BANKING

***Maintain* POSITIVE**

Mar-23 Banking Stats: Huge FD uptake following MPC decision

KEY INVESTMENT HIGHLIGHTS

- **Loan growth: Still healthy, though business loans fluctuate slightly**
- **Leading indicators: Saw good pickup, following months of declining performance**
- **Deposit growth: Huge uptick in FD rates, following MPC meeting**
- **GIL ratio & Provisioning: Declines by -2bps mom, still very manageable**
- **Interest spread narrows: ALR outpaces FD rates**
- **SME segment: Sees lowest growth rates in Feb-23, with a -2.6%mom contraction**
- **Maintain POSITIVE call: Expect interest pressures to depress 1QCY23 earnings, despite stronger NOII and NCC outlook. Valuations are still very attractive**

Sector outlook. Deposit-competition-related NIM pressure should lead to a lacklustre 1QCY23 earnings season, but banks should be buoyed by a recovery in NOII contributions and more normalised OPEX. We may see slight pockets of NCC uptick as asset quality worsens but should be confined to a few individual names. Deposit competition has alleviated following MPC's decision to maintain OPR in Mar-23 – if MPC retains in the upcoming meeting, we could see further reduction.

Sector valuations remain attractive. Apart from the downward repricing pressure from the global banking scare, a slew of banks is facing their respective pressures (Public Bank: Succession issues, AMMB and CIMB: Bersatu-MACC newsflow, BIMB: CIR guidance revision, Affin Bank: Pharmaniaga and Boustead-related concerns), riddling the sector with uncertainty. With Signature Bank once again making headlines, downside repricing pressure may be lingering a bit longer for now.

Fig 1: Mar-23, in a nutshell

Mar-23		t (%)	t-1 (%)	Score	Remarks
Total loans	yoy	5.0	5.1	■	m-o-m growth is still not stable, though fluctuations are minor.
	mom	0.4	0.4	■	
3MA appl.	yoy	9.7	-0.9	▲	Strong comeback in leading indicators, following months of subpar figures.
	mom	14.5	1.6	▲	
3MA appr.	yoy	22.0	4.7	▲	
	mom	14.6	-3.5	▲	
Approval rate		52	49	▲	
Deposits	yoy	7.0	7.5	▲	Huge FD take up following MPC's OPR decision. As a result, CASA sharply contracts.
	mom	-0.1	1.7	▼	
CASA growth	mom	-1.6	1.0	▼	
ratio		30.6	31.0	■	Liquidity still excellent, regardless of deposit competition.
LCR		157	153	▲	
GIL ratio (bps)	mom	-2	+3	■	LLC remains the same. GIL write-offs continue.
LLC ratio		96	96	■	
Int spread (bps)	mom	+4	+6	▲	ALR continues to outstrip FDs.
SME loans*	yoy	1.4	4.1	▼	SME loan growth has hit a sharp low, following incredible take-up in 2022.
	mom	-2.6	0.0	▼	
SME GIL (bps)*	mom	-7	+11	■	GIL ratio fluctuates sharply m-o-m.

Grade refers to overall performance, not comparison to t-1 value
**SME data until Feb-23*
Source: BNM, MIDFR

COMPANY IN FOCUS

Public Bank
Maintain **BUY** | Unchanged Target price: RM5.08
Price @ 28 April 2023: RM3.89

- Defensive pick
- Sizeable retail market share
- Low NCC expected

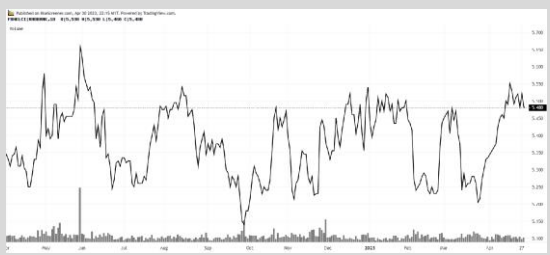
Share price chart



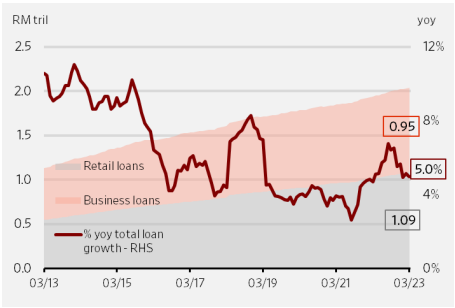
RHB Bank
Maintain **BUY** | Unchanged Target price: RM6.74
Price @ 28 April 2023: RM5.48

- Great dividend yield – also potential for further higher payouts
- Heavily capitalised, high CET1 ratio
- Expecting lesser NIM compression in CY23, relative to peers

Share price chart

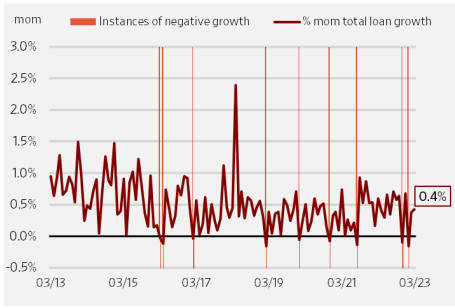


Analyst
Samuel Woo
samuel.woo@midf.com.my



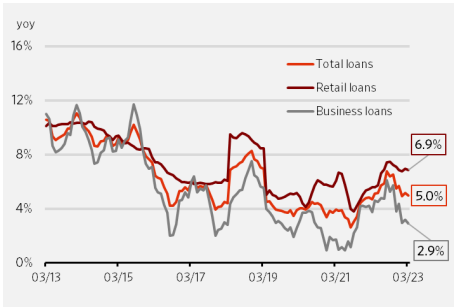
Source: BNM, MIDFR

System loans (yoy):	5%
(mom):	0.4%



Source: BNM, MIDFR

Retail loans (yoy):	6.9%
(mom):	0.6%

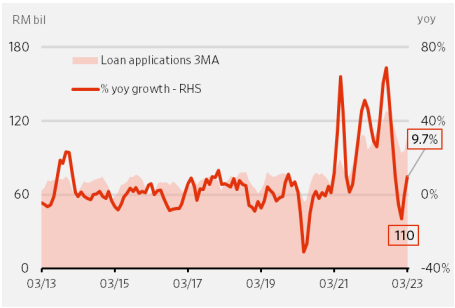


Source: BNM, MIDFR

Business loans (yoy):	2.9%
(mom):	0.3%

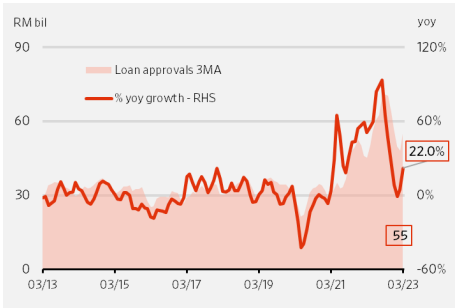
Loan growth. Loan growth has stabilised close to the healthy +5.0%yoy range for now, while mom growth shows no decline. Reductions in deposit competition became apparent following the Mar-23 MPC meeting – leading to easier funding acquisition, which should in turn translate to a return to stronger loan numbers in subsequent months.

Retail loans are stable (as always), business loans dip slightly. Contracting construction loan figures continue to weigh down on business loans. Credit cards show a slight -0.1%mom decline, from last month's steeper -0.8%mom – despite registering convincing month-on-month growth in total purchases.



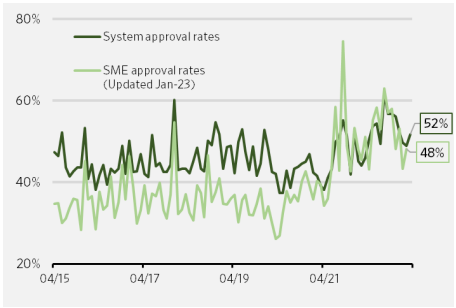
Source: BNM, MIDFR

3M application (yoy):	10%
(mom):	14%



Source: BNM, MIDFR

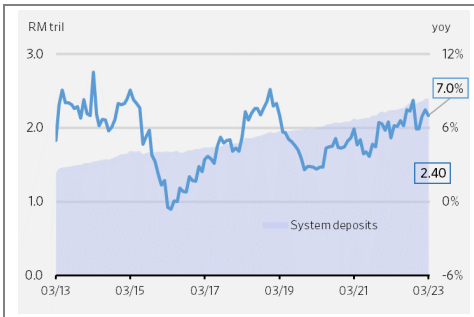
3M approval (yoy):	22%
(mom):	15%



Source: BNM, MIDFR

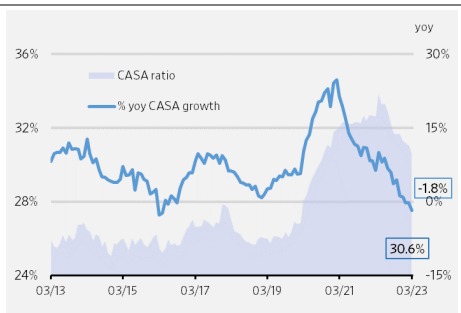
Approval rate:	52%
SME appr. rate (t-1):	48%

Leading indicators are up after months of steady decline. Following a few months of languishing and negative values, indicators seem to return to convincing double-digit growth. Approval rates have not strayed too much from past levels, indicating banks are still cautious with their underwriting standards in a period of asset quality vulnerability.



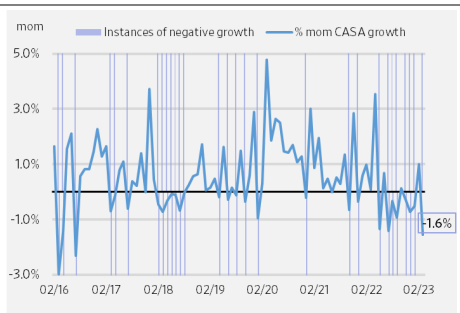
Source: BNM, MIDFR

Deposits (yoy):	7%
(mom):	-0.1%
Loan/Deposits:	89.1%



Source: BNM, MIDFR

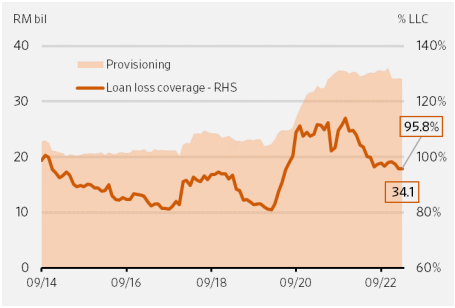
CASA (yoy):	-1.8%
(mom):	-1.6%
% CASA:	30.6%



Source: BNM, MIDFR

FD (yoy):	8.9%
(mom):	1.9%
LCR:	157%

FDs see a sharp uptake, pushing overall deposit growth. The spike was likely due to FD applications flooding in after the MPC decision was announced – regardless of the outcome, customers were eager to lock in deposits anyway. Consequently, CASA growth showed a sharp contraction. CASA ratio has fallen to 30.6%, the lowest value since 2020. Despite erratic interbank spreads, banks maintain that there are no liquidity issues with LCR also remains at a high level.

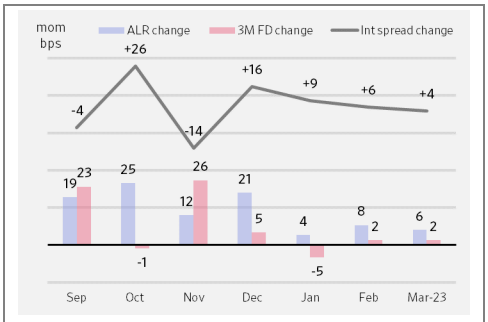


Source: BNM, MIDFR

GIL:	**1.75%**	**(-2**	**bps mom)**
LLC:	**157%**	**(-0**	**% mom)**

GIL ratio is relatively stable, though construction saw a rise. Heavy write-offs should be keeping GIL ratio from ballooning – there was notable deterioration in construction GIL (+17bps mom), which is one key sector earmarked for potential asset quality problems. GIL ratio for individual banks should peak at various points between 1Q-3QFY23, depending on their respective R&R programme structures.

LLC was stable – following a gradual decline in the past few months from the >100% range.

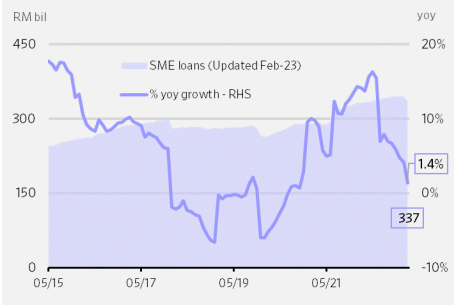


Source: BNM, MIDFR

Int spread (mom, bps):	**+4**
ALR (mom, bps):	**+6**
3M FD (mom, bps):	**+2**

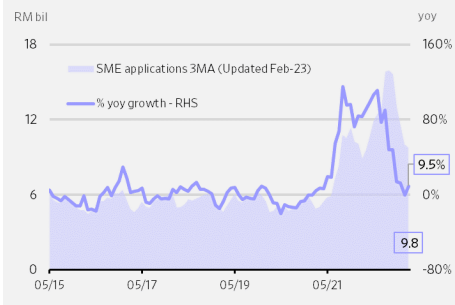
Interest spread continues to improve. Average lending rate continues to outpace FD rates, which bodes well for the deposit competition – not all loan repricing is instantaneous, to preserve more interest-sensitive segments. Certain banks will be attempting to pass on higher deposit charges through elevated loan rates for more elastic segments in the coming months.

At this point, FD spreads should be close to peaking or have already peaked. A further decision to maintain OPR could result in FD spreads declining.

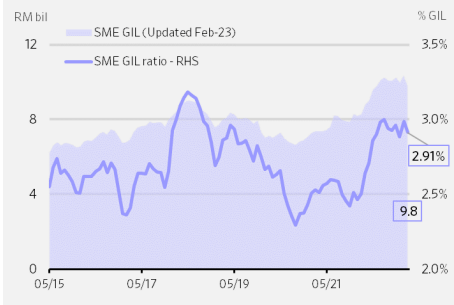


Source: BNM, MIDFR

SME loans (yoy):	**1.4%**	**3M appl** (yoy):	**10%**
(mom):	**-2.6%**	**3M appr** (yoy):	**12%**



Source: BNM, MIDFR



Source: BNM, MIDFR

SME GIL:	**2.91%**
(mom, bps):	**-7**

SME segment reports weak loan growth numbers in Feb-23. While an exceptionally sharp contraction, this was largely within expectations given the high base effects (following last year's aggressive SME loan take-up) and banks shifting their focus towards corporate loans. GIL ratio continues to fluctuate wildly compared to the systemic GIL ratio. Applications did see a sharp return to form, following a weaker couple of months.

Maintain POSITIVE call. As mentioned above, despite headwinds, improving deposit competition and recovering NOII and NCC outlooks bode well for the sector. Valuations are extremely attractive. **Top Picks: Public Bank (BUY, TP: RM5.08)** and **RHB Bank (BUY, TP: RM6.74).**

PEER COMPARISON TABLE

Bank	Rec	Share P*	Target P	Upside	Mkt Cap	P/B (x)		ROE (%)		Div Yield (%)		P/E (x)	
		(RM)	(RM)	(%)	(RM b)	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
MAY	NEUTRAL	8.66	8.94	3.2	103.6	1.1	1.1	11.0	11.7	7.8	8.6	10.6	9.6
CIMB	BUY	5.06	6.37	25.9	52.8	0.8	0.7	10.1	10.5	6.2	6.8	8.1	7.3
PBK	BUY	3.89	5.08	30.6	75.5	1.4	1.3	13.4	12.8	4.6	4.8	10.8	10.5
RHB	BUY	5.48	6.74	23.0	22.2	0.7	0.7	10.7	11.7	7.2	8.4	6.9	6.0
HLBK	BUY	20.14	24.90	23.6	41.3	1.3	1.2	12.3	12.6	3.3	3.6	10.7	9.8
HLFG	BUY	18.12	24.79	36.8	20.5	0.7	0.6	10.1	9.6	2.7	2.9	7.4	6.9
AMMB	BUY	3.61	5.24	45.2	11.9	0.7	0.6	10.4	10.6	4.5	4.8	6.7	6.2
BIMB	BUY	2.01	2.99	48.8	4.3	0.6	0.6	8.7	9.0	7.3	8.0	7.2	6.6
AFFIN	NEUTRAL	2.03	2.11	3.9	4.3	0.4	0.4	5.7	6.3	3.9	4.4	7.7	6.7
ABMB	BUY	3.33	4.26	27.9	5.2	0.7	0.7	10.1	10.3	6.6	7.1	7.6	7.1
Simple avg (ex-HLFG)						**0.9**	**0.8**	**10.3**	**10.6**	**5.7**	**6.3**	**8.5**	**7.7**
Weighted avg (ex-HLFG)						**1.1**	**1.0**	**11.4**	**11.7**	**6.0**	**6.5**	**9.7**	**9.0**

**Closing prices from 28 Apr 2023.*

Source: BNM, MIDFR

SECTOR PICKS

	Bank / Call / Target P	GGM Valuation ROE / LTG / COE		Catalysts, concerns, and other notes
TOP Pick	**PBK**			Great defensive pick, especially in current climate – solid asset quality and loan book has a high proportion of retail offerings (generally well-collateralised). Ownership and succession concerns have pushed down share prices significantly – we recommend buying on weakness.
	BUY	**1.82x**	FY23F	
	RM 5.08	**13.4%**		
		3.5%	8.9%	
TOP Pick	**RHB**			Heavily capitalised, mgmt has hinted at higher-than-normal dividend payouts (4QFY22's payout: 62.5%, usual range: ~50%). Also guiding for a lesser degree of NIM compression in FY23 relative to peers, supported by targeted CASA acquisitions.
	BUY	**0.89x**	FY23F	
	RM 6.74	**10.7%**		
		3.5%	11.6%	
GOOD Pick	**CIMB**			Share price has experienced weakness previously, possibly MACC-Bersatu probe related. While we are wary of lacklustre asset quality in the face of economic headwinds, the Group can look to its lucrative Indonesian franchise, which should see less NIM compression pressure, as well as less loan growth compression, following the completion of its restructuring exercise.
	BUY	**1.00x**	FY23F	
	RM 6.37	**10.1%**		
		3.5%	10.2%	
GOOD Pick	**AMMB**			MACC-BERSATU issues remain – otherwise, the stock is undervalued given its ROE-generating potential. Above-industry loan growth for CY23 (6-7%), effective cost control and deposits portfolio rebalancing to a healthier diversified mix. FIRB implantation, slated in CY24, should help raise its CET1 ratio – offering more headroom for higher dividend payouts.
	BUY	**0.92x**	FY24F	
	RM 5.24	**10.6%**		
		3.5%	11.2%	
DECENT Pick	**HLBK**			Not as attractive valuation-wise, as its solid asset quality likely buffered against global banking crisis repricing pressure. Still favoured for defensive properties, low NCC, and developments in lucrative Cambodian and Vietnamese markets. No worrying newsflow from China: Bank of Chengdu should see no major disruptions. Overlay writebacks guided in April/June.
	BUY	**1.45x**	FY24F	
	RM 24.90	**12.6%**		
		3.5%	9.8%	
DECENT Pick	**BIMB**			Targets seem stretched: particularly for loan growth and NIM. Mgmt was said to have revised its FY23 CIR to 59%, from the 55% that was previously guided. Positives: Valuations are cheap, a higher dividend payout ratio of 60% (from 50% previously) makes its dividend yield among the highest.
	BUY	**0.90x**	FY23F	
	RM 2.99	**8.7%**		
		3.5%	9.2%	

DECENT Pick	ABMB			The Group has good dividend yields, and among the highest overlay provisions as a % of gross loans. However, we are less positive about its new loan rebalancing strategy which involves high corporate loan growth (could temporarily depress ROE), and pressure on NOII stemming from past hedging of 1/3 of its FVOCI book.
	BUY	0.93x	FY24F	
	RM 4.26	10.3%		
		3.5%	10.8%	
NEUTRAL	AFFIN			The Group could see better CASA (and subsequently, NIM) retention than most, following the rollout of its new mobile app. Also, its asset quality has improved tremendously. Otherwise, targets are stretched – high loan growth will continue in CY23, which could temporarily depress ROE – cost control has a poor track record – Pharmaniaga-related concerns linger.
	NEUTRAL	0.45x	FY23F	
	RM 2.11	5.7%		
		3.5%	8.5%	
NEUTRAL	MAY			Great dividend yields and exposure to the lucrative Indonesian market is nice, but downsides are significant: High tech spending (much greater proportion than its peers), limited growth opportunities (given its size) and less attractive valuations (with its share price seemingly unaffected by global banking crisis fears).
	NEUTRAL	1.04x	FY23F	
	RM 8.94	11.0%		
		3.0%	9.7%	

Source: MIDFR

A. SYSTEM LOAN & CONSTITUENTS

Visualisation tables here: (link)

Fig 2: Core Figures & Forecasts

	yoy Growth rates (%)				YTD Ann. (%)	mom Growth rates (%)			
	Mar-23	Feb-23	Jan-23	Dec-22		Mar-23	Feb-23	Jan-23	Dec-22
Total loans	**5.0**	**5.1**	**4.9**	**5.7**	**2.5**	**0.4**	**0.4**	**-0.2**	**0.7**
Retail loans	6.9	6.9	6.8	6.8	6.0	0.6	0.4	0.5	0.7
Business loans	2.9	3.2	2.9	4.4	-1.4	0.3	0.4	-0.9	0.7
SME*	-	1.4	4.1	4.9	-15.6	-	-2.6	0.0	0.1
Total deposits	7.0	7.5	7.0	5.9	**7.5**	-0.1	1.7	0.3	1.0
CASA	-1.8	-0.2	-0.2	0.9	-4.3	-1.6	1.0	-0.5	-0.7
FD	8.9	7.2	6.1	6.5	10.1	1.9	1.1	-0.5	1.8
Total provisions	-1.3	-2.8	-3.6	-2.3	-2.0	-0.5	0.5	-0.4	-5.1
Total GIL	7.5	9.5	8.4	8.6	8.2	-0.4	2.1	0.4	-5.2
Leading indicators									
3MA applications	10	-1	-13	-5	25	14	2	-9	-8
Retail	6	-6	-19	-16	45	12	4	-5	-4
Business	15	6	-4	11	3	17	-1	-13	-13
3MA approvals	22	5	-1	9	-12	15	-4	-12	-10
Retail	14	0	-13	-9	44	14	3	-5	-4
Business	31	10	14	28	-56	15	-9	-18	-15

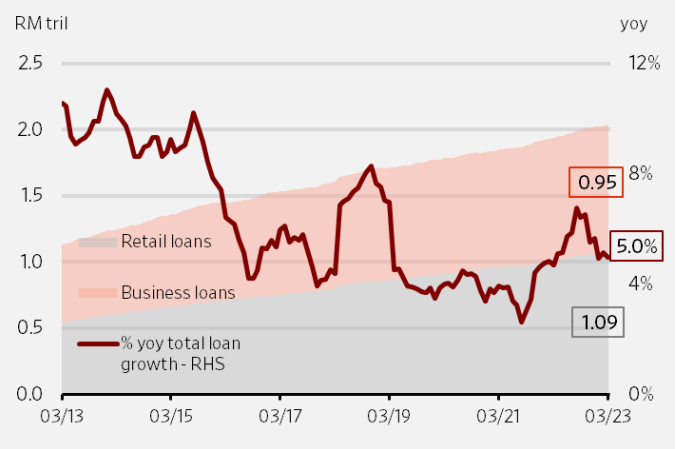
	Mar-23	Feb-23	Jan-23	Dec-22	Mar-22
Interest spread	2.65	2.61	2.55	2.46	1.92
Loan approval rate	52	49	50	52	46
SME approval rate*	-	48	43	53	51
GIL ratio	1.75	1.76	1.73	1.72	1.71
SME GIL ratio*	-	2.91	2.99	2.88	2.64
LLC ratio	96	96	97	98	104
CASA ratio	30.6	31.0	31.2	31.3	32.6
Loan/Deposit ratio	89.1	88.4	89.4	89.5	88.8
Liquidity coverage ratio	157	153	147	154	151
CET 1	14.8	14.8	15.2	15.0	14.7
Tier 1 Capital	15.4	15.3	15.8	15.6	15.1
Total Capital	18.6	18.5	19.0	18.8	18.3

**SME data until Feb-23*

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

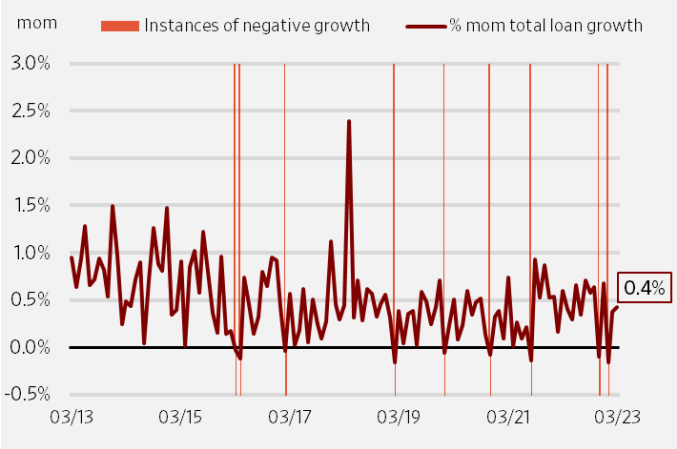
Source: BNM, MIDFR

Fig 3: yoy System loans



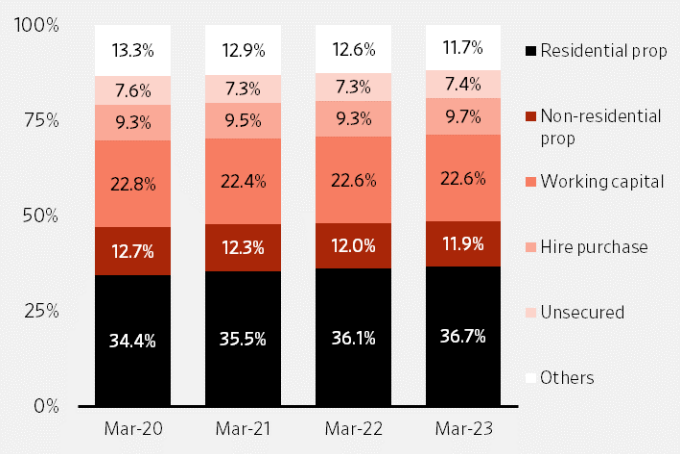
Source: BNM, MIDFR

Fig 4: mom System loans



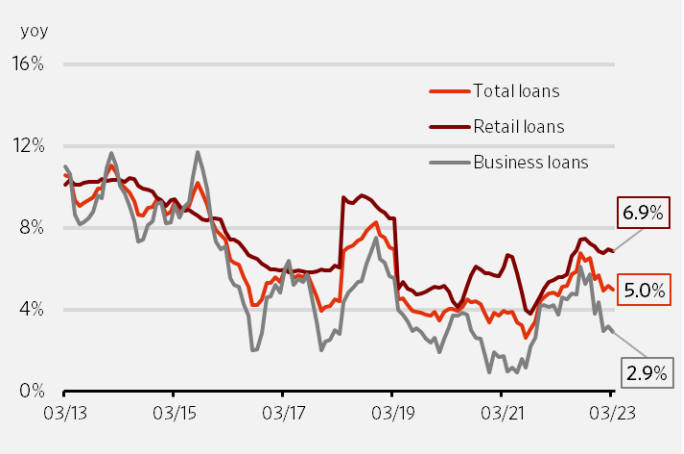
Source: BNM, MIDFR

Fig 5: Loan breakdown by type



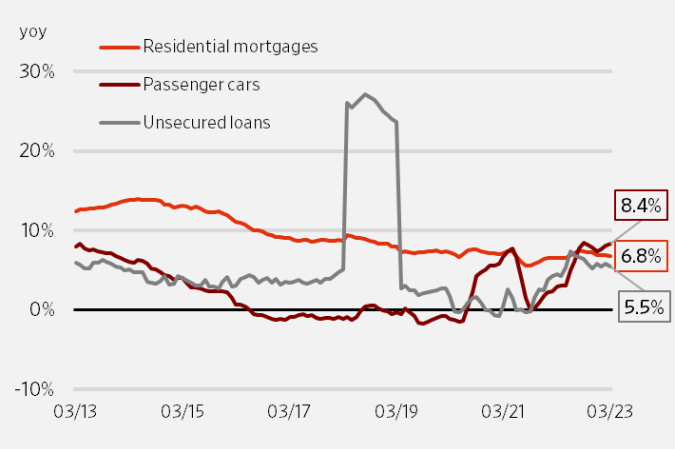
Source: BNM, MIDFR

Fig 6: Retail & business loan growth



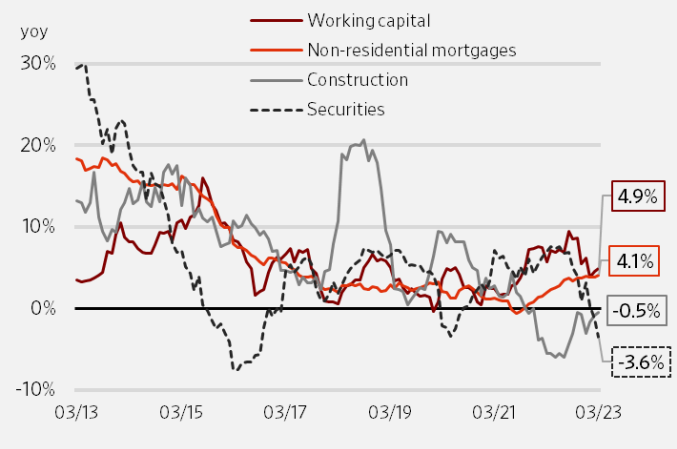
Source: BNM, MIDFR

Fig 7: Retail loan constituents



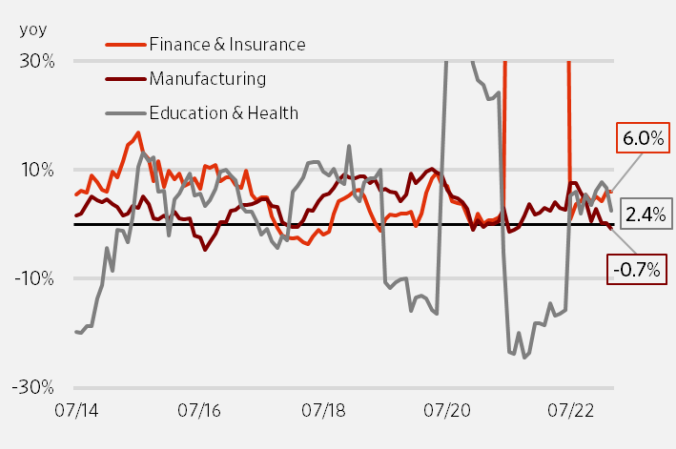
Source: BNM, MIDFR

Fig 8: Business loan constituents



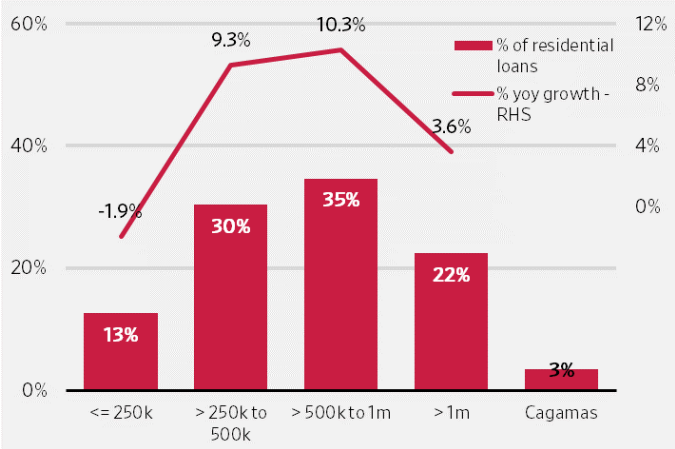
Source: BNM, MIDFR

Fig 9: Loan growth of other sectors



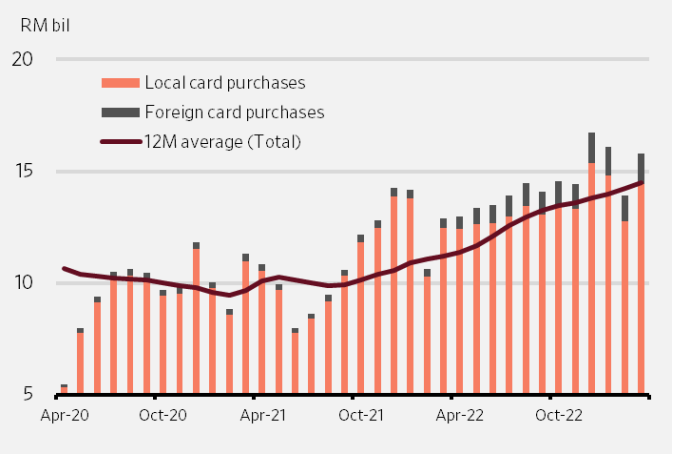
Source: BNM, MIDFR

Fig 10: Residential loans by segment



Source: BNM, MIDFR

Fig 11: Credit card purchases

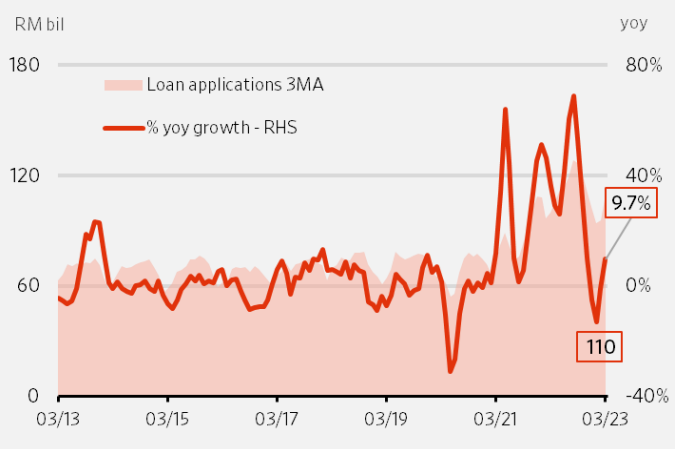


Source: BNM, MIDFR

B. LEADING INDICATOR TRENDS

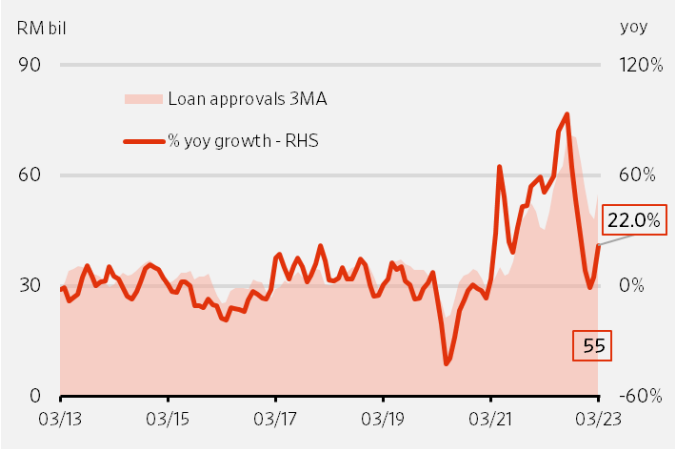
Heatmaps visible here: (link)

Fig 12: Loan applications (3-mth average)



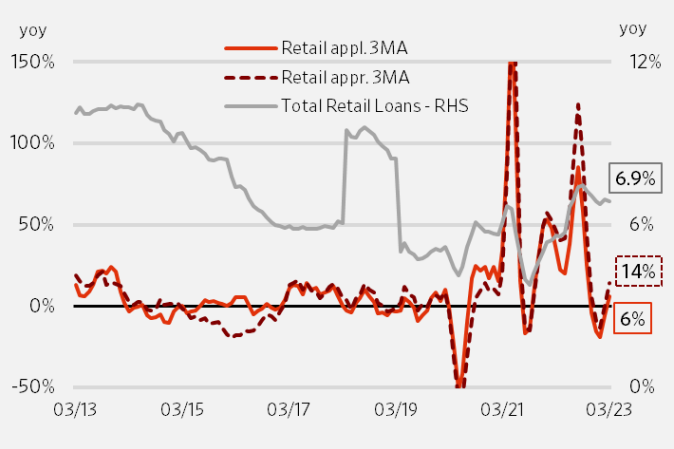
Source: BNM, MIDFR

Fig 13: Loan approvals (3-mth average)



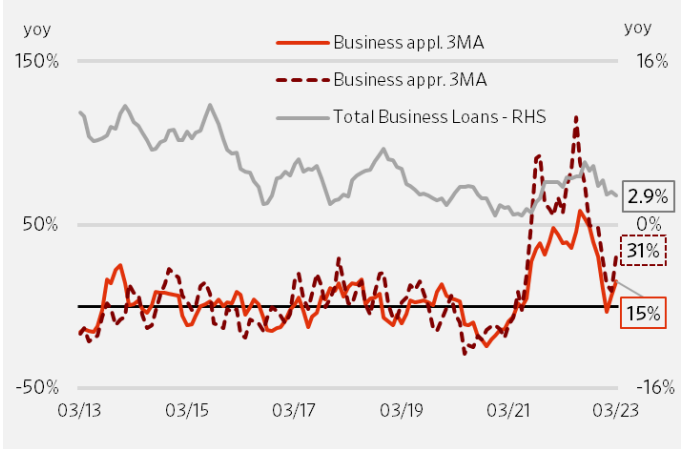
Source: BNM, MIDFR

Fig 14: Retail loan indicators



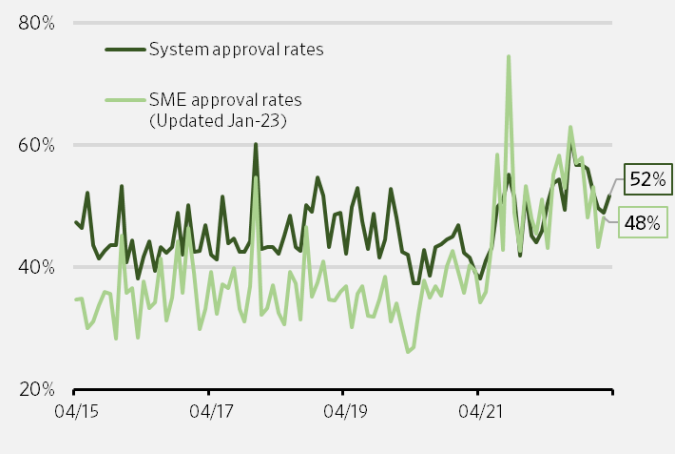
Source: BNM, MIDFR

Fig 15: Business loan indicators



Source: BNM, MIDFR

Fig 16: System approval rates

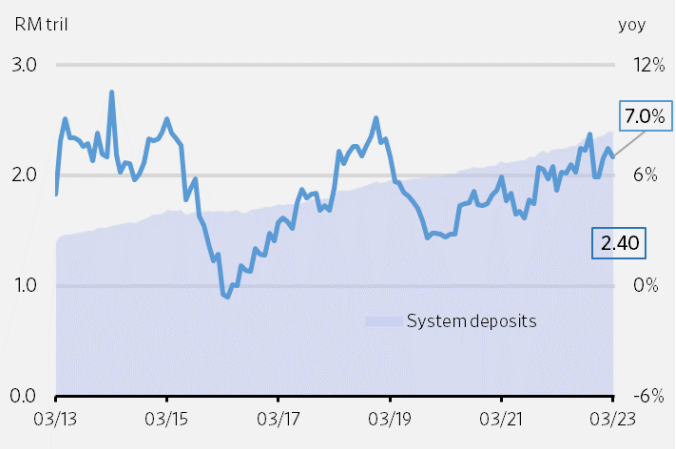


Source: BNM, MIDFR

C. DEPOSITS & LIQUIDITY

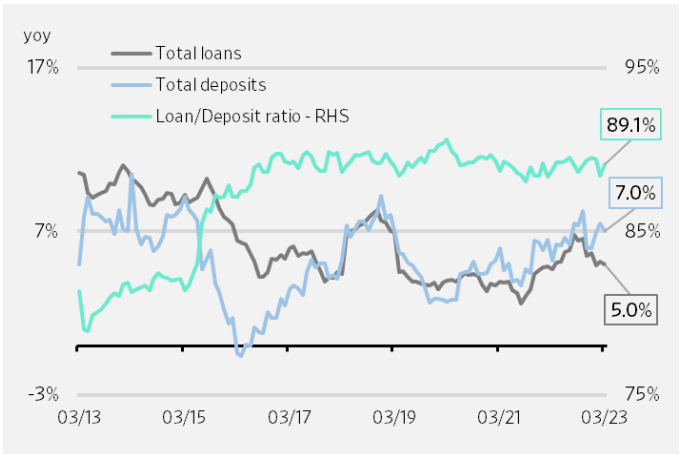
Heatmaps visible here: (link)

Fig 17: yoy System deposits



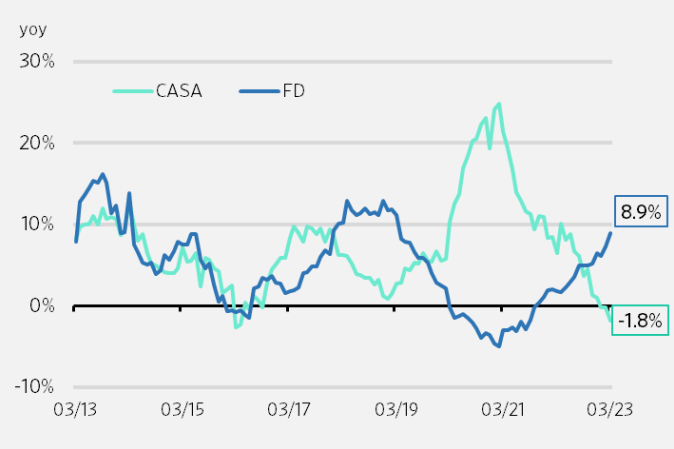
Source: BNM, MIDFR

Fig 18: Loan/Deposit ratio



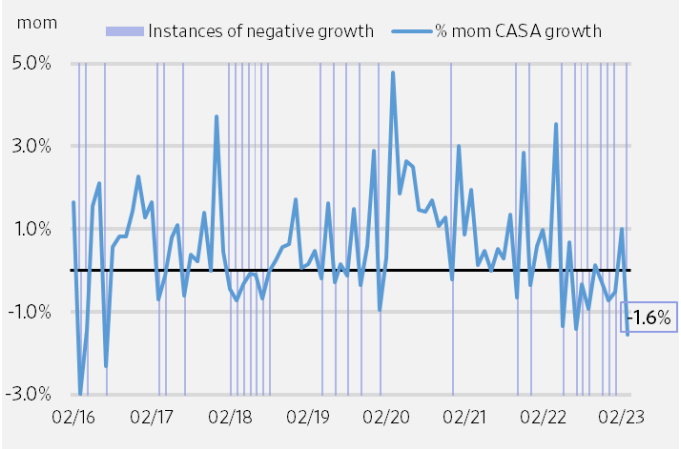
Source: BNM, MIDFR

Fig 19: yoy CASA & FD growth



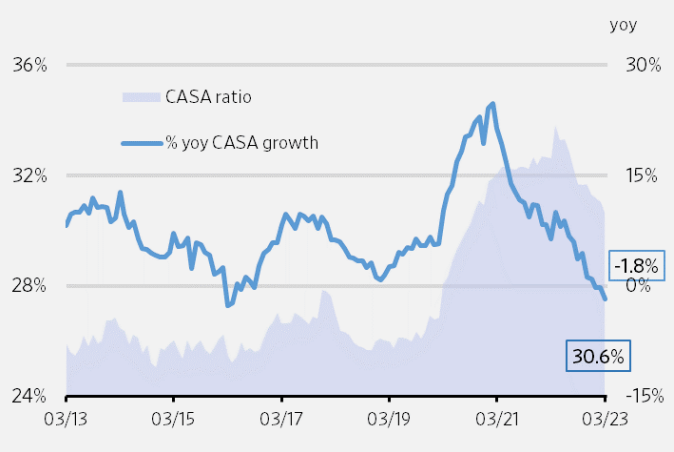
Source: BNM, MIDFR

Fig 20: mom CASA growth



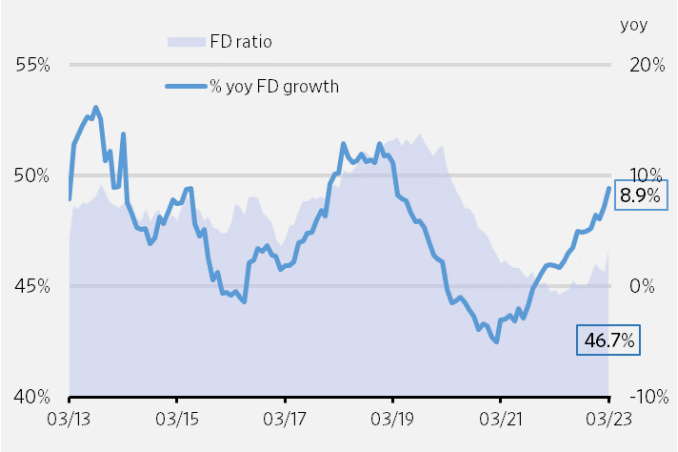
Source: BNM, MIDFR

Fig 21: CASA ratio



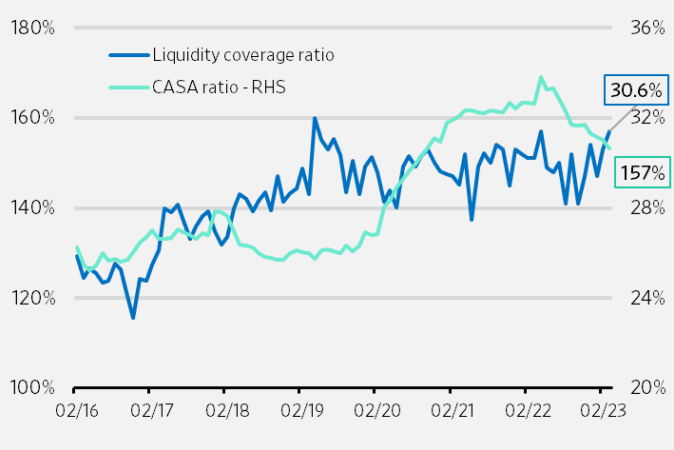
Source: BNM, MIDFR

Fig 22: FD ratio



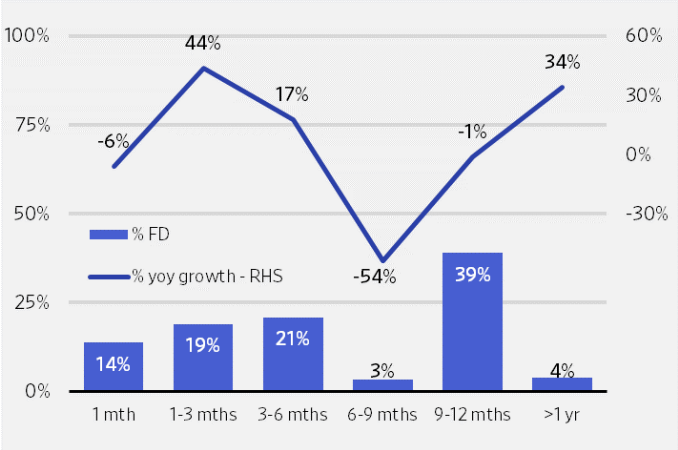
Source: BNM, MIDFR

Fig 23: Liquidity coverage ratio



Source: BNM, MIDFR

Fig 24: FD by maturity

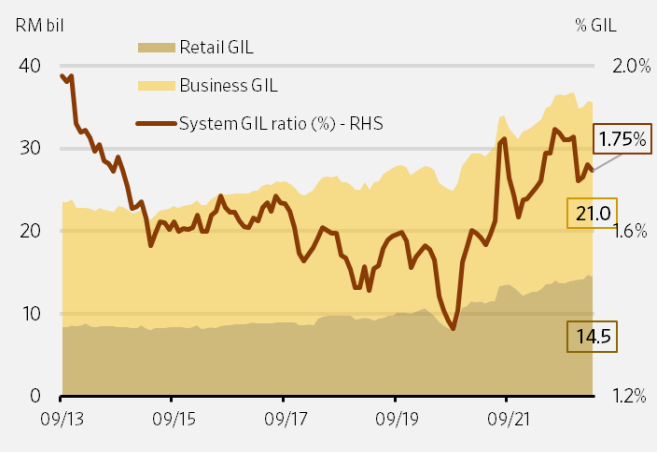


Source: BNM, MIDFR

D. ASSET QUALITY & PROVISIONING

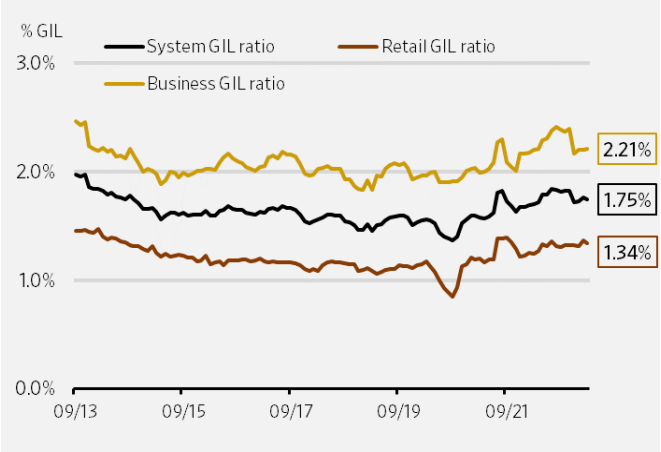
Heatmaps visible here: (link)

Fig 25: System gross impaired loans



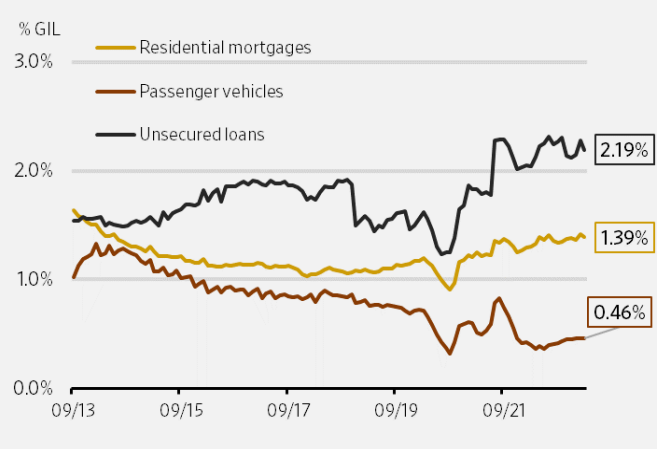
Source: BNM, MIDFR

Fig 26: System, Retail, Business GIL ratios



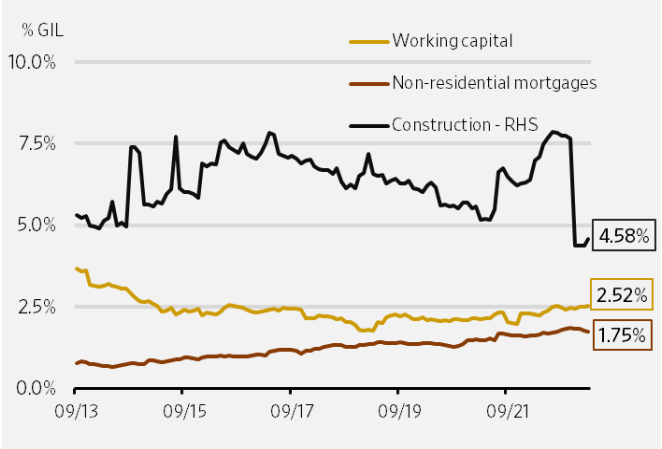
Source: BNM, MIDFR

Fig 27: Retail GIL ratios



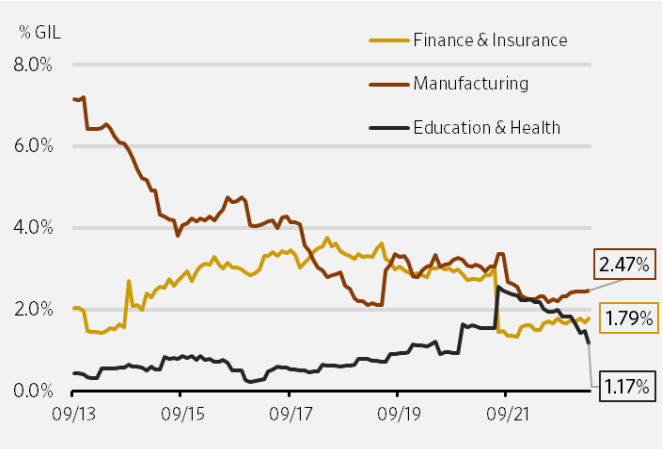
Source: BNM, MIDFR

Fig 28: Business GIL ratios



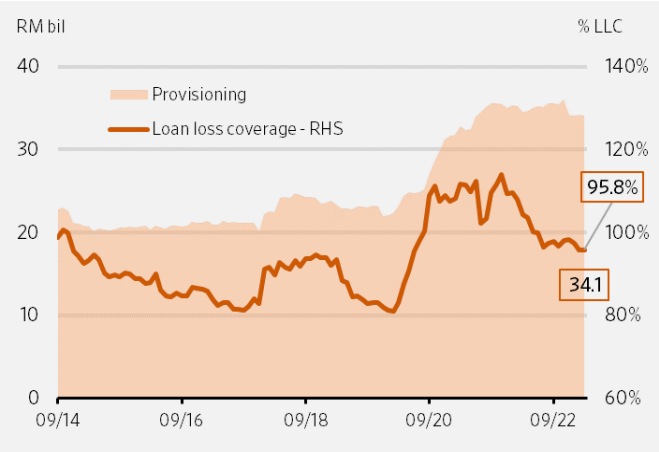
Source: BNM, MIDFR

Fig 29: GIL ratios of other sectors



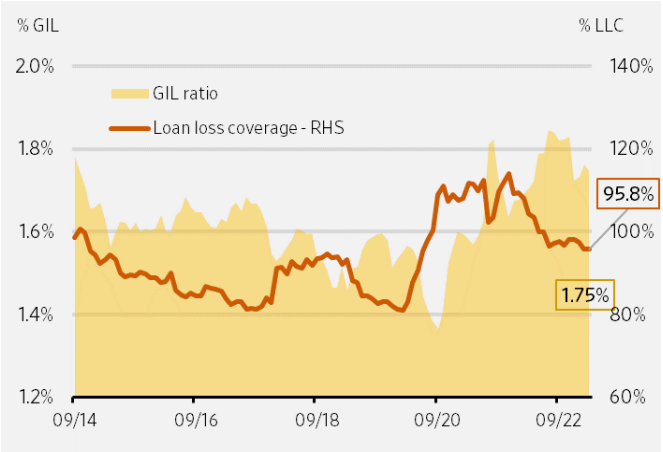
Source: BNM, MIDFR

Fig 30: Provisions & loan loss coverage



Source: BNM, MIDFR

Fig 31: LLC and GIL ratio

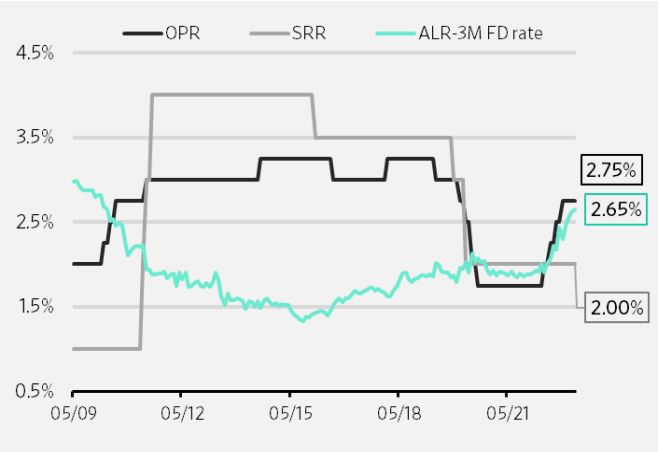


Source: BNM, MIDFR

E. INTEREST SPREAD AND CAPITAL

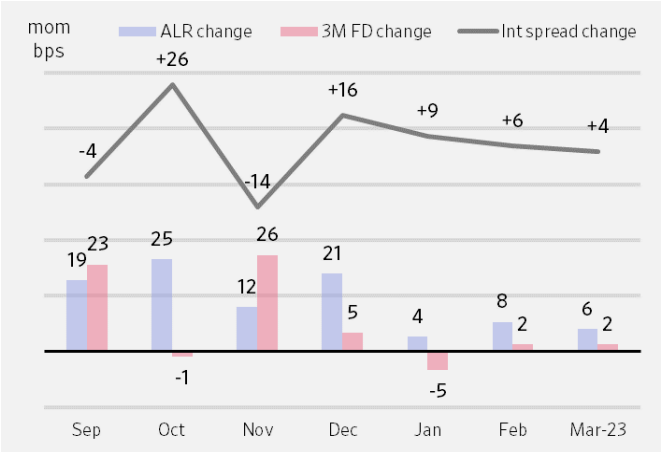
Heatmaps visible here: (link)

Fig 32: Interest spread, OPR, SRR



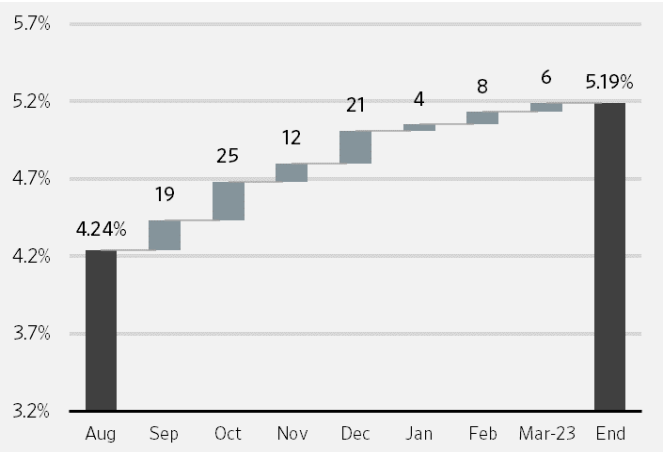
Source: BNM, MIDFR

Fig 33: mom Changes in Interest spreads



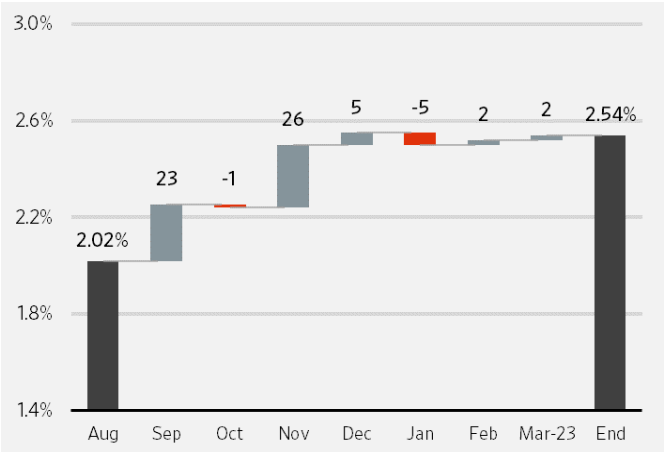
Source: BNM, MIDFR

Fig 34: Changes in Average Lending Rate



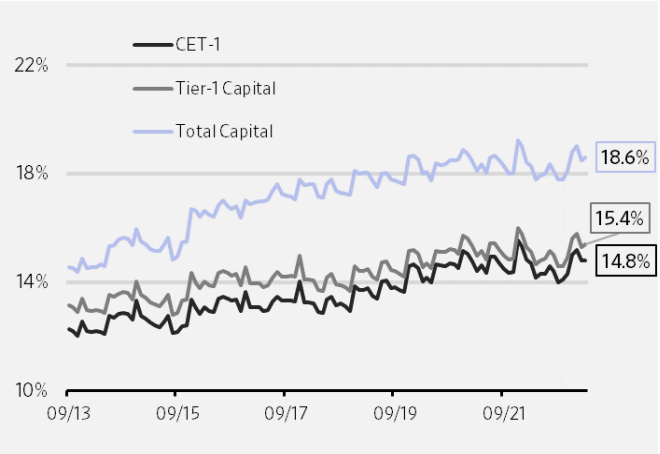
Source: BNM, MIDFR

Fig 35: Changes in 3M FD rate



Source: BNM, MIDFR

Fig 36: Capital ratios

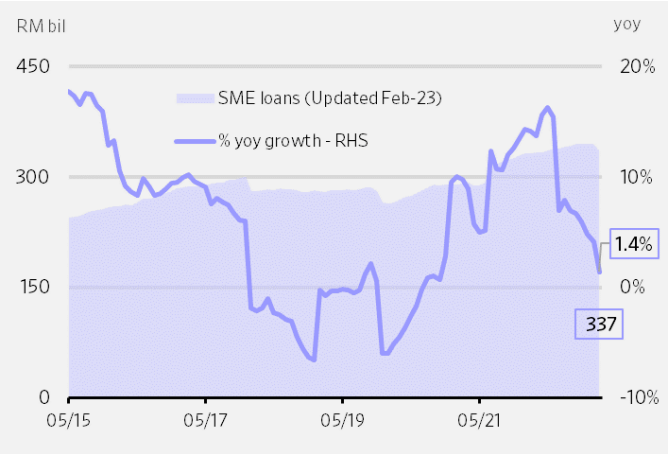


Source: BNM, MIDFR

F. SME DATA

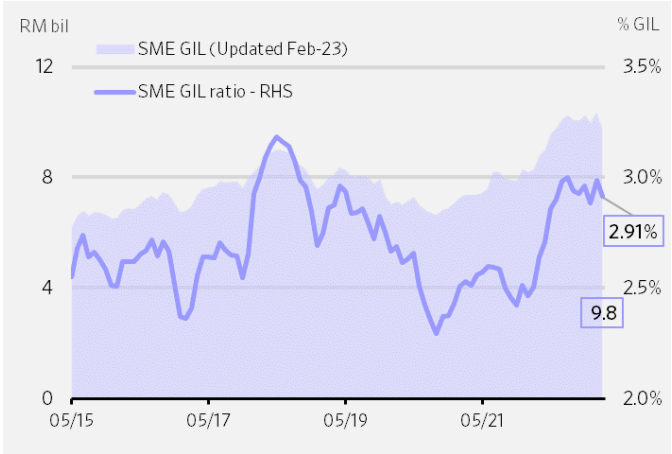
Heatmaps visible here: (link)

Fig 37: SME loans



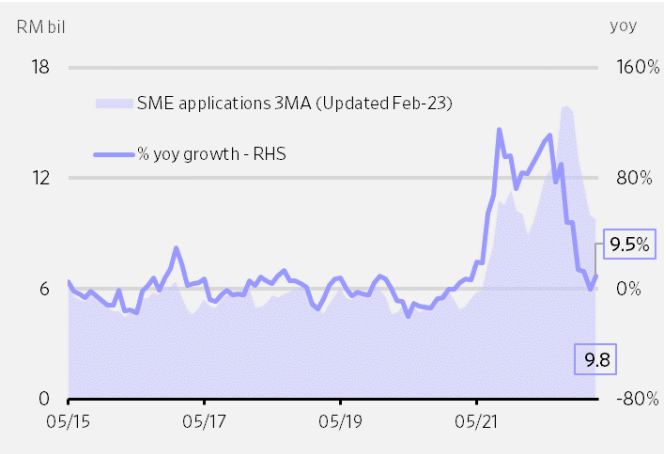
Source: BNM, MIDFR

Fig 38: SME GILs



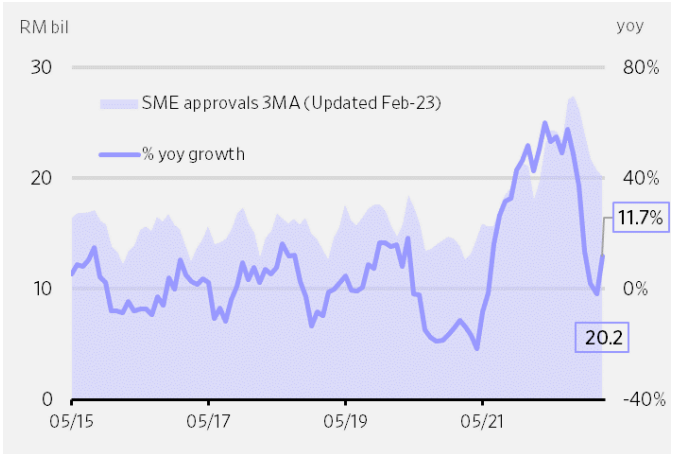
Source: BNM, MIDFR

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



Source: BNM, MIDFR

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



Source: BNM, MIDFR

G. SERIES OF VISUALISATION TABLES

Fig 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
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
Mar-23	**2.04**	**5.0**	**0.4**	**6.9**	**0.6**	**53.3**	**2.9**	**0.3**	**46.7**

Source: BNM, MIDFR

Fig 42: yoy Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Mar-23	**6.8**	**8.5**	**5.5**	**4.9**	**4.1**	**-0.5**	**-3.6**

Source: BNM, MIDFR

Fig 43: mom Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Mar-23	**0.5**	**1.1**	**1.4**	**0.9**	**0.9**	**-0.3**	**-1.9**

Source: BNM, MIDFR

Fig 44: Loan applications & approvals (3MA)

	Applied (3MA) (RM b)	Growth (% yoy)	Growth (% mom)	Approved (3MA) (RM b)	Growth (% yoy)	Growth (% mom)
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
Mar-23	**109.6**	**9.7**	**14.5**	**55.2**	**22.0**	**14.6**

Source: BNM, MIDFR

Fig 45: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
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	48.2
Mar-23	**51.7**	**46.1**	**58.6**	**-**

**SME data until Feb-23*

Source: BNM, MIDFR

Fig 46: yoy Loan application growth (3MA) by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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)
Mar-23	**(1)**	**15**	**20**	**8**	**34**	**87**	**(12)**

Source: BNM, MIDFR

Fig 47: yoy Loan approval growth (3MA) by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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)
Mar-23	**9**	**20**	**21**	**32**	**16**	**108**	**(15)**

Source: BNM, MIDFR

Fig 48: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Mar-23	**2,398**	**7.0**	**-0.1**	**89.1**

Source: BNM, MIDFR

Fig 49: CASA & FD ratios

	CASA (RM b)	Growth (% yoy)	Growth (% mom)	CASA ratio (%)	FD (RM b)	Growth (% yoy)	Growth (% mom)	FD ratio (%)
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
Mar-23	**701**	**-1.8**	**-1.6**	**30.6**	**1,067**	**8.9**	**1.9**	**46.7**

Source: BNM, MIDFR

Fig 50: Impaired loans and loan loss coverage

	Impaired loans (RM b)	Growth (% mom)	GIL ratio (%)	Total provisions (RM b)	LLC ratio (%)
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
Mar-23	**35.6**	**-0.4**	**1.75**	**34.1**	**96**

Source: BNM, MIDFR

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

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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
Mar-23	**5.19**	**2.54**	**2.65**

Source: BNM, MIDFR

Fig 52: SME loan data

	Total SME loans	Growth (% yoy)	Growth (% mom)	% of industry loans	SME GIL ratio (%)
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
Feb-23	**337**	**1.4**	**-2.6**	**16.6**	**2.91**

SME data until Feb-23
Source: BNM, MIDFR

Fig 53: SME applications & approvals (3MA)

	Applications			Applications		
	3MA (RM b)	Growth (% yoy)	Growth (% mom)	3MA (RM b)	Growth (% yoy)	Growth (% mom)
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
Feb-23	**20.2**	**0.5**	**0.4**	**9.8**	**9.5**	**-2.6**

SME data until Feb-23

Source: BNM, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077(23878 – X)).
(Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related BNM and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, "Representatives") shall not be liable for any direct, indirect or consequential loss, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such BNM mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment's prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

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