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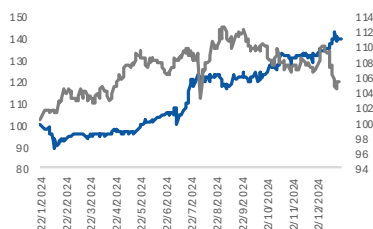
<b>Recommendation:</b>	<b>HOLD</b>
Current Price:	RM5.73
Previous Target Price:	RM5.57
Target Price:	↑ RM5.65
Capital Upside/ Downside:	-1.4%
Dividend Yield (%):	4.0%
<b>Total Upside/ Downside:</b>	<b>3.6%</b>

**Stock information**

Board	MAIN
Sector	Financial Services
Bursa/ Bloomberg Code	1015/ AMMMK
Syariah Compliant	No
ESG Rating	★★★★
Shares issued (m)	3,307.3
Market Cap (RM' m)	18,950.6
52- Week Price Range (RM)	5.94- 3.92
Beta (x)	1.0
Free float (%)	77.4
3M Average Volume (m)	6.2
3M Average Value (RM' m)	33.9

**Top 3 Shareholders (%)**

Employees Provident Fund Board	13.3
Clear Goal Sdn Bhd	9.1
Amanah Saham Nasional Bhd	8.4

**Share Price Performance**

	1M	3M	12M
Absolute (%)	4.2	9.1	29.9
Relative (%)	4.4	9.9	27.9

# AMMB Holdings Berhad

## 3QFY25 results: A Solid Quarter

### Executive Summary

- AMMB's 3QFY25 core net profit jumped +19% yoy and fell -3% qoq to RM486m, bringing 9MFY25 core net profit at RM1.49bn, which was deemed above our expectations but within consensus, accounting for 81% and 78% of our and consensus expectations, respectively.
- Management's tone: Optimistic.
- Re-iterate our HOLD recommendation with a revised target price of RM5.65, based on FY26F GGM-PBV of 0.86x.

**Results within expectations.** 9MFY25 core net profit at RM1.49bn (+21% yoy) came above our expectations, accounting for 81% of our full-year core net profit forecast at RM1.8bn and was at 78% of consensus forecasted net profit of RM1.90bn.

**YoY.** 3QFY25 core net profit jumped +19% yoy to RM486m, driven by improved NII and lower provisioning making up for the surplus brought about by the large tax relief taken last year. 9MFY25 rose by +21% yoy, driven by lower provisioning offsetting higher tax and OPEX charges.

**QoQ.** 3QFY25 fell by -3% qoq, largely dragged by higher OPEX charges, as managements has already made some early bonus accruals due to excellent performance. NIM was flattish and maintained very well, despite year-end deposit competition.

**Outlook.** Management is optimistic about the asset quality outlook and expects NCC to stay below 20bps in FY25F. Management is also optimistic on NIM outlook, with multiple debt-market avenues left to tap as the group continues its liability management programme. The Group's excellent investment banking franchise should prop up fee income in the next few quarters. Business banking loans have been growing exceptionally well, which is in line with AMMB's intention to increase loan book exposure to higher-yielding business banking loans. However, we have our concerns, primarily on (1) Treasury income, when conditions are so volatile, and (2) The pivot toward the affluent/mass-affluent segment in the retail loan book segment.

**Earnings Revision.** We increase our FY25F earnings forecasts by +5% to account for lower-than-expected provisioning costs.

**Valuation.** Re-iterate our **HOLD** recommendation on AMMB with a revised target price of **RM5.65** (from RM5.57), based on an FY26F P/BV of 0.86x GGM-PBV valuation and 1% ESG factored premium based on 4-star ESG rating. We increase our target price to incorporate the 1% ESG premium and increased earnings expectations.

**Risks.** (1) Volatile treasury incomes, (2) Weak loan growth persists, (3) NIM contraction.

### Earnings Summary

FYE Mar	FY23	FY24	FY25F	FY26F	FY27F
Core NP (RM m)	1,709	1,707	1,915	1,907	1,975
CNP growth (%)	13.7	(0.1)	12.2	(0.4)	3.5
Div yield (%)	3.2	3.9	4.0	4.5	4.7
Gross DPS (sen)	18	23	23	26	27
P/BV (x)	1.1	1.0	0.9	0.9	0.8
BVPS (RM)	5.5	5.9	6.2	6.5	6.8
ROE (%)	9.8	9.1	9.6	9.1	9.0

Source: Company, Apex Securities

# Results Note

Friday, 21 Feb, 2025

## Quarterly Results

FYE Mar (RM m)	3Q FY25	3Q FY24	Yoy (%)	2Q FY25	Qoq (%)	9M FY24	9M FY25	Yoy (%)
Net interest inc.	604	537	12	599	1	1,618	1,774	10
Islamic banking inc.	259	286	-10	428	-40	960	990	3
Non-interest inc.	358	343	4	185	93	835	815	-2
<b>Net income</b>	<b>1,221</b>	<b>1,166</b>	<b>5</b>	<b>1,212</b>	<b>1</b>	<b>3,413</b>	<b>3,579</b>	<b>5</b>
OPEX	(571)	(522)	9	(530)	8	(1,522)	(1,621)	7
<b>PPOP</b>	<b>650</b>	<b>645</b>	<b>1</b>	<b>682</b>	<b>-5</b>	<b>(1,522)</b>	<b>(1,621)</b>	<b>7</b>
Loan provisions	(36)	(435)	-92	(96)	-63	(657)	(168)	-74
Other provisions	(3)	(192)	-98	51	-106	(173)	72	-142
JV & Associates	20	(15)	-231	17	18	13	69	439
<b>PBT</b>	<b>631</b>	<b>3</b>	<b>21,721</b>	<b>654</b>	<b>-3</b>	<b>1,073</b>	<b>1,930</b>	<b>80</b>
Tax	(145)	540	-127	(153)	-5	291	(444)	-252
Discontinued ops	-	-	n.m.	-	n.m.	51	-	n.m.
NCI	0	-	n.m.	(0)	n.m.	(25)	-	n.m.
<b>Reported NP</b>	<b>486</b>	<b>543</b>	<b>-10</b>	<b>501</b>	<b>-3</b>	<b>1,391</b>	<b>1,486</b>	<b>7</b>
<b>Core NP</b>	<b>486</b>	<b>408</b>	<b>19</b>	<b>501</b>	<b>-3</b>	<b>1,230</b>	<b>1,486</b>	<b>21</b>
Total NII*	913	827	10	901	1	2,482	2,675	8
Total NOII*	328	325	1	327	0	945	973	3
<b>Gross DPS (sen)</b>	<b>-</b>	<b>-</b>	<b>n.m.</b>	<b>10.3</b>	<b>n.m.</b>	<b>6.0</b>	<b>10.3</b>	<b>n.m.</b>
Core EPS (sen)	14.7	12.3	19	15.1	-3	37.2	44.9	21
Gross loans	137,059	131,329	4.4	134,491	1.9			
Gross impaired loans	2,284	2,103	8.6	2,239	2.0			
Customer deposits	138,416	135,924	1.8	136,314	1.5			
CASA	44,623	45,804	-2.6	46,070	-3.1			

\*Contains contributions from JV & Associates

Ratios (%)	3Q FY25	3Q FY24	Yoy (ppts)	2Q FY25	Qoq (ppts)	9M FY24	9M FY25	Yoy (ppts)
<b>ROE (Ann.)</b>	<b>9.7</b>	<b>8.5</b>	<b>1.2</b>	<b>10.0</b>	<b>-0.3</b>	<b>8.6</b>	<b>9.9</b>	<b>1.3</b>
<b>NIM (Reported)</b>	<b>1.96</b>	<b>1.79</b>	<b>0.17</b>	<b>1.96</b>	<b>0.00</b>	<b>1.79</b>	<b>1.94</b>	<b>0.15</b>
NOII/Net income	26.4	28.2	-1.8	26.6	-0.2	27.6	26.7	-0.9
Cost/Income	46.8	44.7	2.0	43.7	3.0	44.6	45.3	0.7
NCC (Ann.) (bps)	11	135	-125	29	-18	68	17	-51
GIL ratio	1.67	1.60	0.07	1.67	0.00			
Loan loss coverage	85	102	-17	87	-1			
CASA ratio	32.2	33.7	-1.5	33.8	-1.6			
L/D ratio	97.6	95.0	2.6	97.2	0.4			
CET-1	14.9	13.4	1.5	15.3	-0.4			

# Results Note

Friday, 21 Feb, 2025

## Financial Highlights

### Income Statement

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Net interest income</b>	<b>2,281</b>	<b>2,137</b>	<b>2,532</b>	<b>2,634</b>	<b>2,704</b>
Islamic banking inc.	1,301	1,316	1,193	1,240	1,273
Other operating inc.	956	1,103	1,080	1,199	1,285
<b>Net income</b>	<b>4,538</b>	<b>4,555</b>	<b>4,805</b>	<b>5,073</b>	<b>5,262</b>
OPEX	(1,999)	(2,052)	(2,138)	(2,258)	(2,342)
<b>PPOP</b>	<b>2,539</b>	<b>2,504</b>	<b>2,667</b>	<b>2,816</b>	<b>2,920</b>
Loan allowances	(422)	(696)	(345)	(393)	(414)
Other allowances	68	(153)	5	9	12
JV & Associates	44	40	43	45	47
<b>PBT</b>	<b>2,229</b>	<b>1,694</b>	<b>2,370</b>	<b>2,477</b>	<b>2,565</b>
Tax & zakat	(513)	148	(545)	(570)	(590)
NCI	59	(25)	-	-	-
Discontinued ops	(66)	51	-	-	-
<b>Reported NP</b>	<b>1,709</b>	<b>1,868</b>	<b>1,825</b>	<b>1,907</b>	<b>1,975</b>
<b>Core NP</b>	<b>1,709</b>	<b>1,707</b>	<b>1,825</b>	<b>1,907</b>	<b>1,975</b>
Total NII	3,498	3,304	3,617	3,762	3,863
Total NOII	1,083	1,291	1,188	1,311	1,400

### 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	15,353
<b>Total assets</b>	<b>197,432</b>	<b>196,764</b>	<b>202,770</b>	<b>209,543</b>	<b>218,209</b>
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	11,409	9,985	9,068
<b>Total liabilities</b>	<b>179,405</b>	<b>177,322</b>	<b>182,328</b>	<b>188,122</b>	<b>195,759</b>
Share capital	6,376	6,376	6,376	6,376	6,376
Reserves	11,650	13,065	14,066	15,045	16,074
<b>Shareholders' funds</b>	<b>18,026</b>	<b>19,441</b>	<b>20,443</b>	<b>21,421</b>	<b>22,450</b>
NCI	1	1	0	0	0
<b>Total equity</b>	<b>18,027</b>	<b>19,442</b>	<b>20,443</b>	<b>21,421</b>	<b>22,450</b>
<b>Total L&amp;E</b>	<b>197,432</b>	<b>196,764</b>	<b>202,770</b>	<b>209,543</b>	<b>218,209</b>
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

### Key Ratios

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Interest (%)</b>					
NIM	1.96	1.76	1.91	1.93	1.93
Return on IEAs	2.79	3.24	3.04	3.10	3.05
Cost of funds	1.76	2.39	1.92	1.95	1.86
Net interest spread	1.03	0.85	1.12	1.15	1.19
<b>Profitability (%)</b>					
<b>ROE</b>	<b>9.8</b>	<b>9.1</b>	<b>9.2</b>	<b>9.1</b>	<b>9.0</b>
ROA	0.9	0.9	0.9	0.9	0.9
NOII/Net income	22.9	27.5	24.7	25.8	26.6
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
<b>Liquidity (%)</b>					
Loan/Deposit	98.4	92.8	92.6	92.3	91.8
CASA ratio	37.4	37.1	36.0	36.0	36.0
<b>Asset Quality (%)</b>					
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	25	27	27
<b>Capital (%)</b>					
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
<b>Growth (%)</b>					
Total NII	16.1	-5.5	9.5	4.0	2.7
Total NOII	14.0	19.2	-8.0	10.4	6.7
Net income	11.9	0.4	5.5	5.6	3.7
OPEX	11.7	2.6	4.2	5.6	3.7
Core NP	13.7	-0.1	6.9	4.5	3.5
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
<b>Valuation metrics</b>					
Core EPS (sen)	51.7	51.6	55.2	57.7	59.7
Gross DPS (sen)	18.3	22.6	22.1	26.0	27.0
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	10.4	9.9	9.6
<b>Div yield (%)</b>	<b>3.2</b>	<b>3.9</b>	<b>3.9</b>	<b>4.5</b>	<b>4.7</b>
P/BV (x)	1.1	1.0	0.9	0.9	0.8

**ESG Matrix Framework:****Environment**

Parameters	Rating	Comments
Climate	★★★★	Total Scope 1, 2, and 3 emissions rose by 6% yoy in FY24
Exposure to ESG-sensitive sectors	★★	n/a
Energy	★★★★	Energy consumption increased from 24,263 MWh (FY23) to 24,978 MWh in FY24
Water	★★★★	Water consumption fell from 73.6 m3 (FY23) to 72.8 m3 in FY24
Compliance	★★★★★	In compliance with local and international environmental regulations

**Social**

Diversity	★★★★★	In FY24, 62% of the workforce are women
Human Rights	★★★★★	Enforce and adopts Code of Ethics and Conduct
Net promoter score	★★★	27 in FY24 (from 20 in FY23)
CSR Strategy	★★★	RM5.6b disbursed under the affordable home schemes

**Governance**

MD/CEO salary as % of reported net profit	★★★	0.76% in FY23
Directors	★★★★★	7/9 Independent Directors
Stakeholders	★★★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★★★

**Recommendation Framework:****BUY:** Total returns\* are expected to exceed 10% within the next 12 months.**HOLD:** Total returns\* are expected to be within +10% to – 10% within the next 12 months.**SELL:** Total returns\* are expected to be below -10% within the next 12 months.**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain

**Sector Recommendations:****OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.**ESG Rating Framework:**

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of **Friday, 21 Feb, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.