

BANKING

Maintain POSITIVE

Dec-23 Banking Stats: Loans Growth Exceed Forecasts

KEY INVESTMENT HIGHLIGHTS

- ▲ (1) Excellent return in loan growth, (2) Leading indicators hold steady, (3) Strong month-on-month rebound in business enterprise CASA, (4) Good asset quality outlook persists with improvements in several major categories
- ▼ (1) 2023's bond issuances much weaker than 2022's
- ▶ (1) Interest rates (both Conventional & Islamic) remain flattish
- **Maintain POSITIVE call: Most headwinds are in the past, with multiple upside possibilities upcoming; still room for upside for select picks**

Headed Where?	Most major headwinds seem to be in the past – we are keeping a close eye on multiple upside possibilities.
Strategy	While valuations have become less attractive in the past month, select picks still have room for upside.
Core Themes	<ol style="list-style-type: none"> ▲ Asset quality should continue improving – NCC profile looks good, with high probability of writeback. ▲ Watch post-CNY FD rate testing by banks – a large quantum of improvement could signify potential upside. ▲ Industry dividend outlook still excellent. ▶ Banks are relying heavily on government initiatives to push business loans in 2HCY24 – we are keeping an eye on a possible slowdown on the retail end.
Side Themes	<ol style="list-style-type: none"> ▲ CY24 OPEX growth should be more relaxed after a heavy CY23. ▶ More stable, but not necessarily better CY24 NOII outlook – better fee income outlook, forex volatility persisting for now and stable bond-book related income. ▼ Long-term concern: Thinning residential mortgage margins could see more banks escalate take-up of riskier unsecured or non-retail loans.

▲ **Loan growth** +5.3%yoy / +1.1%mom
FY23's loan growth ended above our 4.5-5.0% expectations. This was a sharp jump from Nov-23's 4.9%yoy growth.

- ▲ **Retail loans: +7.7%yoy / +0.7%mom**
 - Both hire purchase and residential mortgages showed steady sequential month growth.
- ▲ **Business loans: +2.6%yoy / +1.5%mom**
 - Working capital loans showed a huge +2.7%mom leap.

▲ **Leading indicators**

Applications and approvals hold (relatively) steady – though it's worth noting that sequential month growth was largely driven by an influx of personal loan applications – residential mortgages, hire purchase and working capital applications are trending downwards.

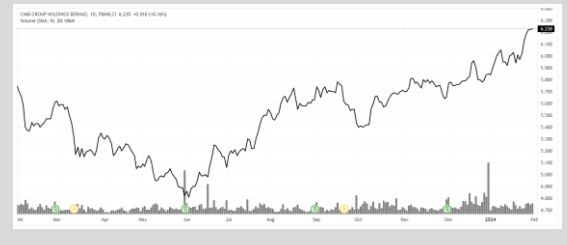
- **Approval rate: 50%.**

COMPANY IN FOCUS

CIMB

- Maintain **BUY** | Unchanged Target price: RM6.82
 Price @ 31 January 2024: RM5.85
- CIMB Niaga still going strong
 - Digital initiatives to come online soon
 - A strong 4QFY23 expected

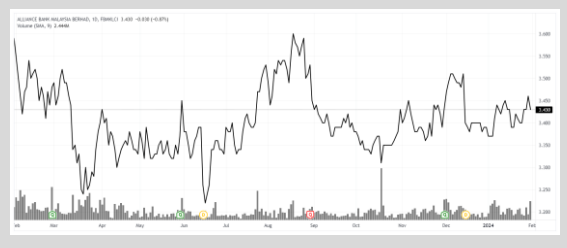
Share price chart



ABMB

- Maintain **BUY** | Unchanged Target price: RM4.08
 Price @ 31 January 2024: RM3.39
- Strong loan growth expected to persist
 - 2HFY24's OPEX outlook is good
 - Worst of asset quality issues are over (though provisioning may be high in certain quarters)

Share price chart



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▲ **Deposits** +4.6%yoy / +1.5%mom

Deposit growth also leapt significantly (from Nov-23's 4.6%yoy growth).

- ▼ **FD growth: +3.9%yoy / +0.1%mom**
 - FD growth was flattish on a mom basis.
- ▲ **CASA growth: +3.7%yoy / +1.7%mom**
 - CASA growth was significant – likely as result of banks maintaining their NIM optimisation measures of letting pricier FDs expire.
- **LCR: 161%.**
 - LCR shot up significantly, from 150% in the previous month.
- **Loan/Deposit ratio: 90.1%.**

▲ **GIL ratio** 1.65% / -4bps mom

Improvements were seen in most major asset groups – but construction saw a huge month-on-month increase.

- ▲ **Notable deteriorations, month-on-month:** Construction +23bps.
- ▼ **Notable improvements, month-on-month:** Working cap -8bps, Credit cards -13bps, Personal financing -8bps, Non-residential property -8bps, Securities -6bps.

Interest rates

Interest rates were very flattish on a mom basis.

- ► **FD rates (Conv.):** Flattish month-on-month.
- ► **FD rates (Isl.):** Flattish month-on-month.

Have a look at:

1. ▲ **Loan growth see a last-minute boost – blowing past our 4.5-5.0% growth expectations for the year.** While the usual retail drivers (residential mortgages, hire purchases, personal loans) remain steady, business loans have had an exceptional month – likely as result of further post-election drawdowns.
2. ▲ **Huge influx in personal loan applications.** Worth noting that we see a decline in loan applications in other core drivers such as mortgages, hire purchase and working capital categories. We worry that if this trend continues, we could see a slowdown in FY24 loan growth – though banks seem to be relying on government initiatives and large-scale infrastructure projects to prop up 2HCY24 loan growth.
3. ▲ **Huge mom rebound in CASA deposits by business enterprises.** This was the trend every December before the pandemic – this could finally be an indicator of normalisation in industry CASA trends.
4. ▲ **LCR has gone up to the high >160% range again.**
5. ► **Interest rates remain stable.** Both Conventional and Islamic interest rates remain largely stable, which is encouraging – so far banks have guided for end-year deposit competition being within expectations. We will be looking at the post-CNY period, where banks will be cutting rates – the quantum of which remains uncertain, and this will determine possible upside to topline.
6. ▼ **Bond/sukuk issuances 2023 end far weaker than 2022.** Do note pent-up demand in 2022. Meanwhile, 2023 also saw its fair share of economic uncertainty and a delay in drawdowns as businesses wait for post-election clarity.
7. ▼ **Huge deterioration in Construction GILs.** Construction GILs rose by +23bps mom – but note that banks have been guiding for volatility in this area, so this has most likely been provided for. Most other major segments saw very strong improvement.

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

Top downside risks include:

1. Lower than expected loan growth (especially on consumer end).
2. GILs continue to rise concerningly.

Top Picks: CIMB (BUY, TP: RM6.82) and ABMB (BUY, TP: RM4.08). (Our comprehensive list of sector picks is below).

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	9.26	9.28	0.2	110.8	12.1	11.3	1.3	1.2	10.5	10.9	6.6	7.1
CIMB	BUY	6.23	6.82	9.5	65.0	9.5	9.0	1.0	0.9	10.6	10.6	5.8	6.1
PBK	BUY	4.39	4.69	6.8	85.2	12.3	11.9	1.6	1.5	13.3	12.8	4.2	4.5
RHB	BUY	5.60	6.50	16.1	23.4	8.2	7.8	0.8	0.7	9.7	9.7	6.7	6.9
HLBK	BUY	19.20	21.38	11.4	39.3	9.8	9.2	1.1	1.0	11.4	11.2	3.6	3.8
HLFG	BUY	16.42	20.65	25.8	18.6	6.7	6.2	0.6	0.6	10.0	10.0	3.0	3.2
AMMB	BUY	4.24	4.23	-0.2	17.7	10.4	9.3	0.9	0.8	9.0	9.4	4.2	4.7
BIMB	NEUTRAL	2.24	2.29	2.2	5.4	10.3	9.0	0.7	0.7	7.4	8.0	6.6	6.7
AFFIN	SELL	2.63	1.71	-35.0	5.7	12.7	10.0	0.5	0.5	4.1	5.1	2.3	2.9
ABMB	BUY	3.43	4.08	18.9	5.3	8.1	7.5	0.7	0.7	9.4	9.6	6.2	6.7
Simple avg (ex-HLFG)						10.4	9.4	0.9	0.9	9.5	9.7	5.1	5.5
Weighted avg (ex-HLFG)						11.0	10.3	1.2	1.1	11.0	11.0	5.4	5.7

*Closing prices from 31 Jan 2024.

*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 (%)				
	Dec-23	Nov-23	Oct-23	Sep-23	(%)	Dec-23	Nov-23	Oct-23	Sep-23	
Total loans	5.3	4.9	4.0	4.3	5.3	1.1	0.8	0.3	0.8	
Retail loans	7.7	7.7	7.7	7.5	7.7	0.7	0.7	0.7	0.8	
Business loans	2.6	1.7	-0.0	0.9	2.6	1.5	0.9	-0.2	0.8	
SME*	-	3.3	2.7	2.7	3.5	-	0.9	0.6	1.1	
Deposits + repo	5.6	5.3	4.3	4.3	5.6	1.3	0.4	0.4	1.2	
Total deposits	4.6	3.5	2.8	2.4	4.6	1.5	0.3	0.6	0.9	
CASA	3.7	1.2	0.1	-0.7	3.7	1.7	0.8	0.9	0.7	
FD	3.9	5.6	6.1	6.8	3.9	0.1	-0.0	-0.5	0.7	
Total provisions	-5.1	-8.5	-8.1	-7.7	-5.1	-2.0	1.4	-0.4	-2.0	
Total GIL	0.8	-3.3	-2.7	-1.5	0.8	-1.1	-0.4	-0.5	-2.6	
Leading indicators										
3MA applications	21	15	15	4	0	-3	-6	4	5	
Retail	21	11	7	2	21	5	-4	1	-1	
Business	21	19	23	7	21	-11	-8	7	12	
3MA approvals	13	7	4	-2	0	-5	-7	5	6	
Retail	12	12	10	3	12	-5	-7	2	-1	
Business	14	3	-1	-6	14	-5	-7	8	12	
	Dec-23	Nov-23	Oct-23	Sep-23	Dec-22	Period	Forecast	Formerly		
Interest spread	2.73	2.77	2.76	2.76	2.46	Loan growth	CY24 4.5-5.0%			
Loan approval rate	50	51	54	53	52	GDP	CY24 4.7%			
SME approval rate*	-	55	68	46	53	OPR	CY24 3.00%			
GIL ratio	1.65	1.69	1.70	1.72	1.72					
SME GIL ratio*	-	3.12	3.13	3.14	2.88					
LLC ratio	92	93	91	91	98					
CASA ratio	31.0	31.0	30.8	30.7	31.3					
Loan/Deposit ratio	90.1	90.5	90.1	90.3	89.5					
Liquidity coverage ratio	161	150	151	152	154					
CET 1	14.6	14.5	14.4	14.5	15.0					
Tier 1 Capital	15.2	15.0	14.9	15.1	15.6					
Total Capital	18.2	18.1	18.1	18.2	18.8					

*SME data until Nov-23

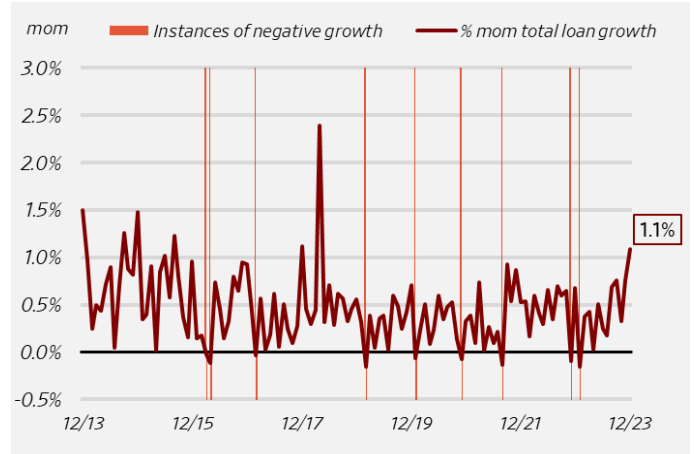
Source: BNM, MIDFR

Fig 2: yoy System loans



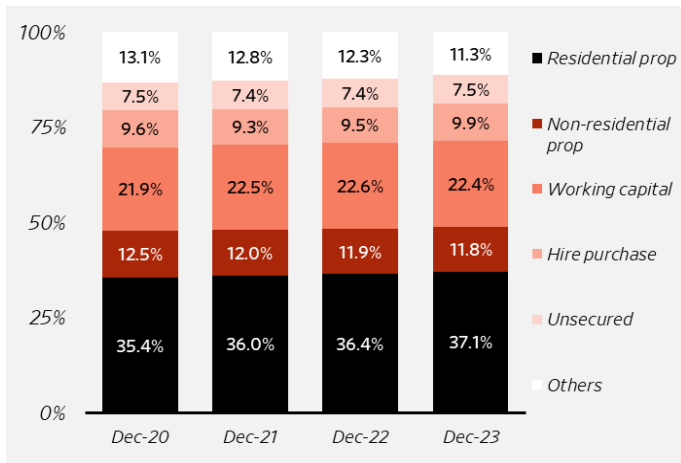
Source: BNM, MIDFR

Fig 3: mom System loans



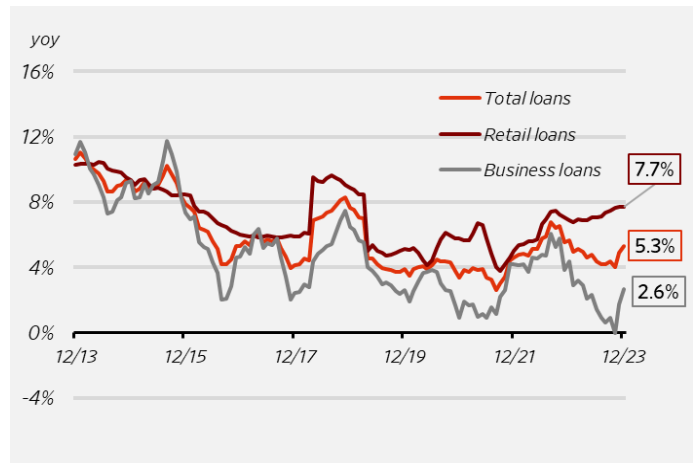
Source: BNM, MIDFR

Fig 4: Loan breakdown by type



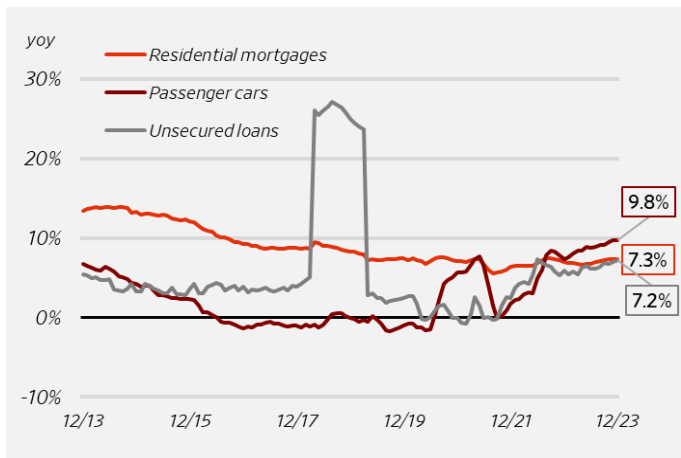
Source: BNM, MIDFR

Fig 5: Retail & business loan growth



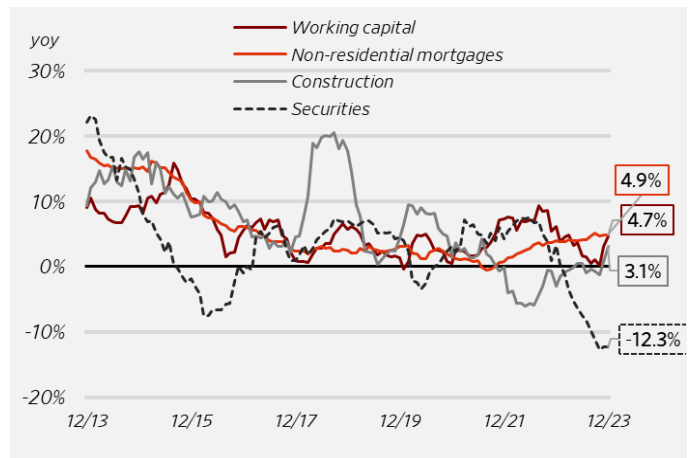
Source: BNM, MIDFR

Fig 6: Retail loan constituents



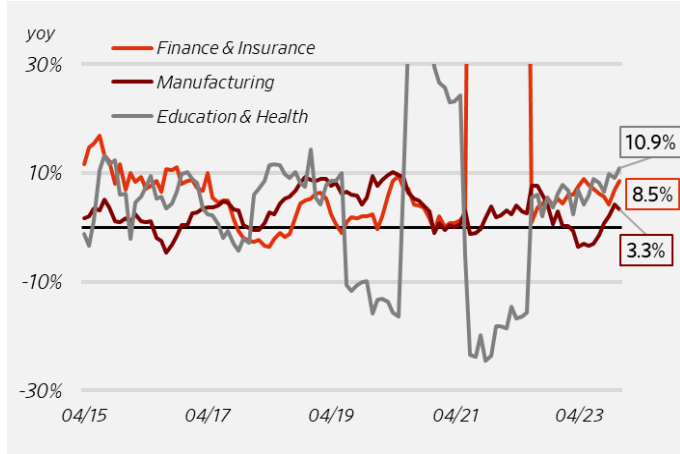
Source: BNM, MIDFR

Fig 7: Business loan constituents



Source: BNM, MIDFR

Fig 8: Loan growth of other sectors



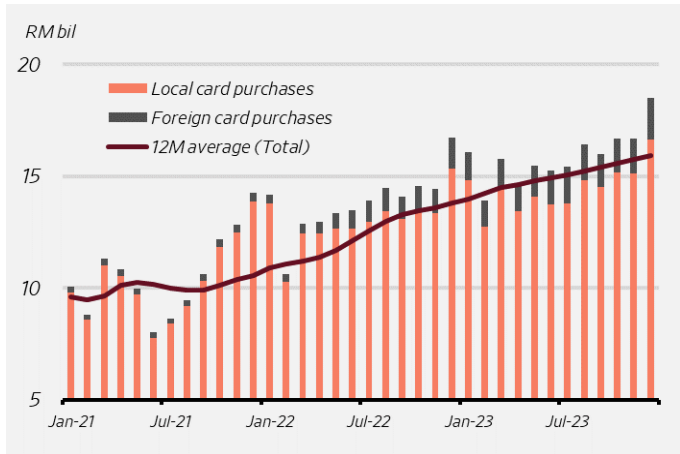
Source: BNM, MIDFR

Fig 9: Residential loans by segment



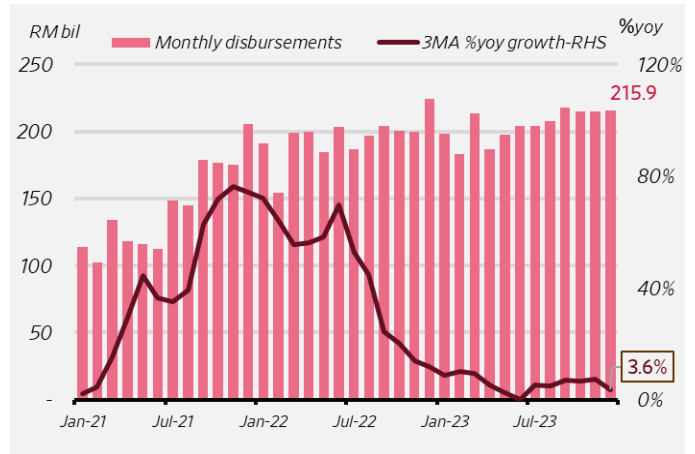
Source: BNM, MIDFR

Fig 10: Credit card purchases



Source: BNM, MIDFR

Fig 11: Monthly loan disbursements

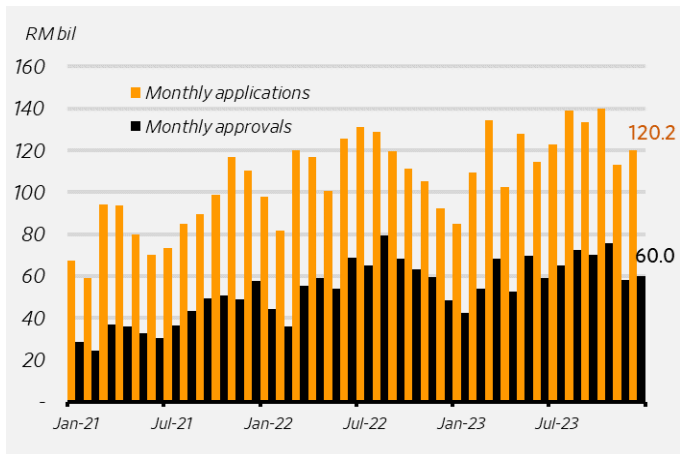


Source: BNM, MIDFR

B. LEADING INDICATOR TRENDS

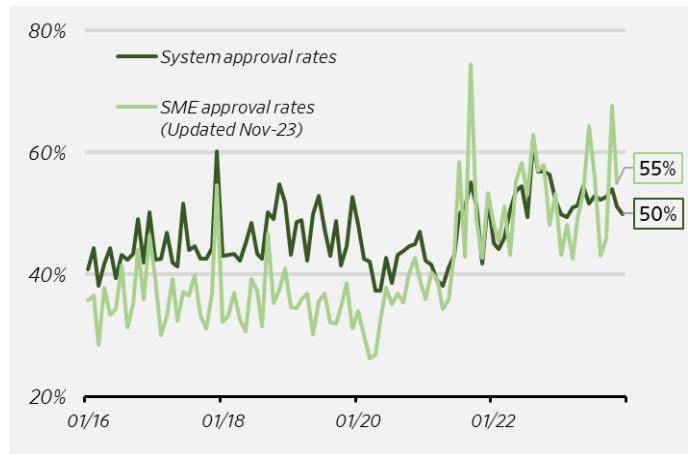
Heatmaps visible here: [\(link\)](#)

Fig 12: Monthly applications & approvals



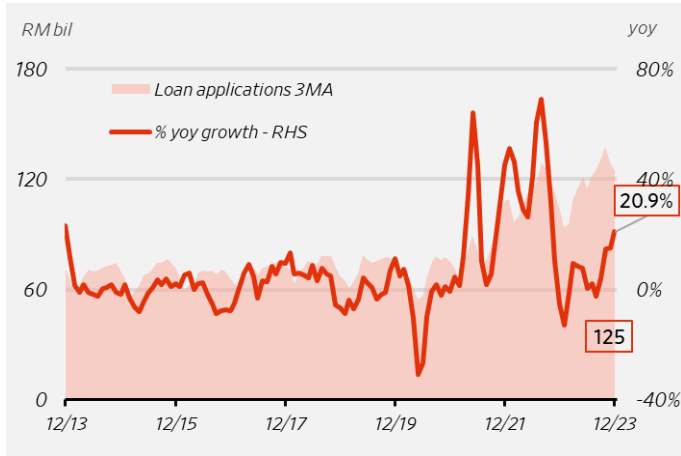
Source: BNM, MIDFR

Fig 13: System & SME approval rates



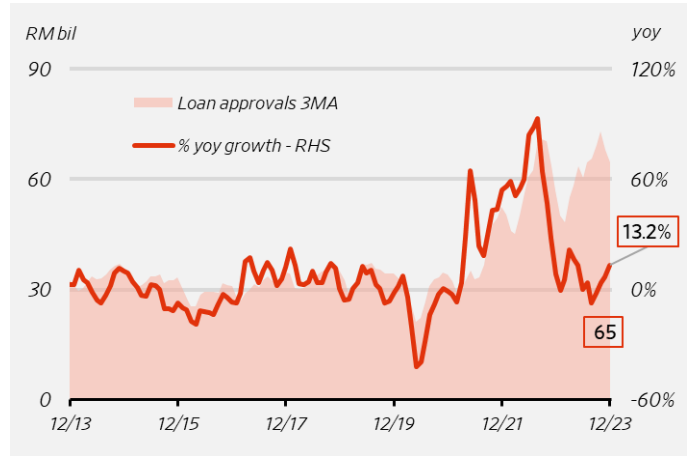
Source: BNM, MIDFR

Fig 14: Loan applications (3-mth average)



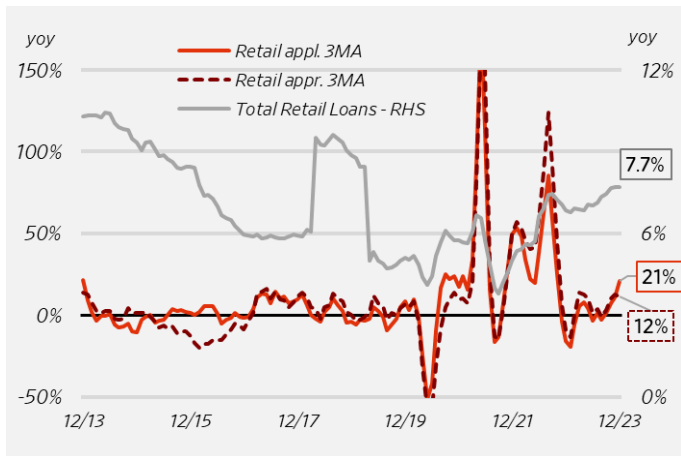
Source: BNM, MIDFR

Fig 15: Loan approvals (3-mth average)



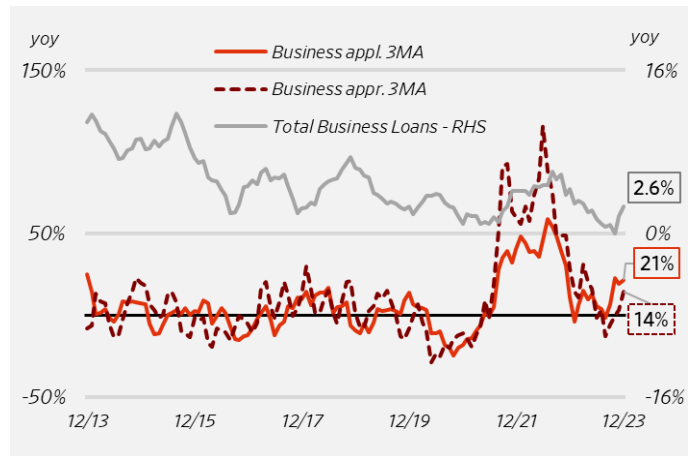
Source: BNM, MIDFR

Fig 16: Retail loan indicators



Source: BNM, MIDFR

Fig 17: Business loan indicators

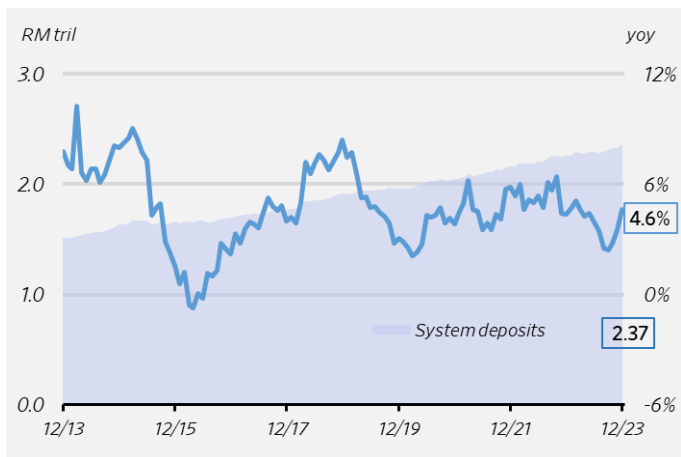


Source: BNM, MIDFR

C. DEPOSITS & LIQUIDITY

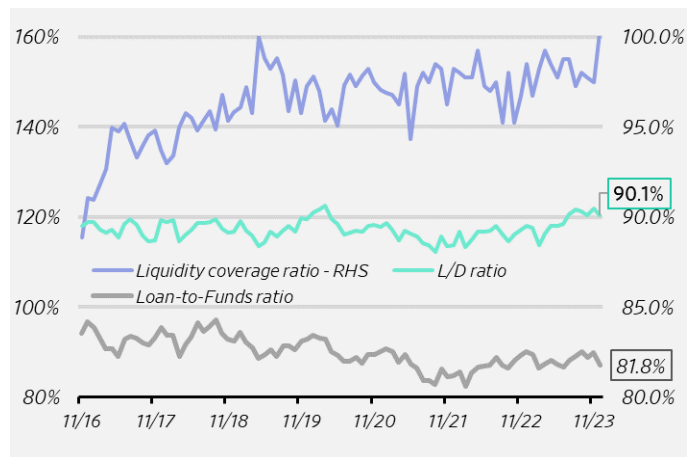
Heatmaps visible here: [\(link\)](#)

Fig 18: yoy System deposits



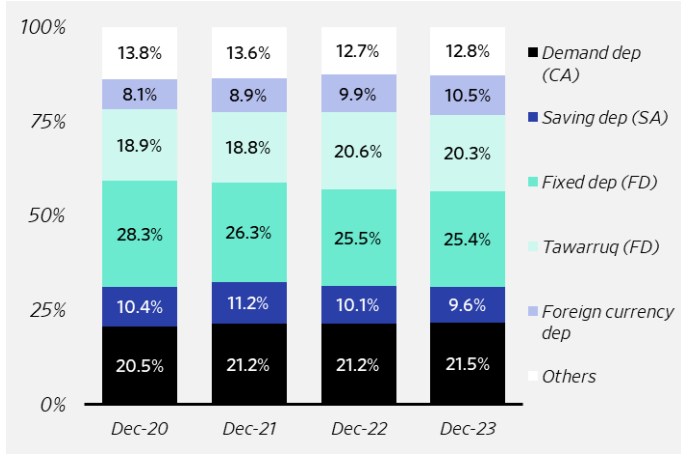
Source: BNM, MIDFR

Fig 19: LCR, LDR & LTF ratio



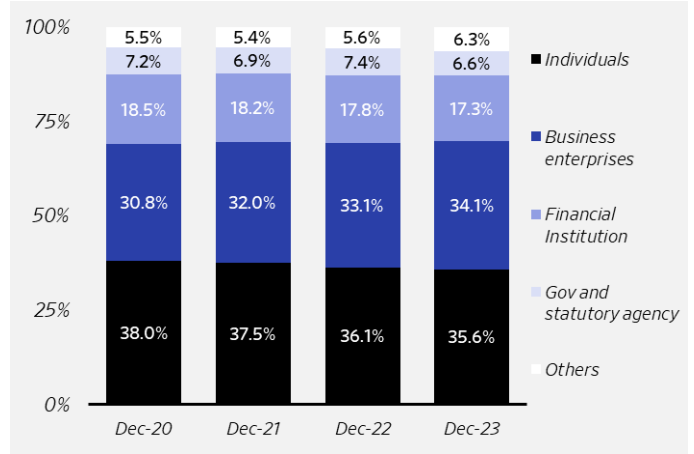
Source: BNM, MIDFR

Fig 20: Deposit breakdown by type



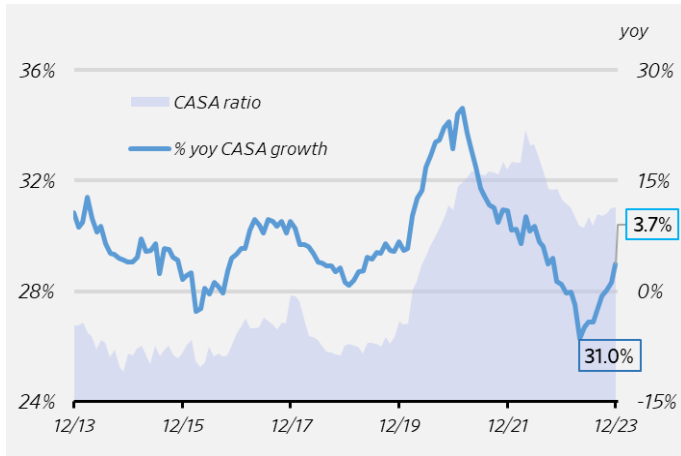
Source: BNM, MIDFR

Fig 21: Deposit breakdown by holder



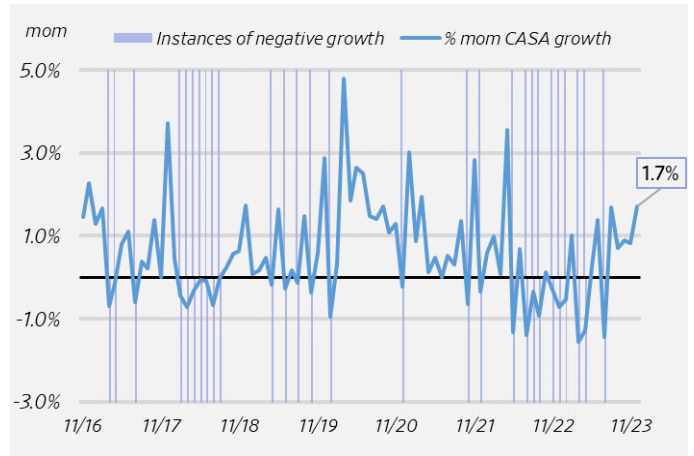
Source: BNM, MIDFR

Fig 22: CASA ratio and yoy growth



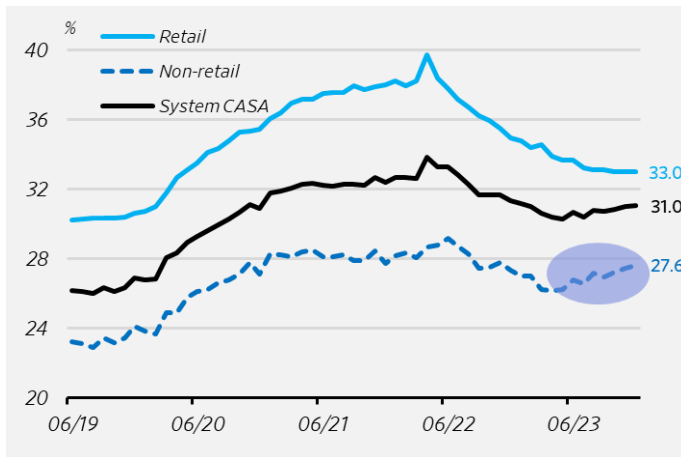
Source: BNM, MIDFR

Fig 23: mom CASA growth



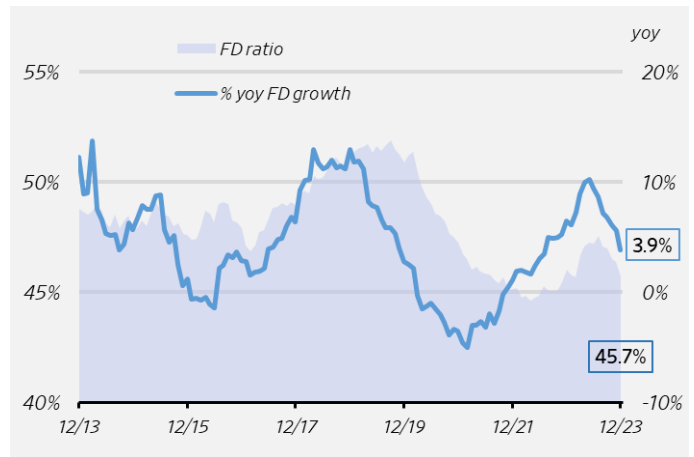
Source: BNM, MIDFR

Fig 24: CASA ratio by holder



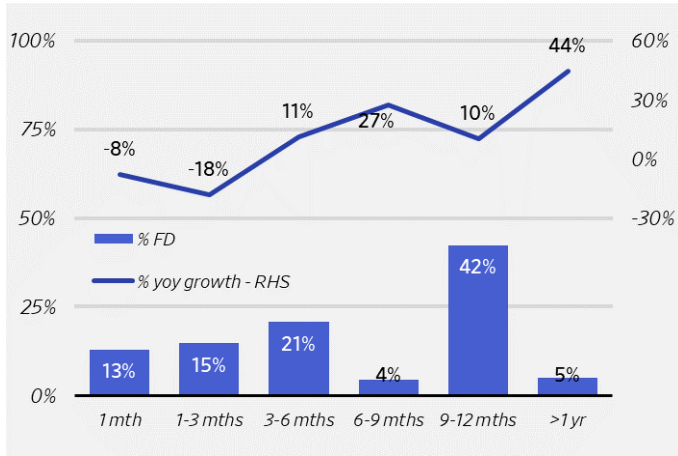
Source: BNM, MIDFR

Fig 25: FD ratio and yoy growth



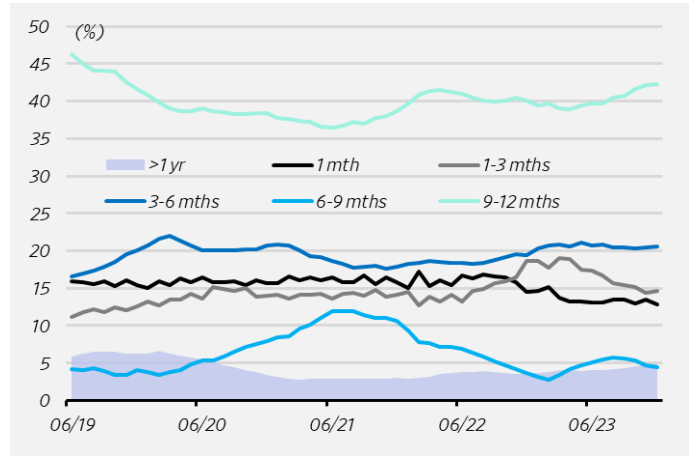
Source: BNM, MIDFR

Fig 26: FD by maturity brackets and yoy growth



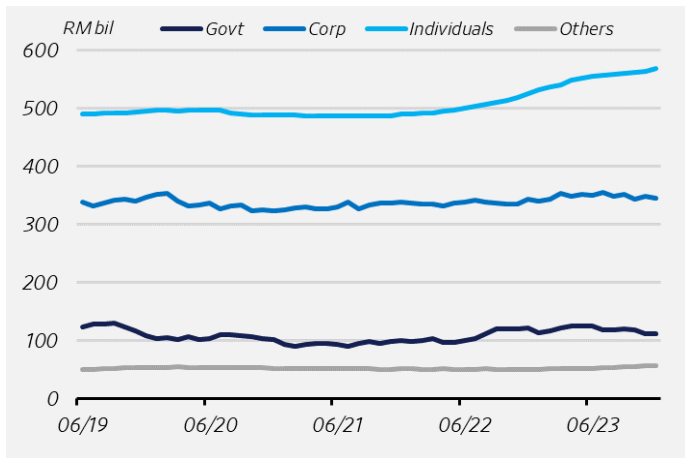
Source: BNM, MIDFR

Fig 27: FD by maturity brackets (% Proportion)



Source: BNM, MIDFR

Fig 28: FD by depositor

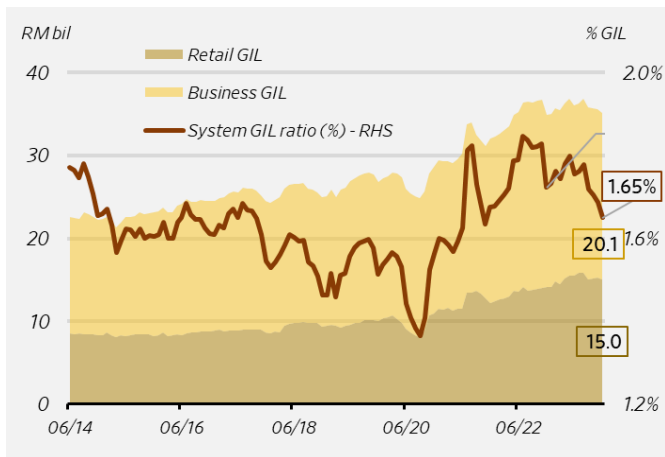


Source: BNM, MIDFR

D. ASSET QUALITY & PROVISIONING

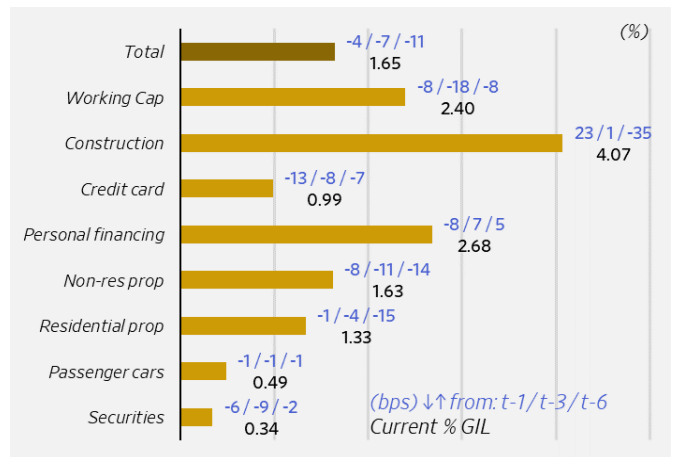
Heatmaps visible here: [\(link\)](#)

Fig 29: System gross impaired loans



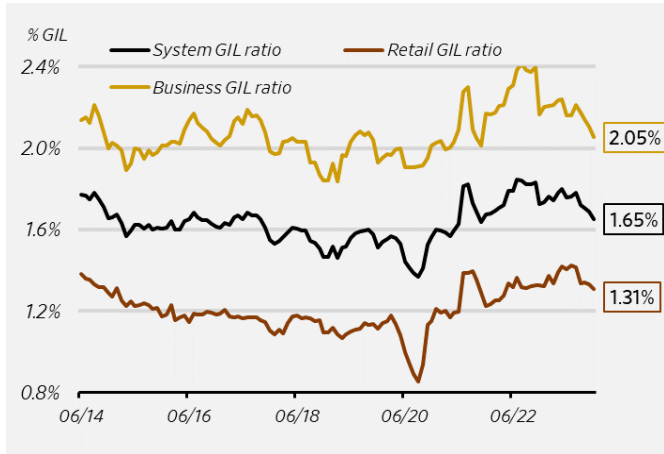
Source: BNM, MIDFR

Fig 30: Segmental GIL ratio changes



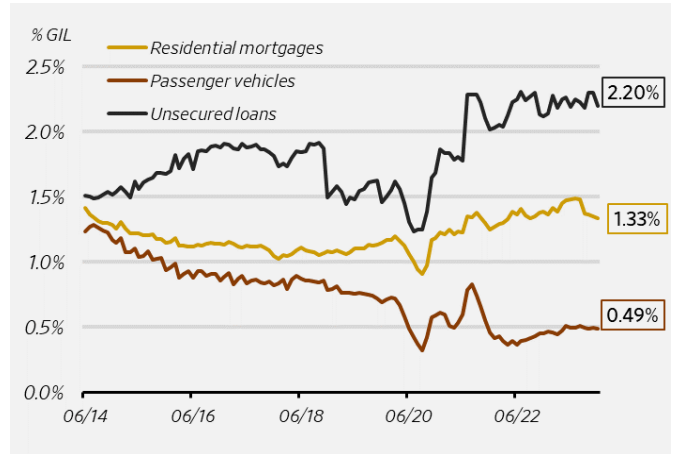
Source: BNM, MIDFR

Fig 31: System, Retail, Business GIL ratios



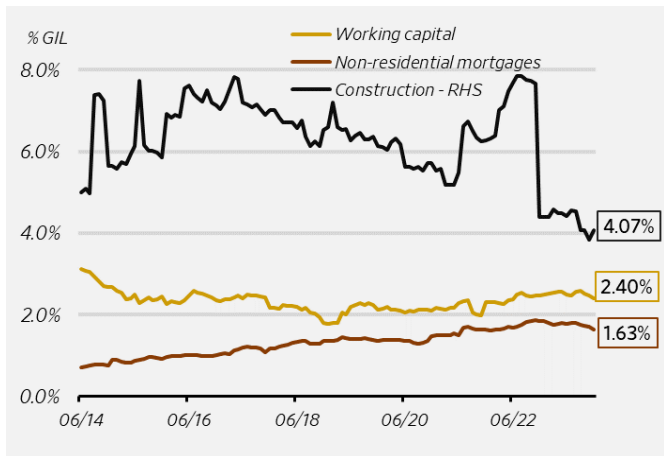
Source: BNM, MIDFR

Fig 32: Retail GIL ratios



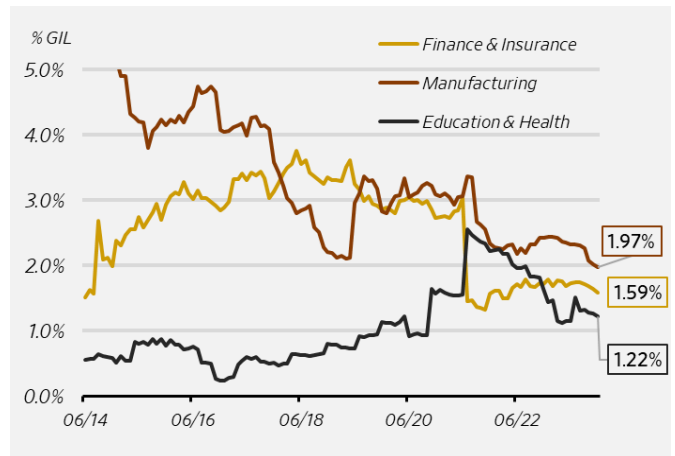
Source: BNM, MIDFR

Fig 33: Business GIL ratios



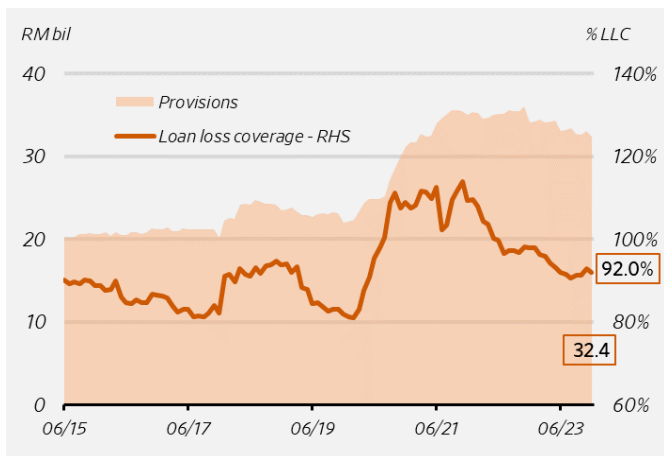
Source: BNM, MIDFR

Fig 34: GIL ratios of other sectors



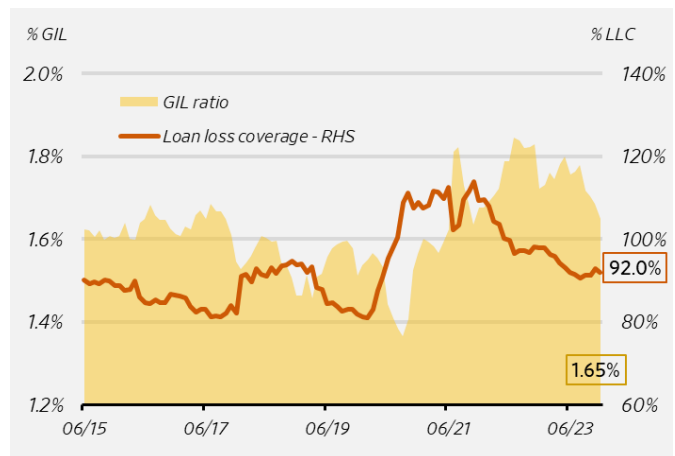
Source: BNM, MIDFR

Fig 35: Provisions & loan loss coverage



Source: BNM, MIDFR

Fig 36: LLC & GIL ratio relationship

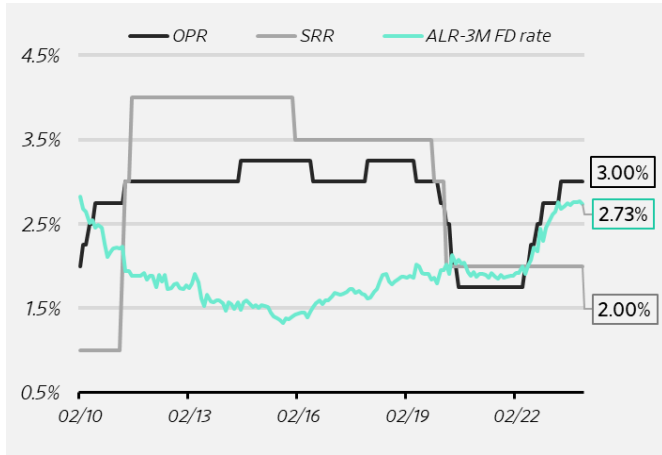


Source: BNM, MIDFR

E. INTEREST SPREAD AND CAPITAL

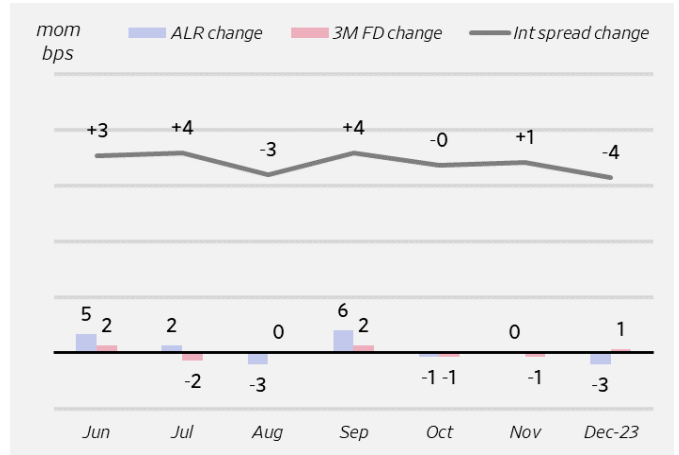
Heatmaps visible here: [\(link\)](#)

Fig 37: Interest spread, OPR, SRR



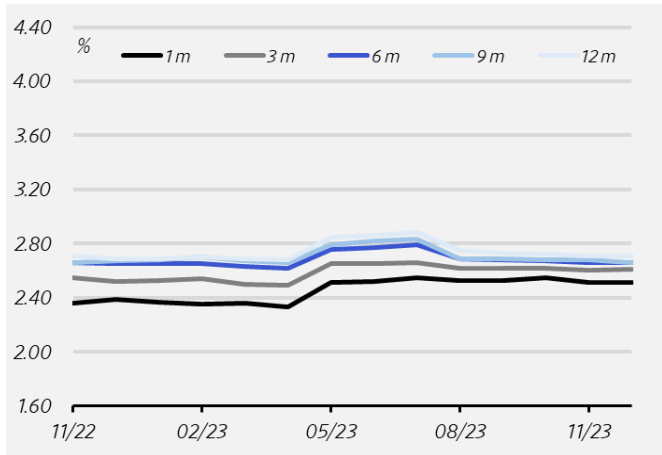
Source: BNM, MIDFR

Fig 38: mom Changes in Interest spreads



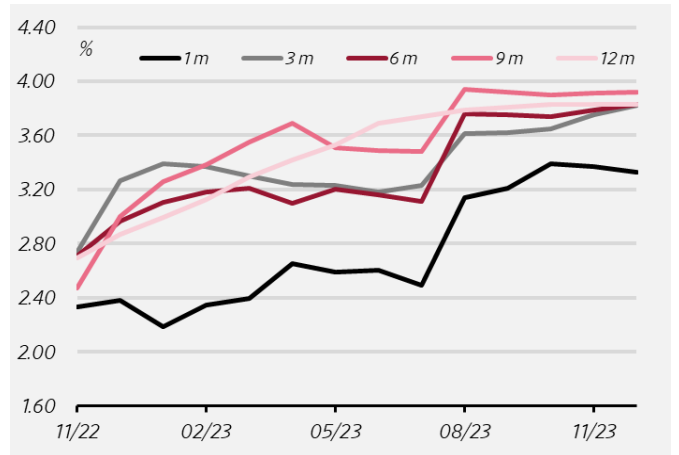
Source: BNM, MIDFR

Fig 39: Weighted avg Conv. FD rates by bracket



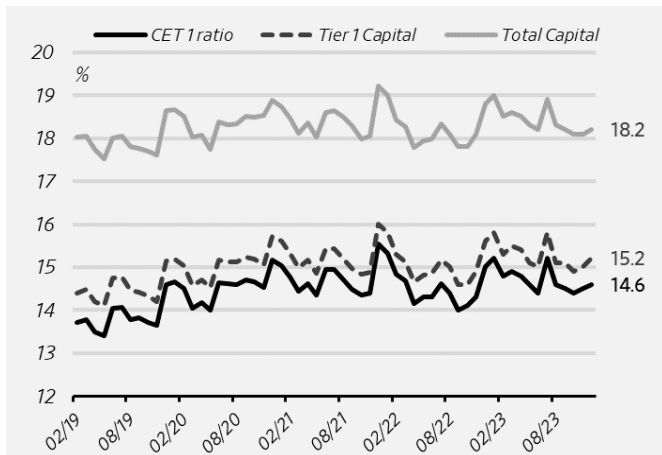
Source: BNM, MIDFR

Fig 40: Weighted avg Isl. FD rates by bracket



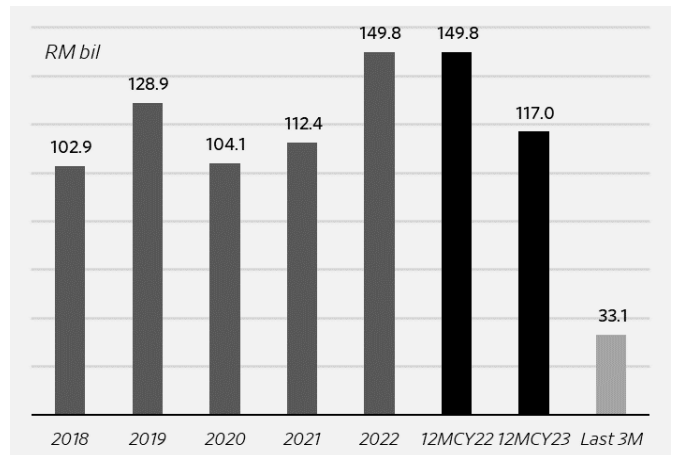
Source: BNM, MIDFR

Fig 41: Capital ratios



Source: BNM, MIDFR

Fig 42: Bond/Sukuk issuances

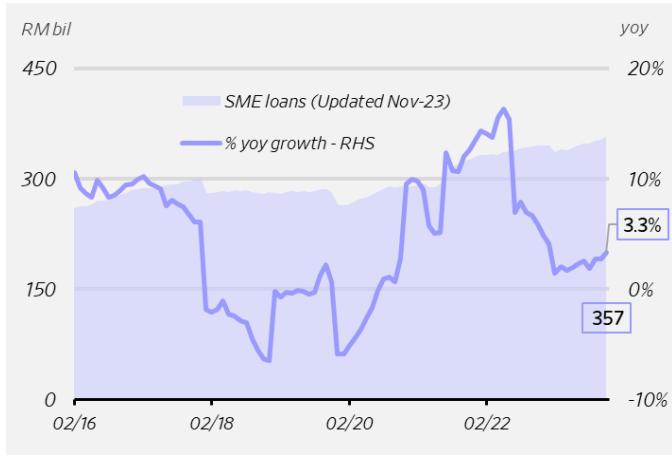


Source: BNM, MIDFR

F. SME DATA

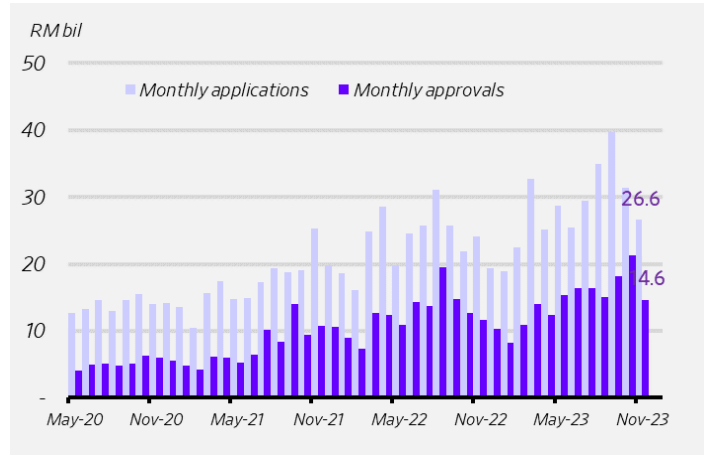
Heatmaps visible here: [\(link\)](#)

Fig 43: SME loans



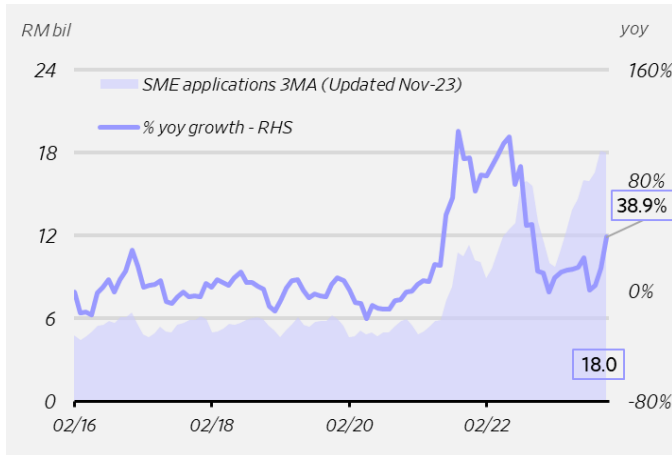
Source: BNM, MIDFR

Fig 44: SME Monthly leading indicators



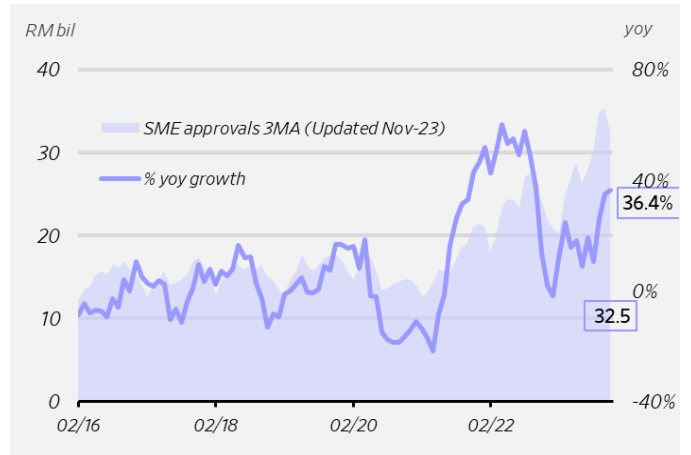
Source: BNM, MIDFR

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



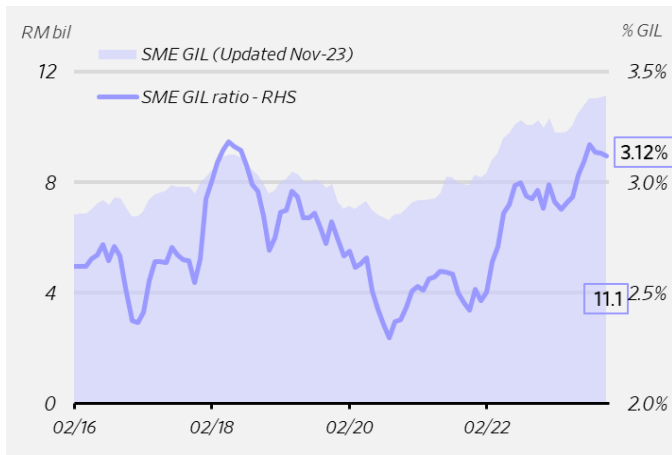
Source: BNM, MIDFR

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



Source: BNM, MIDFR

Fig 47: SME GILs



Source: BNM, MIDFR

G. 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
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
Dec-23	2.13	5.3	1.1	7.7	0.7	54.0	2.6	1.5	46.0

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
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
Dec-23	7.3	9.7	7.2	4.7	4.9	3.1	-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
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
Dec-23	0.6	0.7	7.2	2.3	0.5	-0.4	1.0

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)
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
Dec-23	124.5	20.9	-3.4	64.5	13.2	-5.0

Source: BNM, MIDFR

Fig 52: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
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	54.9
Dec-23	49.9	34.3	71.8	-

*SME data until Nov-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
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
Dec-23	13	25	39	7	28	34	24

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
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
Dec-23	11	19	-2	4	5	20	55

Source: BNM, MIDFR

Fig 55: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Dec-23	2,486	5.6	1.3	90.1

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 (%)
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
Dec-23	734	3.7	1.7	31.0	1,081	3.9	0.1	45.7

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 (%)
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
Dec-23	2,131.5	-1.1	1.65	32.4	92

Source: BNM, MIDFR

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

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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
Dec-23	5.45	2.72	2.73

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 (%)
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
Nov-23	357	3.3	0.9	16.9	3.12

SME data until Nov-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)
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
Nov-23	32.5	0.9	1.3	18.0	38.9	-0.8

SME data until Nov-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