

29 May 2026

# AMMB Holdings

## Sharpened for FY27

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**AMBANK's FY26 net profit (+5%) and full-year dividend met expectations. The group remains on track to further increase its absolute dividend payouts, while still anticipating earnings growth despite ongoing macroeconomic headwinds, supported by continued focus on its target segments (wholesale, business banking). Asset quality appears manageable with potentially improved credit costs in the coming year. Maintain OUTPERFORM with an unchanged GGM-derived PBV TP of RM7.45.**

**FY26 within expectations.** AMBANK's FY26 net profit of RM2.10b came in at 99% of our full-year forecast and 100% of consensus full-year expectations. An interim dividend of 22.5 sen was declared, amounting to a full-year dividend payment of 35.0 sen at 55% payout. This is closely in line with our anticipated 34.0 sen from the group.

**YoY,** FY26 net profits increased by 5%, led by overall improvements in total income as well as writebacks from financial investments following the completion of a client's restructuring exercise.

**NII** improved by 5% with a higher loans base (+6%) with NIMs expanding by 4 bps (to 1.98%) from better funding cost management while NII gained 4% from stronger treasury gains. The growth in topline also kept CIR stable at 45.6% with net credit cost normalising to 22 bps (+6 bps).

**QoQ,** 4QFY26 net earnings came off slightly (-2%) from relatively larger writeback on non-financing assets despite stronger fee-based income supporting PPOP (+3%),

**Highlights.** AMBANK delivered on its FY26 guidance, achieving: (i) single-digit loan growth; (ii) stable NIMs; and (iii) credit cost of c.20 bps.

Loan book expansion was primarily driven by wholesale and business banking, in line with the group's strategy to reduce exposure to less profitable retail segments. While SMEs still account for c.21% of the loan portfolio, the bulk of overlay reserves remains allocated towards retail accounts (c.RM200m out of RM307m total overlays), with the remainder tied to legacy RSME exposures. Management has yet to observe meaningful stress within its SME portfolio and believes credit costs could improve further should macro conditions stabilise.

On funding, the group has made good progress in managing funding costs. Looking ahead, NIMs are expected to remain stable from the 4QFY26 base of 1.97%, with upside potential should retail funding penetration improve further.

**Forecast.** We tweak our FY27F earnings slightly as we incorporate FY26's full-year numbers. Meanwhile, we introduce our FY28F earnings. Going into FY27, loan growth is expected to broadly track GDP growth of 4.0%-4.5%. Fundamentally, the group believes quarterly earnings could sustainably range between RM535m-RM550m, supporting its aspiration for mid-teen growth in absolute dividend payouts.

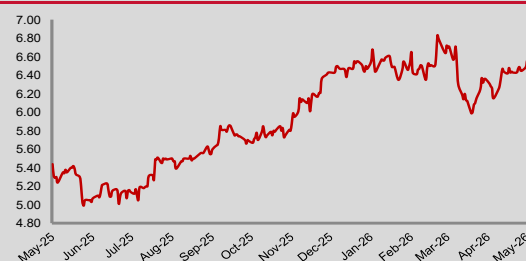
**Maintain OUTPERFORM and TP of RM7.45.** Our TP is based on an unchanged GGM-derived PBV of 1.1x (COE: 9.4%, TG: 3%, ROE: 10.0%) against a CY26F BVPS of RM6.75. AMBANK still looks to maintain its 10% ROE as it continues to balance higher margin SME accounts supported by the rebalancing into cheaper funding sources. Its FY29 aspirational payout of 45 sen would translate to a yield of 6.8% based on current price points.

**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.

# OUTPERFORM ↔

**Price :** **RM6.60**  
**Target Price :** **RM7.45 ↔**

### Share Price Performance



KLCI	1,684.93
YTD KLCI chg	0.3%
YTD stock price chg	1.5%

### Stock Information

Shariah Compliant	No
Bloomberg Ticker	AMM MK Equity
Market Cap (RM m)	21,824.5
Shares Outstanding	3,306.7
52-week range (H)	6.83
52-week range (L)	4.99
3-mth avg. daily vol.	7,754,126
Free Float	75%
Beta	1.17

### Major Shareholders

Employees Provident Fund	17.4%
Clear Goal Sdn Bhd	11.8%
Amanah Saham Nasional	8.4%

### Summary Earnings Table

FY Mar (RM m)	2026A	2027F	2028F
Net interest Income	3,893	3,917	3,927
Non-interest Income	1,157	1,383	1,479
<b>Total Income</b>	<b>5,049</b>	<b>5,300</b>	<b>5,406</b>
Operating Expenses	-2,304	-2,266	-2,303
<b>Loan Impairment</b>	<b>-134</b>	<b>-275</b>	<b>-234</b>
Pre-tax Profit	2,721	2,879	2,983
<b>Net Profit</b>	<b>2,101</b>	<b>2,195</b>	<b>2,274</b>
<b>Core Net Profit</b>	<b>2,101</b>	<b>2,195</b>	<b>2,274</b>
Consensus NP	-	2,186	2,321
Earnings Revision	-	-1.0%	NEW
Core EPS (RM)	0.64	0.66	0.69
EPS Growth (%)	5.0	4.5	3.6
NDPS (sen)	35.0	38.0	40.0
BV/Share (RM)	6.54	6.82	7.11
NTA/Share (RM)	6.39	6.68	6.97
ROE (%)	9.9	9.9	9.9
PER (x)	10.4	9.9	9.6
P/BV (x)	1.01	0.97	0.93
Net Div. Yield (%)	5.3	5.8	6.1

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### Results Highlights

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Mar (RM m)	FY26	FY26	Chg	FY25	Chg	FY26	FY25	Chg
Net interest income	977	979	-0.2%	945	3.4%	3,893	3,709	5.0%
Non-interest income	302	270	11.6%	298	1.3%	1,157	1,112	4.0%
<b>Total income</b>	<b>1,278</b>	<b>1,250</b>	<b>2.3%</b>	<b>1,242</b>	<b>2.9%</b>	<b>5,049</b>	<b>4,821</b>	<b>4.7%</b>
Operating expenses	-591	-581	1.7%	-576	2.5%	-2,304	-2,198	4.8%
<b>Pre-impairment profit</b>	<b>688</b>	<b>669</b>	<b>2.9%</b>	<b>666</b>	<b>3.2%</b>	<b>2,746</b>	<b>2,623</b>	<b>4.7%</b>
(Allowances)/ write-backs	-2	-15	-86.0%	-56	-96.3%	-313	-224	39.6%
(Allowances)/ write-backs on other assets	-22	2	-1312.1%	7	-409.5%	176	80	119.8%
<b>Operating profit</b>	<b>663</b>	<b>656</b>	<b>1.2%</b>	<b>617</b>	<b>7.4%</b>	<b>2,609</b>	<b>2,479</b>	<b>5.2%</b>
Non-operating gains / (losses)	18	30	-41.1%	39	-54.5%	112	108	3.8%
<b>Profit before tax</b>	<b>681</b>	<b>686</b>	<b>-0.7%</b>	<b>656</b>	<b>3.8%</b>	<b>2,721</b>	<b>2,587</b>	<b>5.2%</b>
Taxation	-160	-156	2.7%	-142	12.8%	-620	-586	5.9%
Minority interest	0	0	309.3%	0	-197.2%	0	0	-310.5%
<b>Core Net Profit</b>	<b>521</b>	<b>530</b>	<b>-1.7%</b>	<b>514</b>	<b>1.3%</b>	<b>2,101</b>	<b>2,001</b>	<b>5.0%</b>
Gross loans	146,687	142,692	2.8%	138,883	5.6%	146,687	138,883	5.6%
Gross impaired loans	2,331	2,511	-7.2%	2,132	9.3%	2,331	2,132	9.3%
Customer deposits	147,000	143,689	2.3%	141,547	3.9%	147,000	141,547	3.9%
Current and savings account (CASA)	52,077	48,218	8.0%	51,006	2.1%	52,077	51,006	2.1%
Total assets	207,709	202,203	2.7%	199,044	4.4%	207,709	199,044	4.4%
Shareholders' equity	21,624	21,157	2.2%	20,621	4.9%	21,624	20,621	4.9%
Reported annualised NIM	1.97%	1.96%		1.96%		1.98%	1.94%	
Cost-to-income ratio	46.2%	46.5%		46.4%		45.6%	45.6%	
Annualised credit cost (bps)	0.6	4.2		16.2		21.9	16.4	
Effective tax rate	23.5%	22.8%		21.6%		22.8%	22.6%	
Annualised ROA	1.0%	1.1%		1.0%		1.0%	1.0%	
Annualised ROE	9.7%	10.0%		10.1%		9.9%	10.0%	
Gross impaired loans ratio	1.59%	1.76%		1.54%		1.59%	1.54%	
Loan loss coverage ratio (LLC)	68.4%	72.9%		82.2%		68.4%	82.2%	
LLC plus regulatory reserves	97.8%	98.0%		98.8%		97.8%	98.8%	
Loan-to-deposit ratio	99.8%	99.3%		98.1%		99.8%	98.1%	
CASA-to-deposit ratio	35.4%	33.6%		36.0%		35.4%	36.0%	
CET-1 capital (Group level)	14.8%	14.6%		14.8%		14.8%	14.8%	

Source: Company, Kenanga Research

### Management Guidance

	FY27 Targets	FY26 Performance
Loan growth	In Line with GDP	+5.6%
NIM	Stable	1.98%
Credit cost	Slight improvement	22 bps
ROE	11% by FY29	9.9%

Source: Company, Kenanga Research

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### 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.
<b>Stocks Under Coverage</b>																	
Affin Bank Bhd	MP	2.39	2.50	4.6%	6,055.9	N	12/2026	22.3	23.5	4.7%	5.1%	10.7	10.2	0.5	4.6%	9.0	3.8%
Alliance Bank Malaysia Bhd	OP	4.71	5.50	16.8%	8,149.4	N	03/2027	50.4	52.7	5.5%	4.5%	9.3	8.9	0.9	9.7%	20.0	4.2%
AMMB Holdings Bhd	OP	6.60	7.45	12.9%	21,824.5	N	03/2027	66.4	68.8	4.5%	3.6%	9.9	9.6	1.0	9.9%	38.0	5.8%
Bank Islam Malaysia Bhd	MP	2.21	2.05	-7.2%	5,008.9	Y	12/2026	24.1	26.5	-2.1%	10.3%	9.2	8.3	0.6	6.7%	14.5	6.6%
CIMB Group Holdings Bhd	OP	7.49	8.45	12.8%	80,916.8	N	12/2026	78.3	84.0	6.5%	7.3%	9.6	8.9	1.0	11.4%	50.0	6.7%
Hong Leong Bank Bhd	OP	21.18	25.80	21.8%	45,912.3	N	06/2026	220.3	234.5	-3.6%	6.4%	9.6	9.0	1.0	11.2%	105.0	5.0%
Malayan Banking Bhd	OP	10.50	12.30	17.1%	127,000.9	N	12/2026	87.3	89.7	0.1%	2.8%	12.0	11.7	1.2	10.8%	64.0	6.1%
MBSB Bhd	OP	0.665	0.730	9.8%	5,467.8	Y	12/2026	5.7	7.7	45.4%	36.4%	11.7	8.6	0.5	4.1%	4.5	6.8%
Public Bank Bhd	OP	4.77	5.95	24.7%	92,589.0	N	12/2026	38.7	40.1	4.0%	3.6%	12.3	11.9	1.5	12.3%	29.4	6.2%
RHB Bank Bhd	MP	8.20	8.40	2.4%	35,767.7	N	12/2026	75.5	79.9	-2.7%	5.8%	10.9	10.3	1.0	9.5%	47.0	5.7%
<b>SECTOR AGGREGATE</b>					<b>428,693</b>					<b>2.2%</b>	<b>5.2%</b>	<b>11.1</b>	<b>10.5</b>	<b>1.1</b>	<b>10.2%</b>		<b>5.7%</b>

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	5.50	OP	+5% ESG Premium
AMMB Holdings Bhd	3.00	10.0	9.4	1.10	7.45	OP	
Bank Islam Malaysia Bhd	3.50	7.5	9.7	0.57	2.05	MP	
CIMB Group Holdings Bhd	3.50	11.5	10.7	1.12	8.45	OP	+5% ESG Premium
Hong Leong Bank Bhd	-	-	-	-	25.80	OP	Sum-of-Parts
Malayan Banking Bhd	3.50	11.5	9.0	1.45	12.30	OP	
MBSB Bhd	3.00	6.0	8.7	0.53	0.730	OP	
Public Bank Bhd	4.00	13.5	9.4	1.78	5.95	OP	+5% ESG Premium
RHB Bank Bhd	2.50	10.0	9.7	1.05	8.40	MP	

Source: Kenanga Research

**Stock ESG Ratings:**

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

☆ 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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