

28 November 2025

RHB Bank

Eyeing a Steady Landing

By Clement Chua | clement.chua@kenanga.com.my

RHBBANK's 9MFY25 net profit (+8% YoY) was within expectations, aided by the writebacks from a recently concluded corporate restructuring exercise. The group looks for a strong showing in 4QFY25 as it builds up on its business banking books to meet its ROE target. Maintain **OUTPERFORM** and GGM-derived PBV TP of **RM7.80**.

9MFY25 within expectations. RHBBANK's 9MFY25 net profit of RM2.46b made up 79% of our full-year forecast and 77% of consensus full-year estimate. No dividend was declared this quarter as the group typically pays on a bi-annual basis.

YoY, 9MFY25 NII increased by 4% on the back of a 8% growth (+3.2% YTD) in its loans books, albeit met with a 6 bps compression in NIMs (1.80%, -6 bps) from the unfavourable contraction in Singapore's SORA and the recent 25 bps OPR cut in Jul 2025 dampening asset yields, in addition to a 5% decline in NOI from softer treasury income (namely forex) and stockbroking fees.

That said, 9MFY25's net profit improved by 8% to RM2.46b thanks to better credit costs of 17 bps (-10 bps) absent FY24's higher regional impairments. In addition, the group recorded a RM91m writeback on financial investments tied to a corporate restructuring exercise in 3QFY25.

QoQ, 3QFY25 net earnings increased by 13% mainly driven by the abovementioned writeback on financial investments in addition to better Islamic banking performances from its investments in shareholders' funds.

Highlights. Despite reporting a 9MFY25 annualised ROE of 9.9% RHBBANK believes it is well-positioned to achieve its target of 10.4%-10.8% for FY25. This hinges on better NIIs from a pick-up in its loans books in the SME and commercial segments, which the group believes are poised to generate higher margins.

While the group had also experienced NIM compression from the repricing of its variable rate loans ahead of fixed deposits, ongoing efforts to strengthen CASA (29.5%, +0.5 ppt QoQ) should help cushion near-term margin pressure, leveraging its MySiswa university network and the introduction of multicurrency accounts to enhance customer stickiness.

In spite of the group maintaining its ROE target, our model conservatively projects for the group to only achieve a 9.4% ROE, based on our forecasted equity base and slightly softer 4QFY25 contributions of c.RM700m, as we are mindful on persistent NIM pressures.

Forecasts. Our FY25F/FY26F earnings remain mostly unchanged post-3QFY25 update.

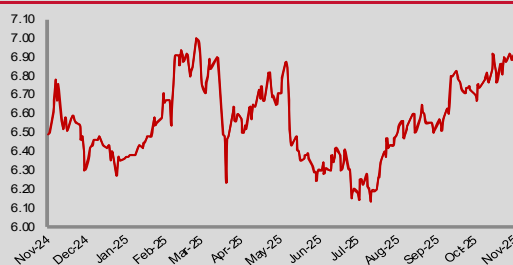
Maintain OUTPERFORM and TP of RM7.80. Our TP is based on an unchanged GGM-derived PBV of 0.98x (COE: 10.2%, TG: 3.0%, ROE: 10.0%) against a FY26F BVPS of RM7.98. RHBBANK's dividend yield proposition (6%-7%) remains to be one of the highest among its peers, with its hefty CET-1 ratio (c.16%) providing a good safety net should earnings disappoint. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us.

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.

OUTPERFORM ↔

Price : **RM6.99**
Target Price : **RM7.80** ↔

Share Price Performance



KLCI	1,617.46
YTD KLCI chg	-1.5%
YTD stock price chg	7.9%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	RHBBANK MK Equity
Market Cap (RM m)	30,489.8
Shares Outstanding	4,361.9
52-week range (H)	7.00
52-week range (L)	6.13
3-mth avg. daily vol.	6,311,403
Free Float	80%
Beta	0.73

Major Shareholders

Employees Provident Fund	38.0%
OSK Holdings Bhd	10.3%
Amanah Saham Nasional	5.2%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Net interest Income	6,045	6,340	6,633
Non-interest Income	2,560	2,480	2,585
Total Income	8,605	8,820	9,217
Operating Expenses	-4,021	-4,223	-4,434
Loan Impairment	-525	-421	-439
Pre-tax Profit	4,020	4,150	4,318
Net Profit	3,120	3,103	3,229
Core Net Profit	3,120	3,103	3,229
Consensus NP	-	3,200	3,383
Earnings Revision	-	-0.1%	+0.2%
Core EPS (RM)	0.72	0.72	0.75
EPS Growth	10.3	-0.5	4.0
NDPS (RM)	0.43	0.45	0.47
BV/Share (RM)	7.50	7.70	7.98
NTA/Share (RM)	6.7	6.9	7.2
ROE (%)	9.8	9.4	9.5
PER (x)	9.1	9.1	8.7
P/BV (x)	0.87	0.85	0.82
Net Div. Yield (%)	6.6	6.8	7.2

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Results Highlights

	3Q FY25	2Q FY25	QoQ Chg	3Q FY24	YoY Chg	9M FY25	9M FY24	YoY Chg
FYE Dec (RM m)								
Net interest income	1,647	1,298	26.8%	1,140	44.5%	4,472	4,316	3.6%
Non-interest income	592	857	-30.9%	1,054	-43.8%	1,969	2,078	-5.2%
Total income	2,239	2,155	3.9%	2,194	2.0%	6,442	6,394	0.7%
Operating expenses	-1,038	-1,016	2.2%	-997	4.2%	-3,024	-2,943	2.8%
Pre-impairment profit	1,201	1,139	5.4%	1,197	0.3%	3,417	3,451	-1.0%
(Allowances)/ write-backs	-94	-115	-18.4%	-100	-5.6%	-309	-460	-32.8%
(Allowances)/ write-backs on other assets	87	26	236.8%	-2	N.M.	107	-1	N.M.
Operating profit	1,194	1,050	13.7%	1,096	8.9%	3,215	2,990	7.5%
Non-operating gains / (losses)	-8	-8	-5.5%	-7	3.7%	-24	-17	42.6%
Profit before tax	1,186	1,042	13.8%	1,088	9.0%	3,191	2,973	7.3%
Taxation	-280	-237	18.1%	-254	10.2%	-729	-684	6.5%
Minority interest	-2	-1	55.2%	-1	92.3%	-4	-3	51.1%
Net Profit	904	804	12.5%	833	8.5%	2,458	2,286	7.5%
Core Net Profit	904	804	12.5%	833	8.5%	2,458	2,286	7.5%
Gross loans	245,417	241,400	1.7%	227,520	7.9%	245,417	227,520	7.9%
Gross impaired loans	3,689	3,650	1.1%	4,022	-8.3%	3,689	4,022	-8.3%
Customer deposits	253,699	250,920	1.1%	238,317	6.5%	253,699	238,317	6.5%
Current and savings account (CASA)	74,771	71,094	5.2%	66,769	12.0%	74,771	66,769	12.0%
Total assets	358,240	353,596	1.3%	337,885	6.0%	358,240	337,885	6.0%
Shareholders' equity	33,640	33,378	0.8%	31,724	6.0%	33,640	31,724	6.0%
Est. annualised NIM	1.77%	1.81%		1.91%		1.80%	1.86%	
Cost-to-income ratio	46.4%	47.1%		45.4%		46.9%	46.0%	
Annualised credit cost (bps)	15.5	19.2		17.5		17.1	27.3	
Effective tax rate	23.6%	22.8%		23.3%		22.8%	23.0%	
Annualised ROA	1.0%	0.9%		1.0%		0.9%	0.9%	
Annualised ROE	10.8%	9.8%		10.5%		9.9%	9.7%	
Gross impaired loans ratio	1.50%	1.51%		1.77%		1.50%	1.77%	
Loan loss coverage ratio (LLC)	76.3%	77.5%		70.6%		76.3%	70.6%	
LLC plus regulatory reserves	126.8%	128.4%		115.6%		126.8%	115.6%	
Loan-to-deposit ratio	96.8%	96.3%		95.8%		96.8%	95.8%	
CASA-to-deposit ratio	29.5%	28.3%		28.0%		29.5%	28.0%	
CET-1 capital (Group level)	15.2%	16.0%		16.6%		15.2%	16.6%	

Source: Company, Kenanga Research

Management Guidance

	Progress27 Targets	FY25 Targets	FY24 Performance
Credit cost		15-20 bps	22 bps
NIM		1.80-1.83%	1.86%
Return on equity	>12%	10.4-10.8%	10.0%
			(adjusting for dividends)
Loans Growth		5.0-6.0%	6.9%
CASA composition		28-29%	27.6%
GIL ratio	<1.3%	1.40-1.50%	1.47%
CIR ratio	<44.8%	<47.5%	46.7%

Source: Company, 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)	Net Div Yld.
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
Affin Bank Bhd	MP	2.24	2.30	2.7%	5,675.8	N	12/2025	22.8	25.4	13.3%	11.6%	9.8	8.8	0.5	4.9%	6.0	2.7%
Alliance Bank Malaysia Bhd	MP	4.66	4.85	4.1%	8,062.8	N	03/2026	44.3	49.8	2.1%	12.3%	10.5	9.4	1.0	9.7%	18.0	3.9%
AMMB Holdings Bhd	OP	5.99	6.90	15.2%	19,814.2	N	03/2026	64.1	66.3	6.0%	3.4%	9.3	9.0	0.9	10.0%	31.5	5.3%
Bank Islam Malaysia Bhd	MP	2.26	2.40	6.2%	5,122.2	Y	12/2025	24.4	27.7	-3.2%	13.7%	9.3	8.1	0.7	7.1%	15.0	6.6%
CIMB Group Holdings Bhd	OP	7.48	7.90	5.6%	80,643.1	N	12/2025	74.7	77.3	3.3%	3.6%	10.0	9.7	1.1	11.2%	42.0	5.6%
Hong Leong Bank Bhd	OP	21.20	24.50	15.6%	45,955.6	N	06/2026	231.0	238.9	1.1%	3.4%	9.2	8.9	1.0	11.7%	105.0	5.0%
Malayan Banking Bhd	OP	9.98	11.30	13.2%	120,569.4	N	12/2025	82.3	86.0	-1.7%	4.6%	12.1	11.6	1.2	10.3%	62.0	6.2%
MBSB Bhd	MP	0.710	0.700	-1.4%	5,837.8	Y	12/2025	5.8	7.2	2.9%	23.4%	12.2	9.9	0.5	4.2%	4.6	6.5%
Public Bank Bhd	OP	4.35	5.25	20.7%	84,436.5	N	12/2025	37.0	38.1	0.6%	3.0%	11.7	11.4	1.4	12.3%	22.5	5.2%
RHB Bank Bhd	OP	6.99	7.80	11.6%	30,489.8	N	12/2025	71.8	74.1	-0.3%	3.1%	9.7	9.4	0.9	9.4%	44.5	6.4%
SECTOR AGGREGATE					406,607					1.0%	4.3%	10.9	10.4	1.1	10.2%		5.3%

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	2.40	MP	
CIMB Group Holdings Bhd	3.5	11.5	11.2	1.05	7.90	OP	+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	0.720	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	OP	

Source: Kenanga Research

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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KENANGA INVESTMENT BANK BERHAD (15678-H)
 Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
 Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

