Corporate Update

CIMB Group Holdings Berhad

(1023 | CIMB MK) Main | Financial Services

4 Stars

FTSE4Good

Maintain **BUY**

Revised Target Price **RM9.15** (from RM9.11)

4QFY24 Results Review Good End to the Year

Maintain BUY call: Revised GGM-TP of RM 9.15 (from RM9.11). Slightly weaker quarter but this was within expected. On a full year term, it was a good performance. Going forward, we are cautiously optimistic but expect ASEAN to be resilient. We expect healthier loan growth to offset NIM compression and cost discipline will provide support. Asset quality is also improving. Maintain BUY call. The TP is based on a revised FY25F P/BV of 1.35x. (GGM assumptions: FY25F ROE of 11.7%, LTG of 2.8% & COE of 9.3%).

Within expectations. CIMB's FY24 core net profit (NP) of RM7,728m was within/within our/street forecasts at 103%/101% of full-year forecasts.

FY24's core NP up by +18%yoy. Main drivers were strong net income growth (+8.4%yoy), positive JAWS and lower loan provisions (-10.8%yoy). NOII grew +8.1%yoy driven by Wholesale fees and strong trading & FX (+16.6%yoy to RM3.72b) from both capital markets and client franchise income. Meanwhile, NII +5.3%yoy underpinned by loan growth; 1bp contraction in FY24 NIM arising from pricing competition in Indonesia and Thailand, partially offset by +5bps NIM expansion in Malaysia.

4QFY24's Core NP of RM1,800m down by -11%qoq. The quarter NOII declined -16.6%qoq in line with normalisation following an exceptionally strong performance in 3QFY24. Also, -2.9%qoq fall in NII from -6bps NIM contraction from seasonal year-end factors.

Gross loans grew by +3.5%qoq, coming up to +2.6%yoy. Driven by consumer and commercial banking. Both these segments grew +3.0%yoy to RM235.6b and +6.2%yoy to RM75.8b respectively. Wholesale banking loans was flattish with -0.4%yoy contraction to RM136.9b. On a constant currency basis gross loans grew +4.8%yoy. On own currency basis strong growth was seen in IND and SG with +6.9%yoy and +11.4%yoy, while MY gross loans grew +3.0%yoy.

Deposits grew by +7.0%qoq, coming up to +1.8%yoy. While total deposits growth was rather slow, total CASA expanded by +7.5%yoy. This resulted in increasing the CASA ratio to 46.2% as at end Dec'24. CASA growth was led by other markets. In local currency terms, IND, TH and SG CASA grew +14.2%yoy, +48.0yoy and +10.7%yoy respectively.

GIL ratio moved by -23bps qoq to 2.12%, LLC currently at 105%. On year-on-year terms, GIL ratio improved -55bps. This came from asset quality improvement initiatives and various initiatives may further lower GIL.

Higher dividends at 47sen or 65% payout ratio.

Tweak in earnings estimates. We are adjusting our FY25 and FY26 earnings estimates upward by 2.7% and 0.8% respectively.

RETURN STATISTICS	
Price @ 28th Feb 2025 (RM)	7.81
Expected share price return (%)	+17.2
Expected dividend yield (%)	+6.4
Expected total return (%)	+23.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.6	-3.9
3months	-4.8	-2.9
12 months	25.6	22.7

INVESTMENT STATISTICS

FYE Dec	2024	2025F	2026F
Core NP (RM m)	7,728	8,268	8,428
CNP growth (%)	11	7	2
Div yield (%)	6.0	6.4	6.5
Gross DPS (sen)	47.0	49.8	50.6
P/BV (x)	1.2	1.1	1.1
BVPS (RM)	6.5	6.8	7.1
ROE (%)	11.2	11.7	11.3

KEY STATISTICS

FBM KLCI	1,574.70
Issue shares (m)	10,696.99
Estimated free float (%)	64.85
Market Capitalisation (RM'm)	83,819.08
52-wk price range	RM6.22 – RM8.50
3-mth average daily volume (m)	16.55
3-mth average daily value (RM'm)	134.50
Top Shareholders (%)	
Khazanah Nasional Bhd	21.5
EPF	16.6
ASNB	9.9

Analyst

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4QFY24 RESULTS SUMMARY

FYE Dec (RM m)	4Q FY24	3Q FY24	4Q FY23	Yoy (%)	Qoq (%)	FY24	FY23	Yoy (%)
Net interest inc.	2,795	2,893	2,328	*20.1*	*-3.4*	11,364	10,638	*6.8*
Islamic banking inc.	1,202	1,186	1,120	*7.3*	*1.3*	4,741	4,260	*11.3*
Non-interest inc.	1,331	1,662	1,482	*-10.1*	*-19.9*	6,197	5,670	*9.3*
Net income	**5,328**	**5,742**	**4,930**	***8.1***	***-7.2***	**22,301**	**20,569**	***8.4***
OPEX	(2,625)	(2,670)	(2,625)	*-0.0*	*-1.7*	(10,420)	(9,865)	*5.6*
PPOP	**2,704**	**3,071**	**2,305**	***17.3***	***-12.0***	**11,881**	**10,704**	***11.0***
Loan provisions	(399)	(249)	(374)	*6.8*	*60.0*	(1,369)	(1,534)	*-10.8*
Other provisions	41	(94)	(26)	*-258.7*	*-143.4*	(135)	(57)	*136.8*
JV & Associates	17	3	(20)	*n.m.*	*n.m.*	19	(17)	*n.m.*
PBT	**2,362**	**2,731**	**1,885**	***25.3***	***-13.5***	**10,396**	**9,095**	***14.3***
Tax	(509)	(657)	(570)	*-10.8*	*-22.6*	(2,477)	(2,379)	*4.1*
NCI	(53)	(43)	(45)	*17.8*	*23.4*	(191)	(181)	*5.6*
Reported NP	**1,800**	**2,030**	**1,270**	***41.8***	***-11.3***	**7,728**	**6,536**	***18.2***
Core NP	**1,800**	**2,030**	**1,270**	***42***	***-11***	**7,728**	**6,536**	***18***
Total NII	3,816	3,930	3,256	*17*	*-3*	15,397	14,622	*5*
Total NOII	1,512	1,812	1,674	*-10*	*-17*	6,904	6,388	*8*
Gross DPS (sen)	**20.0**	**-**	**25.5**	***n.m.***	***n.m.***	**47.0**	**43.0**	***n.m.***
Core EPS (sen)	16.7	18.9	11.9	*41*	*-11*	71.8	61.1	*17*
Gross loans	452,274	436,968	440,922	*2.6*	*3.5*			
Gross impaired loans	9,575	10,238	11,770	*-18.7*	*-6.5*			
Customer deposits	471,951	441,095	463,442	*1.8*	*7.0*			
CASA	218,246	198,715	203,077	*7.5*	*9.8*			

Ratios (%)	4Q FY24	3Q FY24	4Q FY23	Yoy (ppts)	Qoq (ppts)	FY24	FY23	Yoy (ppts)
ROE (Ann.)	**10.4**	**12.1**	**7.4**	***3.0***	***-1.8***	**10.9**	**9.4**	***1.6***
NIM (Reported)	**2.17**	**2.23**	**2.15**	***0.02***	***-0.06***	**2.21**	**2.22**	***-0.01***
NOII/Net income	28.4	31.6	34.0	*-5.6*	*-3.2*	31.0	31.1	*-0.1*
Cost/Income	49.3	46.5	53.2	*-4.0*	*2.7*	46.7	48.0	*-1.2*
NCC (Ann.) (bps)	36	23	35	*0*	*13*	31	36	*-6*
GIL ratio	2.12	2.34	2.67	*-0.55*	*-0.23*			
Loan loss coverage	105	103	97	*8*	*3*			
CASA ratio	46.2	45.1	43.8	*2.4*	*1.2*			
L/D ratio	93.7	96.7	92.7	*1.0*	*-3.0*			
CET-1	14.6	15.0	14.5	*0.1*	*-0.4*			

Source: Company, MIDFR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Interest income	18,646	25,111	26,627	29,944	32,062
Interest expense	(7,016)	(14,027)	(15,263)	(16,637)	(18,134)
Net interest income	**11,630**	**11,084**	**11,364**	**13,307**	**13,928**
Islamic banking inc.	4,000	4,260	4,741	4,162	4,356
Other operating inc.	4,208	5,670	6,197	6,033	6,321
Net income	**19,838**	**21,014**	**22,301**	**23,501**	**24,605**
OPEX	(9,346)	(9,865)	(10,420)	(10,693)	(11,195)
PPOP	**10,492**	**11,149**	**11,881**	**12,808**	**13,409**
Loan allowances	(1,953)	(1,534)	(1,369)	(1,398)	(1,728)
Other allowances	(209)	(57)	(135)	(274)	(331)
JV & Associates	40	(17)	19	170	176
PBT	**8,371**	**9,541**	**10,396**	**11,307**	**11,526**
Tax & zakat	(2,778)	(2,379)	(2,477)	(2,827)	(2,882)
NCI	(153)	(181)	(191)	(212)	(216)
Reported NP	**5,440**	**6,981**	**7,728**	**8,268**	**8,428**
Core NP	**5,542**	**6,981**	**7,728**	**8,268**	**8,428**
Total NII	15,158	14,626	15,397	16,844	17,630
Total NOII	4,680	6,388	6,904	6,657	6,975

BALANCE SHEET

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash & ST funds	47,105	37,980	34,776	42,132	41,934
Investment securities	156,410	198,844	210,621	211,949	213,606
Net loans	394,557	429,450	442,163	468,839	496,106
Other IEAs	9,751	9,708	10,882	12,188	13,651
Non-IEAs	58,897	57,590	56,687	57,028	60,753
Total assets	**666,721**	**733,572**	**755,131**	**792,138**	**826,051**
Customer deposits	432,950	463,442	471,951	500,740	531,285
Other IBLs	115,648	148,148	161,459	161,279	163,095
Non-IBLs	54,340	52,143	50,882	55,888	53,911
Total liabilities	**602,937**	**663,733**	**684,292**	**717,907**	**748,292**
Share capital	29,095	29,095	29,439	29,439	29,439
Reserves	33,397	39,232	39,805	43,211	46,673
Shareholders' funds	**62,491**	**68,327**	**69,244**	**72,650**	**76,113**
Perpetual pref. shares	200	200	200	200	200
NCI	1,093	1,312	1,395	1,380	1,446
Total equity	**63,784**	**69,839**	**70,839**	**74,231**	**77,759**
Total L&E	**666,721**	**733,572**	**755,131**	**792,138**	**826,051**
Total IEAs	607,824	675,982	698,444	735,109	765,297
Total IBLs	548,598	611,590	633,410	662,019	694,380
Gross loans	407,057	440,922	452,274	479,410	508,175
CASA	182,292	203,077	218,246	230,340	217,827

FINANCIAL RATIOS

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Interest (%)					
NIM	2.56	2.28	2.24	2.35	2.35
Return on IEAs	3.15	3.91	3.87	4.18	4.27
Cost of funds	1.30	2.42	2.45	2.57	2.67
Net interest spread	1.84	1.49	1.42	1.61	1.60
Profitability (%)					
ROE	**9.1**	**10.7**	**11.2**	**11.7**	**11.3**
ROA	0.9	1.0	1.0	1.1	1.0
NOII/Net income	23.6	30.4	31.0	28.3	28.3
Effective tax rate	33.2	24.9	23.8	25.0	25.0
Cost/Income	47.1	46.9	46.7	45.5	45.5
Liquidity (%)					
Loan/Deposit	91.1	92.7	93.7	93.6	93.4
CASA ratio	42.1	43.8	46.2	46.0	41.0
Asset Quality (%)					
GIL ratio	3.27	2.67	2.12	2.10	2.50
LLC ratio	93	97	105	105	95
LLC (w. reserves)	96	106	124	117	104
Net CC (bps)	50	36	31	30	35
Capital (%)					
CET 1	14.5	14.5	14.2	14.2	14.0
Tier 1 capital	15.4	15.1	14.8	14.8	14.6
Total capital	18.5	18.2	17.9	17.9	17.7
Growth (%)					
Total NII	8.6	-3.5	5.3	9.4	4.7
Total NOII	-15.8	36.5	8.1	-3.6	4.8
Net income	1.7	5.9	6.1	5.4	4.7
OPEX	-0.8	5.6	5.6	2.6	4.7
Core NP	19.2	26.0	10.7	7.0	1.9
Gross loans	7.7	8.3	2.6	6.0	6.0
Customer deposits	2.5	7.0	1.8	6.1	6.1
CASA	-2.0	11.4	7.5	5.5	-5.4
Valuation metrics					
Core EPS (sen)	51.8	65.3	72.3	77.3	78.8
Gross DPS (sen)	26.0	43.0	47.0	49.8	50.6
Div payout (%)	50	66	65	65	65
BVPS (RM)	5.8	6.4	6.5	6.8	7.1
Core P/E (x)	15.1	12.0	10.8	10.1	9.9
Div yield (%)	**3.3**	**5.5**	**6.0**	**6.4**	**6.5**
P/BV (x)	1.3	1.2	1.2	1.1	1.1

Source: Bloomberg, MIDFR

Income Statement	Balance Sheet	Valuations & Sector
Core NP – Core Net Profit	LCR – Liquidity Coverage ratio	ROE – Return on Equity
PPOP – Pre-Provisioning Operating Profit	L/D ratio – Loan/Deposit ratio	GGM – Gordon Growth Model
NII – Net Interest Income	CASA – Current & Savings accounts	P/BV – Price to Book Value
NIM – Net Interest Margin	FD – Fixed Deposits	BVPS – Book Value per Share
COF – Cost of Funds	GIL – Gross Impaired Loans	BNM – Bank Negara Malaysia
NOII – Non-Interest Income	NIL – Net Impaired Loans	OPR – Overnight Policy Rate
MTM – Mark to Market	LLC – Loan Loss Coverage	SRR – Statutory Reserve Requirement
CIR – Cost to Income Ratio	NCC – Net Credit Costs	SBR – Standardised Base Rate
OPEX – Operational Expenses	GCC – Gross Credit Costs	ALR – Average Lending Rate
	CET 1 – Common Equity Tier 1	

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology