

21 APRIL 2021

THAILAND / BANKS

KASIKORNBANK

KBANK TB

BUY

UNCHANGED

TARGET PRICE	THB190.00
CLOSE	THB140.00
UP/DOWNSIDE	+35.7%
PRIOR TP	THB168.00
CHANGE IN TP	+13.1%
TP vs CONSENSUS	+20.5%

มีแนวโน้มโตดีต่อเนื่อง

ผลประกอบการ 1Q21 สูงเกินคาด

KBANK รายงานกำไรสุทธิสูงถึง 10.63 พัน ลบ. (+44% y-y, -20% q-q) สูงกว่าที่ตลาดคาด 34% และสูงกว่าที่เราคาด 48% จากค่าใช้จ่ายในการดำเนินงานที่ต่ำกว่าคาดอย่างมีนัยสำคัญ กำไรสุทธิที่ติดลบเกิดจาก 1) รายได้ดอกเบี้ยและค่าธรรมเนียมที่เพิ่มขึ้น; และ 2) ค่าใช้จ่ายในการดำเนินงานที่ลดลงเป็นจำนวนมาก ในด้านคุณภาพสินทรัพย์ หนี้ไม่ก่อให้เกิดรายได้อยู่ในระดับเดียวกันกับใน 4Q20 ในขณะที่ธนาคารฯ จัดสรรผลขาดทุนทางด้านเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ในระดับปกติ ทำให้อัตราส่วนสำรองต่อหนี้ด้วยคุณภาพเพิ่มเล็กน้อยเป็น 137% จาก 133% ใน 4Q20

ประเด็นเก็บตกจากที่ประชุมนักวิเคราะห์

ในที่ประชุมนักวิเคราะห์ครั้งล่าสุด ธนาคารฯ ยังคงเป้าหมายทางการเงินปี 2021 ไว้ทั้งหมด (Ex. 2) ผู้บริหารยังมีมุมมองที่ระมัดระวังเกี่ยวกับคุณภาพสินทรัพย์ แม้ว่าหนี้ไม่ก่อให้เกิดรายได้อยู่ในแนวโน้มขาขึ้น ผู้บริหารเชื่อว่าหนี้ดังกล่าวยังอยู่ในระดับจัดการได้ สินเชื่อที่อยู่ภายใต้โครงการบรรเทาหนี้อยู่ที่ 14% ใน 1Q21 เทียบกับ 19% ใน 4Q20 >90% ของลูกค้าทั้งที่อยู่ในโครงการดังกล่าวและออกไปแล้วสามารถชำระหนี้ได้ เมื่อโครงการดังกล่าวสิ้นสุด ธนาคารฯ อาจเสนอโครงการปรับโครงสร้างหนี้ต่อให้แก่ลูกค้าเป็นราย ๆ ไป นอกจากนี้ ในระยะกลางถึงยาวธนาคารฯ วางแผนเร่งการขยายธุรกิจไปในกลุ่มรากหญ้า เช่น สินเชื่อทะเบียนรถมอเตอร์ไซด์ และสินเชื่อผ่านระบบดิจิทัลสำหรับผู้มีรายได้น้อย การเติบโตของสินเชื่อรายย่อยจะไม่เพียงแต่หนุนการเติบโตของสินเชื่อรวม แต่จะช่วยให้ธนาคารฯ สามารถรักษาสัดส่วนต่างดอกเบี้ยได้ด้วย เนื่องจากตลาดดังกล่าวให้ผลตอบแทนที่สูงกว่า

ผลประกอบการจะดีต่อเนื่องใน 2Q21

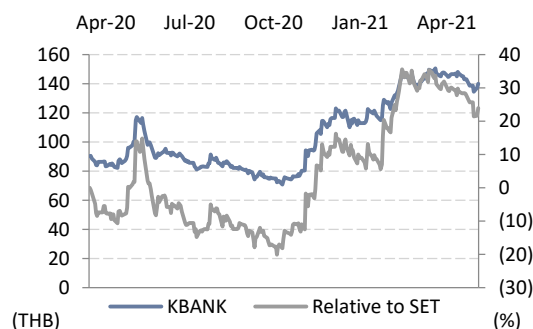
เราคาดว่า KBANK จะรายงานผลประกอบการที่ดีใน 2Q21 โดยคาดว่ากำไรจะเพิ่ม >300% y-y จาก ECL ที่ลดลงอย่างมีนัยสำคัญหลังการจัดสรรสำรองเพิ่มเติมเชิงรุกใน 2Q20 และ 2020 นอกจากนี้ เรายังคาดว่าด้วยรายได้ค่าธรรมเนียมจะเพิ่ม y-y ต่อเนื่องจากฐานที่ต่ำและการฟื้นตัวของกิจกรรมทางเศรษฐกิจ

คงคำแนะนำซื้อ มีโอกาสที่ราคาหุ้นจะปรับขึ้น

เราคงคำแนะนำซื้อหลังปรับประมาณการกำไรสุทธิปี 2021-23 ขึ้น 7.0%/6.5%/6.6% ตามลำดับ นอกจากนี้เรายังปรับการประเมินมูลค่าไปในปี 2022 และได้ราคาเป้าหมายใหม่ที่ 190 บาท (GGM) ราคาเป้าหมายดังกล่าวคิดเป็น 0.9x ของค่า 2022E P/BV เท่ากับค่าเฉลี่ย 3 ปีย้อนหลัง แม้เราจะคาดว่าผลตอบแทนต่อส่วนผู้ถือหุ้นจะยังต่ำกว่าระดับก่อน Covid ในช่วงปี 2021-23 เราเชื่อว่าราคาหุ้นอาจปรับขึ้นต่อเนื่องจนสูงกว่าระดับก่อน Covid เนื่องจากเราเชื่อว่าตลาดจะประเมินมูลค่าให้ในระดับสูงเมื่อพิจารณาถึงการเติบโตของธนาคารฯ ที่อยู่ในระดับสูงขึ้นและยังยืนมากขึ้นหลัง Covid (Ex. 9) มากกว่าจะพิจารณาผลตอบแทนต่อส่วนผู้ถือหุ้นเพียงอย่างเดียว

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	41,540	49,018	52,269	56,035
Net profit	29,487	34,670	36,881	39,541
EPS (THB)	12.45	14.63	15.57	16.69
vs Consensus (%)	-	6.6	4.2	(6.0)
Core net profit	29,487	34,670	36,881	39,541
Core EPS (THB)	12.45	14.63	15.57	16.69
Chg. In EPS est. (%)	-	7.0	6.5	6.6
EPS growth (%)	(23.1)	17.6	6.4	7.2
Core P/E (x)	11.2	9.6	9.0	8.4
Dividend yield (%)	1.8	2.3	2.6	-
Price/book (x)	0.8	0.7	0.7	0.6
ROE (%)	7.0	7.7	7.7	7.7
ROA (%)	1.0	1.1	1.1	1.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.1)	20.7	35.3
Relative to country (%)	(6.1)	15.8	8.4
Mkt cap (USD m)	10,609		
3m avg. daily turnover (USD m)	85.7		
Free float (%)	50		
Major shareholder	Thai NVDR (19%)		
12m high/low (THB)	153.00/70.00		
Issued shares (m)	2,393		

Sources: Bloomberg consensus; FSSIA estimates



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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 21 เมษายน 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 it will utilise its digital platform to generate more revenue while reducing operating and funding costs. Second, KBANK is one of the first movers to have expanded into the Asean Economic Community +3. Therefore, its digital investment and international expansion should be a game changer, helping it to become a regional digital bank.

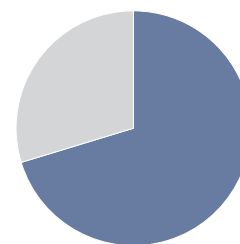
Company profile

Established on 8 June 1945, Kasikornbank was listed on the Stock Exchange of Thailand in 1976. At the end of 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

Principal activities (revenue, 2020)

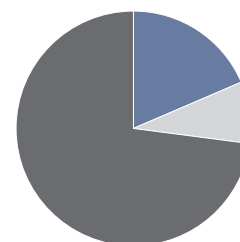
- Net interest income - 70.3 %
- Non-interest income - 29.7 %



Source: Kasikornbank

Major shareholders

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



Source: Kasikornbank

Catalysts

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.

Risks 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
July 2021	2Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	34,670	36,881	39,541
Net profit growth	17.6	6.4	7.2
NIM	3.16	3.12	3.19
Loan growth	5.0	5.0	5.0
Fee growth	4.7	5.0	5.0
Non-NII growth*	1.6	7.7	5.9
Credit cost (bp)	165	160	160
Cost to income*	45.3	44.6	44.1

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		2021E		
		3.0	5.0	7.0
Loan growth	±2ppt			
% change in net profit		(1.0)	-	1.0
NIM (%)	±5bp			
% change in net profit		(4.1)	-	4.1
Credit cost (bp)	±10bp			
% change in net profit		3.4	-	(3.4)

Source: FSSIA estimates

1Q21 results beat expectations

KBANK reported a strong net profit of THB10,627m (+44% y-y, -20% q-q), beating Bloomberg's consensus estimate by 34% and our expectation by 48% due to the bank's significantly lower-than-expected OPEX. Its robust 1Q21 net profit came from 1) an increase in interest and fee incomes; and 2) a substantial drop in OPEX.

Despite the low interest rate environment and the debt relief program, KBANK's interest income was able to increase thanks to its effective cost of fund management and a rise in its loan volume by 2.6% q-q. Additionally, its fee income rose y-y and q-q due to its fund management and brokerage fees. Furthermore, its OPEX declined y-y and q-q due to its effective expense management during the economic slowdown and the benefits reaped from implementing more digital platforms.

Regarding its asset quality, its non-performing loans (NPLs) remained at relatively the same level as in 4Q20 and the bank set aside expected credit loss (ECL) at its normal level. Therefore, its NPL coverage ratio increased slightly to 137% in 1Q21 vs 133% in 4Q20.

Exhibit 1: KBANK – summary of 1Q21 results

Year-end Dec 31	1Q21	4Q20	----- 1Q21 -----			2021E	Change	1Q21 - Comments	
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	% 21E	(THB m)	(y-y %)	
Net interest income	28,082	26,603	28,133	0	6	25	112,119	3	
Non-interest income	9,971	12,308	11,895	19	(3)	26	46,597	2	Increased y-y from an increase in fee income
Operating income*	38,053	38,911	40,028	5	3	25	158,716	2	
Operating expenses	17,481	20,272	16,531	(5)	(18)	23	71,945	3	
PPOP before tax	20,571	18,639	23,496	14	26	27	86,770	2	
Provision	11,872	669	8,650	(27)	1,193	23	37,966	(13)	
Income tax	1,349	3,358	3,035	125	(10)	33	9,273	21	
Minority interest	(25)	1,353	1,184			24	4,862	16	
Normalised profit	7,375	13,258	10,627	44	(20)	31	34,670	18	
Extraordinary items	0	0	0				0		
Net profit	7,375	13,258	10,627	44	(20)	31	34,670	18	Beat BBG consensus by 34%
EPS (THB)	3.08	5.60	4.44	44	(21)	30	15	18	
Asset quality ratio									
Gross NPLs (THB m)	91,113	101,007	102,316	12	1		121,208	20.0	
NPL ratios (%)	3.86	3.93	3.93				4.49		
LLR/NPLs (%)	139	133	137				119		
Credit cost (bp)	235	12	152				165		
Profitability ratio	(%)	(%)	(%)				(%)		
Cost to income ratio	45.9	52.1	41.3				45.3		
Average yield	4.20	3.53	3.60				3.6	Increased q-q due to an abnormally low yield in 4Q20 from the corporate segment	
Cost of funds	0.98	0.62	0.60				0.6		
Net interest margin (NIM)	3.49	3.08	3.17				3.16		
Non-interest income / total income	26.2	31.6	29.7				29.4		
Liquidity ratio	(%)	(%)	(%)				(%)		
Loan to deposit ratio	92.8	95.7	95.9				98.9		
Capital adequacy ratio	(%)	(%)	(%)				(%)		
CAR	18.5	18.8	18.8				18.9		
CET 1 / risk assets	15.2	16.1	16.2				16.4		
Tier – I / risk assets	3.4	2.7	2.6				2.5		
Loan growth	(%)	(%)	(%)				(%)		
y-y	6.7	12.1	12.7				5.0		
q-q	2.1	4.1	2.6					1% from big corporates 1% from soft loans and debt relief program 0.6% from business as usual	

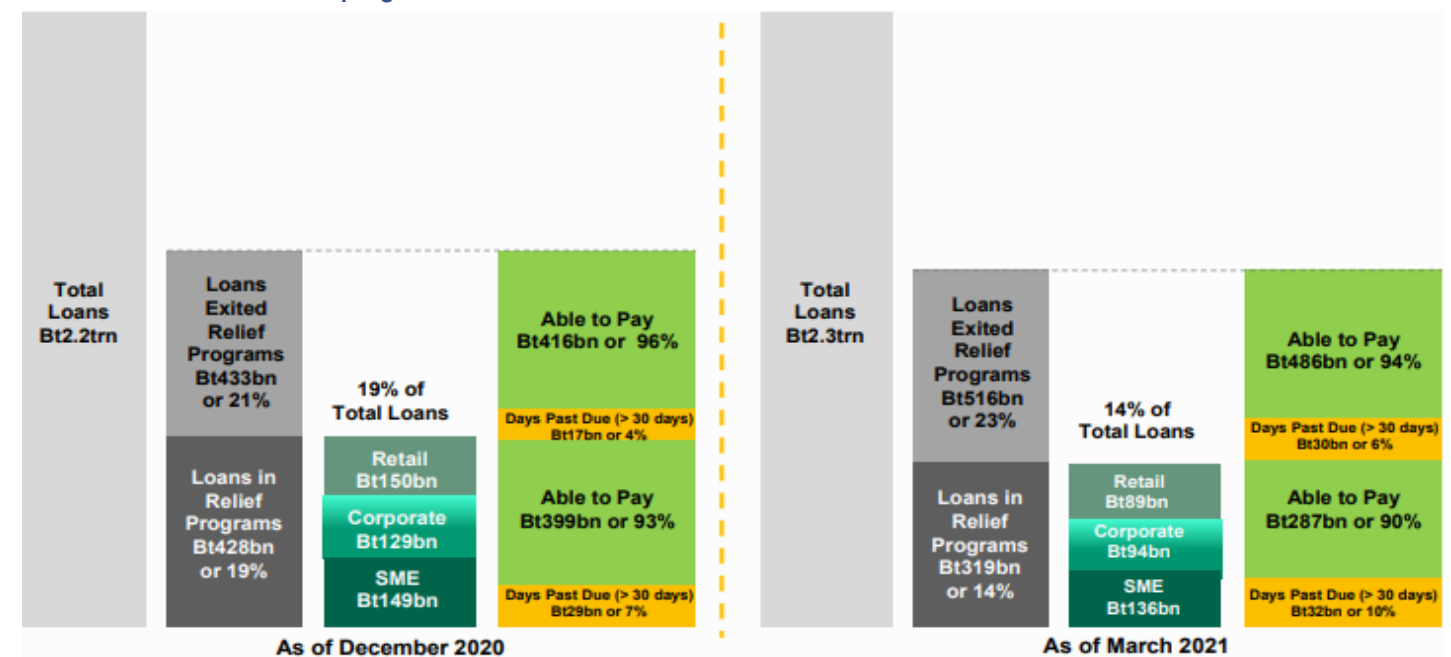
*Including share of profits from associates

Sources: KBANK; FSSIA estimates

Exhibit 2: KBANK's 2021 financial targets

Consolidated	2020	1Q21	2021 Target
	(%)	(%)	(%)
NIM	3.27	3.16	3.10 - 3.30
Loan growth	12.13	2.56% ytd 12.69% y-y	4 - 6
Net fee income growth	(10.17)	6.56	Low single digit growth rate
Cost to income ratio	45.19	41.30	Mid-40s
Credit cost per year (bps)	205	152	Up to 160
NPL ratio (Gross)	3.93	3.93	4.00 - 4.50
ROE	7.10	9.57	n/a
ROA	0.85	1.14	n/a

Source: KBANK

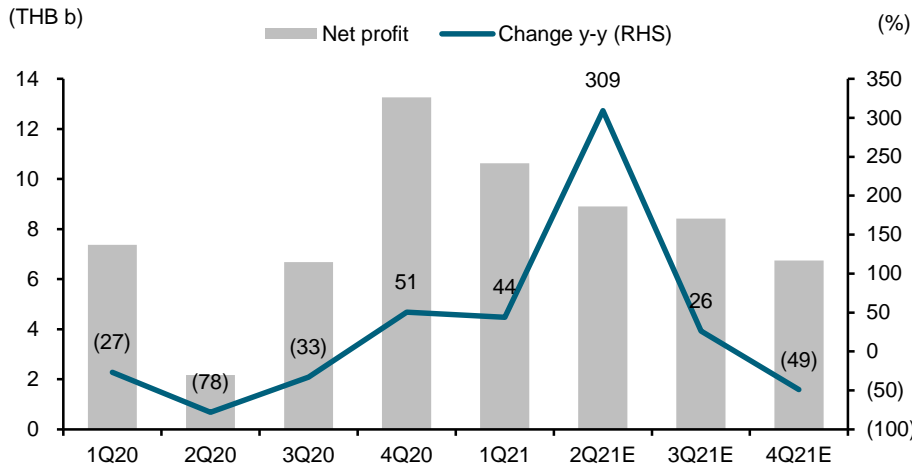
Exhibit 3: Debt forbearance program

Source: KBANK

Superior performance to continue in 2Q21

We expect KBANK to deliver superior performance in 2Q21, projecting a >300% y-y increase in its bottom line, driven by significantly lower ECL due to its proactive setting aside of extra provisions in 2Q20 and 2020. Moreover, we expect that its fee income will increase y-y continuously, thanks to the low base effect and the recovery of economic activities. These positive factors could completely offset 1) a rise in OPEX due to the resumption of marketing and promotional expenses; and 2) a decline in loan yields from the debt forbearance program.

Exhibit 4: KBANK's earnings momentum

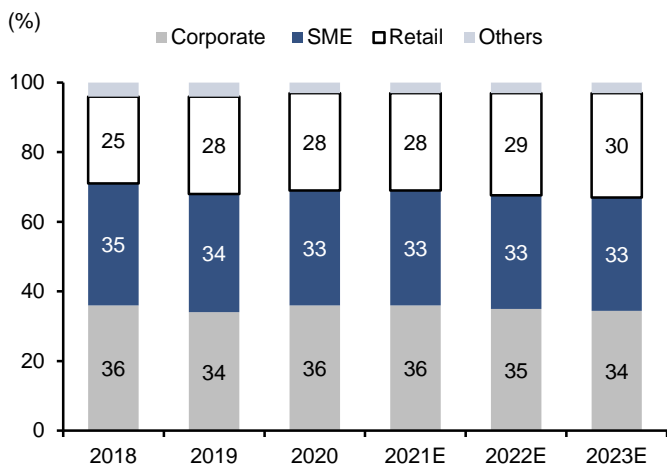


Sources: KBANK; FSSIA estimates

Accelerating its expansion into grassroots segments

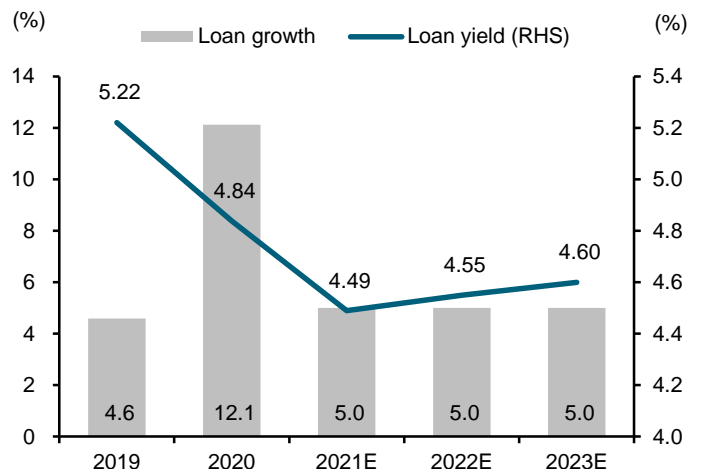
In the medium to long term, the bank plans to accelerate its expansion into grassroots segments, i.e., auto title loans and digital lending for low-income earners. The bank is now more comfortable about growing its small ticket retail lending due to its stronger data analytics. In our view, this could enable KBANK to effectively control its asset quality. Retail lending growth would not only support its loan growth, but allow it to maintain its NIM, as this segment provides a higher yield at 10-13%.

Exhibit 5: Growing retail segment



Sources: KBANK; FSSIA's estimates

Exhibit 6: KBANK's loan growth vs loan yield



Sources: KBANK; FSSIA's estimates

Net profit and TP revisions

We revise up our net profit forecasts for 2021-23 by 7.0%/6.5%/6.6% to reflect our higher NIM and fee income assumptions. We also roll forward our GGM-based TP to 2022 and derive a new TP of THB190 (8.0% cost of equity, 4.2% LTG). Our target price implies a 0.9x 2022E P/BV, its three-year average. Although we estimate that its ROE will still be lower than its pre-Covid level during 2021-23, we believe its share price could further re-rate to higher than its pre-Covid level, as we believe the market will give a premium to the bank's higher and more sustainable post-Covid growth (Ex. 9) vs the ROE factor alone.

Exhibit 7: Key changes in assumptions

	-----2021E-----				-----2022E-----			-----2023E-----		
	2020	Old	New	Change	Old	New	Change	Old	New	Change
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
Net interest income	109,022	109,717	112,119	2.2	110,942	113,631	2.4	114,517	119,166	4.1
Non-interest income*	45,869	45,610	46,597	2.2	49,125	50,162	2.1	52,052	53,141	2.1
Operating income*	154,891	155,327	158,716	2.2	160,068	163,793	2.3	166,570	172,307	3.4
Operating expenses	69,997	71,945	71,945	-	73,091	73,091	-	74,606	75,918	1.8
PPOP before tax*	84,895	83,381	86,770	4.1	86,977	90,702	4.3	91,963	96,389	4.8
Expected credit loss (Reversal)	43,548	37,780	37,966	0.5	38,101	38,656	1.5	39,625	40,589	2.4
Tax expenses	7,656	8,664	9,273	7.0	9,384	9,993	6.5	10,049	10,714	6.6
Minority interest	4,203	4,543	4,862	7.0	4,857	5,173	6.5	5,202	5,546	6.6
Normalised profit	29,487	32,394	34,670	7.0	34,634	36,881	6.5	37,088	39,541	6.6
Extraordinary items	-	-	-		-	-		-	-	
Net profit	29,487	32,394	34,670	7.0	34,634	36,881	6.5	37,088	39,541	6.6
EPS (THB)	12.45	13.67	14.63	7.0	14.62	15.57	6.5	15.65	16.69	6.6
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	101,007	121,208	121,208	-	113,936	113,936	-	117,354	117,354	
Gross NPLs / Loans (%)**	3.93	4.53	4.49		4.10	4.02		4.06	3.94	
Loan loss reserve/NPLs (%)	133	119	119		117	117		119	118	
Credit cost (bps)	205	165	165		160	160		160	160	
Profitability ratio (%)										
Cost to income ratio*	45.2	46.3	45.3		45.7	44.6		44.8	44.1	
Average yield	3.83	3.56	3.58		3.71	3.72		3.81	3.85	
Cost of funds	0.78	0.64	0.60		0.88	0.84		0.99	0.93	
Net interest margin (NIM)	3.27	3.10	3.16		3.08	3.12		3.10	3.19	
Loan growth (%)										
y-y	12.1	4.0	5.0		4.0	5.0		4.0	5.0	

*Including share of profits from associates; ** Reported ratio by the bank

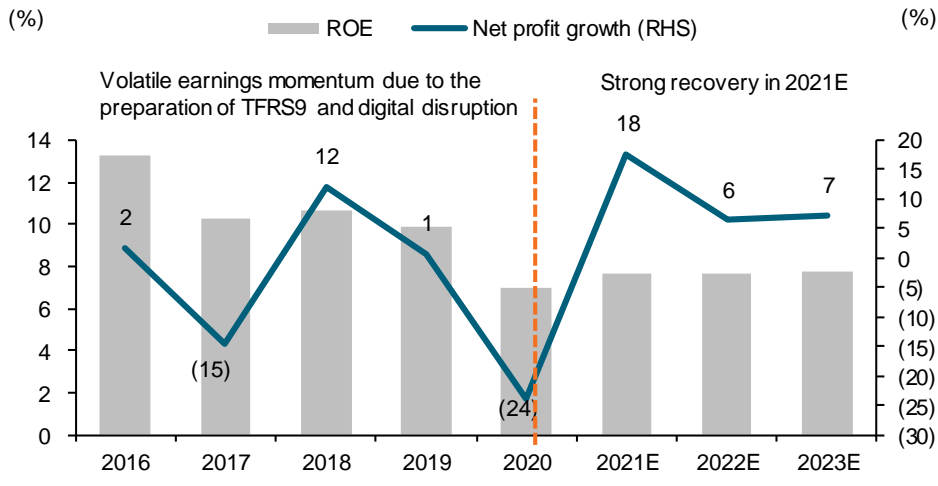
Sources: KBANK; FSSIA estimates

Exhibit 8: GGM-derived target price

Target price (THB)	THB 190 (from THB 168)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Terminal growth (%)	4.2 (from 3.5)
ROE target (%)	7.7 (from 7.0)
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.

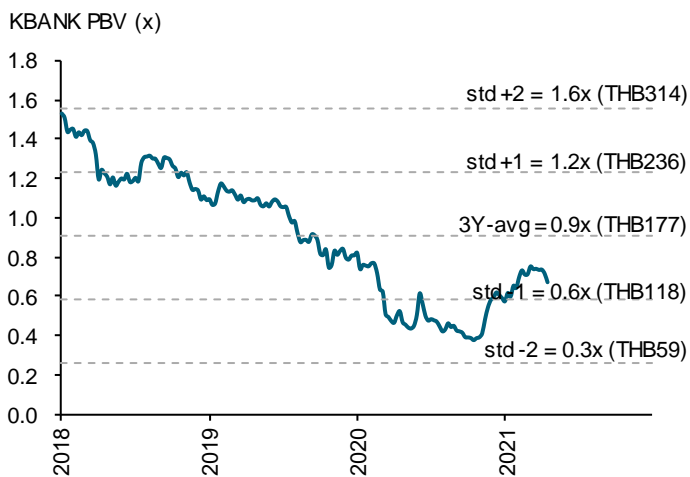
Source: FSSIA estimates

Exhibit 9: KBANK should provide higher and more sustainable growth than in the past



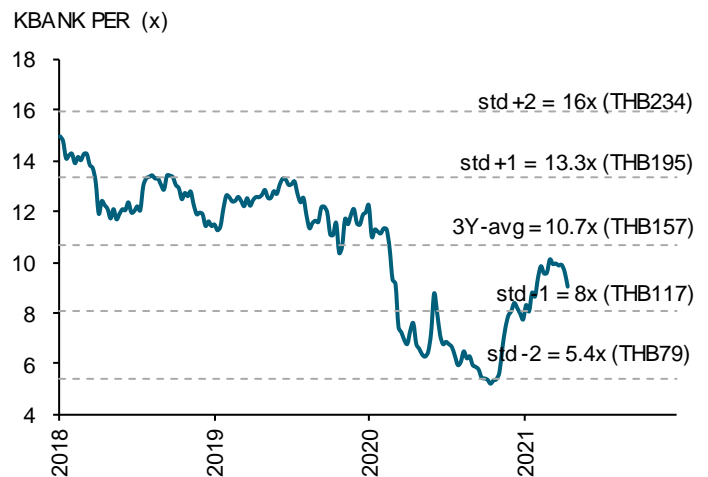
Sources: KBANK; FSSIA estimates

Exhibit 10: KBANK – rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: KBANK – rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Kasikornbank

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	130,178	127,592	127,252	135,450	143,807
Interest expense	(27,490)	(18,570)	(15,133)	(21,819)	(24,641)
Net interest income	102,688	109,022	112,119	113,631	119,166
Net fees & commission	36,740	33,004	34,548	36,276	38,090
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	46,809	50,385	53,375
Total income	160,447	155,085	158,928	164,016	172,541
Staff costs	(33,261)	(32,143)	(32,786)	(32,786)	(34,426)
Other operating costs	(39,468)	(37,853)	(39,159)	(40,305)	(41,492)
Operating costs	(72,729)	(69,997)	(71,945)	(73,091)	(75,918)
Pre provision operating profit	87,718	85,088	86,983	90,925	96,623
Provision for bad and doubtful debt	(34,012)	(43,548)	(37,966)	(38,656)	(40,589)
Other provisions	-	-	-	-	-
Operating profit	53,706	41,540	49,018	52,269	56,035
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	48,805	52,046	55,800
Tax	(10,309)	(7,656)	(9,273)	(9,993)	(10,714)
Profit after tax	43,441	33,690	39,532	42,053	45,087
Minority interests	(4,714)	(4,203)	(4,862)	(5,173)	(5,546)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	38,727	29,487	34,670	36,881	39,541
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	38,727	29,487	34,670	36,881	39,541
Per share (THB)					
Recurring EPS *	16.18	12.45	14.63	15.57	16.69
Reported EPS	16.18	12.45	14.63	15.57	16.69
DPS	5.00	2.50	3.20	3.70	0.00
Growth					
Net interest income (%)	4.2	6.2	2.8	1.3	4.9
Non interest income (%)	1.5	(20.3)	1.6	7.6	5.9
Pre provision operating profit (%)	0.7	(3.0)	2.2	4.5	6.3
Operating profit (%)	(1.6)	(22.7)	18.0	6.6	7.2
Reported net profit (%)	0.7	(23.9)	17.6	6.4	7.2
Recurring EPS (%)	0.7	(23.1)	17.6	6.4	7.2
Reported EPS (%)	0.7	(23.1)	17.6	6.4	7.2
Income Breakdown					
Net interest income (%)	64.0	70.3	70.5	69.3	69.1
Net fees & commission (%)	22.9	21.3	21.7	22.1	22.1
Foreign exchange trading income (%)	5.2	-	-	-	-
Securities trading income (%)	5.2	6.1	5.0	4.9	4.7
Dividend income (%)	1.8	1.5	1.7	1.7	1.7
Other income (%)	0.9	0.8	1.1	2.0	2.5
Operating performance					
Gross interest yield (%)	4.20	3.83	3.58	3.72	3.85
Cost of funds (%)	1.24	0.78	0.60	0.84	0.93
Net interest spread (%)	2.96	3.05	2.98	2.88	2.92
Net interest margin (%)	3.3	3.3	3.2	3.1	3.2
Cost/income(%)	45.3	45.1	45.3	44.6	44.0
Cost/assets(%)	2.3	2.0	1.9	1.9	2.0
Effective tax rate (%)	19.2	18.5	19.0	19.2	19.2
Dividend payout on recurring profit (%)	30.9	20.1	21.9	23.8	-
ROE (%)	9.9	7.0	7.7	7.7	7.7
ROE - COE (%)	(0.1)	(3.0)	(2.3)	(2.3)	(2.2)
ROA (%)	1.3	1.0	1.1	1.1	1.2
RORWA (%)	2.0	1.5	1.6	1.6	1.7

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kasikornbank; FSSIA estimates

Financial Statements

Kasikornbank

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	2,001,956	2,244,821	2,357,062	2,474,915	2,598,661
Total provisions	(124,879)	(134,393)	(144,074)	(133,231)	(138,738)
interest in suspense	2,830	11,272	14,142	12,375	3,638
Net customer loans	1,879,907	2,121,700	2,227,131	2,354,058	2,463,561
Bank loans	385,940	417,420	399,253	345,482	323,939
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	776,700	837,790	848,717	856,735	864,847
Cash & equivalents	61,385	61,962	63,453	86,632	73,632
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	112,145	115,449	118,114
Total assets	3,293,889	3,658,798	3,738,169	3,848,284	3,937,126
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	638,883	638,883	638,883
Hybrid Capital	-	-	-	-	-
Total liabilities	2,840,174	3,167,512	3,218,084	3,295,460	3,348,592
Share capital	23,933	23,693	23,693	23,693	23,693
Reserves	382,425	415,976	441,750	471,048	503,007
Total equity	406,358	439,670	465,443	494,741	526,701
Minority interests	47,357	51,616	54,642	58,082	61,834
Total liabilities & equity	3,293,889	3,658,798	3,738,169	3,848,284	3,937,126
Supplementary items					
Risk weighted assets (RWA)	2,210,881	2,404,276	2,524,490	2,650,714	2,783,250
Average interest earning assets	3,101,614	3,332,313	3,552,531	3,641,082	3,732,289
Average interest bearing liabilities	2,214,536	2,368,844	2,527,798	2,591,711	2,656,312
Tier 1 capital	357,975	387,854	412,824	441,018	471,646
Total capital	433,753	452,095	477,065	505,259	535,887
Gross non performing loans (NPL)	84,038	101,007	121,208	113,936	117,354
Per share (THB)					
Book value per share	169.79	185.57	196.45	208.81	222.30
Tangible book value per share	169.79	185.57	196.45	208.81	222.30
Growth					
Gross customer loans	4.6	12.1	5.0	5.0	5.0
Average interest earning assets	6.9	7.4	6.6	2.5	2.5
Total asset (%)	4.4	11.1	2.2	2.9	2.3
Risk weighted assets (%)	6.2	8.7	5.0	5.0	5.0
Customer deposits (%)	3.9	13.2	1.6	3.0	2.0
Leverage & capital measures					
Customer loan/deposits (%)	90.7	90.5	93.5	95.9	98.4
Equity/assets (%)	12.3	12.0	12.5	12.9	13.4
Tangible equity/assets (%)	12.3	12.0	12.5	12.9	13.4
RWA/assets (%)	67.1	65.7	67.5	68.9	70.7
Tier 1 CAR (%)	16.2	16.1	16.4	16.6	16.9
Total CAR (%)	19.6	18.8	18.9	19.1	19.3
Asset Quality					
Change in NPL (%)	13.0	20.2	20.0	(6.0)	3.0
NPL/gross loans (%)	4.2	4.5	5.1	4.6	4.5
Total provisions/gross loans (%)	6.2	6.0	6.1	5.1	5.3
Total provisions/NPL (%)	148.6	133.1	118.9	116.9	118.2
Valuation					
Recurring P/E (x) *	8.7	11.2	9.6	9.0	8.4
Recurring P/E @ target price (x) *	11.7	15.3	13.0	12.2	11.4
Reported P/E (x)	8.7	11.2	9.6	9.0	8.4
Dividend yield (%)	3.6	1.8	2.3	2.6	-
Price/book (x)	0.8	0.8	0.7	0.7	0.6
Price/tangible book (x)	0.8	0.8	0.7	0.7	0.6
Price/tangible book @ target price (x)	1.1	1.0	1.0	0.9	0.9

* 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	ICI	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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	WIJK	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:

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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	AMANAHA	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	SEAOIL	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)

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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

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ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

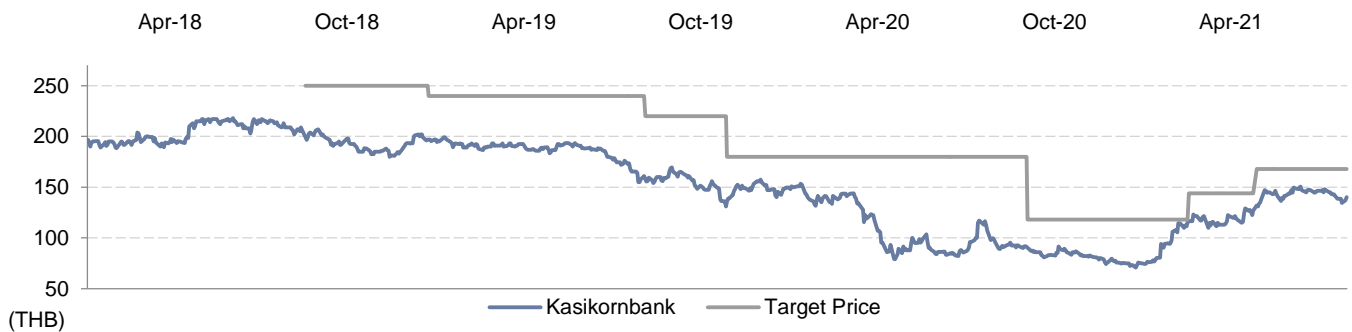
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History of change in investment rating and/or target price

Kasikornbank (KBANK TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
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	29-Jan-2021	BUY	168.00

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 140.00	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

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All share prices are as at market close on 20-Apr-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.