

## Vietnam

**ADD** (no change)

Consensus ratings\*: Buy 11 Hold 2 Sell 0

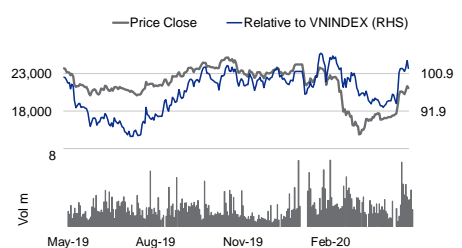
Current price:	VND21,050
Target price:	VND27,400
Previous target:	VND27,400
Up/downside:	30.2%
CGS-CIMB / Consensus:	-0.4%

Reuters:	TCB.HM
Bloomberg:	TCB VN
Market cap:	US\$3,165m
	VND73,677,944m
Average daily turnover:	US\$2.10m
	VND48,991m
Current shares o/s:	3,497m
Free float:	34.8%

\*Source: Bloomberg

**Key changes in this note**

- FY20-22F EPS decreased 0.3-5.4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	18.9	-10.4	-11.8
Relative (%)	11.6	-1.3	1.8

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

**Analyst(s)**

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# Techcombank

## 1Q20: Solid performance, better asset quality

- Techcombank's (TCB) 1Q20 net profit rose 17.9% yoy to VND2,456bn, slightly below at 22.8% of our FY20F forecast.
- We cut FY20-22F EPS by 0.3-5.4% on lower loan growth and NIM forecasts.
- We reiterate our Add call with a TP of VND27,400.

### Robust topline accommodated surging expenses

1Q20 net interest income grew 22.8% yoy, backed by 23.8% yoy credit growth and a 15bp yoy rise in net interest margin (NIM). 1Q20 non-interest income rose 89.1% yoy, thanks to: 1) a 73.1% yoy increase in net fee income on a 38.7% yoy rise in payment fees and a 5.5x yoy rise in advisory fees; and 2) a 8.7x yoy jump in income from investment securities. Meanwhile, 1Q20 operating expense increased 33% yoy as employees' average salary rose 18.8% yoy and expenses for consultant service increased 3.3x yoy (~VND153bn). Provision for bad debts jumped 4.6x yoy because TCB accelerated write-offs to lower bad debt ratio. Consequently, 1Q20 net profit rose only 17.9% yoy to VND2,456bn, forming 22.8% of our full-year forecast.

### Bad debt declined due to aggressive write-offs

In 1Q20, TCB wrote off VND693bn bad debt, compared to VND127bn for the whole of FY19. Therefore, bad debt write-offs surged from 0.1% in FY19 to 1.2% in 1Q20. As a result, non-performing loan (NPL) ratio fell from 1.3% at end-FY19 to 1.1% at end-1Q20, and loan-loss-reserves (LLR) improved from 94.8% at end-FY19 to 117.9% at end-1Q20, the highest level ever. Robust topline allowed for more financial resources to tackle bad debt, while the speed of new bad debt formation has not risen.

### We lower FY20F credit growth and NIM due to impact of pandemic

We lower TCB's credit growth forecast to 12.2% in FY20F from 14% previously, as the pandemic has halted real estate sales activities and weighed on housing demand. Meanwhile, mortgages are driving TCB's credit growth. FY20-21F NIM forecasts are lowered by 15-26bp vs. our previous projections as the bank is waiving/exempting interest payments and cutting lending rates to support customers. TCB's stimulus credit package, of which lending rates are reduced by a maximum of 2%, was set at VND30,000bn (11.1% of 1Q20 credit exposure). However, we expect its NIM to improve by 18bp yoy in FY21F on improving current account and saving account (CASA) ratio and pick-up in mortgage demand.

### Reiterate Add with a TP of VND27,400

Our TP is based on equal weighting of residual income valuation (COE: 13.7%; LTG: 4.0%) and 1.2x FY20F P/BV. Re-rating catalyst is higher-than-expected credit growth, while downside risk is higher-than-expected bad debt.

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	2,871	3,056	3,546	4,090
Core EPS Growth	17.6%	19.1%	6.4%	16.0%	15.3%
FD Core P/E (x)	8.73	7.33	6.89	5.94	5.15
DPS (VND)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
BVPS (VND)	14,790	17,669	20,726	24,284	28,389
P/BV (x)	1.42	1.19	1.02	0.87	0.74
ROE	21.4%	17.7%	15.9%	15.8%	15.5%
% Change In Core EPS Estimates			(0.31%)	(2.30%)	(5.40%)
CGS-CIMB/Consensus EPS (x)			1.01	1.03	1.09

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## 1Q20: Solid performance, better asset quality

**Second-highest profit in the sector in 1Q20 thanks to robust topline ➤**

**Figure 1: Results comparison**

FYE Dec (VND bn)	1Q20	1Q19	% yoy	4Q19	% qoq	VND FY20F previous forecasts	% of VND forecasts	Comments
Net interest income	4,212	3,430	22.8%	3,904	7.9%	15,717	26.8%	In line with our forecast
Non-interest income	1,818	961	89.1%	2,723	-33.2%	8,327	21.8%	Lower than our forecast due to lower income from insurance activities. Income from insurance activities decreased 18% yoy, as gross loan grew only 0.5% in 1Q20 (2.4% in 1Q19). Decrease in lending activities led to decline in selling insurance, both are usually included in a TCB's loan package.
Operating revenue	6,030	4,392	37.3%	6,627	-9.0%	24,044	25.1%	
Operation expenses	(2,138)	(1,607)	33.0%	(2,337)	-8.5%	(7,454)	28.7%	Higher than our forecast due to an increase in employees' average salary (+18.8% yoy) and there was a surge in expenses for consultant services (3.3x yoy).
Pre-provision profit	3,893	2,784	39.8%	4,290	-9.3%	16,590	23.5%	
Provision expenses	(772)	(167)	361.4%	(312)	147.2%	(3,040)	25.4%	
Pre-tax profit	3,121	2,617	19.2%	3,978	-21.6%	13,550	23.0%	
Net profit	2,456	2,083	17.9%	3,029	-18.9%	10,756	22.8%	Below our forecast due to slow insurance sales and higher operating expenses.

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 2: TCB's key ratios by quarter**

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

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## We revised down FY20-21 earnings forecasts on lower loan growth and NIM ➤

**Figure 3: Earnings revision (VND bn, unless otherwise noted)**

FYE Dec (VND bn)	Old forecasts		New forecasts		Change		Comments
	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	
Net Interest Income	15,717	19,032	16,209	19,070	3.1%	0.2%	We downgrade TCB's FY20F credit growth to 12.2% from 14% in our previous forecast as the pandemic has disrupted real estate sales activities and reduce homebuyers' financial strength, while mortgage is the main loan driver for TCB. Our NIM forecasts are revised down by 15-45bp versus our previous FY20-22F projections (NIM decreases 6bp yoy in FY20F) due to the impact of cutting lending rate and waiving/exempting interest rates. However, FY20-21F NII forecasts are higher than the previous ones because new forecasts are based on actual FY19 result, which was better than our FY19 projection thanks to higher credit growth and NIM. Forecasts growth of 13.7-17.7% yoy in FY20-22F, lower than the previous growth estimates of 20.3-21.1% yoy over the same period.
Non-Interest Income	8,327	9,380	8,138	9,586	-2.3%	2.2%	We reduce non-II forecast for FY20F due to stagnant insurance sales seen in 1Q20, which is likely to continue in 2Q20. We expect insurance sales will start picking up in 2H20.
Operating revenue	24,044	28,413	24,347	28,657	1.3%	0.9%	
Operating expenses	7,454	8,524	8,521	10,030	14.3%	17.7%	Our FY20-21F CIR's forecasts are 35% vs. 31% of our previous ones, as the bank has increased its employees' average salary and investment on its online transaction platforms. Employees' average salary rose 18.8% yoy in 1Q20. Also, TCB expects its total investment in 2019-22F to amount to US\$324m.
Pre-provision profit	16,590	19,889	15,826	18,627	-4.6%	-6.3%	
Provision expenses	3,040	3,845	2,260	2,884	-25.7%	-25.0%	Due to the pandemic, we expect NPL will increase to 1.6-1.7% in FY20-21F from 1.3% in FY19. Credit cost is forecasted to increase from 0.5% in FY19 to 0.9-1% in FY20-21F as TCB will need to book more provision for new bad debt and ramp up loan write-offs to contain NPL. Our new forecasts were lower than the previous ones because TCB managed to keep NPL at low levels in FY19 and 1Q20, at 1.3% and 1.1%, lower than our previous forecasts of 1.9% and 1.7% for FY19 and FY20F, respectively. Hence, FY20-21F credit cost forecasts are lower to 0.9-1% from 1.4-1.5% previously, but FY20-21F credit cost are higher than the level of 0.5% of FY19.
Pre-tax profit	13,550	16,044	13,566	15,743	0.1%	-1.9%	
Net profit	10,756	12,736	10,722	12,443	-0.3%	-2.3%	
No. of shares outstanding (m)	3,497	3,497	3,497	3,497	0.0%	0.0%	
EPS (VND/share)	3,065	3,629	3,056	3,546	-0.3%	-2.3%	

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## Reiterate Add with a 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). Our FY20F P/BV is equal to peers' average.

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

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	29,809	14,904
P/BV multiple (at 1.2x FY20F BVPS)	50%	25,078	12,539
<b>Target price (VND/share)</b>			<b>27,443</b>
<b>Target price (VND/share, rounded)</b>			<b>27,400</b>

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 5: 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)	11,506					
PV of Terminal value	30,941					
Implied EV	104,229					
No. of o/s shares (m shares)	3,496.6					
<b>Implied value per share (VND/share)</b>	<b>29,809</b>					

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

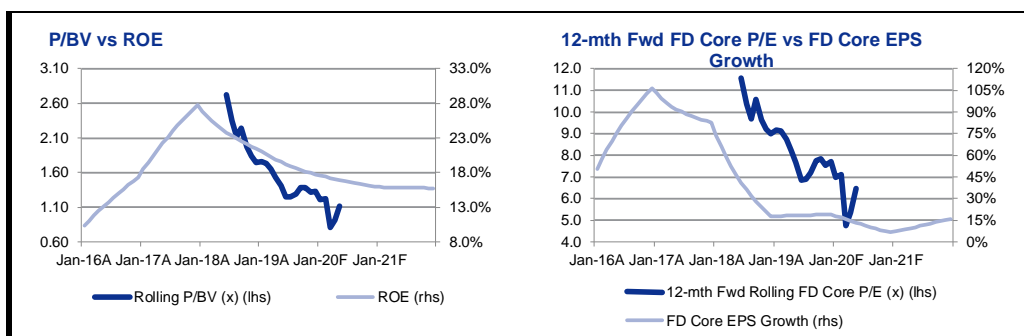
**Figure 6: Regional sector comparison**

Banks	Bloomberg Ticker	Recommendation	Closing Price	Target Price	Market cap	P/B (x)		P/E (x)		3-yr Forward EPS CAGR	ROE (%)	
			(local curr.)	(local curr.)		(US\$m)	FY20F	FY21F	FY20F	FY21F	%	FY20F
China Merchants Bank	3968 HK	ADD	37	48	122,394	1.3	1.1	8.0	6.8	18.4%	17.1%	17.9%
Bank Rakyat Indonesia	BBRI IJ	ADD	2,480	3,000	20,711	1.7	1.4	16.7	8.7	6.4%	9.4%	17.7%
Bank Mandiri	BMRI IJ	ADD	4,070	5,500	12,859	1.0	0.9	8.7	7.0	6.9%	11.0%	13.3%
Indusind Bank	IIB IN	ADD	368	675	3,372	0.7	0.6	5.5	4.8	14.1%	12.9%	13.5%
BDO Unibank Inc	BDO PM	HOLD	93	150	8,037	1.1	0.9	9.1	7.1	20.4%	12.2%	13.9%
Vietcombank	VCB VN	ADD	79,600	86,200	12,665	2.9	2.4	14.0	12.0	16.1%	22.4%	21.7%
Yes Bank	YES IN	ADD	27	100	4,546	0.2	0.2	4.1	1.9	28.3%	6.1%	11.9%
Military Commercial Joint Stock Bank	MBB VN	ADD	17,300	26,200	1,790	0.9	0.8	4.8	4.2	13.3%	20.5%	19.4%
Vietnam Prosperity JSC Bank	VPB VN	HOLD	24,600	25,000	2,573	1.2	1.0	7.3	5.9	15.5%	17.8%	18.4%
Asia Commercial Joint Stock Bank	ACB VN	ADD	22,200	28,500	1,583	1.1	0.9	5.6	5.0	11.6%	21.6%	20.4%
<b>Average</b>						<b>1.2</b>	<b>1.0</b>	<b>8.4</b>	<b>6.3</b>	<b>15.1%</b>	<b>15.1%</b>	<b>16.8%</b>
Techcombank	TCB VN	ADD	21,050	27,400	3,165	1.0	0.9	6.9	5.9	12.5%	16.0%	15.8%

PRICE AS OF MAY 21 2020

SOURCES: VNDIRECT RESEARCH, BLOOMBERG

## 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
<b>Operating Revenue</b>	<b>18,350</b>	<b>21,068</b>	<b>24,347</b>	<b>28,657</b>	<b>32,787</b>
Total Non-Interest Expenses	(5,843)	(7,313)	(8,521)	(10,030)	(11,148)
<b>Pre-provision Operating Profit</b>	<b>12,507</b>	<b>13,756</b>	<b>15,826</b>	<b>18,627</b>	<b>21,640</b>
Total Provision Charges	(1,846)	(917)	(2,260)	(2,884)	(3,445)
<b>Operating Profit After Provisions</b>	<b>10,661</b>	<b>12,838</b>	<b>13,566</b>	<b>15,743</b>	<b>18,195</b>
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
<b>Operating EBIT (incl Associates)</b>	<b>10,661</b>	<b>12,838</b>	<b>13,566</b>	<b>15,743</b>	<b>18,195</b>
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>10,661</b>	<b>12,838</b>	<b>13,566</b>	<b>15,743</b>	<b>18,195</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>10,661</b>	<b>12,838</b>	<b>13,566</b>	<b>15,743</b>	<b>18,195</b>
Taxation	(2,187)	(2,612)	(2,713)	(3,149)	(3,639)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>8,474</b>	<b>10,226</b>	<b>10,852</b>	<b>12,594</b>	<b>14,556</b>
Minority Interests	(11)	(151)	(130)	(151)	(204)
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
<b>Net Profit</b>	<b>8,463</b>	<b>10,075</b>	<b>10,722</b>	<b>12,443</b>	<b>14,352</b>
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 & Provsns/Gross Cust Loans	33.8%	28.0%	29.3%	29.9%	30.2%
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
<b>Total Gross Int. Earning Assets</b>	<b>300,488</b>	<b>358,387</b>	<b>400,430</b>	<b>456,357</b>	<b>520,824</b>
Total Provisions/Loan Loss Reserve	(2,734)	(3,223)	(3,779)	(4,460)	(4,893)
<b>Total Net Interest Earning Assets</b>	<b>297,754</b>	<b>355,164</b>	<b>396,651</b>	<b>451,897</b>	<b>515,931</b>
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
<b>Total Non-Interest Earning Assets</b>	<b>20,629</b>	<b>23,715</b>	<b>25,375</b>	<b>27,151</b>	<b>29,052</b>
<b>Cash And Marketable Securities</b>	<b>2,606</b>	<b>4,821</b>	<b>5,158</b>	<b>5,519</b>	<b>5,905</b>
Long-term Investments	0	0	0	0	0
<b>Total Assets</b>	<b>320,989</b>	<b>383,699</b>	<b>427,184</b>	<b>484,567</b>	<b>550,889</b>
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
<b>Total Interest-Bearing Liabilities</b>	<b>257,353</b>	<b>310,458</b>	<b>342,900</b>	<b>387,417</b>	<b>440,275</b>
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	11,853	11,169	11,394	11,667	10,574
<b>Total Liabilities</b>	<b>269,206</b>	<b>321,627</b>	<b>354,294</b>	<b>399,084</b>	<b>450,849</b>
<b>Shareholders' Equity</b>	<b>51,713</b>	<b>61,782</b>	<b>72,469</b>	<b>84,912</b>	<b>99,264</b>
Minority Interests	69	291	421	572	776
<b>Total Equity</b>	<b>51,783</b>	<b>62,073</b>	<b>72,890</b>	<b>85,484</b>	<b>100,039</b>

### 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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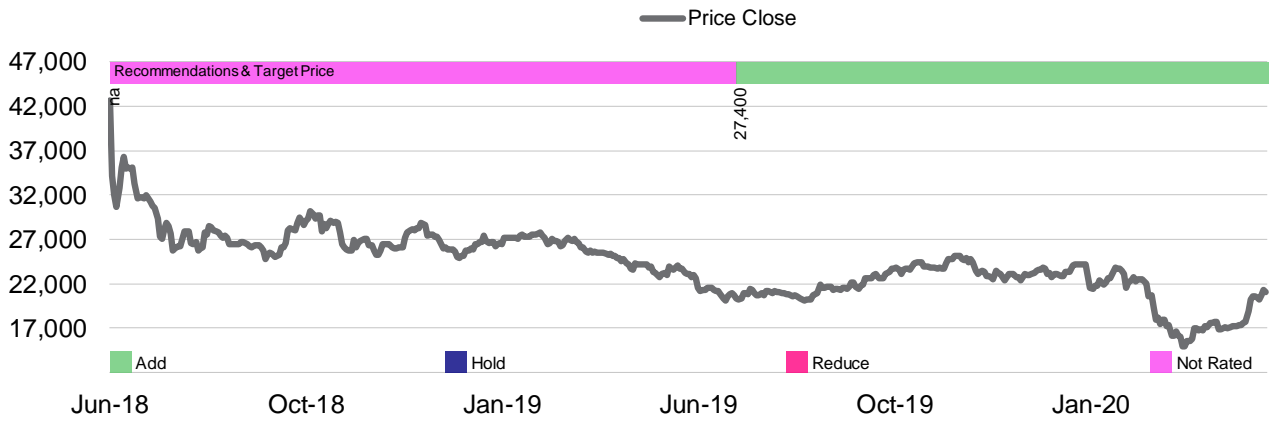
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2020		
811 companies under coverage for quarter ended on 31 March 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.8%	0.1%
Hold	27.6%	0.0%
Reduce	11.6%	0.0%

**Spitzer Chart for stock being researched ( 2 year data )**

**Techcombank (TCB VN)**





## 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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