

29 JANUARY 2021

THAILAND / BANKS

# KASIKORNBANK KBANK TB

## BUY

UNCHANGED

TARGET PRICE	THB168.00
CLOSE	THB127.00
UP/DOWNSIDE	+32.3%
PRIOR TP	THB144.00
CHANGE IN TP	+16.7%
TP vs CONSENSUS	+21.8%

## แนวโน้มข้างหน้าสดใส

### เป้าหมายทางการเงินปี 2021 เป็นบวก

KBANK ให้เป้าหมายทางการเงินสำหรับปี 2021 ในที่ประชุมนักวิเคราะห์ครั้งล่าสุด โดยมีรายการสำคัญประกอบด้วยอัตราส่วนสำรองหนี้สูญต่อสินเชื่อเฉลี่ย (Credit Cost) ซึ่งธนาคารตั้งเป้าให้ลดอย่างมีนัยสำคัญเป็น 160 bps (เทียบกับ 205 bps ในปี 2020) ซึ่งมีสำรองพิเศษ (Management Overlay) ประมาณ 20% เรียบร้อยแล้ว ในด้านการเติบโต KBANK ยังมุ่งเน้นไปในด้านสินเชื่อ โดยตั้งเป้าให้สินเชื่อโต 4-6% และวางเป้าหมายให้ได้ส่วนต่างสินเชื่อ (NIM) 3.1-3.3% ในขณะที่ธนาคารฯ คาดว่ารายได้ค่าธรรมเนียมสุทธิจะเพิ่มในอัตราต่ำช่วงไม่เกิน 3-4% y-y ซึ่งการเปลี่ยนผ่านสู่ระบบดิจิทัลและกฎระเบียบต่าง ๆ ยังคงเป็นปัจจัยกดดัน ธนาคารฯ ยังคงมุ่งเน้นการตรึงจำนวนพนักงานและการลดจำนวนสาขา โดยวางแผนปิดสาขาเพิ่มอีก 30 แห่ง ทำให้อัตราส่วนค่าใช้จ่ายดำเนินงานต่อรายได้รวมอาจอยู่ที่ 45-47% เนื่องจากเรามองเป้าหมายทางการเงินดังกล่าวเป็นบวก เราจึงปรับเพิ่มประมาณการกำไรสุทธิในปี 2021-22 ของเรากว่า 24.4%/14.4%

### Credit Cost จะลดลงนับจากนี้เป็นต้นไป

ผู้บริหารยังคงมุมมองแบบระแวดระวังต่อคุณภาพสินทรัพย์ของธนาคารฯ อัตราส่วนหนี้ต่อคุณภาพสินเชื่อรวม (NPL ratio) อาจเพิ่มเป็น 4.0-4.5% ในปี 2021 อย่างไรก็ตาม สถานการณ์ในปัจจุบันดีขึ้นกว่าในช่วงปิดประเทศใน 2Q20 อยู่มาก โดยคุณภาพสินทรัพย์ใน 4Q20 ดีกว่าที่บริษัทฯ คาด สินเชื่อภายใต้โครงการบรรเทาหนี้อยู่ที่ 19% ใน 4Q20 เทียบกับ 40% ใน 3Q20 โดยมากกว่า 90% ของลูกค้าทั้งที่อยู่ภายใต้โครงการดังกล่าวและที่ออกโครงการไปแล้ว สามารถชำระหนี้ได้ตามปกติ นอกจากนี้ KBANK ยังจัดสรรสำรองเชิงรุก โดยมี Credit Cost อยู่ที่ 205 bps ในปี 2020 ธนาคารฯ ได้เตือนสำรองไว้จำนวนมากเพื่อเตรียมพร้อมสำหรับ TFRS 9 ในปี 2017-19 โดยมีค่าเฉลี่ย Credit Cost ย้อนหลัง 3 ปีอยู่ที่ 196 bps เพราะฉะนั้นหากไม่มีวิกฤตที่ไม่คาดคิด Credit Cost อาจอยู่ในระดับต่ำต่อเนื่องเริ่มตั้งแต่ปี 2021

### สินเชื่อมีแนวโน้มโตสูงต่อเนื่อง

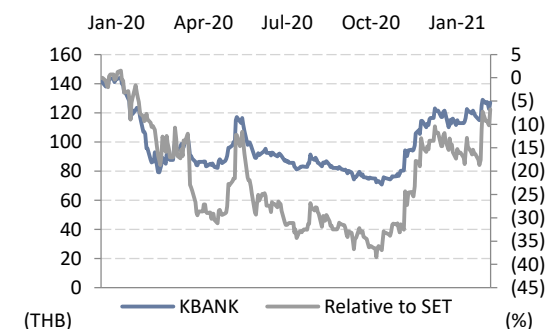
KBANK คาดว่าสินเชื่อจะโต 4-6% ในปี 2021 ส่วนมากจากกลุ่มลูกค้ารายย่อย ปัจจุบันธนาคารฯ สามารถขยายสินเชื่อรายย่อยผ่านช่องทางดิจิทัลได้อย่างสบายใจมากยิ่งขึ้นจากความสามารถในการวิเคราะห์ข้อมูลที่ดีขึ้น ปัจจุบันดังกล่าวอาจช่วยให้ KBANK สามารถควบคุมคุณภาพสินทรัพย์ได้อย่างมีประสิทธิภาพ การขยายสินเชื่อรายย่อยผ่านช่องทางดิจิทัลไม่เพียงแต่สามารถสนับสนุนการเติบโตของสินเชื่อ แต่ยังทำให้ธนาคารฯ สามารถรักษาสัดส่วนต่างดอกเบี้ยได้ด้วย เนื่องจากตลาดดังกล่าวให้ผลตอบแทนที่สูงกว่า โดยอยู่ที่ 12-13%

### ปรับ KBANK เป็นหุ้นเด่นพร้อมปรับราคาเป้าหมายเป็น 168 บาท

เราปรับเพิ่มราคาเป้าหมายของเราเป็น 168 บาท (GGM) และปรับ KBANK เป็นหนึ่งในหุ้นเด่นของเรา (ร่วมกับ KKP และ SCB) โดยมีเหตุผลประกอบด้วย 1) คุณภาพสินทรัพย์ที่ดี; และ 2) ระบบดิจิทัลที่แข็งแกร่ง ทำให้ธนาคารฯ สามารถขยายธุรกิจไปยังตลาดใหม่ ๆ ซึ่งธนาคารอื่นอาจต้องใช้ความพยายามอย่างสูง เราเชื่อว่ามีโอกาสที่ราคาหุ้นจะปรับขึ้นได้อีกจากการฟื้นตัวของผลตอบแทนต่อส่วนผู้ถือหุ้นที่กำลังจะมาถึง.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	41,540	45,814	49,099	52,573
Net profit	29,487	32,394	34,634	37,088
EPS (THB)	12.45	13.54	14.47	15.50
vs Consensus (%)	-	12.7	6.2	(9.8)
Core net profit	29,487	32,394	34,634	37,088
Core EPS (THB)	12.45	13.54	14.47	15.50
Chg. In EPS est. (%)	-	24.4	14.4	-
EPS growth (%)	(23.1)	8.8	6.9	7.1
Core P/E (x)	10.2	9.4	8.8	8.2
Dividend yield (%)	2.2	2.5	2.9	-
Price/book (x)	0.7	0.7	0.6	0.6
ROE (%)	7.0	7.2	7.2	7.3
ROA (%)	1.0	1.0	1.1	1.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	10.4	66.0	(4.9)
Relative to country (%)	10.1	36.0	(1.1)
Mkt cap (USD m)	10,053		
3m avg. daily turnover (USD m)	126.0		
Free float (%)	50		
Major shareholder	Thai NVDR (19%)		
12m high/low (THB)	145.00/70.00		
Issued shares (m)	2,393		

Sources: Bloomberg consensus; FSSIA estimates



Yuvanart Suwanumphai

yuvanart.suw@fssia.com

+66 2611 3554

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 29 มกราคม 2021

## 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.

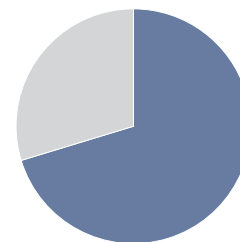
## Company profile

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, 2020)

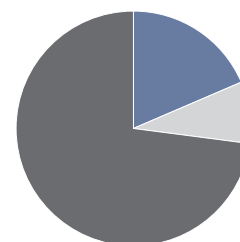
- Net interest income - 70.3 %
- Non-interest income - 29.7 %



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
15 Feb 2021	GDP 4Q20/2020 announcement
April 2021	1Q21 results announcement

## Key assumptions

	2021E (%)	2022E (%)	2023E (%)
Net profit (THB m)	32,394	34,634	37,088
Net profit growth	9.9	6.9	7.1
NIM	3.10	3.08	3.10
Loan growth	4.0	4.0	4.0
Fee growth	1.7	5.0	5.0
Non-NII growth*	(0.6)	7.7	6.0
Credit cost (bp)	165	160	160
Cost to income*	46.3	45.7	44.8

\* Including share of profits from associates

Source: FSSIA estimates

## Earnings sensitivity

		2021E		
Loan growth	±2ppt	2.0	4.0	6.0
% change in net profit		(1.1)	-	1.1
NIM (%)	±5bp	3.05	3.10	3.15
% change in net profit		(4.1)	-	4.1
Credit cost (bp)	±10bp	155	165	175
% change in net profit		3.8	-	(3.8)

Source: FSSIA estimates



## Positive 2021 financial guidance

KBANK provided its 2021 financial targets at its latest analyst meeting. The key highlight was its credit cost, which the bank aims to significantly reduce to up to 160 bps vs 205 bps in 2020. This would already include a management overlay of c20%. Regarding its growth, KBANK is still focused on its loan side, with targeted 4-6% loan growth driven by the retail segment. The bank is now more comfortable about growing its retail digital lending due to its stronger data analytics. Due to an increase in its high yield (12-13%) digital lending, the bank is targeting a NIM of 3.1-3.3% in 2021. Meanwhile, its net fee income is expected to increase by only low single digits. Digital transformation and regulations are still the pressure factors. Moreover, the bank is still focused on cost management and productivity improvement. Freezing headcounts and network rationalisation are the main strategies, and the bank is aiming close 30 more branches. Therefore, its cost to income ratio could be 45-47%. Overall, we read this financial target as positive. Hence, we revise up our net profit forecasts for 2021-22 by 24.4%/14.4% to reflect our lower expected credit loss (ECL) assumptions.

### Exhibit 1: KResearch's 2021 GDP forecast

	2019	2020F	2021F	
% YoY	2019	2020F*	2021F*	
		Base Case	Base Case	Range
<b>GDP</b>	<b>2.4</b>	<b>-6.7</b>	<b>2.6</b>	<b>0.0-4.5</b>
Private Consumption	4.5	-1.1	1.8	0.8-2.3
Government Consumption	1.4	2.6	4.0	3.0-5.0
Total Investment	2.2	-5.2	3.2	2.2-4.2
- Private investment	2.8	-10.2	2.5	1.4-3.0
- Public investment	0.2	10.0	6.1	5.1-8.4
Gov't Budget Deficit (% of GDP)	-2.9	-5.1	-5.3	(-5.0)-(-5.4)
Exports (Customs Basis)	-2.7	-7.0	3.0	1.5-4.5
Imports (Customs Basis)	-4.7	-14.0	3.6	2.0-5.5
Current Account (USD bn)	37.6	19.9	17.8	14.0-22.0
Headline Inflation	0.7	-0.9	0.8	0.5-1.0
Policy Interest Rate	1.25	0.50	0.50	

Sources: KBANK; KResearch (as of Dec, 8 2020)

### Exhibit 2: KBANK's 2021 financial targets

	2020	2021E	
	Actual	KBANK	FSSIA
NIM (%)	3.27	3.1-3.3	3.10
Loan growth (% y-y)	12.13	4-6	4.00
Net fee income growth	(10.17)	Low single digit	1.69
Cost to income ratio (%)	45.19	45-47	46.32
Credit cost (bps)	205	Up to 160	165

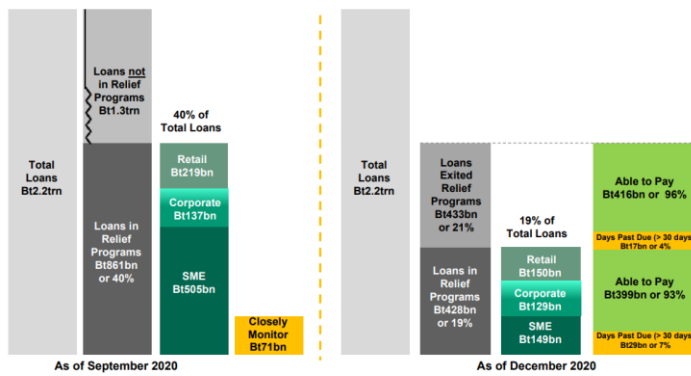
\*Including share of profits from associates

Source: FSSIA estimates

## Enjoying lower credit cost from now on

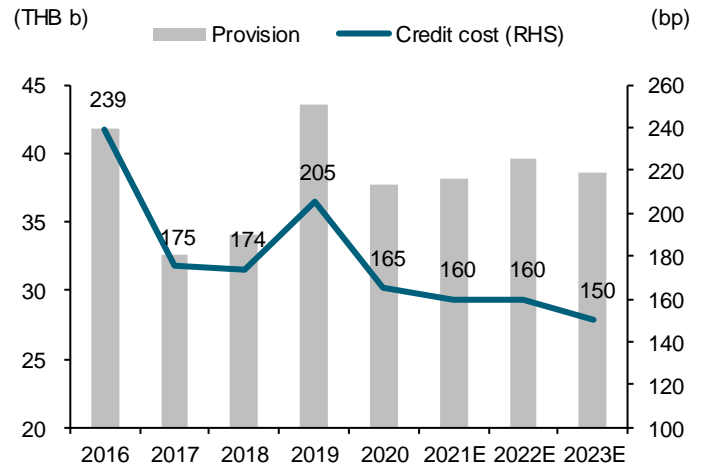
Management still has a cautious view on its asset quality. Its non-performing loan (NPL) ratio could rise to 4.0-4.5% in 2021 vs 3.93% in 2020. However, the current situation is much better than during the national lockdown in 2Q20. Asset quality in 4Q20 was better than the company expected. Loans under its forbearance program were at 19% in 4Q20 vs 40% in 3Q20. >90% of its clients, both those still in the program and those who left the program, were able to service debt. Moreover, KBANK proactively set aside extra provisions, with a credit cost of 205 bps in 2020. Additionally, the bank stockpiled huge provisions in preparation for TFRS 9 in 2017-19, with its three-year average credit cost at 196 bps. Therefore, if there are no unexpected crises, KBANK could enjoy a low credit cost period starting from 2021.

Exhibit 3: Debt forbearance program



Source: KBANK

Exhibit 4: Provision and credit cost



Sources: KBANK; FSSIA's estimates

## Strong loan growth set to continue

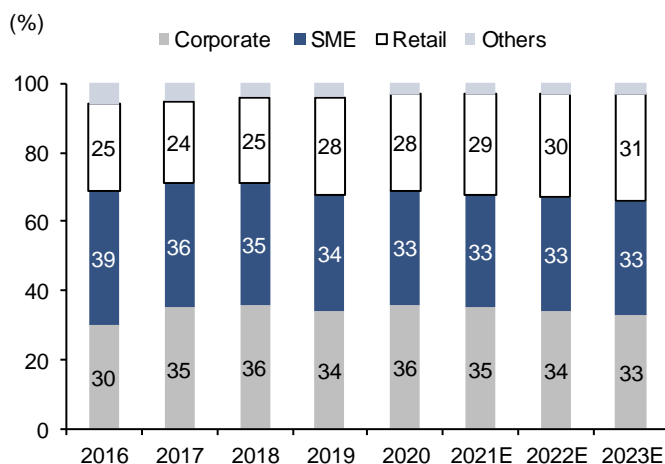
KBANK expects its loans to increase by 4-6% in 2021, driven largely by the retail segment. The bank plans to expand to untapped clients, i.e., low income-earners. The bank is now more comfortable about growing its retail digital lending due to its stronger data analytics. This could enable KBANK to effectively control its asset quality. Growing digital retail lending could not only support its loan growth, but also allow it to maintain its NIM, as this segment provides a higher yield at 12-13%.

Exhibit 5: Loan growth target

Consolidated	Dec-19 (THB b)	Dec-20 (THB b)	2020 Loan growth (%)	2020 Yield Range (%)	2021 Loan growth target (%)
Corporate Loans	691	814	17.7	3-5	1-3
SME Loans	672	733	9.1	5-7	2-4
Retail Loans	556	638	14.8	5-7	11-13
Other Loans	83	60	(27.8)	-	-
Total Loans	2,002	2,245	12.1	4.8	4-6

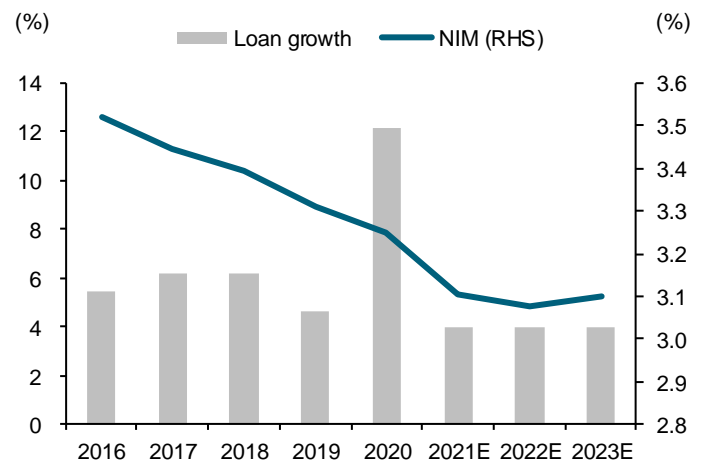
Source: KBANK

Exhibit 6: Loan breakdown by segment



Sources: KBANK; FSSIA's estimates

Exhibit 7: Loan growth and NIM



Sources: KBANK; FSSIA's estimates

## Net profit and TP revisions

We revise up our net profit forecasts for 2021-22 by 24.4%/14.4% to reflect our lower ECL assumptions, and cut our 2021-22 credit cost assumptions to 165/160 bps from 230/200 bps.

### Exhibit 8: Key changes in assumptions

	2020	2021E			2022E			2023E
	Actual	Old	New	Change	Old	New	Change	New
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)
Net interest income	109,022	110,761	109,717	(0.9)	112,148	110,942	(1.1)	114,517
Non-interest income	45,869	48,353	45,610	(5.7)	51,323	49,125	(4.3)	52,052
Operating income	154,891	159,114	155,327	(2.4)	163,471	160,068	(2.1)	166,570
Operating expenses	69,997	72,224	71,945	(0.4)	75,380	73,091	(3.0)	74,606
<b>PPOP before tax</b>	<b>84,895</b>	<b>86,890</b>	<b>83,381</b>	<b>(4.0)</b>	<b>88,091</b>	<b>86,977</b>	<b>(1.3)</b>	<b>91,963</b>
Provision (Reversal)	43,548	51,156	37,780	(26.1)	45,822	38,101	(16.9)	39,625
Tax expenses	7,656	6,789	8,664	27.6	8,242	9,384	13.9	10,049
Minority interest	4,203	2,894	4,543	57.0	3,743	4,857	29.8	5,202
<b>Normalized profit</b>	<b>29,487</b>	<b>26,050</b>	<b>32,394</b>	<b>24.4</b>	<b>30,283</b>	<b>34,634</b>	<b>14.4</b>	<b>37,088</b>
Extraordinary items	-	-	-	-	-	-	-	-
<b>Net profit</b>	<b>29,487</b>	<b>26,050</b>	<b>32,394</b>	<b>24.4</b>	<b>30,283</b>	<b>34,634</b>	<b>14.4</b>	<b>37,088</b>
EPS (THB)	12.45	10.88	13.54	24.4	12.65	14.47	14.4	15.50
<b>Key statistic and ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
<b>Asset quality ratio</b>								
Gross NPLs (THB m)	101,007	138,962	121,208	(12.8)	130,624	113,936	(12.8)	117,354
Gross NPLs / Loans	3.93	5.38	4.53	-	4.86	4.10	-	4.06
Loan loss reserve/NPLs	133	120	119	-	127	117	-	119
Credit cost (bp)	205	230	165	-	200	160	-	160
<b>Profitability ratio</b>								
Cost to income ratio	45.2	45.4	46.3	-	46.1	45.7	-	44.8
Average yield (%)	3.8	3.9	3.6	-	4.0	3.7	-	3.8
Cost of fund (%)	0.8	0.8	0.6	-	1.0	0.9	-	1.0
Net interest margin (NIM)	3.27	3.36	3.10	-	3.34	3.08	-	3.10
<b>Liquidity ratio</b>								
Loan to deposit ratio	95.7	102.5	98.0	-	103.5	98.9	-	100.9
<b>Capital adequacy ratio</b>								
CAR	18.8	18.9	18.6	-	19.0	18.8	-	19.1
<b>% growth</b>								
Loan growth (y-y)	12.1	2.0	4.0	-	4.0	4.0	-	4.0

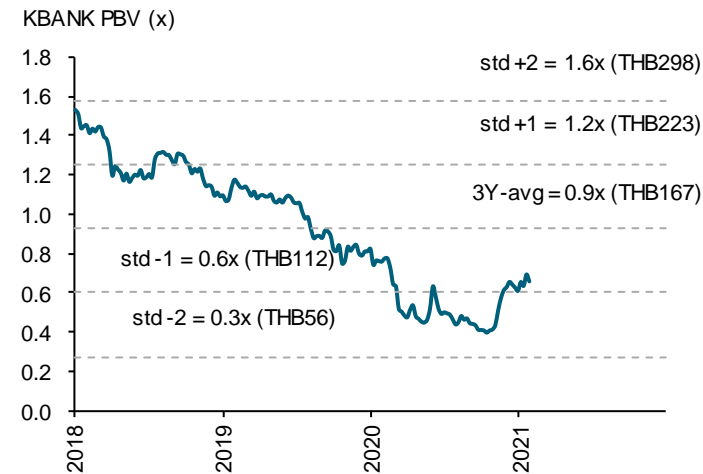
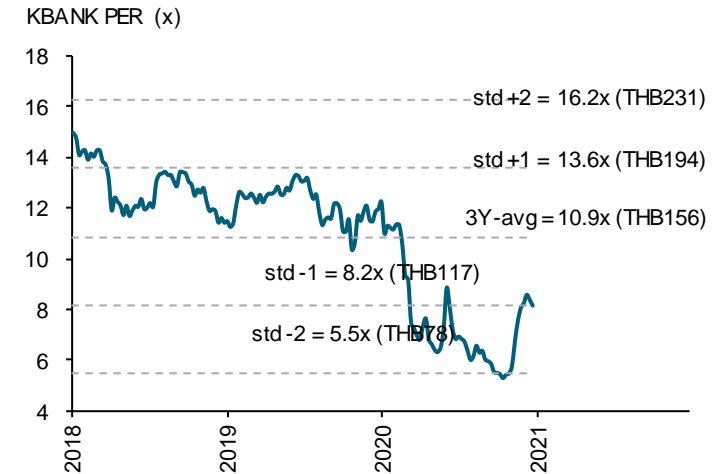
Source: FSSIA estimates

We revise up our GGM-based TP to THB168 from THB144, as we 1) increase our EPS forecast, leading to a higher book value; and 2) revise up our target 2021E P/BV from 0.8x to 0.9x to reflect the increase in our average long-term ROE target of 7.0% from 6.1%.

### Exhibit 9: GGM-derived target price

Target price (THB)	THB168 from THB144
Recommendation	BUY
Risk-free rate (%)	3 (unchanged)
Market risk premium (%)	8 (unchanged)
Terminal growth (%)	3.9 (from 3.7)
ROE target (%)	7.0 (from 6.1)
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 10: KBANK – prospective P/BV band****Exhibit 11: KBANK – prospective P/E band**

### Robust 4Q20 results due to significantly lower ECL

KBANK reported a record high quarterly net profit of THB13,258m (+51% y-y, +99% q-q) beating Bloomberg's consensus estimate and our expectation by 117% due to a significantly lower-than-expected provisioning set up.

Its robust 4Q20 net profit came from a substantial drop in ECL of 92% y-y, 94% q-q, as the bank had already set aside sufficient provisions in the past three quarters, and the customers who left its debt relief program were still able to repay their debts at a better rate than KBANK expected.

#### 4Q20 key highlights

- Total loan volume increased 4% q-q due to an increase in commercial loans and housing loans;
- The NIM decreased to 3.08% from 3.18% in 3Q20, due mainly to a drop in yields on loans;
- Non-NII increased 30% q-q due to 1) an increase in fee income for loan-related fees and its credit card business; and 2) an increase from the mark to market value of its investments according to market conditions;
- NPLs increased by 4% q-q, accounting for an NPL ratio of 3.93%.

2020 net profit was THB29.5b, declining by 24% y-y, mainly dragged down by 1) an ECL increase thanks to a greater deterioration of asset quality due to COVID-19 and its proactive strategy to set aside extra provisions for future losses; and 2) a drop in fee income, owing to the slowdown in economic activities.

## Exhibit 12: KBANK – 4Q20/2020 results summary

Year-end Dec 31	4Q19 (THB m)	3Q20 (THB m)	4Q20 (THB m)	----- Change -----		2019 (THB m)	2020 (THB m)	Change (y-y %)	Comments
				(y-y %)	(q-q %)				
Net interest income	25,570	27,255	26,603	4	(2)	102,688	109,022	6	Increased y-y from significant loan growth
Non-interest income	16,157	9,498	12,308	(24)	30	57,803	45,869	(21)	
<b>Operating income</b>	<b>41,727</b>	<b>36,754</b>	<b>38,911</b>	<b>(7)</b>	<b>6</b>	<b>160,491</b>	<b>154,891</b>	<b>(3)</b>	
Operating expenses	21,176	16,447	20,272	(4)	23	72,729	69,997	(4)	Dropped y-y from better cost controlling
<b>PPOP before tax</b>	<b>20,551</b>	<b>20,306</b>	<b>18,639</b>	<b>(9)</b>	<b>(8)</b>	<b>87,762</b>	<b>84,895</b>	<b>(3)</b>	
Provision	8,825	10,815	669	(92)	(94)	34,012	43,548	28	Substantial decrease y-y, q-q because KBANK proactively set aside extra provisions in 9M20
Income tax	2,304	2,048	3,358	46	64	10,309	7,656	(26)	
Minority interest	620	765	1,353	118	77	4,714	4,203		
<b>Normalised profit</b>	<b>8,802</b>	<b>6,679</b>	<b>13,258</b>	<b>51</b>	<b>99</b>	<b>38,727</b>	<b>29,487</b>	<b>(24)</b>	
Extraordinary items	0	0	0			0	0		
<b>Net profit</b>	<b>8,802</b>	<b>6,679</b>	<b>13,258</b>	<b>51</b>	<b>99</b>	<b>38,727</b>	<b>29,487</b>	<b>(24)</b>	
EPS (THB)	3.68	2.82	5.60	52	99	16	12	(23)	
<b>Asset quality ratio</b>									
Gross NPLs (THB m)	84,038	96,743	101,007	20	4	84,038	101,007	20.2	
NPL ratios (%)	3.65	3.95	3.93			3.65	3.93	0.3	
LLR/NPLs (%)	149	142	133			149	133	(15.5)	
Credit cost (bp)	179	202	12			174	205	31.4	
<b>Profitability ratio</b>									
	(%)	(%)	(%)			(%)	(%)		
Cost to income ratio	50.7	44.7	52.1			45.3	45.2		
Average yield (%)	4.1	3.7	3.5			4.2	3.8		
Cost of fund (%)	1.3	0.7	0.6			1.2	0.8		
Net interest margin (NIM)	3.26	3.18	3.08			3.31	3.27		
Non-interest income / total income	38.7	25.8	31.6			36.0	29.6		
<b>Liquidity ratio</b>									
	(%)	(%)	(%)			(%)	(%)		
Loan to deposit ratio	96.6	94.8	95.7			96.6	95.7		
<b>Capital adequacy ratio</b>									
	(%)	(%)	(%)			(%)	(%)		
CAR	19.6	18.4	18.8			19.6	18.8		
CET 1/ Risk assets	16.2	15.7	16.1			16.2	16.1		
Tier - I/ Risk assets	3.4	2.7	2.7			3.4	2.7		
<b>Loan growth</b>									
	(%)	(%)	(%)						
Year-to-date	4.6	7.7	12.1						

\*Including share of profits from associates

Sources: KBANK; FSSIA estimates



## Financial Statements

Kasikornbank

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	130,178	127,592	125,788	133,866	140,893
Interest expense	(27,490)	(18,570)	(16,071)	(22,923)	(26,376)
Net interest income	102,688	109,022	109,717	110,942	114,517
Net fees & commission	36,740	33,004	33,561	35,239	37,001
Foreign exchange trading income	8,362	0	0	0	0
Securities trading income	8,412	9,428	7,939	8,011	8,087
Dividend income	2,817	2,384	2,623	2,754	2,892
Other income	1,428	1,246	1,699	3,344	4,307
Non interest income	57,759	46,063	45,822	49,349	52,287
Total income	160,447	155,085	155,539	160,291	166,804
Staff costs	(33,261)	(32,143)	(32,786)	(32,786)	(33,114)
Other operating costs	(39,468)	(37,853)	(39,159)	(40,305)	(41,492)
Operating costs	(72,729)	(69,997)	(71,945)	(73,091)	(74,606)
Pre provision operating profit	87,718	85,088	83,594	87,200	92,198
Provision for bad and doubtful debt	(34,012)	(43,548)	(37,780)	(38,101)	(39,625)
Other provisions	-	-	-	-	-
Operating profit	53,706	41,540	45,814	49,099	52,573
Recurring non operating income	44	(193)	(213)	(223)	(234)
Associates	44	(193)	(213)	(223)	(234)
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	53,750	41,347	45,601	48,876	52,338
Tax	(10,309)	(7,656)	(8,664)	(9,384)	(10,049)
Profit after tax	43,441	33,690	36,937	39,492	42,289
Minority interests	(4,714)	(4,203)	(4,543)	(4,857)	(5,202)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	38,727	29,487	32,394	34,634	37,088
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	38,727	29,487	32,394	34,634	37,088
<b>Per share (THB)</b>					
Recurring EPS *	16.18	12.45	13.54	14.47	15.50
Reported EPS	16.18	12.45	13.54	14.47	15.50
DPS	5.00	2.83	3.20	3.70	0.00
<b>Growth</b>					
Net interest income (%)	4.2	6.2	0.6	1.1	3.2
Non interest income (%)	1.5	(20.3)	(0.5)	7.7	6.0
Pre provision operating profit (%)	0.7	(3.0)	(1.8)	4.3	5.7
Operating profit (%)	(1.6)	(22.7)	10.3	7.2	7.1
Reported net profit (%)	0.7	(23.9)	9.9	6.9	7.1
Recurring EPS (%)	0.7	(23.1)	8.8	6.9	7.1
Reported EPS (%)	0.7	(23.1)	8.8	6.9	7.1
<b>Income Breakdown</b>					
Net interest income (%)	64.0	70.3	70.5	69.2	68.7
Net fees & commission (%)	22.9	21.3	21.6	22.0	22.2
Foreign exchange trading income (%)	5.2	-	-	-	-
Securities trading income (%)	5.2	6.1	5.1	5.0	4.8
Dividend income (%)	1.8	1.5	1.7	1.7	1.7
Other income (%)	0.9	0.8	1.1	2.1	2.6
<b>Operating performance</b>					
Gross interest yield (%)	4.20	3.83	3.56	3.71	3.81
Cost of funds (%)	1.24	0.78	0.64	0.88	0.99
Net interest spread (%)	2.96	3.05	2.92	2.83	2.82
Net interest margin (%)	3.3	3.3	3.1	3.1	3.1
Cost/income(%)	45.3	45.1	46.3	45.6	44.7
Cost/assets(%)	2.3	2.0	2.0	2.0	2.0
Effective tax rate (%)	19.2	18.5	19.0	19.2	19.2
Dividend payout on recurring profit (%)	30.9	22.7	23.6	25.6	-
ROE (%)	9.9	7.0	7.2	7.2	7.3
ROE - COE (%)	(0.1)	(3.0)	(2.8)	(2.7)	(2.7)
ROA (%)	1.3	1.0	1.0	1.1	1.1
RORWA (%)	2.0	1.4	1.5	1.5	1.5

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

Sources: Kasikornbank; FSSIA estimates

## Financial Statements

### Kasikornbank

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	2,001,956	2,244,821	2,334,614	2,427,998	2,525,118
Total provisions	(124,879)	(134,393)	(144,158)	(133,699)	(139,235)
interest in suspense	2,830	11,272	14,008	12,140	3,535
<b>Net customer loans</b>	<b>1,879,907</b>	<b>2,121,700</b>	<b>2,204,464</b>	<b>2,306,439</b>	<b>2,389,419</b>
Bank loans	385,940	417,420	386,701	356,699	360,710
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	776,700	837,790	848,717	856,735	864,847
Cash & equivalents	61,385	61,962	68,240	62,684	22,083
Other interesting assets	-	-	-	-	-
Tangible fixed assets	77,686	85,664	87,471	89,928	93,034
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	112,272	134,261	111,204	113,582	115,364
<b>Total assets</b>	<b>3,293,889</b>	<b>3,658,798</b>	<b>3,706,796</b>	<b>3,786,066</b>	<b>3,845,456</b>
Customer deposits	2,072,049	2,344,998	2,383,182	2,454,678	2,503,771
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	185,132	183,631	196,019	201,900	205,938
Non interest bearing liabilities	582,994	638,883	606,939	576,592	547,762
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>2,840,174</b>	<b>3,167,512</b>	<b>3,186,140</b>	<b>3,233,169</b>	<b>3,257,471</b>
Share capital	23,933	23,693	23,693	23,693	23,693
Reserves	382,425	415,976	442,261	471,114	502,515
<b>Total equity</b>	<b>406,358</b>	<b>439,670</b>	<b>465,954</b>	<b>494,808</b>	<b>526,209</b>
Minority interests	47,357	51,616	54,702	58,090	61,776
<b>Total liabilities &amp; equity</b>	<b>3,293,889</b>	<b>3,658,798</b>	<b>3,706,796</b>	<b>3,786,066</b>	<b>3,845,456</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	2,210,881	2,479,092	2,578,256	2,681,386	2,788,641
Average interest earning assets	3,101,614	3,332,313	3,535,031	3,605,732	3,696,053
Average interest bearing liabilities	2,214,536	2,368,844	2,527,798	2,591,711	2,656,312
Tier 1 capital	357,975	380,116	403,158	429,014	457,216
Total capital	433,753	455,894	478,936	504,792	532,994
Gross non performing loans (NPL)	84,038	101,007	121,208	113,936	117,354
<b>Per share (THB)</b>					
Book value per share	169.79	185.57	194.69	206.75	219.87
Tangible book value per share	169.79	185.57	194.69	206.75	219.87
<b>Growth</b>					
Gross customer loans	4.6	12.1	4.0	4.0	4.0
Average interest earning assets	6.9	7.4	6.1	2.0	2.5
Total asset (%)	4.4	11.1	1.3	2.1	1.6
Risk weighted assets (%)	6.2	12.1	4.0	4.0	4.0
Customer deposits (%)	3.9	13.2	1.6	3.0	2.0
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	90.7	90.5	92.5	94.0	95.4
Equity/assets (%)	12.3	12.0	12.6	13.1	13.7
Tangible equity/assets (%)	12.3	12.0	12.6	13.1	13.7
RWA/assets (%)	67.1	67.8	69.6	70.8	72.5
Tier 1 CAR (%)	16.2	15.3	15.6	16.0	16.4
Total CAR (%)	19.6	18.4	18.6	18.8	19.1
<b>Asset Quality</b>					
Change in NPL (%)	13.0	20.2	20.0	(6.0)	3.0
NPL/gross loans (%)	4.2	4.5	5.2	4.7	4.6
Total provisions/gross loans (%)	6.2	6.0	6.2	5.3	5.5
Total provisions/NPL (%)	148.6	133.1	118.9	117.3	118.6
<b>Valuation</b>					
Recurring P/E (x) *	7.8	10.2	9.4	8.8	8.2
Recurring P/E @ target price (x) *	10.4	13.5	12.4	11.6	10.8
Reported P/E (x)	7.8	10.2	9.4	8.8	8.2
Dividend yield (%)	3.9	2.2	2.5	2.9	-
Price/book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book @ target price (x)	1.0	0.9	0.9	0.8	0.8

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

Sources: Kasikornbank; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIIK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## 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 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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

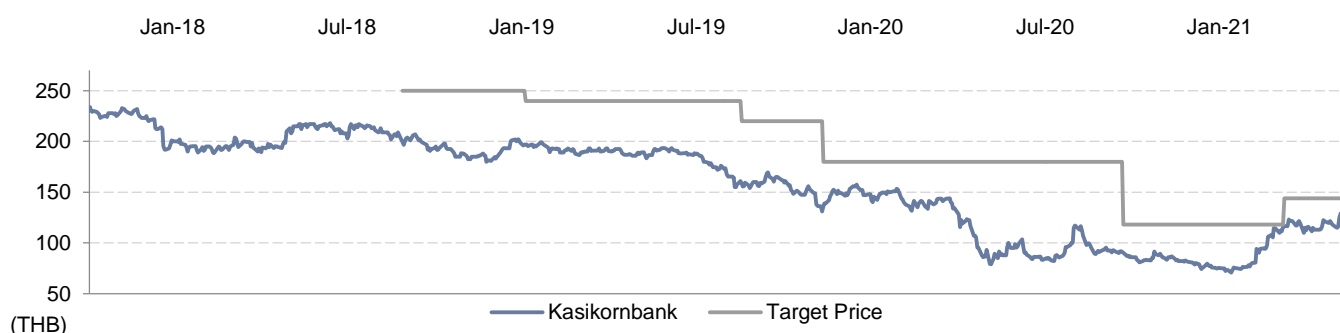
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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

#### Kasikornbank (KBANK TB)



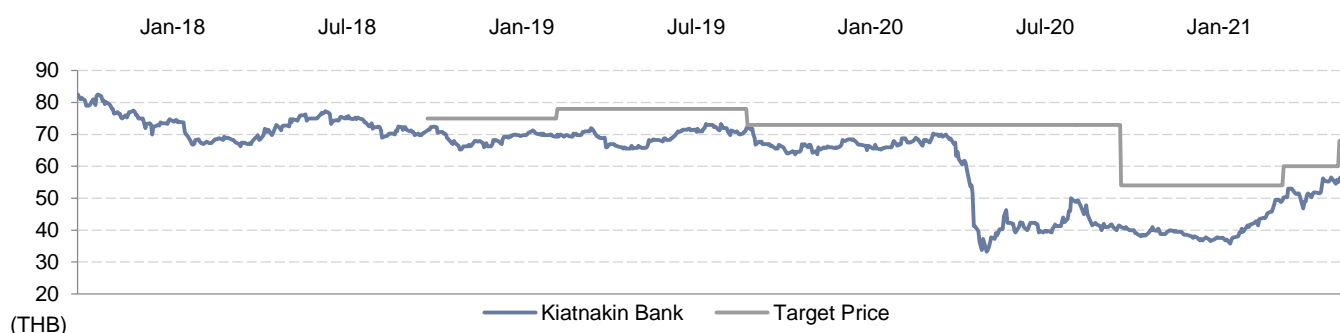
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Oct-2018	BUY	250.00	30-Oct-2019	BUY	180.00	06-Oct-2020	BUY	118.00
13-Feb-2019	BUY	240.00	02-Apr-2020	BUY	180.00	03-Dec-2020	BUY	144.00
20-Aug-2019	BUY	220.00	16-Jul-2020	BUY	118.00			

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

Price and TP are in local currency

Source: FSSIA estimates

#### Kiatnakin Bank (KKP TB)



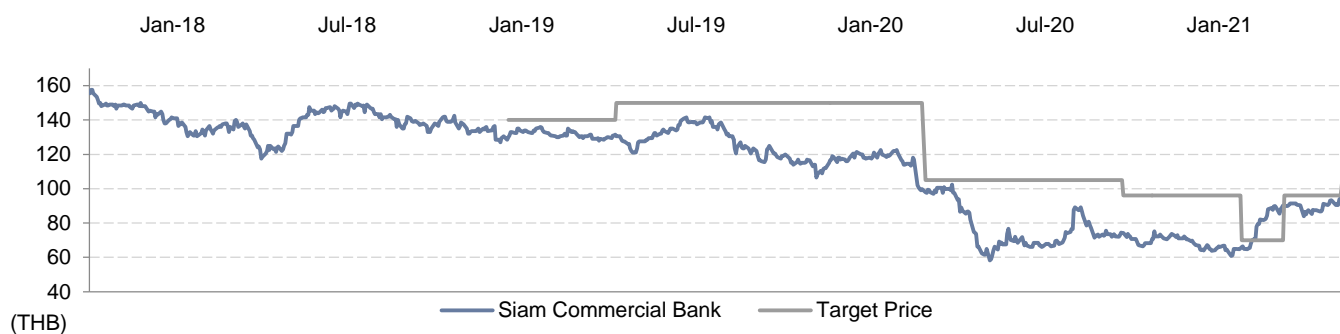
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Nov-2018	HOLD	75.00	02-Apr-2020	HOLD	73.00	20-Jan-2021	BUY	68.00
19-Mar-2019	HOLD	78.00	16-Jul-2020	BUY	54.00			
30-Aug-2019	HOLD	73.00	03-Dec-2020	BUY	60.00			

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

Price and TP are in local currency

Source: FSSIA estimates

## Siam Commercial Bank (SCB TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Jan-2019	HOLD	140.00	02-Apr-2020	HOLD	105.00	03-Dec-2020	HOLD	96.00
03-May-2019	BUY	150.00	16-Jul-2020	BUY	96.00	22-Jan-2021	BUY	114.00
27-Jan-2020	HOLD	105.00	27-Oct-2020	HOLD	70.00			

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 127.00	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.
Kiatnakin Bank	KKP TB	THB 55.50	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Siam Commercial Bank	SCB TB	THB 94.25	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 its NIM.

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

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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 29-Jan-2021 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.