


Company Note

Vietnam


HOLD (no change)

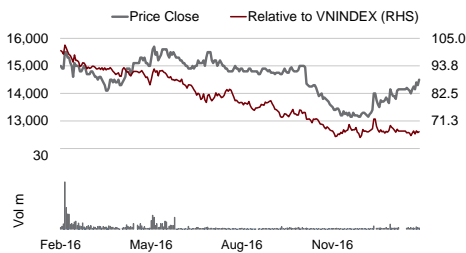
Consensus ratings*: Buy 6 Hold 1 Sell 0

Current price: VND14,500
 Target price:  VND16,390
 Previous target: VND16,390
 Up/downside: 13.0%
 CIMB / Consensus: 1.4%

Reuters: MBB.HM
 Bloomberg: MBB.VN
 Market cap: US\$1,092m
 VND24,834,744m
 Average daily turnover: US\$0.19m
 VND4,280m
 Current shares o/s: 1,600m
 Free float: 38.8%
 *Source: Bloomberg

Key changes in this note

 No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5.5	5.8	-3.3
Relative (%)	1.6	0.3	-34.2

Major shareholders	% held
Viettel & associates	19.6
SCIC	10.0
Vietnam Helicopter Services	8.0

Analyst(s)



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Military Bank Needs to aim higher

- MBB's FY16 net profit rose 16.7% yoy, in line with our forecast, driven by 12.4% total operating income growth and a ~3% decline in provision expenses.
- Robust loan growth (+24% yoy) was offset by a 12bp drop in NIM, but the bank's NIM steadily improved throughout the year, as teaser rates on retail loans rolled off.
- Management targets 18% pre-tax profit growth in FY17F, which is below the bank's potential, in our view.
- We maintain our Hold rating on MBB. Potential catalysts are management setting more aggressive growth targets and/or better results in 1H17F.

FY16 earnings review: MBB underperformed its potential

MBB's net profit rose 16.7% in FY16, driven by 9% NII growth, which was in turn attributable to 24% loan growth and a 13bp NIM contraction. Opex surged 21%, lifting MBB's CIR from 39% in FY15 to 42.4% in FY16, because MBB aggressively increased staff (+36%) and branches (+7%) in order to boost its retail business. However, MBB's solid asset quality led to lower provisioning and higher earnings from provision write-backs (non-NII surged 29%), enabling the bank to meet its FY16 earnings target.

NIM dropped in 1H16 but trended up steadily in 2H

MBB's NIM fell 12bp in FY16 to 330bp, but NIM's steadily improved throughout the year (1Q:308bp, 2Q:310bp, 3Q:353bp, 4Q:377bp), as the low initial 'teaser' rates on the retail loans the bank extended in late FY15 rolled off (and those loans began carrying market interest rates). In FY17, we expect MBB to earn 360bp NIM because high margin retail loans (~30%/loans) should mitigate the bank's rising funding costs, while in FY18 MBB's nascent consumer finance company should begin meaningfully supporting NIMs.

Other key operating metrics stayed solid

MBB's liquidity (LDR) remained healthy at 77.4% at end-FY16 despite strong loan growth. Asset quality metrics also stayed solid, with the NPL ratio falling to 1.3% (vs. 1.6% in FY15) and loan loss coverage (LLR/NPL) improving to over 103% (vs. 100% in FY15). On-balance-sheet NPLs increased only 2% in absolute terms to US\$88.3m, while off-balance sheet NPLs (or NPLs transferred to Vietnam Asset Management Company, VAMC) were unchanged at ~US\$180m (~2.7% of total loans at end-FY16).

Management ambition is the missing link

We expect MBB's net profit to grow 17% in FY17, supported by steady loan growth and an improving NIM. However, we believe MBB could grow its earnings 20-25% annually if the bank were to improve its retail loan growth strategy (i.e. compete on products & service, instead of cut-rate pricing), and we believe the bank's fairly stable asset quality gives management room to further ease provisioning – which would boost MBB's. Management's ~18% FY17 earnings growth target is under ambitious, in our view.

Maintain Hold

MBB's valuation has been stuck in the 0.9-1x P/BV range for the past 3 years because management has not been able to use its abundant resources optimally and is not sufficiently focused on ROE, which fell from 23% to 12% over the past 5 years. We maintain our 12-month target price, based on 1x FY17F P/BV (MBB's 3-year average P/BV), until we see concrete re-rating catalysts, i.e. management revising its FY17 earnings growth target to above 20% and more robust earnings growth in 1H17.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Net Interest Income (VNDb)	6,540	7,319	7,938	9,220	10,828
Total Non-Interest Income (VNDb)	1,767	1,453	1,497	1,595	1,757
Operating Revenue (VNDb)	8,307	8,772	9,435	10,814	12,585
Total Provision Charges (VNDb)	(2,019)	(2,102)	(1,869)	(2,082)	(2,114)
Net Profit (VNDb)	2,476	2,496	2,892	3,386	4,297
Core EPS (VND)	1,759	1,515	1,457	1,730	2,259
Core EPS Growth	21.4%	(13.9%)	(3.8%)	18.7%	30.6%
FD Core P/E (x)	8.24	9.57	9.95	8.38	6.42
DPS (VND)	700.0	361.5	0.0	500.0	1,000.0
Dividend Yield	4.83%	2.49%	0.00%	3.45%	6.90%
BVPS (VND)	14,284	14,121	14,916	16,393	17,902
P/BV (x)	1.02	1.03	0.97	0.88	0.81
ROE	13.9%	10.7%	10.3%	11.0%	13.2%
CIMB/consensus EPS (x)				1.13	1.22

SOURCE: COMPANY DATA, CIMB FORECASTS

4Q16: Needs to aim higher

Figure 1: Results comparison

FYE Dec (VND bn)	4QFY16	4QFY15	yoy chg	qoq chg	4QFY16 cum	4QFY15 cum	yoy chg	Prev. FY15F	Comments
Net interest income	2,283	1,842	23.9%	10%	7,979	7,319	9.0%	7,938	In line
Non-interest income	771	331	133.2%	62%	1,876	1,453	29.1%	1,497	Above, due to higher "other income" (i.e. provision write-backs)
Total income	3,054	2,172	40.6%	20%	9,855	8,772	12.4%	9,435	Slightly above, due to stronger non-NII
Overhead expenses	(1,290)	(1,103)	17.0%	20%	(4,175)	(3,449)	21.0%	(3,931)	Above; aggressive staff and branch expansion
Pre-provision profit	1,764	1,070	64.9%	20%	5,681	5,323	6.7%	5,504	Slightly above
Loan loss provisions	(902)	(402)	124.3%	65%	(2,030)	(2,102)	-3.4%	(1,869)	Above
Pre-tax profit	862	668	29.1%	-7%	3,651	3,221	13.3%	3,635	In line; the management managed provisioning so as to
Tax	(222)	(165)	34.1%	16%	(767)	(709)	8.3%	(727)	hit earnings target they proposed at AGM 2016
Tax rate (%)	26%	25%	3.8%	24%	21%	22%	-4.5%	20%	
Net profit	695	464	49.9%	-2%	2,912	2,496	16.7%	2,892	In line
EPS (VND)	406	274	48.0%	-2%	1,689	1,471	14.8%	-	

SOURCES: CIMB, COMPANY REPORTS

FY17 outlook: Stabilised NIM will support steady net profit growth ➤

We expect MBB's net profit to grow 17% yoy in FY17, but believe management should set a more target in order to help MBB's ROE recover faster. We believe the bank's earnings could grow 20-25% because MBB could further ease its provisioning expenses given the bank's stable asset quality and relatively strong balance sheet.

We expect MBB to earn VND3,386bn (US\$152m) of net profit in FY17F, based on the following key assumptions:

- **NII growth of 16%**, driven by 20% yoy loan expansion and 10bp expansion in the bank's "pure NIM" to 340bp (our definition of a Vietnamese bank's "pure NIM" excludes earnings generated from extending bank guarantees).

Retail lending (including mortgages and loans to small household businesses) and loans to the construction and utilities sectors will continue to drive MBB's loan growth.

The significant increase in the bank's capital base in FY15 (which significantly improved its reported CAR), together with its ample liquidity, will support balance sheet expansion and loan growth so we believe the State Bank of Vietnam will allow MBB to grow its loan book at a quicker pace than the rest of the sector this year.

- **Non-NII growth of 7%**, attributable to: 1) 12% yoy fee income growth, 2) a 5% yoy increase in forex-trading revenues, 3) negligible income from securities trading and investments, and 4) flat growth in "other income". The latter primarily consists of income generated from bad debt recovery/provision write-backs, which is hard to forecast, so we assume an unchanged level of bad debt recovery from FY16 to FY17.

Upside to our non-NII forecast comes from higher-than-expected "other income", if the Vietnam Asset Management Company begins fulfilling its intended bad debt recovery role in the clean-up of Vietnam's banking system, which will result in provision write-backs. Currently, about 2.7% of MBB's loan book is bad debts kept at the VAMC.

- **Opex growth of 14%**, which would maintain MBB's cost-income-ratio (CIR) at about 42% (vs. 42.4% in FY16 and 35-39% during FY12-15), driven by: 1)

the expenditures entailed in expanding its retail banking & consumer finance business, 2) IT upgrades needed to comply with Basel 2 and 3) the expenses incurred in the construction of MBB's new headquarters (scheduled to be completed by the end of 2017).

- **Provisioning expense growth of about 11%**, equivalent to a 1.3% credit cost rate in FY17F vs. 1.5% in FY16 and 1.9% in FY15.

Based on our knowledge of MBB's management, we expect the bank to continue prioritizing stability over growth. However, a dynamic new CEO, (aged 42) who worked at the bank for his whole career recently took over the bank's top post - so it's possible that he could aim to achieve higher growth in order to make a name for himself in the industry.

MBB's management currently plans to propose a 17.8% FY17 earnings growth target at the bank's upcoming AGM (recall from above that net profits grew 16.7% in FY16). That said, the bank's new CEO may very well aim to achieve 20-25% earnings growth, in order to modestly outperform that official 17.8% target (we don't think it's likely that MBB would achieve higher earnings growth this year, given the conservative & stability-focused mindset of the rest of the bank's senior management team).

We maintain our Hold rating on MBB due to the lack of compelling re-rating catalysts. Upside catalysts include the possibility that management will target a significant increase in the bank's ROE, by setting earnings growth targets of above 20% for FY17-18; MBB's stock price would almost certainly rise if the bank reported above-consensus 1H17 results. Downside risks include the possibility that the bank aggressively raises new capital, as did in FY15, when it raised an enormous amount of new capital by selling newly issued shares at an overly generous discount to certain major investors.

Figure 2: Key ratios: NIM showed steady improvement quarter by quarter in FY16, thanks to retail lending growth; credit cost rate jumped in 4Q16 due to provisions made for VAMC bonds

	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
ROE (annualized)	16.3%	17.7%	15.5%	13.5%	14.7%	18.9%	12.5%	9.5%	12.3%	13.7%	12.1%	11.6%
NIM (annualized)	3.50%	4.00%	3.70%	3.80%	4.00%	3.70%	3.01%	3.41%	3.08%	3.10%	3.53%	3.77%
Fee income/Total incomes	11.2%	10.9%	13.4%	10.3%	4.9%	5.6%	9.9%	4.7%	5.8%	7.3%	7.1%	7.3%
Cost-to-Income ratio (CIR)	35.8%	35.4%	38.2%	40.4%	31.6%	36.1%	39.4%	50.7%	45.1%	40.1%	42.2%	42.2%
Loan-to-Deposit ratio (LDR)	60.7%	60.0%	57.6%	60.0%	61.6%	64.8%	65.1%	66.8%	68.9%	74.3%	77.9%	77.4%
LDR-modified	54.1%	56.5%	55.5%	57.7%	57.0%	61.1%	62.7%	62.8%	62.3%	67.9%	70.2%	67.9%
Gross NPL	2.7%	3.1%	3.1%	2.8%	2.6%	2.0%	1.7%	1.6%	1.6%	1.3%	1.3%	1.3%
Cost of Credit (annualized)	1.7%	2.5%	2.4%	2.3%	3.0%	1.6%	1.9%	1.5%	0.8%	1.0%	1.6%	2.7%
Loan Loss Coverage	86.4%	62.2%	83.3%	86.1%	83.8%	80.1%	90.4%	101.4%	107.6%	108.9%	116.9%	103.2%
CAR				10.1%				12.9%				

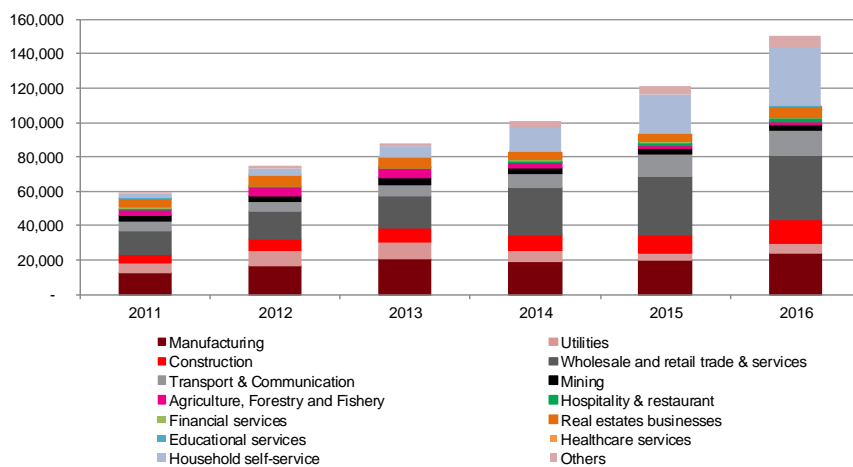
SOURCES: CIMB, COMPANY REPORTS

Figure 3: MBB's balance sheet overview - Liquidity remains good (~77.4% LDR) despite loan growth being much stronger than deposit growth. Funding structure remains healthy despite a notable surge in interbank borrowing (albeit from a low base)

FYE Dec (VND bn)	Dec-16 4QFY16	Dec-15 4QFY15	yoy chg	Sep-16 3QFY16	qoq chg	Dec-15 4QFY15	YTD chg
Inter-bank placement	26,953	28,659	-6.0%	24,932	8.1%	28,659	-6.0%
Customer loans	148,687	119,372	24.6%	143,304	3.8%	119,372	24.6%
<i>Gross loans</i>	150,738	121,349	24.2%	145,585	3.5%	121,349	24.2%
<i>LLR</i>	2,050	1,976	3.7%	2,281	-10.1%	1,976	3.7%
L-T securities investment	53,286	46,760	14.0%	50,011	6.5%	46,760	14.0%
Fixed assets	2,458	1,932	27.2%	2,297	7.0%	1,932	27.2%
Other assets	24,875	24,319	2.3%	19,273	29.1%	24,319	2.3%
Total assets	256,259	221,042	15.9%	239,817	6.9%	221,042	15.9%
Inter-bank borrowing	24,713	7,509	229.1%	17,938	37.8%	7,509	229.1%
Customer deposits	194,812	181,565	7.3%	186,789	4.3%	181,565	7.3%
Trusted funds & valuable papers	2,625	2,768	-5.2%	2,659	-1.3%	2,768	-5.2%
Other liabilities	7,520	6,016	25.0%	6,697	12.3%	6,016	25.0%
Total liabilities	229,670	197,859	16.1%	214,083	7.3%	197,859	16.1%
Total equity	25,352	22,593	12.2%	24,691	2.7%	22,593	12.2%
Share capital	17,127	16,000	7.0%	16,312	5.0%	16,000	7.0%
Reserves	3,525	2,960	19.1%	3,546	-0.6%	2,960	19.1%
Retained earnings	4,699	3,633	29.3%	4,833	-2.8%	3,633	29.3%
Minority interest	1,237	590	109.7%	1,044	18.5%	590	109.7%

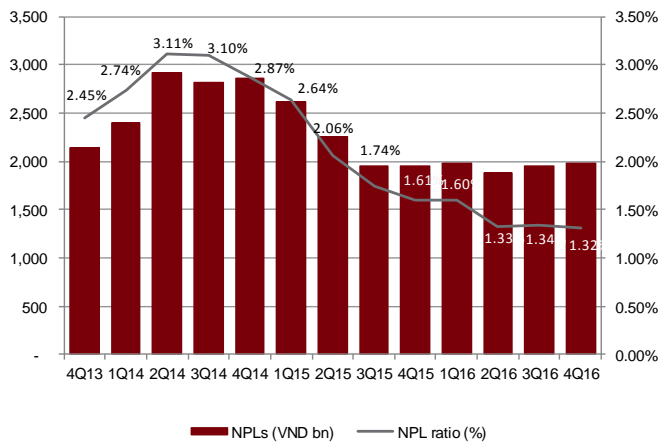
SOURCES: CIMB, COMPANY REPORTS

Figure 4: MBB's loan mix by sectors (VND bn) - FY16 loan growth driven by lending to household businesses (+53%), real estate (+36%), construction (+33%) and manufacturing (+20%)



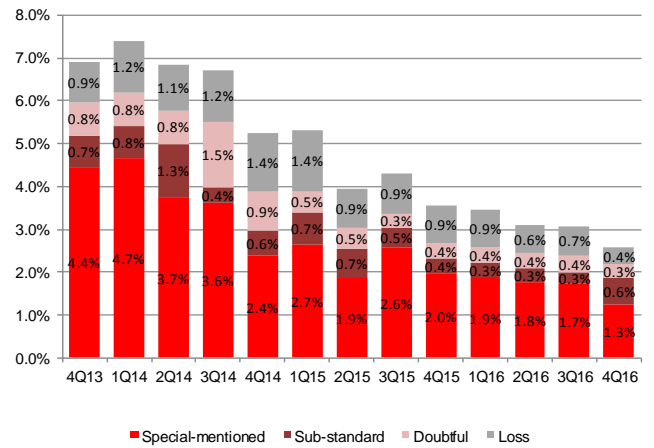
SOURCES: CIMB, COMPANY REPORTS

Figure 5: Stable asset quality: NIM fell to around 1.3%



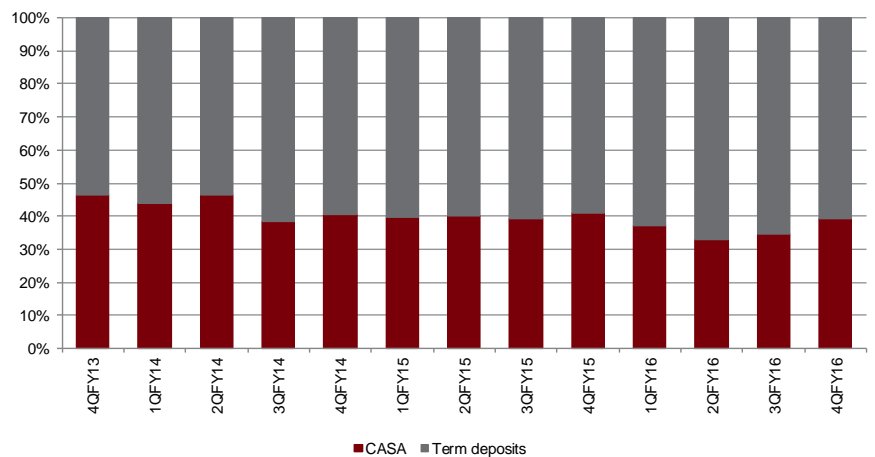
SOURCE: CIMB RESEARCH, COMPANY DATA

Figure 6: % sub-group loans/total loans: Special-mention loans also fell



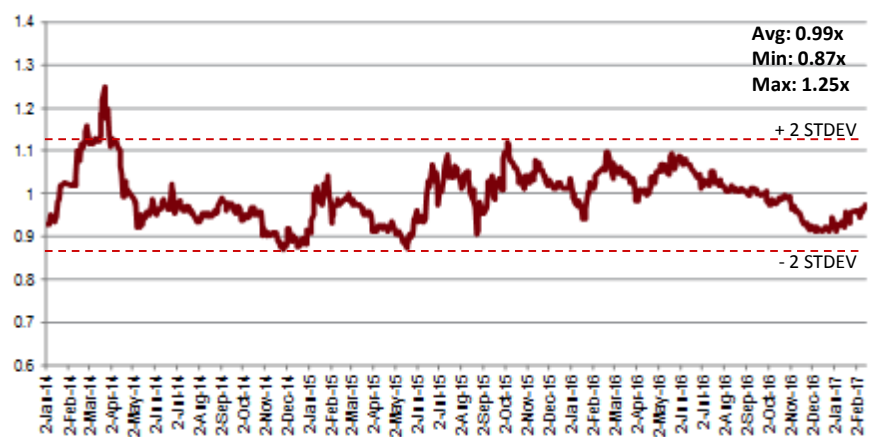
SOURCE: CIMB RESEARCH, COMPANY DATA

Figure 7: MBB's deposit mix: MBB's CASA ratio (39%) remains the highest among Vietnamese banks (~16% on average)



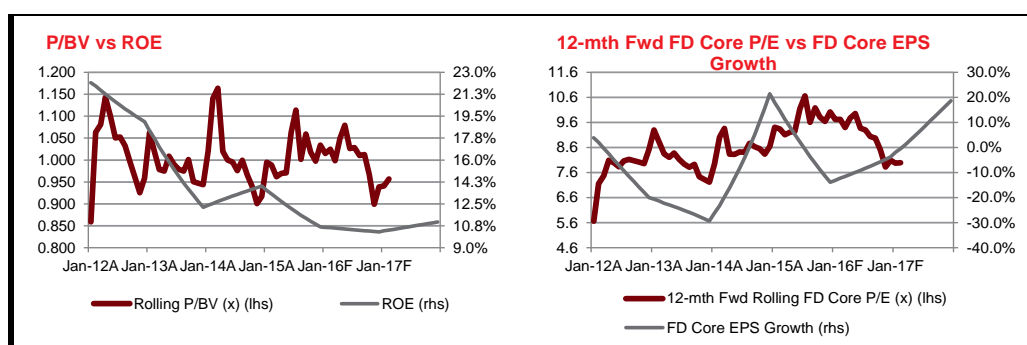
SOURCES: CIMB, COMPANY REPORTS

Figure 8: MBB is trading at its three-year average P/BV (trailing); its P/BV has been moving in a narrow band between ~0.9x and 1.1x (or +/- 2 s.d. from its mean)



SOURCES: CIMB, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Net Interest Income	6,540	7,319	7,938	9,220	10,828
Total Non-Interest Income	1,767	1,453	1,497	1,595	1,757
Operating Revenue	8,307	8,772	9,435	10,814	12,585
Total Non-Interest Expenses	(3,114)	(3,449)	(3,931)	(4,479)	(5,079)
Pre-provision Operating Profit	5,193	5,323	5,504	6,336	7,506
Total Provision Charges	(2,019)	(2,102)	(1,869)	(2,082)	(2,114)
Operating Profit After Provisions	3,174	3,221	3,635	4,253	5,392
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Operating EBIT (incl Associates)	3,174	3,221	3,635	4,253	5,392
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	3,174	3,221	3,635	4,253	5,392
Exceptional Items	0	0	0	0	0
Pre-tax Profit	3,174	3,221	3,635	4,253	5,392
Taxation	(671)	(709)	(727)	(851)	(1,078)
Consolidation Adjustments & Others					
Exceptional Income - post-tax	0	0	0	0	0
Profit After Tax	2,503	2,512	2,908	3,403	4,314
Minority Interests	(27)	(16)	(16)	(16)	(16)
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
Net Profit	2,476	2,496	2,892	3,386	4,297
Recurring Net Profit	2,206	2,087	2,472	2,962	3,869

Balance Sheet Employment

	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Gross Loans/Cust Deposits	60.0%	66.8%	70.1%	71.2%	72.0%
Avg Loans/Avg Deposits	62.0%	63.6%	68.6%	70.7%	71.6%
Avg Liquid Assets/Avg Assets	41.2%	39.0%	37.6%	36.2%	35.1%
Avg Liquid Assets/Avg IEAs	45.8%	42.8%	40.2%	38.6%	37.4%
Net Cust Loans/Assets	48.9%	54.0%	56.6%	57.7%	58.8%
Net Cust Loans/Broad Deposits	57.0%	63.1%	65.6%	66.5%	67.3%
Equity & Provs/Gross Cust Loans	18.9%	20.2%	19.8%	18.8%	17.4%
Asset Risk Weighting	84.7%	80.6%	72.7%	73.6%	74.6%
Provision Charge/Avg Cust Loans	2.02%	1.75%	1.25%	1.17%	0.97%
Provision Charge/Avg Assets	1.00%	0.92%	0.71%	0.69%	0.58%
Total Write Offs/Average Assets	1.06%	1.00%	0.79%	0.76%	0.66%

SOURCE: CIMB RESEARCH, COMPANY DATA

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Gross Loans	121,984	150,008	178,660	214,772	254,496
Liquid Assets & Invst. (Current)	50,781	46,760	49,098	51,553	59,286
Other Int. Earning Assets	6,067	8,182	8,311	9,818	11,655
Total Gross Int. Earning Assets	178,833	204,950	236,070	276,143	325,437
Total Provisions/Loan Loss Reserve	(2,463)	(1,976)	(3,311)	(4,753)	(5,906)
Total Net Interest Earning Assets	176,370	202,973	232,759	271,390	319,531
Intangible Assets	1,152	1,201	1,360	1,632	1,851
Other Non-Interest Earning Assets	21,734	15,632	15,037	17,554	20,767
Total Non-Interest Earning Assets	22,886	16,833	16,396	19,186	22,619
Cash And Marketable Securities	1,233	1,236	2,152	3,790	4,240
Long-term Investments	0	0	0	0	0
Total Assets	200,489	221,042	251,307	294,366	346,390
Customer Interest-Bearing Liabilities	167,609	181,565	207,779	245,443	291,382
Bank Deposits	4,604	7,509	9,251	10,296	11,550
Interest Bearing Liabilities: Others	2,225	4,180	3,460	4,325	5,406
Total Interest-Bearing Liabilities	174,438	193,254	220,491	260,064	308,338
Bank's Liabilities Under Acceptances	0	0	0	0	0
Total Non-Interest Bearing Liabilities	8,903	4,605	5,269	6,224	7,390
Total Liabilities	183,341	197,859	225,760	266,288	315,728
Shareholders' Equity	16,561	22,593	25,547	28,077	30,662
Minority Interests	587	590	0	0	0
Total Equity	17,148	23,183	25,547	28,077	30,662

Key Ratios

	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Income Growth	8.4%	5.6%	7.6%	14.6%	16.4%
Operating Profit Growth	5.7%	2.5%	3.4%	15.1%	18.5%
Pretax Profit Growth	8.5%	1.5%	12.9%	17.0%	26.8%
Net Interest To Total Income	78.7%	83.4%	84.1%	85.3%	86.0%
Cost Of Funds	3.96%	3.38%	4.80%	4.58%	4.45%
Return On Interest Earning Assets	7.67%	7.05%	8.10%	7.90%	7.80%
Net Interest Spread	3.71%	3.67%	3.30%	3.32%	3.35%
Net Interest Margin (Avg Deposits)	4.31%	4.19%	4.08%	4.07%	4.03%
Net Interest Margin (Avg RWA)	4.21%	4.21%	4.40%	4.62%	4.56%
Provisions to Pre Prov. Operating Profit	38.9%	39.5%	34.0%	32.9%	28.2%
Interest Return On Average Assets	3.43%	3.47%	3.36%	3.38%	3.38%
Effective Tax Rate	21.1%	22.0%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	32.8%	23.2%	NA	25.3%	39.9%
Return On Average Assets	1.30%	1.18%	1.22%	1.24%	1.34%

Key Drivers

	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Loan Growth (%)	14.6%	20.7%	20.0%	20.0%	20.0%
Net Interest Margin (%)	3.8%	3.8%	3.6%	3.6%	3.6%
Non Interest Income Growth (%)	15.0%	-17.7%	3.0%	6.5%	10.2%
Cost-income Ratio (%)	37.5%	39.3%	41.7%	41.4%	40.4%
Net NPL Ratio (%)	1.0%	0.2%	0.9%	0.7%	0.6%
Loan Loss Reserve (%)	89.7%	101.4%	98.9%	118.3%	140.8%
GP Ratio (%)	0.7%	0.7%	0.8%	0.8%	0.8%
Tier 1 Ratio (%)	8.9%	11.8%	13.0%	12.1%	11.0%
Total CAR (%)	10.1%	12.9%	14.1%	13.0%	11.8%
Deposit Growth (%)	23.2%	8.3%	14.4%	18.1%	18.7%
Loan-deposit Ratio (%)	58.5%	65.7%	68.5%	69.3%	69.9%
Gross NPL Ratio (%)	2.7%	1.6%	2.3%	2.3%	2.0%
Fee Income Growth (%)	28.6%	-42.8%	20.0%	12.4%	18.0%

SOURCE: CIMB RESEARCH, COMPANY DATA

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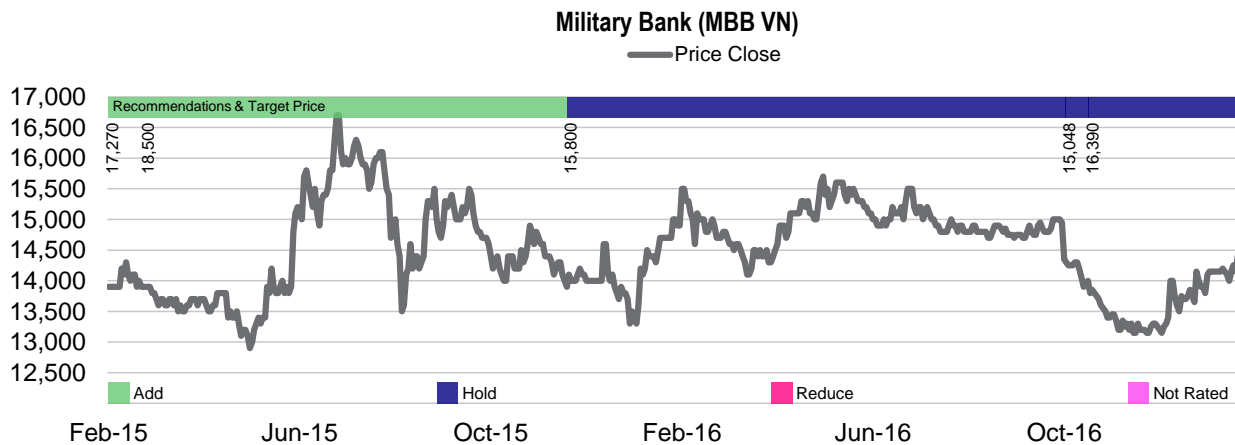
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Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2016, Anti-Corruption 2016.

AAV – Very Good, n/a, **ADVANC** – Very Good, Certified, **AEONTS** – Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Very Good, Declared, **AOT** – Excellent, Declared, **AP** – Very Good, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – not available, Declared, **BCP** - Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, Declared, **BEC** - Good, n/a, **BH** - Good, Declared, **BIGC** - Excellent, Declared, **BJC** – Good, n/a, **BLA** – Very Good, Certified, **BPP** – not available, n/a, **BTS** - Excellent, Certified, **CBG** – Good, n/a, **CCET** – not available, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** - Excellent, Certified, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DTAC** – Excellent, Certified, **EA** – Very Good, Declared, **ECL** – Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Good, n/a, **GFPT** - Excellent, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** - Excellent, n/a, **GUNKUL** – Very Good, Declared, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Declared, **ICHI** – Very Good, Declared, **INTUCH** - Excellent, Certified, **ITD** – Good, n/a, **IVL** – Excellent, Certified, **JAS** – not available, Declared, **JASIF** – not available, n/a, **JUBILE** – Good, Declared, **KAMART** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KGI** – Good, Certified, **KKP** – Excellent, Certified, **KSL** – Very Good, Declared, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Declared, **M** – Very Good, Declared, **MAJOR** - Good, n/a, **MAKRO** – Good, Declared, **MALEE** – Very Good, Declared, **MBKET** – Very Good, Certified, **MC** – Very Good, Declared, **MCOT** – Excellent, Declared, **MEGA** – Very Good, Declared, **MINT** - Excellent, Certified, **MTLS** – Very Good, Declared, **NYT** – Excellent, n/a, **OISHI** – Very Good, n/a, **PLANB** – Very Good, Declared, **PSH** – not available, n/a, **PSL** - Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Declared, **RATCH** – Excellent, Certified, **ROBINS** – Very Good, Declared, **RS** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** - Good, n/a, **SAT** – Excellent, Certified, **SAWAD** – Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCBLIF** – not available, n/a, **SCC** – Excellent, Certified, **SCN** – Good, Declared, **SCCC** - Excellent, Declared, **SIM** - Excellent, n/a, **SIRI** - Good, n/a, **SPALI** - Excellent, Declared, **SPRC** – Very Good, Declared, **STA** – Very Good, Declared, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Very Good, Declared, **TCAP** – Excellent, Certified, **THAI** – Very Good, Declared, **THANI** – Very Good, Certified, **THCOM** – Excellent, Certified, **THRE** – Very Good, Certified, **THREL** – Very Good, Certified, **TICON** – Very Good, Declared, **TISCO** - Excellent, Certified, **TK** – Very Good, n/a, **TKN** – Good, n/a, **TMB** - Excellent, Certified, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – not available, n/a, **TRUE** – Very Good, Declared, **TTW** – Very Good, Declared, **TU** – Excellent, Declared, **UNIQ** – not available, Declared, **VGI** – Excellent, Declared, **WHA** – not available, Declared, **WHART** – not available, n/a, **WORK** – not available, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

CIMB Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.