03 August 2026

Malayan Banking

Tigers Hunt Better Alone

By Peter Kong, CFA / peterkong@kenanga.com.my

OUTPERFORM ↔

Price : **RM10.84**

Target Price : **RM12.30 ↔**

Via the RM4.83b acquisition of shares it did not own from JV partner AGEAS SA/NV in Maybank Ageas Holdings Bhd (MAHB), which houses insurance business in Malaysia and Singapore, Maybank will solely be in the driver's seat for its insurance business. It will seek to bolster its bancassurance and streamline its businesses in the region. We are overall neutral on this deal. While this move is mildly EPS and ROE accretive, it takes the gloss off slightly from Maybank's dividend appeal due to lowered bank CET1 and the need to draw on dividend reinvestment plan (DRP) in FY26 which could signal limited upside surprises in dividends in the near term. Stay OUTPERFORM with unchanged TP of RM12.30.

Within normal range. Acquisition of the 30.95% of MAHB that Maybank does not own, the RM4.83b transaction was conducted at 1.98x price to book, after considering a pre-completion dividend of RM552m. Excluding this adjustment on the book value, the acquisition multiple improves to c1.79x (exhibit 1). While the valuation breakdown by business (general vs. life) was not provided, we deem the valuation within historical norms (exhibit 5).

ROE accretive deal, with active capital management. Our own calculation using 2025 figures shows post-deal ROE improves by 20 bps for Maybank to 11.91% (exhibit 2), though this figure will be reduced to below 10 bps if we factored in DRP dilution. Still, there will be low hanging fruit for MAHB's ROE to rise from 12.3% in 2025 to the targeted mid-teens from optimizing its equity base as MAHB's hitherto payout ratio of 30-33% is seen to nudge up to 50-60%. Organically, Maybank foresees an annual growth in GWP of an expected 15% from 2025-2030, intended to outstrip the past 3-year CAGR of 9.2%.

Levers available… Post AGEAS, Maybank gains the full ability to implement a new incentive mechanism and bancassurance framework. It targets bancassurance to grow from 40% to 50% of its business; bancassurance and life insurance yields better margins. Anchoring this ambition are 10 million of Maybank's Malaysia and Singapore clients whom are not yet customers of ETIQA, and improved product holdings ratio for existing customers. Ex-MAHB, Maybank also has insurance business in exposures to Indonesia, the Philippines and Cambodia where it can further streamline. Being able to now maintain a single board across the entire insurance group is also on the cards.

…but at a cost to CET1 and cash yields. While funding of the deal only requires debt and internal funds, the regulatory capital burden of the enlarged stake in MAHB is felt via a 1.97% drag to CET1 ratio for this transaction (exhibit 3). This will be largely restored by an expected equity release via its insurance and takaful businesses of RM2.1b (via taking on debt in place of equity which it could then upstream) and RM552m of pre-completion dividends, and a one-off planned dividend reinvestment plan of RM1.13b. This DRP is estimated to be c.15% of dividends for 2026, implying that the cash component will edge closer to just below 5.0% yield, with the remainder electable for new shares (exhibit 4). Even so, after these moves, the bank-CET1 would be restored to 13.5%, still some 40 bps lower than originally 13.9%.

Forecasts. Unchanged pending completion of deal. At the onset, the deal is only expected to add c.1.7% to PATAMI.

Maintain OUTPERFORM and TP of RM12.30. Our TP is based on an unchanged GGM-derived PBV of 1.45x (COE: 9.0%, TG: 3.5%, ROE: 11.5%). In theory every 20 bps improvement in ROE could help nudge up our TP by some 30 sen but we will wait to assess more concrete details of the new bancassurance and incentives.

Share Price Performance

KLCI	1,725.73
YTD KLCI chg	2.7%
YTD stock price chg	3.4%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	MAY MK EQUITY
Market Cap (RM m)	131,116.2
Shares Outstanding	12,095.6
52-week range (H)	12.38
52-week range (L)	9.54
3-mth avg. daily vol.	12,295,972
Free Float	58%
Beta	0.91

Major Shareholders

Amanah Saham Nasional	33.7%
Employees Provident Fund	12.6%
Yayasan Pelaburan Bumiputra	6.4%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Net interest Income	21,810	21,564	22,552
Non-interest Income	9,020	9,047	9,181
Total Income	**30,830**	**30,611**	**31,732**
Operating Expenses	-14,839	-15,397	-15,858
Loan Impairment	**-1,409**	**-996**	**-1,253**
Pre-tax Profit	14,334	13,945	14,332
Net Profit	**10,514**	**10,523**	**10,815**
Core Net Profit	**10,514**	**10,523**	**10,815**
Consensus NP	-	11,022	11,522
Earnings Revision	-	-1.9%	-0.8%
Core EPS (RM)	0.87	0.87	0.90
EPS Growth (%)	4.2	0.1	2.8
NDPS (RM)	0.63	0.64	0.65
BV/share (RM)	7.75	8.48	8.56
NTA/share (RM)	7.2	7.9	8.0
ROE (%)	11.2	10.8	10.5
PER (x)	12.4	12.4	12.1
P/BV (x)	1.40	1.28	1.27
Net Div. Yield (%)	5.8	5.9	6.0

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

Exhibit 1: Calculation of Purchase Multiple

		With dividend	Without dividend
		RM m	RM m
a	Reported book value (Dec 2025)	8,700	8,700
b	less: pre-completion dividend	800	
c=a-b	Reported book value post dividend (Dec 2025)	7,900	8,700
d=cx30.95%	Reported book value (30.95% stake)	2,445	2,693
e	Purchase consideration	4,830	4,830
f=e/d	Multiple (x)	1.98	1.79

Source: Kenanga Research, MAYBANK

Exhibit 2: Calculation of Pre-and Post Deal ROE and EPS

ROE

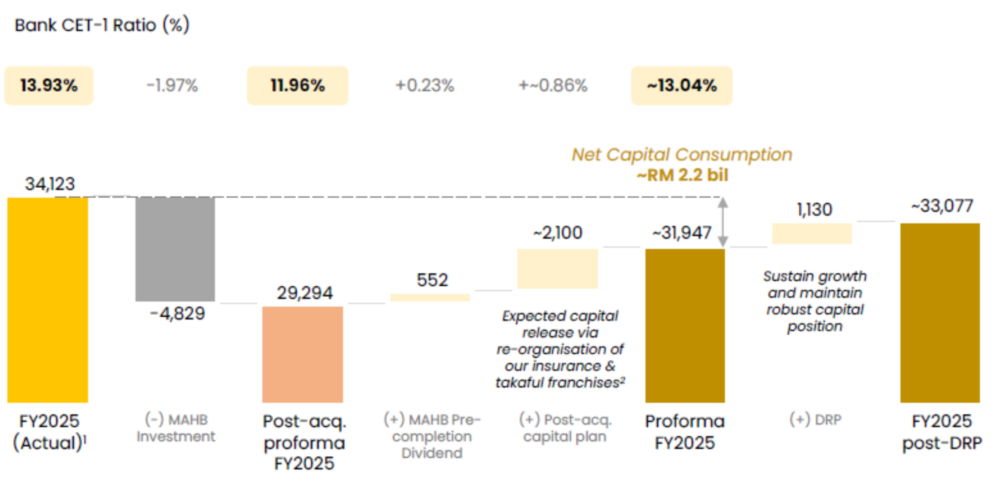
	a	b	c	d=a+b+c+d	e	f=e+d	g = f-a
	Group ROE (2025)	Additional MAHB stake	Interest cost	Total before DRP	Additional shares (DRP)	Total	ROE change
PATAMI (RM m)	10,514	316	-138	10,692		10,692	
Equity base (RM m)	89,784			89,784	1,130	90,914	
ROE (%)	11.71%			11.91%		11.76%	0.05%

EPS

	a	b	c	d=a+b+c+d	e	f=e+d	g = f-a
	Group EPS (2025)	Additional MAHB stake	Interest cost	Total before DRP	Additional shares (DRP)	Total	EPS change
PATAMI (RM m)	10,514	316	-138	10,692		10,692	
Weigthed avg shares (m)	12,078				105	12,183	
RM sen	87.05					87.76	0.71

*Source: Kenanga Research, MAYBANK *For the above DRP, we have not assumed that the additional shares generate more PATAMI.*

Exhibit 3: Proforma Bank Level CET-1 Capital



Source: Kenanga Research, MAYBANK

Exhibit 4: Calculation of Cash Dividend Component Yield

		RM m	Remarks
a	Total gross dividends (2026)	7,732	Kenanga estimate on 64 sen/share
b	Total shares reinvested (RM m)	1,130	Per Maybank
c	Reinvetsment rate	77.94%	On 2022 DRP (actual)
d=b/c	Total gross dividends electable for DRP	1,450	
e	Total cash dividends portion	6,282	
	Total cash dividends portion per share (RM)	0.52	On 12.08b shares
	Cash dividend portion yield	4.80%	Based on RM10.84

Source: Kenanga Research, MAYBANK

Exhibit 5: Past Transactions

General	Acquiror	Acquiree	Stake acquired (%)	Transaction (RM m)	Implied PB (x)
2010	ACE insurance	Jerneh Insurance	100	454	2.2
2010	MSIG Malaysia	Hong Leong Insurance	100	619	1.3
2010	Fairfax Asia	Pacific Insurance	100	201	1.7
2011	Sompo Japan	Berjaya Sompo	40	496	3.3
2012	AmG Insurance	Kurnia Insurance	100	1550	2.1
2012	Tokio Marine	MUI Continental	100	180	1.1
2012	Tune Insurance	Oriental Capital	83	153	1.2
2012	Sanlam Ltd	Pacific & Orient	49	270	2.5
2014	Sanlam Ltd	MCIS Zurich	51	388	1.7
2014	Lilberty Mutual Insurance	Uni Asia General	68	375	1.1
2015	Generali Asia	Multipurpose Insurance	49	356	2.5
2017	Affin Holdings	Axa Affin General	13	181	1.5
2021	Liberty	AmGeneral Insurance	100	2290	1.42
				Average	**1.82**

Life/composite	Acquiror	Acquiree	Stake acquired (%)	Transaction (RM m)	Implied PB (x)
2010	tsui Sumitomo Insurance Gro	Hong Leong Assurance	30	940	6.5
2011	Zurich Insurance Company	Malaysian Assurance Alliance	100	344	1.4
2012	AIA Group	ING Group NV	100	5300	2.2
2012	Metlife International Holdings	Amlife Insurance; AmFamily Takaful	50%+1 share	812	3
2013	Sun Life Financial Inc	CIMB Group and Aviva PLC	50	1800	3.2
2014	nce co (70%) & Bank Simpana	UniAsia Capital Sdn Bhd	100	518	1.4
2016	Zurich Insurance Company	MAA Takaful	100	525	4.8
				Average	**3.21**

Source: Kenanga Research, MAYBANK

Results Highlights

FYE Dec (RM m)	1Q FY26	4Q FY25	QoQ Chg	1Q FY25	YoY Chg	3M FY26	3M FY25	YoY Chg
Net interest income	5,454	5,780	-5.6%	5,287	3.2%	5,454	5,287	3.2%
Non-interest income	1,645	1,739	-5.4%	2,426	-32.2%	1,645	2,426	-32.2%
Total income	**7,100**	**7,519**	**-5.6%**	**7,712**	**-7.9%**	**7,100**	**7,712**	**-7.9%**
Operating expenses	-3,546	-3,658	-3.1%	-3,743	-5.3%	-3,546	-3,743	-5.3%
Pre-impairment profit	**3,554**	**3,861**	**-7.9%**	**3,969**	**-10.5%**	**3,554**	**3,969**	**-10.5%**
(Allowances)/ write-backs	-485	-9	5299.9%	-384	26.2%	-485	-384	26.2%
(Allowances)/ write-backs on other assets	-276	-175	57.1%	-42	552.9%	-276	-42	552.9%
Operating profit	**2,794**	**3,676**	**-24.0%**	**3,543**	**-21.1%**	**2,794**	**3,543**	**-21.1%**
Non-operating gains / (losses)	-58	87	-166.5%	51	-212.7%	-58	51	-212.7%
Profit before tax	**2,736**	**3,763**	**-27.3%**	**3,594**	**-23.9%**	**2,736**	**3,594**	**-23.9%**
Taxation	-743	-955	-22.3%	-951	-21.9%	-743	-951	-21.9%
Minority interest	-67	-91	-25.9%	-55	23.4%	-67	-55	23.4%
Net Profit	**2,481**	**2,676**	**-7.3%**	**2,589**	**-4.2%**	**2,481**	**2,589**	**-4.2%**
Core Net Profit	**2,481**	**2,676**	**-7.3%**	**2,589**	**-4.2%**	**2,481**	**2,589**	**-4.2%**
Gross loans	683,074	686,549	-0.5%	678,687	0.6%	683,074	678,687	0.6%
Gross impaired loans	9,195	8,810	4.4%	8,615	6.7%	9,195	8,615	6.7%
Customer deposits	687,086	698,210	-1.6%	714,584	-3.8%	687,086	714,584	-3.8%
Current and savings account (CASA)	267,775	267,912	-0.1%	247,426	8.2%	267,775	247,426	8.2%
Total assets	1,054,399	1,053,584	0.1%	1,082,609	-2.6%	1,054,399	1,082,609	-2.6%
Shareholders' equity	90,341	93,445	-3.3%	92,420	-2.2%	90,341	92,420	-2.2%
Reported annualised NIM	2.14%	2.09%		2.04%		2.14%	2.04%	
Cost-to-income ratio	49.9%	48.7%		48.5%		49.9%	48.5%	
Annualised credit cost (bps)	28.3	0.5		22.7		28.3	22.7	
Effective tax rate	27.1%	25.4%		26.5%		27.1%	26.5%	
Annualised ROA	0.9%	1.0%		1.0%		0.9%	1.0%	
Annualised ROE	10.8%	11.5%		11.1%		10.8%	11.1%	
Gross impaired loans ratio	1.35%	1.28%		1.27%		1.35%	1.27%	
Loan loss coverage ratio (LLC)	96.8%	98.3%		117.3%		96.8%	117.3%	
LLC plus regulatory reserves	119.6%	122.0%		149.5%		119.6%	149.5%	
Loan-to-deposit ratio	98.1%	97.0%		93.3%		98.1%	93.3%	
CASA-to-deposit ratio	39.0%	38.4%		34.6%		39.0%	34.6%	
CET-1 capital (Group level)	15.0%	15.1%		14.9%		15.0%	14.9%	

Source: Company, Kenanga Research

Management Guidance

	FY26 Targets	FY25 Performance
Loans growth	4%-5% **(on constant currency basis)**	+1.7%
Net interest margin	2.05%-2.10%	2.05%
Credit cost	~20 bps	8 bps
Cost-to-Income Ratio	<49%	48.8%
Return on Equity	>11.8%	11.3%

Source: Company, Kenanga Research

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	2.23	2.50	12.1%	5,856.9	N	12/2026	22.3	23.5	4.7%	5.1%	10.0	9.5	0.5	4.6%	9.0	4.0%
Alliance Bank Malaysia Bhd	MP	4.83	5.50	13.9%	8,357.0	N	03/2027	50.4	52.7	5.5%	4.5%	9.6	9.2	0.9	9.7%	20.0	4.1%
AMMB Holdings Bhd	OP	7.03	7.45	6.0%	23,292.0	N	03/2027	66.4	68.8	4.5%	3.6%	10.6	10.2	1.0	9.9%	38.0	5.4%
Bank Islam Malaysia Bhd	MP	2.13	2.05	-3.8%	4,827.6	Y	12/2026	24.1	26.5	-2.1%	10.2%	8.9	8.0	0.6	6.7%	14.5	6.8%
CIMB Group Holdings Bhd	OP	8.01	8.45	5.5%	86,581.9	N	12/2026	78.3	84.0	6.5%	7.3%	10.2	9.5	1.1	11.4%	50.0	6.2%
Hong Leong Bank Bhd	OP	22.10	25.80	16.7%	47,906.6	N	06/2026	220.3	234.5	-3.6%	6.4%	10.0	9.4	1.1	11.2%	105.0	4.8%
Malayan Banking Bhd	MP	10.84	12.30	13.5%	131,116.2	N	12/2026	87.3	89.7	0.1%	2.8%	12.4	12.1	1.3	10.8%	64.0	5.9%
MBSB Bhd	MP	0.630	0.600	-4.8%	5,180.1	Y	12/2026	3.7	5.8	-5.3%	57.5%	17.1	10.8	0.5	2.7%	3.0	4.8%
Public Bank Bhd	OP	5.20	5.95	14.4%	100,935.6	N	12/2026	38.7	40.1	4.0%	3.6%	13.4	13.0	1.6	12.3%	29.4	5.7%
RHB Bank Bhd	MP	8.66	8.40	-3.0%	37,800.0	N	12/2026	77.9	82.1	0.3%	5.4%	11.1	10.5	1.1	9.8%	47.0	5.4%
SECTOR AGGREGATE					**451,854**					**2.1%**	**5.2%**	**11.7**	**11.1**	**1.2**	**10.2%**		**5.3%**

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	5.50	OP	+5% ESG Premium
AMMB Holdings Bhd	3.00	10.2	9.4	1.15	7.75	OP	
Bank Islam Malaysia Bhd	3.50	7.5	9.7	0.57	2.05	MP	
CIMB Group Holdings Bhd	3.50	11.5	10.7	1.12	8.45	OP	+5% ESG Premium
Hong Leong Bank Bhd	-	-	-	-	25.80	OP	Sum-of-Parts
Malayan Banking Bhd	3.50	11.5	9.0	1.45	12.30	OP	
MBSB Bhd	3.00	6.0	8.7	0.53	0.730	OP	
Public Bank Bhd	4.00	13.5	9.4	1.78	5.95	OP	+5% ESG Premium
RHB Bank Bhd	2.50	10.0	9.7	1.05	8.40	MP	

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.***

Published by:

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