

26 February 2026

AMMB Holdings

Steady on Camelback

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AMBANK's 9MFY26 net profit (+6%) is within expectations. The group remains confident of delivering stronger dividends in FY26, supported by a firmer earnings base as it works toward its targeted payout of 45.0 sen per share. This is despite an anticipated softer 4QFY26 due to festive seasonality, with fee-based non-interest income expected to provide earnings support. Maintain OUTPERFORM and GGM-PBV TP of RM7.45. AMBANK is one of our 1QCY26 Top Picks.

9MFY26 within expectations. AMBANK's 9MFY26 net earnings of RM1.58b made up 75% of our full-year forecast and 76% of consensus full-year estimate. No dividend was declared this quarter as the group typically pays on a bi-annual basis.

YoY, 9MFY26 net profits rose by 6% from improvements in total income as well as writebacks from financial investments following the completion of a client's restructuring exercise.

NII improved by 6% with a higher loans base (+4%) with NIMs expanding by 4 bps (to 1.98%) from better funding cost management while NII gained 5% from stronger treasury gains. The growth in topline also kept CIR stable at 45.4% (+0.1ppt) with net credit cost normalising to 29 bps (+13 bps). Adjusting for the abovementioned restructuring exercise, adjusted credit cost would come in at 24 bps instead.

QoQ, 3QFY26 net earnings was flattish. NIMs saw a slight compression to 2.01% (-1 bps) as asset yields came off while NOII declined by 7% from softer treasury gains. This is in addition to seasonally higher performance-related personnel costs. Bottomline was mostly supported by the absence of large RSME provisions incurred in 2QFY26, bringing credit cost to 4 bps (-56 bps) for the period.

Highlights. AMBANK appears on track to meet its FY26 targets, with growing confidence in higher dividend payments in the near term, potentially achieving its planned 45.0 sen/share payout for FY29F ahead of schedule.

While the group expects a softer 4QFY26 due to a festive dense period, it anticipates stronger trading gains from its bond portfolio, alongside improving wealth management income and client-driven fee contributions. These should help offset the expected compression in loan yields amid ongoing competitive pressures. Additionally, the group is revisiting previously lower-margin segments such as mortgages, where it believes asset yields are gradually turning relatively more favourable

Forecast. We slightly tweak our FY26F earnings from model updates. For now, we are expecting step ups to dividends by 4.0 sen each year, with a FY26F expected to payout 53% for a 34.0 sen dividend, improving from FY25's 50% payout.

Maintain OUTPERFORM and TP of RM7.45. Our TP is based on an unchanged GGM-derived PBV of 1.1x (COE: 9.4%, TG: 3%, ROE: 10.0%) against a CY26F BVPS of RM6.75. AMBANK still looks to maintain its 10% ROE as it continues to balance higher margin SME accounts supported by the rebalancing into cheaper funding sources. Assuming AMBANK is to pay out its aspired 45.0 sen dividend at current price points, a yield of 6.9% could be expected, making it the highest yield provider between the banks.

While we are still conservative with our inputs in our GGM (behind AMBANK's long-term 11% ROE target), every additional 1% ROE adjustment would raise our TP by c.105 sen. **AMBANK is one of our Top Picks for 1QCY26.**

OUTPERFORM ↔

Price : **RM6.54**
Target Price : **RM7.45** ↔

Share Price Performance



KLCI	1,747.81
YTD KLCI chg	4.0%
YTD stock price chg	0.6%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	AMM MK Equity
Market Cap (RM m)	21,629.9
Shares Outstanding	3,307.3
52-week range (H)	6.68
52-week range (L)	4.94
3-mth avg. daily vol.	6,377,237
Free Float	75%
Beta	1.08

Major Shareholders

Employees Provident Fund	15.2%
Clear Goal Sdn Bhd	11.8%
Amanah Saham Nasional	8.4%

Summary Earnings Table

FY Mar (RM m)	2025A	2026F	2027F
Net interest Income	3,709	3,821	3,904
Non-interest Income	1,112	1,332	1,372
Total Income	4,821	5,153	5,276
Operating Expenses	-2,198	-2,102	-2,136
Loan Impairment	-144	-388	-353
Pre-tax Profit	2,587	2,783	2,908
Net Profit	2,001	2,122	2,217
Core Net Profit	2,001	2,122	2,217
Consensus NP	-	2,078	2,180
Earnings Revision	-	+0.1%	+1.1%
Core EPS (RM)	0.61	0.64	0.67
EPS Growth (%)	28.6	6.0	4.5
NDPS (sen)	30.2	34.0	38.0
BV/Share (RM)	6.24	6.54	6.83
NTA/Share (RM)	6.10	6.40	6.69
ROE (%)	10.0	10.0	10.0
PER (x)	10.8	10.2	9.8
P/BV (x)	1.05	1.00	0.96
Net Div. Yield (%)	4.6	5.2	5.8

26 February 2026

Risks to our call include: (i) higher-than-expected margin squeeze, (ii) lower-than-expected loan growth, (iii) worse-than-expected deterioration in asset quality, (iv) a slowdown in capital market activities, (v) unfavourable currency fluctuations, and (vi) changes to the OPR.

Results Highlights

	3Q	2Q	QoQ	3Q	YoY	9M	9M	YoY
FYE Mar (RM m)	FY26	FY26	Chg	FY25	Chg	FY26	FY25	Chg
Net interest income	979	969	1.0%	862	13.5%	2,916	2,764	5.5%
Non-interest income	270	292	-7.4%	358	-24.6%	855	815	5.0%
Total income	1,250	1,261	-0.9%	1,221	2.4%	3,771	3,579	5.4%
Operating expenses	-581	-568	2.3%	-571	1.8%	-1,713	-1,621	5.6%
Pre-impairment profit	669	693	-3.6%	650	2.9%	2,058	1,957	5.2%
(Allowances)/ write-backs	-15	-209	-92.9%	-36	-58.5%	-311	-168	84.9%
(Allowances)/ write-backs on other assets	2	182	-99.0%	-2	-183.2%	199	73	172.3%
Operating profit	656	667	-1.7%	612	7.1%	1,946	1,862	4.5%
Non-operating gains / (losses)	30	34	-10.4%	20	51.5%	94	69	36.7%
Profit before tax	686	700	-2.1%	632	8.5%	2,040	1,931	5.7%
Taxation	-156	-166	-5.9%	-145	7.2%	-460	-444	3.7%
Minority interest	0	0	0.0%	0	34.4%	0	0	N.M
Core Net Profit	530	535	-0.9%	486	8.9%	1,580	1,487	6.3%
Gross loans	142,692	140,522	1.5%	137,059	4.1%	142,692	137,059	4.1%
Gross impaired loans	2,511	2,466	1.8%	2,284	10.0%	2,511	2,284	10.0%
Customer deposits	143,689	140,042	2.6%	138,416	3.8%	143,689	138,416	3.8%
Current and savings account (CASA)	48,218	48,350	-0.3%	44,623	8.1%	48,218	44,623	8.1%
Total assets	202,203	200,343	0.9%	197,512	2.4%	202,203	197,512	2.4%
Shareholders' equity	21,157	21,067	0.4%	20,071	5.4%	21,157	20,071	5.4%
Reported annualised NIM	1.96%	1.97%		1.96%		1.98%	1.94%	
Cost-to-income ratio	46.5%	45.0%		46.8%		45.4%	45.3%	
Annualised credit cost (bps)	4.2	59.9		10.5		29.4	16.5	
Effective tax rate	22.8%	23.7%		23.0%		22.5%	23.0%	
Annualised ROA	1.1%	1.1%		1.0%		1.1%	1.0%	
Annualised ROE	10.0%	10.3%		9.7%		10.1%	10.0%	
Gross impaired loans ratio	1.76%	1.75%		1.67%		1.76%	1.67%	
Loan loss coverage ratio (LLC)	72.9%	76.7%		85.3%		72.9%	85.3%	
LLC plus regulatory reserves	98.0%	97.9%		97.3%		98.0%	97.3%	
Loan-to-deposit ratio	99.3%	100.3%		99.0%		99.3%	99.0%	
CASA-to-deposit ratio	33.6%	34.5%		32.2%		33.6%	32.2%	
CET-1 capital (Group level)	14.6%	15.2%		14.9%		14.6%	14.9%	

Source: Company, Kenanga Research

Management Guidance

	FY26 Targets	FY25 Performance
Loan growth	Single Digit Growth	+3.5%
NIM	Stable	1.97%
Credit cost	~20 bps	8 bps
ROE	11% by FY29	10%

Source: Company, Kenanga Research

26 February 2026

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld.
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
Affin Bank Bhd	MP	2.71	2.50	-7.7%	6,866.7	N	12/2025	22.8	25.4	13.3%	11.6%	11.9	10.7	0.6	4.9%	6.0	2.2%
Alliance Bank Malaysia Bhd	MP	5.16	5.20	0.8%	8,928.0	N	03/2026	47.2	50.3	8.7%	6.5%	10.9	10.3	1.1	10.3%	19.0	3.7%
AMMB Holdings Bhd	OP	6.54	7.45	13.9%	21,629.9	N	03/2026	64.2	67.0	6.0%	4.5%	10.2	9.8	1.0	10.0%	34.0	5.2%
Bank Islam Malaysia Bhd	MP	2.52	2.55	1.2%	5,711.5	Y	12/2025	23.6	26.9	-6.4%	14.1%	10.7	9.4	0.7	6.9%	14.0	5.6%
CIMB Group Holdings Bhd	MP	8.47	8.45	-0.2%	91,447.7	N	12/2025	73.7	77.7	2.0%	5.3%	11.5	10.9	1.2	11.1%	49.0	5.8%
Hong Leong Bank Bhd	MP	24.04	25.95	7.9%	52,111.9	N	06/2026	231.0	238.9	1.1%	3.4%	10.4	10.1	1.2	11.7%	105.0	4.4%
Malayan Banking Bhd	OP	12.36	12.35	-0.1%	149,322.5	N	12/2025	84.4	86.6	0.8%	2.7%	14.7	14.3	1.5	10.6%	62.0	5.0%
MBSB Bhd	MP	0.775	0.750	-3.2%	6,372.3	Y	12/2025	5.8	7.2	2.9%	23.4%	13.3	10.8	0.6	4.2%	4.6	5.9%
Public Bank Bhd	OP	4.95	5.75	16.2%	96,082.9	N	12/2026	38.6	40.0	3.7%	3.6%	12.8	12.4	1.5	12.2%	23.5	4.7%
RHB Bank Bhd	MP	8.31	8.35	0.5%	36,247.5	N	12/2025	71.8	74.1	-0.3%	3.1%	11.6	11.2	1.1	9.4%	44.5	5.4%
SECTOR AGGREGATE					474,721					2.1%	4.2%	12.5	12.0	1.3	10.3%		4.8%

Name	Terminal growth (%)	Sustainable ROE (%)	Cost of Equity (%)	Applied PBV (x)	Target Price (RM)	Call	Remarks
Affin Bank Bhd	3.00	6.25	9.4	0.51	2.50	MP	
Alliance Bank Malaysia Bhd	3.00	10.0	10.0	1.00	5.20	MP	+5% ESG Premium
AMMB Holdings Bhd	3.00	10.0	9.4	1.10	7.45	OP	
Bank Islam Malaysia Bhd	3.50	8.0	9.7	0.73	2.55	MP	
CIMB Group Holdings Bhd	3.50	11.5	10.7	1.12	8.45	MP	+5% ESG Premium
Hong Leong Bank Bhd	-	-	-	-	25.95	MP	Sum-of-Parts
Malayan Banking Bhd	3.50	11.5	9.0	1.45	12.35	OP	
MBSB Bhd	3.00	6.0	8.7	0.53	0.75	MP	
Public Bank Bhd	4.00	13.	9.4	1.68	5.75	OP	+5% ESG Premium
RHB Bank Bhd	2.50	10.0	9.7	1.05	8.35	MP	

Source: Kenanga Research

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	☆	
	Community Investment	★	★	★	☆	
	Workforce Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★	★	
	Anti-corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Green Financing	★	★	☆		
	Financial Inclusion	★	★	★		
	Cybersecurity/Data Privacy	★	★	★		
	Digitalisation & Innovation	★	★	★		
	Diversity & Inclusion	★	★	★		
	Customer Experience	★	★	★		
	OVERALL	★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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Published by:

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