

BANKING

Maintain POSITIVE

1QCY24 Results Wrap: A Brighter Sector Outlook

KEY INVESTMENT HIGHLIGHTS

- **1QCY24's I/S highlights:** (1) NIM moved in a more positive direction, (2) NOII was a mixed bag – stronger fee contributions but varied non-fee performance, (3) Steep wage inflation plagued industry OPEX, (4) Provisions more normalised, though we saw some excellent performances.
- **B/S highlights:** (1) Loan growth was solid, despite initial expectations of a weak 1HCY24 (2) Liquidity was less of an issue, though some banks with weaker deposit franchises fared poorly
- **Guidance & Future Quarters:** (1) NIM outlook has improved on a brighter local COF situation, (2) NOII now skewed towards the positive, (3) Asset quality remains an issue in isolated cases, (4) Banks are still optimistic on balance sheet growth, with an improved liquidity outlook and still-strong retail pipeline.
- **Maintain POSITIVE call:** Solid dividend yields, more optimistic fundamental outlook coupled with initial fears largely overblown.

Headed Where?	Banks have confirmed that initial worries concerning CY24's performance were overblown. Hence, we upgraded our call earlier premised on a stronger topline and balance sheet growth outlook.
Strategy	As a fallback, most banks remain solid dividend picks. But several players remain undervalued, due to negative sentiment-related reasons or initial expectations of a weaker sector performance in CY24.
Core Themes	<ol style="list-style-type: none"> ▲ COF should continue to improve – while loan yield compression is not expected to be too bad for now. ▲ Large-scale infrastructure projects to drive business loans in 2HCY24, while retail pipeline remains resilient. ▲ NOII outlook is attractive, with better investor demand, strong loan growth and large projects as retail and wholesale drivers. ► CASA and deposit outlook will vary between banks, but initiatives by the government and BNM are bolstering local liquidity outlook. ► Sector valuations are less attractive than last year, but buying opportunities exist.
Side Themes	<ol style="list-style-type: none"> ► While GIL ratios should continue creeping up, asset quality and NCC are largely normalised – with some banks still guiding for large recoveries. ▼ Steep OPEX inflation likely to persist, due to wage adjustments.

Maintain POSITIVE call. As stated in our latest BNM banking stats report, our upgrade is premised on (1) Local COF situation bolstered by government and BNM initiatives to preserve liquidity in the economy, (2) Resilient retail loan yields coupled with strong pipeline should prevent any slowdown in take-up until at least next year, (3) Positive market sentiment to drive NOII's retail fee income component.

Top downside risks include:

1. Further asset quality spikes.
2. Slowdown in GDP, causing a reduction in loan take-up.
3. Further deposit competition causing NIM compression.

Top Picks: Public Bank (BUY, TP: RM4.78) and HL Bank (BUY, TP: RM21.38).



COMPANY IN FOCUS

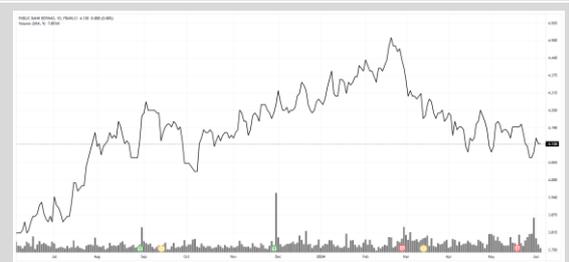
Public Bank

Maintain **BUY** | Unchanged Target price: RM4.78

Price @ 6 June 2024: RM4.13

- Dividend payouts are gradually improving.
- Major writebacks expected in FY24.
- SME loan growth is improving.

Share price chart



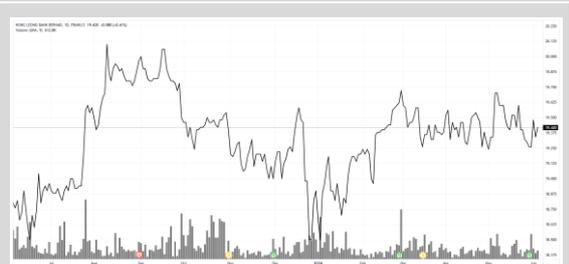
HL Bank

Maintain **BUY** | Unchanged Target price: RM21.38

Price @ 6 June 2024: RM19.42

- CIR is still among the best in industry.
- Asset quality is very strong.
- While BOCD's earnings are expected to moderate, it remains a solid growth driver.

Share price chart



Analyst

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Fig 1: Peer comparison table

(Link to all our reports: <https://www.midf.com.my/reports?industry=66>)

Bank	Rec	Share P*	Target P	Upside	Mkt Cap	P/E (x)		P/B (x)		ROE (%)		Div Yield (%)	
		(RM)	(RM)	(%)	(RM b)	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25
MAY	NEUTRAL	9.98	10.03	0.5	120.3	12.4	11.5	1.2	1.2	10.1	10.6	6.4	6.9
CIMB	BUY	6.95	7.17	3.2	74.3	9.9	9.2	1.0	1.0	10.7	10.8	5.4	5.7
PBK	BUY	4.13	4.78	15.7	80.2	11.8	11.2	1.4	1.3	12.0	12.0	4.5	4.7
RHB	BUY	5.50	6.06	10.2	23.5	8.2	7.7	0.7	0.7	9.1	9.3	7.2	7.5
HLBK	BUY	19.42	21.38	10.1	39.8	9.9	9.3	1.1	1.0	11.4	11.2	3.5	3.8
HLFG	BUY	17.16	20.94	22.0	19.5	6.6	6.2	0.7	0.6	10.5	10.3	3.0	3.2
AMMB	BUY	4.24	4.75	12.0	14.0	7.9	7.5	0.7	0.7	8.9	8.9	5.1	6.0
BIMB	BUY	2.41	2.88	19.5	5.4	9.0	8.5	0.7	0.7	8.0	8.3	6.3	6.4
AFFIN	SELL	2.42	1.82	-24.9	5.6	11.3	10.8	0.5	0.5	4.4	4.4	2.6	2.7
ABMB	BUY	3.87	4.28	10.5	6.0	8.2	7.7	0.8	0.7	9.8	9.8	5.5	5.9
Simple avg (ex-HLFG)						9.8	9.3	0.9	0.9	9.4	9.5	5.2	5.5
Weighted avg (ex-HLFG)						10.9	10.2	1.1	1.1	10.5	10.7	5.4	5.8

*Closing prices from 06 Jun 2024.

^AMMB, ABMB uses FY25F/26F values.

Source: Banks, MIDFR

Fig 2: Peer comparison table 2

Bank	FY/CY Basis	P/BV (x)	ROE (%)	Long Term Growth (%)	Cost of Equity (%)	Earnings vs		Mgmt's tone	Call	Target Price	Current FY Core NP revision	
						Ours	Street					
MAY	FY25F	1.21	10.6	3.0	9.3	WITHIN	WITHIN	Cautiously +ve	↔	↑ (Rollover)	↔	
CIMB	FY25F	1.00	10.8	3.5	10.8	WITHIN	WITHIN	+ve	↔	↔	↔	
PBK	FY25F	1.51	12.0	3.5	9.1	WITHIN	WITHIN	Neutral	↑	↑ (Rollover)	↔	
RHB	FY25F	0.78	9.3	4.0	10.8	WITHIN	WITHIN	-ve	↔	↑ (Rollover)	↓	-3%
HLBK	FY25F	1.11	11.2	4.0	10.5	WITHIN	WITHIN	Neutral	↔	↔	↔	
AMMB	FY25F	0.77	8.9	3.5	10.5	WITHIN	WITHIN	+ve	↑	↑	↓	-7%
BIMB	FY25F	0.82	8.3	4.5	9.1	WITHIN	WITHIN	Neutral	↔	↔	↔	
AFFIN	FY25F	0.35	4.4	3.0	7.0	WITHIN	WITHIN	-ve	↔	↓ (Rollover)	↔	
ABMB	FY25F	0.86	9.8	5.0	10.6	ABOVE	WITHIN	Neutral	↔	↑	↑	+3%

Source: Banks, MIDFR

Fig 3: Sector picks

Our Call	BANK	Catalysts, concerns, and other notes
TOP Pick	PBK	<ol style="list-style-type: none"> ▲ CIR still the best in the industry, despite being temporarily elevated. Cost optimisation efforts are ongoing. ▲ Dividend payouts gradually improving. ▲ SME loan growth seems to be improving. ▲ Major writebacks are finally expected in FY24. ▲ Optimistic NOII outlook – improved market conditions specifically, target unit trust income, of which PBK has higher exposure. ▼ Not immune to sharp cost inflation currently plaguing the industry.
TOP Pick	HLBK	<ol style="list-style-type: none"> ▲ Net writebacks expected next quarter, making it four straight quarters of writebacks. ▲ CIR is still highly efficient despite a temporary increase in these few years due to additional spending. ▼ BOCD-related sentiment is still dragging HLBK's valuation – especially when future earnings are expected to moderate. ► Management is hard at work driving regional contributions and getting ready to reduce BOCD reliance and shareholdings.
GOOD Pick	CIMB	<ol style="list-style-type: none"> ▲ Digital initiatives slowly but surely ramping up. ▲ Excellent growth potential from regional exposure. ▲ Strong dividend yields, with the possibility of special dividends (for ROE streamlining). ▼ Niaga could see some NIM-related weakness. ▼ Thailand is yet to stage a convincing turnaround.

GOOD Pick	BIMB	<ol style="list-style-type: none"> ▲ Asset quality and provisioning levels skewed towards the stronger end – we aren't expecting any more flare-ups. ▲ Several loan classes have seen rising yields – which BIMB is willing to reprice downwards to gain market share. ▼ Weak balance sheet growth thus far – but (at least for FY24) that these are seasonal effects. ► Potential savings from cost control initiatives – but unlikely to be significant.
GOOD Pick	AMMB	<ol style="list-style-type: none"> ▲ High likelihood of further increase in dividend payouts. ▲ FIRB implementation will improve RWA efficiency tremendously. ▲ Loan growth outlook likely to recover in FY25 – back to 1.25-1.5x GDP. ▲ Solid fee income outlook. ▼ ROE target of 10% is not easily achievable, especially without one-off events ala FY24. ▼ GIL ratio has yet to peak.
DECENT Pick	RHB	<ol style="list-style-type: none"> ▲ CASA and liquidity outlook remain bright, alleviating pressure on NIMs. ▲ Upbeat on loan growth – high likelihood of possible revision in 2HFY24. ▲ Large-scale recoveries to start next quarter – potentially offsetting some impact from the rising GILs. ▲ Highest dividend yields in the industry, but DRP has restarted. ▼ Despite large overlay writebacks, RHB had issues achieving its FY23 ROE targets. FY24 target should be even harder to achieve, as far fewer writebacks are expected. ▼ Local SME and overseas GILs are an issue – little clarity as to when the situation will improve – couple this with a low LLC (which RHB seems comfortable with). ► Boost bank to come online soon – further costs are not expected to be extravagant.
DECENT Pick	ABMB	<ol style="list-style-type: none"> ▲ Strong loan growth to persist. ▲ Asset quality to continue improving – lumpy recoveries may provide upside to NCC. ▲ NOII outlook should be better, following a difficult FY24. ▼ NIM outlook is more negative than peers – issues come from both loan yields (portfolio rebalancing) and COF (weak deposit franchise and competition from digital banks). ▼ Potential downside to dividends, given its low CET 1 ratio.
NEUTRAL	MAY	<ol style="list-style-type: none"> ▲ Our top pick for dividends – while not the highest yield in the industry, it will likely remain fully cash. ▲ Successful launch of retail deposit campaigns offer space for options (pertaining to loan growth and NIM trade-off). ▼ OPEX and CIR remain highly elevated due to M25+ exorbitant tech cost component. ► Some concerns over SG's NIM outlook.
AVOID for now	AFFIN	<ol style="list-style-type: none"> ▲ Sarawak government deals could provide multiple opportunities. ▲ NOII build is gradually coming online. ▼ Possibility of further dividend disappointments. ▼ Further impairments and heavier provisioning are expected. ▼ OPEX is still highly elevated, with growth expected to be at a high 9-10%yoy level. ▼ Despite mobile app rollout, CASA/deposit flows remain volatile, and liquidity remains an issue. ► Difficulty in pinpointing the future direction of Affin's share price. It is overvalued fundamentally, but sentiment is unusually strong.

Source: Banks, MIDFR

Fig 4: Quarterly Scorecard

	MAY	CIMB	PBK	RHB	HLBK	AMMB	BIMB	AFFIN	ABMB
1. Forward Guidance	▲	▲	▶	▼	▶	▲	▶	▼	▶
▲▶▼ MIXED BAG	Banks are increasingly optimistic about improving COF, NOII and local liquidity outlook. Serious pressure from loan yield compression is unlikely to begin until at least CY24. Explicitly negative guidance was rare, stemming mostly from future impairment build-ups.								
2. Earnings performance	▲	▲	▶	▶	▶	▲	▶	▶	▲
▶▲ MODERATE TO STRONG	Decent earnings across the board, largely within expectations. Strong earnings performances were driven by either NII or NOII performance, offsetting sharp cost inflation.								
3. NIM movements	▼	▲	▲	▲	▲	▶	▲	▶	▼
▶▲ LARGELY IMPROVEMENTS	Local COF improvements drove improvements. Compressing loan yields will only really start to hurt in CY25. We want to highlight ABMB: It faces pressure from both FD competition from digital banks and lower yields due to its loan portfolio rebalancing.								
4. Non-II performance	▲▲	▲	▶	▲	▼	▼	▼	▼	▲
▲▼ MIXED BAG	Fee income was a winner – while investment banking deals were softer, volumes were driven by stronger retail activity and loan growth. Non-fee income performance was more mixed as trading incomes were varied.								
5. OPEX (yoy)	▼▼	▼	▼	▼	▲	▲▲	▲	▼▼	▲
▼ HIGH LEVEL OF INFLATION	Sharp sequential year growth was driven primarily by personnel cost adjustments (union negotiations). Expect steep cost inflation to remain a central theme in CY24.								
6. Loan growth (qoq)	▲▲	▼	▲	▶	▶	▲	▼	▲	▲▲
▲ HEALTHY GROWTH – WITH SOME OUTLIERS	We saw varied strategies being employed. Some banks aggressively acquire market share (Maybank, Public Bank) while others prioritise NIM preservation over growth (CIMB). Regardless, overall sector growth was healthy, quashing expectations of a weaker 1HCY24.								
7. Liquidity & Deposits	▲	▲	▲▲	▼	▶	▲▲	▼	▶	▲▲
▲ LARGELY POSITIVE	Most banks remain optimistic about the liquidity outlook in CY24. But some names (RHB and Affin) are still struggling with liquidity uptake – we will monitor them closely.								
8. Asset Quality movements	▲	▲▲	▼	▼▼	▶	▼	▶	▼	▲▲
▲▼ VARIED MOVEMENTS	Local SME segment is seeing some pickup. Minor pressure in most cases. RHB and Affin are at the most risk of build-up becoming problematic.								
9. Provisioning levels	▶	▶	▶	▼▼	▲▲	▲	▶	▲▲	▶
▶▲ MODERATE TO POSITIVE	Provisioning was moderate, though there were a few net writebacks. While further positive surprises in subsequent quarters (and some negative ones).								
10. Capital levels*	▲	▲	▲	▲▲	▼	▶	▲	▶	▼
▲ STILL HIGHLY ELEVATED	Again, we highlight ABMB for its low CET 1 ratio and high loan growth. There is a large possibility for its dividend payout to come at the lower end of guidance.								

▲ / ▶ / ▼ – Good / Mediocre / Poor.

*For capital levels, ▲ / ▶ / ▼ – High / Decent / Low.

Fig 5: Income Statement stats, Summarised

This Qtr's Stats	Quarterly					Cumulative (by FY)				
	ROE (Ann.) (%)	ROA (Ann.) (%)	Cost-to-Income (%)	NIM (%)	NOII / Income (%)	ROE (Ann.) (%)	ROA (Ann.) (%)	Cost-to-Income (%)	NIM (%)	NOII / Income (%)
MAY	10.6	0.94	48.3	2.00	36	10.6	0.94	48.3	2.00	36
CIMB	11.4	1.02	45.3	2.18	33	11.2	1.02	45.3	2.18	33
PBK	12.1	1.27	35.4	2.21	20	12.1	1.27	35.4	2.21	20
RHB	9.2	0.89	45.9	1.83	34	9.2	0.89	45.9	1.83	34
HLBK	12.1	1.43	40.2	1.87	18	12.2	1.45	39.8	1.85	19
AMMB	9.8	0.97	46.4	1.79	30	8.8	0.87	45.0	1.79	28
BIMB	7.0	0.57	63.0	2.14	15	7.0	0.57	63.0	2.14	15
AFFIN	3.9	0.41	75.1	1.44	28	3.9	0.41	75.1	1.44	28
ABMB	9.9	0.36	48.3	2.45	13	9.6	0.90	48.2	2.48	15

Source: Banks, MIDFR

Fig 6: Balance Sheet stats, Summarised

This Qtr's Stats	Loan yoy (%)	Loan qoq (%)	Deposit yoy (%)	Deposit qoq (%)	CASA ratio (%)	Loan/Deposit (%)	GIL ratio (%)	Net Credit Cost (Ann.) (bps)	CET ratio (%)	RWA/Assets (%)
MAY	11.2	2.7	9.0	1.5	35.3	95.1	1.32	30	14.9	43
CIMB	7.1	0.3	7.5	1.4	43.6	91.7	2.55	38	14.5	48
PBK	6.2	1.6	4.1	1.8	28.1	95.4	0.62	6	14.5	65
RHB	5.4	1.1	7.9	-0.9	29.0	91.4	1.83	39	16.5	44
HLBK	7.8	1.4	4.7	0.6	30.6	87.6	0.57	-6	12.5	58
AMMB	3.0	2.1	9.3	4.8	37.1	92.8	1.67	12	13.0	63
BIMB	2.4	0.2	3.2	0.2	34.1	113.3	0.95	25	13.9	55
AFFIN	11.2	2.1	8.9	1.3	24.9	93.0	1.96	-10	13.4	63
ABMB	13.6	4.5	12.9	5.5	41.6	95.3	2.11	27	12.5	64

Source: Banks, MIDFR

Fig 7: Dividends

Bank	Dividend this Q?	Payout thus far	Notes	Dividend payout (%)					Dividend yield (%)		Share P (RM)	CET 1 (%)
				FY21	FY22	FY23	FY24F	FY25F	FY24F	FY25F		
MAY				58	58	60	64	69	8.0	8.0	9.98	14.9
CIMB				54	50	66	55	55	5.4	5.7	6.95	14.5
PBK				52	54	55	53	53	4.5	4.7	4.13	14.5
RHB				57	62	61	60	60	7.2	7.5	5.50	16.5
HLBK				36	31	31	35	35	3.5	3.8	19.42	12.5
AMMB	YES	44		11	35	40	40	45	5.1	6.0	4.24	13.0
BIMB				42	60	69	60	60	6.3	6.4	2.41	13.9
AFFIN				50	42	33	30	30	2.6	2.7	2.42	13.4
ABMB	YES	50		50	50	50	45	45	5.5	5.9	3.87	12.5
AVERAGE				46	49	52	49	50	5.3	5.6		

*For AMMB & AMMB, assume FY +1 values for dividend payout and yield

Source: Banks, MIDFR

Fig 8: Management guidance

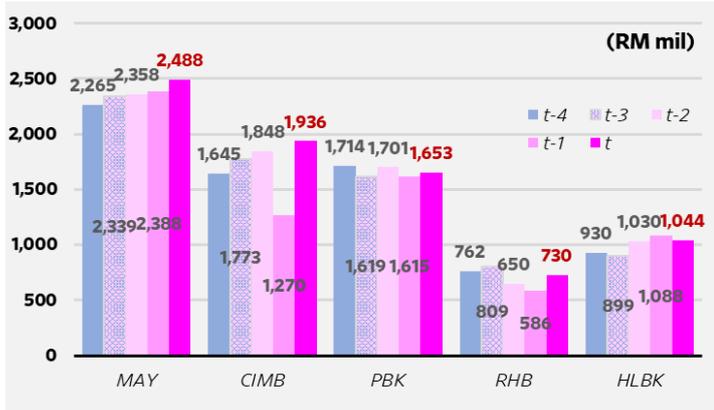
P/L Statement					Balance Sheet			Asset quality		
Bank	ROE	NIM	OPEX growth	Cost/Inc. ratio	Loan growth	CASA ratio	Div payout	GIL ratio	NCC (bps)	LLC ratio
MAY	11	-5bps (from 2.12)	<10	<49	6-7		40-60		<30	
CIMB	11.0-11.5	+0-5bps (from 2.22)	Mid-single digits	<46.9	5-7		55		30-40	90-100
PBK	12	1.8-1.9 (from 2.20)			5-6		50-60		5-10	
RHB	10	1.8-1.9 (from 1.82)		<47.5	>4.5	>28		<1.75	20-25	
HLBK	12	1.8-1.9 (from 1.98)		<40	6-7	>30		<0.70	10	
AMMB	10	>1.79 (from 1.79)			1.25-1.5x GDP		40		30-35	
BIMB	>8	>2.10 (from 2.12)		60	7-8		60	<1.10	<30	
AFFIN	7 (PBT: RM1.0b)	1.60 (from 1.42)	8 9-10	64	8	>30		<1.90	10-15 GCC: 13	100-120
ABMB	>10	2.40-2.45 (from 2.48)		48	8-10		40-50		30-35	
MBSB	4-5 5-6	2.00 (from 1.82)		<55 <50	8-9			4-5		

*Red tabs = Ambitious, Green tabs = Overly conservative, Red font = New guidance, Strikethrough font = Redundant former guidance.

Source: Banks, MIDFR

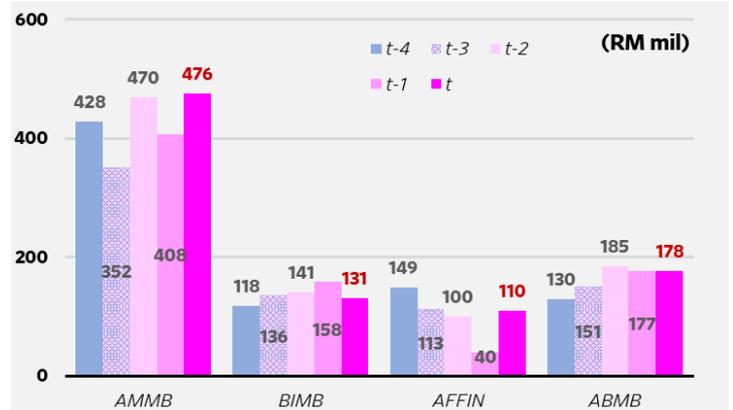
A. EARNINGS & ROE

Fig 9: Quarterly Net Profit: Big 5



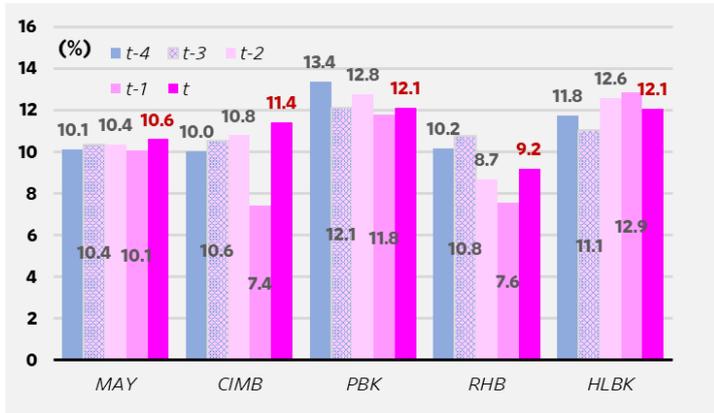
Source: Banks, MIDFR

Fig 10: Quarterly Net Profit: Small 4



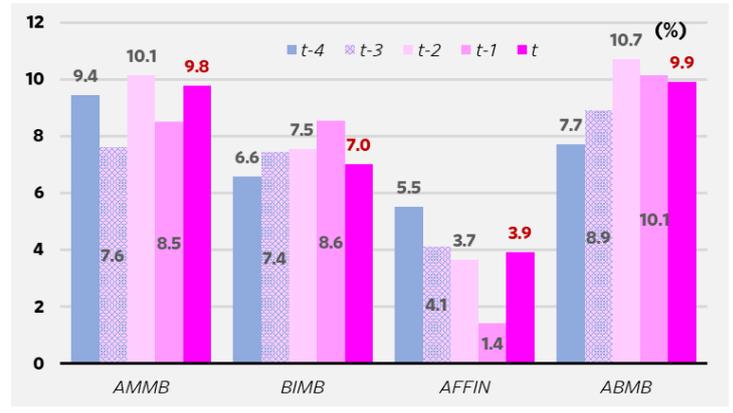
Source: Banks, MIDFR

Fig 11: Quarterly ROEs: Big 5



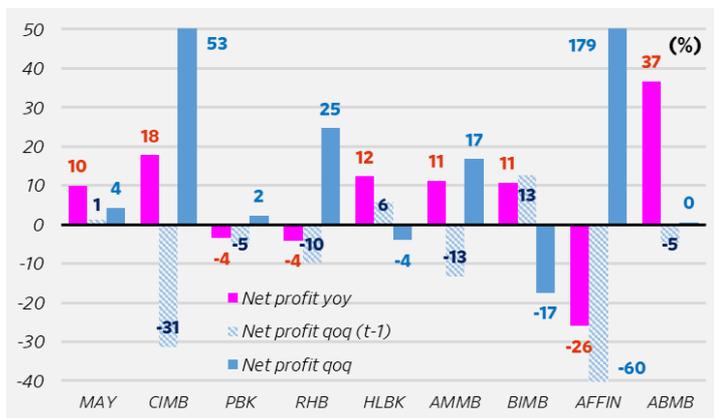
Source: Banks, MIDFR

Fig 12: Quarterly ROEs: Small 4



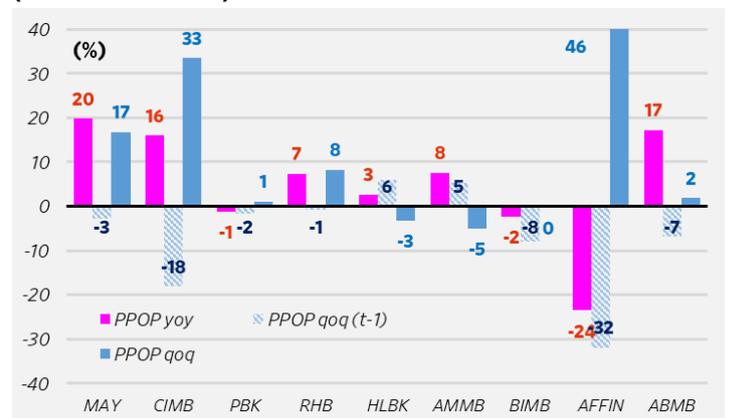
Source: Banks, MIDFR

Fig 13: Quarterly Net Profit Growth



Source: Banks, MIDFR

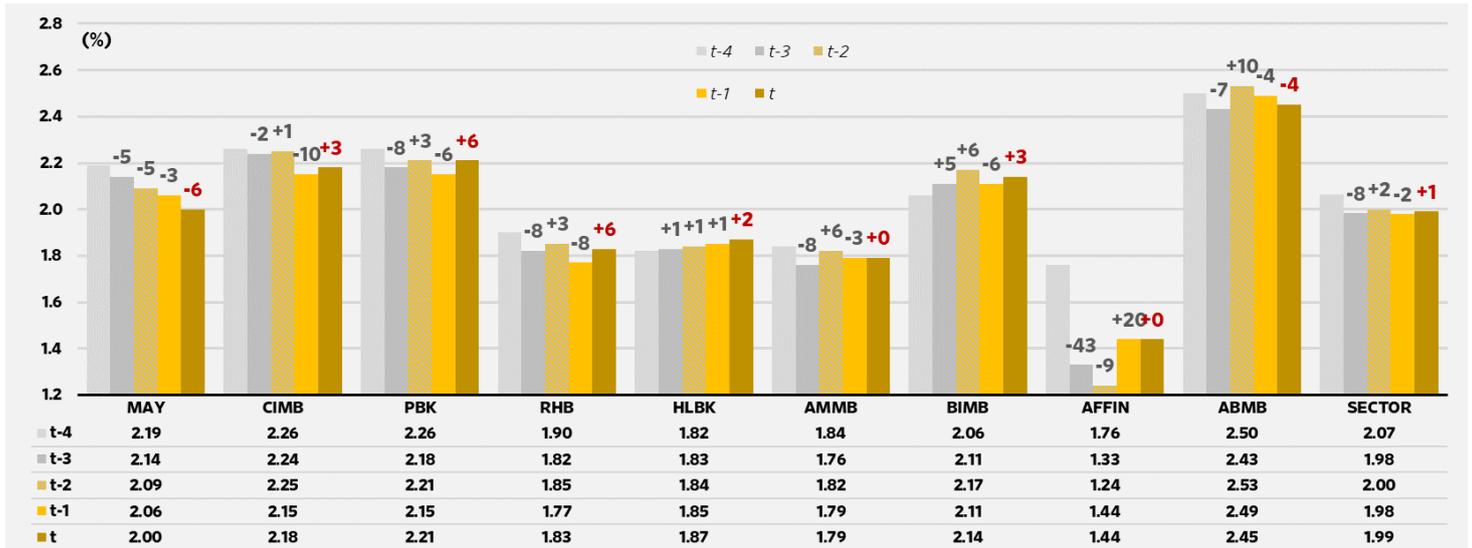
Fig 14: Quarterly Operating Profit growth (NII + NOII OPEX)



Source: Banks, MIDFR

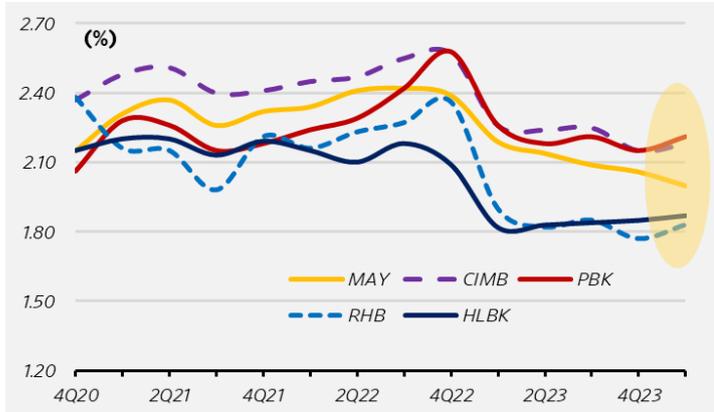
B. NII (NIM, ASSET YIELDS, COST OF FUNDS)

Fig 15: Sector NIMs



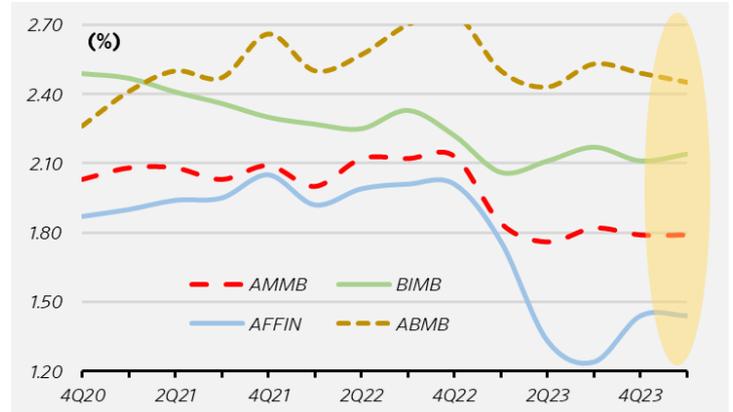
Source: Banks, MIDFR

Fig 16: NIM trends: Big 5



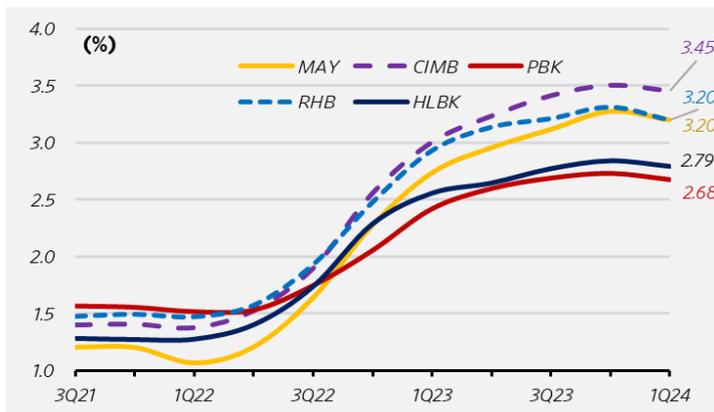
Source: Banks, MIDFR

Fig 17: NIM trends: Small 4



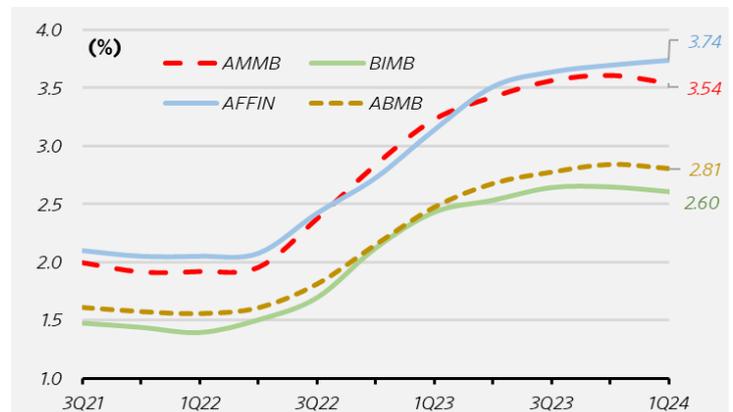
Source: Banks, MIDFR

Fig 18: Cost of Funds trends: Big 5



Source: Banks, MIDFR

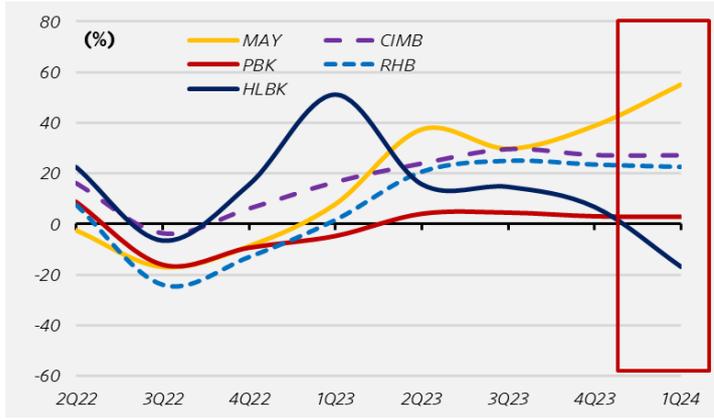
Fig 19: Cost of Funds trends: Small 4



Source: Banks, MIDFR

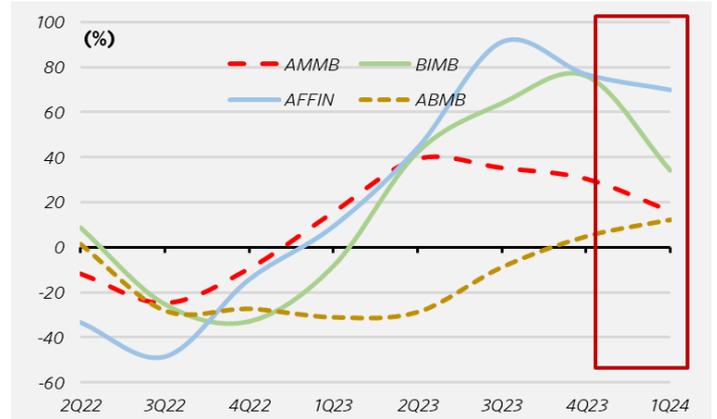
C. NOII (FEE & NON-FEE)

Fig 20: NOII Trailing 12M trend: Big 5



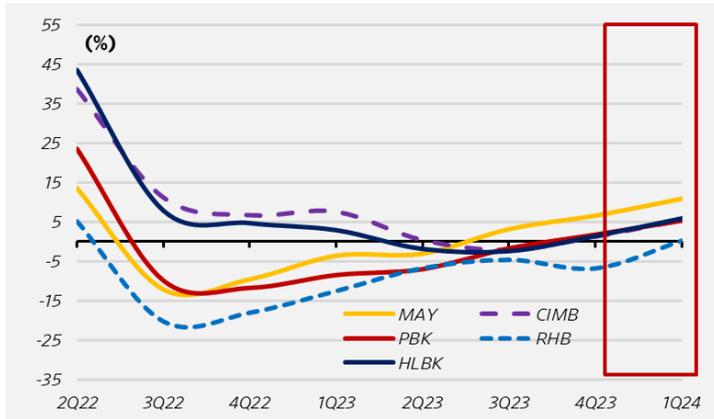
Source: Banks, MIDFR

Fig 21: NOII Trailing 12M trend: Small 4



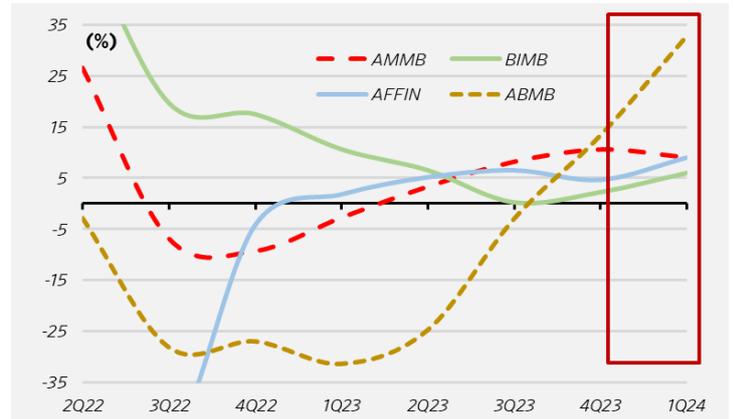
Source: Banks, MIDFR

Fig 22: Fee income Trailing 12M trend: Big 5



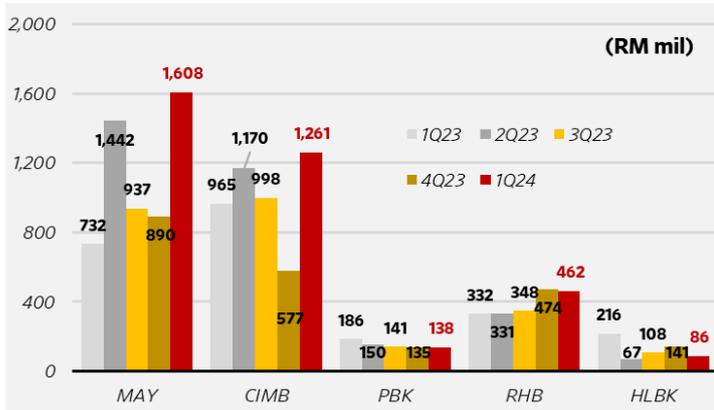
Source: Banks, MIDFR

Fig 23: Fee income Trailing 12M trend: Small 4



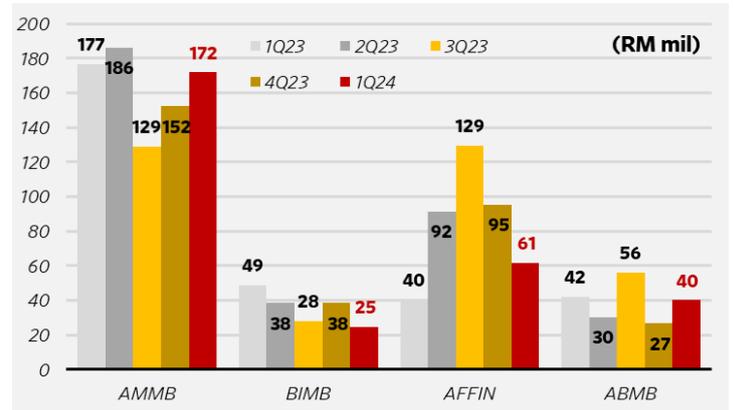
Source: Banks, MIDFR

Fig 24: Non-fee Income (Quarterly): Big 5



Source: Banks, MIDFR

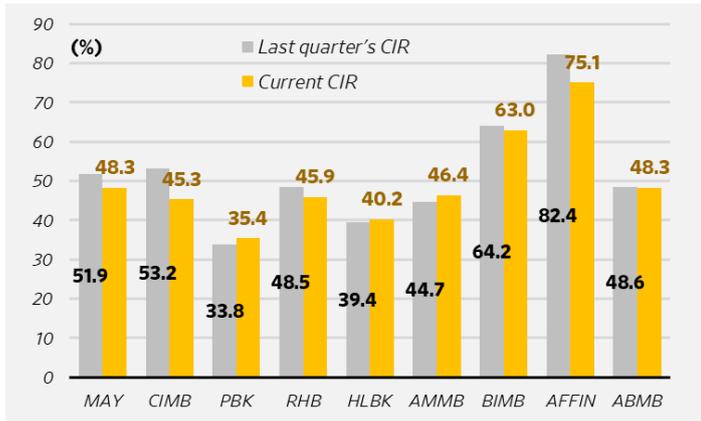
Fig 25: Non-fee Income (Quarterly): Small 4



Source: Banks, MIDFR

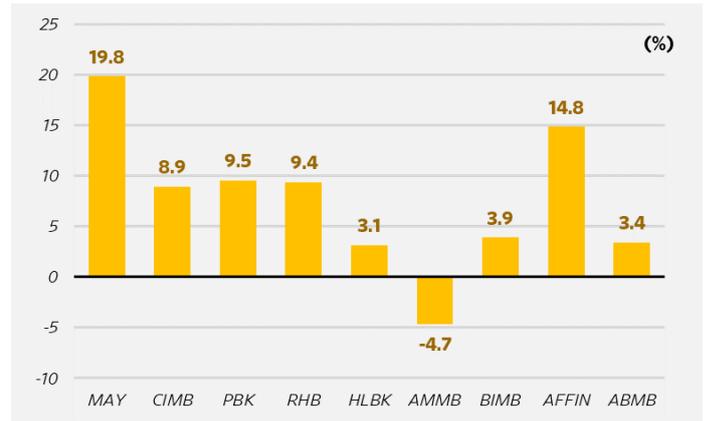
D. OPEX

Fig 26: Quarterly Cost/Income ratio



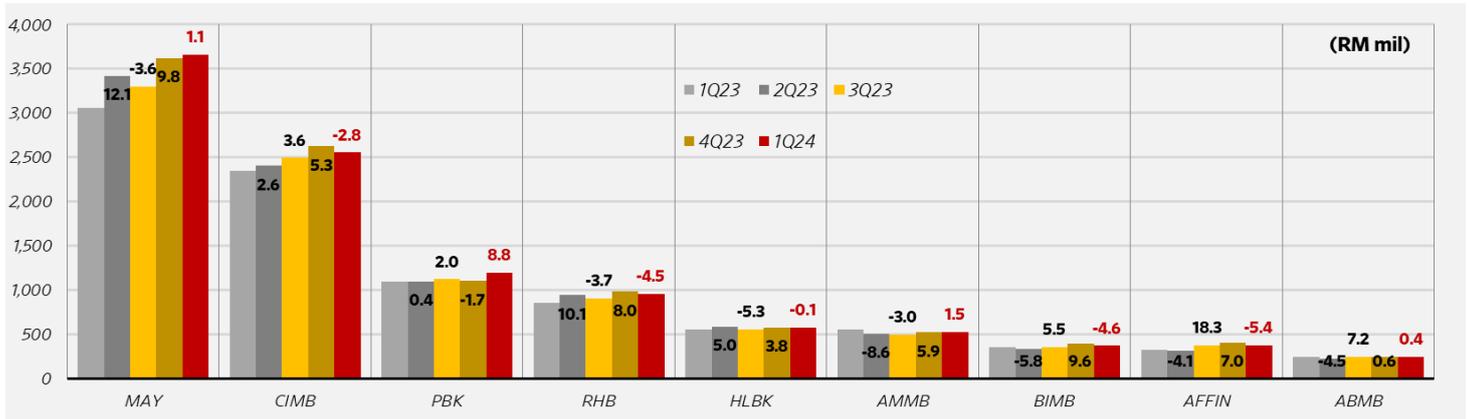
Source: Banks, MIDFR

Fig 27: Quarterly OPEX yoy growth



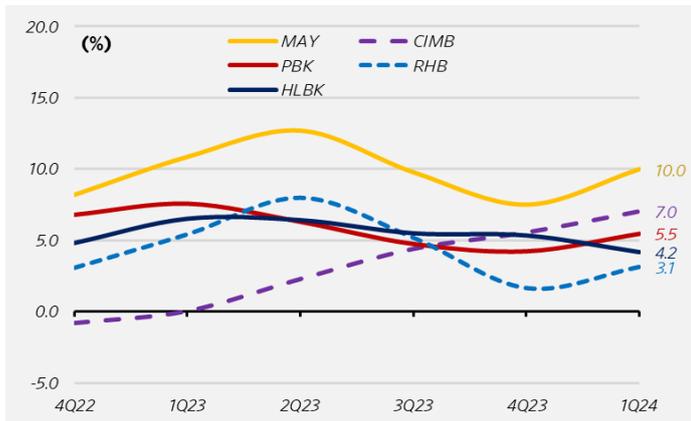
Source: Banks, MIDFR

Fig 28: Quarterly OPEX and qoq growth rates



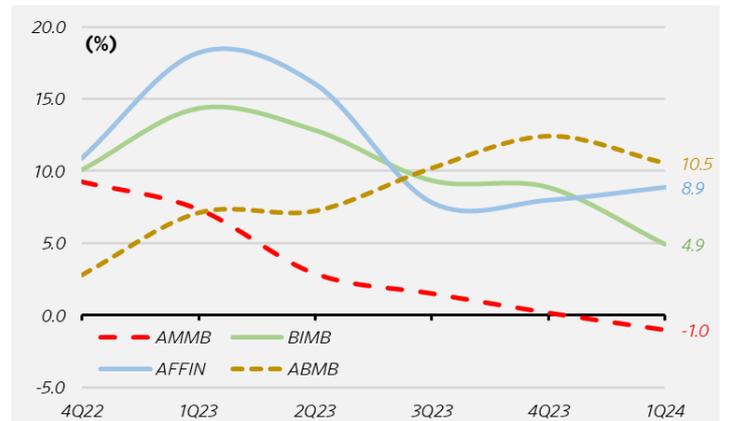
Source: Banks, MIDFR

Fig 29: OPEX Trailing 12M trend: Big 5



Source: Banks, MIDFR

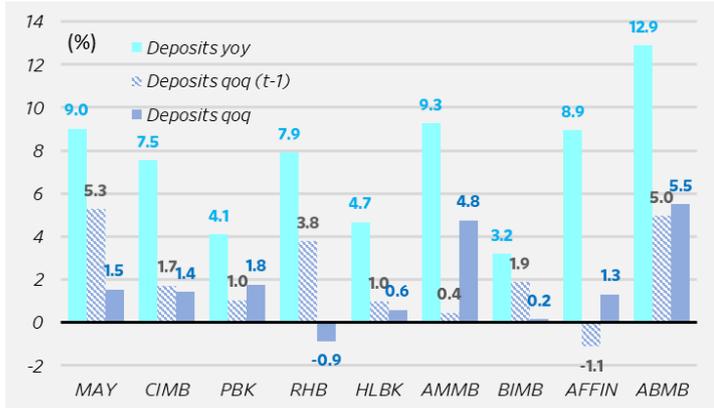
Fig 30: OPEX Trailing 12M trend: Small 4



Source: Banks, MIDFR

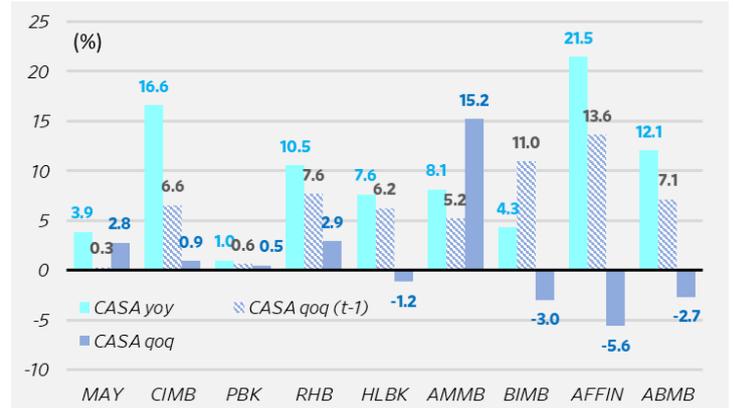
E. DEPOSITS & LIQUIDITY

Fig 31: Deposit growth



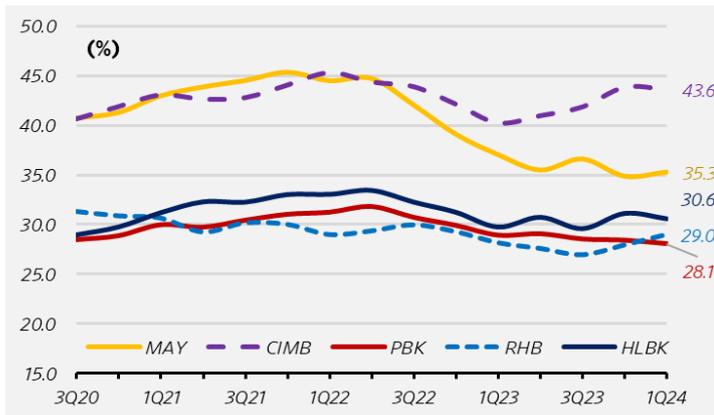
Source: Banks, MIDFR

Fig 32: CASA growth



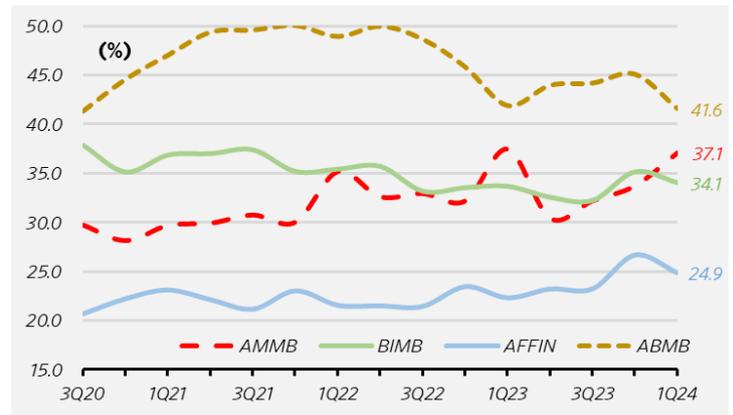
Source: Banks, MIDFR

Fig 33: CASA ratio trend: Big 5



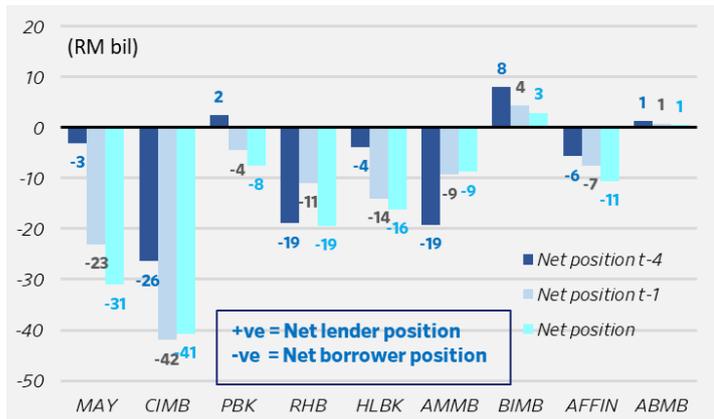
Source: Banks, MIDFR

Fig 34: CASA ratio trend: Small 4



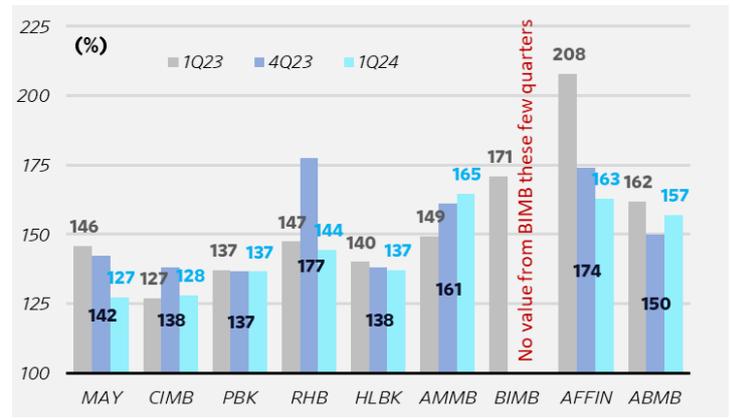
Source: Banks, MIDFR

Fig 35: Interbank Lending positions



Source: Banks, MIDFR

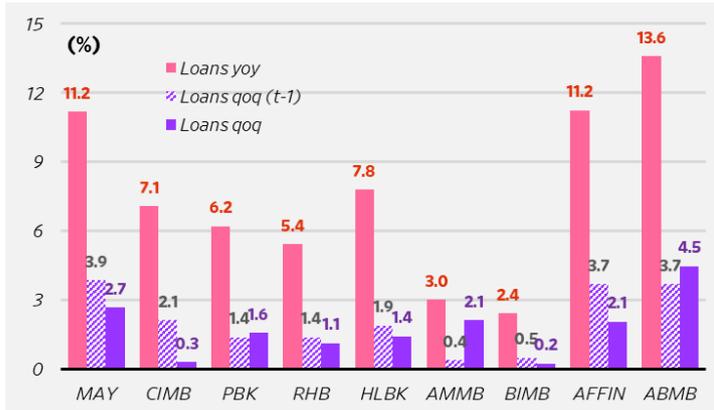
Fig 36: Liquidity coverage ratio (LCR)



Source: Banks, MIDFR

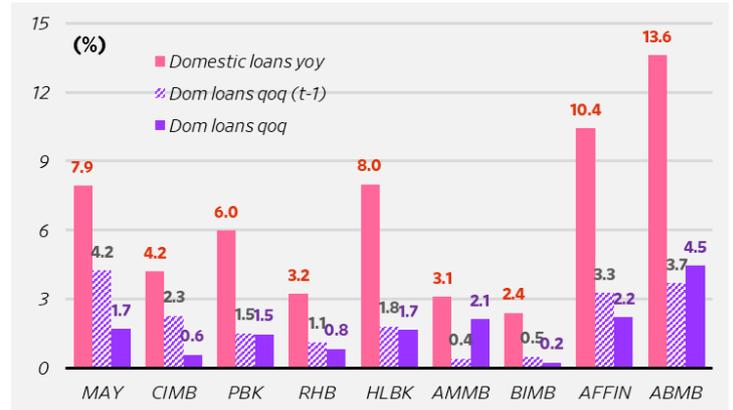
F. LOANS

Fig 37: Loan growth



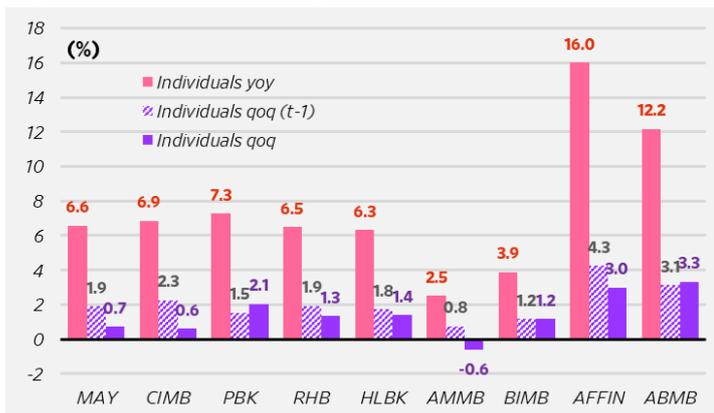
Source: Banks, MIDFR

Fig 38: Domestic loan growth



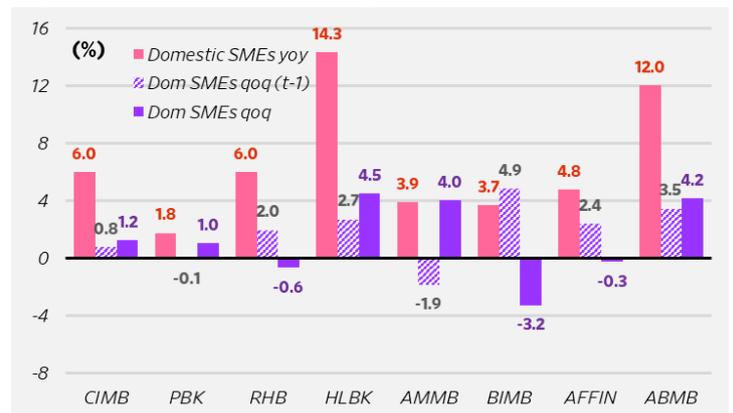
Source: Banks, MIDFR

Fig 39: Individuals loan growth



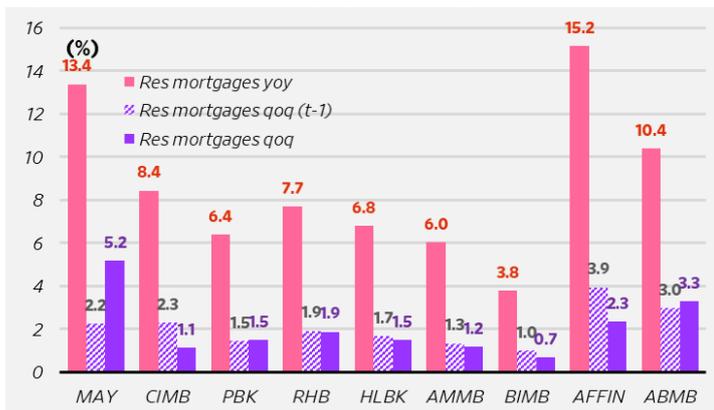
Source: Banks, MIDFR

Fig 40: Domestic SME loan growth



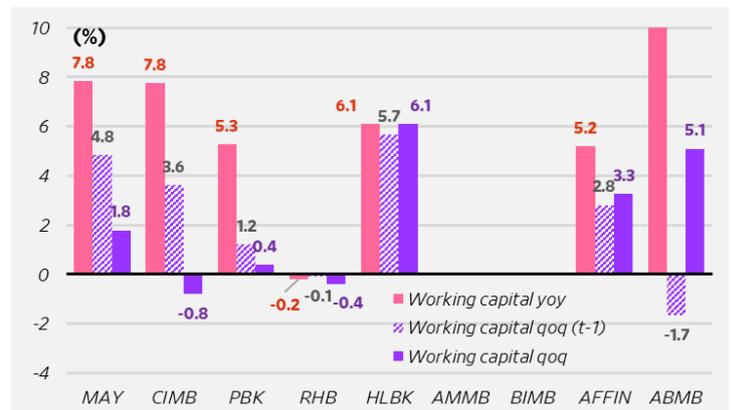
Source: Banks, MIDFR

Fig 41: Residential mortgages loan growth



Source: Banks, MIDFR

Fig 42: Working capital loan growth



Source: Banks, MIDFR

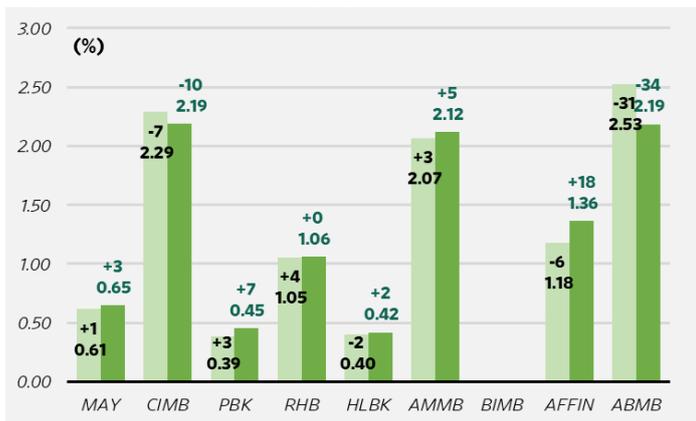
G. ASSET QUALITY & PROVISIONING

Fig 43: Sector GILs



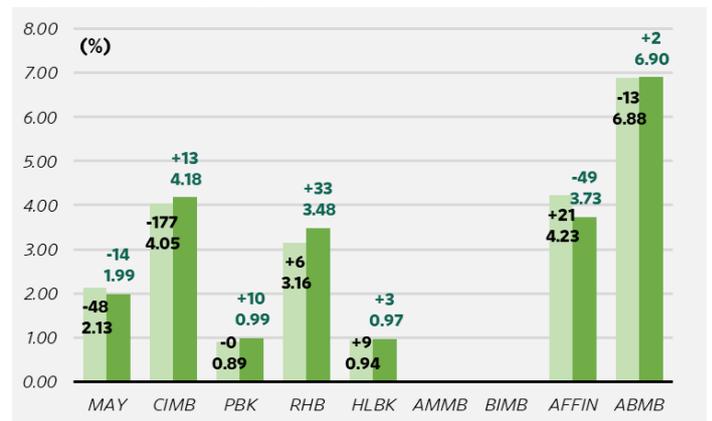
Source: Banks, MIDFR

Fig 44: Residential Mortgage GILs



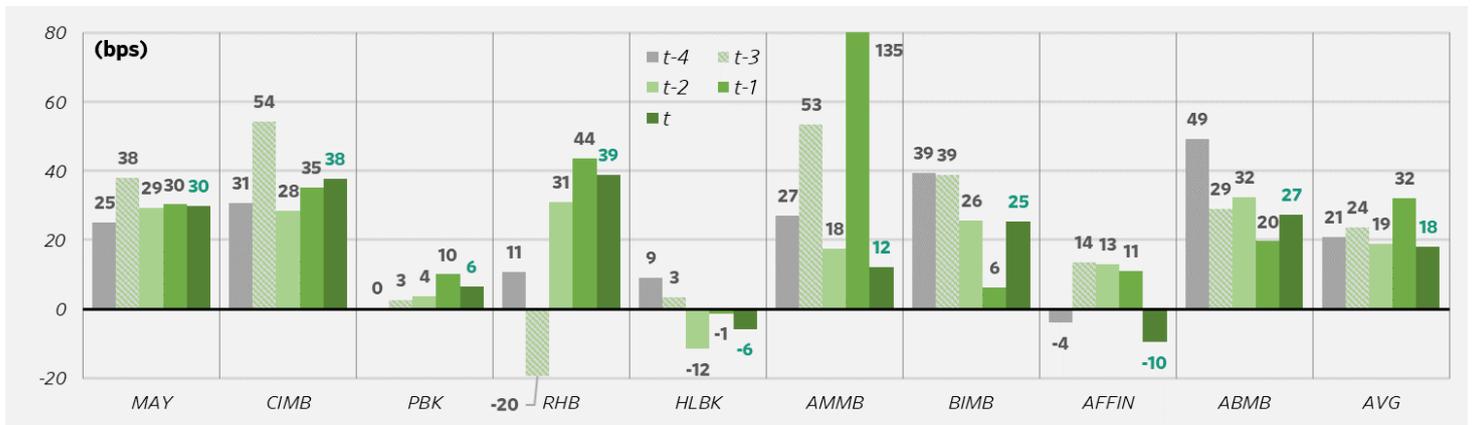
Source: Banks, MIDFR

Fig 45: Working Capital GILs



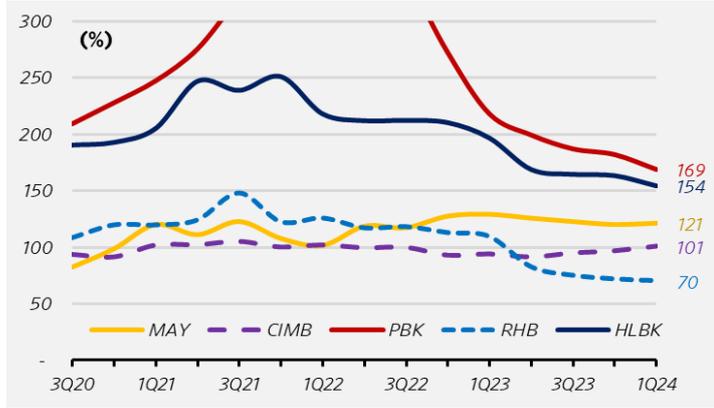
Source: Banks, MIDFR

Fig 46: Sector quarterly Net Credit Costs (NCC)



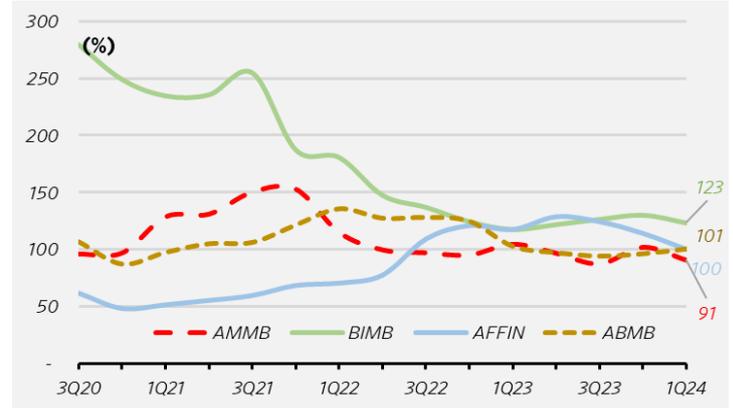
Source: Banks, MIDFR

Fig 47: Loan loss coverage (no reserves): Big 5



Source: Banks, MIDFR

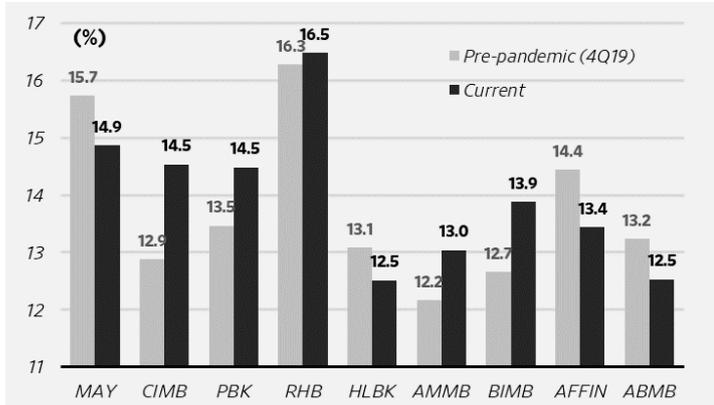
Fig 48: Loan loss coverage (no reserves): Small 4



Source: Banks, MIDFR

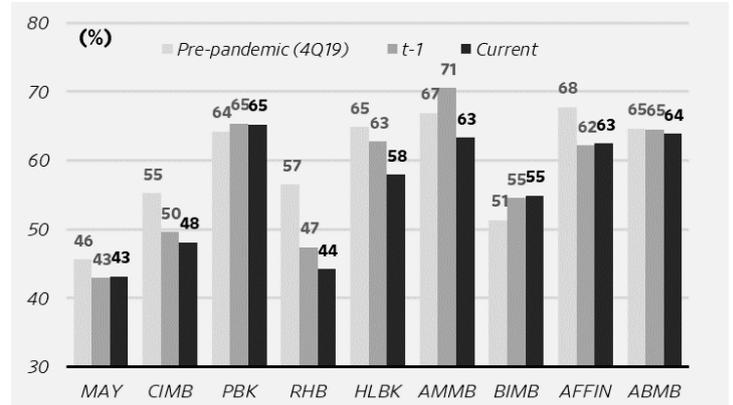
H. CAPITAL AND RISK-WEIGHTED ASSETS

Fig 49: Industry CET 1 ratios



Source: Banks, MIDFR

Fig 50: RWA efficiency (RWA / Total assets)



Source: Banks, MIDFR

Income Statement

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

Balance Sheet

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

Valuations & Sector

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

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 (Bank Pelaburan)
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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

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

SECTOR RECOMMENDATIONS

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

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

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

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