

BANKING

Maintain POSITIVE

Nov-23 Banking Stats: Loan growth rises again

KEY INVESTMENT HIGHLIGHTS

- ▲ (1) Good recovery in loan growth, (2) GILs continue to be controlled well, with no notable deteriorations.
- ▶ (1) Leading indicators were more normalised, following an excellent couple of months, (2) FD rates were flattish, (3) Deposit growth was slow, with stronger non-retail balances offsetting heavy government withdrawals.
- **Maintain POSITIVE call: Valuations and dividend outlook are strong. We feel that upside rerating drivers should provide a boost to sector valuations, especially since the worst seems over for now.**

Headed Where?	With most major headwinds are in the past – we currently looking to multiple upside possibilities.
Strategy	Following indication that asset quality and NIM concerns were exaggerated, we think the sector remains attractive for its valuations. We do urge investors to be more selective with their picks, as not all banks have optimal outlooks.
Core Themes	<ol style="list-style-type: none"> ▲ Further asset quality and NCC improvement expected – with high writeback possibility. ▲ Post-CNY FD rate testing by banks – there is a possibility for further normalisation in rates, and subsequently upside to NIMs. ▲ Industry dividend outlook is still excellent. ▶ Some concerns on loan growth outlook, especially if retail loan take-up weakens.
Side Themes	<ol style="list-style-type: none"> ▲ More relaxed CY24 OPEX growth, after an eventful CY23. ▶ Regular deposit competition in 4QCY23, though banks are even more prepared from a liquidity standpoint than regular years (fearing a repeat of last year). ▼ Long-term concern: Thinning residential mortgage margins should see banks escalate take-up of riskier unsecured or non-retail loans.

▲ **Loan growth** +4.9%yoy / +0.8%mom
A strong uplift from a sluggish couple of months.

- ▲ **Retail loans: +7.7%yoy / +0.7%mom**
Remained consistent and strong: Observe strong month-on-month growth in both hire purchase loans and residential mortgages.
- ▲ **Business loans: +1.7%yoy, / +0.9%mom**
After a weak Oct-23, working capital loans saw a good recovery.

▶ **Leading indicators**

Following a strong couple of months, monthly applications & approval show sharp mom decline (back to more normalised figures). Business leading indicators were more affected than retail side.

- **Approval rate: 51%.**

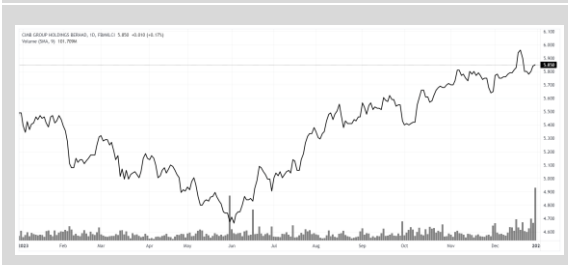
COMPANY IN FOCUS

CIMB

Maintain **BUY** | Unchanged Target price: RM6.62
 Price @ 29 December 2023: RM5.85

- Niaga’s lucrative Indonesian market exposure.
- Digital offerings coming online, offering less drag to ROE.
- Still room for improvement in ROE restructuring – watch for further cost optimisation.

Share price chart

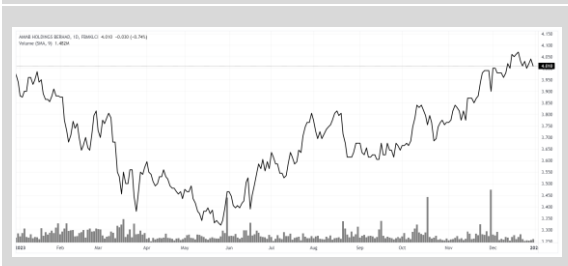


AMMB

Maintain **BUY** | Unchanged Target price: RM4.23
 Price @ 29 December 2023: RM4.01

- Dividend payouts are likely to be revised upwards, on the back of stronger CET1 (which will come).
- Capital optimisation exercises to persist.
- Added possibilities with tax return – expect boosted LLC at very least.

Share price chart



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

▶ **Deposits** +3.5%yoy / +0.3%mom

A slow month for deposits.

- ▼ **FD growth: +5.6%yoy / 0.0%mom**
Declines were largely driven by government withdrawals.
- ▲ **CASA growth: +1.2%yoy / +0.8%mom**
CASA balances continue to be maintained well – driven by non-retail balances.
- **LCR: 150%.**
Flattish – decline was very minor.
- **Loan/Deposit ratio: 90.5%.**
This figure went up slightly, due to strong loan growth reported.

▲ **GIL ratio** 1.69% / -2bps mom

Asset quality continued to be maintained well.

- ▲ **Notable deteriorations, month-on-month:** None.
- ▼ **Notable improvements, month-on-month:** Construction -22bps, Working capital -3bps.

Interest rates

Interest rates remained relatively flattish on a sequential month basis.

- ▶ **FD rates (Conv.):** Uniformly flattish.
- ▶ **FD rates (Isl.):** Some brackets (most notably, 3M and 6M) saw slight increase.


Have a look at:

1. ▲ **A huge leap in working capital loans.** Loan growth recovery was driven by a steep uptick in working capital loans (as post-election disbursements start flowing through).
2. ▼ **SME applications have already experienced a decline in Oct-23.** Oct-23 saw the highest ever volume of system applications and approvals – it is interesting to see that SMEs bucked the trend and contributed only marginally to the higher system figure.
3. ▼ **There has been a sharp mom decline in government deposits...** The decline in government deposits was largely reflected in contracting FD balances.
4. ▲ **...while business enterprises see good mom increase.** This was reflected in a sharp uptick in demand deposits (which surpasses the monthly decline in FDs).

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

Top downside risks include:

1. Loan growth slowdown as economic conditions fail to improve.
2. Persistent deposit competition.
3. Lacklustre fee income pickup.

Top Picks: CIMB (BUY, TP: RM6.62) and AMMB (BUY, TP: RM4.23). 

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	NEUTRAL	8.89	9.28	4.4	106.4	11.6	10.8	1.2	1.2	10.5	10.9	6.9	7.4
CIMB	BUY	5.85	6.62	13.2	61.0	8.9	8.4	0.9	0.9	10.6	10.6	6.2	6.5
PBK	BUY	4.29	4.69	9.3	83.3	12.1	11.6	1.5	1.4	13.3	12.8	4.3	4.6
RHB	BUY	5.45	6.50	19.3	22.8	7.9	7.6	0.8	0.7	9.7	9.7	6.9	7.1
HLBK	BUY	18.90	21.38	13.1	38.7	9.7	9.1	1.1	1.0	11.4	11.2	3.6	3.9
HLFG	BUY	16.44	20.65	25.6	18.6	6.7	6.2	0.6	0.6	10.0	10.0	3.0	3.2
AMMB	BUY	4.01	4.23	5.5	16.8	9.9	8.8	0.8	0.8	9.0	9.4	4.5	5.0
BIMB	NEUTRAL	2.21	2.29	3.6	5.3	10.2	8.9	0.7	0.7	7.4	8.0	6.7	6.8
AFFIN	SELL	2.08	1.71	-17.9	4.5	10.1	7.9	0.4	0.4	4.1	5.1	2.9	3.7
ABMB	BUY	3.39	4.08	20.3	5.2	8.0	7.4	0.7	0.7	9.4	9.6	6.2	6.8
Simple avg (ex-HLFG)						9.8	8.9	0.9	0.9	9.5	9.7	5.4	5.7
Weighted avg (ex-HLFG)						10.6	10.0	1.1	1.1	11.0	11.1	5.6	6.0

*Closing prices from 29 Dec 2023.

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

Source: BNM, MIDFR

A. SYSTEM LOAN & CONSTITUENTS

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

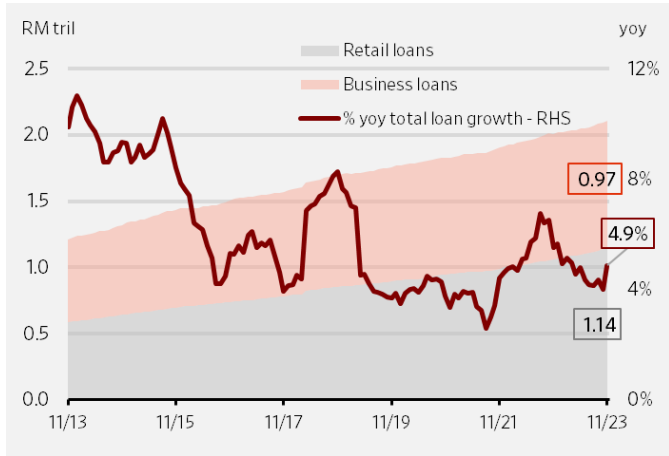
Fig 1: Core Figures & Forecasts

	yoy Growth rates (%)				YTD Ann.	mom Growth rates (%)			
	Nov-23	Oct-23	Sep-23	Aug-23	(%)	Nov-23	Oct-23	Sep-23	Aug-23
Total loans	4.9	4.0	4.3	4.2	4.6	0.8	0.3	0.8	0.7
Retail loans	7.7	7.7	7.5	7.4	7.6	0.7	0.7	0.8	0.8
Business loans	1.7	-0.0	0.9	0.6	1.2	0.9	-0.2	0.8	0.5
SME*	-	2.7	2.7	1.8	2.8	-	0.6	1.1	0.2
Deposits + repo	5.3	4.3	4.3	4.6	4.7	0.4	0.4	1.2	0.6
Total deposits	3.5	2.8	2.4	2.5	3.3	0.3	0.6	0.9	0.4
CASA	1.2	0.1	-0.7	-2.3	2.1	0.8	0.9	0.7	1.7
FD	5.6	6.1	6.8	7.2	4.1	-0.0	-0.5	0.7	-0.6
Total provisions	-8.5	-8.1	-7.7	-6.1	-3.4	1.4	-0.4	-2.0	0.6
Total GIL	-3.3	-2.7	-1.5	0.8	2.1	-0.4	-0.5	-2.6	1.6
Leading indicators									
3MA applications	15	15	4	-2	0	-6	4	5	3
Retail	11	7	2	-3	17	-4	1	-1	-0
Business	19	23	7	-2	40	-8	7	12	7
3MA approvals	7	4	-2	-8	0	-7	5	6	2
Retail	12	10	3	-1	19	-7	2	-1	1
Business	3	-1	-6	-13	23	-7	8	12	2
	Nov-23	Oct-23	Sep-23	Aug-23	Nov-22	Period	Forecast	Formerly	
Interest spread	2.77	2.76	2.76	2.72	2.30	Loan growth	4.5-5.0%		
Loan approval rate	51	54	53	52	56				
SME approval rate*	-	68	46	43	48	GDP	4.2%		
GIL ratio	1.69	1.70	1.72	1.78	1.83	OPR	3.00%		
SME GIL ratio*	-	3.13	3.14	3.17	2.96				
LLC ratio	93	91	91	91	98				
CASA ratio	31.0	30.8	30.7	30.8	31.7				
Loan/Deposit ratio	90.5	90.1	90.3	90.4	89.3				
Liquidity coverage ratio	150	151	152	149	147				
CET 1	14.5	14.4	14.5	14.6	14.3				
Tier 1 Capital	15.0	14.9	15.1	15.1	14.9				
Total Capital	18.1	18.1	18.2	18.3	18.1				

*SME data until Oct-23

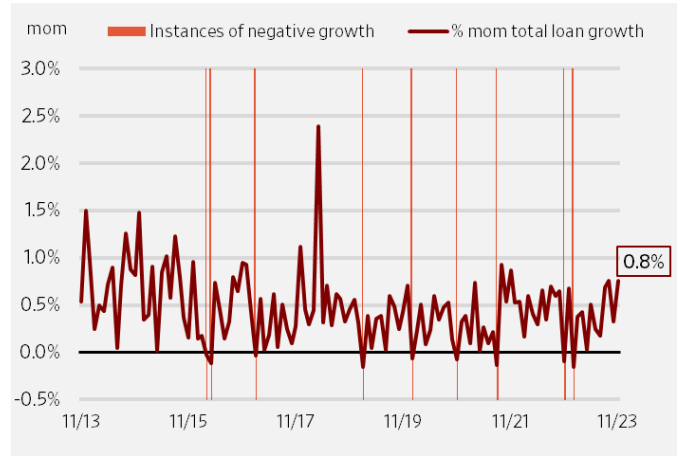
Source: BNM, MIDFR

Fig 2: yoy System loans



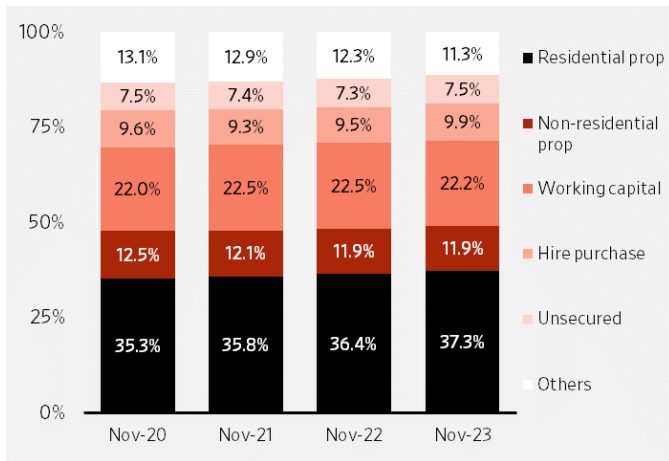
Source: BNM, MIDFR

Fig 3: mom System loans



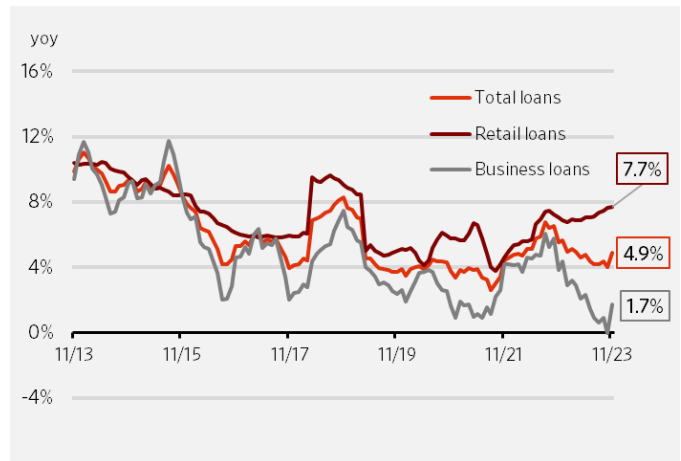
Source: BNM, MIDFR

Fig 4: Loan breakdown by type



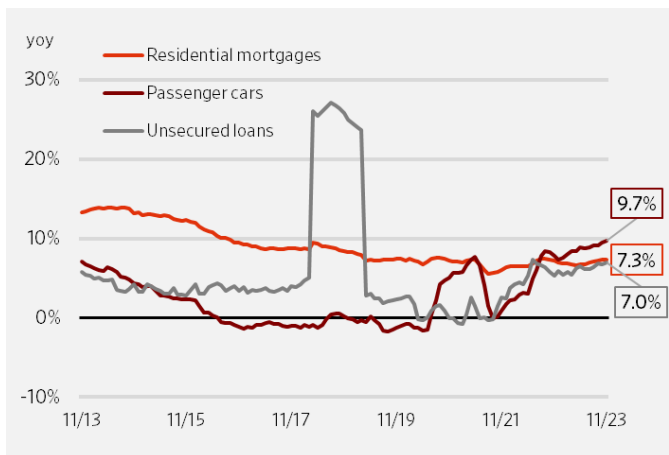
Source: BNM, MIDFR

Fig 5: Retail & business loan growth



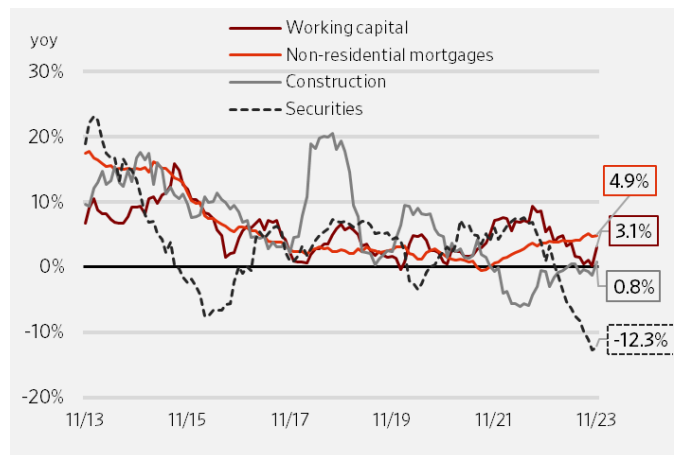
Source: BNM, MIDFR

Fig 6: Retail loan constituents



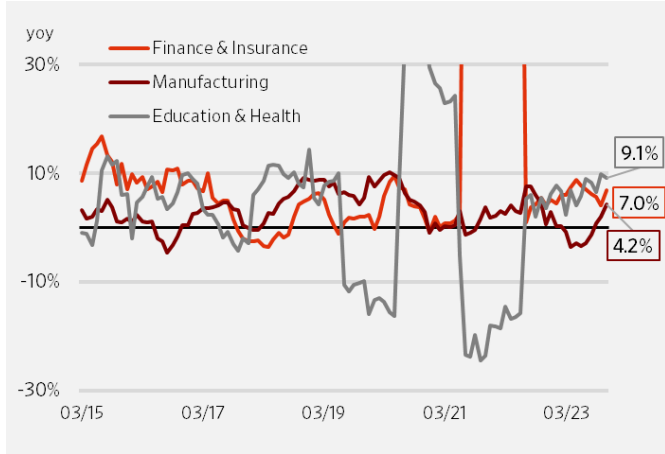
Source: BNM, MIDFR

Fig 7: Business loan constituents



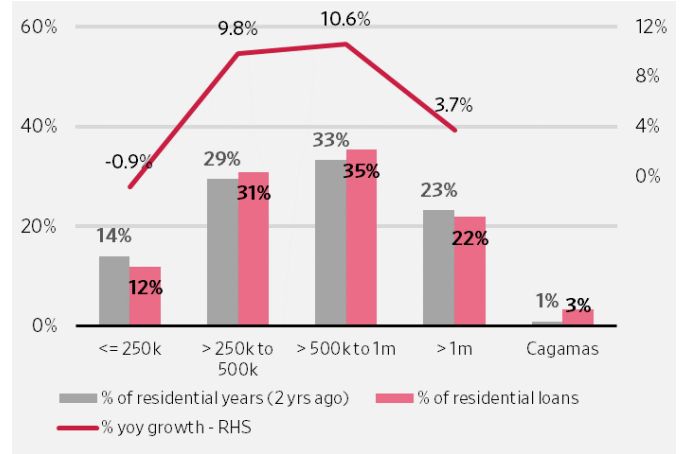
Source: BNM, MIDFR

Fig 8: Loan growth of other sectors



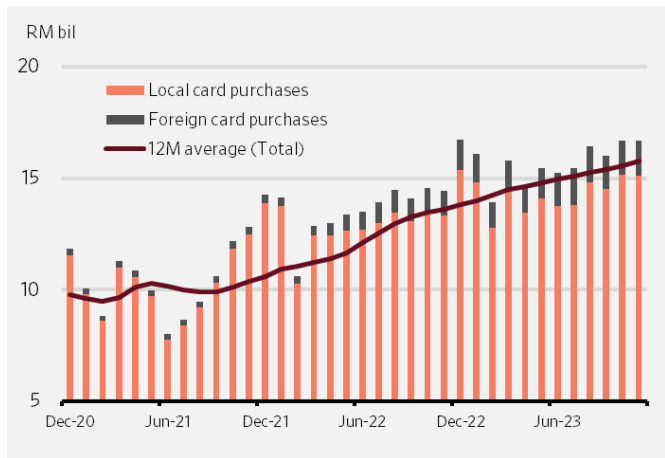
Source: BNM, MIDFR

Fig 9: Residential loans by segment



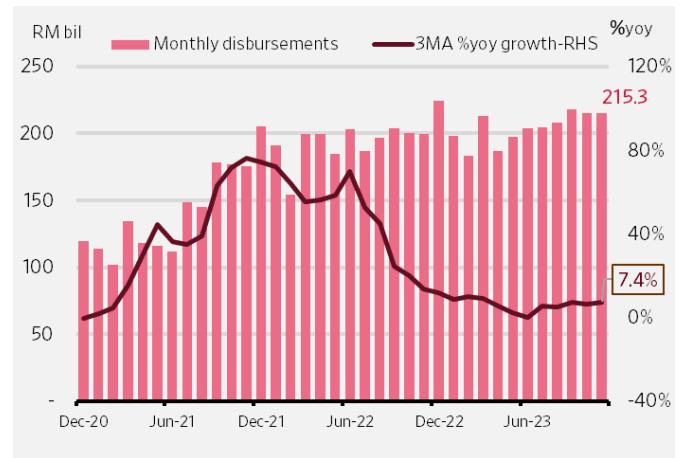
Source: BNM, MIDFR

Fig 10: Credit card purchases



Source: BNM, MIDFR

Fig 11: Monthly loan disbursements

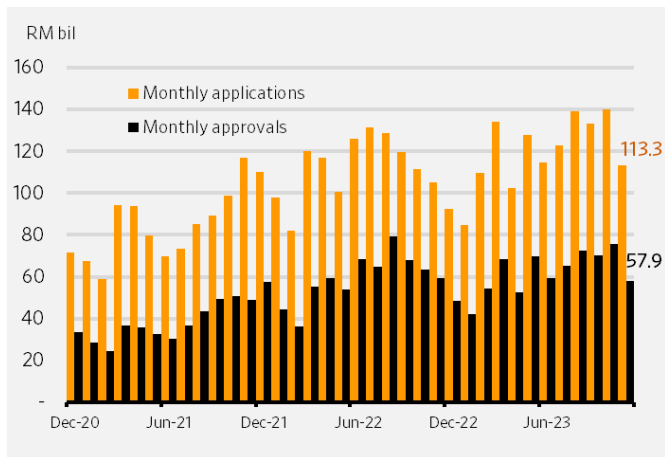


Source: BNM, MIDFR

A. LEADING INDICATOR TRENDS

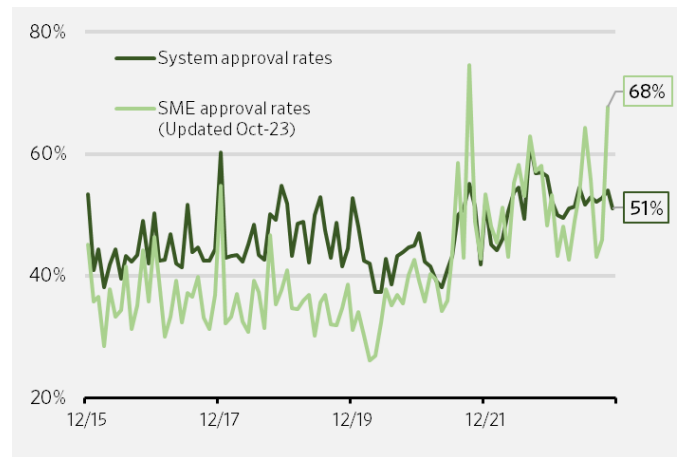
Heatmaps visible here: [\(link\)](#)

Fig 12: Monthly applications & approvals



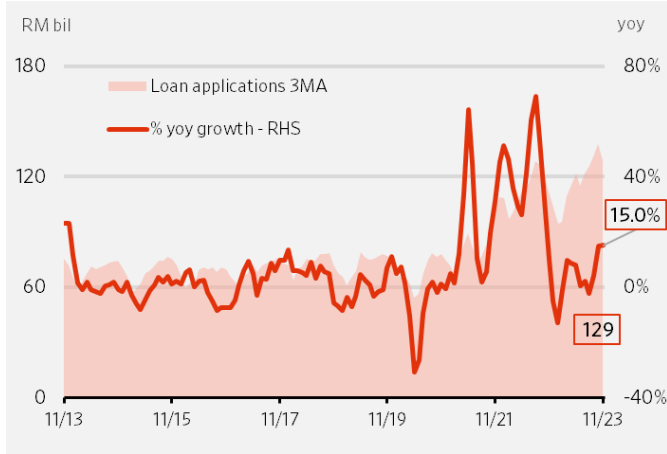
Source: BNM, MIDFR

Fig 13: System & SME approval rates



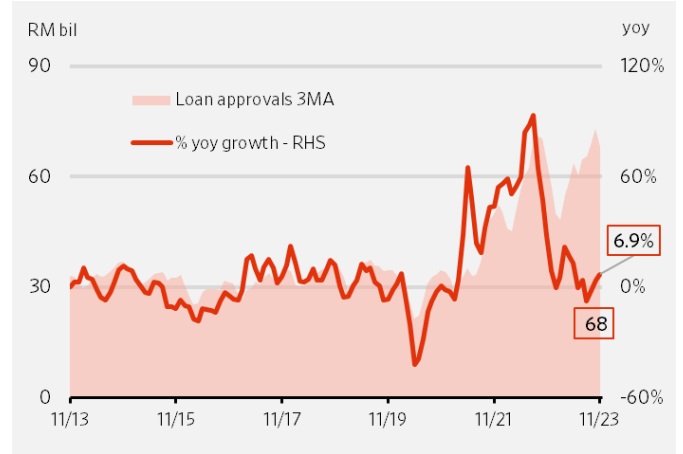
Source: BNM, MIDFR

Fig 14: Loan applications (3-mth average)



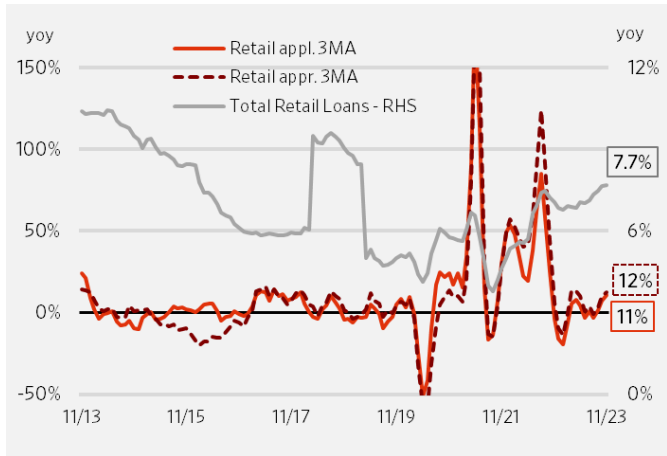
Source: BNM, MIDFR

Fig 15: Loan approvals (3-mth average)



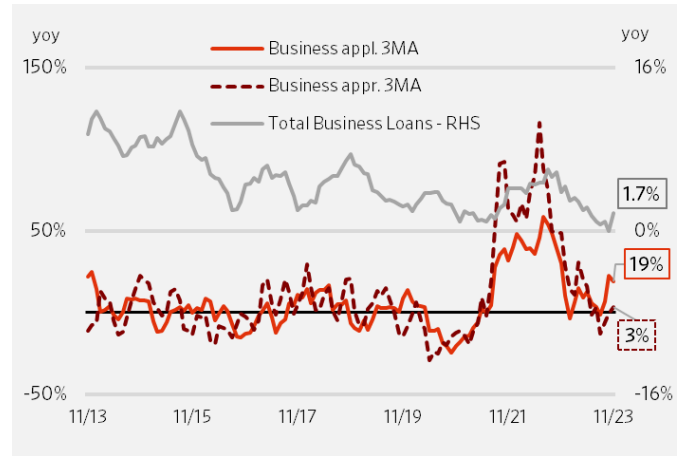
Source: BNM, MIDFR

Fig 16: Retail loan indicators



Source: BNM, MIDFR

Fig 17: Business loan indicators

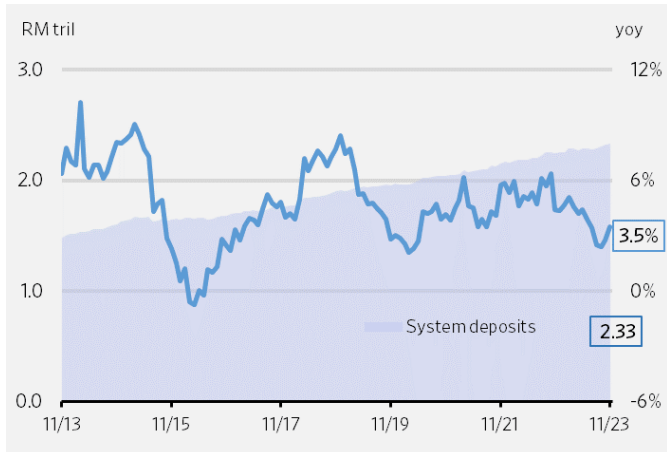


Source: BNM, MIDFR

B. DEPOSITS & LIQUIDITY

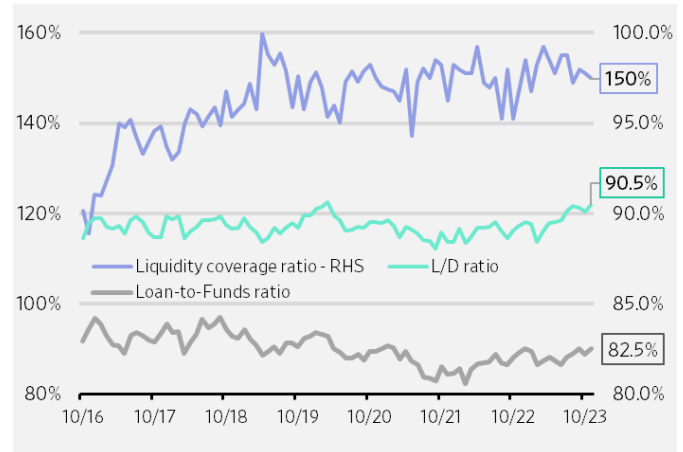
Heatmaps visible here: [\(link\)](#)

Fig 18: yoy System deposits



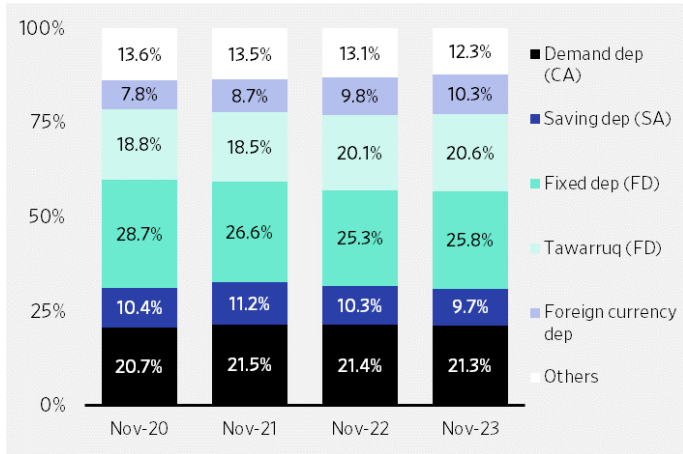
Source: BNM, MIDFR

Fig 19: LCR, LDR & LTF ratio



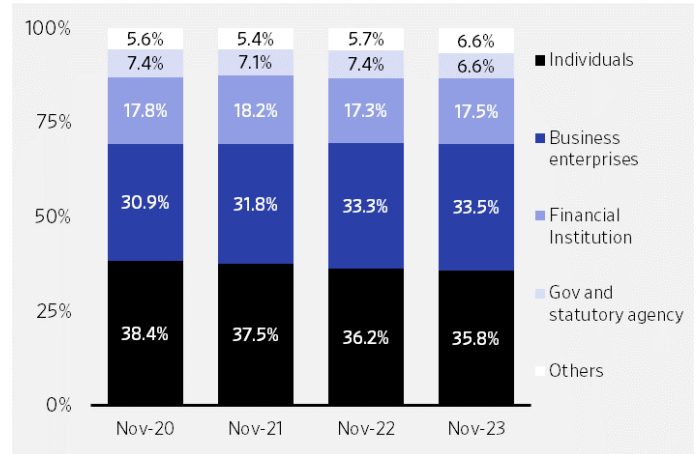
Source: BNM, MIDFR

Fig 20: Deposit breakdown by type



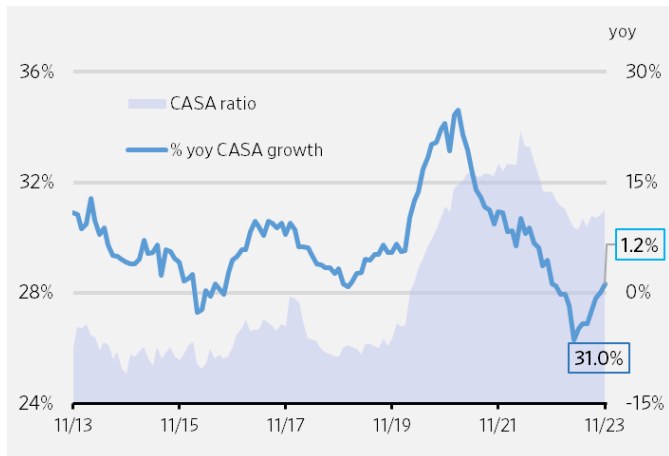
Source: BNM, MIDFR

Fig 21: Deposit breakdown by holder



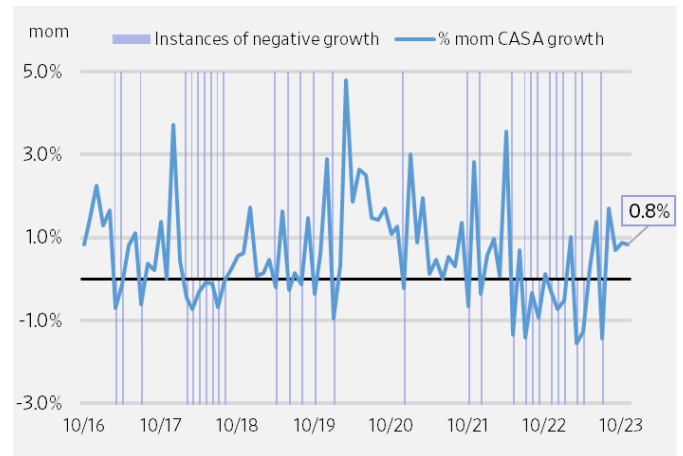
Source: BNM, MIDFR

Fig 22: CASA ratio and yoy growth



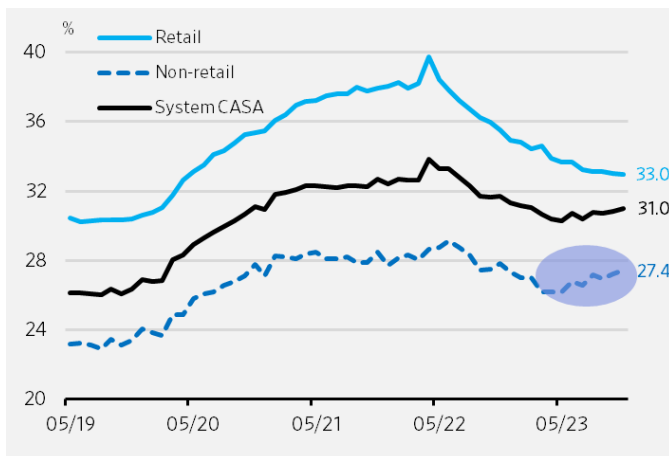
Source: BNM, MIDFR

Fig 23: mom CASA growth



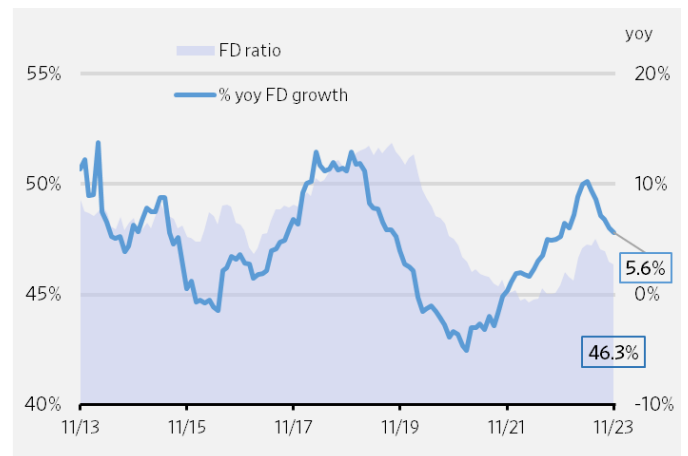
Source: BNM, MIDFR

Fig 24: CASA ratio by holder



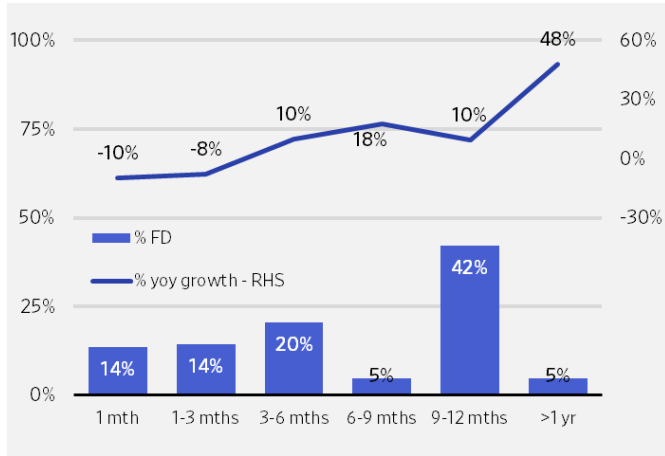
Source: BNM, MIDFR

Fig 25: FD ratio and yoy growth



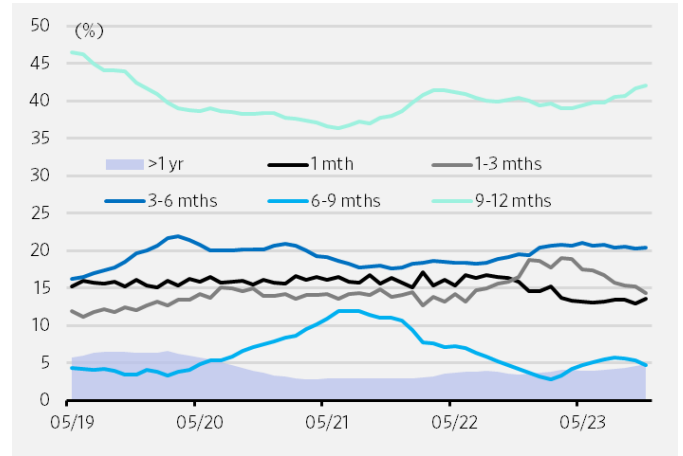
Source: BNM, MIDFR

Fig 26: FD by maturity brackets and yoy growth



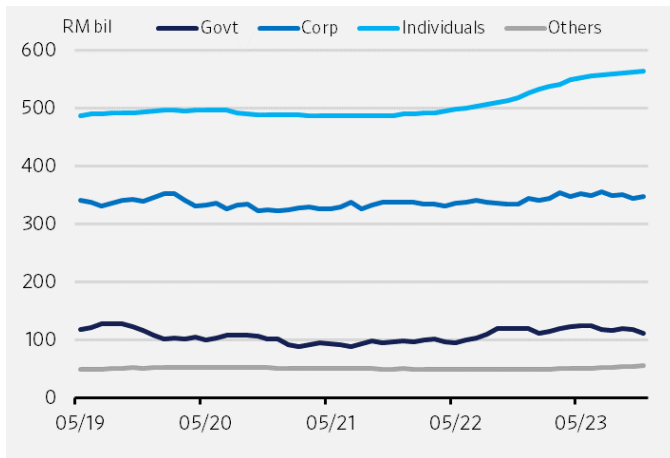
Source: BNM, MIDFR

Fig 27: FD by maturity brackets (% Proportion)



Source: BNM, MIDFR

Fig 28: FD by depositor

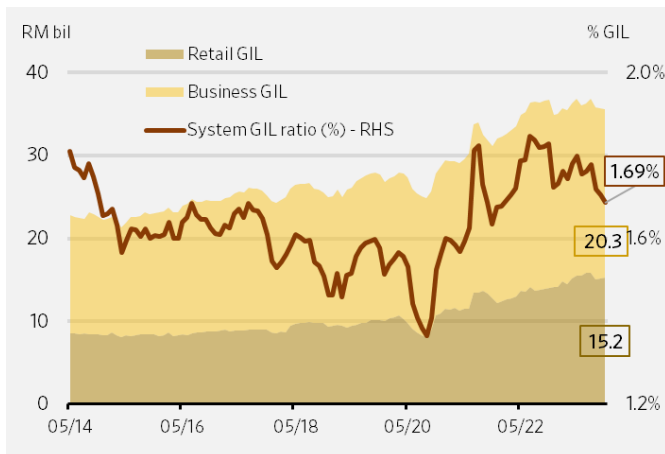


Source: BNM, MIDFR

C. ASSET QUALITY & PROVISIONING

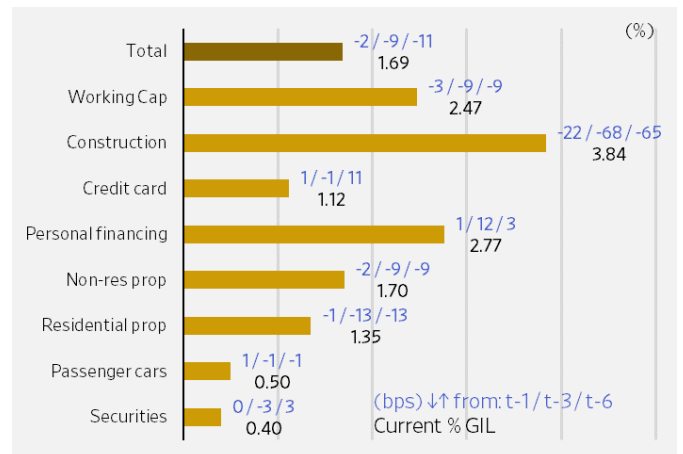
Heatmaps visible here: [\(link\)](#)

Fig 29: System gross impaired loans



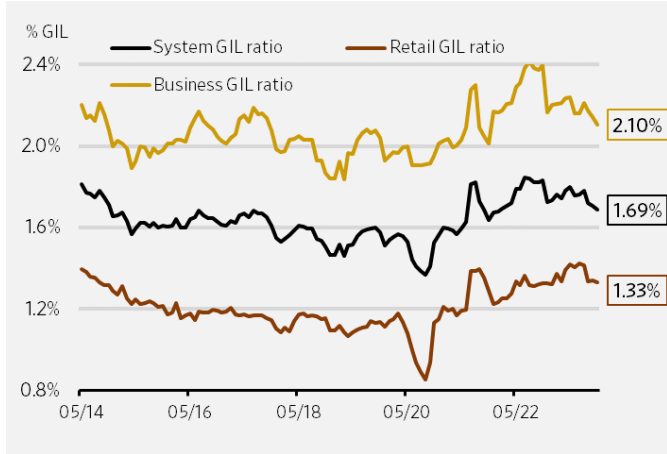
Source: BNM, MIDFR

Fig 30: Segmental GIL ratio changes



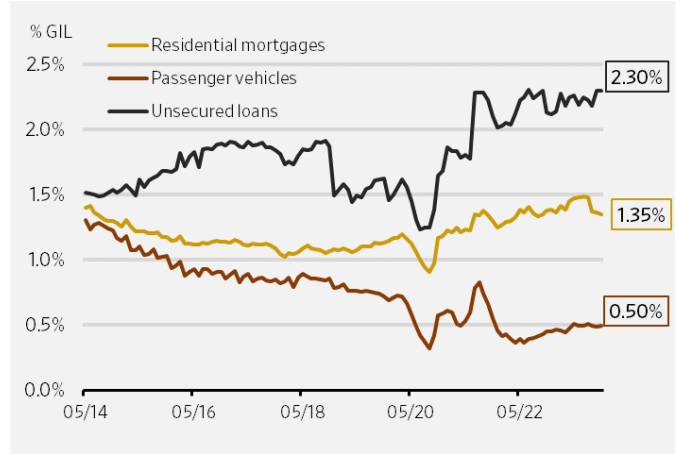
Source: BNM, MIDFR

Fig 31: System, Retail, Business GIL ratios



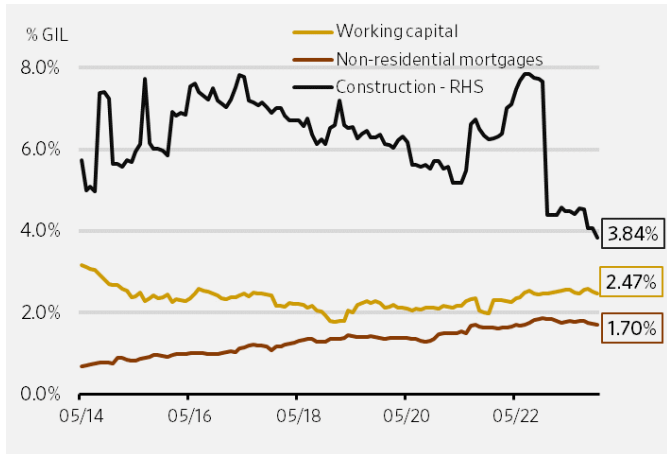
Source: BNM, MIDFR

Fig 32: Retail GIL ratios



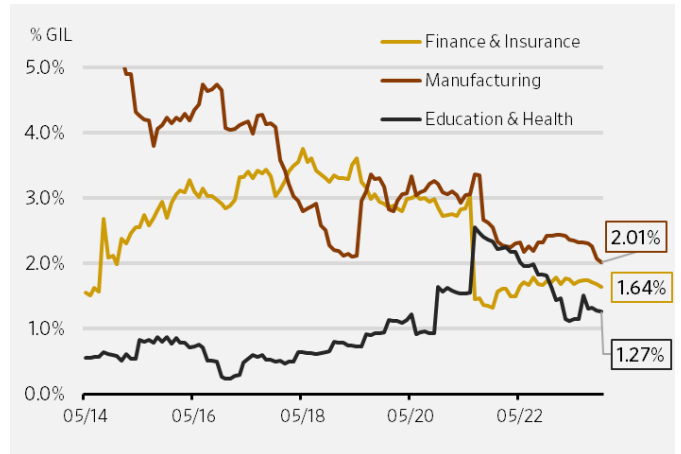
Source: BNM, MIDFR

Fig 33: Business GIL ratios



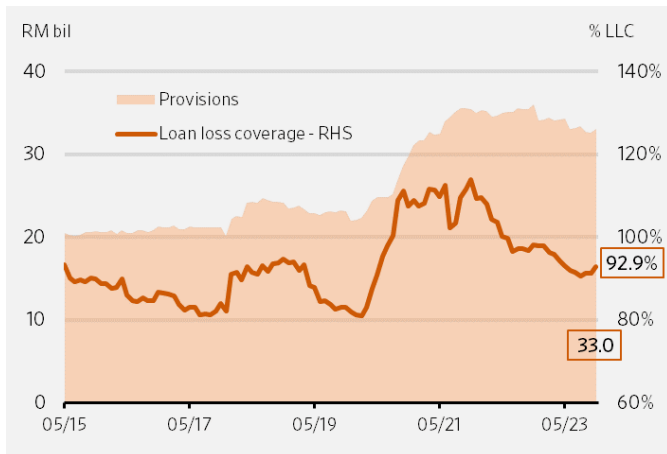
Source: BNM, MIDFR

Fig 34: GIL ratios of other sectors



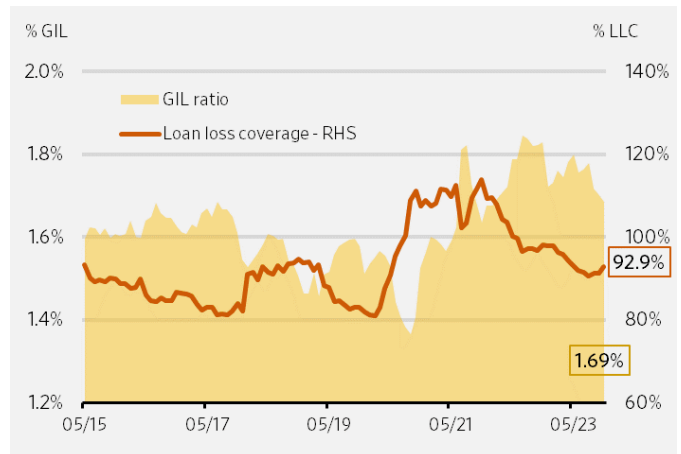
Source: BNM, MIDFR

Fig 35: Provisions & loan loss coverage



Source: BNM, MIDFR

Fig 36: LLC & GIL ratio relationship

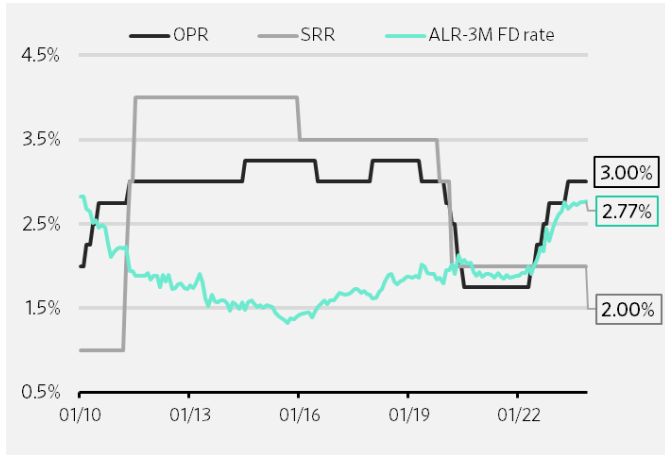


Source: BNM, MIDFR

D. INTEREST SPREAD AND CAPITAL

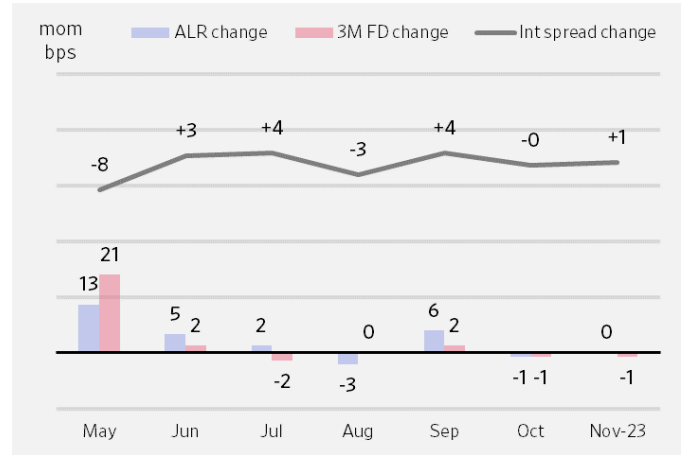
Heatmaps visible here: [\(link\)](#)

Fig 37: Interest spread, OPR, SRR



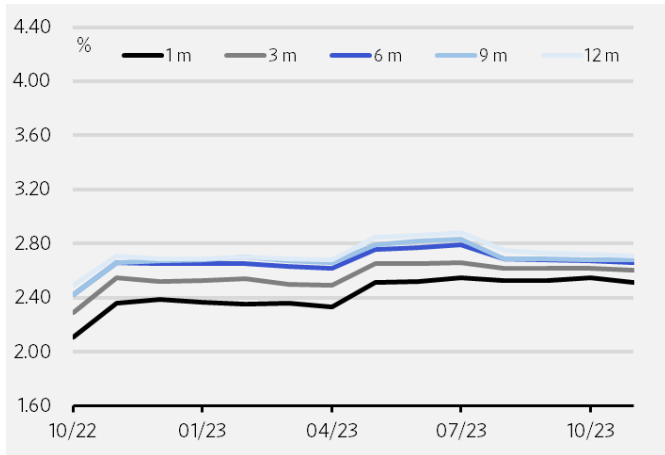
Source: BNM, MIDFR

Fig 38: mom Changes in Interest spreads



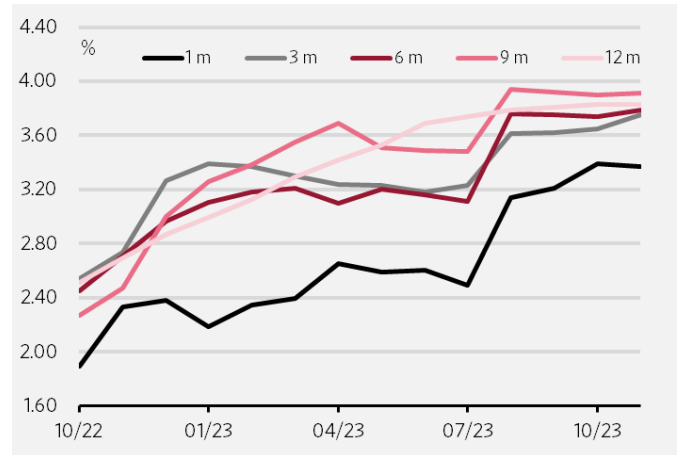
Source: BNM, MIDFR

Fig 39: Weighted avg Conv. FD rates by bracket



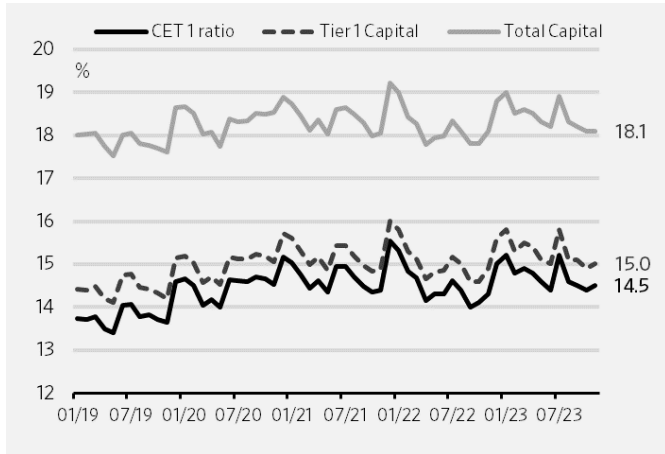
Source: BNM, MIDFR

Fig 40: Weighted avg Isl. FD rates by bracket



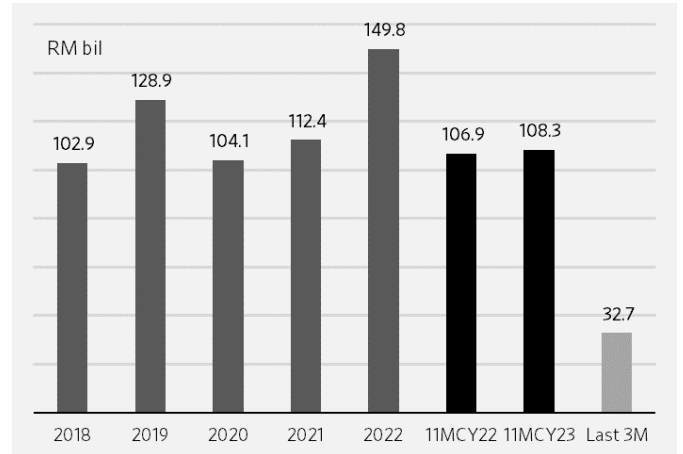
Source: BNM, MIDFR

Fig 41: Capital ratios



Source: BNM, MIDFR

Fig 42: Bond/Sukuk issuances

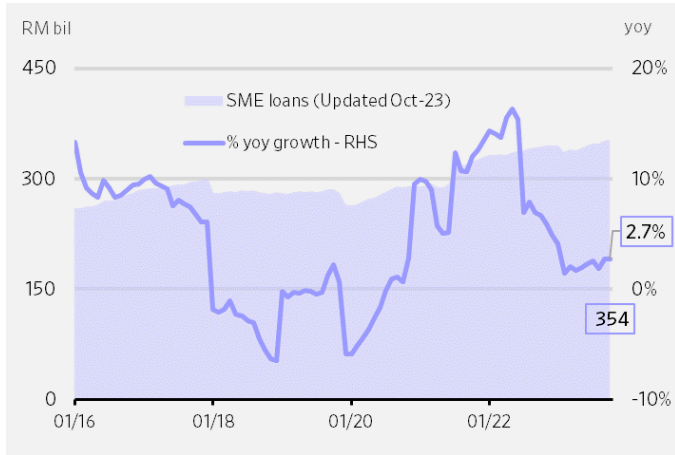


Source: BNM, MIDFR

E. SME DATA

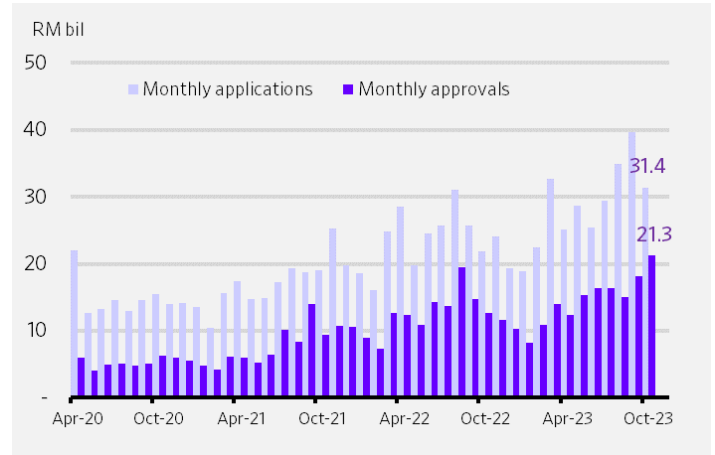
Heatmaps visible here: [\(link\)](#)

Fig 43: SME loans



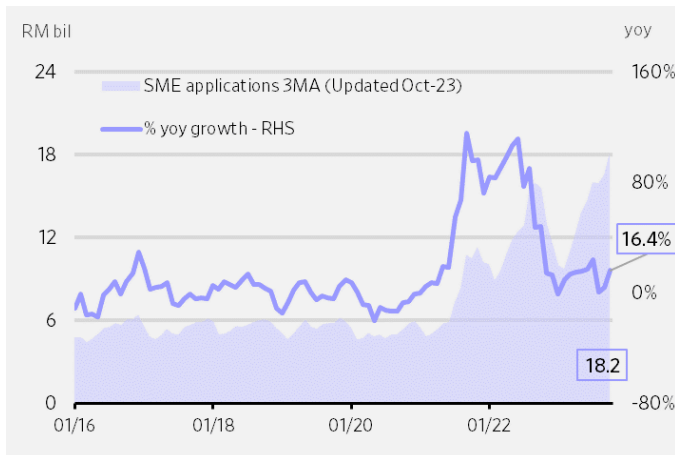
Source: BNM, MIDFR

Fig 44: SME Monthly leading indicators



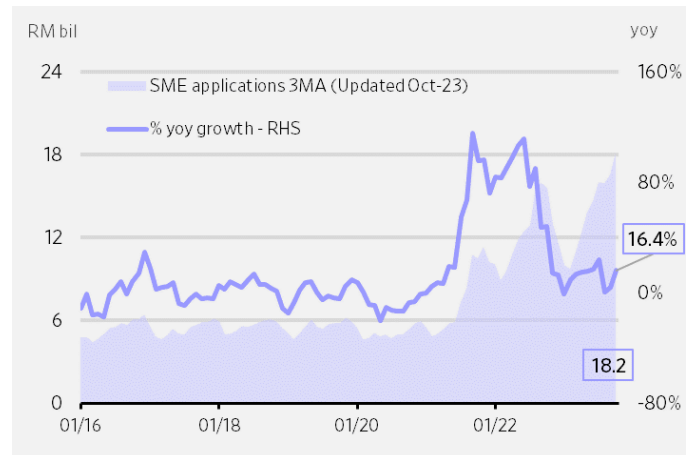
Source: BNM, MIDFR

Fig 45: SME applications (3-mth-average)



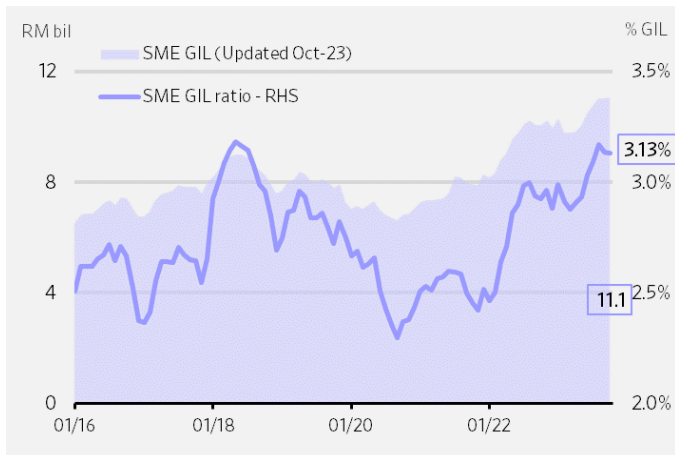
Source: BNM, MIDFR

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



Source: BNM, MIDFR

Fig 47: SME GILs



Source: BNM, MIDFR

F. SERIES OF VISUALISATION TABLES

Fig 48: System loans

	Total loans (RM tr)	Growth (% yoy)	Growth (% mom)	Retail			Business		
				Growth (% yoy)	Growth (% mom)	% of total	Growth (% yoy)	Growth (% mom)	% of total
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
Oct-23	2.09	4.0	0.3	7.7	0.7	54.3	-0.0	-0.2	45.7
Nov-23	2.11	4.9	0.8	7.7	0.7	54.2	1.7	0.9	45.8

Source: BNM, MIDFR

Fig 49: yoy Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Oct-23	7.4	9.4	6.8	0.2	4.7	-1.3	-12.8
Nov-23	7.3	9.7	7.0	3.1	4.9	0.8	-12.3

Source: BNM, MIDFR

Fig 50: mom Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Oct-23	0.8	0.9	6.1	0.3	0.3	0.1	-2.1
Nov-23	0.6	0.9	6.4	1.1	0.5	1.3	0.3

Source: BNM, MIDFR

Fig 51: Loan applications & approvals (3MA)

	Applied (3MA) (RM b)	Growth (% yoy)	Growth (% mom)	Approved (3MA) (RM b)	Growth (% yoy)	Growth (% mom)
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
Oct-23	137.5	14.6	4.3	72.8	3.6	5.1
Nov-23	128.9	15.0	-6.3	67.9	6.9	-6.7

Source: BNM, MIDFR

Fig 52: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
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	45.9
Oct-23	54.0	45.9	61.7	67.7
Nov-23	51.1	44.1	59.4	-

*SME data until Oct-23

Source: BNM, MIDFR

Fig 53: yoy Loan application growth (3MA) by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Oct-23	5	11	11	5	41	(13)	105
Nov-23	9	20	8	(3)	45	27	56

Source: BNM, MIDFR

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

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Oct-23	9	6	18	(20)	7	(21)	117
Nov-23	12	16	7	(9)	8	(14)	75

Source: BNM, MIDFR

Fig 55: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Oct-23	2,443	4.3	0.4	90.1
Nov-23	2,454	5.3	0.4	90.5

Source: BNM, MIDFR

Fig 56: CASA & FD ratios

	CASA (RM b)	Growth (% yoy)	Growth (% mom)	CASA ratio (%)	FD (RM b)	Growth (% yoy)	Growth (% mom)	FD ratio (%)
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
Oct-23	716	0.1	0.9	30.8	1,080	6.1	-0.5	46.5
Nov-23	722	1.2	0.8	31.0	1,080	5.6	-0.0	46.3

Source: BNM, MIDFR

Fig 57: Impaired loans and loan loss coverage

	Impaired loans (RM b)	Growth (% mom)	GIL ratio (%)	Total provisions (RM b)	LLC ratio (%)
Dec-21	1,915.4	3.0	1.68	35.1	109
Jan-22	1,925.8	0.7	1.68	35.4	109
Feb-22	1,928.9	1.0	1.69	35.3	108
Mar-22	1,940.4	1.4	1.71	34.5	104
Apr-22	1,948.3	1.3	1.72	34.7	104
May-22	1,954.1	4.2	1.79	35.0	100
Jun-22	1,967.0	0.7	1.79	35.1	100
Jul-22	1,973.8	3.5	1.85	35.2	96
Aug-22	1,987.8	0.2	1.84	35.5	97
Sep-22	1,999.3	-0.4	1.82	35.4	97
Oct-22	2,012.0	0.8	1.82	35.5	97
Nov-22	2,010.4	0.3	1.83	36.1	98
Dec-22	2,024.6	-5.2	1.72	34.1	98
Jan-23	2,021.2	0.4	1.73	34.3	98
Feb-23	2,028.4	2.1	1.76	34.4	96
Mar-23	2,037.7	-0.6	1.74	34.1	96
Apr-23	2,037.7	2.2	1.78	34.2	94
May-23	2,048.4	1.5	1.80	34.3	93
Jun-23	2,053.2	-2.2	1.76	33.1	92
Jul-23	2,056.3	0.6	1.76	33.2	92
Aug-23	2,070.4	1.6	1.78	33.4	91
Sep-23	2,086.5	-2.6	1.72	32.7	91
Oct-23	2,092.8	-0.5	1.70	32.6	91
Nov-23	2,108.6	-0.4	1.69	33.0	93

Source: BNM, MIDFR

Fig 58: ALR, 3M-FD rates & Interest spreads

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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
Oct-23	5.48	2.72	2.76
Nov-23	5.48	2.71	2.77

Source: BNM, MIDFR

Fig 59: SME loan data

	Total SME loans (RM b)	Growth (% yoy)	Growth (% mom)	As a % of industry loans	SME GIL ratio (%)
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
Sep-23	352	2.7	1.1	16.9	3.14
Oct-23	354	2.7	0.6	16.9	3.13

SME data until Oct-23

Source: BNM, MIDFR

Fig 60: SME applications & approvals (3MA)

	Applications			Applications		
	3MA (RM b)	Growth (% yoy)	Growth (% mom)	3MA (RM b)	Growth (% yoy)	Growth (% mom)
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
Sep-23	34.7	0.7	0.6	16.5	3.7	3.9
Oct-23	35.3	0.9	0.1	18.2	16.4	9.8

SME data until Oct-23

Source: BNM, MIDFR

Income Statement

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

Balance Sheet

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

Valuations & Sector

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

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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