

Vietnam

ADD (no change)

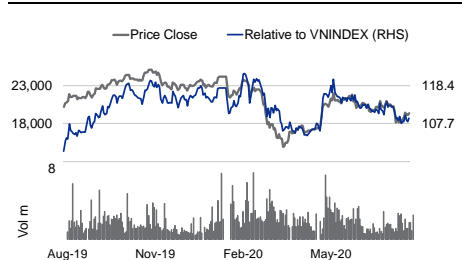
Consensus ratings*: Buy 12 Hold 3 Sell 0

Current price:	VND19,400
Target price:	VND27,400
Previous target:	VND27,400
Up/downside:	41.2%
CGS-CIMB / Consensus:	3.4%
Reuters:	TCB.HM
Bloomberg:	TCB VN
Market cap:	US\$2,930m
	VND67,902,712m
Average daily turnover:	US\$1.74m
	VND40,468m
Current shares o/s:	3,500m
Free float:	34.8%

*Source: Bloomberg

Key changes in this note

➤ N/A



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-5.1	2.6	-4
Relative (%)	-1.9	-1	9.5

Major shareholders	% held
Masan Group	15.0
Chairman and related parties	15.9
Others	69.1

Analyst(s)

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Techcombank

1H20: Strong earnings, asset quality

- Techcombank's (TCB) 1H20 net profit rose 17.4% yoy to c.VND5,273bn on robust topline growth; 1H20 net profit formed 49.2% of our full-year forecast.
- Aggressive provisioning brought NPL ratio down to 0.9% at end-1H20, its lowest level ever, while loan loss coverage was steady at 108.6%.
- Reiterate Add with an unchanged TP of VND27,400.

2Q20 robust topline growth accommodated heavy provisioning

TCB's 2Q20 net interest income (NII) grew 26% yoy, as credit rose 9.9% yoy, boosted by a 24.9% yoy rise in loan book while corporate bonds fell 35.9% yoy; net interest margin (NIM) gained 47bp yoy. Non-interest income (Non-II) rose 16.3% yoy, backed by a 33.9% yoy increase in net fee income and a 172.3% yoy surge in net gain from trading investment securities from a 51% qoq decline in available-for-sale government bonds in 2Q20. Provision expense soared 6.1x yoy, lowering non-performing loan (NPL) ratio to 0.9% at end-2Q20 from 1.8% at end-2Q19. 2Q20 net profit grew 16.9% yoy to VND2,817bn.

1H20 net profit rose 17.4% yoy on robust topline growth

TCB's 1H20 NII grew 25.7% yoy on 9.9 yoy credit growth and a 36bp yoy expansion in NIM. Meanwhile, non-II jumped 39.9% yoy thanks to a 41.1% yoy increase in net fee income, and 5.3x yoy growth in net gain from trading investment securities. CIR improved to 32.5% in 1H20 from 35% in 1H19 as some marketing and customer connected activities were disrupted due to Covid-19. Provision expense rose 5.1x yoy in 1H20. As such, net profit rose only 17.4% yoy to c.VND5,273bn, forming 49.2% of our full-year forecast.

Better asset quality in 1H20

Annualised write-off rate was 1.5% in 1H20, up from 0.1% in FY19. Hence, NPL ratio hit its lowest level ever of 0.9% at end-1H20, while loan-loss-reserve (LLR) was steady at 108.6% at end-2Q20, the second-highest level after its peak of 117.9% at end-1Q20.

We forecast a net profit CAGR of 15.7% over FY20-22F

TCB got the central bank's approval to have higher credit growth than its previous credit quota of 13%, along with its high CAR of 16.9% at end-1H20. TCB has enough capacity to stick to its key focus on primary mortgage finance backed by the high demand for housing. Moreover, the bank's efforts to increase CASA ratio continue to be effective, enhancing its NIM and service income. Hence, we still expect TCB's net profit to register a CAGR of 15.7% in FY20-22F, backed by 14.9% credit growth CAGR, 23bp expansion in NIM, and 15.2% non-II CAGR and 21% net service income CAGR.

Reiterate Add with unchanged TP of VND27,400

We reiterate Add. Our TP is based on an equal weighting of residual income valuation (COE: 13.7%; LTG: 4.0%) and 1.2x FY20F P/BV. A potential re-rating catalyst is higher-than-expected credit growth. A downside risk is higher-than-expected bad debt, which could lead to increasing credit costs.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Net Interest Income (VNDb)	11,127	14,258	16,209	19,070	21,986
Total Non-Interest Income (VNDb)	7,223	6,810	8,138	9,586	10,801
Operating Revenue (VNDb)	18,350	21,068	24,347	28,657	32,787
Total Provision Charges (VNDb)	(1,846)	(917)	(2,260)	(2,884)	(3,445)
Net Profit (VNDb)	8,463	10,075	10,722	12,443	14,352
Core EPS (VND)	2,412	2,870	3,053	3,542	4,086
Core EPS Growth	17.6%	19.0%	6.4%	16.0%	15.3%
FD Core P/E (x)	8.04	6.76	6.36	5.48	4.75
DPS (VND)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
BVPS (VND)	14,790	17,651	20,715	24,270	28,370
P/BV (x)	1.31	1.10	0.94	0.80	0.68
ROE	21.4%	17.7%	15.9%	15.7%	15.5%
CGS-CIMB/Consensus EPS (x)			1.06	1.04	1.04

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

1H20: Strong earnings, asset quality

1H20: the third highest net profit among listed banks ➤

Figure 1: Results comparison

Profit & Loss statement	2Q20	2Q19	% yoy	1Q20	% qoq	6M20	6M19	% yoy	% of VNDIRECT forecasts	Comments
Net interest income	3,935	3,124	26.0%	4,212	-6.6%	8,148	6,483	25.7%	50.3%	In line with our forecast.
Non-interest income	1,818	1,564	16.3%	1,818	0.0%	3,636	2,599	39.9%	44.7%	Below our forecast due to lower income from bad debts collection
Operating revenue	5,753	4,688	22.7%	6,030	-4.6%	11,784	9,082	29.7%	48.4%	In line with our forecast.
Operation expenses	(1,697)	(1,571)	8.1%	(2,138)	-20.6%	(3,835)	(3,181)	20.6%	45.0%	In line with our forecast.
Pre-provision profit	4,056	3,117	30.1%	3,893	4.2%	7,949	5,901	34.7%	50.2%	
Provision expenses	(439)	(72)	509.9%	(772)	-43.1%	(1,211)	(239)	406.1%	53.6%	In line with our forecast.
Pre-tax profit	3,617	3,045	18.8%	3,121	15.9%	6,738	5,662	19.0%	49.7%	
Net profit	2,817	2,409	16.9%	2,456	14.7%	5,273	4,492	17.4%	49.2%	In line with our forecast.

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: TCB's key ratios by quarter

Key ratios	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
NII/Total Operating Income (TOI)	54.7%	62.6%	67.2%	58.5%	78.1%	66.6%	67.6%	58.9%	69.9%	68.4%
Non-II/TOI	45.3%	37.4%	32.8%	41.5%	21.9%	33.4%	32.4%	41.1%	30.1%	31.6%
NIM (trailing 12 months)	4.0%	3.9%	4.1%	4.0%	4.2%	4.1%	4.1%	4.3%	4.3%	4.4%
CIR	27.2%	27.9%	28.1%	31.8%	36.6%	35.0%	34.4%	34.7%	35.4%	32.5%
Loan-to-deposit ratio	73.4%	69.8%	67.8%	64.5%	63.9%	64.7%	71.0%	75.3%	74.4%	74.2%
Non-performing loan ratio (NPL ratio)	1.9%	2.0%	2.1%	1.8%	1.8%	1.8%	1.8%	1.3%	1.1%	0.9%
Loan-loss-reserves (LLR)	76.2%	74.2%	77.5%	85.1%	87.7%	77.1%	77.1%	94.8%	117.9%	108.6%
Credit cost (annualised)	2.0%	1.3%	1.4%	1.1%	0.4%	0.3%	0.5%	0.5%	1.3%	1.0%
ROAA (trailing 12m)	3.0%	3.2%	3.2%	2.9%	2.8%	2.7%	2.8%	2.9%	2.9%	2.9%
ROAE (trailing 12m)	25.5%	24.3%	25.4%	21.5%	18.6%	17.0%	17.2%	17.8%	17.7%	17.6%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

1H20 NII rose 25.7% yoy, driven by NIM expansion on higher CASA ratio

TCB's NII grew 25.7% yoy to VND8,148bn, following credit growth of 9.9% yoy (+3.5% YTD) and a NIM gain of 36bp yoy. 1H20 NIM reached 4.5%, backed by a flattish asset yield and a 49bp yoy decrease in cost of funds on higher CASA ratio of 34.4% at end-1H20, from 29% at end-1H19 (32.9% at end-FY19).

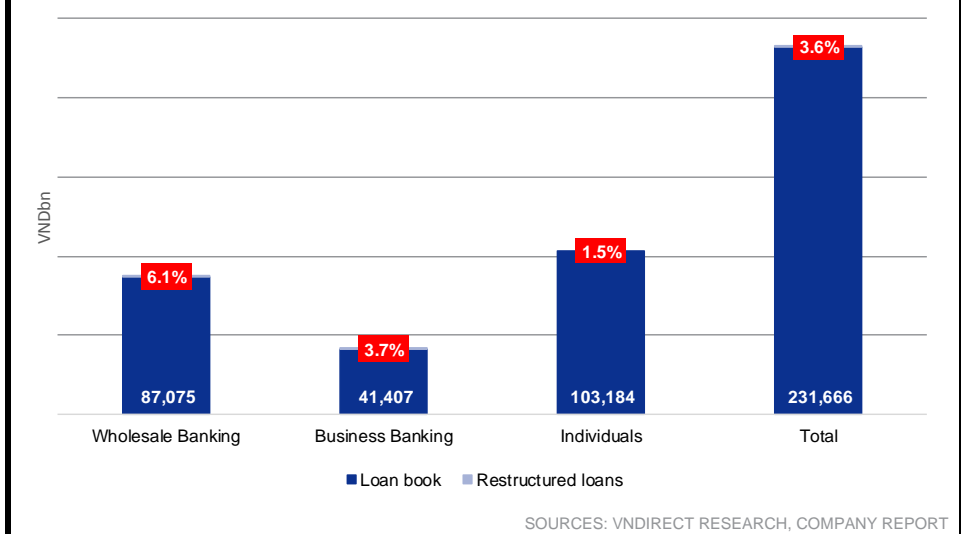
1H20 Non-II jumped 39.9% yoy on service income, trading securities

1H20 non-II reached VND3,636bn (+39.9% yoy), fuelled by (1) a 41.1% yoy jump in net fee income to c.VND1,975bn on a 31.9% yoy rise in income from settlements and a 146.3% yoy surge in advisory fee, even though income from bancassurance fell 15.5% yoy; and (2) 5.3x yoy growth in net gain from trading investment securities to VND792bn on trading available-for-sale government bonds and bonds of credit institutions in 1H20. Net other income edged down 1.7% yoy to VND762bn, pulled by income from bad debt collection which fell 38.4% yoy, but the fall was partly offset by a 67.1% yoy surge in net income from financial derivatives.

Asset quality remains well managed ➤

At end-1H20, 3.6% of the bank's loan book of c.VND8,400bn was restructured, in the form of: i) debt payment extended by up to 12 months; ii) lending interest rate cut up to 200bp; and iii) exemption of early repayment fee for individuals. According to the management, loan book exposure to sectors which got hit by the pandemic was estimated at 10% at end-2Q20, including: construction (3%), materials (6%); travel & leisure (1%). However, 94% of TCB's loan book is secured, which means that the bank can manage its loan portfolio.

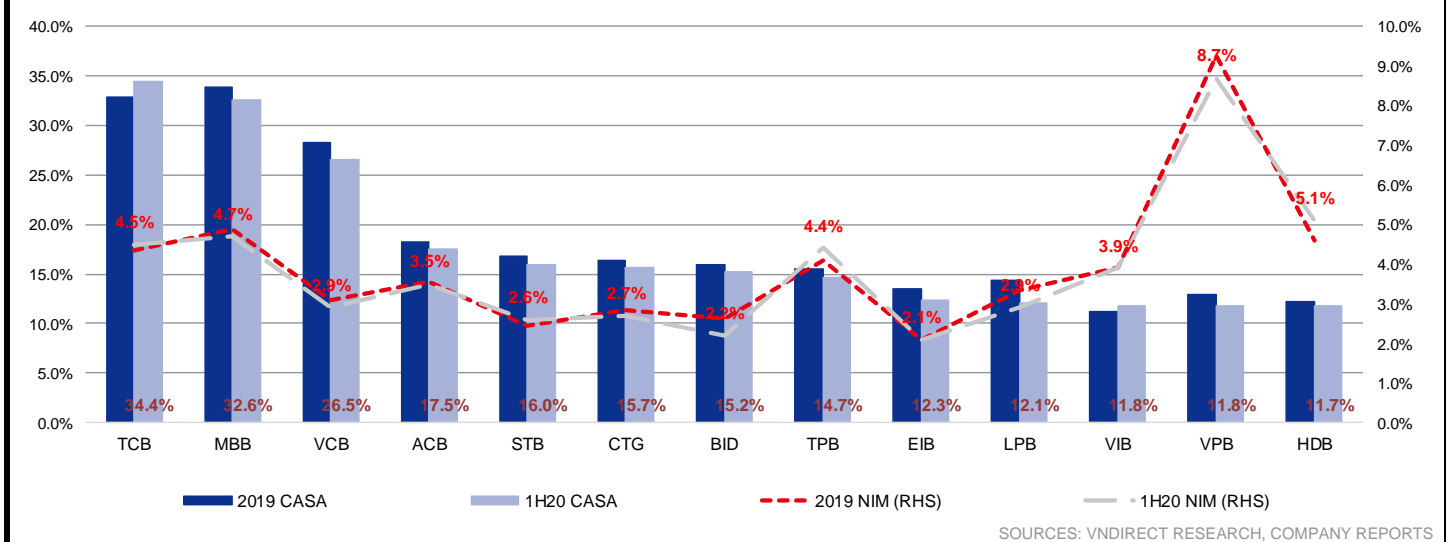
Figure 3: Loan book restructured under Circular 01 at end-2Q20



1H20 NIM improved on higher CASA ratio ➤

1H20 NIM expanded 36bp yoy to 4.5%, the fourth highest NIM among listed banks, only below the NIMs of three banks which have consumer finance affiliates, including Vietnam Prosperity Joint Stock Commercial Bank (VPB VN, Hold, TP: VND25,000, VPB), HDBank (HDB VN, Not rated, HDB), and Military Commercial Joint Stock Bank (MBB VN, ADD, TP: VND26,200, MBB).

Figure 4: Fourth highest NIM in 1H20

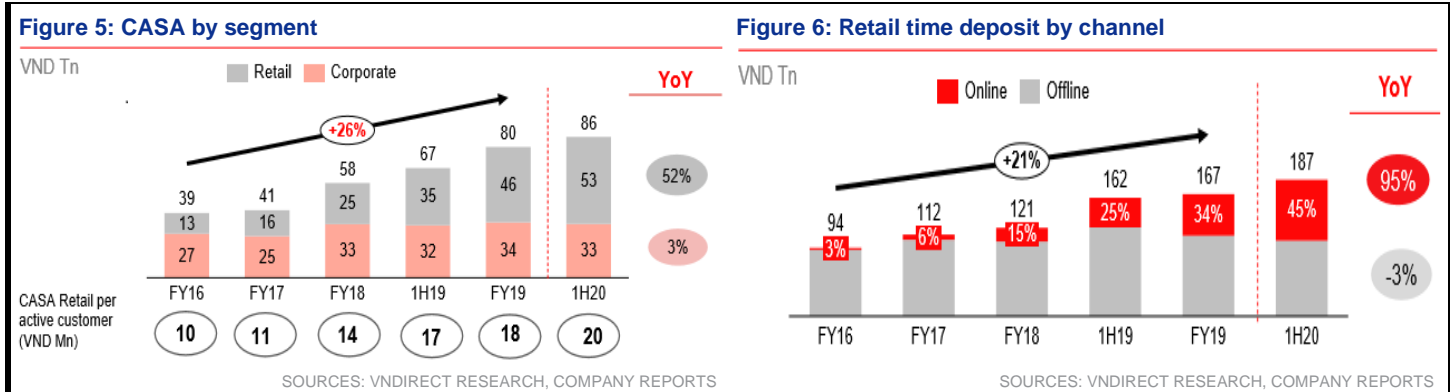


TCB's 1H20 asset yield stayed flat at 7.5% while cost of funds (COF) declined 49bp yoy to 3.5% due to the increase in CASA ratio to 34.4% at end-1H20 from 29% at end-1H19 (32.9% at end-FY19). TCB's CASA ratio has been rising thanks to:

- i) E-banking programmes extended to individuals, such as 1% cashback for cardholders, refund on e-banking payments, zero transaction fee, and preferential deposit interest rates; and the recent tailored programme "Business One" for SMEs with promotions of zero fee for domestic transfers, 50% discount on overseas transfer fees, and 1% cashback on debit card transactions.
- ii) TCB's online deposit rates are higher than over-the-counter deposit rates which encourages customers to keep their idle cash in bank accounts so they

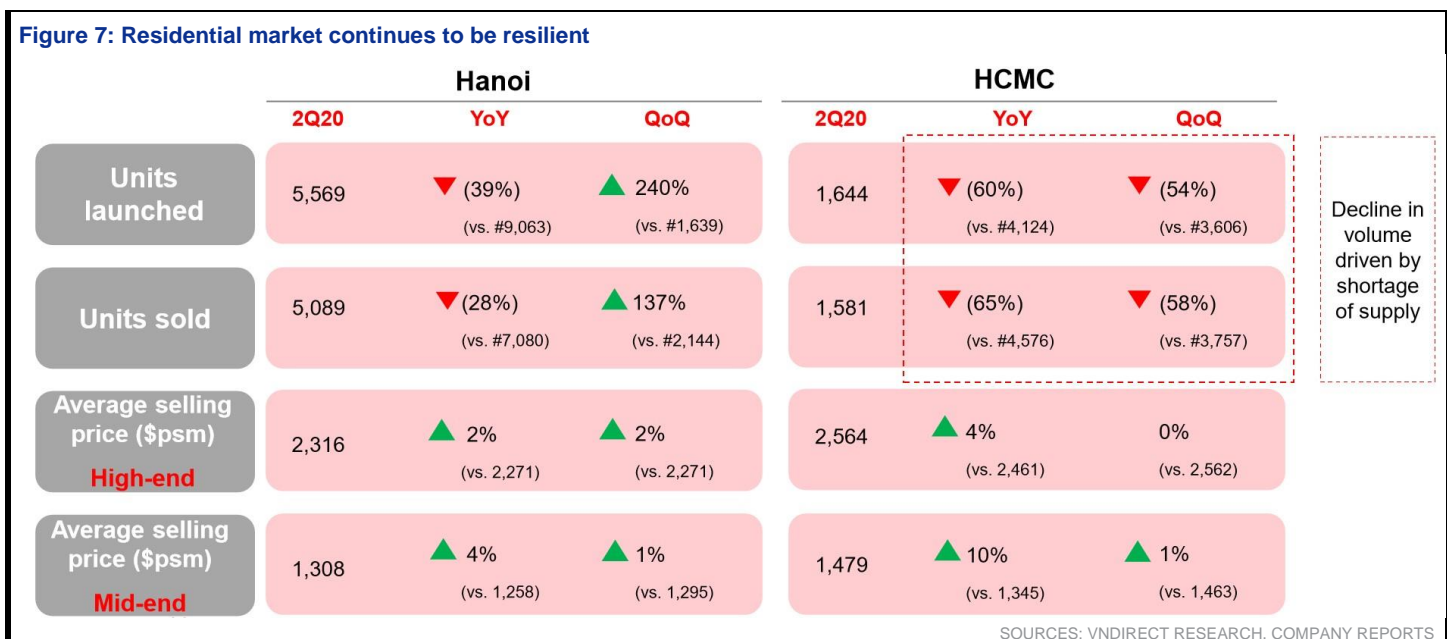
can either choose to deposit it or invest in corporate bonds, according to the bank.

Consequently, more customers choose TCB as their main bank for transaction activities due to TCB's online programmes and a large customer base. The bank's e-banking accounts increased to 3.2m at end-1H20 from 2.7m at end-FY19.



TCB's capital adequacy for resilient residential market in 2H20-FY22F ➤

TCB disclosed that the State Bank of Vietnam (SBV) has approved TCB to have higher credit growth than the sector's average credit growth and its previous credit quota of 13% for FY20F. Along with the bank's high CAR of 16.9% at end-1H20, TCB has enough capacity to stick to its key focus on retail lending for primary mortgages when the pandemic is under control, which the bank expects at end-Aug 2020, due to the high demand for housing given the fast urbanisation and income growth. The table below shows that when the pandemic was under control in Vietnam in 2Q20, the units launched and sold were higher qoq in Hanoi while the decline in volume was driven by a shortage of supply in Ho Chi Minh City as the average selling price kept rising.



Reiterate Add with unchanged TP of VND27,400 ➤

We keep our TP at VND27,400, based on residual income valuation (COE: 13.7%; LTG: 4.0%; 50% weighting) and 1.2x FY20F P/BV (50% weighting).

Figure 8: Target price calculation, based on our estimates

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	29,760	14,880
P/BV multiple (at 1.2x FY20F BVPS)	50%	25,065	12,532
Target price (VND/share)			27,413
Target price (VND/share, rounded)			27,400

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 9: Key assumptions of residual income valuation, based on our estimates

Assumptions	2020F	2021F	2022F	2023F	2024F	Terminal year
Risk free rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Equity risk premium	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Beta	0.9	0.9	0.9	0.9	0.9	0.9
Cost of equity	13.7%	13.7%	13.7%	13.7%	13.7%	13.7%
Long-term growth rate						4.0%
Opening shareholder's equity	61,782					
PV of RI (5 years)	11,492					
PV of Terminal value	30,891					
Implied EV	104,166					
No. of o/s shares (m shares)	3,500.1					
Implied value per share (VND/share)	29,760					

SOURCES: VND RESEARCH, COMPANY REPORTS

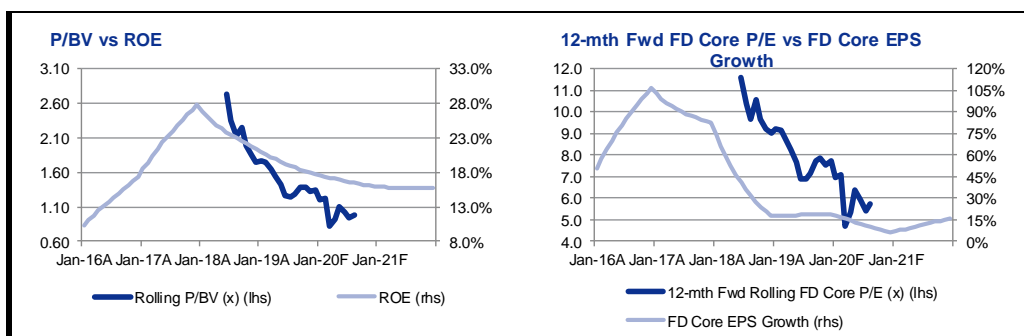
Figure 10: Regional sector comparison

Banks	Bloomberg Ticker	Recommendation	Closing Price	Target Price	Market cap (US\$m)	P/B (x)		P/E (x)		3-yr Forward EPS CAGR (%)	ROE (%)	
			(local curr.)	(local curr.)		FY20F	FY21F	FY20F	FY21F		FY20F	FY21F
China Merchants Bank	3968 HK	ADD	37	48	131,533	1.2	1.0	7.3	6.2	18.4%	17.1%	17.9%
Bank Rakyat Indonesia	BBRI IJ	ADD	3,130	3,000	26,357	2.1	1.8	20.7	11.1	6.4%	9.7%	17.7%
Bank Mandiri	BMRI IJ	ADD	5,800	6,000	18,478	1.4	1.3	17.7	10.1	5.1%	7.4%	13.1%
Indusind Bank	IIB IN	ADD	509	675	4,717	1.0	0.9	7.7	6.7	14.1%	13.1%	13.5%
BDO Unibank Inc	BDO PM	ADD	89	135	7,959	1.0	1.0	13.4	12.1	1.7%	7.9%	8.2%
Vietcombank	VCB VN	HOLD	81,900	86,200	13,107	3.1	2.6	14.4	12.3	16.1%	23.6%	22.7%
Yes Bank	YES IN	ADD	15	100	4,964	0.1	0.1	2.1	1.0	28.3%	6.1%	11.9%
Military Commercial Joint Stock Bank	MBB VN	ADD	16,450	26,200	1,712	0.8	0.7	4.5	4.0	13.3%	20.5%	19.4%
Vietnam Prosperity JSC Bank	VPB VN	HOLD	21,350	25,000	2,246	1.0	0.9	6.3	5.1	15.5%	17.9%	18.4%
Asia Commercial Joint Stock Bank	ACB VN	ADD	23,800	28,500	1,708	1.2	1.0	6.1	5.4	11.6%	21.6%	20.4%
Average						1.3	1.1	10.0	7.4	13.0%	14.5%	16.3%
Techcombank	TCB VN	ADD	19,400	27,400	2,930	0.9	0.8	6.3	5.5	12.5%	15.9%	15.7%

PRICE AS OF 11 AUGUST 2020

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Net Interest Income	11,127	14,258	16,209	19,070	21,986
Total Non-Interest Income	7,223	6,810	8,138	9,586	10,801
Operating Revenue	18,350	21,068	24,347	28,657	32,787
Total Non-Interest Expenses	(5,843)	(7,313)	(8,521)	(10,030)	(11,148)
Pre-provision Operating Profit	12,507	13,756	15,826	18,627	21,640
Total Provision Charges	(1,846)	(917)	(2,260)	(2,884)	(3,445)
Operating Profit After Provisions	10,661	12,838	13,566	15,743	18,195
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Operating EBIT (incl Associates)	10,661	12,838	13,566	15,743	18,195
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	10,661	12,838	13,566	15,743	18,195
Exceptional Items					
Pre-tax Profit	10,661	12,838	13,566	15,743	18,195
Taxation	(2,187)	(2,612)	(2,713)	(3,149)	(3,639)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	8,474	10,226	10,852	12,594	14,556
Minority Interests	(11)	(151)	(130)	(151)	(204)
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
Net Profit	8,463	10,075	10,722	12,443	14,352
Recurring Net Profit	8,433	10,039	10,684	12,399	14,301

Balance Sheet Employment

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Gross Loans/Cust Deposits	79%	100%	101%	102%	102%
Avg Loans/Avg Deposits	86%	90%	100%	101%	102%
Avg Liquid Assets/Avg Assets	40.4%	39.1%	34.4%	34.1%	33.5%
Avg Liquid Assets/Avg IEAs	43.0%	41.8%	36.8%	36.2%	35.5%
Net Cust Loans/Assets	49.0%	59.3%	59.7%	60.6%	61.4%
Net Cust Loans/Broad Deposits	62.6%	73.4%	74.4%	75.9%	76.9%
Equity & Provs/Gross Cust Loans	33.8%	28.0%	29.4%	29.9%	30.3%
Asset Risk Weighting	121%	120%	121%	122%	123%
Provision Charge/Avg Cust Loans	1.15%	0.47%	0.92%	1.04%	1.07%
Provision Charge/Avg Assets	0.63%	0.26%	0.56%	0.63%	0.67%
Total Write Offs/Average Assets	0.40%	0.12%	0.42%	0.48%	0.58%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Gross Loans	195,499	278,792	312,489	358,424	410,607
Liquid Assets & Invst. (Current)	94,434	76,402	84,653	94,382	106,310
Other Int. Earning Assets	10,555	3,192	3,288	3,551	3,906
Total Gross Int. Earning Assets	300,488	358,387	400,430	456,357	520,824
Total Provisions/Loan Loss Reserve	(2,734)	(3,223)	(3,779)	(4,460)	(4,893)
Total Net Interest Earning Assets	297,754	355,164	396,651	451,897	515,931
Intangible Assets	931	2,414	2,583	2,764	2,958
Other Non-Interest Earning Assets	19,698	21,301	22,792	24,387	26,094
Total Non-Interest Earning Assets	20,629	23,715	25,375	27,151	29,052
Cash And Marketable Securities	2,606	4,821	5,158	5,519	5,905
Long-term Investments	0	0	0	0	0
Total Assets	320,989	383,699	427,184	484,567	550,889
Customer Interest-Bearing Liabilities	214,592	248,757	275,073	312,850	359,777
Bank Deposits	36,426	61,267	67,393	74,133	80,063
Interest Bearing Liabilities: Others	6,335	434	434	434	434
Total Interest-Bearing Liabilities	257,353	310,458	342,900	387,417	440,275
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	11,853	11,169	11,359	11,632	10,539
Total Liabilities	269,206	321,627	354,259	399,048	450,814
Shareholders' Equity	51,713	61,782	72,504	84,947	99,299
Minority Interests	69	291	421	572	776
Total Equity	51,783	62,073	72,925	85,519	100,075

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Income Growth	12.3%	14.8%	15.6%	17.7%	14.4%
Operating Profit Growth	7.4%	10.0%	15.0%	17.7%	16.2%
Pretax Profit Growth	32.7%	20.4%	5.7%	16.0%	15.6%
Net Interest To Total Income	60.6%	67.7%	66.6%	66.5%	67.1%
Cost Of Funds	4.06%	3.79%	3.68%	3.64%	3.58%
Return On Interest Earning Assets	7.63%	7.59%	7.44%	7.56%	7.54%
Net Interest Spread	3.57%	3.80%	3.76%	3.91%	3.95%
Net Interest Margin (Avg Deposits)	5.98%	6.59%	6.64%	6.94%	6.99%
Net Interest Margin (Avg RWA)	3.52%	3.36%	3.32%	3.44%	3.47%
Provisions to Pre Prov. Operating Profit	14.8%	6.7%	14.3%	15.5%	15.9%
Interest Return On Average Assets	3.77%	4.05%	4.00%	4.18%	4.25%
Effective Tax Rate	20.5%	20.3%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Return On Average Assets	2.87%	2.86%	2.64%	2.73%	2.77%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Loan Growth (%)	-0.6%	44.3%	12.1%	15.3%	15.1%
Net Interest Margin (%)	4.0%	4.3%	4.3%	4.5%	4.5%
Non Interest Income Growth (%)	-2.6%	-5.7%	19.5%	17.8%	12.7%
Cost-income Ratio (%)	31.8%	34.7%	35.0%	35.0%	34.0%
Net NPL Ratio (%)	1.0%	0.8%	1.0%	1.1%	0.9%
Loan Loss Reserve (%)	85.1%	94.8%	85.1%	81.5%	87.2%
GP Ratio (%)	0.8%	0.8%	0.8%	0.8%	0.8%
Tier 1 Ratio (%)	12.5%	12.6%	13.3%	13.8%	14.2%
Total CAR (%)	14.3%	14.3%	15.2%	15.5%	15.7%
Deposit Growth (%)	17.8%	14.8%	11.0%	14.0%	15.0%
Loan-deposit Ratio (%)	78.1%	98.4%	99.3%	100.4%	100.5%
Gross NPL Ratio (%)	1.8%	1.3%	1.6%	1.7%	1.5%
Fee Income Growth (%)	-7.2%	-8.0%	22.0%	22.0%	20.0%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

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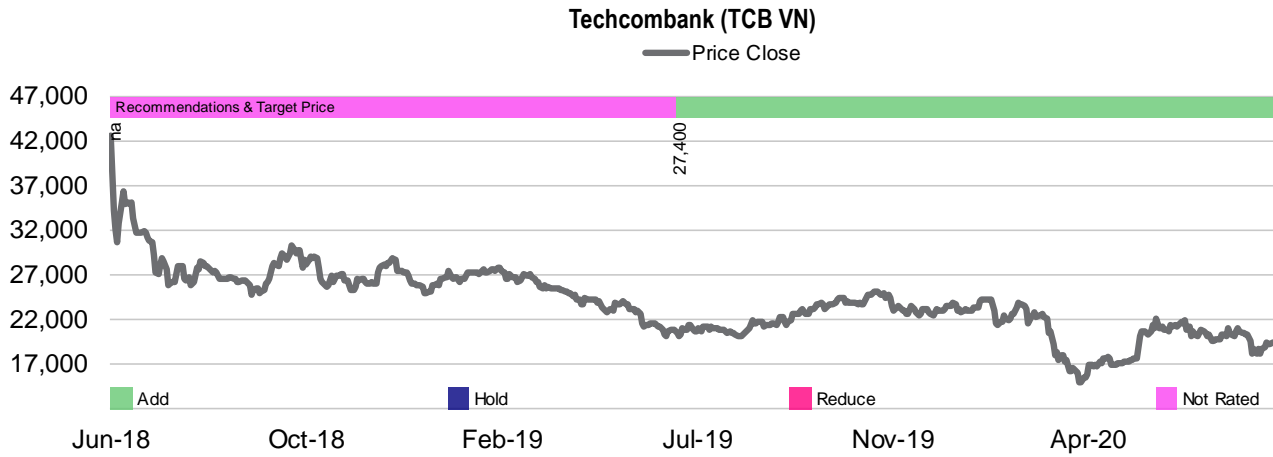
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2020		
800 companies under coverage for quarter ended on 30 June 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.1%	0.4%
Hold	25.9%	0.1%
Reduce	14.0%	0.3%

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 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **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, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **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, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, 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** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand: the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI) .

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.

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