

Samuel Woo

(603) 7890 8888 (ext 2121)

samuel.woo@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM7.81
Previous Target Price:	RM9.28
Target Price:	↓ RM8.99
Capital Upside/Downside:	15.1%
Dividend Yield (%):	5.3%
Total Upside/Downside:	23.4%

Stock information

Board	MAIN
Sector	Financial Services
Bursa/ Bloomberg Code	1023/ CIMB MK
Syariah Compliant	No
ESGRating	★★★★★
Shares issued (m)	10,732.3
Market Cap (RM' m)	83,819.1
52-Week Price Range (RM)	8.5-6.227
Beta (x)	1.2
Free float (%)	64.8
3M Average Volume (m)	16.5
3M Average Value (RM' m)	134.5

Top 3 Shareholders

	(%)
Khazanah Nasional Bhd	21.5
Employees Provident Fund Board	16.6
Amanah Saham Nasional Bhd	9.9

Share Price Performance

	1M	3M	12M
Absolute (%)	-2.6	-4.9	25.6
Relative (%)	-3.9	-2.9	22.7

CIMB Berhad**4QFY24 results: Looking to New Multi-year Strategy****Executive Summary**

- **CIMB's 4QFY24 core net profit jumped +5% yoy and -fell 11% qoq to RM1.80b, bringing FY24 core net profit at RM7.73b, which was deemed within expectations, accounting for 98% and 99% of our and consensus expectations, respectively.**
- **Management's tone: Neutral.**
- **Re-iterate our BUY recommendation with a lowered target price of RM8.99, based on FY25F GGM-PBV of 1.29x.**

Results within expectations. FY24 core net profit at RM7.73b (+11% yoy) came within expectations, accounting for 98% of our core net profit forecast at RM7.89b and was at 99% of consensus forecasted net profit of RM7.78b.

YoY. 4QFY24 core net profit jumped +5% yoy to RM1.80b, driven by improved NII and provisioning offset weakness in NOII. FY24 core net profit jumped +11% yoy to RM7.73b, as increases in NII and NOII offset higher OPEX.

QoQ. 4QFY24 core net profit fell by -11% qoq, dragged by weaknesses in NII and NOII.

Outlook. Expect to see pressure on FY25F NIMs coming from Singapore, Indonesia and Thai regions (Malaysia's NIM should be flattish) – hence, management guides for Group NIMs to remain stable or contract slightly. Expect to also see uptick in NCC, as both Thai and Singapore should see normalisation on this front (FY24 saw large writebacks). The Group will announce its next multi-year plan on 5 March.

Earnings Revision. We lower our FY25F and FY26F earnings forecasts by -2.6% and -3.6%, respectively, to factor in weaker NIM, which the Group guides for.

Valuation. Re-iterate our **BUY** recommendation on CIMB with a target price of **RM8.99**, based on an FY25F P/BV of 1.29x GGM-PBV valuation and +3% ESG factored premium based on 5-star ESG rating. We lower our target price to account for downward earnings revision, despite being slightly offset by our newly added ESG premium.

Risks. (1) NIM compression, (2) Higher-than-expected NCC, (3) Weak loan growth.

Earnings Summary

FYE Dec	FY23	FY24	FY25F	FY26F	FY27F
Core NP (RM m)	6,981	7,728	8,137	8,359	8,464
CNP growth (%)	26.0	10.7	5.3	2.7	1.3
Div yield (%)	5.3	5.7	5.1	5.2	5.2
Gross DPS (sen)	43	47	42	42	43
P/BV (x)	1.3	1.3	1.2	1.2	1.1
BVPS (RM)	6.4	6.5	6.8	7.1	7.4
ROE (%)	10.7	11.2	11.5	11.3	11.0

Source: Company, Apex Securities

Quarterly Results

FYE Dec (RM m)	4Q FY24	4Q FY23	Yoy (%)	3Q FY24	Qoq (%)	FY23	FY24	Yoy (%)
Net interest inc.	2,795	2,773	1	2,893	-3	11,084	11,364	3
Islamic banking inc.	1,202	1,120	7	1,186	1	4,260	4,741	11
Non-interest inc.	1,331	1,482	-10	1,662	-20	5,670	6,197	9
Net income	5,328	5,375	-1	5,742	-7	21,014	22,301	6
OPEX	(2,625)	(2,625)	-0	(2,670)	-2	(9,865)	(10,420)	6
PPOP	2,704	2,750	-2	3,071	-12	11,149	11,881	7
Loan provisions	(399)	(374)	7	(249)	60	(1,534)	(1,369)	-11
Other provisions	41	(26)	-259	(94)	-143	(57)	(135)	137
Others	-	-	n.m.	-	n.m.	-	-	n.m.
JV & Associates	17	(20)	n.m.	3	n.m.	(17)	19	n.m.
PBT	2,362	2,331	1	2,731	-13	9,541	10,396	9
Tax	(509)	(570)	-11	(657)	-23	(2,379)	(2,477)	4
NCI	(53)	(45)	18	(43)	23	(181)	(191)	6
Reported NP	1,800	1,715	5	2,030	-11	6,981	7,728	11
Core NP	1,800	1,715	5	2,031	-11	6,981	7,727	11
Total NII	3,816	3,701	3	3,930	-3	14,626	15,397	5
Total NOII	1,512	1,674	-10	1,812	-17	6,388	6,904	8
Gross DPS (sen)	20.0	25.5	n.m.	-	n.m.	43.0	47.0	n.m.
Core EPS (sen)	16.8	16.0	5	18.9	-11	65.3	72.0	10
Gross loans	452,274	440,922	2.6	436,968	3.5			
Gross impaired loans	9,575	11,770	-18.7	10,238	-6.5			
Customer deposits	471,951	463,442	1.8	441,095	7.0			
CASA	218,246	203,077	7.5	198,715	9.8			
Ratios (%)	4Q FY24	4Q FY23	Yoy (ppts)	3Q FY24	Qoq (ppts)	FY23	FY24	Yoy (ppts)
ROE (Ann.)	10.4	10.0	0.4	12.1	-1.8	10.0	10.9	0.9
NIM (Reported)	2.17	2.15	0.02	2.23	-0.06	2.22	2.21	-0.01
NOII/Net income	28.4	31.1	-2.8	31.6	-3.2	30.4	31.0	0.6
Cost/Income	49.3	48.8	0.4	46.5	2.7	46.9	46.7	-0.2
NCC (Ann.) (bps)	36	35	0	23	13	36	31	-6
GIL ratio	2.12	2.67	-0.55	2.34	-0.23			
Loan loss coverage	105	97	8	103	3			
CASA ratio	46.2	43.8	2.4	45.1	1.2			
L/D ratio	93.7	92.7	1.0	96.7	-3.0			
CET-1	14.6	14.5	0.1	14.5	0.2			

Financial Highlights

INCOME STATEMENT

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Interest income	25,111	26,627	21,455	22,000	22,518
Interest expense	(14,027)	(15,263)	(9,119)	(9,119)	(9,119)
Net interest income	11,084	11,364	12,336	12,881	13,399
Islamic banking inc.	4,260	4,741	3,910	4,082	4,246
Other operating inc.	5,670	6,197	6,213	6,291	5,988
Net income	21,014	22,301	22,459	23,254	23,633
OPEX	(9,865)	(10,420)	(10,219)	(10,581)	(10,753)
PPOP	11,149	11,881	12,240	12,674	12,880
Loan allowances	(1,534)	(1,369)	(1,398)	(1,481)	(1,570)
Other allowances	(57)	(135)	14	(40)	(18)
JV & Associates	(17)	19	124	129	131
PBT	9,541	10,396	10,981	11,281	11,423
Tax & zakat	(2,379)	(2,477)	(2,635)	(2,707)	(2,741)
NCI	(181)	(191)	(209)	(214)	(217)
Reported NP	6,981	7,728	8,137	8,359	8,464
Core NP	6,981	7,728	8,137	8,359	8,464
Total NII	14,626	15,397	15,816	16,514	17,178
Total NOII	6,388	6,904	6,643	6,740	6,455

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	468,863	496,995	526,815
Other IEAs	9,708	10,882	12,080	13,408	14,883
Non-IEAs	57,590	56,687	58,279	71,103	96,821
Total assets	733,572	755,131	791,145	832,721	889,773
Customer deposits	463,442	471,951	500,740	531,285	563,693
Other IBLs	148,148	161,459	161,159	161,441	162,317
Non-IBLs	52,143	50,882	56,063	63,592	84,089
Total liabilities	663,733	684,292	717,962	756,318	810,099
Share capital	29,095	29,439	29,439	29,439	29,439
Reserves	39,232	39,805	42,893	46,084	49,326
Shareholders' funds	68,327	69,244	72,332	75,524	78,765
Perpetual pref. shares	200	200	200	200	200
NCI	1,312	1,395	651	680	709
Total equity	69,839	70,839	73,183	76,403	79,674
Total L&E	733,572	755,131	791,145	832,721	889,773
Total IEAs	675,982	698,444	732,866	761,618	792,952
Total IBLs	611,590	633,410	661,899	692,726	726,011
Gross loans	440,922	452,274	479,410	508,175	538,665
CASA	203,077	218,246	210,311	217,827	231,114

FINANCIAL RATIOS

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Interest (%)					
NIM	2.28	2.19	2.21	2.21	2.21
Return on IEAs	3.91	3.87	3.00	2.94	2.90
Cost of funds	2.42	2.45	1.41	1.35	1.29
Net interest spread	1.49	1.42	1.59	1.60	1.61
Profitability (%)					
ROE	10.7	11.2	11.5	11.3	11.0
ROA	1.0	1.0	1.1	1.0	1.0
NOII/Net income	30.4	31.0	29.6	29.0	27.3
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	93.6	93.5	93.5
CASA ratio	43.8	46.2	42.0	41.0	41.0
Asset Quality (%)					
GIL ratio	2.67	2.12	2.20	2.20	2.20
LLC ratio	97	105	100	100	100
LLC (w. reserves)	106	124	108	108	107
Net CC (bps)	36	30	30	30	30
Capital (%)					
CET 1	14.5	14.6	13.2	13.0	13.0
Tier 1 capital	15.1	15.2	13.8	13.6	13.6
Total capital	18.2	18.3	16.9	16.7	16.7
Growth (%)					
Total NII	-3.5	5.3	2.7	4.4	4.0
Total NOII	36.5	8.1	-3.8	1.5	-4.2
Net income	5.9	6.1	0.7	3.5	1.6
OPEX	5.6	5.6	-1.9	3.5	1.6
Core NP	26.0	10.7	5.3	2.7	1.3
Gross loans	8.3	2.6	6.0	6.0	6.0
Customer deposits	7.0	1.8	6.1	6.1	6.1
CASA	11.4	7.5	-3.6	3.6	6.1
Valuation metrics					
Core EPS (sen)	65.3	72.3	76.1	78.2	79.1
Gross DPS (sen)	43.0	47.0	41.5	42.5	42.8
Div payout (%)	66	65	55	55	55
BVPS (RM)	6.4	6.5	6.8	7.1	7.4
Core P/E (x)	12.5	11.3	10.8	10.5	10.3
Div yield (%)	5.3	5.7	5.1	5.2	5.2
P/BV (x)	1.3	1.3	1.2	1.2	1.1

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★★	Total Scope 1, 2 and 3 emissions fell by -12% yoy in FY23
Exposure to ESG-sensitive sectors	★★★★★	4.8% of loan book
Energy	★★★★★	Energy consumption reduced from 113,433 MWh (FY22) to 97,164 MWh in FY23
Water	★★★	Water consumption rose from 400,488m3 (FY22) to 497,861m3 in FY23
Compliance	★★★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★★★	In FY23, 57% of the workforce are women
Human Rights	★★★★★	Enforces and adopts the Code of Ethics and Conduct
Net promoter score	★★★★★	69 in FY23 (from 74 in FY22)
CSR Strategy	★★★★★	Has extended over RM7.6b in financing to serve underserved communities and RM253b of financial assistance since 2020

Governance

MD/CEO salary as % of reported net profit	★★★★★	0.14% in FY23
Directors	★★★★★	7/9 Independent Directors
Stakeholders	★★★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of **Monday, 03 Mar, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.