

India

HOLD (no change)

Consensus ratings*: Buy 41 Hold 8 Sell 1

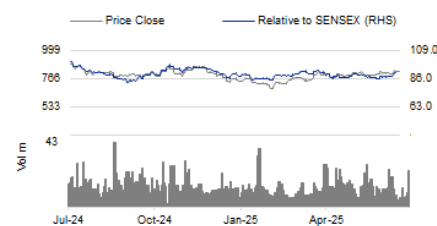
Current price: Rs804
 Target price:  Rs875
 Previous target: Rs875
 Up/downside: 8.8%
 InCred Research / Consensus: -6.6%

Reuters: SBI.NS
 Bloomberg: SBIN IN
 Market cap: US\$84,692m
 Rs7,424,186m
 Average daily turnover: US\$107.1m
 Rs9388.2m
 Current shares o/s: 1,027.8m
 Free float: 0.0%

*Source: Bloomberg

Key changes in this note

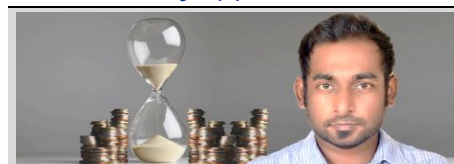
- Revise our earnings assumptions for FY26F-28F based on 1QFY26 results.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(1.0)	4.6	(0.5)
Relative (%)	2.2	4.1	(0.7)

Major shareholders	% held
PRESIDENT OF INDIA	0.6
LIC	9.1
SBI MF	3.2

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State Bank of India

Weak loan spreads; credit costs normalizing

- 1Q PAT beat was led by strong treasury gains. Core performance was healthy, aided by strong fee income & contained opex. Loan spreads fell by 30bp QoQ.
- We expect weak core profitability progression over FY26F-27F due to margin pressure. RoA/RoE (ex-stake sale) will be 0.9%/13% in FY26F-27F.
- We keep our TP unchanged at Rs875 (~9% upside) while we tweak our earnings based on 1Q results. The valuation appears fair at 1x FY27F core BV.

SBI yet again clocks RoA of 1.1% aided by treasury gains

State Bank of India (SBI) posted 1QFY26 PAT of Rs192bn (annualized RoA of 1.1%), beating our estimates by 4%. This was mainly led by strong treasury gains (Rs63bn; 40bp of average assets), better-than-expected core PPOp (4% above our estimate) while provisioning was broadly in line (at 46bp). Headline margin dipped by 10bp QoQ to 2.9%. Adjusted for one-off income-tax refund (Rs13bn), margin was broadly flat QoQ. NII was down 4% QoQ (flat YoY; 1% below our estimate), partly led by weak avg. balance sheet growth (down 1% QoQ). Core PPOp beat was aided by healthy core fee income (+11% YoY) and contained costs (+8% YoY; 4% below our estimate). The asset quality was steady. Deposit growth improved to 12% YoY (mainly owing to a low base in 1QFY25) vs. 9.5% YoY last quarter. QoQ, deposits grew by 2% vs. 3% last quarter. Loan growth was at 12% YoY (+1% QoQ) and management retained its growth guidance at 12-13% for FY26F. Avg. LCR ratio improved to 138% (vs. 133% last quarter). Avg. retail deposit (per LCR) growth was healthy at +3% QoQ (+10% YoY). The CET-1 ratio is now healthy at 11.6%.

Margin could trough at 2.85% in 2Q & for the full year to be near 2.9%

Adj. margin was broadly flat QoQ at 2.9%. While loan spreads declined by 30bp QoQ, this was mainly owing to lower yields (down 32bp QoQ) marginally offset by a slight improvement in the cost of deposits (down 2bp QoQ). We believe that two-thirds of the 50bp repo cut impact will flow in 2Q, the negative impact of which will be partly offset by SA rate cut of 20bp (~5bp benefit) and repricing of term liabilities (bulk deposits ~15% of deposits). From 3Q till 4QFY27F, we expect a material portion of the liability repricing (fixed deposits as well as borrowings) to be offset by lagged repricing of MCLR/fixed rate book. We therefore expect FY27F margin to be broadly in line with that of FY26F, at ~2.9%.

Expect RoA to moderate; RoE to dip to ~13% over FY26F-27F

The average RoE of ~17% posted over the past few years by SBI appears unsustainable. We expect its RoE to moderate to ~13% (during FY26F-27F vs. guidance of 15%) as credit costs normalize (to ~50bp from ~40bp in FY25) and margin progression remains weak. We expect RoA to moderate to 0.9% over FY26F-27F, from ~1.1% in FY25. The leverage at 15x will drive a sharper decline in RoE. We keep our target price on SBI unchanged at Rs875. Maintain our HOLD rating on it. The core valuation at 1x FY27F core BV appears reasonable. Upside risks: Benign credit costs for a longer span and better margin progression. Downside risks: Higher cost ratios and weaker-than-expected growth.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Net Interest Income (Rsm)	1,578,359	1,669,651	1,719,571	1,942,290	2,268,416
Total Non-Interest Income (Rsm)	537,222	616,831	618,539	633,816	656,096
Operating Revenue (Rsm)	2,115,581	2,286,482	2,338,111	2,576,107	2,924,511
Total Provision Charges (Rsm)	(49,142)	(153,079)	(214,093)	(246,660)	(313,558)
Net Profit (Rsm)	681,767	709,006	625,210	674,841	767,285
Core EPS (Rs)	76.39	79.44	67.74	73.12	83.13
Core EPS Growth	36%	4%	(15%)	8%	14%
FD Core P/E (x)	10.53	10.12	11.87	11.00	9.67
DPS (Rs)	13.70	15.90	13.70	15.90	18.00
Dividend Yield	1.70%	1.98%	1.70%	1.98%	2.24%
BVPS (Rs)	422.7	494.3	583.5	642.9	710.2
P/BV (x)	1.90	1.63	1.38	1.25	1.13
ROE	19.3%	17.3%	12.8%	11.9%	12.3%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly earnings summary

Rs Mn	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)
Net Interest Income	411,255	427,746	410,725	0%	-4%
Adj. Net Interest Income	411,255	414,556	410,725	0%	-1%
Other Income	111,619	242,099	173,457	55%	-28%
--Core Fee	69,220	98,960	76,770	11%	-22%
--Treasury Income	25,890	68,790	63,260	144%	-8%
--Misc. Income	16,509	74,349	33,427	102%	-55%
Total income	522,873	669,845	584,182	12%	-13%
--Core Revenues	480,475	526,706	487,495	1%	-7%
Adj. Core Revenues	480,475	513,516	487,495	1%	-5%
Operating Expenses	258,387	356,985	278,737	8%	-22%
--Staff Expenses	154,660	180,052	168,995	9%	-6%
--Other Operating Expenses	103,728	176,933	109,742	6%	-38%
Operating Profit	264,486	312,860	305,445	15%	-2%
--Core PPOP	222,087	169,722	208,758	-6%	23%
Adj. Core PPOP	222,087	156,532	208,758	-6%	33%
Provisions	34,494	64,417	47,592	38%	-26%
PBT	229,992	248,444	257,853	12%	4%
Tax	59,640	62,018	66,248	11%	7%
PAT	170,352	186,426	191,604	12%	3%
EPS	19	21	21		
Advances	37,491,389	41,633,121	41,962,051	12%	1%
Deposits	49,017,259	53,821,895	54,732,537	12%	2%
LD Ratio	76%	77%	77%		
CASA Ratio	39%	38%	38%		
Margins (%)	3.22	3.00	2.90	-0.32	-0.10
Adj. Margins (%)	3.22	2.91	2.90	-0.32	-0.01
Overall provisions (in bp)	37	63	46		
---Credit cost (in bp)	36	59	46		
-----NPA provisions	48	39	47		
GNPA	842,260	768,802	780,397	-7%	2%
GNPA Ratio (%)	2.21%	1.82%	1.83%		
NNPA	215,547	196,669	199,084	-8%	1%
NNPA Ratio (%)	0.57	0.47	0.47		
PCR	626,714	572,133	581,313	-7%	2%
PCR Ratio (%)	74%	74%	74%		
Slippages	87,070	43,190	83,980	-4%	94%
--% of trailing loans	1.1%	0.5%	0.9%		
CET-1 Ratio (%)	10.8%	10.8%	11.6%		
RoA	1.1%	1.1%	1.1%		
RoE	17.6%	17.0%	16.8%		

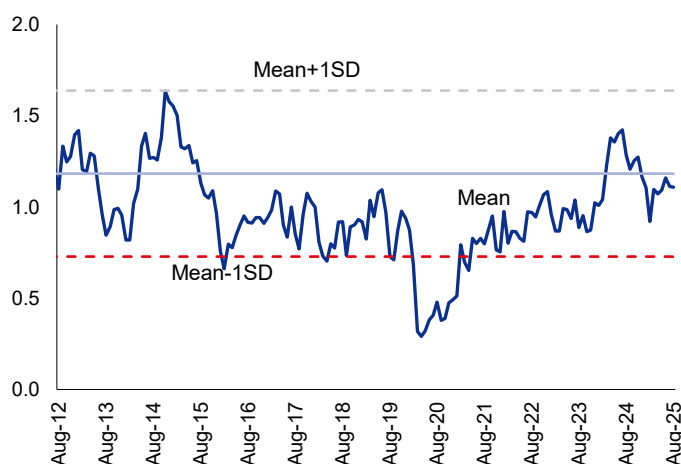
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Our revised earnings estimates

Rs bn	New Estimates				Old Estimates			Change		
	FY25	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Net Interest Income	1,670	1,717	1,905	2,224	1,744	2,038	2,356	-2%	-7%	-6%
--Growth YoY	6%	3%	11%	17%	4%	17%	16%			
Non-Interest Income	617	619	634	656	598	616	637	3%	3%	3%
--Growth YoY	15%	0%	2%	4%	-3%	3%	3%			
Total Income	2,286	2,335	2,539	2,881	2,342	2,654	2,992	0%	-4%	-4%
--Growth YoY	8%	2%	9%	13%	2%	13%	13%			
Opex	1,181	1,275	1,415	1,572	1,293	1,435	1,596	-1%	-1%	-1%
--Growth YoY	0%	8%	11%	11%	9%	11%	11%			
PPOP	1,106	1,060	1,124	1,308	1,050	1,218	1,397	1%	-8%	-6%
--Growth YoY	18%	-4%	6%	16%	-5%	16%	15%			
Provision	153	212	243	309	213	243	310	-1%	0%	0%
--as a % of avg. loans	39	48	49	54	48	49	54			
PBT	953	848	881	999	837	975	1,087	1%	-10%	-8%
Tax	244	215	222	252	211	246	274	-2%	11%	9%
PAT	709	633	659	747	626	729	813	1%	-10%	-8%
--Growth YoY	16%	-11%	4%	13%	-12%	16%	12%			
Advances	41,633	46,517	53,095	61,196	46,613	53,205	61,324	0%	0%	0%
--Growth YoY	12%	12%	14%	15%	12%	14%	15%			
Deposits	53,822	60,095	68,619	78,353	60,571	69,163	78,973	-1%	-1%	-1%
--Growth YoY	9%	12%	14%	14%	13%	14%	14%			
Book Value	494	584	642	707	549	617	692	7%	4%	2%
--Growth YoY	17%	18%	10%	10%	11%	12%	12%			
EPS	79	70	71	81	70	82	91	-1%	-13%	-11%
--Growth YoY	16%	-12%	3%	13%	-12%	16%	12%			
RoA	1.1%	0.9%	0.8%	0.8%	0.9%	0.9%	0.9%	1	-8	-7
RoE	17.1%	12.7%	11.7%	12.1%	13.6%	14.2%	14.1%	-85	-244	-198

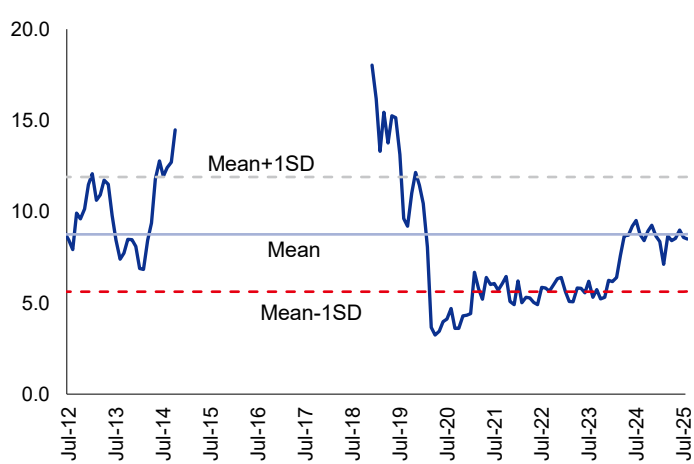
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: One-year forward P/BV



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: One-year forward P/E



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Earnings highlights

- Gross slippage increased QoQ to Rs84bn (0.9% of trailing loans; annualized) in 1QFY26 vs. Rs43bn (0.5%) last quarter but was lower vs. Rs87bn last year. The higher slippage in 1Q is a seasonal phenomenon owing to elevated agri loan slippage as well as the slippage being reported as net of intra-quarter recovery (hence, through the fiscal – the slippage run-rate moderates). Recovery/upgrades were healthy (Rs32.5bn vs. Rs17bn) while write-offs declined sharply (Rs40bn vs. Rs101bn). As a result, headline GNPA's increased by 2% QoQ. The GNPA ratio marginally increased QoQ to 1.83%. PCR remains healthy at 74.5%. The net NPA ratio stood at 0.47%. Management gave guidance of full-year slippage at below 0.6% and credit costs under 50bp. Moreover, the bank cited steady asset quality trend across segments (incl. SME) and indicated that it has already pulled back Rs16bn of slippage so far in 2QFY26.
- Domestic advances grew by 11% YoY (+1% QoQ). This was mainly driven by the SME segment (+19% YoY; +4% QoQ) and the retail segment (+13% YoY; +2% QoQ) while the corporate loan book growth was subdued at 6% YoY (down 3% QoQ; attributable to prepayments owing to pricing). Within the retail

segment, growth was mainly driven by home loans (+15% YoY; +2% QoQ) while automobile loans grew by 10% YoY (+2% QoQ) and Xpress Credit was flat YoY. Gold loans posted strong growth and are partly driven by reclassification. Management sounded confident about posting 12-13% growth in FY26F, helped by a pick-up in corporate loans (to 11-12% YoY) as well as improved traction in auto loans and the Xpress Credit segment during 2HFY26F.

- Recovery from advances under collection was at Rs12.3bn in 1QFY26 (7bp of average assets) vs. Rs24bn last quarter. Management reiterated its guidance of earning Rs70-80bn from loan recoveries during FY26F (i.e. 11bp of average assets pre-tax).

Figure 5: Financial summary

State Bank of India

Profit and Loss Statement

Rs Mn (Year-end March)	FY25	FY26F	FY27F	FY28F
Interest Income	4,624,894	4,848,089	5,342,702	5,968,600
Interest Expense	2,955,242	3,131,319	3,437,551	3,744,138
Net Interest Income	1,669,651	1,716,770	1,905,151	2,224,462
--Fee Income	309,190	340,737	374,811	412,292
--Forex Income	43,790	59,514	63,977	68,775
--Capital Gains	153,030	103,260	80,000	60,000
--Dividend Income	0	0	0	0
--Miscellaneous Inc.	110,821	115,029	115,029	115,029
Total Non-Interest Income	616,831	618,539	633,816	656,096
Total Operating Income	2,286,482	2,335,309	2,538,968	2,880,557
--Employee Exp	643,522	695,243	748,163	805,114
--Other Expenses	537,168	580,131	667,151	767,224
Total Operating Expenses	1,180,690	1,275,374	1,415,314	1,572,338
Operating Profit	1,105,792	1,059,935	1,123,653	1,308,220
--Prov. For Investment Dep.	5,143	-480	0	0
--Loan Loss Provisions	147,936	212,007	242,967	309,042
Total provisions	153,079	211,527	242,967	309,042
Profit Before Tax	952,713	848,408	880,686	999,177
Provision for Tax	243,706	215,067	221,933	251,793
PAT (Reported)	709,006	633,341	658,753	747,385

Balance Sheet Data

Rs Mn (Year-end March)	FY25	FY26F	FY27F	FY28F
Shareholders' equity	4,411,621	5,393,680	5,925,989	6,526,625
Deposits	53,821,895	60,095,231	68,619,446	78,352,780
Borrowings	5,635,725	5,821,219	6,207,045	6,623,737
Other Liabilities & Prov.	2,891,291	3,180,420	3,498,462	3,848,308
Total Liabilities	66,760,533	74,490,549	84,250,942	95,351,451
Cash & Balances with RBI	2,272,175	2,881,605	3,271,116	3,714,835
Balances with Banks	1,130,122	1,293,990	1,481,618	1,696,453
Investments	16,905,728	18,376,961	20,299,813	21,867,421
Advances	41,633,121	46,516,507	53,094,740	61,196,067
Fixed Assets	441,076	452,102	463,405	474,990
Other Assets	4,378,312	4,969,384	5,640,251	6,401,685
Total Assets	66,760,533	74,490,549	84,250,942	95,351,451
Earning Assets	61,941,145	69,069,063	78,147,287	88,474,776

Asset Quality

Credit Costs / Advances (bps)	38	48	49	54
Gross NPL	768,783	866,393	1,026,393	1,186,393
Net NPL	196,669	257,361	307,288	360,545
Reserve Coverage	572,114	609,032	719,106	825,848
Gross NPL Ratio	1.8%	1.8%	1.9%	1.9%
Net NPL Ratio	0.5%	0.6%	0.6%	0.6%

Source: Company Data, InCred Research

E= InCred Research Estimates

Per Share Data and Valuations

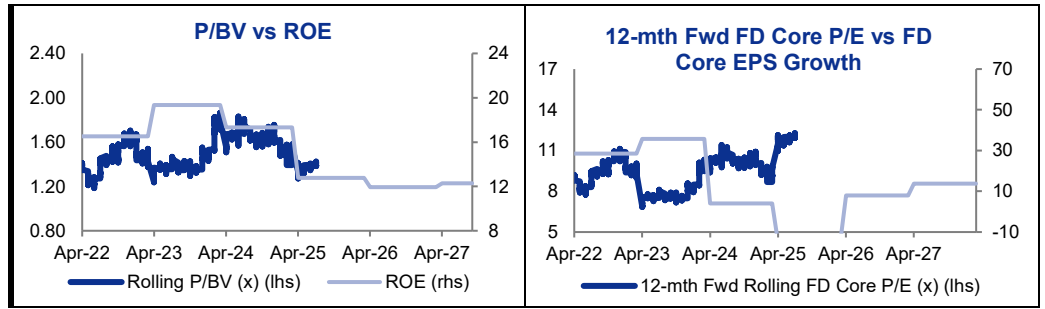
Year end-March	FY25	FY26F	FY27F	FY28F
Per Share Data (Rs)				
EPS (Reported)	79.4	69.5	71.4	81.0
Book Value	494	584	642	707
Book Value (Core)	470	555	610	672
DPS	15.9	13.7	15.9	18.0
Core PPOP	76.4	76.4	76.4	76.4
Valuations				
P/E	10.1x	11.6x	11.3x	9.9x
P/BV	1.6x	1.4x	1.2x	1.1x
Dividend Yield	2.0%	1.7%	2.0%	2.2%
PE (Core)	7.4x	8.4x	8.2x	7.2x
Price to Book (Core)	1.2x	1.1x	1.0x	0.9x
Price to PPOP (Core)	7.7x	7.7x	7.7x	7.7x

Ratio Analysis

Year end-March	FY25	FY26F	FY27F	FY28F
Spread Analysis				
Average yield on assets	7.8%	7.5%	7.4%	7.3%
Cost of earning assets	5.0%	4.8%	4.7%	4.6%
Net Interest Margin (NIM)	3.1%	2.9%	2.9%	3.0%
Growth Ratios				
Net Interest Income	6%	3%	11%	17%
Non Interest Income	15%	0%	2%	4%
Operating expenses	0%	8%	11%	11%
Core Operating Profit	17%	-2%	11%	23%
Net Profit	16%	-11%	4%	13%
EPS	16%	-12%	3%	13%
Deposits	9%	12%	14%	14%
Advances	12%	12%	14%	15%
Total Assets	8%	12%	13%	13%
Profitability Ratios				
Return On Equity (Core)	18.3%	13.6%	12.3%	12.6%
Return on Assets (Core)	1.1%	0.9%	0.8%	0.8%
Efficiency Ratios				
Cost Income Ratio	51.6%	54.6%	55.7%	54.6%
Expenses/Avg Assets	1.8%	1.8%	1.8%	1.8%
Capital Ratios				
CET 1 Ratio	10.8%	11.9%	11.6%	11.1%
Tier 1 Ratio	12.1%	13.1%	12.6%	12.1%
Tier 2 Ratio	2.1%	2.0%	1.7%	1.5%
Capital Adequacy Ratio	14.3%	15.1%	14.4%	13.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rsm)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Net Interest Income	1,578,359	1,669,651	1,719,571	1,942,290	2,268,416
Total Non-Interest Income	537,222	616,831	618,539	633,816	656,096
Operating Revenue	2,115,581	2,286,482	2,338,111	2,576,107	2,924,511
Total Non-Interest Expenses	(1,177,608)	(1,180,690)	(1,286,480)	(1,427,253)	(1,585,172)
Pre-provision Operating Profit	937,972	1,105,792	1,051,631	1,148,854	1,339,340
Total Provision Charges	(49,142)	(153,079)	(214,093)	(246,660)	(313,558)
Operating Profit After Provisions	888,830	952,713	837,538	902,194	1,025,782
Pretax Income/(Loss) from Assoc.					
Operating EBIT (incl Associates)	888,830	952,713	837,538	902,194	1,025,782
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	888,830	952,713	837,538	902,194	1,025,782
Exceptional Items					
Pre-tax Profit	888,830	952,713	837,538	902,194	1,025,782
Taxation	(207,063)	(243,706)	(212,328)	(227,353)	(258,497)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	681,767	709,006	625,210	674,841	767,285
Minority Interests					
Pref. & Special Div					
FX And Other Adj.					
Net Profit	681,767	709,006	625,210	674,841	767,285
Recurring Net Profit					

Balance Sheet Employment

(Rsm)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Gross Loans/Cust Deposits					
Avg Loans/Avg Deposits	73.9%	76.4%	77.8%	78.3%	78.9%
Avg Liquid Assets/Avg Assets	92.0%	92.4%	92.7%	92.7%	92.8%
Avg Liquid Assets/Avg IEAs	106.1%	105.8%	106.1%	106.5%	106.5%
Net Cust Loans/Assets					
Net Cust Loans/Broad Deposits					
Equity & Provns/Gross Cust Loans					
Asset Risk Weighting					
Provision Charge/Avg Cust Loans	0.14%	0.39%	0.48%	0.49%	0.54%
Provision Charge/Avg Assets	0.08%	0.24%	0.30%	0.31%	0.35%
Total Write Offs/Average Assets					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rsm)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Gross Loans	37,039,708	41,633,120	46,970,328	53,870,492	62,090,184
Liquid Assets & Invst. (Current)	16,713,397	16,905,728	17,915,012	19,532,020	21,001,162
Other Int. Earning Assets					
Total Gross Int. Earning Assets	53,753,104	58,538,848	64,885,340	73,402,512	83,091,344
Total Provisions/Loan Loss Reserve					
Total Net Interest Earning Assets	53,753,104	58,538,848	64,885,340	73,402,512	83,091,344
Intangible Assets					
Other Non-Interest Earning Assets	4,509,642	4,378,312	4,969,384	5,640,251	6,401,685
Total Non-Interest Earning Assets	4,935,815	4,819,388	5,421,487	6,103,656	6,876,675
Cash And Marketable Securities	3,108,020	3,402,297	4,175,594	4,752,735	5,411,288
Long-term Investments					
Total Assets	61,796,940	66,760,532	74,482,416	84,258,896	95,379,312
Customer Interest-Bearing Liabilities	49,160,768	53,821,896	60,095,232	68,619,448	78,352,776
Bank Deposits					
Interest Bearing Liabilities: Others					
Total Interest-Bearing Liabilities	55,136,376	59,457,620	65,916,448	74,826,488	84,976,520
Banks Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	2,888,097	2,891,291	3,180,420	3,498,462	3,848,308
Total Liabilities	58,024,476	62,348,912	69,096,872	78,324,952	88,824,824
Shareholders Equity	3,772,465	4,411,621	5,385,549	5,933,947	6,554,483
Minority Interests					
Total Equity	3,772,465	4,411,621	5,385,549	5,933,947	6,554,483

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Income Growth	10.7%	5.8%	3.0%	13.0%	16.8%
Operating Profit Growth	12.0%	17.9%	(4.9%)	9.2%	16.6%
Pretax Profit Growth	32%	7%	(12%)	8%	14%
Net Interest To Total Income	74.6%	73.0%	73.5%	75.4%	77.6%
Cost Of Funds	4.89%	5.16%	5.00%	4.84%	4.64%
Return On Interest Earning Assets	8.1%	8.2%	7.9%	7.7%	7.6%
Net Interest Spread	3.25%	3.08%	2.87%	2.90%	3.00%
Net Interest Margin (Avg Deposits)	3.38%	3.24%	3.02%	3.02%	3.09%
Net Interest Margin (Avg RWA)					
Provisions to Pre Prov. Operating Profit	5%	14%	20%	21%	23%
Interest Return On Average Assets	2.70%	2.60%	2.43%	2.45%	2.53%
Effective Tax Rate	23.3%	25.6%	25.4%	25.2%	25.2%
Net Dividend Payout Ratio	17.9%	20.0%	20.2%	21.7%	21.7%
Return On Average Assets	1.17%	1.10%	0.89%	0.85%	0.85%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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.