BANKING

***Maintain* POSITIVE**

Aug-22 Banking Stats: Loan growth stronger than ever

KEY INVESTMENT HIGHLIGHTS

- **The banking sector can look to high loan growth, more stable credit costs and further OPR hikes as future earnings drivers**
- **Solid leading indicators bode well for the mid-term outlook**
- **In addition to this, dividend yields are attractive, with several >4% in FY22/23**
- **Be wary of numerous headwinds: deposit competition, potential asset quality issues and rising competition within the SME loan space**
- **Maintain POSITIVE call on sector**

Monthly highlights:

1. **Loan growth even higher.** Industry loan growth rose by +6.8%yoy, the strongest performance since pre-pandemic times. Expect the trend to continue as borrowers continue locking in loan before the full normalization of OPR
2. **Retail loans accelerate even further to +7.4%yoy.** Residential mortgages were core driver, with strong showings by unsecured loans. Note that hire purchase numbers could have easily been much higher, if not for lack of vehicle supply acting as a bottleneck.
3. **Business loans skyrocket to +6.1%yoy.** Working capital loans leapt to +9.4%yoy. Expect this trend to continue with the reopening of borders driving trade, as well as a less volatile bond environment offering incentive to corporates to drawdown.
4. **Leading indicators strong as ever.** Both loan applications and approvals remain well above that of recent years. System approval rates hit a new high of 61%.
5. **SME loan approval up a tier.** SME loan rates have moderated past >55% in recent months (pre-pandemic range: 35-40%), as banks scramble for a stake in this attractive segment. We see rising competition in this space.
6. **Deposit rates grew at stellar +7.5%yoy.** This was largely driven by strong FD rates, as CASA contracted by -0.3%mom. Note that CASA is sticky, leading to minimal rundown despite rising OPR.
7. **GIL ratio and provisions flattish.** System GIL ticked downwards by -1bps mom to 1.84%. Provisioning has only inched upwards slightly from that of previous quarter – shaping up for banks to have healthy credit costs in following quarter.
8. **Interest spread widens by +14bps mom.** Average lending yields saw sizeable jump after OPR hike, while deposit rates have yet to fully adjust.
9. **Possible SRR hike in Jan-23?** With sufficient liquidity to support banking activity now, we expect BNM to raise SRR by +50bps in Jan-23. This comes as SRR flexibility to be put into government bonds will end by Dec-22.

COMPANY IN FOCUS

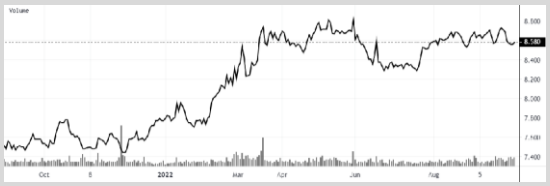
Maybank

Maintain **BUY** | Unchanged Target price: RM10.41

Price @ 30 September 2022: RM8.58

- Excellent FY22 dividend yield of 6.6%
- ESG industry leader, with presence in multiple regions
- FD paring exercises in foreign segments should result in lower cost of funds

Share price chart



CIMB Group

Maintain **BUY** | Unchanged Target price: RM6.16

Price @ 30 September 2022: RM5.13

- Regional presence offers buffer to country-specific pressures
- Proxy to lucrative, funding-rich Indonesian market
- Thai and Indonesian commercial loan rundown close to end, removing loan contraction pressure

Share price chart

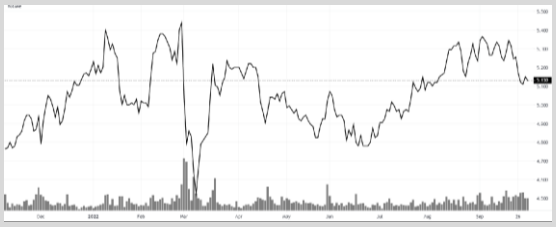


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EXHIBIT 1: CORE FIGURES

	Growth rates yoy (%)			
	Aug-22	Jul-22	Jun-22	May-22
Total loans	6.8%	5.9%	5.7%	5.1%
Retail loans	7.4%	6.9%	6.6%	5.7%
Business loans	6.1%	4.7%	4.8%	4.5%
Leading indicators				
3MA applications	69.4%	60.9%	41.4%	26.3%
Retail	85.3%	62.3%	38.0%	19.9%
Business	54.6%	59.3%	46.1%	35.9%
3MA approvals	92.5%	88.2%	84.1%	59.8%
Retail	125.2%	88.9%	58.9%	41.5%
Business	72.5%	87.5%	115.8%	83.8%
Total deposits	7.5%	6.2%	6.6%	6.1%
CASA	6.1%	6.7%	8.8%	8.1%
FD	5.0%	3.5%	3.0%	2.3%
Total provisions	1.2%	1.8%	3.6%	7.5%
Total GIL	7.6%	7.9%	16.5%	18.1%

	Growth rates mom (%)			
	Aug-22	Jul-22	Jun-22	May-22
Total loans	0.7%	0.3%	0.7%	0.3%
Retail loans	0.6%	0.5%	0.7%	0.3%
Business loans	0.8%	0.1%	0.7%	0.2%
Total deposits	1.3%	0.1%	0.8%	0.2%
CASA	-0.3%	-1.4%	0.7%	-1.3%
FD	0.7%	1.1%	0.7%	0.6%
Total provisions	1.1%	-0.1%	0.6%	0.8%
Total GIL	0.2%	3.5%	0.7%	4.2%

Other ratios	Aug-22	Jul-22	Jun-22	May-22
Interest spread	2.22%	2.08%	2.00%	1.91%
Loan approval rate	61.0%	49.2%	54.4%	53.5%
SME approval rate	58.6%	56.9%	53.3%	49.4%
GIL ratio	1.84%	1.85%	1.79%	1.79%
LLC ratio	97%	96%	100%	100%

Other ratios	Aug-22	Jul-22	Jun-22	May-22
CASA ratio	32.3%	32.8%	33.3%	33.3%
Loan/Deposit ratio	89.0%	89.5%	89.3%	89.2%
CET 1	14.4%	14.6%	14.3%	14.3%
Tier 1 Capital	15.0%	15.2%	14.9%	14.8%
Total Capital	18.1%	18.3%	18.0%	17.9%

Metric	for	Our forecast	Previously
System loan growth	CY22	5.7-6.0%	
GIL ratio	CY22	<2.1% (↑)	<1.8%

Metric	for	Our forecast	Previously
OPR	CY22	2.75%	
SRR	CY22	2.00%	

Source: BNM, MIDFR

A. System Loans and Constituents

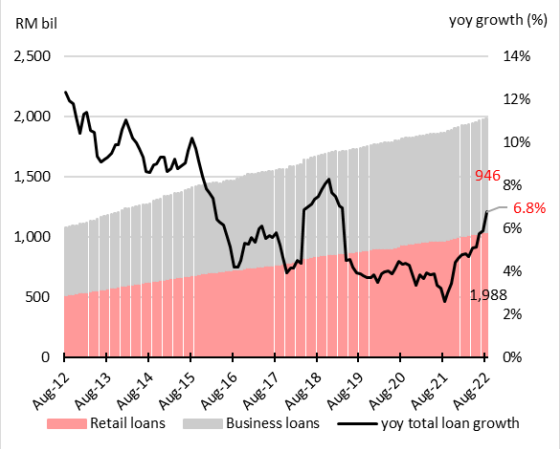
Heatmaps visible here: (link)

Loan growth accelerates even further. Aug-22 saw total loan growth rise by +6.8%yoy, the highest value since Mar-19 (though note the base effects of weaker growth during the pandemic). Both retail and business loans have reported its best year-on-year growth since pre-pandemic times, spurred on by: (1) Borrowers locking in loans before full normalization of OPR, (2) The reopening of international borders driving trade, (3) Less volatile bond yields offer a more conducive environment for corporates to proceed with drawdowns (especially in the case of banks with regional exposure). We expect loan growth to taper down in 1HCY23, with less cheap liquidity following further OPR hikes.

Retail loans grow even stronger… Retail loans grew by an excellent +7.4%yoy – with residential mortgages serving as the core driver, supported by steady hire purchase and unsecured (credit card + personal) loans. While residential mortgages and unsecured loans showed more impressive year-on-year results, hire purchase loans beat them out on a mom basis. We believe that the impressive backlog of vehicles implies that hire purchase numbers could have been a lot higher, with the lack of vehicle supply acting as a bottleneck.

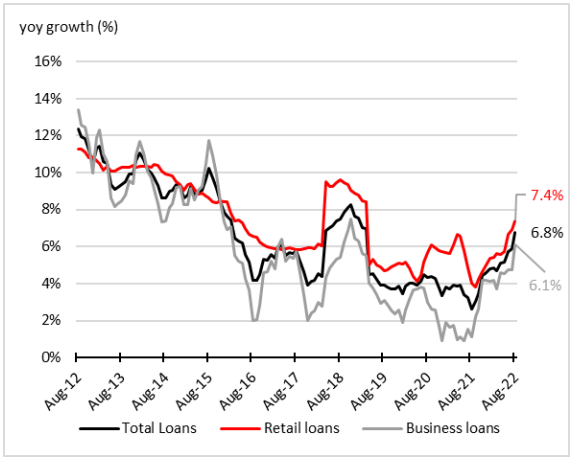
…but business loans skyrocket upwards. Business loans flew to +6.1%yoy [Jul-22: +4.7%yoy], as working capital loans leap to +9.4%yoy. Aside from recovering economic activity, we observed recent high SME loan approval rates – the most affected sector from the MCOs – contributing to the trend.

EXHIBIT 2: SYSTEM LOANS



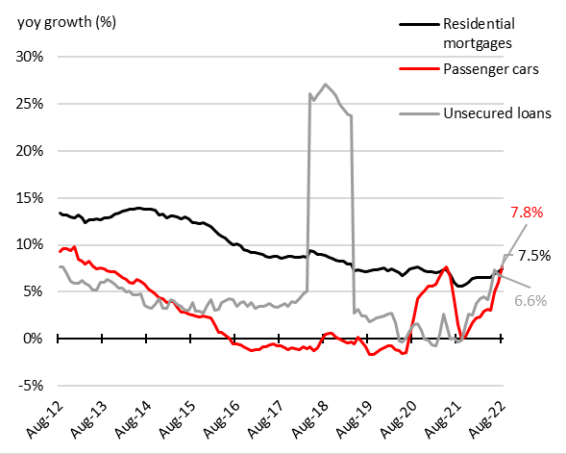
Source: BNM, MIDFR

EXHIBIT 3: RETAIL & BUSINESS LOAN GROWTH



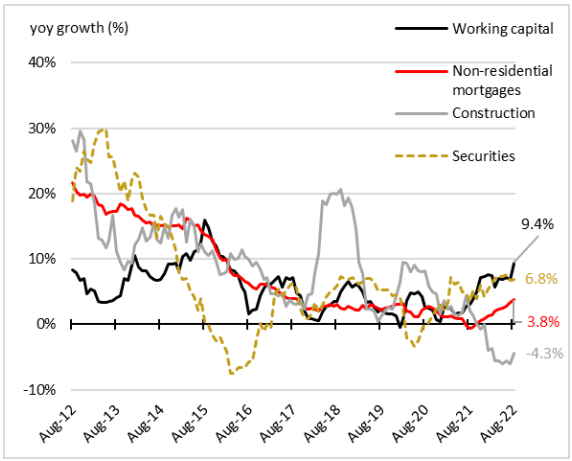
Source: BNM, MIDFR

EXHIBIT 4: RETAIL LOAN CONSTIUTENTS



Source: BNM, MIDFR

EXHIBIT 5: BUSINESS LOAN CONSTITUENTS



Source: BNM, MIDFR

B. Leading Indicator Trends

Heatmaps visible here: (link)

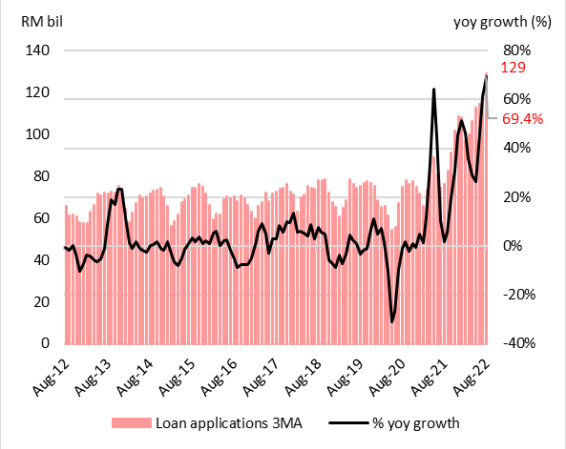
Indicators stronger than ever. Aug-22 loan applications and approvals remain well above pandemic figures, signifying a strong mid-term outlook for the industry. On the retail end, hire purchase and unsecured loans were the standouts, with recent months reporting year-on-year growth figures x4-6 times higher than that of the beginning of CY2022. Residential mortgages showed relatively stable numbers in comparison.

Business loan indicators also saw more stable figures in the month, with working capital, construction and non-residential showing more steady improvement.

Approval rates hits uncharted territory, SME figures well above pre-pandemic levels. System loan approval rate leapt to 61.0% in Aug-22 (possibly a new high!). We take this as a firm indicator that bank's risk appetite has made good recovery progress, though we believe banks will remain largely reasonable.

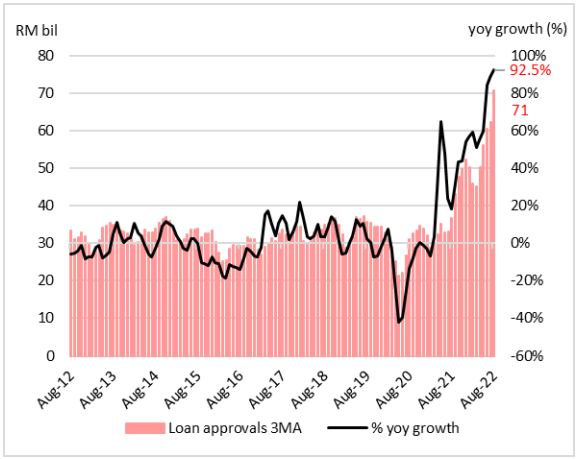
Interestingly, several banks have deployed high SME segment loan growth strategies due more attractive yields. As a result, SME loan approval rates have moderated to >55% in recent months – well above the 35-40% region in pre-pandemic times. We see competition brewing within this space, and we are wary of the additional risk that warrants the higher yields.

EXHIBIT 6: APPLICATIONS (3-M MOVING AVERAGE)



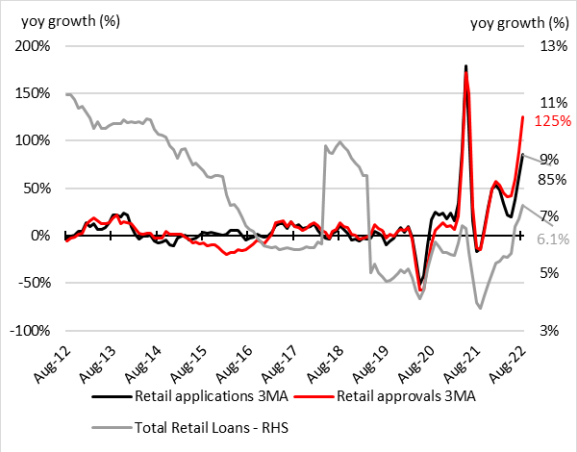
Source: BNM, MIDFR

EXHIBIT 7: APPROVALS (3-M MOVING AVERAGE)



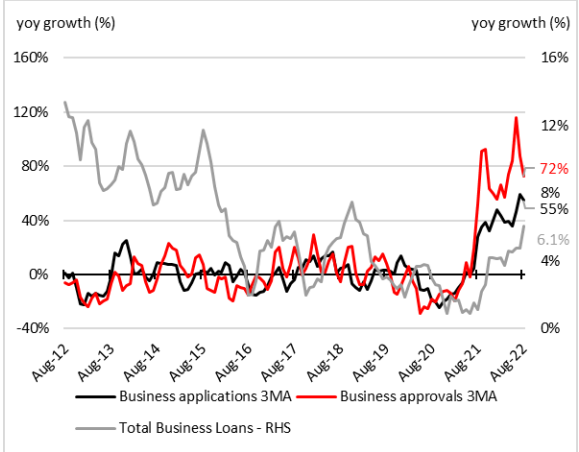
Source: BNM, MIDFR

EXHIBIT 8: RETAIL LOAN INDICATORS



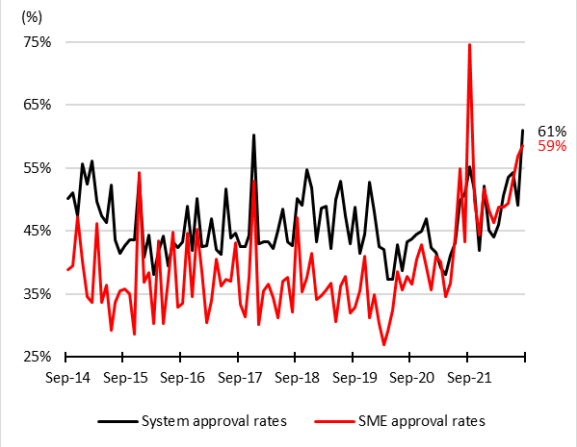
Source: BNM, MIDFR

EXHIBIT 9: BUSINESS LOAN INDICATORS



Source: BNM, MIDFR

EXHIBIT 10: SYSTEM & SME APPROVAL RATES



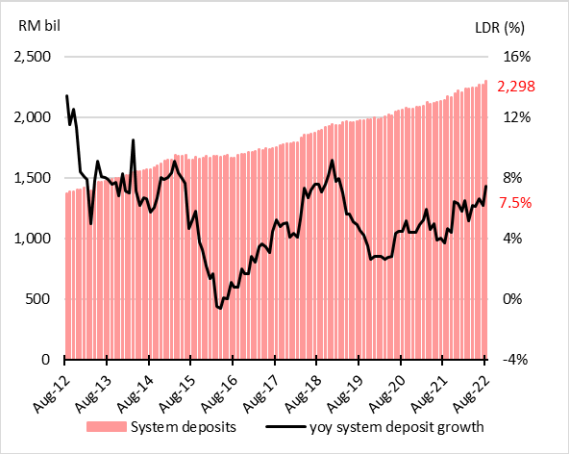
Source: BNM, MIDFR

C. Deposits

Heatmaps visible here: (link)

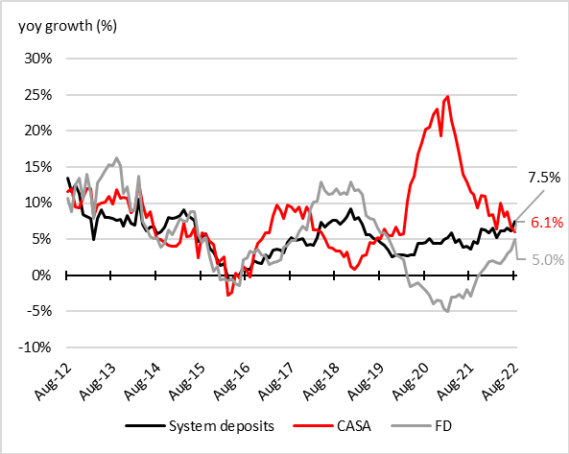
Market still rich with liquidity. Aug-22 deposit growth jumped to a stellar +7.5%yoy, largely driven by strong FD growth (+5.0%yoy, +0.7%mom) following the recent OPR hikes. This was offset by tapering CASA growth, which contracted -0.3%mom (+6.1%yoy). CASA ratio remains sticky, keeping cost of funds low to the bank's benefit, despite rising economic activity. It has contracted over the past months to 32.3% which was still much better than pre-pandemic numbers. Loan/deposit ratio remained stable at 89.0%.

EXHIBIT 11: SYSTEM DEPOSITS



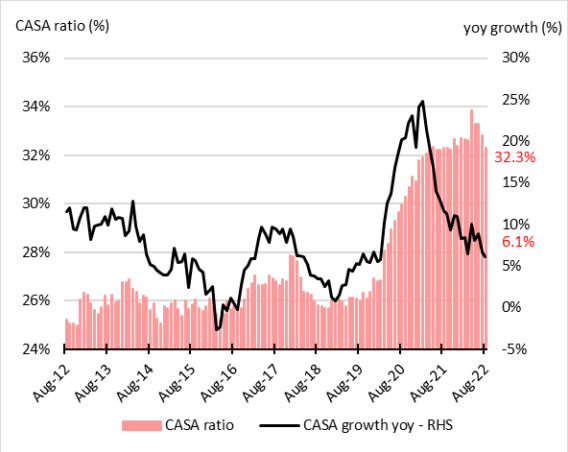
Source: BNM, MIDFR

EXHIBIT 12: CASA & FD GROWTH



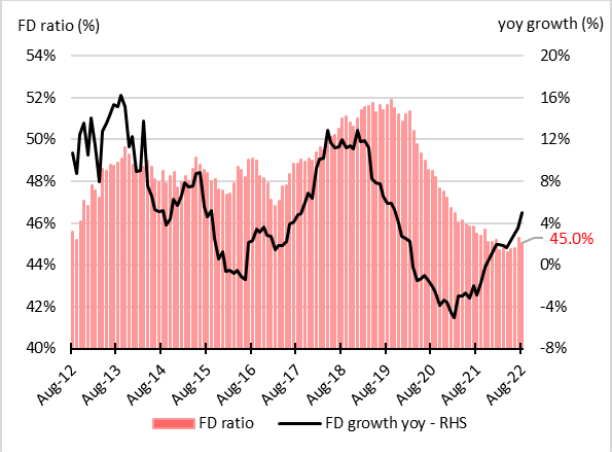
Source: BNM, MIDFR

EXHIBIT 13: CASA RATIO



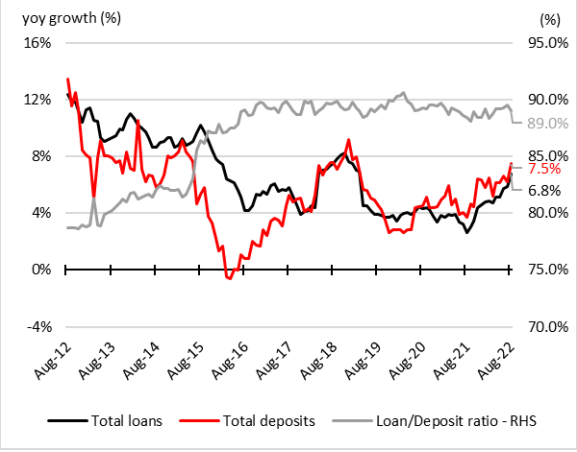
Source: BNM, MIDFR

EXHIBIT 14: FD RATIO



Source: BNM, MIDFR

EXHIBIT 15: LOAN/DEPOSIT RATIO



Source: BNM, MIDFR

D. Asset Quality and Provisioning

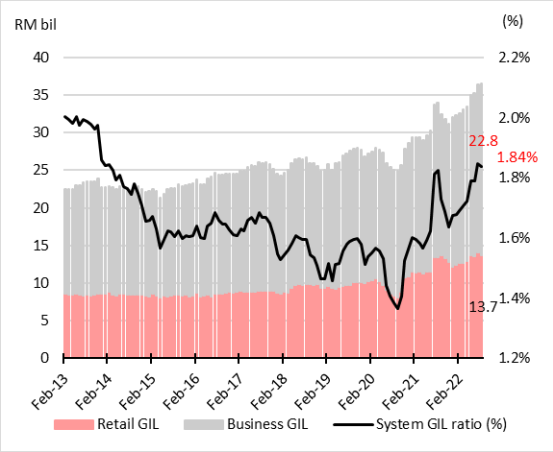
Heatmaps visible here: (link)

GIL ratio stable. GIL ratio fell by -1bps mom to 1.84%. We revise our GIL ratio expectations for CY22 to **<2.1%** – nevertheless, adequate pre-emptive provisioning from the banks should more than suffice as a buffer. Most loan segments saw an uptick in GIL ratios – some standouts include construction (given the multiple issues plaguing the sector), working capital and unsecured loans.

Provisioning and LLC also stable. LLC ratio stayed relatively stable at 97% [Jul-22: 96%], having steadily decreased since Nov-21's peak of 114%. As with the previous results season, as banks have written down more loans and performed writebacks following repayment assistance (RA) loan graduation.

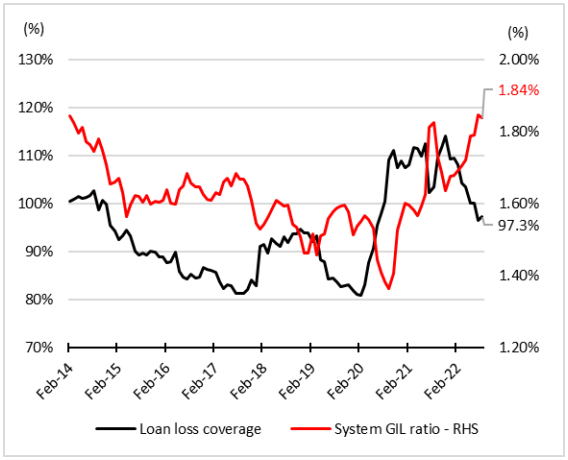
So far, provisioning remains relatively stable, with very minor upticks in recent months – we foresee that banks credit costs in the following quarter would be only slightly elevated from the healthy values of previous season.

EXHIBIT 16: SYSTEM GROSS IMPAIRED LOANS



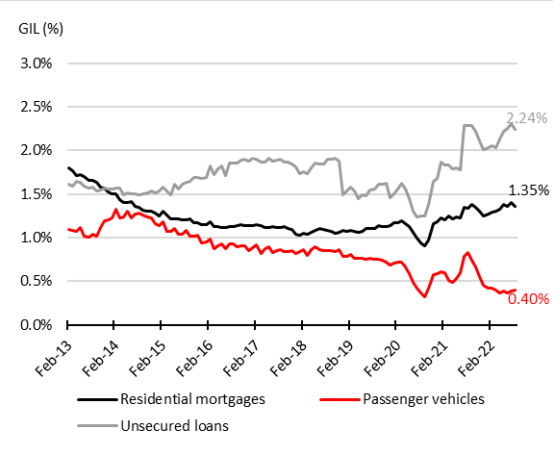
Source: BNM, MIDFR

EXHIBIT 17: LOAN LOSS COVERAGE



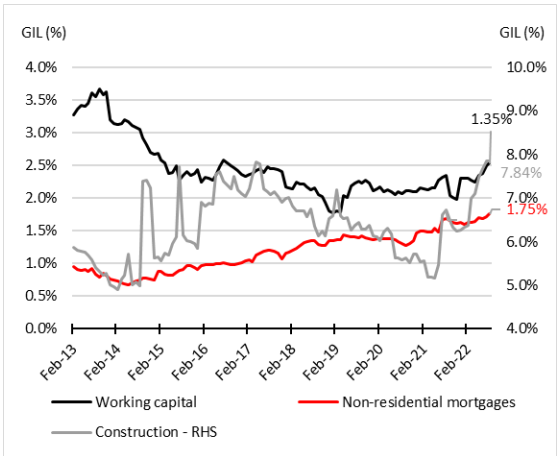
Source: BNM, MIDFR

EXHIBIT 18: RETAIL GIL RATIOS



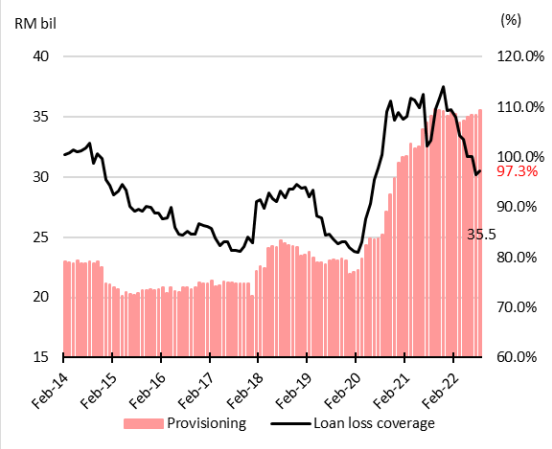
Source: BNM, MIDFR

EXHIBIT 19: BUSINESS GIL RATIOS



Source: BNM, MIDFR

EXHIBIT 20: PROVISIONING TRENDS



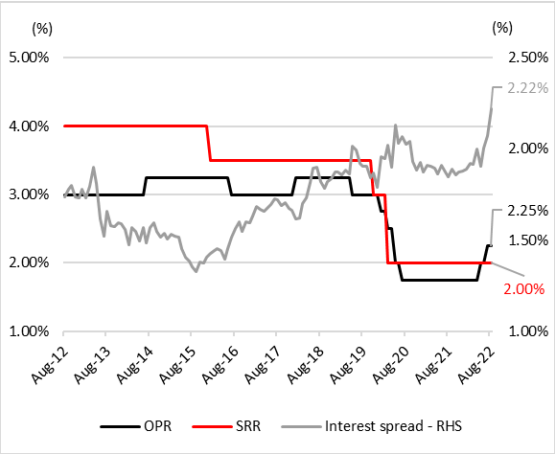
Source: BNM, MIDFR

E. Interest Spread and Capital

Interest spread widens further. The variance between ALR and 3-month deposit rate widened further by +14bps mom. The brunt of the widening was due to ALR, which rose by +15bps mom due to the recent OPR hike. In contrast, 3-month deposit rate, whose repricing period lags behind ALR instant adjustment, rose by +1bps mom. Going forward we expect the spread to be maintained, following higher deposit competition and repricing of FDs offsetting any potential increases in OPR rate.

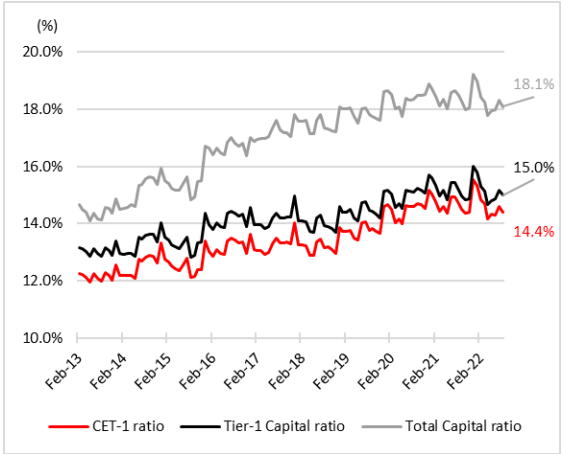
SRR flexibility ends in Dec-22. Additionally, BNM's extension of the flexibility for banking institutions to use MGS and MGII to meet SRR compliance is scheduled to end in Dec-22. This should result in further narrowing of net interest margins. Given that there seems to be sufficient liquidity to support financial intermediation activity now, we expect BNM to normalize SRR by a more gradual +50bps to 2.50% in Jan-23, as opposed to a sudden +100bps.

EXHIBIT 21: INTEREST SPREAD, OPR, SRR



Source: BNM, MIDFR

EXHIBIT 22: CAPITAL RATIOS



Source: BNM, MIDFR

F. Outlook and Recommendation

Maintain POSITIVE. Going forward, core earning drivers remain strong loan growth and leading indicators, an environment still rich with liquidity to support the said loan growth, lower credit costs and OPR hike related benefits to net interest margins. Additionally, the banking sector is often synonymous with high dividend yields, with several names

offering yields above >4%. This should offset headwinds: namely asset quality concerns, normalization of operating expenses, heightened deposit competition and still-weak non-interest income sources. Our top picks for the sector are **Maybank (BUY, TP: 10.41)** and **CIMB (BUY, TP: 6.16).**

PEER COMPARISON TABLE

Company	Rec.	Share P*	Target P	Upside	Mkt Cap	PER (x)		P/B (x)		ROE (%)		Net Div Yield (%)	
		(RM)	(RM)	(%)	(RM 'b)	FY22/23	FY23/24	FY22/23	FY23/24	FY22/23	FY23/24	FY22/23	FY23/24
Maybank	BUY	8.58	10.41	21.3	99.72	11.1	9.5	1.1	1.1	10.3	11.4	7.7	9.0
CIMB	BUY	5.13	6.16	20.1	51.41	9.9	8.4	0.8	0.8	7.7	9.4	5.0	5.9
Public Bk	BUY	4.23	5.67	34.1	82.11	14.0	12.1	1.6	1.5	11.7	12.6	3.6	4.1
RHB	BUY	5.56	6.94	24.9	22.52	8.4	6.9	0.8	0.7	10.1	10.5	6.0	7.3
HL Bank	BUY	20.50	23.96	16.9	44.44	11.5	10.6	1.3	1.2	10.5	11.0	3.0	3.3
HL FG	BUY	18.46	23.51	27.4	20.93	7.6	7.0	1.2	1.1	10.3	11.2	3.0	3.3
AMMB	BUY	3.90	4.56	16.9	12.87	8.0	7.3	0.7	0.7	8.6	8.7	4.4	4.8
BIMB	NEUTRAL	2.57	2.66	3.4	6.28	13.0	10.5	0.9	0.9	7.8	8.3	3.8	4.8
Affin Bk	BUY	1.99	2.55	28.1	4.20	7.6	6.2	0.4	0.4	5.5	6.4	7.9	4.9
ABMB	BUY	3.53	4.58	29.6	5.46	8.0	7.5	0.8	0.8	10.0	9.8	6.2	6.7
Simple avg						**9.9**	**8.6**	**1.0**	**0.9**	**9.3**	**9.9**	**5.1**	**5.4**

**Closing prices from 30th September 2022*

Source: BNM, MIDFR

EXHIBIT 23: SYSTEM LOANS

	Total loans (RM b)	Growth (yoy)	Growth (mom)	Retail			Business		
				Growth (yoy)	Growth (mom)	% of total	Growth (yoy)	Growth (mom)	% of total
Sep-20	1,824.1	4.4%	0.5%	6.1%	0.8%	51.6%	2.6%	0.2%	48.4%
Oct-20	1,826.6	4.3%	0.1%	5.9%	0.4%	51.7%	2.6%	-0.1%	48.3%
Nov-20	1,825.2	3.8%	-0.1%	5.8%	0.4%	51.9%	1.7%	-0.6%	48.1%
Dec-20	1,831.2	3.4%	0.3%	5.7%	0.5%	52.0%	0.9%	0.1%	48.0%
Jan-21	1,838.3	3.8%	0.4%	5.7%	0.3%	52.0%	1.9%	0.5%	48.0%
Feb-21	1,840.1	3.7%	0.1%	5.6%	0.2%	52.0%	1.6%	0.0%	48.0%
Mar-21	1,853.6	3.9%	0.7%	6.1%	0.5%	51.9%	1.7%	1.0%	48.1%
Apr-21	1,853.9	3.9%	0.0%	6.7%	0.5%	52.1%	0.9%	-0.5%	47.9%
May-21	1,858.8	3.9%	0.3%	6.6%	0.2%	52.1%	1.1%	0.3%	47.9%
Jun-21	1,860.5	3.4%	0.1%	5.8%	-0.2%	51.9%	0.9%	0.4%	48.1%
Jul-21	1,864.6	3.2%	0.2%	4.8%	0.3%	52.0%	1.6%	0.2%	48.0%
Aug-21	1,862.0	2.6%	-0.1%	4.0%	0.1%	52.1%	1.1%	-0.4%	47.9%
Sep-21	1,879.2	3.0%	0.9%	3.8%	0.6%	52.0%	2.2%	1.3%	48.0%
Oct-21	1,889.2	3.4%	0.5%	4.2%	0.8%	52.1%	2.6%	0.3%	47.9%
Nov-21	1,905.6	4.4%	0.9%	4.6%	0.8%	52.0%	4.2%	1.0%	48.0%
Dec-21	1,915.6	4.6%	0.5%	5.0%	0.9%	52.2%	4.2%	0.1%	47.8%
Jan-22	1,926.0	4.8%	0.5%	5.4%	0.6%	52.3%	4.1%	0.5%	47.7%
Feb-22	1,929.1	4.8%	0.2%	5.4%	0.2%	52.3%	4.2%	0.1%	47.7%
Mar-22	1,940.7	4.7%	0.6%	5.6%	0.6%	52.3%	3.7%	0.6%	47.7%
Apr-22	1,948.6	5.1%	0.4%	5.6%	0.5%	52.4%	4.6%	0.3%	47.6%
May-22	1,954.3	5.1%	0.3%	5.7%	0.3%	52.4%	4.5%	0.2%	47.6%
Jun-22	1,967.2	5.7%	0.7%	6.6%	0.7%	52.4%	4.8%	0.7%	47.6%
Jul-22	1,974.0	5.9%	0.3%	6.9%	0.5%	52.5%	4.7%	0.1%	47.5%
Aug-22	1,988.1	6.8%	0.7%	7.4%	0.6%	52.4%	6.1%	0.8%	47.6%

Source: BNM, MIDFR

EXHIBIT 24: LOAN GROWTH YOY BY PURPOSE

	Retail			Business			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Sep-20	7.6%	2.0%	1.6%	2.5%	0.7%	5.9%	0.3%
Oct-20	7.4%	1.9%	0.9%	2.2%	-0.2%	5.0%	1.5%
Nov-20	7.2%	1.9%	0.0%	0.8%	-0.7%	4.7%	2.3%
Dec-20	7.1%	2.0%	-0.1%	0.5%	-2.0%	1.6%	3.0%
Jan-21	7.1%	1.9%	-0.7%	2.8%	-2.1%	3.7%	2.2%
Feb-21	7.0%	1.9%	-0.8%	2.4%	-2.0%	2.4%	3.4%
Mar-21	7.2%	1.9%	0.5%	2.4%	-2.2%	2.8%	7.1%
Apr-21	7.4%	1.9%	2.6%	1.6%	-1.9%	1.5%	6.2%
May-21	7.4%	1.8%	1.5%	1.7%	-3.1%	1.3%	6.4%
Jun-21	6.8%	1.7%	-0.1%	1.7%	-1.9%	1.9%	5.0%
Jul-21	6.1%	1.7%	0.0%	2.8%	4.8%	4.3%	4.8%
Aug-21	5.6%	1.8%	-0.3%	3.0%	4.9%	2.0%	3.6%
Sep-21	5.6%	1.8%	-0.1%	3.8%	5.6%	1.5%	5.1%
Oct-21	5.8%	1.8%	1.4%	4.9%	6.1%	0.1%	4.0%
Nov-21	6.0%	1.8%	2.6%	7.2%	6.5%	-0.7%	6.0%
Dec-21	6.4%	1.9%	2.5%	7.4%	7.2%	-0.1%	4.2%
Jan-22	6.5%	1.9%	3.7%	7.5%	7.9%	-3.9%	5.5%
Feb-22	6.5%	1.8%	4.2%	7.4%	7.8%	-3.7%	6.2%
Mar-22	6.5%	1.8%	4.5%	5.6%	8.0%	-5.6%	7.0%
Apr-22	6.5%	1.8%	4.2%	7.1%	8.1%	-5.6%	7.5%
May-22	6.5%	1.8%	5.3%	6.9%	9.1%	-6.0%	7.3%
Jun-22	6.9%	1.9%	7.3%	7.2%	10.0%	-5.6%	7.6%
Jul-22	7.2%	1.9%	6.8%	6.9%	2.5%	-6.0%	6.7%
Aug-22	7.5%	1.9%	6.6%	9.4%	2.6%	-4.3%	6.8%

Source: BNM, MIDFR

EXHIBIT 25: LOAN GROWTH MOM BY PURPOSE

	Retail			Business			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Sep-20	0.6%	1.7%	0.6%	0.2%	0.6%	0.0%	0.9%
Oct-20	0.5%	0.5%	-0.5%	-0.1%	-0.3%	-0.6%	1.8%
Nov-20	0.5%	0.4%	-0.1%	-0.9%	-0.2%	0.2%	0.7%
Dec-20	0.6%	0.3%	0.6%	0.0%	0.0%	-0.9%	0.5%
Jan-21	0.5%	0.1%	-0.7%	1.0%	-0.2%	2.4%	-0.8%
Feb-21	0.4%	-0.1%	-0.7%	0.5%	0.0%	-0.7%	-0.8%
Mar-21	0.6%	0.2%	0.2%	2.2%	0.0%	1.2%	-0.3%
Apr-21	0.6%	0.5%	0.2%	-0.6%	-0.2%	-0.4%	-0.1%
May-21	0.4%	0.3%	-0.9%	0.6%	0.0%	0.4%	0.3%
Jun-21	0.2%	-1.0%	-1.0%	0.8%	0.1%	0.1%	-0.3%
Jul-21	0.3%	-0.5%	1.2%	-0.3%	-0.4%	1.9%	1.1%
Aug-21	0.3%	-0.9%	0.8%	-0.4%	0.0%	-1.7%	0.4%
Sep-21	0.7%	0.2%	0.8%	0.9%	0.8%	-0.5%	2.5%
Oct-21	0.7%	0.7%	1.1%	1.1%	0.2%	-1.9%	0.7%
Nov-21	0.7%	1.0%	1.0%	1.2%	0.3%	-0.6%	2.7%
Dec-21	0.9%	1.1%	0.6%	0.1%	0.2%	-0.2%	-1.2%
Jan-22	0.6%	0.6%	0.5%	1.1%	0.3%	-1.6%	0.4%
Feb-22	0.4%	0.0%	-0.2%	0.4%	0.1%	-0.4%	-0.1%
Mar-22	0.6%	0.8%	0.4%	0.5%	0.6%	-0.7%	0.4%
Apr-22	0.5%	0.7%	-0.1%	0.7%	0.1%	-0.4%	0.4%
May-22	0.4%	0.2%	0.2%	0.4%	0.2%	0.0%	0.1%
Jun-22	0.6%	0.8%	0.9%	1.1%	0.3%	0.5%	-0.1%
Jul-22	0.5%	0.5%	0.7%	-0.5%	0.2%	1.5%	0.3%
Aug-22	0.5%	0.8%	0.6%	1.9%	0.3%	0.0%	0.5%

Source: BNM, MIDFR

EXHIBIT 26: LOAN APPLICATIONS & APPROVALS

	Applied (RM b)	Growth (yoy)	Growth (mom)	Approved (RM b)	Growth (yoy)	Growth (mom)
Sep-20	80.6	16.6%	13.5%	35.3	4.8%	15.0%
Oct-20	76.7	-6.1%	-4.8%	34.2	0.8%	-3.1%
Nov-20	75.9	-5.1%	-1.0%	34.2	-4.2%	-0.1%
Dec-20	71.7	12.3%	-5.6%	33.7	-0.1%	-1.4%
Jan-21	67.4	9.7%	-6.1%	28.5	-3.5%	-15.4%
Feb-21	59.0	-15.9%	-12.4%	24.5	-17.8%	-14.0%
Mar-21	94.2	43.9%	59.7%	36.9	34.0%	50.4%
Apr-21	93.6	92.1%	-0.7%	35.7	96.3%	-3.2%
May-21	79.6	63.6%	-14.9%	32.7	80.0%	-8.3%
Jun-21	70.0	-1.0%	-12.1%	30.2	-0.1%	-7.7%
Jul-21	73.2	-11.5%	4.7%	36.6	14.3%	21.0%
Aug-21	85.0	19.8%	16.1%	43.3	41.1%	18.5%
Sep-21	89.4	11.0%	5.1%	49.3	39.7%	13.8%
Oct-21	98.9	29.0%	10.6%	50.8	48.6%	3.0%
Nov-21	117.0	54.0%	18.3%	49.0	43.3%	-3.7%
Dec-21	110.2	53.7%	-5.8%	57.5	70.8%	17.5%
Jan-22	97.9	45.4%	-11.1%	44.2	55.2%	-23.1%
Feb-22	81.8	38.7%	-16.4%	36.1	47.2%	-18.4%
Mar-22	120.1	27.4%	46.8%	55.3	49.9%	53.1%
Apr-22	116.9	24.9%	-2.6%	59.1	65.5%	6.9%
May-22	100.9	26.7%	-13.7%	54.0	64.9%	-8.7%
Jun-22	126.0	80.1%	24.9%	68.5	126.8%	26.8%
Jul-22	131.6	79.8%	4.5%	64.7	77.1%	-5.5%
Aug-22	129.0	51.7%	-2.0%	78.7	81.5%	21.5%

Source: BNM, MIDFR

EXHIBIT 27: LOAN APPROVAL RATES

	System loans	Retail loans	Business loans	SME loans
Sep-20	43.8%	39.3%	50.9%	36.5%
Oct-20	44.6%	42.4%	47.7%	40.6%
Nov-20	45.0%	42.4%	48.4%	42.8%
Dec-20	47.0%	39.7%	58.0%	39.3%
Jan-21	42.3%	38.6%	48.0%	35.7%
Feb-21	41.6%	42.6%	40.3%	41.0%
Mar-21	39.1%	35.2%	44.9%	40.1%
Apr-21	38.2%	37.7%	38.9%	34.5%
May-21	41.1%	39.6%	43.3%	36.7%
Jun-21	43.2%	39.2%	47.9%	44.2%
Jul-21	49.9%	37.0%	61.8%	54.9%
Aug-21	51.0%	37.2%	61.5%	43.2%
Sep-21	55.2%	39.6%	74.8%	74.6%
Oct-21	51.4%	40.9%	68.3%	49.8%
Nov-21	41.8%	40.9%	43.1%	44.4%
Dec-21	52.2%	42.9%	66.6%	51.7%
Jan-22	45.2%	39.8%	53.8%	48.3%
Feb-22	44.1%	41.2%	48.0%	46.3%
Mar-22	46.0%	43.1%	49.7%	48.8%
Apr-22	50.6%	45.6%	56.5%	48.8%
May-22	53.5%	43.7%	68.3%	49.4%
Jun-22	54.4%	44.5%	67.4%	53.3%
Jul-22	49.2%	47.1%	51.2%	56.9%
Aug-22	61.0%	46.5%	77.3%	58.6%

Source: BNM, MIDFR

EXHIBIT 28: LOAN APPLICATION GROWTH YOY BY PURPOSE

	Retail			Business			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Sep-20	51.1%	84.0%	13.0%	-12.9%	-11.9%	-30.2%	36.0%
Oct-20	19.5%	17.4%	-13.4%	-12.4%	-21.2%	-13.3%	-49.3%
Nov-20	27.3%	31.8%	-9.0%	-22.0%	-30.8%	21.8%	34.1%
Dec-20	34.3%	24.9%	-1.3%	-17.7%	-1.8%	40.7%	6.7%
Jan-21	61.7%	8.1%	-8.4%	-15.4%	3.9%	-38.8%	-14.8%
Feb-21	2.1%	-17.7%	-15.3%	-37.2%	-25.1%	19.5%	-3.3%
Mar-21	103.4%	103.5%	21.5%	-21.2%	33.5%	62.5%	132.8%
Apr-21	451.2%	1527.3%	205.8%	-43.8%	397.9%	80.1%	155.6%
May-21	215.8%	168.7%	126.6%	-36.2%	201.4%	97.9%	18.9%
Jun-21	6.6%	-53.1%	11.2%	-17.7%	51.7%	30.9%	112.8%
Jul-21	-15.4%	-67.3%	-26.2%	-11.0%	42.8%	55.5%	13.3%
Aug-21	-6.7%	-41.3%	-19.1%	71.9%	18.3%	110.1%	81.7%
Sep-21	5.3%	7.7%	-16.0%	22.8%	27.9%	10.6%	-20.2%
Oct-21	35.1%	71.5%	6.2%	16.6%	42.5%	-6.1%	28.5%
Nov-21	68.1%	67.3%	15.4%	29.0%	49.9%	-33.6%	115.8%
Dec-21	65.4%	64.8%	15.6%	78.9%	54.0%	-32.6%	-5.3%
Jan-22	47.6%	84.2%	19.2%	29.1%	24.1%	39.0%	47.1%
Feb-22	37.4%	80.6%	14.8%	57.9%	28.7%	-12.7%	12.0%
Mar-22	18.8%	31.2%	13.6%	71.7%	26.2%	-5.8%	-3.5%
Apr-22	10.9%	27.9%	8.1%	68.6%	18.3%	23.0%	-1.4%
May-22	18.0%	71.6%	23.4%	47.6%	15.3%	6.6%	2.1%
Jun-22	72.3%	296.7%	44.2%	67.1%	61.7%	200.5%	21.2%
Jul-22	56.8%	327.0%	65.0%	112.5%	33.5%	303.6%	6.2%
Aug-22	63.3%	203.0%	84.4%	13.1%	77.3%	191.7%	-36.1%

Source: BNM, MIDFR

EXHIBIT 29: LOAN APPROVAL GROWTH YOY BY PURPOSE

	Retail			Business			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Sep-20	20.8%	67.1%	2.4%	2.5%	-24.9%	-33.6%	-22.0%
Oct-20	5.8%	34.0%	-14.4%	6.5%	-18.7%	-39.1%	23.7%
Nov-20	9.8%	37.4%	-14.2%	-10.1%	-23.4%	-12.9%	-20.6%
Dec-20	10.6%	32.5%	-6.4%	-1.7%	-36.9%	-25.8%	-25.8%
Jan-21	25.9%	3.5%	-18.5%	-26.8%	10.0%	-14.8%	-17.1%
Feb-21	15.9%	-8.6%	-25.8%	-21.9%	-0.7%	-51.2%	-32.5%
Mar-21	69.4%	87.3%	6.3%	3.8%	57.4%	60.2%	19.1%
Apr-21	403.8%	2737.2%	219.2%	-31.3%	73.8%	116.5%	164.1%
May-21	252.2%	227.8%	115.6%	-21.0%	221.4%	113.8%	102.8%
Jun-21	68.6%	-48.1%	0.6%	-44.8%	124.6%	-25.5%	40.6%
Jul-21	1.9%	-68.6%	-41.0%	66.5%	103.6%	164.3%	36.7%
Aug-21	-9.2%	-41.8%	-31.2%	120.7%	51.8%	41.8%	97.5%
Sep-21	7.1%	10.3%	-23.3%	58.2%	122.4%	63.3%	8.6%
Oct-21	32.8%	45.6%	0.6%	87.7%	68.0%	40.5%	35.0%
Nov-21	64.3%	53.6%	7.8%	25.1%	98.3%	9.8%	-0.1%
Dec-21	89.3%	63.8%	10.8%	117.8%	93.5%	-13.6%	15.3%
Jan-22	48.0%	83.2%	22.1%	66.5%	84.4%	-28.1%	113.6%
Feb-22	25.2%	83.5%	6.1%	73.2%	79.0%	50.2%	56.6%
Mar-22	53.8%	54.4%	15.3%	58.7%	68.2%	33.2%	-2.5%
Apr-22	34.1%	51.5%	26.3%	170.9%	80.5%	34.6%	6.4%
May-22	35.0%	56.3%	33.1%	82.5%	71.4%	81.3%	35.3%
Jun-22	79.8%	354.9%	60.0%	183.8%	138.9%	267.1%	18.5%
Jul-22	82.9%	455.5%	98.3%	5.3%	52.4%	313.1%	18.4%
Aug-22	94.4%	271.9%	110.4%	100.3%	88.9%	129.6%	-25.4%

Source: BNM, MIDFR

EXHIBIT 30: SYSTEM DEPOSITS

	Total deposits (RM b)	Growth (yoy)	Growth (mom)	L/D Ratio
Sep-20	2,076.6	5.2%	0.7%	89.2%
Oct-20	2,071.4	4.4%	-0.2%	89.5%
Nov-20	2,067.5	4.4%	-0.2%	89.6%
Dec-20	2,089.3	4.4%	1.1%	89.5%
Jan-21	2,085.3	5.0%	-0.2%	89.7%
Feb-21	2,096.9	5.2%	0.6%	89.3%
Mar-21	2,129.2	5.9%	1.5%	88.7%
Apr-21	2,112.9	4.6%	-0.8%	89.2%
May-21	2,118.7	5.0%	0.3%	89.1%
Jun-21	2,125.7	3.9%	0.3%	88.9%
Jul-21	2,136.8	4.0%	0.5%	88.6%
Aug-21	2,138.1	3.7%	0.1%	88.5%
Sep-21	2,173.4	4.7%	1.7%	88.1%
Oct-21	2,163.6	4.4%	-0.5%	88.9%
Nov-21	2,200.4	6.4%	1.7%	88.4%
Dec-21	2,221.8	6.3%	1.0%	88.4%
Jan-22	2,207.1	5.8%	-0.7%	89.2%
Feb-22	2,233.5	6.5%	1.2%	88.4%
Mar-22	2,240.0	5.2%	0.3%	88.8%
Apr-22	2,243.4	6.2%	0.1%	89.2%
May-22	2,248.2	6.1%	0.2%	89.2%
Jun-22	2,266.3	6.6%	0.8%	89.3%
Jul-22	2,269.5	6.2%	0.1%	89.5%
Aug-22	2,298.2	7.5%	1.3%	89.0%

Source: BNM, MIDFR

EXHIBIT 31: CASA & FD RATIOS

	CASA (RM b)	Growth (yoy)	Growth (mom)	CASA ratio	FD (RM b)	Growth (yoy)	Growth (mom)	FD ratio
Sep-20	619.5	20.5%	1.7%	30.3%	985.6	-2.7%	0.0%	48.2%
Oct-20	626.2	22.2%	1.1%	30.7%	971.8	-3.9%	-1.4%	47.6%
Nov-20	634.2	23.0%	1.3%	31.1%	968.2	-3.4%	-0.4%	47.5%
Dec-20	632.8	19.3%	-0.2%	30.9%	966.5	-3.6%	-0.2%	47.2%
Jan-21	651.9	24.1%	3.0%	31.8%	957.8	-4.6%	-0.9%	46.7%
Feb-21	657.6	24.8%	0.9%	31.9%	957.6	-5.0%	0.0%	46.5%
Mar-21	670.4	21.4%	1.9%	32.1%	962.1	-3.0%	0.5%	46.0%
Apr-21	671.3	19.3%	0.1%	32.3%	958.7	-3.0%	-0.4%	46.2%
May-21	674.5	16.8%	0.5%	32.3%	958.4	-2.6%	0.0%	45.9%
Jun-21	674.5	14.0%	0.0%	32.2%	959.1	-3.2%	0.1%	45.8%
Jul-21	678.1	12.9%	0.5%	32.2%	964.6	-2.0%	0.6%	45.8%
Aug-21	680.1	11.7%	0.3%	32.3%	957.9	-2.8%	-0.7%	45.5%
Sep-21	689.3	11.3%	1.4%	32.3%	968.5	-1.7%	1.1%	45.4%
Oct-21	684.9	9.4%	-0.6%	32.2%	970.2	-0.2%	0.2%	45.7%
Nov-21	704.3	11.1%	2.8%	32.7%	971.9	0.4%	0.2%	45.1%
Dec-21	701.8	10.9%	-0.3%	32.4%	977.5	1.1%	0.6%	45.1%
Jan-22	706.0	8.3%	0.6%	32.7%	976.1	1.9%	-0.1%	45.2%
Feb-22	712.9	8.4%	1.0%	32.7%	976.5	2.0%	0.0%	44.7%
Mar-22	713.5	6.4%	0.1%	32.6%	979.7	1.8%	0.3%	44.8%
Apr-22	738.8	10.1%	3.5%	33.8%	974.6	1.7%	-0.5%	44.6%
May-22	729.0	8.1%	-1.3%	33.3%	980.5	2.3%	0.6%	44.8%
Jun-22	734.0	8.8%	0.7%	33.3%	987.8	3.0%	0.7%	44.8%
Jul-22	723.7	6.7%	-1.4%	32.8%	998.3	3.5%	1.1%	45.3%
Aug-22	721.3	6.1%	-0.3%	32.3%	1,005.6	5.0%	0.7%	45.0%

Source: BNM, MIDFR

EXHIBIT 32: IMPAIRED LOANS AND LOAN LOSS COVERAGE

	Impaired Loans/ Financing (RM b)	Growth (mom)	GIL Ratio	Total Provisions (RM b)	Loan loss coverage ratio
Sep-20	24.9	-0.9%	1.37%	27.1	109%
Oct-20	25.7	3.3%	1.41%	28.6	111%
Nov-20	27.8	8.3%	1.53%	29.9	107%
Dec-20	28.6	2.8%	1.56%	31.2	109%
Jan-21	29.4	2.8%	1.60%	31.7	108%
Feb-21	29.3	-0.3%	1.59%	31.7	108%
Mar-21	29.4	0.0%	1.58%	32.8	112%
Apr-21	29.1	-1.0%	1.57%	32.4	111%
May-21	29.6	1.9%	1.59%	32.5	110%
Jun-21	30.2	2.1%	1.62%	34.0	112%
Jul-21	33.8	11.8%	1.81%	34.5	102%
Aug-21	34.0	0.5%	1.82%	35.1	103%
Sep-21	32.5	-4.3%	1.73%	35.6	110%
Oct-21	31.9	-2.0%	1.69%	35.6	112%
Nov-21	31.2	-2.2%	1.64%	35.5	114%
Dec-21	32.1	3.0%	1.68%	35.1	109%
Jan-22	32.3	0.7%	1.68%	35.4	109%
Feb-22	32.6	1.0%	1.69%	35.3	108%
Mar-22	33.1	1.4%	1.71%	34.5	104%
Apr-22	33.5	1.3%	1.72%	34.7	104%
May-22	35.0	4.2%	1.79%	35.0	100%
Jun-22	35.2	0.7%	1.79%	35.2	100%
Jul-22	36.4	3.5%	1.85%	35.2	96%
Aug-22	36.5	0.2%	1.84%	35.5	97%

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 *rise* 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 *fall* 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