



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52,495.9	1.0	1.6	1.6	9.2
S&P 500	7,712.6	0.3	(1.2)	0.8	12.7
FTSE 100	10,733.0	(0.3)	0.8	0.7	8.1
AS30	8,956.4	0.1	1.0	0.4	(0.7)
CSI 300	4,152.1	(0.5)	(2.9)	(8.5)	(10.3)
FSSTI	5,404.0	(0.1)	(0.5)	(4.8)	16.3
HSCEI	8,030.3	(1.2)	(1.7)	(3.7)	(9.9)
HSI	23,867.7	(1.3)	(1.7)	(3.6)	(6.9)
JCI	5,278.9	5.6	(10.9)	(17.3)	(39.0)
KLCI	1,599.6	0.2	(1.5)	(4.0)	(4.8)
KOSPI	5,552.7	(3.7)	(8.0)	(20.8)	31.8
Nikkei 225	64,075.4	(1.3)	(5.5)	(1.5)	27.3
SET	1,554.9	(1.1)	(1.4)	(2.7)	23.4
TWSE	46,292.9	(1.1)	(4.2)	(3.0)	59.8
BDI	2,593	1.8	(7.4)	(23.1)	38.1
CPO (RM/mt)	4,455	0.0	0.8	(3.9)	13.3
Brent Crude (US\$/bbl)	109	(0.7)	2.9	4.7	78.8

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Hybrid Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct
1HFY27 Post Results briefing with Valuetronics Holdings Ltd (VALUE SP)	Singapore	11 Nov	11 Nov
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Foerign Reserves	Malaysia	22 Oct
PMI	Malaysia	2 Nov
BNM OPR	Malaysia	6 Nov

Top Stories

Company Update | CIMB Group Holdings (CIMB MK/**BUY**/RM7.15/Target: RM8.80)

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- CIMB Group is on track to meet its ROE targets despite ongoing macro headwinds. Maintain BUY with a lower target price of RM8.80 from RM9.30 after an earnings adjustment on lower NIM.

Market Spotlight

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- The FBMKLCI closed higher yesterday, adding 3.83pt to 1,599.58 amid bargain hunting across the board.
- US stocks were mixed after the close on Tuesday, as gains in the healthcare, financials and utilities sectors led shares higher while losses in the technology, basic materials and Industrials sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook

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5E Resources Holdings | 5ER MK

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- Trading Buy Range: RM0.235-0.24

Destini | DSTN MK

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- Trading Buy Range: RM0.245-0.25

Dialog Group | DLG MK

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- Trading Buy Range: RM1.97-1.98

CIMB Group Holdings (CIMB MK)

Resilient Outlook Despite Bond Headwinds

Highlights

- ROE targets for 2026 remain intact despite recent headwinds.
- Fair Value on Comprehensive Income (FVOCI) and Fair Value to Profit & Loss (FVTPL) impact on higher bond yields on CET1 and trading income remains manageable due to hedging offsets and strong client franchise fees.
- Maintain BUY with a lower target price of RM8.80 (1.25x 2027F P/B, 11.5% ROE) from RM9.30 after earnings adjustment on lower NIM. The stock offers a lush dividend yield of 6.7%/7.0% for 2026/27.

Analysis

- **Minimal impact on capital from rising bond yields.** Management indicated that the impact of rising bond yields in 3Q26 on the group's CET1 capital ratio through its FVOCI portfolio remains manageable, supported by effective hedging strategies.
- **Trading income remains resilient despite bond headwinds.** Similarly, trading income in 3Q26 has also remained relatively resilient compared with 2Q26, although we expect some sequential normalisation given the higher base in 2Q26, which included RM100m in a one-off non-interest income item. Excluding this contribution, underlying non-interest income appears stable to modestly stronger in 3Q26. To recap, 2Q26 non-interest income posted a 4% qoq growth, coming off an already robust 1Q26 non-interest income base. Management indicated that the group had been able to capitalise on widening credit and interest rate spreads to hedge effectively against rising bond yields. In addition, client-franchise-driven non-interest income, particularly from treasury sales and wealth management, continues to exhibit strong growth momentum helping to cushion negative impact from rising bond yields.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net interest income	11,367	11,319	11,340	11,895	12,683
Non-Interest Income	6,197	6,245	6,533	6,855	7,155
Net profit (rep./act.)	7,728	7,860	7,961	8,559	9,227
Net profit (adj.)	7,728	7,860	7,961	8,559	9,227
EPS (sen)	71.8	73.0	73.9	79.5	86.2
PE (x)	10.0	9.8	9.7	9.0	8.3
P/B (x)	1.1	1.1	1.1	1.0	1.0
Dividend yield (%)	6.6	6.6	6.5	7.0	7.6
Net int margin (%)	2.29	2.24	2.17	2.13	2.11
Cost/income Ratio (%)	46.7	47.2	47.3	46.4	45.5
Loan loss cover (%)	105.3	103.2	125.8	143.6	158.3
Consensus net profit	-	-	7,932	8,483	9,002
UOBKH/Consensus (x)	-	-	1.00	1.00	1.02

Source: CIMB Group, UOB Kay Hian

Analyst(s)

Keith Wee Teck Keong

keithwee@uobkh.com

+603 2147 1981

BUY (Maintained)

Share Price	RM7.15
Target Price	RM8.80
Upside	23.1%
Previous TP	RM9.30

Stock Data

Sector	Financials
Bloomberg ticker	CIMB MK
Shares issued (m)	10,810.0
Market cap (RMm)	77,291.5
Market cap (US\$m)	18,943.9
3-mth avg daily t'over (US\$m)	23.0

Price Performance (%)

52-week high/low			RM8.95/RM7.10	
1mth	3mth	6mth	1yr	YTD
(6.5)	(7.7)	(5.8)	(2.7)	(11.7)

Major Shareholders (%)

Khazanah Nasional Bhd	21.5
EPF	18.4

Balance Sheet Metrics

FY26F NAV/Share (RM)	6.78
FY26F CAR Tier -1 (%)	15.2

Price Chart



Source: Bloomberg

Company Description

CIMB Group Holdings is Malaysia's largest investment bank and second-largest consumer bank and one of Southeast Asia's leading universal banking groups.

- **NIM outlook: Experiencing some pressure from higher funding cost.** Margin pressures could intensify, particularly at CIMB Niaga, where management expects two further rate hikes in Indonesia. As deposits typically reprice faster than loans, higher funding costs could weigh on Niaga's NIM. To mitigate the impact, management is looking to accelerate loan repricing and optimise its deposit mix to cushion the expected rate hikes.
- In Malaysia, management highlighted intensifying competition for retail deposits. Nevertheless, retail deposits remain a relatively cheaper source of funding than wholesale deposits, providing scope to partially offset the upward pressure on funding costs by replacing higher-cost wholesale funding with cheaper retail deposits.
- Meanwhile, we have revised our group NIM compression assumption to 7bp from 5bp previously, reflecting higher funding cost pressures amid intensifying deposit competition.
- **Re-evaluating options for CIMB Niaga.** Given CIMB Niaga's current depressed market valuations, a public equity fundraising or secondary offering is increasingly unlikely. Instead, capturing value over a longer investment horizon remains the priority. CIMB Group is evaluating potential structures to privatise CIMB Niaga, as management remains optimistic about Indonesia and CIMB Niaga's longer-term growth prospects. Multiple structural avenues are being explored to execute the privatisation without requiring CIMB Group to deploy substantial new cash capital and as such allows CIMB Group to return excess capital to shareholders. This includes mechanisms to roll over or maintain select long-term minority institutional shareholders within the private entity, subject to ongoing regulatory discussions and clearances.
- **2026 guidance retained despite recent headwinds:** a) ROE: 11.0-11.5%, b) asset growth: 5-7%, c) net credit cost: 25-35bp, d) NIM: -10bp, and e) cost to income ratio: less than 47%.

Valuation/Recommendation

- **Maintain BUY with a lower target price of RM8.80 (1.25x 2027F P/B, 11.5% ROE) from RM9.30** after earnings revision. The stock offers a lush dividend yield of 6.6%-7.0% for 2026/26. Valuations also remain inexpensive at P/BV (1.05x vs 11.7% ROE). Long-term capital management optionality remains intact. CIMB Group retains a strong capital management runway, underpinned by the potential upstreaming of excess capital from CIMB Thai and, potentially, CIMB Niaga, alongside further value-unlocking opportunities from the potential monetisation of its stake in Touch 'n Go.

Earnings Revision/Risk

- Factoring in lower NIM, we tweak our 2026-28 earnings forecasts by 5%-4%.
- **Risks.** Key downside risks include a sharper-than-expected depreciation of the rupiah, which could weigh on revenue translation from CIMB Niaga; weaker-than-expected asset quality trends; and heightened deposit competition, which may exert further pressure on NIM.

Share Price Catalyst

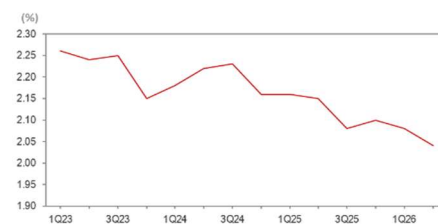
- Stronger-than-expected non-interest income.
- Higher-than-expected dividend payout.

Key Assumptions

(%)	2026F	2027F	2028F
Loan Growth	4.3	4.8	4.8
Credit Cost (bp)	30.0	30.0	30.0
ROE	11.1	11.5	11.8

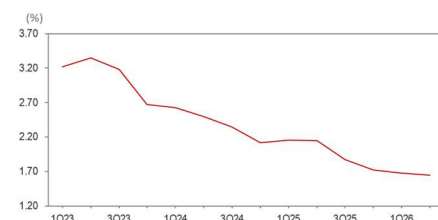
Source: UOB Kay Hian

CIMB Group NIM Trend



Source: CIMB Group, UOB Kay Hian

CIMB Group GIL Ratio Trend



Source: CIMB Group, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental

- **Green loan commitment.** To provide RM30b in sustainable financing by 2040.
- **Zero new coal financing.** Transition all stakeholders to zero carbon emission by 2050.

Social

- **Board and upper management gender diversity.** Maintained 30% female directors on the Board.
- **Enhanced financial inclusion to B40.** Provide greater financial inclusion for vulnerable communities (affordable housing financing) and welfare assistance to vulnerable communities, especially the B40 consumers.

Governance

- **Non-independent board of directors composition.** Composition of Independent Non-Executive Directors (INED) – 60%.

Source: CIMB Group, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Interest income	25,145	26,269	27,822	29,533
Interest expense	(13,826)	(14,929)	(15,927)	(16,850)
Net interest income	11,319	11,340	11,895	12,683
Fees & commissions	2,380	2,666	2,986	3,284
Net Trading Income	92	94	96	98
Other income	3,773	3,773	3,773	3,773
Income from islamic banking	4,959	5,256	5,572	5,906
Total income	22,523	23,129	24,321	25,744
Staff costs	(6,344)	(6,849)	(7,397)	(7,991)
Other operating expense	(4,283)	(4,097)	(3,877)	(3,734)
Pre-provision profit	11,896	12,183	13,047	14,019
Loan loss provision	(1,382)	(1,420)	(1,491)	(1,566)
Other provisions	128	(149)	(140)	(140)
Associated companies	94	74	75	75
Other non-operating income	(56)	0	0	0
Pre-tax profit	10,680	10,688	11,491	12,389
Tax	(2,652)	(2,565)	(2,758)	(2,973)
Minorities	(169)	(162)	(175)	(188)
Net profit	7,860	7,961	8,559	9,227
Net profit (adj.)	7,860	7,961	8,559	9,227

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	14.3	15.3	14.9	14.5
Total CAR	18.0	20.0	19.3	18.7
Total assets/equity (x)	11.0	11.5	11.8	12.2
Tangible assets/tangible common equity (x)	12.3	12.8	13.1	13.4
Asset Quality				
NPL ratio	1.7	1.6	1.5	1.5
Loan loss coverage	103.2	125.8	143.6	158.3
Loan loss reserve/Gross loans	1.8	2.0	2.2	2.4
Increase in NPLs	(18.7)	(3.5)	1.5	3.7
Credit cost (bp)	31.1	30.0	30.0	30.0
Liquidity				
Loan/Deposit ratio	87.2	87.5	88.1	88.8
Liquid assets/Short-term liabilities	5.2	6.6	6.6	6.6
Liquid assets/Total assets	3.8	4.6	4.5	4.3

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Cash with central bank	8,217	16,567	17,395	18,265
Govt treasury bills & securities	16,557	16,888	17,226	17,570
Interbank loans	4,658	5,081	5,544	6,048
Customer loans	444,920	463,883	486,059	509,344
Investment securities	214,202	239,621	267,949	299,519
Derivative receivables	15,266	17,097	19,149	21,447
Associates & JVs	2,381	2,500	2,625	2,756
Fixed assets (incl. prop.)	2,567	2,454	2,339	2,221
Other assets	69,956	76,561	83,937	92,181
Total assets	778,724	840,653	902,223	969,352
Interbank deposits	49,908	53,232	56,789	60,596
Customer deposits	510,047	530,449	551,667	573,734
Derivative payables	58,457	60,953	63,555	66,271
Debt equivalents	29,410	29,410	29,410	29,410
Other liabilities	58,994	92,073	122,914	157,845
Total liabilities	706,817	766,117	824,336	887,855
Shareholders' funds	70,561	73,028	76,203	79,625
Minority interest - accumulated	1,347	1,509	1,684	1,872
Total equity & liabilities	778,724	840,653	902,223	969,352

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth (yoy chg)				
Net interest income	(0.4)	0.2	4.9	6.6
Fees & Commissions	1.3	12.0	12.0	10.0
Pre-provision profit	0.1	2.4	7.1	7.5
Net profit	1.7	1.3	7.5	7.8
Customer loans	0.6	4.3	4.8	4.8
Customer deposits	2.8	4.0	4.0	4.0
Profitability				
Net interest margin	2.24	2.17	2.13	2.11
Cost/Income ratio	47.2	47.3	46.4	45.5
Adjusted ROA	1.0	1.0	1.0	1.0
Reported ROE	11.2	11.1	11.5	11.8
Adjusted ROE	11.2	11.1	11.5	11.8
Valuation				
P/BV (x)	1.1	1.1	1.0	1.0
P/NTA (x)	1.2	1.2	1.1	1.1
Adjusted PE (x)	9.8	9.7	9.0	8.3
Dividend yield	6.6	6.5	7.0	7.6
Payout ratio	64.5	63.4	63.4	63.0

Market Spotlight

Market News

The FBMKLCI closed higher yesterday, adding 3.83pt to 1,599.58 amid bargain hunting across the board. Meanwhile, Asian stocks fell on Tuesday as renewed concerns over the financing and profitability of the artificial intelligence boom weighed on technology shares ahead of a busy week of corporate earnings. The FBMKLCI's top gainers were Petronas Chemicals Group (+2.1%), Axiata Group (+1.9%) and CelcomDigi (+1.6%), while the top losers were Gamuda (-2.1%), Kuala Lumpur Kepong (-1.9%) and PPB Group (-1.4%). In the broader market, losers outpaced gainers 751 to 331 with 499 counters unchanged. Turnover was 2.87b shares valued at RM2.42b.

US stocks were mixed after the close on Tuesday, as gains in the healthcare, financials and utilities sectors led shares higher while losses in the technology, basic materials and Industrials sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average added 1.02% to hit a new 1-month high, while the S&P 500 Index added 0.29%, and the NASDAQ Composite Index declined 0.02%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 1,844 to 854 and 94 ended unchanged; on the Nasdaq Stock Exchange, 2,227 rose and 1129 declined, while 215 ended unchanged. (Sources: *Investing.com*)

FBMKLCI, FCPO & FKLI Index Outlook

Analyst(s)

Mohd Fakhru Asyraq, MSTA, CFTe
mohdfakhruasyraq@uobkh.com
+603 21471994

FBMKLCI



Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close: 1,599.58
Expected moving range: 1,600-1,630

Technical View:

Despite yesterday's positive closing, our outlook for the short term remains neutral as we expect further consolidation on the back of cautious regional markets. The index formed a spinning top pattern yesterday as selling pressure has been absorbed. For now, we expect sideways movement ahead. The support and resistance levels are maintained as follows:

Support: 1,590, 1,585

Resistance: 1,624, 1,651

FCPO



Source: TradingView

Futures Crude Palm Oil (FCPO) Active Contract, 1 Hour Chart

Technical BUY with +2.5% potential return

Trading BUY range:	RM4,500-4,550
Last price:	RM4,796
Target price:	RM4,879, RM4,918
Support:	RM4,685
Stop-loss:	RM4,684

BUY with a target price of RM4,879 and stop-loss at RM4,684. Based on the chart, FCPO continues the bullish movement and closed higher at RM4,796 yesterday. This bullish movement is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We peg our new targets at RM4,879 and RM4,918 in the near term.

Expected timeframe: One day to three days

FKLI



Source: TradingView

FTSE Bursa Malaysia KLCI Futures (FKLI), 1 Hour Chart

Technical BUY with +1.6% potential return

Trading BUY range:	1,600-1,610
Last price:	1,601.5
Target price:	1,622, 1,627
Support:	1,591
Stop-loss:	1,589

BUY with a target price of 1,627 and stop-loss at 1,589. Based on the chart, FKLI penetrated the downtrend line and closed higher at 1,601.5 yesterday. This bullish movement is supported by an uptick in the RSI and bullish crossovers in both MACD and DMI indicators. We peg our targets at 1,622 and 1,627 in the near term.

Expected timeframe: One day to three days

Traders' Corner



Source: UOBKH ChartGenie

Analyst(s)

Mohd Fakhru Asyraq, MSTA, CFTe
 mohdfakhrulasyraq@uobkh.com
 +603 21471994

5E Resources Holdings 5ER MK

Technical BUY on breakout with +46.8% potential return

Trading BUY range: RM0.235-0.24
 Last price: RM0.23
 Target price: RM0.29, RM0.345
 Support: RM0.195
 Stop-loss: RM0.19

BUY on breakout with a target price of RM0.345 and stop-loss at RM0.19 The stock closed above the bullish crossover of the 7-day and 21-day EMAs yesterday on much higher trading volume, suggesting renewed interest may spur an upward move from here. This is consistent with the rising momentum while an uptick in the DMI indicates a stronger uptrend ahead. As such, we expect 5ER to resume its upward trend towards our targets once it breaks above the breakout level of RM0.235.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Destini DSTN MK

Technical BUY on breakout with +32.7% potential return

Trading BUY range: RM0.245-0.25
 Last price: RM0.23
 Target price: RM0.305, RM0.325
 Support: RM0.205
 Stop-loss: RM0.195

BUY on breakout with a target price of RM0.325 and stop-loss at RM0.195. Share price has rebounded and moved above the BBI line, implying that the recent correction is over. The steady incline in the RSI points to a gradual rise in momentum. This is supported by the positive reading in MACD indicator. As such, we expect the uptrend to be sustainable, and thus peg our upside targets at RM0.305 and RM0.325 once it penetrates above the breakout level of RM0.245.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Dialog Group DLG MK

Technical BUY on breakout with +12.7% potential return

Trading BUY range:	RM1.97-1.98
Last price:	RM1.95
Target price:	RM2.14, RM2.22
Support:	RM1.82
Stop-loss:	RM1.81

BUY on breakout with a target price of RM2.22 and stop-loss at RM1.81. The successful close above the BBI line yesterday suggests improving sentiment as DLG looks set to resume the bullish momentum. This is supported by an uptick in the RSI. Currently, both the MACD and the DMI are showing positive signals, which will support the upward momentum. We peg our targets at RM2.14 and RM2.22 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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