Corporate Update

AMMB Holdings Berhad

(1015 | AMM MK) Main | Financial Services

FTSE4Good ESG 4 Stars

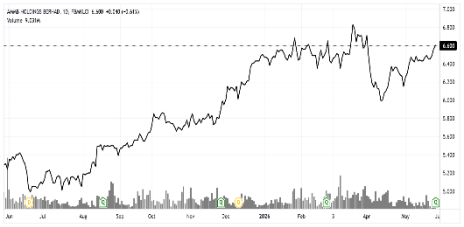
Maintain **BUY**

Revised Target Price **RM7.63**
(from RM7.57)

4QFY26 Results Review
Changing Loan Drivers

RETURN STATISTICS	
Price @ 28 May 2026 (RM)	6.60
Expected share price return (%)	+15.6
Expected dividend yield (%)	+5.3
Expected total return (%)	**+20.9**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.4	2.9
3 months	-1.2	1.7
12 months	20.3	8.0

INVESTMENT STATISTICS			
FYE Mar	**FY27F**	**FY28F**	**FY29F**
Core NP (RM m)	**2,098**	**2,144**	**2,186**
CNP growth (%)	(0)	2	2
Div yield (%)	**5.3**	**5.4**	**5.5**
Gross DPS (sen)	34.9	35.6	36.3
P/BV (x)	**1.0**	**0.9**	**0.9**
BVPS (RM)	6.8	7.1	7.4
ROE (%)	**9.5**	**9.3**	**9.2**
% Street CNP (%)	**96**	**92**	**-**

KEY STATISTICS	
FBM KLCI	1,684.93
Issue shares (m)	3,295.7
Estimated free float (%)	74.6
Market Capitalisation (RM'm)	21,526.8
52-wk price range	RM4.93 – RM6.85
3-mth average daily volume (m)	8.0
3-mth average daily value (RM'm)	51.5
Top Shareholders (%)	
Employees Provident Fund Board	12.9
Clear Goal Sdn Bhd	11.8
Amanah Saham Nasional Bhd	8.4

Salient Points

Strong set of earnings, as forecasted.

Management's tone: Neutral

Expect: Some headwinds to emerge in subsequent quarters.

Our Verdict

AMMB faces a few headwinds, including a moderate loan growth level, weaker asset quality outlook, and possible cost pressure. Regardless, we like its good management track record, high dividend yields, recovering fee income, cost control, and earnings certainty.

Valuations

A revised FY27F P/BV of 1.12x *(formerly 1.10x)*

Current P/BV of 1.01x is expensive, trading near +2 SD from the 10-year P/BV mean of 0.75x. However, we think it's warranted given the Group's improved earnings prospects and dividend payout.

The company is currently trading at a forward FY27F P/BV of 0.97x with a +5.3% dividend yield.

Themes

1. ▲ Healthy dividend yields are backed by one of the industry's highest CET 1 ratios. This provides a bit of upside for further increase.
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. ► Cost discipline is very strict, which provides tremendous certainty to earnings. Its CIR is among the lowest in the industry. Regardless, mounting cost pressure in FY27 could pose an issue.
5. ► Loan growth remains moderate, but at least they've made good progress in restructuring the RSME portfolio – which gives them options.
6. ► AMMB is a bit less optimistic about asset quality than its peers. We should see further GIL ratio uptick.

Results in a nutshell:

▲ **FY26's Core NP of RM2,100m was *Within/Within* our/street forecasts: *104%/100%* of full-year forecasts.**

▲ **Dividends announced.** DPS of 35.0 sen translates to a payout of 55% for FY26. It was higher than our expected payout of 50%.

Analyst
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▲ **FY26's Core net profit (NP) of RM2,100m up by +5%yoy.** The increase was driven by improved NII and NOII results, which offset higher OPEX.

▼ **4QFY26's Core NP of RM520m down by -2%qoq.** The decrease was driven by higher provisions and OPEX, which offset stronger NOII.

Have a look at:

▼ **Mounting cost pressures.** The Group acknowledges that cost pressure is mounting; hence, it may not commit to a FY26 CIR guidance of 44% until later. It is doing its best to resolve this by curbing pay rises, halving capex and capping headcount.

► **Changing loan drivers.** While management intends to grow loans at a rate similar to GDP growth (as with last year), the drivers are different. The Group will now be prioritising the retail portfolio, which is regaining momentum post-restructuring. This will be grown at a rate similar to GDP levels (rather than remain flat like in previous years). Wholesale, as with last year, will be grown at a rate of 1.5-2.0x GDP. Instead, management will be tapering down its commercial book. They will be conservative in the next two quarters before deciding whether to ramp up again.

▼ **More negative on asset quality outlook than peers – but still made a large writeback anyway.** AMMB expects GIL uptick in the future. Historically, it had issues with business banking and retail (mortgage and personal loans) segments. The large overlay writeback this quarter was related to its retail portfolio, which it believes is overcollateralised. It believes the main threat lies with the business banking (RSME) portfolio. Regardless, the RSME portfolio is well-provisioned and in better condition due to the restructuring taking place in FY26, where it saw slower growth.

Forecasts revised: FY27F/FY28F Core NP adjusted by +0.8%/+0.5%. We tweak our earnings to factor in lower NCC, in line with management guidance. Also, we increase our dividend payout expectations after FY26's strong result.
Key downside risks. *(1) Weak NOII performance, (2) Higher-than-expected NCC, (3) Higher-than-expected OPEX growth.*

Maintain BUY call: Revised GGM-TP of RM 7.63 ***(from RM7.57).*** The TP is based on a revised FY27F P/BV of 1.12x *(formerly 1.10x)*, to reflect altered earnings prospects and ROE-based valuations.

(GGM assumptions: *FY27F ROE of 9.5%, LTG of 4.0% & COE of 8.9%)*

FIG 1: Quarterly results

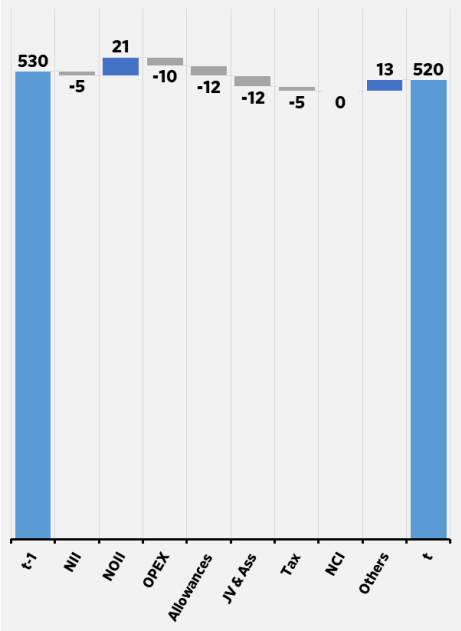
FYE Mar (RM m)	4Q FY26	3Q FY26	4Q FY25	Yoy (%)	Qoq (%)	FY26	FY25	Yoy (%)
Net interest inc.	614	619	584	5	-1	2,449	2,358	4
Islamic banking inc.	363	361	351	3	1	1,444	1,342	8
Non-interest inc.	302	270	307	-2	12	1,157	1,121	3
Net income	**1,278**	**1,250**	**1,242**	**3**	**2**	**5,049**	**4,821**	**5**
OPEX	(591)	(581)	(576)	2	2	(2,304)	(2,198)	5
PPOP	**688**	**669**	**666**	**3**	**3**	**(2,304)**	**(2,198)**	**5**
Loan provisions	(2)	(15)	(56)	-96	-86	(313)	(224)	40
Other provisions	(22)	2	7	-410	<-500	179	80	123
JV & Associates	18	30	39	-54	-41	109	108	1
PBT	**681**	**686**	**656**	**4**	**-1**	**2,721**	**2,587**	**5**
Tax	(161)	(156)	(142)	13	3	(621)	(586)	6
Discontinued ops	-	-	-	n.m.	n.m.	-	-	n.m.
NCI	(0)	(0)	(0)	n.m.	n.m.	(0)	(0)	n.m.
Reported NP	**520**	**530**	**514**	**1**	**-2**	**2,100**	**2,001**	**5**
Core NP	**520**	**530**	**514**	**1**	**-2**	**2,100**	**2,001**	**5**
Total NII*	937	942	895	5	-1	3,730	3,570	4
Total NOII*	359	338	387	-7	6	1,429	1,360	5
Gross DPS (sen)	**22.5**	**-**	**19.9**	**n.m.**	**n.m.**	**35.0**	**30.2**	**n.m.**
Core EPS (sen)	15.7	16.0	15.5	1	-2	63.5	60.5	5
Gross loans	146,687	142,692	138,883	5.6	2.8			
Gross impaired loans	2,331	2,511	2,132	9.3	-7.2			
Customer deposits	147,000	143,689	141,547	3.9	2.3			
CASA	52,077	48,218	51,006	2.1	8.0			

**Contains contributions from JV & Associates*

Ratios (%)	4Q FY26	3Q FY26	4Q FY25	Yoy (ppts)	Qoq (ppts)	FY26	FY25	Yoy (ppts)
ROE (Ann.)	**9.6**	**10.0**	**10.0**	**-0.4**	**-0.4**	**9.7**	**9.7**	**0.0**
NIM (Reported)	**1.97**	**1.96**	**1.96**	**0.01**	**0.01**	**1.98**	**1.94**	**0.04**
NOII/Net income	27.7	26.4	30.2	-2.5	1.3	27.7	27.6	0.1
Cost/Income	46.2	46.5	46.4	-0.2	-0.3	45.6	45.6	0.0
NCC (Ann.) (bps)	1	4	16	-16	-4	22	16	5
GIL ratio	1.59	1.76	1.54	0.05	-0.17			
Loan loss coverage	68	73	82	-14	-4			
CASA ratio	35.4	33.6	36.0	-0.6	1.9			
L/D ratio	98.7	98.0	96.9	1.8	0.7			
CET-1	14.8	14.6	14.8	0.0	0.2			

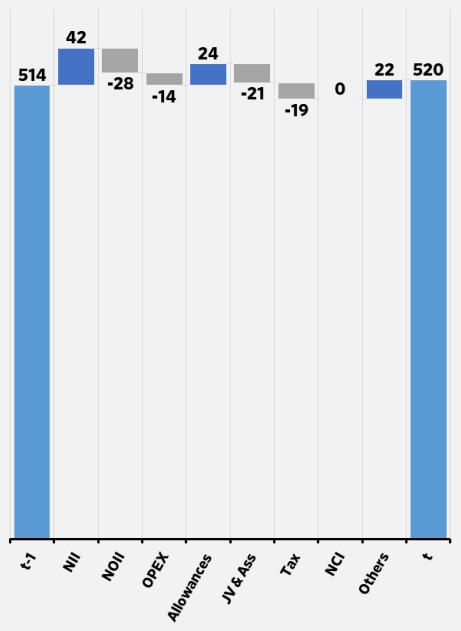
Source: Company, MBSBR

FIG 2: QoQ P/L walk (Quarterly)



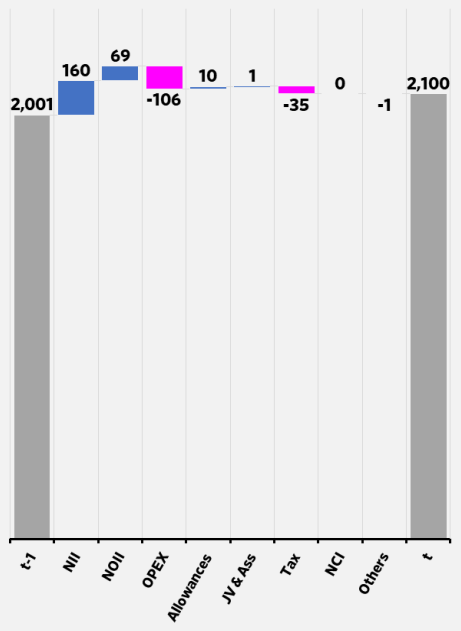
Source: Company, MBSBR

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	FY27F	FY26F	FY26	Notes (Red: New guidance, ~~Strikethrough: Guidance is no longer pertinent~~)
ROE	10	10	9.7	
CIR			45.6	Wanted a 44% target, but will only confirm next quarter. Mounting cost pressure makes this intended target level difficult to set.
NIM	Stable for now	2 – 3 bps higher (from 1.94)	1.98	Stable next quarter. Limited room for further short-term optimisation apart from some alternative funding methods.
NOII			5% (yoy)	
Loans	Close to GDP	Mid-single digit (close to GDP)	5.6 (YTD)	
Deposits			3.9 (YTD)	
% CASA			35.4	
Loan/Depo			98.7	
GIL ratio			1.59	
NCC (bps)	<21	21 – 25	22	
CET 1			14.8	
Div payout		50	39	

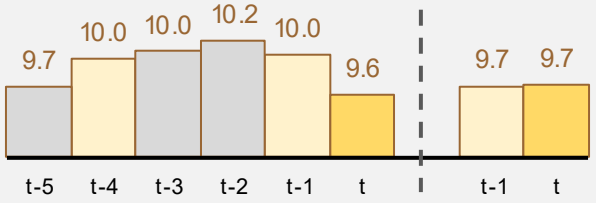
Source: Company, MBSBR

INCOME STATEMENT (QUARTERLY & CUMULATIVE)

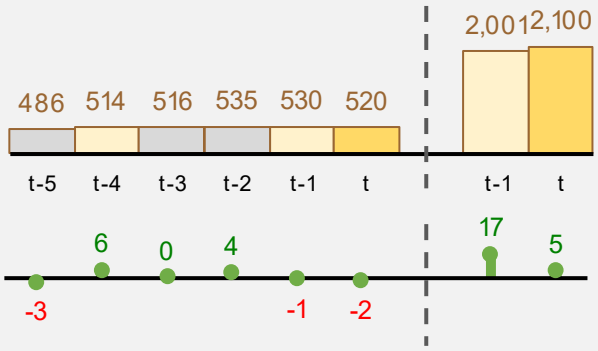
4QFY26 / FY26 results

Earnings:	Within our full-year forecasts	(104%)
	Within street full-year forecasts	(100%)
Dividend:	YES	
YTD payout:	55%	

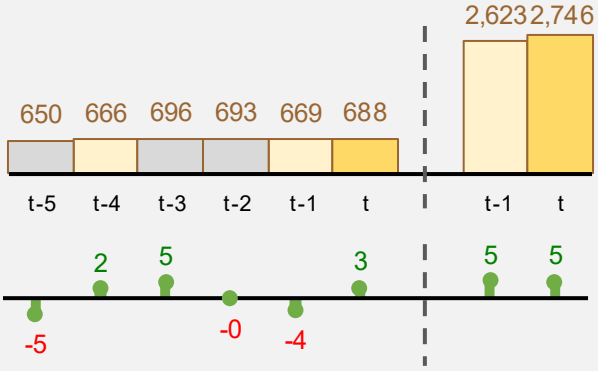
ROE (%)



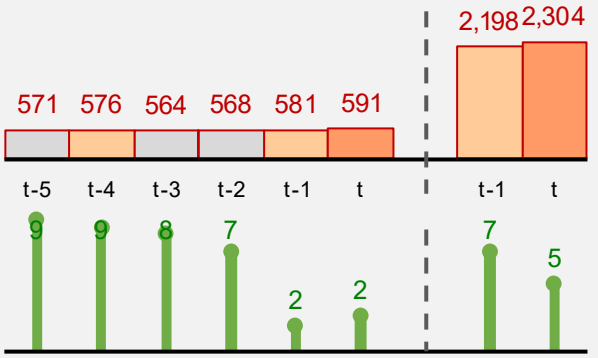
Core Net Profit (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



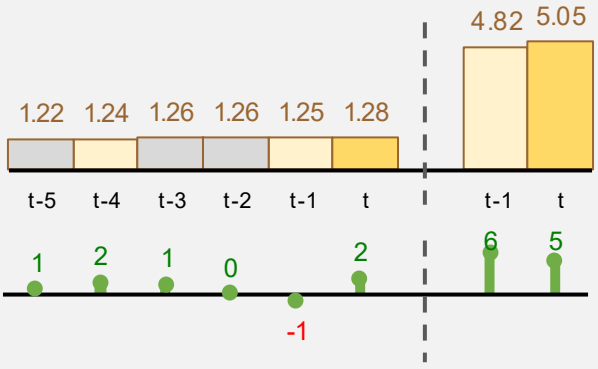
Pre-Provisioning Operating Profit (RM m)
Growth -- qoq (Qtr) & yoy (Cum) (%)



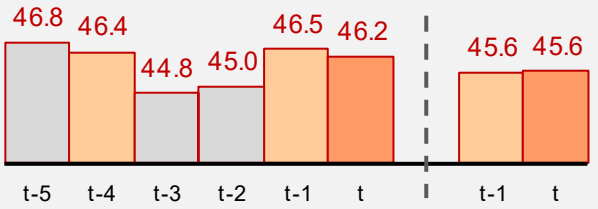
OPEX (RM m)
Growth -- yoy only! (Qtr & Cum) (%)



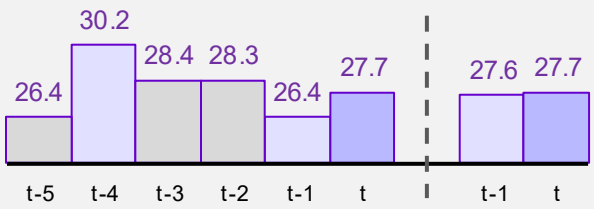
Topline (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



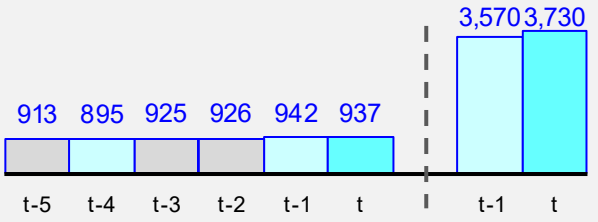
Cost/Income ratio (%)



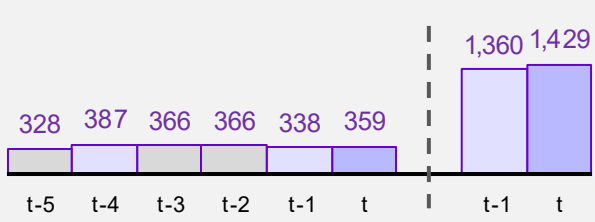
% NOII as topline (%)



Net interest income (RM m)

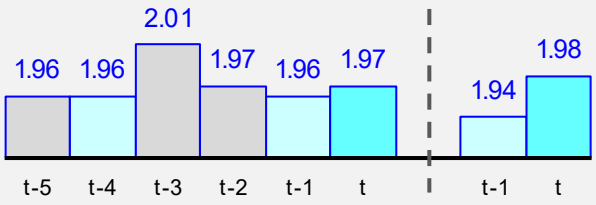


Non-interest income (RM m)

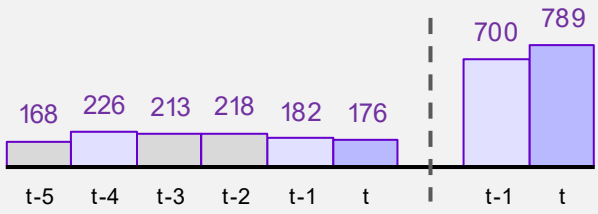


Source: Company, MBSBR

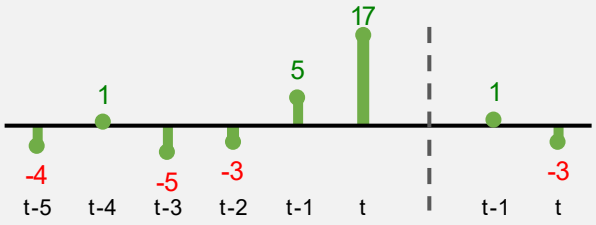
NIM (%)



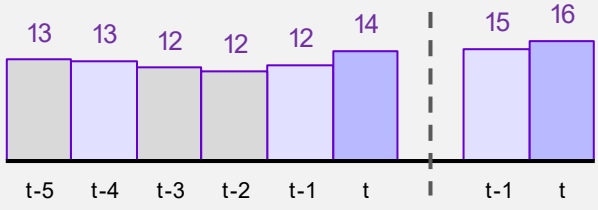
Non-fee NOII (RM m)



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

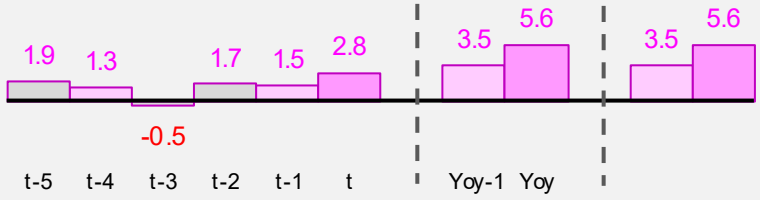


% Non-fee income as NOII (%)

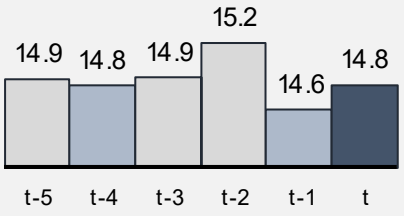


BALANCE SHEET

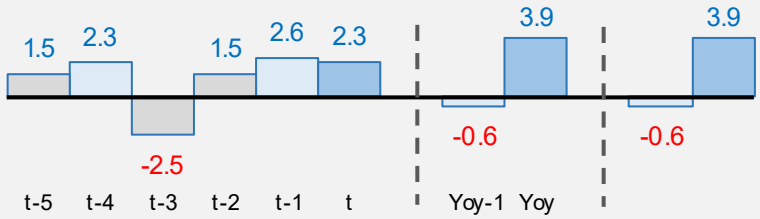
Loan growth -- qoq, yoy, FYTD (%)



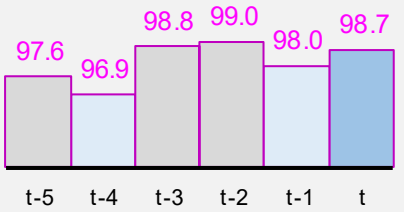
CET 1 ratio (%)



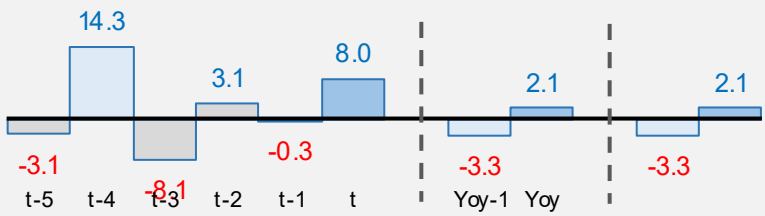
Deposit growth -- qoq, yoy, FYTD (%)



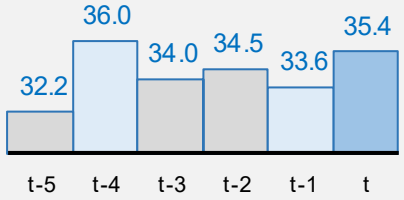
Loan/Deposit ratio (%)



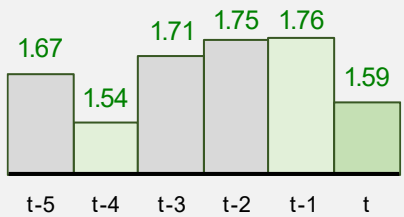
CASA growth -- qoq, yoy, FYTD (%)



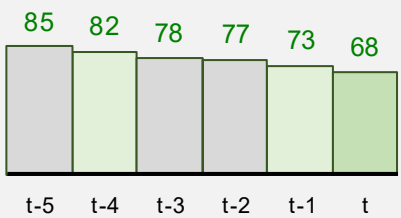
CASA ratio (%)



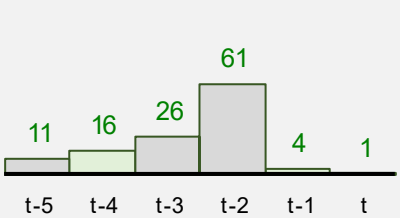
GIL ratio (%)



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	520	Qtrly ROE	Qtr value	9.6%
	26% of FY CNP				
	Qoq	-2%		t-1	10.0%
	Yoy	1%		t-4	10.0%
Cum Core NP	RM mil	2,100	Cum ROE	Cum value	9.7%
	Within our forecast				
	104% of FY CNP				
	Within consensus				
	100% of FY CNP				
	Yoy	5%		t-1	9.7%
NII	As expected		NIM	As expected	
				Qtr value	1.97
				Cum value	1.98
	Qtr (Qoq)	-1%		Qtr (Qoq)	+1bps
	Qtr (Yoy)	5%		Qtr (Yoy)	+1bps
	Cum (Yoy)	4%		Cum (Yoy)	+4bps
NOII	As expected		Qtr	% NII	72%
	Qtr (Qoq)	6%		% NOII	28%
	Qtr (Yoy)	-7%	Cum	% NII	72%
	Cum (Yoy)	5%		% NOII	28%
OPEX	As expected		Cost/ Inc.	As expected	
				Qtr value	46.2%
				Cum value	45.6%
	Qtr (Qoq)	2%		Qtr (Qoq)	-0.3%
	Qtr (Yoy)	2%		Qtr (Yoy)	-0.2%
	Cum (Yoy)	5%		Cum (Yoy)	+0.0%

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Loans	+ve surprise				
	Qoq	2.8%			
	Yoy	5.6%			
	YTD (FY)	5.6%			
Depo. grwth	As expected		CASA grwth	As expected	
	Qoq	2.3%		Qoq	8.0%
	Yoy	3.9%		Yoy	2.1%
	YTD (FY)	3.9%		YTD (FY)	2.1%
CASA ratio	As expected		L/D ratio	As expected	
	Value now	35.4%		Value now	98.7%
	Qoq	+1.9%		Qoq	+0.7%
	Yoy	-0.6%		Yoy	+1.8%
GIL ratio	As expected		LLC ratio	As expected	
	Value now	1.59%		Value now	68%
	Qoq	-17bps		Qoq	-4%
	Yoy	+5bps		Yoy	-14%
Qtrly Net CC	+ve surprise		Cum Net CC	As expected	
	Small provision			Decent provision	
	Value now	1bps		Value now	22bps
	t-1	4bps			
	t-4	16bps		t-4	16bps
CET 1	Very healthy level		Div payout	Div announced	
	As expected			+ve surprise	
	Value now	14.8%		Payout	55%
	Qoq	0.2%			

Source: Company, MBSBR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Net interest income	**2,358**	**2,449**	**2,569**	**2,599**	**2,638**
Islamic banking inc.	1,351	1,444	1,515	1,533	1,555
Other operating inc.	1,112	1,157	1,189	1,233	1,283
Net income	**4,821**	**5,049**	**5,273**	**5,365**	**5,476**
OPEX	(2,198)	(2,304)	(2,373)	(2,414)	(2,464)
PPOP	**2,623**	**2,746**	**2,900**	**2,951**	**3,012**
Loan allowances	(224)	(313)	(299)	(296)	(307)
Other allowances	80	179	(7)	(3)	(0)
JV & Associates	108	109	116	118	120
PBT	**2,587**	**2,721**	**2,710**	**2,770**	**2,824**
Tax & zakat	(586)	(620)	(612)	(626)	(638)
NCI	(0)	(0)	-	-	-
Discontinued ops	-	-	-	-	-
Reported NP	**2,001**	**2,101**	**2,098**	**2,144**	**2,186**
Core NP	**2,001**	**2,101**	**2,098**	**2,144**	**2,186**
Total NII	3,570	3,730	3,913	3,959	4,018
Total NOII	1,359	1,429	1,360	1,406	1,458

BALANCE SHEET

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Cash & ST funds	6,759	6,819	6,819	6,819	6,819
Investment securities	45,308	47,746	44,017	40,693	37,733
Net loans	137,130	145,092	150,846	156,880	163,155
Other IEAs	-	-	-	-	-
Non-IEAs	9,847	8,052	8,777	13,835	18,642
Total assets	**199,044**	**207,709**	**210,459**	**218,226**	**226,348**
Customer deposits	141,547	147,000	152,880	158,995	165,355
Other IBLs	25,481	26,286	26,792	27,360	27,995
Non-IBLs	11,394	12,797	8,285	8,454	8,632
Total liabilities	**178,422**	**186,084**	**187,957**	**194,809**	**201,983**
Share capital	6,376	6,376	6,376	6,376	6,376
Reserves	14,245	15,248	16,126	17,041	17,990
Shareholders' funds	**20,621**	**21,624**	**22,502**	**23,417**	**24,366**
NCI	1	1	-	-	-
Total equity	**20,622**	**21,625**	**22,502**	**23,417**	**24,366**
Total L&E	**199,044**	**207,709**	**210,459**	**218,226**	**226,348**
Total IEAs	189,197	199,656	201,682	204,391	207,707
Total IBLs	167,028	173,286	179,672	186,355	193,350
Gross loans	138,883	146,687	152,555	158,657	165,003
CASA	51,006	52,077	48,922	50,878	52,914

FINANCIAL RATIOS

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Interest (%)					
NIM	1.90	1.92	1.95	1.95	1.95
Return on IEAs	3.28	3.11	3.07	3.05	3.02
Cost of funds	2.29	2.11	2.04	1.96	1.89
Net interest spread	0.99	1.00	1.03	1.09	1.13
Profitability (%)					
ROE	**10.0**	**9.9**	**9.5**	**9.3**	**9.2**
ROA	1.0	1.0	1.0	1.0	1.0
NOII/Net income	26.0	26.1	25.8	26.2	26.6
Effective tax rate	22.6	22.8	22.6	22.6	22.6
Cost/Income	45.6	45.6	45.0	45.0	45.0
Liquidity (%)					
Loan/Deposit	96.9	98.7	98.7	98.7	98.7
CASA ratio	36.0	35.4	32.0	32.0	32.0
Asset Quality (%)					
GIL ratio	1.54	1.59	1.60	1.60	1.60
LLC ratio	82	68	70	70	70
LLC (w. reserves)	99	98	78	78	77
Net CC (bps)	16	22	20	19	19
Capital (%)					
CET 1	14.8	14.8	15.9	15.7	15.6
Tier 1 capital	14.8	14.8	15.9	15.7	15.6
Total capital	17.5	17.2	18.3	18.2	18.1
Growth (%)					
Total NII	8.1	4.5	4.9	1.2	1.5
Total NOII	5.3	5.2	-4.8	3.4	3.7
Net income	5.8	4.7	4.4	1.7	2.1
OPEX	7.1	4.8	3.0	1.7	2.1
Core NP	17.2	5.0	-0.2	2.2	2.0
Gross loans	3.5	5.6	4.0	4.0	4.0
Customer deposits	-0.6	3.9	4.0	4.0	4.0
CASA	-3.3	2.1	-6.1	4.0	4.0
Valuation metrics					
Core EPS (sen)	60.6	63.6	63.5	64.9	66.2
Gross DPS (sen)	30.2	35.0	34.9	35.6	36.3
Div payout (%)	50	55	55	55	55
BVPS (RM)	6.2	6.5	6.8	7.1	7.4
Core P/E (x)	10.9	10.4	10.4	10.2	10.0
Div yield (%)	**4.6**	**5.3**	**5.3**	**5.4**	**5.5**
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