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Malayan Banking Berhad

TP: RM12.40 (+12.1%)

Last Traded: RM11.06

BUY (ESG: ★★★)

Maybank Launches ROAR30 Strategy Plan

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Maybank held an Investor Day to highlight its new 5-year strategy. Highlights from the ROAR30 briefing are as follows:

A Recap of the M25+ Strategy

To recap, Maybank launched its M25+ strategy in 2022, a refinement of the original M25 plan, with a sharper focus on accelerating capability building for sustainable long-term growth beyond 2025. M25+ was structured around five key strategic thrusts aimed at driving differentiation and long-term competitiveness. These include intensifying customer centricity, modernisation, strengthening Maybank's business presence and position beyond Malaysia, driving its leadership position in the sustainability agenda and becoming a global leader in Islamic Banking. Execution of the strategy was driven through 12 strategic programmes.

To support delivery, the group committed RM3.5–4.5bn in investments, with approximately 77% allocated to technology. By end-2025, Maybank expects to see an acceleration in time-to-market of solutions by ~2-4x, an increase in customer satisfaction by ~10-20%, a digital customer penetration rate of >80%, employee engagement of >90%, and Next-Gen employees comprising 25-30% of the workforce. Loan growth is expected to rise at a CAGR of ~7% and the cost-to-income ratio (CIR) of ~45% by 2025, leading to an ROE of 11-12%.

Encouraging M25+ Progress Although Several Metrics Tracking Behind Target

As of 3Q FY2025, execution progress has been encouraging. Group ROE for 9M FY2025 reached 11.5%, within the targeted range. The group also ranked #2 in global Sukuk leadership in 2025, registering 39% CAGR growth in Islamic wealth fees vs 24% overall wealth fee growth. Maybank also increased its mid-market portfolio to 14% of the Malaysian GB loan book from 12%, with deal count improving 29%. M25+ performance has also uplifted targeted business segments across cash management, global markets FX sales, investment banking and insurance.

Elsewhere, the group has mobilised some RM156.32bn in sustainable finance, significantly exceeding the original 2025 goal of RM80bn. In fact, Maybank has achieved all four sustainability commitments, leading to an MSCI ESG rating upgrade from AA to AAA. Digital customer penetration rose to 79%, close to the 80% target, alongside consistently strong customer satisfaction and employee engagement metrics.

In parallel, Maybank also focused on improving asset quality, demonstrated by a reduced credit charge-off to 11 bps for 9M FY25, low gross impaired loans of 1.32% vs 2.23% in 2020, and healthy loan loss coverage of more than 110%, supported by RM2.5bn in management overlays.

Share Information	
Bloomberg Code	MAY MK
Stock Code	1155
Listing	Main Market
Share Cap (mn)	12081.1
Market Cap (RMmn)	133,617.0
52-wk Hi/Lo (RM)	11.20/9.32
12-mth Avg Daily Vol ('000 shrs)	11,763.7
Estimated Free Float (%)	24.6
Beta	0.77

Major Shareholders (%)

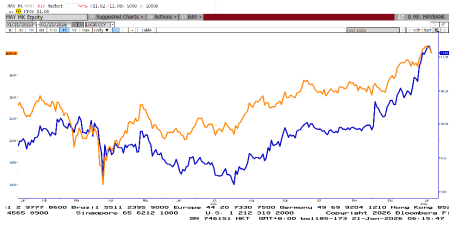
PNB - 33.6
EPF - 11.8
YPB - 6.4

Forecast Revision	FY25	FY26
Forecast Revision (%)	-	-
Net profit (RMmn)	10213.2	10683.3
Consensus	10421.0	10753.0
TA's / Consensus (%)	98.0	99.4
Previous recommendation	Buy (maintained)	
Consensus TP (RM)		11.17

Financial Indicators	FY25	FY26
ROE (%)	10.7	10.9
ROA (%)	0.9	0.9
CTI Ratio (%)	48.7	49.2
Gross NPL Ratio (%)	1.2	1.1
BV/ Share (RM)	8.0	8.3
Price/ BV (x)	1.4	1.3

Share Performance (%)		
Price Change	**MAY**	**FBM KLCI**
1 mth	5.5	1.1
3 mth	12.1	5.6
6 mth	21.4	12.3
12 mth	13.7	9.1

(12-Mth) **Share Price** relative to the **FBMKLCI**



Source: Bloomberg

However, there were also some areas that "tracked behind" several of its key financial and growth targets set under M25+. Cost efficiency remains the most visible shortfall. The CIR, which was targeted at approximately 45% by 2025, stood at 48.9% for 9M FY2025. Loan growth, which was guided at a CAGR of around 7%, registered only 2.6% on a YTD annualised basis as at 9M FY2025. Similarly, overseas income growth has materially lagged expectations, with actual growth of only 0.5% versus the targeted 7% CAGR for FY2022–FY2025.

ROAR30: From Capability Building to Growth Acceleration

While M25+ was largely about strengthening foundational capabilities, particularly in digitalisation, talent development, and operating platforms, ROAR30 marks a clear pivot towards "supercharging" growth. The new strategy is built around capturing four key ASEAN structural tailwinds i.e. rising regional wealth, improving intra-ASEAN trade flows, stronger foreign direct investment into the region, and accelerating global demand for Islamic finance.

Pillar 1: Purpose-Led Growth Anchored on Value-Based Offerings

Maybank's ROAR30 strategy is structured around three pillars. The first is anchored on a clear purpose of Humanising Financial Services through value-based offerings. The group aims to deliver superior customer experiences, create positive societal impact, and play a more meaningful role in powering the real economy. Customer experience targets include achieving the top Net Promoter Score (NPS) ranking in Malaysia and top-quartile positioning in Singapore and Indonesia.

On sustainability and community impact, Maybank has committed to mobilising RM300bn in sustainable finance by 2030, economically impacting three million lives, doubling social financing to RM24bn, and allocating RM100mn towards social empowerment initiatives. Maybank also plans to scale its support for the real economy, targeting SME financing of RM100bn by 2030 and a further RM100bn deployment into new-economy segments such as transition finance, the digital economy, infrastructure, technology, and semiconductors.

Pillar 2: Building Businesses at Scale Across ASEAN

The second pillar focuses on building scale and leadership across businesses where Maybank already has strong competitive positions to fully capitalise on ASEAN's rising prominence. These include Islamic Finance, Wealth Management, Transaction and Payments Banking, and Regional Corporate & Investment Banking. In Islamic Finance, the ambition is to further lift fee-based income, expand Islamic wealth management and Halal ecosystem offerings, and sustain global leadership in Sukuk issuance, with clear targets to rank among the top five global Islamic banks and top four Takaful providers by 2030.

Wealth Management is positioned as a key earnings accelerator, with aspirations to rank within the top five in ASEAN, deliver 20% annual wealth fee growth, and double profits over the next five years. In transaction and payments banking, Maybank aims to build a scalable regional platform across ASEAN, targeting a non-retail CASA ratio above 50%. At the same time, the group intends to defend and extend its leadership in capital markets, advisory, and loan syndication, with a goal of doubling fee income across both core and non-core markets.

Pillar 3: Strong Foundations to Sustain Long-Term Performance

Underpinning these ambitions is a Foundation pillar centred on people, technology, productivity, and capital discipline. Maybank plans to develop a future-ready, high-performing workforce, with 60% of employees classified as

"next-gen" by 2030, alongside higher revenue per staff and greater enterprise mobility.

Technology is a critical enabler, with RM10bn earmarked over the next five years, significantly higher than the RM3.5–4.5bn under M25+, to fund core system modernisation, data and AI capabilities, and digital asset platforms, while accelerating customer-centric innovation through platform consolidation. Finally, ROAR30 also places strong emphasis on disciplined productivity and capital allocation, with a clear focus on improving balance sheet efficiency, cost management, asset quality, and capital deployment, reinforcing long-term resilience and sustainable shareholder value creation.

Strategic Continuity Anchored on Core Strengths

Despite the evolution from M25+ to ROAR30, we note that several core elements remain firmly intact, underscoring strategic continuity. ROAR30 clearly builds on M25+'s ambition of establishing a values-driven platform, with regional connectivity continuing to sit at the heart of the group's strategy. This reflects Maybank's intent to fully leverage its ASEAN footprint to capture intra-regional trade, investment, and wealth flows.

Sustainability also remains a central pillar, with ROAR30 embedding values-based offerings as a unifying theme that extends M25+'s aspiration to be a regional ESG leader. Workforce transformation is another shared cornerstone, as the blend of human expertise with digital and analytical capabilities carries forward into ROAR30, alongside a renewed focus on building a high-performing, future-ready organisation. Core business priorities are similarly unchanged, with Wealth Management, Islamic Finance, and SME and Corporate banking continuing to anchor the group's growth agenda.

Step-Up in Financial Ambition Under ROAR30

That said, the shift from M25+ to ROAR30 represents a clear step-up in ambition. With the strategic horizon extended to 2030, ROAR30 places stronger emphasis on scaling the franchise, deepening regional relevance, and embedding long-term sustainability into the business model. This is reflected in more demanding financial targets, including a higher aspirational ROE of 13–14%, underpinned by an operating income CAGR of 5–6% and a core fee income CAGR of 6–7%.

Balance sheet and funding discipline are also a priority, with targets to lift the CASA ratio to above 41% (from around 39%), sustain Net Interest Margin above 2.05%, and proactively manage credit portfolios to maintain a stable net credit cost of around 20 bps. On the cost front, Maybank is targeting a CIR below 47% by 2030, to be achieved through a combination of continued technology investment and cost optimisation levers such as productivity improvements, process re-engineering, attrition management, strategic procurement, and network optimisation. Overall cost growth is expected to remain in the mid-single-digit range.

Figure 1: Key Financial Metrics

	9M 2025	2025 Guidance	2030 Target
Return on Equity	11.50%	>11.3%	13-14%
Net Interest Margin	2.03%	2.03%	>2.05%
Cost-to-Income Ratio	48.90%	<49%	<47%
CASA Ratio	39.90%	38-39%	>41%
Net Credit Cost	11 bps	<20 bps	~20 bps

Source: Maybank, TA Securities

Financial Targets Broadly Achievable

We believe Maybank's 2030 financial targets are broadly achievable, though execution remains a meaningful risk. The group has already demonstrated its ability to lift ROE from 9.8% in 2021 towards the 11–12% range targeted for 2025, lending credibility to the longer-term aspiration of 13–14% by 2030. This is further supported by Maybank's scale, strong domestic franchises, and strategic focus on higher-return, fee-driven businesses such as wealth management, Islamic finance, transaction banking, and corporate and investment banking. That said, delivery will be predicated on a sustained regional recovery, as balance sheet expansion and fee growth are closely tied to ASEAN's growth dynamics. For efficiency, the higher CIR tolerance reflects a more realistic acknowledgement of elevated technology investment requirements under ROAR30.

Valuation and Recommendation

We maintain our earnings estimates at this juncture. However, following an adjustment to our risk-free rate assumption to 3.5%, we raise Maybank's target price to RM12.40 (from RM11.40). Our valuation is derived using the Gordon Growth Model, implying a PBV of approximately 1.45x. We reiterate our Buy recommendation on Maybank.

Key downside risks include geopolitical uncertainties, intensifying competition, and evolving customer behaviour, all of which could weigh on growth momentum and execution outcomes.

Financial Summary (RMmn)

Income Statement

FYE 31 Dec (RMmn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	30,231	32,770	32,534	33,566	35,076
Interest expense	-17,439	-19,962	-19,551	-20,315	-21,302
Net interest income	**12,792**	**12,807**	**12,983**	**13,250**	**13,774**
Islamic banking income	7,577	8,346	8,847	9,378	9,941
Total non-interest income	6,992	8,419	8,945	9,603	10,399
Total income	**27,361**	**29,573**	**30,775**	**32,231**	**34,113**
Overhead expenses	-13,389	-14,460	-15,328	-16,248	-17,222
Operating profit	13,972	15,112	15,447	15,983	16,891
Loan loss provisioning	-1,681	-1,647	-1,719	-1,663	-1,763
Associates contributions	240	236	260	286	315
Profit before tax	**12,532**	**13,702**	**13,988**	**14,607**	**15,442**
Taxation	-2,917	-3,195	-3,357	-3,506	-3,706
Minority interests	-265	-418	-418	-418	-418
Net profit	**9,350**	**10,089**	**10,213**	**10,683**	**11,318**

Balance Sheet Statement

FYE 31 Dec (RMmn)	FY23	FY24	FY25E	FY26E	FY27E
Cash and short-term funds	28,904	40,523	35,925	39,722	43,748
Deposit with FIs	13,472	22,275	22,275	22,275	22,275
Marketable securities	283,260	270,394	270,394	270,394	270,394
Total current assets	**325,636**	**333,191**	**328,594**	**332,391**	**336,417**
Net loans and advances	630,422	664,774	687,952	716,650	753,308
Fixed assets	3,329	3,322	3,322	3,322	3,322
Takaful Fund assets	5,822	5,985	6,285	6,599	6,929
Other long-term assets	62,466	68,050	83,380	85,563	88,162
Total assets	**1,027,675**	**1,075,322**	**1,109,533**	**1,144,524**	**1,188,137**
Customer deposits	670,359	712,915	738,226	771,753	814,522
Deposits from other FIs	71,152	76,033	78,732	82,308	86,870
Repurchase securities	38,073	32,832	33,488	34,158	34,841
Bills and acceptances	1,133	1,215	1,215	1,215	1,215
Borrowings	104,811	109,018	110,943	104,069	94,935
Liabilities to policyholders	44,498	46,102	46,563	47,029	47,499
Total liabilities	**930,026**	**978,115**	**1,009,168**	**1,040,532**	**1,079,882**
Minority interest	3,007	3,237	3,654	4,072	4,490
Shareholders' funds	**94,642**	**93,971**	**96,710**	**99,920**	**103,765**
Total liabilities + Equity	**1,027,675**	**1,075,322**	**1,109,533**	**1,144,524**	**1,188,137**

Key Financial Ratios and Margins

FYE 31 Dec (RMmn)	FY23	FY24	FY25E	FY26E	FY27E
Return and efficiency					
ROE (%)	10.4%	10.7%	10.7%	10.9%	11.1%
ROA (%)	0.9%	1.0%	0.9%	0.9%	1.0%
Net interest margin (%)	1.4%	1.3%	1.3%	1.3%	1.3%
Int income/total income (%)	46.8%	43.3%	42.2%	41.1%	40.4%
Non-interest/total income (%)	29.2%	30.7%	31.4%	32.2%	33.0%
Cost-to-income (%)	47.2%	47.9%	48.7%	49.2%	49.2%
Balance sheet					
Loans growth (%)	9.4%	5.3%	3.5%	4.1%	5.1%
Gross Impaired Loans ratio (%)	1.3%	1.2%	1.2%	1.1%	1.1%
Net Impaired Loans ratio (%)	0.6%	0.5%	0.5%	0.5%	0.4%
Collective Allowance ratio (%)	0.8%	0.8%	0.8%	0.8%	0.8%
Deposit growth (%)	9.0%	6.3%	3.6%	4.5%	5.5%
LD ratio (%)	95.6%	94.7%	94.6%	94.3%	93.9%
Investment statistics					
PER (x)	14.3	13.2	13.1	12.5	11.8
PBT growth rate (%)	5.6%	9.3%	2.1%	4.4%	5.7%
EPS (sen)	77.4	83.5	84.5	88.4	93.7
EPS growth rate (%)	17.5%	7.9%	1.2%	4.6%	5.9%
BV per share (RM)	7.9	7.8	8.0	8.3	8.6
PBV (x)	1.40	1.42	1.38	1.33	1.28
DPS (sen)	60.0	61.0	62.0	62.0	62.0
Dividend yield (%)	5.4%	5.5%	5.6%	5.6%	5.6%

PBT Breakdown - By Geographical Segment

FYE 31 Dec	FY21	FY22	FY23	FY24	YTD FY25
Malaysia	80%	79%	71%	71%	73%
Singapore	16%	14%	19%	22%	19%
Indonesia	4%	6%	6%	3%	3%
Others	0%	1%	5%	4%	5%

Loan Breakdown - By Geographical Segment

FYE 31 Dec	FY21	FY22	FY23	FY24	YTD FY25
Malaysia	61%	62%	60%	62%	64%
Singapore	25%	25%	27%	26%	26%
Indonesia	6%	5%	6%	5%	5%
Others	8%	8%	7%	6%	5%

Sector Recommendation Guideline

OVERWEIGHT: The total return of the sector, as per our coverage universe, exceeds 12%.

NEUTRAL: The total return of the sector, as per our coverage universe, is within the range of 7% to12%.

UNDERWEIGHT: The total return of the sector, as per our coverage universe, is lower than 7%.

Stock Recommendation Guideline

BUY : Total return of the stock exceeds 12%.
HOLD : Total return of the stock is within the range of 7% to12%.
SELL : Total return of the stock is lower than 7%.
Not Rated: The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★	★★★	★★★	★★★
Remark	Maybank has pledged to achieve carbon neutrality for scope 1 and 2 emissions by 2030 and net zero carbon equivalent by 2050. Signed an agreement with TNBX Sdn Bhd to purchase Malaysia Renewable Energy Certificates (mREC) equivalent to 70% of its Scope 2 emissions from Malaysian activities. In addition, a baseline for Scope 3-financed emissions and a transition strategy has been defined. Maybank has pledged to allocate RM50bn in sustainable financing by 2025. Maybank facilitated 29 sustainability-related transactions for corporate clients, mainly in Malaysia, Singapore, and Greater China.	Contributed RM46.6mn to various community activities, thereby enhancing the lives of 502,759 households throughout ASEAN by means of financial services and community programmes. Donated RM14mn to MERCY Malaysia in 2021 in reaction to the COVID-19 comeback to boost Malaysia's healthcare system. The Maybank Women Eco-Weavers initiative has invested over RM11.4mn and trained 1,133 weavers. Provides funding to the low-income population. In 2021, more than RM2.3bn in mortgage finance will be issued for over 9,000 qualified households. In terms of diversity, women's representation as of 31 December 2021 includes 31% on the Board of Directors, 48% in Top Management, 41% in Senior Management and 48% at the Management level.	Recent downgrade in G score. Elsewhere, Maybank's board composition is well represented, with 75% independent directors.	

★★★★★	**(≥80%)** : Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions.	+5% premium to target price
★★★★	**(60-79%)** : Above adequate integration of ESG factors into most aspects of operations, management and future directions.	+3% premium to target price
★★★	**(40-59%)** : Adequate integration of ESG factors into operations, management and future directions.	No changes to target price
★★	**(20-39%)** : Have some integration of ESG factors in operations and management but are insufficient.	-3% discount to target price
★	**(<20%)** : Minimal or no integration of ESG factors in operations and management.	-5% discount to target price

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As of Wednesday, January 21, 2026, the analyst, Wong Li Hsia, who prepared this report, has interest in the following securities covered in this report:
(a) nil

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