



AmInvestment Bank

Company Report

CIMB GROUP

(CIMB MK EQUITY, CIMB.KL)

02 Sep 2025

Strong Core Performance Offsets FX Pressures

BUY

(Maintained)

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Rationale for report: Company Result

Price RM7.43
Fair Value RM8.11
52-week High/Low RM8.50/RM6.21

Key Changes

Fair value ⇄
EPS ⇄

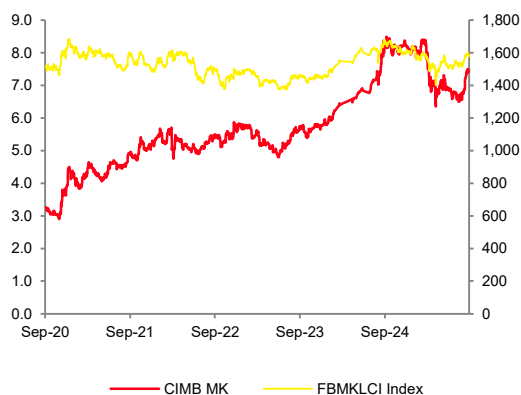
YE to Dec	FY24	FY25F	FY26F	FY27F
Total income (RM mil)	22,301.2	22,937.5	24,180.2	25,755.6
Core net profit (RM mil)	7,728.0	7,914.2	8,530.1	9,452.7
FD Core EPS (sen)	72.3	74.0	79.8	88.4
FD Core EPS growth (%)	10.4	2.4	7.8	10.8
Consensus Net Profit (RM mil)	-	7,926.0	8,318.0	8,911.0
DPS (sen)	47.0	40.7	43.9	48.6
BV/share (RM)	6.49	6.78	7.15	7.55
PE (x)	10.3	10.0	9.3	8.4
Div yield (%)	6.8	5.9	6.3	7.0
P/BV (x)	1.1	1.1	1.0	1.0
ROE (%)	11.2	11.1	11.5	12.0

Stock and Financial Data

Shares Outstanding (million) 10,732.4
Market Cap (RMmil) 79,741.7
Book Value (RM/Share) 6.49
P/BV (x) 1.1
ROE (%) 11.2

Major Shareholders
Khazanah Nasional Bhd (21.5%)
Employees Provident Fund (17.3%)
Amanah Saham Nasional (9.9%)
Free Float 45.5
Avg Daily Value (RMmil) 116.6

Price performance	3mth	6mth	12mth
Absolute (%)	7.2	(4.9)	(8.6)
Relative (%)	2.7	(4.9)	(2.6)



Investment Highlights

CIMB's 6MFY25 results were in line with expectations, supported by stable NIM despite regional rate cuts and resilient asset quality. ROE of 11.1% and credit costs tracked forecasts, while OPEX remained well-managed (+0.1% YoY), keeping the CI ratio at 46.2%. Corporate loan growth is expected to pick up in 2HFY25, driven by a strong Wholesale Banking pipeline. Indonesia's liquidity outlook is improving, and loan recovery momentum helped contain credit costs. Lower 10-year MGS yields offer potential for revaluation gains and securities monetization. CIMB remains a BUY, with attractive valuation at 1x FY26 P/BV.

- **Recommendation and valuation.** We maintain our BUY call on CIMB with an unchanged target price of RM8.11/share, based on a FY26 P/BV of 1.1x and projected ROE of 11.5%. The valuation includes a 3% premium reflecting its strong 4-star ESG rating. Our earnings forecast remains unchanged.
- **Earnings aligned with expectations, supported by a steady NIM and reduced credit cost.** CIMB's 6MFY25 earnings were in line with expectations (48.8% of ours 48.7% of consensus), with net profit down 0.9% YoY due to softer non-interest income and FX impact, mainly from the weaker Rupiah. NOII declined 3.7% YoY, while ROE stood at 11.1%. Cross-selling supported fee income and Wealth AUM. OPEX was flat, and the CI ratio improved to 46.2%. QoQ, net profit fell 4.3% in 2QFY25 due to higher provisions despite income growth. An interim dividend of 19.75 sen (payout: 55.5%) was declared.
- **2QFY25 loan growth remained soft at 1.0% YoY (3.6% FX-adjusted), impacted by FX translation and cautious corporate spending.** Domestic loan growth lagged the industry, while Wholesale Banking saw contraction. NIM held steady at 2.15% QoQ, supported by stronger margins in Malaysia and Singapore, offsetting weaker trends in Thailand and Indonesia. Deposit repricing helped ease cost of funds and mitigate NIM pressure.
- **Stable asset quality with a GIL ratio of 2.15% with net credit cost at 29bps (vs. 28bps in 6MFY24).** Management reallocated RM500mil in overlays during 2QFY25, on top of RM100mil in 1QFY25, to address macro risks. Credit cost rose to 32bps QoQ due to fewer writebacks and timing of overlays. Loan loss coverage stood at 100.7%, with FY25 credit cost guidance maintained at 25–35bps. The group continues its deposit-led strategy and active asset-liability management to manage funding costs.

Company profile

CIMB, the 5th largest banking group in ASEAN by assets, operates as a universal bank, offering consumer, commercial, wholesale, Islamic banking, wealth management, and digital asset services. Its key markets—Malaysia, Indonesia, Singapore, and Thailand—contributed 57%, 25%, 13%, and 4% to FY24 PBT, respectively. The bank remains committed to expanding its client franchise, maintaining disciplined loan pricing, and pursuing a deposit-led strategy.

Investment thesis and catalysts

The group remains on track for FY25 targets, though loan growth is affected by FX translation. Strong recoveries offset higher forward-looking provisions amid macro uncertainties. Liquidity is solid (LD ratio 88.0%), supporting loan expansion and NII growth. FY26 P/BV valuation is appealing at 1x.

Valuation methodology

The stock's valuation is based on a Gordon growth-derived P/BV of 1.1x, supported by a 10.4% cost of equity, 1.2 beta, 6.5% market risk premium, 3.5% risk-free rate, and 3% long-term growth rate.

Risk factors

Key downside risks to estimates include

- i. slower global growth affecting loan expansion,
- ii. unexpected funding cost increases due to weaker CASA growth intensifying deposit competition, and
- iii. prolonged high interest rates in developed markets, which could lower bond/securities portfolio valuations, impacting banks' NOII.

EXHIBIT 1: VALUATIONS

COE	10.4%
Beta	1.2
Market risk premium	6.5% (from 6.3%)
Risk free rate	3.5% (from 3.7%)
Long term growth rate	3%
P/BV	1.1x
FY26 BVPS	RM7.15 (from RM7.14)
TP	RM7.87
ESG Premium	RM0.24
Adjusted TP	RM8.11

EXHIBIT 2: RESULTS SUMMARY

Income Statement (RM m, FYE 31 Dec)	2Q24	1Q25	2Q25	% QoQ	% YoY	6M24	6M25	% YoY
Interest income	6,654	6,487	6,292	-3.0	-5.4	13,424	12,778	-4.8
Interest expense	-3,840	-3,664	-3,494	-4.7	-9.0	-7,746	-7,158	-7.6
Modification loss	-1	-6	-10	73.8	>100	-1	-16	>100
Net interest income	2,813	2,817	2,788	-1.0	-0.9	5,676	5,605	-1.3
Islamic banking income	1,229	1,214	1,267	4.3	3.0	2,352	2,481	5.5
Non-interest income	1,560	1,468	1,547	5.4	-0.9	3,203	3,015	-5.9
Total income	5,603	5,499	5,602	1.9	0.0	11,231	11,101	-1.2
Overhead expenses	-2,573	-2,580	-2,551	-1.1	-0.9	-5,125	-5,131	0.1
Pre-provision profit	3,029	2,919	3,051	4.5	0.7	6,106	5,970	-2.2
Loan impairment allowances	-316	-288	-409	42.0	29.3	-720	-696	-3.4
Other allowances	17	-23	4	-118.6	-74.4	-82	-19	-76.7
Associates and JV income	0	19	1	-93.7	-338.8	-1	20	>100
Pretax profit	2,730	2,627	2,648	0.8	-3.0	5,303	5,275	-0.5
Income tax	-721	-599	-717	19.7	-0.5	-1,311	-1,317	0.4
Minority interest	-48	-54	-42	-23.5	-13.1	-95	-96	1.0
Net profit	1,961	1,973	1,889	-4.3	-3.7	3,897	3,862	-0.9
Core net profit	1,961	1,973	1,889	-4.3	-3.7	3,897	3,862	-0.9
Core EPS (sen)	18.4	18.4	17.6	-4.5	-4.3	36.5	36.0	-1.5
PBT by segments (RM m)								
Consumer Banking	843	786	709	-9.8	-16.0	1,467	1,494	1.9
Commercial Banking	407	437	485	11.0	19.1	993	921	-7.2
Wholesale Banking	1,075	1,035	980	-5.4	-8.9	2,069	2,015	-2.6
Group Ventures Partnership & Funding/Others	404	369	475	28.6	17.4	774	844	9.1
Group Pretax profit	2,730	2,627	2,648	0.8	-3.0	5,303	5,275	-0.5
Balance Sheet (RM m, FYE 31 Dec)	2Q24	1Q25	2Q25	% QoQ	% YoY	6M24	6M25	% YoY
Gross loans and advances	444,805	450,142	449,144	-0.2	1.0	444,805	449,144	1.0
Net loans and advances	433,499	440,191	439,452	-0.2	1.4	433,499	439,452	1.4
Customer deposits	461,651	464,417	467,433	0.6	1.3	461,651	467,433	1.3
Gross impaired loans	11,112	9,706	9,642	-0.7	-13.2	11,112	9,642	-13.2
Average shareholders' funds	68,324	68,995	69,550	0.8	1.8	68,656	69,799	1.7
Ratios (%)								
LD	89.1%	94.8%	94.0%			89.1%	94.0%	
CASA	40.9%	43.8%	44.0%			40.9%	44.0%	
Cost to income (BAU)	45.9%	46.9%	45.5%			46.5%	46.2%	
Credit cost	0.20%	0.26%	0.32%			0.27%	0.29%	
Loan loss coverage	101.2%	102.4%	100.7%			101.2%	100.7%	
Loan loss coverage (including regulatory reserves)	116.6%	122.1%	120.6%			116.6%	120.6%	
GIL	2.50%	2.16%	2.15%			2.50%	2.15%	
Underlying NIM	2.22%	2.16%	2.15%			2.21%	2.16%	
ROE (based on core net profit)	11.5%	11.4%	10.9%			11.4%	11.1%	
CET1 ratio	14.5%	14.7%	14.7%			14.5%	14.7%	
Tier 1	15.1%	15.3%	15.3%			15.1%	15.3%	
Total capital	18.2%	18.3%	18.3%			18.2%	18.3%	

Source: Company, AmlInvestment Bank

EXHIBIT 3: ESG SCORE

	Environmental assessment	Parameters	Weightage	Rating					Rationale
1	Exposure to sustainable financing out of total loans	% of loan book	30%	*	*	*	*	*	RM117 billion in sustainable finance mobilized, surpassing the RM100 billion GSSIPS target set for 2021-2024.
2	% of financing to high risk ESG sectors out of total loans	% of loan book	30%	*	*	*	*	*	10.8% exposure to high risk ESG sectors
3	Scope 1 GHG Emissions to total income	t/Co2e/RM'Mil	10%	*	*	*			Higher at 0.19 in FY24 vs. 0.15 in FY23
4	Scope 2 GHG Emissions to total income	t/Co2e/RM'Mil	10%	*	*	*			2.82 in FY24 vs. 3.52 in FY23
5	Scope 3 GHG Emissions to total income	t/Co2e/RM'Mil	10%	*	*				1.89 in FY24 vs. 0.26 in FY23
6	Electricity consumption to total income	Electricity consumption to total income	5%	*	*				
7	Water consumption to total income	m3/RM'Mil	5%	*	*	*			
	Weighted score for environmental assessment		100%	*	*	*	*	*	
	Social assessment								
1	Corporate Social Responsibility investments or spend	% of total income	35%	*	*	*			0.1% in FY24 compared to 0.2% in FY23
2	Investments in training	% of total income	20%	*	*	*			
3	Workforce diversity - women in senior management and above (excluding Board Directors)	% of total workforce	10%	*	*	*			2.2% in FY24 vs. 2.0% in FY23
4	Average training hours per employee	hours	25%	*	*	*			
5	Financial literacy programs	No of participants educated through programs	10%	*	*	*	*	*	
	Weighted score for social assessment		100%	*	*	*	*	*	
	Governance assessment								
1	Board age diversity	% under the 61 to 70 years old category	20%	*	*	*	*	*	45.4% in FY24
2	Board women representation	% of total board directors	10%	*	*	*			36.4% in FY24
3	Directors with tenure of 3-6 years	% in the 3 to 6 years or more category	20%	*	*	*			45.4% in FY24
4	Independent board directors	% of total board directors	20%	*	*	*	*	*	63.6%
5	Remuneration to directors	% of total operating expenses	10%	*	*	*	*	*	
6	Cybersecurity, Privacy and Data Protection	Confirmed incidents	20%	*	*	*			
	Weighted score for governance assessment		100%	*	*	*	*	*	
	Environmental score		40%	*	*	*	*	*	
	Social score		25%	*	*	*			
	Governance score		35%	*	*	*	*	*	
	Overall ESG Score		100%	*	*	*	*	*	

Source: AmlInvestment Bank Bhd, Company

EXHIBIT 4: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Net interest income	11,087.5	11,366.6	11,245.8	11,616.9	12,283.6
Non-interest income	5,670.4	6,196.7	6,530.9	6,883.0	7,254.2
Islamic banking income	4,260.3	4,740.6	5,160.9	5,680.2	6,217.8
Total income	21,014.5	22,301.2	22,937.5	24,180.2	25,755.6
Overhead expenses	(9,865.1)	(10,420.2)	(10,711.8)	(11,122.9)	(11,718.8)
Pre-provision profit	11,149.4	11,880.9	12,225.7	13,057.3	14,036.8
Loan loss provisions	(1,534.4)	(1,368.8)	(1,617.6)	(1,730.0)	(1,562.8)
Impairment & others	(57.0)	(135.0)	23.8	131.1	221.9
Associates	(17.2)	18.8	(17.2)	(17.2)	(17.2)
Pretax profit	9,540.7	10,395.9	10,614.7	11,441.2	12,678.7
Tax	(2,378.6)	(2,476.5)	(2,547.3)	(2,745.9)	(3,042.9)
Minority interests	(181.1)	(191.3)	(153.3)	(165.2)	(183.1)
Core net profit	6,981.0	7,728.0	7,914.2	8,530.1	9,452.7
Balance Sheet (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Cash & deposits with FIs	34,772.5	29,608.6	54,240.1	41,195.8	28,151.5
Marketable securities	227,404.6	241,693.5	235,005.6	250,950.8	274,067.6
Total current assets	262,177.1	271,302.2	289,245.8	292,146.6	302,219.0
Net loans & advances	429,450.0	442,163.5	462,453.8	494,280.7	538,883.2
Statutory deposits	nm	nm	nm	nm	nm
Long-term investments	11,511.4	10,647.3	11,605.9	12,325.4	13,565.3
Fixed assets	2,058.1	1,971.2	1,936.9	1,896.8	1,844.8
Intangible assets	9,049.5	8,887.8	8,888.0	8,888.0	8,888.0
Other long-term assets	19,326.1	20,158.7	25,955.4	20,356.2	24,712.3
Total LT assets	471,395.1	483,828.5	510,840.0	537,747.1	587,893.5
Total assets	733,572.2	755,130.7	800,085.8	829,893.6	890,112.6
Customer deposits	482,426.2	496,394.2	532,646.5	561,099.6	612,030.1
Deposits of other FIs	40,283.2	45,444.6	51,723.4	59,295.2	67,363.6
Subordinated debts	11,134.0	11,303.9	11,720.9	11,963.8	12,251.0
Hybrid capital securities	21,817.9	21,492.7	22,067.7	21,665.2	18,611.6
Other liabilities	108,071.9	109,656.5	107,998.9	98,002.6	97,625.2
Total liabilities	663,733.3	684,291.8	726,157.4	752,026.4	807,881.6
Shareholders' funds	68,527.0	69,443.8	72,549.9	76,415.4	80,697.8
Minority interests	1,311.9	1,395.1	1,378.4	1,451.9	1,533.2
Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Total income growth (%)	5.9	6.1	2.9	5.4	6.5
Pre-provision profit growth (%)	6.3	6.6	2.9	6.8	7.5
Core net profit growth (%)	12.5	10.7	2.4	7.8	10.8
Net interest margin (%)	2.3	2.2	2.2	2.2	2.2
Cost-to-income ratio (%)	46.9	46.7	46.7	46.0	45.5
Effective tax rate (%)	24.9	23.8	24.0	24.0	24.0
Dividend payout (%)	65.7	65.0	55.0	55.0	55.0
Key Assumptions (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Loan growth (%)	8.3	2.6	6.0	7.0	9.0
Deposit growth (%)	8.0	2.9	7.3	5.3	9.1
Loan-deposit ratio (%)	89.0	89.1	86.8	88.1	88.0
Gross NPL (%)	2.7	2.1	2.2	2.2	2.0
Net NPL (%)	0.1	(0.1)	0.3	0.9	0.9
Credit charge-off rate (%)	0.4	0.3	0.3	0.3	0.6
Loan loss reserve (%)	97.0	105.3	160.4	165.3	180.8

SOURCE: COMPANY, AMINVESTMENT BANK ESTIMATES

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