



20 August 2024

**AmBank Group's Q1FY25 PATMI grew 32% YoY to RM500.2 million, ROE of 10.2%,
underpinned by NIM expansion and lower impairment**

AMMB Holdings Berhad (AmBank Group or the Group) announced its results for the financial quarter ended 30 June 2024 (Q1FY25) today.

Q1FY25 Summary (Reported)¹

- Net Interest Income (NII) increased 6.4% YoY lifted by a 13-basis point (bps) YoY expansion in Net Interest Margin (NIM) to 1.89% and YoY gross loans, advances and financing growth of 2.9%, mainly from Business Banking loans which grew 1.5% YTD and 16.5% YoY
- Reported Non-Interest Income (NolI) declined 19.2% YoY due to non-repeat of gain from the divestment of AmGeneral Insurance Berhad (AmGen) and lower trading and securities gain
- Continuing Operations² net income of RM1,178.5 million was 2.4% higher YoY
- Expenses were up 2.5% YoY to RM520.6 million, with Cost-to-Income (CTI) ratio at 44.2%
- Continuing Operations² Profit Before Provisions (PBP) of RM657.9 million was 2.3% higher YoY
- Net impairment charge was lower at RM12.3 million due to improved impairment charges in Retail Banking and Business Banking with higher forward-looking reversals during the quarter
- Reported Profit Before Tax (PBT) increased 28.2% YoY to RM645.7 million
- Reported Net Profit After Tax and Minority Interests (PATMI) improved 32.2% YoY to RM500.2 million
- Return on Equity (ROE) improved to 10.2% while Return on Assets (ROA) improved to 1.02%
- Basic Earnings Per Share (EPS) increased 3.69 sen or 32.3% YoY to 15.13 sen
- Gross loans, advances and financing decreased by a marginal 1.1% YTD to RM132.7 billion
- Gross impaired loans (GIL) ratio was 1.70%, with Group Loan Loss Coverage (LLC), including regulatory reserves at 107.6%

¹ Reported numbers comprise Continuing Operations and Discontinued Operation. All growth percentages are on a year-on-year (YoY) Q1FY25 vs Q1FY24 basis unless otherwise stated. Quarter-on-quarter (QoQ) refers to Q1FY25 vs Q4FY24. Year-to-date (YTD) refers to Q1FY25 vs FY24.

² 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 from 1 August 2022). Discontinued Operation refers to General Insurance as a subsidiary for a 4-month period from April 2022 to July 2022.

- Customer deposits reduced 4.8% YTD to RM135.5 billion. Time deposits remained flat YTD at RM89.7 billion while current and savings account (CASA) balances reduced 13.3% YTD to RM45.8 billion. CASA mix was at 33.8%
- Liquidity Coverage Ratio (LCR) improved to 167.9% YTD while Loan-to-deposit ratio (LDR) was at 97.9%
- Net assets per share added 17 sen or 3.0% YTD to RM6.05 from RM5.88
- Common Equity Tier (CET1) capital ratio improved 0.20% YTD to 13.24% while Total Capital Ratio (TCR) improved 0.22% YTD to 16.52%. If Q1FY25 unverified profits were included, CET1 would improve further to 13.68% while TCR would improve to 16.96%
- Bank Negara Malaysia (BNM) has approved the Group to implement the Foundation Internal Ratings-Based (FIRB) approach for computing its Risk Weighted Assets (RWA) beginning 1 August 2024

AmBank Group Chief Executive Officer, Mr Jamie Ling said, "We have achieved a strong start to our FY25. We delivered a 32% increase in PATMI to RM500.2 million. We improved our NIM and delivered an annualised ROE of 10.2% and ROA of 1.02%."

Financial Highlights

The Group reported a net income of RM1,178.5 million (Q1FY24: RM1,201.9 million). NII grew 6.4% YoY to RM860.9 million (Q1FY24: RM808.7 million), on the back of a 13-bps NIM expansion to 1.89% (Q1FY24: 1.76%). Gross loans, advances and financing grew 2.9% YoY mainly led by Business Banking loans growth of 16.5% YoY. Noll was 19.2% lower YoY to RM317.6 million (Q1FY24: RM393.2 million) due to non-repeat of the AmGen divestment gain of RM51.1 million and lower trading and securities gain. Continuing Operations² net income of RM1,178.5 million was 2.4% higher YoY, led by NII growth of 6.4%, offset by a 7.1% decline in Noll.

Overall expenses were up by 2.5% YoY to RM520.6 million, increasing CTI to 44.2% (Q1FY24: 42.2%).

PBP was 5.2% lower YoY at RM657.9 million (Q1FY24: RM694.2 million). Continuing Operations² PBP of RM657.9 million, however, was 2.3% higher YoY.

Net impairment charges this quarter were lower at RM12.3 million (Q1FY24: RM190.4 million) due to lower impairment charges in Retail Banking and Business Banking with higher forward-looking reversals arising from favourable changes in macroeconomic variables.

As a result, PATMI grew 32.2% YoY to RM500.2 million, culminating in an improved annualised ROE of 10.2% (Q1FY24: 8.3%). ROA also improved to 1.02% (Q1FY24: 0.83%). Continuing Operations² PATMI of RM500.2 million grew 42.0% YoY.

The Group's GIL ratio was at 1.70% (FY24: 1.67%) with a LLC (including regulatory reserves) of 107.6% (FY24: 109.5%). The Group continues to monitor its asset quality vigilantly.

Total gross loans, advances and financing decreased by a marginal 1.1% YTD to RM132.7 billion (FY24: RM134.1 billion), mainly due to a large loan repayment in Wholesale Banking, offset by growth in Business Banking (increased RM0.6 billion or + 1.5% YTD).

Total customer deposits decreased 4.8% YTD to RM135.5 billion (FY24: RM142.4 billion) as the Group managed its cost of funds and diversified funding sources to improve margins. Time deposits remained flat YTD at RM89.7 billion (FY24: RM89.6 billion) while CASA decreased 13.3% YTD to RM45.8 billion (FY24: RM52.8 billion). CASA mix declined to 33.8% (FY24: 37.1%).

Capital ratios improved further underpinned by RWA reduction from asset repayments and improved reserves from the fair value through other comprehensive income (FVOCI) portfolio. The Group's CET1 improved to 13.24% (FY24: 13.04%) while TCR improved to 16.52% (FY24: 16.30%). If Q1FY25 unverified profits were included, CET1 would improve further to 13.68% while TCR would improve to 16.96%.

The Group remained highly liquid with an LCR of 167.9% (FY24: 164.6%) while LDR was slightly higher at 97.9% (FY24: 94.2%).

Divisional performance (Q1FY25 vs Q1FY24)

Retail Banking – PAT of RM87.0 million

Profit after taxation (PAT) increased RM46.4 million YoY to RM87.0 million mainly from higher income and lower net impairment, partially offset by higher operating expenses.

Income grew 2.2% YoY to RM475.4 million, driven by a 29.9% YoY Noll growth from FX and Wealth Management, partly offset by margin compression. Operating expenses increased marginally by 1.0% YoY. Net impairment charge was lower at RM74.2 million (Q1FY24: RM127.8 million) mainly due to writeback of forward-looking provisions.

Gross loans, advances and financing increased 0.8% YoY to RM73.8 billion driven by mortgages while total deposits increased 8.1% YoY to RM65.1 billion.

Business Banking – PAT of RM196.8 million

PAT increased by RM145.7 million YoY to RM196.8 million mainly due to higher income and writeback of impairment and provision, partially offset by higher operating expenses.

Income grew 18.0% YoY to RM317.6 million driven by a 15.4% YoY growth in NII from strong loans growth and higher NIM. Noll grew 26.4% YoY from higher loan-related fees and FX income. Operating expense was 4.3% higher YoY at RM92.9 million. Q1FY25 recorded writeback of impairment and provision amounting to RM32.4 million (Q1FY24: impairment charge and provision of RM113.6 million).

Gross loans, advances and financing increased 16.5% YoY to RM38.7 billion, while total deposits recorded a 28.5% increase YoY to RM28.5 billion.

Wholesale Banking – PAT of RM162.2 million

PAT decreased RM70.6 million YoY to RM162.2 million mainly attributable to lower income, higher operating expenses and lower writeback of net impairment.

Income decreased 19.6% YoY to RM269.0 million mainly due to lower Noll, partially offset by a 9.9% YoY growth in NII. Operating expenses increased marginally by 2.8% YoY to RM85.8 million. Net impairment writeback was lower at RM26.5 million (Q1FY24: RM49.1 million).

Gross loans, advances and financing declined 10.5% YoY to RM18.0 billion, while total deposits decreased 16.2% YoY to RM48.1 billion.

i. Corporate and Transaction Banking – PAT of RM78.9 million

PAT decreased RM35.5 million YoY to RM78.9 million mainly due to lower income and lower writeback of net impairment.

Income decreased 3.5% YoY to RM129.3 million, driven by a 2.0% YoY decline in NII. Operating expenses increased 3.8% YoY to RM49.7 million. Net impairment writeback was lower at RM24.2 million (Q1FY24: RM64.1 million) due to lower writeback of impairment on loans, advances and financing.

Gross loans, advances and financing declined 10.5% YoY to RM18.0 billion, while total deposits increased 14.6% YoY to RM11.4 billion.

ii. Group Treasury and Markets – PAT of RM83.3 million

PAT decreased 29.7% YoY to RM83.3 million mainly due to lower income and higher operating expenses, partially offset by net writeback of impairment on financial investments and other financial assets.

Income reduced RM60.7 million or 30.3% YoY due to lower trading and securities gains.

Investment Banking and Funds Management – PAT of RM37.1 million

PAT increased 35.3% YoY to RM37.1 million. This was attributable to income rising 10.1% YoY to RM99.9 million underpinned by strong fee income from Broking and Private Banking, coupled with writeback of impairment, partially offset by lower funds management income and higher operating expenses which grew 5.1% YoY. Funds Management delivered a PAT of RM19.0 million (Q1FY24: RM20.9 million) with AUM growth of 6.4% YoY to RM51.4 billion (Q1FY24: RM48.3 billion).

Islamic Banking – PATZ of RM137.6 million

Profit After Taxation and Zakat (PATZ) increased 28.3% YoY to RM137.6 million. Total income grew marginally 1.2% YoY to RM298.3 million driven by an 8.9% YoY growth in NII due to NIM expansion coupled with lower net impairment. Operating expenses increased 4.8% YoY to RM123.4 million.

Insurance (Continuing Operations²) – PAT of RM29.4 million

Insurance businesses PAT grew 219.5% YoY to RM29.4 million mainly due to higher premium and lower reserves, 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 gain of RM51.1 million was recorded in Q1FY24 upon completion of the divestment of AmGen. After adjusting for minority interest, PATMI attributable to shareholders was RM26.1 million.

Others – LAT of RM12.3 million

This segment comprises activities supporting operations of the Group's main business units and non-core operations. Higher loss after taxation (LAT) was mainly due to higher taxation charge, partially offset by improved net income.

Outlook for FY25

Mr Jamie Ling concluded, *“We have made a great start to the new financial year as we execute our Winning Together (WT29) Strategy and we remain optimistic in our FY25 prospects.”*

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