

26 February 2026

# Alliance Bank Malaysia

## Some Good Notes

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ABMB's 9MFY26 net profit (+12% YoY) came in better than expected due to stronger investment returns. Approaching its final quarter, the group anticipates for margin pressures to remain elevated but this may be offset by a better outlook on asset quality. We anticipate for ROEs to remain stable at 10%. Maintain our MARKET PERFORM call and GGM-PBV TP of RM5.20.

**9MFY26 above expectations.** ABMB's 9MFY26 net profit of RM620.5m made up 81% of our full-year forecast but within consensus full-year estimate (78%). The positive deviation from our end was due to our overly conservative NOII assumptions, where the group reported stronger-than-expected treasury gains. No dividend was declared this quarter as the group typically pays on a bi-annual basis.

**YoY,** 9MFY26 net profit increased by 12% on the back of a stronger topline. Supported by an enlarged loans book (+8%), NII improved by 4% amid a 10 bps compression to NIMs at 2.36%. Meanwhile, NOII surged by 48% thanks to stronger treasury and investment income. CIR (46.7%) and credit cost (41 bps) remained largely stable.

**QoQ,** 3QFY26 net earnings gained 4%. The period saw a turnaround in NIMs (+2 bps) from a better funding mix while credit cost was also moderately softer at 31 bps (-5 bps) thanks to certain recoveries made.

**Highlights.** While the group maintained most of its FY26 headline targets, it lowered its NIM guidance to 2.34%–2.37% (from 2.37%–2.43%), reflecting persistent funding cost pressures and limited repricing opportunities during the seasonally festivities dense 4QFY26 period. That said, with its LDR at 96%, the need for additional funding could ease into the next financial year, potentially allowing for more favourable margin guidance ahead.

Meanwhile, ABMB has narrowed its credit cost guidance to 30–33 bps (from 30–35 bps), signalling greater confidence in the stability of its loan book. The group will continue to support its 8%–10% loan growth target by expanding its SME portfolio and increasing penetration beyond the Klang Valley.

**Forecasts.** We raise our FY26F earnings by 9% largely from higher assumptions from the group's NOII results while also fine-tuning our credit cost assumptions from 34 bps to 32 bps to match the updated guidance. Our FY27F earnings is only tweaked slightly from model updates.

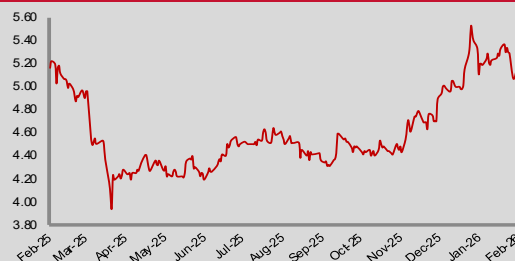
**Maintain MARKET PERFORM and TP of RM5.20.** Our TP is based on an unchanged GGM-derived PBV of 1.00x (COE: 10.0%, TG: 3.0%, ROE: 10%) against a CY26 BVPS of RM4.94. We also attach a 5% premium to our TP based on our 4-star ESG rating appraisal, warranted by the stock's strong sustainable financing pipeline and policies. As current price points had diluted ABMB's dividend yield potential to c.4% while ROEs are still expected to remain stable at 10% in the near-term, the group may appear less compelling in comparison to its large-cap counterparts.

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

## MARKET PERFORM ↔

Price : **RM5.16**  
Target Price : **RM5.20** ↔

### Share Price Performance



KLCI 1,747.81  
YTD KLCI chg 4.0%  
YTD stock price chg 2.2%

### Stock Information

Shariah Compliant	No
Bloomberg Ticker	ABMB MK Equity
Market Cap (RM m)	8,928.0
Shares Outstanding	1,730.2
52-week range (H)	5.53
52-week range (L)	3.94
3-mth avg daily vol	2,923,754
Free Float	61%
Beta	0.60

### Major Shareholders

Vertical Theme Sdn Bhd	29.1%
Employees Provident Fund	5.3%
Global Success Network	4.5%

### Summary Earnings Table

FY Mar (RM m)	2025A	2026F	2027F
Net interest Income	1,998	2,089	2,191
Non-interest Income	272	326	258
<b>Total Income</b>	<b>2,270</b>	<b>2,415</b>	<b>2,449</b>
Operating Expenses	-1,088	-1,099	-1,110
<b>Loan Impairment</b>	<b>-189</b>	<b>-207</b>	<b>-179</b>
Pre-tax Profit	993	1,108	1,160
<b>Net Profit</b>	<b>751</b>	<b>831</b>	<b>870</b>
<b>Core Net Profit</b>	<b>751</b>	<b>831</b>	<b>870</b>
Consensus NP	-	797	852
Earnings Revision (%)	-	+8.5	+1.0
Core EPS (RM)	0.43	0.48	0.50
EPS Growth (%)	8.7	10.7	4.6
NDPS (RM)	0.17	0.20	0.21
BV/Share (RM)	4.43	4.72	5.01
NTA/Share (RM)	4.13	4.42	4.71
ROE (%)	10.1	10.5	10.3
PER (x)	11.9	10.7	10.3
P/BV (x)	1.16	1.09	1.03
Net Div. Yield (%)	3.4	3.8	4.1

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## Results Highlights

	3Q	2Q	QoQ	3Q	YoY	9M	9M	YoY
FYE Mar (RM m)	FY26	FY26	Chg	FY25	Chg	FY26	FY25	Chg
Net interest income	524	510	2.8%	507	3.2%	1,547	1,485	4.1%
Non-interest income	108	117	-7.7%	54	100.2%	326	221	47.5%
<b>Total income</b>	<b>632</b>	<b>626</b>	<b>0.9%</b>	<b>561</b>	<b>12.5%</b>	<b>1,873</b>	<b>1,707</b>	<b>9.8%</b>
Operating expenses	-298	-299	-0.2%	-265	12.5%	-874	-798	9.6%
<b>Pre-impairment profit</b>	<b>333</b>	<b>328</b>	<b>1.8%</b>	<b>296</b>	<b>12.6%</b>	<b>999</b>	<b>909</b>	<b>9.9%</b>
(Allowances)/ write-backs	-50	-58	-12.7%	-38	31.0%	-198	-178	10.9%
(Allowances)/ write-backs on other assets	0	-1	-109.2%	0	-185.4%	-1	1	-203.5%
<b>Operating profit</b>	<b>283</b>	<b>269</b>	<b>5.3%</b>	<b>258</b>	<b>9.9%</b>	<b>800</b>	<b>731</b>	<b>9.5%</b>
Non-operating gains / (losses)	0	0	214.3%	0	83.3%	0	0	16.7%
<b>Profit before tax</b>	<b>283</b>	<b>269</b>	<b>5.3%</b>	<b>258</b>	<b>9.9%</b>	<b>800</b>	<b>731</b>	<b>9.5%</b>
Taxation	-68	-64	5.3%	-71	-4.7%	-181	-177	2.6%
Minority interest	0	0	N.M	0	N.M.	0	0	N.M
<b>Net Profit</b>	<b>215</b>	<b>207</b>	<b>4.2%</b>	<b>187</b>	<b>15.3%</b>	<b>620</b>	<b>553</b>	<b>12.2%</b>
<b>Core Net Profit</b>	<b>215</b>	<b>207</b>	<b>4.2%</b>	<b>187</b>	<b>15.3%</b>	<b>620</b>	<b>553</b>	<b>12.2%</b>
Gross loans	65,763	63,882	2.9%	60,956	7.9%	65,763	60,956	7.9%
Gross impaired loans	1,242	1,222	1.6%	1,203	3.3%	1,242	1,203	3.3%
Customer deposits	68,064	66,337	2.6%	61,659	10.4%	68,064	61,659	10.4%
Current and savings account (CASA)	25,870	25,962	-0.4%	24,285	6.5%	25,870	24,285	6.5%
Total assets	88,410	86,494	2.2%	81,405	8.6%	88,410	81,405	8.6%
Shareholders' equity	8,652	8,609	0.5%	7,423	16.6%	8,652	7,423	16.6%
Reported annualised NIM	2.34%	2.32%		2.58%		2.36%	2.46%	
Cost-to-income ratio	47.2%	47.7%		47.2%		46.7%	46.8%	
Annualised credit cost (bps)	31.0	36.4		25.6		41.2	40.6	
Effective tax rate	23.9%	23.9%		27.6%		22.6%	24.2%	
Annualised ROA	1.0%	1.0%		0.9%		1.0%	0.9%	
Annualised ROE	10.0%	10.1%		10.1%		10.1%	10.1%	
Gross impaired loans ratio	1.9%	1.9%		2.0%		1.9%	2.0%	
Loan loss coverage ratio (LLC)	109.0%	107.1%		103.6%		109.0%	103.6%	
LLC plus regulatory reserves	118.4%	116.7%		110.9%		118.4%	110.9%	
Loan-to-deposit ratio	96.0%	95.7%		98.6%		96.0%	98.6%	
CASA-to-deposit ratio	38.0%	39.1%		39.4%		38.0%	39.4%	
CET-1 capital (Group level)	13.1%	13.6%		12.4%		13.1%	12.4%	

Source: Company, Kenanga Research

## Management Guidance

	FY26 Targets	FY25 Performance
Gross loans growth	8%-10%	12.0%
NIM	<b>2.34%-2.37%</b> (from 2.37%-2.43%)	2.45%
Cost-to-income ratio	~48%	48.0%
Net credit cost	<b>30-33 bps</b> (from 30-35 bps)	32 bps
ROE	>10%	10.3%

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.
<b>Stocks Under Coverage</b>																	
Affin Bank Bhd	MP	2.71	2.50	-7.7%	6,866.7	N	12/2025	22.8	25.4	13.3%	11.6%	11.9	10.7	0.6	4.9%	6.0	2.2%
Alliance Bank Malaysia Bhd	MP	5.16	5.20	0.8%	8,928.0	N	03/2026	47.2	50.3	8.7%	6.5%	10.9	10.3	1.1	10.3%	19.0	3.7%
AMMB Holdings Bhd	OP	6.54	7.45	13.9%	21,629.9	N	03/2026	64.2	67.0	6.0%	4.5%	10.2	9.8	1.0	10.0%	34.0	5.2%
Bank Islam Malaysia Bhd	MP	2.52	2.55	1.2%	5,711.5	Y	12/2025	23.6	26.9	-6.4%	14.1%	10.7	9.4	0.7	6.9%	14.0	5.6%
CIMB Group Holdings Bhd	MP	8.47	8.45	-0.2%	91,447.7	N	12/2025	73.7	77.7	2.0%	5.3%	11.5	10.9	1.2	11.1%	49.0	5.8%
Hong Leong Bank Bhd	MP	24.04	25.95	7.9%	52,111.9	N	06/2026	231.0	238.9	1.1%	3.4%	10.4	10.1	1.2	11.7%	105.0	4.4%
Malayan Banking Bhd	OP	12.36	12.35	-0.1%	149,322.5	N	12/2025	84.4	86.6	0.8%	2.7%	14.7	14.3	1.5	10.6%	62.0	5.0%
MBSB Bhd	MP	0.775	0.750	-3.2%	6,372.3	Y	12/2025	5.8	7.2	2.9%	23.4%	13.3	10.8	0.6	4.2%	4.6	5.9%
Public Bank Bhd	OP	4.95	5.75	16.2%	96,082.9	N	12/2026	38.6	40.0	3.7%	3.6%	12.8	12.4	1.5	12.2%	23.5	4.7%
RHB Bank Bhd	MP	8.31	8.35	0.5%	36,247.5	N	12/2025	71.8	74.1	-0.3%	3.1%	11.6	11.2	1.1	9.4%	44.5	5.4%
<b>SECTOR AGGREGATE</b>					<b>474,721</b>					<b>2.1%</b>	<b>4.2%</b>	<b>12.5</b>	<b>12.0</b>	<b>1.3</b>	<b>10.3%</b>		<b>4.8%</b>

Name	Terminal growth (%)	Sustainable ROE (%)	Cost of Equity (%)	Applied PBV (x)	Target Price (RM)	Call	Remarks
Affin Bank Bhd	3.00	6.25	9.4	0.51	2.50	MP	
Alliance Bank Malaysia Bhd	3.00	10.0	10.0	1.00	5.20	MP	+5% ESG Premium
AMMB Holdings Bhd	3.00	10.0	9.4	1.10	7.45	OP	
Bank Islam Malaysia Bhd	3.50	8.0	9.7	0.73	2.55	MP	
CIMB Group Holdings Bhd	3.50	11.5	10.7	1.12	8.45	MP	+5% ESG Premium
Hong Leong Bank Bhd	-	-	-	-	25.95	MP	Sum-of-Parts
Malayan Banking Bhd	3.50	11.5	9.0	1.45	12.35	OP	
MBSB Bhd	3.00	6.0	8.7	0.53	0.75	MP	
Public Bank Bhd	4.00	13.0	9.4	1.68	5.75	OP	+5% ESG Premium
RHB Bank Bhd	2.50	10.0	9.7	1.05	8.35	MP	

Source: Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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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