

3 DECEMBER 2020

THAILAND / BANKS

# KASIKORNBANK KBANK TB

## BUY

UNCHANGED

TARGET PRICE	THB144.00
CLOSE	THB111.50
UP/DOWNSIDE	+29.1%
PRIOR TP	THB118.00
CHANGE IN TP	+22.0%
TP vs CONSENSUS	+30.5%

## ก้าวล้ำนำธนาคารอื่น

การบริหารความเสี่ยงเชิงรุกนำมาซึ่งโอกาสที่เพิ่มตัวในระดับสูงในปีหน้า

เราเชื่อว่า KBANK เป็นหนึ่งในทางเลือกการลงทุนที่ดีที่สุดในกลุ่มธนาคารเนื่องจาก 1) เราคาดว่ากำไรจากการดำเนินงานของธนาคารฯ จะฟื้นตัวดีในปี 2021 โดยคาดว่าจะอยู่ที่ 17% y-y เทียบกับ 10% y-y สำหรับกลุ่มฯ เนื่องจาก KBANK จัดสรรสำรองเชิงรุกเป็นจำนวนมากตั้งแต่ปี 2020 สำหรับ NPLs ที่คาดว่าจะเพิ่มสูงขึ้น; 2) หากคุณภาพสินทรัพย์ดีขึ้น เราเชื่อว่า KBANK จะสามารถเติบโตได้อย่างรวดเร็วและยั่งยืนจากรากฐานในด้านเทคโนโลยีสารสนเทศที่แข็งแกร่งและการดำเนินงานในต่างประเทศของธนาคารฯ; และ 3) เราคาดว่า KBANK จะเป็นหนึ่งในผู้ได้รับประโยชน์รายใหญ่จากกระแสการไหลกลับของเงินทุนต่างประเทศเนื่องจากธนาคารฯ เป็นหนึ่งในธนาคารที่ประสบปัญหาการไหลออกของเงินทุนต่างประเทศสูงที่สุดนับตั้งแต่ต้นปีจนถึงปัจจุบัน

### วางรากฐานเพื่อการเติบโตในระยะยาว

KBANK เป็นหนึ่งในธนาคารไทยที่ได้ลงทุนเป็นจำนวนมากในระบบธนาคารทางดิจิทัล แม้ว่า การลงทุนดังกล่าวอาจไม่สร้างผลตอบแทนที่เป็นบวกในช่วง 1-2 ปี เราเชื่อว่าระบบดังกล่าวจะเป็นปัจจัยหลักในการลดต้นทุนการดำเนินงานในระยะกลางและเป็นแหล่งสร้างกระแสรายได้ใหม่ นอกจากนี้ KBANK ได้ขยายเข้าสู่ตลาดประชาคมเศรษฐกิจอาเซียน +3 (Asean Economic Community +3) ผ่านระบบดิจิทัล การขยายสาขา และพันธมิตรในภูมิภาค เราเชื่อว่าปัจจัยทั้งสองดังกล่าวจะสนับสนุนโอกาสการเติบโตของธนาคารฯ ในระยะยาว

### ปรับลดสมมติฐานอัตราส่วนสำรองต่อสินเชื่อเฉลี่ยและต้นทุนการเงินปี 2022

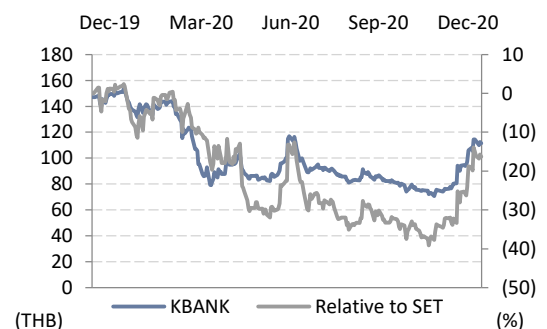
เราคาดว่าประเทศไทยและกลุ่มธนาคารฯ จะได้รับประโยชน์อย่างสูงจากการฉีดวัคซีน COVID เนื่องจาก GDP ของประเทศฟื้นตัวการท่องเที่ยวอย่างหนัก พิจารณาจากปัจจัยดังกล่าว เราปรับ 2 สมมติฐานสำคัญในประมาณการกำไรของเรา ประกอบด้วย: 1) เราปรับลดประมาณการอัตราส่วนสำรองต่อสินเชื่อเฉลี่ย (Credit Cost) ของเราเหลือ 200 bps จาก 210 bps บนสมมติฐานที่ว่ามีการฉีดวัคซีน ซึ่งจะทำให้คุณภาพสินทรัพย์ดีขึ้นเล็กน้อย; และ 2) เราปรับลดประมาณการต้นทุนการเงินในปี 2022 เหลือ 1.0% จาก 1.13% เนื่องจากเราคาดว่า KBANK จะสามารถบริหารต้นทุนการเงินได้ดีขึ้น นอกจากนี้เรายังปรับสมมติฐานอื่น ๆ ของเราในปี 2020-2021 ซึ่งทำให้เราปรับลดประมาณการกำไรจากการดำเนินงานในปี 2020-2021 ของเราลง 6%/2% แต่ปรับเพิ่มประมาณการในปี 2022 ขึ้น 6%

### เพิ่มเป็นหนึ่งในหุ้นเด่นของเราหลังปรับราคาเป้าหมายเป็น 144 บาท

เราปรับเพิ่มราคาเป้าหมายของเราเป็น 144 บาท (GGM) เนื่องจากเราปรับลดสมมติฐานต้นทุนส่วนของผู้ถือหุ้น(cost of equity) เพื่อสะท้อนแนวโน้มการฟื้นตัวทางเศรษฐกิจที่ดีขึ้น ราคาเป้าหมายใหม่ของเราคิดเป็น 2021E P/BV ที่ 0.78x ซึ่งเท่ากับ -1 STD ต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลัง เราเชื่อว่าราคาหุ้นอาจปรับขึ้นกลับสู่ระดับใกล้เคียงก่อน COVID จาก ROE ที่กำลังฟื้นตัว ในขณะที่ความเสี่ยงต่อประมาณการของเราจะมาจาก การฟื้นตัวทางเศรษฐกิจที่ช้าลง ซึ่งจะทำให้คุณภาพสินทรัพย์แย่ลงและ ECL เพิ่มขึ้น

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Operating profit	53,706	31,231	35,681	42,212
Net profit	38,727	22,296	26,050	30,283
EPS (THB)	16.18	9.32	10.88	12.65
vs Consensus (%)	-	4.1	0.5	1.6
Core net profit	38,727	22,296	26,050	30,283
Core EPS (THB)	16.18	9.32	10.88	12.65
Chg. In EPS est. (%)	-	(6.3)	(1.5)	6.2
EPS growth (%)	0.7	(42.4)	16.8	16.2
Core P/E (x)	6.9	12.0	10.2	8.8
Dividend yield (%)	4.5	2.5	2.9	3.3
Price/book (x)	0.7	0.6	0.6	0.6
ROE (%)	9.9	5.4	6.1	6.7
ROA (%)	1.3	0.8	0.9	1.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	45.8	33.5	(26.4)
Relative to country (%)	23.6	23.9	(18.5)
Mkt cap (USD m)	8,735		
3m avg. daily turnover (USD m)	86.0		
Free float (%)	50		
Major shareholder	Thai NVDR (19%)		
12m high/low (THB)	155.50/70.00		
Issued shares (m)	2,393		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 3 ธันวาคม 2020

## Investment thesis

Our BUY call on KBANK is because we believe the bank can weather the COVID-19 storm, owing to its effective risk management process.

Once the COVID-19 crisis has passed, 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 KBANK 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.

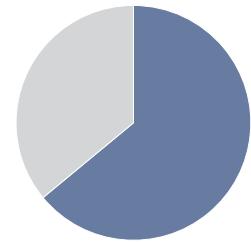
## Company profile

Established on 8 June 1945, Kasikornbank was listed on the Stock Exchange of Thailand in 1976. At the end of 2019, KBANK operated 886 branches, down from 958 in 2018 and 8,167 ATMs, down from 9,369 in 2018. In addition, the bank has an international network that includes 16 establishments in 8 countries.

[www.kasikornbank.com](http://www.kasikornbank.com)

## Principal activities (revenue, 2019)

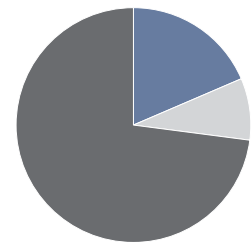
- Net interest income - 64.0 %
- Non-interest income - 36.0 %



Source: Kasikornbank

## Major shareholders

- Thai NVDR - 18.6 %
- State Street Europe Ltd. - 8.5 %
- Others - 72.9 %



Source: Kasikornbank

## Catalyst

Potential share price catalysts for KBANK include:

- Lower credit cost from fewer new NPLs;
- Faster expansion in the digital lending space than expected;
- The return of foreign fund flows into the Thai stock market.

## Risk to our call

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.

## Event calendar

Date	Event
23 Dec 2020	MPC meeting
3 <sup>rd</sup> week of Jan 2021	Thai banks' 4Q20/2020 results announcements
15 Feb 2021	GDP 4Q20/2020 announcement

## Key assumptions

	2020E	2021E	2022E
	(%)	(%)	(%)
Net profit (THB m)	22,296	26,050	30,283
Net profit growth	(42.4)	16.8	16.2
NIM	3.40	3.36	3.34
Loan growth	10.0	2.0	4.0
Fee growth	(9.4)	10.8	5.0
Non-NII growth*	(23.2)	9.0	6.1
Credit cost (bp)	251	230	200
Cost to income*	45.3	45.4	46.1

\* Including share of profits from associates

Source: FSSIA estimates

## Earnings sensitivity

		----- 2021E -----		
<b>Loan growth</b>	<b>±2ppt</b>	0.0	2.0	4.0
<i>% change in net profit</i>		(1.1)	-	1.1
<b>NIM (%)</b>	<b>±5bp</b>	3.31	3.36	3.41
<i>% change in net profit</i>		(4.1)	-	4.1
<b>Credit cost (bp)</b>	<b>±10bp</b>	220	230	240
<i>% change in net profit</i>		3.2	-	(3.2)

Source: FSSIA estimates



**Exhibit 1: KBANK – Change of key assumptions**

	New			Previous			Change		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Normalised profit (THB m)	22,296	26,050	30,283	23,797	26,435	28,518	(6.3)	(1.5)	6.2
Normalised profit growth	(42.4)	16.8	16.2	(38.6)	11.1	7.9	(3.9)	5.8	8.4
NIM	3.40	3.36	3.34	3.41	3.42	3.39	(0.01)	(0.05)	(0.05)
Loan growth	10.0	2.0	4.0	5.0	2.5	4.0	5.0	(0.5)	(0.0)
Fee growth	(9.4)	10.8	5.0	(1.6)	8.5	3.3	(7.9)	2.3	1.7
Non-NII growth*	(23.2)	9.0	6.1	(21.1)	8.9	3.3	(2.1)	0.1	2.8
Credit cost (bp)	251	230	200	251	232	210	0.0	(2.0)	(10.0)
Cost of funds	0.80	0.77	1.00	0.92	0.91	1.13	(0.12)	(0.14)	(0.13)
Cost to income*	45.3	45.4	46.1	47.2	47.2	48.2	(1.96)	(1.79)	(2.06)

\*Including share of profits from associates

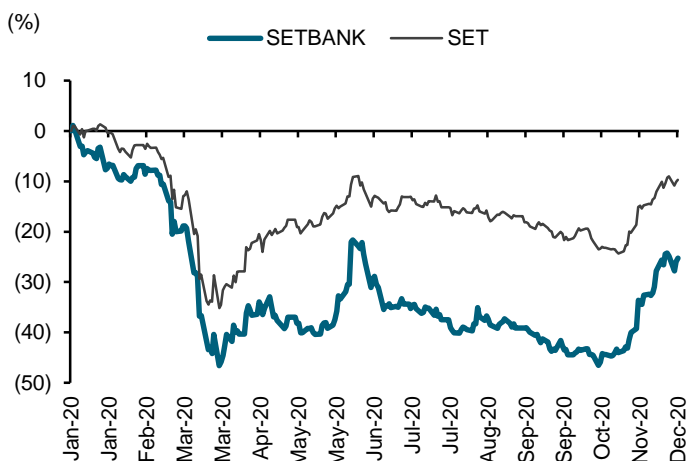
Source: FSSIA estimates

**Exhibit 2: KBANK – GGM-derived target price**

Target price	THB144 (from THB 118.00)
Recommendation	BUY
Risk-free rate (%)	3.0
Market risk premium (%)	8.0
Cost to equity (%)	6.8 (from 7.9)
Terminal growth (%)	3.7 (from 3.5)
ROE target (%)	6.1 (from 5.8)
Risk to TP	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.

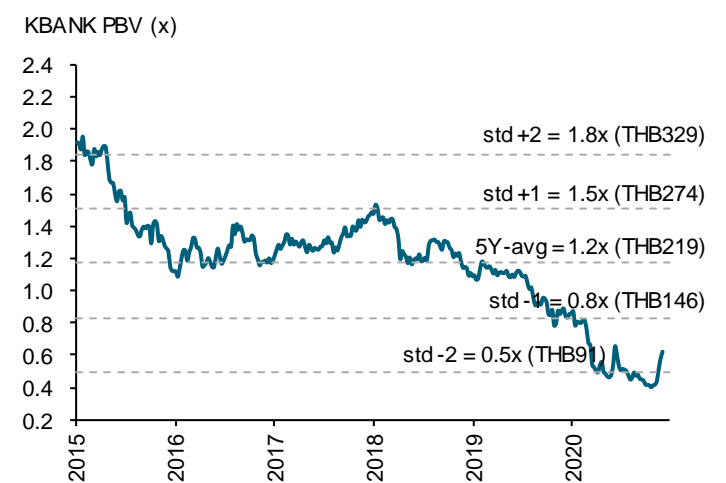
Source: FSSIA estimates

**Exhibit 4: Index performance since end-2019**



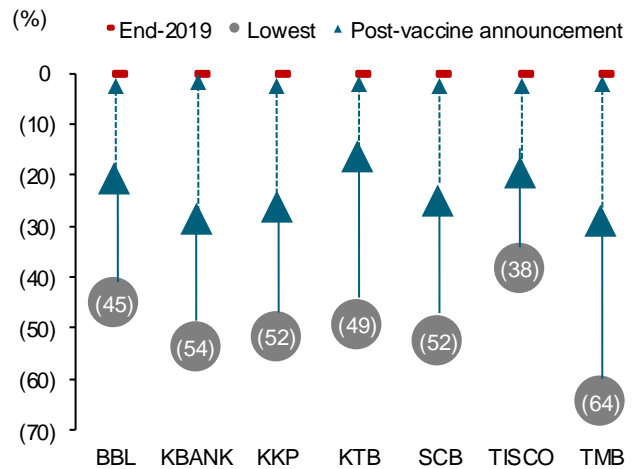
Sources: Bloomberg; FSSIA's compilation

**Exhibit 3: KBANK – one-year forward rolling P/BV**



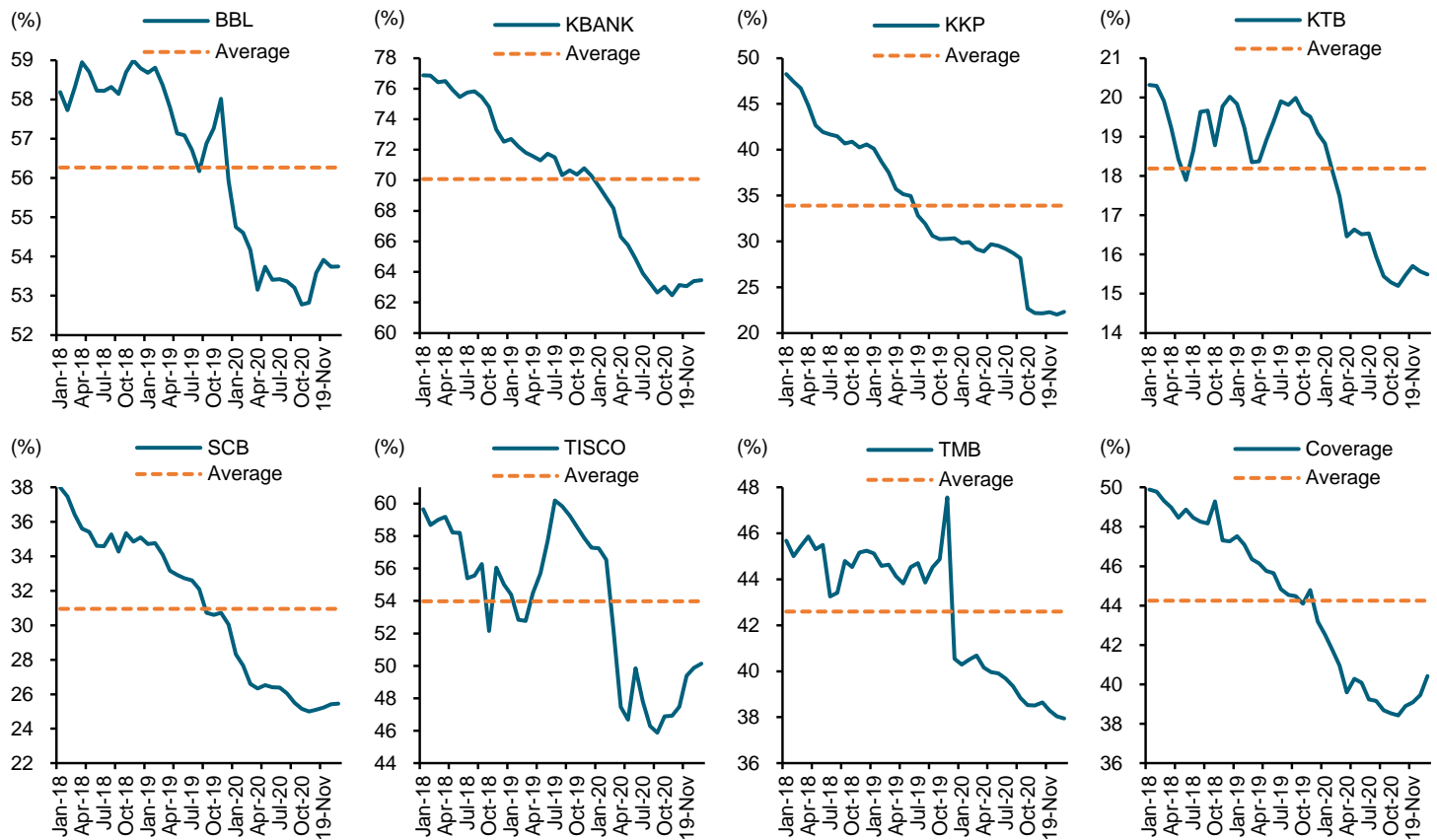
Sources: Bloomberg, FSSIA estimates

**Exhibit 5: Share price performance post “vaccine announcement”**



Sources: Bloomberg; FSSIA's compilation

**Exhibit 6: Foreign holding of Thai banks under coverage**



Sources: SET; FSSIA's compilation

**Exhibit 7: Key valuations of Thai banks under coverage**

	Rec	---Share price---		Up (down) side	Market Cap	EPS growth		--- PE ---		-- DivYld -		--- ROE ---		--- PBV --		
		Current (THB)	Target (THB)			(%)	(USD m)	21E (%)	22E (%)	21E (x)	22E (x)	21E (%)	22E (%)	21E (%)	22E (%)	21E (x)
Bangkok Bank	BBL TB	BUY	123.50	156.00	26	7,795	15.5	19.4	10.1	8.4	4.0	4.9	5.2	6.0	0.5	0.5
Kasikornbank	KBANK TB	BUY	111.50	144.00	29	8,735	16.8	16.2	10.2	8.8	2.9	3.3	6.1	6.7	0.6	0.6
Kiatnakin Bank	KKP TB	BUY	48.75	60.00	23	1,365	10.8	12.3	7.3	6.5	7.7	8.7	11.9	12.7	0.8	0.8
Krung Thai Bank	KTB TB	HOLD	10.90	11.90	9	5,037	13.3	13.9	7.9	7.0	4.4	5.0	5.5	6.0	0.4	0.4
Siam Commercial Bank	SCB TB	HOLD	89.00	96.00	8	9,992	(0.5)	22.4	11.7	9.5	3.6	4.5	6.2	7.4	0.7	0.7
Tisco Financial	TISCO TB	BUY	81.75	102.00	25	2,164	5.5	13.2	10.3	9.1	9.2	9.2	15.6	16.7	1.5	1.5
TMB Bank	TMB TB	HOLD	1.11	1.21	9	3,538	11.5	24.8	9.4	7.5	3.2	4.0	5.4	6.5	0.5	0.5
<b>Coverage</b>						<b>38,626</b>	<b>10.4</b>	<b>18.3</b>	<b>9.9</b>	<b>8.4</b>	<b>4.0</b>	<b>4.7</b>	<b>6.1</b>	<b>6.9</b>	<b>0.6</b>	<b>0.6</b>

Share prices as of 2 Dec 2020

Source: FSSIA estimates

## Financial Statements

Kasikornbank

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Interest Income	123,922	130,178	127,359	128,706	135,948
Interest expense	(25,384)	(27,490)	(18,129)	(17,945)	(23,800)
Net interest income	98,538	102,688	109,229	110,761	112,148
Net fees & commission	38,117	36,740	33,272	36,855	38,697
Foreign exchange trading income	9,003	8,362	0	0	0
Securities trading income	2,652	8,412	6,762	6,888	6,957
Dividend income	2,118	2,817	2,535	2,789	2,928
Other income	5,005	1,428	1,759	1,768	2,684
Non interest income	56,896	57,759	44,327	48,300	51,267
Total income	155,434	160,447	153,556	159,061	163,415
Staff costs	(31,369)	(33,261)	(31,931)	(32,889)	(33,875)
Other operating costs	(36,978)	(39,468)	(37,633)	(39,336)	(41,505)
Operating costs	(68,348)	(72,729)	(69,563)	(72,224)	(75,380)
Pre provision operating profit	87,086	87,718	83,993	86,837	88,035
Provision for bad and doubtful debt	(32,532)	(34,012)	(52,762)	(51,156)	(45,822)
Other provisions	-	-	-	-	-
Operating profit	54,554	53,706	31,231	35,681	42,212
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	31,280	35,734	42,268
Tax	(10,395)	(10,309)	(5,943)	(6,789)	(8,242)
Profit after tax	44,209	43,441	25,336	28,945	34,026
Minority interests	(5,749)	(4,714)	(3,040)	(2,894)	(3,743)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	38,460	38,727	22,296	26,050	30,283
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	38,460	38,727	22,296	26,050	30,283
<b>Per share (THB)</b>					
Recurring EPS *	16.07	16.18	9.32	10.88	12.65
Reported EPS	16.07	16.18	9.32	10.88	12.65
DPS	4.00	5.00	2.80	3.20	3.70
<b>Growth</b>					
Net interest income (%)	4.6	4.2	6.4	1.4	1.3
Non interest income (%)	(9.0)	1.5	(23.3)	9.0	6.1
Pre provision operating profit (%)	(3.6)	0.7	(4.2)	3.4	1.4
Operating profit (%)	12.4	(1.6)	(41.8)	14.2	18.3
Reported net profit (%)	12.0	0.7	(42.4)	16.8	16.2
Recurring EPS (%)	12.0	0.7	(42.4)	16.8	16.2
Reported EPS (%)	12.0	0.7	(42.4)	16.8	16.2
<b>Income Breakdown</b>					
Net interest income (%)	63.4	64.0	71.1	69.6	68.6
Net fees & commission (%)	24.5	22.9	21.7	23.2	23.7
Foreign exchange trading income (%)	5.8	5.2	-	-	-
Securities trading income (%)	1.7	5.2	4.4	4.3	4.3
Dividend income (%)	1.4	1.8	1.7	1.8	1.8
Other income (%)	3.2	0.9	1.1	1.1	1.6
<b>Operating performance</b>					
Gross interest yield (%)	4.27	4.20	3.97	3.91	4.05
Cost of funds (%)	1.21	1.24	0.80	0.77	1.00
Net interest spread (%)	3.06	2.96	3.17	3.14	3.05
Net interest margin (%)	3.4	3.3	3.4	3.4	3.3
Cost/income(%)	44.0	45.3	45.3	45.4	46.1
Cost/assets(%)	2.3	2.3	2.1	2.1	2.2
Effective tax rate (%)	19.0	19.2	19.0	19.0	19.5
Dividend payout on recurring profit (%)	24.9	30.9	30.1	29.4	29.2
ROE (%)	10.6	9.9	5.4	6.1	6.7
ROE - COE (%)	0.7	(0.1)	(4.5)	(3.9)	(3.2)
ROA (%)	1.5	1.3	0.8	0.9	1.0
RORWA (%)	2.2	2.0	1.1	1.2	1.3

\* 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	2,202,151	2,246,194	2,336,042
Total provisions	(119,486)	(124,879)	(138,002)	(166,696)	(165,797)
interest in suspense	3,387	2,830	15,415	13,477	11,680
<b>Net customer loans</b>	<b>1,797,974</b>	<b>1,879,907</b>	<b>2,079,564</b>	<b>2,092,976</b>	<b>2,181,925</b>
Bank loans	461,987	385,940	197,273	207,258	175,647
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	662,572	776,700	860,109	871,271	879,529
Cash & equivalents	66,740	61,385	28,524	30,827	31,658
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	100,357	101,568	103,712
<b>Total assets</b>	<b>3,155,091</b>	<b>3,293,889</b>	<b>3,345,230</b>	<b>3,385,607</b>	<b>3,457,071</b>
Customer deposits	1,995,001	2,072,049	2,148,204	2,191,168	2,256,903
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	224,058	185,132	176,692	180,226	185,633
Non interest bearing liabilities	518,210	582,994	553,844	526,152	499,844
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>2,737,269</b>	<b>2,840,174</b>	<b>2,878,740</b>	<b>2,897,546</b>	<b>2,942,380</b>
Share capital	23,933	23,933	23,933	23,933	23,933
Reserves	352,365	382,425	393,867	413,186	437,037
<b>Total equity</b>	<b>376,298</b>	<b>406,358</b>	<b>417,799</b>	<b>437,119</b>	<b>460,969</b>
Minority interests	41,524	47,357	48,691	50,942	53,722
<b>Total liabilities &amp; equity</b>	<b>3,155,091</b>	<b>3,293,889</b>	<b>3,345,230</b>	<b>3,385,607</b>	<b>3,457,071</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	2,081,755	2,210,881	2,431,969	2,480,608	2,579,833
Average interest earning assets	2,901,956	3,101,614	3,212,064	3,292,128	3,357,971
Average interest bearing liabilities	2,106,053	2,214,536	2,268,574	2,324,663	2,382,895
Tier 1 capital	330,923	357,975	376,520	392,795	413,303
Total capital	381,339	433,753	452,298	468,573	489,081
Gross non performing loans (NPL)	74,400	84,038	104,482	138,962	130,624
<b>Per share (THB)</b>					
Book value per share	157.23	169.79	174.57	182.65	192.61
Tangible book value per share	157.23	169.79	174.57	182.65	192.61
<b>Growth</b>					
Gross customer loans	6.2	4.6	10.0	2.0	4.0
Average interest earning assets	6.3	6.9	3.6	2.5	2.0
Total asset (%)	8.8	4.4	1.6	1.2	2.1
Risk weighted assets (%)	6.8	6.2	10.0	2.0	4.0
Customer deposits (%)	6.2	3.9	3.7	2.0	3.0
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	90.1	90.7	96.8	95.5	96.7
Equity/assets (%)	11.9	12.3	12.5	12.9	13.3
Tangible equity/assets (%)	11.9	12.3	12.5	12.9	13.3
RWA/assets (%)	66.0	67.1	72.7	73.3	74.6
Tier 1 CAR (%)	15.9	16.2	15.5	15.8	16.0
Total CAR (%)	18.3	19.6	18.6	18.9	19.0
<b>Asset Quality</b>					
Change in NPL (%)	6.8	13.0	24.3	33.0	(6.0)
NPL/gross loans (%)	3.9	4.2	4.7	6.2	5.6
Total provisions/gross loans (%)	6.2	6.2	6.3	7.1	7.1
Total provisions/NPL (%)	160.6	148.6	132.1	120.0	126.9
<b>Valuation</b>					
Recurring P/E (x) *	6.9	6.9	12.0	10.2	8.8
Recurring P/E @ target price (x) *	9.0	8.9	15.5	13.2	11.4
Reported P/E (x)	6.9	6.9	12.0	10.2	8.8
Dividend yield (%)	3.6	4.5	2.5	2.9	3.3
Price/book (x)	0.7	0.7	0.6	0.6	0.6
Price/tangible book (x)	0.7	0.7	0.6	0.6	0.6
Price/tangible book @ target price (x)	0.9	0.8	0.8	0.8	0.7

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

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
SPVI	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	TPIPP	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	AMANAHA	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	WIJK
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	SEOIL	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:

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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 Suwanumchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Kasikornbank	KBANK TB	THB 111.50	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.
Bangkok Bank	BBL TB	THB 123.50	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.
Kiatnakin Bank	KKP TB	THB 48.75	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 10.90	HOLD	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. The upside risk is the better-than-expected ability to control cost of funds.
Siam Commercial Bank	SCB TB	THB 89.00	HOLD	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 its NIM. The upside risk is a better-than-expected ability to control operating expenses.
Tisco Financial	TISCO TB	THB 81.75	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave of the COVID-19 pandemic affecting to loan growth and asset quality; 2) the impact of new regulations from the Bank of Thailand on debt-servicing programs; and 3) the slow expansion of its high yield auto cash portfolio.
TMB Bank	TMB TB	THB 1.11	HOLD	Upside risks to our GGM-based target price are M&A completions and long-term synergy to be earned. The downside risk is the impact from a prolonged weak macro outlook on loan growth and asset quality.

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 02-Dec-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

**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.