

## Vietnam

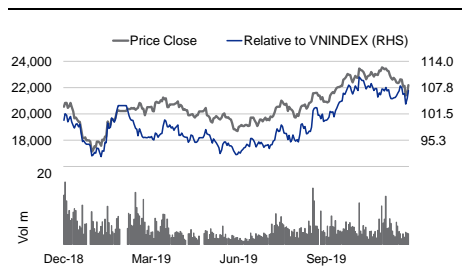
**ADD** (no change)

Consensus ratings\*: Buy 15 Hold 0 Sell 0

Current price:	VND22,200
Target price:	VND34,300
Previous target:	VND31,000
Up/downside:	54.5%
CGS-CIMB / Consensus:	9.4%
Reuters:	MBB.HM
Bloomberg:	MBB VN
Market cap:	US\$2,228m
	VND51,630,080m
Average daily turnover:	US\$4.34m
	VND100,759m
Current shares o/s:	2,326m
Free float:	20.0%
*Source: Bloomberg	

**Key changes in this note**

➤ FY19-21F increased by 3.5-7.5%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-4.7	4.2	9
Relative (%)	0.8	5.4	8.3

Major shareholders	% held
Viettel Group	14.6
SCIC	9.7
Vietnam Helicopter Corporation	7.8

**Analyst(s)**
**Ngoc NGUYEN**

T (84) 90 918 2135

E ngoc.nguyendang@vndirect.com.vn

# Military Commercial Joint Stock Bank

## Robust overall growth

- 9M19 net profit rose 27.9% yoy to VND6,142bn driven by strong growth in all segments and was above at 82.1% of our previous full-year forecast.
- Stellar PPOP growth of 36% yoy in 9M19 was underpinned by NIM expansion and CIR improvement.
- We maintain our Add rating with a higher TP of VND34,300.

### NIM improved on increased lending to individuals

9M19 net interest income (NII) grew 25.7% yoy to VND13,111bn on the back of 11.9% loan growth and a 26bp hike in NIM. Asset yield climbed 50bp yoy though 9M19 COF rose 36bp yoy amid growing deposit competition. We believe this was a result of active expansion into individuals lending which rose 30.7% yoy in 9M19 and accounted for 40.2% of the bank's loan balance at end-3Q19 vs. 36% at end-3Q18.

### Stellar non-interest incomes beat our expectations

Non-II rose 42.8% yoy to VND4,846bn thanks to solid growth in all segments. Thanks to 45.6% yoy increase in bancassurance to VND1,252bn, net service income rose 37% yoy to VND2,313bn. Meanwhile, due to 64.7% yoy rise in bad debts recovery to VND1,453bn, net other income climbed 46.3% yoy to VND1,579bn. 9M19 operation expenses rose only 20.8% yoy, far below our forecasts, trailing the 29.9% yoy rise in total operating income. As such, PPOP grew nicely by 36% yoy, forming 84.3% of our previous FY19 forecast.

### Asset quality saw some deterioration but remains solid

NPL ratio hit 1.5% at end-3Q19, the highest level seen this year thus far but still lower than 1.6% as at end-3Q18. The bank has been aggressive in both provisioning (9M19 provision expenses jumped 60.5% yoy) and write-offs (1.4% in 9M19). As a result, loan-loss-coverage was solid at 102.7% in 3Q19 (1Q19: 96.5%; 2Q19: 97.6%).

### Maintain Add with a higher TP of VND34,300

We lift our FY19-21F EPS forecasts by 3.5-7.5% on higher loan growth and NIM. Our TP correspondingly increases to VND34,300, based on our residual income valuation (COE: 13%; LTG: 3.0%) and 1.0x FY20F P/BV. MBB is our sector top pick as it has the ability to capture retail lending opportunities and combat the rising cost of funds. Re-rating catalyst is the divestment of Military Insurance Joint Stock Company (MIG VN, Not Rated). Downside risk could come from higher bad debts due to the higher risk inherent in retail lending and an imminent rise in interest rates.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Net Interest Income (VNDb)	11,219	14,583	17,713	20,182	23,393
Total Non-Interest Income (VNDb)	2,648	4,953	6,424	8,330	10,587
Operating Revenue (VNDb)	13,867	19,537	24,137	28,512	33,980
Total Provision Charges (VNDb)	(3,252)	(3,035)	(4,127)	(4,845)	(5,761)
Net Profit (VNDb)	3,461	6,113	7,747	9,174	10,944
Core EPS (VND)	1,382	2,478	3,131	3,708	4,423
Core EPS Growth	17.7%	79.4%	26.3%	18.4%	19.3%
FD Core P/E (x)	16.07	8.96	7.10	5.99	5.02
DPS (VND)	600.0	600.0	600.0	600.0	600.0
Dividend Yield	2.70%	2.70%	2.70%	2.70%	2.70%
BVPS (VND)	12,092	14,013	16,562	19,894	23,988
P/BV (x)	1.84	1.58	1.34	1.12	0.93
ROE	12.0%	19.0%	20.5%	20.3%	20.2%
% Change In Core EPS Estimates			3.50%	5.71%	7.47%
CGS-CIMB/Consensus EPS (x)			1.03	1.06	1.04

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## Robust overall growth

### Stellar 9M19 PPOP was underpinned by NIM expansion and CIR improvement ►

Figure 1: Results comparison (VND bn, otherwise noted)

Profit & Loss statement	3Q19	3Q18	yoy%	2Q19	qqq%	9M19	9M18	yoy%	% of VND FY19 old forecasts	Comments
Net interest income	4,582	3,633	26.1%	4,395	4.2%	13,111	10,430	25.7%	74.6%	In line with our forecasts.
Non-interest income	1,764	1,166	51.2%	1,763	0.1%	4,846	3,394	42.8%	81.7%	Higher than our forecasts due to increases of all non-II incomes
Operating revenue	6,345	4,799	32.2%	6,158	3.0%	17,957	13,823	29.9%	76.4%	Higher than our forecast due to NIM expansion and higher non-II growth.
Operating expenses	(2,292)	(1,968)	16.5%	(2,307)	-0.6%	(6,665)	(5,518)	20.8%	65.9%	Below our forecasts
Pre-provision profit	4,053	2,831	43.2%	3,851	5.3%	11,293	8,306	36.0%	84.3%	Higher than our forecast due to NIM expansion, higher non-II incomes growth and CIR amelioration.
Provision expenses	(1,312)	(646)	103.2%	(1,400)	-6.3%	(3,676)	(2,291)	60.5%	95.2%	Higher provision expense than our forecasts is mainly due to higher NPL ratio.
Pre-tax profit	2,741	2,185	25.4%	2,451	11.8%	7,616	6,015	26.6%	79.8%	
After-tax profit	2,211	1,761	25.6%	1,998	10.6%	6,142	4,801	27.9%	82.1%	Higher than our forecasts.

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: MBB's key ratios by quarter

	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
NII/Total Operating Income (TOI)	73.1%	75.7%	72.7%	75.8%	71.4%	72.2%
Non-II/TOI	26.9%	24.3%	27.3%	24.2%	28.6%	27.8%
NIM (12 months trailing)	4.5%	4.6%	4.5%	4.7%	4.6%	4.8%
Loan-to-deposit ratio (Circular 36)	76.6%	73.6%	73.7%	74.2%	72.8%	74.5%
NPL	1.3%	1.6%	1.3%	1.4%	1.3%	1.5%
Loan-Loss-Reserves (LLR)	106.2%	106.0%	112.3%	96.5%	97.6%	102.7%
Credit cost (annualised)	1.7%	1.6%	1.5%	1.7%	2.1%	2.1%
ROAA (annualised)	1.9%	1.9%	1.8%	2.1%	2.1%	2.1%
ROAE (annualised)	20.7%	21.3%	20.1%	23.0%	23.7%	22.2%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## Earnings revision ►

Figure 3: Changes in our forecasts

(VND bn, otherwise noted)	Old forecasts			New forecasts			Change			Comments
	FY19F	FY20F	FY21F	FY19F	FY20F	FY21F	FY19F	FY20F	FY21F	
Net Interest Income	17,583	20,160	23,210	17,713	20,182	23,393	0.7%	0.1%	0.8%	New NII forecasts are higher than old forecasts as we adjust upward our NIM assumptions to reflect higher LDR and asset yields.
Non-Interest Income	5,929	7,247	8,557	6,424	8,330	10,587	8.4%	14.9%	23.7%	We increase non-II forecasts as in 9M19 all incomes beat our expectation.
Operating revenue	23,512	27,407	31,766	24,137	28,512	33,980	2.7%	4.0%	7.0%	
Operating expenses	10,110	11,785	13,342	10,138	11,975	14,272	0.3%	1.6%	7.0%	
Pre-provision profit	13,402	15,622	18,424	14,000	16,537	19,708	4.5%	5.9%	7.0%	
Provision expenses	3,863	4,561	5,447	4,127	4,845	5,761	6.8%	6.2%	5.8%	
Pre-tax profit	9,539	11,060	12,977	9,873	11,692	13,947	3.5%	5.7%	7.5%	
Tax expense	1,955	2,267	2,660	2,024	2,397	2,859	3.5%	5.7%	7.5%	
Net profit	7,485	8,679	10,183	7,747	9,174	10,944	3.5%	5.7%	7.5%	
No. of shares outstanding (m)	2,326	2,326	2,326	2,326	2,326	2,326	0.0%	0.0%	0.0%	
EPS (VND/share)	3,025	3,508	4,116	3,131	3,708	4,423	3.5%	5.7%	7.5%	

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## Maintain Add with a higher TP of VND34,300 ►

Maintain Add. We lower our COE assumption from 13.8% to 13% to reflect lower government bond yields and interest rate cuts. Our target price rises to

VND34,300 (previously VND34,000), still based on residual income valuation (COE: 13%; LTG: 3.0%) and 1.0x FY20F P/BV.

**Figure 4: Target price calculation, based on our estimates**

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	70%	41,853	29,297
P/BV multiple (at 1.0x FY20F BVPS)	30%	16,562	4,969
Target price (VND/share)			34,266
<b>Target price (VND/share, rounded)</b>			<b>34,300</b>

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 5: Key assumptions of residual income valuation, based on our estimates**

Assumptions	2019F	2020F	2021E	2022E	2023E	Terminal year
Risk free rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Equity risk premium	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Beta	0.9	0.9	0.9	0.9	0.9	0.9
Cost of equity	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
Long-term growth rate						3.0%
<i>(in VND bn, otherwise noted)</i>						
Residual income	3,503	4,167	4,929	5,510	6,120	4,820
PV of residual income	3,100	3,264	3,416	3,379	3,322	48,213
Opening shareholder's equity	32,643					
PV of residual income (5 years)	16,481					
PV of terminal value	48,213					
Implied EV	97,337					
No. of outstanding shares (m shares)	2,326					
Implied value per share (VND/share)	<b>41,853</b>					

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

For peer comparison, we choose regional banks with similar earnings growth outlook, profitability and financial metrics as MBB. At the current share price, MBB is trading at 1.3x FY19F P/BV, a 32.3% discount to the regional peers' average FY19F P/BV. We have a target P/BV of 1.0x on FY20F book value per share for MBB, which is lower than regional peers' 1.7x FY20F P/BV.

We project MBB to achieve high profit growth in the coming years with FY18-21F forward EPS CAGR of 21.3%. We expect ROE to be sustained around 20% in FY19-20F, much higher than regional peer's average ROE of around 17.0% in FY19F and 16.7% in FY20F. Combining our residual income valuation (70%) and P/BV multiple valuation (30%), we arrive at a TP of VND34,300, implying potential upside of 54.5%.

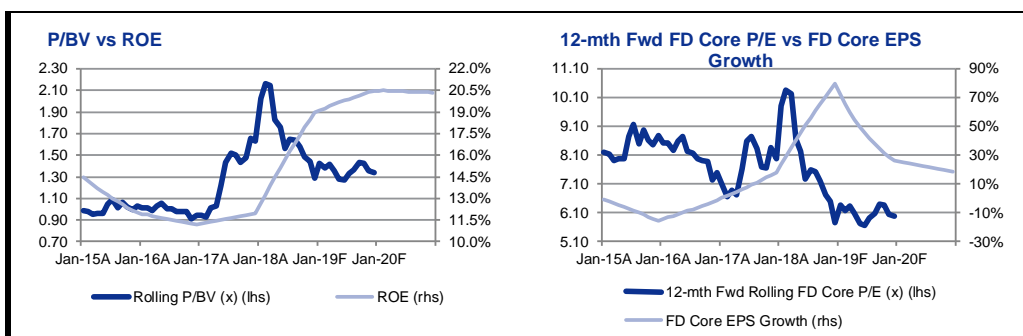
**Figure 6: Regional sector comparison**

Banks	Bloomberg Ticker	Recommendation	Closing Price	Target Price	Market cap	P/BV (x)		P/E (x)		3-yr Forward EPS CAGR	ROE (%)	
			(local curr.)	(local curr.)	(US\$m)	FY19F	FY20F	FY19F	FY20F	%	FY19F	FY20F
China Merchants Bank	3968 HK	ADD	38	45	143,784	1.3	1.2	7.3	6.2	16.0%	16.8%	17.2%
Bank Rakyat Indonesia	BBRI IJ	HOLD	4,190	4,500	36,617	2.5	2.3	13.3	11.9	10.5%	18.0%	18.0%
Bank Mandiri	BMRI IJ	ADD	7,100	8,800	23,475	1.8	1.8	10.6	9.2	12.7%	15.3%	16.9%
Indusind Bank	IIB IN	ADD	1,537	2,000	14,880	3.4	3.0	16.9	14.0	37.2%	13.2%	18.7%
BDO Unibank Inc	BDO PM	HOLD	159	150	13,619	2.0	1.8	15.5	12.2	20.4%	12.5%	12.2%
Yes Bank	YES IN	ADD	61	160	2,162	0.5	0.6	NA	6.3	28.3%	6.5%	-3.1%
Vietcombank	VCB VN	HOLD	82,000	95,700	13,121	3.6	2.8	11.2	9.1	31.2%	23.5%	23.5%
Techcombank	TCB VN	ADD	22,550	30,100	3,405	1.3	1.1	7.2	6.1	15.2%	17.2%	16.4%
Vietnam Prosperity JSC Bank	VPB VN	ADD	18,700	33,000	1,942	1.1	0.9	4.1	3.5	23.2%	22.2%	23.8%
Asia Commercial Joint Stock Bank	ACB VN	ADD	22,600	34,900	1,615.1	1.4	1.1	5.2	4.5	17.0%	25.1%	23.3%
<b>Average regional peers</b>						<b>1.9</b>	<b>1.7</b>	<b>10.2</b>	<b>8.3</b>	<b>21.2%</b>	<b>17.0%</b>	<b>16.7%</b>
<b>Military Commercial Joint Stock Bank</b>	<b>MBB VN</b>	<b>ADD</b>	<b>22,200</b>	<b>34,300</b>	<b>2,228</b>	<b>1.3</b>	<b>1.1</b>	<b>5.4</b>	<b>4.5</b>	<b>21.3%</b>	<b>20.6%</b>	<b>20.3%</b>

PRICE AS OF 05 DEC 2019

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Net Interest Income	11,219	14,583	17,713	20,182	23,393
Total Non-Interest Income	2,648	4,953	6,424	8,330	10,587
<b>Operating Revenue</b>	<b>13,867</b>	<b>19,537</b>	<b>24,137</b>	<b>28,512</b>	<b>33,980</b>
Total Non-Interest Expenses	(5,999)	(8,734)	(10,138)	(11,975)	(14,272)
<b>Pre-provision Operating Profit</b>	<b>7,868</b>	<b>10,803</b>	<b>14,000</b>	<b>16,537</b>	<b>19,708</b>
Total Provision Charges	(3,252)	(3,035)	(4,127)	(4,845)	(5,761)
<b>Operating Profit After Provisions</b>	<b>4,616</b>	<b>7,767</b>	<b>9,873</b>	<b>11,692</b>	<b>13,947</b>
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
<b>Operating EBIT (incl Associates)</b>	<b>4,616</b>	<b>7,767</b>	<b>9,873</b>	<b>11,692</b>	<b>13,947</b>
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>4,616</b>	<b>7,767</b>	<b>9,873</b>	<b>11,692</b>	<b>13,947</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>4,616</b>	<b>7,767</b>	<b>9,873</b>	<b>11,692</b>	<b>13,947</b>
Taxation	(1,125)	(1,577)	(2,024)	(2,397)	(2,859)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>3,490</b>	<b>6,190</b>	<b>7,849</b>	<b>9,295</b>	<b>11,088</b>
Minority Interests	(29)	(77)	(102)	(121)	(144)
Prof. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
<b>Net Profit</b>	<b>3,461</b>	<b>6,113</b>	<b>7,747</b>	<b>9,174</b>	<b>10,944</b>
Recurring Net Profit	3,204	5,773	7,282	8,624	10,287

### Balance Sheet Employment

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Gross Loans/Cust Deposits	83.7%	89.5%	92.6%	93.4%	94.2%
Avg Loans/Avg Deposits	80.7%	86.7%	91.1%	93.1%	93.9%
Avg Liquid Assets/Avg Assets	36.9%	36.7%	35.5%	33.7%	32.2%
Avg Liquid Assets/Avg IEAs	38.8%	38.5%	37.2%	35.2%	33.5%
Net Cust Loans/Assets	57.9%	58.3%	60.3%	62.4%	63.9%
Net Cust Loans/Broad Deposits	66.7%	67.8%	69.3%	72.2%	75.0%
Equity & Provsns/Gross Cust Loans	16.4%	16.7%	17.0%	17.4%	18.1%
Asset Risk Weighting	98%	105%	109%	110%	111%
Provision Charge/Avg Cust Loans	1.94%	1.52%	1.77%	1.78%	1.82%
Provision Charge/Avg Assets	1.14%	0.90%	1.07%	1.11%	1.17%
Total Write Offs/Average Assets	1.56%	0.61%	0.81%	0.93%	0.99%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Gross Loans	237,686	259,748	300,750	348,408	399,246
Liquid Assets & Invst. (Current)	53,841	74,567	79,041	83,784	92,143
Other Int. Earning Assets	6,805	10,548	11,181	11,852	12,681
<b>Total Gross Int. Earning Assets</b>	<b>298,332</b>	<b>344,863</b>	<b>390,973</b>	<b>444,044</b>	<b>504,070</b>
Total Provisions/Loan Loss Reserve	(2,486)	(3,469)	(4,486)	(5,280)	(6,173)
<b>Total Net Interest Earning Assets</b>	<b>295,847</b>	<b>341,394</b>	<b>386,486</b>	<b>438,764</b>	<b>497,898</b>
Intangible Assets	1,018	1,113	1,191	1,274	1,364
Other Non-Interest Earning Assets	15,171	18,082	19,347	20,702	22,151
<b>Total Non-Interest Earning Assets</b>	<b>16,189</b>	<b>19,195</b>	<b>20,538</b>	<b>21,976</b>	<b>23,515</b>
<b>Cash And Marketable Securities</b>	<b>1,842</b>	<b>1,737</b>	<b>1,858</b>	<b>1,988</b>	<b>2,127</b>
Long-term Investments	0	0	0	0	0
<b>Total Assets</b>	<b>313,878</b>	<b>362,325</b>	<b>408,883</b>	<b>462,728</b>	<b>523,540</b>
Customer Interest-Bearing Liabilities	226,198	251,122	293,475	335,745	380,807
Bank Deposits	46,101	60,471	62,285	64,154	65,437
Interest Bearing Liabilities: Others	2,145	2,958	2,985	3,011	3,011
<b>Total Interest-Bearing Liabilities</b>	<b>274,444</b>	<b>314,551</b>	<b>358,745</b>	<b>402,910</b>	<b>449,255</b>
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	9,832	13,601	9,989	11,798	16,600
<b>Total Liabilities</b>	<b>284,277</b>	<b>328,152</b>	<b>368,734</b>	<b>414,708</b>	<b>465,855</b>
<b>Shareholders' Equity</b>	<b>28,170</b>	<b>32,643</b>	<b>38,517</b>	<b>46,268</b>	<b>55,788</b>
Minority Interests	1,431	1,530	1,632	1,753	1,897
<b>Total Equity</b>	<b>29,601</b>	<b>34,173</b>	<b>40,149</b>	<b>48,021</b>	<b>57,685</b>

### Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Income Growth	40.7%	40.9%	23.5%	18.1%	19.2%
Operating Profit Growth	38.5%	37.3%	29.6%	18.1%	19.2%
Pretax Profit Growth	26.4%	68.3%	27.1%	18.4%	19.3%
Net Interest To Total Income	80.9%	74.6%	73.4%	70.8%	68.8%
Cost Of Funds	3.49%	3.48%	3.70%	3.80%	3.80%
Return On Interest Earning Assets	7.34%	7.72%	8.20%	8.30%	8.35%
Net Interest Spread	3.85%	4.24%	4.50%	4.50%	4.55%
Net Interest Margin (Avg Deposits)	5.41%	6.34%	6.93%	6.89%	6.92%
Net Interest Margin (Avg RWA)	4.09%	4.25%	4.30%	4.23%	4.29%
Provisions to Pre Prov. Operating Profit	41.3%	28.1%	29.5%	29.3%	29.2%
Interest Return On Average Assets	3.94%	4.31%	4.59%	4.63%	4.74%
Effective Tax Rate	24.4%	20.3%	20.5%	20.5%	20.5%
Net Dividend Payout Ratio	31.5%	21.2%	18.4%	15.5%	13.0%
Return On Average Assets	1.21%	1.81%	2.01%	2.11%	2.22%

### Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Loan Growth (%)	22.2%	16.6%	17.0%	17.0%	16.0%
Net Interest Margin (%)	4.1%	4.5%	4.8%	4.8%	4.9%
Non Interest Income Growth (%)	41.1%	87.0%	29.7%	29.7%	27.1%
Cost-income Ratio (%)	43.3%	44.7%	42.0%	42.0%	42.0%
Net NPL Ratio (%)	0.8%	0.6%	0.6%	0.7%	0.7%
Loan Loss Reserve (%)	95.9%	112.3%	108.1%	103.2%	102.3%
GP Ratio (%)	0.7%	0.7%	0.8%	0.8%	0.8%
Tier 1 Ratio (%)	9.2%	8.6%	8.6%	9.1%	9.6%
Total CAR (%)	12.0%	11.0%	10.8%	11.0%	11.4%
Deposit Growth (%)	13.0%	9.0%	13.0%	16.0%	15.0%
Loan-deposit Ratio (%)	82.5%	88.0%	91.0%	91.8%	92.5%
Gross NPL Ratio (%)	1.2%	1.3%	1.6%	1.6%	1.7%
Fee Income Growth (%)	65.6%	126.5%	45.0%	40.0%	35.0%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

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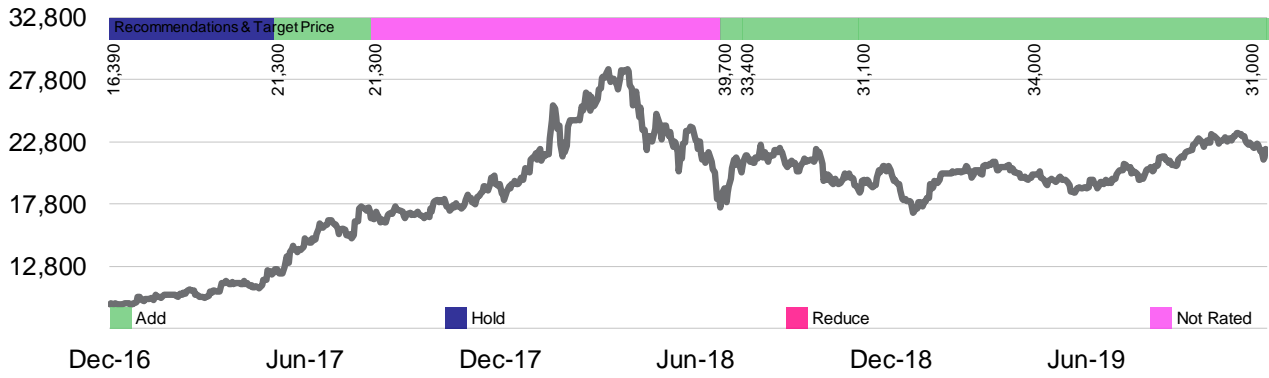
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2019		
777 companies under coverage for quarter ended on 30 September 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	58.8%	0.9%
Hold	26.3%	0.0%
Reduce	14.9%	0.1%

Spitzer Chart for stock being researched ( 2 year data )

**Military Commercial Joint Stock Bank (MBB VN)**

— Price Close



## Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, Declared, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **DELTA** – Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HREIT** – Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD\*** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **JWD** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **OSP** – not available, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PR9** – not available, n/a, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **S** – Very Good, n/a, **SAMART** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, Declared, **TMB** – Excellent, Certified, **TNR** – Very Good, Declared, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Very Good, Certified, **WORK** – Good, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:

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

- Companies certified by CAC

\* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

### RECOMMENDATION FRAMEWORK

#### Stock Ratings

##### Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% 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.

Hien Tran Khanh – Deputy Head of Research

Email: hien.trankhanh@vndirect.com.vn

**Ngoc NGUYEN – Analyst**Email: [ngoc.nguyendang@vndirect.com.vn](mailto:ngoc.nguyendang@vndirect.com.vn)**VNDIRECT Securities Corporation**

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi | Tel: +84 2439724568

Email: [research@vndirect.com.vn](mailto:research@vndirect.com.vn) | Website: <https://vndirect.com.vn>