8	71.1	-0.9	-1.9
Dec-24	127.3	1.0	-4.1	71.2	-3.4	0.1
Jan-25	119.0	1.3	-6.5	62.3	-6.9	-12.4
Feb-25	**113.4**	**1.1**	**-4.7**	**57.7**	**-4.0**	**-7.3**

Source: BNM, MIDFR

FIG 53: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
Mar-23	51.0	46.2	57.0	42.6
Apr-23	51.1	46.9	56.2	49.1
May-23	54.2	46.1	63.7	53.4
Jun-23	51.6	46.7	57.7	64.3
Jul-23	52.9	45.5	61.2	55.7
Aug-23	52.6	47.4	57.7	43.1
Sep-23	52.9	45.5	59.1	45.9
Oct-23	55.2	45.3	64.1	67.7
Nov-23	57.5	46.6	70.3	54.9
Dec-23	63.2	51.3	79.8	60.0
Jan-24	50.1	43.0	59.1	47.4
Feb-24	**46.2**	**44.5**	**48.1**	**43.9**
Mar-24	52.5	43.6	63.9	54.8
Apr-24	52.1	45.6	60.3	51.6
May-24	50.3	45.4	56.2	54.3
Jun-24	54.8	46.5	64.6	56.2
Jul-24	52.5	45.6	60.1	60.9
Aug-24	52.0	45.1	59.0	51.1
Sep-24	53.5	42.4	64.2	46.0
Oct-24	53.7	44.8	61.6	47.1
Nov-24	53.3	44.3	62.4	60.3
Dec-24	61.8	45.0	84.7	67.2
Jan-25	42.6	43.6	41.6	39.9
Feb-25	**49.1**	**41.4**	**58.3**	**-**

**SME data until Jan-25*

Source: BNM, MIDFR

FIG 54: yoy Loan application growth (3MA) by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Mar-23	-1	15	20	8	32	88	-12
Apr-23	3	12	21	-3	33	37	-9
May-23	-1	9	25	-6	32	48	-2
Jun-23	-10	1	22	-3	23	1	-29
Jul-23	-5	7	22	-2	25	-33	-33
Aug-23	-8	0	13	3	14	-49	-31
Sep-23	-2	4	10	-7	33	-39	54
Oct-23	5	11	11	4	41	-13	61
Nov-23	9	20	8	-4	45	25	38
Dec-23	13	25	39	7	28	33	12
Jan-24	19	30	39	15	37	15	36
Feb-24	**7**	**19**	**34**	**7**	**18**	**19**	**50**
Mar-24	-4	10	1	-8	10	-8	9
Apr-24	-9	1	-1	-12	0	2	-25
May-24	0	3	1	-3	2	-2	-7
Jun-24	7	5	1	3	9	17	4
Jul-24	7	7	4	-3	16	15	57
Aug-24	6	6	6	-9	23	6	82
Sep-24	5	5	10	8	3	2	-3
Oct-24	-0	0	6	12	-1	14	-19
Nov-24	0	0	7	21	6	35	-45
Dec-24	1	4	-16	5	29	64	-26
Jan-25	-3	-2	-16	13	18	68	-31
Feb-25	**1**	**1**	**-14**	**13**	**8**	**55**	**-26**

Source: BNM, MIDFR

FIG 55: yoy Loan approval growth (3MA) by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Mar-23	10	18	21	29	17	110	-15
Apr-23	10	14	19	4	23	106	-11
May-23	6	14	21	6	33	72	0
Jun-23	-5	4	22	-12	32	22	-16
Jul-23	-2	7	26	14	30	-33	-25
Aug-23	-5	-6	24	-22	17	-45	-35
Sep-23	0	-2	17	-12	10	-52	21
Oct-23	8	5	18	-17	7	-21	70
Nov-23	11	15	17	-5	9	-12	62
Dec-23	11	19	107	11	7	19	69
Jan-24	14	25	111	17	22	38	64
Feb-24	**3**	**13**	**101**	**22**	**22**	**34**	**69**
Mar-24	-6	2	4	-3	21	-5	14
Apr-24	-10	-6	3	-5	17	-23	-10
May-24	-3	-6	7	-0	8	-17	-16
Jun-24	6	-3	6	7	-0	9	17
Jul-24	10	-3	9	-4	7	21	18
Aug-24	8	-3	2	-1	23	41	44
Sep-24	6	-6	6	-9	36	31	26
Oct-24	-1	-10	2	6	23	12	-20
Nov-24	-1	-9	3	20	10	-9	-23
Dec-24	4	-2	-38	16	28	48	-48
Jan-25	1	-7	-38	-1	25	39	-37
Feb-25	**3**	**-5**	**-35**	**-5**	**17**	**63**	**-34**

Source: BNM, MIDFR

FIG 56: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
Mar-23	2,398	7.0	-0.1	89.1
Apr-23	2,387	6.4	-0.4	89.5
May-23	2,399	6.7	0.5	89.5
Jun-23	2,400	5.9	0.0	89.6
Jul-23	2,389	5.3	-0.5	90.1
Aug-23	2,403	4.6	0.6	90.4
Sep-23	2,433	4.3	1.2	90.3
Oct-23	2,443	4.3	0.4	90.1
Nov-23	2,454	5.3	0.4	90.5
Dec-23	2,486	5.6	1.3	90.1
Jan-24	2,484	5.2	-0.1	90.0
Feb-24	**2,497**	**4.0**	**0.5**	**90.0**
Mar-24	2,518	5.0	0.8	89.9
Apr-24	2,505	5.0	-0.5	90.3
May-24	2,517	4.9	0.5	90.3
Jun-24	2,517	4.9	-0.0	91.2
Jul-24	2,502	4.7	-0.6	91.6
Aug-24	2,494	3.8	-0.3	92.1
Sep-24	2,512	3.3	0.7	92.2
Oct-24	2,520	3.1	0.3	92.3
Nov-24	2,542	3.6	0.9	92.1
Dec-24	2,561	3.0	0.7	92.0
Jan-25	2,561	3.1	0.0	92.2
Feb-25	**2,584**	**3.5**	**0.9**	**91.7**

Source: BNM, MIDFR

FIG 57: CASA & FD ratios

	CASA (RM b)	Growth (% yoy)	Growth (% mom)	CASA ratio (%)	FD (RM b)	Growth (% yoy)	Growth (% mom)	FD ratio (%)
Mar-23	701	-1.8	-1.6	30.6	1,067	8.9	1.9	46.7
Apr-23	692	-6.4	-1.3	30.4	1,072	10.0	0.5	47.1
May-23	693	-4.9	0.3	30.3	1,081	10.2	0.8	47.2
Jun-23	703	-4.2	1.4	30.7	1,081	9.5	0.1	47.2
Jul-23	693	-4.2	-1.4	30.4	1,084	8.6	0.3	47.5
Aug-23	705	-2.3	1.7	30.8	1,078	7.2	-0.6	47.1
Sep-23	710	-0.7	0.7	30.7	1,085	6.8	0.7	47.0
Oct-23	716	0.1	0.9	30.8	1,080	6.1	-0.5	46.5
Nov-23	722	1.2	0.8	31.0	1,080	5.6	-0.0	46.3
Dec-23	734	3.7	1.7	31.0	1,081	3.9	0.1	45.7
Jan-24	741	5.1	0.9	31.2	1,080	4.3	-0.1	45.5
Feb-24	**744**	**4.6**	**0.5**	**31.2**	**1,092**	**4.3**	**1.1**	**45.8**
Mar-24	747	6.6	0.4	31.1	1,106	3.7	1.3	46.0
Apr-24	738	6.7	-1.2	30.8	1,108	3.4	0.2	46.3
May-24	745	7.4	0.9	31.0	1,109	2.6	0.0	46.2
Jun-24	749	6.5	0.6	31.2	1,101	1.8	-0.7	45.9
Jul-24	737	6.4	-1.5	30.9	1,114	2.8	1.2	46.6
Aug-24	739	4.8	0.2	31.0	1,113	3.3	-0.1	46.7
Sep-24	746	5.2	1.0	31.2	1,115	2.8	0.2	46.7
Oct-24	745	4.0	-0.2	31.0	1,118	3.5	0.2	46.5
Nov-24	759	5.2	1.9	31.3	1,120	3.7	0.2	46.2
Dec-24	768	4.7	1.2	31.4	1,123	3.9	0.3	46.0
Jan-25	764	3.2	-0.5	31.2	1,125	4.2	0.2	45.9
Feb-25	**775**	**4.1**	**1.4**	**31.4**	**1,127**	**3.3**	**0.2**	**45.7**

Source: BNM, MIDFR

FIG 58: Impaired loans and loan loss coverage

	Impaired loans (RM b)	Growth (% mom)	GIL ratio (%)	Total provisions (RM b)	LLC ratio (%)
Mar-23	2,037.7	-0.6	1.74	34.1	96
Apr-23	2,037.7	2.2	1.78	34.2	94
May-23	2,048.4	1.5	1.80	34.3	93
Jun-23	2,053.2	-2.2	1.76	33.1	92
Jul-23	2,056.3	0.6	1.76	33.2	92
Aug-23	2,070.4	1.6	1.78	33.4	91
Sep-23	2,086.5	-2.6	1.72	32.9	92
Oct-23	2,092.9	-0.5	1.70	32.6	91
Nov-23	2,108.6	-0.4	1.69	33.0	93
Dec-23	2,131.7	-1.1	1.65	32.4	92
Jan-24	2,137.1	-0.5	1.64	32.5	93
Feb-24	**2,146.9**	**1.0**	1.64	**32.6**	**92**
Mar-24	2,160.2	-0.9	1.62	32.2	92
Apr-24	2,161.9	0.7	1.63	32.4	92
May-24	2,167.8	0.1	1.63	32.0	91
Jun-24	2,185.3	-1.2	1.59	31.9	92
Jul-24	2,188.5	-0.8	1.58	31.7	92
Aug-24	2,194.6	0.3	1.58	31.4	91
Sep-24	2,203.6	-1.8	1.54	30.9	91
Oct-24	2,218.4	-0.6	1.53	30.9	91
Nov-24	2,231.9	-0.4	1.51	30.8	91
Dec-24	2,249.1	-3.8	1.44	29.7	91
Jan-25	2,256.8	1.4	1.46	30.1	92
Feb-25	**2,259.3**	**-0.3**	1.45	**30.0**	**91**

Source: BNM, MIDFR

FIG 59: ALR, 3M-FD rates & Interest spreads

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
Mar-23	5.19	2.54	2.65
Apr-23	5.26	2.50	2.76
May-23	5.39	2.71	2.68
Jun-23	5.44	2.73	2.71
Jul-23	5.46	2.71	2.75
Aug-23	5.43	2.71	2.72
Sep-23	5.49	2.73	2.76
Oct-23	5.48	2.72	2.76
Nov-23	5.48	2.71	2.77
Dec-23	5.45	2.72	2.73
Jan-24	5.40	2.69	2.71
Feb-24	**5.34**	**2.69**	**2.66**
Mar-24	5.37	2.69	2.68
Apr-24	5.36	2.68	2.68
May-24	5.35	2.68	2.67
Jun-24	5.32	2.67	2.65
Jul-24	5.30	2.63	2.67
Aug-24	5.26	2.63	2.63
Sep-24	5.23	2.63	2.60
Oct-24	5.20	2.59	2.61
Nov-24	5.13	2.58	2.55
Dec-24	5.11	2.61	2.50
Jan-25	5.06	2.57	2.49
Feb-25	**5.00**	**2.57**	**2.43**

Source: BNM, MIDFR

FIG 60: SME loan data

	Total SME loans (RM b)	Growth (% yoy)	Growth (% mom)	As a % of industry loans	SME GIL ratio (%)
Feb-23	337	1.4	-2.6	16.6	2.91
Mar-23	340	2.1	1.1	16.7	2.88
Apr-23	339	1.7	-0.4	16.6	2.91
May-23	342	1.9	1.0	16.7	2.93
Jun-23	346	2.3	1.1	16.8	3.03
Jul-23	347	2.5	0.4	16.9	3.09
Aug-23	348	1.8	0.2	16.8	3.17
Sep-23	352	2.7	1.1	16.9	3.14
Oct-23	354	2.7	0.6	16.9	3.13
Nov-23	357	3.3	0.9	16.9	3.12
Dec-23	362	4.6	1.3	17.0	3.07
Jan-24	**362**	**4.7**	**0.1**	**16.9**	**2.98**
Feb-24	363	8.0	0.4	16.9	2.99
Mar-24	370	8.8	1.9	17.1	2.96
Apr-24	371	9.4	0.2	17.1	3.04
May-24	372	8.9	0.4	17.2	3.05
Jun-24	378	9.4	1.6	17.3	3.00
Jul-24	378	9.0	0.0	17.3	3.04
Aug-24	381	9.4	0.6	17.3	3.07
Sep-24	383	8.8	0.5	17.4	3.01
Oct-24	384	8.6	0.4	17.3	2.99
Nov-24	388	8.7	0.9	17.4	2.97
Dec-24	393	8.6	1.2	17.5	2.76
Jan-25	**394**	**8.9**	**0.4**	**17.5**	**2.78**

SME data until Jan-25

Source: BNM, MIDFR

FIG 61: SME applications & approvals (3MA)

	Applications			Applications		
	3MA (RM b)	Growth (% yoy)	Growth (% mom)	3MA (RM b)	Growth (% yoy)	Growth (% mom)
Feb-23	20.2	0.5	0.4	9.8	9.5	-2.6
Mar-23	24.7	1.1	-0.3	11.0	13.9	12.5
Apr-23	26.8	0.8	-0.0	12.4	14.8	12.7
May-23	28.8	0.6	0.5	13.9	15.7	12.1
Jun-23	26.4	0.8	0.6	14.6	17.2	5.7
Jul-23	27.8	0.6	0.0	16.0	23.7	9.2
Aug-23	29.9	1.0	0.6	15.9	0.7	-0.5
Sep-23	34.7	0.7	0.6	16.5	3.7	3.9
Oct-23	35.3	0.9	0.1	18.2	16.4	9.8
Nov-23	32.5	0.9	1.3	18.0	38.9	-0.8
Dec-23	26.4	0.7	-0.4	16.2	40.4	-10.3
Jan-24	**25.3**	**1.2**	**2.4**	**13.5**	**35.1**	**-16.3**
Feb-24	24.0	0.7	-1.0	12.0	23.0	-11.4
Mar-24	26.0	0.8	0.8	12.7	15.7	5.8
Apr-24	25.8	0.8	0.3	13.0	5.1	2.4
May-24	28.0	0.7	0.3	15.0	8.3	15.4
Jun-24	28.0	0.5	-0.1	15.1	3.2	0.8
Jul-24	28.7	0.7	-2.2	16.4	2.6	8.6
Aug-24	30.1	0.7	0.6	16.8	5.5	2.3
Sep-24	31.4	0.5	-0.3	16.5	-0.3	-1.8
Oct-24	33.4	0.6	1.2	16.1	-11.6	-2.6
Nov-24	32.6	0.5	0.5	16.6	-7.7	3.6
Dec-24	30.4	0.4	-0.3	17.3	7.2	4.1
Jan-25	**27.1**	**0.8**	**0.3**	**15.2**	**11.9**	**-12.6**

SME data until Jan-25

Source: BNM, 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	

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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	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