



CIMB GROUP

(CIMB MK EQUITY, CIMB.KL)

1 Dec 2025

RM2bil capital return by 2027 to enhance capital efficiency and lift ROE

Company Report

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BUY

(Maintained)

Rationale for report: Company Result

Price	RM7.65
Target price	RM8.65
52-week High/Low	RM8.42/RM6.21

Key Changes

Target price	↑
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)	-	7,847.0	8,247.0	8,792.0
DPS (sen)	47.0	47.8	51.0	53.1
BV/share (RM)	6.49	6.71	7.00	7.36
PE (x)	10.6	10.3	9.6	8.7
Div yield (%)	6.1	6.2	6.7	6.9
P/BV (x)	1.2	1.1	1.1	1.0
ROE (%)	11.2	11.2	11.6	12.3

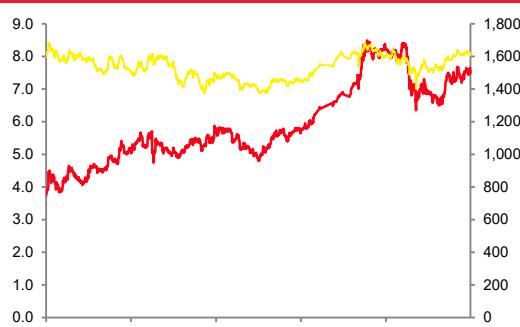
Stock and Financial Data

Shares Outstanding (million)	10,746.4
Market Cap (RMmil)	82,209.7
Book Value (RM/Share)	6.49
P/BV (x)	1.2
ROE (%)	11.2

Major Shareholders	Khazanah Nasional Bhd (21.4%)
	Employees Provident Fund (18.6%)
	Kumpulan Wang Persaraan (6.4%)

Free Float	48.5
Avg Daily Value (RMmil)	105.7

Price performance	3mth	6mth	12mth
Absolute (%)	3.0	11.2	(7.3)
Relative (%)	1.1	4.5	(7.9)



— CIMB MK — FBMKLCI Index

Investment Highlights

CIMB's 9MFY25 earnings were in line with expectations, with net profit at RM5.94bil (+0.2% YoY) and ROE of 11.3%. NII fell 0.9% YoY on NIM compression, while NOII grew 3.4% YoY. OPEX was well managed (CI ratio: 46.5%). QoQ, net profit rose 10% in 3QFY25 on strong NOII and lower provisions. A special dividend of 7 sen (RM760.2mil) was declared, with plans for up to RM2bil capital returns by 2027. Loan growth improved to 2.6% YoY; NIM declined 7bps QoQ to 2.08% but is expected to recover in 4QFY25. Asset quality strengthened with GIL ratio at 1.91% and loan loss coverage at 102.8% (125.2% including reserves).

- Recommendation and valuation.** We reiterate our BUY call on CIMB with a higher TP of RM8.65 (from RM8.11), based on FY26 P/BV/ROE of 1.2x/11.6% (1.1x/11.5% earlier). This reflects potential capital returns to shareholders of up to RM2bil by 2027 and includes a 3% ESG premium. While earnings forecasts remain unchanged, dividend estimates for FY25F–FY27F have been raised by 9.2%–17.5%, while shareholders' equity projections were trimmed by 1%–2.5% to reflect the capital return plan.

- Earnings aligned with expectations, achieving 75.1% of our forecast and 75.7% of consensus, supported by steady income, effective cost control, and credit costs within guidance.** CIMB reported 9MFY25 net profit of RM5.94bil, flat YoY (+0.2%), with ROE at 11.3% in line with expectations. NII fell 0.9% YoY on NIM compression with interest rate cuts across key regional markets, while NOII rose 3.4% YoY from stronger fees, trading and FX income. OPEX remained well managed, keeping CI ratio at 46.5%. QoQ, net profit rose 10% in 3QFY25, driven by strong NOII across segments from cross-selling initiatives and lower provisions following allowance write-backs on debt instruments tied to a corporate recovery. A special dividend of 7 sen was declared. This results in a RM760.2mil payout, with plans for up to RM2bil in capital returns by 2027, subject to market conditions and regulatory approvals. The initiative is expected to strengthen capital efficiency and boost ROE.

- 3QFY25 loan growth picked up pace slightly to 2.6% YoY (3.3% FX-adjusted) from a slower 1.0% YoY in the prior quarter.** Domestic loan growth remained below industry levels. Growth in Indonesia and Thailand slowed in 3QFY25, while Singapore saw faster expansion. NIM fell 7bps QoQ to 2.08% due to regional rate cuts, partly offset by liability management and repricing. Deposit repricing in Malaysia and tapering rate cuts should support NIM recovery in 4QFY25.

- GIL ratio improved to 1.91% in 3QFY25 from 2.15% in 2QFY25, with net credit cost at 33bps, within FY25 guidance (25–35bps).** Provisions fell on a corporate recovery in Malaysia, despite no repeat of prior write-backs on Consumer Banking model refinement in Indonesia and non-retail rating upgrades. QoQ, net credit cost rose to 40bps from 32bps on normalized ECL for Consumer and Commercial Banking and prudent provisioning. Loan loss coverage stood strong at 102.8%, above the industry's 89%, and rose to 125.2% when including regulatory reserves.

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 forward-looking provisions amid macro uncertainties. Liquidity is solid (LD ratio 86.5%) while plans for up to RM2bil in capital returns by 2027, subject to market conditions and regulatory approvals is expected to strengthen capital efficiency and boost ROE.

Valuation methodology

The stock's valuation is based on a Gordon growth-derived P/BV of 1.2x, 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%
Risk free rate	3.5%
ROE	11.6% (from 11.5%)
Long term growth rate	3%
P/BV	1.2x (from 1.1x)
FY26 BVPS	RM7.00 (from RM7.15)
TP	RM8.40 (from RM7.87)
ESG Premium	RM0.25 (from RM0.24)
Adjusted TP	RM8.65 (from RM8.11)

EXHIBIT 2: RESULTS SUMMARY

Income Statement (RM m, FYE 31 Dec)	3Q24	2Q25	3Q25	% QoQ	% YoY	9M24	9M25	% YoY
Interest income	6,672	6,292	6,212	-1.3	-6.9	20,096	18,991	-5.5
Interest expense	-3,778	-3,494	-3,393	-2.9	-10.2	-11,525	-10,551	-8.4
Modification loss	-1	-10	-26	150.5	>100	-2	-42	>100
Net interest income	2,893	2,788	2,793	0.2	-3.4	8,569	8,398	-2.0
Islamic banking income	1,186	1,267	1,307	3.2	10.2	3,539	3,788	7.1
Non-interest income	1,662	1,547	1,847	19.4	11.1	4,865	4,863	-0.1
Total income	5,742	5,602	5,948	6.2	3.6	16,973	17,048	0.4
Overhead expenses	-2,670	-2,551	-2,791	9.4	4.5	-7,796	-7,922	1.6
Pre-provision profit	3,071	3,051	3,156	3.5	2.8	9,177	9,126	-0.6
Loan impairment allowances	-249	-409	-434	6.2	73.9	-970	-1,130	16.5
Other allowances	-94	4	103	>100	-210.1	-176	84	>100
Associates and JV income	3	1	17	>100	561.8	2	37	>100
Pretax profit	2,731	2,648	2,843	7.4	4.1	8,034	8,117	1.0
Income tax	-657	-717	-720	0.4	9.7	-1,968	-2,037	3.5
Minority interest	-43	-42	-44	6.2	2.1	-138	-140	1.3
Net profit	2,030	1,889	2,078	10.0	2.3	5,928	5,940	0.2
Core net profit	2,030	1,889	2,078	10.0	2.3	5,928	5,940	0.2
Core EPS (sen)	19.0	17.6	19.3	10.0	1.8	55.5	55.3	-0.4
PBT by segments (RM m)								
Consumer Banking	901	709	685	-3.3	-24.0	2,369	2,179	-8.0
Commercial Banking	528	485	436	-10.1	-17.5	1,522	1,357	-10.8
Wholesale Banking	931	980	1,476	50.6	58.5	3,000	3,491	16.4
Group Ventures Partnership & Funding/Others	370	475	246	-48.1	-33.5	1,144	1,090	-4.7
Group Pretax profit	2,731	2,648	2,843	7.4	4.1	8,034	8,117	1.0
Balance Sheet (RM m, FYE 31 Dec)	3Q24	2Q25	3Q25	% QoQ	% YoY	9M24	9M25	% YoY
Gross loans and advances	436,968	449,144	448,213	-0.2	2.6	436,968	448,213	2.6
Net loans and advances	426,436	439,452	439,415	0.0	3.0	426,436	439,415	3.0
Customer deposits	441,095	467,433	473,091	1.2	7.3	441,095	473,091	7.3
Gross impaired loans	10,238	9,642	8,575	-11.1	-16.2	10,238	8,575	-16.2
Average shareholders' funds	67,870	69,550	70,338	1.1	3.6	67,541	69,783	3.3
Ratios (%)								
LD	91.4%	94.0%	92.9%			91.4%	92.9%	
CASA	42.0%	44.0%	44.1%			42.0%	44.1%	
Cost to income (BAU)	46.5%	45.5%	46.9%			46.5%	46.5%	
Credit cost	0.18%	0.32%	0.40%			0.25%	0.33%	
Loan loss coverage	102.6%	100.7%	102.8%			102.6%	102.8%	
Loan loss coverage (including regulatory reserves)	120.7%	120.6%	125.2%			120.7%	125.2%	
GIL	2.34%	2.15%	1.91%			2.34%	1.91%	
Underlying NIM	2.23%	2.15%	2.08%			2.21%	2.13%	
ROE (based on core net profit)	12.0%	10.9%	11.8%			11.7%	11.3%	
CET1 ratio	15.0%	14.7%	14.3%			15.0%	14.3%	
Tier 1	15.6%	15.3%	14.8%			15.6%	14.8%	
Total capital	18.9%	18.3%	18.3%			18.9%	18.3%	

Source: Company, AmlInvestment Bank

EXHIBIT 3: CHANGE IN ESTIMATES

RMm	FY25F			FY26F			FY27F		
	Old	New	%	Old	New	%	Old	New	%
Dividend payments	(4,352)	(5,112)	17.5%	(4,692)	(5,452)	16.2%	(5,199)	(5,679)	9.2%
Shareholder's equity	72,550	71,790	-1.0%	76,415	74,895	-2.0%	80,698	78,698	-2.5%

Source: Company, AmlInvestment Bank

EXHIBIT 4: 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 5: 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	25,180.8	18,806.9	22,674.3
Total LT assets	471,395.1	483,828.5	510,065.4	536,197.8	585,855.5
Total assets	733,572.2	755,130.7	799,311.1	828,344.4	888,074.6
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	71,789.7	74,895.0	78,697.8
Minority interests	1,311.9	1,395.1	1,364.0	1,423.0	1,495.2
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	64.6	63.9	60.1
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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