

8 February 2024

Financial Services | Banks

DBS (DBS SP)

Buy (from Neutral)

Better Clarity On Dividend Commitment; U/G To BUY

Target Price (Return): SGD36.10 (+11%)
 Price (Market Cap): SGD32.50 (USD62,186m)
 ESG score: 3.1 (out of 4)
 Avg Daily Turnover (SGD/USD) 118m/85.9m

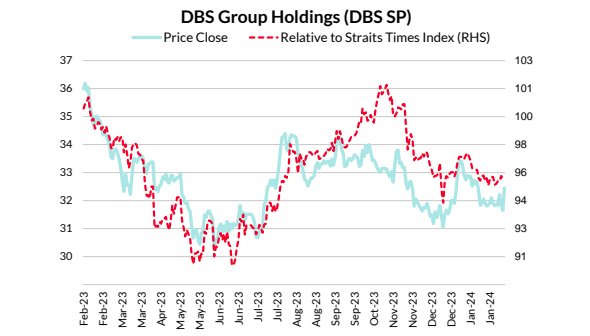
- **Upgrade to BUY from Neutral, TP rises to SGD36.10 TP from SGD34.70, 11% upside with c. 7% FY24F yield.** DBS' 4Q23 results are in line, and it is broadly retaining its 2024 guidance. While we tweaked FY24-25F PATMI, our recommendation upgrade is due to improved clarity with respect to its shareholder returns commitment, ie its focus on absolute DPS (vs payout) offers investors "bond-like coupons" with yields that are now too good to ignore, in our view. We think the payouts are sustainable in the near term. A reduced rates leverage and ample overlay buffers are added "bonuses".
- **4Q23 results in line ...** with FY23 core net profit of SGD10bn (+26% YoY) making up 99-101% of our and consensus FY23F PATMI. ROE improved to 18% (FY22: 15%) while CET-1 was stable YoY at 14.6%. The final DPS of 54 cents (4Q23F: 52 cents; 4Q22: 42 cents ordinary plus 50 cents special DPS) brings FY23 DPS to SGD1.92 (FY22: SGD2.00, inclusive of the special DPS). This translates to a payout ratio of 49% (FY22: 63% total payout or 47% payout on ordinary DPS). A 1-for-10 bonus issue has also been proposed.
- **... with reported net profit down 12% QoQ (-3% YoY).** 4Q trends were broadly in line: i) Weaker NII on a 6bps NIM squeeze and muted loans growth; ii) softer Non-II (-8% QoQ), mainly on lower other non-II. Fees, however, were resilient thanks to cards; and iii) low credit cost as asset quality was under control. Specific allowances (SP) was 11bps (3Q23: 18bps, due to SP for a money laundering case). Loans were stable QoQ while deposits rose 2% on higher CASA and fixed deposit (FD) balances. NPA was down 5% QoQ on low formation, which led to a 10bps QoQ drop in the NPL ratio to 1.1%. NPA coverage improved to 128% from 125% in 3Q23.
- **2024 outlook.** Apart from a slightly more optimistic macroeconomic outlook, DBS' guidance for 2024 was largely unchanged from that shared back during the 3Q23 results briefing (Figure 2). Notably, DBS also guided for a reduced rates sensitivity of SGD9-10m impact to NII per bp change in rates – half of that previously guided. This is due to two factors. The first was a shift in the deposit mix, where the CASA ratio now stands at 53% vs 76% in FY21. This means that a greater proportion of deposits will now reprice lower when rates fall. The second was the adding on of fixed rate duration assets during the quarter (3-year duration assets with yields at 4-4.5%).
- **Capital management.** Management remains committed to growing DPS by 24 cents pa and thinks this rate can be sustained for the next 2-3 years. Apart from the regular DPS, DBS said there is room for other capital management initiatives such as share buybacks. In our model, we assumed FY24F DPS of SGD2.16, which translates to a payout ratio of 63% based on an enlarged post bonus share base. This translates to a post-bonus yield of 7.3%, which we think is too good to ignore for a large-cap, liquid stock. Also, we think the decoupling of dividends from profitability should help provide downside support to share price.

Analyst

Singapore Research
sg.research@rhbgroup.com

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(2.9)	(1.4)	(4.0)	(5.5)	(9.8)
Relative	0.6	0.5	(2.5)	0.1	(2.2)
52-wk Price low/high (SGD)	30.3 – 36.2				



Source: Bloomberg

Overall ESG Score: 3.1 (out of 4)

E: GOOD

DBS' sustainability agenda is centred around three pillars – responsible banking, responsible business practices, and creating social impact. To encourage carbon-intensive companies to adopt more carbon-efficient operations, it published the Sustainable and Transition Finance Framework and Taxonomy. It aims to build a sustainable finance portfolio of SGD50bn by 2024 (2022: SGD9.6bn), and is committed to ensure net zero operational carbon emissions by 2022.

S: GOOD

DBS has a comprehensive approach to managing and retaining talent. It is also doubling down on efforts to build a future-ready workforce. In 2021, women accounted for 51% of total employees, 27% of the Board and 25% of its Group Management Committee. DBS has initiatives to onboard the underbanked, nurture healthy savings and investment habits, and provide financing to the underserved.

G: EXCELLENT

DBS has a multi-year roadmap to modernise its data governance programme. In Mar 2023, the Monetary Authority of Singapore warned of supervisory action after a second disruption in the bank's digital services in 16 months.

Forecasts and Valuation	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
Reported net profit (SGDm)	8,193	10,062	9,778	9,924	10,010
Net profit growth (%)	20.4	22.8	(2.8)	1.5	0.9
Recurring net profit (SGDm)	8,193	10,286	9,778	9,924	10,010
Recurring EPS (SGD)	3.19	3.99	3.79	3.85	3.88
BVPS (SGD)	22.10	24.06	25.70	27.26	28.70
DPS (SGD)	2.00	1.92	2.16	2.32	2.48
Recurring P/E (x)	10.18	8.13	8.56	8.43	8.36
P/B (x)	1.47	1.35	1.26	1.19	1.13
Dividend Yield (%)	6.2	5.9	6.7	7.1	7.6
Return on average equity (%)	14.3	16.9	15.2	14.5	13.9

Source: Company data, RHB

Financial Exhibits

Asia	Financial summary (SGD)	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
Singapore	EPS	3.19	3.91	3.79	3.85	3.88
Financial Services	Recurring EPS	3.19	3.99	3.79	3.85	3.88
DBS	DPS	2.00	1.92	2.16	2.32	2.48
DBS SP	BVPS	22.10	24.06	25.70	27.26	28.70
Buy						
	Valuation metrics	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
	Recurring P/E (x)	10.18	8.13	8.56	8.43	8.36
	P/B (x)	1.5	1.3	1.3	1.2	1.1
	Dividend Yield (%)	6.2	5.9	6.7	7.1	7.6
	Income statement (SGDm)	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
	Interest income	15,927	27,862	27,877	27,180	26,340
	Interest expense	(4,986)	(14,220)	(14,286)	(13,444)	(12,548)
	Net interest income	10,941	13,642	13,591	13,736	13,793
	Non interest income	5,561	6,744	6,772	7,150	7,587
	Total operating income	16,502	20,386	20,363	20,885	21,380
	Overheads	(7,090)	(8,291)	(8,673)	(9,056)	(9,384)
	Pre-provision operating profit	9,412	12,095	11,690	11,829	11,996
	Loan impairment allowances	(237)	(590)	(750)	(675)	(630)
	Other impairment allowances	-	(9)	-	-	-
	Income from associates	207	214	235	254	275
	Other exceptional items	-	(224)	-	-	-
	Pre-tax profit	9,382	11,486	11,176	11,408	11,641
	Taxation	(1,188)	(1,423)	(1,397)	(1,483)	(1,630)
	Minority interests	(1)	(1)	(1)	(1)	(1)
	Reported net profit	8,193	10,062	9,778	9,924	10,010
	Recurring net profit	8,193	10,286	9,778	9,924	10,010
	Profitability ratios	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
	Return on average assets (%)	1.1	1.4	1.3	1.3	1.2
	Return on average equity (%)	14.3	16.9	15.2	14.5	13.9
	Return on IEAs (%)	2.4	4.1	3.9	3.7	3.5
	Cost of funds (%)	0.8	2.3	2.2	2.0	1.8
	Net interest spread (%)	1.6	1.8	1.7	1.7	1.6
	Net interest margin (%)	1.7	2.0	1.9	1.9	1.8
	Non-interest income / total income (%)	33.7	33.1	33.3	34.2	35.5
	Cost to income ratio (%)	43.0	40.7	42.6	43.4	43.9
	Credit cost (bps)	5.67	14.01	17.42	15.07	13.53
	Balance sheet (SGDm)	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
	Total gross loans	420,284	422,152	439,038	456,600	474,864
	Other interest earning assets	254,753	269,974	281,693	292,440	302,319
	Total gross IEAs	675,037	692,126	720,731	749,039	777,182
	Total provisions	(5,765)	(5,989)	(6,450)	(6,450)	(6,500)
	Net loans to customers	414,519	416,163	432,588	450,150	468,364
	Total net IEAs	669,272	686,137	714,281	742,589	770,682
	Total non-IEAs	74,096	53,164	50,277	48,551	48,828
	Total assets	743,368	739,301	764,558	791,141	819,510
	Customer deposits	527,000	535,103	556,507	578,767	601,918
	Other interest-bearing liabilities	91,284	96,102	95,747	96,025	97,526
	Total IBLs	618,284	631,205	652,254	674,792	699,444
	Total non-IBLs	68,012	45,849	45,849	45,849	45,849
	Total liabilities	686,296	677,054	698,103	720,641	745,293
	Share capital	2,441	2,441	2,441	2,441	2,441
	Shareholders' equity	56,887	62,065	66,272	70,315	74,032
	Minority interests	185	182	183	184	185
	Asset quality and capital	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
	Reported NPLs / gross cust loans (%)	1.1	1.1	1.1	1.1	1.1
	Total provisions / reported NPLs (%)	121.1	127.5	130.0	127.3	127.9
	CET-1 ratio (%)	14.6	14.6	15.2	15.7	16.0
	Tier-1 ratio (%)	15.2	15.3	15.8	16.3	16.6
	Total capital ratio (%)	15.2	16.1	16.6	17.1	17.4

Source: Company data, RHB

Results At a Glance

Figure 1: DBS – summary of 4Q23 and FY23 results

FYE 31 Dec (SGDm)	4Q22	3Q23	4Q23	QoQ (%)	YoY (%)	FY22	FY23	YoY (%)	Comments: FY22 vs FY23
NII	3,280	3,504	3,434	(2)	5	10,941	13,642	25	Driven by NIM expansion (+40bps YoY) while loan book was flat.
<i>NIM (%) - reported</i>	2.05%	2.19%	2.13%	-6bps	8bps	1.75%	2.15%	40bps	
Non-II	1,310	1,688	1,555	(8)	19	5,561	6,520	17	
Net fee & commission income	661	843	849	1	28	3,091	3,366	9	Double-digit growth from credit card fees (higher spending, including travel), loan-related and wealth but transaction services fees were down 4% YoY.
Other non-II	649	845	706	(16)	9	2,470	3,154	28	Driven by higher trading gains and increase in treasury customer sales.
<i>Non-II/total income (%)</i>	28.5%	32.5%	31.2%			33.7%	32.3%		
Operating income	4,590	5,192	4,989	(4)	9	16,502	20,162	22	
Overhead expenses	(1,963)	(2,087)	(2,318)	11	18	(7,090)	(8,291)	17	Higher staff (+16% YoY) and non-staff (+19% YoY) costs. Opex includes Citi Taiwan integration costs.
<i>CIR (%)</i>	42.8%	40.2%	46.5%			43.0%	41.1%		CIR of 39% ex-Citi Taiwan integration and other one-time costs
PIOP	2,627	3,105	2,671	(14)	2	9,412	11,871	26	
Amortisation charges	-	-	(9)	n.m.	n.m.	-	(9)	n.m.	
Impairments charges	42	(215)	(142)	(34)	n.m.	(237)	(590)	149	Higher GP of SGD78m vs GP writeback of SGD98m in FY22. SP at 11bps (FY22: 8bps).
<i>Annualised credit cost (bps)</i>	(4)	20	13			6	14		
Operating profit	2,669	2,890	2,520	(13)	(6)	9,175	11,272	23	
Associates	36	62	47	(24)	31	207	214	3	
Pre-tax profit	2,705	2,952	2,567	(13)	(5)	9,382	11,486	22	
Tax	(357)	(366)	(291)	(21)	(19)	(1,188)	(1,423)	20	
<i>Effective tax rate (%)</i>	13.2%	12.4%	11.3%			12.7%	12.4%		
Net profit	2,341	2,593	2,269	(12)	(3)	8,193	10,062	23	
Core net profit	2,341	2,633	2,393	(9)	2	8,193	10,286	26	Ex-Citi integration costs of SGD124m and CSR commitment of SGD100m (part of SGD1bn commitment over 10 years).
Other key data and ratios									
Gross loans	420,284	426,000	422,152	(1)	0				In constant currency terms, loans grew 1% YoY due to Citi Taiwan consolidation (+SGD10bn to loans), partly offset by decline in trade loans.
Customer deposits	527,000	531,269	535,103	1	2				+3% YoY in constant currency terms with Citi Taiwan adding SGD12bn. DBS saw its deposit mix shift further away to FD from CASA, with the CASA ratio slipping to 53.4% at end-2023 from 60.3% a year ago. That said, the shift in mix looks largely done as the CASA ratio was stable QoQ.
Non-performing loans	5,125	5,303	5,056	(5)	(1)				Consolidation of Citi Taiwan added SGD326m.
Total assets	743,368	745,173	739,301	(1)	(1)				
Shareholders' funds	56,887	59,940	62,065	4	9				
ROAA (%)	1.23	1.39	1.28			1.12	1.38		
ROAE (%)	17.2	18.2	16.1			15.0	18.0		
LDR (%)	78.7	79.0	77.8						
NPL ratio	1.1	1.2	1.1						
NPA coverage	121.1	125.0	127.5						
CET-1 ratio (%)	14.6	14.1	14.6						
Total capital ratio (%)	17.0	15.9	16.1						

Source: Company data, RHB

Figure 2: DBS – management guidance and financial targets

	2022 achieved	FY23 achieved	FY23 guidance	FY24 guidance	Comments
Loan growth	+1.3% YoY	Flat YoY	Low single digit	Low single digit	DBS continues to expect a NIM vs loan growth trade-off for 2024.
NIM	1.75%	2.15%	2.16%	< 2023 exit NIM of 2.13%	Exit NIM has held up in January. Management guided for NII sensitivity of SGD9-10m/bp cut in rates on a full-year basis. This is lower than the previous guidance of SGD20-22m/bp as: i) DBS had added more fixed rate assets to the book; and ii) the CASA mix has shifted to FD. DBS guidance assumes five US Federal Funds Rate cuts in 2H24.
Fee income growth	-12% YoY	+9%	Mid-single digit growth	Double digit growth	Citi Taiwan to benefit cards and wealth management business. Wealth management to also benefit from continued strong net new money inflows and improved market sentiment.
Opex growth	+10%	14% (CIR: 40%) (underlying basis)	c. 10% with CIR below 40%	CIR low 40%	High single digit opex growth, partly due to Citi Taiwan.
Specific allowances	8bps	11bps	10-15bps	17-20bps	Willing to release GP should SP pan out higher than expected and, hence, total credit cost should broadly fall within the 17-20bps range as well. DBS is sitting on overlay buffers of c. SGD2.2bn.
ROE	15%	18%	>17%	15-17%	

Source: Company data, RHB

Revisions to estimates

Our FY24-25 numbers have been updated for the full-year FY23 results, and to take into account management's targets/guidance. On a net basis, the impact is not too significant. We have also largely retained our DPS assumptions – given management's guidance to, at least, maintain the absolute DPS post the bonus issue. This results in an increase in the dividend payout ratio to 63-66% for FY24-25F, vs 55-60% previously. In the near term, we think DBS should be able to meet the higher payout ratio, given that this is broadly similar to the 63% payout ratio it booked in FY22, inclusive of the 50 cents special DPS. Also, we assume an increase in DPS of 16 cents in FY25 and FY26, which is more conservative than management's targeted 24 cents pa increment. We see room for further returns for shareholders, either in the form of ordinary dividends as well as share buybacks. This is notwithstanding our forecasts of flattish earnings and rising dividend payouts, we estimate DBS would still be accreting capital based on the current Basel III capital regime.

Figure 3: DBS – revisions to forecasts

	Previous FY24F	Previous FY25F	Previous FY26F	Revised FY24F	Revised FY25F	Revised FY26F	% Change FY24F	% Change FY25F	% Change FY26F
FYE Dec (SGDm)									
Net interest income	13,848	14,089	<i>new</i>	13,591	13,736	13,793	-1.9%	-2.5%	<i>n.m.</i>
Non-interest income	6,375	6,800	<i>new</i>	6,772	7,150	7,587	6.2%	5.1%	<i>n.m.</i>
Operating expenses	(8,151)	(8,513)	<i>new</i>	(8,673)	(9,056)	(9,384)	6.4%	6.4%	<i>n.m.</i>
PIOP	12,073	12,376	<i>new</i>	11,690	11,829	11,996	-3.2%	-4.4%	<i>n.m.</i>
Provision expenses	(680)	(655)	<i>new</i>	(750)	(675)	(630)	10.3%	3.1%	<i>n.m.</i>
Pretax profit	11,655	12,004	<i>new</i>	11,176	11,408	11,641	-4.1%	-5.0%	<i>n.m.</i>
Net profit	9,898	10,193	<i>new</i>	9,778	9,924	10,010	-1.2%	-2.6%	<i>n.m.</i>
EPS (SGD)	3.85	3.96		3.79	3.85	3.88	-1.4%	-2.8%	
DPS (SGD)	2.14	2.38	<i>new</i>	2.16	2.32	2.48	0.9%	-2.5%	<i>n.m.</i>
Loan growth (%)	5.0	4.0	<i>new</i>	4.0	4.0	4.0			
NIM (%)	1.94	1.89	<i>new</i>	1.94	1.89	1.82			
CIR (%)	40.3	40.8	<i>new</i>	42.6	43.4	43.9			
Credit cost (bps)	15	14		17	15	14			

Source: Company data, RHB

Valuation and TP

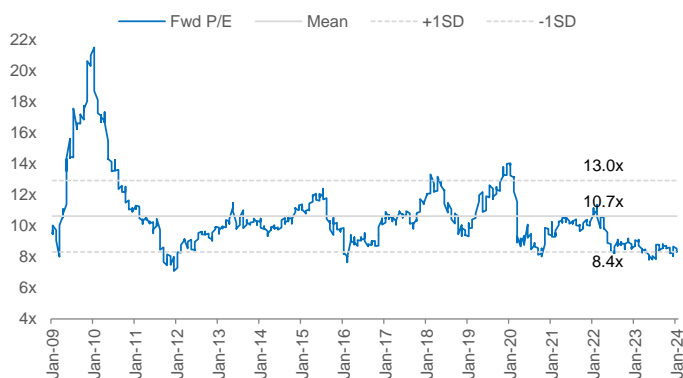
We raise our TP to SGD36.10 from SGD34.70. There is no change to our GGM-derived P/BV of 1.43x but our intrinsic value has been raised to SGD35.36 from SGD34.01 due to the update to the book value forecast following the release of the full-year results. Our TP includes an unchanged ESG premium of 2%, given DBS' ESG score of 3.1 out of 4.0 using our proprietary in-house methodology.

Figure 4: DBS - GGM valuation with ESG overlay

Cost of equity (COE) computation:		Sustainable ROE (%)	16.20
Risk free rate (%)	3.00	COE (%)	12.3
Equity premium (%)	8.3	Long-term growth (g)	3.00
Beta (x)	1.1	Implied P/BV (x)	1.43
Cost of equity - CAPM (%)	12.3	BVPS - FY24F	SGD24.77
		Intrinsic value	SGD35.36
ESG premium/(discount) (%)	2.0	ESG premium/(discount)	SGD0.71
		TP (rounded)	SGD36.10

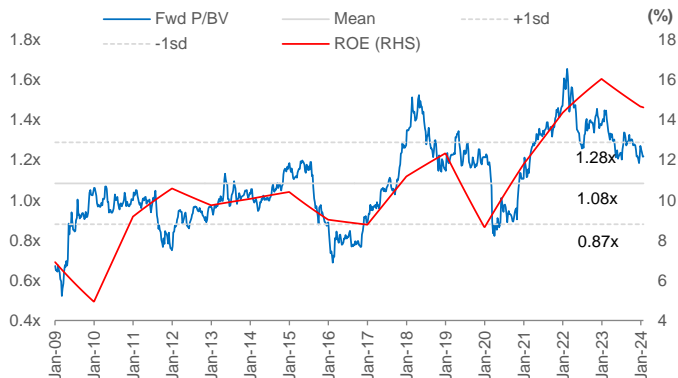
Source: Company data, RHB

Figure 5: DBS's 12-month forward consensus P/E



Source: Bloomberg, RHB

Figure 6: DBS's 12-month forward consensus P/BV



Source: Bloomberg, RHB

Emissions And ESG

Trend analysis

Total emissions declined by 36% as compared to 2019 thanks to the purchase of renewable energy certificates in Hong Kong, China, Taiwan, India and Indonesia.

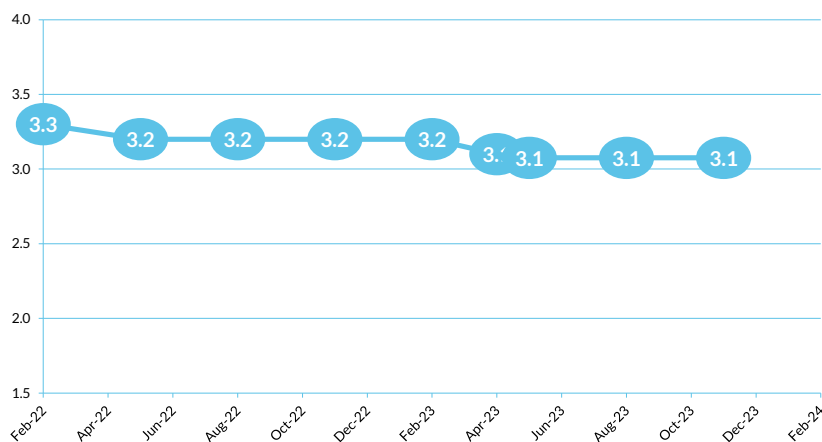
Emissions (tCO2e)	Dec-21	Dec-22	Dec-23
Scope 1	757	318	na
Scope 2	31,207	16,824	na
Scope 3	17,482	24,427	na
Total emissions	49,446	41,569	na

Source: Company data, RHB

Latest ESG-Related Developments

- **Published climate agenda in 2022:** DBS published science-informed decarbonisation pathways and set interim 2030 decarbonisation targets for a large number of sectors, as well as its 2050 net zero target.
- **Surpassed sustainable financing target:** DBS has committed a cumulative total of SGD61bn in sustainable financing transactions as at end-2022, surpassing its SGD50bn target two years ahead of schedule.

ESG Rating History



Source: RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2023-11-01	Neutral	34.7	33.0
2023-08-03	Neutral	36.3	33.8
2023-06-22	Neutral	33.0	31.8
2023-05-02	Neutral	35.7	33.0
2023-04-02	Buy	39.8	33.0
2023-02-13	Buy	42.0	35.3
2022-11-04	Buy	41.1	34.5
2022-08-05	Buy	37.6	32.8
2022-05-03	Buy	38.1	33.9
2022-02-14	Buy	42.7	37.2
2021-11-07	Buy	40.4	32.3
2021-08-05	Buy	35.5	30.8
2021-05-02	Buy	34.0	29.9
2021-03-30	Buy	33.0	29.0
2021-02-10	Buy	30.0	26.0

Source: RHB, Bloomberg

RHB Guide to Investment Ratings

Buy:	Share price may exceed 15% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report may contain comments, estimates, projections, forecasts and expressions of opinion relating to macroeconomic research published by RHB economists of which should not be considered as investment ratings/advice and/or a recommendation by such economists on any securities discussed in this report.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

RESTRICTIONS ON DISTRIBUTION

Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Berhad ("RHBIB"). The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHBIB has no obligation to update its opinion or the information in this report.

Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the

Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore

This report is issued and distributed in Singapore by RHB Bank Berhad (through its Singapore branch) which is an exempt capital markets services entity and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (through its Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (through its Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (through its Singapore branch) in respect of any matter arising from or in connection with the report.

United States

This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants, and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

In Singapore, investment research activities are conducted under RHB Bank Berhad (through its Singapore branch), and the disclaimers above similarly apply.

Malaysia

Save as disclosed in the following link [RHB Research Conflict Disclosures - Jan 2024](#) and to the best of our knowledge, RHBIB hereby declares that:

1. RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.

2. RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHBIB's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
**For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

Thailand

Save as disclosed in the following link [RHB Research Conflict Disclosures - Jan 2024](#) and to the best of our knowledge, RHB Securities (Thailand) PCL hereby declares that:

1. RHB Securities (Thailand) PCL does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHB Securities (Thailand) PCL is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHB Securities (Thailand) PCL's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
**For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHB Securities (Thailand) PCL did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHB Securities (Thailand) PCL did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

Indonesia

Save as disclosed in the following link [RHB Research Conflict Disclosures - Jan 2024](#) and to the best of our knowledge, PT RHB Sekuritas Indonesia hereby declares that:

1. PT RHB Sekuritas Indonesia and its investment analysts, does not have any interest in the securities of the subject company(ies) covered in this report.
For the avoidance of doubt, interest in securities include the following:
 - a) Holding directly or indirectly, individually or jointly own/hold securities or entitled for dividends, interest or proceeds from the sale or exercise of the subject company's securities covered in this report*;
 - b) Being bound by an agreement to purchase securities or has the right to transfer the securities or has the right to pre subscribe the securities*.
 - c) Being bound or required to buy the remaining securities that are not subscribed/placed out pursuant to an Initial Public Offering*.
 - d) Managing or jointly with other parties managing such parties as referred to in (a), (b) or (c) above.
2. PT RHB Sekuritas Indonesia is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of PT RHB Sekuritas Indonesia's staff** or associated person serve as a director or board member* of the subject company(ies) covered in this report.
4. PT RHB Sekuritas Indonesia did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. PT RHB Sekuritas Indonesia** did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report:

Notes:

- *The overall disclosure is limited to information pertaining to PT RHB Sekuritas Indonesia only.
**The disclosure is limited to Research staff of PT RHB Sekuritas Indonesia only.

Singapore

Save as disclosed in the following link [RHB Research Conflict Disclosures - Jan 2024](#) and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (through its Singapore branch) hereby declares that:

1. RHB Bank Berhad, its subsidiaries and/or associated companies do not make a market in any issuer covered by the Singapore research analysts in this report.
2. RHB Bank Berhad, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered by the Singapore research analysts in this report.
3. RHB Bank Berhad's Singapore research staff or connected persons do not serve on the board or trustee positions of the issuer covered by the Singapore research analysts in this report.
4. RHB Bank Berhad, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered by the Singapore research analysts in this report or any other relationship that may create a potential conflict of interest.
5. RHB Bank Berhad's Singapore research analysts, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered by the Singapore research analysts in this report.
6. RHB Bank Berhad's Singapore research analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation on the issuer covered by the Singapore research analysts.

Analyst Certification

The analyst(s) who prepared this report, and their associates hereby, certify that:

(1) they do not have any financial interest in the securities or other capital market products of the subject companies mentioned in this report, except for:

Analyst	Company
-	-

(2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.



KUALA LUMPUR

RHB Investment Bank Bhd
Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur 50400
Malaysia
Tel : +603 9280 8888
Fax : +603 9200 2216

JAKARTA

PT RHB Sekuritas Indonesia
Revenue Tower, 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel: +6221 509 39 888
Fax : +6221 509 39 777

BANGKOK

RHB Securities (Thailand) PCL
10th Floor, Sathorn Square Office Tower
98, North Sathorn Road, Silom
Bangrak, Bangkok 10500
Thailand
Tel: +66 2088 9999
Fax :+66 2088 9799

SINGAPORE

RHB Bank Berhad (Singapore branch)
90 Cecil Street
#04-00 RHB Bank Building
Singapore 069531
Fax: +65 6509 0470