

Kasikornbank (KBANK TB)

Better outlook, under-owned; U/G to BUY

Expect better asset quality in FY24

We roll forward valuations to FY24E and upgrade to BUY from HOLD with a higher TP of THB150 (0.6x FY24E P/BV, 8.4% ROE) after raising our earnings forecasts to reflect our higher NIM assumptions. We see buying opportunity as we expect asset quality to improve in FY24. KBANK has underperformed the SETBANK index by 14% YTD and its valuation looks inexpensive. The stock looks under-owned in our view. We expect the key earnings driver will shift from NIM expansion in FY23 to a lower credit cost in FY24. Key risk is weaker asset quality.

Improving balance sheet; credit cost to drop in FY24E

We turn more positive on KBANK after attending the analyst meeting last Friday. Its loans in comprehensive debt restructuring to total loans fell to 6.8% in 3Q23 from 7.2% in 2Q23. Moreover, NPL formation and NPL ratio also fell QoQ. Note that KBANK sold THB22.7b NPLs in 3Q23, lifting its total NPL sales to THB73.3b in 9M23 vs THB72.0b in 2022. We believe the bank will continue to clean up its balance sheet by selling NPLs and making write-offs, and we expect credit cost and NPL formation to decline YoY in FY24.

NIM to expand QoQ; loan growth to miss FY23 target

3Q23 net profit rose by 7% YoY to THB11.3b, beating our and consensus forecasts by 7-9% due to higher NIM. We expect NIM to increase QoQ in 4Q23 as the bank raised lending rates by 25bps but kept deposit savings rate (75% of total deposits) unchanged in Oct-23. Then, NIM may peak in 1Q24 and gradually decline due to higher funding cost in 2Q-4Q24. On a less positive note, loan growth should be flat or contract this year (-1% YoY in 9M23 vs its target of 5-7%) given the weak SME/retail lending and NPL sales. Opex is likely to increase QoQ due to the high seasonality effect of marketing expenses in 4Q23.

Raising FY23-24E earnings due to higher NIM

We raise our FY23-24E net profit forecasts by 2% each to reflect higher NIM forecasts (Fig. 2). Although NPL formation fell in 3Q23, our credit cost assumption is unchanged at 2.1%/1.9%/1.7% for FY23/24/25E given KBANK's large NPL sales this year. Profit contribution from its insurance business should improve YoY due to higher investment income and lower insurance expense in FY24E. In sum, we forecast 3-year earnings CAGR of 11.4% for FY23-25.

FYE Dec (THB m)	FY21A	FY22A	FY23E	FY24E	FY25E
Operating income	164,043	173,143	189,361	193,789	199,770
Pre-provision profit	92,999	98,390	107,132	107,450	109,976
Core net profit	38,053	35,769	41,609	44,913	49,380
Core EPS (THB)	16.1	15.1	17.6	19.0	20.8
Core EPS growth (%)	29.7	(6.0)	16.3	7.9	9.9
Net DPS (THB)	3.3	4.0	5.0	5.5	6.0
Core P/E (x)	8.8	9.8	7.3	6.8	6.2
P/BV (x)	0.7	0.7	0.6	0.5	0.5
Net dividend yield (%)	2.3	2.7	3.9	4.3	4.7
Book value (THB)	201.20	212.41	225.97	239.93	255.27
ROAE (%)	8.3	7.3	8.0	8.1	8.4
ROAA (%)	1.0	0.9	1.0	1.0	1.1
Consensus net profit	-	-	41,153	45,506	49,369
MIBG vs. Consensus (%)	-	-	1.1	(1.3)	0.0

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BUY

[Prior:HOLD]

Share Price THB 129.00
12m Price Target THB 150.00 (+16%)
Previous Price Target THB 140.00

Company Description

SME-focused bank with a well-diversified loan portfolio

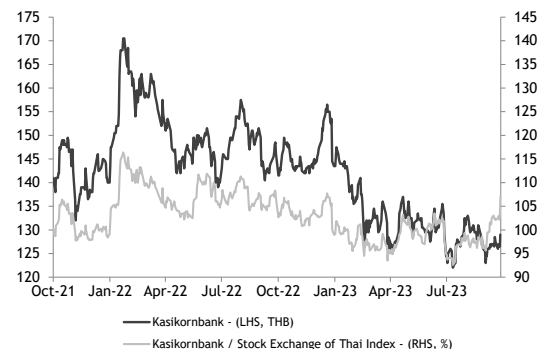
Statistics

52w high/low (THB) 156.50/122.00
3m avg turnover (USDm) 65.4
Free float (%) 73.4
Issued shares (m) 2,393
Market capitalisation THB308.7B
USD8.5B

Major shareholders:

Thai NVDR Co Ltd 19.0%
State Street Europe Ltd 10.0%
South East Asia UK (Type C) Nominees Ltd 4.8%

Price Performance



	-1M	-3M	-12M
Absolute (%)	2	0	(12)
Relative to index (%)	11	9	0

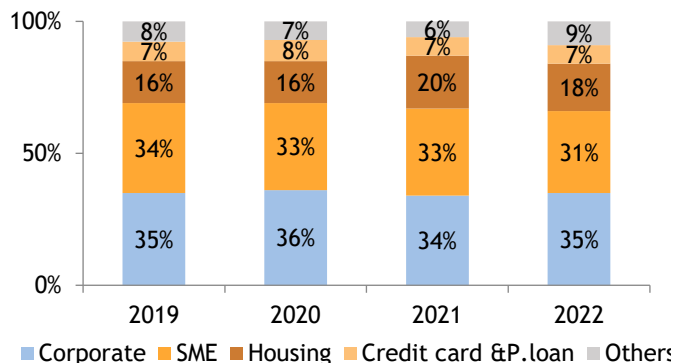
Source: FactSet

ESG@MAYBANK IBG
Tear Sheet Insert

Value Proposition

- Technology and marketing leader among Thai banks. Focuses on SMEs, a high-risk high-return segment.
- Asset quality is likely to improve with lower credit cost.
- Non-interest income fell as KBANK waived online banking fees and a slowdown in fee income from asset management and life insurance businesses due to new regulations.
- Long-term ROE is 8.4% vs cost of capital of 10.4%.

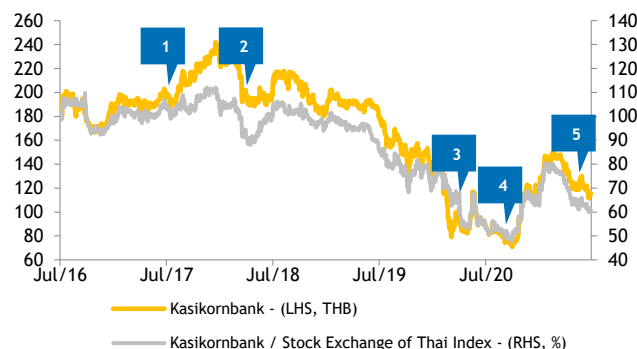
Loans by categories



Source: Company

Price Drivers

Historical share price trend



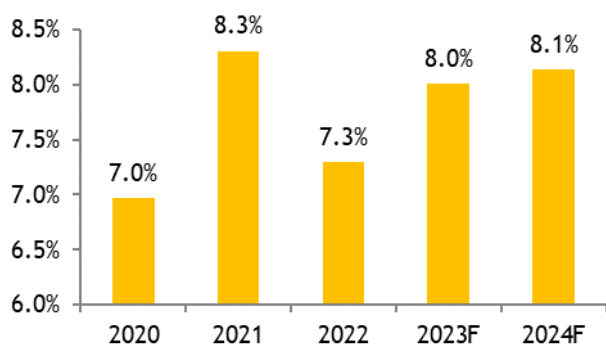
Source: Company, MST

1. Operating income contracted 2.9% YoY but rebounded in the following quarters to 4.4% and 6.1%.
2. Thailand's top four banks waived fees to encourage migration to digital platform.
3. Weak operations due to Covid-19 outbreak.
4. Revenue gradually recovered following the rising in vaccination rate.
5. New wave of Covid-19 outbreak in Thailand.

Financial Metrics

- Net fee income down 7% YoY in FY22 due to weak mutual fund and bancassurance fees. Expect net fee income to drop 2% YoY this year.
- NPL ratio fell to 3.7% in FY22 from 4.3% in FY21 due to NPLs sold and written off. We expect an NPL ratio of 3.8% for FY23 from relapsed NPLs of SMEs.
- Credit cost to decline to 2.0% in FY23E from 2.1% in FY22 due to improvement in asset quality. We forecast ROE to stay at 7.9-8.0% in FY23E-24E.
- Expect THB5.0 DPS, implying 3.9% dividend yield.

ROE



Source: Company

Swing Factors

Upside

- Economic conditions stronger than expected.
- NIMs improve from higher loan yields if interest rates go up.
- Better-than-expected asset quality with lower NPL ratios.
- Life-insurance business improves.

Downside

- Prolonged NPL cycle.
- Slow improvement in net insurance income.
- Interest rate cuts, which affect loan yields and NIMs.

Risk Rating & Score ¹	20.9 Medium Risk
Score Momentum ²	-4.2
Last Updated	11 May 2023
Controversy Score ³ (Updated: 11 May 2023)	2-Moderate

Business Model & Industry Issues

- KBANK carries out social activities including financial support, transfer of knowledge and volunteer activities for customers and partners.
- KBANK is encouraging customers to use K PLUS mobile banking to reduce the use of paper and fuel to visit branches. This will help mitigate global warming. Total number of K PLUS users reached 20m in 2022.
- KBANK has received Carbon Neutrality certification from the Thailand Greenhouse Gas Management Organization. The bank is targeting 21% reduction in greenhouse gas emission by 2025 from the 2020 base.

Material E issues

- KBANK has focused on effective resource management, which covers the lighting system, air conditioning system, water usage and green waste management.
- KBANK aims to empower the customer's life and business in the transition to a Net Zero economy.
- In 2021, KBANK issued sustainability bonds of USD282m to finance green and social projects such as: 1) solar power plant projects; 2) waste-to-energy power plant project; and 3) a large-scale green building projects designed to be environmentally friendly.
- KBANK extended THB17.4b in green loans to: (i) domestic renewable energy projects; (ii) overseas environmental projects; and (iii) energy saving buildings and others in 2021.

Material S issues

- KBANK focuses on financial knowledge sharing to its employees and customers.
- KBANK offered THB1.7b in home loans to low-income earners (<THB15k salary) in 1,347 accounts. The bank also offered THB4.2b of loans to the Fight COVID programme for 24,540 accounts in 2021.
- KBANK encourages staff to join the employee volunteer hour project by allowing staff to take one day off each year to participate in voluntary activities. In 2021, the number of employees that engaged in volunteer activities and hours was 7,679 and 210,937, respectively.
- KBANK has launched the Nan Sandbox project since 2014 to end deforestation as well as promoting the preservation and rehabilitation of forest resources.
- KBANK awarded 21 scholarships under KBANK Young scholarships and KBTG Young Tech scholarships in 2021.

Key G metrics and issues

- KBANK has 18 board members, of which 7 are independent (4 in audit committee), which is 39% of the total number of directors.
 - There are eight women on the board, which are 44% of the total number of directors. KBANK is the only Thai bank that has women as the board's chairperson and CEO.
 - KBANK employed 19,132 staff in 2021, of which 70% are female.
 - Total compensation for key management personnel (title at least Senior SVP) was THB2.0b, which was 5.6% of FY22 net profit.
 - Current auditor is KPMG.
- KBANK has adopted a NO GIFT POLICY regardless of any festival or occasion to ensure transparency in operations and promote good corporate governance.

¹**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. ²**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. ³**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Quantitative Parameters (Score: 50)							
	Particulars	Unit	2019	2020	2021	BBL (2021)	
E	Scope 1 GHG emissions	tonnes CO2e	21,145	18,727	15,834	11,619	
	Scope 2 GHG emissions	tonnes CO2e	82,852	79,059	74,339	57,674	
	Total	tonnes CO2e	103,997	97,786	90,173	69,293	
	Scope 3 GHG emissions	tonnes CO2e	N/A	N/A	N/A	10	
	Total	tonnes CO2e	103,997	97,786	90,173	69,303	
			Tonnes				
	Emissions intensity (Scope 1 and 2)	CO2e/emp	3.1	3.0	2.8	3.3	
	Exposure to coal, mining & plantation	% of loan book	N/A	N/A	N/A	N/A	
	Electricity consumption	MWh/emp	6.7	6.4	5.8	20.2	
	Water consumption	m3/emp	N/A	8.0	8.7	4.3	
	Green, Social, sustainable products & services	THBb	N/A	9.4	130.1	108.0	
S	% of women in workforce	%	69.3%	69.7%	70.0%	66.9%	
	% of women in management roles	%	46.4%	47.3%	48.1%	54.1%	
	Average training hours per employee	number	N/A	42.8	37.4	64.2	
	Attrition rate	%	7.3%	4.4%	6.4%	6.4%	
G	MD/CEO salary as % of reported net profit	%	N/A	N/A	N/A	N/A	
	Board salary as % of reported net profit	%	5.7%	7.3%	5.6%	10.6%	
	Independent directors on the Board	%	39%	39%	44%	42%	
	Profits distributed to shareholders	%	30.9%	20.1%	20.2%	25.2%	
	Female directors on the Board	%	33%	33%	44%	11%	

Qualitative Parameters (Score: 67)	
a) Is there an ESG policy in place and is there a standalone ESG committee or is it part of the risk committee?	<i>Yes, there is an ESG policy in place and a standalone Sustainability & Governance Committee.</i>
b) Does the performance evaluation of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities?	<i>Yes.</i>
c) Does the company follow the task force of climate related disclosures (TCFD) framework for ESG reporting? Is it signatory to responsible banking initiative or other such initiatives?	<i>Not mentioned.</i>
d) Does the company have a mechanism to capture Scope 3 emissions, including from financing activities??	<i>Yes, KBANK plans to capture Scope 3 emissions. The bank does not capture emissions from financing activities now.</i>
e) Does the bank have a policy to reduce exposure coal, oil, plantation etc sector financing?	<i>Yes, KBANK no longer finances coal-fired power generation projects.</i>
f) Does the bank have any deforestation, no peat, no exploitation (NDPE) policies in place?	<i>Yes. The bank has incorporated this into its ESG lending list.</i>

Target (Score: 100)		
Particulars	Target	Achieved
Net Zero emission by 2050	2050	N/A
THB100-200b in sustainable financing and investment	2030	N/A
Net Zero in own operations (Scope 1 and 2)	2030	N/A
Greenhouse gas emissions reduced by 21% (2020 base)	2025	N/A
4.2% reduction of GHG emissions (2020 base)	4.2%	7.8%
Impact		
NA		
Overall Score: 67		
As per our ESG matrix, KBANK has an overall score of 67.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	50	25
Qualitative	25%	67	17
Target	25%	100	25
Total			67

KBANK has strong and well-established sustainability policies in place and targets to be an ESG leader among ASEAN banks. KBANK's overall ESG score is 67, which is above average on our ESG rating (average ESG rating = 50).

3Q23 earnings beat due to decent NIM; asset quality improved with lower NPL ratio

KBANK reported 3Q23 net profit of THB11.3b, up 7% YoY and 3% QoQ due to higher NIM. Earnings beat our and consensus forecast by 7-9%. 9M23 earnings was flat YoY and achieved 81% of our full-year forecast.

- Loans fell by 1% YoY while NIM rose by 13bps QoQ to 3.81% in 3Q23. Hence, NII rose by 15% YoY in 3Q23.
- Non-NII rose by 5% YoY due to the mark-to-market gains on investments. On a negative note, net fee income fell by 4% YoY due to weak brokerage fees and loan-related fees.
- Opex rose by 13% YoY due to the higher number of employees and marketing expenses. Cost-to-income ratio fell 1.6ppts YoY to 42.1% in 3Q23.
- KBANK booked THB12.8b provisions or 209bps credit cost, which led to 9M23 credit cost of 207bps vs its full-year guidance of 'up to 210bps'.
- NPL ratio decreased by 13bps QoQ to 3.67% while NPL coverage increased by 7ppts QoQ to 145% in 3Q23. In addition, NPL formation fell to 1.3% in 3Q23 from 2.5% in 1H23. Stage-2 loans to total loans was stable QoQ at 7.3% in 3Q23. KBANK wrote off THB3.7b NPLs in 3Q23 vs THB5.3b in 1H23.

Fig 1: 3Q23 earnings rose by 7% YoY due to the strong growth in NII

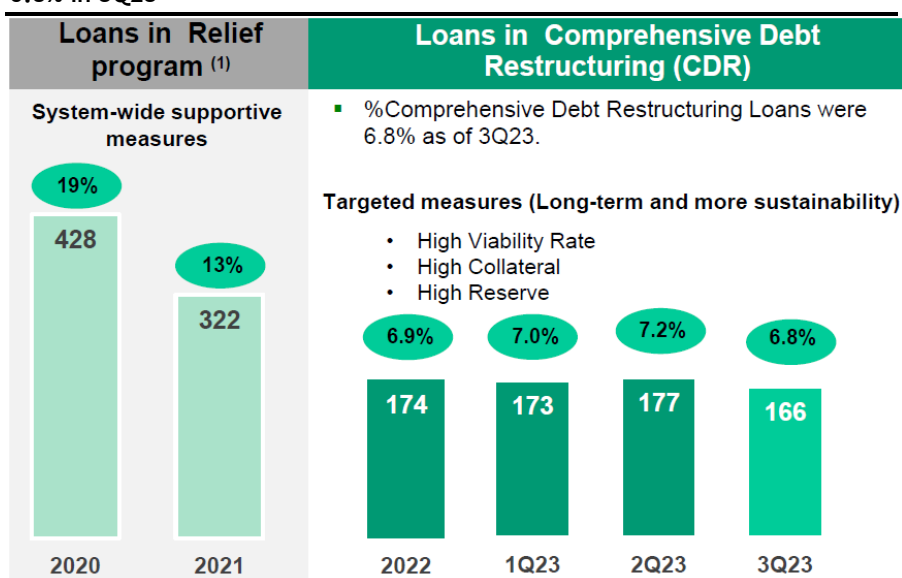
Financial statement (THBm)	3Q22	4Q22	1Q23	2Q23	3Q23	Chg YoY	Chg QoQ	3Q23E	Diff
Balance sheet									
Loans	2,464,277	2,495,077	2,465,031	2,449,289	2,438,026	(1%)	(0%)	2,424,796	1%
Deposits	2,698,252	2,748,685	2,713,372	2,709,500	2,680,656	(1%)	(1%)	2,682,405	0%
Income statement									
Interest income	37,620	41,421	42,442	45,215	47,236	26%	4%	45,799	3%
Interest expenses	(4,532)	(5,274)	(7,566)	(8,514)	(9,217)	103%	8%	(8,930)	3%
Net interest income	33,088	36,148	34,876	36,701	38,019	15%	4%	36,869	3%
Net fee income	8,125	7,779	8,114	7,714	7,803	(4%)	1%	7,881	-1%
Non-interest income	8,647	13,251	11,699	11,369	9,096	5%	(20%)	11,500	-21%
Operating income	41,735	49,399	46,574	48,070	47,115	13%	(2%)	48,368	-3%
Operating expenses	(18,251)	(21,042)	(19,793)	(20,847)	(19,821)	9%	(5%)	(21,354)	-7%
Operating profit	23,484	28,357	26,781	27,223	27,294	16%	0%	27,015	1%
Loan loss provisions	(9,948)	(22,784)	(12,692)	(12,784)	(12,793)	29%	0%	(13,099)	-2%
Pre-tax profit	13,536	5,573	14,089	14,439	14,501	7%	0%	13,915	4%
Tax	(2,546)	(933)	(2,562)	(2,760)	(2,838)	11%	3%	(2,783)	2%
Minority interest	(416)	(1,450)	(786)	(685)	(381)	(8%)	(44%)	(815)	-53%
Net profit	10,574	3,190	10,741	10,994	11,282	7%	3%	10,317	9%
EPS	4.42	1.33	4.49	4.59	4.71	7%	3%	4.31	9%
Key ratios									
Loans to deposits	91.3%	90.8%	90.8%	90.4%	90.9%			90.4%	
Net interest margin	3.35%	3.63%	3.48%	3.68%	3.81%			3.70%	
Cost to income	43.7%	42.6%	42.5%	43.4%	42.1%			44.1%	
Gross NPL (THBm)	87,682	92,536	87,640	92,864	89,459			94,114	
NPL/ Gross loans	3.56%	3.71%	3.56%	3.79%	3.67%			3.88%	
LLR/NPL	138%	144%	146%	138%	145%			136%	
Credit cost	1.61%	3.68%	2.05%	2.08%	2.09%			2.15%	
ROA	1.04%	0.44%	1.09%	1.10%	1.09%			1.04%	
ROE	8.6%	2.5%	8.5%	8.5%	8.7%			8.0%	

Source: Company, MST

Fig 2: Raising FY23-24E earnings by 2% to reflect higher NIM

Key assumptions	New			Previous		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Loan growth	0.0%	4.0%	4.0%	1.0%	4.0%	4.0%
NIM	3.68%	3.72%	3.68%	3.65%	3.65%	3.66%
Fee income growth	-4.0%	-1.0%	4.0%	-3.0%	-1.0%	0.0%
Non-NII growth	2.0%	-1.0%	4.0%	-0.3%	-1.0%	0.0%
OPEX growth	10.0%	5.0%	4.0%	9.0%	4.0%	3.0%
Credit cost	2.10%	1.90%	1.70%	2.10%	1.90%	1.70%
Provisions (THB b)	52.4	48.4	45.0	52.7	48.8	45.4
Earnings (THB b)	41.6	44.9	49.4	40.9	44.0	49.4
% Chg in earnings	1.7%	2.0%	0.1%			
ROE (%)	8.0%	8.1%	8.4%	7.9%	8.0%	8.4%

Source: Company, MST

Fig 3: KBANK's loans in comprehensive debt restructuring fell 40bps QoQ to 6.8% in 3Q23


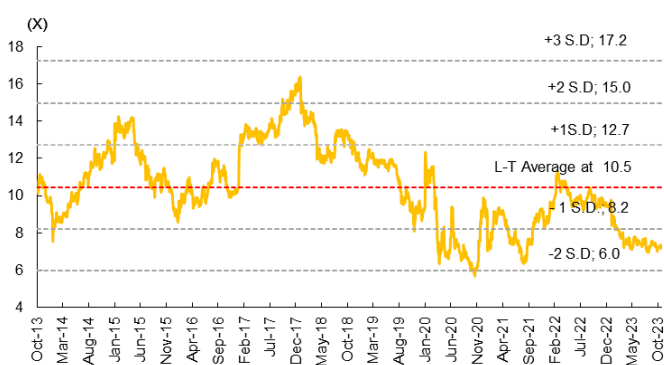
Source: Company, MST

Fig 4: Gordon growth model valuation

Sustainable ROE (%)	8.4	Risk free rate (%)	3.0
Cost of equity (%)	10.4	Equity premium (%)	7.4
Long-term nominal growth (g)	5.0	Equity Beta (x)	1.0
Target P/BV (x)	0.6	Cost of equity (%)	10.4
Target P/E (x)	7.9		
2024 BV (THB)	239.9		
Fair value (THB/share)	150.0		

Source: Company, MST

Fig 5: P/E band



Source: Bloomberg, MST

Fig 6: P/BV band



Source: Bloomberg, MST

Fig 7: Regional comparison - Thai banks are trading at lower valuations than regional banks

Stock	Bloomberg code	Mkt cap (USD'm)	Rating	Price (LC)	TP (LC)	Upside (%)	P/E (x)		P/B (x)		ROE (%)		Div yld (%)	
							23E	24E	23E	24E	23E	24E	23E	24E
SCB X	SCB TB	9,206	Buy	99.75	135.00	35	7.7	7.2	0.7	0.7	9.2	9.5	6.4	7.0
Kasikornbank	KBANK TB	8,377	Buy	129.00	150.00	16	7.3	6.8	0.6	0.5	8.0	8.1	3.9	4.3
Bangkok Bank	BBL TB	8,737	Buy	167.00	200.00	20	8.2	7.6	0.6	0.6	7.5	7.6	3.9	4.2
Krung Thai Bank	KTB TB	7,355	Buy	19.20	22.00	15	7.1	6.6	0.7	0.6	9.7	9.7	4.2	4.5
TMBThanachart	TTB TB	4,593	Hold	1.73	1.75	1	9.1	8.3	0.7	0.7	8.2	8.5	5.5	6.6
TISCO Financial	TISCO TB	2,118	Hold	96.50	108.00	12	10.5	10.5	1.8	1.7	16.9	16.6	8.3	8.3
Kiatnakin Phatra	KKP TB	1,195	Hold	51.50	60.00	17	6.5	6.0	0.7	0.7	11.1	11.3	5.5	6.0
Thailand - average							8.1	7.6	0.8	0.8	10.1	10.2	5.4	5.8
BCA	BBCA IJ	69,659	Buy	8,975.00	10,450.00	16	22.1	19.8	4.5	4.0	21.5	21.4	2.2	2.5
BNI	BBNI IJ	11,671	Buy	4,970.00	5,500.00	11	8.8	7.8	1.3	1.1	15.0	15.3	4.1	4.6
BRI	BBRI IJ	48,188	Buy	5,050.00	6,450.00	28	12.6	11.1	2.4	2.2	19.7	20.6	5.0	4.9
BTN	BBTN IJ	1,069	Hold	1,210.00	1,735.54	43	4.5	4.0	0.5	0.5	11.7	12.0	2.0	2.3
Bank Danamon	BDMN IJ	1,649	Buy	2,680.00	2,700.00	1	9.2	7.5	0.5	0.5	6.1	7.2	3.4	4.2
BJB	BJBR IJ	752	Buy	1,135.00	2,100.00	85	4.5	4.1	0.7	0.6	16.4	16.3	8.2	8.3
Bank Mandiri	BMRI IJ	33,789	Buy	5,750.00	6,400.00	11	10.7	9.4	2.1	1.9	20.6	21.0	5.1	5.7
Indonesia - average							10.3	9.1	1.7	1.5	15.8	16.2	4.3	4.6
Alliance Bank	ABMB MK	1,088	Buy	3.35	4.10	22	7.8	8.1	0.8	0.7	10.3	9.1	6.5	6.1
AMMB Holdings	AMM MK	2,652	Hold	3.82	4.20	10	7.2	8.3	0.7	0.7	9.9	8.2	4.9	4.2
BIMB	BIMB MK	1,032	Hold	2.17	2.20	1	9.9	9.6	0.7	0.7	n.a.	n.a.	6.1	6.3
Malayan Banking	MAY MK	22,739	NR*	8.99	9.38	4	11.6	11.1	1.2	1.2	10.6	10.7	6.7	6.9
CIMB Group	CIMB MK	12,571	Buy	5.62	6.50	16	9.2	8.6	0.9	0.9	9.8	10.0	5.9	6.2
Public Bank	PBK MK	16,854	Buy	4.14	5.05	22	12.0	11.5	1.5	1.4	13.0	12.7	4.6	4.6
RHB Bank	RHBBANK MK	5,034	Hold	5.60	6.20	11	8.8	8.5	0.8	0.8	9.2	9.1	5.7	5.9
Malaysia - average							9.5	9.4	0.9	0.9	10.5	10.0	5.7	5.8
BDO Unibank	BDO PM	12,025	Buy	129.40	167.00	29	10.2	9.5	1.3	1.2	13.7	13.0	2.3	2.3
Bank of Phil Is.	BPI PM	9,186	Buy	105.30	128.00	22	10.4	10.5	1.2	1.1	13.3	11.2	2.8	2.8
Metrobank	MBT PM	4,113	Buy	51.85	70.00	35	5.6	5.0	0.6	0.6	12.1	12.0	5.8	3.1
Phil. National Bk	PNB PM	501	Buy	18.60	23.00	24	2.5	2.5	0.2	0.1	6.6	6.3	0.0	0.0
Security Bank	SECB PM	1,024	Hold	77.00	96.00	25	5.5	4.5	0.4	0.4	7.8	8.6	3.9	3.9
Union Bank of P.	UBP PM	2,742	Buy	60.60	87.00	44	11.1	7.9	0.8	0.7	7.8	9.5	2.2	2.3
Philippines - average							7.5	6.6	0.7	0.7	10.2	10.1	2.8	2.4
DBS Group	DBS SP	62,186	Buy	33.08	39.36	19	8.6	8.6	1.4	1.3	17.5	16.0	5.6	6.4
OCBC	OCBC SP	41,898	Hold	12.79	13.60	6	8.4	8.3	1.0	0.9	12.9	12.2	6.3	6.1
UOB	UOB SP	33,839	Hold	27.76	30.86	11	8.1	8.5	1.0	1.0	12.8	11.6	6.3	6.0
Singapore - average							8.4	8.5	1.1	1.1	14.4	13.2	6.0	6.1
Asia Commercial	ACB VN	3,467	Buy	21,900.00	29,217.38	33	5.5	4.7	1.2	1.0	24.1	22.6	4.0	0.0
MBB Bank	MBB VN	3,814	Buy	17,950.00	24,608.69	37	4.6	3.7	1.0	0.8	23.9	23.0	0.0	0.0
Vietcombank	VCB VN	19,316	Buy	84,800.00	94,326.84	11	14.7	12.0	2.8	2.3	20.9	20.7	0.0	0.0
VPBank	VPB VN	5,936	Buy	21,600.00	25,000.00	16	10.2	8.9	1.3	1.1	13.3	13.3	4.6	0.0
Techcombank	TCB VN	4,458	Buy	31,100.00	48,700.00	57	5.9	4.5	0.8	0.7	15.3	16.9	0.0	0.0
Vietnam - average							8.2	6.8	1.4	1.2	19.5	19.3	1.7	0.0
Average							8.7	8.2	1.1	1.0	12.2	11.9	4.9	5.0

Note: * NR = Not Rated estimates and TP based on Bloomberg

Source: Maybank IBG, Bloomberg

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Key Metrics					
Core P/E (x)	8.8	9.8	7.3	6.8	6.2
Core FD P/E (x)	8.8	9.8	7.3	6.8	6.2
P/BV (x)	0.7	0.7	0.6	0.5	0.5
P/NTA (x)	0.7	0.7	0.6	0.6	0.5
Net dividend yield (%)	2.3	2.7	3.9	4.3	4.7
INCOME STATEMENT (THB m)					
Interest income	135,414.6	151,332.7	183,957.4	197,101.4	207,981.3
Interest expense	(16,024.0)	(18,334.3)	(35,532.9)	(43,837.8)	(50,358.3)
Net interest income	119,390.6	132,998.4	148,424.5	153,263.6	157,622.9
Net insurance income	(1,619.0)	(3,228.6)	(4,164.8)	(4,123.2)	(4,288.1)
Net fees and commission	35,316.4	32,882.2	31,566.9	31,251.3	32,501.3
Other income	10,955.3	10,490.7	13,533.0	13,397.7	13,933.6
Total non-interest income	44,652.7	40,144.4	40,935.1	40,525.7	42,146.8
Income from depositors' funds	0.0	0.0	0.0	0.0	0.0
Income from shareholders' fund	0.0	0.0	0.0	0.0	0.0
Income distributable to depositors	0.0	0.0	0.0	0.0	0.0
Operating income	164,043.3	173,142.8	189,360.6	193,789.3	199,769.7
Staff costs	(34,627.0)	(34,756.6)	(38,232.3)	(40,143.9)	(41,749.6)
Other operating expenses	(36,416.9)	(39,996.4)	(43,996.0)	(46,195.8)	(48,043.7)
Operating expenses	(71,043.9)	(74,753.0)	(82,228.3)	(86,339.7)	(89,793.3)
Pre-provision profit	92,999.4	98,389.8	107,132.3	107,449.6	109,976.4
Loan impairment allowances	(40,332.2)	(51,919.5)	(52,396.6)	(48,354.6)	(44,995.2)
Other allowances	0.0	0.0	0.0	0.0	0.0
Associates & JV income	(694.3)	114.7	148.0	146.5	152.3
Pretax profit	51,972.9	46,585.0	54,883.6	59,241.5	65,133.5
Income tax	(9,728.5)	(8,632.5)	(10,702.1)	(11,552.1)	(12,701.0)
Minorities	(4,191.6)	(2,183.2)	(2,572.1)	(2,776.3)	(3,052.5)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	38,052.8	35,769.3	41,609.4	44,913.0	49,380.0
Core net profit	38,052.8	35,769.3	41,609.4	44,913.0	49,380.0
BALANCE SHEET (THB m)					
Cash & deposits with banks	480,465.8	559,650.7	561,860.4	577,740.1	595,167.9
Sec. under resale agreements	0.0	0.0	0.0	0.0	0.0
Derivatives financial assets	0.0	0.0	0.0	0.0	0.0
Dealing securities	1,030,533.7	1,020,622.0	1,020,622.0	1,061,446.9	1,103,904.8
Available-for-sale securities	0.0	0.0	0.0	0.0	0.0
Investment securities	0.0	0.0	0.0	0.0	0.0
Loans & advances	2,293,639.6	2,377,774.0	2,380,393.8	2,468,757.3	2,561,978.7
Financing and advances	0.0	0.0	0.0	0.0	0.0
Central bank deposits	0.0	0.0	0.0	0.0	0.0
Investment in associates/JVs	3,838.7	8,818.6	9,083.1	9,446.4	9,824.3
Insurance assets	0.0	0.0	0.0	0.0	0.0
Fixed assets	97,184.7	111,105.4	114,438.6	119,016.1	123,776.7
Intangible assets	24,936.3	26,996.5	27,806.4	28,918.7	30,075.4
Other assets	172,799.7	141,401.9	145,643.9	151,469.7	157,528.4
Total assets	4,103,398.5	4,246,369.0	4,259,848.2	4,416,795.1	4,582,256.3
Deposits from customers	2,598,629.8	2,748,684.5	2,748,684.5	2,858,631.9	2,972,977.2
Deposits from banks & FIs	186,449.5	155,239.8	155,239.8	163,001.8	171,151.8
Derivatives financial instruments	0.0	0.0	0.0	0.0	0.0
Subordinated debt	0.0	0.0	0.0	0.0	0.0
Other securities in issue	103,885.9	67,897.1	67,897.1	71,292.0	74,856.6
Other borrowings	25,349.5	24,887.2	24,140.6	24,140.6	24,140.6
Insurance liabilities	0.0	0.0	0.0	0.0	0.0
Other liabilities	652,408.8	682,580.9	662,103.5	662,103.5	662,103.5
Total liabilities	3,566,723.5	3,679,289.5	3,658,065.4	3,779,169.6	3,905,229.6
Share capital	23,693.3	23,693.3	23,693.3	23,693.3	23,693.3
Reserves	453,020.4	479,576.6	511,707.8	544,774.2	581,122.9
Shareholders' funds	476,713.7	503,269.9	535,401.0	568,467.4	604,816.1
Preference shares	0.0	0.0	0.0	0.0	0.0
Minority interest	59,961.3	63,809.7	66,381.7	69,158.1	72,210.5
Total equity	536,675.0	567,079.6	601,782.8	637,625.5	677,026.7
Total liabilities & equity	4,103,398.5	4,246,369.0	4,259,848.2	4,416,795.1	4,582,256.3

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Key Ratios					
Growth (%)					
Net interest income	9.5	11.4	11.6	3.3	2.8
Non-interest income	(3.1)	(10.1)	2.0	(1.0)	4.0
Operating expenses	1.5	5.2	10.0	5.0	4.0
Pre-provision profit	9.3	5.8	8.9	0.3	2.4
Core net profit	29.0	(6.0)	16.3	7.9	9.9
Gross loans	8.1	3.0	0.0	4.0	4.0
Customer deposits	10.8	5.8	0.0	4.0	4.0
Total assets	12.2	3.5	0.3	3.7	3.7
Profitability (%)					
Non-int. income/Total income	27.2	23.2	21.6	20.9	21.1
Average lending yields	3.69	3.82	4.56	4.79	4.86
Average financing yields	0.00	0.00	0.00	0.00	0.00
Average cost of funds	0.59	0.63	1.20	1.45	1.60
Net interest margin	3.25	3.36	3.68	3.72	3.68
Net income margin	0.00	0.00	0.00	0.00	0.00
Cost/income	43.3	43.2	43.4	44.6	44.9
Liquidity (%)					
Loans/customer deposits	88.3	86.5	86.6	86.4	86.2
Asset quality (%)					
Net NPL	0.0	0.0	0.0	0.0	0.0
Gross NPL	4.3	3.7	3.7	3.9	3.9
Net NPF	0.0	0.0	0.0	0.0	0.0
Gross NPF	0.0	0.0	0.0	0.0	0.0
(SP+GP)/average gross loans	1.7	2.1	2.1	1.9	1.7
(SP+GP)/average gross financing	0.0	0.0	0.0	0.0	0.0
Loan loss coverage	139.2	144.3	141.1	142.4	147.7
Capital adequacy (%)					
CET1	14.1	14.6	15.6	16.0	16.4
Tier 1 capital	14.1	14.6	15.6	16.0	16.4
Risk-weighted capital	17.8	17.0	18.0	18.4	18.8
Returns (%)					
ROAE	8.3	7.3	8.0	8.1	8.4
ROAA	1.0	0.9	1.0	1.0	1.1
Shareholders equity/assets	11.6	11.9	12.6	12.9	13.2

Source: Company; Maybank IBG Research

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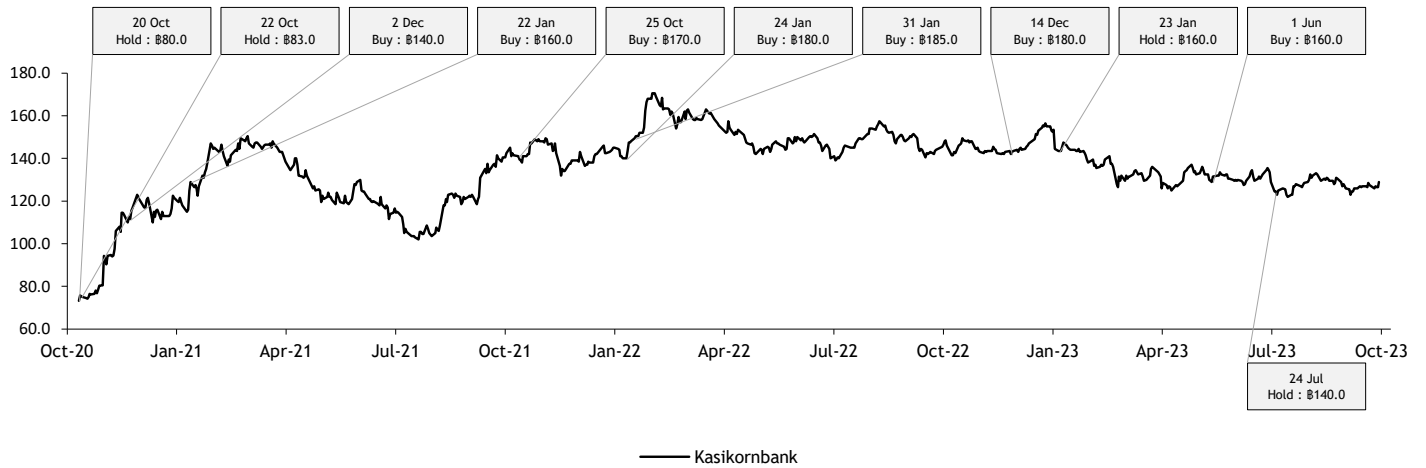
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