Banking

POSITIVE (Maintain)

Jun-26: Momentum Continues

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HIGHLIGHTS

- ▲ **(1) Loan growth maintains its solid momentum, (2) Leading indicators are up once more, (3) Huge surge in deposit (CASA) and repo growth, (4) Strongest expansion in ALR for a long time.**
- ► **(1) System GIL ratio remains flat (though SME GIL ratio saw improvement), (2) Flattish board rates,**
- **Maintain POSITIVE call: While 2QCY26 may be a tough quarter for banks (primarily due to NIM compression, weaker trading income and potential provisioning fears), we remain positive overall on the sector's longer-term fundamental and dividend outlook and defensive nature. But perhaps it may be best to accumulate after results season.**

Sector Verdict

The sector has its share of headwinds, but we think fears may be overblown. CY26's profitability may come in weaker, but asset growth prospects and dividend yields are intact.

Core Themes

1. ▲ **Core beneficiary of emerging market inflows.** Our robust economic growth outlook, excellent dividend yields, superior asset quality, and high capitalisation levels give our banks a more defensive nature, making them an attractive pick.
2. ▲ **Dividend outlook remains extremely bright.** Capital ratios remain elevated, and the Basel transition is capital accretive in most cases. Some banks have announced incoming dividend upsides, though we do not expect many positive surprises in the coming quarter.
3. ▲ **Expect fee income to drive the topline, though non-fee income could see some normalisation.** Wealth management, bancassurance, and debt capital markets are major drivers. Forex volatility aside, the stabilisation of interest rates should result in some moderation in investment income – hence, expect normalisation from CY25's strong result. A Fed rate hike could further adversely affect investment income (but provide a positive offset via forex gains).
4. ▲ **Loan growth is ramping up.** So far, banking stats suggest that loan growth is performing better than expected – particularly the business loan segment. Banks with large international exposure may find it more difficult: Despite solid pipelines, currency fluctuations may crimp the loan growth of these banks.
5. ► **Liquidity is getting tighter.** CASA growth remains strong, and non-deposit funding is still a very attractive option. Despite this, we get a sense that banks were not expecting such strong loan demand – as a result, an ongoing scramble for deposits is elevating FD rates.
6. ▼ **NIM compression before stability in 2HCY26.** Several banks also see limited room for further optimisation, especially as deposit competition ramps up sharply (and we are not expecting any OPR hikes this year, despite the Fed's hawkish stance). Promo rates have remained elevated for longer than expected. On the asset side, expect more aggressive loan rebalancing, favouring higher-yielding business loans.
7. ▼ **Rising cost pressures may pressure OPEX.** While we expect further tech efficiencies to come online, most banks are still investing heavily in tech and business expansion (and not just the smaller, rapidly expanding ones). Cost inflation remains very high.
8. ▼ **Minimal asset quality issues ahead – but provisions are a different issue.** Middle East tensions have all but abated, but oil prices have improved significantly from pre-MOU highs (even during recent skirmishes). Also, heightened cost pressures will take some time to abate as supply chains normalise. So far only a few banks have sounded alarm bells for asset quality – but does not expect anything overly severe. However, since geopolitical volatility is here to stay, expect large overlay allocations in subsequent quarters.

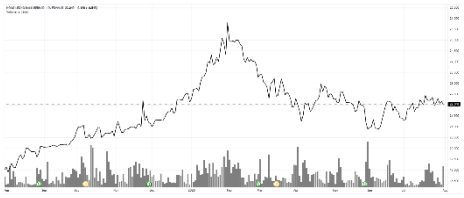
COMPANY *IN FOCUS*

HL Bank

Maintain BUY | Target Price: RM30.50
Price @ 31 July 2026: RM22.04

- 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



ABMB

Maintain BUY | Target Price: RM5.92
Price @ 31 July 2026: RM4.76

- Extremely high loan growth and market share capture to continue.
- Expect lower cost pressure, as the brunt of costs was frontloaded in the beginning stages of ACCELER8.
- Fee income is ramping up, particularly from the wealth management end.

SHARE PRICE CHART



FIG 1: Overview of Major Indicators

Category	Performance	Notes
Loans	▲ **System loans:** +5.5%yoy | +0.4%mom ▲ **Household loans:** +5.0%yoy | +0.3%mom ▲ **Non-household loans:** +6.1%yoy | +0.7%mom ► **SME loans (Jun-26):** +3.3%yoy | +0.4%mom	On a sequential year basis, growth has tapered down slightly, but the positive momentum remains strong.
Leading Indicators	▲ **System:** Strong month **Approval rates:** 52% ▲ **SME (Jun-26):** Strong month **SME Approval rates:** 54%	After a slight lull last month, leading indicators remain as strong as ever.
Deposits	▲ **Deposits + repos:** +6.0%yoy | +1.7%mom ▲ **Deposits (ex-repos):** +5.6%yoy | +1.0%mom ► **FD:** +0.2%yoy | +0.1%mom ▲ **CASA:** +7.7%yoy | +1.0%mom **Loan/Deposit ratio:** 92.1% **Loan Coverage ratio:** 150%	While deposits (primarily CASA) saw strong sequential month growth, there was a notably huge uptick in repos this quarter. As mentioned previously, we infer that banks were not expecting such a surge in loan demand and are now scrambling for liquidity to fund it. For now, most banks seem flush with liquidity: Loan/deposit ratio is the lowest it's been in several months, while liquidity coverage ratio remains very high.
GIL ratio	► **System GIL ratio:** 1.43% | +1bps mom ► **Retail:** 1.17% | +1bps mom ► **Business:** 1.75% | 0bps mom ▲ **SME GIL ratio (Jun-26):** 2.95% | -7bps mom	▼ **Notable deteriorations, mom:** Securities +5bps ▲ **Notable improvements, mom:** Personal financing -4bps, Non-residential property -4bps. Not much change this month, though the SME segment is seeing some large writebacks and write-offs.
Interest rates	► **FD rates (Conv):** Flat ► **FD rates (Isl):** Flat ▲ **Lending rates (ALR):** +3bps mom	Board rates may be flat, but promo rates remain extremely elevated, as deposit competition remains in full swing. Some positive news: ALR widened +3bps mom.

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. An exacerbation in deposit competition, which will compress NIMs.
3. A prolonged Middle East conflict, which could lead to further asset quality flare-ups and instances of higher provisioning.

Top Picks: HL Bank (BUY, TP: RM30.50) and **ABMB (BUY, TP: RM5.92).**

PEER COMPARISON

Bank	Call	Share P	Target P	Upside	Mkt Cap	FY	P/B	ROE	LTG	COE	P/E (x)		P/B (x)		ROE (%)		Div Yield (%)	
	^Top Pick	(RM)	(RM)	(%)	(RM b)	Basis	(x)	(%)	(%)	(%)	FY26	FY27	FY26	FY27	FY26	FY27	FY26	FY27
MAY	BUY	10.90	12.01	10.2	131.8	FY27F	1.44	10.9	3.0	8.5	12.7	12.2	1.36	1.31	10.9	10.9	5.7	5.9
CIMB	BUY	7.89	9.29	17.7	84.4	FY27F	1.33	10.9	4.0	9.2	10.9	10.5	1.16	1.13	10.8	10.9	5.9	6.1
PBK	NEUTRAL	5.17	4.96	-4.1	99.9	FY27F	1.50	12.1	3.5	9.2	14.0	13.2	1.61	1.56	11.7	12.1	5.3	5.7
RHB	BUY	8.55	9.17	7.3	37.5	FY27F	1.08	9.4	4.0	9.0	11.2	10.9	1.05	1.01	9.6	9.4	5.4	5.4
HLBK	^BUY	22.04	30.50	38.4	45.2	FY27F	1.42	11.1	4.0	9.0	10.1	9.5	1.09	1.03	11.1	11.1	4.7	4.9
AMMB	BUY	6.76	7.67	13.5	22.3	FY27F	1.13	9.5	4.0	8.9	10.6	10.4	1.00	0.96	9.5	9.4	5.6	5.7
BIMB	NEUTRAL	2.13	2.30	8.0	4.8	FY27F	0.64	6.9	4.0	8.5	9.1	8.8	0.62	0.59	6.6	6.9	6.5	6.8
AFFIN	NEUTRAL	2.21	2.39	8.0	5.7	FY27F	0.47	4.8	3.0	6.8	10.2	9.2	0.45	0.44	4.5	4.8	3.9	4.3
ABMB	^BUY	4.76	5.92	24.4	8.2	FY27F	1.09	9.8	5.0	9.4	9.2	8.8	0.88	0.82	9.8	9.6	4.5	4.7
Total Weighted avg											12.0	11.5	1.28	1.23	10.7	10.8	5.5	5.7
Large-Cap	MAY, CIMB, PBK										12.6	12.1	1.39	1.34	11.1	11.3	5.6	5.9
Mid-Cap	RHB, HLBK, AMMB										10.6	10.2	1.05	1.01	10.2	10.1	5.1	5.3
Small-Cap	BIMB, AFFIN, ABMB										9.5	8.9	0.68	0.65	7.4	7.5	4.8	5.1

**Closing prices from 31 Jul 2026.*

**AMMB and ABMB use FY27F/28F values. ^HL Bank & HL FG uses FY23F/24F values.*

Pecking Order: [HLBK & ABMB] > [AMMB & CIMB & MAY] > [AFFIN & BIMB & RHB] > [PBK]

Source: MBSBR

A. SYSTEM LOAN & CONSTITUENTS

FIG 2: Overview of Major Indicators

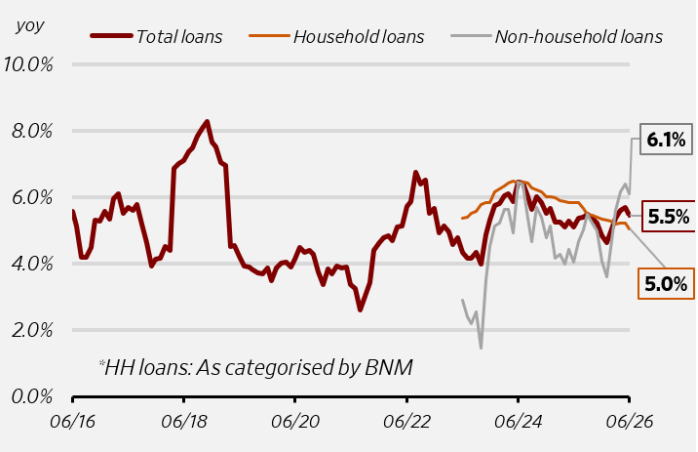
	yoy Growth rates (%)					YTD (%)	mom Growth rates (%)				
	Jun-26	May-26	Apr-26	Mar-26	Jun-25		Jun-26	May-26	Apr-26	Mar-26	Jun-25
Total loans	**5.5**	**5.7**	**5.6**	**5.4**	5.1	**2.8**	**0.4**	**0.5**	**0.2**	**1.0**	0.7
Retail	5.0	5.2	5.3	5.3	6.3	2.1	0.3	0.4	0.4	0.3	0.5
Business	6.1	6.3	6.0	5.4	3.7	3.6	0.6	0.7	-0.0	2.0	0.9
SME	3.3	4.5	4.6	5.5	7.6	0.8	0.4	0.2	-0.6	0.9	1.6
Household loans	5.0	5.2	5.2	5.2	5.9	2.2	0.3	0.4	0.4	0.2	0.5
Non-HH loans	6.1	6.4	6.2	5.6	4.0	3.7	0.7	0.7	-0.1	2.2	0.9
Deposits + repo	**6.0**	**4.4**	**3.4**	**4.2**	2.9	**3.6**	**1.7**	**0.4**	**-0.5**	**1.9**	0.1
Total deposits	**5.6**	**5.2**	**4.3**	**4.8**	3.8	**2.9**	**1.0**	**0.8**	**0.0**	**0.9**	0.6
CASA	7.7	9.6	7.4	9.4	5.2	2.9	1.0	1.5	-2.0	1.3	2.8
FD	0.2	-0.3	-0.3	0.2	2.8	-0.6	0.1	0.0	-0.1	-0.9	-0.4
Total provisions	-4.6	-4.4	-5.1	-5.1	-7.2	3.1	-0.6	1.5	0.4	-0.2	-0.4
Total GIL	6.2	3.8	3.6	3.9	-6.2	7.5	0.9	2.5	0.3	-0.6	-1.4
Leading indicators											
3MA applications	13	9	8	3			3	10	7	6	
Retail	6	2	-2	-1			2	9	3	-0	
Business	22	17	20	8			4	11	11	13	
3MA approvals	13	10	10	13			1	12	5	1	
Retail	4	-0	-0	-0			1	9	5	-1	
Business	20	18	19	25			1	14	5	2	

	Jun-26	May-26	Apr-26	Mar-26	Feb-26	Jun-25
Interest spread	2.39	2.32	2.39	2.37	2.33	2.30
ALR	4.54	4.51	4.53	4.56	4.55	4.89
3M FD rate	2.15	2.19	2.14	2.19	2.22	2.59
Loan approval rate	52	57	49	55	55	54
SME approval rate	58	54	51	43	56	48
GIL ratio	1.43	1.43	1.40	1.40	1.42	1.42
Retail	1.17	1.16	1.12	1.12	1.13	1.14
Business	1.75	1.75	1.73	1.73	1.77	1.77
SME	2.95	3.02	3.00	2.96	2.99	2.84
LLC ratio	81.3	82.6	83.4	83.3	82.9	90.5
CASA ratio	32.3	32.3	32.1	32.7	32.6	31.6
Loan/Deposit ratio	92.1	92.6	92.9	92.8	92.6	92.3
Liquidity coverage ratio	150	149	153	145	149	161
CET 1	0.0	14.0	14.1	14.2	14.3	14.7
Tier 1 Capital	0.0	14.5	14.6	14.7	14.8	15.2
Total Capital	0.0	17.5	17.6	17.7	17.8	18.2

	Period	Forecast	Formerly
Loan growth	CY26	5.0-5.3%	
GDP	CY26	4.5%	
OPR	CY26	2.75%	

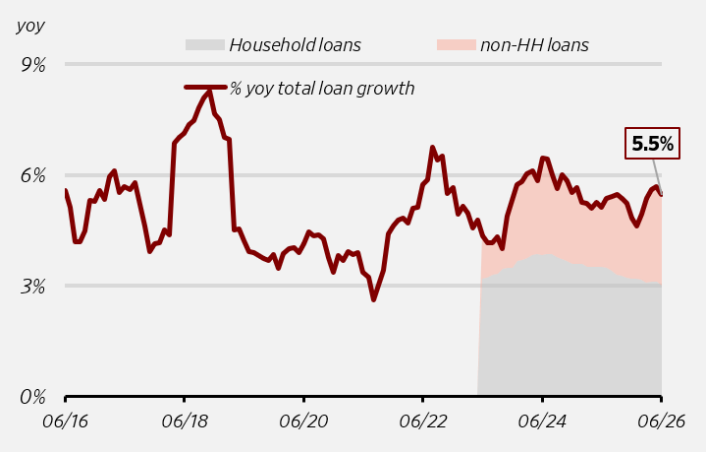
Source: BNM, MBSBR

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



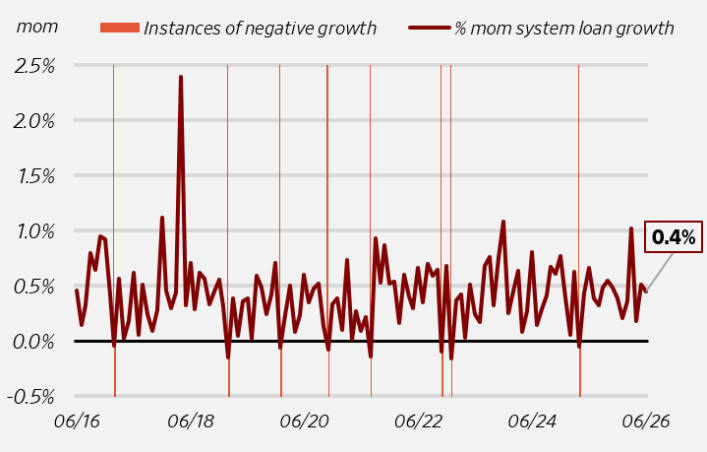
Source: BNM, MBSBR

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



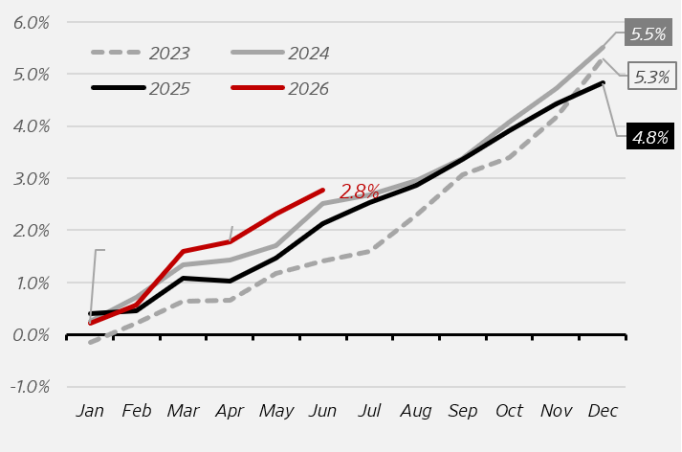
Source: BNM, MBSBR

FIG 5: mom System loans



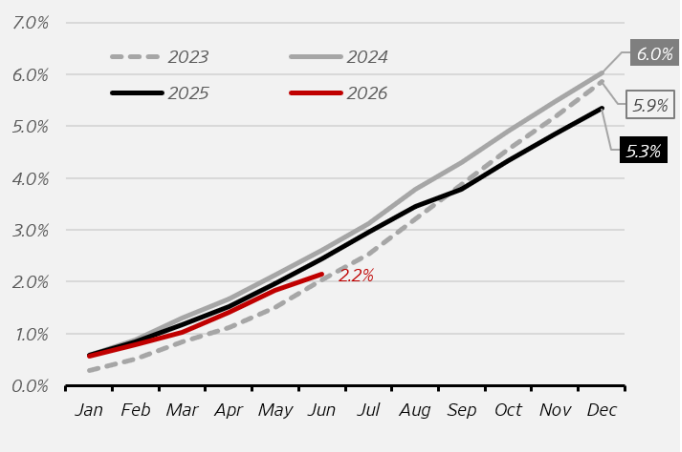
Source: BNM, MBSBR

FIG 6: YTD System loan growth comparison



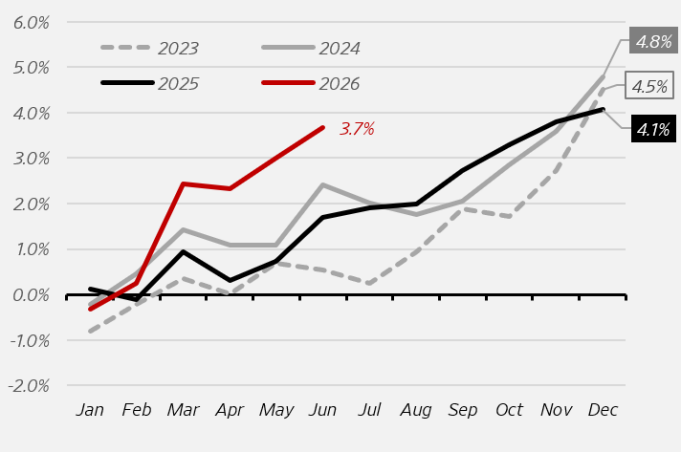
Source: BNM, MBSBR

FIG 7: YTD Household loan growth comparison



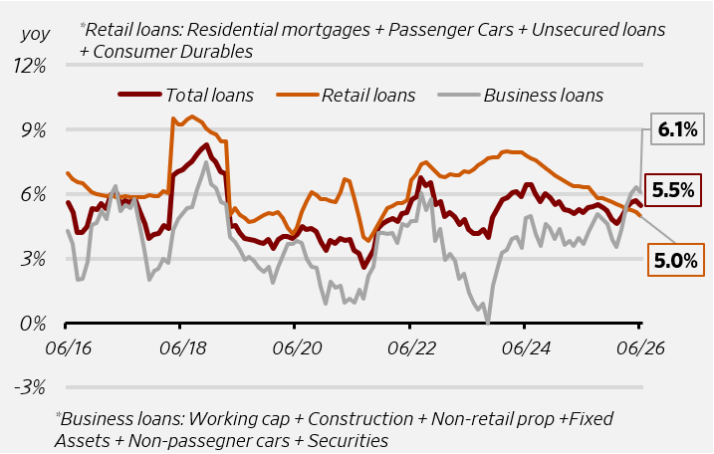
Source: BNM, MBSBR

FIG 8: YTD Non-HH loan growth comparison



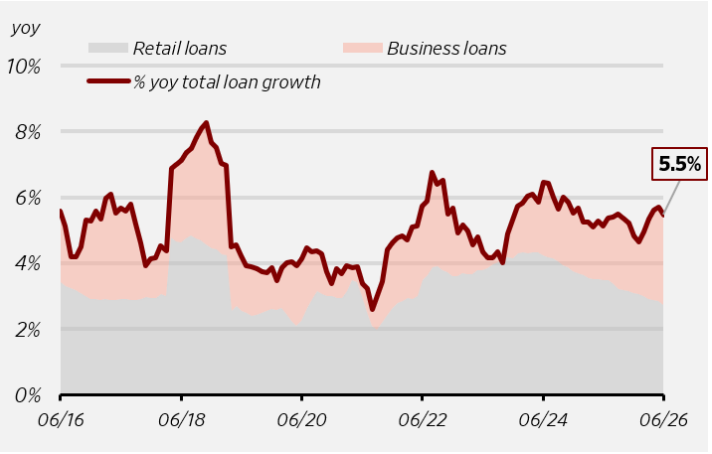
Source: BNM, MBSBR

FIG 9: Retail & business loan growth



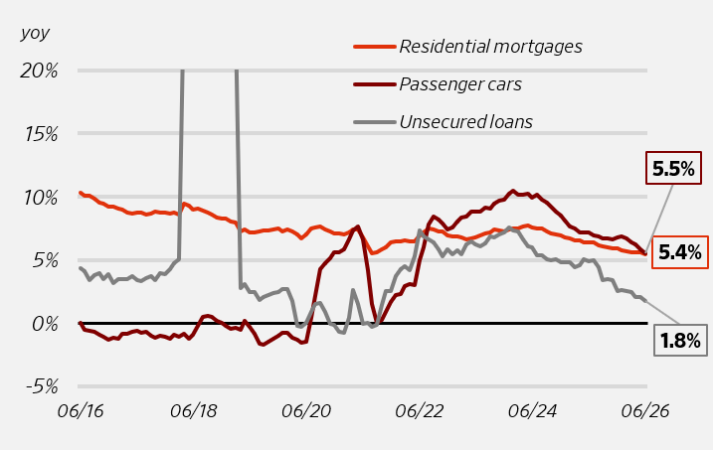
Source: BNM, MBSBR

FIG 10: Retail/business loans as drivers



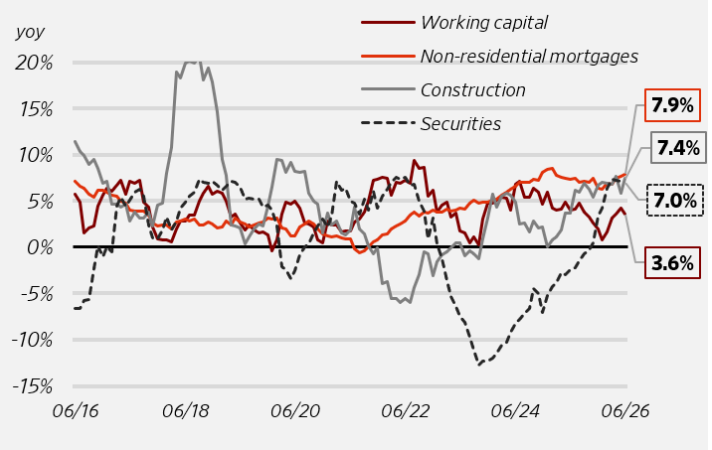
Source: BNM, MBSBR

FIG 11: Retail loan constituents



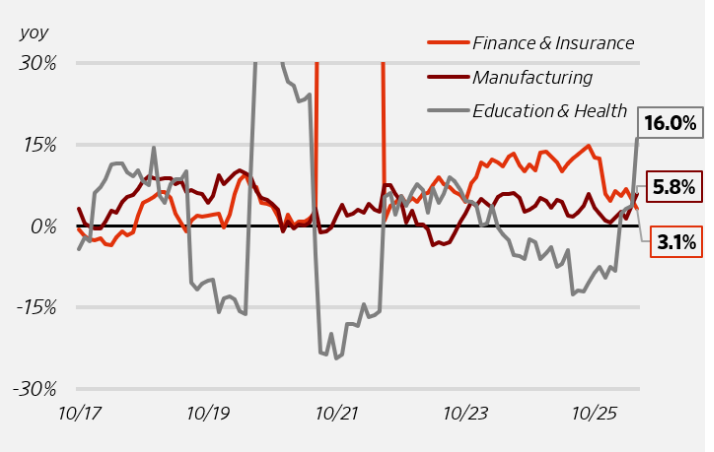
Source: BNM, MBSBR

FIG 12: Business loan constituents



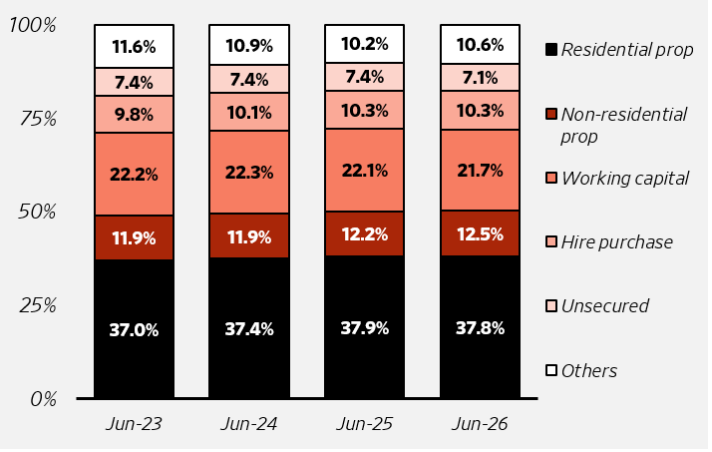
Source: BNM, MBSBR

FIG 13: Loan growth of other sectors



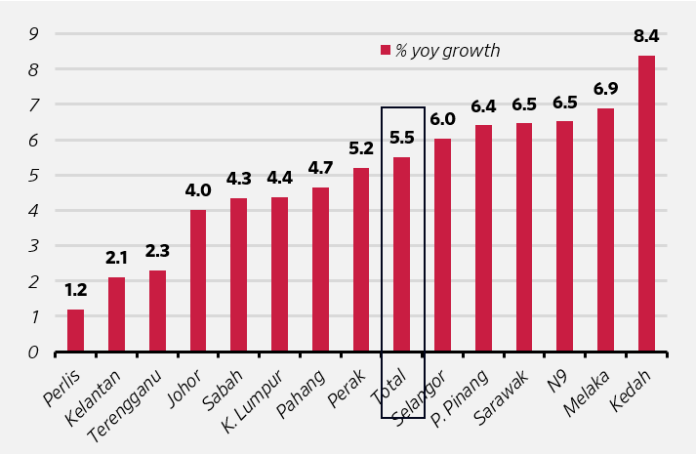
Source: BNM, MBSBR

FIG 14: Loan breakdown by type



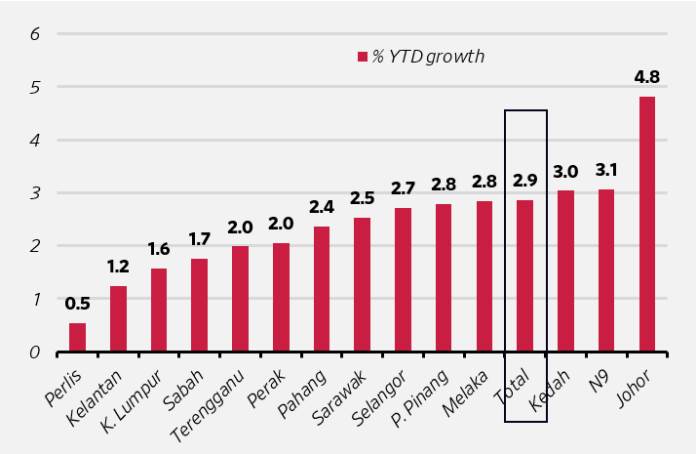
Source: BNM, MBSBR

FIG 15: yoy Loan growth by geography



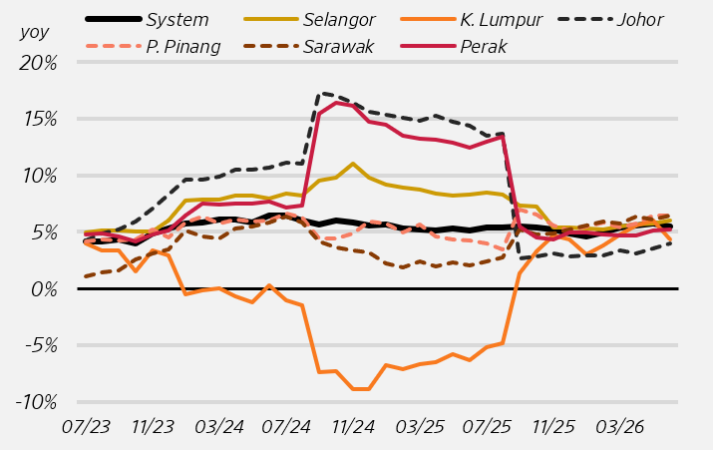
Source: BNM, MBSBR

FIG 16: YTD Loan growth by geography



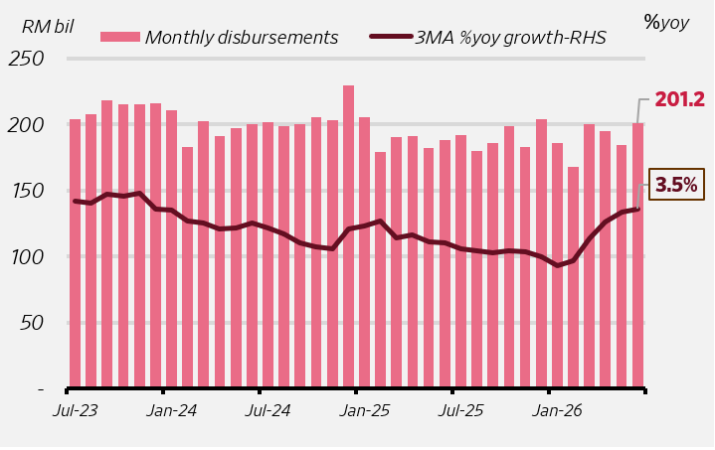
Source: BNM, MBSBR

FIG 17: Geographical loan growth comparison



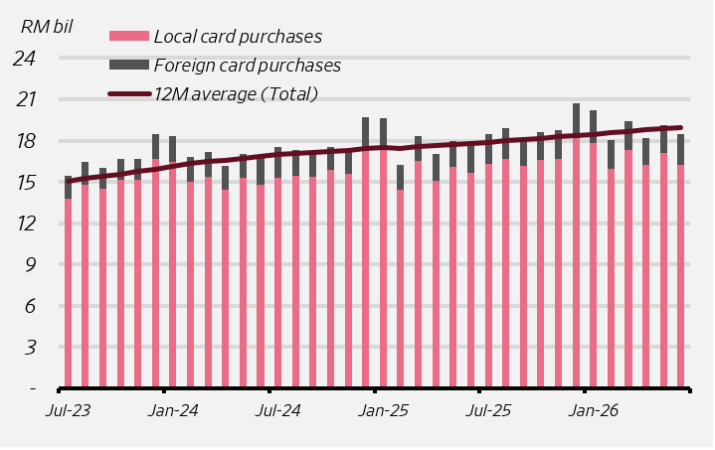
Source: BNM, MBSBR

FIG 18: Monthly disbursements



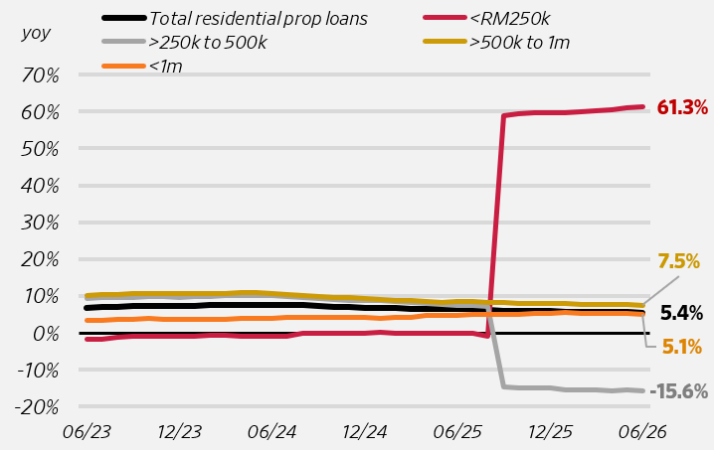
Source: BNM, MBSBR

FIG 19: Credit card purchases



Source: BNM, MBSBR

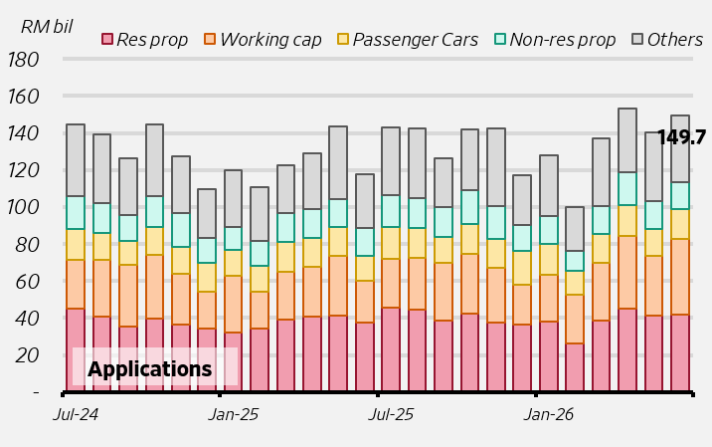
FIG 20: yoy Residential mortgages growth by cost



Source: BNM, MBSBR

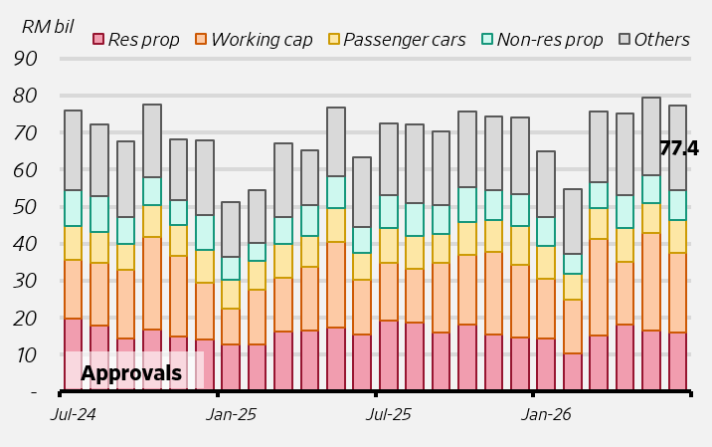
B. LEADING INDICATOR TRENDS

FIG 21: Monthly applications by type



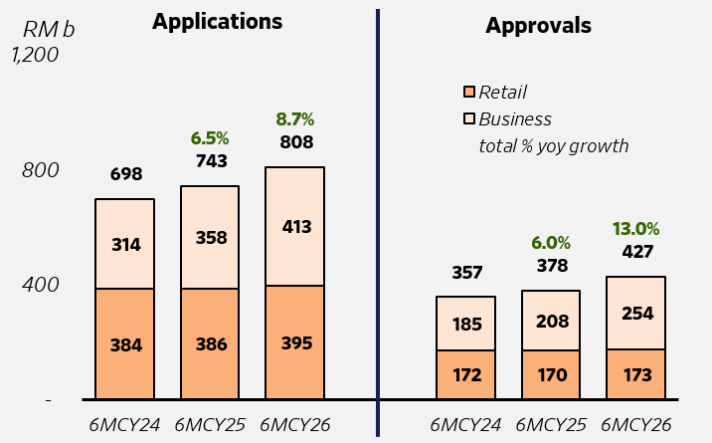
Source: BNM, MBSBR

FIG 22: Monthly approvals by type



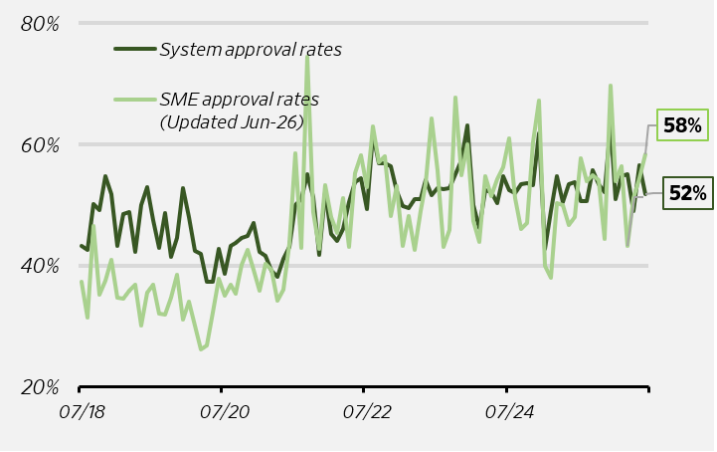
Source: BNM, MBSBR

FIG 23: Cumulative (CY) loan leading indicators



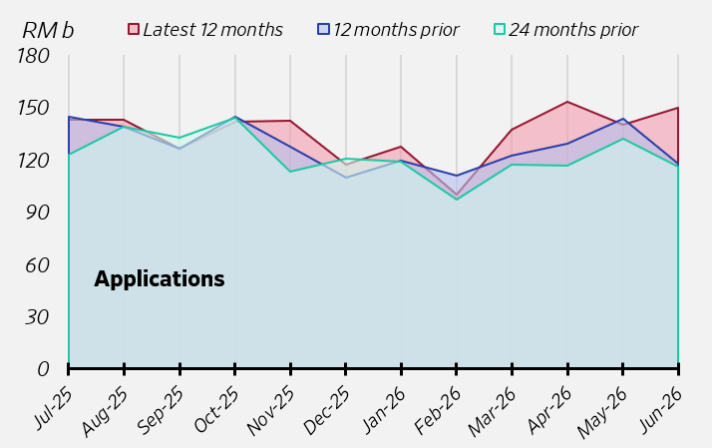
Source: BNM, MBSBR

FIG 24: System & SME approval rates



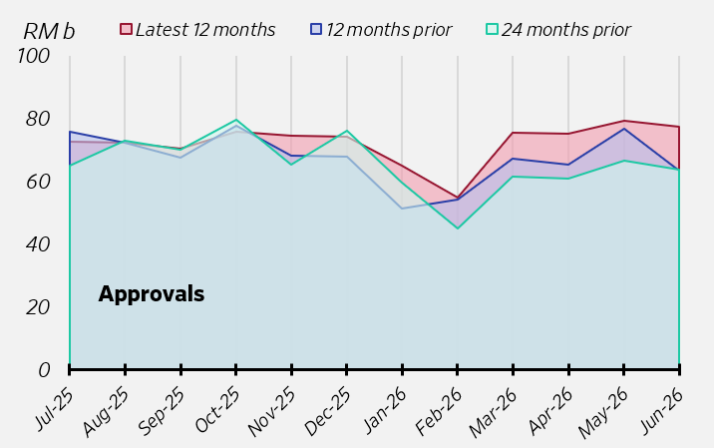
Source: BNM, MBSBR

FIG 25: Monthly loan application comparisons (yoy)



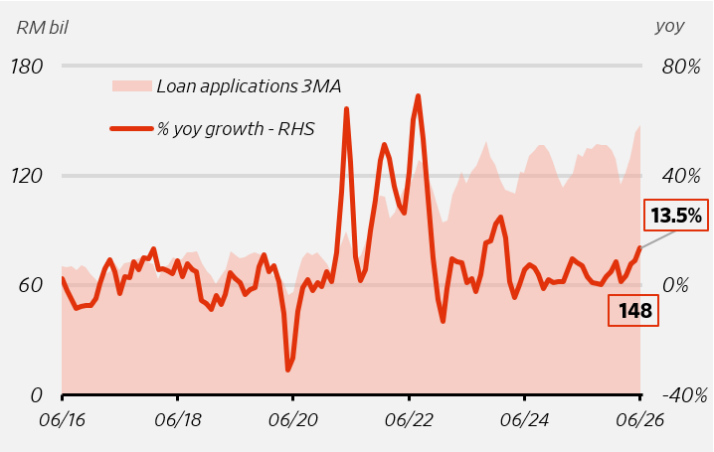
Source: BNM, MBSBR

FIG 26: Monthly loan approval comparisons (yoy)



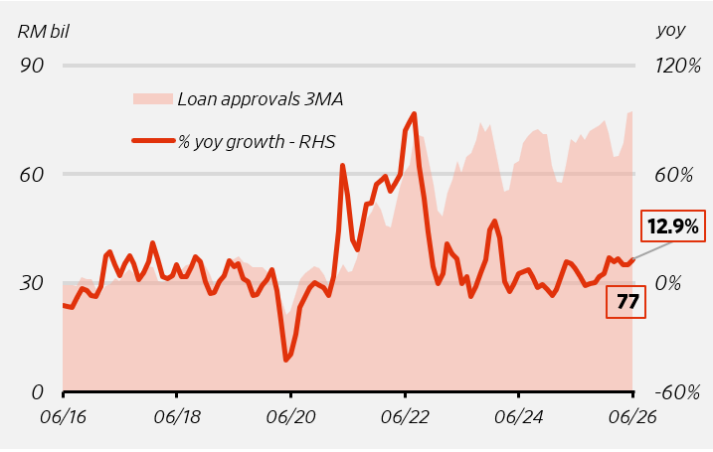
Source: BNM, MBSBR

FIG 27: Loan applications (3-mth average)



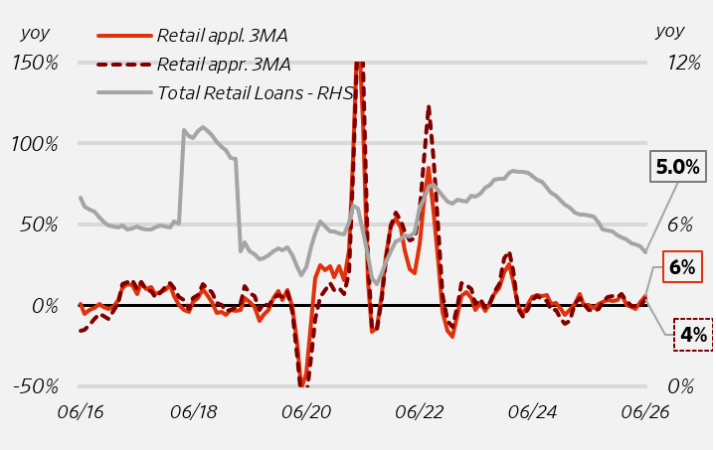
Source: BNM, MBSBR

FIG 28: Loan approvals (3-mth average)



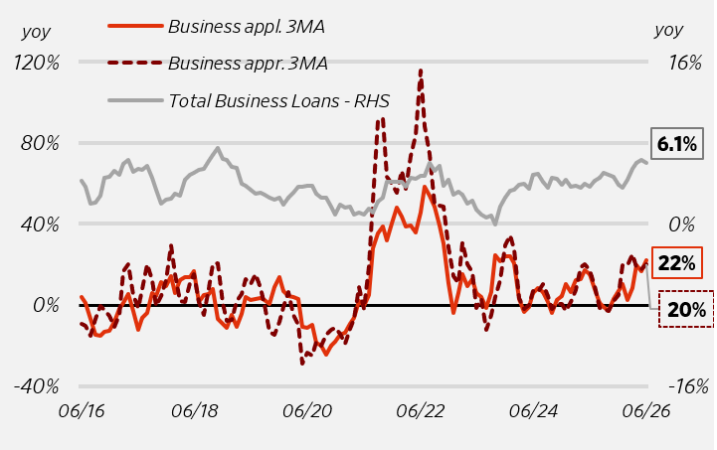
Source: BNM, MBSBR

FIG 29: Retail loan indicators



Source: BNM, MBSBR

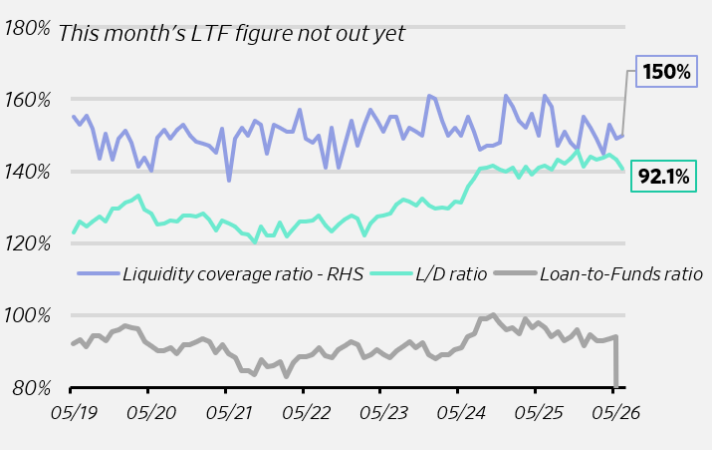
FIG 30: Business loan indicators



Source: BNM, MBSBR

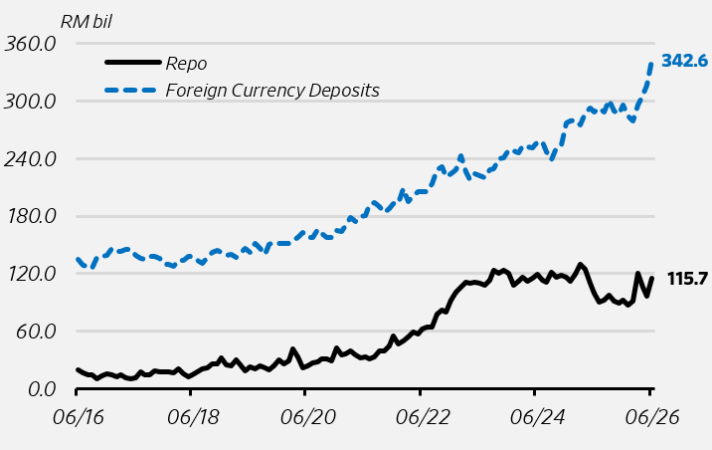
C. DEPOSITS & LIQUIDITY

FIG 31: LCR, LDR & LTF ratio



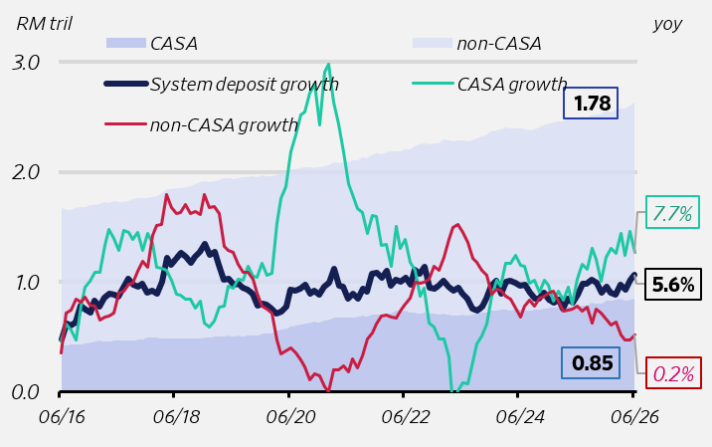
Source: BNM, MBSBR

FIG 32: System deposits, repos, foreign currency deposits



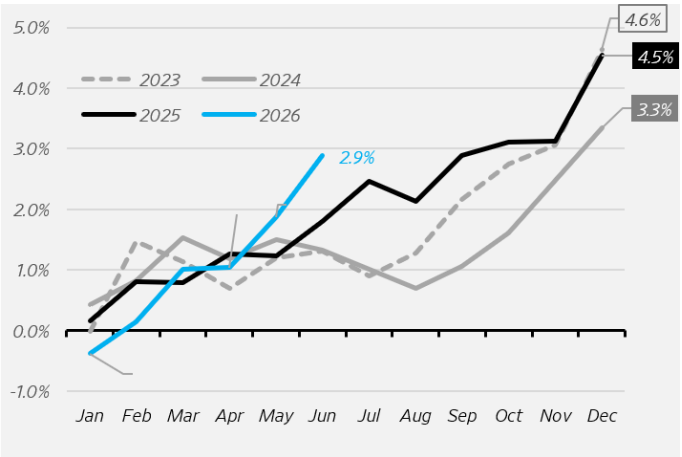
Source: BNM, MBSBR

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



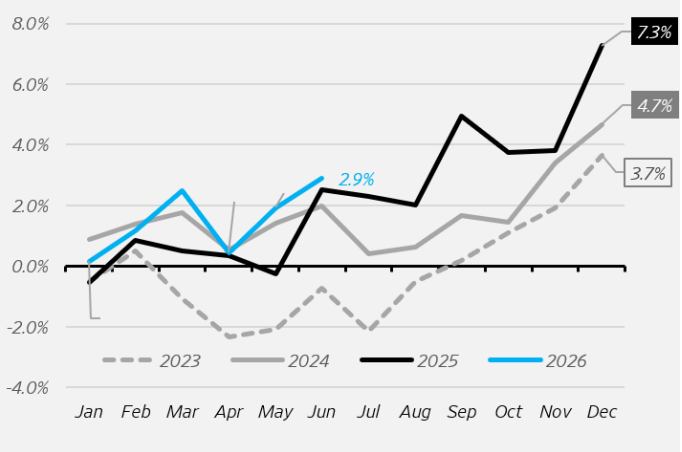
Source: BNM, MBSBR

FIG 34: YTD System deposit growth comparison



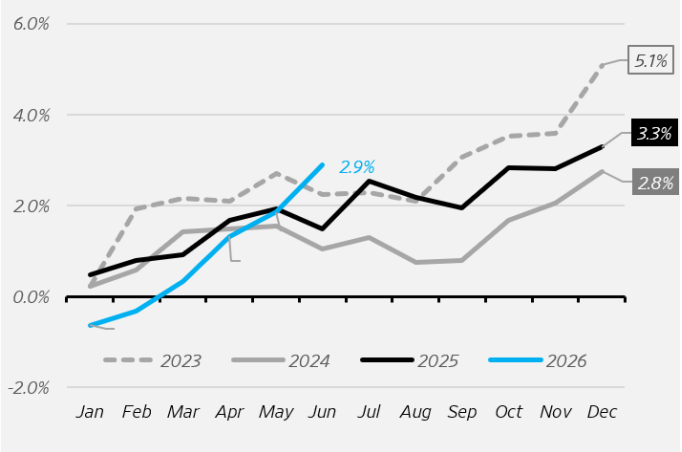
Source: BNM, MBSBR

FIG 35: YTD CASA growth comparison



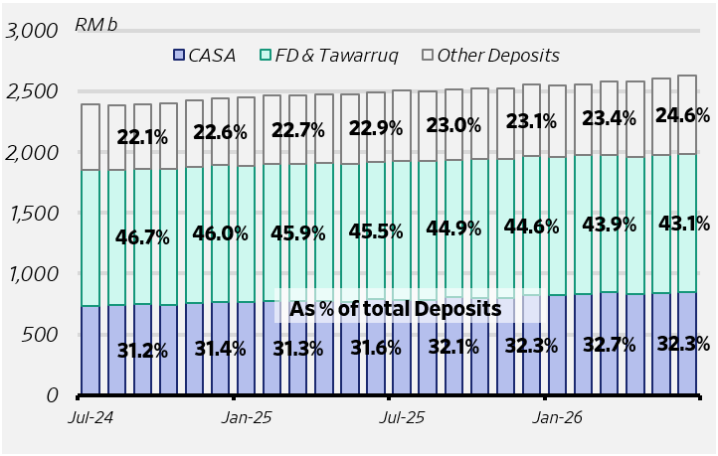
Source: BNM, MBSBR

FIG 36: YTD non-CASA growth comparison



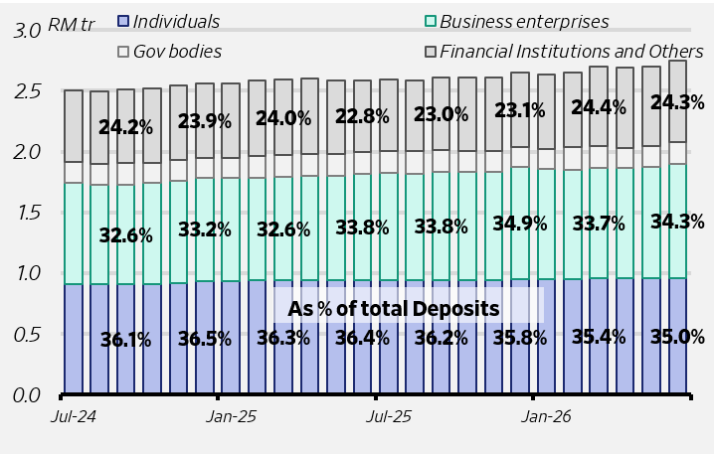
Source: BNM, MBSBR

FIG 37: Deposit breakdown by type



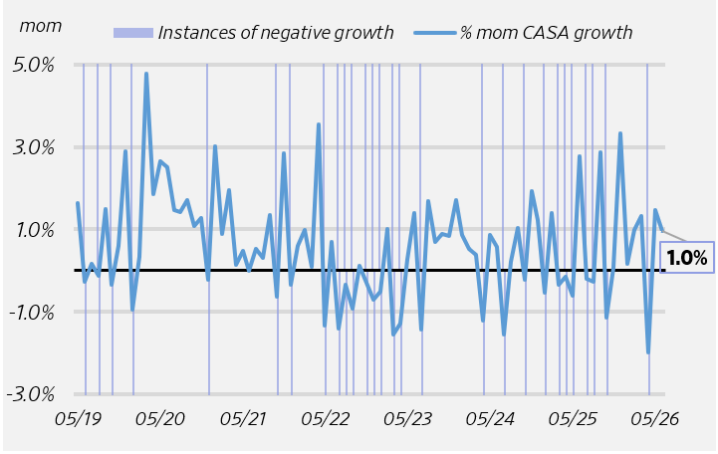
Source: BNM, MBSBR

FIG 38: Deposit breakdown by depositor



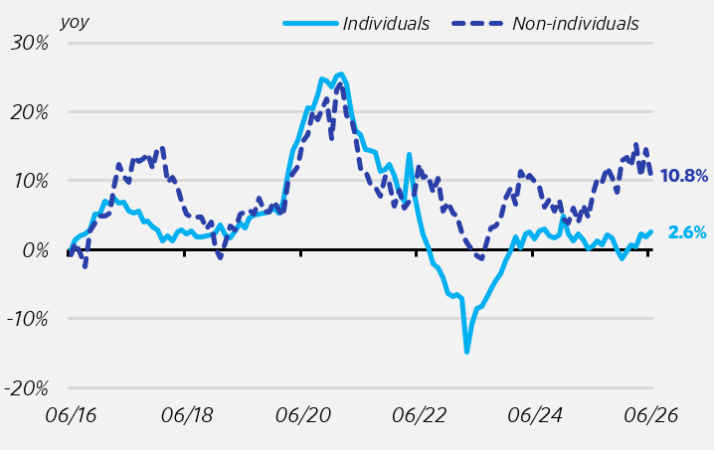
Source: BNM, MBSBR

FIG 39: mom CASA growth



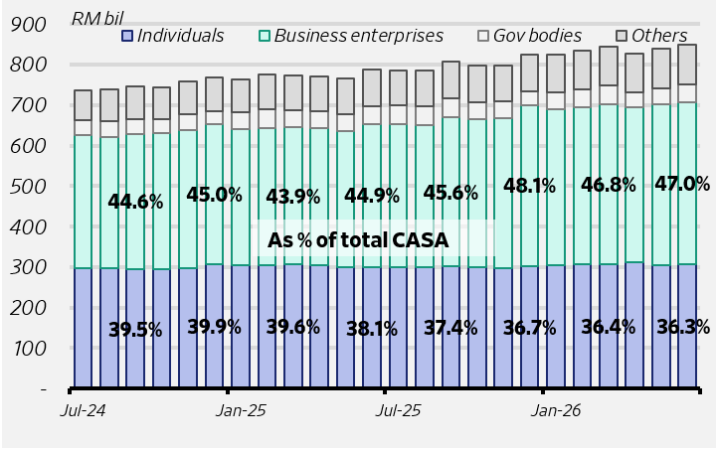
Source: BNM, MBSBR

FIG 40: yoy CASA growth by depositor



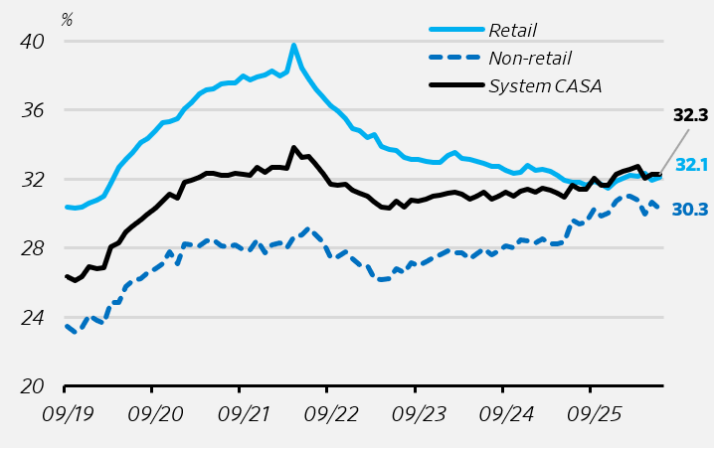
Source: BNM, MBSBR

FIG 41: CASA breakdown by depositor



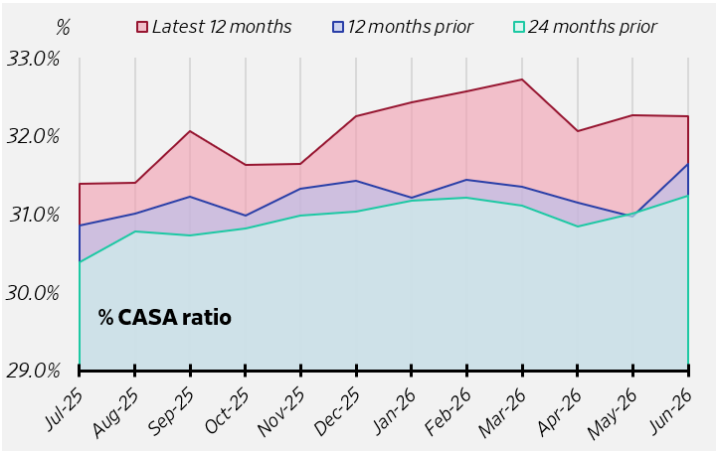
Source: BNM, MBSBR

FIG 42: CASA ratio by depositor



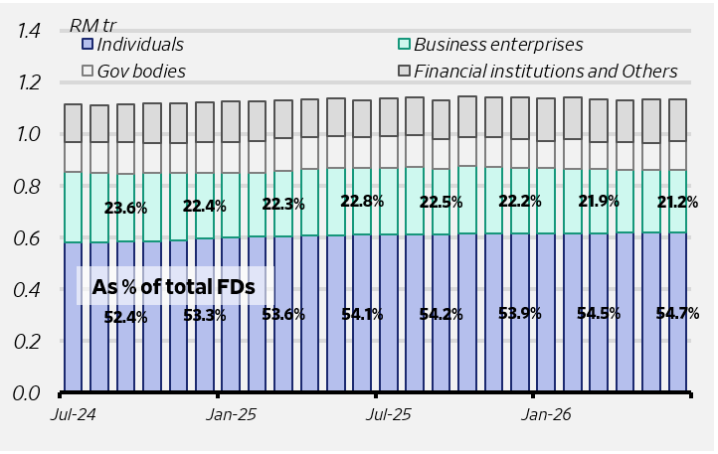
Source: BNM, MBSBR

FIG 43: Monthly CASA ratio comparisons (yoy)



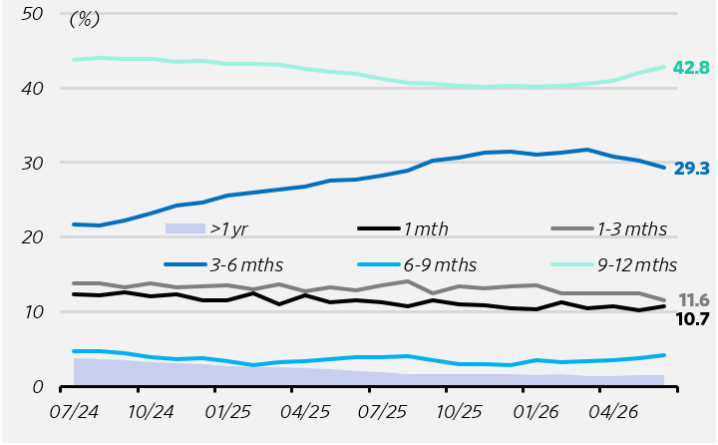
Source: BNM, MBSBR

FIG 44: FD breakdown by depositor



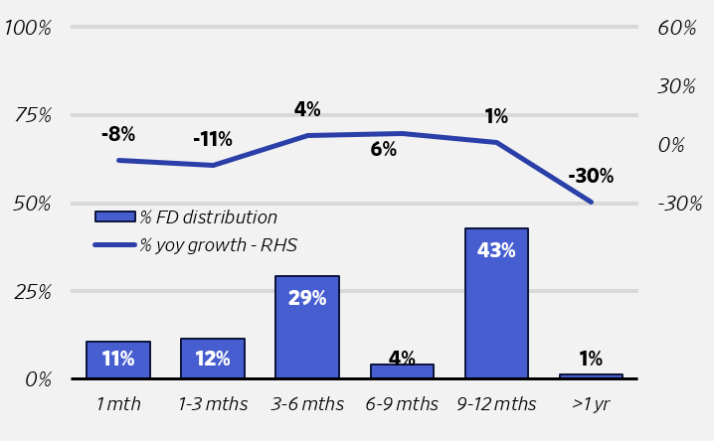
Source: BNM, MBSBR

FIG 45: % of FDs by maturity bracket



Source: BNM, MBSBR

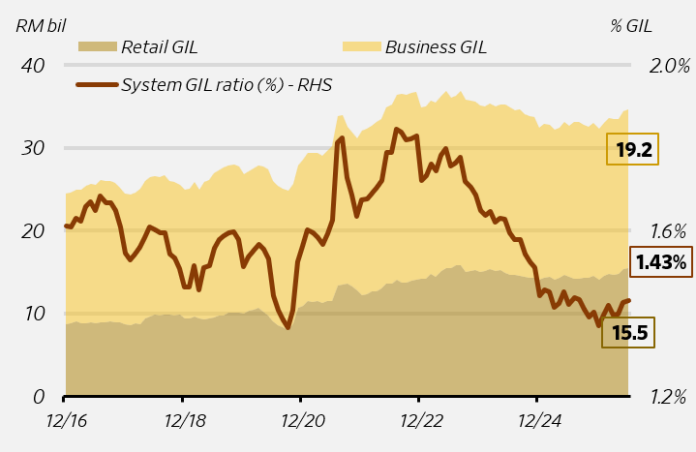
FIG 46: FD by maturity brackets and yoy growth



Source: BNM, MBSBR

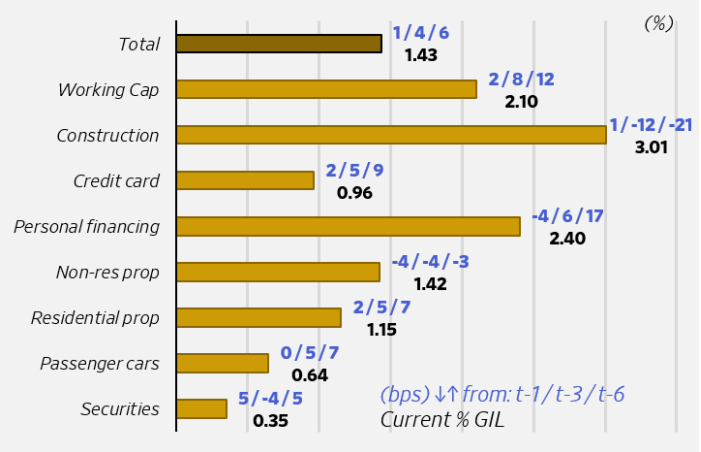
D. ASSET QUALITY & PROVISIONING

FIG 47: System gross impaired loans



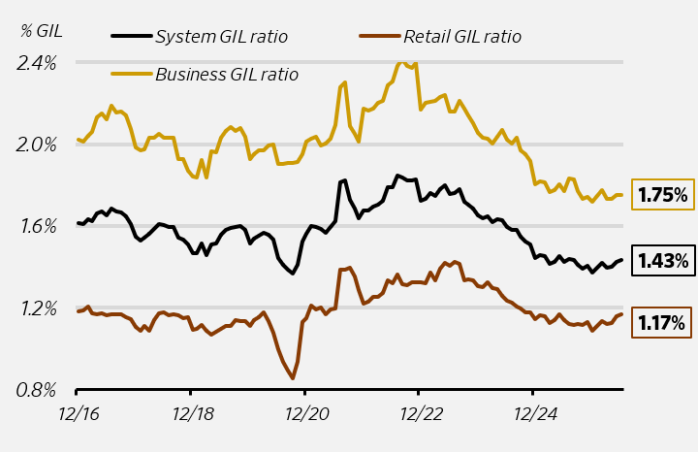
Source: BNM, MBSBR

FIG 48: Segmental GIL ratio changes



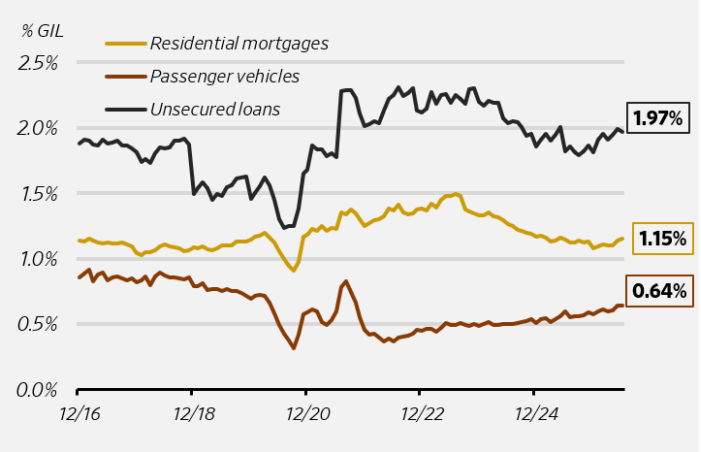
Source: BNM, MBSBR

FIG 49: System, Retail, Business GIL ratios



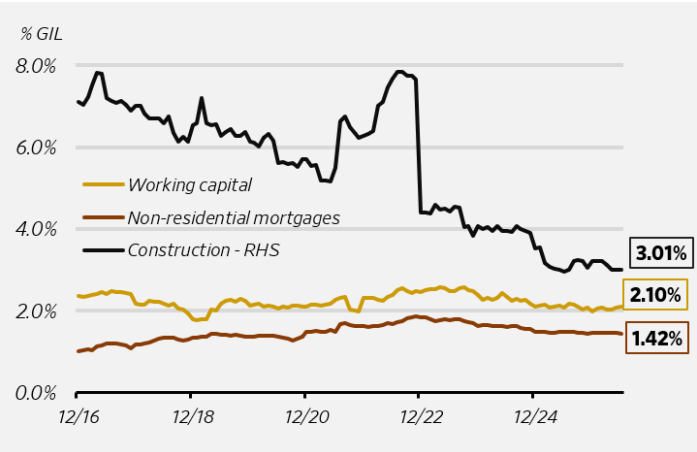
Source: BNM, MBSBR

FIG 50: Retail GIL ratios



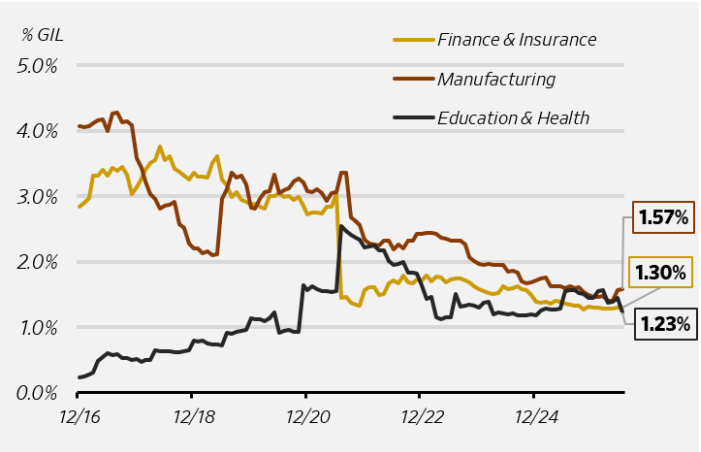
Source: BNM, MBSBR

FIG 51: Business GIL ratios



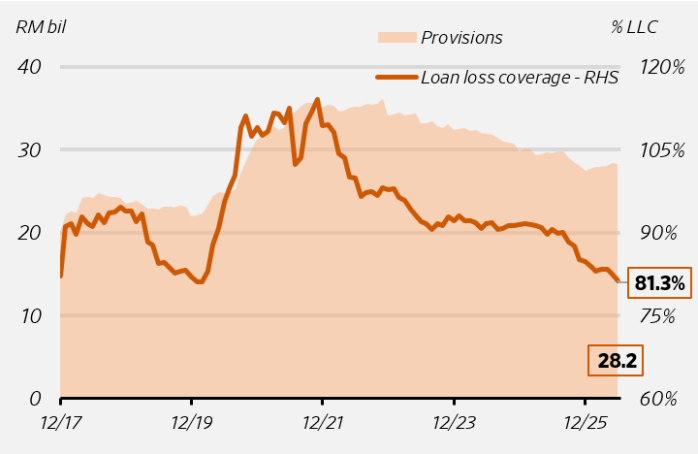
Source: BNM, MBSBR

FIG 52: GIL ratios of other sectors



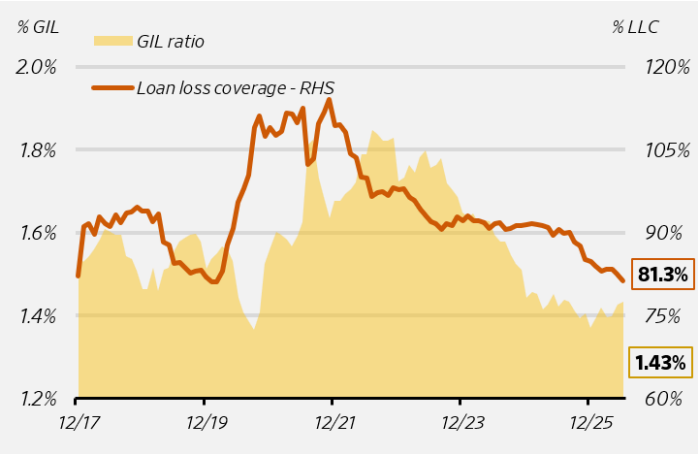
Source: BNM, MBSBR

FIG 53: Provisions & loan loss coverage



Source: BNM, MBSBR

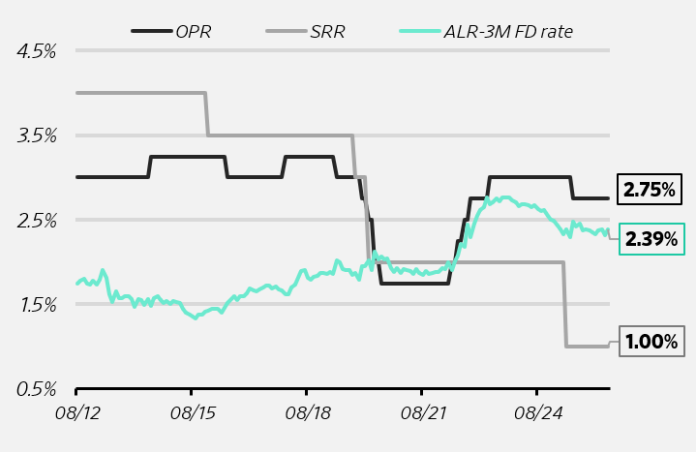
FIG 54: LLC & GIL ratio



Source: BNM, MBSBR

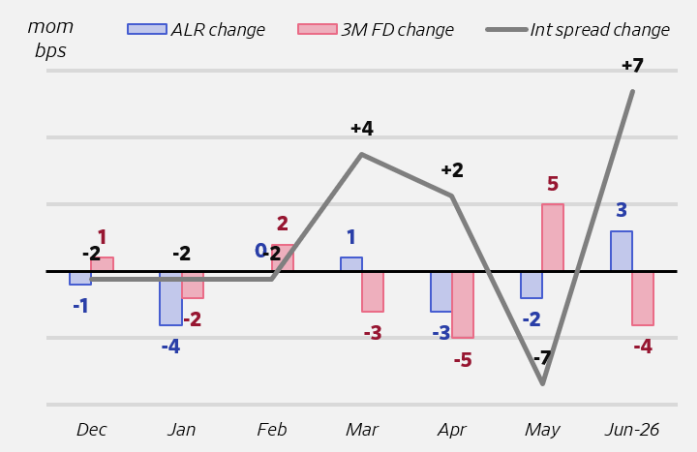
E. INTEREST SPREAD AND CAPITAL

FIG 55: Interest spread, OPR, SRR



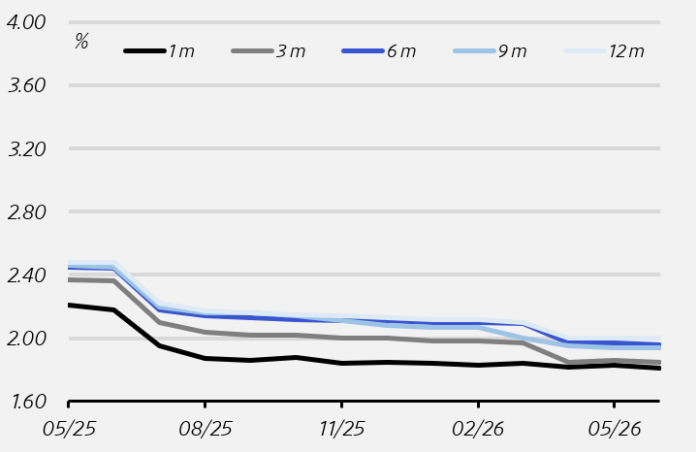
Source: BNM, MBSBR

FIG 56: mom Changes in interest spreads



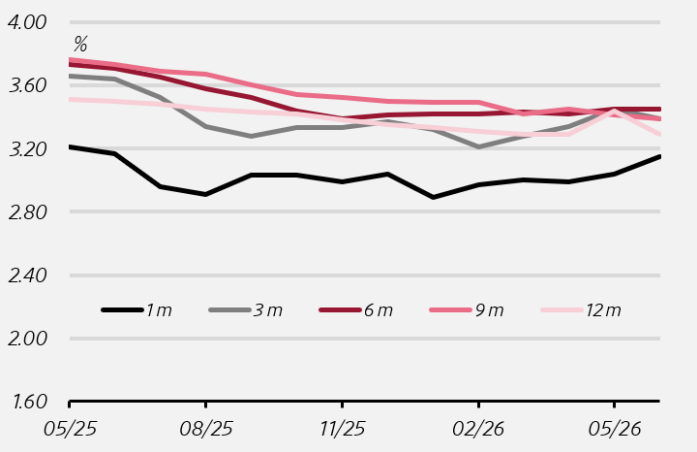
Source: BNM, MBSBR

FIG 57: Weighted avg Conv. FD rates by bracket



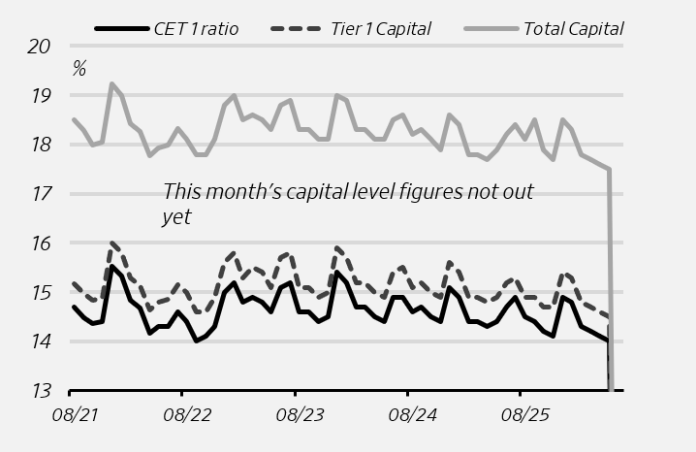
Source: BNM, MBSBR

FIG 58: Weighted avg Isl. FD rates by bracket



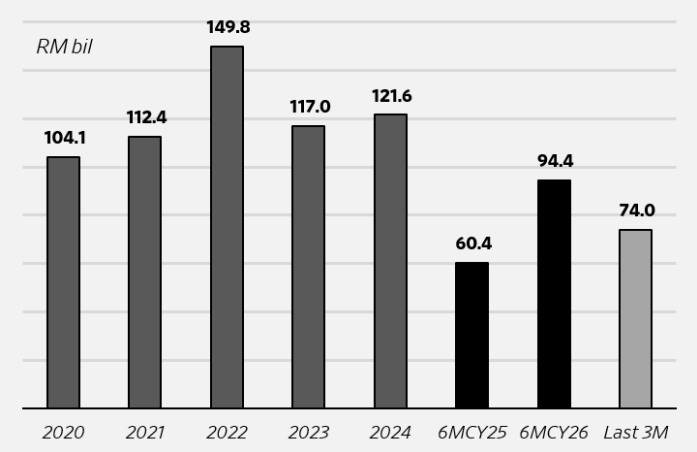
Source: BNM, MBSBR

FIG 59: Capital ratios



Source: BNM, MBSBR

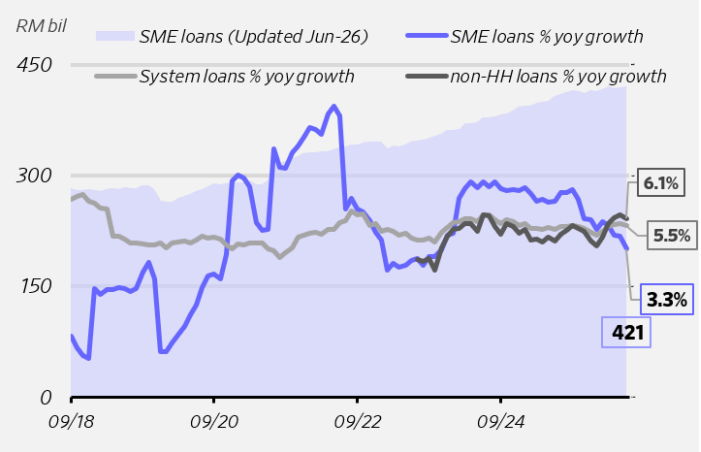
FIG 60: Bond/Sukuk issuances



Source: BNM, MBSBR

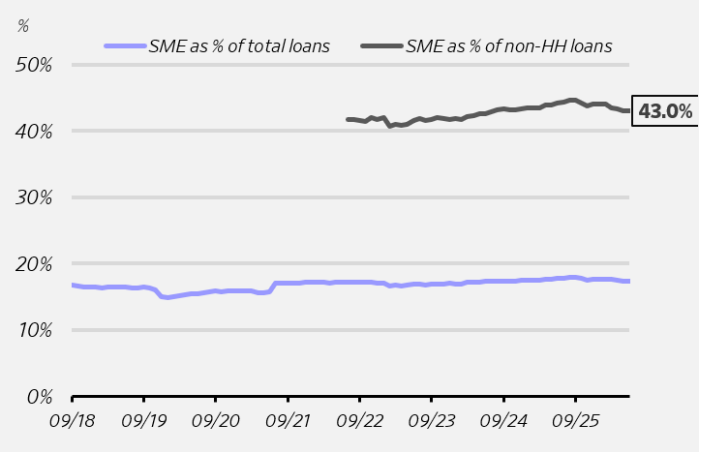
F. SME DATA

FIG 61: SME loans



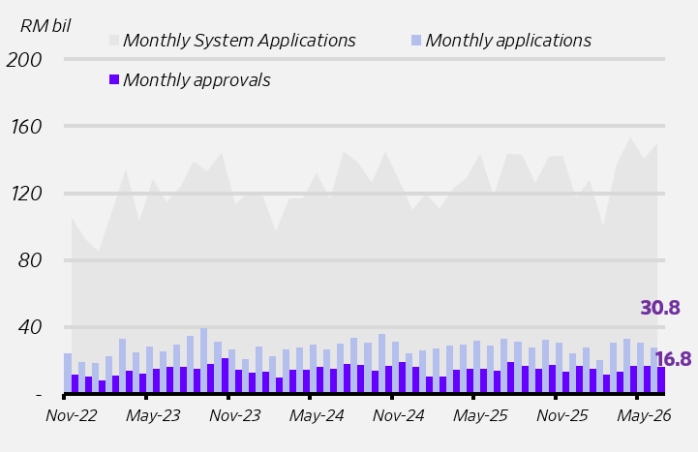
Source: BNM, MBSBR

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



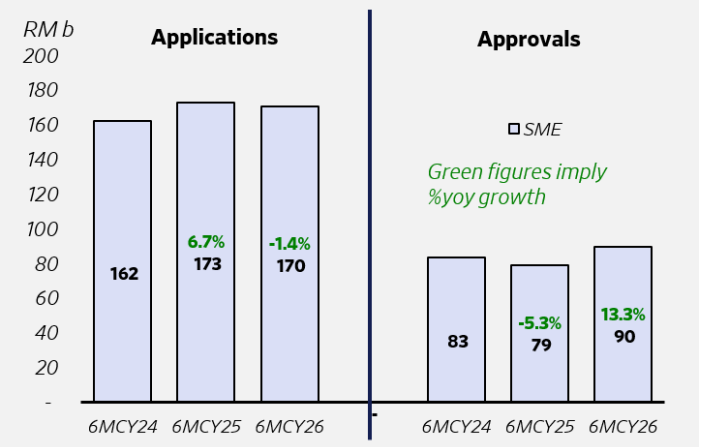
Source: BNM, MBSBR

FIG 63: SME Monthly leading indicators



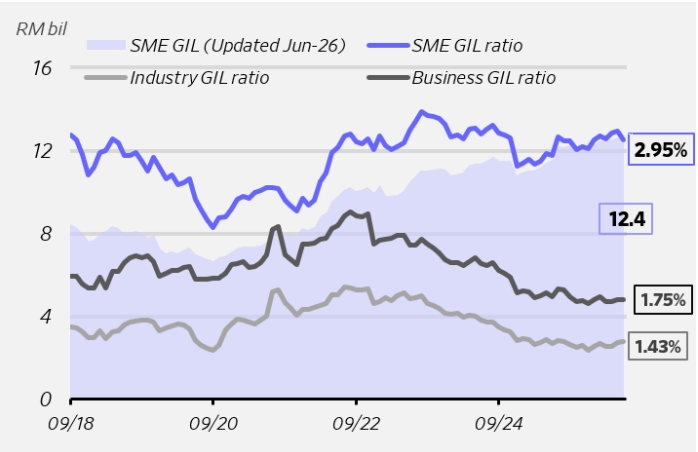
Source: BNM, MBSBR

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
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
Mar-26	2.40	5.4	1.0	5.3	0.3	54.8	5.4	2.0	45.2
Apr-26	2.40	5.6	0.2	5.3	0.4	54.9	6.0	-0.0	45.1
May-26	2.41	5.7	0.5	5.2	0.4	54.9	6.3	0.7	45.1
Jun-26	**2.42**	**5.5**	**0.4**	**5.0**	**0.3**	**54.8**	**6.1**	**0.6**	**45.2**

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
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
Mar-26	5.6	6.5	2.5	3.2	6.9	6.8	7.3
Apr-26	5.6	6.3	2.1	3.6	7.5	7.7	7.2
May-26	5.6	5.9	2.1	4.2	7.6	5.8	7.1
Jun-26	**5.4**	**5.7**	**1.8**	**3.6**	**7.9**	**7.4**	**7.0**

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
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	2.5	0.6	0.9	-0.3	1.9
Mar-26	0.3	0.4	0.1	2.6	0.6	1.1	0.4
Apr-26	0.5	0.4	-0.5	-0.6	0.7	1.9	-0.1
May-26	0.4	0.3	0.6	0.9	0.6	0.3	-0.1
Jun-26	**0.4**	**0.2**	**0.6**	**0.5**	**0.9**	**1.4**	**0.3**

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)
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	11.8	-9.2
Mar-26	121.6	3.4	5.9	65.1	13.1	0.8
Apr-26	130.1	7.8	7.0	68.5	10.0	5.1
May-26	143.6	9.0	10.3	76.7	10.0	12.0
Jun-26	**147.7**	**13.5**	**2.9**	**77.3**	**12.9**	**0.8**

Source: BNM, MBSBR

FIG 70: Loan approval rates

Date	System loans (%)	Retail loans (%)	Business loans (%)	SME loans (%)
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	54.8	44.7	64.7	56.5
Mar-26	55.1	43.9	65.4	43.4
Apr-26	49.0	44.7	53.0	51.1
May-26	56.6	43.6	68.5	54.5
Jun-26	**51.7**	**42.8**	**59.6**	**58.3**

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
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
Mar-26	-2	2	-2	8	-0	-1	16
Apr-26	-3	-1	-1	32	-1	20	24
May-26	3	-1	1	20	6	17	37
Jun-26	**7**	**5**	**1**	**38**	**5**	**4**	**54**

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
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	-1	29
Mar-26	-5	-1	13	45	12	-12	17
Apr-26	-5	-2	16	24	4	-12	13
May-26	-1	-3	9	27	-3	-18	52
Jun-26	**2**	**5**	**7**	**18**	**3**	**28**	**80**

Source: BNM, MBSBR

FIG 73: System deposits

Date	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Mar-26	2,702	4.2	1.9	92.8
Apr-26	2,688	3.4	-0.5	92.9
May-26	2,700	4.4	0.4	92.6
Jun-26	**2,745**	**6.0**	**1.7**	**92.1**

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 (%)
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
Mar-26	845	9.4	1.3	32.7	1,133	0.2	-0.9	43.9
Apr-26	828	7.4	-2.0	32.1	1,132	-0.3	-0.1	43.9
May-26	840	9.6	1.5	32.3	1,133	-0.3	0.0	43.5
Jun-26	**848**	**7.7**	**1.0**	**32.3**	**1,134**	**0.2**	**0.1**	**43.1**

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 (%)
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
Mar-26	2,396	-0.6	1.40	27.9	83.3
Apr-26	2,400	0.3	1.40	28.0	83.4
May-26	2,412	2.5	1.43	28.4	82.6
Jun-26	**2,423**	**0.9**	1.43	**28.2**	**81.3**

Source: BNM, MBSBR

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

Date	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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	2.33
Mar-26	4.56	2.19	2.37
Apr-26	4.53	2.14	2.39
May-26	4.51	2.19	2.32
Jun-26	**4.54**	**2.15**	**2.39**

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 (%)
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	5.9	0.6	17.6	2.99
Mar-26	420	5.5	0.9	17.6	2.96
Apr-26	418	4.6	-0.6	17.4	3.00
May-26	419	4.5	0.2	17.4	3.02
Jun-26	**421**	**3.3**	**0.4**	**17.4**	**2.95**

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)
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
Mar-26	26.2	0.4	1.1	13.2	12.3	-8.3
Apr-26	28.0	0.4	1.9	13.9	4.4	4.9
May-26	31.6	0.3	0.3	15.7	6.2	13.0
Jun-26	**30.5**	**0.2**	**1.4**	**16.6**	**14.2**	**5.8**

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
	CASA – Current & Savings accounts	P/BV – Price to Book Value
NII – Net Interest Income	FD – Fixed Deposits	BVPS – Book Value per Share
NIM – Net Interest Margin	GIL – Gross Impaired Loans	BNM – Bank Negara Malaysia
COF – Cost of Funds	NIL – Net Impaired Loans	OPR – Overnight Policy Rate
NOII – Non-Interest Income	LLC – Loan Loss Coverage	SRR – Statutory Reserve Requirement
MTM – Mark to Market	NCC – Net Credit Costs	SBR – Standardised Base Rate
CIR – Cost to Income Ratio	GCC – Gross Credit Costs	ALR – Average Lending Rate
OPEX – Operational Expenses	CET 1 – Common Equity Tier 1	

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MBSB 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