9 May 2024

Financial Services | Banks

United Overseas Bank (UOB SP)

Neutral (Maintained)

A Very Decent Start To The Year

Target Price (Return):	SGD30.10 (0.7%)
Price (Market Cap):	SGD29.90 (USD36,890m)
ESG score:	3.2 (out of 4)
Avg Daily Turnover (SGD/USD)	96.0m/71.2m

- **Stay NEUTRAL, new SGD30.10 TP from SGD29 (1% upside).** 1Q24 results were in line. Given the shift in rate expectations and efforts to manage funding costs, United Overseas Bank was slightly more optimistic on the near-term outlook for NIM. However, its preference to retain capital for growth may dampen hopes for an improved dividend payout. While valuation appears decent, we note that it lags peers on asset quality metrics, leading to higher earnings risks if economic conditions pan out worse than expected.
- **1Q24 results in line.** Reported net profit of SGD1.5bn (+6% QoQ, -2% YoY) made up 25% of our and consensus' FY24F. Annualised ROE was 12.7% (FY23: 12.5%) while CET-1 improved 50bps QoQ to 13.9%. Relative to our FY24F, 1Q operating income and opex made up c.25% of our full-year forecast, while loan provisions came in at 20%.
- **Results highlights.** 1Q24 operating income was flat YoY (+3% QoQ) with stronger non-II (+4% YoY, +15% QoQ) offset by lower NII (-2% YoY and QoQ). Fees rose 5% YoY (+2% QoQ) while other non-II was up 3% YoY (+33% QoQ), but NIM slipped 12bps YoY (flat QoQ). Opex was tightly controlled (+3% YoY; -2% QoQ) with CIR at 44.6% vs 43.3% in 1Q23 (4Q23: 46.8%), while credit cost ticked slightly lower to 23bps (1Q23: 24bps; 4Q23: 25bps) on lower NPL formation. Loans rose 2% YoY (flat QoQ) with North Asia and Rest of the World driving YoY growth. UOB remains selective in growing quality credits while short-term trade loans picked up. Deposit growth (+4% YoY, +1% QoQ) outpaced that of loans, with CASA rising 10% YoY (+4% QoQ), which UOB attributed to retail CASA and continued wholesale CASA traction thanks to its cash management platform.
- **Optimistic on NIM and fee income outlook, at least in the near term.** UOB maintained its 2024 guidance (Figure 2), but was more optimistic on the NII outlook thanks to the higher-for-longer rate environment and deposit cost management. 1Q24 exit NIM was 1-2bps above the 2.02% 1Q average, and management believes efforts to cut deposit rates will be felt over the next two quarters. Hence, near-term NIM should be stable to slightly higher vs 1Q24. As for fees, improving investor confidence should buoy wealth management activities while card spending is expected to stay strong this year. That said, the strong 1Q treasury and investments income could moderate ahead.
- **NPL ratio stable** at 1.5%. Non-performing assets coverage was 95% (1Q23: 90%; 4Q23: 94%). Asset quality seems to be under control, and management thinks its focused segment (mid- to higher-end) will stay relatively resilient.
- **Capital management.** Despite an improving CET-1 ratio, UOB prefers to retain capital for growth opportunities and believes a 50% payout is a good balance. This will likely be in place during its mid-term plan until 2026.
- **Earnings retained, TP rises to SGD30.10** on lower equity risk premium (ERP), in line with recent revisions for peers. Our TP includes a 2% ESG premium.

Forecasts and Valuation	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
Reported net profit (SGDm)	4,573	5,711	5,876	6,089	6,266
Net profit growth (%)	12.2	24.9	2.9	3.6	2.9
Recurring net profit (SGDm)	4,819	6,061	6,045	6,089	6,266
Recurring EPS (SGD)	2.88	3.62	3.61	3.64	3.75
BVPS (SGD)	25.86	27.64	29.43	31.24	33.16
DPS (SGD)	1.35	1.71	1.76	1.81	1.86
Recurring P/E (x)	10.38	8.26	8.27	8.21	7.97
P/B (x)	1.16	1.08	1.02	0.96	0.90
Dividend Yield (%)	4.5	5.7	5.9	6.1	6.2
Return on average equity (%)	10.6	12.7	12.3	12.0	11.6

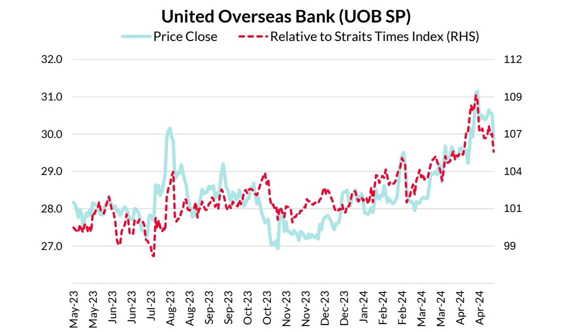
Source: Company data, RHB

Analyst

Singapore Research
sg.research@rhbgroup.com

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	5.0	1.7	5.9	9.1	5.2
Relative	4.3	0.2	2.0	4.8	5.0
52-wk Price low/high (SGD)					26.9 –31.2



Source: Bloomberg

Overall ESG Score: 3.2 (out of 4)

E: GOOD

In 2023, UOB purchased and retired 20.5k carbon offsets to address its Scope 1, residual Scope 2 and Scope 3 (business air travel) emissions. It has made a net zero commitment for six sectors by 2050 while aiming to build a sustainable finance portfolio of SGD30bn by 2025 (2023: SGD44.5bn). Meanwhile, about SGD10bn in total assets under management were in ESG-focused investments.

S: EXCELLENT

UOB embraces gender diversity, with women accounting for 62% of permanent staff at end-2023 – 38% in senior management roles. It launched TMRW, ASEAN's first mobile-only digital bank, to improve financial inclusion in Thailand and Indonesia.

G: EXCELLENT

UOB has a comprehensive framework of policies, processes, methodologies and tools for effective risk management. There is a much publicised ongoing money laundering case in Singapore, where UOB is one of several banks mentioned in relation to the case.

Financial Exhibits

Asia
Singapore
Financial Services
United Overseas Bank
UOB SP
Neutral

Valuation basis

GGM-derived intrinsic value with an ESG overlay. Key GGM assumptions are:

i. COE of 12.1%;
ii. ROE of 12.5%; and
iii. 3.0% long-term growth

Key drivers

Our net profit forecasts is most sensitive to changes in:

i. Impairment charges
ii. NIM
iii. Non-II growth

Key risks

Key risks include:

i. Weaker-than-expected NIM
ii. Sharper-than-expected deterioration in asset quality
iii. Challenges related to integration of Citi's consumer assets

Company Profile

UOB is the third largest Singapore bank by asset size. It also has significant operations in Malaysia, Thailand & Indonesia.

Financial summary (SGD)	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
EPS	2.73	3.41	3.51	3.64	3.75
Recurring EPS	2.88	3.62	3.61	3.64	3.75
DPS	1.35	1.71	1.76	1.81	1.86
BVPS	25.86	27.64	29.43	31.24	33.16

Valuation metrics	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
Recurring P/E (x)	10.38	8.26	8.27	8.21	7.97
P/B (x)	1.2	1.1	1.0	1.0	0.9
Dividend Yield (%)	4.5	5.7	5.9	6.1	6.2

Income statement (SGDm)	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
Interest income	12,862	22,242	22,457	22,324	22,211
Interest expense	(4,519)	(12,563)	(12,719)	(12,389)	(12,110)
Net interest income	**8,343**	**9,679**	**9,738**	**9,936**	**10,100**
Non interest income	3,232	4,253	4,428	4,722	5,054
Total operating income	**11,575**	**13,932**	**14,166**	**14,658**	**15,155**
Overheads	(4,971)	(5,797)	(5,987)	(6,431)	(6,678)
Pre-provision operating profit	**6,604**	**8,135**	**8,179**	**8,226**	**8,477**
Loan impairment allowances	(628)	(783)	(800)	(850)	(850)
Other impairment allowances	22	(162)	(45)	(41)	(40)
Income from associates	97	93	100	110	120
Other exceptional items	(310)	(420)	(208)	-	-
Pre-tax profit	**5,785**	**6,863**	**7,226**	**7,445**	**7,707**
Taxation	(1,202)	(1,138)	(1,337)	(1,340)	(1,426)
Minority interests	(10)	(14)	(14)	(16)	(15)
Reported net profit	**4,573**	**5,711**	**5,876**	**6,089**	**6,266**
Recurring net profit	**4,819**	**6,061**	**6,045**	**6,089**	**6,266**

Profitability ratios	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
Return on average assets (%)	0.9	1.1	1.1	1.1	1.1
Return on average equity (%)	10.6	12.7	12.3	12.0	11.6
Return on IEAs (%)	3.0	5.0	4.9	4.7	4.5
Cost of funds (%)	1.1	2.8	2.8	2.6	2.4
Net interest spread (%)	2.0	2.2	2.2	2.1	2.1
Net interest margin (%)	2.0	2.2	2.1	2.1	2.1
Non-interest income / total income (%)	27.9	30.5	31.3	32.2	33.4
Cost to income ratio (%)	42.9	41.6	42.3	43.9	44.1
Credit cost (bps)	19.9	24.4	24.5	25.1	24.0

Balance sheet (SGDm)	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
Total gross loans	319,663	321,150	330,785	347,324	361,217
Other interest earning assets	116,707	125,723	130,670	135,313	139,868
Total gross IEAs	436,370	446,873	461,455	482,637	501,084
Total provisions	(4,308)	(4,145)	(4,317)	(4,469)	(4,546)
Net loans to customers	315,355	317,005	326,468	342,855	356,671
Total net IEAs	432,062	442,728	457,138	478,168	496,538
Total non-IEAs	72,198	80,792	83,790	89,271	98,390
Total assets	504,260	523,520	540,928	567,439	594,928
Customer deposits	368,553	385,469	397,033	416,885	437,729
Other interest-bearing liabilities	65,918	69,551	71,293	73,747	75,952
Total IBLs	434,471	455,020	468,326	490,632	513,681
Total non-IBLs	26,183	22,032	23,134	24,290	25,505
Total liabilities	460,654	477,052	491,459	514,922	539,186
Share capital	7,855	7,752	7,752	7,752	7,752
Shareholders' equity	43,366	46,226	49,212	52,245	55,456
Minority interests	240	242	256	272	287

Asset quality and capital	Dec-22	Dec-23	Dec-24F	Dec-25F	Dec-26F
Reported NPLs / gross cust loans (%)	1.6	1.5	1.5	1.5	1.5
Total provisions / reported NPLs (%)	85.1	85.1	87.0	87.2	86.8
CET-1 ratio (%)	14.4	14.4	15.0	15.1	15.3
Tier-1 ratio (%)	14.4	14.4	15.0	15.1	15.3
Total capital ratio (%)	16.7	16.6	17.0	17.1	17.2

Source: Company data, RHB

Results At a Glance

Figure 1: UOB – summary of 1Q24 results

FYE Dec (SGDm)	1Q23	4Q23	1Q24	QoQ (%)	YoY (%)	Comments: 1Q23 vs 1Q24
NII	2,409	2,404	2,362	-2	-2	
NIM (%) – reported	*2.14%*	*2.02%*	*2.02%*	*0bps*	*-12bps*	
Non-II	1,115	1,006	1,161	15	4	Led by other non-II with customer-related treasury income up 8% YoY (+19% QoQ) from increased retail bond sales and hedging activities while other trading and investment income rose 11% YoY (+70% QoQ) from trading and liquidity management activities. Fees were up 5% YoY (+2% QoQ), which was broad-based.
Net fee & commission income	552	569	580	2	5	
Other non-II	563	437	581	33	3	
Non-II/total income (%)	*31.6%*	*29.5%*	*33.0%*			
Operating income	**3,524**	**3,410**	**3,523**	**3**	**-0**	
Overhead expenses	-1,526	-1,596	-1,571	-2	3	Under control with core expenses up 2% YoY (flat QoQ).
CIR (%)	*43.3%*	*46.8%*	*44.6%*			Core CIR of 41.9% vs 1Q23: 40.9%; 4Q23: 43.2%
PIOP	**1,998**	**1,814**	**1,952**	**8**	**-2**	
Impairments charges	-174	-159	-170	7	-2	Specific allowance down 4% YoY while general allowance was flat.
Credit cost (bps)	*24*	*25*	*23*			
Operating profit	**1,824**	**1,655**	**1,782**	**8**	**-2**	
Associates	25	22	26			
Pre-tax profit	**1,849**	**1,677**	**1,808**	**8**	**-2**	
Net Profit	**1,511**	**1,404**	**1,487**	**6**	**-2**	1Q24 PATMI at 25% of our and consensus' FY24 estimates
Core net profit	**1,578**	**1,498**	**1,566**	**5**	**-1**	Ex-one off integration expenses relating to Citi acquisition
Other key data and ratios						
Gross loans	315,999	321,150	322,634	0	2	Greater China and Rest of the World regions led growth while Singapore book was up 1% YoY (-1% QoQ) while ASEAN-4 was flat YoY (-1% QoQ). +3% YoY/+1% QoQ on constant currency basis.
Customer deposits	374,121	385,469	388,472	1	4	Underpinned by growth from Singapore (+5% YoY, +1% QoQ). CASA ratio grew further to 50.6% from 48.9% at end-Dec 2023 (Mar 2023: 47.9%)
Non-performing loans	5,056	4,870	4,840	-1	-4	
Total assets	501,909	523,520	515,340	-2	3	
Shareholders' funds	45,961	46,226	47,482	3	3	
ROAA (%)	1.20	1.08	1.15			
ROAE (%)	13.5	12.3	12.7			Core ROE of 14% (FY23: 14.2%)
LDR (%)	83.3	82.2	83.3			
NPL ratio	1.6	1.5	1.5			
NPL coverage	90.0	94.4	95.3			
CET-1 ratio (%)	14.0	13.3	13.9			
Total capital ratio (%)	17.7	16.7	16.7			

Source: Company data, RHB

Figure 2: UOB – management guidance and financial targets

	FY23 achieved	1Q24 achieved	2024 outlook	Comments
Loan growth	Flat YoY (+2% YoY constant currency)	2% YoY (+3% YoY on constant currency)	Low single digit	To continue focusing on high-quality customers.
NIM	2.09%	2.02%	c. 2%	UOB was more confident of comfortably keeping 2024 NIM above the 2% mark amid a higher-for-longer rate environment and efforts to lower deposit cost. These would be positive for near-term NIM.
Fee income growth	4%	+5% YoY	Double-digit fee growth	Still positive on the outlook for wealth and card fees, and expects momentum to improve in the coming quarters.
CIR	44.6% Core: 41.5%	44.6% Core: 41.9%	Core CIR of 41-42%	One-time Citi acquisition costs are expected to substantially drop in 2H24 given that the Citi Thailand operations recently completed Operating Day One.
Credit cost	25bps	23bps	25-30bps	Continues to believe credit cost will end up at the lower end of the range.

Source: Company data, RHB

Valuation and TP

In line with the recent downward revisions to our COE assumptions for peers DBS (DBS SP, BUY, TP: SGD38.90) and OCBC (OCBC SP, NEUTRAL, TP: SGD13.90), we have also lowered our COE assumption for UOB by 35bps. We note that Singapore banks have attempted to provide a longer-term ROE outlook, and as visibility improves – with respect to a normalised US Federal Funds Rate (FFR) level – and confidence surrounding the ROE guidance provided rises, we see room for the ERP to ease. In the near term, the higher-for-longer rate environment, continued strength in fees, benign NPL environment, and attractive dividends should help support valuations, in our view.

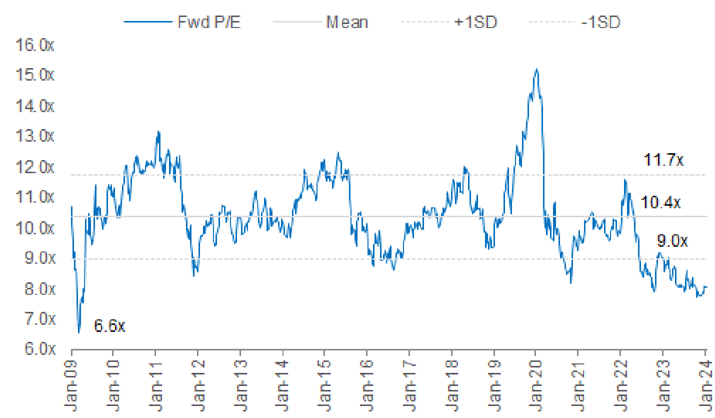
Following the above, we obtained a revised fair GGM-derived P/BV of 1.04x (from 1.0x) and a higher intrinsic value of SGD29.55 (from SGD28.39). There is, however, no change to the 2% ESG premium applied to our intrinsic value. All in, our TP has been revised up to SGD30.10 from SGD29.

Figure 3: UOB – GGM valuation with ESG overlay

Cost of equity (COE) computation:		Sustainable ROE (%)	12.5
Risk free rate (%)	3.0	COE (%)	12.1
Equity premium (%)	8.3	Long-term growth (g)	3.0
Beta (x)	1.1	Implied P/BV (x)	1.04
Cost of equity - CAPM (%)	12.1	BVPS – FY24F	SGD28.40
		Intrinsic value	SGD29.55
ESG premium/(discount) (%)	2.0	ESG premium/(discount)	SGD0.59
		TP (rounded)	**SGD30.10**

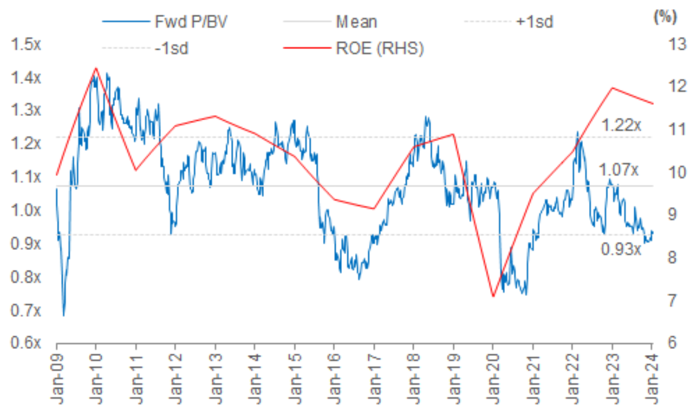
Source: Company data, RHB

Figure 4: UOB's 12-month forward consensus P/E



Source: Bloomberg, RHB

Figure 5: UOB's 12-month forward consensus P/BV



Source: Bloomberg, RHB

Emissions And ESG

Trend analysis

In 2023, UOB purchased and redeemed a total of 135k GWh in Renewable Energy Certificates (RECs) to address its electricity consumption in all key markets. UOB also purchased and retired 20.5k carbon offsets to address its Scope 1, residual Scope 2 and Scope 3 (business air travel) emissions.

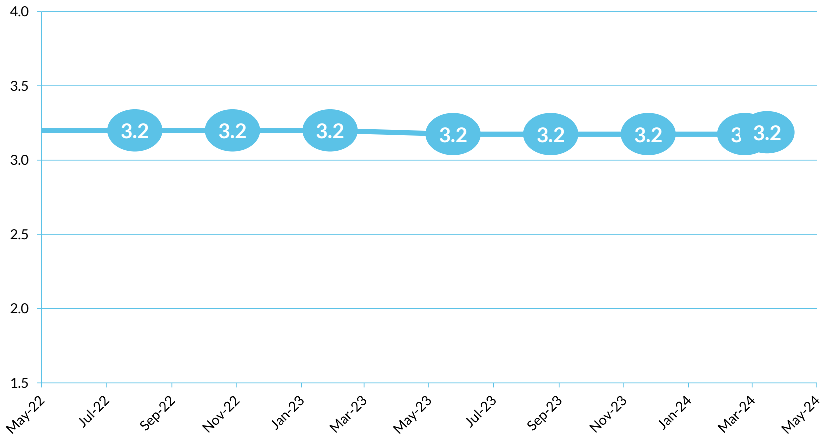
Emissions (tCO2e)	Dec-21	Dec-22	Dec-23
Scope 1	4,300	5,800	4,800
Scope 2	1,000	1,100	1,600
Scope 3	600	4,000	14,100
Total emissions	5,900	10,900	20,500

Source: Company data, RHB

Latest ESG-Related Developments

- **UOB Transition Finance Framework:** This was launched in 2022 to help companies in carbon-intensive sectors with their net-zero transition plans.
- **Sustainable targets:** Sustainable finance portfolio of SGD30bn by 2025 and net zero for six sectors (currently 60% of corporate lending portfolio) by 2050.
- **Signatory to the Equator Principles (EP):** EP requirements are integrated into UOB Group's Responsible Financing Policy.

ESG Rating History



Source: RHB

Recommendation Chart

Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2024-03-21	Neutral	29.0	29.2
2024-02-22	Neutral	29.0	28.5
2024-01-21	Neutral	29.1	27.9
2023-10-26	Neutral	29.7	27.3
2023-09-17	Neutral	31.7	29.2
2023-07-27	Buy	31.7	28.9
2023-05-30	Buy	32.3	28.1
2023-02-23	Buy	34.9	29.6
2022-12-16	Buy	34.9	30.7
2022-10-30	Buy	31.4	27.1
2022-07-31	Neutral	29.3	27.6
2022-05-03	Neutral	32.7	30.0
2022-02-16	Buy	38.1	32.8
2021-11-04	Buy	33.5	27.2
2021-08-05	Buy	30.2	26.5

Source: RHB, Bloomberg

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 – May 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 – May 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
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 – May 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 – May 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 2302 8100
Fax : +603 2302 8134

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