

Affin Bank Berhad

(5185 | ABANK MK) Financial Services | Finance

2QFY24 Results: NIM Issues to Persist

KEY INVESTMENT HIGHLIGHTS

- 6MFY24's Core NP of RM229m was *Within/Within* our/street forecasts: **46%/47%** of full-year forecasts
- Management's tone: **Neutral**
- Core themes: (a) Further NIM compression, (b) Downward revision of FY24 targets expected, (c) Asset quality fears push Affin to reprioritise consumer loan segment
- Forecasts unchanged
- **Maintain SELL | Unchanged TP of RM1.82 | based on an unchanged FY25F P/BV of 0.35x**

Verdict: Affin's current share price remains overpriced for its fundamental outlook – even factoring in the Sarawak factor.

| Yays | Nays | OKs |
|--|---|---|
| <ol style="list-style-type: none"> 1. More moderate loan growth as of late is better for its liquidity profile. 2. Lots of opportunities from the deal with potential new shareholder. 3. NOII gradually coming online. | <ol style="list-style-type: none"> 1. Possibility of further dividend disappointments. 2. OPEX and CIR are still seemingly uncontrollable. 3. NIM compression is likely to persist. 4. Questionable asset quality, though NCC outlook is more positive. | <ol style="list-style-type: none"> 1. CASA flows are picking up – but its high rates would barely bring any benefit to COF. 2. Affin's share price could go either way. |

Results in a nutshell:

▼ **6MFY24's Core net profit (NP) of RM229m down by -13%yoy.** Largely dragged by a sharp increase in OPEX and weaker NII and Associate results. There were notable improvements in NOII and provisions.

▲ **2QFY24's Core NP of RM119m up by +8%qoq.** Driven by better NOII, NII and OPEX.

▲ **Gross loans grew by +1.4%qoq, coming up to +3.5%YTD.**

▼ **Deposits grew by -0.7%qoq, coming up to +0.6%YTD.**

▲ **GIL moved by -6bps to 1.89%, LLC currently at 97%.**

Maintain SELL
Unchanged Target Price: RM1.82

RETURN STATISTICS

| | |
|---------------------------------|-------|
| Price @ 23 August 2024 (RM) | 3.27 |
| Expected share price return (%) | -44.4 |
| Expected dividend yield (%) | +2.0 |
| Expected total return (%) | -42.4 |

SHARE PRICE CHART



| Price performance (%) | Absolute | Relative |
|-----------------------|----------|----------|
| 1 month | 16.8 | 16.6 |
| 3 months | 31.3 | 28.0 |
| 12 months | 67.7 | 48.0 |

INVESTMENT STATISTICS

| FYE Dec | FY24F | FY25F | FY26F |
|-----------------------|------------|------------|------------|
| Core NP (RM m) | 495 | 518 | 579 |
| CNP growth (%) | 8 | 10 | 10 |
| Div yield (%) | 1.9 | 2.0 | 2.2 |
| Gross DPS (sen) | 6.3 | 6.5 | 7.2 |
| P/BV (x) | 0.7 | 0.6 | 0.6 |
| BVPS (RM) | 5.0 | 5.2 | 5.4 |
| ROE (%) | 4.4 | 4.4 | 4.7 |
| MIDF/Street CNP (%) | 101 | 92 | 95 |

KEY STATISTICS

| | |
|------------------------------|----------------|
| FBM KLCI | 1,635.74 |
| Issue shares (m) | 2,346.5 |
| Estimated free float (%) | 20.3 |
| Market Capitalisation (RM'm) | 7,849.6 |
| 52-wk price range | RM1.9 - RM3.32 |
| 3-mth avg daily volume (m) | 3.9 |
| 3-mth avg daily value (RM'm) | 11.2 |
| Top Shareholders (%) | |
| LTAT | 28.9 |
| Bank of East Asia Ltd | 23.9 |
| Boustead Holdings Bhd | 20.1 |

Analyst

Samuel Woo

samuel.woo@midf.com.my

Have a look at:

▼ **Affin's NIM is not in a good position.** Affin's NIM fell by -4bps qoq and is expected to narrow further (in contrast to the rest of the industry).

Currently, we believe the only thing that offers a meaningful jumpstart to Affin's NIM is if there is a huge CASA inflow upon completion of a new shareholder. More specifically, we think Affin may likely see a huge influx of deposits from the new shareholder – though management remains uncertain about the potential scale of inflows. Affin's weak deposit franchise coupled with high loan growth requirements has led to persistent liquidity issues in the past.

▼ **Its average retail CASA interest rate of ~3% is above-industry high – implying that its recent CASA surge is not as beneficial to COF as once thought.** Competitors have much lower rates (we estimate closer to the ~1% mark). Affin's corporate CASA rate is even lower at 2.5-3%. This implies that excitement surrounding recent sharp CASA inflows brought about by the release of its new app may be overblown – as the CASA drawn in is extremely expensive and not helpful to NIM profile.

▼ **Loan yields will continue to remain weak, as management is reprioritising consumer loans once more (and moving away from the SME segment).** Management expresses uncertainty about the quality of potential SME customers, believing their debt servicing ability may not be adequate. Hence, they will slow down growth in their SME segment and ramp up growth in the lower-yielding consumer segment instead.

▶ **Share price could go either way.** Although we conservatively base our target price on the Gordon-Growth Model P/BV (where P/BV multiple is dependent on ROE expectations), the share price is currently so sentiment-driven that it no longer seems to adhere to this valuation type. Multiple scenarios things to consider:

1. Share price may revert to something more representative of Affin's weak fundamentals upon completion of the deal with the Sarawak Government as a new shareholder.
2. At the same time, its fundamentals could be supported via the potential for a large deposit influx which could resolve Affin's weak dividend yield issue by providing a sizeable capital buffer as well as helping with its liquidity situation.
3. Affin could now function as a "Sarawak economy proxy", whose share price movement may be linked to any positive or negative Sarawak economy news flow.

▼ **Downward FY24 target revision is almost a certainty.** As with previous years, we expect ROE, CIR and NIM targets to be lowered. These targets could be plausible if the new shareholder deal had been finalised earlier this year. We believe there is a high chance that Affin will disappoint on its 40-60% dividend payout target as well (as with FY23), due to its low CET1 ratio and desperate need for capital accretion.

▲ **We are slightly more positive about its NCC target.** Affin's 1HFY24 NCC figure of 2bps was still well below its FY24 target of 10-15bps. Management guides for potential forward-looking provision writebacks (considering improved macroeconomic conditions).

Forecasts unchanged. We make no changes to our forecasts.

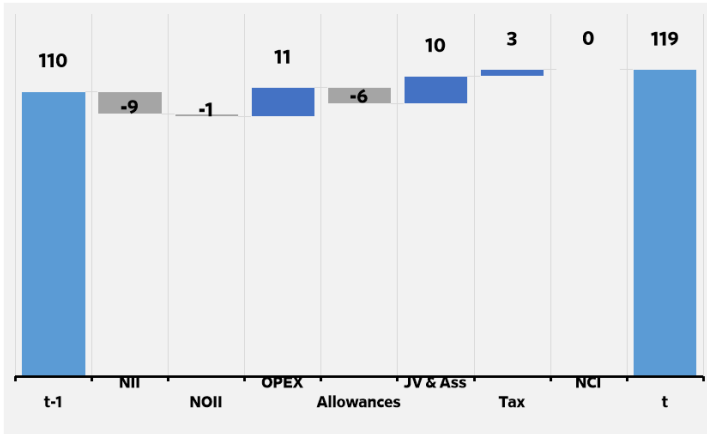
Key downside risks. (1) Persistent asset quality issues, (2) Steep NIM compression, (3) Weak NOII performance.

Maintain SELL call: Unchanged GGM-TP of RM 1.82. The TP is based on an unchanged FY25F P/BV of 0.35x.

(GGM assumptions: FY25F ROE of 4.4%, LTG of 3.0% & COE of 7.0%)

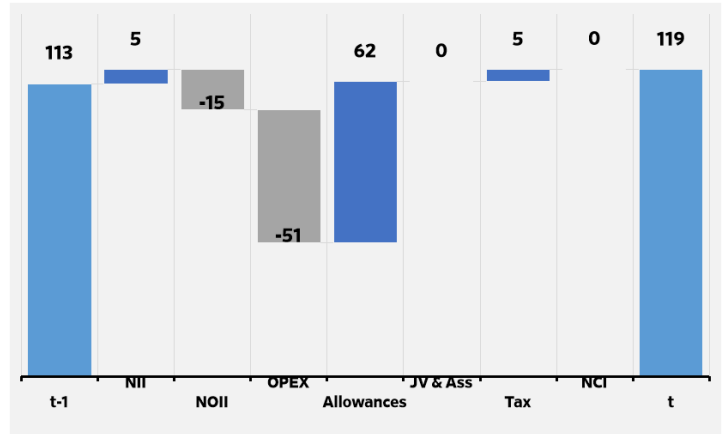


Fig 1: QoQ P/L walk (Quarterly results)



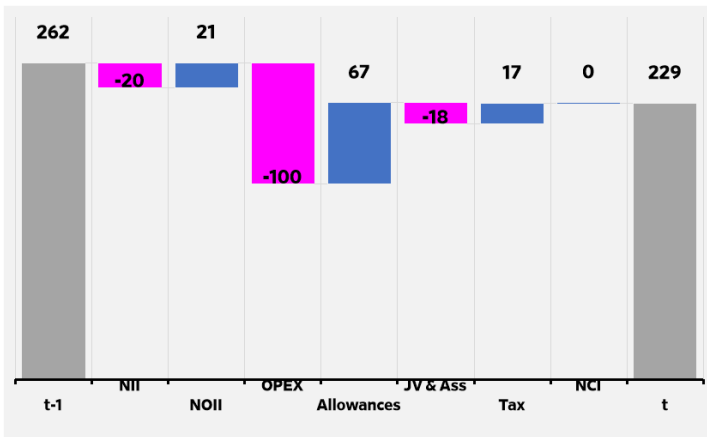
Source: Affin Bank, MIDFR

Fig 2: YoY P/L walk (Quarterly results)



Source: Affin Bank, MIDFR

Fig 3: YoY P/L walk (Cumulative results)



Source: Affin Bank, MIDFR

Fig 4: Quarterly results

| FYE Dec (RM m) | 2Q FY24 | 1Q FY24 | 2Q FY23 | Yoy (%) | Qoq (%) | 1H FY24 | 1H FY23 | Yoy (%) |
|------------------------|----------------|----------------|----------------|-------------------|-------------------|----------------|----------------|-------------------|
| Net interest inc. | 192 | 194 | 203 | -5 | -1 | 386 | 436 | -11 |
| Islamic banking inc. | 161 | 168 | 145 | 11 | -4 | 329 | 299 | 10 |
| Non-interest inc. | 142 | 143 | 157 | -10 | -1 | 284 | 264 | 8 |
| Net income | 495 | 505 | 505 | -2 | -2 | 999 | 999 | 0 |
| OPEX | (368) | (379) | (316) | 16 | -3 | (747) | (646) | 16 |
| PPOP | 127 | 126 | 188 | -33 | 1 | 253 | 353 | -28 |
| Loan provisions | (22) | 16 | (20) | 12 | -244 | (7) | (14) | -52 |
| Other provisions | 35 | 3 | (30) | -217 | >500 | 38 | (22) | -270 |
| JV & Associates | 11 | 1 | 11 | n.m. | n.m. | 12 | 30 | n.m. |
| PBT | 151 | 145 | 150 | 1 | 4 | 296 | 346 | -15 |
| Tax | (32) | (35) | (37) | -12 | -7 | (67) | (84) | -20 |
| NCI | - | - | - | n.m. # | n.m. # | - | - | n.m. # |
| Reported NP | 119 | 110 | 113 | 5 | 8 | 229 | 262 | -13 |
| Core NP | 119 | 110 | 113 | 5 | 8 | 229 | 262 | -13 |
| Total NII | 353 | 362 | 348 | 2 | -2 | 715 | 736 | -3 |
| Total NOII | 142 | 143 | 157 | -10 | -1 | 284 | 264 | 8 |
| Gross DPS (sen) | - | - | - | n.m. | n.m. | - | - | n.m. |
| Core EPS (sen) | 5.0 | 4.7 | 5.0 | 1 | 7 | 9.7 | 11.5 | -16 |
| Gross loans | 69,016 | 68,037 | 62,468 | 10.5 | 1.4 | | | |
| Gross impaired loans | 1,306 | 1,330 | 1,112 | 17.4 | -1.8 | | | |
| Customer deposits | 71,226 | 71,758 | 71,511 | -0.4 | -0.7 | | | |
| CASA | 18,439 | 17,852 | 16,599 | 11.1 | 3.3 | | | |
| Ratios (%) | 2Q FY24 | 1Q FY24 | 2Q FY23 | Yoy (ppts) | Qoq (ppts) | 1H FY24 | 1H FY23 | Yoy (ppts) |
| ROE (Ann.) | 4.2 | 3.9 | 4.1 | 0.1 | 0.3 | 4.0 | 4.8 | -0.7 |
| NIM (Reported) | 1.40 | 1.44 | 1.33 | 0.07 | -0.04 | 1.42 | 1.57 | -0.15 |
| NOII/Net income | 28.6 | 28.3 | 31.1 | -2.5 | 0.4 | 28.4 | 26.4 | 2.0 |
| Cost/Income | 74.3 | 75.1 | 62.7 | 11.7 | -0.8 | 74.7 | 64.7 | 10.0 |
| NCC (Ann.) (bps) | 14 | (10) | 14 | 0 | 23 | 2 | 5 | -3 |
| GIL ratio | 1.89 | 1.96 | 1.78 | 0.11 | -0.06 | | | |
| Loan loss coverage | 97 | 100 | 128 | -31 | -2 | | | |
| CASA ratio | 25.9 | 24.9 | 23.2 | 2.7 | 1.0 | | | |
| L/D ratio | 95.1 | 93.0 | 85.4 | 9.8 | 2.1 | | | |
| CET-1 | 12.8 | 13.4 | 14.7 | -1.9 | -0.6 | | | |

Source: Affin Bank, MIDFR

Fig 5: Retrospective performance (Income Statement)

| Metric | | Surprise? Qoq/Yoy | | Metric | | Surprise? Qoq/Yoy | |
|---------------------|---------------------|----------------------|-----------|---------------|--------------|----------------------|--------|
| Qtrly Core NP | RM mil | | 119 | Qtrly ROE | Qtr value | | 4.2% |
| | 24% of FY CNP | | | | | | |
| | Qoq | | 8% | | t-1 | | 3.9% |
| | Yoy | | 5% | | t-4 | | 4.1% |
| Cum Core NP | RM mil | | 229 | Cum ROE | Cum value | | 4.0% |
| | Within our forecast | | | | | | |
| | 46% of FY CNP | | | | | | |
| | Within consensus | | | | | | |
| | 47% of FY CNP | | | | | | |
| Yoy | | -13% | | t-1 | | 4.8% | |
| NII | As expected | | | NIM | As expected | | |
| | | | | | Qtr value | | 1.40 |
| | | | | | Cum value | | 1.42 |
| | Qtr (Qoq) | | -2% | | Qtr (Qoq) | | -4bps |
| | Qtr (Yoy) | | 2% | | Qtr (Yoy) | | +7bps |
| Cum (Yoy) | | -3% | Cum (Yoy) | | -15bps | | |
| NOII | As expected | | | Qtr | % NII | | 71% |
| | Qtr (Qoq) | | -1% | | % NOII | | 29% |
| | Qtr (Yoy) | | -10% | Cum | % NII | | 72% |
| | Cum (Yoy) | | 8% | | % NOII | | 28% |
| OPEX | -ve surprise | | | Cost/ Inc. | -ve surprise | | |
| | | | | | Qtr value | | 74.3% |
| | | | | | Cum value | | 74.7% |
| | Qtr (Qoq) | | -3% | | Qtr (Qoq) | | -0.8% |
| | Qtr (Yoy) | | 16% | | Qtr (Yoy) | | +11.7% |
| Cum (Yoy) | | 16% | Cum (Yoy) | | +10.0% | | |

Source: Affin Bank, MIDFR

Notes (Cum = Cumulative, Qtr = Quarterly)

Fig 6: Retrospective performance (Balance Sheet, Dividends, and anything extra)

| Metric | Surprise? Qoq/Yoy | | Metric | Surprise? Qoq/Yoy | | Notes (Cum = Cumulative, Qtr = Quarterly) |
|----------------|----------------------|--------|------------|----------------------|-------|---|
| Loans | As expected | | | | | |
| | Qoq | 1.4% | | | | |
| | Yoy | 10.5% | | | | |
| | YTD (FY) | 3.5% | | | | |
| Depo. grwth | -ve surprise | | CASA grwth | As expected | | |
| | Qoq | -0.7% | | Qoq | 3.3% | |
| | Yoy | -0.4% | | Yoy | 11.1% | |
| | YTD (FY) | 0.6% | | YTD (FY) | -2.5% | |
| CASA ratio | As expected | | L/D ratio | As expected | | |
| | Value now | 25.9% | | Value now | 95.1% | |
| | Qoq | +1.0% | | Qoq | +2.1% | |
| | Yoy | +2.7% | | Yoy | +9.8% | |
| GIL ratio | +ve surprise | | LLC ratio | As expected | | |
| | Value now | 1.89% | | Value now | 97% | |
| | Qoq | -6bps | | Qoq | -2% | |
| | Yoy | +11bps | | Yoy | -31% | |
| Qtrly Net CC | As expected | | Cum Net CC | +ve surprise | | |
| | Decent provision | | | Small provision | | |
| | Value now | 14bps | | Value now | 2bps | |
| | t-1 | -10bps | | | | |
| | t-4 | 14bps | | t-4 | 5bps | |
| CET 1 | Could be better | | Div payout | No divvy | | |
| | As expected | | | As expected | | |
| | Value now | 12.8% | | Payout | - | |
| | Qoq | -0.6% | | | | |
| Others: | | | | | | |

Source: Affin Bank, MIDFR

Fig 7: Targets, Achievements, and Outlook

| Targets | FY24F | 1H FY24 | Notes (Red: New guidance, Strikethrough: Guidance is no longer pertinent) |
|------------|------------------|-----------|---|
| ROE | 7 (PBT: RM1.0b) | 4.0 | Unlikely to be achieved. |
| CIR | 64 | 74.7 | Unlikely to be achieved. OPEX growth targeted at 9-10%. |
| NIM | 1.60 (from 1.42) | 1.42 | Unlikely to be achieved. NIM compression is expected to persist. |
| NOII | | 8% (yoy) | |
| Loans | 8 | 3.5 (YTD) | Affin to resume ~12% target in FY25. |
| Deposits | | 0.6 (YTD) | |
| % CASA | >30.0 | 25.9 | Overly ambitious – mobile app balances are not sufficient. |
| Loan/Depo | | 95.1 | |
| GIL ratio | 1.90 | 1.89 | |
| NCC (bps) | 10-15 GCC: 13 | 2 | On a promising note, more writebacks expected in future. |
| LLC | 100-120 | 97 | |
| CET 1 | | 12.8 | |
| Div payout | 40-60 | - | High chance of management disappointing on this front – given its low CET1 ratio and maintained capital accretion. Expect high DRP. |

Source: Affin Bank, MIDFR

FINANCIAL SUMMARY

INCOME STATEMENT

| FYE Dec (RM m) | FY22 | FY23F | FY24F | FY25F | FY26F |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Net interest income | 1,023 | 783 | 927 | 963 | 1,032 |
| Islamic banking inc. | 688 | 596 | 618 | 642 | 688 |
| Other operating inc. | 344 | 607 | 710 | 749 | 818 |
| Net income | 2,055 | 1,986 | 2,256 | 2,354 | 2,538 |
| OPEX | (1,317) | (1,421) | (1,534) | (1,601) | (1,701) |
| PPOP | 738 | 565 | 722 | 753 | 838 |
| Loan allowances | (462) | (50) | (90) | (98) | (108) |
| Other allowances | (45) | (28) | (27) | (22) | (21) |
| JV & Associates | 9 | 36 | 43 | 45 | 50 |
| PBT | 239 | 523 | 648 | 678 | 758 |
| Tax & zakat | (161) | (121) | (153) | (160) | (179) |
| Discontinued ops | 1,125 | - | - | - | - |
| NCI | (25) | - | - | - | - |
| Reported NP | 1,179 | 402 | 495 | 518 | 579 |
| Core NP | 78 | 402 | 495 | 518 | 579 |
| Total NII | 1,711 | 1,379 | 1,546 | 1,605 | 1,721 |
| Total NOII | 344 | 607 | 710 | 749 | 818 |

BALANCE SHEET

| FYE Dec (RM m) | FY22 | FY23F | FY24F | FY25F | FY26F |
|----------------------------|---------------|----------------|----------------|----------------|----------------|
| Cash & ST funds | 5,205 | 6,483 | 6,399 | 6,962 | 7,030 |
| Investment securities | 21,180 | 27,239 | 20,979 | 19,273 | 20,126 |
| Net loans | 57,932 | 65,225 | 70,585 | 77,643 | 85,408 |
| Other IEAs | 0 | 0 | 0 | 0 | 0 |
| Non-IEAs | 5,804 | 6,300 | 13,863 | 16,570 | 17,366 |
| Total assets | 90,121 | 105,248 | 111,827 | 120,449 | 129,929 |
| Customer deposits | 64,995 | 70,834 | 76,572 | 84,305 | 92,820 |
| Other IBLs | 11,818 | 21,289 | 21,670 | 22,066 | 22,475 |
| Non-IBLs | 2,679 | 2,016 | 2,049 | 2,084 | 2,120 |
| Total liabilities | 79,492 | 94,139 | 100,291 | 108,455 | 117,416 |
| Share capital | 5,245 | 5,371 | 5,371 | 5,371 | 5,371 |
| Reserves | 5,383 | 5,738 | 6,164 | 6,623 | 7,142 |
| Shareholders' funds | 10,629 | 11,109 | 11,535 | 11,994 | 12,513 |
| NCI | 0 | 0 | 0 | 0 | 0 |
| Total equity | 10,629 | 11,109 | 11,535 | 11,994 | 12,513 |
| Total L&E | 90,121 | 105,248 | 111,827 | 120,449 | 129,929 |
| Total IEAs | 84,317 | 98,947 | 97,963 | 103,879 | 112,564 |
| Total IBLs | 76,813 | 92,123 | 98,242 | 106,371 | 115,296 |
| Gross loans | 59,343 | 66,663 | 71,996 | 79,195 | 87,115 |
| CASA | 15,250 | 18,914 | 18,760 | 21,076 | 23,205 |

FINANCIAL RATIOS

| FYE Dec (RM m) | FY22 | FY23F | FY24F | FY25F | FY26F |
|--------------------------|------------|------------|------------|------------|------------|
| Interest (%) | | | | | |
| NIM | 2.16 | 1.50 | 1.57 | 1.59 | 1.59 |
| Return on IEAs | 2.59 | 2.89 | 2.20 | 2.18 | 2.09 |
| Cost of funds | 1.45 | 2.21 | 1.30 | 1.21 | 1.11 |
| Net interest spread | 1.15 | 0.68 | 0.90 | 0.97 | 0.98 |
| Profitability (%) | | | | | |
| ROE | 0.8 | 3.7 | 4.4 | 4.4 | 4.7 |
| ROA | 0.1 | 0.4 | 0.5 | 0.4 | 0.5 |
| NOII/Net income | 16.7 | 30.6 | 31.5 | 31.8 | 32.2 |
| Effective tax rate | 65.7 | 22.2 | 22.8 | 22.8 | 22.8 |
| Cost/Income | 64.1 | 71.6 | 68.0 | 68.0 | 67.0 |
| Liquidity (%) | | | | | |
| Loan/Deposit | 89.1 | 92.1 | 92.2 | 92.1 | 92.0 |
| CASA ratio | 23.5 | 26.7 | 24.5 | 25.0 | 25.0 |
| Asset Quality (%) | | | | | |
| GIL ratio | 1.97 | 1.90 | 1.96 | 1.96 | 1.96 |
| LLC ratio | 120 | 114 | 100 | 100 | 100 |
| LLC (w. reserves) | 161 | 140 | 146 | 148 | 144 |
| Net CC (bps) | 83 | 8 | 13 | 13 | 13 |
| Capital (%) | | | | | |
| CET 1 | 15.0 | 13.8 | 14.0 | 13.8 | 13.3 |
| Tier 1 capital | 16.3 | 15.3 | 15.4 | 15.1 | 14.6 |
| Total capital | 18.7 | 18.0 | 17.8 | 17.4 | 16.8 |
| Growth (%) | | | | | |
| Total NII | 18.5 | -19.4 | 12.1 | 3.8 | 7.2 |
| Total NOII | -14.3 | 76.6 | 17.0 | 5.5 | 9.1 |
| Net income | 11.4 | -3.4 | 13.6 | 4.3 | 7.8 |
| OPEX | 15.6 | 7.9 | 7.9 | 4.3 | 6.3 |
| Core NP | -82.0 | 415.4 | 23.2 | 4.6 | 11.8 |
| Gross loans | 15.4 | 12.3 | 8.0 | 10.0 | 10.0 |
| Customer deposits | 10.5 | 9.0 | 8.1 | 10.1 | 10.1 |
| CASA | 12.6 | 24.0 | -0.8 | 12.3 | 10.1 |
| Valuation metrics | | | | | |
| Core EPS (sen) | 3.4 | 17.4 | 21.5 | 22.5 | 25.1 |
| Gross DPS (sen) | 22.6 | 5.8 | 6.3 | 6.5 | 7.2 |
| Div payout (%) | 42 | 33 | 30 | 30 | 30 |
| BVPS (RM) | 4.6 | 4.8 | 5.0 | 5.2 | 5.4 |
| Core P/E (x) | 96.7 | 18.8 | 15.2 | 14.6 | 13.0 |
| Div yield (%) | 6.9 | 1.8 | 1.9 | 2.0 | 2.2 |
| P/BV (x) | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 |

Source: Affin Bank, MIDFR

| Income Statement | Balance Sheet | Valuations & Sector |
|--|-----------------------------------|-------------------------------------|
| Core NP – Core Net Profit | LCR – Liquidity Coverage ratio | ROE – Return on Equity |
| PPOP – Pre-Provisioning Operating Profit | L/D ratio – Loan/Deposit ratio | GGM – Gordon Growth Model |
| NII – Net Interest Income | CASA – Current & Savings accounts | P/BV – Price to Book Value |
| NIM – Net Interest Margin | FD – Fixed Deposits | BVPS – Book Value per Share |
| COF – Cost of Funds | GIL – Gross Impaired Loans | BNM – Bank Negara Malaysia |
| NOII – Non-Interest Income | NIL – Net Impaired Loans | OPR – Overnight Policy Rate |
| MTM – Mark to Market | LLC – Loan Loss Coverage | SRR – Statutory Reserve Requirement |
| CIR – Cost to Income Ratio | NCC – Net Credit Costs | SBR – Standardised Base Rate |
| OPEX – Operational Expenses | GCC – Gross Credit Costs | ALR – Average Lending Rate |
| | CET 1 – Common Equity Tier 1 | |

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

| | |
|--------------|--|
| BUY | Total return is expected to be >10% over the next 12 months. |
| TRADING BUY | Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow. |
| NEUTRAL | Total return is expected to be between -10% and +10% over the next 12 months. |
| SELL | Total return is expected to be <-10% over the next 12 months. |
| TRADING SELL | Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow. |

SECTOR RECOMMENDATIONS

| | |
|----------|--|
| POSITIVE | The sector is expected to outperform the overall market over the next 12 months. |
| NEUTRAL | The sector is to perform in line with the overall market over the next 12 months. |
| NEGATIVE | The sector is expected to underperform the overall market over the next 12 months. |

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

| | |
|------|--|
| ☆☆☆☆ | Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |
| ☆☆☆ | Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |
| ☆☆ | Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |
| ☆ | Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell |

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology