

# Vietcombank (VCB)

## Aiming for 16.28% credit growth

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**PBT improved slightly 1.3% YoY to VND8,702 billion in 1Q2025**

In 1Q2025, VCB achieved NII of VND13,687 billion (-1.1% QoQ, -2.8% YoY) and NOI of VND3,868 billion (-7.5% YoY), resulting in TOI of VND17,265 billion (-2.5% QoQ, -0.1% YoY). Provision expenses remained low at VND752 billion (-50.1% YoY), driving PBT to VND8,702 billion (+1.5% QoQ, +1.3% YoY).

**VCB targets 16.28% credit growth and plans a private placement of up to 6.5% of its total outstanding shares**

At the 2025 Annual General Meeting of Shareholders (AGM), VCB set the following targets: (i) total assets up 10%; (ii) credit growth capped at 16.28%; (iii) customer deposits up 8%; and (iv) NPL ratio to be kept below 1.5%. Also, a plan to make a private placement of up to 6.5% of the total outstanding shares was approved.

**NIM will likely see continued downward pressure into 2H2025**

We expect NIM will remain under pressure throughout the remainder of 2025 due to rising deposit rates amid USD/VND fluctuations and liquidity challenges linked to global tariffs and weak deposit growth. However, SBV liquidity support and increased borrowing demand in 2H2025 may help ease lending rate competition and support NIM.

**VCB is well-positioned against tariff-related risks**

The impact of tariffs on VCB's loan book is assessed to be relatively limited due to: (i) anticipated successful negotiations to lower US tariffs on Vietnamese goods to below the initially proposed 46%; (ii) modest exposure to industries hard hit by tariffs; (iii) certain clients' strong pricing negotiation power with exporters; and (iv) a customer base largely comprising financially healthy businesses.

**We upgrade VCB to BUY with a target price of VND70,700/share**

Based on valuation results, business outlook, and potential risks, we upgrade VCB to BUY with a target price of VND70,700/share, equaling a 25.6% upside potential.

**Buy** change

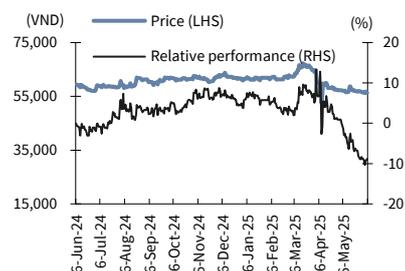
<b>Target price</b>	<b>VND70,700</b>
Upside	25.6%
Current price (Jun 5, 2025)	VND56,300
Consensus target price	VND68,600
Market cap (VNDtn/USDbn)	468.8/18.0

<b>Trading data</b>	
Free float	25.2%
3M avg trading value (VNDbn/USDmn)	245.7/9.5
Foreign ownership	22.1%
Major shareholder	State Bank of Vietnam (SBV, 74.80%)

<b>Share price performance</b>				
(%)	1M	3M	6M	12M
<b>Absolute</b>	-1.2	-10.0	-10.6	-5.4
<b>Relative</b>	-9.3	-11.8	-16.3	-10.0

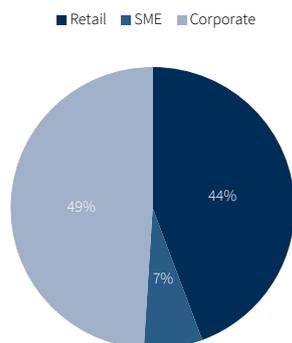
### Forecast earnings & valuation

FY-end	2023	2024	2025F	2026F
Net interest income (VNDbn)	53,621	55,406	62,938	74,135
Pre-provision operating profit (VNDbn)	45,809	45,551	50,615	58,669
NPAT-MI (VNDbn)	33,033	33,831	34,433	38,681
EPS (VND)	5,910	6,053	4,121	4,629
EPS growth (%)	(6.4)	2.4	(31.9)	12.3
PER (x)	9.5	9.3	13.7	12.2
Book value per share (VND)	29,524	35,597	27,932	32,561
PBR (x)	1.91	1.58	2.02	1.73
ROE (%)	22.0	18.6	15.9	15.3
Dividend yield (%)	0.0	0.0	0.0	0.0



Source: Bloomberg, KB Securities Vietnam

## Credit composition (2024)



Source: Vietcombank, KB Securities Vietnam

## Business operation

Vietnam Joint Stock Commercial Bank for Foreign Trade (VCB) is a state-owned joint stock commercial bank, ranking fourth in the sector by total assets, which reached VND2,085 trillion as of the end of 2024. VCB's loan portfolio prioritizes risk management and is primarily concentrated in two key customer segments: large corporates (49%) and individual customers (44%).

## Investment Catalysts

**NIM is expected to face persistent downward pressure throughout 2025** due to the risk of rising deposit rates and continued low lending rates aimed at maintaining competitiveness and supporting the economy.

**VCB is well-positioned to mitigate provisioning pressure for the remainder of 2025**, given its superior NPL ratio and industry-leading loan loss coverage ratio (LLCR).

**Credit growth is projected to surpass 15% in 2025**, fueled by rising credit demand and the bank's strategic advantage in offering low lending rates.

## Notes

Please find more details below

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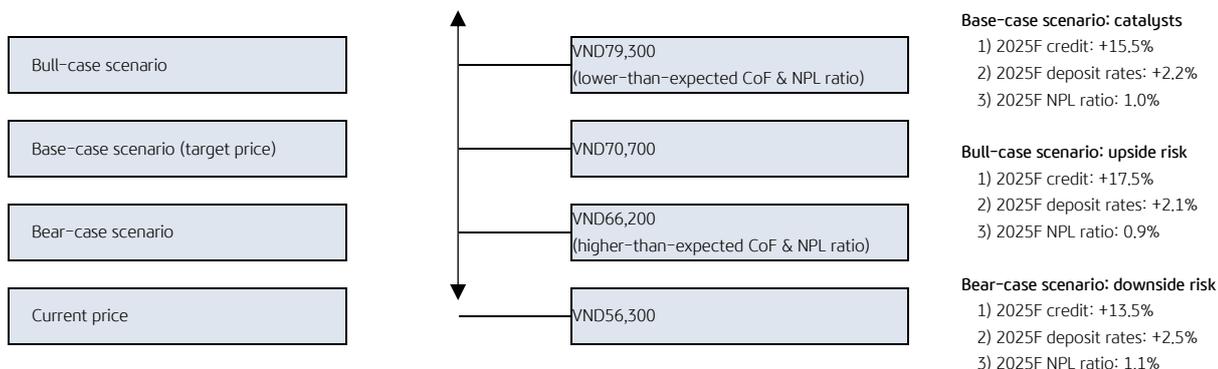
Please find more details [here](#)

## Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	62,938	74,135	-2%	1%	64,533	73,243	0%	0%
EBIT	50,615	58,669	-5%	-2%	53,394	59,999	4%	-1%
NP after MI	34,433	38,681	-6%	-1%	36,460	39,005	-3%	-6%

Source: Bloomberg, KB Securities Vietnam

## Investment opinion & risks



## Business performance

**PBT improved slightly 1.3% YoY to VND8,702 billion in 1Q2025**

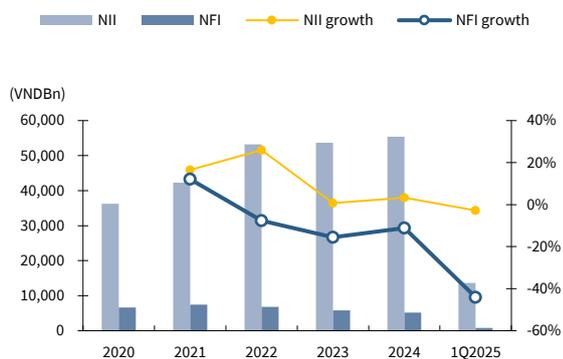
In 1Q2025, VCB achieved NII of VND13,687 billion (-1.1% QoQ, -2.8% YoY) and NOI of VND3,868 billion (-7.5% YoY), resulting in TOI of VND17,265 billion (-2.5% QoQ, -0.1% YoY). Provision expenses remained low at VND752 billion (-50.1% YoY), driving PBT to VND8,702 billion (+1.5% QoQ, +1.3% YoY).

**Table 1. VCB – 1Q2025 financial results**

(VNDbn)	1Q2024	4Q2024	1Q2025	+/-%QoQ	+/-%YoY	Notes
<b>Net interest income (NII)</b>	<b>14,078</b>	<b>13,842</b>	<b>13,687</b>	<b>-1.1%</b>	<b>-2.8%</b>	NII declined YoY, primarily due to modest credit growth of 1.2% and a lower NIM compared to the same period last year.
Net fee income (NFI)	1,442	924	806	-12.8%	-44.1%	NFI fell sharply YoY due to the absence of upfront fee recognition. Card services delivered robust growth (+32.1% YoY), while trade finance contracted by 20.7% YoY as a result of fee waivers and reductions aimed at attracting customers.
Other non-interest income (NOII)	1,761	2,944	2,772	-5.9%	57.4%	The foreign exchange (FX) segment posted strong results, generating a profit of VND2,024 billion (+27.6% QoQ, +59.8% YoY). In contrast, securities trading and investment activities made minimal contributions, and net other income came in at VND663 billion (-48.4% QoQ, +30.5% YoY).
<b>Total operating income (TOI)</b>	<b>17,280</b>	<b>17,711</b>	<b>17,265</b>	<b>-2.5%</b>	<b>-0.1%</b>	
Operating expenses	(5,054)	(7,040)	(5,652)	-19.7%	11.8%	
Pre-provision operating profit (PPOP)	12,226	10,670	11,612	8.8%	-5.0%	
Provision expenses	(1,508)	32	(752)	-2427.1%	-50.1%	A high provisioning buffer, with a loan loss coverage ratio (LLCR) of 216%, helps to reduce provisioning expenses in 1Q2025.
<b>Profit before tax (PBT)</b>	<b>10,718</b>	<b>10,703</b>	<b>10,860</b>	<b>1.5%</b>	<b>1.3%</b>	
<b>NPAT-MI</b>	<b>8,580</b>	<b>8,565</b>	<b>8,696</b>	<b>1.5%</b>	<b>1.4%</b>	
Credit growth	-0.3%	13.9%	1.2%	-12.7 ppts	1.4 ppts	Retail lending was the main growth driver, with customer loans up 2.8% YTD, while loans to large corporates declined by 0.5% YTD.
Deposit growth	-4.8%	13.5%	1.1%	-12.4 ppts	5.8 ppts	
<b>NIM</b>	<b>2.98%</b>	<b>2.86%</b>	<b>2.86%</b>	<b>0 bps</b>	<b>-12 bps</b>	
Average interest-earning asset (IEA) yield	5.82%	4.83%	4.89%	6 bps	-92 bps	
Average cost of funds (CoF)	3.21%	2.20%	2.29%	9 bps	-91 bps	COF increased due to seasonal factors, which led to a shift in the deposit term structure.
CIR	29.2%	39.8%	32.7%	-7 ppts	3.4 ppts	
<b>NPL ratio</b>	<b>1.22%</b>	<b>0.96%</b>	<b>1.03%</b>	<b>6 bps</b>	<b>-19 bps</b>	Substandard debts (Group 3) rose 4bps QoQ, while doubtful debts (Group 4) and bad debts (Group 5) edged up 1bp QoQ.

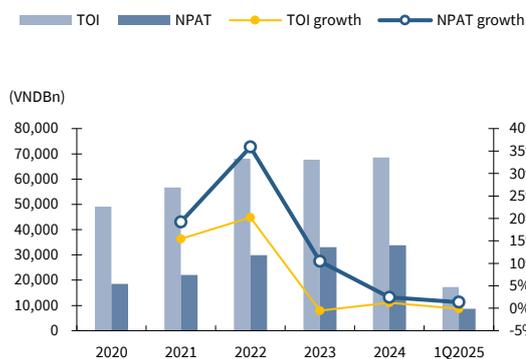
Source: Vietcombank, KB Securities Vietnam

**Fig 2. VCB – NII, NFI & growth (VNDbn, %YoY)**



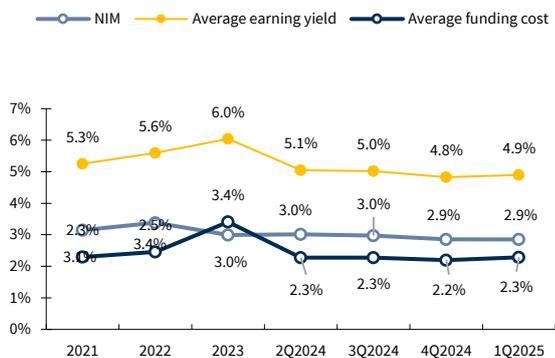
Source: Vietcombank, KB Securities Vietnam

**Fig 3. VCB – TOI, NPAT & growth (VNDbn, %YoY)**



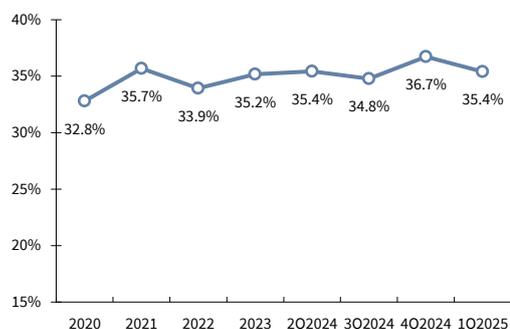
Source: Vietcombank, KB Securities Vietnam

**Fig 4. VCB – NIM, CoF, IEA yield in 2021–2025 (%)**



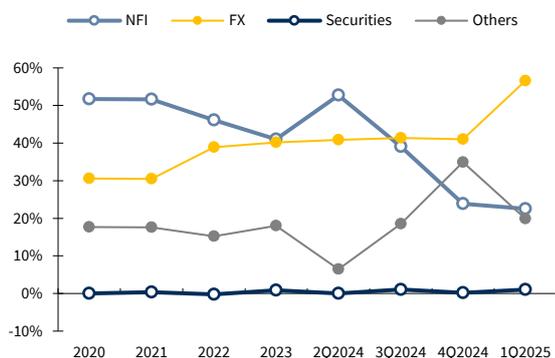
Source: Vietcombank, KB Securities Vietnam

**Fig 5. VCB – CASA ratio in 2020–2025 (%)**



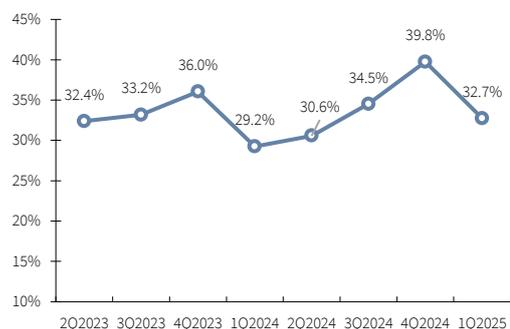
Source: Vietcombank, KB Securities Vietnam

**Fig 6. VCB – NOII breakdown (%)**



Source: Vietcombank, KB Securities Vietnam

**Fig 7. VCB – CIR in 2023–2025 (%)**



Source: Vietcombank, KB Securities Vietnam

**VCB targets 16.28% credit growth and plans a private placement of up to 6.5% of its total outstanding shares**

At the 2025 AGM held on April 26, 2025, VCB set the following targets: (i) total assets up 10%; (ii) credit growth capped at 16.28% or subject to SBV guidance; (iii) customer deposits up 8%; and (iv) NPL ratio to be kept below 1.5%. Also, a plan to make a private placement of up to 6.5% of the total outstanding shares or 543.1 million shares was approved. The issuance may be conducted in multiple tranches throughout 2025–2026, with transfer restrictions of three years for strategic investors and one year for professional securities investors applied to the newly issued shares.

**NIM will likely see continued downward pressure into 2H2025**

KBSV maintains the view that NIM will remain under pressure throughout 2025, primarily due to rising deposit rate risks, based on the following factors:

**(1) Mounting exchange rate pressure**

As of now, the VND has depreciated by 2.7% against the USD, while the US Dollar Index (DXY) has dropped 9.8% YTD, implying a depreciation of ~12.5% of the VND against a basket of major currencies. With the US Federal Reserve (Fed) expected to begin rate cuts only from September 2025, by a total of 50–75bps this year, VND/USD exchange rate pressure is likely to remain elevated through the rest of 2025.

**(2) Risk of capital outflows**

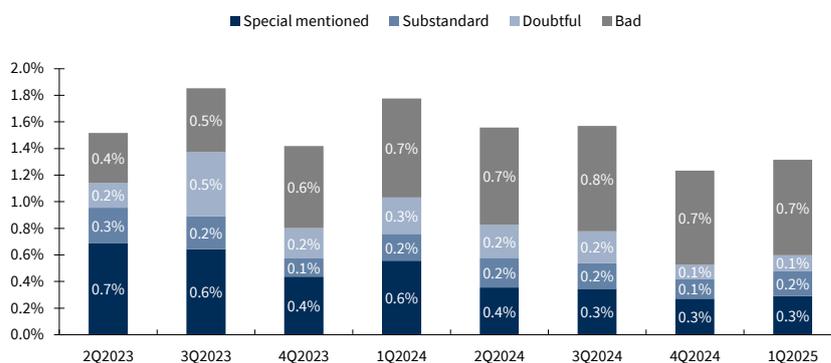
Exchange rate volatility and uncertainties surrounding global tariffs may reduce Vietnam’s investment attractiveness, increasing the risk of foreign capital outflows.

Conversely, intense competition among banks amid sluggish credit demand limits the potential for lending rate hikes. This heightens the risk of NIM contraction and warrants close monitoring in 2H2025. However, SBV liquidity support and rising borrowing demand in 2H2025 may help ease lending rate competition and support NIM.

**VCB is well-positioned against tariff-related risks**

According to VCB, loans to FDI enterprises accounted for 10% of its total customer loan portfolio as of end-1Q2025. The bank assesses that the impact of tariffs on its loan book is relatively limited due to: (i) anticipated successful negotiations to lower US tariffs on Vietnamese goods to below the initially proposed 46%; (ii) limited exposure to industries hard hit by tariffs; (iii) certain clients’ strong pricing negotiation power with exporters; and (iv) a customer base largely comprising financially healthy businesses. However, KBSV believes that if tariffs remain elevated (above 25%), there could be negative implications for VCB’s asset quality beginning in 4Q2025, alongside potential pressure on interest income and fee revenue.

Fig 8. VCB – Loan book structure (Group 2-5) in 2023-2025 (%)



Source: Vietcombank, KB Securities Vietnam

Fig 9. Vietnam – Special-mention loan and NPL ratio across banks (%)

VCB maintains its industry-leading asset quality and provision buffer, as evidenced by its lowest NPL ratio and highest LLCR in the system. This provides a solid foundation to ease provisioning pressure for the remainder of the year.

	% NPL	QoQ	% Group 2	QoQ	Provision (Billion VND)	LLCR
VPB	4.74%	0.55%	4.30%	-1.36%	-16,414	47.4%
OCB	3.91%	0.75%	2.35%	0.05%	-2,397	35.0%
VIB	3.79%	0.28%	3.31%	-0.01%	-4,894	38.6%
EIB	2.59%	0.05%	0.86%	-0.15%	-1,803	38.7%
MSB	2.57%	-0.11%	1.25%	0.03%	-2,946	59.6%
STB	2.51%	0.11%	0.79%	0.02%	-10,566	74.7%
HDB	2.37%	0.44%	5.39%	0.66%	-5,638	53.3%
BID	1.89%	0.48%	1.85%	0.19%	-38,651	96.8%
MBB	1.84%	0.22%	1.91%	0.34%	-11,050	75.3%
LPB	1.73%	0.16%	1.39%	0.40%	-4,525	74.3%
CTG	1.55%	0.33%	1.32%	-0.03%	-38,269	136.8%
ACB	1.48%	-0.01%	0.71%	0.08%	-6,375	72.1%
TCB	1.17%	0.05%	0.78%	0.08%	-8,686	111.6%
VCB	1.03%	0.06%	0.29%	0.02%	-32,494	216.1%

Source: Company reports, KB Securities Vietnam

## Forecast & Valuation

Table 10. VCB – 2024A–2026F financial results

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
<b>NII</b>	<b>55,406</b>	<b>62,938</b>	<b>13.6%</b>	<b>74,135</b>	<b>17.8%</b>	We maintain our assumption of 15.5% credit growth.
NFI	5,137	4,022	-21.7%	4,303	7.0%	The NFI forecast has been revised down by 37.8% from the previous estimate due to the absence of upfront fees.
TOI	68,578	75,544	10.2%	87,435	15.7%	
Provision expenses	(3,315)	(7,598)	129.2%	(10,345)	36.2%	Credit cost is expected to remain at 0.5%, supported by robust asset quality and a high LLCR.
<b>NPAT</b>	<b>33,831</b>	<b>34,433</b>	<b>1.8%</b>	<b>38,681</b>	<b>12.3%</b>	
<b>NIM</b>	<b>2.86%</b>	<b>2.88%</b>	<b>3bps</b>	<b>3.00%</b>	<b>11bps</b>	We revise our NIM forecast down by 8bps QoQ, reflecting weak performance in 1Q2025 and persistent pressure from exchange rate volatility and liquidity tightening expected to weigh on NIM in 2H2025.
Average IEA yield	4.83%	4.87%	4bps	5.21%	35bps	
Average CoF	2.20%	2.22%	2bps	2.49%	27bps	
CIR	33.6%	33.0%	-58bps	32.9%	-10bps	
<b>NPL ratio</b>	<b>0.96%</b>	<b>1.00%</b>	<b>4bps</b>	<b>1.00%</b>	<b>0bps</b>	
Total assets	2,085,397	2,329,548	11.7%	2,667,387	14.5%	
Owner's equity	198,956	233,389	17.3%	272,070	16.6%	

Source: Vietcombank, KB Securities Vietnam

### We upgrade VCB to BUY with a target price of VND70,700/share

We combine two valuation methods, P/B and residual income, to determine a fair value for VCB.

#### 1. P/B valuation method

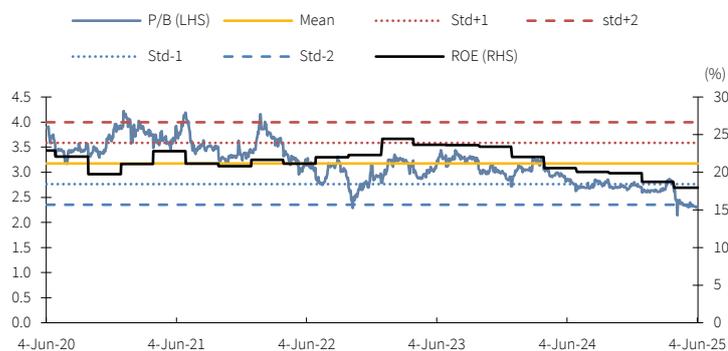
We maintain a 2025 forward P/B ratio at 3.2x, in line with VCB's five-year historical mean. This reflects the bank's strong credit growth prospects and stable asset quality, though NIM volatility risks remain.

#### 2. Residual income method (Table 12)

Additionally, we apply the residual income method to capture systemic risks and long-term expectations. We adjust the market risk premium to 8.35%, factoring in exchange rate volatility and global trade tensions that could weigh on the broader economy.

By assigning equal weights (50:50) to both methods, we arrive at a target price of VND70,700 per share for VCB in 2025, representing a 25.6% upside from the price on June 5, 2025.

Fig 11. VCB – P/B in 2020–2025



Source: Bloomberg, KB Securities Vietnam

Table 12. VCB – Residual income valuation

(VNDbn)	2025F	2026F	2027F
NPAT	34,457	38,707	44,315
Excessed return	12,646	13,122	14,489
Required rate of return (r)	10.96%		
Growth (g)	3.0%		
Terminal value	134,975		
End-2025 fair value	435,034		
<b>Value per share</b>	<b>52,064</b>		

Source: KB Securities Vietnam

Table 13. VCB – Valuation results

Valuation method	Forecast price	Weighting	Weighted price
P/B	89,382	50%	44,691
Residual income	52,064	50%	26,032
<b>Target price</b>			<b>70,700</b>

Source: KB Securities Vietnam

## VCB – 2022A–2026F summarized financials & forecasts

Income Statement (VNDbn)						Balance Sheet (VNDbn)					
	2022	2023	2024	2025F	2026F		2022	2023	2024	2025F	2026F
Net interest income	53,246	53,621	55,406	62,938	74,135	Loans	1,20,287	124,167	14,18,037	164,141	189,244
Interest income	88,113	108,122	93,655	106,257	128,924	Marketable securities	1,500	2,495	4,576	3,324	5,840
Interest expense	(34,866)	(54,501)	(38,249)	(43,319)	(54,788)	Cash (ex. Reserves)	18,349	14,505	14,268	15,768	18,212
Fees & commissions	6,839	5,780	5,137	4,022	4,303	Interest earning assets	1,759,898	1,819,045	2,061,094	2,306,500	2,641,403
Other non-interest income	2,054	2,272	2,372	2,357	2,260	Fixed assets & other assets	71,157	40,584	41,183	39,716	44,011
Total operating income	68,083	67,723	68,578	75,544	87,435	Total assets	18,18,815	1,839,613	2,085,397	2,329,548	2,667,387
SG&A expenses	(2,125)	(2,191)	(23,027)	(24,930)	(28,766)	Customer deposits	1,243,468	1,395,698	1,514,665	1,673,849	1,933,295
Pre-provisioning OP	46,832	45,809	45,551	50,615	58,669	Borrowings & call money/repos	25,341	20,031	24,126	31,532	35,851
Provision for credit losses	(9,464)	(4,565)	(3,315)	(7,598)	(10,345)	Interest bearing liabilities	1,568,635	1,631,238	1,851,681	2,055,769	2,348,681
Other income	2,928	4,050	4,469	3,928	3,766	Other liabilities	109,534	43,362	34,760	40,389	46,636
Other expense	(874)	(1,778)	(2,097)	(1,571)	(1,506)	Total liabilities	1,678,169	1,674,601	1,886,441	2,096,159	2,395,317
Pre-tax income	37,368	41,244	42,236	43,017	48,324	Charter capital	47,325	55,891	55,891	83,557	83,557
Income tax expense	(7,449)	(8,189)	(8,383)	(8,560)	(9,616)	Capital surplus	4,995	4,995	4,995	4,995	4,995
NP	29,919	33,054	33,853	34,457	38,707	Retained earnings	60,733	76,759	10,679	17,446	156,127
Minority interest profit	(20)	(21)	(22)	(24)	(26)	Capital adjustments	-	-	-	-	-
Parent NP	29,899	33,033	33,831	34,433	38,681	Total shareholders' equity	135,646	165,013	198,956	233,389	272,070

Financial Indicators (%)						Valuation (VND, X, %)					
	2022	2023	2024	2025F	2026F		2022	2023	2024	2025F	2026F
<b>Profitability</b>						<b>Share Price Indicators</b>					
ROE	24.4%	22.0%	18.6%	15.9%	15.3%	EPS	6,318	5,910	6,053	4,121	4,629
ROA	1.9%	1.8%	1.7%	1.6%	1.5%	BVPS	28,663	29,524	35,597	27,932	32,561
Pre-provision ROE	30.6%	24.4%	20.1%	18.8%	18.6%	Tangible BVPS	28,068	29,060	35,139	27,631	32,267
Pre-provision ROA	2.3%	2.0%	1.9%	1.8%	1.9%	<b>Valuations</b>					
Net interest margin (NIM)	3.4%	3.0%	2.9%	2.9%	3.0%	PER	8.9	9.5	9.3	13.7	12.2
<b>Efficiency</b>						PBR	2.0	1.9	1.6	2.0	1.7
Pure Loan to deposit ratio	92.1%	91.0%	95.7%	100.0%	100.0%	Dividend yield	0.3%	0.0%	0.0%	0.0%	0.0%
Cost-income ratio	312%	32.4%	33.6%	33.0%	32.9%	ROE	24.4%	22.0%	18.6%	15.9%	15.3%
<b>Growth</b>						<b>Capital Adequacy</b>					
Asset growth	28.2%	14%	13.4%	11.7%	14.5%	CAR	10.0%	114%	12.3%	>10%	>10%
Loan growth	19.8%	10.8%	14.2%	15.8%	15.6%	<b>Asset Quality</b>					
PPOP growth	20.2%	-2.2%	-0.6%	1.1%	15.9%	NPL ratio (substandard)	0.7%	10%	10%	10%	10%
Parent NP growth	35.9%	10.5%	2.4%	1.8%	12.3%	Coverage ratio (substandard)	316.9%	230.3%	223.3%	193.8%	186.5%
EPS growth	6.5%	-6.4%	2.4%	-31.9%	12.3%	NPL ratio (precautionary)	10%	14%	12%	13%	14%
BVPS growth	-2.6%	3.0%	20.6%	-2.15%	16.6%	Coverage ratio (precautionary)	208.2%	159.2%	174.2%	149.0%	133.2%

Source: Company report, KB Securities Vietnam

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## Investment ratings & definitions

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### Investment Ratings for Stocks

(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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