HLIB Research
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Malayan Banking

From M25+ to ROAR30

BUY (Maintain)

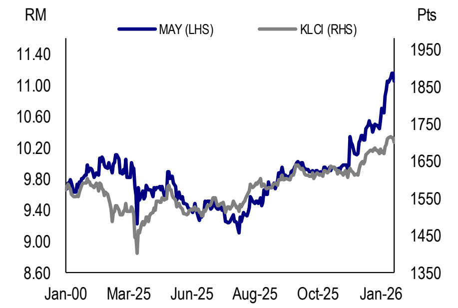
Target Price:	**RM12.70**
Previously:	**RM12.70**
Current Price:	**RM11.06**

Capital upside	14.8%
Dividend yield	5.8%
Expected total return	20.6%

Sector coverage: Banking

Company description: Maybank is the largest banking group (by assets) and it has a good footing in neighbouring countries, particularly Singapore and Indonesia.

Share price



Historical return (%)	1M	3M	12M
Absolute	5.9	11.8	7.6
Relative	3.9	5.8	-0.4

Stock information

Bloomberg ticker	MAY MK
Bursa code	1155
Issued shares (m)	12,081
Market capitalisation (RM m)	133,617
3-mth average volume ('000)	12,407
SC Shariah compliant	No
F4GBM Index member	Yes
ESG rating	★★★★

Major shareholders

Skim Amanah Saham	33.6%
Employees Provident Fund	11.8%
KWAP	5.3%

Earnings summary

FYE (Dec)	FY24	FY25f	FY26f
PATMI - core	10,089	10,384	10,601
EPS - core (sen)	83.7	86.1	87.9
P/E (x)	13.2	12.8	12.6

Maybank has unveiled its ROAR30 roadmap (2026–2030), shifting from balance sheet expansion to a capital-light, productivity-driven model aimed at delivering a targeted ROE of 13–14% by 2030. The strategy emphasises accelerating non-interest income (NOII) to 38–39% of revenue, driven by strong fee growth in wealth management and corporate banking. A RM10bn technology investment will modernise systems, enhance AI-driven underwriting, and lower the cost-to-income ratio to ≤47%, though near-term earnings may face drag. With stable credit costs, CASA ratio targets above 41%, and mid-single-digit income growth, our forecasts remain unchanged. We maintain our BUY call with GGM-TP of RM12.70, supported by attractive yields of 5.8%.

Maybank hosted an investor day yesterday to officially launch its ROAR30 roadmap, a strategic cycle spanning 2026 to 2030 that succeeds its previous M25+ programme. While M25+ focused on foundational reorganisation and digital resilience, ROAR30 represents a fundamental transition from volume-based expansion towards a high-productivity, value-driven framework. The "rallying call" of this new cycle is to capitalise on ASEAN's emerging structural tailwinds to deliver a sustainable ROE of 13–14% by 2030, underpinned by a substantial RM10bn technology commitment.

Strategic pivot and NOII acceleration. ROAR30 marks a decisive shift away from pure balance sheet growth towards a capital-light, diversified income model. Management is targeting a net operating income CAGR of 5–6% through 2030, with a clear emphasis on accelerating non-interest income (NOII) to represent 38–39% of total income. Key drivers include the "Business at Scale" pillars, with targeted CAGRs of 20% in wealth management fees and 16% in Corporate and Investment Banking (CIB) core fees. By scaling these fee-based businesses, Maybank intends to decouple profit growth from capital consumption, thereby improving risk-adjusted returns without over-extending the group's equity base.

Regional expansion and tactical de-risking. Maybank is realigning its focus on core "home markets", targeting an ROE turnaround in Indonesia from ~6% to ~10% and positioning Singapore as a high-value hub with revenue growth of >10%. Concentrating resources here reflects a prudent move to de-risk by focusing on corridors where Maybank has a dominant "right-to-win" and more stable asset quality. By reallocating resources towards high-potential ASEAN segments and away from more volatile jurisdictions, the bank aims to achieve mid-teen PBT growth in its primary markets by 2030.

ROE uplift and dividend sustainability. The projected uplift of the ROE target to 13–14% (from 11.5% as of 9M25) is ambitious but mathematically structured around a capital-light transition. Achieving this while maintaining a dividend payout ratio (DPR) already above 70% hinges on the bank's ability to grow NOII, which is less reliant on capital requirements. As high-growth areas such as wealth management and Islamic legacy planning require minimal regulatory capital, Maybank can theoretically improve earnings while sustaining high shareholder payouts. This strategy positions the bank as both a growth engine and a premier yield play.

Technology first, profit later. Maybank is committing RM10bn over five years (averaging RM2bn per annum) to reshape its technology architecture, with 60% allocated to long-term future-proofing and 40% to rapid customer-centric innovation. This investment is intended to lower the cost-to-income ratio (CIR) to ≤47%. By modernising core systems and deploying AI-driven underwriting, the bank plans to right-size its workforce by approximately 10% through natural attrition and improve revenue per staff cost from 3.4x to 3.8x. However, this front-loaded spend creates a temporary P&L drag, and we do not discount the possibility of near-term contraction in dividend payout. Subsequently, with no new capital management plan disclosed under ROAR30, clarity on new capital ratios remains pending, though management has guided that a more detailed plan will be unveiled at the 4Q25 results briefing in February 2026.

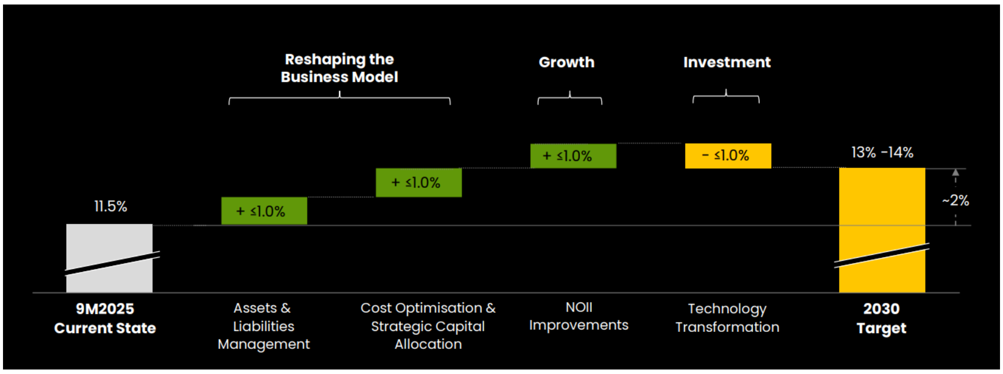
Other highlights. ROAR30 targets provide resilient earnings visibility, with net credit charges (NCC) guided at a stable ≤20bps. This is supported by RM2.5bn in management overlays and a total banking relationship approach leveraging real-time transaction data for proactive risk monitoring. With a CASA ratio target of >41% and mid-single-digit operating income growth, Maybank has established a robust framework for sustainable value creation.

Forecast. Unchanged.

Maintain BUY rating with GGM-TP of RM12.70, based on 1.53x FY26 P/B with assumptions of 10.8% ROE, 8.1% COE, and 3.0% LTG. This is +2SD of its 5-year pre-Covid average of 1.27x (similar ROE generation vs 2015-19 level). We believe this premium is warranted given Maybank's extensive regional footprint, undisputed leadership in the domestic market, and its position as the sector's highest dividend payer. Notably, Maybank was the sole lender under our coverage to effectively preserve its NIM during the volatile 3Q25 period, while peers grappled with margin compression following the July-25 OPR cut. This outperformance underscores the group's superior yield management and robust asset-liability positioning, allowing it to navigate macro headwinds while maintaining steady loan book expansion. Also, it is a good dividend paymaster, providing attractive yields of 5.8%.

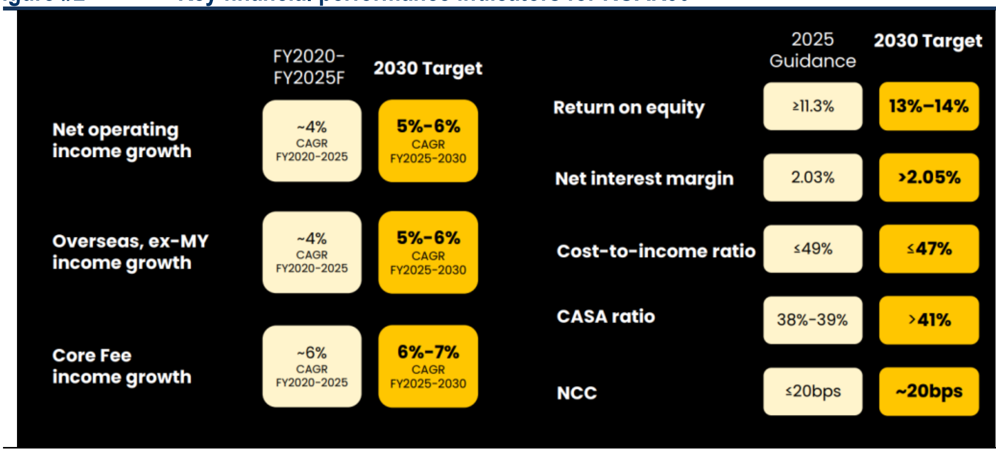
An ambitious uplift in ROE target of 13%~14% from 11.5% as of 9M25 could be largely hinged on robust NOII growth, along with comprehensive cost optimisation approach.

Figure #1 Pathway to ROE Target of 13%-14%



Company

Figure #2 Key financial performance indicators for ROAR30



Company

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Cash & ST funds	59,720.0	79,428.3	82,567.0	90,638.2	99,242.0
Invest. securities	265,915.5	253,762.8	262,475.2	271,566.3	281,055.3
Net loans	630,422.0	664,774.1	698,602.6	734,020.7	771,107.7
Intangible assets	7,361.9	6,993.3	6,861.3	6,723.9	6,581.1
Other assets	64,255.1	70,363.5	76,603.3	77,786.8	79,007.2
Assets	**1,027,674.6**	**1,075,322.0**	**1,127,109.5**	**1,180,735.8**	**1,236,993.3**
Cust. & bank deposits	741,511.6	788,948.5	828,396.0	869,815.7	913,306.5
Debt securities	91,985.4	86,984.5	91,333.7	95,900.4	100,695.4
Other liabilities	96,529.5	102,181.8	106,968.4	111,372.0	115,984.1
Liabilities	**930,026.5**	**978,114.8**	**1,026,698.0**	**1,077,088.1**	**1,129,986.1**
Shareholder's equity	94,641.6	93,970.6	96,897.7	99,848.7	102,914.7
Minority interest	3,006.5	3,236.5	3,513.8	3,799.0	4,092.6
Equity	**97,648.2**	**97,207.1**	**100,411.5**	**103,647.7**	**107,007.3**

Income Statement

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Net interest income	**12,791.5**	**12,807.4**	**13,682.5**	**14,967.7**	**15,744.2**
Islamic operations	7,577.2	8,346.4	8,356.9	7,974.6	8,152.5
Non-interest income	6,992.4	8,418.7	8,641.9	8,871.0	9,106.2
Total income	**27,361.1**	**29,572.5**	**30,681.3**	**31,813.3**	**33,003.0**
Overhead expenses	(13,388.8)	(14,460.2)	(15,057.9)	(15,682.0)	(16,333.7)
Loan loss provision	(1,826.2)	(1,670.5)	(1,080.6)	(2,205.2)	(2,335.9)
Others	385.5	259.8	(551.9)	360.5	373.5
Pre-tax profit	**12,531.6**	**13,701.6**	**13,990.9**	**14,286.7**	**14,706.9**
Taxation	(2,916.7)	(3,195.2)	(3,329.8)	(3,400.2)	(3,500.2)
Minority interest	(265.1)	(417.7)	(277.3)	(285.2)	(293.6)
Net profit	**9,349.8**	**10,088.7**	**10,383.8**	**10,601.2**	**10,913.1**
Exceptionals	-	-	-	-	-
Core net profit	**9,349.8**	**10,088.7**	**10,383.8**	**10,601.2**	**10,913.1**
HLIB/ Consensus			101%	100%	97%

Financial Ratios

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Operational (%)					
Avg. lending yield	4.66	4.83	4.84	4.85	4.86
Avg. cost of funds	2.96	3.17	3.17	3.18	3.19
Net interest margin	2.07	2.06	2.06	2.05	2.05
Cost/ income	48.9	48.9	49.1	49.3	49.5
Profitability (%)					
ROE	10.35	10.70	10.88	10.78	10.76
ROA	0.95	0.96	0.94	0.92	0.90
Liquidity (%)					
Loan/ deposit	92.0	91.0	91.0	91.0	91.0
Asset quality (%)					
Gross impaired loans	1.34	1.23	1.11	1.01	0.91
Loan loss coverage	120.1	122.4	128.6	135.4	144.7
Net credit cost (bp)	29.7	25.4	15.6	30.4	30.6
Capital adequacy (%)					
CET 1 capital	16.2	15.8	15.9	16.0	16.1
Tier 1	16.8	16.1	16.3	16.3	16.4
Total capital	19.4	18.9	19.1	19.1	19.1

Valuation Ratios

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Core EPS (sen)	77.6	83.7	86.1	87.9	90.5
P/E (x)	14.3	13.2	12.8	12.6	12.2
BVPS (RM)	7.85	7.79	8.04	8.28	8.54
P/B (x)	1.41	1.42	1.38	1.34	1.30
DPS (sen)	60.0	61.0	62.7	64.1	66.0
Dividend yield (%)	5.4	5.5	5.7	5.8	6.0
Payout ratio (%)	77.4	72.9	72.9	73.0	73.0

Growth

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Income statement (%)					
Net interest income	(7.4)	0.1	6.8	9.4	5.2
Total income	3.3	8.1	3.7	3.7	3.7
Pre-tax profit	5.6	9.3	2.1	2.1	2.9
Net profit	17.5	7.9	2.9	2.1	2.9
Core net profit	17.5	7.9	2.9	2.1	2.9
Balance sheet (%)					
Gross loans	9.1	5.3	5.0	5.0	5.0
Customer deposits	9.0	6.5	5.0	5.0	5.0

ESG Snapshot

F4GBM Index member	:	Yes
FTSE Russell ESG rating	:	★★★★
MSCI ESG rating	:	AA

The goal of this section is to provide an overview of Maybank's ESG trends and developments. Information presented here are from financial year FY24 and will only be updated when new data are available. Overall, we find the bank has no glaring ESG issues as most indicators met expectations and were in line with sector's performance.

Environmental (E) indicators

- Targeting to mobilize RM80bn in sustainable finance by 2025; this target has been surpassed in 2024, with cumulative total of RM115.2bn since 2021 base-year (2024: RM46.7bn). For FY25, it targets mobilizing RM29bn of sustainable finance, having achieved RM10.3bn in 1Q25.
- Looking to achieve Carbon Neutral and Net Zero Carbon Equivalent positions by 2030 and 2050 respectively (2024: 53% reduction in Scope 1 and 2 emissions against 2019 baseline).
- High risk ESG financing (which consist of Agriculture, Mining & Quarrying sectors) accounted for 1.8% of total loans (vs 2023: 1.9%; below sector's 2.3%).
- Sustainable financing made up 4.3% of total assets (vs 2023: 3.3%; below sector's 10.1%).
- GHG emission intensity stood at 3.7 tCO2e/RM'm (vs 2023: 2.9 tCO2e/RM'm; above sector's 3.2 tCO2e/RM'm).
- Financed emission intensity came in at 1,105 tCO2e/RM'm (vs 2023: 1,231 tCO2e/RM'm).
- Intensity of energy consumption was at 5.2 MWh/RM'm (vs 2023: 5.7 MWh/RM'm; below sector's 6.4 MWh/RM'm).
- Reported water consumption intensity per revenue of 37.1 m3/RM'm (vs 2023: 34.5 m3/RM'm; above sector's 33.2 m3/RM'm).

Comments: Even though the % of sustainable financing was below sector average, this is expected to improve going forward (already seen a 37% jump vs Dec-23's level) given management's commitment to grow this area. Furthermore, Maybank has overachieved its RM80bn FY25 cumulative target in 2024, with cumulative total of RM115.2bn (since 2021 base-year). Also, we note the increase in GHG emission intensity and water consumption. Despite this, Maybank remains ahead of its FY24 target (52.5% reduction), while targeting a higher 57.5% for 2025, and progressively installing water-efficient systems across facilities to manage water consumption.

Social (S) indicators

- Has a talent retention rate of 89% (vs 2023: 90%; in line with sector's 91%).
- Composition of female Board of Directors stood at 42% (vs 2023: 36%; above sector's 37%).
- Females accounted for 42% of senior management team (vs 2023: 42%; above sector's 38%).
- The average training hours per employee was at 36 hours (vs 2023: 36 hours; below sector's 54 hours).
- Percentage of learning & development opex to total income stood at 0.5% (vs 2023: 0.5%; above sector's 0.4%).
- Community investment & zakat contribution was 1.5% of net profit (vs 2023: 1.3%; in line with sector's 1.5%).

Comments: The bank needs to ramp up on its average training hours per employee. However, talent retention rate has improved and we believe Maybank is able to attract young talents, looking at the pole position it held on since 2011 for GradMalaysia ranking. Also, it has strong gender equality focus, from our observation. Besides, efforts on community programs were satisfactory.

Governance (G) indicators

- Board size of 12 directors (vs 2023: 11 directors; above sector's 10 directors) where 75% were independent (vs 2023: 73%; above sector's 71%) with an average tenure of 4.3 years (vs 2023: 4.3 years; in line with sector's 4.5 years). Meeting attendance was 100% (vs 2023: 100%; in line with sector's 98%).
- Independent directors form 100% / 100% / 75% of audit / risk / nomination & remuneration committee (vs 2023: 100% / 100% / 80%; sector: 100% / 84% / 78%).
- Has a CEO pay ratio of 64x vs sector average of 84x (2023: 70x).
- The percentage of executive & non-executive directors pay to total income stood at 0.1% (vs 2023: 0.1%; below sector's 0.3%).

Comments: Given the size of Maybank, it is only natural to see more number of directors serving its Board. Separately, there were no issue on independence and their tenure of service. While the CEO pay ratio seems elevated, it is normal based on industry standard. On a similar note, the compensation package for executive & non-executive directors appeared to be competitive.

Bursa, HLIB Research

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Stock rating guide

BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating guide

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

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