

BIMB's lower net profit due to higher tax on dividend income, say research houses
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BIMB Holdings Bhd's lower net profit is the result of higher tax on its higher dividend income, say research houses.

BIMB has reported a net profit of RM539.4 million for the fourth quarter ended December 31, 2013, up 8.4% or RM41.8 million from the same period a year ago.

Notwithstanding the 8.4% growth in profitability, the net profit attributable to the shareholders only increased marginally by RM3.3 million or 1.3% to the increase in tax charged on the higher dividend income of RM227.2 million, in comparison to RM99.7 million in the previous year.

In its note today, HwangDBS Vickers Research said it was still maintaining a "hold" call on the company, with a target price of RM4.30 as it expects Bank Negara Malaysia to tighten measures for personal loans.

This accounts for 33% of BIMB's portfolio.

Meanwhile, Kenanga Research said with the changes in rulings that deal with Mudharabah and Wadiah deposits, it believed customer deposits are likely to grow slower than the growth rate of 14.0% in financial year 2013.

"Besides, Islamic banks may see further compression in net profit rate arising from the new rulings.

"As such, we are only factoring in 10% growth in customer deposits for both financial year 2014 and financial year 2015," it said.

Kenanga Research upgraded its rating to "outperform" from "market perform" with a target price of RM4.55 from RM4.74 previously.

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