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**AmBank Group achieves 18.0% profit growth, delivering RM1.0 billion in PATMI for H1FY25
ROE improves further to 10.1%
Interim dividend of 10.3 sen per share declared, a 71.7% increase**

AMMB Holdings Berhad (AMMB, AmBank Group or the Group) today announced its financial results for the financial period ended 30 September 2024 (H1FY25).

Summary of H1FY25 Results (Reported)¹

- Net Interest Income (NII) increased 6.5% YoY, driven by a 14-basis point (bps) improvement in Net Interest Margin (NIM) to 1.93%
- Reported Non-Interest Income (Noll) grew 3.0% QoQ but was 3.9% lower YoY due to the non-repeat AmGeneral Insurance Berhad (AmGen) divestment gain in H1FY24 and lower trading gains from Group Treasury and Markets (GTM). This was partially offset by higher fee income from Business Banking, Wealth Management and Investment Banking. Noll from Continuing Operations¹ increased 4.0% YoY
- Reported net income grew 3.5% YoY to RM2,407.0 million. Continuing Operations¹ net income grew 5.8% YoY
- Expenses increased 5.0% YoY to RM1,050.6 million, Cost-to-Income (CTI) ratio of 43.6%
- Reported Profit Before Provisions (PBP) grew 2.4% YoY to RM1,356.4 million. Continuing Operations¹ PBP grew 6.5% YoY
- Net impairment charges were lower at RM57.2 million due to lower net impairment charges in Retail Banking, Business Banking and higher provision reversals in Wholesale Banking
- Reported Profit Before Tax (PBT) increased 15.8% YoY to RM1,299.2 million. Continuing Operations¹ PBT grew 21.4% YoY
- Reported Profit After Tax and Minority Interests (PATMI) improved 18.0% YoY to RM1,000.8 million. Continuing Operations¹ PATMI improved 21.7% YoY
- Annualised Return on Equity (ROE) improved 0.8% YoY to 10.1% while Return on Assets (ROA) improved 0.13% YoY to 1.02%

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) H1FY25 vs H1FY24 basis unless otherwise stated. Quarter-on-quarter (QoQ) refers to Q2FY25 vs Q1FY25. Year-to-Date (YTD) refers to Q2FY25 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) grew 18.0% YoY to 30.26 sen per share while net assets per share (NTA) added 15 sen to RM6.03
- Gross loans, advances and financing growth was flat YTD at RM134.5 billion but grew 2.8% YoY, driven by Business Banking loans growth of 7.0% YTD and 16.7% YoY
- Gross impaired loans (GIL) ratio remained stable at 1.67% with a loan loss coverage (LLC) ratio (including regulatory reserves) of 102.1%
- Customer deposits fell 4.3% YTD to RM136.3 billion but grew 0.7% YoY. Time deposits remained flat YTD at RM90.2 billion. Current account and savings account (CASA) balances fell 12.7% YTD to RM46.1 billion, resulting in a lower CASA mix of 33.8%
- The Group remained highly liquid with a liquidity coverage ratio (LCR) of 143.5%
- The Group adopted the FIRB approach this quarter. Under FIRB, the Group's CET1 is 15.29% while TCR is 18.02%. YTD, CET1 and TCR increased 225 bps and 172 bps respectively, of which the uplift from FIRB adoption in CET1 and TCR are 211 bps³ and 162 bps³ respectively, with the balance comprising profit accretion and RWA optimisation initiatives
- The Group announced an interim dividend payout of 10.3 sen per share, 71.7% higher YoY, which translates to a 34% dividend payout ratio for H1FY25

AmBank Group Chief Executive Officer, Mr Jamie Ling said, "We are pleased with our progress in this first half. Further NIM expansion drove net interest income higher and we incurred significantly lower net impairment charges for the period. Lending growth in our focussed segments is strong and our overall return on equity is above 10%. Our capital position has strengthened further with RM1.0 billion in profit accretion, as well as from the adoption of FIRB this quarter. We are pleased to declare a 71.7% increase in interim dividend for H1FY25."

Financial Highlights

The Group reported a net income of RM2,407.0 million (H1FY24: RM2,325.6 million). NII grew 6.5% YoY to RM1,762.1 million (H1FY24: RM1,654.3 million), mainly driven by a 14-bps NIM expansion to 1.93% (H1FY24: 1.79%) and loans and financing growth. Continuing Operations¹ net income was 5.8% higher YoY, led by NII and Noll growth of 6.5% and 4.0% respectively.

Noll grew 3.0% QoQ but was 3.9% lower YoY to RM644.9 million (H1FY24: RM671.2 million) due to the non-repeat AmGen divestment gain of RM51.1 million and lower trading gains from GTM, partially offset by higher fee income from Business Banking, Wealth Management and Investment Banking.

Overall expenses increased 5.0% YoY to RM1,050.6 million, with CTI marginally higher at 43.6% (H1FY24: 43.0%).

PBP grew 2.4% YoY to RM1,356.4 million (H1FY24: RM1,325.2 million) while Continuing Operations¹ PBP recorded a 6.5% growth YoY.

Net impairment charges reduced to RM57.2 million (H1FY24: RM203.5 million) due to lower net impairment charges in Retail Banking and Business Banking and higher provision reversals in Wholesale Banking.

As a result, PATMI grew 18.0% YoY to RM1,000.8 million, improving annualised ROE to 10.1% (H1FY24: 9.3%) and ROA to 1.02% (H1FY24: 0.89%). Continuing Operations¹ PATMI grew 21.7% YoY.

The Group's GIL ratio remained stable at 1.67% (FY24: 1.67%) with a LLC (including Regulatory Reserves) of 102.1% (FY24: 109.5%).

Total gross loans, advances and financing remained flat YTD at RM134.5 billion (FY24: RM134.1 billion) with good growth in Business Banking loans (+RM2.7 billion or +7.0% YTD), offset by Wholesale Banking loan repayments. Gross loans, advances and financing grew 2.8% YoY mainly led by Business Banking which registered a 16.7% YoY growth.

Total customer deposits fell 4.3% YTD to RM136.3 billion as the Group managed its cost of funds further. Time deposits remained flat YTD at RM90.2 billion (FY24: RM89.6 billion) while CASA decreased 12.7% YTD to RM46.1 billion (FY24: RM52.8 billion). CASA mix declined to 33.8% (FY24: 37.1%).

The Group remained liquid with LCR of 143.5% (FY24: 164.6%) while LDR was at 98.7% (FY24: 94.2%).

The Group is now reporting its capital ratios under FIRB. Under FIRB, the Group's CET1 stood at 15.29% (FY24 SA: 13.04%) while TCR stood at 18.02% (FY24 SA: 16.30%).

The profit accretion and continued improvement in CET1 position enabled the Group to declare a higher interim dividend of 10.3 sen per share (H1FY24: 6.0 sen per share), an increase of 71.7% YoY, which translates to a dividend payout ratio of 34% (H1FY24: 23%).

Divisional performance (H1FY25 vs H1FY24)

Retail Banking – PAT of RM193.5 million

Profit after taxation (PAT) increased by RM55.1 million or 39.8% YoY to RM193.5 million, mainly from lower net impairment, partially offset by lower income and higher operating expenses.

Income fell marginally to RM952.1 million (H1FY24: RM960.1 million) due to a 3.4% YoY decline in NII attributable to margin compression from mortgage and auto financing, but partially offset by a 15.0% YoY growth in Noll. Operating expenses increased by a marginal 0.6% YoY. Net impairment of RM125.5 million (H1FY24: RM210.5 million) was lower due to asset quality improvement in mortgages and auto financing.

Gross loans, advances and financing decreased marginally by 0.9% YoY to RM73.3 billion due to a decline in auto financing and personal financing but partially offset by growth in mortgage while total deposits increased 3.1% YoY to RM65.2 billion.

Business Banking – PAT of RM296.1 million

PAT increased by RM106.1 million or 55.8% YoY to RM296.1 million mainly due to higher income, lower operating expenses and lower net impairment.

Income grew 15.7% YoY to RM642.4 million (H1FY24: RM 555.1 million) driven by a 16.3% growth in NII from strong loans growth and a 13.9% growth in Noll from higher loan-related fees. Operating expenses were 0.4% lower YoY at RM188.4 million (H1FY24: RM189.2 million). H1FY25 net impairment charge of RM66.5 million (H1FY24: RM117.2 million) was lower due to higher forward-looking reversals.

Gross loans, advances and financing grew 16.7% YoY to RM40.8 billion, while total deposits increased 11.3% YoY to RM27.9 billion.

Wholesale Banking – PAT of RM423.9 million

PAT increased RM3.6 million or 0.8% YoY to RM423.9 million mainly attributable to higher income and higher writeback of net impairment, partially offset by higher operating expenses.

Income increased 1.4% YoY to RM600.0 million (H1FY24: RM591.8 million) mainly due to liability management efforts, partially offset by a decline in Noll. Operating expenses increased marginally to RM176.3 million (H1FY24: RM173.9 million). Net impairment writeback was 2.7% higher at RM126.6 million (H1FY24: RM123.3 million).

Gross loans, advances and financing decreased 5.5% YoY to RM18.4 billion, while total deposits decreased 6.8% YoY to RM50.4 billion.

- **Corporate and Transaction Banking – PAT of RM207.1 million**

PAT decreased RM30.5 million or 12.8% YoY to RM207.1 million mainly due to lower income, higher operating expenses as well as lower writeback of net impairment.

Income fell 9.8% YoY to RM247.0 million (H1FY24: RM273.9 million), driven by a 13.5% YoY decline in NII but partially offset by Noll growth of 16.9%. Operating expenses increased 5.4% YoY to RM104.0 million (H1FY24: RM98.7 million). Net impairment writeback was 5.4% lower YoY at RM129.6 million (H1FY24: RM136.9 million) due to lower writeback of impairment on loans, advances and financing, partially offset by higher writeback of impairment on commitment and contingencies.

Gross loans, advances and financing decreased 5.5% YoY to RM18.4 billion, while total deposits increased 5.4% YoY to RM11.7 billion.

- **Group Treasury and Markets – PAT of RM216.8 million**

PAT increased RM34.1 million or 18.6% YoY to RM216.8 million mainly attributable to higher income, lower operating expenses, as well as lower impairment on financial investments.

Income rose RM35.1 million or 11.1% YoY, mainly due to liability management efforts, offset by a decline in Noll from lower trading gains.

Investment Banking and Funds Management – PAT of RM68.9 million

PAT increased RM23.1 million or 50.3% YoY to RM68.9 million mainly due to higher income, higher writeback of net impairment, partially offset by higher operating expenses.

Income up 14.0% YoY to RM196.8 million (H1FY24: RM172.7 million) underpinned by strong fee income from Broking, Private Banking as well as debt and equity markets. Operating expenses increased 3.8% YoY to RM117.6 million. Writeback of net impairment was higher at RM7.0 million (H1FY24: RM0.1 million). Funds Management delivered a PAT of RM34.4 million (H1FY24: RM33.6 million) and registered an AUM growth of 7.6% YoY to RM52.0 billion (H1FY24: RM48.3 billion).

Islamic Banking – PATZ of RM269.4 million

Profit After Taxation and Zakat (PATZ) increased RM49.9 million or 22.8% YoY to RM269.4 million. Total income increased 9.0% YoY to RM630.9 million (H1FY24: RM578.7 million) attributable to a 9.6% and 5.1% YoY growth in Net Financing Income and Non-Financing Income respectively. Operating expenses increased 3.7% YoY to RM247.5 million (H1FY24: RM238.6 million) while net impairment charge of RM32.0 million was 42.2% lower YoY (H1FY24: RM55.3 million).

Insurance (Continuing Operations¹) – PAT of RM44.2 million

PAT from Insurance grew RM14.9 million or 51.1% YoY to RM44.2 million mainly due to 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 H1FY24 upon completion of the divestment of AmGen. After adjusting for minority interest, PATMI attributable to shareholders was RM26.1 million.

Others – LAT of RM25.8 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 lower Service Transfer Pricing (STP) recovery.

Outlook for FY25

Mr Jamie Ling concluded, *“We are making good progress at the halfway mark of FY25. There is much to be done still and we continue to focus on executing our WT29 plans. In line with Malaysia's improving economic prospects, we remain optimistic on our FY25 prospects.”*

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