Corporate Update

Alliance Bank Malaysia Berhad

(2488 | ABMB MK) Main | Financial Services

FTSE4Good ESG 4 Stars

Maintain **BUY**

Unchanged Target Price **RM6.08**

3QFY26 Results Review
Tapering Loan Growth

Salient Points

Solid set of earnings, as expected.

Management's tone: Neutral

Expect: ABMB's loan growth to reduce here on out.

Our Verdict

ABMB's loan growth is tapering, but this is not necessarily a bad thing. It gives the Group more breathing space for capital, NOII and OPEX improvement.

Valuations

An unchanged FY27F P/BV of 1.20x

Current P/BV of 1.03x is trading near +1SD of the 10-year P/BV mean of 0.83x, but we think this is justified, given the Group's improved fundamental prospects and improved asset quality.

The company is currently trading at a forward FY27F P/BV of 1.02x with a 3.9% dividend yield.

Themes

1. ▲ While tapering down, ABMB's loan growth remains high relative to the rest of the industry. It also reduces the strain on capital while allowing the Group to maintain market share capture.
2. ▲ NOII performance is picking up, largely driven by rapid wealth management growth. With fewer glaring loan targets ahead, the Group can shift its efforts to fee income optimisation.
3. ► While NIM has underperformed this quarter, we think there's some room for improvement ahead.
4. ► While high cost inflation persists, the Group has frontloaded marketing costs in the first few years of ACCELER8, implying lower cost pressure ahead.
5. ► Asset quality is not too large a concern for now.
6. ▼ Dividends remain at the lower end, though more subdued loan growth targets provide room for upside.

Results in a nutshell:

► **9MFY26's Core NP of RM620m was *Within/Within* our/street forecasts: *74%/78%* of full-year forecasts.**

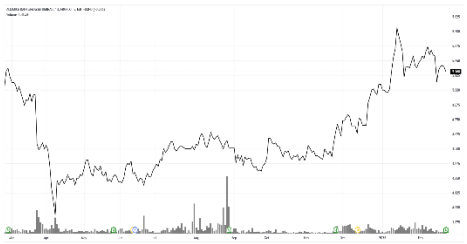
► **No dividend announcement.**

▲ **9MFY26's Core net profit (NP) of RM620m up by 12%yoy.** Improvements in topline offset higher OPEX and provisioning costs.

▲ **3QFY26's Core NP of RM215m up by 4%qoq.** Improvements came mainly from NII and lower provisioning, which offset weaker NOII performance.

RETURN STATISTICS	
Price @ 25 February 2026 (RM)	5.16
Expected share price return (%)	+17.7
Expected dividend yield (%)	+3.9
Expected total return (%)	**+21.6**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.8	-0.1
3 months	3.0	7.1
12 months	0.7	-8.6

INVESTMENT STATISTICS			
FYE Mar	**FY26F**	**FY27F**	**FY28F**
Core NP (RM m)	**836**	**871**	**885**
CNP growth (%)	11	4	2
Div yield (%)	**3.7**	**3.9**	**4.0**
Gross DPS (sen)	19.3	20.1	20.5
P/BV (x)	**1.1**	**1.0**	**1.0**
BVPS (RM)	4.7	5.1	5.4
ROE (%)	**10.5**	**10.3**	**9.8**
% Street CNP (%)	**105**	**102**	**97**

KEY STATISTICS	
FBM KLCI	1,747.81
Issue shares (m)	1,588.8
Estimated free float (%)	60.9
Market Capitalisation (RM'm)	8,997.2
52-wk price range	RM3.82 – RM5.59
3-mth average daily volume (m)	2.9
3-mth average daily value (RM'm)	14.5
Top Shareholders (%)	
Vertical Theme Sdn Bhd	29.1
EPF Board	9.3
Global Success Network	5.0

Analyst

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Have a look at:

▼ **Unfortunately, the ACCERLER8 ROE target of 11% is no longer achievable, post-share dilution.** We think management may adjust this figure to >10% instead.

▼ **Management lowers its NIM guidance, but strong NOII quarters may soften the blow.** This was due to deposit competition in Dec-25 being higher than expected, which led to a slight delay in management's move to optimise LFR. Instead, the Group hoarded deposits in Nov-25, leading to a sharp increase in non-CASA deposits. Wealth management should continue to drive strong NOII performance ahead, though be wary that the RM45m run rate achieved this quarter is not sustainable.

▼ **Ground-level stress in the SME segment remains an issue.** Management maintains its stance that FY26 loan growth will come in at the lower end of its 8-10% guidance, as management remains selective when selecting SME loans. They think the rising cost of SST is problematic for smaller SMEs, despite good economic growth metrics.

▲ **Regardless, management reduces its FY26 NCC guidance (as expected).** Management tweaks its guidance to 30-33bps (from 30-35bps previously). However, keep in mind our calculated figure for 9MFY26's NCC remains much higher at 42bps. 4QFY26 should see a lower provisioning quarter as improving macroeconomic variables should lead to provisioning release.

Forecasts unchanged. We make no changes to our earnings forecasts.
Key downside risks. *(1) Weaker-than-expected loans growth, (2) Steeper-than-expected NIM compression, (3) Higher-than-expected OPEX growth.*

Maintain BUY call: Unchanged GGM-TP of RM 6.08. The TP is based on an unchanged FY27F P/BV of 1.20x.
(GGM assumptions: *FY27F ROE of 10.3%, LTG of 5.0% & COE of 9.4%)*

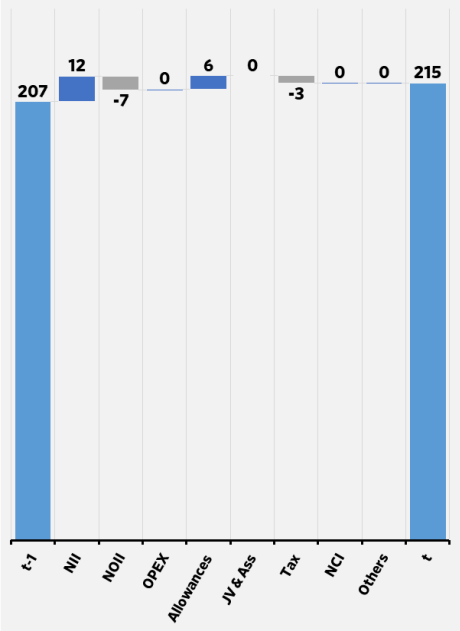
FIG 1: Quarterly results

FYE Mar (RM m)	3Q FY26	2Q FY26	3Q FY25	Yoy (%)	Qoq (%)	9M FY26	9M FY25	Yoy (%)
Net interest inc.	377	366	369	2	3	1,113	1,080	3
Islamic banking inc.	147	144	138	6	2	434	406	7
Non-interest inc.	108	117	54	100	-8	326	221	47
Net income	**632**	**626**	**561**	**13**	**1**	**1,873**	**1,707**	**10**
OPEX	(298)	(299)	(265)	12	-0	(874)	(798)	10
PPOP	**333**	**328**	**296**	**13**	**2**	**999**	**909**	**10**
Loan provisions	(50)	(58)	(38)	31	-13	(198)	(178)	11
Other provisions	(0)	1	0	n.m.	n.m.	1	(1)	n.m.
JV & Associates	0	0	0	n.m.	n.m.	0	0	n.m.
PBT	**283**	**271**	**258**	**10**	**4**	**802**	**730**	**10**
Tax	(68)	(64)	(71)	-5	5	(181)	(177)	3
NCI	-	-	-	n.m.	n.m.	-	-	n.m.
Reported NP	**215**	**207**	**187**	**15**	**4**	**620**	**553**	**12**
Core NP	**215**	**207**	**187**	**15**	**4**	**620**	**553**	**12**
Total NII	507	495	495	3	2	1,501	1,450	3
Total NOII	125	131	67	87	-5	372	256	45
Gross DPS (sen)	**-**	**9.4**	**-**	**n.m.**	**n.m.**	**9.4**	**9.5**	**n.m.**
Core EPS (sen)	13.0	12.7	12.1	7	2	37.4	35.7	5
Gross loans	65,763	63,882	60,956	7.9	2.9			
Gross impaired loans	1,242	1,222	1,203	3.3	1.6			
Customer deposits	68,064	66,337	61,659	10.4	2.6			
CASA	25,870	25,962	24,285	6.5	-0.4			

Ratios (%)	3Q FY26	2Q FY26	3Q FY25	Yoy (ppts)	Qoq (ppts)	9M FY26	9M FY25	Yoy (ppts)
ROE (Ann.)	**10.0**	**9.6**	**10.1**	**-0.1**	**0.4**	**9.6**	**9.9**	**-0.4**
NIM (Reported)	**2.34**	**2.32**	**2.45**	**-0.11**	**0.02**	**2.36**	**2.46**	**-0.10**
NOII/Net income	19.7	21.0	11.9	7.8	-1.2	19.9	15.0	4.9
Cost/Income	47.2	47.7	47.2	-0.0	-0.5	46.7	46.8	-0.1
NCC (Ann.) (bps)	32	37	27	5	-6	42	42	0
GIL ratio	1.89	1.91	1.97	-0.08	-0.02			
Loan loss coverage	109	107	104	5	2			
CASA ratio	38.0	39.1	39.4	-1.4	-1.1			
L/D ratio	94.9	94.6	97.2	-2.2	0.3			
CET-1	13.1	13.6	12.4	0.7	-0.5			

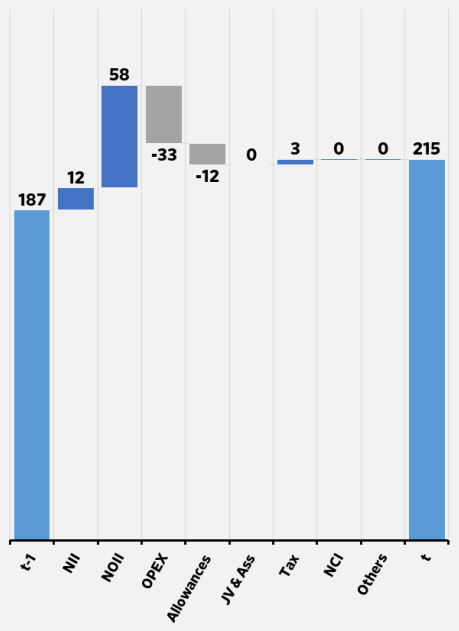
Source: Company, MBSBR

FIG 2: QoQ P/L walk (Quarterly)



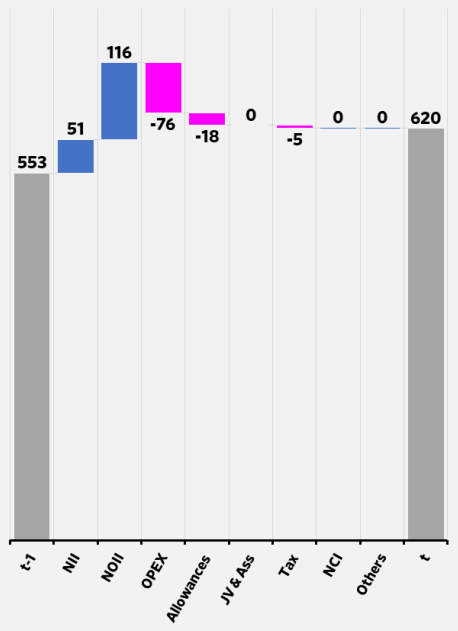
Source: Company, MBSBR

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	FY26F	9M FY26	Notes (Red: New guidance, ~~Strikethrough: Guidance is no longer pertinent~~)
ROE	10	9.6	10.2% is the Group's reported annualised 9MFY26 ROE.
CIR	48	46.7	
NIM	2.34 – 2.37 ~~2.37 – 2.43~~ (from 2.45)	2.36	
NOII		45% (yoy)	
Loans	8 – 10	5.3 (YTD)	Should come slightly below or near lower bound of guidance.
Deposits		3.4 (YTD)	
% CASA		38.0	
Loan/Depo		94.9	
GIL ratio		1.89	
NCC (bps)	30 – 33 ~~35~~	42	Management's reported annualised 9MFY26 NCC is 30.7bps.
CET 1		13.1	
Div payout	40 – 50	-	Should come in near lower bound, given the need to conserve capital as loan growth remains high.

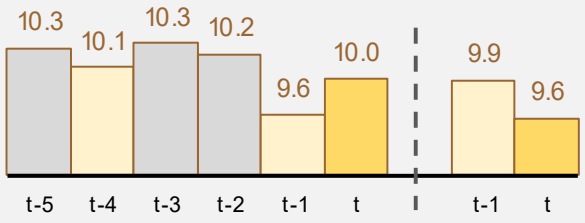
Source: Company, MBSBR

INCOME STATEMENT (QUARTERLY & CUMULATIVE)

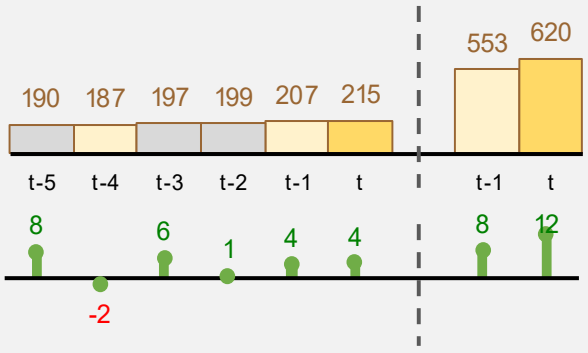
3QFY26 / 9MFY26 results

Earnings:	Within our full-year forecasts	(74%)
	Within street full-year forecasts	(78%)
Dividend:	NO	
YTD payout:	-	

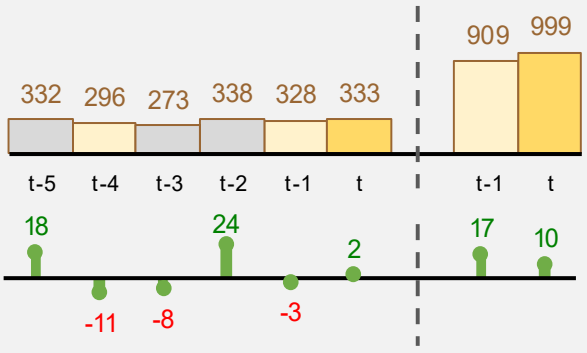
ROE (%)



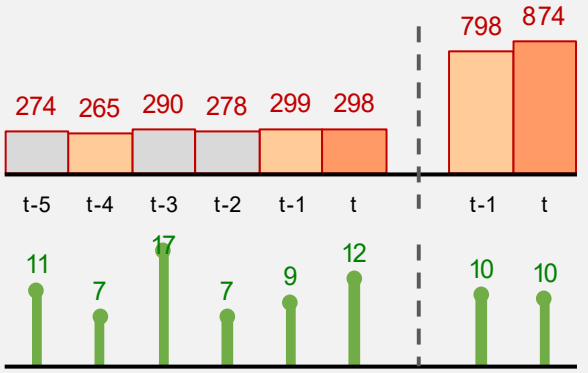
Core Net Profit (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



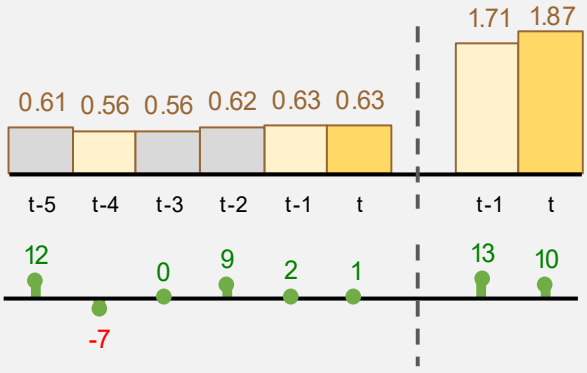
Pre-Provisioning Operating Profit (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



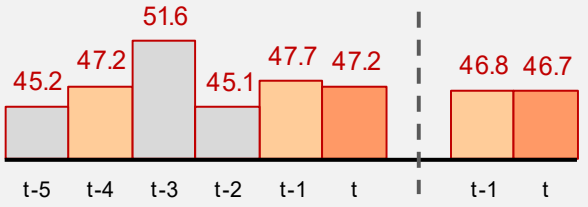
OPEX (RM m)
Growth -- yoy only! (Qtr & Cum) (%)



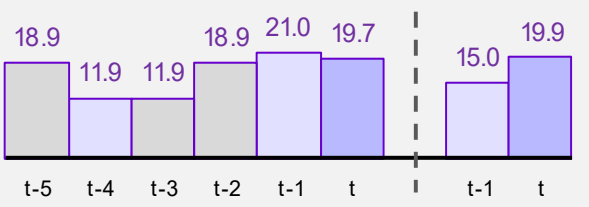
Topline (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



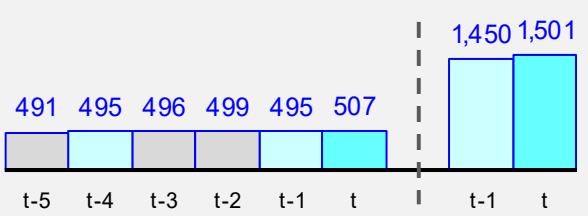
Cost/Income ratio (%)



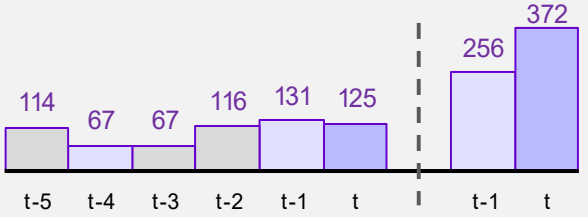
% NOII as topline (%)



Net interest income (RM m)

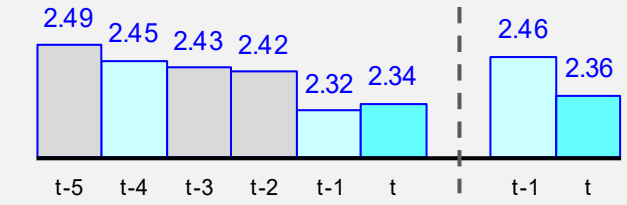


Non-interest income (RM m)

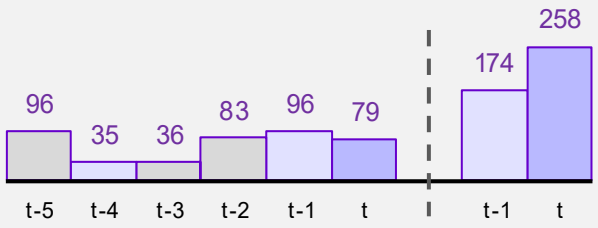


Source: Company, MBSBR

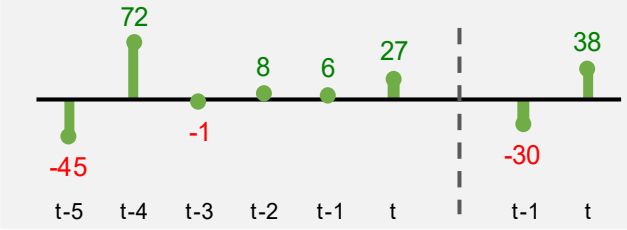
NIM (%)



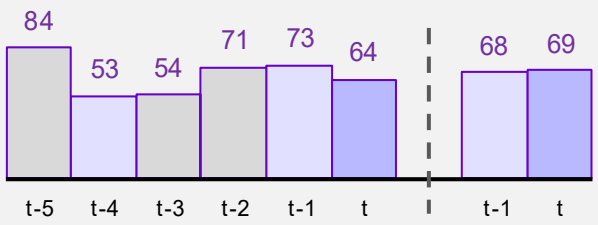
Non-fee NOII (RM m)



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

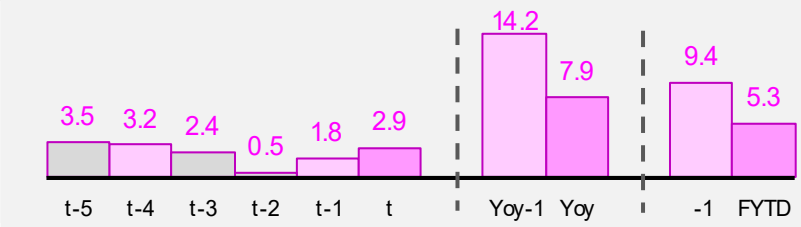


% Non-fee income as NOII (%)

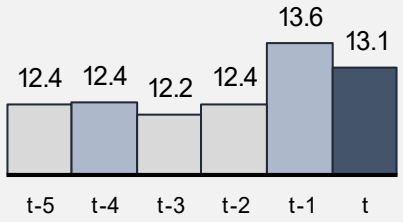


BALANCE SHEET

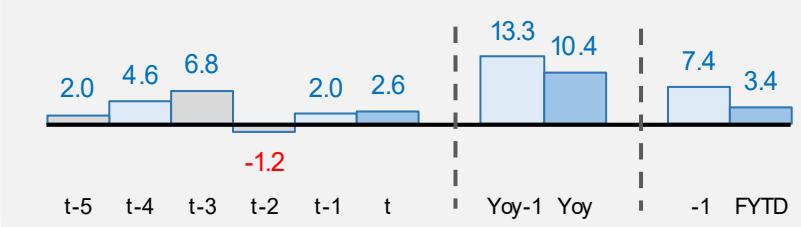
Loan growth -- qoq, yoy, FYTD (%)



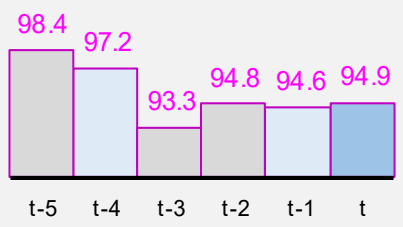
CET 1 ratio (%)



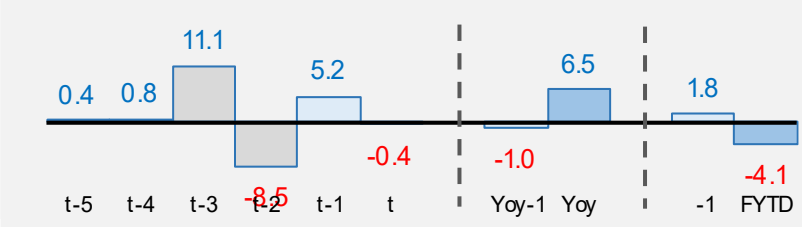
Deposit growth -- qoq, yoy, FYTD (%)



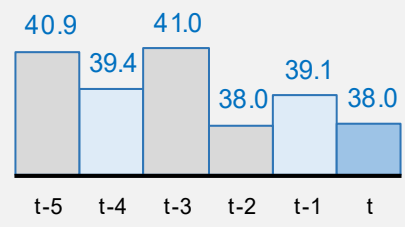
Loan/Deposit ratio (%)



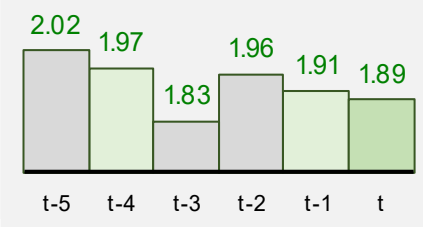
CASA growth -- qoq, yoy, FYTD (%)



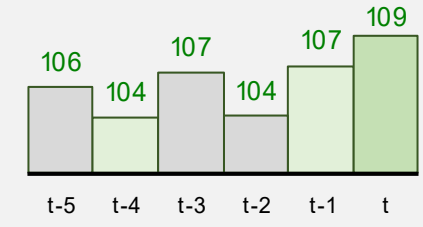
CASA ratio (%)



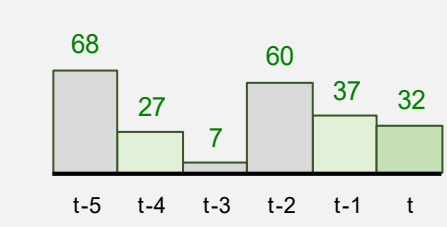
GIL ratio (%)



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	215	Qtrly ROE	Qtr value	10.0%
	26% of FY CNP				
	Qoq	4%		t-1	9.6%
	Yoy	15%		t-4	10.1%
Cum Core NP	RM mil	620	Cum ROE	Cum value	9.6%
	Within our forecast				
	74% of FY CNP				
	Within consensus				
	78% of FY CNP				
	Yoy	12%		t-1	9.9%
NII	As expected		NIM	As expected	
				Qtr value	2.34
				Cum value	2.36
	Qtr (Qoq)	2%		Qtr (Qoq)	+2bps
	Qtr (Yoy)	3%		Qtr (Yoy)	-11bps
	Cum (Yoy)	3%		Cum (Yoy)	-10bps
NOII	As expected		Qtr	% NII	80%
	Qtr (Qoq)	-5%		% NOII	20%
	Qtr (Yoy)	87%	Cum	% NII	80%
	Cum (Yoy)	45%		% NOII	20%
OPEX	As expected		Cost/ Inc.	As expected	
				Qtr value	47.2%
				Cum value	46.7%
	Qtr (Qoq)	-0%		Qtr (Qoq)	-0.5%
	Qtr (Yoy)	12%		Qtr (Yoy)	-0.0%
	Cum (Yoy)	10%		Cum (Yoy)	-0.1%

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Loans	As expected				
	Qoq	2.9%			
	Yoy	7.9%			
	YTD (FY)	5.3%			
Depo. grwth	As expected		CASA grwth	As expected	
	Qoq	2.6%		Qoq	-0.4%
	Yoy	10.4%		Yoy	6.5%
	YTD (FY)	3.4%		YTD (FY)	-4.1%
CASA ratio	As expected		L/D ratio	As expected	
	Value now	38.0%		Value now	94.9%
	Qoq	-1.1%		Qoq	+0.3%
	Yoy	-1.4%		Yoy	-2.2%
GIL ratio	As expected		LLC ratio	As expected	
	Value now	1.89%		Value now	109%
	Qoq	-2bps		Qoq	+2%
	Yoy	-8bps		Yoy	+5%
Qtrly Net CC	As expected		Cum Net CC	As expected	
	Decent provision			Decent provision	
	Value now	32bps		Value now	42bps
	t-1	37bps			
	t-4	27bps		t-4	42bps
CET 1	Healthy level		Div payout	No divvy	
	As expected			As expected	
	Value now	13.1%		Payout	
	Qoq	-0.5%			

Source: Company, MBSBR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Net interest income	**1,310**	**1,451**	**1,601**	**1,710**	**1,771**
Islamic banking inc.	440	547	574	613	635
Other operating inc.	271	272	353	337	312
Net income	**2,020**	**2,270**	**2,528**	**2,660**	**2,718**
OPEX	(974)	(1,088)	(1,213)	(1,277)	(1,291)
PPOP	**1,047**	**1,181**	**1,315**	**1,383**	**1,427**
Loan allowances	(135)	(188)	(211)	(233)	(259)
Other allowances	(1)	(1)	(1)	(1)	(1)
JV & Associates	0	0	0	0	0
PBT	**911**	**993**	**1,103**	**1,149**	**1,168**
Tax & zakat	(221)	(242)	(267)	(278)	(283)
NCI	-	-	-	-	-
Reported NP	**690**	**751**	**836**	**871**	**885**
Core NP	**690**	**751**	**836**	**871**	**885**
Total NII	1,720	1,947	2,135	2,280	2,361
Total NOII	300	323	393	380	357

BALANCE SHEET

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash & ST funds	4,597	5,201	4,391	4,462	4,435
Investment securities	14,253	15,571	14,037	12,880	11,991
Net loans	54,721	61,419	68,039	75,438	83,564
Other IEAs	-	-	-	-	-
Non-IEAs	3,376	3,027	6,322	8,393	10,447
Total assets	**76,946**	**85,217**	**92,789**	**101,173**	**110,437**
Customer deposits	57,397	65,835	72,945	80,823	89,552
Other IBLs	5,650	6,154	5,949	5,764	5,597
Non-IBLs	6,724	5,560	5,692	5,827	5,967
Total liabilities	**69,771**	**77,549**	**84,586**	**92,415**	**101,116**
Share capital	1,548	1,548	1,548	1,548	1,548
Reserves	5,627	6,120	6,655	7,210	7,772
Shareholders' funds	**7,175**	**7,668**	**8,203**	**8,758**	**9,320**
NCI	-	-	-	-	-
Total equity	**7,175**	**7,668**	**8,203**	**8,758**	**9,320**
Total L&E	**76,946**	**85,217**	**92,789**	**101,173**	**110,437**
Total IEAs	73,570	82,190	86,467	92,780	99,989
Total IBLs	63,047	71,989	78,894	86,587	95,150
Gross loans	55,740	62,445	69,189	76,662	84,941
CASA	23,864	26,981	26,990	29,905	33,134

FINANCIAL RATIOS

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Interest (%)					
NIM	2.51	2.50	2.45	2.45	2.45
Return on IEAs	3.59	3.68	3.68	3.64	3.50
Cost of funds	1.96	2.09	1.99	1.87	1.76
Net interest spread	1.63	1.58	1.69	1.76	1.74
Profitability (%)					
ROE	**9.9**	**10.1**	**10.5**	**10.3**	**9.8**
ROA	1.0	0.9	0.9	0.9	0.8
NOII/Net income	14.9	14.2	15.5	14.3	13.1
Effective tax rate	24.2	24.4	24.2	24.2	24.2
Cost/Income	48.2	48.0	48.0	48.0	47.5
Liquidity (%)					
Loan/Deposit	95.3	93.3	93.3	93.3	93.3
CASA ratio	41.6	41.0	37.0	37.0	37.0
Asset Quality (%)					
GIL ratio	2.11	1.83	1.85	1.85	1.85
LLC ratio	101	107	105	100	100
LLC (w. reserves)	114	117	124	117	116
Net CC (bps)	26	32	32	32	32
Capital (%)					
CET 1	12.5	12.2	12.6	12.7	12.8
Tier 1 capital	13.2	13.4	13.7	13.7	13.7
Total capital	16.8	16.7	16.9	16.7	16.6
Growth (%)					
Total NII	4.1	13.2	9.7	6.8	3.6
Total NOII	12.4	7.7	21.6	-3.4	-6.1
Net income	5.2	12.3	11.4	5.2	2.2
OPEX	10.5	11.8	11.5	5.2	1.1
Core NP	1.9	8.7	11.4	4.2	1.6
Gross loans	13.6	12.0	10.8	10.8	10.8
Customer deposits	12.9	14.7	10.8	10.8	10.8
CASA	12.1	13.1	0.0	10.8	10.8
Valuation metrics					
Core EPS (sen)	39.9	43.4	48.3	50.4	51.2
Gross DPS (sen)	22.3	19.4	19.3	20.1	20.5
Div payout ratio (%)	45	36	40	40	40
BVPS (RM)	4.1	4.4	4.7	5.1	5.4
Core P/E (x)	12.9	11.9	10.7	10.2	10.1
Dividend yield (%)	**4.3**	**3.8**	**3.7**	**3.9**	**4.0**
P/BV (x)	1.2	1.2	1.1	1.0	1.0

Source: Company, MBSBR

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MBSB INVESTMENT BANK (formerly known as 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