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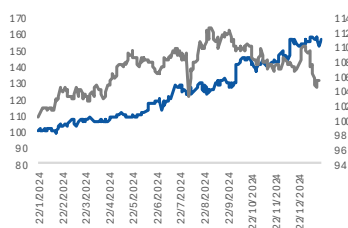
Current Price:	RM5.32
Previous Target Price:	RM5.00
Target Price:	↑ RM5.05
Capital Upside/Downside:	-5.1%
Dividend Yield (%):	4.3%
Total Upside/Downside:	0.2%

Stock information

Board	MAIN
Sector	Financial Services
Bursa / Bloomberg Code	2488 / ABMB MK
Syariah Compliant	No
ESG Rating	★★★★
Shares issued (m)	1,548.1
Market Cap (RM' m)	8,235.9
52-Week Price Range (RM)	5.4-3.51
Beta (x)	0.4
Free float (%)	69.6
3M Average Volume (m)	1.7
3M Average Value (RM' m)	8.6

Top 3 Shareholders (%)

Vertical Theme Sdn Bhd	29.1
Employees Provident Fund Board	8.3
Global Success Network	5.0

Share Price Performance

	1M	3M	12M
Absolute (%)	1.9	8.4	49.0
Relative (%)	0.1	9.6	46.4

Alliance Bank Malaysia Berhad

3QFY25 results: Some Pressure on NIMs Expected

Executive Summary

- ABMB's 3QFY25 core net profit jumped +6% yoy and fell -2% qoq to RM187m, bringing 9MFY25 core net profit at RM553m, which was within expectations, accounting for 76% and 75% of our and consensus expectations, respectively.
- Management's tone: Neutral.
- Re-iterate our HOLD recommendation with a higher target price of RM5.05, based on FY26F GGM-PBV of 0.95x.

Results within expectations. 9MFY25 core net profit at RM553m (+8% yoy) came within expectations, accounting for 76% of our core net profit forecast at RM732m and was at 75% of consensus forecasted net profit of RM741m.

YoY. 3QFY25 core net profit jumped +6% yoy to RM187m, driven largely by improved NII, which offset higher OPEX, provisioning, and tax charges. 9MFY25 core net profit jumped by +8% yoy to RM553m, driven largely by NII and NOII improvements offsetting higher OPEX and provisioning charges.

QoQ. 3QFY25 core net profit fell by -2% qoq due to weaker NOII and higher tax charges offsetting improved OPEX and provisioning.

Outlook. There was some CASA outflow in the consumer segment to wealth business and FDs. Management does warn that further NIM compression may occur in 4QFY25, stemming mainly from the COF side. Aside from CASA outflow, COF pressure is stemming from higher deposit tenures (an effort to lock in liquidity, as expectations of global rates are leaning towards cuts). Regardless, management is generally happy, as long as they can maintain their aggressive loan growth stance (keeping in mind that loans being acquired are of high quality).

Earnings Revision. As earnings came within expectations, we make no changes to our earnings forecast.

Valuation. Re-iterate our **HOLD** recommendation on ABMB with a higher target price of **RM5.05**, based on an FY26F P/BV of 0.95x GGM-PBV valuation and +1% ESG factored premium based on 4-star ESG rating. We increase our target price to factor in our newly-added ESG premium.

Risks. (1) Poor NOII performance, (2) GIL ratio creep, (3) Higher-than-expected OPEX.

FYE Mar	FY23	FY24	FY25F	FY26F	FY27F
Core NP (RM m)	678	690	732	781	822
CNP growth (%)	18.3	1.9	6.0	6.7	5.3
Div yield (%)	2.2	2.2	2.1	2.3	2.4
Gross DPS (sen)	22	22	21	23	24
P/BV (x)	2.3	2.2	2.0	1.9	1.8
BVPS (RM)	4.4	4.6	5.0	5.3	5.6
ROE (%)	10.3	9.9	9.8	9.8	9.8

Source: Company, Apex Securities

Results Note

Friday, 28 Feb, 2025

Quarterly Results

FYE Mar (RM m)	3Q FY25	3Q FY24	Yoy (%)	2Q FY25	Qoq (%)	9M FY24	9M FY25	Yoy (%)
Net interest inc.	369	334	11	364	1	967	1,080	12
Islamic banking inc.	138	116	19	137	0	326	406	25
Non-interest inc.	54	61	-11	104	-48	212	221	4
Net income	561	510	10	606	-7	1,504	1,707	13
OPEX	(265)	(248)	7	(274)	-3	(725)	(798)	10
PPOP	296	262	13	332	-11	780	909	17
Loan provisions	(38)	(25)	56	(94)	-59	(99)	(178)	80
Other provisions	0	(0)	n.m.	(1)	n.m.	(0)	(1)	n.m.
JV & Associates	0	0	n.m.	0	n.m.	0	0	n.m.
PBT	258	237	9	238	9	680	730	7
Tax	(71)	(61)	17	(48)	49	(168)	(177)	5
NCI	-	-	n.m.	-	n.m.	-	-	n.m.
Reported NP	187	177	6	190	-2	513	553	8
Core NP	187	177	6	190	-2	513	553	8
Total NII	495	442	12	491	1	1,274	1,450	14
Total NOII	67	68	-1	114	-42	231	256	11
Gross DPS (sen)	-	-	n.m.	9.5	n.m.	10.9	9.5	n.m.
Core EPS (sen)	12.1	11.4	6	12.3	-2	33.1	35.7	8
Gross loans	60,956	53,356	14.2	59,074	3.2			
Gross impaired loans	1,203	1,246	-3.5	1,192	0.9			
Customer deposits	61,659	54,410	13.3	58,966	4.6			
CASA	24,285	24,530	-1.0	24,102	0.8			
Ratios (%)	3Q FY25	3Q FY24	Yoy (ppts)	2Q FY25	Qoq (ppts)	9M FY24	9M FY25	Yoy (ppts)
ROE (Ann.)	10.1	10.1	-0.1	10.3	-0.2	9.8	9.9	0.1
NIM (Reported)	2.45	2.49	-0.04	2.49	-0.04	2.48	2.46	-0.02
NOII/Net income	11.9	13.3	-1.4	18.9	-7.0	15.3	15.0	-0.3
Cost/Income	47.2	48.6	-1.3	45.2	2.1	48.2	46.8	-1.4
NCC (Ann.) (bps)	27	20	7	68	-41	26	42	15
GIL ratio	1.97	2.33	-0.36	2.02	-0.05			
Loan loss coverage	104	96	7	106	-2			
CASA ratio	39.4	45.1	-5.7	40.9	-1.5			
L/D ratio	97.2	96.2	1.0	98.4	-1.2			
CET-1	12.4	12.8	-0.4	12.4	0.0			

Results Note

Friday, 28 Feb, 2025

Financial Highlights

Income Statement

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Net interest income	1,230	1,310	1,389	1,501	1,557
Islamic banking inc.	453	440	498	538	558
Other operating inc.	237	271	301	302	314
Net income	1,920	2,020	2,187	2,341	2,429
OPEX	(881)	(974)	(1,050)	(1,124)	(1,141)
PPOP	1,038	1,047	1,137	1,217	1,287
Loan allowances	(152)	(135)	(175)	(190)	(205)
Other allowances	0	(1)	3	2	2
JV & Associates	0	0	0	0	0
PBT	887	911	965	1,030	1,084
Tax & zakat	(209)	(221)	(234)	(249)	(262)
NCI	-	-	-	-	-
Reported NP	678	690	732	781	822
Core NP	678	690	732	781	822
Total NII	1,653	1,720	1,852	2,001	2,075
Total NOII	267	300	336	340	353

Balance Sheet

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash & ST funds	3,659	4,597	3,759	3,810	3,910
Investment securities	12,148	14,253	12,814	11,734	10,908
Net loans	47,926	54,721	59,797	64,598	69,753
Other IEAs	0	0	0	0	0
Non-IEAs	2,577	3,376	6,104	7,848	9,399
Total assets	66,311	76,946	82,473	87,990	93,970
Customer deposits	50,849	57,397	62,276	67,383	72,908
Other IBLs	3,966	5,650	5,544	5,359	5,193
Non-IBLs	4,748	6,724	6,956	7,094	7,235
Total liabilities	59,564	69,771	74,777	79,836	85,336
Share capital	1,548	1,548	1,548	1,548	1,548
Reserves	5,199	5,627	6,148	6,606	7,086
Shareholders' funds	6,747	7,175	7,696	8,154	8,634
NCI	0	0	0	0	0
Total equity	6,747	7,175	7,696	8,154	8,634
Total L&E	66,311	76,946	82,473	87,990	93,970
Total IEAs	63,733	73,570	76,369	80,142	84,571
Total IBLs	54,815	63,047	67,820	72,742	78,101
Gross loans	49,068	55,740	60,757	65,617	70,867
CASA	21,295	23,864	23,042	23,584	25,518

Key Ratios

FYE Mar (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Interest (%)					
NIM	2.66	2.51	2.47	2.49	2.52
Return on IEAs	3.19	3.59	3.27	3.27	3.18
Cost of funds	1.40	1.96	1.62	1.51	1.41
Net interest spread	1.78	1.63	1.65	1.76	1.77
Profitability (%)					
ROE	10.3	9.9	9.8	9.8	9.8
ROA	1.1	1.0	0.9	0.9	0.9
NOII/Net income	13.9	14.9	15.3	14.5	14.5
Effective tax rate	23.5	24.2	24.2	24.2	24.2
Cost/Income	45.9	48.2	48.0	48.0	47.0
Liquidity (%)					
Loan/Deposit	94.3	95.3	96.0	95.9	95.7
CASA ratio	41.9	41.6	37.0	35.0	35.0
Asset Quality (%)					
GIL ratio	2.51	2.11	1.95	1.90	1.90
LLC ratio	103	101	95	95	95
LLC (w. reserves)	124	114	116	115	113
Net CC (bps)	32	26	30	30	30
Capital (%)					
CET 1	13.8	12.5	12.9	12.4	12.0
Tier 1 capital	14.6	13.2	13.6	13.1	12.6
Total capital	18.7	16.8	17.0	16.4	15.7
Growth (%)					
Total NII	11.7	4.1	7.7	8.1	3.7
Total NOII	-31.1	12.4	11.7	1.4	3.8
Net income	2.8	5.2	8.3	7.0	3.7
OPEX	7.1	10.5	7.8	7.0	1.6
Core NP	18.3	1.9	6.0	6.7	5.3
Gross loans	6.2	13.6	9.0	8.0	8.0
Customer deposits	5.5	12.9	8.5	8.2	8.2
CASA	-9.7	12.1	-3.4	2.4	8.2
Valuation metrics					
Core EPS (sen)	43.8	44.6	47.3	50.4	53.1
Gross DPS (sen)	22.0	22.3	21.3	22.7	23.9
Div payout ratio (%)	50	50	45	45	45
BVPS (RM)	4.4	4.6	5.0	5.3	5.6
Core P/E (x)	22.8	22.4	21.2	19.8	18.8
Dividend yield (%)	2.2	2.2	2.1	2.3	2.4
P/BV (x)	2.3	2.2	2.0	1.9	1.8

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	Total Scope 1, 2, and 3 emissions flattish in FY24
Exposure to ESG-sensitive sectors	★★★	5.6% of loan book
Energy	★★★★	Energy consumption increased from 13,380 MWh (FY23) to 13,807 MWh in FY24
Water	★★★★	Water consumption at 25,200 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	★★★	33 in FY24 (from 33 in FY23)
CSR Strategy	★★★	SocioBiz, a Shariah-compliant social funding platform, has raised RM1.8m over four impactful years.

Governance

MD/CEO salary as % of reported net profit	★★★	2.1% in FY24
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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(a) nil.