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AmBank Group delivered RM1.5 billion PATMI, an increase of 6.9%, driven by NIM expansion and significantly lower net provisions

AMMB Holdings Berhad (AMMB, AmBank Group or the Group) today announced its financial results for the financial period ended 31 December 2024 (9MFY25).

Summary of 9MFY25 Results (Reported)¹

- Net Interest Income (NII) grew 7.8% YoY to RM2,674.9 million, with a 15-basis point (bps) expansion in Net Interest Margin (NIM) to 1.94%
- Non-Interest Income (NolI) fell 2.3% YoY to RM972.6 million due to the non-repeat AmGeneral Insurance Berhad (AmGen) divestment gain in 9MFY24 and lower trading gains from Group Treasury and Markets (GTM) offset by broad based growth in fee income across Business Banking, Wealth Management, Funds, Stockbroking and Investment Banking. NolI from Continuing Operations¹ up 3.0% YoY
- Reported net income increased 4.9% YoY to RM3,647.6 million. Continuing Operations¹ net income grew 6.5% YoY
- Expenses increased 6.5% YoY to RM1,621.4 million, with Cost-to-Income (CTI) ratio of 44.5%
- Reported Profit Before Provisions (PBP) increased 3.6% YoY to RM2,026.2 million. Continuing Operations¹ PBP grew 6.4% YoY
- Net impairment charges were lower at RM95.1 million (9MFY24: RM749.4 million), mainly due to forward looking reversals, reversals of provisions on corporate exposures and improved ECL S3 flow rates, whilst corresponding period in 9MFY24 recorded forward looking charges as well as one-off credit impairment overlay and intangible assets impairment charges.
- Reported Profit Before Tax (PBT) before one-off charges grew 17.3% YoY to RM1,931.1 million. Factoring in the one-off items in 9MFY24, 9MFY25 reported PBT growth increased by 71.6%. Continuing Operations¹ PBT grew 79.7% YoY
- Reported Profit After Tax and Minority Interests (PATMI) improved 6.9% YoY to RM1,487.3 million. Continuing Operations¹ PATMI grew 8.9% YoY
- Annualised Return on Equity (ROE) at 9.9% while Return on Assets (ROA) improved 0.04% YoY to 1.01%

¹ Reported numbers comprise Continuing Operations and Discontinued Operation (AmGen). Continuing Operations comprise Banking operations and Insurance. Insurance mainly consists of Life Insurance and Family Takaful (as Joint Ventures) and General Insurance (as an associate).

² All growth percentages are computed on a year-on-year (YoY) 9MFY25 vs 9MFY24 basis unless otherwise stated. Quarter-on-quarter (QoQ) refers to Q3FY25 vs Q2FY25. Year-to-Date (YTD) refers to Q3FY25 vs FY24.

³ FY24 Standardised Approach (SA): Common Equity Tier 1 (CET1) at 13.04%, Total Capital Ratio (TCR) at 16.30%; FY24 Foundation Internal Ratings-Based (FIRB) approach parallel run: CET1 at 15.15%, TCR at 17.92%

- Basic Earnings Per Share (EPS) increased 6.9% YoY to 44.99 sen per share while net assets per share (NA) added 28 sen to RM6.07
- Gross loans, advances and financing increased 2.2% YTD and 4.4% YoY to RM137.1 billion, driven by Business Banking loans growth of 9.7% YTD and 15.2% YoY
- Gross impaired loans (GIL) ratio remained stable at 1.67%, with loan loss coverage (LLC) ratio (including regulatory reserves) of 101.8%
- Customer deposits fell 2.8% YTD to RM138.4 billion as management's effort to improve margins continued. Time deposits grew 4.7% YTD to RM93.8 billion. Current account and savings account (CASA) balances fell 15.4% YTD to RM44.6 billion, with a CASA mix of 32.2%
- The Group's FIRB CET1 stood at 14.88%, with TCR at 17.62%. CET1 including Q3FY25 unverified profits was at 15.33% with TCR at 18.07%

AmBank Group Chief Executive Officer, Mr Jamie Ling said, "We delivered another strong quarter of earnings, and our year to date results for the 9 months have been encouraging. We delivered strong loans growth, especially from Business Banking, while moderating growth in Retail Banking to de-risk and redeploy our capital resources more profitably in line with our WT29 strategy. Our liquidity levels continue to be ample and our capital levels strong."

Financial Highlights

The Group reported a net income of RM3,647.6 million (9MFY24: RM3,476.9 million). NII grew 7.8% YoY to RM2,674.9 million (9MFY24: RM2,481.1 million), mainly driven by a 15-bps NIM expansion to 1.94% (9MFY24: 1.79%) as well as loans and financing growth of 4.4% YoY.

Noll was 2.3% lower YoY to RM972.6 million (9MFY24: RM995.8 million) due to the non-repeat AmGen divestment gain of RM51.1 million in 9MFY24 and lower trading gains from GTM, partially offset by higher fee income from Business Banking, Wealth Management and Investment Banking.

Continuing Operations¹ net income was 6.5% higher YoY driven by NII and Noll growth of 7.8% and 3.0% respectively.

Overall expenses increased 6.5% YoY to RM1,621.4 million mainly due to higher personnel costs and computerisation costs, resulting in higher CTI of 44.5% for the period (9MFY24: 43.8%).

PBP grew 3.6% YoY to RM2,026.2 million (9MFY24: RM1,954.9 million) while Continuing Operations¹ PBP recorded a 6.4% growth YoY.

Net impairment charges reduced significantly to RM95.1 million (9MFY24: RM749.4 million), mainly due to forward looking reversals, reversals of provisions on corporate exposures and improved ECL S3 flow rates, whilst corresponding period in 9MFY24 recorded forward looking charges as well as one-off credit impairment overlay and intangible assets impairment charges.

In 9MFY24, the Group recorded one-off charges amounting to RM520.2 million (RM402.5 million, net of corporate tax) comprising: additional credit impairment overlay of RM328.2 million, impairment of intangible assets of RM111.9 million and RM80.0 million for restructuring expenses.

PBT grew 17.3% YoY to RM1,931.1 million (9MFY24: RM1,645.6 million). Factoring in the one-off charges of RM520.2 million incurred in 9MFY24, 9MFY25 reported PBT growth increased 71.6%. Continuing Operations'1 PBT grew 79.7% YoY.

The Group's reported PATMI grew 6.9% YoY to RM1,487.3 million (9MFY24: RM1,391.6 million), with annualised ROE at 9.9% (9MFY24: 10.0%) and ROA at 1.01% (9MFY24: 0.97%). Continuing Operations'1 PATMI grew 8.9% YoY.

GIL ratio remained stable at 1.67% (FY24: 1.67%) with a LLC including Regulatory Reserves of 101.8% (FY24: 109.5%).

Total gross loans, advances and financing grew 2.2% YTD to RM137.1 billion (FY24: RM134.1 billion) mainly driven by Business Banking (+RM4.2 billion or +9.7% YTD), partially offset by lower loans growth in Retail Banking (-RM0.8 billion or -1.2% YTD) while Wholesale Banking loans growth remained flat.

Total customer deposits reduced 2.8% YTD to RM138.4 billion. Time deposits grew 4.7% YTD to RM93.8 billion (FY24: RM89.6 billion) while CASA decreased by 15.4% YTD to RM44.6 billion (FY24: RM52.8 billion). CASA mix declined to 32.2% (FY24: 37.1%). The Group's LDR at 99.0% (FY24: 94.2%).

The Group's FIRB CET1 stood at 14.88% (FY24 SA: 13.04%) while TCR stood at 17.62% (FY24 SA: 16.30%). CET1 including Q3FY25 unverified profits was at 15.33% whilst TCR was at 18.07%.

Divisional performance (9MFY25 vs 9MFY24)

Retail Banking – PAT of RM182.2 million (9MFY24: LAT of RM71.0 million)

Profit After Taxation (PAT) improved to RM182.2 million mainly due to lower impairment, partially offset by lower income and higher operating expenses.

Income fell marginally to RM1,089.6 million (9MFY24: RM1,104.1 million) due to a 4.5% YoY decline in NII attributable to margin compression from mortgage and auto financing, but partially offset by a 21.7% YoY growth in Noll from wealth management. Operating expenses increased marginally by 1.4% YoY to RM723.5 million (9MFY24: RM713.3 million). 9MFY25 net impairment charge of RM126.7 million (9MFY24: RM485.8 million) was significantly lower due to one-off credit impairment overlay recorded in 9MFY24 and higher Forward-Looking (FL) reversals as well as improved ECL S3.

Gross loans, advances and financing declined 1.7% YoY to RM68.0 billion due to a decline in auto financing and personal financing partially offset by growth in mortgages. Total deposits increased 1.4% YoY to RM55.6 billion.

Business Banking – PAT of RM603.3 million (9MFY24: PAT of RM384.8 million)

PAT grew by RM218.5 million or 56.8% YoY to RM603.3 million mainly attributable to higher income, lower operating expenses and lower net impairment.

Income grew 12.5% YoY to RM1,334.0 million (9MFY24: RM1,185.7 million) driven by a 12.9% increase in NII from strong loans growth, as well as a 11.2% growth in Noll from higher fee income and FX income. Operating expenses fell 1.2% YoY to RM424.5 million (9MFY24: RM429.5 million) while net impairment charge of RM118.4 million (9MFY24: RM251.8 million) was 53.0% lower YoY mainly due to higher FL reversals.

Gross loans, advances and financing increased 15.2% YoY to RM47.5 billion, while total deposits declined 0.2% YoY to RM38.1 billion.

Wholesale Banking – PAT of RM600.2 million (9MFY24: PAT of RM587.1 million)

PAT grew by RM13.0 million or 2.2% YoY to RM600.2 million mainly driven by higher writeback of net provisions, partially offset by lower income and higher operating expenses.

Income fell marginally by 0.5% YoY to RM907.7 million (9MFY24: RM912.2 million) mainly contributed by decline in Noll of 38.1% from lower trading gains, partially offset by an increase in NII of 16.5% mainly due to liability management efforts. Operating expenses up 3.4% YoY to RM269.6 million (9MFY24: RM260.7 million). Net impairment writeback was 40.6% higher at RM140.3 million (9MFY24: RM99.8 million).

Gross loans, advances and financing increased 6.6% YoY to RM19.6 billion, meanwhile total deposits increased marginally by 0.2% YoY to RM51.3 billion.

- **Corporate and Transaction Banking – PAT of RM268.4 million (9MFY24: PAT of RM289.1 million)**

PAT fell RM20.7 million or 7.2% YoY to RM268.4 million mainly attributable to lower income and higher operating expenses, partially offset by higher writeback of net impairment.

Income decreased 10.6% YoY to RM370.6 million (9MFY24: RM414.4 million), mainly due to a 10.7% and 9.8% YoY decline in NII and Noll respectively. Operating expenses were up 6.5% YoY to RM158.7 million (9MFY24: RM149.1 million). Net impairment writeback was higher at RM141.0 million (9MFY24: RM115.2 million) due to higher writeback of impairment on commitments and contingencies and improved ECL S3.

Gross loans, advances and financing increased 6.6% YoY to RM19.6 billion, while total deposits increased by 9.4% YoY to RM11.8 billion.

- **Group Treasury and Markets – PAT of RM331.7 million (9MFY24: PAT of RM298.0 million)**

PAT grew by RM33.7 million or 11.3% YoY to RM331.7 million mainly due to higher income, lower operating expenses, as well as lower impairment on financial investments.

Income increased 7.9% YoY to RM537.1 million, primarily due to a 50.9% YoY growth in NII as effects of liability management efforts flow through, partially offset by a 46.3% decline in Noll from lower trading gains.

Investment Banking and Funds Management – PAT of RM95.6 million (9MFY24: PAT of RM71.8 million)

PAT grew by RM23.7 million or 33.0% YoY to RM95.6 million mainly attributable to higher income, higher writeback of net impairment, but partially offset by higher operating expenses.

Income was up 12.2% YoY to RM294.7 million (9MFY24: RM262.6 million) supported by strong fee income from broking, private banking as well as debt and equity markets. Operating expenses rose by 6.8% YoY to RM181.2 million (9MFY24: RM169.6 million). Writeback of net impairment was higher at RM8.6 million (9MFY24: net impairment charge of RM0.5 million, inclusive of RM0.1 million one-off impairment of intangible assets). Funds Management delivered a PAT of RM49.6 million (9MFY24: RM48.1 million) with AUM growth of 5.3% YoY to RM51.6 billion (9MFY24: RM49.0 billion).

Islamic Banking – PATZ of RM420.0 million (9MFY24: PATZ of RM265.0 million)

Profit After Taxation and Zakat (PATZ) increased RM155.0 million or 58.5% YoY to RM420.0 million. Total income expanded 9.2% YoY to RM949.6 million (9MFY24: RM869.9 million) mainly attributable to a 10.3% YoY growth in Net Financing Income. Operating expenses increased 5.7% YoY to RM377.6 million (9MFY24: RM357.4 million) while net impairment charge was 73.4% lower YoY to RM24.2 million (9MFY24: RM90.9 million).

Insurance (Continuing Operations¹) – PAT of RM61.0 million (9MFY24: PAT of RM13.9 million)

PAT from Insurance businesses grew by RM47.2 million to RM61.0 million primarily driven by higher premiums collected, partially offset by higher claims. The results of the Group's life insurance, family takaful and general insurance businesses were equity accounted to reflect the Group's effective equity interests in the respective joint ventures and associate.

General Insurance (Discontinued Operation²)

A non-repeat RM51.1 million gain was recorded in 9MFY24 upon completion of the divestment of AmGen. After adjusting for minority interest, PATMI attributable to shareholders was RM26.1 million.

Others – LAT of RM55.0 million (9MFY24: PAT of RM379.1 million)

This segment comprises support functions for the Group's main business units and non-core operations. In the same period last year, the Group recorded a tax credit of RM538.2 million, offset by an impairment of intangible assets charge of RM111.8 million and restructuring expenses of RM80.0 million. As a result, this segment recorded a PAT of RM379.1 million in 9MFY24.

Outlook for FY25

Mr Jamie Ling concluded, *"We continue to focus on our key strategic priorities and we are executing well in our first year of the WT29 strategy."*

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