

KASIKORNBANK KBANK TB

THAILAND / BANKS

BUY

UNCHANGED

Promising growth outlook

- In-line 2Q22 NP of THB1.1b (+21% y-y, -4% q-q).
- Reiterated balance sheet clean-up strategy for future L-T growth.
- Maintain BUY for potentially increasing ROE.

TARGET PRICE	THB192.00
CLOSE	THB139.50
UP/DOWNSIDE	+37.6%
PRIOR TP	THB192.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+6.8%

In-line 2Q22 results

KBANK reported an in-line 2Q22 net profit of THB10,794m (+21% y-y, -4% q-q). There was mixed performance in this quarter, in our view, with two slight improvements in its core operations. First, its loan volume increased by 1.3% q-q. Second, its net insurance premiums returned to positive territory at THB159m. Regarding asset quality, we think KBANK preventively solved its asset quality problem by selling NPLs to JK AMC, qualitatively downgrading stage 2 loans, and via aggressive NPL write-offs. All in all, its NPLs minimally increased by 3% q-q. The bank set a credit cost of 159 bps in 2Q22. This level was in line with its 2022 target of lower than 160 bps. Negatives in 2Q22 were a mark-to-market loss on financial assets from unfavourable capital market conditions alongside a moderate decrease in fee income. We read KBANK's results as neutral.

Neutral view from post-results meeting

The tone from the meeting was neutral, with most questions about asset quality. KBANK stated that its 1Q22 debt relief program went down to 6% of total loans (THB150b) vs 10% in 1Q22 from its balance sheet clean-up strategy. It qualitatively downgraded its stage 2 loans to NPLs, resulting in a 7% q-q reduction in stage 2 loans. It also sold THB30b worth of NPLs (face value) to JK AMC in 2Q22, in line with its target. KBANK also increased its NPL write-offs to THB14b. These actions led to a lower coverage ratio of 128% in 2Q22 vs 139% in 1Q22, which is a comfortable level for KBANK. Hence, the bank maintained its credit cost target of 160 bps for 2022. As for rate hikes, KBANK expects the policy rate to stay at 1% in 2022. It believes its NIM should widen from rate hikes and a greater expansion to the small retail ticket size segment. Regarding its THB100b IT investment and potential M&A deals, the bank believes this should have a limited impact on its cost to income ratio in the medium term.

Expect a y-y rise in 3Q22 net profit

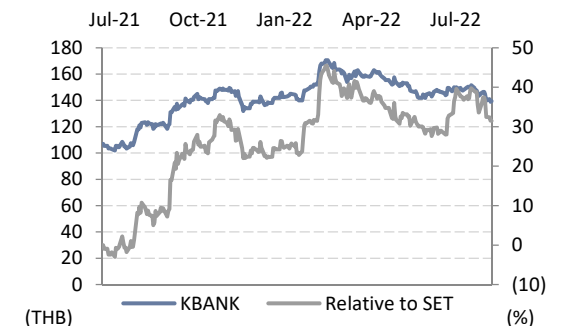
We expect KBANK's 3Q22 net profit to surge y-y, driven mainly by 1) a fall in its provisions as it had proactively set aside ECL in 3Q21; and 2) a rise in its NII following an increase in its loan volume.

Maintain BUY at 2023 GGM-based TP of THB192

We maintain our BUY call and 2023 GGM-based TP of THB192 as we believe KBANK's net profit and ROE should increase continuously. KBANK's transformation is now in full swing and should unlock its value and increase shareholder returns, in our view.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	52,667	59,881	65,826	72,875
Net profit	38,053	42,072	47,488	52,605
EPS (THB)	16.06	17.76	20.04	22.20
vs Consensus (%)	-	0.2	2.7	0.7
Core net profit	38,053	42,072	47,488	52,605
Core EPS (THB)	16.06	17.76	20.04	22.20
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	29.0	10.6	12.9	10.8
Core P/E (x)	8.7	7.9	7.0	6.3
Dividend yield (%)	2.3	3.2	3.6	3.6
Price/book (x)	0.7	0.6	0.6	0.6
ROE (%)	8.3	8.5	9.0	9.2
ROA (%)	1.1	1.2	1.2	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.1)	(11.4)	28.0
Relative to country (%)	(3.9)	(2.7)	28.1
Mkt cap (USD m)	9,011		
3m avg. daily turnover (USD m)	59.0		
Free float (%)	50		
Major shareholder	Thai NVDR (18%)		
12m high/low (THB)	175.00/101.00		
Issued shares (m)	2,369		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

We maintain our BUY call as we believe KBANK's net profit and ROE will increase continuously.

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.

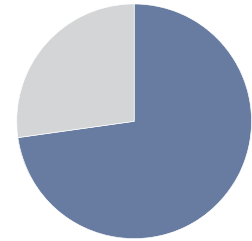
Company profile

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 2020 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

Principal activities (revenue, 2021)

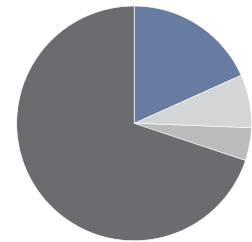
- Net interest income - 72.8 %
- Non-interest income - 27.2 %



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 better asset quality due to setting up JK AMC;
- 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 affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

Event calendar

Date	Event
21 October 2022	3Q22 results announcement

Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	42,072	47,488	52,605
Net profit growth (%)	10.6	12.9	10.8
NIM (%)	3.18	3.20	3.27
Loan growth (%)	5.0	4.5	4.0
Fee growth (%)	5.5	5.0	5.0
Non-int-income growth (%)*	9.5	9.1	6.6
Credit cost (bp)	160	158	158
Cost to income (%)*	42.9	42.0	41.0

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		2022E		
Loan growth	±2ppt	3.0	5.0	7.0
% change in net profit		(0.5)	-	0.5
NIM (%)	±5bp	3.13	3.18	3.23
% change in net profit		(2.5)	-	2.5
Credit cost (bp)	±10bp	150	160	170
% change in net profit		4.0	-	(4.0)

Source: FSSIA estimates

In-line 2Q22 results

KBANK reported an in-line 2Q22 net profit of THB10,794m (+21% y-y, -4% q-q). There was mixed performance in this quarter, in our view, with two slight improvements in its core operations. First, its loan volume increased by 1.3% q-q. Second, its net insurance premiums returned to positive territory at THB159m from eight consecutive losing quarters due to lower insurance claims. Regarding asset quality, we think KBANK preventively solved its asset quality problem. Its stage 2 loans were reduced by 7% q-q as the bank qualitatively downgraded to NPLs following its plan after the setting up of JK AMC. Also, KBANK wrote-off NPLs more aggressively at THB14b. All in all, its NPLs minimally increased by 3% q-q. The bank set a credit cost of 159 bps in 2Q22. This level was in line with its 2022 target of lower than 160 bps. The negative side in 2Q22 was a mark-to-market loss on financial assets from unfavourable capital market conditions alongside a moderate decrease in fee income due to lower mutual fund and brokerage fees. We read KBANK's results as neutral.

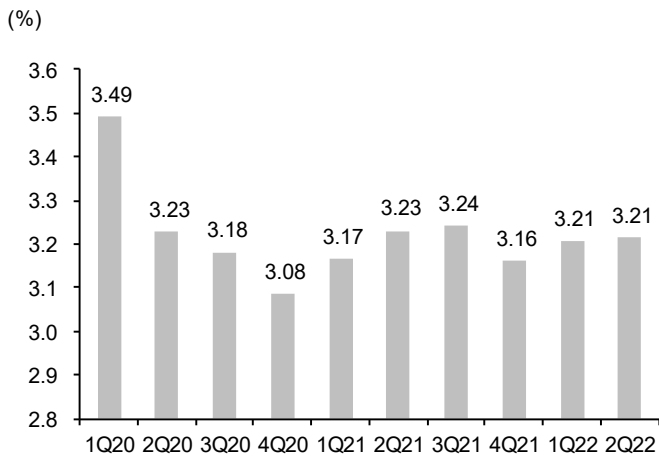
2Q22 key highlights

- The total loan volume gradually increased by 1.3% q-q from a rise in trade finance and commercial loans;
- The NIM was relatively stable at 3.21%;
- Non-NII plunged by 15% y-y due mainly to a mark-to-market loss on financial assets alongside a moderate decrease in fee income due to lower mutual fund and brokerage fees. On the positive, net insurance premiums returned to positive territory at THB159m from eight consecutive losing quarters due to lower insurance claims;
- NPLs slightly increased by 3% q-q, implying a stable q-q NPL ratio of 3.8%.
- Its coverage ratio went down to 128% from 139% due to its aggressive NPL write-offs, in our view.

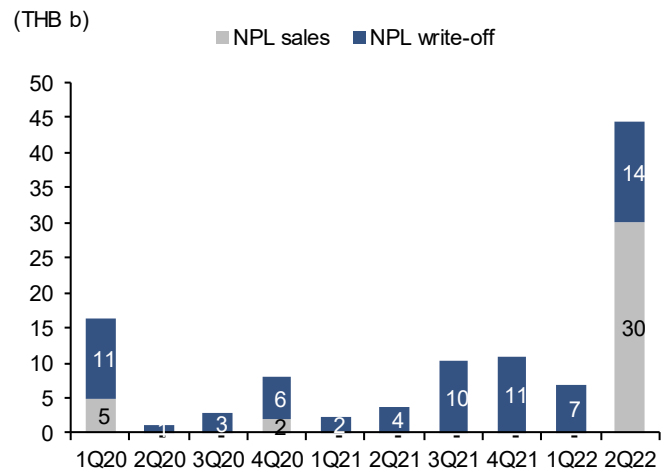
Exhibit 1: KBANK – 2Q22 results review

Year-end Dec 31	2Q21	1Q22	2Q22	Change		1H22			2022E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	29,717	31,751	32,012	8	1	63,763	10	51	125,091	5	
Non-interest income	11,138	8,863	9,498	(15)	7	18,361	(20)	38	48,131	9	
Operating income	40,855	40,613	41,510	2	2	82,123	2	47	173,222	6	
Operating expenses	17,069	17,391	18,070	6	4	35,460	6	48	74,353	5	
PPOP before tax	23,786	23,223	23,441	(1)	1	46,663	(1)	47	98,870	7	
Provision	10,807	9,336	9,852	(9)	6	19,188	(1)	48	39,718	(2)	
Income tax	2,548	2,700	2,454	(4)	(9)	5,154	(8)	46	11,180	15	
Minority interest	1,537	(24)	341			317		5	5,901	41	
Normalised profit	8,894	11,211	10,794	21	(4)	22,005	13	52	42,072	11	
Extraordinary items	0	0	0			0			0		
Net profit	8,894	11,211	10,794	21	(4)	22,005	13	52	42,072	11	In line with BBG consensus
EPS (THB)	3.75	4.73	4.56	21	(4)	9.29	13	52	17.76	11	
Asset quality ratio											
Gross NPLs (THB m)	106,920	106,482	109,972	3	3				104,036	0	
NPL ratios (%)	3.95	3.78	3.80						3.58		
LLR/NPLs (%)	136	139	128						143		
Credit cost (bp)	185	153	159						160		
Profitability ratio											
	(%)	(%)	(%)						(%)		
Cost to income ratio	41.8	42.8	43.5						42.9		
Average yield (%)	3.7	3.6	3.7						3.6		
Cost of fund (%)	0.6	0.6	0.6						0.6		
Net interest margin (NIM)	3.23	3.21	3.21						3.18		
Non-int inc/total income	27.3	21.8	22.9						27.8		
Liquidity ratio											
	(%)	(%)	(%)						(%)		
Loan to deposit ratio	96.1	93.3	93.2						91.7		
Loan growth											
	(%)	(%)	(%)						(%)		
y-y	12.1	6.8	4.5						5.0		
q-q	3.5	1.5	1.3								

*Including share of profits from associates
Source: KBANK; FSSIA estimates

Exhibit 2: Quarterly NIM

Source: KBANK; FSSIA estimates

Exhibit 3: Quarterly NPL outflow

Source: KBANK; FSSIA estimates

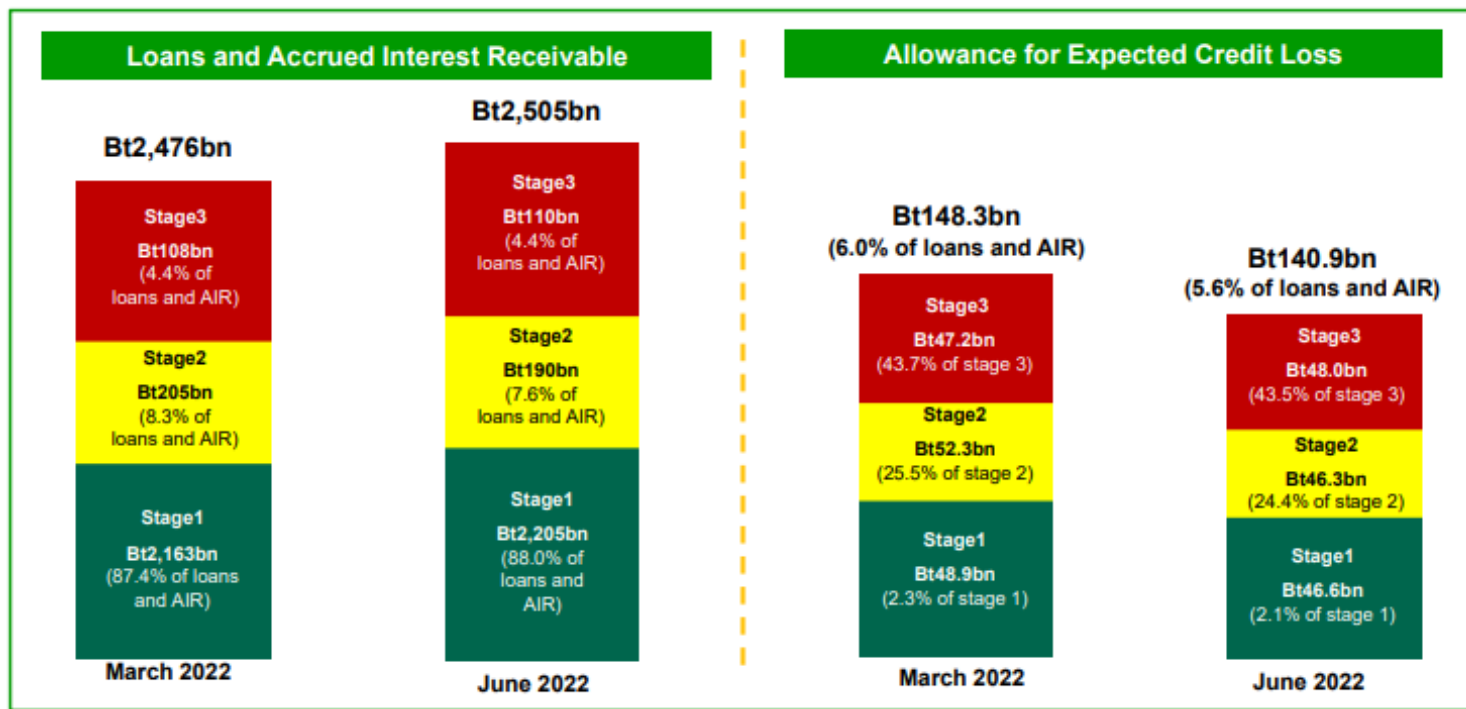
Key takeaways from post-results meeting

The tone from the meeting was neutral. Most of the questions were about asset quality. KBANK stated that its 1Q22 debt relief program went down to 6% of total loans (THB150b) vs 10% in 1Q22 from its balance sheet clean-up strategy. The bank qualitatively downgraded its stage 2 loans to NPLs, resulting in a 7% q-q reduction in its stage 2 loans. It also sold THB30b worth of NPLs (face value) to JK AMC in 2Q22, in line with its target. Additionally, KBANK increased its NPL write-offs to THB14b. These actions led to a lower coverage ratio of 128% in 2Q22 from 139% in 1Q22. This remained at a comfortable level for KBANK. Hence, the bank maintained its credit cost target of 160 bps for 2022. The bank was still silent on its 2023 credit cost outlook. The only hint was that its credit cost might come down to a normal level of 135-150 bps once the Thai economy resumes its normal growth level.

As for rate hikes, KBANK expects the policy rate to stay at 1% in 2022. It believes its NIM should widen from rate hikes and a greater expansion to the small retail ticket size segment.

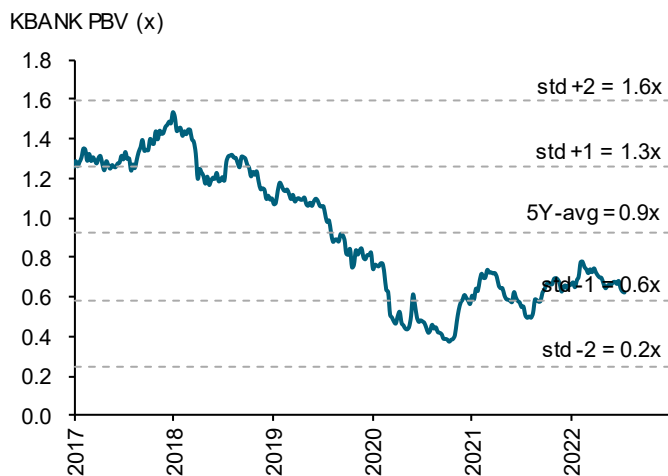
Regarding its THB100b IT investment and potential M&A deals, the bank believes this should have a limited impact on its cost to income ratio in the medium term. It will balance between the investment budget and revenue. There are still few details on this.

Exhibit 4: Stage 2 loans went down by 7% q-q, while the provision cushion remained at a comfortable level for KBANK



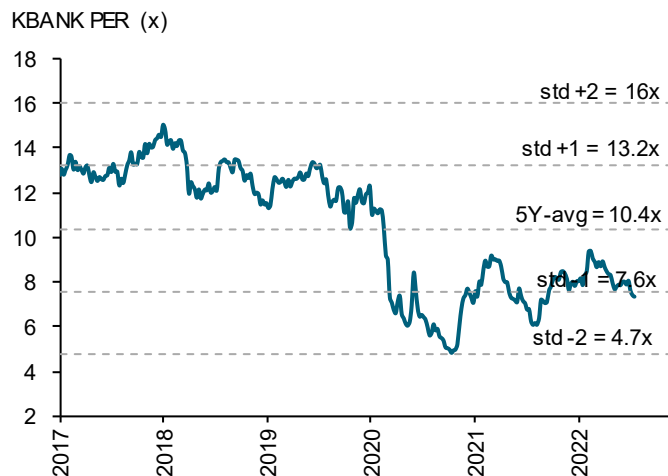
Source: KBANK

Exhibit 5: KBANK – one-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 6: KBANK – one-year forward rolling P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Peers comparison

Company name	BBG code	Rec	--- Share price ---		Up side (%)	Market Cap (USD m)	EPS growth		--- PE ---		- Div Yld -		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			22E (%)	23E (%)	22E (x)	23E (x)	22E (%)	23E (%)	22E (%)	23E (%)	22E (x)	23E (x)
Bangkok Bank	BBL TB	BUY	127.00	170.00	34	6,609	15.2	11.5	7.9	7.1	3.9	5.1	6.0	6.4	0.5	0.4
Kasikornbank	KBANK TB	BUY	139.50	192.00	38	9,011	10.6	12.9	7.9	7.0	3.2	3.6	8.5	9.0	0.6	0.6
Kiatnakin Bank	KKP TB	BUY	60.50	82.00	36	1,397	19.8	9.5	6.8	6.2	6.6	7.4	14.2	14.3	0.9	0.9
Krung Thai Bank	KTB TB	BUY	14.70	18.20	24	5,601	26.6	9.7	7.5	6.9	4.7	5.1	7.4	7.6	0.5	0.5
SCB X	SCB TB	BUY	90.75	134.00	48	8,331	9.8	6.6	7.9	7.4	5.5	6.6	8.6	8.5	0.7	0.6
Tisco Financial	TISCO TB	HOLD	86.50	94.00	9	1,888	7.8	3.5	9.5	9.1	9.0	9.5	17.4	17.4	1.6	1.6
TMBThanachart Bank	TTB TB	BUY	1.14	1.40	23	3,003	20.3	12.1	8.7	7.8	5.1	5.8	5.8	6.3	0.5	0.5
Coverage						35,842	14.8	10.0	7.9	7.2	4.7	5.5	8.4	8.6	0.6	0.6

Share prices as of 20 Jul 2022

Sources: Company data; FSSIA estimates

Financial Statements

Kasikornbank

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	127,592	135,415	141,838	155,750	166,104
Interest expense	(18,570)	(16,024)	(16,747)	(25,296)	(27,442)
Net interest income	109,022	119,390	125,091	130,455	138,662
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	7,401	7,946
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	53,275	56,787
Total income	155,085	164,043	173,951	183,730	195,450
Staff costs	(32,143)	(34,481)	(35,170)	(35,874)	(36,950)
Other operating costs	(37,853)	(36,563)	(39,182)	(40,948)	(42,799)
Operating costs	(69,997)	(71,044)	(74,353)	(76,822)	(79,749)
Pre provision operating profit	85,088	92,999	99,599	106,908	115,701
Provision for bad and doubtful debt	(43,548)	(40,332)	(39,718)	(41,082)	(42,826)
Other provisions	-	-	-	-	-
Operating profit	41,540	52,667	59,881	65,826	72,875
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	59,152	65,061	72,071
Tax	(7,656)	(9,729)	(11,180)	(12,296)	(13,621)
Profit after tax	33,690	42,244	47,972	52,764	58,450
Minority interests	(4,203)	(4,192)	(5,901)	(5,276)	(5,845)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	29,487	38,053	42,072	47,488	52,605
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	29,487	38,053	42,072	47,488	52,605
Per share (THB)					
Recurring EPS *	12.45	16.06	17.76	20.04	22.20
Reported EPS	12.45	16.06	17.76	20.04	22.20
DPS	2.50	3.25	4.50	5.00	5.00
Growth					
Net interest income (%)	6.2	9.5	4.8	4.3	6.3
Non interest income (%)	(20.3)	(3.1)	9.4	9.0	6.6
Pre provision operating profit (%)	(3.0)	9.3	7.1	7.3	8.2
Operating profit (%)	(22.7)	26.8	13.7	9.9	10.7
Reported net profit (%)	(23.9)	29.0	10.6	12.9	10.8
Recurring EPS (%)	(23.1)	29.0	10.6	12.9	10.8
Reported EPS (%)	(23.1)	29.0	10.6	12.9	10.8
Income Breakdown					
Net interest income (%)	70.3	72.8	71.9	71.0	70.9
Net fees & commission (%)	21.3	21.5	21.4	21.3	21.0
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	6.1	3.9	3.7	4.0	4.1
Dividend income (%)	1.5	2.0	2.0	2.0	2.0
Other income (%)	0.8	(0.2)	1.0	1.7	2.0
Operating performance					
Gross interest yield (%)	3.86	3.70	3.60	3.82	3.92
Cost of funds (%)	0.78	0.59	0.57	0.84	0.88
Net interest spread (%)	3.08	3.11	3.03	2.98	3.04
Net interest margin (%)	3.3	3.3	3.2	3.2	3.3
Cost/income(%)	45.1	43.3	42.7	41.8	40.8
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	20.2	25.3	24.9	22.5
ROE (%)	7.0	8.3	8.5	9.0	9.2
ROE - COE (%)	(3.0)	(1.6)	(1.4)	(1.0)	(0.7)
ROA (%)	1.0	1.1	1.2	1.2	1.3
RORWA (%)	1.5	1.7	1.8	1.9	2.0

* 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	2,657,334	2,763,628
Total provisions	(134,393)	(144,772)	(148,889)	(152,768)	(156,903)
interest in suspense	11,272	16,599	20,343	21,259	22,109
Net customer loans	2,121,700	2,293,640	2,414,358	2,525,825	2,628,834
Bank loans	417,420	420,494	405,081	439,619	457,012
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	64,729	32,238	61,389
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	203,017	209,330	218,513
Total assets	3,658,798	4,103,399	4,229,522	4,361,033	4,552,363
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	-	-	-	-	-
Total liabilities	3,167,512	3,566,724	3,654,153	3,744,205	3,887,449
Share capital	23,693	23,693	23,693	23,693	23,693
Reserves	415,976	453,020	487,392	524,218	566,931
Total equity	439,670	476,714	511,085	547,911	590,624
Minority interests	51,616	59,961	64,285	68,917	74,289
Total liabilities & equity	3,658,798	4,103,399	4,229,522	4,361,033	4,552,363
Supplementary items					
Risk weighted assets (RWA)	2,404,276	2,630,858	2,762,401	2,886,709	3,002,177
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	433,959	466,321	500,439	538,638
Total capital	452,095	493,930	526,292	560,410	598,609
Gross non performing loans (NPL)	101,007	104,036	104,036	107,157	114,658
Per share (THB)					
Book value per share	185.57	201.20	215.71	231.25	249.28
Tangible book value per share	185.57	201.20	215.71	231.25	249.28
Growth					
Gross customer loans	12.1	7.9	5.0	4.5	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	4.4
Risk weighted assets (%)	8.7	9.4	5.0	4.5	4.0
Customer deposits (%)	13.2	10.8	6.7	3.0	2.4
Leverage & capital measures					
Customer loan/deposits (%)	90.5	88.3	87.0	88.4	89.8
Equity/assets (%)	12.0	11.6	12.1	12.6	13.0
Tangible equity/assets (%)	12.0	11.6	12.1	12.6	13.0
RWA/assets (%)	65.7	64.1	65.3	66.2	65.9
Tier 1 CAR (%)	16.1	16.5	16.9	17.3	17.9
Total CAR (%)	18.8	18.8	19.1	19.4	19.9
Asset Quality					
Change in NPL (%)	20.2	3.0	-	3.0	7.0
NPL/gross loans (%)	4.5	4.3	4.1	4.0	4.1
Total provisions/gross loans (%)	6.0	6.0	5.9	5.5	5.7
Total provisions/NPL (%)	133.1	139.2	143.1	142.6	136.8
Valuation					
Recurring P/E (x) *	11.2	8.7	7.9	7.0	6.3
Recurring P/E @ target price (x) *	15.4	12.0	10.8	9.6	8.6
Reported P/E (x)	11.2	8.7	7.9	7.0	6.3
Dividend yield (%)	1.8	2.3	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	1.0	0.9	0.8	0.8

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kasikornbank; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA
AP	CENDEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPP	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

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Company	Ticker	Price	Rating	Valuation & Risks
Kasikornbank	KBANK TB	THB 139.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Bangkok Bank	BBL TB	THB 127.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kiatnakin Bank	KKP TB	THB 60.50	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 14.70	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
SCB X	SCB TB	THB 90.75	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Tisco Financial	TISCO TB	THB 86.50	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. An upside risk to our GGM-based TP would be lower-than-expected policy rate hikes.
TMBThanachart Bank	TTB TB	THB 1.14	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

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 20-Jul-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.