Monday 2nd. March 2026

RHB Bank Berhad

(1066 | RHBBANK MK) Main | Financial Services

FTSE4Good ESG 4 Stars

Corporate Update

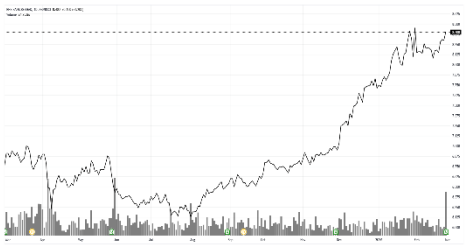
Maintain BUY

Revised Target Price **RM9.11**
(from RM9.10)

4QFY25 Results Review
RHB Strikes Back

RETURN STATISTICS	
Price @ 27 February 2026 (RM)	8.40
Expected share price return (%)	+8.5
Expected dividend yield (%)	+5.5
Expected total return (%)	**+13.9**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.1	0.2
3 months	6.1	9.2
12 months	22.8	11.5

Salient Points

Solid set of earnings forecasted.

Management's tone: Optimistic

Expect: The ongoing recovery in growth to persist.

Our Verdict

RHB seems to have recovered after a multi-year lull. Alongside its excellent dividend yields (which have a slight upside possibility), FY26 should be buoyed by stronger loan growth, NIM, NOII, and recoveries – in short, improvements in nearly all fronts.

Valuations

An unchanged FY26F P/BV of 1.12x ***(formerly 1.11x)***

Current P/BV of 1.07x trading over +2SD of the 10-year P/BV mean of 0.86x. However, this is warranted, given the Group's improved fundamental outlook and dividend yields.

The company is currently trading at a forward FY26F P/BV of 1.03x with a 5.5% dividend yield.

Themes

1. ▲ Dividend yields are high, with potential upside during stronger-performing years.
2. ▲ NIM outlook particularly bright, driven by ongoing CASA accumulation measures and a recovery in higher-yielding loan segments.
3. ▲ Fee income to see stronger growth, bolstered by bancassurance fees.
4. ▲ Loan growth has seen marked improvement in recent quarters. However, not all segments have fully recovered (notably Thailand and SME).
5. ▲ Convincing improvements to asset quality as of late. FY26's NCC is noticeably low, bolstered by a stream of recoveries.

INVESTMENT STATISTICS			
FYE Dec	**FY26F**	**FY27F**	**FY27F**
Core NP (RM m)	**3,354**	**3,428**	**3,597**
CNP growth (%)	(0)	2	5
Div yield (%)	**5.5**	**5.5**	**5.8**
Gross DPS (sen)	45.8	46.6	48.5
P/BV (x)	**1.0**	**1.0**	**0.9**
BVPS (RM)	8.1	8.5	8.9
ROE (%)	**9.6**	**9.4**	**9.4**
% Street CNP (%)	**98**	**95**	

KEY STATISTICS	
FBM KLCI	1,716.61
Issue shares (m)	4,359.5
Estimated free float (%)	80.2
Market Capitalisation (RM'm)	35,680.5
52-wk price range	RM6.07 – RM8.5
3-mth average daily volume (m)	6.3
3-mth average daily value (RM'm)	48.8
Top Shareholders (%)	
EPF Board	38.8
OSK Holdings Bhd	10.3
Amanah Saham Nasional Bhd	6.7

Results in a nutshell:

► **FY25's Core NP of RM3,364m was *Within/Within* our/street forecasts: *105%/102%* of full-year forecasts.**

▲ **Dividends announced.** DPS of 50.0 sen translates to a payout of 65% for FY25. Management previously guided for a higher-than-expected payout than its standard 60%, given the year's solid performance.

▲ **FY25's Core net profit (NP) of RM3,364m up by 8%yoy.** Improvements in NII and provisioning offset weaker NOII and higher OPEX and tax charges.

► **4QFY25's Core NP of RM906m remained flat, growing at 0%qoq.** Increased topline offset higher OPEX charges.

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Have a look at:

▲ **Higher dividends in better-performing years.** RHB cannot guarantee a repeat of FY25's 65% payout. Instead, it will maintain a guidance of 50-60% throughout PROGRESS27, with some possibility of additional excess capital release in stronger-performing years. The intention is to remain among the top 3 most capitalised banks in MY.

▲ **NIM accretion to persist, despite lower reliance on liability management initiatives.** Instead, the NIM improvements should largely stem from ongoing CASA accumulation measures. (Impressively, RHB achieved its lofty CASA ratio target in FY25.) MTC accounts have been performing exceptionally well as of late, and RHB's MySiswa programme has recently onboarded several new private universities. In contrast, liability management initiatives will have a more muted impact in FY26, as interest rates stabilise.

▲ **Lofty NOII targets.** In FY25, RHB intends further increase its %NOII to topline (Currently 31%). This is despite FY25 seeing one-offs such as treasury gain windfall and bancassurance onboarding fee (by STMB and TokioMarine). For fee income at least, management reiterates that FY25 saw a 5-month bancassurance fee of RM180m; In FY26, they will receive a full 12-month amortisation of RM200m, alongside a possible bonus for achieving sales targets.

▲ **Returning loan growth.** With asset quality improvements in multiple categories, the Group's loan growth has ramped up once again, improving since 1HFY25's tepid performance. Unlike most other banks, RHB's focus is relatively spread out: Not just higher-yielding business loans, but commercial loans too (and Cambodian loans will stage a comeback). One area of concern remains the SME segment, which other banks have also flagged as a hotspot – Unless management fixes this, it will remain a drag to overall growth.

▲ **Optimistic on asset quality and provisioning outlook.** Particularly on the Cambodian front, the Bank of Cambodia has allowed for more leniency for loan structuring. This move prevents loans from graduating to stage 3 loans, which has led to the GIL ratio coming down. A lot of recoveries are ongoing, which has led to management designating a low 13-14bps target for FY26's NCC. (Stable value: ~20bps.) On the other hand, LLC will remain in its current 76-78% range, given the high collateralisation rates of impaired loans.

▲ **Normalisation in the community banking segment.** Despite a higher topline, the segment was hit with a weaker PBT. This is due to higher ECL and OPEX charges undertaken this year. FY26 should see normalisation in OPEX, hence a recovery in margins.

Forecasts revised: FY26F/FY27F Core NP adjusted by +3%/+1%. To reflect latest FY26 guidance.
Key downside risks. *(1) Lingering asset quality concerns, (2) Weak NOII performance, (3) Weaker-than-expected loans growth.*

Maintain BUY call: Revised GGM-TP of RM 9.11 ***(from RM9.10)***. The TP is based on a revised FY26F P/BV of 1.12x *(formerly 1.11x)*, to reflect altered earnings prospects and ROE-based valuations.

(GGM assumptions: *FY26F ROE of 9.6%, LTG of 4.0% & COE of 9.0%)*

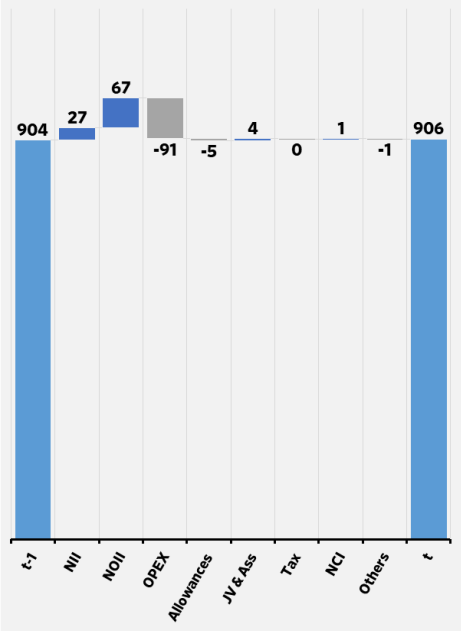
FIG 1: Quarterly results

FYE Dec (RM m)	4Q FY25	3Q FY25	4Q FY24	Yoy (%)	Qoq (%)	FY25	FY24	Yoy (%)
Net interest inc.	992	965	957	4	3	3,880	3,869	0
Islamic banking inc.	575	592	856	-33	-3	2,582	2,176	19
Non-interest inc.	765	682	398	92	12	2,312	2,560	-10
Net income	**2,333**	**2,239**	**2,211**	**6**	**4**	**8,774**	**8,605**	**2**
OPEX	(1,130)	(1,038)	(1,079)	5	9	(4,154)	(4,021)	3
PPOP	**1,203**	**1,201**	**1,132**	**6**	**0**	**4,620**	**4,583**	**1**
Loan provisions	(13)	(94)	(65)	-80	-86	(322)	(525)	-39
Other provisions	1	87	(9)	-114	-99	108	(10)	<-500
JV & Associates	(3)	(8)	(9)	n.m.	n.m.	(28)	(26)	n.m.
PBT	**1,188**	**1,186**	**1,049**	**13**	**0**	**4,378**	**4,022**	**9**
Tax	(280)	(280)	(212)	32	0	(1,009)	(896)	13
NCI	(2)	(2)	(1)	n.m.	n.m.	(6)	(4)	n.m.
Reported NP	**906**	**904**	**836**	**8**	**0**	**3,364**	**3,122**	**8**
Core NP	**906**	**904**	**836**	**8**	**0**	**3,364**	**3,122**	**8**
Total NII	1,533	1,506	1,469	4	2	6,018	5,790	4
Total NOII	800	733	742	8	9	2,757	2,815	-2
Gross DPS (sen)	**35.0**	**-**	**28.0**	**n.m.**	**n.m.**	**50.0**	**43.0**	**n.m.**
Core EPS (sen)	20.7	20.7	19.2	8	-0	76.9	71.8	7
Gross loans	250,643	245,417	237,758	5.4	2.1			
Gross impaired loans	3,540	3,689	3,487	1.5	-4.1			
Customer deposits	252,537	253,699	249,565	1.2	-0.5			
CASA	76,877	74,771	68,857	11.6	2.8			

Ratios (%)	4Q FY25	3Q FY25	4Q FY24	Yoy (ppts)	Qoq (ppts)	FY25	FY24	Yoy (ppts)
ROE (Ann.)	**10.6**	**10.7**	**10.3**	**0.3**	**-0.1**	**9.9**	**9.6**	**0.2**
NIM (Reported)	**1.82**	**1.77**	**1.84**	**-0.02**	**0.05**	**1.80**	**1.86**	**-0.06**
NOII/Net income	34.3	32.7	33.6	0.7	1.6	31.4	32.7	-1.3
Cost/Income	48.4	46.4	48.8	-0.4	2.1	47.3	46.7	0.6
NCC (Ann.) (bps)	2	16	11	-9	-14	13	23	-10
GIL ratio	1.41	1.50	1.47	-0.05	-0.09			
Loan loss coverage	77	76	79	-2	0			
CASA ratio	30.4	29.5	27.6	2.9	1.0			
L/D ratio	98.2	95.6	94.2	4.0	2.6			
CET-1	15.2	15.2	16.4	-1.2	0.0			

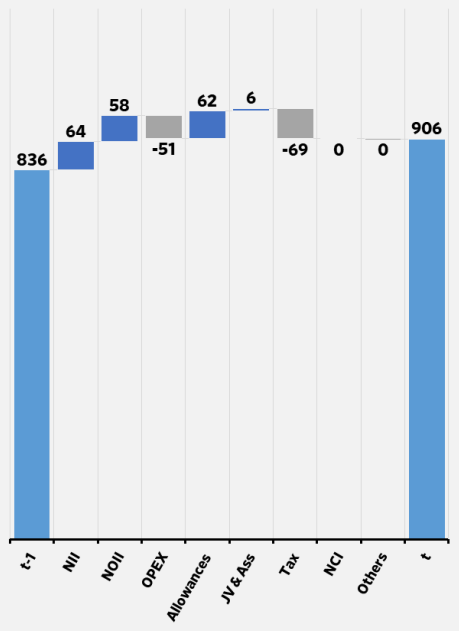
Source: Company, MBSBR

FIG 2: QoQ P/L walk (Quarterly)



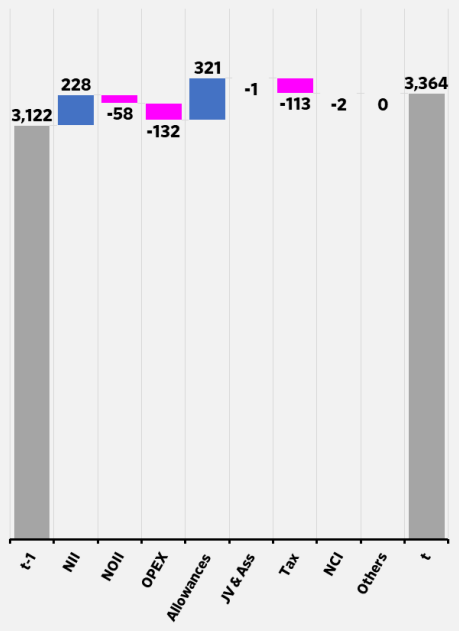
Source: Company, MBSBR

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	FY26	FY25	FY25 Actual	Notes (Red: New guidance, ~~Strikethrough: Guidance is no longer pertinent~~)
ROE	10.8 – 11.0	10.4 – 10.8	9.9	
CIR	45.5 – 46.0		47.3	
NIM	1.83 – 1.86 (from 1.80)	1.81 – 1.83 (from 1.86)	1.80	
NOII			-2% (yoy)	
Loans	5 – 6	5 – 6	5.4 (YTD)	
Deposits			1.2 (YTD)	
% CASA	>30	28 – 29	30.4	
Loan/Depo			98.2	
GIL ratio	1.35 – 1.40	1.4 – 1.5	1.41	
NCC (bps)	13 – 14	15 – 20	13	
CET 1			15.2	
Div payout	50 – 60	Maybe higher than normal	65	

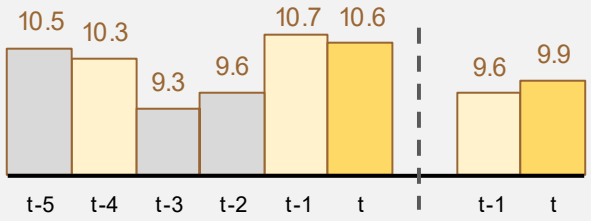
Source: Company, MBSBR

INCOME STATEMENT (QUARTERLY & CUMULATIVE)

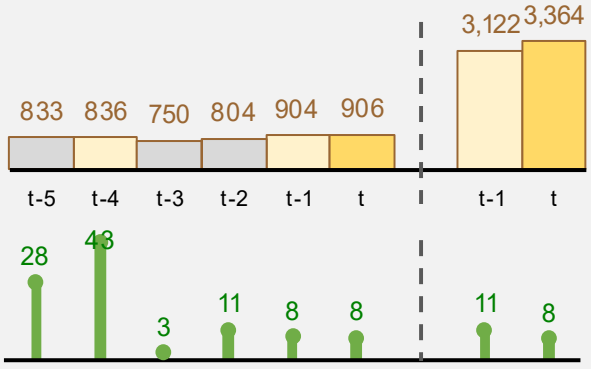
4QFY25 / FY25 results

Earnings:	**Within our full-year forecasts**	**(105%)**
	Within street full-year forecasts	(102%)
Dividend:	**YES**	
YTD payout:	**65%**	

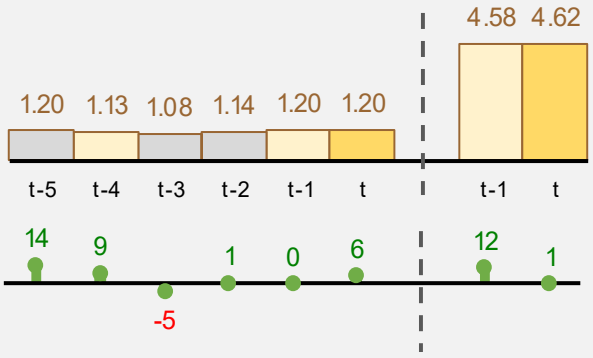
ROE (%)



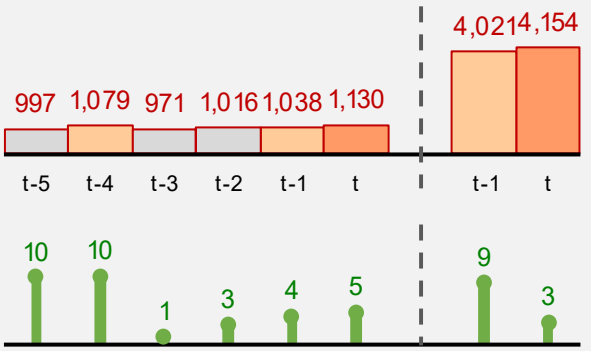
Core Net Profit (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



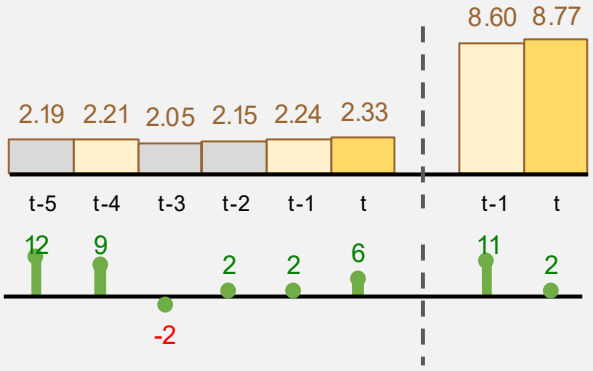
Pre-Provisioning Operating Profit (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



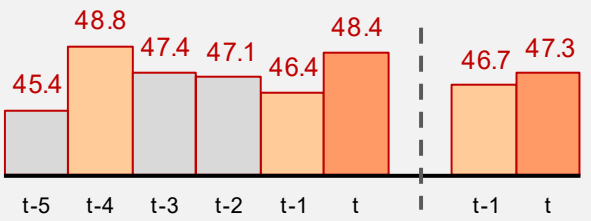
OPEX (RM m)
Growth -- yoy only! (Qtr & Cum) (%)



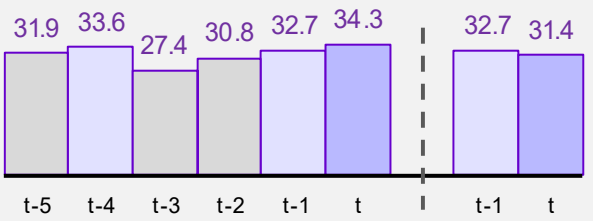
Topline (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



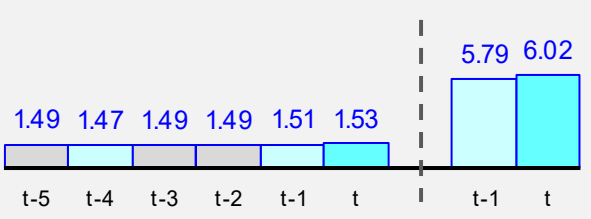
Cost/Income ratio (%)



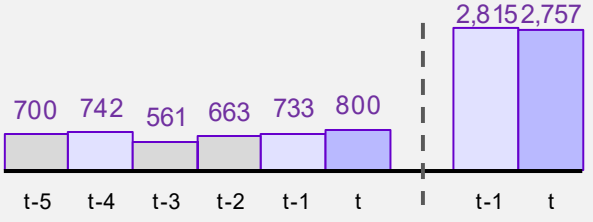
% NOII as topline (%)



Net interest income (RM b)

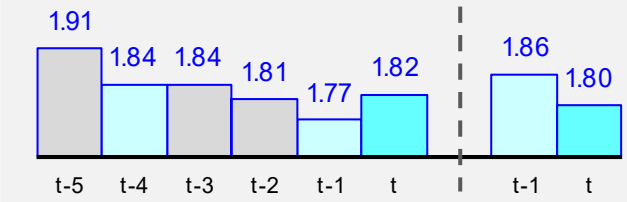


Non-interest income (RM m)

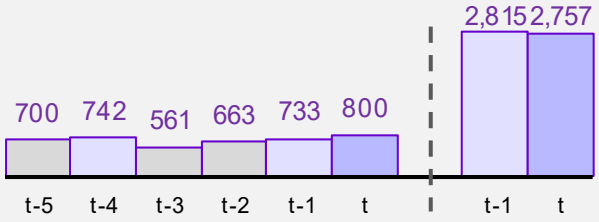


Source: Company, MBSBR

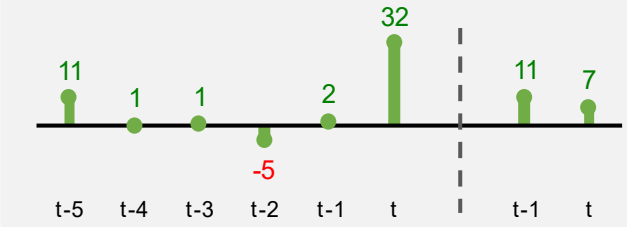
NIM (%)



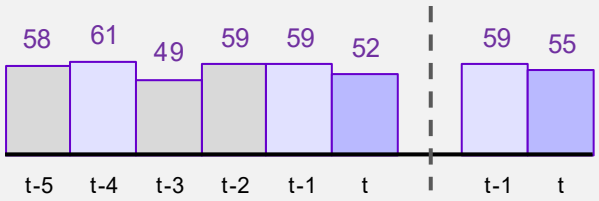
Non-fee NOII (RM m)



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

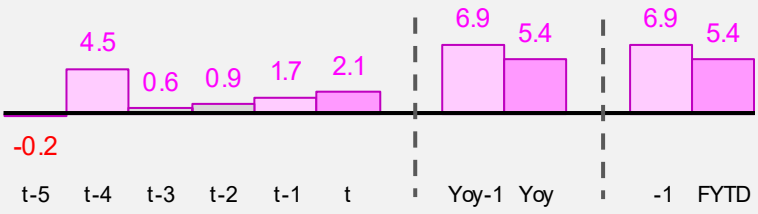


% Non-fee income as NOII (%)



BALANCE SHEET

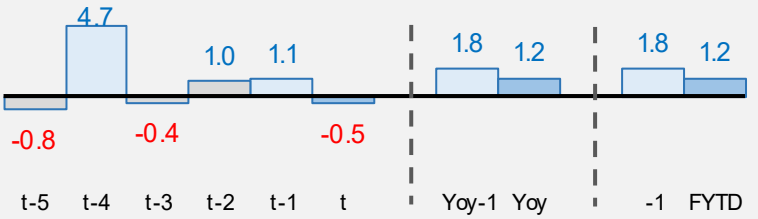
Loan growth -- qoq, yoy, FYTD (%)



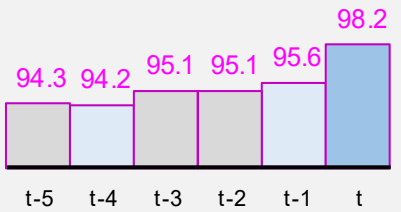
CET 1 ratio (%)



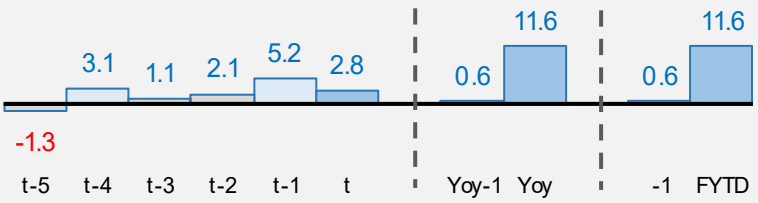
Deposit growth -- qoq, yoy, FYTD (%)



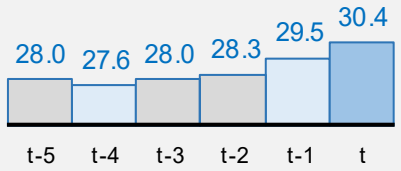
Loan/Deposit ratio (%)



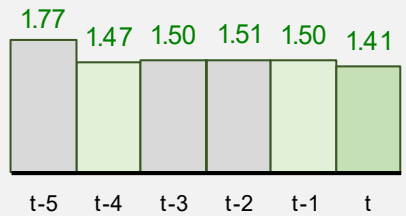
CASA growth -- qoq, yoy, FYTD (%)



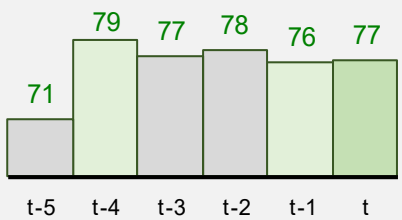
CASA ratio (%)



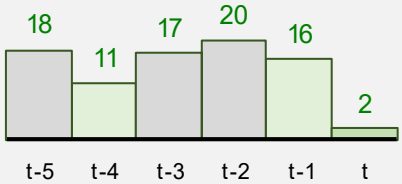
GIL ratio (%)



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	906	Qtrly ROE	Qtr value	10.6%
	28% of FY CNP				
	Qoq	0%		t-1	10.7%
	Yoy	8%		t-4	10.3%
Cum Core NP	RM mil	3,364	Cum ROE	Cum value	9.9%
	Within our forecast				
	105% of FY CNP				
	Within consensus				
	102% of FY CNP				
	Yoy	8%		t-1	9.6%
NII	As expected		NIM	As expected	
				Qtr value	1.82
				Cum value	1.80
	Qtr (Qoq)	2%		Qtr (Qoq)	+5bps
	Qtr (Yoy)	4%		Qtr (Yoy)	-2bps
	Cum (Yoy)	4%		Cum (Yoy)	-6bps
NOII	As expected		Qtr	% NII	66%
	Qtr (Qoq)	9%		% NOII	34%
	Qtr (Yoy)	8%	Cum	% NII	69%
	Cum (Yoy)	-2%		% NOII	31%
OPEX	+ve surprise		Cost/ Inc.	+ve surprise	
				Qtr value	48.4%
				Cum value	47.3%
	Qtr (Qoq)	9%		Qtr (Qoq)	+2.1%
	Qtr (Yoy)	5%		Qtr (Yoy)	-0.4%
	Cum (Yoy)	3%		Cum (Yoy)	+0.6%

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Loans	As expected				
	Qoq	2.1%			
	Yoy	5.4%			
	YTD (FY)	5.4%			
Depo. grwth	As expected		CASA grwth	As expected	
	Qoq	-0.5%		Qoq	2.8%
	Yoy	1.2%		Yoy	11.6%
	YTD (FY)	1.2%		YTD (FY)	11.6%
CASA ratio	As expected		L/D ratio	As expected	
	Value now	30.4%		Value now	98.2%
	Qoq	+1.0%		Qoq	+2.6%
	Yoy	+2.9%		Yoy	+4.0%
GIL ratio	As expected		LLC ratio	As expected	
	Value now	1.41%		Value now	77%
	Qoq	-9bps		Qoq	+0%
	Yoy	-5bps		Yoy	-2%
Qtrly Net CC	+ve surprise		Cum Net CC	+ve surprise	
	Small provision			Small provision	
	Value now	2bps		Value now	13bps
	t-1	16bps			
	t-4	11bps		t-4	23bps
CET 1	Healthy level		Div payout	Div announced	
	As expected			As expected	
	Value now	15.2%		Payout	65%
	Qoq	0.0%			

Source: Company, MBSBR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY27F
Net interest income	**3,869**	**3,880**	**3,986**	**4,221**	**4,446**
Islamic banking inc.	2,176	2,159	2,411	2,553	2,689
Other operating inc.	2,560	2,735	2,539	2,589	2,697
Net income	**8,605**	**8,774**	**8,936**	**9,363**	**9,831**
OPEX	(4,021)	(4,154)	(4,200)	(4,401)	(4,621)
PPOP	**4,583**	**4,620**	**4,736**	**4,962**	**5,210**
Loan allowances	(525)	(322)	(336)	(465)	(493)
Other allowances	(12)	108	(9)	(9)	(9)
JV & Associates	(26)	(28)	(28)	(28)	(28)
PBT	**4,020**	**4,378**	**4,364**	**4,461**	**4,681**
Tax & zakat	(896)	(1,010)	(1,004)	(1,026)	(1,077)
NCI	(4)	(6)	(7)	(7)	(7)
Others	-	-	-	-	-
Reported NP	**3,120**	**3,363**	**3,354**	**3,428**	**3,597**
Core NP	**3,120**	**3,363**	**3,354**	**3,428**	**3,597**
Total NII	5,790	6,018	6,229	6,595	6,946
Total NOII	2,815	2,756	2,707	2,768	2,885

BALANCE SHEET

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY27F
Cash & ST funds	12,363	7,197	7,471	7,883	8,501
Investment securities	87,589	89,698	92,624	95,653	98,791
Net loans	234,968	247,910	262,898	278,673	295,394
Other IEAs	-	-	-	-	-
Non-IEAs	14,995	13,299	13,528	13,817	14,135
Total assets	**349,915**	**358,104**	**376,521**	**396,026**	**416,821**
Customer deposits	249,565	252,537	267,689	283,751	300,776
Other IBLs	56,819	57,071	57,969	58,998	60,169
Non-IBLs	10,999	14,306	15,138	15,975	16,927
Total liabilities	**317,383**	**323,914**	**340,797**	**358,725**	**377,872**
Share capital	8,687	8,701	8,701	8,701	8,701
Reserves	23,805	25,445	26,987	28,563	30,209
Shareholders' funds	**32,492**	**34,146**	**35,688**	**37,264**	**38,910**
NCI	39	44	36	37	39
Total equity	**32,531**	**34,190**	**35,724**	**37,301**	**38,949**
Total L&E	**349,915**	**358,104**	**376,521**	**396,026**	**416,821**
Total IEAs	334,919	344,806	362,992	382,209	402,686
Total IBLs	306,384	309,609	325,658	342,749	360,945
Gross loans	237,758	250,643	265,681	281,622	298,520
CASA	68,857	76,877	80,307	85,125	90,233

FINANCIAL RATIOS

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY27F
Interest (%)					
NIM	1.76	1.72	1.76	1.77	1.77
Return on IEAs	3.12	2.89	2.80	2.72	2.64
Cost of funds	2.10	1.93	1.87	1.77	1.69
Net interest spread	1.02	0.96	0.94	0.95	0.96
Profitability (%)					
ROE	**9.8**	**10.1**	**9.6**	**9.4**	**9.4**
ROA	0.9	1.0	0.9	0.9	0.9
NOII/Net income	32.7	31.4	30.3	29.6	29.3
Effective tax rate	22.3	23.1	23.0	23.0	23.0
Cost/Income	46.7	47.3	47.0	47.0	47.0
Liquidity (%)					
Loan/Deposit	94.2	98.2	98.2	98.2	98.2
CASA ratio	27.6	30.4	30.0	30.0	30.0
Asset Quality (%)					
GIL ratio	1.47	1.41	1.35	1.35	1.35
LLC ratio	79	77	77	77	77
LLC (w. reserves)	127	129	128	125	122
Net CC (bps)	22	13	13	17	17
Capital (%)					
CET 1	16.4	15.2	15.2	15.0	14.7
Tier 1 capital	16.4	15.2	15.2	15.0	14.7
Total capital	19.0	17.6	17.5	17.2	16.9
Growth (%)					
Total NII	6.2	3.9	3.5	5.9	5.3
Total NOII	21.3	-2.1	-1.8	2.2	4.2
Net income	10.7	2.0	1.8	4.8	5.0
OPEX	9.0	3.3	1.1	4.8	5.0
Core NP	11.2	7.8	-0.3	2.2	4.9
Gross loans	6.9	5.4	6.0	6.0	6.0
Customer deposits	5.9	2.0	5.1	5.2	5.2
CASA	0.6	11.6	4.5	6.0	6.0
Valuation metrics					
Core EPS (sen)	71.1	76.6	76.4	78.1	82.0
Gross DPS (sen)	43.0	50.0	45.8	46.6	48.5
Div payout (%)	60	65	60	60	60
BVPS (RM)	7.4	7.8	8.1	8.5	8.9
Core P/E (x)	11.8	11.0	11.0	10.8	10.3
Div yield (%)	**5.1**	**6.0**	**5.5**	**5.5**	**5.8**
P/BV (x)	1.1	1.1	1.0	1.0	0.9

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