Banking

NEUTRAL (Maintain)

Jun-25: ALR Resumes Compression

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HIGHLIGHTS

- ▲ **(1) Extremely strong month for CASA growth, (2) Improvement in asset quality**
- ▼ **(1) Weak month of leading indicators, (2) ALR resumes compression trend**
- ► **(1) Loan growth was mediocre, though business loans saw a sharp sequential month improvement, (2) A mediocre month for deposit growth, pushed down by a decline in FDs, (3) Flattish FD rates**
- **Maintain NEUTRAL call: The banking sector continues to face headwinds, but there are also tailwinds, though these vary on a case-by-case basis**

Our Verdict	**We continue to advocate for a bottom-up approach to stocks, with a preference for defensive names. NIM compression, possible asset quality issues, and weak economic growth prospects plague the industry, while tailwinds vary on a case-by-case basis. An improved economic outlook remains the core rerating driver, but we are not expecting this anytime soon.**
Core Themes	1. ▲ Dividend yields remain especially attractive, with several banks intending to increase payouts. 2. ▲ Mildly positive on NOII, mostly coming from positive non-fee side. The fee income is not as bad as once feared, and is expected to improve in 2HCY25. 3. ► Mediocre loan growth outlook. 4. ► Some banks may face asset quality pressures, though recoveries provide more upside. 5. ▼ Local economic outlook remains weak, slowing growth prospects. 6. ▼ NIM compression is guided by most banks. 7. ▼ Geopolitical uncertainty to keep valuations depressed.

COMPANY *IN FOCUS*

Public Bank

Maintain BUY | Target Price: RM4.77
Price @ 31 July 2025: RM4.21

- Defensive pick, given its excellent asset quality and NCC.
- The Group is always retail-led, hence less dependent on business loans.
- Solid dividend yields, with payout expected to increase over time.

SHARE PRICE CHART



HL Bank

Maintain BUY | Target Price: RM23.09
Price @ 31 July 2025: RM19.00

- Defensive pick, given its excellent asset quality and NCC.
- We see a high rate of fee income growth being maintained.
- Rising dividend yields are expected.

SHARE PRICE CHART



FIG 1: Overview of Major Indicators

Category	Performance	Notes
Loans	► **System loans:** +5.1%yoy | +0.7%mom ▲ **Retail loans:** +6.3%yoy | +0.5%mom ► **Business loans:** +3.7%yoy | +0.9%mom ▲ **SME loans (May-25):** +7.6%yoy | +0.2%mom	On a sequential year basis, loan growth was mediocre, but upon closer inspection, business loans showed a sharp sequential month improvement.
Leading Indicators	▼ **System:** Weak month **Approval rates:** 54% ▲ **SME (May-25):** Strong month **SME Approval rates:** 47%	A weaker month for both applications and approvals.
Deposits	► **Deposits + repos:** +2.9%yoy | +0.1%mom ► **Deposits (ex-repos):** +3.8%yoy | +0.6%mom ► **FD:** +2.8%yoy | -0.4%mom ▲ **CASA:** +5.2%yoy | +2.8%mom **Loan/Deposit ratio:** 92.3% **Loan Coverage ratio:** 161%	A very strong month for CASA growth, as FDs saw a sequential month decline. Notably, there was some decline in interbank lending.
GIL ratio	▲ **System GIL ratio:** 1.42% | -3bps mom ▲ **Retail:** 1.14% | -3bps mom ▲ **Business:** 1.77% | -3bps mom ▼ **SME GIL ratio (May-25):** 2.85% | +6bps mom	▼ **Notable deteriorations, mom:** Passenger cars +4bps. ▲ **Notable improvements, mom:** Working cap -5bps, Construction -4bps, Personal financing -25bps.
Interest rates	► **FD rates (Conv):** Flattish ► **FD rates (Isl):** Flattish ▼ **Lending rates (ALR):** -5bps mom	After last month showed the first sequential month ALR increase in over a year, ALR unfortunately resumes in a compressing trend.

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

Top downside risks include:

1. Steeper-than-expected NIM compression.
2. Worsening in economic outlook.

Top Picks: Public Bank (BUY, TP: RM4.77) and **HL Bank (BUY, TP: RM23.09).**

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	9.39	10.20	8.6	113.2	10.9	10.7	1.2	1.1	10.9	10.7	7.3	7.5
CIMB	BUY	6.55	8.22	25.5	70.0	9.0	8.8	1.0	0.9	11.0	10.8	6.0	6.1
PBK	BUY	4.21	4.77	13.3	81.7	11.1	10.6	1.3	1.3	12.4	12.3	4.8	5.2
RHB	NEUTRAL	6.13	6.70	9.3	26.2	8.5	8.1	0.8	0.7	9.3	9.5	6.9	7.1
HLBK	BUY	19.00	23.09	21.5	38.9	8.3	8.4	1.0	0.9	12.1	11.1	4.2	4.2
AMMB	NEUTRAL	5.05	5.30	5.0	16.7	8.5	8.1	0.8	0.7	9.3	9.3	5.3	5.5
BIMB	NEUTRAL	2.24	2.36	5.4	5.0	8.7	8.4	0.7	0.6	7.6	7.8	6.8	7.1
AFFIN	NEUTRAL	2.38	2.46	3.6	6.0	10.0	9.3	0.5	0.5	5.0	5.1	3.0	3.2
ABMB	NEUTRAL	4.49	4.20	-6.5	7.6	9.7	9.2	0.9	0.9	9.9	9.8	4.1	4.4
Simple avg (ex-HLFG)						**9.4**	**9.1**	**0.9**	**0.9**	**9.7**	**9.6**	**5.4**	**5.6**
Weighted avg (ex-HLFG)						**10.0**	**9.7**	**1.1**	**1.0**	**11.0**	**10.8**	**5.9**	**6.1**

**Closing prices from 31 Jul 2025.*

Source: MBSBR

A. SYSTEM LOAN & CONSTITUENTS

FIG 2: Overview of Major Indicators

	yoy Growth rates (%)				YTD Ann. (%)	mom Growth rates (%)			
	Jun-25	May-25	Apr-25	Mar-25		Jun-25	May-25	Apr-25	Mar-25
Total loans	**5.1**	**5.3**	**5.1**	**5.2**	**4.3**	**0.7**	**0.4**	**-0.0**	**0.6**
Retail loans	6.3	6.3	6.4	6.4	5.5	0.5	0.5	0.4	0.4
Business loans	3.7	4.0	3.6	3.8	2.8	0.9	0.4	-0.6	0.9
SME*	-	7.6	7.8	7.7	4.9	-	0.2	0.3	1.2
Deposits + repo	**2.9**	**2.7**	**3.8**	**3.0**	**2.1**	**0.1**	**-0.6**	**0.2**	**0.4**
Total deposits	**3.8**	**3.1**	**3.4**	**2.6**	**3.6**	**0.6**	**-0.0**	**0.5**	**-0.0**
CASA	5.2	3.0	4.5	3.4	5.0	2.8	-0.6	-0.2	-0.3
FD	2.8	2.5	2.5	2.3	1.5	-0.4	0.1	0.4	0.3
Total provisions	-7.2	-7.3	-8.9	-8.9	-0.6	-0.4	0.8	0.4	-2.1
Total GIL	-6.2	-6.0	-8.1	-8.0	1.4	-1.4	2.3	0.7	-1.9
Leading indicators									
3MA applications	7	8	9	6	0	-1	9	3	4
Retail	0	1	7	1	5	-2	5	5	1
Business	15	17	13	12	4	-1	14	0	6
3MA approvals	8	11	12	4	0	-2	12	8	-0
Retail	-3	1	4	1	4	-3	8	5	2
Business	17	20	18	7	-15	-1	15	11	-2

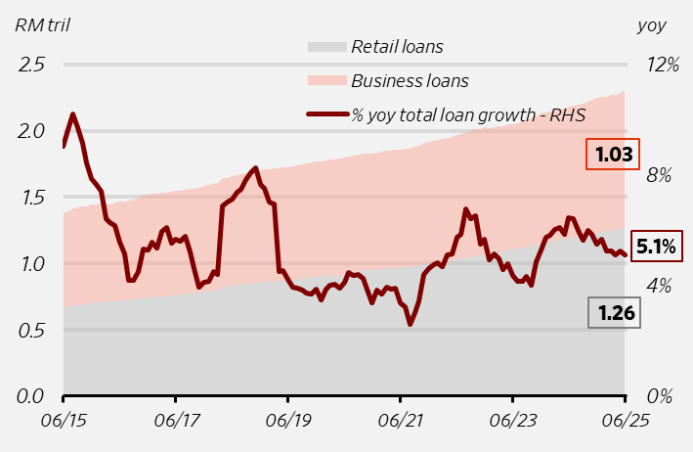
	Jun-25	May-25	Apr-25	Mar-25	Jun-24
Interest spread	2.30	2.39	2.33	2.39	2.65
ALR	4.89	4.94	4.92	4.97	5.32
3M FD rate	2.59	2.55	2.59	2.58	2.67
Loan approval rate	54	53	51	55	55
SME approval rate*	-	47	50	50	56
GIL ratio	1.42	1.45	1.43	1.42	1.59
Retail	1.14	1.17	1.14	1.13	1.24
Business	1.77	1.80	1.78	1.77	2.02
SME*	-	2.85	2.79	2.77	3.00
LLC ratio	90.5	89.6	91.0	91.2	91.5
CASA ratio	31.6	31.0	31.2	31.3	31.2
Loan/Deposit ratio	92.3	92.2	91.8	92.3	91.2
Liquidity coverage ratio	161	150	156	152	155
CET 1	14.3	14.4	14.3	14.4	14.9
Tier 1 Capital	14.8	14.9	14.8	14.9	15.4
Total Capital	17.8	17.9	17.7	17.8	18.5

	Period	Forecast	Formerly
Loan growth	CY25	5.0-5.5%	
GDP	CY25	4.0%	
OPR	CY25	3.00%	

**SME data until May-25*

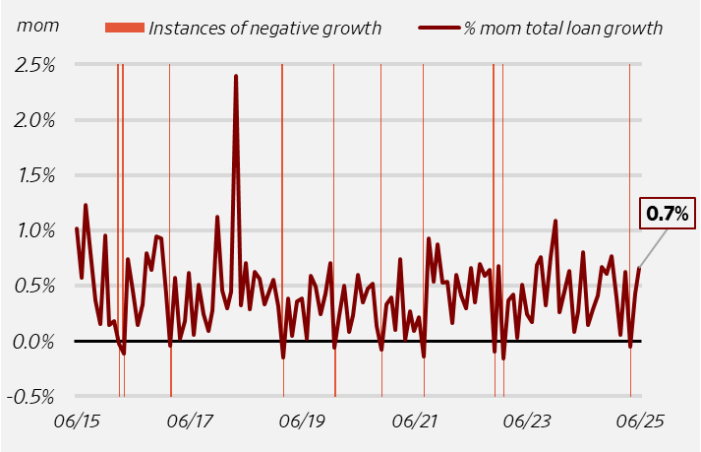
Source: BNM, MBSBR

FIG 3: yoy System loans



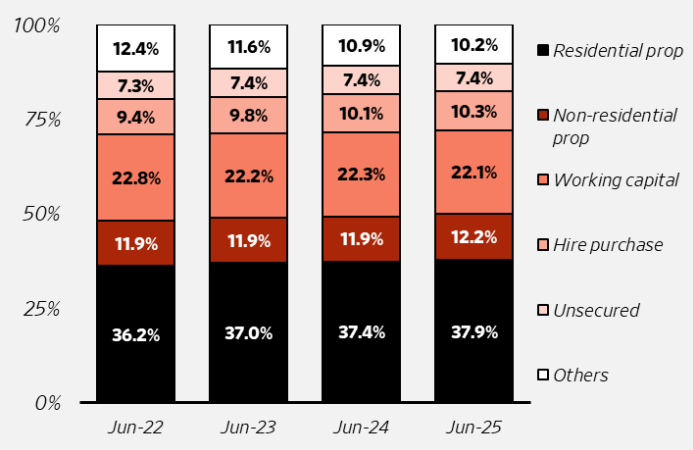
Source: BNM, MBSBR

FIG 4: mom System loans



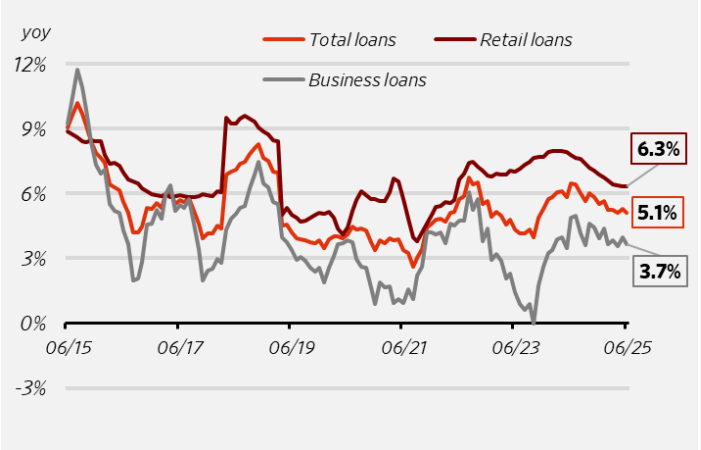
Source: BNM, MBSBR

FIG 5: yoy Loan breakdown by type



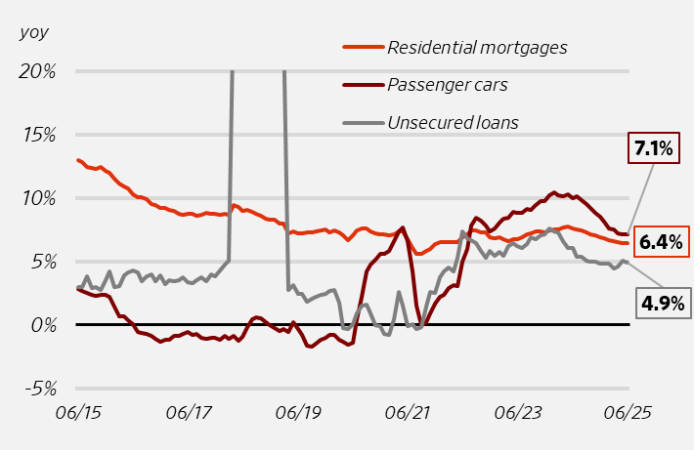
Source: BNM, MBSBR

FIG 6: Retail & business loan growth



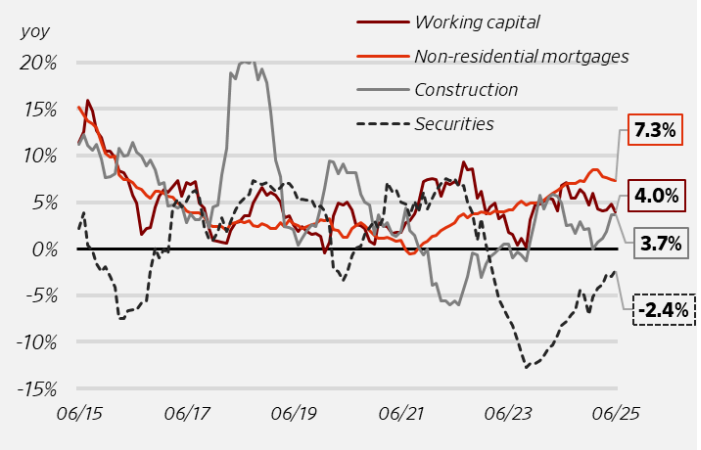
Source: BNM, MBSBR

FIG 7: Retail loan constituents



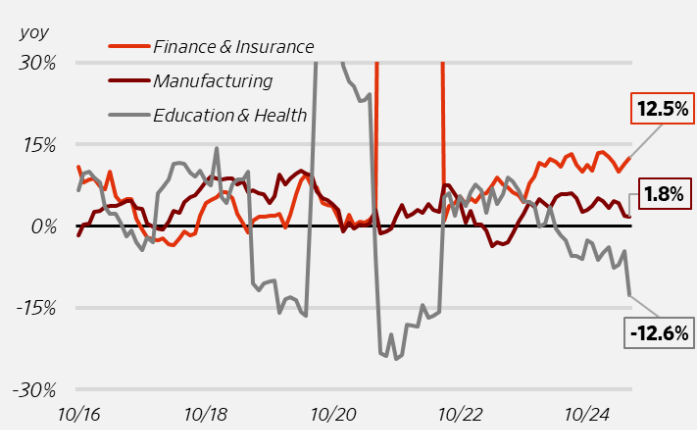
Source: BNM, MBSBR

FIG 8: Business loan constituents



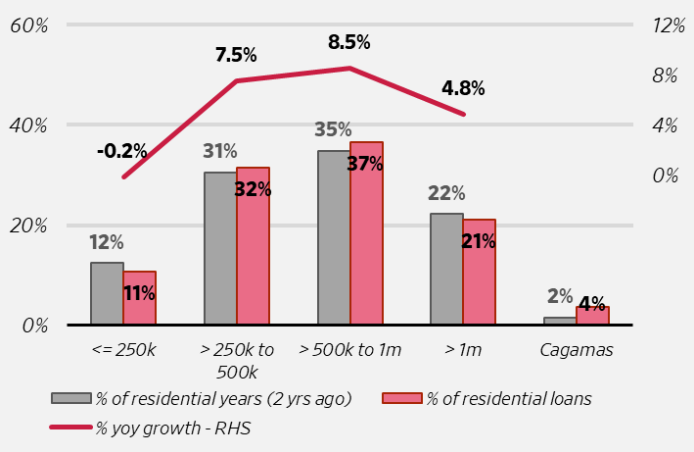
Source: BNM, MBSBR

FIG 9: Loan growth of other sectors



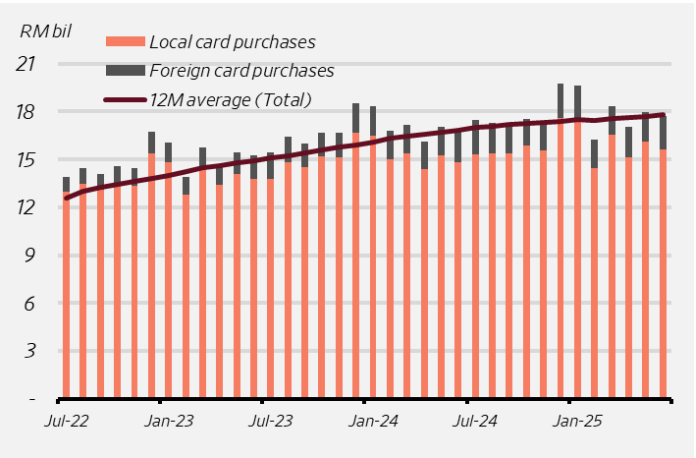
Source: BNM, MBSBR

FIG 10: Residential loans by segment



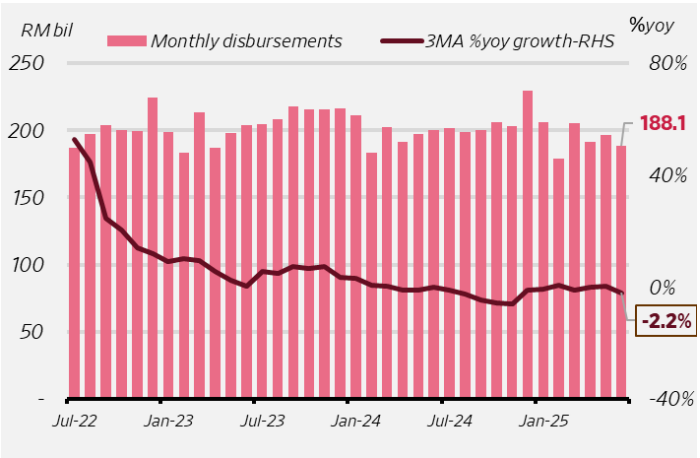
Source: BNM, MBSBR

FIG 11: Credit card purchases



Source: BNM, MBSBR

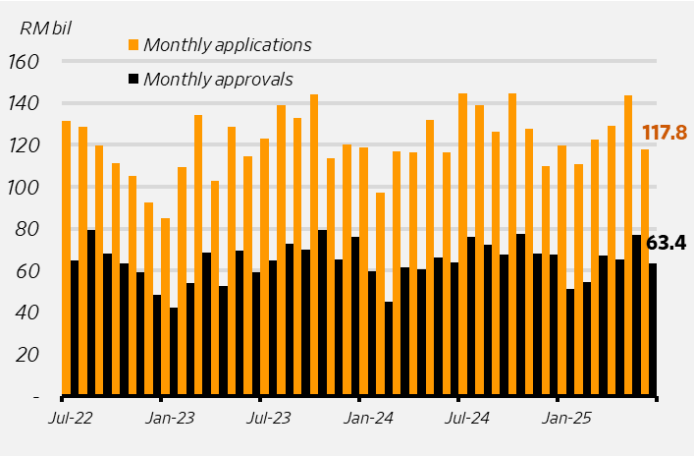
FIG 12: Monthly loan disbursements



Source: BNM, MBSBR

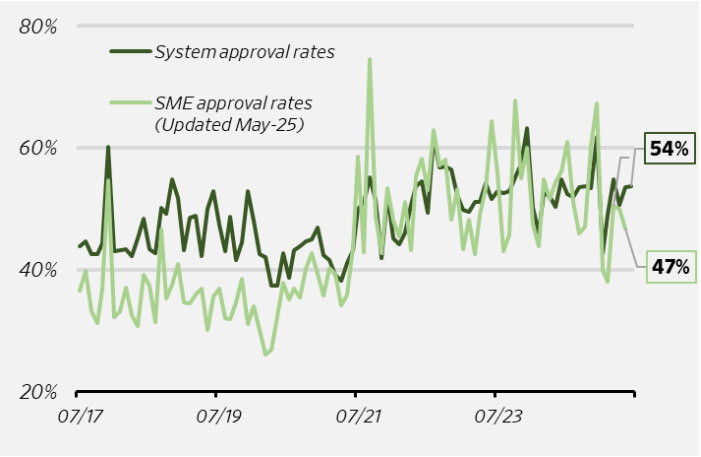
B. LEADING INDICATOR TRENDS

FIG 13: Monthly applications & approvals



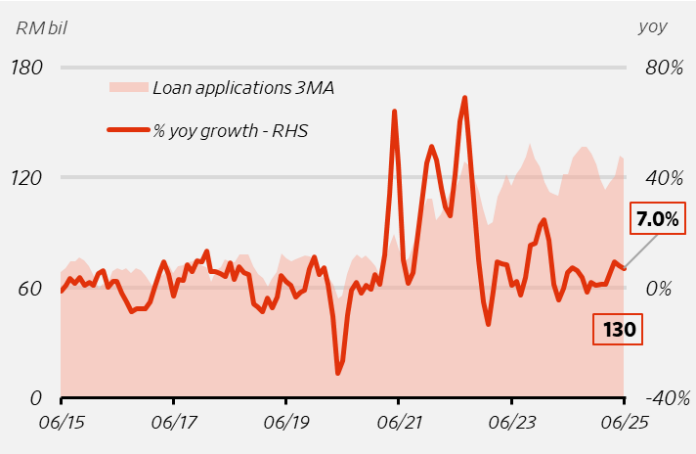
Source: BNM, MBSBR

FIG 14: System & SME approval rates



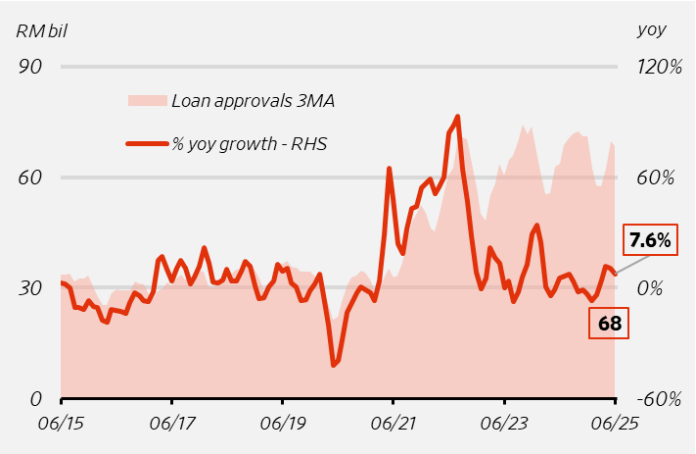
Source: BNM, MBSBR

FIG 15: Loan applications (3-mth average)



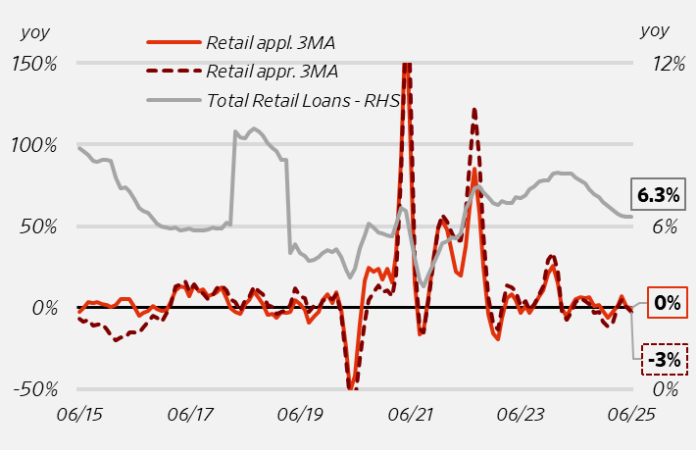
Source: BNM, MBSBR

FIG 16: Loan approvals (3-mth average)



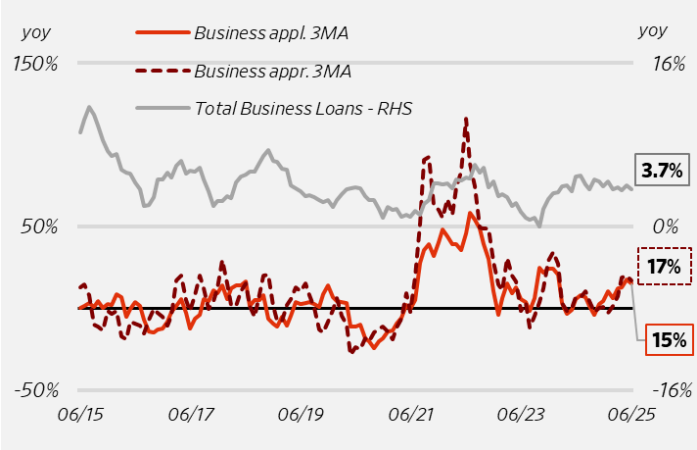
Source: BNM, MBSBR

FIG 17: Retail loan indicators



Source: BNM, MBSBR

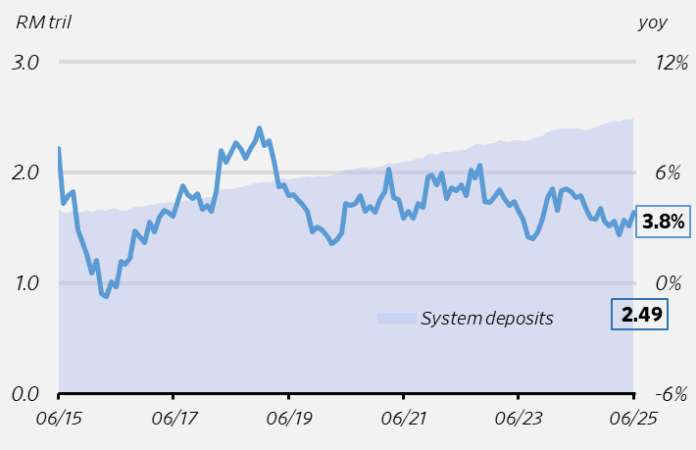
FIG 18: Business loan indicators



Source: BNM, MBSBR

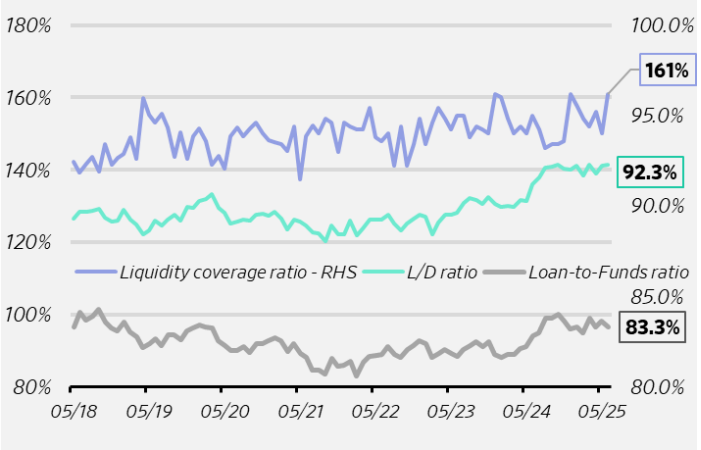
C. DEPOSITS & LIQUIDITY

FIG 19: yoy System deposits



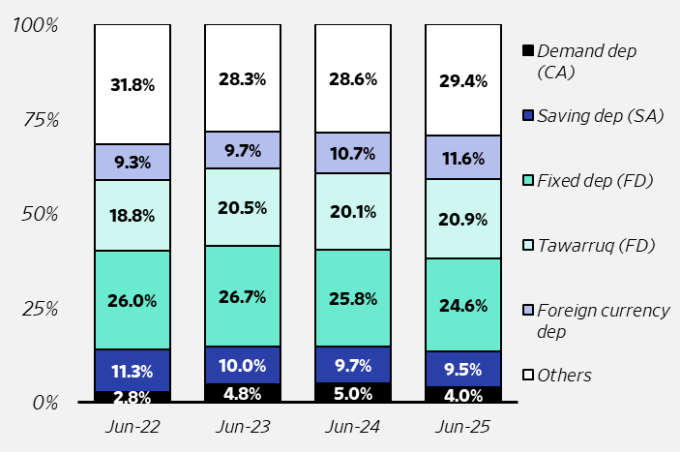
Source: BNM, MBSBR

FIG 20: LCR, LDR & LTF ratio



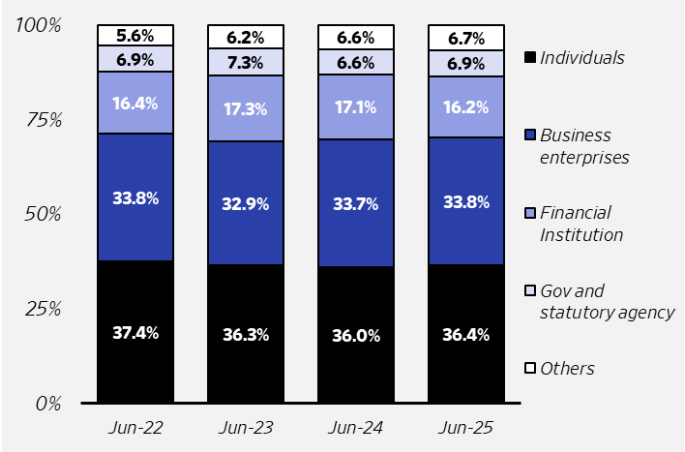
Source: BNM, MBSBR

FIG 21: Deposit breakdown by type



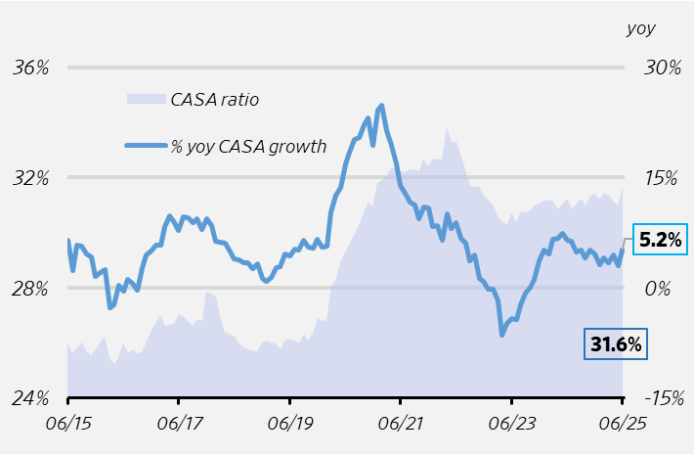
Source: BNM, MBSBR

FIG 22: Deposit breakdown by holder



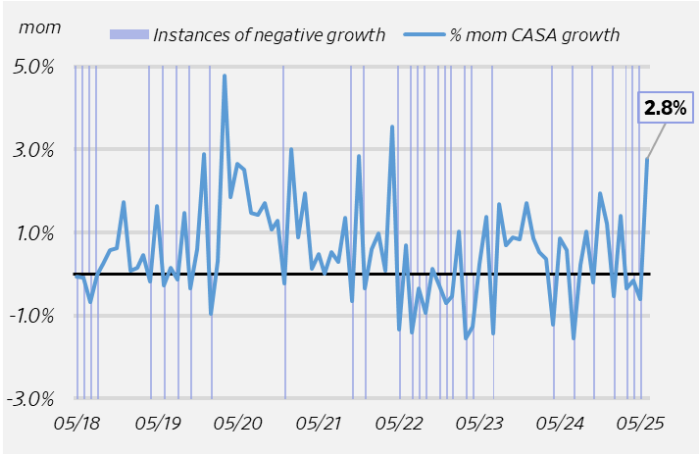
Source: BNM, MBSBR

FIG 23: CASA ratio and yoy growth



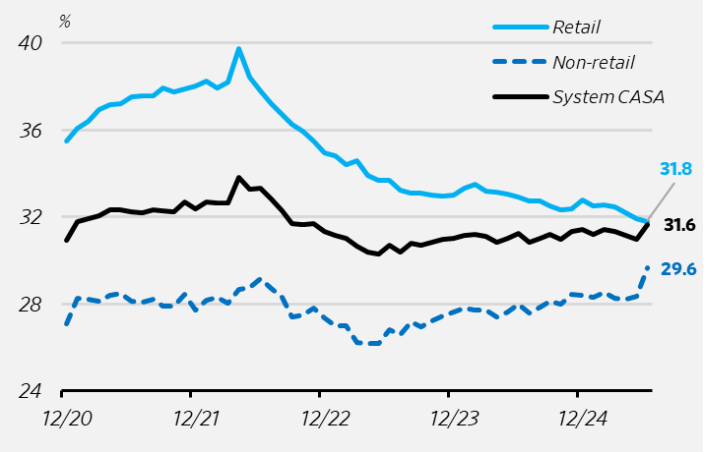
Source: BNM, MBSBR

FIG 24: mom CASA growth



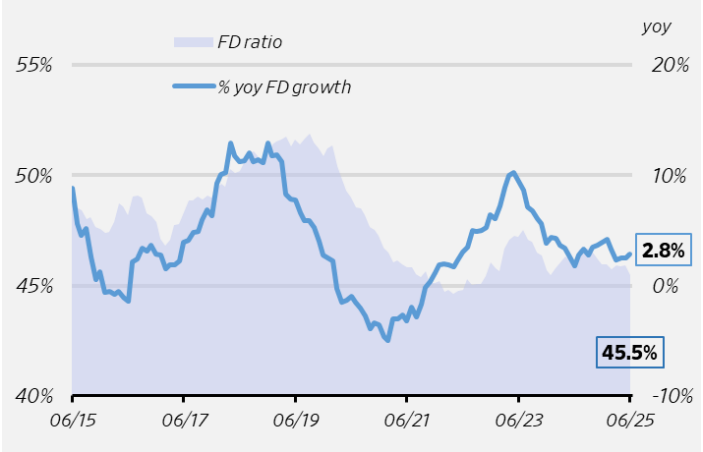
Source: BNM, MBSBR

FIG 25: CASA ratio by holder



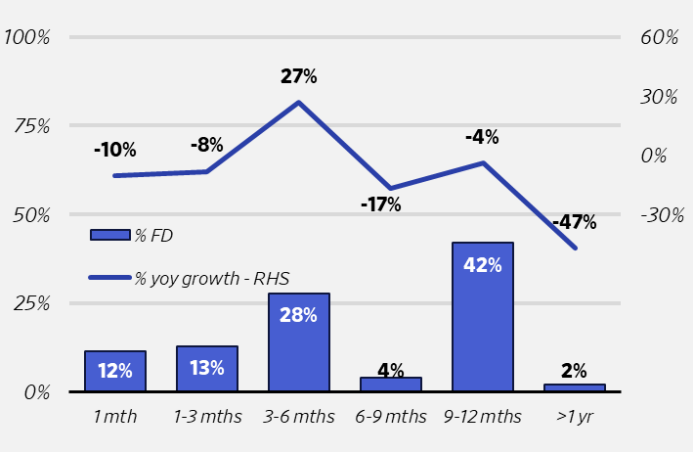
Source: BNM, MBSBR

FIG 26: FD ratio and yoy growth



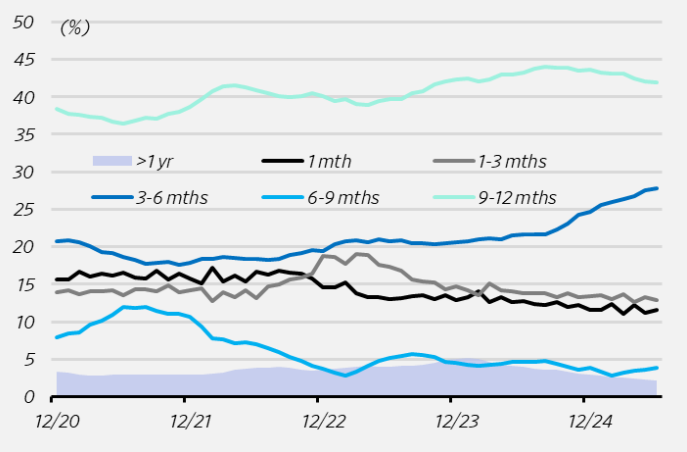
Source: BNM, MBSBR

FIG 27: FD by maturity brackets and yoy growth



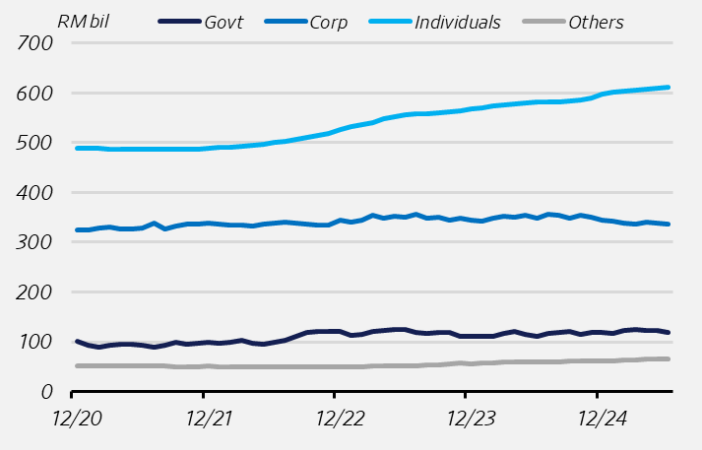
Source: BNM, MBSBR

FIG 28: FD by maturity brackets (% Proportion)



Source: BNM, MBSBR

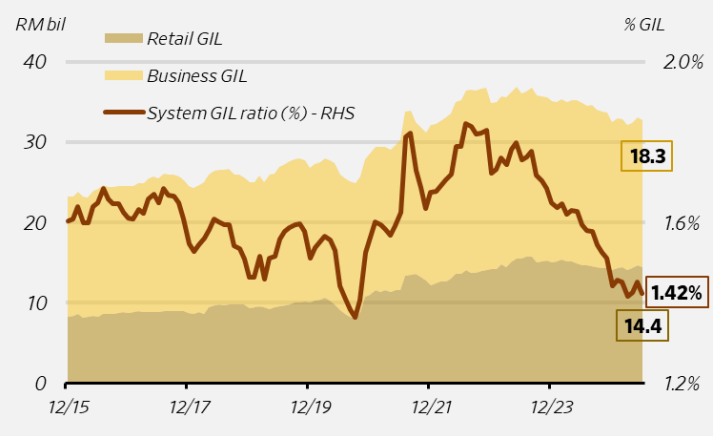
FIG 29: FD by depositor



Source: BNM, MBSBR

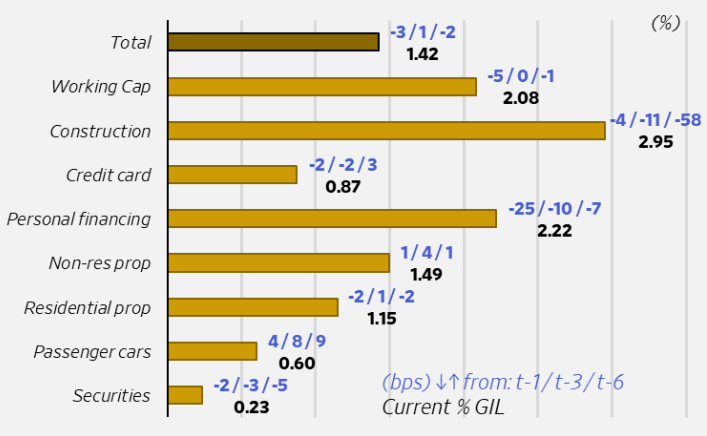
D. ASSET QUALITY & PROVISIONING

FIG 30: System gross impaired loans



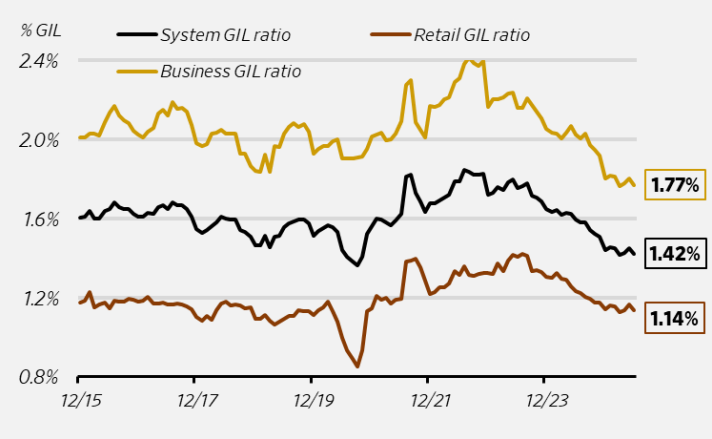
Source: BNM, MBSBR

FIG 31: Segmental GIL ratio changes



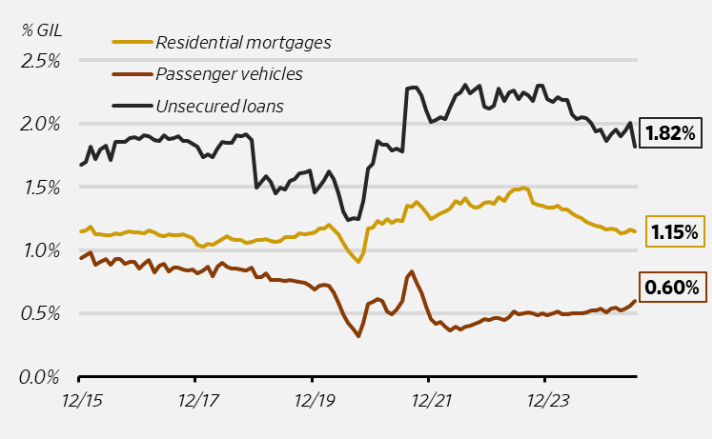
Source: BNM, MBSBR

FIG 32: System, Retail, Business GIL ratios



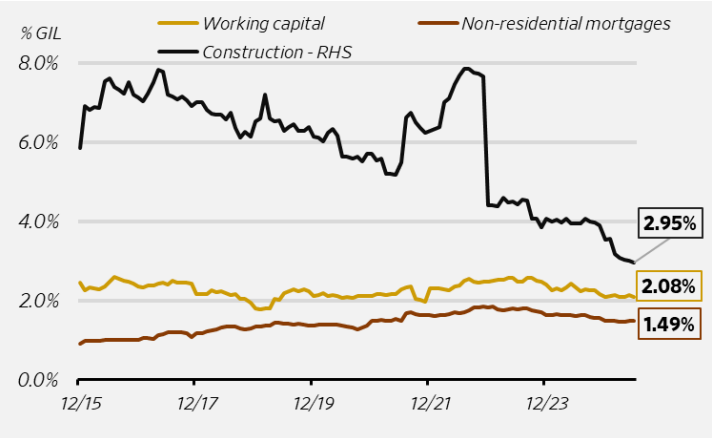
Source: BNM, MBSBR

FIG 33: Retail GIL ratios



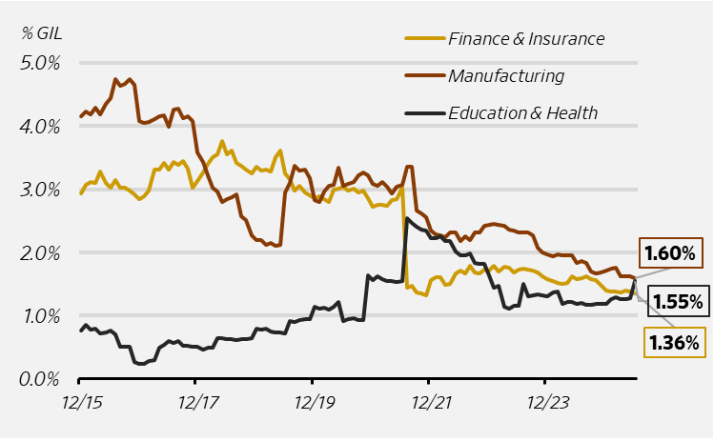
Source: BNM, MBSBR

FIG 34: Business GIL ratios



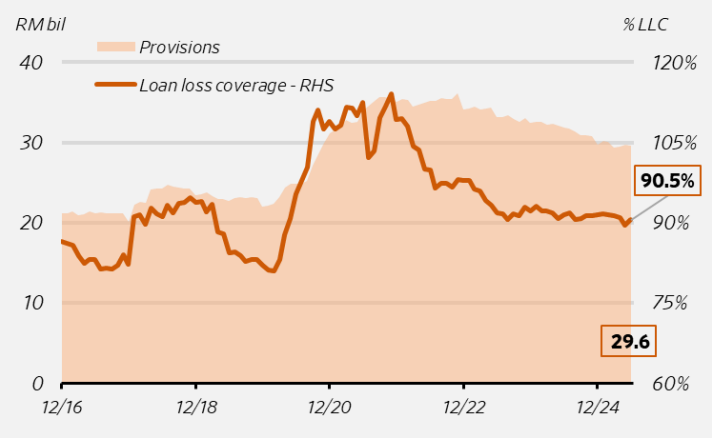
Source: BNM, MBSBR

FIG 35: GIL ratios of other sectors



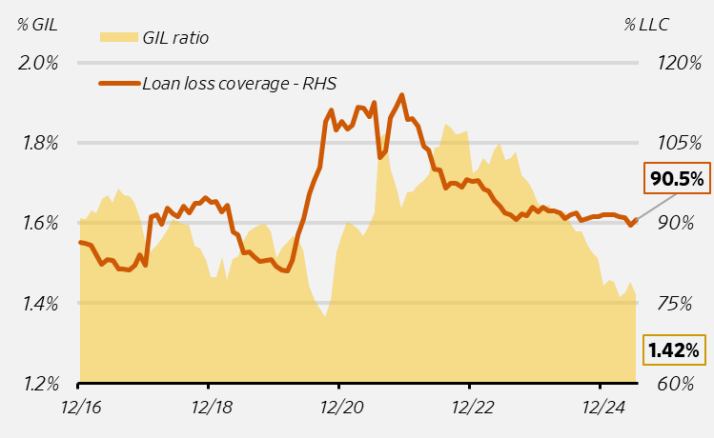
Source: BNM, MBSBR

FIG 36: Provisions & loan loss coverage



Source: BNM, MBSBR

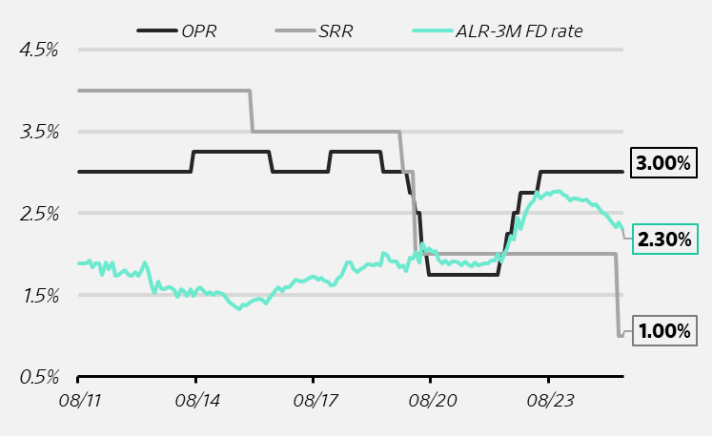
FIG 37: LLC & GIL ratio relationship



Source: BNM, MBSBR

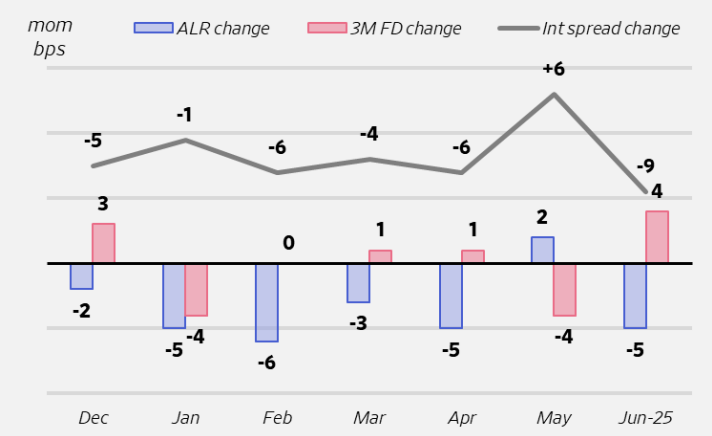
E. INTEREST SPREAD AND CAPITAL

FIG 38: Interest spread, OPR, SRR



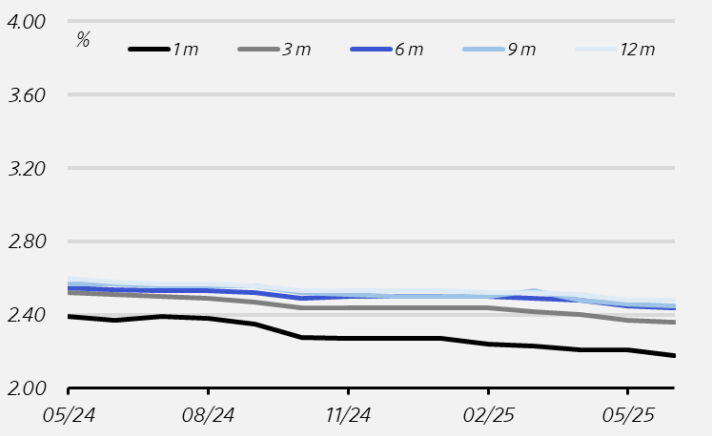
Source: BNM, MBSBR

FIG 39: mom Changes in Interest spreads



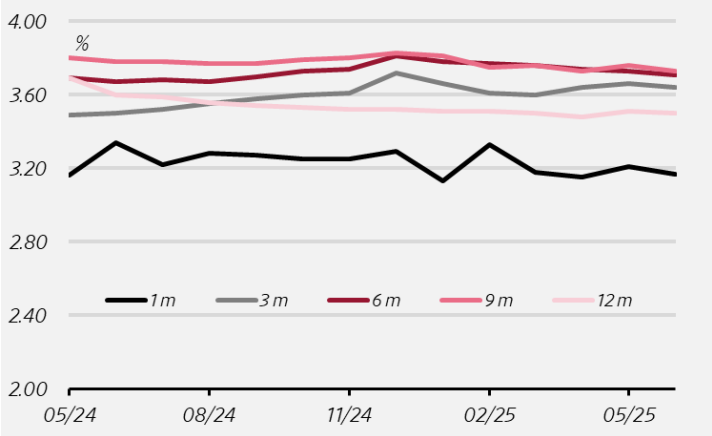
Source: BNM, MBSBR

FIG 40: Weighted avg Conv. FD rates by bracket



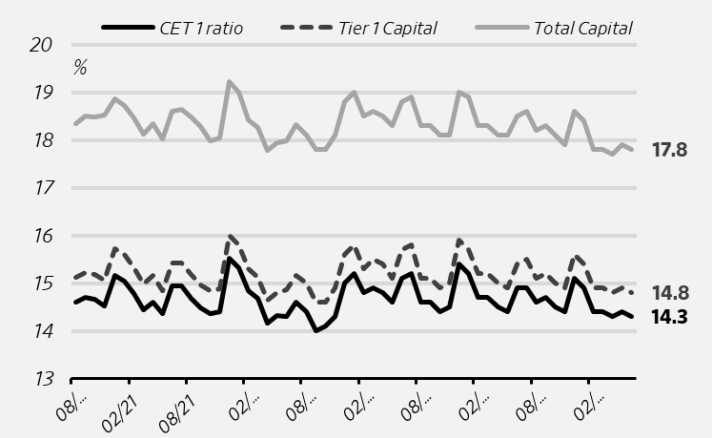
Source: BNM, MBSBR

FIG 41: Weighted avg Isl. FD rates by bracket



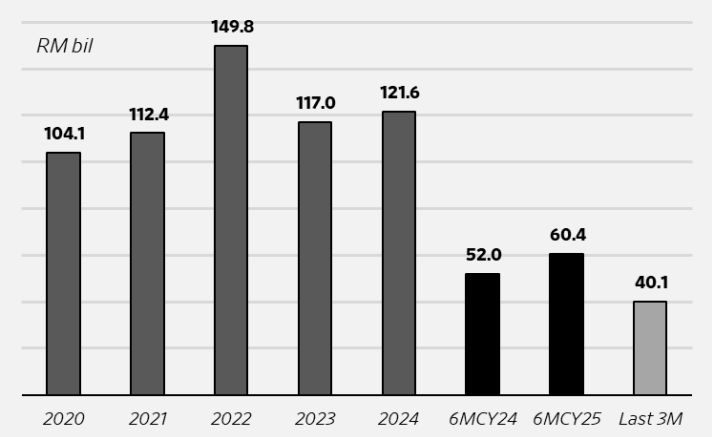
Source: BNM, MBSBR

FIG 42: Capital ratios



Source: BNM, MBSBR

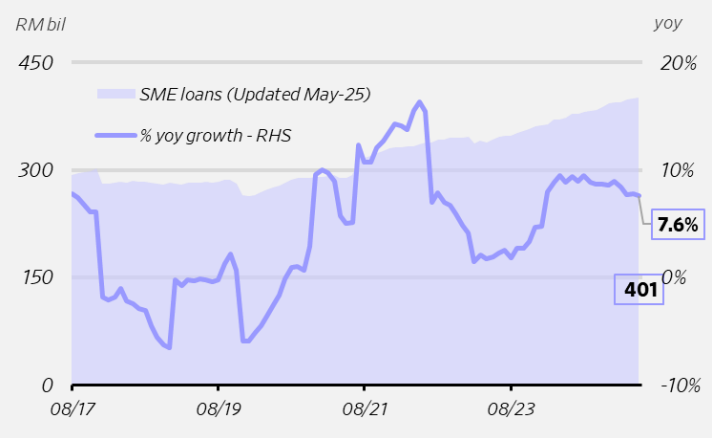
FIG 43: Bond/Sukuk issuances



Source: BNM, MBSBR

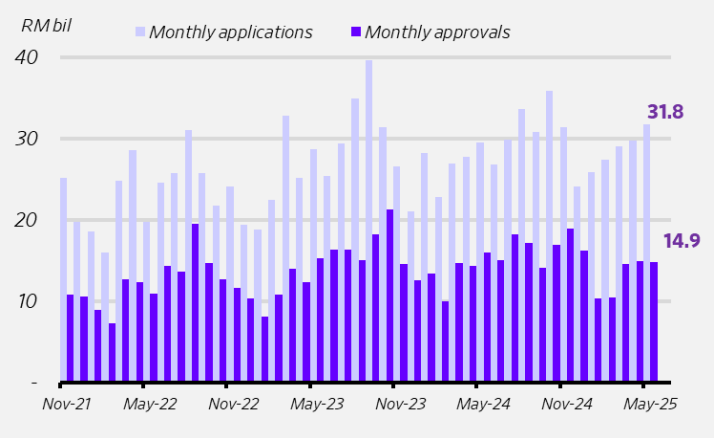
F. SME DATA

FIG 44: SME loans



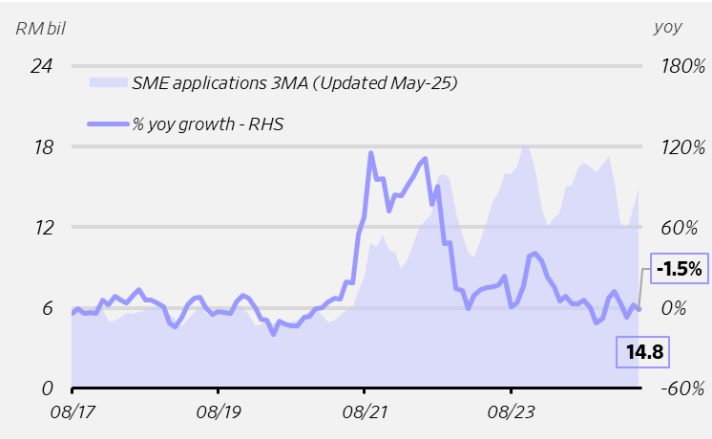
Source: BNM, MBSBR

FIG 45: SME Monthly leading indicators



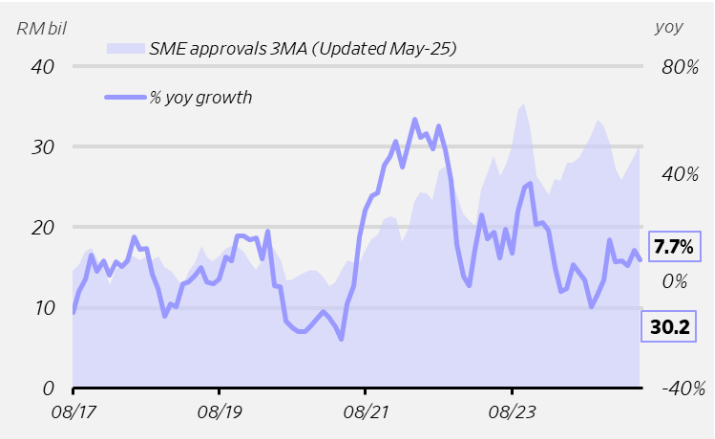
Source: BNM, MBSBR

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



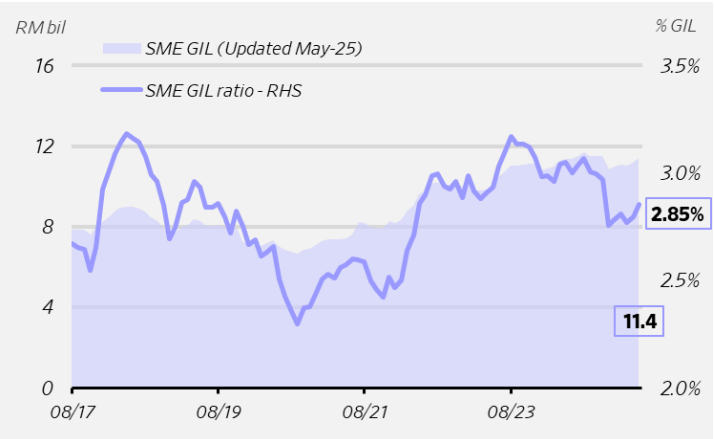
Source: BNM, MBSBR

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



Source: BNM, MBSBR

FIG 48: SME GILs



Source: BNM, MBSBR

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
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
Mar-25	2.27	5.2	0.6	6.4	0.4	54.8	3.8	0.9	45.2
Apr-25	2.27	5.1	-0.0	6.4	0.4	55.1	3.6	-0.6	44.9
May-25	2.28	5.3	0.4	6.3	0.5	55.1	4.0	0.4	44.9
Jun-25	**2.30**	**5.1**	**0.7**	**6.3**	**0.5**	**55.0**	**3.7**	**0.9**	**45.0**

Source: BNM, MBSBR

FIG 50: yoy Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Mar-25	6.6	7.3	4.4	4.0	7.8	1.1	-3.8
Apr-25	6.5	7.0	4.6	4.1	7.6	1.9	-2.8
May-25	6.4	6.9	5.0	4.8	7.4	3.7	-3.0
Jun-25	**6.4**	**6.9**	**4.9**	**4.0**	**7.3**	**3.7**	**-2.4**

Source: BNM, MBSBR

FIG 51: mom Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Mar-25	0.4	0.7	0.3	1.0	0.6	1.2	-0.5
Apr-25	0.4	0.5	0.8	-1.0	0.1	1.1	-0.0
May-25	0.4	0.7	1.5	0.3	0.5	2.1	-0.0
Jun-25	**0.5**	**0.5**	**2.0**	**1.1**	**0.7**	**-0.1**	**0.4**

Source: BNM, MBSBR

FIG 52: Loan applications & approvals (3MA)

	Applied (3MA) (RM b)	Growth (% yoy)	Growth (% mom)	Approved (3MA) (RM b)	Growth (% yoy)	Growth (% mom)
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	62.4	-6.8	-12.3
Feb-25	113.4	1.1	-4.7	57.8	-3.9	-7.3
Mar-25	117.7	6.0	3.8	57.6	4.1	-0.4
Apr-25	120.7	9.5	2.6	62.2	11.7	8.1
May-25	131.7	8.1	9.1	69.7	10.8	12.0
Jun-25	**130.2**	**7.0**	**-1.2**	**68.5**	**7.6**	**-1.8**

Source: BNM, MBSBR

FIG 53: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
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	42.8	43.6	42.0	39.9
Feb-25	49.1	41.4	58.3	38.0
Mar-25	54.8	45.3	65.8	50.4
Apr-25	50.6	43.7	58.2	50.1
May-25	53.5	45.9	60.6	46.7
Jun-25	**53.8**	**43.9**	**65.0**	**-**

**SME data until May-25*

Source: BNM, MBSBR

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

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Mar-25	1	-1	2	24	5	52	-3
Apr-25	7	10	2	16	13	21	30
May-25	-0	7	-5	21	10	29	14
Jun-25	**-1**	**6**	**-1**	**11**	**6**	**18**	**15**

Source: BNM, MBSBR

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

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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	40	-37
Feb-25	3	-5	-35	-5	17	63	-34
Mar-25	1	-6	12	4	-5	72	-18
Apr-25	4	3	8	21	-2	113	-1
May-25	-2	4	4	21	10	101	9
Jun-25	**-6**	**0**	**5**	**21**	**12**	**26**	**-16**

Source: BNM, MBSBR

FIG 56: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Mar-25	2,594	3.0	0.4	92.3
Apr-25	2,600	3.8	0.2	91.8
May-25	2,585	2.7	-0.6	92.2
Jun-25	**2,589**	**2.9**	**0.1**	**92.3**

Source: BNM, MBSBR

FIG 57: CASA & FD ratios

	CASA (RM b)	Growth (% yoy)	Growth (% mom)	CASA ratio (%)	FD (RM b)	Growth (% yoy)	Growth (% mom)	FD ratio (%)
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
Mar-25	772	3.4	-0.3	31.3	1,131	2.3	0.3	45.9
Apr-25	771	4.5	-0.2	31.2	1,136	2.5	0.4	45.9
May-25	767	3.0	-0.6	31.0	1,136	2.5	0.1	45.9
Jun-25	**788**	**5.2**	**2.8**	**31.6**	**1,132**	**2.8**	**-0.4**	**45.5**

Source: BNM, MBSBR

FIG 58: Impaired loans and loan loss coverage

	Impaired loans (RM b)	Growth (% mom)	GIL ratio (%)	Total provisions (RM b)	LLC ratio (%)
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
Mar-25	2,273.4	-1.9	1.42	29.4	91
Apr-25	2,272.3	0.7	1.43	29.5	91
May-25	2,282.0	2.3	1.45	29.7	90
Jun-25	**2,297.1**	**-1.4**	1.42	**29.6**	**91**

Source: BNM, MBSBR

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

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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
Mar-25	4.97	2.58	2.39
Apr-25	4.92	2.59	2.33
May-25	4.94	2.55	2.39
Jun-25	**4.89**	**2.59**	**2.30**

Source: BNM, MBSBR

FIG 60: SME loan data

	Total SME loans (RM b)	Growth (% yoy)	Growth (% mom)	As a % of industry loans	SME GIL ratio (%)
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
Feb-25	394	8.4	-0.1	17.4	2.81
Mar-25	399	7.7	1.2	17.5	2.77
Apr-25	400	7.8	0.3	17.6	2.79
May-25	**401**	**7.6**	**0.2**	**17.6**	**2.85**

SME data until May-25

Source: BNM, MBSBR

FIG 61: SME applications & approvals (3MA)

	Applications			Applications		
	3MA (RM b)	Growth (% yoy)	Growth (% mom)	3MA (RM b)	Growth (% yoy)	Growth (% mom)
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
Feb-25	25.8	0.2	-0.3	12.3	2.7	-18.6
Mar-25	27.4	0.7	1.2	11.8	-7.1	-4.3
Apr-25	28.7	0.5	1.1	13.3	2.4	12.8
May-25	**30.2**	**0.7**	**2.1**	**14.8**	**-1.5**	**11.1**

SME data until May-25

Source: BNM, MBSBR

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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MBSB INVESTMENT BANK (formerly known as 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