Banking

POSITIVE (Maintain)

Jan-26: Concerning Loan Slowdown

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HIGHLIGHTS

- ▲ **(1) CASA surge is ongoing, as depositors continue to avoid renewing FDs.**
- ▼ **(1) Loan growth continues to weaken, dragged by declining working capital figures, (2) Some deterioration in asset quality, particularly in the SME segment, (3) ALR continues to compress.**
- ► **(1) Lukewarm month for loan applications and approvals, (2) FD rates were flattish, though anecdotal evidence suggests that deposit competition remains intense.**
- **Maintain POSITIVE call: While the banking sector's outlook is not as bright as it used to be, tailwinds still outweigh headwinds. Dividend outlook remains very strong.**

Sector Verdict

Backed by geopolitical and interest rate stability and decent economic growth, tailwinds still outweigh headwinds. Only a few banks are particularly vulnerable to headwinds, which come in the form of slowing loan growth and heavier OPEX. Dividend outlook remains bright, as more upside announcements are expected in later quarters. After the recent profit-taking event, sector valuations are not fully priced in – and some names have huge upside potential.

Core Themes

1. ▲ **Core beneficiary of emerging market inflows.** Our robust economic outlook, high dividend yields with upside possibility, excellent asset quality, and superior geopolitical stability (relative to neighbouring peers) make our banks look particularly attractive.
2. ▲ **Dividend outlook remains extremely bright.** We think the possibility of special dividends and other forms of capital release remains very high, though there may be a delay in announcements. While capital is fairly elevated and Basel IV transition should be capital accretive in most cases, most banks want further certainty before pulling the trigger.
3. ▲ **NIMs to benefit from both asset yield and COF optimisation.** Most banks are very positive on NIM, guiding for NIM expansion on the back of FD release and interest rate stability. On the asset side, expect more aggressive loan rebalancing, favouring higher-yielding business loans.
4. ▲ **Expect fee income to drive topline in the near term.** Wealth management, bancassurance, and debt capital markets are major drivers of the fee side – especially as market performance, loan growth, and economic sentiment improve. Forex volatility aside, the stabilisation of interest rates should result in some moderation in investment income.
5. ▲ **Liquidity situation is improving.** Liquidity has improved significantly since the last quarter, with more readily available cheap CASA in the market. The Indonesian and Singapore situation has also improved. As most loan growth targets are not overly lofty, we doubt that most banks will run into any serious liquidity shortages.
6. ▲ **With most major recoveries already sorted, the system GIL ratio is the best it has ever been – only idiosyncratic shocks expected.** Further recoveries are expected, and several banks' NCC guidance is on the low side. But for now, asset quality issues are largely idiosyncratic and don't hint towards more insidious trends.
7. ► **OPEX growth is a mixed bag and will vary from bank to bank.** While we expect further tech efficiencies to come online, tech spend remains the primary cause of drag for most banks. Expect further rapid OPEX growth among rapidly expanding smaller banks.
8. ► **Neutral on loan growth.** Business loans have been dwindling as of late, as working capital continues to weaken – particularly the SME segment. Retail loan growth has been on a downward trajectory for several years. For the most part, banks aren't guiding for very strong local figures either – particularly the large banks.

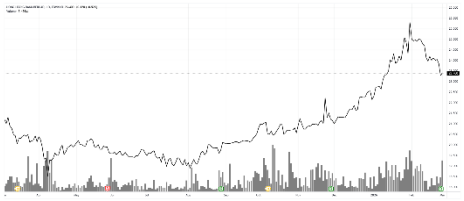
COMPANY *IN FOCUS*

HL Bank

Maintain BUY | Target Price: RM30.50
Price @ 2 March 2026: RM23.40

- Loan growth is very high for a mid-sized bank.
- Defensive pick: Asset quality and provisioning remain the industry's best.
- Sharp NOII growth persists from regional offerings. "Low-hanging fruit" is still close.

SHARE PRICE CHART



AMMB

Maintain BUY | Target Price: RM7.57
Price @ 2 March 2026: RM6.51

- Upside to dividend payouts. Breaking the 50% payout level is possible, given the Group's high capital levels.
- NIM outlook remains bright, with ongoing asset-liability management.
- Excellent cost discipline, which helps with earning certainty.

SHARE PRICE CHART



FIG 1: Overview of Major Indicators

Category	Performance	Notes
Loans	▼ **System loans:** +4.6%yoy | +0.2%mom ► **Household loans:** +5.3%yoy | +0.6%mom ▼ **Non-household loans:** +3.6%yoy | -0.3%mom ▼ **SME loans (Jan-26):** +5.1%yoy | -0.4%mom	Worryingly, loan growth continues to decline – particularly as SME loans continue to falter. Possible issues are the sharp appreciation of the MYR (given that most SMEs are exporters) and the impact of SST charges. Working capital loans grew by +0.8%yoy, its weakest performance in nearly two years. Non-residential and construction loans put in respectable figures, buoying the business loan segment for now. On the retail end, we observed that unsecured loans have also experienced a sharp decline as of late.
Leading Indicators	► **System:** Mediocre month **Approval rates:** 51% ► **SME (Jan-26):** Mediocre month **SME Approval rates:** 70%	While recovering from last month's festive season lull, this month's applications and approvals are nowhere close to the highs of CY25.
Deposits	► **Deposits + repos:** +2.8%yoy | -0.6%mom ▼ **Deposits (ex-repos):** +4.0%yoy | -0.4%mom ▼ **FD:** +1.1%yoy | -0.4%mom ▲ **CASA:** +8.0%yoy | +0.2%mom **Loan/Deposit ratio:** 92.8% **Loan Coverage ratio:** 152%	Deposit growth has been muted as of late, with FDs taking a tumble. On the other hand, CASA growth continues its impressive streak. Individuals and government were the core drivers of CASA growth this quarter, with businesses taking a hit.
GIL ratio	▼ **System GIL ratio:** 1.40% | +3bps mom ▼ **Retail:** 1.11% | +2bps mom ▼ **Business:** 1.75% | +3bps mom ▼ **SME GIL ratio (Jan-26):** 2.96% | +6bps mom	▼ **Notable deteriorations, mom:** Working cap +7bps, Personal financing +14bps. ▲ **Notable improvements, mom:** Securities -5bps. Watch the SME space. Multiple banks have noted pressure mounting in the segment.
Interest rates	► **FD rates (Conv):** Flattish ► **FD rates (Isl):** Flattish ▼ **Lending rates (ALR):** -4bps mom	A continuation of ongoing trends: Relatively flat board rates, while lending rates continue to decline.

Maintain POSITIVE call. *Our comprehensive list of sector drivers is on the first page.*

Top downside risks include:

1. Weaker-than-expected economic growth, which could lead to slower asset growth and asset quality issues.
2. Potential OPR cuts that will compress NIMs in the short term.
3. Asset quality flare-ups, which could lead to instances of heavier provisioning.

Top Picks: HL Bank (BUY, TP: RM30.50) and **AMMB (BUY, TP: RM7.57).**

PEER COMPARISON

Bank	Call	Share P	Target P	Upside	Mkt Cap	FY Basis	P/B	ROE	LTG	COE	P/E (x)		P/B (x)		ROE (%)		Div Yield (%)	
	^Top Pick	(RM)	(RM)	(%)	(RM b)		(x)	(%)	(%)	(%)	FY26	FY27	FY26	FY27	FY26	FY27	FY26	FY27
MAY	NEUTRAL	11.72	12.29	4.9	141.7	FY26F	1.53	11.1	3.0	8.3	13.4	12.9	1.46	1.40	11.1	11.1	5.4	5.6
CIMB	BUY	7.94	9.29	17.0	84.9	FY26F	1.37	10.9	4.0	9.0	11.0	10.5	1.17	1.14	10.9	11.0	5.9	6.1
PBK	NEUTRAL	4.85	5.05	4.1	93.7	FY26F	1.55	11.9	3.5	8.9	12.9	12.2	1.49	1.42	11.9	11.9	4.7	4.9
RHB	BUY	8.46	9.11	7.7	37.1	FY26F	1.12	9.6	4.0	9.0	11.1	10.8	1.04	1.00	9.6	9.4	5.4	5.5
HLBK	^BUY	23.40	30.50	30.4	48.0	FY27F	1.42	11.1	4.0	9.0	10.7	10.1	1.15	1.09	11.1	11.1	4.4	4.7
AMMB	^BUY	6.51	7.57	16.3	21.5	FY27F	1.10	9.4	4.0	8.9	10.7	10.3	0.99	0.95	9.5	9.4	4.2	4.4
BIMB	NEUTRAL	2.41	2.32	-3.7	5.4	FY26F	0.67	7.0	4.0	8.5	9.7	9.3	0.69	0.67	7.0	7.3	6.1	6.4
AFFIN	NEUTRAL	2.61	2.39	-8.6	6.7	FY27F	0.47	4.8	3.0	6.8	12.0	10.9	0.53	0.51	4.5	4.8	3.3	3.6
ABMB	BUY	5.01	6.08	21.3	8.7	FY27F	1.20	10.3	5.0	9.4	10.4	9.9	1.06	0.99	10.5	10.3	3.9	4.0
Total Weighted avg											12.1	11.6	1.29	1.24	10.9	10.9	5.1	5.3
Large-Cap	MAY, CIMB, PBK										12.6	12.0	1.39	1.34	11.3	11.3	5.3	5.5
Mid-Cap	RHB, HLBK, AMMB										10.8	10.4	1.08	1.03	10.3	10.2	4.7	4.9
Small-Cap	BIMB, AFFIN, ABMB										10.7	10.1	0.79	0.75	7.7	7.7	4.3	4.5

**Closing prices from 02 Mar 2026.*
**HLBK, AMMB and ABMB use FY26F/27F values.* ^HL Bank & HL FG uses FY23F/24F values.

Source: MBSBR

CALL AND EARNINGS CHANGES

Bank	Call			Target Price (RM)			P/BV Basis (x)			Justification
	New	Former	Change	New	Former	Change	New	Former	Change	
MAY			↔	12.29	12.43	-1%	1.53	1.50	+0.03	We previously left out include the impact of FY25 dividend payouts to book value.

Source: MBSBR

A. SYSTEM LOAN & CONSTITUENTS

FIG 2: Overview of Major Indicators

	yoy Growth rates (%)					YTD (%)
	Jan-26	Dec-25	Nov-25	Oct-25	Jan-25	
Total loans	**4.6**	**4.8**	**5.2**	**5.4**	5.7	**0.2**
Retail	5.5	5.6	5.7	5.8	6.7	0.6
Business	3.5	3.9	4.6	4.8	4.4	-0.2
SME	5.1	6.0	6.1	7.9	8.9	0.5
Household loans	5.3	5.3	5.4	5.4	6.0	0.6
Non-HH loans	3.6	4.1	5.0	5.2	5.1	-0.3
Deposits + repo	**2.8**	**3.4**	**2.7**	**3.7**	3.1	**-0.6**
Total deposits	**4.0**	**4.5**	**4.0**	**4.9**	3.1	**-0.4**
CASA	8.0	7.3	5.1	7.0	3.2	0.2
FD	1.1	1.6	2.1	2.5	4.2	-0.4
Total provisions	-8.2	-7.7	-8.8	-7.6	-7.3	1.0
Total GIL	0.2	-0.5	-2.2	-3.8	-5.9	2.1
Leading indicators						
3MA applications	8	5	3	0		
Retail	7	3	3	4		
Business	10	7	3	-3		
3MA approvals	14	5	3	0		
Retail	7	5	6	5		
Business	20	5	2	-3		

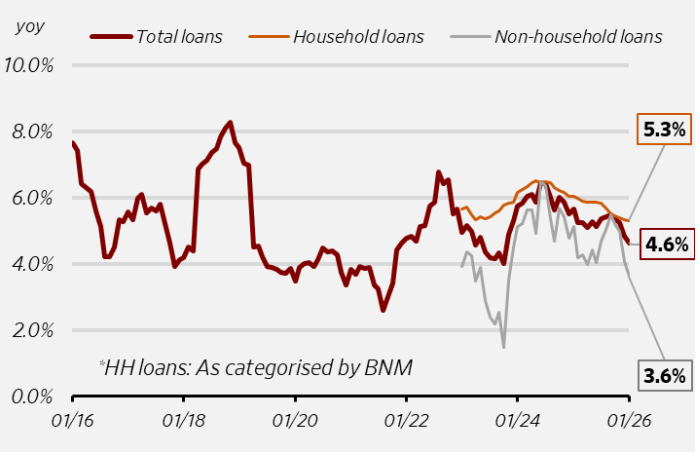
	mom Growth rates (%)				
	Jan-26	Dec-25	Nov-25	Oct-25	Jan-25
Total loans	**0.2**	**0.4**	**0.5**	**0.5**	0.4
Retail	0.6	0.4	0.5	0.5	0.6
Business	-0.2	0.3	0.5	0.6	0.1
SME	-0.4	1.1	-0.7	-0.3	0.4
Household loans	0.6	0.5	0.5	0.5	0.6
Non-HH loans	-0.3	0.3	0.5	0.6	0.1
Deposits + repo	**-0.6**	**1.4**	**-0.1**	**-0.0**	0.0
Total deposits	**-0.4**	**1.4**	**0.0**	**0.2**	0.2
CASA	0.2	3.3	0.1	-1.1	-0.5
FD	-0.4	-0.2	-0.2	1.5	0.2
Total provisions	1.0	-2.4	-1.6	-1.5	1.6
Total GIL	2.1	-2.1	1.3	-0.7	1.4
Leading indicators					
3MA applications	-3	-2	-0	-0	
Retail	-2	1	-4	-2	
Business	-5	-5	4	2	
3MA approvals	-5	2	1	2	
Retail	-4	2	-4	-1	
Business	-6	2	4	4	

	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25	Jan-25
Interest spread	2.35	2.37	2.39	2.37	2.45	2.49
ALR	4.55	4.59	4.60	4.66	4.72	5.06
3M FD rate	2.20	2.22	2.21	2.29	2.27	2.57
Loan approval rate	51	63	52	53	56	43
SME approval rate	54	70	44	54	55	40
GIL ratio	1.40	1.37	1.40	1.39	1.41	1.46
Retail	1.11	1.09	1.13	1.11	1.12	1.16
Business	1.75	1.72	1.74	1.73	1.77	1.82
SME	2.96	2.89	2.90	2.88	2.95	2.78
LLC ratio	83.9	84.8	85.1	87.6	88.3	91.6
CASA ratio	32.4	32.3	31.6	31.6	32.1	31.2
Loan/Deposit ratio	92.8	92.3	93.2	92.7	92.4	92.2
Liquidity coverage ratio	152	155	146	148	151	158
CET 1	14.5	14.2	14.1	14.1	14.4	14.9
Tier 1 Capital	15.1	14.7	14.7	14.7	14.9	15.4
Total Capital	18.1	17.8	17.7	17.8	18.5	18.4

	Period	Forecast	Formerly
Loan growth	CY26	5.0-5.3%	
GDP	CY26	4.3%	
OPR	CY26	2.75%	

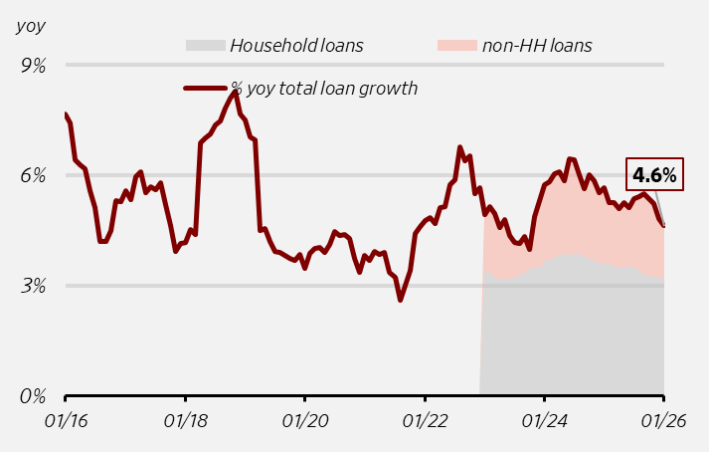
Source: BNM, MBSBR

FIG 3: yoy System/HH/non-HH loans



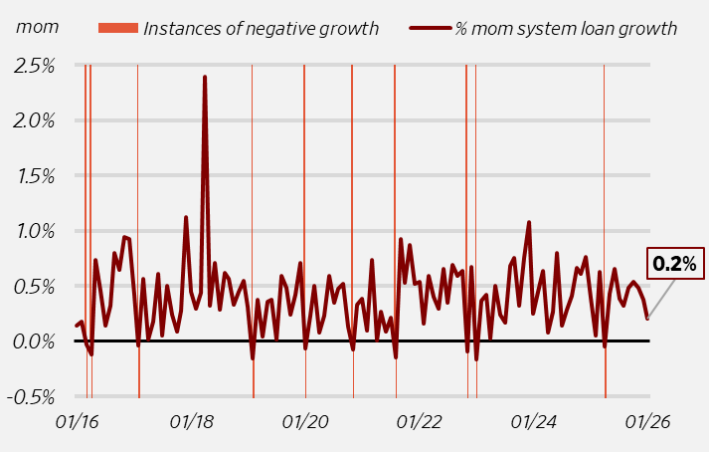
Source: BNM, MBSBR

FIG 4: yoy HH/non-HH loans as drivers



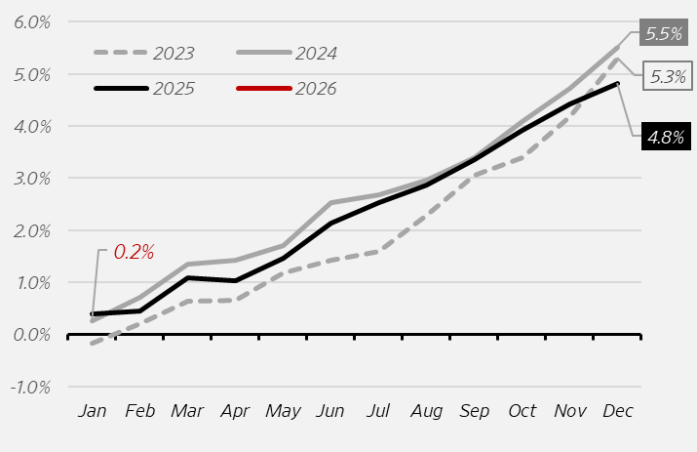
Source: BNM, MBSBR

FIG 5: mom System loans



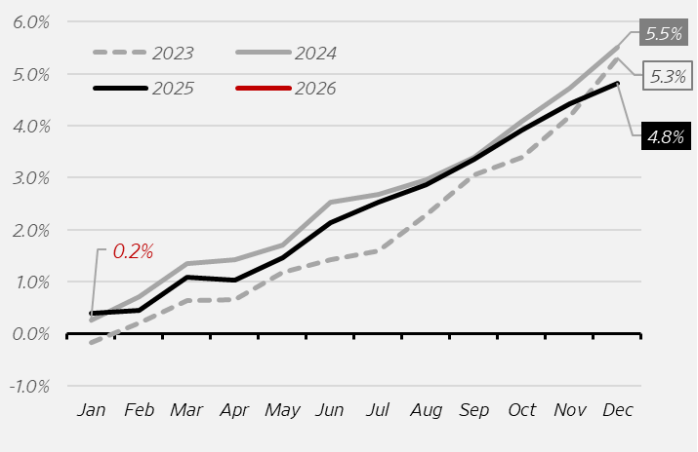
Source: BNM, MBSBR

FIG 6: YTD System loan growth comparison



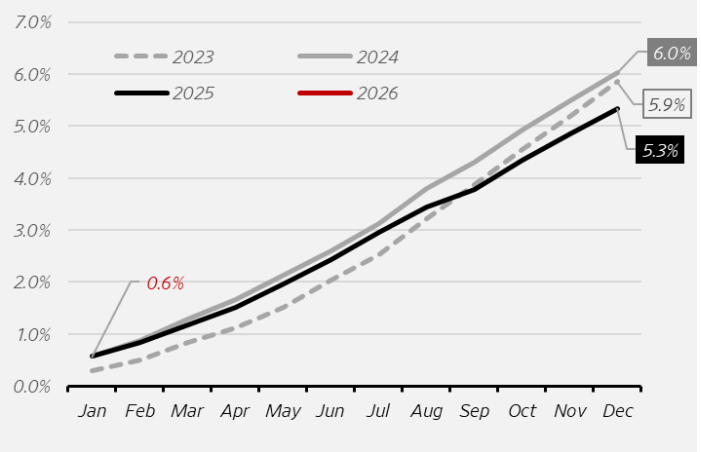
Source: BNM, MBSBR

FIG 7: YTD Household loan growth comparison



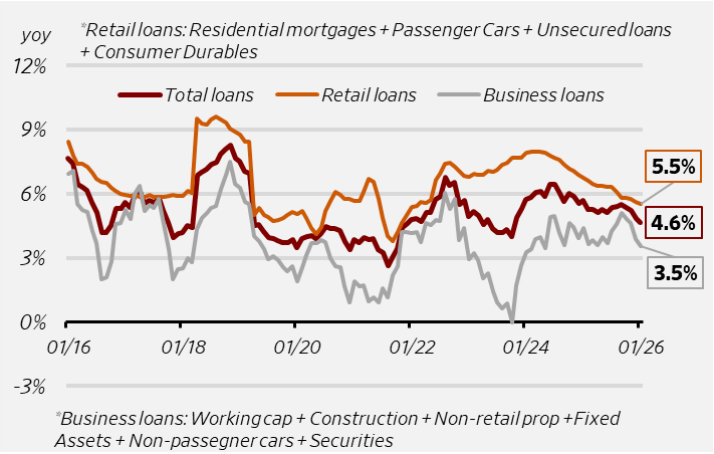
Source: BNM, MBSBR

FIG 8: YTD Non-HH loan growth comparison



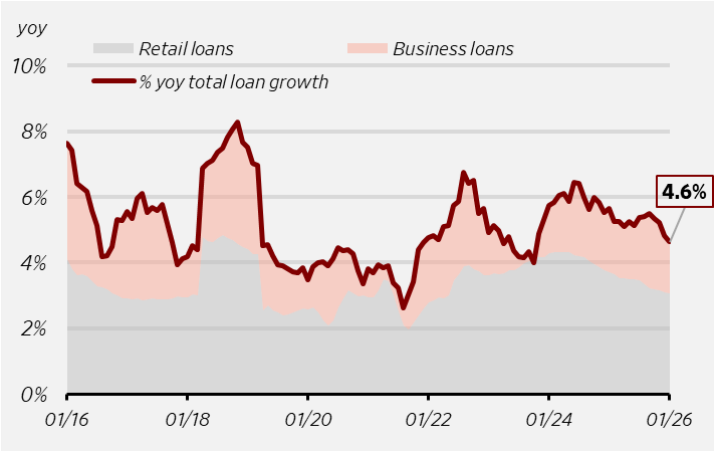
Source: BNM, MBSBR

FIG 9: Retail & business loan growth



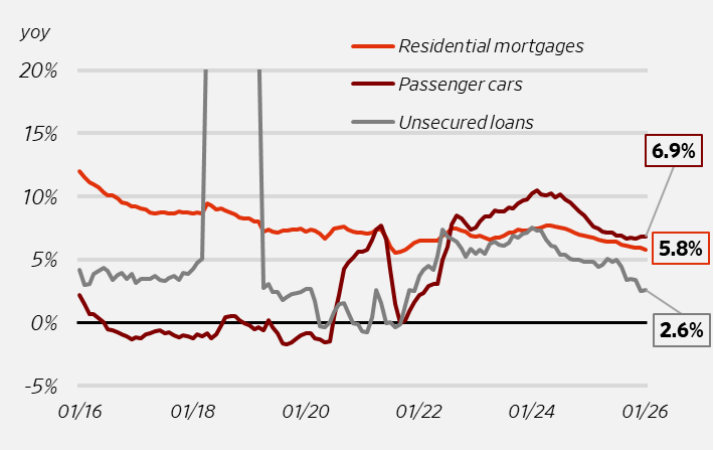
Source: BNM, MBSBR

FIG 10: Retail/business loans as drivers



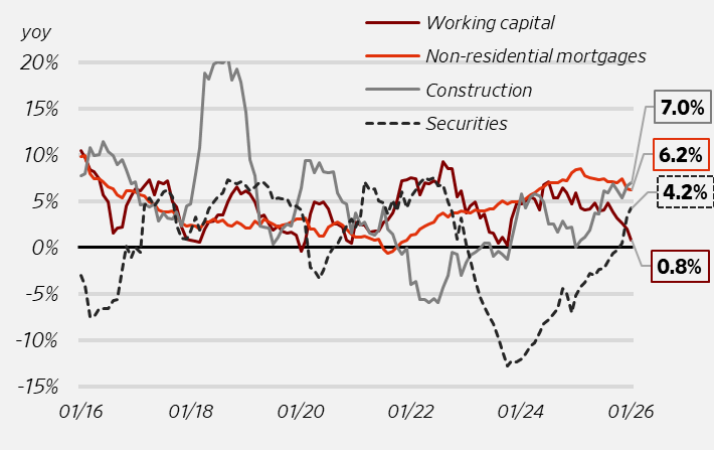
Source: BNM, MBSBR

FIG 11: Retail loan constituents



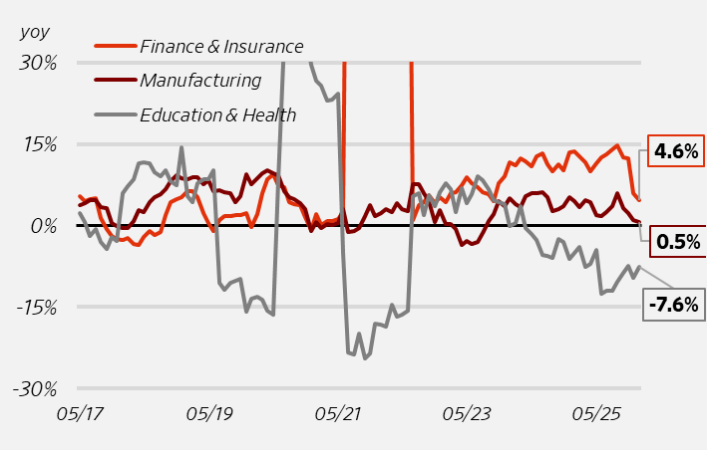
Source: BNM, MBSBR

FIG 12: Business loan constituents



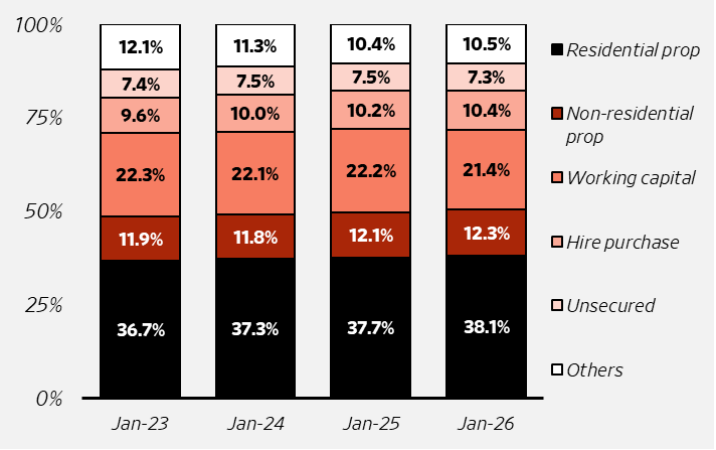
Source: BNM, MBSBR

FIG 13: Loan growth of other sectors



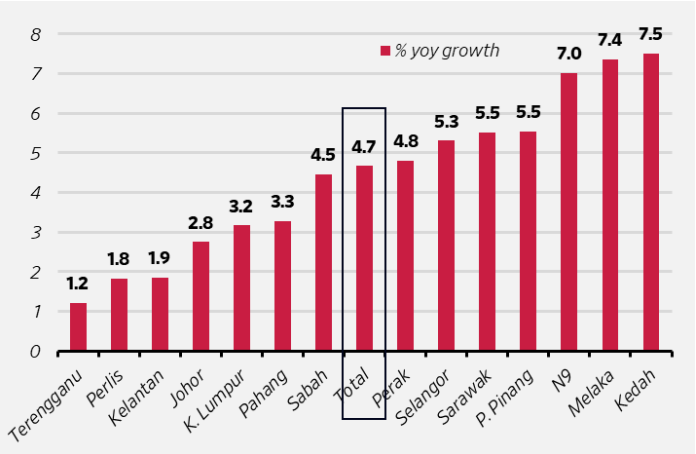
Source: BNM, MBSBR

FIG 14: Loan breakdown by type



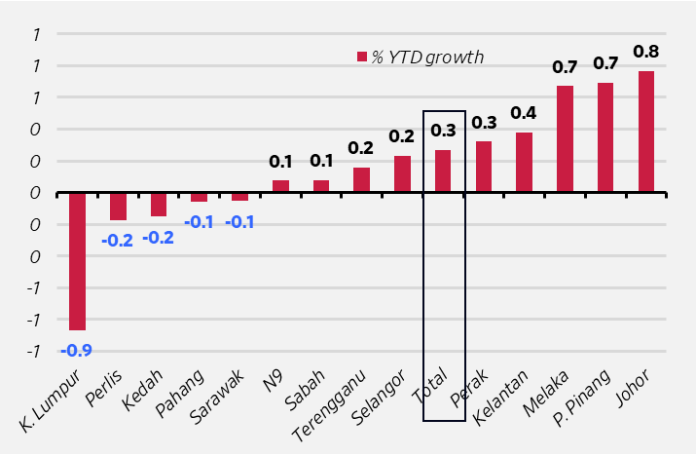
Source: BNM, MBSBR

FIG 15: yoy Loan growth by geography



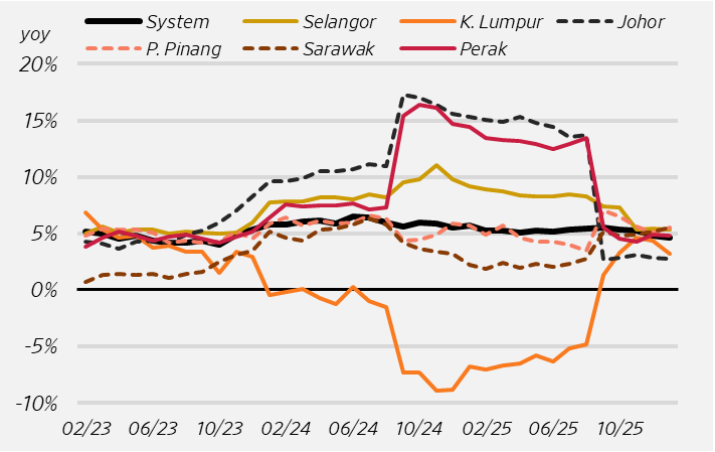
Source: BNM, MBSBR

FIG 16: YTD Loan growth by geography



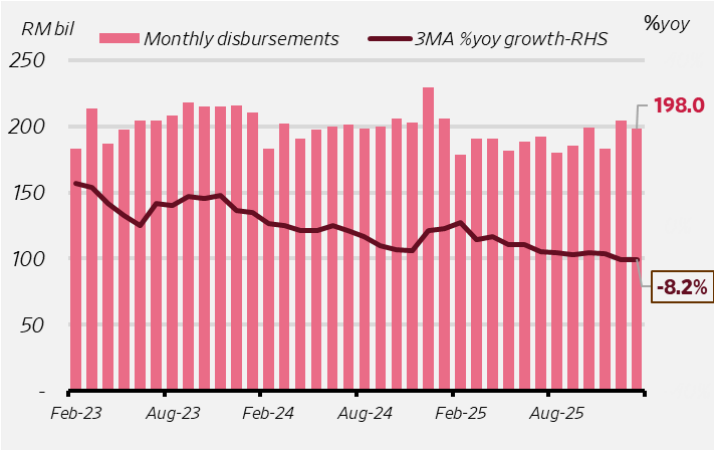
Source: BNM, MBSBR

FIG 17: Geographical loan growth comparison



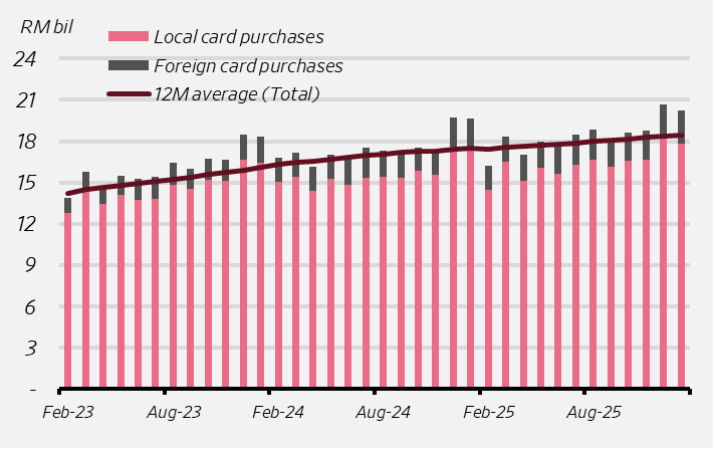
Source: BNM, MBSBR

FIG 18: Monthly disbursements



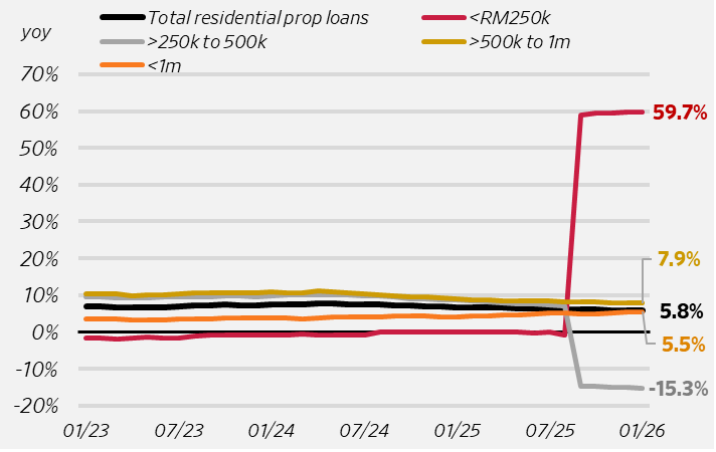
Source: BNM, MBSBR

FIG 19: Credit card purchases



Source: BNM, MBSBR

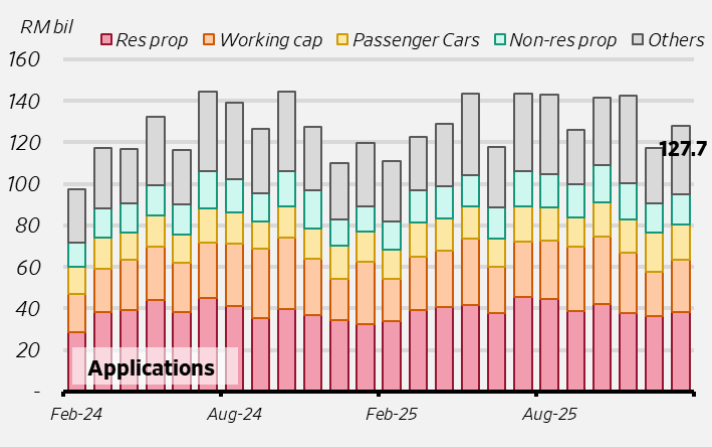
FIG 20: yoy Residential mortgages growth by cost



Source: BNM, MBSBR

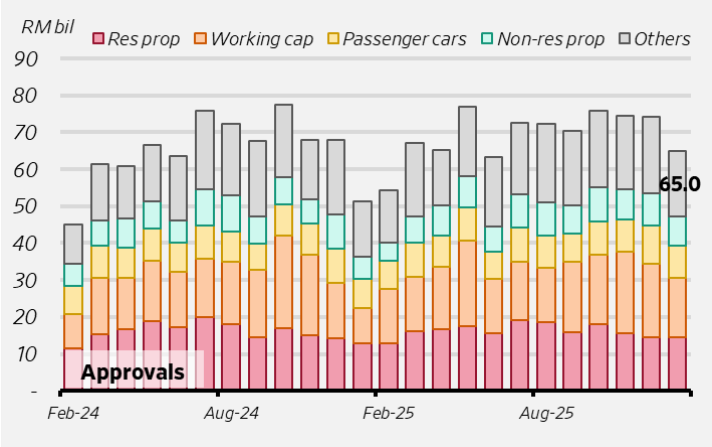
B. LEADING INDICATOR TRENDS

FIG 21: Monthly applications by type



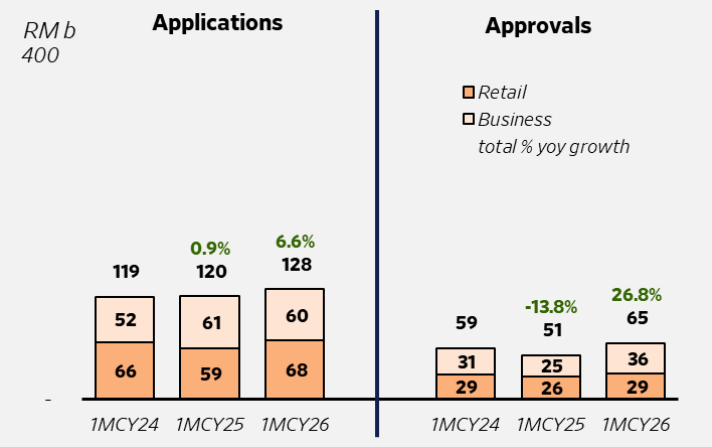
Source: BNM, MBSBR

FIG 22: Monthly approvals by type



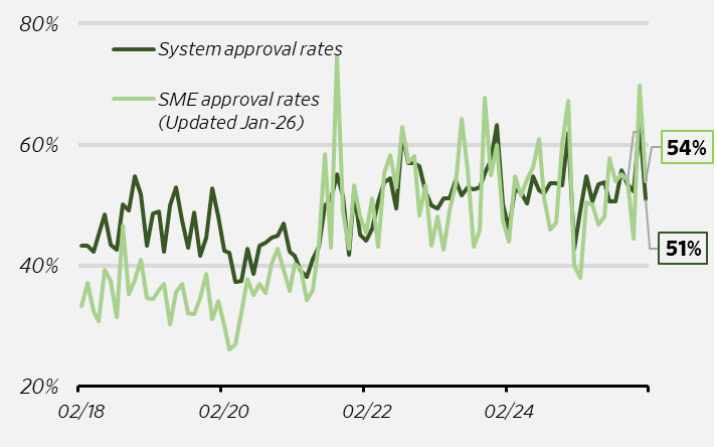
Source: BNM, MBSBR

FIG 23: Cumulative (CY) loan leading indicators



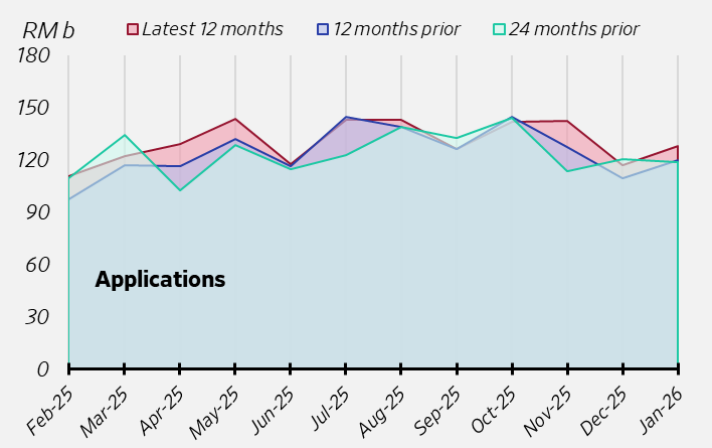
Source: BNM, MBSBR

FIG 24: System & SME approval rates



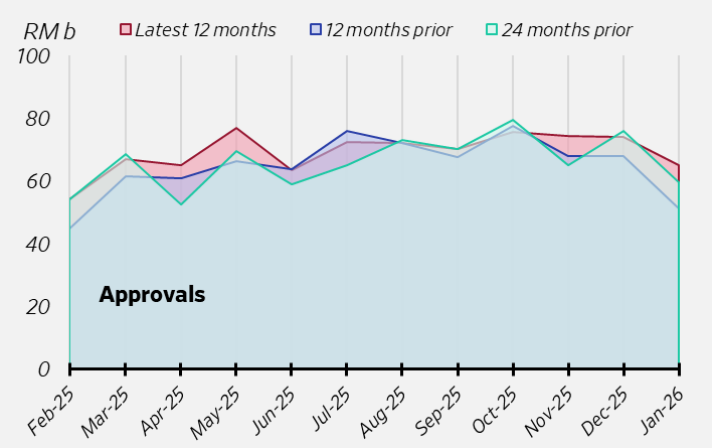
Source: BNM, MBSBR

FIG 25: Monthly loan application comparisons (yoy)



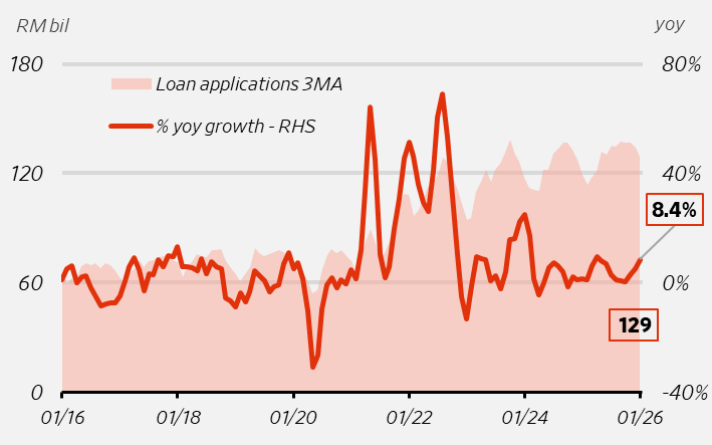
Source: BNM, MBSBR

FIG 26: Monthly loan approval comparisons (yoy)



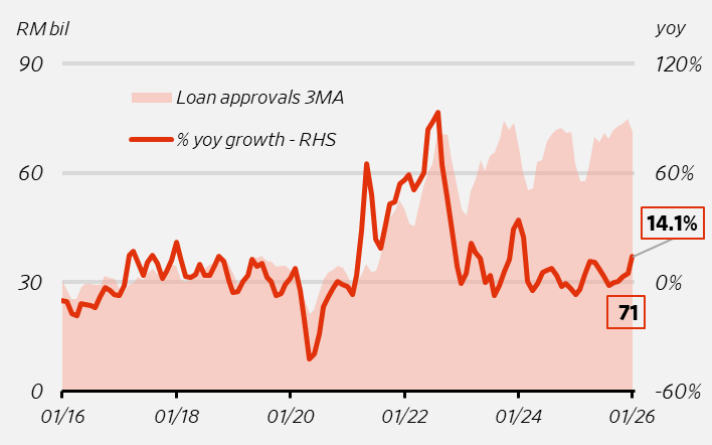
Source: BNM, MBSBR

FIG 27: Loan applications (3-mth average)



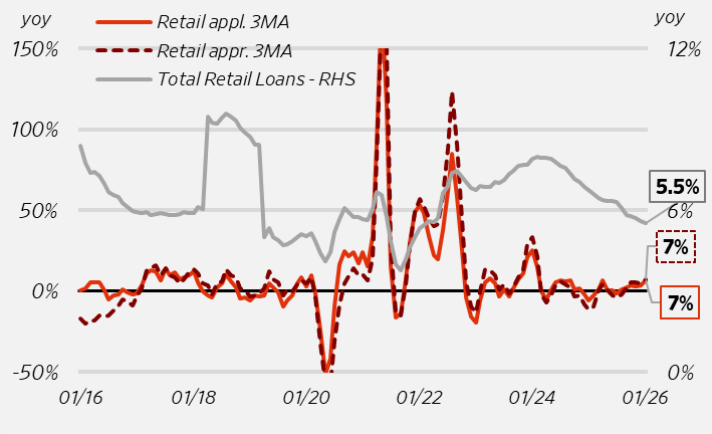
Source: BNM, MBSBR

FIG 28: Loan approvals (3-mth average)



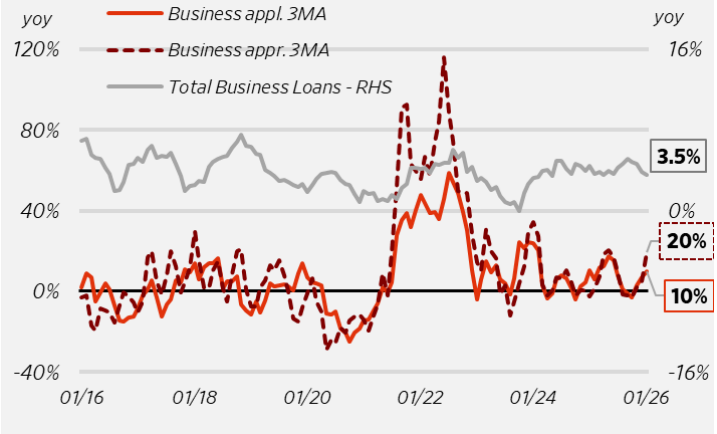
Source: BNM, MBSBR

FIG 29: Retail loan indicators



Source: BNM, MBSBR

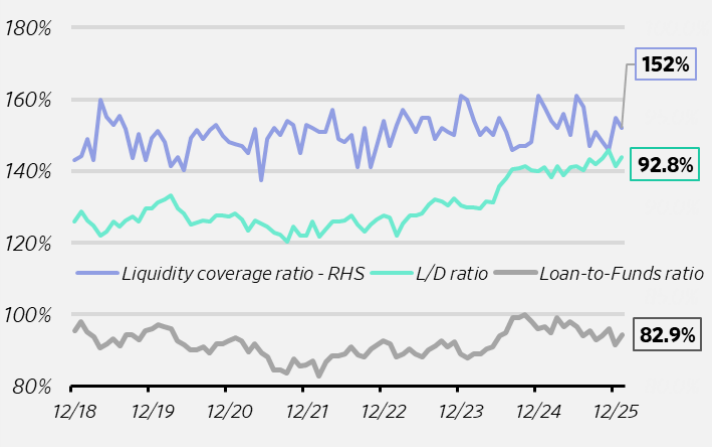
FIG 30: Business loan indicators



Source: BNM, MBSBR

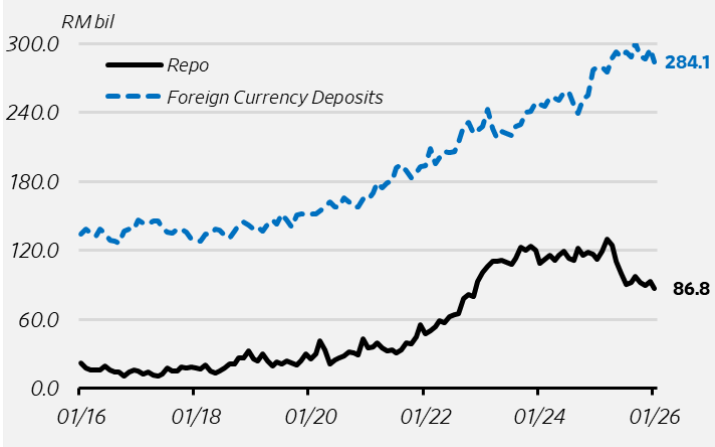
C. DEPOSITS & LIQUIDITY

FIG 31: LCR, LDR & LTF ratio



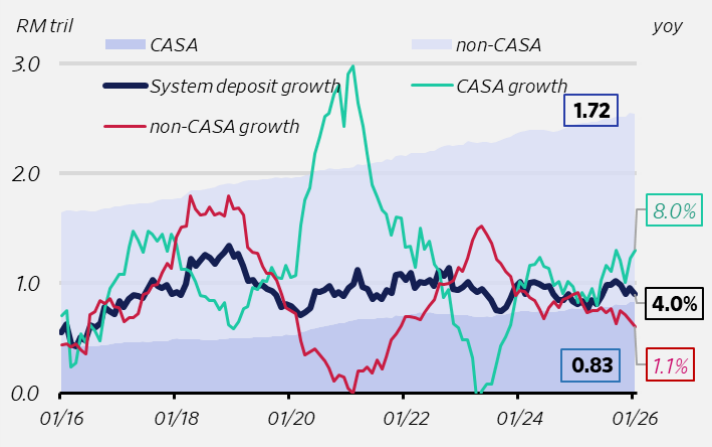
Source: BNM, MBSBR

FIG 32: System deposits, repos, foreign currency deposits



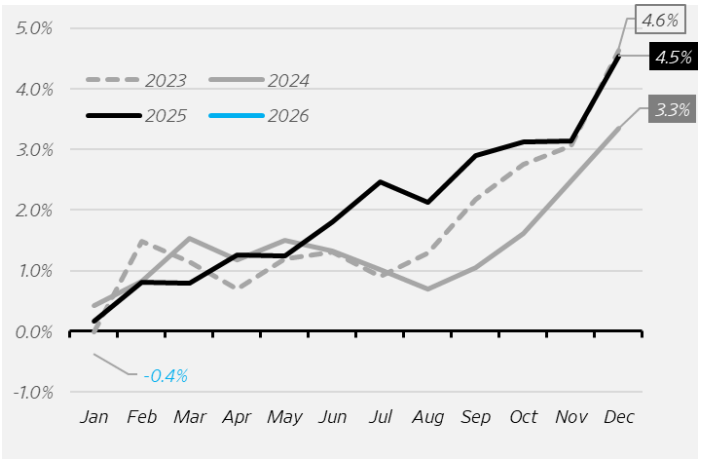
Source: BNM, MBSBR

FIG 33: yoy System deposit/CASA/non-CASA growth



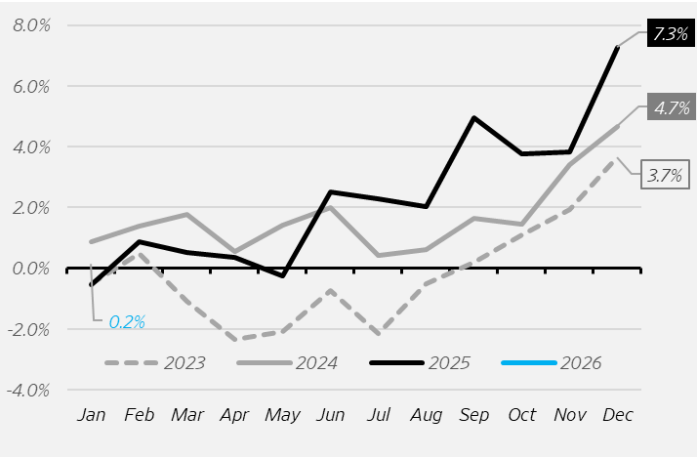
Source: BNM, MBSBR

FIG 34: YTD System deposit growth comparison



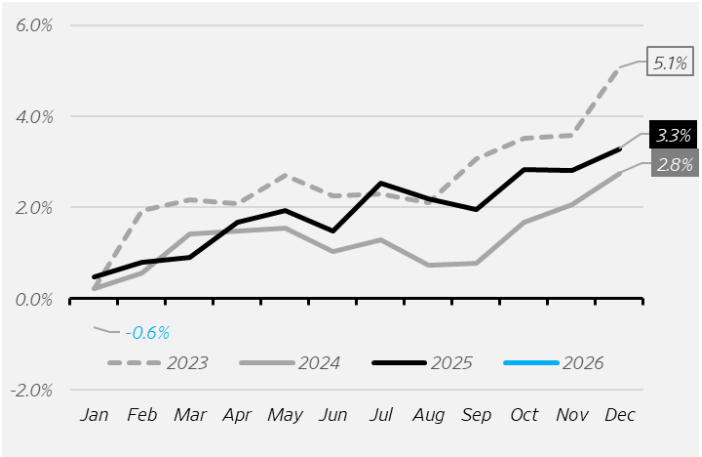
Source: BNM, MBSBR

FIG 35: YTD CASA growth comparison



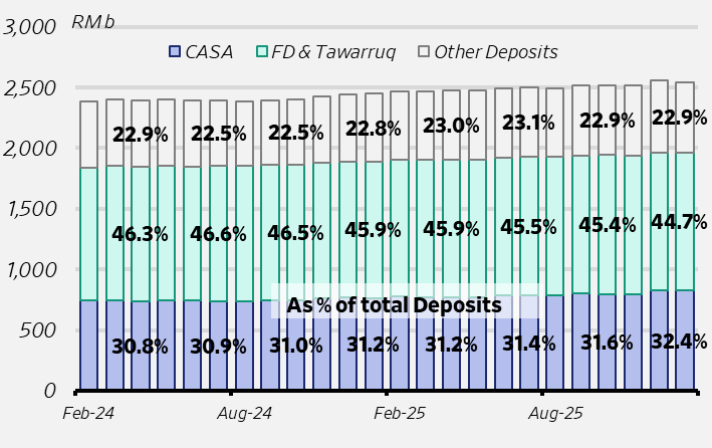
Source: BNM, MBSBR

FIG 36: YTD non-CASA growth comparison



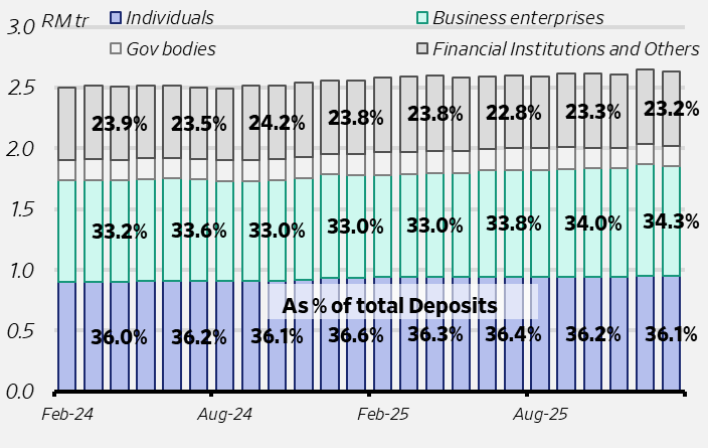
Source: BNM, MBSBR

FIG 37: Deposit breakdown by type



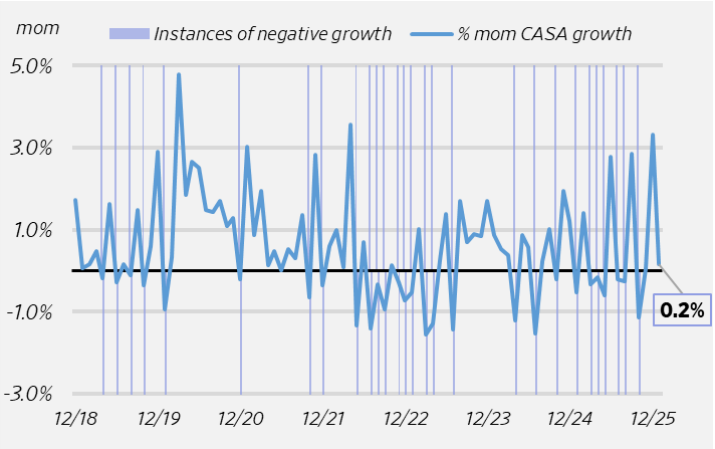
Source: BNM, MBSBR

FIG 38: Deposit breakdown by depositor



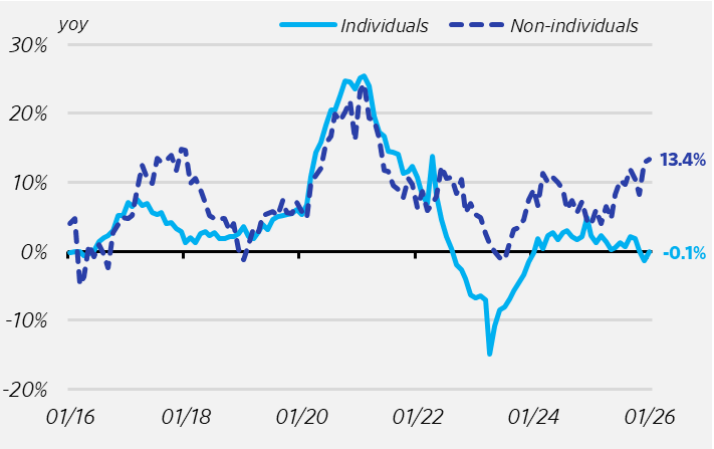
Source: BNM, MBSBR

FIG 39: mom CASA growth



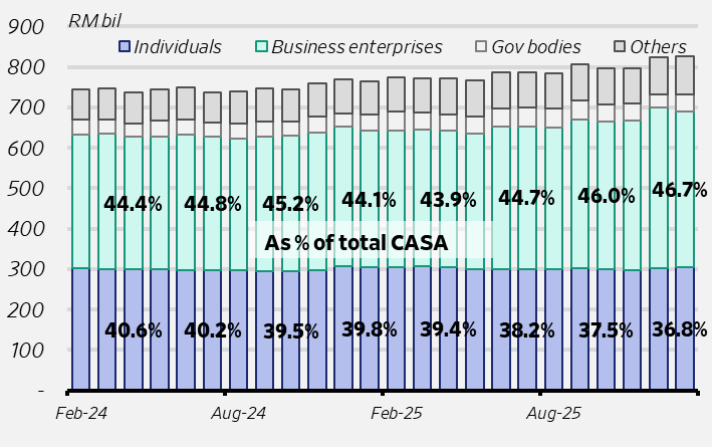
Source: BNM, MBSBR

FIG 40: yoy CASA growth by depositor



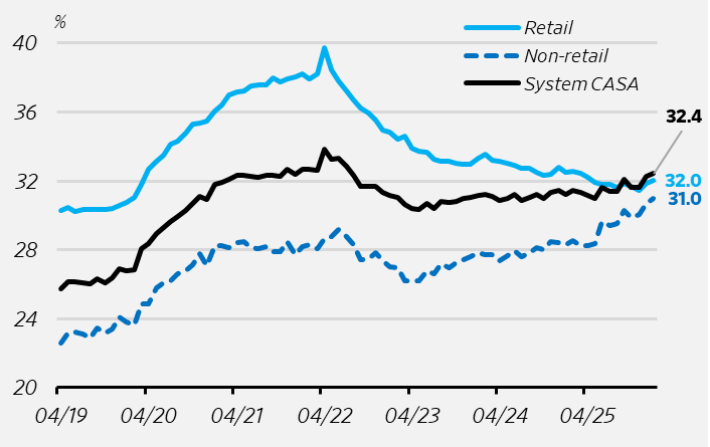
Source: BNM, MBSBR

FIG 41: CASA breakdown by depositor



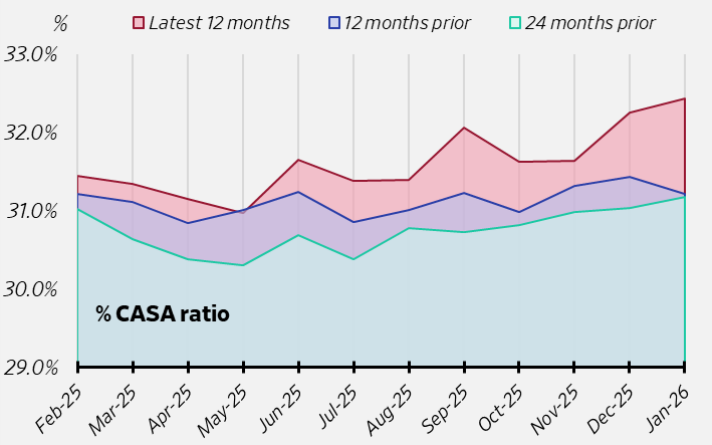
Source: BNM, MBSBR

FIG 42: CASA ratio by depositor



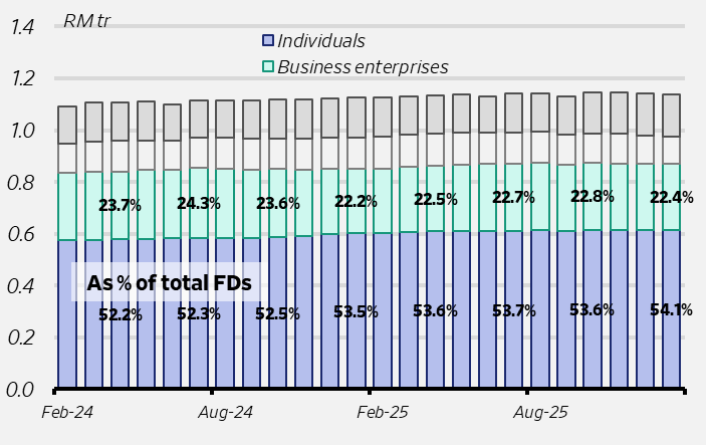
Source: BNM, MBSBR

FIG 43: Monthly CASA ratio comparisons (yoy)



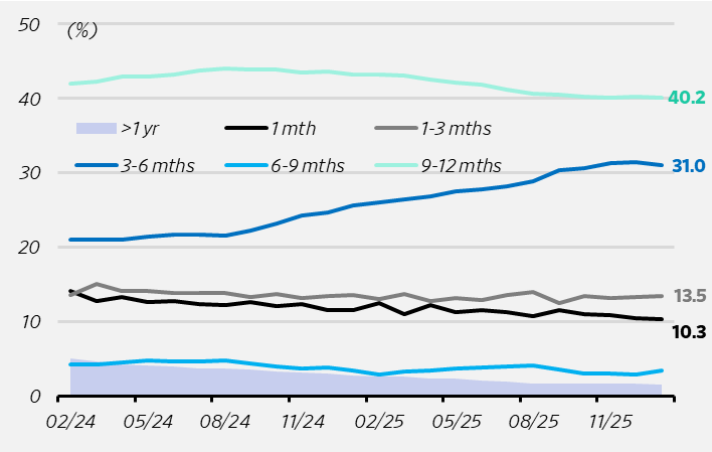
Source: BNM, MBSBR

FIG 44: FD breakdown by depositor



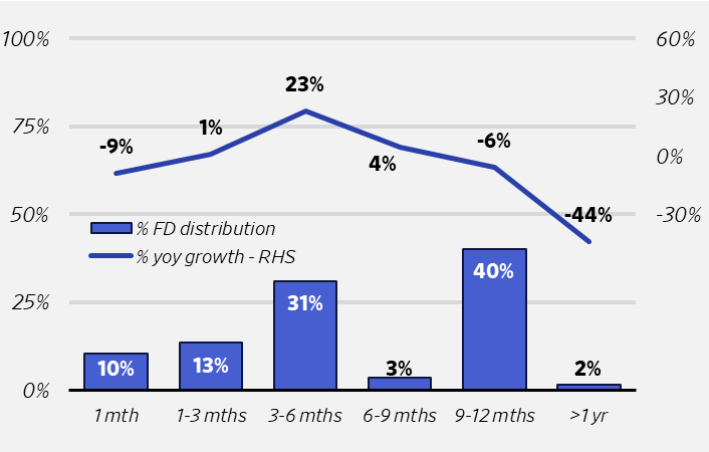
Source: BNM, MBSBR

FIG 45: % of FDs by maturity bracket



Source: BNM, MBSBR

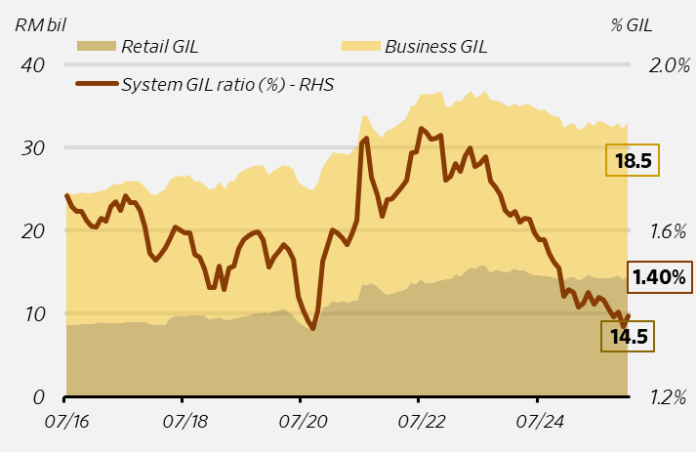
FIG 46: FD by maturity brackets and yoy growth



Source: BNM, MBSBR

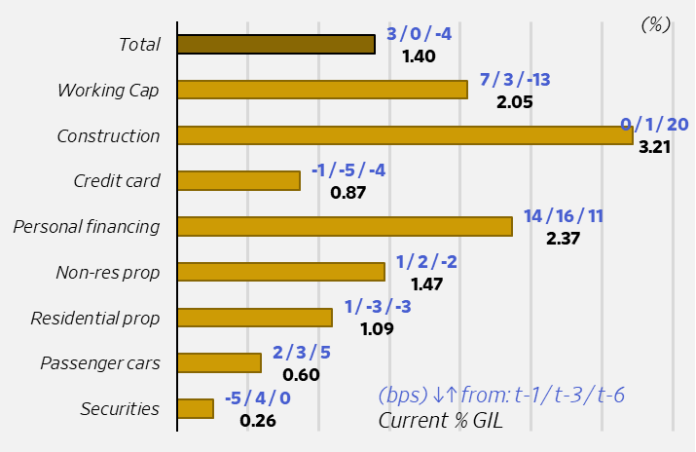
D. ASSET QUALITY & PROVISIONING

FIG 47: System gross impaired loans



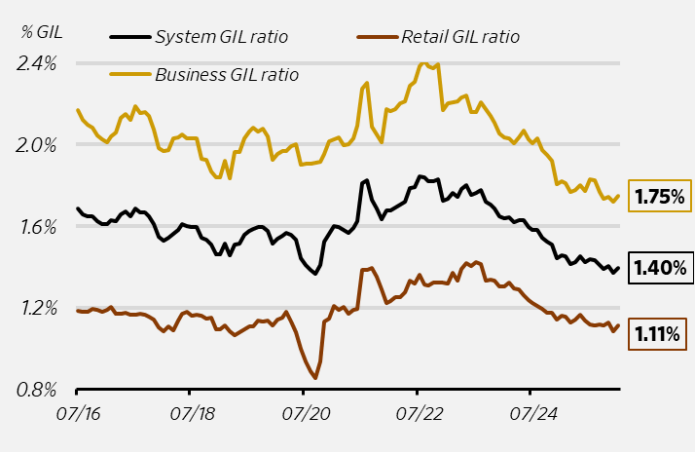
Source: BNM, MBSBR

FIG 48: Segmental GIL ratio changes



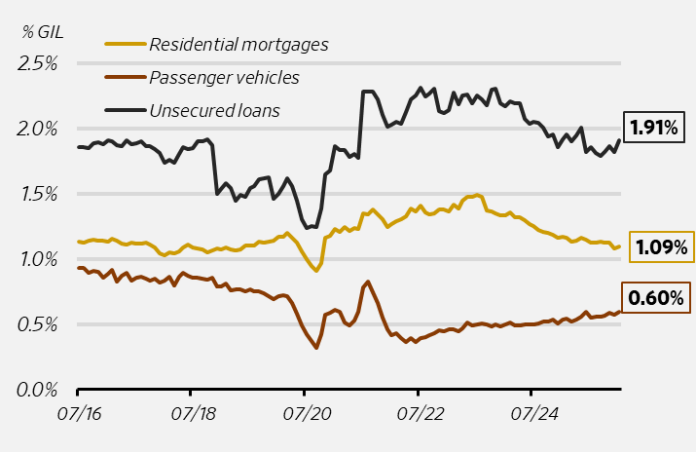
Source: BNM, MBSBR

FIG 49: System, Retail, Business GIL ratios



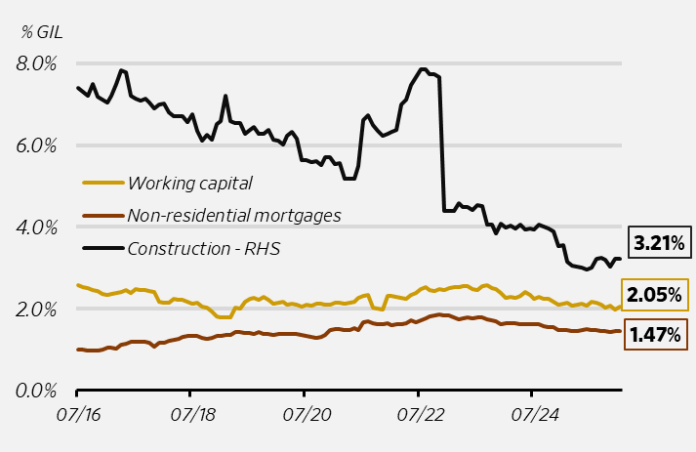
Source: BNM, MBSBR

FIG 50: Retail GIL ratios



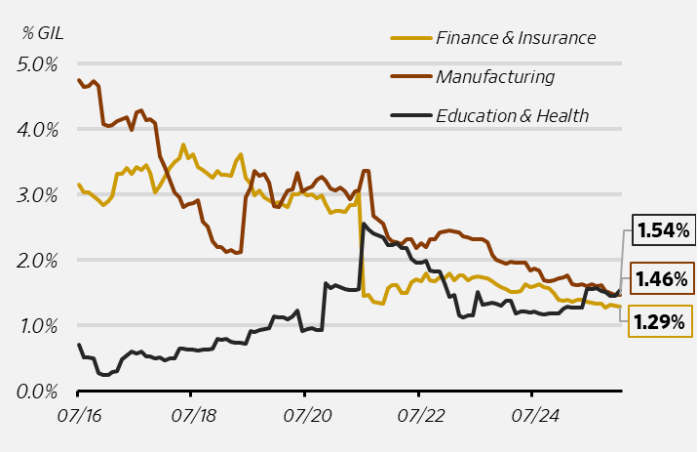
Source: BNM, MBSBR

FIG 51: Business GIL ratios



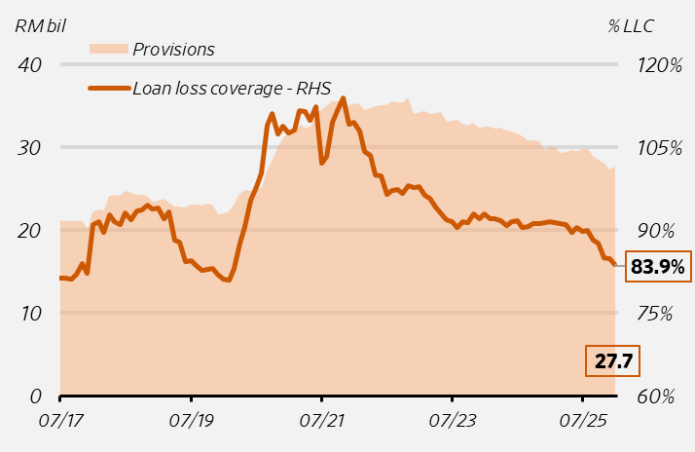
Source: BNM, MBSBR

FIG 52: GIL ratios of other sectors



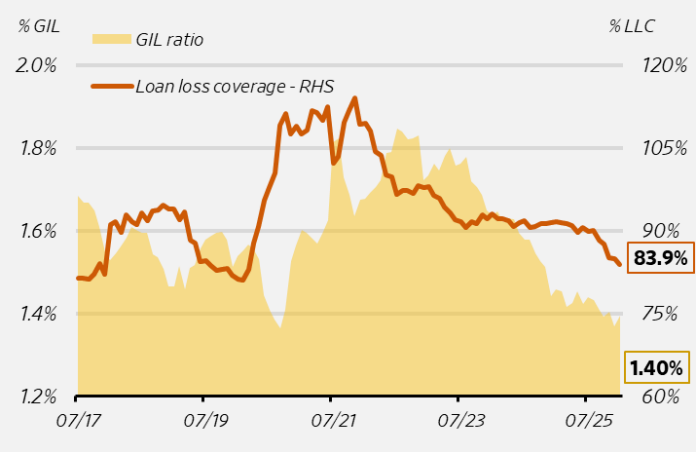
Source: BNM, MBSBR

FIG 53: Provisions & loan loss coverage



Source: BNM, MBSBR

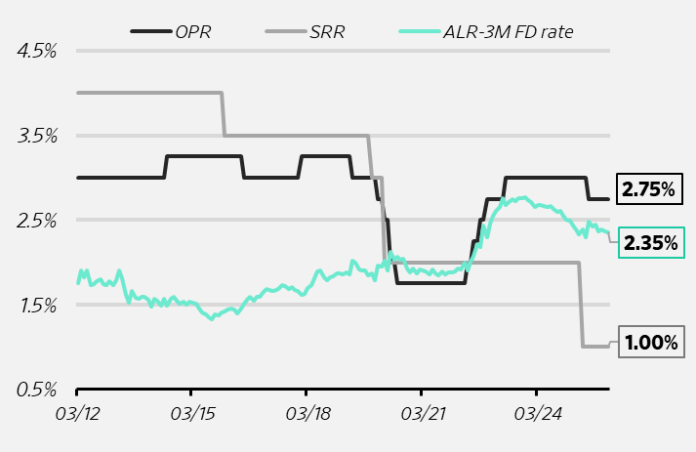
FIG 54: LLC & GIL ratio



Source: BNM, MBSBR

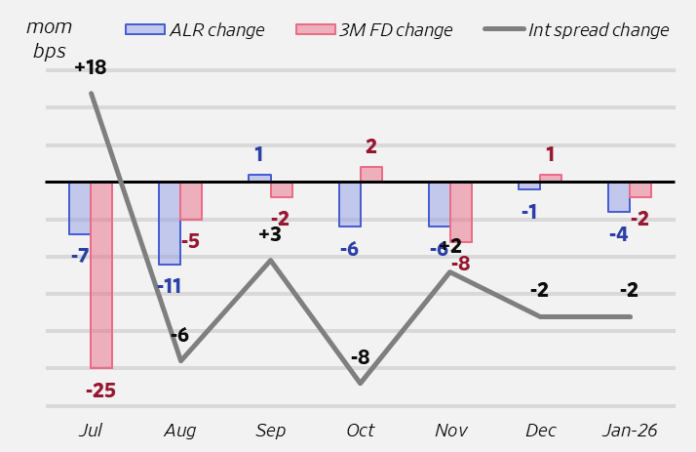
E. INTEREST SPREAD AND CAPITAL

FIG 55: Interest spread, OPR, SRR



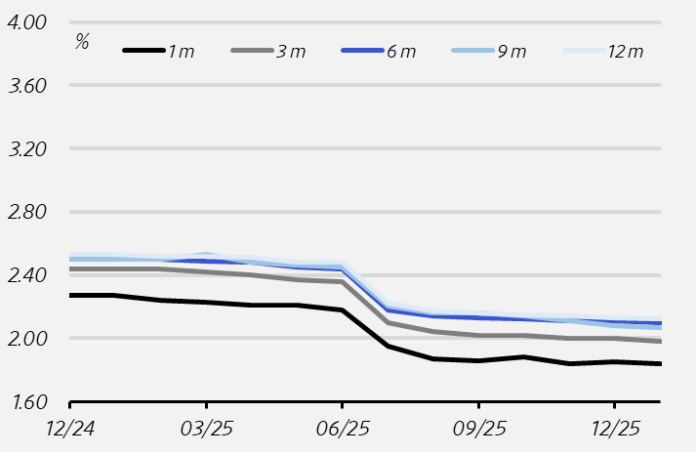
Source: BNM, MBSBR

FIG 56: mom Changes in interest spreads



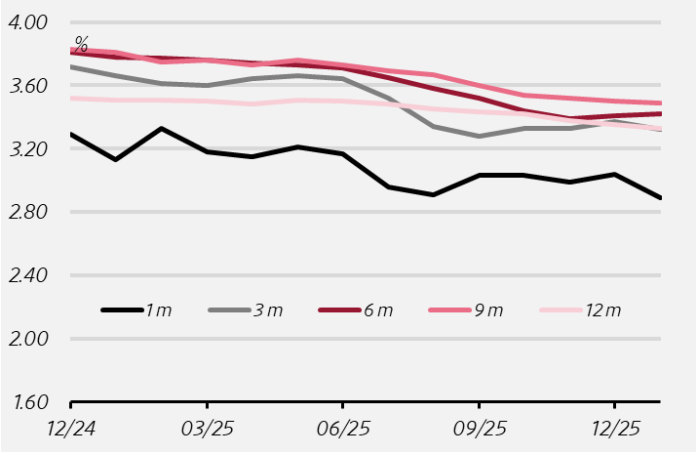
Source: BNM, MBSBR

FIG 57: Weighted avg Conv. FD rates by bracket



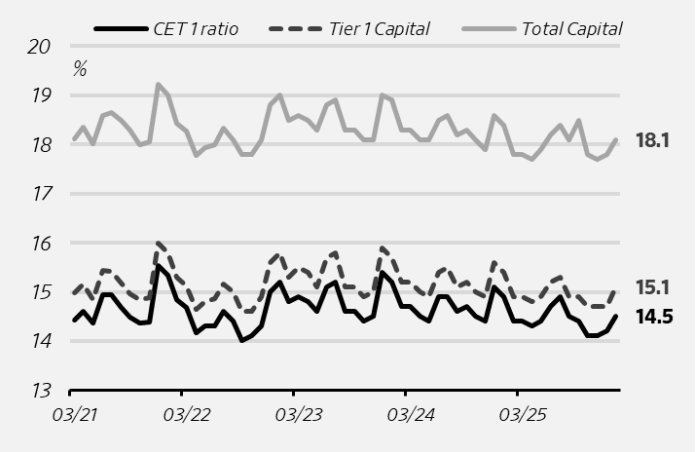
Source: BNM, MBSBR

FIG 58: Weighted avg Isl. FD rates by bracket



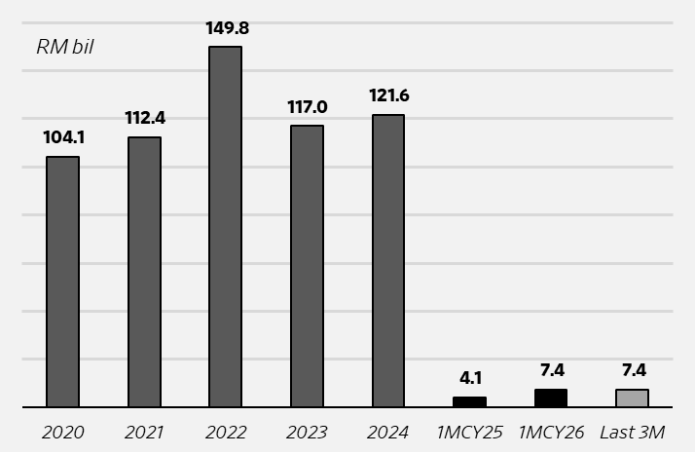
Source: BNM, MBSBR

FIG 59: Capital ratios



Source: BNM, MBSBR

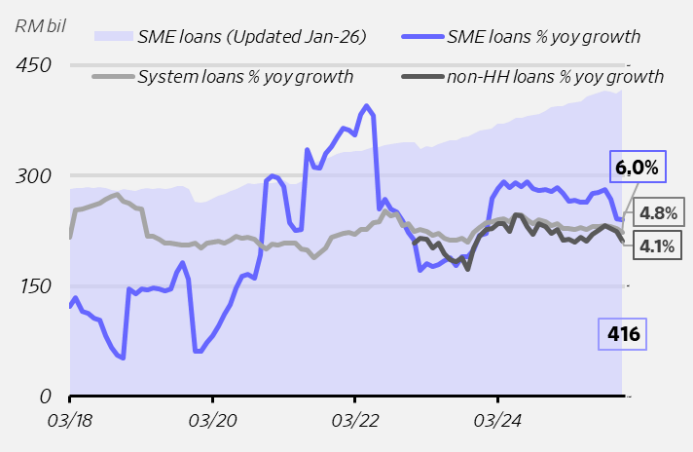
FIG 60: Bond/Sukuk issuances



Source: BNM, MBSBR

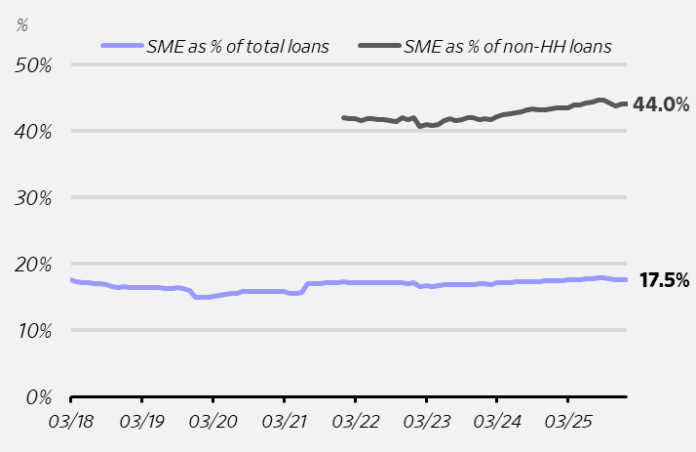
F. SME DATA

FIG 61: SME loans



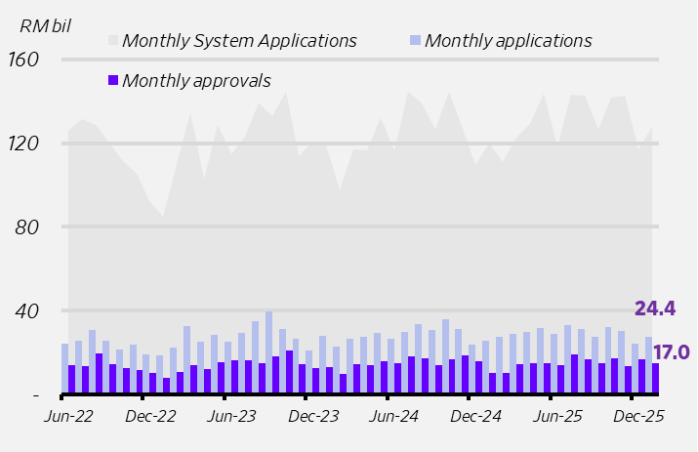
Source: BNM, MBSBR

FIG 62: SME loans as % of total and non-HH loans



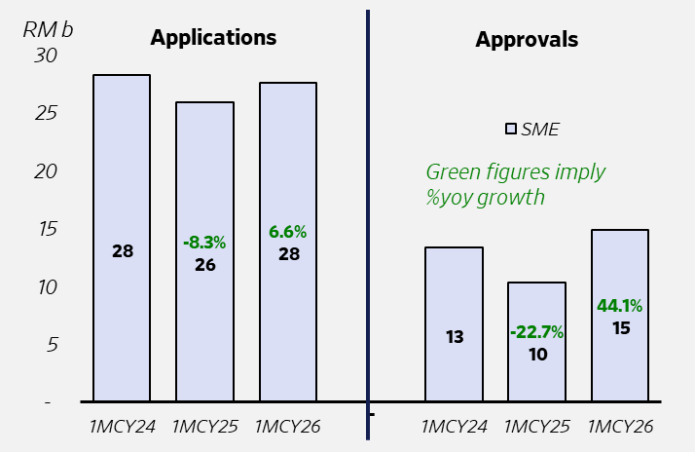
Source: BNM, MBSBR

FIG 63: SME Monthly leading indicators



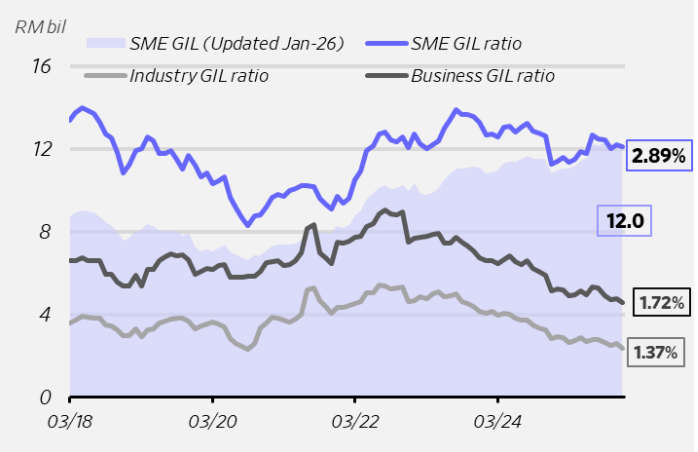
Source: BNM, MBSBR

FIG 64: Cumulative (CY) SME leading indicators



Source: BNM, MBSBR

FIG 65: SME GIL ratios



Source: BNM, MBSBR

G. VISUALISATION TABLES

FIG 66: System loans

Date	Total loans (RM tr)	Growth (% yoy)	Growth (% mom)	Retail			Business		
				Growth (% yoy)	Growth (% mom)	% of total	Growth (% yoy)	Growth (% mom)	% of total
Feb-24	2.15	5.8	0.4	8.0	0.4	54.3	3.4	0.5	45.7
Mar-24	2.16	6.0	0.6	7.9	0.5	54.2	3.9	0.7	45.8
Apr-24	2.16	6.1	0.1	7.9	0.5	54.4	4.0	-0.4	45.6
May-24	2.17	5.9	0.3	7.9	0.5	54.6	3.5	-0.0	45.4
Jun-24	2.19	6.5	0.8	7.8	0.5	54.4	4.9	1.2	45.6
Jul-24	2.19	6.4	0.1	7.7	0.5	54.6	5.0	-0.3	45.4
Aug-24	2.19	6.0	0.3	7.6	0.7	54.9	4.1	-0.2	45.1
Sep-24	2.20	5.6	0.4	7.4	0.6	54.9	3.6	0.2	45.1
Oct-24	2.22	6.0	0.7	7.2	0.6	54.9	4.6	0.8	45.1
Nov-24	2.23	5.8	0.6	7.1	0.5	54.8	4.4	0.7	45.2
Dec-24	2.25	5.5	0.8	6.9	0.5	54.7	3.9	1.0	45.3
Jan-25	**2.26**	**5.7**	**0.4**	**6.7**	**0.6**	**54.8**	**4.4**	**0.1**	**45.2**
Feb-25	2.26	5.3	0.1	6.6	0.3	55.0	3.6	-0.2	45.0
Mar-25	2.27	5.2	0.6	6.4	0.4	54.8	3.8	0.9	45.2
Apr-25	2.27	5.1	-0.0	6.4	0.4	55.1	3.6	-0.6	44.9
May-25	2.28	5.3	0.4	6.3	0.5	55.1	4.0	0.4	44.9
Jun-25	2.30	5.1	0.7	6.3	0.5	55.0	3.7	0.9	45.0
Jul-25	2.31	5.4	0.4	6.3	0.5	55.1	4.2	0.2	44.9
Aug-25	2.31	5.4	0.3	6.1	0.5	55.2	4.6	0.1	44.8
Sep-25	2.32	5.5	0.5	5.8	0.3	55.1	5.1	0.7	44.9
Oct-25	2.34	5.4	0.5	5.8	0.5	55.1	4.8	0.6	44.9
Nov-25	2.35	5.2	0.5	5.7	0.5	55.1	4.6	0.5	44.9
Dec-25	2.36	4.8	0.4	5.6	0.4	55.1	3.9	0.3	44.9
Jan-26	**2.36**	**4.6**	**0.2**	**5.5**	**0.6**	**55.3**	**3.5**	**-0.2**	**44.7**

Source: BNM, MBSBR

FIG 67: yoy Loan growth by purpose

Date	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Feb-24	7.5	10.4	7.3	5.1	5.2	4.3	-11.5
Mar-24	7.5	10.1	7.3	5.4	5.6	5.5	-10.6
Apr-24	7.7	10.0	6.6	5.3	5.9	5.9	-10.3
May-24	7.7	10.2	6.1	4.0	6.3	5.6	-9.2
Jun-24	7.6	9.9	6.0	6.8	6.5	4.9	-8.3
Jul-24	7.5	10.1	5.4	7.1	7.0	2.5	-7.8
Aug-24	7.5	9.7	5.4	5.4	7.0	2.6	-7.1
Sep-24	7.3	9.4	5.1	5.4	7.0	1.7	-6.6
Oct-24	7.1	9.1	5.0	6.4	7.3	2.9	-4.4
Nov-24	7.0	8.7	5.0	5.9	7.2	2.1	-5.0
Dec-24	6.9	8.4	4.8	4.7	8.1	2.2	-7.0
Jan-25	**6.8**	**8.0**	**4.8**	**5.9**	**8.4**	**0.0**	**-5.2**
Feb-25	6.7	7.4	4.8	4.3	8.5	0.7	-4.3
Mar-25	6.6	7.3	4.4	4.0	7.8	1.1	-3.8
Apr-25	6.5	7.0	4.6	4.1	7.6	1.9	-2.8
May-25	6.4	6.9	5.0	4.8	7.4	3.7	-3.0
Jun-25	6.4	6.9	4.9	4.0	7.3	3.7	-2.4
Jul-25	6.4	7.3	5.0	4.1	7.5	6.2	-2.3
Aug-25	6.2	7.2	4.5	4.8	7.1	6.0	-1.4
Sep-25	6.1	7.0	3.4	3.8	7.1	6.9	-0.7
Oct-25	6.0	6.9	3.5	3.2	7.0	6.2	-0.3
Nov-25	5.9	6.8	3.4	2.6	7.4	5.4	0.5
Dec-25	5.9	6.9	2.5	2.0	6.4	6.6	3.4
Jan-26	**5.8**	**7.0**	**2.6**	**0.8**	**6.2**	**7.0**	**4.2**

Source: BNM, MBSBR

FIG 68: mom Loan growth by purpose

Date	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Feb-24	0.5	0.7	2.2	1.4	0.2	-1.0	-1.1
Mar-24	0.6	0.8	1.8	1.3	1.3	0.8	-1.0
Apr-24	0.5	0.8	1.4	-1.1	0.3	0.3	-1.1
May-24	0.6	0.7	1.0	-0.4	0.6	0.3	0.2
Jun-24	0.5	0.5	1.9	1.9	0.8	-0.1	-0.2
Jul-24	0.6	0.7	1.6	-0.4	0.6	-2.2	0.1
Aug-24	0.7	0.7	2.7	-0.8	0.8	0.6	-0.4
Sep-24	0.5	0.5	3.5	0.8	0.7	-0.3	-0.3
Oct-24	0.6	0.6	3.5	1.2	0.6	1.2	0.1
Nov-24	0.5	0.5	4.1	0.7	0.4	0.5	-0.2
Dec-24	0.5	0.4	4.8	1.1	1.3	-0.3	-1.2
Jan-25	**0.6**	**0.8**	**6.2**	**0.1**	**0.6**	**0.3**	**-0.1**
Feb-25	0.4	0.2	2.4	-0.2	0.3	-0.3	-0.1
Mar-25	0.4	0.7	0.3	1.0	0.6	1.2	-0.5
Apr-25	0.4	0.5	0.8	-1.0	0.1	1.1	-0.0
May-25	0.4	0.7	1.5	0.3	0.5	2.1	-0.0
Jun-25	0.5	0.5	2.0	1.1	0.7	-0.1	0.4
Jul-25	0.6	0.5	1.8	-0.3	0.7	0.1	0.2
Aug-25	0.5	0.7	2.2	-0.1	0.5	0.4	0.4
Sep-25	0.4	0.3	1.7	-0.2	0.7	0.6	0.5
Oct-25	0.5	0.6	2.0	0.7	0.5	0.6	0.5
Nov-25	0.5	0.4	2.6	0.0	0.8	-0.3	0.5
Dec-25	0.4	0.6	2.5	0.5	0.2	0.9	1.6
Jan-26	**0.5**	**0.9**	**7.1**	**-1.0**	**0.5**	**0.6**	**0.7**

Source: BNM, MBSBR

FIG 69: Loan applications & approvals (3MA)

Date	Applied (3MA) (RM b)	Growth (% yoy)	Growth (% mom)	Approved (3MA) (RM b)	Growth (% yoy)	Growth (% mom)
Feb-24	112.1	17.3	-4.6	60.2	24.6	-10.1
Mar-24	111.0	1.4	-1.0	55.3	0.5	-8.1
Apr-24	110.3	-4.5	-0.6	55.7	-4.5	0.8
May-24	121.9	0.0	10.5	62.9	-1.0	12.9
Jun-24	121.6	5.5	-0.2	63.6	5.3	1.2
Jul-24	131.0	7.3	7.7	68.7	6.3	7.9
Aug-24	133.3	6.3	1.8	70.6	7.4	2.8
Sep-24	136.6	3.9	2.5	71.9	3.6	1.8
Oct-24	136.6	-1.4	-0.0	72.5	-2.4	0.8
Nov-24	132.8	2.0	-2.8	71.1	-0.9	-1.9
Dec-24	127.3	1.0	-4.1	71.2	-3.4	0.1
Jan-25	**119.0**	**1.3**	**-6.5**	**62.4**	**-6.8**	**-12.3**
Feb-25	113.4	1.1	-4.7	57.8	-3.9	-7.3
Mar-25	117.7	6.0	3.8	57.6	4.1	-0.4
Apr-25	120.7	9.5	2.6	62.2	11.7	8.1
May-25	131.7	8.1	9.1	69.7	10.8	12.0
Jun-25	130.2	7.0	-1.2	68.5	7.6	-1.8
Jul-25	134.9	3.0	3.7	70.9	3.3	3.5
Aug-25	134.6	1.0	-0.2	69.4	-1.7	-2.1
Sep-25	137.4	0.6	2.1	71.7	-0.2	3.4
Oct-25	136.9	0.2	-0.4	72.8	0.5	1.5
Nov-25	136.8	3.0	-0.0	73.5	3.4	1.0
Dec-25	133.8	5.1	-2.2	74.8	5.1	1.7
Jan-26	**129.1**	**8.4**	**-3.5**	**71.2**	**14.1**	**-4.8**

Source: BNM, MBSBR

FIG 70: Loan approval rates

Date	System loans (%)	Retail loans (%)	Business loans (%)	SME loans (%)
Feb-24	46.2	44.5	48.1	43.9
Mar-24	52.5	43.6	63.9	54.8
Apr-24	52.1	45.6	60.3	51.6
May-24	50.3	45.4	56.2	54.3
Jun-24	54.8	46.5	64.6	56.2
Jul-24	52.5	45.6	60.1	60.9
Aug-24	52.0	45.1	59.0	51.1
Sep-24	53.5	42.4	64.2	46.0
Oct-24	53.7	44.8	61.6	47.1
Nov-24	53.3	44.3	62.4	60.3
Dec-24	61.8	45.0	84.7	67.2
Jan-25	**42.8**	**43.6**	**42.0**	**39.9**
Feb-25	49.1	41.4	58.3	38.0
Mar-25	54.8	45.3	65.8	50.4
Apr-25	50.6	43.7	58.2	50.1
May-25	53.5	45.9	60.6	46.7
Jun-25	53.8	43.9	65.0	48.1
Jul-25	50.6	44.3	57.7	57.8
Aug-25	50.7	44.7	56.9	53.9
Sep-25	55.7	44.2	67.5	55.0
Oct-25	53.5	45.8	61.2	54.1
Nov-25	52.2	45.0	58.2	44.4
Dec-25	63.4	45.3	86.8	69.7
Jan-26	**50.9**	**43.1**	**59.8**	**54.0**

Source: BNM, MBSBR

FIG 71: yoy Loan application growth (3MA) by purpose

Date	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Feb-24	7	19	34	7	18	19	50
Mar-24	-4	10	1	-8	10	-8	9
Apr-24	-9	1	-1	-12	0	2	-25
May-24	0	3	1	-3	2	-2	-7
Jun-24	7	5	1	3	9	17	4
Jul-24	7	7	4	-3	16	15	57
Aug-24	6	6	6	-9	23	6	82
Sep-24	5	5	10	8	3	2	-3
Oct-24	-0	0	6	12	-1	14	-19
Nov-24	0	0	7	21	6	35	-45
Dec-24	1	4	-16	5	29	64	-26
Jan-25	**-3**	**-2**	**-16**	**13**	**18**	**68**	**-31**
Feb-25	1	1	-14	13	8	55	-26
Mar-25	1	-1	2	24	5	52	-3
Apr-25	7	10	2	16	13	21	30
May-25	-0	7	-5	21	10	29	14
Jun-25	-1	6	-1	11	6	18	15
Jul-25	-2	3	-4	6	-0	27	41
Aug-25	3	5	-9	-5	-1	3	53
Sep-25	6	7	-14	-6	4	-11	52
Oct-25	8	8	-15	-8	9	-25	13
Nov-25	7	9	-13	-3	5	7	22
Dec-25	5	12	-11	2	2	9	23
Jan-26	**8**	**15**	**-7**	**-1**	**6**	**12**	**38**

Source: BNM, MBSBR

FIG 72: yoy Loan approval growth (3MA) by purpose

Date	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
Feb-24	3	13	101	22	22	34	69
Mar-24	-6	2	4	-3	21	-5	14
Apr-24	-10	-6	3	-5	17	-23	-10
May-24	-3	-6	7	-0	8	-17	-16
Jun-24	6	-3	6	7	-0	9	17
Jul-24	10	-3	9	-4	7	21	18
Aug-24	8	-3	2	-1	23	41	44
Sep-24	6	-6	6	-9	36	31	26
Oct-24	-1	-10	2	6	23	12	-20
Nov-24	-1	-9	3	20	10	-9	-23
Dec-24	4	-2	-38	16	28	48	-48
Jan-25	**1**	**-7**	**-38**	**-1**	**25**	**40**	**-37**
Feb-25	3	-5	-35	-5	17	63	-34
Mar-25	1	-6	12	4	-5	72	-18
Apr-25	4	3	8	21	-2	113	-1
May-25	-2	4	4	21	10	101	9
Jun-25	-6	0	5	21	12	26	-16
Jul-25	-7	0	2	13	5	4	17
Aug-25	-3	1	-4	-6	-5	-18	65
Sep-25	3	6	-6	-3	-5	-5	39
Oct-25	7	7	-3	-13	5	-2	15
Nov-25	7	7	0	-8	17	5	-21
Dec-25	4	9	-0	-2	10	-17	8
Jan-26	**6**	**11**	**4**	**24**	**11**	**-15**	**47**

Source: BNM, MBSBR

FIG 73: System deposits

Date	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
Feb-24	2,497	4.0	0.5	90.0
Mar-24	2,518	5.0	0.8	89.9
Apr-24	2,505	5.0	-0.5	90.3
May-24	2,517	4.9	0.5	90.3
Jun-24	2,517	4.9	-0.0	91.2
Jul-24	2,502	4.7	-0.6	91.6
Aug-24	2,494	3.8	-0.3	92.1
Sep-24	2,512	3.3	0.7	92.2
Oct-24	2,520	3.1	0.3	92.3
Nov-24	2,542	3.6	0.9	92.1
Dec-24	2,561	3.0	0.7	92.0
Jan-25	**2,561**	**3.1**	**0.0**	**92.2**
Feb-25	2,584	3.5	0.9	91.7
Mar-25	2,594	3.0	0.4	92.3
Apr-25	2,600	3.8	0.2	91.8
May-25	2,585	2.7	-0.6	92.2
Jun-25	2,589	2.9	0.1	92.3
Jul-25	2,596	3.7	0.3	92.1
Aug-25	2,589	3.8	-0.3	92.7
Sep-25	2,613	4.0	0.9	92.4
Oct-25	2,613	3.7	-0.0	92.7
Nov-25	2,611	2.7	-0.1	93.2
Dec-25	2,649	3.4	1.4	92.3
Jan-26	**2,633**	**2.8**	**-0.6**	**92.8**

Source: BNM, MBSBR

FIG 74: CASA & FD ratios

Date	CASA (RM b)	Growth (% yoy)	Growth (% mom)	CASA ratio (%)	FD (RM b)	Growth (% yoy)	Growth (% mom)	FD ratio (%)
Feb-24	744	4.6	0.5	31.2	1,092	4.3	1.1	45.8
Mar-24	747	6.6	0.4	31.1	1,106	3.7	1.3	46.0
Apr-24	738	6.7	-1.2	30.8	1,108	3.4	0.2	46.3
May-24	745	7.4	0.9	31.0	1,109	2.6	0.0	46.2
Jun-24	749	6.5	0.6	31.2	1,101	1.8	-0.7	45.9
Jul-24	737	6.4	-1.5	30.9	1,114	2.8	1.2	46.6
Aug-24	739	4.8	0.2	31.0	1,113	3.3	-0.1	46.7
Sep-24	746	5.2	1.0	31.2	1,115	2.8	0.2	46.7
Oct-24	745	4.0	-0.2	31.0	1,118	3.5	0.2	46.5
Nov-24	759	5.2	1.9	31.3	1,120	3.7	0.2	46.2
Dec-24	768	4.7	1.2	31.4	1,123	3.9	0.3	46.0
Jan-25	**764**	**3.2**	**-0.5**	**31.2**	**1,125**	**4.2**	**0.2**	**45.9**
Feb-25	775	4.1	1.4	31.4	1,127	3.3	0.2	45.7
Mar-25	772	3.4	-0.3	31.3	1,131	2.3	0.3	45.9
Apr-25	771	4.5	-0.2	31.2	1,136	2.5	0.4	45.9
May-25	767	3.0	-0.6	31.0	1,136	2.5	0.1	45.9
Jun-25	788	5.2	2.8	31.6	1,132	2.8	-0.4	45.5
Jul-25	786	6.6	-0.2	31.4	1,140	2.3	0.7	45.5
Aug-25	784	6.1	-0.3	31.4	1,143	2.7	0.3	45.8
Sep-25	806	8.1	2.9	32.1	1,129	1.3	-1.2	44.9
Oct-25	797	7.0	-1.1	31.6	1,146	2.5	1.5	45.4
Nov-25	798	5.1	0.1	31.6	1,144	2.1	-0.2	45.4
Dec-25	824	7.3	3.3	32.3	1,141	1.6	-0.2	44.6
Jan-26	**826**	**8.0**	**0.2**	**32.4**	**1,137**	**1.1**	**-0.4**	**44.7**

Source: BNM, MBSBR

FIG 75: Impaired loans and loan loss coverage

Date	Impaired loans (RM b)	Growth (% mom)	GIL ratio (%)	Total provisions (RM b)	LLC ratio (%)
Feb-24	2,147	1.0	1.64	32.6	92.2
Mar-24	2,160	-0.9	1.62	32.2	92.1
Apr-24	2,162	0.7	1.63	32.4	91.8
May-24	2,168	0.1	1.63	32.0	90.8
Jun-24	2,185	-1.2	1.59	31.9	91.5
Jul-24	2,188	-0.8	1.58	31.7	91.8
Aug-24	2,195	0.3	1.58	31.4	90.5
Sep-24	2,204	-1.8	1.54	30.9	90.8
Oct-24	2,218	-0.6	1.53	30.9	91.2
Nov-24	2,232	-0.4	1.51	30.8	91.2
Dec-24	2,249	-3.8	1.44	29.7	91.4
Jan-25	**2,257**	**1.4**	1.46	**30.1**	**91.6**
Feb-25	2,259	-0.3	1.45	30.0	91.4
Mar-25	2,273	-1.9	1.42	29.4	91.2
Apr-25	2,272	0.7	1.43	29.5	91.0
May-25	2,282	2.3	1.45	29.7	89.6
Jun-25	2,297	-1.4	1.42	29.6	90.5
Jul-25	2,306	1.5	1.44	29.8	89.9
Aug-25	2,313	-0.1	1.43	29.8	90.0
Sep-25	2,325	-1.1	1.41	29.0	88.3
Oct-25	2,337	-0.7	1.39	28.5	87.6
Nov-25	2,349	1.3	1.40	28.1	85.1
Dec-25	2,358	-2.1	1.37	27.4	84.8
Jan-26	**2,363**	**2.1**	1.40	**27.7**	**83.9**

Source: BNM, MBSBR

FIG 76: ALR, 3M-FD rates & Interest spreads

Date	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
Feb-24	5.34	2.69	2.66
Mar-24	5.37	2.69	2.68
Apr-24	5.36	2.68	2.68
May-24	5.35	2.68	2.67
Jun-24	5.32	2.67	2.65
Jul-24	5.30	2.63	2.67
Aug-24	5.26	2.63	2.63
Sep-24	5.23	2.63	2.60
Oct-24	5.20	2.59	2.61
Nov-24	5.13	2.58	2.55
Dec-24	5.11	2.61	2.50
Jan-25	**5.06**	**2.57**	**2.49**
Feb-25	5.00	2.57	2.43
Mar-25	4.97	2.58	2.39
Apr-25	4.92	2.59	2.33
May-25	4.94	2.55	2.39
Jun-25	4.89	2.59	2.30
Jul-25	4.82	2.34	2.48
Aug-25	4.71	2.29	2.42
Sep-25	4.72	2.27	2.45
Oct-25	4.66	2.29	2.37
Nov-25	4.60	2.21	2.39
Dec-25	4.59	2.22	2.37
Jan-26	**4.55**	**2.20**	**2.35**

Source: BNM, MBSBR

FIG 77: SME loan data

Date	Total SME loans (RM b)	Growth (% yoy)	Growth (% mom)	As a % of industry loans	SME GIL ratio (%)
Feb-24	363	8.0	0.4	16.9	2.99
Mar-24	370	8.8	1.9	17.1	2.96
Apr-24	371	9.4	0.2	17.1	3.04
May-24	372	8.9	0.4	17.2	3.05
Jun-24	378	9.4	1.6	17.3	3.00
Jul-24	378	9.0	0.0	17.3	3.04
Aug-24	381	9.4	0.6	17.3	3.07
Sep-24	383	8.8	0.5	17.4	3.01
Oct-24	384	8.6	0.4	17.3	2.99
Nov-24	388	8.7	0.9	17.4	2.97
Dec-24	393	8.6	1.2	17.5	2.76
Jan-25	**394**	**8.9**	**0.4**	**17.5**	**2.78**
Feb-25	394	8.4	-0.1	17.4	2.81
Mar-25	399	7.7	1.2	17.5	2.77
Apr-25	400	7.8	0.3	17.6	2.79
May-25	401	7.6	0.2	17.6	2.85
Jun-25	407	7.6	1.6	17.7	2.84
Jul-25	410	8.4	0.8	17.8	2.98
Aug-25	413	8.5	0.6	17.8	2.95
Sep-25	416	8.7	0.7	17.9	2.95
Oct-25	414	7.9	-0.3	17.7	2.88
Nov-25	411	6.1	-0.7	17.5	2.90
Dec-25	416	6.0	1.1	17.6	2.89
Jan-26	**414**	**5.1**	**-0.4**	**17.5**	**2.96**

Source: BNM, MBSBR

FIG 78: SME applications & approvals (3MA)

Date	Applications			Applications		
	3MA (RM b)	Growth (% yoy)	Growth (% mom)	3MA (RM b)	Growth (% yoy)	Growth (% mom)
Feb-24	24.0	0.7	-1.0	12.0	23.0	-11.4
Mar-24	26.0	0.8	0.8	12.7	15.7	5.8
Apr-24	25.8	0.8	0.3	13.0	5.1	2.4
May-24	28.0	0.7	0.3	15.0	8.3	15.4
Jun-24	28.0	0.5	-0.1	15.1	3.2	0.8
Jul-24	28.7	0.7	-2.2	16.4	2.6	8.6
Aug-24	30.1	0.7	0.6	16.8	5.5	2.3
Sep-24	31.4	0.5	-0.3	16.5	-0.3	-1.8
Oct-24	33.4	0.6	1.2	16.1	-11.6	-2.6
Nov-24	32.6	0.5	0.5	16.6	-7.7	3.6
Dec-24	30.4	0.4	-0.3	17.3	7.2	4.1
Jan-25	**27.1**	**0.8**	**0.3**	**15.2**	**11.9**	**-12.6**
Feb-25	25.8	0.2	-0.3	12.3	2.7	-18.6
Mar-25	27.4	0.7	1.2	11.8	-7.1	-4.3
Apr-25	28.7	0.5	1.1	13.3	2.4	12.8
May-25	30.2	0.7	2.1	14.8	-1.5	11.1
Jun-25	30.1	0.5	-0.1	14.5	-3.8	-1.6
Jul-25	31.3	0.5	0.1	16.0	-2.6	9.9
Aug-25	31.2	0.7	0.4	16.7	-0.6	4.5
Sep-25	30.8	0.3	0.6	17.1	3.9	2.7
Oct-25	30.5	0.6	0.6	16.6	3.1	-3.4
Nov-25	30.1	0.4	-0.3	15.4	-7.4	-7.0
Dec-25	29.1	0.6	0.9	16.0	-7.6	3.9
Jan-26	**27.5**	**0.9**	**0.6**	**15.2**	**0.0**	**-5.3**

Source: BNM, MBSBR

Income Statement	Balance Sheet	Valuations & Sector
Core NP – Core Net Profit	LCR – Liquidity Coverage ratio	ROE – Return on Equity
PPOP – Pre-Provisioning Operating Profit	L/D ratio – Loan/Deposit ratio	GGM – Gordon Growth Model
NII – Net Interest Income	CASA – Current & Savings accounts	P/BV – Price to Book Value
NIM – Net Interest Margin	FD – Fixed Deposits	BVPS – Book Value per Share
COF – Cost of Funds	GIL – Gross Impaired Loans	BNM – Bank Negara Malaysia
NOII – Non-Interest Income	NIL – Net Impaired Loans	OPR – Overnight Policy Rate
MTM – Mark to Market	LLC – Loan Loss Coverage	SRR – Statutory Reserve Requirement
CIR – Cost to Income Ratio	NCC – Net Credit Costs	SBR – Standardised Base Rate
OPEX – Operational Expenses	GCC – Gross Credit Costs	ALR – Average Lending Rate
	CET 1 – Common Equity Tier 1	

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MBSB INVESTMENT BANK (formerly known as MIDF Amanah Investment Bank): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

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