

**India**
**ADD** (no change)

Consensus ratings\*: Buy 13 Hold 2 Sell 0

Current price:	Rs608
Target price:	Rs765
Previous target:	Rs850
Up/downside:	25.8%
EIP Research / Consensus:	-10.9%
Reuters:	CRDE.NS
Bloomberg:	CREDAG IN
Market cap:	US\$1,283m
	Rs94,664m
Average daily turnover:	US\$1.5m
	Rs108.1m
Current shares o/s:	7,780.0m
Free float:	21.3%

\*Source: Bloomberg

**Key changes in this note**

- FY22F/23F EPS cut by 38.8%/2.1%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(1.4)	(15.4)	34.6
Relative (%)	0.1	(12.3)	(13.5)

Major shareholders	% held
CreditAccess Asia NV	73.4
Nippon Life India Trustee Ltd.	3.9
Tata AIA Life Insurance Co. Ltd	1.4

**Analyst(s)**

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# CreditAccess Grameen Ltd

## Resilient model to help tide uncertainty

- 4QFY3/21 PAT stood at Rs0.56bn up 83% yoy, driven by strong NII growth of 28% yoy and contained opex (up 25% yoy). Cost to income stood at 32.7%.
- AUM grew 13% yoy with strong disbursements growth of 42%. Collections in Mar improved to 94%, but witnessed a 4-5% drop in the latter half of Apr.
- We cut our FY22F/23F EPS estimates by 39%/2% to factor in higher credit costs given the current uncertainty on the relapse of lockdown. Maintain Add.

### Strong 4Q; watch out for FY22F recovery

Overall 4QFY21 performance was strong with both PAT and PPOp increasing by 83% yoy. This was largely driven by strong NII growth (28% yoy) on the back of recovery in disbursements up 42% yoy and contained opex grew 25% yoy. The cost-to-income ratio was 32.7% from 46.6% in 3Q. Provisions formed 76% of PPOp. Gross NPLs for CREDAG stood at 4.38%, down 246bp qoq, while net NPLs remained nil. Provisions stood at 5% vs. 5.9% in 3Q. Collection efficiencies improved qoq to 94% with a sharp improvement in non-paying customers which now stands at 1.9%.

### Conservative recognition policy to provide resilience in uncertainty

CREDAG GNPLs (on 60dpd) stood at 4.38% vs. 6.84% in 3Q; NPLs were zero. Provisioning (expected credit losses [ECL]) stood at 5%. PAR 60 and 90 saw sharp qoq reductions from 7%/5.2% to 3.5%/2.9% respectively. Additional COVID buffer stood at Rs1.03bn (1% of ECL) created for FY22. Total restructured book was 0.73% which was less than 30dpd and 74% of it is provided for. Non-paying customers improved qoq from 5.1% to 1.9% in 4Q. Collection efficiency improved to 94% (up 3% qoq). Write-offs made during the quarter stood at Rs2.78bn. However, due to the second wave of COVID, collections in the second half of Apr were down by 4-5% as highlighted by management.

### Growth revival strong, largely from new geographies

Consolidated AUM for the quarter stood at ~Rs136bn, growing 13% yoy and 10% qoq. 4Q disbursements were strong, up 42% yoy. Disbursal growth from branches opened in FY20 stood at 61% yoy. New disbursements from Jun 2020 to Mar 2021 formed 69% of total AUM. Management highlighted that the overall share of state of Maharashtra and Karnataka reduced sequentially. This will aid reduction of concentration risk and overall stressed book, in our view. Margins expanded 260bp qoq to 11.3% in 4Q. We believe the company's liquidity is at a comfortable level with 16.5% of total assets held in cash and cash equivalent as on 4Q. Also, it has an undrawn sanction line of Rs23.8bn.

### Resilient business model to help tide through uncertainty

We expect asset quality for 1HFY22 to be under pressure due to the second wave of COVID. However, CREDAG's resilient business model, given conservative asset recognition policy and constant diversification efforts as showcased in the first COVID wave, will ensure faster-than-industry recovery. We cut our FY22F/23F EPS by 39%/2% due to higher provisions (credit costs of 330/150bp for FY22F/23F) and lower AUM growth due to tough macros. Our TP of Rs765 (previously Rs850) implies 2.4x FY23F book value. We reiterate Add. Key risks are a fall in asset quality due to the second wave of COVID.

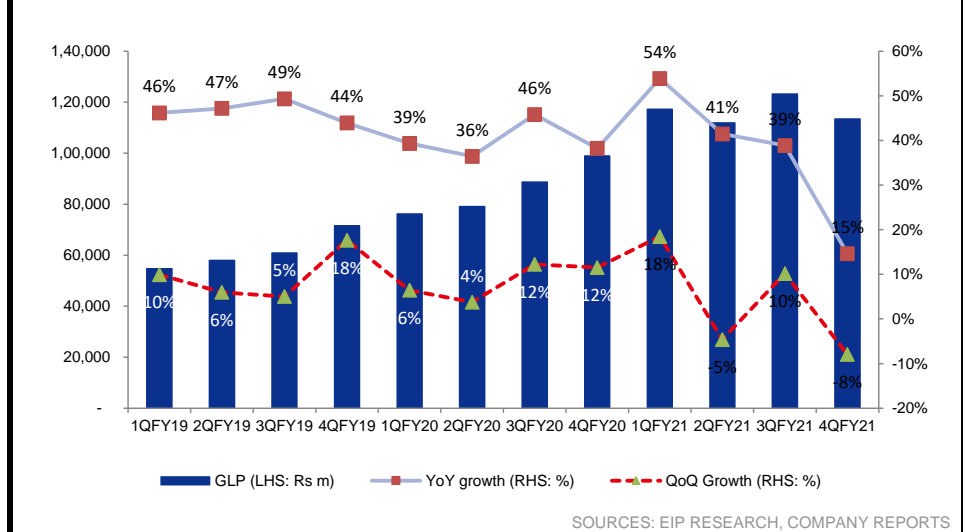
### Financial Summary

	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Net Interest Income (Rsm)	7,464	10,207	13,484	15,534	22,015
Total Non-Interest Income (Rsm)	1,202	1,048	1,889	1,766	1,709
Operating Revenue (Rsm)	8,666	11,255	15,373	17,300	23,723
Total Provision Charges (Rsm)	(749)	(2,373)	(7,713)	(4,450)	(2,687)
Net Profit (Rsm)	3,218	3,355	1,314	4,120	8,579
Core EPS (Rs)	22.41	23.30	8.44	26.48	55.14
Core EPS Growth	35%	4%	(64%)	214%	108%
FD Core P/E (x)	27.15	26.11	72.05	22.98	11.04
DPS (Rs)	0.00	0.00	0.00	0.00	0.00
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
BVPS (Rs)	164.8	189.9	237.2	263.7	318.9
P/BV (x)	3.69	3.20	2.56	2.31	1.91
ROE	16.9%	13.2%	4.1%	10.6%	18.9%
% Change In Core EPS Estimates				(38.8%)	(2.1%)
EIP Research/Consensus EPS (x)				0.61	0.94

SOURCES: EIP RESEARCH, COMPANY REPORTS

## Key charts

**Figure 1: Overall trend of AUM growth**



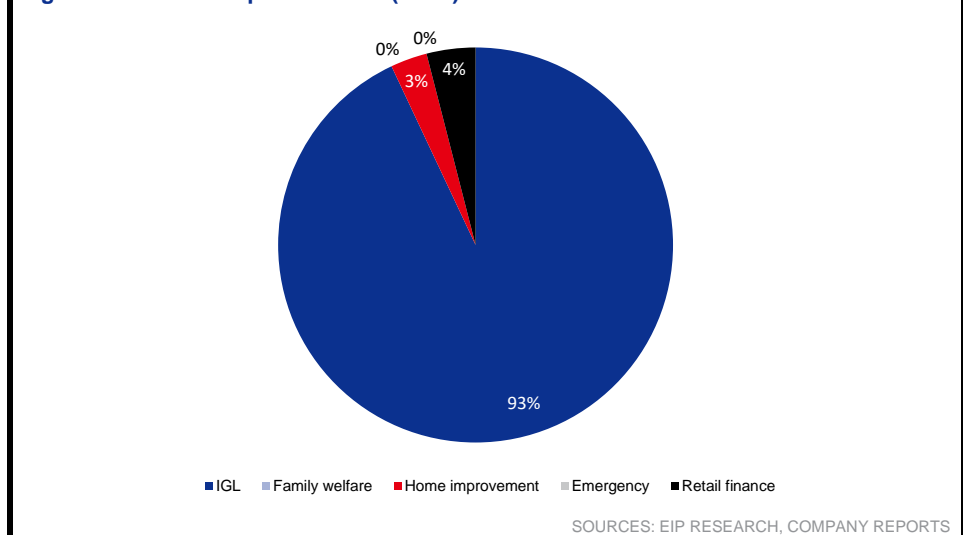
Of the new disbursements (from Jun 2020 to Mar 2021), 99% were for regular customers. PAR 0/30/60/90 for the total disbursements stood at 1%/0.4%/0.2%/0.1% respectively. Total new disbursements formed 72% of gross loan portfolio.

**Figure 2: Trend of portfolio at risk (PAR) for CREDAG since the onset of COVID**

Portfolio at risk	Mar-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
PAR 0	1.9%	18.1%	18.8%	16.1%	11.8%	10.3%	8.9%	5.2%
PAR 30	1.7%	1.8%	11.5%	11.5%	8.9%	8.1%	7.4%	4.1%
PAR 60	1.5%	1.6%	2.5%	8.2%	7.0%	6.9%	6.5%	3.5%
PAR 90	1.2%	1.4%	1.6%	2.2%	5.2%	5.7%	5.7%	2.9%

SOURCES: EIP RESEARCH, COMPANY REPORTS

**Figure 3: Gross loan portfolio mix (FY21)**



**Figure 4: Key ratios**

Particulars	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Yields on Loans	19.7%	19.5%	19.7%	19.6%	20.5%	19.7%	16.3%	18.6%
Cost of funds	10.3%	10.2%	10.0%	9.6%	9.4%	9.6%	9.3%	8.9%
NIMs	12.6%	12.3%	12.4%	12.1%	12.6%	11.1%	8.7%	11.3%
Cost/income ratio	35.4%	39.8%	34.8%	36.8%	31.0%	39.2%	43.7%	29.2%
Gross NPAs	0.55%	0.52%	0.85%	1.57%	1.62%	1.82%	6.84%	4.38%
Net NPAs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

SOURCES: EIP RESEARCH, COMPANY REPORTS

Credag had a total of 929 branches in India as on FY21. Of the 259 branches opened in FY20, the disbursals grew 61% yoy. On a consolidated basis, Karnataka contributed 38.2%, Maharashtra 23.4% and Tamil Nadu 18.9%.

**Figure 5: Statewise share of gross loan profit**

States	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Karnataka	40%	0%	40%	38%	38%
Maharashtra	24%	0%	25%	25%	23%
Tamil Nadu	20%	0%	20%	20%	19%
Others	16%	0%	16%	17%	19%

SOURCES: EIP RESEARCH, COMPANY REPORTS

**Figure 6: Quarterly summary**

Particulars (Rs m)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Interest income	4,651	5,911	5,630	5,100	6,109
Interest Expenses	1,740	2,310	2,352	2,233	2,369
Net interest income	2,911	3,601	3,278	2,867	3,740
YoY growth (%)	29%	52%	34%	7%	28%
Operating Expenses	1,283	1,316	1,436	1,486	1,599
Operating Profit	1,796	2,557	1,969	1,702	3,291
YoY growth (%)	19%	56%	27%	-15%	83%
Provisions	1,390	1,551	902	2,757	2,504
Provisions to Operating Profits	77%	61%	46%	162%	76%
Profit Before Tax	406	1,006	1,067	(1,055)	787
Tax Rate (%)	24%	26%	25%	25%	28%
Profit After Tax	309	747	796	(792)	564
YoY growth (%)	-52%	-19%	-21%	-171%	83%
Yields on Loans (%)	19.6%	20.5%	19.7%	16.3%	18.6%
Cost of funds (%)	9.6%	9.4%	9.6%	9.3%	8.9%
NIMs (%)	12.1%	12.6%	11.1%	8.7%	11.3%
Gross NPAs (%)	1.57%	1.62%	1.82%	6.84%	4.38%
CAR (%)	23.6	23.7	26.4	31.4	31.8
Tier 1 (%)	22.3	22.4	25.6	30.7	30.5
Tier 2 (%)	1.3	1.3	0.8	0.7	1.3
Branches	929	929	929	929	964
Employees	10,824	10,576	10,698	10,912	10,625

SOURCES: EIP RESEARCH, COMPANY REPORTS

**Figure 2: ROE tree**

Particulars	FY17	FY18	FY19	FY20	FY21	FY22F	FY23F
Interest income	39.7%	20.3%	18.7%	16.1%	16.5%	17.2%	18.2%
Interest expended	19.4%	8.4%	6.7%	5.8%	6.7%	6.6%	7.3%
Net Interest Income	20.3%	12.0%	12.0%	10.2%	9.8%	10.6%	10.9%
Securitisation income	0.0%	0.0%	0.9%	0.3%	0.1%	0.1%	0.1%
Other Income (Treasury / others) / Avg. Assets	2.8%	0.3%	1.0%	0.8%	1.3%	0.9%	0.7%
<b>Income Yield / Avg. Assets</b>	<b>23.1%</b>	<b>12.3%</b>	<b>13.9%</b>	<b>11.3%</b>	<b>11.1%</b>	<b>11.7%</b>	<b>11.7%</b>
Op. Cost (Staff cost) / Avg Assets	6.3%	3.1%	3.0%	2.6%	2.7%	3.1%	3.4%
Op. Cost (Other costs) / Avg Assets	3.3%	1.7%	1.7%	1.7%	1.5%	1.5%	1.4%
Operating profit / Avg Assets	13.5%	7.4%	9.2%	7.0%	6.9%	7.0%	6.9%
Provisions / Avg. assets	6.5%	-0.3%	1.2%	2.4%	5.6%	1.7%	1.3%
<b>Pre-Tax ROA</b>	<b>7.0%</b>	<b>7.8%</b>	<b>8.0%</b>	<b>4.6%</b>	<b>1.3%</b>	<b>5.4%</b>	<b>5.6%</b>
Tax Retention Rate	64.5%	64.7%	64.6%	72.7%	72.8%	74.8%	74.8%
<b>Post Tax ROA</b>	<b>4.5%</b>	<b>5.0%</b>	<b>5.2%</b>	<b>3.4%</b>	<b>1.0%</b>	<b>4.0%</b>	<b>4.2%</b>
Leverage = Avg. Assets / Avg. Equity	5.45	4.12	3.28	3.83	4.16	4.09	4.38
<b>ROE (Leverage * ROA)</b>	<b>24.6%</b>	<b>20.7%</b>	<b>16.9%</b>	<b>12.9%</b>	<b>4.0%</b>	<b>16.5%</b>	<b>18.2%</b>

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

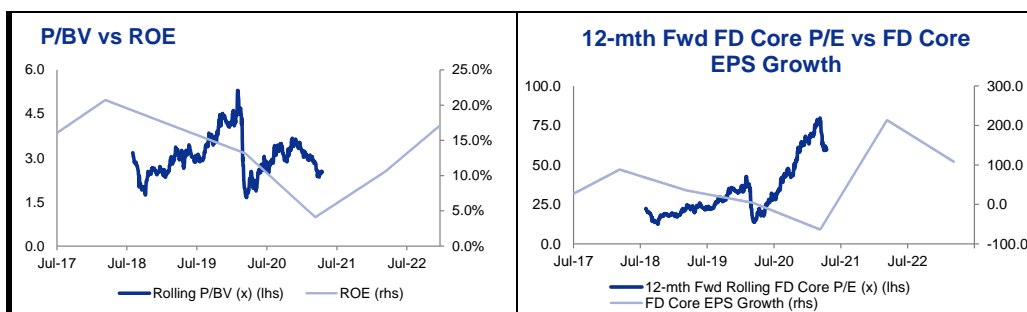
**Figure 3: Change in estimates**

Particulars	Old estimates		New estimates		Change (%)	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
NII (incl. securitisation income)	18,939	24,196	15,784	22,235	-16.7%	-8.1%
PPoP	11,924	14,684	9,956	14,152	-16.5%	-3.6%
PAT	6,716	8,744	4,120	8,579	-38.6%	-1.9%
EPS (Rs.)	43.2	56.3	26.5	55.1	-38.8%	-2.1%
RoE	16.2%	17.8%	10.4%	18.9%	-5.8%	1.2%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

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

## BY THE NUMBERS



### Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Net Interest Income	7,464	10,207	13,484	15,534	22,015
<b>Total Non-Interest Income</b>	<b>1,202</b>	<b>1,048</b>	<b>1,889</b>	<b>1,766</b>	<b>1,709</b>
Operating Revenue	8,666	11,255	15,373	17,300	23,723
<b>Total Non-Interest Expenses</b>	<b>(2,940)</b>	<b>(4,266)</b>	<b>(5,856)</b>	<b>(7,344)</b>	<b>(9,571)</b>
Pre-provision Operating Profit	5,726	6,989	9,517	9,956	14,152
<b>Total Provision Charges</b>	<b>(749)</b>	<b>(2,373)</b>	<b>(7,713)</b>	<b>(4,450)</b>	<b>(2,687)</b>
Operating Profit After Provisions	4,977	4,616	1,804	5,506	11,465
<b>Pretax Income/(Loss) from Assoc.</b>					
Operating EBIT (incl Associates)	4,977	4,616	1,804	5,506	11,465
<b>Non-Operating Income/(Expense)</b>					
Profit Before Tax (pre-EI)	4,977	4,616	1,804	5,506	11,465
<b>Exceptional Items</b>					
Pre-tax Profit	4,977	4,616	1,804	5,506	11,465
Taxation	(1,760)	(1,261)	(490)	(1,386)	(2,886)
Consolidation Adjustments & Others					
<b>Exceptional Income - post-tax</b>					
Profit After Tax	3,218	3,355	1,314	4,120	8,579
Minority Interests					
Pref. & Special Div					
<b>FX And Other Adj.</b>					
Net Profit	3,218	3,355	1,314	4,120	8,579
Recurring Net Profit					

### Balance Sheet Employment

(Rsm)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Gross Loans/Cust Deposits					
Avg Loans/Avg Deposits					
Avg Liquid Assets/Avg Assets	6.6%	7.4%	13.0%	15.4%	9.7%
<b>Avg Liquid Assets/Avg IEAs</b>	<b>7.1%</b>	<b>8.3%</b>	<b>15.4%</b>	<b>18.7%</b>	<b>10.9%</b>
Net Cust Loans/Assets	89.7%	88.2%	77.8%	83.7%	89.9%
<b>Net Cust Loans/Broad Deposits</b>	<b>160.5%</b>	<b>129.4%</b>	<b>128.0%</b>	<b>134.3%</b>	<b>140.6%</b>
Equity & Provns/Gross Cust Loans	35.8%	24.6%	31.5%	28.0%	24.2%
Asset Risk Weighting	91.0%	93.9%	81.6%	87.1%	92.8%
<b>Provision Charge/Avg Cust Loans</b>	<b>1.30%</b>	<b>2.68%</b>	<b>6.76%</b>	<b>3.37%</b>	<b>1.53%</b>
<b>Provision Charge/Avg Assets</b>	<b>1.20%</b>	<b>2.38%</b>	<b>5.58%</b>	<b>2.73%</b>	<b>1.33%</b>
Total Write Offs/Average Assets					

SOURCES: EIP RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rsm)</b>	<b>Mar-19A</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>
<b>Total Gross Loans</b>	<b>66,029</b>	<b>1,10,989</b>	<b>1,17,205</b>	<b>1,46,506</b>	<b>2,05,109</b>
Liquid Assets & Invst. (Current)	2	456			
Other Int. Earning Assets	467	555	2,810	3,147	3,525
Total Gross Int. Earning Assets	66,498	1,12,000	1,20,015	1,49,653	2,08,634
<b>Total Provisions/Loan Loss Reserve</b>					
Total Net Interest Earning Assets	66,498	1,12,000	1,20,015	1,49,653	2,08,634
Intangible Assets					
<b>Other Non-Interest Earning Assets</b>	<b>302</b>	<b>5,827</b>	<b>5,492</b>	<b>5,667</b>	<b>6,242</b>
<b>Total Non-Interest Earning Assets</b>	<b>921</b>	<b>6,718</b>	<b>5,734</b>	<b>5,957</b>	<b>6,620</b>
Cash And Marketable Securities	6,156	7,179	24,844	19,514	12,957
<b>Long-term Investments</b>					
Total Assets	73,574	1,25,896	1,50,593	1,75,124	2,28,210
Customer Interest-Bearing Liabilities					
Bank Deposits	41,145	85,800	91,545	1,09,096	1,45,870
Interest Bearing Liabilities: Others	7,150	8,567	16,842	20,268	27,446
Total Interest-Bearing Liabilities	48,666	95,397	1,09,414	1,30,391	1,74,342
Banks Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	1,257	2,068	3,215	3,697	4,252
Total Liabilities	49,923	97,464	1,12,629	1,34,088	1,78,594
Shareholders Equity	23,651	27,342	36,916	41,036	49,616
<b>Minority Interests</b>					
Total Equity	23,651	27,342	36,916	41,036	49,616

<b>Key Ratios</b>					
	<b>Mar-19A</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>
Total Income Growth	47.5%	36.8%	32.1%	15.2%	41.7%
Operating Profit Growth	81.9%	22.1%	36.2%	4.6%	42.2%
Pretax Profit Growth	52%	(7%)	(61%)	205%	108%
Net Interest To Total Income	86.1%	90.7%	87.7%	89.8%	92.8%
Cost Of Funds	9.82%	8.07%	9.07%	9.00%	9.70%
Return On Interest Earning Assets	20.1%	17.9%	19.6%	19.5%	20.5%
Net Interest Spread	10.31%	9.88%	10.56%	10.52%	10.84%
Net Interest Margin (Avg Deposits)					
Net Interest Margin (Avg RWA)	12.81%	11.03%	11.19%	11.28%	12.09%
Provisions to Pre Prov. Operating Profit	13%	34%	81%	45%	19%
Interest Return On Average Assets	11.97%	10.23%	9.75%	9.54%	10.92%
Effective Tax Rate	35.4%	27.3%	27.2%	25.2%	25.2%
Net Dividend Payout Ratio					
Return On Average Assets	5.16%	3.36%	0.95%	2.53%	4.25%

<b>Key Drivers</b>					
	<b>Mar-19A</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>
Loan Growth (%)	34.9%	68.1%	5.6%	25.0%	40.0%
Net Interest Margin (%)	12.9%	11.4%	11.6%	11.5%	12.3%
Non Interest Income Growth (%)	915.2%	(12.8%)	80.2%	(6.5%)	(3.2%)
Cost-income Ratio (%)	33.9%	37.9%	38.1%	42.5%	40.3%
Total CAR (%)	36.1%	25.3%	32.6%	28.3%	24.4%

SOURCES: EIP RESEARCH, 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, **TIPIP** – 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:

<b>Add</b>	The stock's total return is expected to exceed 10% over the next 12 months.
<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
<b>Reduce</b>	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:

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

#### Country Ratings

Definition:

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