AmInvestment Bank

Company Report

26 Jan 2026

CIMB GROUP

(CIMB MK EQUITY, CIMB.KL)

BUY

(MAINTAINED)

Price: RM8.30

Target Price (% return): RM9.20 (17%)

52-week High/Low: RM8.46/RM6.16

Financial Services

Rationale for report: Company Update

Value that delivers

Keep BUY on CIMB with a GGM-based TP of RM9.20. We expect 4Q25 profit to hold up well QoQ, supported by stable NIM, resilient loans growth, steady asset quality and lower NCC. No change to forecasts. The 12-13% ROE roadmap by 2027 remains intact, despite deliberate growth moderation in ID, while capital management execution is on track with scope for higher payouts over time.

- **BUY at GGM-TP of RM9.20.** This is based on 1.30x FY26 P/B, in line with the valuations of Maybank (1.30x) given similar ROE output, which effectively prices CIMB at close to +2SD above its 5-year pre-Covid mean. CIMB is the cheapest large-cap bank in Malaysia. Also, we reckon it will be a strong beneficiary of foreign investors returning.
- **4Q25 profit to hold up well QoQ,** backed by: (i) stable NIM, aided by benign retail FD rivalry and corporate loans drawdown in MY, alongside deposits repricing at SG and TH, but offset by ID due to the absence of positive adjustment, (ii) resilient loans expansion across OpCos, save for TH given chunky repayments, (iii) steady asset quality with lower NCC, following prudent provisioning in 3Q25. However, NOII could soften as robust fees were stunted by weaker trading-FX income and lack of repeated NPL sales. Nonetheless, CIR should be contained from earlier bonus accruals.
- **Roadmap to 12-13% ROE intact.** The variables supporting CIMB's Forward30 ROE target of 12-13% could evolve over time, reflecting a still challenging but improving operating climate at ID, where management adopts a more guarded and agile growth approach. As such, NCC is unlikely to climb to 40-50bp from 25-35bp currently. That said, stronger growth in MY and SG, particularly from a solid client franchise and CASA traction, should offset the deliberate moderation in ID, leaving its ROE goal broadly on track.
- **More dividends ahead.** CIMB is committed to the balance RM1.3bn capital return plan by end-2027, noting that capital extraction remains possible even if regulatory hurdles arise at overseas OpCos, albeit subject to market conditions. In our opinion, CIMB retains scope for further capital returns, with its DPR 8ppt below Maybank's sector-leading 73%, lower gearing of 50bp, coupled with higher credit RWA density of 5ppt, which point to runway for higher payout over time.

YE to Dec	FY24	FY25F	FY26F	FY27F
Total income (RM mil)	22,303.9	22,642.2	23,585.7	24,296.4
Core net profit (RM mil)	7,728.0	7,834.0	8,279.1	8,538.8
FD Core EPS (sen)	72.2	73.1	77.3	79.7
FD Core EPS growth (%)	10.2	1.4	5.7	3.1
Consensus Net Profit (RM mil)	-	7,843.0	8,252.0	8,791.0
DPS (sen)	47.0	47.5	50.2	51.8
BV/share (RM)	6.48	6.78	7.06	7.35
PE (x)	11.5	11.3	10.7	10.4
Div yield (%)	5.7	5.8	6.1	6.3
P/BV (x)	1.3	1.2	1.2	1.1
ROE (%)	11.2	11.0	11.2	11.1

Source: CIMB Group, AmInvestment Bank Bhd.

Analyst (s)

Paul Yap Ee Xing, CFA
paul.ee-xing@ambankgroup.com
+603 2036 2281

Key Changes

Target Price:	⇔
EPS:	⇔

Stock and Financial Data

Shares Outstanding (million)	10,791.0
Market Cap (RMmil)	89,565.1
Book Value (RM/Share)	6.48
P/BV (x)	1.3
ROE (%)	11.2
Free Float	69.8
Avg Daily Value (RMmil)	97.0

Major Shareholders

Khazanah Nasional	(21.4%)
EPF	(18.3%)
KWAP	(6.5%)

Price performance	3mth	6mth	12mth
Absolute(%)	14.2	25.5	5.1
Relative(%)	6.8	11.7	(3.7)

Source: CIMB Group, AmInvestment Bank Bhd.

Price Chart

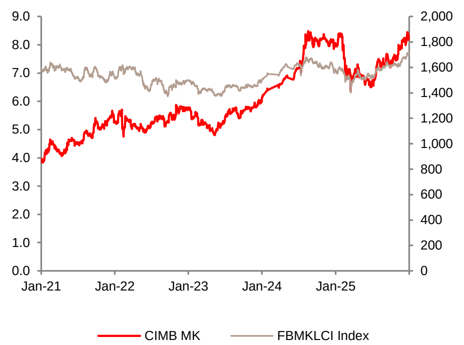
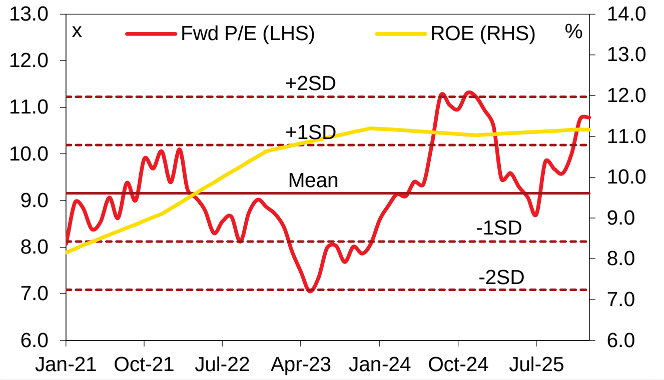
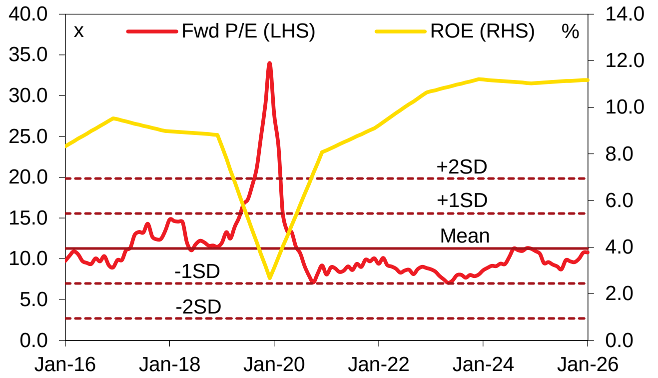


EXHIBIT 1. 5-YR FORWARD P/E BAND



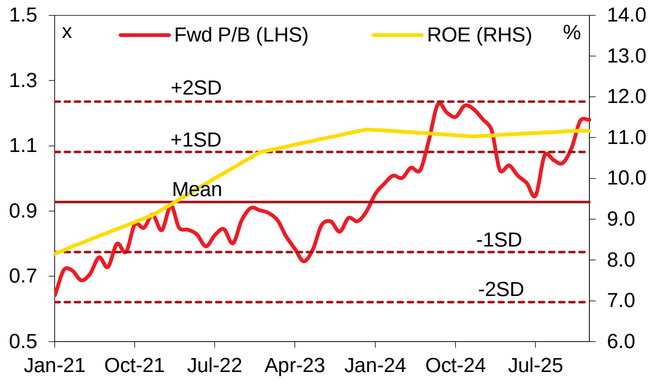
Source: AmInvestment Bank, Bloomberg

EXHIBIT 2. 10-YR FORWARD P/E BAND



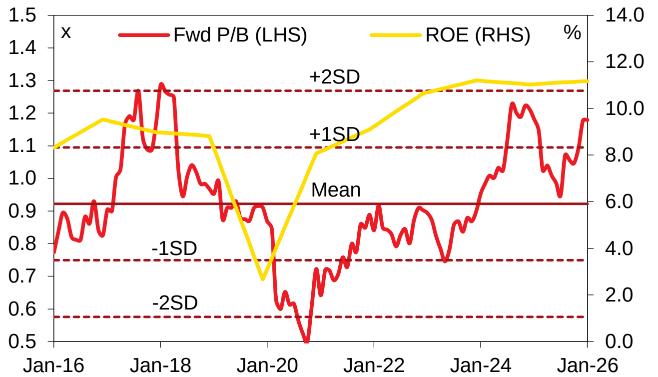
Source: AmInvestment Bank, Bloomberg

EXHIBIT 3. 5-YR FORWARD P/B BAND



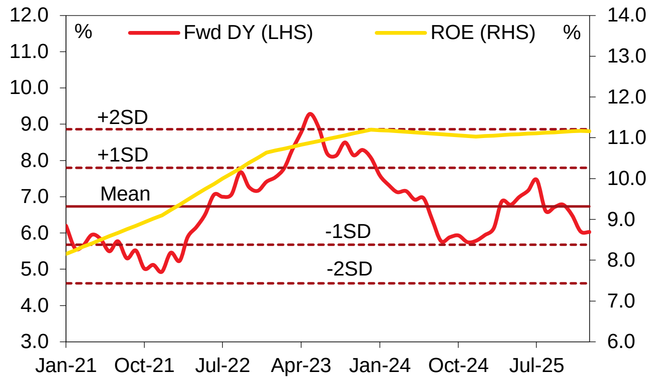
Source: AmInvestment Bank, Bloomberg

EXHIBIT 4. 10-YR FORWARD P/B BAND



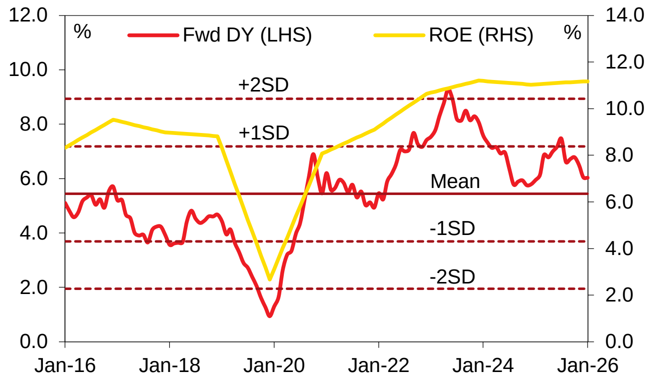
Source: AmInvestment Bank, Bloomberg

EXHIBIT 5. 5-YR FORWARD DY BAND



Source: AmInvestment Bank, Bloomberg

EXHIBIT 6. 10-YR FORWARD DY BAND



Source: AmInvestment Bank, Bloomberg

EXHIBIT 7. PEERS COMPARISON

	Price (RM)	Target (RM)	Call	P/E (x)		EPS growth (%)		P/B (x)		Div. yield (%)		ROE (%)	
				2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Bank A	2.66	-	N.R.	11.3	9.9	5.8	13.6	0.5	0.5	2.8	3.4	4.8	5.3
Alliance	5.19	5.20	HOLD	11.1	10.5	7.7	6.3	1.0	1.0	3.7	4.0	9.8	9.5
BIMB	2.39	2.50	HOLD	9.5	8.8	10.6	8.0	0.7	0.7	6.3	6.8	7.2	7.6
CIMB	8.30	9.20	BUY	10.7	10.4	5.7	3.1	1.2	1.1	6.1	6.2	11.2	11.1
HLB	24.00	25.80	BUY	11.2	10.6	3.1	5.8	1.2	1.1	4.2	4.5	10.9	10.8
HLFG	21.04	31.20	BUY	7.2	6.8	2.0	6.0	0.7	0.6	3.7	3.9	9.9	9.8
Maybank	11.36	10.80	HOLD	12.5	12.3	4.7	2.2	1.4	1.3	5.8	6.0	11.0	10.9
MBSB	0.73	0.73	HOLD	13.9	13.3	8.0	4.2	0.6	0.6	5.8	6.0	4.3	4.5
Public	4.78	5.10	BUY	12.3	11.8	5.0	3.8	1.5	1.4	4.9	5.1	12.2	12.1
RHB	8.15	8.10	HOLD	10.5	10.1	2.5	4.2	1.0	1.0	5.8	6.0	9.7	9.8
Sector				**11.0**	**10.4**	**5.5**	**5.7**	**1.0**	**0.9**	**4.9**	**5.2**	**9.1**	**9.1**
Sector (ex-Bank A)				**11.0**	**10.5**	**5.5**	**4.8**	**1.0**	**1.0**	**5.1**	**5.4**	**9.6**	**9.6**

Source: AmInvestment Bank

Company profile

CIMB is the second largest banking group in Malaysia, offering consumer, commercial, wholesale, Islamic banking, wealth management, along with digital payment products and services.

Key home markets for CIMB are Malaysia, Indonesia, and Singapore, contributing 57%, 25% and 13% to group PBT in 2024. The bank operates across 10 global markets with a network of close to 600 branches.

Investment thesis and catalysts

We like CIMB for being the most inexpensive large-cap bank under our coverage, from both P/E and P/B standpoint, trading at 10.4x and 1.13x respectively. Moreover, the bank's commitment to capital management ensures dividend yield remains attractive at >6% vs sector average's 5%. Besides, foreign shareholding has eased to 31% from its 1-year peak of 36% and hence, we reckon CIMB will be a strong beneficiary if foreign investors return to top up their position.

Valuation methodology

We value CIMB using the Gordon Growth Model (GGM), since it incorporates both P/B and ROE into a single formula; notably, ROE plays an important role to the valuation of banking stocks as it has a strong correlation to P/B (87%).

We derived a TP of RM9.20 for CIMB and this is based on 1.30x FY26 P/B with assumptions of 11.2% ROE, 9.3% COE, and 3.0% LTG. This multiple is on par to Maybank's valuation of 1.30x given similar ROE generation, which effectively prices CIMB at near to +2SD above its 5-year pre-pandemic mean level. The premium is warranted considering its stronger ROE output of 2ppt vs 2015-19 period.

Risk factors

Key downside risks include:

i) Sharp slowdown in global economic growth, giving rise to a spike in NPL formation; this could weigh on NCC and earnings.

ii) Intense rivalry for both loans and deposits may exert downward pressure on NIM. Also, an increasingly tight liquidity environment in Indonesia can compound the slippage.

iii) Stronger RM relative to key operating currencies (notably IDR and SGD) could lead to unfavourable forex translation effects on consolidated earnings and capital.

EXHIBIT 8. VALUATIONS

Return on equity (ROE)	11.2%
Cost of equity (COE)	9.3%
Long-term growth rate (LTG)	3.0%
Target P/B	1.30x
FY26 BVPS	RM7.06
ESG premium	-
12-month target price	RM9.20

Source: AmInvestment Bank

Financial Summary

Income Statement (RMmil)

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Net interest income	11,087.5	11,366.6	11,342.2	12,008.8	12,431.4
Non-interest income	5,670.4	6,196.7	6,283.5	6,397.6	6,515.0
Islamic banking income	4,260.3	4,740.6	5,016.5	5,179.3	5,350.0
Total income	**21,018.2**	**22,303.9**	**22,642.2**	**23,585.7**	**24,296.4**
Overhead expenses	(9,865.1)	(10,420.2)	(10,560.2)	(10,782.8)	(11,009.1)
Pre-provision profit	11,153.2	11,883.6	12,082.0	12,803.0	13,287.4
Loan loss provisions	(1,534.4)	(1,368.8)	(1,524.0)	(1,645.2)	(1,779.6)
Impairment & others	(57.0)	(135.0)	-	-	-
Associates	(17.2)	18.8	-	-	-
Pretax profit	**9,544.5**	**10,398.6**	**10,557.9**	**11,157.8**	**11,507.8**
Tax	(2,378.6)	(2,476.5)	(2,533.9)	(2,677.9)	(2,761.9)
Minority interests	(181.1)	(191.3)	(190.0)	(200.8)	(207.1)
Net profit	**6,981.0**	**7,728.0**	**7,834.0**	**8,279.1**	**8,538.8**
Core net profit	6,981.0	7,728.0	7,834.0	8,279.1	8,538.8

Balance Sheet (RMmil)

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Cash & deposits with FIs	34,772.5	29,608.6	32,736.7	26,596.5	20,311.5
Marketable securities	160,417.8	173,677.4	185,562.2	193,286.7	201,397.4
Total current assets	**195,190.3**	**203,286.0**	**218,298.9**	**219,883.2**	**221,709.0**
Net loans & advances	429,450.0	442,163.5	461,333.8	485,487.1	510,591.1
Statutory deposits	nm	nm	nm	nm	nm
Long-term investments	78,498.2	78,663.5	82,596.6	86,726.5	91,062.8
Fixed assets	2,055.3	1,962.8	1,991.1	2,002.9	1,998.3
Intangible assets	8,390.9	8,297.3	8,235.9	8,157.0	8,060.6
Other long-term assets	19,987.4	20,757.7	20,757.7	20,757.7	20,757.7
Total LT assets	**538,381.9**	**551,844.7**	**574,915.1**	**603,131.1**	**632,470.4**
Total assets	**-**	**755,130.7**	**793,214.1**	**823,014.3**	**854,179.4**
Customer deposits	482,426.2	496,394.2	531,141.8	557,698.9	585,583.8
Deposits of other FIs	89,669.8	92,672.7	92,672.7	92,672.7	92,672.7
Subordinated debts	66,246.9	69,364.4	69,364.4	69,364.4	69,364.4
Hybrid capital securities	-	-	-	-	-
Other liabilities	25,390.4	25,860.6	25,860.6	25,860.6	25,860.6
Total liabilities	**663,733.3**	**684,291.8**	**719,039.4**	**745,596.5**	**773,481.4**
Shareholders' funds	68,527.0	69,443.8	72,589.5	75,631.9	78,704.8
Minority interests	1,311.9	1,395.1	1,585.1	1,786.0	1,993.1

Key Ratios

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Total income growth (%)	6.0	6.1	1.5	4.2	3.0
Pre-provision profit growth (%)	6.5	6.5	1.7	6.0	3.8
Core net profit growth (%)	28.3	10.7	1.4	5.7	3.1
Net interest margin (%)	2.1	2.1	2.0	2.0	2.0
Cost-to-income ratio (%)	46.9	46.7	46.6	45.7	45.3
Effective tax rate (%)	24.9	23.8	24.0	24.0	24.0
Dividend payout (%)	65.7	65.1	65.0	65.0	65.0

Key Assumptions

YE to Dec	FY23	FY24	FY25F	FY26F	FY27F
Loan growth (%)	8.3	2.6	4.0	5.0	5.0
Deposit growth (%)	8.0	2.9	7.0	5.0	5.0
Loan-deposit ratio (%)	91.4	91.1	88.6	88.6	88.6
Gross NPL (%)	2.7	2.1	2.0	2.0	2.0
Net NPL (%)	1.2	0.8	0.9	1.0	1.0
Credit charge-off rate (%)	0.4	0.3	0.3	0.3	0.4
Loan loss reserve (%)	97.0	105.3	97.5	85.3	76.5

Source: Company, AmInvestment Bank Bhd.

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