Corporate Update

Malayan Banking Berhad

(1155 | MAY MK) Main | Financial Services

FTSE4Good ESG 3 Stars

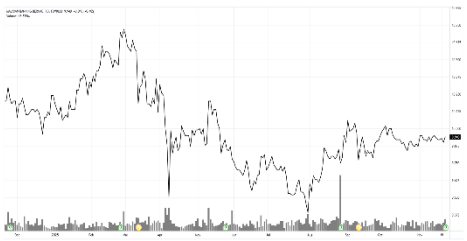
Maintain **BUY**

Unchanged Target Price **RM10.59**

3QFY25 Results Review - Drag from Indonesia

RETURN STATISTICS	
Price @ 21 November 2025 (RM)	9.94
Expected share price return (%)	+6.5
Expected dividend yield (%)	+7.0
Expected total return (%)	**+13.5**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.1	-1.0
3 months	0.2	-1.7
12 months	-4.2	-6.1

INVESTMENT STATISTICS

FYE Dec	FY25F	FY26F	FY27F
Core NP (RM m)	**10,305**	**10,478**	**11,006**
CNP growth (%)	2	2	5
Div yield (%)	**6.8**	**6.9**	**7.3**
Gross DPS (sen)	68.3	69.5	73.0
P/BV (x)	**1.2**	**1.2**	**1.2**
BVPS (RM)	8.0	8.3	8.5
ROE (%)	**10.8**	**10.7**	**10.9**
% Street CNP (%)	**100**	**99**	**98**

KEY STATISTICS

FBM KLCI	1,617.57
Issue shares (m)	12,067.0
Estimated free float (%)	24.5
Market Capitalisation (RM'm)	119,965.4
52-wk price range	RM9.32 – RM10.70
3-mth average daily volume (m)	11.9
3-mth average daily value (RM'm)	117.9
Top Shareholders (%)	
Amanah Saham Nasional Bhd	36.1
EPF Board	13.0
Yayasan Pelaburan Bumiputra	6.5

Salient Points

Solid set of earnings, as forecasted.

Management's tone: Optimistic.

Expect: The release of Maybank's M30 plan in Jan-26. From a fundamental perspective, expect further NIM improvement, drag from Indonesia's weaker loan situation, and possible irritation in asset quality.

Our Verdict

Maybank's growth may not be the best, but the compromise is better NIM outlook than most peers. With excess capital and low loan growth in FY25, we feel that dividend payouts could come at the higher end.

Valuations

An unchanged FY26F P/BV of 1.28x

Current P/BV of 1.30x is slightly above the 10-year P/BV mean of 1.26x.

The company is currently trading at a forward FY26F P/BV of 1.20x with a 7.0% dividend yield.

Themes

1. ▲ Dividend yields are among industry's best.
2. ▲ Thanks to optimisation measures, NIM outlook is bright. We could see some uplift from both SG and ID segments.
3. ▲ NOII should continue performing well.
4. ► Asset quality may see some hiccups (particularly on the business end) but provisioning should be more predictable here on out.
5. ▼ Loan growth will likely be on the weaker end, due to drag from Indonesia. SG and ID could provide some offset.

Results in a nutshell:

► **9MFY25's Core NP of RM7,838m is *Within/Within* our/street forecasts: *76%/76%* of full-year forecasts.**

► **No dividend announcement.**

▲ **9MFY25's Core net profit (NP) of RM7,838m up by 4%yoy.** Improvements in both NII and NOII offset increased OPEX charges.

► **3QFY25's Core NP of RM2,621m was flattish at 0%qoq.** Increased NII and lower OPEX and provision charges offset weaker NOII income.

Analyst

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Have a look at:

▲ **Multiple changes to FY25 targets, expect M30 targets soon.** We have listed all changes to FY25 targets below. The upcoming M30 multi-year plan details will be released in Jan-26.

► **NIMs could see further expansion in 4QFY25.** After NIM optimisation measures (SG L/D ratio optimisation, capital market drawdowns, a flight to CASA) successfully lifted 3QFY25's NIM, management thinks further NIM expansion is possible, as further deposit repricing/release, bilateral/capital market funding, and further optimisation of L/D ratio are possible. Note that no huge MYR deposit inflows are seen yet despite the MYR having appreciated recently – we could see these inflows later, to Maybank's benefit.

▼ **FY25 loan growth target revised downwards (largely to account for appreciating MYR).** The concern comes from the Indonesian segment, which should continue to drag growth due to the difficulty in sourcing high-quality loans of adequate yields. On a more positive note, 4QFY25 should see MY corporate loans pick up, while SG should continue its stronger growth to optimise L/D ratio (as SORA continues to decline).

▲ **Current LLC of 110% is sufficient – expect no further provision surprises.** With the Vantris Energy issue behind us, we can expect a more normalised provision schedule in future.

► **Sizeable financial investment provision to account for Vantris Energy restructuring.** Most of Vantris Energy's shares are parked under FVOCI and AC instruments. The provisions were to account for the Vantris shares being issued at a higher exchange value, which led to Maybank having to take a haircut.

▲ **Management is happy with current capital levels.** The upcoming Basel IV regulation for credit risk will be capital accretive.

▲ **There is an active move to narrow the gap between Bank and Group CET 1 ratios, to streamline dividend payout and capital structure.** The gap largely comes from insurance and Indonesian segments (Indonesian regulators have stricter capital requirements).

Forecasts unchanged. We make no changes to our earnings forecasts.

Key downside risks. *(1) Weakness in Indonesian geographical segment, particularly on loan growth, (2) Lingering asset quality concerns, (3) Steeper-than-expected NIM compression.*

Maintain BUY call: Unchanged GGM-TP of RM 10.59. The TP is based on an unchanged FY26F P/BV of 1.28x.

(GGM assumptions: *FY26F ROE of 10.7%, LTG of 3.0% & COE of 9.0%)*

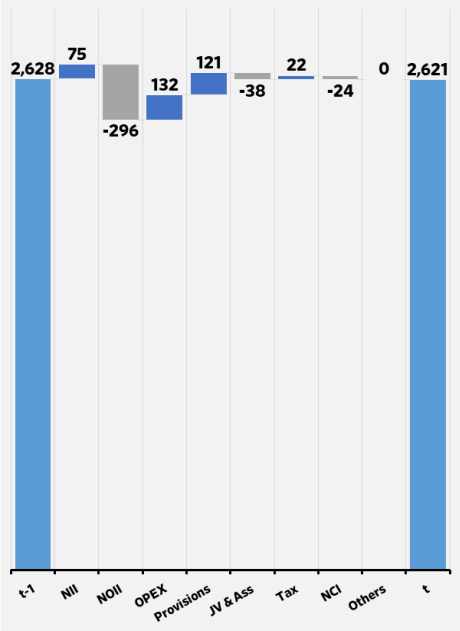
FIG 1: Quarterly results

FYE Dec (RM m)	3Q FY25	2Q FY25	3Q FY24	Yoy (%)	Qoq (%)	9M FY25	9M FY24	Yoy (%)
Net interest inc.	3,268	3,173	3,108	5	3	9,663	9,455	2
Islamic banking inc.	2,093	2,210	2,109	-1	-5	6,368	6,330	1
Non-interest inc.	2,103	2,301	2,012	5	-9	6,830	6,366	7
Net income	**7,464**	**7,684**	**7,229**	**3**	**-3**	**22,860**	**22,150**	**3**
OPEX	(3,653)	(3,785)	(3,522)	4	-3	(11,181)	(10,773)	4
PPOP	**3,811**	**3,899**	**3,707**	**3**	**-2**	**11,679**	**11,378**	**3**
Loan provisions	254	(423)	(377)	-168	-160	(553)	(1,226)	-55
Other provisions	(608)	(51)	27	<-500	>500	(702)	(48)	>500
JV & Associates	49	87	44	11	-43	187	183	2
PBT	**3,506**	**3,512**	**3,402**	**3**	**-0**	**10,612**	**10,287**	**3**
Tax	(787)	(809)	(817)	-4	-3	(2,547)	(2,456)	4
NCI	(98)	(74)	(47)	110	32	(227)	(275)	-18
Reported NP	**2,621**	**2,628**	**2,538**	**3**	**-0**	**7,838**	**7,556**	**4**
Core NP	**2,621**	**2,628**	**2,538**	**3**	**-0**	**7,838**	**7,556**	**4**
Total NII	5,010	4,935	4,889	2	2	14,897	14,659	2
Total NOII	2,454	2,750	2,341	5	-11	7,963	7,491	6
Gross DPS (sen)	**-**	**29.0**	**-**	***n.m.***	***n.m.***	**29.0**	**29.0**	***n.m.***
Core EPS (sen)	21.7	21.8	21.0	3	-0	64.9	62.6	4
Gross loans	681,674	677,588	663,848	2.7	0.6			
Gross impaired loans	9,004	8,822	8,390	7.3	2.1			
Customer deposits	707,343	718,937	677,529	4.4	-1.6			
CASA	268,223	257,251	231,398	15.9	4.3			

Ratios (%)	3Q FY25	2Q FY25	3Q FY24	Yoy (ppts)	Qoq (ppts)	9M FY25	9M FY24	Yoy (ppts)
ROE (Ann.)	**11.3**	**11.2**	**11.2**	***0.1***	***0.2***	**11.3**	**11.1**	***0.2***
NIM (Reported)	**2.02**	**2.00**	**2.03**	***-0.01***	***0.02***	**2.03**	**2.04**	***-0.01***
NOII/Net income	32.9	35.8	32.4	0.5	-2.9	34.8	33.8	1.0
Cost/Income	48.9	49.3	48.7	0.2	-0.3	48.9	48.6	0.3
NCC (Ann.) (bps)	(15)	25	24	-39	-40	11	26	-15
GIL ratio	1.32	1.30	1.26	0.06	0.02			
Loan loss coverage	103	113	121	-19	-10			
CASA ratio	37.9	35.8	34.2	3.8	2.1			
L/D ratio	95.1	92.9	96.5	-1.4	2.2			
CET-1	14.9	15.5	14.7	0.2	-0.5			

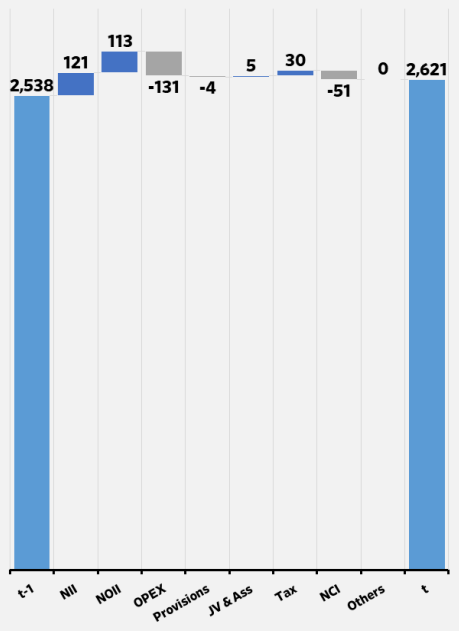
Source: Company, MBSBR

FIG 2: QoQ P/L walk (Quarterly)



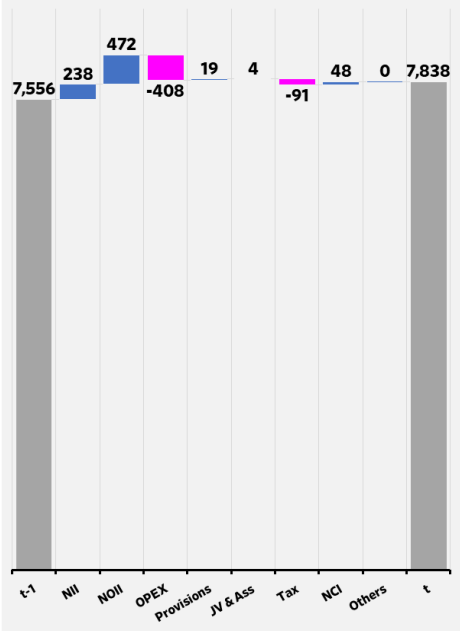
Source: Company, MBSBR

FIG 3: QoQ P/L walk (Quarterly)



Source: Company, MBSBR

FIG 4: QoQ P/L walk (Cumulative)



Source: Company, MBSBR

FIG 5: Targets, Achievements, and Outlook

Targets	FY25F	9M FY25	Notes (Red: New guidance, ~~Strikethrough: Guidance is no longer pertinent~~)
ROE	>11.3	11.3	
CIR	<49	48.9	
NIM	Stable ~~Compression likely~~	2.03	
NOII		73% (yoy)	
Loans	3 (Constant currency basis)	1.0 (YTD)	Drag comes from IND. SG has performed well in the low interest rate environment, while MY should see pick up in corporate loans by next quarter.
Deposits		-0.8 (YTD)	
% CASA		37.9	
Loan/Depo		95.1	
GIL ratio		1.32	
NCC (bps)	<20 ~~<30~~	11	
CET 1		14.9	
Div payout		-	

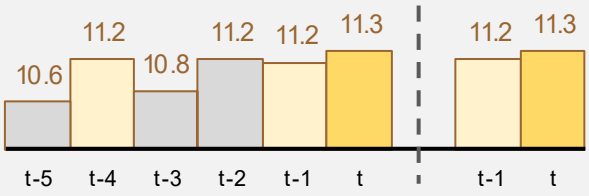
Source: Company, MBSBR

INCOME STATEMENT (QUARTERLY & CUMULATIVE)

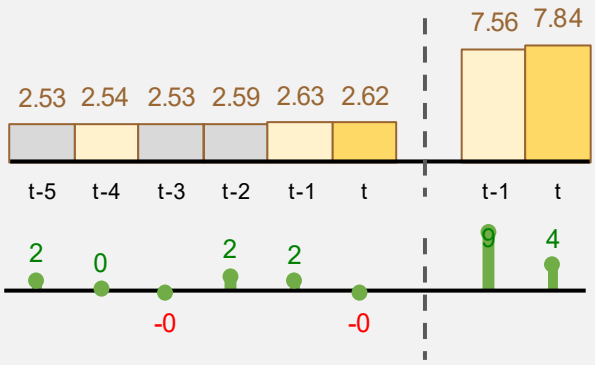
3QFY25 / 9MFY25 results

Earnings:	Within our full-year forecasts	(76%)
	Within street full-year forecasts	(76%)
Dividend:	NO	
YTD payout:	-	

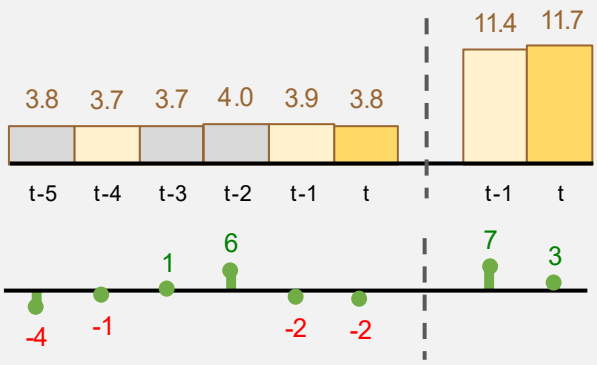
ROE (%)



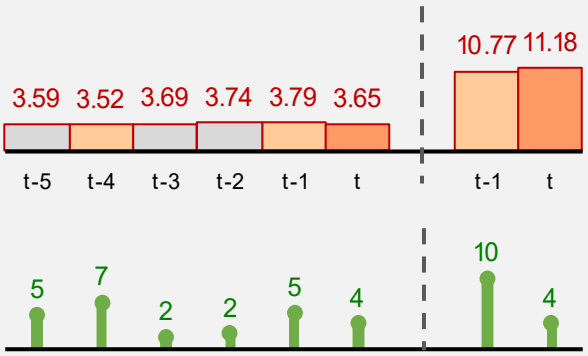
Core Net Profit (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



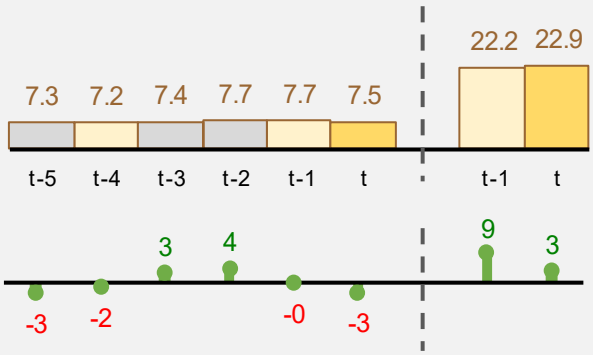
Pre-Provisioning Operating Profit (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



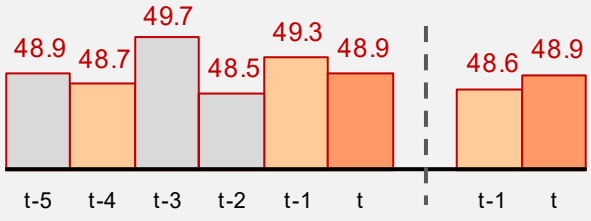
OPEX (RM b)
Growth -- yoy only! (Qtr & Cum) (%)



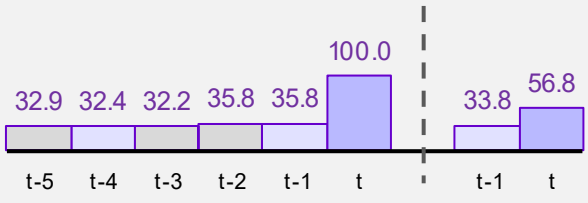
Topline (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



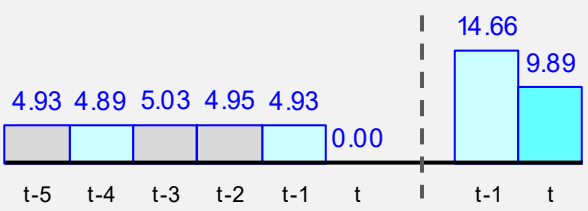
Cost/Income ratio (%)



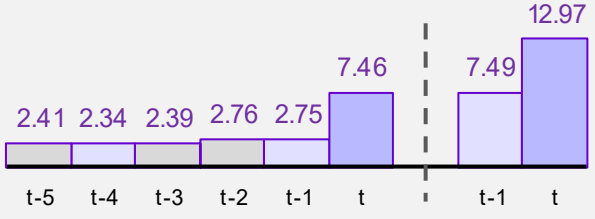
% NOII as topline (%)



Net interest income (RM b)

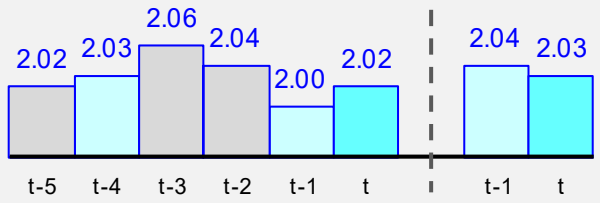


Non-interest income (RM b)

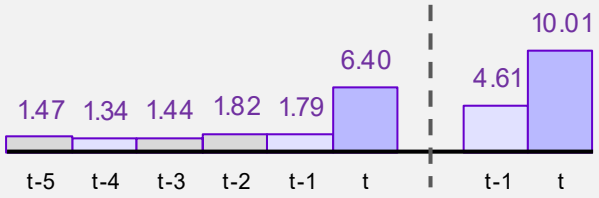


Source: Company, MBSBR

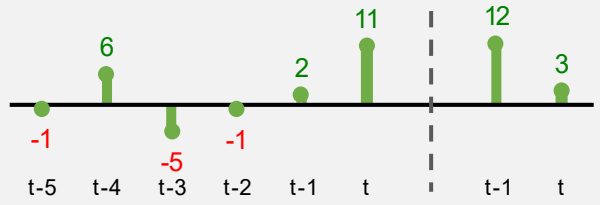
NIM (%)



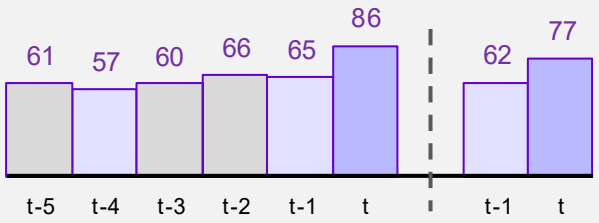
Non-fee NOII (RM b)



Fee income growth -- qoq (Qtr) & yoy (Cum) (%)

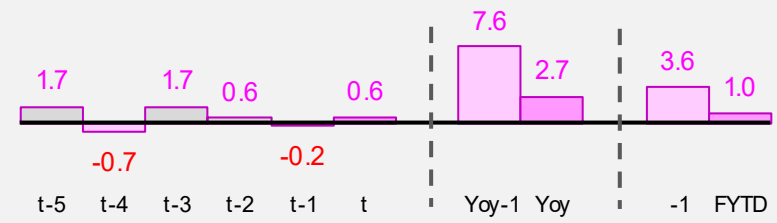


% Non-fee income as NOII (%)

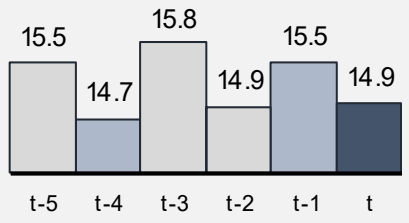


BALANCE SHEET

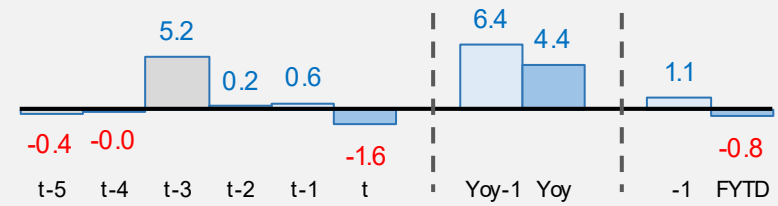
Loan growth -- qoq, yoy, FYTD (%)



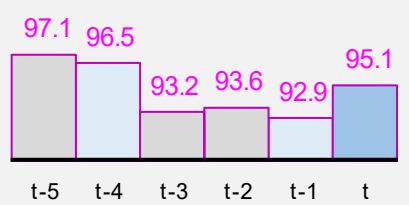
CET 1 ratio (%)



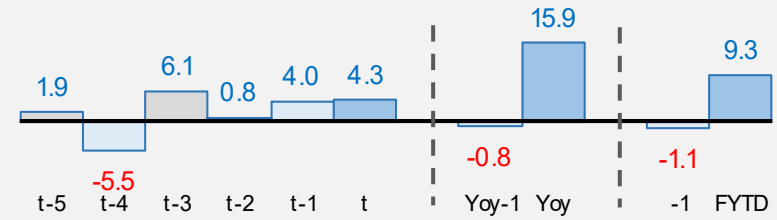
Deposit growth -- qoq, yoy, FYTD (%)



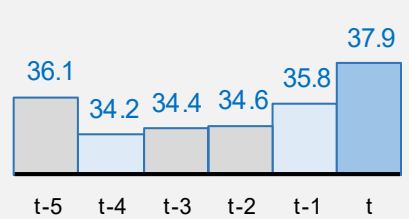
Loan/Deposit ratio (%)



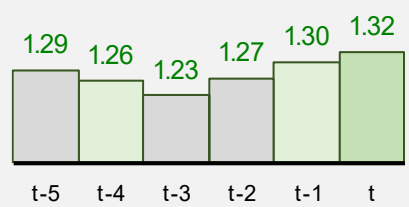
CASA growth -- qoq, yoy, FYTD (%)



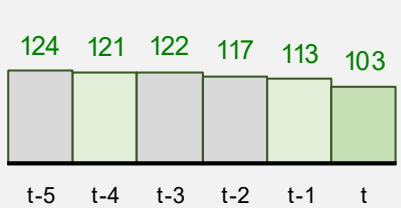
CASA ratio (%)



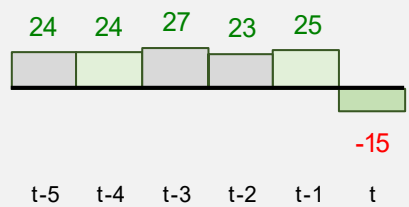
GIL ratio (%)



Loan loss coverage (%)



Ann. net credit cost (bps)



Source: Company, MBSBR

FIG 6: Retrospective performance

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Qtrly Core NP	RM mil	2,621	Qtrly ROE	Qtr value	11.3%
	25% of FY CNP				
	Qoq	-0%		t-1	11.2%
	Yoy	3%		t-4	11.2%
Cum Core NP	RM mil	7,838	Cum ROE	Cum value	11.3%
	Within our forecast				
	76% of FY CNP				
	Within consensus				
	76% of FY CNP				
	Yoy	4%		t-1	11.1%
NII	As expected		NIM	As expected	
				Qtr value	2.02
				Cum value	2.03
	Qtr (Qoq)	-100%		Qtr (Qoq)	+2bps
	Qtr (Yoy)	-100%		Qtr (Yoy)	-1bps
	Cum (Yoy)	-33%		Cum (Yoy)	-1bps
NOII	As expected		Qtr	% NII	0%
	Qtr (Qoq)	171%		% NOII	100%
	Qtr (Yoy)	219%	Cum	% NII	43%
	Cum (Yoy)	73%		% NOII	57%
OPEX	As expected		Cost/ Inc.	As expected	
				Qtr value	48.9%
				Cum value	48.9%
	Qtr (Qoq)	-3%		Qtr (Qoq)	-0.3%
	Qtr (Yoy)	4%		Qtr (Yoy)	+0.2%
	Cum (Yoy)	4%		Cum (Yoy)	+0.3%

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Loans	As expected				
	Qoq	0.6%			
	Yoy	2.7%			
	YTD (FY)	1.0%			
Depo. grwth	As expected		CASA grwth	As expected	
	Qoq	-1.6%		Qoq	4.3%
	Yoy	4.4%		Yoy	15.9%
	YTD (FY)	-0.8%		YTD (FY)	9.3%
CASA ratio	As expected		L/D ratio	As expected	
	Value now	37.9%		Value now	95.1%
	Qoq	+2.1%		Qoq	+2.2%
	Yoy	+3.8%		Yoy	-1.4%
GIL ratio	As expected		LLC ratio	As expected	
	Value now	1.32%		Value now	103%
	Qoq	+2bps		Qoq	-10%
	Yoy	+6bps		Yoy	-19%
Qtrly Net CC	As expected		Cum Net CC	As expected	
	Net writebacks			Small provision	
	Value now	-15bps		Value now	11bps
	t-1	25bps			
	t-4	24bps		t-4	26bps
CET 1	Healthy level		Div payout	No divvy	
	As expected			As expected	
	Value now	14.9%		Payout	
	Qoq	-0.5%			

Source: Company, MBSBR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Net interest income	**12,792**	**12,807**	**13,216**	**13,548**	**14,025**
Islamic banking inc.	7,577	8,346	6,910	7,084	7,333
Other operating inc.	6,992	8,419	10,215	9,785	10,205
Net income	**27,361**	**29,573**	**30,341**	**30,417**	**31,563**
OPEX	(13,389)	(14,460)	(14,715)	(14,600)	(14,993)
PPOP	**13,972**	**15,112**	**15,626**	**15,817**	**16,571**
Loan allowances	(1,826)	(1,671)	(1,918)	(1,853)	(1,945)
Other allowances	145	24	(176)	(205)	(171)
JV & Associates	240	236	266	269	282
PBT	**12,532**	**13,702**	**13,797**	**14,028**	**14,736**
Tax & zakat	(2,917)	(3,195)	(3,173)	(3,226)	(3,389)
NCI	(265)	(418)	(319)	(324)	(340)
Reported NP	**9,350**	**10,089**	**10,305**	**10,478**	**11,006**
Core NP	**9,350**	**10,089**	**10,305**	**10,478**	**11,006**
Total NII	19,302	19,693	19,435	19,924	20,625
Total NOII	8,059	9,880	10,906	10,493	10,938

BALANCE SHEET

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash & ST funds	42,376	62,798	51,404	51,266	51,493
Investment securities	252,537	240,829	229,797	222,086	217,064
Net loans	628,923	662,741	685,276	719,540	755,517
Other IEAs	30,723	29,564	30,950	32,407	33,940
Non-IEAs	73,116	79,390	81,870	101,500	118,680
Total assets	**1,027,675**	**1,075,322**	**1,079,298**	**1,126,800**	**1,176,695**
Customer deposits	670,359	712,915	735,729	773,987	814,234
Other IBLs	163,138	163,018	168,090	173,401	178,963
Non-IBLs	96,529	102,182	75,569	76,509	77,469
Total liabilities	**930,026**	**978,115**	**979,387**	**1,023,897**	**1,070,666**
Share capital	54,674	54,736	54,736	54,736	54,736
Reserves	39,968	39,234	42,076	44,976	48,005
Shareholders' funds	**94,642**	**93,971**	**96,812**	**99,712**	**102,741**
NCI	3,007	3,237	3,098	3,191	3,288
Total equity	**97,648**	**97,207**	**99,910**	**102,903**	**106,029**
Total L&E	**1,027,675**	**1,075,322**	**1,079,298**	**1,126,800**	**1,176,695**
Total IEAs	954,558	995,932	997,428	1,025,299	1,058,015
Total IBLs	833,497	875,933	903,819	947,388	993,197
Gross loans	640,750	674,969	695,218	729,979	766,478
CASA	233,895	245,485	250,148	263,155	276,840

FINANCIAL RATIOS

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Interest (%)					
NIM	2.11	2.00	1.95	1.97	1.98
Return on IEAs	3.31	3.36	2.31	2.31	2.29
Cost of funds	2.19	2.34	1.10	1.06	1.01
Net interest spread	1.12	1.02	1.21	1.25	1.28
Profitability (%)					
ROE	**10.3**	**10.7**	**10.8**	**10.7**	**10.9**
ROA	0.9	1.0	1.0	0.9	1.0
NOII/Net income	29.5	33.4	35.9	34.5	34.7
Effective tax rate	23.3	23.3	23.0	23.0	23.0
Cost/Income	48.9	48.9	48.5	48.0	47.5
Liquidity (%)					
Loan/Deposit	93.8	93.0	93.1	93.0	92.8
CASA ratio	34.9	34.4	34.0	34.0	34.0
Asset Quality (%)					
GIL ratio	1.34	1.23	1.30	1.30	1.30
LLC ratio	120	122	110	110	110
LLC (w. reserves)	149	157	141	140	139
Net CC (bps)	30	25	28	26	26
Capital (%)					
CET 1	16.2	15.8	15.5	15.0	15.0
Tier 1 capital	16.8	16.1	16.2	14.7	14.7
Total capital	19.4	18.9	18.8	18.3	18.3
Growth (%)					
Total NII	-6.7	2.0	-1.3	2.5	3.5
Total NOII	38.8	22.6	10.4	-3.8	4.2
Net income	3.3	8.1	2.6	0.3	3.8
OPEX	11.8	8.0	1.8	-0.8	2.7
Core NP	17.5	7.9	2.1	1.7	5.0
Gross loans	9.2	5.3	3.0	5.0	5.0
Customer deposits	9.0	6.3	3.2	5.2	5.2
CASA	-2.7	5.0	1.9	5.2	5.2
Valuation metrics					
Core EPS (sen)	77.6	83.7	85.5	86.9	91.3
Gross DPS (sen)	60.0	61.0	68.3	69.5	73.0
Div payout (%)	77	73	80	80	80
BVPS (RM)	7.9	7.8	8.0	8.3	8.5
Core P/E (x)	12.8	11.9	11.6	11.4	10.9
Div yield (%)	**6.0**	**6.1**	**6.9**	**7.0**	**7.3**
P/BV (x)	1.3	1.3	1.2	1.2	1.2

Source: Company, MBSBR

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(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

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MBSB INVESTMENT BANK (formerly known MIDF 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