

# Malaysia Banking

# POSITIVE

[Unchanged]

## Staying constructive with a positive stance

### POSITIVE still on the sector

A year that was expected to bring economic stability and improved prospects has been partly overshadowed by external volatility. Nevertheless, we remain constructive with a positive stance on the banking sector. Cumulative net profit growth is projected to be a faster 5.7% in 2026 (4.5% in 2025) with higher ROEs of 10.5%. Moreover, there is the prospect of higher dividend payouts from some banks, in our view. Our top 3 picks are RHB, AMMB and PBK.

### Analyst

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### Operating/net profit growth of 5.3%/5.7%

With GDP growth expected to hold firm at 5.1% in 2026 (2025: 5.2%), we project operating profit growth to strengthen to 5.3% (2025: 3.4%), driven by 5% domestic loan expansion and stable net interest margins. Net profit growth is expected to rise to 5.7% (2025: 4.5%) amid benign credit costs, while aggregate ROAE is forecast to edge up to 10.5% from 10.4%.

### A sensitivity analysis

A prolonged conflict in the Middle East could dampen economic growth and prompt further cuts in interest rates. Our Economics Team estimates that a 10% sustained rise in crude oil price would negatively impact global growth by -0.2 ppts (percentage points). A 1-ppt point cut to world GDP growth is estimated to negatively impact Malaysia's GDP growth by 0.8-ppts. Our sensitivity analysis assumes a 50bps cut in loan growth and a 3bps compression in NIMs across the board, this being the average impact of a 25bps cut in interest rates to the margins of banks. On average, these revisions would result in a 2-3% contraction in 2026/27 earnings and a 20-30bps cut in ROAEs.

### Higher dividend payouts?

Against our dividend payout forecasts, we are of the opinion that RHB and AMMB could surprise with higher dividend payout ratios. MAY had mentioned the prospect of capital management plans while we think that PBK could possibly do so as well, especially since 2026 marks its 60th Anniversary. Meanwhile, dividend yields are decent at  $\geq 5\%$  for all banks but ABMB and HLBK.

Banking Sector - Peer Valuation Summary

Stock	Rec	Shr px (MYR)	Mkt cap (MYR m)	TP (MYR)	Upside (%)	PER (x) CY 26E	PER (x) CY 27E	P/B (x) CY 26E	P/B (x) CY 27E	ROAE (%) CY 26E	ROAE (%) CY 27E	Net yield CY 26E	Net yield CY 27E
Maybank *	NR	11.66	144,490	NR	NA	12.7	12.1	1.4	1.4	11.5	11.4	5.7	6.0
Public Bank	BUY	4.84	95,695	5.55	15%	12.2	11.5	1.5	1.4	12.5	12.6	5.0	5.2
CIMB	HOLD	7.95	86,805	8.60	8%	10.3	9.7	1.2	1.1	11.5	11.7	6.0	6.4
HL Bank	BUY	23.06	50,464	26.40	14%	9.8	9.2	1.1	1.0	11.5	11.6	4.7	5.0
RHB Bank	BUY	8.50	36,640	9.40	11%	10.6	10.1	1.0	1.0	10.1	10.1	5.7	6.0
HLFG	HOLD	21.26	24,442	23.70	11%	6.6	6.2	0.7	0.7	11.0	10.9	3.8	4.0
AMMB	BUY	6.47	21,310	7.40	14%	9.7	9.3	0.9	0.9	10.0	10.0	5.1	5.4
ABMB	BUY	4.94	8,720	5.80	17%	9.5	8.9	0.9	0.9	10.0	10.0	4.3	4.6
BIMB	HOLD	2.43	5,598	2.60	7%	9.4	8.7	0.7	0.7	7.2	7.6	6.4	6.9
Simple avg			474,164			10.1	9.5	1.1	1.0	10.6	10.7	5.2	5.5
MC-wtd						11.2	10.6	1.2	1.2	11.4	11.5	5.4	5.7

\* Consensus estimates Source: Maybank IBG Research Share prices as at 4 March 2026

## 1. Key highlights

While external headwinds persist, we remain constructive on the banking sector, with a POSITIVE call. Key highlights are as follows:

### 1.1 Faster earnings growth in 2026

With expectation of sustained GDP growth of 5.1% in 2026, we expect cumulative operating profit growth for our basket of banks to gather pace to 5.3% in 2026 from 3.4% in 2025, driven by domestic loan growth of 5% and stable NIMs. Net profit growth is projected to be a faster 5.7% versus 4.5% in 2025, as credit costs remain benign. Aggregate ROAE is projected to be a tad higher at 10.5% in 2026 versus 10.4% in 2025.

**Fig 1: Estd aggregate earnings growth and ROAE for banks in our coverage**

	2024	2025	2026E
GDP growth	5.1%	5.2%	5.1%
OPR	3.00%	2.75%	2.75%
Operating profit growth	6.9%	3.4%	5.3%
Net profit growth	7.8%	4.5%	5.7%
ROAE	10.5%	10.4%	10.5%

Source: MIBG Research

### 1.2 A sensitivity analysis if the Middle East conflict prolongs

The conflict in the Middle East is undoubtedly an external risk should it prolong, the impact of which would be of slower economic growth and potential cuts in interest rates. Our sensitivity analysis (Fig 38) assumes a 50bps cut in loan growth and a 3bps compression in NIMs across the board, this being the average impact of a 25bps cut in interest rates to the margins of banks. These revisions would result in a 2-3% contraction in 2026/27 earnings and a 20-30bps cut in ROAEs.

### 1.3 Opportunity for higher dividend payouts?

Against our dividend payout forecasts (Fig 2), we are of the opinion that RHB and AMMB could surprise with higher dividend payout ratios. Meanwhile, we await possible capital management plans from PBK (particularly since 2026 marks its 60<sup>th</sup> Anniversary) and MAY. Meanwhile, dividend yields are decent at 5% and above for all banks but ABMB and HLBK.

### 1.4 Top picks are RHB, AMMB and PBK

Following from the recent results season, we had downgraded CIMB and HLFK to HOLDs and raised HLBK to a BUY. Our BUY calls, in order of preference are RHB, AMMB, PBK, HLBK and ABMB (see Section 3).

## 2. Higher dividend payouts?

### 2.1 An opportunity for higher dividend payouts?

Dividend yields are decent, averaging about 5.4% for FY26E, 5.7% for FY27E. We project dividend yields of  $\geq 5\%$  for all banks this financial year, except for ABMB and HLBK.

**AMMB** is committed to a steadily increasing DPS, with the ambitious target of doubling its absolute DPS by FY30. Capital ratios are decent with a CET1 ratio of 14.6%, and there is room to surprise against our assumed payout ratio of 50%.

Having committed to a total capital return of MYR2b by FY27, **CIMB** has thus far paid out a special DPS of 7sen in FY25 and our forecasts assume a special DPS of 6sen in FY26 and FY27 respectively. We do not rule out the possibility of the group frontloading the special dividends, to bolster ROE.

**MAY** already pays out  $>70\%$  of its earnings, but management had mentioned the prospect of further capital management plans. The ability to pay out more hinges on the ability of its subsidiaries to flow higher dividends to the parent company. Since this involves an assessment of different companies in different jurisdictions, it may be a while before such a plan is announced.

**PBK's** CET1 ratios (13.9%/12.0% at the group/bank as at end-2025) could increase by  $\sim 100$ bps once credit risk weight adjustments under Basel III reforms kick in by Jul 2025. Our forecasts a dividend payout ratio of 60.5% and we would not rule out possible capital optimisation exercises in the near future, particularly in lieu of the group's 60th Anniversary this year.

**RHB** recently surprised with a higher dividend payout ratio of 65% (60% in FY24) and our forecasts conservatively assume a payout ratio of 60% in FY26/27E. As the group still has one of the highest capital ratios in the industry, sustaining a 65% dividend payout is likely not an issue.

**Fig 2: Payout ratios**

	FY24	FY25	FY26E	FY27E	FY28E
ABMB *	50%	41%	41%	41%	41%
AMMB *	40%	50%	50%	50%	50%
BIMB	60%	59%	60%	60%	60%
CIMB	65%	65%	63%	63%	55%
HLBK *	33%	46%	46%	46%	46%
MAY	73%	72%	73%	73%	73%
PBK	57%	60%	61%	61%	61%
RHB	60%	65%	60%	60%	60%

Source: Banks, Consensus for Maybank, Maybank IBG Research

\* FY25 actual for ABMB, AMMB and HL Bank

**Fig 3: DPS and dividend yields**

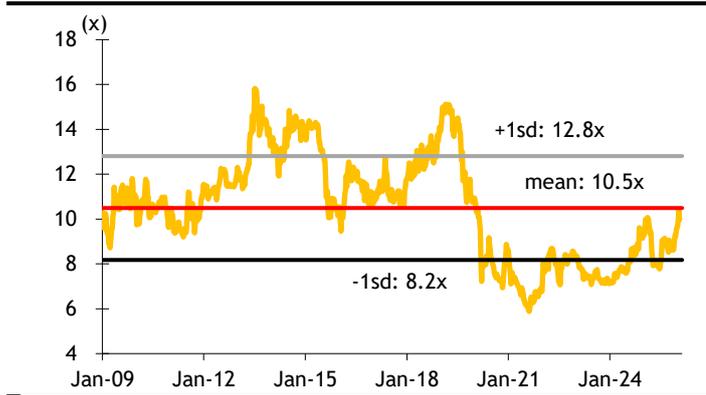
	Sh price (MYR)	DPS (sen) FY26E	DPS (sen) FY27E	Yield (%) FY26E	Yield (%) FY27E
ABMB <sup>^</sup>	4.94	19.8	21.7	4.0	4.4
AMMB <sup>^</sup>	6.47	32.4	33.6	5.0	5.2
BIMB	2.43	15.5	16.7	6.4	6.9
CIMB	7.95	48.0	51.0	6.0	6.4
HLBK <sup>#</sup>	23.06	105.0	112.0	4.6	4.9
MAY	11.66	67.0	70.0	5.7	6.0
PBK	4.84	24.0	25.0	5.0	5.2
RHB	8.50	48.2	51.0	5.7	6.0

<sup>^</sup> FYE3/26-27E

<sup>#</sup> FYE6/26-27E

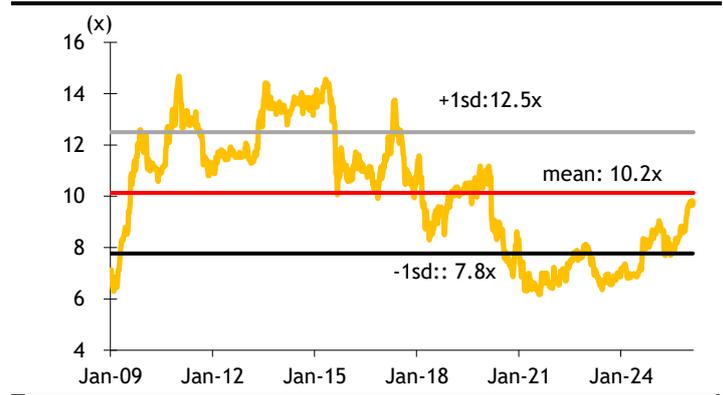
Source: Banks, Consensus for Maybank, Maybank IBG Research

**Fig 4: ABMB - One-year forward rolling PER (x)**



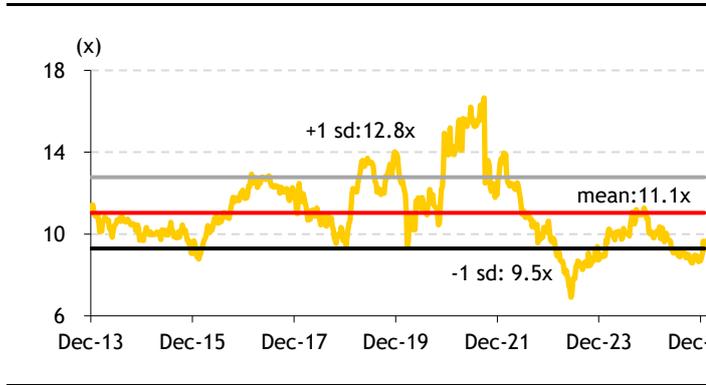
Source: Bloomberg, Maybank IBG Research

**Fig 5: AMMB - One-year forward rolling PER (x)**



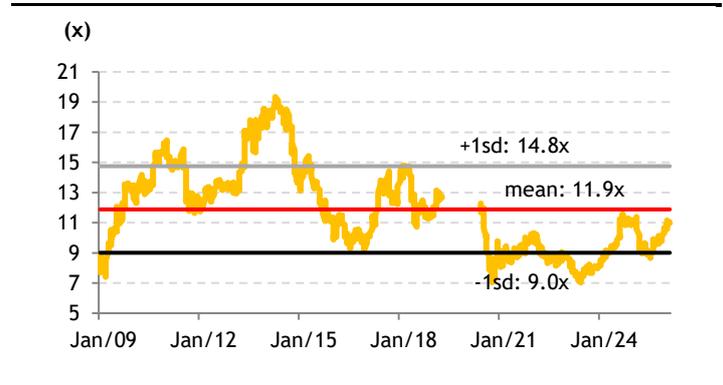
Source: Bloomberg, Maybank IBG Research

**Fig 6: BMB - One-year forward rolling PER (x)**



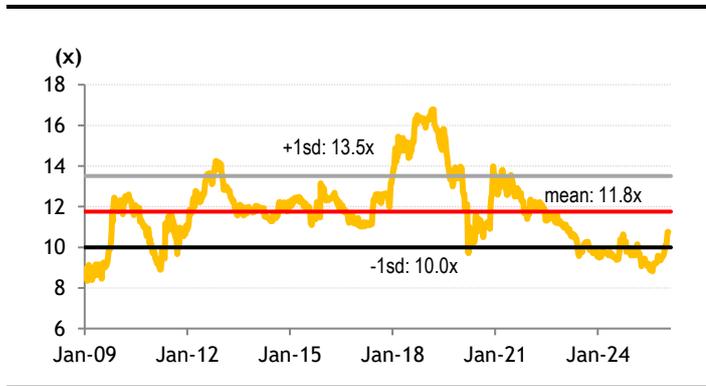
Source: Bloomberg, Maybank IBG Research

**Fig 7: CIMB - One-year forward rolling PER (x)**



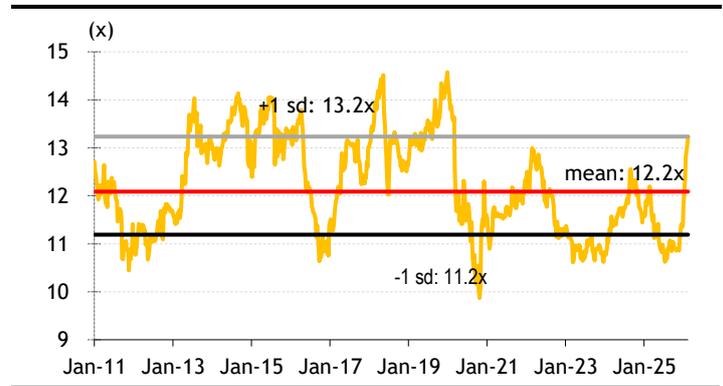
Source: Bloomberg, Maybank IBG Research

**Fig 8: HLBK - One-year forward rolling PER (x)**



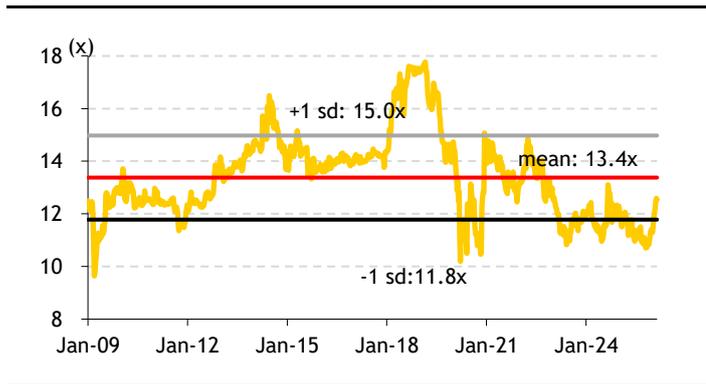
Source: Bloomberg, Maybank IBG Research

**Fig 9: MAY - One-year forward rolling PER (x)**



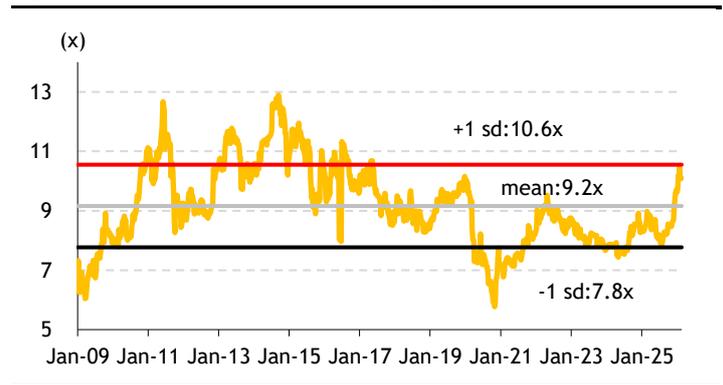
Source: Bloomberg, Maybank IBG Research

**Fig 10: PBK - One-year forward rolling PER (x)**



Source: Bloomberg, Maybank IBG Research

**Fig 11: RHB - One-year forward rolling PER (x)**



Source: Bloomberg, Maybank IBG Research

### 3. Our Top 3 picks

Having recently revised our calls on several stocks, we now have BUYs on ABMB, AMMB, HLBK, PBK and RHB. **Our top 3 picks in the sector are RHB, AMMB and PBK.**

#### 3.1 RHB Bank (TP: MYR9.40)

RHB Bank stands out for its capital ratios, which are one of the highest in the industry, with a commercial bank CET1 ratio of 13.9% and 15.2% at the group level. It surprised the market with a dividend payout ratio of 65% in FY25, which is likely sustainable, given that it still has excess capital. Nevertheless, our forecasts assume a payout ratio of 60% for now, with room for upside surprise. Operationally, what is positive is that asset quality, particularly at its overseas operations appears to have stabilised for now, which should support low credit cost in the near future.

Fig 12: RHB's valuations

Share price (MYR) FYE Dec (MYR m)	8.50 2024	2025	2026E	2027E	2028E
Core net profit	3,035	3,327	3,506	3,682	3,887
Core FD EPS (sen)	70.1	76.3	80.4	84.4	89.1
EPS growth (%)	6.6	8.9	5.4	5.0	5.6
Net DPS (sen)	43.0	50.0	48.2	51.0	53.0
PER (x)	12.1	11.1	10.6	10.1	9.5
Net div yield (%)	5.1	5.9	5.7	6.0	6.2
P/BV (x)	1.1	1.1	1.0	1.0	1.0
Book value (MYR)	7.45	7.83	8.14	8.51	8.89
ROE (%)	9.8	10.1	10.1	10.1	10.2
ROA (%)	0.9	1.0	0.9	0.9	0.9

Source: Maybank IBG Research

Share price as at 4 March 2026

#### 3.2 AMMB Holdings (TP: MYR7.40)

AMMB's focus on proactive funding cost management has contributed to more stable interest margins and its business banking operations should contribute to growth momentum. With a comfortable CET1 ratio of 14.6%, there is room for dividend payouts to surprise positively against our current assumption of 50%, in our view.

Fig 13: AMMB's valuations

Share price (MYR) FYE Mar (MYR m)	6.47 2024	2025	2026E	2027E	2028E
Core net profit	1,732	2,001	2,148	2,228	2,330
Core FD EPS (sen)	52.4	60.6	64.8	67.2	70.3
EPS growth (%)	1.5	15.6	7.0	3.7	4.6
Net DPS (sen)	22.6	30.2	32.4	33.6	35.1
PER (x)	12.4	10.7	10.0	9.6	9.2
Net div yield (%)	3.5	4.7	5.0	5.2	5.4
P/BV (x)	1.1	1.0	1.0	0.9	0.9
Book value (MYR)	5.87	6.22	6.61	6.89	7.22
ROE (%)	10.0	10.0	10.1	10.0	10.0
ROA (%)	0.9	1.0	1.1	1.1	1.1

Source: Maybank IBG Research

Share price as at 4 March 2026

### 3.3 Public Bank (TP: MYR5.55)

Potential catalysts into FY26E include faster earnings growth, improved capital ratios and the partial clearing of the share overhang. Public Bank's CET1 ratios (13.9%/12.0% at the group/bank as at end-2025) could potentially add on at least 100bps once credit risk weight adjustments under Basel III reforms kick in by Jul 2025. Our forecasts a dividend payout ratio of 60.5% and we would not rule out possible capital optimisation exercises in the near future, particularly in lieu of the group's 60<sup>th</sup> Anniversary this year.

LPI Capital is expected to place out its 1.1% stake in Public Bank by 3 June 2026 (based on the 6-month extended deadline provided by Suruhanjaya Syarikat Malaysia) and this would help address part of the share overhang issue. We look forward to clearer commitment in addressing the distribution of the Teh family's 12.28% shareholding by way of a Restricted Offer for Sale (ROS) (over 5 years), to address the other share overhang problem.

**Fig 14: PBK's valuations**

Share price (MYR)	4.84				
FYE Dec (MYR m)	2024	2025	2026E	2027E	2028E
Core net profit	6,955	7,224	7,709	8,163	8,545
Core FD EPS (sen)	35.8	37.2	39.7	42.1	44.0
EPS growth (%)	4.6	3.9	6.7	5.9	4.7
Net DPS (sen)	21.0	22.5	24.0	25.0	27.0
PER (x)	13.5	13.0	12.2	11.5	11.0
Net div yield (%)	4.3	4.6	5.0	5.2	5.6
P/BV (x)	1.6	1.6	1.5	1.4	1.3
Book value (MYR)	2.95	3.09	3.25	3.43	3.62
ROE (%)	12.8	12.3	12.5	12.6	12.5
ROA (%)	1.4	1.3	1.3	1.3	1.3

Source: Maybank IBG Research

Share price as at 4 March 2026

## 4. A cautiously optimistic outlook

### 4.1 Base case: stable GDP growth into 2026

Malaysia's economy performed better than expected in 2025 with an actual GDP growth of 5.2% against our earlier forecast of 4.7%. Our Economics Team forecasts a stable 2026 GDP growth of 5.1%, while Singapore's economy is expected to expand at a faster clip of 5.3% (5.0% in 2025). Indonesia's GDP is forecasted to grow at a steady pace of 5.2%.

**Fig 15: GDP growth forecasts**

	2024	2025	2026E
Malaysia	5.1%	5.2%	5.1%
Singapore	4.0%	5.0%	5.3%
Indonesia	5.0%	5.1%	5.2%

Source: MIBG Research

### 4.2 But wary of risks from the Middle East conflict

We are cognizant of the fact that the Middle East conflict could weigh on global economic growth, especially with the spike in oil prices. The US-Iran war is still in its early stages and the impact to global (and thus domestic) growth would very much depend on how long this war plays out.

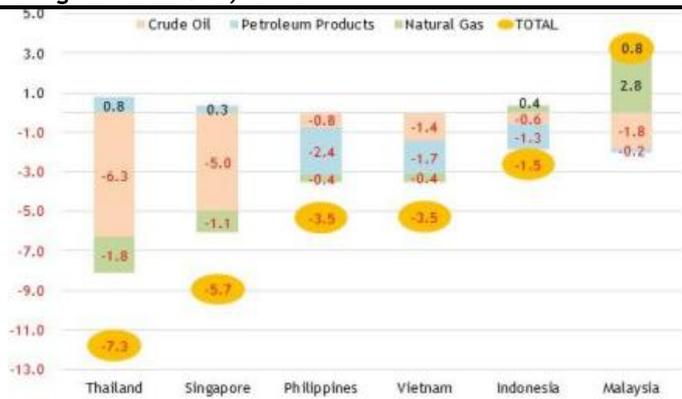
ASEAN economies that are the comparatively larger net importers of oil & gas are relatively more 'sensitive' to the Middle East conflict.

In this regard, and based on 2024 data, Thailand and Singapore are the largest net importers of crude oil (% of GDP) - as well as overall net importers of crude oil, petroleum products & gas (% of GDP) - within ASEAN (Fig 16). Malaysia stands out as a net exporter of crude oil, petroleum products & gas combined, for the trade surplus in gas offsets the trade deficits in crude oil and petroleum products.

Our Economics Team estimates that a 10% sustained rise in crude oil price would negatively impact global growth by -0.2 ppts (percentage points). A 1-ppt point cut to world GDP growth is estimated to negatively impact Malaysia's GDP growth by 0.8-ppts.

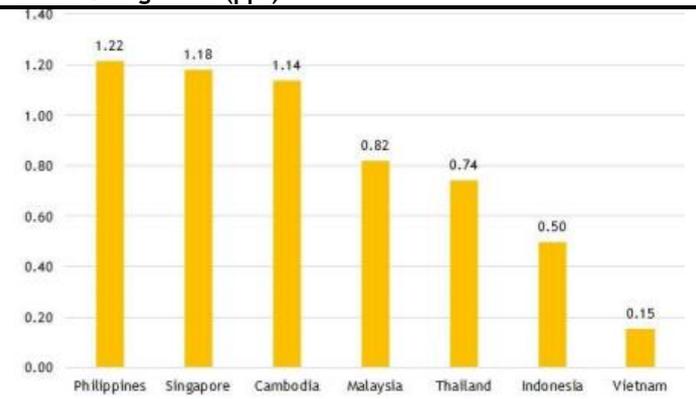
In the event of a reversal of fortune in the global economic outlook, our simple linear regression analysis on individual ASEAN countries' real GDP growth vs global real GDP growth using annual data since 1980 show higher sensitivity (i.e. 1-ppt change or more) to 1-ppt change in global economic growth for Philippines, Singapore, Cambodia vs less than 1ppt impact on growth for Malaysia, Thailand, Indonesia and Vietnam (Fig 17).

**Fig 16: ASEAN - Net trade of crude oil, petroleum products and gas as % of GDP, 2024**



Source: CEIC

**Fig 17: ASEAN - GDP growth impact from 1 ppt change in world GDP growth (ppt)**

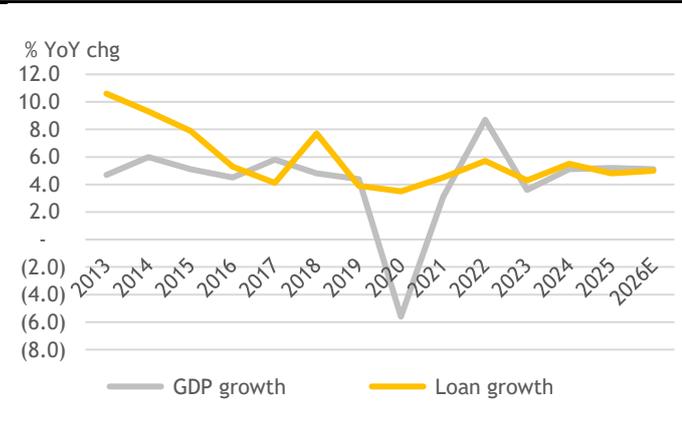


Source: IMF, Maybank IBG Research

### 4.3 Projecting domestic loan growth of 5% for 2026

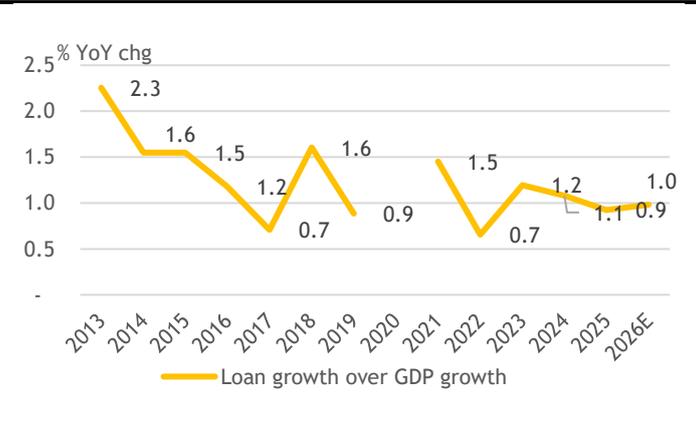
Presently, we project stable domestic loan growth of 5.0% for 2026E (4.8% in 2025), which would translate to a loan growth to GDP growth multiplier of 1.0x. We expect credit growth (loans plus bonds) to expand at a slightly faster pace of 5.2%.

**Fig 18: GDP growth vs loan growth (2013-2026E)**



Source: Bloomberg data, Maybank IBG Research

**Fig 19: Loan growth/GDP growth multiplier**

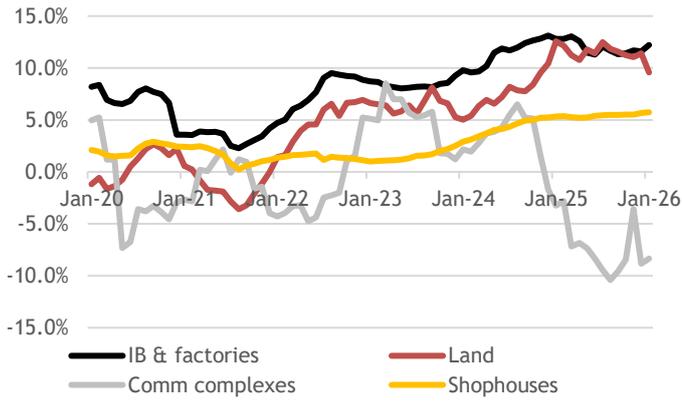


Source: Bloomberg data, Maybank IBG Research

Industry loan growth kicked off Jan 2026 at a moderate pace of 4.7% YoY, which is marginally slower than 4.8% YoY end-2025. Household (HH) loan growth was stable at 5.3% YoY, but non-HH loan growth was a slower 3.8% YoY end-Jan 2026 against 4.1% YoY end-2025.

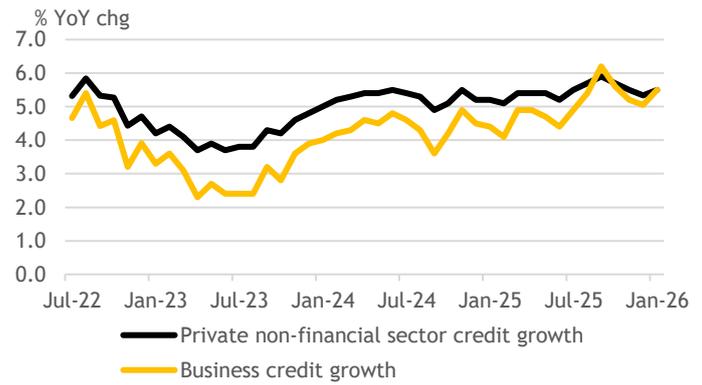
What is positive is the rise in loans for the purchase of land industrial buildings and factories, which supports our case for an uptrend in the domestic investment cycle. Moreover, there has been robust corporate bond issuances by the private non-financial sector, which totaled MYR637b end-Jan 2026. Adding this to industry loans, total credit to the private non-financial sector expanded at a faster pace of 5.5% YoY end-Jan 2026.

**Fig 20: YoY chg in commercial prop loans (Jan'20 - Jan'26)**



Source: BNM

**Fig 21: Private non-financial sector credit growth**



Source: BNM

### 4.4 Room for margins to stabilise

Having seen hefty rate cuts across the region in 2025, our Economics team does not expect any further OPR cuts in Malaysia into 2026. Singapore's SORA is expected to come off by just another 50bps in 2026, which is relatively mild compared to the ~180bps decline in 2025. In Indonesia, our Economics team expects a 50bps cut to the BI rate in 2026 to 4.25%, as compared to the 100bps rate cut in 2025.

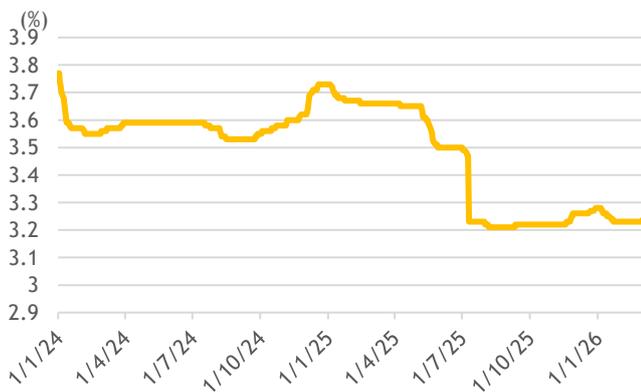
**Fig 22: Interest rate forecasts**

	2024	2025	2026E
Malaysia's OPR	3.00%	2.75%	2.75%
Singapore SORA	3.00%	1.19%	0.70%
Indonesia BI rate	5.75%	4.75%	4.25%

Source: MIBG Research

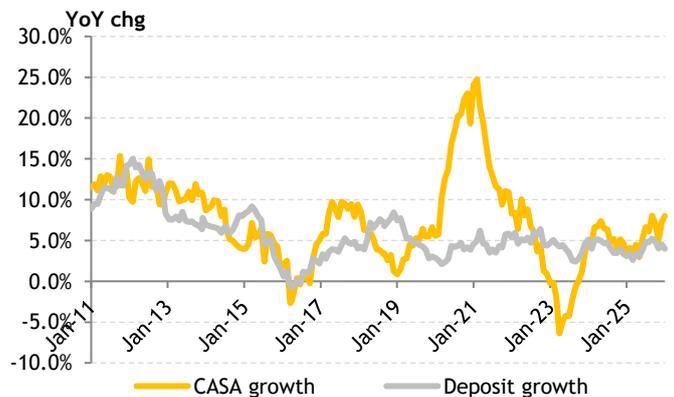
Domestically, system CASA deposits have started to trend upwards again. Deposit growth was 4.0% YoY end-Jan 2026 (4.5% YoY end-Dec 2025) but positively, CASA growth was a stronger 8.0% end-Jan 2026 (7.3% YoY end-Dec 2025). Moreover, the 3-month KLIBOR has since eased from an average of 3.60% in 2024 to approximately 3.24% presently.

**Fig 23: 3-month KLIBOR has eased (Jan 2024 to present)**



Source: Bloomberg data, Maybank IBG Research

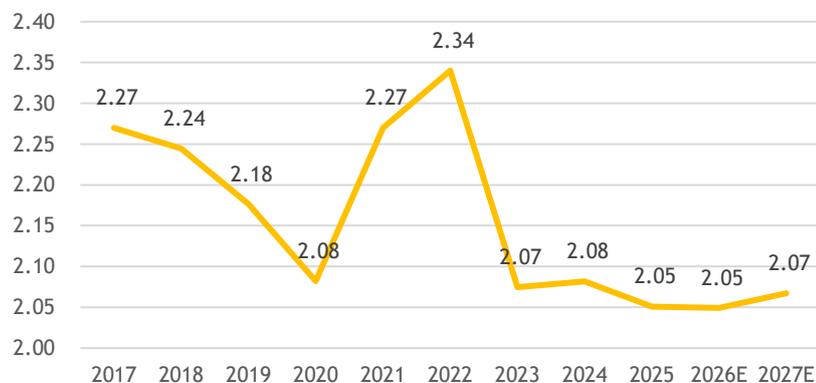
**Fig 24: Deposit vs CASA growth**



Source: BNM, Maybank IBG Research

These trends are supportive of ample liquidity in the banking system and potentially reduced pressure on funding costs moving forward. Coupled with expectations of no further rate cuts in Malaysia, and fewer rate cuts in the region, we expect NIMs to stabilize at around 2.05% in 2026.

**Fig 25: Sector NIM trends (2016-2027E)**



Source: Banks, Maybank IBG Research

Fig 26 summarizes our NIM forecasts for FY25E/26E relative to management’s targets.

**Fig 26: MIBG’s NIM estimates versus banks’ guidance**

	FY25A	FY26E mgt guidance	MIBG FY26E	MIBG FY27E
ABMB ^	2.45%	2.34-2.37%	2.35%	2.37%
AMMB ^	1.94%	1.97-1.98%	1.98%	2.01%
BIMB	2.07%	>2.10%	2.10%	2.10%
CIMB	2.13%	2.08-2.18%	2.12%	2.16%
HLBK @	1.90%	1.86-1.87%	1.85%	1.84%
MAY	2.05%	2.05-2.10%	NA	NA
PBK	2.15%	2.10-2.15%	2.14%	2.18%
RHB	1.80%	1.83-1.86%	1.82%	1.82%

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

@ FYE6/25A-FYE6/27E (FYE6/26E mgt guidance)

Source: Banks, Maybank IBG Research

## 4.5 Asset quality has been stable, though pockets of stress

Asset quality has been on an improving trend though we are mindful of the fact that having contracted over 24 consecutive months up to Dec 2025, the change in absolute GILs has turned positive, albeit by just 0.2% YoY in Jan 2026. Having hit a low of 1.37% end-2025, the industry’s gross impaired loans (GIL) ratio rose marginally to 1.4% in Jan 2026. This compares to 1.44% end-Dec 2024 and a pre-COVID ratio of 1.51% end-Dec 2019.

The key segments that have seen a double-digit YoY increase in impaired loans would be in passenger vehicles (+19% YoY), residential property < MYR250k (+34%), commercial complexes (+18%) and industrial buildings & factories (+16%). These GILs of these segments respectively accounted for 4%, 5%, 1% and 2% of total GILs end-Jan 2026, i.e. 12% cumulatively - a still manageable exposure.

The SME GIL ratio has been stable, fluctuating within the 3.5-3.8% range throughout the past two years and was 3.6% in Jan 2026. On an absolute basis, SME GILs rose 7.4% YoY end-Jan 2026.

**Fig 27: YoY chg in industry GILs (Dec 2022 - Jan 2026)**



Source: BNM

**Fig 28: Industry GIL ratios (Dec 2022 - Jan 2026)**

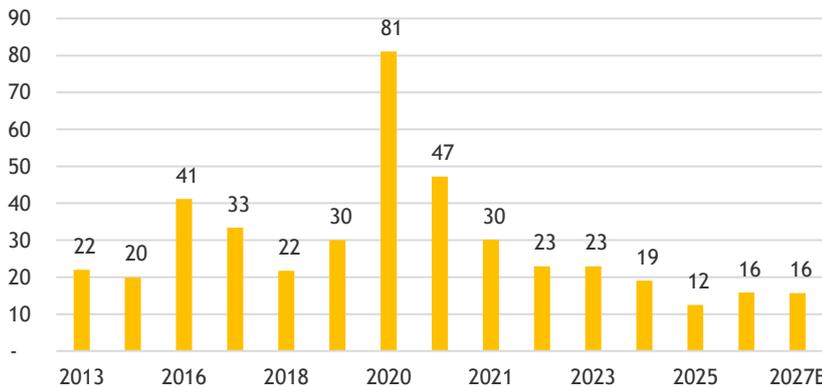


Source: BNM

### 4.6 A benign credit cost environment

With stable asset quality, credit cost has generally been relatively benign, averaging 12bps in 2025 for the banks in our coverage versus 19bps in 2024. We impute higher credit costs of 16bps in 2026E and 2027E, as the credit cost of some banks are expected to normalize higher.

**Fig 29: Sector average credit cost (bps; 2013-2027E)**



Source: Maybank IBG Research

We expect credit costs to remain fairly benign, supported by the fact that all banks still have some level of management overlays that could be redesignated to specific problem areas.

**Fig 30: Management overlays as at end-Dec 2025**

	Net credit cost (FY25; bps)	Management overlays (bps)	Management overlays (MYR'm)
ABMB ^	32	22	146
AMMB ^	16	34	484
BIMB	21	7	51
CIMB	31	13	600
HLBK @	1	8	175
MAY	8	34	2,300
PBK	2	19	850
RHB	14	12	339

Source: Banks

^ FYE3/25A; @ FYE6/25A

Fig 31 shows our credit cost estimates for FY26/27E - our credit cost assumptions for FY26E generally track management's guidance for the year.

**Fig 31: MIBG's credit cost estimates versus banks' guidance**

	FY25A	FY26E mgt guidance	MIBG FY26E	MIBG FY27E
ABMB ^	0.32%	0.30-0.33%	0.32%	0.32%
AMMB ^	0.16%	0.21-0.25%	0.23%	0.23%
BIMB	0.21%	0.28-0.30%	0.28%	0.26%
CIMB	0.31%	0.25-0.35%	0.26%	0.26%
HLBK @	0.01%	<0.10%	0.03%	0.03%
MAY	0.08%	-0.20%	NA	NA
PBK	0.02%	0.00-0.05%	0.02%	0.02%
RHB	0.14%	0.13-0.14%	0.15%	0.14%

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

@ FYE6/25A-FYE6/27E (FYE6/26E mgt guidance)

Source: Banks, Maybank IBG Research

## 5. Earnings outlook

### 5.1 2026/27E operating profit growth of 5.3%/5.9%

With the earnings revisions that we have put through, we now forecast cumulative operating profit growth of 5.3% in 2026E and 5.9% in 2027E, up from our previous estimates of 4.7%/5.6% respectively. This would be faster than the growth of 3.4% in 2025 and it is predicated largely on sustained loan growth, stable margins and ongoing cost management.

**Fig 32: Operating profit (calendarised)**

	2024	2025	2026E	2027E	2028E	3-yr CAGR (2025-2028E)
MAY	15,112	15,540	16,077	16,864	17,674	4.4%
Growth	8.2%	2.8%	3.5%	4.9%	4.8%	
CIMB	11,881	11,840	12,270	13,006	13,906	5.5%
Growth	6.6%	-0.3%	3.6%	6.0%	6.9%	
PBK	9,183	9,566	10,047	10,788	11,310	5.7%
Growth	5.8%	4.2%	5.0%	7.4%	4.8%	
AMMB	2,593	2,743	3,017	3,199	3,346	6.9%
Growth	3.0%	5.8%	10.0%	6.0%	4.6%	
HLBK	3,675	4,109	4,448	4,763	5,099	7.5%
Growth	6.1%	11.8%	8.2%	7.1%	7.1%	
RHB	4,498	4,584	4,952	5,199	5,464	6.0%
Growth	10.2%	1.9%	8.0%	5.0%	5.1%	
ABMB	1,148	1,277	1,396	1,492	1,585	7.5%
Growth	9.9%	11.3%	9.3%	6.9%	6.2%	
BIMB	1,411	1,549	1,707	1,785	1,874	6.6%
Growth	1.7%	9.7%	10.2%	4.6%	5.0%	
<b>Total</b>	<b>49,502</b>	<b>51,210</b>	<b>53,912</b>	<b>57,096</b>	<b>60,259</b>	5.6%
<b>Growth</b>	<b>6.9%</b>	<b>3.4%</b>	<b>5.3%</b>	<b>5.9%</b>	<b>5.5%</b>	

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

## 5.2 2026/2027E net profit growth of 5.0%/5.5%

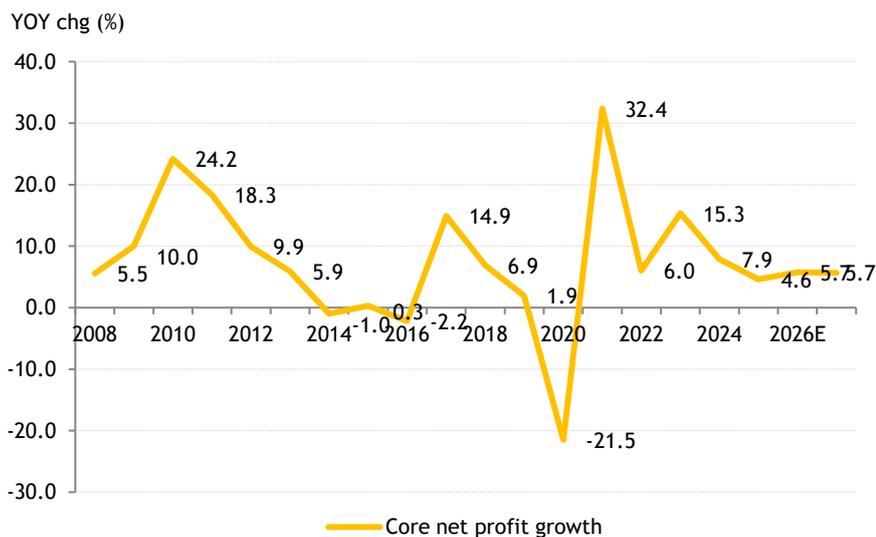
Against the backdrop of faster operating profit growth and stable credit costs, we forecast 2026E/2027E net profit growth of 5.7%/5.7% respectively, up from 5.0%/5.5% before. This would be a pick-up from the 2025 aggregate net profit growth of 4.5%.

Fig 33: Recurring net profit (calendarised)

	2024	2025	2026E	2027E	2028E	3-yr CAGR (2025-2028E)
MAY	10,089	10,514	11,070	11,618	12,182	
Growth	7.9%	4.2%	5.3%	5.0%	4.9%	5.0%
CIMB	7,728	7,860	8,251	8,764	9,392	
Growth	10.7%	1.7%	5.0%	6.2%	7.2%	6.1%
PBK	6,955	7,224	7,709	8,163	8,545	
Growth	4.6%	3.9%	6.7%	5.9%	4.7%	5.8%
AMMB	1,934	2,111	2,208	2,304	2,412	
Growth	12.0%	9.2%	4.6%	4.4%	4.7%	4.5%
HL Bank	4,287	4,522	4,821	5,148	5,497	
Growth	6.4%	5.5%	6.6%	6.8%	6.8%	6.7%
RHB	3,035	3,327	3,506	3,682	3,887	
Growth	8.2%	9.6%	5.4%	5.0%	5.6%	5.3%
ABMB	736	816	895	959	1,019	
Growth	7.0%	10.9%	9.7%	7.1%	6.3%	7.7%
BIMB	571	557	585	630	677	
Growth	3.3%	(2.4%)	5.0%	7.6%	7.5%	6.7%
<b>Total</b>	<b>35,335</b>	<b>36,932</b>	<b>39,045</b>	<b>41,267</b>	<b>43,612</b>	
<b>Growth</b>	<b>7.8%</b>	<b>4.5%</b>	<b>5.7%</b>	<b>5.7%</b>	<b>5.5%</b>	<b>5.6%</b>

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

Fig 34: Aggregate core net profit growth (2008 - 2027E)



Source: Maybank IBG Research

### 5.3 ROAEs to average 10.5%/10.6% in FY26/27E respectively

We forecast aggregate ROAEs to average 10.5% in 2026E and 10.6% in 2027E, up from 10.4% in 2025.

**Fig 35: MIBG's ROAE estimates versus banks' guidance**

	FY25A	FY26E mgt guidance	MIBG FY26E	MIBG FY27E
ABMB ^	10.1%	10.0%	10.1%	10.0%
AMMB ^	10.0%	10.0%	10.1%	10.0%
BIMB	7.1%	>7%	7.2%	7.6%
CIMB	11.3%	11-11.5%	11.5%	11.7%
HLBK @	11.2%	11.5-12%	11.5%	11.6%
MAY	11.2%	>11.8%	NA	NA
PBK	12.3%	12-13%	12.5%	12.6%
RHB	10.1%	10.8-11%	10.1%	10.1%

^ FYE3/24A - FY3/26E (FYE3/25E mgt guidance)

@ FYE6/25A-FYE6/27E (FYE6/26E mgt guidance)

Source: Banks, Maybank IBG Research

**Fig 36: ROAE forecasts (calendarised)**

	2023	2024	2025	2026E	2027E
ABMB	10.0%	10.1%	10.1%	10.0%	10.0%
AMMB	9.9%	10.0%	10.1%	10.0%	10.0%
BIMB	7.8%	7.6%	7.1%	7.2%	7.6%
CIMB	10.7%	11.2%	11.3%	11.5%	11.7%
HLBK	11.8%	11.5%	11.3%	11.5%	11.6%
MAY	10.4%	10.7%	11.2%	11.5%	11.4%
PBK	12.7%	12.8%	12.3%	12.5%	12.6%
RHB	9.4%	9.8%	10.1%	10.1%	10.1%
<b>Average</b>	<b>10.3%</b>	<b>10.5%</b>	<b>10.4%</b>	<b>10.5%</b>	<b>10.6%</b>

Source: Banks, Consensus for Maybank, Maybank IBG Research

**Fig 37: ROAA forecasts (calendarised)**

	2023	2024	2025E	2026E	2027E
ABMB	1.0%	0.9%	0.9%	1.0%	1.0%
AMMB	0.9%	1.0%	1.0%	1.1%	1.1%
BIMB	0.6%	0.6%	0.6%	0.6%	0.6%
CIMB	1.0%	1.0%	1.0%	1.0%	1.1%
HLBK	1.4%	1.4%	1.4%	1.5%	1.5%
MAY	0.9%	1.0%	1.0%	1.0%	1.0%
PBK	1.3%	1.4%	1.3%	1.3%	1.3%
RHB	0.9%	0.9%	1.0%	0.9%	0.9%
<b>Average</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.1%</b>

Source: Banks, Consensus for Maybank, Maybank IBG Research

## 6. What if the Middle East conflict prolongs?

### 6.1 A 2-3% impact to earnings

In our hypothetical scenario whereby the Middle East conflict prolongs, oil prices spike and global economic growth momentum slows, the implication to Malaysia would be the risk of slower domestic GDP growth and potential rate cuts to sustain growth momentum.

Our sensitivity analysis below assumes a 50bps cut in loan growth and a 3bps compression in NIMs across the board, this being the average impact of a 25bps cut in interest rates to the margins of banks.

On average, these revisions would result in a 2-3% contraction in 2026/27 earnings and a 20-30bps in ROAEs.

**Fig 38: Impact to banks' earnings and ROAEs from 50bps cut in loan growth in 3bps NIM compression**

	Net profit cut (%)		ROAE before (%)		ROAE after (%)	
	2026	2027	2026	2027	2026	2027
ABMB	-3.4	-3.7	10.0	10.0	9.7	9.7
AMMB	-2.5	-3.2	10.0	10.	9.9	9.8
CIMB	-2.3	-2.4	11.5	11.7	11.2	11.4
HLBK	-1.9	-2.0	11.5	11.6	11.3	11.4
PBK	-1.8	-2.3	12.5	12.6	12.3	12.3
RHB	-2.6	-3.6	10.1	10.1	9.8	9.8
<b>Average</b>	<b>-2.2</b>	<b>-2.6</b>	<b>10.9</b>	<b>11.0</b>	<b>10.7</b>	<b>10.7</b>

Source: Maybank IBG Research

## 7. A review of the 4Q25 results season

### 7.1 A decent end to the year

The 4Q25 results season was a fairly decent one, in that the banks in our coverage eked out a 6% YoY cumulative core net profit growth during the quarter, which contributed to a 4% YoY rise in net profit for 2025.

All banks reported results that were within expectations, with ABMB surprising positively due to higher-than-expected NOII and lower-than-expected credit cost.

Industry loan growth was 4.8% in 2025 against 5.5% in 2024, but inclusive of bonds issued, total credit to the private non-financial sector expanded at a faster rate of 5.3%.

Average net interest margins (NIM) expanded 3bps QoQ in 4Q25, recovering from a 6bps QoQ contraction in 3Q25 that was largely the result of the 25bps OPR cut on 9 July 2025. The QoQ expansion in 4Q25 was due mainly to the repricing of deposits following from the OPR cut, which managed to largely offset seasonal deposit competition during the quarter.

**Fig 39: Cumulative core earnings for seven banks (stripping out large exceptionals)**

Year end: Dec (MYR'm)	Quarterly					Cumulative		
	4Q25	4Q24	YoY chg	3Q25	QoQ chg	2025	2024	YoY chg
Interest income	24,644	26,432	(7)	24,961	(1)	101,074	106,252	(5)
Interest expense	(12,873)	(14,952)	(14)	(13,567)	(5)	(55,275)	(61,092)	(10)
Net interest income	11,772	11,480	3	11,395	3	45,799	45,160	1
Islamic banking income	5,311	5,283	1	5,372	(1)	20,756	20,011	4
Non-interest income	5,454	5,255	4	6,181	(12)	23,731	22,405	6
Operating income	22,537	22,018	2	22,948	(2)	90,286	87,575	3
Operating expenses	(10,269)	(10,061)	2	(10,225)	0	(40,602)	(39,386)	3
<b>Operating profit</b>	<b>12,268</b>	<b>11,957</b>	<b>3</b>	<b>12,723</b>	<b>(4)</b>	<b>49,684</b>	<b>48,189</b>	<b>3</b>
Loan loss allowance	(358)	(955)	(63)	(501)	(29)	(2,885)	(3,951)	(27)
Other provisions	(175)	(371)	(53)	(324)	(46)	(594)	(514)	15
Associate contributions	557	491	13	412	35	1,900	1,935	(2)
<b>Pretax profit</b>	<b>12,292</b>	<b>11,121</b>	<b>11</b>	<b>12,310</b>	<b>(0)</b>	<b>48,104</b>	<b>45,659</b>	<b>5</b>
Taxation	(2,856)	(2,330)	23	(2,822)	1	(11,127)	(10,271)	8
Minority interest	(145)	(67)	116	(209)	(31)	(675)	(485)	39
Discontinued operations	-	-	-	-	-	-	-	0
<b>Core net profit</b>	<b>9,290</b>	<b>8,724</b>	<b>6</b>	<b>9,278</b>	<b>0</b>	<b>36,302</b>	<b>34,903</b>	<b>4</b>

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.

## 7.2 Cumulative core net profit rose 3% YoY

Fig 40 breaks down the earnings performance of each bank, having stripped out one-off gains/losses during the period and from comparative quarters.

At the core operating profit level, HLBK performed commendably well, with an 11% YoY rise in 2025, versus a peer average of 3%. Loan growth was a robust 8.2% YoY, NIM was stable and operating expenses bucked the trend with a 1% YoY contraction against a +3% YoY expansion for peers. Management attributes to greater operational efficiency from its investments in IT/digital. However, it underperformed at the net profit level (+2% YoY), due to lower associate contributions from the paring of its shareholding in Bank of Chengdu to 17.8% from 19.8% before. CIMB also underperformed its peers, with its 2025 core net profit up just 2% YoY, as loan growth was flat and NIMs declined 8bps YoY.

ABMB outperformed its peers, with its 2025 core net profit rising 12% YoY, driven by strong NOII growth of 34% YoY and lower provisions (-3% YoY), mitigated in part by higher expense growth (+11% YoY).

Fig 40: Cumulative calendarised CORE earnings for the seven banks (stripping out large exceptionals)

Year end: Dec (MYR'm)	Quarterly					Cumulative		
	4Q25	4Q24	YoY chg	3Q25	QoQ chg	2025	2024	YoY chg
<b>Operating income</b>								
MAY	7,519	7,422	1%	7,464	1%	30,380	29,573	3%
CIMB	5,419	5,328	2%	5,948	(9%)	22,467	22,301	1%
PBK	3,718	3,643	2%	3,725	(0%)	14,695	14,011	5%
AMMB	1,250	1,221	2%	1,261	(1%)	5,013	4,721	6%
HLBK	1,667	1,632	2%	1,685	(1%)	6,520	6,142	6%
RHB	2,333	2,211	6%	2,239	4%	8,774	8,605	2%
ABMB	632	561	13%	626	1%	2,436	2,223	10%
	<b>22,537</b>	<b>22,018</b>	<b>2%</b>	<b>22,948</b>	<b>(2%)</b>	<b>90,286</b>	<b>87,575</b>	<b>3%</b>
<b>Operating profit</b>								
MAY	3,861	3,735	3%	3,811	1%	15,540	15,112	3%
CIMB	2,714	2,704	0%	3,156	(14%)	11,840	11,881	(0%)
PBK	2,417	2,436	(1%)	2,456	(2%)	9,596	9,183	5%
AMMB	669	650	3%	693	(4%)	2,724	2,570	6%
HLBK	1,071	1,005	7%	1,078	(1%)	4,091	3,684	11%
RHB	1,203	1,132	6%	1,201	0%	4,620	4,583	1%
ABMB	333	296	13%	328	2%	1,271	1,176	8%
	<b>12,268</b>	<b>11,957</b>	<b>3%</b>	<b>12,723</b>	<b>(4%)</b>	<b>49,684</b>	<b>48,189</b>	<b>3%</b>
<b>Pretax profit</b>								
MAY	3,722	3,414	9%	3,506	6%	14,334	13,702	5%
CIMB	2,563	2,362	8%	2,843	(10%)	10,680	10,396	3%
PBK	2,444	2,007	22%	2,453	(0%)	9,573	8,740	10%
AMMB	686	632	9%	700	(2%)	2,696	2,551	6%
HLBK	1,407	1,401	0%	1,351	4%	5,378	5,290	2%
RHB	1,188	1,047	13%	1,186	0%	4,378	4,020	9%
ABMB	283	258	10%	271	4%	1,065	961	11%
	<b>12,292</b>	<b>11,121</b>	<b>11%</b>	<b>12,310</b>	<b>0%</b>	<b>48,104</b>	<b>45,659</b>	<b>5%</b>
<b>Core net profit</b>								
MAY	2,676	2,532	6%	2,621	2%	10,514	10,089	4%
CIMB	1,919	1,800	7%	2,078	(8%)	7,860	7,728	2%
PBK	1,876	1,735	8%	1,843	2%	7,254	6,955	4%
AMMB	530	486	9%	535	(1%)	2,094	1,964	7%
HLBK	1,169	1,148	2%	1,091	7%	4,399	4,317	2%
RHB	906	835	9%	904	0%	3,363	3,120	8%
ABMB	215	187	15%	207	4%	818	731	12%
	<b>9,290</b>	<b>8,724</b>	<b>6%</b>	<b>9,278</b>	<b>0%</b>	<b>36,303</b>	<b>34,903</b>	<b>4%</b>

Sources: Banks, Maybank IBG Research

### 7.3 Most ROEs are averaging above 10%

The ROEs for all banks in our coverage, with the exception of Bank Islam, currently average above 10%. Most banks met/are meeting their earlier ROE targets with the exception of HLBK and PBK. HLBK is lagging slightly at 11.4% in 1HFY26 against its target of 11-12%. PBK fell short in FY25 at 12.3% against its target of 12.5-13%.

Fig 41: Actual ROEs vs targets

Bank	Actual ROE for	Actual ROE	Target ROE for	Target ROE	Actual ROE	ROE target	Met?
ABMB	9MFYE3/26	10.2%	FYE3/26 (F)	>10%	10.2%	>10%	Met
AMMB	9MFYE3/26	10.1%	FYE3/26 (F)	-10%	9.9%	10%	Close
BIMB	FY25	7.1%	FY26 (F)	>7%	7.6%	8%	No
CIMB	FY25	11.3%	FY26 (F)	11-11.5%	11.2%	11-11.5%	Met
HLBK	1HFY26	11.4%	FYE6/26 (F)	11.5-12%	11.9%	12%	Close
MAY	FY25	11.7%	FY26 (F)	>11.8%	11.1%	11%	Met
PBK	FY25	12.3%	FY26 (F)	12-13%	13.2%	>12.5%	Met
RHB	FY25	10.5%	FY26 (F)	10.8-11%	9.8%	10%	Met

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

### 7.4 Slower group loan growth

Cumulative YoY gross loans growth for the banks in our coverage was 4.3% end-2025, impacted in large part by forex, with the strengthening of the MYR. Domestic loan growth for our basket of stocks averaged a faster 5.2% YoY against the industry's 4.8%.

CIMB's total loans were flat YoY. Stripping out FX effects, group loans expanded 3.1% YoY with growth of 3.6% in Malaysia, 4.5% in Indonesia, 3.1% in Singapore, but loans contracted 7.2% in Thailand. Including debt securities which rose at a faster pace of 9.2% YoY, total credit growth would have been 6.1% on a constant currency basis.

Maybank's group loan growth averaged just 1.7% YoY end-2025, but would have been a faster 4% excluding forex. The Malaysian and Singapore books rose 6.1% and 5.0% YoY respectively. However, loans contracted 3.1% in Indonesia and -20.7% for other overseas markets.

Fig 42: Total loans - YoY growth

	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
MAY	7.6%	5.3%	3.2%	1.3%	2.7%	1.7%
CIMB	1.2%	2.6%	1.8%	1.0%	2.6%	0.1%
PBK	5.3%	6.3%	6.1%	5.8%	6.5%	5.1%
AMMB	2.8%	4.4%	3.5%	4.2%	4.5%	4.1%
HLBK	6.9%	7.7%	7.2%	7.8%	9.1%	8.2%
RHB	3.7%	6.9%	6.3%	5.9%	7.9%	14.3%
ABMB	14.8%	14.2%	12.0%	9.9%	8.1%	7.9%
<b>Total</b>	<b>5.2%</b>	<b>5.5%</b>	<b>4.4%</b>	<b>3.6%</b>	<b>4.8%</b>	<b>4.3%</b>

Source: Banks Ann = annualised loan growth

## 7.5 Deposit growth lagged loan growth

On a YoY basis, deposit growth lagged loan growth, rising 2.0% YoY against loan growth of 4.3% YoY.

**Fig 43: Customer deposits YoY growth**

	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
MAY	6.7%	6.5%	5.1%	6.1%	4.7%	(1.5%)
CIMB	(2.6%)	2.9%	0.0%	2.2%	8.9%	2.8%
PBK	4.0%	4.9%	4.0%	3.8%	5.0%	3.2%
AMMB	0.7%	1.8%	(0.6%)	1.8%	2.8%	4.5%
HLBK	5.0%	7.2%	5.7%	8.4%	7.7%	6.9%
RHB	(7.5%)	2.1%	2.5%	4.7%	6.1%	0.7%
ABMB	13.8%	13.3%	14.7%	12.5%	12.5%	10.4%
<b>Average</b>	<b>2.2%</b>	<b>4.9%</b>	<b>3.5%</b>	<b>4.9%</b>	<b>6.1%</b>	<b>2.0%</b>

Source: Banks Ann = annualised deposit growth

**Fig 44: Loan/deposit ratios**

	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
MAY	94.0%	91.0%	91.1%	90.4%	92.2%	93.9%
CIMB	94.6%	91.1%	91.8%	90.8%	89.1%	88.8%
PBK	97.5%	97.9%	98.4%	98.6%	98.9%	99.7%
AMMB	98.7%	99.0%	98.1%	100.1%	100.3%	98.6%
HLBK	87.6%	87.2%	88.6%	87.1%	88.7%	88.3%
RHB	95.0%	95.3%	95.8%	95.7%	96.6%	99.2%
ABMB	100.2%	98.9%	94.9%	96.5%	96.3%	96.6%
<b>Average</b>	<b>94.7%</b>	<b>93.0%</b>	<b>93.4%</b>	<b>92.9%</b>	<b>93.5%</b>	<b>95.1%</b>

Source: Banks

Positively, CASA grew at a faster pace of 6.5% YoY relative to deposit growth.

**Fig 45: CASA YoY growth**

	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
MAY	(0.8%)	5.0%	2.9%	5.0%	15.9%	9.1%
CIMB	4.3%	7.5%	7.0%	9.6%	13.7%	1.2%
PBK	1.0%	2.6%	2.0%	2.2%	5.2%	4.1%
AMMB	5.8%	(2.6%)	(3.3%)	2.5%	4.9%	8.1%
HLBK	13.6%	7.9%	5.0%	9.6%	9.1%	12.1%
RHB	5.0%	0.6%	(1.1%)	5.1%	12.0%	11.6%
ABMB	5.3%	(1.0%)	13.1%	2.8%	7.7%	6.5%
<b>Average</b>	<b>3.1%</b>	<b>4.5%</b>	<b>3.6%</b>	<b>6.0%</b>	<b>11.7%</b>	<b>6.5%</b>

Source: Banks Ann = annualised CASA growth

CASA ratios end-Dec 2025 were higher than the ratios end-Dec 2024 for most banks, except for CIMB (43.3% versus 44.0%) and ABMB (38.0% versus 39.4%).

**Fig 46: CASA ratios**

	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
MAY	32.8%	33.1%	33.2%	34.3%	36.3%	36.7%
CIMB	43.0%	44.0%	44.7%	44.9%	44.9%	43.3%
PBK	27.7%	27.8%	27.5%	27.5%	27.8%	28.0%
AMMB	33.8%	32.2%	36.0%	34.0%	34.5%	33.3%
HLBK	31.7%	31.1%	30.0%	32.6%	32.1%	32.6%
RHB	27.9%	27.5%	27.9%	28.2%	29.4%	30.4%
ABMB	40.9%	39.4%	41.0%	38.0%	39.1%	38.0%
<b>Average</b>	<b>33.6%</b>	<b>33.7%</b>	<b>34.1%</b>	<b>34.5%</b>	<b>35.3%</b>	<b>35.2%</b>

Source: Banks

## 7.6 NIMs improved QoQ

BNM raised the Overnight Policy Rate (OPR) 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%, but cut the OPR by 25bps on 9 Jul 2025 to 2.75%.

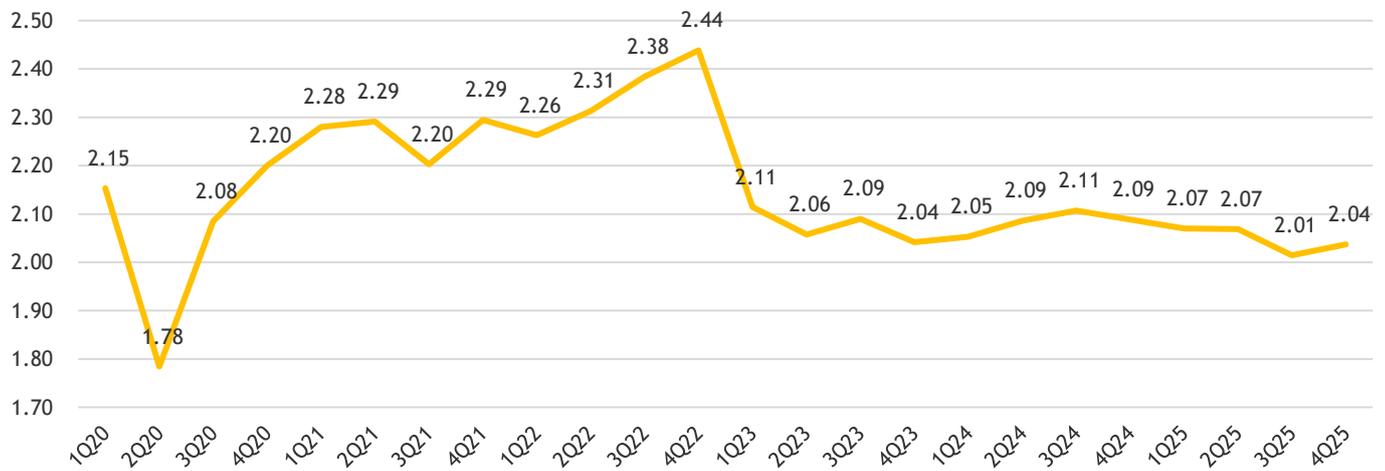
In 4Q25, most banks benefited a QoQ rebound in NIM, after the compression in 3Q25 following the OPR cut. The exceptions were AMMB and HLBK, which saw a slight 1bp QoQ dip in their respective NIMs. On a full year basis though, the banks saw an average 4bps compression in margins due to funding pressures as well as lower lending yields. AMMB nevertheless bucked the trend with a sizeable 7bps NIM improvement, due to its switch to alternative funding sources such as commercial papers/medium term notes.

Fig 47: Net interest margins - quarterly

	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025	YoY chg (bps)
MAY	2.06%	2.04%	2.00%	2.02%	2.09%	2.05%	2.04%	(0.01%)
CIMB	2.16%	2.16%	2.15%	2.08%	2.10%	2.20%	2.12%	(0.08%)
PBK	2.24%	2.19%	2.18%	2.10%	2.12%	2.21%	2.15%	(0.06%)
AMMB	1.96%	1.96%	2.01%	1.97%	1.96%	1.90%	1.98%	0.07%
HLBK	1.90%	1.87%	1.91%	1.84%	1.83%	1.90%	1.86%	(0.03%)
RHB	1.84%	1.84%	1.81%	1.77%	1.82%	1.87%	1.81%	(0.06%)
ABMB	2.45%	2.43%	2.42%	2.32%	2.34%	2.46%	2.38%	(0.08%)
<b>Average</b>	<b>2.09%</b>	<b>2.07%</b>	<b>2.07%</b>	<b>2.01%</b>	<b>2.04%</b>	<b>2.08%</b>	<b>2.05%</b>	<b>(0.04%)</b>

Source: Banks

Fig 48: Quarterly NIM (1Q18 - 4Q25)



Source: Banks, Maybank IBG Research

## 7.7 Fee income up 3% YoY

Fee income expanded 3% YoY in 2025, with ABMB leading the way with a 30% surge in fee income. This was largely due to lower card-related expenses from having to provide against credit card related bonus points the year before, as well as higher wealth management fees. AMMB's fee income contracted 8% due to lower income from stockbroking, debt & equity markets and wealth management.

Fig 49: Fee income growth (MYR'm)

	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025	YoY chg
MAY	946	939	958	1,068	1,029	3,830	3,995	4%
CIMB	548	615	582	615	569	2,349	2,380	1%
PBK	539	543	526	565	592	2,187	2,226	2%
AMMB	160	161	152	148	156	674	617	(8%)
HLBK	188	185	184	188	203	702	760	8%
RHB	239	223	232	243	292	976	991	1%
ABMB	31	31	33	35	45	112	145	30%
<b>Average</b>	<b>2,652</b>	<b>2,697</b>	<b>2,667</b>	<b>2,861</b>	<b>2,887</b>	<b>10,831</b>	<b>11,113</b>	<b>3%</b>

Source: Banks

## 7.8 Buoyant other NOII

Other NOII momentum was buoyant in 2025 (+9% YoY), providing support to overall operating income growth. PBK's other NOII was buoyed (+57% YoY) by higher forex and investment income, as well as a full 6 months' contribution from LPI Capital (LPI MK, Not Rated). HLBK's other NOII rose 41% YoY, led by higher trading, investment and forex income. AMMB's other NOII almost doubled on higher investment gains as well the reversal of losses on derivatives.

Fig 50: Other non-interest income (MYR'm)

	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025	YoY chg
MAY	1,106	1,486	1,343	1,035	710	4,588	4,574	(0%)
CIMB	784	853	965	1,233	814	3,848	3,865	0%
PBK	256	229	252	322	243	666	1,047	57%
AMMB	198	137	141	144	114	333	611	83%
HLBK	154	128	112	154	151	387	545	41%
RHB	159	297	624	350	473	1,584	1,744	10%
ABMB	22	20	69	81	62	168	232	38%
<b>Average</b>	<b>2,678</b>	<b>3,150</b>	<b>3,507</b>	<b>3,319</b>	<b>2,567</b>	<b>11,574</b>	<b>12,618</b>	<b>9%</b>

Source: Banks

Cumulative 2025 NOII rose 6% YoY. CIMB's 9M25 NOII was flat YoY as its 2024 NOII had been bolstered by higher NPL sales and higher trading/forex income. PBK, AMMB, HLBK and ABMB saw double-digit gains in total NOII, driven predominantly by higher treasury and forex income.

Fig 51: Total non-interest income (MYR'm)

	4Q24	1Q25	2Q25	3Q25	4Q02	2024	2025	YoY chg
MAY	2,053	2,426	2,301	2,103	1,739	8,419	8,569	2%
CIMB	1,331	1,468	1,547	1,847	1,383	6,197	6,245	1%
PBK	794	772	778	887	835	2,853	3,272	15%
AMMB	358	298	293	292	270	1,007	1,228	22%
HLBK	342	313	296	342	354	1,090	1,305	20%
RHB	398	520	857	592	765	2,560	2,735	7%
ABMB	54	50	102	117	108	280	377	34%
<b>Average</b>	<b>5,330</b>	<b>5,848</b>	<b>6,174</b>	<b>6,181</b>	<b>5,454</b>	<b>22,405</b>	<b>23,731</b>	<b>6%</b>

Source: Banks

Total NOII (including fee income) as a % of total income averaged a higher 26.3% in 2025 versus 26.3% in 2024.

Fig 52: Total NOII as % of total income

	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025
MAY	27.7%	31.5%	29.9%	28.2%	23.1%	28.4%	28.2%
CIMB	25.0%	26.7%	27.6%	31.1%	25.5%	27.7%	27.7%
PBK	21.8%	21.4%	21.3%	23.8%	22.4%	20.3%	22.3%
AMMB	29.3%	24.0%	23.2%	23.2%	21.6%	21.4%	24.5%
HLBK	21.0%	20.2%	18.2%	20.3%	21.2%	17.6%	20.0%
RHB	18.0%	25.4%	39.8%	26.5%	32.8%	29.7%	31.1%
ABMB	9.6%	9.0%	16.6%	18.6%	17.1%	12.5%	15.3%
<b>Average</b>	<b>24.2%</b>	<b>26.3%</b>	<b>27.3%</b>	<b>26.9%</b>	<b>24.2%</b>	<b>25.6%</b>	<b>26.3%</b>

Source: Banks

## 7.9 Moderate operating expense growth

Cumulative 92025 operating expense rose at a moderate pace of 3% YoY and the average cost/income ratio (CIR) was stable at 45%. The 2025 CIR was relatively higher YoY across all banks, except for MAY and HLBK. HLBK stood out in that its expenses declined consecutively over the past two quarters and management has attributed this trend to operational efficiencies stemming from its IT/digital initiatives.

Fig 53: Operating expenses (MYR'm)

	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025	YoY chg
MAY	(3,687)	(3,743)	(3,785)	(3,653)	(3,658)	(14,460)	(14,839)	3%
CIMB	(2,625)	(2,580)	(2,551)	(2,791)	(2,705)	(10,420)	(10,627)	2%
PBK	(1,207)	(1,259)	(1,269)	(1,269)	(1,301)	(4,828)	(5,099)	6%
AMMB	(571)	(576)	(564)	(568)	(581)	(2,151)	(2,289)	6%
HLBK	(627)	(601)	(626)	(607)	(596)	(2,458)	(2,429)	(1%)
RHB	(1,079)	(971)	(1,016)	(1,038)	(1,130)	(4,021)	(4,154)	3%
ABMB	(265)	(290)	(278)	(299)	(298)	(1,047)	(1,165)	11%
<b>Average</b>	<b>(10,061)</b>	<b>(10,020)</b>	<b>(10,088)</b>	<b>(10,225)</b>	<b>(10,269)</b>	<b>(39,386)</b>	<b>(40,602)</b>	<b>3%</b>

Source: Banks

Fig 54: Cost/income ratios

	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025
MAY	49.7%	48.5%	49.3%	48.9%	48.7%	48.9%	48.8%
CIMB	49.3%	46.9%	45.5%	46.9%	49.9%	46.8%	47.3%
PBK	33.1%	35.0%	34.8%	34.1%	35.0%	34.5%	34.7%
AMMB	46.8%	46.4%	44.8%	45.0%	46.5%	45.6%	45.7%
HLBK	38.4%	38.8%	38.6%	36.0%	35.7%	40.1%	37.3%
RHB	48.8%	47.4%	47.1%	46.4%	48.4%	46.7%	47.3%
ABMB	47.2%	51.6%	45.1%	47.7%	47.2%	47.2%	47.9%
<b>Average</b>	<b>45.7%</b>	<b>45.1%</b>	<b>44.7%</b>	<b>44.6%</b>	<b>45.6%</b>	<b>45.0%</b>	<b>45.0%</b>

Source: Banks

## 7.10 Stable asset quality

On a cumulative basis, absolute gross impaired loans (GILs) declined 4% YoY end-Sep 2025, and rose just 1% YTD. On a YTD basis, impaired loans were higher across all banks except for CIMB.

MAY's GILs ticked up 8% YTD due to specific corporate borrowers in Greater China and commercial and corporate borrowers in Malaysia.

CIMB's GILs trended down from higher corporate recoveries in Malaysia and Indonesia.

PBK's GILs were 3% higher YTD due to one property development loan default in HK.

AMMB's 10% YTD GIL increase was notably in the retail SME (RSME) and consumer portfolios, while its corporate and commercial portfolios were stable.

HLBK's YTD rose 17% due to one particular corporate default in Singapore which was well collateralised.

ABMB saw higher GILs particularly from its SME portfolio.

**Fig 55: Gross impaired loans (MYR'm)**

	4Q24	1Q25	2Q25	3Q25	4Q25	YTD chg
MAY	8,326	8,615	8,822	9,004	8,810	6%
CIMB	9,575	9,706	9,642	8,575	7,786	(19%)
PBK	2,225	2,288	2,342	2,281	2,285	3%
AMMB	2,284	2,132	2,367	2,466	2,511	10%
HLBK	1,092	1,146	1,144	1,215	1,276	17%
RHB	3,487	3,580	3,650	3,689	3,540	1%
ABMB	1,203	1,145	1,227	1,222	1,242	3%
<b>Total</b>	<b>28,191</b>	<b>28,612</b>	<b>29,193</b>	<b>28,454</b>	<b>27,449</b>	<b>(3%)</b>

Source: Banks

The average GIL ratio for banks in our coverage was a lower 1.20% end-Dec 2025 versus 1.29% end-Dec 2024. It was lower YoY for MAY, CIMB, PBK, RHB and ABMB, but higher for AMMB and HLBK.

AMMB has seen defaults in business banking (e.g. real estate, retail trade & plantation) and a deterioration in the RSME book. HLBK experienced a single corporate default in 1QFY26 SGD39m, which is fully collateralised. GIL ratios ticked up slightly for transport vehicles (to 0.45% from 0.43% in 1QFY26) and SMEs (1.06% vs 1.05% in 1QFY26).

**Fig 56: Gross impaired loans ratios**

	3Q24	4Q24	1Q25	2Q25	3Q25	4Q02
MAY	1.26%	1.23%	1.27%	1.30%	1.32%	1.28%
CIMB	2.34%	2.12%	2.16%	2.15%	1.91%	1.72%
PBK	0.62%	0.52%	0.53%	0.54%	0.52%	0.51%
AMMB	1.67%	1.67%	1.54%	1.71%	1.75%	1.76%
HLBK	0.54%	0.55%	0.57%	0.54%	0.57%	0.59%
RHB	1.77%	1.47%	1.50%	1.51%	1.50%	1.30%
ABMB	2.02%	1.97%	1.83%	1.96%	1.91%	1.89%
<b>Average</b>	<b>1.39%</b>	<b>1.29%</b>	<b>1.30%</b>	<b>1.32%</b>	<b>1.27%</b>	<b>1.20%</b>

Source: Banks

## 7.11 Credit costs lower YoY

Credit costs were generally benign in 2025, averaging 13bps against 19bps in 2024. MAY and RHB saw the largest declines of -17bps/-10bps during the year, while AMMB saw the largest (+10bps) increase, as it put through additional provision on its retail SME portfolio.

Fig 57: Credit charges

	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025	YoY %-pt chg
MAY	0.27%	0.23%	0.25%	(0.15%)	0.01%	0.25%	0.08%	(0.17%)
CIMB	0.36%	0.25%	0.36%	0.39%	0.22%	0.31%	0.31%	(0.00%)
PBK	(0.04%)	0.04%	0.03%	0.01%	(0.02%)	0.00%	0.02%	0.01%
AMMB	0.11%	0.16%	0.25%	0.60%	0.04%	0.15%	0.26%	0.11%
HLBK	0.01%	0.02%	0.01%	0.07%	0.07%	(0.02%)	0.04%	0.06%
RHB	0.11%	0.17%	0.19%	0.15%	0.02%	0.23%	0.13%	(0.10%)
ABMB	0.26%	0.06%	0.57%	0.36%	0.31%	0.37%	0.33%	(0.04%)
<b>Average</b>	<b>0.18%</b>	<b>0.16%</b>	<b>0.21%</b>	<b>0.09%</b>	<b>0.06%</b>	<b>0.19%</b>	<b>0.13%</b>	<b>(0.06%)</b>

Source: Banks

## 7.12 Loan loss coverage lower YoY

As at end-2025, four banks had a loan loss coverage of less than 100% - AMMB, HLBK, MAY and RHB. Nevertheless, the ratios including regulatory reserves of these banks were all comfortably above 100% except for AMMB's, which was 98%.

Fig 58: Loan loss coverage without regulatory reserves

	4Q24	1Q25	2Q25	3Q25	4Q25
MAY	122%	117%	113%	103%	98%
CIMB	105%	103%	101%	103%	103%
PBK	166%	160%	154%	155%	150%
AMMB	85%	82%	74%	77%	73%
HLBK	139%	95%	97%	90%	84%
RHB	79%	77%	78%	76%	77%
ABMB	104%	107%	104%	107%	109%
<b>Average</b>	<b>111%</b>	<b>107%</b>	<b>104%</b>	<b>101%</b>	<b>99%</b>

Source: Banks

Fig 59: Loan loss coverage including regulatory reserves

	1Q25	2Q25	3Q25	3Q25	4Q25
MAY	140%	132%	120%	120%	119%
CIMB	122%	121%	125%	125%	134%
PBK	233%	236%	244%	244%	249%
AMMB	99%	92%	98%	98%	98%
HLBK	252%	259%	245%	245%	241%
RHB	116%	117%	116%	116%	118%
ABMB	117%	113%	117%	117%	118%
<b>Average</b>	<b>143%</b>	<b>140%</b>	<b>137%</b>	<b>137%</b>	<b>140%</b>

Source: Banks

## 7.13 Comfortable CET1 ratios

Group CET1 ratios were stable across all banks. The credit RWA adjustment under Basel III Reform comes into effect from 1 Jul 2026 for banks on the Standardised Approach i.e. PBK, HLBK and ABMB. We expect ~100bps enhancement to PBK's CET1 ratio, ~50bps to HLBK's CET1 ratio and ~15-20bps to ABMB's CET1 ratio.

**Fig 60: Group CET1 ratios (%)**

	4Q24	1Q25	2Q25	3Q25	4Q25
MAY	14.9	14.9	14.7	14.9	15.1
CIMB	14.6	14.7	14.7	14.8	14.3
PBK	14.3	14.0	14.0	13.8	13.9
AMMB	14.9	14.8	14.9	15.3	14.6
HLBK	13.0	12.8	13.2	12.7	12.6
RHB	16.4	16.0	15.9	15.2	15.2
ABMB	12.4	12.2	12.4	13.6	13.1

Source: Banks

**Fig 61: Commercial bank CET1 ratios (%)**

	4Q24	1Q25	2Q25	3Q25	4Q25
MAY	13.7	14.0	13.5	13.7	13.9
CIMB	14.2	13.8	14.1	13.6	13.4
PBK	12.2	12.0	12.1	11.9	12.0
AMMB	14.2	14.3	14.4	14.6	13.9
HLBK	13.0	12.7	12.8	12.3	12.5
RHB	15.5	14.9	14.6	13.9	13.9
ABMB	12.4	12.0	12.2	13.8	13.4

Source: Banks

## 8. Risk statement

### 8.1 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.

### 8.2 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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