Corporate Update

Bank Islam Malaysia Berhad

(5258 | BIMB MK) Main | Financial Services

FTSE4Good | ESG 3 Stars | SHARIAH Compliant

Maintain **NEUTRAL**

Unchanged Target Price **RM2.32**

1QFY26 Results Review
Inconsistent Fee Income

RETURN STATISTICS	
Price @ 25 May 2026 (RM)	2.27
Expected share price return (%)	+2.2
Expected dividend yield (%)	+6.5
Expected total return (%)	**+8.7**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.0	-4.5
3 months	-5.0	-7.6
12 months	-5.8	-15.4

INVESTMENT STATISTICS			
FYE Dec	**FY26F**	**FY27F**	**FY28F**
Core NP (RM m)	**559**	**584**	**612**
CNP growth (%)	0	4	5
Div yield (%)	**6.5**	**6.8**	**7.1**
Gross DPS (sen)	14.8	15.4	16.2
P/BV (x)	**0.7**	**0.6**	**0.6**
BVPS (RM)	3.5	3.6	3.8
ROE (%)	**7.0**	**7.3**	**7.4**
% Street CNP (%)	**98**	**94**	**96**

KEY STATISTICS	
FBM KLCI	1,708.50
Issue shares (m)	2,266.5
Estimated free float (%)	33.8
Market Capitalisation (RM'm)	5,167.6
52-wk price range	RM2.19 – RM2.55
3-mth average daily volume (m)	1.1
3-mth average daily value (RM'm)	2.7
Top Shareholders (%)	
Lembaga Tabung Haji	48.0
EPF Board	17.5
Amanah Saham Nasional Bhd	17.4

Salient Points

A weaker set of earnings than expected.

Valuations

An unchanged FY26F P/BV of 0.67x

Current P/BV of 0.64x is inexpensive, trading well below -1SD of the 10-year P/BV mean of 1.23x.

The company is currently trading at a forward FY26F P/BV of 0.65x with a +6.5% dividend yield.

Themes

1. ▲ Excellent dividend yields, though room for further payout upside is limited given the higher loan growth expected this year, and an already high payout figure of 60%.
2. ▲ After a painful FY25, NIM expansion is expected, as it is set to normalise back to its former higher levels. A higher-yielding loan mix should help.
3. ▲ BIMB seems optimistic on its fee income outlook. FY25's excellent result could be partially due to a large bancatakaful (STMB) sign-on fee – subsequent years may not see this degree of growth.
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, and a recent recovery supports this.
5. ► While asset quality is very healthy, provisioning remains high given its GIL ratio. Then again, the Group has a history of setting NCC targets that are far more conservative than the actual result.
6. ▼ Cost inflation is among the highest in the industry. This should persist, given BIMB's rapid expansion and future transformation plans. CIR remains among the highest in the industry.

Results in a nutshell:

▼ **3MFY26's Core NP of RM108m is *Below*/*Below* our/street forecasts: *19%*/*19%* of full-year forecasts.**

► **No dividend announcement.**

▼ **3MFY26's Core net profit (NP) of RM108m down by -15%yoy.** The decrease was driven by weaker NOII and higher OPEX, which offset lower provisioning and better NII.

▼ **1QFY26's Core NP of RM108m down by -39%qoq.** The decrease was driven by weaker NOII and higher provisioning, which offset better NII and OPEX performance.

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

Maintain NEUTRAL call: Unchanged GGM-TP of RM 2.32. The TP is based on an unchanged FY26F P/BV of 0.67x.
(GGM assumptions: *FY26F ROE of 7.0%, LTG of 4.0% & COE of 8.5%)*

FIG 1: Quarterly Results

FYE Dec (RM m)	1Q FY26	4Q FY25	1Q FY25	Yoy (%)	Qoq (%)	3M FY26	3M FY25	Yoy (%)
Total NII	512	491	499	2	4	512	499	2
Total NOII	109	187	134	-18	-41	109	134	-18
Net income	**621**	**678**	**633**	**-2**	**-8**	**621**	**633**	**-2**
OPEX	(415)	(465)	(385)	8	-11	(415)	(385)	8
PPOP	**206**	**213**	**248**	**-17**	**-3**	**206**	**248**	**-17**
Loan provisions	(54)	0	(80)	-32	-18,301	(54)	(80)	-32
Other provisions	0	3	(0)	n.m.	n.m.	0	(0)	n.m.
JV & Associates	(7)	0	0	n.m.	n.m.	(7)	0	n.m.
PBT	**145**	**216**	**168**	**-14**	**-33**	**145**	**168**	**-14**
Tax & Zakat	(37)	(41)	(42)	-11	-10	(37)	(42)	-11
NCI	-	-	-	n.m.	n.m.	-	-	n.m.
Reported NP	**108**	**175**	**126**	**-15**	**-39**	**108**	**126**	**-15**
Core NP	**108**	**175**	**126**	**-15**	**-39**	**108**	**126**	**-15**
Gross DPS (sen)	**-**	**4.5**	**-**	**n.m.**	**n.m.**	**-**	**-**	**n.m.**
Core EPS (sen)	4.7	7.7	5.6	-15	-39	4.7	5.6	-15
Gross loans	76,116	74,751	71,851	5.9	1.8			
Gross impaired loans	773	726	774	-0.1	6.5			
Customer deposits	65,545	64,136	63,443	3.3	2.2			
Customer deposits^	88,096	84,324	80,639	9.2	4.5			
CASA	21,424	25,076	20,396	5.0	-14.6			
CASATIA^	30,265	33,915	29,996	0.9	-10.8			

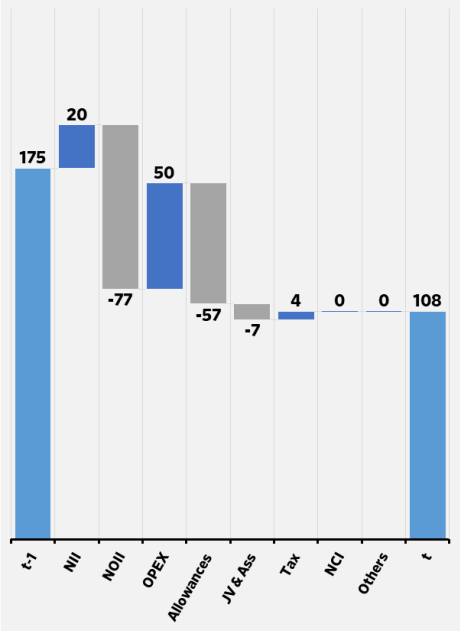
Ratios (%)	1Q FY26	4Q FY25	1Q FY25	Yoy (ppts)	Qoq (ppts)	3M FY26	3M FY25	Yoy (ppts)
ROE (Ann.)	**5.4**	**8.7**	**6.5**	**-1.2**	**-3.3**	**5.4**	**6.5**	**-1.2**
NIM (Reported)*	**-**	**2.01**	**2.20**	**-2.20**	**-2.01**	**-**	**-**	**0.00**
NIM (Estimated)#	**1.98**	**1.94**	**2.11**	**-0.12**	**0.04**	**2.05**	**2.17**	**-0.13**
NOII/Net income	17.6	27.5	21.1	-3.5	-9.9	17.6	21.1	-3.5
Cost/Income	66.8	68.6	60.9	6.0	-1.8	66.8	60.9	6.0
NCC (Ann.) (bps)	29	(0)	46	-16	29	29	46	-16
GIL ratio	1.02	0.97	1.08	-0.06	0.04			
Loan loss coverage	100	100	102	-1	-0			
CASATIA ratio^	34.4	40.2	37.2	-2.8	-5.9			
L/D ratio^	85.5	87.8	88.1	-2.6	-2.3			
CET-1	13.6	13.6	13.0	0.5	0.0			

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

**This quarter's NIM not yet given*

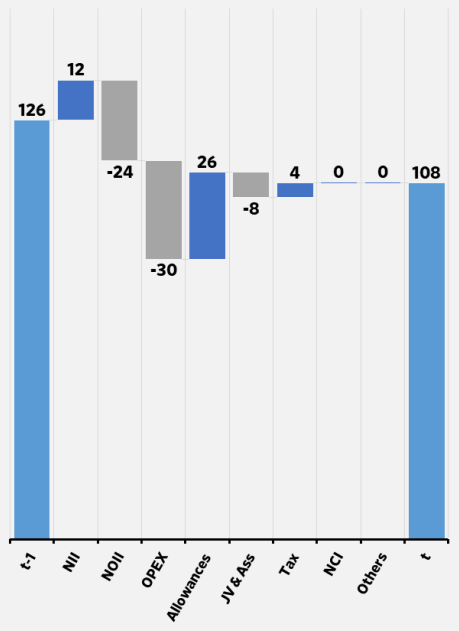
Source: Company, MBSBR

FIG 2: QoQ P/L walk (Quarterly)



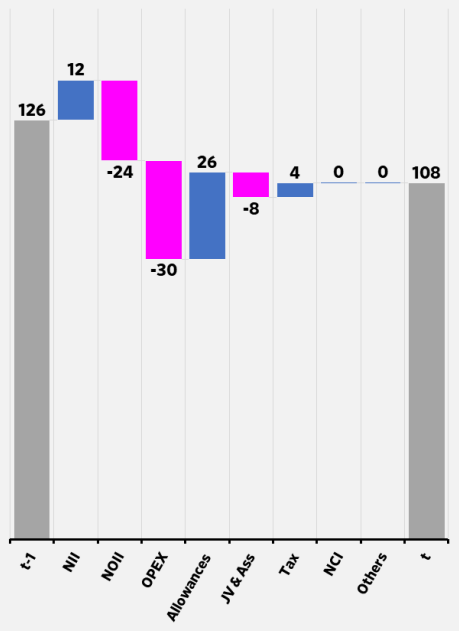
Source: Company, MBSBR

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	3M FY26	Notes (Red: New guidance, ~~Strikethrough: Guidance is no longer pertinent~~)
ROE	>7.0	5.4	
CIR		66.8	
NIM	>2.1 (from 2.07)	-	
NOII		-18% (yoy)	
Loans	8 – 9	1.8 (YTD)	
Deposits		4.5 (YTD)	
% CASATIA		34.4	
Loan/Depo		85.5	
GIL ratio	<1.1	1.02	
NCC (bps)	28 – 30	29	
CET 1		13.6	
Div payout	60	-	

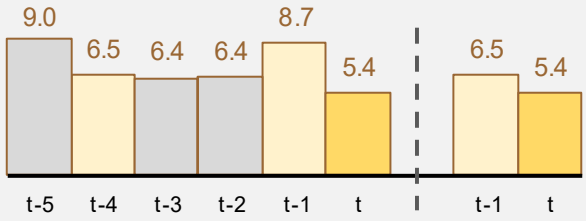
Source: Company, MBSBR

INCOME STATEMENT (QUARTERLY & CUMULATIVE)

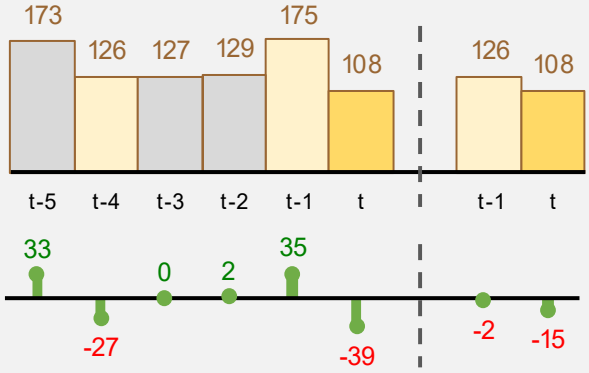
1QFY26 / 3MFY26 results

Earnings:	Below our full-year forecasts	(19%)
	Below street full-year forecasts	(19%)
Dividend:	NO	
YTD payout:	-	

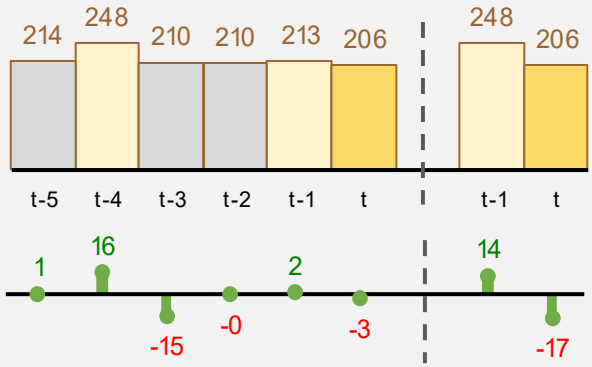
ROE (%)



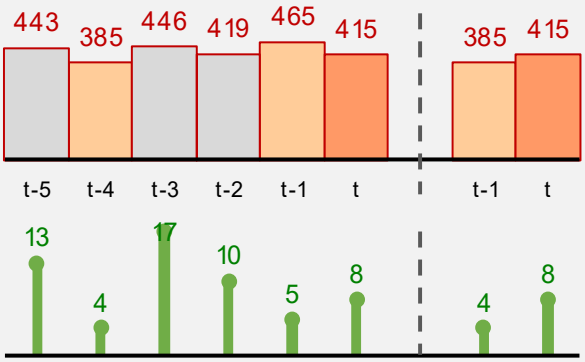
Core Net Profit (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



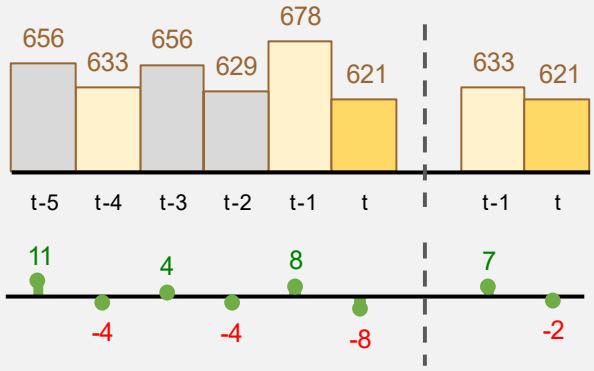
Pre-Provisioning Operating Profit (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



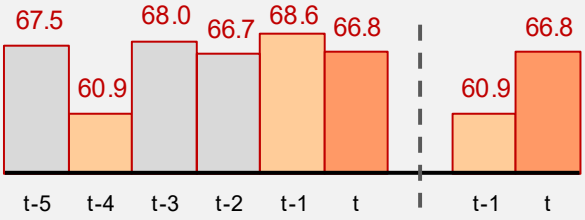
OPEX (RM m)
Growth -- yoy only! (Qtr & Cum) (%)



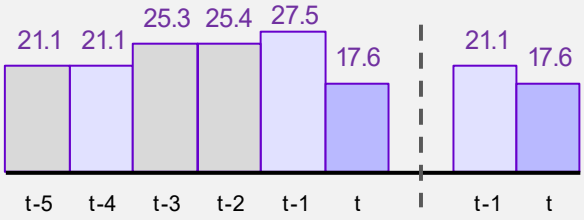
Topline (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



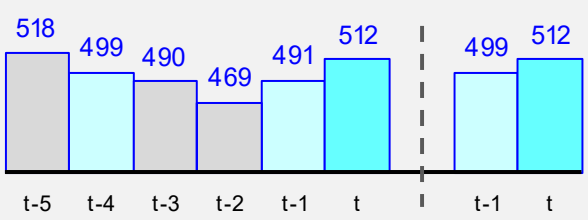
Cost/Income ratio (%)



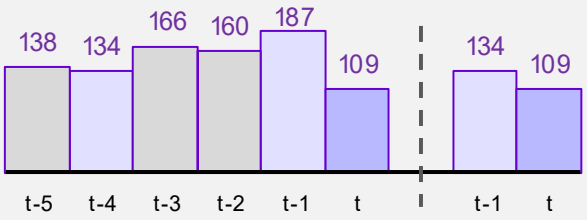
% NOII as topline (%)



Net interest income (RM m)

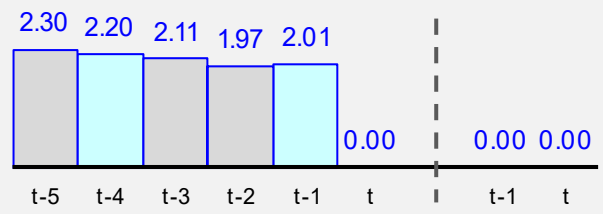


Non-interest income (RM m)

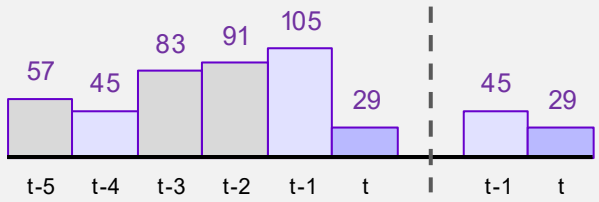


Source: Company, MBSBR

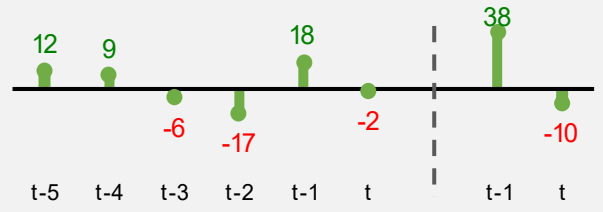
NIM (%)



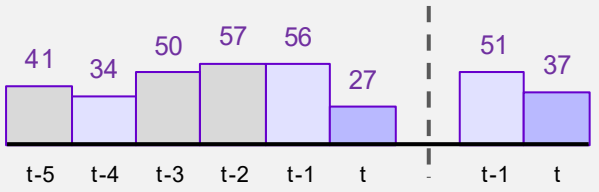
Non-fee NOII (RM m)



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

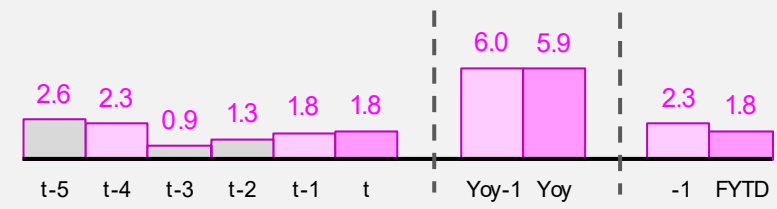


% Non-fee income as NOII (%)

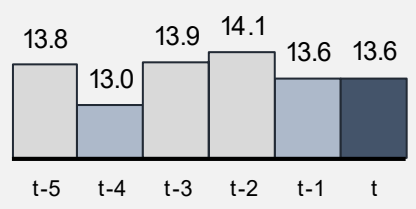


BALANCE SHEET

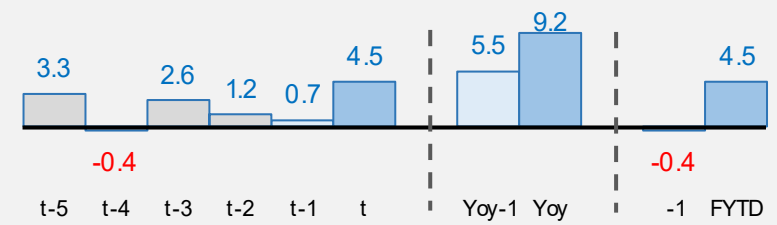
Loan growth -- qoq, yoy, FYTD (%)



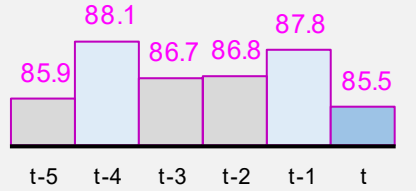
CET 1 ratio (%)



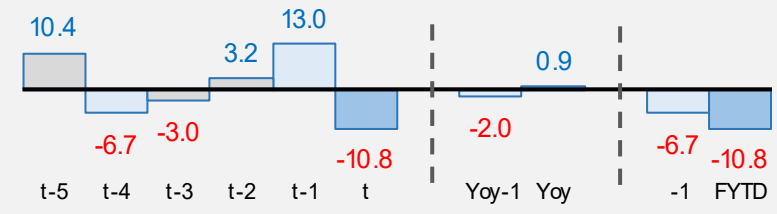
Deposit growth -- qoq, yoy, FYTD (%)



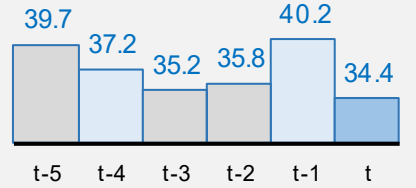
Loan/Deposit ratio (%)



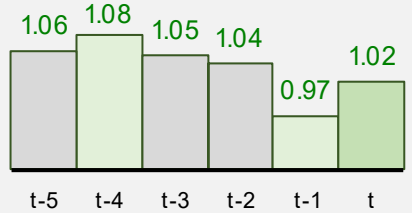
CASA growth -- qoq, yoy, FYTD (%)



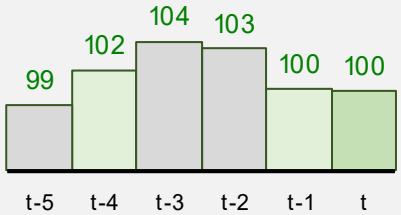
CASA ratio (%)



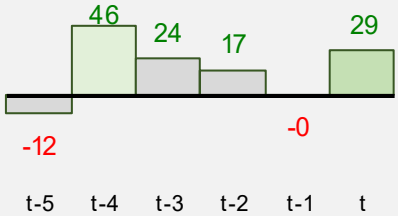
GIL ratio (%)



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	108	Qtrly ROE	Qtr value	5.4%
	19% of FY CNP				
	Qoq	-39%		t-1	8.7%
	Yoy	-15%		t-4	6.5%
Cum Core NP	RM mil	108	Cum ROE	Cum value	5.4%
	Below our forecast				
	19% of FY CNP				
	Below consensus				
	19% of FY CNP				
	Yoy	-15%		t-1	6.5%
NII	As expected		NIM (Est.)	As expected	
				Qtr value	1.98
				Cum value	2.05
	Qtr (Qoq)	4%		Qtr (Qoq)	+4bps
	Qtr (Yoy)	2%		Qtr (Yoy)	-12bps
	Cum (Yoy)	2%		Cum (Yoy)	-13bps
NOII	-ve surprise		Qtr	% NII	82%
	Qtr (Qoq)	-41%		% NOII	18%
	Qtr (Yoy)	-18%	Cum	% NII	82%
	Cum (Yoy)	-18%		% NOII	18%
OPEX	As expected		Cost/ Inc.	As expected	
				Qtr value	66.8%
				Cum value	66.8%
	Qtr (Qoq)	-11%		Qtr (Qoq)	-1.8%
	Qtr (Yoy)	8%		Qtr (Yoy)	+6.0%
	Cum (Yoy)	8%		Cum (Yoy)	+6.0%

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Loans	As expected				
	Qoq	1.8%			
	Yoy	5.9%			
	YTD (FY)	1.8%			
Depo. (+TIA) grwth	As expected		CASA-TIA grwth	As expected	
	Qoq	4.5%		Qoq	-10.8%
	Yoy	9.2%		Yoy	0.9%
	YTD (FY)	4.5%		YTD (FY)	-10.8%
CASA-TIA ratio	As expected		L/(D+TIA) ratio	As expected	
	Value now	34.4%		Value now	85.5%
	Qoq	-5.9%		Qoq	-2.3%
	Yoy	-2.8%		Yoy	-2.6%
*Liquidity ratios above factor in Investment Accounts					
GIL ratio	As expected		LLC ratio	As expected	
	Value now	1.02%		Value now	100%
	Qoq	+4bps		Qoq	-0%
	Yoy	-6bps		Yoy	-1%
Qtrly Net CC	As expected		Cum Net CC	As expected	
	Decent provision			Decent provision	
	Value now	29bps		Value now	29bps
	t-1	-0bps			
	t-4	46bps		t-4	46bps
CET 1	Healthy level		Div payout	No divvy	
	As expected			As expected	
	Value now	13.6%		Payout	
	Qoq	0.0%			

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)	8.9	9.2	9.1	8.8	8.3
Div yield (%)	**6.7**	**6.4**	**6.5**	**6.8**	**7.1**
P/BV (x)	0.7	0.6	0.7	0.6	0.6

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