Corporate Update

CIMB Group Holdings Berhad

(1023 | CIMB MK) Main | Financial Services

FTSE4Good ESG 4 Stars

Maintain **BUY**

Revised Target Price **RM8.53**
(from RM8.50)

3QFY25 Results Review
Special Dividends Announced

Salient Points

Solid set of earnings, as forecasted.

Management's tone: Cautiously Optimistic

Expect: More discussion on overseas segments' outlook.

Our Verdict

CIMB is beset by weak loan growth prospects and its ongoing Thailand turnaround. Otherwise, fundamentals remain solid – and its ongoing capital release programme elevates its already high dividend yields.

Valuations

A revised FY26F P/BV of 1.24x ***(formerly 1.21x)***

Current P/BV of 1.17x is trading at +1SD of the 10-year P/BV mean of 0.96x, but we think this is warranted, given the Group's improved asset quality, earnings prospects, and dividend outlook.

The company is currently trading at a forward FY26F P/BV of 1.11x with a +6.2% dividend yield.

Themes

1. ▲ Solid dividend yields, elevated by special dividends (as part of CIMB's capital release initiative) from FY25-27. There is a possibility that management may release more capital than initially guided for.
2. ▲ Management asserts that cross-selling capability is slowly but surely netting growth, which adds to its already bright NOII prospects.
3. ► Stable NIM outlook in the near term – though we think SG and ID could provide uplift possibility in the future.
4. ▼ Loan growth will remain depressed, attributable to currency fluctuations and a weaker Indonesian and Thailand economic outlook.
5. ▼ Thailand portfolio is still undergoing turnaround – for now, it remains a drag on ROE.

Results in a nutshell:

► **9MFY25's Core NP of RM5,940m was *Within/Within* our/street forecasts: *77%/76%* of full-year forecasts.**

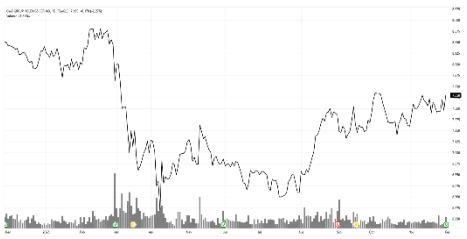
▲ **Dividends announced.** DPS of 26.8 sen translates to a payout of 49% for 9MFY25. A special dividend of 7.0 sen was announced this quarter.

► **9MFY25's Core net profit (NP) of RM5,940m saw flattish growth of +0%yoy.** Improved NOII and lower provisions offset weaker NII and higher OPEX.

▲ **3QFY25's Core NP of RM2,078m up by +10%qoq.** Improvements in NOII and lower allowance offset higher OPEX charges.

RETURN STATISTICS	
Price @ 28 November 2025 (RM)	7.65
Expected share price return (%)	+11.5
Expected dividend yield (%)	+6.2
Expected total return (%)	**+17.7**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.9	1.7
3 months	2.3	-0.5
12 months	-8.6	-10.2

INVESTMENT STATISTICS			
FYE Dec	**FY25F**	**FY26F**	**FY27F**
Core NP (RM m)	**7,754**	**7,924**	**8,255**
CNP growth (%)	0	2	4
Div yield (%)	**6.1**	**6.2**	**6.5**
Gross DPS (sen)	46.7	47.6	49.4
P/BV (x)	**1.1**	**1.1**	**1.1**
BVPS (RM)	6.7	6.9	7.1
ROE (%)	**11.0**	**10.9**	**11.0**
% Street CNP (%)	**99**	**96**	**94**

KEY STATISTICS	
FBM KLCI	1,604.47
Issue shares (m)	10,696.7
Estimated free float (%)	69.7
Market Capitalisation (RM'm)	80,922.5
52-wk price range	RM6.21 – RM8.47
3-mth average daily volume (m)	15.2
3-mth average daily value (RM'm)	112.7
Top Shareholders (%)	
Khazanah Nasional Bhd	21.5
EPF Board	17.4
Amanah Saham Nasional Bhd	9.9

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Have a look at:

▲ **Special, full-cash RM760.2m dividends issued.** Management announced its goal to return RM2.0b in capital by end-FY27. Previously, management had already announced its intentions to release capital in the form of special dividends (as it has always done every year).

The target is to reduce its CET 1 ratio to a level closer to 14.0%, implying there could be further capital to release than the RM2.0b announced, leaving room for upside surprises. For now, it has issued its first special dividend, scheduled for a payout on 24th December. Its FY25 target remains at the 55% level.

► **None of CIMB's digital assets will be ROE accretive in the near term.** The Group is more optimistic on its digital bank venture in Vietnam (which is scaling up), as opposed to the Philippines (where it sees growth tapering). On a local front, TnG Digital has turned profitable – though for now plans comprise mostly around the e-wallet function.

▲ **Stable NIM outlook in 4QFY25.** While year-end deposit competition provides downside pressure, management seems optimistic about ID's improving liquidity situation and SG's stabilising SORA. Current L/D ratio is also suboptimal, with the Group attempting to deploy more liquidity in SG and TH. In MY, liquidity is more stable and tighter, as deposit competition seems a lot more pronounced.

▼ **Elevated OPEX in 3QFY25 is due to bonus accruals.** Depending on employees' performance, we could see further bonus accruals in 4QFY25, leading to a similar run rate. On a more positive note, the benefits of tech investments have kicked in, and management is already seeing some reduction in tech costs.

▼ **Loan growth was depressed by NPL sales and large corporate recoveries.** This has led to a steep -2.1%qoq compression in wholesale banking loans. Going forward, a weak economic outlook in both Thailand and Indonesia may keep loan growth capped – though management is hard at work in trying to deploy more liquidity into these regions.

Forecasts unchanged. We make no changes to our earnings forecasts. However, we do increase our dividend payout forecasts in FY25F/26F/27F to account for special dividend payouts.
Key downside risks. *(1) Steeper-than-expected NIM compression, (2) Weaker-than-expected loans growth, (3) Asset quality weaknesses.*

Maintain BUY call: Revised GGM-TP of RM 8.53 ***(from RM8.50).*** The TP is based on a revised FY26F P/BV of 1.24x *(formerly 1.21x),* to reflect altered dividend payout forecasts and ROE-based valuations.

(GGM assumptions: *FY26F ROE of 10.9%, LTG of 4.0% & COE of 9.6%)*

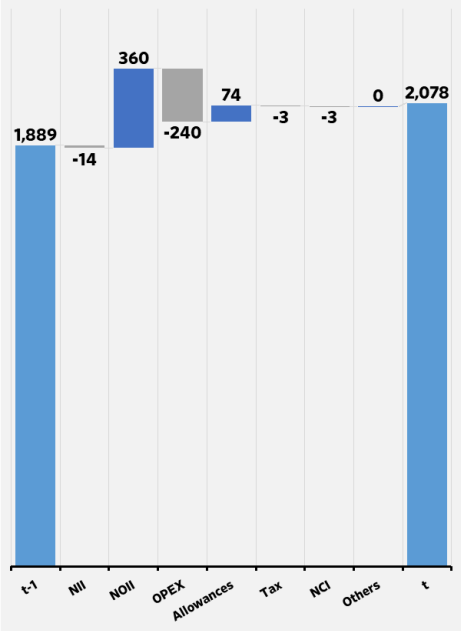
FIG 1: Quarterly results

FYE Dec (RM m)	3Q FY25	2Q FY25	3Q FY24	Yoy (%)	Qoq (%)	9M FY25	9M FY24	Yoy (%)
Net interest inc.	2,793	2,788	2,893	-3	0	8,398	8,569	-2
Islamic banking inc.	1,307	1,267	1,186	10	3	3,788	3,539	7
Non-interest inc.	1,847	1,547	1,662	11	19	4,863	4,865	-0
Net income	**5,948**	**5,602**	**5,742**	**4**	**6**	**17,048**	**16,973**	**0**
OPEX	(2,791)	(2,551)	(2,670)	5	9	(7,922)	(7,796)	2
PPOP	**3,156**	**3,051**	**3,071**	**3**	**3**	**9,126**	**9,177**	**-1**
Loan provisions	(434)	(409)	(249)	74	6	(1,130)	(970)	17
Other provisions	103	4	(94)	-210	>500	84	(176)	-148
JV & Associates	17	1	3	n.m.	n.m.	37	2	n.m.
PBT	**2,843**	**2,648**	**2,731**	**4**	**7**	**8,117**	**8,034**	**1**
Tax	(720)	(717)	(657)	10	0	(2,037)	(1,968)	4
NCI	(44)	(42)	(43)	2	6	(140)	(138)	1
Reported NP	**2,078**	**1,889**	**2,030**	**2**	**10**	**5,940**	**5,928**	**0**
Core NP	**2,078**	**1,889**	**2,031**	**2**	**10**	**5,940**	**5,927**	**0**
Total NII	3,819	3,833	3,930	-3	-0	11,471	11,581	-1
Total NOII	2,129	1,769	1,812	18	20	5,577	5,392	3
Gross DPS (sen)	**7.0**	**19.8**	**-**	**n.m.**	**n.m.**	**26.8**	**27.0**	**n.m.**
Core EPS (sen)	19.3	17.6	18.9	2	10	55.1	55.2	-0
Gross loans	448,213	448,915	436,968	2.6	-0.2			
Gross impaired loans	8,575	9,642	10,238	-16.2	-11.1			
Customer deposits	473,091	467,433	441,095	7.3	1.2			
CASA	225,870	222,081	198,715	13.7	1.7			

Ratios (%)	3Q FY25	2Q FY25	3Q FY24	Yoy (ppts)	Qoq (ppts)	9M FY25	9M FY24	Yoy (ppts)
ROE (Ann.)	**11.8**	**10.7**	**12.1**	**-0.3**	**1.1**	**11.0**	**11.6**	**-0.5**
NIM (Reported)	**2.08**	**2.15**	**2.23**	**-0.15**	**-0.07**	**2.13**	**2.21**	**-0.08**
NOII/Net income	35.8	31.6	31.6	4.2	4.2	32.7	31.8	0.9
Cost/Income	46.9	45.5	46.5	0.4	1.4	46.5	45.9	0.5
NCC (Ann.) (bps)	39	37	23	16	3	34	30	4
GIL ratio	1.91	2.15	2.34	-0.43	-0.23			
Loan loss coverage	103	101	103	0	2			
CASA ratio	47.7	47.5	45.1	2.7	0.2			
L/D ratio	92.9	94.0	96.7	-3.8	-1.1			
CET-1	14.3	14.7	14.5	-0.2	-0.5			

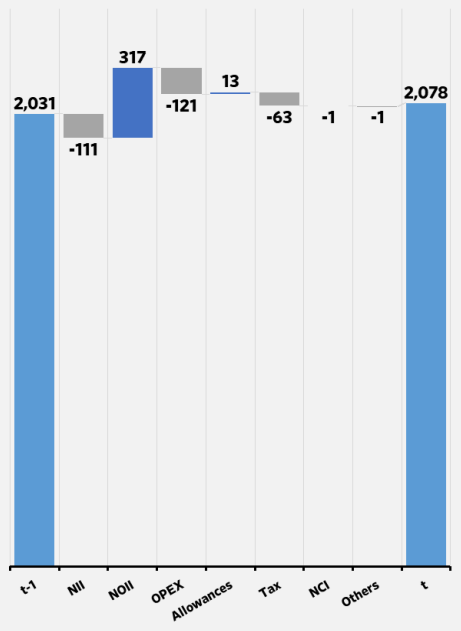
Source: Company, MBSBR

FIG 2: QoQ P/L walk (Quarterly)



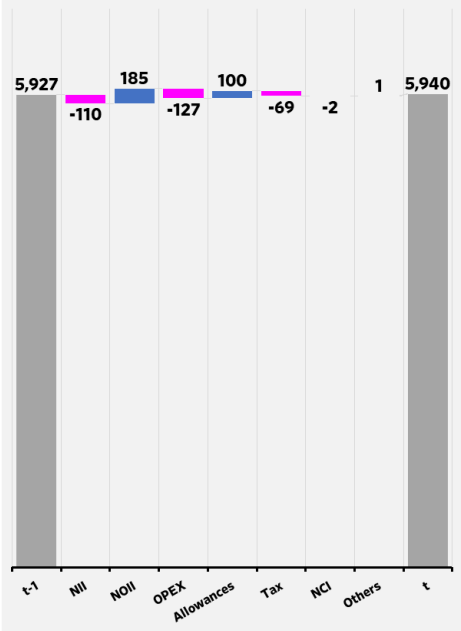
Source: Company, MBSBR

FIG 3: QoQ P/L walk (Quarterly)



Source: Company, MBSBR

FIG 4: QoQ P/L walk (Cumulative)



Source: Company, MBSBR

FIG 5: Targets, Achievements, and Outlook

Targets	FY25F	9M FY25	Notes (Red: New guidance, ~~Strikethrough: Guidance is no longer pertinent~~)
ROE	11.0 – 11.5	11.0	
CIR	<46.7	46.5	
NIM	5 – 8 bps squeeze (from 2.21)	2.13	
NOII		3% (yoy)	
Loans	5 – 7*	-0.9 (YTD)	*On a constant currency basis.
Deposits		0.2 (YTD)	
% CASA		47.7	
Loan/Depo		92.9	
GIL ratio		1.91	
NCC (bps)	25 – 35	34	
CET 1		14.3	
Div payout	55	-	Thanks to its ongoing capital programme, the actual payout will be well above the provided target.

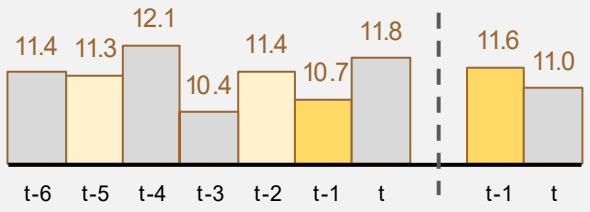
Source: Company, MBSBR

INCOME STATEMENT (QUARTERLY & CUMULATIVE)

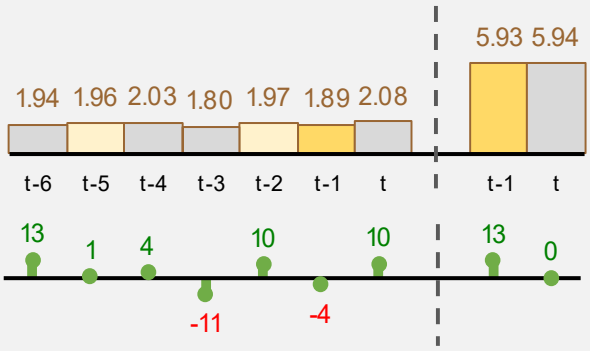
3QFY25 / 9MFY25 results

Earnings:	**Within our full-year forecasts**	**(77%)**
	Within street full-year forecasts	(76%)
Dividend:	**YES**	
YTD payout:	**49%**	

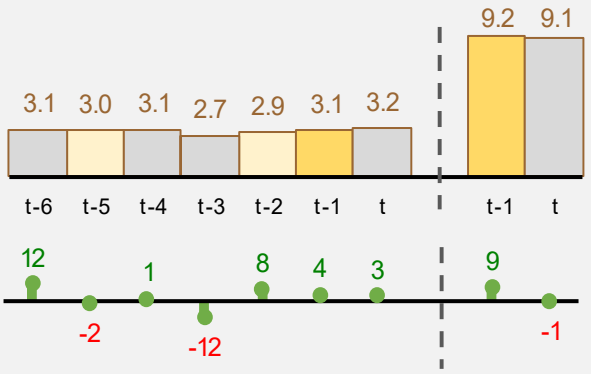
ROE (%)



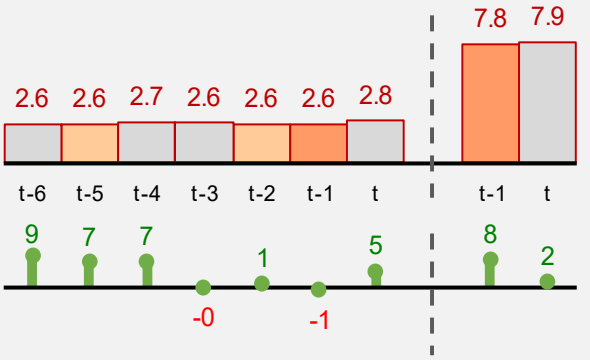
Core Net Profit (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



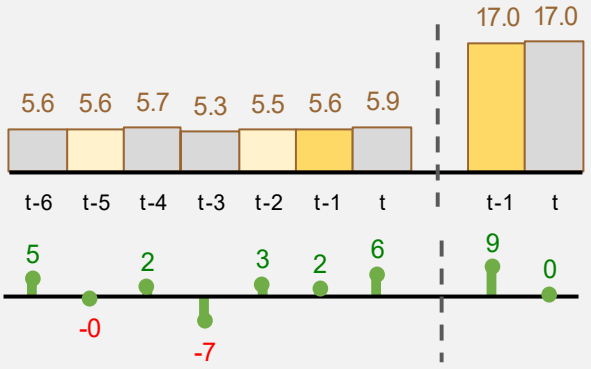
Pre-Provisioning Operating Profit (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



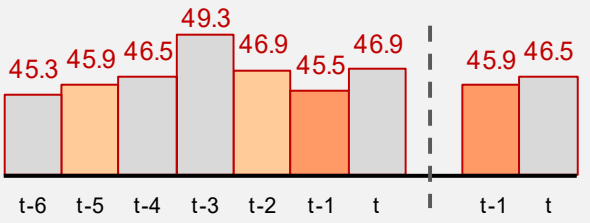
OPEX (RM b)
Growth -- yoy only! (Qtr & Cum) (%)



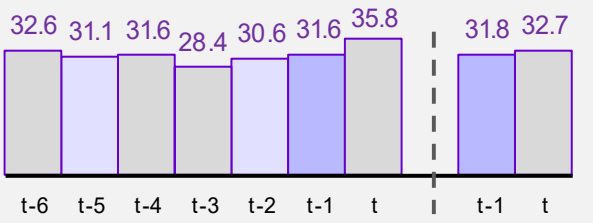
Topline (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



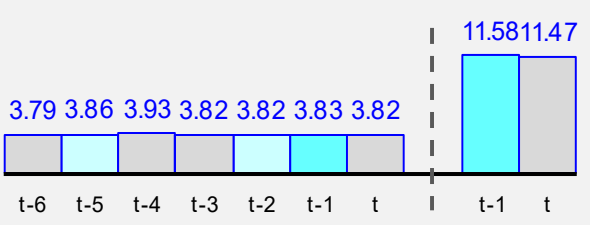
Cost/Income ratio (%)



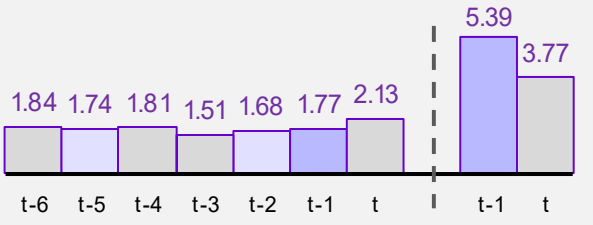
% NOII as topline (%)



Net interest income (RM b)

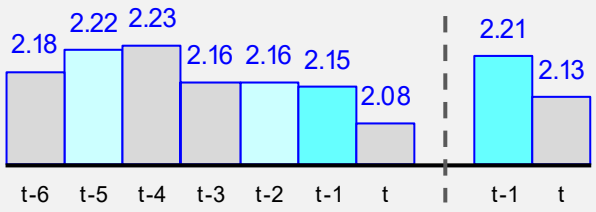


Non-interest income (RM b)

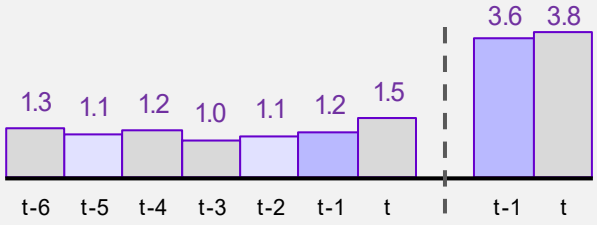


Source: Company, MBSBR

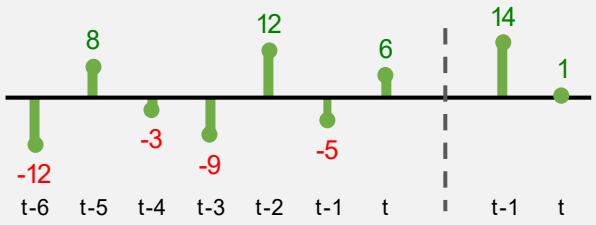
NIM (%)



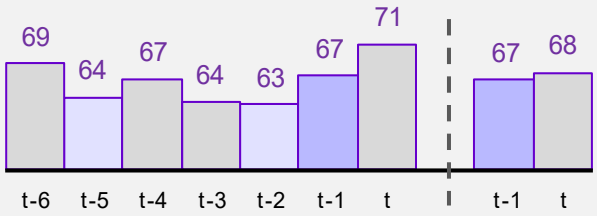
Non-fee NOII (RM b)



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

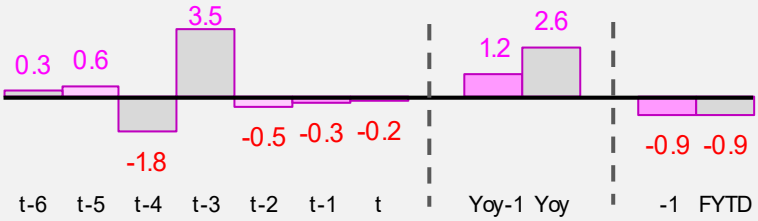


% Non-fee income as NOII (%)

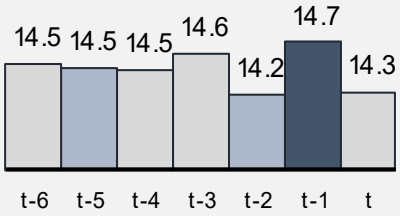


BALANCE SHEET

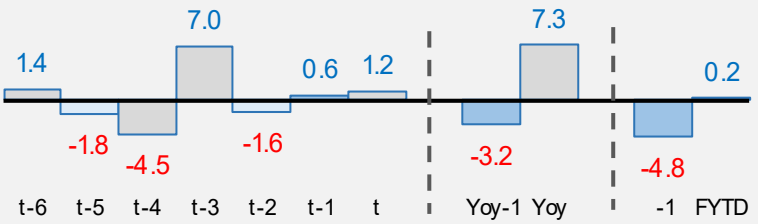
Loan growth -- qoq, yoy, FYTD (%)



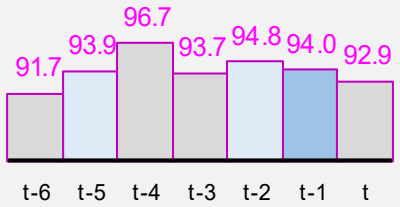
CET 1 ratio (%)



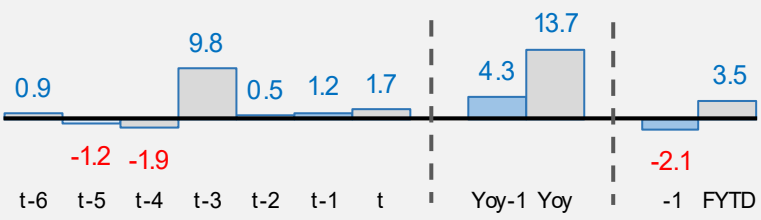
Deposit growth -- qoq, yoy, FYTD (%)



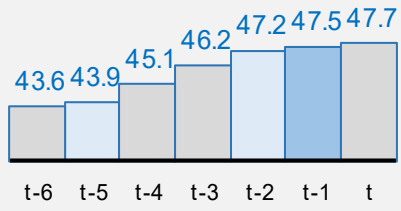
Loan/Deposit ratio (%)



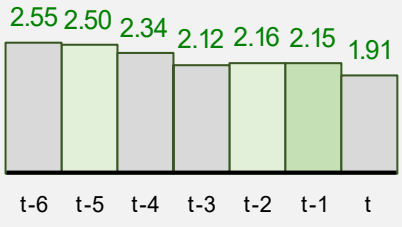
CASA growth -- qoq, yoy, FYTD (%)



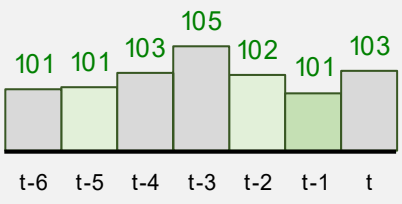
CASA ratio (%)



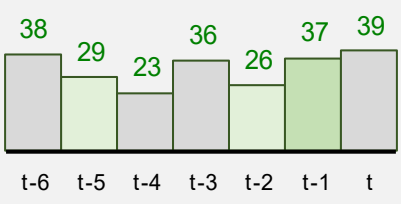
GIL ratio (%)



Loan loss coverage (%)



Ann. net credit cost (bps)



Source: Company, MBSBR

FIG 6: Retrospective performance

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Qtrly Core NP	RM mil	2,078	Qtrly ROE	Qtr value	11.8%
	27% of FY CNP				
	Qoq	10%		t-1	10.7%
	Yoy	2%		t-4	12.1%
Cum Core NP	RM mil	5,940	Cum ROE	Cum value	11.0%
	Within our forecast				
	77% of FY CNP				
	Within consensus				
	76% of FY CNP				
	Yoy	0%		t-1	11.6%
NII	As expected		NIM	As expected	
				Qtr value	2.08
				Cum value	2.13
	Qtr (Qoq)	-0%		Qtr (Qoq)	-7bps
	Qtr (Yoy)	-3%		Qtr (Yoy)	-15bps
	Cum (Yoy)	-1%		Cum (Yoy)	-8bps
NOII	As expected		Qtr	% NII	64%
	Qtr (Qoq)	20%		% NOII	36%
	Qtr (Yoy)	18%	Cum	% NII	67%
	Cum (Yoy)	3%		% NOII	33%
OPEX	As expected		Cost/ Inc.	As expected	
				Qtr value	46.9%
				Cum value	46.5%
	Qtr (Qoq)	9%		Qtr (Qoq)	+1.4%
	Qtr (Yoy)	5%		Qtr (Yoy)	+0.4%
	Cum (Yoy)	2%		Cum (Yoy)	+0.5%

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Loans	-ve surprise				
	Qoq	-0.2%			
	Yoy	2.6%			
	YTD (FY)	-0.9%			
Depo. grwth	As expected		CASA grwth	As expected	
	Qoq	1.2%		Qoq	1.7%
	Yoy	7.3%		Yoy	13.7%
	YTD (FY)	0.2%		YTD (FY)	3.5%
CASA ratio	As expected		L/D ratio	As expected	
	Value now	47.7%		Value now	92.9%
	Qoq	+0.2%		Qoq	-1.1%
	Yoy	+2.7%		Yoy	-3.8%
GIL ratio	As expected		LLC ratio	As expected	
	Value now	1.91%		Value now	103%
	Qoq	-23bps		Qoq	+2%
	Yoy	-43bps		Yoy	+0%
Qtrly Net CC	As expected		Cum Net CC	As expected	
	Decent provision			Decent provision	
	Value now	39bps		Value now	34bps
	t-1	37bps			
	t-4	23bps		t-4	30bps
CET 1	Healthy level		Div payout	Div announced	
	As expected			+ve surprise	
	Value now	14.3%		Payout	49%
	Qoq	-0.5%			

Source: Company, MBSBR

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	57,405	66,456	87,940
Total liabilities	**663,733**	**684,292**	**717,416**	**754,684**	**809,179**
Share capital	29,095	29,439	29,439	29,439	29,439
Reserves	39,232	39,805	41,945	44,148	46,470
Shareholders' funds	**68,327**	**69,244**	**71,385**	**73,587**	**75,909**
Perpetual pref. shares	200	200	200	200	200
NCI	1,312	1,395	642	662	683
Total equity	**69,839**	**70,839**	**72,227**	**74,450**	**76,792**
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**	**10.9**	**11.0**
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	14.4	14.4	13.9
Tier 1 capital	15.1	15.2	15.0	15.0	14.4
Total capital	18.2	18.3	17.9	17.9	17.2
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	46.7	47.6	49.4
Div payout (%)	66	65	65	65	65
BVPS (RM)	6.4	6.5	6.7	6.9	7.1
Core P/E (x)	11.7	10.6	10.6	10.3	9.9
Div yield (%)	**5.6**	**6.1**	**6.1**	**6.2**	**6.5**
P/BV (x)	1.2	1.2	1.1	1.1	1.1

Source: Company, MBSBR

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MBSB INVESTMENT BANK (formerly known as 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