Banking

POSITIVE (Maintain)

Jul-26: Momentum Continues

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HIGHLIGHTS

- ▲ **(1) Strong loan growth momentum persists, driven largely by business loans (2) Strongest-ever month for leading indicators.**
- ▼ **(1) A weaker month for deposits, largely driven by a fall in CASA (but improvement in FDs).**
- ► **(1) Flattish GIL ratio movement, (2) Flattish FD and lending rates.**
- **Maintain POSITIVE call: Jul-26's banking stats are supportive of the strong positive momentum persisting. Post-results season, we have better clarity on the sector's outlook – tailwinds far outweigh headwinds.**

Sector Verdict

Most banks are guiding for a stronger 2HCY26. This is already welcoming enough, but the market is already looking ahead to an even better CY27. Valuations may be tighter than before, but further positive share rerating is possible based on improved macroeconomic growth prospects, expectations of better earnings recovery and asset growth, confirmation of limited asset quality impact, and further likelihood of dividend upside via capital release and payout ratio increases.

Core Themes

1. ▲ **Core beneficiary of emerging market inflows.** Local banks are particularly attractive within the region. Banks serve as a proxy for the economy, which has seen GDP outperforming expectations. Also, local banks are much more defensive than their peers, attributable to geopolitical stability, excellent dividend yields, and superior asset quality.
2. ▲ **Dividend outlook remains very bright.** Two banks confirmed their intention to raise dividend payouts this quarter, and there's room for further capital release initiatives ahead. 4QCY26 is the quarter to look to: Special dividends will be issued then.
3. ▲ **Fee income is driving the topline, though non-fee income could see some weakness.** The core driver is wealth management income, which sees a surge as wealth fees are diverted from the Middle East to the ASEAN region. However, non-fee NOII outlook remains uncertain after a hard 1HCY26.
4. ▲ **Cost pressures surprisingly well maintained.** Despite initial concerns about cost inflation and high tech spend, this quarter saw very low OPEX inflation across the board. This is a sign that tech efficiencies are already bringing in savings.
5. ▲ **Loan growth is ramping up, as economic sentiment improves.** Business loans have been on a hot streak. The latest BNM banking stats imply that this momentum should remain.
6. ► **Liquidity is still flush, but more competitive in certain brackets.** CASA growth remains strong, and non-deposit funding is still in high demand.
7. ► **Asset quality problems confined to smaller banks – otherwise, nothing overly concerning.** Stress comes primarily from the retail portfolio – in residential mortgages and unsecured loans, loan segments which most banks are avoiding. 2HCY26's NCC should be far lower, with several one-off overlays already made during this quarter.
8. ▼ **NIM weakness to persist.** While further steep compression is unlikely, most banks don't expect much recovery in subsequent quarters. Expect deposit competition to remain tight, as long as the high loan demand persists. We are more confident in the longer-term NIM outlook, when enough higher-yielding loans have been accumulated to bring visible impact to asset yields.

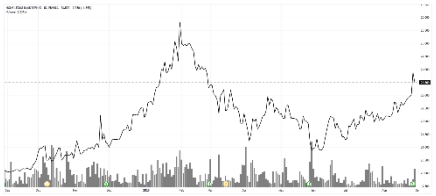
COMPANY *IN FOCUS*

HL Bank

Maintain BUY | Target Price: RM29.80
Price @ 28 August 2026: RM23.50

- Increases dividend payout yearly, with enough capital to spare.
- Defensive pick: Asset quality and provisioning remain the industry's best.
- Regional presence gives HLBK more room to grow loan growth and fee income than most.

SHARE PRICE CHART



ABMB

Maintain BUY | Target Price: RM6.10
Price @ 28 August 2026: RM4.92

- As loan growth targets are no longer as high, ABMB can devote attention to developing a fee income franchise, cross-sell CASA, and hoard capital to raise dividend payout.
- Still, loan growth is just high enough for market share capture to persist.
- Intends to raise dividend payout levels.

SHARE PRICE CHART



FIG 1: Overview of Major Indicators

Category	Performance	Notes
Loans	▲ **System loans:** +5.6%yoy | +0.5%mom ▲ **Household loans:** +5.0%yoy | +0.5%mom ▲ **Non-household loans:** +6.4%yoy | +0.5%mom	Household loans were steady, but business loans continued their strong surge, while non-commercial property and construction continued to act as core drivers. Unsecured loans have lost their popularity as of late.
Leading Indicators	▲ **System:** Excellent month **Approval rates:** 54%	Both applications and approvals saw their strongest month ever – the surge was driven by working capital and "other" loans.
Deposits	▲ **Deposits + repos:** +5.6%yoy | -0.1%mom ► **Deposits (ex-repos):** +4.6%yoy | -0.4%mom ► **FD:** -0.1%yoy | +0.4%mom ► **CASA:** +7.1%yoy | -0.8%mom **Loan/Deposit ratio:** 93.0% **Loan Coverage ratio:** 149%	Deposits saw a sequential month contraction, with FDs showing their strongest monthly growth in some time (at the detriment of CASA.
GIL ratio	► **System GIL ratio:** 1.43% | 0bps mom ► **Retail:** 1.16% | 0bps mom ▲ **Business:** 1.75% | -1bps mom	▼ **Notable deteriorations, mom:** Personal financing +2bps, Credit cards +2bps. ▲ **Notable improvements, mom:** Construction -3bps, Securities -5bps.
Interest rates	► **FD rates (Conv):** Flattish ► **FD rates (Isl):** Some divergence between brackets, but for the most part flattish ▲ **Lending rates (ALR):** +1bps mom	Banks warn that deposit competition should persist as long as loan demand remains elevated.

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. Further asset quality flare-ups and instances of higher provisioning.

Top Picks: HL Bank (BUY, TP: RM29.80) and **ABMB (BUY, TP: RM6.10).**

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	10.68	12.36	15.7	129.1	FY27F	1.48	11.1	3.0	8.5	12.0	11.7	1.33	1.28	11.3	11.1	6.0	6.2
CIMB	BUY	7.96	9.29	16.7	85.1	FY27F	1.33	10.9	4.0	9.2	11.0	10.6	1.17	1.14	10.8	10.9	5.8	6.1
PBK	BUY	4.95	5.53	11.7	96.0	FY27F	1.68	12.1	3.5	8.6	13.5	12.7	1.55	1.50	11.7	12.1	5.6	5.9
RHB	BUY	8.68	9.51	9.6	38.1	FY27F	1.12	9.4	4.0	8.8	11.4	11.1	1.07	1.02	9.6	9.4	5.3	5.4
HLBK	^BUY	23.50	29.80	26.8	48.2	FY27F	1.39	11.0	4.0	9.0	10.2	9.6	1.10	1.05	11.0	11.1	5.3	5.9
AMMB	BUY	6.90	8.09	17.2	22.8	FY28F	1.15	9.4	4.0	8.7	10.9	10.6	1.02	0.98	9.5	9.4	5.5	5.6
BIMB	NEUTRAL	2.10	2.12	1.0	4.7	FY27F	0.59	6.6	4.0	8.5	9.6	9.0	0.61	0.59	6.2	6.6	6.2	6.6
AFFIN	NEUTRAL	2.05	2.28	11.2	5.3	FY27F	0.45	4.7	3.0	6.8	10.3	8.7	0.42	0.40	4.1	4.7	3.9	4.5
ABMB	^BUY	4.92	6.10	24.1	8.5	FY28F	1.06	9.7	5.0	9.4	9.5	9.1	0.91	0.85	9.8	9.7	4.3	4.7
Total Weighted avg											11.7	11.2	1.26	1.21	10.9	10.9	5.7	5.9
Large-Cap	MAY, CIMB, PBK										12.2	11.7	1.36	1.31	11.3	11.4	5.8	6.1
Mid-Cap	RHB, HLBK, AMMB										10.8	10.3	1.07	1.02	10.2	10.2	5.3	5.7
Small-Cap	BIMB, AFFIN, ABMB										9.8	9.0	0.69	0.66	7.3	7.5	4.7	5.2

**Closing prices from 28 Aug 2026.*
**HLBK, AMMB and ABMB use FY27F/28F values.* ^HL Bank & HL FG uses FY23F/24F values.

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

Source: MBSBR

A. SYSTEM LOAN & CONSTITUENTS

FIG 2: Overview of Major Indicators

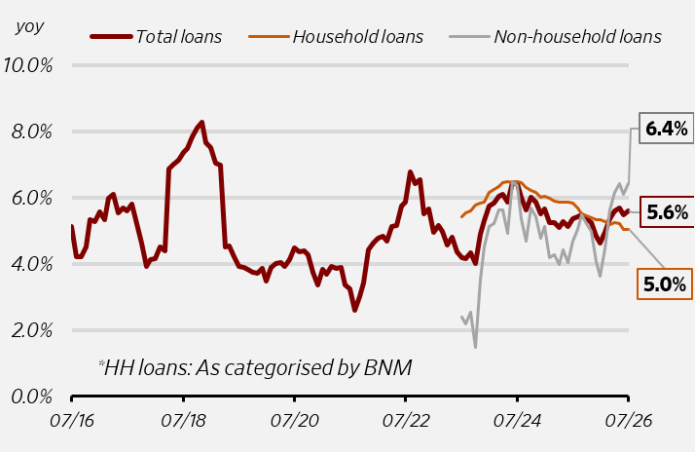
	yoy Growth rates (%)					YTD (%)	mom Growth rates (%)				
	Jul-26	Jun-26	May-26	Apr-26	Jul-25		Jul-26	Jun-26	May-26	Apr-26	Jul-25
Total loans	**5.6**	**5.5**	**5.7**	**5.6**	5.4	**3.3**	**0.5**	**0.4**	**0.5**	**0.2**	0.4
Retail	4.9	5.0	5.2	5.3	6.3	2.6	0.5	0.3	0.4	0.4	0.5
Business	6.4	6.1	6.3	6.0	4.2	4.1	0.6	0.6	0.7	-0.0	0.2
SME	-	3.3	4.5	4.6	8.4	1.3	-	0.4	0.2	-0.6	0.8
Household loans	5.0	5.0	5.2	5.2	5.8	2.7	0.5	0.3	0.4	0.4	0.5
Non-HH loans	6.4	6.1	6.4	6.2	4.7	4.2	0.5	0.7	0.7	-0.1	0.2
Deposits + repo	**5.6**	**6.0**	**4.4**	**3.4**	3.7	**3.5**	**-0.1**	**1.7**	**0.4**	**-0.5**	0.3
Total deposits	**4.6**	**5.6**	**5.2**	**4.3**	4.8	**2.5**	**-0.4**	**1.0**	**0.8**	**0.0**	0.6
CASA	7.1	7.7	9.6	7.4	6.6	2.1	-0.8	1.0	1.5	-2.0	-0.2
FD	-0.1	0.2	-0.3	-0.3	2.3	-0.2	0.4	0.1	0.0	-0.1	0.7
Total provisions	-5.1	-4.6	-4.4	-5.1	-6.0	3.4	0.3	-0.6	1.5	0.4	0.8
Total GIL	4.8	6.2	3.8	3.6	-4.0	7.6	0.2	0.9	2.5	0.3	1.5
Leading indicators											
3MA applications	13	13	9	8			3	3	10	7	
Retail	2	6	2	-2			1	2	9	3	
Business	24	22	17	20			5	4	11	11	
3MA approvals	16	13	10	10			7	1	12	5	
Retail	-2	4	-0	-0			-1	1	9	5	
Business	30	20	18	19			11	1	14	5	

	Jul-26	Jun-26	May-26	Apr-26	Mar-26	Jul-25
Interest spread	2.37	2.39	2.32	2.39	2.37	2.48
ALR	4.55	4.54	4.51	4.53	4.56	4.82
3M FD rate	2.18	2.15	2.19	2.14	2.19	2.34
Loan approval rate	54	52	57	49	55	51
SME approval rate	-	58	54	51	43	58
GIL ratio	1.43	1.43	1.43	1.40	1.40	1.44
Retail	1.16	1.17	1.16	1.12	1.12	1.12
Business	1.75	1.75	1.75	1.73	1.73	1.83
SME	-	2.95	3.02	3.00	2.96	2.98
LLC ratio	81.5	81.3	82.6	83.4	83.3	89.9
CASA ratio	32.1	32.3	32.3	32.1	32.7	31.4
Loan/Deposit ratio	93.0	92.1	92.6	92.9	92.8	92.1
Liquidity coverage ratio	149	150	149	153	145	158
CET 1	14.6	13.9	14.0	14.1	14.2	14.9
Tier 1 Capital	15.1	14.5	14.6	14.6	14.7	15.3
Total Capital	18.2	17.5	17.5	17.6	17.7	18.4

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

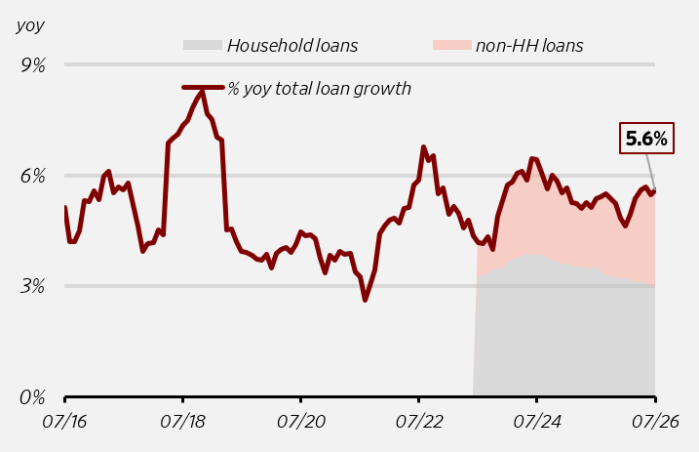
Source: BNM, MBSBR

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



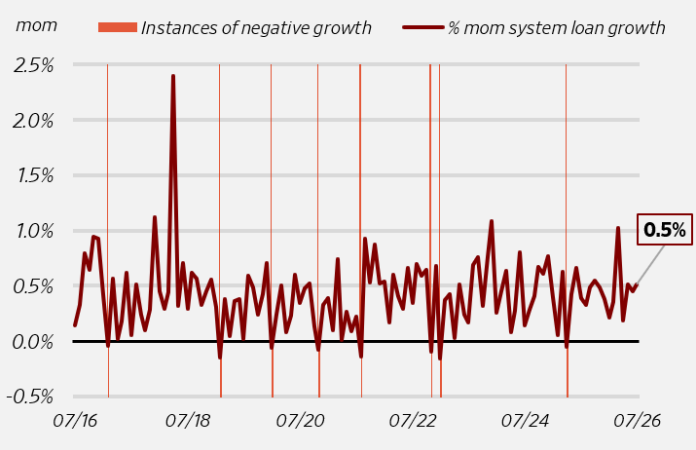
Source: BNM, MBSBR

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



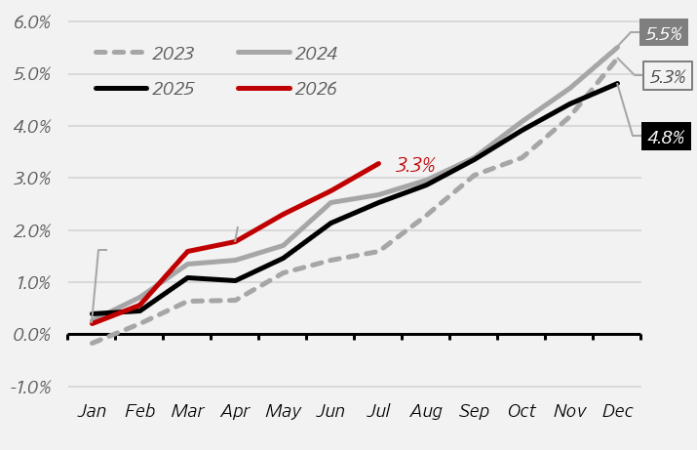
Source: BNM, MBSBR

FIG 5: mom System loans



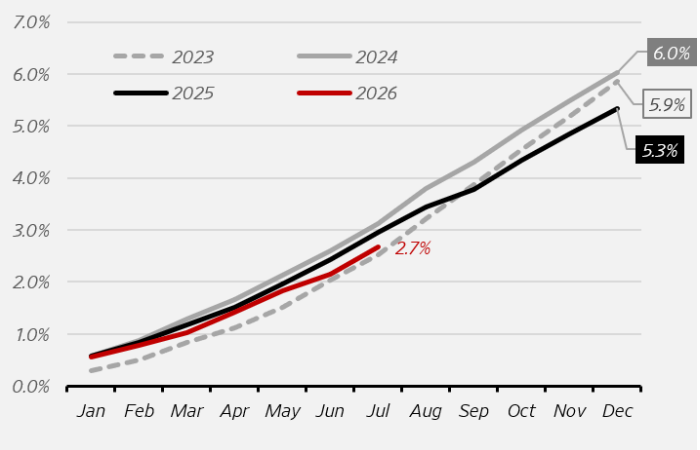
Source: BNM, MBSBR

FIG 6: YTD System loan growth comparison



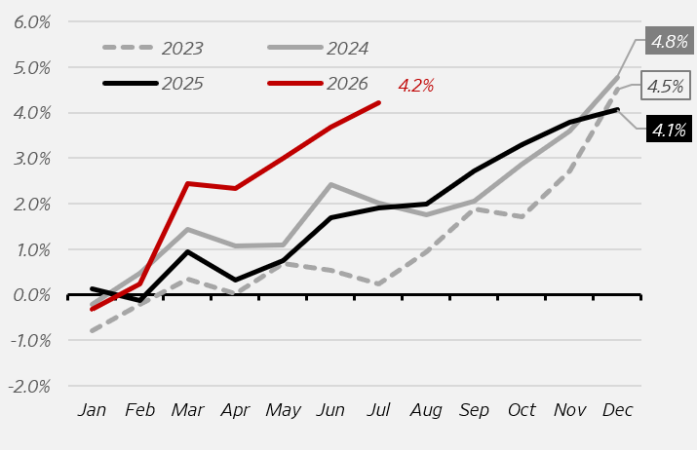
Source: BNM, MBSBR

FIG 7: YTD Household loan growth comparison



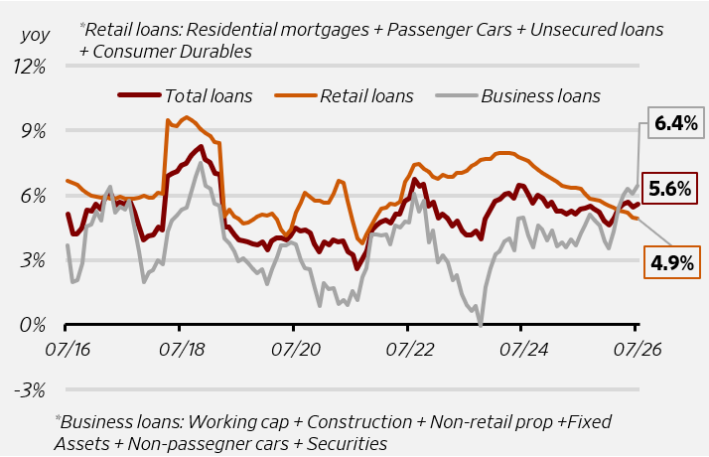
Source: BNM, MBSBR

FIG 8: YTD Non-HH loan growth comparison



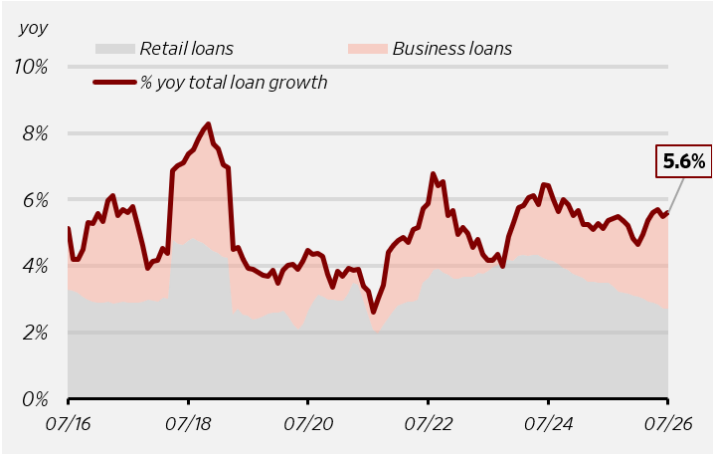
Source: BNM, MBSBR

FIG 9: Retail & business loan growth



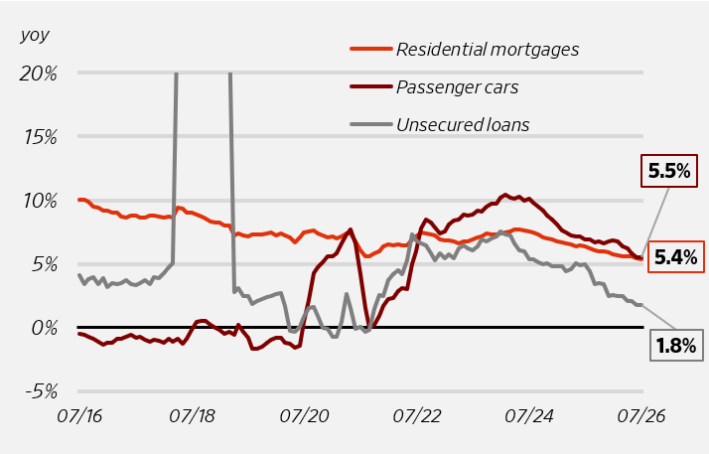
Source: BNM, MBSBR

FIG 10: Retail/business loans as drivers



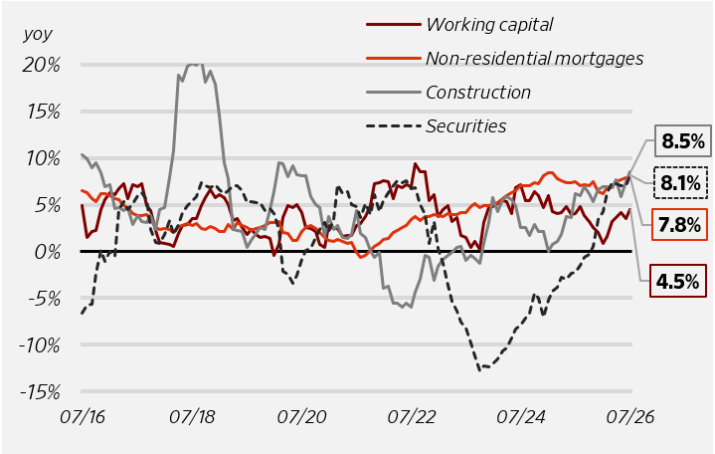
Source: BNM, MBSBR

FIG 11: Retail loan constituents



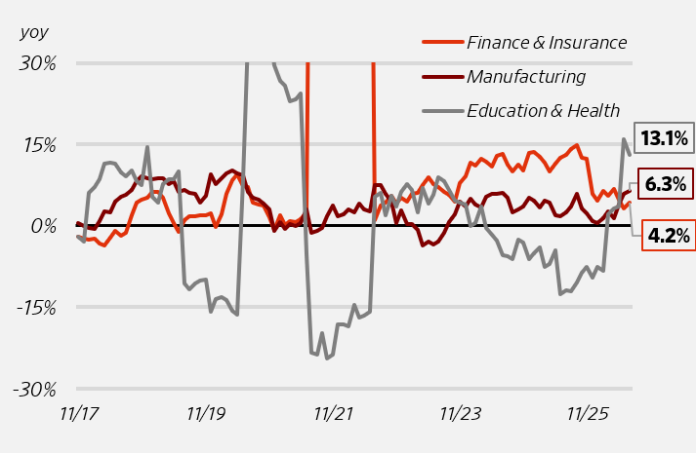
Source: BNM, MBSBR

FIG 12: Business loan constituents



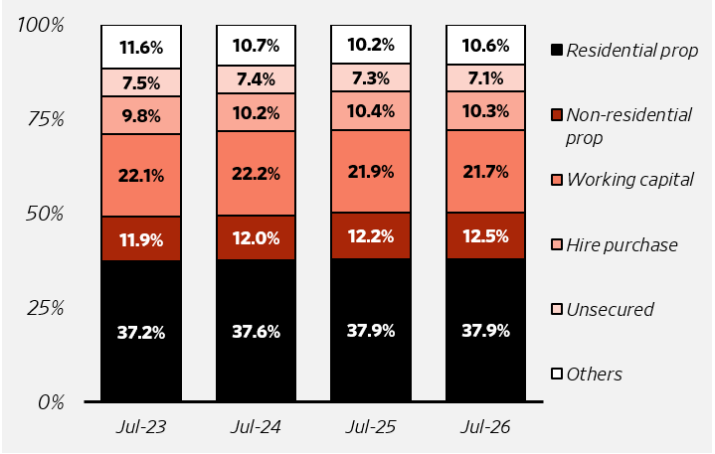
Source: BNM, MBSBR

FIG 13: Loan growth of other sectors



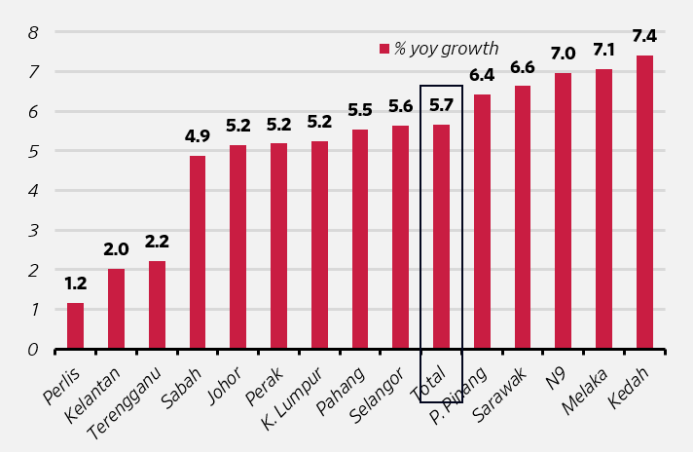
Source: BNM, MBSBR

FIG 14: Loan breakdown by type



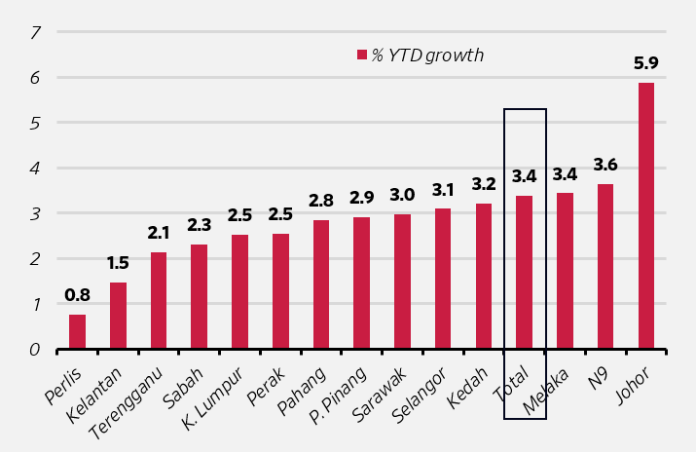
Source: BNM, MBSBR

FIG 15: yoy Loan growth by geography



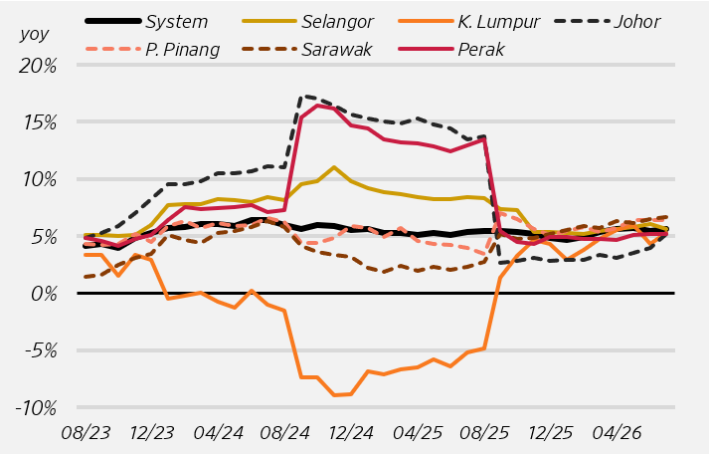
Source: BNM, MBSBR

FIG 16: YTD Loan growth by geography



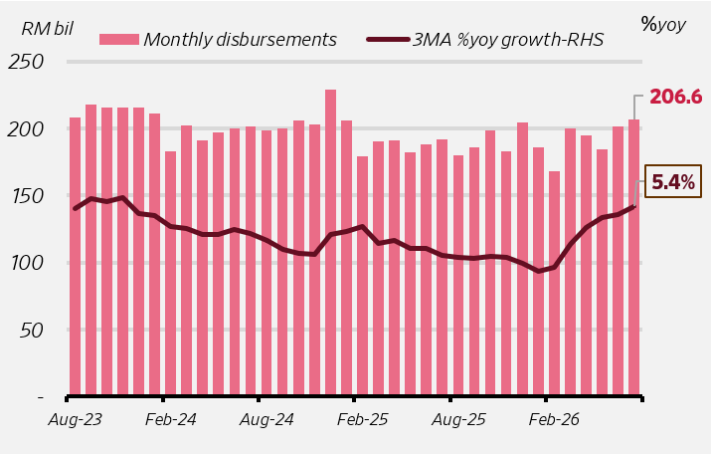
Source: BNM, MBSBR

FIG 17: Geographical loan growth comparison



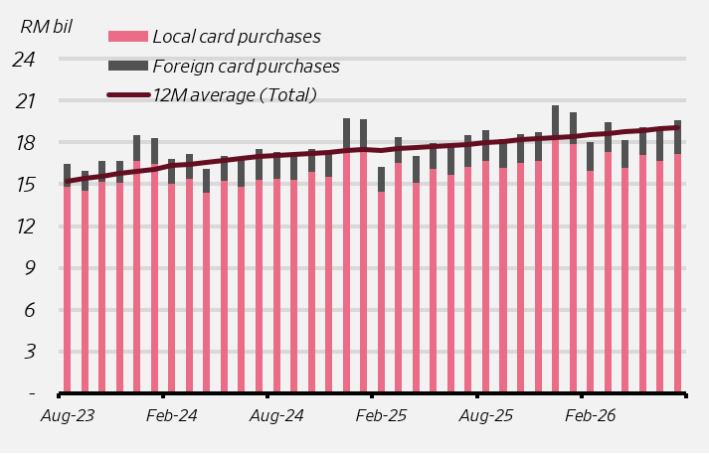
Source: BNM, MBSBR

FIG 18: Monthly disbursements



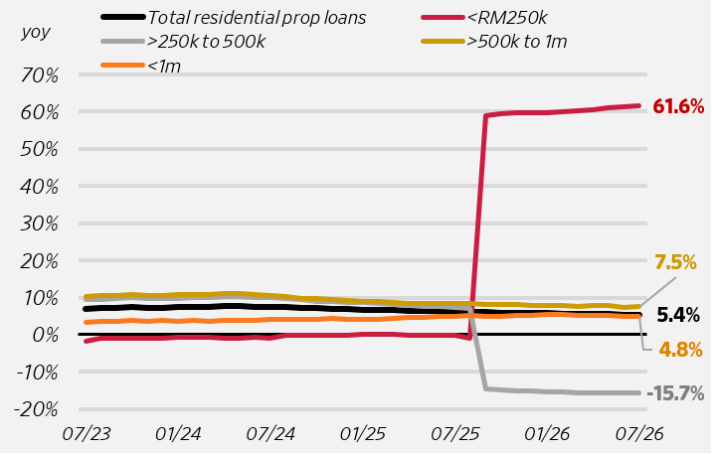
Source: BNM, MBSBR

FIG 19: Credit card purchases



Source: BNM, MBSBR

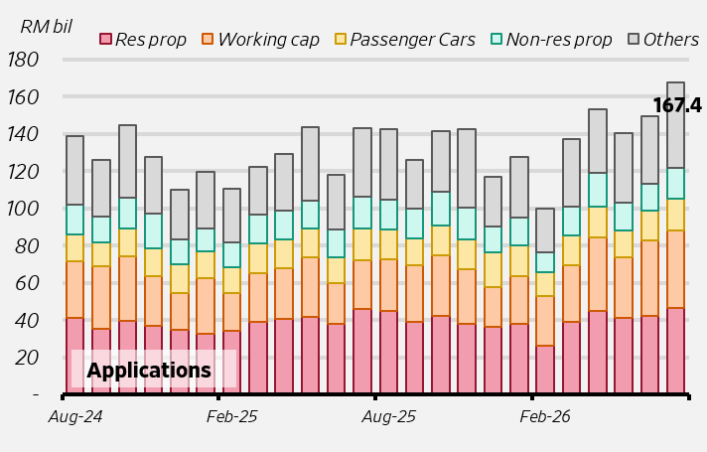
FIG 20: yoy Residential mortgages growth by cost



Source: BNM, MBSBR

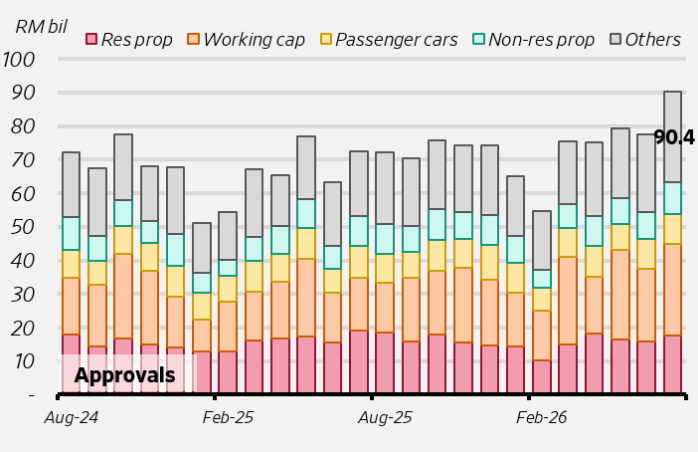
B. LEADING INDICATOR TRENDS

FIG 21: Monthly applications by type



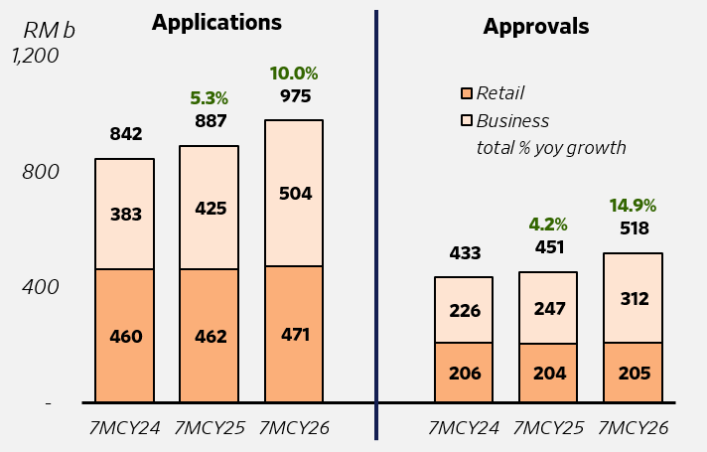
Source: BNM, MBSBR

FIG 22: Monthly approvals by type



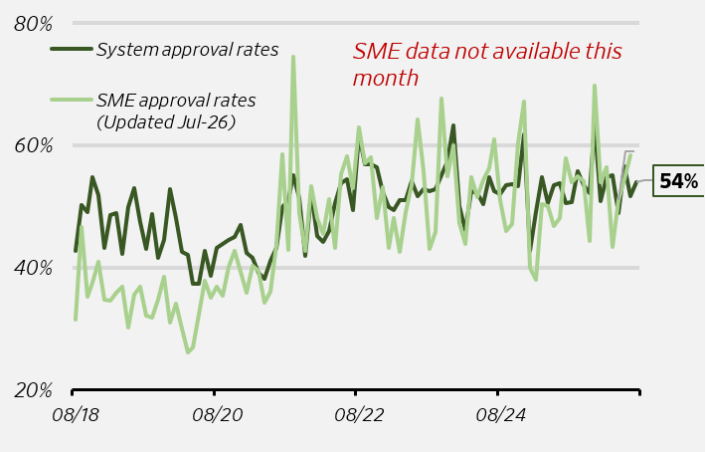
Source: BNM, MBSBR

FIG 23: Cumulative (CY) loan leading indicators



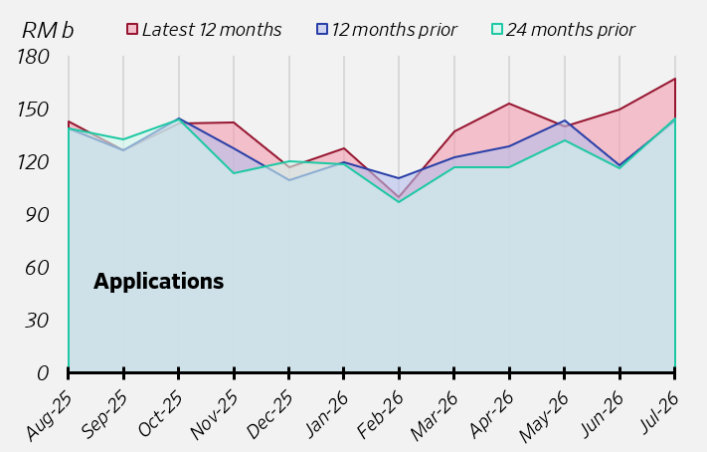
Source: BNM, MBSBR

FIG 24: System & SME approval rates



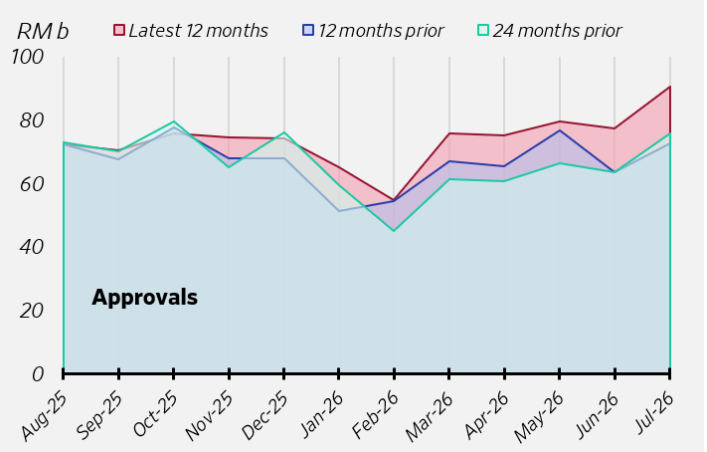
Source: BNM, MBSBR

FIG 25: Monthly loan application comparisons (yoy)



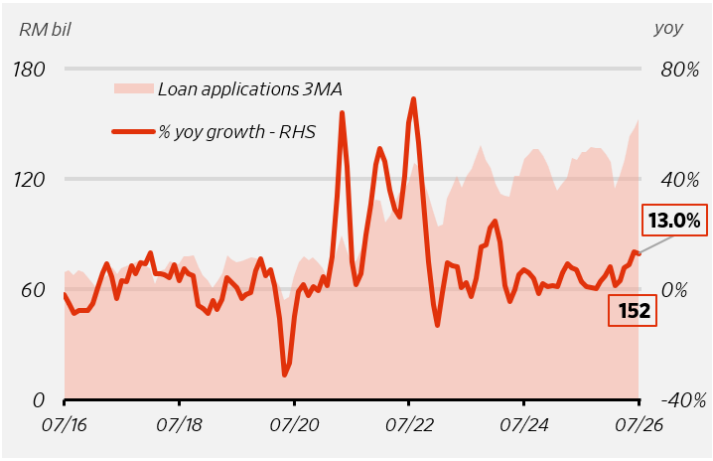
Source: BNM, MBSBR

FIG 26: Monthly loan approval comparisons (yoy)



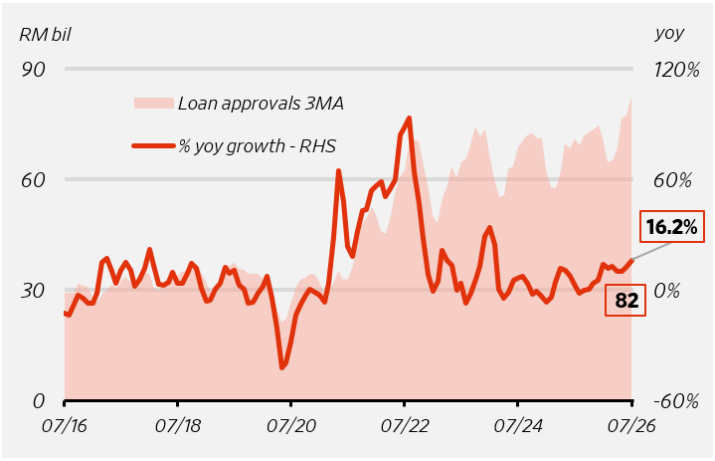
Source: BNM, MBSBR

FIG 27: Loan applications (3-mth average)



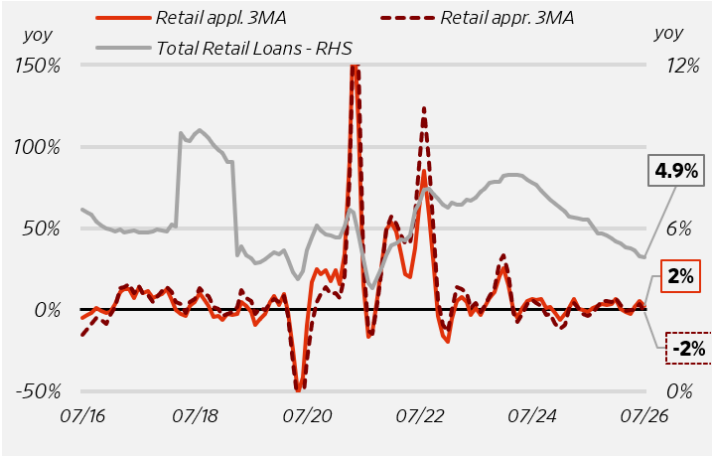
Source: BNM, MBSBR

FIG 28: Loan approvals (3-mth average)



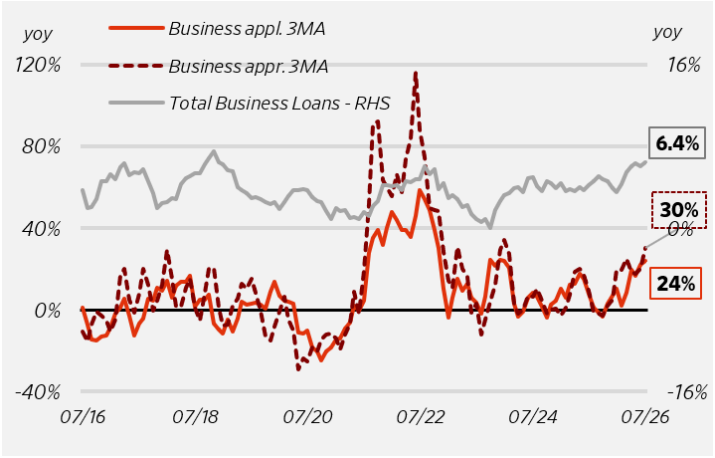
Source: BNM, MBSBR

FIG 29: Retail loan indicators



Source: BNM, MBSBR

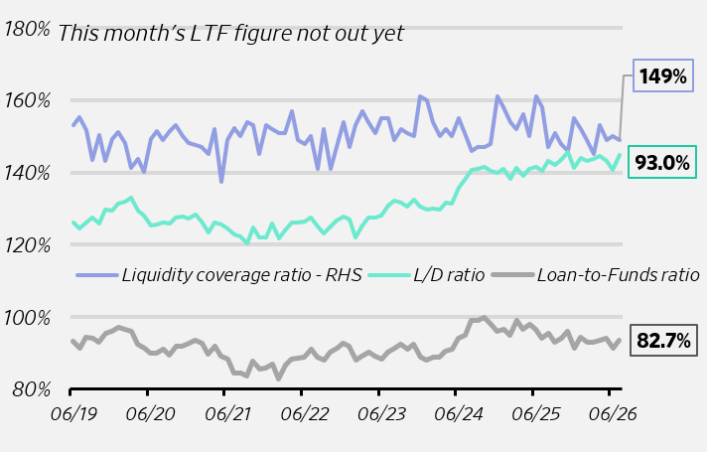
FIG 30: Business loan indicators



Source: BNM, MBSBR

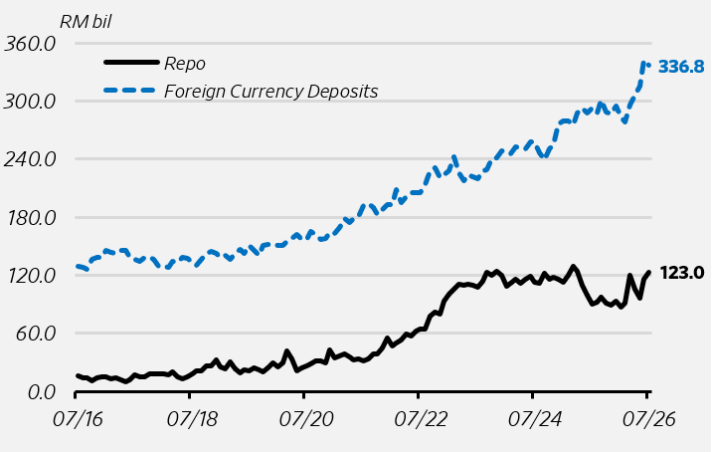
C. DEPOSITS & LIQUIDITY

FIG 31: LCR, LDR & LTF ratio



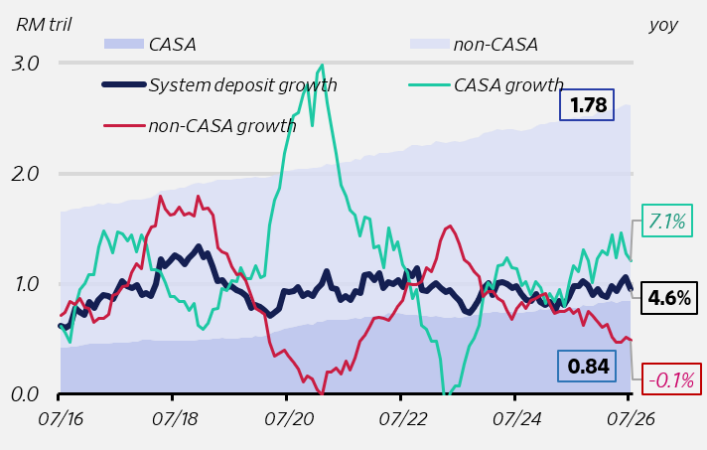
Source: BNM, MBSBR

FIG 32: System deposits, repos, foreign currency deposits



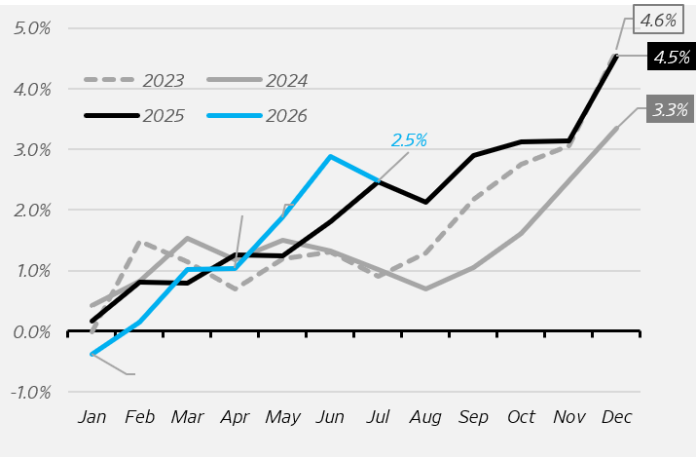
Source: BNM, MBSBR

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



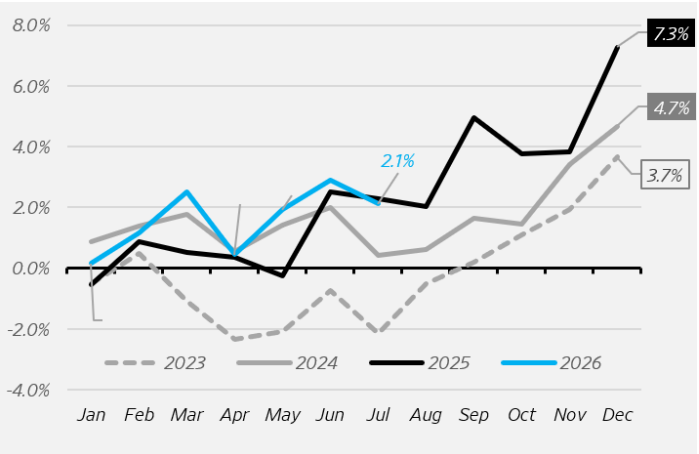
Source: BNM, MBSBR

FIG 34: YTD System deposit growth comparison



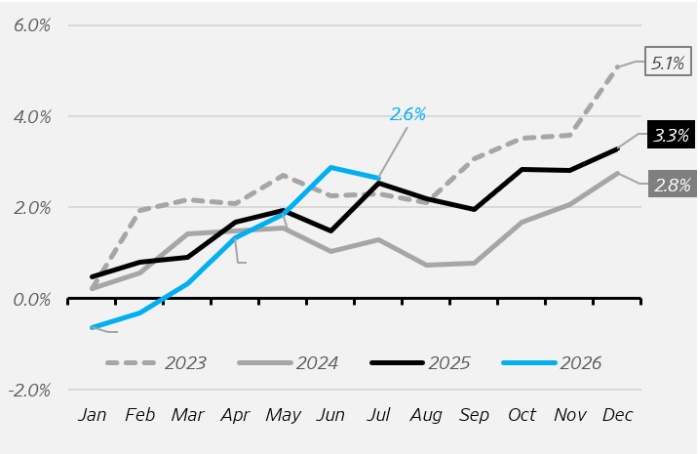
Source: BNM, MBSBR

FIG 35: YTD CASA growth comparison



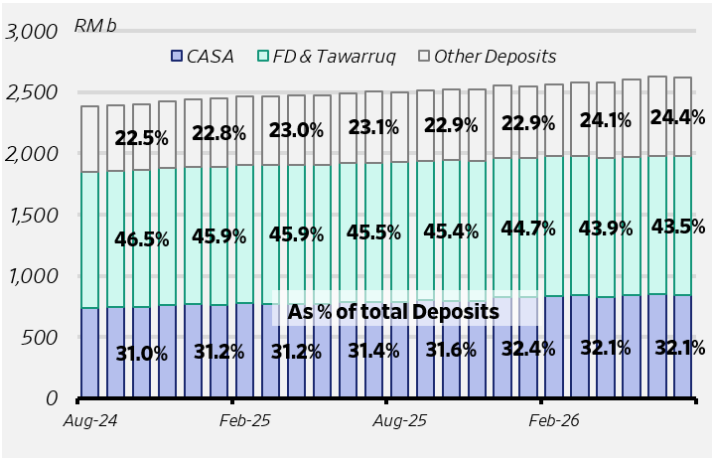
Source: BNM, MBSBR

FIG 36: YTD non-CASA growth comparison



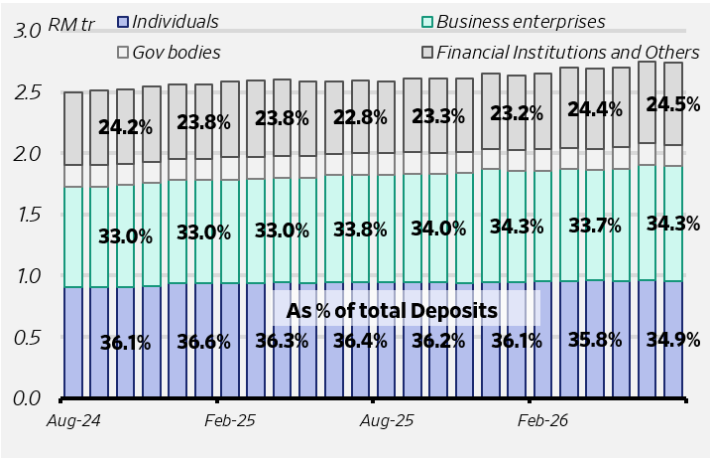
Source: BNM, MBSBR

FIG 37: Deposit breakdown by type



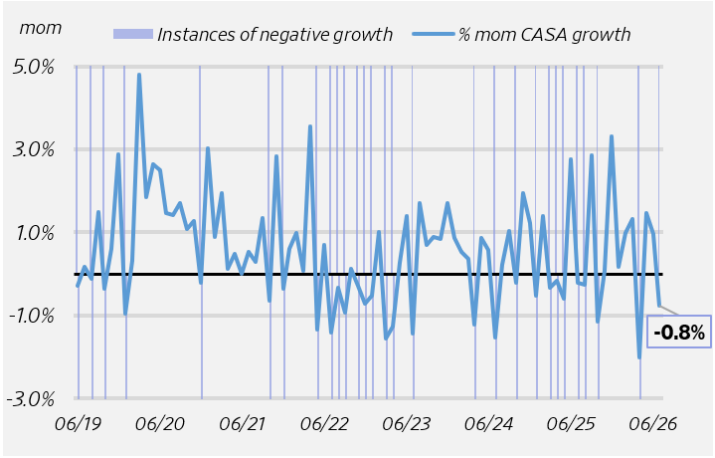
Source: BNM, MBSBR

FIG 38: Deposit breakdown by depositor



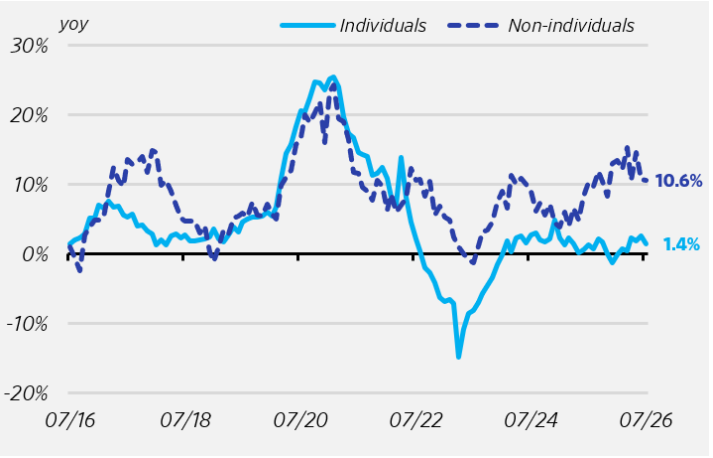
Source: BNM, MBSBR

FIG 39: mom CASA growth



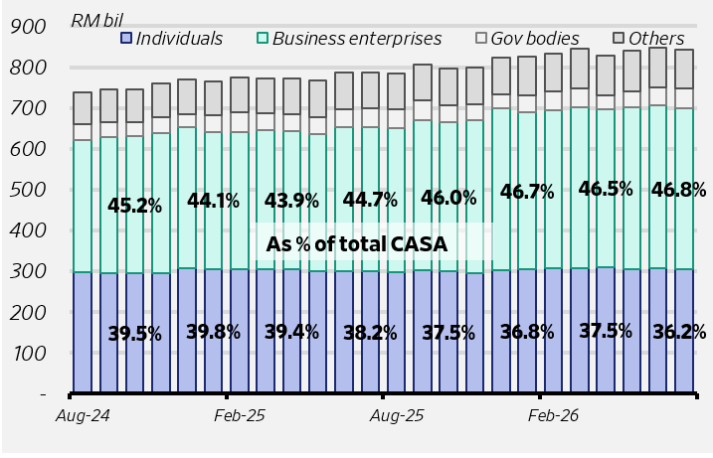
Source: BNM, MBSBR

FIG 40: yoy CASA growth by depositor



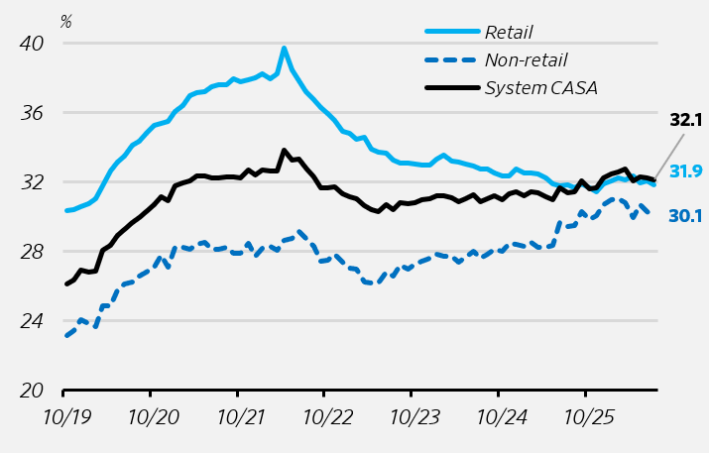
Source: BNM, MBSBR

FIG 41: CASA breakdown by depositor



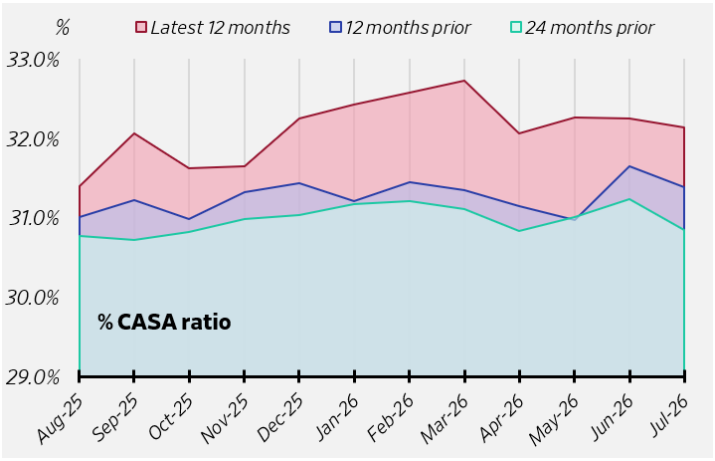
Source: BNM, MBSBR

FIG 42: CASA ratio by depositor



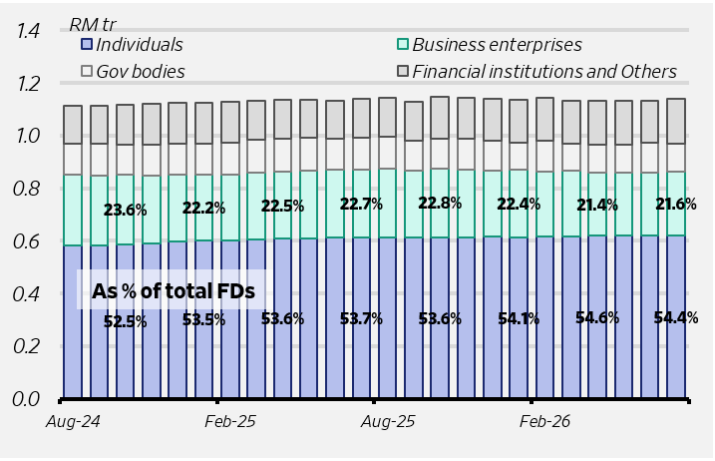
Source: BNM, MBSBR

FIG 43: Monthly CASA ratio comparisons (yoy)



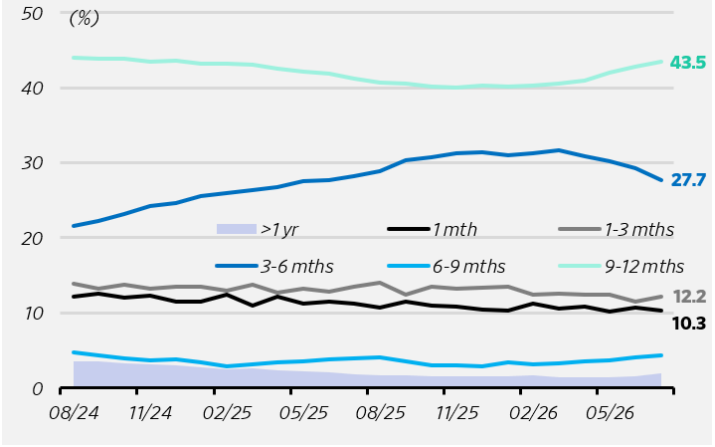
Source: BNM, MBSBR

FIG 44: FD breakdown by depositor



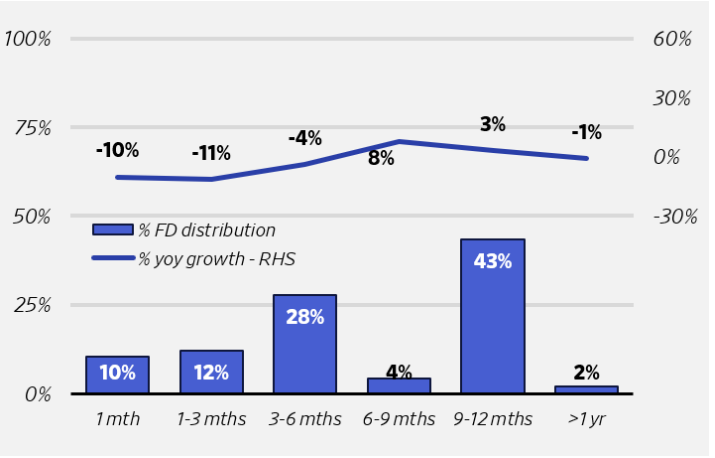
Source: BNM, MBSBR

FIG 45: % of FDs by maturity bracket



Source: BNM, MBSBR

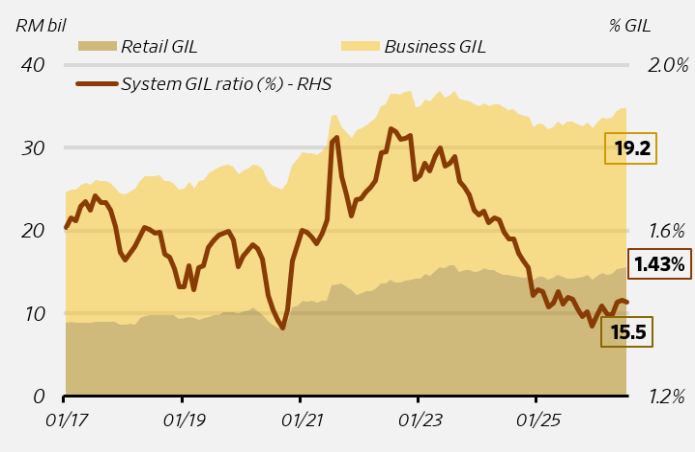
FIG 46: FD by maturity brackets and yoy growth



Source: BNM, MBSBR

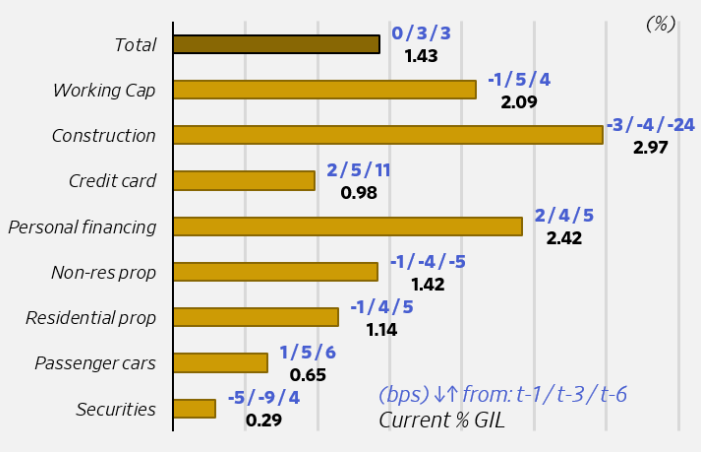
D. ASSET QUALITY & PROVISIONING

FIG 47: System gross impaired loans



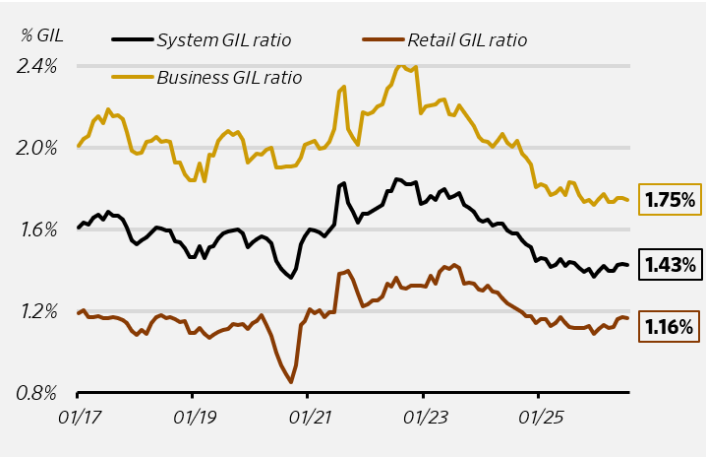
Source: BNM, MBSBR

FIG 48: Segmental GIL ratio changes



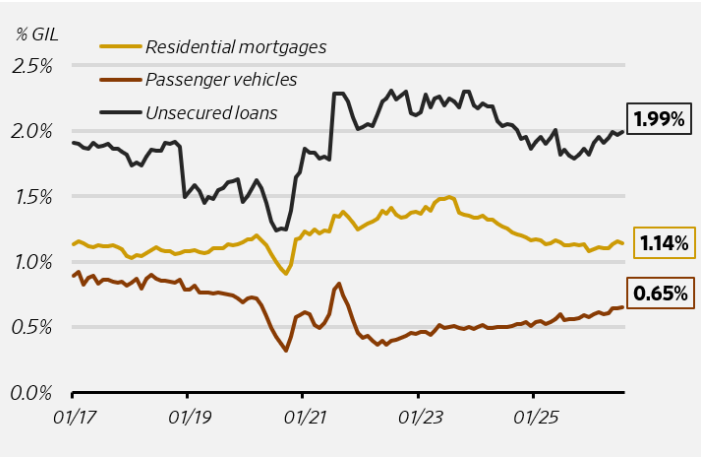
Source: BNM, MBSBR

FIG 49: System, Retail, Business GIL ratios



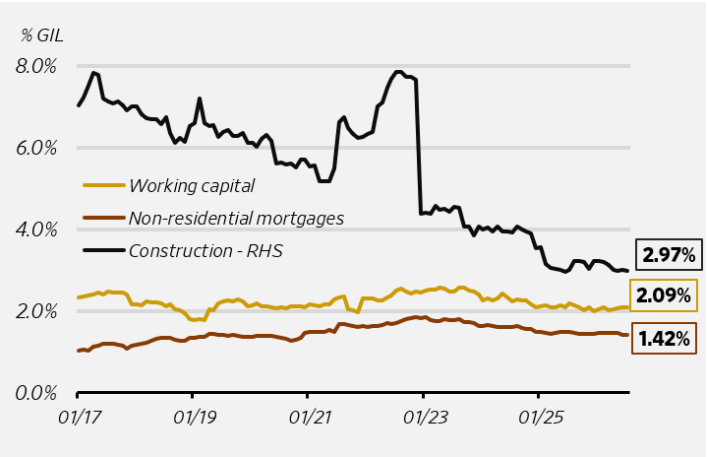
Source: BNM, MBSBR

FIG 50: Retail GIL ratios



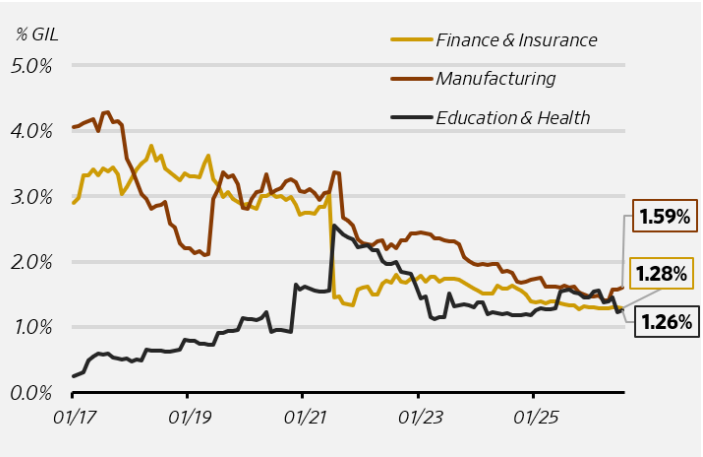
Source: BNM, MBSBR

FIG 51: Business GIL ratios



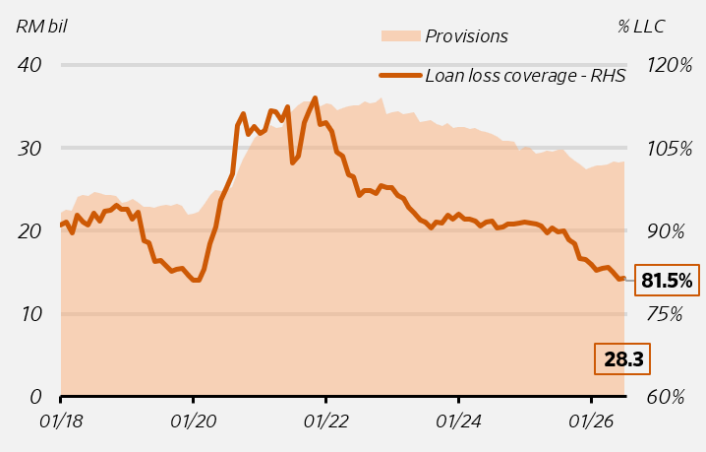
Source: BNM, MBSBR

FIG 52: GIL ratios of other sectors



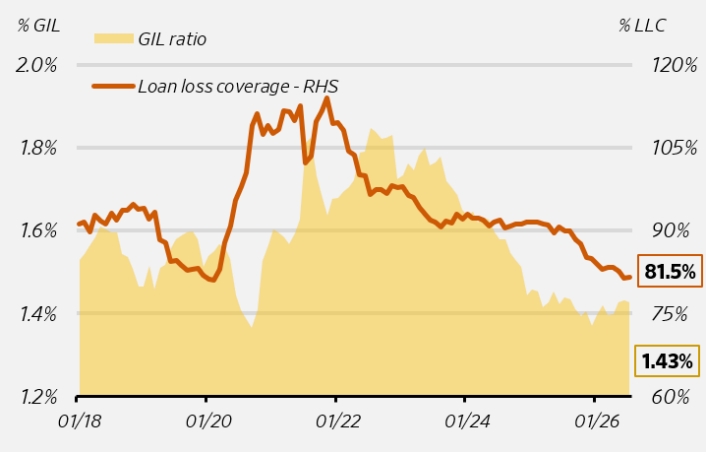
Source: BNM, MBSBR

FIG 53: Provisions & loan loss coverage



Source: BNM, MBSBR

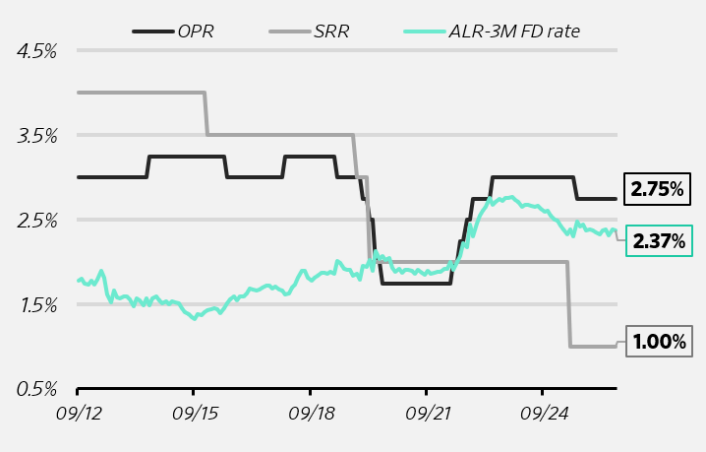
FIG 54: LLC & GIL ratio



Source: BNM, MBSBR

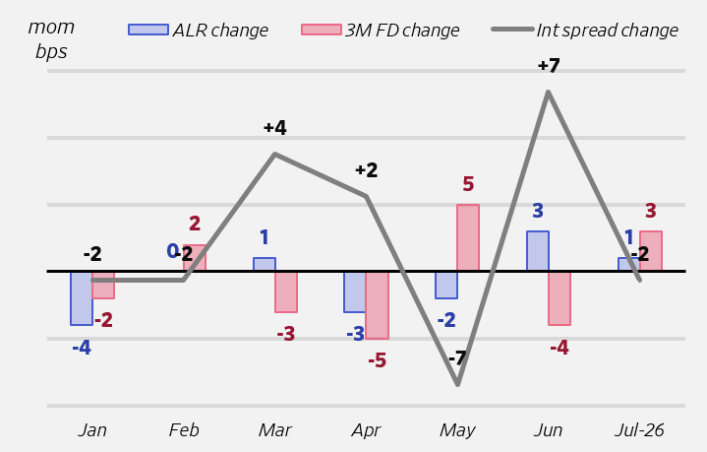
E. INTEREST SPREAD AND CAPITAL

FIG 55: Interest spread, OPR, SRR



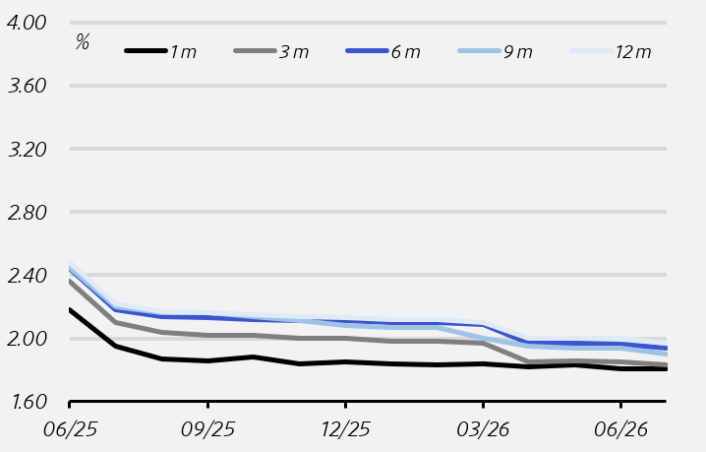
Source: BNM, MBSBR

FIG 56: mom Changes in interest spreads



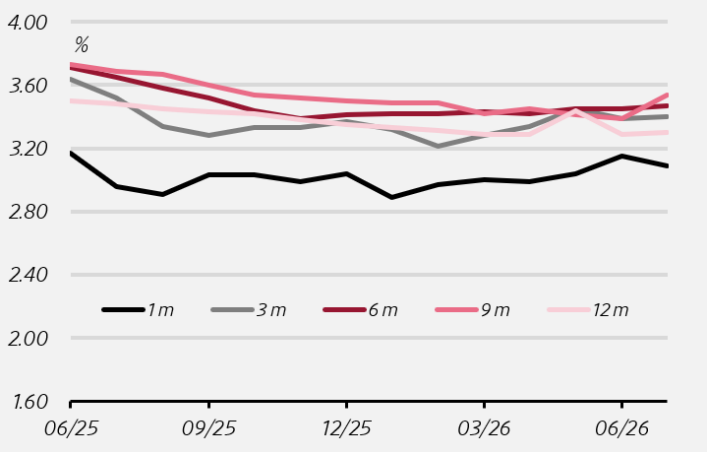
Source: BNM, MBSBR

FIG 57: Weighted avg Conv. FD rates by bracket



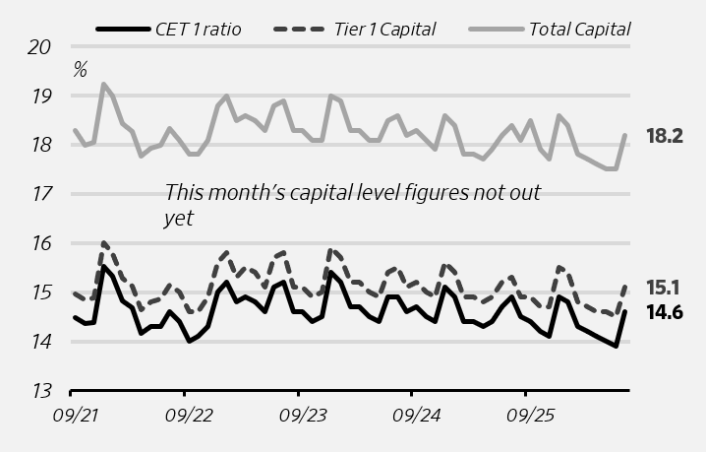
Source: BNM, MBSBR

FIG 58: Weighted avg Isl. FD rates by bracket



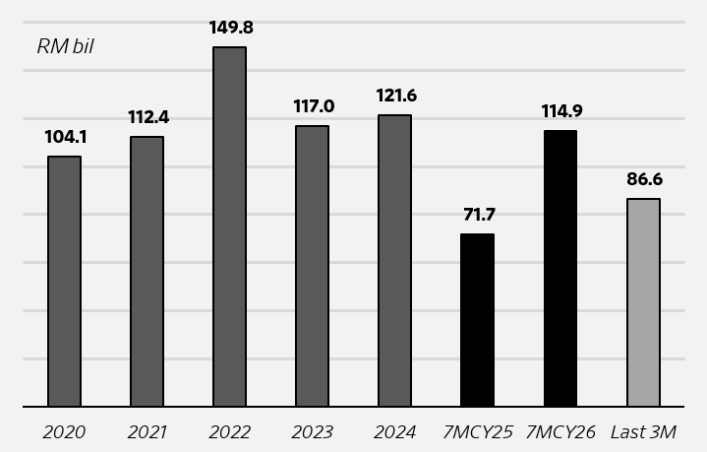
Source: BNM, MBSBR

FIG 59: Capital ratios



Source: BNM, MBSBR

FIG 60: Bond/Sukuk issuances



Source: BNM, MBSBR

F. VISUALISATION TABLES

FIG 61: 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
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
Jul-26	**2.44**	**5.6**	**0.5**	**4.9**	**0.5**	**54.8**	**6.4**	**0.6**	**45.2**

Source: BNM, MBSBR

FIG 62: yoy Loan growth by purpose

Date	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Jul-26	**5.4**	**5.1**	**1.8**	**4.5**	**7.8**	**8.5**	**8.1**

Source: BNM, MBSBR

FIG 63: mom Loan growth by purpose

Date	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Jul-26	**0.5**	**0.6**	**0.6**	**0.6**	**0.6**	**1.1**	**1.2**

Source: BNM, MBSBR

FIG 64: Loan applications & approvals (3MA)

Date	Applied (3MA) (RM b)	Growth (% yoy)	Growth (% mom)	Approved (3MA) (RM b)	Growth (% yoy)	Growth (% mom)
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
Jul-26	**152.4**	**13.0**	**3.2**	**82.4**	**16.2**	**6.6**

Source: BNM, MBSBR

FIG 65: Loan approval rates

Date	System loans (%)	Retail loans (%)	Business loans (%)	SME loans (%)
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
Jul-26	**54.0**	**42.5**	**63.7**	-

Source: BNM, MBSBR

FIG 66: yoy Loan application growth (3MA) by purpose

Date	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Jul-26	**4**	**1**	**-1**	**43**	**-1**	**24**	**-5**

Source: BNM, MBSBR

FIG 67: yoy Loan approval growth (3MA) by purpose

Date	Retail (%)			Business (%)			
	Residential property	Passenger car	Unsecured loans	Working capital	Non-residential property	Construction	Securities
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
Jul-26	**-4**	**0**	**3**	**40**	**3**	**32**	**43**

Source: BNM, MBSBR

FIG 68: System deposits

Date	Total deposits (RM b)	Growth (% yoy)	Growth (% mom)	L/D ratio (%)
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
Jul-26	**2,742**	**5.6**	**-0.1**	**93.0**

Source: BNM, MBSBR

FIG 69: CASA & FD ratios

Date	CASA (RM b)	Growth (% yoy)	Growth (% mom)	CASA ratio (%)	FD (RM b)	Growth (% yoy)	Growth (% mom)	FD ratio (%)
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
Jul-26	**842**	**7.1**	**-0.8**	**32.1**	**1,138**	**-0.1**	**0.4**	**43.5**

Source: BNM, MBSBR

FIG 70: Impaired loans and loan loss coverage

Date	Impaired loans (RM b)	Growth (% mom)	GIL ratio (%)	Total provisions (RM b)	LLC ratio (%)
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
Jul-26	**2,436**	**0.2**	1.43	**28.3**	**81.5**

Source: BNM, MBSBR

FIG 71: ALR, 3M-FD rates & Interest spreads

Date	Average lending rate (%)	3-month FD rate (%)	Interest spread (%)
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
Jul-26	**4.55**	**2.18**	**2.37**

Source: BNM, MBSBR

FIG 72: SME applications & approvals (3MA)

Date	Applications			Applications		
	3MA (RM b)	Growth (% yoy)	Growth (% mom)	3MA (RM b)	Growth (% yoy)	Growth (% mom)
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
Jul-26	**29.3**	**0.6**	**1.1**	**17.0**	**6.4**	**2.4**

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: 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