Corporate Update

AMMB Holdings Berhad

(1015 | AMM MK) Main | Financial Services

FTSE4Good ESG 4 Stars

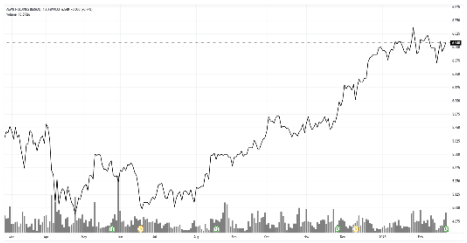
Maintain **BUY**

Unchanged Target Price **RM7.57**

3QFY26 Results Review
A Stable Quarter Ahead

RETURN STATISTICS	
Price @ 25 February 2026 (RM)	6.54
Expected share price return (%)	+15.7
Expected dividend yield (%)	+4.3
Expected total return (%)	**+20.1**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.4	-0.5
3 months	0.8	5.5
12 months	14.3	3.8

INVESTMENT STATISTICS			
FYE Mar	**FY26F**	**FY27F**	**FY28F**
Core NP (RM m)	**2,018**	**2,081**	**2,133**
CNP growth (%)	1	3	2
Div yield (%)	**4.2**	**4.3**	**4.4**
Gross DPS (sen)	27.5	28.4	29.1
P/BV (x)	**1.0**	**0.9**	**0.9**
BVPS (RM)	6.6	6.9	7.2
ROE (%)	**9.5**	**9.4**	**9.2**
% Street CNP (%)	**97**	**95**	**92**

KEY STATISTICS	
FBM KLCI	1,747.81
Issue shares (m)	3,295.7
Estimated free float (%)	74.6
Market Capitalisation (RM'm)	21,662.9
52-wk price range	RM4.93 – RM6.69
3-mth average daily volume (m)	6.5
3-mth average daily value (RM'm)	41.0
Top Shareholders (%)	
Employees Provident Fund Board	12.9
Clear Goal Sdn Bhd	11.8
Amanah Saham Nasional Bhd	8.4

Salient Points

Solid set of earnings, as forecasted.

Management's tone: Optimistic

Expect: Next quarter to bring in stable earnings… but not further dividend payout increases or special dividend announcements (too soon for this).

Our Verdict

Fundamentally sound, with much dividend upside potential (but let's wait for Basel IV transition first). Our only issue is that loan growth is on the lower end.

Valuations

An unchanged FY27F P/BV of 1.10x

Current P/BV of 1.02x is +2SD above the 10-year P/BV mean of 0.74x. However, this is warranted, given the Group's improved dividend and fundamental prospects. Also, the Group was affected by share overhang for a lengthy period of time.

The company is currently trading at a forward FY27F P/BV of 0.95x with a +4.3% dividend yield.

Themes

1. ▲ Given the Group's healthy capital levels (and the neutral to positive impact of Basel IV transition), further dividend upside to the current 50% level is highly likely.
2. ▲ Improvements in market performance should benefit fee income significantly, given the Group's heavy focus on asset management.
3. ▲ NIM has performed well over the last 12 months. We think the Group can maintain its current level for now, given its ongoing asset/liability optimisation activity. The Group's steady progress in growing its retail CASA-heavy deposit mix and Investment Account products is promising.
4. ▲ AMMB's cost discipline is very strict, which provides tremendous certainty to earnings. Its CIR is among the lowest in the industry.
5. ▲ Expect lower provisions in 4QFY26. Asset quality does not seem to pose any major issues for now.
6. ► Loan growth should remain unimpressive, given their ongoing portfolio rebalancing initiative and hiccups with their RSME portfolio.

Results in a nutshell:

► **9MFY26's Core NP of RM1,580m was *Within*/*Within* our/street forecasts: *78%*/*76%* of full-year forecasts.**

► **No dividend announcement.**

▲ **9MFY26's Core net profit (NP) of RM1,580m up by +6%yoy.** The growth was largely driven by topline improvements, which offset increased OPEX.

Analyst

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► **3QFY26's Core NP of RM530m down by -1%qoq.** This was largely due to reduced NOII and higher OPEX charges, which offset better NII and provisioning.

Have a look at:

► **Any upside to dividends will not be announced so early, despite having an excess of capital.** AMMB's CET 1 levels (particularly on a Bank level) are very healthy – effects of Basel IV transition are expected to be neutral or positive. AMMB has already achieved its WT29 dividend payout target of 50% way too early, and we expect upside to this figure in time. However, there is no rush, given the Group's healthy share price valuation. Currently, the Group refrains from providing any concrete guidance, and management wants to get through the due diligence of the Basel IV transition before finalising any decisions.

It is also worth noting that CRWA levels are growing once again (after years of stagnancy), in line with the Group's refocus on non-retail loans, as the brunt of capital optimisation is already behind them. To recap, the current loanbook mix is 47:53 retail and non-retail – the goal is to achieve an even 50:50 mix.

▲ **Stability in 4QFY26.** Management is guiding for the following:

1. FY26 earnings should surpass FY25's figures.
2. NIMs to remain stable at the current level of 9MFY26's 1.98%.
3. CTI to finish off at the current 44% level.
4. Management is narrowing FY26 NCC guidance to 21 – 25bps (from a broader range of 20 – 30bps). 9MFY25's current NCC is 29bps – so expect a smaller provision next quarter.
5. Positive outlook for NOII: The improvement in market performance helps.

▲ **No major asset quality concerns, nor is there any fear of any adverse loan growth impact.** Despite some GIL uptick in the agriculture segment (and potentially further issues in the RSME segment), further provision top-ups are unlikely. Management has already provided for this (Mostly via the RM99m SME overlay allocation earlier in the year). This allocation also gives management more certainty in growing SME loans (which some banks are growing cautiously), given some ground-level stress.

Forecasts unchanged. We make no changes to our earnings forecasts.
Key downside risks. *(1) Steeper-than-expected NIM compression, (2) Weaker-than-expected loans growth, (3) Lingering asset quality concerns.*

Maintain BUY call: Unchanged GGM-TP of RM 7.57. The TP is based on an unchanged FY27F P/BV of 1.10x.
(GGM assumptions: *FY27F ROE of 9.4%, LTG of 4.0% & COE of 8.9%)*

FIG 1: Quarterly results

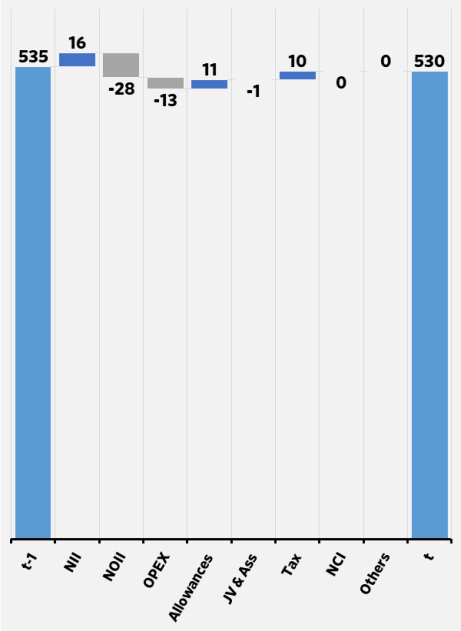
FYE Mar (RM m)	3Q FY26	2Q FY26	3Q FY25	Yoy (%)	Qoq (%)	9M FY26	9M FY25	Yoy (%)
Net interest inc.	619	607	604	2	2	1,835	1,774	3
Islamic banking inc.	361	363	259	39	-1	1,081	990	9
Non-interest inc.	270	292	358	-25	-7	855	815	5
Net income	**1,250**	**1,261**	**1,221**	**2**	**-1**	**3,771**	**3,579**	**5**
OPEX	(581)	(568)	(571)	2	2	(1,713)	(1,621)	6
PPOP	**669**	**693**	**650**	**3**	**-4**	**(1,713)**	**(1,621)**	**6**
Loan provisions	(15)	(209)	(36)	-58	-93	(311)	(168)	85
Other provisions	2	185	(2)	-183	-99	201	73	176
JV & Associates	30	31	20	52	-2	91	69	32
PBT	**686**	**700**	**632**	**9**	**-2**	**2,040**	**1,931**	**6**
Tax	(156)	(166)	(145)	7	-6	(460)	(444)	4
Discontinued ops	-	-	-	n.m.	n.m.	-	-	n.m.
NCI	(0)	0	0	n.m.	n.m.	0	-	n.m.
Reported NP	**530**	**535**	**486**	**9**	**-1**	**1,580**	**1,487**	**6**
Core NP	**530**	**535**	**486**	**9**	**-1**	**1,580**	**1,487**	**6**
Total NII*	942	926	913	3	2	2,793	2,675	4
Total NOII*	338	366	328	3	-8	1,070	973	10
Gross DPS (sen)	**-**	**12.5**	**-**	**n.m.**	**n.m.**	**12.5**	**10.3**	**n.m.**
Core EPS (sen)	16.0	16.2	14.7	9	-1	47.8	45.0	6
Gross loans	142,692	140,522	137,059	4.1	1.5			
Gross impaired loans	2,511	2,466	2,284	10.0	1.8			
Customer deposits	143,689	140,042	138,416	3.8	2.6			
CASA	48,218	48,350	44,623	8.1	-0.3			

**Contains contributions from JV & Associates*

Ratios (%)	3Q FY26	2Q FY26	3Q FY25	Yoy (ppts)	Qoq (ppts)	9M FY26	9M FY25	Yoy (ppts)
ROE (Ann.)	**10.0**	**10.2**	**9.7**	**0.3**	**-0.1**	**10.0**	**9.9**	**0.1**
NIM (Reported)	**1.96**	**1.97**	**1.96**	**0.00**	**-0.01**	**1.98**	**1.94**	**0.04**
NOII/Net income	26.4	28.3	26.4	-0.0	-1.9	27.7	26.7	1.0
Cost/Income	46.5	45.0	46.8	-0.3	1.5	45.4	45.3	0.1
NCC (Ann.) (bps)	4	61	11	-6	-56	30	17	13
GIL ratio	1.76	1.75	1.67	0.09	0.00			
Loan loss coverage	73	77	85	-12	-4			
CASA ratio	33.6	34.5	32.2	1.3	-1.0			
L/D ratio	98.0	99.0	97.6	0.4	-1.0			
CET-1	14.6	15.2	14.9	-0.3	-0.7			

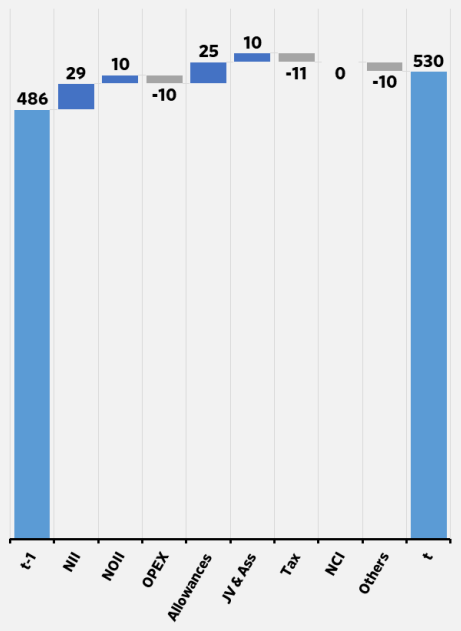
Source: Company, MBSBR

FIG 2: QoQ P/L walk (Quarterly)



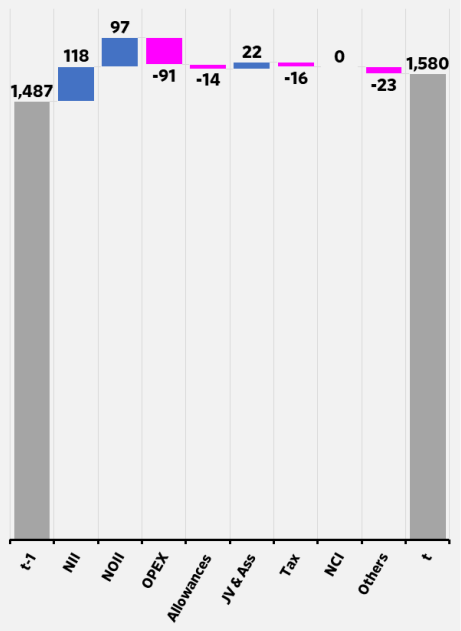
Source: Company, MBSBR

FIG 3: QoQ P/L walk (Quarterly)



Source: Company, MBSBR

FIG 4: QoQ P/L walk (Cumulative)



Source: Company, MBSBR

FIG 5: Targets, Achievements, and Outlook

Targets	FY26F	9M FY26	Notes (Red: New guidance, ~~Strikethrough: Guidance is no longer pertinent~~)
ROE	10	10.0	Earnings should exceed FY25's figure.
CIR		45.4	Should finish the year around the current 44% level.
NIM	2 – 3 bps higher (from 1.94)	1.98	Full year NIM figure will likely remain flattish, close to 1.98%.
NOII		10% (yoy)	
Loans	Mid-single digit (similar to GDP)	2.7 (YTD)	
Deposits		1.5 (YTD)	
% CASA		33.6	
Loan/Depo		98.0	
GIL ratio		1.76	
NCC (bps)	21 – 25 ~~20 – 30~~	30	A lower provision is expected in 4QFY26.
CET 1		14.6	
Div payout	50		

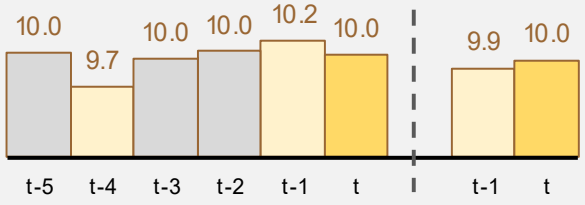
Source: Company, MBSBR

INCOME STATEMENT (QUARTERLY & CUMULATIVE)

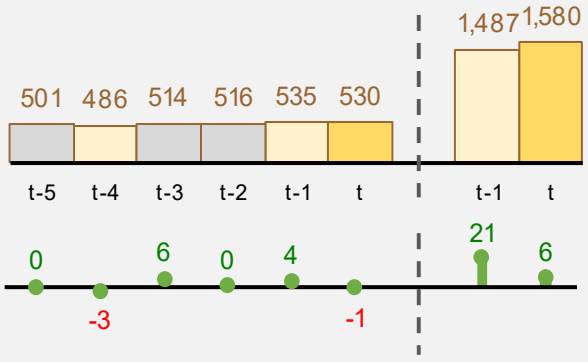
3QFY26 / 9MFY26 results

Earnings:	Within our full-year forecasts	(78%)
	Within street full-year forecasts	(76%)
Dividend:	NO	
YTD payout:	-	

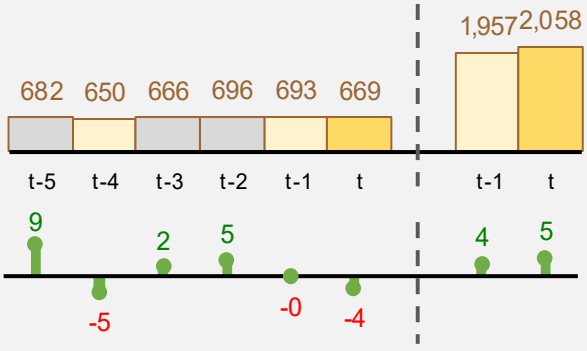
ROE (%)



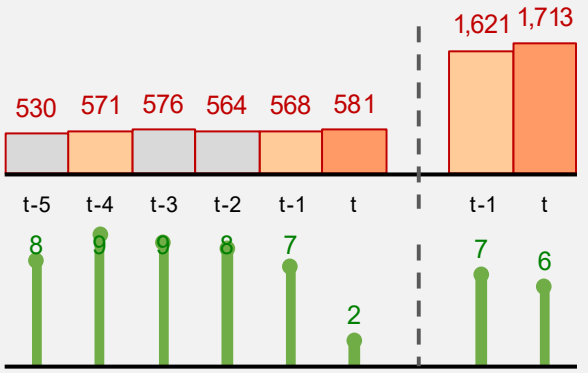
Core Net Profit (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



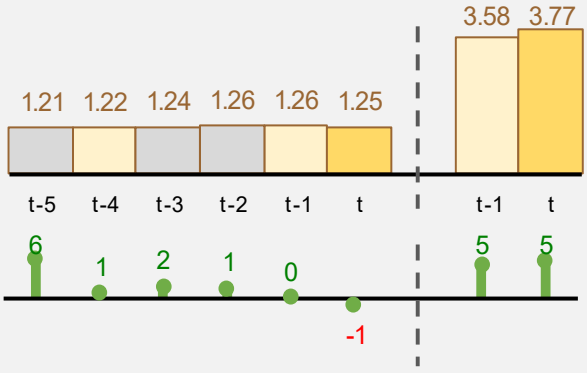
Pre-Provisioning Operating Profit (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



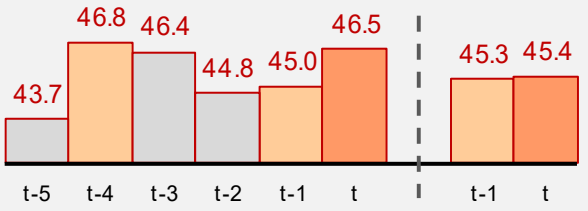
OPEX (RM m)
Growth -- yoy only! (Qtr & Cum) (%)



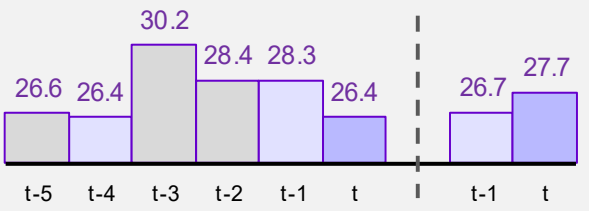
Topline (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



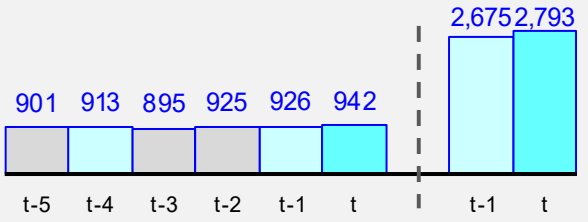
Cost/Income ratio (%)



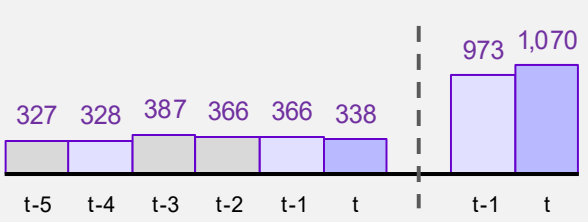
% NOII as topline (%)



Net interest income (RM m)

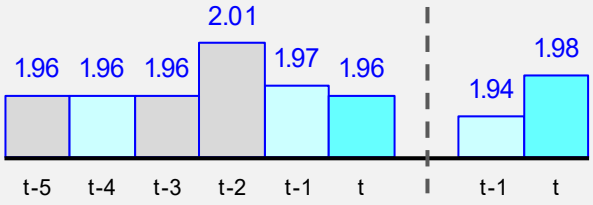


Non-interest income (RM m)

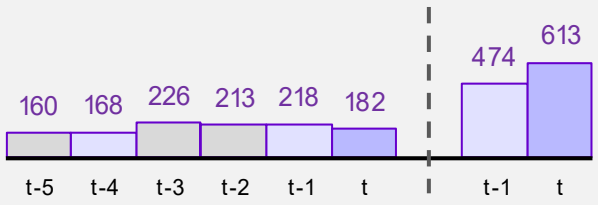


Source: Company, MBSBR

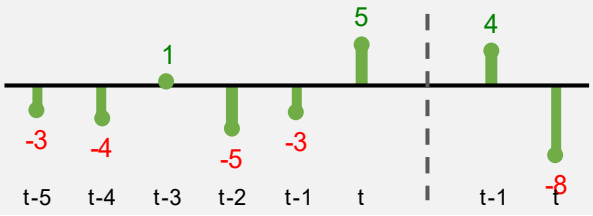
NIM (%)



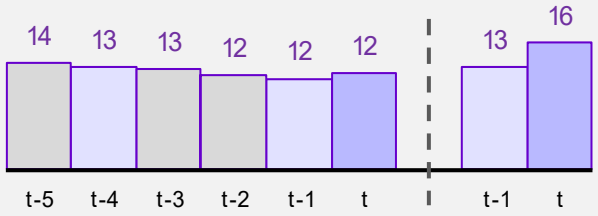
Non-fee NOII (RM m)



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

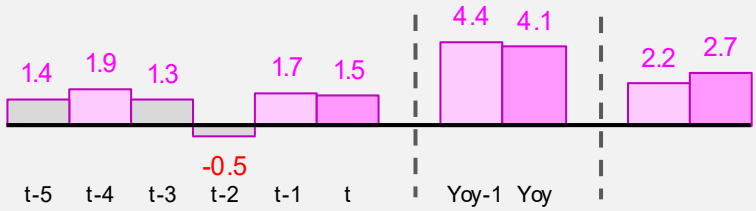


% Non-fee income as NOII (%)

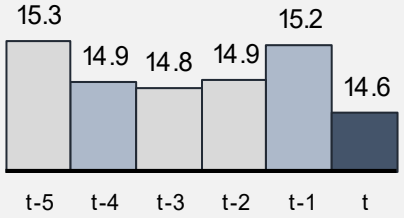


BALANCE SHEET

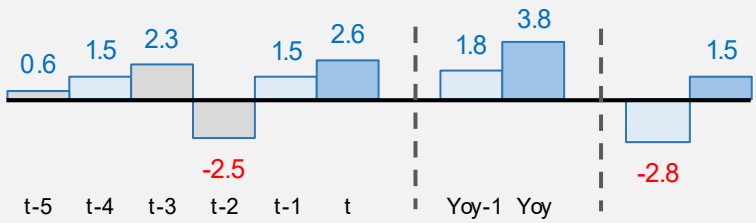
Loan growth -- qoq, yoy, FYTD (%)



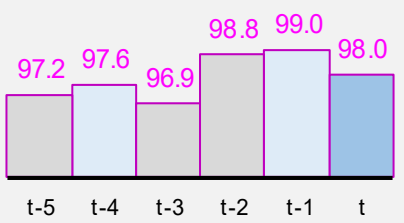
CET 1 ratio (%)



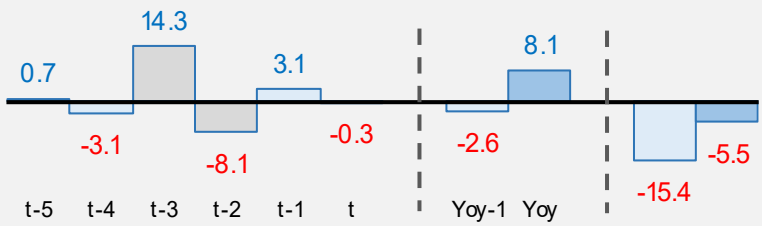
Deposit growth -- qoq, yoy, FYTD (%)



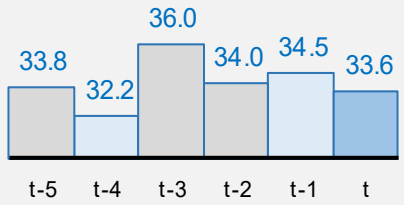
Loan/Deposit ratio (%)



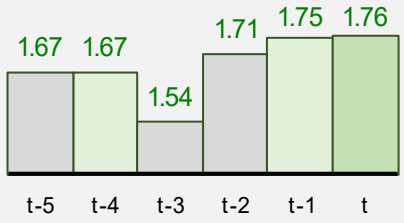
CASA growth -- qoq, yoy, FYTD (%)



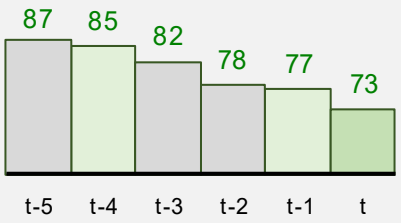
CASA ratio (%)



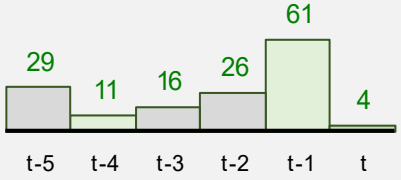
GIL ratio (%)



Loan loss coverage (%)



Ann. net credit cost (bps)



Source: Company, MBSBR

FIG 6: Retrospective performance

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Qtrly Core NP	RM mil	530	Qtrly ROE	Qtr value	10.0%
	26% of FY CNP				
	Qoq	-1%		t-1	10.2%
	Yoy	9%		t-4	9.7%
Cum Core NP	RM mil	1,580	Cum ROE	Cum value	10.0%
	Within our forecast				
	78% of FY CNP				
	Within consensus				
	76% of FY CNP				
	Yoy	6%		t-1	9.9%
NII	As expected		NIM	As expected	
				Qtr value	1.96
				Cum value	1.98
	Qtr (Qoq)	2%		Qtr (Qoq)	-1bps
	Qtr (Yoy)	3%		Qtr (Yoy)	+0bps
	Cum (Yoy)	4%		Cum (Yoy)	+4bps
NOII	As expected		Qtr	% NII	74%
	Qtr (Qoq)	-8%		% NOII	26%
	Qtr (Yoy)	3%	Cum	% NII	72%
	Cum (Yoy)	10%		% NOII	28%
OPEX	As expected		Cost/ Inc.	As expected	
				Qtr value	46.5%
				Cum value	45.4%
	Qtr (Qoq)	2%		Qtr (Qoq)	+1.5%
	Qtr (Yoy)	2%		Qtr (Yoy)	-0.3%
	Cum (Yoy)	6%		Cum (Yoy)	+0.1%

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Loans	As expected				
	Qoq	1.5%			
	Yoy	4.1%			
	YTD (FY)	2.7%			
Depo. grwth	As expected		CASA grwth	As expected	
	Qoq	2.6%		Qoq	-0.3%
	Yoy	3.8%		Yoy	8.1%
	YTD (FY)	1.5%		YTD (FY)	-5.5%
CASA ratio	As expected		L/D ratio	As expected	
	Value now	33.6%		Value now	98.0%
	Qoq	-1.0%		Qoq	-1.0%
	Yoy	+1.3%		Yoy	+0.4%
GIL ratio	As expected		LLC ratio	As expected	
	Value now	1.76%		Value now	73%
	Qoq	+0bps		Qoq	-4%
	Yoy	+9bps		Yoy	-12%
Qtrly Net CC	+ve surprise		Cum Net CC	As expected	
	Small provision			Decent provision	
	Value now	4bps		Value now	30bps
	t-1	61bps			
	t-4	11bps		t-4	17bps
CET 1	Healthy level		Div payout	No divvy	
	As expected			As expected	
	Value now	14.6%		Payout	
	Qoq	-0.7%			

Source: Company, MBSBR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Net interest income	**2,137**	**2,358**	**2,432**	**2,477**	**2,533**
Islamic banking inc.	1,316	1,351	1,393	1,419	1,451
Other operating inc.	1,103	1,112	1,209	1,300	1,350
Net income	**4,555**	**4,821**	**5,034**	**5,195**	**5,334**
OPEX	(2,052)	(2,198)	(2,215)	(2,286)	(2,347)
PPOP	**2,504**	**2,623**	**2,819**	**2,909**	**2,987**
Loan allowances	(696)	(224)	(327)	(344)	(361)
Other allowances	(153)	80	3	7	10
JV & Associates	40	108	113	116	119
PBT	**1,694**	**2,587**	**2,607**	**2,689**	**2,756**
Tax & zakat	148	(586)	(589)	(608)	(623)
NCI	(25)	(0)	-	-	-
Discontinued ops	51	-	-	-	-
Reported NP	**1,868**	**2,001**	**2,018**	**2,081**	**2,133**
Core NP	**1,707**	**2,001**	**2,018**	**2,081**	**2,133**
Total NII	3,304	3,570	3,681	3,750	3,835
Total NOII	1,291	1,359	1,352	1,445	1,499

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	11,263	16,412	21,344
Total assets	**196,764**	**199,044**	**203,543**	**212,746**	**222,436**
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	15,281	16,366	17,492
Shareholders' funds	**19,441**	**20,621**	**21,657**	**22,742**	**23,868**
NCI	1	1	-	-	-
Total equity	**19,442**	**20,622**	**21,657**	**22,742**	**23,868**
Total L&E	**196,764**	**199,044**	**203,543**	**212,746**	**222,436**
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	1.93	1.93	1.93
Return on IEAs	3.24	3.28	3.26	3.23	3.18
Cost of funds	2.39	2.29	2.22	2.12	2.03
Net interest spread	0.85	0.99	1.04	1.10	1.15
Profitability (%)					
ROE	**9.1**	**10.0**	**9.5**	**9.4**	**9.2**
ROA	0.9	1.0	1.0	1.0	1.0
NOII/Net income	27.5	26.0	26.9	27.8	28.1
Effective tax rate	-8.8	22.6	22.6	22.6	22.6
Cost/Income	45.0	45.6	44.0	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	3.1	1.9	2.3
Total NOII	19.2	5.3	-0.5	6.9	3.7
Net income	0.4	5.8	4.4	3.2	2.7
OPEX	2.6	7.1	0.8	3.2	2.7
Core NP	-0.1	17.2	0.8	3.1	2.5
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	61.1	63.0	64.6
Gross DPS (sen)	22.6	30.2	27.5	28.4	29.1
Div payout (%)	44	50	45	45	45
BVPS (RM)	5.9	6.2	6.6	6.9	7.2
Core P/E (x)	12.7	10.8	10.7	10.4	10.1
Div yield (%)	**3.5**	**4.6**	**4.2**	**4.3**	**4.4**
P/BV (x)	1.1	1.0	1.0	0.9	0.9

Source: Company, MBSBR

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MBSB INVESTMENT BANK (formerly known as MIDF 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