Monday 2nd. March 2026

Corporate Update

Bank Islam Malaysia Berhad

(5258 | BIMB MK) Main | Financial Services

FTSE4Good | ESG 3 Stars | SHARIAH Compliant

Maintain NEUTRAL

Revised Target Price **RM2.32**
(from RM2.52)

4QFY25 Results Review
An Aggressive Outlook

RETURN STATISTICS	
Price @ 27 February 2026 (RM)	2.47
Expected share price return (%)	-6.1
Expected dividend yield (%)	+6.0
Expected total return (%)	**-0.1**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.5	0.6
3 months	8.3	1.3
12 months	-0.8	-10.0

INVESTMENT STATISTICS			
FYE Dec	**FY26F**	**FY27F**	**FY28F**
Core NP (RM m)	**559**	**584**	**612**
CNP growth (%)	0	4	5
Div yield (%)	**6.0**	**6.3**	**6.6**
Gross DPS (sen)	14.8	15.4	16.2
P/BV (x)	**0.7**	**0.7**	**0.7**
BVPS (RM)	3.5	3.6	3.8
ROE (%)	**7.0**	**7.3**	**7.4**
% Street CNP (%)	**97**	**93**	

KEY STATISTICS	
FBM KLCI	1,716.61
Issue shares (m)	2,266.5
Estimated free float (%)	33.6
Market Capitalisation (RM'm)	5,620.9
52-wk price range	RM2.19 – RM2.6
3-mth average daily volume (m)	2.3
3-mth average daily value (RM'm)	5.5
Top Shareholders (%)	
Lembaga Tabung Haji	48.0
EPF Board	17.5
Amanah Saham Nasional Bhd	17.4

Salient Points

Exceptional set of earnings, above our and the street's expectations.
Management's tone: Neutral
Expect: NII to act as the main driver of growth in FY26, backed by both NIM improvement and a recovery in loan growth.

Our Verdict

While recent successes back up BIMB's aggressive market capture plans, the near-term earnings outlook seems tepid at best, given the heavy cost inflation pressure. Dividends remain among the industry's best.

Valuations

A revised FY26F P/BV of 0.67x *(formerly 0.72x)*

Current P/BV of 0.69x is trading below -1SD of the 10-year P/BV mean of 1.25x. However, we believe the discount is warranted given BIMB's reduced earnings prospects.

The company is currently trading at a forward FY26F P/BV of 0.71x with a +6.0% dividend yield.

Themes

1. ▲ Excellent dividend yields, though room for further upside is limited.
2. ▲ After a painful FY25, NIM expansion is expected, as it is set to normalise back to former levels. A higher-yielding loan mix should help.
3. ▲ BIMB seems optimistic on its fee income outlook, though it's important not to get carried away. FY25's excellent result could be partially due to a large bancatakaful (STMB) sign-on fee.
4. ▲ Poised to gain loan market share, even if high loan growth targets are not fully achieved. Will be gunning for a more non-retail-heavy mix.
5. ► While asset quality is very healthy, provisioning remains fairly high given its GIL ratio.
6. ▼ Elevated cost inflation should persist, given BIMB's rapid expansion and future transformation plans. CIR remains among the highest in the industry.

Results in a nutshell:

▲ **FY25's Core NP of RM557m was *Above/Above* our/street forecasts: *108%/107%* of full-year forecasts.** This quarter had virtually zero provisions, which led to the exceptional quarter performance.

► **Dividends announced.** DPS of 14.5 sen translates to a payout of 59% for FY25.

▼ **FY25's Core net profit (NP) of RM557m down by -2%yoy.** Improved NOII performance was offset by weaker NII, and higher OPEX and provision charges.

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▲ **4QFY25's Core NP of RM175m up by +35%qoq.** The quarter saw improvements in topline and lower provisions, which offset much higher OPEX.

Have a look at:

▼ **Not optimistic on further dividend upside, due to high loan growth targets.** The Basel transition will result in 35 – 50 bps of capital accretion. Even so, we doubt there's much room for upside. BIMB seems committed to growing riskier non-retail loans at an elevated growth rate and has a relatively optimised CET 1 ratio.

Capital release details, if any, should be announced as part of the next multi-year plan (a late announcement is likely, as the new CEO will only begin on 1 April).

▲ **FY26's 7% ROE target seems reasonable, though.** We think this year's core driver will be NII, backed up by NIM recovery and a return to strong loan growth. The main downside pressure comes from high cost inflation, given the Group's rapid business expansion and probable transformations as part of the next multi-year plan. Otherwise, other drivers seem fairly neutral: NOII should see normalisation but be driven by improved fee income, while the provisioning target is fairly high, but will likely end up lower than guided for.

▲ **An aggressive loan growth target, driven by non-retail loans.** The Group has unveiled very high loan growth targets of 8-9%, following years of much weaker growth. Despite the competitiveness of the SME segment, we think it's plausible, as the sharp pickup of loans in the last quarter demonstrates some degree of recovery. The Group has even allocated a high NCC guidance this year despite its superb asset quality, to account for higher risks.

Be wary, however, that over the last couple of years, the Group has followed a set pattern. It will initially set very high loan growth and NCC guidance, then lower them in subsequent quarters.

Forecasts revised: FY26F/FY27F Core NP adjusted by -3%/-7%. To reflect new FY26 targets: Namely, higher OPEX costs and NCC, which offset increased asset growth.
Key downside risks. *(1) Weaker-than-expected loans growth, (2) Weak NOII performance, (3) Higher-than-expected NCC.*

Maintain NEUTRAL call: Revised GGM-TP of RM 2.32 ***(from RM2.52)***. The TP is based on a revised FY26F P/BV of 0.67x *(formerly 0.72x)*, to reflect altered earnings prospects and ROE-based valuations.
(GGM assumptions: *FY26F ROE of 7.0%, LTG of 4.0% & COE of 8.5%)*

FIG 1: Quarterly results

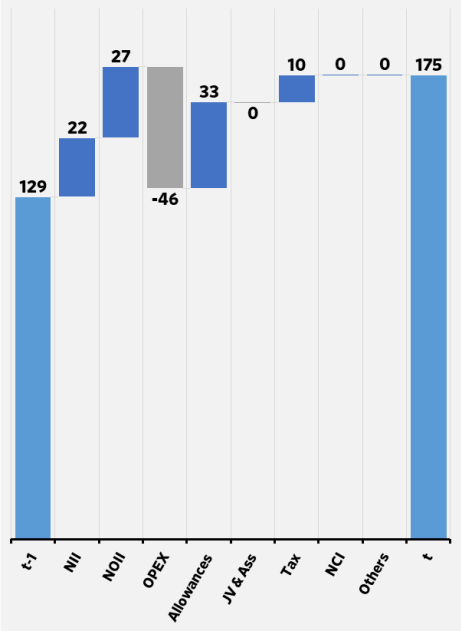
FYE Dec (RM m)	4Q FY25	3Q FY25	4Q FY24	Yoy (%)	Qoq (%)	FY25	FY24	Yoy (%)
Total NII	491	469	518	-5	5	1,949	2,041	-5
Total NOII	187	160	138	35	17	646	397	63
Net income	**678**	**629**	**656**	**3**	**8**	**2,596**	**2,438**	**6**
OPEX	(465)	(419)	(443)	5	11	(1,715)	(1,573)	9
PPOP	**213**	**210**	**214**	**-0**	**2**	**881**	**865**	**2**
Loan provisions	0	(30)	21	-99	-101	(152)	(95)	61
Other provisions	3	1	(0)	n.m.	n.m.	6	0	n.m.
JV & Associates	0	1	1	n.m.	n.m.	2	2	n.m.
PBT	**216**	**181**	**235**	**-8**	**20**	**736**	**772**	**-5**
Tax & Zakat	(41)	(52)	(62)	-33	-20	(179)	(202)	-11
NCI	-	-	-	n.m.	n.m.	-	(2)	n.m.
Reported NP	**175**	**129**	**173**	**1**	**35**	**557**	**568**	**-2**
Core NP	**175**	**129**	**173**	**1**	**35**	**557**	**568**	**-2**
Gross DPS (sen)	**4.5**	**10.0**	**4.1**	**n.m.**	**n.m.**	**14.5**	**15.1**	**n.m.**
Core EPS (sen)	7.7	5.7	7.6	1	35	24.6	25.1	-2
Gross loans	74,751	73,451	70,232	6.4	1.8			
Gross impaired loans	726	764	742	-2.2	-4.9			
Customer deposits	64,136	64,080	62,329	2.9	0.1			
Customer deposits^	84,324	83,759	80,947	4.2	0.7			
CASA	25,076	22,460	21,888	14.6	11.6			
CASATIA^	33,915	30,023	32,132	5.5	13.0			

Ratios (%)	4Q FY25	3Q FY25	4Q FY24	Yoy (ppts)	Qoq (ppts)	FY25	FY24	Yoy (ppts)
ROE (Ann.)	**8.7**	**6.4**	**9.0**	**-0.3**	**2.3**	**6.9**	**7.4**	**-0.5**
NIM (Reported)*	**2.01**	**1.97**	**2.30**	**-0.29**	**0.04**	**2.07**	**2.34**	**-0.27**
NOII/Net income	27.5	25.4	21.1	6.5	2.1	24.9	16.3	8.6
Cost/Income	68.6	66.7	67.5	1.1	1.9	66.1	64.5	1.5
NCC (Ann.) (bps)	(0)	17	(12)	12	-17	21	14	7
GIL ratio	0.97	1.04	1.06	-0.09	-0.07			
Loan loss coverage	100	103	99	1	-3			
CASATIA ratio^	40.2	35.8	39.7	0.5	4.4			
L/D ratio^	87.8	86.8	85.9	1.9	1.0			
CET-1	13.6	14.1	13.8	-0.3	-0.5			

^Deposits factor in Investment Accounts; CASATIA factors in Transactional Investment Accounts

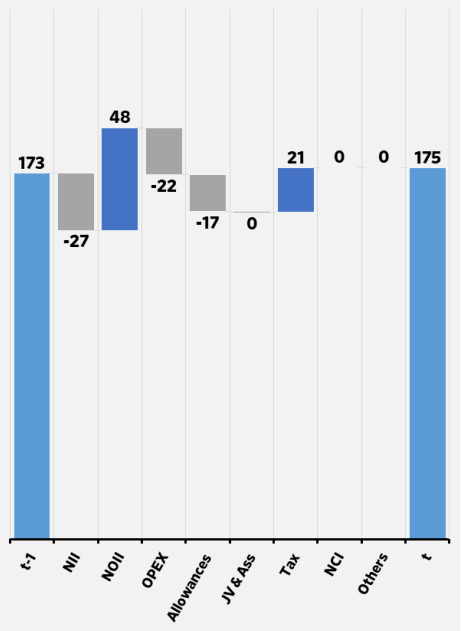
Source: Company, MBSBR

FIG 2: QoQ P/L walk (Quarterly)



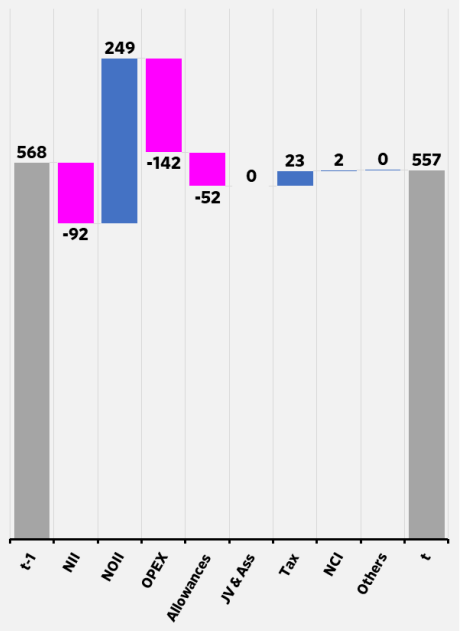
Source: Company, MBSBR

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	FY25	FY25 Actual	Notes (Red: New guidance, ~~Strikethrough: Guidance is no longer pertinent~~)
ROE	>7	>7.0	6.9	A realistic ROE guidance. NII to serve as main driver, offsetting while NOII normalisation and high OPEX and provisioning charges.
CIR		63 – 64	66.1	
NIM	>2.1 (from 2.07)	>2.0 (<25bps contraction from FY24)	2.07	
NOII			63% (yoy)	
Loans	8 – 9	6 - 7	6.4 (YTD)	The focus will remain on higher-margin non-retail loans. While these figures seem high
Deposits			4.2 (YTD)	
% CASA			40.2	
Loan/Depo			87.8	
GIL ratio	<1.1	<1.1	0.97	
NCC (bps)	28 – 30	<30	21	A higher figure to account for the Group's focus on non-retail loans. LLC remains fairly elevated, offering some positive upside.
CET 1			13.6	
Div payout	60	60	59	

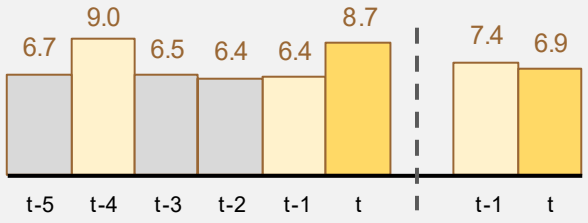
Source: Company, MBSBR

INCOME STATEMENT (QUARTERLY & CUMULATIVE)

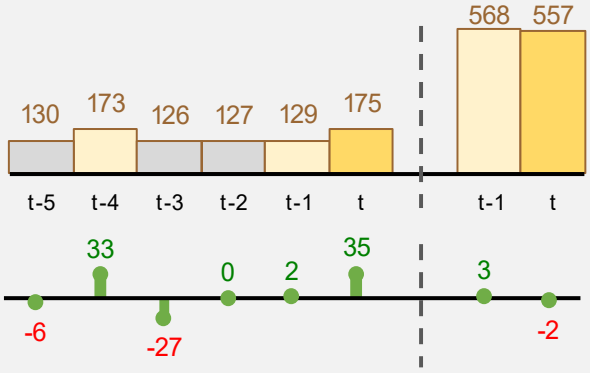
4QFY25 / FY25 results

Earnings:	**Above our full-year forecasts**	**(108%)**
	Above street full-year forecasts	(108%)
Dividend:	**YES**	
YTD payout:	**59%**	

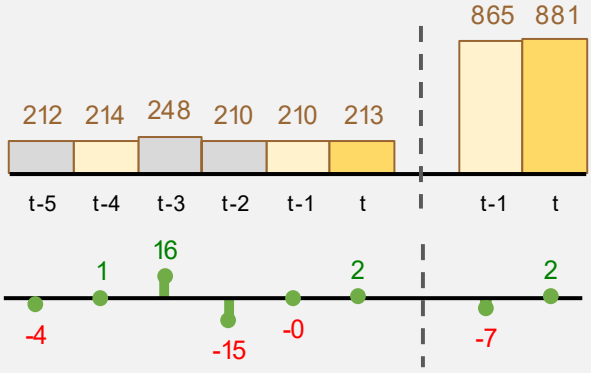
ROE (%)



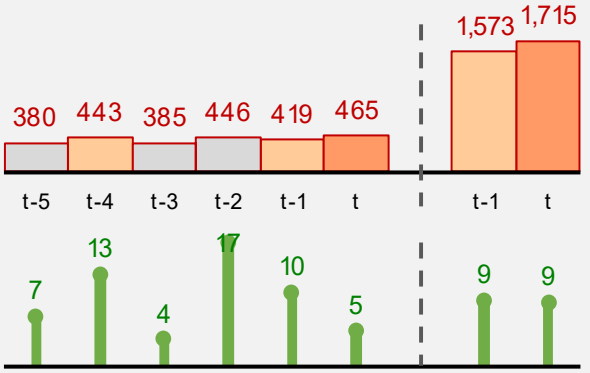
Core Net Profit (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



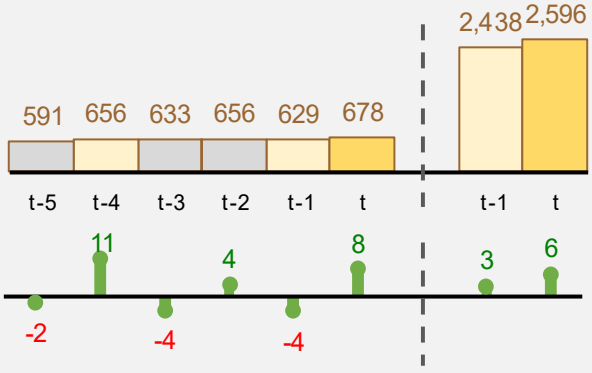
Pre-Provisioning Operating Profit (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



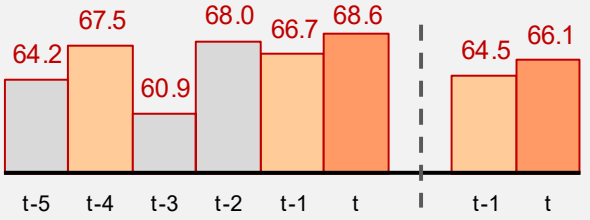
OPEX (RM m)
Growth -- yoy only! (Qtr & Cum) (%)



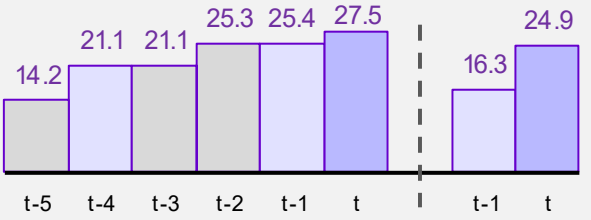
Topline (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



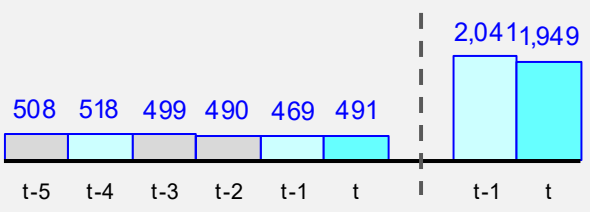
Cost/Income ratio (%)



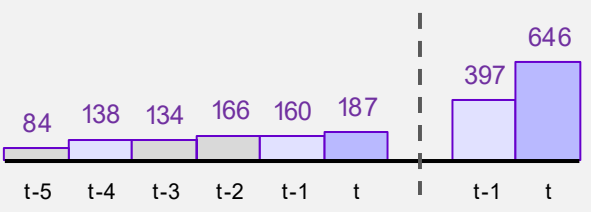
% NOII as topline (%)



Net interest income (RM m)

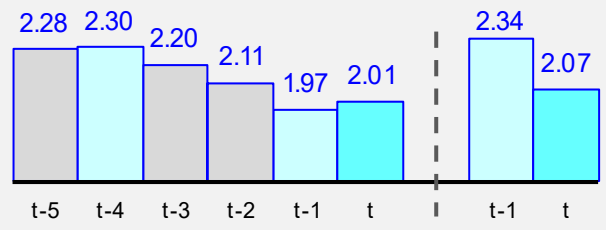


Non-interest income (RM m)

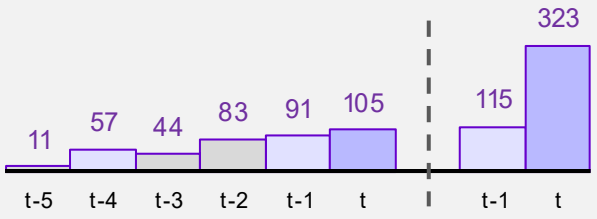


Source: Company, MBSBR

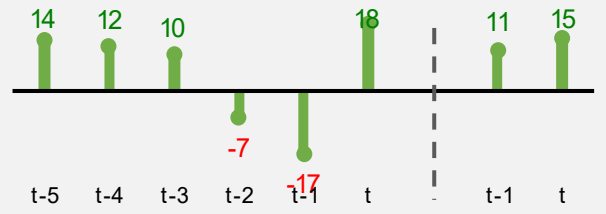
NIM (%)



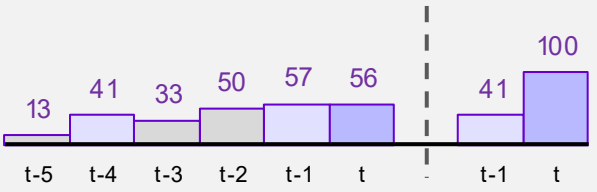
Non-fee NOII (RM m)



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

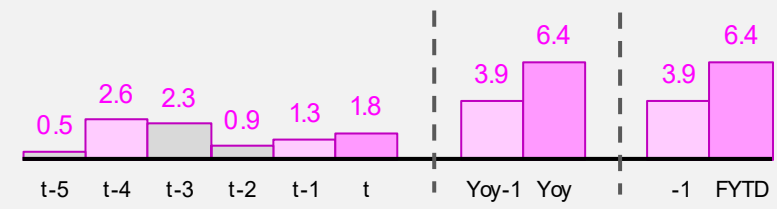


% Non-fee income as NOII (%)

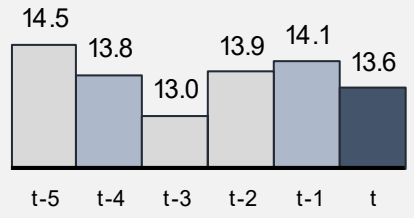


BALANCE SHEET

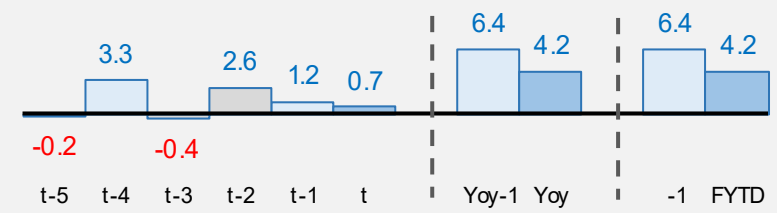
Loan growth -- qoq, yoy, FYTD (%)



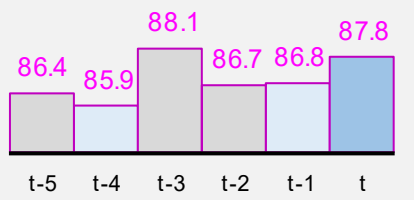
CET 1 ratio (%)



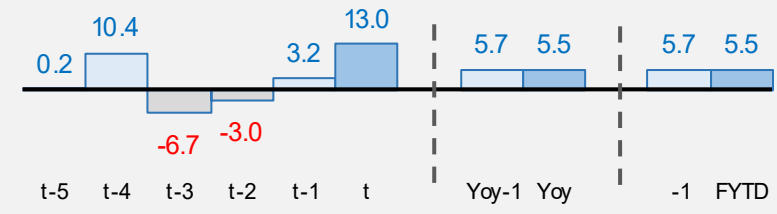
Deposit growth -- qoq, yoy, FYTD (%)



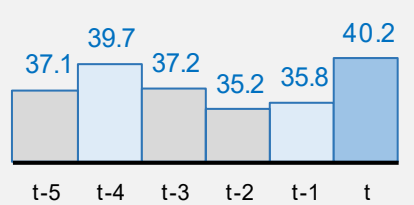
Loan/Deposit ratio (%)



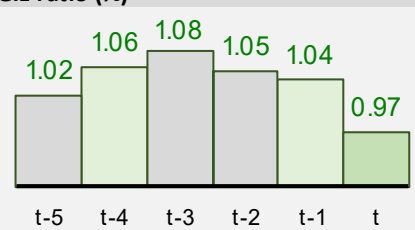
CASA growth -- qoq, yoy, FYTD (%)



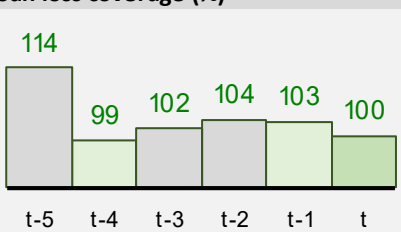
CASA ratio (%)



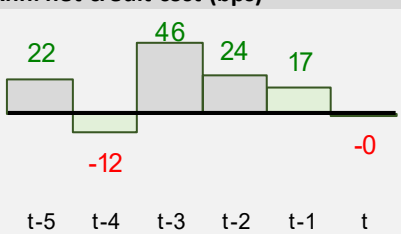
GIL ratio (%)



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	175	Qtrly ROE	Qtr value	8.7%
	34% of FY CNP				
	Qoq	35%		t-1	6.4%
	Yoy	1%		t-4	9.0%
Cum Core NP	RM mil	557	Cum ROE	Cum value	6.9%
	Above our forecast				
	108% of FY CNP				
	Above consensus				
	107% of FY CNP				
	Yoy	-2%		t-1	7.4%
NII	As expected		NIM (Est.)	+ve surprise	
				Qtr value	1.94
				Cum value	1.99
	Qtr (Qoq)	5%		Qtr (Qoq)	+5bps
	Qtr (Yoy)	-5%		Qtr (Yoy)	-29bps
	Cum (Yoy)	-5%		Cum (Yoy)	-25bps
NOII	+ve surprise		Qtr	% NII	72%
	Qtr (Qoq)	17%		% NOII	28%
	Qtr (Yoy)	35%	Cum	% NII	75%
	Cum (Yoy)	63%		% NOII	25%
OPEX	As expected		Cost/ Inc.	As expected	
				Qtr value	68.6%
				Cum value	66.1%
	Qtr (Qoq)	11%		Qtr (Qoq)	+1.9%
	Qtr (Yoy)	5%		Qtr (Yoy)	+1.1%
	Cum (Yoy)	9%		Cum (Yoy)	+1.5%

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Loans	As expected				
	Qoq	1.8%			
	Yoy	6.4%			
	YTD (FY)	6.4%			
Depo. (+TIA) grwth	As expected		CASA-TIA grwth	As expected	
	Qoq	0.7%		Qoq	13.0%
	Yoy	4.2%		Yoy	5.5%
	YTD (FY)	4.2%		YTD (FY)	5.5%
CASA-TIA ratio	As expected		L/(D+TIA) ratio	As expected	
	Value now	40.2%		Value now	87.8%
	Qoq	+4.4%		Qoq	+1.0%
	Yoy	+0.5%		Yoy	+1.9%
*Liquidity ratios above factor in Investment Accounts					
GIL ratio	As expected		LLC ratio	As expected	
	Value now	0.97%		Value now	100%
	Qoq	-7bps		Qoq	-3%
	Yoy	-9bps		Yoy	+1%
Qtrly Net CC	As expected		Cum Net CC	As expected	
	Decent provision			Decent provision	
	Value now	-0bps		Value now	21bps
	t-1	17bps			
	t-4	-12bps		t-4	14bps
CET 1	Healthy level		Div payout	Div announced	
	As expected			As expected	
	Value now	13.6%		Payout	59.0%
	Qoq	-0.5%			

Source: Company, MBSBR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Total NII	2,041	1,978	2,176	2,285	2,408
Total NOII	399	617	584	614	646
Net income	**2,440**	**2,595**	**2,760**	**2,899**	**3,054**
OPEX	(1,573)	(1,715)	(1,835)	(1,928)	(2,031)
PPOP	**866**	**880**	**924**	**971**	**1,023**
Loan allowances	(95)	(152)	(193)	(207)	(221)
Other allowances	0	6	6	6	6
JV & Associates	1	2	-	-	-
PBT	**773**	**736**	**737**	**770**	**807**
Tax & zakat	(202)	(179)	(178)	(186)	(195)
NCI	-	-	-	-	-
Reported NP	**571**	**557**	**559**	**584**	**612**
Core NP	**571**	**557**	**559**	**584**	**612**

BALANCE SHEET

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash & ST funds	4,325	2,872	2,872	2,872	2,872
Investment securities	20,472	24,805	24,527	24,556	24,842
Net loans	69,481	73,997	79,157	84,698	90,627
Other IEAs	-	-	-	-	-
Non-IEAs	2,525	2,445	1,490	1,494	1,502
Total assets	**96,803**	**104,120**	**108,046**	**113,620**	**119,844**
Customer deposits	62,329	64,136	67,010	69,844	72,597
Other IBLs	24,067	27,495	28,567	29,692	30,872
Non-IBLs	2,751	4,416	4,661	5,956	7,909
Total liabilities	**89,147**	**96,047**	**100,238**	**105,491**	**111,379**
Share capital	3,889	3,889	3,846	3,846	3,846
Reserves	3,767	4,184	3,963	4,283	4,620
Shareholders' funds	**7,656**	**8,073**	**7,808**	**8,129**	**8,465**
NCI	-	-	-	-	-
Total equity	**7,656**	**8,073**	**7,808**	**8,129**	**8,465**
Total L&E	**96,803**	**104,120**	**108,046**	**113,620**	**119,844**
Total IEAs	94,279	101,674	106,557	112,126	118,342
Total IBLs	86,396	91,631	95,577	99,536	103,469
Gross loans	70,218	74,726	79,957	85,554	91,542
CASATIA	32,132	33,915	37,895	40,548	43,386

FINANCIAL RATIOS

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Interest (%)					
NIM	2.23	2.02	2.09	2.09	2.09
Return on IEAs	4.70	4.54	4.46	4.35	4.23
Cost of funds	2.70	2.77	2.64	2.53	2.43
Net interest spread	2.01	1.77	1.82	1.82	1.80
Profitability (%)					
ROE	**7.6**	**7.1**	**7.0**	**7.3**	**7.4**
ROA	0.6	0.6	0.5	0.5	0.5
NOII/Net income	16.3	23.8	21.1	21.2	21.1
Effective tax rate	24.3	22.5	22.5	22.5	22.5
Cost/Income	64.5	66.1	66.5	66.5	66.5
Liquidity (%)					
Loan/Deposit	85.8	87.8	87.7	87.7	87.7
CASATIA ratio	39.7	40.2	42.0	42.0	42.0
Asset Quality (%)					
GIL ratio	1.06	0.97	1.00	1.00	1.00
LLC ratio	99	100	100	100	100
LLC (w. reserves)	99	100	118	117	116
Net CC (bps)	13	20	25	25	25
Capital (%)					
CET 1	13.8	13.6	13.4	13.2	13.0
Tier 1 capital	15.3	15.0	14.8	14.5	14.2
Total capital	20.0	18.3	18.1	17.8	17.5
Growth (%)					
Total NII	4.2	-3.1	10.0	5.0	5.4
Total NOII	-1.9	54.7	-5.4	5.1	5.2
Net income	3.1	6.4	6.3	5.0	5.4
OPEX	9.3	9.0	7.0	5.0	5.4
Core NP	3.3	-2.4	0.2	4.5	4.9
Gross loans	3.8	6.4	7.0	7.0	7.0
Deposits + IAs	6.4	4.2	7.0	7.0	7.0
CASATIA	5.7	5.5	11.7	7.0	7.0
Valuation metrics					
Core EPS (sen)	25.4	24.8	24.8	25.9	27.2
Gross DPS (sen)	15.1	14.5	14.8	15.4	16.2
Div payout (%)	60	59	60	60	60
BVPS (RM)	3.4	3.6	3.5	3.6	3.8
Core P/E (x)	9.7	10.0	10.0	9.5	9.1
Div yield (%)	**6.1**	**5.9**	**6.0**	**6.3**	**6.6**
P/BV (x)	0.7	0.7	0.7	0.7	0.7

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