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Media Release

RAM Ratings affirms AMMB Group's ratings at AA_2/P1, outlook stable

RAM Ratings has affirmed AMMB Holdings Berhad's (AMMB or the Group) corporate credit ratings and the financial institution ratings of its banking subsidiaries at AA_2/P1. All long-term ratings carry a stable outlook.

The affirmations reflect our expectation that AMMB's credit metrics will stay commensurate with its current ratings. AMMB's asset quality indicators are projected to remain broadly sound, supported by strengthened oversight measures introduced since the COVID-19 pandemic. These measures have enabled the Group to identify and address emerging risks early. Under its *Winning Together* strategy (FY2025-FY2029), which emphasises a strategic pivot towards higher-yielding segments, business banking loans rose 10% for the first nine months of FY Mar 2025. In contrast, retail lending contracted by 1% over the same period, driven by an 11% decline in auto financing and more selective growth in mortgages (+2%). This shift is expected to enhance profitability in the medium term.

AMMB continues to maintain a healthy overlay reserve, which stood at RM514 mil as at end-December 2024. Its gross impaired loan ratio held steady at 1.7% on the same date as the credit cost ratio eased to 17 bps in the absence of one-off items as well as provision reversals. The Group's strong capitalisation and healthy profit-generating capacity should enable it to navigate heightened economic risks from the US administration's tariff policy. The direct exposure of AMMB's loan book to tariffs (estimated at a little under 5%) is deemed manageable given the short-term nature of the loans, although the knock-on effects on the broader economy remain uncertain at this stage.

AMMB's net loan-to-funds ratio, which includes funding from Cagamas, senior notes and capital securities, is still at a comfortable level of 87%. The proportion of current and savings account (CASA) deposits made up a reduced 32% of total deposits as at end-December 2024 (end-March 2024: 37%) as the Group trims off costlier non-retail CASA deposits. Notably, individual deposits still constituted a respectable 40% of total deposits, providing granularity.

Profitability is deemed moderate, with the three-year average pre-tax return on assets and return on risk-weighted assets at 1.0% and 1.5%, respectively, in fiscal 2024. The Group expects to close FY Mar 2025 with a stronger net interest margin (NIM) of 1.9% following active asset-liability management. Focused growth in the business banking segment should gradually push up the Group's overall NIM owing to the more attractive yields. Efforts to contain the cost-to-income ratio at 40% in the medium term should further support profitability.

Table 1: Issuer and issue ratings of AMMB and banking entities

	Ratings
AMMB Holdings Berhad	
i. Corporate Credit Ratings	AA_2/Stable/P1
AmBank (M) Berhad	
i. Financial Institution Ratings	AA_2/Stable/P1
ii. RM7 billion Senior Notes Issuance Programme (2010/2040)	AA_2/Stable
iii. RM4 billion Tier-2 Subordinated Notes Programme (2013/2043)	AA_3/Stable
iv. RM8 billion Subordinated Notes Programme (2023/-)	
- RM8 billion Tier-2 Subordinated Notes Programme^	AA_3/Stable
- RM8 billion Additional Tier-1 Notes Programme^	A_2/Stable
(^ combined limit of RM8 billion)	
v. RM4 billion Commercial Papers Programme (2024/2031)	P1
AmBank Islamic Berhad	
i. Financial Institution Ratings	AA_2/Stable/P1
ii. RM3 billion Senior Sukuk Musyarakah Programme (2010/2040)	AA_2/Stable
iii. RM3 billion Subordinated Sukuk Murabahah Programme (2014/2044)	AA_3/Stable
iv. RM3 billion Islamic Commercial Papers Programme (2025/2032)	P1
AmInvestment Bank Berhad	
i. Financial Institution Ratings	AA_2/Stable/P1

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Date of release: 22 May 2025

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Published by RAM Rating Services Berhad

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