India

Overweight *(no change)*

NBFC

The only way out is through…

- The RBI easing its norms led to a gradual overheating in the MFI space, with accounts per borrower shooting up between 27%-39% yoy in 1QFY25.
- Our channel check also suggests a rise in employee frauds, higher misuse of loans & lapses in determining household income which led to more slippages.
- We believe all lenders will slow the accelerator and will witness rising credit cost, given the broad-based state-level spikes in PAR.

Overheating led by lending linearity, expanding presence

The overleveraging in the microfinance or MFI sector is deeper rooted than it seems. Accounts per borrower shot up between 27%-39% yoy in 1QFY25 in the states of Odisha, Tamil Nadu, Rajasthan, Maharashtra, Karnataka, Uttar Pradesh and Bihar. The average loan amount disbursed per account during the 2023-24 financial year was Rs45,024, registering a rise of ~9.9% over the preceding fiscal. The Reserve Bank of India or RBI in 2022 removed the interest rate cap, lifted the cap on several NBFC-MFI lenders and increased the eligible household income limit which, we believe, made the sector favourable for lenders. The rapid expansion also equally contributed to overleveraging as NBFC-MFI players, post Covid-19 pandemic, increased their branch presence from 599 districts in FY20 to 717 districts in FY23, out of total 797 districts in India. Thus, the exceptional growth in presence, along with linearity in lending, finally converted into over-leveraging and a cycle of higher defaults.

Rising incidences of system lapses, loopholes raise concerns

Our channel check suggests a rise in employee frauds, higher misuse of loans and lapses in determining household incomes. The sector known to have the highest need for human touch is not new to dealing with frauds, but the new factor playing out is digitalization. There is a rise in digital frauds, small ticket fintech lending and spurious deployment of credit online. The industry and regulators have well recognized the same and are working swiftly to address these loopholes, although it is a continuous long-term process.

Spike in dpd moving deeper in buckets; provisioning remains high

The signs of stress seen in 1QFY25 are expected to move into deeper buckets in the current quarter. PAR >30 dpd was up 30-210 bp qoq for large states in 1QFY25, while the PAR 90-180 dpd was up 30-180bp for most large states. The same is echoed by elevated stress flagged off by MFIs like Spandana Sphoorty Financial and Fusion Finance in the current quarter. Further, farmers' protests and the Karz Mukti Abhiyan in certain regions, especially Punjab and Haryana, have impacted collections and the asset quality. Collections remain key amid defaults and high attrition, but the near-term suffering is inevitable.

This is not the end but just a bend because it's a cyclical business

Asset quality stress is an inherent part of the MFI industry, given the nature of the unsecured loans offered to the lowest strata of the economy. This vulnerable segment being serviced by MFIs is not viable for banks or non-banking finance companies (NBFCs) due to the highly differentiated and nuanced approach of MFIs. The MFI industry has sailed through massive asset quality problems in the past, only to come out stronger and although we expect the pain to linger for a few more quarters, we do see light at the end of the tunnel with a massive customer base and strong support from the government.

Outlook & valuation

We continue to like Spandana Sphoorty Financial (ADD, TP Rs700) amid its low geographic concentration, higher unique borrower base & relatively lower ticket size expansion. However, elevated credit cost and slowing growth amid macroeconomic headwinds will impact profitability. We downgraded Fusion Finance (HOLD, TP Rs270) last year as it is facing bigger problems, including a change in the top management along with elevated exposure to leveraged customers as well as higher concentration risk.

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India

ADD *(no change)*

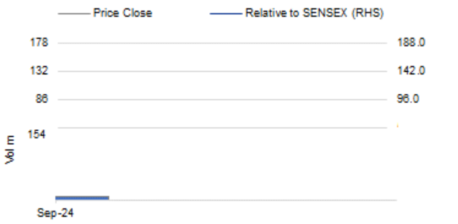
Consensus ratings*:	Buy 10	Hold 0	Sell 0

Current price:	Rs594
Target price: ▼	Rs700
Previous target:	Rs900
Up/downside:	17.8%
InCred Research / Consensus:	-23.0%
Reuters:	SPAD.BO
Bloomberg:	SPANDANA IN
Market cap:	US$583m
	Rs42,355m
Average daily turnover:	US$2.2m
	Rs162.0m
Current shares o/s:	0.0m
Free float:	16.0%

Source: Bloomberg

Key changes in this note

- As we expect the movement in day past due (dpd) buckets to remain higher in the near term, the trend in credit cost to remain elevated as per ECL methodology.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(3.4)	(18.6)	(21.9)
Relative (%)	(7.4)	(24.8)	(39.5)

Major shareholders	% held
KANGCHENJUNGA	41.0
PADMAJA GANGIREDDY	14.5
KEDAARA CAPITAL	7.0

Spandana Sphoorty Financial

Weak growth; elevated credit cost inevitable

- We have cut our disbursement growth estimates for SSFL amid sectoral headwinds, despite its diversified growth profile and limited concentration risk.
- Less than ~6% of SSFL's customers have more than four loans while more than ~50% of the customers have one or two loans, including from SSFL.
- With higher bucket movement, the provision requirement remains elevated, impacting profitability. We retain our ADD rating with a lower TP of Rs700.

Growth likely to slow down further amid rising sectoral headwinds

We believe Spandana Sphoorty Financial (SSFL) will witness a slowdown in disbursement growth during 2QFY25F amid rising concerns over asset quality along with various macroeconomic headwinds, including geopolitical problems in certain states, rise in employee attrition, etc. SSFL has reported ~42.3% sequential decline in disbursements to Rs22.8bn in 1QFY25, and we expect the disbursement trend for 2QFY25F to remain even lower. The company sold stressed loans amounting to ~Rs3bn for a total consideration of ~Rs167m in mid-Sep 2024. Considering the adversities in certain states, SSFL has already turned cautious in managing its portfolio quality and stopped lending to new-to-credit customers, paused new customer acquisition completely in certain branches, paused centre addition at a few branches, etc. Accordingly, we are building in ~14% CAGR in assets under management or AUM, which is backed by ~13.3% CAGR in disbursements over FY24-27F.

Bucket-level volatility to settle down gradually

Like most peers, SSFL has also witnessed a volatile asset quality trend, despite the trend in overleveraged customers being relatively lower with less than ~6% customers having more than four loans. The gross NPA ratio in 1QFY25 rose by 110bp sequentially to 2.6%, and there is a bucket-level spike in defaults amid elevated employee attrition as well as the shift in collections to a weekly basis. As we expect the movement in day past due (dpd) buckets to remain higher in the near term, the trend in credit cost to remain elevated as per the Expected Credit Loss (ECL) methodology. Management indicated another two quarters to settle the volatility.

Outlook & valuation

SSFL is one of fastest-growing NBFC MFIs in India, but we expect weak growth and profitability momentum in the near term. Accordingly, we have cut our estimates by 26.8%/27.9% for FY26F/27F, respectively. We maintain our ADD rating on the stock with a lower target price of Rs700 (Rs900 earlier), or ~1.1x FY26F BV. Though we expect the credit cost to remain elevated for SSFL, limited concentration risk as well as lower ticket size exposure provide comfort. The company also remains a beneficiary of the monetary easing cycle due to its variable borrowing profile and a fixed-rate lending portfolio. Slower growth and a spurt in delinquencies remain the key downside risks.

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Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Net Interest Income (Rsm)	8,196	13,113	18,199	19,897	22,082
Total Non-Interest Income (Rsm)	1,995	2,959	3,259	3,702	4,155
Operating Revenue (Rsm)	10,192	16,072	21,459	23,598	26,237
Total Provision Charges (Rsm)	(5,443)	(2,826)	(7,239)	(5,124)	(3,928)
Net Profit (Rsm)	124	5,007	3,844	5,207	6,066
Core EPS (Rs)	1.75	70.63	54.21	73.44	85.56
Core EPS Growth	(83%)	3,940%	(23%)	35%	16%
FD Core P/E (x)	339.80	8.41	10.96	8.09	6.94
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)	447.1	514.0	575.3	655.8	748.4
P/BV (x)	1.33	1.16	1.03	0.91	0.79
ROE	0.4%	14.7%	10.0%	11.9%	12.2%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

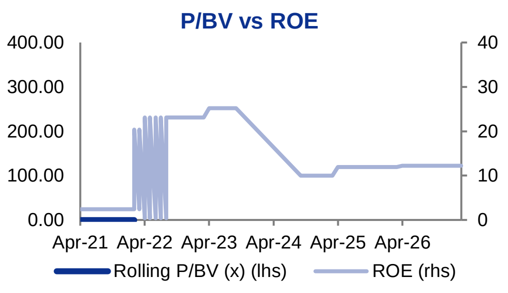
SOURCE: INCRED RESEARCH, COMPANY REPORTS

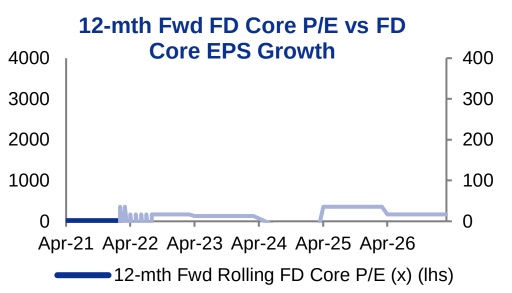
Figure 1: Our revised earnings estimates

Y/E Mar (Rs m)	FY25F			FY26F			FY27F		
	Earlier	Revised	% change	Earlier	Revised	% change	Earlier	Revised	% change
Net interest income	18,679	18,199	-2.6%	21,988	19,897	-9.5%	25,593	22,082	-13.7%
Non-interest income	3,313	3,259	-1.6%	3,466	3,702	6.8%	4,444	4,155	-6.5%
PPOP	12,930	12,398	-4.1%	13,969	12,113	-13.3%	15,669	12,070	-23.0%
PAT	5,979	3,844	-35.7%	7,113	5,207	-26.8%	8,413	6,066	-27.9%
EPS (Rs)	84.3	54.2	-35.7%	100.3	73.4	-26.8%	118.7	85.6	-27.9%
BV (Rs)	605.5	575.4	-5.0%	712.8	655.8	-8.0%	838.6	748.5	-10.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS





Profit & Loss

(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Net Interest Income	8,196	13,113	18,199	19,897	22,082
Total Non-Interest Income	**1,995**	**2,959**	**3,259**	**3,702**	**4,155**
Operating Revenue	10,192	16,072	21,459	23,598	26,237
Total Non-Interest Expenses	**(4,570)**	**(6,540)**	**(9,061)**	**(11,485)**	**(14,167)**
Pre-provision Operating Profit	5,621	9,532	12,398	12,113	12,070
Total Provision Charges	**(5,443)**	**(2,826)**	**(7,239)**	**(5,124)**	**(3,928)**
Operating Profit After Provisions	178	6,706	5,159	6,989	8,142
Pretax Income/(Loss) from Assoc.					
Operating EBIT (incl Associates)	178	6,706	5,159	6,989	8,142
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	178	6,706	5,159	6,989	8,142
Exceptional Items					
Pre-tax Profit	178	6,706	5,159	6,989	8,142
Taxation	(54)	(1,698)	(1,316)	(1,782)	(2,076)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	124	5,007	3,844	5,207	6,066
Minority Interests					
Pref. & Special Div					
FX And Other Adj.					
Net Profit	124	5,007	3,844	5,207	6,066
Recurring Net Profit					

Balance Sheet Employment

(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Gross Loans/Cust Deposits					
Avg Loans/Avg Deposits					
Avg Liquid Assets/Avg Assets	94.1%	95.2%	96.6%	96.7%	96.8%
Avg Liquid Assets/Avg IEAs	**116.6%**	**115.4%**	**117.3%**	**121.2%**	**126.3%**
Net Cust Loans/Assets					
Net Cust Loans/Broad Deposits					
Equity & Provns/Gross Cust Loans					
Asset Risk Weighting					
Provision Charge/Avg Cust Loans					
Provision Charge/Avg Assets					
Total Write Offs/Average Assets					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Gross Loans	**77,598**	**110,143**	**131,152**	**145,798**	**168,453**
Liquid Assets & Invst. (Current)					
Other Int. Earning Assets					
Total Gross Int. Earning Assets	77,598	110,143	131,152	145,798	168,453
Total Provisions/Loan Loss Reserve					
Total Net Interest Earning Assets	77,598	110,143	131,152	145,798	168,453
Intangible Assets					
Other Non-Interest Earning Assets	**3,994**	**3,149**	**3,307**	**3,472**	**3,646**
Total Non-Interest Earning Assets	**4,290**	**3,623**	**3,875**	**4,154**	**4,465**
Cash And Marketable Securities	10,045	18,941	22,804	35,902	46,616
Long-term Investments	**1,894**	**1,118**	**1,453**	**1,889**	**2,456**
Total Assets	93,826	133,825	159,284	187,743	221,990
Customer Interest-Bearing Liabilities					
Bank Deposits					
Interest Bearing Liabilities: Others	60,743	94,046	113,109	135,227	162,272
Total Interest-Bearing Liabilities	60,743	94,046	113,109	135,227	162,272
Banks Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	1,445	3,330	5,383	6,017	6,652
Total Liabilities	62,187	97,376	118,492	141,244	168,924
Shareholders Equity	31,699	36,446	40,790	46,497	53,063
Minority Interests	**2**	**3**	**3**	**3**	**3**
Total Equity	31,701	36,449	40,792	46,499	53,065

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Income Growth	2.9%	60.0%	38.8%	9.3%	11.0%
Operating Profit Growth	(2.7%)	69.6%	30.1%	(2.3%)	(0.4%)
Pretax Profit Growth	(82%)	3,661%	(23%)	35%	16%
Net Interest To Total Income	80.4%	81.6%	84.8%	84.3%	84.2%
Cost Of Funds	9.32%	11.97%	10.80%	10.50%	10.00%
Return On Interest Earning Assets	19.2%	23.8%	24.4%	23.8%	23.5%
Net Interest Spread	9.92%	11.87%	13.56%	13.28%	13.52%
Net Interest Margin (Avg Deposits)					
Net Interest Margin (Avg RWA)					
Provisions to Pre Prov. Operating Profit	97%	30%	58%	42%	33%
Interest Return On Average Assets	9.96%	11.52%	12.42%	11.47%	10.78%
Effective Tax Rate	30.5%	25.3%	25.5%	25.5%	25.5%
Net Dividend Payout Ratio					
Return On Average Assets	0.15%	4.40%	2.62%	3.00%	2.96%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

India

HOLD *(no change)*

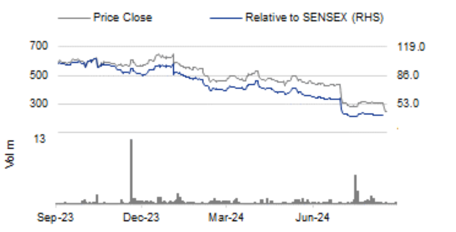
Consensus ratings*:	Buy 2	Hold 4	Sell 5

Current price:	Rs246
Target price: ▼	Rs270
Previous target:	Rs450
Up/downside:	9.8%
InCred Research / Consensus:	-22.4%
Reuters:	FUSN.NS
Bloomberg:	FUSION IN
Market cap:	US$342m
	Rs24,832m
Average daily turnover:	US$2.4m
	Rs175.4m
Current shares o/s:	101.0m
Free float:	42.3%

*Source: Bloomberg

Key changes in this note

- The company expects a credit loss provision of Rs5-5.5bn during 2QFY25F amid elevated defaults & proposes to hire a new CEO to frame its future strategy.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(14.6)	(46.5)	(58.8)
Relative (%)	(18.1)	(50.5)	(68.1)

Major shareholders	% held
Honeyrose	32.8
Creation investment	19.8
Devesh Sachdev	4.9

Fusion Finance Limited

There is no end to this tunnel!

- Fusion Finance witnessed a massive correction after announcing an additional provision requirement for credit losses as well as a change in its management.
- The company expects a credit loss provision of Rs5-5.5bn in 2QFY25F amid elevated defaults & proposes to hire a new CEO to frame its future strategy.
- We downgraded the stock last year amid elevated Punjab exposure, but the trend is worse than expected. Retain HOLD rating on it with a new TP of Rs270.

Asset quality turmoil continues; provisioning explodes

The management of Fusion Finance (FFL) has informed stock exchanges that the company may be required to make an estimated credit loss (ECL) provisioning in the range of Rs5-5.5bn in 2QFY25F as the trend in asset quality continues to remain challenging. FFL witnessed a sharp rise in Stage-3 assets to ~5.46% against ~2.89% in 4QFY24. FFL's management attributed the same to various reasons, including overleveraging of the existing customers (percentage of the company's customers with more than four loans was in mid-teens), failure of the Joint Liability Group model, etc. The company was unable to receive payment from ~55K customers in Jul 2024 which, we believe, has extended further, resulting in elevated provisioning requirement in 2QFY25F as well.

Shift in top management creates further uncertainty

FFL has also indicated that its current MD & CEO, Mr. Devesh Sachdev, has briefed the company's board that it is the right time to strengthen the executive leadership team. Accordingly, FFL will initiate a search for the position of MD & CEO, which will be completed in the next few months. It has also been proposed that Mr. Sachdev be appointed as the chairman of the board. We believe that the change in management at such a crucial time will create further uncertainty about the future growth trend as well as the quality of the loan book. The probability of kitchen sinking also may weigh over the stock price.

Equity dilution of Rs5.5bn will add to vulnerability

The company's board has also proposed to raise equity capital up to Rs5.5bn to strengthen the balance sheet. However, we believe that after the recent downfall in the company's earnings as well as headwinds faced by the micro finance industry in general, raising equity capital will be a challenging affair and given the price, the quantum of dilution will be heavy.

Outlook & valuation

We have been highlighting our concerns over adversities visible, as per borrower data since the past few quarters. We downgraded FFL's rating to HOLD last year amid elevated concentration risks as well as growth mainly contributed by the increase in loan ticket sizes. We cut our estimates by ~48%/32% for FY26F/27F, respectively. We maintain our HOLD rating on the stock with a lower target price of Rs270 (Rs450 earlier) or ~0.8x FY26F BV. Upside risks: Superior growth and a decline in fresh slippage. Downside risks: Steep improvement in asset quality.

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Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Net Interest Income (Rsm)	9,573	13,011	16,741	19,688	22,573
Total Non-Interest Income (Rsm)	1,999	3,205	3,556	3,798	4,108
Operating Revenue (Rsm)	11,572	16,216	20,297	23,486	26,680
Total Provision Charges (Rsm)	(2,004)	(3,649)	(11,432)	(9,115)	(7,144)
Net Profit (Rsm)	3,871	5,053	863	3,448	5,230
Core EPS (Rs)	38.58	50.27	8.58	34.31	52.03
Core EPS Growth	1,353%	30%	(83%)	300%	52%
FD Core P/E (x)	6.37	4.89	28.64	7.17	4.72
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)	231.4	283.4	291.9	326.2	378.3
P/BV (x)	1.06	0.87	0.84	0.75	0.65
ROE	21.2%	19.5%	3.0%	11.1%	14.8%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

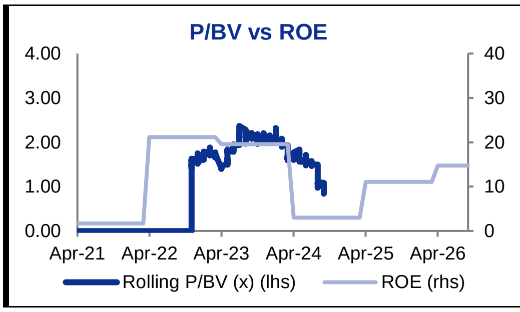
SOURCE: INCRED RESEARCH, COMPANY REPORTS

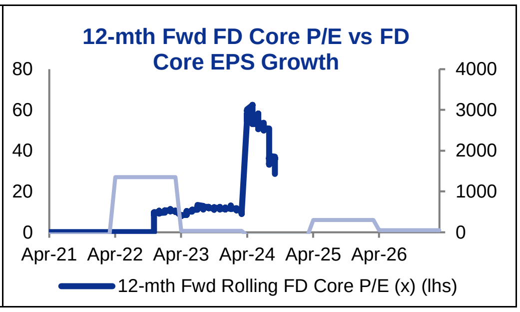
Figure 2: Our revised earnings estimates

Y/E Mar (Rs m)	FY25F			FY26F			FY27F		
	Earlier	Revised	% change	Earlier	Revised	% change	Earlier	Revised	% change
Net interest income	17,252	16,741	-3.0%	20,586	19,688	-4.4%	24,325	22,573	-7.2%
Non-interest income	3,591	3,556	-1.0%	4,066	3,798	-6.6%	4,502	4,108	-8.8%
PPOP	13,204	12,582	-4.7%	15,140	13,712	-9.4%	16,875	14,117	-16.3%
PAT	5,093	863	-83.1%	6,663	3,448	-48.2%	7,732	5,230	-32.4%
EPS (Rs)	50.7	8.6	-83.1%	66.3	34.3	-48.2%	76.9	52.0	-32.4%
BV (Rs)	334.0	291.9	-12.6%	400.3	326.2	-18.5%	477.2	378.3	-20.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS





Profit & Loss

(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Net Interest Income	9,573	13,011	16,741	19,688	22,573
Total Non-Interest Income	**1,999**	**3,205**	**3,556**	**3,798**	**4,108**
Operating Revenue	11,572	16,216	20,297	23,486	26,680
Total Non-Interest Expenses	**(4,448)**	**(5,935)**	**(7,715)**	**(9,773)**	**(12,563)**
Pre-provision Operating Profit	7,124	10,281	12,582	13,712	14,117
Total Provision Charges	**(2,004)**	**(3,649)**	**(11,432)**	**(9,115)**	**(7,144)**
Operating Profit After Provisions	5,120	6,633	1,150	4,598	6,973
Pretax Income/(Loss) from Assoc.					
Operating EBIT (incl Associates)	5,120	6,633	1,150	4,598	6,973
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	5,120	6,633	1,150	4,598	6,973
Exceptional Items					
Pre-tax Profit	5,120	6,633	1,150	4,598	6,973
Taxation	(1,248)	(1,580)	(288)	(1,149)	(1,743)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	3,871	5,053	863	3,448	5,230
Minority Interests					
Pref. & Special Div					
FX And Other Adj.					
Net Profit	3,871	5,053	863	3,448	5,230
Recurring Net Profit					

Balance Sheet Employment

(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Gross Loans/Cust Deposits					
Avg Loans/Avg Deposits					
Avg Liquid Assets/Avg Assets					
Avg Liquid Assets/Avg IEAs	**115.9%**	**114.6%**	**112.9%**	**109.8%**	**109.9%**
Net Cust Loans/Assets					
Net Cust Loans/Broad Deposits					
Equity & Provns/Gross Cust Loans					
Asset Risk Weighting					
Provision Charge/Avg Cust Loans					
Provision Charge/Avg Assets					
Total Write Offs/Average Assets					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Gross Loans	**80,416**	**99,479**	**121,169**	**144,801**	**169,546**
Liquid Assets & Invst. (Current)					
Other Int. Earning Assets					
Total Gross Int. Earning Assets	80,416	99,479	121,169	144,801	169,546
Total Provisions/Loan Loss Reserve					
Total Net Interest Earning Assets	80,416	99,479	121,169	144,801	169,546
Intangible Assets					
Other Non-Interest Earning Assets	**1,200**	**1,592**	**2,069**	**2,690**	**3,497**
Total Non-Interest Earning Assets	**1,409**	**1,816**	**2,349**	**3,026**	**3,900**
Cash And Marketable Securities	10,650	15,532	12,946	13,109	18,041
Long-term Investments					
Total Assets					
Customer Interest-Bearing Liabilities					
Bank Deposits					
Interest Bearing Liabilities: Others	67,784	86,159	100,473	120,024	143,538
Total Interest-Bearing Liabilities	67,784	86,159	100,473	120,024	143,538
Banks Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	2,632	3,103	6,647	8,120	9,927
Total Liabilities	70,416	89,262	107,120	128,144	153,465
Shareholders Equity	23,219	28,482	29,344	32,792	38,022
Minority Interests					
Total Equity					

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Income Growth	68.4%	35.9%	28.7%	17.6%	14.7%
Operating Profit Growth	81.2%	44.3%	22.4%	9.0%	3.0%
Pretax Profit Growth	1,991%	30%	(83%)	300%	52%
Net Interest To Total Income	82.7%	80.2%	82.5%	83.8%	84.6%
Cost Of Funds	10.24%	10.27%	10.10%	9.70%	9.30%
Return On Interest Earning Assets	22.9%	23.3%	23.7%	22.8%	22.2%
Net Interest Spread	12.68%	12.98%	13.62%	13.15%	12.86%
Net Interest Margin (Avg Deposits)					
Net Interest Margin (Avg RWA)					
Provisions to Pre Prov. Operating Profit	28%	35%	91%	66%	51%
Interest Return On Average Assets					
Effective Tax Rate	24.4%	23.8%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio					
Return On Average Assets					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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.

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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.