

28 July 2023

Financial Services | Banks

United Overseas Bank (UOB SP)

Buy (Maintained)

Elevated Operating Income Sustained; Stay BUY

Target Price (Return): SGD31.70 (+11%)
 Price (Market Cap): SGD28.70 (USD36,183m)
 ESG score: 3.2 (out of 4)
 Avg Daily Turnover (SGD/USD) 75.8m/56.6m

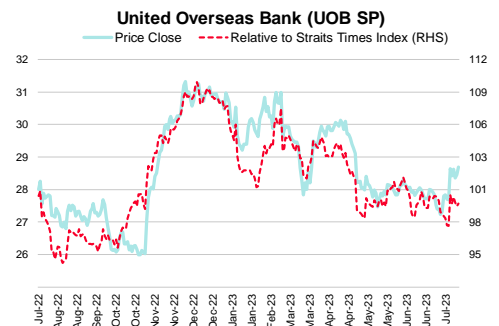
- **Stay BUY, with new SGD31.70 TP from SGD32.30, 11% upside and c.5% yield.** United Overseas Bank's 2Q23 results were in line as operating income held up, dampened by higher credit cost. That said, management sees asset quality holding up as the Citi acquisition continues to buoy retail performance while core opex remains well managed. UOB is our preferred pick for Singapore banks given its focus on leveraging the ASEAN network. At 1x P/BV against 13% ROE, valuation remains compelling.
- **2Q23 results within expectations.** 2Q23 net profit of SGD1.4bn (-6% QoQ; +28% YoY) brought 1H23 net profit to SGD2.9bn (+45% YoY) – 51% of our and consensus FY23F. Excluding a one-off opex of SGD159m for its acquisition of Citi's retail assets, 1H23 core earnings stood at SGD3.1bn (+53% YoY). 1H23 core ROE was 13.7% (FY22: 11.9%) while CET-1 strengthened 30bps from end-2022 to 13.6%. UOB declared an interim DPS of 85 SG cents (1H22: 60 SG cents), translating to a payout ratio of 49%.
- **Results highlights.** QoQ, the drop in core net profit was due to higher credit cost of 30bps (1Q23: 25bps) – reflecting a combination of specific allowances (full provision for one corporate account in Thailand) and pre-emptive provisioning. Otherwise, NIM was broadly stable at 2.12% (-2bps QoQ); fee income fell 5% QoQ (softer loan/trade and wealth fees), offset by stronger trading and investment income; while core opex looks under control (flat QoQ with core CIR at 40.9%).
- **Loan growth soft but targets unchanged.** Loans remain muted (+1% QoQ/-1% YoY) while YTD was flat. The sequential expansion in loan book was led by Greater China (+4% QoQ) whereas its Singapore book inched up 1% QoQ. The ASEAN-4 book, however, was down 1% QoQ mainly due to Malaysia (-3% QoQ). UOB prefers to stay disciplined as competition for quality loans remains keen and the economic outlook uncertain.
- **Asset quality stable.** NPL ratio was stable at 1.6% while non-performing assets coverage stood at 99%. Management does not see any systemic risk and expects the NPL ratio to stay stable at 1.6-1.7%. However, management acknowledged that current interest rate levels are elevated and could potentially stay high for longer. Hence, credit cost (beyond FY23) may be higher at 25-30bps vs <20bps just prior to COVID-19.
- **Other highlights.** NIM guidance was unchanged but with a possible upside bias given July's hike in the Federal Funds Rate (FFR). However, fee income growth was toned down to high single digit from double digits given 1H trends. Finally, the Citi one-off costs should roll off next year, which would bring reported CIR to 41-42%. UOB targets to lower this further to 40% in 2026.
- **Earnings and TP.** We tweak down our FY23F-25F earnings by 2-4% mainly on higher credit cost assumptions (Figure 3). TP is revised down by 2% to SGD31.70. Key risks to our view are sharper-than-expected NIM compression and weaker-than-expected non-II.

Analyst

Singapore Research
sg.research@rhbgroup.com

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(6.6)	3.0	(2.0)	(4.8)	3.4
Relative	(8.2)	(0.6)	(2.3)	(2.7)	(0.1)
52-wk Price low/high (SGD)	26.0 – 31.3				



Source: Bloomberg

Overall ESG Score: 3.2 (out of 4)

E: GOOD

UOB's sustainability strategy includes the integration of ESG considerations into the bank's credit evaluation and approval processes as well as its investment products. It is progressively adopting as well as promoting climate-resilient practices that will support clients' own transition to a lower-carbon economy. The bank conducts materiality assessments and stakeholder consultations on a continual basis. Aims to build a sustainable finance portfolio of SGD30bn by 2025 (2021: SGD17bn).

S: GOOD

UOB embraces gender diversity, with women accounting for 61.5% of permanent staff at end-2021 – 36.3% in senior management roles. Launched TMRW, ASEAN's first mobile-only digital bank, to improve financial inclusion in Thailand and Indonesia. In 2021, there were no legal proceedings against UOB in respect of any data privacy breach, nor any fine or sanction imposed on the bank.

G: EXCELLENT

UOB has a comprehensive framework of policies, processes, methodologies and tools for effective risk management. In 2021, no material fine, penalty or sanction was imposed on UOB for non-compliance in relation to any laws and regulations.

Forecasts and Valuation	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Reported net profit (SGDm)	4,075	4,819	6,006	6,051	6,392
Net profit growth (%)	39.8	18.3	24.6	0.8	5.6
Recurring net profit (SGDm)	4,075	4,622	5,719	6,051	6,392
Recurring EPS (SGD)	2.44	2.76	3.42	3.63	3.86
BVPS (SGD)	25.50	25.90	27.84	30.02	32.14
DPS (SGD)	1.21	1.36	1.56	1.76	1.97
Recurring P/E (x)	11.77	10.39	8.39	7.90	7.43
P/B (x)	1.13	1.11	1.03	0.96	0.89
Dividend Yield (%)	4.2	4.7	5.4	6.2	6.9
Return on average equity (%)	9.8	11.2	13.4	12.6	12.4

Source: Company data, RHB

Financial Exhibits

Asia	Financial summary (SGD)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Singapore	EPS	2.44	2.88	3.59	3.63	3.86
Financial Services	Recurring EPS	2.44	2.76	3.42	3.63	3.86
United Overseas Bank	DPS	1.21	1.36	1.56	1.76	1.97
UOB SP	BVPS	25.50	25.90	27.84	30.02	32.14
Buy						
Valuation basis	Valuation metrics	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
GGM-derived intrinsic value with an ESG overlay. Key GGM assumptions are:	Recurring P/E (x)	11.77	10.39	8.39	7.90	7.43
i. COE of 10.8%;	P/B (x)	1.1	1.1	1.0	1.0	0.9
ii. ROE of 12.5%;	Dividend Yield (%)	4.2	4.7	5.4	6.2	6.9
iii. 3.0% long-term growth						
Key drivers	Income statement (SGDm)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Our net profit forecast is most sensitive to changes in:	Interest income	8,204	12,862	16,825	17,831	18,826
i. Impairment charges	Interest expense	(1,816)	(4,519)	(6,570)	(7,087)	(7,543)
ii. NIM	Net interest income	6,388	8,343	10,255	10,744	11,283
iii. Non-II growth	Non interest income	3,401	3,232	3,539	3,831	4,144
	Total operating income	9,789	11,575	13,793	14,575	15,428
	Overheads	(4,313)	(5,281)	(6,092)	(6,177)	(6,521)
	Pre-provision operating profit	5,476	6,294	7,701	8,398	8,907
	Loan impairment allowances	(598)	(628)	(780)	(1,000)	(1,100)
	Other impairment allowances	(59)	22	(26)	(20)	(16)
	Income from associates	118	97	102	110	120
	Other exceptional items	-	246	350	-	-
	Pre-tax profit	4,937	6,031	7,347	7,488	7,911
	Taxation	(850)	(1,202)	(1,330)	(1,423)	(1,503)
	Minority interests	(12)	(10)	(12)	(14)	(16)
	Reported net profit	4,075	4,819	6,006	6,051	6,392
	Recurring net profit	4,075	4,622	5,719	6,051	6,392
	Profitability ratios	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
	Return on average assets (%)	0.9	1.0	1.2	1.1	1.1
	Return on average equity (%)	9.8	11.2	13.4	12.6	12.4
	Return on IEAs (%)	2.1	3.0	3.8	3.8	3.8
	Cost of funds (%)	0.5	1.1	1.5	1.5	1.6
	Net interest spread (%)	1.6	2.0	2.3	2.3	2.2
	Net interest margin (%)	1.6	2.0	2.3	2.3	2.3
	Non-interest income / total income (%)	34.7	27.9	25.7	26.3	26.9
	Cost to income ratio (%)	44.1	45.6	44.2	42.4	42.3
	Credit cost (bps)	20.2	19.9	23.8	29.0	30.4
	Balance sheet (SGDm)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
	Total gross loans	310,800	319,663	335,646	353,100	370,755
	Other interest earning assets	98,208	116,707	123,189	128,936	134,388
	Total gross IEAs	409,008	436,370	458,835	482,035	505,143
	Total provisions	(4,497)	(4,308)	(4,533)	(4,685)	(4,844)
	Net loans to customers	306,713	315,355	331,114	348,415	365,910
	Total net IEAs	404,511	432,062	454,302	477,351	500,299
	Total non-IEAs	54,812	72,198	72,205	72,205	76,401
	Total assets	459,323	504,260	526,507	549,555	576,699
	Customer deposits	352,633	368,553	383,295	398,627	418,558
	Other interest-bearing liabilities	50,594	65,918	68,939	71,472	73,781
	Total IBLs	403,227	434,471	452,234	470,099	492,339
	Total non-IBLs	13,235	26,183	27,492	29,417	31,035
	Total liabilities	416,462	460,654	479,726	499,516	523,374
	Share capital	7,391	7,855	7,855	7,855	7,855
	Shareholders' equity	42,633	43,366	46,553	49,810	53,091
	Minority interests	228	240	228	230	235
	Asset quality and capital	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
	Reported NPLs / gross cust loans (%)	1.6	1.6	1.6	1.5	1.5
	Total provisions / reported NPLs (%)	9.0	13.8	6.6	11.1	9.7
	CET-1 ratio (%)	14.4	14.4	14.6	14.7	14.9
	Tier-1 ratio (%)	14.4	14.4	14.6	14.7	14.9
	Total capital ratio (%)	16.6	16.7	16.8	16.7	16.8

Source: Company data, RHB

Results At a Glance

Figure 1: UOB – summary of 2Q23 and 6M23 results

FYE 31 Dec (SGDm)	2Q22	1Q23	2Q23	QoQ (%)	YoY (%)	6M22	6M23	YoY (%)	Comments: 6M22 vs 6M23
NII	1,863	2,409	2,437	1	31	3,549	4,846	37	Driven by 50bps NIM expansion while gross loans contracted 1% YoY
<i>NIM (%) – reported</i>	1.67%	2.14%	2.12%			1.63%	2.13%		
Non-II	840	1,115	1,104	(1)	31	1,513	2,219	47	Led by record high customer-related treasury income from hedging while trading and liquidity management activities contributed positively. Fees, however, were down 6% on weaker loan-related (-22%) and wealth (-6%) fees, cushioned by higher credit card fees (+59% from stronger spending and Citi acquisition)
Net fee & commission income	567	552	523	(5)	(8)	1,139	1,075	(6)	
Other non-II	273	563	581	3	113	374	1,144	206	
<i>Non-II/total income (%)</i>	31.1%	31.6%	31.2%			29.9%	31.4%		
Operating income	2,703	3,524	3,541	0	31	5,062	7,065	40	
Overhead expenses	(1,184)	(1,526)	(1,561)	2	32	(2,241)	(3,087)	38	Includes one-off expenses of SGD198m relating to Citi acquisition. Otherwise, core expenses up 29% YoY on strategic investments in people and technology. 1H23: 40.9% ex-one off expenses
<i>CIR (%)</i>	43.8%	43.3%	44.1%			44.3%	43.7%		
PIOP	1,519	1,998	1,980	(1)	30	2,821	3,978	41	
Impairments charges	(137)	(174)	(370)	113	170	(315)	(544)	73	Specific allowance rose 17% YoY due to one major corporate account in TH while general allowances jumped to SGD178m (1H22: SGD4m) due to pre-emptive allowances.
<i>Annualised credit cost (bps)</i>	22	25	30			20	27		
Operating profit	1,382	1,824	1,610	(12)	16	2,506	3,434	37	
Associates	23	25	26			52	51		
Pre-tax profit	1,405	1,849	1,636	(12)	16	2,558	3,485	36	
Tax	(292)	(331)	(222)			(537)	(553)		
<i>Effective tax rate (%)</i>	20.8%	17.9%	13.6%			21.0%	15.9%		
Minorities	(1)	(7)	7			(2)	(0)		
Net profit	1,112	1,511	1,421	(6)	28	2,019	2,932	45	1H23 PATMI at 51% of our and consensus FY23 estimates
Core net profit	1,112	1,578	1,513	(4)	36	2,019	3,091	53	
Other key data and ratios									
Gross loans	321,677	315,999	318,979	1	(1)				Flat YTD. Greater China led growth (+6% YTD), offset by drop from SG (YTD: -3%) and MY (YTD: -4%).
Customer deposits	358,051	374,121	376,762	1	5				Fixed deposits up 3% YTD while CASA rose 2%. CASA ratio stable at 47.6% (Dec 22: 47.5%).
Non-performing loans	5,374	5,056	5,102	1	(5)				Largely stable since Dec 2022.
Total assets	493,288	501,909	505,563	1	2				
Shareholders' funds	42,257	45,961	45,689	(1)	8				
ROAA (%)	0.92	1.20	1.13			0.85	1.16		
ROAE (%)	10.4	13.5	12.4			9.5	13.0		
LDR (%)	88.7	83.3	83.5						
NPL ratio	1.7	1.6	1.6						
NPL coverage	84.8	90.0	93.2						
CET-1 ratio (%)	13.1	14.0	13.6						
Total capital ratio (%)	16.4	17.7	17.3						

Source: Company data, RHB

28 July 2023

Financial Services | Banks

Figure 2: UOB – management guidance and financial targets

	2022 achieved	6M23 achieved	FY23 guidance	Comments – FY23 targets
Loan growth	+2.97% YoY	-1% YoY	Low to mid-single digit	Sequential pickup in growth came from both trade and onshore loans, mainly in Singapore. UOB expects growth drivers to be similar in 2H and will stay disciplined by targeting high quality customers. Improvement in China recovery will also help.
NIM	1.86%	2.13%	Hold at current levels	June exit-NIM of 2.14% and July's FFR hike suggest potential upside bias to NIM. UOB intends to be selective on loan growth ahead but on the flipside, thinks the worse for deposit competition is over.
Fee income growth	-9% YoY	-6% YoY	High single-digit growth (from double digit growth)	Guidance dialled down given 1H performance.
CIR	45.6%	43.7%	43-44%	One-time Citi acquisition costs to substantially roll off by year end.
Credit cost	Core: 43.3% 20bps	Core: 40.9% 27bps	Core: 42-43% 20-25bps	No systemic issues and hence, guided for credit cost of c. 25bps to hold for the rest of the year. However, given current interest rate levels and assuming this holds, UOB thinks credit cost could range around 25-30bps.

Source: Company data, RHB

Revisions to estimates

We reduce FY23F-25F earnings by 2-4%, which reflects: i) Updated credit cost assumptions of 25bps, 30bps and 31bps for FY23F-25F from 23bps, 20bps and 19bps; and ii) 2% pa reduction in opex for FY24F-25F to bring our CIR forecasts (of 42%) closer to the 41-42% level management targets.

Figure 3: UOB – revisions to forecasts

	Previous FY23F	Previous FY24F	Previous FY25F	Revised FY23F	Revised FY24F	New FY25F	% Change FY23F	% Change FY24F	% Change FY25F
FYE Dec (SGDm)									
Net interest income	10,255	10,744	11,283	10,255	10,744	11,283	0%	0%	0%
Non-interest income	3,539	3,831	4,144	3,539	3,831	4,144	0%	0%	0%
Operating expenses	(6,092)	(6,330)	(6,682)	(6,092)	(6,177)	(6,521)	0%	-2%	-2%
PIOP	7,701	8,245	8,745	7,701	8,398	8,907	0%	2%	2%
Provision expenses	(756)	(700)	(696)	(806)	(1,020)	(1,116)	7%	46%	60%
Pretax profit	7,047	7,655	8,169	6,997	7,488	7,911	-1%	-2%	-3%
Net profit	5,767	6,263	6,683	5,656	6,051	6,392	-2%	-3%	-4%
EPS (SGD)	3.39	3.71	3.98	3.33	3.58	3.81	-2%	-3%	-4%
DPS (SGD)	1.55	1.75	1.95	1.55	1.75	1.95	0%	0%	0%
Loan growth (%)	5.0	5.2	5.0	5.0	5.2	5.0			
NIM (%)	2.31	2.31	2.31	2.31	2.31	2.31			
CIR (%)	44.2	43.4	43.3	44.2	42.4	42.3			
Credit cost (bps)	23	20	19	25	30	31			

Source: Company data, RHB

Valuation and TP

Our new TP of SGD31.70 (from SGD32.30) is based on a revised intrinsic value of SGD30.47 (from SGD31.03) and a 4% ESG premium based on RHB's proprietary ESG methodology.

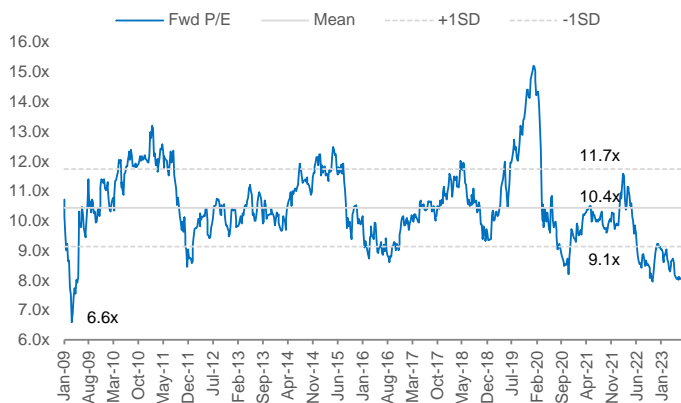
The lower intrinsic value follows on the back of the revision to our sustainable ROE assumption of 12.5% (from 13%), mitigated by a refreshed BVPS of SGD28.75 (from SGD27.80) as we roll forward our valuation to FY24. The GGM-derived P/BV of 1.06x (from 1.12x) is in line with the historical mean.

Figure 4: UOB – GGM valuation with ESG overlay

Cost of equity (COE) computation:		Sustainable ROE (%)	12.5
Risk free rate (%)	3.00	COE (%)	11.97
Equity premium (%)	8.15	Long-term growth (g)	3.00
Beta (x)	1.10	Implied P/BV (x)	1.06
Cost of equity - CAPM (%)	11.97	BVPS – FY24F	SGD28.75
		Intrinsic value	SGD30.47
ESG premium/(discount) (%)	4.0	ESG premium/(discount)	SGD1.22
		TP (rounded)	SGD31.70

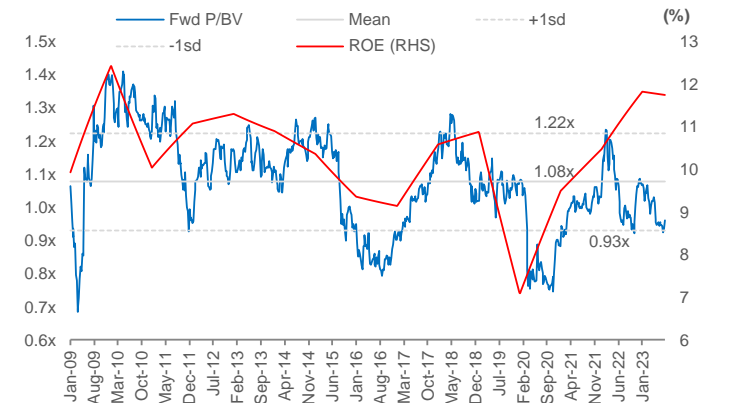
Source: Company data, RHB

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



Source: Bloomberg, RHB

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



Source: Bloomberg, RHB

Recommendation Chart

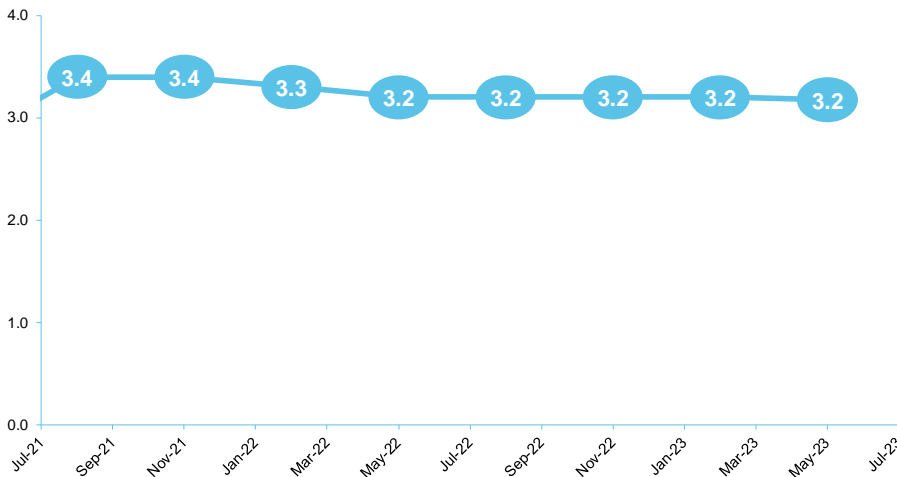


Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
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
2021-05-06	Buy	30.2	26.0
2021-02-25	Neutral	26.4	24.7
2020-11-04	Neutral	21.0	19.8
2020-08-06	Neutral	18.8	19.8
2020-05-06	Neutral	19.4	19.9
2020-03-20	Neutral	20.0	19.0

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
**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