Corporate Update

CIMB Group Holdings Berhad

(1023 | CIMB MK) Main | Financial Services

FTSE4Good ESG 4 Stars

Maintain **BUY**

Revised Target Price **RM9.29**
(from RM9.56)

4QFY25 Results Review
Awaiting Special Dividends

Salient Points

Solid set of earnings, as expected

Management's tone: Neutral

Expect: Share price should rebound within shortly, as the prospect of special dividends remains too alluring.

Our Verdict

CIMB has run into a bit of a rough patch, but there's still a lot to like from both fundamental and dividend standpoints. They have an excellent track record of execution and remain fairly undervalued, following the recent instance of profit-taking.

Valuations

A revised FY26F P/BV of 1.37x ***(formerly 1.39x)***

Current P/BV of 1.23x is above +1SD of the 10-year P/BV mean of 0.99x. However, we believe it is warranted due to the Group's improved fundamentals.

The company is currently trading at a forward FY26F P/BV of 1.19x with a +5.8% dividend yield.

Themes

1. ▲ Dividend yields remain high, especially when bolstered by special dividends.
2. ▲ Has shown convincing NOII expansion thus far, with their cross-selling capability slowly netting growth.
3. ▲ Superb cost control seen in FY25 (without having to crimp on tech investments), and further cost takeouts are expected.
4. ► Relatively neutral on NIM prospects, though recent outlook leans towards optimism.
5. ► Tepid, mid-single-digit level loan growth expected. Asset growth prospects may be a lot stronger.
6. ▼ Both Thai and Indonesian segments remain in a challenging place, hence growth prospects are temporarily weak for now.

Results in a nutshell:

► **FY25's Core NP of RM7,860m was *Within/Within* our/street forecasts: *101%/100%* of full-year forecasts.**

► **Dividends announced.** DPS of 47.1 sen translates to a payout of 65% for FY25.

▲ **FY25's Core net profit (NP) of RM7,860m up by +2%yoy.** The increase was driven by improved NOII and provisioning, which offset higher OPEX and tax charges.

RETURN STATISTICS

Price @ 27 February 2026 (RM)	8.04
Expected share price return (%)	+15.5
Expected dividend yield (%)	+5.8
Expected total return (%)	**+21.3**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.9	2.0
3 months	2.9	5.0
12 months	2.6	-6.9

INVESTMENT STATISTICS

FYE Dec	FY26F	FY27F	FY27F
Core NP (RM m)	**7,754**	**8,084**	**8,398**
CNP growth (%)	(1)	4	4
Div yield (%)	**5.8**	**6.0**	**6.2**
Gross DPS (sen)	46.6	48.4	50.1
P/BV (x)	**1.2**	**1.2**	**1.1**
BVPS (RM)	6.8	7.0	7.2
ROE (%)	**10.9**	**11.0**	**11.1**
% Street CNP (%)	**94**	**92**	

KEY STATISTICS

FBM KLCI	1,716.61
Issue shares (m)	10,696.7
Estimated free float (%)	69.8
Market Capitalisation (RM'm)	91,663.6
52-wk price range	RM6.15 – RM8.95
3-mth average daily volume (m)	15.0
3-mth average daily value (RM'm)	123.5
Top Shareholders (%)	
Khazanah Nasional Bhd	21.5
EPF Board	17.4
Amanah Saham Nasional Bhd	9.9

Analyst
Samuel Woo
samuelwoo.cy@mbsb.com
03-2173 8461

▼ **4QFY25's Core NP of RM1,919m down by -8%qoq.** The decline came largely from a steep drop in NOII, which offset improvements from lower OPEX, provision and tax charges.

Have a look at:

► **Stable dividend payouts to remain at the current level of 55%.** Management adds that the RM2.0b special dividend is less likely to see further top-ups to the figure, as the Group CET 1 ratio of 14.3% is already quite close to their intended 14.0% level.

► **Levers to achieve 12% ROE by 2027.** These include:

Capital allocation: More capital will be shifted to MY, given its potential in the NOII space. Capital will be moved from TH and ID, which are undergoing rough patches. Not much change is expected in SG.

Special dividends: The Group reiterates the desire to frontload these dividends to quickly optimise capital.

NOII growth: There will be more focus on wealth and SG's wholesale segment. NOII growth is expected to grow faster than the single-digit level expected of NII.

Cost discipline: Takeouts are expected to persist.

Continual asset quality improvements: Note that CIMB's GIL ratio is at its healthiest level yet.

► **MY and ID to offset NIM compression expected from SG and TH.** All in all, the Group guides for a +/-5bps NIM movement from FY25's 2.13%.

▲ **MY:** Stable to slight expansion (via ongoing cash strategy and optimisation of the wholesale segment's elevated COF).

▲▼ **ID:** +/- 10bps. But management is skewed towards the optimistic, as the liquidity situation has greatly improved in the last couple of months.

▼ **SG:** To weaken, though SORA's recent stability implies a lower sequential year drop than FY25.

▼ **TH:** Weakening should persist.

▲ **Loan growth targets imply a mid-single-digit level of growth.** CIMB has not provided an official loan growth target, instead switching to "asset growth", which it believes is a better reflection of ongoing performance. Regardless, when quizzed, management gave us pretty in-depth loan growth expectations.

► **MY: 4%.** Interestingly, this is a relatively low growth rate, given that MY is slated to act as the Group's prime growth driver (following a deterioration of the ID situation). Management states that a fair chunk of growth comes in the form of non-loan financing instead, hence the introduction of the "Asset growth" target.

► **ID: 3-5%.**

▲ **SG: High-single-digit.**

▼ **TH: Negative growth.**

Forecasts revised: FY26F/FY27F Core NP adjusted by -2%/-2%. To reflect the latest FY26 guidance – particularly lower loan growth expectations.

Key downside risks. *(1) Persistent drag by ID and TH segments, (2) Weaker-than-expected loans growth, (3) Weak NOII performance.*

Maintain BUY call: Revised GGM-TP of RM 9.29 ***(from RM9.56).*** The TP is based on a revised FY26F P/BV of 1.37x *(formerly 1.39x),* to reflect altered earnings prospects and ROE-based valuations.

(GGM assumptions: *FY26F ROE of 10.9%, LTG of 4.0% & COE of 9.0%)*

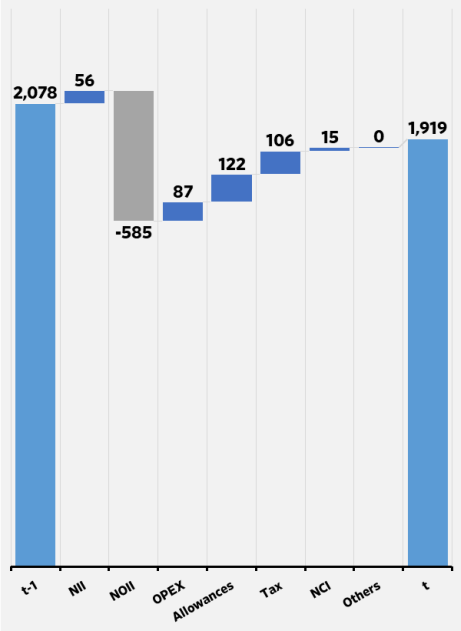
FIG 1: Quarterly results

FYE Dec (RM m)	4Q FY25	3Q FY25	4Q FY24	Yoy (%)	Qoq (%)	FY25	FY24	Yoy (%)
Net interest inc.	2,865	2,793	2,795	3	3	11,263	11,364	-1
Islamic banking inc.	1,171	1,307	1,202	-3	-10	4,959	4,741	5
Non-interest inc.	1,383	1,847	1,331	4	-25	6,245	6,197	1
Net income	**5,419**	**5,948**	**5,328**	**2**	**-9**	**22,467**	**22,301**	**1**
OPEX	(2,705)	(2,791)	(2,625)	3	-3	(10,627)	(10,420)	2
PPOP	**2,714**	**3,156**	**2,704**	**0**	**-14**	**11,840**	**11,881**	**-0**
Loan provisions	(253)	(434)	(399)	-37	-42	(1,382)	(1,369)	1
Other provisions	44	103	41	8	-57	128	(135)	-195
JV & Associates	57	17	17	n.m.	n.m.	94	19	n.m.
PBT	**2,563**	**2,843**	**2,362**	**8**	**-10**	**10,680**	**10,396**	**3**
Tax	(614)	(720)	(509)	21	-15	(2,652)	(2,477)	7
NCI	(29)	(44)	(53)	-46	-34	(169)	(191)	-12
Reported NP	**1,919**	**2,078**	**1,800**	**7**	**-8**	**7,860**	**7,728**	**2**
Core NP	**1,919**	**2,078**	**1,800**	**7**	**-8**	**7,860**	**7,727**	**2**
Total NII	3,875	3,819	3,816	2	1	15,346	15,397	-0
Total NOII	1,544	2,129	1,512	2	-27	7,121	6,904	3
Gross DPS (sen)	**20.4**	**7.0**	**20.0**	**n.m.**	**n.m.**	**47.1**	**47.0**	**n.m.**
Core EPS (sen)	17.8	19.3	16.8	6	-8	72.9	72.0	1
Gross loans	452,947	448,213	452,274	0.1	1.1			
Gross impaired loans	7,786	8,575	9,575	-18.7	-9.2			
Customer deposits	477,755	473,091	471,951	1.2	1.0			
CASA	220,824	225,870	218,246	1.2	-2.2			

Ratios (%)	4Q FY25	3Q FY25	4Q FY24	Yoy (ppts)	Qoq (ppts)	FY25	FY24	Yoy (ppts)
ROE (Ann.)	**10.9**	**11.8**	**10.4**	**0.5**	**-0.9**	**10.9**	**10.9**	**0.0**
NIM (Reported)	**2.10**	**2.08**	**2.16**	**-0.06**	**0.02**	**2.13**	**2.21**	**-0.08**
NOII/Net income	28.5	35.8	28.4	0.1	-7.3	31.7	31.0	0.7
Cost/Income	49.9	46.9	49.3	0.7	3.0	47.3	46.7	0.6
NCC (Ann.) (bps)	22	39	36	-13	-17	31	31	-0
GIL ratio	1.72	1.91	2.12	-0.40	-0.19			
Loan loss coverage	103	103	105	-2	0			
CASA ratio	46.2	47.7	46.2	-0.0	-1.5			
L/D ratio	93.1	92.9	93.7	-0.6	0.2			
CET-1	14.3	14.3	14.6	-0.3	0.1			

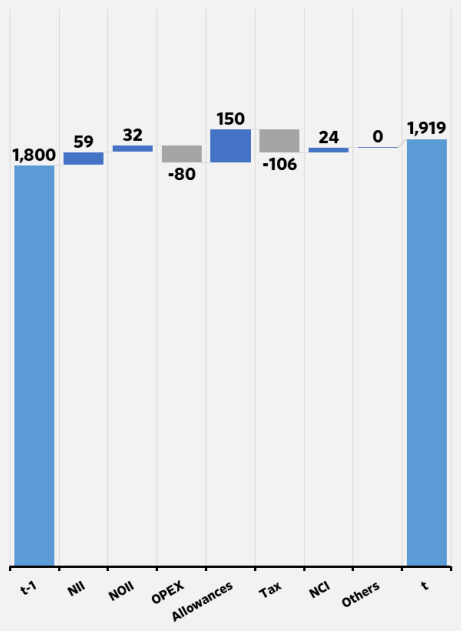
Source: Company, MBSBR

FIG 2: QoQ P/L walk (Quarterly)



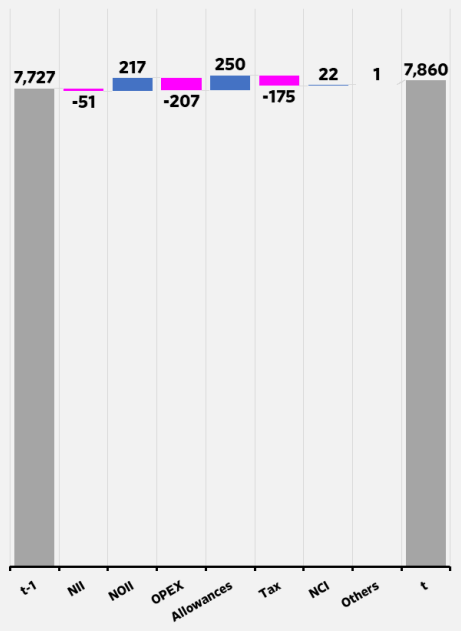
Source: Company, MBSBR

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	FY26	FY25	FY25 Actual	Notes (Red: New guidance, ~~Strikethrough: Guidance is no longer pertinent~~)
ROE	11.0 – 11.5	11.0 – 11.5	10.9	With ID's situation less than ideal, MY is the core growth driver now.
CIR	<47	<46.7	47.3	
NIM	-/+5 bps (from 2.13)	5 – 8 bps squeeze (from 2.21)	2.13	
NOII			3% (yoy)	
Loans	5 – 7*	5 – 7 (Constant Currency Basis)	0.1 (YTD)	*Management uses an "Asset growth" figure as it better reflects their performance. Regardless, management also laid out unofficial loan guidance – it sounds like they're gunning for mid-single-digit level growth.
Deposits			1.2 (YTD)	
% CASA			46.2	
Loan/Depo			93.1	
GIL ratio			1.72	
NCC (bps)	25 – 35	25 – 35	31	
CET 1			14.3	
Div payout	55	55	65	Further special dividends are also expected.

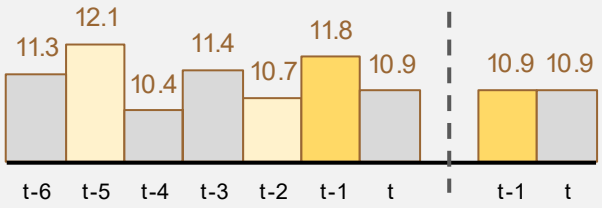
Source: Company, MBSBR

INCOME STATEMENT (QUARTERLY & CUMULATIVE)

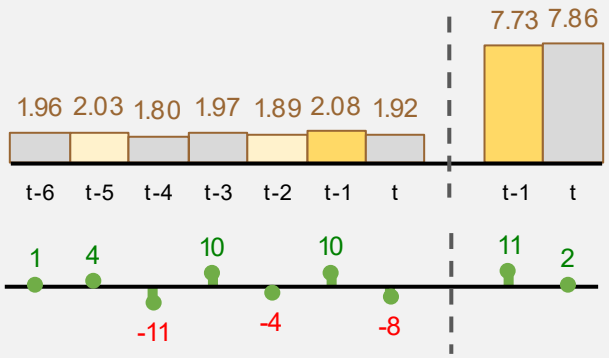
4QFY25 / FY25 results

Earnings:	**Within our full-year forecasts**	**(101%)**
	Within street full-year forecasts	(100%)
Dividend:	**YES**	
YTD payout:	**65%**	

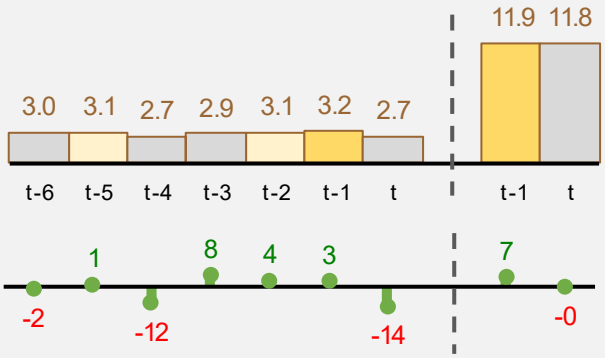
ROE (%)



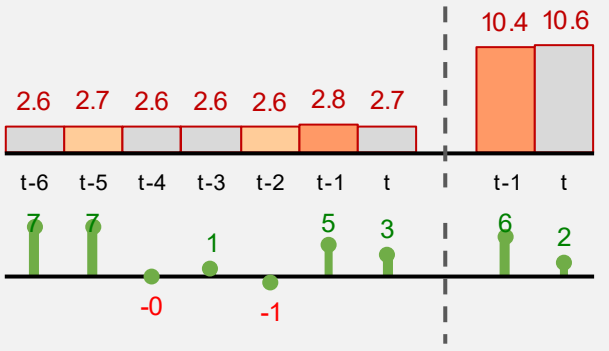
Core Net Profit (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



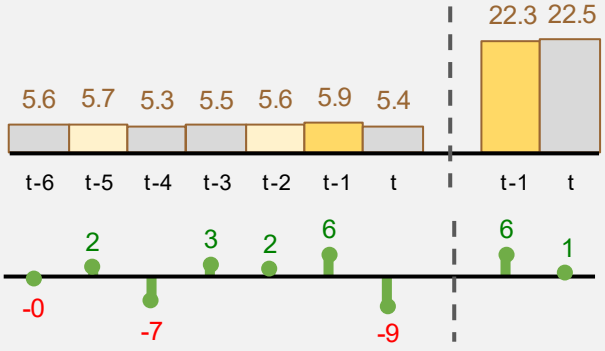
Pre-Provisioning Operating Profit (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



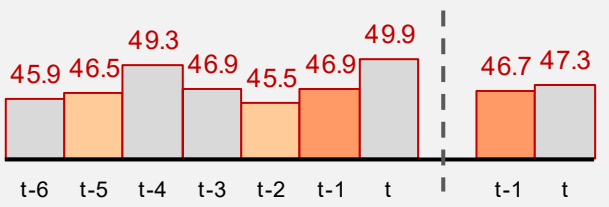
OPEX (RM b)
Growth -- yoy only! (Qtr & Cum) (%)



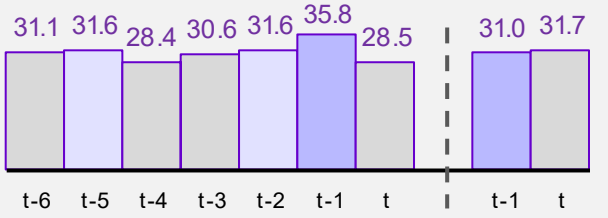
Topline (RM b)
Growth -- qoq (Qtr) & yoy (Cum) (%)



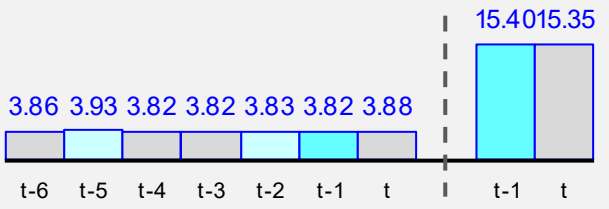
Cost/Income ratio (%)



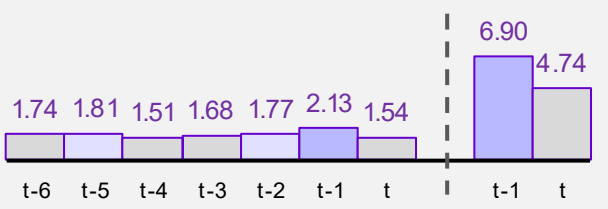
% NOII as topline (%)



Net interest income (RM b)

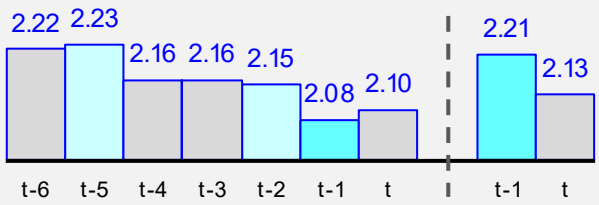


Non-interest income (RM b)

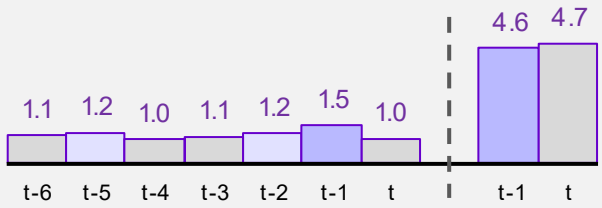


Source: Company, MBSBR

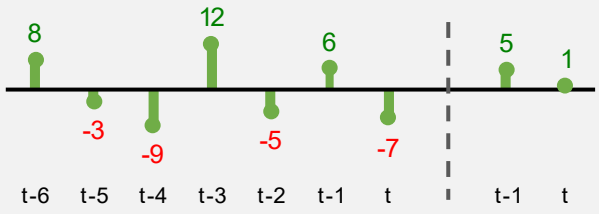
NIM (%)



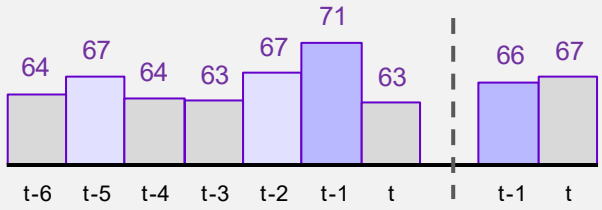
Non-fee NOII (RM b)



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

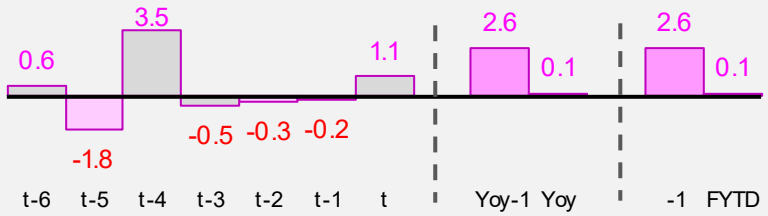


% Non-fee income as NOII (%)

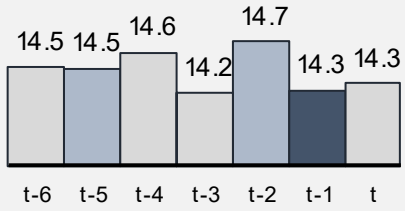


BALANCE SHEET

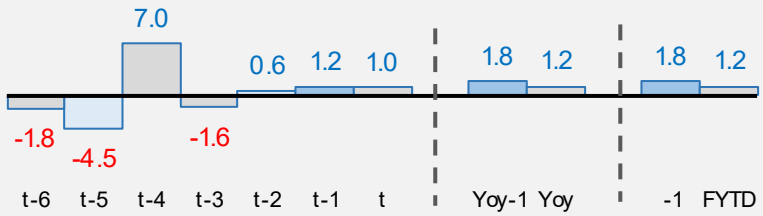
Loan growth -- qoq, yoy, FYTD (%)



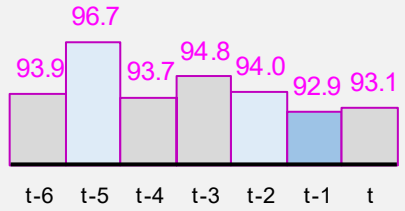
CET 1 ratio (%)



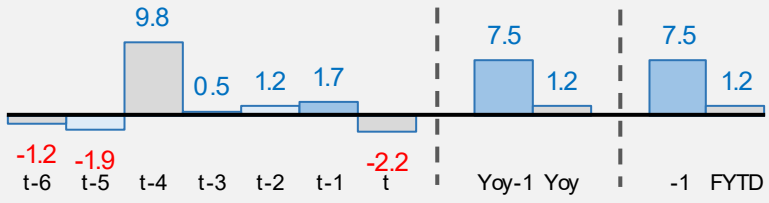
Deposit growth -- qoq, yoy, FYTD (%)



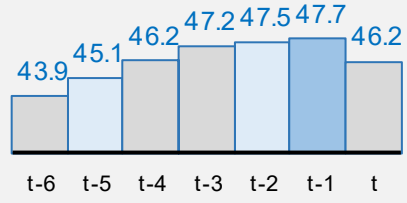
Loan/Deposit ratio (%)



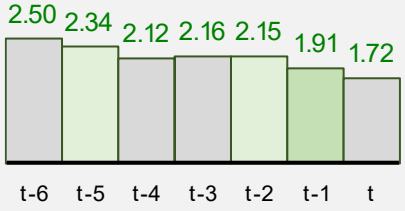
CASA growth -- qoq, yoy, FYTD (%)



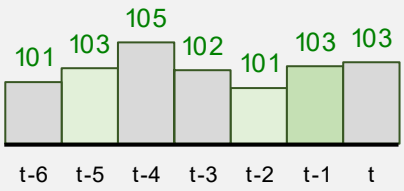
CASA ratio (%)



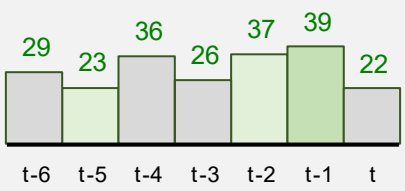
GIL ratio (%)



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	1,919	Qtrly ROE	Qtr value	10.9%
	25% of FY CNP				
	Qoq	-8%		t-1	11.8%
	Yoy	7%		t-4	10.4%
Cum Core NP	RM mil	7,860	Cum ROE	Cum value	10.9%
	Within our forecast				
	101% of FY CNP				
	Within consensus				
	100% of FY CNP				
	Yoy	2%		t-1	10.9%
NII	As expected		NIM	As expected	
				Qtr value	2.10
				Cum value	2.13
	Qtr (Qoq)	1%		Qtr (Qoq)	+2bps
	Qtr (Yoy)	2%		Qtr (Yoy)	-6bps
	Cum (Yoy)	-0%		Cum (Yoy)	-8bps
NOII	As expected		Qtr	% NII	72%
	Qtr (Qoq)	-27%		% NOII	28%
	Qtr (Yoy)	2%	Cum	% NII	68%
	Cum (Yoy)	3%		% NOII	32%
OPEX	+ve surprise		Cost/ Inc.	As expected	
				Qtr value	49.9%
				Cum value	47.3%
	Qtr (Qoq)	-3%		Qtr (Qoq)	+3.0%
	Qtr (Yoy)	3%		Qtr (Yoy)	+0.7%
	Cum (Yoy)	2%		Cum (Yoy)	+0.6%

Metric	Surprise? Qoq/Yoy		Metric	Surprise? Qoq/Yoy	
Loans	As expected				
	Qoq	1.1%			
	Yoy	0.1%			
	YTD (FY)	0.1%			
Depo. grwth	As expected		CASA grwth	As expected	
	Qoq	1.0%		Qoq	-2.2%
	Yoy	1.2%		Yoy	1.2%
	YTD (FY)	1.2%		YTD (FY)	1.2%
CASA ratio	As expected		L/D ratio	As expected	
	Value now	46.2%		Value now	93.1%
	Qoq	-1.5%		Qoq	+0.2%
	Yoy	-0.0%		Yoy	-0.6%
GIL ratio	As expected		LLC ratio	As expected	
	Value now	1.72%		Value now	103%
	Qoq	-19bps		Qoq	+0%
	Yoy	-40bps		Yoy	-2%
Qtrly Net CC	As expected		Cum Net CC	As expected	
	Decent provision			Decent provision	
	Value now	22bps		Value now	31bps
	t-1	39bps			
	t-4	36bps		t-4	31bps
CET 1	Healthy level		Div payout	Div announced	
	As expected			As expected	
	Value now	14.3%		Payout	65%
	Qoq	0.1%			

Source: Company, MBSBR

FINANCIAL SUMMARY

INCOME STATEMENT

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY27F
Net interest income	**11,364**	**11,263**	**11,544**	**11,995**	**12,401**
Islamic banking inc.	4,741	4,959	4,797	4,985	5,153
Other operating inc.	6,197	6,245	5,855	6,174	6,520
Net income	**22,301**	**22,467**	**22,196**	**23,153**	**24,074**
OPEX	(10,420)	(10,627)	(10,432)	(10,882)	(11,315)
PPOP	**11,881**	**11,840**	**11,764**	**12,271**	**12,759**
Loan allowances	(1,369)	(1,382)	(1,389)	(1,452)	(1,517)
Other allowances	(135)	128	(30)	(35)	(39)
JV & Associates	19	94	120	125	130
PBT	**10,396**	**10,680**	**10,464**	**10,909**	**11,333**
Tax & zakat	(2,477)	(2,652)	(2,511)	(2,618)	(2,720)
NCI	(191)	(169)	(199)	(207)	(215)
Reported NP	**7,728**	**7,860**	**7,754**	**8,084**	**8,398**
Core NP	**7,728**	**7,860**	**7,754**	**8,084**	**8,398**
Total NII	15,397	15,346	15,814	16,431	16,987
Total NOII	6,904	7,121	6,382	6,722	7,086

BALANCE SHEET

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY27F
Cash & ST funds	34,776	32,842	41,141	41,285	41,433
Investment securities	210,621	230,759	232,981	235,452	238,186
Net loans	442,163	444,920	465,283	486,221	508,101
Other IEAs	10,882	14,206	15,768	17,503	19,428
Non-IEAs	56,687	55,997	62,274	74,566	99,277
Total assets	**755,131**	**778,724**	**817,447**	**855,027**	**906,426**
Customer deposits	471,951	477,755	499,254	521,721	545,198
Other IBLs	161,459	174,626	175,100	176,146	177,781
Non-IBLs	50,882	54,435	69,014	80,790	104,669
Total liabilities	**684,292**	**706,817**	**743,368**	**778,656**	**827,648**
Share capital	29,439	29,774	29,774	29,774	29,774
Reserves	39,805	40,587	42,717	44,966	47,328
Shareholders' funds	**69,244**	**70,361**	**72,491**	**74,740**	**77,102**
Perpetual pref. shares	200	200	200	200	200
NCI	1,395	1,347	1,387	1,430	1,476
Total equity	**70,839**	**71,908**	**74,079**	**76,371**	**78,777**
Total L&E	**755,131**	**778,724**	**817,447**	**855,027**	**906,426**
Total IEAs	698,444	722,728	755,174	780,461	807,149
Total IBLs	633,410	652,382	674,354	697,866	722,979
Gross loans	452,274	452,947	473,330	494,630	516,888
CASA	218,246	220,824	204,694	213,906	223,531

FINANCIAL RATIOS

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY27F
Interest (%)					
NIM	2.20	2.12	2.14	2.14	2.14
Return on IEAs	3.87	3.53	3.32	3.19	3.07
Cost of funds	2.45	2.15	1.96	1.82	1.69
Net interest spread	1.42	1.38	1.36	1.37	1.38
Profitability (%)					
ROE	**11.2**	**11.3**	**10.9**	**11.0**	**11.1**
ROA	1.0	1.0	1.0	1.0	1.0
NOII/Net income	31.0	31.7	28.8	29.0	29.4
Effective tax rate	23.8	24.8	24.0	24.0	24.0
Cost/Income	46.7	47.3	47.0	47.0	47.0
Liquidity (%)					
Loan/Deposit	93.7	93.1	93.2	93.2	93.2
CASA ratio	46.2	46.2	41.0	41.0	41.0
Asset Quality (%)					
GIL ratio	2.12	1.72	1.70	1.70	1.70
LLC ratio	105	103	100	100	100
LLC (w. reserves)	124	134	130	129	127
Net CC (bps)	31	30	30	30	30
Capital (%)					
CET 1	14.6	14.6	14.3	14.1	13.9
Tier 1 capital	15.2	15.0	14.8	14.7	14.5
Total capital	18.3	18.6	17.9	17.7	17.4
Growth (%)					
Total NII	5.3	-0.3	3.0	3.9	3.4
Total NOII	8.1	3.1	-10.4	5.3	5.4
Net income	6.1	0.7	-1.2	4.3	4.0
OPEX	5.6	2.0	-1.8	4.3	4.0
Core NP	10.7	1.7	-1.3	4.3	3.9
Gross loans	2.6	0.1	4.5	4.5	4.5
Customer deposits	1.8	1.2	4.5	4.5	4.5
CASA	7.5	1.2	-7.3	4.5	4.5
Valuation metrics					
Core EPS (sen)	72.3	73.5	72.5	75.6	78.5
Gross DPS (sen)	47.0	47.1	46.6	48.4	50.1
Div payout (%)	65	65	65	65	65
BVPS (RM)	6.5	6.6	6.8	7.0	7.2
Core P/E (x)	11.1	10.9	11.1	10.6	10.2
Div yield (%)	**5.8**	**5.9**	**5.8**	**6.0**	**6.2**
P/BV (x)	1.2	1.2	1.2	1.2	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