Banking

POSITIVE (Maintain)

Feb-26: Festive Effects Hit Hard

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HIGHLIGHTS

- ▲ **(1) Recovery in non-household loans, driven by SME loans, (2) CASA surge continues**
- ▼ **(1) A weak month for leading indicators, though this may be due to festive season, (2) Rising GIL ratio (particularly from the SME segment – but alongside cost pressures, festive season may have some part**
- ► **(1) Overall loan growth remains relatively muted, despite the uplift in business segment, (2) Board FD rates remain flattish (though management's COF guidance is a lot more positive), (3) Deposit rates remain tepid, as CASA surge is balanced out by weak FD growth**
- **Maintain POSITIVE call: Upsides still outweigh downsides, but a prolonged war could lead us to reconsider our sector call**

Sector Verdict

The Middle East war will negatively impact local banking stocks: Primarily via asset quality and provisioning, though impact on loan growth is possible. Regardless, Malaysia's banks are still driven by strong topline recovery and excellent dividend yields (backed by elevated capital ratios). We think the upsides outweigh the downsides for now – but a prolonged war could lead us to reconsider our sector call.

Core Themes

1. ▲ **Core beneficiary of emerging market inflows.** Despite recent negative developments, local banking stocks remain attractive: A decent economic outlook, high dividend yields with upside possibility, excellent asset quality, and superior geopolitical stability (relative to neighbouring peers).
2. ▲ **Dividend outlook remains bright.** The possibility of special dividends or further forms of capital release is still high, though announcements will likely be delayed to 2HCY25 or later (in light of the Basel IV transition). Banks probably want more outlook certainty, especially with ongoing geopolitical/economic issues, despite their capital ratios remaining elevated.
3. ▲ **NIMs to benefit from both asset yield and COF optimisation.** Most banks guide for NIM expansion on the back of FD release and interest rate stability. For the asset side expect more aggressive loan rebalancing (favouring higher-yielding business loans).
4. ▲ **Fee income to drive topline in the near term.** Wealth management, bancassurance, and debt capital markets are major drivers of fee income. This offset some normalisation in investment returns this year. Ongoing forex volatility remains a wild card.
5. ▲ **Liquidity situation improves.** CASA ratios continue to rise: Readily-available cheap CASA remains abundant, as more business opt not to renew their FDs. Indonesia and Singaporean situation have improved. As most loan growth targets are not overly lofty, we doubt that most banks will run into any crippling liquidity shortages.
6. ► **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. Expects further rapid OPEX growth among aggressively expanding smaller banks.
7. ► **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 are not guiding for very strong local figures either – particularly the larger banks.
8. ▼ **Asset quality outlook is uncertain, and extra provisions are in order.** The ongoing Middle East war is causing logistical issues and escalating oil prices – adding further pressure on an already cost-burdened business segment. We think that banks with larger SME and manufacturing exposure will be harder hit. Expect possible larger provisions as a precautionary measure.

COMPANY *IN FOCUS*

HL Bank

Maintain BUY | Target Price: RM30.50
Price @ 31 March 2026: RM21.90

- 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 @ 31 March 2026: RM6.59

- 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 earnings certainty.

SHARE PRICE CHART

FIG 1: Overview of Major Indicators

Category	Performance	Notes
Loans	► **System loans:** +4.9%yoy | +0.4%mom ► **Household loans:** +5.3%yoy | +0.2%mom ▲ **Non-household loans:** +4.4%yoy | +0.6%mom ▲ **SME loans (Feb-26):** +5.8%yoy | +0.6%mom	There was a rebound in business loans (particularly in the SME segment) after months of declining performance. However, it's worth noting that business loans shrank on a sequential quarter basis, though this was likely due to CNY in February. Working capital loans and non-residential property drove the improvement.
Leading Indicators	▼ **System:** Weak month **Approval rates:** 55% ▼ **SME (Feb-26):** Weak month **SME Approval rates:** 54%	An exceptionally weak month, though this may be due to festive effects.
Deposits	► **Deposits + repos:** +2.6%yoy | +0.7%mom ► **Deposits (ex-repos):** +3.9%yoy | +0.5%mom ► **FD:** +1.4%yoy | +0.5%mom ▲ **CASA:** +7.6%yoy | +1.0%mom **Loan/Deposit ratio:** 92.6% **Loan Coverage ratio:** 149%	A continuation of pre-existing trends: FDs are not being renewed, leading to a CASA surge continues from both retail and non-retail segments.
GIL ratio	► **System GIL ratio:** 1.42% | +2bps mom ► **Retail:** 1.13% | +2bps mom ► **Business:** 1.77% | +2bps mom ▼ **SME GIL ratio (Feb-26):** 2.99% | +3bps mom	▼ **Notable deteriorations, mom:** Working cap +3bps, Personal financing +6bps, Securities +8bps. The uptick in SME GIL ratio is rather concerning, but we think festive season may have some play in the uptick.
Interest rates	► **FD rates (Conv):** Flattish ► **FD rates (Isl):** Flattish ► **Lending rates (ALR):** 0bps mom	A straightforward month, but we should still see a rebound in quarterly NIMs (particularly on the COF side), as the effects of FD repricing from the OPR cut come rolling in.

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

Top downside risks include:

1. Disruptions to economic growth, which could lead to slower asset growth and asset quality issues.
2. Potential OPR cuts that will compress NIM 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	11.36	12.29	8.2	137.4	FY26F	1.53	11.1	3.0	8.3	12.9	12.5	1.41	1.36	11.1	11.1	5.6	5.8
CIMB	BUY	7.55	9.29	23.0	80.7	FY26F	1.37	10.9	4.0	9.0	10.4	10.0	1.11	1.08	10.9	11.0	6.2	6.4
PBK	NEUTRAL	4.68	5.05	7.9	90.4	FY26F	1.55	11.9	3.5	8.9	12.4	11.7	1.44	1.37	11.9	11.9	4.8	5.1
RHB	BUY	8.44	9.11	7.9	37.0	FY26F	1.12	9.6	4.0	9.0	11.0	10.8	1.04	0.99	9.6	9.4	5.4	5.5
HLBK	^BUY	21.90	30.50	39.3	44.9	FY27F	1.42	11.1	4.0	9.0	10.0	9.4	1.08	1.02	11.1	11.1	4.7	5.0
AMMB	^BUY	6.59	7.57	14.9	21.8	FY27F	1.10	9.4	4.0	8.9	10.8	10.5	1.01	0.96	9.5	9.4	4.2	4.3
BIMB	NEUTRAL	2.40	2.32	-3.3	5.4	FY26F	0.67	7.0	4.0	8.5	9.7	9.3	0.69	0.66	7.0	7.3	6.2	6.4
AFFIN	NEUTRAL	2.47	2.39	-3.4	6.4	FY27F	0.47	4.8	3.0	6.8	11.4	10.3	0.50	0.49	4.5	4.8	3.5	3.8
ABMB	BUY	4.82	6.08	26.0	8.3	FY27F	1.20	10.3	5.0	9.4	10.0	9.6	1.02	0.95	10.5	10.3	4.0	4.2
Total Weighted avg											**11.7**	**11.2**	**1.24**	**1.19**	**10.9**	**10.9**	**5.3**	**5.5**
Large-Cap	**MAY, CIMB, PBK**										**12.1**	**11.6**	**1.34**	**1.29**	**11.3**	**11.3**	**5.5**	**5.7**
Mid-Cap	**RHB, HLBK, AMMB**										**10.5**	**10.1**	**1.05**	**1.00**	**10.2**	**10.1**	**4.8**	**5.0**
Small-Cap	**BIMB, AFFIN, ABMB**										**10.3**	**9.7**	**0.77**	**0.73**	**7.7**	**7.7**	**4.4**	**4.7**

**Closing prices from 31 Mar 2026.*

Source: MBSBR

A. SYSTEM LOAN & CONSTITUENTS

FIG 2: Overview of Major Indicators

	yoy Growth rates (%)					YTD (%)
	Feb-26	Jan-26	Dec-25	Nov-25	Feb-25	
Total loans	**4.9**	**4.6**	**4.8**	**5.2**	5.3	**0.6**
Retail	5.4	5.5	5.6	5.7	6.6	0.8
Business	4.3	3.5	3.9	4.6	3.6	0.3
SME	5.8	5.1	6.0	6.1	8.4	-0.8
Household loans	5.3	5.3	5.3	5.4	6.0	0.8
Non-HH loans	4.4	3.6	4.1	5.0	4.2	0.2
Deposits + repo	**2.6**	**2.8**	**3.4**	**2.7**	3.5	**0.1**
Total deposits	**3.9**	**4.0**	**4.5**	**4.0**	3.3	**0.2**
CASA	7.6	8.0	7.3	5.1	4.1	1.2
FD	1.4	1.1	1.6	2.1	3.3	0.2
Total provisions	-7.0	-8.2	-7.7	-8.8	-7.9	1.8
Total GIL	2.5	0.2	-0.5	-2.2	-7.1	4.2
Leading indicators						
3MA applications	1	8	5	3		
Retail	1	7	3	3		
Business	2	10	7	3		
3MA approvals	12	14	5	3		
Retail	3	7	5	6		
Business	19	20	5	2		

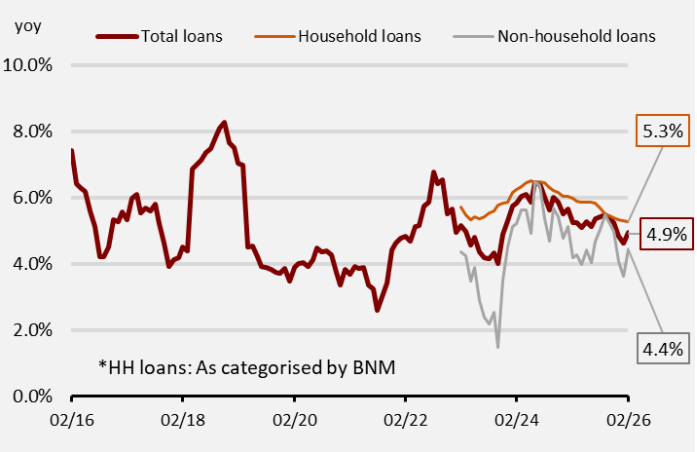
	mom Growth rates (%)				
	Feb-26	Jan-26	Dec-25	Nov-25	Feb-25
Total loans	**0.4**	**0.2**	**0.4**	**0.5**	0.1
Retail	0.2	0.6	0.4	0.5	0.3
Business	0.5	-0.2	0.3	0.5	-0.2
SME	0.6	-0.4	1.1	-0.7	-0.1
Household loans	0.2	0.6	0.5	0.5	0.3
Non-HH loans	0.6	-0.3	0.3	0.5	-0.2
Deposits + repo	**0.7**	**-0.6**	**1.4**	**-0.1**	0.9
Total deposits	**0.5**	**-0.4**	**1.4**	**0.0**	0.7
CASA	1.0	0.2	3.3	0.1	1.4
FD	0.5	-0.4	-0.2	-0.2	0.2
Total provisions	0.8	1.0	-2.4	-1.6	-0.5
Total GIL	2.0	2.1	-2.1	1.3	-0.3
Leading indicators					
3MA applications	-11	-3	-2	-0	
Retail	-8	-2	1	-4	
Business	-15	-5	-5	4	
3MA approvals	-9	-5	2	1	
Retail	-8	-4	2	-4	
Business	-10	-6	2	4	

	Feb-26	Jan-26	Dec-25	Nov-25	Oct-25	Feb-25
Interest spread	2.34	2.35	2.37	2.39	2.37	2.43
ALR	4.55	4.55	4.59	4.60	4.66	5.00
3M FD rate	2.22	2.20	2.22	2.21	2.29	2.57
Loan approval rate	55	51	63	52	53	49
SME approval rate	57	54	70	44	54	38
GIL ratio	1.42	1.40	1.37	1.40	1.39	1.45
Retail	1.13	1.11	1.09	1.13	1.11	1.16
Business	1.77	1.75	1.72	1.74	1.73	1.81
SME	2.99	2.96	2.89	2.90	2.88	2.81
LLC ratio	82.9	83.9	84.8	85.1	87.6	91.4
CASA ratio	32.6	32.4	32.3	31.6	31.6	31.4
Loan/Deposit ratio	92.6	92.8	92.3	93.2	92.7	91.7
Liquidity coverage ratio	149	152	155	146	148	154
CET 1	14.2	14.5	14.2	14.1	14.1	14.4
Tier 1 Capital	14.7	15.1	14.7	14.7	14.7	14.9
Total Capital	17.7	18.1	17.8	17.7	17.8	17.8

	Period	Forecast	Formerly
Loan growth	CY26	5.0-5.3%	
GDP	CY26	4.2%	
OPR	CY26	2.75%	

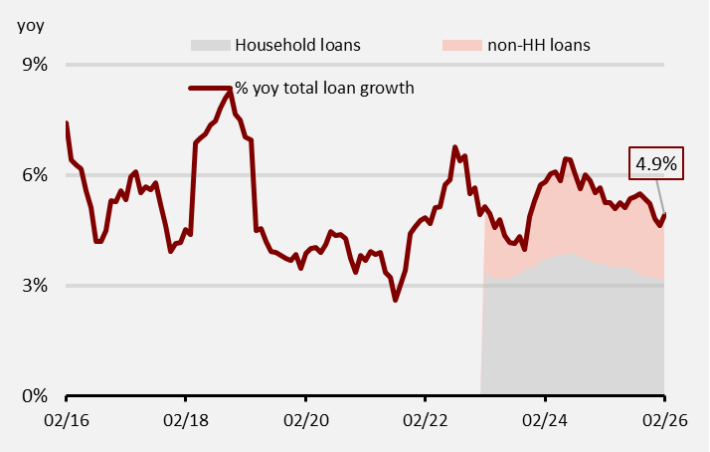
Source: BNM, MBSBR

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



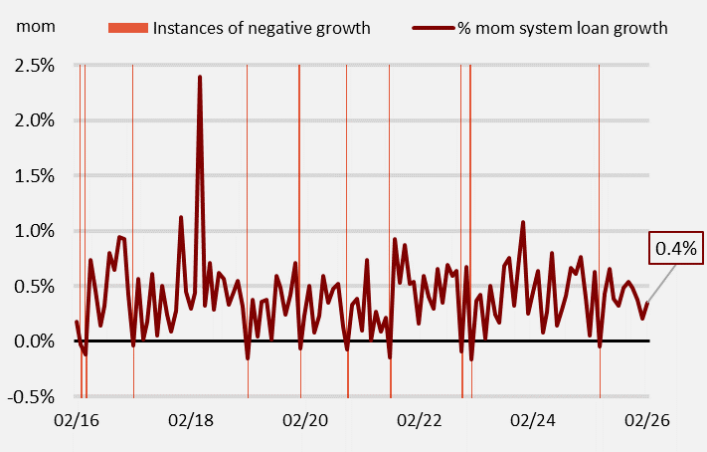
Source: BNM, MBSBR

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



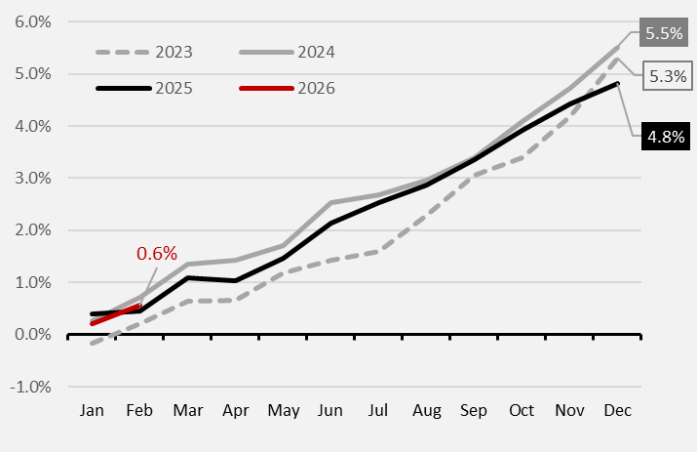
Source: BNM, MBSBR

FIG 5: mom System loans



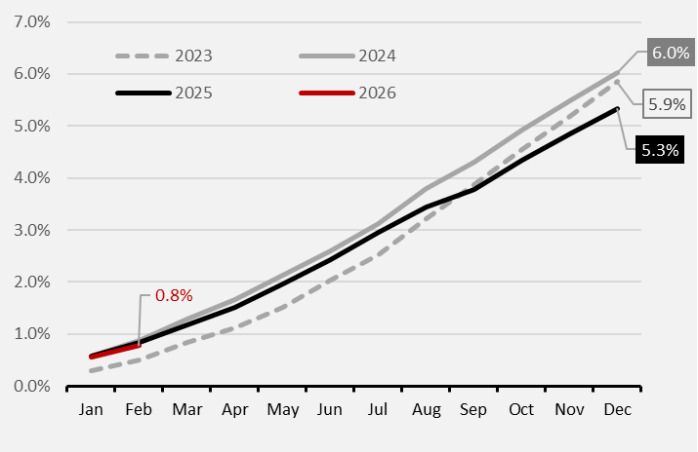
Source: BNM, MBSBR

FIG 6: YTD System loan growth comparison



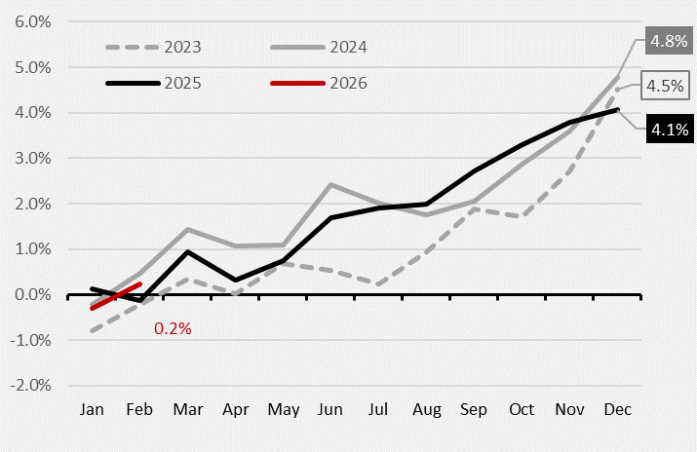
Source: BNM, MBSBR

FIG 7: YTD Household loan growth comparison



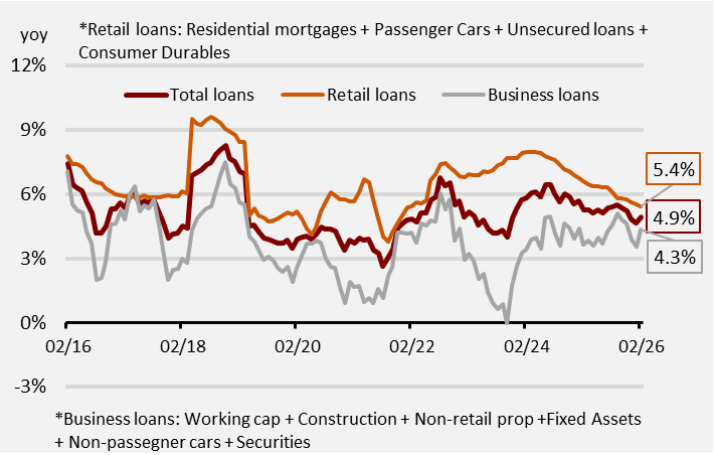
Source: BNM, MBSBR

FIG 8: YTD Non-HH loan growth comparison



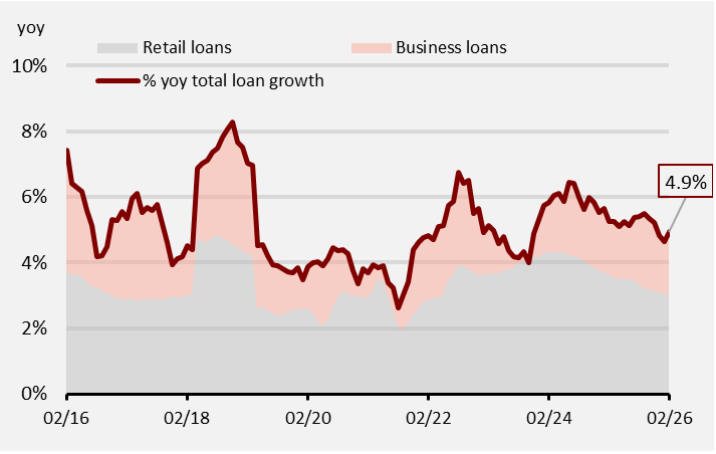
Source: BNM, MBSBR

FIG 9: Retail & business loan growth



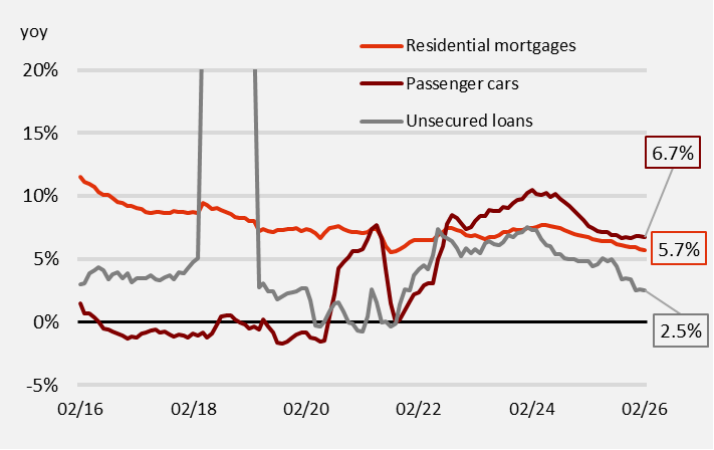
Source: BNM, MBSBR

FIG 10: Retail/business loans as drivers



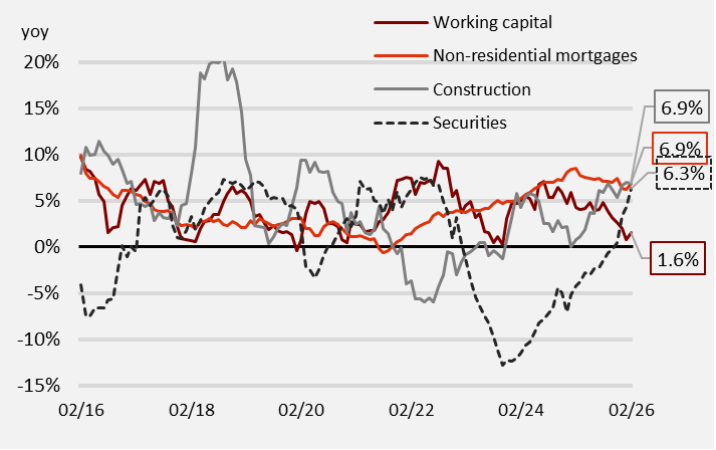
Source: BNM, MBSBR

FIG 11: Retail loan constituents



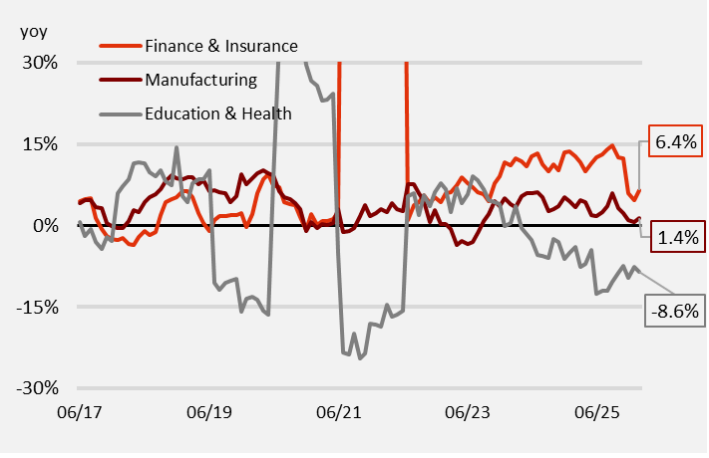
Source: BNM, MBSBR

FIG 12: Business loan constituents



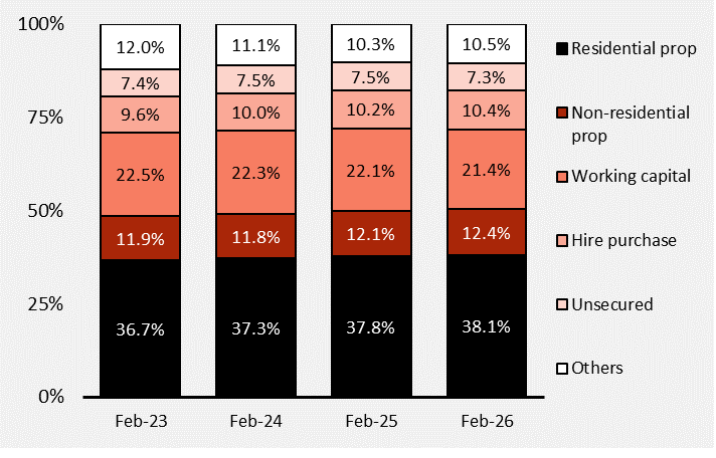
Source: BNM, MBSBR

FIG 13: Loan growth of other sectors



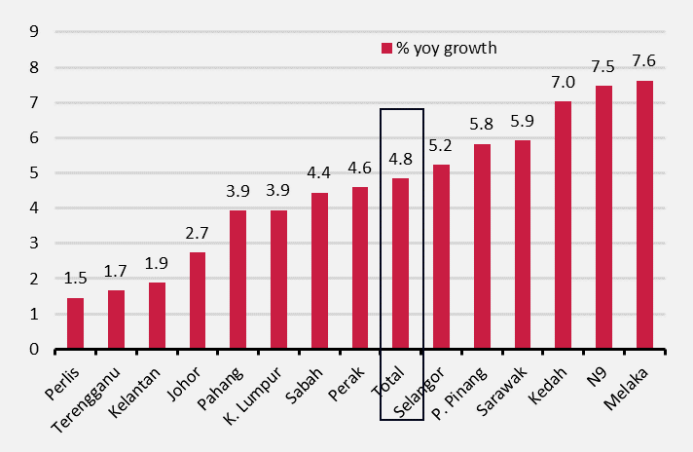
Source: BNM, MBSBR

FIG 14: Loan breakdown by type



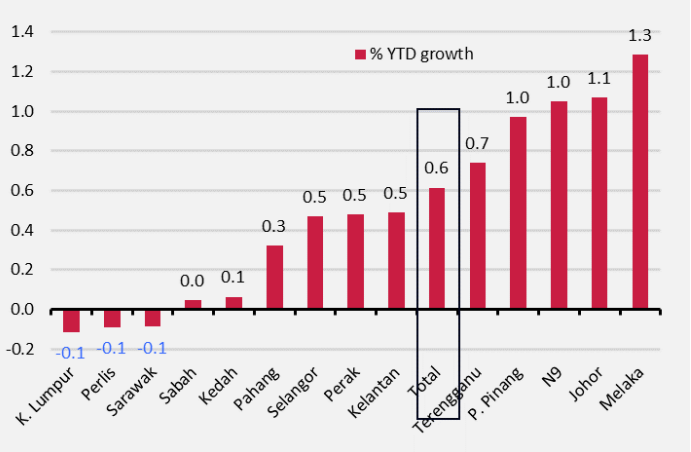
Source: BNM, MBSBR

FIG 15: yoy Loan growth by geography



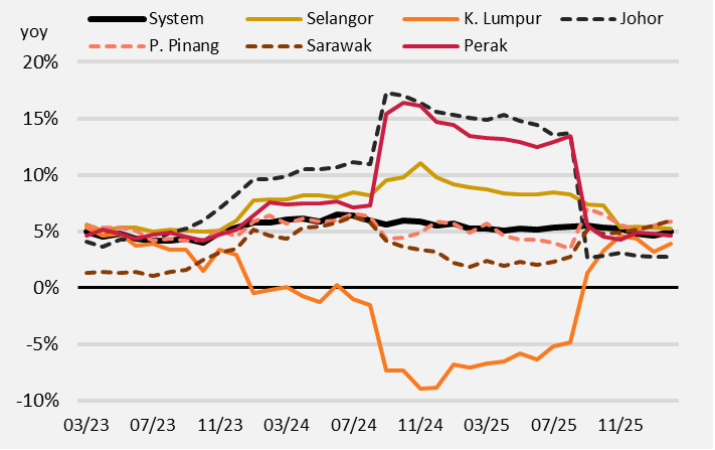
Source: BNM, MBSBR

FIG 16: YTD Loan growth by geography



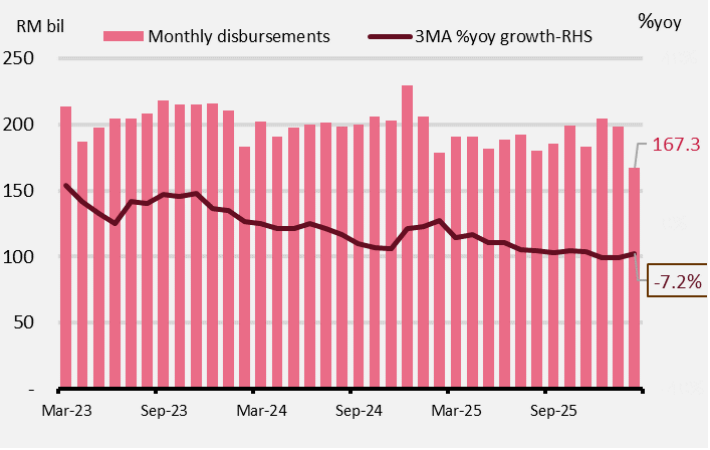
Source: BNM, MBSBR

FIG 17: Geographical loan growth comparison



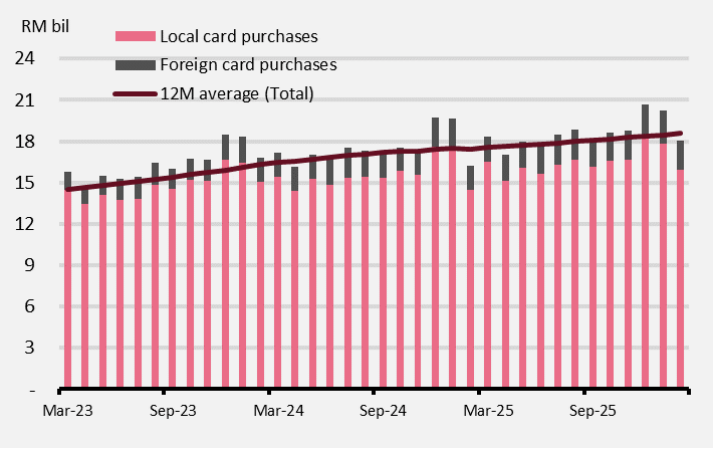
Source: BNM, MBSBR

FIG 18: Monthly disbursements



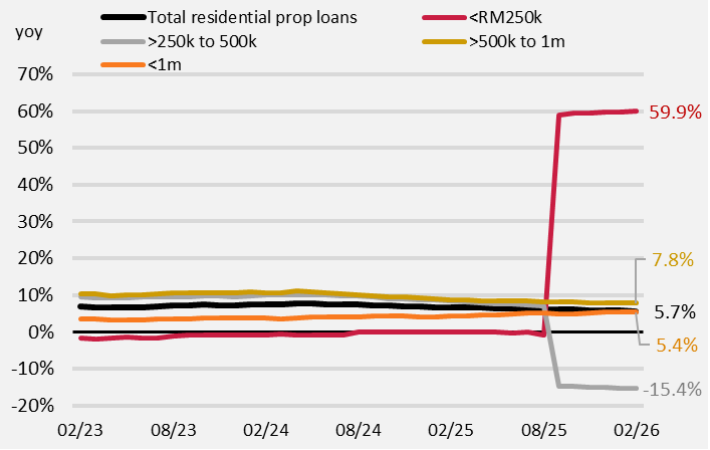
Source: BNM, MBSBR

FIG 19: Credit card purchases



Source: BNM, MBSBR

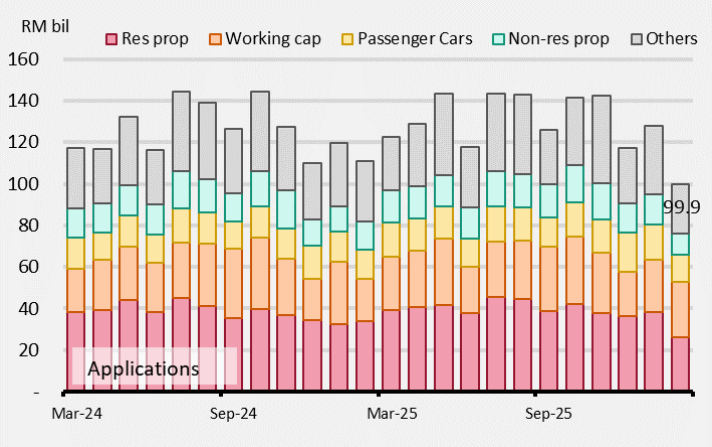
FIG 20: yoy Residential mortgages growth by cost



Source: BNM, MBSBR

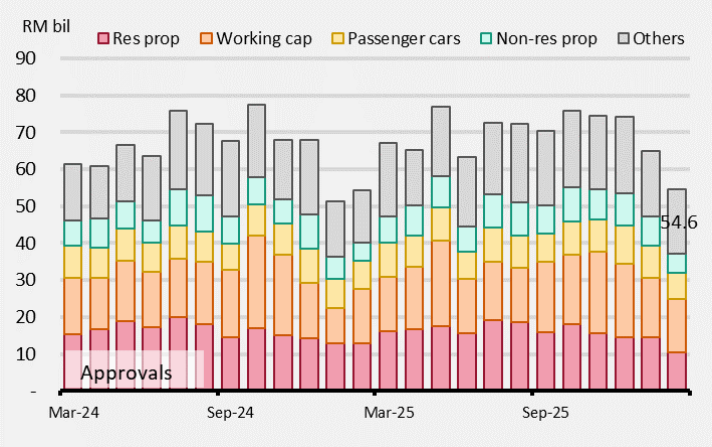
B. LEADING INDICATOR TRENDS

FIG 21: Monthly applications by type



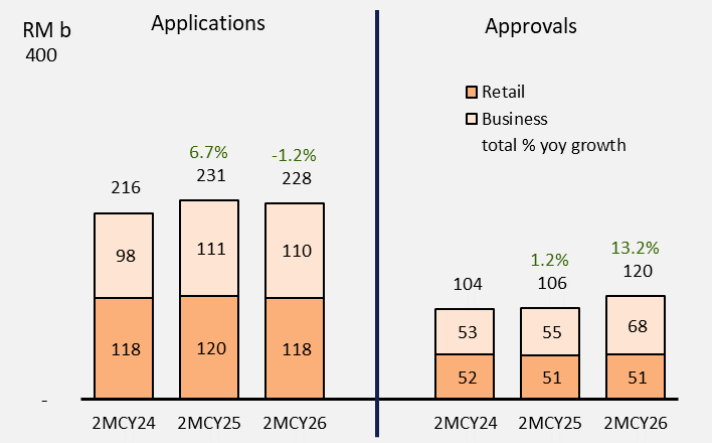
Source: BNM, MBSBR

FIG 22: Monthly approvals by type



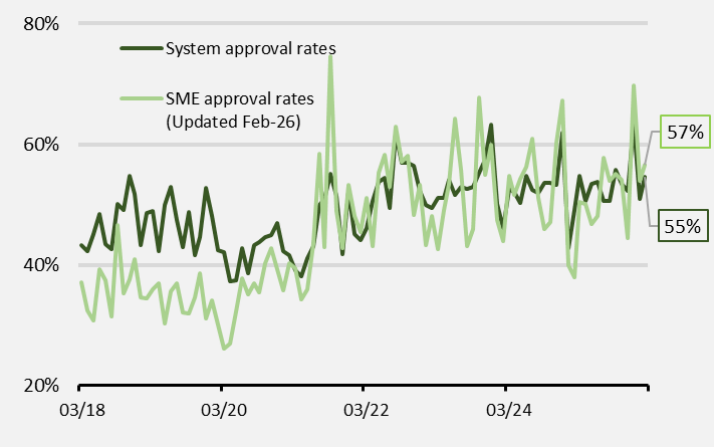
Source: BNM, MBSBR

FIG 23: Cumulative (CY) loan leading indicators



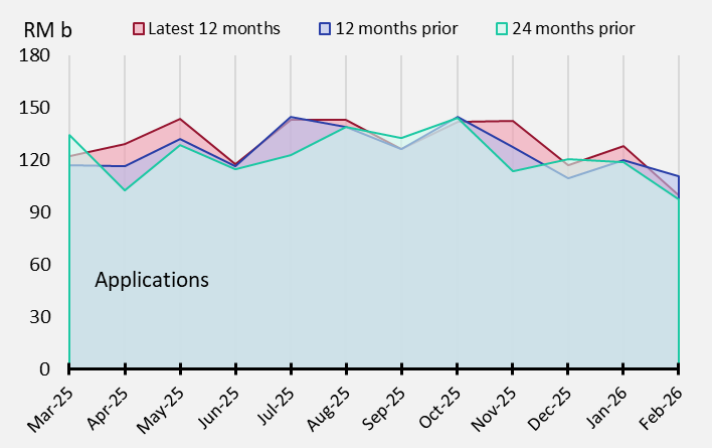
Source: BNM, MBSBR

FIG 24: System & SME approval rates



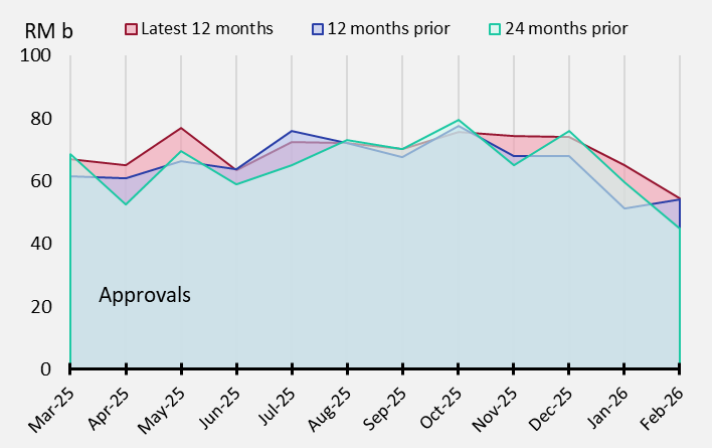
Source: BNM, MBSBR

FIG 25: Monthly loan application comparisons (yoy)



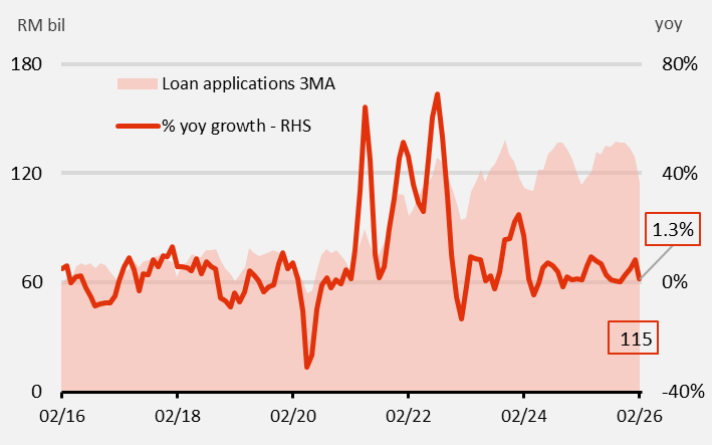
Source: BNM, MBSBR

FIG 26: Monthly loan approval comparisons (yoy)



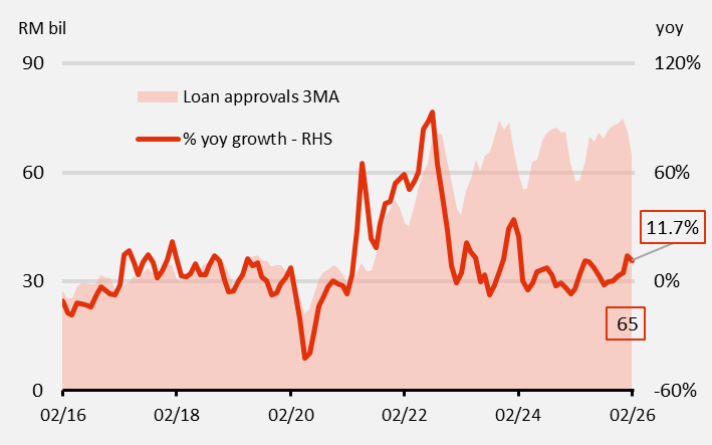
Source: BNM, MBSBR

FIG 27: Loan applications (3-mth average)



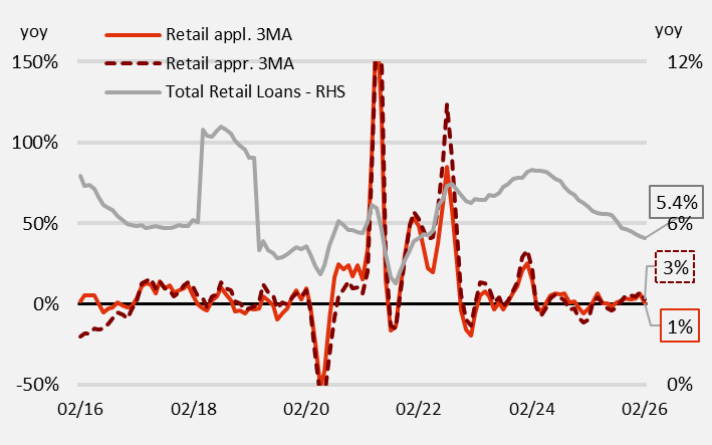
Source: BNM, MBSBR

FIG 28: Loan approvals (3-mth average)



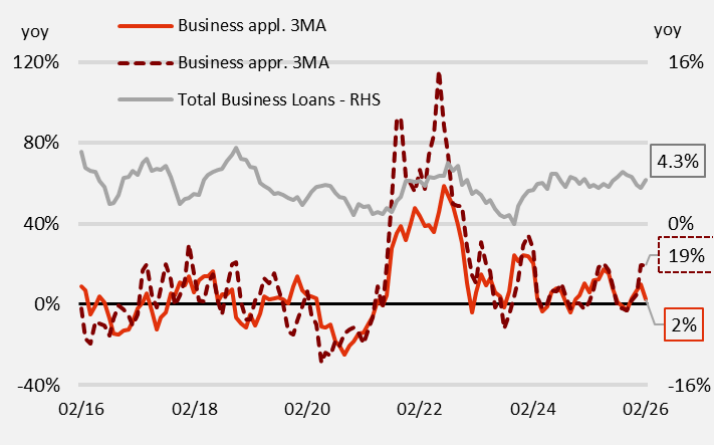
Source: BNM, MBSBR

FIG 29: Retail loan indicators



Source: BNM, MBSBR

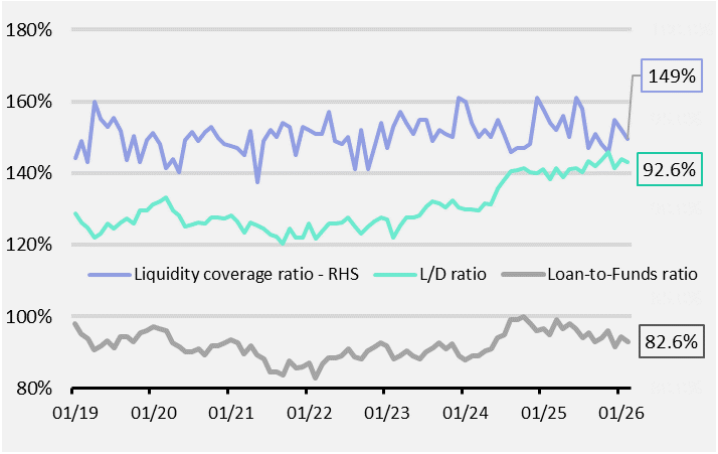
FIG 30: Business loan indicators



Source: BNM, MBSBR

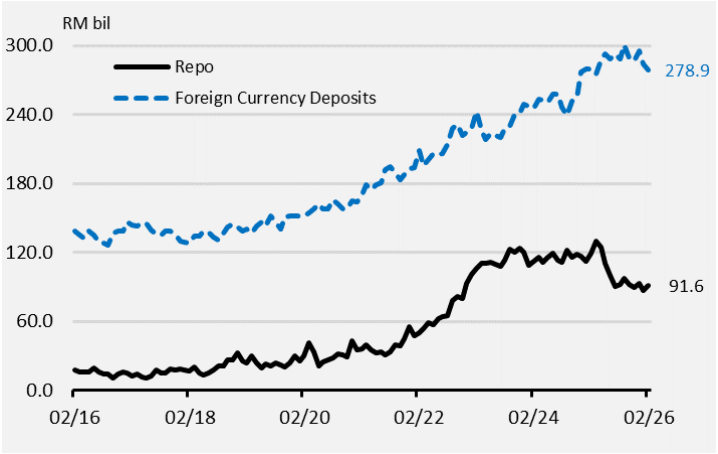
C. DEPOSITS & LIQUIDITY

FIG 31: LCR, LDR & LTF ratio



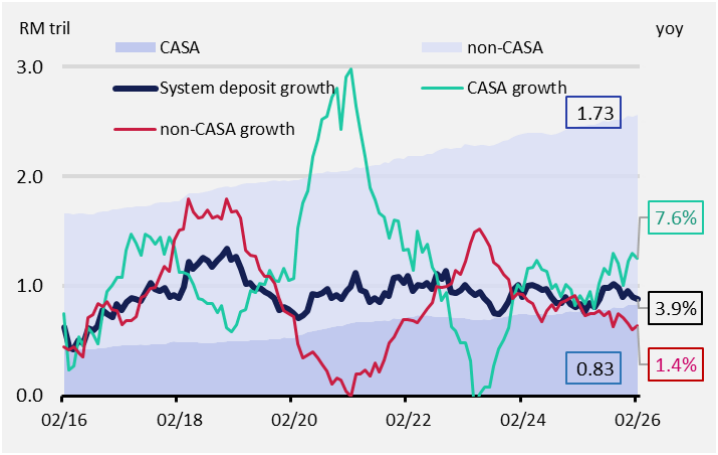
Source: BNM, MBSBR

FIG 32: System deposits, repos, foreign currency deposits



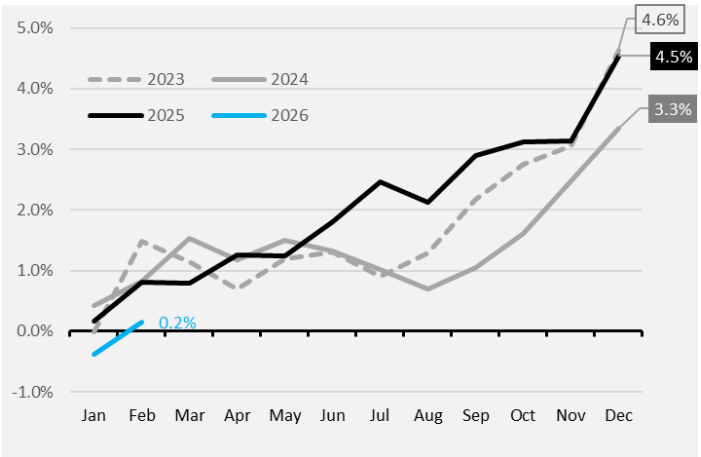
Source: BNM, MBSBR

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



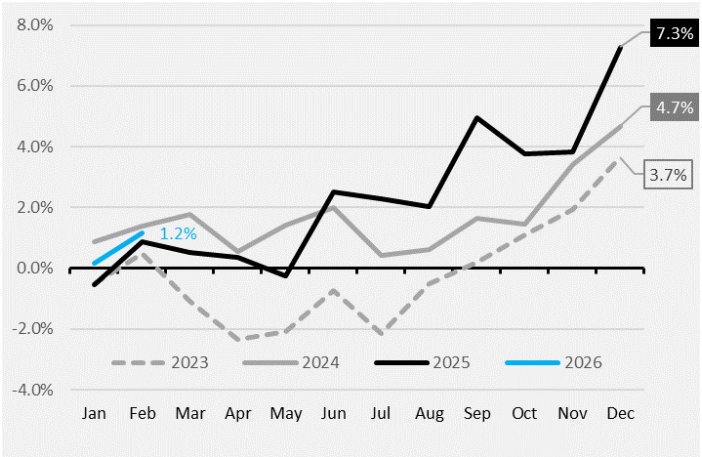
Source: BNM, MBSBR

FIG 34: YTD System deposit growth comparison



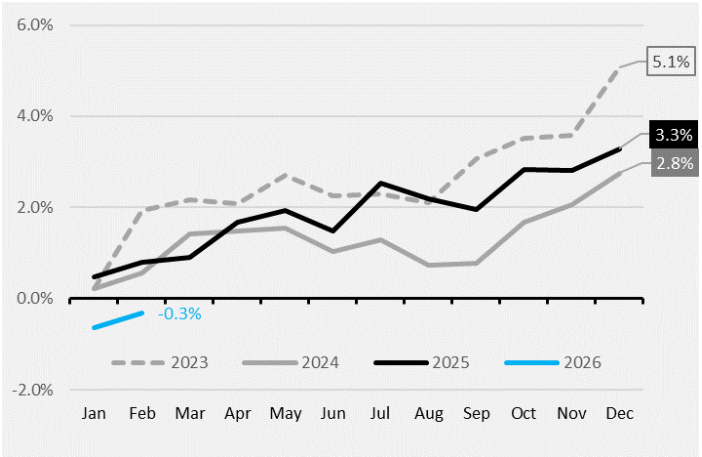
Source: BNM, MBSBR

FIG 35: YTD CASA growth comparison



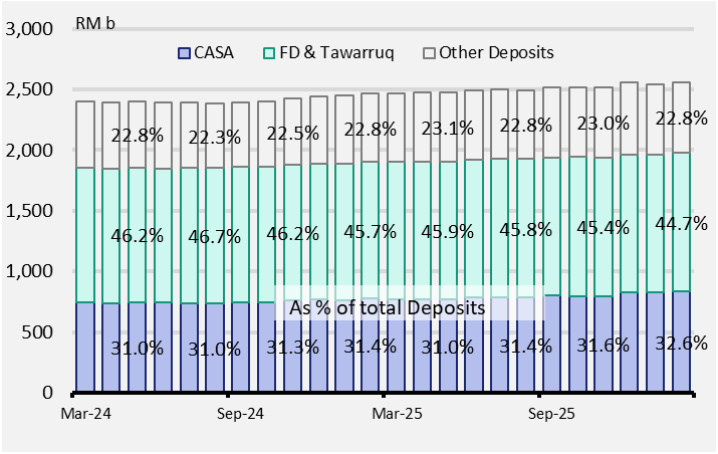
Source: BNM, MBSBR

FIG 36: YTD non-CASA growth comparison



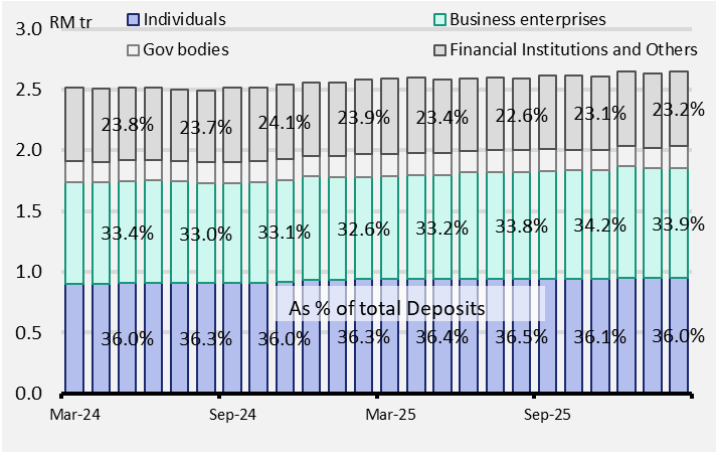
Source: BNM, MBSBR

FIG 37: Deposit breakdown by type



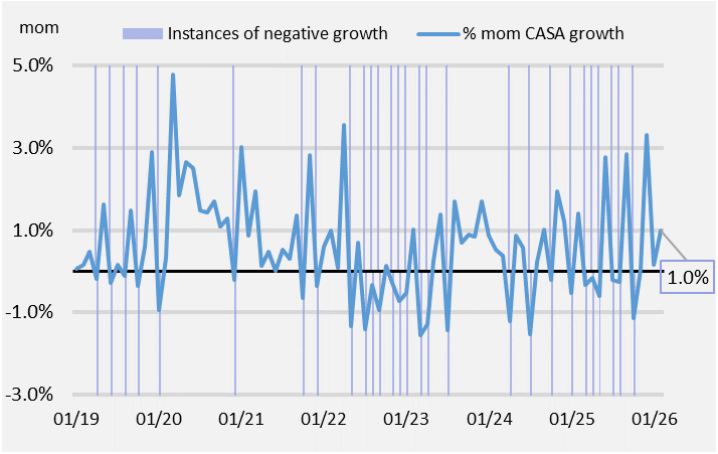
Source: BNM, MBSBR

FIG 38: Deposit breakdown by depositor



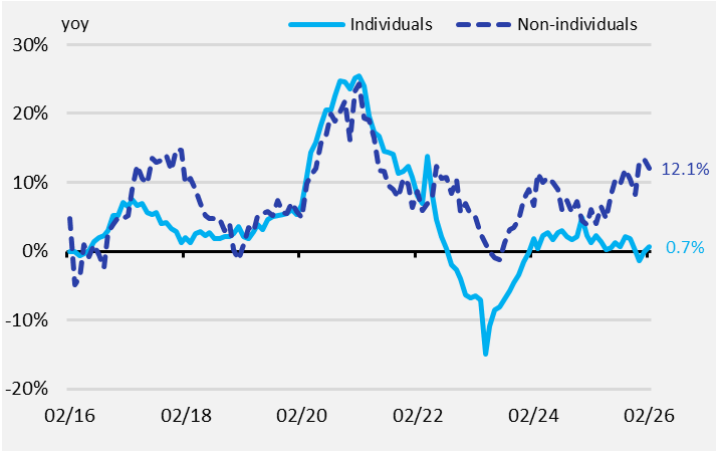
Source: BNM, MBSBR

FIG 39: mom CASA growth



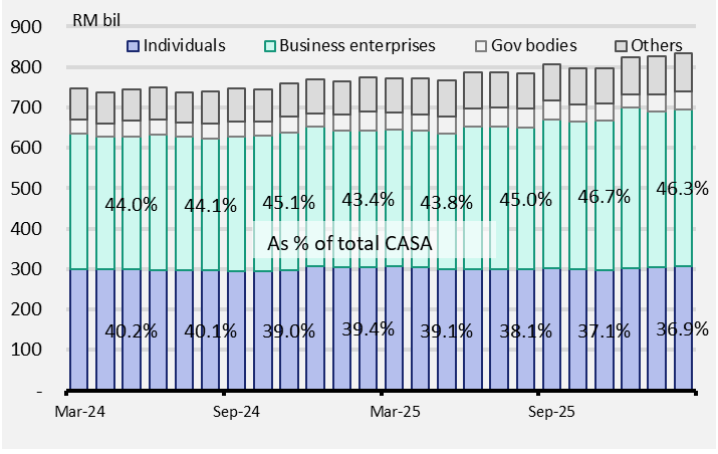
Source: BNM, MBSBR

FIG 40: yoy CASA growth by depositor



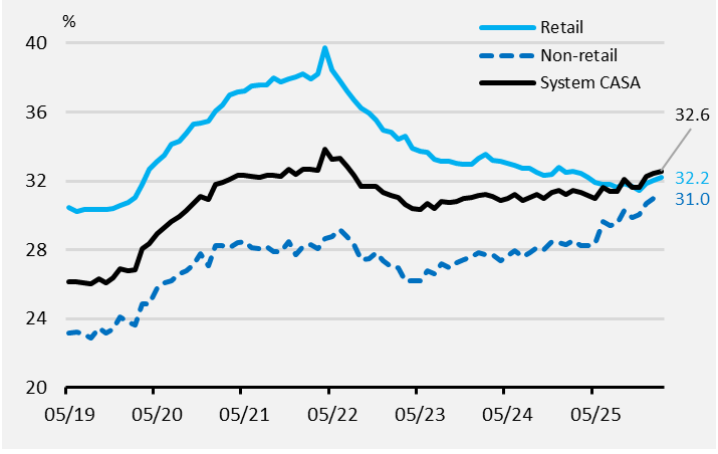
Source: BNM, MBSBR

FIG 41: CASA breakdown by depositor



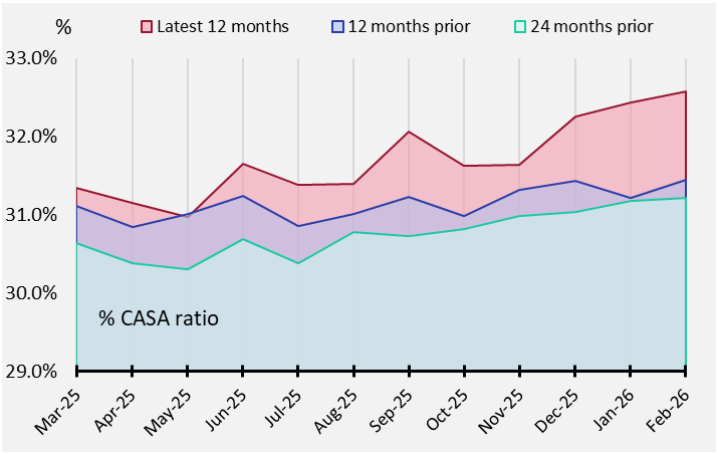
Source: BNM, MBSBR

FIG 42: CASA ratio by depositor



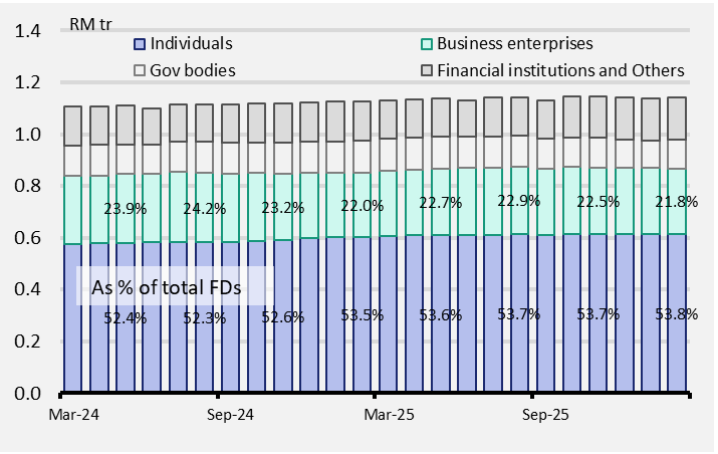
Source: BNM, MBSBR

FIG 43: Monthly CASA ratio comparisons (yoy)



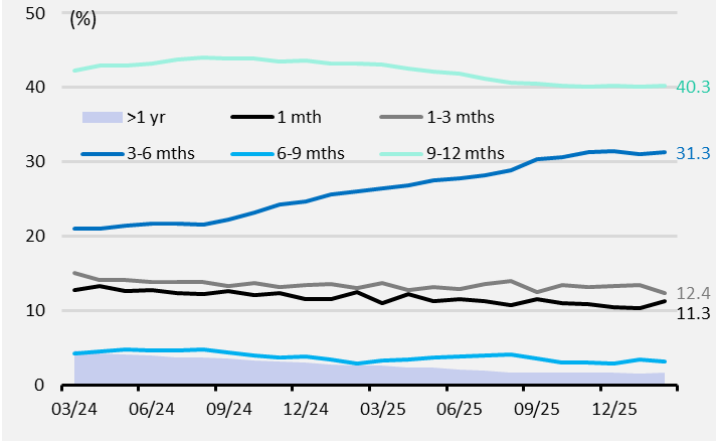
Source: BNM, MBSBR

FIG 44: FD breakdown by depositor



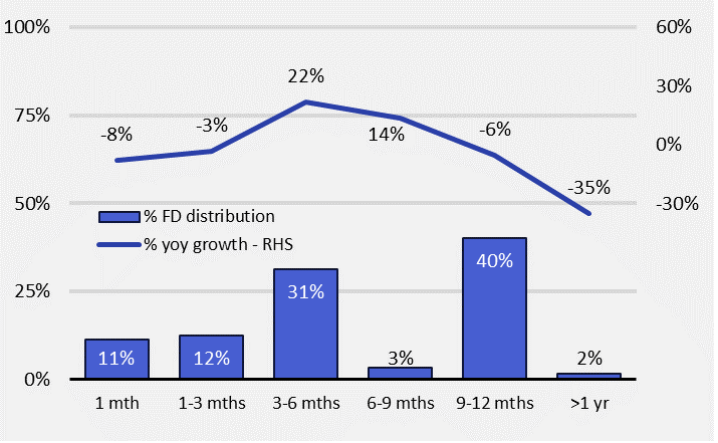
Source: BNM, MBSBR

FIG 45: % of FDs by maturity bracket



Source: BNM, MBSBR

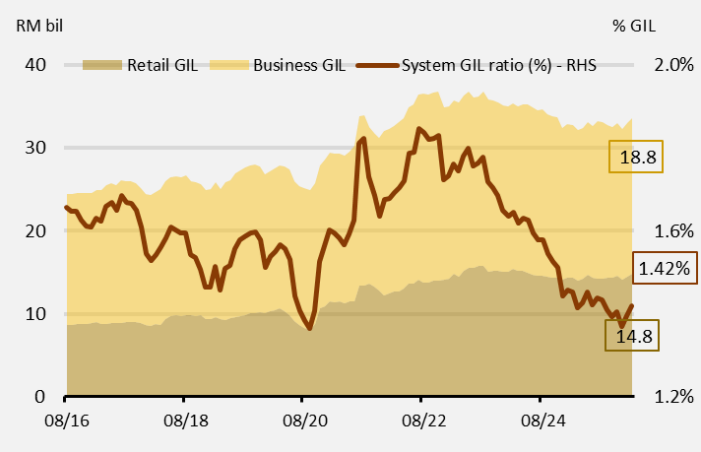
FIG 46: FD by maturity brackets and yoy growth



Source: BNM, MBSBR

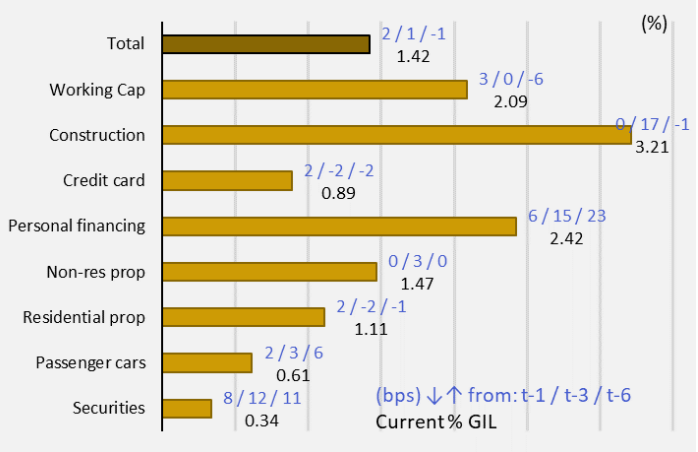
D. ASSET QUALITY & PROVISIONING

FIG 47: System gross impaired loans



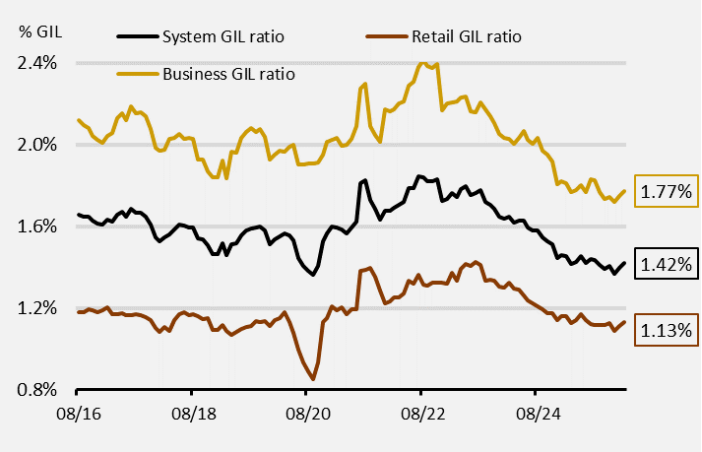
Source: BNM, MBSBR

FIG 48: Segmental GIL ratio changes



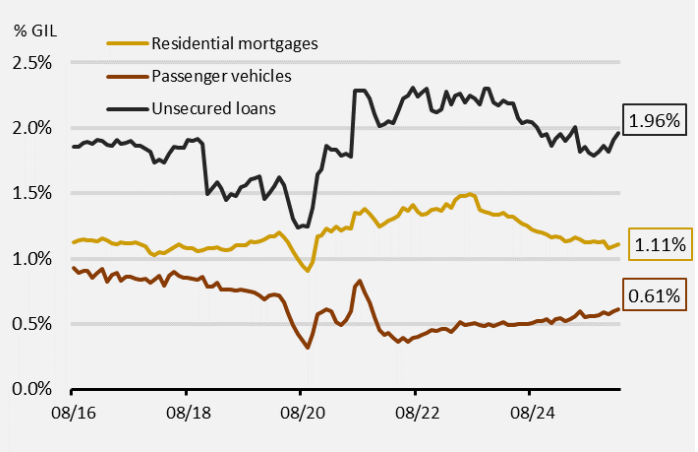
Source: BNM, MBSBR

FIG 49: System, Retail, Business GIL ratios



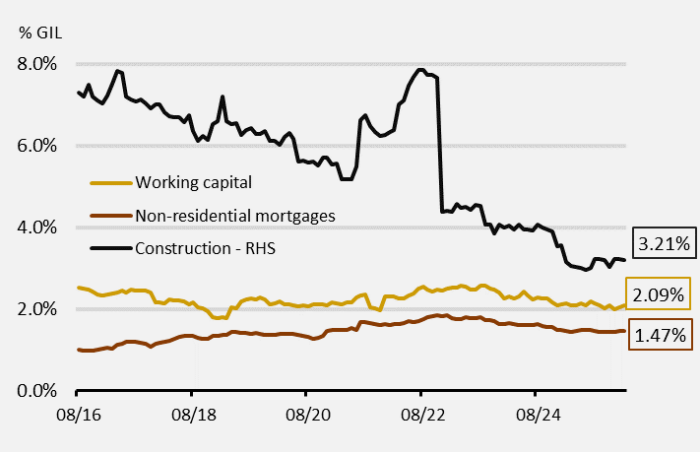
Source: BNM, MBSBR

FIG 50: Retail GIL ratios



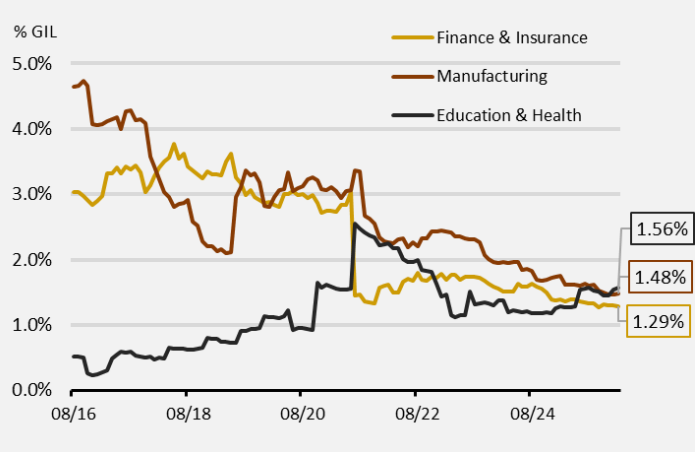
Source: BNM, MBSBR

FIG 51: Business GIL ratios



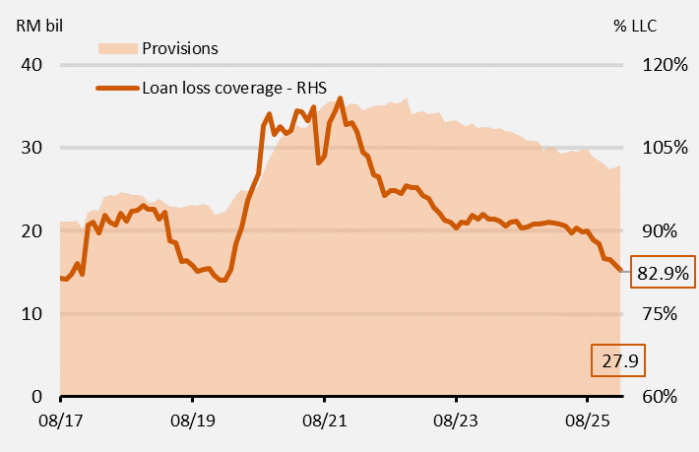
Source: BNM, MBSBR

FIG 52: GIL ratios of other sectors



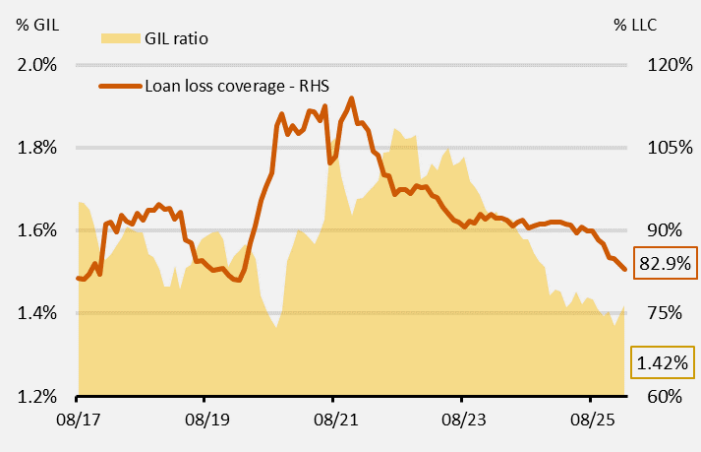
Source: BNM, MBSBR

FIG 53: Provisions & loan loss coverage



Source: BNM, MBSBR

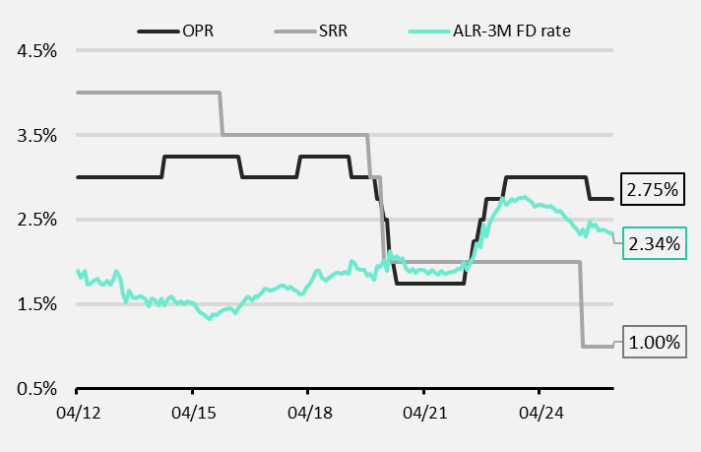
FIG 54: LLC & GIL ratio



Source: BNM, MBSBR

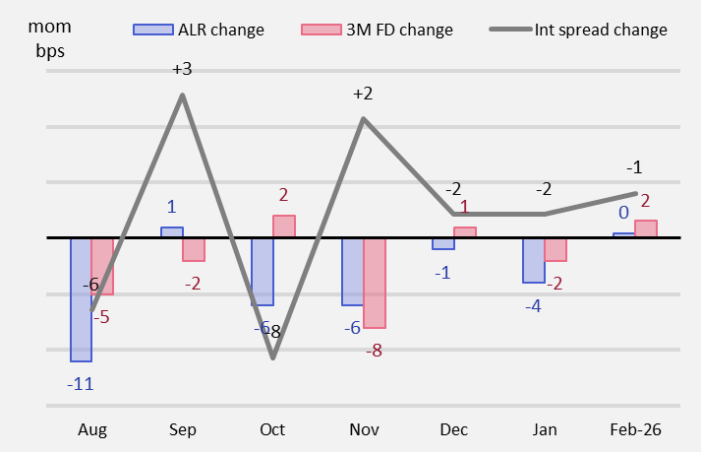
E. INTEREST SPREAD AND CAPITAL

FIG 55: Interest spread, OPR, SRR



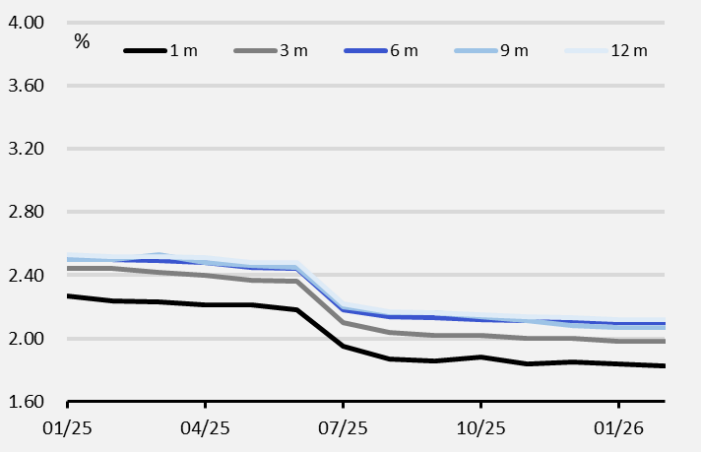
Source: BNM, MBSBR

FIG 56: mom Changes in interest spreads



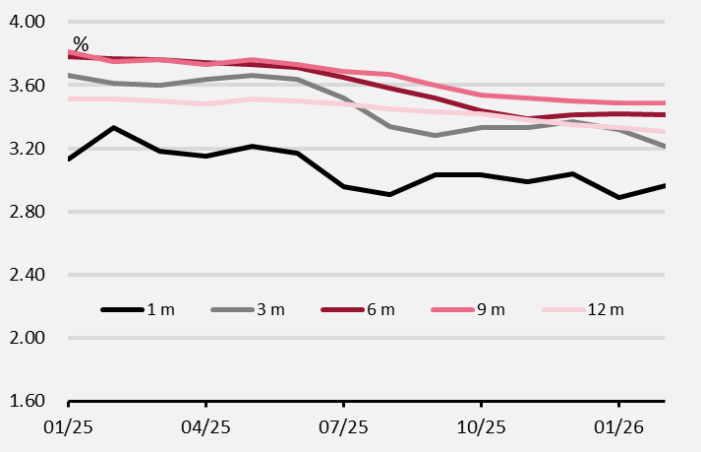
Source: BNM, MBSBR

FIG 57: Weighted avg Conv. FD rates by bracket



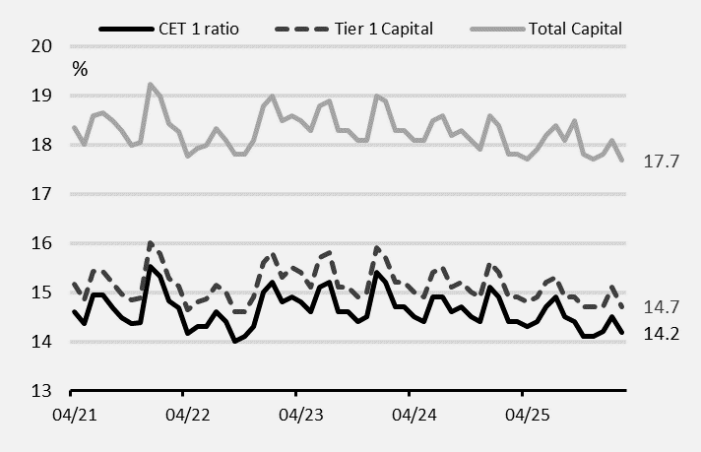
Source: BNM, MBSBR

FIG 58: Weighted avg Isl. FD rates by bracket



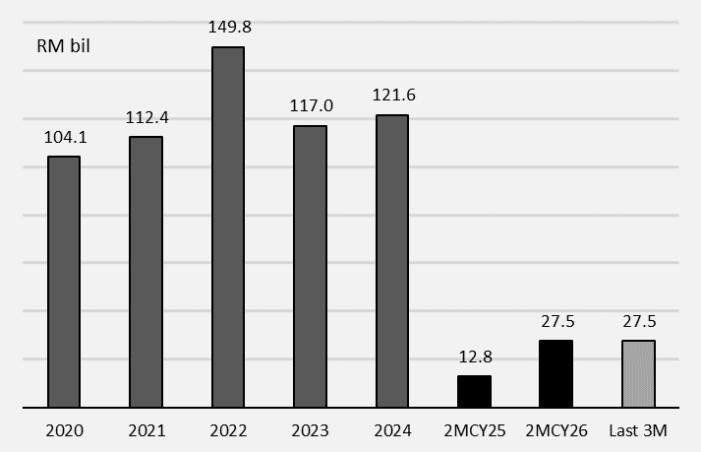
Source: BNM, MBSBR

FIG 59: Capital ratios



Source: BNM, MBSBR

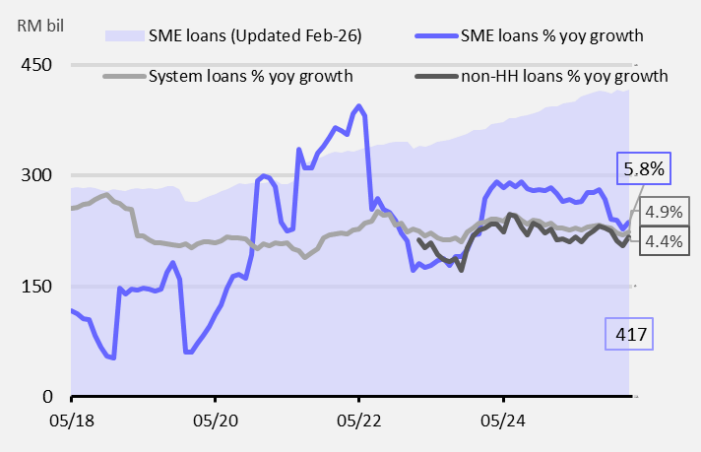
FIG 60: Bond/Sukuk issuances



Source: BNM, MBSBR

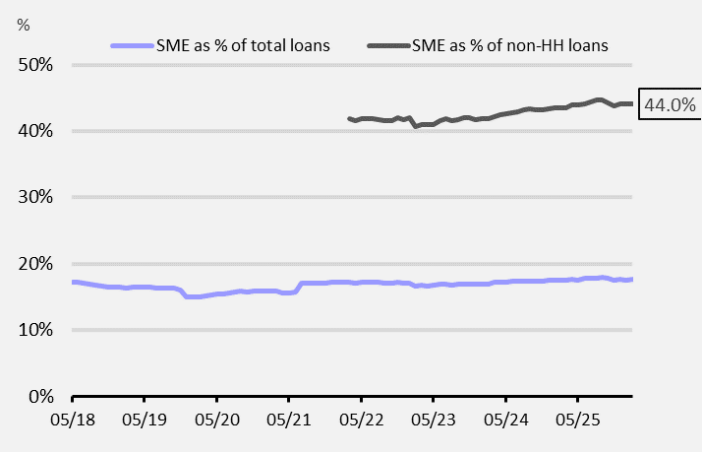
F. SME DATA

FIG 61: SME loans



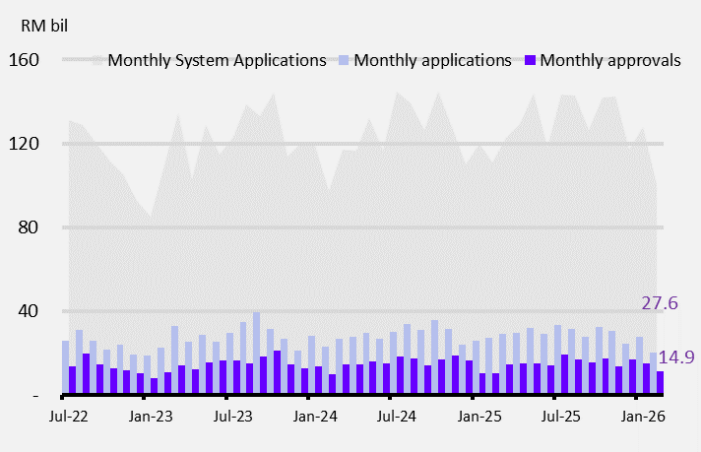
Source: BNM, MBSBR

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



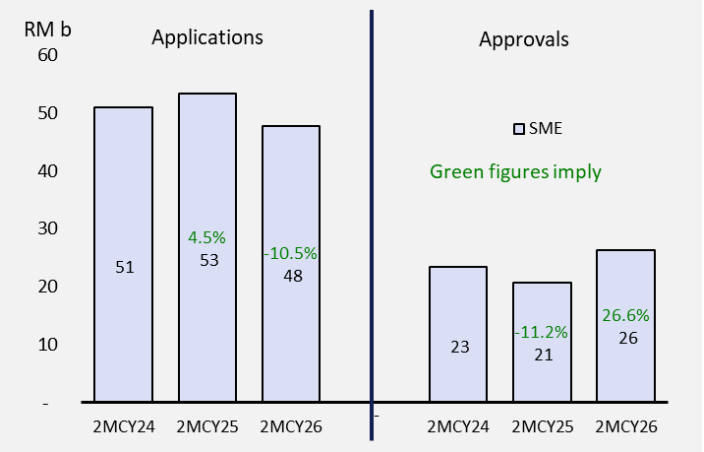
Source: BNM, MBSBR

FIG 63: SME Monthly leading indicators



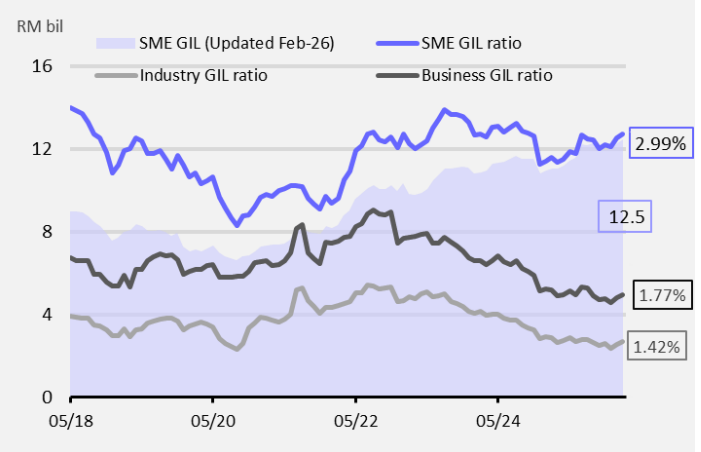
Source: BNM, MBSBR

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
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
Feb-26	**2.37**	**4.9**	**0.4**	**5.4**	**0.2**	**55.2**	**4.3**	**0.5**	**44.8**

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
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
Feb-26	**5.7**	**6.8**	**2.5**	**1.6**	**6.9**	**6.9**	**6.3**

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
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
Feb-26	**0.3**	**0.1**	**2.4**	**0.6**	**0.9**	**-0.3**	**1.9**

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)
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
Feb-26	**114.9**	**1.3**	**-11.0**	**64.6**	**11.7**	**-9.3**

Source: BNM, MBSBR

FIG 70: Loan approval rates

Date	System loans (%)	Retail loans (%)	Business loans (%)	SME loans (%)
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
Feb-26	**54.6**	**44.7**	**64.3**	**56.5**

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
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
Feb-26	**-0**	**9**	**-7**	**5**	**3**	**-28**	**8**

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
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
Feb-26	**-1**	**7**	**7**	**27**	**8**	**-2**	**29**

Source: BNM, MBSBR

FIG 73: System deposits

Date	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Feb-26	**2,651**	**2.6**	**0.7**	**92.6**

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 (%)
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
Feb-26	**834**	**7.6**	**1.0**	**32.6**	**1,143**	**1.4**	**0.5**	**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 (%)
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
Feb-26	**2,371**	**2.0**	1.42	**27.9**	**82.9**

Source: BNM, MBSBR

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

Date	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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
Feb-26	**4.55**	**2.22**	**2.34**

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 (%)
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
Feb-26	**417**	**5.8**	**0.6**	**17.6**	**2.99**

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)
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
Feb-26	**24.1**	**0.1**	**-0.3**	**14.4**	**17.2**	**-4.7**

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