

## KASIKORNBANK

## KBANK TB

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## 1Q24 results at first glance

## กำไรสุทธิ 1Q24 สูงกว่าที่เราและตลาดคาด

กำไรสุทธิ 1Q24 อยู่ที่ 13.5 พัน ลบ. (+43.7% q-q, +25.6% y-y) สูงกว่าที่เราคาด 23% และตลาดคาด 19% กำไรดังกล่าวคิดเป็น 32% ของประมาณการกำไรสุทธิทั้งปี 2024 ผลประกอบการที่โดดเด่นส่วนมากเกิดจากรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (Non-NII) ที่ดีกว่าคาด โดยเฉพาะอย่างยิ่งกำไรจากการปรับมูลค่าเงินลงทุนในสินทรัพย์ FVTPL ให้เป็นราคาตลาดและรายได้ค่าธรรมเนียมสุทธิที่สูงขึ้น นอกจากนี้สัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้ (Cost-to-income ratio) ยังดีกว่าคาดด้วยหลังการลดลงของค่าใช้จ่ายตามฤดูกาล อาทิเช่น ค่าใช้จ่ายบุคลากร เทคโนโลยีสารสนเทศและการตลาดรวมถึง Non-NII ที่เพิ่มขึ้นอย่างมีนัยสำคัญ คุณภาพสินทรัพย์อยู่ในระดับที่จัดการได้โดยเฉพาะอย่างยิ่งสัดส่วนหนี้ต่อคุณภาพ (NPL ratio), Credit costs, และสัดส่วนสำรองหนี้ต่อคุณภาพ (NPL coverage ratio) จากการบริหารเชิงรุกและเข้มงวดอย่างต่อเนื่องซึ่งรวมถึงการขายและการตัดจำหน่าย

เราคงประมาณการกำไรสุทธิปี 2024-26 แม้ว่ากำไร 1Q24 จะคิดเป็น 32% ของประมาณการกำไรสุทธิปี 2024 ของเราไปแล้ว เราคาดว่า Non-NII จาก พอร์ต FVTPL จะไม่เกิดต่อเนื่องในอนาคต เราคงคำแนะนำถือเพื่อรับเงินปันผลเฉลี่ยที่ 5-6% ต่อปี ราคาเป้าหมายปี 2024 ของเราที่ 140 บาทได้มาจากการประเมินมูลค่าด้วยวิธี GGM ภายใต้สมมติฐานค่า P/BV ที่ 0.61x ค่า LT-ROE ที่ 7.9% และค่า COE ที่ 12.4%

## Highlights:

**(-) รายได้ดอกเบี้ยสุทธิ (NII) และส่วนต่างดอกเบี้ย (NIM) ต่ำกว่าคาด** โดย NII ลดลง 0.8% q-q แต่เพิ่มขึ้น 10.5% y-y ส่วนมากจากการหดตัวของสินเชื่อและ NIM สินเชื่อลดลงอย่างต่อเนื่องตามคาดที่ 1.1% q-q และ 0.1% y-y ส่วนมากจากสินเชื่อ SMEs และบัตรเครดิตที่ลดลงหลังการสิ้นสุดของปัจจัยด้านฤดูกาลพร้อมการตัดจำหน่ายสินเชื่อเชิงรุกในงวดนี้ ใน 1Q24 สินเชื่อที่หดตัวลงยังต่ำกว่าเป้าหมายการปี 2024 ของบริษัทฯ ที่ 5-7% y-y และประมาณการของเราที่ 5% y-y

NIM ลดลง 7bp เป็น 3.77% ส่วนมากจากผลตอบแทนสินเชื่อ (Loan yields) ที่ลดลง (ทั้งจากสินเชื่อและการลงทุน) และต้นทุนในการระดมเงินฝากที่เร่งตัวขึ้น (แต่ในอัตราที่ลดลงกว่าใน 4Q23) จากโครงการเงินฝากดอกเบี้ยพิเศษที่เปิดตัวใน 4Q23 ซึ่ง KBANK รับรู้ผลกระทบอย่างเต็มที่ในงวดนี้ อย่างไรก็ตาม NIM ใน 1Q24 ยังสูงกว่าเป้าหมายการปี 2024 ของธนาคารฯ ที่ 3.30-3.45% (รวมผลกระทบจากการคาดการณ์ที่ว่า ธปท. จะลดอัตราดอกเบี้ย RP สองครั้งคิดเป็นประมาณ 50bp ใน 2H24) และประมาณการของเราที่ 3.60%

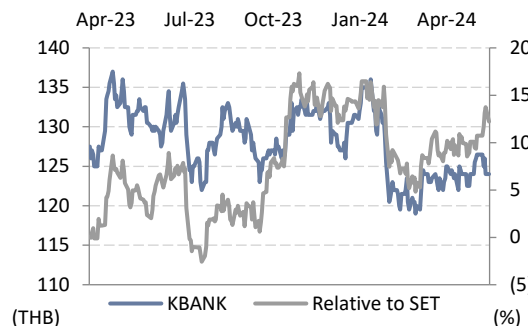
**(+) Non-NII และรายได้ค่าธรรมเนียมดีกว่าคาด** KBANK ยังคงรายงานกำไรจากเงินลงทุนในสินทรัพย์ FVTPL เป็นจำนวน 3.21 พัน ลบ. ซึ่งต่ำกว่าใน 4Q23 แต่สูงกว่ามากเมื่อเทียบกับประมาณการของเราที่เพียง 1.8 พัน ลบ. นอกจากนี้รายได้ค่าธรรมเนียมสุทธิยังดีกว่าคาดด้วย โดยเพิ่มขึ้น 9.9% q-q และ 2.3% y-y ส่วนมากจากการเติบโตของค่าธรรมเนียมการบริหารจัดการกองทุนซึ่งยังมีแนวโน้มปรับขึ้นสอดคล้องกับกลยุทธ์ของ KBANK ในการผลักดันค่าธรรมเนียมจากธุรกรรมนี้

**(+) ค่าใช้จ่ายดำเนินงานลดลงมากกว่าคาด** ถึง 15.5% q-q (แต่ยังเพิ่มขึ้น 4.6% y-y) จากค่าใช้จ่ายบุคลากร เทคโนโลยีสารสนเทศและการตลาดที่ลดลงตามฤดูกาล ในภาพรวม Cost-to-income ratio ใน 1Q24 อยู่ที่ 41.3% ต่ำกว่าคาดมากจาก Non-NII ที่เพิ่มอย่างมีนัยสำคัญ และค่าใช้จ่ายในการดำเนินงาน (OPEX) ที่ลดลง ตัวเลขดังกล่าวสอดคล้องกับเป้าหมายการของธนาคารฯ ที่ไม่เกิน 45% แต่ต่ำกว่าประมาณการปี 2024 ของเราที่ 45.9% อยู่มาก เนื่องจากเราคาดว่าปัจจัยดังกล่าวจะเร่งตัวขึ้นต่อเนื่องในช่วงที่เหลือของปี

TARGET PRICE	THB140.00
CLOSE	THB124.00
UP/DOWNSIDE	+12.9%
TP vs CONSENSUS	-0.2%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	55,845	54,794	58,735	63,482
Net profit	42,405	41,942	45,100	48,913
EPS (THB)	17.52	17.33	18.64	20.21
vs Consensus (%)	-	(6.6)	(7.0)	(5.1)
Recurring net profit	42,405	41,942	45,100	48,913
Core EPS (THB)	17.52	17.33	18.64	20.21
Chg. In EPS est. (%)	-	(5.8)	(7.2)	(7.6)
EPS growth (%)	18.6	(1.1)	7.5	8.5
Core P/E (x)	7.1	7.2	6.7	6.1
Dividend yield (%)	5.2	5.2	5.6	6.0
Price/book (x)	0.6	0.5	0.5	0.5
ROE (%)	8.2	7.7	8.0	8.3
ROA (%)	1.1	1.0	1.1	1.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	2.9	(3.5)
Relative to country (%)	2.3	4.5	11.4
Mkt cap (USD m)	7,941		
3m avg. daily turnover (USD m)	39.4		
Free float (%)	80		
Major shareholder	Thai NVDR (16%)		
12m high/low (THB)	138.00/118.50		
Issued shares (m)	2,369		

Sources: Bloomberg consensus; FSSIA estimates



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**(0) คุณภาพสินทรัพย์อยู่ในระดับที่จัดการได้และไม่มีประเด็นที่น่ากังวล** โดยมี NPL ratio (จากการคำนวณของ FSSIA) ก่อนช่วงไตรมาสที่ 3.79% ในขณะที่หนี้ชั้นที่ 2 ไตรมาสที่ 7.4% ของสินเชื่อรวม สินเชื่อปรับโครงสร้างหนี้ (DR) รวมสินเชื่อปรับโครงสร้างหนี้แบบเบ็ดเสร็จ (CDR) ตามมาตรการของ ธปท. เพิ่มขึ้นเล็กน้อยเป็น 7.6% ของสินเชื่อรวมซึ่งยังต่ำกว่าค่าเฉลี่ยของอุตสาหกรรมที่ 13% KBANK ยังคงกลยุทธ์ในการให้ความสนับสนุนทางการเงินในปัจจุบันแก่ลูกค้าที่มีวินัยในการชำระคืนสินเชื่อและจะขายหรือตัดจำหน่ายหนี้ทันทีที่เห็นว่าลูกหนี้ดังกล่าวไม่สามารถไปต่อได้

**(+) Credit costs ต่ำกว่าคาด** โดยอยู่ที่ 189bp (เทียบกับ 200bp ที่เราคาด) ลดลงจาก 220bp ใน 4Q23 KBANK ยังคงเป้าหมายการสำหรับปี 2024 ไว้ที่ 175-190bp ก่อนลดลงสู่ระดับปกติที่ 140-160bp ในปี 2025 ตัวเลข NPL coverage ratio (จากการคำนวณของ FSSIA) ลดลงเล็กน้อยเหลือ 139% จากการตัดจำหน่ายหนี้เสียเชิงรุกเป็นจำนวน 9.13พัน ลบ. จาก 5.13พัน ลบ. ใน 4Q23 ประกอบกับการขายหนี้มากถึง 7.90พัน ลบ. จาก 4.80พัน ลบ. ตัวเลข NPL coverage ratio ลดลงเล็กน้อยแต่ยังใกล้เคียงกับระดับปกติที่ 150%

ในส่วนของสินเชื่อ ITD และหนี้สินที่อาจเกิดขึ้น KBANK เปิดเผยว่าธนาคารฯ ได้จัดชั้นเป็นหนี้ชั้นที่ 2 และจัดสรรสำรองพิเศษเพื่อรองรับเรียบร้อยแล้ว ในสถานการณ์ที่เลวร้ายที่สุดที่สินเชื่อดังกล่าวถูกจัดชั้นเป็นหนี้ชั้นที่ 3 ธนาคารฯ ยืนยันว่าเป้าหมายการ Credit costs สำหรับปี 2024 ยังมากพอและไม่จำเป็นต้องมีการทบทวนแต่อย่างใด.

## Exhibit 1: KBANK – 1Q24 operation summary

Year end Dec 31	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----		%of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	24E	(THB m)	(y-y %)
Net interest income	34,875	36,701	38,019	38,849	38,528	(0.8)	10.5	26	149,813	0.9
Non-interest income	11,699	11,369	9,096	12,046	11,624	(3.5)	(0.6)	25	46,050	4.2
Fee income - net	8,114	7,714	7,803	7,550	8,299	9.9	2.3	26	31,772	1.9
Total operating income	46,574	48,070	47,115	50,895	50,152	(1.5)	7.7	26	195,863	1.7
Total operating expenses	19,793	20,847	19,821	24,508	20,713	(15.5)	4.6	23	90,016	5.9
PPOP before tax	26,781	27,223	27,294	26,387	29,439	11.6	9.9	28	105,847	(1.7)
Expected credit loss	12,692	12,784	12,793	13,572	11,684	(13.9)	(7.9)	23	51,053	(1.5)
Income tax	2,562	2,760	2,838	2,617	3,403	30.0	32.8	34	10,137	(5.9)
Non-controlling interest	786	685	381	810	867	7.0	10.3	32	2,715	2.0
<b>Net profit</b>	<b>10,741</b>	<b>10,994</b>	<b>11,282</b>	<b>9,388</b>	<b>13,486</b>	<b>43.7</b>	<b>25.6</b>	<b>32</b>	<b>41,942</b>	<b>(1.1)</b>
EPS (THB)	4.53	4.64	4.76	3.96	5.69	43.7	25.6	32	17.70	(1.1)
<b>Key ratios</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>	<b>4Q23</b>	<b>1Q24</b>	<b>----- Change -----</b>		<b>2024E</b>		
<b>Asset quality ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>	<b>(%)</b>		
Gross NPLs (THB m)	87,640	92,864	89,459	94,241	93,273	(1.0)	6.4	104,344		
Change (% from prior period)	(6.1)	6.0	(3.7)	5.3	(1.0)	13.3				
NPL ratios (%) - reported	3.04	3.20	3.11	3.19	3.19					
NPL ratio (%)*	3.56	3.79	3.67	3.78	3.79	3.99				
Coverage ratio (%) - reported	157	147	155	152	150					
Coverage ratio (%)*	146	138	145	142	139	132				
Credit cost (bp)	205	208	209	220	189	200				
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				
Cost to income ratio	42.5	43.4	42.1	48.2	41.3	46.0				
Average yield (%)	4.22	4.49	4.69	4.82	4.76	4.54				
Cost of funds (%)	1.02	1.15	1.25	1.34	1.36	1.30				
NIM (%) - reported	3.46	3.63	3.76	3.83	3.76					
NIM (%)*	3.47	3.64	3.77	3.84	3.77	3.60				
Non-interest income/total income (%)	25.1	23.7	19.3	23.7	23.2	23.5				
<b>Liquidity ratio</b>									<b>(%)</b>	
Loan to deposit	90.8	90.4	90.9	92.3	91.2	92.7				
Loan to deposit & borrowing (LDBR)	83.1	82.3	82.8	84.1	82.7	90.0				
<b>Capital adequacy ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				
CAR	18.9	19.0	19.6	19.4	19.4	19.0				
CET 1/ Risk assets	15.9	16.1	16.7	16.5	16.5	16.2				
Tier 2 / Risk assets	2.0	2.0	2.0	2.0	2.0	1.8				
<b>Loan growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				
q-q	(1.2)	(0.6)	(0.5)	2.1	(1.1)					
y-y	0.3	(1.6)	(1.1)	(0.2)	(0.1)	5.0				
Year-to-date	(1.2)	(1.8)	(2.3)	(0.2)	(1.1)					

Sources: KBANK; FSSIA estimates

## Exhibit 2: GGM-based 2024 TP

Gordon growth model	
Sustainable ROE	7.9%
g	1.0%
ROE-g	6.9%
Beta	1.17
Risk free rate	3.0%
Market Risk premium	8.0%
COE	12.4%
COE-g	11.4%
<b>ROE-g/COE-g</b>	<b>0.61</b>

Source: FSSIA estimates

## Exhibit 3: Share price performance of banks under coverage

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
BBL TB	(1.42)	(4.15)	(17.07)	(13.17)	(11.50)
<b>KBANK TB</b>	<b>0.00</b>	<b>2.90</b>	<b>(3.88)</b>	<b>(3.50)</b>	<b>(8.15)</b>
KKP TB	0.99	9.63	(0.49)	(21.46)	1.99
KTB TB	(4.76)	(1.23)	(16.67)	(12.09)	(13.04)
SCB TB	(10.82)	(1.90)	3.26	0.00	(2.83)
TISCO TB	(0.75)	2.06	2.85	8.17	(0.50)
TTB TB	(3.78)	(1.11)	2.89	19.46	6.59
<b>SETBANK</b>	<b>(3.85)</b>	<b>(1.17)</b>	<b>(6.85)</b>	<b>(5.06)</b>	<b>(6.15)</b>
<b>SET</b>	<b>(3.55)</b>	<b>(2.76)</b>	<b>(4.81)</b>	<b>(14.52)</b>	<b>(5.92)</b>

Source: Bloomberg

## Financial Statements

Kasikornbank

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	151,333	183,608	189,274	197,916	206,969
Interest expense	(18,334)	(35,164)	(39,461)	(41,645)	(43,524)
Net interest income	132,998	148,444	149,813	156,271	163,445
Net fees & commission	32,882	31,181	31,772	31,991	32,310
Foreign exchange trading income	0	0	0	0	0
Securities trading income	4,923	11,536	11,536	13,123	13,123
Dividend income	3,446	3,569	3,748	3,935	4,132
Other income	(991)	(2,076)	(1,006)	1,107	2,305
Non interest income	40,259	44,210	46,050	50,156	51,870
Total income	173,258	192,654	195,863	206,427	215,316
Staff costs	(34,602)	(40,274)	(42,691)	(45,252)	(47,967)
Other operating costs	(40,151)	(44,694)	(47,325)	(48,834)	(50,395)
Operating costs	(74,753)	(84,968)	(90,016)	(94,086)	(98,362)
Pre provision operating profit	98,505	107,685	105,847	112,341	116,953
Expected credit loss	(51,919)	(51,840)	(51,053)	(53,606)	(53,472)
Other provisions	-	-	-	-	-
Operating profit	46,585	55,845	54,794	58,735	63,482
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	-	-	-	-	-
Profit before tax	46,585	55,845	54,794	58,735	63,482
Tax	(8,633)	(10,778)	(10,137)	(10,866)	(11,744)
Profit after tax	37,953	45,067	44,657	47,869	51,737
Non-controlling interest	(2,183)	(2,662)	(2,715)	(2,769)	(2,825)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	35,769	42,405	41,942	45,100	48,913
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	35,769	42,405	41,942	45,100	48,913
<b>Per share (THB)</b>					
Recurring EPS *	14.78	17.52	17.33	18.64	20.21
Reported EPS	14.78	17.52	17.33	18.64	20.21
DPS	4.00	6.50	6.50	7.00	7.50
<b>Growth</b>					
Net interest income (%)	11.4	11.6	0.9	4.3	4.6
Non interest income (%)	(8.4)	9.8	4.2	8.9	3.4
Pre provision operating profit (%)	6.7	9.3	(1.7)	6.1	4.1
Operating profit (%)	(10.4)	19.9	(1.9)	7.2	8.1
Reported net profit (%)	(6.0)	18.6	(1.1)	7.5	8.5
Recurring EPS (%)	(6.3)	18.6	(1.1)	7.5	8.5
Reported EPS (%)	(6.3)	18.6	(1.1)	7.5	8.5
<b>Income Breakdown</b>					
Net interest income (%)	76.8	77.1	76.5	75.7	75.9
Net fees & commission (%)	19.0	16.2	16.2	15.5	15.0
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	2.8	6.0	5.9	6.4	6.1
Dividend income (%)	2.0	1.9	1.9	1.9	1.9
Other income (%)	(0.6)	(1.1)	(0.5)	0.5	1.1
<b>Operating performance</b>					
Gross interest yield (%)	3.80	4.53	4.54	4.56	4.58
Cost of funds (%)	0.63	1.19	1.30	1.32	1.32
Net interest spread (%)	3.17	3.34	3.24	3.24	3.26
Net interest margin (%)	3.34	3.66	3.60	3.60	3.62
Cost/income(%)	43.1	44.1	46.0	45.6	45.7
Cost/assets(%)	1.8	2.0	2.1	2.1	2.1
Effective tax rate (%)	18.5	19.3	18.5	18.5	18.5
Dividend payout on recurring profit (%)	27.1	37.1	37.5	37.6	37.1
ROE (%)	7.3	8.2	7.7	8.0	8.3
ROE - COE (%)	(2.6)	(1.8)	(2.3)	(2.0)	(1.6)
ROA (%)	0.9	1.1	1.0	1.1	1.1
RORWA (%)	1.4	1.6	1.6	1.6	1.7

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kasikornbank; FSSIA estimates

## Financial Statements

Kasikornbank

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	2,495,077	2,490,398	2,614,918	2,745,664	2,882,947
Allowance for expected credit loss	(133,529)	(133,876)	(137,929)	(149,535)	(161,007)
interest in suspense	16,226	14,970	18,304	19,220	20,181
<b>Net customer loans</b>	<b>2,377,774</b>	<b>2,371,492</b>	<b>2,495,293</b>	<b>2,615,348</b>	<b>2,742,121</b>
Bank loans	502,536	569,008	580,388	591,996	603,836
Government securities	-	-	-	-	-
Trading securities	47,264	48,295	50,710	53,245	55,908
Investment securities	982,177	974,585	1,004,048	1,034,406	1,065,687
Cash & equivalents	57,115	48,690	47,001	40,506	51,452
Other interesting assets	-	-	-	-	-
Tangible fixed assets	111,105	114,698	117,540	120,455	123,444
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	168,398	147,241	150,716	154,338	158,120
<b>Total assets</b>	<b>4,246,369</b>	<b>4,283,556</b>	<b>4,445,696</b>	<b>4,610,295</b>	<b>4,800,568</b>
Customer deposits	2,748,685	2,699,562	2,821,042	2,956,452	3,098,362
Bank deposits	155,240	179,207	182,791	186,447	190,176
Other interest bearing liabilities	67,897	81,572	85,651	89,934	94,430
Non interest bearing liabilities	707,468	726,380	726,380	726,380	726,380
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>3,679,289</b>	<b>3,686,721</b>	<b>3,815,864</b>	<b>3,959,213</b>	<b>4,109,348</b>
Share capital	23,693	23,693	23,693	23,693	23,693
Reserves	479,577	508,591	535,133	549,283	581,610
<b>Total equity</b>	<b>503,270</b>	<b>532,285</b>	<b>558,826</b>	<b>572,976</b>	<b>605,304</b>
Non-controlling interest	63,810	64,551	71,006	78,106	85,917
<b>Total liabilities &amp; equity</b>	<b>4,246,369</b>	<b>4,283,556</b>	<b>4,445,696</b>	<b>4,610,295</b>	<b>4,800,568</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	2,746,673	2,820,846	2,934,159	3,042,795	3,168,375
Average interest earning assets	3,983,616	4,054,670	4,166,175	4,337,688	4,516,844
Average interest bearing liabilities	2,930,393	2,966,081	3,024,913	3,161,158	3,307,900
CET 1 capital	435,662	452,603	475,681	501,504	529,613
Total capital	489,814	506,755	529,833	555,656	583,765
Gross non performing loans (NPL)	93,344	98,344	104,344	111,344	118,344
<b>Per share (THB)</b>					
Book value per share	212.41	224.66	235.86	241.83	255.47
Tangible book value per share	212.41	224.66	235.86	241.83	255.47
<b>Growth</b>					
Gross customer loans	3.0	(0.2)	5.0	5.0	5.0
Average interest earning assets	7.3	1.8	2.8	4.1	4.1
Total asset (%)	3.5	0.9	3.8	3.7	4.1
Risk weighted assets (%)	4.4	2.7	4.0	3.7	4.1
Customer deposits (%)	5.8	(1.8)	4.5	4.8	4.8
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	86.5	87.8	88.5	88.5	88.5
Equity/assets (%)	11.9	12.4	12.6	12.4	12.6
Tangible equity/assets (%)	11.9	12.4	12.6	12.4	12.6
RWA/assets (%)	64.7	65.9	66.0	66.0	66.0
CET 1 CAR (%)	15.9	16.0	16.2	16.5	16.7
Total CAR (%)	17.8	18.0	18.1	18.3	18.4
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	(12.1)	5.4	6.1	6.7	6.3
NPL/gross loans (%)	3.7	3.9	4.0	4.1	4.1
Allowance for ECL/gross loans (%)	5.4	5.4	5.3	5.4	5.6
Allowance for ECL/NPL (%)	143.1	136.1	132.2	134.3	136.0
<b>Valuation</b>					
Recurring P/E (x) *	8.4	7.1	7.2	6.7	6.1
Recurring P/E @ target price (x) *	9.5	8.0	8.1	7.5	6.9
Reported P/E (x)	8.4	7.1	7.2	6.7	6.1
Dividend yield (%)	3.2	5.2	5.2	5.6	6.0
Price/book (x)	0.6	0.6	0.5	0.5	0.5
Price/tangible book (x)	0.6	0.6	0.5	0.5	0.5
Price/tangible book @ target price (x)	0.7	0.6	0.6	0.6	0.5

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kasikornbank; FSSIA estimates

# Kasikornbank PCL (KBANK TB)

**FSSIA ESG rating**

★ ★ ★ ★ ★

## Exhibit 4: FSSIA ESG score implication

**84.17 /100**

Rating	Score	Implication
★ ★ ★ ★ ★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★ ★ ★ ★ ★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★ ★ ★ ★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★ ★ ★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

## Exhibit 5: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BBL	62.08	--	Y	Y	5.00	5.00	Certified	Medium	54.70	--	29.00	58.68	67.00	2.19	60.06
KBANK	84.17	Y	Y	Y	5.00	5.00	Certified	Medium	62.19	AA	46.00	73.83	83.00	4.05	59.77
KTB	63.10	--	Y	Y	5.00	5.00	Certified	Medium	53.59	BBB	34.00	64.64	64.00	2.12	59.11
SCB	62.57	Y	Y	Y	5.00	4.00	--	High	--	A	--	--	86.00	3.43	--
KKP	62.96	--	Y	Y	5.00	5.00	Certified	Medium	52.81	BBB	--	77.56	26.00	2.18	45.90
TISCO	61.17	--	Y	Y	5.00	5.00	Certified	Medium	61.41	--	--	66.13	29.00	3.57	44.21
TTB	63.69	--	Y	Y	5.00	5.00	Certified	Medium	53.98	--	36.00	56.17	71.00	3.20	52.96

Sources: SETTRADE.com; FSSIA's compilation

## Exhibit 6: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.71</b>	<b>1.80</b>	<b>2.61</b>	<b>2.67</b>	<b>2.67</b>	<b>2.88</b>	<b>3.89</b>	<b>4.05</b>
BESG environmental pillar score	0.08	0.08	0.08	0.18	0.18	0.24	2.93	3.43
BESG social pillar score	1.37	1.63	3.44	3.44	3.49	3.89	3.95	4.03
BESG governance pillar score	4.90	4.74	4.83	4.91	4.81	4.88	4.86	4.74
<b>ESG disclosure score</b>	<b>53.57</b>	<b>53.91</b>	<b>59.49</b>	<b>57.60</b>	<b>57.60</b>	<b>58.20</b>	<b>58.20</b>	<b>59.77</b>
Environmental disclosure score	29.54	29.54	33.55	37.48	37.48	40.86	40.86	40.86
Social disclosure score	34.89	35.91	48.67	39.06	39.06	37.48	37.48	42.20
Governance disclosure score	96.12	96.12	96.12	96.12	96.12	96.12	96.12	96.12
<b>Environmental</b>								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	Yes	Yes	Yes	Yes	Yes	Yes
GHG scope 1	9	18	25	21	21	19	16	11
GHG scope 2 location-based	91	82	80	87	83	79	74	70
GHG Scope 3	0	0	0	1	1	1	1	1
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	221	140	240	237	229	213	187	189
Renewable energy use	—	—	11	11	7	10	8	27
Electricity used	—	—	—	—	—	—	—	—
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

## Exhibit 7: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	0	0	1	1	2	0
Total waste	9	6	6	8	7	6	5	5
Waste recycled	—	—	—	1	2	2	3	2
Waste sent to landfills	—	—	—	7	5	4	3	3
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	270	283	158
<b>Social</b>								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pct women in workforce	66	68	68	69	69	70	70	70
Pct disabled in workforce	—	—	0	0	0	0	0	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0	0	0	0
Total recordable incident rate - employees	0	0	0	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	21,484	21,029	20,839	20,646	20,407	19,819	19,029	18,648
Employee turnover pct	17	17	10	8	6	3	7	8
Total hours spent by firm - employee training	1,359,210	1,186,240	1,094,590	881,469	928,607	847,516	712,474	753,600
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>								
Board size	17	17	16	17	18	18	18	18
No. of independent directors (ID)	10	10	9	9	10	9	9	6
No. of women on board	5	6	6	6	7	7	7	8
No. of non-executive directors on board	14	13	12	12	12	13	13	13
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	12	12	12	12	12	15	13	12
Board meeting attendance pct	98	95	95	95	97	97	97	96
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	45	46	47	48	40	41	42	43
Age of the oldest director	71	72	72	70	71	72	68	68
No. of executives / company managers	16	15	17	18	19	15	14	16
No. of female executives	5	3	4	4	5	5	5	6
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	4	4	4	4	4	4	4	4
No. of ID on audit committee	4	4	4	4	4	4	4	4
Audit committee meetings	12	12	12	12	12	12	12	12
Audit meeting attendance %	90	100	96	90	98	98	100	98
Size of compensation committee	4	4	3	3	3	3	5	3
No. of ID on compensation committee	3	3	2	2	2	2	3	2
No. of compensation committee meetings	9	9	10	8	9	10	11	10
Compensation meeting attendance %	94	86	95	96	100	100	100	100
Size of nomination committee	4	3	3	4	4	5	5	6
No. of nomination committee meetings	9	6	4	4	5	4	4	6
Nomination meeting attendance %	94	94	94	100	90	95	100	93
<b>Sustainability governance</b>								
Verification type	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
<a href="#">Morningstar Sustainalytics</a>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
<a href="#">ESG Book</a>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
<a href="#">MSCI</a>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>AA</b>	7.143-8.570																												
<b>A</b>	5.714-7.142																												
<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers																										
<b>BB</b>	2.857-4.285																												
<b>B</b>	1.429-2.856																												
<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																										
<a href="#">Moody's ESG solutions</a>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
<a href="#">Refinitiv ESG rating</a>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
<a href="#">S&amp;P Global</a>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

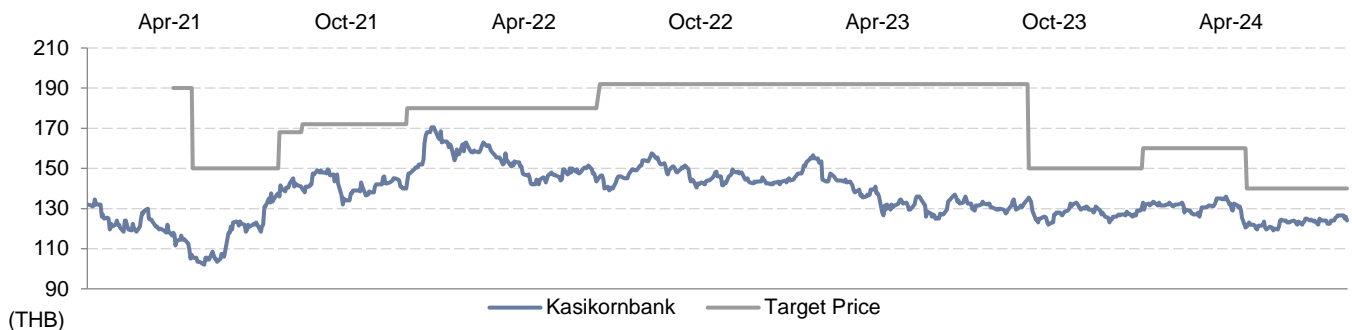
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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### History of change in investment rating and/or target price

#### Kasikornbank (KBANK TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Jul-2021	BUY	190.00	25-Oct-2021	BUY	172.00	17-Jul-2023	BUY	150.00
22-Jul-2021	BUY	150.00	24-Jan-2022	BUY	180.00	24-Oct-2023	BUY	160.00
05-Oct-2021	BUY	168.00	08-Jul-2022	BUY	192.00	22-Jan-2024	HOLD	140.00

Usanee Liurut, CISA started covering this stock from 17-Jul-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Kasikornbank	KBANK TB	THB 124.00	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. Upside risks are 1) government stimulus projects leading to economic recovery; and 2) the rising NIM from well-control cost of funds.

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.

All share prices are as at market close on 19-Apr-2024 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**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.