

4 May 2022

Financial Services | Banks

DBS (DBS SP)

Buy (Maintained)

Bright NIM Prospects Moderated By Headwinds

Target Price (Return): SGD38.10 (+12%)
 Price (Market Cap): SGD33.92 (USD62,999m)
 ESG score: 3.20 (out of 4)
 Avg Daily Turnover (SGD/USD) 158m/116m

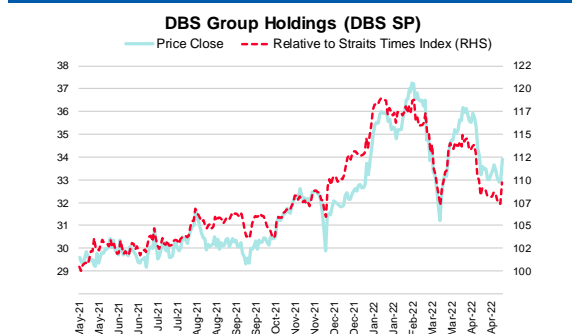
- **Maintain BUY, new TP of SGD38.10 from SGD42.70, 12% upside with c.4% FY22F yield.** DBS got off to a good start in 1Q22, but its 2H22 outlook has turned somewhat hazy due to growing macroeconomic headwinds. Still, stress tests point to a limited impact on asset quality, while rising US rates will have a significant positive impact on NIM. We trim our TP, on a higher risk premium and lower ESG score to 3.2 (from 3.3), as we recalibrated the assessment of risks and regulatory requirements associated with data and cybersecurity.
- **1Q22 results in line.** Its 1Q22 net profit of SGD1.8bn (+29% QoQ, -11% YoY) make up 23%/24% of our/Street FY22F earnings. Reported ROE rose to 13.1% (FY: 12.5%) while CET-1 fell 40bps to 14%. An interim DPS of SGD0.36 was declared. PPOP declined 7% YoY as net fee income dropped by 7% and other income fell by 16% from the high base in 1Q21. With opex rising 4% YoY, CIR was at a higher 43.9% (1Q21: 41.2%). NII grew 4% YoY as the 8% YoY loan growth offset a 3bps decline in NIM. A net allowance charge of SGD55m (1Q21: SGD10m) led to the 10% YoY drop in bottomline.
- **FY22 guidance.** Management believes the robust pipeline will lift loan growth to 3.5-4% YTD for 1H22, but headwinds from geopolitical conflict, inflation fears and China's ongoing lockdown make forecasts for 2H22 difficult. Still, its loan growth target of 6-7% YoY (FY21: +9.9%) is unchanged for now. Similarly, its fee income outlook from wealth management and investment banking has turned less certain. Offsets would come from cards and customer treasury flows. The bright spot remains tailwinds from hikes in the US Federal Funds Rate that will have a positive impact on NIM over two years. Management sees NIM at 1.58-1.6% in FY22F with the exit rate at 1.8% (FY21: 1.45%). With the CASA ratio at a high 75%, DBS has guided for a SGD18-20m rise in NII for every 1bp hike in US rates.
- **Asset quality outlook.** Non-performing assets (NPA) rose 2% QoQ but NPL ratio was stable at 1.3% and NPA coverage a comfortable 114% (4Q21: 116%). First-order impact from the Russia-Ukraine war is close to zero while stress tests on vulnerable segments suggest its loans portfolio should stay robust. Management believes its guidance for FY22 provisions of close to zero is still possible. FY22F specific provisions (SP) of 15-20bps (FY21: 12bps) would be matched by the release of general provisions (GP).
- **Capital comfortable.** Additional capital for operational risk following the digital disruption in Nov 2021 shaved 40bps off the CET-1 ratio in 1Q22. Still, management believes DBS' capital position remains comfortable, as new regional ventures would not require much additional capital. This means sustainable growth in dividends.
- **TP lowered.** We make no changes to our earnings forecasts as results were broadly within expectations. Still, we cut our TP to SGD38.90 from SGD42.70, as we raised the equity risk premium given geopolitical tensions, inflation fears and China's pandemic lockdown, and lowered the ESG premium to 4% (from 6%) based on RHB's in-house methodology (Figure 3).

Analyst

Singapore Research
sg.research@rhbgroup.com

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	3.9	(5.7)	(2.6)	7.6	15.4
Relative	(3.6)	(3.4)	(6.0)	2.6	11.2
52-wk Price low/high (SGD)	29.2 – 37.3				



Source: Bloomberg

Overall ESG Score: 3.20 (out of 4)

E: GOOD

DBS' sustainability agenda is centered around three sustainability pillars – responsible banking, responsible business practices, and creating social impact. To encourage carbon-intensive companies to adopt more carbon-efficient operations, DBS published the Sustainable and Transition Finance Framework and Taxonomy, a first in the world by a bank. It aims to build a sustainable finance portfolio of SGD50bn by 2024 (2020: SGD9.6bn), and is committed to ensure net zero operational carbon emissions by 2022.

S: GOOD

DBS has a comprehensive approach to talent management and retention. As skills required in banking are fast evolving, DBS is doubling down on efforts to build a future-ready workforce. In 2020, women accounted for 51% of total employees, 27% of the Board and 25% of its Group Management Committee. DBS has initiatives to onboard the underbanked, nurture healthy savings and investment habits, and provide financing to underserved businesses and customers.

G: EXCELLENT

DBS has a multi-year roadmap to modernise its data governance programme. In Feb 2022, Monetary Authority of Singapore required DBS to set aside SGD930m additional regulatory capital for the disruption of its digital banking services.

Forecasts and Valuation	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
Reported net profit (SGDm)	4,721	6,805	7,680	8,478	9,054
Net profit growth (%)	(26.1)	44.1	12.9	10.4	6.8
Recurring net profit (SGDm)	4,721	6,805	7,680	8,478	9,054
Recurring EPS (SGD)	1.85	2.66	2.99	3.30	3.53
BVPS (SGD)	21.41	22.40	23.98	25.69	27.41
DPS (SGD)	0.72	1.20	1.47	1.62	1.83
Recurring P/E (x)	18.34	12.76	11.34	10.28	9.62
P/B (x)	1.58	1.51	1.41	1.32	1.24
Dividend Yield (%)	2.1	3.5	4.3	4.8	5.4
Return on average equity (%)	8.9	12.1	12.9	13.3	13.3

Source: Company data, RHB

4 May 2022

Financial Services | Banks

Financial Exhibits

Asia	Financial summary (SGD)	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
Singapore	EPS	1.85	2.66	2.99	3.30	3.53
Financial Services	Recurring EPS	1.85	2.66	2.99	3.30	3.53
DBS	DPS	0.72	1.20	1.47	1.62	1.83
DBS SP	BVPS	21.41	22.40	23.98	25.69	27.41
Buy						
Valuation basis	Valuation metrics	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
GGM-derived intrinsic value with an ESG overlay. Key GGM assumptions:	Recurring P/E (x)	18.34	12.76	11.34	10.28	9.62
i. 13.4% ROE;	P/B (x)	1.6	1.5	1.4	1.3	1.2
ii. 10% COE;	Dividend Yield (%)	2.1	3.5	4.3	4.8	5.4
iii. 4.0% long term growth.						
Key drivers	Income statement (SGDm)	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
Key earnings drivers:	Interest income	12,208	10,185	12,295	16,780	17,871
i. Credit cost;	Interest expense	(3,132)	(1,745)	(2,660)	(5,820)	(6,111)
ii. NIM;	Net interest income	9,076	8,440	9,635	10,960	11,760
iii. Fee income growth;	Non interest income	5,516	5,961	6,430	6,989	7,541
iv. Loan growth.	Total operating income	14,592	14,401	16,065	17,949	19,300
	Overheads	(6,158)	(6,569)	(7,103)	(7,714)	(8,185)
	Pre-provision operating profit	8,434	7,832	8,962	10,235	11,116
	Loan impairment allowances	(3,063)	(51)	(100)	(450)	(600)
	Other impairment allowances	(3)	(1)	-	-	-
	Pre-tax profit	5,368	7,780	8,862	9,785	10,516
	Taxation	(612)	(973)	(1,152)	(1,272)	(1,420)
	Minority interests	(35)	(2)	(30)	(35)	(42)
	Reported net profit	4,721	6,805	7,680	8,478	9,054
	Recurring net profit	4,721	6,805	7,680	8,478	9,054
Key risks	Profitability ratios	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
Key risks are:	Return on average assets (%)	0.8	1.0	1.1	1.2	1.2
i. Higher-than-expected credit cost	Return on average equity (%)	8.9	12.1	12.9	13.3	13.3
ii. Weaker-than-expected NIM;	Return on IEAs (%)	2.1	1.6	1.9	2.4	2.5
iii. Execution risks related to the integration of newly acquired assets.	Cost of funds (%)	0.6	0.3	0.4	0.9	0.9
	Net interest spread (%)	1.5	1.3	1.4	1.5	1.5
	Net interest margin (%)	1.6	1.4	1.5	1.6	1.6
	Non-interest income / total income (%)	37.8	41.4	40.0	38.9	39.1
	Cost to income ratio (%)	42.2	45.6	44.2	43.0	42.4
	Credit cost (bps)	82.8	1.3	2.3	9.9	12.6
Company Profile	Balance sheet (SGDm)	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
DBS is the largest Singapore bank by assets. It also has significant exposure to Greater China.	Total gross loans	377,770	415,072	442,052	466,365	489,683
	Other interest earning assets	218,641	230,708	229,388	237,170	247,088
	Total gross IEAs	596,411	645,780	671,440	703,535	736,770
	Total provisions	(6,599)	(6,079)	(6,100)	(6,300)	(6,400)
	Net loans to customers	371,171	408,993	435,952	460,065	483,283
	Total net IEAs	589,812	639,701	665,340	697,235	730,370
	Total non-IEAs	60,126	46,372	48,180	46,970	52,803
	Total assets	649,938	686,073	713,519	744,205	783,173
	Customer deposits	464,850	501,959	529,800	556,290	586,886
	Other interest-bearing liabilities	75,467	87,415	80,200	78,850	81,504
	Total IBLs	540,317	589,374	610,000	635,140	668,390
	Total non-IBLs	54,978	38,985	41,750	42,891	44,178
	Total liabilities	595,295	628,359	651,750	678,031	712,567
	Share capital	2,441	2,441	2,441	2,441	2,441
	Shareholders' equity	54,626	57,526	61,579	65,979	70,410
	Minority interests	17	188	190	195	196
	Asset quality and capital	Dec-20	Dec-21	Dec-22F	Dec-23F	Dec-24F
	Reported NPLs / gross cust loans (%)	1.6	1.3	1.3	1.3	1.3
	Total provisions / reported NPLs (%)	108.9	114.9	110.4	103.9	98.3
	CET-1 ratio (%)	13.9	14.4	14.8	15.2	15.6
	Tier-1 ratio (%)	15.0	15.1	15.5	15.8	16.2
	Total capital ratio (%)	16.9	17.0	17.0	17.3	17.5

Source: Company data, RHB

Results At a Glance

Figure 1: DBS – summary of 1Q22 results

FYE 31 Dec (SGDm)	1Q21	4Q21	1Q22	QoQ (%)	YoY (%)	Comments: 1Q22 vs 4Q21
Net interest income	2,107	2,140	2,187	2	4	Up QoQ on healthy loan growth and better NIM.
<i>NIM (%) – reported</i>	1.49%	1.43%	1.46%			NIM up 3bps QoQ as interest rates began to rise.
Non-interest income	1,747	1,257	1,560	24	-11	
Net fee & commission income	953	815	891	9	-7	QoQ growth was led by fees from loan-related (+87% QoQ) and wealth management (+7% QoQ).
Other non-interest income	794	442	669	51	-16	Up QoQ, on higher net trading income due partly to seasonal effects in 4Q21.
<i>Non-ll/total income (%)</i>	45.3%	37.0%	41.6%			
Operating income	3,854	3,397	3,747	10	-3	
Overhead expenses	(1,587)	(1,771)	(1,644)	-7	4	Core expenses dropped by 2% QoQ, with higher staff costs that were more than offset by declines in other opex.
<i>CIR (%)</i>	41.2%	52.1%	43.9%			
PIOP	2,267	1,626	2,103	29	-7	
Impairments charges	(10)	(33)	(55)	67	450	Specific provision credit cost normalised to 15bps, from 6bps in 4Q21, while general provision write-backs were at a higher SGD112m vs SGD34m in 4Q21.
<i>Annualised credit cost (bps)</i>	1	3	5			
Operating profit	2,257	1,593	2,048	29	-9	
Associates	-	-	-			
Pre-tax profit	2,257	1,593	2,048	29	-9	
Tax	(240)	(207)	(239)			
<i>Effective tax rate (%)</i>	10.6%	13.0%	11.7%			
Minorities	(8)	7	(8)			
Net profit	2,009	1,393	1,801	29	-10	1Q22 earnings at 23%/24% of our/Street FY22F net profit.
Other key data and ratios						
Gross loans	393,000	415,072	422,000	2	7	Loans grew 2% YTD or an annualised 8%, with trade loans (+5% QoQ) on rising commodity prices. Non-trade corporate loans ticked up by 2% QoQ, led by Singapore and Hong Kong across a broad range of industries. Housing loans were little changed due to property cooling measures in Dec 2021.
Customer deposits	478,095	501,959	519,723	4	9	CASA deposits grew 3% QoQ or an annualised 12%. Its CASA ratio of 75% is higher than pre-pandemic levels.
Non-performing assets	6,585	5,849	5,981	2	-9	Up QoQ, due to the impairment of significant corporate exposure. Still, NPL ratio was stable at 1.3%.
Total assets	660,609	686,073	723,681	5	10	
Shareholders' funds	55,708	57,526	56,495	-2	1	
ROAA (%)	1.25	0.81	1.04			
ROAE (%) - Reported	15.4	9.9	13.1			
LDR (%)	80.8	81.5	80.1			
NPA ratio	1.50	1.30	1.30			
Loan loss coverage	109.0	114.9	114.0			
CET-1 ratio (%)	14.3	14.4	14.0			
Total capital ratio (%)	17.5	17.0	16.5			

Source: Company data, RHB

Management guidance

Figure 2: DBS – management guidance and financial targets

	FY21 Actual	1Q22 Actual	2022 Targets	Comments on FY22 targets
Loan growth (YoY)	+9.9%	+8%	Mid-single-digit or better	Pipeline remains healthy and should lift loan growth to 3.5-4% in 1H22. Outlook for 2H22 loan demand is somewhat dampened by macroeconomic headwinds and geopolitical conflict.
NIM	1.45%	1.46%	1.50%	Management guided for NII enhancement of SGD18-20m per bp of the US rate hike. NIM expected to average at 1.58-1.60%, given the expectation of more aggressive US rate hikes ahead.
Fee income growth (YoY)	+15%	-16%	Double-digit	Environment for fee income growth from wealth management and investment banking has turned more challenging.
Opex growth (%)	+5%	+4%	+6-7%	Increase would be led mainly by the full-year impact of wage growth in 2H21. Expects mild negative JAWS in FY22 – this could turn neutral, should the US rate hikes be more aggressive than expected.
Provision allowances	SGD52m	SGD55m	SGD0-100m	With asset quality improving, management sees SP credit cost of 15-20bps being offset by a further release of GP in FY22. At end-2021, GP reserves were at SGD3.88bn, which includes an GP overlay of SGD1.5bn.

Source: Company data, RHB

Valuation and TP

We revise our TP to SGD38.10 from SGD42.70, based on an intrinsic value of SGD36.68 (from SGD40.26) and with a lower 4% (from 6%) ESG premium applied over it, in line with RHB's in-house ESG methodology.

The lower intrinsic value is mainly due to the assumption of a higher cost of equity on account of geopolitical tensions, uncertainty arising from China's pandemic-related lockdown, and the risk of recession stemming from spiralling inflation. We revised the ESG score to 3.2 from 3.3, as we recalibrated the assessment of risks and regulatory requirements associated with data and cybersecurity.

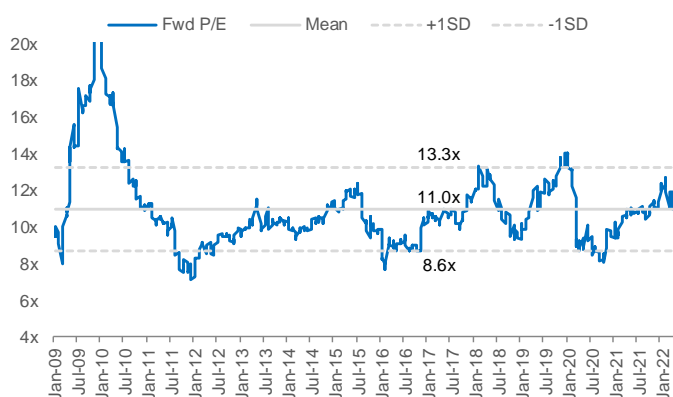
The GGM-derived P/BV of 1.57x (from 1.76x) is above +1SD from the historical mean, against a multi-year high ROE of above 13%.

Figure 3: DBS – GGM valuation

Cost of equity (COE) computation:		Sustainable ROE (%)	13.4
Risk free rate (%)	2.50	COE (%)	10.0
Equity premium (%)	7.50	Long-term growth (g)	4.00
Beta (x)	1.00	Implied P/BV (x)	1.57
Cost of equity - CAPM (%)	10.0	BVPS – rolling 12-mth forward	SGD23.40
		Intrinsic value	SGD36.68
ESG premium/(discount) (%)	4.0	ESG premium/(discount)	SGD1.47
		TP (rounded)	SGD38.10

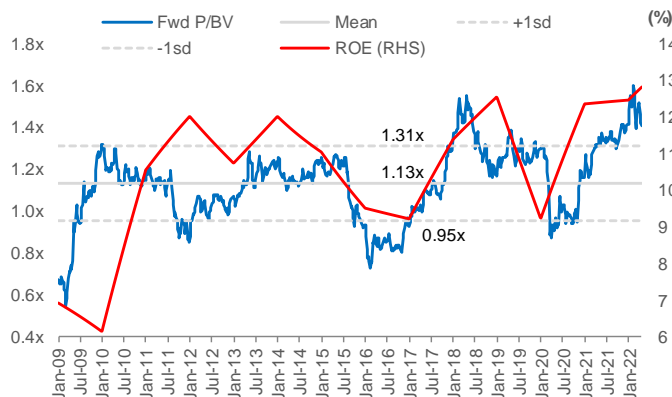
Source: Company data, RHB

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



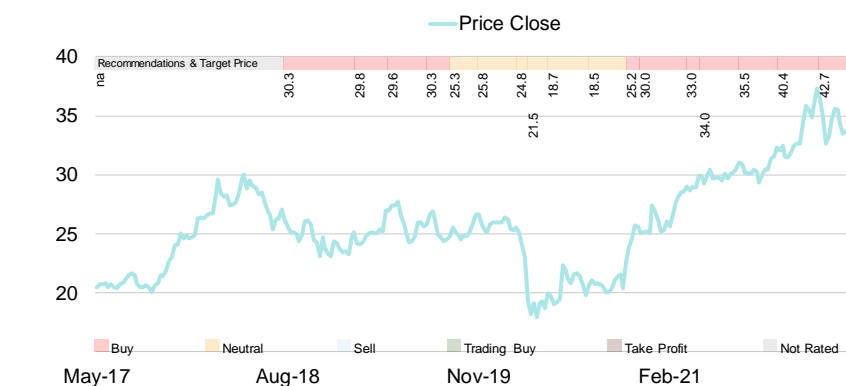
Source: Bloomberg, RHB

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



Source: Bloomberg, RHB

Recommendation Chart

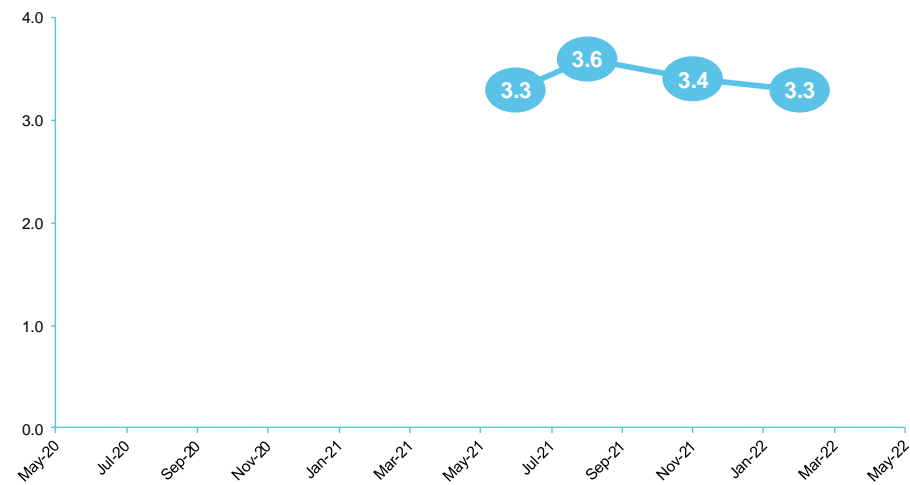


Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2022-02-14	Buy	42.7	37.2
2021-11-07	Buy	40.4	32.3
2021-08-05	Buy	35.5	30.8
2021-05-02	Buy	34.0	29.9
2021-03-30	Buy	33.0	29.0
2020-12-09	Buy	30.0	25.5
2020-11-05	Buy	25.2	22.4
2020-08-07	Neutral	18.5	20.6
2020-04-30	Neutral	18.7	20.0
2020-03-12	Neutral	21.5	20.2
2020-02-13	Neutral	24.8	25.4
2020-02-13	Neutral	25.8	25.4
2020-02-13	Neutral	24.8	25.4
2020-01-14	Neutral	25.8	26.3

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 – Apr 2022](#) 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 – Apr 2022](#) 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 – Apr 2022](#) 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 – Apr 2022](#) 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