

BANKING

Maintain POSITIVE

Sep-23 Banking Stats: Retail CASA decline seems to soften

KEY INVESTMENT HIGHLIGHTS

- **Yays:** (1) Leading indicators remain healthy – for now, (2) Asset quality seems well under control
- **Nays:** (1) Loan growth is still muted
- **Okays:** (1) CASA decline seems to be softening, (2) Interest spread shows minor improvement – with seasonal deposit competition expected to remain rational this time
- **Maintain POSITIVE call:** Drivers include good NOII outlook, stronger 2HCY23 loans pipeline and possible overlay writebacks – initial fears over deposit competition and asset quality/provisioning concerns may have been overblown

Loan growth: 4.3%yoy, 0.8%mom. **Loan growth continues to remain muted – the usual trend of steady retail loan and inconsistent business loans growth persist.**

- **Retail loans remain resilient.** Elevated credit card and personal loan contributions continue to boost resilient mortgage and hire purchase loan growth.
- **Business loans still weak.** Working capital, construction and securities loans perform poorly, though non-residential property has had good showings in the last couple of months.
- **Leading indicators. Both applications and approvals still very healthy – non-residential and securities loans see highest highest-ever applications.**

Deposits: 4.3%yoy, 1.2%mom. **Despite both FDs and CASA experiencing great month-on-month growth, year-on-year figures took a tumble – though CASA year-on-year decline is notably weaker.**

- **FD growth:** 6.8%yoy, 0.7%mom. **FD growth continues to weaken.**
- **CASA ratio:** 30.7%. **Growth:** -0.7%yoy, +0.7%mom. **Notably, even retail CASA balances have slowed its decline.**

GIL ratio: 1.72%, -6bps mom. **GILs were well controlled, with multiple write-offs/recoveries keeping the system figure well under control.**

- **Notable deteriorations, mom:** None.
- **Notable improvements, mom:** Construction, -47bps. Credit cards, -6bps. Residential property, -10bps. Non-residential property, -5bps.
- **LLC:** 91%, Stable mom.

Interest spread: +4bps mom. **Interest spread shows minor improvement, though we expect year-end deposit competition to suppress the spread soon.**

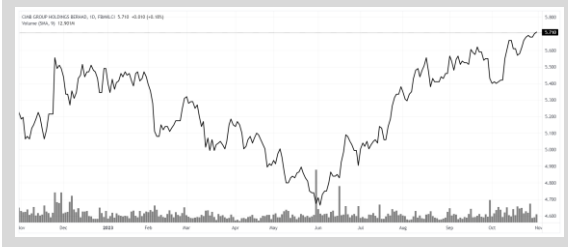
COMPANY IN FOCUS

CIMB

Maintain **BUY** | Unchanged Target price: RM6.43
Price @ 31 October 2023: RM5.71

- Lucrative regional franchise – most notably in Indonesia
- Digital platforms are ramping up
- Good OPEX control, following cost restructuring exercise

Share price chart

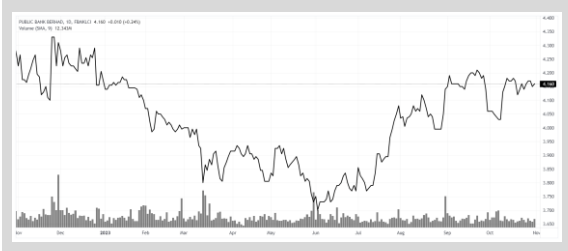


Public Bank

Maintain **BUY** | Unchanged Target price: RM4.76
Price @ 31 October 2023: RM4.16

- Defensive pick (Asset quality and NCC)
- Continues to acquire loan and deposit market share
- High possibility of writebacks, though likely in 2024


Share price chart



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Have a look at:

- 1. Interesting leading indicator trends – especially in business applications.** There had been a huge pickup in several segments which had been performing poorly over extended periods – securities, non-residential and “other purpose” applications saw its highest ever figures – which could translate into healthier business loan growth figures in future.
- 2. Retail CASA balances’ decline has slowed down significantly over the last 3 months.** This was despite the current retail CASA ratio of 33.1% remaining well above the ~30% pre-pandemic range. Non-retail CASA balances have long since rebounded.
- 3. Sep-23 stats have yet to reflect a tightening in liquidity.** Despite being alluded to by banks, liquidity indicators remain healthy – LCR is at a very healthy 152%, deposit monthly growth was at 1.2% mom, and loan/deposit ratio remains optimal at 90.3%. Regardless, banks believe that this year’s seasonal deposit competition will remain a lot more rational than last year’s, especially since last year’s abnormal competition was caused by structural factors instead – namely the
- 4. Sharp write-offs/recoveries in the month – GIL fell by -6bps mom to 1.72%.** Most notable was the construction GIL ratio – which fell by a whopping -47bps mom to 4.06%. We expect this trend of heavy reductions to persist, given that enough GILs have persisted long enough for technical removal controls to start taking effect. Provision balances have notably declined this time around.
- 5. Slight improvement in FD rates across the board.** Weighted average FD rates showed slight improvement evenly across the board. Islamic FD rates were less uniform, with different maturity brackets experiencing anything from slight improvement to slight worsening – and keep in mind these rates remained well above conventional counterparts.
- 6. Aug-23 SME GIL ratio leaps by +8bps mom to 3.17%.** Note that the highest ever GIL ratio for SME sector was 3.18%, back on May-18. The bulk of GIL increase came from construction industry, with wholesale and retail trade in second place.

Maintain POSITIVE call. Top Picks: CIMB (BUY, TP: RM6.43) and Public Bank (BUY, TP: RM4.76). Banking counters have outperformed the market in the last month – we believe that initial bearish sentiment has softened, with banks guiding that asset quality/provisioning and deposit competition concerns are not as worrying as once thought. Regardless, we urge investors to be wary of negative surprises concentrated in a few names. Drivers include decent NOII outlook, stronger 2HCY23 loan pipeline, and possible overlay writebacks. 

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
MAY	NEUTRAL	8.99	9.28	3.2	107.6	11.7	10.9	1.2	1.2	10.5	10.9	6.8	7.3
CIMB	BUY	5.71	6.43	12.6	59.5	9.1	8.4	0.9	0.8	10.1	10.3	6.0	5.9
PBK	BUY	4.16	4.76	14.4	80.7	11.3	11.2	1.5	1.4	13.6	12.9	4.4	4.5
RHB	BUY	5.58	6.66	19.4	23.4	8.0	7.5	0.8	0.7	9.9	10.1	6.8	7.2
HLBK	BUY	19.40	22.96	18.3	39.8	9.9	9.3	1.1	1.0	11.3	11.0	3.5	3.8
HLFG	BUY	17.56	23.71	35.0	19.9	7.1	6.6	0.7	0.6	10.0	10.0	2.8	3.0
AMMB	BUY	3.82	3.98	4.2	16.0	9.0	8.4	0.8	0.8	9.5	9.5	4.9	5.2
BIMB	NEUTRAL	2.15	2.04	-5.1	5.1	9.9	8.9	0.7	0.7	7.4	7.7	6.4	6.7
AFFIN	NEUTRAL	2.02	1.71	-15.3	4.4	9.8	7.6	0.4	0.4	4.1	5.1	3.0	3.8
ABMB	BUY	3.43	3.90	13.8	5.3	7.6	7.0	0.7	0.7	10.0	10.2	6.6	7.1
Simple avg (ex-HLFG)						9.6	8.8	0.9	0.8	9.6	9.7	5.4	5.7
Weighted avg (ex-HLFG)						10.5	9.9	1.1	1.1	11.1	11.0	5.6	5.8

*Closing prices from 31 Oct 2023.

^AMMB, ABMB, HLBK & HLFG uses FY24F/25F values.

Source: BNM, MIDFR

A. SYSTEM LOAN & CONSTITUENTS

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

Fig 1: Core Figures & Forecasts

	yoy Growth rates (%)				YTD Ann. (%)	mom Growth rates (%)			
	Sep-23	Aug-23	Jul-23	Jun-23		Sep-23	Aug-23	Jul-23	Jun-23
Total loans	4.3	4.2	4.2	4.4	4.1	0.8	0.7	0.2	0.2
Retail loans	7.5	7.4	7.1	7.0	7.3	0.8	0.8	0.6	0.6
Business loans	0.9	0.6	0.9	1.4	0.5	0.8	0.5	-0.4	-0.2
SME*	-	1.8	2.5	2.3	1.0	-	0.2	0.4	1.1
Total deposits	4.3	4.6	5.3	5.9	4.5	1.2	0.6	-0.5	0.0
CASA	-0.7	-2.3	-4.2	-4.2	0.3	0.7	1.7	-1.4	1.4
FD	6.8	7.2	8.6	9.5	5.7	0.7	-0.6	0.3	0.1
Total provisions	-8.1	-6.1	-5.6	-6.1	-6.0	-2.0	0.6	0.3	-3.7
Total GIL	-1.5	0.8	-0.6	2.4	3.8	-2.6	1.6	0.6	-2.2
Leading indicators									
3MA applications	4	-2	2	0	0	5	3	6	-5
Retail	2	-3	1	-3	24	-1	-0	5	-5
Business	7	-2	3	6	52	12	7	7	-5
3MA approvals	-2	-8	3	-0	0	6	2	7	-5
Retail	3	-1	4	1	31	-1	1	4	-5
Business	-6	-13	3	-1	27	12	2	10	-5
	Sep-23	Aug-23	Jul-23	Jun-23	Sep-22	Period	Forecast	Formerly	
Interest spread	2.76	2.72	2.75	2.71	2.18	Loan growth	CY23 4.5-5.0%		
Loan approval rate	53	52	53	52	57	GDP	CY23 4.2%		
SME approval rate*	-	43	56	64	57	OPR	CY23 3.00%		
GIL ratio	1.72	1.78	1.76	1.76	1.82				
SME GIL ratio*	-	3.17	3.09	3.03	2.94				
LLC ratio	91	91	92	92	98				
CASA ratio	30.7	30.8	30.4	30.7	31.7				
Loan/Deposit ratio	90.3	90.4	90.1	89.6	88.7				
Liquidity coverage ratio	152	149	155	155	152				
CET 1	14.5	14.5	15.1	14.4	14.0				
Tier 1 Capital	15.0	15.1	15.6	15.0	14.6				
Total Capital	18.1	18.2	18.8	18.2	17.8				

*SME data until Aug-23

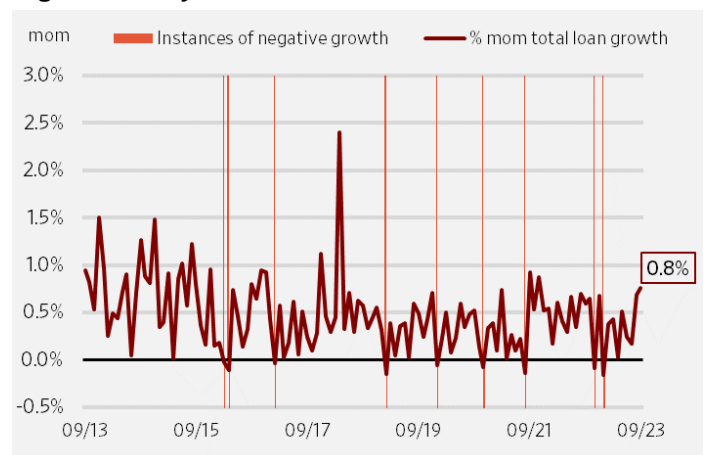
Source: BNM, MIDFR

Fig 2: yoy System loans



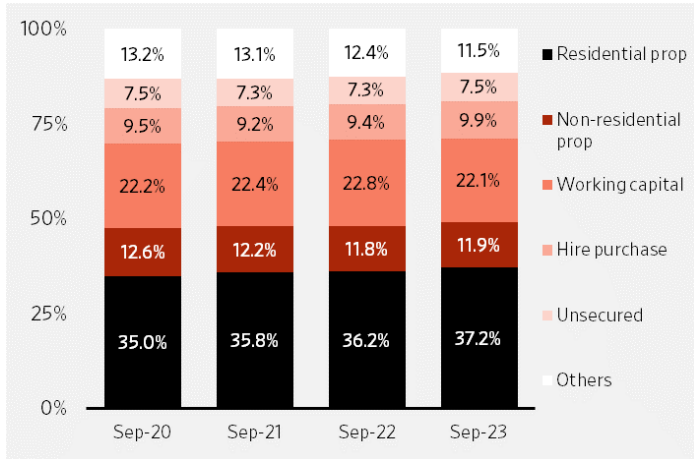
Source: BNM, MIDFR

Fig 3: mom System loans



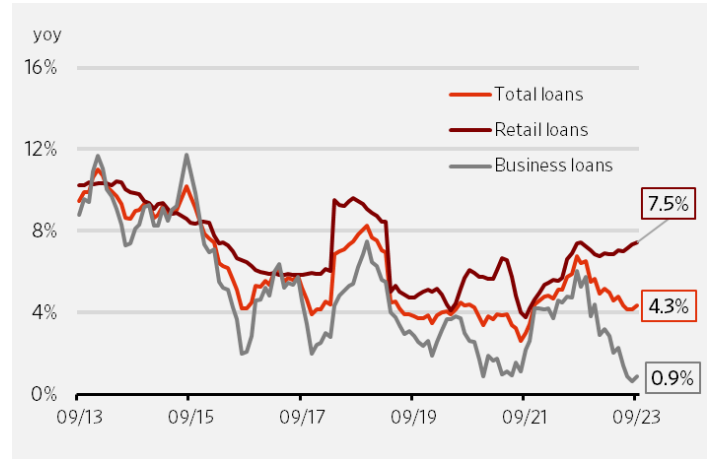
Source: BNM, MIDFR

Fig 4: Loan breakdown by type



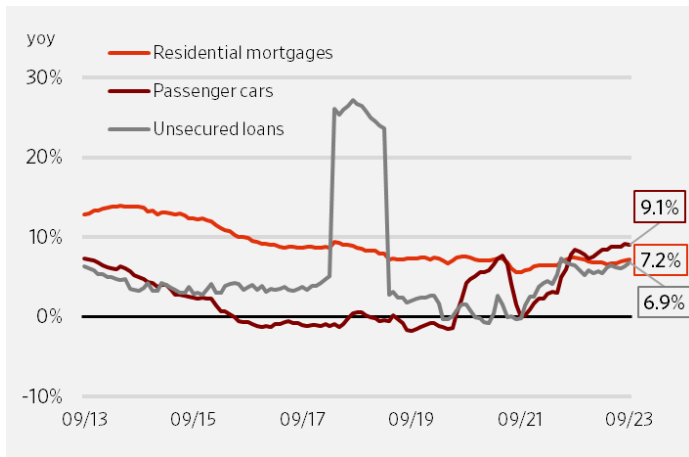
Source: BNM, MIDFR

Fig 5: Retail & business loan growth



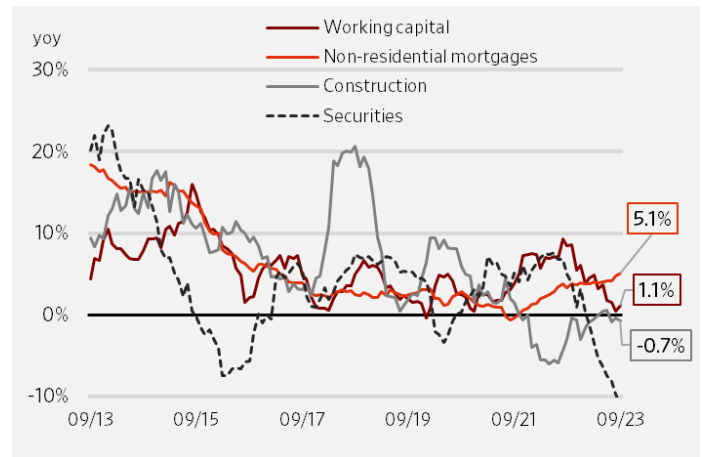
Source: BNM, MIDFR

Fig 6: Retail loan constituents



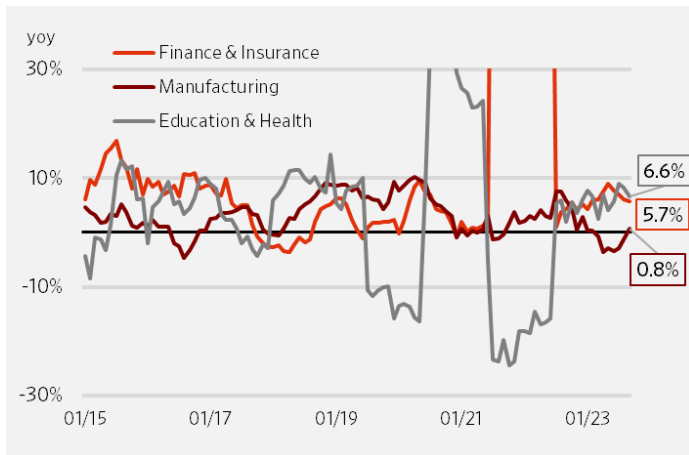
Source: BNM, MIDFR

Fig 7: Business loan constituents



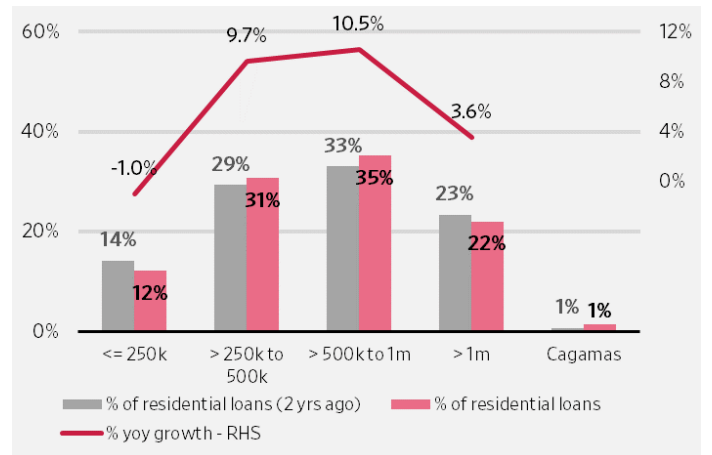
Source: BNM, MIDFR

Fig 8: Loan growth of other sectors



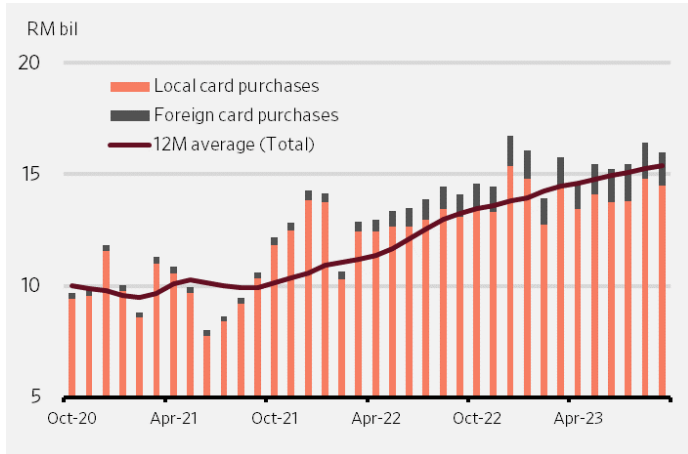
Source: BNM, MIDFR

Fig 9: Residential loans by segment



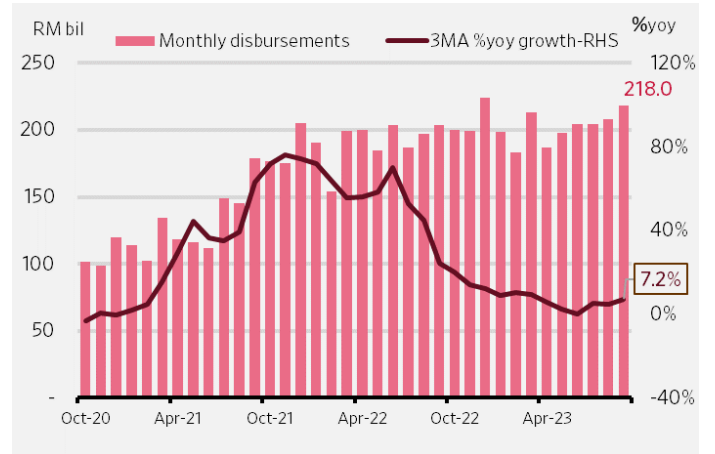
Source: BNM, MIDFR

Fig 10: Credit card purchases



Source: BNM, MIDFR

Fig 11: Monthly loan disbursements

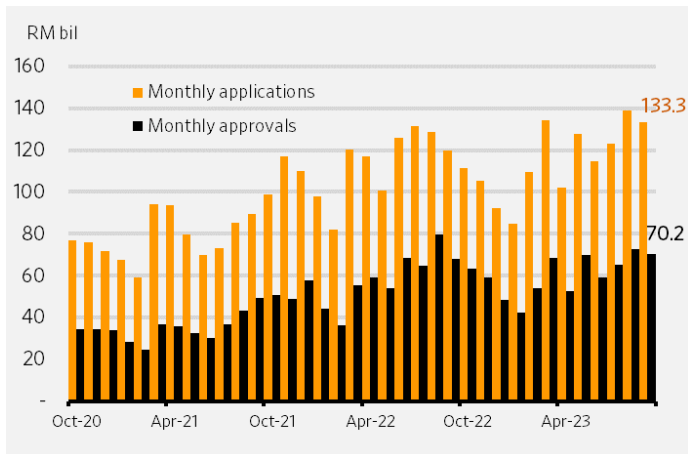


Source: BNM, MIDFR

B. LEADING INDICATOR TRENDS

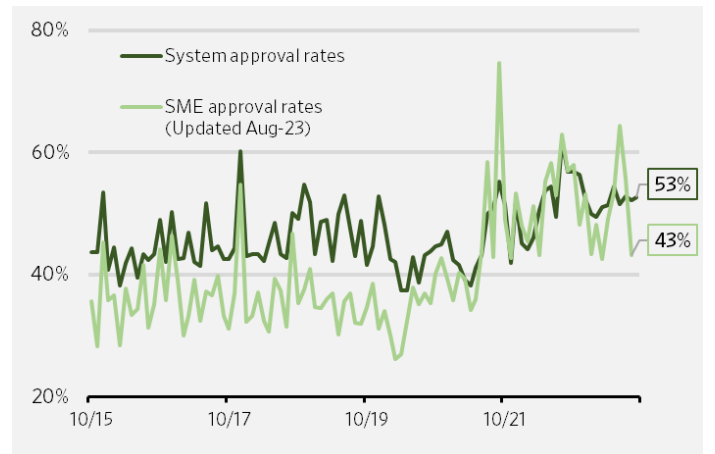
Heatmaps visible here: [\(link\)](#)

Fig 12: Monthly applications & approvals



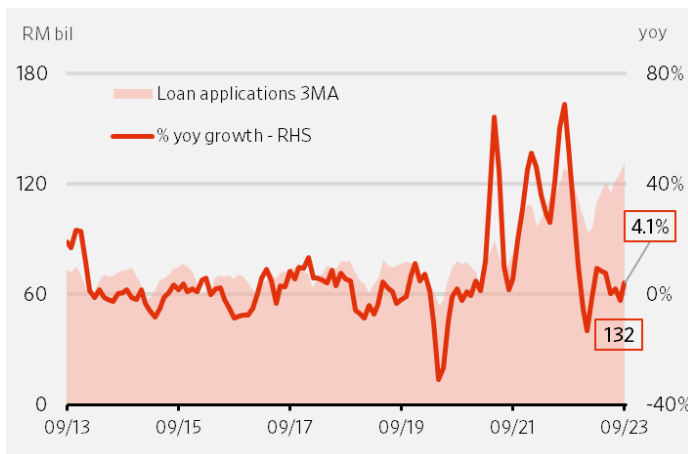
Source: BNM, MIDFR

Fig 13: System & SME approval rates



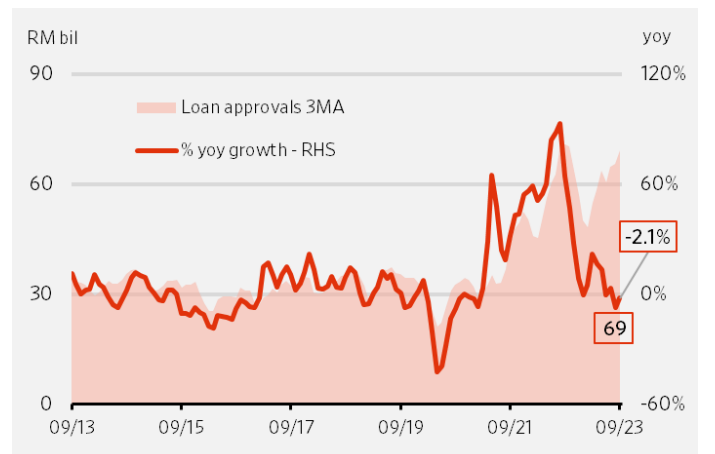
Source: BNM, MIDFR

Fig 14: Loan applications (3-mth average)



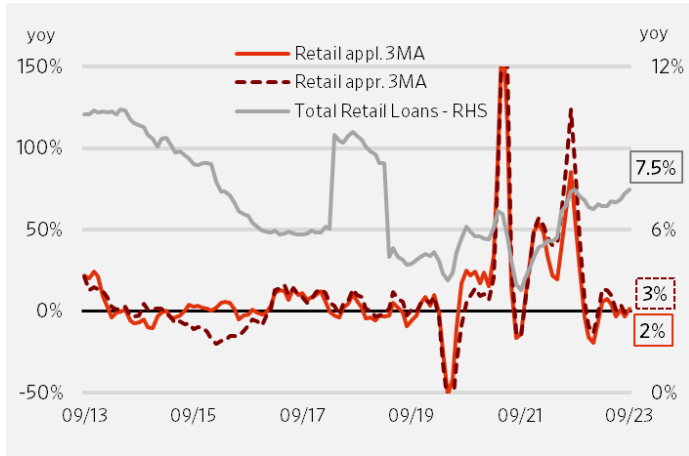
Source: BNM, MIDFR

Fig 15: Loan approvals (3-mth average)



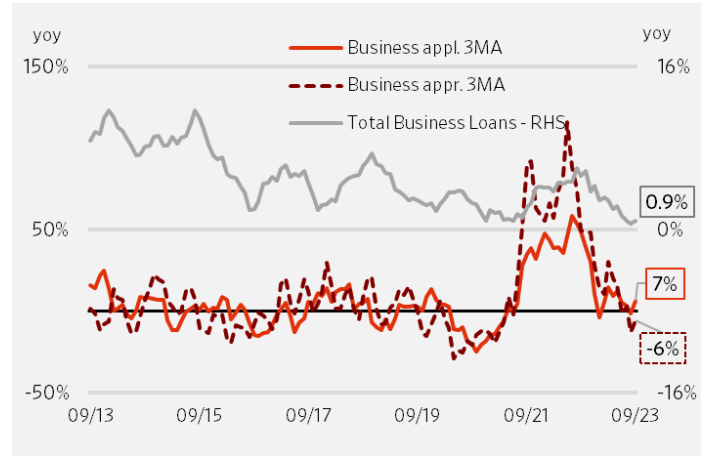
Source: BNM, MIDFR

Fig 16: Retail loan indicators



Source: BNM, MIDFR

Fig 17: Business loan indicators

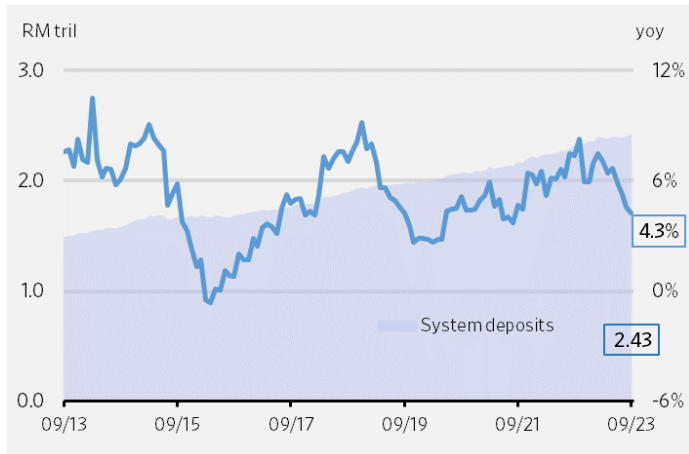


Source: BNM, MIDFR

C. DEPOSITS & LIQUIDITY

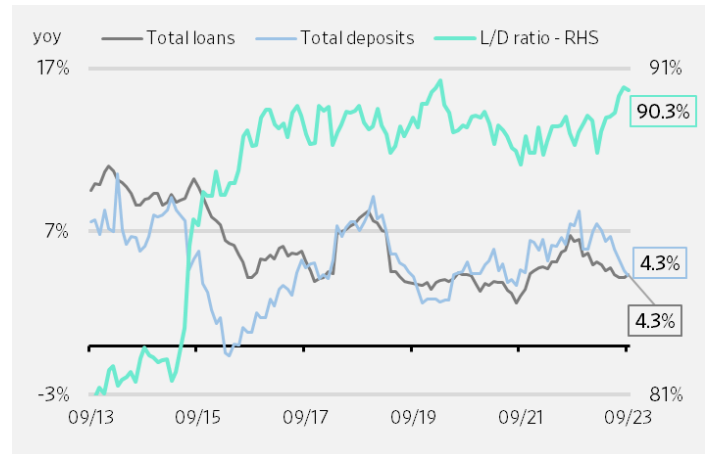
Heatmaps visible here: [\(link\)](#)

Fig 18: yoy System deposits



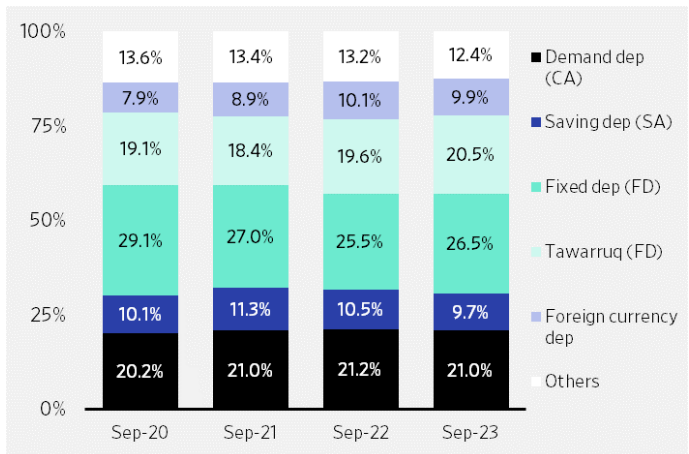
Source: BNM, MIDFR

Fig 19: Loan/Deposit ratio



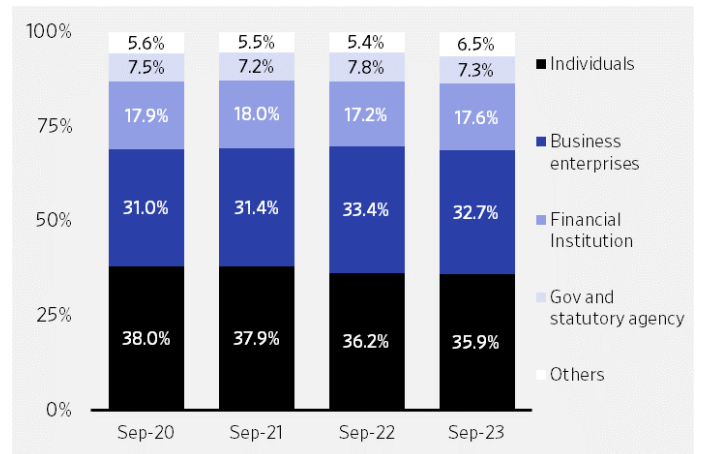
Source: BNM, MIDFR

Fig 20: Deposit breakdown by type



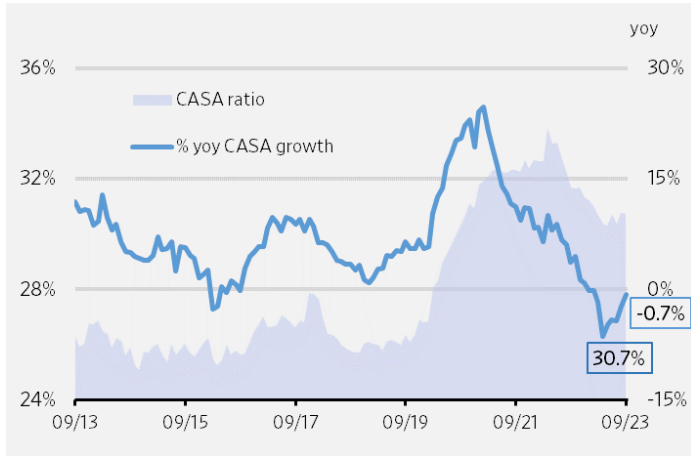
Source: BNM, MIDFR

Fig 21: Deposit breakdown by holder



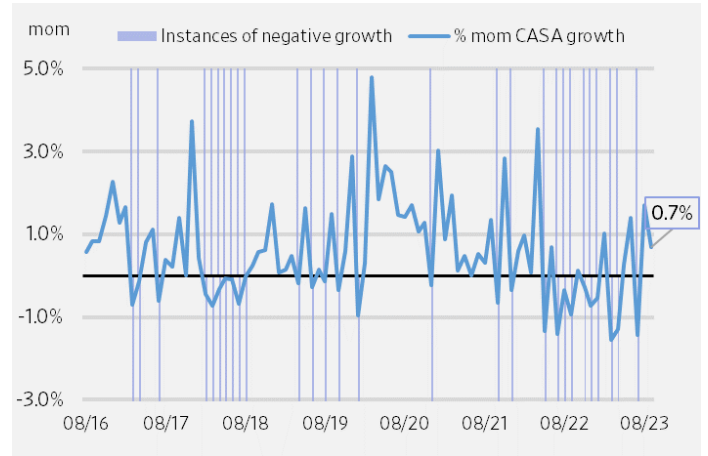
Source: BNM, MIDFR

Fig 22: CASA ratio and yoy growth



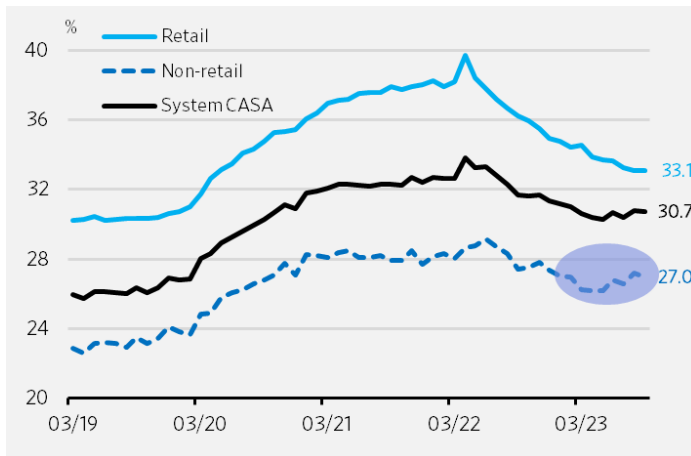
Source: BNM, MIDFR

Fig 23: mom CASA growth



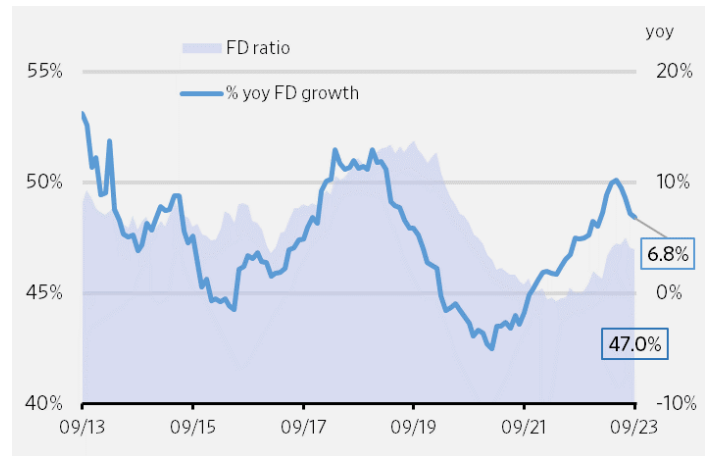
Source: BNM, MIDFR

Fig 24: CASA ratio by holder



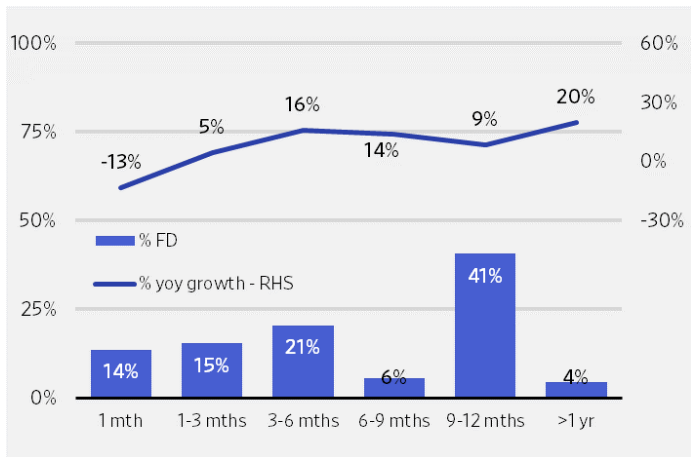
Source: BNM, MIDFR

Fig 25: FD ratio and yoy growth



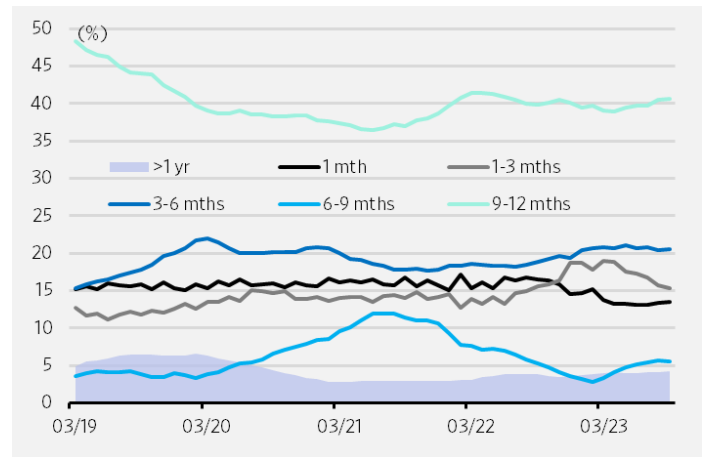
Source: BNM, MIDFR

Fig 26: FD by maturity brackets and yoy growth



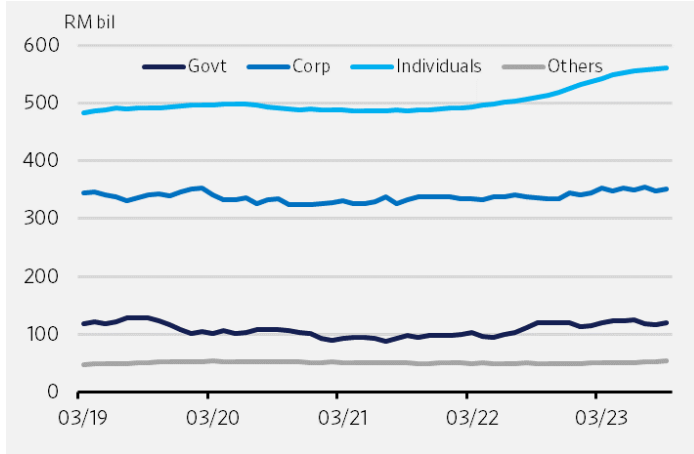
Source: BNM, MIDFR

Fig 27: FD by maturity brackets (% Proportion)



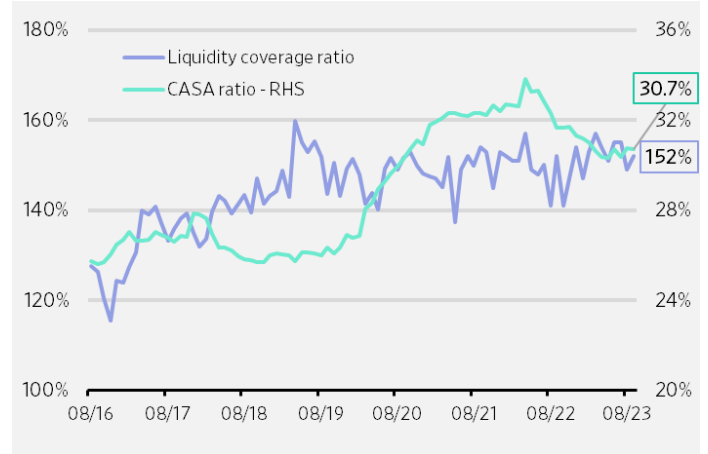
Source: BNM, MIDFR

Fig 28: FD by depositor



Source: BNM, MIDFR

Fig 29: Liquidity Coverage raatio / CASA ratio

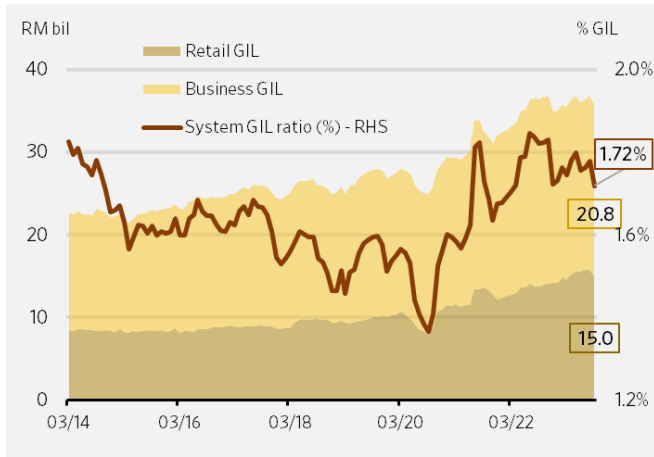


Source: BNM, MIDFR

D. ASSET QUALITY & PROVISIONING

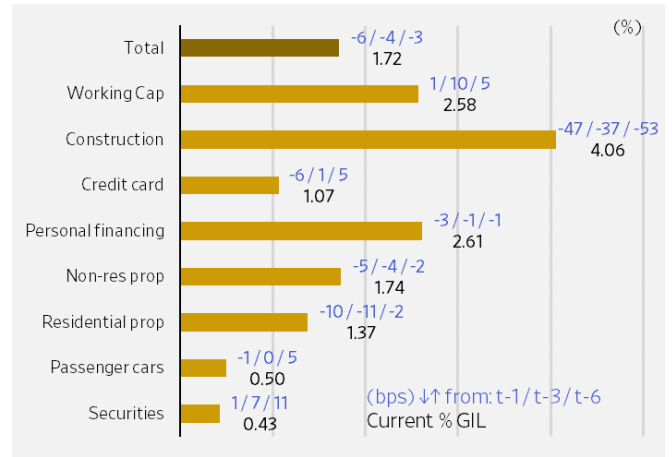
Heatmaps visible here: [\(link\)](#)

Fig 30: System gross impaired loans



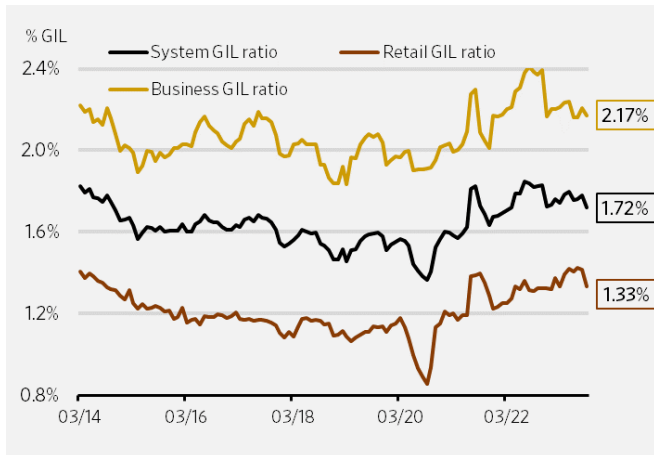
Source: BNM, MIDFR

Fig 31: Segmental GIL ratio changes



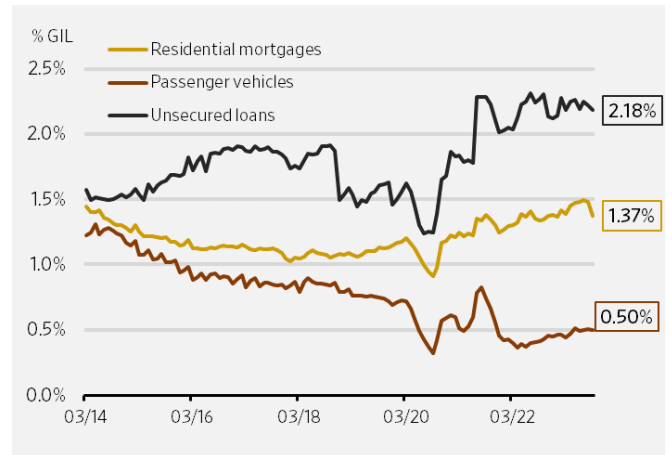
Source: BNM, MIDFR

Fig 32: System, Retail, Business GIL ratios



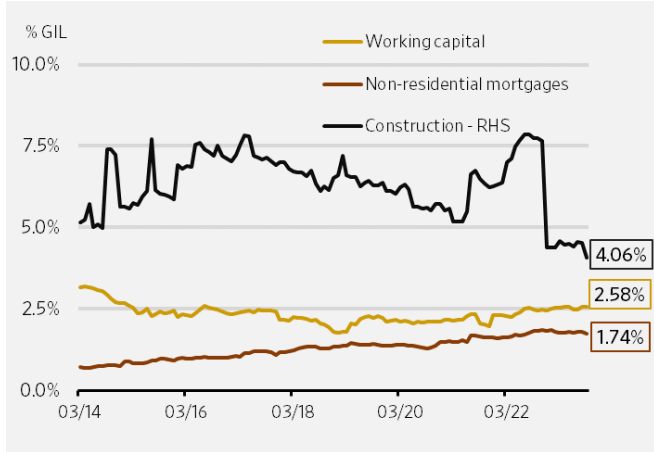
Source: BNM, MIDFR

Fig 33: Retail GIL ratios



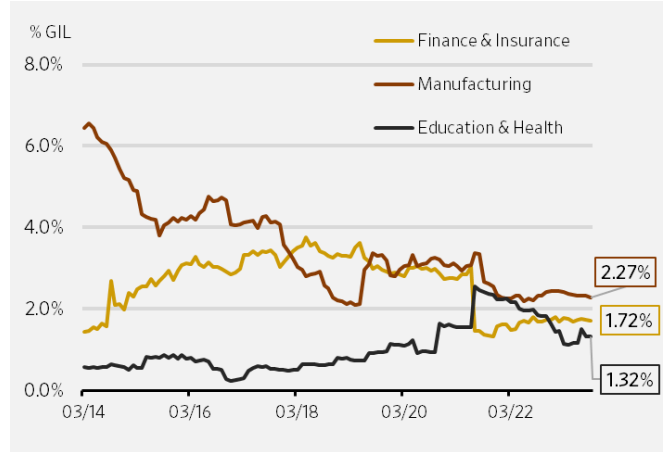
Source: BNM, MIDFR

Fig 34: Business GIL ratios



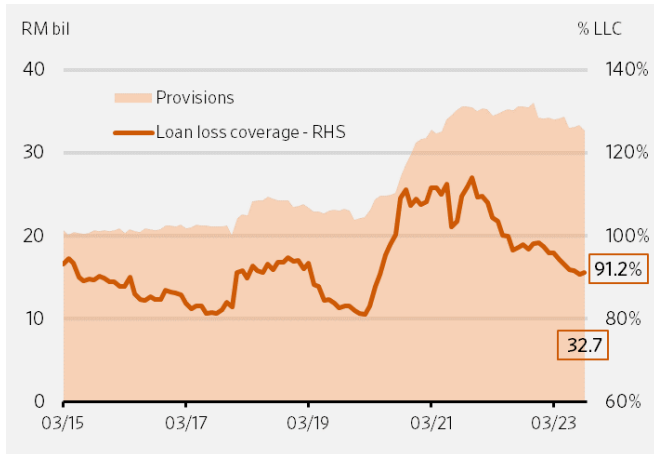
Source: BNM, MIDFR

Fig 35: GIL ratios of other sectors



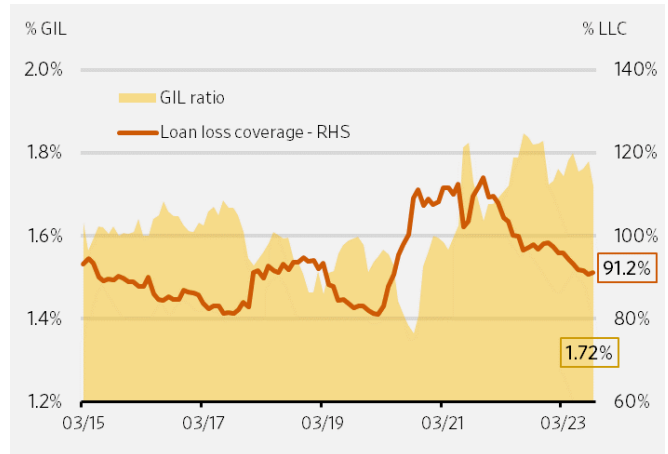
Source: BNM, MIDFR

Fig 36: Provisions & loan loss coverage



Source: BNM, MIDFR

Fig 37: LLC & GIL ratio relationship

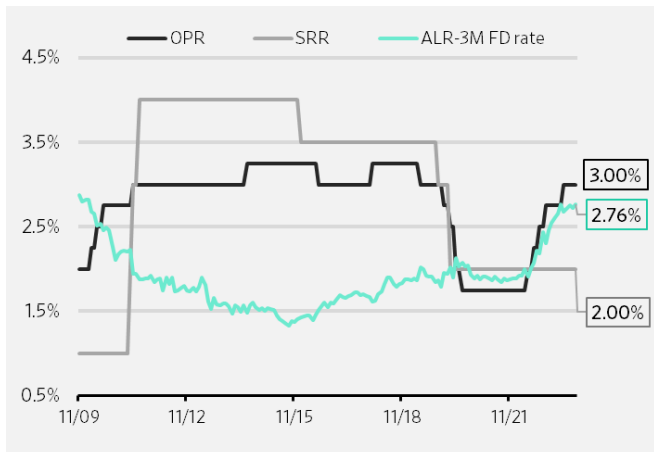


Source: BNM, MIDFR

E. INTEREST SPREAD AND CAPITAL

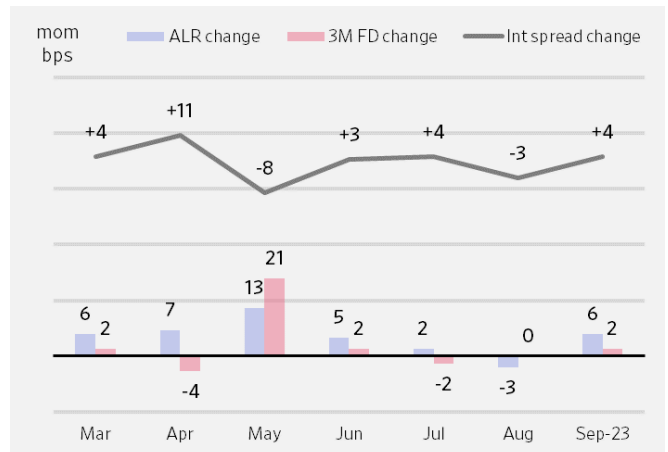
Heatmaps visible here: [\(link\)](#)

Fig 38: Interest spread, OPR, SRR



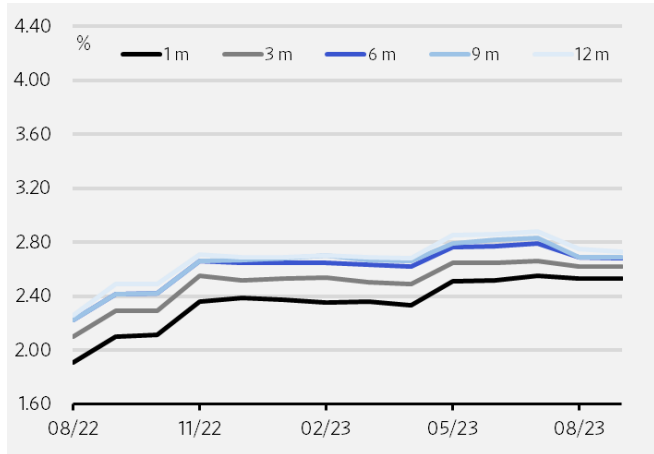
Source: BNM, MIDFR

Fig 39: mom Changes in Interest spreads



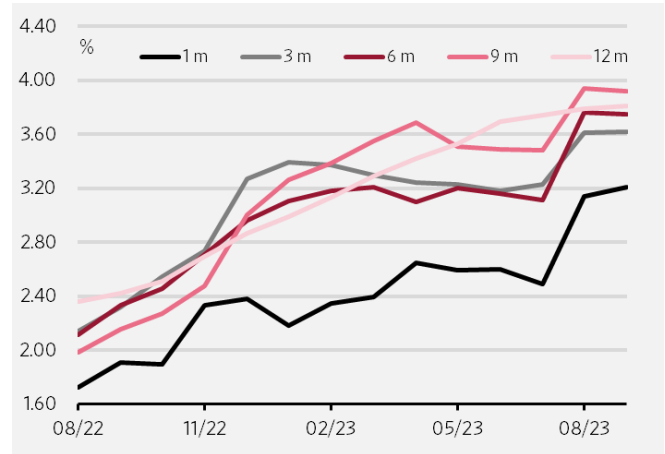
Source: BNM, MIDFR

Fig 40: Weighted avg Conv. FD rates by bracket



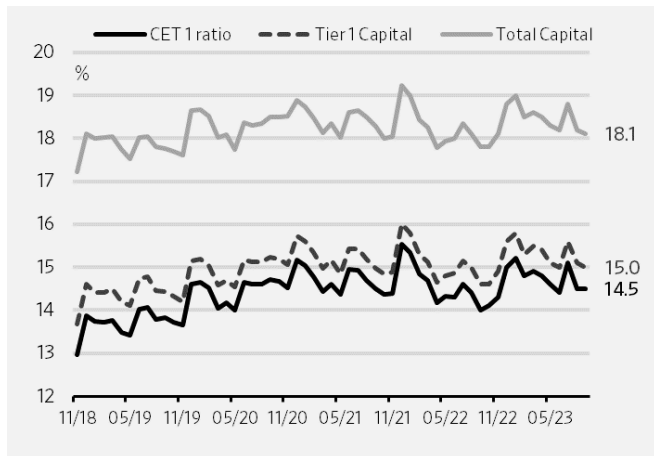
Source: BNM, MIDFR

Fig 41: Weighted avg Isl. FD rates by bracket



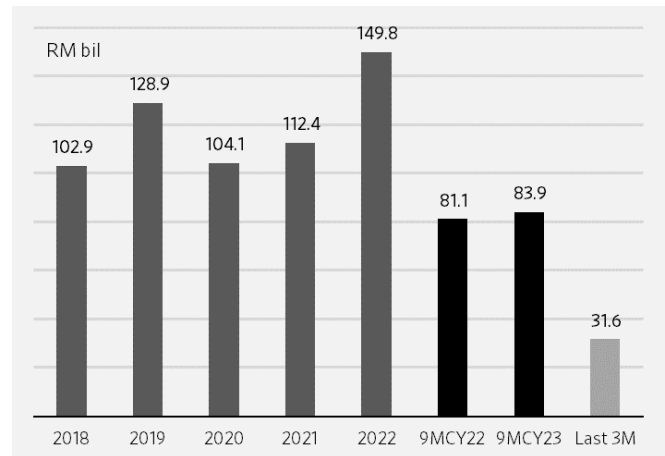
Source: BNM, MIDFR

Fig 42: Capital ratios



Source: BNM, MIDFR

Fig 43: Bond/Sukuk issuances

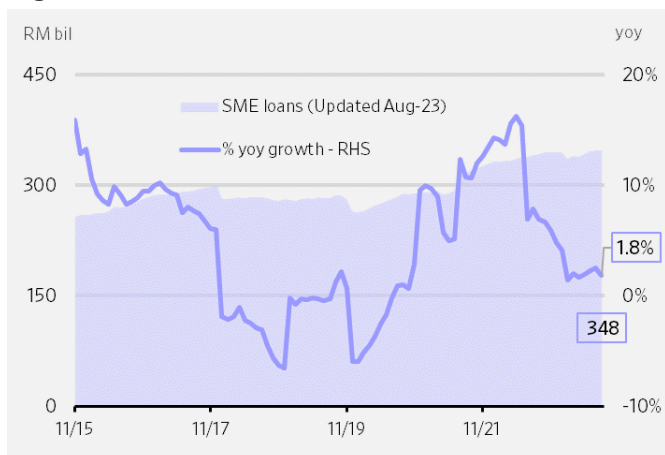


Source: BNM, MIDFR

F. SME DATA

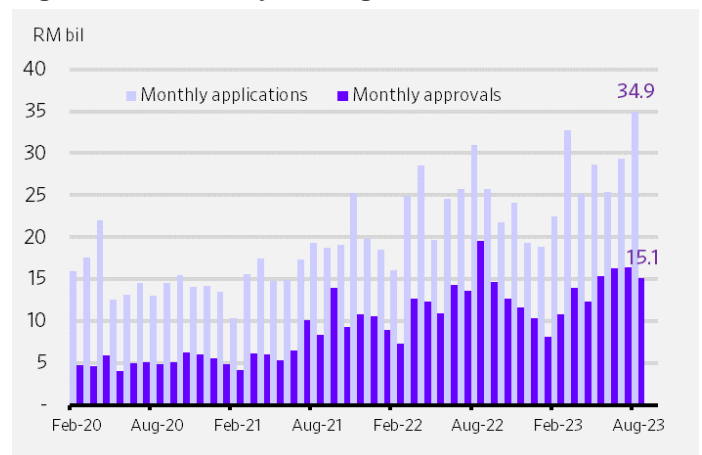
Heatmaps visible here: [\(link\)](#)

Fig 44: SME loans



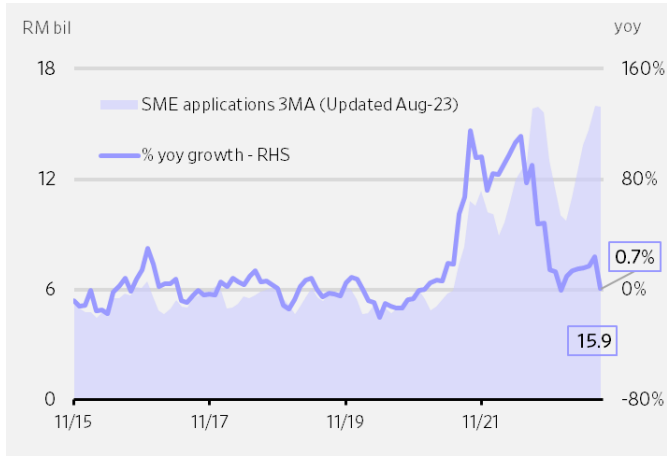
Source: BNM, MIDFR

Fig 45: SME Monthly leading indicators



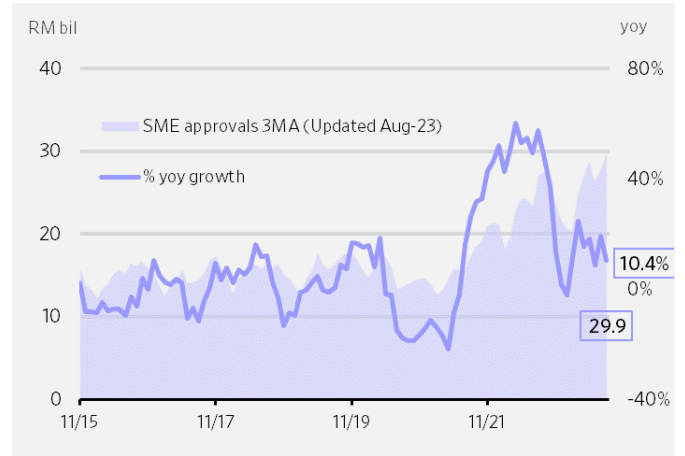
Source: BNM, MIDFR

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



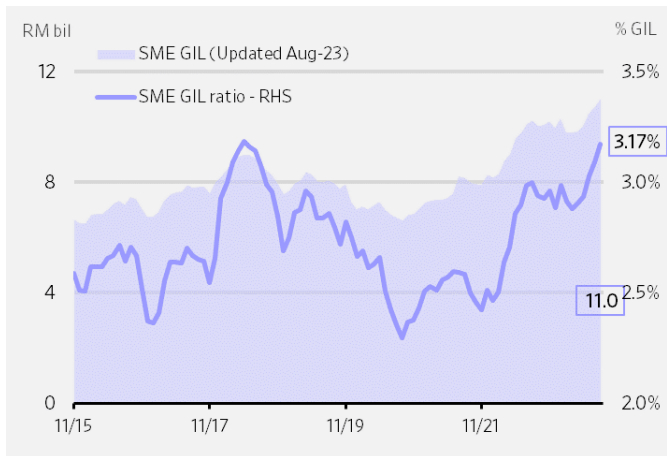
Source: BNM, MIDFR

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



Source: BNM, MIDFR

Fig 48: SME GILs



Source: BNM, MIDFR

G. SERIES OF VISUALISATION TABLES

Fig 49: System loans

	Total loans (RM tr)	Growth (% yoy)	Growth (% mom)	Retail			Business		
				Growth (% yoy)	Growth (% mom)	% of total	Growth (% yoy)	Growth (% mom)	% of total
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
Jul-23	2.06	4.2	0.2	7.1	0.6	54.0	0.9	-0.4	46.0
Aug-23	2.07	4.2	0.7	7.4	0.8	54.0	0.6	0.5	46.0
Sep-23	2.09	4.3	0.8	7.5	0.8	54.0	0.9	0.8	46.0

Source: BNM, MIDFR

Fig 50: yoy Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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	9.3	3.7	-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
Jul-23	6.9	8.9	6.1	1.5	4.1	-0.9	-8.2
Aug-23	7.1	9.1	6.3	0.4	4.8	-0.4	-9.8
Sep-23	7.2	9.0	6.9	1.1	5.1	-0.7	-11.2

Source: BNM, MIDFR

Fig 51: mom Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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	0.4	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
Jul-23	0.7	0.6	4.5	-0.7	0.1	0.0	-0.4
Aug-23	0.7	1.0	5.3	0.8	0.9	0.6	-1.2
Sep-23	0.7	0.7	6.2	0.8	0.7	0.6	-0.9

Source: BNM, MIDFR

Fig 52: Loan applications & approvals (3MA)

	Applied (3MA) (RM b)	Growth (% yoy)	Growth (% mom)	Approved (3MA) (RM b)	Growth (% yoy)	Growth (% mom)
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
Jul-23	121.8	2.2	6.0	64.6	3.5	6.9
Aug-23	125.6	-2.3	3.1	65.6	-7.5	1.5
Sep-23	131.8	4.1	5.0	69.3	-2.1	5.6

Source: BNM, MIDFR

Fig 53: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
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	64.3
Jul-23	52.9	45.5	61.2	55.7
Aug-23	52.2	48.0	56.3	43.1
Sep-23	52.7	46.2	58.2	-

*SME data until Aug-23

Source: BNM, MIDFR

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

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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)
Jul-23	(5)	7	21	(2)	25	(34)	(30)
Aug-23	(8)	0	13	3	14	(50)	(1)
Sep-23	(2)	4	10	(6)	33	(39)	94

Source: BNM, MIDFR

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

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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)
Jul-23	(2)	7	26	14	30	(33)	(25)
Aug-23	(4)	(5)	24	(23)	17	(44)	(0)
Sep-23	1	(1)	17	(14)	10	(52)	77

Source: BNM, MIDFR

Fig 56: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Jul-23	2,389	5.3	-0.5	90.1
Aug-23	2,403	4.6	0.6	90.4
Sep-23	2,433	4.3	1.2	90.3

Source: BNM, MIDFR

Fig 57: CASA & FD ratios

	CASA (RM b)	Growth (% yoy)	Growth (% mom)	CASA ratio (%)	FD (RM b)	Growth (% yoy)	Growth (% mom)	FD ratio (%)
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
Jul-23	693	-4.2	-1.4	30.4	1,084	8.6	0.3	47.5
Aug-23	705	-2.3	1.7	30.8	1,078	7.2	-0.6	47.1
Sep-23	710	-0.7	0.7	30.7	1,085	6.8	0.7	47.0

Source: BNM, MIDFR

Fig 58: Impaired loans and loan loss coverage

	Impaired loans (RM b)	Growth (% mom)	GIL ratio (%)	Total provisions (RM b)	LLC ratio (%)
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
Jul-23	36.2	0.6	1.76	33.2	92
Aug-23	36.8	1.6	1.78	33.4	91
Sep-23	35.9	-2.6	1.72	32.7	91

Source: BNM, MIDFR

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

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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
Jul-23	5.46	2.71	2.75
Aug-23	5.43	2.71	2.72
Sep-23	5.49	2.73	2.76

Source: BNM, MIDFR

Fig 60: SME loan data

	Total SME loans (RM b)	Growth (% yoy)	Growth (% mom)	As a % of industry loans	SME GIL ratio (%)
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
Jun-23	346	2.3	1.1	16.8	3.03
Jul-23	347	2.5	0.4	16.9	3.09
Aug-23	348	1.8	0.2	16.8	3.17

SME data until Aug-23

Source: BNM, MIDFR

Fig 61: SME applications & approvals (3MA)

	Applications			Applications		
	3MA (RM b)	Growth (% yoy)	Growth (% mom)	3MA (RM b)	Growth (% yoy)	Growth (% mom)
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
Jun-23	26.4	0.8	0.6	14.6	17.2	5.7
Jul-23	27.8	0.6	0.0	16.0	23.7	9.2
Aug-23	29.9	1.0	0.6	15.9	0.7	-0.5

SME data until Aug-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