100-billion-ringgit banking giant

BY CINDY YEAP

When The Edge launched the Billion Ringgit Club in 2010, the purpose was to recognise the best performing companies and also to make others aspire to reach the RM1 billion market capitalisation mark.

At the time, there were 163 companies above the RM1 billion market cap with a combined market cap of RM915.6 billion. Collectively, the 163 BRC members had RM539.3 billion in revenue and RM267.6 billion in profit before tax. The bellwether FBM KLCI was at 1,319.21 points back then.

Eight years on, as at Aug 24, the local benchmark was about 35% higher at 1,775.5 points but off its high of 1,892.65 points reached on July 6, 2014. Nonetheless, the combined market cap of BRC members is at an all-time high of RM1.59 trillion, up nearly 74% from when the BRC awards began.

The introduction of two new categories—Super Big Cap (RM10 billion and above market cap) and Big Cap (RM1 billion to RM40 billion market cap)—last year was to inspire members to reach new heights. There were only nine companies with about RM40 billion market cap here at the time of writing.

This year, The Edge BRC has a new benchmark, thanks to Malayan Banking Bhd.

As at March 31, 2010, Maybank was already the largest listed company on Bursa Malaysia with a market cap of RM52.87 billion. On June 7 this year, it crossed the RM100 billion market cap mark and achieved RM103.56 billion on Aug 9, its largest to date.

While Maybank’s market cap has retraced to RM101.83 billion at the time of writing (Aug 24), it was still at least RM40 billion larger than that of the second and third largest listed companies on Bursa: Tenaga Nasional Bhd (RM80.58 billion) and Public Bank Bhd (RM79.47 billion).

Maybank’s market cap was also larger than that of CIMB Group Holdings Bhd (RM51.1 billion) and RHB Bank Bhd (RM31.57 billion) put together. Judging by the 10 “buy” calls Versus 11 “holds” and two “sell” and target prices as high as RM1.62, there is a good chance of MayBank soaring yet another 15% this year.

What investors are probably most interested in is how its controlling shareholder, Perusahaan Nasional Bhd (PNB), plans to turn 20% of Maybank’s shares into Islamic i-shares—a move that would create RM20 billion worth of shariah-compliant assets in the financial sector for which institutions such as PNB and the Employees Provident Fund have an increasing appetite. That is double the market cap of the two existing large shariah-compliant finance banks here: BIMB Holdings Bhd (RM7.1 billion) and Syarikat Takaful Malaysia Bhd (RM3.3 billion).

It remains to be seen if Maybank will make history yet again as the first company to introduce the potential RM20 billion worth of shariah-compliant i-shares through a ring-fence structure, which would likely be replicated in other financial institutions if PNB succeeds in introducing it at Maybank.

Whatever the case, Maybank deserves a pat on the back for how far it has come. Already, it is the fourth largest bank in ASEAN by assets and the fifth largest Islamic bank in the world. “Maybank’s outstanding achievement inspires others to scale the RM100 billion mark,” says The Edge Media Group publisher and group CEO Ho Kay Tat.