

Malayan Banking

Roaring Towards FY30

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We maintain our OUTPERFORM call and GGM-derived PBV TP of RM11.30 (COE: 9.5%, TG: 3.5%, ROE: 11.5%). MAYBANK unveiled its ROAR30 five-year strategic plan, targets to grow its ROE to 13%-14% by FY30. It emphasises a stronger regional footprint, greater fee-based income contribution, and continued asset-liability management discipline. The group also announced a RM10b technology investment to enhance its existing infrastructure while developing new propositions. That said, we are neutral on the strategy with near-term implications likely to be muted for the group, as the materialisation of its earnings uplift could be medium-term in nature.

MAYBANK's recent share price rally supported by sustained foreign buying interest, with Dec 2025 foreign shareholding reaching a recent high of 21.6% (+2.0ppts YoY). We believe the interest will persist, anchored by an improving domestic macro backdrop in Malaysia, evident by positive price action across the banking sector.

ROAR30 Targets*	9MFY25 Actual	FY25 Guidance	FY30 Targets
ROE	11.5%	>11.3%	13%-14%
NIM	2.03%	2.03%	>2.05%
Cost-to-income ratio	48.9%	<49%	<47%
CASA ratio	39.9%	38%-39%	>41%
Credit cost	11 bps	<20 bps	~20 bps

* Constant currency basis

Expanding ROE into 2030. MAYBANK's FY30 ROE target of 13%-14%, which will continue to be anchored by its home market in Malaysia (to increase from c.12% to c.16%), Singapore (c.10% to c.13%) and Indonesia (c.6% to c.10%), with a focus on growing its overall regional network and fee-based income in mind. Key measures from ROAR30 are as follows:

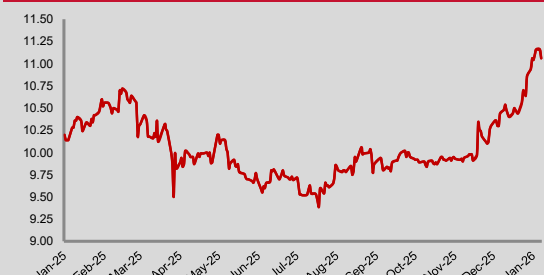
- **Leveraging on home territory.** The group notes on NOII growth opportunities by widening its regional networks. Several identified segments include:
 - **Scaling Islamic financing propositions and total banking relationships regionally.** MAYBANK sees corporate and investment banking opportunities through more structured regional account planning and an expanded international client coverage model which would allow participation in more cross-border deals. A wider Islamic financing footprint should also support deeper penetration into new markets, particularly Indonesia across both individual and SME segments where Shariah mandates could be present.
 - **Strengthening its wealth brand via regional value propositions.** With Singapore positioned as its wealth hub, MAYBANK intends to roll out more holistic Shariah-based solutions, supported by cross-border wealth offerings. This is complemented by rising demand for collections and payments, across both retail and non-retail segments. The group also sees meaningful cross-selling upside within SMEs, which may act as a pipeline into higher-net-worth retail customers.

Collectively, this could yield much deeper cross-selling opportunities, spilling over to better traction across its treasury, forex and insurance divisions.

OUTPERFORM ↔

Price : RM11.06
Target Price : RM11.30 ↔

Share Price Performance



KLCI 1,699.06
YTD KLCI chg 1.1%
YTD stock price chg 5.5%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	MAY MK Equity
Market Cap (RM m)	133,617.0
Shares Outstanding	12,081.1
52-week range (H)	11.16
52-week range (L)	9.39
3-mth avg. daily vol.	12,406,640
Free Float	51%
Beta	0.77

Major Shareholders

Amanah Saham Nasional	33.6%
Employees Provident Fund	11.8%
Yayasan Pelaburan Bumiputra	6.4%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Net Interest Income	21,154	21,159	21,309
Non-interest Income	9,066	8,788	8,788
Total Income	30,220	29,947	30,097
Operating Expenses	-14,460	-14,808	-15,252
Loan Impairment	-1,628	-1,538	-1,067
Pre-tax Profit	13,702	13,658	13,838
Net Profit	10,089	10,173	10,442
Core Net Profit	10,089	10,173	10,442
Consensus NP	-	10,421	10,753
Earnings Revision	-	-	-
Core EPS (RM)	0.84	0.84	0.87
EPS Growth (%)	7.9	0.8	2.7
NDPS (RM)	0.61	0.62	0.66
BV/share (RM)	7.79	8.18	8.52
NTA/share (RM)	7.2	7.6	7.9
ROE (%)	10.7	10.6	10.4
PER (x)	13.2	13.1	12.8
P/BV (x)	1.42	1.35	1.30
Net Div. Yield (%)	5.5	5.6	6.0

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- **Fortifying the technology front.** Under ROAR30, MAYBANK outlined a RM10b technology investment plan over the next five years. Of this, 40% will be channelled towards building new capabilities and delivering new client solutions while enhancing stickiness across the group's ecosystem. The remaining 60% is allocated towards longer-term future-proofing, with a focus on modernising infrastructure and strengthening cybersecurity. The group also hinted at establishing digital asset platforms (including tokenised assets), which could unlock potential monetisation opportunities over time.

From these investments, the group also looks towards better productivity across its workforce, which it believes could lead to a rightsizing of c.10% by FY30.

- **NIM outlook still conservative, but looking positive with better CASA.** With regards to NIMs, the group stayed cautious, guiding only a modest improvement of at least +2bps from 9MFY25's 2.03%, citing constant geopolitical uncertainties and potential shifts in regional monetary policy as key factors that could weigh on execution and funding conditions. That said, MAYBANK remains committed to strengthening its CASA ratio (target: >41%), which could be supported by successful delivery of its regional strategy, particularly through a more SME-led customer mix and deeper ecosystem dependency via its expanding cross-border presence. Meanwhile, the group continues to see room to lower funding costs through rebalancing wholesale versus retail funding, alongside greater use of collateralised borrowings.
- **Credit cost confident to be contained.** MAYBANK believes it can sustain a stable net credit cost of c.20bps through FY30. With management overlays of RM2.5b still in place, the group does not anticipate any material deterioration in asset quality despite its greater emphasis on SMEs. The group noted that its strategy of deeper cross-selling and broader client engagement should help mitigate earnings volatility, reducing reliance solely from interest income. The group also highlighted that its expanded non-retail propositions could support SME clients as they scale, potentially even guiding selected customers towards IPO readiness, thereby compounding longer-term business opportunities for the group.

Forecasts. Maintained for now. We have opted not to factor in any near-term upside post-briefing, as the group's initiatives are likely to be rolled out in phases, with a near-term incubation period required before meaningful earnings accretion can materialise. Under ROAR30, management also did not provide specific loan growth targets, which suggests growth will likely remain aligned with macro conditions across its key markets.

We also note that ROAR30's technology investment plan of RM2b/year would translate to 6%-7% of total income over the next 5 years, a step up from M25+'s RM3.5b-RM4.5b over 3 years (or c.5% of total income). While it is proportionately larger, we note that this is still behind larger regional peers who would spend 8%-10% of their total income into technological investments.

Meanwhile, MAYBANK did not outline any near-term capital management plans or dividend aspirations. In line with the expectation that they will aspire to grow above GDP, we do not discount the need for revisiting dividend reinvestment plans should RWA grow at above GDP with EPS growth remaining stable at current levels (3%), all while maintaining dividend payout ratios at 80%.

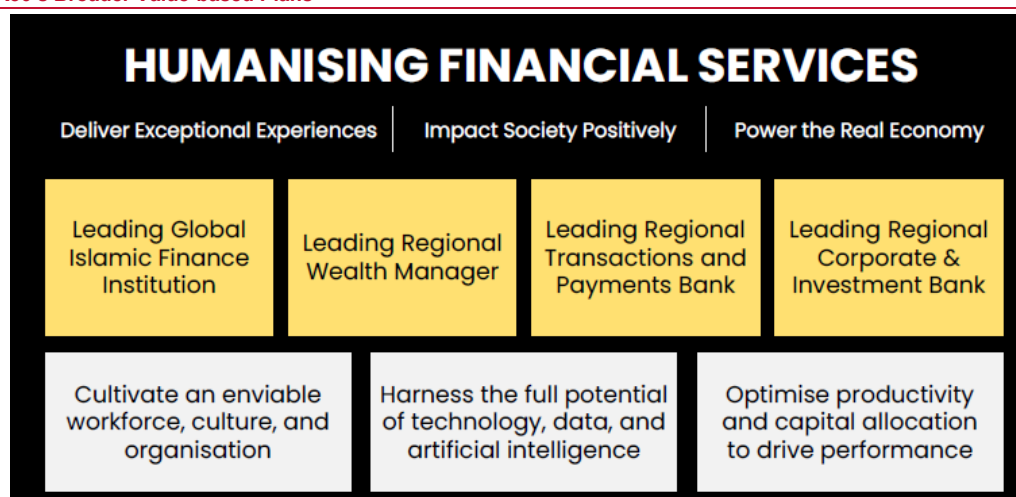
Maintain OUTPERFORM and TP of RM11.30. Our TP is based on an unchanged GGM-derived PBV of 1.33x (COE: 9.5%, TG: 3.5%, ROE: 11.5%) against our FY26F BVPS of RM8.52. MAYBANK's dividend prospect remain attractive at >6% which is above the industry average (4.9%). Its operational resilience would also hold its position as the leading bank in terms of market share and ensure sustainable earnings.

In the nearer-term, we opine that MAYBANK could potentially reach a price closer to RM11.80 level, should we take a slightly longer-term view and roll forward our valuation base to FY27.

Risks to our call include: (i) higher-than-expected margin squeeze, (ii) lower-than-expected loans growth, (iii) worse-than-expected deterioration in asset quality, (iv) slowdown in capital market activities, (v) unfavourable currency fluctuations, and (vi) changes to OPR.

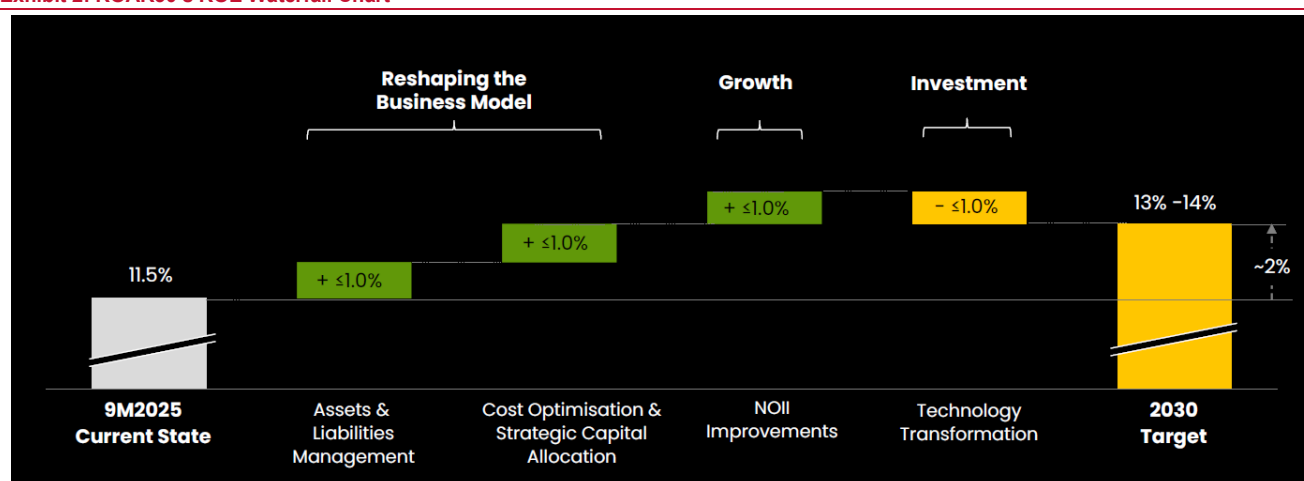
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Exhibit 1: ROAR30's Broader Value-based Plans



Source: MAYBANK, Kenanga Research

Exhibit 2: ROAR30's ROE Waterfall Chart



Source: MAYBANK, Kenanga Research

Exhibit 3: ROAR30's Broader FY30 Targets

	FY2020-FY2025F	2030 Target		2025 Guidance	2030 Target
Net operating income growth	~4% CAGR FY2020-2025	5%-6% CAGR FY2025-2030	Return on equity	≥11.3%	13%-14%
Overseas, ex-MY income growth	~4% CAGR FY2020-2025	5%-6% CAGR FY2025-2030	Net interest margin	2.03%	>2.05%
Core Fee income growth	~6% CAGR FY2020-2025	6%-7% CAGR FY2025-2030	Cost-to-income ratio	≤49%	≤47%
			CASA ratio	38%-39%	>41%
			NCC	≤20bps	~20bps

Source: MAYBANK, Kenanga Research

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Income Statement

FY Dec (RM m)	2022A	2023A	2024A	2025F	2026F
Net interest income	21,229	20,369	21,154	21,159	21,309
Non-interest income	4,603	7,988	9,066	8,788	8,788
Total income	25,833	28,357	30,220	29,947	30,097
Operating expenses	-11,974	-13,389	-14,460	-14,808	-15,252
PPOP	13,858	14,968	15,760	15,139	14,845
Loan impairments	-2,706	-1,646	-1,628	-1,538	-1,067
Other impairments	-71	-35	-19	-20	-20
Associates	131	240	236	210	220
Pre-tax profit	11,872	12,532	13,702	13,658	13,838
Tax and zakat	-3,896	-2,917	-3,195	-3,278	-3,183
Minority interest	-15	-265	-418	-208	-213
Net Profit	7,961	9,350	10,089	10,173	10,442
Core Net Profit	7,961	9,350	10,089	10,173	10,442

Balance Sheet

FY Dec (RM b)	2022A	2023A	2024A	2025F	2026F
Cash & ST funds	52.5	46.2	57.2	50.4	52.9
Investment securities	231.1	265.9	253.8	263.2	276.6
Loans and financing	573.8	628.9	662.7	685.1	720.0
Other assets	84.0	79.2	94.7	71.4	66.6
Intangible assets	6.7	7.4	7.0	7.0	7.0
Total Assets	948.1	1,027.7	1,075.3	1,077.0	1,123.1
Customer deposits	614.9	670.4	712.9	714.4	743.4
Deposits & placements	51.9	44.7	47.1	51.2	53.2
Borrowings	44.8	44.0	41.0	42.4	44.2
Other liabilities	147.9	171.0	177.2	167.1	176.3
Total liabilities	859.5	930.0	978.1	975.1	1,017.1
Share capital	54.6	54.7	54.7	54.7	54.7
Retained earnings	29.5	31.7	34.0	36.7	39.2
Regulatory reserves	2.5	2.5	2.5	2.5	2.5
Other reserves	(0.8)	5.8	2.7	4.7	6.3
Shareholders' funds	85.7	94.6	94.0	98.7	102.7
Minority interest	2.9	3.0	3.2	3.2	3.2
Total liabilities and equity	948.1	1,027.7	1,075.3	1,077.0	1,123.1

Financial Data & Ratios

FY Dec	2022A	2023A	2024A	2025F	2026F
Growth					
Net interest income	8.3%	-4.1%	3.9%	0.0%	0.7%
Non-interest income	3.0%	73.5%	13.5%	-3.1%	0.0%
Total income	7.3%	9.8%	6.6%	-0.9%	0.5%
Operating expenses	4.0%	11.8%	8.0%	2.4%	3.0%
PPOP	10.3%	8.0%	5.3%	-3.9%	-1.9%
Loan impairment	1.8%	-39.2%	-1.1%	-5.6%	-30.6%
Pre-tax profit	9.0%	5.6%	9.3%	-0.3%	1.3%
Net Profit	-1.7%	17.5%	7.9%	0.8%	2.7%
Core Net Profit	-1.7%	17.5%	7.9%	0.8%	2.7%
Gross loans	5.9%	9.6%	5.4%	3.4%	5.1%
Customer deposits	4.4%	9.0%	6.3%	0.2%	4.1%

Operating metrics

Est. avg. asset yield	3.57%	4.60%	4.56%	4.18%	4.33%
Est. avg. funding cost	1.52%	2.92%	3.08%	2.80%	2.89%
Est NIM	2.43%	2.17%	2.12%	2.07%	2.03%
Cost-to-Income ratio	45.2%	48.9%	48.9%	49.7%	50.9%
Credit cost (bps)	39.1	30.4	25.9	22.8	15.2
Loan-to-deposit ratio	93.3%	93.8%	93.0%	95.9%	96.8%
GIL ratio	1.60%	1.37%	1.26%	1.30%	1.30%
LLC Ratio	127%	120%	122%	125%	125%
LLC Ratio(+reg reserves)	154%	149%	152%	153%	151%
ROA	0.9%	0.9%	1.0%	0.9%	0.9%
ROE	9.3%	10.4%	10.7%	10.6%	10.4%

Valuations

EPS (RM)	0.66	0.78	0.84	0.84	0.87
PER (x)	16.76	14.27	13.22	13.11	12.77
Div yield (%)	5.2	5.4	5.5	5.6	6.0
BV/share (RM)	7.11	7.85	7.79	8.18	8.52
P/BV (x)	1.56	1.41	1.42	1.35	1.30

Source: Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net. Div. (sen) 1-Yr. Fwd.	Net Div. Yld. 1-Yr. Fwd.
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.				
Stocks Under Coverage																	
Affin Bank Bhd	MP	2.60	2.30	-11.5%	6,588	N	12/2025	22.8	25.4	13.3%	11.6%	11.4	10.2	0.55	4.9%	6.0	2.3%
Alliance Bank Malaysia Bhd	MP	5.11	4.85	-5.1%	8,841	N	03/2026	44.3	49.8	2.1%	12.3%	11.5	10.3	1.09	9.7%	18.0	3.5%
AMMB Holdings Bhd	OP	6.46	6.90	6.8%	21,365	N	03/2026	64.1	66.3	6.0%	3.4%	10.1	9.7	0.99	10.0%	31.5	4.9%
Bank Islam Malaysia Bhd	MP	2.42	2.35	-2.9%	5,485	Y	12/2025	23.6	26.9	-6.4%	14.1%	10.3	9.0	0.71	6.9%	14.0	5.8%
CIMB Group Holdings Bhd	MP	8.17	7.90	-3.3%	88,184	N	12/2025	73.7	77.7	2.0%	5.3%	11.1	10.5	1.20	11.1%	49.0	6.0%
Hong Leong Bank Bhd	OP	23.86	24.50	2.7%	51,722	N	06/2026	231.0	238.9	1.1%	3.4%	10.3	10.0	1.17	11.7%	105.0	4.4%
Malayan Banking Bhd	OP	11.06	11.30	2.2%	133,617	N	12/2025	84.3	86.6	0.8%	2.7%	13.1	12.8	1.35	10.6%	62.0	5.6%
MBSB Bhd	MP	0.730	0.700	-4.1%	6,002	Y	12/2025	5.8	7.2	2.9%	23.4%	12.5	10.1	0.52	4.2%	4.6	6.3%
Public Bank Bhd	OP	4.72	5.25	11.2%	91,618	N	12/2025	37.0	38.1	0.6%	3.0%	12.7	12.4	1.54	12.3%	22.5	4.8%
RHB Bank Bhd	MP	8.01	7.80	-2.6%	34,939	N	12/2025	71.8	74.1	-0.3%	3.1%	11.2	10.8	1.04	9.4%	44.5	5.6%
SECTOR AGGREGATE					448,362					1.4%	4.2%	12.0	11.5	1.23	10.3%		4.9%

Name	Terminal growth (%)	Sustainable ROE (%)	Cost of Equity (%)	Applied PBV (x)	Target Price (RM)	Call	Remarks
Affin Bank Bhd	3.0	6.25	9.9	0.47	2.30	MP	
Alliance Bank Malaysia Bhd	3.0	10.0	10.5	0.93	4.85	MP	+5% ESG Premium
AMMB Holdings Bhd	3.0	10.0	9.9	1.02	6.90	OP	
Bank Islam Malaysia Bhd	3.5	8.0	10.2	0.67	2.35	MP	
CIMB Group Holdings Bhd	3.5	11.5	11.2	1.05	7.90	MP	+5% ESG Premium
Hong Leong Bank Bhd	-	-	-	-	24.50	OP	Sum-of-Parts
Malayan Banking Bhd	3.5	11.5	9.5	1.33	11.30	OP	
MBSB Bhd	3.0	6.0	9.2	0.48	0.700	MP	
Public Bank Bhd	4.0	13.0	9.9	1.54	5.25	OP	+5% ESG Premium
RHB Bank Bhd	2.5	10.0	10.2	0.98	7.80	MP	

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	☆	
	Community Investment	★	★	★	☆	
	Workforce Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★	★	
	Anti-corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Green Financing	★	★	★		
	Financial Inclusion	★	★	★		
	Cybersecurity/Data Privacy	★	★	★		
	Digitalisation & Innovation	★	★	★	★	☆
	Diversity & Inclusion	★	★	★		
	Customer Experience	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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