

Fedbank Financial Services | BUY

Steady quarter; outlook positive

Fedbank Financial Services (Fedfina) reported PAT of INR 750mn (+7%/+5% YoY/QoQ) which was 14% above our estimates, leading to RoA/RoE of 2.3%/11.6% over the quarter. The beat was mainly driven by lower credit costs of ~71bps (vs 85bps QoQ). Operating performance however was weak on account of NIMs decline of -57bps mainly due to de-recognition of its business loans (INR 7.7bn) leading to lower interest income. Opex declined -9% QoQ due to lower originations which led to steady PPop growth (flat YoY, -2% QoQ). Disbursements growth was healthy at +6% QoQ, +19% YoY, however AUM remained stable at -1% QoQ as growth in gold loans and MTLAP was offset by rundown in unsecured BL. GS3/NS3 remained largely stable (-3%/+9bps QoQ) led by INR 250mn sale of NPA to ARC while PCR declined to 46% (-503bps QoQ). The company opened 23 co-located branches where it offers LAP and gold loans both. Management have plans to open 150 branches in FY26 with increasing its presence of co-located branches which will offer strong tailwinds in terms of opex over the medium term. We expect normalization in NIMs from Q2 onwards and expect STLAP and gold book to contribute higher yields going forward while rate cuts will offer further tailwinds on CoFs. We maintain BUY with a revised target price of INR 140, valuing the stock at 1.6x FY27E BVPS.

- **Flat AUM growth led by sale of unsecured BL:** Fedfina reported healthy disbursements of INR ~59.3bn (+6% QoQ, +19% YoY), resulting in AUM of INR 157bn (-1 QoQ, +19% YoY). The de-growth was mainly due to sale of INR 7.7bn worth of business loans leading its mix to decline from 10% of total AUM to 4% QoQ in line with management's strategy to recalibrate the portfolio towards higher-yielding and low risk segments. Other segments reported healthy growth with gold loans (+8% QoQ, +39% YoY), MTLAP (+10% QoQ, +49% YoY), and STLAP (+2% QoQ, +11% YoY). Management indicated demand to recover in STLAP over few quarters, with gold loans to have a healthy momentum (growth of FY26e at +25% YoY). We build in AUM growth of 19% CAGR over FY25-27E mainly led by gold loans.
- **Lower provisions drive PAT beat:** Fedfina reported NII of INR 2.68bn (-5% QoQ, +7% YoY, -9% JMFfe), supported by a sequential decline in cost of funds (-10bps QoQ to 8.5%). NIM compressed -57bps QoQ to 6.8%, driven by a -60bps QoQ decline in yields mainly due to de-recognition of its business loans (INR 7.7bn) leading to lower interest income. Opex reduced to INR 1.7bn (-9% QoQ, +9% YoY), which led cost to income ratio to decline to 57.6% (-160bps QoQ). This led to PPop of INR 1.3bn (flat YoY, -2% QoQ). Lower provisions at INR 278mn (~71bps of AUM vs 85bps QoQ) led to a sharp beat of +14% on PAT at INR 750mn (+5% QoQ, +7% YoY). In the current quarter, company has started 23 co-located branches where it offers both LAP and gold loans. Further, company has guided for around 150 branches expansion in FY26 (100 of which being gold branches) which would lead to higher opex over near term, however leverage to flow in over medium term.
- **Steady asset quality led by sale of NPA to ARC:** Gross stage 3 broadly remained flat at 2%

Financial Summary (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Profit	2,447	2,252	3,334	4,578	5,539
Net Profit (YoY) (%)	35.8%	-8.0%	48.1%	37.3%	21.0%
Assets (YoY) (%)	22.8%	19.0%	20.1%	23.2%	23.4%
ROA (%)	2.4%	1.8%	2.3%	2.6%	2.5%
ROE (%)	13.5%	9.4%	12.3%	14.7%	15.3%
EPS	6.6	6.0	8.9	12.3	14.9
EPS (YoY) (%)	18.4%	-8.8%	48.1%	37.3%	21.0%
P/E (x)	18.6	20.4	13.7	10.0	8.3
BV	61	68	77	90	104
BV (YoY) (%)	45.3%	11.7%	13.1%	15.9%	16.6%
P/BV (x)	2.01	1.80	1.59	1.37	1.18

Source: Company data, JM Financial. Note: Valuations as of 28/Jul/2025



Mayank Mistry

mayank.mistry@jmfl.com | Tel: (91 22) 62241877

Ajit Kumar

ajit.k@jmfl.com | Tel: (91 22) 66303489

Raghvesh

raghvesh@jmfl.com | Tel: (91 22) 66303099

Gayathri Shivaram

gayathri.shivaram@jmfl.com | Tel: (91 22) 66301889

Shreyas Pimple

shreyas.pimple@jmfl.com | Tel: (91 22) 66301881

Shubham Karvande

Shubham.karvande@jmfl.com | Tel: (01 22) 6630 3696

(We acknowledge the support services of **Dev Jogani** in preparation of this report)

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	140
Upside/(Downside)	13.5%
Previous Price Target	135
Change	3.7%

Key Data – FEDFINA IN

Current Market Price	INR123
Market cap (bn)	INR46.0/US\$0.5
Free Float	29%
Shares in issue (mn)	369.4
Diluted share (mn)	
3-mon avg daily val (mn)	INR85.9/US\$1.0
52-week range	132/80
Sensex/Nifty	80,891/24,681
INR/US\$	86.7

Price Performance

%	1M	6M	12M
Absolute	7.6	35.5	0.3
Relative*	11.8	28.2	0.9

* To the BSE Sensex

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

(-3bps QoQ) while net stage 3 increased +9bps QoQ to 1.1% led by INR 250mn sale of NPA to ARC. PCR declined to 46% (-503bps QoQ). Mortgage GS3 declined to 3.4% (vs 3.3% QoQ) while gold GS3 also declined to 0.3% (vs 0.4% QoQ). 1+DPD increased +70bps QoQ to 8.0% (7.5% without business loan impact). Stage-2 assets also improved -12bps QoQ to 4.0%. Management guided for credit costs to be maintained at ~1% (+/- 10bps) as the company had taken elevated provisions in 3Q which led PCR to move up significantly from earlier 20% levels to now at 46% (-503bps QoQ). Thus the PCR is likely to go down while keeping its credit costs intact. Also, since ~40% of its book is gold loans, it requires lower provisions while 82.3% of the mortgage AUM is secured by self-occupied residential/commercial property. Further, management has guided gold loan mix to be around 43-45% and balance to be mortgage business (STLAP and MTLAP). We build in ~1% avg credit costs over FY26-27E.

- **Valuation and view:** We expect normalization in NIMs from Q2 onwards and expect STLAP and gold book to contribute higher yields going forward while rate cuts will offer further tailwinds on CoFs. We maintain BUY with a revised target price of INR 140, valuing the stock at 1.6x FY27E BVPS.

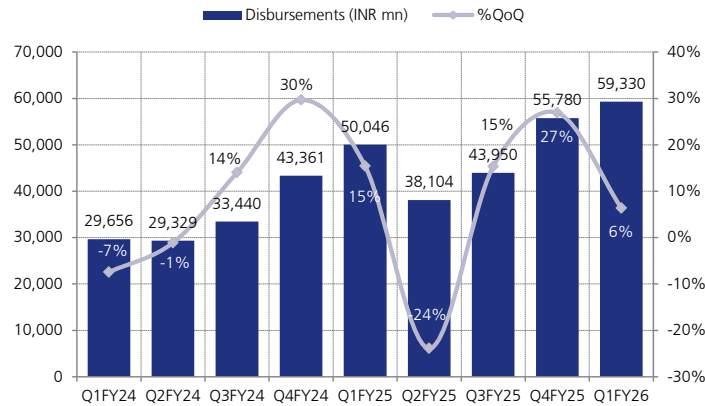
FEDFINA – 1QFY26 Quarterly Performance

Exhibit 1. FEDFINA - 1QFY26 Results Snapshot

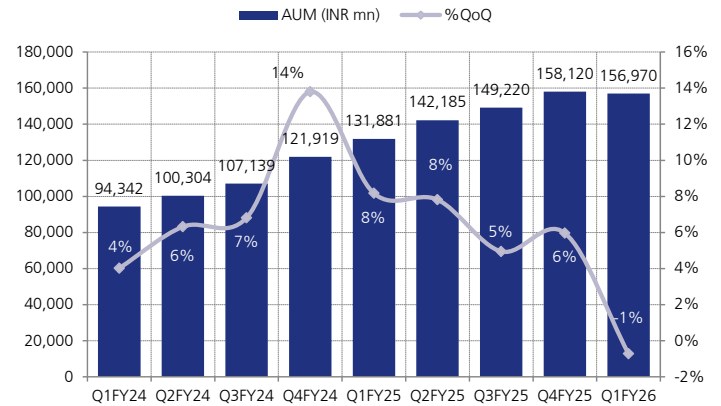
Earnings Table (INR mn)	1Q'25	4Q'25	1Q'26	YoY (%)	QoQ (%)	1Q'26E	%var
Interest Income (a)	4,520	4,992	4,861	8%	-3%	5,150	-6%
Interest Expenses (b)	2,024	2,159	2,180	8%	1%	2,218	-2%
Net Interest Income	2,496	2,833	2,682	7%	-5%	2,933	-9%
Non-Interest Income	390	383	342	-12%	-11%	417	-18%
Total Income	2,886	3,216	3,024	5%	-6%	3,350	-10%
Employees Cost	918	1,060	925	1%	-13%		
Other Expenditure	524	688	693	32%	1%		
Total Operating Expenses	1,598	1,904	1,742	9%	-9%	1,956	-11%
Operating Profit (PPP)	1,288	1,312	1,282	0%	-2%	1,394	-8%
Provisions & Write Offs	352	325	278	-21%	-14%	519	-46%
PBT	936	987	1,004	7%	2%	875	15%
Tax	234	270	253	8%	-6%	219	16%
Reported Profit	702	717	750	7%	5%	656	14%
Business Growth (INR bn)							
Assets Under Management	131.9	158.1	157.0	19%	-1%	161.3	
Disbursements	50.0	55.8	59.3	19%	6%	58.6	
Credit Quality							
Gross Stage 3(%)	2.0%	2.0%	2.0%	2bps	-3bps	0.0%	
Net Stage 3 (%)	1.6%	1.0%	1.1%	-52bps	9bps	0.0%	
Coverage Ratio (%)	19.3%	51.3%	46.3%	2693bps	-503bps	0.0%	
Credit cost (%) (AUM)	1.1%	0.8%	0.71%	-40bps	-14bps	1.3%	
Capital Adequacy (%)							
CAR (%)	22.8%	21.9%	22.8%	-4bps	88bps	0.0%	
Return ratios (%)							
RoA (%)	2.4%	2.2%	2.3%	-10bps	10bps	0.0%	
RoE (%)	12.3%	11.4%	11.6%	-70bps	20bps	0.0%	
Other Ratios (%)							
NIM (%)	7.9%	7.4%	6.8%	-106bps	-57bps	7.3%	
Cost to income (%)	55.4%	59.2%	57.6%	225bps	-160bps	57.6%	
Cost to Assets (%)	5.5%	5.7%	5.3%	-27bps	-47bps	5.3%	

Source: Company, JM Financial

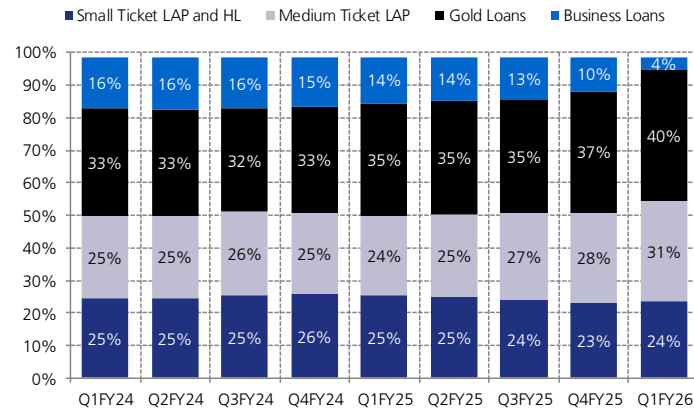
Quarterly Trends

Exhibit 2. Disbursements seasonally soft


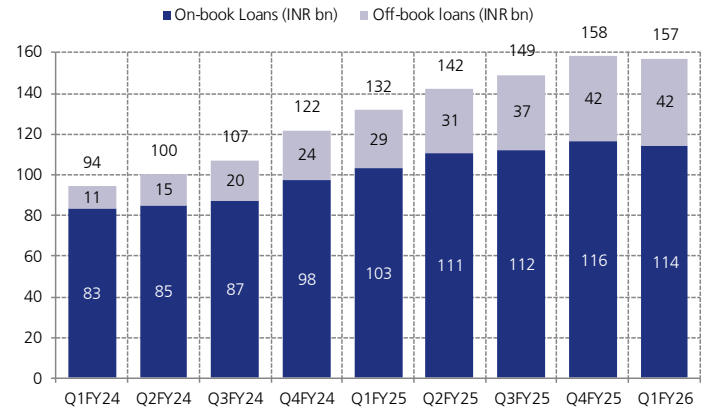
Source: Company, JM Financial

Exhibit 3. Lower AUM growth due to sale of unsecured BL book


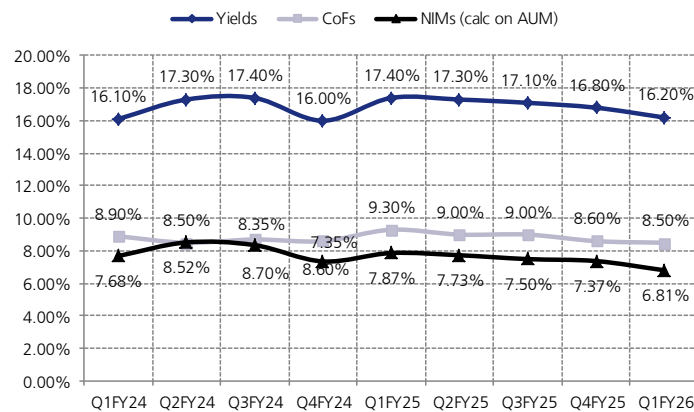
Source: Company, JM Financial

Exhibit 4. Gold loans and MTLAP gaining share in mix


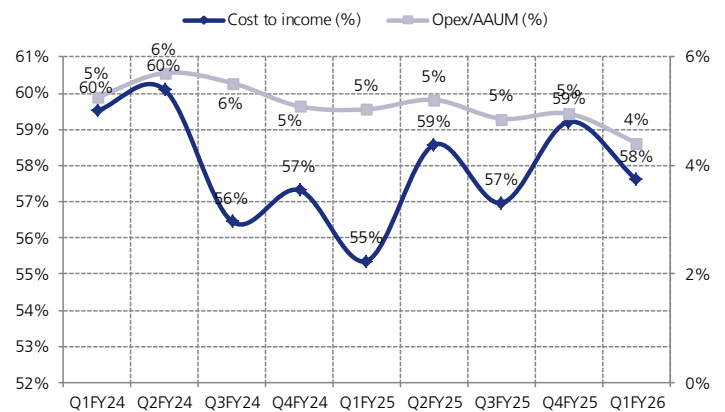
Source: Company, JM Financial

Exhibit 5. Trend in on-book mix


Source: Company, JM Financial

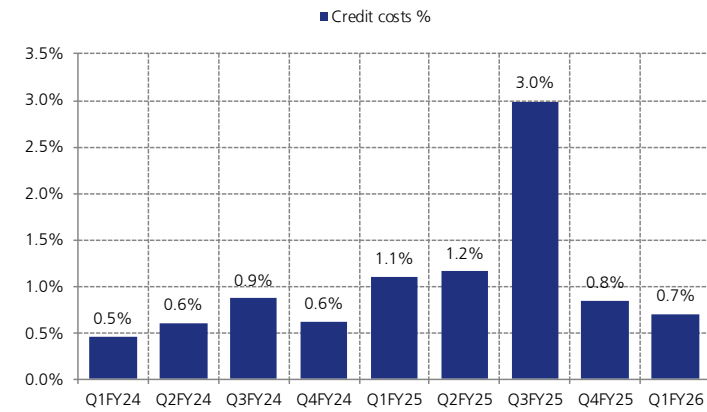
Exhibit 6. Margins decline led by one-off


Source: Company, JM Financial

Exhibit 7. Cost-to-income improves sequentially


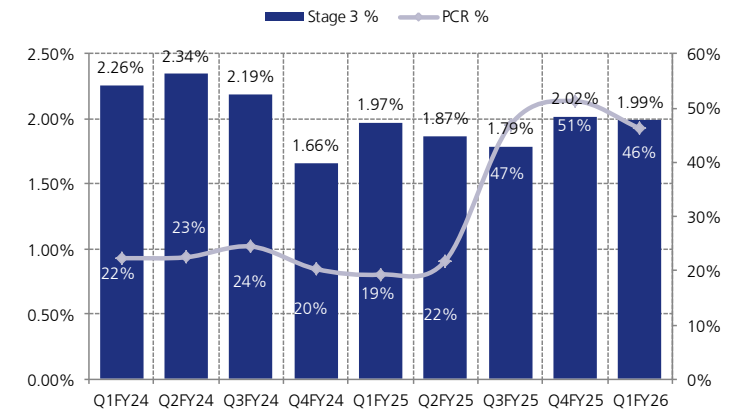
Source: Company, JM Financial

Exhibit 8. Credit costs improved sequentially



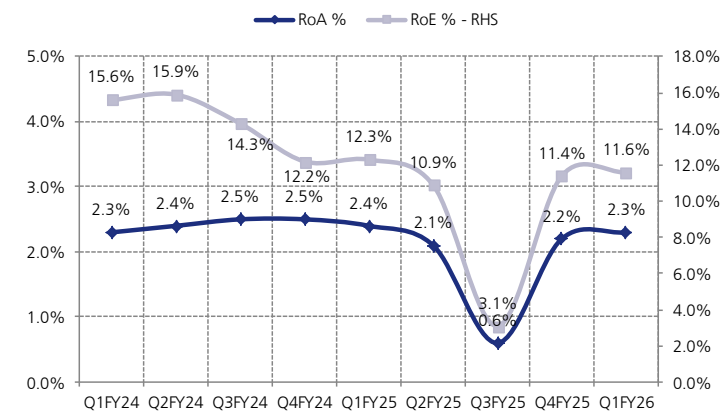
Source: Company, JM Financial

Exhibit 9. Largely stable asset quality



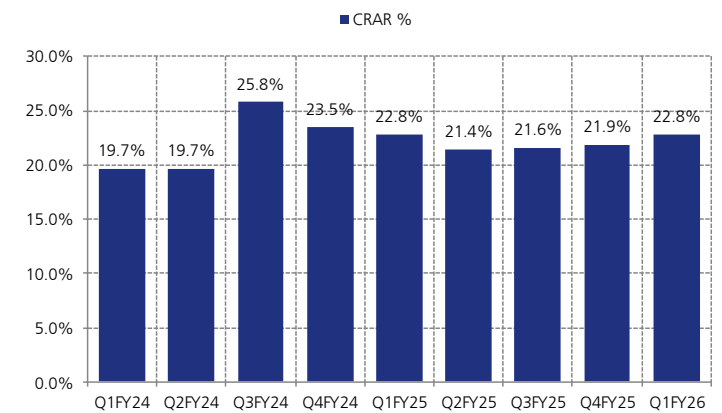
Source: Company, JM Financial

Exhibit 10. Return ratios holding better



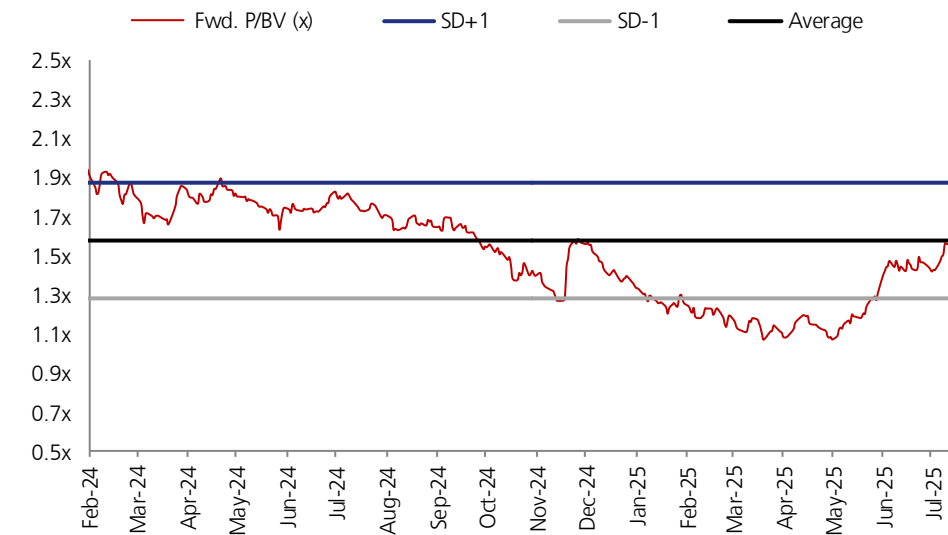
Source: Company, JM Financial

Exhibit 11. Trend in capital adequacy



Source: Company, JM Financial

Exhibit 12. One year forward P/B chart



Source: Company, JM Financial

Financial Tables (Standalone)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Interest Income (NII)	8,121	10,708	12,063	14,609	17,350
Non Interest Income	1,313	1,552	1,785	2,142	2,571
Total Income	9,434	12,260	13,848	16,751	19,921
Operating Expenses	5,495	7,059	7,816	8,817	10,170
Pre-provisioning Profits	3,939	5,201	6,032	7,934	9,752
Loan-Loss Provisions	119	2,164	1,587	1,829	2,366
Others Provisions	525	0	0	0	0
Total Provisions	659	2,164	1,587	1,829	2,366
PBT	3,281	3,038	4,446	6,104	7,385
Tax	834	786	1,111	1,526	1,846
PAT (Pre-Extra ordinaries)	2,447	2,252	3,334	4,578	5,539
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	2,447	2,252	3,334	4,578	5,539
Dividend	0	0	0	0	0
Retained Profits	2,447	2,252	3,334	4,578	5,539

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Equity Capital	3,694	3,727	3,727	3,727	3,727
Reserves & Surplus	18,914	21,746	25,081	29,659	35,198
Stock option outstanding	0	0	0	0	0
Borrowed Funds	82,146	1,02,687	1,16,036	1,45,045	1,81,306
Deferred tax liabilities	0	0	0	0	0
Preference Shares	0	0	0	0	0
Current Liabilities & Provisions	6,624	4,337	14,325	17,647	21,781
Total Liabilities	1,11,378	1,32,497	1,59,169	1,96,078	2,42,012
Net Advances	98,225	1,16,464	1,36,925	1,67,979	2,09,263
Investments	7,513	4,042	4,655	5,711	6,278
Cash & Bank Balances	1,855	8,347	9,585	11,759	14,648
Loans and Advances	345	193	479	588	732
Other Current Assets	2,002	1,477	1,127	2,159	1,362
Fixed Assets	1,417	1,868	6,367	7,843	9,680
Miscellaneous Expenditure	0	0	0	0	0
Deferred Tax Assets	22	107	31	39	48
Total Assets	1,11,378	1,32,497	1,59,169	1,96,078	2,42,012

Source: Company, JM Financial

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Growth (YoY) (%)					
Borrowed funds	15.1%	25.0%	13.0%	25.0%	25.0%
Advances	22.8%	18.6%	17.6%	22.7%	24.6%
Total Assets	22.8%	19.0%	20.1%	23.2%	23.4%
NII	27.3%	31.9%	12.7%	21.1%	18.8%
Non-interest Income	25.7%	18.2%	15.0%	20.0%	20.0%
Operating Expenses	26.3%	28.5%	10.7%	12.8%	15.3%
Operating Profits	28.2%	32.0%	16.0%	31.5%	22.9%
Core Operating profit	26.9%	32.2%	16.0%	32.1%	23.1%
Provisions	34.7%	228.6%	-26.7%	15.3%	29.4%
Reported PAT	35.8%	-8.0%	48.1%	37.3%	21.0%
Yields / Margins (%)					
Interest Spread	6.47%	6.90%	7.20%	7.23%	6.93%
NIM	8.29%	9.04%	8.60%	8.65%	8.32%
Profitability (%)					
ROA	2.42%	1.85%	2.29%	2.58%	2.53%
ROE	13.5%	9.4%	12.3%	14.7%	15.3%
Cost to Income	58.2%	57.6%	56.4%	52.6%	51.0%
Asset quality (%)					
Gross NPA	1.68%	2.03%	1.83%	1.77%	1.74%
LLP	0.74%	2.02%	1.25%	1.20%	1.25%
Capital Adequacy (%)					
Tier I	19.72%	18.59%	17.73%	16.90%	16.15%
CAR	23.46%	21.92%	20.64%	19.38%	18.26%

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
NII / Assets	8.04%	8.78%	8.27%	8.22%	7.92%
Other Income / Assets	1.10%	1.06%	1.02%	1.01%	0.98%
Total Income / Assets	9.14%	9.84%	9.29%	9.23%	8.90%
Cost / Assets	5.44%	5.79%	5.36%	4.96%	4.64%
PPP / Assets	3.90%	4.27%	4.14%	4.47%	4.45%
Provisions / Assets	0.65%	1.77%	1.09%	1.03%	1.08%
PBT / Assets	3.25%	2.49%	3.05%	3.44%	3.37%
Tax rate	25.4%	25.9%	25.0%	25.0%	25.0%
ROA	2.42%	1.85%	2.29%	2.58%	2.53%
Leverage	4.9	5.2	5.5	5.9	6.2
ROE	13.5%	9.4%	12.3%	14.7%	15.3%

Source: Company, JM Financial

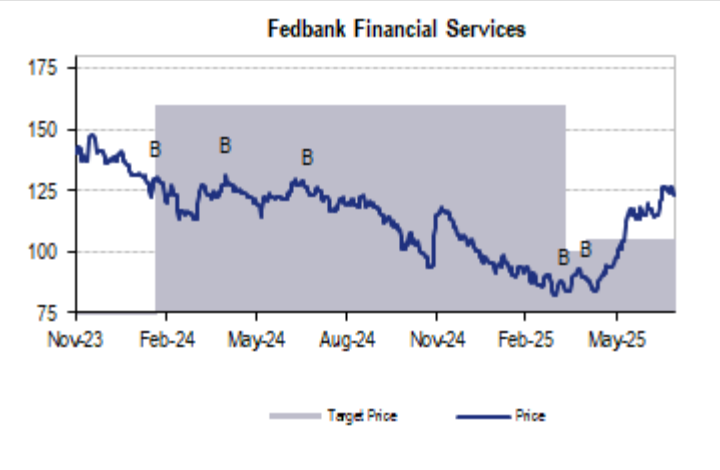
Valuations					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shares in Issue	369.4	372.7	372.7	372.7	372.7
EPS (INR)	6.6	6.0	8.9	12.3	14.9
EPS (YoY) (%)	18.4%	-8.8%	48.1%	37.3%	21.0%
P/E (x)	18.6	20.4	13.7	10.0	8.3
BV (INR)	61	68	77	90	104
BV (YoY) (%)	45.3%	11.7%	13.1%	15.9%	16.6%
P/BV (x)	2.01	1.80	1.59	1.37	1.18
DPS (INR)	0.0	0.0	0.0	0.0	0.0
Div. yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
18-Feb-24	Buy	160	
29-Apr-24	Buy	160	0.0
21-Jul-24	Buy	160	0.0
8-Apr-25	Buy	100	-37.5
30-Apr-25	Buy	105	5.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Chenergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed 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 law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 27th Floor, Office No. 2715, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.