Banking

Jul-25: Further Clarity

NEUTRAL (Maintain)

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

HIGHLIGHTS

- ▲ **(1) Good recovery in leading indicators, (2) Improved liquidity due to sharper deposits growth, (3) Decline in FD rates, due to OPR cut repricing.**
- ▼ **(1) ALR continues to compress, (2) CASA saw negative growth on a sequential month basis, as depositors rushed to lock in FDs.**
- ► **(1) Lukewarm month for loans, (2) System GIL experienced slight deterioration – though business GILs saw sharper uptick.**
- **Maintain NEUTRAL call: Banks have provided us with much clarity post-results – and the outlook doesn't seem as bad as once feared, especially with most headwinds already priced in. We take solace knowing that most headwinds seem to have some degree of offset – but we feel that asset quality concerns may continue to weigh down on select names.**

Our Verdict	**Post 2QCY25's results season, banks are guiding for similar things: Topline to be buoyed by NOII, while ample liquidity provides options to offset NIM compression. Loan growth is likely to be backloaded in 2HCY25, after 1HCY25's disappointing performance (but weaker asset growth has improved banks' dividend outlook significantly). Be wary that asset quality may continue to plague select names, but expect chunky recoveries to provide upside risk.**
Core Themes	1. ▲ Dividend outlook is bright. Lower loan growth expectations and less skittishness over Basel III implementation lessen worries about capital. There are hints of higher dividend payouts at year's end. 2. ▲ NOII to act as core topline driver in CY25. Wealth management, bancassurance, and debt capital markets are common drivers of the fee side. Forex volatility and lowering bond yields should provide strong non-fee returns. 3. ▲ Liquidity outlook is bright. Most banks boast elevated liquidity ratios, with space for pricier FD release or loan/deposit optimisation. This can offset NIM compression in subsequent quarters. 4. ► Loan growth outlook is not amazing – most banks are expecting mediocre to weak figures. Expanding on that, the primary market residential mortgages environment is even more competitive. Industry SME yields are narrowing, while problematic portfolios in several banks may dissuade strong growth in this segment. 5. ▼ NIM compression to occur, a consequence of the recent OPR cut. Be wary that a possible further rate cut in 2HCY25 is possible. 6. ▲▼ Mixed bag on asset quality. Some banks saw a spike this quarter, spooking investors – others managed this very well. Regardless, the consensus is that there will be some normalisation in 2HCY25 – and large recoveries are expected in select banks. 7. ▲▼ Mixed bag on provisioning, though upside risk is greater. Most banks issued overlays this quarter (or even earlier). Hence, we are not expecting too many incidents of higher provisioning in subsequent quarters. At the same time, multiple banks are gearing up for large-scale writebacks, which should result in a lighter 2HCY25.

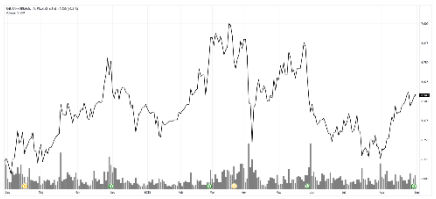
COMPANY *IN FOCUS*

RHB Bank

Maintain BUY | Target Price: RM7.21
Price @ 29 August 2025: RM6.54

- High dividend yields, with the possibility of higher-than-average dividend payout in FY25.
- Recoveries expected in multiple loan categories – particularly SME and foreign segments.
- Solid NOII to buoy topline in 2HFY25.

SHARE PRICE CHART



HL Bank

Maintain BUY | Target Price: RM21.71
Price @ 29 August 2025: RM20.08

- Improved dividend payout and yields.
- Defensive pick: Asset quality and provisioning remain among the best.
- Sharp NOII growth, especially from regional offerings.

SHARE PRICE CHART



FIG 1: Overview of Major Indicators

Category	Performance	Notes
Loans	► **System loans:** +5.4%yoy | +0.4%mom ► **Retail loans:** +6.3%yoy | +0.5%mom ► **Business loans:** +4.2%yoy | +0.2%mom ► **SME loans (Jun-25):** +7.6%yoy | +1.6%mom	Another lukewarm month for loans.
Leading Indicators	▲ **System:** Strong month **Approval rates:** 50% ▲ **SME (Jun-25):** Solid month **SME Approval rates:** 48%	After a lacklustre Jun-25, applications are up once again in virtually every category.
Deposits	► **Deposits + repos:** +3.7%yoy | +0.3%mom ▲ **Deposits (ex-repos):** +4.8%yoy | +0.6%mom ▲ **FD:** +2.3%yoy | +0.7%mom ▼ **CASA:** +6.6%yoy | -0.2%mom **Loan/Deposit ratio:** 92.1% **Loan Coverage ratio:** 158%	Despite the Jul-26 OPR cut, sequential month FD growth outpaced CASA growth. The surge in FDs is likely due to depositors intending to lock in last minute deposits. LCR remains slightly elevated.
GIL ratio	► **System GIL ratio:** 1.44% | +2bps mom ► **Retail:** 1.12% | -2bps mom ▼ **Business:** 1.83% | +6bps mom ► **SME GIL ratio (Jun-25):** 2.84% | -1bps mom	▼ **Notable deteriorations, mom:** Working capital +10bps, Construction +6bps, Personal financing +4bps, Securities +3bps, Credit card +3bps. ▲ **Notable improvements, mom:** Passenger cars -5bps.
Interest rates	▲ **FD rates (Conv):** OPR repricing has occurred ▲ **FD rates (Isl):** OPR repricing has occurred ▼ **Lending rates (ALR):** -7bps mom	OPR impact on FDs has arrived – while ALR continues its compression trend.

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

Top downside risks include:

1. Weak economic conditions leading to lacklustre loan growth.
2. Severe asset quality deterioration.

Top Picks: RHB Bank (BUY, TP: RM7.21) and **HL Bank (BUY, TP: RM21.71).** We upgrade our call for **AFFIN** to **BUY** from **NEUTRAL** as recent negative share repricing has made the bank a much more attractive pick.

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	9.90	9.92	0.2	119.4	11.6	11.4	1.2	1.2	10.8	10.7	6.9	7.0
CIMB	BUY	7.43	8.22	10.6	79.5	10.2	10.0	1.1	1.1	11.0	10.8	5.3	5.4
PBK	BUY	4.27	4.82	12.9	82.9	11.3	10.7	1.4	1.3	12.4	12.3	4.7	5.1
RHB	BUY	6.54	7.21	10.2	28.0	9.1	8.6	0.8	0.8	9.3	9.5	6.4	6.7
HLBK	BUY	20.08	21.71	8.1	41.2	9.2	8.7	1.0	0.9	11.1	11.1	5.1	5.4
AMMB	NEUTRAL	5.39	5.30	-1.7	17.8	9.1	8.7	0.8	0.8	9.3	9.3	5.0	5.2
BIMB	NEUTRAL	2.29	2.31	0.9	5.2	10.0	8.9	0.7	0.7	6.8	7.5	6.0	6.7
AFFIN	BUY	2.24	2.48	10.8	5.6	9.4	8.8	0.5	0.4	5.0	5.1	3.2	3.4
ABMB	NEUTRAL	4.51	4.69	4.1	7.8	9.3	9.0	1.0	0.9	10.5	10.3	4.3	4.5
Simple avg (ex-HLFG)						**9.9**	**9.4**	**0.9**	**0.9**	**9.6**	**9.6**	**5.2**	**5.5**
Weighted avg (ex-HLFG)						**10.6**	**10.2**	**1.1**	**1.1**	**10.9**	**10.8**	**5.7**	**5.9**

**Closing prices from 29 Aug 2025.*

^HLBK, HLFG, AMMB and ABMB use FY26F/27F values.

Source: MBSBR

Changes to Calls

Bank	Call		Target Price (RM)			P/BV (x)		ROE Basis (%)		Justification
	New	Former	New	Former	Change	New	Former	New	Former	
AFFIN	BUY	NEUTRAL	2.48	2.48	+0%	0.49	0.49	5.1	5.1	Recent downward repricing has made AFFIN a more attractive pick.

Source: MBSBR

A. SYSTEM LOAN & CONSTITUENTS

FIG 2: Overview of Major Indicators

	yoy Growth rates (%)				YTD Ann. (%)	mom Growth rates (%)			
	Jul-25	Jun-25	May-25	Apr-25		Jul-25	Jun-25	May-25	Apr-25
Total loans	**5.4**	**5.1**	**5.3**	**5.1**	**4.3**	**0.4**	**0.7**	**0.4**	**-0.0**
Retail loans	6.3	6.3	6.3	6.4	5.6	0.5	0.5	0.5	0.4
Business loans	4.2	3.7	4.0	3.6	2.8	0.2	0.9	0.4	-0.6
SME*	-	7.6	7.6	7.8	7.4	-	1.6	0.2	0.3
Deposits + repo	**3.7**	**2.9**	**2.7**	**3.8**	**2.3**	**0.3**	**0.1**	**-0.6**	**0.2**
Total deposits	**4.8**	**3.8**	**3.1**	**3.4**	**4.2**	**0.6**	**0.6**	**-0.0**	**0.5**
CASA	6.6	5.2	3.0	4.5	3.9	-0.2	2.8	-0.6	-0.2
FD	2.3	2.8	2.5	2.5	2.5	0.7	-0.4	0.1	0.4
Total provisions	-6.0	-7.2	-7.3	-8.9	0.9	0.8	-0.4	0.8	0.4
Total GIL	-4.0	-6.2	-6.0	-8.1	3.8	1.5	-1.4	2.3	0.7
Leading indicators									
3MA applications	3	7	8	9	0	4	-1	9	3
Retail	-1	0	1	7	11	4	-2	5	5
Business	8	15	17	13	9	3	-1	14	0
3MA approvals	3	8	11	12	0	3	-2	12	8
Retail	-4	-3	1	4	12	5	-3	8	5
Business	9	17	20	18	-10	2	-1	15	11

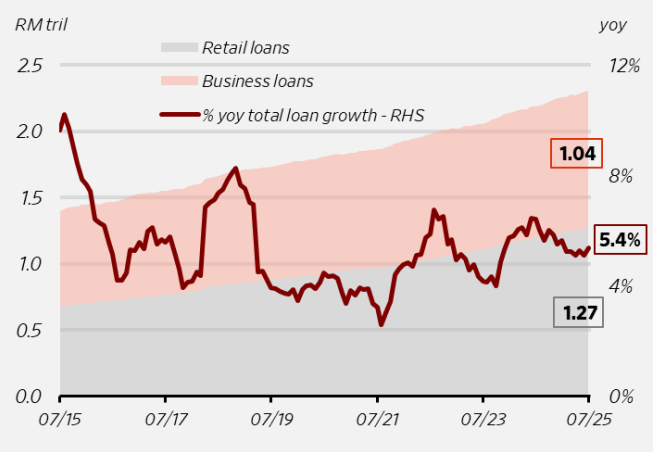
	Jul-25	Jun-25	May-25	Apr-25	Jul-24
Interest spread	2.50	2.30	2.39	2.33	2.67
ALR	4.82	4.89	4.94	4.92	5.30
3M FD rate	2.32	2.59	2.55	2.59	2.63
Loan approval rate	50	54	53	51	52
SME approval rate*	-	48	47	50	61
GIL ratio	1.44	1.42	1.45	1.43	1.58
Retail	1.12	1.14	1.17	1.14	1.23
Business	1.83	1.77	1.80	1.78	2.00
SME*	-	2.84	2.85	2.79	3.04
LLC ratio	89.9	90.5	89.6	91.0	91.8
CASA ratio	31.4	31.6	31.0	31.2	30.9
Loan/Deposit ratio	92.1	92.3	92.2	91.8	91.6
Liquidity coverage ratio	158	161	150	156	151
CET 1	14.9	14.3	14.4	14.3	14.9
Tier 1 Capital	15.3	14.8	14.9	14.8	15.5
Total Capital	18.4	17.8	17.9	17.7	18.6

	Period	Forecast	Formerly
Loan growth	CY25	5.0-5.5%	
GDP	CY25	4.0%	
OPR	CY25	2.75%	3.00%

**SME data until Jun-25*

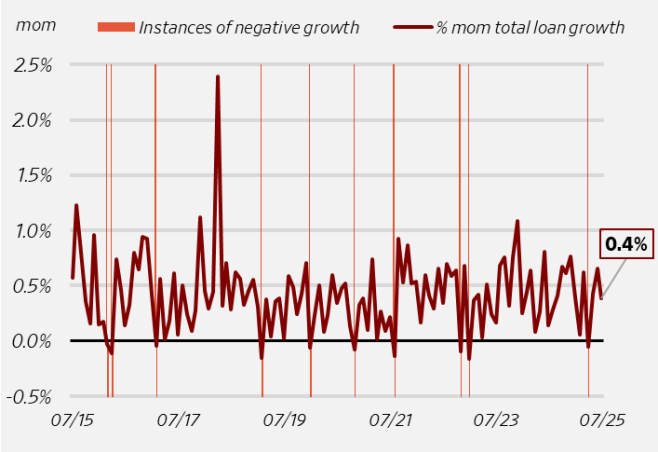
Source: BNM, MBSBR

FIG 3: yoy System loans



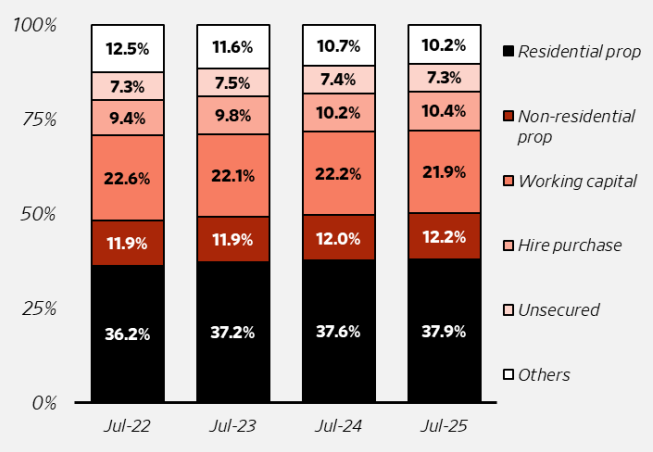
Source: BNM, MBSBR

FIG 4: mom System loans



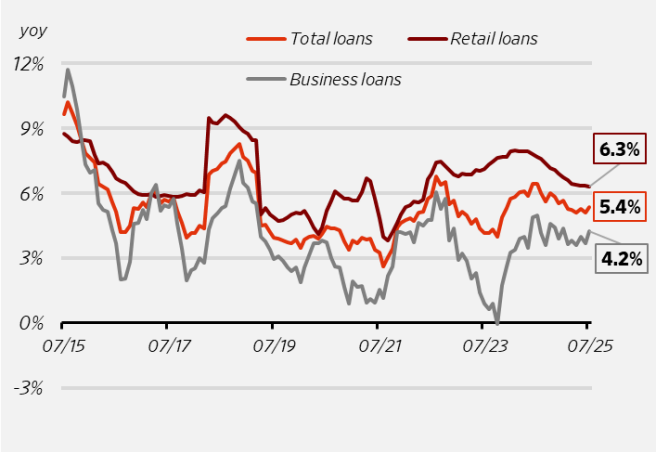
Source: BNM, MBSBR

FIG 5: yoy Loan breakdown by type



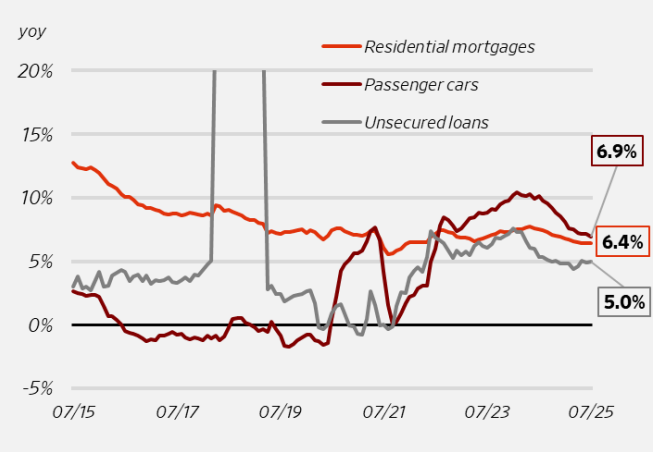
Source: BNM, MBSBR

FIG 6: Retail & business loan growth



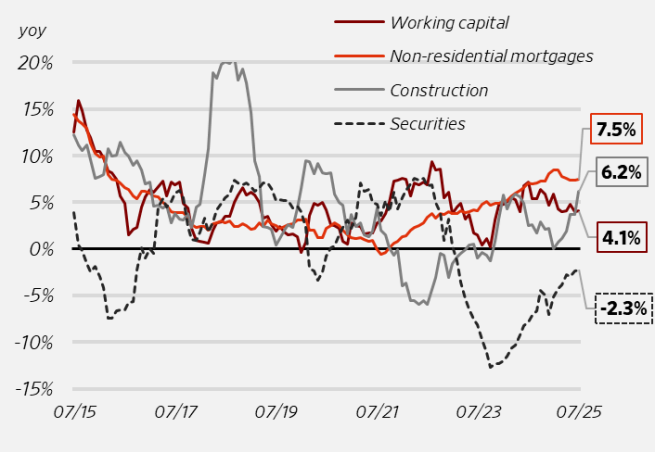
Source: BNM, MBSBR

FIG 7: Retail loan constituents



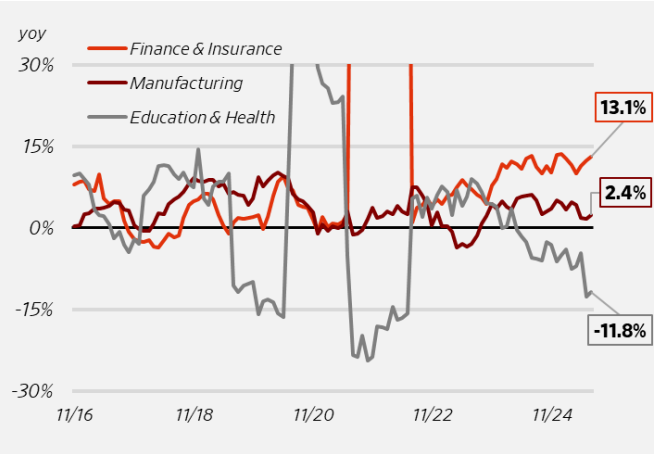
Source: BNM, MBSBR

FIG 8: Business loan constituents



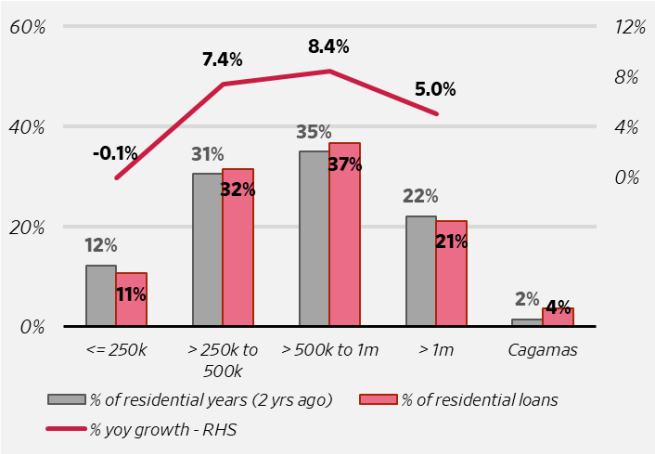
Source: BNM, MBSBR

FIG 9: Loan growth of other sectors



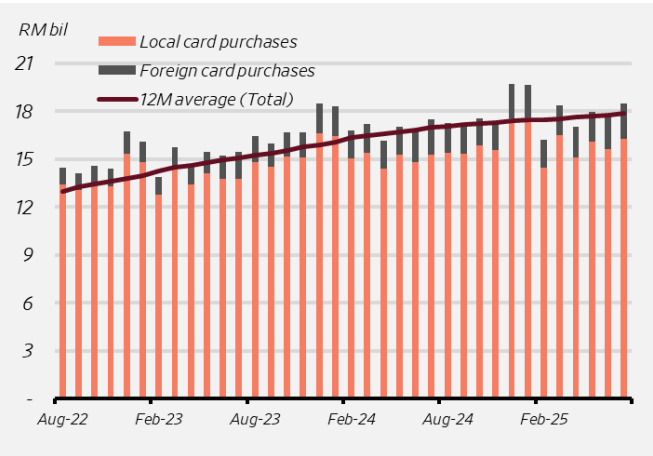
Source: BNM, MBSBR

FIG 10: Residential loans by segment



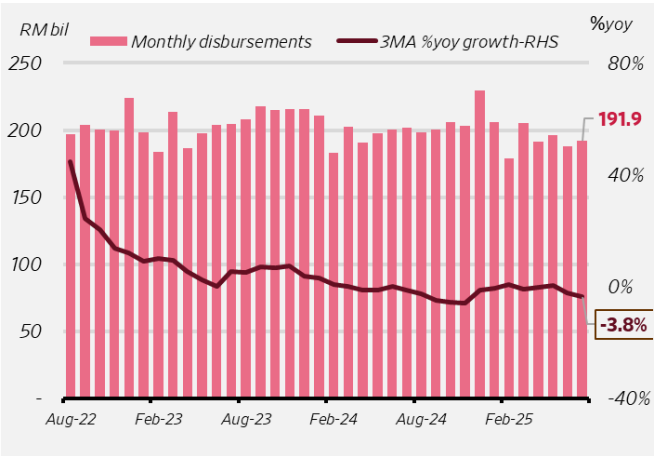
Source: BNM, MBSBR

FIG 11: Credit card purchases



Source: BNM, MBSBR

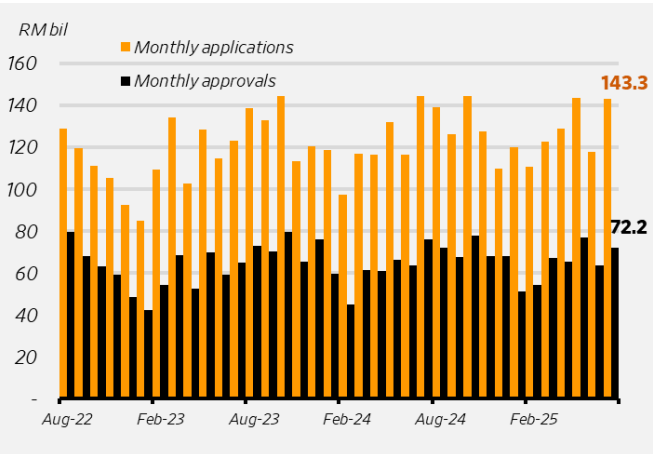
FIG 12: Monthly loan disbursements



Source: BNM, MBSBR

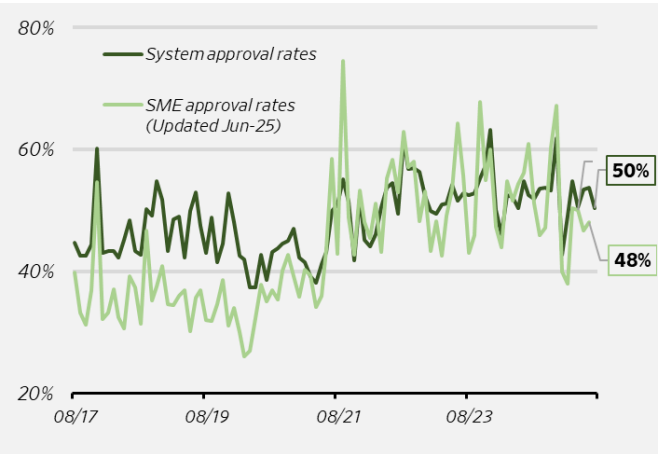
B. LEADING INDICATOR TRENDS

FIG 13: Monthly applications & approvals



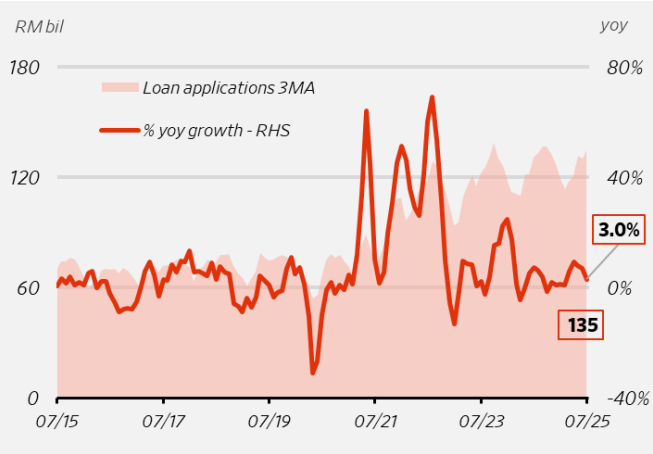
Source: BNM, MBSBR

FIG 14: System & SME approval rates



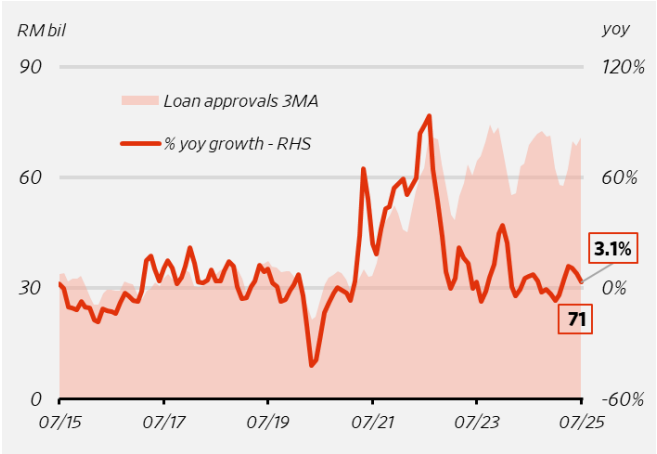
Source: BNM, MBSBR

FIG 15: Loan applications (3-mth average)



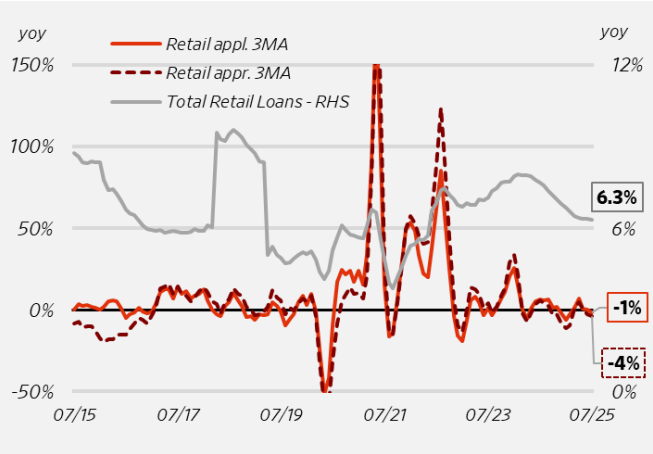
Source: BNM, MBSBR

FIG 16: Loan approvals (3-mth average)



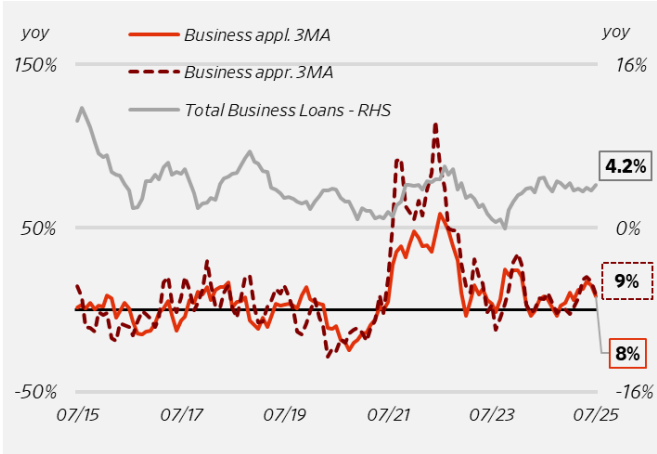
Source: BNM, MBSBR

FIG 17: Retail loan indicators



Source: BNM, MBSBR

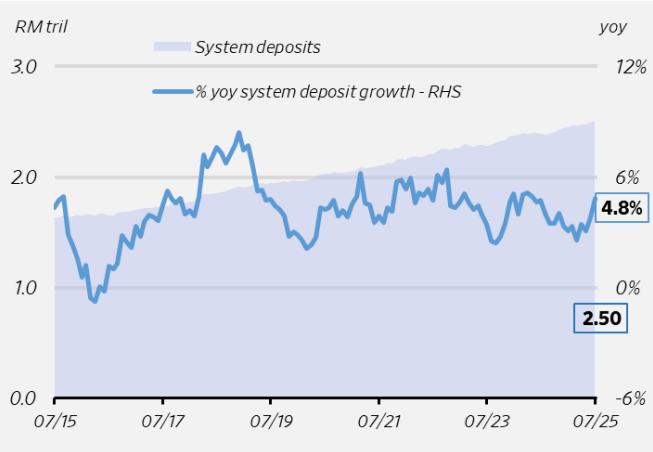
FIG 18: Business loan indicators



Source: BNM, MBSBR

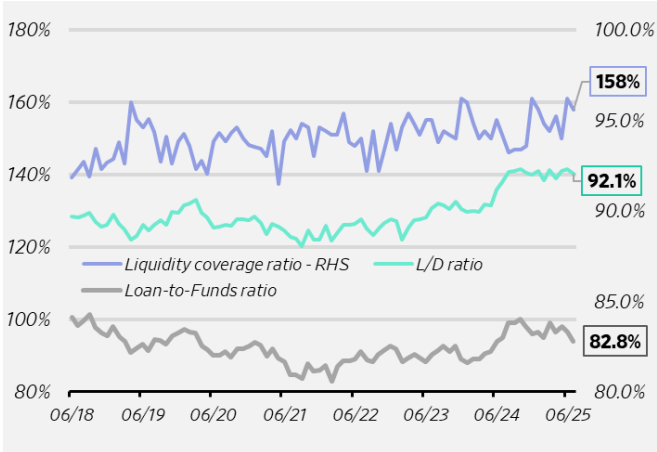
C. DEPOSITS & LIQUIDITY

FIG 19: yoy System deposits



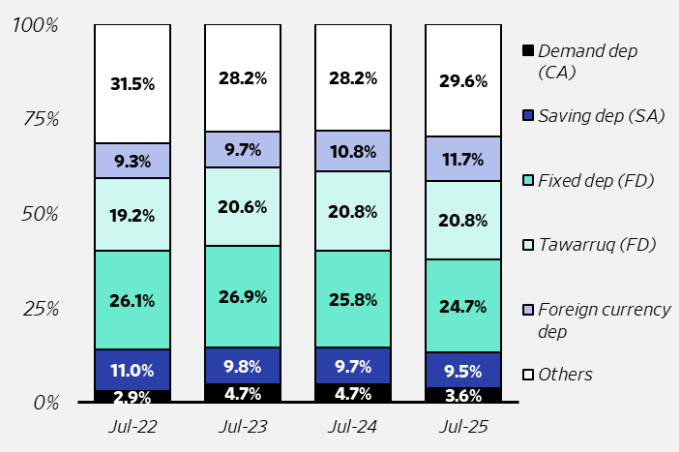
Source: BNM, MBSBR

FIG 20: LCR, LDR & LTF ratio



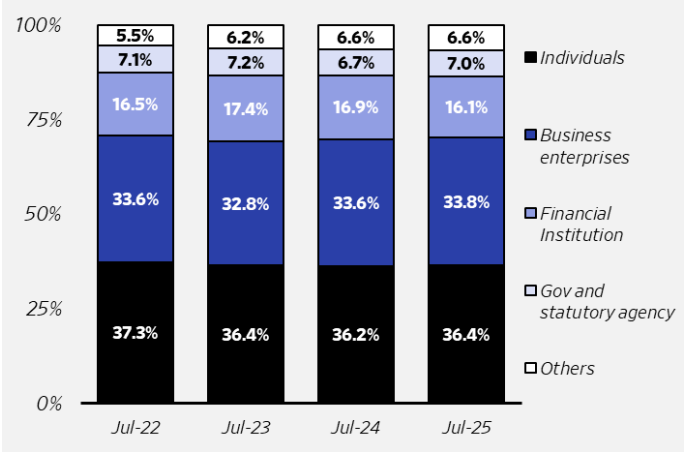
Source: BNM, MBSBR

FIG 21: Deposit breakdown by type



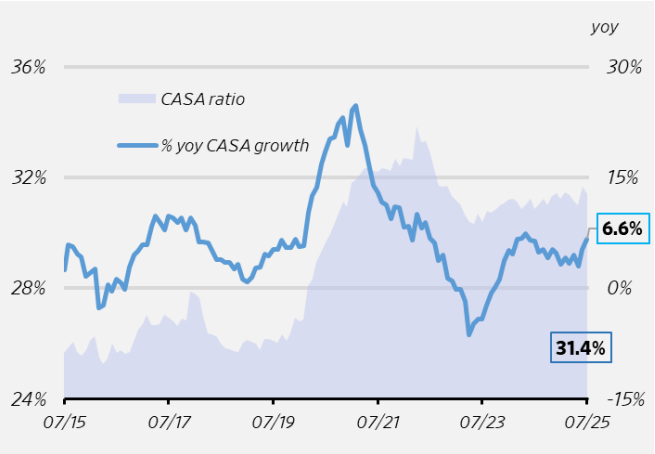
Source: BNM, MBSBR

FIG 22: Deposit breakdown by holder



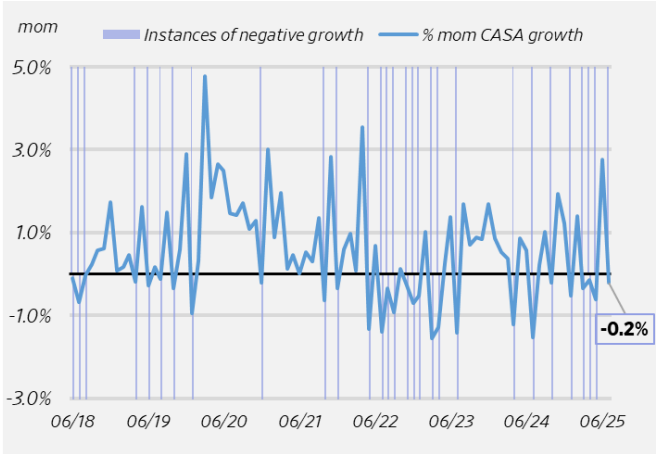
Source: BNM, MBSBR

FIG 23: CASA ratio and yoy growth



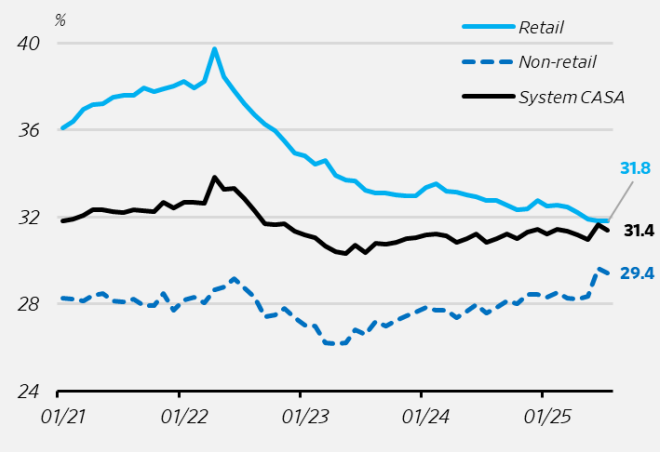
Source: BNM, MBSBR

FIG 24: mom CASA growth



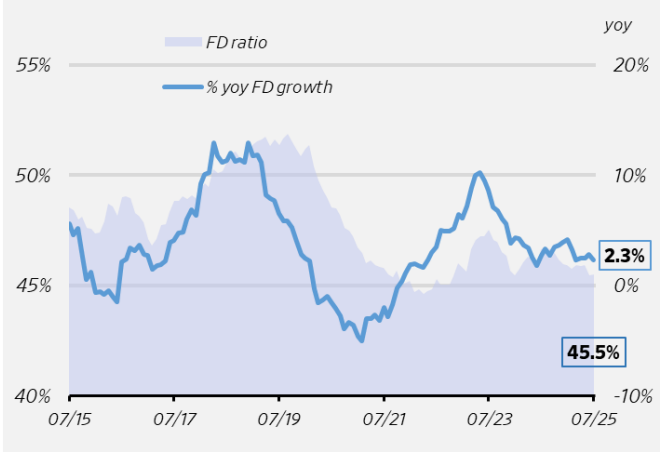
Source: BNM, MBSBR

FIG 25: CASA ratio by holder



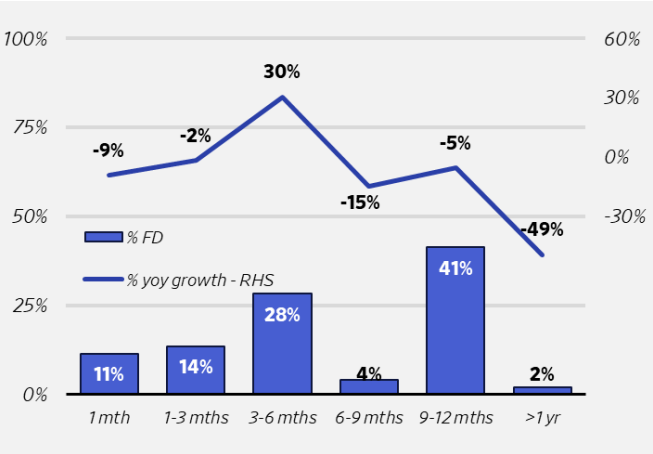
Source: BNM, MBSBR

FIG 26: FD ratio and yoy growth



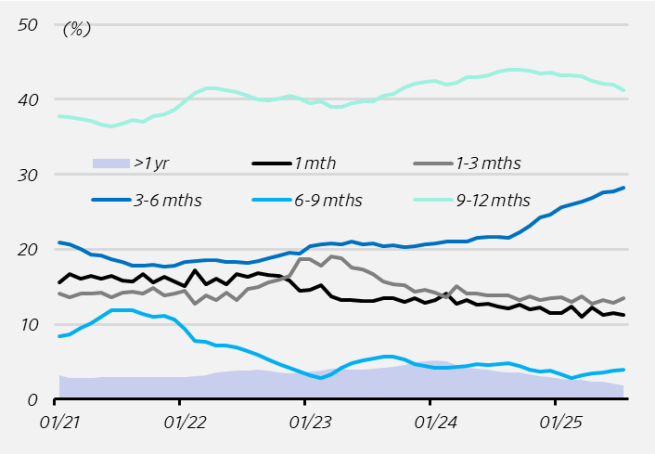
Source: BNM, MBSBR

FIG 27: FD by maturity brackets and yoy growth



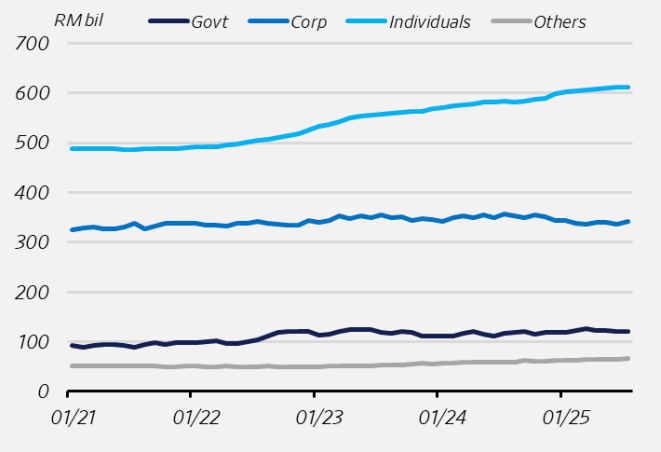
Source: BNM, MBSBR

FIG 28: FD by maturity brackets (% Proportion)



Source: BNM, MBSBR

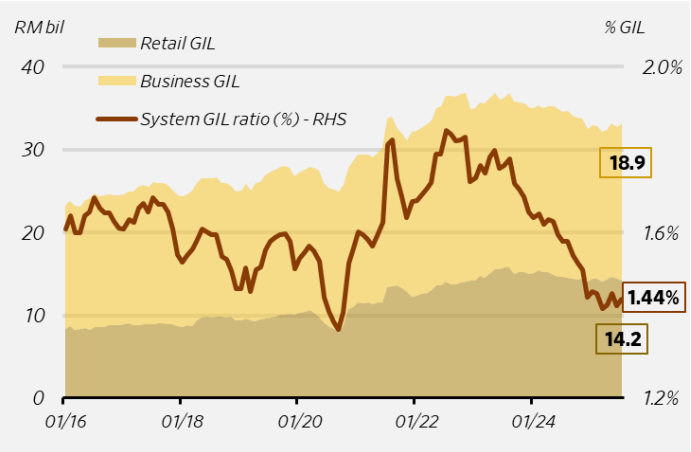
FIG 29: FD by depositor



Source: BNM, MBSBR

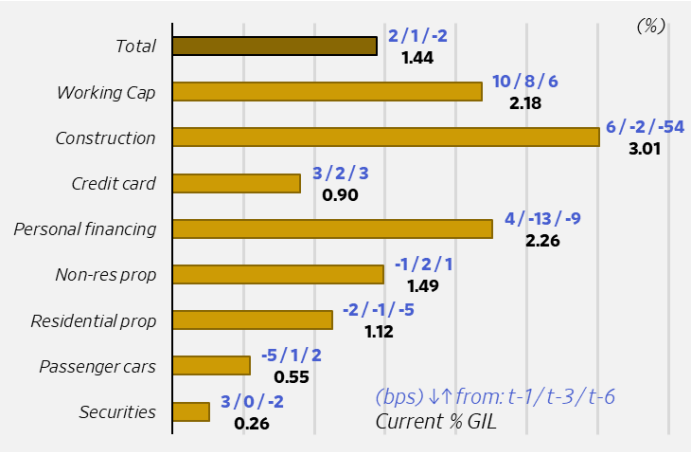
D. ASSET QUALITY & PROVISIONING

FIG 30: System gross impaired loans



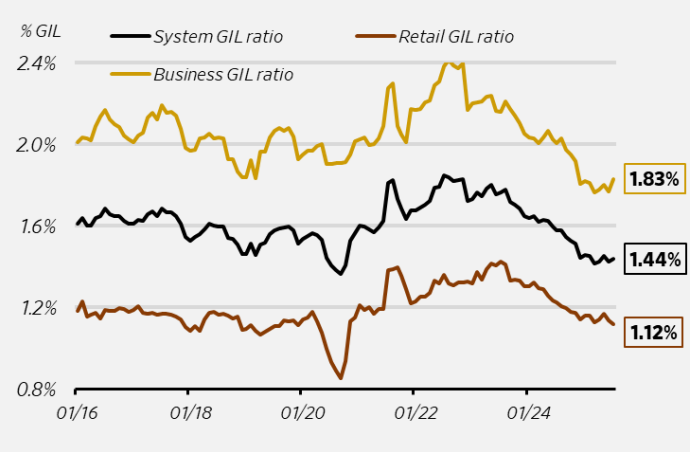
Source: BNM, MBSBR

FIG 31: Segmental GIL ratio changes



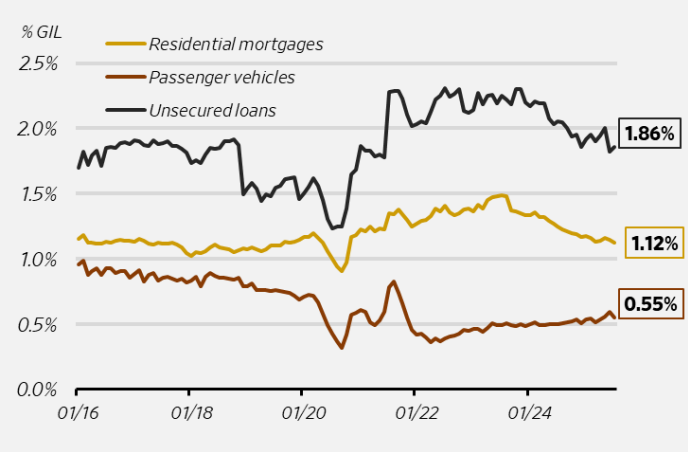
Source: BNM, MBSBR

FIG 32: System, Retail, Business GIL ratios



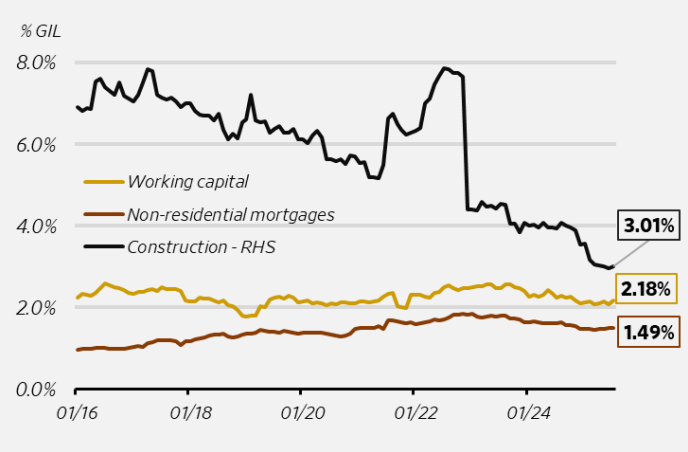
Source: BNM, MBSBR

FIG 33: Retail GIL ratios



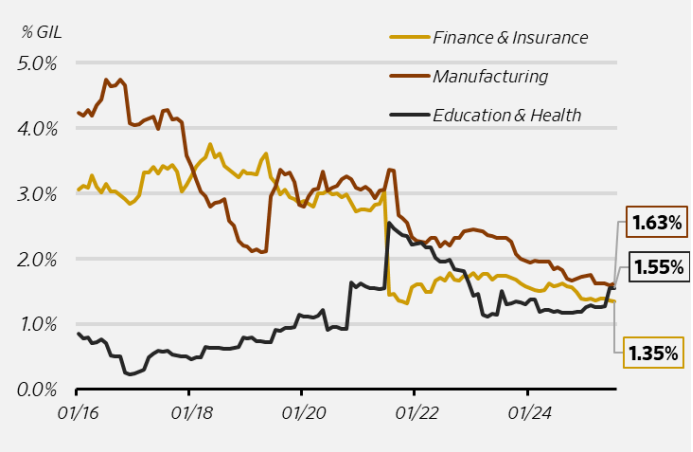
Source: BNM, MBSBR

FIG 34: Business GIL ratios



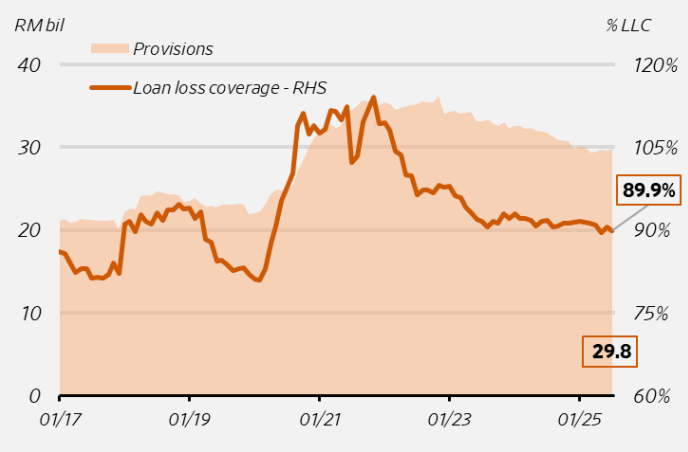
Source: BNM, MBSBR

FIG 35: GIL ratios of other sectors



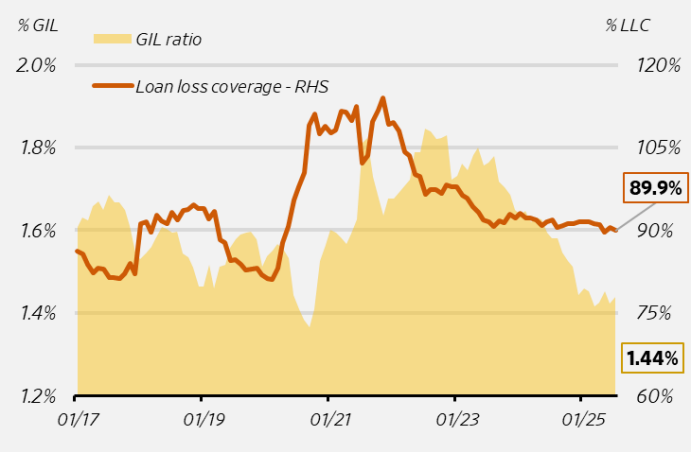
Source: BNM, MBSBR

FIG 36: Provisions & loan loss coverage



Source: BNM, MBSBR

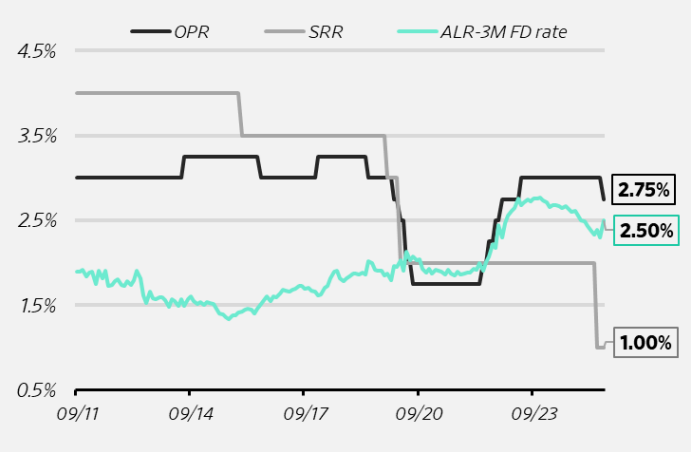
FIG 37: LLC & GIL ratio relationship



Source: BNM, MBSBR

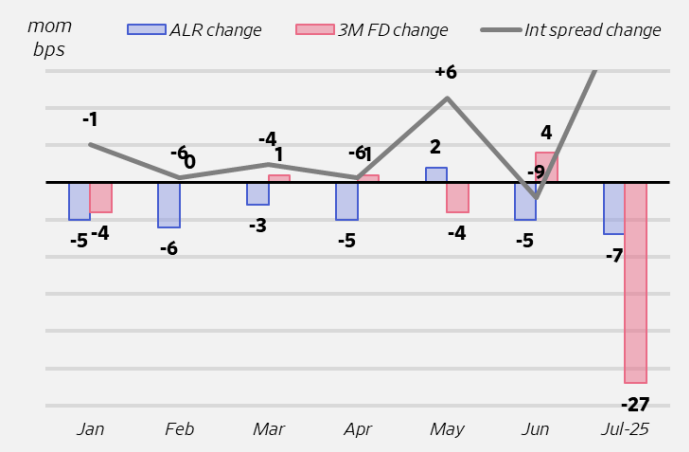
E. INTEREST SPREAD AND CAPITAL

FIG 38: Interest spread, OPR, SRR



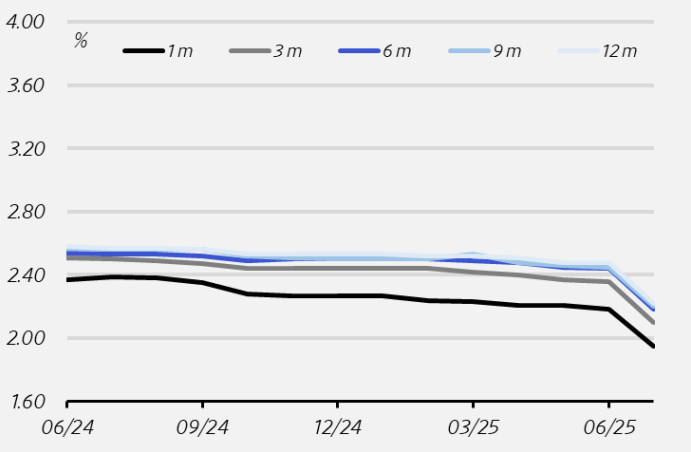
Source: BNM, MBSBR

FIG 39: mom Changes in Interest spreads



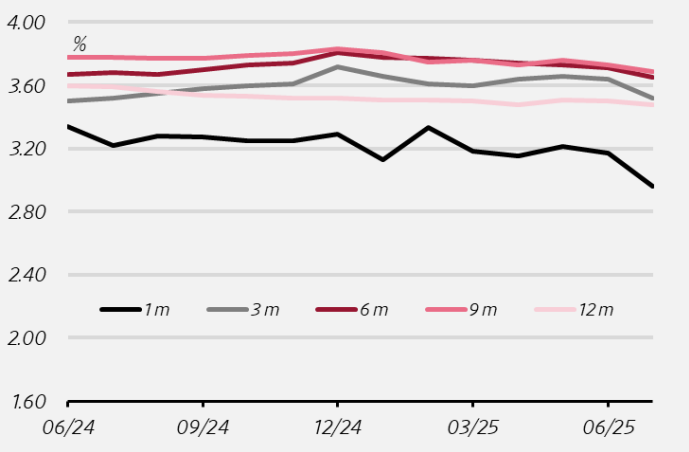
Source: BNM, MBSBR

FIG 40: Weighted avg Conv. FD rates by bracket



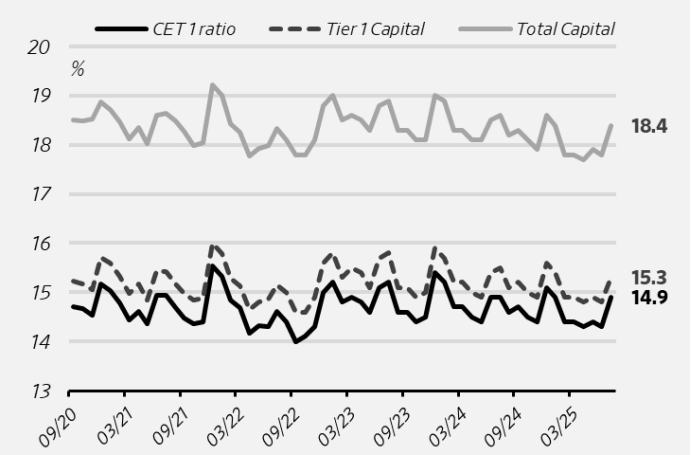
Source: BNM, MBSBR

FIG 41: Weighted avg Isl. FD rates by bracket



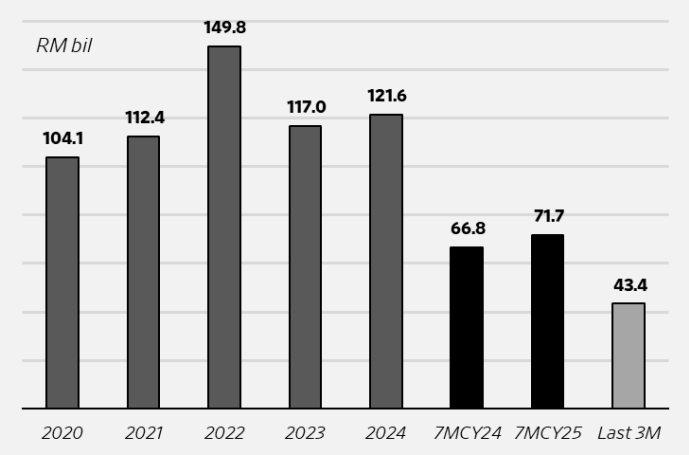
Source: BNM, MBSBR

FIG 42: Capital ratios



Source: BNM, MBSBR

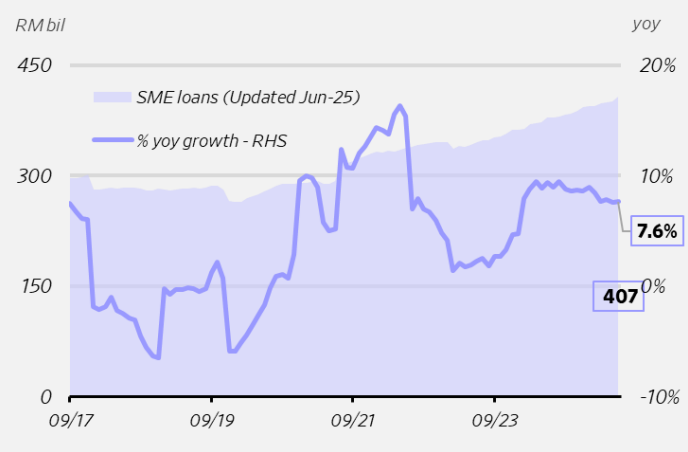
FIG 43: Bond/Sukuk issuances



Source: BNM, MBSBR

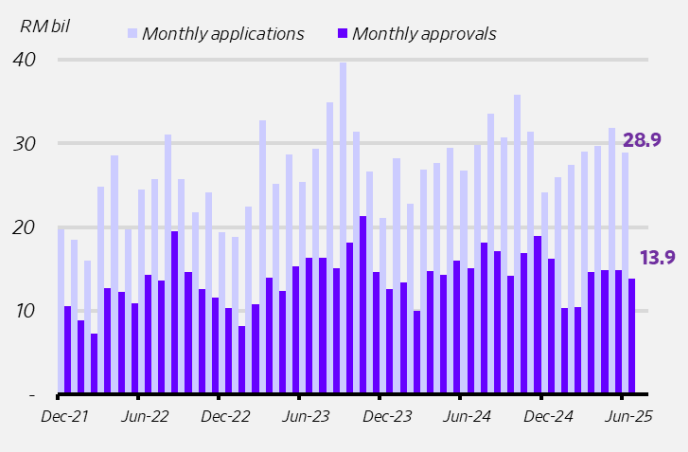
F. SME DATA

FIG 44: SME loans



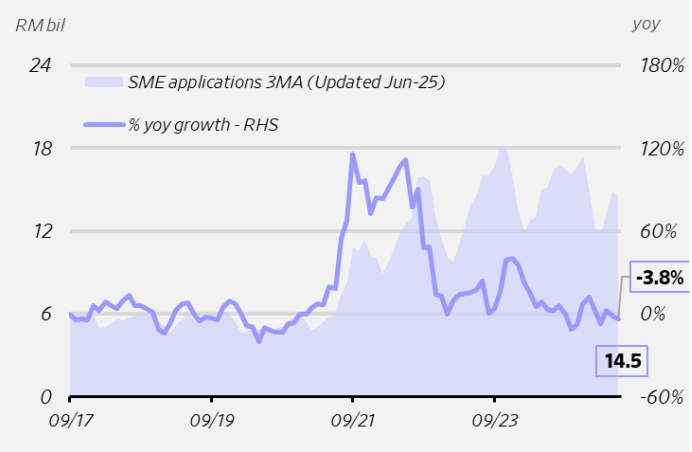
Source: BNM, MBSBR

FIG 45: SME Monthly leading indicators



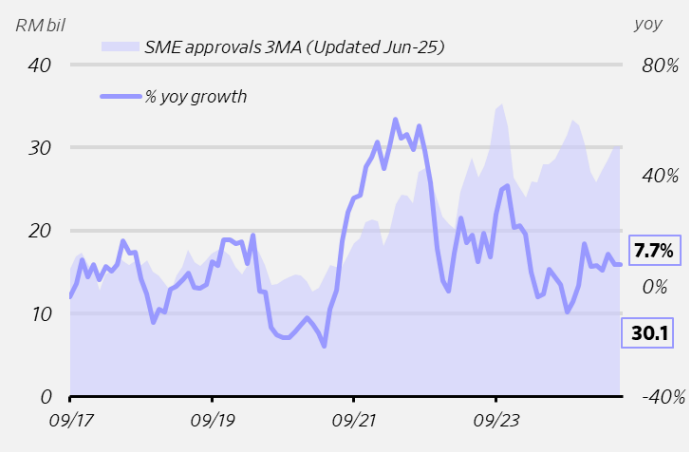
Source: BNM, MBSBR

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



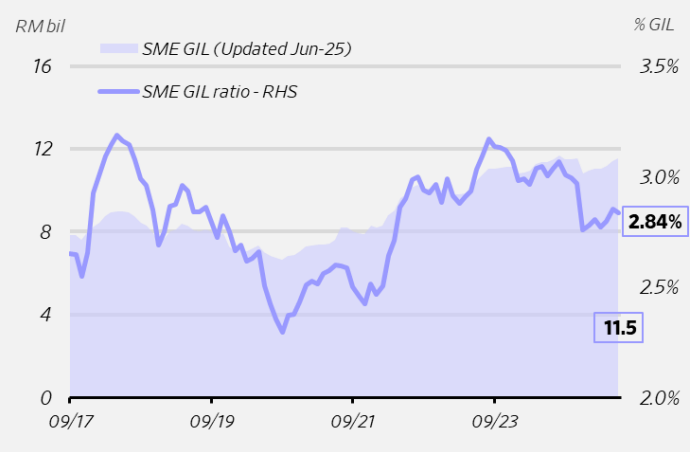
Source: BNM, MBSBR

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
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
Jul-25	**2.31**	**5.4**	**0.4**	**6.3**	**0.5**	**55.1**	**4.2**	**0.2**	**44.9**

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
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
Jul-25	**6.4**	**7.3**	**5.0**	**4.1**	**7.5**	**6.2**	**-2.3**

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
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
Jul-25	**0.6**	**0.5**	**1.8**	**-0.3**	**0.7**	**0.1**	**0.2**

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)
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
Jul-25	**134.9**	**3.0**	**3.7**	**70.8**	**3.1**	**3.4**

Source: BNM, MBSBR

FIG 53: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
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	48.1
Jul-25	**50.4**	**44.4**	**57.3**	**-**

**SME data until Jun-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
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
Jul-25	**-2**	**3**	**-4**	**6**	**-0**	**27**	**41**

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
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
Jul-25	**-7**	**0**	**1**	**13**	**5**	**1**	**17**

Source: BNM, MBSBR

FIG 56: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Jul-25	**2,596**	**3.7**	**0.3**	**92.1**

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 (%)
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
Jul-25	**786**	**6.6**	**-0.2**	**31.4**	**1,140**	**2.3**	**0.7**	**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 (%)
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
Jul-25	**2,306.0**	**1.5**	1.44	**29.8**	**90**

Source: BNM, MBSBR

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

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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
Jul-25	**4.82**	**2.32**	**2.50**

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 (%)
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
Jun-25	**407**	**7.6**	**1.6**	**17.7**	**2.84**

SME data until Jun-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)
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
Jun-25	**30.1**	**0.5**	**-0.1**	**14.5**	**-3.8**	**-1.6**

SME data until Jun-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
	CASA – Current & Savings accounts	P/BV – Price to Book Value
NII – Net Interest Income	FD – Fixed Deposits	BVPS – Book Value per Share
NIM – Net Interest Margin	GIL – Gross Impaired Loans	BNM – Bank Negara Malaysia
COF – Cost of Funds	NIL – Net Impaired Loans	OPR – Overnight Policy Rate
NOII – Non-Interest Income	LLC – Loan Loss Coverage	SRR – Statutory Reserve Requirement
MTM – Mark to Market	NCC – Net Credit Costs	SBR – Standardised Base Rate
CIR – Cost to Income Ratio	GCC – Gross Credit Costs	ALR – Average Lending Rate
OPEX – Operational Expenses	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