June 3, 2025

Maybank Investment Bank

Malaysia Banking

A more cautious outlook

NEUTRAL *[Downgrade]*

Sector downgrade to NEUTRAL

In light of slower GDP growth ahead, we have trimmed our banks' earnings by 5%/4% for 2025/2026, and now forecast 2025/26E net profit growth of 1.1%/5.0% respectively. Given prevailing uncertainties on the external front and the prospect of more subdued earnings growth, we are now NEUTRAL (from POSITIVE before) on the banking sector, with BUYs on PBK, AMMB, HLBK and HLFG, in that order of preference.

A lackluster 1Q25

1Q25 results season was lackluster, with the results of several banks coming in below expectations. Cumulative loan growth moderated to 4.4% YoY end-Mar 2025 from 5.5% end-Dec 2024 and net interest margins slipped by an average of 2bps QoQ. With lower NOII and negative JAWS, core operating profit rose just 1% YoY. Core pretax and net profit rose at a slightly faster pace of 4% YoY amid lower credit cost.

2025/26E net profit growth of 1.1%/5.0%

Our Economics team has lowered GDP growth forecasts across the region, with anticipation of lower interest rates as well. With this in mind, we have trimmed loan growth, lowered NIM expectations and raised credit cost across the board. We now forecast cumulative operating profit growth of 3.6%/5.2% for 2025/2026E (vs 5.3%/5.3% earlier). Our 2025 forecast is predicated on domestic loan growth of 5.0%, -2bps in aggregate NIMs and an aggregate CIR of 45.3%. Amid higher credit cost assumptions (aggregate 22bps vs 20bps previously, our aggregate 2025E net profit growth forecast is lowered to 1.1% (5.7% previously) and to 5.0% in 2026E (5.5% previously). We forecast aggregate ROEs to average a lower 10.1%/10.1% in 2025/2026E, as opposed to 10.6%/10.6% previously.

BUY picks

Public Bank is well-managed and its MYR1.2b management overlays should keep credit costs low. The acquisition of LPI Capital enhances non-interest income and we think that concerns over a share overhang are overblown. AMMB's focus on proactive funding cost management and business banking operations should contribute to growth momentum, as it strives for higher dividend payouts. HLBK has strong asset quality, high loan loss coverage and a very liquid balance sheet. HLFG offers alternative exposure to HLBK at lower valuations, but it is more illiquid.

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Banking Sector - Peer Valuation Summary

Stock	Rec	Shr px (MYR)	Mkt cap (MYR m)	TP (MYR)	Upside (%)	PER (x) CY25E	PER (x) CY26E	P/B (x) CY25E	P/B (x) CY26E	ROAE (%) CY25E	ROAE (%) CY26E	Net yield CY25E	Net yield CY26E
Maybank *	NR	9.78	118,150	NR	NA	11.6	11.1	1.2	1.2	10.7	10.9	6.2	6.5
Public Bank	BUY	4.31	83,660	5.05	17%	11.5	10.9	1.4	1.3	12.4	12.5	5.1	5.6
CIMB	HOLD	6.93	74,499	7.60	10%	9.6	9.2	1.0	1.0	10.9	10.8	5.8	5.9
HL Bank	BUY	19.58	42,444	22.80	16%	9.0	8.6	1.0	0.9	11.1	11.1	3.9	4.1
RHB Bank	HOLD	6.43	28,032	7.10	10%	9.2	8.7	0.8	0.8	9.2	9.4	6.7	7.0
HLFG	BUY	16.58	19,026	21.50	30%	5.6	5.4	0.6	0.6	10.8	10.5	3.4	3.4
AMMB	BUY	5.24	17,366	6.05	15%	8.7	8.4	0.8	0.8	9.6	9.5	5.8	6.0
ABMB	HOLD	4.33	6,703	4.80	11%	9.0	8.6	0.8	0.8	9.7	9.5	4.5	4.6
BIMB	HOLD	2.32	5,258	2.50	8%	9.3	8.8	0.7	0.6	7.3	7.5	6.5	6.8
Simple avg			**395,138**			**9.3**	**8.9**	**0.9**	**0.9**	**10.2**	**10.2**	**5.3**	**5.5**
MC-wtd						**10.3**	**9.8**	**1.1**	**1.1**	**10.9**	**11.0**	**5.5**	**5.8**

** Consensus estimates   Source: Maybank IBG Research*

Banks

Malaysia

1. 1Q25 results performance was lackluster

1.1 More disappointments, no positive surprises

The 1Q25 results season was disappointing in that we saw quite a few results that came in below expectations - from HLBK, HLFG, RHB, PBK and BIMB. ABMB, AMMB, CIMB and MAY's results were within consensus' expectations. No bank surprised positively.

Cumulative loan growth moderated to 4.4% YoY end-Mar 2025 from 5.5% end-Dec 2024 and net interest margins slipped by an average of 2bps QoQ. Coupled with negative JAWS, cumulative operating profit rose 1% YoY. Nevertheless, amid lower credit cost, core pretax and net profit rose 4% YoY respectively.

Fig 1: Cumulative core earnings for seven banks (stripping out large exceptionals)

	Quarterly				
Year end: Dec (MYR'm)	1Q25	1Q24	YoY chg	4Q24	QoQ chg
Interest income	25,914	26,585	*(3)*	26,432	*(2)*
Interest expense	(14,606)	(15,494)	*(6)*	(14,952)	*(2)*
Net interest income	11,307	11,092	2	11,480	(2)
Islamic banking income	5,058	5,009	1	5,208	(3)
Non-interest income	5,848	5,668	*3*	5,330	*10*
Operating income	**22,213**	**21,769**	**2**	**22,018**	**1**
Operating expenses	(10,020)	(9,722)	*3*	(10,061)	*(0)*
Operating profit	**12,193**	**12,047**	**1**	**11,957**	**2**
Loan loss allowance	(891)	(1,199)	*(26)*	(955)	*(7)*
Other provisions	(63)	(159)	*(60)*	(371)	*(83)*
Associate contributions	439	488	*(10)*	555	*(21)*
Pretax profit	**11,678**	**11,177**	**4**	**11,185**	**4**
Taxation	(2,701)	(2,510)	*8*	(2,330)	*16*
Minority interest	(157)	(160)	*(1)*	(67)	*134*
Discontinued operations	-	-	-	-	-
Core net profit	**8,820**	**8,507**	**4**	**8,788**	**0**

Sources: Banks, Maybank IBG Research
The table above sums up earnings for seven banks: ABMB, AMMB, CIMB, HL Bank, Maybank, Public Bank and RHB Bank.

1.2 Cumulative core net profit rose 4% YoY

Fig 2 breaks down the earnings performance of each bank, having stripped out one-off gains/losses during the period and from comparative quarters.

At the operating profit level, HLBK outperformed in 1Q25 with a 10% YoY growth, against an average of just 1%. This was led predominantly by a jump in NOII from higher trading, investment and forex income. CIMB and RHB, however, saw their 1Q25 core operating profits contract 5% YoY.

At the net profit level, all seven banks eked out YoY gains, and cumulative core net profit rose 4% YoY. ABMB stood out with a 14% YoY increase in core pretax profit and 11% rise in core net profit, largely as a result of lower provisions during the quarter, while its core operating profit rose 2% YoY.

Fig 2: Cumulative calendarised CORE earnings for the 7 banks (ex-large exceptionals)

Year end: Dec (MYR'm)	1Q25	1Q24	Quarterly YoY chg	4Q24	QoQ chg
Core operating income					
MAY	7,712	7,577	2%	7,422	4%
CIMB	5,499	5,629	(2%)	5,328	3%
PBK	3,601	3,380	7%	3,643	(1%)
AMMB	1,242	1,142	9%	1,221	2%
HLBK	1,548	1,436	8%	1,632	(5%)
RHB	2,048	2,088	(2%)	2,211	(7%)
ABMB	563	516	9%	561	0%
	22,213	**21,769**	**2%**	**22,018**	**1%**
Core operating profit					
MAY	3,969	3,920	1%	3,735	6%
CIMB	2,919	3,077	(5%)	2,704	8%
PBK	2,341	2,182	7%	2,436	(4%)
AMMB	666	613	9%	650	2%
HLBK	947	859	10%	1,005	(6%)
RHB	1,077	1,129	(5%)	1,132	(5%)
ABMB	273	267	2%	296	(8%)
	12,193	**12,047**	**1%**	**11,957**	**2%**
Core pretax profit					
MAY	3,594	3,442	4%	3,414	5%
CIMB	2,627	2,573	2%	2,362	11%
PBK	2,313	2,132	8%	2,071	12%
AMMB	656	620	6%	632	4%
HLBK	1,262	1,268	(0%)	1,401	(10%)
RHB	963	910	6%	1,047	(8%)
ABMB	263	231	14%	258	2%
	11,678	**11,177**	**4%**	**11,185**	**4%**
Core net profit					
MAY	2,589	2,488	4%	2,532	2%
CIMB	1,973	1,936	2%	1,800	10%
PBK	1,745	1,653	6%	1,799	(3%)
AMMB	514	477	8%	486	6%
HLBK	1,051	1,044	1%	1,148	(8%)
RHB	750	730	3%	835	(10%)
ABMB	197	178	11%	187	6%
	8,820	**8,507**	**4%**	**8,788**	**0%**

Sources: Banks, Maybank IBG Research

1.3 A mixed bag for ROEs

ABMB and AMMB met their FYE3/25 ROE targets of at least 10% for the financial year. At the current moment, BIMB, HLBK, PBK and RHB are lagging behind the ROE targets for the year, while CIMB and MAY are trending in line with their financial year targets of 11-11.5% and >11.3% respectively.

Fig 3: Actual ROEs vs targets

Bank	Actual ROE for	Actual ROE	Target ROE for	Target ROE	Actual ROE	ROE target	Met?
ABMB	FYE3/25	10.3%	FYE3/25 (A)	>10%	10.2%	>10%	Met
AMMB	FYE3/25	10%	FYE3/25 (A)	10%	9.9%	10%	Close
BIMB	1Q25	7%	FY25 (F)	8%	7.6%	8%	No
CIMB	1Q25	11.4%	FY24 (F)	11-11.5%	11.2%	11-11.5%	Met
HLBK	9MFYE6/25	11.2%	FYE6/25 (F)	12%	11.9%	12%	Close
MAY	1Q25	11.3%	FY25 (F)	>11.3%	11.1%	11%	Met
PBK	1Q25	12.4%	FY24 (F)	13%	13.2%	>12.5%	Met
RHB	1Q25	9.1%	FY24 (F)	10.4-10.8%	9.8%	10%	Met

Source: Banks *(A) = actual* *(F) = forecast*

1.4 Currency effect on group loan growth

Cumulative gross loans growth for the banks in our coverage was a slower 4.4% end-Mar 2025, which compares against 5.5% end-2024.

CIMB's loan growth was just 1.8% YoY. Stripping out FX effects, group loans expanded 4.4% YoY with growth of 2.4% in Malaysia, 8.7% in Indonesia, 12.6% in Singapore, but contracted 0.5% in Thailand.

ABMB is on a mission to build market share, and its loan growth surged 12% YoY end-Mar 2025. SME lending rose 10.6% YoY while commercial loans increased 15.8% YoY. Consumer banking loans were 12.6% higher YoY, led by personal financing growth of 7.3% YoY and mortgage growth of 12.9% YoY. Corporate loans growth was 8.4% YoY.

Maybank's loan book in Malaysia and Singapore expanded 8.0% and 5.9% respectively end-Mar 2025, but its Indonesian loan book was flat (+0.8% YoY).

Fig 4: Total loans – YoY growth

	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	9.2%	11.2%	10.4%	7.6%	5.3%	3.2%
CIMB	8.3%	7.0%	4.2%	1.2%	2.6%	1.8%
PBK	5.9%	6.2%	6.1%	5.3%	6.3%	6.1%
AMMB	4.0%	3.0%	2.9%	2.8%	4.4%	3.5%
HLBK	7.5%	7.8%	7.3%	6.9%	7.7%	7.2%
RHB	4.8%	5.4%	6.4%	3.7%	6.9%	6.3%
ABMB	12.9%	13.6%	14.8%	14.8%	14.2%	12.0%
Total	**7.5%**	**7.9%**	**7.2%**	**5.2%**	**5.5%**	4.4%

Source: Banks

1.5 Deposit growth trailed loan growth

Deposit growth was 3.5% YoY end-Mar 2025, and continued to trail loan growth of 4.4%. CIMB's deposit growth was flat YoY, but would have been +2.7% YoY on a constant currency basis. ABMB saw the strongest deposit growth of 14.7% YoY, surpassing loan growth of 12.0% YoY. Its fixed deposits rose 19.9% YoY while its CASA deposits increased 13.1% YoY.

Fig 5: Customer deposits YoY growth

	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	9.0%	8.9%	7.9%	6.7%	6.5%	5.1%
CIMB	8.0%	8.1%	2.2%	(2.6%)	2.9%	0.0%
PBK	4.6%	4.1%	4.5%	4.0%	4.9%	4.0%
AMMB	9.3%	9.3%	4.0%	0.7%	1.8%	(0.6%)
HLBK	6.0%	4.4%	4.1%	5.0%	7.2%	5.7%
RHB	7.5%	7.1%	(5.0%)	(7.5%)	2.1%	2.5%
ABMB	11.1%	12.9%	11.6%	13.8%	13.3%	14.7%
Average	**7.6%**	**7.3%**	**4.0%**	**2.2%**	**4.9%**	**3.5%**

Source: Banks

With slower deposit growth relative to loan growth, loan/deposit ratios continued to rise across most banks, with the exception of AMMB and ABMB. Loan/deposit ratios averaged a higher 93.4% end-Mar 2025, as compared to 92.6% end-Mar 2024.

Fig 6: Loan/deposit ratios

	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	92.0%	92.8%	94.7%	94.0%	91.0%	91.1%
CIMB	91.4%	90.3%	92.3%	94.6%	91.1%	91.8%
PBK	96.6%	96.5%	96.7%	97.5%	97.9%	98.4%
AMMB	96.6%	94.2%	97.9%	98.7%	99.0%	98.1%
HLBK	86.8%	87.4%	87.6%	87.6%	87.2%	88.6%
RHB	90.6%	92.4%	94.6%	95.0%	94.8%	95.8%
ABMB	98.1%	97.1%	98.7%	100.2%	98.9%	94.9%
Average	**92.5%**	**92.6%**	**94.2%**	**94.7%**	**93.0%**	**93.4%**

Source: Banks

CASA growth moderated further to 3.6% YoY end-Mar 2025, from 4.5% YoY end-Dec 2024. CASA growth was negative for AMMB and RHB, but strongest for ABMB at 13.1% YoY.

Fig 7: CASA YoY growth

	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	(2.7%)	3.9%	9.8%	(0.8%)	5.0%	2.9%
CIMB	11.4%	16.6%	9.1%	4.3%	7.5%	7.0%
PBK	(0.6%)	1.0%	0.6%	1.0%	2.6%	2.0%
AMMB	14.6%	8.1%	15.6%	5.8%	(2.6%)	(3.3%)
HLBK	5.8%	7.6%	10.0%	13.6%	7.9%	5.0%
RHB	3.0%	10.5%	7.0%	5.0%	0.6%	(1.1%)
ABMB	9.3%	12.1%	5.5%	5.3%	(1.0%)	13.1%
Average	**3.7%**	**8.0%**	**8.1%**	**3.1%**	**4.5%**	**3.6%**

Source: Banks

Despite the moderation in CASA growth, deposit mix management resulted in QoQ higher CASA ratios for MAY, CIMB, AMMB, RHB and ABMB. CASA ratios end-Mar 2025 were still higher than pre-COVID levels (end-Dec 2019) for all banks (at similar levels for MAY).

CIMB's high CASA ratio of 44.7% end-Mar 2025 may be attributed to the higher CASA ratios across its regional operations of 64.6% for Indonesia, 54.5% for Thailand and 45.9% for Singapore, against just 32.4% for Malaysia.

Fig 8: CASA ratios

	1Q24	2Q24	3Q24	4Q24	1Q25	4Q19
MAY	33.9%	34.7%	32.8%	33.1%	33.2%	33.2%
CIMB	41.8%	42.0%	43.0%	44.0%	44.7%	34.8%
PBK	28.1%	28.0%	27.7%	27.8%	27.5%	25.1%
AMMB	37.1%	33.8%	33.8%	32.2%	36.0%	23.4%
HLBK	30.2%	32.2%	31.7%	31.1%	30.0%	25.8%
RHB	28.9%	28.1%	27.9%	27.5%	27.9%	25.7%
ABMB	41.6%	41.5%	40.9%	39.4%	41.0%	37.5%
Average	**34.0%**	**34.2%**	**33.6%**	**33.7%**	**34.1%**	**30.0%**

Source: Banks

1.6 NIM performance was mixed

BNM raised the Overnight Policy Rate four times in 2022, and by 25bps each time – on 11 May, 6 July, 8 September and 3 November. It raised rates by another 25bps on 3 May 2023, taking the OPR to 3.00% presently.

NIM performance was a mixed bag in 1Q25, slipping 2bps QoQ. On a QoQ basis, NIM was lower for MAY, PBK, HLBK and ABMB.

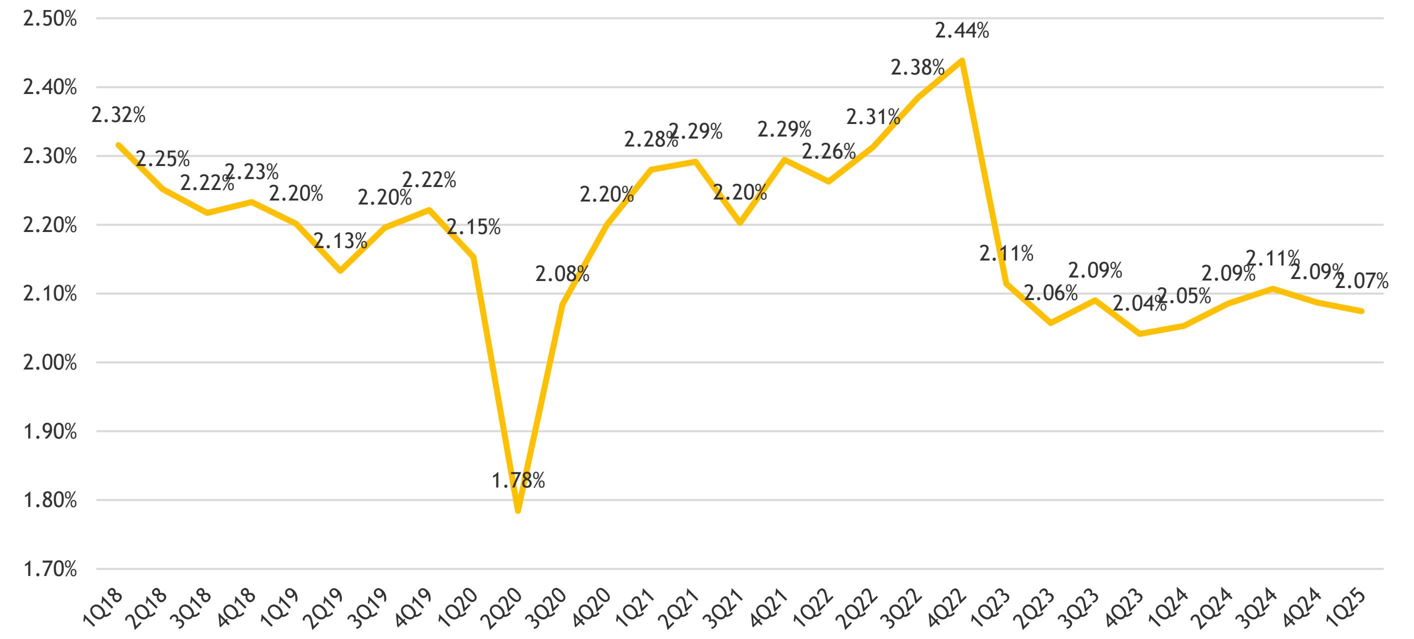
For CIMB, group NIM improved 3bps QoQ. Its NIM in Malaysia slipped 3bps QoQ to 1.74%, but improved 32bps QoQ in Indonesia, +13bps QoQ in Thailand, and was stable QoQ at 1.41% in Singapore.

Fig 9: Net interest margins - quarterly

	1Q24	2Q24	3Q24	4Q24	1Q25	1Q25 vs 1Q24
MAY	2.03%	2.06%	2.03%	2.06%	2.04%	0.01%
CIMB	2.19%	2.22%	2.23%	2.16%	2.19%	0.00%
PBK	2.21%	2.19%	2.21%	2.24%	2.19%	(0.02%)
AMMB	1.79%	1.89%	1.96%	1.96%	1.96%	0.17%
HLBK	1.87%	1.89%	1.92%	1.90%	1.87%	0.00%
RHB	1.83%	1.90%	1.91%	1.84%	1.84%	0.01%
ABMB	2.45%	2.45%	2.49%	2.45%	2.43%	(0.02%)
Average	2.05%	2.09%	2.11%	2.09%	2.07%	0.02%

Source: Banks

Fig 10: Quarterly NIM (1Q18 – 1Q25)



Source: Banks, Maybank IBG Research

1.7 Fee income rose 1% YoY

Fee income growth was a more subdued 1% YoY in 1Q25, largely on account of weaker capital markets, which contributed to lower stockbroking/investment banking income. HLBK has seen fairly robust fee income growth of 12% YoY in 4Q24 and 10% YoY in 1Q25, on account of higher wealth management and bancassurance income as well as higher global markets franchise sales, which jumped 40% YoY, this being the forex and hedging solutions that it offers its customers.

Fig 11: Fee income growth (YoY chg)

	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	18%	14%	5%	1%	(1%)
CIMB	13%	20%	9%	(16%)	7%
PBK	11%	13%	14%	11%	2%
AMMB	10%	10%	12%	(7%)	(8%)
HLBK	14%	25%	2%	12%	10%
RHB	19%	21%	12%	1%	(7%)
ABMB	15%	(5%)	(57%)	(23%)	5%
Average	15%	16%	7%	(2%)	1%

Source: Banks

1.8 Decent growth still in other NOII

Other NOII momentum was buoyant in 2024, supported largely by higher forex income, amid the strengthening of the Ringgit, as well as investment gains. Sustaining that momentum into 1Q25 has been more of a challenge, but on aggregate a 5% growth has been quite commendable. PBK's other NOII jumped 99% YoY with a full quarter's contribution from LPI Capital, while HLBK saw higher forex income.

Fig 12: Other non-interest income growth (YoY chg)

	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	176%	(24%)	35%	39%	7%
CIMB	36%	(6%)	28%	(6%)	(20%)
PBK	(30%)	5%	35%	123%	99%
AMMB	(27%)	133%	(80%)	16%	47%
HLBK	(77%)	(34%)	67%	46%	190%
RHB	(2%)	220%	279%	(59%)	13%
ABMB	(12%)	17%	78%	14%	(34%)
Average	**45%**	**(4%)**	**54%**	**11%**	**5%**

Source: Banks

Total NOII (including fee income) as a % of total income averaged 26.3% in 1Q25 from 25.7% in 2024.

Fig 13: Total NOII as % of total income

	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	30.8%	27.5%	27.8%	27.7%	31.5%
CIMB	29.2%	27.9%	29.0%	25.0%	26.7%
PBK	19.2%	19.8%	20.5%	21.8%	21.4%
AMMB	23.5%	23.6%	15.3%	29.3%	24.0%
HLBK	14.8%	16.0%	18.8%	21.0%	20.2%
RHB	24.1%	28.6%	48.1%	18.0%	25.4%
ABMB	11.4%	11.8%	17.1%	9.6%	9.0%
Average	**26.0%**	**25.1%**	**27.3%**	**24.2%**	**26.3%**

Source: Banks

1.9 More moderate operating expense growth

Having jumped 12% YoY in 1Q24 due largely to increased unionized staff costs and salary recalibration (at Public Bank), operating expense growth has moderated to 3% YoY in 1Q25. ABMB saw the largest cost increase of 17% YoY in 1Q25, driven by wage inflation and higher IT expenses.

The sector's average cost/income ratio (CIR) was relatively unchanged at 45.1% in 1Q25 versus 45.0% in 2024.

Fig 14: Operating expense growth (YoY chg)

	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	20%	5%	7%	2%	2%
CIMB	9%	7%	7%	0%	1%
PBK	10%	9%	9%	10%	5%
AMMB	(5%)	3%	8%	9%	9%
HLBK	3%	7%	12%	9%	4%
RHB	12%	5%	10%	10%	1%
ABMB	3%	13%	11%	7%	17%
Average	**12%**	**6%**	**8%**	**4%**	**3%**

Source: Banks

Fig 15: Cost/income ratios

	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	48.3%	48.9%	48.7%	49.7%	48.5%
CIMB	45.3%	45.9%	46.5%	49.3%	46.9%
PBK	35.4%	35.2%	34.2%	33.1%	35.0%
AMMB	46.4%	45.4%	43.7%	46.8%	46.4%
HLBK	40.2%	42.5%	39.1%	38.4%	38.8%
RHB	45.9%	46.7%	45.4%	48.8%	47.4%
ABMB	48.3%	48.0%	45.2%	47.2%	51.6%
Average	**44.7%**	**45.1%**	**44.4%**	**45.7%**	**45.1%**

Source: Banks

1.10 Asset quality generally stable, with pockets of stress

On a cumulative basis, absolute gross impaired loans (GILs) declined 8% YoY end-Mar 2025, for the banks in our coverage. Impaired loans, however, rose 7% YoY for HL Bank, as a result of one Singapore corporate NPL in the construction sector, which is fully collateralized.

Fig 16: Gross impaired loans (MYR'm)

	1Q24	2Q24	3Q24	4Q24	1Q25	YoY chg
MAY	8,653	8,597	8,390	8,326	8,615	(0%)
CIMB	11,296	11,249	10,238	9,575	9,706	(14%)
PBK	2,512	2,623	2,550	2,225	2,288	(9%)
AMMB	2,236	2,253	2,239	2,284	2,132	(5%)
HLBK	1,074	1,041	1,049	1,092	1,146	7%
RHB	4,115	3,516	4,022	3,487	3,580	(13%)
ABMB	1,178	1,239	1,192	1,203	1,145	(3%)
Total	**31,064**	**30,518**	**29,680**	**28,191**	**28,612**	**(8%)**

Source: Banks

On a QoQ basis, absolute GILs were marginally higher for various reasons. On the consumer front, Maybank saw a QoQ rise in mortgage, auto finance, and credit card financing GILs across Malaysia, Singapore and Indonesia. In retail SME and business banking, its domestic GILs were higher QoQ. In corporate banking, its GIL ratio was higher QoQ across all three countries and was more pronounced in Indonesia, where the corporate GIL ratio rose to 5.37% end-Mar 2025 from 4.32% end-Dec 2024.

RHB's Its domestic GIL ratio was 1.22% end-Mar 2025, slightly higher than 1.19% end-Dec 2024. This stemmed mainly from a marginally higher mortgage and SME GILs. Moreover, the group's regional GIL ratio continued to rise: from 0.75% end-2024 to 0.85% end-Mar 2025 in Singapore (one account of about MYR31m in the property sector, backed by property collateral), from 35.19% to 36.21% in Thailand, and from 11.98% to 12.53% in Cambodia.

AMMB saw one corporate default in the property development sector, but the loan balance was just MYR50m and full provisions have been made.

The average GIL ratio for banks in our coverage was marginally higher QoQ across most banks, except for AMMB and ABMB.

Fig 17: Gross impaired loans ratios vs pre-pandemic levels end-Dec 2019

	1Q24	2Q24	3Q24	4Q24	1Q25	4Q19
MAY	1.32%	1.29%	1.26%	1.23%	1.27%	2.65%
CIMB	2.55%	2.53%	2.34%	2.12%	2.16%	3.07%
PBK	0.62%	0.64%	0.62%	0.52%	0.53%	0.49%
AMMB	1.67%	1.70%	1.67%	1.67%	1.54%	1.71%
HLBK	0.57%	0.53%	0.54%	0.55%	0.57%	0.84%
RHB	1.83%	1.54%	1.77%	1.47%	1.50%	1.97%
ABMB	2.11%	2.17%	2.02%	1.97%	1.83%	1.86%
Average	**1.47%**	**1.43%**	**1.39%**	**1.29%**	**1.30%**	**2.02%**

Source: Banks

1.11 Credit costs mixed QoQ

With the exception of PBK, AMMB, HLBK and RHB, the other banks saw credit costs that were lower QoQ. CIMB's credit cost was 25bps in 1Q25 against 32bps in FY24, and this compares against management's previous guidance of 30-40bps for FY25. Management has since revised its FY25 credit cost guidance to 25-35bps instead.

Public Bank's net credit cost was 4bps in 1Q25, as opposed to a net credit writeback in 2Q-4Q24. This is in line with management's guidance for low single digit credit cost in FY25.

HLBK's net credit cost of 2bps in 1Q25 as per Fig 18 strips out the one-off write-back of its management overlays. With strong asset quality, the bank took the opportunity to write back MYR399m of its MYR574m management overlays, leaving a balance of MYR175m.

ABMB's credit cost in 1Q25 was much lower than it was in 1Q24-4Q24, because it had previously made pre-emptive provisions against certain corporate accounts, mainly in the construction and steel industries, as well as for some personal financing accounts.

Fig 18: Credit charges

	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	0.29%	0.23%	0.23%	0.27%	0.23%
CIMB	0.37%	0.28%	0.23%	0.36%	0.25%
PBK	0.06%	0.00%	(0.02%)	(0.04%)	0.04%
AMMB	0.12%	0.11%	0.29%	0.11%	0.16%
HLBK	(0.06%)	(0.07%)	0.02%	0.01%	0.02%
RHB	0.38%	0.26%	0.18%	0.11%	0.17%
ABMB	0.26%	0.32%	0.65%	0.26%	0.06%
Average	0.23%	0.17%	**0.17%**	**0.18%**	**0.16%**

Source: Banks

1.12 Loan loss coverage stable

As at end-Mar 2025, three banks had a loan loss coverage of less than 100% - AMMB, HLBK and RHB. Nevertheless, the ratios including regulatory reserves were still comfortably above 100% at 252% for HLBK and 116% for RHB. AMMB's loan loss coverage including regulatory reserves moved up to 99% in 1Q25 from 97% in 4Q24.

Fig 19: Loan loss coverage without regulatory reserves

	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	121%	124%	121%	122%	117%
CIMB	101%	101%	103%	105%	103%
PBK	169%	154%	154%	166%	160%
AMMB	91%	89%	87%	85%	82%
HLBK	154%	155%	146%	139%	95%
RHB	70%	80%	71%	79%	77%
ABMB	101%	97%	106%	104%	107%
Average	**109%**	**110%**	**108%**	**111%**	**107%**

Source: Banks

Fig 20: Loan loss coverage including regulatory reserves

	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	146%	146%	147%	147%	140%
CIMB	111%	117%	121%	124%	122%
PBK	200%	193%	202%	238%	233%
AMMB	102%	101%	98%	97%	99%
HLBK	265%	276%	265%	261%	252%
RHB	106%	107%	106%	116%	116%
ABMB	114%	112%	112%	111%	117%
Average	**135%**	**137%**	**140%**	**146%**	**143%**

Source: Banks

1.13 Marginally lower CET1 ratios

Group CET1 ratios were generally lower QoQ across most banks, with RHB at the top end at 16%. ABMB is looking to raise MYR600m via a 2-for-17 rights issue, which would take its group CET1 ratio up to a more comfortable 13.3% from 12.2% end-Mar 2025.

Fig 21: Group CET1 ratios (%)

	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	14.9	15.5	14.7	15.8	14.9
CIMB	15.0	14.5	15.0	14.6	14.7
PBK	14.5	14.5	14.3	14.3	14.0
AMMB	13.0	13.2	15.3	14.9	14.8
HLBK	12.5	13.3	13.2	13.0	12.8
RHB	16.5	16.5	16.6	16.4	16.0
ABMB	12.5	12.2	12.5	12.4	12.2

Source: Banks

Fig 22: Commercial bank CET1 ratios (%)

	1Q24	2Q24	3Q24	4Q24	1Q25
MAY	13.6	15.1	13.8	15.2	14.0
CIMB	14.8	14.7	14.6	14.2	13.8
PBK	13.0	13.0	12.9	12.2	12.0
AMMB	12.7	12.9	14.6	14.2	14.3
HLBK	12.9	13.0	13.1	13.0	12.7
RHB	15.1	15.3	15.6	15.5	14.9
ABMB	12.7	12.2	12.4	12.4	12.0

Source: Banks

2. A more subdued outlook ahead

2.1 GDP growth and interest rate forecasts lowered

In light of the US tariffs in place, and given prevailing uncertainties in the global economic environment, our Economics team has lowered GDP growth forecasts across the region. More specifically, they have since lowered Malaysia's 2025/2006E GDP growth forecasts to 4.1%/4.2% respectively from 4.9%/4.6% before. Singapore's GDP growth is now forecast to grow 2.4% in 2025 (2.6% before) and slow to 1.8% in 2026. Indonesia's GDP growth rate has been cut to 4.7% for 2025 from 5.2% before and to 4.7% in 2026 from 5.1%.

As for interest rates, our Economics team expects the Fed to cut the Fed Fund Rate by 75bps in 2025 and by a further 50bps in 2026. It is looking at one rate cut of 25bps in Malaysia in 2H25 while Singapore, the 3-month Singapore Overnight Rate Average (SORA) is now expected to moderate to 1.7% in 2025 from 2.28% currently, and to 1.4% in FY26. The Bank Indonesia (BI) benchmark rate of 5.50% presently is forecast to decline 25bps in 1H25 50bps in 2026 to 4.75%.

Fig 23: Revised economic assumptions

	2025E Old	2025E New	2026E Old	2026E New
Malaysia				
GDP growth	4.9%	4.1%	4.6%	4.2%
OPR	3.00%	2.75%	na	2.75%
Singapore				
GDP growth	2.6%	2.4%	2.3%	1.8%
3M SORA	2.55%	1.7%	1.7%	1.4%
Indonesia				
GDP growth	5.2%	4.7%	5.1%	4.7%
BI rate	5.25%	5.25%	na	4.75%

Source: MIBG Research

2.2 Trimmed our forecasts by 4-5%

Taking the above into consideration, we have lowered our assumptions across the banks, factoring in:

- A 0.5-1%-pt cut in loan growth for FY25E and FY26E
- A -2-3bp NIM impact, on average, from rate cuts in FY25E and FY26E respectively
- A 20% rise in credit cost, on average, in FY25E and FY26E respectively

Alongside developments in 1Q25, we have lowered our earnings estimates by 5%/4% in 2025/26E respectively.

2.3 Moderating loan growth

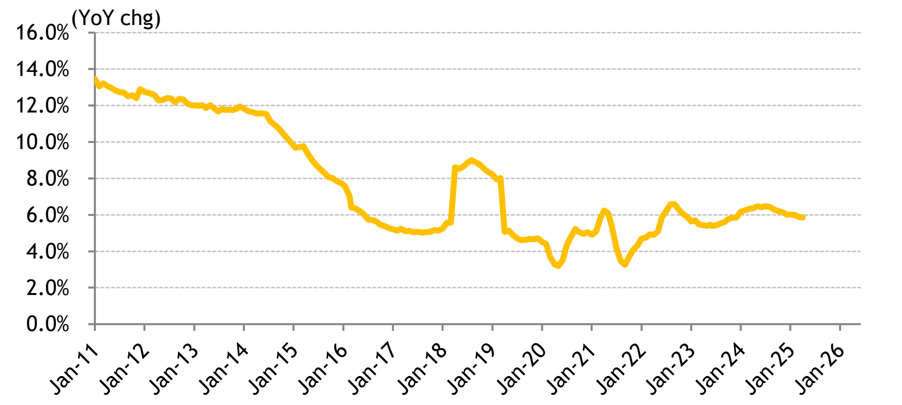
Industry loan growth was 5.1% YoY end-Apr 2025, moderating from 5.5% end-Dec 2024. Household (HH) loan growth remains resilient at 5.9% end-April versus 6.0% end-Dec 2024, but non-HH loan growth softened to 4.0% end-April from 4.8% end-Dec 2024.

On the consumer front, mortgage lending moderated to 6.6% from 7.0% end-Dec 2024, while auto financing slowed to 7.4% from 8.5% end-Dec 2024. Commercial property lending rose at a slightly faster clip of 3.5% versus 3.3% end-Dec 2024. Credit card and personal financing expanded 8.4% and 3.2% end-Apr 2025 from 7.9% and 3.6% end-Dec 2024.

Fig 24: Total industry YoY loan growth (Jan 2011 - Aor 2025)

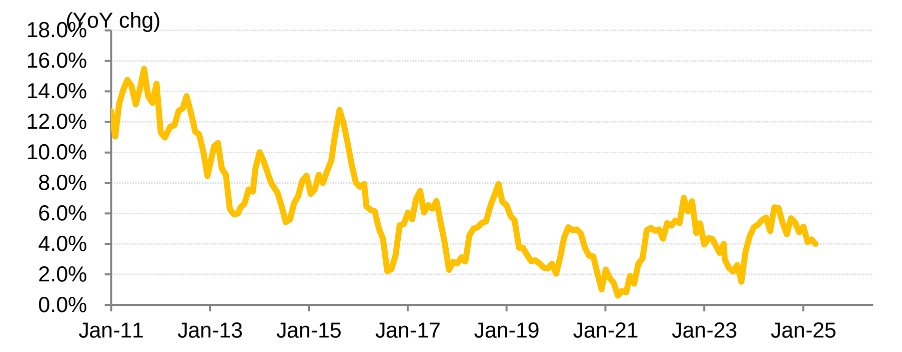
Source: BNM

Fig 25: YoY household loan growth (Jan 2011 - Apr 2025)



Source: BNM

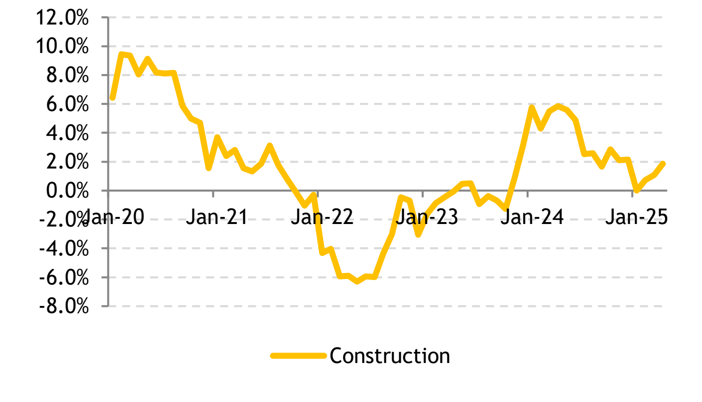
Fig 26: YoY non-household loan growth (Jan 2011 - Apr 2025)



Source: BNM

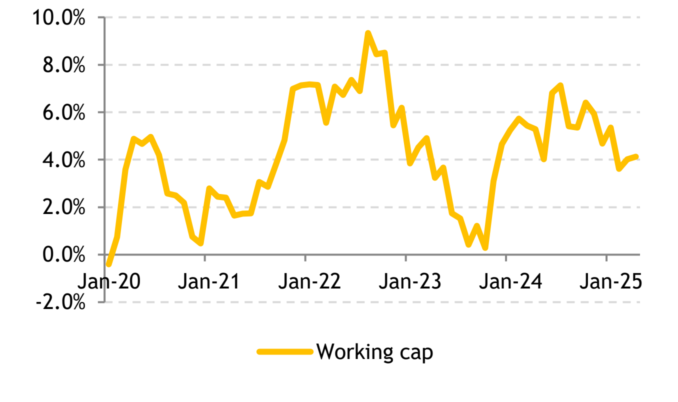
On the non-HH front, construction lending growth end-Apr 2025 was 1.9% YoY (2.2% end-2024) while working capital loans growth was 4.1% YoY (4.7% YoY end-Dec 2024).

Fig 27: YoY chg in construction loans (Jan 2020 - Apr 2025)



Source: BNM, Maybank IBG Research

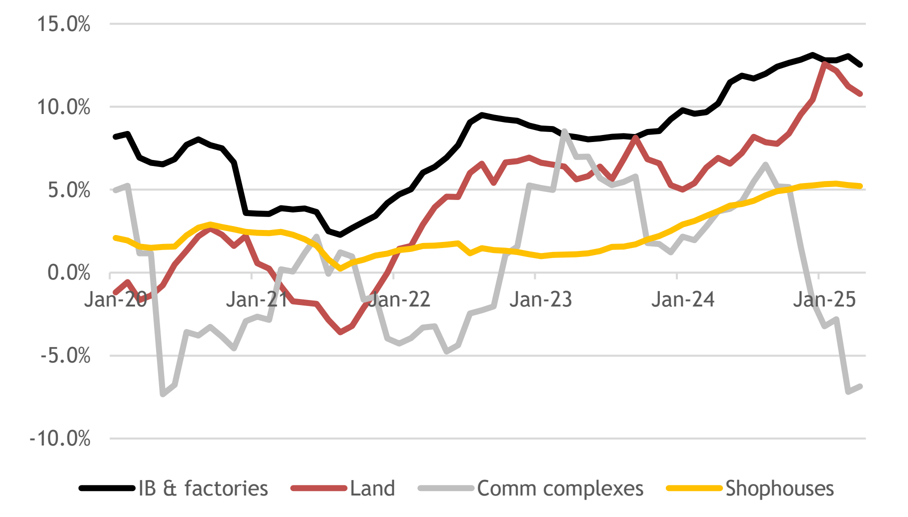
Fig 28: YoY chg in working cap loans (Jan 2020 - Apr 2025)



Source: BNM, Maybank IBG Research

Within commercial property financing, lending for industrial buildings and factories continued to be robust, up 12.5% YoY in Apr 2025. Loans for the purchase of land expanded 10.8% YoY while shophouse loans rose 5.2% YoY. Lending for commercial complexes, however, contracted for the fifth consecutive month and by a sharper -6.9% YoY.

Fig 29: YoY chg in non-residential property loans (Jan 2020 – Apr 2025)



Source: BNM

2.4 2025E loan growth forecast of 5.0%

Following from the 1Q25 results, RHB was the only bank to revise its 2025 loan growth target – to 5-6%, from 6-7% previously. ABMB and AMMB, with their March financial year ends, introduced their FY26E loan growth targets of 8-10% and ~5%, against 12% and 3.5% in FY25 respectively.

Banks in our coverage are generally guiding for group loan growth of 5-7% on average for 2025. As Fig 30 would indicate, our forecasts are generally trailing management's expectations for most banks.

Though we have trimmed loan growth across the board, our previous industry loan growth forecast of 4.7% for 2025 does appear to be conservative, and we are raising this to 5.0%, but we keep our loan growth forecast of 4.7% for 2026. This would translate to a GDP growth/loan growth multiplier of 1.2x/1.1x for 2025/2026 respectively.

Fig 30: MIBG's loan growth estimates versus banks' guidance

	FY24A	FY25E mgt guidance	MIBG FY25E	MIBG FY26E
ABMB ^	12.0%	8-10%	7.5%	5.5%
AMMB ^	3.5%	~5%	3.5%	3.0%
BIMB	3.8%	7-8%	6.0%	5.0%
CIMB	2.6%	5-7%	4.5%	4.0%
HLBK @	7.3%	6-7%	7.0%	5.5%
MAY	5.3%	5-6%	NA	NA
PBK	6.3%	5-6%	5.1%	5.1%
RHB	6.9%	5-6%	5.3%	5.0%

^ FYE3/25A - FY3/27E (FYE3/26E mgt guidance)
@ FYE6/24A-FYE6/25E (FYE6/25E mgt guidance)
Source: Banks, Maybank IBG Research

2.5 NIMs under some pressure

On a QoQ basis, most banks have seen some NIM slippage todate but generally, the compression has been manageable at less than 5bps. Expectations are that the pressure will persist, more so if there is an interest rate cut. The only bank that has revised its NIM expectation this year is Public Bank, which now guides for a mid-single digit NIM compression in 2025, versus its previous guidance for a low single digit compression.

Fig 31: MIBG's NIM estimates versus banks' guidance

	FY24A	FY25E mgt guidance	MIBG FY25E	MIBG FY26E
ABMB ^	2.45%	2.40-2.45%	2.37%	2.36%
AMMB ^	1.94%	~1.94%	1.96%	1.95%
BIMB	2.13%	>2%	2.12%	2.14%
CIMB	2.21%	2.16-2.21%	2.17%	2.17%
HLBK @	1.86%	1.85-1.95%	1.90%	1.90%
MAY	2.05%	2.05%	NA	NA
PBK	2.21%	~2.16%	2.15%	2.14%
RHB	1.86%	1.86-1.90%	1.86%	1.87%

^ FYE3/25A - FY3/27E (FYE3/26E mgt guidance)
@ FYE6/24A-FYE6/25E (FYE6/25E mgt guidance)
Source: Banks, Maybank IBG Research

Generally, every 25bp cut in the Overnight Policy Rate is likely lead to a 2-3bp NIM compression on average.

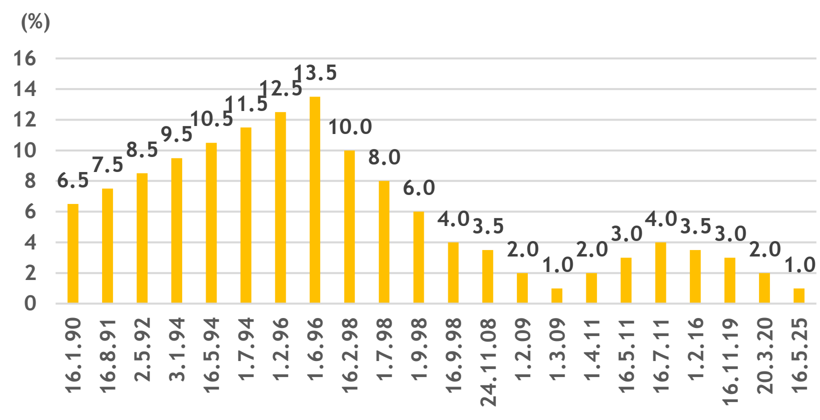
Fig 32: Estimated of a 25bps cut in the OPR on NIMs

Bank	NIM impact	Bank	NIM impact
ABMB	3-4	HLBK	2
AMMB	2	MAY	2
BIMB	2	PBK	3-4
CIMB	2-3	RHB	3-4

Source: BNM

Buffering NIMs is the recent 1%-point cut in the Statutory Reserve Requirement (SRR) to 1%, which is to release MYR19b of liquidity, and for which banks estimate will enhance their NIMs by about 2-3bps.

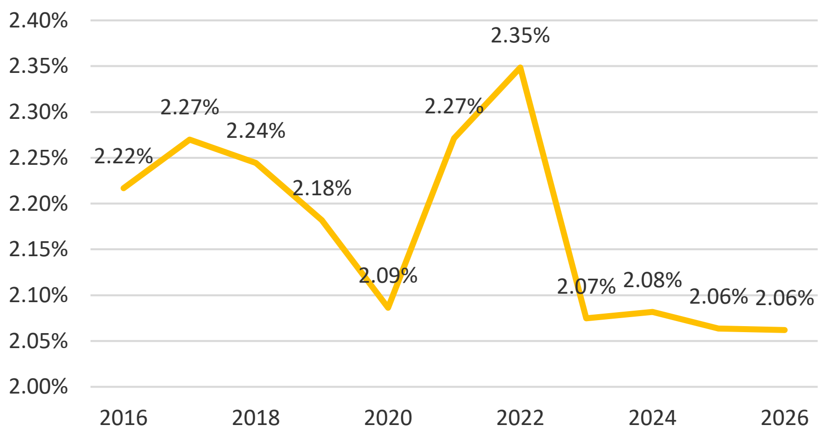
Fig 33: Statutory Reserve Requirement (1990-2025)



Source: BNM

On aggregate, we have cut NIMs by 2-3bps and now expect an average NIM compression of 2bps to an average of 2.06% in 2025 and flat NIMs in 2026. This compares against previous expectations for a 1bp NIM recovery in both 2025 and 2026 respectively.

Fig 34: Sector NIM trends (2016-2026E)



Source: Banks, Maybank IBG Research

2.6 More moderate growth in overheads

Overhead expenses accelerated in 2023 and 2024, expanding 7.3% and 7.4% respectively, relative to a growth of 3.5% in 2022. Aside from the catch-up in spending post-COVID in areas such as marketing, expenses were also buoyed by labour union cost adjustments and increased IT spend. We expect overhead growth to moderate to 4.6% and 4.4% in 2025 and 2026 respectively, particularly as personnel expenses normalize.

Fig 35: MIBG's CIR estimates versus banks' guidance

	FY24A	FY25E mgt guidance	MIBG FY25E	MIBG FY26E
ABMB ^	48.0%	~48%	47.5%	47.2%
AMMB ^	45.6%	NA	44.8%	44.0%
BIMB	60.7%	NA	59.9%	59.5%
CIMB	46.7%	46.9%	47.2%	47.2%
HLBK @	40.5%	40.0%	39.0%	38.9%
MAY	48.9%	<49%	NA	NA
PBK	34.5%	35.0%	34.4%	34.2%
RHB	47.2%	45.5-46%	47.7%	47.4%

^ FYE3/25A - FY3/27E (FYE3/26E mgt guidance)

@ FYE6/24A-FYE6/25E (FYE6/25E mgt guidance)

Source: Banks, Maybank IBG Research

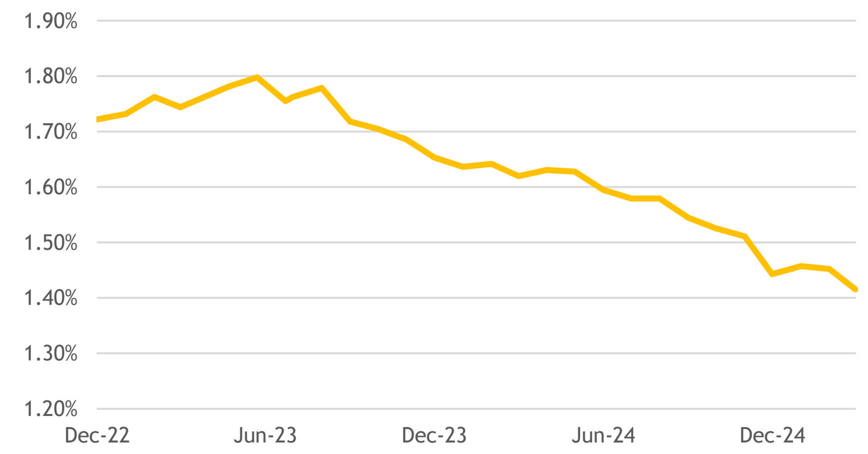
2.7 Asset quality continues to improve

The banking industry's absolute impaired loans contracted YoY for the 16th consecutive month (-8.1% YoY) end-Apr 2025, evident of banks' prudent policies and proactive stance to preserve asset quality.

The industry's gross impaired loans (GIL) ratio was 1.43% end-Apr 2025, and this compares to a pre-COVID ratio of 1.51% end-Dec 2019.

As mentioned in Section 1.10, there have been pockets of stress in the consumer market e.g. in mortgages and the SME segment is one that banks are closely monitoring. Nevertheless, the upticks in impaired loans thus far have been quite mild.

Fig 36: Industry GIL ratios (Jul 2021 – Apr 2025)



Source: BNM

2.8 Credit costs likely to normalie higher

Having experienced a very benign credit cost environment in 2024, some banks are guiding for credit costs to normalize higher this year. Moreover, with the prospect of slower economic growth ahead, macroeconomic overlays are likely to increase. CIMB is the only bank to have revised its credit cost guidance for the year, bringing it down to 25-35bps from 30-40bps previously, in light of a still benign 1Q25.

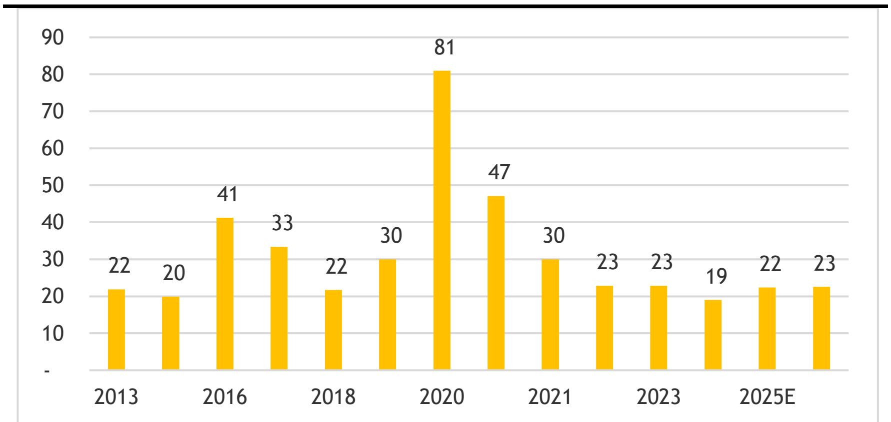
Fig 37: MIBG's credit cost estimates versus banks' guidance

	FY24A	FY25E mgt guidance	MIBG FY25E	MIBG FY26E
ABMB ^	0.32%	0.30-0.35%	0.40%	0.40%
AMMB ^	0.16%	<0.30%	0.24%	0.29%
BIMB	0.14%	<0.30%	0.20%	0.20%
CIMB	0.31%	0.25-0.35%	0.37%	0.37%
HLBK @	-0.06%	<0.10%	0.02%	0.02%
MAY	0.25%	<0.30%	NA	NA
PBK	0.00%	0.00-0.05%	0.05%	0.05%
RHB	0.23%	0.15-0.20%	0.24%	0.24%

^ FYE3/25A - FY3/27E (FYE3/26E mgt guidance)
@ FYE6/24A-FYE6/25E (FYE6/25E mgt guidance)
Source: Banks, Maybank IBG Research

Having factored in higher credit costs assumptions, we expect average credit costs to rise by 3bps to 22bps in 2025 and by 1bp to 23bps in 2026.

Fig 38: Sector average credit cost (bps; 2013-2026E)



Source: Maybank IBG Research

There is room for positive surprises, given that all banks still have outstanding management overlays which could be redesignated to specific problem areas. For instance, 65% of Maybank's MYR1.8b overlays have been designated to its retail and RSME portfolios, in case of further deterioration. AMMB, HLBK, MAY and PBK still have management overlays (in bps) that are more than the credit cost in FY24.

Fig 39: Management overlays as at end-Mar 2025

	Net credit cost (FY24; bps)	Management overlays (bps)	Management overlays (MYR'm)
ABMB	28	25	154
AMMB	16	32	439
BIMB	14	6	45
CIMB	31	2	100
HLBK	-6	9	175
MAY	25	27	1,800
PBK	0	28	1,210
RHB	23	13	317

Source: Banks

3. Earnings outlook

3.1 2025/2026E operating profit growth of 3.6%/5.2%%

With the earnings revisions that we have put through, we now forecast cumulative operating profit growth of 3.6% for 2025E and 5.2% for 2026E. This compares against a previous against a previous forecast of 5.3% for 2025E and 2026E respectively.

Our 2025 forecast is predicated on domestic loan growth of 5.0% (5.5% previously), -2bps in aggregate NIMs (stable previously), and an aggregate CIR of 45.3% (44.7% previously).

Fig 40: Operating profit (calendarised)

	2023	2024	2025E	2026E	2027E	3-yr CAGR
Maybank	13,972	15,112	15,398	16,111	16,804	
Growth	*-3.8%*	*8.2%*	*1.9%*	*4.6%*	*4.3%*	*3.6%*
CIMB	11,149	11,881	12,150	12,695	13,355	
Growth	*6.3%*	*6.6%*	*2.3%*	*4.5%*	*5.2%*	*4.0%*
Public Bank	8,678	9,183	9,614	10,139	10,828	
Growth	*-5.7%*	*5.8%*	*4.7%*	*5.5%*	*6.8%*	*5.6%*
AMMB	2,517	2,593	2,761	2,956	3,061	
Growth	*0.7%*	*3.0%*	*6.4%*	*7.1%*	*3.6%*	*5.7%*
HL Bank	3,465	3,647	3,986	4,243	4,516	
Growth	*2.6%*	*5.3%*	*9.3%*	*6.5%*	*6.4%*	*7.4%*
RHB	4,081	4,498	4,606	4,886	5,162	
Growth	*-10.4%*	*10.2%*	*2.4%*	*6.1%*	*5.7%*	*4.7%*
ABMB	1,045	1,148	1,233	1,305	1,378	
Growth	*0.4%*	*9.9%*	*7.4%*	*5.8%*	*5.7%*	*6.3%*
BIMB	1,388	1,411	1,488	1,552	1,626	
Growth	*16.9%*	*1.7%*	*5.4%*	*4.3%*	*4.8%*	*4.8%*
Total	**46,295**	**49,473**	**51,236**	**53,886**	**56,732**	
Growth	*-1.2%*	*6.9%*	*3.6%*	*5.2%*	*5.3%*	*4.7%*

Source: Banks, Consensus estimates for Maybank, Maybank IBG Research

3.2 Net profit growth 1.1%/5.0% YoY in 2025/2026E

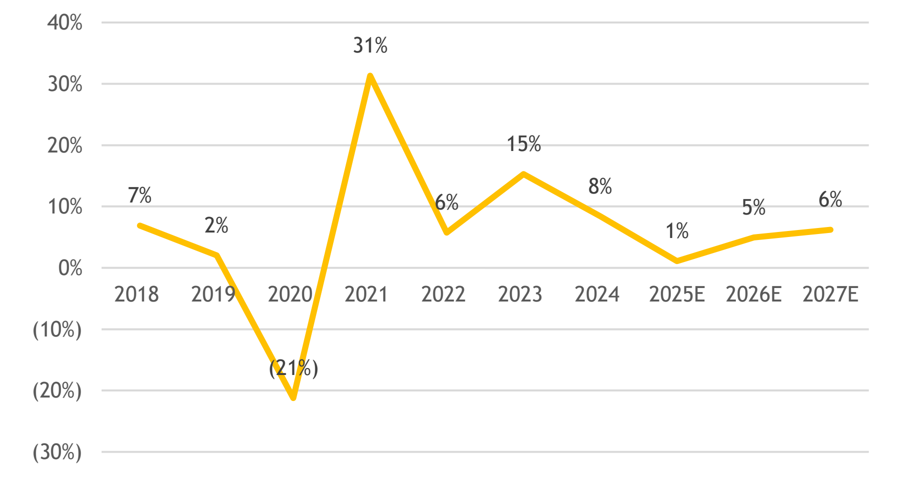
Against our previous forecasts, our aggregate 2025E net profit growth forecast is lowered to 1.1% from 5.7% previously, in light of slower topline growth as well as higher aggregate credit cost of 22bps versus 20bps previously. We forecast cumulative net profit growth of 5.0% in 2026E (5.5% previously).

Fig 41: Recurring net profit (calendarised)

	2023	2024	2025E	2026E	2027E	3-yr CAGR
Maybank	9,350	10,089	10,143	10,661	11,224	
Growth	*17.5%*	*7.9%*	*0.5%*	*5.1%*	*5.3%*	*3.6%*
CIMB	6,981	7,728	7,708	8,058	8,723	
Growth	*28.3%*	*10.7%*	*(0.3%)*	*4.5%*	*8.3%*	*4.1%*
Public Bank	6,649	7,147	7,266	7,650	8,112	
Growth	*8.7%*	*7.5%*	*1.7%*	*5.3%*	*6.0%*	*4.3%*
AMMB	1,726	1,934	2,000	2,070	2,167	
Growth	*5.4%*	*12.0%*	*3.4%*	*3.5%*	*4.7%*	*3.9%*
HL Bank	4,030	4,295	4,467	4,675	4,961	
Growth	*16.6%*	*6.6%*	*4.0%*	*4.7%*	*6.1%*	*4.9%*
RHB	2,806	3,035	3,032	3,224	3,413	
Growth	*4.8%*	*8.2%*	*(0.1%)*	*6.3%*	*5.9%*	*4.0%*
ABMB	687	736	749	780	824	
Growth	*5.5%*	*7.0%*	*1.8%*	*4.2%*	*5.6%*	*3.8%*
BIMB	553	571	567	597	630	
Growth	*12.5%*	*3.3%*	*(0.7%)*	*5.2%*	*5.6%*	*3.3%*
Total	32,783	35,534	35,932	37,715	40,054	
Growth	*15.3%*	*8.4%*	*1.1%*	*5.0%*	*6.2%*	*4.1%*

Source: Banks, Consensus estimates for Maybank, Maybank IBG Research

Fig 42: Aggregate core net profit growth (2018 - 2027E)



Source: BNM

3.3 ROAEs to average 10.1% in FY25/26E respectively

We forecast aggregate ROAEs to average a lower 10.1%/10.1% in 2025/2026E, as opposed to 10.6%/10.6% previously. Our FY25E ROAE estimates fall below management targets.

Fig 43: MIBG's ROAE estimates versus banks' guidance

	FY24A	FY25E mgt guidance	MIBG FY25E	MIBG FY26E
ABMB ^	10.1%	>10%	9.5%	9.6%
AMMB ^	10.0%	NA	9.5%	9.5%
BIMB	7.6%	8%	7.3%	7.5%
CIMB	11.2%	11-11.5%	10.9%	10.8%
HLBK @	11.8%	12%	11.2%	11.1%
MAY	10.7%	>11.3%	NA	NA
PBK	12.8%	13%	12.4%	12.5%
RHB	9.8%	10.4-10.8%	9.2%	9.4%

^ FYE3/24A - FY3/26E (FYE3/25E mgt guidance)
@ FYE6/24A-FYE6/25E (FYE6/25E mgt guidance)
Source: Banks, Maybank IBG Research

Fig 44: ROAE forecasts (calendarised)

	2023	2024	2025E	2026E	2027E
ABMB	10.0%	10.1%	9.7%	9.5%	9.5%
AMMB	9.9%	10.0%	9.6%	9.5%	9.4%
BIMB	7.8%	7.6%	7.3%	7.5%	7.6%
CIMB	10.7%	11.2%	10.9%	10.8%	11.1%
HLBK	11.8%	11.5%	11.1%	11.1%	11.0%
MAY	10.4%	10.7%	10.7%	10.9%	11.1%
PBK	12.7%	12.8%	12.4%	12.5%	12.6%
RHB	9.4%	9.8%	9.2%	9.4%	9.6%
Average	**10.3%**	**10.5%**	**10.1%**	**10.1%**	**10.2%**

Source: Banks, Consensus for Maybank, Maybank IBG Research

Fig 45: ROAA forecasts (calendarised)

	2023	2024	2025E	2026E	2027E
ABMB	1.0%	0.9%	0.9%	0.9%	0.9%
AMMB	0.9%	1.0%	1.0%	1.0%	1.0%
BIMB	0.6%	0.6%	0.6%	0.6%	0.6%
CIMB	1.0%	1.0%	1.0%	1.0%	1.0%
HLBK	1.4%	1.4%	1.4%	1.4%	1.4%
MAY	0.9%	1.0%	0.9%	0.9%	1.0%
PBK	1.3%	1.4%	1.3%	1.3%	1.3%
RHB	0.9%	0.9%	0.8%	0.9%	0.9%
Average	**1.0%**	**1.0%**	**1.0%**	**1.0%**	**1.0%**

Source: Banks, Consensus for Maybank, Maybank IBG Research

3.4 Dividend yields are still decent

AMMB raised its dividend payout ratio to 50% in FYE3/25 from 40% in FY24, but ABMB cut its FYE3/25 payout to 40% from 50%, as it looked to conserve capital. Public Bank has guided for a higher dividend payout of 60% in FY25 from 57% in FY24, but CIMB has guided for a lower 55% versus 65% previously. Average dividend yields are still decent, averaging 5.5% in 2025E and 5.8% in 2026E.

Fig 46: Payout ratios

	FY23	FY24	FY25E	FY26E	FY27E
ABMB *	50%	50%	40%	40%	40%
AMMB *	35%	40%	50%	50%	50%
BIMB	69%	60%	60%	60%	60%
CIMB	66%	65%	55%	55%	55%
HL Bank	32%	33%	34%	35%	35%
Maybank	77%	73%	73%	73%	73%
Public Bk	55%	57%	60%	60%	60%
RHB	61%	60%	62%	61%	60%

Source: Banks, Consensus for Maybank, Maybank IBG Research

** FY25 actual for ABMB and AMMB*

Fig 47: DPS and dividend yields

	Sh price (MYR)	DPS (sen) FY25E	DPS (sen) FY26E	Yield (%) FY25E	Yield (%) FY26E
ABMB^	4.33	19.4	19.3	4.5	4.5
AMMB^	5.24	30.2	30.2	5.8	5.8
BIMB	2.32	15.0	15.8	6.5	6.8
CIMB	6.93	40.0	41.0	5.8	5.9
HLBK#	19.58	73.0	78.0	3.7	4.0
MAY	9.78	61.0	64.0	6.2	6.5
PBK	4.31	22.0	24.0	5.1	5.6
RHB	6.43	43.0	45.0	6.7	7.0
				5.5	**5.8**

^ FYE3/26-27E

 # FYE6/25-26E

Source: Banks, Consensus for Maybank, Maybank IBG Research

4. Valuations

4.1 BIMB, HLBK and PBK trading at -1sd to mean PERs

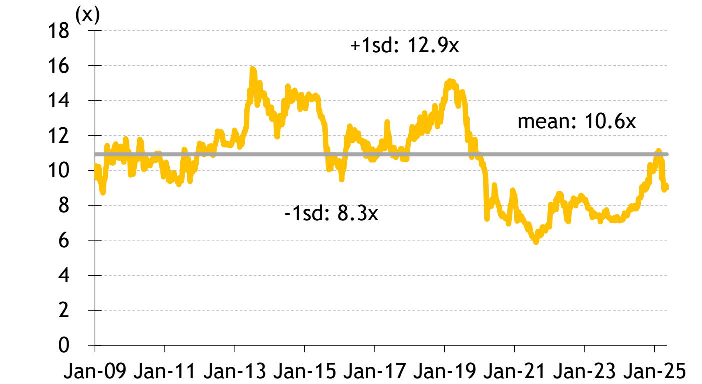
Looking across the stocks in our coverage, all stocks (based on their 2025 PERs) are currently trading below their historical mean PER valuations, except for RHB. BIMB, HLBK and PBK, meanwhile are trading below -1SD to their historical 1-year forward mean PERs.

Fig 48: Banking sector CY25 PERs vs historical 1-yr forward rolling PERs (x)

	2025 PER (x)	-1sd (x)	Mean (x)	+1sd (x)
ABMB	9.0	8.3	10.6	12.9
AMMB	8.7	7.9	10.2	12.6
BIMB	9.3	9.4	11.1	12.9
CIMB	9.6	9.1	12.0	14.9
HLBK	9.0	10.1	11.9	13.6
MAY	11.6	10.9	12.1	13.3
PBK	11.5	11.9	13.5	15.1
RHB	9.2	7.8	9.2	10.6

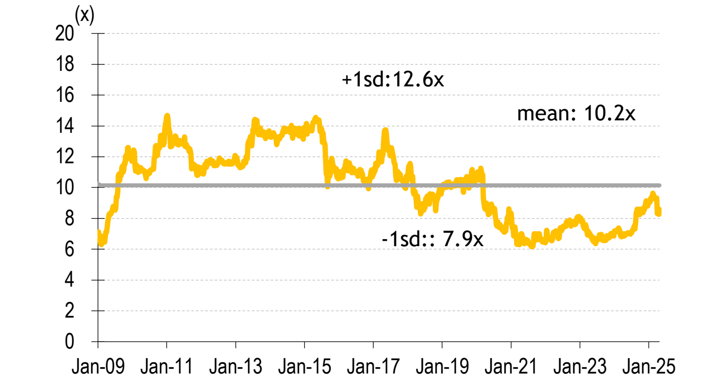
Source: Maybank IBG Research

Fig 49: ABMB - One-year forward rolling PER (x)



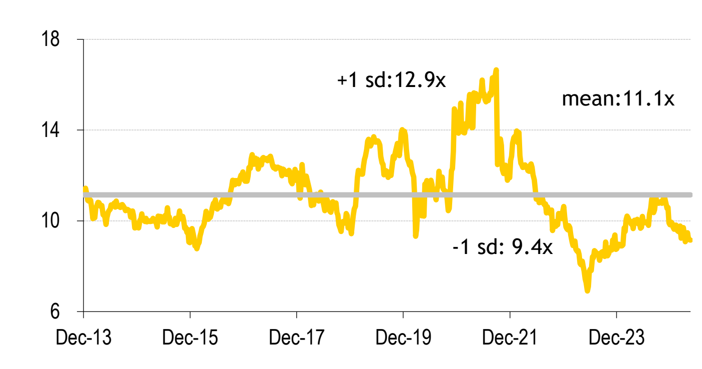
Source: Bloomberg, Maybank IBG Research

Fig 50: AMMB - One-year forward rolling PER (x)



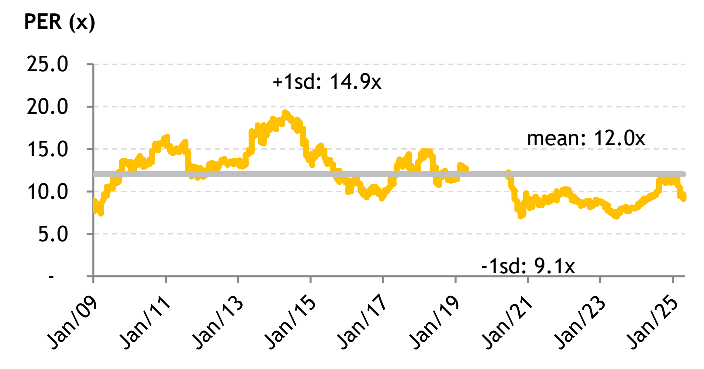
Source: Bloomberg, Maybank IBG Research

Fig 51: BIMB - One-year forward rolling PER (x)



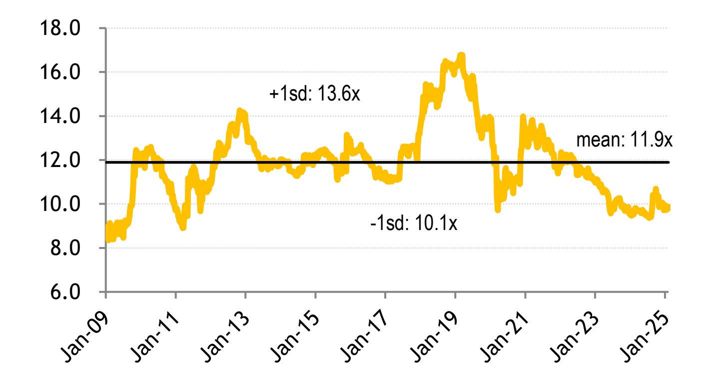
Source: Bloomberg, Maybank IBG Research

Fig 52: CIMB - One-year forward rolling PER (x)



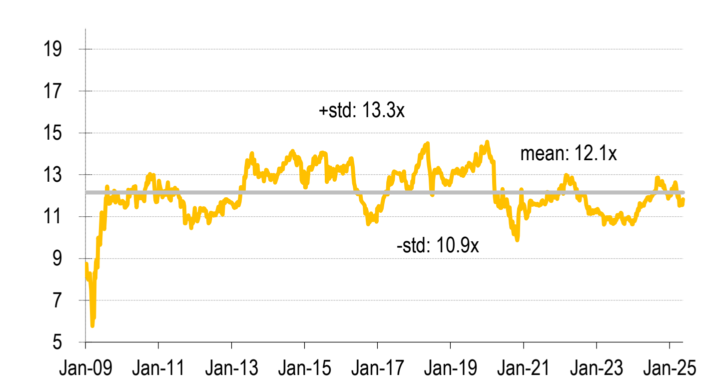
Source: Bloomberg, Maybank IBG Research

Fig 53: HLBK - One-year forward rolling PER (x)



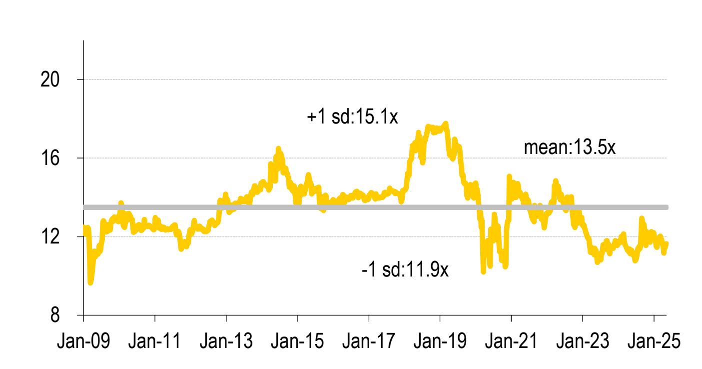
Source: Bloomberg, Maybank IBG Research

Fig 54: MAY - One-year forward rolling PER (x)



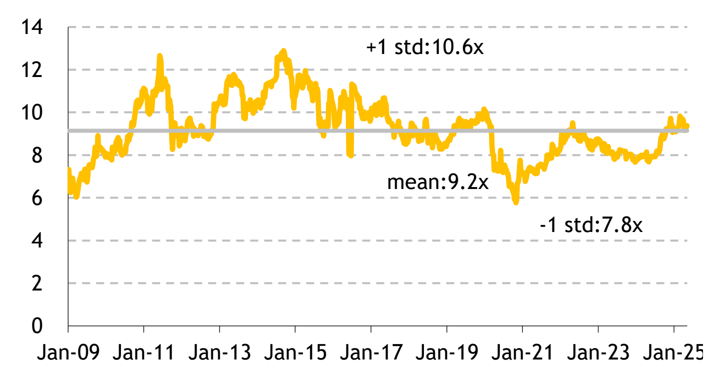
Source: Bloomberg, Maybank IBG Research

Fig 55: PBK - One-year forward rolling PER (x)



Source: Bloomberg, Maybank IBG Research

Fig 56: RHB - One-year forward rolling PER (x)



Source: Bloomberg, Maybank IBG Research

5. Risk statement

5.1 Upside risk

(i) Stronger-than-expected GDP growth, which would contribute to stronger loan growth and lower credit risks; as well as (ii) improved liquidity, which would help to sustain interest margins.

5.2 Downside risk

(i) Weaker-than-expected GDP growth, which could lead to slower loan growth and asset quality issues; (ii) potential interest rate cuts that could negatively impact interest margins in the short term; and (iii) a slowdown in CASA growth, which could exacerbate deposit competition.

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