

18 JUNE 2020

RESULTS FLASH

CAN FIN HOMES

CANF IN

INDIA / DIVERSIFIED FINANCIALS

BUY

TARGET PRICE	INR446.00
CLOSE	INR332.40
UP/DOWNSIDE	+34.2%
PRIOR TP	INR446.00
CHANGE IN TP	UNCHANGED

Risk-averse strategy paying off

Investment thesis on track; maintain BUY

We continue liking CANF for its 1) focus on safer segments – housing/salaried (c90%/71% of its loan book as of 4QFY20), 2) strong ratios – 4QFY20 ROE of 17.44% and ROA of 1.93% and 3) CAR of 22.5% and tier-1 of 20.5% which enable it to capture growth prospects. CANF's strategy of adding incremental non-metro branches facilitates higher incremental spreads, in our view. We reiterate BUY with a TP of INR446 (c34% upside).

PAT miss on higher provisions; 28% loans under moratorium

4QFY20 PAT of INR909m missed BNPPe by c27%, primarily due to higher provisions of INR408m vs INR46m in 3QFY20. Disbursements stood at INR13.9b, down c10% y-y vs growth of c12% y-y in 3QFY20. Loan growth was at c13% y-y, majorly driven by c13% increase in housing loans to the salaried segment. The exposure to the riskier builder segment declined by c45% y-y to INR60m – at c3% of the portfolio, which is positive, in our view. According to management, AUM growth for FY21 may be lower than that in FY20 as the focus now shifts toward maintaining liquidity and managing asset quality. CANF has an undrawn credit line of INR40b and is comfortable with its current liquidity position. More importantly, almost 28% of loans by value and 29% by volume are under moratorium. Collections have been improving each month after hitting a low in April because of the lockdown. We believe CANF is likely to continue focusing on financing the MIG1/LIG1 categories (average ticket size of less than INR0.8m) and on non-metros (64% of branches), where spreads are much higher. These should support loan growth and profitability from FY20, in our view.

NIM, cost of funds and asset quality improve q-q

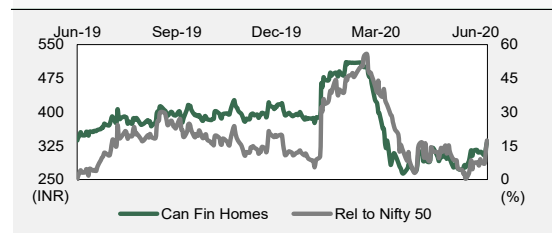
4QFY20 NIM/spreads expanded 10bps/14bps q-q to 3.52%/2.46%. Cost of funds declined by 11bps q-q to 7.77%, which is a comfortable level, according to management. GNPA's improved by 4bps q-q to 0.76%. Management expects GNPA's to rise in FY21.

Capital raise due in FY21

We believe c20% default on loans under moratorium with a 50% loss given default will impact the tier-1 ratio by c550bps, reducing its tier 1 to c15%. Management in the earnings call indicated that it is looking to raise capital in FY21.

KEY STOCK DATA

YE Mar (INR m)	2019A	2020E	2021E	2022E
Operating Profit	4,695	5,176	5,780	6,841
Rec. net profit	2,967	3,880	4,335	5,131
Recurring EPS (INR)	22.29	29.14	32.56	38.54
Prior rec. EPS (INR)	22.29	29.14	32.56	38.54
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	3.7	30.7	11.7	18.4
Recurring P/E (x)	14.9	11.4	10.2	8.6
Dividend yield (%)	0.6	0.6	0.6	0.6
Price/book (x)	2.5	2.1	1.7	1.5
ROE (%)	18.2	19.8	18.5	18.5
ROA (%)	1.7	1.9	1.8	1.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	12.4	(8.4)	(1.4)
Relative to country (%)	4.7	(16.3)	17.3
Mkt cap (USD m)	581		
3m avg daily turnover (USD m)	2.2		
Free float (%)	54		
Major shareholder	CANARA BANK (30%)		
12m high/low (INR)	510.70/263.20		
3m historic vol. (%)	68.6		
ADR ticker	-		
ADR closing price (USD)	-		
Issued shares (m)	133		

Sources: FactSet Estimates; BNP Paribas estimates



Avneesh Sukhija

avneesh.sukhija@asia.bnpparibas.com

+91 22 6196 4352

Our research is available on Thomson Reuters, Bloomberg, S&P Global, FactSet, RSRCHXchange and ONEaccess.



BNP PARIBAS

The bank for a changing world

PREPARED AND PUBLISHED BY NON-US BROKER-DEALER(S): BNP PARIBAS SECURITIES INDIA PVT. LTD. (SEBI REGISTERED RESEARCH ANALYST). THIS MATERIAL HAS BEEN APPROVED FOR U.S. DISTRIBUTION ONLY TO PERSONS WHO ARE MAJOR US INSTITUTIONAL INVESTORS AND BY ENTITIES OTHER THAN BNP PARIBAS SECURITIES CORP. ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND IN THE APPENDIX ON PAGE 5

Exhibit 1: 4QFY20 earnings summary

Income statement	4QFY20	4QFY19	3QFY20	----- Change -----		4QFY20E	Variance
	(INR m)	(INR m)	(INR m)	(y-y %)	(q-q %)	(INR m)	(%)
Interest income	5,251	4,514	5,078	16.3	3.4	5,363	(2.1)
Interest expense	3,398	3,137	3,391	8.3	0.2	4,003	(15.1)
Net interest income	1,853	1,377	1,686	34.6	9.9	1,360	36.2
Non-interest income	38	124	90	(69.4)	(57.9)	521	(92.7)
Total income	1,891	1,501	1,777	26.0	6.4	1,881	0.5
Total expenses	325	325	269	0.0	21.0	321	1.3
Pre provision operating profit	1,565	1,176	1,508	33.1	3.8	1,560	0.3
Provisions	408	11	46	NM	797.4	164	148.4
Exceptional	-	-	-			-	
Profit before tax	1,157	1,165	1,462	(0.7)	(20.9)	1,396	(17.1)
Tax	280	495	390	(43.4)	(28.1)	154	81.4
Profit after tax	909	670	1,067	35.6	(14.8)	1,241	(26.8)
Key ratios							
Cost to income ratio (%) - calc	17.2	21.7	15.1				
Advance yield (%)	10.23	10.06	10.20				
Cost of borrowings (%)	7.77	7.90	7.88				
NIM (%)	3.52	3.14	3.42				
Interest spread (%)	2.46	2.17	2.32				
Balance sheet data							
Loans O/S (INR m)	207,080	183,810	201,940	12.7	2.5		
-- Salaried	146,890	130,640	143,200	12.4	2.6		
-- Self Employed	59,960	52,890	58,500	13.4	2.5		
-- Others	230	280	240	(17.9)	(4.2)		
Capital adequacy							
Tier 1 (%)	20.47	17.75	20.37				
Tier 2 (%)	2.01	1.81	1.70				
CAR (%)	22.48	19.56	22.07				
Asset quality							
GNPA ratio (%)	0.76	0.62	0.80				

Sources: CanFin Homes; BNP Paribas estimates

Financial statements

Can Fin Homes

Profit and Loss (INR m) Year Ending Mar	2018A	2019A	2020E	2021E	2022E
Interest income	14,906	16,996	20,153	23,462	27,809
Interest expense	(9,810)	(11,691)	(14,066)	(16,307)	(19,328)
Net interest income	5,096	5,305	6,087	7,155	8,480
Net fees & commission	273	274	302	352	417
Foreign exchange trading income	0	0	0	0	0
Securities trading income	0	0	0	0	0
Dividend income	0	0	0	0	0
Other income	41	44	219	254	306
Non interest income	314	318	521	606	723
Total income	5,410	5,622	6,607	7,760	9,204
Staff costs	(448)	(414)	(497)	(596)	(715)
Other operating costs	(430)	(503)	(576)	(688)	(822)
Operating costs	(878)	(917)	(1,073)	(1,284)	(1,537)
Pre provision operating profit	4,532	4,706	5,535	6,477	7,667
Provisions for bad and doubtful debts	(221)	(11)	(359)	(697)	(826)
Other provisions	0	0	0	0	0
Operating profit	4,311	4,695	5,176	5,780	6,841
Recurring non operating income	0	0	0	0	0
Associates	0	0	0	0	0
Goodwill amortization	0	0	0	0	0
Non recurring items	0	0	0	0	0
Profit before tax	4,311	4,695	5,176	5,780	6,841
Tax	(1,449)	(1,728)	(1,296)	(1,445)	(1,710)
Profit after tax	2,862	2,967	3,880	4,335	5,131
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	2,862	2,967	3,880	4,335	5,131
Non recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	2,862	2,967	3,880	4,335	5,131
Per share (INR)					
Recurring EPS *	21.49	22.29	29.14	32.56	38.54
Reported EPS	21.49	22.29	29.14	32.56	38.54
DPS	2.00	2.00	2.00	2.00	2.00
Growth					
Net interest income (%)	20.7	4.1	14.7	17.5	18.5
Non interest income (%)	(33.3)	1.3	63.8	16.3	19.4
Pre provision operating profit (%)	16.7	3.8	17.6	17.0	18.4
Operating profit (%)	16.5	8.9	10.2	11.7	18.4
Reported net profit (%)	21.6	3.7	30.7	11.7	18.4
Recurring EPS (%)	21.6	3.7	30.7	11.7	18.4
Reported EPS (%)	21.6	3.7	30.7	11.7	18.4
Income Breakdown					
Net interest income (%)	94.2	94.3	92.1	92.2	92.1
Net fees & commission (%)	5.0	4.9	4.6	4.5	4.5
Foreign exchange trading income (%)	0.0	0.0	0.0	0.0	0.0
Securities trading income (%)	0.0	0.0	0.0	0.0	0.0
Dividend income (%)	0.0	0.0	0.0	0.0	0.0
Other income (%)	0.8	0.8	3.3	3.3	3.3
Operating performance					
Gross interest yield (%)	10.36	10.07	10.18	10.15	10.15
Cost of funds (%)	7.48	7.53	7.70	7.70	7.70
Net interest spread (%)	2.88	2.54	2.47	2.45	2.45
Net interest margin (%)	3.54	3.14	3.07	3.10	3.10
Cost/income (%)	16.2	16.3	16.2	16.5	16.7
Cost/assets (%)	0.61	0.53	0.53	0.55	0.55
Effective tax rate (%)	33.6	36.8	25.0	25.0	25.0
Dividend payout on recurring profit (%)	9.3	9.0	6.9	6.1	5.2
ROE (%)	22.3	18.2	19.8	18.5	18.5
ROE - COE (%)	9.0	4.8	6.5	5.2	5.1
ROA (%)	1.98	1.73	1.92	1.84	1.84
RORWA (%)	4.01	3.51	3.90	3.75	3.75

*Pre exceptional, pre goodwill and fully diluted

Sources: Can Fin Homes; BNP Paribas estimates

Financial statements

Can Fin Homes

Balance Sheet (INR m) Year Ending Mar	2018A	2019A	2020E	2021E	2022E
Gross customer loans	156,440	182,845	215,259	249,330	301,336
Total provisions	(738)	(931)	(1,076)	(1,247)	(1,507)
Interest in suspense	0	0	0	0	0
Net customer loans	155,702	181,914	214,182	248,084	299,830
Bank loans	0	0	0	0	0
Government securities	0	0	0	0	0
Trading securities	0	0	0	0	0
Investment securities	160	161	169	177	186
Cash & equivalents	190	4,203	2,594	3,730	4,161
Other interest earning assets	0	0	0	0	0
Tangible fixed assets	96	99	103	109	114
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	90	251	264	277	291
Total assets	156,471	186,868	217,552	252,617	304,822
Customer deposits	0	0	0	0	0
Bank deposits	0	0	0	0	0
Other interest bearing liabilities	141,601	169,046	196,171	227,222	274,616
Non interest bearing liabilities	0	0	0	0	0
Hybrid Capital	0	0	0	0	0
Total liabilities	141,601	169,046	196,171	227,222	274,616
Share capital	266	266	266	266	266
Reserves	14,604	17,556	21,115	25,129	29,939
Total equity	14,870	17,822	21,381	25,395	30,205
Minority interests	0	0	0	0	0
Total liabilities & equity	156,471	186,868	217,552	252,617	304,822
Supplementary Items					
Risk weighted assets (RWA)	77,513	91,804	106,909	124,139	149,794
Average interest earning assets	143,870	168,808	198,048	231,133	273,957
Average interest bearing liabilities	131,098	155,323	182,608	211,696	250,919
Tier 1 capital	13,146	13,440	16,999	21,014	25,824
Total capital	14,789	15,093	18,652	22,666	27,476
Gross non performing loans (NPL)	675	1,135	2,045	2,493	2,411
Per Share(INR)					
Book value per share	111.66	133.87	160.61	190.76	226.89
Tangible book value per share	111.66	133.87	160.61	190.76	226.89
Growth					
Gross customer loans (%)	16.6	16.9	17.7	15.8	20.9
Average interest earning assets (%)	21.1	17.3	17.3	16.7	18.5
Total assets (%)	18.1	19.4	16.4	16.1	20.7
Risk weighted assets (%)	18.9	18.4	16.5	16.1	20.7
Customer deposits (%)	-	-	-	-	-
Leverage & capital measures					
Customer loans/deposits (%)	n/a	n/a	n/a	n/a	n/a
Equity/assets (%)	9.5	9.5	9.8	10.1	9.9
Tangible equity/assets (%)	-	-	-	-	-
RWA/assets (%)	49.5	49.1	49.1	49.1	49.1
Tier 1 CAR (%)	17.0	14.6	15.9	16.9	17.2
Total CAR (%)	19.1	16.4	17.4	18.3	18.3
Asset Quality					
Change in NPL (%)	141.8	68.2	80.2	21.9	(3.3)
NPL/gross loans (%)	0.4	0.6	1.0	1.0	0.8
Total provisions/gross loans (%)	0.5	0.5	0.5	0.5	0.5
Total provisions/NPL (%)	109.3	82.0	52.6	50.0	62.5
Valuation					
Recurring P/E (x) *	15.5	14.9	11.4	10.2	8.6
Recurring P/E @ target price (x) *	20.8	20.0	15.3	13.7	11.6
Reported P/E (x)	15.5	14.9	11.4	10.2	8.6
Dividend yield (%)	0.6	0.6	0.6	0.6	0.6
Price/book (x)	3.0	2.5	2.1	1.7	1.5
Price/tangible book (x)	3.0	2.5	2.1	1.7	1.5
Price/tangible book @ target price (x)	4.0	3.3	2.8	2.3	2.0

*Pre exceptional pre - goodwill and fully diluted

Sources: Can Fin Homes; BNP Paribas estimates

Disclaimers and Disclosures

APPENDIX

DISCLAIMERS AND DISCLOSURES APPLICABLE TO NON-US BROKER-DEALER(S): BNP PARIBAS SECURITIES INDIA PVT. LTD. (SEBI REGISTERED RESEARCH ANALYST)

ANALYST(S) CERTIFICATION

Avneesh Sukhija, BNP Paribas Securities India Pvt. Ltd. (SEBI registered research analyst), +91 22 6196 4352, avneesh.sukhija@asia.bnpparibas.com

The BNP Paribas Securities India Pvt. Ltd. (SEBI registered research analyst) Analysts mentioned in this disclaimer are employed by a non-US affiliate of BNP Paribas Securities Corp., and are not registered/ qualified pursuant to NYSE and/or FINRA regulations

The individual(s) identified above-certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

IMPORTANT DISCLOSURES

"BNP Paribas" is the marketing name for the global banking and markets business of BNP Paribas Group. No portion of this report was prepared by BNP Paribas Securities Corp (US) personnel. The following disclosures relate to relationships between companies covered in this research report and the BNP entity identified on the cover of this report, and other entities within the BNP Paribas Group (collectively, "BNP Paribas").

The disclosure column in the following table lists the important disclosures applicable to each company that has been rated and/or recommended in this report:

Company	Ticker	Disclosure (as applicable)
N/A	N/A	N/A

BNP Paribas represents that:

1. Within the past year, it has managed or co-managed a public offering for this company, for which it received fees.
2. It had an investment banking relationship with this company in the last 12 months.
3. It received compensation for investment banking services from this company in the last 12 months.
4. It expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the next 3 months.
5. It beneficially owns 1% or more of any class of common equity securities of the subject company.
6. It makes a market in securities in respect of this company.
7. The analyst(s) or an individual who assisted in the preparation of this report (or a member of his/her household) has a financial interest position in securities issued by this company. The financial interest is in the common stock of the subject company, unless otherwise noted.
8. The analyst (or a member of his/her household) is an officer, director, employee or advisory board member of this company or has received compensation from the company.

IMPORTANT DISCLOSURES REQUIRED IN KOREA

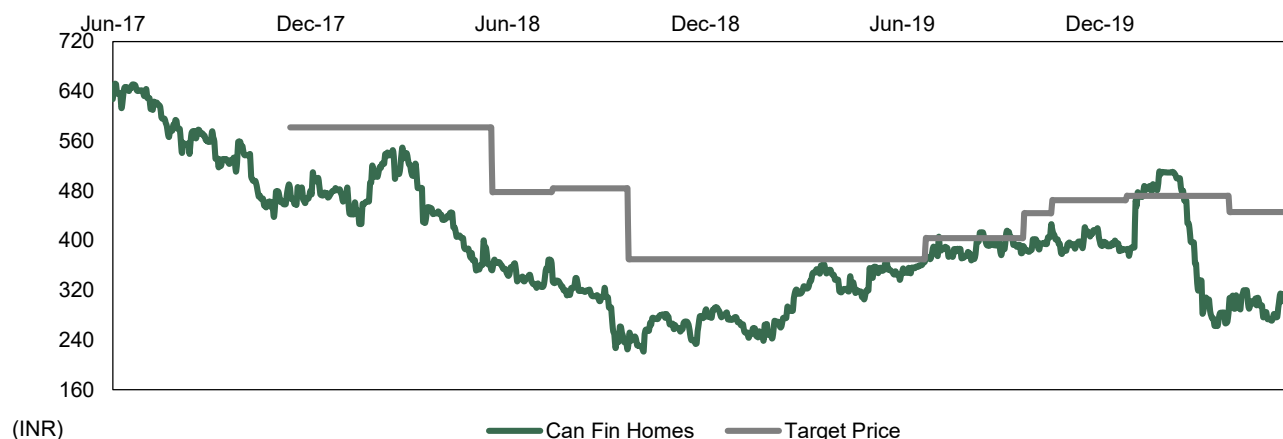
The disclosure column in the following table lists the important disclosures applicable to each Korea listed company that has been rated and/or recommended in this report:

Company	Ticker	Price (as of 17-Jun-2020 closing price)	Interest
N/A	N/A	N/A	N/A

1. The performance of obligations of the Company is directly or indirectly guaranteed by BNP Paribas Securities Korea Co. Ltd ("BNPPSK") by means of payment guarantees, endorsements, and provision of collaterals and/or taking over the obligations.
2. BNPPSK owns 1/100 or more of the total outstanding shares issued by the Company.
3. The Company is an affiliate of BNPPSK as prescribed by Item 3, Article 2 of the Monopoly Regulation and Fair Trade Act.
4. BNPPSK is the financial advisory agent of the Company for the Merger and Acquisition transaction or of the Target Company whereby the size of the transaction does not exceed 5/100 of the total asset of the Company or the total number of outstanding shares.
5. BNPPSK has taken financial advisory service regarding listing to the Company within the past 1 year.
6. With regards to the tender offer initiated by the Company based on Item 2, Article 133 of the Financial Investment Services and Capital Market Act, BNPPSK acts in the capacity of the agent for the tender offer designated either by the Company or by the target company, provided that this provision shall apply only where tender offer has not expired.
7. The listed company which issued the stocks in question in case where 40 days has not passed since the new shares were listed from the date of entering into arrangement for public offering or underwriting-related agreement for issuance of stocks
8. The Company that has signed a nominated advisor contract with BNPPSK as defined in Item 2 of Article 8 of the KONEX Market Listing Regulation.
9. The Company is recognized as having considerable interests with BNPPSK in relation to No.1 to No. 8.
10. The analyst or his/her spouse owns (including delivery claims of marketable securities based on legal regulations and trading and misc. contracts) the following securities or rights (hereinafter referred to as "Securities, etc." in this Article) regardless of whose name is used in the trading.
 - 1) Stocks, bond with stock certificate, and certificate of pre-emptive rights issued by the Company whose securities dealings are being solicited.
 - 2) Stock options of the Company whose securities dealings are being solicited.
 - 3) Individual stock future, stock option, and warrants that use the stocks specified in Item 1) as underlying.

History of change in investment rating and/or target price

Can Fin Homes (CANF IN)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Nov-17	Buy	582.00	09-Oct-18	Buy	370.00	05-Nov-19	Buy	465.00
05-Jun-18	Buy	478.00	11-Jul-19	Buy	404.00	13-Jan-20	Buy	472.00
31-Jul-18	Buy	484.00	10-Oct-19	Buy	444.00	17-Apr-20	Buy	446.00

Avneesh Sukhija started covering this stock from 11 Jul 2019

Price and TP are in local currency

Sources: FactSet; BNP Paribas

Company	Ticker	Price	Rating	Valuation & Risks
Can Fin Homes	CANF IN	INR 332.40	Buy	Residual Income model. Key risk for the company is deterioration in retail asset quality.

Sources: Factset, BNP Paribas

GENERAL DISCLAIMER

This report was produced by BNP Paribas Securities India Pvt. Ltd. (SEBI registered research analyst), member company(ies) of the BNP Paribas Group.

This report is for the use of intended recipients only and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without our prior written consent. By accepting this report, the recipient agrees to be bound by the terms and limitations set forth herein.

This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Customers are advised to use the information contained herein as just one of many inputs and considerations prior to engaging in any trading activity. This report does not constitute a prospectus or other offering document or an offer or solicitation to buy or sell any securities or other investments. This report is not intended to provide the sole basis of any evaluation of the subject securities and companies mentioned in this report. Information and opinions contained in this report are published for reference of the recipients and are not to be relied upon as authoritative or without the recipient's own independent verification, or taken in substitution for the exercise of judgment by the recipient. Additionally, the products mentioned in this report may not be available for sale in certain jurisdictions.

As an investment bank with a wide range of activities, BNP Paribas may face conflicts of interest, which are resolved under applicable legal provisions and internal guidelines. You should be aware, however, that BNP Paribas may engage in transactions in a manner inconsistent with the views expressed in this document, either for its own account or for the account of its clients.

Affiliates of BNP Paribas may have issued other publications that may or may not be consistent with the views expressed in this report.

Australia: This report is being distributed in Australia by BNP Paribas, acting through its Sydney Branch, registered in Australia as ABN 23 000 000 117 at 60 Castlereagh Street Sydney NSW 2000. BNP Paribas, acting through its Sydney Branch is licensed under the Banking Act 1959 and the holder of Australian Financial Services Licence no. 238043 and therefore subject to regulation by the Australian Securities & Investments Commission in relation to delivery of financial services. By accepting this document you agree to be bound by the foregoing limitations, and acknowledge that information and opinions in this document relate to financial products or financial services which are delivered solely to wholesale clients (in terms of the Corporations Act 2001, sections 761G and 761GA; Corporations Regulations 2001, division 2, reg. 7.1.18 & 7.1.19) and/or professional investors (as defined in section 9 of the Corporations Act 2001).

Canada: This particular section applies to recipients who are located within or otherwise represent or are connected to and doing business within Canada. In the event of a direct conflict or inconsistency between the above and this section, this section will prevail to supplement the above as it applies to Canada, and shall be interpreted to supplement and not restrict the application of the above to the fullest extent possible. BNP Paribas operates in Canada as a Schedule III Bank, and equally under International Dealer Exemption as applicable in various Canadian provinces, having a Quebec office located at 2001 Robert Bourassa, suite 900, Montréal, Québec, H3A 2A6 and an Ontario office located at 155 Wellington Street West, Suite 3110, Toronto, Ontario, M5V 3H1, Canada ("BNP Paribas"). For recipients located in Québec, upon receipt of this document, each recipient hereby confirms that it has expressly requested that it be drawn up in the English language only. Pour les résidents du Québec, par la réception de ce document, chaque destinataire confirme par les présentes qu'il a expressément exigé que celui-ci soit rédigé en anglais seulement.

Any offer or sale of any Securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators, or, alternatively, pursuant to an exemption from dealer registration requirements in the relevant province or territory of Canada in which such offer or sale is made, as per the provisions of the above Specific Canadian Texts. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references Securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through an investment dealer (as defined in Section 1.1 of NI 31-103) registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the Securities described herein, and any representation to the contrary is an offence. Financial instruments of the type described herein may involve a high degree of risk and their value may be highly volatile. Such risks may include, without limitation: (i) variations in interest rates, exchange rates, correlation, prices or levels of securities, commodities, funds and/or indices, indicators of creditworthiness or perceived creditworthiness of one or more underlying entities; (ii) default or insolvency of one or more underlying entities; (iii) adverse or unanticipated market events or developments, political developments or adverse corporate events involving an underlying security or entity; (iv) risk of illiquidity; (v) sovereign risk; and (vi) legal risk. In addition,

where the Transaction involves leverage, it must be recognized that whilst leverage presents opportunities to increase profit, it also has the effect of potentially increasing losses and doing so in a relatively short period of time. Such losses may significantly diminish the performance of the Transaction or result in loss for you. You may be required to post margin or collateral at levels consistent with the internal policies of BNP Paribas. The risk of loss in trading derivatives can be substantial and, accordingly, derivatives are not suitable for every person.

This presentation has been prepared by BNP PARIBAS for informational purposes only. Although the information contained in this presentation has been obtained from sources which BNP PARIBAS believes to be reliable, it has not been independently verified and no representation or warranty, express or implied, is made and no responsibility is or will be accepted by BNP PARIBAS as to or in relation to the accuracy, reliability or completeness of any such information. Opinions expressed herein reflect the judgement of BNP PARIBAS as of the date of this presentation and may be subject to change without notice if BNP PARIBAS becomes aware of any information, whether specific or general, which may have a material impact on any such opinions. BNP PARIBAS will not be responsible for any consequences resulting from the use of this presentation as well as the reliance upon any opinion or statement contained herein or for any omission. This presentation is confidential and may not be reproduced (in whole or in part) nor summarized or distributed without the prior written permission of BNP PARIBAS.

Hong Kong: This report is prepared for professional investors and is being distributed in Hong Kong by BNP Paribas Securities (Asia) Limited. BNP Paribas Securities (Asia) Limited, a subsidiary of BNP Paribas, is regulated by the Securities and Futures Commission for the conduct of dealing in securities, advising on securities, dealing in futures contracts and advising on corporate finance. For professional investors in Hong Kong, please contact BNP Paribas Securities (Asia) Limited (address: 63/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong; tel:2909 8888; fax: 2845 2232) for all matters and queries relating to this report.

India: In India, this document is being distributed by BNP Paribas Securities India Private Limited ("BNPPSIPL"), having its registered office at 8th floor, BNP Paribas House, 1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, INDIA (Tel. no. +91 22 4672 4000 / 6196 4000, Fax no. +91 22 6196 4363). BNPPSIPL is registered with the Securities and Exchange Board of India ("SEBI") as a research analyst; and as a stockbroker in the Equities and the Futures & Options segments of National Stock Exchange of India Ltd. ("NSE") and BSE Ltd. and in the Currency Derivatives segment of NSE (SEBI Regn. Nos.: INZ000161834, INH000000792; CIN: U74920MH2008FTC182807; Website: www.bnpparibas.co.in). No material disciplinary action has been taken against BNPPSIPL by any regulatory or government authority. BNPPSIPL or its associates may have received compensation or other benefits for brokerage services or for other products or services, from the company(ies) that have been rated and/or recommended in the report and / or from third parties. BNPPSIPL or its associates may have debt holdings in the subject company(ies).

Indonesia: This report is being distributed to Indonesia based clients by the publishing entity shown on the front page of this report. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens except in compliance with applicable Indonesian capital market laws and regulations. This report is not an offer of securities in Indonesia and may not be distributed within the territory of the Republic of Indonesia or to Indonesian citizens in circumstance which constitutes an offering within the meaning of Indonesian capital market laws and regulations.

Japan: This report is being distributed to Japanese based firms by BNP Paribas Securities (Japan) Limited or by a subsidiary or affiliate of BNP Paribas not registered as a financial instruments firm in Japan, to certain financial institutions defined by article 17-3, item 1 of the Financial Instruments and Exchange Law Enforcement Order. BNP Paribas Securities (Japan) Limited is a financial instruments firm registered according to the Financial Instruments and Exchange Law of Japan and a member of the Japan Securities Dealers Association, the Financial Futures Association of Japan and the Type II Financial Instruments Firms Association. BNP Paribas Securities (Japan) Limited accepts responsibility for the content of a report prepared by another non-Japan affiliate only when distributed to Japanese based firms by BNP Paribas Securities (Japan) Limited. Some of the foreign securities stated on this report are not disclosed according to the Financial Instruments and Exchange Law of Japan.

Explanatory Note on Non-Registered Credit Rating: From the viewpoint of ensuring fairness and transparency in the markets, the Financial Instruments and Exchange Law has introduced a registration system for credit rating agencies. In accordance with this regulation, financial instruments firms are required to inform customers of the fact that the rating is not registered and the rationale for the registration system, etc. whenever marketing any financial products which are rated by non-registered credit rating agencies. Rationale for the Registration System: Registered credit rating agencies are subject to regulations such as: (1) the duty of good faith; (2) the duty to maintain an operational management system which prevents conflicts of interest and ensures the fairness of the credit rating process, etc.; (3) the prohibition on giving a credit rating to a security which they hold; and (4) the duty to disclose information including to prepare and make available for public inspection the policies for credit ratings and the documents for public release and explanation. Registered credit rating agencies are also subject to supervision by the Financial Services Agency, including orders to submit information, onsite inspections and business improvement orders. However, non-registered credit rating agencies are not subject to such regulation or supervision. Name of the Credit Rating Agency Group, etc. Name of the Credit Rating Agency Group: S&P Global Ratings ("S&P") Name of the Registered Credit Rating Agency within the Group and its Registration Number: S&P Global Ratings Japan K.K. (FSA Commissioner (Rating) No. 5) Name of the Credit Rating Agency Group: Moody's Investors Service ("Moody's") Name of the Registered Credit Rating Agency within the Group and its Registration Number: Moody's Japan K.K. (FSA Commissioner (Rating) No. 2) Name of the Credit Rating Agency Group: Fitch Ratings ("Fitch") Name of the Registered Credit Rating Agency within the Group and its Registration Number: Fitch Ratings Japan Limited (FSA Commissioner (Rating) No. 7) Method of Obtaining the Information about the Summaries of the Policies and Criteria for Credit Rating: S&P: The information is published in the "Non-Registered Rating Information" (「無登録格付け情報」 <http://www.standardpoors.co.jp/unregistered>) which can be found in the menu under "Library/Regulation Related" (「ライブラリ・規制関連」) on the website of S&P Global Ratings Japan K.K. (<http://www.standardpoors.co.jp>). Moody's: The information is published in the "Matters Related to the Explanation of Non-Registered Ratings" (「無登録格付け説明関連」) in the page of "Use of Credit Ratings Given by Non-registered Companies" (「無登録業者の格付けの利用」) which is displayed after clicking "Credit Rating Business" on the website of Moody's Japan K.K. (https://www.moody.com/pages/default_ja.aspx). Fitch: The information is published in the "Overview of Policies etc. for Credit Rating" (「格付け方針等の概要」) in the "Regulation Related" (「規制関連」) section on the website of Fitch Ratings Japan Limited (<http://www.fitchratings.co.jp/web/>). Assumptions, Significance and Limitations of the Rating: S&P: Credit ratings assigned by S&P Global Ratings ("S&P") are opinions of the future credit quality of specific issuers or issues as of the date they are expressed, and it is not an index which shows the probability of the occurrence of the failure to pay by the issuers or a particular debt, and do not guarantee the credit worthiness. Credit ratings are not a recommendation to purchase, sell or hold any securities, or a statement of market liquidity or prices in the secondary market of any issues. Credit ratings may change depending on various factors, including issuers' performance, changes in external environment, performance of underlying assets, creditworthiness of counterparties and others. S&P conducts rating analysis based on information it believes to be provided by the reliable source in terms of quality and quantity. However, S&P does not perform an audit, due diligence or independent verification of any information it receives from the issuers or a third party, or guarantees its accuracy, completeness or timeliness of the results gained from the information. Moreover it needs to be noted that it may incur a potential risk due to limitation of the historical data that are available for use depending on the rating. Moody's: Credit ratings are Moody's Investors Service's ("MIS") current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. MIS defines credit risk as the risk that an entity may not meet its contractual, financial obligations as they come due and any estimated financial loss in the event of default. Credit ratings do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility. Credit ratings do not constitute investment or financial advice, and credit ratings are not recommendations to purchase, sell, or hold particular securities. No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such rating or other opinion or information is given or made by MIS in any form or manner whatsoever. Based on the information received from issuers or from public sources, the credit risks of the issuers or obligations are assessed. MIS adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MIS considers to be reliable. However, MIS is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Fitch: Ratings assigned by Fitch are opinions based on established criteria and methodologies. Ratings are not facts, and therefore cannot be described as being "accurate" or "inaccurate". Credit ratings do not directly address any risk other than credit risk. Credit ratings do not comment on the adequacy of market price or market liquidity for rated instruments. Ratings are relative measures of risk; as a result, the assignment of ratings in the same category to entities and obligations may not fully reflect small differences in the degrees of risk. Credit ratings, as opinions on relative ranking of vulnerability to default, do not imply or convey a specific statistical probability of default. In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The assignment of a rating to any issuer or any security should not be viewed as a guarantee of the accuracy, completeness, or timeliness of the information relied on in connection with the rating or the results obtained from the use of such information. If any such information should turn out to contain misrepresentations or to be otherwise misleading, the rating associated with that information may not be appropriate. Despite any verification of current

facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed. The detailed explanation for assumptions, significance and limitations of the rating is available under 「格付け及びその他の形態の意見に関する定義」 on the Japanese Website of Fitch. This information is prepared based on sources which we believe are reliable, but we do not guarantee its accuracy or completeness. For details, please refer to the above mentioned website of each agency.

Singapore: This report is distributed in Singapore by BNP Paribas, acting through its Singapore Branch, and may be distributed in Singapore only to an Accredited or Institutional Investor, each as defined under the Financial Advisers Regulations ("FAR") and the Securities and Futures Act (Chapter 289) of Singapore, as amended from time to time. In relation to the distribution to such categories of investors, BNP Paribas, acting through its Singapore Branch, and its representatives are exempted under Regulation 35 of the FAR from the requirements in Section 36 of the Financial Advisers Act of Singapore, regarding the disclosure of certain interests in, or certain interests in the acquisition or disposal of, securities, securities-based derivatives contracts or units in a collective investment scheme referred to in this report. For Institutional and Accredited Investors in Singapore, please contact BNP Paribas, acting through its Singapore Branch (company registration number: S71FC2142G; address: 10 Collyer Quay, 34/F Ocean Financial Centre, Singapore 049315; tel: (65) 6210 1288; fax: (65) 6210 1980) for all matters and queries relating to this report.

South Africa: In South Africa, BNP Paribas Securities South Africa (Pty) Ltd is a licensed member of the Johannesburg Stock Exchange and an authorised Financial Services Providers and subject to regulation by the Financial Services Board. BNP Paribas Securities South Africa (Pty) Ltd does not expressly or by implication represent, recommend or propose that the financial products referred to in this report are appropriate to the particular investment objectives, financial situation or particular needs of the recipient. This document does not constitute advice as contemplated in the Financial Advisory and Intermediary Services Act, 2002.

South Korea: BNP Paribas Securities Korea is registered as a Licensed Financial Investment Business Entity under the FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT and regulated by the Financial Supervisory Service and Financial Services Commission. This document does not constitute an offer to sell to or the solicitation of an offer to buy from any person any financial products where it is unlawful to make the offer or solicitation in South Korea.

Switzerland: This report does not represent an offer or an investment advice, is not deemed as advertising in the sense of article 68 of the Swiss Financial Services Act (FinSA) is intended solely for customers who are "Qualified Investors" as defined in article 10 paragraphs 3 and 3ter of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA) and the relevant provisions of the Swiss Federal Ordinance on Collective Investment Schemes of 22 November 2006 (CISO). "Qualified Investors" includes, among others, regulated financial intermediaries such as banks, securities dealers, fund management companies and asset managers of collective investment schemes, regulated insurance companies as well as pension funds and companies with professional treasury operations. This document may not be suitable for customers who are not Qualified Investors and should only be used and passed on to Qualified Investors. For specification purposes, a "Swiss Corporate Customer" is a Client which is a corporate entity, incorporated and existing under the laws of Switzerland and which qualifies as "Qualified Investor" as defined above." BNP Paribas (Suisse) SA is authorised as bank and as securities dealer by the Swiss Federal Market Supervisory Authority FINMA. BNP Paribas (Suisse) SA is registered at the Geneva commercial register under UID No. CHE-102.922.193. BNP Paribas (Suisse) SA is incorporated in Switzerland with limited liability. Registered Office: 2 place de Hollande, CH-1204 Geneva.

Taiwan: This report is being distributed to Taiwan based clients by BNP Paribas Securities (Taiwan) Co., Ltd or by a subsidiary or affiliate of BNP Paribas. Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decision. **Information on securities that do not trade in Taiwan is for informational purposes only** and is not to be construed as a recommendation or a solicitation to trade in such securities. BNP Paribas Securities (Taiwan) Co., Ltd. may not execute transactions for clients in these securities. **This publication may not be distributed to the public media or quoted or used by the public media without the express written consent of BNP Paribas.** The recipient(s) should not provide the reports to others, including but not limited to related parties, affiliated companies and any other third parties, or engage in any activities in connection with the reports which may involve conflicts of interests.

Turkey: This report is being distributed in Turkey by TEB Investment (TEB YATIRIM MENKUL DEGERLER A.S., Teb Kampus D Blok Saray Mah. Kucukusu Cad. Sokullu Sok., No:7 34768 Umraniye, Istanbul, Turkey, Trade register number: 358354, www.tebyatirim.com.tr) and outside Turkey jointly by TEB Investment and BNP Paribas. Information, comments and suggestions on investment given in this material are not within the scope of investment consulting. The investment consulting services are rendered tailor made for individuals by competent authorities considering the individuals' risk and return preferences. However the comments and recommendations herein are based on general principles. These opinions may not be consistent with your financial status as well as your risk and return preferences. Therefore, making an investment decision only based on the information provided herein may not bear consequences in parallel with your expectations. This material issued by TEB Yatirim Menkul Değerler A.Ş. for information purposes only and may be changed without any prior notification. All rights reserved. No part of this material may be copied or reproduced in any manner without the written consent of TEB Yatirim Menkul Değerler A.Ş. Although TEB Yatirim Menkul Değerler A.Ş. gathers the presented material that is current as possible, it does not undertake that all the information is accurate or complete, nor should it be relied upon as such. TEB Yatirim Menkul Değerler A.Ş. assumes no responsibility whatsoever in respect of or arising out of or in connection with the content of this material to third parties. If any third party chooses to use the content of this material as reference, he/she accepts and approves to do so entirely at his/her own risk.

United States: This report may be distributed in the United States only to U.S. Persons who are "major U.S. institutional investors" (as such term is defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) and is not intended for the use of any person or entity that is not a "major U.S. institutional investor". U.S. persons who wish to effect transactions in securities discussed herein must do so through BNP Paribas Securities Corp., a US-registered broker dealer and member of FINRA, SIPC, NFA, NYSE and other principal exchanges. Securities mentioned in this report may not be registered under the Securities Act of 1933 as amended and may not be offered or sold in the United States or to a U.S. Person absent an exemption from US registration requirements.

Certain countries within the European Economic Area: This document may only be distributed in the United Kingdom to eligible counterparties and professional clients and is not intended for, and should not be circulated to, retail clients (as such terms are defined in the Markets in Financial Instruments Directive 2004/39/EC ("MiFID")). This document will have been approved for publication and distribution in the United Kingdom by BNP Paribas, acting through its London Branch, a branch of BNP Paribas SA whose head office is in Paris, France. BNP Paribas SA is incorporated in France with limited liability with its registered office at 16 boulevard des Italiens, 75009 Paris. BNP Paribas, acting through its London Branch (registered office: 10 Harewood Avenue, London NW1 6AA; tel: [44 20] 7595 2000; fax: [44 20] 7595 2555) is lead supervised by the European Central Bank (ECB) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR). BNP Paribas, acting through its London Branch is authorised by the ACPR and the Prudential Regulation Authority (PRA) and subject to limited regulation by the Financial Conduct Authority and PRA. Details about the extent of our authorisation and regulation by the PRA, and regulation by the Financial Conduct Authority are available from us on request. This report has been approved for publication in France by BNP Paribas, a credit institution licensed as an investment services provider by the ACPR whose head office is 16, Boulevard des Italiens 75009 Paris, France. This report is being distributed in Germany either by BNP Paribas, acting through its London Branch or by BNP Paribas Niederlassung Frankfurt am Main, regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

Other Jurisdictions: The distribution of this report in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this report comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions. This report is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of or located in any locality, state, country, or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

All research reports are disseminated and available to all clients simultaneously through our internal client websites. For all research available on a particular stock, please contact the relevant BNP Paribas research team or the author(s) of this report.

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports available on our website: <http://eqresearch.bnpparibas.com>, or you can contact the analyst named on the front of this note or your BNP Paribas representative.

All share prices are as at market close on 17 June 2020 unless otherwise stated.

For additional disclosures related to MAD2-MAR Regulation, please go to <https://eqresearch.bnpparibas.com/reports/DisclosureTable.pdf>.

RECOMMENDATION STRUCTURE

Stock Ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Improving (↑): The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Stable (previously known as Neutral) (↔): The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Deteriorating (↓): The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

RATING DISTRIBUTION (as at 17 June 2020)

Total BNP Paribas coverage universe	200	Investment Banking Relationship	(%)
Buy	127 (63.5%)	Buy	26.77
Hold	60 (30.0%)	Hold	21.67
Reduce	13 (6.5%)	Reduce	15.38

Should you require additional information concerning this report please contact the relevant BNP Paribas research team or the author(s) of this report.

© 2020 BNP Paribas Group