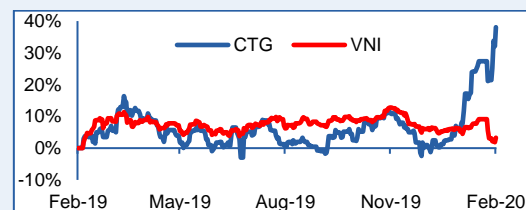




# Vietinbank (CTG) [MARKET PERFORM +2.2%]

## Update Report

<b>Industry:</b>	<b>Banking</b>		<u>2019</u>	<u>2020F</u>	<u>2021F</u>	<u>2022F</u>
<b>Report Date:</b>	<b>February 7, 2020</b>	PPOP y/y	71.0%	16.6%	5.5%	8.5%
Current Price:	VND26,900	NPAT y/y	74.6%	10.7%	50.0%	8.9%
Current Target Price:	VND27,500	EPS y/y	74.8%	10.7%	50.0%	8.9%
Previous Target Price:	VND22,200	NIM	2.88%	2.95%	2.94%	2.97%
		NPL	1.16%	1.20%	1.30%	1.40%
Upside to TP:	+2.2%	CIR	38.8%	39.0%	40.0%	40.0%
Dividend Yield:	0.0%	P/B	1.3x	1.2x	1.0x	0.8x
TSR:	+2.2%	P/E	10.6x	9.5x	6.4x	5.8x



Market Cap:	USD4.3bn		<u>CTG</u>	<u>Peers</u>	<u>VNI</u>
Foreign Room:	USD11mn	P/E (ttm)	10.6x	7.4x	16.5x
ADTV30D:	USD8.4mn	P/B (curr)	1.3x	1.5x	2.2x
State Ownership:	64.5%	ROE (ttm)	13.1%	21.5%	13.5%
Outstanding Shares:	3.723 bn	ROA (ttm)	0.8%	1.7%	2.2%
Fully Diluted Shares:	3.723 bn				

### Company Overview

Founded in 1988, CTG is the second-largest bank among our ten coverage banks as calculated by total assets as of December 31, 2019. CTG has the largest franchise network in Vietnam. The bank had its IPO in 2008 and has listed shares since July 16, 2009.

## 2020F earnings growth to slow with goal to clear VAMC

- We maintain a MARKET PERFORM rating based off a share price that has rallied 33% YTD. We raise our target price by 24% as we revise up 2020F/21F/22F net income by 19%/37%/37%. This change leads to an increase in our projected ROE during 2020-24 to 15% vs 13% previously (though this is calculated without factoring in an inevitable equity capital raising that is likely to come in 2021F).
- The lift in our net income forecasts is mainly derived from (1) our higher assumption on loan CAGR and (2) lower projected CIR. Our 2020F net income increases to VND10.5tn (USD450mn, +10.7% YoY) as a 16% lift in pre-provision operating profit (PPOP) materially offsets a 14% lift in provision charges. We expect 2020F net income growth will slow with an assumption that CTG will fully clear its VAMC balance by year-end.
- We believe Circular 22, which sets the maximum LDR to be 85% for all banks from 2020, will prompt the bank to chase customer deposits to bring down its current regulated LDR of 88%. Therefore, we maintain our view that a NIM breakthrough to above 3% threshold is challenging.
- With the recent re-rate in share price, CTG's valuation is relatively fair, in our view, at 1.2x 2020F P/B, in line with the peer median. CTG's 2020F ROE is 13% against the sector median at 20%. Our target price implies a 2020F P/B at 1.2x.
- Downside risks: execution risk in lifting the retail lending portion and reducing LDR; at present, we believe the coronavirus issue is immaterial for CTG.

**Substantial change in share register post IFC sell-down and strong institutional demand highlight market appetite for large-cap and liquid banking exposure.** Strong demand for IFC's ~38% sell-down of its CTG stake indicates that a discount to peer valuation and SOCB credentials can be packaged as attractive exposure to Vietnam's macro-economic outlook.

**While the retail lending portion and credit quality are trending in positive directions, CTG still engages in a degree of policy lending.** February 4, 2020, there were reports that CTG and BID have been enlisted to finance the Bac Giang-Lang Son (Chi Lang) road project, which demonstrates that the bank still engages in a degree of policy lending. CTG joined the project with a total credit limit of VND10.2tn/USD436mn and disbursed VND7.7tn/USD330mn, per the Governor of the SBV.

**There is potential for another year of strong net income growth in 2021.** As mentioned, we believe CTG will put in strong efforts to clear its VAMC debts by YE2020. The net VAMC balance as of YE2019 was VND6.6tn/USD282mn. Therefore, given contained credit quality, we believe an easing off in provisioning will create room for CTG to deliver strong net income growth in 2021.

**FOL for banks unlikely to change in 2020; however, news regarding a policy change is likely to be published sometime this year.** Please see our 2020 strategy report titled [Premium growth in a slow growth world](#) for a detailed discussion.

## 2019 recap: Higher-than-expected bottom-line growth on higher loan growth

Figure 1: CTG's 2019 results

	2018	2019	YoY	% of VCSC's 2019F	VCSC comments
Net interest income	22,520	33,199	47.4%	103%	- CTG continued to make positive progress in its pivot to retail lending. The retail lending portion as of YE2019 was 33% (+4.5 ppts YoY), in line with our forecast and lifting CTG's loan yield by 52 bps YoY to 7.72%. - However, the 3% beat in NII was mainly because of higher-than-expected 2019 loan growth at 8.1% YoY against our forecast at 5.8%.
Net fee income*	3,480	5,621	61.5%	99%	- 2019 net fee income (NFI), including FX income, recorded strong growth, which was mainly driven by strong banking services and FX income.
Total NOII	6,227	7,323	17.6%	103%	- 2019 NOII to TOI was 18% vs 2018 at 22%. The drop in the NOII portion was mainly due to a bounce in NII.
Total operating income (TOI)	28,747	40,522	41.0%	103%	
OPEX	(14,257)	(15,740)	10.4%	95%	- Although CIR rose toward the end of the year due to staff costs and bonuses, 2019 CIR was well-managed at 38.8% against our forecast of 42.0%. This, coupled with management guidance for 2020 CIR to stay under 40%, triggered us revise down 2020F OPEX.
PPOP	14,490	24,782	71.0%	109%	
Provision expenses	(7,748)	(13,002)	67.8%	99%	- 2019 provision charges were relatively in line with our forecast. Credit quality showed signs of improvement, in our view, with 1.16% NPL ratio and 120% loan loss reserve ratio (LLR). - Management also guides that its VAMC balance should be fully provisioned by YE2020. We estimate CTG has provisioned around half of its VAMC balance by YE2019.
Net profit	5,428	9,478	74.6%	124%	
NIM	2.09%	2.88%	79 bps		- The strong bounce in NIM was due to a one-off hit in 2018 NII derived from a reversal of accrued interests.
Interest-earning asset yield	6.87%	7.17%	30 bps		
Cost of funds	5.26%	4.53%	-73 bps		
CASA ratio**	15.9%	17.0%	1.1 ppts		
Term deposits in FX (%)	3.5%	3.2%	-0.3 ppts		
CIR	49.6%	38.8%	-10.8 ppts		
NPL	1.56%	1.16%	-40 bps		
Loan growth (YTD)	9.4%	8.1%	-1.3 ppts		- Gross loans recorded a 4.0% QoQ increase in Q4. Our estimated regulated LDR of CTG was ~88% as of YE2019. The bank has to bring its LDR down to 85% to comply with Cir.22 in 2020. - However, management confidently claimed that CTG can achieve 8-10% credit growth in 2020.
Deposit growth (YTD)	9.8%	8.1%	-1.7 ppts		

Source: CTG & VCSC, units are in VND bn unless otherwise stated - \*Net fee income includes FX income,

\*\*CASA volume included demand and margin deposits.

## 2020 outlook: Bottom-line growth to slow due to VAMC provisioning

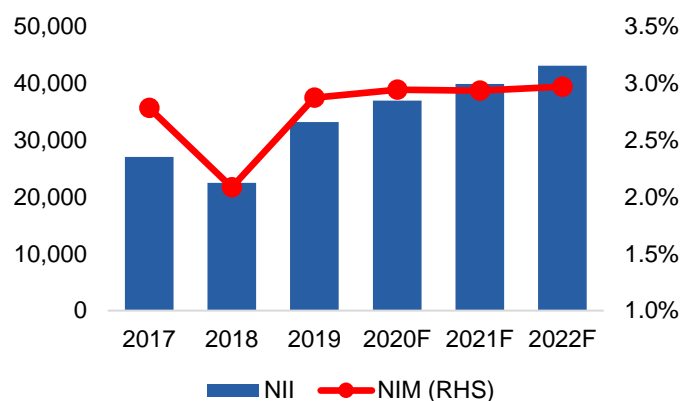
Figure 2: VCSC's 2020 forecasts

	2019	2020F Old	2020F New	2020F New vs 2019	VCSC comments on 2020 forecasts
Net interest income	33,199	34,297	37,008	11.5%	- We lift our 2020F NII by 7.9%, mainly driven by (1) a higher-than-expected 2019 loan book base and (2) our upward revision in 2020F loan growth to 8% vs 5% previously. - We maintain our view that CTG will continue to lift its retail lending portion to 35% in 2020.
Net fee income*	5,621	6,603	6,519	16.0%	
Total NOII	7,323	9,358	10,380	41.8%	- We expect NFI growth will slow in 2020 as the strong performance in 2019 created a high fee income base. However, we lift 2020 total NOII by 10.9% as (1) recovery of written off debt was elevated because of high 2019 write-offs and (2) as we project net gain from investment securities to turn positive in 2020 after high provisions in 2019.
TOI	40,522	43,654	47,388	16.9%	
OPEX	(15,740)	(18,771)	(18,481)	17.4%	- As mentioned above, we trim our 2020 OPEX by 1.5%, given our 8.6% lift in TOI. Our 2020F CIR is 39% vs 43% previously.
PPOP	24,782	24,883	28,907	16.6%	
Provision expenses	(13,002)	(13,850)	(15,788)	21.4%	- We lift our 2020F provision expenses by 14%, mainly because of our expectation that CTG will make strong efforts to clear its VAMC balance by YE2020 in addition to the net VAMC as of YE2019 being higher than our forecast.
Net profit	9,478	8,827	10,495	10.7%	- A 16.2% lift in pre-provision operating profit (PPOP) offset a 14.0% lift in provision charges; our 2020F net income increases by 18.9%. - We believe bottom-line growth will slow in 2020 as the bank is expected to incur high provision charges related to VAMC debts. However, there is scope for CTG to report high net income growth in 2021 due to an easing off in provisioning post-VAMC period, in our view.
NIM	2.88%	2.85%	2.95%	7 bps	
Interest-earning asset yield	7.17%	7.27%	7.24%	7 bps	
Cost of funds	4.53%	4.68%	4.52%	-1 bps	
CASA ratio**	17.0%	17.0%	17.0%	0 ppts	
CIR	38.8%	43.0%	39.0%	0.2 ppts	
NPL	1.16%	1.60%	1.20%	4 bps	
Gross loans	935,271	960,846	1,010,093	8.0%	- Management claimed that it is possible for CTG to achieve 8-10% credit growth in 2020. - CTG has to chase a higher rate of customer deposit growth to bring down its regulated LDR to 85%, in our view.
Customer deposits	892,782	980,966	1,009,737	13.1%	
Valuable papers	57,066	57,840	55,925	-2.0%	
Total assets	1,240,789	1,278,757	1,360,532	9.7%	
Total equity	76,793	79,668	86,872	13.1%	
ROAE	13.1%	11.6%	12.8%	-0.3 ppts	
ROAA	0.8%	0.7%	0.8%	0 ppts	
Regulated LDR	88.5%	84.6%	85.0%	-3.5 ppts	

Source: VCSC, units are in VND bn unless otherwise stated - \*Net fee income includes FX income,  
 \*\*CASA volume includes demand and margin deposits.

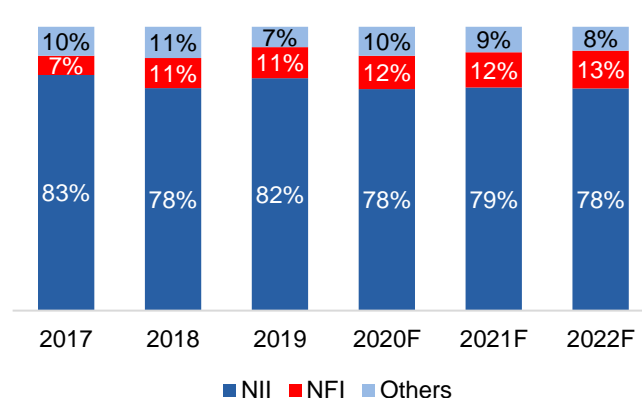
## Key figures of CTG

**Figure 3: NIM (%) and NII (VND bn) (2017-2022F)**



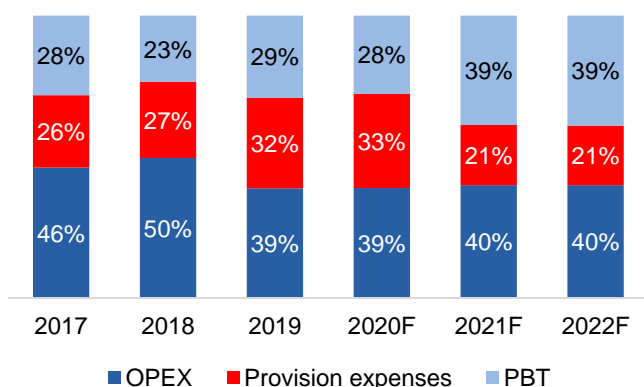
Source: CTG, VCSC

**Figure 4: TOI components (2017-2022F)**



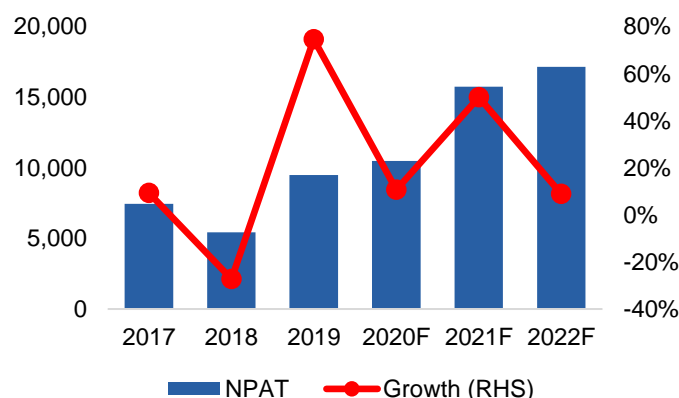
Source: CTG, VCSC

**Figure 5: OPEX, provision expenses and PBT as % of TOI (2017-2022F)**



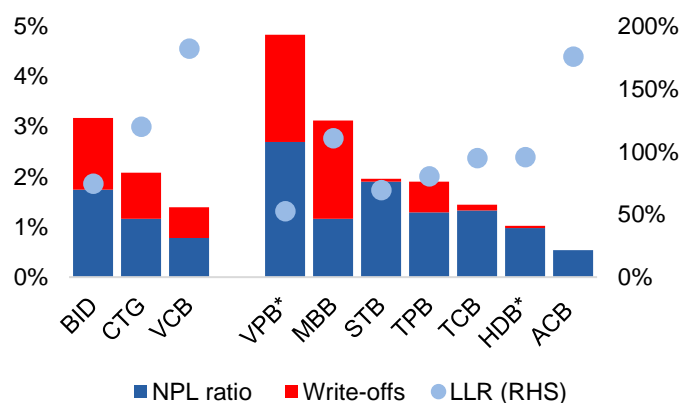
Source: CTG, VCSC

**Figure 6: NPAT (VND bn) and growth (%) (2017-2022F)**



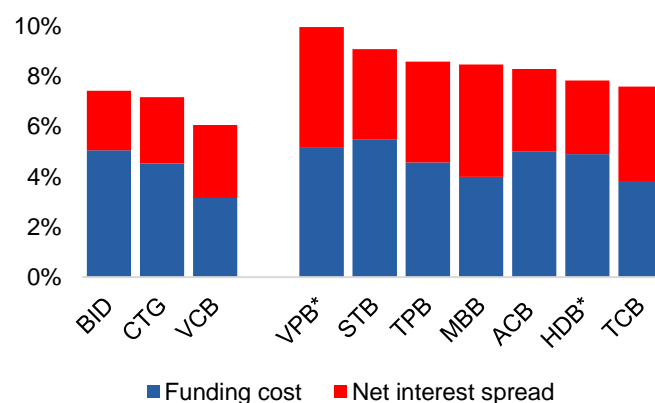
Source: CTG, VCSC

**Figure 7: NPL ratio, annualized write-offs over gross loans and LLR\*\* of banks under coverage (FY 2019)**



Source: Company data, VCSC – \* standalone bank only, \*\* LLR is percentage of total loan provision balance over NPLs

**Figure 8: Annualized interest-earning asset yields of banks under VCSC's coverage (FY 2019)**



Source: Company data, VCSC - \* standalone bank only

## Valuation

We utilize two valuation methodologies in estimating our target price, assigning equal weighting for the residual income method and target P/B multiple. Our target price is VND27,500/share.

**Figure 9: Cost of equity**

Cost of equity	
Risk free rate	4.5%
Beta	1.0
Market risk premium	8.7%
<b>Cost of equity</b>	<b>13.2%</b>

Source: VCSC

**Figure 10: Valuation summary**

Method	Fair value	Weighting	Contribution
Residual income	100,333 (USD4.31bn)	50%	50,167
Target P/B @ 1.20x 2020F	104,246 (USD4.47bn)	50%	52,123
<b>Composite valuation</b>			<b>102,290 (USD4.39bn)</b>
Number of shares outstanding (bn)			3.723
<b>Target price (VND)</b>			<b>27,500</b>
Upside			2.2%
Dividend yield			0.0%
TSR			2.2%
2020F P/B at TP			1.18x
<b>RATING</b>			<b>MARKET PERFORM</b>

Source: VCSC, units are in VND bn unless otherwise stated

**Figure 11: Residual income model**

Residual income	2020F	2021F	2022F	2023F	2024F
ROE (over beginning period equity)	13.7%	18.1%	16.8%	15.9%	15.3%
COE	13.2%	13.2%	13.2%	13.2%	13.2%
Economic Margin	0.5%	4.9%	3.6%	2.7%	2.1%
Equity value (Beginning period)	76,793	86,872	102,114	118,667	136,809
Residual income (RI)	359	4,274	3,671	3,192	2,861
PV of residual income	317	3,336	2,531	1,944	1,539
Sum PV of RI			9,666		
PV of terminal value (2.5% intermediate growth rate for 10 years and 1.5% perpetual growth)			13,874		
Beginning EV (YE2019)			76,793		
<b>Fair equity value</b>			<b>100,333</b>		
Number of shares outstanding (bn)			3.723		
<b>Fair value per share (VND)</b>			<b>26,947</b>		

Source: VCSC, units are in VND bn unless otherwise stated

We maintain our assumption for an intermediate growth rate for 10 years after the explicit forecast at 2.5% as well as our assumption on a perpetual growth rate at 1.5% as it is the current stated policy of the Government to maintain at least 65% ownership in CTG. There is still no official document for any changes on this for the time being. Therefore, we assume (1) the perpetual obligation of maintaining a degree of policy lending and (2) undercapitalization will cap growth for CTG.

## Comparable peers

CTG is currently trading in line with the peer median 2020F P/B at a 1.2x (**Figure 12**). Our observation suggests that CTG traded at an average discount of 29.9% to the peer median trailing P/B in the past 12 months.

While ROE saw a 4.8-ppt YoY increase in 2019, CTG's return metrics are not strong with 2019 ROE and ROA of 13.1% and 0.8% vs a peer median at 21.5% and 1.8%, respectively. While core performance of CTG saw improvement, the strong rise in CTG's 2019 ROE was partially due to a one-off hit in net interest income related to the reversal of accrued interests in 2018. CTG is in urgent need for Tier I capital to comply with Basel II standards. Additionally, the undercapitalized condition at CTG weighs on the bank's growth capabilities. We maintain our view that FOL regulation is unlikely to change until the end of 2020.

However, CTG posted positive signs of improvement with (1) NIM expansion with clear progress of a pivot to retail lending and (2) better-managed CIR. We lift out net income CAGR during 2017-24F to 16% vs 10% previously (implicitly we assume a benign macro-economic backdrop during the forecast period). The lift is also highly dependent on a loan growth assumption at 7.6% CAGR during 2017-24F, which will also present a challenge to grow its deposit book to comply with liquidity regulation.

CTG (1) is the second largest bank as calculated by total assets (2019) with largest network franchise in our coverage universe; (2) it is managing 12% and 11% the Vietnamese banking system's total loans and mobilized funds, respectively (YE2019); (3) has regulatory advantages; and (4) enjoys the perception of State guarantees for attracting retail deposits. CTG's strong franchise network is virtually impossible to replicate organically.

We maintain our view that CTG will make strong efforts to clear its VAMC balance by YE2020, thus easing off provisioning to deliver high 2021 net income growth. Our projected average ROE during 2020-24 is 15%. Taken together and given the bank's undercapitalization, we put the bank at a target 2020F P/B of 1.2x.

**Figure 12: Bloomberg consensus forecasts for Vietnamese banks**

Bloomberg Ticker	Market Cap. (USD bn)	P/E			P/B			ROE			ROA	Equity Multiplier	NPL
		2019	2020F	2021F	2019	2020F	2021F	2019	2020F	2021F	TTM	2019	2019
ACB VN	1.71	6.74	6.19	5.57	1.43	1.20	1.01	24.6%	20.8%	20.4%	1.68%	13.82	0.54%
BID VN	9.21	22.04	24.26	20.01	2.87	2.55	2.46	13.5%	13.7%	14.5%	0.61%	19.16	1.74%
MBB VN	2.18	6.06	6.09	5.13	1.33	1.13	0.95	21.8%	21.0%	20.4%	2.06%	10.60	1.33%
VCB VN	14.28	17.87	15.96	13.75	3.87	3.13	2.62	25.1%	23.8%	22.4%	1.61%	14.27	0.78%
VPB VN	2.68	7.55	6.49	5.70	1.47	1.23	1.00	21.5%	20.8%	19.6%	2.39%	8.94	3.42%
STB VN	0.85	9.79	6.76	5.27	0.74	0.61	0.54	9.6%	10.3%	13.2%	0.57%	16.96	1.94%
HDB VN	1.24	8.14	7.86	6.89	1.44	1.31	1.13	21.6%	19.5%	19.6%	1.87%	12.84	1.53%
TCB VN	3.37	7.76	7.11	6.12	1.27	1.08	0.92	18.0%	17.0%	16.4%	2.91%	6.18	1.33%
TPB VN	0.76	5.72	5.54	4.75	1.35	1.10	0.91	26.1%	22.4%	21.3%	2.06%	12.59	1.29%
Median		<b>7.95</b>	<b>6.93</b>	<b>5.91</b>	<b>1.39</b>	<b>1.22</b>	<b>1.01</b>	<b>21.5%</b>	<b>20.2%</b>	<b>19.6%</b>	<b>1.78%</b>	<b>13.82</b>	<b>1.33%</b>
CTG VN	4.45	10.92	11.21	9.00	1.35	1.23	1.13	13.1%	13.4%	13.4%	0.80%	16.04	1.16%

Source: Bloomberg as of February 6, 2020



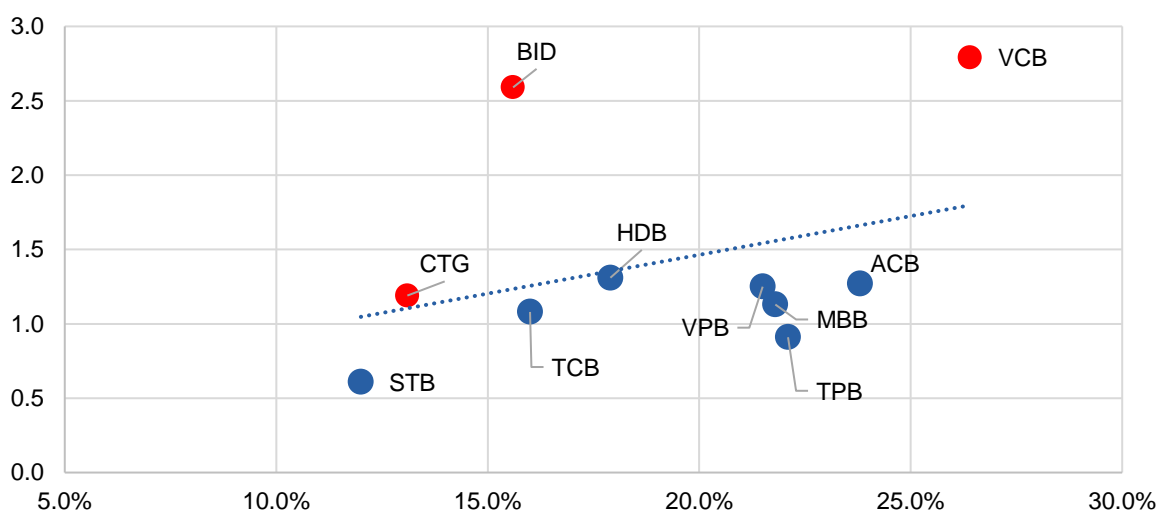
**Figure 13: Sensitivity analysis of our 2020F P/B for CTG in relation to ROE derived from Gordon Growth Model and terminal growth rate, ceteris paribus.**

	2020F ROE					
		8.8%	10.8%	12.8%	14.8%	16.8%
Terminal growth (g)	1.5%	0.62	0.79	<b>0.97</b>	1.14	1.31
	2.0%	0.61	0.79	0.96	1.14	1.32
	2.5%	0.59	0.78	0.96	1.15	1.34
	3.0%	0.57	0.76	0.96	1.16	1.35
	3.5%	0.55	0.75	0.96	1.17	1.37
	4.0%	0.52	0.74	0.96	1.17	1.39

Source: VCSC

The above sensitivity analysis illustrates a fair value P/B multiple for CTG at 0.97x using the Gordon Growth Model with 2020F ROE of 12.8%, cost of equity at 13.2% (**Figure 9**) and terminal growth of 1.5%. This derived P/B multiple is 18% lower than our 2020F projected P/B of 1.18x (**Figure 10**). However, we believe CTG has benefits from being a SOCB. Like BID and VCB, CTG receives competitive advantages in branching scale and reputation, which allows the bank to expand market share in the retail segment by giving competitive rates to customers.

**Figure 14: Vietnam banks P/B (y-axis) and ROE (x-axis) (2020F)**



Source: VCSC, Red dots signify SOCBs, priced on February 6, 2020

**Potential downside risks:** CTG may fail to meet our earnings and profitability either due to its failure to execute on its business model, failure to continue growing its retail franchise/digital banking or a macro-driven banking crisis that leads to a new cycle of NPLs.

\* Regarding coronavirus, we believe there will not be a significant spike in official unemployment and that banks will generally be able to accommodate some selected temporary disruption to cash flows among business customers – hence no major spike in NPLs. The issue of coronavirus is immaterial for CTG, in our view.

## History of recommendations

Figure 15: Historical VCSC target price vs share price (VND)



Source: Bloomberg, VCSC





## Financial Statements

P&L (VND bn)	2019	2020F	2021F	2022F
Interest inc.	82,743	90,928	99,045	106,666
Interest exp.	(49,544)	(53,921)	(59,110)	(63,536)
<b>Net interest inc.</b>	<b>33,199</b>	<b>37,008</b>	<b>39,935</b>	<b>43,131</b>
Net fee income	4,056	4,908	5,742	6,733
Other NOII	3,267	5,473	5,137	5,247
Total NOII	7,323	10,380	10,879	11,979
<b>Total operating inc.</b>	<b>40,522</b>	<b>47,388</b>	<b>50,814</b>	<b>55,110</b>
Non-interest exp.	(15,740)	(18,481)	(20,326)	(22,044)
Other G&A exp.	0	0	0	0
Total operating exp.	(15,740)	(18,481)	(20,326)	(22,044)
<b>PPOP</b>	<b>24,782</b>	<b>28,907</b>	<b>30,488</b>	<b>33,066</b>
Provision exp.	(13,002)	(15,788)	(10,812)	(11,629)
Other inc./exp.	0	0	0	0
<b>Pre-tax profit</b>	<b>11,780</b>	<b>13,119</b>	<b>19,677</b>	<b>21,437</b>
Taxes	(2,302)	(2,624)	(3,935)	(4,287)
<b>Net profit</b>	<b>9,478</b>	<b>10,495</b>	<b>15,741</b>	<b>17,150</b>
Minorities/pref divs	(17)	(20)	(23)	(26)
<b>Attributable profit</b>	<b>9,461</b>	<b>10,475</b>	<b>15,718</b>	<b>17,124</b>
Wt avg shares (mn)	3,723	3,723	3,723	3,723
EPS (VND)*	2,541	2,813	4,221	4,599
DPS (VND)	0	0	0	0

RATIOS (%)	2019	2020F	2021F	2022F
<b>Growth</b>				
Loan growth	8.1	8.0	7.0	7.0
Deposit growth	8.1	13.1	10.4	9.3
TOI growth	41.0	16.9	7.2	8.5
PPOP growth	71.0	16.6	5.5	8.5
NPAT growth	74.6	10.7	50.0	8.9
<b>Asset quality</b>				
Group 2 ratio	0.61	0.60	0.70	0.70
NPL ratio	1.16	1.20	1.30	1.40
LLR	119.7	120.3	119.2	118.1
Provision exp./ loans	1.39	1.56	1.00	1.01
<b>Liquidity</b>				
CAR under BASEL I	9.6	9.6	10.0	10.5
Regulated LDR	88.5	85.0	85.0	85.0

BS (VND bn)	2019	2020F	2021F	2022F
Cash & equiv.	8,283	9,318	10,061	10,823
Bal. with SBV	24,874	27,517	30,494	33,269
Due from FIs	129,315	161,644	174,576	190,462
ST investments	93,072	110,809	116,204	115,163
Net cust. loans	922,330	995,516	1,064,057	1,137,336
HTM securities	15,368	4,827	2,413	2,413
LT investments	3,352	3,308	3,267	3,227
Fixed assets	10,997	11,410	11,840	12,289
Other assets	33,199	36,183	36,505	38,211
<b>Total assets</b>	<b>1,240,789</b>	<b>1,360,532</b>	<b>1,449,418</b>	<b>1,543,193</b>
Bal. from SBV	70,603	69,125	60,422	53,525
Bal. from FIs	109,483	107,699	89,191	75,960
Other funds	5,776	5,660	5,547	5,436
Cust. deposits	892,782	1,009,737	1,114,749	1,218,421
Other fin. int.	0	0	0	0
Valuable papers	57,066	55,925	53,129	50,472
Other liabilities	27,724	24,951	23,704	20,148
Total equity	76,793	86,872	102,114	118,667
MI	563	563	563	563
<b>Liabilities &amp; SE</b>	<b>1,240,789</b>	<b>1,360,532</b>	<b>1,449,418</b>	<b>1,543,193</b>

RATIOS (%)	2019	2020F	2021F	2022F
<b>Profitability</b>				
NIM	2.88	2.95	2.94	2.97
IEA yields	7.17	7.24	7.28	7.35
Funding costs	4.53	4.52	4.60	4.66
CIR	38.8	39.0	40.0	40.0
<b>ROE decomposition (as % avg total assets)</b>				
NII	2.76	2.85	2.84	2.88
Provisions	-1.08	-1.21	-0.77	-0.78
Post-provision NII	1.68	1.63	2.07	2.11
Non-Interest inc.	0.61	0.80	0.77	0.80
Operating exp.	-1.31	-1.42	-1.45	-1.47
Taxes & MI	-0.19	-0.20	-0.28	-0.29
ROAA	0.79	0.81	1.12	1.14
Equity Mult. (x)	16.7	15.9	14.9	13.6
ROAE	13.1	12.8	16.6	15.5

Source: Company data, VCSC



## VCSC Rating System

**Stock ratings** are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
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Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

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