

India
ADD (no change)

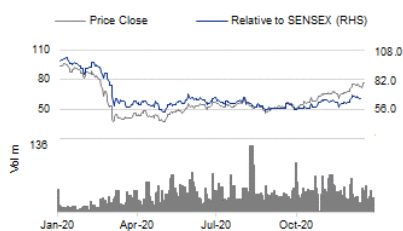
Consensus ratings*: Buy 32 Hold 1 Sell 1

Current price:	Rs77
Target price:	Rs90
Previous target:	Rs75
Up/downside:	16.9%
EIP Research / Consensus:	3.2%
Reuters:	FED.NS
Bloomberg:	FB IN
Market cap:	US\$2,112m
	Rs1,54,204m
Average daily turnover:	US\$31.9m
	Rs2326.3m
Current shares o/s:	199.9m
Free float:	100.0%

*Source: Bloomberg

Key changes in this note

- NII raised by 9-11% over FY21-23F
- PPOP raised by 9.5-16.7% over FY21-23F
- PAT raised by 5.9-10.6% over FY21-23F



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	28.0	35.6	(18.3)
Relative (%)	17.1	10.9	(32.2)

Major shareholders	% held
Franklin Templeton MF	5.0
ICICI Prudential Pvt Banks ETF	4.9
HDFC Standard Life insurance	3.1

Analyst(s)

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Federal Bank

Asset quality holding up well

- Federal Bank's 3QFY3/21 PPOP grew 30% yoy driven by strong NII and fee growth of 24.4%/22.8% yoy respectively. C/I (ex-trading gains) stood at 52%.
- The end-3QFY21 restructured book stood at Rs10.67bn (0.85% of advances). Overall collection efficiency remained constant qoq at 95% in 3Q.
- We raise our FY21F/22F/23F EPS by 5.9/10.6/5.4% to reflect better revenue progression and margin. We raise our TP to Rs90; reiterate Add.

Robust 3Q; operating profits up ~30%

Overall 3Q performance was strong with PPOP growth of 30% yoy, largely driven by net interest income (NII) growth of 24.4% yoy and strong fee income growth of 23% yoy. Pro forma gross non-performing loans (GNPL) ratio stood at 3.38% and net non-performing loans (NNPL) ratio at 1.14%. Further, 0.85% of loan book was restructured as on 3QFY21 vs our earlier estimate of 3%; provision coverage ratio (PCR) rose from 64.7% to 77.1% sequentially. PCR including pro forma numbers stood at 66.12% 9MFY21 core PAT was above expectations at 80% of our full-year forecast due to higher total income.

Asset quality held up well; restructuring lower than anticipated

Advances under restructuring (COVID specific) came in low at Rs10.67bn (0.85% of total advances) until 3QFY21 against Rs35bn (3%) guided earlier. Collection efficiencies remained largely stable at 95% (at pre-COVID levels). The retail segment formed 80% of the total restructured pool. As per management, these were largely home loans with LAP and mortgages contributing 45:55. Management expects total COVID-specific restructuring to be in the Rs15bn-16bn range in FY21.

PCR improved consistently, stood at 66% on pro forma bases

Delinquencies stood at Rs0.34bn, 0.03% of one-year lagged loans (+2bp qoq) as at 3Q. However, pro forma slippages were Rs10.6bn as on 3Q, of which Rs2.05bn was towards haircut taken on a large infra account in 1Q. The bank held specific additional provisions of Rs5.37bn as at 3Q. Pro forma GNPL ratio stood at 3.38% and NNPL at 1.14%. PCR including pro forma numbers stood at 66.12%. According to management, the bank holds 15-20% provisions on the restructured book.

Margins improved despite higher excess liquidity

Overall NIMs expanded 9bp and stood at 3.22% (last three-year high) despite excess liquidity. This was on the back of the fall in cost of deposits and lower slippages. Cost of deposits declined 23bp qoq. Overall loan growth in 3QFY21 was 5.3% yoy (2.1% qoq). Retail loans rose 16% yoy, driven by LAP (9% yoy) and mortgages (8% yoy). Corporate loans de-grew by 7% yoy. 3Q deposits grew 12% yoy, driven by CASA growth of 22.5% yoy. CASA ratio was at 34.5%, up ~80bp qoq.

Valuations attractive, reiterate Add

We lift our FY21F/22F/23F PAT by 5.9%/10.6%/5.4% to reflect better revenue progression with higher NII growth and fee income with slight uptick in credit cost. Hence, we raise our GGM-based TP to Rs90 (Rs75 earlier), 1.1x its FY22F book value with a sustainable ROE of 12%. We reiterate Add. Higher-than-expected delinquencies are a key downside risk. Potential catalysts are lower-than-expected credit costs.

Financial Summary	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Net Interest Income (Rsm)	41,763	46,489	54,777	60,051	68,045
Total Non-Interest Income (Rsm)	13,510	19,300	19,904	21,071	22,443
Operating Revenue (Rsm)	55,274	65,789	74,680	81,122	90,489
Total Provision Charges (Rsm)	(8,559)	(11,722)	(18,404)	(14,758)	(11,885)
Net Profit (Rsm)	12,439	15,414	14,578	18,031	21,929
Core EPS (Rs)	6.27	7.73	7.29	9.01	10.95
Core EPS Growth	41%	23%	(6%)	24%	22%
FD Core P/E (x)	6.27	7.73	7.29	9.01	10.95
DPS (Rs)	2.40	2.40	2.40	2.40	2.40
Dividend Yield	3.10%	3.10%	3.10%	3.10%	3.10%
BVPS (Rs)	66.9	72.8	77.5	84.1	92.5
P/BV (x)	1.16	1.06	1.00	0.92	0.84
ROE	9.8%	11.1%	9.7%	11.2%	12.4%
% Change In Core EPS Estimates			5.9%	10.6%	5.4%
EIP Research/Consensus EPS (x)			0.88	0.84	0.95

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 20 JAN 2021

Key charts

Management expects restructuring to mark Rs15bn-16bn by FY21.

Figure 1: COVID-specific restructuring details

Particulars	Rsbn
Restructuring done in 2QFY21	0.28
Restructuring done in 3QFY21	6.63
Restructuring done after 3QFY21 till 16th Jan 2021	3.76
Restructuring done till date	10.67
Expected restructuring	15bn-16bn

SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 2: COVID-specific restructuring businesswise (3QFY21)

Particulars	Rsbn
Retail	8.59
Business Banking	0.93
Commercial banking	0.88
Others	0.27
Total restructuring	10.67

SOURCES: EIP RESEARCH, COMPANY REPORTS

Retail loans grew 16% yoy, while corporate loans de-grew by 7% yoy.

Figure 3: Loan growth (%)

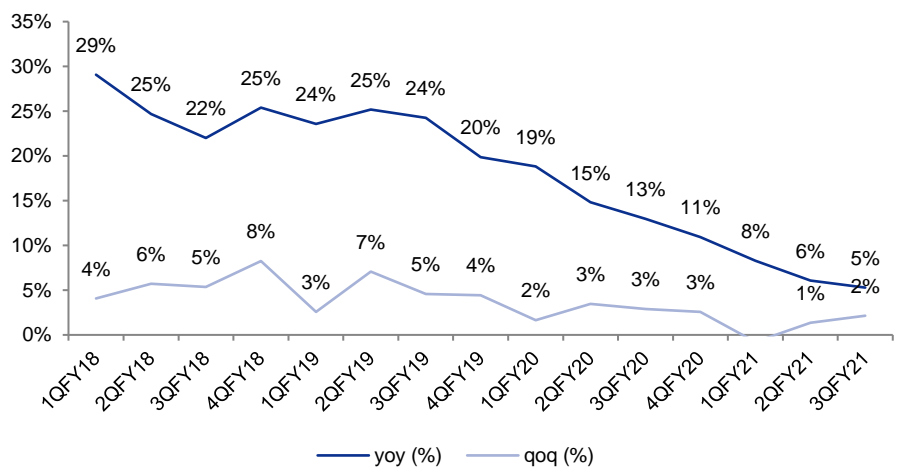
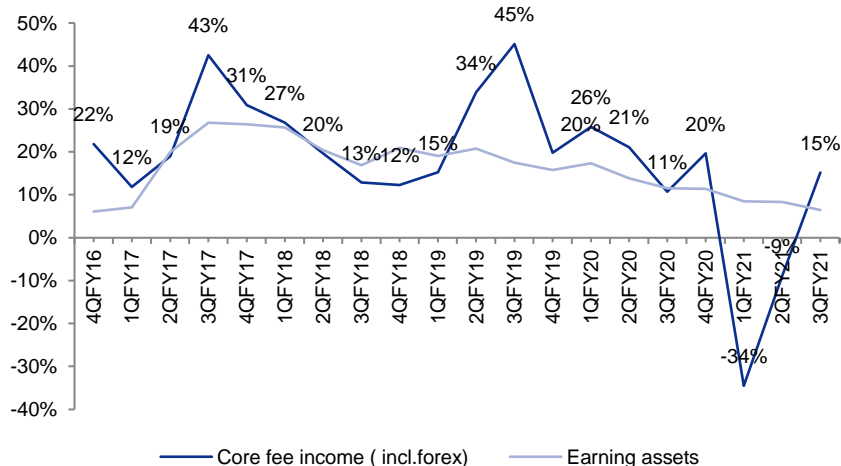


Figure 4: Core fee income vs. earnings assets growth (%)



SOURCES: EIP RESEARCH, COMPANY REPORTS

NIM rose 9bp qoq to 3.2% in 3QFY21. The cost of deposits declined by 23bp sequentially.

Figure 5: Calculated net interest margin (%)

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21
Yield on loans	9.4%	9.3%	9.2%	9.0%	8.9%	8.9%	8.7%
Interest cost to avg Interest bearing liabilities	5.8%	5.9%	5.8%	5.5%	5.2%	5.0%	4.7%
Yield on investments	7.0%	6.7%	6.9%	6.8%	6.9%	6.7%	6.5%
Loan-deposit ratio	85%	83%	82%	80%	78%	78%	78%
NIM (reported)	3.2%	3.0%	3.0%	3.0%	3.1%	3.1%	3.2%

SOURCES: EIP RESEARCH, COMPANY REPORTS

End-3QFY21 delinquencies were at Rs0.34bn, 0.03% of one-year lagged loans, up 2bp qoq.

Figure 6: Asset quality

Rs m	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21
Gross NPLs	32,607	33,947	36,121	36,187	35,310	36,556	35,520	34,702
% growth yoy	16.6%	18.3%	13.4%	7.7%	8.3%	7.7%	-1.7%	-4.1%
% growth qoq	-3.0%	4.1%	6.4%	0.2%	-2.4%	3.5%	-2.8%	-2.3%
Gross NPLs to Loans (%)	2.9%	2.9%	3.0%	2.9%	2.8%	2.9%	2.8%	2.7%
Gross NPAs - additions	2,690	4,340	5,710	6,030	3,120	1,840	100	340
% of loans (one year lag)	0.3%	0.5%	0.6%	0.6%	0.3%	0.2%	0.0%	0.0%
Net NPLs	16,262	16,728	18,436	19,410	16,070	14,775	12,180	7,572
% growth	4.8%	3.2%	2.6%	6.8%	-1.2%	-11.7%	-33.9%	-61.0%
Net NPLs to Loans (%)	1.5%	1.5%	1.6%	1.6%	1.3%	1.2%	1.0%	0.6%
Total rest. loans (o/s std. loans)	6,040	6,190	6,120	4,630	3,970	4,060	4,410	11,290
% of loans	0.5%	0.6%	0.5%	0.4%	0.3%	0.3%	0.4%	0.9%

SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 7: Sectoral delinquencies

Rs m	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21
Wholesale banking	3,210	290	1,740	0	0
% of loans -1 year lag	0.7%	0.1%	0.4%	0.0%	0.0%
SME+Agri	1,210	1,220	80	0	160
% of loans -1 year lag	0.6%	0.6%	0.0%	0.0%	0.1%
Retail	1,010	970	10	10	0
% of loans -1 year lag	0.3%	0.3%	0.0%	0.0%	0.0%
Total fresh slippages	5,930	2,840	1,840	20	220
% of loans -1 year lag	0.6%	0.3%	0.2%	0.0%	0.0%

SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 8: Federal Bank – quarterly results summary

Rs m	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21
Net interest income	11,543	11,238	11,549	12,160	12,964	13,799	14,370
% growth	17.8%	9.9%	7.2%	10.9%	12.3%	22.8%	24.4%
Interest Expense / Interest Income (%)	64.3%	65.5%	65.3%	64.2%	62.4%	60.4%	58.5%
Commission / Brokerage	2,180	2,520	2,540	2,650	1,470	2,560	3,120
% growth	36.3%	26.0%	23.3%	14.7%	-32.6%	1.6%	22.8%
Forex / Derivatives	430	640	560	760	240	320	450
% growth	-9.3%	4.9%	-24.3%	40.7%	-44.2%	-50.0%	-19.6%
Portfolio gains	910	820	650	3,690	3,040	1,410	1,060
Portfolio gains (% of Total Income)	5.9%	5.3%	4.2%	19.1%	17.0%	7.5%	5.5%
Recovery from w-off bad loans	400	220	320	10	130	800	190
Total other income	3,920	4,200	4,070	7,110	4,880	5,090	4,820
% growth	44.5%	30.0%	17.6%	72.6%	24.5%	21.2%	18.4%
Total Income	15,463	15,438	15,619	19,270	17,844	18,889	19,190
Payment to Employees	-3,978	-4,407	-4,148	-5,191	-4,959	-4,875	-5,256
% growth	15.3%	42.7%	17.3%	40.2%	24.6%	10.6%	26.7%
Other Operating expenses	-3,651	-3,852	-4,042	-4,487	-3,566	-3,952	-4,303
% growth	20.5%	13.7%	11.9%	17.1%	-2.3%	2.6%	6.5%
Total operating expenses	-7,629	-8,259	-8,190	-9,678	-8,524	-8,827	-9,560
% growth	17.7%	27.5%	14.5%	28.4%	11.7%	6.9%	16.7%
% of Total Income (exc. portfolio income)	52.4%	56.5%	54.7%	62.1%	57.6%	50.5%	52.7%
Operating Income before provisions	7,834	7,179	7,430	9,592	9,320	10,062	9,631
% growth	29.9%	2.9%	4.9%	27.0%	19.0%	40.2%	29.6%
Provisions - total	-1,920	-2,518	-1,609	-5,675	-3,950	-5,920	-4,206
% growth	-3.6%	-12.8%	-15.4%	219.3%	105.7%	135.1%	161.5%
Profit before tax	5,914	4,661	5,821	3,917	5,370	4,142	5,424
% growth	46.3%	14.0%	12.3%	-32.2%	-9.2%	-11.1%	-6.8%
Provision for Taxes	-2,065	-503	-1,423	-906	-1,370	-1,069	-1,382
% tax rate	34.9%	10.8%	24.4%	23.1%	25.5%	25.8%	25.5%
Net Profit	3,848	4,158	4,398	3,011	4,000	3,074	4,043
% growth	46.3%	56.2%	31.6%	-21.1%	3.9%	-26.1%	-8.1%
NIMs (reported)	3.2%	3.0%	3.0%	3.0%	3.1%	3.1%	3.2%
Loans (Rs bn)	1,120	1,159	1,192	1,223	1,213	1,229	1,255
% growth	18.8%	14.8%	13.0%	10.9%	8.3%	6.1%	5.3%
Deposits (Rs bn)	1,325	1,395	1,446	1,523	1,549	1,567	1,617
% growth	19.1%	18.1%	17.1%	12.8%	16.9%	12.3%	11.8%
Savings deposits	349	366	380	392	421	443	466
% growth	23.2%	11.1%	11.9%	10.6%	20.6%	21.2%	22.5%
Current deposits	68	75	75	73	76	85	92
% growth	-23.8%	13.9%	18.3%	-8.6%	11.1%	13.4%	22.7%
CASA to Total deposits (%)	31.4%	31.5%	31.5%	30.5%	32.0%	33.7%	34.5%
Loans / Deposits (%)	84.5%	83.0%	82.5%	80.3%	78.3%	78.4%	77.6%
Gross NPLs (Rs bn)	33.9	36.1	36.2	35.3	36.6	35.5	34.7
Gross NPLs (%)	2.9%	3.0%	2.9%	2.8%	2.9%	2.8%	2.7%
Net NPLs (Rs bn)	16.7	18.4	19.4	16.1	14.8	12.2	7.6
Net NPLs (%)	1.5%	1.6%	1.6%	1.3%	1.2%	1.0%	0.6%
Provision coverage ratio (%)	50.7%	49.0%	46.4%	54.5%	59.6%	65.7%	78.2%
CAR - Tier I (%)	13.0%	12.9%	12.6%	13.3%	13.0%	13.3%	13.0%

SOURCES: EIP RESEARCH, COMPANY REPORTS

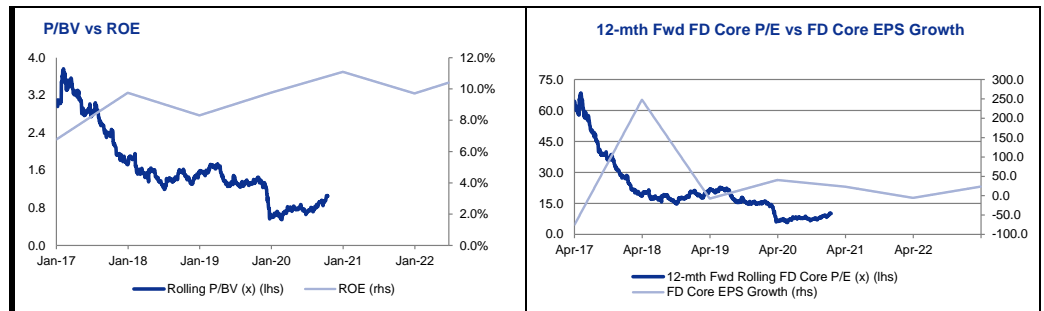
Figure 9: Change in estimates

Particulars (m)	Old estimates			New estimates			% Change		
	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F
NII	49,371	55,214	62,489	54,777	60,051	68,045	10.9%	8.8%	8.9%
PPOP	32,453	33,441	37,623	37,885	38,853	41,190	16.7%	16.2%	9.5%
PBT	18,400	21,785	27,796	19,481	24,095	29,306	5.9%	10.6%	5.4%
PAT	13,768	16,302	20,800	14,578	18,031	21,929	5.9%	10.6%	5.4%
EPS (Rs)	6.9	8.2	10.4	7.3	9.0	11.0	5.9%	10.6%	5.4%
BV (Rs)	77.1	82.8	90.7	77.5	84.1	92.5	0.5%	1.5%	2.0%
RoE	9.2%	10.2%	12.0%	9.7%	11.2%	12.4%	0.5%	1.0%	0.4%

SOURCES: EIP RESEARCH ESTIMATES

We acknowledge the contribution of Gaushal Gandhi (trainee) in the writing of this note.

BY THE NUMBERS



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Net Interest Income	41,763	46,489	54,777	60,051	68,045
Total Non-Interest Income	13,510	19,300	19,904	21,071	22,443
Operating Revenue	55,274	65,789	74,680	81,122	90,489
Total Non-Interest Expenses	(26,439)	(32,420)	(35,312)	(40,623)	(47,471)
Pre-provision Operating Profit	27,631	32,033	37,885	38,853	41,190
Total Provision Charges	(8,559)	(11,722)	(18,404)	(14,758)	(11,885)
Operating Profit After Provisions	19,073	20,311	19,481	24,095	29,306
Pretax Income/(Loss) from Assoc.					
Operating EBIT (incl Associates)	19,073	20,311	19,481	24,095	29,306
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	19,073	20,311	19,481	24,095	29,306
Exceptional Items					
Pre-tax Profit	19,073	20,311	19,481	24,095	29,306
Taxation	(6,634)	(4,898)	(4,903)	(6,065)	(7,376)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	12,439	15,414	14,578	18,031	21,929
Minority Interests					
Pref. & Special Div					
FX And Other Adj.					
Net Profit	12,439	15,414	14,578	18,031	21,929
Recurring Net Profit					

Balance Sheet Employment

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Gross Loans/Cust Deposits	82.9%	81.5%	78.6%	79.3%	80.7%
Avg Loans/Avg Deposits	83.0%	82.2%	80.0%	78.9%	80.0%
Avg Liquid Assets/Avg Assets	27.2%	26.3%	28.5%	30.0%	29.0%
Avg Liquid Assets/Avg IEAs	30.4%	29.5%	33.2%	35.7%	34.3%
Net Cust Loans/Assets	69.2%	67.7%	64.3%	64.7%	66.2%
Net Cust Loans/Broad Deposits	81.7%	80.3%	76.7%	76.9%	78.4%
Equity & Provns/Gross Cust Loans	13.8%	13.7%	14.5%	14.3%	13.5%
Asset Risk Weighting	61.4%	61.0%	56.4%	55.6%	55.6%
Provision Charge/Avg Cust Loans	0.62%	0.94%	1.40%	0.97%	0.64%
Provision Charge/Avg Assets	0.42%	0.65%	0.94%	0.65%	0.43%
Total Write Offs/Average Assets	(1.10%)	(1.13%)	(1.66%)	(2.06%)	(2.12%)

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Gross Loans	11,18,573	12,41,923	13,35,191	15,37,627	18,29,325
Liquid Assets & Invst. (Current)	3,14,210	3,54,299	3,58,285	4,02,803	4,52,891
Other Int. Earning Assets					
Total Gross Int. Earning Assets	14,32,783	15,96,222	16,93,476	19,40,429	22,82,216
Total Provisions/Loan Loss Reserve	(16,343)	(19,242)	(31,742)	(44,742)	(52,792)
Total Net Interest Earning Assets	14,16,440	15,76,979	16,61,734	18,95,687	22,29,423
Intangible Assets					
Other Non-Interest Earning Assets	58,865	88,220	1,01,453	1,16,671	1,34,172
Total Non-Interest Earning Assets	76,288	1,03,655	1,11,599	1,28,075	1,46,996
Cash And Marketable Securities	1,00,668	1,25,750	2,53,525	2,84,130	3,06,792
Long-term Investments					
Total Assets	15,93,395	18,06,384	20,26,858	23,07,892	26,83,211
Customer Interest-Bearing Liabilities	13,49,544	15,22,900	16,99,062	19,40,098	22,67,239
Bank Deposits					
Interest Bearing Liabilities: Others	77,813	1,02,676	1,28,345	1,47,597	1,69,736
Total Interest-Bearing Liabilities	14,27,357	16,26,620	18,29,652	20,91,320	24,42,188
Banks Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	33,313	34,580	42,234	48,373	55,696
Total Liabilities	14,60,670	16,61,200	18,71,886	21,39,694	24,97,884
Shareholders Equity	1,32,730	1,45,180	1,54,968	1,68,200	1,85,327
Minority Interests					
Total Equity	1,32,730	1,45,180	1,54,968	1,68,200	1,85,327

Key Ratios					
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Income Growth	16.6%	11.3%	17.8%	9.6%	13.3%
Operating Profit Growth	19.4%	15.7%	18.0%	2.9%	6.2%
Pretax Profit Growth	42%	6%	(4%)	24%	22%
Net Interest To Total Income	75.6%	70.7%	73.3%	74.0%	75.2%
Cost Of Funds	5.44%	5.61%	4.92%	4.88%	4.87%
Return On Interest Earning Assets	8.6%	8.7%	8.5%	8.6%	8.4%
Net Interest Spread	3.12%	3.12%	3.58%	3.69%	3.58%
Net Interest Margin (Avg Deposits)	3.38%	3.24%	3.40%	3.30%	3.23%
Net Interest Margin (Avg RWA)	4.58%	4.47%	4.88%	4.95%	4.90%
Provisions to Pre Prov. Operating Profit	31%	37%	49%	38%	29%
Interest Return On Average Assets	2.81%	2.73%	2.86%	2.77%	2.73%
Effective Tax Rate	34.8%	24.1%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio	38.3%	31.1%	32.9%	26.6%	21.9%
Return On Average Assets	0.84%	0.91%	0.76%	0.83%	0.88%

Key Drivers					
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Loan Growth (%)	19.9%	10.9%	6.6%	14.5%	19.0%
Net Interest Margin (%)	3.1%	3.1%	3.3%	3.3%	3.2%
Non Interest Income Growth (%)	16.6%	42.9%	3.1%	5.9%	6.5%
Cost-income Ratio (%)	50.0%	51.3%	49.3%	52.1%	54.5%
Net NPL Ratio (%)	1.5%	1.3%	1.1%	0.7%	0.7%
Total CAR (%)	14.1%	14.0%	14.5%	14.0%	13.2%
Deposit Growth (%)	20.5%	12.8%	11.6%	14.2%	16.9%
Loan-deposit Ratio (%)	81.7%	80.3%	76.7%	76.9%	78.4%
Gross NPL Ratio (%)	2.9%	2.8%	3.4%	3.6%	3.5%
Fee Income Growth (%)	25.8%	23.5%	6.0%	15.1%	14.0%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

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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 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.