

Vietnam

ADD (no change)

Consensus ratings*: Buy 8 Hold 1 Sell 0

Current price:	VND20,700
Target price:	VND27,400
Previous target:	VND27,400
Up/downside:	32.4%
CGS-CIMB / Consensus:	-14.3%
Reuters:	TCB.HM
Bloomberg:	TCB.VN
Market cap:	US\$3,119m
	VND72,379,456m
Average daily turnover:	US\$1.80m
	VND41,923m
Current shares o/s:	3,497m
Free float:	34.8%

*Source: Bloomberg

Key changes in this note

➤ No change



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1.4	-14.3	-24.9
Relative (%)	-4.7	-16.1	-29.6

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

Analyst(s)

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Techcombank

Slight concerns on asset quality

- 2Q19 net profit grew 14.7% yoy and 15.7% qoq to VND2,409bn, while loan growth accelerated in 2Q19 driven by individual and SME loans.
- TCB posted a 1H19 net profit of VND4,492bn (+8.2% yoy), in line with our expectations at 48% of our FY19F forecast.
- We maintain our Add call with an unchanged TP of VND27,400.

1H19 net interest income (NII) surged 28.4% yoy as NIM improved

Net interest margin (NIM) rose 12bp yoy to 4.0%, driven by: 1) a better current account and saving account (CASA) rate of 30.4% at end-2Q19 (+580bp yoy); and 2) a doubling in higher-yielding corporate bonds balance yoy. Thanks to a higher NIM, NII rose 28.4% yoy. In 1H19, the loan book posted a high growth of 15.9% vs. end-FY18, spurred by surging mortgages from the newly-launched residential projects developed by Vingroup (VIC VN, Not rated). Credit growth reached 12.1% in 1H19, lower than the full-year quota of 17.0%.

1H19 non-interest income (non-II) fell 28% yoy

1H19 non-II fell 28.0% yoy, in which net fee income grew 18.7% yoy thanks to strong bancassurance income (+33.6% yoy). However this was more than offset by: 1) a 17.7% yoy drop of payment services net income due to a surge in payment expenses as TCB launched the 1% cash-back debit card since Aug 2018; 2) a 79.8% yoy decline in income from investment securities as TCB squeezed down its government bond book in 1H18; and 3) lack of one-off income from divestment, which was VND894bn in 1H18.

Subdued provision coverage raises concern over asset quality

The non-performing loan (NPL) ratio was managed at 1.8% at end-2Q19, stable vs. end-4Q18 and lower than the 2.0% level seen at end-2Q18. However, a sharp 77.1% yoy drop in 1H19 provision expenses dragged down loan loss reserves to 77.1% at end-2Q19, from 85.1% at end-FY18. Despite 1H19 net profit making up 48% our full-year forecast, provision expenses only formed 9.3% of our estimates. Hence, we expect TCB to increase provisioning towards the year-end.

FY19F EPS target could be reached by keeping provisioning low

We expect non-interest income to increase in 2H19 on higher fee income and higher bad debt recovery. Higher fee income would be driven by increased transactions during the peak season and more transactions via the new debit cards. We expect provisioning to increase in 2H19 but year-end provision coverage could be lower than at end-FY18, as we think TCB may opt to keep provisioning low in a bid to support the bottomline.

Our Add rating and TP of VND27,400 are unchanged

We maintain our Add rating and TP of VND27,400, based on residual income (COE: 13.3%; LTG: 4.0%; 70% weighting) and 1.5x FY19F P/BV (30% weighting). Re-rating catalyst is higher CASA ratio than our forecast of 35.0% in FY20F. Downside risk is an increase in bad debts as TCB expands its SME lending.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Net Interest Income (VNDb)	8,930	11,127	13,065	15,717	19,032
Total Non-Interest Income (VNDb)	7,413	7,223	7,717	8,327	9,380
Operating Revenue (VNDb)	16,344	18,350	20,781	24,044	28,413
Total Provision Charges (VNDb)	(3,609)	(1,846)	(2,563)	(3,040)	(3,845)
Net Profit (VNDb)	6,446	8,463	9,348	10,756	12,736
Core EPS (VND)	2,050	2,412	2,664	3,065	3,629
Core EPS Growth	82.9%	17.6%	10.5%	15.1%	18.4%
FD Core P/E (x)	10.10	8.58	7.77	6.75	5.70
DPS (VND)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
BVPS (VND)	7,702	14,790	17,463	20,539	24,182
P/BV (x)	2.69	1.40	1.19	1.01	0.86
ROE	27.7%	21.4%	16.5%	16.1%	16.2%
CGS-CIMB/Consensus EPS (x)			0.98	0.98	1.00

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

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

Profit & Loss statement	2Q19	2Q18	% yoy	1Q19	% qoq	1H19	1H18	% yoy	VNDIRECT FY19F forecasts	% of VNDIRECT forecasts	Comments
Net interest income	3,124	2,504	24.8%	3,359	-7.0%	6,483	5,051	28.4%	13,065	49.6%	In line with our forecast.
Non-interest income	1,564	1,494	4.7%	1,035	51.1%	2,599	3,607	-28.0%	7,717	33.7%	Below our forecast as bad debt recovery was slow in the first half of the year and TCB incurred high expenses in payment services due to the expenses of the 1% cash back debit cards. We project non-interest income would increase in 2H19 thanks to higher fee income during the peak season and higher income from bad debt recovery.
Operating revenue	4,688	3,998	17.3%	4,395	6.7%	9,082	8,658	4.9%	20,781	43.7%	Below our forecast.
Operation expenses	(1,571)	(1,150)	36.6%	(1,610)	-2.4%	(3,181)	(2,417)	31.6%	(6,442)	49.4%	In line with our forecast.
Pre-provision profit	3,117	2,848	9.5%	2,784	11.9%	5,901	6,240	-5.4%	14,339	41.2%	
Provision expenses	(72)	(220)	-67.3%	(167)	-57.0%	(239)	(1,044)	-77.1%	(2,563)	9.3%	Below our forecast as TCB cut provisioning to boost profit. We expect provision to increase in 2H19, as such provision coverage will improve from the level seen by end-2Q18, but full-year loan-loss-reserves would still be lower than those at end-FY18.
Pre-tax profit	3,045	2,628	15.9%	2,617	16.3%	5,662	5,196	9.0%	11,776	48.1%	
Net profit	2,409	2,101	14.7%	2,083	15.7%	4,492	4,150	8.2%	9,348	48.0%	In line with our forecast. We expect full-year results could be in line with our forecast as the increased provision expenses would be offset by higher non-interest income.

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: TCB's key ratios by quarter

Key ratios	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
NII/Total Operating Income (TOI)	54.7%	62.6%	67.2%	58.5%	76.4%	66.6%
Non-II/TOI	45.3%	37.4%	32.8%	41.5%	23.6%	33.4%
NIM (trailing 12 months)	4.0%	3.9%	4.1%	4.0%	4.2%	4.0%
Loan-to-deposit ratio (Circular 36)	73.4%	69.8%	67.8%	64.5%	63.9%	64.7%
Non-performing loan ratio	1.9%	2.0%	2.1%	1.8%	1.8%	1.8%
Loan-loss-reserves	76.2%	74.2%	77.5%	85.1%	87.7%	77.1%
Credit cost (annualised)	2.0%	1.3%	1.5%	1.2%	0.4%	0.3%
ROAA (trailing 12m)	2.9%	3.2%	3.2%	2.9%	2.8%	2.7%
ROAE (trailing 12m)	25.5%	24.3%	25.4%	21.5%	18.6%	17.0%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

VALUATION

We maintain Add rating and TP of VND27,400 ➤

Figure 3: Target price calculation, based on our estimates

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	70%	27,958	19,571
P/BV multiple (at 1.5x FY19F BVPS)	30%	26,195	7,858
Target price (VND/share)			27,429
Target price (VND/share, rounded)			27,400

SOURCES: VNDIRECT RESEARCH

Figure 4: Key assumptions of residual income valuation, based on our estimates

Assumptions	2019F	2020F	2021F	2022F	2023F	Terminal year
Risk free rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Equity risk premium	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Beta	0.8	0.8	0.8	0.8	0.8	0.8
Cost of equity	13.3%	13.3%	13.3%	13.3%	13.3%	13.3%
Long-term growth rate						4.0%
Opening shareholder's equity	51,713					
PV of RI (5 years)	11,522					
PV of Terminal value	34,522					
Implied EV	97,758					
No. of o/s shares (m shares)	3,496.6					
Implied value per share (VND/share)	27,958					

SOURCES: VNDIRECT RESEARCH

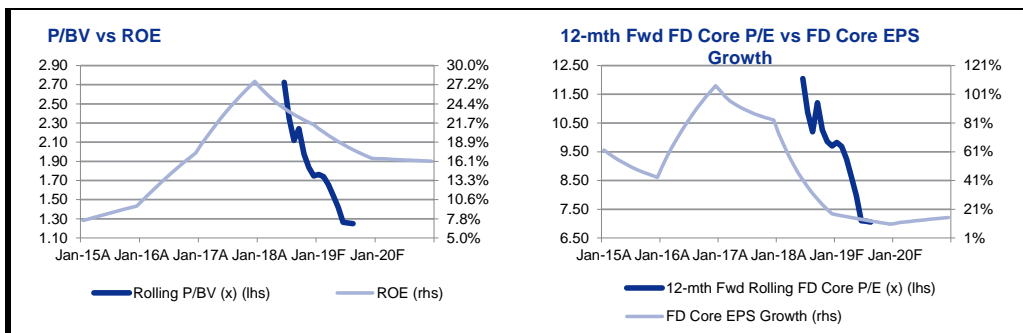
Figure 5: Regional sector comparison

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.)		FY19F	FY20F	FY19F	FY20F	%	FY19F	FY20F
China Merchants Bank	3968 HK	ADD	39	45	131,289	1.4	1.2	8.8	7.5	16.7%	17.0%	17.6%
Bank Rakyat Indonesia	BBRI IJ	ADD	4,450	4,500	39,145	2.5	2.2	14.1	12.4	13.9%	18.8%	18.8%
Bank Mandiri	BMRI IJ	ADD	7,775	8,800	25,876	1.7	1.6	12.3	10.7	15.4%	14.9%	15.6%
Indusind Bank	IIB IN	ADD	1,399	2,000	14,087	2.8	2.3	16.8	13.2	34.7%	17.8%	19.1%
BDO Unibank	BDO PM	HOLD	150	150	12,907	1.9	1.7	16.8	14.7	20.4%	12.3%	12.2%
Vietcombank	VCB VN	HOLD	80,500	83,200	12,866	3.6	3.0	16.8	14.0	19.1%	20.4%	19.4%
Yes Bank	YES IN	ADD	88	160	2,980	0.7	0.7	11.4	7.2	40.6%	6.6%	9.7%
Military Commercial Joint Stock Bank	MBB VN	ADD	22,000	34,000	2,004	1.2	1.0	6.2	5.4	19.2%	20.0%	19.7%
Vietnam Prosperity JSC Bank	VPB VN	ADD	18,500	21,200	1,959	1.1	0.9	6.0	4.9	12.1%	19.7%	19.9%
Asia Commercial Joint Stock Bank	ACB VN	ADD	22,500	30,400	1,572	1.3	1.1	6.1	5.3	15.7%	24.3%	22.9%
Average						1.8	1.6	11.5	9.5	20.8%	17.2%	17.5%
Techcombank	TCB VN	ADD	20,700	27,400	3,119	1.2	1.0	7.8	6.8	14.6%	16.5%	16.1%

PRICE AS OF 1 AUG 2019

SOURCES: CGS-CIMB RESEARCH, VNDIRECT RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Net Interest Income	8,930	11,127	13,065	15,717	19,032
Total Non-Interest Income	7,413	7,223	7,717	8,327	9,380
Operating Revenue	16,344	18,350	20,781	24,044	28,413
Total Non-Interest Expenses	(4,698)	(5,843)	(6,442)	(7,454)	(8,524)
Pre-provision Operating Profit	11,646	12,507	14,339	16,590	19,889
Total Provision Charges	(3,609)	(1,846)	(2,563)	(3,040)	(3,845)
Operating Profit After Provisions	8,036	10,661	11,776	13,550	16,044
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Operating EBIT (incl Associates)	8,036	10,661	11,776	13,550	16,044
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	8,036	10,661	11,776	13,550	16,044
Exceptional Items					
Pre-tax Profit	8,036	10,661	11,776	13,550	16,044
Taxation	(1,591)	(2,187)	(2,416)	(2,780)	(3,291)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	6,446	8,474	9,361	10,770	12,753
Minority Interests	0	(11)	(12)	(14)	(17)
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
Net Profit	6,446	8,463	9,348	10,756	12,736
Recurring Net Profit	6,446	8,433	9,315	10,718	12,691

Balance Sheet Employment

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Gross Loans/Cust Deposits	94.1%	79.4%	84.9%	84.3%	83.5%
Avg Loans/Avg Deposits	88.1%	86.1%	82.4%	84.6%	83.9%
Avg Liquid Assets/Avg Assets	35.2%	40.4%	41.3%	37.6%	36.4%
Avg Liquid Assets/Avg IEAs	37.3%	43.0%	44.0%	40.0%	38.6%
Net Cust Loans/Assets	58.9%	49.0%	55.4%	57.0%	58.3%
Net Cust Loans/Broad Deposits	67.6%	62.6%	70.3%	72.7%	74.7%
Equity & Provs/Gross Cust Loans	17.9%	33.8%	31.9%	32.2%	32.6%
Asset Risk Weighting	93%	124%	120%	121%	122%
Provision Charge/Avg Cust Loans	2.38%	1.15%	1.42%	1.41%	1.53%
Provision Charge/Avg Assets	1.43%	0.63%	0.76%	0.80%	0.90%
Total Write Offs/Average Assets	1.78%	0.40%	0.65%	0.71%	0.80%

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	191,005	195,499	239,105	277,032	320,791
Liquid Assets & Invst. (Current)	58,492	94,434	81,604	86,651	92,104
Other Int. Earning Assets	4,316	10,555	12,244	14,203	16,476
Total Gross Int. Earning Assets	253,813	300,488	332,954	377,886	429,371
Total Provisions/Loan Loss Reserve	(2,076)	(2,734)	(3,098)	(3,466)	(3,873)
Total Net Interest Earning Assets	251,737	297,754	329,855	374,420	425,499
Intangible Assets	942	931	1,014	1,106	1,205
Other Non-Interest Earning Assets	14,370	19,698	21,471	23,404	25,510
Total Non-Interest Earning Assets	15,311	20,629	22,486	24,509	26,715
Cash And Marketable Securities	2,344	2,606	2,841	3,097	3,375
Long-term Investments	0	0	0	0	0
Total Assets	269,392	320,989	355,182	402,026	455,589
Customer Interest-Bearing Liabilities	188,611	214,592	250,810	291,629	339,296
Bank Deposits	46,324	36,426	29,140	23,312	16,319
Interest Bearing Liabilities: Others	1,000	6,335	6,351	6,367	6,384
Total Interest-Bearing Liabilities	235,935	257,353	286,301	321,308	361,999
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	6,527	11,853	7,738	8,804	8,924
Total Liabilities	242,462	269,206	294,039	330,112	370,923
Shareholders' Equity	26,931	51,713	61,062	71,818	84,554
Minority Interests	0	69	82	96	113
Total Equity	26,931	51,783	61,143	71,914	84,666

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Income Growth	38.1%	12.3%	13.3%	15.7%	18.2%
Operating Profit Growth	52.1%	7.4%	14.6%	15.7%	19.9%
Pretax Profit Growth	101%	33%	10%	15%	18%
Net Interest To Total Income	54.6%	60.6%	62.9%	65.4%	67.0%
Cost Of Funds	3.88%	4.06%	3.82%	3.78%	3.70%
Return On Interest Earning Assets	7.40%	7.63%	7.41%	7.65%	7.85%
Net Interest Spread	3.52%	3.57%	3.58%	3.87%	4.15%
Net Interest Margin (Avg Deposits)	5.19%	5.98%	5.98%	6.15%	6.36%
Net Interest Margin (Avg RWA)	4.08%	3.43%	3.17%	3.44%	3.65%
Provisions to Pre Prov. Operating Profit	31.0%	14.8%	17.9%	18.3%	19.3%
Interest Return On Average Assets	3.54%	3.77%	3.86%	4.15%	4.44%
Effective Tax Rate	19.8%	20.5%	20.5%	20.5%	20.5%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Return On Average Assets	2.55%	2.87%	2.77%	2.84%	2.97%

Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Loan Growth (%)	12.8%	-0.6%	25.0%	16.2%	15.9%
Net Interest Margin (%)	3.8%	4.0%	4.1%	4.4%	4.7%
Non Interest Income Growth (%)	100.9%	-2.6%	6.8%	7.9%	12.7%
Cost-income Ratio (%)	28.7%	31.8%	31.0%	31.0%	30.0%
Net NPL Ratio (%)	1.1%	1.0%	1.2%	1.1%	1.0%
Loan Loss Reserve (%)	72.8%	85.1%	72.9%	77.7%	83.3%
GP Ratio (%)	0.7%	0.8%	0.8%	0.8%	0.8%
Tier 1 Ratio (%)	8.8%	12.2%	13.6%	14.1%	14.7%
Total CAR (%)	12.7%	14.3%	15.6%	15.9%	16.3%
Deposit Growth (%)	-1.4%	17.8%	17.0%	17.0%	17.0%
Loan-deposit Ratio (%)	92.9%	78.1%	83.6%	83.0%	82.3%
Gross NPL Ratio (%)	1.6%	1.8%	1.8%	1.7%	1.5%
Fee Income Growth (%)	94.9%	-7.2%	10.0%	15.0%	18.0%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

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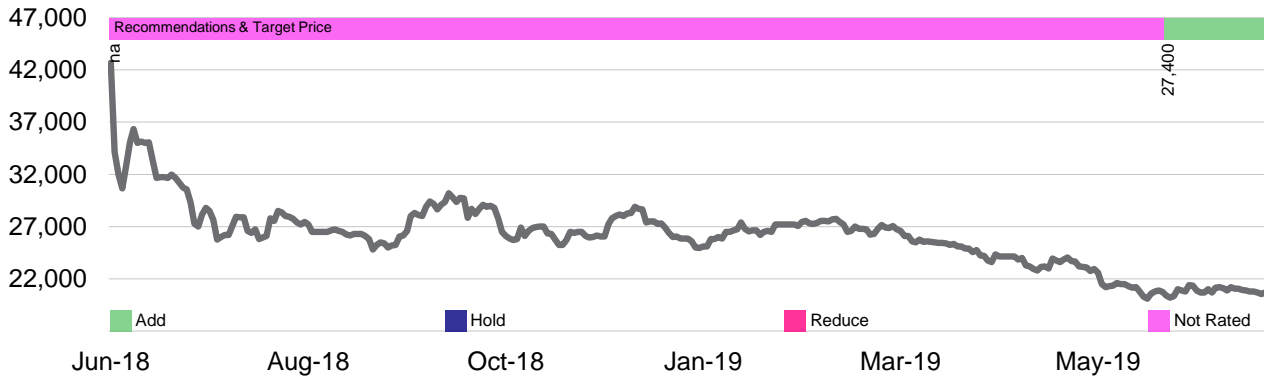
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— Price Close



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, **TPIPP** – 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.

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