

BANKING

Maintain POSITIVE

June-23 Banking Stats: CASA rebounds as pricy FDs reach their maturity

KEY INVESTMENT HIGHLIGHTS

- **Yays:** (1) With the maturation of FDs, CASA balances are growing positively.
- **Nays:** (1) Loan growth still languishing, with leading indicators taking a sharp hit, (2) SME loan growth still weak, while their GIL ratio increases, (2) NIM recovery looks to be prolonged, as deposit competition is applying pressure on Conventional FD rates (though Islamic FD rates have improved)
- **Okays:** (1) GIL ratio still very manageable – expect heavy recoveries and write-offs this quarter.
- **Maintain POSITIVE call:** Banks can look to better NOII outlook and improved clarity on asset quality and provisioning to further push share prices. While loan growth may not be the best, at least the NIM situation seems to be improving (though gradual).

Loan growth: 4.4%yoy, 0.2%mom. A lapse in loan growth reflects contraction in working capital loans.

- **Retail loans still strong at 7.0%yoy, 0.6%mom.** Despite lacklustre leading indicators in previous months, residential mortgages and hire purchase loans continue to maintain stable growth figures.
- **Business loans, on the other hand, grew 1.4%yoy, -0.2%mom.** Attributable to the sequential month decline was the contraction in working capital loans, which also contracted by a similar scale in April. More specifically, weakness was observed in manufacturing and wholesale trade sectors – also construction loan growth seems to have normalised after a spike in the previous month.
- **Leading indicators. Both loan applications and approvals have experienced a sharp contraction in this month, after a seemingly steady recovery before this – though approval rates saw only a slight dip to 52%.** Both retail and business segments were hit, with contraction seen in most major categories. Notable exceptions were working capital applications and credit card applications (reflecting banks' intention to build higher-yielding loan segments).

Deposits: 5.9%yoy, 0.0%mom. While deposits saw a sluggish quarter, CASA growth seems to have hit a positive trajectory.

- **FD growth: 9.5%yoy, 0.1%mom. Pricier FDs made during the height of deposit competition seem to maturing.** Banks continue accumulating the brunt of new deposits from individual and government segments. There was also more growth in deposits with maturities >6 months. This should, in theory, bode well for NIMs – as long as loan competition is not too intense.
- **CASA ratio: 30.7%. Growth: -4.2%yoy, 1.4%mom. FD maturity and less attractive retail deposit promotions seem to be driving CASA growth figures.** CASA ratio sees good uptick – though we are unsure whether this will last till year-end.
- **LCR has risen to a high 155% (t-1: 151%).** We believe that the increased volume of overnight placements may partially contribute to the LCR increase. Banks still guide that liquidity is still ample, regardless of the return of erratic interbank rate movements.

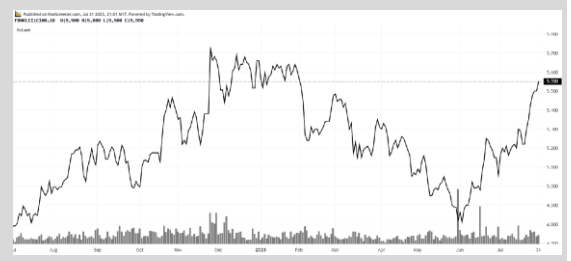
COMPANY IN FOCUS

CIMB

Maintain **BUY** | Unchanged Target price: RM6.39
Price @ 31 July 2023: RM5.55

- CIMB Niaga offers exposure to lucrative Indonesian market.
- NOII recovery inbound.
- The end of loan restructuring offers less downward pressure on loan growth.

Share price chart

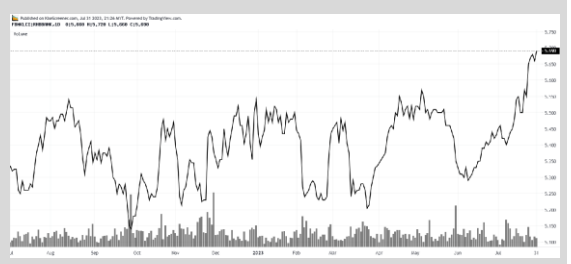


RHB Bank

Maintain **BUY** | Unchanged Target price: RM7.58
Price @ 31 July 2023: RM5.69

- Compared to peers, CET-1 among highest.
- High dividend yields.
- Above average loan growth.

Share price chart



Analyst

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GIL ratio: 1.76%, -4bps mom. GILs continue to be kept in the manageable range, with recoveries and write-offs abound. On a sequential month basis, total provisions and GIL saw a contraction of -3.7%mom and -2.2%mom respectively.

- **Notable deteriorations, mom:** Construction +7bps, Credit cards +4bps, Retail and wholesale trade +12bps
- **Notable improvements, mom:** Working capital -8bps, Personal financing -11bps, Hotels, restaurants, and canteens -18bps.
- **LLC: 92%, -1%mom.** LLC continues to decline, reflecting banks' confidence in remaining delinquent loan balances and provisioning writedowns.

Interest spread: +3bps mom. Increases in ALR beats 3M FD rates: Regardless, NIM recovery looks to be gradual, with retail deposit competition still elevated.

- Conventional weighted average FD rates did tick upwards on a sequential monthly basis (though the uptick was minor). Islamic weighted average FDs continue to see improvement, though the >12-month bracket increased by +16bps mom.

SME loans: +1.9%yoy. SME loan growth remains relatively muted, as GIL ratios tick upwards. Applications and approvals did see some recovery, so expect this to be reflected in stronger loan growth in future quarters.

Maintain POSITIVE call. We expect the positive share repricing trajectory to continue. Despite a slow NIM recovery, banks can look to a good NOII outlook and better clarity on asset quality and provisioning situation. There is the risk of weaker loan growth (especially since leading indicators have dipped again) but we believe that a stronger corporate pipeline should push CY23 loan growth into the 4.5-5.0% range. **Top Picks: CIMB (BUY, TP: RM6.39), RHB Bank (BUY, TP: RM7.58) and Public Bank (BUY, TP: RM4.76).** 

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	9.02	9.28	2.9	108.0	11.7	11.0	1.2	1.2	10.5	10.9	6.8	7.3
CIMB	BUY	5.55	6.39	15.1	57.9	8.9	8.2	0.9	0.8	10.1	10.3	5.6	6.1
PBK	BUY	4.17	4.76	14.1	80.9	11.4	11.2	1.5	1.4	13.6	12.9	4.4	4.5
RHB	BUY	5.69	7.58	33.2	23.8	7.6	7.1	0.8	0.8	10.9	11.4	7.2	7.6
HLBK	BUY	19.58	24.91	27.2	40.1	10.4	9.5	1.2	1.1	11.9	11.9	3.4	3.7
HLFG	BUY	18.30	22.79	24.5	20.8	7.5	6.9	0.7	0.6	10.1	9.6	2.7	2.9
AMMB	BUY	3.86	4.03	4.4	16.2	8.9	8.4	0.8	0.8	9.6	9.5	4.9	5.2
BIMB	TRADING SELL	2.20	1.46	-33.6	5.3	10.1	9.2	0.7	0.7	7.4	7.7	6.2	6.6
AFFIN	NEUTRAL	1.95	1.82	-6.5	4.2	7.8	7.1	0.4	0.4	5.0	5.2	3.8	4.1
ABMB	BUY	3.53	4.00	13.4	5.5	7.4	6.9	0.8	0.7	10.6	10.6	6.8	7.3
Simple avg (ex-HLFG)						9.4	8.7	0.9	0.9	10.0	10.1	5.5	5.8
Weighted avg (ex-HLFG)						10.4	9.9	1.1	1.1	11.2	11.2	5.5	5.9

*Closing prices from 31 Jul 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 a strong CASA, NOII, loan growth driver. Despite recent +ve share repricing, we think valuations are still attractive. 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 6.39	0.94x 10.3% 3.5% 10.7%	
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 about 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	1.06x 11.4% 4.0% 11.0%	
TOP Pick	PBK		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 and remains a good defensive pick. PBK should see improvement in unit trust contributions (which have dragged on in previous quarters), with market conditions having improved as of late.
	BUY RM 4.76	1.59x 12.9% 3.5% 9.4%	
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 the 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	1.37x 11.9% 4.0% 9.8%	
GOOD 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. We will probably reprice this stock upwards in the upcoming results briefing.
	BUY RM 4.03	0.87x 9.6% 3.5% 10.6%	
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	1.21x 10.9% 3.0% 9.5%	
DECENT Pick	ABMB		While not too keen on its ambitious, multi-year de-risking plan, we understand the need: Their 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	0.86x 10.6% 5.0% 11.5%	
NEUTRAL	AFFIN		Mgmt 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	0.34x 5.2% 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 RM 1.46	0.46x 7.7% 4.5% 11.5%	

Source: MIDFR

A. SYSTEM LOAN & CONSTITUENTS

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

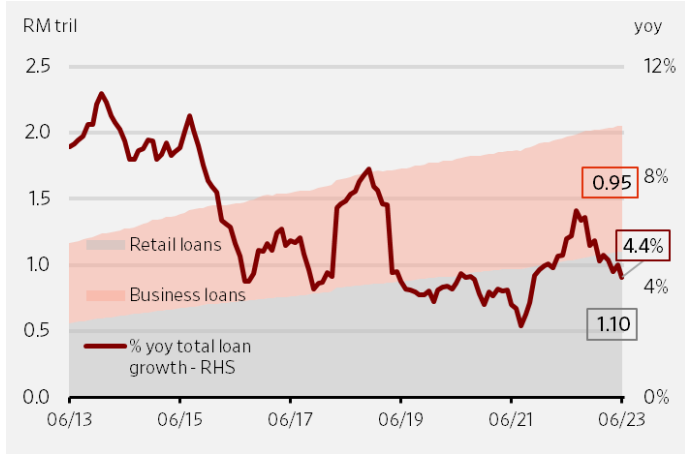
Fig 1: Core Figures & Forecasts

	yoy Growth rates (%)				YTD Ann. (%)	mom Growth rates (%)			
	Jun-23	May-23	Apr-23	Mar-23		Jun-23	May-23	Apr-23	Mar-23
Total loans	4.4	4.8	4.6	5.0	2.8	0.2	0.5	0.0	0.4
Retail loans	7.0	7.1	6.9	6.9	6.3	0.6	0.5	0.5	0.6
Business loans	1.4	2.3	2.0	2.9	-1.1	-0.2	0.5	-0.5	0.3
SME*	-	1.9	1.7	2.1	-2.4	-	1.0	-0.4	1.1
Total deposits	5.9	6.7	6.4	7.0	3.9	0.0	0.5	-0.4	-0.1
CASA	-4.2	-4.9	-6.4	-1.8	-1.5	1.4	0.3	-1.3	-1.6
FD	9.5	10.2	10.0	8.9	7.9	0.1	0.8	0.5	1.9
Total provisions	-6.1	-1.9	-1.5	-1.3	-6.9	-3.7	0.4	0.3	-0.5
Total GIL	2.4	5.4	8.2	7.4	6.7	-2.2	1.5	2.2	-0.6
Leading indicators									
3MA applications	0	8	8	10	23	-5	5	5	15
Retail	-3	4	8	6	29	-5	4	4	12
Business	6	12	9	15	17	-5	7	7	18
3MA approvals	-0	13	16	22	12	-5	9	6	14
Retail	1	10	13	14	39	-5	7	6	14
Business	-1	16	20	31	-9	-5	11	6	14
	Jun-23	May-23	Apr-23	Mar-23	Jun-22	Period	Forecast	Formerly	
Interest spread	2.71	2.68	2.76	2.65	2.00	Loan growth	CY23	4.5-5.0%	
Loan approval rate	52	54	51	51	54	GDP	CY23	4.2%	
SME approval rate*	-	53	49	43	58	OPR	CY23	3.25%	
GIL ratio	1.76	1.80	1.78	1.75	1.79				
SME GIL ratio*	-	2.93	2.91	2.88	2.90				
LLC ratio	92	93	94	96	100				
CASA ratio	30.7	30.3	30.4	30.6	33.3				
Loan/Deposit ratio	89.6	89.5	89.5	89.1	89.3				
Liquidity coverage ratio	155	151	154	157	148				
CET 1	14.4	14.6	14.8	14.9	14.3				
Tier 1 Capital	15.0	15.1	15.4	15.5	14.9				
Total Capital	18.2	18.3	18.5	18.6	18.0				

*SME data until May-23

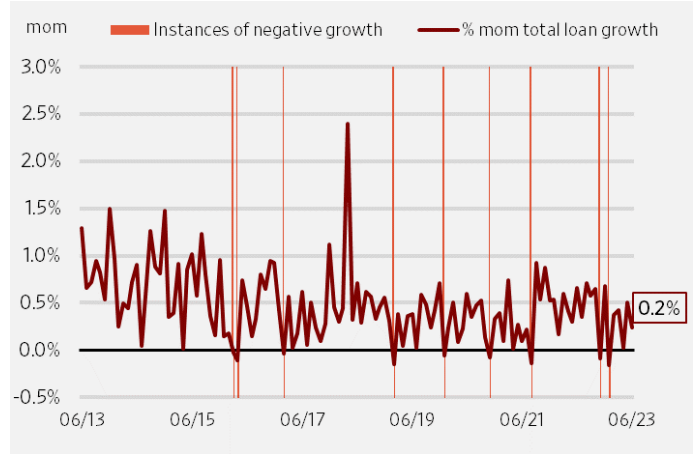
Source: BNM, MIDFR

Fig 2: yoy System loans



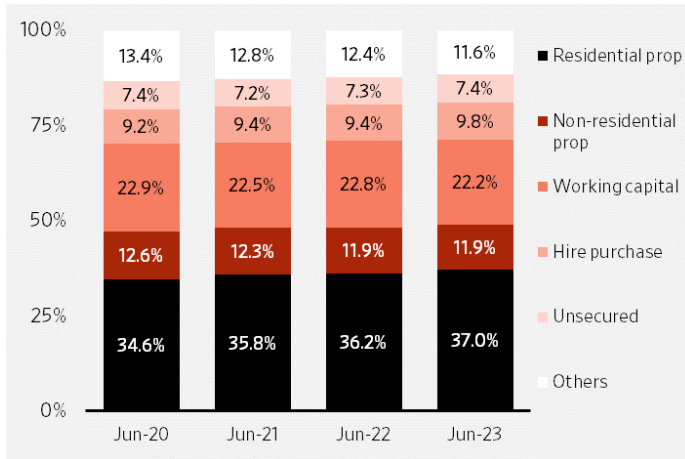
Source: BNM, MIDFR

Fig 3: mom System loans



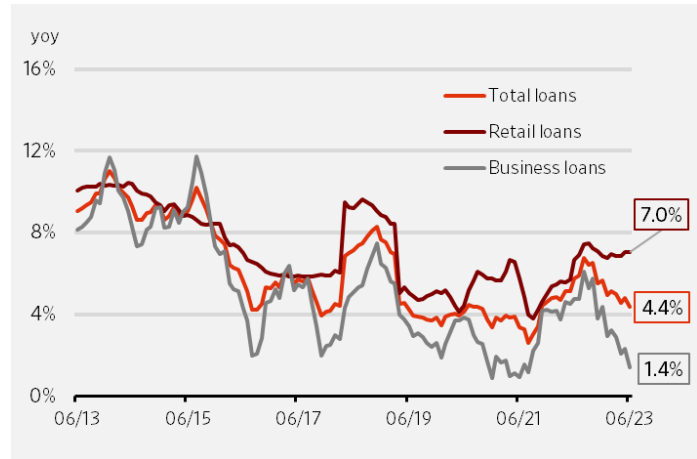
Source: BNM, MIDFR

Fig 4: Loan breakdown by type



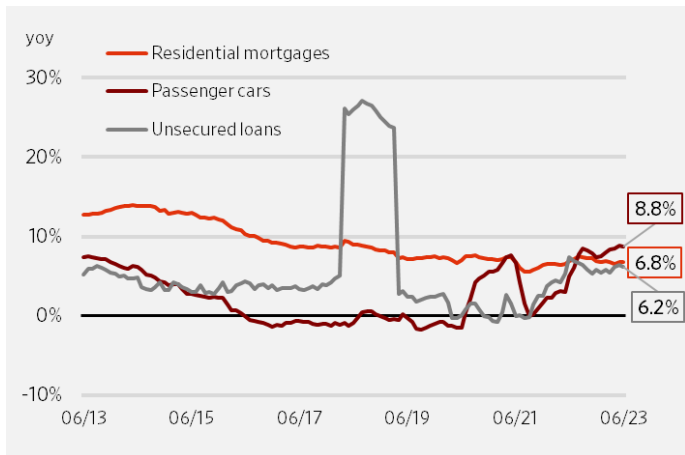
Source: BNM, MIDFR

Fig 5: Retail & business loan growth



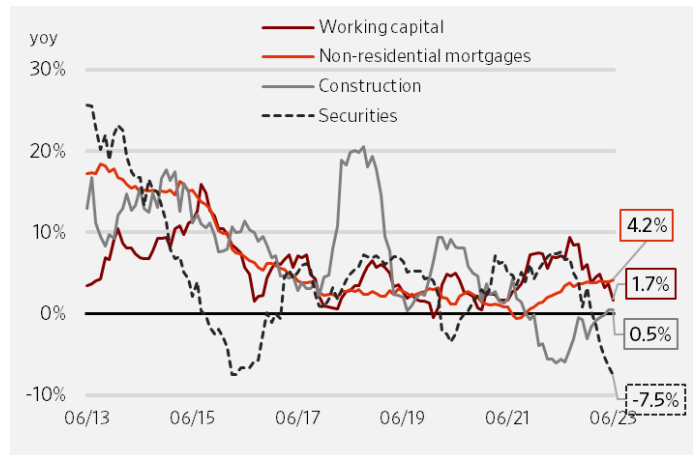
Source: BNM, MIDFR

Fig 6: Retail loan constituents



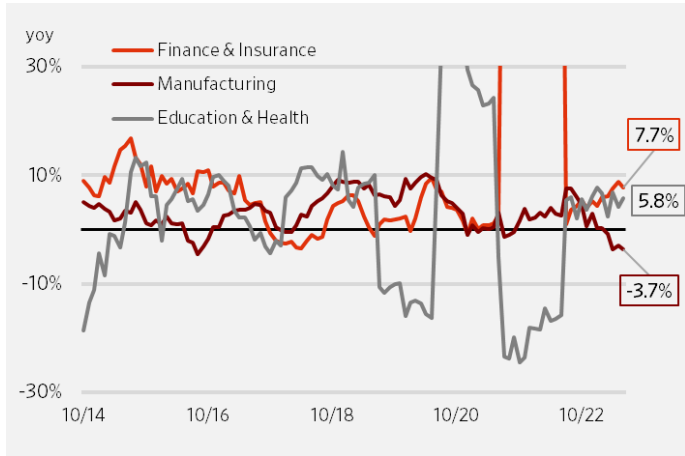
Source: BNM, MIDFR

Fig 7: Business loan constituents



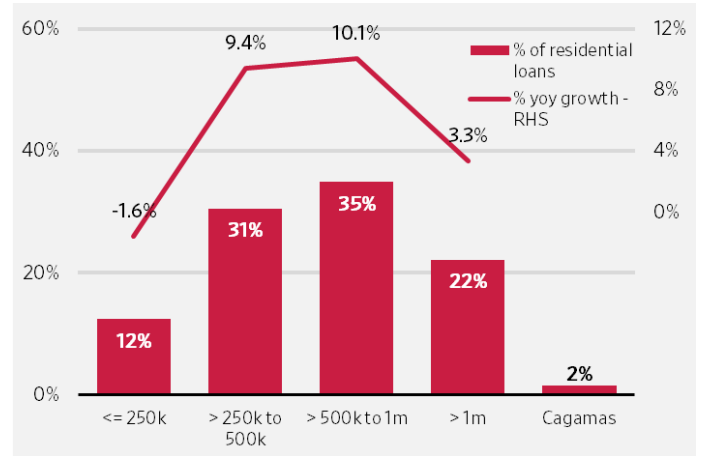
Source: BNM, MIDFR

Fig 8: Loan growth of other sectors



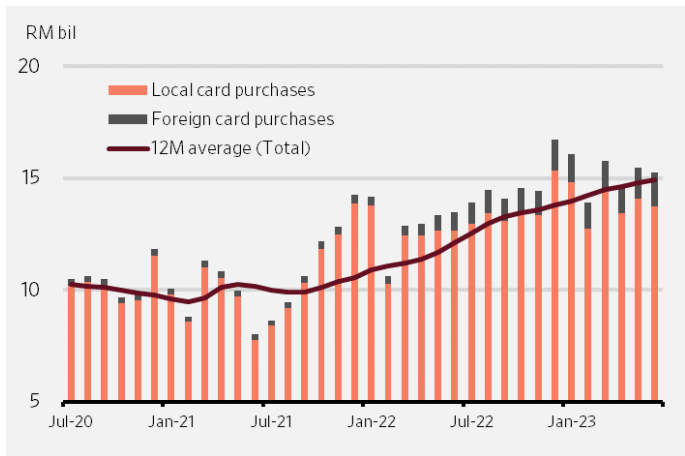
Source: BNM, MIDFR

Fig 9: Residential loans by segment



Source: BNM, MIDFR

Fig 10: Credit card purchases

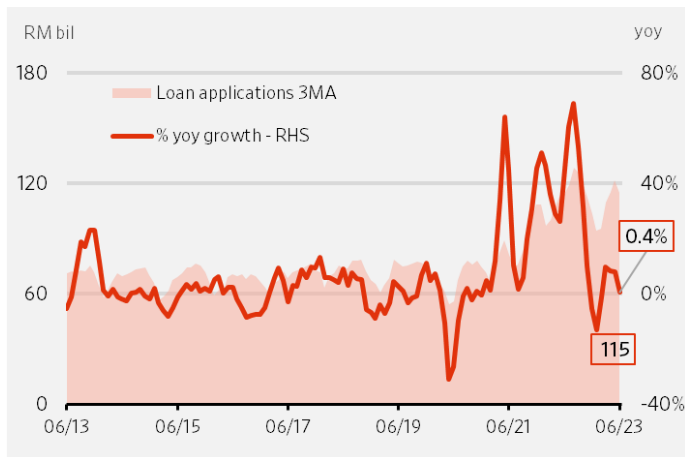


Source: BNM, MIDFR

B. LEADING INDICATOR TRENDS

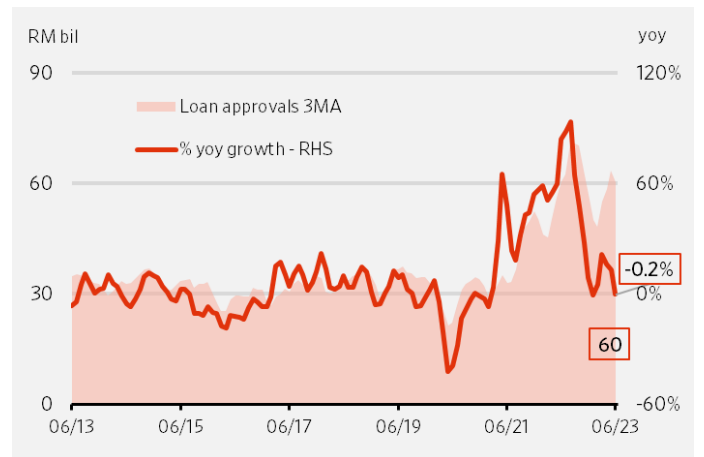
Heatmaps visible here: [\(link\)](#)

Fig 11: Loan applications (3-mth average)



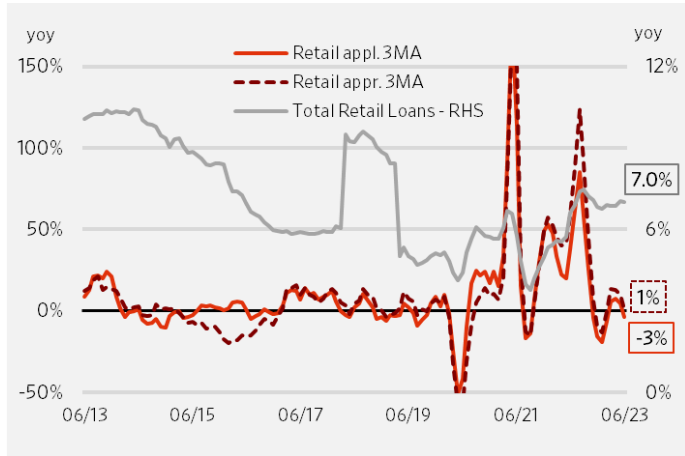
Source: BNM, MIDFR

Fig 12: Loan approvals (3-mth average)



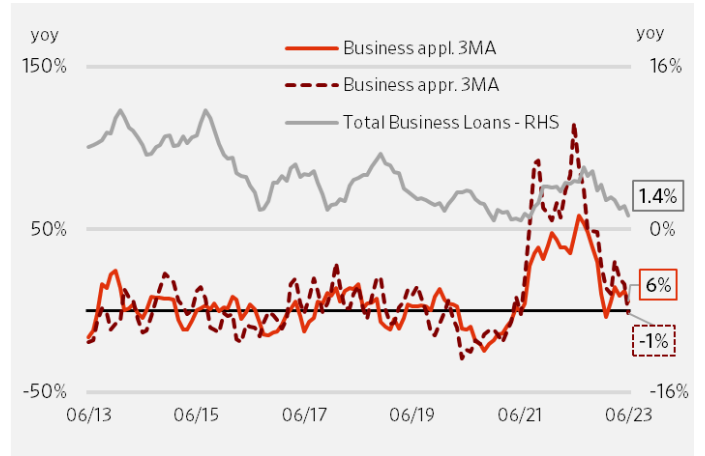
Source: BNM, MIDFR

Fig 13: Retail loan indicators



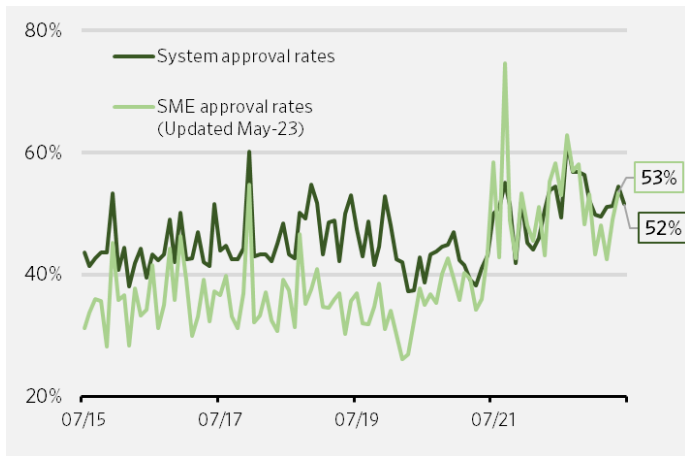
Source: BNM, MIDFR

Fig 14: Business loan indicators



Source: BNM, MIDFR

Fig 15: System approval rates

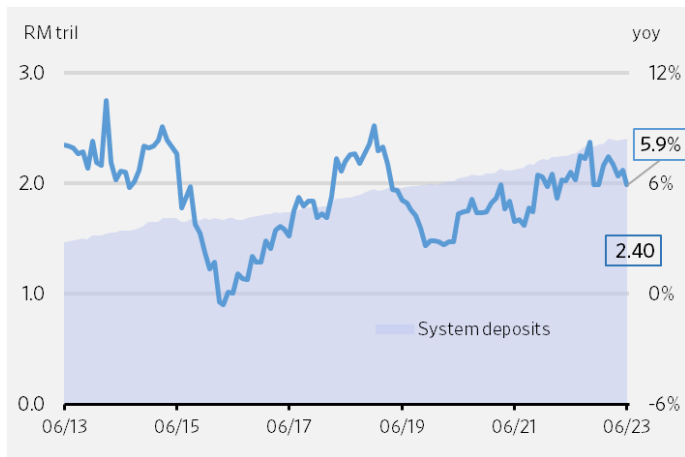


Source: BNM, MIDFR

C. DEPOSITS & LIQUIDITY

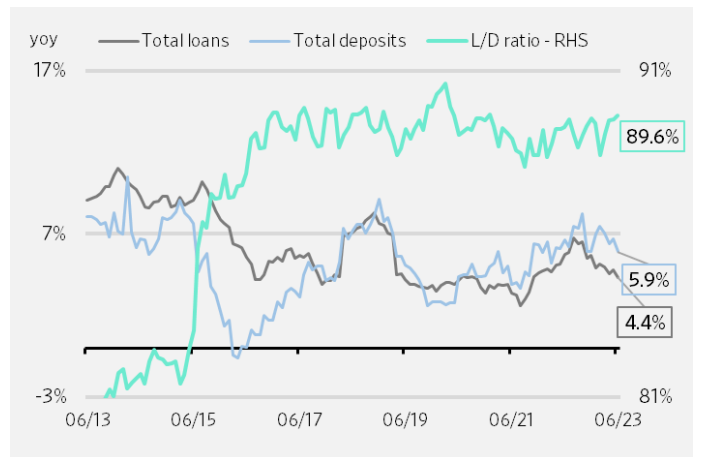
Heatmaps visible here: [\(link\)](#)

Fig 16: yoy System deposits



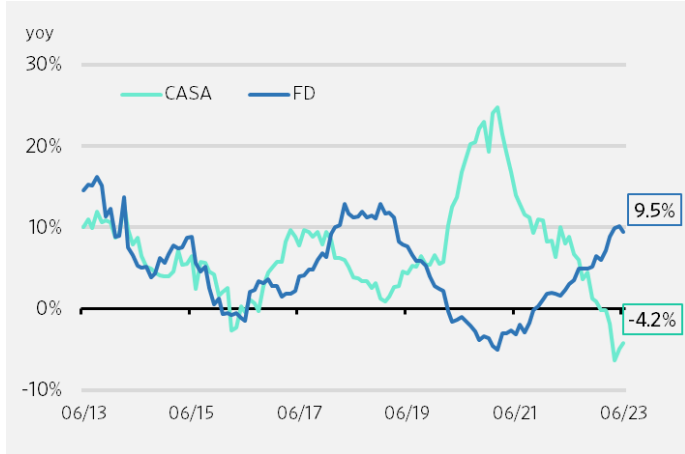
Source: BNM, MIDFR

Fig 17: Loan/Deposit ratio



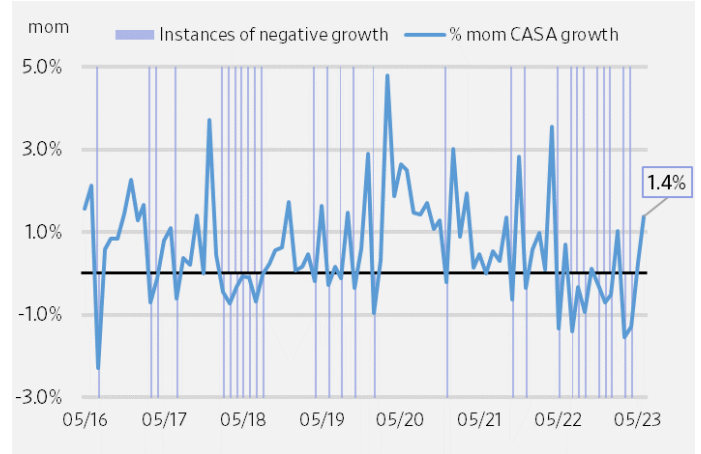
Source: BNM, MIDFR

Fig 18: yoy CASA & FD growth



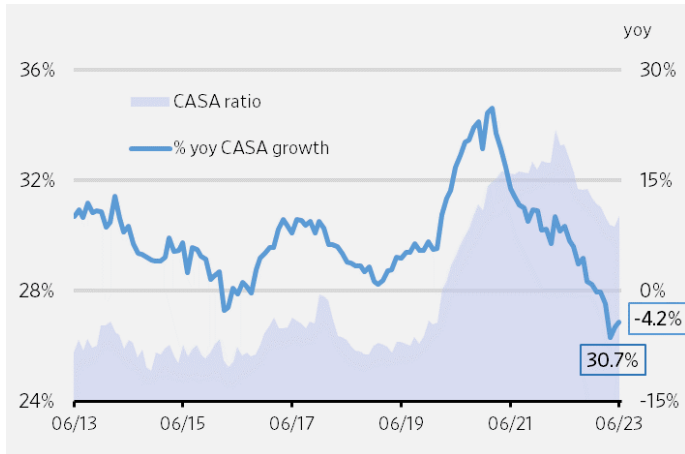
Source: BNM, MIDFR

Fig 19: mom CASA growth



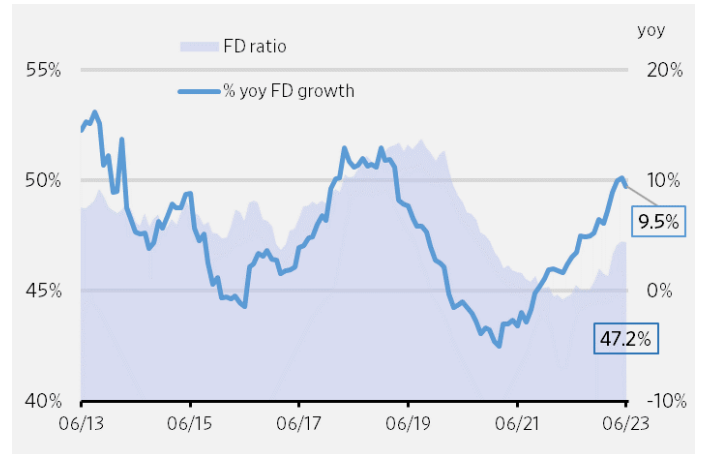
Source: BNM, MIDFR

Fig 20: CASA ratio



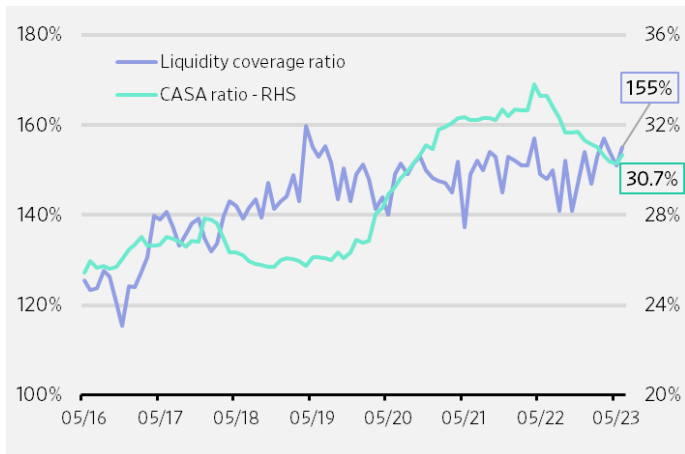
Source: BNM, MIDFR

Fig 21: FD ratio



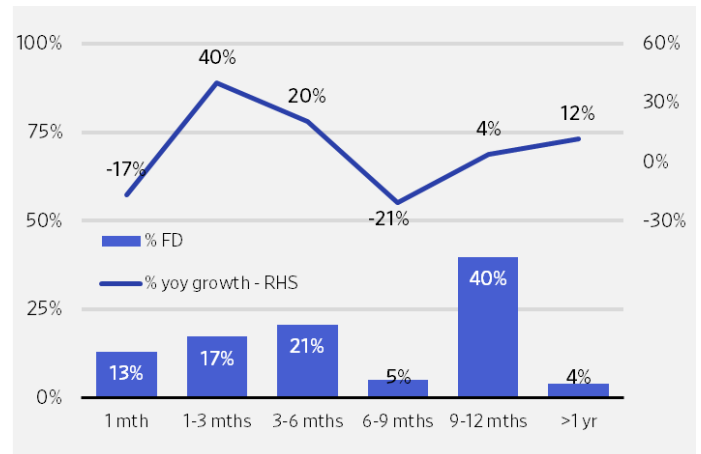
Source: BNM, MIDFR

Fig 22: Liquidity coverage ratio



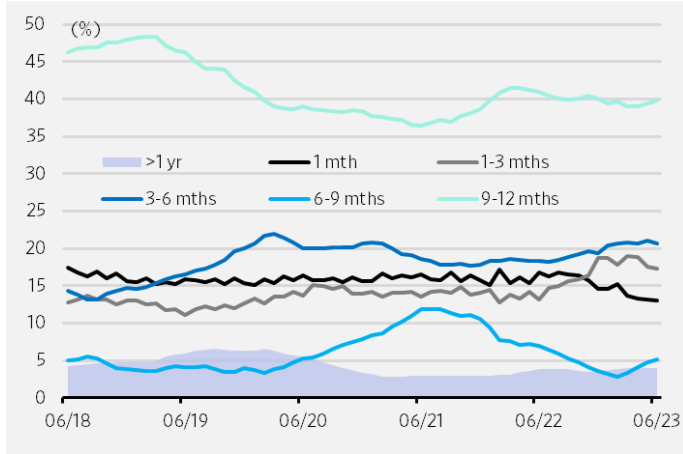
Source: BNM, MIDFR

Fig 23: FD by maturity brackets and yoy growth



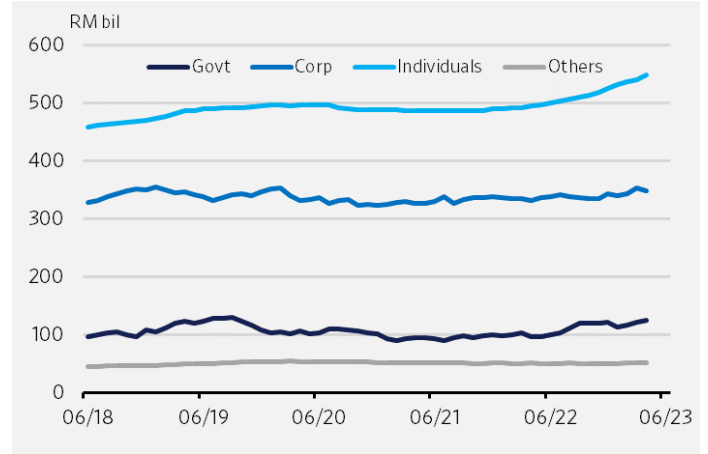
Source: BNM, MIDFR

Fig 24: FD by maturity brackets (% Proportion)



Source: BNM, MIDFR

Fig 25: FD by depositor

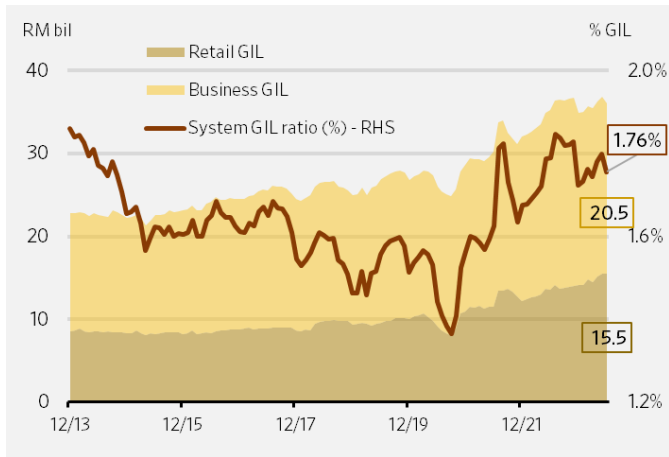


Source: BNM, MIDFR

D. ASSET QUALITY & PROVISIONING

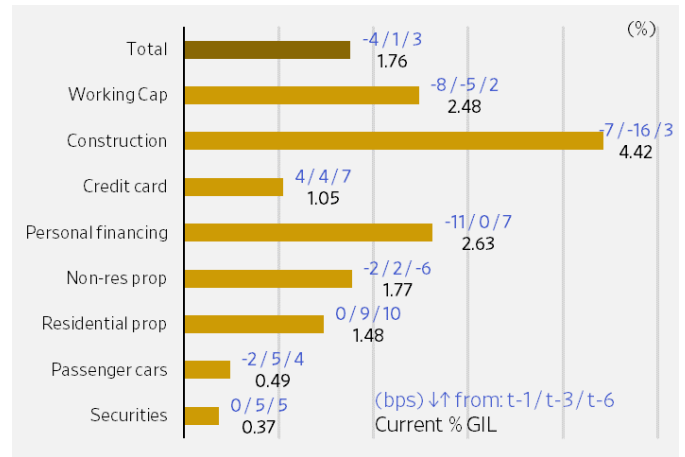
Heatmaps visible here: [\(link\)](#)

Fig 26: System gross impaired loans



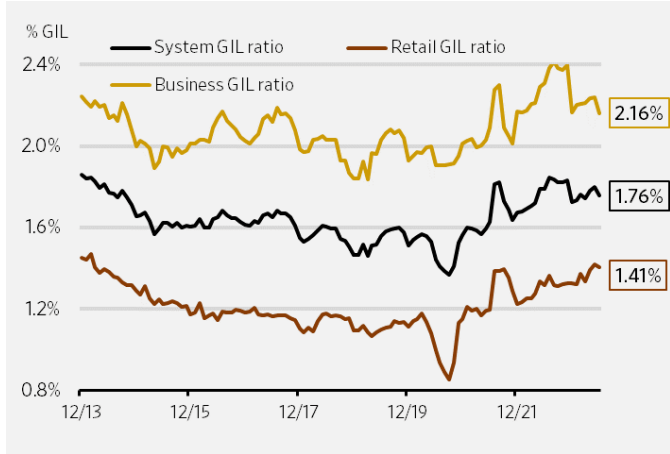
Source: BNM, MIDFR

Fig 27: GIL ratio by segment



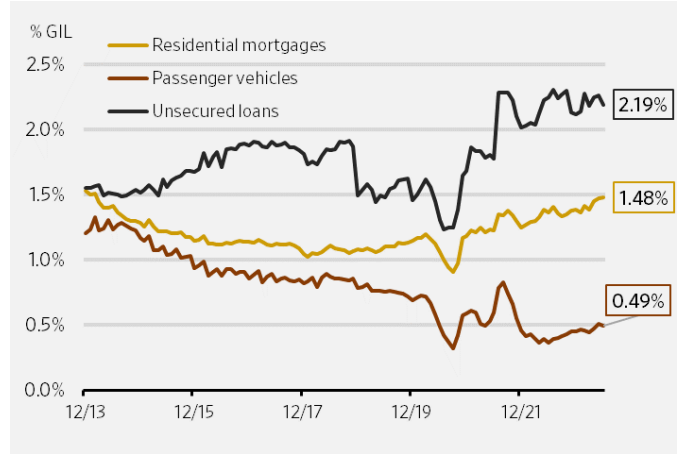
Source: BNM, MIDFR

Fig 28: System, Retail, Business GIL ratios



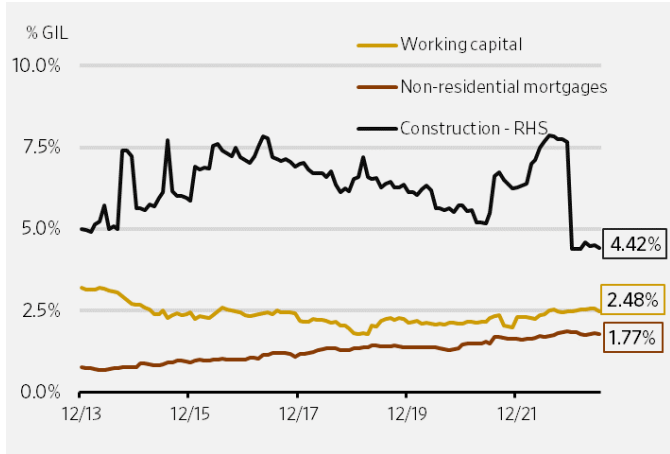
Source: BNM, MIDFR

Fig 29: Retail GIL ratios



Source: BNM, MIDFR

Fig 30: Business GIL ratios



Source: BNM, MIDFR

Fig 31: GIL ratios of other sectors

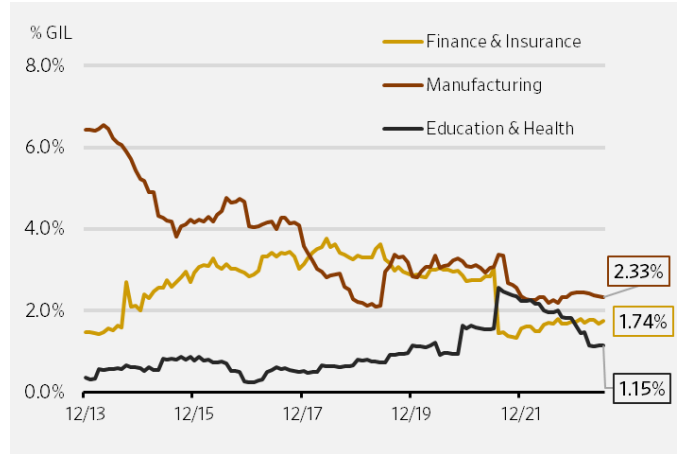
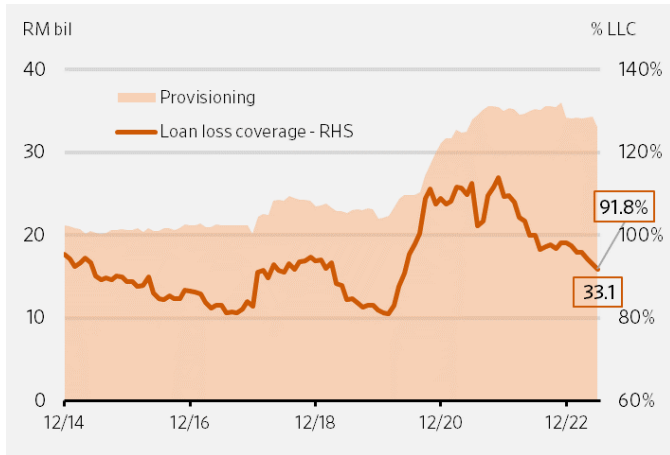
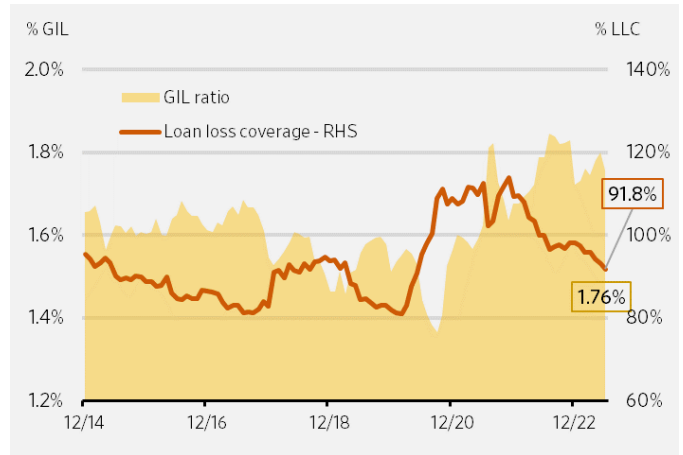


Fig 32: Provisions & loan loss coverage



Source: BNM, MIDFR

Fig 33: LLC and GIL ratio

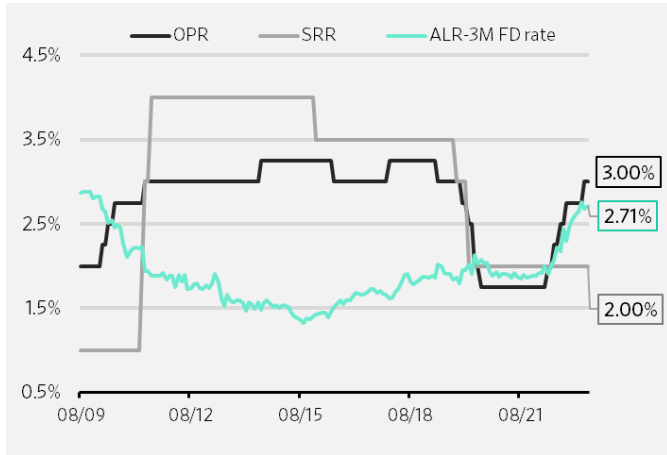


Source: BNM, MIDFR

E. INTEREST SPREAD AND CAPITAL

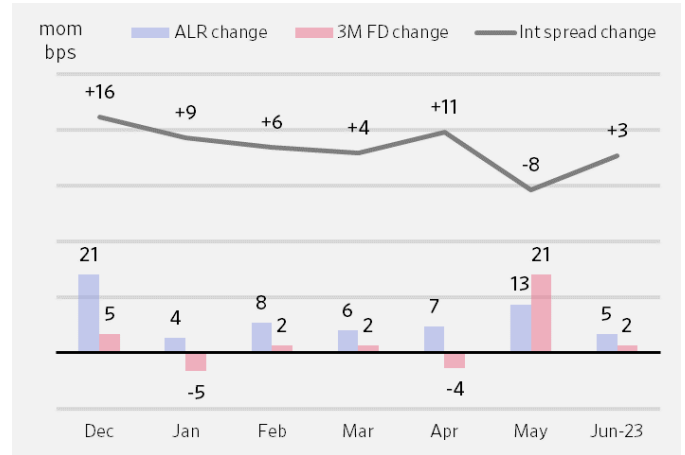
Heatmaps visible here: [\(link\)](#)

Fig 34: Interest spread, OPR, SRR



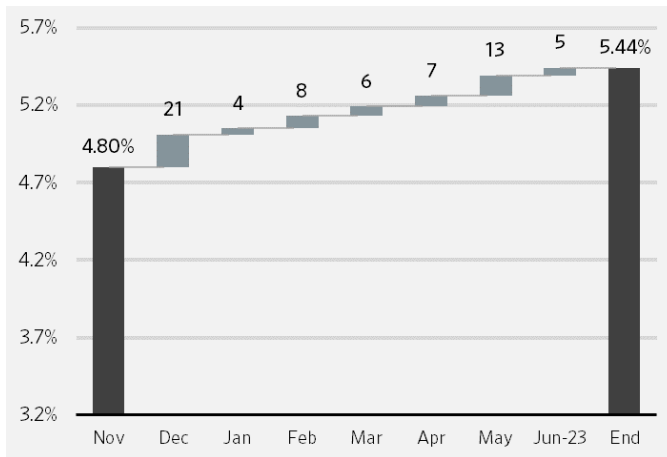
Source: BNM, MIDFR

Fig 35: mom Changes in Interest spreads



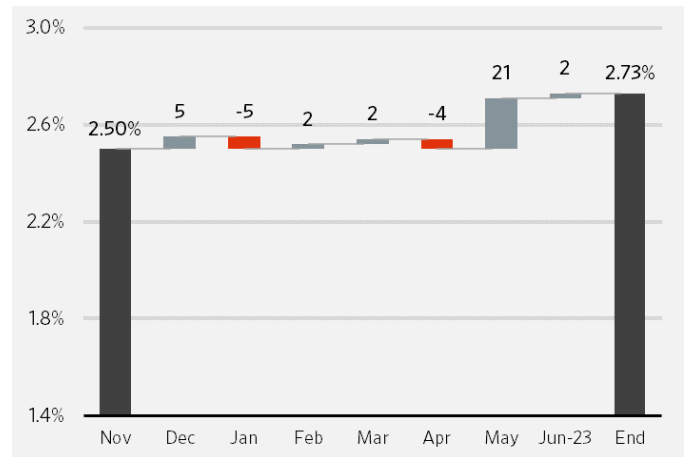
Source: BNM, MIDFR

Fig 36: Changes in Average Lending Rate



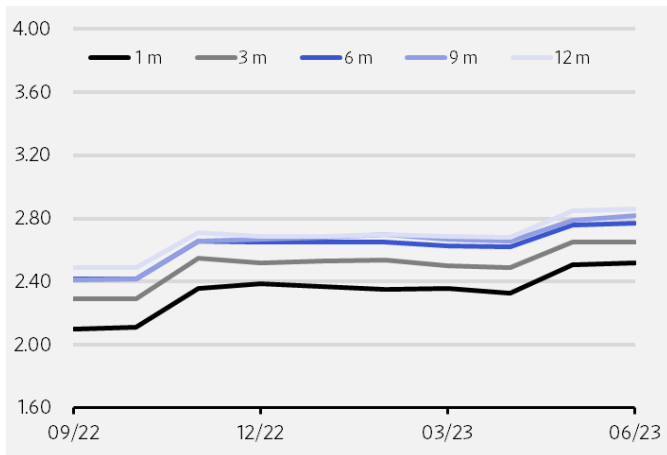
Source: BNM, MIDFR

Fig 37: Changes in 3M FD rate



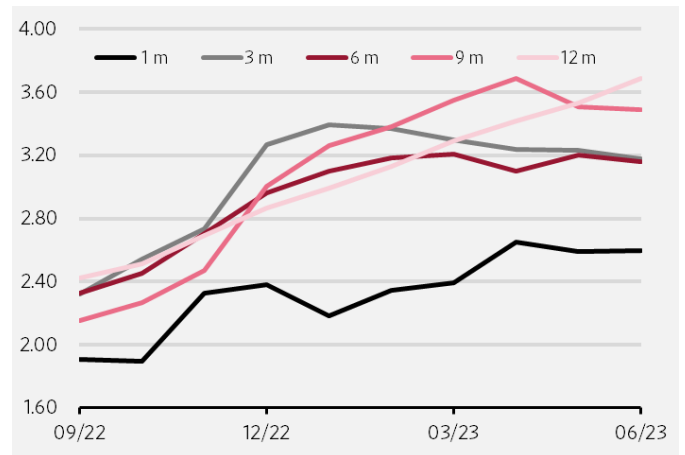
Source: BNM, MIDFR

Fig 38: Weighted avg Conventional FD rates by bracket



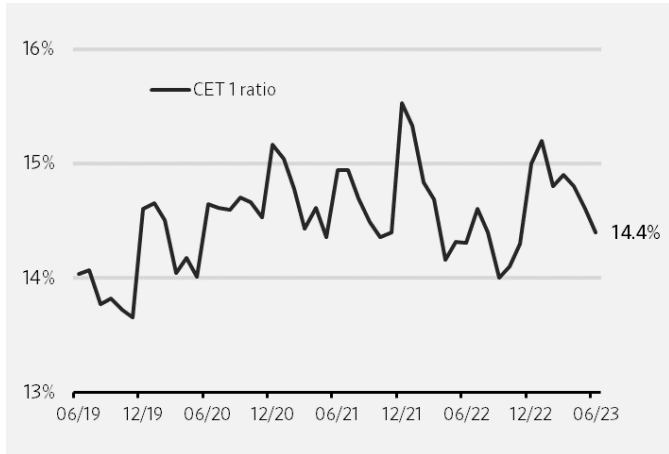
Source: BNM, MIDFR

Fig 39: Weighted avg Islamic FD rates by bracket



Source: BNM, MIDFR

Fig 40: CET 1 ratio

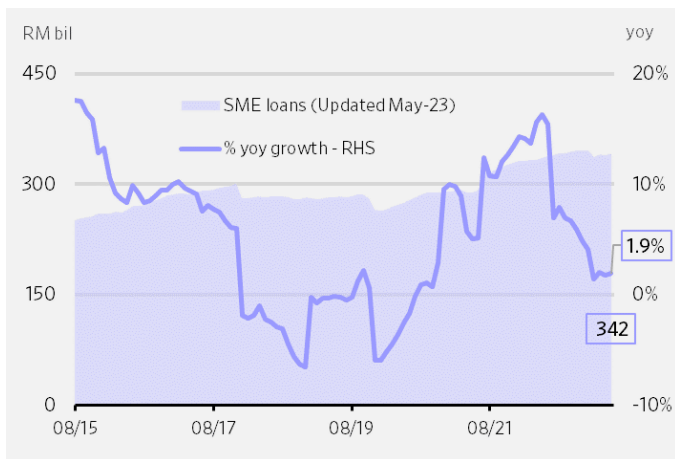


Source: BNM, MIDFR

F. SME DATA

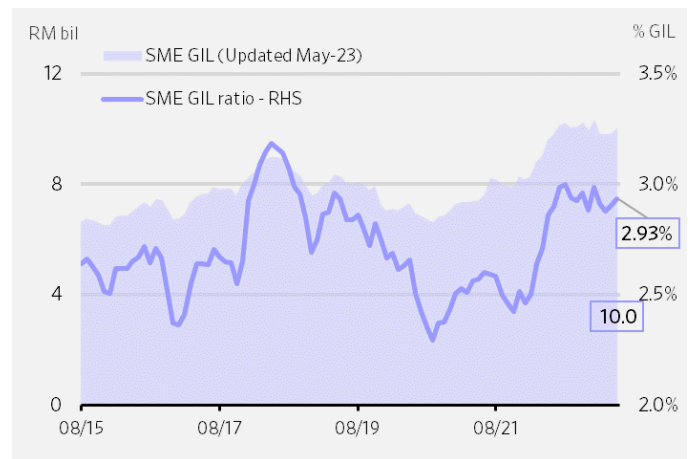
Heatmaps visible here: [\(link\)](#)

Fig 41: SME loans



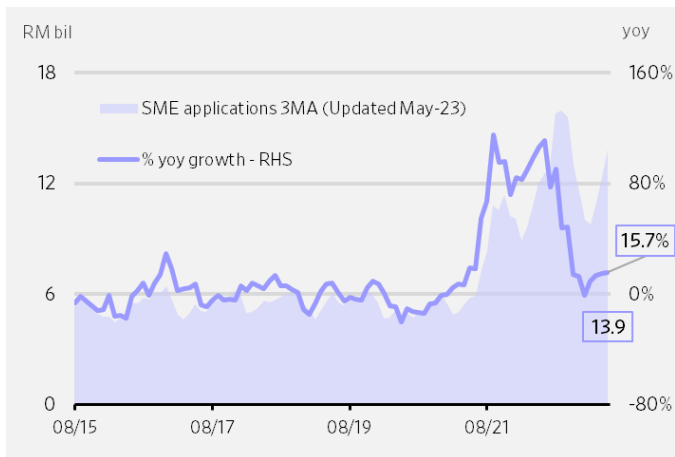
Source: BNM, MIDFR

Fig 42: SME GILs



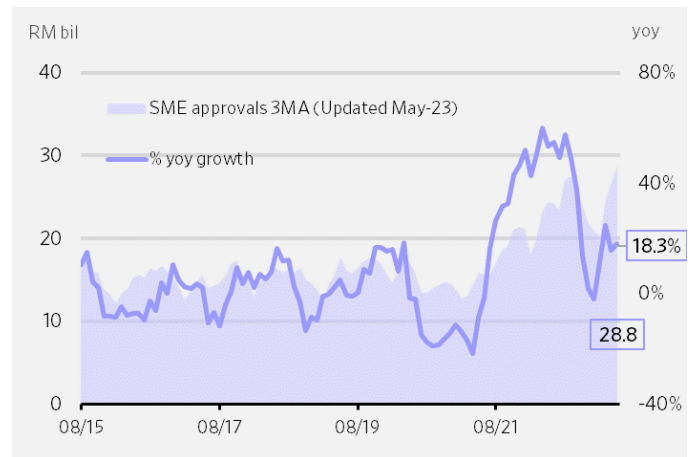
Source: BNM, MIDFR

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
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
Jun-23	2.05	4.4	0.2	7.0	0.6	53.7	1.4	-0.2	46.3

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
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
Jun-23	6.8	8.8	6.2	1.7	4.2	0.5	-7.5

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
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
Jun-23	0.6	0.8	4.1	-0.7	0.5	0.6	-1.3

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)
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	93.2	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
Jun-23	114.9	0.4	-5.4	60.4	-0.2	-4.9

Source: BNM, MIDFR

Fig 49: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
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	53.4
Jun-23	51.6	46.7	57.6	-

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
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)
Jun-23	(10)	1	19	(4)	23	1	(27)

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
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
Jun-23	(5)	4	22	(12)	32	22	(16)

Source: BNM, MIDFR

Fig 52: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Jun-23	2,400	5.9	0.0	89.6

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 (%)
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
Jun-23	703	-4.2	1.4	30.7	1,081	9.5	0.1	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 (%)
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
Jun-23	36.0	-2.2	1.76	33.1	92

Source: BNM, MIDFR

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

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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
Jun-23	5.44	2.73	2.71

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 (%)
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
May-23	342	1.9	1.0	16.7	2.93

SME data until May-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)
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
May-23	28.8	0.6	0.5	13.9	15.7	12.1

SME data until May-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