

Singapore

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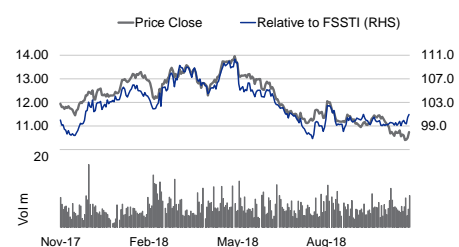
Consensus ratings*: Buy 17 Hold 4 Sell 1

Current price:	S\$10.74
Target price:	S\$14.00
Previous target:	S\$14.00
Up/downside:	30.4%
CGS-CIMB / Consensus:	1.3%
Reuters:	OCBC.SI
Bloomberg:	OCBC SP
Market cap:	US\$32,930m
	S\$45,668m
Average daily turnover:	US\$45.53m
	S\$62.51m
Current shares o/s	15,136m
Free float:	79.8%

*Source: Bloomberg

Key financial forecasts

	Dec-18F	Dec-19F	Dec-20F
Net Profit (S\$m)	4,699	4,808	5,039
Core EPS (S\$)	1.12	1.15	1.20
Core EPS Growth	13.3%	2.3%	4.8%
FD Core P/E (x)	9.59	9.37	8.94
Recurring ROE	11.9%	11.3%	11.0%
P/BV (x)	1.10	1.02	0.95
DPS (S\$)	0.41	0.41	0.43
Dividend Yield	3.82%	3.82%	4.00%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-6.1	-7.2	-9.8
Relative (%)	1.2	1.9	0.7

Major shareholders	% held
Selat Pte Ltd	11.0
Lee Foundation Singapore	4.3
Singapore Investments (Pte) Ltd	3.8

Analyst(s)

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OCBC

NIM beat

- 3Q18 core net profit was S\$1.25bn, 13.1% above our estimate. 9M18 net profit made up 75/77% of our/consensus's FY18F forecasts.
- NIM rose 5bp to 1.72% while loan growth was healthy at 1.7% yoy. Credit costs were low at 8bp of loans.
- However, JAW was negative, translating into slightly higher CTI ratio of 42%.

NIM improved to 1.72% as the rise in funding costs eased

- OCBC's NIM was up 5bp qoq to 1.72% as funding cost pressure moderated slightly. In 3Q18, asset yields rose 13bp (2Q18: +17bp) while funding costs increased a smaller 10bp (2Q18: +17bp). Note that the bank's NIM had stayed flat at 1.67% over the past year. We expect NIM to gradually improve in the coming months as the effects of the gradual repricing of its mortgage portfolio kick in.

Non-II supported by dividends and trading income

- Non-II was S\$1.1bn in 3Q18 (+1.5% qoq, +6.2% yoy), mainly due to better dividend income (+77% qoq, +150% yoy) and better trading income (+10% qoq). Wealth management income reduced slightly (-2.7% qoq, +5.9% yoy) due to weaker consumer sentiment. Net profit contribution from Great Eastern Holdings was lower at S\$176m (-10.7% qoq, -9.3% yoy).

Cost-to-income ratio higher on the back of negative JAW

- Increased slightly to 42.0% (2Q18: 41.8%) mainly due to higher staff costs. This is in line with the guided CTI of 40-45% in FY18.

Healthy loan growth; some contraction in deposits

- OCBC recorded net loan growth of 1.7% qoq in 3Q18, bringing YTD expansion to 8.3%; this is within management's high single-digit guidance for FY18. Key regional drivers were Singapore (+1.4% qoq, +8.0% yoy) and Greater China (+1.1% qoq, +15.0% yoy). By industry, credit growth was contributed by building and construction (+25.7% qoq, +46.0% yoy) and transport, storage and communication (+24.4% qoq, +46.0% yoy). LDR trended upwards to 88.5% in 3Q18 (2Q18: 85.9%) as the bank's deposit base contracted 1.2% qoq.

Asset quality stable with low 8bp credit costs

- Asset quality was stable with NPA formation of S\$338m or 53bp of loans in 3Q18 (2Q18: S\$277m or 44bp of loans). NPL ratio was unchanged at 1.4%.
- Loan loss provisions were S\$49m in 3Q18, translating into 8bp of loans (2Q18: 3bp). Impairment charges at these levels were still significantly lower than the quarterly average of 29bp in FY17. Annualised credit cost of 4bp in 9M18 was still below management's guidance of 15-20bp in the medium term.

Strong capitalisation

- Fully-loaded CET-1 capital ratio stood at 13.6% (2Q18: 13.2%) while ROE was unchanged at 12.6%.

Valuation and recommendation

- A potential re-rating catalyst is further pick-up in NIM while a downside risk is slower-than-expected loan growth in ASEAN markets. We maintain our Add call and GGM-based (ROE: 11.8%) target price of S\$14.00.

Figure 1: Quarterly key statistics - OCBC

S\$m	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	yoy %	qoq%	9M17	9M18	yoy %
Income Statement												
Interest income	2,117	2,241	2,332	2,428	2,510	2,710	2,853	22%	5%	6,690	8,073	21%
Interest expense	(845)	(896)	(950)	(1,004)	(1,095)	(1,260)	(1,348)	42%	7%	(2,691)	(3,703)	38%
Net interest income	1,272	1,345	1,382	1,424	1,415	1,450	1,505	9%	4%	3,999	4,370	9%
Profit from life assurance	49	195	201	270	166	191	184	-8%	-4%	445	541	22%
Premium income from general insurance	35	38	37	40	40	43	41	11%	-5%	110	124	13%
Fees and commissions (net)	481	492	488	491	536	518	502	3%	-3%	1,461	1,556	7%
Dividends	15	27	24	11	19	34	60	150%	76%	66	113	71%
Rental income	21	20	21	21	20	20	20	-5%	0%	62	60	-3%
Other income	249	234	207	381	137	218	232	12%	6%	690	587	-15%
Non-interest income	850	1,006	978	1,214	918	1,024	1,039	6%	1%	2,834	2,981	5%
TOTAL INCOME	2,122	2,351	2,360	2,638	2,333	2,474	2,544	8%	3%	6,833	7,351	8%
Staff costs	(602)	(619)	(608)	(642)	(662)	(633)	(651)	7%	3%	(1,829)	(1,946)	6%
Other operating expenses	(371)	(374)	(393)	(433)	(370)	(402)	(418)	6%	4%	(1,138)	(1,190)	5%
Total operating expenses	(973)	(993)	(1,001)	(1,075)	(1,032)	(1,035)	(1,069)	7%	3%	(2,967)	(3,136)	6%
PREPROVISION OPERATING PROFIT (PPOP)	1,149	1,358	1,359	1,563	1,301	1,439	1,475	9%	3%	3,866	4,215	9%
Amortization of intangible assets	(26)	(27)	(26)	(26)	(25)	(26)	(26)					
Loan loss provision	(168)	(169)	(156)	(178)	(12)	(21)	(49)	-69%	133%	(493)	(82)	-83%
Operating profit	955	1,162	1,177	1,359	1,264	1,392	1,400	19%	1%	3,294	4,056	23%
Associates and JVs	114	119	127	28	125	112	134	6%	20%	360	371	3%
Profit before tax	1,069	1,281	1,304	1,387	1,389	1,504	1,534	18%	2%	3,654	4,427	21%
Tax	(169)	(185)	(192)	(257)	(228)	(246)	(233)	21%	-5%	(546)	(707)	29%
Profit after tax	900	1,096	1,112	1,130	1,161	1,258	1,301	17%	3%	3,108	3,720	20%
Non-controlling interests	(39)	(55)	(55)	(96)	(49)	(49)	(56)	2%	14%	(149)	(154)	3%
Net profit	861	1,041	1,057	1,034	1,112	1,209	1,245	18%	3%	2,959	3,566	21%
Exceptional items	-	-	-	-	-	-	-					
Core net profit	861	1,041	1,057	1,034	1,112	1,209	1,245	18%	3%	2,959	3,566	21%
Overall stats/drivers												
NIM (%)	1.62%	1.65%	1.66%	1.67%	1.67%	1.67%	1.72%					
qoq loan growth (net)	2.1%	1.8%	1.6%	2.4%	4.0%	2.3%	1.7%					
yoy loan growth (net)	7.9%	11.3%	11.3%	8.1%	10.1%	10.7%	10.9%					
qoq deposit growth (%)	1.4%	-0.2%	1.4%	5.7%	1.8%	0.5%	-1.2%					
yoy deposit growth (%)	9.4%	7.4%	8.5%	8.5%	9.0%	9.8%	6.9%					
Deposit cost	1.1%	1.1%	1.1%	1.2%	1.3%	1.4%	1.5%					
Loan yield	3.0%	3.0%	3.0%	3.1%	3.1%	3.3%	3.4%					
Loan yield - deposit cost	2.0%	2.0%	1.9%	1.9%	1.9%	1.8%	1.9%					
Cost-income ratio	45.9%	42.2%	42.4%	40.8%	44.2%	41.8%	42.0%					
Provisions (bp of loans)	30	30	27	30	2	3	8					
Yoy net profit (%)	0.6%	17.6%	12.1%	31.1%	29.2%	16.1%	17.8%					
DPS (Scts)	-	18.0	-	19.0	-	20.0	-					
NPL ratio (%)	1.2%	1.2%	1.2%	1.4%	1.4%	1.4%	1.4%					
LDR (%)	83.6%	85.2%	85.3%	82.6%	84.4%	85.9%	88.5%					
Fully loaded CET 1 ratio	12.2%	12.0%	12.0%	13.1%	13.1%	13.2%	13.6%					
Reported ROE	10.8%	11.9%	11.4%	10.9%	11.8%	12.60%	12.60%					

SOURCES: 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 (%)		
							CY18F	CY19F	CY20F	CY18F	CY19F	CY20F	CY18F	CY19F	CY20F	CY18F	CY19F	CY20F
DBS Group	DBS SP	Hold	23.46	28.00	43,286	20.0%	1.24	1.16	1.10	12.6%	12.5%	12.6%	7.8	7.3	6.8	5.1%	5.1%	6.0%
OCBC	OCBC SP	Add	10.74	14.00	32,995	7.1%	1.10	1.02	0.95	12.0%	11.3%	11.0%	8.0	7.5	7.1	3.8%	3.8%	4.0%
United Overseas Bank	UOB SP	Add	24.38	31.00	29,371	9.8%	1.04	0.99	0.94	10.6%	10.7%	10.7%	7.9	7.3	6.8	4.9%	4.9%	5.7%
Singapore average						12.7%	1.14	1.06	1.00	11.8%	11.6%	11.5%	7.9	7.3	6.9	4.7%	4.7%	5.3%
Bank Central Asia	BBCA IJ	Hold	23,650	25,500	38,301	13.0%	3.84	3.32	2.89	18.6%	18.4%	17.8%	16.1	14.2	12.6	1.0%	1.1%	1.2%
Bank Mandiri	BMRI IJ	Add	6,850	9,800	20,998	17.1%	1.75	1.59	1.43	14.2%	15.1%	15.6%	6.9	6.1	5.4	2.9%	3.1%	3.6%
Bank Negara Indonesia	BBNI IJ	Add	7,325	11,100	8,973	16.5%	1.24	1.10	0.98	15.4%	16.2%	16.4%	4.9	4.2	3.7	3.5%	3.5%	4.1%
Bank Rakyat Indonesia	BBRI IJ	Add	3,150	4,700	25,521	15.5%	2.09	1.83	1.61	18.4%	19.7%	19.5%	6.6	5.9	5.2	3.4%	3.4%	4.1%
Bank Tabungan Negara	BBTN IJ	Add	2,120	3,400	1,475	13.3%	0.91	0.81	0.72	14.3%	14.5%	15.3%	4.1	3.4	2.8	2.7%	3.7%	4.3%
Indonesia average						15.3%	2.22	1.96	1.74	16.7%	17.3%	17.4%	8.3	7.3	6.4	2.3%	2.4%	2.8%
Affin Bank Berhad	ABANK MK	Hold	2.26	2.70	1,050	13.7%	0.45	0.44	0.42	5.4%	6.2%	6.2%	5.5	5.1	4.9	4.4%	5.5%	5.8%
Alliance Bank Malaysia Bc	ABMB MK	Hold	3.96	4.10	1,466	11.5%	1.12	1.07	1.00	10.7%	11.3%	11.5%	6.6	6.0	5.6	4.2%	4.4%	4.8%
AMMB Holdings	AMM MK	Hold	3.80	4.00	2,740	6.2%	0.67	0.64	0.61	8.0%	8.1%	8.1%	6.2	5.4	4.9	4.6%	4.9%	5.2%
BIMB Holdings	BIMB MK	Hold	3.66	4.15	1,483	7.7%	1.25	1.13	1.03	14.1%	13.8%	13.6%	4.8	4.6	4.2	4.0%	4.3%	4.6%
Hong Leong Bank	HLBK MK	Reduce	20.70	16.00	10,128	9.6%	1.77	1.61	1.49	11.3%	11.1%	10.8%	15.1	13.9	13.0	2.4%	2.6%	2.8%
Malayan Banking Bhd	MAY MK	Hold	9.49	10.00	25,049	7.7%	1.29	1.23	1.17	10.3%	10.3%	10.6%	7.8	7.6	7.2	5.5%	5.9%	6.4%
Public Bank Bhd	PBK MK	Hold	24.60	25.70	22,843	6.6%	2.36	2.18	2.01	14.8%	14.5%	14.1%	12.8	11.9	11.3	2.7%	2.9%	3.0%
RHB Bank Bhd	RHBBANK IJ	Add	5.23	6.23	5,017	12.6%	0.83	0.77	0.71	9.2%	9.5%	9.4%	6.3	5.6	5.2	3.0%	3.4%	3.7%
Malaysia average						8.9%	1.40	1.31	1.24	10.9%	10.8%	10.9%	9.2	8.6	8.1	3.8%	4.1%	4.4%
Bangkok Bank	BBL TB	Add	207.00	239.00	11,863	11.0%	0.93	0.88	0.83	8.6%	8.9%	9.2%	6.1	5.7	5.4	3.1%	3.1%	3.1%
Bank of Ayudhya	BAY TB	Hold	40.25	41.00	8,889	7.6%	1.23	1.15	1.08	10.9%	10.7%	10.7%	5.5	5.2	4.9	2.5%	2.7%	2.9%
Kasikornbank	KBANK TB	Add	199.50	244.00	14,334	11.6%	1.26	1.17	1.07	10.8%	10.7%	10.9%	5.4	5.2	4.8	2.0%	2.0%	2.0%
Kiatnakin Bank	KKP TB	Hold	71.25	79.50	1,811	10.5%	1.41	1.36	1.31	15.6%	16.1%	16.1%	6.4	6.2	5.9	8.8%	9.4%	9.7%
Krung Thai Bank	KTB TB	Hold	20.10	18.30	8,434	19.0%	0.92	0.86	0.81	9.3%	10.3%	10.6%	4.0	3.8	3.5	4.0%	4.6%	5.1%
Krungthai Card	KTC TB	Reduce	34.75	143.00	2,690	7.0%	0.61	0.53	0.47	25.6%	23.3%	21.4%	0.9	0.8	0.8	16.1%	16.7%	17.5%
Siam Commercial Bank	SCB TB	Hold	137.50	140.00	14,017	4.0%	1.21	1.13	1.06	10.4%	10.2%	10.5%	6.1	5.9	5.6	4.7%	5.1%	5.5%
Srisawad Corporation	SAWAD TB	Add	44.50	51.00	1,533	14.7%	4.46	3.67	4.08	24.6%	27.8%	31.6%	12.4	9.5	8.0	2.1%	2.8%	3.3%
Thanachart Capital	TCAP TB	Hold	52.75	51.00	1,837	3.9%	0.94	0.88	0.81	11.9%	10.3%	10.2%	2.8	2.7	2.6	3.8%	5.7%	7.6%
Tisco Financial Group	TISCO TB	Reduce	78.75	72.00	1,893	10.3%	1.65	1.50	1.36	19.4%	18.2%	17.8%	5.6	5.5	5.2	4.1%	4.6%	5.8%
TMB Bank	TMB TB	Hold	2.28	2.24	3,002	9.6%	1.04	0.97	0.90	9.4%	9.4%	10.5%	5.0	4.7	4.2	2.6%	2.8%	3.4%
Thailand average						9.9%	1.13	1.05	0.98	10.4%	10.5%	10.8%	5.2	5.0	4.7	3.5%	3.8%	4.1%

SOURCES: CSG-CIMB RESEARCH, COMPANY

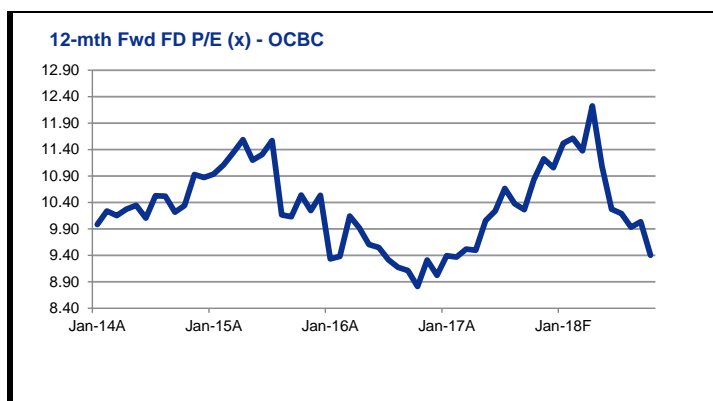
BY THE NUMBERS

Profit & Loss				
(\$m)	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Net Interest Income	5,423	6,045	6,550	6,811
Total Non-Interest Income	4,213	3,908	4,136	4,390
Operating Revenue	9,636	9,953	10,686	11,201
Total Non-Interest Expenses	(4,138)	(4,335)	(4,648)	(4,868)
Pre-provision Operating Profit	5,498	5,618	6,038	6,333
Total Provision Charges	(671)	(172)	(468)	(489)
Operating Profit After Provisions	4,827	5,446	5,570	5,845
Pretax Income/(Loss) from Assoc.	389	401	413	425
Operating EBIT (incl Associates)	5,216	5,847	5,983	6,270
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	5,216	5,847	5,983	6,270
Exceptional Items				
Pre-tax Profit	5,216	5,847	5,983	6,270
Taxation	(803)	(900)	(921)	(966)
Consolidation Adjustments & Others				
Exceptional Income - post-tax	0	0	0	0
Profit After Tax	4,413	4,946	5,061	5,304
Minority Interests	(267)	(247)	(253)	(265)
Prof. & Special Div	0	0	0	0
FX And Other Adj.	0	0	0	0
Net Profit	4,146	4,699	4,808	5,039
Recurring Net Profit	4,146	4,699	4,808	5,039

Balance Sheet				
(\$m)	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Gross Loans	286,971	302,488	314,593	326,295
Liquid Assets & Invst. (Current)	25,329	25,582	25,838	26,096
Other Int. Earning Assets				
Total Gross Int. Earning Assets	312,300	328,070	340,432	352,392
Total Provisions/Loan Loss Reserve	(3,180)	(3,070)	(3,067)	(3,125)
Total Net Interest Earning Assets	309,120	325,000	337,365	349,267
Intangible Assets	5,160	5,160	5,160	5,160
Other Non-Interest Earning Assets	93,593	95,779	101,713	109,022
Total Non-Interest Earning Assets	98,753	100,939	106,873	114,182
Cash And Marketable Securities	47,065	47,311	48,187	49,081
Long-term Investments	0	0	0	0
Total Assets	454,938	473,250	492,425	512,531
Customer Interest-Bearing Liabilities	283,642	297,824	312,715	328,351
Bank Deposits	7,485	7,859	8,252	8,665
Interest Bearing Liabilities: Others	38,689	38,999	39,333	39,692
Total Interest-Bearing Liabilities	329,816	344,682	360,300	376,707
Bank's Liabilities Under Acceptances				
Total Non-Interest Bearing Liabilities	83,346	84,060	84,781	85,509
Total Liabilities	413,162	428,742	445,081	462,217
Shareholders' Equity	39,008	41,988	45,076	48,312
Minority Interests	2,768	2,521	2,268	2,002
Total Equity	41,776	44,508	47,344	50,314

Balance Sheet Employment				
	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Gross Loans/Cust Deposits	83.8%	85.4%	85.1%	84.4%
Avg Loans/Avg Deposits	84.0%	84.6%	85.2%	84.7%
Avg Liquid Assets/Avg Assets	20.1%	20.3%	19.5%	19.0%
Avg Liquid Assets/Avg IEAs	29.2%	29.4%	28.2%	27.5%
Net Cust Loans/Assets	51.5%	53.1%	53.4%	53.5%
Net Cust Loans/Broad Deposits	80.5%	82.2%	81.9%	81.3%
Equity & Provs/Gross Cust Loans	16.4%	16.5%	16.9%	17.4%
Asset Risk Weighting	42.4%	43.7%	43.9%	44.0%
Provision Charge/Avg Cust Loans	0%	0%	0%	0%
Provision Charge/Avg Assets	0%	0%	0%	0%
Total Write Offs/Average Assets	0%	0%	0%	0%

Key Ratios				
	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Income Growth	13.5%	3.3%	7.4%	4.8%
Operating Profit Growth	19.4%	2.2%	7.5%	4.9%
Pretax Profit Growth	22.0%	12.1%	2.3%	4.8%
Net Interest To Total Income	56.3%	60.7%	61.3%	60.8%
Cost Of Funds	1.17%	1.21%	1.24%	1.26%
Return On Interest Earning Assets	3.06%	3.17%	3.27%	3.31%
Net Interest Spread	1.89%	1.95%	2.03%	2.05%
Net Interest Margin (Avg Deposits)	1.99%	2.08%	2.15%	2.12%
Net Interest Margin (Avg RWA)	2.78%	3.02%	3.09%	3.08%
Provisions to Pre Prov. Operating Profit	12.2%	3.1%	7.8%	7.7%
Interest Return On Average Assets	1.25%	1.30%	1.36%	1.36%
Effective Tax Rate	15.4%	15.4%	15.4%	15.4%
Net Dividend Payout Ratio	37.4%	36.6%	35.8%	35.8%
Return On Average Assets	0.96%	1.01%	1.00%	1.00%



Key Drivers				
	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Loan Growth (%)	7.9%	7.1%	4.6%	4.2%
Net Interest Margin (%)	1.8%	1.9%	2.0%	2.0%
Non Interest Income Growth (%)	22.6%	-7.2%	5.8%	6.1%
Cost-income Ratio (%)	42.9%	43.6%	43.5%	43.5%
Net NPL Ratio (%)	1.4%	1.3%	1.3%	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 (%)	15.0%	17.6%	18.2%	18.9%
Total CAR (%)	17.2%	17.6%	18.2%	18.9%
Deposit Growth (%)	8.5%	5.0%	5.0%	5.0%
Loan-deposit Ratio (%)	82.6%	84.4%	84.1%	83.5%
Gross NPL Ratio (%)	1.4%	1.3%	1.3%	1.2%
Fee Income Growth (%)	19.2%	8.4%	8.7%	9.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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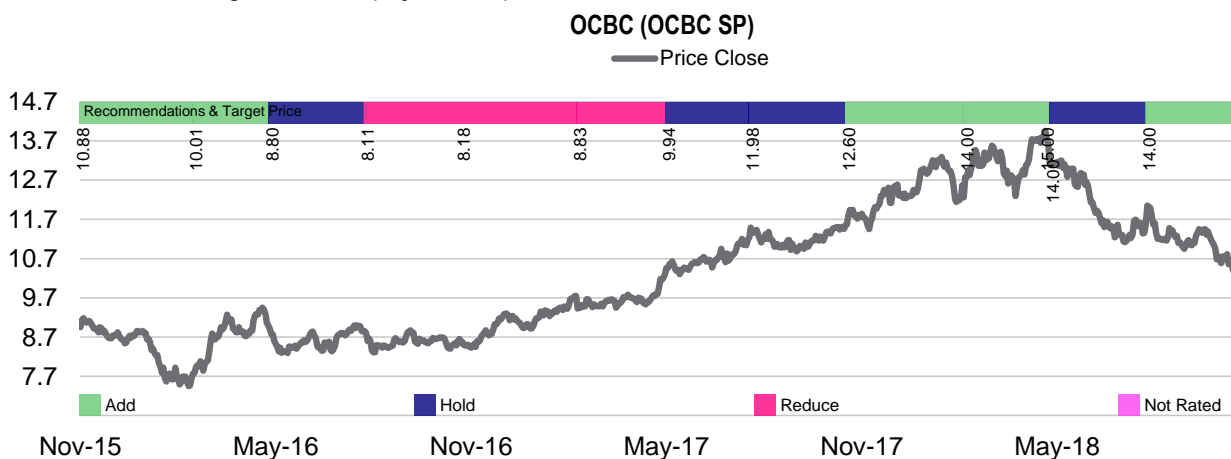
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Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2017, Anti-Corruption 2017

AAV – Very Good, n/a, **ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AMATA** – Very Good, n/a, **ANAN** – Excellent, n/a, **AOT** – Excellent, Declared, **AP** – Excellent, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Declared, **BGP** – Excellent, Certified, **BPCG** – Very Good, n/a, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – not available, n/a, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Declared, **BLA** – Very Good, Certified, **BPP** – Good, n/a, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Very Good, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **GFPT** - Excellent, Declared, **GCC** – not available, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** - Excellent, n/a, **GUNKUL** – Excellent, Declared, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **ICHI** – Excellent, n/a, **III** – not available, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JAS** – not available,

Declared, **JASIF** – not available, n/a, **JUBILE** – Good, Declared, **KAMART** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KGI** – Very Good, Certified, **KKP** – Excellent, Certified, **KSL** – Very Good, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, n/a, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Very Good, Declared, **MALEE** – Very Good, n/a, **MBKET** – Very Good, Certified, **MC** – Very Good, Declared, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTLS** – Very Good, Declared, **NYT** – Excellent, n/a, **OISHI** – Very Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSL** - Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** - Good, n/a, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCBLIF** – not available, n/a, **SCC** – Excellent, Certified, **SCN** – Very Good, Declared, **SCCC** - Excellent, Declared, **SIM** - Excellent, n/a, **SIRI** – Very Good, Declared, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Declared, **STA** – Very Good, Declared, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Very Good, n/a, **TCAP** – Excellent, Certified, **THAI** – Very Good, n/a, **THANI** – Very Good, Certified, **THCOM** – Excellent, Certified, **THRE** – Very Good, Certified, **THREL** – Excellent, Certified, **TICON** – Very Good, Declared, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TK** – Very Good, n/a, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Good, n/a, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – not available, n/a, **TRUE** – Excellent, Declared, **TTW** – Very Good, n/a, **TU** – Excellent, Declared, **TVO** – Excellent, Declared, **UNIQ** – not available, Declared, **VGI** – Excellent, Declared, **WHA** – not available, Declared, **WHART** – not available, n/a, **WORK** – not available, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

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.