

30 March 2023

Financial Services | Banks

Banks

Overweight (Maintained)

BNM's 2H22 Financial Stability Review Highlights

- **Still OVERWEIGHT; Malayan Banking, CIMB, and AMMB are preferred picks.** Bank Negara Malaysia's (BNM) engagement session yesterday provided some high level overview and updates, but overall, held no major surprises. Key messages were: i) Domestic economy is resilient despite global growth uncertainties, ii) US/Europe banking issues – minimal impact to domestic banks, and iii) share of loans under the repayment assistance programmes continue to fall, while loan servicing remains within expectations, despite the rate hikes.
- **Macroeconomic outlook.** BNM expects 2023F GDP growth of 4-5% with risk fairly balanced – upside from the better-than-expected labour market, tourism activity, and implementation of projects under Budget 2023, while downside risks stemmed from tighter global financial conditions, geopolitics, higher-than-expected inflation, and input costs. Lag time for the impact of the monetary policy is estimated at 4-6 quarters on growth, and up to eight quarters on inflation. Overall, BNM was optimistic that the domestic economy can avoid a recession, with a minimum 4% growth expected.
- **Update on US/Europe banking stress.** BNM said risk to local banks and the possibility of a similar occurrence here was minimal due to: i) Minimal exposure to US/Swiss banks; ii) local banks' depositor base being more diversified; iii) investments at amortised cost form just 6-7% of assets, with mark-to-market losses on capital estimated at 1.1 ppts; iv) local banks tightly regulated vs 2-tier system in the US; and v) minimal exposure to crypto activities. On deposit insurance, BNM was comfortable with the current MYR250k deposit limit, citing that it covers 96% of depositors in full. Based on international standards, it is not necessary to cover 100% of depositors, as this could lead to moral hazard. Finally, BNM reaffirmed the hierarchy of domestic AT1 bonds above equity.
- **Credit risk.** Household indebtedness eased further to 81.2% of GDP in 2H22 vs 1H22's 84.5% (2021: 89.1%) following a strong rebound in economic activities. Despite policy rate hikes, past studies suggest that household debt servicing is more affected by income and employment shocks rather than borrowing costs. In the lower-income segment, the larger share of fixed-rate loans further mitigated credit risk. On the business side, firms in services and retail trade-related sectors saw prospects improve, while construction and manufacturing firms continue to be plagued by input costs and labour shortage issues, and the real estate sector faced persistent oversupply woes. While SMEs are facing input cost pressures, most borrowers have been able to manage the higher borrowing costs.
- **Others.** For banks where individuals exceed the 10% shareholding limit, BNM has had conversations with the owners on ensuring proper succession planning is in place to ensure that the limit will not be an issue. Specifically, in the case of Public Bank, BNM said it remains to be seen how the estate distributes the shares.
- **We believe the banks have sufficient levers in place** to support earnings and dividend growth to help tide investors through this volatile period.

Stocks Covered 8
 Rating (Buy/Neutral/Sell): 5 / 3 / 0
 Last 12m Earnings Revision Trend: Positive

Top Picks

Maybank (MAY MK) – BUY
 CIMB (CIMB MK) – BUY
 AMMB (AMM MK) – BUY

Target Price

MYR9.65
 MYR6.40
 MYR4.60

Analysts

David Chong CFA
 603-9280 2026
david.chongvc@rhbgroup.com



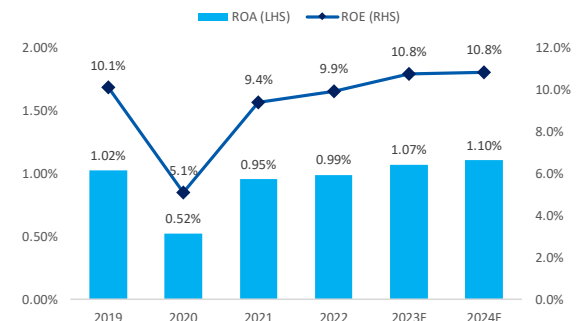
Nabil Thoo
 +603 9280 8890
nabil.thoo@rhbgroup.com



Wan Muhammad Ammar Affan
 +603-9280 8871
ammaraffan@rhbgroup.com



Sector ROA and ROE



Source: RHB

Company Name	Rating	Target (MYR)	% Upside (Downside)	P/E (x) Dec-23F	P/B (x) Dec-23F	ROAE (%) Dec-23F	Yield (%) Dec-23F
Affin	Buy	2.50	25.0	7.5	0.4	5.6	7.5
Alliance Bank Malaysia	Neutral	3.75	12.3	7.7	0.7	9.7	6.5
AMMB	Buy	4.60	23.3	6.7	0.6	10.0	5.1
BIMB	Neutral	2.30	6.0	7.7	0.6	8.4	5.2
CIMB	Buy	6.40	20.5	8.7	0.8	9.9	5.8
Hong Leong Bank	Buy	23.10	14.1	10.5	1.2	11.7	3.3
Malayan Banking	Buy	9.65	12.7	10.9	1.2	10.8	7.3
Public Bank	Neutral	4.50	13.6	11.2	1.4	13.1	4.8

Source: Company data, RHB

See important disclosures at the end of this report

Market Dateline / PP 19489/05/2019 (035080)

2H22 Financial Stability Review

Highlight

BNM held a briefing yesterday in conjunction with the release of its *Financial Stability Review for 2H22*. We set out below, the highlights from the report.

Key Developments In 2H22

Market risk

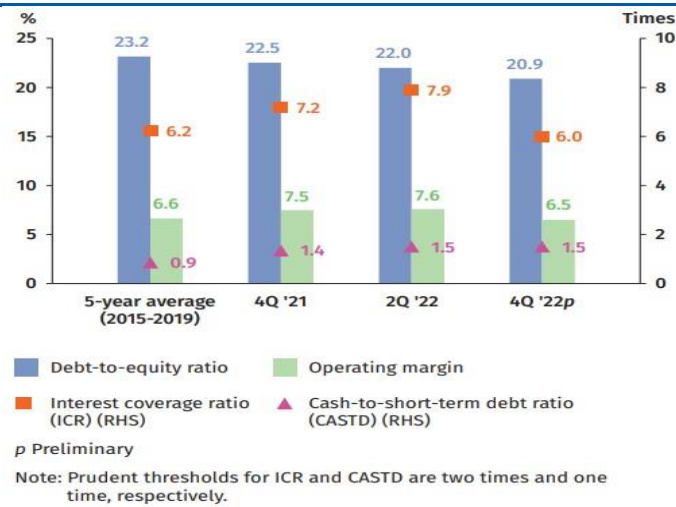
- i. Market stress, as measured by the Financial Market Stress Index (FMSI) increased significantly to 15.3, similar to levels last seen in mid-2020, but remained well below the peak at the onset of the pandemic (28.2). This was driven by the higher volatility in the foreign exchange, bond, and money markets.
- ii. Overall new capital raised in the domestic equity market rose to MYR4.1bn between Jan 2022-Jan 2023 (Jan 2021-Jan 2022: MYR3.2bn). This reflects the improvements in business confidence and investor demand. However, performance in 1Q23 has been dampened by the renewed uncertainty over the pace of US monetary policy tightening amid persistent inflationary pressure and the failure of some US banks.
- iii. Non-residents were net buyers in the equity market for the whole of 2022 (net inflow MYR4.4bn) but net sellers in government bond market (net outflow of MYR7.8bn).
- iv. Credit spreads between the 10-year AAA papers and 10-year MGS have remained stable, reflecting sustained investor demand for corporate bonds. (Sep 2022-Mar 2023 average: 56.1 bps, 2015-2019 average: 55.4 bps).
- v. Movements in the MYR will continue to be largely driven by external developments, as downside risks include continued aggressive increase in US interest rates, heightened global market volatility, and contagion fears arising from banking system stress in some advanced economies.

Credit risk

Business sector:

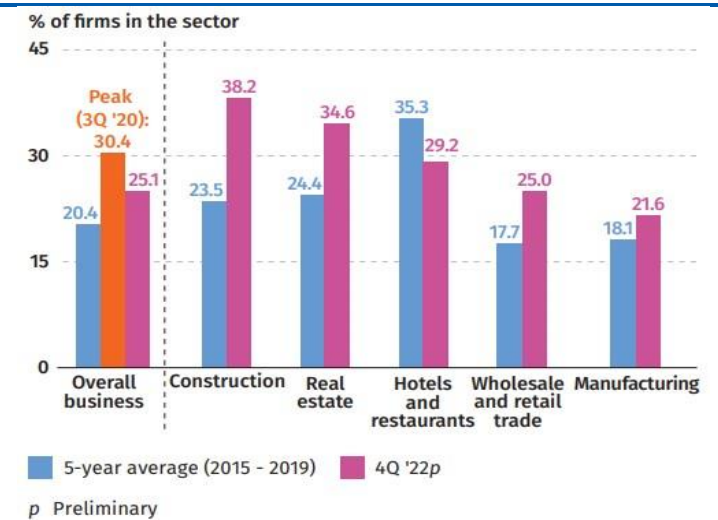
- i. Most businesses benefitted from improving domestic demand in 2H22. Encouragingly, the leisure and hospitality segments received boosts from higher out-of-state travel and increased social events (weddings, festive celebrations, etc).
- ii. Median interest coverage ratio (ICR) and operating margin at 6.0 and 6.5% (1H22: 7.9x/7.6%; 2015-2019 average: 6.2x/6.6%)
- iii. Overall share of firms at risk slightly higher HoH (25.1% vs 24.6%), mainly driven by the construction and manufacturing sectors, due to elevated raw material prices and labour-related issues.
- iv. Commercial real estate – oversupply and weak demand continue to weigh on occupancy and rental rates. As at end-Dec 2022, 34.6% of real estate firms were estimated to be at risk, against the 2015-2019 average of 24.4%.
- v. SME loans under repayment assistance declined to 5.6% (1.0% of total system loans) vs Jun 2022: 13.1% (2.3% of total loans).
- vi. The delinquency ratio for graduates of the repayment assistance programmes rose to 0.9% (of total loans) at end-Dec 2022, vs 0.7% at end-Jun 2022. The increase was mainly attributable to firms from sectors that faced more severe cost pressures, eg construction and manufacturing.

Figure 1: Business sector: Key financial performance indicators – a mixed bag as input costs weigh



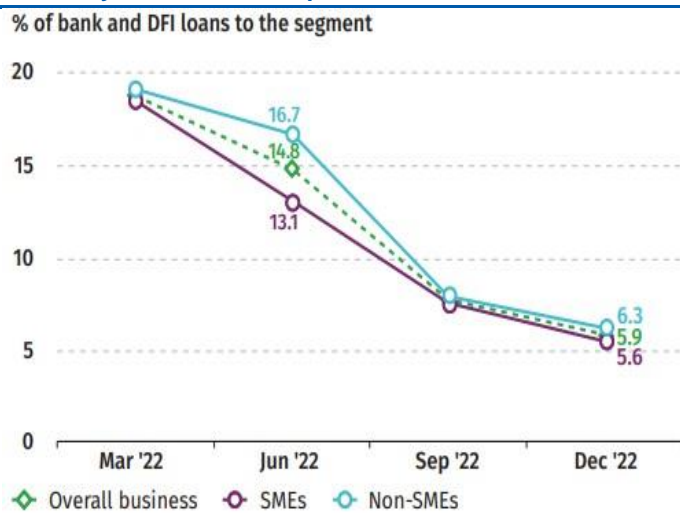
Source: BNM, RHB

Figure 2: Business sector: Firms at risk for selected sectors – some sectors still elevated vs pre-pandemic levels



Source: BNM, RHB

Figure 3: Business sector – share of R&R loans falling as economy continues to reopen



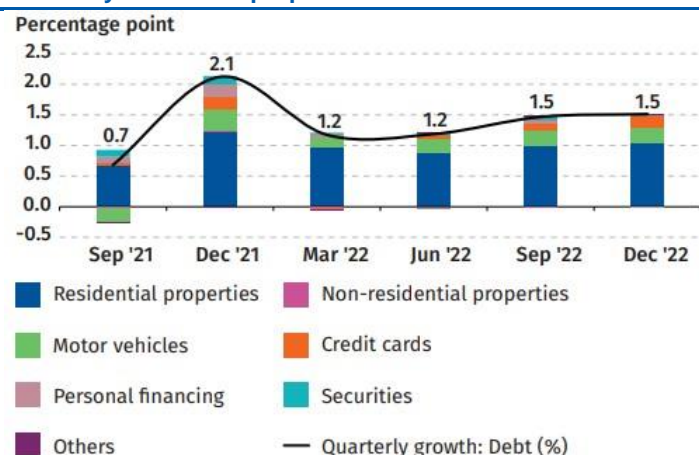
Source: BNM, RHB

Household sector:

- i. YoY, household debt expanded at a faster pace of 5.5% in 2H22 (Dec 2021: 4.1%), driven by mortgages and auto loans.
- ii. Household debt-to-GDP eased to 81.2% (Dec 2021: 89.1%; 2019: 82.8%), helped by the stronger pace of nominal GDP growth in 2H22.
- iii. Median debt service ratios (DSRs) of newly approved and outstanding household loans stood at 43% and 37% (Jun 2022: 42% and 35%). A quarter of household borrowers (accounting for c.34% of total banking system loans) have DSRs of over 60%, though the bulk of these credit exposures belong to the mid- to high-income borrowers.
- iv. Median loan-to-value (LTV) ratio of outstanding housing loans (nearly 60% of household debt) stood stable at 65.5% (Jun 2022: 65.3%), providing decent buffers for borrowers and banks should housing prices decline.
- v. Share of household loans classified as Stage 2 improved further to 6.7% (Jun 2022: 8.0%), in line with the continued decline in household debt under repayment assistance (Dec 2022: 1.9%; Jun 2022: 3.2% of total loans from the banking system and DFIs). Most borrowers who have exited repayment assistance programmes have resumed servicing their loans without much difficulty.

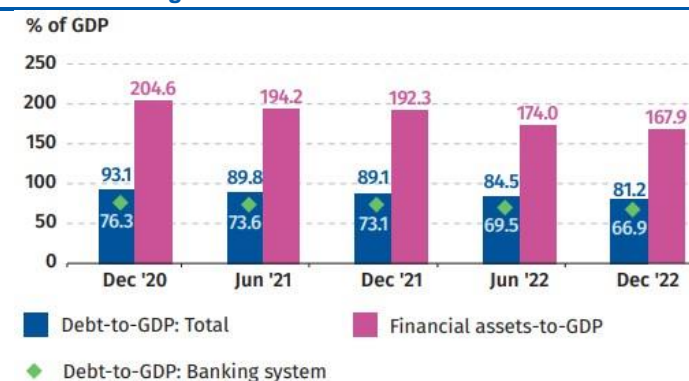
- vi. Trend in Stage 2 loans is expected to improve in 2023 as more Stage 2 borrowers who have exited the repayment assistance programmes complete a minimum observation period of loan servicing before their loans are reclassified as Stage 1.
- vii. Consistent with earlier studies by BNM, the debt servicing capacity of household borrowers continued to be most affected by income and employment shocks, rather than increases in borrowing costs. For low income borrowers, a higher composition of fixed rate loans mix helped cushion against rate hikes.

Figure 4: Household sector: Quarterly growth in loans was driven by residential properties and credit cards



Source: BNM, RHB

Figure 5: Household debt-to-GDP fell mainly on strong nominal GDP growth in 2H22



Note: The loan/financing data from 2021 onwards are based on updated statistical reporting requirements to reflect more accurate data definition and reporting methodology.

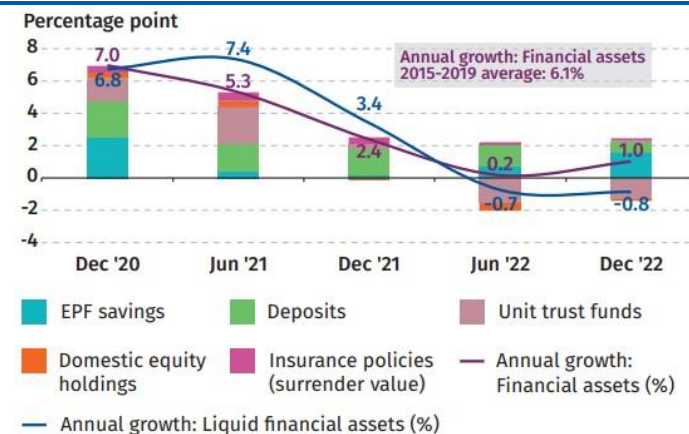
Source: BNM, RHB

Figure 6: Household sector: Median debt-to-income ratios by income group



Source: BNM, RHB

Figure 7: Household sector – growth in financial assets cramped by weaker equity market and slower savings growth



Source: BNM, RHB

Figure 8: Summary of household and business sector key indicators

	2018	2019	As at end 2020	2021	2022
Household (HH) sector					
HH debt (MYRbn)	1,186.7	1,251.8	1,320.6	1,376.4	1,451.4
HH financial assets (MYRbn)	2,543.5	2,708.8	2,901.3	2,971.3	3,002.4
HH debt-to-GDP ratio (MYRbn)	82.0	82.9	93.1	89.1	81.2
HH financial assets-to-total HH debt ratio (%)	214.3	216.4	219.7	215.9	206.9
HH liquid financial assets-to-total HH debt ratio (%)	143.4	143.2	145.2	144.0	135.4
Impaired loans ratio of HH sector (%)	1.0	1.0	1.1	1.1	1.2
Business sector					
Return on assets (%)	3.8	3.0	1.8	4.6	4.8
Return on equity (%)	6.9	5.8	3.5	8.4	8.9
Debt-to-equity ratio (%)	24.9	25.5	22.6	22.5	20.9
Interest coverage ratio (x)	4.9	4.8	4.8	7.2	6.0
Operating margin (%)	5.6	5.7	5.5	7.5	6.5
Impaired loans ratio of business sector (%)	2.4	2.5	2.6	2.8	2.8

Source: BNM, RHB

Developments in the property market:

- Property market transactions are still elevated vs pre-pandemic levels, largely due to higher transactions for the purchase of properties below MYR500,000.
- Demand and supply imbalances still persist – the number of unsold housing units in 2022 (preliminary average: 163.4 thousand units per quarter) is much higher than the 2019-2021 average (151.7 thousand units per quarter). House prices are largely unaffordable in some states, leading to c.67% of the unsold units remaining unsold over the past three years.

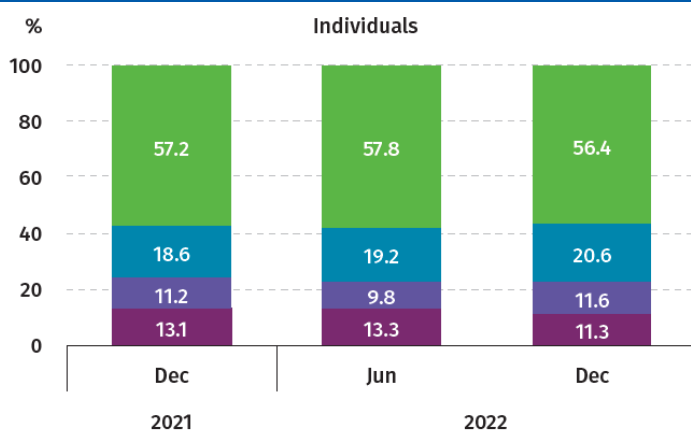
Operational risk

- Operational risk losses remain small, at 0.04%/0.4% of banking sector's capital and profits.
- In Malaysia, 19,165 cases of online banking fraud involving MYR95m were reported by customers of financial institutions in 2H22, up from the 9,735 cases totalling MYR40m in 1H22.
- Operational losses from financial scams do not pose a risk to the overall financial stability but may lead to confidence issues if left unchecked.

Financial Institution Soundness And Resilience

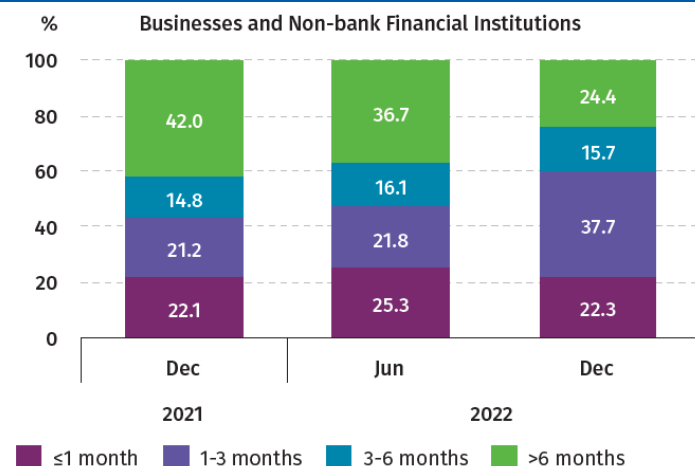
- Expiry of the flexibility in meeting the statutory reserve requirement (ie use of MGS and MGI) had limited impact on banking system liquidity.
- Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) remained healthy at 118% and 154% as at end-2022.
- Banks' funding position at healthy levels to support loan demand while being able to withstand liquidity shocks.
- Banking system deposit growth at 5.9% in 2022, above pre-pandemic levels (2015-19 CAGR: 4.4%).
- Deposits from individuals (36%) and businesses (33%) account for the bulk of banking system deposits.
- Expectations of rising rates led to widening maturity mismatch and rising cost of deposits as rate sensitive depositors (businesses and NBFIs) shifted significantly towards shorter-term deposits in anticipation of further increases in the overnight policy rate (OPR). These depositors also demanded higher deposit rates for longer-term deposits.
- The above, coupled with seasonal volatility in deposits at year-end, saw some banks increasingly tap the interbank market, particularly for longer-term funding. However, overall impact to banks' funding cost has been manageable and broadly in line with the increase in OPR.
- Share of loans under the repayment assistance programmes declined further to 4.2% of total banking system loans (Jun 2022: 5.7%). Hence, share of Stage 2 loans declined closer towards pre-COVID-19 levels.
- In line with the improvements observed in repayment trends, some banks have written back provisions assigned through management overlays during the pandemic for retail borrowers with good repayment behaviour.
- Loan-loss coverage ratios, including regulatory reserves, remained high (Dec 2022: 118.2%; Jun 2022: 115.3%; 2015-2019 average: 112.5%).
- Moving forward, credit cost is expected to continue to decline as banks write back some of the pandemic-period management overlay provisions.
- Banks holding a larger share (35.4%; Dec 2021: 31.8%; 2015-2019 average: 25.2%) of government bonds at amortised cost. Under a scenario of a 200bps increase in yield, the mark-to-market losses would reduce the aggregate capital base by 6.2% or total capital ratio by 1.1pts.

Figure 9: Composition of FD by maturity – stable for individuals despite OPR hike ...



Source: BNM, RHB

Figure 10: ... but notable shift occurred in rate sensitive business and NBFIs depositories

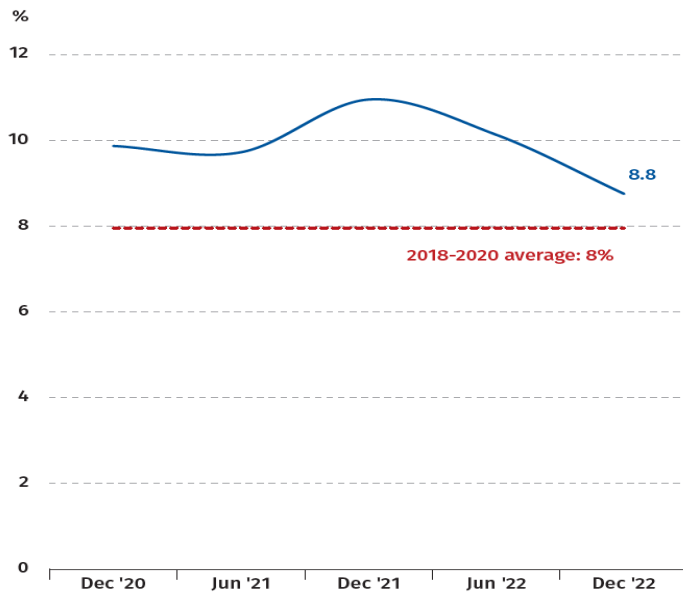


Source: BNM, RHB

30 March 2023

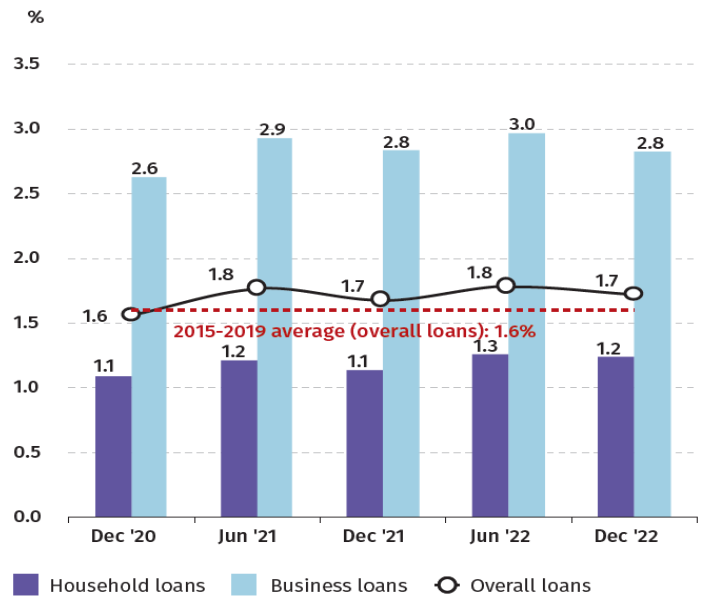
Financial Services | Banks

Figure 11: Stage 2 loans ratio for banking system improving towards pre-COVID-19 levels



Source: BNM, RHB

Figure 12: Gross impaired loans ratio stable



Source: BNM, RHB

Figure 13: Valuation summary

	Rec	Price (MYR)	TP (MYR)	Mkt Cap (MYRm)	EPS chg (%)		P/E(x)		P/E(x)		ROE (%)		Div yield (%)	
					FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F		
Maybank	Buy	8.56	9.65	103,183	13.9	8.0	10.9	10.1	1.16	1.12	10.8	11.2	7.3	7.7
CIMB	Buy	5.31	6.40	56,632	9.5	9.2	8.7	8.0	0.82	0.75	9.9	9.8	5.8	6.3
HL Bank [^]	Buy	20.24	23.10	43,875	6.0	5.8	10.2	9.6	1.14	1.05	11.6	11.4	3.5	3.7
AMMB [^]	Buy	3.73	4.60	12,362	7.2	10.3	6.6	6.0	0.64	0.57	10.0	10.0	5.4	6.3
Affin	Buy	2.00	2.50	3,886	12.3	9.3	7.5	6.8	0.41	0.40	5.6	5.9	7.5	8.2
Public Bank	Neutral	3.96	4.50	76,866	11.7	5.5	11.2	10.7	1.41	1.33	13.1	12.9	4.8	5.1
ABMB [^]	Neutral	3.34	3.75	5,171	0.5	8.4	7.7	7.1	0.72	0.69	9.6	9.9	6.5	7.0
BIMB	Neutral	2.21	2.30	4,763	19.3	6.7	7.8	7.3	0.63	0.59	8.4	8.3	5.1	5.5
Sector Avg					10.2	6.8	9.4	8.8	1.03	0.97	10.4	10.4	5.3	5.7

Note: [^] FY23F-24F refers to FY24F-25F

Source: Bloomberg, 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 - Mar 2023](#) and to the best of our knowledge, RHBIB hereby declares that:

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

- 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*
- RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
- 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 - Mar 2023](#) and to the best of our knowledge, RHB Securities (Thailand) PCL hereby declares that:

- 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.
- 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.
- 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*
- RHB Securities (Thailand) PCL did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
- 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 - Mar 2023](#) and to the best of our knowledge, PT RHB Sekuritas Indonesia hereby declares that:

- 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:
 - 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**;
 - 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*.
 - Being bound or required to buy the remaining securities that are not subscribed/placed out pursuant to an Initial Public Offering*.
 - Managing or jointly with other parties managing such parties as referred to in (a), (b) or (c) above.
- 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.
- 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.
- PT RHB Sekuritas Indonesia did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
- 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 - Mar 2023](#) and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (through its Singapore branch) hereby declares that:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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:

- 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