Corporate Update

CIMB Group Holdings Berhad

(1023 | CIMB MK) Main | Financial Services

FTSE4Good ESG 4 Stars

Maintain **BUY**

Unchanged Target Price **RM8.22**

Pre-Results 3QFY25
Good Quarter for NOII

Our Verdict	**As long as CIMB can keep its asset quality under control, we think FY25's ROE target is achievable while maintaining a respectable level of loan growth. We will continue to monitor CIMB Thai's progress – the region remains a persistent source of overhang.**
Valuations	**An unchanged FY26F P/BV of 1.17x** Current P/BV of 1.13x is in-line with CIMB's 2-year P/BV mean of 1.11x. We use a more recent historical P/BV mean, given that CIMB's ROE and dividend payout prospects only improved significantly in recent times. The company is currently trading at a forward FY26F P/BV of 1.05x with a +5.5% dividend yield.
Yays	1. Solid NOII quarter ahead. 2. High dividend yields. The Group tends to provide special dividends if excess capital remains. 3. Management's increased emphasis on cross-selling capability is slowly but surely netting growth.
Nays	1. NIM compression in the future, particularly from the SG side.
Okays	1. Thai region turnaround still in progress.

► **NIM outlook is not the brightest, despite the reduced campaign rate in May.** The worry largely stems from SG's adverse SORA movements, which may negatively impact NIMs all the way till 4QFY25. In contrast, MY has a more neutral outlook due to reduced deposit campaign rates in May, though year-end deposit competition provides some downside risk. Niaga, on the other hand, could see NIM upside coming from liquidity improvement.

▲ **Expect a strong NOII quarter.** So far, trading and forex income have shown sequential improvement this quarter. Besides loan syndication income, management does not see a significant pick-up in investment banking-related fees, though deal-related income has been more stable.

RETURN STATISTICS

Price @ 24 October 2025 (RM)	7.37
Expected share price return (%)	+11.5
Expected dividend yield (%)	+5.5
Expected total return (%)	**+17.0**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.8	1.5
3 months	0.4	3.8
12 months	-9.2	-9.0

INVESTMENT STATISTICS

FYE Dec	FY25F	FY26F	FY27F
Core NP (RM m)	**7,754**	**7,924**	**8,255**
CNP growth (%)	0	2	4
Div yield (%)	**5.4**	**5.5**	**5.7**
Gross DPS (sen)	39.5	40.2	41.8
P/BV (x)	**1.1**	**1.0**	**1.0**
BVPS (RM)	6.7	7.0	7.3
ROE (%)	**11.0**	**10.8**	**10.8**
% Street CNP (%)	**99**	**96**	**94**

KEY STATISTICS

FBM KLCI	1,613.27
Issue shares (m)	10,696.7
Estimated free float (%)	70.1
Market Capitalisation (RM'm)	79,380.3
52-wk price range	RM6.21 – RM8.47
3-mth average daily volume (m)	17.8
3-mth average daily value (RM'm)	128.7
Top Shareholders (%)	
Khazanah Nasional Bhd	21.5
EPF Board	17.4
Amanah Saham Nasional Bhd	9.9

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▲ **Some tactical cost savings this quarter (but possibly further accruals next quarter).** Due to the uncertainty of tariffs, CIMB has already looked into tactical cost savings since the beginning of the year. Expect to see some results this quarter and possibly the next. Although the Group has already done accruals on bonuses and marketing costs, 3QFY25's strong result may result in further accruals.

► **Expect minor GIL creep-up from the festive season, hence no bearing on provisioning levels.** This comes largely from the residential mortgage and hire purchase loan portfolio. Management is not worried though as they are confident, they can bring it back down in the future (expect to see more NPL sales in 3QFY25). As a result, management is maintaining its 25-35bps NCC guidance for FY25.

► **Unlikely to see surprises on the loan growth front, despite positive momentum.** Management notes that although the loan pipeline has improved, actual drawdowns may only occur in FY26. Loan momentum has improved slightly for MY and SG consumer segments.

► **Dividend guidance maintained, as CIMB to benefit from Basel IV changes.** Expect management to adhere to its guided FY25 dividend payout of 55%. Basel IV's fully loaded impact on capital is expected by 2027 – the impact will be positive.

Forecasts unchanged. We make no changes to our earnings forecasts.
Key downside risks. *(1) Lingering asset quality concerns, (2) Steeper-than-expected NIM compression, (3) Weakness in overseas geographical segment.*

Maintain BUY call: Unchanged GGM-TP of RM 8.22. The TP is based on an unchanged FY26F P/BV of, to reflect altered earnings prospects and ROE-based valuations.

(GGM assumptions: *FY26F ROE of 10.8%, LTG of 4.0% & COE of 9.8%)*

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)	11.3	10.2	10.2	9.9	9.5
Div yield (%)	**5.8**	**6.4**	**5.4**	**5.5**	**5.7**
P/BV (x)	1.2	1.1	1.1	1.0	1.0

Source: Company, MBSBR

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MBSB INVESTMENT BANK (formerly known MIDF 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