

29 SEPTEMBER 2020

# Thailand Banks

## ขาดปัจจัยบวกระยะสั้น

### 3Q20E: กำไรยังไม่สดใส

เราคาดว่ากำไรของธนาคารไทยจะยังไม่สดใสใน 3Q20 โดยคาดว่ากำไรสุทธิรวมที่ 28.2 พัน ลบ. ลดลง 32% y-y แต่เพิ่มขึ้น 22% q-q หากเป็นไปตามคาด กำไรใน 9M20E จะคิดเป็น 78% ของประมาณการกำไรในปี 2020 ในความเห็นของเรา กำไรสุทธิที่คาดว่าจะอ่อนแอเกิดจากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) จำนวนมากที่พอกพูนขึ้นอย่างต่อเนื่อง แม้หนี้ไม่ก่อให้เกิดรายได้ (Non-performing loans หรือ NPLs) มีแนวโน้มเพิ่มขึ้นเล็กน้อยเพียง 2.7% q-q คิดเป็น 3Q20E NPL ratio ที่ 4.3% (เทียบกับ 4.2% ใน 2Q20) อันเป็นผลจากมาตรการผ่อนคลายการจัดชั้นหนี้ของธนาคารแห่งประเทศไทย (The Bank of Thailand หรือ BoT) ซึ่งจะครบกำหนดเมื่อสิ้นปี 2021 รวมถึงมาตรการพักชำระหนี้ ซึ่งส่วนมากจะครบกำหนดในเดือน ต.ค. 2020 อย่างไรก็ตาม ธนาคารได้ใช้ความระมัดระวังโดยจัดสรรสำรองในระดับสูงเพื่อจัดการ NPLs ที่คาดว่าจะเกิดขึ้นดังกล่าว นอกจากนี้เรายังคาดว่าส่วนต่างดอกเบี้ย (NIMs) ของธนาคารจะลดลงจากผลกระทบของการปรับลดอัตราดอกเบี้ยและการตัดสินใจปรับโครงสร้างหนี้ล่วงหน้าให้กับลูกค้าของธนาคาร เราคาดว่าธนาคารใหญ่ทั้ง 4 แห่ง (BBL KBANK KTB และ SCB) จะรายงานกำไรลดลงอย่างมีนัยสำคัญ y-y ในไตรมาสนี้ โดยอยู่ในช่วง 29-40% นอกจากนี้ ผลประกอบการของ KTB และ SCB อาจแย่ที่สุดในกลุ่มฯ ในขณะที่กำไรของผู้ให้บริการสินเชื่อเช่าซื้อรถยนต์จะลดลงในอัตราที่ต่ำกว่าที่เพียง 15-19% y-y

### ความกังวลเกี่ยวกับ NIM ที่ลดลงมากเกินคาดเพิ่มขึ้น

นอกจากคุณภาพสินทรัพย์ที่เสื่อมโทรมลงแล้ว เรามีความกังวลบางประการเกี่ยวกับ NIMs ของธนาคาร แม้ว่า BoT จะมิได้ยึดมาตรการพักชำระหนี้ออกไป เรามองว่าธนาคารส่วนมากจะยังคงนำเสนอมาตรการบรรเทาหนี้ของตนเองให้กับลูกค้า เช่น การยึดกำหนดชำระหนี้หรือแม้กระทั่งให้พักการชำระหนี้ในบางกรณี ดังนั้นเราจึงคาดว่า NIMs ของธนาคารอาจลดลงเพิ่มขึ้นตั้งแต่ 3Q20E เป็นต้นไป

### แต่ฐานเงินทุนยังแข็งแกร่ง

BoT ได้ร้องขอให้ธนาคารไทยทำการทดสอบความแข็งแกร่งของฐานเงินทุนของตนเองในอีก 2 ปีข้างหน้า โดยให้รวมผลกระทบของโรคระบาดที่กำลังเกิดขึ้นเข้าไปในสมมติฐาน รายงานผลการทดสอบจะออกในเดือน พ.ย. 2020 เรายังคงมุมมองของเราที่ว่าธนาคารทั้งหมดจะสามารถผ่านการทดสอบและกลับมาจ่ายเงินปันผลเต็มปีได้จากฐานเงินทุนที่แข็งแกร่ง

### สภาวะแวดล้อมการดำเนินงานไม่ราบรื่นในระยะสั้น

ในระยะสั้น เราเห็นว่าสภาวะแวดล้อมในการดำเนินงานของกลุ่มธนาคารไทยยังคงไม่ราบรื่น ด้วยคุณภาพสินทรัพย์ที่เสื่อมโทรมและ NIM ที่ถูกกดดัน ดังนั้นเราจึงคาดว่าราคาหุ้นกลุ่มธนาคารจะผันผวน โดยธนาคารใหญ่จะได้ผลกระทบมากกว่าปกติ สำหรับนักลงทุนที่มองหาหุ้นที่ให้ผลตอบแทนเงินปันผลดี เรายังคงมองว่า TISCO สามารถให้ผลตอบแทนที่น่าสนใจในระดับ 10% จากอัตราส่วนเงินกองทุนทั้งหมดต่อสินทรัพย์เสี่ยง (CAR) ที่อยู่ในระดับสูง สำหรับธนาคารใหญ่ เราเลือก BBL เป็นหุ้นเด่น แม้ว่าการออก AT1 ของ BBL อาจกระทบอัตราผลตอบแทนเมื่อเทียบกับส่วนผู้ถือหุ้น (ROE) ได้เล็กน้อย เราเชื่อว่าราคาหุ้นที่ปรับลดลงไปเมื่อไม่นานมานี้ได้สะท้อนความกังวลดังกล่าวไปเรียบร้อยแล้ว และคาดว่า AT1 จะช่วยเสริมฐานเงินทุนให้แข็งแกร่งยิ่งขึ้นในระยะยาว



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## Exhibit 1: Summary of 3Q20E earnings preview

BBG	Norm profit			3Q20E		Expected results date	FSSIA's view
	3Q19 (THB m)	2Q20 (THB m)	3Q20E (THB m)	Change (y-y %) (q-q %)			
BBL	9,439	3,095	6,680	(29.2)	115.8	19-21 October	A drop y-y from a NIM contraction due to the impact of rate cuts and debt relief packages. A significant rise q-q from a noticeable decline in provisions due to a proactive set aside and a huge extra provision in 2Q20.
KBANK	9,951	2,175	6,666	(33.0)	206.4	20-21 October	A drop y-y from a NIM contraction due to the impact of rate cuts and debt relief packages. A significant rise q-q from a noticeable decline in provisions due to a proactive set aside and a huge extra provision in 2Q20.
KKP	1,610	1,184	1,300	(19.2)	9.8	19-20 October	A drop y-y from an ECL increase and a loss of reprocessed cars. An increase q-q from a rise in hire purchase loans owing to new partners.
KTB	6,354	3,829	3,800	(40.2)	(0.8)	19-20 October	A drop y-y from 1) an ECL increase due to weaker asset quality; and 2) a NIM decline due to a substantially higher portion of low-yield government loans.
SCB	14,798	8,359	6,500	(37.7)	(22.2)	20 October	A drop y-y, q-q from 1) a higher ECL, as SCB did not provide a special provision in 2Q20 like BBL and KBANK; and 2) a NIM contraction due to the impact of rate cuts and debt relief packages.
TISCO	1,878	1,333	1,510	(19.6)	13.3	16 October	A drop y-y from a rise in ECL due to weaker asset quality and a decline in yields on loans owing to a drop in high-yield auto cash loans. An increase q-q from a lower ECL, as TISCO set aside an extra provision in 2Q20.
TMB	2,111	3,095	1,790	(15.2)	(42.2)	19-20 October	A drop y-y, q-q from 1) a higher ECL, as TMB did not provide a special provision in 2Q20 like BBL and KBANK; and 2) a NIM contraction due to the impact of rate cuts and debt relief packages.
<b>Coverage</b>	<b>46,141</b>	<b>23,072</b>	<b>28,246</b>	<b>(32.4)</b>	<b>22.4</b>		

Sources: Company data; FSSIA estimates

## Exhibit 2: Thailand banks under coverage, 3Q20E earnings preview

BBG		Norm profit				Pre-provision profit			Expected credit loss		
		(THB m)	(y-y%)	(q-q%)	(% 20E)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)	(q-q%)
Bangkok Bank	BBL TB	6,680	(29.2)	115.8	28.8	14,326	(18.4)	(17.0)	5,796	7.7	(56.2)
Kasikornbank	KBANK TB	6,666	(33.0)	206.4	28.0	21,027	(12.6)	(17.1)	10,740	6.8	(46.8)
Kiatnakin Bank	KKP TB	1,300	(19.2)	9.8	25.4	2,420	2.5	6.3	794	112.8	6.8
Krung Thai Bank	KTB TB	3,800	(40.2)	(0.8)	21.6	16,889	18.2	(16.0)	11,370	86.5	(22.7)
Siam Commercial Bank	SCB TB	6,500	(37.7)	(22.2)	23.6	18,476	(2.1)	(8.2)	10,517	70.4	8.0
Tisco Financial	TISCO TB	1,510	(19.6)	13.3	23.1	2,510	2.0	(1.3)	645	415.6	(26.1)
TMB Bank	TMB TB	1,790	(15.2)	(42.2)	16.1	8,586	54.3	(2.4)	6,375	120.4	28.2
<b>Coverage</b>		<b>28,246</b>	<b>(32.4)</b>	<b>22.4</b>	<b>24.6</b>	<b>84,234</b>	<b>(1.1)</b>	<b>(12.7)</b>	<b>46,237</b>	<b>48.7</b>	<b>(28.3)</b>

Source: FSSIA estimates

## Exhibit 3: Thailand banks under coverage – summary of key valuations

	Rec		Share price		Up side	EPS growth		PE		DivYld		ROE		PBV	
			Current	Target		20E	21E	20E	21E	20E	21E	20E	21E	20E	21E
			(THB)	(THB)	(%)	(%)	(%)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)
Bangkok Bank	BBL TB	BUY	100.50	130.00	29	(35.3)	16.5	8.3	7.1	4.0	7.0	5.3	6.0	0.4	0.4
Kasikornbank	KBANK TB	BUY	79.50	118.00	48	(38.6)	11.1	8.0	7.2	3.8	6.3	5.8	6.2	0.5	0.4
Kiatnakin Bank	KKP TB	BUY	37.75	54.00	43	(14.5)	10.8	6.2	5.6	8.0	11.3	11.3	11.9	0.7	0.7
Krung Thai Bank	KTB TB	HOLD	9.05	10.20	13	(39.9)	14.9	7.2	6.2	4.2	5.6	5.2	5.8	0.4	0.4
Siam Commercial Bank	SCB TB	BUY	67.25	96.00	43	(23.6)	10.2	8.3	7.5	5.6	8.2	6.8	7.3	0.6	0.5
Tisco Financial	TISCO TB	BUY	65.00	88.00	35	(10.2)	11.6	8.0	7.1	10.0	11.5	16.6	17.9	1.3	1.2
TMB Bank	TMB TB	HOLD	0.93	1.09	17	(22.1)	9.4	7.8	7.2	2.6	4.2	5.6	5.8	0.4	0.4
<b>Coverage</b>						<b>(31.6)</b>	<b>12.4</b>	<b>7.9</b>	<b>7.0</b>	<b>4.7</b>	<b>7.1</b>	<b>6.1</b>	<b>6.6</b>	<b>0.5</b>	<b>0.5</b>

Share prices as of 28 September 2020

Source: FSSIA estimates

## Exhibit 4: Details of 3Q20E earnings preview

3Q20E	BBL	KBANK	KKP	KTB	SCB	TISCO	TMB	Coverage
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
<b>Net Interest Income</b>	<b>18,797</b>	<b>27,610</b>	<b>3,690</b>	<b>22,219</b>	<b>23,530</b>	<b>3,086</b>	<b>13,014</b>	<b>111,946</b>
Change (y-y %)	4.8	5.8	14.3	5.0	(10.2)	(0.8)	109.7	7.7
Change (q-q %)	3.8	1.9	2.1	(5.3)	(1.0)	(1.4)	(0.2)	(0.2)
<b>Non-interest Income</b>	<b>8,444</b>	<b>10,804</b>	<b>1,525</b>	<b>8,123</b>	<b>11,249</b>	<b>1,266</b>	<b>3,458</b>	<b>44,870</b>
Change (y-y %)	(31.3)	(31.5)	(13.1)	(12.3)	9.9	(23.4)	(23.0)	(19.1)
Change (q-q %)	(40.4)	(23.3)	23.2	(9.8)	(10.0)	2.6	(1.9)	(19.5)
<b>Net fee income</b>	<b>5,902</b>	<b>8,288</b>	<b>1,017</b>	<b>5,428</b>	<b>7,911</b>	<b>1,141</b>	<b>2,266</b>	<b>31,952</b>
Change (y-y %)	(14.0)	(12.4)	(15.8)	(8.8)	7.0	(23.5)	15.3	(6.9)
Change (q-q %)	5.0	3.0	15.0	3.0	3.0	5.0	5.0	3.9
<b>Operating income</b>	<b>27,242</b>	<b>38,414</b>	<b>5,215</b>	<b>30,343</b>	<b>34,779</b>	<b>4,352</b>	<b>16,472</b>	<b>156,815</b>
Change (y-y %)	(9.9)	(8.3)	4.7	(0.3)	(4.5)	(8.6)	54.0	(1.6)
Change (q-q %)	(15.6)	(6.7)	7.5	(6.5)	(4.1)	(0.2)	(0.6)	(6.6)
<b>Operating expenses</b>	<b>12,916</b>	<b>17,386</b>	<b>2,795</b>	<b>13,454</b>	<b>16,302</b>	<b>1,842</b>	<b>7,886</b>	<b>72,582</b>
Change (y-y %)	1.9	(2.3)	6.6	(16.6)	(7.2)	(20.0)	53.7	(2.2)
Change (q-q %)	(14.0)	10.1	8.6	8.8	1.0	1.3	1.4	1.5
<b>Pre-provision profit</b>	<b>14,326</b>	<b>21,027</b>	<b>2,420</b>	<b>16,889</b>	<b>18,476</b>	<b>2,510</b>	<b>8,586</b>	<b>84,234</b>
Change (y-y %)	(18.4)	(12.6)	2.5	18.2	(2.1)	2.0	54.3	(1.1)
Change (q-q %)	(17.0)	(17.1)	6.3	(16.0)	(8.2)	(1.3)	(2.4)	(12.7)
<b>Expected credit loss</b>	<b>5,796</b>	<b>10,740</b>	<b>794</b>	<b>11,370</b>	<b>10,517</b>	<b>645</b>	<b>6,375</b>	<b>46,237</b>
Change (y-y %)	7.7	6.8	112.8	86.5	70.4	415.6	120.4	48.7
Change (q-q %)	(56.2)	(46.8)	6.8	(22.7)	8.0	(26.1)	28.2	(28.3)
Income tax	1,749	1,955	305	1,049	1,512	354	420	7,343
<b>Normalised profit</b>	<b>6,680</b>	<b>6,666</b>	<b>1,300</b>	<b>3,800</b>	<b>6,500</b>	<b>1,510</b>	<b>1,790</b>	<b>28,246</b>
Change (y-y %)	(29.2)	(33.0)	(19.2)	(40.2)	(37.7)*	(19.6)	(15.2)	(32.4)
Change (q-q %)	115.8	206.4	9.8	(0.8)	(22.2)	13.3	(42.2)	22.4
% of 2020E	28.8	28.0	25.4	21.6	23.6	23.1	16.1	24.6
<b>Net profit</b>	<b>6,680</b>	<b>6,666</b>	<b>1,300</b>	<b>3,800</b>	<b>6,500</b>	<b>1,510</b>	<b>1,790</b>	<b>28,246</b>
Change (y-y %)	(29.2)	(33.0)	(19.2)	(40.2)	(56.1)*	(19.6)	(15.2)	(38.8)
Change (q-q %)	115.8	206.4	9.8	(0.8)	(22.2)	13.3	(42.2)	22.4
% of 2020E	28.8	28.0	25.4	21.6	23.6	23.1	16.1	24.6
<b>Bloomberg consensus 3Q20E</b>	<b>5,676</b>	<b>5,059</b>	<b>933</b>	<b>3,437</b>	<b>5,505</b>	<b>1,479</b>	<b>2,020</b>	<b>24,109</b>
FSSIA's 3Q20E vs BBG's	18	32	39	11	18	2	(11)	17
<b>Loan (q-q %)</b>	<b>(3.0)</b>	<b>2.0</b>	<b>4.0</b>	<b>1.0</b>	<b>1.2</b>	<b>(1.2)</b>	<b>(0.5)</b>	<b>0.2</b>
Loan (y-y %)	14.1	11.3	9.0	10.3	0.9	(6.4)	98.2	15.2
Loan (ytd %)	10.8	8.4	9.2	10.5	2.7	(7.2)	(1.2)	6.4
<b>Deposit (q-q %)</b>	<b>(0.0)</b>	<b>1.0</b>	<b>(2.0)</b>	<b>1.0</b>	<b>2.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>
Deposit (y-y %)	20.7	16.6	39.8	14.0	4.8	(0.3)	116.3	21.4
Deposit (ytd %)	20.3	12.5	40.4	10.1	6.5	(6.4)	4.2	11.5
Loan/Deposits (LDR %)	80.0	93.1	107.1	97.2	94.4	111.5	94.4	91.8
<b>Loan/Deposits and Borrowing (%)</b>	<b>76.2</b>	<b>90.3</b>	<b>92.1</b>	<b>93.3</b>	<b>91.5</b>	<b>101.7</b>	<b>88.6</b>	<b>87.8</b>
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
<b>Net interest margin</b>	<b>2.02</b>	<b>3.16</b>	<b>4.22</b>	<b>2.85</b>	<b>3.13</b>	<b>4.43</b>	<b>2.80</b>	<b>2.83</b>
<b>Credit cost (bp/total loans)</b>	<b>1.00</b>	<b>2.00</b>	<b>1.25</b>	<b>1.98</b>	<b>1.95</b>	<b>1.14</b>	<b>1.85</b>	<b>1.00</b>
<b>Cost to income</b>	<b>47.41</b>	<b>45.26</b>	<b>53.60</b>	<b>44.34</b>	<b>46.87</b>	<b>42.33</b>	<b>47.88</b>	<b>46.28</b>
Loan-loss-coverage	171	140	122	124	140	164	114	141
<b>Absolute NPL (THB m)</b>	<b>108,604</b>	<b>99,163</b>	<b>9,468</b>	<b>117,760</b>	<b>83,576</b>	<b>7,106</b>	<b>39,969</b>	<b>465,646</b>
Change (y-y %)	26.0	24.9	(5.6)	7.2	8.2	6.7	96.9	19.5
Change (q-q %)	0.0	5.0	2.0	2.4	5.0	(5.0)	3.0	2.7
Change (ytd %)	37.2	18.0	(1.0)	14.7	(1.9)	21.8	5.9	15.2
NPL ratio	4.76	4.57	3.66	5.10	3.85	3.15	2.91	4.32
<b>Reported NPL ratio</b>	<b>4.23</b>	<b>3.96</b>	<b>3.63</b>	<b>4.41</b>	<b>3.06</b>	<b>3.16</b>	<b>2.42</b>	<b>0.00</b>
<b>CET1</b>	<b>15.5</b>	<b>14.7</b>	<b>13.5</b>	<b>14.9</b>	<b>17.1</b>	<b>18.2</b>	<b>17.0</b>	<b>15.7</b>
CAR	18.2	17.8	17.3	18.7	18.2	22.1	20.9	18.6

Note: \*SCB recognised a net gain of THB4.4b (an investment gain net by a special provision) from selling SCB Life (not listed) in 3Q19

Source: FSSIA estimates

## Exhibit 5: Summary of 9M20E earnings preview

9M20E	BBL	KBANK	KKP	KTB	SCB	TISCO	TMB	Coverage
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
<b>Net Interest Income</b>	<b>56,727</b>	<b>82,774</b>	<b>10,842</b>	<b>68,641</b>	<b>73,085</b>	<b>9,672</b>	<b>40,074</b>	<b>341,814</b>
Change (y-y %)	5.3	7.3	17.9	1.5	(4.4)	3.8	113.3	9.4
<b>Non-interest Income</b>	<b>29,194</b>	<b>34,867</b>	<b>4,818</b>	<b>25,133</b>	<b>35,612</b>	<b>3,954</b>	<b>11,163</b>	<b>144,740</b>
Change (y-y %)	(19.3)	(16.3)	(2.9)	(5.1)	16.4	(15.5)	19.9	(5.9)
<b>Net fee income</b>	<b>17,877</b>	<b>25,185</b>	<b>3,178</b>	<b>15,648</b>	<b>24,506</b>	<b>3,625</b>	<b>7,238</b>	<b>97,256</b>
Change (y-y %)	(12.0)	(7.9)	(5.3)	(9.2)	15.4	(16.4)	29.3	(2.2)
<b>Operating income</b>	<b>85,921</b>	<b>117,640</b>	<b>15,660</b>	<b>93,774</b>	<b>108,697</b>	<b>13,626</b>	<b>51,237</b>	<b>486,555</b>
Change (y-y %)	(4.6)	(0.9)	10.6	(0.3)	1.5	(2.7)	82.3	4.4
<b>Operating expenses</b>	<b>39,319</b>	<b>50,663</b>	<b>8,032</b>	<b>39,281</b>	<b>48,836</b>	<b>5,656</b>	<b>23,993</b>	<b>215,780</b>
Change (y-y %)	0.8	(1.7)	8.5	(14.4)	(6.2)	(17.9)	70.4	(0.5)
<b>Pre-provision profit</b>	<b>46,602</b>	<b>66,977</b>	<b>7,628</b>	<b>54,493</b>	<b>59,861</b>	<b>7,970</b>	<b>27,243</b>	<b>270,774</b>
Change (y-y %)	(8.7)	(0.3)	12.9	13.1	8.9	12.1	94.3	8.6
<b>Expected credit loss</b>	<b>24,121</b>	<b>42,804</b>	<b>1,794</b>	<b>34,605</b>	<b>29,977</b>	<b>2,592</b>	<b>16,107</b>	<b>152,000</b>
Change (y-y %)	50.7	69.9	22.2	82.2	71.3	598.8	123.0	75.2
Income tax	4,751	4,205	1,103	3,703	5,939	1,049	2,085	22,836
<b>Normalised profit</b>	<b>17,445</b>	<b>16,216</b>	<b>3,968</b>	<b>14,096</b>	<b>24,110</b>	<b>4,330</b>	<b>9,049</b>	<b>89,215</b>
Change (y-y %)	(37.3)	(45.8)	(7.9)	(35.4)	(21.1)	(19.9)	61.5	(28.9)
% of 2020E	75.3	68.1	77.5	80.1	87.5	66.3	81.1	77.6
<b>Net profit</b>	<b>17,445</b>	<b>16,216</b>	<b>3,968</b>	<b>14,096</b>	<b>24,110</b>	<b>4,330</b>	<b>9,049</b>	<b>89,215</b>
Change (y-y %)	(37.3)	(45.8)	(7.9)	(35.4)	(31.0)	(19.9)	61.5	(31.3)
% of FSSIA 2020E	75.3	68.1	77.5	80.1	87.5	66.3	81.1	77.6
<b>Key ratios (%)</b>								
<b>Net interest margin</b>	<b>2.18</b>	<b>3.29</b>	<b>4.36</b>	<b>3.01</b>	<b>3.29</b>	<b>4.45</b>	<b>2.92</b>	<b>2.98</b>
FSSIA NIM 2020E	2.20	3.41	4.48	3.03	3.43	4.44	3.02	3.05
<b>Credit cost (bp/total loans)</b>	<b>2.25</b>	<b>4.16</b>	<b>1.45</b>	<b>3.15</b>	<b>2.78</b>	<b>2.22</b>	<b>3.11</b>	<b>3.02</b>
FSSIA credit cost 2020E	1.32	2.51	1.30	1.97	1.95	1.06	1.75	1.87
<b>Cost to income</b>	<b>45.76</b>	<b>43.07</b>	<b>51.29</b>	<b>41.89</b>	<b>44.93</b>	<b>41.51</b>	<b>46.83</b>	<b>44.35</b>
FSSIA cost to income 2020E	48.74	47.24	55.65	45.64	47.79	45.89	47.36	47.58
<b>Loan-loss-coverage</b>	<b>171</b>	<b>140</b>	<b>122</b>	<b>124</b>	<b>140</b>	<b>164</b>	<b>114</b>	<b>141</b>

Source: FSSIA estimates

## Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGP	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENDEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PNR	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range	Number of Logo					Description				
90-100						Excellent				
80-89						Very Good				
70-79						Good				
60-69						Satisfactory				
50-59						Pass				
Less than 50	No logo given					-				

**Disclaimer:**

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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

CERTIFIED										
ADVANC	AIE	AKP	AMANAHA	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

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:

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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 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

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### ANALYST(S) CERTIFICATION

#### Yuvanart Suwanumchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 100.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave 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.
Kasikornbank	KBANK TB	THB 79.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave 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.
Kiatnakin Bank	KKP TB	THB 37.75	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 9.05	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave of the COVID-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs. The upside risk is the better-than-expected ability to control cost of funds.
Siam Commercial Bank	SCB TB	THB 67.25	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave of the COVID-19 pandemic affecting loan growth and asset quality; 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
Tisco Financial	TISCO TB	THB 65.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave of the COVID-19 pandemic affecting loan growth and asset quality; 2) the impact of new regulations from the Bank of Thailand on debt-servicing programs; and 3) the slow expansion of its high yield auto cash portfolio.
TMB Bank	TMB TB	THB 0.93	HOLD	Upside risks to our GGM-based target price are M&A completions and long-term synergy to be gained. The downside risk is the impact from a prolonged weak macro outlook on loan growth and asset quality.

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 28-Sep-2020 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.