Corporate Update

AMMB Holdings Berhad

(1015 | AMM MK) Main | Financial Services

FTSE4Good ESG 4 Stars

Maintain **NEUTRAL**

Revised Target Price **RM5.30** (from RM5.33)

4QFY25 Results Review
ROE to be Maintained

To Conclude	**Solid set of earnings, as forecasted.** **Management's tone: Neutral.** **Expect: Recoveries from a large corporate O&G exposure to act as a wildcard on this year's prospects.**
Our Verdict	**AMMB is slightly expensive. The question is whether it can maintain its current ROE level of 10% while facing a larger capital base and sector-wide headwinds. We like that there are signs of promise: Increasing dividend payouts, a recovery in loan growth and possible recovery in a large corporate O&G sector exposure.**
Valuations	**Current P/BV of 0.87x is expensive, trading above the +1SD of the 5-year P/BV mean of 0.69x.** **The company is currently trading at a forward FY26F P/BV of 0.83x with a +4.9% dividend yield.**
Yays	1. Dividend yield is growing stronger over time. 2. Potential for large recoveries and writebacks in future. 3. Loan growth may recover after a weak couple of years.
Nays	1. We think AMMB may struggle to maintain its ROE targets with a larger capital base.
Okays	1. We think AMMB can maintain its stable NIMs with its ongoing optimisation efforts.

Results in a nutshell:

▲ **12MFY25's Core NP of RM2,000m was *Within*/*Within* our/street forecasts: *103%*/*102%* of full-year forecasts.**

▲ **Dividends announced.** DPS of 30.2 sen translates to a payout of 50% for 12MFY25.

▲ **12MFY25's Core net profit (NP) of RM2,000m up by +17%yoy.** This was largely due to lower provisioning and improved NII, which offset higher OPEX and tax expenses.

▲ **4QFY25's Core NP of RM514m up by +6%qoq.** Improvements in NOII and Associate incomes were the core driver.

RETURN STATISTICS

Price @ 26 May 2025 (RM)	5.44
Expected share price return (%)	-2.6
Expected dividend yield (%)	+4.9
Expected total return (%)	**+2.3**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.9	2.8
3 months	-4.5	-3.5
12 months	25.6	33.1

INVESTMENT STATISTICS

FYE Mar	FY26F	FY27F	FY28F
Core NP (RM m)	**1,961**	**2,051**	**2,091**
CNP growth (%)	(2)	5	2
Div yield (%)	**4.9**	**5.1**	**5.2**
Gross DPS (sen)	26.7	28.0	28.5
P/BV (x)	**0.8**	**0.8**	**0.8**
BVPS (RM)	6.5	6.9	7.2
ROE (%)	**9.3**	**9.3**	**9.0**
% Street CNP (%)	**97**	**96**	**89**

KEY STATISTICS

FBM KLCI	1,534.30
Issue shares (m)	3,299.8
Estimated free float (%)	74.6
Market Capitalisation (RM'm)	17,676.8
52-wk price range	RM4.10 – RM5.94
3-mth average daily volume (m)	8.6
3-mth average daily value (RM'm)	46.1
Top Shareholders (%)	
ANZ Funds Pty Ltd	12.9
OSK Holdings Bhd	11.8
Amanah Saham Nasional Bhd	8.4

Analyst

Samuel Woo

samuelwoo.cy@midf.com.my

03-2173 8461

Have a look at:

► **No proper FY26 ROE target given, though maintaining the 10% level with a larger equity base seems to be the priority.** Management refrains from providing an official ROE target, instead pointing to the 11% goal by FY29. This is still some ways off, namely due to cost takeouts (which are a central component in achieving the desired ROE) being scheduled to take place in the later years. However, management did imply that the current goal is to maintain the current 10% ROE level while having a larger equity base. Dividend payout to be maintained at current 50% levels.

► **NIM to remain flattish, NOII could go either way.** Management believes that ongoing asset yield optimisation exercises (favouring business banking loans) should allow the Group to maintain its NIM levels. NOII could go either way: 1QFY26 saw weaker fee income, but this was offset by non-fee profit taking.

▲ **Asset quality and provisioning have more upsides.** AMMB's exposure to a large corporate O&G exposure is RM500m. We feel that there is a high chance of possible recovery. Otherwise, in other loan categories, residential mortgages GIL seem quite stable, while HP loans GIL continue to improve. There is some stress in the RSME segment, but this is well collateralised. We do not expect any credit cost spikes in any of these segments.

Forecasts unchanged. We make no changes to our earnings forecasts.
Key downside risks. *(1) Cost is not well maintained, (2) NIM compression, (3) Weaker loan growth.*

Maintain NEUTRAL call: Revised GGM-TP of RM 5.30 ***(from RM5.33)***. The TP is based on a revised FY26F P/BV of 0.81x *(formerly 0.82x)*, to reflect altered ROE-based valuations. While there was no revision in earnings forecasts, we made some tweaks for house-keeping purposes, which has affected our equity base.

(GGM assumptions: *FY26F ROE of 9.3%, LTG of 4.0% & COE of 10.5%)*

FIG 1: Quarterly results

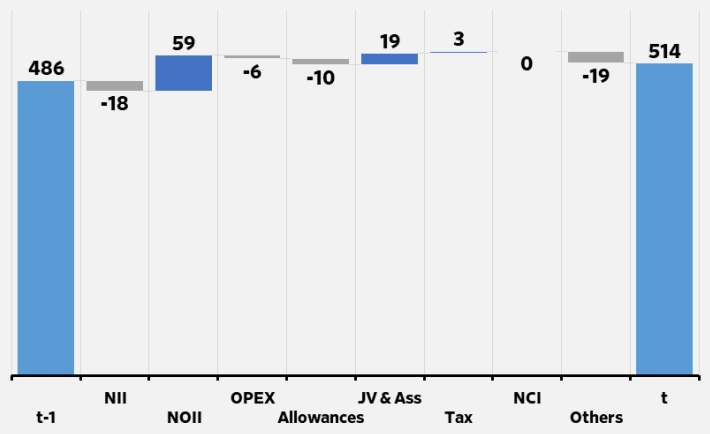
FYE Mar (RM m)	4Q FY25	3Q FY25	4Q FY24	Yoy (%)	Qoq (%)	FY25	FY24	Yoy (%)
Net interest inc.	584	604	519	13	-3	2,358	2,137	10
Islamic banking inc.	360	259	356	1	39	1,351	1,316	3
Non-interest inc.	298	358	268	11	-17	1,112	1,103	1
Net income	**1,242**	**1,221**	**1,142**	**9**	**2**	**4,821**	**4,555**	**6**
OPEX	(576)	(571)	(530)	9	1	(2,198)	(2,052)	7
PPOP	**666**	**650**	**613**	**9**	**2**	**(2,198)**	**(2,052)**	**7**
Loan provisions	(56)	(36)	(40)	40	57	(224)	(697)	-68
Other provisions	7	(3)	19	-61	-335	79	(154)	-151
JV & Associates	39	20	27	43	96	108	40	169
PBT	**656**	**631**	**619**	**6**	**4**	**2,586**	**1,692**	**53**
Tax	(142)	(145)	(143)	-1	-2	(586)	148	-495
Discontinued ops	-	-	-	n.m.	n.m.	-	51	n.m.
NCI	(0)	0	(0)	n.m.	n.m.	(0)	(25)	n.m.
Reported NP	**514**	**486**	**476**	**8**	**6**	**2,000**	**1,866**	**7**
Core NP	**514**	**486**	**476**	**8**	**6**	**2,000**	**1,705**	**17**
Total NII*	895	913	823	9	-2	3,570	3,305	8
Total NOII*	387	328	347	12	18	1,360	1,292	5
Gross DPS (sen)	**19.9**	**-**	**16.6**	**n.m.**	**n.m.**	**30.2**	**22.6**	**n.m.**
Core EPS (sen)	15.5	14.7	14.4	8	6	60.5	51.6	17
Gross loans	138,883	137,059	134,130	3.5	1.3			
Gross impaired loans	2,132	2,284	2,236	-4.6	-6.6			
Customer deposits	141,547	138,416	142,381	-0.6	2.3			
CASA	51,006	44,623	52,767	-3.3	14.3			

**Contains contributions from JV & Associates*

Ratios (%)	4Q FY25	3Q FY25	4Q FY24	Yoy (ppts)	Qoq (ppts)	FY25	FY24	Yoy (ppts)
ROE (Ann.)	**10.0**	**9.7**	**9.8**	**0.2**	**0.3**	**9.7**	**8.8**	**0.9**
NIM (Reported)	**1.96**	**1.96**	**1.79**	**0.17**	**0.00**	**1.94**	**1.79**	**0.15**
NOII/Net income	30.2	26.4	29.7	0.5	3.8	27.6	28.1	-0.5
Cost/Income	46.4	46.8	46.4	0.0	-0.4	45.6	45.0	0.5
NCC (Ann.) (bps)	16	11	12	4	6	16	53	-36
GIL ratio	1.54	1.67	1.67	-0.13	-0.13			
Loan loss coverage	82	85	91	-8	-3			
CASA ratio	36.0	32.2	37.1	-1.0	3.8			
L/D ratio	96.9	97.6	92.8	4.1	-0.7			
CET-1	14.8	14.9	13.0	1.8	-0.1			

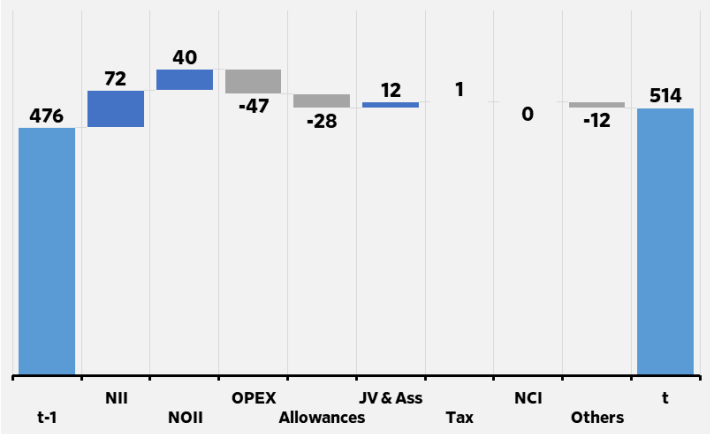
Source: Company, MIDFR

FIG 2: QoQ P/L walk (Quarterly results)



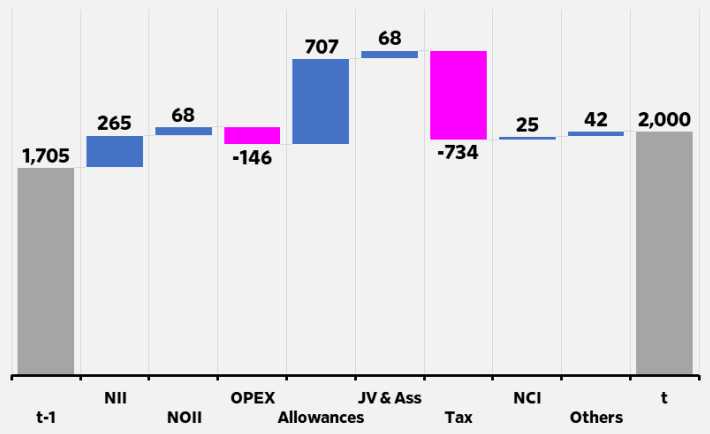
Source: Company, MIDFR

FIG 3: YoY P/L walk (Quarterly results)



Source: Company, MIDFR

FIG 4: YoY P/L walk (Cumulative results)



Source: Company, MIDFR

INCOME STATEMENT (QUARTERLY & CUMULATIVE)

4QFY25 / 12MFY25 results

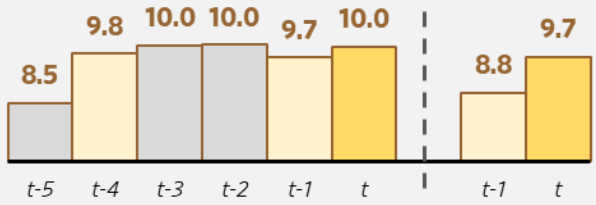
Earnings: Within/Within our/street forecasts

103%/102% of full-year estimates

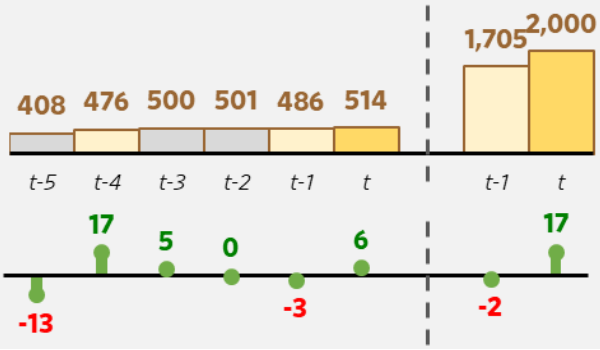
Dividend: YES

YTD payout: X%

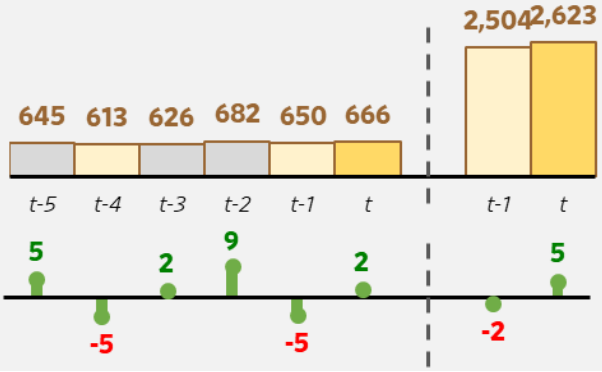
ROE (%)



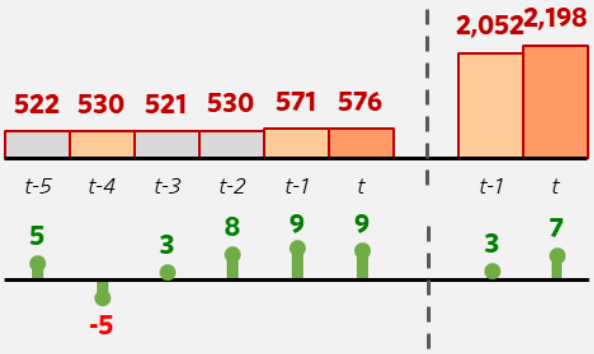
Core Net Profit (RM b)
Growth – qoq (Qtr) & yoy (Cum) (%)



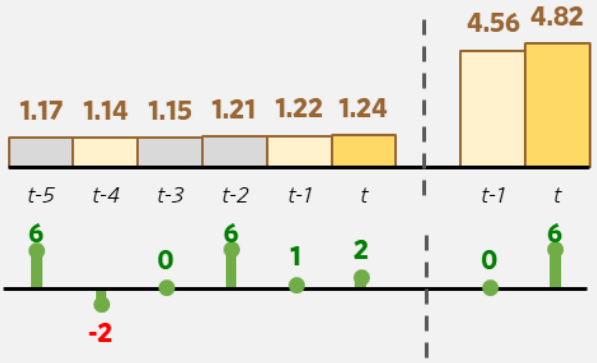
Pre-Provisioning Operating Profit (RM b)
Growth – qoq (Qtr) & yoy (Cum) (%)



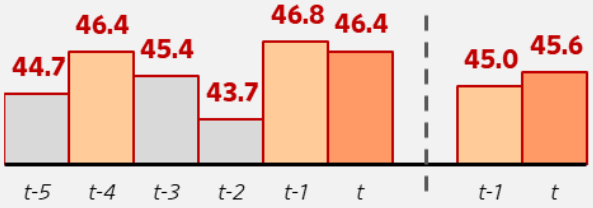
OPEX – (RM b)
Growth – yoy only! (Qtr & Cum) (%)



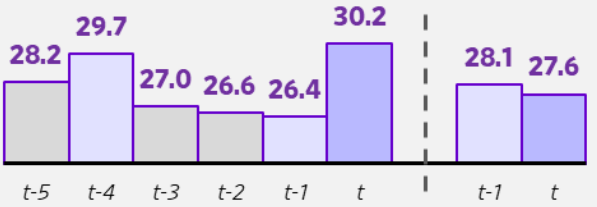
Topline – (RM b)
Growth – qoq (Qtr) & yoy (Cum) (%)



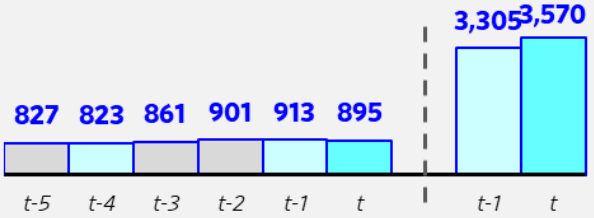
Cost/Income ratio (%)



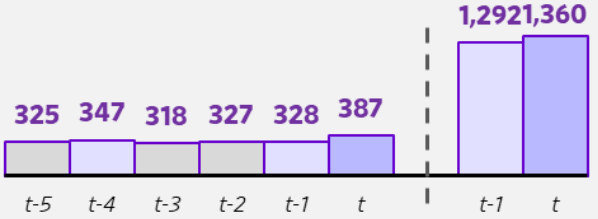
% NOII as topline (%)



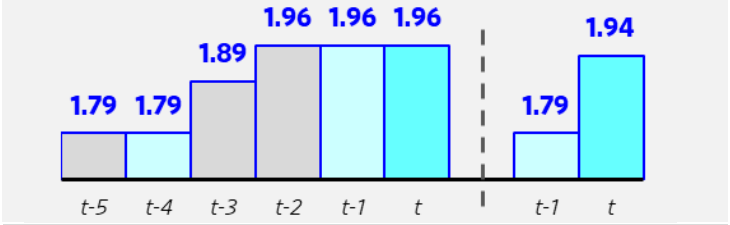
Net interest income (RM b)



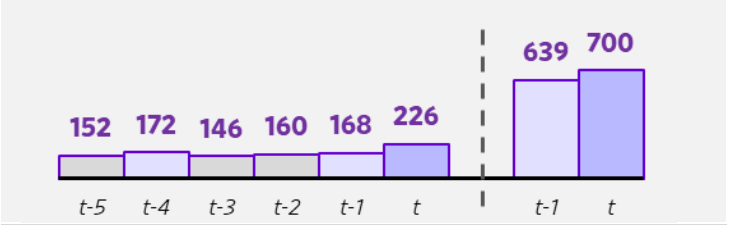
Non-interest income (RM b)



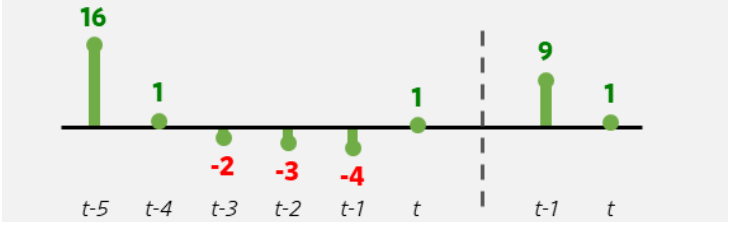
NIM (%)



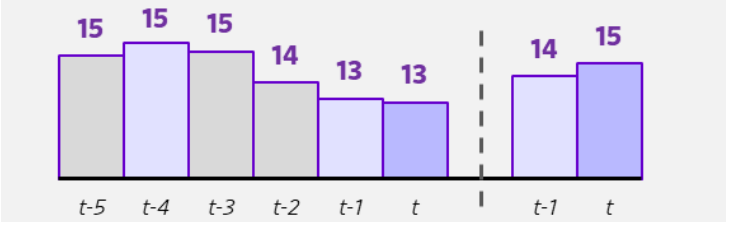
Non-fee NOII (RM b)



Fee income growth – qoq (Qtr) & yoy (Cum) (%)

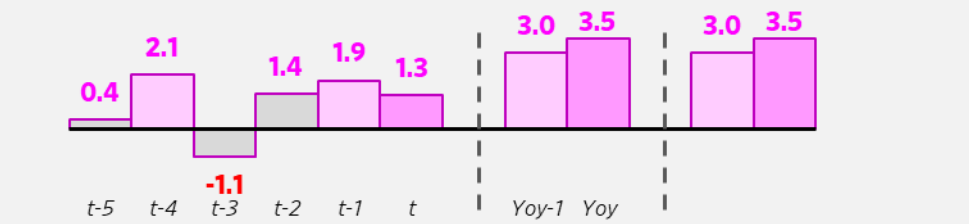


% Non-fee income as NOII (%)

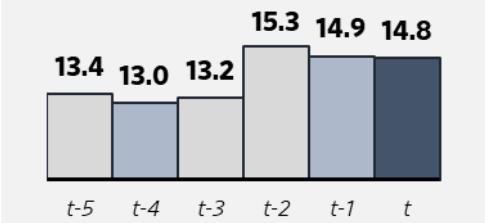


BALANCE SHEET

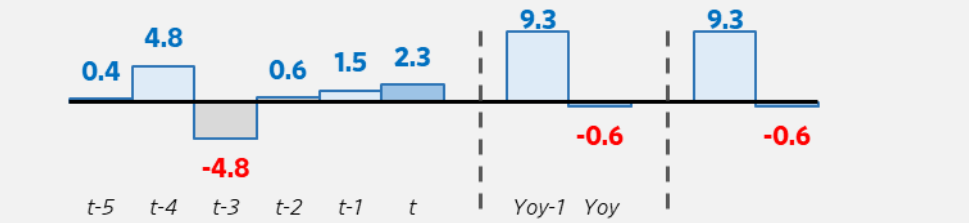
Loan growth – qoq, yoy, FYTD (%)



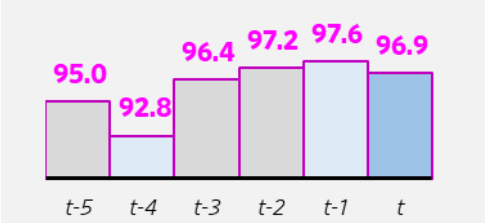
CET 1 ratio (%)



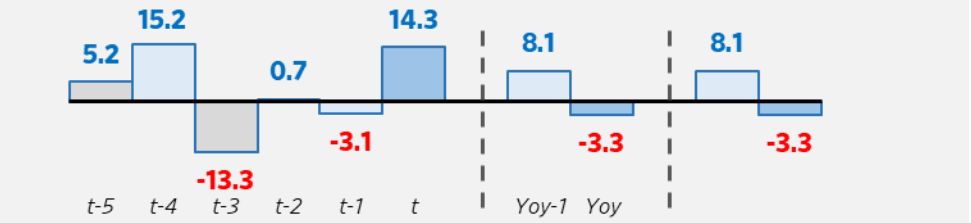
Deposit growth – qoq, yoy, FYTD (%)



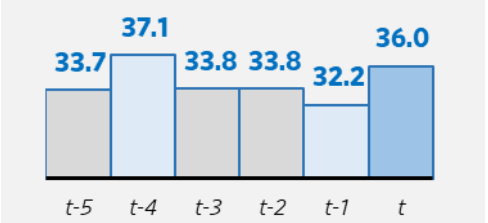
Loan/Deposit ratio (%)



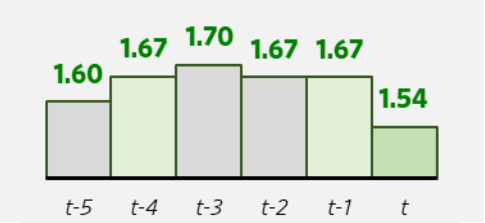
CASA growth – qoq, yoy, FYTD (%)



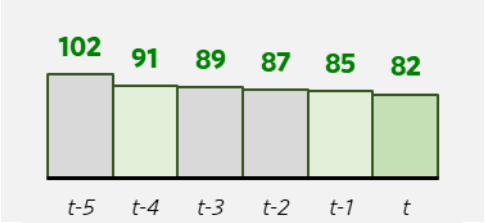
CASA ratio (%)



GIL ratio (%)



Loan loss coverage (%)



Ann. net credit cost (bps)

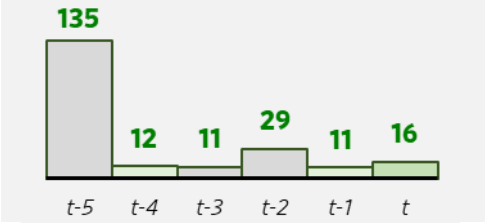


FIG 5: Retrospective performance (Income Statement)

Metric	Surprise? *Qoq/Yoy*		Metric	Surprise? *Qoq/Yoy*		**Notes** *(Cum = Cumulative, Qtr = Quarterly)*
Qtrly Core NP	RM mil	***514***	**Qtrly ROE**	Qtr value	***10.0%***	
	26% of FY CNP					
	Qoq	*6%*		t-1	*9.7%*	
	Yoy	*8%*		t-4	*9.8%*	
Cum Core NP	RM mil	***2,000***	**Cum ROE**	Cum value	***9.7%***	
	Within our forecast					
	103% of FY CNP					
	Within consensus					
	102% of FY CNP					
	Yoy	*17%*		t-1	*8.8%*	
NII	As expected		**NIM**	As expected		
				Qtr value	***1.96***	
				Cum value	***1.94***	
	Qtr (Qoq)	*-2%*		Qtr (Qoq)	*+0bps*	
	Qtr (Yoy)	*9%*		Qtr (Yoy)	*+17bps*	
	Cum (Yoy)	*8%*		Cum (Yoy)	*+15bps*	
NOII	As expected		**Qtr**	% NII	***70%***	
	Qtr (Qoq)	*18%*		% NOII	***30%***	
	Qtr (Yoy)	*12%*	**Cum**	% NII	***72%***	
	Cum (Yoy)	*5%*		% NOII	***28%***	
OPEX	As expected		**Cost/ Inc.**	As expected		
				Qtr value	***46.4%***	
				Cum value	***45.6%***	
	Qtr (Qoq)	*1%*		Qtr (Qoq)	*-0.4%*	
	Qtr (Yoy)	*9%*		Qtr (Yoy)	*+0.0%*	
	Cum (Yoy)	*7%*		Cum (Yoy)	*+0.5%*	

Source: Company, MIDFR

FIG 6: Retrospective performance (Balance Sheet, Dividends, and anything extra)

Metric	Surprise? *Qoq/Yoy*		Metric	Surprise? *Qoq/Yoy*		Notes *(Cum = Cumulative, Qtr = Quarterly)*
Loans	As expected					
	Qoq	*1.3%*				
	Yoy	*3.5%*				
	YTD (FY)	*3.5%*				
Depo. grwth	As expected		**CASA grwth**	As expected		
	Qoq	*2.3%*		Qoq	*14.3%*	
	Yoy	*-0.6%*		Yoy	*-3.3%*	
	YTD (FY)	*-0.6%*		YTD (FY)	*-3.3%*	
CASA ratio	As expected		**L/D ratio**	As expected		
	Value now	***36.0%***		Value now	***96.9%***	
	Qoq	*+3.8%*		Qoq	*-0.7%*	
	Yoy	*-1.0%*		Yoy	*+4.1%*	
GIL ratio	+ve surprise		**LLC ratio**	As expected		
	Value now	***1.54%***		Value now	***82%***	
	Qoq	*-13bps*		Qoq	*-3%*	
	Yoy	*-13bps*		Yoy	*-8%*	
Qtrly Net CC	As expected		**Cum Net CC**	As expected		
	Decent provision			Decent provision		
	Value now	***16bps***		Value now	***16bps***	
	t-1	*11bps*				
	t-4	*12bps*		t-4	*53bps*	
CET 1	Healthy level		**Div payout**	Div announced		
	As expected			As expected		
	Value now	***14.8%***		**Payout**	***50%***	
	Qoq	*-0.1%*				
Others:						

Source: Company, MIDFR

FIG 7: Targets, Achievements, and Outlook

Targets	FY26	FY25	Notes (Red: New guidance, ~~Strikethrough: Guidance is no longer pertinent~~)
ROE	10 (Unofficial)	9.7	
CIR		45.6	
NIM	Flat	1.94	
NOII		5% (yoy)	
Loans	Mid-single-digit	3.5 (YTD)	To be driven by business banking segment.
Deposits		-0.6 (YTD)	
% CASA		36.0	
Loan/Depo		96.9	
GIL ratio		1.54	
NCC (bps)	16 - 30	16	A possible recovery of a large O&G impairment offers upside.
LLC		82	
CET 1		14.8	
Div payout	50	50	

Source: Company, MIDFR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Net interest income	**2,137**	**2,358**	**2,406**	**2,477**	**2,533**
Islamic banking inc.	1,316	1,351	1,378	1,419	1,451
Other operating inc.	1,103	1,112	1,166	1,233	1,258
Net income	**4,555**	**4,821**	**4,950**	**5,129**	**5,242**
OPEX	(2,052)	(2,198)	(2,203)	(2,257)	(2,306)
PPOP	**2,504**	**2,623**	**2,747**	**2,872**	**2,935**
Loan allowances	(696)	(224)	(327)	(344)	(361)
Other allowances	(153)	80	3	7	10
JV & Associates	40	108	110	115	117
PBT	**1,694**	**2,587**	**2,533**	**2,650**	**2,702**
Tax & zakat	148	(586)	(573)	(599)	(611)
NCI	(25)	(0)	-	-	-
Discontinued ops	51	-	-	-	-
Reported NP	**1,868**	**2,001**	**1,961**	**2,051**	**2,091**
Core NP	**1,707**	**2,001**	**1,961**	**2,051**	**2,091**
Total NII	3,304	3,570	3,643	3,750	3,835
Total NOII	1,291	1,359	1,307	1,379	1,407

BALANCE SHEET

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash & ST funds	6,493	6,759	6,759	6,759	6,759
Investment securities	47,717	45,308	41,793	38,661	35,873
Net loans	132,102	137,130	143,728	150,914	158,460
Other IEAs	-	-	-	-	-
Non-IEAs	10,452	9,847	11,229	16,360	21,268
Total assets	**196,764**	**199,044**	**203,509**	**212,694**	**222,360**
Customer deposits	142,381	141,547	148,624	156,056	163,858
Other IBLs	22,089	25,481	25,926	26,433	27,009
Non-IBLs	12,851	11,394	7,336	7,515	7,701
Total liabilities	**177,322**	**178,422**	**181,886**	**190,003**	**198,568**
Share capital	6,376	6,376	6,376	6,376	6,376
Reserves	13,065	14,245	15,247	16,314	17,416
Shareholders' funds	**19,441**	**20,621**	**21,623**	**22,691**	**23,792**
NCI	1	1	-	-	-
Total equity	**19,442**	**20,622**	**21,623**	**22,691**	**23,792**
Total L&E	**196,764**	**199,044**	**203,509**	**212,694**	**222,360**
Total IEAs	186,312	189,197	192,280	196,334	201,092
Total IBLs	164,471	167,028	174,550	182,489	190,867
Gross loans	134,130	138,883	145,828	153,119	160,775
CASA	52,767	51,006	47,560	49,938	52,435

FINANCIAL RATIOS

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Interest (%)					
NIM	1.76	1.90	1.91	1.93	1.93
Return on IEAs	3.24	3.28	3.25	3.23	3.18
Cost of funds	2.39	2.29	2.22	2.12	2.03
Net interest spread	0.85	0.99	1.03	1.10	1.15
Profitability (%)					
ROE	**9.1**	**10.0**	**9.3**	**9.3**	**9.0**
ROA	0.9	1.0	1.0	1.0	1.0
NOII/Net income	27.5	26.0	26.4	26.9	26.8
Effective tax rate	-8.8	22.6	22.6	22.6	22.6
Cost/Income	45.0	45.6	44.5	44.0	44.0
Liquidity (%)					
Loan/Deposit	92.8	96.9	96.7	96.7	96.7
CASA ratio	37.1	36.0	32.0	32.0	32.0
Asset Quality (%)					
GIL ratio	1.67	1.54	1.60	1.60	1.60
LLC ratio	91	82	90	90	90
LLC (w. reserves)	102	99	98	98	97
Net CC (bps)	53	16	23	23	23
Capital (%)					
CET 1	13.0	14.8	14.9	14.4	14.2
Tier 1 capital	13.0	14.8	14.9	14.4	14.2
Total capital	16.3	17.5	17.6	17.1	16.9
Growth (%)					
Total NII	-5.5	8.1	2.0	2.9	2.3
Total NOII	19.2	5.3	-3.8	5.5	2.0
Net income	0.4	5.8	2.7	3.6	2.2
OPEX	2.6	7.1	0.2	2.4	2.2
Core NP	-0.1	17.2	-2.0	4.6	2.0
Gross loans	3.0	3.5	5.0	5.0	5.0
Customer deposits	9.3	-0.6	5.0	5.0	5.0
CASA	8.1	-3.3	-6.8	5.0	5.0
Valuation metrics					
Core EPS (sen)	51.7	60.6	59.4	62.1	63.3
Gross DPS (sen)	22.6	30.2	26.7	28.0	28.5
Div payout (%)	44	50	45	45	45
BVPS (RM)	5.9	6.2	6.5	6.9	7.2
Core P/E (x)	10.5	9.0	9.2	8.8	8.6
Div yield (%)	**4.2**	**5.6**	**4.9**	**5.1**	**5.2**
P/BV (x)	0.9	0.9	0.8	0.8	0.8

Source: Company, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad

197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD. The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

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