NCBA INVESTMENT BANKING COMPANY REPORT

CIC HOLDINGS

We initiate coverage with a **BUY** recommendation based on a target price of KES 2.92 implying a 33.9% upside, from the current price of KES 2.18 as of 31st July 2023, inclusive of dividend yield.

The recommendation is based on the insurer's sound and organic premium growth on the back of continued execution of transformational agenda under the 2021-2025 strategic plan. The stock is currently trading at par to its value but presents a value pick for long-term investors.

Key Upsides

- **Strong brand**: CIC has a strong brand with a General Insurance market share in Kenya of 9.0%. This is attributable to established operational procedures which have been critical to the organization's ability to understand their clients' needs and subsequent engagements.
- **Resource base**: CIC has an ample asset base of KES 46.7Bn that it can tap into so as to fund its expansion as well as adopt latest technology to get an edge in the industry.
- **Regional diversification:** The company has presence in Uganda, South Sudan and Malawi allowing for wider distribution of its products.
- **Technology and innovation:** The Group has continued to launch innovative products such as CIC Motoring Assist, CoopCare and Kameeza products. The latter product was launched in Uganda. The Group is using emerging technologies such as Self-Service portal for brokers and agents, and mobile applications to ensure seamless customer experience.

Key Downsides

- **Introduction of 35% duty on Motor vehicle importation** –The duty was recently increased to 35% from 25% in the 2023 Finance Act. It is expected to significantly increase the cost of importation of vehicles thus affecting CIC's motor insurance which accounted for 20.3% of Gross Written premiums in 2022. The Group however has a diversified approach in covering various motor classes.
- **Economic slowdown**: Low disposable income available to households due to tough macroeconomic conditions and increased costs from the 2023 Finance Act.
- **Operational inefficiencies**: CIC's Expense ratio, inclusive of commissions payable, was 48.50% in 2022 compared to the 50.09% in 2021.
- **Credit risk associated with corporate bonds** – The Group holds corporate bonds worth KES 97.03Mn in 5 companies, carrying with it associated credit risks. One of the issuers, Chase Bank, is under liquidation. CIC's exposure to this bond is KES 79.89Mn and this has been fully provided for under allowance for credit losses. Management however assured that they manage their investment product mix by ensuring no significant concentration of credit risk.

Share Data

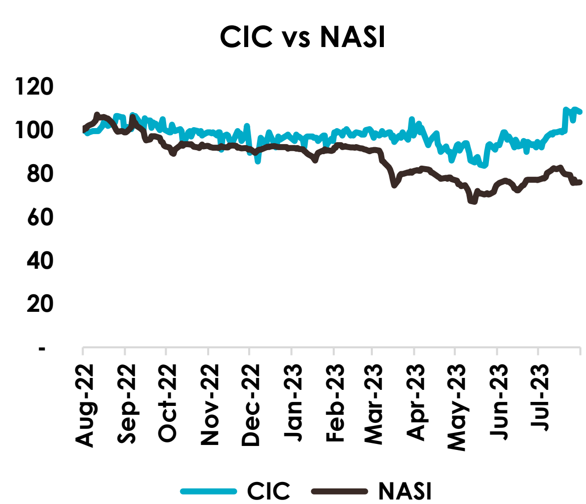
Recommendation	**BUY**
Current Price (KES) – 31 Jul '23	**2.18**
Target Price (KES)	**2.92**
Upside	**33.9%**
52WK High (KES)	**2.30**
52WK Low (KES)	**1.60**
Market Cap (Bn)	**5.70**
Current P/E (Normalized)	**5.2x**

Source: Bloomberg, NSE, NCBA IB Research

Financial Performance – FY'2022 Snip

PAT	**KES 1.1 Bn**
Dividend	**KES 0.13**
Gross Premium	**KES 22.69 Bn**
Claims	**KES 11.67 Bn**
Combined Ratio	**117.26%**
Assets	**KES 46.70 Bn**

Source: Annual Reports, NCBA IB Research

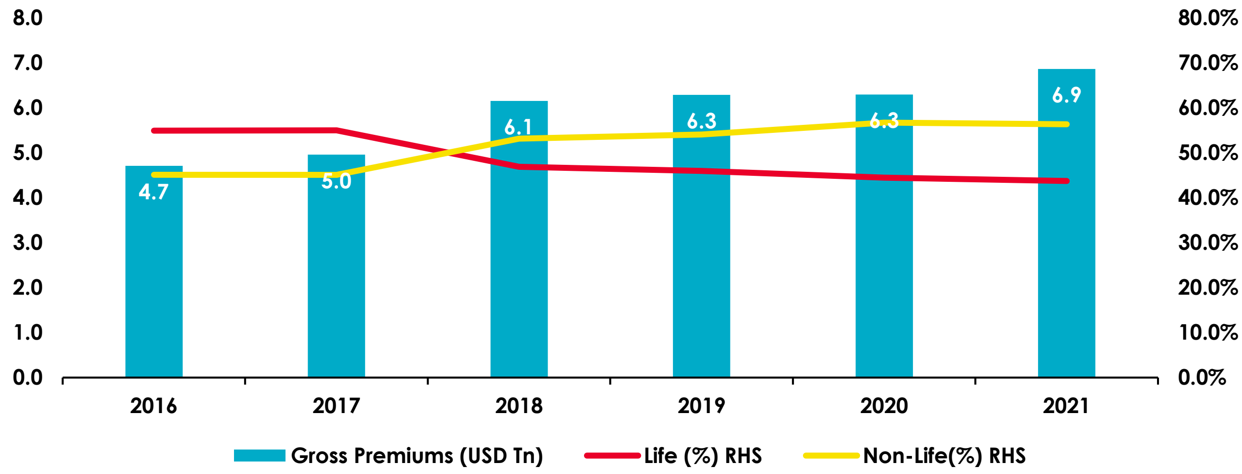


Global insurance

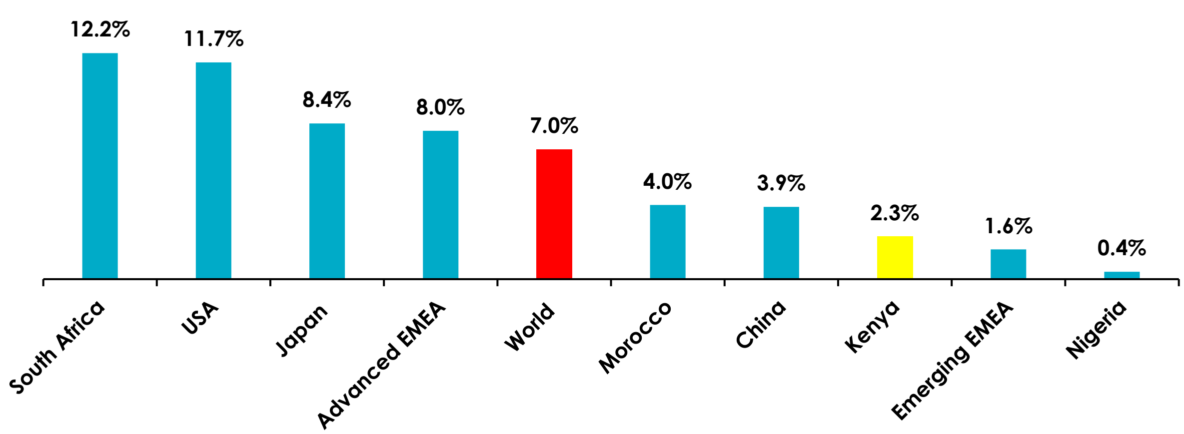
Insurance is a vital element of any functioning economy as it allows institutions and individuals alike to pass on risks to insurers thus promoting financial stability in the process. For retail consumers, it is primarily a function of disposable income and level of stakeholder education. The latter element is evidently seen when looking at the insurance penetration rates in different regions worldwide. OECD members have an average insurance penetration rate of 9.4% while Sub-Saharan African countries have an average of 3.0% against the world average rate of 7.0%.

Globally, the insurance industry has maintained steady growth in premiums recording a CAGR of 7.2% over a 5-year period. Growth has been faster in developing economies but markets like the USA, China and Japan dominated premium volumes contributing 39.6%, 10.1% and 5.9%, respectively, of total global volume in 2021, according to Swiss Re. General Insurance remains the leader accounting for 56.3% of gross written premium while life accounts for 43.7%.

Global Insurance Gross Premiums



Insurance Penetration rate-2021



Source: McKinsey, Swiss Re, IRA Kenya, NCBA IB Research

Sub-Saharan Africa

Africa has one of the lowest insurance penetration levels of below 3% compared to the global average of 7.0%. Overall, Sub-Saharan Africa contributes less than 2% of global written premiums. The low penetration is associated with low levels of disposable income in the region. South Africa accounts for over 70% of the region's total written premium.

Risk-Based Capital (RBC): Over the past decade, there has been an increasing emphasis on adopting a Risk based approach when assessing the financial capability of insurers on the continent. This has led regulators in different countries such as Kenya, Ghana, Uganda and Nigeria to issue new regulations with increased minimum capital requirements. The new approach is expected to bolster the stability of the insurance sector by increasing their capability to withstand large-ticket claims.

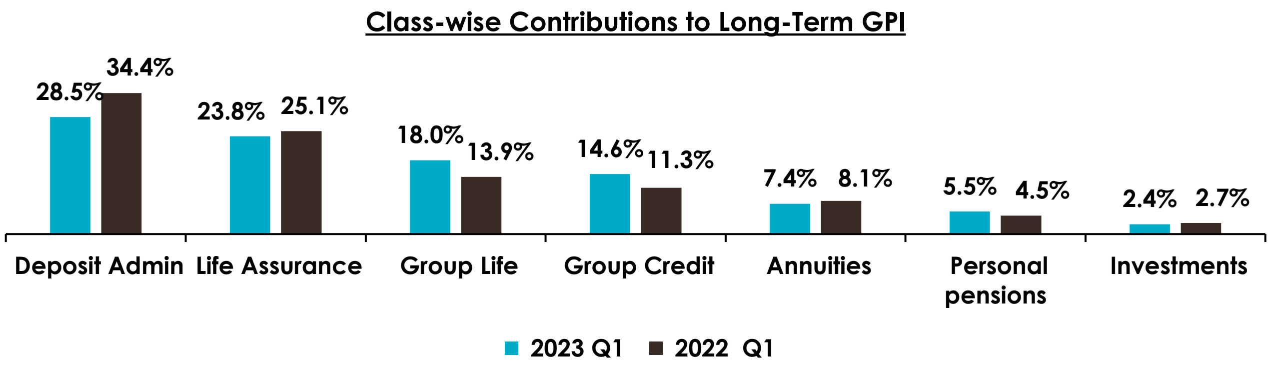
The implementation of the RBC approach has not been smooth as many insurers lack internal expertise and experience to reach full compliance. Regulators have extended a grace period for lowly capitalized insurers to recapitalize. Relatedly, they have also provided guidance for Mergers and Acquisitions arising from a smaller firm's incapacity to raise own capital.

Kenyan Insurance Industry

The Insurance industry in Kenya is a highly competitive scene characterized by a high number of insurance providers and low penetration rate. There are currently 57 licensed insurance companies and 5 reinsurance firms. The rate of penetration has however lagged behind at 2.3% as of 2021, exclusive of the universal health cover offered by the National Hospital Insurance Fund, which has grown tremendously in the last five years.

The low penetration rate is attributable to many Kenyans viewing insurance as a non-essential thus allocating negligible amounts of their income to insurance and pension schemes. The slower growth in premiums compared to the country's GDP growth has led to insurance firms redesigning their product offerings with a focus on insurtech and micro-insurance products.

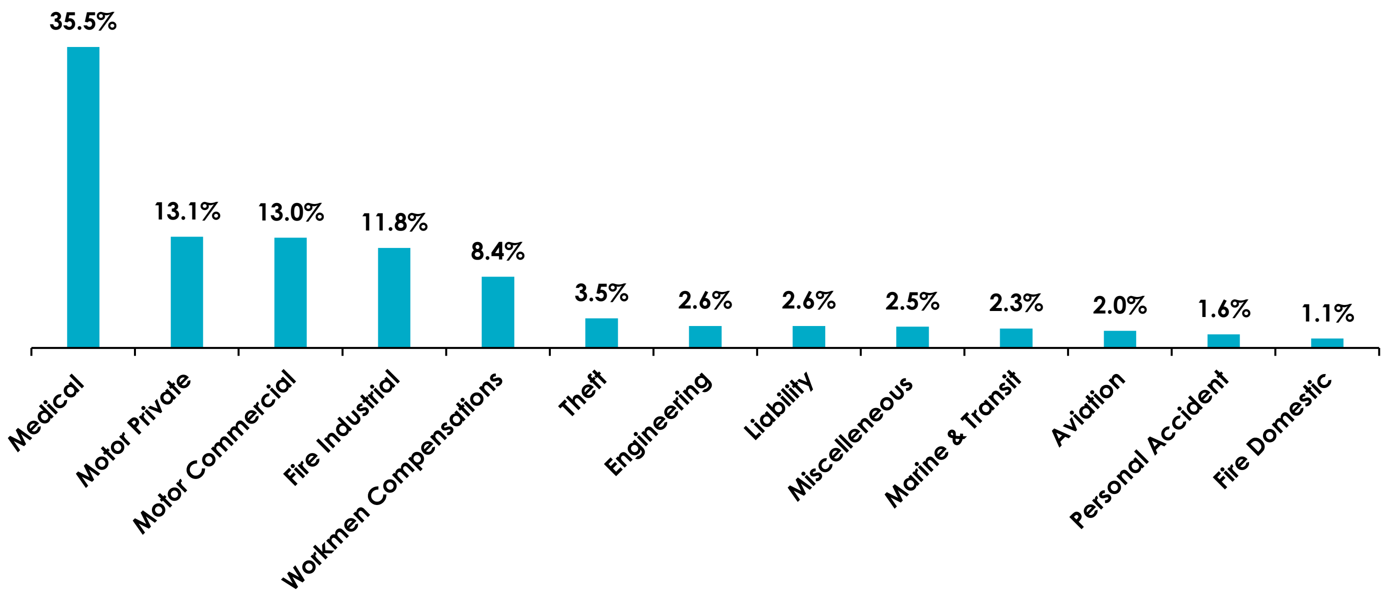
Deposit administration and Life Assurance constituted the largest contributors of Gross Premium Income as of Q1'2023 for Long term insurance products. However, Life Assurance and Group Credit contributions increased by 4.1% and 3.3%, respectively, compared to Q1'2022, The chart below shows the Long-term class-wise contributions to Gross Premium Income (GPI);



Source: IRA Kenya, NCBA IB Research

Similar to Q1'2022, medical and motor insurance classes maintained their position as the largest contributors in general insurance business premiums recording 35.5% and 26.2%, respectively, in Q1'2023. The chart below shows the general class-wise contributions to Gross Premium Income (GPI):

Classwise General GPI Contributions



Source: IRA Kenya, NCBA IB Research

The table below shows the top-ranking firms in regard to market share:

Insurance Gross Premiums and Market Share-Q1'2023					
Long Term Insurance			General Insurance		
Company	Gross Premiums (KES Bn)	Market Share	Company	Gross Premium	Market Share
1. Britam	7.2	18.5%	1. GA	6.5	10.3%
2. ICEA Lion	6.3	16.1%	2. Old Mutual	6.4	10.3%
3. Jubilee	4.3	11.0%	3. APA	6.0	9.5%
4. CIC	3.5	9.0%	4. CIC	4.7	7.6%
5. Absa	2.4	6.1%	5. Britam	4.1	6.6%
Others	15.3	39.3%	Others	34.8	55.7%
Total	**39.0**		**Total**	**62.5**	
% of Total Premiums		**38.4%**	**% of Total Premiums**		**61.6%**

Source: Insurance Regulatory Authority (IRA), NCBA IB Research

Key Developments in the Kenyan Insurance Industry

- **Regulation**

The regulator – Insurance Regulatory Authority (IRA) has been implementing risk-based supervision through guidelines that require insurers to maintain a capital adequacy ratio of at least 200.0% of minimum capital. General insurers are required to have at least KES 600Mn while Life Insurance providers are required to have KES 400Mn in minimum capital.

Finance Act 2023 introduced 16% VAT on insurance compensation on particular insurance products for claims paid out. The 16% VAT will only be applicable to bona fide owners of taxable supplies who had deducted input tax. As such, not all insurance claims paid out will be subject to the 16% VAT. The regulation will however reduce the insurer's actual compensation consequently hurting the already low insurance penetration rate in the country.

IFRS 9, ties into the Risk Based Supervision (RBS) by requiring insurance companies to provide for and impair uncollected premiums. There have been emerging regulations in the industry such as the **IFRS 17** Insurance Contracts, which requires the reporting of more granular and standardized data. The point is to ensure that more data is available for a better understanding of the company and industry. We expect insurance firm's to apply IFRS 17 in 2023 half year results.

- **Technology**

The offering of insurtech services such as mobile claims and mobile policy payments has been on the rise with a view to take advantage of mobile phone penetration which stands at 133.1% according to Communications Authority of Kenya. An example is Bima which provides insurance policies and telemedicine and, M-TIBA which allows clients to access specific health facilities through a health wallet on mobile phones.

- **Innovation**

As insurance companies take a more defined customer-centric approach, made possible by emerging technologies such as Artificial Intelligence (AI) and Block chain, the result has been providing customers with more efficient and personalized services. An example is Blue Wave, which provides micro-insurance services via mobile phones and Coverpause offering motor insurance in which premiums are calculated depending on the number of days one drives.

- **Mergers and acquisitions**

Following market uncertainty brought about by the pandemic, a fragmented industry competing for a niche market as well as the revision of the minimum capital requirements, M&A's have been witnessed with companies trying to protect and increase market share. An example is the concluded transaction between Allianz and Jubilee for the latter's General insurance business.

- **Takaful insurance**

This is a type of insurance that is based on Islamic principles where the insured seeks guarantee from a group of persons who are participants in the insurance. Members who share in this insurance insure each other's losses on the basis of legitimate cooperation. It has attracted the Muslim population and individuals who have reservations on conventional insurance.

- **Product bundling**

Several insurance products from the same company are sold to one client. An example is the Stansure Bundle by Stanbic Bank offering insurance plans at convenient and flexible rates.

COMPANY OVERVIEW – CIC INSURANCE GROUP

CIC Insurance Group is a leading insurer in Africa established in 1968 to provide insurance and related financial services, with an initial focus on the co-operative movement.

The Group has presence in four countries in Africa namely: **Kenya, Uganda, South Sudan** and **Malawi.**

CIC Group is listed on the Nairobi Securities Exchange as a large cap stock included in both the NSE-20 and NSE-25 indices.

It is one of the market leaders in both long term and general insurance with a market share of 9.0% and 7.6%, respectively, by gross premiums.

Share Ownership	Percentage
Co-operative Insurance Society Ltd	74.3%
Gideon Maina Muriuki	5.3%
Weda Welton	0.9%
SCB Nominees Non-Resident A/C 9011	0.9%
Nelson Chege	0.6%
NIC Custodial Services A/C 077	0.6%
Patrick Njogu Kariuki	0.5%
Patrick Nyaga	0.5%
Mr. Patel, Baloobhai; Patel Amarjeet Baloobhai Patel	0.5%
John Njuguna Njugi	0.4%
Others	15.5%
Total	100.0%
Total Number of Shares	11,332,100

Subsidiaries	Ownership
CIC General Insurance	100.00%
CIC Life Assurance Ltd	100.00%
CIC Asset Management Ltd	100.00%
CIC Africa Uganda Ltd	93.00%
CIC Africa S. Sudan Ltd	69.00%
CIC Africa Co-operatives Malawi	91.00%
Associate	
Takaful Insurance	22.00%

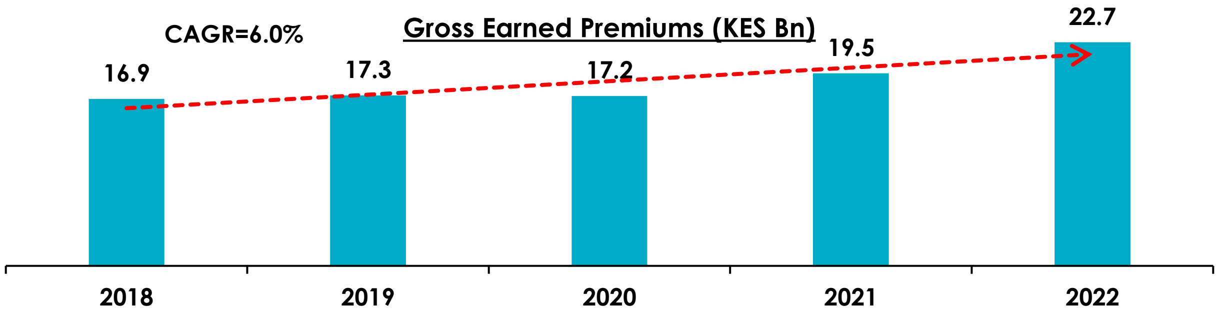
Source: Annual Report, NCBA IB Research

KEY THEMES

Sustained growth in Gross Premiums

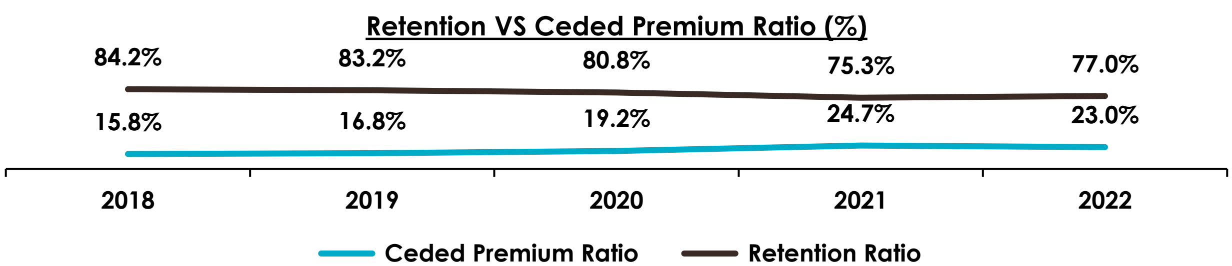
CIC has recorded a steady growth in premiums at a CAGR of 6.0% over the last 5 years, increasing by 16.1% to KES 22.7Bn from KES 19.5Bn in 2021. The strong performance is on the back of continued execution of transformational initiatives focused on customer experience, operational efficiency, performance management, digitization, among others in line with the firm's **2021-2025 strategic plan**. The group also has a wide distribution network with 25 branches and over 5,000 brokers and agents with key strategic partners such as AA Kenya providing motor assists, Co-operative Bank and co-operative societies.

The chart below shows CIC's premium growth for both life and general businesses:



Source: Annual Report, NCBA IB Research

The ceded premium ratio has been increasing over the years, with a slight decline in 2022, an indication of risk averseness related to increased claims especially after COVID-19 pandemic and prevailing tough macro-economic conditions. The increase in ceded premiums was also due to risks involved in products such as Political Violence and Terrorism (PVT)cover, accident and WIBA. The chart below shows retention and ceded premium ratios:



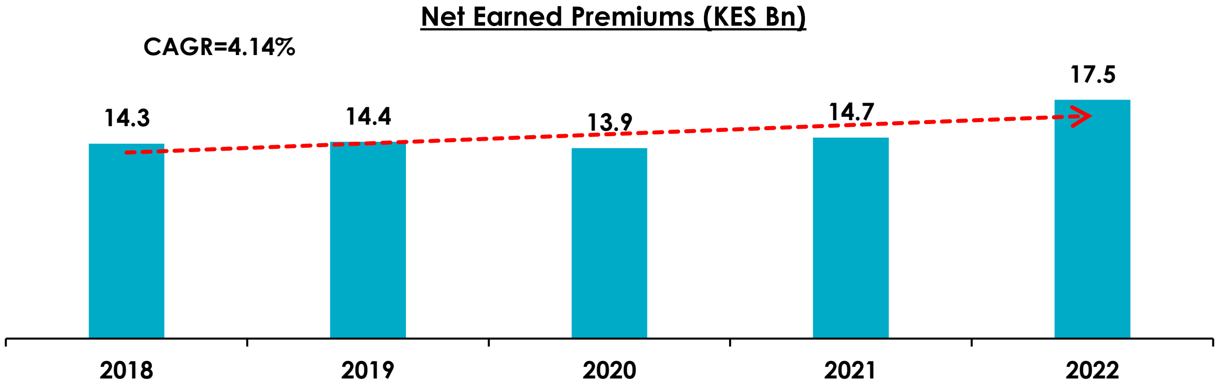
Source: Annual Report, NCBA IB Research

CIC Life Assurance was granted an approval, in 2023, as one of the managers for Tier II National Social Security Fund (NSSF) contributions in accordance to NSSF Act, 2013. The act revised the monthly contributions by both employee and employer from KES 400 to 12% of a worker's monthly pensionable income (6% from employee and 6% from employer), with a maximum of KES 2,160 for workers earning above KES 18,000 monthly. The increment is envisaged to increase savings towards retirement. The Act also allows NSSF to contract Fund managers for Tier II contributions. This option is available for employers opting for a contracted-out-scheme to allow for selection of fund managers to maximize returns. As such, the approval of CIC Asset Management Ltd as a fund manager will improve its portfolio hence enhanced revenue.

Net Earned Premium Main Revenue Contributor

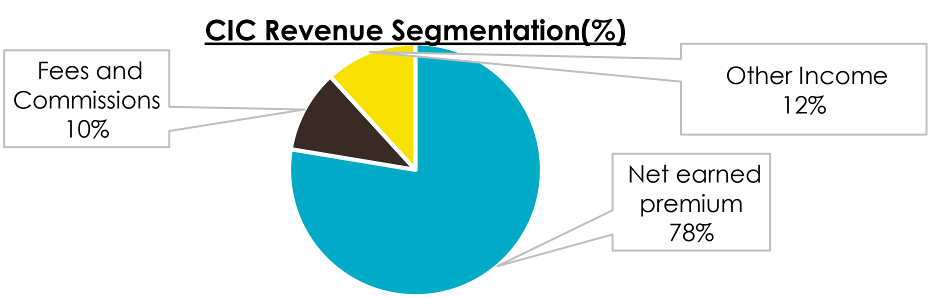
Net earned premium was the largest revenue contributor for CIC accounting for **78%** of total Gross Income in 2022. The key contributors to the premiums are Group life, Medical Insurance and Motor Insurance premiums at **28.95%, 24.46%** and **20.29%,** respectively. The growth has been increasing over the years and is expected to maintain this trajectory due to the Group's strategic plan to improve its market share. Motor insurance is however expected to be negatively impacted in the short term due to an increase in duty on vehicle importation from 25% to 35%.

Medical insurance remains challenging due to high medical inflation and continuously increasing claims. The Group is however managing this phenomenon by ensuring correct pricing of premiums and rigorous vetting of subsequent claims.



Source: Annual Report, NCBA IB Research

Fees and commissions account for **10%** of total revenue supported by income from asset management and fees from General Insurance. However, CIC asset management business declined by 7.01% in Q1'2023 to KES 56.97Bn from KES 61.26Bn in Q4'22 but continues to lead in the Collective Investment Schemes business with a market share of 34.7We expect the business to continue deriving decent revenue from the large portfolio. The decline in AUM in Q1'2023 is attributable to withdrawals by Co-operative societies for annual dividend payouts to their members. Other income is also expected to grow with increased administration fees as the firm underwrites more businesses.



Source: Annual Report, NCBA IB Research

Subsidiary Performance

The Group has three Kenyan subsidiaries which have contributed to the performance as stated below;

- **General Insurance Business –** Gross written premium grew by 21.0% to KES 13.8Bn in 2022 increasing the profit by 35% to KES 0.88Bn mainly on the back of business growth, prudent underwriting and enhanced process efficiency.

- **CIC Life Assurance-** Gross written premium grew by 17% to KES 7.2Bn in 2022 leading to a surge in profit before tax by 906% to KES 0.63Bn. The business had recorded a loss before tax of KES 79Mn the previous year. A strong focus on prudent underwriting and business growth across various business lines were the drivers for this recovery. The Group started new Credit Life business and carried out consortium underwriting of government businesses such as NHIF Scheme covering National Police Service and Prisons, Civil Servants and National Youth Service. NHIF currently has more than 15Mn clients with the consortium administering 10% of the fund.

- **CIC Asset Management –** The firm continues to lead in the Collective Investment Schemes (CIS) business with a market share of 34.7% and assets under management at KES 57.0Bn in Q1'2023.
  Profit before tax for the subsidiary also increased by 23.0% to KES 0.64Bn in 2022 as a result of increased management fees arising from the huge asset base.

The **regional subsidiaries** contributed a combined 10% on the consolidated profit before tax for the group and accounted for 11% of the Gross written premium in 2022. CIC Sudan, Uganda and Malawi's Gross Written premiums grew by 61%, 29% and 6%, respectively in 2022. This growth is expected to reduce revenue concentration risk on the Kenyan market.

Going forward, we expect continued stable performance from Kenyan subsidiaries with General Insurance accounting for 65% of revenue from premiums due to an increasing awareness on the importance of insurance. Continued support from co-operative societies will further propel the projected growth.

Underwriting Losses Symptomatic of Sector-wide Issues

CIC, similar to other insurance players in the Kenyan market, has recorded underwriting losses over the last few years. The combined ratio in 2022 stood at 117.26%, 17.78% lower than 2021 and also less than the firm's 122.8% 5-year historical average. Unprofitability of the underwriting business has increased the importance of investment margins in the industry.

Product Innovation

CIC launched CIC CoopCare, a new medical product for Co-operative members to offer solutions for Co-operatives and Saccos. It also launched Motoring Assist in conjunction with AA Kenya and Kameeza product in Uganda. The latter is a low-cost funeral cover for self and immediate family members catering for burial expenses and 3-month family upkeep.

Cost Management

CIC's efficiency is still a concern with an expense ratio of 43.3% in FY'2022. The underwriter is apprehensive about the increasing cost of underwriting. As such, the business has factored the trends in risks while developing pricing models to ensure robustness and resilience. The Group has also ensured strong governance structures to manage risks.

CIC introduced Ushirika Gardens in Kiambu and begun the sale of the land to address Co-operative Bank's loan interest expenses which amounted to KES 4.05Bn as at Dec 2022. The Group is focused on reviewing existing contracts and re-negotiating with suppliers on the prices of key inputs. Additionally, there is an ongoing evaluation of their procurement policy for expenditure management, with a view to reduce costs.

Association with Co-operative Societies

The Group's strategy is anchored on support from co-operative societies. In 2022, co-operatives contributed over **45%** of life business, over **30%** of Asset Management Business and over **10%** of short-term insurance business. The Group continues to offer unique products to the sector such as CoopCare Health Insurance, which is an affordable health insurance for co-operatives and Saccos allowing members to enjoy group cover at fairly priced group terms.

The Group has Sacco-assurance distribution model which is a partnership with Saccos to distribute CIC's insurance products to their members. The relationship will avail Sacco societies asset base to CIC. According to 2021 SASRA report, Saccos had an asset base of KES 807.1Bn.

Outlook

Improvement in underwriting business remains a key focus as the group continues to implement its 2021-2025 strategic plan. We expect the business to have a positive outlook based on the below factors;

- **Enhanced Digital Transformation**– The Group has embarked on a digital transformation journey whose objective is to provide seamless end-end customer experience supported by emerging technologies. Investing in technology will strengthen and improve performance hence ensuring customer retention and growth in market share.
- **Focus on Micro-insurance business (Co-operative Strategy)**– The Group is focusing on improving its micro-insurance business to anchor growth prospects and cover the uninsured population in the country. The strategy enhances its distribution channel through Sacco-assurance and continued government support through the Ministry of Co-operatives and MSMEs.

Valuation

We derive our target price by blending Residual Income and Relative Valuation approaches to arrive at a 12-month target price of KES 2.92 for CIC Group as an aggregate business comprised of both long term and short-term business units.

The target price implies an upside of 33.9% to the current trading price of KES 2.18 as of 31st July 2023.

Assumptions

- Risk free rate of 14% based on the 10-year Treasury bond yields.
- Tax rate of 30%
- Equity risk premium of 15.4%
- Beta of 0.76 on stock's relative volatility on the index.
- Long term growth rate of 5.0% based on GDP growth forecast for 2023.

Valuation Methodology	Implied Price	Weighting	Weighted Value
Residual Income	3.53	60%	2.12
P/BV	1.75	20%	0.35
P/E	2.27	20%	0.45
Fair Value		**100%**	**2.92**
Current Price			**2.18**
Upside/(Downside)			33.9%

Investment Recommendation

We recommend a **BUY** based on a target price of KES 2.92 implying a 33.9% return on the current market price of KES 2.18 as of 31st July 2023, inclusive of dividend yield.

The recommendation is based on the insurer's sound and organic premium growth. This is on the back of continued execution of the transformational agenda under the 2021-2025 strategic plan. Partnerships and support from co-operative societies will continue to enhance the Group's growth and market share.

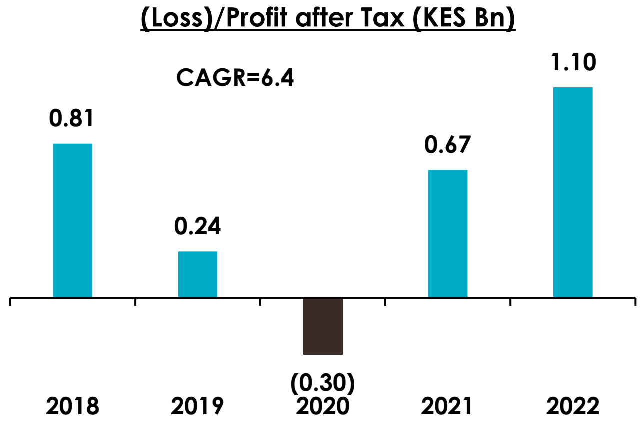
The Group did not pay a dividend between 2019-2021. In 2022, however, they did pay a dividend per share of KES 0.13 derived from benefits of the transformational journey which led to the PAT increasing by 64% to KES 1.1Bn from KES 0.7Bn in 2021. Going forward, we expect a consistent dividend payment owing to the strategic measures put in place to grow profits. Notably, the Group has a dividend policy of paying 50% of its earnings.

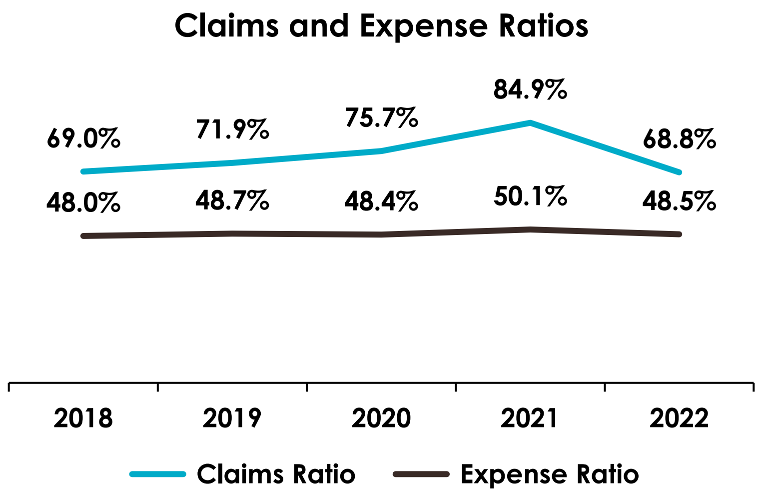
Appendix 1: Financial Statements

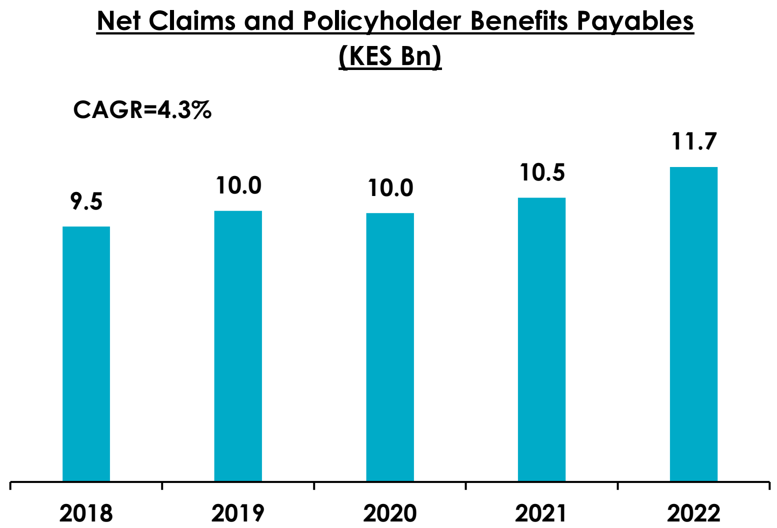
Income Statement (KES Bn)	31 Dec 18	31 Dec 19	31 Dec 20	31 Dec 21	31 Dec 22	Y/Y Growth	5-YR CAGR
Gross earned premiums	16.95	17.30	17.24	19.54	22.69	16.13%	6.01%
Reinsurance premium ceded	(2.36)	(2.98)	(3.31)	(4.83)	(5.21)	7.83%	17.18%
Net Earned Premium	**14.59**	**14.32**	**13.94**	**14.70**	**17.47**	18.85%	3.68%
Fees and Commissions	0.90	1.28	1.46	2.14	2.39	11.72%	21.44%
Net earned premium & fees and commissions	**15.49**	**15.60**	**15.40**	**16.84**	**19.86**	17.95%	5.10%
Other Income	1.91	1.96	1.44	2.33	2.65	13.90%	6.75%
Gross Income	**17.40**	**17.56**	**16.84**	**19.17**	**22.51**	17.46%	5.28%
Net claims and policyholder benefits payables	9.46	10.04	9.95	10.53	11.67	10.81%	4.29%
Operating and other expenses actuals	3.95	4.31	4.06	4.74	5.53	16.65%	6.99%
Commission Expense actuals	2.38	2.24	2.16	2.48	2.87	15.54%	3.75%
Allowance for expected credit losses actuals	0.01	(0.03)	0.02	0.04	(0.01)	(122.02%)	
Gain on Monetary Positions actuals	-	-	0.27	(0.01)	(0.01)	(9.81%)	
Total Benefits and other expenses	**15.79**	**16.56**	**16.47**	**17.78**	**20.04**	12.75%	4.88%
Operating profit	**1.61**	**1.00**	**0.37**	**1.39**	**2.47**	77.68%	8.92%
Finance Costs	(0.65)	(0.67)	(0.44)	(0.43)	(0.44)	2.14%	(7.49%)
Share of profit from associate	0.01	(0.02)	(0.01)	(0.00)	0.00	(1124.12%)	(11.89%)
(Loss)/profit before tax	**0.97**	**0.31**	**(0.08)**	**0.96**	**2.04**	112.19%	15.96%
Income tax expense	(0.16)	(0.06)	(0.22)	(0.29)	(0.94)	221.61%	41.63%
(Loss)/profit after tax	**0.81**	**0.24**	**(0.30)**	**0.67**	**1.10**	64.48%	6.38%

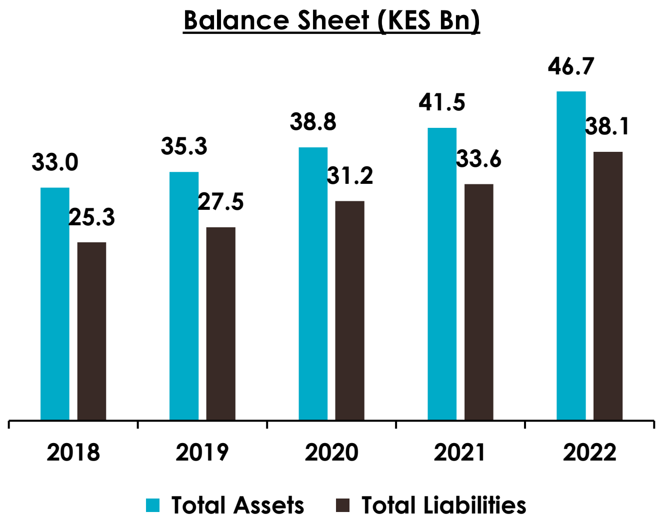
Balance Sheet (KES Bn)	31 Dec 18	31 Dec 19	31 Dec 20	31 Dec 21	31 Dec 22
Assets					
PPE& Intangible Assets	1.38	1.30	1.24	1.24	1.27
Investment Assets	18.61	20.82	23.07	24.74	30.68
Insurance Assets	6.27	6.69	7.16	6.85	6.43
Other Assets	0.97	1.60	1.57	1.87	1.83
Due from related parties	0.10	0.13	0.15	0.12	0.17
Deposits with financial institutions	5.25	3.95	5.24	6.51	5.91
Cash and bank balances	0.46	0.81	0.36	0.22	0.42
Total Assets	**33.05**	**35.30**	**38.79**	**41.54**	**46.70**
Liabilities					
Insurance Liabilities	14.53	17.22	20.75	22.40	25.52
Borrowings	5.13	3.75	3.96	4.36	4.57
Other Liabilities	5.65	6.48	6.46	6.79	8.05
Total Liabilities	**25.31**	**27.45**	**31.16**	**33.56**	**38.14**
Shareholders' Funds	7.75	7.85	7.66	7.97	8.55
Non-Controlling Interest	(0.01)	0.01	(0.03)	0.01	0.02
Total Equity	**7.74**	**7.85**	**7.63**	**7.98**	**8.57**
Total Liabilities & Equity	**33.05**	**35.30**	**38.79**	**41.54**	**46.70**

Appendix 11: Additional Key Financial Items









About NCBA Investment Bank

NCBA Investment Bank is a subsidiary of NCBA Group. The services offered by the brokerage department include equities trading for listed securities, fixed income trading for both corporate and government bonds, Over the Counter (OTC) equity transactions as well as execution of equities transactions across the East African countries. Additionally, NCBA Investment Bank backs these activities with solid advice from the research team to enable investors meet their return objectives. NCBA Investment Bank deploys simple and convenient client driven technologies, robust risk management, highly competent and experienced staff and has the backing of robust research capabilities to differentiate itself from other players in the market.

Physical Address

NCBA Annex,
Hospital Road, Upper Hill, Tel: +254 20 2884444
Mobile: +254 711 056444/+254 732 156444

Certification

The following analyst(s) who prepared this research report hereby certifies(y) that: (i) all of the views and opinions expressed in this research report accurately reflect the research analyst's(s') personal views about the subject investment(s) and companies (y) and (ii) no part of the analyst's(s') compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the analyst(s) in this research report.

Rating Definitions

BUY – Total expected 12-month return (incl. dividends) greater than 20%
ACCUMULATE - Total expected 12-month return (incl. dividends) between 10% - 20%
HOLD – Total expected 12-month return (incl. dividends) between 0% -10%
SELL – Total expected 12-month return (incl. dividends) less than 0%

Disclaimer

Analyst

Christopher Aura: christopher.aura@ncbagroup.com

Key Contacts: Research Team

ncbaresearch@ncbagroup.com

Trading Team

dealing@ncbagroup.com