Corporate Update

CIMB Group Holdings Berhad

(1023 | CIMB MK) Main | Financial Services

FTSE4Good ESG 4 Stars

Maintain **BUY**

Unchanged Target Price **RM8.10**

1QFY25 Results Review
Overseas Overhaul

To Conclude	**Solid set of earnings, as forecasted.** **Management's tone: Cautiously optimistic.** **Expect: Further details on overseas restructuring plans, while reporting solid results in subsequent quarters.**
Our Verdict	**We like CIMB's attractive dividend yields and solid track record of execution. A conscious effort to improve underperforming geographical segments may lead to further ROE accretion.**
Valuations	**Current P/BV of 1.08x is close to the 2-year P/BV mean of 1.06x. The company is currently trading at a forward FY25F P/BV of 1.03x with a 5.7% dividend yield.**
Yays	1. Capital reallocation initiative provides room for ROE accretion. 2. High dividend yields. 3. Further room for cost takeouts.
Nays	1. NIM-related concerns.
Okays	1. Management indicates optimism on the asset quality situation, already ascribing a lower NCC target.

Results in a nutshell:

▲ **3MFY25's Core NP of RM1,973m was *Within*/*Within* our/street forecasts: *25%*/*25%* of full-year forecasts.**

► **No dividend announcement.**

▲ **3MFY25's Core net profit (NP) of RM1,973m up by 2%yoy.** Lower provisions offset the reduced NOII result.

▲ **1QFY25's Core NP of RM1,973m up by 10%qoq.** This was attributable to improved NOII and OPEX offsetting higher tax.

Have a look at:

▲ **Big plans abroad.** CIMB is undergoing a huge revamp in overseas markets, with a change in leadership in both TH and Cambodia. CIMB is also consolidating SG, TH, and Cambodia under the "Growth markets" banner to sharpen focus and drive growth in priority segments. Unfortunately, no specific date has been fixed for the unveiling of a more comprehensive TH restructuring plan.

The Group has also increased dividend payouts of geographical subsidiaries, starting with CIMB Niaga and Thai. This is to facilitate better capital redistribution.

RETURN STATISTICS

Price @ 30 May 2025 (RM)	6.93
Expected share price return (%)	+16.9
Expected dividend yield (%)	+5.7
Expected total return (%)	**+22.6**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.2	-0.8
3 months	-1.4	-14.2
12 months	1.8	7.8

INVESTMENT STATISTICS

FYE Dec	FY25F	FY26F	FY27F
Core NP (RM m)	**7,754**	**7,924**	**8,255**
CNP growth (%)	0	2	4
Div yield (%)	**5.7**	**5.8**	**6.0**
Gross DPS (sen)	39.5	40.2	41.8
P/BV (x)	**1.0**	**1.0**	**0.9**
BVPS (RM)	6.7	7.0	7.3
ROE (%)	**11.0**	**10.8**	**10.8**
% Street CNP (%)	**97**	**94**	**92**

KEY STATISTICS

FBM KLCI	1,508.35
Issue shares (m)	10,696.7
Estimated free float (%)	64.9
Market Capitalisation (RM'm)	74,165.9
52-wk price range	RM6.21 – RM8.50
3-mth average daily volume (m)	27.9
3-mth average daily value (RM'm)	201.4
Top Shareholders (%)	
Khazanah Nasional Bhd	21.5
EPF Board	17.4
Amanah Saham Nasional Bhd	9.9

Analyst

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▲ **Recoveries drive improved FY25 NCC guidance.** The Group made some overlay allocations to the non-retail side in the quarter, and will look further into this in 2QFY25. Despite this, management has revised its previous 30 – 40bps guidance to a lower 25 – 35bps, as recoveries in 1QFY25 were better than expected. This revision was expected, as the previous guidance seemed overly conservative.

▼ **More pessimistic on NIMs.** Although management retains its FY25 NIM guidance, expectations are now skewed towards the lower end. The target can be broken by the expected geographical performance in FY25:

MY: 0-5bps compression expected. The expectations factor one OPR cut, though partially offset by SRR cut. In the first two months of 2QFY25, both funding costs and asset yields have been stable.

ID: Compression expected.

SG: -10bps compression expected.

TH: -10bps compression expected.

Forecasts unchanged. We make no changes to our earnings forecasts.

Key downside risks. *(1) Steeper-than-expected NIM compression, (2) Higher-than-expected NCC allocation, (3) Weak NOII result.*

Maintain BUY call: Unchanged GGM-TP of RM 8.10. The TP is based on an unchanged FY25F P/BV of 1.20x.

(GGM assumptions: *FY25F ROE of 11.0%, LTG of 4.0% & COE of 9.8%)*

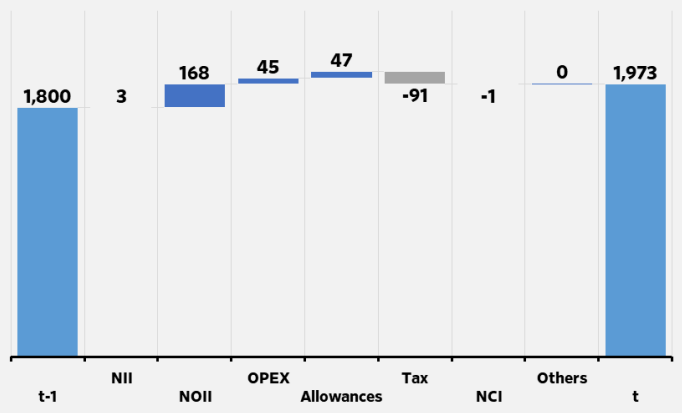
FIG 1: Quarterly results

FYE Dec (RM m)	1Q FY25	4Q FY24	1Q FY24	Yoy (%)	Qoq (%)	3M FY25	3M FY24	Yoy (%)
Net interest inc.	2,817	2,795	2,863	-2	1	2,817	2,863	-2
Islamic banking inc.	1,214	1,202	1,123	8	1	1,214	1,123	8
Non-interest inc.	1,468	1,331	1,643	-11	10	1,468	1,643	-11
Net income	**5,499**	**5,328**	**5,629**	**-2**	**3**	**5,499**	**5,629**	**-2**
OPEX	(2,580)	(2,625)	(2,552)	1	-2	(2,580)	(2,552)	1
PPOP	**2,919**	**2,704**	**3,077**	**-5**	**8**	**2,919**	**3,077**	**-5**
Loan provisions	(288)	(399)	(404)	-29	-28	(288)	(404)	-29
Other provisions	(23)	41	(99)	-76	-157	(23)	(99)	-76
JV & Associates	19	17	(0)	n.m.	n.m.	19	(0)	n.m.
PBT	**2,627**	**2,362**	**2,573**	**2**	**11**	**2,627**	**2,573**	**2**
Tax	(599)	(509)	(590)	2	18	(599)	(590)	2
NCI	(54)	(53)	(47)	15	2	(54)	(47)	15
Reported NP	**1,973**	**1,800**	**1,936**	**2**	**10**	**1,973**	**1,936**	**2**
Core NP	**1,973**	**1,800**	**1,936**	**2**	**10**	**1,973**	**1,936**	**2**
Total NII	3,819	3,816	3,792	1	0	3,819	3,792	1
Total NOII	1,680	1,512	1,837	-9	11	1,680	1,837	-9
Gross DPS (sen)	**-**	**20.0**	**-**	**n.m.**	**n.m.**	**-**	**-**	**n.m.**
Core EPS (sen)	18.3	16.8	18.1	1	9	18.3	18.1	1
Gross loans	450,142	452,274	442,301	1.8	-0.5			
Gross impaired loans	9,706	9,575	11,296	-14.1	1.4			
Customer deposits	464,417	471,951	469,995	-1.2	-1.6			
CASA	219,370	218,246	204,931	7.0	0.5			

Ratios (%)	1Q FY25	4Q FY24	1Q FY24	Yoy (ppts)	Qoq (ppts)	3M FY25	3M FY24	Yoy (ppts)
ROE (Ann.)	**11.4**	**10.4**	**11.4**	**0.0**	**1.1**	**11.2**	**11.2**	**0.0**
NIM (Reported)	**2.16**	**2.16**	**2.18**	**-0.02**	**0.00**	**2.16**	**2.18**	**-0.02**
NOII/Net income	30.6	28.4	32.6	-2.1	2.2	30.6	32.6	-2.1
Cost/Income	46.9	49.3	45.3	1.6	-2.3	46.9	45.3	1.6
NCC (Ann.) (bps)	26	36	38	-12	-10	26	38	-12
GIL ratio	2.16	2.12	2.55	-0.40	0.04			
Loan loss coverage	102	105	101	1	-3			
CASA ratio	47.2	46.2	43.6	3.6	1.0			
L/D ratio	94.8	93.7	91.7	3.1	1.1			
CET-1	14.2	14.6	14.5	-0.3	-0.4			

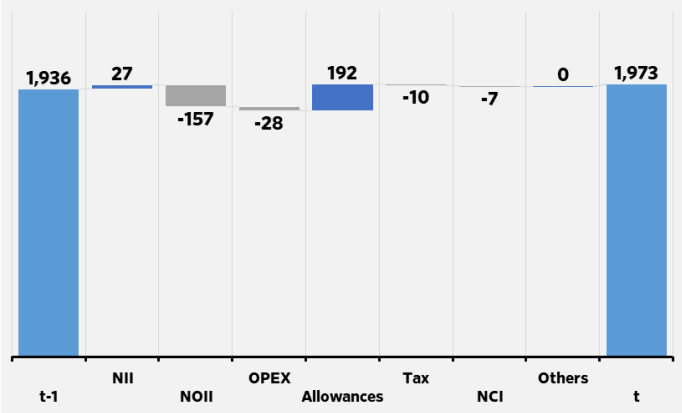
Source: Company, MIDFR

FIG 2: QoQ P/L walk (Quarterly results)



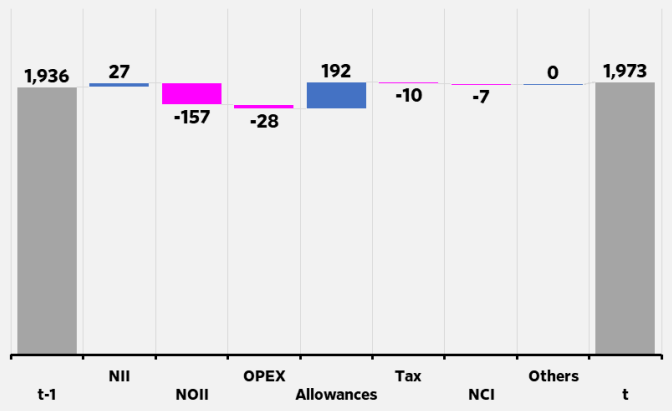
Source: Company, MIDFR

FIG 3: YoY P/L walk (Quarterly results)



Source: Company, MIDFR

FIG 4: YoY P/L walk (Cumulative results)



Source: Company, MIDFR

INCOME STATEMENT (QUARTERLY & CUMULATIVE)

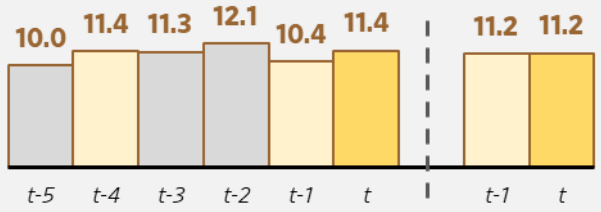
1QFY25 / 3MFY25 results

Earnings: Within/Above our/street forecasts

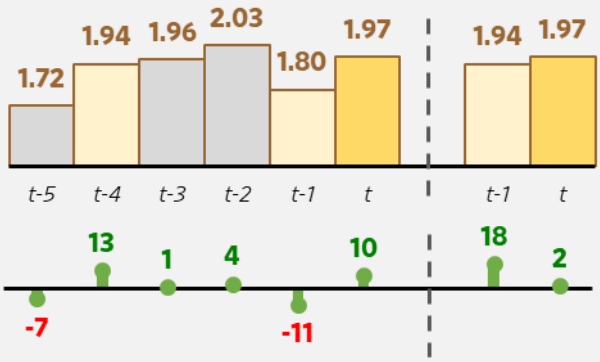
25%/25% of full-year estimates

Dividend: NO

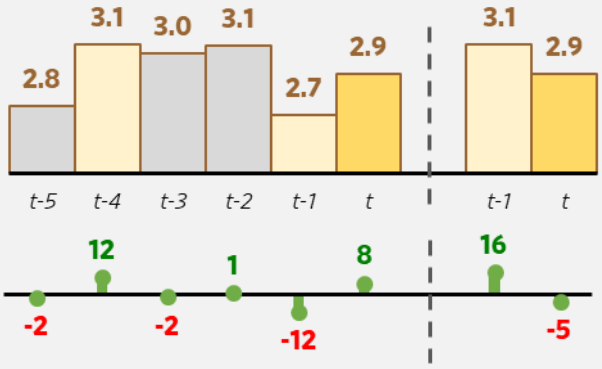
ROE (%)



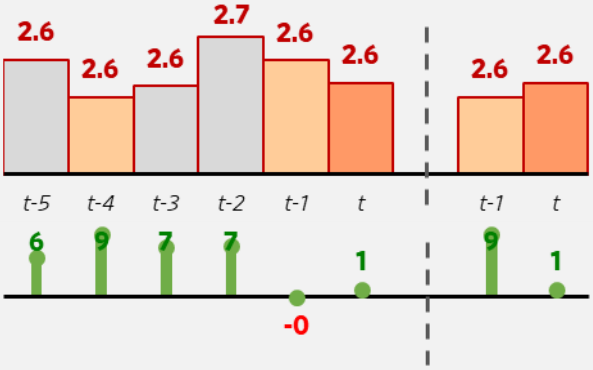
Core Net Profit (RM b)
Growth – qoq (Qtr) & yoy (Cum) (%)



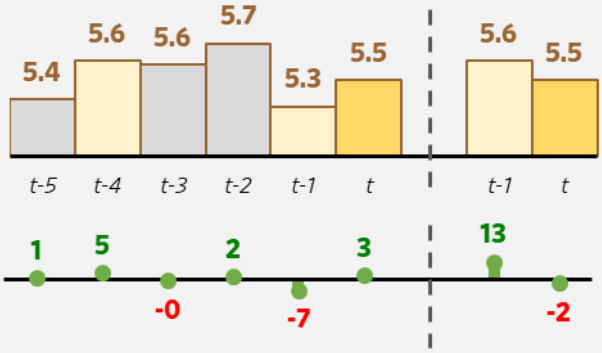
Pre-Provisioning Operating Profit (RM b)
Growth – qoq (Qtr) & yoy (Cum) (%)



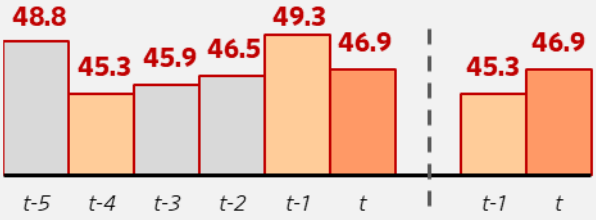
OPEX – (RM b)
Growth – yoy only! (Qtr & Cum) (%)



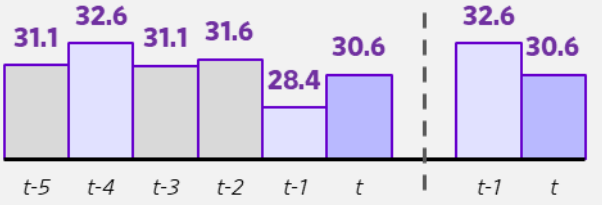
Topline – (RM b)
Growth – qoq (Qtr) & yoy (Cum) (%)



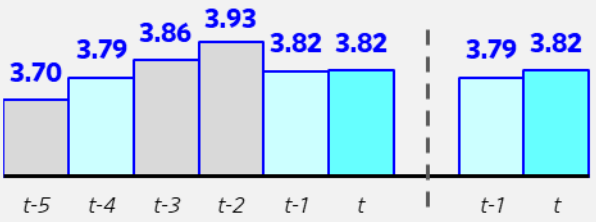
Cost/Income ratio (%)



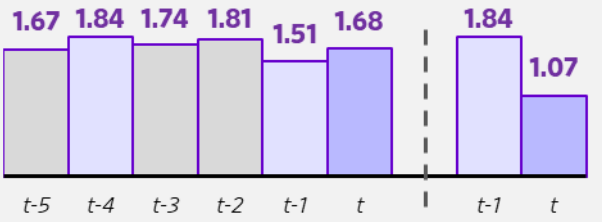
% NOII as topline (%)



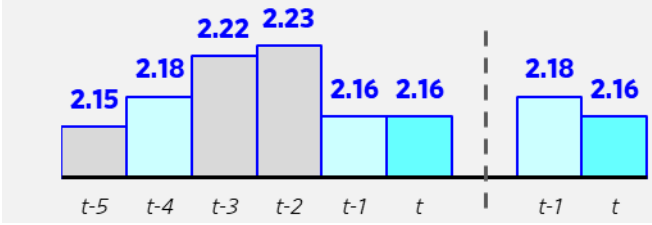
Net interest income (RM b)



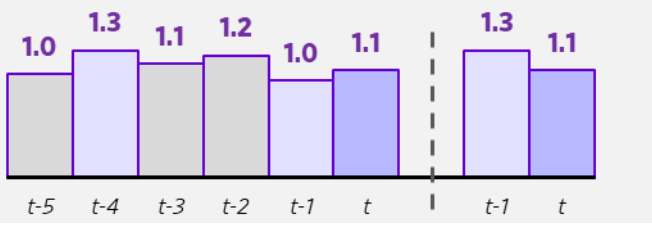
Non-interest income (RM b)



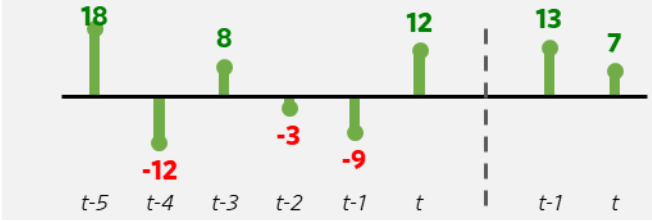
NIM (%)



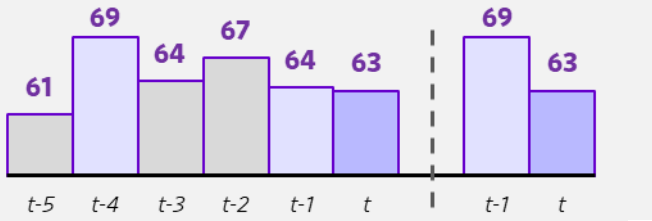
Non-fee NOII (RM b)



Fee income growth – qoq (Qtr) & yoy (Cum) (%)

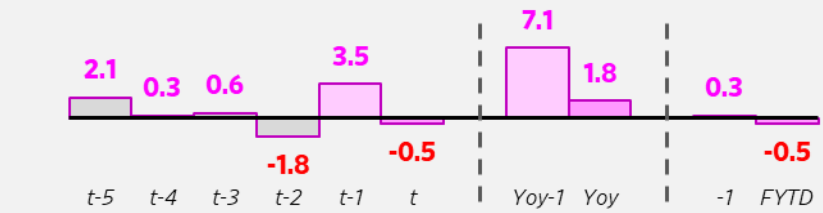


% Non-fee income as NOII (%)

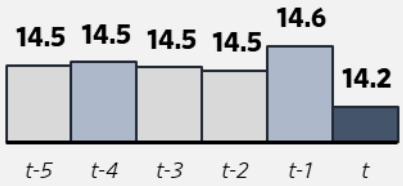


BALANCE SHEET

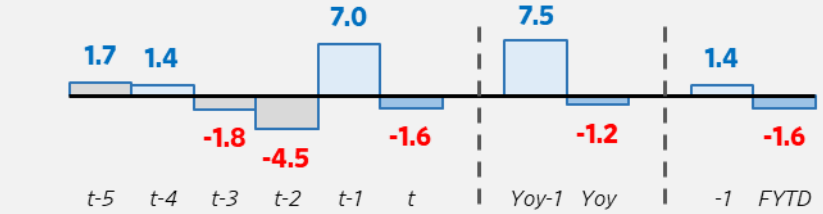
Loan growth – qoq, yoy, FYTD (%)



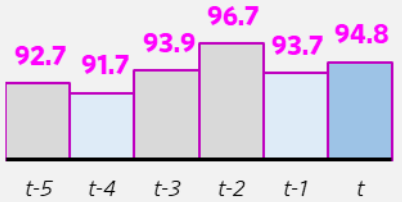
CET 1 ratio (%)



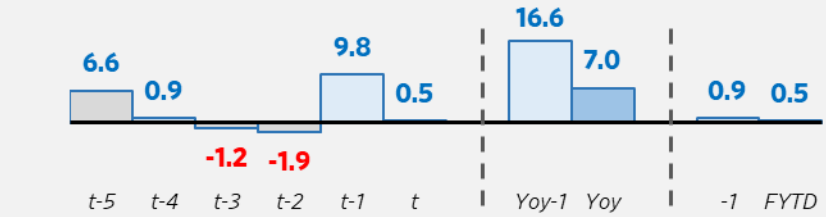
Deposit growth – qoq, yoy, FYTD (%)



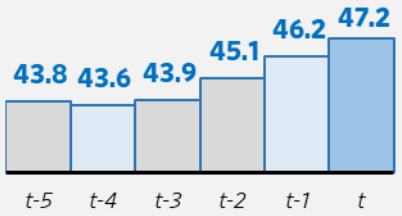
Loan/Deposit ratio (%)



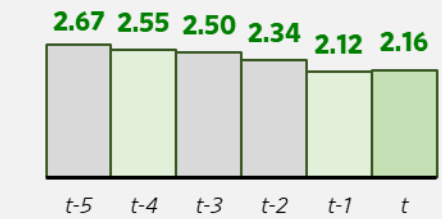
CASA growth – qoq, yoy, FYTD (%)



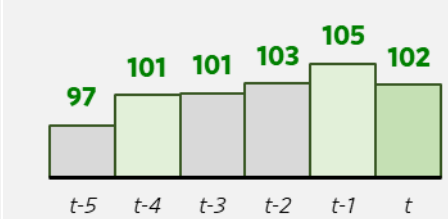
CASA ratio (%)



GIL ratio (%)



Loan loss coverage (%)



Ann. net credit cost (bps)

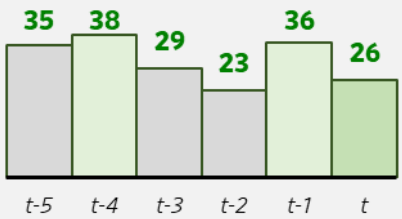


FIG 5: Retrospective performance (Income Statement)

Metric	Surprise? *Qoq/Yoy*		Metric	Surprise? *Qoq/Yoy*		**Notes** *(Cum = Cumulative, Qtr = Quarterly)*
Qtrly Core NP	RM mil	***1,973***	**Qtrly ROE**	Qtr value	***11.4%***	
	25% of FY CNP					
	Qoq	*10%*		t-1	*10.4%*	
	Yoy	*2%*		t-4	*11.4%*	
Cum Core NP	RM mil	***1,973***	**Cum ROE**	Cum value	***11.2%***	
	Within our forecast					
	25% of FY CNP					
	Within consensus					
	25% of FY CNP					
	Yoy	*2%*		t-1	*11.2%*	
NII	As expected		**NIM**	As expected		
				Qtr value	***2.16***	
				Cum value	***2.16***	
	Qtr (Qoq)	*0%*		Qtr (Qoq)	*+0bps*	
	Qtr (Yoy)	*1%*		Qtr (Yoy)	*-2bps*	
	Cum (Yoy)	*1%*		Cum (Yoy)	*-2bps*	
NOII	As expected		**Qtr**	% NII	***69%***	
	Qtr (Qoq)	*11%*		% NOII	***31%***	
	Qtr (Yoy)	*-9%*	**Cum**	% NII	***69%***	
	Cum (Yoy)	*-9%*		% NOII	***31%***	
OPEX	As expected		**Cost/ Inc.**	As expected		
				Qtr value	***46.9%***	
				Cum value	***46.9%***	
	Qtr (Qoq)	*-2%*		Qtr (Qoq)	*-2.3%*	
	Qtr (Yoy)	*1%*		Qtr (Yoy)	*+1.6%*	
	Cum (Yoy)	*1%*		Cum (Yoy)	*+1.6%*	

Source: Company, MIDFR

FIG 6: Retrospective performance (Balance Sheet, Dividends, and anything extra)

Metric	Surprise? *Qoq/Yoy*		Metric	Surprise? *Qoq/Yoy*		**Notes** *(Cum = Cumulative, Qtr = Quarterly)*
Loans	-ve surprise					
	Qoq	*-0.5%*				
	Yoy	*1.8%*				
	YTD (FY)	*-0.5%*				
Depo. grwth	As expected		**CASA grwth**	As expected		
	Qoq	*-1.6%*		Qoq	*0.5%*	
	Yoy	*-1.2%*		Yoy	*7.0%*	
	YTD (FY)	*-1.6%*		YTD (FY)	*0.5%*	
CASA ratio	As expected		**L/D ratio**	As expected		
	Value now	***47.2%***		Value now	***94.8%***	
	Qoq	*+1.0%*		Qoq	*+1.1%*	
	Yoy	*+3.6%*		Yoy	*+3.1%*	
GIL ratio	As expected		**LLC ratio**	As expected		
	Value now	***2.16%***		Value now	***102%***	
	Qoq	*+4bps*		Qoq	*-3%*	
	Yoy	*-40bps*		Yoy	*+1%*	
Qtrly Net CC	As expected		**Cum Net CC**	As expected		
	Decent provision			Decent provision		
	Value now	***26bps***		Value now	***26bps***	
	t-1	*36bps*				
	t-4	*38bps*		t-4	*38bps*	
CET 1	Very healthy level		**Div payout**	No divvy		
	As expected			As expected		
	Value now	***14.2%***		**Payout**		
	Qoq	*-0.4%*				

FIG 7: Targets, Achievements, and Outlook

Targets	FY26		Notes (Red: New guidance, ~~Strikethrough: Guidance is no longer pertinent~~)
ROE	11 – 11.5		
CIR	46.7		
NIM	0 – 5 squeeze		Skewed towards lower bound.
NOII			
Loans	5 – 7		
Deposits			
% CASA			
Loan/Depo			
GIL ratio			
NCC (bps)	25 – 35 ~~30 – 40~~		
LLC			
CET 1			
Div payout	55		

Source: Company, MIDFR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Net interest income	**11,084**	**11,364**	**12,212**	**12,721**	**13,336**
Islamic banking inc.	4,260	4,741	3,870	4,032	4,226
Other operating inc.	5,670	6,197	5,856	5,864	5,536
Net income	**21,014**	**22,301**	**21,938**	**22,617**	**23,098**
OPEX	(9,865)	(10,420)	(9,982)	(10,291)	(10,510)
PPOP	**11,149**	**11,881**	**11,956**	**12,326**	**12,589**
Loan allowances	(1,534)	(1,369)	(1,627)	(1,718)	(1,558)
Other allowances	(57)	(135)	14	(40)	(18)
JV & Associates	(17)	19	122	125	128
PBT	**9,541**	**10,396**	**10,464**	**10,693**	**11,140**
Tax & zakat	(2,379)	(2,477)	(2,511)	(2,566)	(2,674)
NCI	(181)	(191)	(199)	(203)	(212)
Reported NP	**6,981**	**7,728**	**7,754**	**7,924**	**8,255**
Core NP	**6,981**	**7,728**	**7,754**	**7,924**	**8,255**
Total NII	14,626	15,397	15,657	16,310	17,097
Total NOII	6,388	6,904	6,281	6,307	6,001

BALANCE SHEET

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash & ST funds	37,980	34,776	42,080	41,826	41,991
Investment securities	198,844	210,621	209,843	209,388	209,263
Net loans	429,450	442,163	467,381	493,453	523,060
Other IEAs	9,708	10,882	12,080	13,408	14,883
Non-IEAs	57,590	56,687	58,261	71,058	96,774
Total assets	**733,572**	**755,131**	**789,643**	**829,134**	**885,971**
Customer deposits	463,442	471,951	498,852	526,788	558,922
Other IBLs	148,148	161,459	161,159	161,441	162,317
Non-IBLs	52,143	50,882	56,623	64,874	85,525
Total liabilities	**663,733**	**684,292**	**716,634**	**753,102**	**806,764**
Share capital	29,095	29,439	29,439	29,439	29,439
Reserves	39,232	39,805	42,721	45,716	48,863
Shareholders' funds	**68,327**	**69,244**	**72,160**	**75,155**	**78,302**
Perpetual pref. shares	200	200	200	200	200
NCI	1,312	1,395	649	676	705
Total equity	**69,839**	**70,839**	**73,009**	**76,032**	**79,207**
Total L&E	**733,572**	**755,131**	**789,643**	**829,134**	**885,971**
Total IEAs	675,982	698,444	731,383	758,076	789,197
Total IBLs	611,590	633,410	660,011	688,228	721,239
Gross loans	440,922	452,274	477,601	504,347	534,608
CASA	203,077	218,246	209,518	215,983	229,158

FINANCIAL RATIOS

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Interest (%)					
NIM	2.28	2.19	2.19	2.19	2.21
Return on IEAs	3.91	3.87	2.98	2.93	2.90
Cost of funds	2.42	2.45	1.41	1.35	1.29
Net interest spread	1.49	1.42	1.57	1.58	1.61
Profitability (%)					
ROE	**10.7**	**11.2**	**11.0**	**10.8**	**10.8**
ROA	1.0	1.0	1.0	1.0	1.0
NOII/Net income	30.4	31.0	28.6	27.9	26.0
Effective tax rate	24.9	23.8	24.0	24.0	24.0
Cost/Income	46.9	46.7	45.5	45.5	45.5
Liquidity (%)					
Loan/Deposit	92.7	93.7	93.7	93.7	93.6
CASA ratio	43.8	46.2	42.0	41.0	41.0
Asset Quality (%)					
GIL ratio	2.67	2.12	2.14	2.16	2.16
LLC ratio	97	105	100	100	100
LLC (w. reserves)	106	124	109	108	108
Net CC (bps)	36	30	35	35	30
Capital (%)					
CET 1	14.5	14.6	13.2	13.0	13.0
Tier 1 capital	15.1	15.2	13.8	13.6	13.6
Total capital	18.2	18.3	16.9	16.7	16.7
Growth (%)					
Total NII	-3.5	5.3	1.7	4.2	4.8
Total NOII	36.5	8.1	-9.0	0.4	-4.9
Net income	5.9	6.1	-1.6	3.1	2.1
OPEX	5.6	5.6	-4.2	3.1	2.1
Core NP	26.0	10.7	0.3	2.2	4.2
Gross loans	8.3	2.6	5.6	5.6	6.0
Customer deposits	7.0	1.8	5.7	5.6	6.1
CASA	11.4	7.5	-4.0	3.1	6.1
Valuation metrics					
Core EPS (sen)	65.3	72.3	72.5	74.1	77.2
Gross DPS (sen)	43.0	47.0	39.5	40.2	41.8
Div payout (%)	66	65	55	55	55
BVPS (RM)	6.4	6.5	6.7	7.0	7.3
Core P/E (x)	10.6	9.6	9.6	9.4	9.0
Div yield (%)	**6.2**	**6.8**	**5.7**	**5.8**	**6.0**
P/BV (x)	1.1	1.1	1.0	1.0	0.9

Source: Company, MIDFR

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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