

24 May 2023

Financial Services | Banks

RCE Capital (RCE MK)

Neutral (Maintained)

New Dividend Player In Town

Target Price (Return):	MYR1.95 (+2%)
Price (Market Cap):	MYR1.92 (USD308m)
ESG score:	3.03 (out of 4)
Avg Daily Turnover (MYR/USD)	0.36m/0.08m

- Maintain NEUTRAL and MYR1.95 TP, 2% upside with c.7% FY24F (Mar) yield.** RCE Capital's FY23 net profit of MYR138.8m is in line, and its higher non-profit income and new dividend policy are the key highlights. While valuations appear lofty at present, the company's stable earnings prospects and our new forecasted yield of 7% (from 4-5%) could offer investors a defensive dividend play in the current market environment.
- Results in line.** RCE's 4QFY23 net earnings of MYR34.8m (+10% YoY, flat QoQ) brought the full-year number to MYR138.8m (+4% YoY), meeting our/consensus estimates. Net profit income contracted 2% YoY on the back of a higher drawdown of new borrowings (+16% YoY), albeit mitigated by a 57% growth in non-profit income. Prudent cost controls also bore fruit as the group recorded a 4% reduction in opex. A second interim DPS of 7 sen was declared, bringing total core DPS for FY23 to 12 sen (63% payout).
- Profit income to flow through in FY24F.** RCE's gross receivables rose by 8% YoY in FY23, even though it priced new assets higher from 2HFY23 onwards. This has not been reflected in FY23 profit income (+2% YoY), but management assured us the repricing should begin to flow through in FY24F – the profit recognition lag tends to take around 1-2 quarters. Elsewhere, the group is aiming for receivables growth to track the growth of the banking system (c.5% YoY in CY23 as per our forecasts).
- Asset quality still stable.** Feedback from management suggests that its asset quality is stable – non-performing financing, using the ECL stage 3 balance as a proxy, has been hovering at 3.8-4% of gross receivables for the past four quarters. Looking ahead, credit costs should stabilise at 100-200bps (annualised) per quarter.
- New dividend policy.** Management announced a formal dividend payout policy of 60-80% of net earnings, against the 30-40% historical trend.
- Forecasts and TP.** We adjust our FY24-25 estimates slightly to account for higher asset yields, and introduce FY26F numbers in this report. Our unchanged TP of MYR1.95 includes a 0% ESG premium/discount. In light of RCE's new dividend policy, its yield of c.7% appears attractive for investors looking for a defensive option in the current challenging market environment. However, the counter is currently trading at a forward P/BV of 1.5x – near +2SD from its 5-year mean, ie the highest among the non-bank lenders under our coverage – which we deem to be lofty at present.
- ESG framework update.** As there is now greater focus on the E pillar due to critical climate change issues, we have tweaked our ESG weightage. Henceforth, we assign a weightage of 50% to the E pillar, followed by 25% each to the S and G pillars. Further details are in our 2 May thematic research note titled [Envisioning a Better Future](#).

Analysts

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

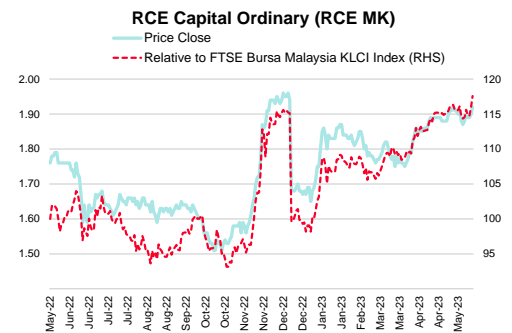


David Chong, CFA
+603 9280 2026
david.chongvc@rhbgroup.com



Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	13.6	1.6	7.9	3.2	9.1
Relative	19.2	2.4	11.1	5.4	17.6
52-wk Price low/high (MYR)	1.51 – 1.96				



Source: Bloomberg

Forecasts and Valuation	Mar-22	Mar-23	Mar-24F	Mar-25F	Mar-26F
Reported net profit (MYRm)	133	139	141	149	156
Net profit growth (%)	6.9	4.2	1.6	5.4	5.1
Recurring net profit (MYRm)	133	139	141	149	156
Recurring EPS (MYR)	0.18	0.19	0.19	0.20	0.21
BVPS (MYR)	1.19	1.10	1.16	1.24	1.32
DPS (MYR)	0.07	0.12	0.13	0.13	0.14
Recurring P/E (x)	10.55	10.14	9.98	9.47	9.01
P/B (x)	1.61	1.75	1.65	1.55	1.45
Dividend Yield (%)	3.9	6.2	6.5	6.9	7.2
Return on average equity (%)	16.2	16.5	17.0	16.9	16.6

Source: Company data, RHB

Overall ESG Score: 3.03 (out of 4)

E: GOOD

The group maintains transparent and detailed disclosures of its Scope 1 and Scope 2 emissions, which has recorded a decent reduction of 3% between FY22 (Mar) and FY20. It fosters a culture of green volunteerism through its Green Warriorz Team, and has designated e-waste containers on office floors to encourage proper disposal of e-waste such as unused gadgets and batteries.

S: GOOD

RCE outsources the auditing of its IT systems to ensure competency standards are met. The group, in collaboration with Yayasan Azman Hashim, also provides study grants and scholarships to deserving underprivileged students to pursue chartered accountancy certifications. To date, MYR524,000 has been distributed under the programme.

G: EXCELLENT

Board comprises nine non-executive directors, five of whom are independent directors. Board members have a maximum allowed tenure of nine years, to facilitate the refreshment of its composition. However, in FY22, there was a one-off incidence of non-compliance in relation to a late payment of service tax due to an administrative delay, but this has since been resolved.

Note:

Small cap stocks are defined as companies with a market capitalization of less than USD0.5bn.

24 May 2023

Financial Services | Banks

Financial Exhibits

Asia	Financial summary (MYR)	Mar-22	Mar-23	Mar-24F	Mar-25F	Mar-26F
Malaysia	EPS	0.18	0.19	0.19	0.20	0.21
Financial Services	Recurring EPS	0.18	0.19	0.19	0.20	0.21
RCE Capital	DPS	0.07	0.12	0.13	0.13	0.14
RCE MK	BVPS	1.19	1.10	1.16	1.24	1.32
Neutral						
	Valuation metrics	Mar-22	Mar-23	Mar-24F	Mar-25F	Mar-26F
Valuation basis	Recurring P/E (x)	10.55	10.14	9.98	9.47	9.01
Our GGM assumptions are:	P/B (x)	1.6	1.7	1.7	1.5	1.5
i. CoE of 11.5%;	Dividend Yield (%)	3.9	6.2	6.5	6.9	7.2
ii. ROE of 16.8%;						
iii. 3.5% long-term growth rate.						
	Income statement (MYRm)	Mar-22	Mar-23	Mar-24F	Mar-25F	Mar-26F
Key drivers	Interest income	275	281	302	317	331
Our FY23 forecasts are most sensitive to changes in:	Interest expense	(80)	(90)	(103)	(107)	(111)
i. Growth in receivables;	Net interest income	194	190	200	210	220
ii. Impairment allowances;	Non interest income	45	71	69	73	76
iii. Financing margins.	Total operating income	239	261	269	282	297
	Overheads	(51)	(49)	(51)	(54)	(57)
	Pre-provision operating profit	189	213	218	228	240
	Loan impairment allowances	(12)	(29)	(30)	(30)	(32)
	Pre-tax profit	177	184	188	198	208
	Taxation	(44)	(45)	(47)	(50)	(52)
	Reported net profit	133	139	141	149	156
	Recurring net profit	133	139	141	149	156
	Profitability ratios	Mar-22	Mar-23	Mar-24F	Mar-25F	Mar-26F
Key risks	Return on average assets (%)	5.1	4.9	4.7	4.7	4.8
The downside risks include:	Return on average equity (%)	16.2	16.5	17.0	16.9	16.6
i. Higher-than-expected credit cost;	Return on IEAs (%)	10.9	10.3	10.3	10.3	10.4
ii. Weaker-than-expected financing growth;	Cost of funds (%)	4.6	4.6	4.8	4.8	4.9
iii. Weaker-than-expect net financing margin.	Net interest spread (%)	6.2	5.7	5.5	5.5	5.5
	Net interest margin (%)	7.7	7.0	6.8	6.8	6.9
	Non-interest income / total income (%)	18.9	27.1	25.8	25.8	25.8
	Cost to income ratio (%)	21.1	18.7	19.0	19.1	19.1
	Credit cost (bps)	62.0	147.1	145.0	140.0	140.0
The converse represents upside risks.						
	Balance sheet (MYRm)	Mar-22	Mar-23	Mar-24F	Mar-25F	Mar-26F
Company Profile	Total gross loans	1,879	2,021	2,122	2,228	2,317
RCE Capital provides general financing services to civil servants – repayments are done via direct salary deductions. Its wholly-owned EXP Payment unit offers payroll collection management services for government departments under the purview of the Accountant General's Department.	Other interest earning assets	702	854	878	903	928
	Total gross IEAs	2,581	2,875	3,000	3,131	3,245
	Total provisions	(115)	(122)	(134)	(146)	(160)
	Net loans to customers	1,764	1,899	1,988	2,082	2,157
	Total net IEAs	2,466	2,753	2,866	2,985	3,085
	Total non-IEAs	260	194	233	217	221
	Total assets	2,725	2,947	3,100	3,201	3,306
	Other interest-bearing liabilities	1,804	2,092	2,196	2,240	2,285
	Total IBLs	1,804	2,092	2,196	2,240	2,285
	Total non-IBLs	49	50	51	52	52
	Total liabilities	1,853	2,141	2,247	2,292	2,337
	Share capital	201	202	203	204	206
	Shareholders' equity	872	806	853	910	969
	Asset quality and capital	Mar-22	Mar-23	Mar-24F	Mar-25F	Mar-26F
	Reported NPLs / gross cust loans (%)	3.8	3.8	3.8	3.8	3.8
	Total provisions / reported NPLs (%)	162.8	158.2	165.6	172.5	181.5

Source: Company data, RHB

Results At a Glance

Figure 1: Summary of 4QFY23 and FY23 results

FYE Mar (MYRm)	4Q FY22	3Q FY23	4Q FY23	QoQ (%)	YoY (%)	FY22	FY23	YoY (%)	Comments – FY23 vs FY22
Net profit income	50.3	47.2	45.1	(4.6)	(10.3)	194.1	190.4	(1.9)	
Profit income	70.4	70.1	70.5	0.6	0.2	274.6	280.7	2.2	Driven by robust receivables growth (+8% YoY), with the bulk of profits expected to flow through in FY24.
Profit expense	(20.1)	(22.8)	(25.4)	11.2	26.4	(80.5)	(90.3)	12.2	In line with increased <i>sukuk</i> funding (+16% YoY).
Non-profit Income	10.1	18.8	20.9	11.2	>100	45.2	71.0	56.9	Higher fee income from successful sales campaigns.
<i>Non-IT/Total income (%)</i>	16.7	28.5	31.7			18.9	27.1		
Operating Income	60.3	66.0	66.0	(0.1)	9.4	239.4	261.4	9.2	
Overhead expenses	(13.1)	(14.5)	(11.4)	(21.4)	(12.6)	(50.6)	(48.8)	(3.6)	
<i>CIR (%)</i>	21.6	22.0	17.3			21.1	18.7		
PIOP	47.3	51.5	54.6	5.9	15.4	188.8	212.6	12.6	
Impairment on financing	(5.9)	(5.5)	(8.2)	49.0	39.2	(11.5)	(28.7)	>100	Hefty pre-emptive provisions made in 1QFY23 for civil servants that retired early or have left the service. Higher credit costs in 4QFY23 were due to changes in model assumptions.
<i>Ann. credit costs (bps)</i>	125	111	163			66	157		
PBT	41.4	46.1	46.4	0.8	12.1	177.2	183.9	3.8	
Taxation	(9.9)	(10.9)	(11.6)			(44.1)	(45.2)		
<i>ETR (%)</i>	23.9	23.6	25.0			24.9	24.6		
Net Earnings	31.5	35.2	34.8	(1.0)	10.5	133.2	138.8	4.2	At 103% and 102% of our and Street forecasts.
Other key data and ratios									
Gross financing	1,879.2	1,978.5	2,020.9	2.1	7.5				Management guides for financing growth to track the growth of the banking industry (RHB forecast: c.5% YoY in CY23).
Total borrowings	1,804.0	2,086.1	2,091.5	0.3	15.9				
Total assets	2,725.3	2,908.7	2,946.8	1.3	8.1				
Shareholders' funds	872.1	771.8	805.7	4.4	(7.6)				
ROAA (%)	4.7%	4.9%	4.8%			5.1%	4.9%		
ROAE (%)	14.7%	16.7%	17.7%			16.2%	16.5%		

Source: Company data, RHB

Figure 2: Revisions to our full-year earnings forecasts

FYE Mar	Net profit (MYRm)			EPS (MYR)			DPS (MYR)		
	Previous	Revised	% Chg	Previous	Revised	% Chg	Previous	Revised	% Chg
2024F	139.3	141.0	1.2%	0.19	0.19	1.1%	0.08	0.13	56.3%
2025F	147.5	148.5	0.7%	0.20	0.20	0.6%	0.09	0.13	55.0%
2026F	na	156.2	na	na	0.21	na	na	0.14	na

Note: *Comprises 8 sen core DPS and 18 sen special DPS
Source: Company data, RHB

Valuation and TP

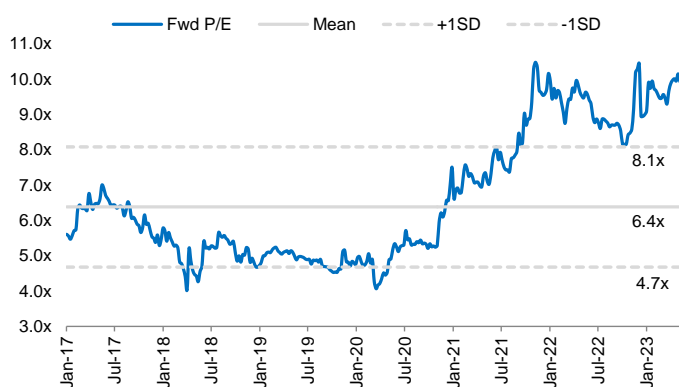
Our unchanged TP of MYR1.95 is based on a GGM-derived fair value P/BV of 1.67x on RCE's 12-month blended forward BVPS. This compares against the other non-bank lenders' P/BVs of around 1-1.1x. We believe the stock is fairly valued, as it is trading near +2SD from its 5-year mean, with RCE's defensive attributes (resilient salary deduction scheme and prudent asset quality controls) already priced in. We also pare down our ESG score for the company to 3.0 from 3.1, after updating our ESG scoring methodology – although this change had no impact on the TP. We maintain our NEUTRAL call on the counter.

Figure 3: GGM valuation

Cost of equity (COE) computation:		Sustainable ROE (%)	16.8
Risk free rate (%)	4.0	COE (%)	11.5
Equity premium (%)	6.5	Long-term growth (g)	3.5
Beta (x)	1.2	Implied P/BV (x)	1.67
Cost of equity - CAPM (%)	11.5	BVPS – 12-month forward	MYR1.18
		Intrinsic value	MYR1.96
ESG premium/(discount) (%)	0.0	ESG premium/(discount)	MYR0.00
		TP (rounded)	MYR1.95

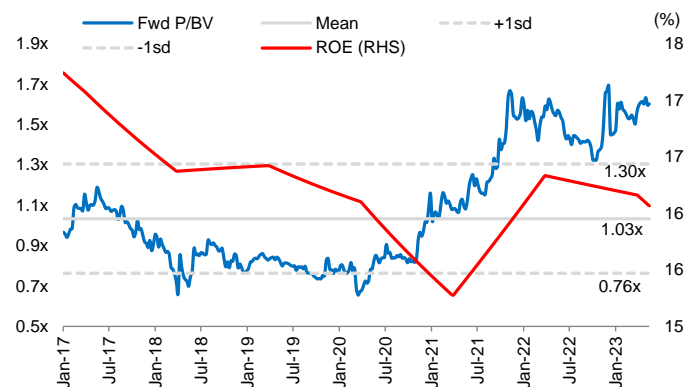
Source: Company data, RHB

Figure 4: RCE Capital's 12-month forward P/E



Source: Bloomberg, RHB

Figure 5: RCE Capital's 12-month forward P/BV vs ROE



Source: Bloomberg, RHB

Recommendation Chart

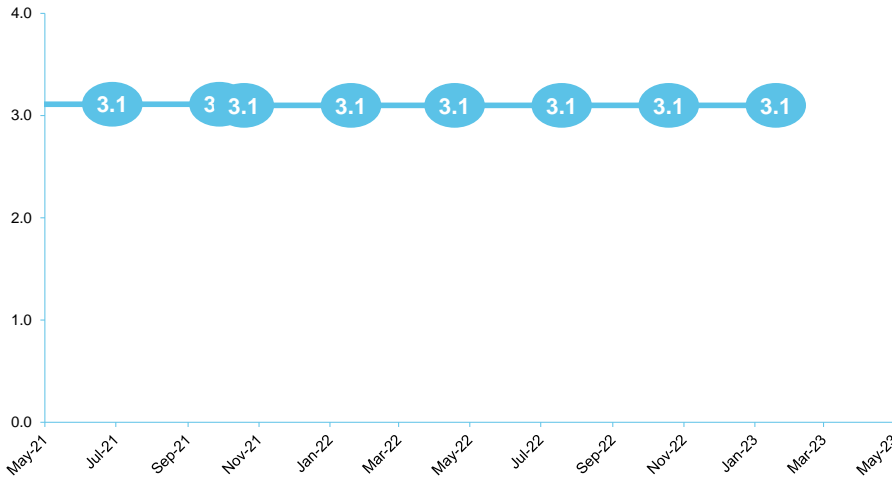


Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2023-02-15	Neutral	1.95	1.85
2022-11-22	Neutral	1.95	1.87
2022-08-12	Buy	1.92	1.64
2022-05-31	Buy	2.00	1.76
2022-02-25	Buy	1.90	1.69
2021-11-10	Neutral	3.90	2.02
2021-08-12	Buy	3.20	1.43
2021-05-26	Buy	3.20	1.43
2021-02-09	Buy	3.00	1.32
2020-12-08	Buy	2.80	1.29
2020-08-18	Buy	2.50	1.02
2020-07-06	Buy	2.50	1.01
2020-06-16	Buy	2.20	0.95
2020-03-15	Buy	2.10	0.79
2020-02-19	Buy	2.20	0.93

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 any other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

RESTRICTIONS ON DISTRIBUTION

Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Berhad ("RHBIB"). The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHBIB has no obligation to update its opinion or the information in this report.

Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a

member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore

This report is issued and distributed in Singapore by RHB Bank Berhad (through its Singapore branch) which is an exempt capital markets services entity and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (through its Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (through its Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (through its Singapore branch) in respect of any matter arising from or in connection with the report.

United States

This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants, and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

In Singapore, investment research activities are conducted under RHB Bank Berhad (through its Singapore branch), and the disclaimers above similarly apply.

Malaysia

Save as disclosed in the following link [RHB Research conflict disclosures - May 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 - May 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 - May 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 - May 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