Corporate Update

Malayan Banking Berhad

(1155 | MAY MK) Main | Financial Services

4 Stars

FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM12.11**

4QFY24 Results Review
Hitting the RM10b Mark

Maintain BUY call: Unchanged GGM-TP of RM 12.11. Maybank earnings hit the RM10b mark, contributed by robust loans and deposits growth, stable NIMs and strong NOII. We expect that FY25 prospects remains the same given our expectation of stable economic growth and unchanged OPR. We believe that this should provide investors with a defensive option given the current volatile market condition especially the attractive dividend yield of circa 6%. Hence, we maintain our BUY call. The TP is based on an unchanged FY25F P/BV of 1.50x. (GGM assumptions: FY25F ROE of 11.2%, LTG of 2.3% & COE of 8.2%)

Within expectations. Maybank's FY24 core net profit (NP) surpassed the RM10b mark, coming in at RM10,089m. This was within our and street forecasts at 104% and 102% of respective full-year forecasts.

FY24's core NP grew by +7.9%yoy. Main driver was the strong net income growth of +8.1%yoy led by NOII growth of +22.6%yoy. This was due to improved fees from Wealth and Investment Banking (IB) as well as income from Global Markets and Insurance. Wealth fee rose +56.8%yoy to RM1.16b on higher investment and banca income. IB related fees grew +31.0%yoy to RM1.1b on higher sales and trading income due to market volatility. FY24 also saw positive JAWS.

4QFY24's Core NP of RM2,532m up by 0%qoq. Net income grew quarter-on-quarter but also did OPEX.

Gross loans fell by +1.4%qoq, coming up to +5.3%yoy. Gross loans growth was driven by MY which grew +8.2%yoy to RM418.9b. This was contributed by Community Financial Services segment where gross loans rose +9.1%yoy to RM325.4b. SG and IN also grew but marginally in ringgit terms by +0.4%yoy to RM249.3b. However, in own currency term, SG and IN showed strong growth of +8.9%yoy to SGD51.7b and +11.7%yoy to IDR131.5t respectively. Excluding FX impact, group gross loans grew 7.6%yoy.

Deposits flat at +5.2%qoq, coming up to +6.3%yoy. This was contributed by higher CASA (+6.1%qoq, +5.0%yoy). All markets saw CASA growth. Discounting FX impact, group deposits would have grown +8.7%yoy.

GIL moved by -3bps to 1.24%, LLC currently at 122%. Improvements in GIL ratio was due to recoveries and write-offs. Stable quarter-on-quarter GIL ratio trends across consumer and business lines in home markets. All-in, GIL ratio trends have been on broad downtrending.

Higher dividends at 61sen or 80% payout ratio.

Tweak in earnings estimates. We are adjusting our FY25 and FY26 earnings estimates upward by 2.2% and 3.3% respectively.

RETURN STATISTICS	
Price @ 26th Feb 2025 (RM)	10.70
Expected share price return (%)	+13.2
Expected dividend yield (%)	+6.2
Expected total return (%)	+19.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.9	1.0
3months	4.5	5.7
12 months	12.5	10.4

INVESTMENT STATISTICS

FYE Dec	2024	2025F	2026F
Core NP (RM m)	10,089	10,684	11,213
CNP growth (%)	8	6	5
Div yield (%)	5.7	6.2	7.0
Gross DPS (sen)	61.0	66.5	74.4
P/BV (x)	1.4	1.3	1.3
BVPS (RM)	7.8	8.1	8.3
ROE (%)	10.7	11.2	11.3

KEY STATISTICS

FBM KLCI	1,588.71
Issue shares (m)	12,006.95
Estimated free float (%)	53.91
Market Capitalisation (RM'm)	129,116.39
52-wk price range	RM9.42 – RM11.0
3-mth average daily volume (m)	9.55
3-mth average daily value (RM'm)	97.78
Top Shareholders (%)	
ASB	38.4
EPF	12.9
Yayaysan Pelaburan Bumiputra	6.5

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4QFY24 RESULTS SUMMARY

FYE Dec (RM m)	4Q FY24	3Q FY24	4Q FY23	Yoy (%)	Qoq (%)	FY24	FY23	Yoy (%)
Net interest inc.	3,353	3,108	3,183	5.3	7.9	12,807	12,786	0.2
Islamic banking inc.	2,017	2,109	2,058	-2.0	-4.4	8,346	7,577	10.2
Non-interest inc.	2,053	2,012	1,736	18.2	2.0	8,419	6,998	20.3
Net income	**7,422**	**7,229**	**6,977**	**6.4**	**2.7**	**29,573**	**27,361**	**8.1**
OPEX	(3,687)	(3,522)	(3,619)	1.9	4.7	(14,460)	(13,389)	8.0
PPOP	**3,735**	**3,707**	**3,358**	**11.2**	**0.7**	**15,112**	**13,972**	**8.2**
Loan provisions	(445)	(377)	(464)	-4.2	18.1	(1,671)	(1,826)	-8.5
Other provisions	71	27	(7)	<-500	163.8	24	145	-83.8
JV & Associates	53	44	63	-16.3	19.6	236	240	-1.7
PBT	**3,414**	**3,402**	**2,950**	**15.7**	**0.4**	**13,702**	**12,532**	**9.3**
Tax	(739)	(817)	(471)	56.8	-9.5	(3,195)	(2,917)	9.5
NCI	(143)	(47)	(90)	57.7	205.9	(418)	(265)	57.6
Reported NP	**2,532**	**2,538**	**2,388**	**6.1**	**-0.2**	**10,089**	**9,350**	**7.9**
Core NP	**2,532**	**2,538**	**2,388**	**6**	**-0**	**10,089**	**9,350**	**8**
Total NII	5,034	4,889	4,865	3	3	19,693	19,301	2
Total NOII	2,389	2,341	2,112	13	2	9,880	8,060	22.6
Gross DPS (sen)	**32.0**	**-**	**31.0**	**n.m.**	**n.m.**	**61.0**	**60.0**	**n.m.**
Core EPS (sen)	21.0	21.0	19.8	6	-0	83.6	77.6	8
Gross loans	672,931	663,848	640,750	5.0	1.4			
Gross impaired loans	8,326	8,390	8,600	-3.2	-0.8			
Customer deposits	712,915	677,529	670,359	6.3	5.2			
CASA	245,485	231,398	233,895	5.0	6.1			

Ratios (%)	4Q FY24	3Q FY24	4Q FY23	Yoy (ppts)	Qoq (ppts)	FY24	FY23	Yoy (ppts)
ROE (Ann.)	**10.8**	**11.2**	**10.1**	**0.7**	**-0.4**	**10.7**	**9.9**	**0.9**
NIM (Reported)	**2.06**	**2.03**	**2.06**	**0.00**	**0.03**	**2.05**	**2.12**	**-0.07**
NOII/Net income	32.2	32.4	30.3	1.9	-0.2	33.4	29.5	4.0
Cost/Income	49.7	48.7	51.9	-2.2	1.0	48.9	48.9	-0.0
NCC (Ann.) (bps)	27	24	30	-3	4	25	30	-4
GIL ratio	1.24	1.26	1.34	-0.11	-0.03			
Loan loss coverage	122	121	120	2	1			
CASA ratio	34.4	34.2	34.9	-0.5	0.3			
L/D ratio	93.0	96.5	94.0	-1.1	-3.5			
CET-1	15.8	14.7	16.2	-0.4	1.0			

Source: Company, MIDFR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Net interest income	**13,816**	**12,792**	**12,807**	**13,937**	**14,656**
Islamic banking inc.	7,414	7,577	8,346	8,974	8,621
Other operating inc.	5,263	6,992	8,419	7,998	8,815
Net income	**26,492**	**27,361**	**29,573**	**30,909**	**32,093**
OPEX	(11,974)	(13,389)	(14,460)	(14,836)	(15,244)
PPOP	**14,518**	**13,972**	**15,112**	**16,073**	**16,849**
Loan allowances	(2,183)	(1,826)	(1,671)	(1,945)	(2,038)
Other allowances	(594)	145	24	(97)	(85)
JV & Associates	131	240	236	273	286
PBT	**11,872**	**12,532**	**13,702**	**14,304**	**15,012**
Tax & zakat	(3,896)	(2,917)	(3,195)	(3,290)	(3,453)
NCI	(15)	(265)	(418)	(330)	(347)
Reported NP	**7,961**	**9,350**	**10,089**	**10,684**	**11,213**
Core NP	**7,961**	**9,350**	**10,089**	**10,684**	**11,213**
Total NII	20,685	19,302	19,693	21,116	21,553
Total NOII	5,807	8,059	9,880	9,793	10,539

BALANCE SHEET

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash & ST funds	53,670	42,376	62,798	51,404	51,266
Investment securities	218,267	252,537	240,829	229,797	222,086
Net loans	573,766	628,923	662,741	702,973	731,795
Other IEAs	27,792	30,723	29,564	30,950	32,407
Non-IEAs	71,482	73,116	79,390	76,758	96,047
Total assets	**944,976**	**1,027,675**	**1,075,322**	**1,091,882**	**1,133,601**
Customer deposits	614,895	670,359	712,915	745,415	777,468
Other IBLs	146,912	163,138	163,018	170,358	175,940
Non-IBLs	94,039	96,529	102,182	75,569	76,509
Total liabilities	**855,846**	**930,026**	**978,115**	**991,343**	**1,029,917**
Share capital	54,619	54,674	54,736	54,736	54,736
Reserves	31,551	39,968	39,234	42,686	45,732
Shareholders' funds	**86,170**	**94,642**	**93,971**	**97,422**	**100,469**
NCI	2,960	3,007	3,237	3,118	3,215
Total equity	**89,131**	**97,648**	**97,207**	**100,540**	**103,684**
Total L&E	**944,976**	**1,027,675**	**1,075,322**	**1,091,882**	**1,133,601**
Total IEAs	873,494	954,558	995,932	1,015,124	1,037,554
Total IBLs	761,807	833,497	875,933	915,774	953,408
Gross loans	586,855	640,750	675,992	713,171	742,411
CASA	240,493	233,895	240,914	253,441	264,339

FINANCIAL RATIOS

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Interest (%)					
NIM	2.42	2.11	2.02	2.10	2.10
Return on IEAs	2.53	3.31	3.36	2.36	2.38
Cost of funds	1.05	2.19	1.15	1.10	1.05
Net interest spread	1.48	1.12	2.21	1.27	1.33
Profitability (%)					
ROE	**9.2**	**10.3**	**10.7**	**11.2**	**11.3**
ROA	0.9	0.9	1.0	1.0	1.0
NOII/Net income	21.9	29.5	33.4	31.7	32.8
Effective tax rate	32.8	23.3	23.3	23.0	23.0
Cost/Income	45.2	48.9	48.9	48.0	47.5
Liquidity (%)					
Loan/Deposit	93.3	93.8	93.0	94.3	94.1
CASA ratio	39.1	34.9	34.0	34.0	34.0
Asset Quality (%)					
GIL ratio	1.57	1.34	1.30	1.30	1.30
LLC ratio	127	120	110	110	110
LLC (w. reserves)	154	149	142	141	139
Net CC (bps)	38	30	25	28	28
Capital (%)					
CET 1	15.7	16.2	16.0	15.5	15.0
Tier 1 capital	16.4	16.8	16.7	16.2	14.7
Total capital	19.1	19.4	19.3	18.8	18.3
Growth (%)					
Total NII	8.4	(6.7)	2.0	7.2	2.1
Total NOII	(8.7)	38.8	22.6	(0.9)	7.6
Net income	4.1	3.3	8.1	4.5	3.8
OPEX	4.0	11.8	8.0	2.6	2.7
Core NP	(1.7)	17.5	7.9	5.9	5.0
Gross loans	6.0	9.2	5.5	5.5	4.1
Customer deposits	4.4	9.0	5.7	5.2	4.3
CASA	(10.0)	(2.7)	3.0	5.2	4.3
Valuation metrics					
Core EPS (sen)	66.0	77.6	83.7	88.6	93.0
Gross DPS (sen)	58.0	60.0	61.0	66.5	74.4
Div payout (%)	87	77	80	75	80
BVPS (RM)	7.1	7.9	7.8	8.1	8.3
Core P/E (x)	16.2	13.8	12.8	12.1	11.5
Div yield (%)	**5.4**	**5.6**	**5.7**	**6.2**	**7.0**
P/BV (x)	1.5	1.4	1.4	1.3	1.3

Source: Bloomberg, MIDFR

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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197501002077 (24878-X).

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	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