



India

ADD (no change)

Consensus ratings*: Buy 41 Hold 10 Sell 0

Current price: Rs1,170
 Target price: ▲ Rs1,500
 Previous target: Rs1,430
 Up/downside: 28.2%
 InCred Research / Consensus: 11.4%

Reuters: AXBK.NS
 Bloomberg: AXSB IN
 Market cap: US\$41,207m
 Rs3,629,127m
 Average daily turnover: US\$96.7m
 Rs8518.6m
 Current shares o/s: 1,379.5m
 Free float: 91.8%

*Source: Bloomberg

Key changes in this note

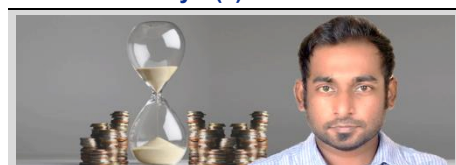
- Cut our earnings estimates for FY26F-28F based on 2QFY26 results.
- Raise our target price as we roll forward the valuation by six months & cut risk-free rate.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5.9	0.3	1.4
Relative (%)	5.6	0.4	0.0

Major shareholders	% held
LIC	8.2
ICICI Pru AMC	5.6
HDFC AMC	5.1

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Axis Bank**Strong margin/loan growth delivery**

- Positives in 2Q were strong loan growth & a much better-than-expected margin delivery. Negatives were a one-time standard asset provision and PSLC costs.
- Key beneficiary of improving system volume growth & moderating credit costs which will aid its profitability further. Cheap at 1.3x Sep 2027F BV for 15% RoE.
- We increase our target price to Rs1,500 (28% upside) as we roll forward our valuation by six months and cut risk-free rate, partly offset by a cut in estimates.

PAT miss on RBI-led costs on crop loans; adjusted PBT beat by 7%

Axis Bank's 2QFY26 PAT at Rs51bn (1.2% annualized RoA) missed our estimate owing to a one-time standard asset provisioning (8bp of avg. assets pre-tax) and related PSLC costs (6bp). Adjusted for these, PBT beat our estimate by 7%, mainly led by core PPOp (8% YoY; 6% above our estimate) while credit costs were higher than expected, although benign at 85bp vs. an estimated 73bp. Core PPOp beat was driven by NII (2% YoY; 4% above our estimate) & lower opex (flat YoY; 2% below our estimate) while core fee growth was subdued (10% YoY; 5% QoQ). Margin delivery surprised positively (at 3.73% vs. an estimate of 3.65%) led by a higher-than-expected fall in funding costs (down 24bp QoQ).

Loan growth surprises positively; expect retail growth to pick up

Loan growth was strong at 5% QoQ (12% YoY), mainly driven by SME (9% QoQ, 19% YoY) and corporate segments (11% QoQ, 20% YoY). Retail loan growth was relatively subdued at 2% QoQ (6% YoY) while within retail, growth was strong in credit cards (8% QoQ) owing to e-commerce sales around the festive season. Management sounded confident of retail growth recovering, as it sees a pick-up in disbursements across products. Over the medium term, the bank gave guidance of posting loan growth of ~300bp, higher than system growth. Average deposit growth was 10% YoY (3% QoQ). Retail deposits (per LCR) grew by 8% YoY (3% QoQ). Deposit growth (on period-end basis) was 11% YoY (4% QoQ) and LDR stood at 93%. Management stated that it remains comfortable to operate in the LDR range of 90-94%, while the focus remains on garnering quality deposits.

Reiterate ADD rating; valuation remains attractive versus peers

We believe Axis Bank remains a key beneficiary of improving system volume growth and more so, moderation in credit costs over the medium term will aid its profitability. The valuation is cheap (at 1.3x Sep 2027F BV for ~14-15% RoE in FY27F-28F) and could outperform large peers over the medium term. Axis Bank's steep discount to ICICI Bank's core P/BV valuation is likely to narrow as system growth improves. Based on 2QFY26 results, we revisit our estimates and cut EPS/BV by 5-6%/1-2%, respectively, for FY26F-FY28 to factor in higher opex and credit costs. We increase our target price to Rs1,500 (Rs1,430 earlier) as we roll forward the valuation by six months to Sep 2027F and reduce the cost of equity (risk-free rate now at 6.5%). We have assigned a sum-of-the-parts (SOTP) value of Rs120/share for subsidiaries. Downside risks: Lower-than-expected volume growth & further deterioration in asset quality.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Net Interest Income (Rsm)	498,346	543,478	564,570	646,564	741,973
Total Non-Interest Income (Rsm)	225,019	252,571	276,777	298,823	341,996
Operating Revenue (Rsm)	723,364	796,049	841,347	945,387	1,083,969
Total Provision Charges (Rsm)	(40,631)	(77,584)	(118,700)	(96,444)	(105,368)
Net Profit (Rsm)	248,614	263,735	243,009	298,402	361,979
Core EPS (Rs)	80.55	85.15	78.32	96.17	116.66
Core EPS Growth	12%	6%	(8%)	23%	21%
FD Core P/E (x)	14.52	13.74	14.93	12.16	10.03
DPS (Rs)	1.00	1.00	3.00	3.00	3.00
Dividend Yield	0.09%	0.09%	0.26%	0.26%	0.26%
BVPS (Rs)	489.4	580.3	659.2	752.4	866.0
P/BV (x)	2.39	2.02	1.77	1.55	1.35
ROE	18.0%	15.9%	12.6%	13.6%	14.4%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Axis Bank: 2QFY26 results summary

Rs Mn	2QFY25	1QFY26	2QFY26	YoY (%)	QoQ (%)
Net Interest Income	1,34,832	1,35,598	1,37,446	2%	1%
Other Income	67,219	72,581	66,246	-1%	-9%
--Core Fee	55,080	57,460	60,370	10%	5%
--Treasury Income	11,110	14,200	4,980	-55%	-65%
--Misc. Income	1,029	921	896	-13%	-3%
Total income	2,02,051	2,08,178	2,03,691	1%	-2%
--Core Revenues	1,89,912	1,93,058	1,97,816	4%	2%
Operating Expenses	94,926	93,027	99,566	5%	7%
Adj. Operating Expense	94,926	93,027	94,846	0%	2%
--Staff Expenses	31,172	32,618	31,176	0%	-4%
--Other Operating Expenses	63,754	60,409	68,390	7%	13%
--Adj. Other Opex	63,754	60,409	63,670	0%	5%
Operating Profit	1,07,125	1,15,152	1,04,125	-3%	-10%
Adj. Operating profit	1,07,125	1,15,152	1,08,845	2%	-5%
--Core PPOP	94,986	1,00,031	98,250	3%	-2%
--Adj. Core PPOP	94,986	1,00,031	1,02,970	8%	3%
Provisions	22,041	39,477	35,470	61%	-10%
Adj. provisions (ex-standard)	22,041	39,477	23,160	5%	-41%
PBT	85,084	75,675	68,655	-19%	-9%
Adj. PBT	85,084	75,675	85,685	1%	13%
Tax	15,908	17,614	17,759	12%	1%
PAT	69,176	58,061	50,896	-26%	-12%
EPS	22	19	16		
Advances	99,99,792	1,05,97,244	1,11,67,030	12%	5%
Deposits	1,08,67,440	1,16,16,146	1,20,34,869	11%	4%
LD Ratio	92%	91%	93%		
CASA Ratio	41%	40%	40%		
Margins (%)	3.99	3.80	3.73	-0.26	-0.07
Overall provisions (in bps)	89	150	130		
Adj. provisions (in bps)	89	150	85		
---Credit cost (in bps)	89	150	130		
-----NPA provisions	58	149	78		
GNPA	1,54,662	1,77,647	1,73,077	12%	-3%
GNPA Ratio (%)	1.44%	1.57%	1.46%		
NNPA	36,125	50,660	51,139	42%	1%
NNPA Ratio (%)	0.34	0.45	0.44		
PCR	1,18,538	1,26,987	1,21,939	3%	-4%
PCR Ratio (%)	77%	71%	70%		
Slippages	44,430	82,000	56,960	28%	-31%
--% of trailing loans	2.0%	3.3%	2.3%		
CET-1 Ratio (%)	14.1%	14.7%	14.4%		
RoA	1.8%	1.5%	1.2%		
RoE	17.6%	13.1%	11.1%		

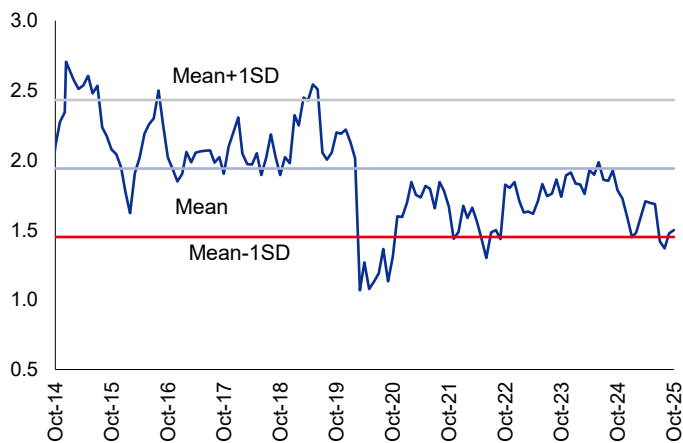
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Axis Bank: Changes to our earnings estimates

Rs bn	New Estimates				Old Estimates			Change		
	FY25	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Net Interest Income	543	565	647	742	557	645	750	1%	0%	-1%
--Growth YoY	9%	4%	15%	15%	2%	16%	16%			
Non-Interest Income	253	277	299	342	277	302	346	0%	-1%	-1%
--Growth YoY	12%	10%	8%	14%	10%	9%	14%			
Total Income	796	841	945	1,084	833	948	1,096	1%	0%	-1%
--Growth YoY	10%	6%	12%	15%	5%	14%	16%			
Opex	375	399	450	495	391	432	484	2%	4%	2%
--Growth YoY	6%	6%	13%	10%	4%	11%	12%			
PPOP	421	442	495	589	443	515	612	0%	-4%	-4%
--Growth YoY	13%	5%	12%	19%	5%	16%	19%			
Provision	78	119	96	105	101	93	100	17%	4%	5%
--as a% of avg. loans	77	106	75	71	92	74	71			
PBT	343	324	399	484	341	423	512	-5%	-6%	-5%
Tax	80	81	101	122	85	107	129	5%	6%	6%
PAT	264	243	298	362	257	316	383	-5%	-6%	-5%
--Growth YoY	6%	-8%	23%	21%	-3%	23%	21%			
Advances	10,408	11,969	13,765	15,829	11,657	13,289	15,150	3%	4%	4%
--Growth YoY	8%	15%	15%	15%	12%	14%	14%			
Deposits	11,730	13,254	15,110	17,225	13,254	15,110	17,225	0%	0%	0%
--Growth YoY	10%	13%	14%	14%	13%	14%	14%			
Book Value	580	659	752	866	664	763	883	-1%	-1%	-2%
--Growth YoY	19%	14%	14%	15%	14%	15%	16%			
EPS	85	78	96	117	83	102	123	-5%	-6%	-6%
--Growth YoY	6%	-8%	23%	21%	-3%	23%	21%			
RoA	1.7%	1.4%	1.6%	1.7%	1.5%	1.7%	1.8%	-9	-10	-10
RoE	15.9%	12.7%	13.7%	14.5%	13.3%	14.3%	15.0%	-67	-68	-59

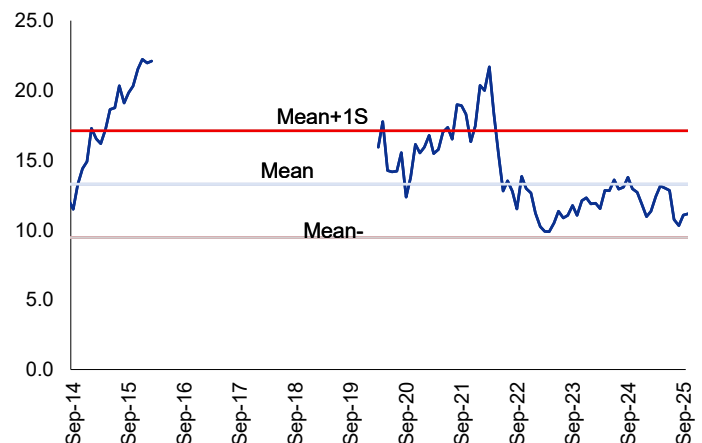
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Axis Bank's one-year forward P/BV



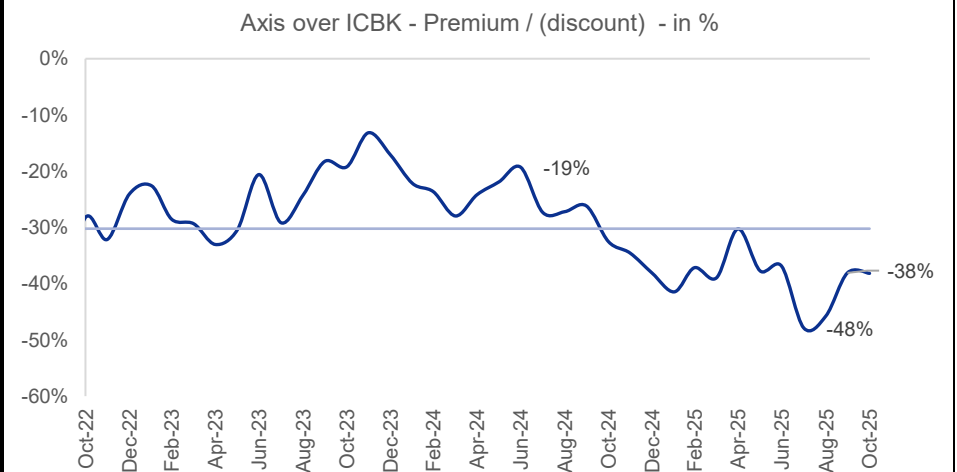
SOURCE: INCRED RESEARCH

Figure 4: Axis Bank's one-year forward P/E



SOURCE: INCRED RESEARCH

Figure 5: Axis Bank over ICICI Bank - the discount reduces to 38% from 48%



SOURCE: INCRED RESEARCH

Earnings-call highlights

- **Margins to trough in 3QFY27F assuming no further repo rate cuts:** Margins surprised positively with a decline of just 7bp QoQ to 3.73% (we had built in a decline of ~15bp QoQ). While the decline in yield (~30bp QoQ) was on expected lines, the reduction in funding costs (down 24bp QoQ) was much higher than expected. Management expects margins to trough in 3QFY26F on the basis of the duration of assets and liabilities (assuming no further repo rate cut) and reiterated its guidance for through-the-cycle margins around 3.8%. We expect FY26F/27F margins at 3.75%/3.8%, respectively.
- **RBI-led one-time standard asset provisioning on two crop loans:** Management noted that following a Reserve Bank of India (RBI) advisory, Axis Bank provided Rs12.3bn (i.e. 5% on an exposure of Rs246bn) as standard asset provisioning against two crop loans (which have been discontinued). The bank articulated that it is not an asset quality concern / issue with income recognition. On the credit quality of this portfolio, the bank highlighted that this portfolio has exhibited a healthy performance with credit costs at ~70bp in FY25 and ~40bp over the past three years. The reversal of one-time standard provisioning will take place when these loans are recovered or 31st Mar 2028, whichever is earlier. Until then, the bank is not required to step up provisioning or write-back basis, reducing the exposure. Following the RBI advisory, the bank had to de-recognize PSL classification on such loans. As a result, the bank bought PSL certificates (amounting to Rs9.5bn i.e. 6bp of avg. assets). As per the amortization policy, Rs4.7bn has been charged during 2QFY26 and the remaining will be spread over the next couple of quarters.
- **Net slippage comfortable at 1.1% annualized:** Gross slippage was Rs57bn (2.3% of trailing loans; annualized; net was 1.1%) and included technical slippage of ~Rs15bn (0.6%; net slippage was 0.1%). Excluding technical, gross slippage was Rs42bn (1.7%; net slippage was 1%) vs. Rs55bn last quarter and Rs44bn last year. Healthy recovery/upgrades (~Rs29bn vs. Rs 21bn) and elevated write-offs (~Rs33bn vs. ~Rs28bn) led to a decline in GNPA's by 3% QoQ. The GNPA ratio declined by 11bp QoQ to 1.46%. PCR remains healthy at 70.5% (vs. 71.5% last quarter). The net NPA ratio remains low at 0.44%. The bank holds additional non-NPA provision of Rs133bn (i.e. 1.2% of loans) and includes one-time standard provisioning of Rs13.2bn (11 bp).
- **Asset quality improvement in unsecured segments:** Management highlighted that there are signs of improving asset quality in the cards segment and stabilizing trend is visible in the personal loan segment. Moreover, all key indicators such as bounce rates, early delinquency, collection, resolution rates are showing an improving trend.
- **ECL impact:** Management noted that the transition impact to ECL-based provisioning is negligible, as per its books (as on 30 Jun 2025).
- Rural infrastructure development bonds (as a % of total assets) declined to 0.75% as of Sep 2025-end vs. 1.2% last year.

Figure 6: Financial summary

Axis Bank

Profit and Loss Statement

Rs M (Year-end Mar)	FY25	FY26F	FY27F	FY28F
Interest Income	1,226,770	1,269,974	1,415,169	1,616,100
Interest Expense	683,292	705,404	768,605	874,128
Net Interest Income	543,478	564,570	646,564	741,973
---Core Fee Income	227,079	250,281	287,823	330,996
---Capital Gains	19,848	22,180	6,000	6,000
---Miscellaneous Inc.	5,644	4,316	5,000	5,000
Total Non Interest Income	252,571	276,777	298,823	341,996
Total Operating Income	796,049	841,347	945,387	1,083,969
---Employee Exp	121,928	128,012	138,253	148,622
---Other Expenses	253,072	271,092	311,756	346,049
Total Operating Expenses	375,000	399,104	450,009	494,671
Operating Profit	421,049	442,243	495,378	589,298
---Prov. For Investment Dep.	-8,000	0	0	0
---Loan Loss Provisions	75,468	109,275	102,160	110,142
Total provisions	77,584	118,700	96,444	105,368
Profit Before Tax	343,466	323,543	398,934	483,930
Provision for Tax	79,731	80,534	100,531	121,950
Net Profit	263,735	243,009	298,402	361,979

Balance Sheet Data

Rs M (Year-end Mar)	FY25	FY26F	FY27F	FY28F
Shareholders' equity	1,797,251	2,045,461	2,334,555	2,687,225
Deposits	11,729,520	13,254,358	15,109,968	17,225,363
Borrowings	1,614,165	1,678,732	1,804,637	1,939,984
Other Liabilities & Prov.	958,362	1,079,387	1,192,206	1,317,729
Total Liabilities	16,099,299	18,057,937	20,441,366	23,170,303
Cash & Balances with RBI	736,384	746,654	845,730	958,267
Balances with Banks	260,937	373,327	422,865	479,134
Investments	3,961,418	4,095,981	4,407,960	4,757,176
Advances	10,408,113	11,969,330	13,764,730	15,829,439
Fixed Assets	62,917	69,209	76,130	83,743
Other Assets	669,530	803,436	923,951	1,062,544
Total Assets	16,099,299	18,057,937	20,441,366	23,170,303
Earning Assets	15,366,852	17,185,293	19,441,285	22,024,016
Average Interest Earning Assets	14,738,676	16,276,073	18,313,289	20,732,651
Average Loans	10,029,399	11,188,722	12,867,030	14,797,084
Avg Equity / Avg Assets (%)	10.7%	11.3%	11.4%	11.5%
Asset Quality	FY25	FY26F	FY27F	FY28F
Credit costs	76	106	75	71
Gross NPL	144,880	208,060	295,518	401,173
Net NPL	36,855	57,194	87,492	128,005
Reserve Coverage	108,026	150,866	208,026	273,168
Gross NPL Ratio	1.4%	1.7%	2.1%	2.5%
Net NPL Ratio	0.4%	0.5%	0.6%	0.8%

Per Share Data and Valuations

Rs M (Year-end Mar)	FY25	FY26F	FY27F	FY28F
Reported EPS	85.3	78.4	96.2	116.7
Book Value	580.3	659.2	752.4	866.0
Book Value (Core)	559.3	638.3	731.4	845.1
Core PPOP/Share	127.7	134.0	156.1	186.4
DPS	1.0	3.0	3.0	3.0
Valuations				
P/E (Headline)	13.7	14.9	12.2	10.0
P/E (Core)	12.3	13.4	10.9	9.0
Price to Book (Headline)	2.0	1.8	1.6	1.4
Price to Book (Core)	1.9	1.6	1.4	1.2
Price to Core PPOP (Headline)	9.2	8.7	7.5	6.3
Price to Core PPOP (Core)	8.2	1.6	1.4	1.2
Dividend Yield	0.1%	0.3%	0.3%	0.3%

Ratio Analysis

Rs M (Year-end Mar)	FY25	FY26F	FY27F	FY28F
Spread Analysis				
Average yield on assets	8.3%	7.8%	7.7%	7.8%
Cost of earning assets	4.6%	4.3%	4.2%	4.2%
Net Interest Margin (Reported)	4.0%	3.8%	3.8%	3.8%

Growth Ratios

Net Interest Income	9%	4%	15%	15%
Non Interest Income	12%	10%	8%	14%
Operating expenses	6%	6%	13%	10%
Core PPOP	14%	5%	17%	19%
Net Profit	6%	-8%	23%	21%
EPS	6%	-8%	23%	21%
Deposits	10%	13%	14%	14%
Advances	8%	15%	15%	15%
Total Assets	9%	12%	13%	13%

Profitability Ratios

Return On Equity	15.9%	12.7%	13.7%	14.5%
Return on Assets	1.7%	1.4%	1.6%	1.7%

Efficiency Ratios

Cost Income Ratio	47.1%	47.4%	47.6%	45.6%
Expenses/Avg Assets	2.5%	2.4%	2.4%	2.3%

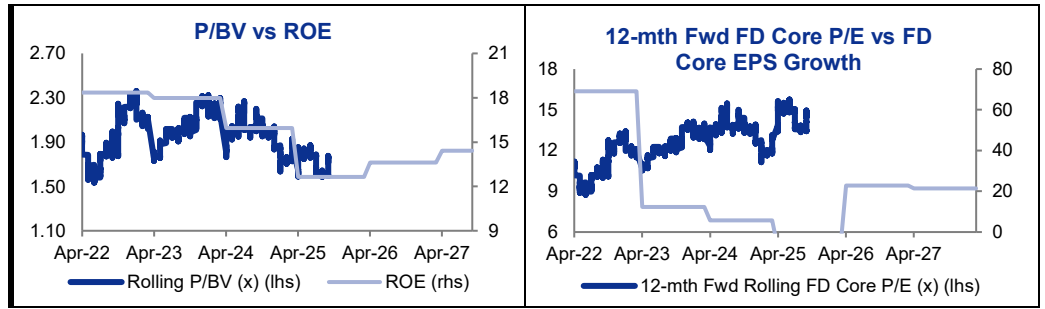
Capital Ratios

CET 1 Ratio	14.7%	14.3%	14.5%	14.9%
Tier 1 Ratio	15.1%	14.7%	14.9%	15.1%
Tier 2 Ratio	2.0%	1.1%	1.0%	1.0%
Capital Adequacy Ratio	17.1%	15.8%	15.9%	16.1%

Source: Company data, InCred Research
E=InCred Research Estimates

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rsm)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Net Interest Income	498,346	543,478	564,570	646,564	741,973
Total Non-Interest Income	225,019	252,571	276,777	298,823	341,996
Operating Revenue	723,364	796,049	841,347	945,387	1,083,969
Total Non-Interest Expenses	(352,133)	(375,000)	(399,104)	(450,009)	(494,671)
Pre-provision Operating Profit	371,232	421,049	442,243	495,378	589,298
Total Provision Charges	(40,631)	(77,584)	(118,700)	(96,444)	(105,368)
Operating Profit After Provisions	330,601	343,466	323,543	398,934	483,930
Pretax Income/(Loss) from Assoc.					
Operating EBIT (incl Associates)	330,601	343,466	323,543	398,934	483,930
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	330,601	343,466	323,543	398,934	483,930
Exceptional Items					
Pre-tax Profit	330,601	343,466	323,543	398,934	483,930
Taxation	(81,986)	(79,731)	(80,534)	(100,531)	(121,950)
Consolidation Adjustments & Others					
Exceptional Income - post-tax					
Profit After Tax	248,614	263,735	243,009	298,402	361,979
Minority Interests					
Pref. & Special Div					
FX And Other Adj.					
Net Profit	248,614	263,735	243,009	298,402	361,979
Recurring Net Profit					

Balance Sheet Employment

(Rsm)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Gross Loans/Cust Deposits					
Avg Loans/Avg Deposits	89.8%	89.5%	89.6%	90.7%	91.5%
Avg Liquid Assets/Avg Assets	94.9%	95.5%	95.3%	95.1%	95.1%
Avg Liquid Assets/Avg IEAs	109.1%	107.8%	107.0%	107.0%	107.0%
Net Cust Loans/Assets					
Net Cust Loans/Broad Deposits					
Equity & Provns/Gross Cust Loans					
Asset Risk Weighting					
Provision Charge/Avg Cust Loans	0.45%	0.77%	1.06%	0.75%	0.71%
Provision Charge/Avg Assets	0.29%	0.50%	0.70%	0.50%	0.48%
Total Write Offs/Average Assets					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rsm)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Gross Loans	9,650,684	10,408,113	11,969,330	13,764,730	15,829,439
Liquid Assets & Invst. (Current)	3,315,273	3,961,418	4,095,981	4,407,960	4,757,176
Other Int. Earning Assets					
Total Gross Int. Earning Assets	12,965,956	14,369,531	16,065,311	18,172,690	20,586,616
Total Provisions/Loan Loss Reserve					
Total Net Interest Earning Assets	12,965,956	14,369,531	16,065,311	18,172,690	20,586,616
Intangible Assets					
Other Non-Interest Earning Assets	604,740	669,530	803,436	923,951	1,062,544
Total Non-Interest Earning Assets	661,586	732,447	872,644	1,000,081	1,146,286
Cash And Marketable Securities	1,144,544	997,321	1,119,982	1,268,595	1,437,401
Long-term Investments					
Total Assets	14,772,086	16,099,299	18,057,938	20,441,366	23,170,302
Customer Interest-Bearing Liabilities	10,686,414	11,729,520	13,254,358	15,109,968	17,225,364
Bank Deposits					
Interest Bearing Liabilities: Others					
Total Interest-Bearing Liabilities	12,418,731	13,343,685	14,933,090	16,914,604	19,165,348
Banks Liabilities Under Acceptances					
Total Non-Interest Bearing Liabilities	842,739	958,362	1,079,387	1,192,206	1,317,729
Total Liabilities	13,261,470	14,302,048	16,012,476	18,106,810	20,483,078
Shareholders Equity	1,510,616	1,797,251	2,045,461	2,334,555	2,687,226
Minority Interests					
Total Equity	1,510,616	1,797,251	2,045,461	2,334,555	2,687,226

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Income Growth	16.0%	9.1%	3.9%	14.5%	14.8%
Operating Profit Growth	15.0%	13.4%	5.0%	12.0%	19.0%
Pretax Profit Growth	12%	4%	(6%)	23%	21%
Net Interest To Total Income	68.9%	68.3%	67.1%	68.4%	68.4%
Cost Of Funds	5.06%	5.30%	4.99%	4.83%	4.85%
Return On Interest Earning Assets	9.0%	9.0%	8.3%	8.3%	8.3%
Net Interest Spread	3.93%	3.67%	3.36%	3.44%	3.49%
Net Interest Margin (Avg Deposits)	4.94%	4.85%	4.52%	4.56%	4.59%
Net Interest Margin (Avg RWA)					
Provisions to Pre Prov. Operating Profit	11%	18%	27%	19%	18%
Interest Return On Average Assets	3.57%	3.52%	3.31%	3.36%	3.40%
Effective Tax Rate	24.8%	23.2%	24.9%	25.2%	25.2%
Net Dividend Payout Ratio	1.2%	1.2%	3.8%	3.1%	2.6%
Return On Average Assets	1.78%	1.71%	1.42%	1.55%	1.66%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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.