

## Vietnam

**HOLD** (no change)

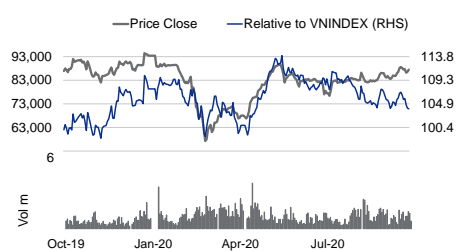
Consensus ratings\*: Buy 5 Hold 12 Sell 0

Current price:	VND87,500
Target price:	VND89,200
Previous target:	VND86,200
Up/downside:	1.9%
CGS-CIMB / Consensus:	3.5%
Reuters:	VCB.HM
Bloomberg:	VCB.VN
Market cap:	US\$14,008m
	VND324,526,784m
Average daily turnover:	US\$3.75m
	VND86,397m
Current shares o/s:	3,709m
Free float:	7.6%

\*Source: Bloomberg

**Key changes in this note**

- FY20F EPS decreased by 11.6%.
- FY21F EPS decreased by 0.8%.
- FY22F EPS decreased by 1.2%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.5	6.1	2.6
Relative (%)	-2.8	-6.1	5.3

Major shareholders	% held
State Bank of Vietnam	74.8
Mizuho Corporate Bank	15.0
GIC Private Limited	2.6

**Analyst(s)**

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# Vietcombank

## 3Q20 weaker than expected but solid nonetheless

- 3Q20 net profit dropped 21% yoy to VND3,991bn due to a 35% yoy surge in provision expenses.
- 9M20 net profit edged down 9.5% yoy to VND12,779bn, forming only 60% of our full-year forecast.
- Reiterate Hold, with a higher TP of VND89,200 as we roll forward our P/BV valuation to FY21F.

### 3Q20 earnings slipped on heavy provisioning

VCB's 3Q20 total operating income (TOI) declined 3.4% yoy to VND11,586bn, driven by 1.5% yoy drop in net interest income (NII) and 8.7% yoy drop in non-interest income (non-II). Loan book rose a modest 10.7% yoy in 3Q20 amid weak credit demand, below 3Q19's 12.8%. In addition, a 35% yoy surge in provision expenses dragged net profit down 21% yoy to VND3,991bn. Given the weak results, we cut FY20F EPS by 11.6%.

### Contraction in asset yield muted NII growth

In 9M20, VCB's credit expanded 6.5%, slightly higher than the system credit growth of 6.1%. However, NIM softened 25bp yoy in 9M20 as asset yield slipped 26bp yoy to 5.9% from 6.16% in 9M19 due to the stimulus packages to support clients hit by Covid-19. As a result, 9M20 NII remained flat on a yoy basis at VND25,835bn. We expect VCB's NIM to bounce back in 4Q20F as its last credit support package to aid customers affected by the Covid-19 pandemic had expired at end-3Q20.

### 9M20 non-II growth missed our expectation

Non-II was VND8,771bn (-4% yoy) in 9M20, mainly driven by a 34% yoy decline in net other income to VND1,865bn in 9M20, from VND2,817bn in 9M19, as bad debt collecting activities contracted amid the prevailing economic headwinds. Furthermore, net fee income was only VND3,540bn in 9M20, making up just 45% of our full-year forecast, due to lacklustre bancassurance activities.

### Solid asset quality

VCB's non-performing loan (NPL) ratio was at 1.0% at end-3Q20, slightly lower than the 1.1% level seen at end-3Q19. Group-3 bad debts soared 1.4x yoy to VND2,923bn at end-3Q20. However, its loan loss reserves (LLR) climbed to 215% at end-9M20 from 185% at end-9M19, remaining the highest in the banking industry even though its write-off rate inched up from 0.12% at end-3Q19 to 0.18% at end-3Q20.

### Reiterate Hold with a higher TP of VND89,200

Our higher TP is derived from an equal weight of residual income valuation (COE: 13.0%; LTG: 4.0%) and the rolling forward of our P/BV valuation to FY21F (2.8x). Downside risk: lower-than-expected credit growth. A shorter period of booking the upfront fee, thereby lifting FY20-22F earnings, is an upside risk.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Net Interest Income (VNDb)	28,409	34,577	36,281	43,372	51,017
Total Non-Interest Income (VNDb)	10,870	11,153	12,889	19,924	27,038
Operating Revenue (VNDb)	39,278	45,730	49,170	63,296	78,055
Total Provision Charges (VNDb)	(7,398)	(6,790)	(8,062)	(9,854)	(13,249)
Net Profit (VNDb)	14,606	18,511	18,711	24,504	29,341
Core EPS (VND)	3,334	4,099	4,143	5,426	6,497
Core EPS Growth	58.5%	22.9%	1.1%	31.0%	19.7%
FD Core P/E (x)	26.24	21.35	21.12	16.13	13.47
DPS (VND)	800.0	800.0	800.0	800.0	800.0
Dividend Yield	0.91%	0.91%	0.91%	0.91%	0.91%
BVPS (VND)	17,264	21,785	25,860	31,444	38,289
P/BV (x)	5.07	4.02	3.38	2.78	2.29
ROE	20.9%	21.3%	17.4%	18.9%	18.6%
% Change In Core EPS Estimates			(11.6%)	(0.8%)	1.3%
CGS-CIMB/Consensus EPS (x)			1.14	1.29	1.21

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## 3Q20 weaker than expected but solid nonetheless

### 9M20 recap

### Earnings dampened by lower NIM and surging expenses ➤

Figure 1: Results summary (VND bn, unless otherwise noted)

Profit & Loss statement	3Q20	3Q19	yoy%	2Q20	qoq%	9M20	9M19	yoy%	VNDIRECT FY20F forecasts	% of VNDIRECT FY20F forecasts	Comments
Net interest income	8,723	8,859	-1.5%	8,077	8.0%	25,834	25,938	-0.4%	39,298	65.7%	Below our forecast due to lower than expected NIM. However, we expect VCB's NIM to bounce back in 4Q20 as the last credit support package of VCB to Covid-19 affected customers has expired at end-3Q20
Non-interest income	2,863	3,135	-8.7%	2,656	7.8%	8,771	9,128	-3.9%	14,898	58.9%	Below our forecast due to negative influence of the pandemic on customers' income. Besides, VCB has not yet booked the upfront agency fee received from FWD Insurance. The bank reassured a portion of this income will be booked in 4Q20
Operating revenue	11,586	11,995	-3.4%	10,733	8.0%	34,605	35,066	-1.3%	54,195	63.9%	
Operation expenses	(4,579)	(4,182)	9.5%	(3,118)	46.9%	(12,607)	(12,633)	-0.2%	(19,510)	64.6%	Efficient cost management delivered lower cost-to-income ratio (CIR)
Pre-provision profit	7,008	7,812	-10.3%	7,615	-8.0%	21,998	22,432	-1.9%	34,685	63.4%	
Provision expenses	(2,025)	(1,503)	34.7%	(1,856)	9.1%	(6,033)	(4,819)	25.2%	(8,216)	73.4%	In line with our forecasts.
Pre-tax profit	4,983	6,309	-21.0%	5,759	-13.5%	15,965	17,613	-9.4%	26,469	60.3%	
Net profit	3,991	5,048	-20.9%	4,615	-13.5%	12,779	14,117	-9.5%	21,175	60.3%	Below our forecast.

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: VCB's key ratios by quarter

Key ratios	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Net interest income/Total operating income (TOI)	73.4%	78.9%	74.7%	72.2%	75.9%	73.9%	81.0%	73.5%	75.3%	75.3%
Non-interest income/TOI	26.6%	21.1%	25.3%	27.8%	24.1%	26.1%	19.0%	26.5%	24.7%	24.7%
NIM (annualized)	2.6%	2.7%	2.8%	3.0%	3.2%	3.2%	3.1%	3.1%	2.9%	2.9%
Cost-to-income ratio (CIR)	41.3%	41.7%	34.7%	37.3%	36.6%	36.0%	34.6%	40.0%	29.1%	39.5%
Loan-to-deposit ratio (Circular 36)	73.3%	75.6%	70.3%	74.8%	74.7%	71.9%	72.4%	76.4%	73.3%	72.7%
Non-performing loan ratio	1.2%	1.2%	1.0%	1.0%	1.0%	1.1%	0.8%	0.8%	0.8%	1.0%
Loan-loss-reserves (LLR)	140.6%	155.5%	165.4%	169.2%	177.5%	185.2%	182.0%	235.0%	254.5%	215.1%
Credit cost (annualised)	1.1%	1.1%	1.3%	0.9%	1.0%	1.0%	1.0%	1.2%	1.1%	1.1%
ROAA (trailing 12m)	1.2%	1.3%	1.4%	1.5%	1.6%	1.8%	1.6%	1.6%	1.6%	1.5%
ROAE (trailing 12m)	20.5%	20.9%	25.5%	24.5%	25.4%	27.1%	25.1%	22.8%	22.0%	19.6%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## Outlook

### A better FY21F ahead ►

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

Profit & Loss statement	Old forecasts		New forecasts		Change		Comments
	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	
Net Interest Income	39,298	44,585	36,281	43,372	-7.7%	-2.7%	We revise down our NII forecasts due to lower assumptions of loan growth and NIM. Covid-19 has disrupted business activity, thereby hurting demand for loans. VCB's policies to reduce/waive interest rates, extend loan tenure will lower interest income, and thus depress NIM. However, the last stimulative package for Covid-19 affected customers has ceased at end-9M20. Thus we expect NIM will bounce back in FY21F. We lower loan growth assumptions by 400bp to 9% for FY20F. We also lower NIM by 20bps for FY20F, but expect NIM to rebound to 3.15% at FY21F.
Non-Interest Income	14,898	19,642	12,889	19,924	-13.5%	1.4%	We cut our Non-II projections due to negative impact of Covid-19 on customers' income. We reduce net fee and commission income growth rate from 40% to 10% in FY20F. Besides, as bad debt collecting activities have been squeezed during the prevailing economic headwinds, we lower our growth rate forecast for reversal from write-off bad debt to 15% from 35% in FY20F.
Operating revenue	54,195	64,227	49,170	63,296	-9.3%	-1.4%	
Operating expenses	(19,510)	(23,122)	(17,701)	(22,787)	-9.3%	-1.4%	
Pre-provision profit	34,685	41,105	31,469	40,509	-9.3%	-1.4%	
Provision expenses	(8,216)	(10,216)	(8,062)	(9,854)	-1.9%	-3.5%	We slightly revise down provision expenses forecasts in view of VCB's highest-among-peers' pre-emptive provisioning in banking industry, thanks to its prudent asset quality
Pre-tax profit	26,469	30,889	23,407	30,655	-11.6%	-0.8%	
Net profit	21,158	24,691	18,711	24,504	-11.6%	-0.8%	We lower our earnings forecasts for FY20-21F on lower interest income, fee income and income from written off bad debts
No. of shares outstanding (m)	3,709	3,709	3,709	3,709	0.0%	0.0%	
EPS (VND/share)	4,685	5,468	4,143	5,426	-11.6%	-0.8%	

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## Valuation

### Reiterate Hold with a higher TP of 89,200 ►

We upgrade our TP to VND89,200 from VND86,200 as we roll forward our valuation to FY21F. Our target P/BV is now 2.8x on FY21F book value per share. The P/BV component of our valuation is at a large premium over regional peers' 1.6x FY21F P/BV due to VCB's industry leadership and reputable brand name.

We project VCB to achieve high profit growth in the coming years with FY20-22F forward EPS CAGR of 25.2%. We expect VCB's ROE to be sustained at 21.2% in FY20F and 23.1% in FY21F, much higher than regional peers' average ROE of 14.6% in FY20F and 15.9% in FY21F. Combining our residual income valuation and P/BV multiple valuation, with equal weighting, we arrive at a TP of VND89,200, implying potential upside of 1.9%.

**Figure 4: Our target price calculation**

Approach	Weight	Fair value (VND/share)	Contribution (VND/share)
Residual income	50%	90,250	45,125
P/BV multiple (at 2.8x FY21F BVPS)	50%	88,044	44,022
Target price (VND/share)			89,147
<b>Target price (VND/share, rounded)</b>			<b>89,200</b>

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 5: Valuation - residual income**

General assumptions	2020F	2021F	2022F	2023F	2024F
Risk free rate (5-year VGB yield)	4.0%	4.0%	4.0%	4.0%	4.0%
Equity risk premium	10.0%	10.0%	10.0%	10.0%	10.0%
Beta ( 1 yr)	0.9	0.9	0.9	0.9	0.9
Cost of equity	13.0%	13.0%	13.0%	13.0%	13.0%
Long-term growth rate					4.0%
<i>(in VND bn, otherwise noted)</i>					
Opening shareholders' equity	80,800				
PV of residual income (5 years)	41,748				
PV of terminal value	212,179				
Implied Equity value	334,726				
No. of o/s shares (m shares)	3,709				
<b>Implied value per share (VND/share)</b>	<b>90,250</b>				

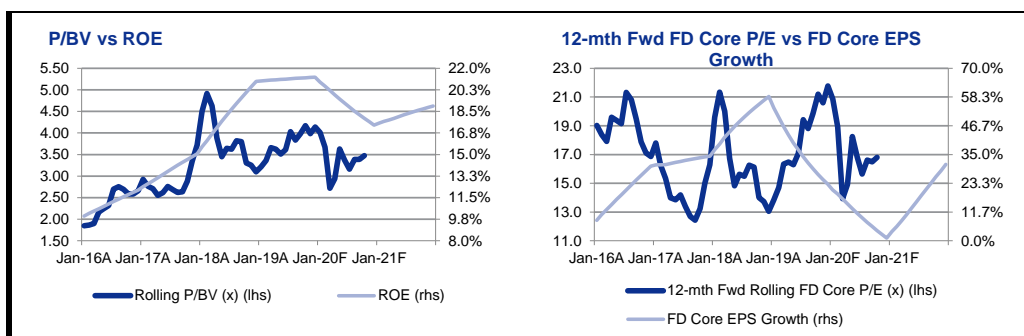
SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 6: Regional peer comparison**

Banks	Bloomberg Code	Recomm endation	Closing price	Target price	Market cap	P/BV (x)		P/E (x)		3-yr Forward EPS CAGR	ROE (%)	
			(local curr.)	(local curr.)		(US\$m)	FY20F	FY21F	FY20F	FY21F	%	FY20F
Bank Central Asia	BBCA IJ	ADD	29,000	37,900	48,772	4.1	3.6	22.0	20.0	8.6%	13.0%	15.8%
Bank Rakyat Indonesia	BBRI IJ	ADD	3,300	4,000	27,765	2.2	1.9	31.4	24.2	7.1%	11.2%	16.4%
Public Bank Bhd	PBK MK	ADD	16	19	14,575	1.3	1.2	18.3	12.3	0.4%	9.8%	10.3%
Bank Mandiri	BMRI IJ	ADD	5,450	7,100	17,349	1.4	1.2	13.8	12.3	8.8%	8.0%	14.0%
Indusind Bank	IIB IN	ADD	609	675	6,262	1.1	1.0	16.2	9.2	14.1%	12.9%	13.5%
Techcombank	TCB VN	ADD	23,950	27,400	3,618	1.2	1.0	9.2	7.9	12.5%	16.0%	15.8%
Vietnam Prosperity JSC Bank	VPB VN	HOLD	25,600	25,000	2,694	1.2	1.0	7.8	6.7	15.5%	17.8%	18.4%
Military Commercial Joint Stock Bank	MBB VN	ADD	18,800	22,900	2,250	1.1	0.9	7.5	6.1	13.3%	20.0%	18.9%
Asia Commercial Joint Stock Bank	ACB VN	ADD	25,600	26,800	2,388	1.6	1.3	6.0	5.3	2.9%	21.1%	19.3%
<b>Average</b>						<b>1.9</b>	<b>1.6</b>	<b>14.0</b>	<b>11.2</b>	<b>9.2%</b>	<b>14.6%</b>	<b>15.9%</b>
<b>Vietcombank</b>	<b>VCB VN</b>	<b>ADD</b>	<b>87,500</b>	<b>89,200</b>	<b>13,863</b>	<b>3.4</b>	<b>2.8</b>	<b>21.1</b>	<b>16.1</b>	<b>25.2%</b>	<b>21.2%</b>	<b>23.1%</b>

SOURCES: VNDIRECT RESEARCH, BLOOMBERG

## BY THE NUMBERS



### Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Net Interest Income	28,409	34,577	36,281	43,372	51,017
Total Non-Interest Income	10,870	11,153	12,889	19,924	27,038
<b>Operating Revenue</b>	<b>39,278</b>	<b>45,730</b>	<b>49,170</b>	<b>63,296</b>	<b>78,055</b>
Total Non-Interest Expenses	(13,611)	(15,818)	(17,701)	(22,787)	(28,100)
<b>Pre-provision Operating Profit</b>	<b>25,667</b>	<b>29,913</b>	<b>31,469</b>	<b>40,509</b>	<b>49,955</b>
Total Provision Charges	(7,398)	(6,790)	(8,062)	(9,854)	(13,249)
<b>Operating Profit After Provisions</b>	<b>18,269</b>	<b>23,122</b>	<b>23,407</b>	<b>30,655</b>	<b>36,706</b>
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
<b>Operating EBIT (incl Associates)</b>	<b>18,269</b>	<b>23,122</b>	<b>23,407</b>	<b>30,655</b>	<b>36,706</b>
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>18,269</b>	<b>23,122</b>	<b>23,407</b>	<b>30,655</b>	<b>36,706</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>18,269</b>	<b>23,122</b>	<b>23,407</b>	<b>30,655</b>	<b>36,706</b>
Taxation	(3,647)	(4,596)	(4,681)	(6,131)	(7,341)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>14,622</b>	<b>18,526</b>	<b>18,726</b>	<b>24,524</b>	<b>29,365</b>
Minority Interests	(16)	(15)	(15)	(20)	(24)
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
<b>Net Profit</b>	<b>14,606</b>	<b>18,511</b>	<b>18,711</b>	<b>24,504</b>	<b>29,341</b>
Recurring Net Profit	11,995	15,203	15,367	20,125	24,097

### Balance Sheet Employment

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Gross Loans/Cust Deposits	78.8%	79.1%	78.4%	79.8%	81.2%
Avg Loans/Avg Deposits	77.8%	79.0%	78.8%	79.2%	80.6%
Avg Liquid Assets/Avg Assets	42.8%	38.9%	38.3%	37.9%	36.9%
Avg Liquid Assets/Avg IEAs	43.9%	40.0%	39.4%	38.9%	37.7%
Net Cust Loans/Assets	57.9%	59.2%	59.1%	60.2%	61.5%
Net Cust Loans/Broad Deposits	69.1%	70.8%	70.3%	71.9%	73.4%
Equity & Provs/Gross Cust Loans	11.5%	12.4%	13.6%	14.5%	15.5%
Asset Risk Weighting	67.8%	72.9%	82.2%	83.3%	85.2%
Provision Charge/Avg Cust Loans	1.26%	0.99%	1.05%	1.15%	1.35%
Provision Charge/Avg Assets	0.70%	0.59%	0.63%	0.70%	0.84%
Total Write Offs/Average Assets	0.49%	0.58%	0.42%	0.49%	0.56%

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	882,095	984,177	1,067,764	1,195,896	1,349,815
Liquid Assets & Invst. (Current)	163,073	204,113	230,643	260,626	294,508
Other Int. Earning Assets					
<b>Total Gross Int. Earning Assets</b>	<b>1,045,168</b>	<b>1,188,290</b>	<b>1,298,406</b>	<b>1,456,522</b>	<b>1,644,323</b>
Total Provisions/Loan Loss Reserve	(10,294)	(10,417)	(13,104)	(16,103)	(20,519)
<b>Total Net Interest Earning Assets</b>	<b>1,034,874</b>	<b>1,177,874</b>	<b>1,285,302</b>	<b>1,440,419</b>	<b>1,623,803</b>
Intangible Assets	2,068	2,261	2,347	2,436	2,529
Other Non-Interest Earning Assets	24,292	28,806	29,903	31,041	32,223
<b>Total Non-Interest Earning Assets</b>	<b>26,360</b>	<b>31,067</b>	<b>32,250</b>	<b>33,477</b>	<b>34,752</b>
<b>Cash And Marketable Securities</b>	<b>12,792</b>	<b>13,778</b>	<b>14,303</b>	<b>14,847</b>	<b>15,413</b>
Long-term Investments	0	0	0	0	0
<b>Total Assets</b>	<b>1,074,027</b>	<b>1,222,719</b>	<b>1,331,855</b>	<b>1,488,744</b>	<b>1,673,968</b>
Customer Interest-Bearing Liabilities	823,390	949,835	1,042,680	1,166,305	1,316,577
Bank Deposits	76,524	73,617	77,298	81,163	85,221
Interest Bearing Liabilities: Others	90,711	92,386	94,234	96,119	98,041
<b>Total Interest-Bearing Liabilities</b>	<b>990,625</b>	<b>1,115,838</b>	<b>1,214,212</b>	<b>1,343,586</b>	<b>1,499,839</b>
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	21,222	25,998	21,647	28,451	32,037
<b>Total Liabilities</b>	<b>1,011,847</b>	<b>1,141,836</b>	<b>1,235,859</b>	<b>1,372,037</b>	<b>1,531,876</b>
<b>Shareholders' Equity</b>	<b>62,110</b>	<b>80,800</b>	<b>95,912</b>	<b>116,624</b>	<b>142,008</b>
Minority Interests	(69)	(83)	(83)	(83)	(83)
<b>Total Equity</b>	<b>62,041</b>	<b>80,716</b>	<b>95,829</b>	<b>116,540</b>	<b>141,925</b>

### Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Income Growth	33.6%	16.4%	7.5%	28.7%	23.3%
Operating Profit Growth	46.3%	16.5%	5.2%	28.7%	23.3%
Pretax Profit Growth	61.1%	26.6%	1.2%	31.0%	19.7%
Net Interest To Total Income	72.3%	75.6%	73.8%	68.5%	65.4%
Cost Of Funds	2.81%	3.15%	3.05%	3.07%	3.10%
Return On Interest Earning Assets	5.44%	6.06%	5.78%	6.00%	6.14%
Net Interest Spread	2.63%	2.92%	2.73%	2.93%	3.03%
Net Interest Margin (Avg Deposits)	3.76%	4.00%	3.72%	4.01%	4.19%
Net Interest Margin (Avg RWA)	4.24%	4.27%	3.65%	3.72%	3.83%
Provisions to Pre Prov. Operating Profit	28.8%	22.7%	25.6%	24.3%	26.5%
Interest Return On Average Assets	2.69%	3.01%	2.84%	3.08%	3.23%
Effective Tax Rate	20.0%	19.9%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	20.3%	16.0%	15.9%	12.1%	10.1%
Return On Average Assets	1.38%	1.61%	1.46%	1.74%	1.86%

### Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Loan Growth (%)	16.3%	16.3%	9.0%	14.0%	15.0%
Net Interest Margin (%)	2.8%	3.1%	2.9%	3.1%	3.3%
Non Interest Income Growth (%)	45.5%	2.6%	15.6%	54.6%	35.7%
Cost-income Ratio (%)	34.7%	34.6%	36.0%	36.0%	36.0%
Net NPL Ratio (%)	-3.9%	-4.3%	-4.9%	-5.1%	-5.4%
Loan Loss Reserve (%)	165.4%	179.5%	216.6%	173.4%	169.7%
GP Ratio (%)	0.8%	0.7%	0.8%	0.9%	1.0%
Tier 1 Ratio (%)	8.2%	8.0%	7.9%	8.6%	9.2%
Total CAR (%)	10.2%	9.7%	9.4%	10.1%	10.7%
Deposit Growth (%)	13.2%	15.8%	10.0%	12.0%	13.0%
Loan-deposit Ratio (%)	77.5%	78.0%	77.1%	78.4%	79.6%
Gross NPL Ratio (%)	1.0%	0.8%	0.8%	1.0%	1.2%
Fee Income Growth (%)	34.1%	26.6%	51.8%	67.5%	46.4%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

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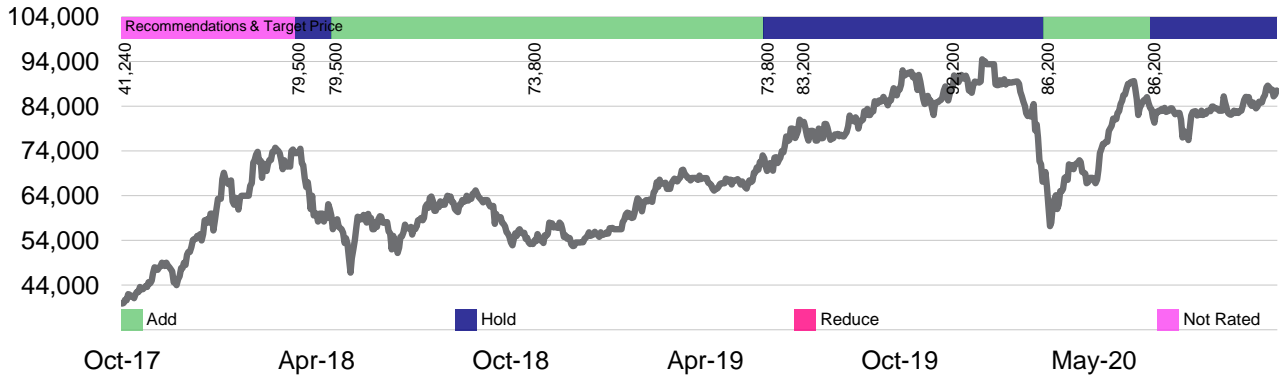
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2020		
795 companies under coverage for quarter ended on 30 September 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	63.0%	0.5%
Hold	25.2%	0.1%
Reduce	11.8%	0.3%

Spitzer Chart for stock being researched ( 2 year data )

Vietcombank (VCB VN)

— Price Close



## 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, **BCP** – Excellent, Certified, **BCPG** – 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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