

21 JULY 2020

THAILAND / BANKS

KASIKORNBANK KBANK TB

BUY

UNCHANGED

TARGET PRICE	THB118.00
CLOSE	THB87.00
UP/DOWNSIDE	+35.6%
TP vs CONSENSUS	+8.0%

แค่เจ็บระยะสั้น

กำไรสุทธิ 2Q20 อ่อนแอจาก ECL ที่สูงขึ้น

KBANK รายงานกำไรสุทธิ 2Q20 อ่อนแอที่ 2.18 พัน ลบ. ต่ำกว่าตลาดคาด 65% จาก Credit Cost ที่สูงเกินคาด กำไรดังกล่าวลดลง 78% y-y และ 71% q-q จากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) จำนวนมาก แม้ว่า NPL เพิ่มขึ้นเพียง 3.7% q-q ซึ่งคิดเป็น NPL Ratio ที่ 3.92% (จาก 3.86% ใน 1Q20) เนื่องจากมาตรการบรรเทาหนี้ทั้งโดยธนาคารแห่งประเทศไทย รัฐบาล และของธนาคารฯ เองที่มีอยู่ในปัจจุบัน แต่ธนาคารฯ ได้จัดสรร ECL เพิ่มขึ้นเพื่อรองรับผลกระทบจากสถานะเศรษฐกิจที่ชะลอตัว ในปัจจุบันสินเชื่อกฎหมายได้มาตรการบรรเทาหนี้คิดเป็น 40% ของสินเชื่อรวมหรือ 828 พัน ลบ. จากตัวเลขดังกล่าว KBANK คาดว่า 9% มีแนวโน้มต้องปรับโครงสร้างหรืออาจกลายเป็น NPL (ดู Exhibit 2)

ผ่านจุดต่ำสุดไปแล้ว

ผู้บริหารกล่าวว่า ECL ในปี 2020 อาจแตะระดับสูงสุดเทียบเท่ากับที่เคยตั้งในปี 2017 ที่ 239 bps (เทียบกับสมมติฐานของเราที่ 251 bps) ในขณะที่ Credit Cost อยู่ที่ 311 bps ใน 1H20 ซึ่งหมายความว่า Credit Cost ในช่วงที่เหลือของปีนี้อาจลดลงอย่างเห็นได้ชัด ดังนั้นเราจึงคาดว่ากำไรสุทธิของ KBANK ใน 2H20 จะเพิ่มขึ้นอย่างมีนัยสำคัญ h-h นอกจากนี้เรายังคาดว่าความเสี่ยงที่สัดส่วน Credit Cost จะเพิ่มขึ้นเมื่อเทียบกับประมาณการกำไรสุทธิของเราในปี 2021-2022 มีจำกัด เนื่องจากประมาณการ Credit Cost ในปี 2021-2022 ของเราอยู่ที่ 232 และ 210 bps ตามลำดับ ตัวเลขดังกล่าวสูงกว่าเป้าของธนาคารฯ ที่กว่า 200 bps ในช่วงดังกล่าว

ประเด็นสำคัญจากการประชุมนักวิเคราะห์วันที่ 20 ก.ค.

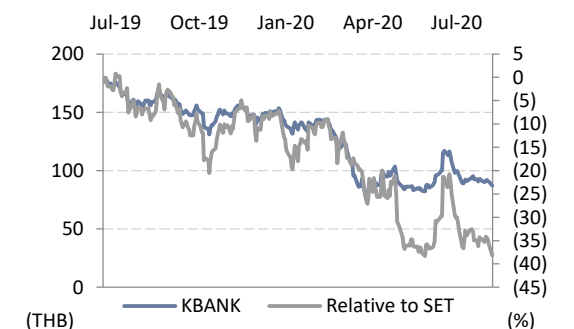
KBANK ยังไม่สามารถให้เป้าปี 2020 อย่างเป็นทางการ แต่ธนาคารฯ ให้แต่แนวโน้มในแต่ละรายการ (ดู Exhibit 3) กล่าวคือ (1) การเติบโตของสินเชื่ออาจสูงกว่าเป้าเดิมที่ 4-6% อย่างมีนัยสำคัญ; (2) ส่วนต่างรายได้ดอกเบี้ยสุทธิ (NIM) ควรยังสูงกว่า 3%; (3) รายได้ค่าธรรมเนียมสุทธิและรายได้ที่ไม่ใช่ดอกเบี้ยจะลดลงต่อเนื่องจากความไม่แน่นอนทางเศรษฐกิจ; และ (4) ค่าใช้จ่ายในการดำเนินงานต่อรายได้ อาจสูงกว่า 45%

คงคำแนะนำซื้อที่ราคาเป้าหมาย 118 บาท

แม้ว่ากำไรสุทธิของ KBANK ใน 2Q20 จะต่ำกว่าคาดมาก เราเชื่อว่ากำไรดังกล่าวได้ผ่านจุดต่ำสุดใน 2Q20 ไปแล้ว นอกจากนี้ Coverage Ratio ยังอยู่ในระดับที่ดีที่ 155% ใน 2Q20 ดังนั้นเรายังคงคำแนะนำซื้อ KBANK และราคาเป้าหมายที่ 118 บาท

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Operating profit	53,706	30,239	36,209	39,749
Net profit	38,727	23,797	26,435	28,518
EPS (THB)	16.18	9.94	11.05	11.92
vs Consensus (%)	-	(8.7)	(10.5)	(18.0)
Core net profit	38,727	23,797	26,435	28,518
Core EPS (THB)	16.18	9.94	11.05	11.92
EPS growth (%)	0.7	(38.6)	11.1	7.9
Core P/E (x)	5.4	8.7	7.9	7.3
Dividend yield (%)	5.7	3.4	5.7	5.7
Price/book (x)	0.5	0.5	0.5	0.5
ROE (%)	9.9	5.8	6.2	6.4
ROA (%)	1.3	0.7	0.9	0.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.1)	(15.9)	(51.7)
Relative to country (%)	(8.3)	(21.6)	(38.3)
Mkt cap (USD m)	6,481		
3m avg. daily turnover (USD m)	61.0		
Free float (%)	50		
Major shareholder	Thai NVDR (19%)		
12m high/low (THB)	180.50/79.00		
Issued shares (m)	2,393		

Sources: Bloomberg consensus; FSSIA estimates



Yuvanart Suwanumphai

yuvanart.suw@fssia.com
+66 2611 3554

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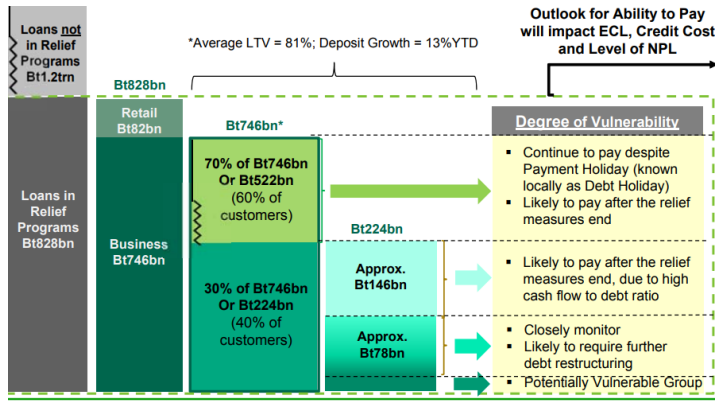
บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 21 กรกฎาคม 2020

Exhibit 1: KBANK – summary of 2Q20 results

Year end Dec 31	2Q19	1Q20	----- 2Q20 -----		1H20	Change	% of	2020E	Comments	
	(THBm)	(THBm)	(THBm)	y-y%	q-q%	(THBm)	(y-y%)	20E	(THBm)	
Net interest income	25,770	28,082	27,082	5.1	(3.6)	55,164	8.1	50	109,447	Increased y-y from higher loan growth but dropped q-q from lower margin
Non-interest income*	13,634	9,971	14,092	3.4	41.3	24,063	(7.0)	53	45,589	Significantly increased q-q from the mark to market of investments
Operating income*	39,404	38,053	41,174	4.5	8.2	79,227	3.0	51	155,036	
Operating expenses	17,741	17,481	15,796	(11.0)	(9.6)	33,277	(1.4)	45	73,243	Declined y-y, q-q from good cost controlling
PPOP before tax*	21,663	20,571	25,378	17.2	23.4	45,950	6.5	56	81,793	
Provision	7,547	11,872	20,192	167.5	70.1	32,064	112.0	62	51,505	Huge ECL for any adverse impact from the current economic situation
Tax	2,690	1,349	901	(66.5)	(33.2)	2,250	(57.8)	39	5,755	
Minority interest	1,496	(25)	2,110			2,085		283	736	
Normalised profit	9,929	7,375	2,175	(78.1)	(70.5)	9,550	(52.2)	40	23,797	
Extraordinary items	0	0	0			0			0	
Net profit	9,929	7,375	2,175	(78.1)	(70.5)	9,550	(52.2)	40	23,797	Below Bloomberg consensus by 65%
EPS (THB)	4.15	3.08	0.91	(78.1)	(70.5)	3.99	(52.2)	40	9.94	
Asset quality ratio										
Gross NPLs	76,370	91,113	94,441	23.7	3.7				114,292	
Gross NPLs/loans (%)	3.40	3.86	3.92						4.73	
Loan loss reserve/NPLs	158	139	155						138	
Credit cost (bps)	157	235	387						251	
Profitability ratio										
Cost to income ratio	45.0	45.9	38.4						47.2	
Average yield (%)	4.2	4.2	3.8						4.1	Decreased from policy rate cut and high growth in loan relief measures
Cost of fund (%)	1.3	1.0	0.8						0.9	
Net interest margin (NIM)	3.3	3.5	3.2						3.4	
Non-interest inc/total income	34.6	26.2	34.2						29.4	
Liquidity ratio										
Loan to deposit ratio	96.4	92.8	92.1						97.9	
Capital adequacy ratio										
CAR	18.6	18.5	18.1						17.8	
CET 1/risk assets	16.2	15.2	15.4						14.8	
Tier - I/risk assets	2.4	3.4	2.7						3.0	
Loan growth										
Year-to-date %	1.0	2.1	6.2							
y-y %	5.2	6.7	10.0						5.0	
q-q %	1.0	2.1	4.1							

*excluding share of profits from associates; Sources: KBANK; FSSIA estimates

Exhibit 2: Loans under KBANK’s relief programs account for c. 40% of its total loans



Source: KBANK

Exhibit 3: KBANK’s unofficial 2020E financial guidance

----- KBANK’s 2020E financial guidance -----		
(%)	Previous	Assumptions & corresponding trends
NIM	3.1-3.3	NIM pressured by lower interest rates and relief measures, amid positive impact from lower FIDF cost of deposits. NIM still holds above 3%.
Loan growth (y-y %)	4-6	Loan growth may be significantly higher than previously targeted due to loan relief measures.
Non-NII growth (y-y %)	-(5-17)	Non-NII growth will contract sharply due to COVID-19 and other uncertainties.
Cost to income	Mid - 40s	COVID-19 has impacted revenue; focus on cost management, with some new investments for future growth. Cost to income may be higher than previously targeted (mid-40s).
Credit cost (bps)	Up to 150 bps	Credit cost in 2020E may reach or exceed the peak level from 2017 (239bps). Credit cost may remain high for at least three years to be prudent amid high uncertainties.
NPL ratio	3.6 - 4.0	COVID-19 has significantly impacted asset quality. Relief measures help reduce short-term impact on asset quality. NPLs will stay at a moderate level for now.

Sources: KBANK; FSSIA’s compilation

Financial Statements

Kasikornbank

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Interest Income	123,922	130,178	130,352	133,637	141,391
Interest expense	(25,384)	(27,490)	(20,905)	(21,157)	(26,833)
Net interest income	98,538	102,688	109,447	112,480	114,558
Net fees & commission	38,117	36,740	36,165	39,237	40,525
Foreign exchange trading income	9,003	8,362	0	0	0
Securities trading income	2,652	8,412	3,762	4,388	4,457
Dividend income	2,118	2,817	3,098	3,408	3,579
Other income	5,005	1,428	2,516	2,564	2,684
Non interest income	56,896	57,759	45,541	49,597	51,245
Total income	155,434	160,447	154,987	162,078	165,804
Staff costs	(31,369)	(33,261)	(32,929)	(33,916)	(34,934)
Other operating costs	(36,978)	(39,468)	(40,314)	(42,575)	(44,970)
Operating costs	(68,348)	(72,729)	(73,243)	(76,492)	(79,903)
Pre provision operating profit	87,086	87,718	81,744	85,586	85,900
Provision for bad and doubtful debt	(32,532)	(34,012)	(51,505)	(49,377)	(46,152)
Other provisions	-	-	-	-	-
Operating profit	54,554	53,706	30,239	36,209	39,749
Recurring non operating income	50	44	48	53	56
Associates	50	44	48	53	56
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	54,603	53,750	30,288	36,262	39,805
Tax	(10,395)	(10,309)	(5,755)	(6,890)	(7,762)
Profit after tax	44,209	43,441	24,533	29,372	32,043
Minority interests	(5,749)	(4,714)	(736)	(2,937)	(3,525)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	38,460	38,727	23,797	26,435	28,518
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	38,460	38,727	23,797	26,435	28,518
Per share (THB)					
Recurring EPS *	16.07	16.18	9.94	11.05	11.92
Reported EPS	16.07	16.18	9.94	11.05	11.92
DPS	4.00	5.00	3.00	5.00	5.00
Growth					
Net interest income (%)	4.6	4.2	6.6	2.8	1.8
Non interest income (%)	(9.0)	1.5	(21.2)	8.9	3.3
Pre provision operating profit (%)	(3.6)	0.7	(6.8)	4.7	0.4
Operating profit (%)	12.4	(1.6)	(43.7)	19.7	9.8
Reported net profit (%)	12.0	0.7	(38.6)	11.1	7.9
Recurring EPS (%)	12.0	0.7	(38.6)	11.1	7.9
Reported EPS (%)	12.0	0.7	(38.6)	11.1	7.9
Income Breakdown					
Net interest income (%)	63.4	64.0	70.6	69.4	69.1
Net fees & commission (%)	24.5	22.9	23.3	24.2	24.4
Foreign exchange trading income (%)	5.8	5.2	-	-	-
Securities trading income (%)	1.7	5.2	2.4	2.7	2.7
Dividend income (%)	1.4	1.8	2.0	2.1	2.2
Other income (%)	3.2	0.9	1.6	1.6	1.6
Operating performance					
Gross interest yield (%)	4.27	4.20	4.06	4.06	4.19
Cost of funds (%)	1.08	1.14	0.85	0.83	1.02
Net interest spread (%)	3.19	3.06	3.21	3.23	3.17
Net interest margin (%)	3.4	3.3	3.4	3.4	3.4
Cost/income(%)	44.0	45.3	47.3	47.2	48.2
Cost/assets(%)	2.3	2.3	2.2	2.3	2.3
Effective tax rate (%)	0.2	0.2	0.2	0.2	0.2
Dividend payout on recurring profit (%)	24.9	30.9	30.2	45.3	42.0
ROE (%)	10.6	9.9	5.8	6.2	6.4
ROE - COE (%)	0.7	(0.1)	(4.2)	(3.8)	(3.6)
ROA (%)	1.5	1.3	0.7	0.9	0.9
RORWA (%)	2.2	2.0	1.0	1.1	1.2

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kasikornbank; FSSIA estimates

Financial Statements

Kasikornbank

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Gross customer loans	1,914,073	2,001,956	2,102,053	2,154,605	2,240,789
Total provisions	(119,486)	(124,879)	(157,466)	(187,452)	(211,195)
interest in suspense	3,387	2,830	2,943	3,016	3,137
Net customer loans	1,797,974	1,879,907	1,947,530	1,970,170	2,032,731
Bank loans	461,987	385,940	297,371	298,848	300,997
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	662,572	776,700	860,109	871,271	882,679
Cash & equivalents	66,740	61,385	62,085	63,567	47,298
Other interesting assets	-	-	-	-	-
Tangible fixed assets	70,739	77,686	79,403	81,707	84,600
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	95,080	112,272	100,407	101,615	103,556
Total assets	3,155,091	3,293,889	3,346,906	3,387,178	3,451,861
Customer deposits	1,995,001	2,072,049	2,148,204	2,157,968	2,222,707
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	224,058	185,132	176,692	213,425	219,828
Non interest bearing liabilities	518,210	582,994	553,844	526,152	499,844
Hybrid Capital	-	-	-	-	-
Total liabilities	2,737,269	2,840,174	2,878,740	2,897,546	2,942,380
Share capital	23,933	23,933	23,933	23,933	23,933
Reserves	352,365	382,425	395,367	414,593	432,371
Total equity	376,298	406,358	419,300	438,526	456,304
Minority interests	41,524	47,357	48,865	51,106	53,178
Total liabilities & equity	3,155,091	3,293,889	3,346,906	3,387,178	3,451,861
Supplementary items					
Risk weighted assets (RWA)	2,081,755	2,210,881	2,550,008	2,613,759	2,718,309
Average interest earning assets	2,901,956	3,101,614	3,212,064	3,292,128	3,374,595
Average interest bearing liabilities	2,348,145	2,406,965	2,466,961	2,541,214	2,642,863
Tier 1 capital	330,923	357,975	377,270	394,010	409,520
Total capital	381,339	433,753	453,048	469,788	485,298
Gross non performing loans (NPL)	74,400	84,038	114,292	166,866	156,854
Per share (THB)					
Book value per share	157.23	169.79	175.20	183.23	190.66
Tangible book value per share	157.23	169.79	175.20	183.23	190.66
Growth					
Gross customer loans	6.2	4.6	5.0	2.5	4.0
Average interest earning assets	6.3	6.9	3.6	2.5	2.5
Total asset (%)	8.8	4.4	1.6	1.2	1.9
Risk weighted assets (%)	6.8	6.2	15.3	2.5	4.0
Customer deposits (%)	6.2	3.9	3.7	0.5	3.0
Leverage & capital measures					
Customer loan/deposits (%)	90.1	90.7	90.7	91.3	91.5
Equity/assets (%)	11.9	12.3	12.5	12.9	13.2
Tangible equity/assets (%)	11.9	12.3	12.5	12.9	13.2
RWA/assets (%)	66.0	67.1	76.2	77.2	78.7
Tier 1 CAR (%)	15.9	16.2	14.8	15.1	15.1
Total CAR (%)	18.3	19.6	17.8	18.0	17.9
Asset Quality					
Change in NPL (%)	6.8	13.0	36.0	46.0	(6.0)
NPL/gross loans (%)	3.9	4.2	5.4	7.7	7.0
Total provisions/gross loans (%)	6.2	6.2	7.5	8.4	9.4
Total provisions/NPL (%)	160.6	148.6	137.8	112.3	134.6
Valuation					
Recurring P/E (x) *	5.4	5.4	8.7	7.9	7.3
Recurring P/E @ target price (x) *	7.3	7.3	11.9	10.7	9.9
Reported P/E (x)	5.4	5.4	8.7	7.9	7.3
Dividend yield (%)	24.9	30.9	30.2	45.3	42.0
Price/book (x)	0.6	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.6	0.5	0.5	0.5	0.5
Price/tangible book @ target price (x)	0.8	0.7	0.7	0.6	0.6

Sources: Kasikornbank; FSSIA estimates

Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GFPT	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANAH
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENTEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMPC	SMT	SNP	SONIC	SPA	SPC	SPCG
SUPI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIJK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TIPIP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						

Score Range	Number of Logo	Description
90-100		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
Less than 50	No logo given	-

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; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANA	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEAOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

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 June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

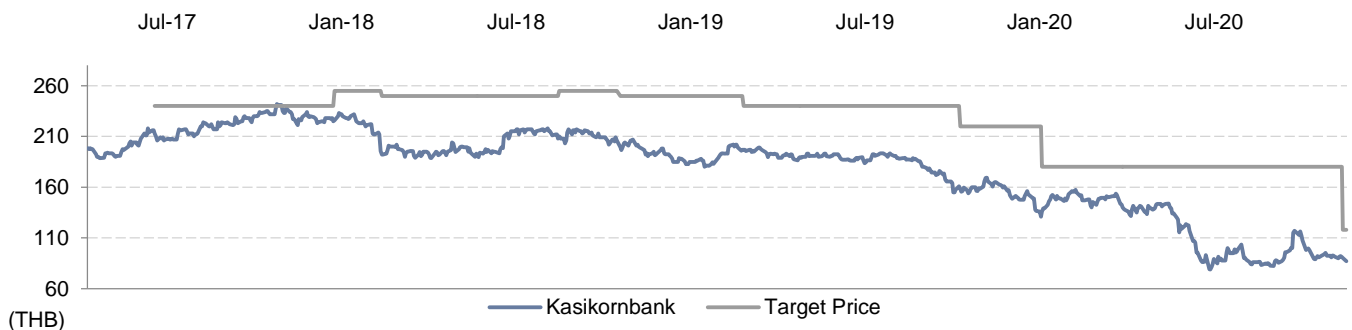
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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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
20-Sep-2017	BUY	240.00	06-Sep-2018	BUY	255.00	30-Oct-2019	BUY	180.00
23-Feb-2018	BUY	255.00	29-Oct-2018	BUY	250.00	02-Apr-2020	BUY	180.00
03-Apr-2018	BUY	255.00	13-Feb-2019	BUY	240.00	16-Jul-2020	BUY	118.00
05-Apr-2018	BUY	250.00	20-Aug-2019	BUY	220.00			

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Kasikornbank	KBANK TB	THB 87.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave 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.

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 Finasia Syrus Securities Public Company Limited

All share prices are as at market close on 20 July 2020 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

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

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

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

Country (Strategy) Recommendations

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

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

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