

22 DECEMBER 2021

THAILAND / BANKS

KASIKORNBANK KBANK TB

BUY

 UNCHANGED

| | |
|-----------------|-----------|
| TARGET PRICE | THB172.00 |
| CLOSE | THB137.00 |
| UP/DOWNSIDE | +25.5% |
| PRIOR TP | THB172.00 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | +6.6% |

First bank to move with an AMC

- JMT is setting up two JVs with KBANK – a win-win for both parties.
- We initially estimate an immaterial impact (only 0.1-0.3% upside) on KBANK's net profit in the first three years from the JVs. However, the greater benefit for KBANK could be the potentially lower provisions in the medium to long term.
- BUY maintained with GGM-based TP THB172.

JMT to set up two JVs with KBANK – a win-win for both parties

On 21 Dec-21, JMT Network Services (JMT TB, BUY, TP THB70) announced two JVs with KBANK through its subsidiary, including 1) a JV to operate an asset management business (AMB); and 2) a JV to operate a debt collection business (DCB). The initial shareholding structure for both JVs is for JMT to hold less than 50% and KBANK's subsidiary to hold more than 50%. The details regarding the establishment of such joint venture companies may be subject to changes depending on the policy and approval from the Bank of Thailand (BoT). The establishment of both JVs is expected to be done by 1Q22, according to JMT. We read this announcement as positive for both JMT and KBANK.

Project a potential drop in NPL selling price

We think KBANK wants to partner with JMT to protect itself from a potential drop in the non-performing loan (NPL) selling price in the case of an NPL influx after the end of the relaxed loan classification measures in 2023. Also, by partnering with JMT, it could deconsolidate NPLs from its balance sheet, while the bank would still have exposure to benefit in the future when JMT is able to collect bad debts.

Insignificant impact on net profit from JVs

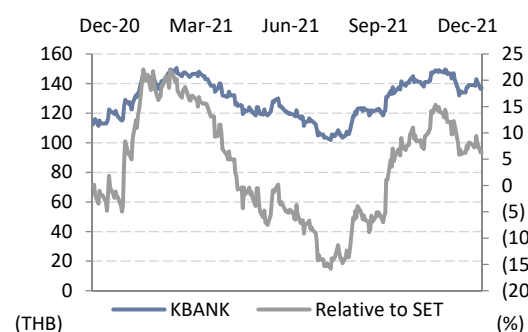
We think it is still too difficult to identify the net incremental benefits to KBANK due to the unclear shareholding structure and business plan. We initially estimate an immaterial impact (only 0.1-0.3% upside) on KBANK's net profit in the first three years from the JVs. However, the greater benefit for KBANK could be the potentially lower provisions in the medium to long term due to improving asset quality with JMT's help to manage bad debts. We estimate that, ceteris paribus, every 5 bps decline in credit cost would provide a 1.6% upside to our net profit forecasts.

Maintain as a top pick with 2022 GGM-based TP of THB172

We believe that KBANK will deliver strong growth in 2022 at 10% y-y, driven mainly by an increase in fee income and its loan volume. We also think that it is in full swing to transform itself to unlock its value and increase shareholders' returns. Accordingly, we maintain KBANK as one of our top picks with our 2022 GGM-based TP of THB172.

KEY STOCK DATA

| YE Dec (THB m) | 2020 | 2021E | 2022E | 2023E |
|----------------------|--------|--------|--------|--------|
| Operating profit | 41,540 | 49,462 | 54,449 | 60,748 |
| Net profit | 29,487 | 35,028 | 38,568 | 43,040 |
| EPS (THB) | 12.45 | 14.78 | 16.28 | 18.17 |
| vs Consensus (%) | - | (1.5) | (2.6) | (3.8) |
| Core net profit | 29,487 | 35,028 | 38,568 | 43,040 |
| Core EPS (THB) | 12.45 | 14.78 | 16.28 | 18.17 |
| Chg. In EPS est. (%) | - | - | - | - |
| EPS growth (%) | (23.1) | 18.8 | 10.1 | 11.6 |
| Core P/E (x) | 11.0 | 9.3 | 8.4 | 7.5 |
| Dividend yield (%) | 1.8 | 2.0 | 2.6 | 2.9 |
| Price/book (x) | 0.7 | 0.7 | 0.6 | 0.6 |
| ROE (%) | 7.0 | 7.6 | 7.7 | 8.1 |
| ROA (%) | 1.0 | 1.0 | 1.1 | 1.2 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|-----------------|---------|----------|
| Absolute (%) | (6.5) | 13.2 | 24.5 |
| Relative to country (%) | (4.9) | 13.0 | 9.4 |
| Mkt cap (USD m) | 9,645 | | |
| 3m avg. daily turnover (USD m) | 135.8 | | |
| Free float (%) | 50 | | |
| Major shareholder | Thai NVDR (18%) | | |
| 12m high/low (THB) | 153.00/101.00 | | |
| Issued shares (m) | 2,393 | | |

Sources: Bloomberg consensus; FSSIA estimates


Yuvarart Suwanumchai

 yuvarart.suw@fssia.com
 +66 2611 3554

Investment thesis

We maintain KBANK as one of our top picks, as we believe that the extension of the relaxed loan classification and provision setup rules will allow the bank to have more time to deal with its trouble debts.

Moreover, once the Covid-19 dust has settled, 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.

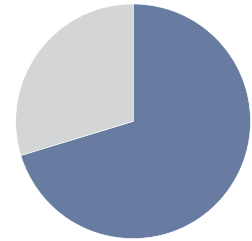
Company profile

Established on 8 June 1945, Kasikornbank was listed on the Stock Exchange of Thailand in 1976. At the end of 2020, KBANK operated 860 branches, down from 886 in 2019 and 10,981 ATMs, up from 8,168 in 2019. In addition, the bank has an international network that includes 16 establishments in eight countries.

www.kasikornbank.com

Principal activities (revenue, 2020)

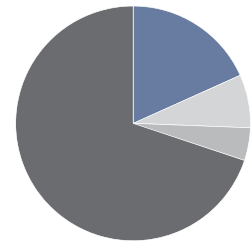
- Net interest income - 70.3 %
- Non-interest income - 29.7 %



Source: Kasikornbank

Major shareholders

- Thai NVDR - 18.3 %
- State Street Europe Ltd. - 7.3 %
- South East Asia UK (Type C) Nominees - 4.5 %
- Others - 69.9 %



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 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.

Event calendar

| Date | Event |
|-------------|---------------------------|
| 21 Jan 2022 | 4Q21 results announcement |

Key assumptions

| | 2021E | 2022E | 2023E |
|--------------------|--------|--------|--------|
| | (%) | (%) | (%) |
| Net profit (THB m) | 35,028 | 38,568 | 43,040 |
| Net profit growth | 18.8 | 10.1 | 11.6 |
| NIM | 3.25 | 3.07 | 3.07 |
| Loan growth | 9.0 | 5.0 | 5.0 |
| Fee growth | 9.2 | 5.0 | 5.0 |
| Non-NII growth* | (2.0) | 8.9 | 5.9 |
| Credit cost (bp) | 180 | 170 | 155 |
| Cost to income* | 44.0 | 42.7 | 42.2 |

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

| | | ----- 2021E ----- | | |
|-------------------------|--------------|-------------------|-------------|-------------|
| Loan growth | ±2ppt | 7.0 | 9.0 | 11.0 |
| % change in net profit | | (1.2) | - | 1.2 |
| NIM (%) | ±5bp | 3.20 | 3.25 | 3.30 |
| % change in net profit | | (4.1) | - | 4.1 |
| Credit cost (bp) | ±10bp | 170 | 180 | 190 |
| % change in net profit | | 3.2 | - | (3.2) |

Source: FSSIA estimates

JMT to set up two JVs with KBANK

On 21 Dec-21, JMT announced two JVs with KBANK through its subsidiary, including 1) a JV to operate an AMB; and 2) a JV to operate a DCB. The initial shareholding structure for both JVs is for JMT to hold less than 50% and KBANK's subsidiary to hold more than 50%. The details regarding the establishment of such joint venture companies may be subject to changes depending on the policy and approval from the Bank of Thailand (BoT). The establishment of both JVs is expected to be done by 1Q22, according to JMT.

Exhibit 1: Details of JVs

| Company | Joint Venture 1 | Joint Venture 2 |
|----------------------|--|--|
| Type of business | Asset management business | Debt collection business |
| Initial shareholding | JMT holds less than 50% and KBANK's subsidiary holds more than 50% | JMT holds less than 50% and KBANK's subsidiary holds more than 50% |

Sources: JMT; FSSIA's compilation

We read this announcement as positive for both JMT and KBANK. We think it is still too difficult to identify the net incremental benefits to KBANK due to the unclear shareholding structure and business plan. To provide investors with a rough idea, we apply our own assumptions, including 1) THB1b in debt that can be collected by the DCB JV; 2) THB1b in unsecured NPLs that the AMB JV would operate; and 3) KBANK holds 50% in both JVs. Based on this, we estimate only a 0.1-0.3% upside to our current net profit forecasts for KBANK. The greater benefit for KBANK could be the potentially lower provisions in the medium to long term due to improving asset quality with JMT's help to manage bad debts.

Exhibit 2: Only 0.1-0.3% upside to KBANK's net profit, based on our assumptions

| | 2022E (THB m) | 2023E (THB m) | 2024E (THB m) |
|--|------------------|------------------|------------------|
| Benefit from DCB JV | 30 | 30 | 30 |
| Benefit from AMB JV | (5) | 60 | 124 |
| Total | 25 | 90 | 154 |
| Upside to current net profit forecast for KBANK (%) | 0.1 | 0.2 | 0.3 |

Source: FSSIA estimates

DCB JV

Based on our assumptions that 1) KBANK holds 50% in the DCB JV; 2) the success rate of the collection is 10% of the total amount of debts that KBANK assigns for DCB JV; and 3) the commission rate is 10%, for every increase in THB10b worth of the total amount of debts that KBANK assigns for DCB JV (or implying THB1b in debt that can be collected, in this case), there would be a 0.1% upside to our 2022 net profit forecast.

Exhibit 3: Potential upside to KBANK from debt collection JV

| Items | Amount |
|--|------------|
| Assumptions for DCB JV | |
| Amount of debts that KBANK assigns for DCB JV (THB m) | 10,000 |
| Success rate (% of total debts that KBANK assigns to DCB JV) | 10 |
| Commission rate (% of success amount) | 10 |
| OPEX and other related costs (% of total revenue) | 25 |
| Expected profit of DCB JV (THB m) | |
| DCB JV's revenue | 100 |
| OPEX and other related costs | 25 |
| Tax | 15 |
| Net profit of DCB JV | 60 |
| Benefit to KBANK (THB m) (holding 50% in JV) | 30 |
| Upside from current 2022 net profit forecast (%) | 0.1 |

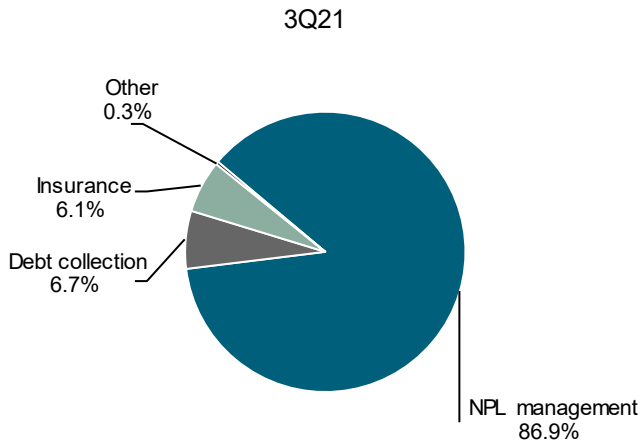
Source: FSSIA estimates

Note that:

1) JMT normally charges a commission of 8-10% of the debt that has been successfully collected;

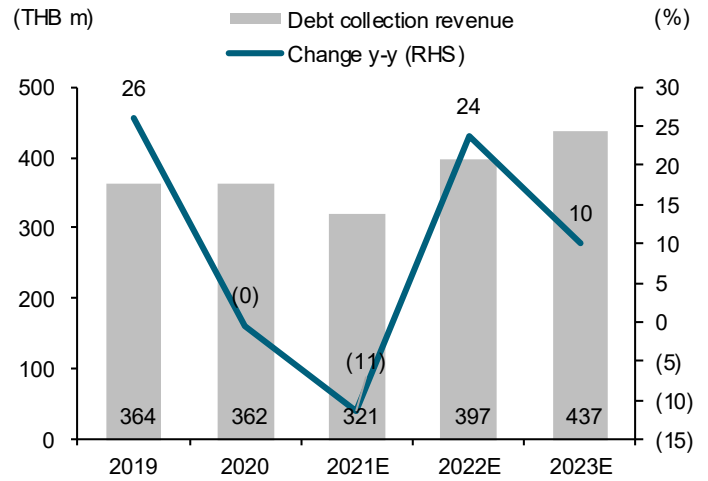
2) As of 3Q21, KBANK's NPLs and stage 2 loans were at THB109b and THB196b, respectively. These could represent ballpark figures for the DCB JV.

Exhibit 4: As of 3Q21, revenue from debt collection accounted for 7% of JMT's total revenue



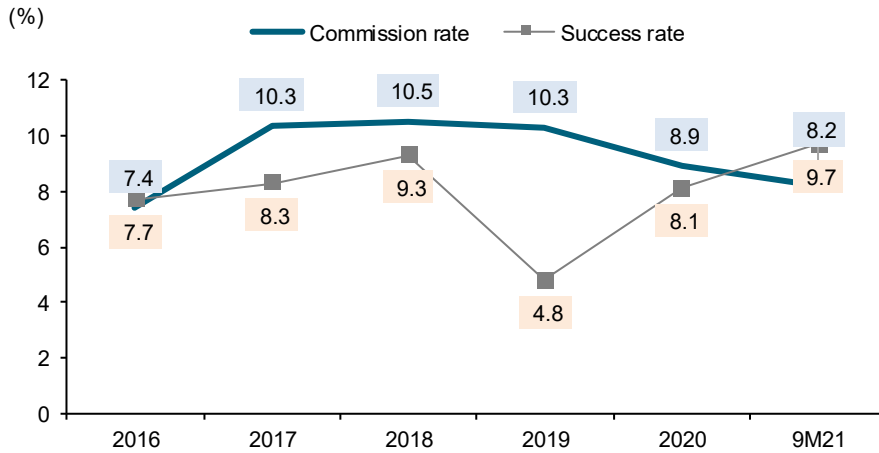
Sources: JMT; FSSIA's compilation

Exhibit 5: JMT – current debt collection revenue forecast

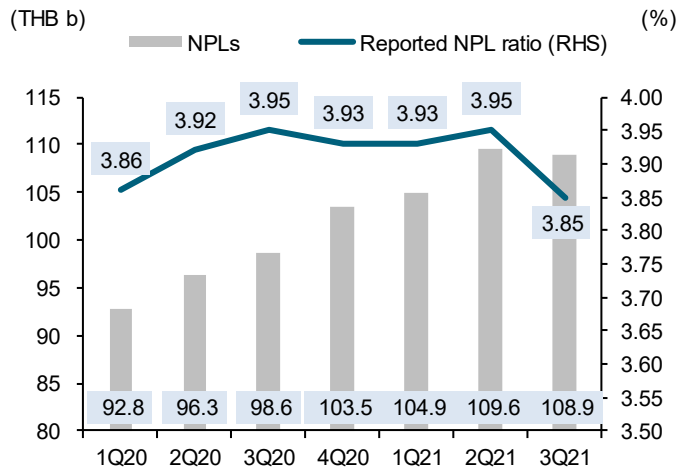


Sources: JMT; FSSIA estimates

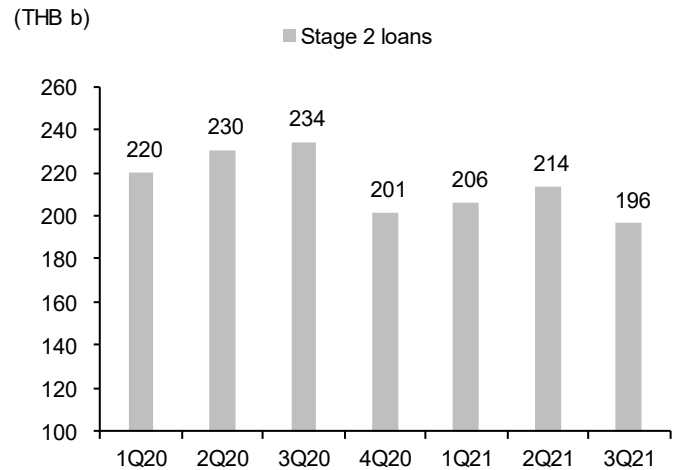
Exhibit 6: JMT's current commission rate and success rate



Sources: JMT; FSSIA's compilation

Exhibit 7: KBANK's NPLs amounted to THB109b as of 3Q21

Sources: KBANK; FSSIA's compilation

Exhibit 8: KBANK's stage 2 loans amounted to THB196b as of 3Q21

Sources: KBANK; FSSIA's compilation

AMB JV

We think the AMB JV could generate a small loss in the first year due to the nature of the bad debt management business. We believe the AMB JV will generate a profit from the second year. Based on our assumptions that 1) KBANK holds 50% in the AMB JV; 2) NPL acquisitions would amount to THB1b in 2022; and 3) the accumulated cash collection rates would be 15%, 55%, and 90% in 2022-24, there would be a 0.1%/0.2% upside to our 2023-24 estimates.

Exhibit 9: Potential upside to KBANK from asset management JV

| | 2022E | 2023E | 2024E |
|---|--------------|-------------|-------------|
| Assumptions for AMB JV | | | |
| NPL acquisitions at cost level (THB m) | 1,000 | | |
| Cash collection (%) | 15 | 40 | 35 |
| Accumulated cash collection rate (%) | 15 | 55 | 90 |
| Expected profit of AMB JV (THB m) | | | |
| Interest income (net interest expense and ECL) | 75 | 185 | 335 |
| OPEX | 80 | 110 | 180 |
| Tax | 0 | 15 | 31 |
| Net profit | (5) | 60 | 124 |
| Total benefit to KBANK (THB m) (holding 50% in JV) | (2.5) | 30.0 | 62.0 |
| Upside to current net profit forecast (%) | (0.0) | 0.1 | 0.2 |

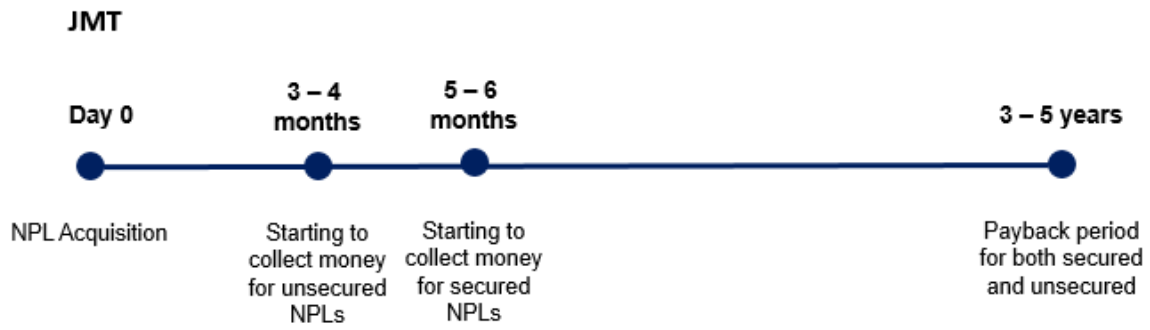
Source: FSSIA estimates

Note that:

1) JMT's payback period for unsecured NPLs is around three to four years (three to five years for secured NPLs);

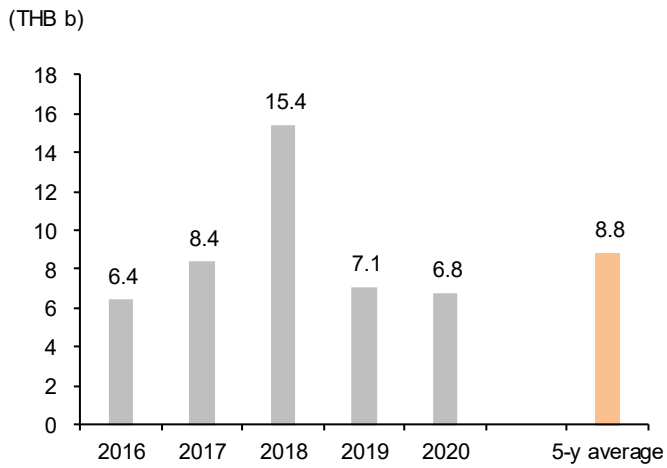
2) KBANK's five-year average NPL sales and write-offs (at claim value level) are THB9b and THB18b per year, respectively.

Exhibit 10: NPL management timeline for JMT



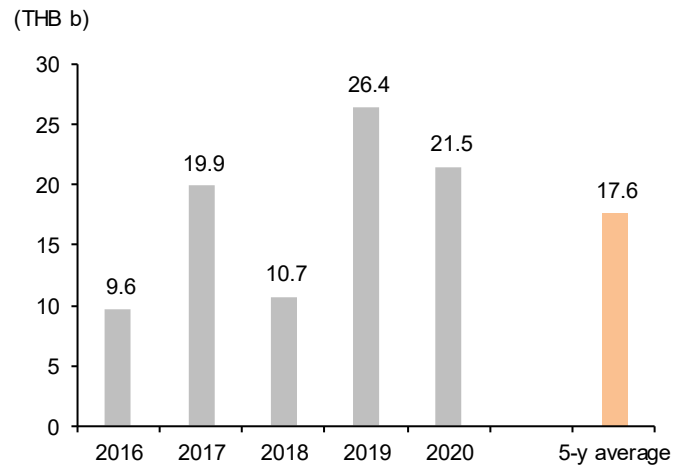
Source: JMT; FSSIA estimates

Exhibit 11: KBANK's NPL sales



Sources: KBANK; FSSIA's compilation

Exhibit 12: KBANK's NPL write-offs



Sources: KBANK; FSSIA's compilation

Financial Statements

Kasikornbank

| Profit and Loss (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|----------|----------|----------|----------|----------|
| Interest Income | 130,178 | 127,592 | 133,658 | 135,937 | 146,401 |
| Interest expense | (27,490) | (18,570) | (15,190) | (15,904) | (22,937) |
| Net interest income | 102,688 | 109,022 | 118,467 | 120,033 | 123,463 |
| Net fees & commission | 36,740 | 33,004 | 36,029 | 37,830 | 39,722 |
| Foreign exchange trading income | 8,362 | 0 | 0 | 0 | 0 |
| Securities trading income | 8,412 | 9,428 | 5,939 | 6,011 | 6,087 |
| Dividend income | 2,817 | 2,384 | 2,623 | 2,754 | 2,892 |
| Other income | 1,428 | 1,246 | 574 | 2,564 | 3,334 |
| Non interest income | 57,759 | 46,063 | 45,165 | 49,160 | 52,034 |
| Total income | 160,447 | 155,085 | 163,632 | 169,192 | 175,497 |
| Staff costs | (33,261) | (32,143) | (32,786) | (31,803) | (32,439) |
| Other operating costs | (39,468) | (37,853) | (39,159) | (40,305) | (41,492) |
| Operating costs | (72,729) | (69,997) | (71,945) | (72,107) | (73,931) |
| Pre provision operating profit | 87,718 | 85,088 | 91,687 | 97,085 | 101,566 |
| Provision for bad and doubtful debt | (34,012) | (43,548) | (42,225) | (42,636) | (40,818) |
| Other provisions | - | - | - | - | - |
| Operating profit | 53,706 | 41,540 | 49,462 | 54,449 | 60,748 |
| 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 | 49,249 | 54,225 | 60,514 |
| Tax | (10,309) | (7,656) | (9,308) | (10,249) | (11,437) |
| Profit after tax | 43,441 | 33,690 | 39,941 | 43,977 | 49,077 |
| Minority interests | (4,714) | (4,203) | (4,913) | (5,409) | (6,036) |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 38,727 | 29,487 | 35,028 | 38,568 | 43,040 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 38,727 | 29,487 | 35,028 | 38,568 | 43,040 |
| Per share (THB) | | | | | |
| Recurring EPS * | 16.18 | 12.45 | 14.78 | 16.28 | 18.17 |
| Reported EPS | 16.18 | 12.45 | 14.78 | 16.28 | 18.17 |
| DPS | 5.00 | 2.50 | 2.70 | 3.50 | 4.00 |
| Growth | | | | | |
| Net interest income (%) | 4.2 | 6.2 | 8.7 | 1.3 | 2.9 |
| Non interest income (%) | 1.5 | (20.3) | (1.9) | 8.8 | 5.8 |
| Pre provision operating profit (%) | 0.7 | (3.0) | 7.8 | 5.9 | 4.6 |
| Operating profit (%) | (1.6) | (22.7) | 19.1 | 10.1 | 11.6 |
| Reported net profit (%) | 0.7 | (23.9) | 18.8 | 10.1 | 11.6 |
| Recurring EPS (%) | 0.7 | (23.1) | 18.8 | 10.1 | 11.6 |
| Reported EPS (%) | 0.7 | (23.1) | 18.8 | 10.1 | 11.6 |
| Income Breakdown | | | | | |
| Net interest income (%) | 64.0 | 70.3 | 72.4 | 70.9 | 70.4 |
| Net fees & commission (%) | 22.9 | 21.3 | 22.0 | 22.4 | 22.6 |
| Foreign exchange trading income (%) | 5.2 | - | - | - | - |
| Securities trading income (%) | 5.2 | 6.1 | 3.6 | 3.6 | 3.5 |
| Dividend income (%) | 1.8 | 1.5 | 1.6 | 1.6 | 1.6 |
| Other income (%) | 0.9 | 0.8 | 0.4 | 1.5 | 1.9 |
| Operating performance | | | | | |
| Gross interest yield (%) | 4.20 | 3.86 | 3.67 | 3.48 | 3.63 |
| Cost of funds (%) | 1.24 | 0.78 | 0.58 | 0.58 | 0.81 |
| Net interest spread (%) | 2.96 | 3.08 | 3.09 | 2.90 | 2.82 |
| Net interest margin (%) | 3.3 | 3.3 | 3.2 | 3.1 | 3.1 |
| Cost/income(%) | 45.3 | 45.1 | 44.0 | 42.6 | 42.1 |
| Cost/assets(%) | 2.3 | 2.0 | 1.9 | 1.8 | 1.8 |
| Effective tax rate (%) | 19.2 | 18.5 | 18.9 | 18.9 | 18.9 |
| Dividend payout on recurring profit (%) | 30.9 | 20.1 | 18.3 | 21.5 | 22.0 |
| ROE (%) | 9.9 | 7.0 | 7.6 | 7.7 | 8.1 |
| ROE - COE (%) | (0.1) | (3.0) | (2.3) | (2.2) | (1.8) |
| ROA (%) | 1.3 | 1.0 | 1.0 | 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 | 2,446,855 | 2,569,198 | 2,697,658 |
| Total provisions | (124,879) | (134,393) | (147,256) | (153,924) | (156,974) |
| interest in suspense | 2,830 | 11,272 | 17,128 | 20,554 | 21,581 |
| Net customer loans | 1,879,907 | 2,121,700 | 2,316,727 | 2,435,828 | 2,562,264 |
| Bank loans | 385,940 | 417,420 | 397,872 | 381,622 | 362,615 |
| Government securities | - | - | - | - | - |
| Trading securities | - | - | - | - | - |
| Investment securities | 776,700 | 777,790 | 1,008,107 | 1,017,599 | 1,027,200 |
| Cash & equivalents | 61,385 | 61,962 | 22,855 | 42,254 | 41,634 |
| 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 | 194,261 | 139,022 | 122,698 | 126,394 |
| Total assets | 3,293,889 | 3,658,798 | 3,972,055 | 4,089,929 | 4,213,142 |
| Customer deposits | 2,072,049 | 2,344,998 | 2,446,904 | 2,599,071 | 2,677,043 |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 185,132 | 183,631 | 284,016 | 213,776 | 220,190 |
| Non interest bearing liabilities | 582,994 | 638,883 | 702,771 | 702,771 | 702,771 |
| Hybrid Capital | - | - | - | - | - |
| Total liabilities | 2,840,174 | 3,167,512 | 3,433,690 | 3,515,618 | 3,600,003 |
| Share capital | 23,933 | 23,693 | 23,693 | 23,693 | 23,693 |
| Reserves | 382,425 | 415,976 | 458,108 | 490,279 | 525,026 |
| Total equity | 406,358 | 439,670 | 481,802 | 513,972 | 548,720 |
| Minority interests | 47,357 | 51,616 | 56,563 | 60,339 | 64,419 |
| Total liabilities & equity | 3,293,889 | 3,658,798 | 3,972,055 | 4,089,929 | 4,213,142 |
| Supplementary items | | | | | |
| Risk weighted assets (RWA) | 2,210,881 | 2,404,276 | 2,620,661 | 2,751,694 | 2,889,279 |
| Average interest earning assets | 3,101,614 | 3,302,313 | 3,646,433 | 3,910,627 | 4,027,946 |
| Average interest bearing liabilities | 2,214,536 | 2,368,844 | 2,602,898 | 2,744,164 | 2,826,489 |
| Tier 1 capital | 357,975 | 387,854 | 413,004 | 443,405 | 475,916 |
| Total capital | 433,753 | 452,095 | 477,245 | 507,646 | 540,157 |
| Gross non performing loans (NPL) | 84,038 | 101,007 | 112,118 | 117,724 | 121,255 |
| Per share (THB) | | | | | |
| Book value per share | 169.79 | 185.57 | 203.35 | 216.93 | 231.59 |
| Tangible book value per share | 169.79 | 185.57 | 203.35 | 216.93 | 231.59 |
| Growth | | | | | |
| Gross customer loans | 4.6 | 12.1 | 9.0 | 5.0 | 5.0 |
| Average interest earning assets | 6.9 | 6.5 | 10.4 | 7.2 | 3.0 |
| Total asset (%) | 4.4 | 11.1 | 8.6 | 3.0 | 3.0 |
| Risk weighted assets (%) | 6.2 | 8.7 | 9.0 | 5.0 | 5.0 |
| Customer deposits (%) | 3.9 | 13.2 | 4.3 | 6.2 | 3.0 |
| Leverage & capital measures | | | | | |
| Customer loan/deposits (%) | 90.7 | 90.5 | 94.7 | 93.7 | 95.7 |
| Equity/assets (%) | 12.3 | 12.0 | 12.1 | 12.6 | 13.0 |
| Tangible equity/assets (%) | 12.3 | 12.0 | 12.1 | 12.6 | 13.0 |
| RWA/assets (%) | 67.1 | 65.7 | 66.0 | 67.3 | 68.6 |
| Tier 1 CAR (%) | 16.2 | 16.1 | 15.8 | 16.1 | 16.5 |
| Total CAR (%) | 19.6 | 18.8 | 18.2 | 18.4 | 18.7 |
| Asset Quality | | | | | |
| Change in NPL (%) | 13.0 | 20.2 | 11.0 | 5.0 | 3.0 |
| NPL/gross loans (%) | 4.2 | 4.5 | 4.6 | 4.6 | 4.5 |
| Total provisions/gross loans (%) | 6.2 | 6.0 | 6.0 | 5.7 | 5.8 |
| Total provisions/NPL (%) | 148.6 | 133.1 | 131.3 | 130.7 | 129.5 |
| Valuation | | | | | |
| Recurring P/E (x) * | 8.5 | 11.0 | 9.3 | 8.4 | 7.5 |
| Recurring P/E @ target price (x) * | 10.6 | 13.8 | 11.6 | 10.6 | 9.5 |
| Reported P/E (x) | 8.5 | 11.0 | 9.3 | 8.4 | 7.5 |
| Dividend yield (%) | 3.6 | 1.8 | 2.0 | 2.6 | 2.9 |
| Price/book (x) | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 |
| Price/tangible book (x) | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 |
| Price/tangible book @ target price (x) | 1.0 | 0.9 | 0.8 | 0.8 | 0.7 |

* 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 | SEAOIL | 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 | TTB | TMILL | TNDT |
| TNL | TOA | TOP | TPBI | TQM | TRC | TRC | TSC | TSR | TSTE | TSTH |
| 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:

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 | 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 | 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 | TTB | 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

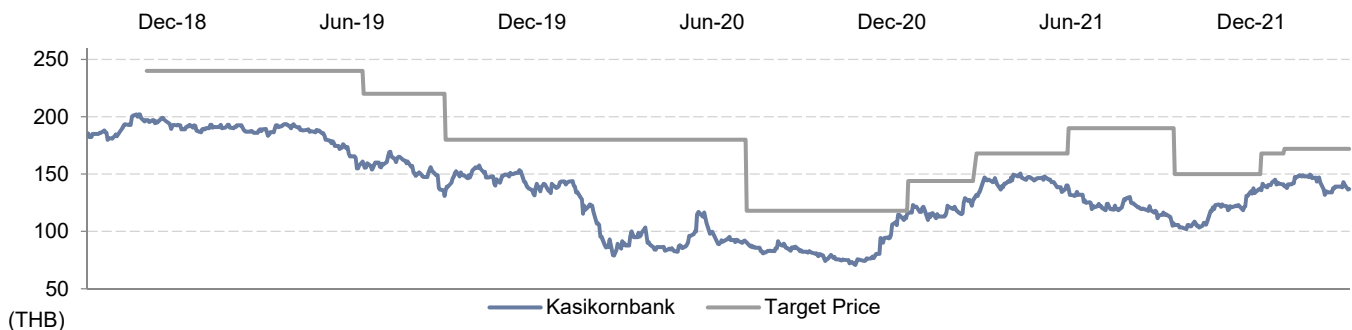
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Kasikornbank (KBANK TB)



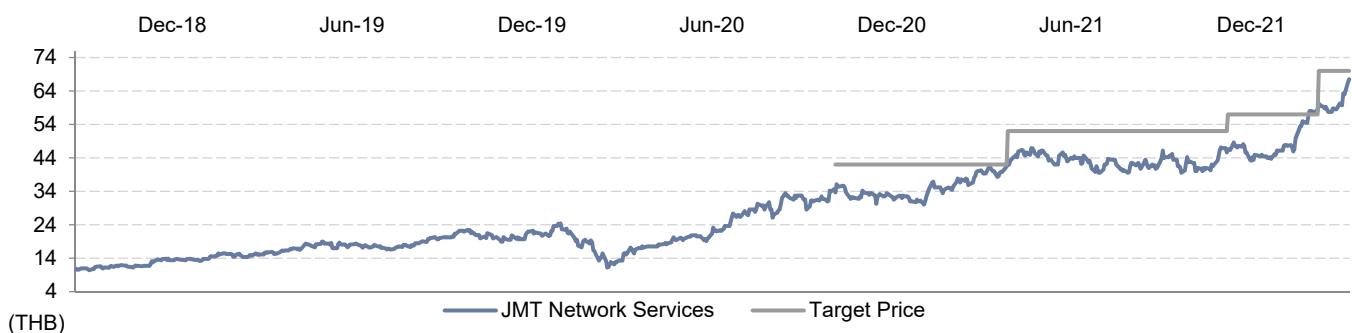
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 13-Feb-2019 | BUY | 240.00 | 06-Oct-2020 | BUY | 118.00 | 22-Jul-2021 | BUY | 150.00 |
| 20-Aug-2019 | BUY | 220.00 | 03-Dec-2020 | BUY | 144.00 | 05-Oct-2021 | BUY | 168.00 |
| 30-Oct-2019 | BUY | 180.00 | 29-Jan-2021 | BUY | 168.00 | 25-Oct-2021 | BUY | 172.00 |
| 02-Apr-2020 | BUY | 180.00 | 21-Apr-2021 | BUY | 190.00 | | | |
| 16-Jul-2020 | BUY | 118.00 | 05-Jul-2021 | BUY | 190.00 | | | |

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

Price and TP are in local currency

Source: FSSIA estimates

JMT Network Services (JMT TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 05-Oct-2020 | BUY | 42.00 | 20-May-2021 | BUY | 52.00 | 27-Oct-2021 | BUY | 57.00 |
| 23-Nov-2020 | BUY | 42.00 | 03-Aug-2021 | BUY | 52.00 | 24-Nov-2021 | BUY | 70.00 |
| 02-Mar-2021 | BUY | 52.00 | 07-Sep-2021 | BUY | 57.00 | | | |

Yuvanart Suwanumphai started covering this stock from 05-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|----------------------|----------|------------|--------|--|
| Kasikornbank | KBANK TB | THB 137.00 | BUY | 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. |
| JMT Network Services | JMT TB | THB 67.50 | BUY | Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt. |

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 21-Dec-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.