# Oversea-Chinese Banking Corp Ltd

## Higher NII and insurance income

SINGAPORE | BANKING | 2Q23 RESULTS

- 2Q23 earnings of S$1.71bn were slightly above our estimates. It came from higher net interest income and insurance income offset by lower fee income and higher allowances. 1H23 PATMI was 53% of our FY23e forecast. 2Q23 DPS was up 43% YoY to 40 cents. We raise our FY23e DPS from S$0.80 to S$0.85.
- NII grew 41% YoY as NIM surged 55bps YoY to 2.26% and loan growth remained flat YoY. NIM guidance was raised from 2.20% to above 2.20%. Allowances rose 250% due to higher GPs (and management overlays) as credit costs increased 23bps YoY to 31bps.
- **Maintain BUY with an unchanged target price of S$14.96.** We raise FY23e earnings by 4% as we increase NII estimates for FY23e due to higher NIMs and lower expenses, offset by lower fee income estimates. We assume 1.29x FY22e P/BV and ROE estimate of 10.8% in our GGM valuation. Catalysts include continued interest income growth and fee income recovery as economic conditions improve. OCBC is our preferred pick among the three banks due to attractive valuations and dividend yield of 6.5%, buffered by a well-capitalised 15.4% CET 1, and fee income recovery from China's re-opening.

### Results at a glance

| (SGD mn) | 2Q23 | 2Q22 | YoY | 1Q23 | QoQ | Comments |
|---|---|---|---|---|---|---|
| NII | 2,389 | 1,700 | 41% | 2,338 | 2% | Increase due to NIM growth of 55bps YoY to 2.26% on the back of rapid rise in interest rates despite loan growth remaining flat YoY. |
| Net Fees & Comm | 430 | 477 | (10%) | 453 | (5%) | Decline YoY due to weaker wealth, brokerage and fund management fees amid continued global risk-off investment sentiments. |
| Insurance | 262 | 208 | 26% | 238 | 10% | Increase mainly due to improved investment performance, total weighted new sales and new business embedded value at S$726mn and S$351mn respectively. |
| Other Non-II | 262 | 267 | (2%) | 251 | 4% | Remained largely unchanged as higher non-customer flow was offset by lower customer flow income. |
| **Total income** | **3,455** | **2,664** | **30%** | **3,350** | **3%** | |
| Expenses | (1,329) | (1,304) | 2% | (1,244) | 7% | Expenses up slightly YoY due to higher staff costs arising from salary adjustments and headcount growth. Nonetheless, CIR improved 10.5% points YoY to 38.5%. |
| **PPOP** | **2,376** | **1,605** | **48%** | **2,366** | **0%** | |
| Allowance | (252) | (72) | 250% | (110) | 129% | Total allowances consist of GP of S$200mn (1Q23: S$54mn) and SP of S$52mn (1Q23: S$56mn). Credit costs increased by 23bps YoY and 19bps QoQ to 31bps, as more GP was set aside for changes in risk profiles, macro-economic variables updates and management overlays. |
| **PATMI** | **1,710** | **1,281** | **33%** | **1,879** | **(9%)** | |

Source: Company, PSR

### The Positives

**+ Net interest income surged 41% YoY.** NII grew 41% YoY led by NIM improvement of 55bps YoY to 2.26% despite loan growth remaining flat YoY. NIM expansion was mainly due to the continued and rapid rise in interest rates during the year. However, NII rose only 3% QoQ as NIM declined 4bps QoQ as asset growth was partly offset by the lower NIM as higher funding costs outpaced the rise in loan yields. Nonetheless, OCBC has increased its NIM guidance for FY23e from 2.20% to above 2.20%.

StocksBnB.com

8 August 2023

**BUY (Maintained)**

| | |
|---|---|
| LAST CLOSE PRICE | SGD 13.04 |
| FORECAST DIV | SGD 0.85 |
| TARGET PRICE | SGD 14.96 |
| DIVIDEND YIELD | 6.5% |
| **TOTAL RETURN** | 21.3% |

**COMPANY DATA**

| | |
|---|---|
| BLOOMBERG TICKER | OCBC SP |
| O/S SHARES (MN) : | 4,495 |
| MARKET CAP (USD mn / SGD mn) : | 43697 / 58615 |
| 52 - WK HI/LO (SGD) : | 13.39 / 11.42 |
| 3M Average Daily T/O (mn) : | 4.71 |

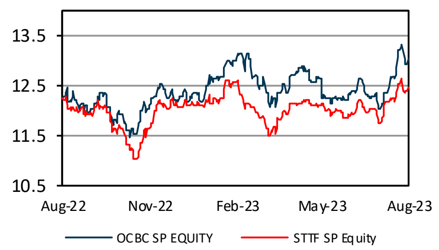
**MAJOR SHAREHOLDERS (%)**

| | |
|---|---|
| Selat Pte Limited | 11.2% |
| Lee Foundation Singapore | 4.4% |
| Lee Rubber Company Pte Ltd | 3.2% |

**PRICE PERFORMANCE (%)**

| | 1MTH | 3MTH | YTD |
|---|---|---|---|
| COMPANY | 4.8 | 5.5 | 9.7 |
| STTF RETURN | 3.3 | 2.4 | 4.0 |

**PRICE VS. STTF**




Source: Bloomberg, PSR

**KEY FINANCIALS**

| Y/E Dec (SGD mn) | FY21 | FY22 | FY23e | FY24e |
|---|---|---|---|---|
| Total Income | 10,596 | 11,675 | 13,248 | 13,964 |
| Op. Profit | 3,880 | 5,273 | 6,757 | 7,228 |
| NPAT, adj. | 4,858 | 5,748 | 7,026 | 7,608 |
| EPS (SGD) | 1.08 | 1.28 | 1.57 | 1.70 |
| PER, adj. (x) | 12.1 | 10.2 | 8.3 | 7.7 |
| P/BV, x | 1.1 | 1.1 | 1.0 | 1.0 |
| DPS (S$) | 0.53 | 0.68 | 0.85 | 0.90 |
| ROE | 9.5% | 10.9% | 12.8% | 13.0% |

Source: Bloomberg, Company, PSR

**Valuation Method:**

**Gordon Growth Model (COE: 8.8%, g: 2%)**


**Glenn Thum (+65 6212 1851)**

**Senior Research Analyst**

glennthumjc@phillip.com.sg

**+ Insurance income up 26% YoY.** Insurance income grew 26% YoY and 10% QoQ. The growth was mainly attributable to improved investment performance and the adoption of SFRS(I) 17 reporting standard. Total weighted new sales and new business embedded value (NBEV) were S$726mn and S$351mn respectively, while NBEV margin improved to 48.4% (2Q22: 37.1%) due to favourable product mix.

### The Negatives

**- Fee income declined YoY and QoQ.** Fee income declined 10% YoY and 5% QoQ as higher loan-related and investment banking fees were offset by softer wealth management-related fees from a decline in customer activities amid a risk-off investment environment. Nonetheless, the Group's wealth management income grew 56% YoY to S$1.14bn (2Q22: S$729mn) and contributed 33% to the Group's total income. OCBC's wealth management AUM was 10% higher YoY at S$274bn (2Q22: S$250bn) driven by continued net new money inflows.

**- Allowances up 250% YoY, credit costs at 31bps**. Management set aside 31bps of credit cost for 2Q23 (1Q23: 12bps), the second highest in six quarters, even though asset quality is still benign, with new NPAs during the quarter only at S$289mn (1Q23: S$174mn) and NPL ratio at 1.1%. 2Q23 total allowances rose 250% YoY mainly due to an increase in GPs, which were mainly set aside for changes in risk profiles, macro-economic variables updates and management overlays (40% of GP or ~S$1bn). Notably, rest of the world NPAs rose 84% YoY to S$549mn mainly due to the downgrade of a corporate account in the Commercial Real Estate sector in the US, for which OCBC sees no systemic risk.

**- CASA ratio continues to dip. The** Current Account Savings Accounts, or CASA ratio, fell 15.6% points YoY to 45.3% due to the high interest rate environment and a move towards fixed deposits, FDs. Nonetheless, total customer deposits increased 7% YoY to S$372bn underpinned by strong growth in FDs. The Group's funding composition remained stable with customer deposits comprising 79% of total funding.

### Outlook

**Loan growth:** Loan growth was flat YoY in 2Q23, falling below the bank's guidance for FY23e. However, management said that it expects a slower pace of economic growth and has maintained its guidance of low to mid-single loan growth for FY23e. Management also sees further lending opportunities in the wholesale segment and sustainable financing. Mortgage pipelines in Singapore and Hong Kong are also healthy, with more drawdowns expected in the rest of FY23.

**Fee income:** With the re-opening of China, OCBC is positive on the broader outlook and expects the re-opening to support China-Southeast Asia trade and investment flows. OCBC has recently launched a private banking unit in Malaysia and mainland China in order to strengthen its WM services while also hiring for the business. We could expect high single-digit fee income growth for FY23e.

**Commercial real estate office sector:** The commercial real estate office sector loans are mostly to network customers in key markets with a proven track record and financial strength. Overall LTVs are low at around 50% to 60% and are mostly secured. Overall, the commercial real estate office sector loans make up 14% of total loan book, with two-thirds of loans to key markets of Singapore, Malaysia, Indonesia, and Greater China. Loans to developed markets including Australia, the United Kingdom and the United States are largely to network customers with strong sponsors. The US accounted for less than 1% of total Group loans and mostly secured by Class A office properties.

Abbreviations
NII – Net interest income
NIM – Net interest margin
Non-II – Non-interest income
NPL – Non-performing Loans
SP – Specific provisions
GP – General provisions

**Table 1: OCBC guidance vs PSR estimates for FY23e**

| Assumptions | OCBC | PSR |
|---|---|---|
| NIM (%) | Above 2.20% | 2.22% |
| Loans growth (%) | Low to Mid-single digit | 2.0% |
| Credit cost (bps) | Around 20 bps | 20 |

Source: Company, PSR

## Investment Action

**Maintain BUY with an unchanged target price of S$14.96.**

We raise FY23e earnings by 4% as we increase NII estimates for FY23e due to higher NIMs and lower expenses, offset by lower fee income estimates. We assume 1.29x FY22e P/BV and ROE estimate of 10.8% in our GGM valuation. Catalysts include continued interest income growth and fee income recovery as economic conditions improve. OCBC is our preferred pick among the three banks due to attractive valuations and dividend yield of 6.5%, buffered by a well-capitalised 15.4% CET 1, and fee income recovery from China's re-opening.

**GGM valuation**

| Item | Description | Value |
|---|---|---|
| | Risk-free rate | 2.6% |
| E | Equity-risk premium | 5.4% |
| B | Beta | 1.1 |
| COE | Cost of Equity | 8.8% |
| | Return on Equity | 10.8% |
| | Terminal growth rate | 2.0% |
| $\frac{(ROE-g)}{(COE-g)}$ | Target Price to Book | 1.29 |
| | BVPS, S$ | 11.59 |
| | Valuation, S$ | 14.96 |

Source: PSR

# Financials

**Income Statement**

| Y/E Dec, SGD mn | FY20 | FY21 | FY22 | FY23e | FY24e |
|---|---|---|---|---|---|
| Net Int Income | 5,966 | 5,855 | 7,688 | 9,117 | 9,252 |
| Fees and Commission | 2,003 | 2,245 | 1,851 | 1,981 | 2,218 |
| Other Non int income | 2,167 | 2,496 | 2,136 | 2,151 | 2,494 |
| **Total operating income** | **10,136** | **10,596** | **11,675** | **13,248** | **13,964** |
| Operating expenses | (4,439) | (4,764) | (5,026) | (5,390) | (5,640) |
| **Operating profit** | **1,403** | **3,880** | **5,273** | **6,757** | **7,228** |
| Provisions and others | (2,147) | (976) | (688) | (551) | (548) |
| Associates & JVs | 612 | 824 | 978 | 1,174 | 1,408 |
| **Profit Before Tax** | **4,162** | **5,680** | **6,939** | **8,481** | **9,185** |
| Taxation | (437) | (648) | (1,057) | (1,292) | (1,399) |
| **Profit After Tax** | **3,725** | **5,032** | **5,882** | **7,190** | **7,786** |
| Non-controlling Interest | 142 | 174 | 134 | 164 | 177 |
| **Net Income, adj.** | **3,583** | **4,858** | **5,748** | **7,026** | **7,608** |

**Balance Sheet**

| Y/E Dec, SGD mn | FY20 | FY21 | FY22 | FY23e | FY24e |
|---|---|---|---|---|---|
| Cash bal with central banks | 26,525 | 27,919 | 34,966 | 45,501 | 44,343 |
| Due from banks | 32,816 | 25,462 | 30,244 | 30,828 | 30,867 |
| Debt and equity securities | 33,143 | 34,015 | 28,010 | 25,892 | 25,924 |
| Loans and bills receivable | 263,538 | 286,281 | 291,467 | 299,681 | 306,547 |
| Life Assur. Fund Inv. Assets | 97,068 | 100,096 | 97,995 | 100,935 | 103,963 |
| Others | 68,305 | 68,414 | 77,274 | 74,550 | 74,701 |
| **Total Assets** | **521,395** | **542,187** | **559,956** | **577,387** | **586,345** |
| Due to banks | 9,586 | 8,239 | 10,046 | 13,281 | 13,330 |
| Due to non-bank customers | 314,907 | 342,395 | 350,081 | 357,775 | 362,084 |
| Life Assur. Fund Liabilities | 94,454 | 96,306 | 94,946 | 97,794 | 100,728 |
| Debts issued | 24,355 | 20,115 | 21,938 | 21,152 | 21,310 |
| Others | 26,917 | 20,794 | 28,277 | 29,118 | 29,985 |
| **Total liabilities** | **470,219** | **487,849** | **505,288** | **519,121** | **527,437** |
| Shareholder's equity | 49,622 | 52,664 | 53,090 | 56,527 | 60,088 |
| Non-controlling interest | 1,554 | 1,675 | 1,581 | 1,745 | -1,173 |
| **Total Equity** | **51,176** | **54,339** | **54,671** | **58,272** | **58,915** |

**Per share data (SGD)**

| Y/E Dec | FY20 | FY21 | FY22 | FY23e | FY24e |
|---|---|---|---|---|---|
| EPS, reported | 0.80 | 1.08 | 1.28 | 1.57 | 1.70 |
| EPS, adj. | 0.80 | 1.08 | 1.28 | 1.57 | 1.70 |
| DPS | 0.32 | 0.53 | 0.68 | 0.85 | 0.90 |
| BVPS | 11.09 | 11.72 | 11.81 | 12.61 | 13.31 |
| Dividend payout ratio | 40% | 49% | 53% | 54% | 53% |

**Supplementary items**

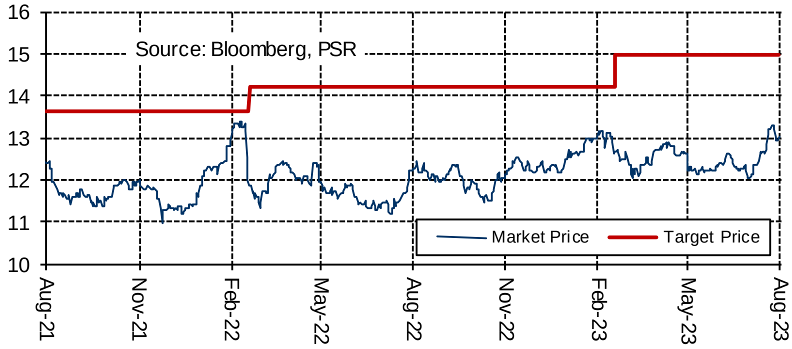
| Y/E Dec | FY20 | FY21 | FY22 | FY23e | FY24e |
|---|---|---|---|---|---|
| CET1 CAR | 15.2% | 15.5% | 15.2% | 16.2% | 17.3% |
| Tier 1 CAR | 15.8% | 16.0% | 15.9% | 16.9% | 18.0% |
| Total CAR | 17.9% | 17.6% | 17.7% | 18.6% | 19.7% |

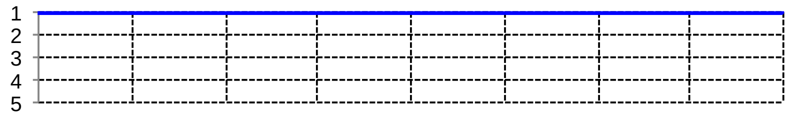
**Valuation Ratios**

| Y/E Dec | FY20 | FY21 | FY22 | FY23e | FY24e |
|---|---|---|---|---|---|
| P/E (X), adj. | 16.3 | 12.1 | 10.2 | 8.3 | 7.7 |
| P/B (X) | 1.2 | 1.1 | 1.1 | 1.0 | 1.0 |
| Dividend Yield | 2.4% | 4.1% | 5.2% | 6.5% | 6.9% |
| **Growth & Margins** | | | | | |
| **Growth** | | | | | |
| Net int income | -5.8% | -1.9% | 31.3% | 18.6% | 1.5% |
| Non int income | -8.2% | 13.7% | -15.9% | 3.6% | 14.1% |
| Pre provision operating profit | -6.8% | 4.5% | 10.2% | 13.5% | 5.4% |
| Operating income | -32.2% | 36.8% | 22.8% | 22.6% | 6.4% |
| Net income, reported | -26.4% | 35.6% | 18.3% | 22.2% | 8.3% |
| Net income, adj | -26.4% | 35.6% | 18.3% | 22.2% | 8.3% |
| **Margins** | | | | | |
| Net interest margin | 1.61% | 1.54% | 1.91% | 2.22% | 2.20% |
| **Key Ratios** | | | | | |
| ROE | 7.4% | 9.5% | 10.9% | 12.8% | 13.0% |
| ROA | 0.8% | 1.1% | 1.2% | 1.5% | 1.6% |
| RORWA | 1.6% | 2.2% | 2.5% | 2.9% | 3.1% |
| | | | | | |
| Non-int/total income ratio | 41.1% | 44.7% | 34.1% | 31.2% | 33.7% |
| Cost/income ratio | 43.8% | 45.0% | 43.0% | 40.7% | 40.4% |
| Loan/deposit ratio | 83.7% | 83.6% | 83.3% | 83.8% | 84.7% |
| NPL ratio | 1.5% | 1.5% | 1.1% | 1.1% | 1.1% |

Source: Company, Phillip Securities Research (Singapore) Estimates

## Ratings History




## PSR Rating System

| Total Returns | Recommendation | Rating |
|---|---|---|
| > +20% | Buy | 1 |
| +5% to +20% | Accumulate | 2 |
| -5% to +5% | Neutral | 3 |
| -5% to -20% | Reduce | 4 |
| < -20% | Sell | 5 |

## Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

PhillipCapital

## Contact Information (Singapore Research Team)


**Head of Research**
Paul Chew – paulchewkl@phillip.com.sg

**Research Admin**
Qystina Azli - qystina@phillip.com.sg

**Technical Analyst**
Zane Aw – zaneawyx@phillip.com.sg

**Property | REITs**
Darren Chan – darrenchanrx@phillip.com.sg

**Banking & Finance**
Glenn Thum – glennthumjc@phillip.com.sg

**Credit Analyst**
Shawn Sng – shawnsngkh@phillip.com.sg

**Property | REITs**
Liu Miaomiao – liumm@phillip.com.sg

**Conglomerate | Transport**
Peggy Mak – peggymak@phillip.com.sg

**US Technology Analyst (Hardware & Marketplaces)**
Maximilian Koeswoyo – maximilian@phillip.com.sg

**US Technology Analyst (Digital Media & Entertainment)**
Jonathan Woo – jonathanwookj@phillip.com.sg

**US Technology Analyst (Software/Services)**
Ambrish Shah – amshah@phillipcapital.in


## Contact Information (Regional Member Companies)

**SINGAPORE**
**Phillip Securities Pte Ltd**
Raffles City Tower
250, North Bridge Road #06-00
Singapore 179101
Tel +65 6533 6001
Fax +65 6535 6631
Website: www.poems.com.sg

**MALAYSIA**
**Phillip Capital Management Sdn Bhd**
B-3-6 Block B Level 3 Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450
Kuala Lumpur
Tel +603 2162 8841
Fax +603 2166 5099
Website: www.poems.com.my

**HONG KONG**
**Phillip Securities (HK) Ltd**
11/F United Centre 95 Queensway
Hong Kong
Tel +852 2277 6600
Fax +852 2868 5307
Websites: www.phillip.com.hk

**JAPAN**
**Phillip Securities Japan, Ltd.**
4-2 Nihonbashi Kabuto-cho Chuo-ku,
Tokyo 103-0026
Tel +81-3 3666 2101
Fax +81-3 3666 6090
Website: www.phillip.co.jp

**INDONESIA**
**PT Phillip Securities Indonesia**
ANZ Tower Level 23B,
Jl Jend Sudirman Kav 33A
Jakarta 10220 – Indonesia
Tel +62-21 5790 0800
Fax +62-21 5790 0809
Website: www.phillip.co.id

**CHINA**
**Phillip Financial Advisory (Shanghai) Co Ltd**
No 550 Yan An East Road,
Ocean Tower Unit 2318,
Postal code 200001
Tel +86-21 5169 9200
Fax +86-21 6351 2940
Website: www.phillip.com.cn

**THAILAND**
**Phillip Securities (Thailand) Public Co. Ltd**
15th Floor, Vorawat Building,
849 Silom Road, Silom, Bangrak,
Bangkok 10500 Thailand
Tel +66-2 6351700 / 22680999
Fax +66-2 22680921
Website www.phillip.co.th

**FRANCE**
**King & Shaxson Capital Limited**
3rd Floor, 35 Rue de la Bienfaisance 75008
Paris France
Tel +33-1 45633100
Fax +33-1 45636017
Website: www.kingandshaxson.com

**UNITED KINGDOM**
**King & Shaxson Capital Limited**
6th Floor, Candlewick House,
120 Cannon Street,
London, EC4N 6AS
Tel +44-20 7426 5950
Fax +44-20 7626 1757
Website: www.kingandshaxson.com

**UNITED STATES**
**Phillip Capital Inc**
141 W Jackson Blvd Ste 3050
The Chicago Board of Trade Building
Chicago, IL 60604 USA
Tel +1-312 356 9000
Fax +1-312 356 9005
Website: www.phillipusa.com

**AUSTRALIA**
**Phillip Capital Limited**
Level 10, 330 Collins Street
Melbourne, Victoria 3000, Australia
Tel +61-03 8633 9803
Fax +61-03 8633 9899
Website: www.phillipcapital.com.au

**CAMBODIA**
**Phillip Bank Plc**
Ground Floor of B-Office Centre,#61-64,
Norodom Blvd Corner Street 306,Sangkat
Boeung Keng Kang 1, Khan Chamkamorn,
Phnom Penh, Cambodia
Tel: 855 (0) 7796 6151/855 (0) 1620 0769
Website: www.phillipbank.com.kh

**INDIA**
**PhillipCapital (India) Private Limited**
No.1, 18th Floor, Urmi Estate
95, Ganpatrao Kadam Marg
Lower Parel West, Mumbai 400-013
Maharashtra, India
Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969
Website: www.phillipcapital.in

**TURKEY**
**PhillipCapital Menkul Degerler**
Dr. Cemil Bengü Cad. Hak Is Merkezi
No. 2 Kat. 6A Caglayan
34403 Istanbul, Turkey
Tel: 0212 296 84 84
Fax: 0212 233 69 29
Website: www.phillipcapital.com.tr

**DUBAI**
**Phillip Futures DMCC**
Member of the Dubai Gold and
Commodities Exchange (DGCX)
Unit No 601, Plot No 58, White Crown Bldg,
Sheikh Zayed Road, P.O.Box 212291
Dubai-UAE
Tel: +971-4-3325052 / Fax: + 971-4-3328895

**Important Information**

This report is prepared and/or distributed by Phillip Securities Research Pte Ltd ("Phillip Securities Research"), which is a holder of a financial adviser's license under the Financial Advisers Act, Chapter 110 in Singapore.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

**IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES**

Where the report contains research analyses or reports from a foreign research house, please note:

(i) recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and

(ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.