

3 September 2018 | Sector Update

## BANKING

*Maintain POSITIVE*

### *Loans keeping on growing*

#### INVESTMENT HIGHLIGHTS

- **Banking system loans grew faster**
- **Business loans growth keeping pace**
- **Demand for auto loans remained strong**
- **Deposits competition could be heating up**
- **No change to loans growth expectations**
- **We maintain our POSITIVE stance in the banking sector**

**System loans kept growing.** It was another month in July CY18 in which the banking system loans expanded. Loans grew at higher pace of +5.3%yoy to RM1.63t vs. +5.0%yoy increase as at June CY18. Personal loans grew +7.7%yoy to RM72.3b as at July CY18 as compared to +6.7%yoy to RM71.8b as at the previous month. We believe that this was due to increased personal consumption following the tax holiday period where GST were zero rated. Working capital loans also grew higher, by +2.9%yoy to RM380.9b vs. +2.3%yoy to RM380.3b registered as at June CY18. Meanwhile, residential mortgages were stable at +8.3%yoy to RM542.8b.

**FIGURE 1: BANKING SYSTEM TOTAL LOANS AND LOANS GROWTH**

|        | Total loans (RM b) | Growth (yoy) | Growth (yoy) on selected loans purpose |                                  |              |                 |
|--------|--------------------|--------------|--|----------------------------------|--------------|-----------------|
|        |                    |              | Purchase of passenger cars             | Purchase of residential property | Personal use | Working capital |
| Jan-17 | 1,527.9            | 5.6%         | -0.9%                                  | 9.1%                             | 4.4%         | 6.3%            |
| Feb-17 | 1,527.3            | 5.3%         | -0.9%                                  | 9.0%                             | 4.5%         | 6.1%            |
| Mar-17 | 1,535.8            | 6.0%         | -0.5%                                  | 8.8%                             | 4.5%         | 6.8%            |
| Apr-17 | 1,536.3            | 6.1%         | -0.5%                                  | 8.7%                             | 4.1%         | 7.3%            |
| May-17 | 1,539.1            | 5.5%         | -0.3%                                  | 8.6%                             | 4.2%         | 5.6%            |
| Jun-17 | 1,548.5            | 5.7%         | 1.3%                                   | 8.9%                             | 3.8%         | 7.1%            |
| Jul-17 | 1,549.4            | 5.6%         | 1.0%                                   | 8.9%                             | 3.6%         | 6.9%            |
| Aug-17 | 1,557.3            | 5.8%         | 1.1%                                   | 8.8%                             | 3.8%         | 7.2%            |
| Sep-17 | 1,561.0            | 5.2%         | 0.8%                                   | 8.8%                             | 4.0%         | 4.9%            |
| Oct-17 | 1,562.5            | 4.6%         | 0.6%                                   | 8.9%                             | 3.9%         | 4.3%            |
| Nov-17 | 1,566.9            | 3.9%         | 0.7%                                   | 8.9%                             | 4.4%         | 2.2%            |
| Dec-17 | 1,584.4            | 4.1%         | 0.6%                                   | 8.9%                             | 4.1%         | 0.9%            |
| Jan-18 | 1,591.7            | 4.2%         | 0.5%                                   | 8.9%                             | 4.6%         | 0.8%            |
| Feb-18 | 1,596.4            | 4.5%         | 0.8%                                   | 9.0%                             | 4.9%         | 0.7%            |
| Mar-18 | 1,603.5            | 4.4%         | 0.5%                                   | 9.0%                             | 5.4%         | 0.3%            |
| Apr-18 | 1,609.9            | 4.8%         | 0.6%                                   | 8.9%                             | 6.0%         | 1.3%            |
| May-18 | 1,614.9            | 4.9%         | 0.2%                                   | 8.8%                             | 6.0%         | 2.3%            |
| Jun-18 | 1,626.4            | 5.0%         | -1.1%                                  | 8.3%                             | 6.7%         | 2.3%            |
| Jul-18 | 1,631.0            | 5.3%         | -0.3%                                  | 8.3%                             | 7.7%         | 2.9%            |

Source: BNM, MIDFR

MIDF RESEARCH is a unit of MIDF AMANAH INVESTMENT BANK

Kindly refer to the last page of this publication for important disclosures

**Business segment also saw improved loans growth.** We noted that the business segment also continued its upward trajectory as loans for this segment grew +3.4%yoy to RM745.6b from +3.2%yoy to RM744.2b posted as at June CY18. As reference, we classify business loans as loans for the purchase of non-residential properties, fixed assets, shares and construction.

**Strong demand for auto loans.** Demand for passenger vehicle loans remained strong with another month of double digit growth. The auto loans demand grew +33.6%yoy to RM8.7b. We opine that this was also due to the impact of the tax holiday period. As such, the year-to-date loans applied for the purchase of passenger vehicle expanded +8.2%yoy to RM50.2b. Comparatively, it was +4.2%yoy to RM46.4b over the same period last year.

**Approvals for auto loans trying to keep pace with demand.** Loans approval for the purchase of passenger vehicle in July CY18 also saw another month of double digit increase as it grew +57.4%yoy to RM5.4b. Consequently, the year-to-date approved auto loans rose +16.5%yoy to RM28.1b. This saw approval rate jumped 56.1% vs. 53.9% in 7-month CY17.

**FIGURE 2: LOANS APPLIED AND LOANS APPROVAL**

|        | Applied (RM b) | Growth (yoy) | Approved (RM b) | Growth (yoy) | Approval rate |
|--------|----------------|--------------|-----------------|--------------|---------------|
| Jan-17 | 59.6           | -8.4%        | 25.3            | -5.1%        | 42.5%         |
| Feb-17 | 61.2           | 21.2%        | 26.1            | 17.4%        | 42.7%         |
| Mar-17 | 76.6           | 6.3%         | 35.9            | 29.2%        | 46.9%         |
| Apr-17 | 64.7           | 0.6%         | 27.2            | 0.3%         | 42.0%         |
| May-17 | 75.6           | 4.9%         | 31.3            | -2.3%        | 41.4%         |
| Jun-17 | 64.6           | -15.3%       | 33.3            | 9.7%         | 51.6%         |
| Jul-17 | 75.2           | 22.9%        | 33.0            | 24.7%        | 43.9%         |
| Aug-17 | 77.6           | 4.1%         | 34.7            | 10.0%        | 44.7%         |
| Sep-17 | 68.4           | 0.4%         | 29.1            | -1.8%        | 42.5%         |
| Oct-17 | 77.9           | 12.9%        | 33.1            | -2.0%        | 42.5%         |
| Nov-17 | 82.6           | 15.8%        | 36.6            | 22.4%        | 44.3%         |
| Dec-17 | 57.1           | -2.0%        | 33.8            | 15.3%        | 59.2%         |
| Jan-18 | 74.8           | 25.4%        | 32.1            | 26.9%        | 42.9%         |
| Feb-18 | 57.7           | -5.8%        | 24.9            | -4.4%        | 43.3%         |
| Mar-18 | 76.7           | 0.0%         | 33.2            | -7.6%        | 43.3%         |
| Apr-18 | 77.7           | 20.1%        | 33.0            | 21.6%        | 42.5%         |
| May-18 | 68.6           | -9.2%        | 31.4            | 0.6%         | 45.8%         |
| Jun-18 | 73.2           | 13.3%        | 35.2            | 5.4%         | 48.1%         |
| Jul-18 | 76.5           | 1.7%         | 33.2            | 0.6%         | 43.5%         |
| 7MCY17 | 477.5          | 3.5%         | 212.2           | 10.1%        | 44.4%         |
| 7MCY18 | 505.0          | 5.8%         | 223.1           | 5.2%         | 44.2%         |

Source: BNM, MIDFR

**FIGURE 3: SELECTED LOANS APPLIED SEGMENTS GROWTH RATE**

|        | Purchase of passenger cars | Purchase of residential property | Purchase of non-residential property | Personal uses | Credit cards | Working capital | Total loans applied |
|--------|----------------------------|----------------------------------|--------------------------------------|---------------|--------------|-----------------|---------------------|
| Jan-17 | -2.1%                      | 3.4%                             | -10.5%                               | -28.9%        | 14.5%        | -15.0%          | -8.4%               |
| Feb-17 | 24.3%                      | 34.5%                            | 5.8%                                 | -3.8%         | 25.8%        | 9.0%            | 21.2%               |
| Mar-17 | 6.8%                       | 20.8%                            | 19.2%                                | -10.8%        | 35.7%        | -22.9%          | 6.3%                |
| Apr-17 | -1.1%                      | 8.7%                             | 10.7%                                | -11.5%        | 8.5%         | -16.2%          | 0.6%                |
| May-17 | 16.9%                      | 20.2%                            | 19.2%                                | 32.9%         | 8.8%         | -28.0%          | 4.9%                |

|        | Purchase of passenger cars | Purchase of residential property | Purchase of non-residential property | Personal uses | Credit cards | Working capital | Total loans applied |
|--------|----------------------------|----------------------------------|--------------------------------------|---------------|--------------|-----------------|---------------------|
| Jun-17 | -22.3%                     | 6.2%                             | -6.1%                                | 6.4%          | -8.1%        | -25.9%          | -15.3%              |
| Jul-17 | 19.7%                      | 28.8%                            | 11.5%                                | 33.3%         | 17.4%        | 2.5%            | 22.9%               |
| Aug-17 | -5.9%                      | 14.3%                            | -7.8%                                | 10.1%         | -1.4%        | -9.9%           | 4.1%                |
| Sep-17 | -13.9%                     | 7.2%                             | 14.6%                                | 6.7%          | -4.6%        | -3.8%           | 0.3%                |
| Oct-17 | -5.3%                      | 18.9%                            | 14.2%                                | 11.4%         | 3.5%         | 8.4%            | 12.8%               |
| Nov-17 | -6.5%                      | 19.1%                            | 15.7%                                | 27.4%         | -1.1%        | 7.2%            | 15.8%               |
| Dec-17 | -11.5%                     | 9.9%                             | 6.5%                                 | 22.9%         | -2.3%        | -10.7%          | -2.1%               |
| Jan-18 | 10.2%                      | 19.3%                            | 43.9%                                | 43.8%         | 10.8%        | -3.3%           | 25.5%               |
| Feb-18 | -14.9%                     | -11.8%                           | 11.3%                                | 11.4%         | -1.6%        | -13.2%          | -5.8%               |
| Mar-18 | -10.2%                     | -11.1%                           | 7.7%                                 | 18.4%         | -26.1%       | 11.1%           | 0.0%                |
| Apr-18 | 4.9%                       | 6.4%                             | 20.9%                                | 32.5%         | -4.5%        | 51.3%           | 20.1%               |
| May-18 | -4.6%                      | -15.4%                           | -12.2%                               | -1.4%         | -14.4%       | 18.6%           | -9.2%               |
| Jun-18 | 43.5%                      | 1.2%                             | 27.9%                                | 2.1%          | 3.1%         | 21.1%           | 13.3%               |
| Jul-18 | 33.6%                      | 14.5%                            | 12.9%                                | 5.7%          | 2.8%         | -14.1%          | 1.7%                |
| 7MCY17 | 4.2%                       | 16.9%                            | 7.3%                                 | 0.0%          | 13.7%        | -15.3%          | 3.5%                |
| 7MCY18 | 8.2%                       | -0.3%                            | 14.3%                                | 14.9%         | -5.5%        | 8.9%            | 5.8%                |

Source: BNM, MIDFR

**FIGURE 4: SELECTED LOANS APPROVED SEGMENTS GROWTH RATE**

|        | Purchase of passenger cars | Purchase of residential property | Purchase of non-residential property | Personal uses | Credit cards | Working capital | Total loans approved |
|--------|----------------------------|----------------------------------|--------------------------------------|---------------|--------------|-----------------|----------------------|
| Jan-17 | 1.9%                       | 12.5%                            | -8.9%                                | -6.4%         | 7.5%         | 19.9%           | -5.1%                |
| Feb-17 | 6.4%                       | 27.3%                            | 2.6%                                 | 2.2%          | 4.7%         | 0.4%            | 17.4%                |
| Mar-17 | 14.9%                      | 20.1%                            | -35.6%                               | -7.7%         | 31.7%        | 35.5%           | 29.3%                |
| Apr-17 | 3.5%                       | 14.1%                            | -7.8%                                | -12.6%        | 19.9%        | -9.2%           | 0.3%                 |
| May-17 | 18.1%                      | 22.8%                            | 18.3%                                | 26.1%         | 12.1%        | -36.8%          | -2.3%                |
| Jun-17 | -15.4%                     | 8.1%                             | -5.9%                                | -3.6%         | 3.1%         | 29.6%           | 9.8%                 |
| Jul-17 | 10.5%                      | 26.9%                            | -29.4%                               | 32.8%         | 28.2%        | 2.8%            | 24.8%                |
| Aug-17 | -2.4%                      | 13.8%                            | 49.2%                                | 2.3%          | 5.2%         | -24.4%          | 9.9%                 |
| Sep-17 | -15.9%                     | 2.8%                             | 3.4%                                 | -6.8%         | -1.3%        | 12.5%           | -1.7%                |
| Oct-17 | 3.7%                       | 14.5%                            | 3.9%                                 | 5.0%          | 6.5%         | -6.3%           | -2.1%                |
| Nov-17 | 12.4%                      | 18.2%                            | -19.2%                               | 24.5%         | 2.8%         | 7.8%            | 22.3%                |
| Dec-17 | -6.9%                      | 15.2%                            | -12.9%                               | 29.7%         | 3.5%         | 9.6%            | 15.4%                |
| Jan-18 | 2.9%                       | 20.2%                            | 0.0%                                 | 36.3%         | 15.3%        | 16.4%           | 26.9%                |
| Feb-18 | 11.6%                      | 1.2%                             | 8.8%                                 | 24.3%         | 13.4%        | -35.0%          | -4.5%                |
| Mar-18 | -9.1%                      | -8.1%                            | 22.1%                                | 28.5%         | -12.1%       | -33.6%          | -7.6%                |
| Apr-18 | 7.9%                       | 7.1%                             | 47.5%                                | 56.1%         | -2.6%        | 25.5%           | 21.6%                |
| May-18 | -7.5%                      | -13.0%                           | 0.9%                                 | -5.2%         | -20.5%       | 19.7%           | 0.6%                 |
| Jun-18 | 58.7%                      | -1.6%                            | -24.7%                               | 14.1%         | 2.5%         | 10.1%           | 5.4%                 |
| Jul-18 | 57.4%                      | 1.8%                             | 45.7%                                | 27.4%         | -18.7%       | -18.9%          | 0.6%                 |
| 7MCY17 | 4.9%                       | 18.5%                            | -12.3%                               | 3.6%          | 15.5%        | 3.5%            | 10.1%                |
| 7MCY18 | 16.5%                      | 0.1%                             | 12.3%                                | 23.9%         | -4.6%        | -4.7%           | 5.2%                 |

Source: BNM, MIDFR

**There could be signs of deposits competition.** Deposits grew at a higher pace of +5.8%yoy to RM1.81t from the +5.0%yoy to RM1.8t the previous month. However, CASA only grew +3.8%yoy to RM481.8b and in fact exhibited a decline on a sequential month basis. We opine that this could be a signal of intensifying competition for deposits in the industry due in part to the NSFR requirement in January 2019. Indeed, we

have seen net interest margins impacted by this as evident by the recent results from banks under our coverage.

**FIGURE 5: BANKING SYSTEM TOTAL DEPOSITS and DEPOSITS GROWTH**

|        | Total deposits<br>(RM b) | Growth<br>(yoy) | CASA<br>(RM b) | Growth (yoy) | CASA Ratio |
|--------|--------------------------|-----------------|----------------|--------------|------------|
| Jan-17 | 1,687.2                  | 3.1%            | 454.7          | 5.8%         | 26.9%      |
| Feb-17 | 1,694.5                  | 2.5%            | 462.2          | 5.8%         | 27.3%      |
| Mar-17 | 1,708.2                  | 3.4%            | 458.9          | 8.3%         | 26.9%      |
| Apr-17 | 1,705.7                  | 3.8%            | 458.3          | 9.8%         | 26.9%      |
| May-17 | 1,717.1                  | 3.7%            | 462.0          | 8.9%         | 26.9%      |
| Jun-17 | 1,713.0                  | 3.5%            | 467.1          | 7.9%         | 27.3%      |
| Jul-17 | 1,708.5                  | 4.3%            | 464.3          | 9.7%         | 27.2%      |
| Aug-17 | 1,723.2                  | 5.1%            | 466.0          | 9.5%         | 27.0%      |
| Sep-17 | 1,736.7                  | 4.6%            | 467.1          | 8.8%         | 26.9%      |
| Oct-17 | 1,743.1                  | 4.4%            | 473.6          | 9.4%         | 27.2%      |
| Nov-17 | 1,748.2                  | 4.8%            | 473.6          | 7.9%         | 27.1%      |
| Dec-17 | 1,746.5                  | 4.0%            | 491.2          | 9.4%         | 28.1%      |
| Jan-18 | 1,758.0                  | 4.2%            | 493.4          | 8.5%         | 28.1%      |
| Feb-18 | 1,762.0                  | 4.0%            | 491.2          | 6.3%         | 27.9%      |
| Mar-18 | 1,791.8                  | 4.9%            | 487.7          | 6.3%         | 27.2%      |
| Apr-18 | 1,798.2                  | 5.4%            | 486.0          | 6.0%         | 27.0%      |
| May-18 | 1,799.0                  | 4.8%            | 485.6          | 5.1%         | 27.0%      |
| Jun-18 | 1,798.9                  | 5.0%            | 485.1          | 3.9%         | 27.0%      |
| Jul-18 | 1,807.8                  | 5.8%            | 481.8          | 3.8%         | 26.7%      |

Source: BNM, MIDFR

**Marginal rise in savings rate but fixed deposits rose higher.** We observed that savings rate went up by +1bps(mom) to 1.05% while 12-month fixed deposits have risen +11bps(mom) to 3.33%. Meanwhile, base rate went up by +1bps(mom) to 6.91%. We understand that this was due to the impact of the OPR hike in January as deposits were repriced higher. It could also be due to the impact of the deposits competition.

**Asset quality remained stable.** We estimated that GIL ratio improved slightly again by -1bps mom to 1.58%. This led us to conclude that asset quality in the banking system remains solid and stable, with no undue stress can be seen yet in the horizon.


**FIGURE 6: BANKING SYSTEM IMPAIRED LOANS RATIO**

|        | Gross Impaired Loans Ratio (%) |
|--------|--------------------------------|
| Jan-17 | 1.61                           |
| Feb-17 | 1.63                           |
| Mar-17 | 1.63                           |
| Apr-17 | 1.66                           |
| May-17 | 1.67                           |
| Jun-17 | 1.64                           |
| Jul-17 | 1.68                           |
| Aug-17 | 1.67                           |
| Sep-17 | 1.67                           |
| Oct-17 | 1.65                           |
| Nov-17 | 1.61                           |

|        |      |
|--------|------|
| Dec-17 | 1.53 |
| Jan-18 | 1.54 |
| Feb-18 | 1.55 |
| Mar-18 | 1.57 |
| Apr-18 | 1.58 |
| May-18 | 1.60 |
| Jun-18 | 1.59 |
| Jul-18 | 1.58 |

Source: BNM, MIDFR

**No change to CY18 loans growth expectation.** As we expected, loans growth continue its upward trajectory. We opine loans growth also received a boost from the increase consumer sentiment and consumption due to the zero rating of GST in June CY18. We believe that the loans growth trajectory will be maintained. Therefore, we do not see a reason to revise our loans growth target of +5.5%yoy for this year.

**Maintain POSITIVE stance.** We are maintaining our POSITIVE stance on the banking sector. With the boost to loans growth and improved consumer sentiment, we believe that banks will continue to perform well. One headwind though will be the possibility of net interest margin compression coming from deposit competition but we believe that banks will be able to manage this pressure. Our top picks for this sector are Maybank (BUY, TP: RM11.40), CIMB (BUY, TP: RM7.85) and Public Bank (BUY, TP: RM27.30). 

**FIGURE 7: PEER COMPARISON FOR MALAYSIAN BANKING STOCKS**

|                | Rec.    | Price @ 30/8 (RM) | TP (RM) | EPS (sen)   |             | PER (x)     |             | Net DPS (sen) |             | Net Div Yield (%) |            | BV (RM)    |            | PBV (x)    |            |
|----------------|---------|-------------------|---------|-------------|-------------|-------------|-------------|---------------|-------------|-------------------|------------|------------|------------|------------|------------|
|                |         |                   |         | 17          | 18          | 17          | 18          | 17            | 18          | 17                | 18         | 17         | 18         | 17         | 18         |
| Maybank        | BUY     | 9.96              | 11.40   | 72.0        | 74.1        | 13.8        | 13.4        | 55.0          | 58.0        | 5.5               | 5.8        | 6.8        | 6.9        | 1.5        | 1.4        |
| Public Bank    | BUY     | 25.12             | 27.30   | 141.7       | 149.9       | 17.7        | 16.8        | 61.0          | 63.0        | 2.4               | 2.5        | 9.7        | 10.7       | 2.6        | 2.3        |
| CIMB           | BUY     | 6.09              | 7.85    | 50.0        | 61.0        | 12.2        | 10.0        | 25.0          | 22.0        | 4.1               | 3.6        | 5.2        | 5.5        | 1.2        | 1.1        |
| RHB Bank       | T. BUY  | 5.40              | 6.00    | 48.6        | 54.2        | 11.1        | 10.0        | 15.0          | 15.0        | 2.8               | 2.8        | 5.8        | 6.0        | 0.9        | 0.9        |
| Hong Leong     | NEUTRAL | 20.56             | 18.85   | 128.2       | 135.8       | 16.0        | 15.1        | 45.0          | 48.0        | 2.2               | 2.3        | 11.7       | 12.6       | 1.8        | 1.6        |
| AMMB           | NEUTRAL | 4.10              | 4.10    | 42.8        | 45.3        | 9.6         | 9.1         | 15.0          | 15.0        | 3.7               | 3.7        | 5.5        | 5.7        | 0.7        | 0.7        |
| Affin          | BUY     | 2.46              | 2.90    | 24.0        | 30.0        | 10.3        | 8.2         | 2.3           | 11.0        | 0.9               | 4.5        | 4.3        | 4.5        | 0.6        | 0.5        |
| Alliance       | BUY     | 4.13              | 4.75    | 35.7        | 39.0        | 11.6        | 10.6        | 15.3          | 17.0        | 3.7               | 4.4        | 3.5        | 3.7        | 1.2        | 1.1        |
| BIMB           | BUY     | 3.95              | 5.15    | 37.9        | 42.2        | 10.4        | 9.4         | 14.0          | 15.0        | 3.5               | 3.8        | 2.8        | 3.0        | 1.4        | 1.3        |
| <b>Average</b> |         |                   |         | <b>64.5</b> | <b>70.2</b> | <b>12.5</b> | <b>11.4</b> | <b>27.5</b>   | <b>29.3</b> | <b>3.2</b>        | <b>3.7</b> | <b>6.1</b> | <b>6.5</b> | <b>1.3</b> | <b>1.2</b> |

Imran Yassin Yusof  
imran.yassin@midf.com.my / 03-2173 8395

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (23878 - X).  
 (Bank Pelaburan)  
 (A Participating Organisation of Bursa Malaysia Securities Berhad)

### DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (23878-X). It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD.

The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This document may not be reproduced, distributed or published in any form or for any purpose.

### MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

|              |  |
|--------------|--|
| BUY          | Total return is expected to be >10% over the next 12 months.   |
| TRADING BUY  | Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.  |
| NEUTRAL      | Total return is expected to be between -10% and +10% over the next 12 months.  |
| SELL         | Total return is expected to be <-10% over the next 12 months.  |
| TRADING SELL | Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow. |

#### SECTOR RECOMMENDATIONS

|          |  |
|----------|--|
| POSITIVE | The sector is expected to outperform the overall market over the next 12 months.   |
| NEUTRAL  | The sector is to perform in line with the overall market over the next 12 months.  |
| NEGATIVE | The sector is expected to underperform the overall market over the next 12 months. |