

22 APRIL 2021

THAILAND / BANKS

# KRUNG THAI BANK KTB TB

## HOLD

UNCHANGED

TARGET PRICE	THB12.70
CLOSE	THB11.60
UP/DOWNSIDE	+9.5%
PRIOR TP	THB11.90
CHANGE IN TP	+6.7%
TP vs CONSENSUS	-3.0%

## รอให้ขุมทรัพย์จากข้อมูลเปล่งประกาย

ผลประกอบการ 1Q21 สูงเกินคาดจากค่าใช้จ่ายในการดำเนินงานและ ECL ที่ลดลง

KTB รายงานกำไรสุทธิ 1Q21 ที่ 5.58 พัน ลบ. (-14% y-y, +62% q-q) สูงกว่าที่ตลาดคาด 43% และสูงกว่าที่เราคาด 47% จากค่าใช้จ่ายในการดำเนินงานและผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่ลดลง KTB สามารถควบคุมต้นทุนได้อย่างมีประสิทธิภาพ ซึ่งทำให้ค่าใช้จ่ายในการดำเนินงานลดลง y-y และ q-q นอกจากนี้ ECL ยังลดลงจากการตั้งสำรองเชิงรุกในปี 2020 คุณภาพสินทรัพย์ของธนาคารฯ ยังอยู่ในระดับที่ดีโดยมีหนี้ไม่ก่อให้เกิดรายได้ลดลง ในขณะที่สัดส่วนสำรองต่อหนี้ต่อคุณภาพเพิ่มเป็น 147% เทียบกับ 140% ใน 4Q20 อย่างไรก็ดีส่วนต่างดอกเบี้ยลดลง y-y และ q-q จากสินเชื่อผลตอบแทนต่ำที่เพิ่มขึ้น ซึ่งสร้างแรงกดดันต่อรายได้ดอกเบี้ยสุทธิ

### เจ็บระยะสั้นจากการเป็นธนาคารของรัฐ

ในฐานะที่เป็นธนาคารพาณิชย์ที่รัฐบาลเป็นผู้ถือหุ้นใหญ่ KTB จำเป็นต้องสนับสนุนโครงการของรัฐ ในช่วงโรคระบาด KTB ได้ใช้แพลตฟอร์มดิจิทัลเพื่อสนับสนุนโครงการของรัฐที่เกี่ยวข้องกับแอปเปิ้ลและถุงเงิน ซึ่งเป็นแอปที่ขับเคลื่อนโดยโทรศัพท์มือถือสำหรับผู้ประกอบการรายย่อยและรายเล็กตามลำดับ KTB วางแผนให้บริการทั้งในด้านธนาคารและที่ไม่เกี่ยวข้องกับธนาคารแก่ผู้ใช้ทั้งสอง ในระยะยาวการเป็นผู้ให้บริการดังกล่าวจะทำให้ KTB สามารถหาโอกาสทางธุรกิจใหม่ ๆ ผ่าน Big Data อย่างไรก็ดีใน 1-2 ปีข้างหน้า พนักงานบางส่วนของ KTB อาจจะต้องไปช่วยรัฐบาลในการให้บริการประชาชน ทำให้ความสามารถในการขายผลิตภัณฑ์ลดลง ดังนั้นเราจึงคาดว่ารายได้ค่าธรรมเนียมของธนาคารฯ จะโตในอัตราต่ำ

### มีแนวโน้มโตในระดับต่ำจากส่วนต่างดอกเบี้ยที่ลดลงต่อเนื่อง

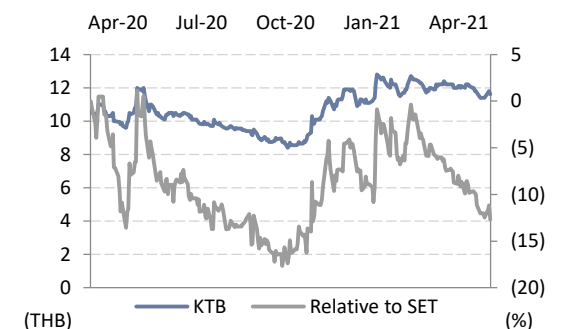
เราเชื่อว่าแนวโน้มการเติบโตของ KTB กำลังถูกกดดันจากส่วนต่างดอกเบี้ยที่ลดลงต่อเนื่องจาก 1) สัดส่วนพอร์ตสินเชื่อที่เปลี่ยนไปสู่สินเชื่อรัฐบาลที่ให้ผลตอบแทนต่ำมากยิ่งขึ้น; 2) การเพิ่มของหนี้ปรับโครงสร้าง; และ 3) ผลกระทบจากการปรับลดอัตราดอกเบี้ยที่เริ่มตั้งแต่ 3Q20 เป็นต้นมา ในกลุ่มธนาคารขนาดใหญ่ทั้งหมด เราคาดว่า KTB จะได้รับผลกระทบจากการปรับลดอัตราดอกเบี้ยสูงสุด เนื่องจากธนาคารฯ มีสัดส่วนสินทรัพย์ที่ได้รับผลตอบแทนจากอัตราดอกเบี้ยลอยตัวสูงกว่าธนาคารอื่น ในทางตรงกันข้าม KTB จะได้ประโยชน์สูงสุดจากอัตราดอกเบี้ยขาขึ้น

### คงคำแนะนำถือที่ราคาเป้าหมาย 12.7 บาท (GGM)

เราคงคำแนะนำถือหลังปรับราคาเป้าหมายไปในปี 2022 ที่ 12.7 บาท ราคาเป้าหมายดังกล่าวคิดจาก 0.46x ของค่า 2022E P/BV คิดเป็น 1 STD ต่ำกว่าค่าเฉลี่ย 3 ปีย้อนหลัง KTB อาจกลับมาอยู่ในความสนใจของเราอีกครั้งเมื่อ 1) อัตราดอกเบี้ยเริ่มบวกกลับไปเป็นขาขึ้น; และ/หรือ 2) ธนาคารฯ สามารถได้ประโยชน์จาก Big Data เพื่อสร้างรายได้มากขึ้น

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	21,819	25,053	28,497	30,352
Net profit	16,732	19,233	21,898	23,384
EPS (THB)	1.20	1.38	1.57	1.67
vs Consensus (%)	-	7.5	4.9	(5.3)
Core net profit	16,732	19,233	21,898	23,384
Core EPS (THB)	1.20	1.38	1.57	1.67
Chg. In EPS est. (%)	0.0	0.0	0.0	0.0
EPS growth (%)	(42.9)	14.9	13.9	6.8
Core P/E (x)	9.7	8.4	7.4	6.9
Dividend yield (%)	2.4	4.2	4.7	5.0
Price/book (x)	0.5	0.4	0.4	0.4
ROE (%)	4.9	5.5	5.9	6.1
ROA (%)	0.6	0.7	0.7	0.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.3)	(7.2)	6.4
Relative to country (%)	(4.3)	(11.1)	(15.6)
Mkt cap (USD m)	5,171		
3m avg. daily turnover (USD m)	12.1		
Free float (%)	45		
Major shareholder	FIDF (55%)		
12m high/low (THB)	12.90/8.35		
Issued shares (m)	13,976		

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 22 เมษายน 2021

## Investment thesis

Although its valuation looks attractive, we believe KTB will continue to trade at the deepest discount among its peers due to having no short-term positive catalysts.

KTB might be back on our radar once 1) the interest rate begins to reverse to an uptrend; and/or 2) the bank can take advantage of big data to generate more income.

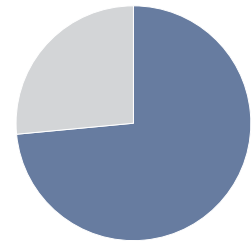
## Company profile

Krung Thai Bank began operations in 1966 and in 1989 was the first privatised state enterprise to be listed on the SET. At end-2019, KTB was the second largest Thai bank in terms of lending, and ranked fourth by total assets.

[www.ktb.co.th](http://www.ktb.co.th)

## Principal activities (revenue, 2020)

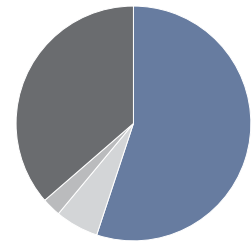
- Net interest income - 73.5 %
- Non-interest income - 26.5 %



Source: Krung Thai Bank

## Major shareholders

- FIDF - 55.1 %
- Thai NVDR - 6.0 %
- State Street Europe Ltd. - 2.6 %
- Others - 36.4 %



Source: Krung Thai Bank

## Catalysts

Potential share price catalysts for KTB include:

- Lower credit cost from a better-than-expected new NPL rate;
- Better operating cost control;
- Faster IT investment to capture digital trends.

## Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves 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.

## Event calendar

Date	Event
July 2021	2Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	19,233	21,898	23,384
Net profit growth	14.9	13.9	6.8
NIM	2.72	2.68	2.75
Loan growth	3.0	3.0	3.0
Fee growth	4.8	5.0	6.0
Non-NII growth*	4.2	3.7	4.6
Credit cost (bp)	170	145	145
Cost to income*	45.6	47.6	47.9

\*Including share of profits from associates

Source: FSSIA estimates

## Earnings sensitivity

		2021E	2022E	2023E
Loan growth (%)	±2ppt	1.00	3.00	5.00
% change in net profit		(1.7)	-	1.7
NIM (%)	±5bp	2.67	2.72	2.77
% change in net profit		(5.5)	-	5.3
Credit cost (bp)	±10bp	160	170	180
% change in net profit		4.6	-	(4.6)

Source: FSSIA estimates



## 1Q21 results beat expectations due to lower OPEX and ECL

KTB reported a 1Q21 net profit of THB5,578m (-14% y-y, +62% q-q), beating Bloomberg's consensus estimate by 43% and our expectation by 47%, thanks to lower OPEX and ECL.

KTB was able to control its costs effectively, resulting in an OPEX decline y-y and q-q. Moreover, its ECL dropped due to its proactive provision stockpiling in 2020. Its asset quality was also healthy with a slight decrease in NPLs and a rise in coverage ratio to 147% in 1Q21 vs 140% in 4Q20. However, its NIM declined y-y and q-q, dragged down by an increase in low-yield loans, putting pressure on its NII.

### Exhibit 1: KTB – summary of 1Q21 results

Year-end Dec 31	1Q20	4Q20	1Q21	----- Change -----		2021E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	
Net interest income	22,962	20,320	19,969	(13)	(2)	88,790	1	
Non-interest income*	8,002	8,250	8,703	9	5	35,339	4	
Operating income*	30,964	28,570	28,672	(7)	0	124,130	2	
Operating expenses	13,467	13,936	12,688	(6)	(9)	56,572	6	
<b>PPOP before tax*</b>	<b>17,497</b>	<b>14,634</b>	<b>15,984</b>	<b>(9)</b>	<b>9</b>	<b>67,558</b>	<b>(2)</b>	
Provision	8,524	9,254	8,058	(5)	(13)	40,239	(10)	
Income tax	1,680	1,257	1,519	(10)	21	5,081	14	
Minority interest	825	670	828	0	24	3,005	11	
<b>Normalised profit</b>	<b>6,467</b>	<b>3,452</b>	<b>5,578</b>	<b>(14)</b>	<b>62</b>	<b>19,233</b>	<b>15</b>	
Extraordinary items	0	0	0			0		
<b>Net profit</b>	<b>6,467</b>	<b>3,452</b>	<b>5,578</b>	<b>(14)</b>	<b>62</b>	<b>19,233</b>	<b>15</b>	Beat BBG consensus by 43%
EPS (THB)	0.46	0.25	0.40	(14)	62	1.38	15	
<b>Asset quality ratio</b>								
Gross NPLs	112,377	107,138	105,961	(6)	(1)	133,923	25.0	
NPL ratios (%)	4.36	3.81	3.66			4.91		
LLR/NPLs (%)	129	140	147			123		
Credit cost (bp)	162	160	137			170		
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>		
Cost to income ratio*	43.5	48.8	44.3			45.6		
Average yield (%)	4.1	3.3	3.1			3.4		Higher low-yield loan portfolio
Cost of fund (%)	1.1	0.8	0.7			0.8		Efficient cost of fund management
Net interest margin (NIM)	3.1	2.6	2.5			2.7		
Non-interest income / total income	25.8	28.9	30.4			28.5		
<b>Liquidity ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>		
Loan to deposit ratio	90.6	94.7	96.8			95.5		
<b>Capital adequacy ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>		
CAR	18.7	18.8	19.2			18.9		
CET 1/ Risk assets	14.8	15.3	14.9			15.6		
Tier - I/ Risk assets	3.9	3.4	3.4			3.3		
<b>Loan growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>		
y-y	4.9	11.6	10.7			3.0		
q-q	2.0	2.2	1.2					

\*Including share of profits from associates

Sources: KTB; FSSIA estimates

## Short-term pain from being a state-owned bank

Positioned as a commercial bank held by a government entity, KTB has to continue supporting government projects. During the pandemic, KTB has adopted several digital platforms to serve government projects on the Pao Tang and Tung Ngern apps – the mobile apps for retailers and small merchants, respectively. KTB plans to offer both banking and non-banking services to Pao Tang and Tung Ngern users. In the long term, this move allows KTB to seek new business opportunities via big data, i.e., cross-selling its products and expanding its loan portfolio to untapped segments.

Exhibit 2: Pao Tang application



Source: KTB

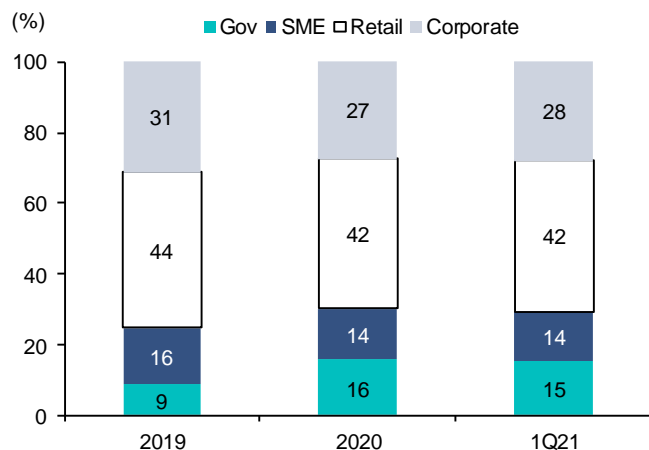
Pao Tang is the country's biggest financial services app with around 40 million users vs Kasikornbank's 14 million mobile bank users on its K-Plus app, more than 10 million users on SCB Easy, Siam Commercial Bank's mobile banking app, and 10 million users on Krungthai NEXT.

However, in the next one to two years, KTB may have to sacrifice its employees to help the government in serving the people, resulting in a lower ability to cross-sell its products. Hence, we expect the bank's fee income to grow at a low single-digit level.

## Soft growth prospects due to a further decline in NIM

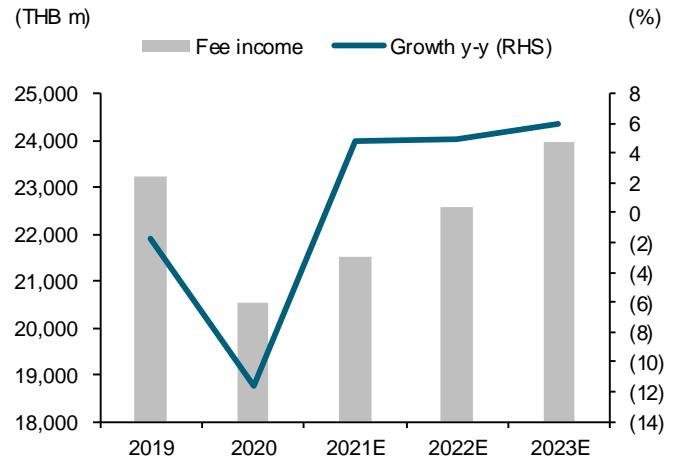
We believe KTB's growth prospects are being eclipsed by a further decline in its NIM due to 1) a shift in its loan portfolio mix to the more low-yield government segment; 2) an increase in debt restructured loans; and 3) the full impact of the interest rate cut starting from 3Q20. Out of the major banks, we expect KTB to be the most affected by the rate cut as KTB has a higher proportion of assets based on floating rate returns than other banks. KTB should benefit the most from an interest rate uptrend.

Exhibit 4: Government loans increased significantly



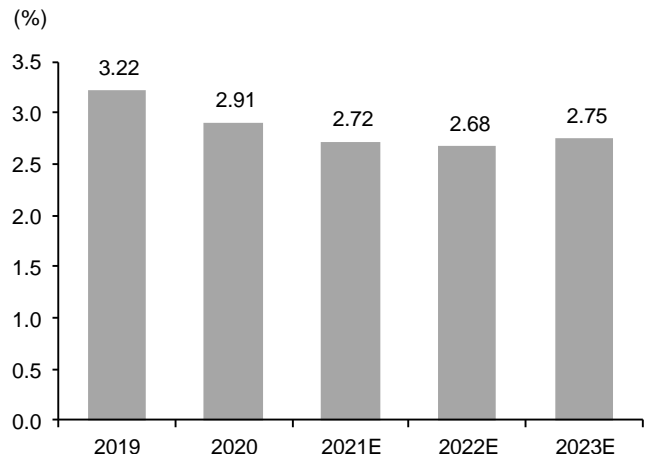
Sources: KTB; FSSIA estimates

Exhibit 3: Fee income growth



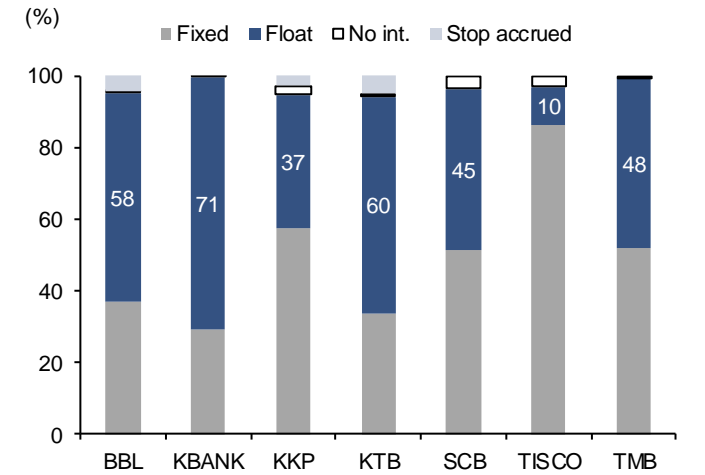
Sources: KTB; FSSIA estimates

Exhibit 5: KTB's NIM



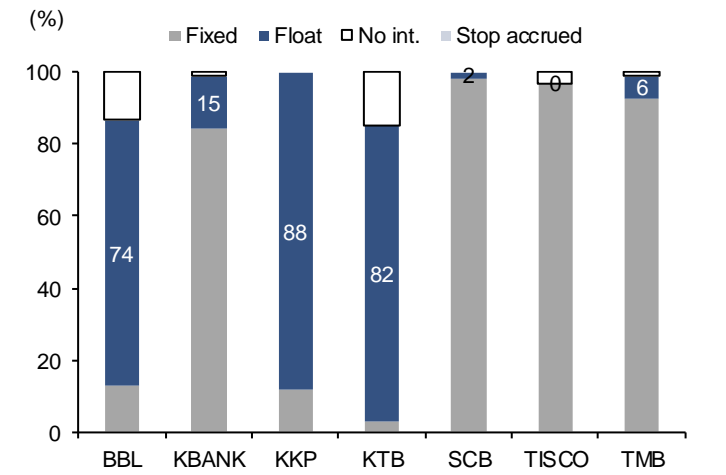
Sources: KTB; FSSIA estimates

**Exhibit 6: Higher proportion of floating rate loans**



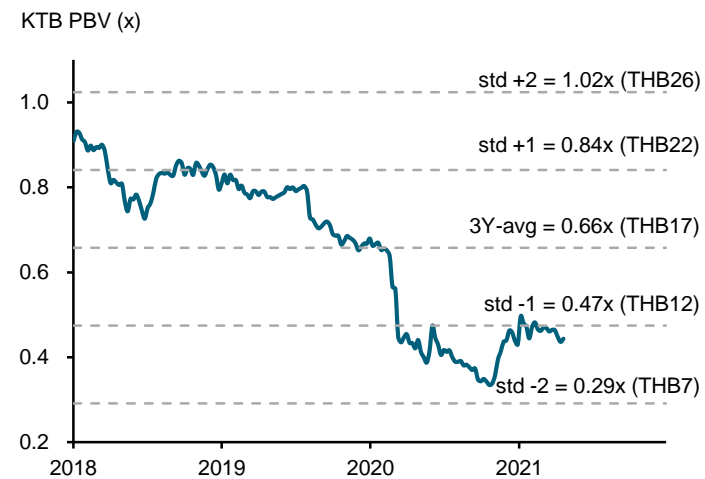
Sources: KTB; FSSIA estimates

**Exhibit 7: Higher proportion of floating rate interbank assets**



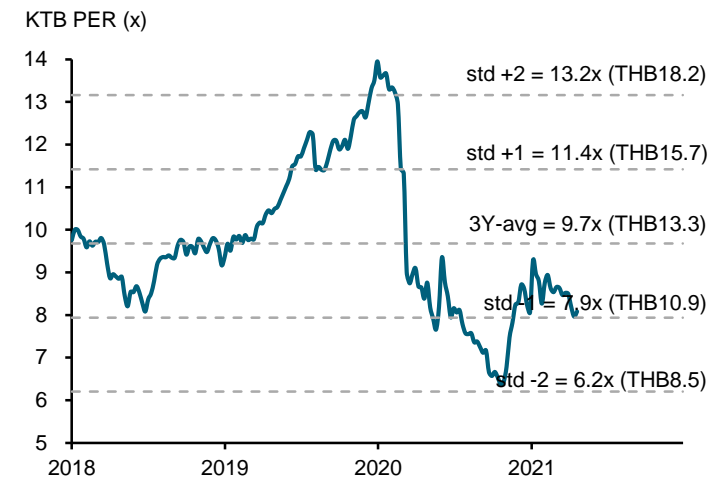
Sources: KTB; FSSIA estimates

**Exhibit 8: KTB – rolling one-year forward P/BV band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 9: KTB – rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Krung Thai Bank

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	122,972	112,837	111,151	119,146	126,481
Interest expense	(34,655)	(24,494)	(22,360)	(29,313)	(31,311)
Net interest income	88,316	88,343	88,790	89,833	95,170
Net fees & commission	23,238	20,528	21,515	22,591	23,946
Foreign exchange trading income	3,197	3,134	3,511	3,159	2,844
Securities trading income	4,372	951	1,426	1,569	1,726
Dividend income	496	376	451	496	546
Other income	4,615	6,855	6,170	6,355	6,545
Non interest income	35,917	31,844	33,073	34,170	35,607
Total income	124,233	120,187	121,863	124,004	130,777
Staff costs	(31,390)	(28,466)	(29,320)	(30,933)	(32,480)
Other operating costs	(31,084)	(24,999)	(27,251)	(29,223)	(31,534)
Operating costs	(62,474)	(53,465)	(56,572)	(60,156)	(64,014)
Pre provision operating profit	61,759	66,722	65,292	63,848	66,763
Provision for bad and doubtful debt	(23,814)	(44,903)	(40,239)	(35,351)	(36,411)
Other provisions	-	-	-	-	-
Operating profit	37,946	21,819	25,053	28,497	30,352
Recurring non operating income	1,425	2,060	2,266	2,493	2,742
Associates	1,425	2,060	2,266	2,493	2,742
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	39,370	23,880	27,319	30,990	33,094
Tax	(7,233)	(4,441)	(5,081)	(5,733)	(6,122)
Profit after tax	32,138	19,439	22,238	25,257	26,972
Minority interests	(2,854)	(2,707)	(3,005)	(3,359)	(3,587)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	29,284	16,732	19,233	21,898	23,384
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	29,284	16,732	19,233	21,898	23,384
<b>Per share (THB)</b>					
Recurring EPS *	2.10	1.20	1.38	1.57	1.67
Reported EPS	2.10	1.20	1.38	1.57	1.67
DPS	0.73	0.28	0.48	0.55	0.59
<b>Growth</b>					
Net interest income (%)	5.5	0.0	0.5	1.2	5.9
Non interest income (%)	10.8	(11.3)	3.9	3.3	4.2
Pre provision operating profit (%)	(2.0)	8.0	(2.1)	(2.2)	4.6
Operating profit (%)	3.1	(42.5)	14.8	13.7	6.5
Reported net profit (%)	2.8	(42.9)	14.9	13.9	6.8
Recurring EPS (%)	2.8	(42.9)	14.9	13.9	6.8
Reported EPS (%)	2.8	(42.9)	14.9	13.9	6.8
<b>Income Breakdown</b>					
Net interest income (%)	71.1	73.5	72.9	72.4	72.8
Net fees & commission (%)	18.7	17.1	17.7	18.2	18.3
Foreign exchange trading income (%)	2.6	2.6	2.9	2.5	2.2
Securities trading income (%)	3.5	0.8	1.2	1.3	1.3
Dividend income (%)	0.4	0.3	0.4	0.4	0.4
Other income (%)	3.7	5.7	5.1	5.1	5.0
<b>Operating performance</b>					
Gross interest yield (%)	4.48	3.72	3.41	3.55	3.66
Cost of funds (%)	1.45	0.92	0.78	1.01	1.05
Net interest spread (%)	3.03	2.80	2.63	2.54	2.61
Net interest margin (%)	3.2	2.9	2.7	2.7	2.8
Cost/income(%)	50.3	44.5	46.4	48.5	48.9
Cost/assets(%)	2.2	1.7	1.7	1.7	1.8
Effective tax rate (%)	18.4	18.6	18.6	18.5	18.5
Dividend payout on recurring profit (%)	35.0	23.0	35.0	35.0	35.0
ROE (%)	9.1	4.9	5.5	5.9	6.1
ROE - COE (%)	(0.9)	(5.0)	(4.5)	(4.0)	(3.9)
ROA (%)	1.1	0.6	0.7	0.7	0.8
RORWA (%)	1.7	1.0	1.1	1.3	1.3

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

Sources: Krung Thai Bank; FSSIA estimates

## Financial Statements

### Krung Thai Bank

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	2,089,874	2,331,998	2,401,958	2,474,017	2,548,237
Total provisions	(135,268)	(150,523)	(164,340)	(179,899)	(195,924)
interest in suspense	5,159	16,199	19,216	12,370	12,741
<b>Net customer loans</b>	<b>1,959,765</b>	<b>2,197,674</b>	<b>2,256,834</b>	<b>2,306,488</b>	<b>2,365,054</b>
Bank loans	338,771	519,631	491,608	509,575	528,128
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	426,174	360,112	414,527	423,744	433,191
Cash & equivalents	68,434	68,161	45,474	45,519	37,831
Other interesting assets	-	-	-	-	-
Tangible fixed assets	56,383	57,421	59,797	62,277	64,866
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	162,690	124,780	140,837	144,144	147,538
<b>Total assets</b>	<b>3,012,216</b>	<b>3,327,780</b>	<b>3,409,078</b>	<b>3,491,748</b>	<b>3,576,608</b>
Customer deposits	2,155,865	2,463,225	2,515,337	2,565,643	2,616,956
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	317,408	365,863	370,333	377,740	385,295
Non interest bearing liabilities	190,617	143,629	150,810	158,351	166,268
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>2,663,890</b>	<b>2,972,717</b>	<b>3,036,480</b>	<b>3,101,734</b>	<b>3,168,519</b>
Share capital	72,005	72,005	71,977	71,977	71,977
Reserves	266,282	271,498	288,489	305,338	322,825
<b>Total equity</b>	<b>338,287</b>	<b>343,503</b>	<b>360,466</b>	<b>377,315</b>	<b>394,802</b>
Minority interests	10,039	11,561	12,132	12,699	13,287
<b>Total liabilities &amp; equity</b>	<b>3,012,216</b>	<b>3,327,780</b>	<b>3,409,078</b>	<b>3,491,748</b>	<b>3,576,608</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	1,929,176	1,913,726	1,971,138	2,030,272	2,091,180
Average interest earning assets	2,745,719	3,033,280	3,259,917	3,357,715	3,458,446
Average interest bearing liabilities	2,385,528	2,651,180	2,857,379	2,914,526	2,972,817
Tier 1 capital	285,462	293,683	307,822	321,656	336,632
Total capital	360,078	359,015	373,154	386,988	401,964
Gross non performing loans (NPL)	102,629	107,138	133,923	140,619	147,650
<b>Per share (THB)</b>					
Book value per share	24.20	24.58	25.79	27.00	28.25
Tangible book value per share	24.20	24.58	25.79	27.00	28.25
<b>Growth</b>					
Gross customer loans	3.3	11.6	3.0	3.0	3.0
Average interest earning assets	2.4	10.5	7.5	3.0	3.0
Total asset (%)	10.0	10.5	2.4	2.4	2.4
Risk weighted assets (%)	1.8	(0.8)	3.0	3.0	3.0
Customer deposits (%)	5.7	14.3	2.1	2.0	2.0
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	90.9	89.2	89.7	89.9	90.4
Equity/assets (%)	11.2	10.3	10.6	10.8	11.0
Tangible equity/assets (%)	11.2	10.3	10.6	10.8	11.0
RWA/assets (%)	64.0	57.5	57.8	58.1	58.5
Tier 1 CAR (%)	14.8	15.3	15.6	15.8	16.1
Total CAR (%)	18.7	18.8	18.9	19.1	19.2
<b>Asset Quality</b>					
Change in NPL (%)	(3.3)	4.4	25.0	5.0	5.0
NPL/gross loans (%)	4.9	4.6	5.6	5.7	5.8
Total provisions/gross loans (%)	6.5	6.5	6.8	7.1	7.7
Total provisions/NPL (%)	131.8	140.5	122.7	127.9	132.7
<b>Valuation</b>					
Recurring P/E (x) *	5.5	9.7	8.4	7.4	6.9
Recurring P/E @ target price (x) *	6.1	10.6	9.2	8.1	7.6
Reported P/E (x)	5.5	9.7	8.4	7.4	6.9
Dividend yield (%)	6.3	2.4	4.2	4.7	5.0
Price/book (x)	0.5	0.5	0.4	0.4	0.4
Price/tangible book (x)	0.5	0.5	0.4	0.4	0.4
Price/tangible book @ target price (x)	0.5	0.5	0.5	0.5	0.4
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Krung Thai Bank; 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	HL	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	WIIC	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

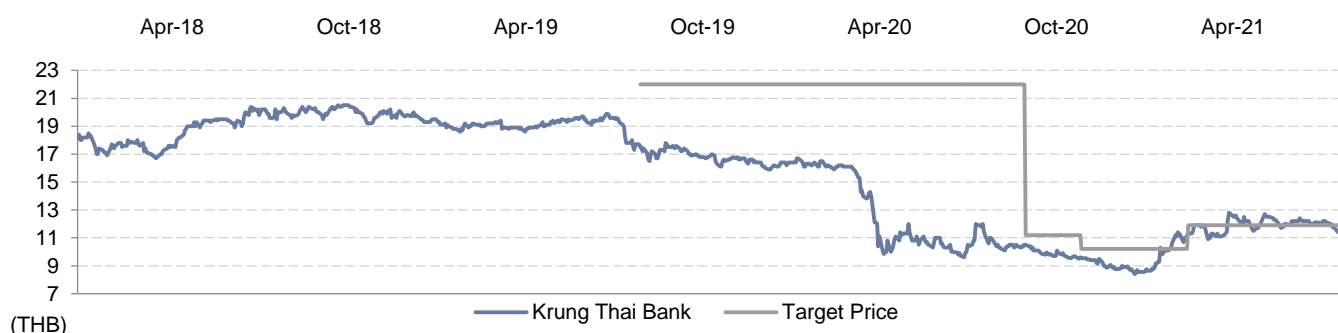
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#### History of change in investment rating and/or target price

#### Krung Thai Bank (KTB TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Aug-2019	BUY	22.00	16-Jul-2020	HOLD	11.20	03-Dec-2020	HOLD	11.90
02-Apr-2020	BUY	22.00	02-Sep-2020	HOLD	10.20			

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
Krung Thai Bank	KTB TB	THB 11.60	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves 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.

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

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All share prices are as at market close on 21-Apr-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

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

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

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

### Country (Strategy) Recommendations

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

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

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