BANKING

***Maintain* POSITIVE**

Feb-23 Banking Stats: CASA shows positive reversal

KEY INVESTMENT HIGHLIGHTS

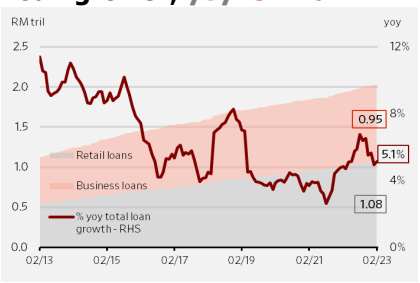
- **Loan growth: Retail loan drivers show mom decline – business loans still choppy as usual**
- **Leading indicators: A possible tapering (and evening out?) from negative growth trajectory**
- **Deposit growth: Both FD and CASA show strong month-on-month growth – month-on-month CASA is positive**
- **System GIL ratio: +3bps mom, should continue to rise while this quarter's provisioning has been muted so far**
- **Interest spread: ALR hike led to widening of the spread**
- **Maintain POSITIVE call – Valuations are cheap, and we can look to solid dividend yields, overlay writebacks, and recovering NOII**

Figure 1: Feb-23, in a glance

Feb-23		t (%)	t-1m (%)	Grade	Remarks
Total loans	yoy	5.1	4.9	▲	mom growth is still not stable, though
	mom	0.4	-0.2	■	fluctuations are minor.
3MA appl.	yoy	-0.9	-13.0	■	Leading indicators' downward
	mom	1.6	-8.6	■	trajectory has begun to mellow out.
3MA appr.	yoy	4.7	-0.7	■	
	mom	-3.5	-12.4	▼	
Approval rate		49	50	■	
Deposits	yoy	7.5	7.0	▲	OPR remained unchanged, but mom
	mom	1.7	0.3	▲	FD growth was very strong.
CASA growth	mom	1.0	-0.5	▲	CASA growth saw positive reversal,
ratio		31.0	31.2	■	after months of contraction.
LCR		153	147	▲	
GIL ratio (bps)	mom	+3	+1	▼	LLC maintains decline, as R&R
LLC ratio		96	97	■	delinquencies skew towards safer
					collateralised and guaranteed loans.
Int spread (bps)	mom	+6	+9	▲	Driven by ALR hike.
SME loans*	yoy	4.1	4.9	▼	SME GIL ratio is rising upwards at a
	mom	0.0	0.1	■	sharp rate as SME R&R loans shift
SME GIL (bps)*	mom	+11	-8	▼	into the impairment bracket.

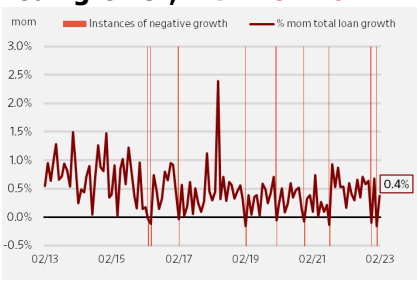
Grade refers to overall standing, not merely t-1 comparison
**SME data until Jan-23*
Source: BNM, MIDFR

Loan growth, yoy: 5.1%



Source: BNM, MIDFR

Loan growth, mom: 0.4%



Source: BNM, MIDFR

Month-on-month loan growth yet to stabilise. The past few months saw month-on-month loan growth alternate between positive and negative growth. Following a reduction in deposit competition in later months, we should see more stable, sustained funding – allowing for banks to pursue loan growth more directly.

COMPANY IN FOCUS

Public Bank
Maintain **BUY** | Unchanged Target price: RM5.08
Price @ 31 March 2023: RM4.00

- Potential net writebacks in 2023
- Defensive play: Asset quality and loan loss coverage are among best in industry
- Valuations extremely attractive

Share price chart



CIMB
Maintain **BUY** | Unchanged Target price: RM6.55
Price @ 31 March 2023: RM5.31

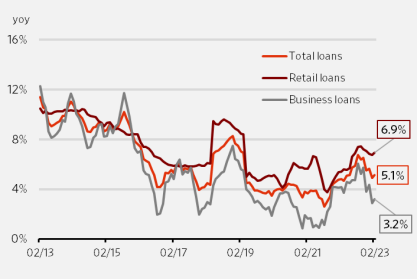
- Exposure to Indonesian market is still very attractive
- Less loan compression pressure following end of restructuring programme
- Valuations are still cheap

Share price chart



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Retail loans, yoy: 5.6%
mom: 0.4%
Business loans, yoy: 3.2%
mom: 0.4%



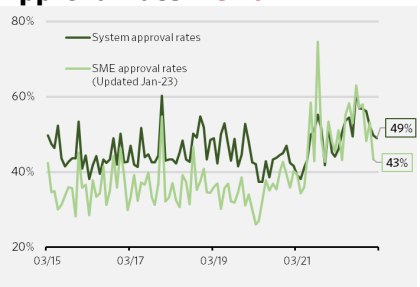
Source: BNM, MIDFR

Retail loans reliable as ever. Note, however, the three core drivers of residential mortgages, hire purchase and unsecured loans did see more muted sequential month growth than previous months – possibly signalling the start of a retail spending slowdown.

Credit card loans saw their first month-on-month contraction (-0.8%mom) since Apr-22, likely due to the base effects of CNY spending in the previous month. Total purchases in Malaysia by both local and foreign cardholders saw a steep contraction, which was even more drastic than last month's already sharp reduction.

Business loans still choppy. While the segment did see positive month-on-month growth, the outcome is less certain, given that construction and working capital segments tend to be volatile. Both showed positive month-on-month growth.

3M appl, yoy: -1%, mom: 2%
3M appr, yoy: 5%, mom: -4%
Approval rate: 49%

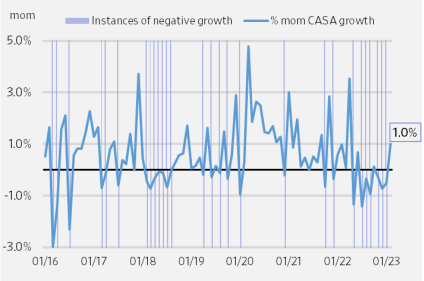


Source: BNM, MIDFR

Leading indicators' downward trajectory began to mellow out. In contrast to the sharp double-digit growth declines seen in previous months, Feb-23 saw relatively muted movement and even slight growth in 3MA applications on a sequential year basis. Core drivers for applications were vehicle, property and working capital loans, which saw sharp double-digit sequential month growth.

Approval rates tick slightly lower, though it's worth noting that SME loan approval rates fell sharply by -10%mom to 43% in Feb-23.

Depos, yoy: 7.5%, mom: 1.7%
CASA, yoy: -0.2%, mom: 1.0%
CASA ratio: 31.0%

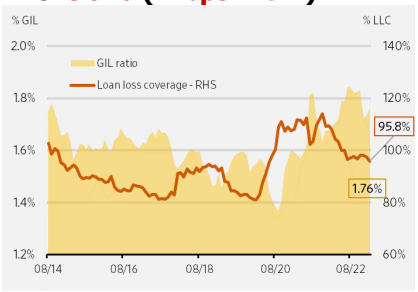


Source: BNM, MIDFR

Deposit growth largely driven by FDs, though CASA stages a slight comeback. This was the first time CASA saw positive sequential month growth since Oct-22. CASA ratio continues to fall, as FD growth continues to outstrip CASA, but with deposit competition alleviating in coming quarters, we could see CASA stage a stronger comeback.

Liquidity coverage ratio stands at an extremely healthy 153%.

GIL: 1.76% (+3bps mom)
LLC: 96% (-1bps mom)

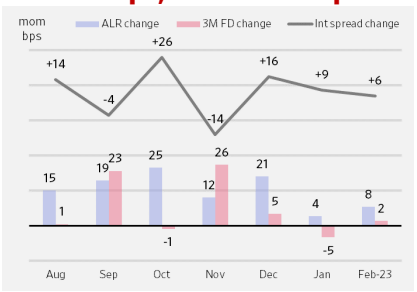


Source: BNM, MIDFR

GIL ticked upwards. This was largely driven by retail GIL – business GIL remained relatively flat. Notable upticks occurred in the construction and HoReCa segment. While asset quality should further deteriorate in coming months, we expect sizeable write-offs to prevent the GIL ratio from ballooning.

LLC continues to decline. Provisioning so far has been relatively muted this quarter. Although LLC remains on the downtrend, banks have taken a mixed approach to LLC: some intend to maintain it at a higher level, whereas some have begun to reduce their LLC upon further clarity of R&R delinquency trends, as initial fears were overblown.

Int spread: +6bps mom
ALR: +8bps, 3M FD: +2bps



Source: BNM, MIDFR

Interest spread continues to widen, driven by ALR. Despite fears of strong deposit competition, interest spread has done well so far 1QCY23 – we can also expect it to clear further in subsequent months, following further clarity on BNM's OPR stance (banks often raise rates in anticipation of an OPR hike).

Note that we have revised our OPR expectations to 2.75% in CY22 (from 3.00%), considering the global banking crisis and recession fears.

Maintain POSITIVE call. Fundamentals are still solid, and local banks are well equipped to deal with any form of asset quality or liquidity stress in coming quarters. We recommend buying on weakness (considering global banking fears), seeing that recent market jitters have yet to subside.

Interest-related headwinds may not be as severe as once thought. We continue to favour the sector for (i) High dividend yields, (ii) Propensity for an upside surprise to earnings, in the form of overlay writebacks, (iii) Recovering non-interest contributions, (iv) undervalued Ringgit, offering investment incentives to foreign institutional players.

Our top picks for the sector remain **Public Bank (BUY, TP: RM5.08)** and **CIMB (BUY, TP: RM6.55).**

PEER COMPARISON TABLE

Bank	Rec	Share P*	Target P	Upside	Mkt Cap	P/E (x)		P/B (x)		ROE (%)		Div Yield (%)	
		(RM)	(RM)	(%)	(RM b)	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
MAY	NEUTRAL	8.57	8.94	4.3	102.6	10.5	9.5	1.1	1.1	11.0	11.7	7.9	8.7
CIMB	BUY	5.31	6.55	23.4	55.4	8.3	7.5	0.8	0.8	10.4	10.9	6.2	6.9
PBK	BUY	4.00	5.08	27.0	77.6	11.1	10.8	1.4	1.3	13.4	12.8	4.5	4.6
RHB	BUY	5.58	6.74	20.8	22.6	7.1	6.1	0.7	0.7	10.7	11.7	7.1	8.2
HLBK	BUY	20.22	24.90	23.1	41.4	10.7	9.8	1.3	1.2	12.3	12.6	3.3	3.6
HLFG	BUY	17.98	24.79	37.9	20.4	7.4	6.8	0.7	0.6	10.1	9.6	2.7	2.9
AMMB	BUY	3.75	5.24	39.7	12.4	7.0	6.4	0.7	0.7	10.4	10.6	4.3	4.7
BIMB	BUY	2.15	2.99	39.1	4.6	7.7	7.0	0.6	0.6	8.7	9.0	6.8	7.5
AFFIN	NEUTRAL	2.01	2.11	5.0	4.2	7.7	6.7	0.4	0.4	5.7	6.3	3.9	4.5
ABMB	BUY	3.40	4.26	25.3	5.3	7.7	7.2	0.7	0.7	10.1	10.3	6.5	6.9
Simple avg (ex-HLFG)						**8.6**	**7.9**	**0.9**	**0.8**	**10.3**	**10.6**	**5.6**	**6.2**
Weighted avg (ex-HLFG)						**9.8**	**9.0**	**1.1**	**1.0**	**11.5**	**11.8**	**5.9**	**6.5**

**Closing prices from 31 Mar 2023.*

Source: BNM, MIDFR

A. SYSTEM LOAN & CONSTITUENTS

Visualisation tables here: (link)

Figure 2: Core figures & forecasts

	yoy Growth rates (%)				YTD Ann. (%)	mom Growth rates (%)			
	Feb-23	Jan-23	Dec-22	Nov-22		Feb-23	Jan-23	Dec-22	Nov-22
Total loans	**5.1**	**4.9**	**5.7**	**5.5**	**1.3**	**0.4**	**-0.2**	**0.7**	**-0.1**
Retail loans	6.9	6.8	6.8	7.1	5.6	0.4	0.5	0.7	0.6
Business loans	3.2	2.9	4.4	3.8	-3.6	0.4	-0.9	0.7	-0.9
SME*	-	4.1	4.9	5.9	0.2	-	0.0	0.1	0.3
Total deposits	7.5	7.0	5.9	5.9	**11.8**	1.7	0.3	1.0	-0.5
CASA	-0.2	-0.2	0.9	1.3	2.9	1.0	-0.5	-0.7	-0.3
FD	7.2	6.1	6.5	5.2	3.8	1.1	-0.5	1.8	0.4
Total provisions	-2.8	-3.6	-2.3	1.6	0.1	0.5	-0.4	-5.1	1.8
Total GIL	9.5	8.4	8.6	18.0	15.0	2.1	0.4	-5.2	0.3
Leading indicators									
3MA applications	-1	-13	-5	10	-43	2	-9	-8	-7
Retail	-6	-19	-16	-4	-6	4	-5	-4	-7
Business	6	-4	11	30	-85	-1	-13	-13	-6
3MA approvals	5	-1	9	28	-93	-4	-12	-10	-10
Retail	0	-13	-9	6	-16	3	-5	-4	-9
Business	10	14	28	48	-152	-9	-18	-15	-10

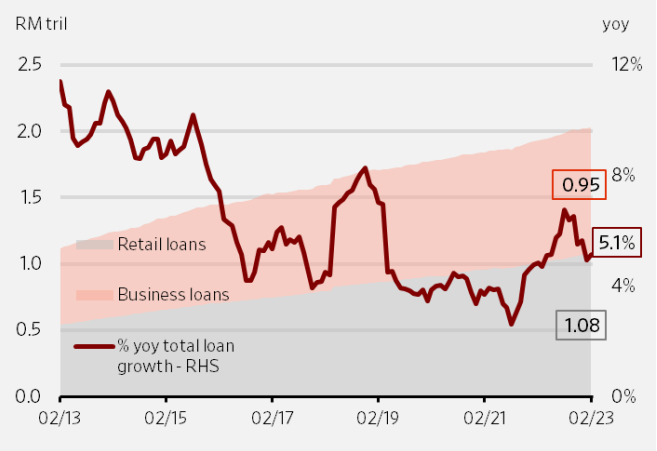
	Feb-23	Jan-23	Dec-22	Nov-22	Feb-22
Interest spread	2.61	2.55	2.46	2.30	1.92
Loan approval rate	49	50	52	56	44
SME approval rate*	-	43	53	48	45
GIL ratio	1.76	1.73	1.72	1.83	1.69
SME GIL ratio*	-	2.99	2.88	2.96	2.50
LLC ratio	96	97	98	98	108
CASA ratio	31.0	31.2	31.3	31.7	32.7
Loan/Deposit ratio	88.4	89.4	89.5	89.3	88.4
Liquidity coverage ratio	153	147	154	147	151
CET 1	14.8	15.2	15.0	14.3	14.8
Tier 1 Capital	15.3	15.8	15.6	14.9	15.3
Total Capital	18.5	19.0	18.8	18.1	18.4

**SME data until Jan-23*

	Period	Forecast	Formerly
Loan growth	CY23	4.5-5.0%	
GDP	CY23	4.2%	
GIL ratio	CY23	<2.00%	
OPR	CY23	2.75%	3.00% (↓)

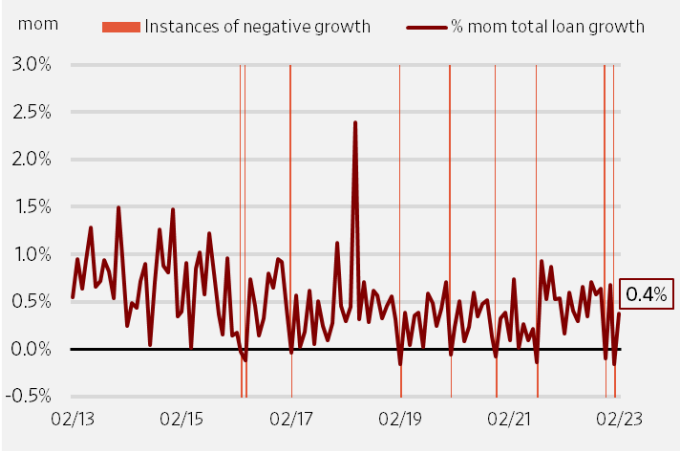
Source: BNM, MIDFR

Figure 3: yoy System loans



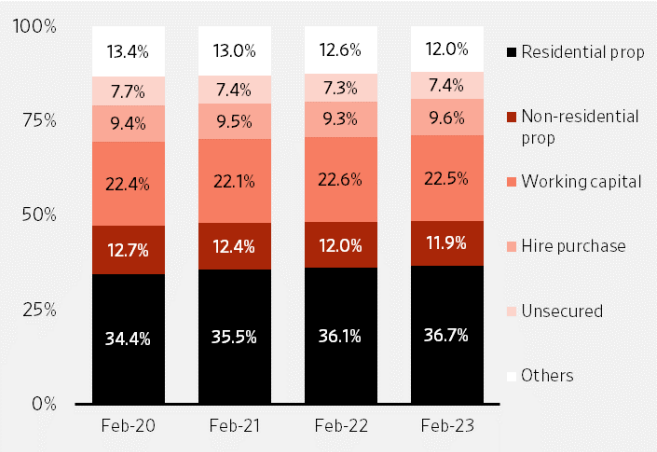
Source: BNM, MIDFR

Figure 4: mom System loans



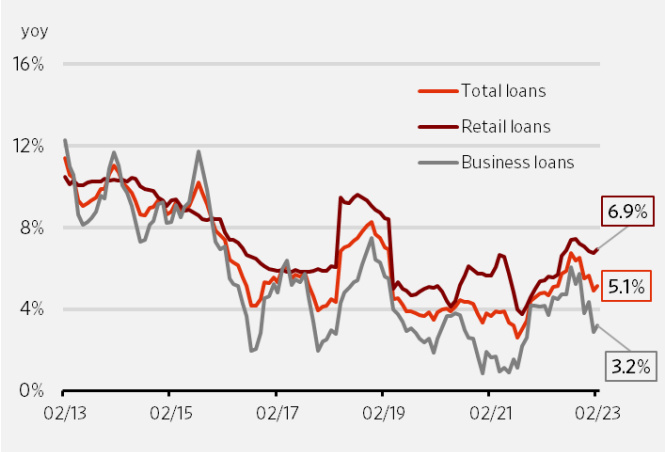
Source: BNM, MIDFR

Figure 5: Loan breakdown by type



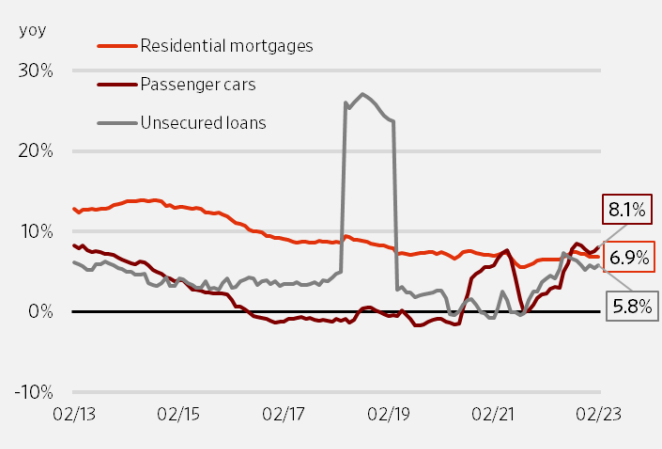
Source: BNM, MIDFR

Figure 6: Retail & business loan growth



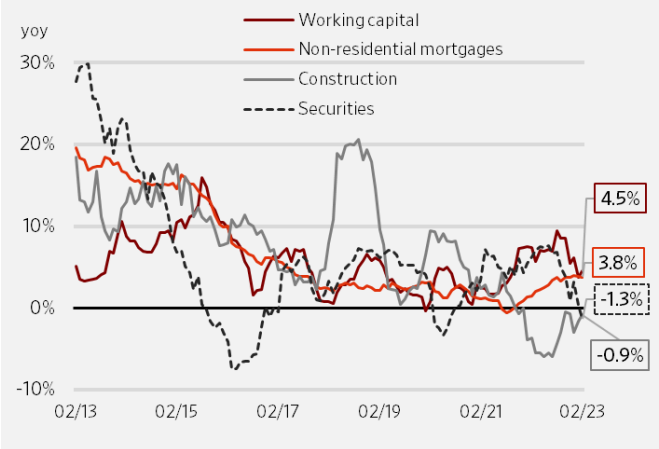
Source: BNM, MIDFR

Figure 7: Retail loan constituents



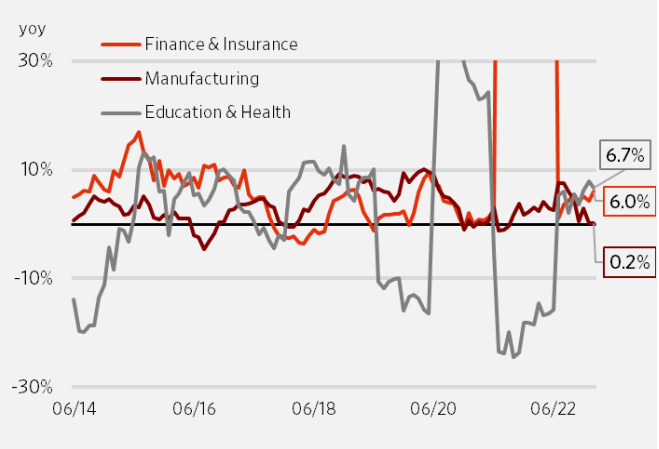
Source: BNM, MIDFR

Figure 8: Business loan constituents



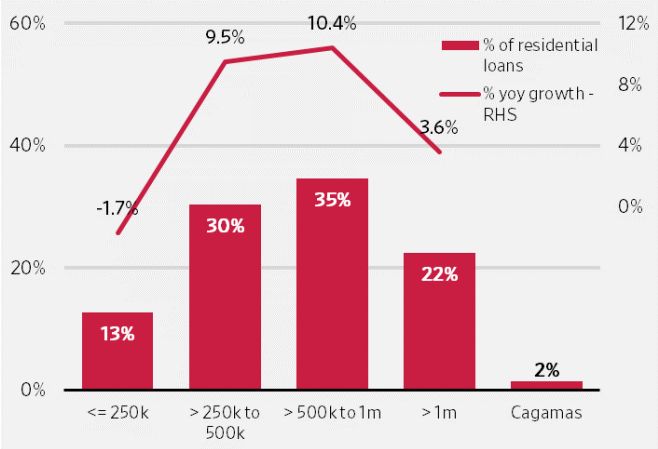
Source: BNM, MIDFR

Figure 9: Loan growth of other sectors



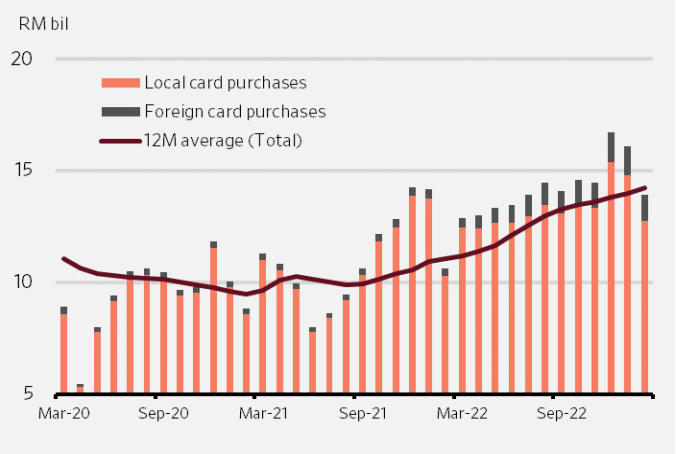
Source: BNM, MIDFR

Figure 10: Residential loans by segment



Source: BNM, MIDFR

Figure 11: Credit card purchases

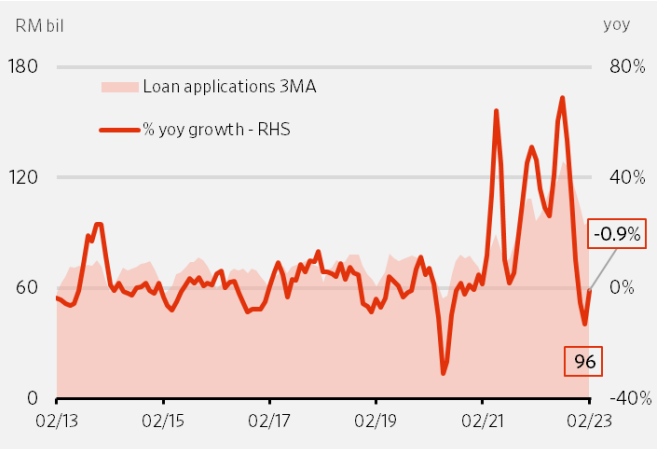


Source: BNM, MIDFR

B. LEADING INDICATOR TRENDS

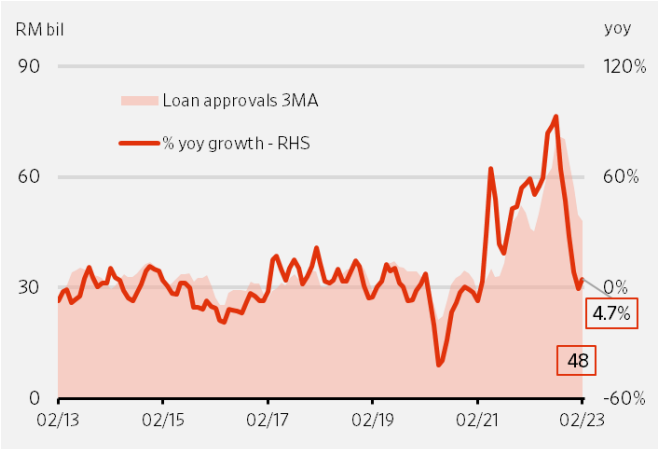
Heatmaps visible here: (link)

Figure 12: Loan applications (3-mth average)



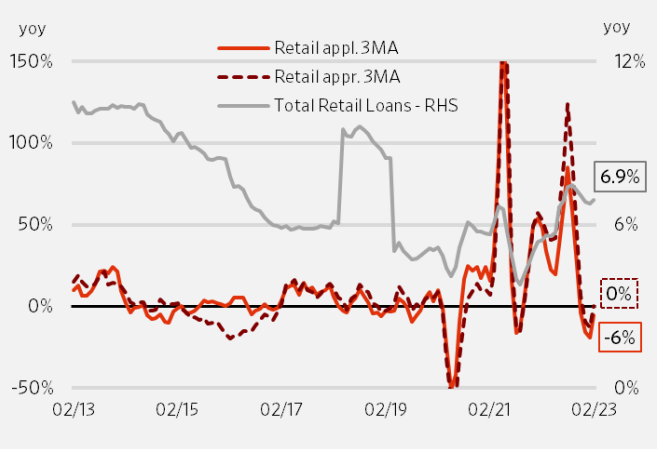
Source: BNM, MIDFR

Figure 13: Loan approvals (3-mth average)



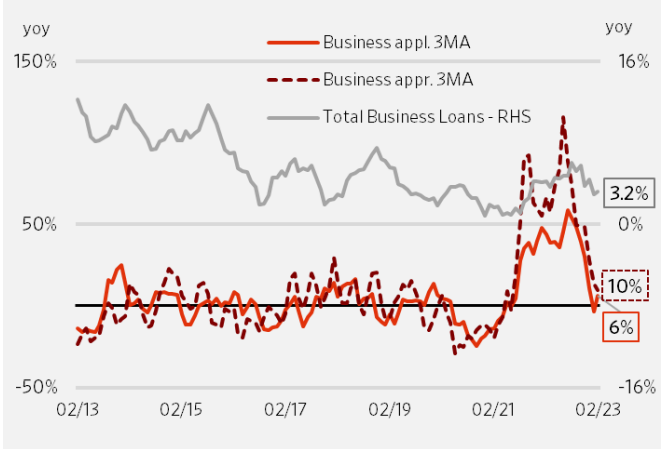
Source: BNM, MIDFR

Figure 14: Retail loan indicators



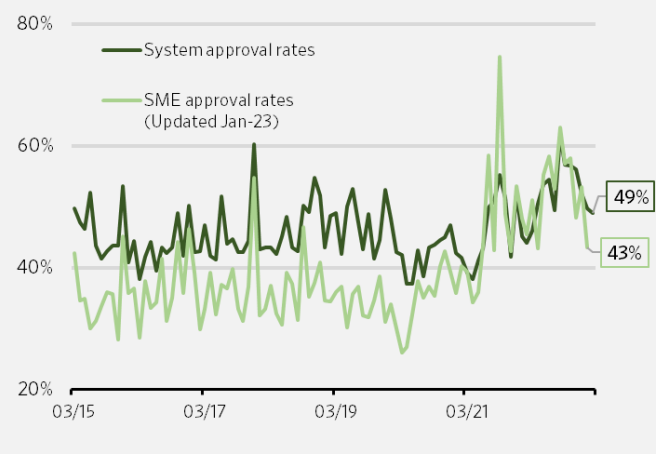
Source: BNM, MIDFR

Figure 15: Business loan indicators



Source: BNM, MIDFR

Figure 16: System approval rates

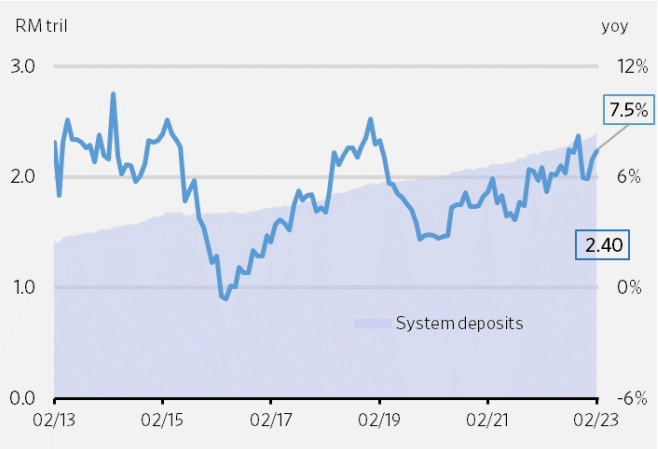


Source: BNM, MIDFR

C. DEPOSITS & LIQUIDITY

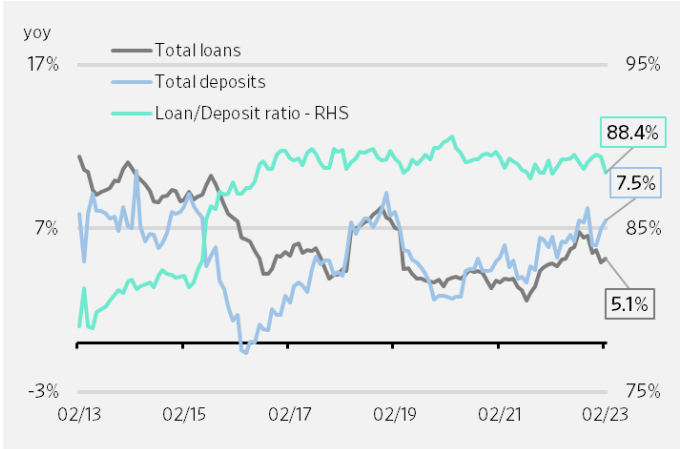
Heatmaps visible here: (link)

Figure 17: yoy System deposits



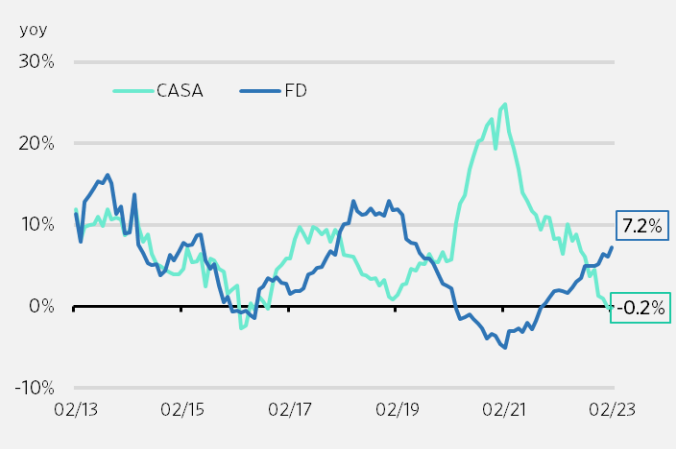
Source: BNM, MIDFR

Figure 18: Loan/Deposit ratio



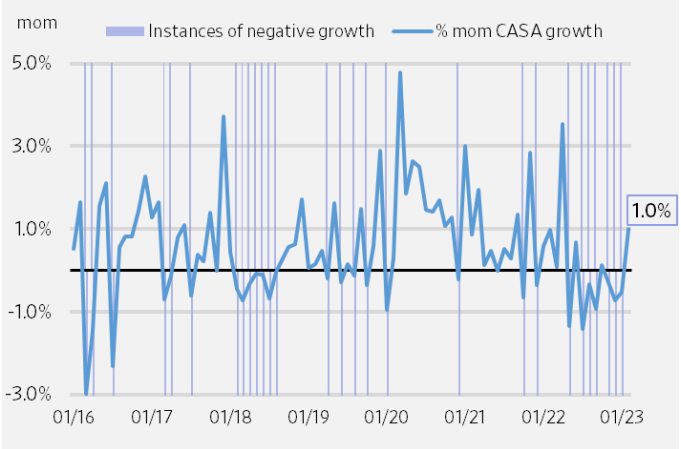
Source: BNM, MIDFR

Figure 19: yoy CASA & FD growth



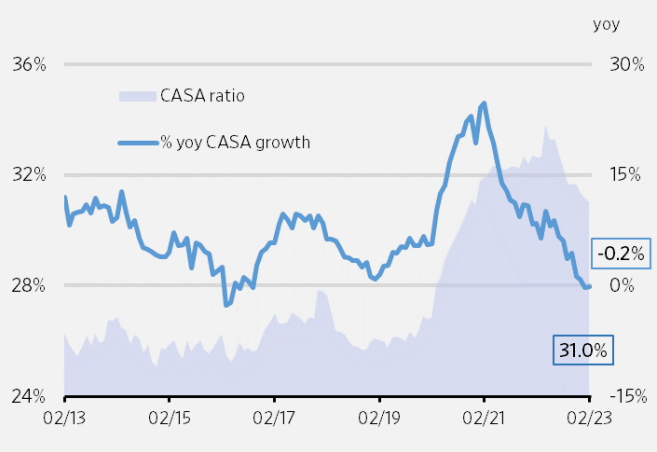
Source: BNM, MIDFR

Figure 20: mom CASA growth



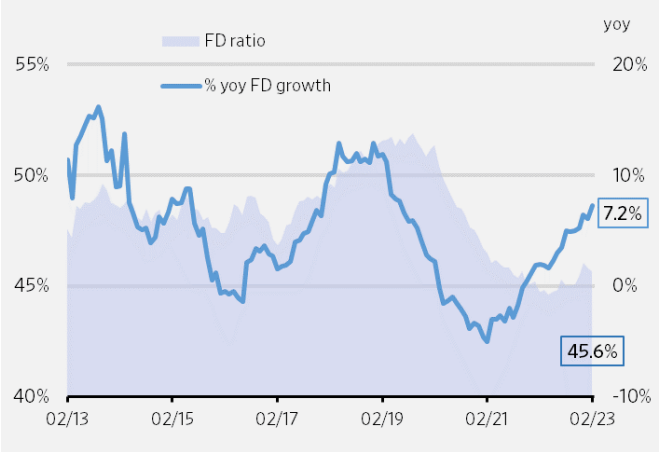
Source: BNM, MIDFR

Figure 21: CASA ratio



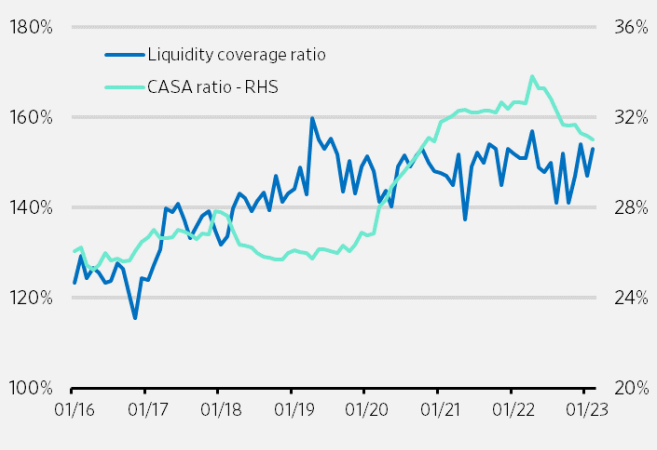
Source: BNM, MIDFR

Figure 22: FD ratio



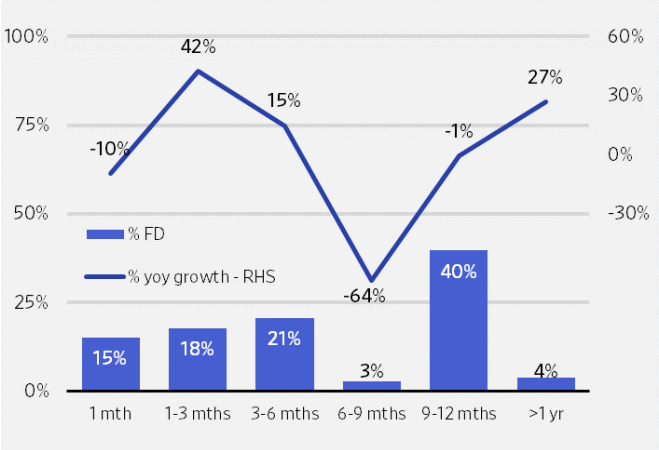
Source: BNM, MIDFR

Figure 23: Liquidity coverage ratio



Source: BNM, MIDFR

Figure 24: FD by maturity

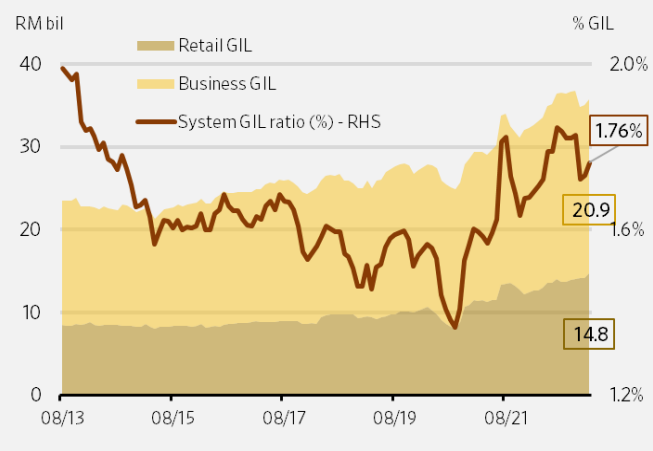


Source: BNM, MIDFR

D. ASSET QUALITY & PROVISIONING

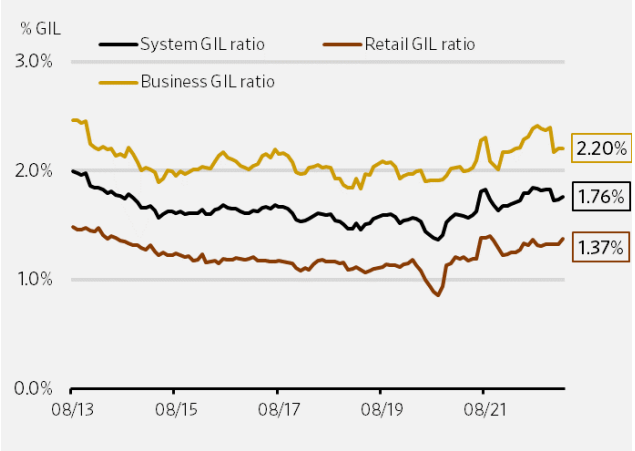
Heatmaps visible here: (link)

Figure 25: System gross impaired loans



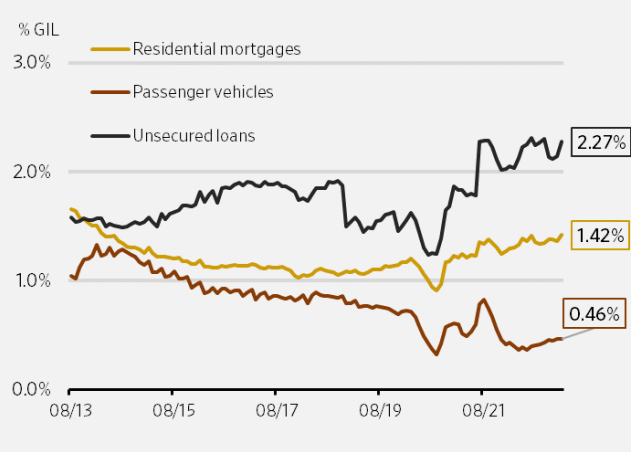
Source: BNM, MIDFR

Figure 26: System, Retail, Business GIL ratios



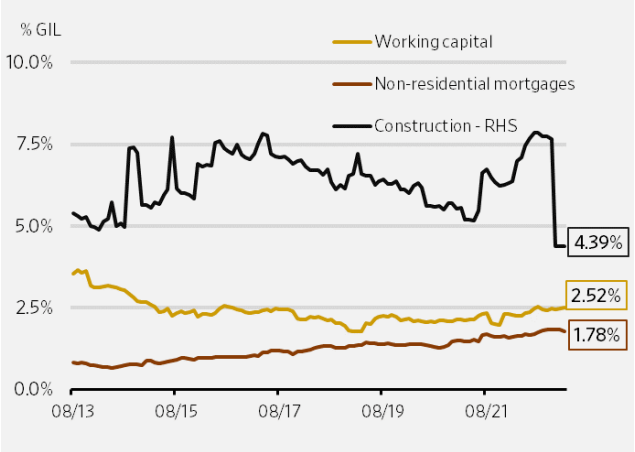
Source: BNM, MIDFR

Figure 27: Retail GIL ratios



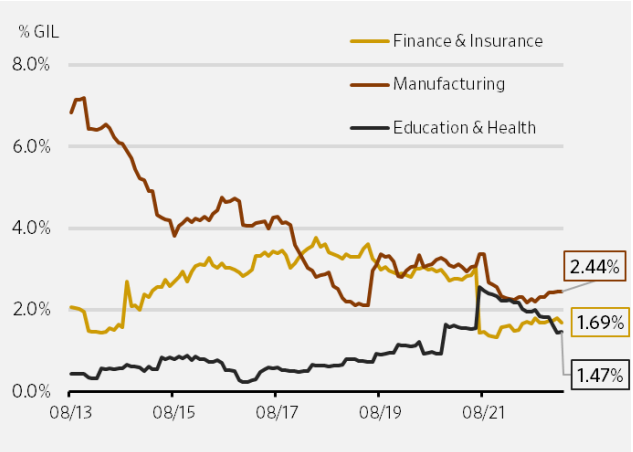
Source: BNM, MIDFR

Figure 28: Business GIL ratios



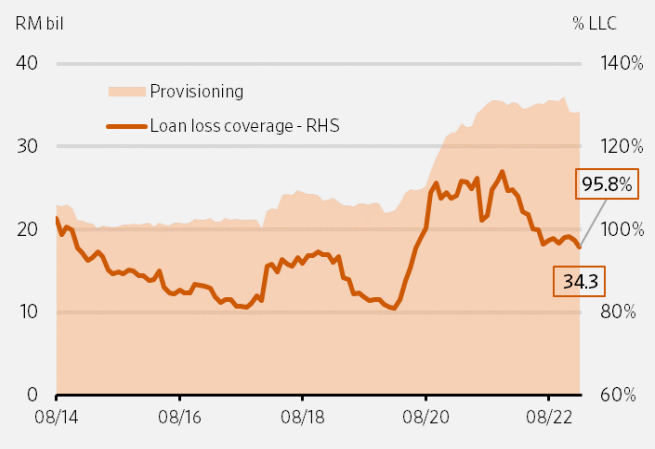
Source: BNM, MIDFR

Figure 29: GIL ratios of other sectors



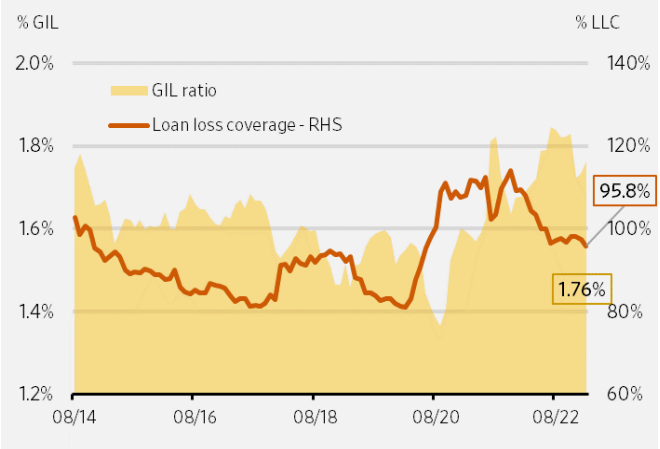
Source: BNM, MIDFR

Figure 30: Provisions & loan loss coverage



Source: BNM, MIDFR

Figure 31: LLC and GIL ratio

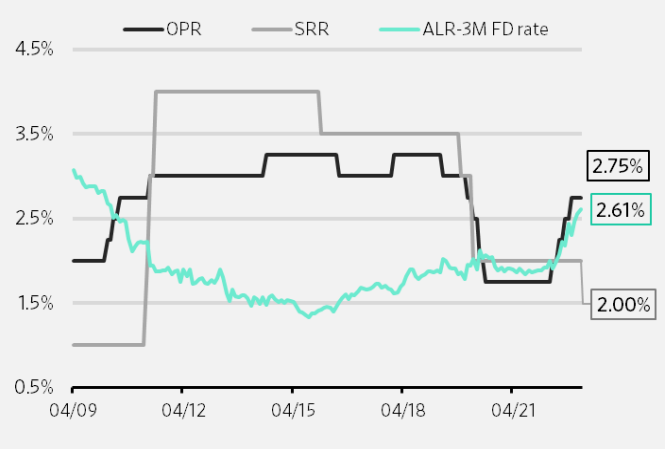


Source: BNM, MIDFR

E. INTEREST SPREAD AND CAPITAL

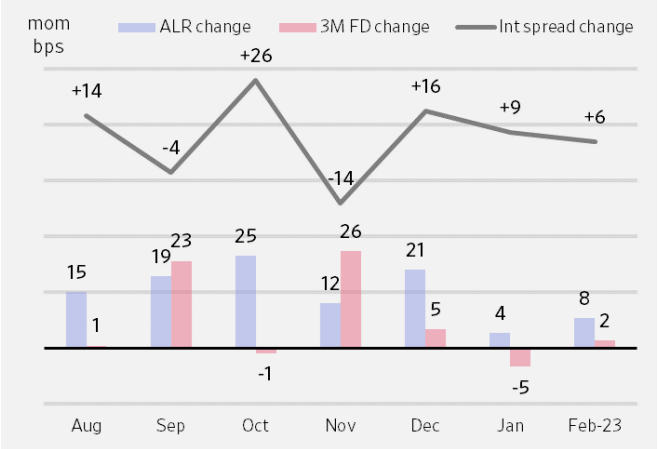
Heatmaps visible here: (link)

Figure 32: Interest spread, OPR, SRR



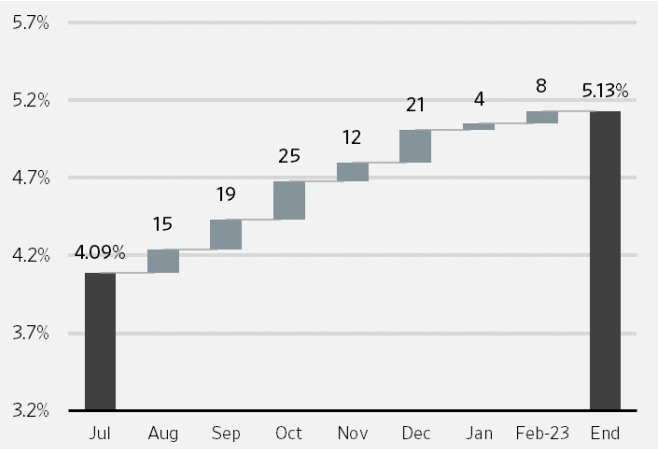
Source: BNM, MIDFR

Figure 33: mom Changes in Interest spreads



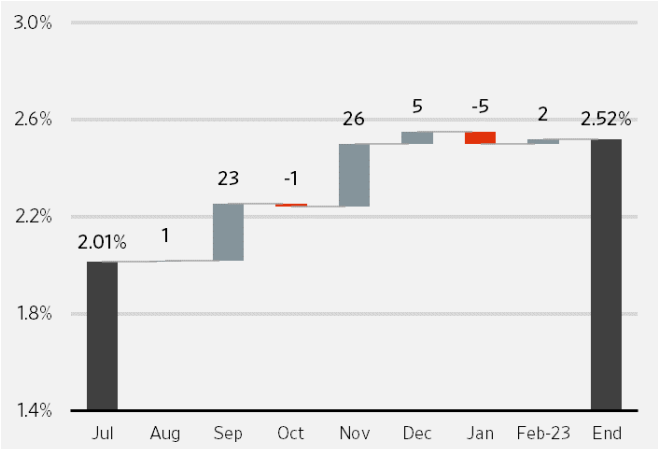
Source: BNM, MIDFR

Figure 34: Changes in Average Lending Rate



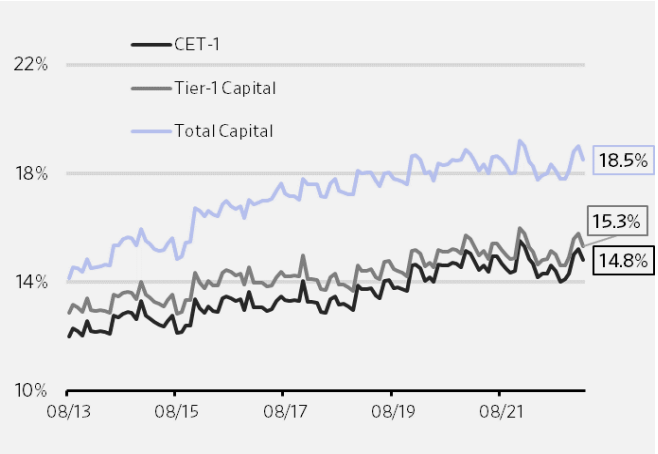
Source: BNM, MIDFR

Figure 35: Changes in 3M FD rate



Source: BNM, MIDFR

Figure 36: Capital ratios

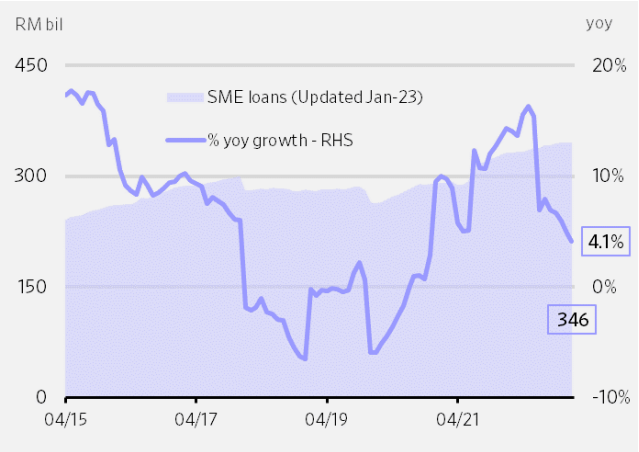


Source: BNM, MIDFR

F. SME DATA

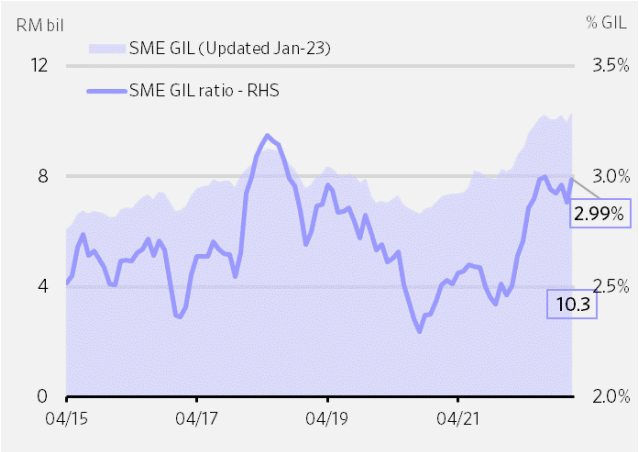
Heatmaps visible here: (link)

Figure 37: SME loans



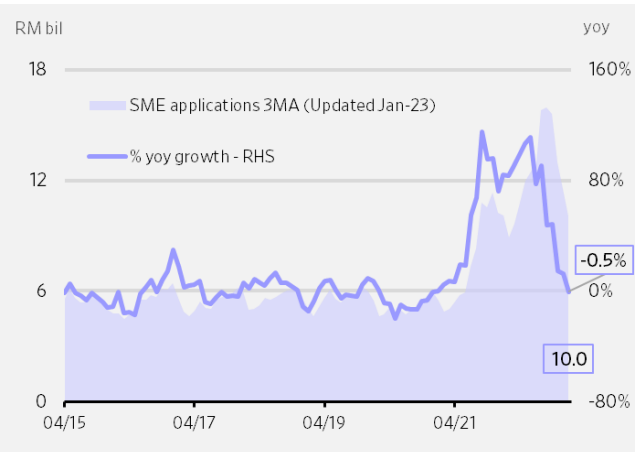
Source: BNM, MIDFR

Figure 38: SME GILs



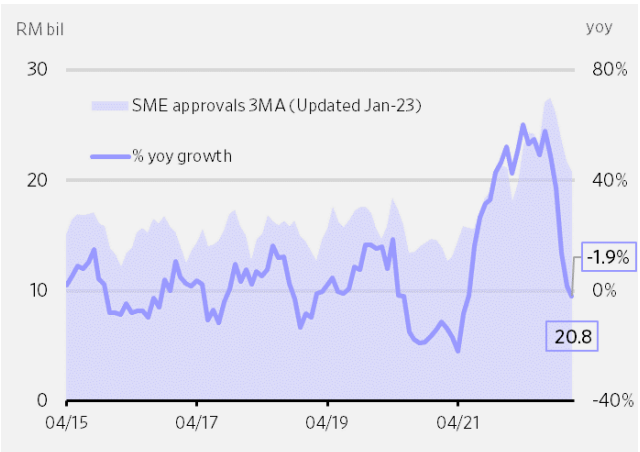
Source: BNM, MIDFR

Figure 39: SME applications (3-mth-average)



Source: BNM, MIDFR

Figure 40: SME approvals (3-mth-average)



Source: BNM, MIDFR

G. SERIES OF VISUALISATION TABLES

Figure 41: System loans

	Total loans (RM tr)	Growth (% yoy)	Growth (% mom)	Retail			Business		
				Growth (% yoy)	Growth (% mom)	% of total	Growth (% yoy)	Growth (% mom)	% of total
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
Feb-23	**2.03**	**5.1**	**0.4**	**6.9**	**0.4**	**53.2**	**3.2**	**0.4**	**46.8**

Source: BNM, MIDFR

Figure 42: yoy loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Feb-23	**6.9**	**8.1**	**5.8**	**4.5**	**3.8**	**-0.9**	**-1.3**

Source: BNM, MIDFR

Figure 43: mom loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Feb-23	**0.4**	**0.5**	**1.3**	**1.1**	**0.1**	**0.4**	**-1.7**

Source: BNM, MIDFR

Figure 44: Loan applications & approvals (3MA)

	Applied (3MA) (RM b)	Growth (% yoy)	Growth (% mom)	Approved (3MA) (RM b)	Growth (% yoy)	Growth (% mom)
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	70.9	93.2	13.6
Sep-22	126.6	53.3	-1.6	70.8	64.3	-0.2
Oct-22	120.0	31.7	-5.2	70.3	47.0	-0.7
Nov-22	112.2	10.2	-6.5	63.5	27.8	-9.6
Dec-22	103.1	-5.1	-8.1	56.9	8.6	-10.3
Jan-23	94.2	-13.0	-8.6	49.9	-0.7	-12.4
Feb-23	**95.8**	**-0.9**	**1.6**	**48.1**	**4.7**	**-3.5**

Source: BNM, MIDFR

Figure 45: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
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	49.4	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	56.8	45.1	68.8	58.0
Nov-22	56.2	44.4	69.2	48.2
Dec-22	52.2	44.7	62.6	53.2
Jan-23	49.8	44.1	57.4	43.3
Feb-23	**49.0**	**43.3**	**56.2**	**-**

Source: BNM, MIDFR

Figure 46: yoy loan application growth (3MA) by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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)	28	(24)
Jan-23	(28)	(11)	8	8	(7)	53	(31)
Feb-23	**(14)**	**4**	**15**	**7**	**15**	**64**	**(5)**

Source: BNM, MIDFR

Figure 47: yoy loan approval growth (3MA) by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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	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	(3)	13	32	45	34	129	30
Dec-22	(19)	1	16	17	33	53	26
Jan-23	(23)	(2)	10	13	7	47	(1)
Feb-23	**(9)**	**11**	**16**	**(2)**	**11**	**72**	**(15)**

Source: BNM, MIDFR

Figure 48: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Feb-23	**2,400**	**7.5**	**1.7**	**88.4**

Source: BNM, MIDFR

Figure 49: CASA & FD ratios

	CASA (RM b)	Growth (% yoy)	Growth (% mom)	CASA ratio (%)	FD (RM b)	Growth (% yoy)	Growth (% mom)	FD ratio (%)
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
Feb-23	**712**	**-0.2**	**1.0**	**31.0**	**1,047**	**7.2**	**1.1**	**45.6**

Source: BNM, MIDFR

Figure 50: Impaired loans and loan loss coverage

	Impaired loans (RM b)	Growth (% mom)	GIL ratio (%)	Total provisions (RM b)	LLC ratio (%)
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
Feb-23	**35.7**	**2.1**	**1.76**	**34.3**	**96**

Source: BNM, MIDFR

Figure 51: ALR, 3M-FD rates & Interest spreads

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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
Feb-23	**5.13**	**2.52**	**2.61**

Source: BNM, MIDFR

Figure 52: SME loan data

	Total SME loans	Growth (% yoy)	Growth (% mom)	% of industry loans	SME GIL ratio (%)
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
Jan-23	**346**	**4.1**	**0.0**	**17.1**	**2.99**

SME data until Jan-23

Source: BNM, MIDFR

Figure 53: SME applications & approvals (3MA)

	Applications			Applications		
	3MA (RM b)	Growth (% yoy)	Growth (% mom)	3MA (RM b)	Growth (% yoy)	Growth (% mom)
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
Jan-23	**20.8**	**0.8**	**-0.1**	**10.0**	**-0.5**	**-13.0**

SME data until Jan-23

Source: BNM, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *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