

KASIKORNBANK KBANK TB

THAILAND / BANKS

BUY

UNCHANGED

มุ่งมั่นในการปลดล็อกการเติบโตระยะยาว

- คาดกำไรสุทธิ 2Q22 จะออกมาดีพอใช้ที่ 11 พัน ลบ. (+24% y-y, -2% q-q)
- น่าจะได้ประโยชน์จากการปรับขึ้นอัตราดอกเบี้ยมากเป็นอันดับสาม ในขณะที่ JK AMC น่าจะช่วยเป็นกันชนจากผลกระทบของเงินเฟ้อที่อยู่ในระดับสูง
- ปรับเป้าราคาเป้าหมายใหม่ในปี 2023 ที่ 192 บาท; คงแนะนำซื้อ

คาดหวังด้วยคุณภาพจะลดลงใน 2Q22

เราคาดว่า KBANK จะรายงานกำไรสุทธิ 2Q22 ที่ 11 พัน ลบ. (+24% y-y, -2% q-q) เราคิดว่า KBANK จะเป็นเพียงธนาคารเดียวที่จะรายงานหนี้ด้วยคุณภาพลดลง (-2% y-y, -1% q-q) เนื่องจากการเป็นพันธมิตรกับ JMT น่าจะช่วยล้างหนี้ด้วยคุณภาพออกจากบัญชีขบดุล จากข้อมูลของ KBANK ธนาคารฯ จะขายหนี้ด้วยคุณภาพรวมมูลค่า 30 พัน ลบ. ทั้งที่อยู่ในและนอกบัญชีขบดุลให้แก่ JK AMC (KBANK และ JMT ถือหุ้นฝ่ายละ 50%) ใน 2Q22 ในขณะที่เดียวกัน ธนาคารฯ จะเริ่มลดระดับเชิงคุณภาพของหนี้ชั้นที่ 2 เป็นหนี้ด้วยคุณภาพ เพราะฉะนั้นเราจึงคาดว่าต้นทุนความเสี่ยงในการปล่อยสินเชื่อจะเพิ่มจาก 153 bps ใน 1Q22 เป็น 160 bps ใน 2Q22 (ยังต่ำกว่า 185 bps ใน 2Q21) ในด้านรายได้เราคิดว่า KBANK น่าจะรายงานสินเชื่อโต 0.4% q-q พร้อมส่วนต่างดอกเบี้ยลดลงเล็กน้อยเหลือ 3.17% ใน 2Q22 จาก 3.21% ใน 1Q22 จากมาตรการปรับโครงสร้างหนี้แบบเบ็ดเสร็จ (CDR) เช่นเดียวกับธนาคารอื่นเราเห็นว่ารายได้ค่าธรรมเนียมน่าจะมีความกดดันต่อเนื่องจากสภาวะตลาดทุนที่ไม่เอื้ออำนวยและความมั่นใจของผู้บริโภคที่อยู่ในระดับต่ำ

เป็นธนาคารที่จะได้ประโยชน์จากการปรับขึ้นอัตราดอกเบี้ยมากเป็นอันดับสาม

จาก BUC ทั้งหมด เราคาดว่า KBANK จะเป็นธนาคารที่ได้ประโยชน์จากอัตราดอกเบี้ยที่กำลังปรับขึ้นมากเป็นอันดับที่สามหลัง BBL และ KTB ตามลำดับ สำหรับอัตราดอกเบี้ยนโยบายที่ปรับขึ้นทุก ๆ 25 bps ในขณะที่ปัจจัยอื่นคงที่ เราคาดว่าประมาณการกำไรสุทธิปี 2023 (ที่เราใช้สมมติฐานอัตราดอกเบี้ยขยับขึ้น 50 bps ในปี 2022 และอีก 50 bps ในช่วง 1H23) ในปัจจุบันของเราจะมี Upside 2.0%

กลยุทธ์เชิงรุกเพื่อจัดการกับเงินเฟ้อที่อยู่ในระดับสูง

พอร์ตของ KBANK ประกอบด้วยลูกค้า SME 33% และรายย่อย 29% ซึ่งในความเห็นของเรา มีความเป็นไปได้ที่จะผิดชำระได้มากที่สุดในสภาวะเงินเฟ้อที่อยู่ในระดับสูง อย่างไรก็ตามการติดตั้ง JK AMC ได้ลดความกังวลของเราเกี่ยวกับคุณภาพสินทรัพย์และน่าจะป้องกันการไหลบ่าของหนี้ด้วยคุณภาพที่อาจเกิดขึ้นหลังการผ่อนคลายการจัดชั้นคุณภาพหนี้สินสุดลงในปี 2023 ด้วยเหตุดังกล่าวเราคาดว่าธนาคารฯ จะยังคงรักษาคุณภาพสินทรัพย์และสำรองในเกณฑ์ที่ดีในระยะยาว

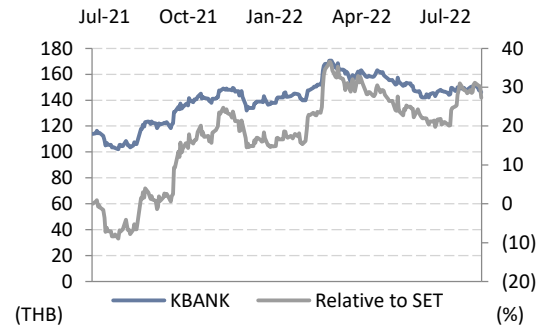
คงแนะนำซื้อที่ราคาเป้าหมายปี 2023 ที่ 192 บาท

เราปรับเพิ่มประมาณการกำไรสุทธิปี 2022-24 ขึ้น 1%/4%/4% ส่วนมากเพื่อสะท้อนประโยชน์จากแนวโน้มอัตราดอกเบี้ยขาขึ้น เราคงแนะนำซื้อหลังปรับการประเมินมูลค่าไปในปี 2022 และได้ราคาเป้าหมายใหม่ที่ 192 บาท เราเชื่อว่ากำไรสุทธิและผลตอบแทนต่อส่วนผู้ถือหุ้นของ KBANK จะเพิ่มอย่างต่อเนื่อง จาก JK AMC และโอกาสการขาย KASSET ที่อาจเกิดขึ้น เราคิดว่า การปรับโครงสร้างโดยมีจุดมุ่งหมายเพื่อปลดล็อกมูลค่าและเพิ่มผลตอบแทนผู้ถือหุ้นของธนาคารฯ กำลังเดินหน้าอย่างเต็มกำลัง

TARGET PRICE	THB192.00
CLOSE	THB146.00
UP/DOWNSIDE	+31.5%
PRIOR TP	THB180.00
CHANGE IN TP	+6.7%
TP vs CONSENSUS	+7.4%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	52,667	59,881	65,826	72,875
Net profit	38,053	42,072	47,488	52,605
EPS (THB)	16.06	17.76	20.04	22.20
vs Consensus (%)	-	0.4	3.3	0.8
Core net profit	38,053	42,072	47,488	52,605
Core EPS (THB)	16.06	17.76	20.04	22.20
Chg. In EPS est. (%)	-	1.3	3.9	3.5
EPS growth (%)	29.0	10.6	12.9	10.8
Core P/E (x)	9.1	8.2	7.3	6.6
Dividend yield (%)	2.2	3.1	3.4	3.4
Price/book (x)	0.7	0.7	0.6	0.6
ROE (%)	8.3	8.5	9.0	9.2
ROA (%)	1.1	1.2	1.2	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.4	(8.5)	24.8
Relative to country (%)	6.2	(1.2)	23.3
Mkt cap (USD m)	9,592		
3m avg. daily turnover (USD m)	59.6		
Free float (%)	50		
Major shareholder	Thai NVDR (18%)		
12m high/low (THB)	175.00/101.00		
Issued shares (m)	2,369		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We maintain our BUY call, as we believe KBANK's net profit and ROE will increase continuously.

Moreover, once the Covid-19 dust has settled, we expect KBANK to post sustainable long-term growth, as it has laid a strong foundation for such. First, KBANK has been heavily investing in digital platforms for more than a decade – we believe it will utilise its digital platform to generate more revenue while reducing operating and funding costs. Second, KBANK is one of the first movers to have expanded into the Asean Economic Community +3. Therefore, its digital investment and international expansion should be a game changer, helping it to become a regional digital bank.

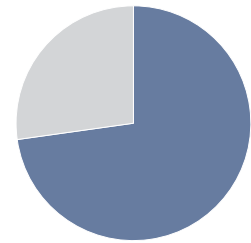
Company profile

Established on 8 June 1945, Kasikornbank was listed on the Stock Exchange of Thailand in 1976. At the end of 2021, KBANK operated 839 branches, down from 860 in 2020 and 10,991 ATMs, up from 10,911 in 2020. In addition, the bank has an international network that includes 16 establishments in eight countries.

www.kasikornbank.com

Principal activities (revenue, 2021)

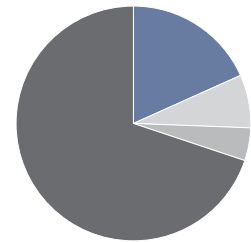
- Net interest income - 72.8 %
- Non-interest income - 27.2 %



Source: Kasikornbank

Major shareholders

- Thai NVDR - 18.3 %
- State Street Europe Ltd. - 7.3 %
- South East Asia UK (Type C) Nominees - 4.5 %
- Others - 69.9 %



Source: Kasikornbank

Catalysts

Potential share price catalysts for KBANK include:

- Lower credit cost from better asset quality due to setting up JK AMC;
- Faster expansion in the digital lending space than expected;
- The return of foreign fund flows into the Thai stock market.

Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

Event calendar

Date	Event
21 Jul 2022	2Q22 results announcement

Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	42,072	47,488	52,605
Net profit growth (%)	10.6	12.9	10.8
NIM (%)	3.18	3.20	3.27
Loan growth (%)	5.0	4.5	4.0
Fee growth (%)	5.5	5.0	5.0
Non-int-income growth (%)	9.5	9.1	6.6
Credit cost (bp)	160	158	158
Cost to income (%)	42.9	42.0	41.0

Source: FSSIA estimates

Earnings sensitivity

		2022E		
		3.0	5.0	7.0
Loan growth	±2ppt			
% change in net profit		(0.5)	-	0.5
NIM (%)	±5bp	3.13	3.18	3.23
% change in net profit		(2.5)	-	2.5
Credit cost (bp)	±10bp	150	160	170
% change in net profit		4.0	-	(4.0)

Source: FSSIA estimates

Expect a stronger balance sheet in 2Q22

We expect KBANK to report a 2Q22 net profit of THB11,022m (+24% y-y, -2% q-q). We think KBANK will be the only bank to report a drop in its NPLs (-2% y-y, -1% q-q) due to its active partnership with JMT Network Services (JMT, BUY, TP THB80) to clean up its balance sheet. According to KBANK, it will sell THB30b worth of NPLs – both on and off-balance sheet – to JK AMC (50% owned by KBANK and JMT each) in 2Q22. At the same time, it will start qualitatively downgrading stage 2 loans to NPLs. Thus, we think its credit cost should increase from 153 bps in 1Q22 to 160 bps in 2Q22 (still lower than 2Q21's 185 bps). As for the revenue side, we think KBANK should deliver 0.4% q-q loan growth, with a slightly lower NIM at 3.17% in 2Q22 from 3.21% in 1Q22 due to the CDR program. Its fee income, like other banks, should continue to face pressure from the unfavorable capital market conditions and low consumer confidence.

Exhibit 1: KBANK – 2Q22 results preview

Year-end Dec 31	2Q21	1Q22	2Q22E	---- Change ----		----- 1H22E -----			2022E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	29,717	31,751	31,754	7	0	63,504	10	51	125,091	5	
Non-interest income	11,138	8,863	10,302	(8)	16	19,164	(17)	40	48,131	9	Dropping y-y from a decline in fee income
Operating income	40,855	40,613	42,056	3	4	82,669	2	48	173,222	6	
Operating expenses	17,069	17,391	17,879	5	3	35,270	5	47	74,353	5	
PPOP before tax	23,786	23,223	24,176	2	4	47,399	0	48	98,870	7	
Provision	10,807	9,336	9,853	(9)	6	19,189	(1)	48	39,718	(2)	
Income tax	2,548	2,700	2,721	7	1	5,421	(3)	48	11,180	15	
Minority interest	1,537	(24)	580			556		9	5,901	41	
Normalised profit	8,894	11,211	11,022	24	(2)	22,233	14	53	42,072	11	
Extraordinary items	0	0	0			0			0		
Net profit	8,894	11,211	11,022	24	(2)	22,233	14	53	42,072	11	
EPS (THB)	3.75	4.73	4.65	24	(2)	9.38	14	53	17.76	11	
Asset quality ratio											
Gross NPLs (THB m)	106,920	106,482	104,949	(2)	(1)				104,036	0	
NPL ratios (%)	3.95	3.78	3.74						3.58		
LLR/NPLs (%)	136	139	143						143		
Credit cost (bp)	185	153	160						160		
Profitability ratio	(%)	(%)	(%)						(%)		
Cost to income ratio	41.8	42.8	42.5						42.9		
Average yield (%)	3.7	3.6	3.6						3.6		
Cost of fund (%)	0.6	0.6	0.6						0.6		
Net interest margin (NIM)	3.23	3.21	3.17						3.18		
Non-int inc/total income	27.3	21.8	24.5						27.8		
Liquidity ratio	(%)	(%)	(%)						(%)		
Loan to deposit ratio	96.1	93.3	96.0						91.7		
Capital adequacy ratio	(%)	(%)	(%)						(%)		
CAR	18.2	18.4	19.1						19.1		
CET 1/ Risk assets	15.2	15.2	16.8						16.9		
Tier 2 / Risk assets	2.3	2.6	2.3						2.2		
Loan growth	(%)	(%)	(%)						(%)		
y-y	12.1	6.8	3.6						5.0		
q-q	3.5	1.5	0.4								

*Including share of profits from associates

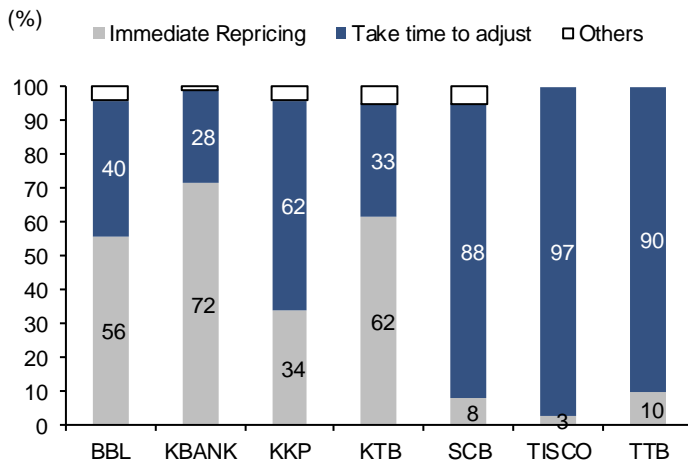
Source: KBANK; FSSIA estimates

The third-in-line bank to benefit from rate hikes

Out of the banks that we cover, our estimates place KBANK as third in line to benefit from rising interest rates, after BBL and KTB, respectively.

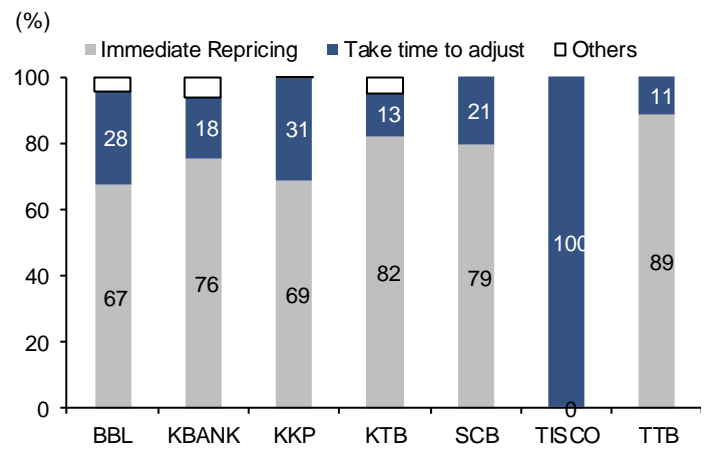
We currently assume 50 bps in rate hikes in 2022 and another 50-bps rise in 1H23 (assuming a total 50 bps increase in the bank’s reference rate (M-rate) and a total 10 bps increase in its deposit rate). In the case that the Bank of Thailand increases the policy rate above our expectation, for every 25 bps increase in the policy rate (assuming a 12.5 bps increase in the bank’s M-rate and a five bps increase in its deposit rate), ceteris paribus, there would be a 2.0% upside to our current 2023 net profit forecast.

Exhibit 2: Breakdown of floating vs fixed interest rate loans by bank



Sources: Company data; FSSIA estimates

Exhibit 3: Breakdown of floating vs fixed interest rate deposits by bank



Sources: Company data; FSSIA estimates

Exhibit 4: We expect a 2.0% upside to KBANK’s 2023E net profit for every 25-bps rise in the policy rate – assuming a 12.5-bps increase in its M-rate and a five-bps increase in its deposit rate

	2023E net profit			2023E NIM		
	Current	Rate hikes 25 bps	Diff	Current	Rate hikes 25 bps	Diff
	(THB m)	(THB m)	(%)	(%)	(%)	(%)
BBL	34,035	34,959	2.7	2.14	2.16	0.03
KBANK	47,488	48,415	2.0	3.20	3.23	0.03
KKP	8,293	8,171	(1.5)	4.19	4.16	(0.03)
KTB	29,973	30,761	2.6	2.53	2.56	0.03
SCB	41,734	42,454	1.7	2.91	2.94	0.03
TISCO	7,569	7,493	(1.0)	4.89	4.85	(0.04)
TTB	14,082	14,309	1.6	2.97	2.99	0.02
Coverage	183,174	186,563	1.8	2.77	2.80	0.03

Sources: Company data; FSSIA estimates

Net profit and TP revisions

We revise up our net profit forecasts for 2022-24 by 1%/4%/4% mostly to reflect the benefit from the interest rate uptrend by raising our NIM assumptions in 2022-24 to 3.18%/3.20%/3.27% from 3.16%/3.12%/3.21%.

Furthermore, we incorporate the potential benefit from partnering with JMT that could help resolve asset quality problems. Thus, we lower our NPL assumptions in 2022-24 by 3%/2%/1%.

However, we increase our credit cost assumptions in 2023-24 to 158/158 bps from 155/155 bps. We think KBANK will be more aggressive in qualitatively downgrading its stage 2 loans after it begins selling NPLs to JK AMC. On top of that, we think the deterioration rate of its assets might increase from high inflation.

To recap, FSSIA expects policy rate hikes of 50 bps in 2022 and another 50 bps in 1H23, lifting Thailand's policy rate to 1% in 2022 and 1.5% in 2023. We assume that the bank will increase 1) its reference rates (MLR, MRR, MOR) by 25 bps in 2022 and by another 25 bps in 2023; and 2) its deposit rate by 10 bps in 2022 and by another 10 bps in 2023. Note that our cost of funds already reflects the 0.46% Financial Institutions Development Fund (FIDF) fee from 2023 onward.

Exhibit 5: KBANK – changes in key assumptions

	-----2022E-----				-----2023E-----			-----2024E-----		
	2021	Old	New	Change	Old	New	Change	Old	New	Change
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
Net interest income	119,390	124,346	125,091	0.6	127,198	130,455	2.6	135,970	138,662	2.0
Non interest income*	43,958	48,131	48,131	-	51,549	52,510	1.9	54,523	55,983	2.7
Operating income*	163,349	172,477	173,222	0.4	178,747	182,964	2.4	190,493	194,646	2.2
Operating expenses	71,044	74,353	74,353	-	75,742	76,822	1.4	78,615	79,749	1.4
PPOP before tax*	92,305	98,125	98,870	0.8	103,004	106,143	3.0	111,877	114,897	2.7
Expected credit loss	40,332	39,718	39,718	-	40,400	41,082	1.7	42,213	42,826	1.5
Taxes expenses	9,729	11,039	11,180	1.3	11,832	12,296	3.9	13,166	13,621	3.5
Minority interest	4,192	5,826	5,901	1.3	5,077	5,276	3.9	5,650	5,845	3.5
Normalised profit	38,053	41,542	42,072	1.3	45,695	47,488	3.9	50,848	52,605	3.5
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Net profit	38,053	41,542	42,072	1.3	45,695	47,488	3.9	50,848	52,605	3.5
EPS (THB)	16.06	17.53	17.76	1.3	19.29	20.04	3.9	21.46	22.20	3.5
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	104,036	107,157	104,036	(2.9)	109,300	107,157	(2.0)	115,858	114,658	(1.0)
Gross NPLs / Loans (%)	3.76	3.69	3.58		3.58	3.53		3.65	3.63	
Loan loss reserve/NPLs (%)	139	139	143		139	143		134	137	
Credit cost (bps)	173	160	160		155	158		155	158	
Profitability ratio	(%)	(%)	(%)		(%)	(%)		(%)	(%)	
Cost to income ratio*	43.5	43.1	42.9		42.4	42.0		41.3	41.0	
Average yield	3.70	3.59	3.60		3.72	3.82		3.84	3.92	
Cost of fund	0.59	0.57	0.57		0.81	0.84		0.85	0.88	
Net interest margin (NIM)	3.26	3.16	3.18		3.12	3.20		3.21	3.27	
Liquidity ratio	(%)	(%)	(%)		(%)	(%)		(%)	(%)	
Loan to deposit ratio	93.2	91.7	91.7		93.5	93.0		94.9	94.4	
Loan growth (%)	(%)	(%)	(%)		(%)	(%)		(%)	(%)	
y-y	7.9	5.0	5.0		5.0	4.5		4.0	4.0	

*Including share of profits from associates

Source: FSSIA estimates

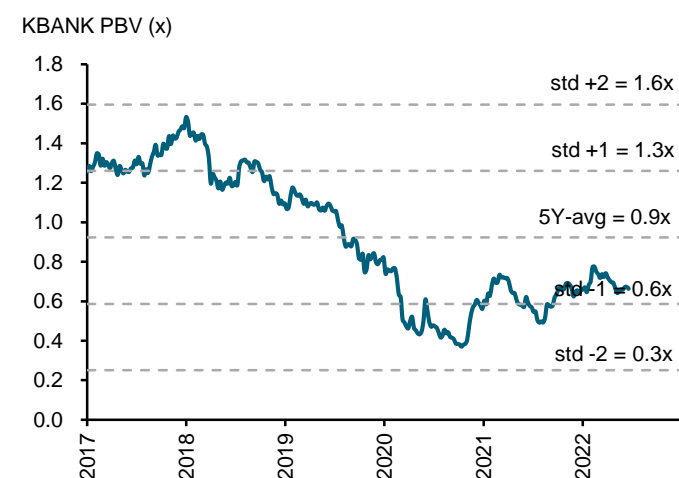
We roll forward our valuation to 2023 and derive a new TP of THB192, up from our 2022 TP of THB180. Our TP implies 0.83x 2023E P/BV, 0.5 STD below its five-year average. We maintain our BUY rating.

Exhibit 6: KBANK – GGM-derived target price

Target price	THB 192 (from THB 180)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost of equity (%)	9.1 (unchanged)
Terminal growth (%)	4.8 (from 4.0)
ROE target (%)	9.0 (from 8.7)

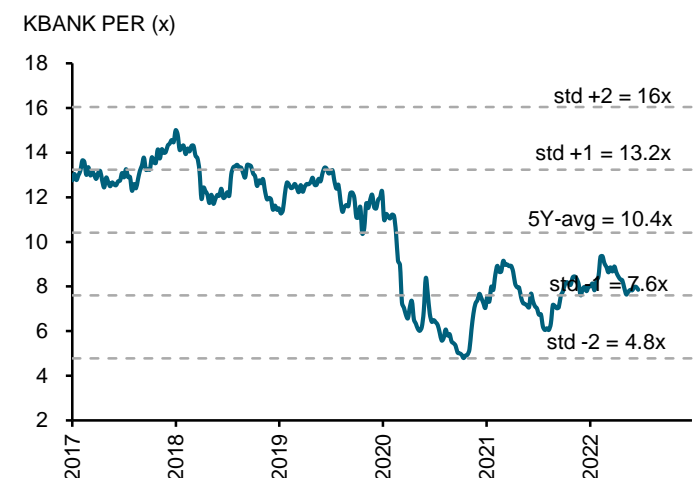
Source: FSSIA estimates

Exhibit 7: KBANK – one-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 8: KBANK – one-year forward rolling P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Peers comparison

	BBG code	Rec	--- Share price ---		Up side (%)	Market Cap (USD m)	EPS growth		--- P/E ---		-- DivYld --		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			22E (%)	23E (%)	22E (x)	23E (x)	22E (%)	23E (%)	22E (%)	23E (%)	22E (x)	23E (x)
Coverage						37,922	14.6	9.9	8.3	7.5	4.5	5.3	8.4	8.6	0.7	0.6
Bangkok Bank	BBL TB	BUY	130.00	170.00	31	6,881	15.2	11.5	8.1	7.3	3.8	5.0	6.0	6.4	0.5	0.5
Kasikornbank	KBANK TB	BUY	146.00	192.00	32	9,592	10.6	12.9	8.2	7.3	3.1	3.4	8.5	9.0	0.7	0.6
Kiatnakin Bank	KKP TB	BUY	61.75	82.00	33	1,450	19.8	9.5	6.9	6.3	7.1	8.1	14.2	14.5	0.9	0.9
Krung Thai Bank	KTB TB	BUY	14.70	18.20	24	5,697	26.6	9.7	7.5	6.9	4.7	5.1	7.4	7.6	0.5	0.5
SCB X	SCB TB	BUY	99.00	134.00	35	9,243	9.8	6.6	8.6	8.1	5.1	6.1	8.6	8.5	0.7	0.7
Tisco Financial	TISCO TB	HOLD	86.75	94.00	8	1,926	7.8	3.5	9.5	9.2	8.9	9.5	17.4	17.4	1.6	1.6
TMBThanachart Bank	TTB TB	BUY	1.17	1.40	20	3,135	20.3	12.1	9.0	8.0	5.0	5.6	5.8	6.3	0.5	0.5

Share prices as of 7 Jul 2022

Source: FSSIA estimates

Financial Statements

Kasikornbank

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	127,592	135,415	141,838	155,750	166,104
Interest expense	(18,570)	(16,024)	(16,747)	(25,296)	(27,442)
Net interest income	109,022	119,390	125,091	130,455	138,662
Net fees & commission	33,004	35,316	37,273	39,137	41,094
Foreign exchange trading income	0	0	0	0	0
Securities trading income	9,428	6,356	6,397	7,401	7,946
Dividend income	2,384	3,310	3,475	3,649	3,831
Other income	1,246	(330)	1,714	3,088	3,916
Non interest income	46,063	44,653	48,860	53,275	56,787
Total income	155,085	164,043	173,951	183,730	195,450
Staff costs	(32,143)	(34,481)	(35,170)	(35,874)	(36,950)
Other operating costs	(37,853)	(36,563)	(39,182)	(40,948)	(42,799)
Operating costs	(69,997)	(71,044)	(74,353)	(76,822)	(79,749)
Pre provision operating profit	85,088	92,999	99,599	106,908	115,701
Provision for bad and doubtful debt	(43,548)	(40,332)	(39,718)	(41,082)	(42,826)
Other provisions	-	-	-	-	-
Operating profit	41,540	52,667	59,881	65,826	72,875
Recurring non operating income	(193)	(694)	(729)	(766)	(804)
Associates	(193)	(694)	(729)	(766)	(804)
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	41,347	51,973	59,152	65,061	72,071
Tax	(7,656)	(9,729)	(11,180)	(12,296)	(13,621)
Profit after tax	33,690	42,244	47,972	52,764	58,450
Minority interests	(4,203)	(4,192)	(5,901)	(5,276)	(5,845)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	29,487	38,053	42,072	47,488	52,605
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	29,487	38,053	42,072	47,488	52,605
Per share (THB)					
Recurring EPS *	12.45	16.06	17.76	20.04	22.20
Reported EPS	12.45	16.06	17.76	20.04	22.20
DPS	2.50	3.25	4.50	5.00	5.00
Growth					
Net interest income (%)	6.2	9.5	4.8	4.3	6.3
Non interest income (%)	(20.3)	(3.1)	9.4	9.0	6.6
Pre provision operating profit (%)	(3.0)	9.3	7.1	7.3	8.2
Operating profit (%)	(22.7)	26.8	13.7	9.9	10.7
Reported net profit (%)	(23.9)	29.0	10.6	12.9	10.8
Recurring EPS (%)	(23.1)	29.0	10.6	12.9	10.8
Reported EPS (%)	(23.1)	29.0	10.6	12.9	10.8
Income Breakdown					
Net interest income (%)	70.3	72.8	71.9	71.0	70.9
Net fees & commission (%)	21.3	21.5	21.4	21.3	21.0
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	6.1	3.9	3.7	4.0	4.1
Dividend income (%)	1.5	2.0	2.0	2.0	2.0
Other income (%)	0.8	(0.2)	1.0	1.7	2.0
Operating performance					
Gross interest yield (%)	3.86	3.70	3.60	3.82	3.92
Cost of funds (%)	0.78	0.59	0.57	0.84	0.88
Net interest spread (%)	3.08	3.11	3.03	2.98	3.04
Net interest margin (%)	3.3	3.3	3.2	3.2	3.3
Cost/income(%)	45.1	43.3	42.7	41.8	40.8
Cost/assets(%)	2.0	1.8	1.8	1.8	1.8
Effective tax rate (%)	18.5	18.7	18.9	18.9	18.9
Dividend payout on recurring profit (%)	20.1	20.2	25.3	24.9	22.5
ROE (%)	7.0	8.3	8.5	9.0	9.2
ROE - COE (%)	(3.0)	(1.6)	(1.4)	(1.0)	(0.7)
ROA (%)	1.0	1.1	1.2	1.2	1.3
RORWA (%)	1.5	1.7	1.8	1.9	2.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kasikornbank; FSSIA estimates

Financial Statements

Kasikornbank

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	2,244,821	2,421,813	2,542,904	2,657,334	2,763,628
Total provisions	(134,393)	(144,772)	(148,889)	(152,768)	(156,903)
interest in suspense	11,272	16,599	20,343	21,259	22,109
Net customer loans	2,121,700	2,293,640	2,414,358	2,525,825	2,628,834
Bank loans	417,420	420,494	405,081	439,619	457,012
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	777,790	1,034,372	1,044,995	1,055,746	1,098,167
Cash & equivalents	61,962	59,972	64,729	32,238	61,389
Other interesting assets	-	-	-	-	-
Tangible fixed assets	85,664	97,185	97,343	98,276	88,448
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	194,261	197,736	203,017	209,330	218,513
Total assets	3,658,798	4,103,399	4,229,522	4,361,033	4,552,363
Customer deposits	2,344,998	2,598,630	2,773,612	2,856,820	2,926,076
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	183,631	315,685	228,133	234,977	289,392
Non interest bearing liabilities	638,883	652,409	652,409	652,409	671,981
Hybrid Capital	-	-	-	-	-
Total liabilities	3,167,512	3,566,724	3,654,153	3,744,205	3,887,449
Share capital	23,693	23,693	23,693	23,693	23,693
Reserves	415,976	453,020	487,392	524,218	566,931
Total equity	439,670	476,714	511,085	547,911	590,624
Minority interests	51,616	59,961	64,285	68,917	74,289
Total liabilities & equity	3,658,798	4,103,399	4,229,522	4,361,033	4,552,363
Supplementary items					
Risk weighted assets (RWA)	2,404,276	2,630,858	2,762,401	2,886,709	3,002,177
Average interest earning assets	3,302,313	3,658,355	3,934,829	4,072,839	4,235,753
Average interest bearing liabilities	2,368,844	2,695,575	2,930,346	3,016,303	3,122,096
Tier 1 capital	387,854	433,959	466,321	500,439	538,638
Total capital	452,095	493,930	526,292	560,410	598,609
Gross non performing loans (NPL)	101,007	104,036	104,036	107,157	114,658
Per share (THB)					
Book value per share	185.57	201.20	215.71	231.25	249.28
Tangible book value per share	185.57	201.20	215.71	231.25	249.28
Growth					
Gross customer loans	12.1	7.9	5.0	4.5	4.0
Average interest earning assets	6.5	10.8	7.6	3.5	4.0
Total asset (%)	11.1	12.2	3.1	3.1	4.4
Risk weighted assets (%)	8.7	9.4	5.0	4.5	4.0
Customer deposits (%)	13.2	10.8	6.7	3.0	2.4
Leverage & capital measures					
Customer loan/deposits (%)	90.5	88.3	87.0	88.4	89.8
Equity/assets (%)	12.0	11.6	12.1	12.6	13.0
Tangible equity/assets (%)	12.0	11.6	12.1	12.6	13.0
RWA/assets (%)	65.7	64.1	65.3	66.2	65.9
Tier 1 CAR (%)	16.1	16.5	16.9	17.3	17.9
Total CAR (%)	18.8	18.8	19.1	19.4	19.9
Asset Quality					
Change in NPL (%)	20.2	3.0	-	3.0	7.0
NPL/gross loans (%)	4.5	4.3	4.1	4.0	4.1
Total provisions/gross loans (%)	6.0	6.0	5.9	5.5	5.7
Total provisions/NPL (%)	133.1	139.2	143.1	142.6	136.8
Valuation					
Recurring P/E (x) *	11.7	9.1	8.2	7.3	6.6
Recurring P/E @ target price (x) *	15.4	12.0	10.8	9.6	8.6
Reported P/E (x)	11.7	9.1	8.2	7.3	6.6
Dividend yield (%)	1.7	2.2	3.1	3.4	3.4
Price/book (x)	0.8	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.8	0.7	0.7	0.6	0.6
Price/tangible book @ target price (x)	1.0	1.0	0.9	0.8	0.8

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kasikornbank; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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.

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Company	Ticker	Price	Rating	Valuation & Risks
Kasikornbank	KBANK TB	THB 146.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Bangkok Bank	BBL TB	THB 130.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kiatnakin Bank	KKP TB	THB 61.75	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 14.70	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs; and 3) an increase in OPEX due to aggressive digital investment.
SCB X	SCB TB	THB 99.00	BUY	Downside risks to our SOTP-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM.
Tisco Financial	TISCO TB	THB 86.75	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. An upside risk to our GGM-based TP would be lower-than-expected policy rate hikes.
TMBThanachart Bank	TTB TB	THB 1.17	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
JMT Network Services	JMT TB	THB 69.25	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.

Source: FSSIA estimates

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. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 07-Jul-2022 unless otherwise stated.

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

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. 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.