7 August 2023

Financial Services | Banks

OCBC Bank (OCBC SP)

Neutral (Maintained)

Charting a Path Towards Sustaining Higher ROEs

Target Price (Return):	SGD13.70 (+6%)
Price (Market Cap):	SGD12.94 (USD43,339m)
ESG score:	3.1 (out of 4)
Avg Daily Turnover (SGD/USD)	57.2m/42.7m

- **Stay NEUTRAL, new SGD13.70 TP from SGD13.20, 6% upside with c.6% FY24F yield.** OCBC Bank's 1H23 earnings are in line, despite a jump in loan allowances as it bulked up LLC. Management also gave more details on the SGD3bn incremental revenue it expects to achieve from its earlier announced refreshed strategy, which it estimates will lead to a 1ppt uplift in ROE. While positive, we think China's macroeconomic softness and NIM headwinds in the near term will likely cap its share price performance.
- **1H23 results are in line**, with net profit of SGD3.6bn (+38% YoY) at 51% of our and Street FY23F earnings. Reported ROAE improved to 14.3% (FY22: 11.1%) while CET-1 remained robust at 15.4% (4Q22: 15.5%). An interim DPS of 40 SG cents (1H22: 28 SG cents) was declared, which translates to a payout ratio of 50% and in line with its guidance. 2Q23 net profit fell 10% QoQ due to higher loan allowances (+116% QoQ, +194% YoY) as OCBC booked in higher general provisions for non-impaired assets. Part of this is for its commercial real estate (CRE) exposure, despite the portfolio holding up. That aside, PIOP rose 1% QoQ on higher non-II from insurance and trading, partly offset by a 4bps QoQ NIM squeeze and negative JAWS. Opex rose 7% QoQ while CIR grew 140bps QoQ to 38.5%, albeit below the 40-45% target.
- **Loan growth ticked up.** OCBC added 1% QoQ (flat YoY) to its loan book, driven by the Singapore division – bringing YTD growth to 1%. Meanwhile, deposits rose 2% QoQ or 7% YoY, led by new money inflows into fixed deposits. Group LDR was at 78.8% (1Q23: 79.2%, 2Q22: 84.4%). The stronger deposit growth and mix led to the sequential NIM pressure. Nevertheless, 2Q23 and exit NIM of 2.26% (1H23: 2.28%) remain north of its >2.2% guidance. Coupled with July's US Federal Funds Rate (FFR) hike, this has given OCBC more confidence over its NIM guidance.
- **Credit cost guidance stayed at c.20bps.** Non-performing assets fell 2% QoQ on recoveries and upgrades in Singapore, Malaysia and Indonesia. This was partly offset by the 40% QoQ rise in NPLs from "Rest of the World" following the downgrade of a corporate account in the CRE space in the US. That said, OCBC thinks this was an isolated case, and does not see any signs of stress in its loan portfolio. Loans to the CRE office sector made up 14% of group loans, with exposure to developed markets and the US at 4.5% and 0.8% of group loans. Average LTV is 50-60%. As such, while the NPL ratio was stable QoQ at 1.1%, its LLC rose to 131% (1Q23: 121%).
- **Other highlights:** OCBC shared more colour on its strategy to deliver an incremental SGD3bn in revenue over the next three years. Wealth and trade is expected to form 70% of the incremental revenue, while new economy and sustainability make up the rest. The bulk of this revenue is expected to be backloaded, ie 17%, 33% and 50% to be felt in 2023, 2024 and 2025.
- **Earnings forecasts are unchanged.** However, we raise our TP to SGD13.70 from SGD13.20 after rolling forward our BVPS to end-2024. Our TP includes a 2% ESG premium, based on our in-house ESG methodology.

Forecasts and Valuation	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Reported net profit (SGDm)	4,858	5,748	7,090	7,037	7,298
Net profit growth (%)	35.5	18.3	23.3	(0.7)	3.7
Recurring net profit (SGDm)	4,858	5,748	7,090	7,037	7,298
Recurring EPS (SGD)	1.09	1.28	1.58	1.57	1.63
BVPS (SGD)	11.72	11.83	12.63	13.38	14.14
DPS (SGD)	0.53	0.65	0.78	0.82	0.87
Recurring P/E (x)	11.92	10.07	8.17	8.23	7.93
P/B (x)	1.10	1.09	1.02	0.97	0.92
Dividend Yield (%)	4.1	5.0	6.0	6.3	6.7
Return on average equity (%)	9.5	10.7	12.4	12.4	12.8

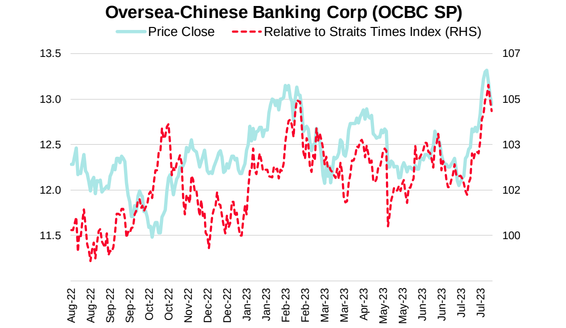
Source: Company data, RHB

Analyst

Singapore Research
sg.research@rhbgroup.com

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	6.2	4.8	2.1	(0.5)	6.0
Relative	4.9	2.0	1.4	2.2	5.3
52-wk Price low/high (SGD)					11.5 – 13.3



Source: Bloomberg

Overall ESG Score: 3.1 (out of 4)

E: GOOD

OCBC has a responsible lending framework, and is working towards enhancing the integration of climate-related considerations into its ESG risk assessment processes by 2022. In 2020, it developed a new Responsible Investing Policy to integrate ESG considerations into investment decisions. It aims to build a sustainable finance portfolio of SGD50bn by 2025 (2021: SGD34bn) and be carbon-neutral in its banking operations in 2022.

S: GOOD

OCBC aims to maintain a balanced gender mix across its workforce, with 42% of women in leadership positions by 2022. In 2021, women accounted for 58% of total employees, 39% in leadership positions, and 20% in the board of directors. OCBC is active in talent management, and places the health, safety and wellbeing of staff at the top of its priorities as an employer.

G: EXCELLENT

OCBC is proactive in its approach to ensure resilience against risks of cyber-attacks, data breaches, fraud and money laundering. That said, a highly sophisticated phishing scam in Dec 2021 has highlighted the need for enhanced security measures.

Financial Exhibits

Asia
Singapore
Financial Services
OCBC Bank
OCBC SP
Neutral

Valuation basis

GGM-derived intrinsic value with an ESG overlay. Key GGM assumptions are:
i. COE of 12%;
ii. ROE of 12%;
iii. 3% long-term growth

Key drivers

Our net profit forecast is most sensitive to changes in:
i. Credit costs;
ii. Net interest margin;
iii. Non-interest income growth.

Key risks

Key risks include:
i. Higher-than-expected allowances;
ii. Weaker-than-expected NIM;
iii. Macroeconomic uncertainty and geo-political tensions.

Company Profile

OCBC is the second largest banking group in Singapore by asset size. It also has sizeable operations in Malaysia, Greater China and Indonesia.

Financial summary (SGD)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
EPS	1.09	1.28	1.58	1.57	1.63
Recurring EPS	1.09	1.28	1.58	1.57	1.63
DPS	0.53	0.65	0.78	0.82	0.87
BVPS	11.72	11.83	12.63	13.38	14.14

Valuation metrics	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Recurring P/E (x)	11.92	10.07	8.17	8.23	7.93
P/B (x)	1.1	1.1	1.0	1.0	0.9
Dividend Yield (%)	4.1	5.0	6.0	6.3	6.7

Income statement (SGDm)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Interest income	7,425	11,590	14,893	15,305	15,929
Interest expense	(1,570)	(3,902)	(5,667)	(6,022)	(6,400)
Net interest income	**5,855**	**7,688**	**9,226**	**9,282**	**9,529**
Non interest income	4,741	3,987	3,948	4,197	4,504
Total operating income	**10,596**	**11,675**	**13,174**	**13,480**	**14,033**
Overheads	(4,867)	(5,130)	(5,241)	(5,553)	(5,846)
Pre-provision operating profit	**5,729**	**6,545**	**7,933**	**7,927**	**8,187**
Loan impairment allowances	(867)	(505)	(500)	(495)	(491)
Other impairment allowances	(6)	(79)	(7)	(6)	(6)
Income from associates	824	978	1,027	1,089	1,143
Pre-tax profit	**5,680**	**6,939**	**8,453**	**8,514**	**8,833**
Taxation	(648)	(1,057)	(1,183)	(1,277)	(1,325)
Minority interests	(174)	(134)	(180)	(200)	(210)
Reported net profit	**4,858**	**5,748**	**7,090**	**7,037**	**7,298**
Recurring net profit	**4,858**	**5,748**	**7,090**	**7,037**	**7,298**

Profitability ratios	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Return on average assets (%)	0.9	1.1	1.2	1.2	1.3
Return on average equity (%)	9.5	10.7	12.4	12.4	12.8
Return on IEAs (%)	2.1	3.1	3.8	3.9	4.0
Cost of funds (%)	0.5	1.1	1.6	1.7	1.8
Net interest spread (%)	1.6	1.9	2.2	2.2	2.3
Net interest margin (%)	1.6	2.0	2.3	2.3	2.4
Non-interest income / total income (%)	44.7	34.1	30.0	31.1	32.1
Cost to income ratio (%)	45.9	43.9	39.8	41.2	41.7
Credit cost (bps)	31.5	17.3	16.2	16.1	15.9

Balance sheet (SGDm)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Total gross loans	289,716	294,980	303,829	319,021	334,174
Other interest earning assets	87,217	101,064	105,405	110,631	116,532
Total gross IEAs	376,933	396,044	409,235	429,652	450,707
Total provisions	(3,904)	(3,991)	(4,250)	(4,380)	(4,400)
Net loans to customers	285,812	290,989	299,579	314,641	329,774
Total net IEAs	373,029	392,053	404,985	425,272	446,307
Total non-IEAs	169,158	167,903	182,064	188,854	200,151
Total assets	542,187	559,956	587,048	614,126	646,458
Customer deposits	342,395	350,081	371,086	389,640	411,070
Other interest-bearing liabilities	8,239	10,046	8,840	9,106	9,470
Total IBLs	350,634	360,127	379,926	398,746	420,540
Total non-IBLs	137,215	145,161	148,813	153,656	160,740
Total liabilities	487,849	505,288	528,740	552,402	581,281
Share capital	19,238	19,744	19,744	19,744	19,744
Shareholders' equity	52,663	53,087	56,677	60,035	63,430
Minority interests	1,675	1,581	1,632	1,689	1,748

Asset quality and capital	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Reported NPLs / gross cust loans (%)	1.5	1.1	1.1	1.1	1.1
Total provisions / reported NPLs (%)	92.6	118.0	123.8	122.6	118.6
CET-1 ratio (%)	16.0	16.0	15.5	15.9	0.0
Tier-1 ratio (%)	16.0	16.0	15.5	15.9	0.0
Total capital ratio (%)	17.6	17.6	16.9	17.3	0.0

Source: Company data, RHB

Results At a Glance

Figure 1: OCBC – summary of 2Q23 and 1H23 results

FYE Dec (SGDm)	2Q22	1Q23	2Q23	QoQ (%)	YoY (%)	1H22	1H23	YoY (%)	Comments: 1H23 vs 1H22
Net interest income	**1,700**	**2,338**	**2,389**	***2***	***41***	**3,203**	**4,727**	***48***	Robust YoY growth was boosted by NIM expansion, while average asset growth was at a more modest 6%.
NIM (%) – reported	*1.71%*	*2.30%*	*2.26%*	*-4bps*	*55bps*	*1.63%*	*2.28%*	*65bps*	Exit NIM was 2.26%.
Non-interest income	**964**	**1,012**	**1,066**	***5***	***11***	**2,020**	**2,078**	***3***	
Net fee & commission income	477	453	430	*(5)*	*(10)*	999	883	*(12)*	Lower wealth, brokerage and fund management fees from global risk-off investment sentiment, cushioned by stronger cards and loan-related fees. Net new money inflows in 1H23 was SGD16bn.
Income from insurance	208	238	262	*10*	*26*	454	500	*10*	
Other non-interest income	279	321	374	*17*	*34*	567	695	*23*	Higher trading income (non-customer flow income) and net gains from the sale of investment securities.
Non-II/total income (%)	*36.2%*	*30.2%*	*30.9%*			*38.7%*	*30.5%*		
Operating income	**2,664**	**3,350**	**3,455**	***3***	***30***	**5,223**	**6,805**	***30***	
Overhead expenses	(1,304)	(1,244)	(1,329)	*7*	*2*	(2,458)	(2,573)	*5*	
CIR (%)	*48.9%*	*37.1%*	*38.5%*			*47.1%*	*37.8%*		
PIOP	**1,360**	**2,106**	**2,126**	***1***	***56***	**2,765**	**4,232**	***53***	
Impairments charges	(99)	(135)	(278)	*106*	*181*	(168)	(413)	*146*	Higher general allowances (1H23: SGD254m vs 1H22: SGD79m) set aside for non-impaired assets.
Annualised loan credit cost (bps)	*8*	*12*	*31*			*7*	*21*		In line with its guidance of c.20bps.
Operating profit	**1,261**	**1,971**	**1,848**	***(6)***	***47***	**2,597**	**3,819**	***47***	
Associates	245	260	250	*(4)*		499	510		
Pre-tax profit	**1,506**	**2,231**	**2,098**	***(6)***	***39***	**3,096**	**4,329**	***40***	
Tax	(200)	(300)	(363)			(454)	(662)		
Effective tax rate (%)	*13.3%*	*13.4%*	*17.3%*			*14.7%*	*15.3%*		
Minorities	(25)	(53)	(26)	*(51)*	*2*	(50)	(78)	*56*	
Net profit	**1,281**	**1,879**	**1,710**	***(9)***	***33***	**2,592**	**3,589**	***38***	
Other key data and ratios									
Gross loans	297,920	294,000	297,356	*1*	*(0)*				YTD growth of 1%, led by the Singapore unit.
Customer deposits	348,821	366,850	372,462	*2*	*7*				YTD growth of 6% was driven by fixed deposits. CASA deposits declined 7% YTD, lowering the CASA ratio to 45.3% from 51.8% in 4Q22.
Gross NPLs	3,849	3,234	3,181	*(2)*	*(17)*				Down 6% YTD on higher recoveries and upgrades in Singapore, Malaysia and Indonesia.
Total assets	554,862	565,808	584,440	*3*	*5*				
Shareholders' funds	52,821	53,727	52,604	*(2)*	*(0)*				
ROAA (%) – reported	1.15	1.63	1.43			1.18	1.53		
ROAE (%) - reported	10.3	14.7	13.5			10.4	14.3		
LDR (%)	84.4	79.2	78.8						
GIL ratio	1.3	1.1	1.1						
Loan loss coverage	101.6	121.3	131.3						
CET-1 ratio (%)	14.9	15.9	15.4						
Total capital ratio (%)	17.5	18.4	17.8						

Source: Company data, RHB

Management guidance

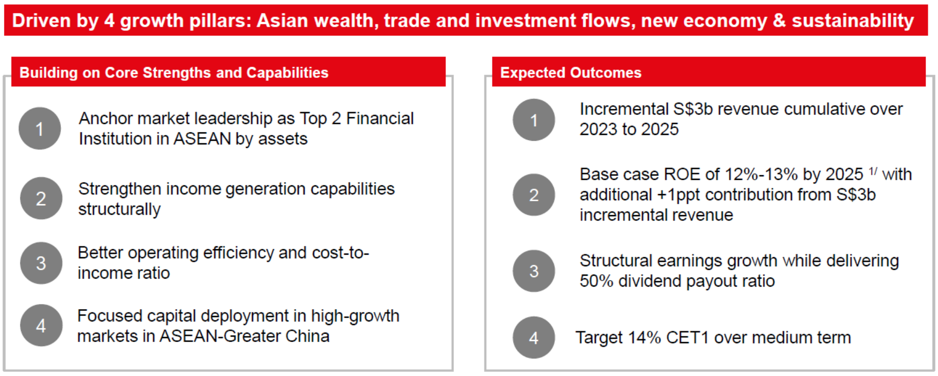
Figure 2: OCBC – management guidance and financial targets

	2022 actual	1H23 achieved	FY23 guidance	Comments – FY23 targets
ROE	11.1%	14.3%	c. 14%	NIM stability, coupled with stronger wealth fees as sentiment improves and sustained trends in customer and non-customer flows underpin 2H operating income.
NIM	1.91%	2.28%	>2.2%	1H achievement together with July's FFR hike gives management more confidence that NIM guidance should be met. OCBC is not expecting any rate cuts this year.
CIR	43%	37.8%	Lower end of 40-45% range	
Credit cost	24bps	21bps	c. 20bps	Management expects the global growth momentum to decelerate heading into 2024, and is watchful of the impact from persistent inflationary pressures and higher interest rates on asset quality.
Loan growth	2%	Flat YoY	Low- to mid-single digit growth	
Dividend payout	53%	50%	50%	A payout ratio of >50% remains a possibility, depending on its capital position.

Source: Company data, RHB

Further details to last month's incremental revenue from the refreshed strategy

Figure 3: Refreshed strategy to deliver an incremental SGD3bn revenue underpinned by four growth pillars, leading to a +1ppt enhancement to 2025F ROE



Source: Company data, RHB

Valuation and TP

Our TP rises to SGD13.70 from SGD13.20, based on an intrinsic value of SGD13.38 (from SGD12.98), with a 2% ESG premium applied, based on RHB's in-house ESG methodology.

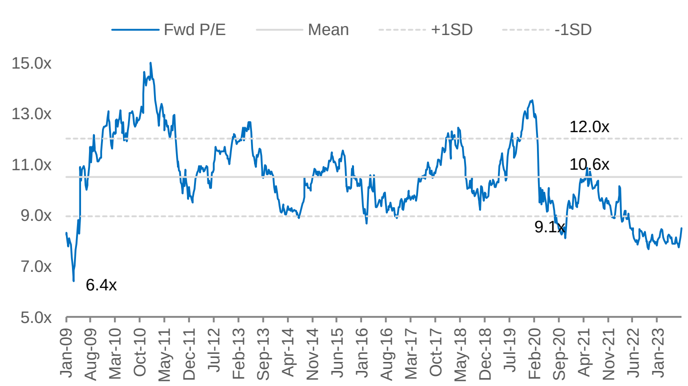
The upward revision in intrinsic value is due to a refresh in BVPS as we roll forward the base year to end-2024. The intrinsic value, based on the GGM-derived P/BV of 1x, is in line with its historical mean.

Figure 4: OCBC – GGM valuation

Cost of equity (COE) computation:		Sustainable ROE (%)	12.0
Risk free rate (%)	3.0	COE (%)	12.0
Equity premium (%)	8.2	Long-term growth (g)	3.0
Beta (x)	1.1	Implied P/BV (x)	1.0
Cost of equity - CAPM (%)	12.0	BVPS	SGD13.40
		Intrinsic value	SGD13.38
ESG premium/(discount) (%)	2.0	ESG premium/(discount)	SGD0.27
		TP (rounded)	**SGD13.70**

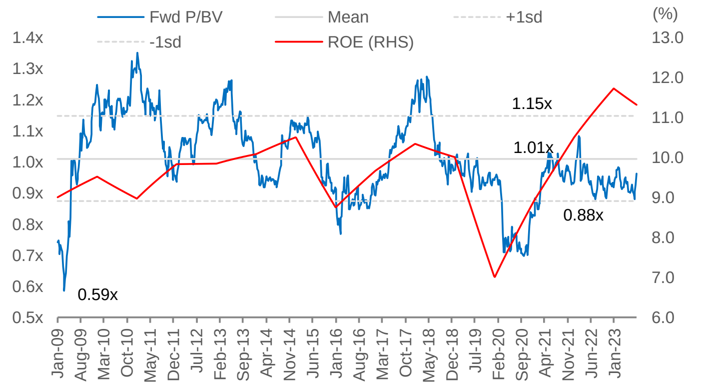
Source: Company data, RHB

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



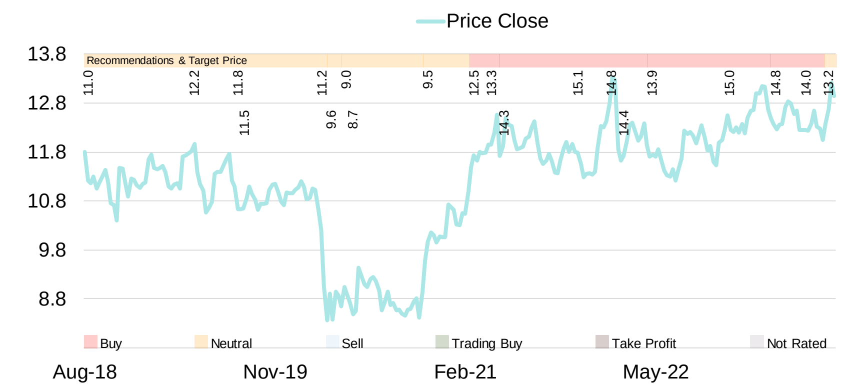
Source: Bloomberg, RHB

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



Source: Bloomberg, RHB

Recommendation Chart

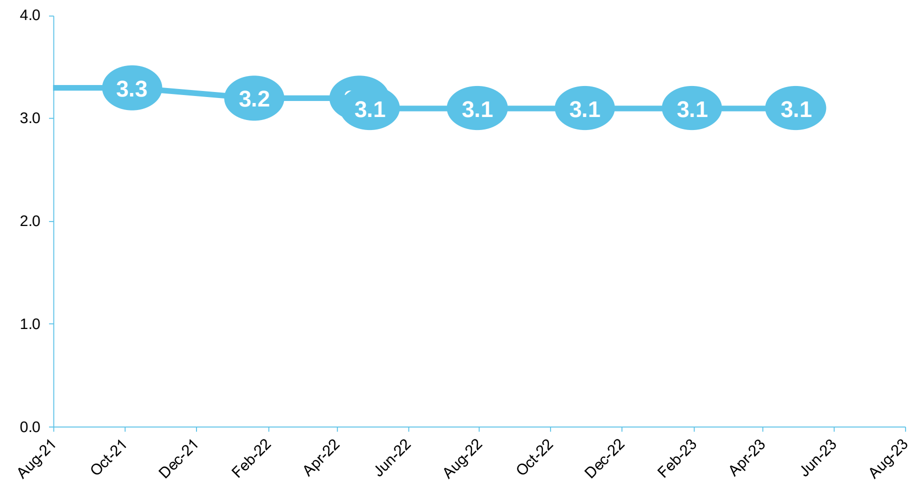


Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2023-07-04	Neutral	13.2	12.4
2023-05-10	Buy	14.0	12.3
2023-02-26	Buy	14.8	12.7
2022-11-07	Buy	15.0	12.1
2022-08-03	Buy	13.9	12.0
2022-05-03	Buy	13.9	12.4
2022-02-24	Buy	14.4	12.0
2022-01-24	Buy	14.8	12.3
2021-11-04	Buy	15.1	11.9
2021-08-05	Buy	14.3	12.4
2021-05-09	Buy	14.3	12.6
2021-04-09	Buy	13.3	11.8
2021-02-25	Buy	12.5	11.1
2020-11-06	Neutral	9.5	8.9
2020-08-10	Neutral	8.7	8.7

Source: RHB, Bloomberg

ESG Rating History



Source: RHB

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% 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 - Jul 2023] 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 - Jul 2023] 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
1. *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 - Jul 2023] 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 - Jul 2023] 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