



AmInvestment Bank

Company Report

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(MAY MK EQUITY, MBBM.KL)

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Reduced provisions help offset effects of subdued total income

HOLD

(Maintained)

Rationale for report: Company Result

Price	RM9.92
Fair Value	RM9.30
52-week High/Low	RM11.04/RM9.32

Key Changes

Fair value	↔
EPS	↔

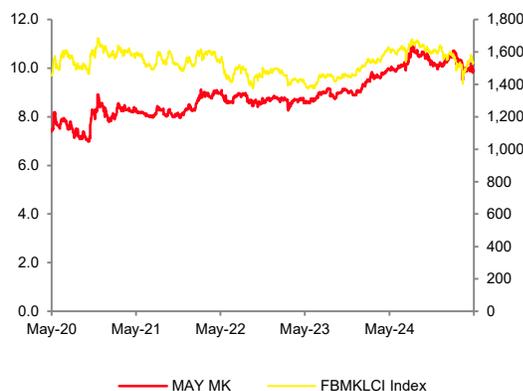
YE to Dec	FY24	FY25F	FY26F	FY27F
Total income (RM mil)	29,572.5	30,554.0	31,921.6	33,380.7
Core net profit (RM mil)	10,089.7	10,424.7	10,838.0	11,508.6
FD Core EPS (sen)	83.6	86.0	89.0	94.1
FD Core EPS growth (%)	7.8	2.9	3.5	5.7
Consensus Net Profit (RM mil)	-	10,466.0	10,910.0	11,509.0
DPS (sen)	61.0	62.8	65.0	68.7
BV/share (RM)	7.79	7.94	8.15	8.33
PE (x)	11.9	11.5	11.1	10.5
Div yield (%)	6.1	6.3	6.6	6.9
P/BV (x)	1.3	1.3	1.2	1.2
ROE (%)	10.7	11.0	11.1	11.4

Stock and Financial Data

Shares Outstanding (million)	12,071.5
Market Cap (RMmil)	119,749.0
Book Value (RM/Share)	7.79
P/BV (x)	1.3
ROE (%)	10.7

Major Shareholders	Amanah Saham Nasional (36.1%) Employees Provident Fund (13.0%) Yayasan Pelaburan Bumiputra (6.6%)
Free Float	39.2
Avg Daily Value (RMmil)	124.1

Price performance	3mth	6mth	12mth
Absolute (%)	(7.3)	(2.9)	(0.6)
Relative (%)	(4.0)	1.4	4.9



Investment Highlights

1Q25 net profit met expectations, with a modest 4.0% YoY growth, supported by lower provisions despite subdued income. Loan growth slowed due to FX translation and weaker corporate lending in Indonesia. NOII was flat, impacted by lower market-related fees and fair value losses in Etiqa's securities portfolio. NIM face downside risks from regional monetary easing, while loan growth is likely to stay sluggish amid tariff pauses and trade uncertainties. Pre-emptive provision buffers may be revised if borrower cash flows weaken. We maintain a HOLD call on Maybank.

- Recommendation and valuation.** We uphold our HOLD rating on Maybank with a TP of RM9.30, anchored on a FY26 P/BV of 1.1x, backed by an ROE of 11.1% and a 3% ESG premium, with no revisions to our earnings forecast.
- 1Q25 earnings met expectations, making up 24.8% of our and 24.7% of consensus estimates.** In 1Q25, net profit rose 4% YoY to RM2.59 billion, driven by slight total income growth and lower provisions, though higher expenses limited gains. Total income increased 1.8% YoY, with NII affected by slower loan growth and subdued NOII. While wealth fees improved, weaker global markets income, IB-related fees, and fair value losses under Etiqa weighed on NOII. CI ratio edged up to 48.5% due to a 2.3% YoY rise in OPEX. QoQ, net profit grew 2.2%, supported by modest net operating income growth, but higher OPEX and loan loss provisions constrained earnings.
- Loan growth remained sluggish, affected by FX fluctuations, while NIM fell 1bps YTD.** Loan growth slowed to 3.2% YoY in 1Q25 from 5.3% in 4Q24, affected by FX translation and reduced exposure to Indonesian SOE loans due to competitive rates. Excluding FX impact, loans grew 5.8% YoY. Management flagged downside risks to its 5-6% loan growth target for FY25 amid macroeconomic uncertainties. NIM declined by 1bps YTD to 2.04%. Management's FY25 ROE guidance ($\geq 11.3\%$) has yet to reflect a potential 25bps OPR cut in 2H25, which could compress margins by 3bps.
- GIL ratio rose QoQ, credit cost remained within 30bps guidance.** GIL ratio edged up to 1.27% in 1Q25 from 1.23% in 4Q24, impacted by weaker asset quality on corporate loans in Indonesia, Singapore, and Malaysia's auto loans. Credit cost fell to 23bps in 1Q25, aided by corporate loan recoveries. Management increased overlays by RM100 million to RM1.8 billion, with 61% allocated to retail and RSME portfolios. The group aims for further recoveries to mitigate the impact of rising impaired loans amid economic slowdowns.

Company profile

Maybank, a full-fledged universal bank through its subsidiaries, offers an extensive range of products and services, which includes consumer, corporate, investment, Islamic banking, insurance and takaful, trustee, nominee services and asset management.

The key home markets of Maybank are Malaysia, Singapore and Indonesia which contributed to 71.3%, 21.9% and 2.8% of the group's FY24 PBT. The group operates across 18 countries including all 10 ASEAN countries and international financial centres supported by 2,597 branches and 33 investment banking branches globally.

Investment thesis and catalysts

We maintain HOLD on the stock with an unchanged TP of RM9.30 (1.1x FY26 P/BV). FY26 offers an attractive 6.6% dividend yield, though NIMs could be strained by regional monetary policy easing. Loan growth remains sluggish due to trade uncertainties, and pre-emptive provision buffers may be revised if borrowers' cash flows weaken.

Valuation methodology

The stock is valued based on a Gordon growth derived P/BV of 1.1x based on FY26. Our valuation is supported by COE of 10.4%, beta of 1, market risk premium of 6.3%, risk free rate of 3.7% and long-term growth rate of 3%.

Risk factors

Potential risks to our projections include:

- i. A slowdown in global economic growth, which may dampen loan expansion.
- ii. An unforeseen rise in funding costs. If CASA growth lags expectations, banks may face more intense competition for deposits.
- iii. Prolonged high interest rates in developed markets, potentially leading to a decline in bond and securities portfolio valuations, which could weigh on banks' non-interest income (NOII).

EXHIBIT 1: VALUATIONS

COE	10.4%
Beta	1
Market risk premium	6.3% (from 6.1%)
Risk free rate	3.7% (from) 3.9%
Long term growth rate	3%
P/BV	1.1x
FY26 BVPS	RM8.15
TP	RM9.00
ESG Premium	RM0.30
Adjusted TP	RM9.30

Source: AmlInvestment Bank

EXHIBIT 2: RESULTS SUMMARY

Income Statement (RM Mil, FYE 31 Dec)	1Q24	4Q24	1Q25	% QoQ	% YoY
Interest income	8,278	8,056	7,740	-3.9	-6.5
Interest expense	-5,124	-4,703	-4,518	-3.9	-11.8
Net interest income	3,154	3,353	3,222	-3.9	2.2
Islamic banking income	2,090	2,017	2,064	2.4	-1.2
Non-interest income	2,333	2,053	2,426	18.2	4.0
Total income	7,577	7,422	7,712	3.9	1.8
Overhead expenses	-3,657	-3,687	-3,743	1.5	2.3
Pre-provision profit	3,920	3,735	3,969	6.3	1.3
Loan impairment allowances	-468	-445	-384	-13.6	-17.9
Other allowances	-76	71	-42	-159.1	-44.8
Associates and JV income	67	53	51	-3.0	-23.2
Pretax profit	3,442	3,414	3,594	5.3	4.4
Income tax	-846	-739	-951	28.6	12.3
Minority interest	-108	-143	-55	-61.8	-49.3
Net profit	2,488	2,532	2,589	2.2	4.0
Core EPS (sen)	20.6	21.0	21.5	2.2	4.0
Profit by segments (RM Mil)					
Group community financial services	1,402	1,768	1,479	-16.3	5.5
Group corporate banking and global markets	1,482	1,457	1,682	15.4	13.5
Group investment banking	118	58	75	29.1	-36.7
Group asset management	-0.2	-9.0	0.1	-101.4	-161.1
Group insurance and takaful	361	505	265	-47.6	-26.6
Head office and others	80	-365	94	-125.6	17.5
Group profit before taxation	3,442	3,414	3,594	5.3	4.4
Balance Sheet (RM Mil, FYE 31 Dec)					
Gross loans and advances	657,819	674,969	678,687	0.6	3.2
Net loans and advances	647,327	664,774	668,585	0.6	3.3
Customer deposits (excluding investment account)	680,693	712,915	714,584	0.2	5.0
Gross impaired loans	8,653	8,326	8,615	3.5	-0.4
Average shareholders' funds	94,204	92,294	93,195	1.0	-1.1
Ratios (%)					
LD	92.8%	90.7%	90.9%		
CASA	37.3%	36.5%	36.6%		
Cost to income	48.3%	49.7%	48.5%		
Credit cost	0.28%	0.26%	0.23%		
Loan loss coverage	127.3%	126.9%	122.9%		
Loan loss coverage (including regulatory reserves)	146.1%	147.4%	140.1%		
GIL/Gross NPL	1.32%	1.23%	1.27%		
NIM	2.03%	2.06%	2.04%		
Underlying ROE	10.6%	11.0%	11.1%		
CET1 capital	14.9%	14.9%	14.9%		
Tier 1 capital	15.5%	15.3%	15.2%		
Total capital	18.2%	18.0%	18.0%		

Source: Company, AmInvestment Bank

EXHIBIT 3: MANAGEMENT GUIDANCE FOR FY25

Loan growth:	5-6%
ROE:	≥11.3%
Cost-to-income ratio:	≤49%
Credit cost:	≤ 30bps

Source: AmInvestment Bank

EXHIBIT 4: ESG SCORE

	Environmental assessment	Parameters	Weightage	Rating				Rationale
1	Exposure to sustainable financing out of total loans	% of loan book	30%	*	*	*	*	Exceeded target in sustainable finance of RM46.69bil vs. target of RM34.2bil for FY24
2	% of financing to high risk ESG sectors out of total loans	% of loan book	30%	*	*	*		
3	Scope 1 GHG Emissions to total income	t/Co2e/RM'Mil	10%	*	*	*		Scope 1 emissions by 6.9% YoY to 11,761 tCo2e in FY24
4	Scope 2 GHG Emissions to total income	t/Co2e/RM'Mil	10%	*	*	*		Scope 2 emissions increased by 3.7% YoY to 53,661 tCo2e in FY24
5	Scope 3 GHG Emissions to total income	t/Co2e/RM'Mil	10%	*	*	*	*	Total scope 3 financed emissions declined by 63% in FY24
6	Electricity consumption to total income	Electricity consumption to total income	5%	*	*	*		Energy consumption declined marginally by 2.2% in FY24
7	Water consumption to total income	m3/RM'Mil	5%	*	*	*		37.6 in FY24 vs. 34.5 in FY23
	Weighted score for environmental assessment		100%	*	*	*		
	Social assessment							
1	Corporate Social Responsibility investments or spend	% of total income	35%	*	*	*		RM49mil invested on community programs in FY24(+14.6% YoY) - 0.2% of total income
2	Investments in training	% of total income	20%	*	*	*		
3	Workforce diversity - women in senior management and above (excluding Board Directors)	% of total workforce	10%	*	*	*	*	42.0% in FY24 vs. 42.2% in FY23
4	Average training hours per employee	hours	25%	*	*	*		42 hours for senior management and 48 hours for mid management
5	Financial literacy programs	No of participants educated through programs	10%	*	*	*	*	>376,580 students and scholars benefitted with RM150.69mil investments into education
	Weighted score for social assessment		100%	*	*	*		
	Governance assessment							
1	Board age diversity	% under the 61 to 70 years old category	20%	*	*	*		33% lower than the 61 to 70 years old category
2	Board women representation	% of total board directors	10%	*	*	*	*	42% in FY24 vs. 36% in FY23 and 33% in FY22. More than the 30% minimum recommendation under the Malaysian Code on Corporate Governance,
3	Directors with tenure of 3-6 years	% in the 3 to 6 years or more category	20%	*	*	*	*	75% in FY24
4	Independent board directors	% of total board directors	20%	*	*	*	*	75%
5	Remuneration to directors	% of total operating expenses	10%	*	*	*		
6	Cybersecurity, Privacy and Data Protection	Confirmed incidents	20%	*	*	*	*	zero cases of data losses in FY24
	Weighted score for governance assessment		100%	*	*	*	*	
	Environmental score		40%	*	*	*		
	Social score		25%	*	*	*		
	Governance score		35%	*	*	*	*	
	Overall ESG Score		100%	*	*	*	*	

Source: Company, AmlInvestment Bank Bhd

EXHIBIT 5: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Net interest income	12,791.5	12,807.4	13,280.6	13,966.5	14,626.6
Non-interest income	6,992.4	8,418.7	8,654.7	8,897.3	9,146.8
Islamic banking income	7,577.2	8,346.4	8,618.7	9,057.8	9,607.4
Total income	27,361.1	29,572.5	30,554.0	31,921.6	33,380.7
Overhead expenses	(13,388.8)	(14,460.2)	(14,818.7)	(15,482.0)	(16,022.8)
Pre-provision profit	13,972.3	15,112.3	15,735.3	16,439.6	17,358.0
Loan loss provisions	(1,826.2)	(1,670.5)	(2,126.2)	(2,253.7)	(2,309.3)
Impairment & others	145.1	23.5	-	-	-
Associates	240.3	236.3	317.6	292.0	324.6
Pretax profit	12,531.6	13,701.6	13,926.7	14,477.9	15,373.3
Tax	(2,916.7)	(3,195.2)	(3,203.1)	(3,329.9)	(3,535.9)
Minority interests	(265.1)	(417.7)	(300.3)	(312.1)	(331.4)
Core net profit	9,349.8	10,089.7	10,424.7	10,838.0	11,508.6
Balance Sheet (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Cash & deposits with FIs	28,904.0	40,522.5	39,526.1	33,179.9	30,232.3
Marketable securities	318,379.0	316,086.2	343,270.9	362,996.2	386,120.2
Total current assets	347,283.1	356,608.7	382,797.0	396,176.2	416,352.5
Net loans & advances	630,422.0	664,774.1	696,396.4	736,665.7	779,430.8
Statutory deposits	nm	nm	nm	nm	nm
Long-term investments	15,739.7	17,166.5	18,304.3	19,481.5	20,779.5
Fixed assets	3,329.2	3,321.8	3,421.5	3,523.3	3,589.8
Intangible assets	7,361.9	6,993.3	6,993.3	6,993.3	6,993.3
Other long-term assets	23,538.6	26,457.6	28,852.5	32,181.2	36,093.2
Total LT assets	680,391.5	718,713.3	753,968.0	798,845.0	846,886.7
Total assets	-	-	-	-	-
Customer deposits	696,834.7	741,897.3	787,211.2	842,842.1	902,482.1
Deposits of other FIs	44,676.9	47,051.2	44,802.1	42,681.5	42,042.7
Subordinated debts	10,145.5	11,157.8	11,648.0	12,154.6	12,901.3
Hybrid capital securities	34,982.7	40,652.6	45,159.9	50,465.5	59,316.8
Other liabilities	143,386.6	137,355.9	148,381.6	144,056.3	140,890.8
Total liabilities	930,026.5	978,114.8	-	-	-
Shareholders' funds	94,641.6	93,970.6	96,177.9	99,230.7	101,823.7
Minority interests	3,006.5	3,236.5	3,384.2	3,590.5	3,781.8
Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Total income growth (%)	(0.9)	8.1	3.3	4.5	4.6
Pre-provision profit growth (%)	(5.6)	8.2	4.1	4.5	5.6
Core net profit growth (%)	2.3	7.9	3.3	4.0	6.2
Net interest margin (%)	2.1	2.1	2.1	2.0	2.0
Cost-to-income ratio (%)	48.9	48.9	48.5	48.5	48.0
Effective tax rate (%)	23.3	23.3	23.0	23.0	23.0
Dividend payout (%)	77.4	73.0	73.0	73.0	73.0
Key Assumptions (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Loan growth (%)	9.1	5.3	5.0	6.0	6.0
Deposit growth (%)	9.0	6.5	6.1	7.1	7.1
Loan-deposit ratio (%)	90.5	89.6	88.5	87.4	86.4
Gross NPL (%)	1.3	1.4	1.4	1.3	1.3
Net NPL (%)	0.5	0.5	0.3	0.2	0.1
Credit charge-off rate (%)	0.3	0.2	0.3	0.3	0.3
Loan loss reserve (%)	120.1	107.9	124.2	149.2	163.1

Source: Company, AmlInvestment Bank Bhd estimates

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