

**Singapore**

November 1, 2019 - 9:29 AM

**ADD** (no change)

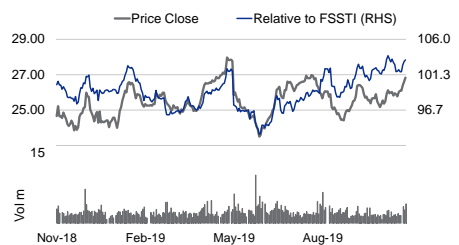
Consensus ratings\*: Buy 15 Hold 6 Sell 0

Current price:	S\$26.83
Target price:	S\$29.54
Previous target:	S\$29.54
Up/downside:	10.1%
CGS-CIMB / Consensus:	2.0%
Reuters:	UOBH.SI
Bloomberg:	UOB SP
Market cap:	US\$32,904m
	S\$44,759m
Average daily turnover:	US\$40.45m
	S\$55.74m
Current shares o/s	7,014m
Free float:	85.6%

\*Source: Bloomberg

**Key financial forecasts**

	Dec-19F	Dec-20F	Dec-21F
Net Profit (S\$m)	4,332	4,385	4,547
Core EPS (S\$)	2.60	2.63	2.73
Core EPS Growth	7.96%	1.23%	3.68%
FD Core P/E (x)	10.32	10.19	9.83
Recurring ROE	11.2%	10.7%	10.5%
P/BV (x)	1.12	1.06	1.00
DPS (S\$)	1.25	1.25	1.25
Dividend Yield	4.66%	4.66%	4.66%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.6	1.6	10
Relative (%)	1.1	3.8	3

Major shareholders	% held
Wee Investments Pte Ltd	7.7
Wah Hin & Co Pte Ltd	5.0
Vanguard Group	2.0

**Analyst(s)**

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# United Overseas Bank

## 3Q19: Margin pressure setting in

- UOB's 3Q19 net profit of S\$1.12bn was 4%/10% above our/consensus S\$1.07bn/S\$1.02bn estimates. NII was stronger 2% qoq despite -4bp NIM.
- The beat came mainly from stronger inv. gains (+46% qoq) and credit card income (+4% qoq), offsetting the 21bp credit costs.
- Maintain Add with GGM-based TP of S\$29.54 (implied 1.3x P/BV, 11.5% ROE).

### UOB's 3Q19 stronger NII despite 4bp NIM compression

- UOB's 3Q19 net profit of S\$1.12bn was 4%/10% above our/consensus S\$1.07bn/S\$1.02bn expectations.
- 9M19 net profit formed 77%/78% of our/consensus FY19 forecasts.
- 3Q19 NII rose 2% qoq/5% yoy despite a 4bp qoq dip in NIMs while non-II was -1% qoq /+27% yoy due to strong wealth income and credit card fees.
- Treasury income was weaker by 1% qoq as investment gains offset trading income weakness.
- Loan growth was +0.8% qoq in 3Q19.
- PPOP held steady (flat qoq/+11% yoy) as CTI was stable at 44% but net profit was 4% weaker qoq (+8% yoy) due to heftier 21bp credit costs.

### Heftier credit costs and lower treasury income offset by wealth

- UOB's NIMs dipped 4bp qoq to 1.77% in 3Q19. This follows a short 2bp reprieve in 2Q19 after 4 quarters of margin compression over FY18.
- NIM compression was broad-based across the region except for Greater China. The dip was mainly due to lower asset yields.
- Heftier impairment provisions of S\$145m translated into 21bp of credit costs (2Q19: 8bp). Most of the increase came from specific provisions – likely to be due to a previously classified real-estate-related NPL in the US.
- Overall, the weakness above was supported by very strong wealth management income of S\$180m (record high, +14% qoq/+38% yoy) and better-than-expected credit card income.

### Other 3Q19 highlights

- Regional NIM trends:
  - Singapore NIM was down 4bp qoq at 1.49% with flattish net loan growth.
  - Malaysia NIM was down 2bp qoq at 1.93% with flattish net loan growth.
  - Thailand NIM was down 20bp qoq at 3.11% with +3% net loan growth.
  - Indonesia NIM was down 3bp qoq at 3.58% with +1% net loan growth.
  - Greater China NIM was up 10bp qoq at 0.88% with +5% net loan growth.
- LDR was slightly higher at 89.3% as deposits contracted by 0.1% qoq (FDs contracted by 0.6% qoq). 3Q19 funding was largely in the form of deposits from banks.
- CET-1 ratio: 13.7% (2Q19: 13.9%).
- 3Q19 ROE: 11.8% (2Q19: 12.5%).

**Figure 1: UOB results summary**

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
NIM	1.73%	1.75%	1.79%	1.81%	1.84%	1.83%	1.81%	1.80%	1.79%	1.81%	1.77%
Asset yield	2.84%	2.88%	2.94%	2.96%	3.07%	3.24%	3.31%	3.39%	3.49%	3.49%	3.39%
Funding cost	1.15%	1.17%	1.20%	1.20%	1.28%	1.48%	1.57%	1.67%	1.78%	1.77%	1.70%
Loan growth (qoq)	1.5%	-0.6%	2.8%	0.9%	2.3%	3.8%	2.2%	2.7%	3.0%	1.2%	0.8%
Deposit growth (qoq)	1.7%	0.1%	3.2%	1.7%	0.4%	5.0%	2.1%	-0.2%	5.0%	-0.9%	-0.1%
LDR	86.7%	86.1%	85.8%	85.1%	86.7%	85.7%	85.7%	88.2%	86.6%	88.5%	89.3%
Credit costs (bp)	33	32	38	24	13	15	15	20	14	8	21
Cost-to-income ratio	43.2%	45.6%	43.5%	47.8%	44.3%	43.6%	43.4%	44.4%	44.6%	43.7%	44.2%
Qoq net profit	9.1%	4.3%	4.7%	-3.5%	14.5%	10.2%	-3.7%	-11.7%	14.8%	10.9%	-3.9%
Yoy net profit	5.5%	5.7%	11.8%	15.0%	20.8%	27.6%	17.3%	7.4%	7.7%	8.4%	8.2%
DPS (Scts)	-	35.0	-	65.0	-	50.0	-	70.0	-	55.0	-
NPL ratio	1.5%	1.5%	1.6%	1.8%	1.7%	1.7%	1.6%	1.5%	1.5%	1.5%	1.5%
Fully-loaded CET-1 capital ratio	12.8%	13.3%	13.8%	14.7%	14.9%	14.5%	14.1%	13.9%	13.9%	13.9%	13.7%
Reported ROE	10.0%	10.3%	10.5%	9.8%	11.0%	12.1%	11.7%	10.2%	11.4%	12.5%	11.8%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Sector Comparison**

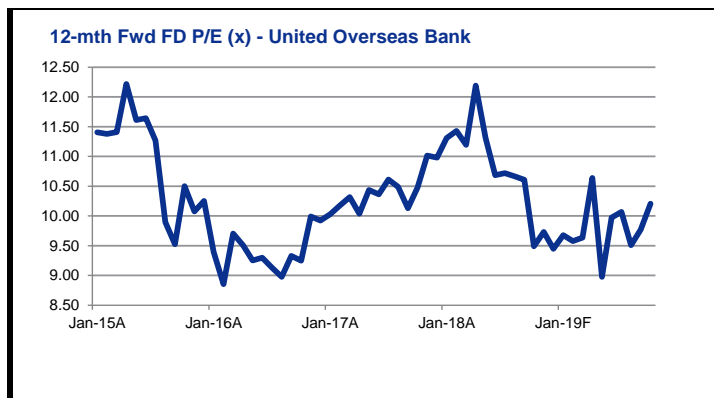
Company	Bbg Ticker	Recom.	Price (local)	Tgt Price (local)	Mkt Cap (US\$ m)	3-year EPS CAGR (%)		P/BV (x)			Recurr. ROE (%)			P/PPOPS (x)			Div Yield (%)		
						CY19F	CY20F	CY19F	CY20F	CY21F	CY19F	CY20F	CY21F	CY19F	CY20F	CY21F	CY19F	CY20F	CY21F
DBS Group	DBS SP	Hold	26.00	27.59	48,828	3.2%	1.35	1.27	1.20	12.8%	11.9%	11.6%	8.4	8.3	8.0	4.6%	4.6%	4.6%	
OCBC	OCBC SP	Hold	10.96	12.53	35,484	1.9%	1.10	1.04	0.98	11.6%	10.7%	10.6%	7.8	7.8	7.5	4.6%	4.6%	4.6%	
United Overseas Bank	UOB SP	Add	26.83	29.54	32,904	3.6%	1.12	1.06	1.00	11.2%	10.7%	10.5%	7.9	7.7	7.5	4.7%	4.7%	4.7%	
<b>Singapore average</b>						<b>3.0%</b>	<b>1.20</b>	<b>1.13</b>	<b>1.07</b>	<b>11.9%</b>	<b>11.2%</b>	<b>10.9%</b>	<b>8.1</b>	<b>8.0</b>	<b>7.7</b>	<b>4.6%</b>	<b>4.6%</b>	<b>4.6%</b>	
Bank Central Asia	BBCA IJ	Add	31,450	35,000	55,216	14.3%	4.42	3.84	3.34	18.0%	17.9%	17.5%	19.3	17.0	15.1	0.8%	0.9%	1.0%	
Bank Mandiri	BMRI IJ	Add	7,025	8,800	23,345	15.0%	1.65	1.49	1.34	14.5%	15.1%	16.1%	6.7	6.1	5.4	3.1%	3.4%	3.9%	
Bank Negara Indonesia	BBNI IJ	Hold	7,675	8,000	10,192	11.3%	1.21	1.10	0.99	13.7%	13.5%	14.7%	5.1	4.6	3.9	3.7%	3.8%	4.1%	
Bank Rakyat Indonesia	BBRI IJ	Hold	4,210	4,400	36,978	12.5%	2.54	2.25	1.99	17.4%	18.4%	18.6%	8.2	7.3	6.5	2.5%	2.6%	3.1%	
Bank Tabungan Negara	BBTN IJ	Add	1,860	2,110	1,403	4.4%	0.80	0.78	0.71	5.1%	12.1%	12.3%	3.5	3.3	2.8	3.6%	1.6%	3.8%	
<b>Indonesia average</b>						<b>13.2%</b>	<b>2.47</b>	<b>2.21</b>	<b>1.97</b>	<b>15.7%</b>	<b>16.4%</b>	<b>16.8%</b>	<b>9.6</b>	<b>8.6</b>	<b>7.6</b>	<b>2.0%</b>	<b>2.1%</b>	<b>2.4%</b>	
Affin Bank Berhad	ABANK MK	Hold	1.94	2.05	922	2.1%	0.37	0.35	0.34	5.6%	5.2%	5.1%	5.0	5.0	4.8	2.7%	2.8%	2.9%	
Alliance Bank Malaysia Berhad	ABMB MK	Hold	2.88	3.35	1,067	2.3%	0.75	0.72	0.68	8.5%	9.1%	9.2%	5.3	4.8	4.5	4.8%	5.2%	5.6%	
AMMB Holdings	AMM MK	Add	3.99	4.39	2,878	7.5%	0.66	0.62	0.60	7.7%	7.9%	7.9%	6.2	5.5	5.2	4.8%	4.9%	5.2%	
BIMB Holdings	BIMB MK	Hold	4.25	4.17	1,795	6.6%	1.31	1.19	1.08	14.7%	14.1%	13.8%	4.8	4.5	4.2	3.9%	4.2%	4.5%	
Hong Leong Bank	HLBK MK	Hold	17.22	16.80	8,934	7.5%	1.36	1.22	1.13	10.6%	10.6%	10.5%	13.0	11.3	10.3	3.0%	3.3%	3.6%	
Malayan Banking Bhd	MAY MK	Hold	8.60	8.66	23,138	-0.1%	1.19	1.15	1.11	9.9%	10.0%	10.2%	7.9	7.4	7.1	5.7%	6.1%	6.5%	
Public Bank Bhd	PBK MK	Hold	20.30	22.30	18,862	1.6%	1.81	1.69	1.57	13.2%	12.8%	12.6%	10.9	10.4	9.8	3.2%	3.3%	3.5%	
RHB Bank Bhd	RHBBANK IJ	Add	5.75	7.00	5,519	7.1%	0.92	0.85	0.79	10.5%	10.5%	10.4%	6.2	5.7	5.3	3.8%	4.2%	4.4%	
<b>Malaysia average</b>						<b>3.4%</b>	<b>1.21</b>	<b>1.14</b>	<b>1.08</b>	<b>10.4%</b>	<b>10.4%</b>	<b>10.4%</b>	<b>8.4</b>	<b>7.9</b>	<b>7.4</b>	<b>4.2%</b>	<b>4.5%</b>	<b>4.8%</b>	
Bangkok Bank	BBL TB	Add	174.00	207.00	11,008	5.9%	0.76	0.72	0.67	8.3%	8.2%	8.2%	5.0	4.9	4.7	3.7%	3.7%	3.7%	
Bank of Ayudhya	BAY TB	Hold	31.75	41.00	7,740	9.5%	0.90	0.84	0.79	10.5%	10.8%	11.0%	3.7	3.7	3.4	3.7%	3.7%	4.1%	
Kasikornbank	KBANK TB	Add	139.00	191.00	11,025	10.1%	0.82	0.76	0.70	9.8%	10.3%	10.5%	3.7	3.5	3.3	2.9%	2.9%	2.9%	
Kiatnakin Bank	KKP TB	Reduce	65.50	63.00	1,838	6.3%	1.28	1.24	1.20	13.6%	14.6%	15.1%	5.3	5.2	5.0	7.6%	7.6%	7.6%	
Krung Thai Bank	KTB TB	Hold	16.60	18.20	7,689	6.5%	0.71	0.67	0.64	9.1%	9.2%	9.1%	3.5	3.5	3.4	4.9%	5.0%	5.3%	
Krungthai Card	KTC TB	Reduce	41.50	38.00	3,546	14.6%	5.43	4.56	3.86	30.8%	29.8%	28.3%	8.2	7.2	6.4	2.2%	2.5%	2.8%	
Siam Commercial Bank	SCB TB	Add	112.00	145.00	12,604	9.1%	0.94	0.88	0.82	11.2%	10.7%	10.9%	3.7	4.6	4.2	4.9%	4.9%	4.9%	
Srisawad Corporation	SAWAD TB	Add	64.50	60.00	2,833	22.9%	4.69	3.75	3.01	24.3%	23.2%	22.7%	14.8	12.7	10.4	0.2%	0.3%	0.3%	
Thanachart Capital	TCAP TB	Hold	53.00	56.60	2,012	4.7%	0.87	0.81	0.75	10.6%	10.7%	10.6%	2.6	2.5	2.3	4.9%	5.1%	5.5%	
Tisco Financial Group	TISCO TB	Reduce	97.50	94.00	2,587	5.5%	1.99	1.90	1.80	18.1%	18.2%	18.3%	7.5	7.3	6.8	7.2%	7.2%	7.2%	
TMB Bank	TMB TB	Add	1.44	1.83	2,103	-2.0%	0.61	0.57	0.54	7.2%	8.5%	9.0%	3.4	3.1	2.9	3.6%	4.3%	4.9%	
<b>Thailand average</b>						<b>8.0%</b>	<b>0.92</b>	<b>0.86</b>	<b>0.80</b>	<b>10.2%</b>	<b>10.3%</b>	<b>10.5%</b>	<b>4.2</b>	<b>4.2</b>	<b>4.0</b>	<b>4.0%</b>	<b>4.1%</b>	<b>4.2%</b>	

SOURCES: CSG-CIMB RESEARCH, COMPANY

## BY THE NUMBERS

Profit & Loss				
(\$m)	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Net Interest Income	6,220	6,707	7,000	7,292
Total Non-Interest Income	2,897	3,330	3,372	3,490
<b>Operating Revenue</b>	<b>9,117</b>	<b>10,037</b>	<b>10,371</b>	<b>10,783</b>
Total Non-Interest Expenses	(4,003)	(4,384)	(4,598)	(4,788)
<b>Pre-provision Operating Profit</b>	<b>5,114</b>	<b>5,653</b>	<b>5,774</b>	<b>5,995</b>
Total Provision Charges	(393)	(514)	(573)	(601)
<b>Operating Profit After Provisions</b>	<b>4,721</b>	<b>5,140</b>	<b>5,201</b>	<b>5,394</b>
Pretax Income/(Loss) from Assoc.	106	81	83	85
<b>Operating EBIT (incl Associates)</b>	<b>4,827</b>	<b>5,220</b>	<b>5,284</b>	<b>5,478</b>
Non-Operating Income/(Expense)	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>4,827</b>	<b>5,220</b>	<b>5,284</b>	<b>5,478</b>
Exceptional Items				
<b>Pre-tax Profit</b>	<b>4,827</b>	<b>5,220</b>	<b>5,284</b>	<b>5,478</b>
Taxation	(805)	(871)	(881)	(914)
Consolidation Adjustments & Others				
Exceptional Income - post-tax	0	0	0	0
<b>Profit After Tax</b>	<b>4,022</b>	<b>4,350</b>	<b>4,403</b>	<b>4,565</b>
Minority Interests	(13)	(17)	(18)	(18)
Prof. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
<b>Net Profit</b>	<b>4,009</b>	<b>4,332</b>	<b>4,385</b>	<b>4,547</b>
Recurring Net Profit	4,009	4,332	4,385	4,547

Balance Sheet Employment				
	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Gross Loans/Cust Deposits	89.3%	89.0%	89.1%	88.2%
Avg Loans/Avg Deposits	87.9%	89.1%	89.1%	88.6%
Avg Liquid Assets/Avg Assets	29.2%	27.7%	26.4%	25.4%
Avg Liquid Assets/Avg IEAs	32.9%	31.2%	30.2%	29.4%
Net Cust Loans/Assets	66.6%	66.2%	66.3%	65.6%
Net Cust Loans/Broad Deposits	84.2%	83.6%	83.7%	82.9%
Equity & Provs/Gross Cust Loans	14.4%	14.3%	14.4%	14.5%
Asset Risk Weighting	56.8%	56.2%	55.7%	54.6%
Provision Charge/Avg Cust Loans	0.15%	0.19%	0.19%	0.19%
Provision Charge/Avg Assets	0.100%	0.128%	0.128%	0.127%
Total Write Offs/Average Assets	0.105%	0.128%	0.135%	0.134%



Balance Sheet				
(\$m)	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Gross Loans	312,507	330,462	345,396	360,226
Liquid Assets & Invest. (Current)	34,298	34,617	35,155	35,702
Other Int. Earning Assets				
<b>Total Gross Int. Earning Assets</b>	<b>346,805</b>	<b>365,079</b>	<b>380,551</b>	<b>395,929</b>
Total Provisions/Loan Loss Reserve	(3,079)	(4,508)	(4,741)	(4,972)
<b>Total Net Interest Earning Assets</b>	<b>343,726</b>	<b>360,571</b>	<b>375,809</b>	<b>390,956</b>
Intangible Assets	4,138	4,138	4,138	4,138
Other Non-Interest Earning Assets	14,978	24,362	29,615	39,983
<b>Total Non-Interest Earning Assets</b>	<b>19,116</b>	<b>28,500</b>	<b>33,753</b>	<b>44,121</b>
<b>Cash And Marketable Securities</b>	<b>25,252</b>	<b>25,757</b>	<b>26,272</b>	<b>26,798</b>
Long-term Investments	0	0	0	0
<b>Total Assets</b>	<b>388,094</b>	<b>414,828</b>	<b>435,835</b>	<b>461,875</b>
Customer Interest-Bearing Liabilities	293,186	313,709	329,394	349,158
Bank Deposits	13,801	14,767	15,505	16,436
Interest Bearing Liabilities: Others	30,606	32,748	34,386	36,449
<b>Total Interest-Bearing Liabilities</b>	<b>337,593</b>	<b>361,225</b>	<b>379,286</b>	<b>402,043</b>
Bank's Liabilities Under Acceptances				
Total Non-Interest Bearing Liabilities	12,688	13,576	14,255	15,110
<b>Total Liabilities</b>	<b>350,281</b>	<b>374,801</b>	<b>393,541</b>	<b>417,153</b>
<b>Shareholders' Equity</b>	<b>37,623</b>	<b>39,854</b>	<b>42,139</b>	<b>44,585</b>
Minority Interests	190	173	155	137
<b>Total Equity</b>	<b>37,813</b>	<b>40,027</b>	<b>42,294</b>	<b>44,722</b>

Key Ratios				
	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Income Growth	6.5%	10.1%	3.3%	4.0%
Operating Profit Growth	6.0%	10.5%	2.1%	3.8%
Pretax Profit Growth	14.8%	8.1%	1.2%	3.7%
Net Interest To Total Income	68.2%	66.8%	67.5%	67.6%
Cost Of Funds	1.52%	1.70%	1.65%	1.60%
Return On Interest Earning Assets	3.36%	3.56%	3.52%	3.49%
Net Interest Spread	1.83%	1.85%	1.87%	1.89%
Net Interest Margin (Avg Deposits)	2.20%	2.21%	2.18%	2.15%
Net Interest Margin (Avg RWA)	2.96%	2.96%	2.94%	2.95%
Provisions to Pre Prov. Operating Profit	7.7%	9.1%	9.9%	10.0%
Interest Return On Average Assets	1.67%	1.67%	1.65%	1.62%
Effective Tax Rate	16.7%	16.7%	16.7%	16.7%
Net Dividend Payout Ratio	49.9%	48.1%	47.5%	45.8%
Return On Average Assets	1.07%	1.08%	1.03%	1.01%

Key Drivers				
	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Loan Growth (%)	10.9%	6.7%	5.2%	4.9%
Net Interest Margin (%)	1.9%	1.9%	1.9%	1.9%
Non Interest Income Growth (%)	-4.5%	15.0%	1.2%	3.5%
Cost-income Ratio (%)	43.9%	43.7%	44.3%	44.4%
Net NPL Ratio (%)	1.5%	1.5%	1.5%	1.2%
Loan Loss Reserve (%)	0.0%	0.0%	0.0%	0.0%
GP Ratio (%)	0.0%	0.0%	0.0%	0.0%
Tier 1 Ratio (%)	15.7%	15.8%	16.1%	16.5%
Total CAR (%)	17.8%	18.1%	18.4%	18.7%
Deposit Growth (%)	7.5%	7.0%	5.0%	6.0%
Loan-deposit Ratio (%)	88.2%	87.5%	87.7%	86.8%
Gross NPL Ratio (%)	1.5%	1.5%	1.5%	1.2%
Fee Income Growth (%)	5.0%	3.9%	4.0%	4.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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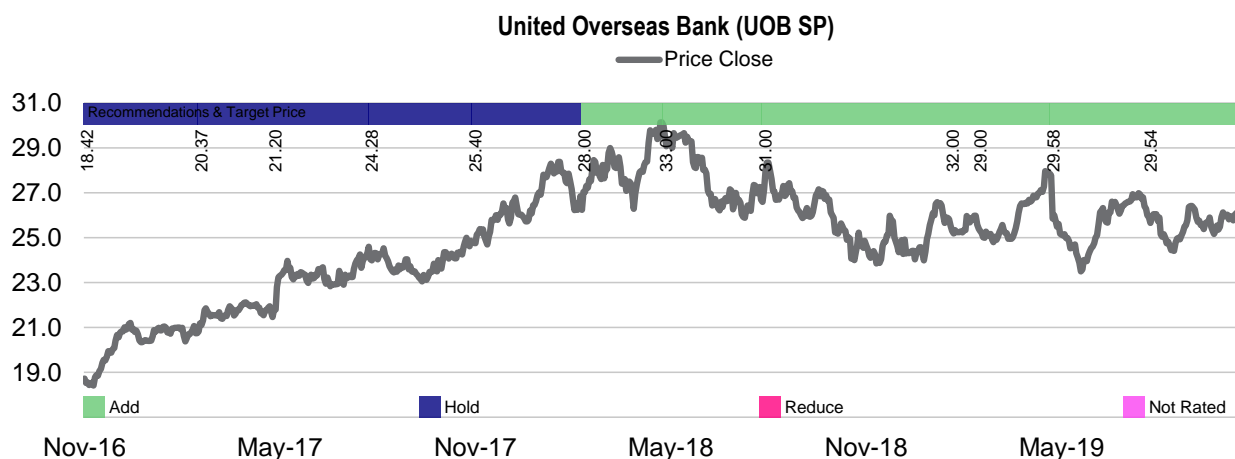
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Reduce	14.9%	0.1%



Spitzer Chart for stock being researched ( 2 year data )



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 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 exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more 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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