

# KASIKORNBANK KBANK TB

## THAILAND / BANKS

# BUY

UNCHANGED

## พร้อมโตต่อเนื่อง

- กำไรสุทธิ (NP) 4Q21 ออกมาที่ 9.9 พัน ลบ. ผลการดำเนินงานหลักดีขึ้นเล็กน้อย
- มีกันชนจากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) มากพอที่จะจัดการกับความไม่แน่นอนต่าง ๆ
- คงแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 180 จาก 172 บาท

TARGET PRICE	THB180.00
CLOSE	THB140.00
UP/DOWNSIDE	+28.6%
PRIOR TP	THB172.00
CHANGE IN TP	+4.7%
TP vs CONSENSUS	+11.1%

## ผลประกอบการ 4Q21 สูงเกินคาดจาก ECL และค่าใช้จ่ายในการดำเนินงาน (OPEX) ที่ต่ำกว่าคาด

KBANK รายงาน NP 4Q21 ที่ 9.9 พัน ลบ. (-25% y-y, +15% q-q) โดยมีผลการดำเนินงานหลักดีขึ้นเล็กน้อยใน 3 ด้าน ข้อแรกรายได้ค่าธรรมเนียมเพิ่ม y-y และ q-q จากธุรกิจบัตร ข้อสอง KBANK สามารถควบคุม OPEX ได้อย่างมีประสิทธิภาพ อัตราส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้รวม (Cost to income ratio) ลดลงเหลือ 48.2% จาก 52.1% ใน 4Q20 ข้อสามดอกเบี้ยค้างรับลดลงเล็กน้อย q-q นอกจากนี้จากการคำนวณของเรอิตราการก่อตัวของหนี้โดยคุณภาพ (NPL) ก่อนหักขั้วตรงตัว q-q KBANK คงระดับการตัดจำหน่าย NPL เชิงรุก ซึ่งทำให้ NPL ลดลง 2% q-q ดังนั้นธนาคารฯ จึงจัดสรรต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ลดลงเหลือ 158 bps จาก 187 bps ใน 3Q21

## ประเด็นสำคัญจากการประชุมหลังผลประกอบการ

คำถามส่วนมากในระหว่างการประชุมหลังผลประกอบการเป็นเรื่องเกี่ยวกับความกังวลในด้านคุณภาพสินทรัพย์ แม้ว่าสินเชื่อภายใต้โครงการบรรเทาหนี้จะลดลงเหลือ 13% ของสินเชื่อรวมใน 4Q21 เทียบกับ 15% ใน 3Q21 สินเชื่อเลยกำหนดชำระกลับเพิ่มเป็น 67 พัน ลบ. จาก 55 พัน ลบ. ใน 3Q21 อย่างไรก็ตามผู้บริหารเชื่อว่าธนาคารฯ มีสำรองมากพอที่จะจัดการกับลูกหนี้ที่อาจผิดนัดชำระด้วยสำรองพิเศษ (Management overlay หรือ MO) รวมอยู่ที่ประมาณ 30 พัน ลบ. หรือ 20% ของสำรองรวม นอกจากนี้ KBANK ยังบริหารดอกเบี้ยค้างรับเชิงคุณภาพด้วยใน 4Q21 ซึ่งทำให้ส่วนต่างดอกเบี้ย (NIM) สะดุดลง ธนาคารฯ ยืนยันว่า NIM น่าจะกลับสู่ระดับปกติตั้งแต่ 1Q22 เป็นต้นไป จาก MO และการเป็นพันธมิตรกับ JMT Network Services (JMT TB, BUY, TP THB70) เพื่อแก้ปัญหา NPL ที่อาจมีขึ้น เราคิดว่า KBANK จะสามารถบริหาร NPL ได้อย่างมีประสิทธิภาพ เพราะฉะนั้นเราจึงปรับเพิ่มประมาณการกำไรสุทธิปี 2022-23 อีก 8%/6% KBANK กล่าวว่าธนาคารฯ จะให้เป้าหมายการ 2022 ในที่ประชุมนักวิเคราะห์กับ CEO ของบริษัท ในวันที่ 28 ม.ค. 22

## คาดการณ์กำไรสุทธิจะโตในระดับปานกลางในปี 2022

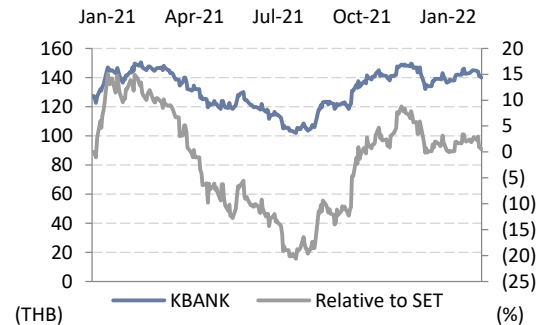
เราคาดว่ากำไรสุทธิของ KBANK ในปี 2022 จะเพิ่ม 9% y-y โดยจะได้แรงหนุนจากปัจจัย 3 ประการ ข้อแรกเราคาดว่ารายได้ค่าธรรมเนียมจะเพิ่มตามการฟื้นตัวของเศรษฐกิจ ข้อสองเราคิดว่ารายได้ดอกเบี้ยสุทธิ (NII) จะค่อย ๆ เพิ่มตามการเพิ่มของปริมาณสินเชื่อ แม้เราจะคาดว่า KBANK จะนำเสนอโครงการปรับโครงสร้างหนี้ให้แก่ลูกค้าที่ได้รับผลกระทบจาก Covid NIM น่าจะชดเชยได้บางส่วนจากการเพิ่มของสินเชื่อรายย่อยที่ให้ผลตอบแทนสูง เพราะฉะนั้นเราจึงคาดว่า NIM จะลดลงเพียง 10 bps y-y ในปี 2022 ข้อสุดท้ายจากความสำเร็จในโครงการปรับโครงสร้างหนี้ เราเชื่อว่า Credit cost จะลดลงเหลือ 160 bps ในปี 2022 เทียบกับ 173 bps ในปี 2021

## คงแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 180 บาท (GGM)

เราปรับเพิ่มราคาเป้าหมายเป็น 180 บาท (GGM) เราเชื่อว่ากำไรสุทธิและผลตอบแทนต่อส่วนผู้ถือหุ้น (ROE) จะเพิ่มต่อเนื่อง นอกจากนี้เรายังคิดว่าธนาคารฯ กำลังปฏิรูปตัวเองอย่างเต็มที่ กำลังเพื่อปลดข้อจำกัดในด้านมูลค่าและเพิ่มผลตอบแทนของผู้ถือหุ้น

## KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	52,667	59,136	63,370	70,468
Net profit	38,053	41,542	45,695	50,848
EPS (THB)	16.06	17.53	19.29	21.46
vs Consensus (%)	-	16.7	14.6	14.0
Core net profit	38,053	41,542	45,695	50,848
Core EPS (THB)	16.06	17.53	19.29	21.46
Chg. In EPS est. (%)	-	7.7	6.2	-
EPS growth (%)	29.0	9.2	10.0	11.3
Core P/E (x)	8.7	8.0	7.3	6.5
Dividend yield (%)	1.9	3.2	3.6	3.6
Price/book (x)	0.7	0.6	0.6	0.6
ROE (%)	8.3	8.4	8.6	9.0
ROA (%)	1.1	1.1	1.2	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.2	(1.1)	12.0
Relative to country (%)	0.3	(1.6)	2.6
Mkt cap (USD m)	10,081		
3m avg. daily turnover (USD m)	107.3		
Free float (%)	50		
Major shareholder	Thai NVDR (18%)		
12m high/low (THB)	153.00/101.00		
Issued shares (m)	2,369		

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 24 มกราคม 2022

## Investment thesis

We maintain our BUY call, 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.

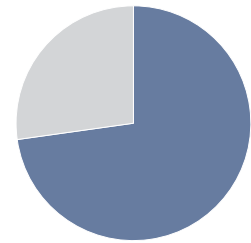
## Company profile

Established on 8 June 1945, Kasikornbank was listed on the Stock Exchange of Thailand in 1976. At the end of 2021, KBANK operated 839 branches, down from 860 in 2021 and 10,991 ATMs, up from 10,911 in 2020. In addition, the bank has an international network that includes 16 establishments in eight countries.

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

## Principal activities (revenue, 2021)

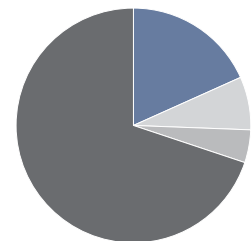
- Net interest income - 72.8 %
- Non-interest income - 27.2 %



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 Apr 2022	1Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	41,542	45,695	50,848
Net profit growth	9.2	10.0	11.3
NIM	3.16	3.12	3.21
Loan growth	5.0	5.0	4.0
Fee growth	5.5	5.0	5.0
Non-NII growth*	9.5	7.1	5.8
Credit cost (bp)	160	155	155
Cost to income*	43.1	42.4	41.3

\*Including share of profits from associates

Source: FSSIA estimates

## Earnings sensitivity

		2021E		
		3.0	5.0	7.0
<b>Loan growth</b>	<b>±2ppt</b>			
% change in net profit		(0.5)	-	0.5
<b>NIM (%)</b>	<b>±5bp</b>			
% change in net profit		(2.5)	-	2.5
<b>Credit cost (bp)</b>	<b>±10bp</b>			
% change in net profit		4.0	-	(4.0)

Source: FSSIA estimates



## 4Q21 results beat due to lower-than-expected ECL and OPEX

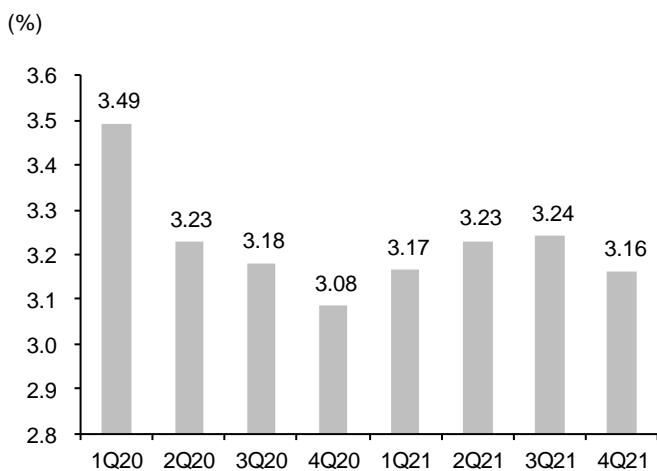
KBANK reported a 4Q21 net profit of THB9,901m (-25% y-y, +15% q-q), which was higher than Bloomberg consensus' estimate by 28% and our forecast by 44% due to the lower-than-expected expected credit loss (ECL) and OPEX. There were three slight improvements in its core operations. First, its fee income rose y-y and q-q thanks to its card business. Second, KBANK was able to control its OPEX effectively. Its cost to income ratio declined to 48.2% in 4Q21 vs 52.1% in 4Q20. Third, its accrued interest slightly fell q-q. Additionally, its non-performing loan (NPL) formation (based on our calculation) was relatively stable q-q. KBANK maintained its aggressive NPL write-off rate, resulting in a 2% q-q decline in its NPLs. Accordingly, it set a lower credit cost of 158 bps in 4Q21 vs 187 bps in 3Q21.

### 4Q21 key highlights

- The total loan volume minimally dropped by 0.9% q-q from a reduction in working capital loans;
- The NIM declined to 3.16% from 3.24% thanks to some qualitative accrued interest management;
- Non-NII surged by 27% q-q due mainly to a mark-to-market gain on financial assets alongside a moderate increase in fee income;
- Outstanding NPLs slightly decreased by 2% q-q, implying an NPL ratio of 3.76%, due to accelerated NPL write-offs. Its coverage ratio slightly increased q-q to 139%.

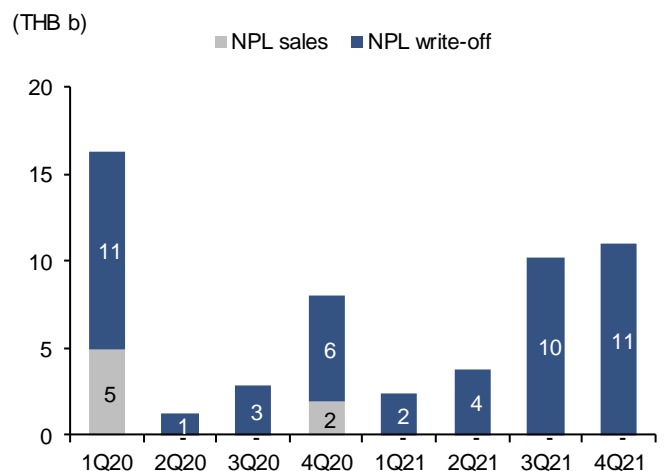
2021 net profit came in at THB38,053m, increasing 29% y-y, driven by 1) an 8% y-y increase in its loan volume thanks to the debt relief program and stronger demand for commercial and housing loans; 2) an increase in its fee income from brokerage and mutual fund fees; and 3) a decline in its provisions.

Exhibit 1: Quarterly NIM



Source: KBANK; FSSIA estimates

Exhibit 2: Quarterly NPL outflow



Source: KBANK; FSSIA estimates

## Exhibit 3: KBANK – 4Q21/2021 results summary

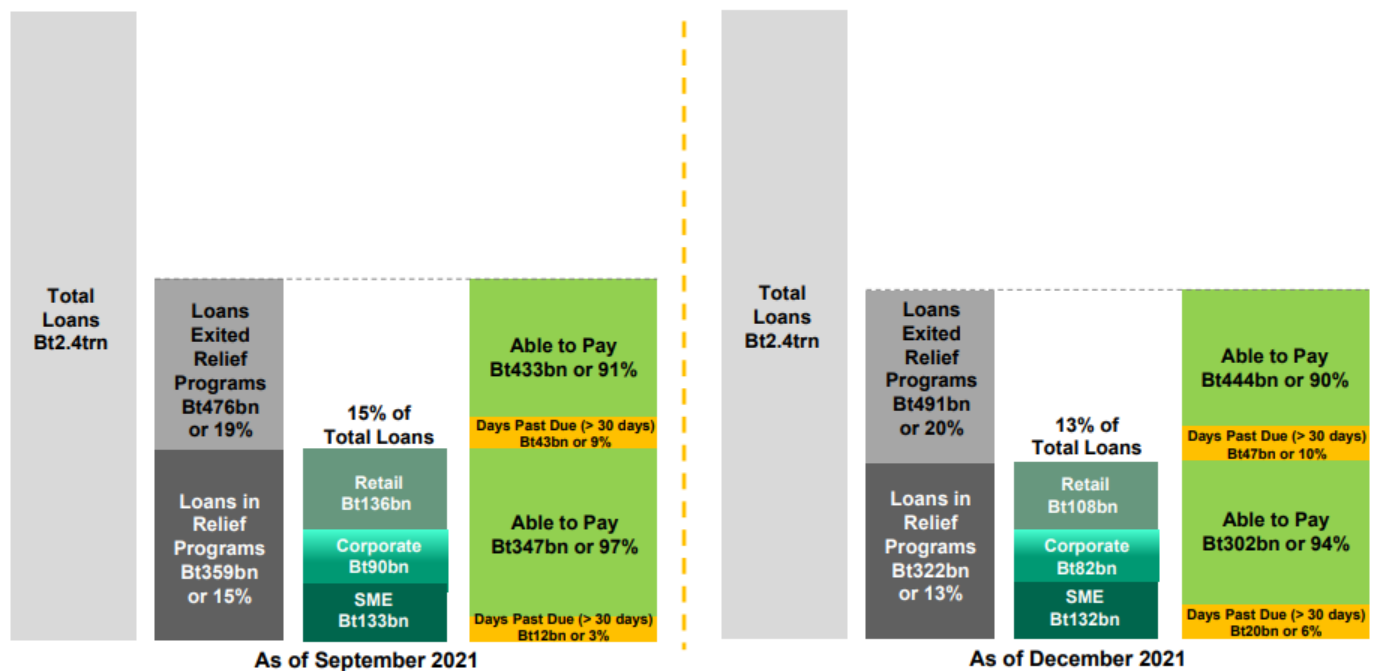
Year-end Dec 31	4Q20	3Q21	4Q21	---- Change ----		2021	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	
Net interest income	26,603	30,741	30,800	16	0	119,390	10	
Non-interest income	12,308	9,202	11,723	(5)	27	43,958	(4)	Strong fee income
<b>Operating income</b>	<b>38,911</b>	<b>39,943</b>	<b>42,523</b>	<b>9</b>	<b>6</b>	<b>163,349</b>	<b>5</b>	
Operating expenses	20,272	16,965	20,478	1	21	71,044	1	Good cost control
<b>PPOP before tax</b>	<b>18,639</b>	<b>22,978</b>	<b>22,045</b>	<b>18</b>	<b>(4)</b>	<b>92,305</b>	<b>9</b>	
Provision	669	11,296	9,580	1,332	(15)	40,332	(7)	
Income tax	3,358	2,026	2,120	(37)	5	9,729	27	
Minority interest	1,353	1,025	445			4,192	(0)	
<b>Normalised profit</b>	<b>13,258</b>	<b>8,631</b>	<b>9,901</b>	<b>(25)</b>	<b>15</b>	<b>38,053</b>	<b>29</b>	
Extraordinary items	0	0	0			0		
<b>Net profit</b>	<b>13,258</b>	<b>8,631</b>	<b>9,901</b>	<b>(25)</b>	<b>15</b>	<b>38,053</b>	<b>29</b>	<b>28% higher than BBG consensus</b>
EPS (THB)	5.60	3.64	4.18	(25)	15	16.06	29	
<b>Asset quality ratio</b>								
Gross NPLs	101,007	105,930	104,036	3	(2)	104,036	3	
NPL ratios (%)	3.93	3.85	3.76			3.76		
LLR/NPLs (%)	133	138	139			139		
Credit cost (bp)	12	187	158			173		
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>		
Cost to income ratio	52.1	42.5	48.2			43.5		
Average yield (%)	3.5	3.7	3.6			3.7		
Cost of fund (%)	0.62	0.59	0.59			0.6		
Net interest margin (NIM)	3.08	3.24	3.16			3.26		
Non-int inc/total income	31.6	23.0	27.6			26.9		
<b>Liquidity ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>		
Loan to deposit ratio	95.7	96.6	93.2			93.2		
<b>Loan growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>		
Year-to-date	12.1	8.9	7.9					
y-y	12.1	13.3	7.9			7.9		
q-q	4.1	2.5	(0.9)					

Sources: KBANK; FSSIA estimates

## Key takeaways from post-results meeting

Most questions during KBANK’s post-results meeting had to do with asset quality concerns. Although its debt relief program dipped to 13% of total loans in 4Q21 vs 15% in 3Q21, the days past due loans increased to THB67b in 4Q21 from THB55b in 3Q21. Management, however, believes that KBANK has sufficient provisions to deal with the potential delinquent debtors, with total MO valued at cTHB30b or 20% of total allowance. Also, KBANK undertook some qualitative accrued interest management in 4Q21, resulting in a hiccup in its NIM. The bank affirmed that its NIM has passed the bottom and should return to the normal level from 1Q22. With its MO and the partnership JMT to solve the potential NPL problem, we think KBANK will be able to manage its NPLs effectively. Accordingly, we revise up our net profit forecasts for 2022-23 by 8%/6% to mainly reflect our lower provision estimates along with our higher NIM assumptions. Note that KBANK did not provide other 2022 financial guidance as it will hold an analyst meeting with its CEO on 28 Jan-22.

Exhibit 4: Loans under relief measures

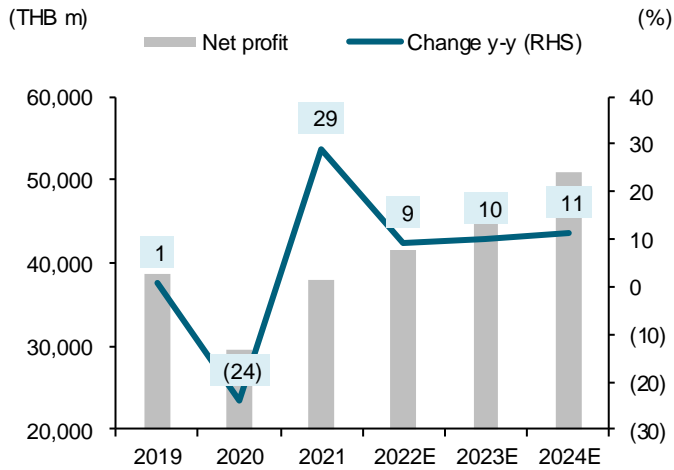


Source: KBANK

## Moderate net profit growth expected in 2022

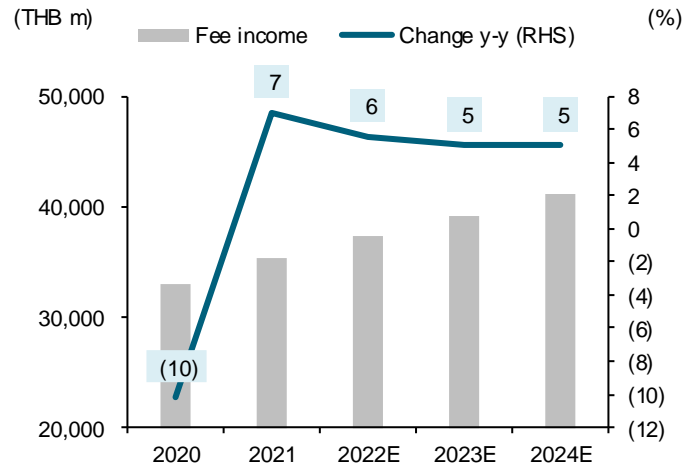
We expect KBANK's 2022 net profit to increase by 9% y-y, supported by three factors. First, we forecast its fee income to increase following an economic recovery. Second, we think its NII will rise gradually following a rise in its loan volume. Although we expect KBANK to offer comprehensive long-term debt restructuring (CDR) to its clients, its NIM should be partially offset by a rise in its high-yield retail lending. Thus, we expect its NIM to decline by only 10 bps y-y in 2022. Lastly, with the success of its CDR, we believe its credit cost will decline to 160 bps in 2022 vs 173 bps in 2021.

**Exhibit 5: Net profit growth**



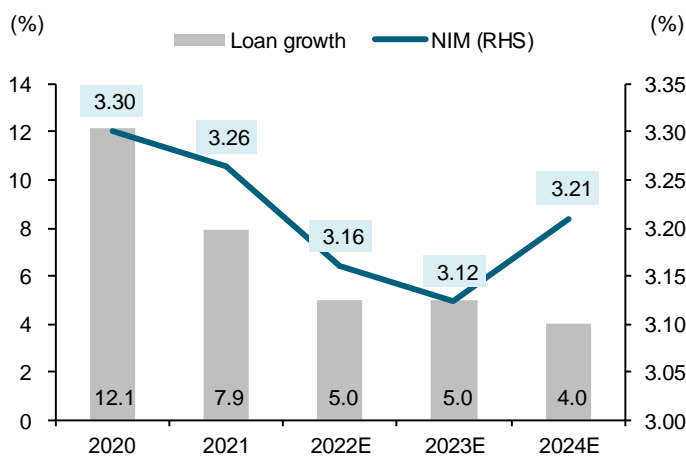
Sources: KBANK; FSSIA estimates

**Exhibit 6: Fee income growth**



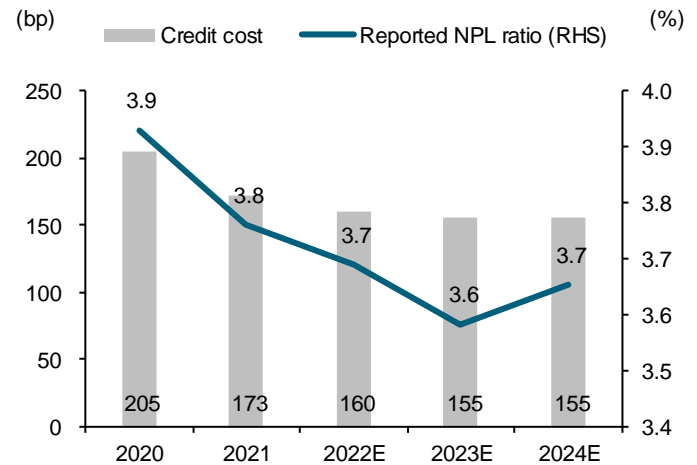
Sources: KBANK; FSSIA estimates

**Exhibit 7: Loan growth and NIM**



Sources: KBANK; FSSIA estimates

**Exhibit 8: Credit cost and NPL ratio**



Sources: KBANK; FSSIA estimates

## Net profit and TP revisions

We revise up our net profit forecasts for 2022-23 by 8%/6% to mainly reflect our higher NIM assumptions, along with the bank's better asset quality control.

1. We raise our 2021-23 NIM assumptions to 3.16%/ 3.12% from 3.09%/3.09% to reflect the higher-than-expected loan yield following KBANK's strategy to grow its high-yield retail segment;
2. We reduce our credit cost estimate for 2022 from 171 bps to 160 bps as KBANK proactively managed its NPLs in 2021. By partnering with JMT, we expect that KBANK should be able to manage its bad assets more effectively.

### Exhibit 9: Key changes in assumptions

	2021	2022E			2023E			2024E
	Actual	Old	New	Change	Old	New	Change	New
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)
Net interest income	119,390	120,998	124,346	2.8	124,461	127,198	2.2	135,970
Non-interest income*	43,958	47,971	48,131	0.3	50,801	51,549	1.5	54,523
Operating income*	163,349	168,969	172,477	2.1	175,262	178,747	2.0	190,493
Operating expenses	71,044	72,107	74,353	3.1	73,931	75,742	2.4	78,615
<b>PPOP before tax*</b>	<b>92,305</b>	<b>96,862</b>	<b>98,125</b>	<b>1.3</b>	<b>101,331</b>	<b>103,004</b>	<b>1.7</b>	<b>111,877</b>
Provision (Reversal)	40,332	42,636	39,718	(6.8)	40,818	40,400	(1.0)	42,213
Tax expenses	9,729	10,249	11,039	7.7	11,437	11,832	3.5	13,166
Minority interest	4,192	5,409	5,826	7.7	6,036	5,077	(15.9)	5,650
<b>Normalised profit</b>	<b>38,053</b>	<b>38,568</b>	<b>41,542</b>	<b>7.7</b>	<b>43,040</b>	<b>45,695</b>	<b>6.2</b>	<b>50,848</b>
Extraordinary items	-	-	-		-	-		-
<b>Net profit</b>	<b>38,053</b>	<b>38,568</b>	<b>41,542</b>	<b>7.7</b>	<b>43,040</b>	<b>45,695</b>	<b>6.2</b>	<b>50,848</b>
EPS (THB)	16.06	16.28	17.53	7.7	18.17	19.29	6.2	21.46
<b>Key statistic and ratio</b>								
<b>Asset quality ratio (%)</b>								
Gross NPLs (THB m)	104,036	115,603	107,157	(7.3)	119,071	109,300	(8.2)	115,858
Gross NPLs / Loans	3.76	3.93	3.69		3.86	3.58		3.65
Loan loss reserve/NPLs	139	133	139		132	139		134
Credit cost (bp)	173	171	160		155	155		155
<b>Profitability ratio (%)</b>								
Cost to income ratio	43.5	42.7	43.1		42.2	42.4		41.3
Average yield	3.70	3.50	3.59		3.66	3.72		3.84
Cost of fund	0.59	0.56	0.57		0.81	0.81		0.85
Net interest margin (NIM)	3.26	3.09	3.16		3.09	3.12		3.21
<b>Liquidity ratio (%)</b>								
Loan to deposit ratio	93.2	98.9	91.7		100.8	93.5		94.9
<b>Loan growth (%)</b>								
y-y	7.9	6.1	5.0		5.0	5.0		4.0

\*Including share of profits from associates

Source: FSSIA estimates

We revise up our 2022 GGM-based TP to THB180 from THB172, as we 1) raise our EPS forecast, leading to a higher book value; and 2) slightly revise up our target 2022 P/BV to 0.83x from 0.82x as a result of our higher average long-term ROE target of 8.4% from 8.2%.

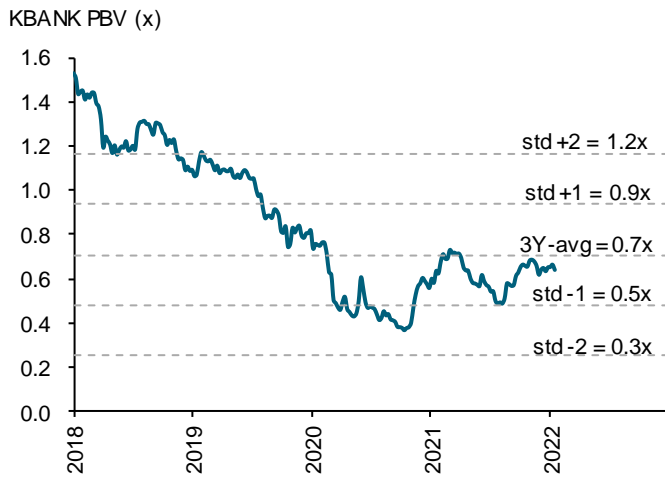


**Exhibit 10: KBANK – GGM-derived target price**

Target price	THB 180 (from THB172)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	9.2 (unchanged)
Terminal growth (%)	4.7 (from 4.5)
ROE target (%)	8.4 (from 8.2)
Risk to TP	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.

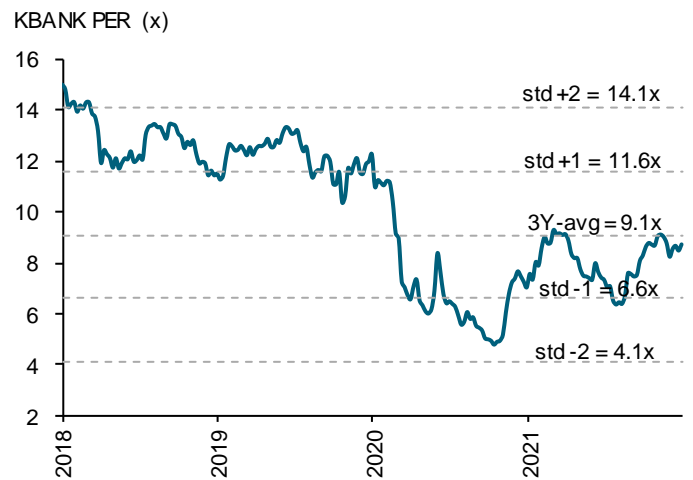
Source: FSSIA estimates

**Exhibit 11: KBANK – one-year forward rolling P/BV**



Sources: Bloomberg; FSSIA estimates

**Exhibit 12: KBANK – one-year forward rolling P/E**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

Kasikornbank

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	127,592	135,415	141,093	151,676	162,566
Interest expense	(18,570)	(16,024)	(16,747)	(24,478)	(26,596)
Net interest income	109,022	119,390	124,346	127,198	135,970
Net fees & commission	33,004	35,316	37,273	39,137	41,094
Foreign exchange trading income	0	0	0	0	0
Securities trading income	9,428	6,356	6,397	6,440	6,485
Dividend income	2,384	3,310	3,475	3,649	3,831
Other income	1,246	(330)	1,714	3,088	3,916
Non interest income	46,063	44,653	48,860	52,314	55,326
Total income	155,085	164,043	173,206	179,512	191,297
Staff costs	(32,143)	(34,481)	(35,170)	(35,874)	(36,950)
Other operating costs	(37,853)	(36,563)	(39,182)	(39,868)	(41,666)
Operating costs	(69,997)	(71,044)	(74,353)	(75,742)	(78,615)
Pre provision operating profit	85,088	92,999	98,854	103,770	112,681
Provision for bad and doubtful debt	(43,548)	(40,332)	(39,718)	(40,400)	(42,213)
Other provisions	-	-	-	-	-
Operating profit	41,540	52,667	59,136	63,370	70,468
Recurring non operating income	(193)	(694)	(729)	(766)	(804)
Associates	(193)	(694)	(729)	(766)	(804)
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	41,347	51,973	58,407	62,604	69,664
Tax	(7,656)	(9,729)	(11,039)	(11,832)	(13,166)
Profit after tax	33,690	42,244	47,368	50,772	56,497
Minority interests	(4,203)	(4,192)	(5,826)	(5,077)	(5,650)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	29,487	38,053	41,542	45,695	50,848
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	29,487	38,053	41,542	45,695	50,848
<b>Per share (THB)</b>					
Recurring EPS *	12.45	16.06	17.53	19.29	21.46
Reported EPS	12.45	16.06	17.53	19.29	21.46
DPS	2.50	2.70	4.50	5.00	5.00
<b>Growth</b>					
Net interest income (%)	6.2	9.5	4.2	2.3	6.9
Non interest income (%)	(20.3)	(3.1)	9.4	7.1	5.8
Pre provision operating profit (%)	(3.0)	9.3	6.3	5.0	8.6
Operating profit (%)	(22.7)	26.8	12.3	7.2	11.2
Reported net profit (%)	(23.9)	29.0	9.2	10.0	11.3
Recurring EPS (%)	(23.1)	29.0	9.2	10.0	11.3
Reported EPS (%)	(23.1)	29.0	9.2	10.0	11.3
<b>Income Breakdown</b>					
Net interest income (%)	70.3	72.8	71.8	70.9	71.1
Net fees & commission (%)	21.3	21.5	21.5	21.8	21.5
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	6.1	3.9	3.7	3.6	3.4
Dividend income (%)	1.5	2.0	2.0	2.0	2.0
Other income (%)	0.8	(0.2)	1.0	1.7	2.0
<b>Operating performance</b>					
Gross interest yield (%)	3.86	3.70	3.59	3.72	3.84
Cost of funds (%)	0.78	0.59	0.57	0.81	0.85
Net interest spread (%)	3.08	3.11	3.02	2.91	2.99
Net interest margin (%)	3.3	3.3	3.2	3.1	3.2
Cost/income(%)	45.1	43.3	42.9	42.2	41.1
Cost/assets(%)	2.0	1.8	1.8	1.8	1.8
Effective tax rate (%)	18.5	18.7	18.9	18.9	18.9
Dividend payout on recurring profit (%)	20.1	16.8	25.7	25.9	23.3
ROE (%)	7.0	8.3	8.4	8.6	9.0
ROE - COE (%)	(3.0)	(1.6)	(1.5)	(1.3)	(1.0)
ROA (%)	1.0	1.1	1.1	1.2	1.3
RORWA (%)	1.5	1.7	1.8	1.8	1.9

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

Sources: Kasikornbank; FSSIA estimates

## Financial Statements

Kasikornbank

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	2,244,821	2,421,813	2,542,904	2,670,049	2,776,851
Total provisions	(134,393)	(144,772)	(148,889)	(151,909)	(155,246)
interest in suspense	11,272	16,599	20,343	21,360	22,215
<b>Net customer loans</b>	<b>2,121,700</b>	<b>2,293,640</b>	<b>2,414,358</b>	<b>2,539,500</b>	<b>2,643,819</b>
Bank loans	417,420	420,494	405,081	426,904	443,789
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	777,790	1,034,372	1,044,995	1,055,746	1,098,167
Cash & equivalents	61,962	59,972	65,558	30,184	56,650
Other interesting assets	-	-	-	-	-
Tangible fixed assets	85,664	97,185	97,343	98,276	88,448
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	194,261	197,736	203,059	209,274	218,363
<b>Total assets</b>	<b>3,658,798</b>	<b>4,103,399</b>	<b>4,230,393</b>	<b>4,359,885</b>	<b>4,549,237</b>
Customer deposits	2,344,998	2,598,630	2,773,612	2,856,820	2,926,076
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	183,631	315,685	228,133	234,977	289,392
Non interest bearing liabilities	638,883	652,409	652,409	652,409	671,981
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>3,167,512</b>	<b>3,566,724</b>	<b>3,654,153</b>	<b>3,744,205</b>	<b>3,887,449</b>
Share capital	23,693	23,693	23,693	23,693	23,693
Reserves	415,976	453,020	488,165	523,198	564,154
<b>Total equity</b>	<b>439,670</b>	<b>476,714</b>	<b>511,858</b>	<b>546,891</b>	<b>587,847</b>
Minority interests	51,616	59,961	64,382	68,788	73,940
<b>Total liabilities &amp; equity</b>	<b>3,658,798</b>	<b>4,103,399</b>	<b>4,230,393</b>	<b>4,359,885</b>	<b>4,549,237</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	2,404,276	2,593,840	2,723,532	2,859,709	2,974,097
Average interest earning assets	3,302,313	3,658,355	3,934,829	4,072,839	4,235,753
Average interest bearing liabilities	2,368,844	2,695,575	2,930,346	3,016,303	3,122,096
Tier 1 capital	387,854	414,516	447,916	480,872	517,297
Total capital	452,095	478,757	512,157	545,113	581,538
Gross non performing loans (NPL)	101,007	104,036	107,157	109,300	115,858
<b>Per share (THB)</b>					
Book value per share	185.57	201.20	216.04	230.82	248.11
Tangible book value per share	185.57	201.20	216.04	230.82	248.11
<b>Growth</b>					
Gross customer loans	12.1	7.9	5.0	5.0	4.0
Average interest earning assets	6.5	10.8	7.6	3.5	4.0
Total asset (%)	11.1	12.2	3.1	3.1	4.3
Risk weighted assets (%)	8.7	7.9	5.0	5.0	4.0
Customer deposits (%)	13.2	10.8	6.7	3.0	2.4
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	90.5	88.3	87.0	88.9	90.4
Equity/assets (%)	12.0	11.6	12.1	12.5	12.9
Tangible equity/assets (%)	12.0	11.6	12.1	12.5	12.9
RWA/assets (%)	65.7	63.2	64.4	65.6	65.4
Tier 1 CAR (%)	16.1	16.0	16.4	16.8	17.4
Total CAR (%)	18.8	18.5	18.8	19.1	19.6
<b>Asset Quality</b>					
Change in NPL (%)	20.2	3.0	3.0	2.0	6.0
NPL/gross loans (%)	4.5	4.3	4.2	4.1	4.2
Total provisions/gross loans (%)	6.0	6.0	5.9	5.5	5.6
Total provisions/NPL (%)	133.1	139.2	138.9	139.0	134.0
<b>Valuation</b>					
Recurring P/E (x) *	11.2	8.7	8.0	7.3	6.5
Recurring P/E @ target price (x) *	14.5	11.2	10.3	9.3	8.4
Reported P/E (x)	11.2	8.7	8.0	7.3	6.5
Dividend yield (%)	1.8	1.9	3.2	3.6	3.6
Price/book (x)	0.8	0.7	0.6	0.6	0.6
Price/tangible book (x)	0.8	0.7	0.6	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	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	TTB	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:

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	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	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	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

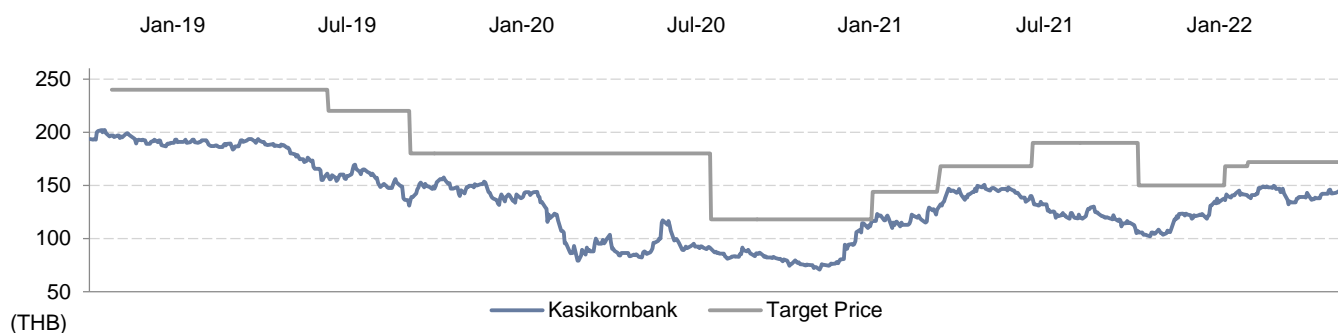
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

#### Kasikornbank (KBANK TB)



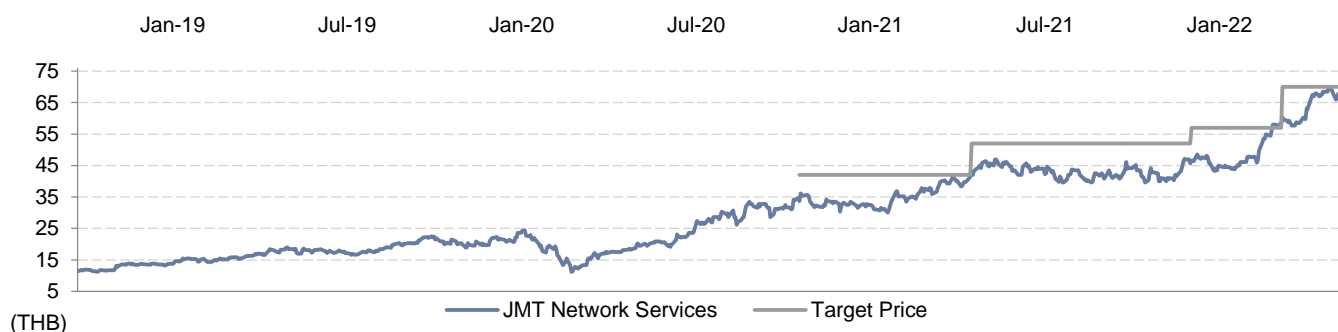
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Feb-2019	BUY	240.00	03-Dec-2020	BUY	144.00	05-Oct-2021	BUY	168.00
20-Aug-2019	BUY	220.00	29-Jan-2021	BUY	168.00	25-Oct-2021	BUY	172.00
30-Oct-2019	BUY	180.00	21-Apr-2021	BUY	190.00			
16-Jul-2020	BUY	118.00	22-Jul-2021	BUY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

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	07-Sep-2021	BUY	57.00	-	-	-
02-Mar-2021	BUY	52.00	24-Nov-2021	BUY	70.00			

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 140.00	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 63.75	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-Jan-2022 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.