BANKING

***Maintain* POSITIVE**

Jan-23 Banking Stats: Interest spread widens

KEY INVESTMENT HIGHLIGHTS

- **Loan growth: -0.2%mom contraction, business loans as the culprit**
- **Leading indicators: Both approvals and applications maintain their downward trajectory**
- **Deposit growth: Both CASA and FD rates contract on mom basis, following a falloff in FD rates**
- **System GIL ratio: Flattish at 1.73% (+1bps mom) – Following last month's sharp write-offs**
- **Interest spread widens +9bps mom: Deposit competition alleviates, lowering FD rate by -5bps mom**
- **Maintain POSITIVE call: Valuations reflect overly conservative guidance by banks. While NIM narrowing is a major issue, we look to overlay writebacks and fee income recovery for potential upside surprises. Deposit competition has also begun to clear up slightly in recent weeks**

Loan growth continues to weaken. Jan-23 saw a sharp drop in system loan growth, falling to +4.9%yoy (from +5.5%-6.5% range in last 3 months), contracting -0.2%mom. The trend is expected to persist – multiple banks have offered lowered guidance in CY23, citing higher COF capping funding necessary for loans.

Retail loans are still stable and strong. Retail loans are flattish, maintaining their strong growth of +6.8%yoy, +0.5%mom. There were no notable lapses in core drivers of residential mortgages, hire purchase – though unsecured loans did show slightly muted sequential-month growth.

Credit card loans continued their solid momentum, reporting +14%yoy growth. Credit card purchases did see some normalisation from high base effects of heightened December spending.

Business loans show sharp fall off. Business loans reported muted +2.9%yoy growth, contracting by -0.9%mom. Loans for working capital and securities saw sharp contractions in growth, narrowing -1.1%mom and -2.4%mom respectively.

Leading indicators continue downward trajectory. Both 3MA applications and approvals fell by -8.6%mom and -10.9%mom respectively. Approval rates fell to 48.9%, below the ~50% range for the first time since Jul-22. Contributors to the steep decline were spread out.

Note: Construction loan applications have seen a bit of a resurgence in the month given renewed activity in the sector – it is unknown, however, as to whether this trend will be stable.

COMPANY IN FOCUS

CIMB

Maintain **BUY** | Unchanged Target price: RM6.55
Price @ 2 March 2023: RM5.58

- Proxy to lucrative Indonesian market.
- End of foreign loan restructuring programmes should see less loan compression pressure.
- High dividend yield.

Share price chart



Public Bank

Maintain **BUY** | Unchanged Target price: RM5.08
Price @ 2 March 2023: RM4.14

- Recovery in capital market conditions should see recovery in unit trust income.
- Superb asset quality.
- Low NCC: Possible net writebacks in FY23.

Share price chart



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FD demand pushes deposits upwards. System deposits rose by a strong +7%yoy, reporting +0.3%mom growth. CASA and FD reported sequential-month contractions – note that while conventional FDs reported good growth, it was pulled by weaker Islamic FD performance. We believe the contractions were likely due to BNM's decision to maintain the current OPR level – dissuading potential FD placers from carrying out their intended placement. Both L/D and CASA ratios remain relatively stable at 89.4% and 31.2% respectively.

Impaired loans tick upwards. GIL volume ticks upward by +0.4%mom, much in line with numerous banks' guidance. Recall a massive write-off in construction GILs in the previous month (likely for window-dressing purposes). System group GIL ratio ticks upward by +1bps mom to 1.73%.

Interest rate widens. Interest spread widens by +9bps mom. ALR rose by +4bps mom, while 3-mth FD rate narrowed by -5bps mom (Deposit competition was likely at its peak in Dec-22, exacerbated by SRR policy normalisation.)

Note that we are revising our OPR expectations to 3.00% in 1HCY22, assuming only 1 further +25bps OPR hike in the period.

Maintain POSITIVE. Banks' conservative CY23 guidance reflects a tougher year ahead, with NIM compression as the primary culprit. Nevertheless, we believe fears are overblown – NCC guidance is overly conservative (most do not factor in overlay writebacks), fee income recovery is inbound, and from what was suggested deposit competition has alleviated slightly in recent weeks. Valuations remain attractive, following negative repricing in recent months – so do dividend yields. Our top picks for the sector remain **CIMB (BUY, TP: RM6.55)** and **Public Bank (BUY, TP: RM5.08).**

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
Maybank	NEUTRAL	8.75	8.94	2.2	104.7	10.7	9.7	1.16	1.11	11.0	11.7	7.7	8.5
CIMB	BUY	5.58	6.55	17.4	58.2	8.8	7.9	0.89	0.83	10.4	10.9	5.9	6.6
Public Bk	BUY	4.14	5.08	22.7	80.4	11.5	11.2	1.48	1.38	13.4	12.8	4.3	4.5
RHB	BUY	5.71	6.74	18.0	23.1	7.2	6.2	0.75	0.70	10.7	11.7	6.9	8.0
HL Bank	BUY	20.50	24.90	21.5	42.0	10.9	9.9	1.32	1.19	12.3	12.6	3.2	3.5
HL FG	BUY	18.22	24.79	36.1	20.7	7.5	6.9	0.68	0.64	10.1	9.6	2.7	2.9
AMMB	BUY	3.89	5.24	34.7	12.8	7.3	6.7	0.74	0.68	10.4	10.6	4.1	4.5
Affin Bk	NEUTRAL	2.08	2.11	1.4	4.4	7.9	6.9	0.44	0.42	5.7	6.3	3.8	4.3
BIMB	BUY	2.24	2.99	33.5	4.8	8.1	7.3	0.68	0.64	8.7	9.0	6.6	7.2
ABMB	BUY	3.44	4.26	23.8	5.3	7.8	7.3	0.76	0.75	10.1	10.3	6.4	6.8
Weighted avg (ex-HL FG)						10.1	9.3	1.1	1.1	11.5	11.8	5.8	6.3

Closing prices from 02 Mar 2023.

Source: BNM, MIDFR

A. SYSTEM LOAN & CONSTITUENTS

Visualisation tables here: (link)

Figure 1: Core figures & forecasts

	yoy Growth rates (%)				YTD Ann. (%)	mom Growth rates (%)			
	Jan-23	Dec-22	Nov-22	Oct-22		Jan-23	Dec-22	Nov-22	Oct-22
Total loans	**4.9**	**5.7**	**5.5**	**6.5**	**-1.9**	**-0.2**	**0.7**	**-0.1**	**0.6**
Retail loans	6.8	6.8	7.1	7.2	6.6	0.5	0.7	0.6	0.6
Business loans	2.9	4.4	3.8	5.7	-11.4	-0.9	0.7	-0.9	0.7
SME*	-	4.9	5.9	6.7	4.9	-	0.1	0.3	0.6
Total deposits	**7.0**	**5.9**	**5.9**	**8.3**	**3.7**	**0.3**	**1.0**	**-0.5**	**0.4**
CASA	-0.2	0.9	1.3	4.5	-6.3	-0.5	-0.7	-0.3	0.1
FD	6.1	6.5	5.2	5.0	-6.0	-0.5	1.8	0.4	0.2
Total provisions	-3.6	-2.3	1.6	-0.4	-5.3	-0.4	-5.1	1.8	-0.3
Total GIL	8.4	8.6	18.0	15.1	4.8	0.4	-5.2	0.3	0.8
Leading indicators									
3MA applications	-13.0	-5.2	10.2	31.7	-102.8	-8.6	-8.1	-6.5	-5.2
Retail	-19.2	-15.7	-4.0	25.2	-55.4	-4.6	-3.8	-7.2	-3.9
Business	-3.7	10.7	30.4	39.3	-157.3	-13.1	-12.6	-5.8	-6.6
3MA approvals	-1.3	6.1	25.0	43.7	-130.4	-10.9	-10.5	-9.6	-2.4
Retail	-13.1	-9.3	6.5	45.0	-64.5	-5.4	-4.3	-8.7	-5.2
Business	12.3	22.7	42.6	42.8	-182.9	-15.2	-14.8	-10.1	-0.4

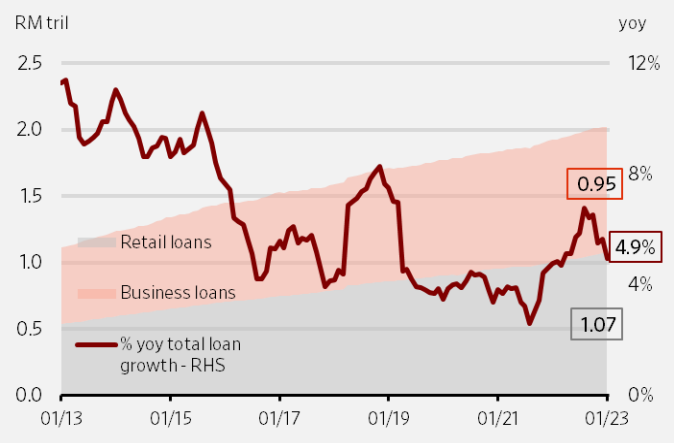
	Jan-23	Dec-22	Nov-22	Oct-22	Jan-22
Interest spread	2.55	2.46	2.30	2.44	1.89
Loan approval rate	49	52	56	54	45
SME approval rate*	-	53	48	58	48
GIL ratio	1.73	1.72	1.83	1.82	1.68
SME GIL ratio*	-	2.88	2.96	2.93	2.46
LLC ratio	97	98	98	97	109
CASA ratio	31.2	31.3	31.7	31.7	32.7
Loan/Deposit ratio	89.4	89.5	89.3	89.0	89.2
CET 1	15.2	14.5	14.3	14.1	15.3
Tier 1 Capital	15.7	15.1	14.9	14.6	15.8
Total Capital	18.9	18.3	18.1	17.8	19.0

**SME data until Dec-22*

	Period	Forecast	Formerly
Loan growth	CY23	4.5-5.0%	
GDP	CY23	4.2%	
GIL ratio	CY23	<2.00%	
OPR	1HCY23	3.00%	3.25% (↓)

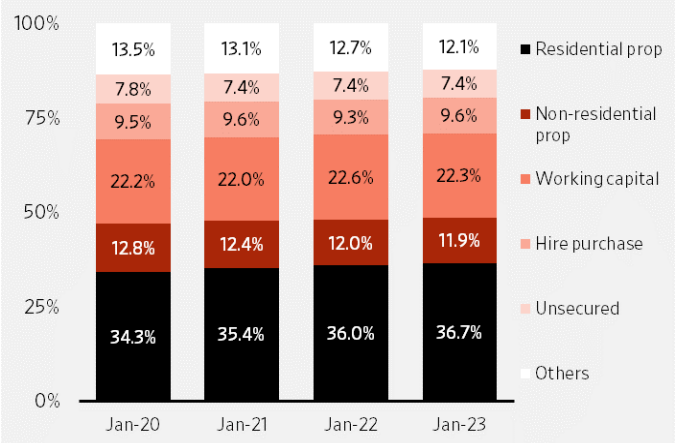
Source: BNM, MIDFR

Figure 2: System loans



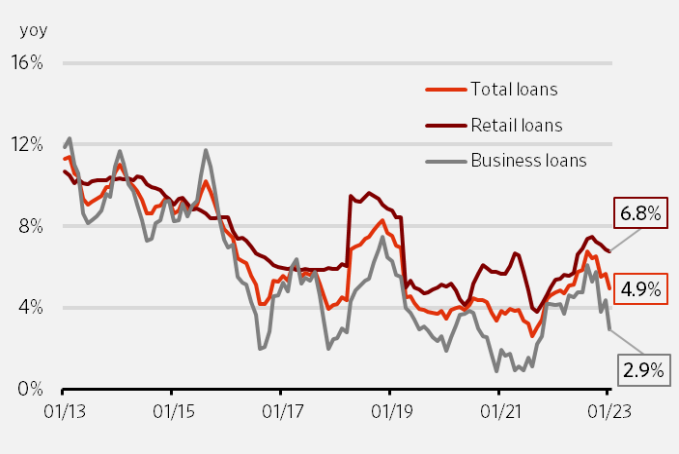
Source: BNM, MIDFR

Figure 3: Loan breakdown by type



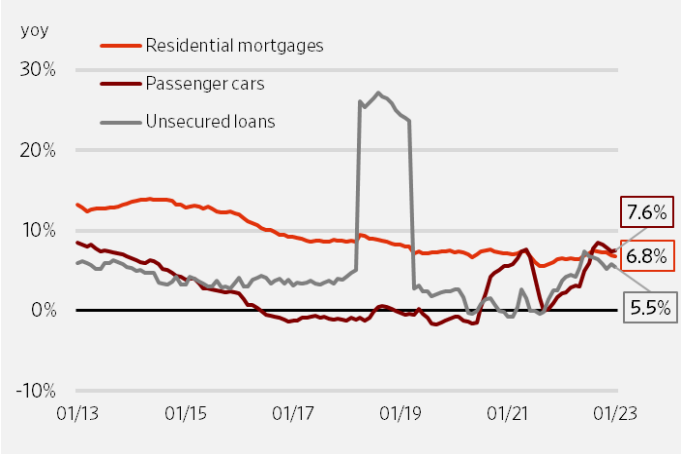
Source: BNM, MIDFR

Figure 4: Retail & business loan growth



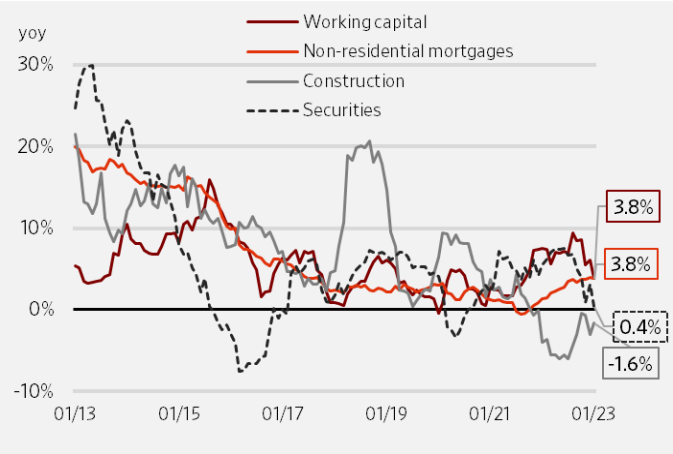
Source: BNM, MIDFR

Figure 5: Retail loan constituents



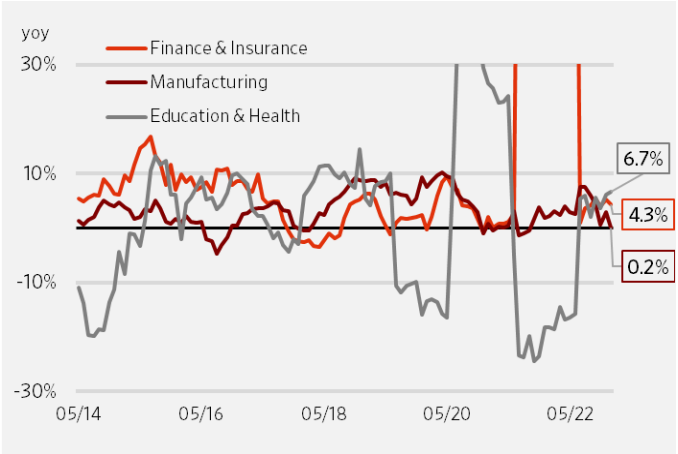
Source: BNM, MIDFR

Figure 6: Business loan constituents



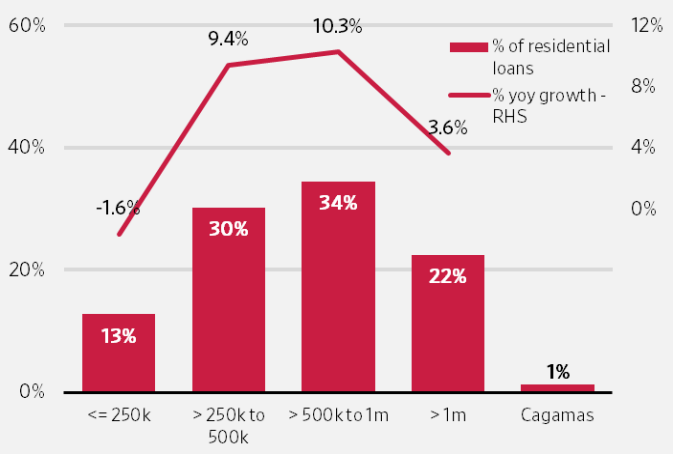
Source: BNM, MIDFR

Figure 7: Loan growth of other sectors



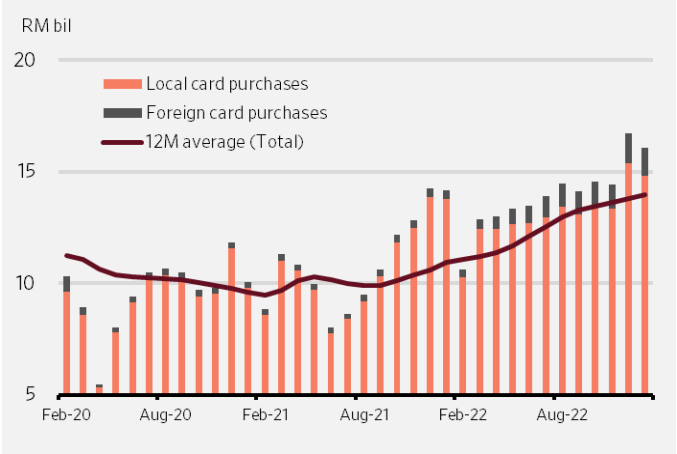
Source: BNM, MIDFR

Figure 8: Residential loans by segment



Source: BNM, MIDFR

Figure 9: Credit card purchases

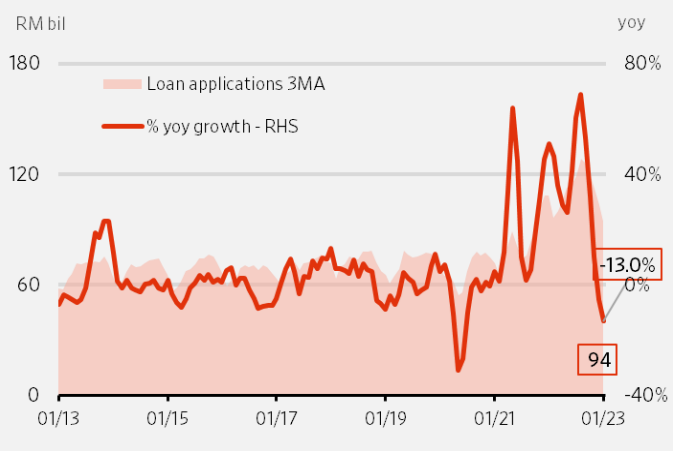


Source: BNM, MIDFR

B. LEADING INDICATOR TRENDS

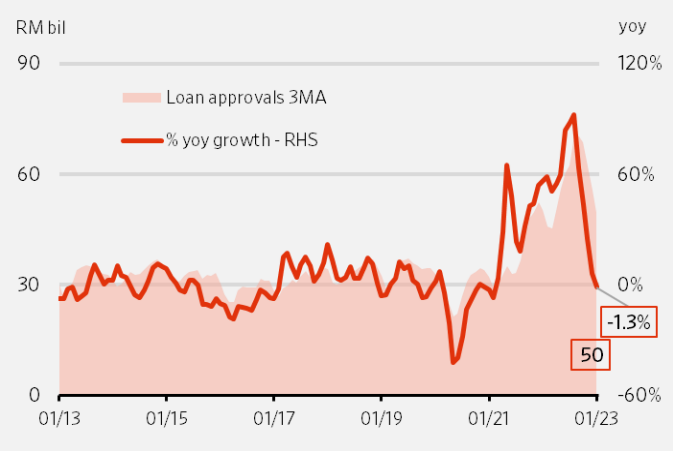
Heatmaps visible here: (link)

Figure 10: Loan applications (3-mth average)



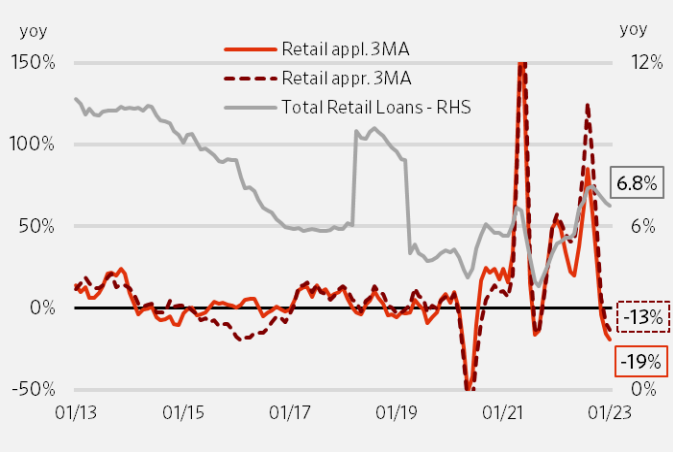
Source: BNM, MIDFR

Figure 11: Loan approvals (3-mth average)



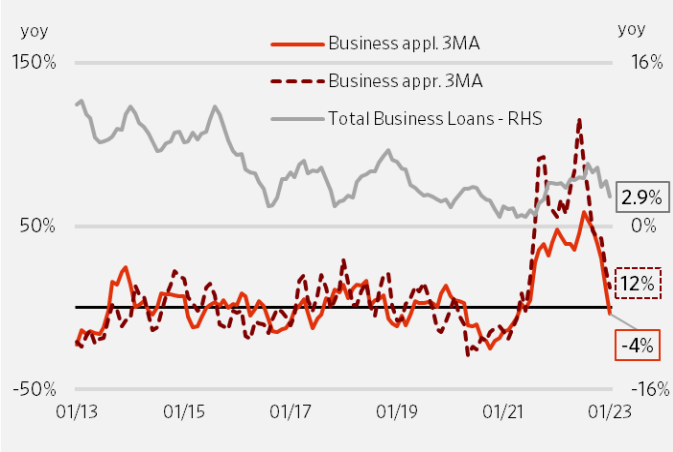
Source: BNM, MIDFR

Figure 12: Retail loan indicators



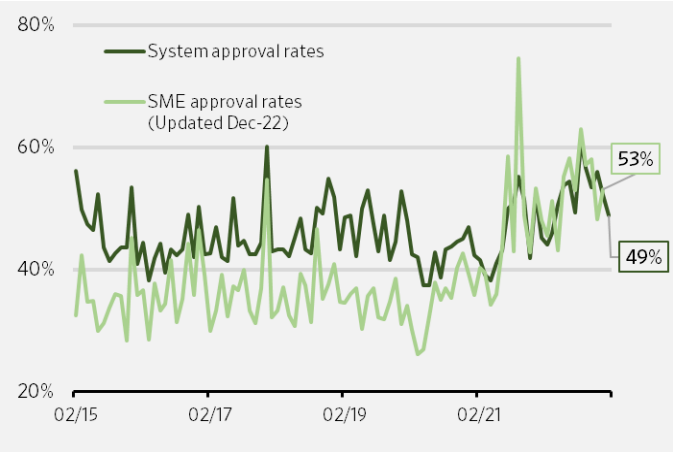
Source: BNM, MIDFR

Figure 13: Business loan indicators



Source: BNM, MIDFR

Figure 14: System approval rates

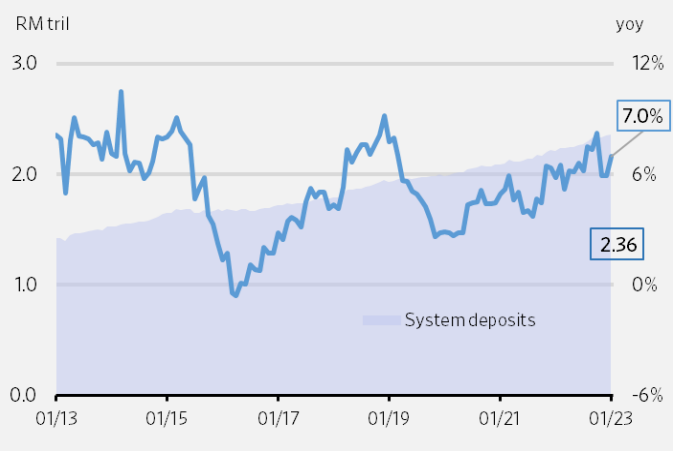


Source: BNM, MIDFR

C. DEPOSITS & LIQUIDITY

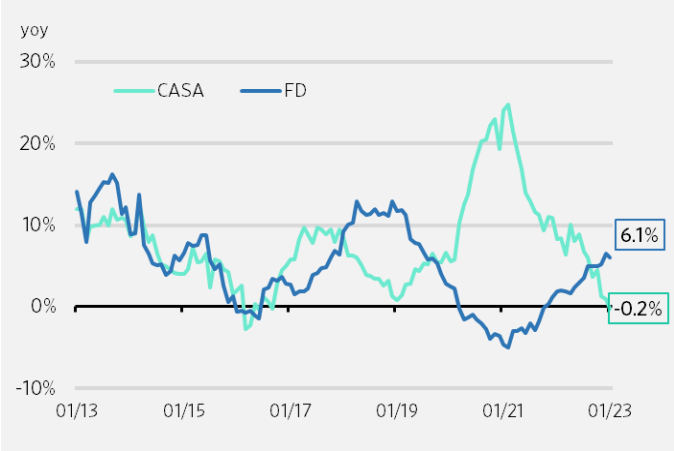
Heatmaps visible here: (link)

Figure 15: System deposits & growth



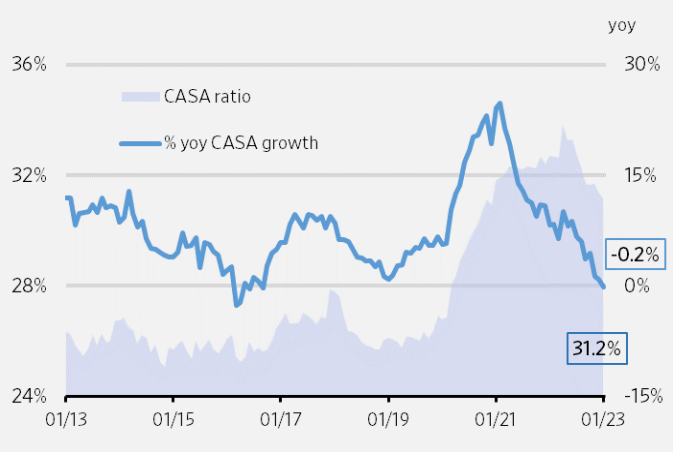
Source: BNM, MIDFR

Figure 16: yoy CASA & FD growth



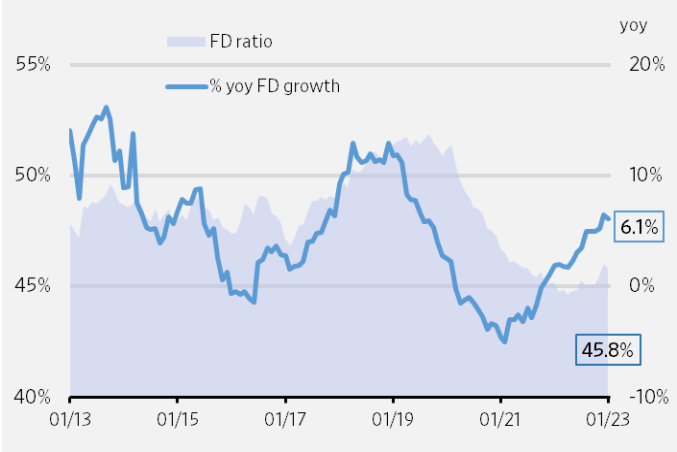
Source: BNM, MIDFR

Figure 17: CASA ratio



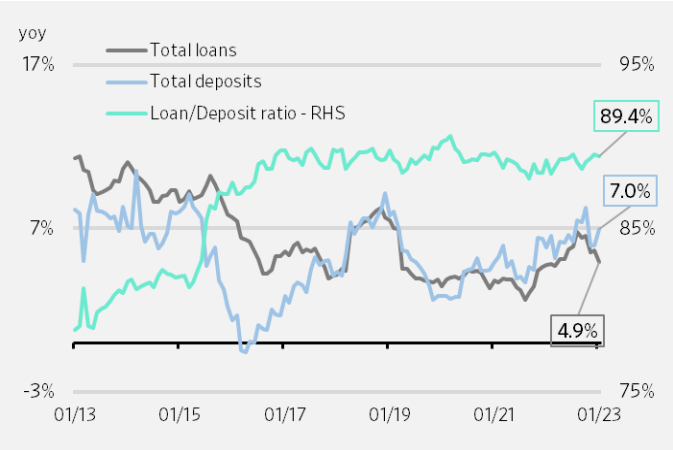
Source: BNM, MIDFR

Figure 18: FD ratio



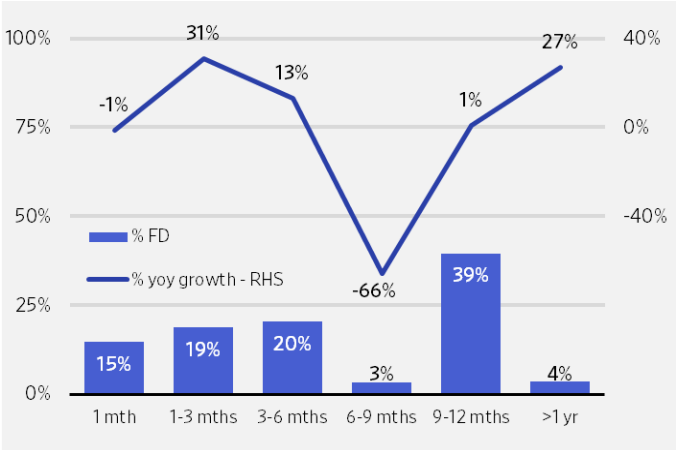
Source: BNM, MIDFR

Figure 19: Loan/Deposit ratio



Source: BNM, MIDFR

Figure 20: FD by maturity

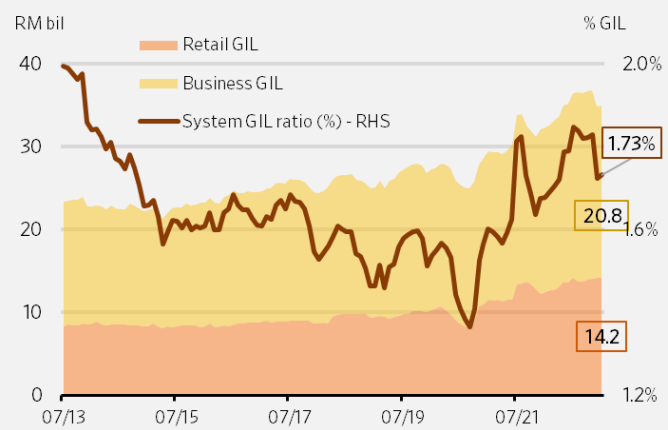


Source: BNM, MIDFR

D. ASSET QUALITY & PROVISIONING

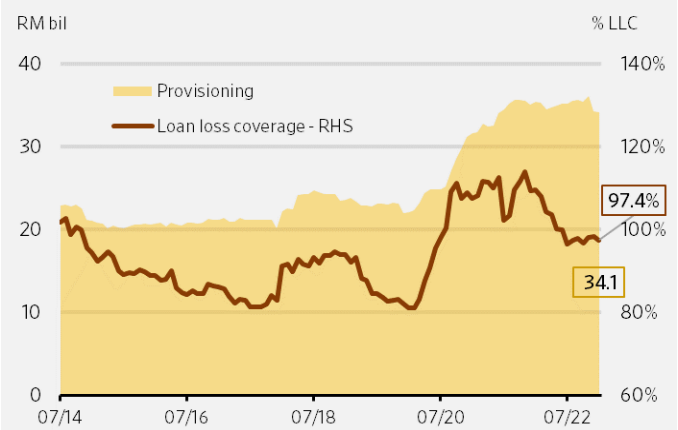
Heatmaps visible here: (link)

Figure 21: System gross impaired loans



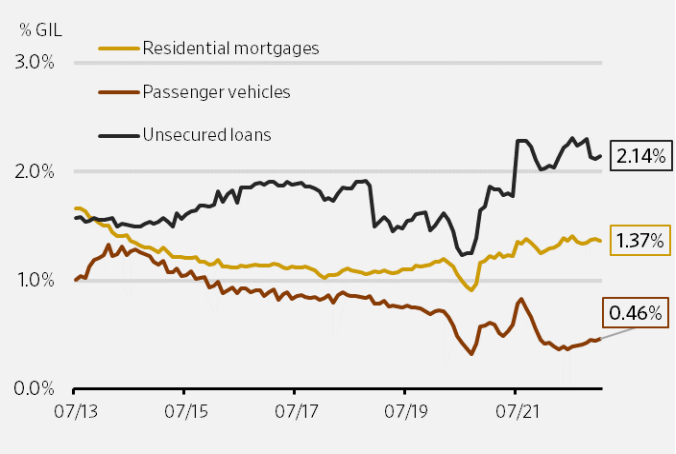
Source: BNM, MIDFR

Figure 22: Provisions & loan loss coverage



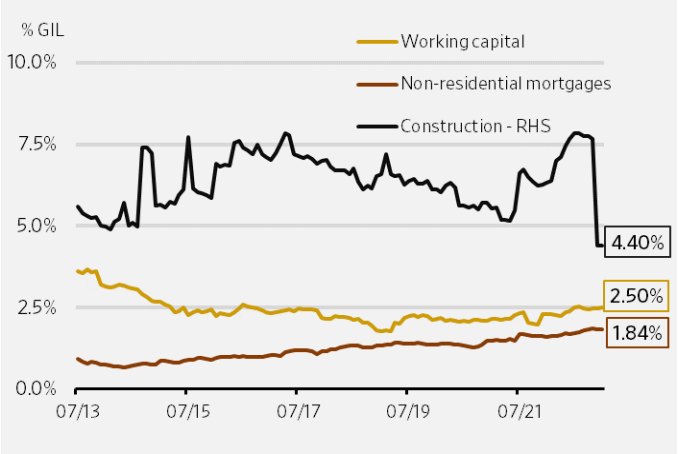
Source: BNM, MIDFR

Figure 23: Retail GIL ratios



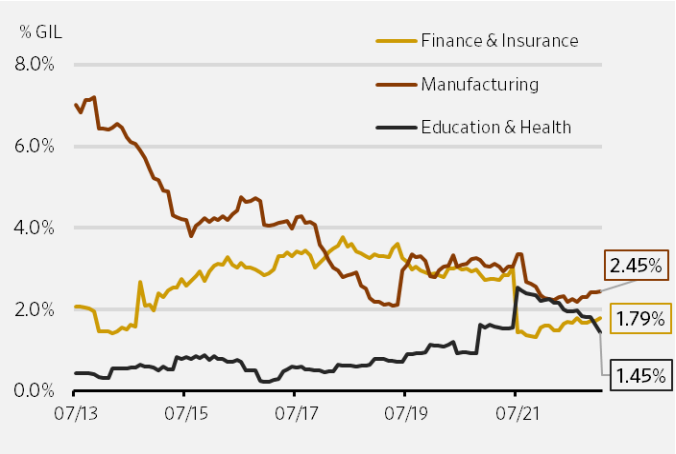
Source: BNM, MIDFR

Figure 24: Business GIL ratios



Source: BNM, MIDFR

Figure 25: GIL ratios of other sectors

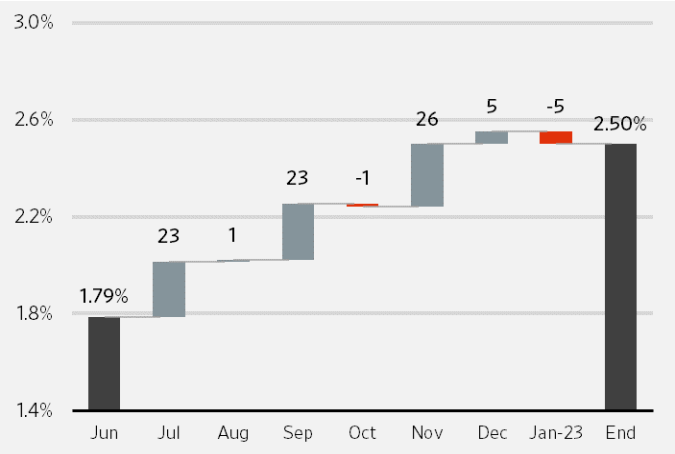


Source: BNM, MIDFR

E. INTEREST SPREAD AND CAPITAL

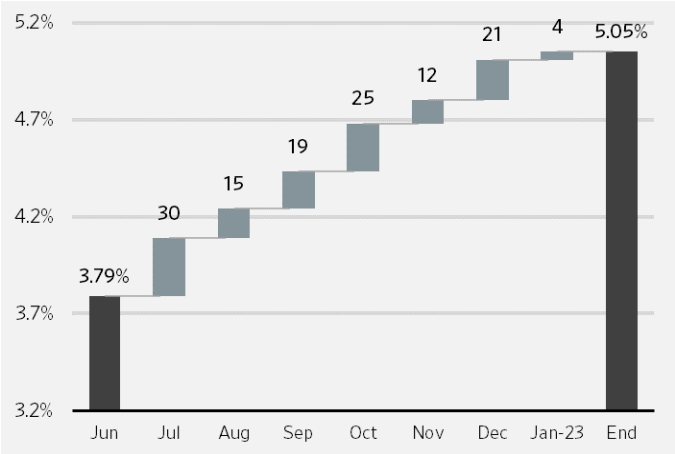
Heatmaps visible here: (link)

Figure 26: Changes in 3M FD rate



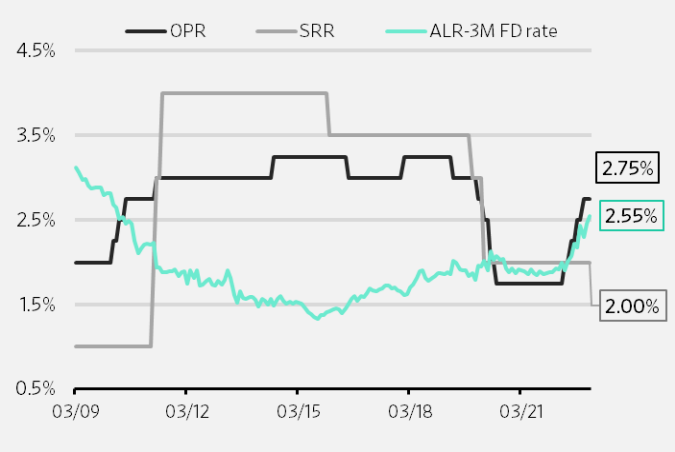
Source: BNM, MIDFR

Figure 27: Changes in Average Lending Rate



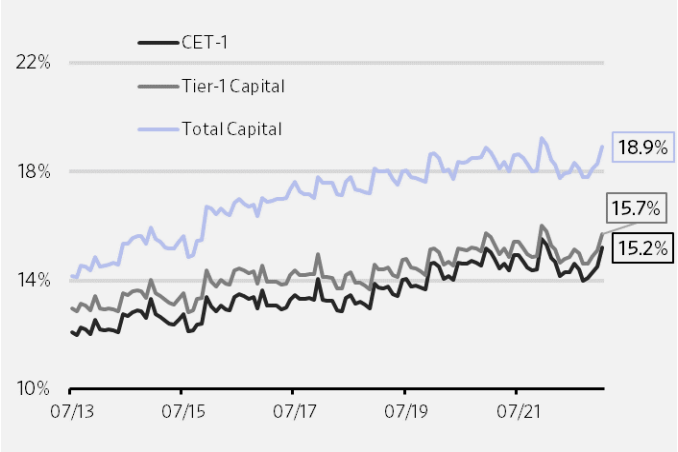
Source: BNM, MIDFR

Figure 28: Interest spread, OPR, SRR



Source: BNM, MIDFR

Figure 29: Capital ratios

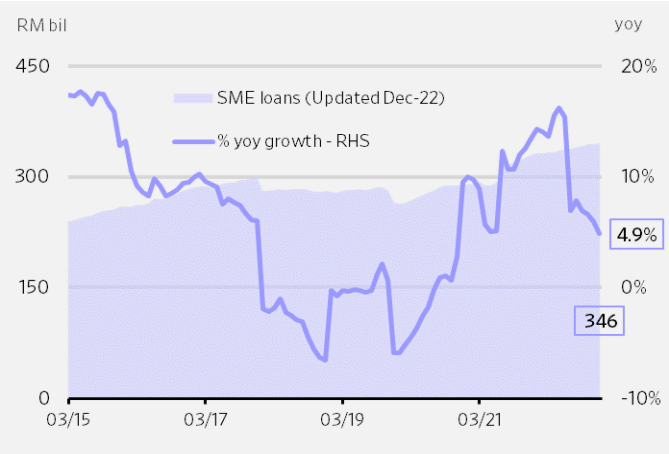


Source: BNM, MIDFR

F. SME DATA

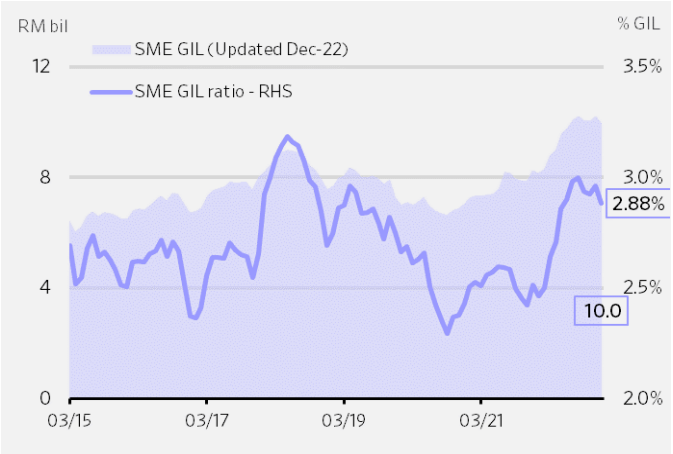
Heatmaps visible here: (link)

Figure 30: SME loans



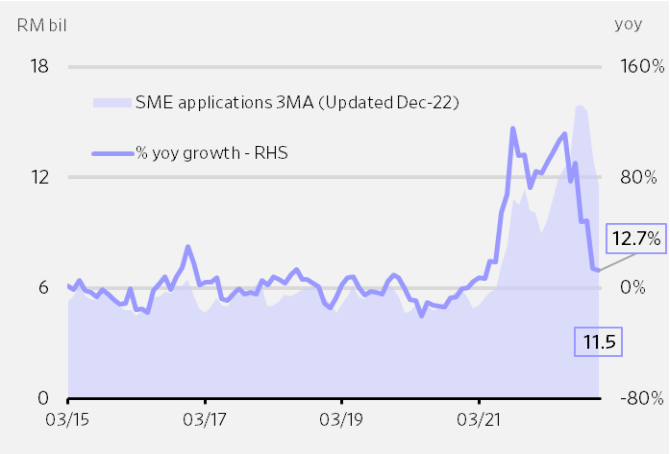
Source: BNM, MIDFR

Figure 31: SME GILs



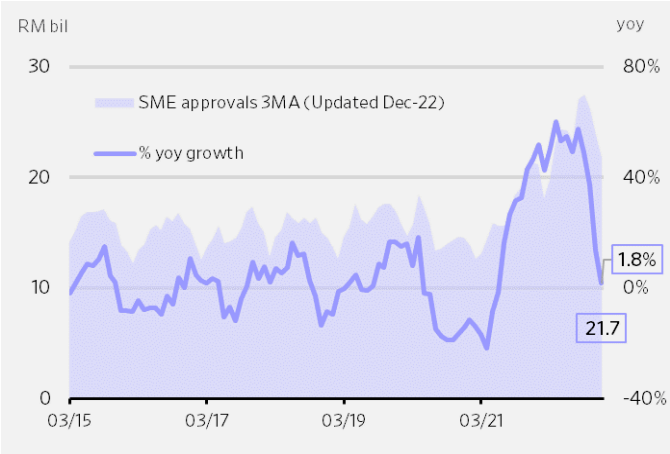
Source: BNM, MIDFR

Figure 32: SME applications (3-mth average)



Source: BNM, MIDFR

Figure 33: SME approvals (3-mth average)



Source: BNM, MIDFR

G. SERIES OF VISUALISATION TABLES

Figure 34: System loans

	Total loans (RM tr)	Growth (% yoy)	Growth (% mom)	Retail			Business		
				Growth (% yoy)	Growth (% mom)	% of total	Growth (% yoy)	Growth (% mom)	% of total
Feb-21	1.84	3.7	0.1	5.6	0.2	52.0	1.6	0.0	48.0
Mar-21	1.85	3.9	0.7	6.1	0.5	51.9	1.7	1.0	48.1
Apr-21	1.85	3.9	0.0	6.7	0.5	52.1	0.9	-0.5	47.9
May-21	1.86	3.9	0.3	6.6	0.2	52.1	1.1	0.3	47.9
Jun-21	1.86	3.4	0.1	5.8	-0.2	51.9	0.9	0.4	48.1
Jul-21	1.86	3.2	0.2	4.8	0.3	52.0	1.6	0.2	48.0
Aug-21	1.86	2.6	-0.1	4.0	0.1	52.1	1.1	-0.4	47.9
Sep-21	1.88	3.0	0.9	3.8	0.6	52.0	2.2	1.3	48.0
Oct-21	1.89	3.4	0.5	4.2	0.8	52.1	2.6	0.3	47.9
Nov-21	1.91	4.4	0.9	4.6	0.8	52.0	4.2	1.0	48.0
Dec-21	1.92	4.6	0.5	5.0	0.9	52.2	4.2	0.1	47.8
Jan-22	**1.93**	**4.8**	**0.5**	**5.4**	**0.6**	**52.3**	**4.1**	**0.5**	**47.7**
Feb-22	1.93	4.8	0.2	5.4	0.2	52.3	4.2	0.1	47.7
Mar-22	1.94	4.7	0.6	5.6	0.6	52.3	3.7	0.6	47.7
Apr-22	1.95	5.1	0.4	5.6	0.5	52.4	4.6	0.3	47.6
May-22	1.95	5.1	0.3	5.7	0.3	52.4	4.5	0.2	47.6
Jun-22	1.97	5.7	0.7	6.6	0.7	52.4	4.8	0.7	47.6
Jul-22	1.97	5.9	0.3	6.9	0.5	52.5	4.7	0.1	47.5
Aug-22	1.99	6.8	0.7	7.4	0.6	52.4	6.1	0.8	47.6
Sep-22	2.00	6.4	0.6	7.5	0.7	52.5	5.3	0.5	47.5
Oct-22	2.01	6.5	0.6	7.2	0.6	52.4	5.7	0.7	47.6
Nov-22	2.01	5.5	-0.1	7.1	0.6	52.8	3.8	-0.9	47.2
Dec-22	2.02	5.7	0.7	6.8	0.7	52.8	4.4	0.7	47.2
Jan-23	**2.02**	**4.9**	**-0.2**	**6.8**	**0.5**	**53.2**	**2.9**	**-0.9**	**46.8**

Source: BNM, MIDFR

Figure 35: yoy loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Feb-21	7.0	5.3	-0.8	2.4	1.1	2.4	3.4
Mar-21	7.2	6.0	0.5	2.4	1.2	2.8	7.1
Apr-21	7.4	7.1	2.6	1.6	1.0	1.5	6.2
May-21	7.4	7.4	1.5	1.7	0.9	1.3	6.4
Jun-21	6.8	6.5	-0.1	1.7	0.9	1.9	5.0
Jul-21	6.1	4.2	0.0	2.8	-0.1	4.3	4.8
Aug-21	5.6	1.5	-0.3	3.0	-0.6	2.0	3.6
Sep-21	5.6	0.0	-0.1	3.8	-0.4	1.5	5.1
Oct-21	5.8	0.3	1.4	4.9	0.1	0.1	4.0
Nov-21	6.0	0.9	2.6	7.2	0.6	-0.7	6.0
Dec-21	6.4	1.8	2.5	7.4	0.8	-0.1	4.2
Jan-22	**6.5**	**2.3**	**3.7**	**7.5**	**1.3**	**-3.9**	**5.5**
Feb-22	6.5	2.6	4.2	7.4	1.4	-3.7	6.2
Mar-22	6.5	3.1	4.5	5.6	2.0	-5.6	7.0
Apr-22	6.5	3.4	4.2	7.1	2.3	-5.6	7.5
May-22	6.5	3.4	5.3	6.9	2.5	-6.0	7.3
Jun-22	6.9	5.4	7.3	7.2	2.8	-5.6	7.6
Jul-22	7.2	6.3	6.8	6.9	3.4	-6.0	6.7
Aug-22	7.5	8.1	6.6	9.4	3.8	-4.3	6.8
Sep-22	7.4	8.7	6.4	8.5	3.3	-3.0	5.0
Oct-22	7.3	8.5	5.8	8.6	3.7	-0.5	3.9
Nov-22	7.3	8.1	5.3	5.5	3.7	-0.7	0.9
Dec-22	6.9	7.6	5.9	6.1	4.0	-3.0	3.2
Jan-23	**6.8**	**7.8**	**5.5**	**3.8**	**3.8**	**-1.6**	**0.4**

Source: BNM, MIDFR

Figure 36: mom loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Feb-21	0.4	-0.1	-8.2	0.5	0.0	-0.7	-0.8
Mar-21	0.6	0.2	-4.8	2.2	0.0	1.2	-0.3
Apr-21	0.6	0.5	-3.0	-0.6	-0.2	-0.4	-0.1
May-21	0.4	0.3	-4.5	0.6	0.0	0.4	0.3
Jun-21	0.2	-1.0	-5.8	0.8	0.1	0.1	-0.3
Jul-21	0.3	-0.5	-3.0	-0.3	-0.4	1.9	1.1
Aug-21	0.3	-0.9	-1.4	-0.4	-0.0	-1.7	0.4
Sep-21	0.7	0.2	-0.3	0.9	0.8	-0.5	2.5
Oct-21	0.7	0.7	1.1	1.1	0.2	-1.9	0.7
Nov-21	0.7	1.0	2.1	1.2	0.3	-0.6	2.7
Dec-21	0.9	1.1	2.5	0.1	0.2	-0.2	-1.2
Jan-22	**0.6**	**0.6**	**6.2**	**1.1**	**0.3**	**-1.6**	**0.4**
Feb-22	0.4	0.0	1.7	0.4	0.1	-0.4	-0.1
Mar-22	0.6	0.8	2.9	0.5	0.6	-0.7	0.4
Apr-22	0.5	0.7	1.9	0.7	0.1	-0.4	0.4
May-22	0.4	0.2	2.0	0.4	0.2	-0.0	0.1
Jun-22	0.6	0.8	3.4	1.1	0.3	0.5	-0.1
Jul-22	0.5	0.5	4.1	-0.5	0.2	1.5	0.3
Aug-22	0.5	0.8	4.6	1.9	0.3	-0.0	0.5
Sep-22	0.6	0.8	4.8	0.1	0.3	0.9	0.7
Oct-22	0.6	0.5	5.0	1.1	0.7	0.7	-0.3
Nov-22	0.7	0.7	5.1	-1.7	0.3	-0.8	-0.2
Dec-22	0.6	0.7	5.9	0.7	0.5	-2.6	1.0
Jan-23	**0.6**	**0.8**	**1.7**	**-1.1**	**0.1**	**-0.1**	**-2.4**

Source: BNM, MIDFR

Figure 37: Loan applications & approvals (3MA)

	Applied (3MA) (RM b)	Growth (% yoy)	Growth (% mom)	Approved (3MA) (RM b)	Growth (% yoy)	Growth (% mom)
Feb-21	66.0	1.3	-7.9	28.9	-6.8	-10.0
Mar-21	73.5	11.9	11.4	30.0	3.5	3.7
Apr-21	82.3	33.9	11.9	32.4	28.6	8.0
May-21	89.2	64.2	8.4	35.1	64.9	8.5
Jun-21	81.1	44.7	-9.1	32.9	48.1	-6.3
Jul-21	74.3	10.2	-8.4	33.2	23.7	0.9
Aug-21	76.1	1.7	2.4	36.7	18.5	10.6
Sep-21	82.6	5.7	8.5	43.1	31.9	17.4
Oct-21	91.1	19.8	10.4	47.8	43.2	11.0
Nov-21	101.8	30.9	11.7	49.7	43.8	3.9
Dec-21	108.7	45.4	6.8	52.4	54.1	5.5
Jan-22	**108.4**	**51.2**	**-0.3**	**50.2**	**56.4**	**-4.2**
Feb-22	96.7	46.4	-10.8	46.0	59.0	-8.5
Mar-22	99.9	35.9	3.4	45.2	50.8	-1.6
Apr-22	106.3	29.2	6.3	50.2	54.9	11.0
May-22	112.5	26.2	5.9	56.1	59.8	11.9
Jun-22	114.4	41.1	1.7	60.5	84.1	7.8
Jul-22	119.2	60.5	4.2	62.4	88.2	3.1
Aug-22	128.6	69.0	7.9	70.6	92.5	13.2
Sep-22	126.6	53.3	-1.6	70.4	63.4	-0.3
Oct-22	120.0	31.7	-5.2	68.7	43.7	-2.4
Nov-22	112.2	10.2	-6.5	62.1	25.0	-9.6
Dec-22	103.1	-5.2	-8.1	55.6	6.1	-10.5
Jan-23	**94.2**	**-13.0**	**-8.6**	**49.6**	**-1.3**	**-10.9**

Source: BNM, MIDFR

Figure 38: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
Feb-21	41.6	42.6	40.3	40.3
Mar-21	39.1	35.2	44.9	39.4
Apr-21	38.2	37.7	38.9	34.2
May-21	41.1	39.6	43.3	36.0
Jun-21	43.2	39.2	47.9	43.7
Jul-21	49.9	37.0	61.8	58.5
Aug-21	51.0	37.2	61.5	42.9
Sep-21	55.2	39.6	74.8	74.6
Oct-21	51.4	40.9	68.3	48.9
Nov-21	41.8	40.9	43.1	42.7
Dec-21	52.2	42.9	66.6	53.3
Jan-22	**45.2**	**39.8**	**53.8**	**48.1**
Feb-22	44.1	41.2	48.0	45.5
Mar-22	46.0	43.1	49.7	51.2
Apr-22	50.6	45.6	56.5	43.1
May-22	53.7	43.8	68.6	55.2
Jun-22	54.5	44.5	67.6	58.3
Jul-22	49.3	47.1	51.4	53.0
Aug-22	61.1	46.6	77.7	62.9
Sep-22	56.6	45.4	68.0	57.1
Oct-22	53.5	45.2	62.1	58.0
Nov-22	56.0	44.3	68.9	48.2
Dec-22	52.2	44.7	62.7	53.2
Jan-23	**48.9**	**44.1**	**55.3**	**-**

**SME data until Dec-22*

Source: BNM, MIDFR

Figure 39: yoy loan application growth (3MA) by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Feb-21	31	5	-8	-25	-8	6	-5
Mar-21	53	25	-2	-25	3	11	23
Apr-21	110	112	33	-35	49	53	71
May-21	204	234	85	-35	136	78	89
Jun-21	128	94	85	-35	165	71	84
Jul-21	30	-30	14	-23	77	61	46
Aug-21	-6	-55	-13	10	37	66	67
Sep-21	-5	-35	-20	24	30	54	21
Oct-21	11	10	-10	36	30	28	26
Nov-21	35	47	1	23	40	-15	45
Dec-21	55	68	12	38	49	-26	58
Jan-22	**60**	**71**	**17**	**44**	**43**	**-21**	**65**
Feb-22	51	75	17	55	36	-11	19
Mar-22	32	59	16	55	26	1	15
Apr-22	20	40	12	67	24	3	1
May-22	16	40	14	63	20	8	-1
Jun-22	30	88	23	61	30	57	9
Jul-22	47	188	42	76	36	161	11
Aug-22	64	266	63	56	54	231	-5
Sep-22	40	135	65	52	46	215	-1
Oct-22	14	46	48	37	36	137	-2
Nov-22	-12	0	25	45	15	64	-18
Dec-22	-24	-12	13	25	-2	26	-24
Jan-23	**-28**	**-11**	**9**	**8**	**-6**	**51**	**-31**

Source: BNM, MIDFR

Figure 40: yoy loan approval growth (3MA) by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Feb-21	17	9	-17	-16	-15	-28	-26
Mar-21	36	23	-13	-14	21	-9	-9
Apr-21	97	114	18	-17	42	18	20
May-21	188	247	69	-17	94	90	66
Jun-21	189	123	75	-33	122	45	80
Jul-21	70	-23	-1	-9	136	70	50
Aug-21	14	-54	-26	30	87	51	58
Sep-21	0	-34	-32	79	93	85	47
Oct-21	11	6	-18	85	81	48	45
Nov-21	34	36	-6	57	96	33	15
Dec-21	61	54	6	77	86	11	17
Jan-22	**67**	**66**	**13**	**70**	**92**	**-11**	**37**
Feb-22	55	76	13	91	86	-9	60
Mar-22	43	71	15	65	76	9	43
Apr-22	39	60	16	100	76	37	14
May-22	40	54	24	100	74	50	10
Jun-22	48	104	39	144	95	113	19
Jul-22	64	212	61	73	82	235	22
Aug-22	85	346	88	84	88	244	1
Sep-22	65	179	87	49	48	259	-8
Oct-22	31	69	58	51	53	147	-2
Nov-22	-3	15	31	43	32	124	25
Dec-22	-19	1	15	15	32	48	21
Jan-23	**-23**	**-2**	**9**	**11**	**7**	**47**	**-1**

Source: BNM, MIDFR

Figure 41: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D Ratio (%)
Feb-21	2,097	5.2	0.6	89.3
Mar-21	2,129	5.9	1.5	88.7
Apr-21	2,113	4.6	-0.8	89.2
May-21	2,119	5.0	0.3	89.1
Jun-21	2,126	3.9	0.3	88.9
Jul-21	2,137	4.0	0.5	88.6
Aug-21	2,138	3.7	0.1	88.5
Sep-21	2,173	4.7	1.7	88.1
Oct-21	2,164	4.4	-0.5	88.9
Nov-21	2,200	6.4	1.7	88.4
Dec-21	2,222	6.3	1.0	88.4
Jan-22	**2,207**	**5.8**	**-0.7**	**89.2**
Feb-22	2,233	6.5	1.2	88.4
Mar-22	2,240	5.2	0.3	88.8
Apr-22	2,243	6.2	0.1	89.2
May-22	2,248	6.1	0.2	89.2
Jun-22	2,266	6.6	0.8	89.3
Jul-22	2,269	6.2	0.1	89.5
Aug-22	2,298	7.5	1.3	89.0
Sep-22	2,333	7.4	1.5	88.7
Oct-22	2,342	8.3	0.4	89.0
Nov-22	2,331	5.9	-0.5	89.3
Dec-22	2,354	5.9	1.0	89.5
Jan-23	**2,361**	**7.0**	**0.3**	**89.4**

Source: BNM, MIDFR

Figure 42: CASA & FD ratios

	CASA (RM b)	Growth (% yoy)	Growth (% mom)	CASA ratio (%)	FD (RM b)	Growth (% yoy)	Growth (% mom)	FD ratio (%)
Feb-21	658	24.8	0.9	31.9	958	-5.0	-0.0	46.5
Mar-21	670	21.4	1.9	32.1	962	-3.0	0.5	46.0
Apr-21	671	19.3	0.1	32.3	959	-3.0	-0.4	46.2
May-21	674	16.8	0.5	32.3	958	-2.6	-0.0	45.9
Jun-21	674	14.0	0.0	32.2	959	-3.2	0.1	45.8
Jul-21	678	12.9	0.5	32.2	965	-2.0	0.6	45.8
Aug-21	680	11.7	0.3	32.3	958	-2.8	-0.7	45.5
Sep-21	689	11.3	1.4	32.3	968	-1.7	1.1	45.4
Oct-21	685	9.4	-0.6	32.2	970	-0.2	0.2	45.7
Nov-21	704	11.1	2.8	32.7	972	0.4	0.2	45.1
Dec-21	702	10.9	-0.3	32.4	977	1.1	0.6	45.1
Jan-22	**706**	**8.3**	**0.6**	**32.7**	**976**	**1.9**	**-0.1**	**45.2**
Feb-22	713	8.4	1.0	32.7	976	2.0	0.0	44.7
Mar-22	713	6.4	0.1	32.6	980	1.8	0.3	44.8
Apr-22	739	10.1	3.5	33.8	975	1.7	-0.5	44.6
May-22	729	8.1	-1.3	33.3	981	2.3	0.6	44.8
Jun-22	734	8.8	0.7	33.3	988	3.0	0.7	44.8
Jul-22	724	6.7	-1.4	32.8	998	3.5	1.1	45.3
Aug-22	721	6.1	-0.3	32.3	1,006	5.0	0.7	45.0
Sep-22	715	3.7	-0.9	31.7	1,016	4.9	1.0	45.0
Oct-22	715	4.5	0.1	31.7	1,018	5.0	0.2	45.1
Nov-22	713	1.3	-0.3	31.7	1,023	5.2	0.4	45.4
Dec-22	708	0.9	-0.7	31.3	1,041	6.5	1.8	46.0
Jan-23	**705**	**-0.2**	**-0.5**	**31.2**	**1,035**	**6.1**	**-0.5**	**45.8**

Source: BNM, MIDFR

Figure 43: Impaired loans and loan loss coverage

	Impaired Loans (RM b)	Growth (% mom)	GIL Ratio (%)	Total Provisions (RM b)	LLC ratio (%)
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
Sep-22	36.4	-0.4	1.82	35.6	98
Oct-22	36.7	0.8	1.82	35.5	97
Nov-22	36.8	0.3	1.83	36.1	98
Dec-22	34.9	-5.2	1.72	34.2	98
Jan-23	**35.0**	**0.4**	**1.73**	**34.1**	**97**

Source: BNM, MIDFR

Figure 44: ALR, 3M-FD rates & Interest spreads

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
Feb-21	3.49	1.58	1.91
Mar-21	3.47	1.56	1.91
Apr-21	3.45	1.56	1.89
May-21	3.42	1.56	1.86
Jun-21	3.47	1.56	1.91
Jul-21	3.43	1.56	1.87
Aug-21	3.40	1.55	1.85
Sep-21	3.45	1.56	1.89
Oct-21	3.42	1.56	1.86
Nov-21	3.44	1.56	1.88
Dec-21	3.45	1.57	1.88
Jan-22	**3.44**	**1.55**	**1.89**
Feb-22	3.48	1.55	1.92
Mar-22	3.48	1.56	1.92
Apr-22	3.56	1.56	2.00
May-22	3.68	1.77	1.91
Jun-22	3.79	1.79	2.00
Jul-22	4.09	2.01	2.08
Aug-22	4.24	2.02	2.22
Sep-22	4.43	2.25	2.18
Oct-22	4.68	2.24	2.44
Nov-22	4.80	2.50	2.30
Dec-22	5.01	2.55	2.46
Jan-23	**5.05**	**2.50**	**2.55**

Source: BNM, MIDFR

Figure 45: SME loan data

	Total SME loans (RM b)	Growth (% yoy)	Growth (% mom)	% of industry loans	SME GIL ratio (%)
Jan-21	290	10.0	-0.0	15.8	2.51
Feb-21	291	9.8	0.2	15.8	2.53
Mar-21	293	9.0	0.8	15.8	2.51
Apr-21	288	5.8	-1.7	15.5	2.56
May-21	289	5.0	0.1	15.5	2.57
Jun-21	293	5.1	1.5	15.7	2.60
Jul-21	317	12.4	8.1	17.0	2.59
Aug-21	317	10.7	-0.0	17.0	2.59
Sep-21	320	10.7	1.1	17.0	2.50
Oct-21	323	12.0	0.9	17.1	2.46
Nov-21	326	12.6	1.0	17.1	2.42
Dec-21	**330**	**13.5**	**1.1**	**17.2**	**2.51**
Jan-22	332	14.3	0.7	17.2	2.46
Feb-22	332	14.1	-0.0	17.2	2.50
Mar-22	333	13.7	0.5	17.2	2.64
Apr-22	333	15.6	-0.1	17.1	2.71
May-22	336	16.3	0.8	17.2	2.86
Jun-22	338	15.4	0.7	17.2	2.90
Jul-22	339	7.0	0.2	17.2	2.98
Aug-22	342	7.9	0.8	17.2	3.00
Sep-22	342	6.9	0.2	17.1	2.94
Oct-22	344	6.7	0.6	17.1	2.93
Nov-22	345	5.9	0.3	17.2	2.96
Dec-22	**346**	**4.9**	**0.1**	**17.1**	**2.88**

SME data until Dec-22

Source: BNM, MIDFR

Figure 46: SME applications & approvals (3MA)

	Applications			Applications		
	3MA (RM b)	Growth (% yoy)	Growth (% mom)	3MA (RM b)	Growth (% yoy)	Growth (% mom)
Jan-21	13.9	0.1	2.4	5.5	-0.2	-7.8
Feb-21	12.7	-0.1	-0.7	4.9	4.5	-11.1
Mar-21	13.1	0.2	1.2	5.1	7.1	3.8
Apr-21	14.4	0.5	-0.4	5.4	6.5	7.4
May-21	15.9	0.3	0.4	5.8	19.4	6.9
Jun-21	15.7	-1.0	0.1	5.9	18.5	2.0
Jul-21	15.6	-0.5	1.9	7.3	54.8	23.5
Aug-21	17.2	-0.9	-1.7	8.3	67.5	13.8
Sep-21	18.5	0.2	-0.5	10.8	115.5	29.9
Oct-21	19.1	0.7	-1.9	10.5	95.4	-2.5
Nov-21	21.0	1.0	-0.6	11.4	96.2	7.8
Dec-21	**21.4**	**1.1**	**-0.2**	**10.2**	**72.2**	**-10.0**
Jan-22	21.2	0.6	-1.6	10.1	84.1	-1.4
Feb-22	18.1	0.0	-0.4	8.9	83.1	-11.6
Mar-22	19.8	0.8	-0.7	9.6	90.7	8.1
Apr-22	23.1	0.7	-0.4	10.8	98.6	11.8
May-22	24.4	0.2	-0.0	12.0	106.6	11.2
Jun-22	24.3	0.8	0.5	12.5	111.3	4.4
Jul-22	23.3	0.5	1.5	12.9	77.2	3.5
Aug-22	27.1	0.8	-0.0	15.8	90.4	22.3
Sep-22	27.5	0.8	0.9	15.9	47.7	0.8
Oct-22	26.2	0.5	0.7	15.6	48.3	-2.1
Nov-22	23.9	0.7	-0.8	13.0	14.3	-16.9
Dec-22	**21.7**	**0.7**	**-2.6**	**11.5**	**12.7**	**-11.3**

SME data until Dec-22

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