

Vietnam

ADD (no change)

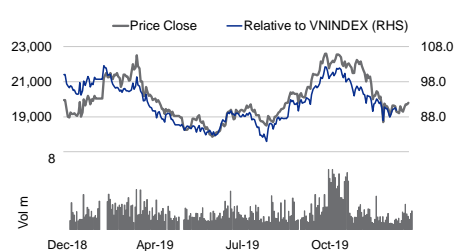
Consensus ratings*: Buy 9 Hold 2 Sell 0

Current price:	VND19,800
Target price:	VND25,800
Previous target:	VND21,200
Up/downside:	30.3%
CGS-CIMB / Consensus:	-17.3%
Reuters:	VPB.HM
Bloomberg:	VPB VN
Market cap:	US\$2,083m
	VND48,267,416m
Average daily turnover:	US\$2.32m
	VND53,460m
Current shares o/s:	2,424m
Free float:	72.7%

*Source: Bloomberg

Key changes in this note

- FY19-21F EPS increased 2.5-13.9%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1.7	-10.2	-0.8
Relative (%)	0	-5.9	-7.7

Major shareholders	% held
Mr. Ngo Chi Dzung	4.5
Mr. Bui Hai Quan	2.3
Mr. Lo Bang Giang	0.1

Analyst(s)
Ngoc NGUYEN

T (84) 90 918 2135

E ngoc.nguyendang@vndirect.com.vn

Vietnam Prosperity JSC Bank

Looking better into FY20F

- Asset quality improved in 9M19 thanks to risk management control and lending restructuring policies.
- Maintain Add with a higher TP of VND25,800.

NIM expansion expected to linger into 2020

VPB's 9M19 consolidated NIM gained 47bp to 9.4% thanks to the outstanding 71bp hike in asset yields to 15.2%, offsetting a 21bp rise in cost of funds to 6.5%. We estimate that 9M19 NIM of parent bank and FE Credit – inched up by 12bp and 3bp to 4.7% and 29.1%, respectively. We expect consolidated NIMs to be 9.4-9.7% in FY20-21F.

Modest impact of Circular 18 on the bank's cash loans

A 70% cash loan cap will be imposed on all consumer finance companies in FY21F, based on Circular 18 in Nov 19. However, thanks to VPB's active strategies of reducing direct disbursement, developing credit card and promoting non-cash payment, as at end-Nov 19, FE's direct disbursement rate (above VND20m) was 59%, lower than the 70% cap; thus, FE Credit completely complies with and is only slightly affected by Circular 18.

We see significant improvements in asset quality

Due to the nature of consumer finance business which generally comes with inherently higher asset risk, the rise in bad debts can be a major concern. Consolidated NPL ratio for VPB has stayed at 3.5% by end-3Q19, far below the 4.7% at end-3Q18. It is encouraging that VPB was able to contain its NPL even though the write-off rate fell from 5.4% in FY18 to 3.6% in 9M19, while the loan-loss-reserves (LLR) climbed to 49.6% as at end-3Q19 (1Q19: 48.3%; 2Q19: 48.5%). On 24 Dec, VPB announced that the bank bought back all of its VAMC bonds; thanks to previous years of provisions, the bank only had to make about VND1,400bn in provisions for the remaining VAMC bonds.

We raise FY20-21F EPS by 9-13.9%

We increase our FY19-21F EPS by 2.5-13.9% on higher NIM, stable loan growth and provision expense forecasts. We project a net profit CAGR of 23.4% over FY19-21F, driven by a 15% CAGR in NII on the back of a 16% loan CAGR and 19bp NIM expansion over the period. We also forecast a 25.9% FY19-21F CAGR in Non-II, with a 5% CAGR in fee income and a 42.4% CAGR in other income.

Maintain Add with a higher TP of VND25,800

The government's decision to lower bond yields and interest rates to support economic growth has helped to reduce COE. As such, we decrease COE to 13.4% from 14.7%. We maintain Add with a higher TP of VND25,800 based on residual income valuation (COE: 13.4%, LTG: 3%). A key downside risk is the new Circular 18 limiting cash loans and direct loans at consumer finance companies, which could hurt credit growth and NIM of FE Credit. Upside risks are stronger-than-expected cash loans and direct loans.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Net Interest Income (VNDb)	20,614	24,702	29,996	34,186	39,688
Total Non-Interest Income (VNDb)	4,412	6,384	6,531	8,440	10,344
Operating Revenue (VNDb)	25,026	31,086	36,527	42,626	50,032
Total Provision Charges (VNDb)	(8,001)	(11,253)	(14,464)	(15,561)	(18,343)
Net Profit (VNDb)	6,441	7,356	7,711	10,054	11,737
Core EPS (VND)	2,703	3,015	3,160	4,148	4,843
Core EPS Growth	59.4%	11.5%	4.8%	31.3%	16.7%
FD Core P/E (x)	7.33	6.57	6.27	4.77	4.09
DPS (VND)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
BVPS (VND)	12,256	14,145	17,519	21,667	26,510
P/BV (x)	1.62	1.40	1.13	0.91	0.75
ROE	26.9%	22.8%	20.0%	21.2%	20.1%
% Change In Core EPS Estimates			2.5%	9.0%	13.9%
CGS-CIMB/Consensus EPS (x)			0.99	1.09	1.11

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Loan growth, credit cost improvement raise profit

Figure 1: 9M19 results summary (VNDbn unless otherwise noted)

Profit & Loss Statement	3Q19	3Q18	yoy%	2Q19	qoq%	9M19	9M18	yoy%	% of VND previous forecasts	Comments
Net interest income	7,977	6,002	32.9%	7,666	4.1%	22,428	18,189	23.3%	78.4%	Above our forecast because of the increase in Assets yields and the slightly change in COF. In other word, the bank's NIM was improved.
Non-interest income	1,524	1,599	-4.7%	1,204	26.7%	3,905	3,923	-0.5%	52.1%	Below our forecast due to slow recovery of bad debt and FX trading.
Operating revenue	9,501	7,602	25.0%	8,869	7.1%	26,334	22,112	19.1%	72.9%	
Operation expenses	(3,122)	(3,104)	0.6%	(3,044)	2.6%	(9,142)	(7,793)	17.3%	74.4%	In line with our forecast.
Pre-provision profit	6,379	4,497	41.8%	5,826	9.5%	17,192	14,319	20.1%	72.1%	Slightly below our forecast.
Provision expenses	(3,523)	(2,748)	28.2%	(3,523)	0.0%	(9,993)	(8,194)	21.9%	69.6%	
Pre-tax profit	2,856	1,749	63.3%	2,303	24.0%	7,199	6,125	17.5%	76.0%	
Net profit	2,283	1,399	63.1%	2,049	11.4%	5,754	4,900	17.4%	75.9%	In line with our forecast.

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: VPB's key ratios by quarter

Key ratios	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
NII/Total operating income (TOI)	78.7%	89.9%	79.0%	72.6%	85.2%	86.4%	84.0%
Non-II/TOI	21.3%	10.1%	21.0%	27.4%	14.8%	13.6%	16.0%
NIM (trailing 12 months)	8.9%	9.0%	9.0%	8.8%	8.8%	9.0%	9.3%
NPL (Non-performing loans)	4.1%	4.1%	4.7%	3.5%	3.6%	3.4%	3.5%
LLR (Loan-loss-reserve)	44.5%	43.9%	41.7%	45.9%	48.3%	48.5%	49.6%
Credit cost (annualised)	5.7%	5.7%	5.7%	5.7%	5.7%	5.5%	5.6%
ROAA (trailing 12 months)	2.7%	2.7%	2.5%	2.4%	2.2%	2.3%	2.5%
ROAE (trailing 12 months)	27.8%	27.9%	22.9%	22.8%	19.7%	20.6%	22.7%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 3: Earnings revision (VNDbn unless otherwise noted)

	Old forecasts			New forecasts			Change			Comments
	FY19F	FY20F	FY21F	FY19F	FY20F	FY21F	FY19F	FY20F	FY21F	
Net interest income	28,619	31,338	34,982	29,996	34,186	39,688	4.8%	9.1%	13.5%	We increase our NIM assumptions for FY19-21F to around 9.3-9.4% from 8.5-8.9% as (1) the SBV tries to regulate black credit while the demand for consumer finance maintains high. As a result, while regulating the activities of the consumer finance companies, SBV also lets these companies expand their businesses to support the economy development, boosting loan growth; (2) Circular 18/2019 (effective in FY20F) requires cash loan cap for FY21F at 70%, slightly affects FE Credit due to its cash loan and credit card portfolio strategy. As at end Nov 19, FE's direct disbursement rate (above 20 million VND) is 59%, lower than 70%; thus, FE Credit completely complies with and is slightly affected by Circular 18. Hence, VPB with its large customer bases (more than 3m customers of parent bank and 10m customers of FE credit) and digital banking system development can be benefited in the coming years, improving its NIM.
Non-interest income	7,502	8,857	10,649	6,531	8,440	10,344	-12.9%	-4.7%	-2.9%	We lower non-II forecasts as in 9M19 except the service income, other non-II were lower than our previous forecasts.
Operating revenue	36,121	40,195	45,631	36,527	42,626	50,032	1.1%	6.0%	9.6%	
Operating expenses	(12,281)	(13,666)	(15,515)	(12,419)	(14,493)	(17,011)	1.1%	6.0%	9.6%	
Pre-provision profit	23,840	26,529	30,117	24,108	28,133	33,021	1.1%	6.0%	9.6%	
Provision expenses	(14,364)	(14,839)	(17,060)	(14,464)	(15,561)	(18,343)	0.7%	4.9%	7.5%	We change provision expense for FY19-21F as the bank wants to increase provisioning to fully provision for debt sold to Vietnam Asset Management Company (VAMC) in FY19F.
Pre-tax profit	9,476	11,690	13,056	9,643	12,573	14,678	1.8%	7.6%	12.4%	
Net profit	7,577	9,348	10,441	7,711	10,054	11,737	1.8%	7.6%	12.4%	

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 4: 9M19 results of the standalone bank and FE Credit, based on our estimates

FYE (VNDbn)	Standalone bank			FE Credit		
	9M19	9M18	yoy%	9M19	9M18	yoy%
Net interest income	9,108	7,727	17.9%	13,320	10,462	27.3%
Non-interest income	4,694	5,839	-19.6%	(789)	(1,916)	-58.8%
Operating revenue	13,802	13,566	1.7%	12,531	8,547	46.6%
Operation expenses	(4,813)	(4,311)	11.6%	(4,329)	(3,482)	24.3%
Pre-provision profit	8,990	9,255	-2.9%	8,202	5,064	62.0%
Total provision charges	(3,879)	(2,553)	51.9%	(6,114)	(5,641)	8.4%
Pre-tax profit	3,711	3,847	-3.5%	3,488	2,278	53.1%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

VALUATION: Maintain Add with a higher TP of VND25,800

We upgrade our TP to VND25,800 from VND21,200 given our higher earnings forecasts thanks to higher NIM assumptions, subtle improvement in asset quality, stable provision expense forecasts, and lower cost of equity. The higher NIM assumption is driven by potentially higher economic growth boosted by government policy and lower cost of equity on lower government bond yields and interest rate cuts.

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

General assumptions	2019F	2020F	2021F	2022F	2023F	Terminal
Risk free rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Equity risk premium	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Beta	0.9	0.9	0.9	0.9	0.9	0.9
Cost of equity	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Long-term growth rate						3.0%
<i>(in VND bn)</i>						
Opening shareholders' equity	34,750					
PV of residual income (5 years)	13,766					
PV of terminal value	14,168					
Implied EV	62,684					
No. of o/s shares (m shares)	2,424					
Implied value per share (VND/share)	25,863					
Target price (VND/share, rounded)	25,800					

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

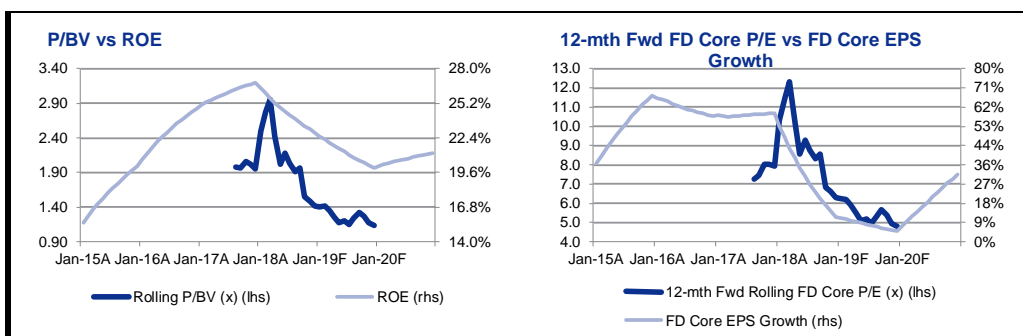
Figure 6: Regional peers comparison

Bank	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)	2019	2020	2019		2020	2019
China Merchants Bank	3968 HK	ADD	41	50	152,078	1.5	1.3	7.9	6.8	16.0%	16.8%	17.2%
Bank Rakyat Indonesia	BBRI IJ	HOLD	4,430	4,200	38,714	2.7	2.4	14.1	12.6	10.5%	17.8%	18.0%
Bank Mandiri	BMRI IJ	ADD	7,750	8,400	25,624	2.0	1.9	11.8	10.2	12.7%	15.1%	16.9%
Indusind Bank	IIB IN	ADD	1,523	1,800	14,738	3.0	2.5	14.1	11.2	37.2%	17.7%	19.4%
BDO Unibank	BDO PM	HOLD	158	150	13,534	2.0	1.8	15.5	12.2	20.4%	12.3%	12.2%
Vietcombank	VCB VN	HOLD	88,900	92,200	14,225	3.9	3.0	12.1	9.6	31.9%	23.1%	23.5%
Techcombank	TCB VN	ADD	23,050	27,400	3,481	1.3	1.1	7.5	6.4	14.6%	16.5%	16.1%
Yes Bank	YES IN	ADD	49	100	1,761	0.4	0.4	7.2	3.4	28.3%	-0.8%	6.1%
Military Commercial Joint Stock Bank	MBB VN	ADD	20,900	34,300	2,097	1.3	1.0	5.3	4.4	21.3%	20.5%	20.3%
Asia Commercial Joint Stock Bank	ACB VN	ADD	22,700	30,400	1,622	1.4	1.1	5.3	4.6	15.7%	24.3%	22.9%
Average						1.9	1.7	10.1	8.1	20.9%	16.3%	17.3%
VPBank	VPB VN	ADD	19,800	25,800	2,083	1.1	0.9	4.7	4.1	17.1%	20.0%	21.2%

PRICE AS OF 30 DEC 2019

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Net Interest Income	20,614	24,702	29,996	34,186	39,688
Total Non-Interest Income	4,412	6,384	6,531	8,440	10,344
Operating Revenue	25,026	31,086	36,527	42,626	50,032
Total Non-Interest Expenses	(8,895)	(10,634)	(12,419)	(14,493)	(17,011)
Pre-provision Operating Profit	16,131	20,452	24,108	28,133	33,021
Total Provision Charges	(8,001)	(11,253)	(14,464)	(15,561)	(18,343)
Operating Profit After Provisions	8,130	9,199	9,643	12,573	14,678
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Operating EBIT (incl Associates)	8,130	9,199	9,643	12,573	14,678
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	8,130	9,199	9,643	12,573	14,678
Exceptional Items					
Pre-tax Profit	8,130	9,199	9,643	12,573	14,678
Taxation	(1,689)	(1,843)	(1,932)	(2,519)	(2,941)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	6,441	7,356	7,711	10,054	11,737
Minority Interests					
Pref. & Special Div	0	0	0	0	0
FX And Other Adj.	0	0	0	0	0
Net Profit	6,441	7,356	7,711	10,054	11,737
Recurring Net Profit	6,294	7,356	7,711	10,054	11,737

Balance Sheet Employment

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Gross Loans/Cust Deposits	137%	130%	129%	127%	124%
Avg Loans/Avg Deposits	127%	133%	129%	128%	125%
Avg Liquid Assets/Avg Assets	30.4%	27.8%	25.2%	23.6%	22.7%
Avg Liquid Assets/Avg IEAs	32.3%	29.4%	26.6%	24.8%	23.7%
Net Cust Loans/Assets	64.6%	67.6%	70.1%	71.4%	72.6%
Net Cust Loans/Broad Deposits	75.5%	79.8%	83.6%	84.5%	85.3%
Equity & Provsns/Gross Cust Loans	18.0%	17.3%	18.3%	19.4%	20.2%
Asset Risk Weighting	86%	97%	103%	109%	112%
Provision Charge/Avg Cust Loans	4.89%	5.56%	6.03%	5.59%	5.69%
Provision Charge/Avg Assets	3.16%	3.74%	4.23%	4.03%	4.17%
Total Write Offs/Average Assets	2.74%	3.61%	3.92%	3.85%	4.07%

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	206,647	249,362	283,603	326,792	377,283
Liquid Assets & Invst. (Current)	54,983	56,129	58,847	64,732	71,205
Other Int. Earning Assets					
Total Gross Int. Earning Assets	261,630	305,491	342,450	391,524	448,488
Total Provisions/Loan Loss Reserve	(3,147)	(3,567)	(4,609)	(5,314)	(5,776)
Total Net Interest Earning Assets	258,483	301,924	337,841	386,210	442,712
Intangible Assets	351	578	618	661	707
Other Non-Interest Earning Assets	16,345	18,934	20,259	21,678	23,195
Total Non-Interest Earning Assets	16,695	19,512	20,877	22,339	23,902
Cash And Marketable Securities	2,574	1,855	1,985	2,124	2,273
Long-term Investments	0	0	0	0	0
Total Assets	277,752	323,291	360,704	410,673	468,888
Customer Interest-Bearing Liabilities	199,655	219,509	257,130	299,995	350,376
Bank Deposits	38,064	54,231	45,572	47,189	48,888
Interest Bearing Liabilities: Others	515	4,130	4,165	4,239	4,314
Total Interest-Bearing Liabilities	238,235	277,870	306,867	351,423	403,578
Bank's Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	9,822	10,671	11,376	6,736	1,058
Total Liabilities	248,057	288,541	318,243	358,158	404,636
Shareholders' Equity	29,696	34,750	42,461	52,515	64,252
Minority Interests	0	0	0	0	0
Total Equity	29,696	34,750	42,461	52,515	64,252

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Income Growth	48.4%	24.2%	17.5%	16.7%	17.4%
Operating Profit Growth	57.5%	26.8%	17.9%	16.7%	17.4%
Pretax Profit Growth	64.9%	13.1%	4.8%	30.4%	16.7%
Net Interest To Total Income	82.4%	79.5%	82.1%	80.2%	79.3%
Cost Of Funds	6.11%	6.04%	5.92%	6.17%	6.31%
Return On Interest Earning Assets	14.3%	14.2%	14.6%	14.9%	15.1%
Net Interest Spread	8.20%	8.17%	8.68%	8.68%	8.81%
Net Interest Margin (Avg Deposits)	16.0%	16.2%	16.2%	15.7%	15.4%
Net Interest Margin (Avg RWA)	10.1%	8.9%	8.7%	8.3%	8.2%
Provisions to Pre Prov. Operating Profit	49.6%	55.0%	60.0%	55.3%	55.6%
Interest Return On Average Assets	8.14%	8.22%	8.77%	8.86%	9.02%
Effective Tax Rate	20.8%	20.0%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Return On Average Assets	2.54%	2.45%	2.25%	2.61%	2.67%

Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Loan Growth (%)	26.3%	21.5%	16.0%	16.0%	16.0%
Net Interest Margin (%)	8.6%	8.7%	9.3%	9.3%	9.4%
Non Interest Income Growth (%)	160.1%	44.7%	2.3%	29.2%	22.6%
Cost-income Ratio (%)	35.5%	34.2%	34.0%	34.0%	34.0%
Net NPL Ratio (%)	-6.2%	-9.5%	-12.9%	-15.9%	-18.6%
Loan Loss Reserve (%)	50.8%	45.9%	52.8%	53.6%	51.2%
GP Ratio (%)	1.0%	0.9%	1.0%	1.0%	0.9%
Tier 1 Ratio (%)	12.4%	11.0%	11.3%	11.7%	12.2%
Total CAR (%)	14.6%	11.9%	12.1%	12.0%	12.4%
Deposit Growth (%)	7.9%	27.9%	16.8%	18.3%	18.3%
Loan-deposit Ratio (%)	134.4%	127.8%	126.8%	124.3%	121.9%
Gross NPL Ratio (%)	3.4%	3.5%	3.4%	3.3%	3.3%
Fee Income Growth (%)	71.4%	10.3%	85.0%	5.0%	5.0%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

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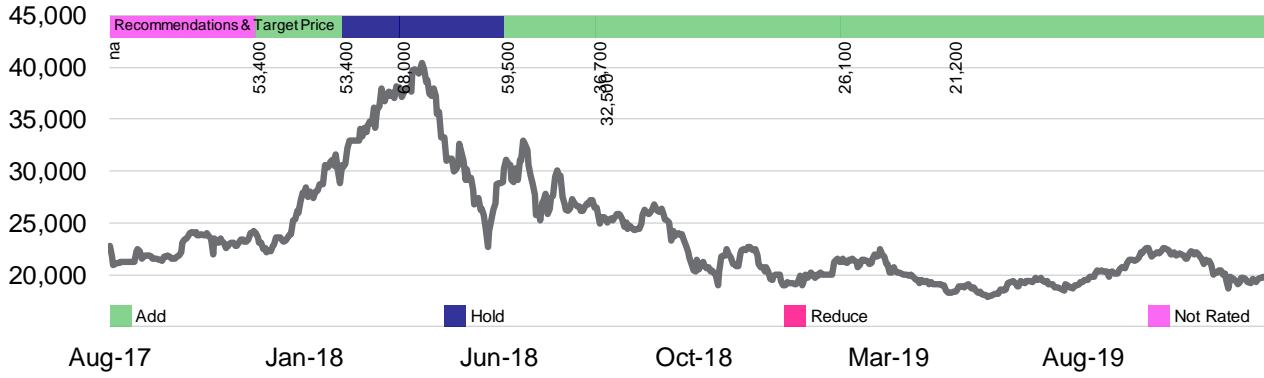
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— Price Close



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, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Very Good, Certified, **WORK** – Good, n/a.

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

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

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

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

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

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

Hien Tran Khanh – Deputy Head of Research

Email: hien.trankhanh@vndirect.com.vn

Ngoc NGUYEN – AnalystEmail: ngoc.nguyendang@vndirect.com.vn**VNDIRECT Securities Corporation**

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

Email: research@vndirect.com.vn | Website: <https://vndirect.com.vn>