BANKING

***Maintain* POSITIVE**

Apr-23 Banking Stats: Festival seasonality suppresses loan growth

KEY INVESTMENT HIGHLIGHTS

- **Positives: (1) Asset quality remains broadly manageable, safe for certain pockets, (2) Banks are running down liquidity to manage NIMs, (3) Improvement in FD rates, though some tenure buckets (especially on Islamic side) remain highly elevated**
- **Negatives: (1) CASA attrition as bad as ever**
- **Neutrals: (1) Festive seasonality: loan growth was sluggish, leading indicators were down month-on-month**
- **Maintain POSITIVE call: Valuations too cheap to ignore**

Loan growth: **+4.5%yoy, +0%mom. Lacklustre.**

- Subdued growth due to festive season.
- **Retail loans stable.** Uptick in credit card and personal financing loans.
- **Business loans take a dive, contracting -0.5%mom (but they were always volatile).** Working capital loans contract, construction and non-residential mortgages still subdued.
- **Leading indicators. Sharp month-on-month contraction across the board, but possible festive season slump.**

Deposits: **+4.2%yoy, -0.4% mom. Sluggish, FD gain bogged by CASA rundown.**

- FD mom growth was a more subdued +0.5%mom, in contrast to the >+1.1%mom in last two months.
- **CASA ratio: 30.4%, -0.2%mom. Growth: -6.4%yoy, -1.3%mom. CASA attrition as sharp as it's ever been.**

- **LCR still remains elevated at 154%.** It has, however, cooled from its 157% peak last month.
- **Loan/Deposit ratio has risen to 89.5%, +0.4%mom.** Reflecting the cooler deposit growth this month.

GIL ratio: **1.78%, +3bps mom. Broadly stable, nothing concerning.**

- **Notable deteriorations, mom:** Residential mortgages +6bps, personal financing +8bps, Securities +9bps.
- **Notable improvements, mom:** Construction -10bps.
- **LLC: 94.2%, -1.6% mom.** Continues to decline, suggesting banks are comfortable with the current level of provisions.

Interest spread: **+11bps (widens). Deposit competition is cooling, though persists in certain brackets.**

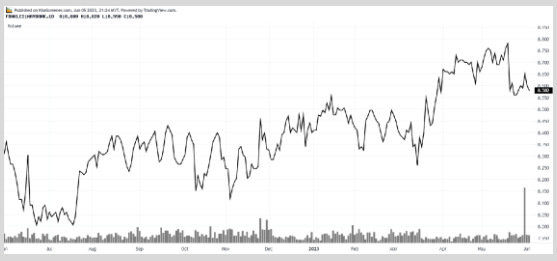
- Conventional FD rates are broadly stable. Islamic FD rates have some normalisation before the OPR hike, though certain brackets remain highly elevated.

COMPANY IN FOCUS

Maybank
Maintain **BUY** | Unchanged Target price: RM9.28
Price @ 2 June 2023: RM8.58

- Great dividend yields
- NCC writeback likely
- RWA optimisation to continue

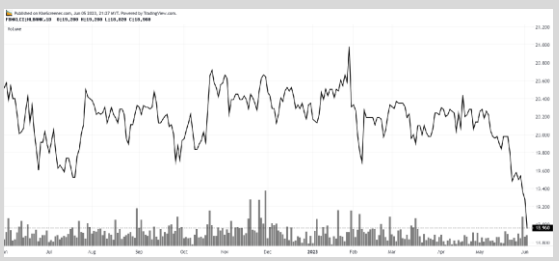
Share price chart



HLBK
Maintain **BUY** | Unchanged Target price: RM24.91
Price @ 2 June 2023: RM18.96

- Great defensive pick
- High loan growth
- Potential driver in wealth management

Share price chart



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

Things worth noting:

1. **Largely stable asset quality is supporting heavy writebacks in 2HCY23.** However, we will be looking at residential mortgages and personal financing closely.
2. **Deposit competition cools off ahead of May-23 OPR hike.** Banks have mixed views, but generally agree that deposit competition is improving – expect it to persist in certain brackets, especially in the lower duration ones.
3. **LCRs are reduced across the banks.** Banks have lowered its liquidity build, in line with the intention to combat NIM compression – the scope of which will depend on the bank's comfortable liquidity levels.
4. **Loan growth is subdued but should pick up in the next couple of months.** Judging by a reversal in leading indicators in Feb-23 (after many months of contraction). We think this month's month-on-month contraction should not persist.
5. **SME loan growth is still subdued.** Echoing contraction in business loans, SMEs followed suit in Apr-23, though approval rate of 49% trailed close to industry's 51%.

Maintain POSITIVE call. Valuations are too good to ignore. **Top Picks: Maybank (BUY, TP: RM9.28)** and **HLBK (BUY, TP: RM24.91).**

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	BUY	8.58	9.28	8.2	102.7	11.2	10.4	1.2	1.1	10.5	10.9	7.2	7.7
CIMB	BUY	4.81	5.92	23.1	50.1	7.7	7.1	0.8	0.7	10.1	10.3	6.5	7.0
PBK	BUY	3.78	4.76	25.9	73.4	10.3	10.1	1.4	1.3	13.6	12.9	4.9	4.9
RHB	BUY	5.31	7.58	42.7	22.2	7.1	6.6	0.8	0.7	10.9	11.4	7.7	8.1
HLBK	BUY	18.96	24.91	31.4	38.9	10.1	9.2	1.1	1.0	11.9	11.9	3.5	3.8
HLFG	BUY	17.58	22.79	29.6	19.9	7.2	6.6	0.7	0.6	10.1	9.6	2.8	3.0
AMMB	BUY	3.62	4.03	11.3	15.2	8.4	7.9	0.8	0.7	9.6	9.5	5.3	5.5
BIMB	BUY	1.80	2.12	17.8	3.9	7.3	6.5	0.5	0.5	7.6	8.2	8.1	9.2
AFFIN	NEUTRAL	1.89	1.82	-3.5	4.1	7.5	6.9	0.4	0.4	5.0	5.2	3.9	4.2
ABMB	BUY	3.38	4.00	18.5	5.2	7.1	6.6	0.7	0.7	10.6	10.6	7.1	7.6
Simple avg (ex-HLFG)						**8.5**	**7.9**	**0.8**	**0.8**	**10.0**	**10.1**	**6.0**	**6.5**
Weighted avg (ex-HLFG)						**9.7**	**9.1**	**1.1**	**1.0**	**11.2**	**11.2**	**6.0**	**6.4**

**Closing prices from 02 Jun 2023.*
^AMMB & ABMB uses FY24F/25F values.
Source: BNM, MIDFR

SECTOR PICKS

	Bank	GGM Valuation		Catalysts, concerns, and other notes
	Call	ROE		
	Target P	LTG	COE	
TOP Pick	MAY			Great defensive pick: Share price is much more resilient than peers, and dividend yields are always great (with RWA optimisation offering upside potential). Fundamentally, not as good -- ROE target may be unrealistic without heavy writebacks and potential cost inflation issues. Loan growth was weak – especially coupled with SG weaker funding outlook.
	BUY	1.21	FY24F	
	RM 9.28	10.9%		
		3.0%	9.5%	
TOP Pick	HLBK			Combines defensive capability (asset quality-wise) with adaptability. HLBK is confident it is well positioned, funding-wise -- high loan growth rates should go on. Potential earnings driver in wealth management space, which spent the previous year being restructured. China's interest rate situation may press BOCD's margins slightly but of minimal concern.
	BUY	1.37	FY24F	
	RM 24.91	11.9%		
		4.0%	9.8%	
GOOD Pick	CIMB			MACC-Bersatu probe newsflow probe -ve sentiment. Niaga is a big winner, acting as both an earnings driver and as a buffer to tougher regional conditions as strong CASA, NOII, loan growth driver. We like CIMB's intention to retain overlays -- it should offer lower quarterly NCC, as well as provide better earnings consistency. Less loan contraction pressure too, as overseas restructuring works end soon.
	BUY	0.87	FY24F	
	RM 5.92	10.3%		
		3.5%	11.5%	
DECENT Pick	RHB			Heavily capitalised, dividend yields among highest in industry. It has amongst the lowest retail deposit mix of its peers – sticky business deposits could provide some upside potential to NIMs. However, it may have to over-rely on writebacks to achieve its FY23F ROE target -- this was originally pegged to NIM target, which will likely be negatively revised in 2Q. Some concerns about maintaining its high loan growth this year, one of its previous plus points -- though it may draw down on capital for funding purposes.
	BUY	1.06	FY24F	
	RM 7.58	11.4%		
		4.0%	11.0%	
DECENT Pick	ABMB			While not too keen on its ambitious, multi-year de-risking plan, we understand the need: Their previous AOA (high-risk mortgage refinancing) regime has led to serious asset quality deterioration -- downside risk pervades the present term -- watch for unpleasant surprises in the form of further deterioration and NCC. Otherwise, look to good NOII recovery and high loan growth
	BUY	0.86	FY24F	
	RM 4.00	10.6%		
		5.0%	11.5%	
DECENT Pick	BIMB			Valuations are too cheap to ignore, dividends are fantastic. But watch consumer portfolio asset quality deterioration -- especially since BIMB intends to sign on more "unpackaged" (non-salary deduction packaged) personal financing loans: the asset class causing issues in the first place. The riskier portfolio may lead to NCC never fully normalising to the high-teen range of pre-pandemic times.
	BUY	0.61	FY24F	
	RM 2.12	8.2%		
		4.5%	10.5%	
DECENT Pick	PBK			Ownership and succession concerns -ve sentiment. Their vast deposit accumulation in 1QFY23 gives them more options: relax on funding accumulation or pursue a higher growth strategy. Foreign shareholding is very low. Nevertheless, we prefer other defensive picks, with the R&R arc coming to an end: PBK relies too much on unit trust contributions and isn't willing to splurge to keep up with competition.
	BUY	1.59	FY24F	
	RM 4.76	12.9%		
		3.5%	9.4%	
DECENT Pick	AMMB			MACC-Bersatu probe newsflow probe -ve sentiment. Some scope for positive upside: in contrast to peers, its accumulated huge CASA volumes in the last quarter -- but it remains to be seen whether it can be retained. No FY24F guidance yet. A lot safer than it once was -- good loan and deposit restructuring makes it less susceptible to lumpy withdrawals or delinquencies.
	BUY	0.87	FY24F	
	RM 4.03	9.6%		
		3.5%	10.6%	
NEUTRAL	AFFIN			Management is doing a good job in rebuilding Affin -- but their approach isn't investor friendly (read: stretch goals, inconsistency in costs and revenue drivers). No convincing rerating drivers, until Affin displays better control over costs and NOII. Plus sides: Huge improvements, asset-quality-wise. Also, loan growth is great and RWA optimisation should continue.
	NEUTRAL	0.34	FY24F	
	RM 1.82	5.2%		
		4.5%	6.7%	

Source: MIDFR

A. SYSTEM LOAN & CONSTITUENTS

Visualisation tables here: (link)

Fig 1: Core Figures & Forecasts

	yoy Growth rates (%)				YTD Ann. (%)	mom Growth rates (%)			
	Apr-23	Mar-23	Feb-23	Jan-23		Apr-23	Mar-23	Feb-23	Jan-23
Total loans	**4.5**	**5.0**	**5.1**	**4.9**	**1.9**	**-0.0**	**0.4**	**0.4**	**-0.2**
Retail loans	6.8	6.9	6.9	6.8	5.7	0.4	0.6	0.4	0.5
Business loans	2.1	2.9	3.2	2.9	-2.4	-0.5	0.3	0.4	-0.9
SME*	1.7	2.1	1.4	4.1	-6.2	-0.4	1.1	-2.6	0.0
Total deposits	6.4	7.0	7.5	7.0	**4.2**	-0.4	-0.1	1.7	0.3
CASA	-6.4	-1.8	-0.2	-0.2	-7.0	-1.3	-1.6	1.0	-0.5
FD	10.0	8.9	7.2	6.1	9.0	0.5	1.9	1.1	-0.5
Total provisions	-1.5	-1.3	-2.8	-3.6	-0.5	0.3	-0.5	0.5	-0.4
Total GIL	8.2	7.5	9.5	8.4	12.3	2.0	-0.4	2.1	0.4
Leading indicators									
3MA applications	8	10	-1	-13	36	5	15	2	-9
Retail	8	6	-6	-19	47	4	12	4	-5
Business	9	15	6	-4	23	7	18	-1	-13
3MA approvals	17	23	5	-0	8	6	15	-3	-12
Retail	13	14	-0	-13	54	6	14	3	-5
Business	21	32	11	14	-27	5	15	-9	-17

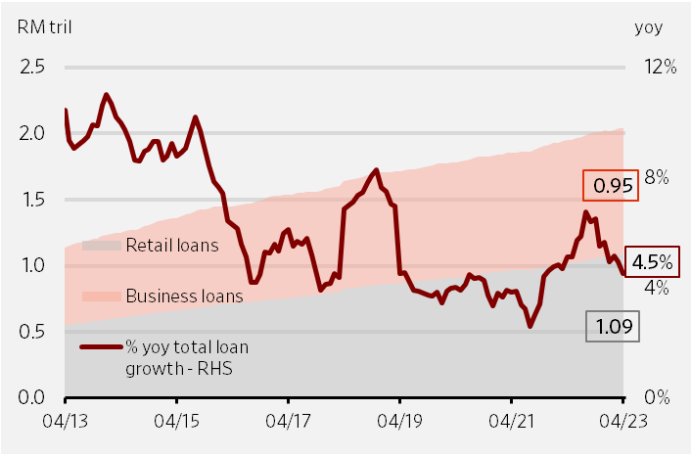
	Apr-23	Mar-23	Feb-23	Jan-23	Apr-22
Interest spread	2.76	2.65	2.61	2.55	2.00
Loan approval rate	51	52	49	50	51
SME approval rate*	49	43	48	43	43
GIL ratio	1.78	1.75	1.76	1.73	1.72
SME GIL ratio*	2.91	2.88	2.91	2.99	2.71
LLC ratio	94	96	96	97	104
CASA ratio	30.4	30.6	31.0	31.2	33.8
Loan/Deposit ratio	89.5	89.1	88.4	89.4	89.2
Liquidity coverage ratio	154	157	153	147	157
CET 1	14.8	14.8	14.8	15.2	14.2
Tier 1 Capital	15.4	15.4	15.3	15.8	14.6
Total Capital	18.5	18.6	18.5	19.0	17.8

**SME data until Apr-23*

	Period	Forecast	Formerly
Loan growth	CY23	4.5-5.0%	
GDP	CY23	4.2%	
OPR	CY23	3.00% (↑)	2.75%

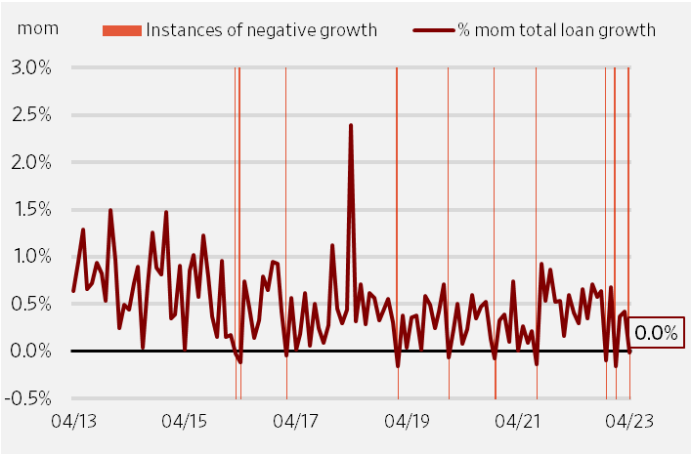
Source: BNM, MIDFR

Fig 2: yoy System loans



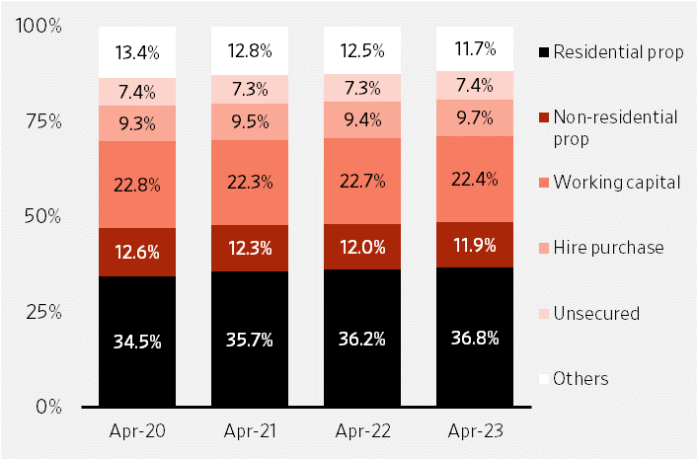
Source: BNM, MIDFR

Fig 3: mom System loans



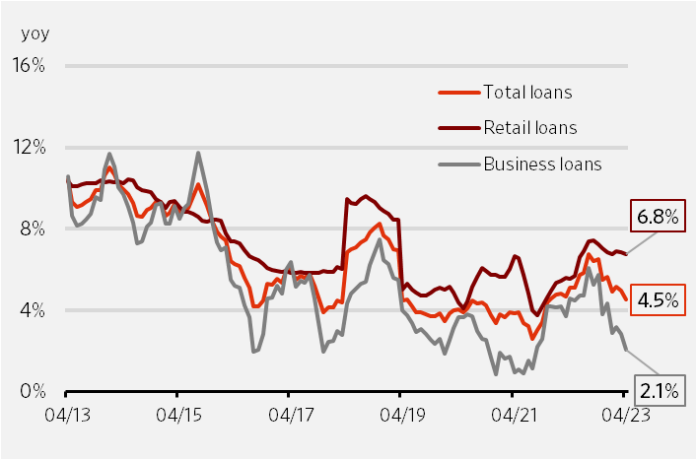
Source: BNM, MIDFR

Fig 4: Loan breakdown by type



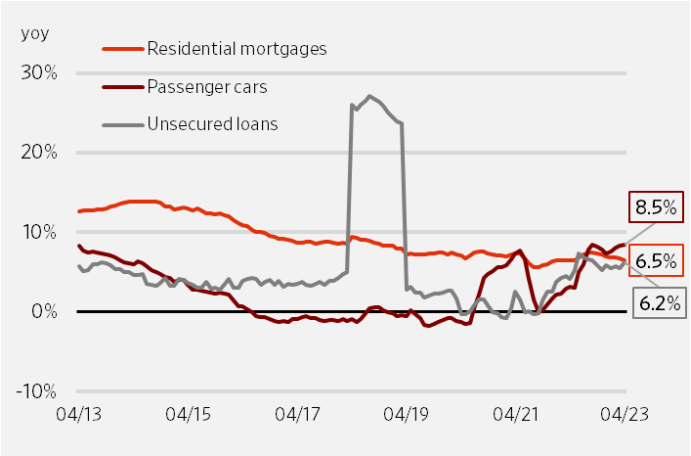
Source: BNM, MIDFR

Fig 5: Retail & business loan growth



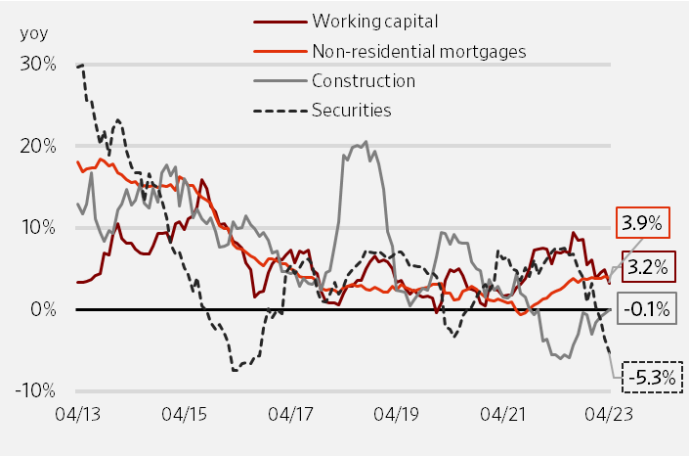
Source: BNM, MIDFR

Fig 6: Retail loan constituents



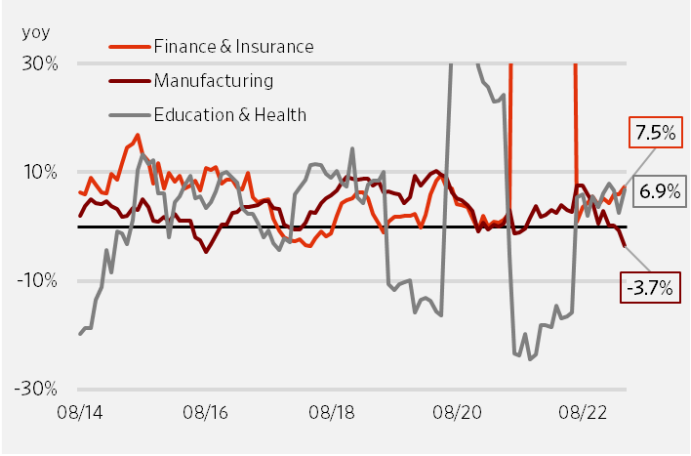
Source: BNM, MIDFR

Fig 7: Business loan constituents



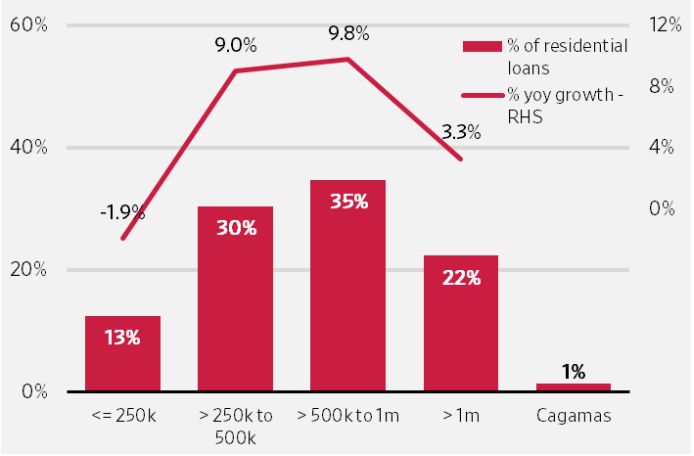
Source: BNM, MIDFR

Fig 8: Loan growth of other sectors



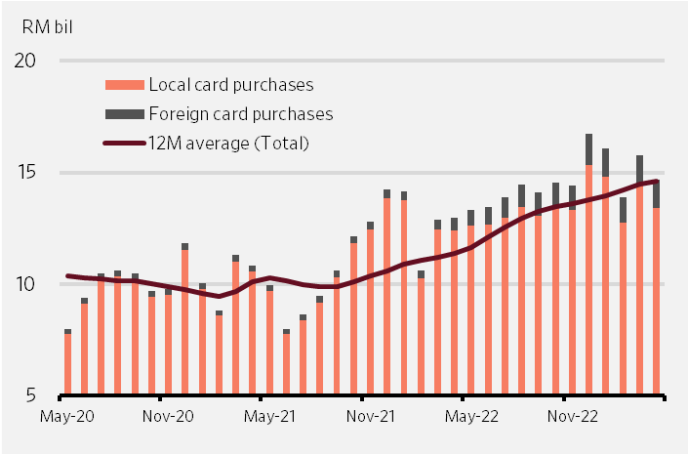
Source: BNM, MIDFR

Fig 9: Residential loans by segment



Source: BNM, MIDFR

Fig 10: Credit card purchases

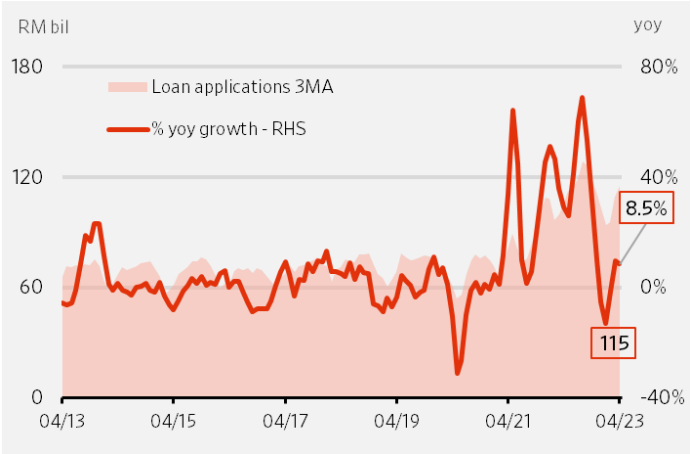


Source: BNM, MIDFR

B. LEADING INDICATOR TRENDS

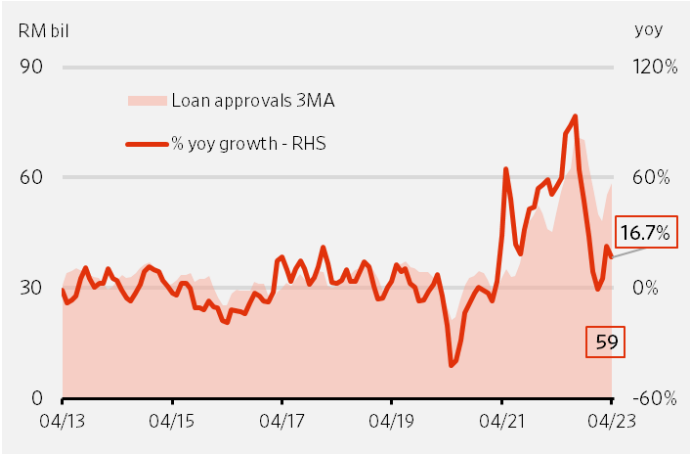
Heatmaps visible here: (link)

Fig 11: Loan applications (3-mth average)



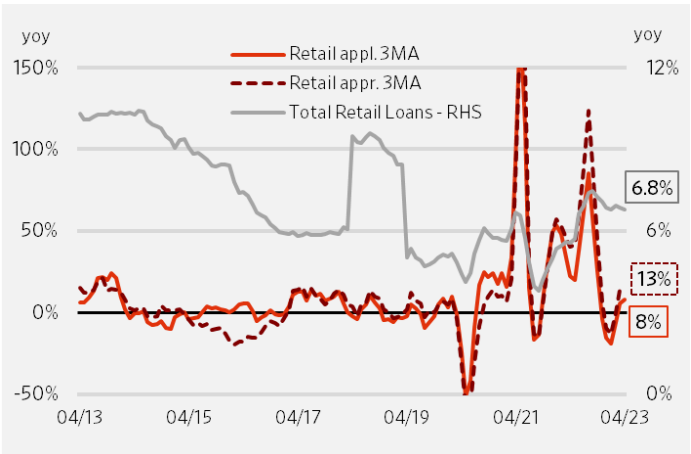
Source: BNM, MIDFR

Fig 12: Loan approvals (3-mth average)



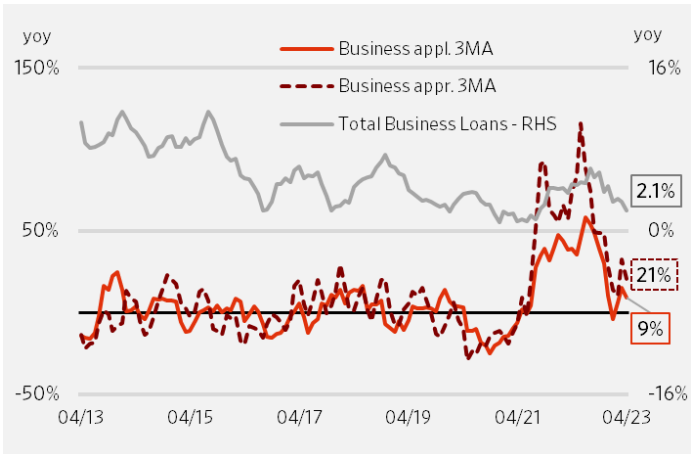
Source: BNM, MIDFR

Fig 13: Retail loan indicators



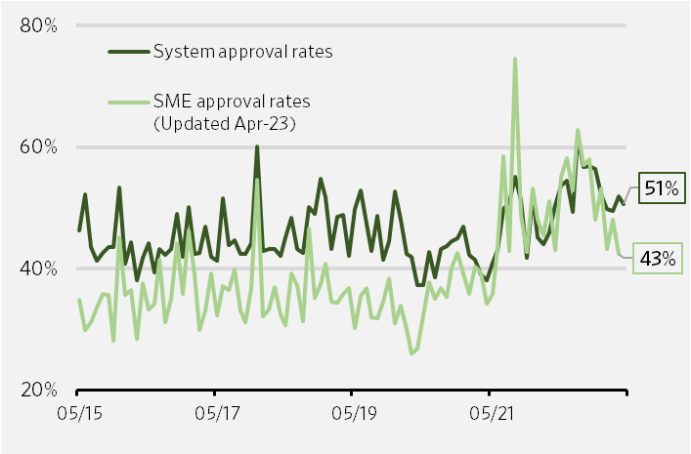
Source: BNM, MIDFR

Fig 14: Business loan indicators



Source: BNM, MIDFR

Fig 15: System approval rates

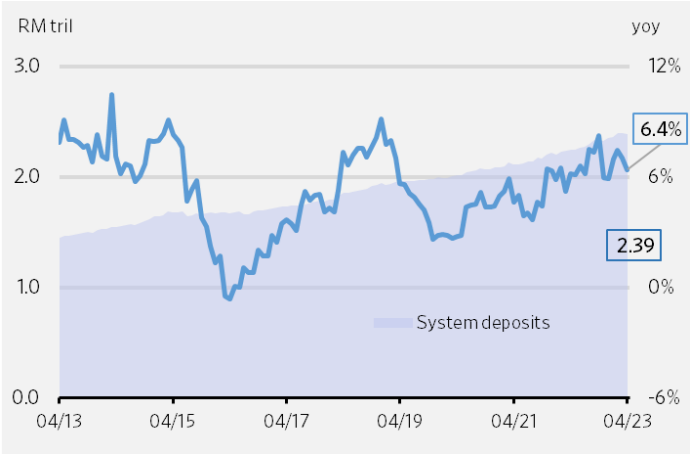


Source: BNM, MIDFR

C. DEPOSITS & LIQUIDITY

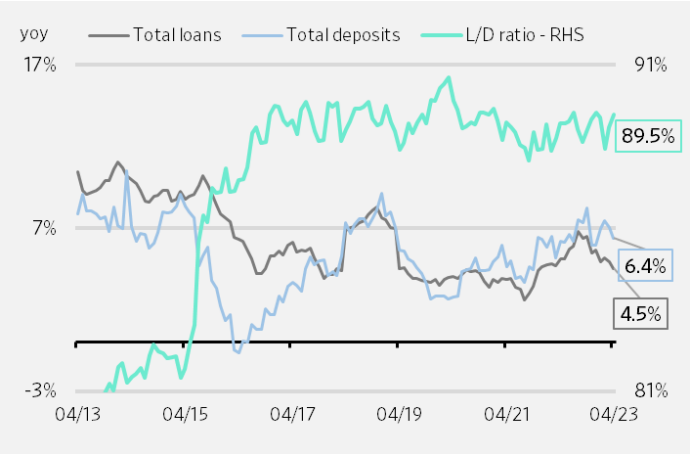
Heatmaps visible here: (link)

Fig 16: yoy System deposits



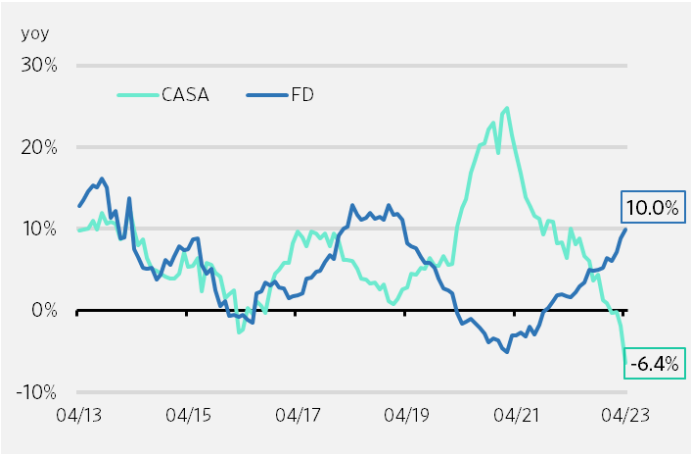
Source: BNM, MIDFR

Fig 17: Loan/Deposit ratio



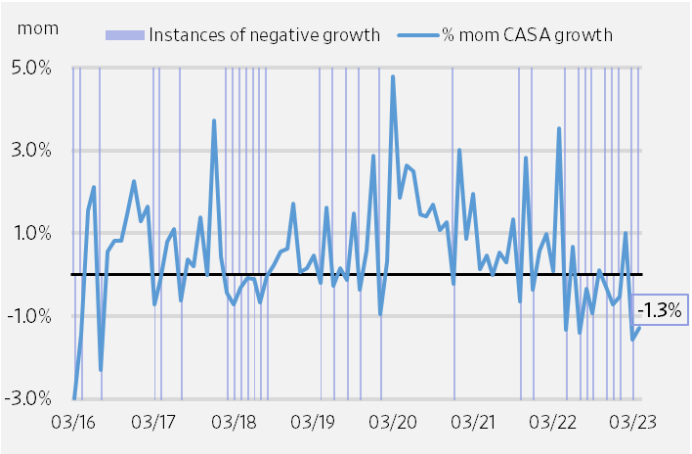
Source: BNM, MIDFR

Fig 18: yoy CASA & FD growth



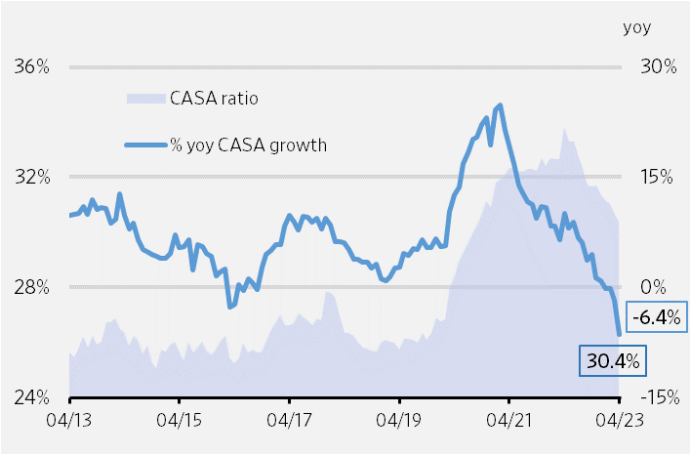
Source: BNM, MIDFR

Fig 19: mom CASA growth



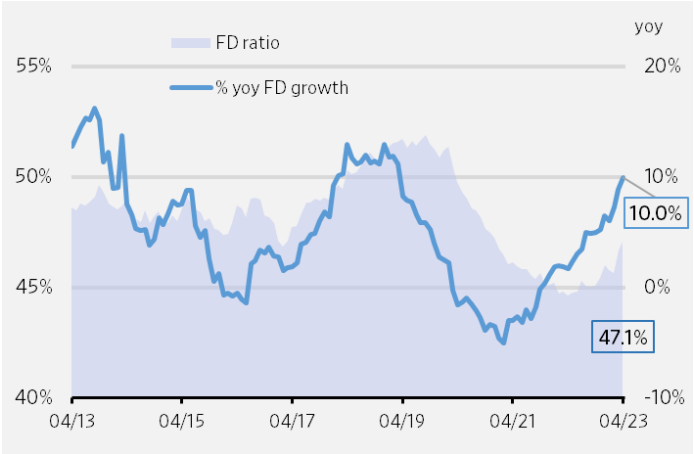
Source: BNM, MIDFR

Fig 20: CASA ratio



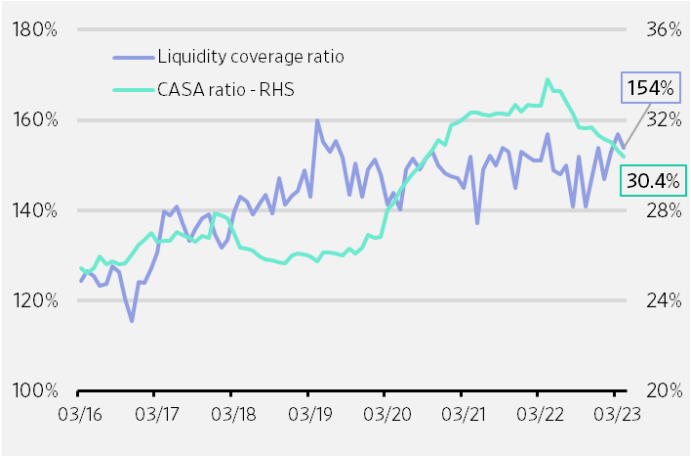
Source: BNM, MIDFR

Fig 21: FD ratio



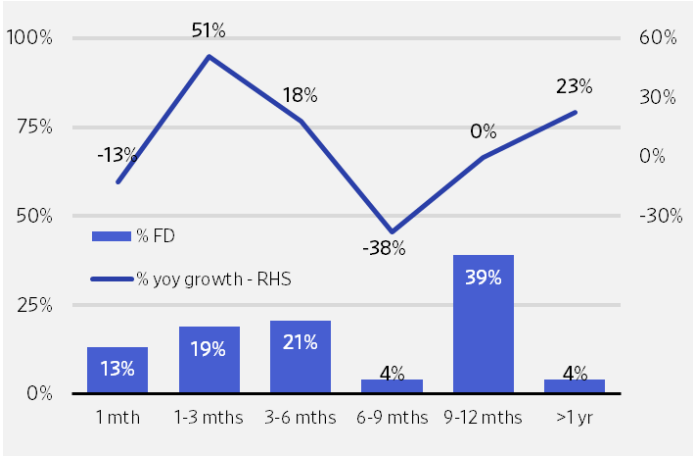
Source: BNM, MIDFR

Fig 22: Liquidity coverage ratio



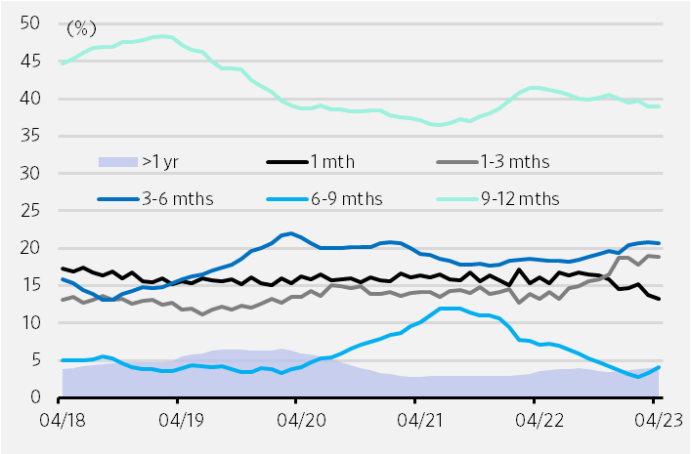
Source: BNM, MIDFR

Fig 23: FD by maturity brackets and yoy growth



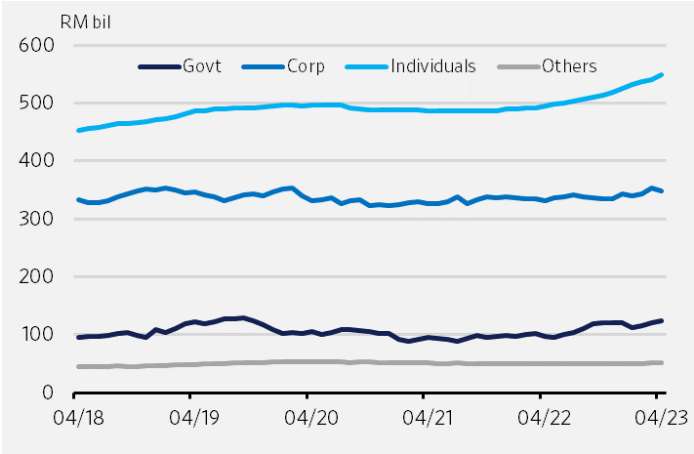
Source: BNM, MIDFR

Fig 24: FD by maturity brackets (% Proportion)



Source: BNM, MIDFR

Fig 25: FD by depositor

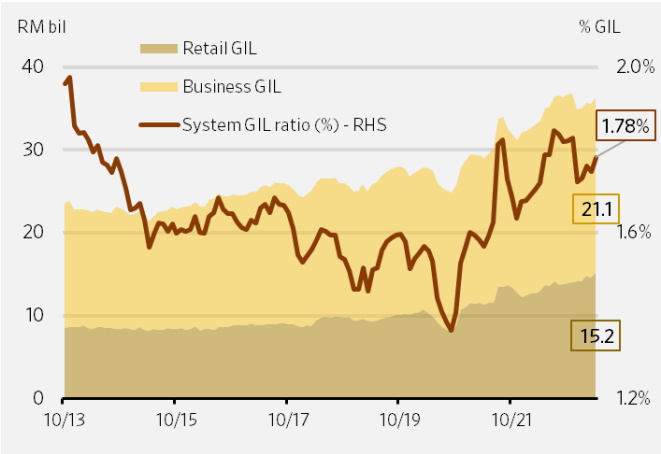


Source: BNM, MIDFR

D. ASSET QUALITY & PROVISIONING

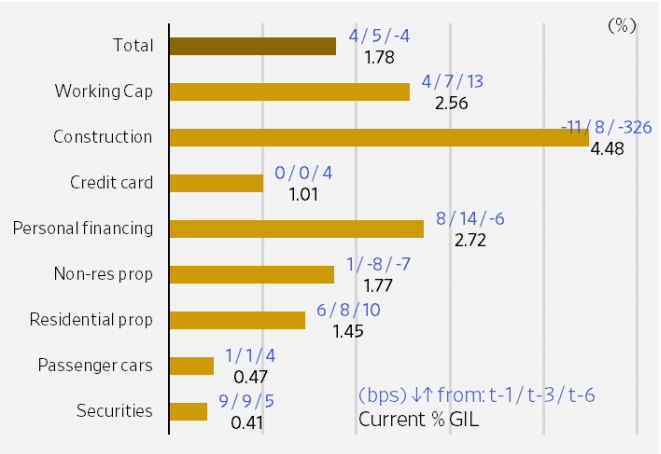
Heatmaps visible here: (link)

Fig 26: System gross impaired loans



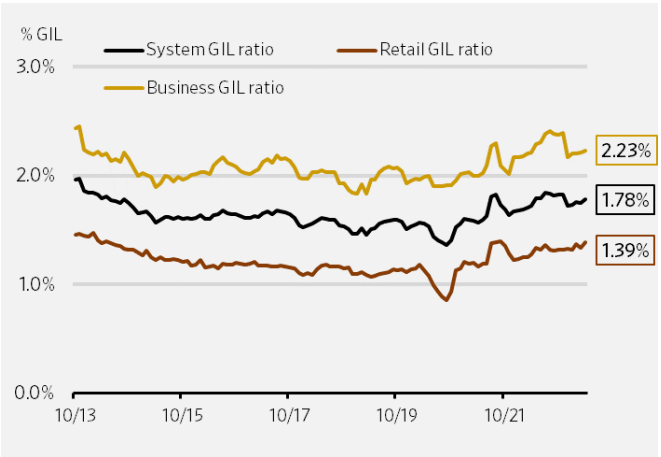
Source: BNM, MIDFR

Fig 27: GIL ratio by segment



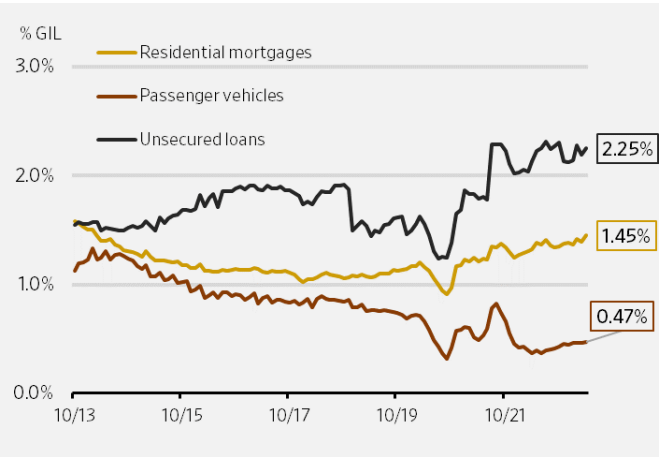
Source: BNM, MIDFR

Fig 28: System, Retail, Business GIL ratios



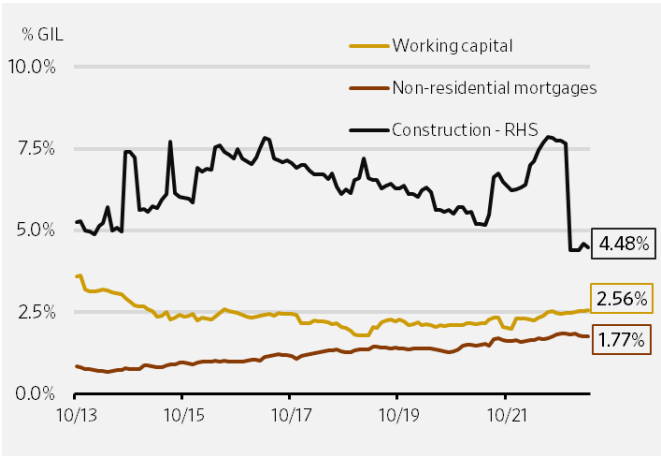
Source: BNM, MIDFR

Fig 29: Retail GIL ratios



Source: BNM, MIDFR

Fig 30: Business GIL ratios



Source: BNM, MIDFR

Fig 31: GIL ratios of other sectors

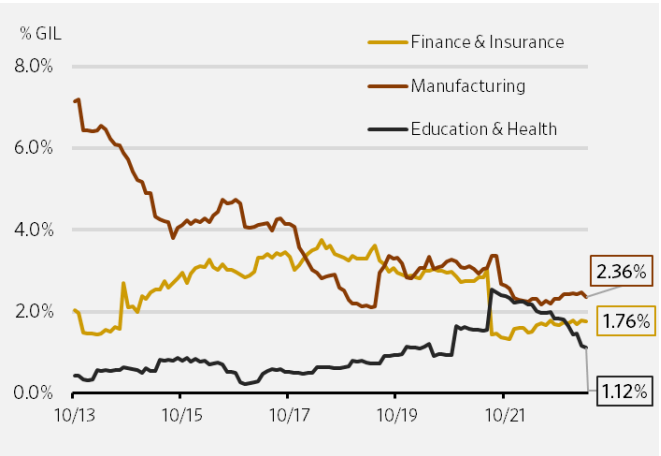
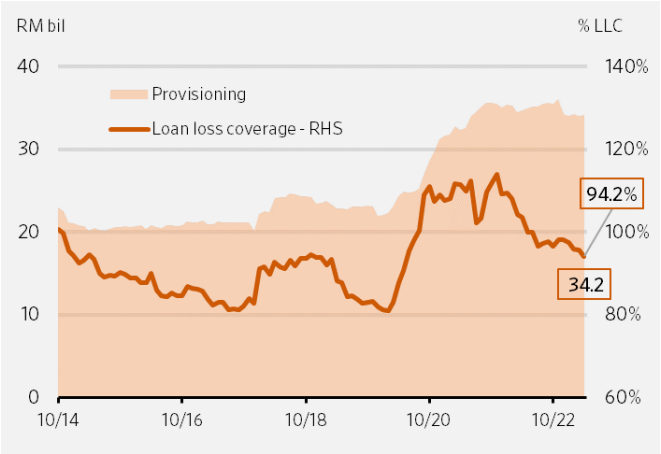
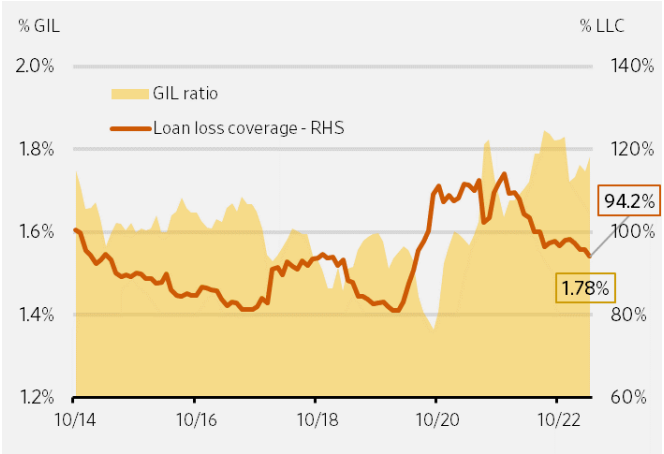


Fig 32: Provisions & loan loss coverage



Source: BNM, MIDFR

Fig 33: LLC and GIL ratio

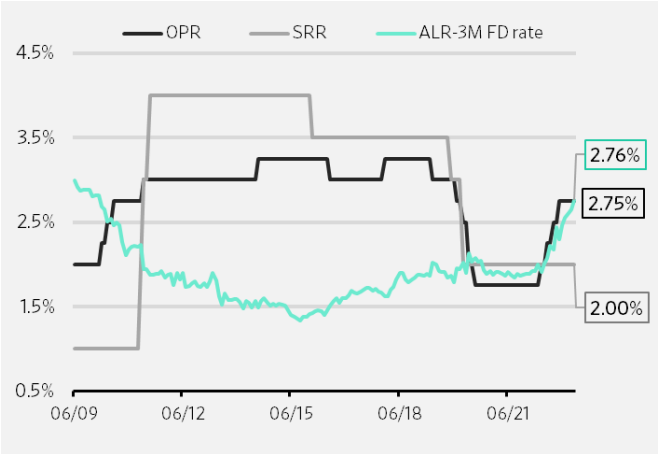


Source: BNM, MIDFR

E. INTEREST SPREAD AND CAPITAL

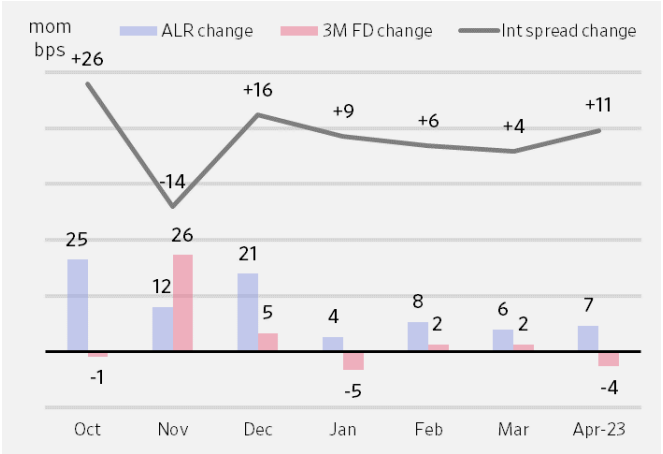
Heatmaps visible here: (link)

Fig 34: Interest spread, OPR, SRR



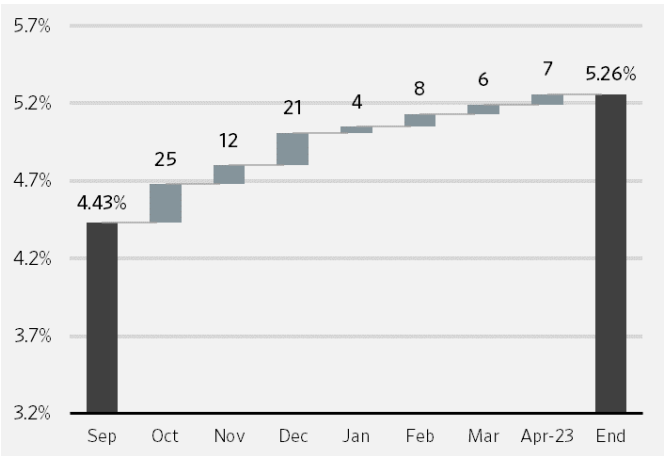
Source: BNM, MIDFR

Fig 35: mom Changes in Interest spreads



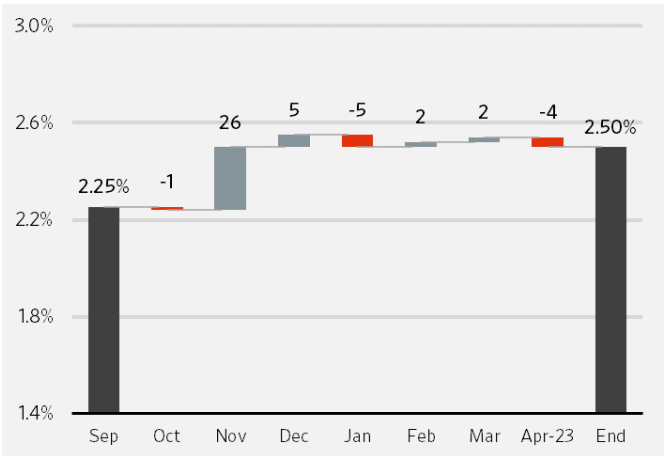
Source: BNM, MIDFR

Fig 36: Changes in Average Lending Rate



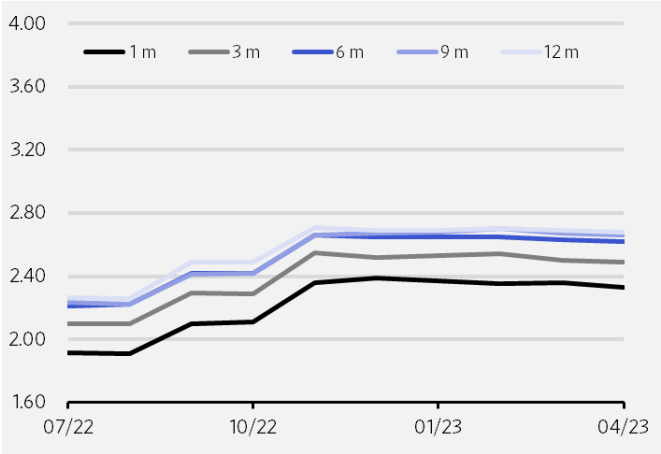
Source: BNM, MIDFR

Fig 37: Changes in 3M FD rate



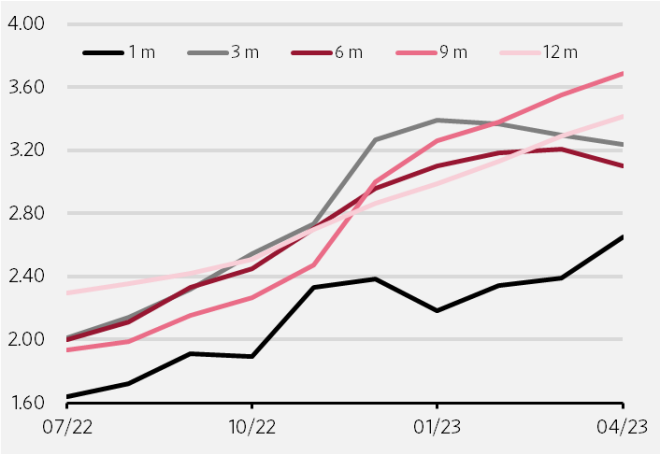
Source: BNM, MIDFR

Fig 38: Conventional FD rates by brackets



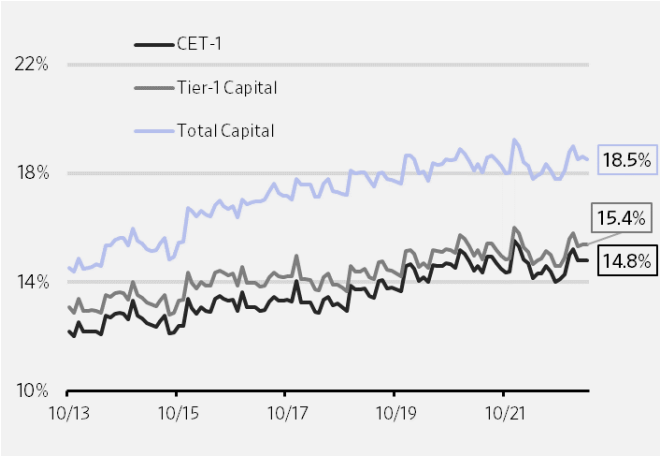
Source: BNM, MIDFR

Fig 39: Islamic FD rates by brackets



Source: BNM, MIDFR

Fig 40: Capital ratios

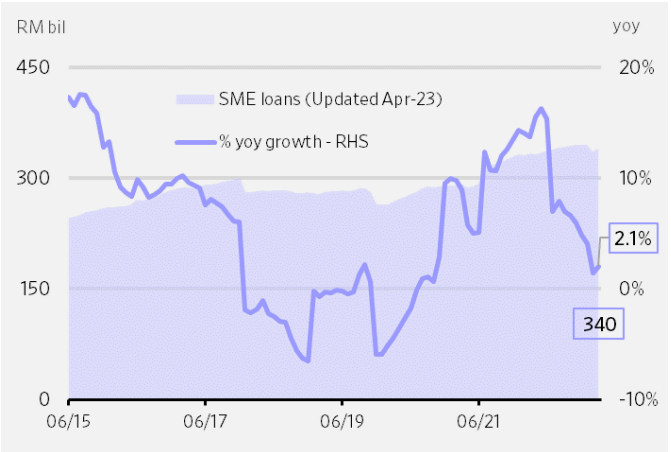


Source: BNM, MIDFR

F. SME DATA

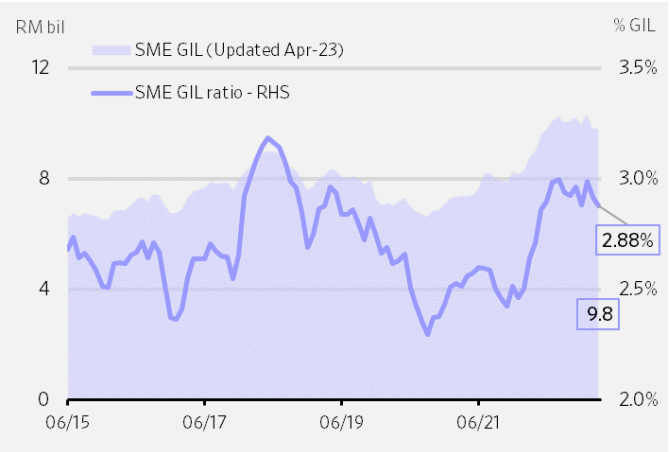
Heatmaps visible here: (link)

Fig 41: SME loans



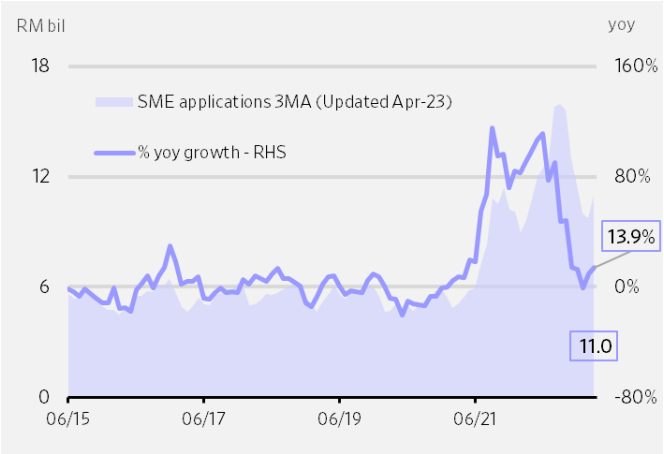
Source: BNM, MIDFR

Fig 42: SME GILs



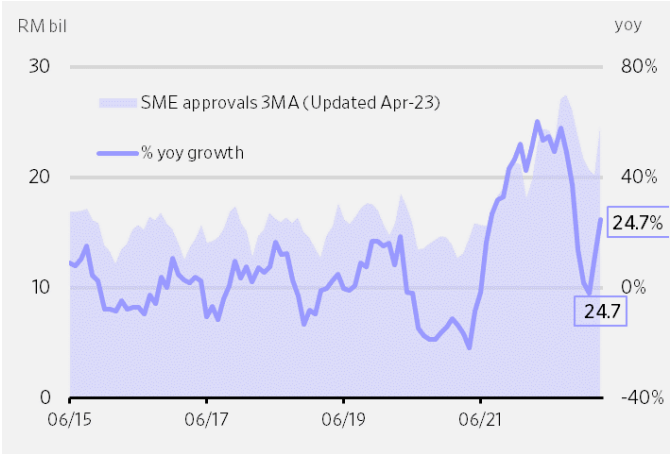
Source: BNM, MIDFR

Fig 43: SME applications (3-mth-average)



Source: BNM, MIDFR

Fig 44: SME approvals (3-mth-average)



Source: BNM, MIDFR

G. SERIES OF VISUALISATION TABLES

Fig 45: System loans

				Retail			Business		
	Total loans (RM tr)	Growth (% yoy)	Growth (% mom)	Growth (% yoy)	Growth (% mom)	% of total	Growth (% yoy)	Growth (% mom)	% of total
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
Apr-23	**2.04**	**4.5**	**-0.0**	**6.8**	**0.4**	**53.5**	**2.1**	**-0.5**	**46.5**

Source: BNM, MIDFR

Fig 46: yoy Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Apr-23	**6.5**	**8.4**	**6.2**	**3.2**	**3.9**	**-0.1**	**-5.3**

Source: BNM, MIDFR

Fig 47: mom Loan growth by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Apr-23	**0.2**	**0.8**	**2.9**	**-0.9**	**-0.0**	**-0.0**	**-1.4**

Source: BNM, MIDFR

Fig 48: Loan applications & approvals (3MA)

	Applied (3MA) (RM b)	Growth (% yoy)	Growth (% mom)	Approved (3MA) (RM b)	Growth (% yoy)	Growth (% mom)
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	119.9	31.6	-5.3	70.3	47.0	-0.7
Nov-22	112.1	10.1	-6.5	63.6	27.9	-9.6
Dec-22	103.0	-5.3	-8.1	57.0	8.7	-10.4
Jan-23	94.2	-13.1	-8.6	50.0	-0.5	-12.3
Feb-23	95.6	-1.1	1.5	48.3	5.1	-3.4
Mar-23	109.5	9.6	14.6	55.4	22.5	14.8
Apr-23	**115.3**	**8.5**	**5.3**	**58.6**	**16.7**	**5.7**

Source: BNM, MIDFR

Fig 49: Loan approval rates

	System loans (%)	Retail loans (%)	Business loans (%)	SME loans* (%)
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	56.9	45.1	69.0	58.0
Nov-22	56.4	44.3	69.7	48.2
Dec-22	52.3	44.6	63.0	53.2
Jan-23	49.9	44.0	57.9	43.3
Feb-23	49.5	43.3	57.3	48.2
Mar-23	51.9	46.2	58.9	42.6
Apr-23	**50.7**	**47.3**	**54.8**	**49.1**

**SME data until Apr-23*

Source: BNM, MIDFR

Fig 50: yoy Loan application growth (3MA) by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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	36	36	137	(2)
Nov-22	(12)	0	25	44	15	64	(18)
Dec-22	(24)	(12)	13	25	(2)	26	(24)
Jan-23	(28)	(11)	9	8	(6)	51	(31)
Feb-23	(14)	4	15	7	14	62	(5)
Mar-23	(1)	15	20	8	32	87	(12)
Apr-23	**4**	**12**	**19**	**(3)**	**33**	**37**	**(9)**

Source: BNM, MIDFR

Fig 51: yoy Loan approval growth (3MA) by purpose

	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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	(2)	13	32	45	34	131	30
Dec-22	(19)	(1)	16	17	33	55	26
Jan-23	(23)	(4)	10	13	8	51	(1)
Feb-23	(9)	10	17	(1)	12	74	(15)
Mar-23	9	18	21	33	17	110	(15)
Apr-23	**10**	**15**	**19**	**5**	**22**	**106**	**(11)**

Source: BNM, MIDFR

Fig 52: System deposits

	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Apr-23	**2,387**	**6.4**	**-0.4**	**89.5**

Source: BNM, MIDFR

Fig 53: CASA & FD ratios

	CASA (RM b)	Growth (% yoy)	Growth (% mom)	CASA ratio (%)	FD (RM b)	Growth (% yoy)	Growth (% mom)	FD ratio (%)
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
Apr-23	**692**	**-6.4**	**-1.3**	**30.4**	**1,072**	**10.0**	**0.5**	**47.1**

Source: BNM, MIDFR

Fig 54: Impaired loans and loan loss coverage

	Impaired loans (RM b)	Growth (% mom)	GIL ratio (%)	Total provisions (RM b)	LLC ratio (%)
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
Apr-23	**36.3**	**2.0**	**1.78**	**34.2**	**94**

Source: BNM, MIDFR

Fig 55: ALR, 3M-FD rates & Interest spreads

	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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
Apr-23	**5.26**	**2.50**	**2.76**

Source: BNM, MIDFR

Fig 56: SME loan data

	Total SME loans (RM b)	Growth (% yoy)	Growth (% mom)	As a % of industry loans	SME GIL ratio (%)
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
Mar-23	**340**	**2.1**	**1.1**	**16.7**	**2.88**

SME data until Apr-23
Source: BNM, MIDFR

Fig 57: SME applications & approvals (3MA)

	Applications			Applications		
	3MA (RM b)	Growth (% yoy)	Growth (% mom)	3MA (RM b)	Growth (% yoy)	Growth (% mom)
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
Mar-23	**24.7**	**1.1**	**-0.3**	**11.0**	**13.9**	**12.5**

SME data until Apr-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