

BANKING

Maintain POSITIVE

May-23 Banking Stats: Uneven movements in weighted average Islamic FD rates

KEY INVESTMENT HIGHLIGHTS

- **Yays:** (1) Deposit growth still very strong, due to elevated FD uptake
- **Nays:** (1) CASA decline takes breather, but should resume shortly
- **Okays:** (1) Loan growth still subdued, (2) Leading indicators recovery is steady, (3) Only minor irritation on GIL end, (4) May-23 OPR hike offset some impact of FD repricing
- **Maintain POSITIVE call:** NOII recovery, better NCC outlook, some improvement in the Islamic FD rate space (albeit uneven)

Loan growth: +4.8%yoy, +0.5%mom. Still subdued.

- On a sequential month basis, personal financing loans maintain hot streak. There is also some positive reversal in construction loans (but too early to signify a reversal).
- **Retail loans up by +7.1%yoy, the highest value since Nov-22.** The hire purchase and residential mortgage leading indicators slowdown in prior months have yet to reflect in actual loan growth.
- **Business loans still soft.** Working capital continues to fluctuate between positive and negative month-on-month growth, while the slowdown in non-residential mortgages persists.
- **Leading indicators. Maintaining steady rate of recovery.**
 - **Following a festive-season-induced slowdown in Apr-23, loan applications came back with a vengeance.** Figures across the board were very healthy – though construction and working capital applications were a bit on the weaker side. Non-residential property saw its highest number of monthly applications – ever.
 - **Approvals were solid too, with system approval rates up to a high 54%.** Following several lacklustre months, business approvals have risen sharply to 64.2% -- after remaining in the 50-60% range since Jan-23. Attributable to higher rate of approvals in both working capital and construction segments.

Deposits: +6.4%yoy, +0.5%mom. Growth remains strong, still driven by FD uptake.

- **FD growth: +10.2%yoy, +0.8%mom. FD growth remains strong.**
 - Banks seem to be vying for the retail, mid-to-high duration FDs – with the 6–9-month FDs (and to a lesser extent, 3-6-month FDs) uptake seeing sharp month-on-month growth. <3-m FDs are reporting stable to negative figures.
- **CASA ratio: 30.3%, from 33.3% t-12, 30.4% t-1. Growth: -4.9%yoy, +0.3%mom. CASA shows positive reversal month-on-month but should maintain negative trajectory in coming months.**
- **LCR shows a decline – easing liquidity build is encouraging, though we doubt this figure will dip too low, due to current economic uncertainty persisting.**

COMPANY IN FOCUS

CIMB

Maintain **BUY** | Unchanged Target price: RM5.92
Price @ 30 June 2023: RM5.06

- Strong NOII recovery.
- Exposure to attractive lucrative Indonesian market.
- Retention of overlays may result in improved, more stable NCC profile in future.

Share price chart

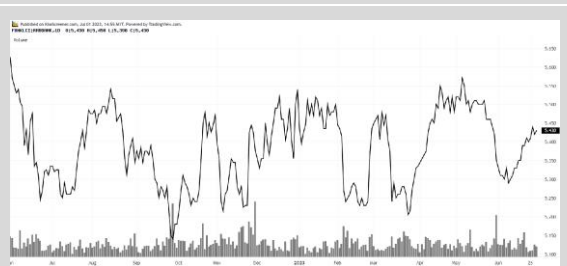


RHB Bank

Maintain **BUY** | Unchanged Target price: RM7.58
Price @ 30 June 2023: RM5.43

- CET 1 ratio is among highest in industry.
- Dividend yields also amongst highest.
- Heavy provision writebacks imminent, given asset quality seems to have stabilised.

Share price chart



Analyst
Samuel Woo
samuel.woo@midf.com.my


GIL ratio: 1.80%, +2bps mom. Uptick was minor and expected, nothing concerning.

- **Notable deteriorations, mom:** Minor irritation on retail side: Residential property +3bps, Passenger cars +4bps. Non-residential property saw a slight +3bps uptick too.
- **Notable improvements, mom:** Securities -4bps mom.
- **LLC: 93.2%.** Very minor reduction on a sequential month basis – rundown should remain slow and gradual.

Interest spread: -8bps mom. ALR hike stemming from May-23 OPR hike offset brunt of FD repricing.

- **Weighted average (WA) Islamic FD rates changes were uneven.** 6-m and 12-m brackets saw uptick of 10bps and 11bps mom respectively, while 1-m and 9-m brackets saw improvement. 3-m remained relatively stable.
- **WA Conventional rates, on the other hand, saw increases across all brackets.** These increases ranged from 13-18bps mom.
- While overall there seems to be some selective easing of pressure, recovery in NIMs seems unlikely to be V-shaped.

SME: BNM has yet to update its SME statistics.

Maintain POSITIVE call. Top Picks: CIMB (BUY, TP: RM5.92) and RHB Bank (BUY, TP: RM7.58). Valuations are still cheap, especially in light of more positive global banking sentiment. To road to full NIM recovery remains lengthy, but there are signs of improvement. Persistent pockets of deposit competition are already priced in. We can still look to recovery in NOII, NIM uplift from OPR hike and improved NCC outlook in the coming quarters. (Also, we increase our OPR projections for the year to 3.25% from 3.00%, given the Fed's hawkish signals.) 

PEER COMPARISON TABLE

Bank	Rec	Share P*	Target P	Upside	Mkt Cap	P/E (x)		P/B (x)		ROE (%)		Div Yield (%)	
		(RM)	(RM)	(%)	(RM b)	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
MAY	BUY	8.63	9.28	7.5	103.3	11.2	10.5	1.2	1.1	10.5	10.9	7.1	7.6
CIMB	BUY	5.06	5.92	17.0	52.8	8.1	7.5	0.8	0.7	10.1	10.3	6.2	6.7
PBK	BUY	3.85	4.76	23.6	74.7	10.5	10.3	1.4	1.3	13.6	12.9	4.8	4.8
RHB	BUY	5.43	7.58	39.6	22.7	7.2	6.8	0.8	0.8	10.9	11.4	7.6	8.0
HLBK	BUY	18.96	24.91	31.4	38.9	10.1	9.2	1.1	1.0	11.9	11.9	3.5	3.8
HLFG	BUY	17.66	22.79	29.0	20.0	7.2	6.7	0.7	0.6	10.1	9.6	2.8	3.0
AMMB	BUY	3.62	4.03	11.3	15.2	8.4	7.9	0.8	0.7	9.6	9.5	5.3	5.5
BIMB	TRADING SELL	1.95	1.46	-25.1	4.7	9.0	8.1	0.6	0.6	7.4	7.7	7.0	7.4
AFFIN	NEUTRAL	1.88	1.82	-3.0	4.1	7.5	6.8	0.4	0.4	5.0	5.2	3.9	4.2
ABMB	BUY	3.33	4.00	20.3	5.2	7.0	6.5	0.7	0.7	10.6	10.6	7.2	7.7
Simple avg (ex-HLFG)						8.8	8.2	0.9	0.8	10.0	10.1	5.8	6.2
Weighted avg (ex-HLFG)						9.8	9.3	1.1	1.0	11.2	11.2	5.9	6.2

*Closing prices from 30 Jun 2023.

^AMMB & ABMB uses FY24F/25F values.

Source: BNM, MIDFR

SECTOR PICKS

	Bank Call Target P	GGM Valuation ROE LTG COE		Catalysts, concerns, and other notes
TOP Pick	CIMB			Niaga is a big winner, acting as both an earnings driver and as a buffer to tougher regional conditions as strong CASA, NOII, loan growth driver. Market has yet to price in improvements brought about by kitchen sinking exercise. We like CIMB's intention to retain overlays -- it should better earnings and NCC consistency. Less loan contraction pressure too, as overseas restructuring works end soon.
	BUY RM 5.92	0.87 10.3%	FY24F 3.5% 11.5%	
TOP Pick	RHB			Heavily capitalised, dividend yields among highest in industry. Good recovery in NOII. However, it may have to over-rely on writebacks to achieve its FY23F ROE target -- this was originally pegged to NIM target, which will likely be negatively revised in 2Q. Some concerns on maintaining its high loan growth this year, one of its previous plus points -- though it may draw down on capital for funding purposes.
	BUY RM 7.58	1.06 11.4%	FY24F 4.0% 11.0%	
TOP Pick	AMMB			Remains a good pick for high loan growth, resumption of dividend payments and the propensity for further RWA optimisation. A lot safer than it once was -- good loan and deposit restructuring makes it less susceptible to lumpy withdrawals or delinquencies. No FY24F guidance yet, however.
	BUY RM 4.03	0.87 9.6%	FY24F 3.5% 10.6%	
GOOD Pick	HLBK			Combines defensive capability (asset quality-wise) with adaptability. HLBK is confident it is well positioned, funding-wise -- should be able to maintain high loan growth rates, given its expertise in scouting out SME clients. Potential earnings driver in wealth management space, which spent the previous year being restructured. China's interest rate situation may press BOCD's margins slightly.
	BUY RM 24.91	1.37 11.9%	FY24F 4.0% 9.8%	
GOOD Pick	PBK			Ownership and succession concerns persist. Their vast deposit accumulation in 1QFY23 gives them more options: relax on funding accumulation or pursue a higher growth strategy. Foreign shareholding is very low. Nevertheless, we prefer other defensive picks, with the R&R arc coming to an end: PBK relies too much on unit trust contributions and isn't willing to splurge to keep up with competition.
	BUY RM 4.76	1.59 12.9%	FY24F 3.5% 9.4%	
GOOD Pick	MAY			Great defensive pick: Share price is much more resilient than peers, and dividend yields are always great (with RWA optimisation offering upside potential). Fundamentally, not as good -- ROE target may be unrealistic without heavy writebacks and tech spend provides downside to OPEX. Funding constraints may also sour SG portfolio's outlook.
	BUY RM 9.28	1.21 10.9%	FY24F 3.0% 9.5%	
DECENT Pick	ABMB			While not too keen on its ambitious, multi-year de-risking plan, we understand the need: Its previous high-risk mortgage refinancing regime has contributed to its serious asset quality deterioration -- downside risk pervades the present term -- watch for unpleasant surprises in the form of further deterioration and NCC. Otherwise, look to good NOII recovery and high loan growth.
	BUY RM 4.00	0.86 10.6%	FY24F 5.0% 11.5%	
NEUTRAL	AFFIN			Management is doing a good job in rebuilding Affin -- but their approach isn't investor friendly (read: stretch goals, inconsistency in costs and revenue drivers). No convincing rerating drivers, until Affin displays better control over costs (possibly a corporate governance issue?) and NOII. Plus sides: Huge improvements, asset-quality-wise. Also, loan growth is great and RWA optimisation should continue.
	NEUTRAL RM 1.82	0.34 5.2%	FY24F 4.5% 6.7%	
NOT IDEAL	BIMB			Valuations are too cheap to ignore, dividends are fantastic. We are less convinced about fundamentals: watch consumer portfolio asset quality, especially residential mortgages, and personal financing loans. But as the negative sentiment on global banking stocks seems to have shown signs of lifting, our "Trading Sell" call (which assumed this sentiment would persist for longer) may be revised positively in a future report.
	TRADING SELL RM 1.46	0.46 7.7%	FY24F 4.5% 11.5%	

Source: MIDFR

A. SYSTEM LOAN & CONSTITUENTS

Visualisation tables here: [\(link\)](#)

Fig 1: Core Figures & Forecasts

	yoy Growth rates (%)					YTD Ann. (%)	mom Growth rates (%)			
	May-23	Apr-23	Mar-23	Feb-23	May-23		Apr-23	Mar-23	Feb-23	
Total loans	4.8	4.6	5.0	5.1	2.8	0.5	0.0	0.4	0.4	
Retail loans	7.1	6.9	6.9	6.9	6.0	0.5	0.5	0.6	0.4	
Business loans	2.3	2.0	2.9	3.2	-0.8	0.5	-0.5	0.3	0.4	
SME*	-	1.7	2.1	1.4	-5.8	-	-0.4	1.1	-2.6	
Total deposits	6.7	6.4	7.0	7.5	4.6	0.5	-0.4	-0.1	1.7	
CASA	-4.9	-6.4	-1.8	-0.2	-5.0	0.3	-1.3	-1.6	1.0	
FD	10.2	10.0	8.9	7.2	9.3	0.8	0.5	1.9	1.1	
Total provisions	-1.9	-1.5	-1.3	-2.8	0.6	0.4	0.3	-0.5	0.5	
Total GIL	5.4	8.2	7.4	9.5	13.6	1.5	2.2	-0.6	2.1	
Leading indicators										
3MA applications	8	8	10	-1	43	5	5	15	2	
Retail	4	8	6	-6	50	4	4	12	4	
Business	12	9	15	6	35	7	7	18	-1	
3MA approvals	13	16	22	5	28	9	6	14	-3	
Retail	10	13	14	-0	62	7	6	14	3	
Business	16	20	31	11	2	11	6	14	-9	
Other Metrics										
Interest spread	2.68	2.76	2.65	2.61	1.91					
Loan approval rate	54	51	51	49	54					
SME approval rate*	-	49	43	48	55					
GIL ratio	1.80	1.78	1.75	1.76	1.79					
SME GIL ratio*	-	2.91	2.88	2.91	2.86					
LLC ratio	93	94	96	96	100					
CASA ratio	30.3	30.4	30.6	31.0	33.3					
Loan/Deposit ratio	89.5	89.5	89.1	88.4	89.2					
Liquidity coverage ratio	151	154	157	153	149					
CET 1	14.6	14.8	14.8	14.8	14.3					
Tier 1 Capital	15.1	15.3	15.4	15.3	14.8					
Total Capital	18.3	18.5	18.6	18.5	17.9					

	Period	Forecast	Formerly
Loan growth	CY23	4.5-5.0%	
GDP	CY23	4.2%	
OPR	CY23	3.25% (↑)	3.00%

*SME data until Apr-23

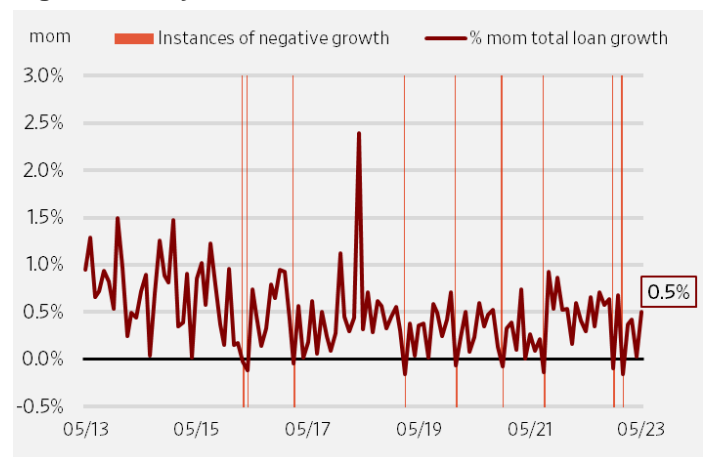
Source: BNM, MIDFR

Fig 2: yoy System loans



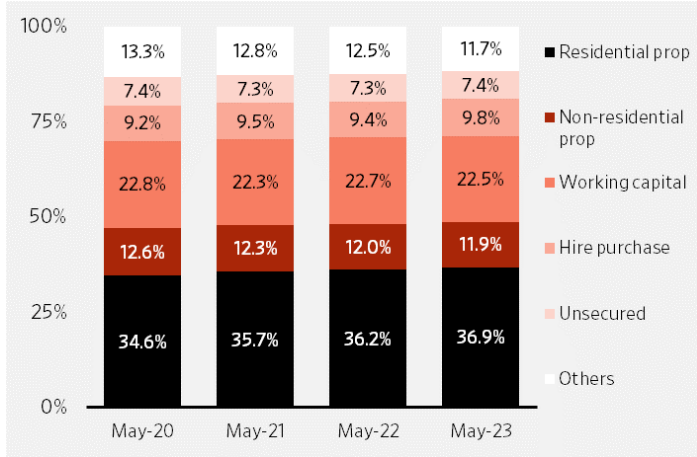
Source: BNM, MIDFR

Fig 3: mom System loans



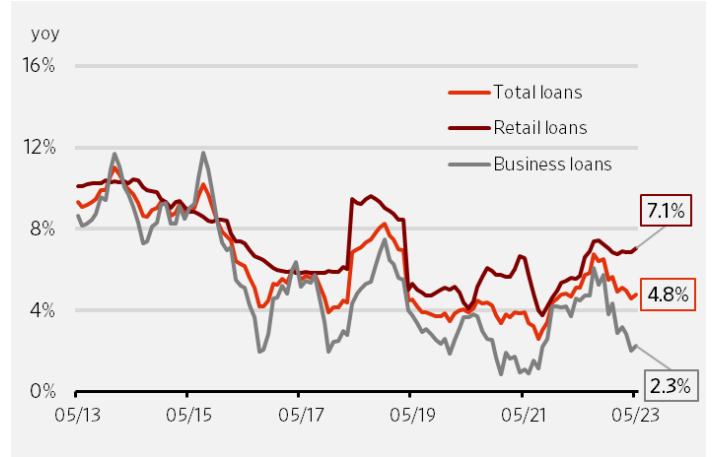
Source: BNM, MIDFR

Fig 4: Loan breakdown by type



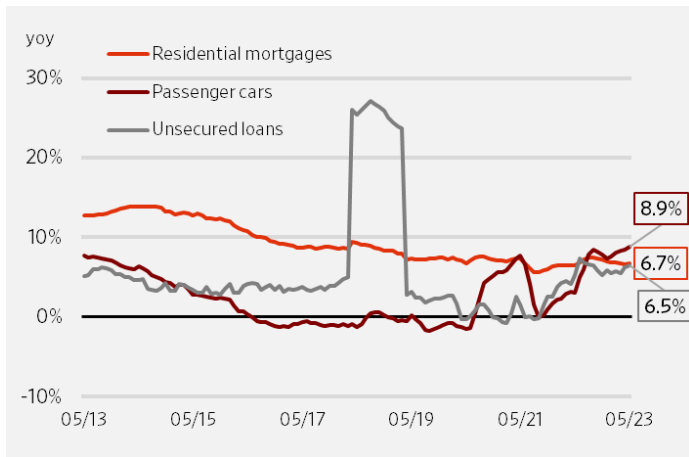
Source: BNM, MIDFR

Fig 5: Retail & business loan growth



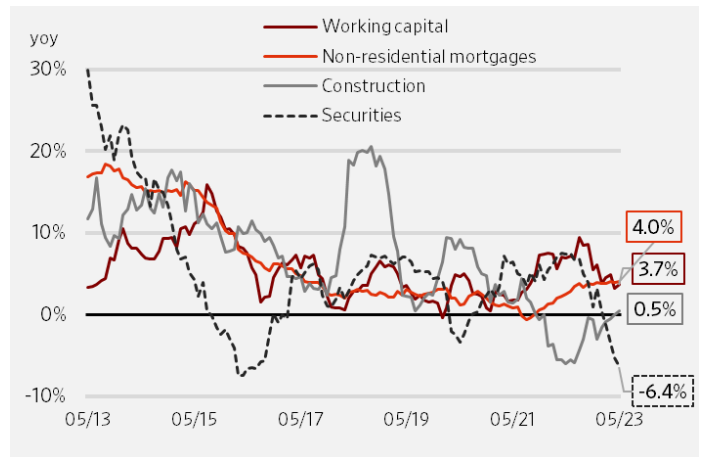
Source: BNM, MIDFR

Fig 6: Retail loan constituents



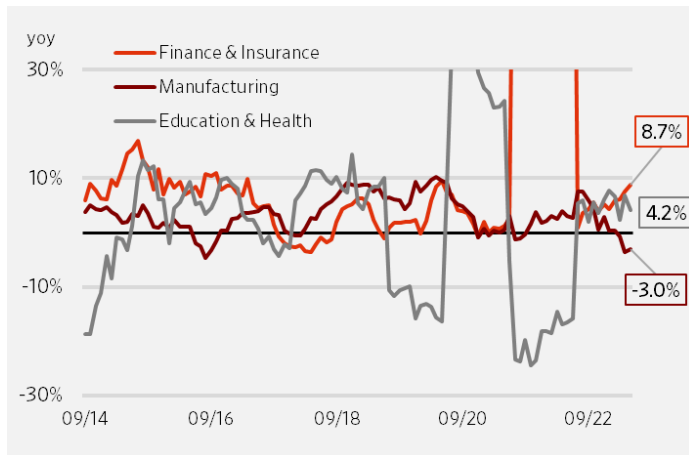
Source: BNM, MIDFR

Fig 7: Business loan constituents



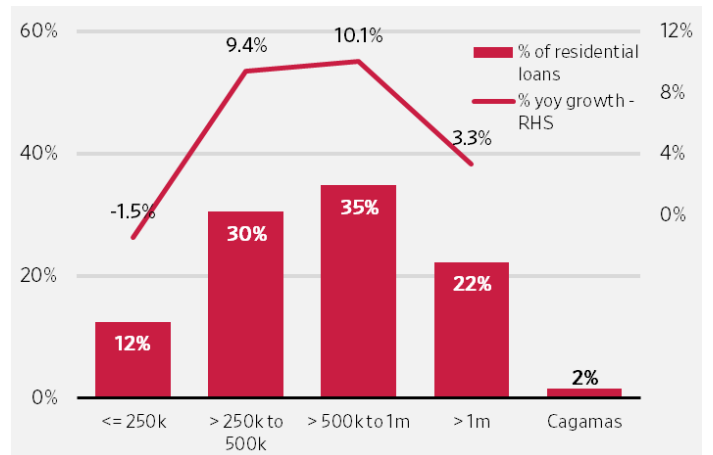
Source: BNM, MIDFR

Fig 8: Loan growth of other sectors



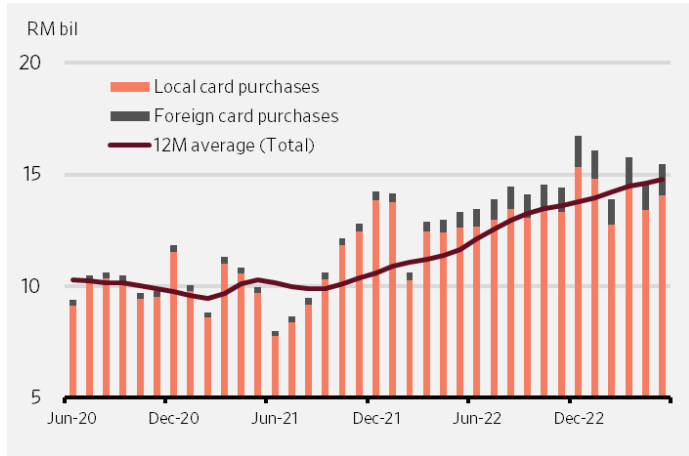
Source: BNM, MIDFR

Fig 9: Residential loans by segment



Source: BNM, MIDFR

Fig 10: Credit card purchases

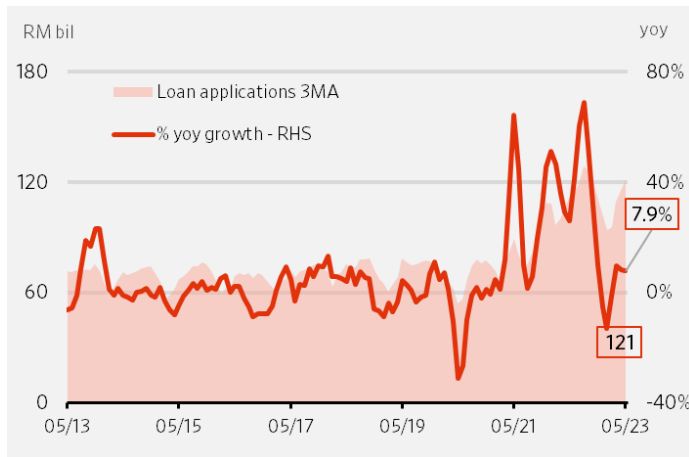


Source: BNM, MIDFR

B. LEADING INDICATOR TRENDS

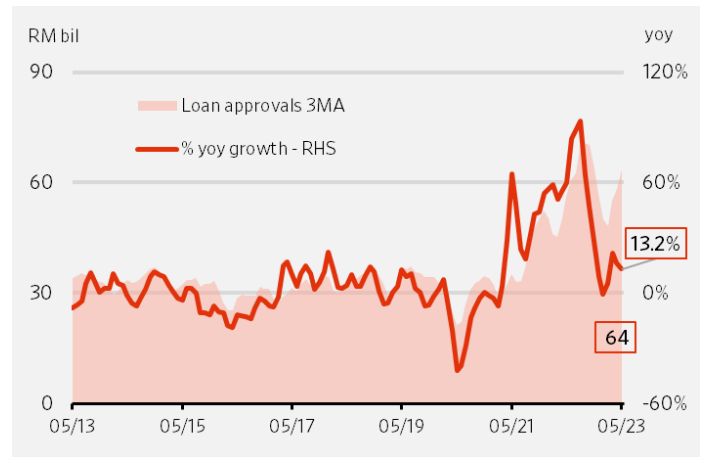
Heatmaps visible here: [\(link\)](#)

Fig 11: Loan applications (3-mth average)



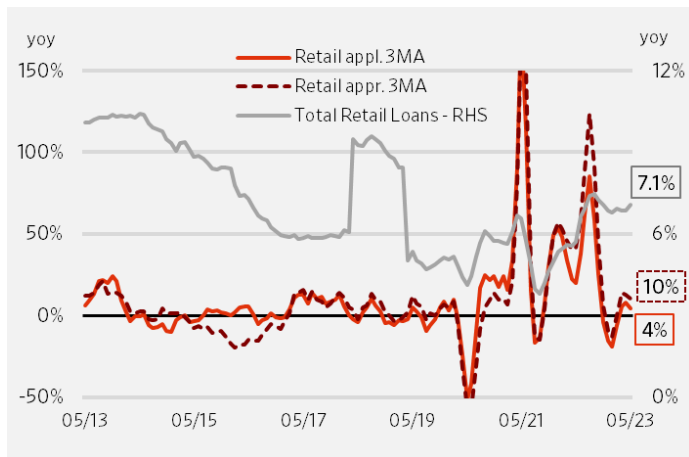
Source: BNM, MIDFR

Fig 12: Loan approvals (3-mth average)



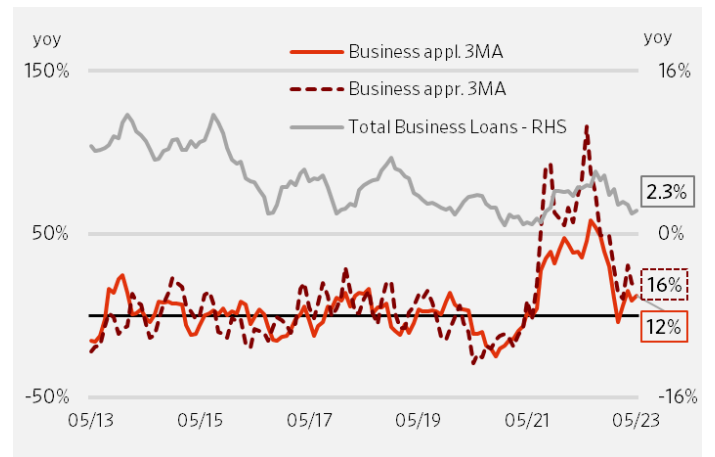
Source: BNM, MIDFR

Fig 13: Retail loan indicators



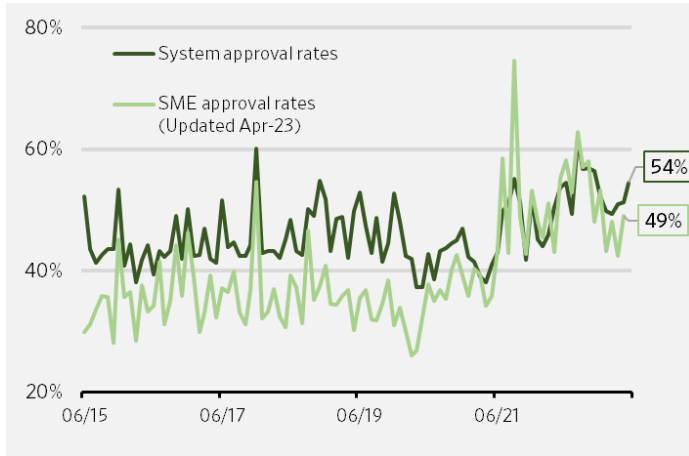
Source: BNM, MIDFR

Fig 14: Business loan indicators



Source: BNM, MIDFR

Fig 15: System approval rates

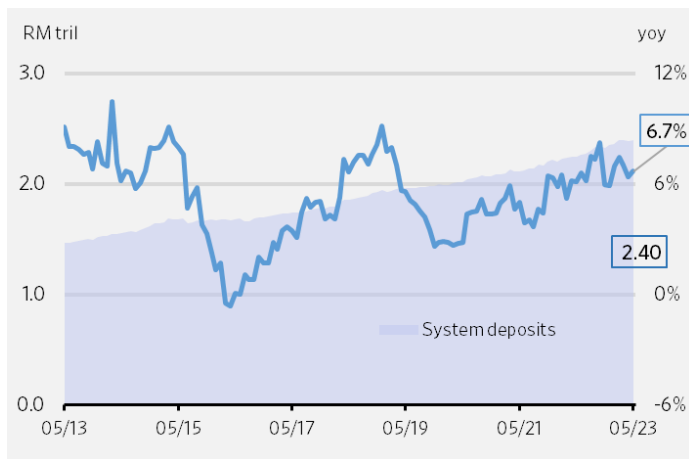


Source: BNM, MIDFR

C. DEPOSITS & LIQUIDITY

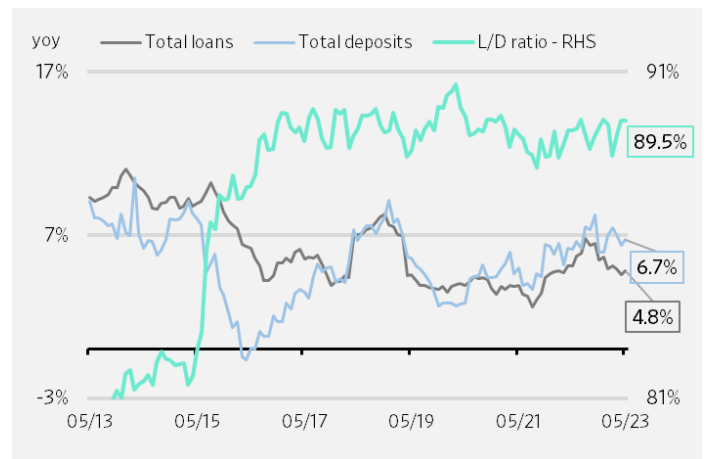
Heatmaps visible here: [\(link\)](#)

Fig 16: yoy System deposits



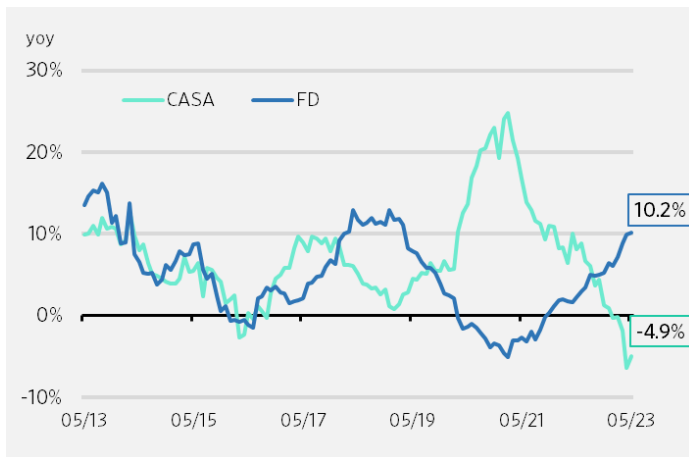
Source: BNM, MIDFR

Fig 17: Loan/Deposit ratio



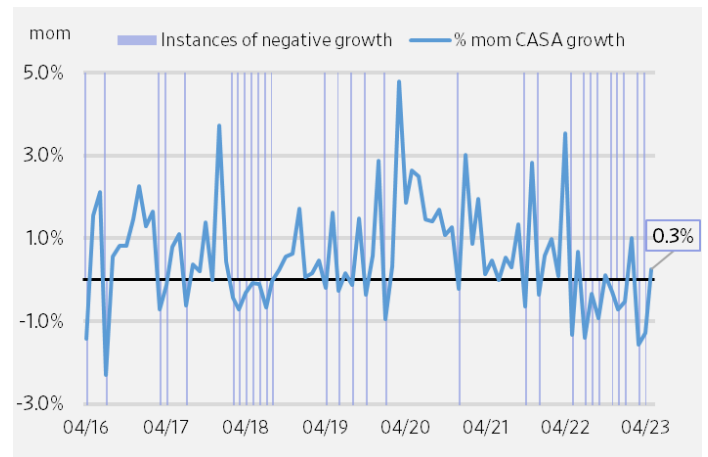
Source: BNM, MIDFR

Fig 18: yoy CASA & FD growth



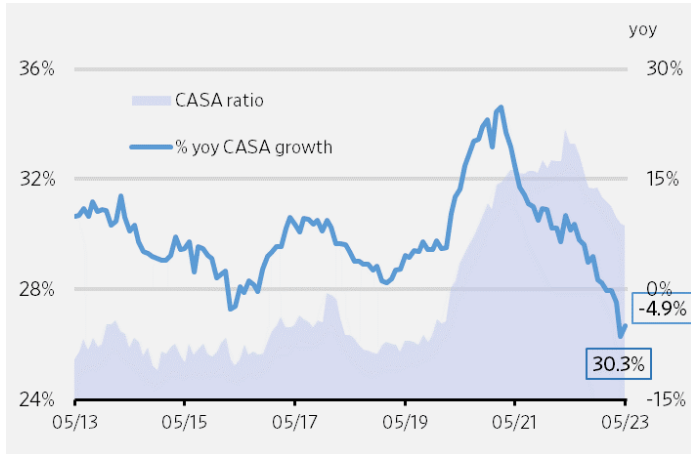
Source: BNM, MIDFR

Fig 19: mom CASA growth



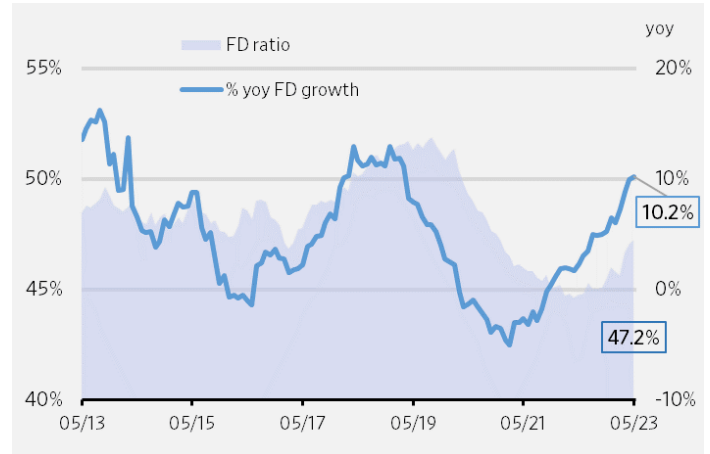
Source: BNM, MIDFR

Fig 20: CASA ratio



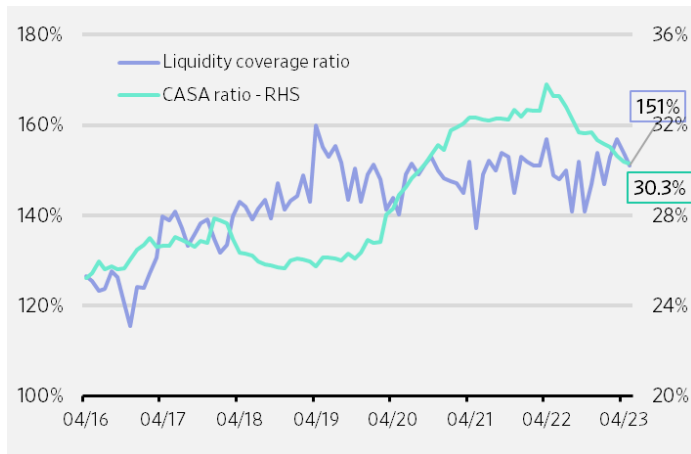
Source: BNM, MIDFR

Fig 21: FD ratio



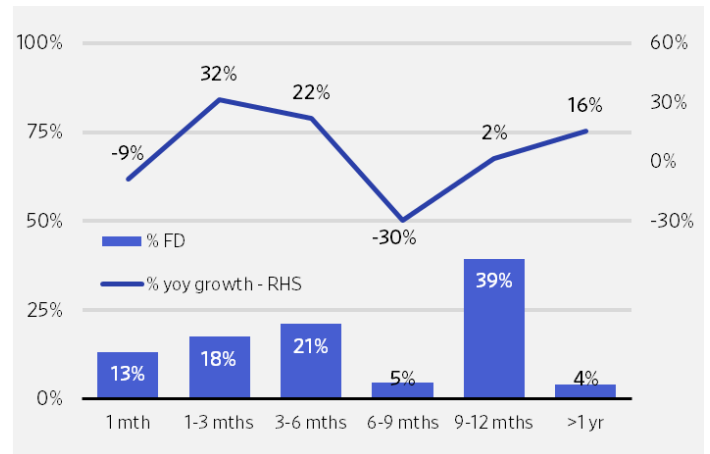
Source: BNM, MIDFR

Fig 22: Liquidity coverage ratio



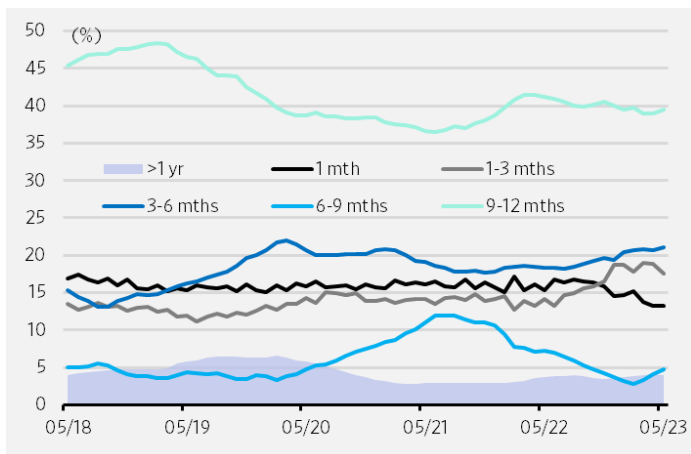
Source: BNM, MIDFR

Fig 23: FD by maturity brackets and yoy growth



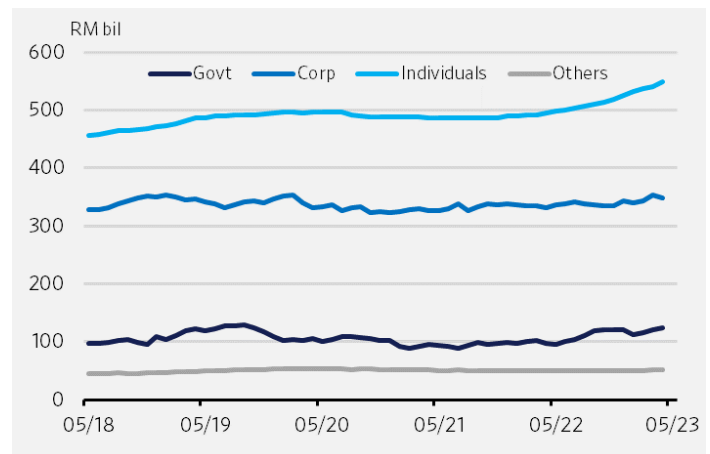
Source: BNM, MIDFR

Fig 24: FD by maturity brackets (% Proportion)



Source: BNM, MIDFR

Fig 25: FD by depositor

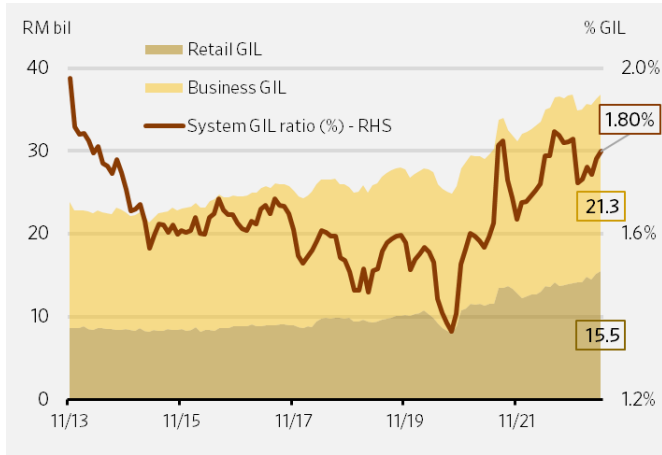


Source: BNM, MIDFR

D. ASSET QUALITY & PROVISIONING

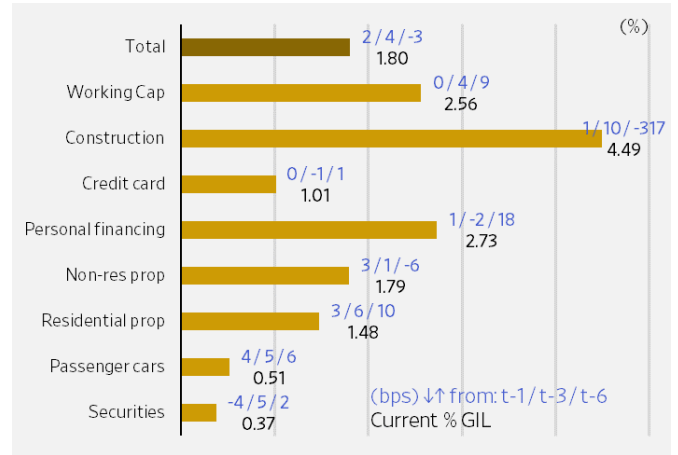
Heatmaps visible here: [\(link\)](#)

Fig 26: System gross impaired loans



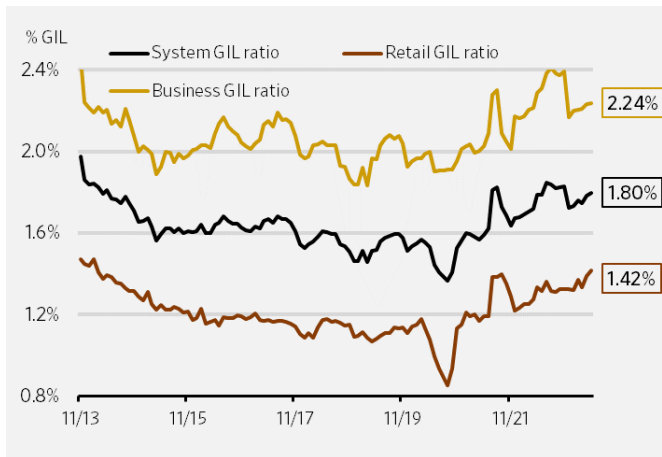
Source: BNM, MIDFR

Fig 27: GIL ratio by segment



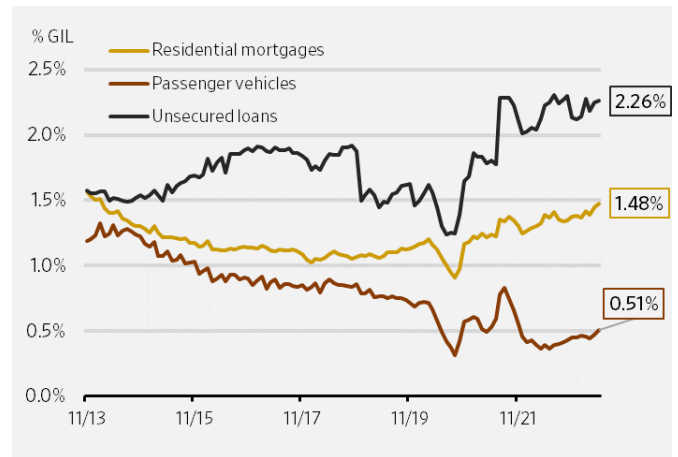
Source: BNM, MIDFR

Fig 28: System, Retail, Business GIL ratios



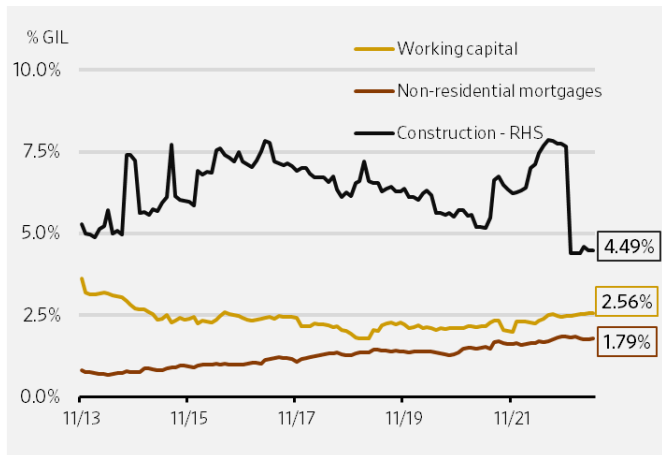
Source: BNM, MIDFR

Fig 29: Retail GIL ratios



Source: BNM, MIDFR

Fig 30: Business GIL ratios



Source: BNM, MIDFR

Fig 31: GIL ratios of other sectors

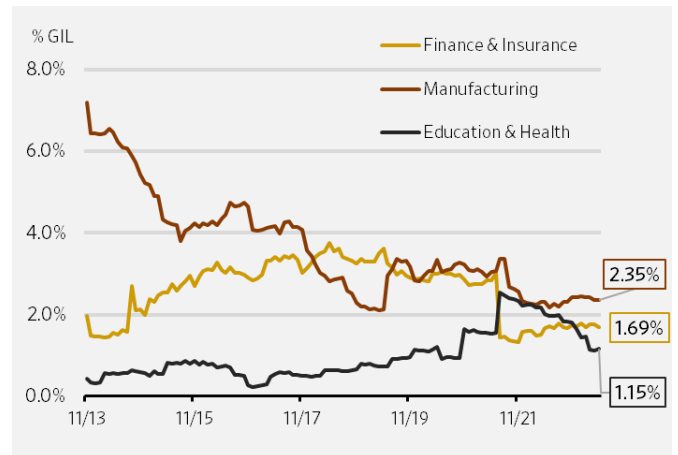
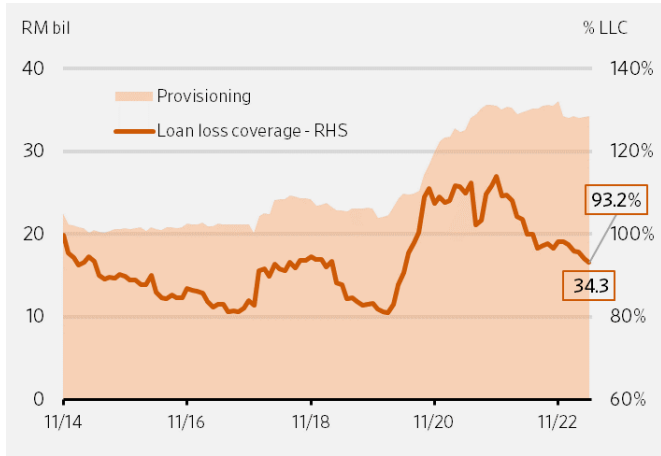
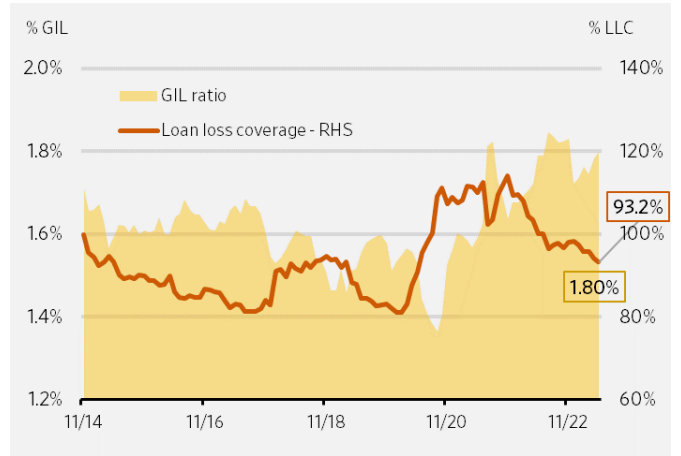


Fig 32: Provisions & loan loss coverage



Source: BNM, MIDFR

Fig 33: LLC and GIL ratio

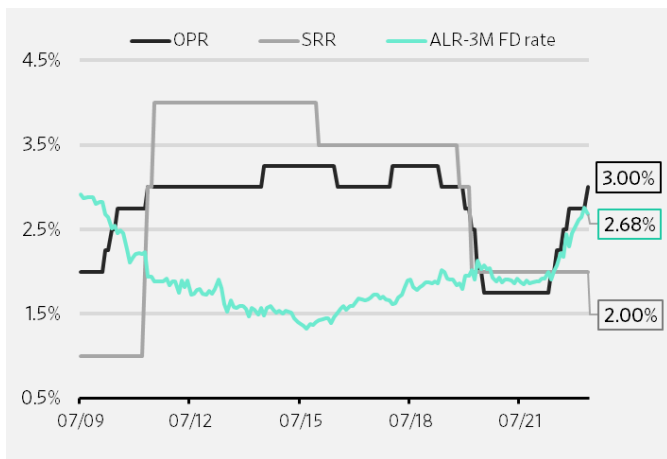


Source: BNM, MIDFR

E. INTEREST SPREAD AND CAPITAL

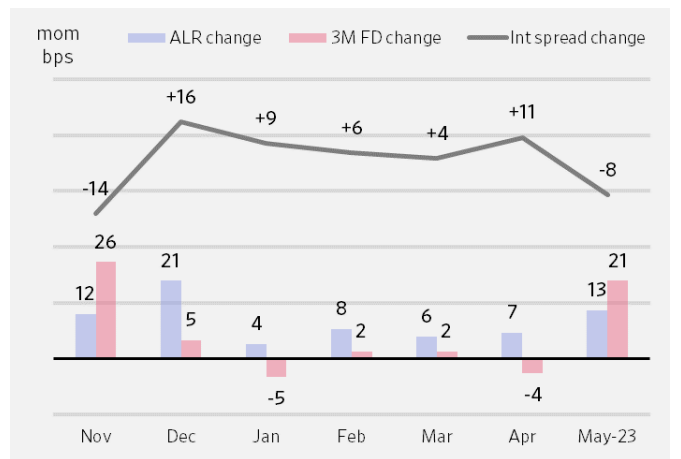
Heatmaps visible here: [\(link\)](#)

Fig 34: Interest spread, OPR, SRR



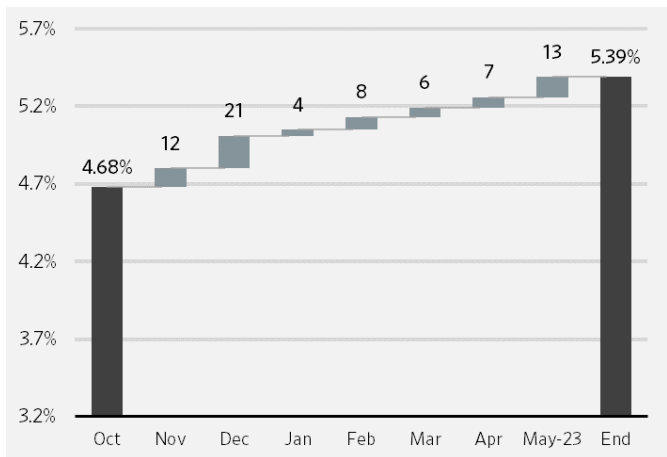
Source: BNM, MIDFR

Fig 35: mom Changes in Interest spreads



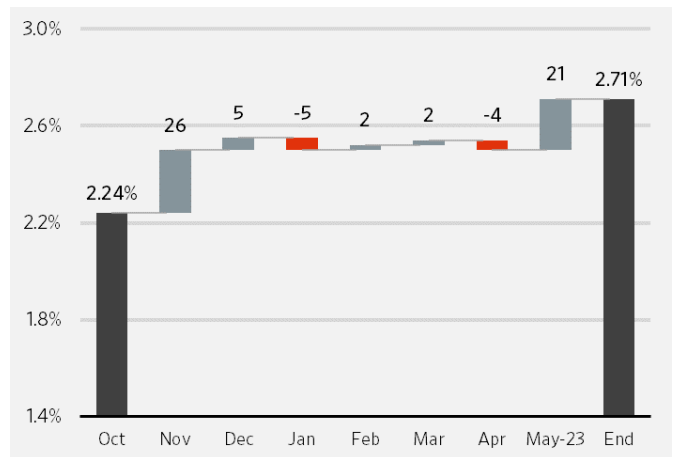
Source: BNM, MIDFR

Fig 36: Changes in Average Lending Rate



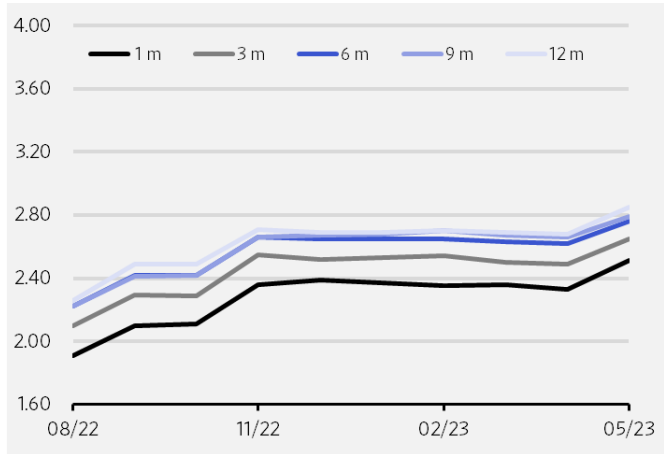
Source: BNM, MIDFR

Fig 37: Changes in 3M FD rate



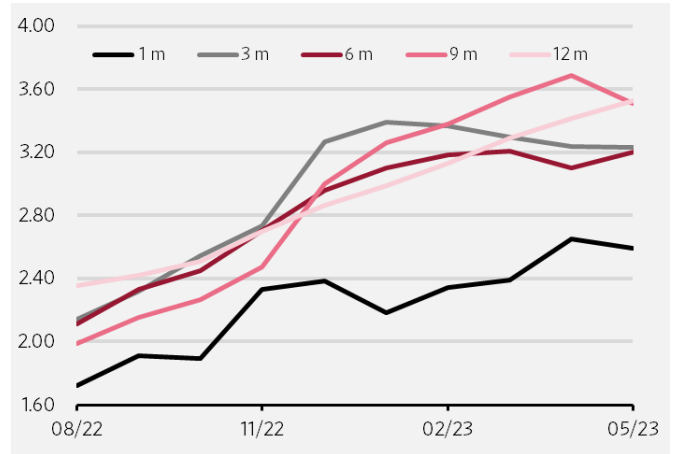
Source: BNM, MIDFR

Fig 38: Weighted avg Conventional FD rates by bracket



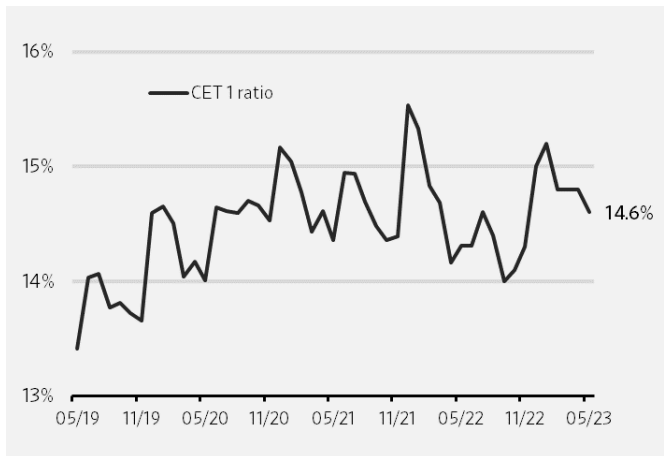
Source: BNM, MIDFR

Fig 39: Weighted avg Islamic FD rates by brackets



Source: BNM, MIDFR

Fig 40: CET 1 ratio

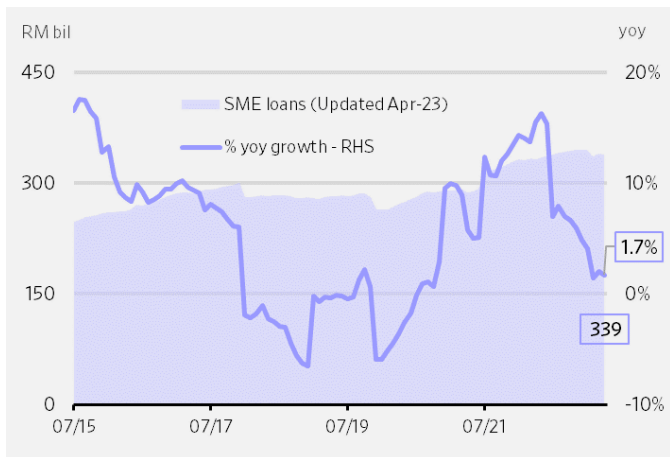


Source: BNM, MIDFR

F. SME DATA

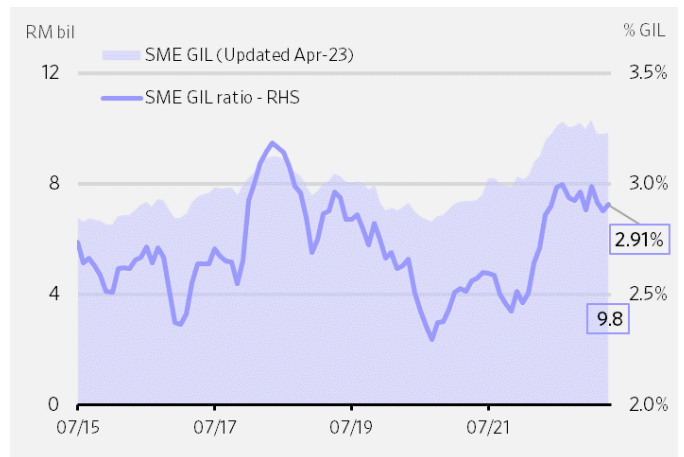
Heatmaps visible here: [\(link\)](#)

Fig 41: SME loans



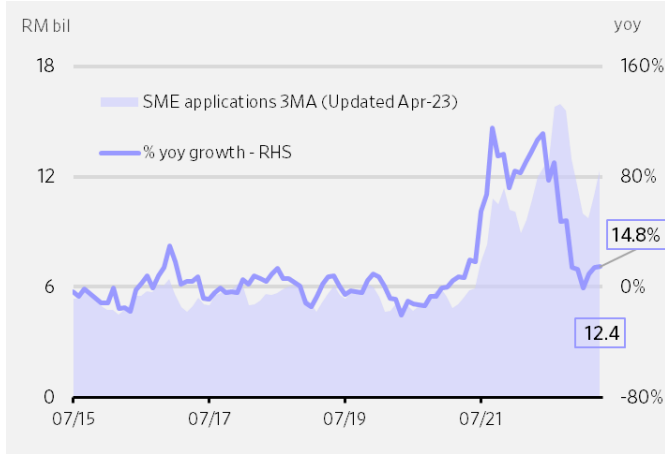
Source: BNM, MIDFR

Fig 42: SME GILs



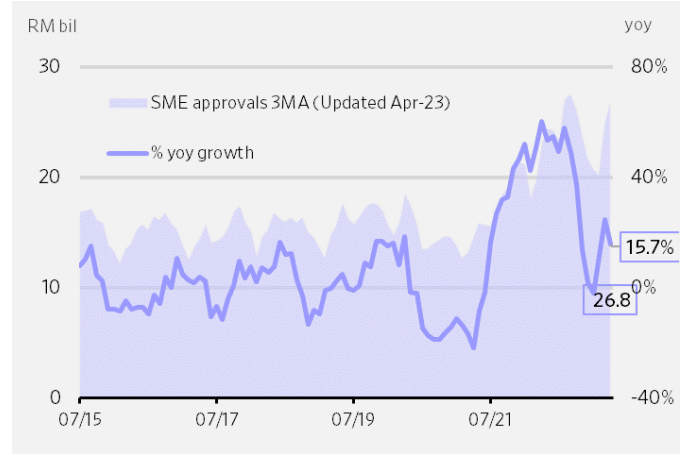
Source: BNM, MIDFR

Fig 43: SME applications (3-mth-average)



Source: BNM, MIDFR

Fig 44: SME approvals (3-mth-average)



Source: BNM, MIDFR

G. SERIES OF VISUALISATION TABLES

Fig 45: System loans

	Total loans (RM tr)	Growth (% yoy)	Growth (% mom)	Retail			Business		
				Growth (% yoy)	Growth (% mom)	% of total	Growth (% yoy)	Growth (% mom)	% of total
Jun-21	1.86	3.4	0.1	5.8	-0.2	51.9	0.9	0.4	48.1
Jul-21	1.86	3.2	0.2	4.8	0.3	52.0	1.6	0.2	48.0
Aug-21	1.86	2.6	-0.1	4.0	0.1	52.1	1.1	-0.4	47.9
Sep-21	1.88	3.0	0.9	3.8	0.6	52.0	2.2	1.3	48.0
Oct-21	1.89	3.4	0.5	4.2	0.8	52.1	2.6	0.3	47.9
Nov-21	1.91	4.4	0.9	4.6	0.8	52.0	4.2	1.0	48.0
Dec-21	1.92	4.6	0.5	5.0	0.9	52.2	4.2	0.1	47.8
Jan-22	1.93	4.8	0.5	5.4	0.6	52.3	4.1	0.5	47.7
Feb-22	1.93	4.8	0.2	5.4	0.2	52.3	4.2	0.1	47.7
Mar-22	1.94	4.7	0.6	5.6	0.6	52.3	3.7	0.6	47.7
Apr-22	1.95	5.1	0.4	5.6	0.5	52.4	4.6	0.3	47.6
May-22	1.95	5.1	0.3	5.7	0.3	52.4	4.5	0.2	47.6
Jun-22	1.97	5.7	0.7	6.6	0.7	52.4	4.8	0.7	47.6
Jul-22	1.97	5.9	0.3	6.9	0.5	52.5	4.7	0.1	47.5
Aug-22	1.99	6.8	0.7	7.4	0.6	52.4	6.1	0.8	47.6
Sep-22	2.00	6.4	0.6	7.5	0.7	52.5	5.3	0.5	47.5
Oct-22	2.01	6.5	0.6	7.2	0.6	52.4	5.7	0.7	47.6
Nov-22	2.01	5.5	-0.1	7.1	0.6	52.8	3.8	-0.9	47.2
Dec-22	2.02	5.7	0.7	6.8	0.7	52.8	4.4	0.7	47.2
Jan-23	2.02	4.9	-0.2	6.8	0.5	53.2	2.9	-0.9	46.8
Feb-23	2.03	5.1	0.4	6.9	0.4	53.2	3.2	0.4	46.8
Mar-23	2.04	5.0	0.4	6.9	0.6	53.3	2.9	0.3	46.7
Apr-23	2.04	4.6	0.0	6.9	0.5	53.5	2.0	-0.5	46.5
May-23	2.05	4.8	0.5	7.1	0.5	53.5	2.3	0.5	46.5

Source: BNM, MIDFR

Fig 46: yoy Loan growth by purpose

	Retail (%)			Business (%)						
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities			
Jun-21	6.8	6.5	-0.1	1.7	0.9	1.9	5.0			
Jul-21	6.1	4.2	0.0	2.8	-0.1	4.3	4.8			
Aug-21	5.6	1.5	-0.3	3.0	-0.6	2.0	3.6			
Sep-21	5.6	0.0	-0.1	3.8	-0.4	1.5	5.1			
Oct-21	5.8	0.3	1.4	4.9	0.1	0.1	4.0			
Nov-21	6.0	0.9	2.6	7.2	0.6	-0.7	6.0			
Dec-21	6.4	1.8	2.5	7.4	0.8	-0.1	4.2			
Jan-22	6.5	2.3	3.7	7.5	1.3	-3.9	5.5			
Feb-22	6.5	2.6	4.2	7.4	1.4	-3.7	6.2			
Mar-22	6.5	3.1	4.5	5.6	2.0	-5.6	7.0			
Apr-22	6.5	3.4	4.2	7.1	2.3	-5.6	7.5			
May-22	6.5	3.4	5.3	6.9	2.5	-6.0	7.3			
Jun-22	6.9	5.4	7.3	7.2	2.8	-5.6	7.6			
Jul-22	7.2	6.3	6.8	6.9	3.4	-6.0	6.7			
Aug-22	7.5	8.1	6.6	9.4	3.8	-4.3	6.8			
Sep-22	7.4	8.7	6.4	8.5	3.3	-3.0	5.0			
Oct-22	7.3	8.5	5.8	8.6	3.7	-0.5	3.9			
Nov-22	7.3	8.1	5.3	5.5	3.7	-0.7	0.9			
Dec-22	6.9	7.6	5.9	6.1	4.0	-3.0	3.2			
Jan-23	6.8	7.8	5.5	3.8	3.8	-1.6	0.4			
Feb-23	6.9	8.1	5.8	4.5	3.8	-0.9	-1.3			
Mar-23	6.8	8.5	5.5	4.9	4.1	-0.5	-3.6			
Apr-23	6.6	8.4	6.2	3.2	3.9	-0.1	-5.4			
May-23	6.7	8.9	6.5	3.7	4.0	0.5	-6.4			

Source: BNM, MIDFR

Fig 47: mom Loan growth by purpose

	Retail (%)			Business (%)						
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities			
Jun-21	0.2	-1.0	-5.8	0.8	0.1	0.1	-0.3			
Jul-21	0.3	-0.5	-3.0	-0.3	-0.4	1.9	1.1			
Aug-21	0.3	-0.9	-1.4	-0.4	-0.0	-1.7	0.4			
Sep-21	0.7	0.2	-0.3	0.9	0.8	-0.5	2.5			
Oct-21	0.7	0.7	1.1	1.1	0.2	-1.9	0.7			
Nov-21	0.7	1.0	2.1	1.2	0.3	-0.6	2.7			
Dec-21	0.9	1.1	2.5	0.1	0.2	-0.2	-1.2			
Jan-22	0.6	0.6	6.2	1.1	0.3	-1.6	0.4			
Feb-22	0.4	0.0	1.7	0.4	0.1	-0.4	-0.1			
Mar-22	0.6	0.8	2.9	0.5	0.6	-0.7	0.4			
Apr-22	0.5	0.7	1.9	0.7	0.1	-0.4	0.4			
May-22	0.4	0.2	2.0	0.4	0.2	-0.0	0.1			
Jun-22	0.6	0.8	3.4	1.1	0.3	0.5	-0.1			
Jul-22	0.5	0.5	4.1	-0.5	0.2	1.5	0.3			
Aug-22	0.5	0.8	4.6	1.9	0.3	-0.0	0.5			
Sep-22	0.6	0.8	4.8	0.1	0.3	0.9	0.7			
Oct-22	0.6	0.5	5.0	1.1	0.7	0.7	-0.3			
Nov-22	0.7	0.7	5.1	-1.7	0.3	-0.8	-0.2			
Dec-22	0.6	0.7	5.9	0.7	0.5	-2.6	1.0			
Jan-23	0.6	0.8	1.7	-1.1	0.1	-0.1	-2.4			
Feb-23	0.4	0.5	1.3	1.1	0.1	0.4	-1.7			
Mar-23	0.5	1.1	1.4	0.9	0.9	-0.3	-1.9			
Apr-23	0.3	0.8	3.0	-0.9	-0.0	-0.0	-1.5			
May-23	0.5	0.6	3.4	0.8	0.3	0.5	-1.0			

Source: BNM, MIDFR

Fig 48: Loan applications & approvals (3MA)

	Applied (3MA) (RM b)	Growth (% yoy)	Growth (% mom)	Approved (3MA) (RM b)	Growth (% yoy)	Growth (% mom)
Jun-21	81.1	44.7	-9.1	32.9	48.1	-6.3
Jul-21	74.3	10.2	-8.4	33.2	23.7	0.9
Aug-21	76.1	1.7	2.4	36.7	18.5	10.6
Sep-21	82.6	5.7	8.5	43.1	31.9	17.4
Oct-21	91.1	19.8	10.4	47.8	43.2	11.0
Nov-21	101.8	30.9	11.7	49.7	43.8	3.9
Dec-21	108.7	45.4	6.8	52.4	54.1	5.5
Jan-22	108.4	51.2	-0.3	50.2	56.4	-4.2
Feb-22	96.7	46.4	-10.8	46.0	59.0	-8.5
Mar-22	99.9	35.9	3.4	45.2	50.8	-1.6
Apr-22	106.3	29.2	6.3	50.2	54.9	11.0
May-22	112.5	26.2	5.9	56.1	59.8	11.9
Jun-22	114.4	41.1	1.7	60.5	84.1	7.8
Jul-22	119.2	60.5	4.2	62.4	88.2	3.1
Aug-22	128.6	69.0	7.9	70.9	98.2	13.6
Sep-22	126.6	53.3	-1.6	70.8	64.3	-0.2
Oct-22	119.9	31.6	-5.3	70.3	47.0	-0.7
Nov-22	112.1	10.1	-6.5	63.6	27.9	-9.6
Dec-22	103.0	-5.3	-8.1	57.0	8.7	-10.4
Jan-23	94.2	-13.1	-8.6	50.0	-0.5	-12.3
Feb-23	95.6	-1.1	1.5	48.3	5.0	-3.4
Mar-23	109.5	9.5	14.5	55.0	21.6	13.9
Apr-23	115.3	8.5	5.3	58.4	16.3	6.1
May-23	121.4	7.9	5.3	63.5	13.2	8.8

Source: BNM, MIDFR

Fig 49: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
Jun-21	43.2	39.2	47.9	43.7
Jul-21	49.9	37.0	61.8	58.5
Aug-21	51.0	37.2	61.5	42.9
Sep-21	55.2	39.6	74.8	74.6
Oct-21	51.4	40.9	68.3	48.9
Nov-21	41.8	40.9	43.1	42.7
Dec-21	52.2	42.9	66.6	53.3
Jan-22	45.2	39.8	53.8	48.1
Feb-22	44.1	41.2	48.0	45.5
Mar-22	46.0	43.1	49.7	51.2
Apr-22	50.6	45.6	56.5	43.1
May-22	53.7	43.8	68.6	55.2
Jun-22	54.5	44.5	67.6	58.3
Jul-22	49.4	46.5	52.1	53.0
Aug-22	61.7	46.3	79.3	62.9
Sep-22	56.8	45.1	68.8	57.1
Oct-22	56.9	45.1	69.0	58.0
Nov-22	56.4	44.3	69.7	48.2
Dec-22	52.3	44.6	63.0	53.2
Jan-23	49.9	43.9	57.9	43.3
Feb-23	49.5	43.2	57.4	48.2
Mar-23	51.1	46.2	57.1	42.6
Apr-23	51.3	47.3	56.3	49.1
May-23	54.5	46.3	64.2	-

*SME data until Apr-23

Source: BNM, MIDFR

Fig 50: yoy Loan application growth (3MA) by purpose

	Retail (%)			Business (%)				
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities	
Jun-21	128	94	85	(35)	165	71	84	
Jul-21	30	(30)	14	(23)	77	61	46	
Aug-21	(6)	(55)	(13)	10	37	66	67	
Sep-21	(5)	(35)	(20)	24	30	54	21	
Oct-21	11	10	(10)	36	30	28	26	
Nov-21	35	47	1	23	40	(15)	45	
Dec-21	55	68	12	38	49	(26)	58	
Jan-22	60	71	17	44	43	(21)	65	
Feb-22	51	75	17	55	36	(11)	19	
Mar-22	32	59	16	55	26	1	15	
Apr-22	20	40	12	67	24	3	1	
May-22	16	40	14	63	20	8	(1)	
Jun-22	30	88	23	61	30	57	9	
Jul-22	47	188	42	76	36	161	11	
Aug-22	64	266	63	56	54	231	(5)	
Sep-22	40	135	65	52	46	215	(1)	
Oct-22	14	46	48	36	36	137	(2)	
Nov-22	(12)	0	25	44	15	64	(18)	
Dec-22	(24)	(12)	13	25	(2)	26	(24)	
Jan-23	(28)	(11)	9	8	(6)	51	(31)	
Feb-23	(14)	4	15	7	14	62	(5)	
Mar-23	(1)	15	20	8	32	87	(12)	
Apr-23	3	12	19	(4)	33	38	(9)	
May-23	(1)	9	22	(6)	32	47	(2)	

Source: BNM, MIDFR

Fig 51: yoy Loan approval growth (3MA) by purpose

	Retail (%)			Business (%)				
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities	
Jun-21	189	123	75	(33)	122	45	80	
Jul-21	70	(23)	(1)	(9)	136	70	50	
Aug-21	14	(54)	(26)	30	87	51	58	
Sep-21	0	(34)	(32)	79	93	85	47	
Oct-21	11	6	(18)	85	81	48	45	
Nov-21	34	36	(6)	57	96	33	15	
Dec-21	61	54	6	77	86	11	17	
Jan-22	67	66	13	70	92	(11)	37	
Feb-22	55	76	13	91	86	(9)	60	
Mar-22	43	71	15	65	76	9	43	
Apr-22	39	60	16	100	76	37	14	
May-22	40	54	24	100	74	50	10	
Jun-22	48	104	39	144	95	113	19	
Jul-22	64	207	62	75	85	233	22	
Aug-22	86	335	89	86	92	245	0	
Sep-22	66	169	88	51	52	260	(9)	
Oct-22	32	65	59	54	57	155	1	
Nov-22	(2)	13	32	45	34	131	30	
Dec-22	(19)	(1)	16	17	33	55	26	
Jan-23	(23)	(4)	10	13	8	51	(1)	
Feb-23	(9)	9	17	(1)	12	74	(15)	
Mar-23	10	18	21	29	17	110	(15)	
Apr-23	10	14	19	4	23	106	(11)	
May-23	6	14	21	6	33	72	0	

Source: BNM, MIDFR

Fig 52: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
Jun-21	2,126	3.9	0.3	88.9
Jul-21	2,137	4.0	0.5	88.6
Aug-21	2,138	3.7	0.1	88.5
Sep-21	2,173	4.7	1.7	88.1
Oct-21	2,164	4.4	-0.5	88.9
Nov-21	2,200	6.4	1.7	88.4
Dec-21	2,222	6.3	1.0	88.4
Jan-22	2,207	5.8	-0.7	89.2
Feb-22	2,233	6.5	1.2	88.4
Mar-22	2,240	5.2	0.3	88.8
Apr-22	2,243	6.2	0.1	89.2
May-22	2,248	6.1	0.2	89.2
Jun-22	2,266	6.6	0.8	89.3
Jul-22	2,269	6.2	0.1	89.5
Aug-22	2,298	7.5	1.3	89.0
Sep-22	2,333	7.4	1.5	88.7
Oct-22	2,342	8.3	0.4	89.0
Nov-22	2,331	5.9	-0.5	89.3
Dec-22	2,354	5.9	1.0	89.5
Jan-23	2,361	7.0	0.3	89.4
Feb-23	2,400	7.5	1.7	88.4
Mar-23	2,398	7.0	-0.1	89.1
Apr-23	2,387	6.4	-0.4	89.5
May-23	2,399	6.7	0.5	89.5

Source: BNM, MIDFR

Fig 53: CASA & FD ratios

	CASA (RM b)	Growth (% yoy)	Growth (% mom)	CASA ratio (%)	FD (RM b)	Growth (% yoy)	Growth (% mom)	FD ratio (%)
Jun-21	674	14.0	0.0	32.2	959	-3.2	0.1	45.8
Jul-21	678	12.9	0.5	32.2	965	-2.0	0.6	45.8
Aug-21	680	11.7	0.3	32.3	958	-2.8	-0.7	45.5
Sep-21	689	11.3	1.4	32.3	968	-1.7	1.1	45.4
Oct-21	685	9.4	-0.6	32.2	970	-0.2	0.2	45.7
Nov-21	704	11.1	2.8	32.7	972	0.4	0.2	45.1
Dec-21	702	10.9	-0.3	32.4	977	1.1	0.6	45.1
Jan-22	706	8.3	0.6	32.7	976	1.9	-0.1	45.2
Feb-22	713	8.4	1.0	32.7	976	2.0	0.0	44.7
Mar-22	713	6.4	0.1	32.6	980	1.8	0.3	44.8
Apr-22	739	10.1	3.5	33.8	975	1.7	-0.5	44.6
May-22	729	8.1	-1.3	33.3	981	2.3	0.6	44.8
Jun-22	734	8.8	0.7	33.3	988	3.0	0.7	44.8
Jul-22	724	6.7	-1.4	32.8	998	3.5	1.1	45.3
Aug-22	721	6.1	-0.3	32.3	1,006	5.0	0.7	45.0
Sep-22	715	3.7	-0.9	31.7	1,016	4.9	1.0	45.0
Oct-22	715	4.5	0.1	31.7	1,018	5.0	0.2	45.1
Nov-22	713	1.3	-0.3	31.7	1,023	5.2	0.4	45.4
Dec-22	708	0.9	-0.7	31.3	1,041	6.5	1.8	46.0
Jan-23	705	-0.2	-0.5	31.2	1,035	6.1	-0.5	45.8
Feb-23	712	-0.2	1.0	31.0	1,047	7.2	1.1	45.6
Mar-23	701	-1.8	-1.6	30.6	1,067	8.9	1.9	46.7
Apr-23	692	-6.4	-1.3	30.4	1,072	10.0	0.5	47.1
May-23	693	-4.9	0.3	30.3	1,081	10.2	0.8	47.2

Source: BNM, MIDFR

Fig 54: Impaired loans and loan loss coverage

	Impaired loans (RM b)	Growth (% mom)	GIL ratio (%)	Total provisions (RM b)	LLC ratio (%)
Jun-21	30.2	2.1	1.62	34.0	112
Jul-21	33.8	11.8	1.81	34.5	102
Aug-21	34.0	0.5	1.82	35.1	103
Sep-21	32.5	-4.3	1.73	35.6	110
Oct-21	31.9	-2.0	1.69	35.6	112
Nov-21	31.2	-2.2	1.64	35.5	114
Dec-21	32.1	3.0	1.68	35.1	109
Jan-22	32.3	0.7	1.68	35.4	109
Feb-22	32.6	1.0	1.69	35.3	108
Mar-22	33.1	1.4	1.71	34.5	104
Apr-22	33.5	1.3	1.72	34.7	104
May-22	35.0	4.2	1.79	35.0	100
Jun-22	35.2	0.7	1.79	35.2	100
Jul-22	36.4	3.5	1.85	35.2	96
Aug-22	36.5	0.2	1.84	35.5	97
Sep-22	36.4	-0.4	1.82	35.6	98
Oct-22	36.7	0.8	1.82	35.5	97
Nov-22	36.8	0.3	1.83	36.1	98
Dec-22	34.9	-5.2	1.72	34.2	98
Jan-23	35.0	0.4	1.73	34.1	97
Feb-23	35.7	2.1	1.76	34.3	96
Mar-23	35.6	-0.6	1.75	34.1	96
Apr-23	36.3	2.2	1.78	34.2	94
May-23	36.8	1.5	1.80	34.3	93

Source: BNM, MIDFR

Fig 55: ALR, 3M-FD rates & Interest spreads

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
Jun-21	3.47	1.56	1.91
Jul-21	3.43	1.56	1.87
Aug-21	3.40	1.55	1.85
Sep-21	3.45	1.56	1.89
Oct-21	3.42	1.56	1.86
Nov-21	3.44	1.56	1.88
Dec-21	3.45	1.57	1.88
Jan-22	3.44	1.55	1.89
Feb-22	3.48	1.55	1.92
Mar-22	3.48	1.56	1.92
Apr-22	3.56	1.56	2.00
May-22	3.68	1.77	1.91
Jun-22	3.79	1.79	2.00
Jul-22	4.09	2.01	2.08
Aug-22	4.24	2.02	2.22
Sep-22	4.43	2.25	2.18
Oct-22	4.68	2.24	2.44
Nov-22	4.80	2.50	2.30
Dec-22	5.01	2.55	2.46
Jan-23	5.05	2.50	2.55
Feb-23	5.13	2.52	2.61
Mar-23	5.19	2.54	2.65
Apr-23	5.26	2.50	2.76
May-23	5.39	2.71	2.68

Source: BNM, MIDFR

Fig 56: SME loan data

	Total SME loans (RM b)	Growth (% yoy)	Growth (% mom)	As a % of industry loans	SME GIL ratio (%)
May-21	289	5.0	0.1	15.5	2.57
Jun-21	293	5.1	1.5	15.7	2.60
Jul-21	317	12.4	8.1	17.0	2.59
Aug-21	317	10.7	-0.0	17.0	2.59
Sep-21	320	10.7	1.1	17.0	2.50
Oct-21	323	12.0	0.9	17.1	2.46
Nov-21	326	12.6	1.0	17.1	2.42
Dec-21	330	13.5	1.1	17.2	2.51
Jan-22	332	14.3	0.7	17.2	2.46
Feb-22	332	14.1	-0.0	17.2	2.50
Mar-22	333	13.7	0.5	17.2	2.64
Apr-22	333	15.6	-0.1	17.1	2.71
May-22	336	16.3	0.8	17.2	2.86
Jun-22	338	15.4	0.7	17.2	2.90
Jul-22	339	7.0	0.2	17.2	2.98
Aug-22	342	7.9	0.8	17.2	3.00
Sep-22	342	6.9	0.2	17.1	2.94
Oct-22	344	6.7	0.6	17.1	2.93
Nov-22	345	5.9	0.3	17.2	2.96
Dec-22	346	4.9	0.1	17.1	2.88
Jan-23	346	4.1	0.0	17.1	2.99
Feb-23	337	1.4	-2.6	16.6	2.91
Mar-23	340	2.1	1.1	16.7	2.88
Apr-23	339	1.7	-0.4	16.6	2.91

SME data until Apr-23

Source: BNM, MIDFR

Fig 57: SME applications & approvals (3MA)

	Applications			Applications		
	3MA (RM b)	Growth (% yoy)	Growth (% mom)	3MA (RM b)	Growth (% yoy)	Growth (% mom)
May-21	15.9	0.3	0.4	5.8	19.4	6.9
Jun-21	15.7	-1.0	0.1	5.9	18.5	2.0
Jul-21	15.6	-0.5	1.9	7.3	54.8	23.5
Aug-21	17.2	-0.9	-1.7	8.3	67.5	13.8
Sep-21	18.5	0.2	-0.5	10.8	115.5	29.9
Oct-21	19.1	0.7	-1.9	10.5	95.4	-2.5
Nov-21	21.0	1.0	-0.6	11.4	96.2	7.8
Dec-21	21.4	1.1	-0.2	10.2	72.2	-10.0
Jan-22	21.2	0.6	-1.6	10.1	84.1	-1.4
Feb-22	18.1	0.0	-0.4	8.9	83.1	-11.6
Mar-22	19.8	0.8	-0.7	9.6	90.7	8.1
Apr-22	23.1	0.7	-0.4	10.8	98.6	11.8
May-22	24.4	0.2	-0.0	12.0	106.6	11.2
Jun-22	24.3	0.8	0.5	12.5	111.3	4.4
Jul-22	23.3	0.5	1.5	12.9	77.2	3.5
Aug-22	27.1	0.8	-0.0	15.8	90.4	22.3
Sep-22	27.5	0.8	0.9	15.9	47.7	0.8
Oct-22	26.2	0.5	0.7	15.6	48.3	-2.1
Nov-22	23.9	0.7	-0.8	13.0	14.3	-16.9
Dec-22	21.7	0.7	-2.6	11.5	12.7	-11.3
Jan-23	20.8	0.8	-0.1	10.0	-0.5	-13.0
Feb-23	20.2	0.5	0.4	9.8	9.5	-2.6
Mar-23	24.7	1.1	-0.3	11.0	13.9	12.5
Apr-23	26.8	0.8	-0.0	12.4	14.8	12.7

SME data until Apr-23

Source: BNM, MIDFR

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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