Corporate Update

AMMB Holdings Berhad

(1015 | AMM MK) Main | Financial Services

ESG 4 Stars

FTSE4Good

Maintain **NEUTRAL**

Revised Target Price **RM5.60** (from RM5.18)

3QFY25 Results Review
Performance Priced In

Maintain NEUTRAL. AMMB saw steady performance in 3QFY25. NIM improvements and steady gross loans were key drivers. We expect that this momentum will carry through to the coming quarters, with slight concern on rise in OPEX. Nevertheless, we believe that this have been fully priced in. Hence, we maintain our **NEUTRAL** call with a **revised TP of RM5.60** (from RM5.18) due slight tweak in our earnings forecast and pegging it to a slightly higher PBV of 0.86x (previously 0.8x) to reflect the improved performance.

Slightly above expectation. 9MFY25's core net profit (NP) of RM1,487m was slightly above our expectation at 82% of our full year forecast but within streets at 80%. We had underestimated its NIMs improvement.

9MFY25's Core NP of RM1,487m up by +9%yoy. Main contributor was lower provisions which fell -74%yoy to RM168m. Meanwhile, at the PPOP level, it grew +3.5%yoy due to NIM expansion of +15bps to 1.94 and solid gross loans growth. Meanwhile, 3QFY25's core NP was lower by -3%qoq due to higher OPEX which increased by +7.7%qoq. This was moderated by the lower provisions.

Gross loans grew by +1.9%qoq, coming up to +2.2%YTD. Gross loans saw some good momentum this quarter led by business banking loans which grew +10%YTD. This segment now makes up 35% of its loans book. There was also a slight increase in mortgages which rose +2%YTD. This was moderated by lower auto financing (-11%YTD), personal financing (-13%YTD) and investment banking (-19%YTD). Of these however, auto financing is the most prominent with 9% contribution to its loans book.

NII improved, lifted by NIM expansion. NIM expanded by +15bps yoy to 1.94% in 9MFY25 and 3QFY25 NIM was flat at 1.96%. The improvement was due to COF optimisation through liability management (more debt market funding, revamping deposit composition etc.).

Deposits grew by +1.5%qoq, fell by -2.8%YTD. This was contributed by lower CASA (-15%YTD to RM44.6b).

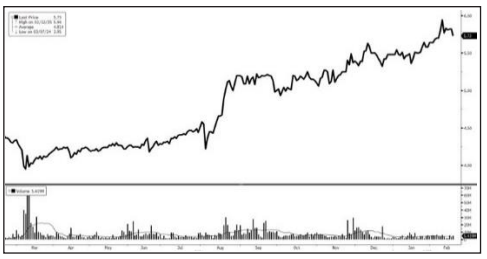
GIL ratio unchanged quarter-on-quarter at 1.67%. However, there was a slight increase by 7bps from business and wholesale banking segment. LLC currently at 85%.

Higher expenses. OPEX increased by +6.5%yoy in 9MFY25. This was due to higher personnel cost, computerisation cost and professional fees. We opine that this seems manageable for now due to the higher income but need to be monitored in the future.

Tweak in earnings estimates. We are tweaking our FY25 and FY26 earnings estimates upward by 4.8% and 4.3% respectively.

RETURN STATISTICS	
Price @ 20th Feb 2025 (RM)	5.73
Expected share price return (%)	-2.3
Expected dividend yield (%)	+4.7
Expected total return (%)	+2.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	4.2	4.4
3months	4.6	9.9
12 months	29.9	27.9

INVESTMENT STATISTICS

FYE Mar	2025F	2026F	2027F
Core NP (RM m)	1,912	1,989	1,993
CNP growth (%)	12	4	0
Div yield (%)	4.0	4.7	4.7
Gross DPS (sen)	23.1	27.1	27.2
P/BV (x)	0.9	0.9	0.8
BVPS (RM)	6.2	6.5	6.8
ROE (%)	9.6	9.5	9.0

KEY STATISTICS

FBM KLCI	1,577.67
Issue shares (m)	3299.84
Estimated free float (%)	77.35
Market Capitalisation (RM'm)	18,950.64
52-wk price range	RM3.92 - RM5.94
3-mth average daily volume (m)	6.20
3-mth average daily value (RM'm)	33.91
Top Shareholders (%)	
EPF	13.30
Clear Goal Sdn Bhd	9.10
ASN	8.40

Analyst

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3QFY25 RESULTS SUMMARY

FYE Mar (RM m)	3Q FY25	2Q FY25	3Q FY24	Yoy (%)	Qoq (%)	9M FY25	9M FY24	Yoy (%)
Net interest inc.	604	599	537	*12.4*	*0.8*	1,774	1,618	*9.6*
Islamic banking inc.	259	428	286	*-9.5*	*-39.5*	990	960	*3.1*
Non-interest inc.	358	185	343	*4.4*	*93.4*	815	835	*-2.4*
Net income	**1,221**	**1,212**	**1,166**	***4.7***	***0.8***	**3,579**	**3,413**	***4.9***
OPEX	(571)	(530)	(522)	*9.4*	*7.7*	(1,621)	(1,522)	*6.5*
PPOP	**650**	**682**	**645**	***0.8***	***-4.7***	**1,957**	**1,891**	***3.5***
Loan provisions	(36)	(96)	(435)	*-91.8*	*-62.8*	(168)	(657)	*-74.4*
Other provisions	(2)	51	(192)	*-98.8*	*-104.4*	73	(173)	*-142.2*
JV & Associates	20	17	(15)	*-231.3*	*18.2*	69	13	*439.3*
PBT	**632**	**654**	**3**	***>100***	***-3.3***	**1,931**	**1,073**	***79.9***
Tax	(145)	(153)	540	*-127.0*	*-4.8*	(444)	291	*-252.3*
Discontinued ops	-	-	-	*n.m.*	*n.m.*	-	51	*n.m.*
NCI	-	-	-	*n.m.*	*n.m.*	0	(25)	*n.m.*
Reported NP	**486**	**501**	**543**	***-10.3***	***-2.8***	**1,487**	**1,391**	***6.9***
Core NP	**486**	**501**	**543**	***-10.3***	***-2.9***	**1,487**	**1,365**	***9.0***
Total NII*	913	901	827	*10.4*	*1.3*	2,675	2,482	*7.8*
Total NOII*	328	327	325	*0.9*	*0.3*	973	945	*3.0*
Gross DPS (sen)	**-**	**10.3**	**-**	***n.m.***	***n.m.***	**10.3**	**6.0**	***n.m.***
Core EPS (sen)	14.7	15.1	16.4	*-10.3*	*-2.9*	45.0	41.3	*9.0*
Gross loans	137,059	134,491	131,329	*4.4*	*1.9*			
Gross impaired loans	2,284	2,239	2,103	*8.6*	*2.0*			
Customer deposits	138,416	136,314	135,924	*1.8*	*1.5*			
CASA	44,623	46,070	45,804	*-2.6*	*-3.1*			

**Contains contributions from JV & Associates*

Ratios (%)	3Q FY25	2Q FY25	3Q FY24	Yoy (ppts)	Qoq (ppts)	9M FY25	9M FY24	Yoy (ppts)
ROE (Ann.)	**9.7**	**10.0**	**11.3**	***-1.6***	***-0.3***	**9.9**	**9.5**	***0.4***
NIM (Reported)	**1.96**	**1.96**	**1.79**	***0.17***	***0.00***	**1.94**	**1.79**	***0.15***
NOII/Net income	26.4	26.6	28.2	*-1.8*	*-0.2*	26.7	27.6	*-0.9*
Cost/Income	46.8	43.7	44.7	*2.0*	*3.0*	45.3	44.6	*0.7*
NCC (Ann.) (bps)	11	29	135	*-125*	*-18*	17	68	*-51*
GIL ratio	1.67	1.67	1.60	*0.07*	*0.00*			
Loan loss coverage	85	87	102	*-17*	*-1*			
CASA ratio	32.2	33.8	33.7	*-1.5*	*-1.6*			
L/D ratio	97.6	97.2	95.0	*2.6*	*0.4*			
CET-1	13.0	13.3	13.4	*-0.3*	*-0.3*			

Source: Company, MIDFR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Net interest income	**2,281**	**2,137**	**2,585**	**2,675**	**2,732**
Islamic banking inc.	1,301	1,316	1,218	1,260	1,287
Other operating inc.	956	1,103	1,080	1,199	1,285
Net income	**4,538**	**4,555**	**4,883**	**5,134**	**5,303**
OPEX	(1,999)	(2,052)	(2,173)	(2,284)	(2,360)
PPOP	**2,539**	**2,504**	**2,710**	**2,849**	**2,943**
Loan allowances	(422)	(696)	(276)	(320)	(414)
Other allowances	68	(153)	5	9	12
JV & Associates	44	40	43	46	47
PBT	**2,229**	**1,694**	**2,483**	**2,584**	**2,588**
Tax & zakat	(513)	148	(571)	(594)	(595)
NCI	59	(25)	-	-	-
Discontinued ops	(66)	51	-	-	-
Reported NP	**1,709**	**1,868**	**1,912**	**1,989**	**1,993**
Core NP	**1,709**	**1,707**	**1,912**	**1,989**	**1,993**
Total NII	3,498	3,304	3,693	3,821	3,903
Total NOII	1,083	1,291	1,190	1,313	1,401

BALANCE SHEET

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash & ST funds	8,699	6,493	9,125	9,345	9,450
Investment securities	51,851	47,717	44,246	41,161	38,425
Net loans	128,243	132,102	139,102	146,902	154,981
Other IEAs	0	0	0	0	0
Non-IEAs	8,639	10,452	10,297	12,136	15,467
Total assets	**197,432**	**196,764**	**202,770**	**209,543**	**218,323**
Customer deposits	130,315	142,381	150,212	159,225	168,778
Other IBLs	34,513	22,089	20,706	18,912	17,913
Non-IBLs	14,577	12,851	11,354	9,882	9,068
Total liabilities	**179,405**	**177,322**	**182,272**	**188,019**	**195,759**
Share capital	6,376	6,376	6,376	6,376	6,376
Reserves	11,650	13,065	14,122	15,148	16,188
Shareholders' funds	**18,026**	**19,441**	**20,498**	**21,525**	**22,564**
NCI	1	1	0	0	0
Total equity	**18,027**	**19,442**	**20,498**	**21,525**	**22,564**
Total L&E	**197,432**	**196,764**	**202,770**	**209,543**	**218,323**
Total IEAs	188,792	186,312	192,473	197,408	202,856
Total IBLs	164,828	164,471	170,919	178,137	186,691
Gross loans	130,227	134,130	141,507	149,290	157,501
CASA	48,800	52,767	54,076	57,321	60,760

FINANCIAL RATIOS

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Interest (%)					
NIM	1.96	1.76	1.95	1.96	1.95
Return on IEAs	2.79	3.24	3.06	3.12	3.06
Cost of funds	1.76	2.39	1.92	1.95	1.86
Net interest spread	1.03	0.85	1.15	1.17	1.20
Profitability (%)					
ROE	**9.8**	**9.1**	**9.6**	**9.5**	**9.0**
ROA	0.9	0.9	1.0	1.0	0.9
NOII/Net income	22.9	27.5	24.4	25.6	26.4
Effective tax rate	23.0	-8.8	23.0	23.0	23.0
Cost/Income	44.0	45.0	44.5	44.5	44.5
Liquidity (%)					
Loan/Deposit	98.4	92.8	92.6	92.3	91.8
CASA ratio	37.4	37.1	36.0	36.0	36.0
Asset Quality (%)					
GIL ratio	1.46	1.67	1.70	1.60	1.60
LLC ratio	105	91	100	100	100
LLC (w. reserves)	116	102	108	108	108
Net CC (bps)	34	53	20	22	27
Capital (%)					
CET 1	12.4	13.0	13.7	13.6	13.5
Tier 1 capital	12.4	13.0	13.7	13.6	13.5
Total capital	15.8	16.3	16.9	16.8	16.7
Growth (%)					
Total NII	16.1	-5.5	11.8	3.5	2.1
Total NOII	14.0	19.2	-7.8	10.3	6.7
Net income	11.9	0.4	7.2	5.1	3.3
OPEX	11.7	2.6	5.9	5.1	3.3
Core NP	13.7	-0.1	12.0	4.0	0.2
Gross loans	8.5	3.0	5.5	5.5	5.5
Customer deposits	6.3	9.3	5.5	6.0	6.0
CASA	13.2	8.1	2.5	6.0	6.0
Valuation metrics					
Core EPS (sen)	51.7	51.6	57.8	60.2	60.3
Gross DPS (sen)	18.3	22.6	23.1	27.1	27.2
Div payout (%)	35	44	40	45	45
BVPS (RM)	5.5	5.9	6.2	6.5	6.8
Core P/E (x)	11.1	11.1	9.9	9.5	9.5
Div yield (%)	**3.2**	**3.9**	**4.0**	**4.7**	**4.7**
P/BV (x)	1.1	1.0	0.9	0.9	0.8

Source: Bloomberg, MIDFR

Income Statement	Balance Sheet	Valuations & Sector
Core NP – Core Net Profit	LCR – Liquidity Coverage ratio	ROE – Return on Equity
PPOP – Pre-Provisioning Operating Profit	L/D ratio – Loan/Deposit ratio	GGM – Gordon Growth Model
NII – Net Interest Income	CASA – Current & Savings accounts	P/BV – Price to Book Value
NIM – Net Interest Margin	FD – Fixed Deposits	BVPS – Book Value per Share
COF – Cost of Funds	GIL – Gross Impaired Loans	BNM – Bank Negara Malaysia
NOII – Non-Interest Income	NIL – Net Impaired Loans	OPR – Overnight Policy Rate
MTM – Mark to Market	LLC – Loan Loss Coverage	SRR – Statutory Reserve Requirement
CIR – Cost to Income Ratio	NCC – Net Credit Costs	SBR – Standardised Base Rate
OPEX – Operational Expenses	GCC – Gross Credit Costs	ALR – Average Lending Rate
	CET 1 – Common Equity Tier 1	

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology