

22 JANUARY 2021

THAILAND / BANKS

SIAM COMMERCIAL BANK SCB TB

BUY

FROM HOLD

TARGET PRICE	THB114.00
CLOSE	THB94.50
UP/DOWNSIDE	+20.6%
PRIOR TP	THB96.00
CHANGE IN TP	+18.8%
TP vs CONSENSUS	+16.8%

หนทางแห่งการฟื้นตัว

ผลประกอบการ 4Q20: ผลการดำเนินงานหลักดี

SCB รายงานกำไรสุทธิ 4Q20 ที่ 4.96 พัน ลบ. (-10% y-y, +7% q-q) ตามตลาดคาด แต่สูงกว่าประมาณการของเรามากถึง 30% เนื่องจากรายได้ค่าธรรมเนียมเพิ่มขึ้นและค่าใช้จ่ายในการดำเนินงานลดลง บริษัท รายงานการดำเนินงานปกติในระดับที่ดี โดย PPOP เพิ่มขึ้น 23% y-y และ 8% q-q จาก 1) ปริมาณสินเชื่อเพิ่ม 3.9% q-q จากสินเชื่อประเภทที่เพิ่มขึ้น; 2) รายได้ค่าธรรมเนียมเพิ่มขึ้นจากค่าธรรมเนียมในธุรกิจ Bancassurance และบริหารสินทรัพย์; และ 3) การควบคุมค่าใช้จ่ายในการดำเนินงานที่มีประสิทธิภาพ ทำให้อัตราส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้รวม (Cost to income ratio) ลดลงอย่างมีนัยสำคัญเป็น 44.1% เทียบกับ 52.8% ใน 4Q19 อย่างไรก็ตาม SCB ใช้กำไรใดดังกล่าวเพื่อจัดสรรสำรองพิเศษเพื่อรองรับคุณภาพสินทรัพย์ที่อาจแย่ลงในอนาคต และการจัดชั้นลูกหนี้เชิงคุณภาพสำหรับลูกหนี้ที่อยู่ในโครงการช่วยเหลือลูกหนี้

เป้าหมายทางการเงินในปี 2021 เป็นบวกเล็กน้อย

SCB ให้เป้าหมายสำหรับในปี 2021 (ดู Ex. 2) ซึ่งเรามองว่าเป็นบวกเล็กน้อยในภาพรวม แม้ว่า NPL มีแนวโน้มเพิ่มในปี 2021 จากการบริหาร NPL อย่างระมัดระวัง และการที่ SCB จะลดการขาย NPL ลง แต่อัตราส่วนสำรองหนี้สูญต่อสินเชื่อเฉลี่ย (Credit Cost) อาจลดลงต่ำกว่า 200 bps เทียบกับ 214 bps ในปี 2020 เนื่องจาก SCB ได้จัดสรรสำรองพิเศษไปในปี 2020 ซึ่งทำให้ Credit Cost น่าจะผ่านจุดสูงสุดไปแล้ว ถ้า SCB สามารถควบคุมต้นทุนได้อย่างมีประสิทธิภาพ ผลธนาคาร อาจสามารถบรรลุเป้าหมาย Cost to income ratio ในระดับ 40% ต่ำถึงกลาง นอกจากนี้รายได้ที่ไม่ใช่ดอกเบี้ยสุทธิอาจเพิ่มจากรายได้ค่าธรรมเนียมจากธุรกิจ Bancassurance และบริหารสินทรัพย์ที่อยู่ในระดับสูง

คาดกำไรสุทธิปี 2021 โตในระดับปานกลาง

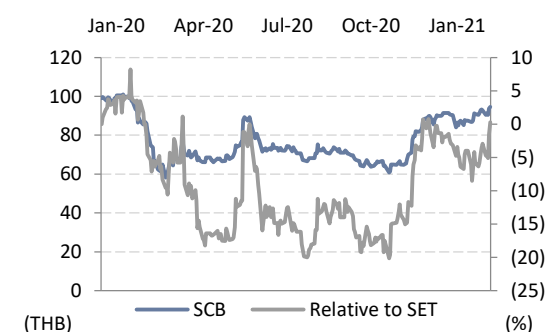
เราคาดว่ากำไรสุทธิของ SCB ในปี 2021 จะเพิ่มในระดับปานกลางที่ 6% y-y จาก 3 ปัจจัยสำคัญ ประการแรก เราคาดว่า ECL ในปี 2021 จะลดลงจากการจัดสรรสำรองเชิงรุกใน 2020 ประการที่สอง เราเชื่อว่าประโยชน์จากโครงการ Transformation จะเริ่มเห็นผล ทำให้การควบคุมต้นทุนมีประสิทธิภาพมากยิ่งขึ้น ในประการสุดท้าย เราเห็นว่า SCB ทำได้ดีในธุรกิจ Bancassurance และบริหารสินทรัพย์ในปีที่แล้วจากกลยุทธ์การพัฒนาผลิตภัณฑ์ที่มีความเหมาะสมมากยิ่งขึ้น เราเชื่อว่าแนวโน้มดังกล่าวจะเป็นไปอย่างต่อเนื่อง ซึ่งจะทำให้รายได้ค่าธรรมเนียมเพิ่มขึ้น

ปรับเพิ่มคำแนะนำเป็นซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 114 บาท (GGM)

เราปรับเพิ่มราคาเป้าหมายเป็น 114 บาท (GGM) เพื่อสะท้อนการปรับประมาณการกำไรสุทธิสำหรับปี 2021-22 ขึ้น 11.1%/7.4% เราปรับเพิ่มคำแนะนำสำหรับ SCB เป็นซื้อจากถือจาก 1) ผลการดำเนินงานหลักที่ดีในแง่ของการปรับโครงสร้างต้นทุนและการเติบโตของรายได้ค่าธรรมเนียม; และ 2) การบริหารความเสี่ยงเชิงรุกด้วยความระมัดระวัง

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	33,866	35,855	42,393	48,832
Net profit	27,218	28,837	34,104	39,292
EPS (THB)	8.02	8.48	10.03	11.56
vs Consensus (%)	-	0.1	4.1	(9.4)
Core net profit	27,218	28,837	34,104	39,292
Core EPS (THB)	8.02	8.48	10.03	11.56
Chg. In EPS est. (%)	-	11.1	7.4	-
EPS growth (%)	(7.0)	5.8	18.3	15.2
Core P/E (x)	11.8	11.1	9.4	8.2
Dividend yield (%)	2.5	3.4	4.2	4.8
Price/book (x)	0.8	0.8	0.7	0.7
ROE (%)	6.7	6.9	7.8	8.4
ROA (%)	0.9	0.9	1.1	1.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	9.2	45.4	(4.5)
Relative to country (%)	3.9	17.8	0.3
Mkt cap (USD m)			10,697
3m avg. daily turnover (USD m)			50.3
Free float (%)			53
Major shareholder		King Rama X (24%)	
12m high/low (THB)			103.00/58.00
Issued shares (m)			3,399

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 22 มกราคม 2021

Investment thesis

We believe that SCB can weather the COVID-19 storm, owing to its effective risk management process and proactive stockpiling of provisions. Additionally, we expect SCB to benefit from the completion of its SCB Transformation project. This should lead to a slower increase in its operating expenses and a higher interest margin from its expansion into high-yield lending in the long run. Moreover, we expect that SCB will be able to deliver solid fee income growth, driven by its new customised product developments. We expect its ROE to have passed its bottom in 2020. We, therefore, upgrade SCB to BUY from Hold.

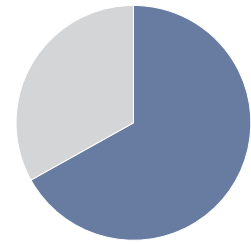
Company profile

SCB is Thailand's first commercial bank, established in 1906. It is ranked the largest in terms of total loans, the second largest for deposits and the fourth largest for total assets as of end-2019. It had a total of 958 branches and 9,372 ATMs, with 10.5m digital users at end-19.

www.scb.co.th

Principal activities (revenue, 2020)

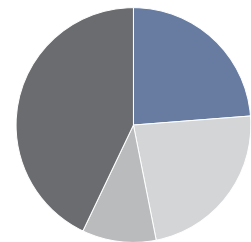
- Net interest income - 66.9 %
- Non-interest income - 33.1 %



Source: Siam Commercial Bank

Major shareholders

- King Rama X - 23.8 %
- Vayupak Fund - 23.1 %
- Thai NVDR - 10.2 %
- Others - 42.9 %



Source: Siam Commercial Bank

Catalyst

Potential share price catalysts for SCB include:

- 1 Lower credit cost from fewer new NPLs;
- 2 Faster utilisation of recently developed digital lending platforms;
- 3 The return of foreign fund flows into the Thai stock market.

Risk to our call

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 its NIM.

Event calendar

Date	Event
15 Feb 2021	GDP 4Q20/2020 announcement
April 2021	1Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Year-to-Dec	(%)	(%)	(%)
Net profit (THB m)	28,837	34,104	39,292
Net profit growth	5.9	18.3	15.2
NIM	3.04	3.04	3.08
Loan growth	3.0	4.0	4.0
Fee growth	7.0	5.0	8.0
Non-NII growth*	0.6	5.0	7.4
Credit cost (bp)	195	165	155
Cost to income*	44.1	44.2	43.2

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		2021E		
Loan growth	±2ppt	1.00	3.00	5.00
<i>% change in net profit</i>		(1.4)	0.0	1.4
NIM (%)	±5bp	2.99	3.04	3.09
<i>% change in net profit</i>		(3.9)	0.0	3.9
Credit cost (bp)	±10bp	185	195	205
<i>% change in net profit</i>		2.9	0.0	(2.9)

Source: FSSIA estimates

4Q20 results: solid core operations

We have positive view on SCB's 4Q20 results due to its robust core operations and pro-active asset quality management.

SCB reported a 4Q20 net profit of THB4,966m (-10% y-y, +7% q-q) – in line with Bloomberg's consensus estimate but beating our expectation by 30% due to its higher fee income and lower OPEX.

It had strong core operations, with a 23% y-y, 8% q-q increase in its pre-operating profit (PPOP) driven by 1) a 3.9% q-q increase in its loan volume due to a rise in its corporate loans; 2) an increase in its fee income from bancassurance and wealth management fees; and 3) efficient OPEX control, leading to a significantly lower cost to income ratio of 44.1% vs 52.8% in 4Q19. However, SCB utilised this to set aside pro-cyclical extra expected credit losses (ECL) and qualitatively downgrade relief loans.

4Q20 key highlights

- The NIM decreased to 3.0% from 3.1% in 3Q20, due mainly to the policy rate cut and the debt assistant program;
- Non-performing loans (NPLs) increased by 13% q-q, accounting for an NPL ratio of 3.7%. The increase was mainly from qualitative downgrades of relief loans and partly from the normal formation of NPLs;
- In 4Q20, loans under SCB's relief programs declined to 18% of the total loans booked vs 29% in 3Q20. Nearly 70% of the customers whose relief programs had ended were able to service their loans, while the remaining required further assistant or resumed their repayments with term modifications;
- The coverage ratio was nearly stable q-q at 140%;
- Tier 1 and CAR remained strong at 17.2% and 18.2%, respectively.

SCB's 2020 core profit was THB27.2b, declining by 25% y-y, mainly dragged down by an ECL increase due to a greater deterioration of asset quality due to COVID-19.

Exhibit 1: SCB – 4Q20/2020 results summary

Year-end Dec 31	4Q19	3Q20	4Q20	---- Change ----		2020	2021E	Change	Comments 4Q20 results
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(THB m)	(y-y %)	
Net interest income	22,960	23,724	23,621	3	(0)	96,899	95,642	(1)	
Non-interest income	12,074	10,761	12,745	6	18	47,869	48,155	1	Strong fee income
Operating income	35,035	34,484	36,366	4	5	144,768	143,797	(1)	
Operating expenses	18,483	15,747	16,050	(13)	2	64,330	63,391	(1)	Efficient cost control
PPOP before tax	16,552	18,738	20,316	23	8	80,437	80,406	(0)	
Provision	9,608	12,955	14,234	48	10	46,649	44,637	(4)	
Income tax	1,536	1,204	1,164	(24)	(3)	6,794	6,903	2	
Minority interest	(98)	(62)	(48)			(224)	29	n/a	
Normalised profit	5,506	4,641	4,966	(10)	7	27,218	28,837	6	
Extraordinary items	0	0	0			0	0	-	
Net profit	5,506	4,641	4,966	(10)	7	27,218	28,837	6	
EPS (THB)	1.62	1.37	1.46	(10)	7	8.02	8.48	6	
Asset quality ratio									
Gross NPLs (THB m)	85,212	89,909	101,462	19	13	101,462	131,901	30.0	Qualitative downgrade of relief loans
NPL ratios (%)	3.41	3.32	3.68			3.68	4.64	1.0	
LLR/NPLs (%)	134	143	140			137	134	(3.2)	
Credit cost (bp)	180	240	257			214	195	(18.5)	
Profitability ratio	(%)	(%)	(%)			(%)	(%)	(ppt)	
Cost to income ratio	52.8	45.7	44.1			44.4	44.1	(0.4)	
Average yield (%)	4.42	3.76	3.6			3.9	3.6	(0.3)	
Cost of fund (%)	1.46	0.75	0.7			0.8	0.7	(0.2)	
Net interest margin (NIM)	3.20	3.12	3.0			3.2	3.0	(0.2)	
Non-interest income / total income	34.5	31.2	35.0			33.1	33.5	0.4	
Liquidity ratio	(%)	(%)	(%)			(%)	(%)	(ppt)	
Loan to deposit ratio	97.9	90.2	93.2			93.2	97.9	4.8	
Loan growth	(%)	(%)	(%)						
Year-to-date	(1.3)	2.7	6.7						

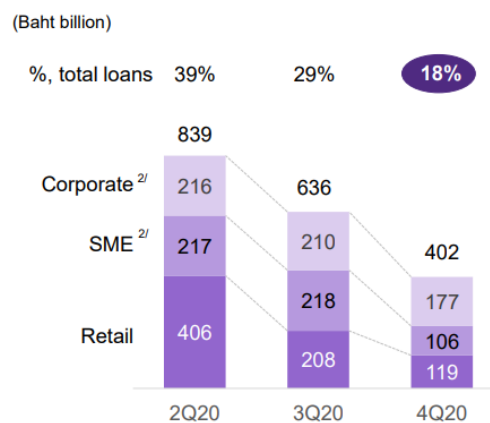
*Including share of profits from associates; Sources: SCB; FSSIA estimates

Exhibit 2: SCB's 2021 financial target

	2020	2021E	
	Actual	SCB	FSSIA
	(%)	(%)	(%)
ROE	6.71	na.	6.90
ROA	0.87	na.	0.89
NIM	3.23	3.0-3.2	3.04
Non-NII growth* (y-y%)	12.18	flat growth	0.60
Fee income growth (y-y%)	23.31	Mid-to-high single digit	7.00
Cost to income*	44.44	low-to-mids-40s	44.08
Loan growth (y-y%)	6.69	3-5	3.00
reported NPL ratio	3.68	4.0-4.5	4.64
Coverage ratio	137	≥ 130	134
Credit cost (bp)	214	<200	195

*Including share of profits from associates
Source: FSSIA estimates

Exhibit 3: Loans under relief programs



Source: SCB

Net profit and TP revisions

We revise up our net profit forecasts for 2021-22 by 11.1%/7.4% to reflect our higher loan growth, higher Non-NII, and lower OPEX assumptions, as detailed below:

- 1) We increase our 2021 loan growth assumption to 3.0% vs our previous assumption of a 1.1% drop due to the better-than-expected corporate and retail loan growth.
- 2) We increase our 2021-22 Non-NII assumptions by 3.5%/3.8% due to the better-than-expected bancassurance and wealth management fee incomes.
- 3) Due to SCB's better-than-expected cost control, we lower our 2021-22 operating expense assumptions by 7.0%/8.3%.

Exhibit 4: Key changes in assumptions

	2020	2021E			2022E			2023E
	Actual	Old	New	Change	Old	New	Change	New
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)
Net interest income	96,899	98,013	95,642	(2.4)	97,525	95,384	(2.2)	98,775
Non-interest income*	47,869	46,538	48,155	3.5	48,690	50,563	3.8	54,324
Operating income*	144,768	144,550	143,797	(0.5)	146,215	145,947	(0.2)	153,099
Operating expenses	64,330	68,163	63,391	(7.0)	70,391	64,550	(8.3)	66,167
PPOP before tax*	80,437	76,388	80,406	5.3	75,824	81,397	7.4	86,932
Provision (Reversal)	46,649	44,193	44,637	1.0	36,418	39,094	7.3	38,194
Taxes expenses	6,794	6,214	6,903	11.1	7,605	8,164	7.4	9,406
Minority interest	(224)	26	29	11.0	32	34	6.7	39
Normalized profit	27,218	25,955	28,837	11.1	31,768	34,104	7.4	39,292
Extraordinary items	-	-	-		-	-		-
Net profit	27,218	25,955	28,837	11.1	31,768	34,104	7.4	39,292
EPS (THB)	8.02	7.64	8.48	11.1	9.35	10.03	7.4	11.56
Key statistic and ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Asset quality ratio								
Gross NPLs (THB m)	101,462	143,795	131,901	(8.3)	138,043	126,625	(8.3)	132,956
Gross NPLs / Loans	3.68	5.00	4.64		5.03	4.29		4.33
Loan loss reserve/NPLs	137	119	134		133	152		156
Credit cost (bp)	214	197	195		160	165		155
Profitability ratio								
Cost to income ratio	44.4	47.2	44.1		48.1	44.2		43.2
Average yield	3.94	3.83	3.63		3.96	3.77		3.88
Cost of fund	0.85	0.85	0.69		1.07	0.89		0.97
Net interest margin (NIM)	3.23	3.12	3.04		3.10	3.04		3.08
Liquidity ratio								
Loan to deposit ratio	93.2	97.1	97.9		103.0	103.9		104.9
Capital adequacy ratio								
CAR	18.2	17.9	18.2		18.0	18.4		18.7
% growth								
Loan growth (y-y)	6.7	(1.1)	3.0		4.0	4.0		4.0

*Including share of profits from associates

Source: FSSIA estimates

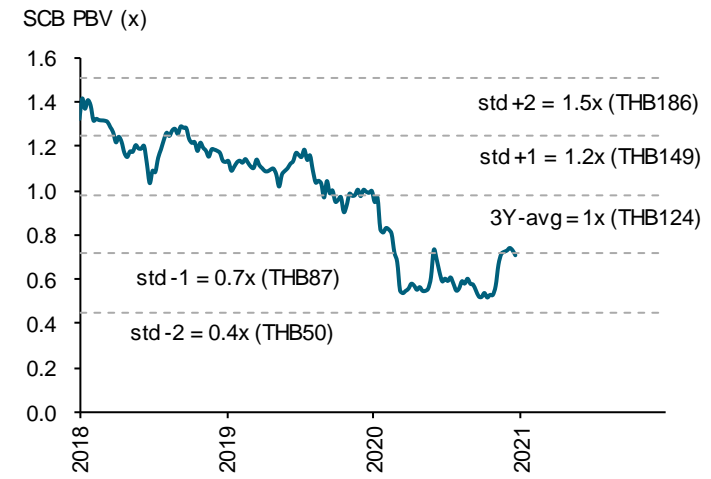
We revise up our GGM-based TP to THB114 from THB96, as we 1) increase our EPS forecast, leading to a higher book value; and 2) revise up our target 2021E P/BV from 0.8x to 0.9x to reflect the increase in our average long-term ROE target of 7.1% from 6.7%.

Exhibit 5: GGM-derived target price

Target price (THB)	114.0 from 96.0
Recommendation	BUY (from HOLD)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	7.5 (unchanged)
Terminal growth (%)	4.1 (unchanged)
ROE target (%)	7.2 (from 6.7)
Risk to TP	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.

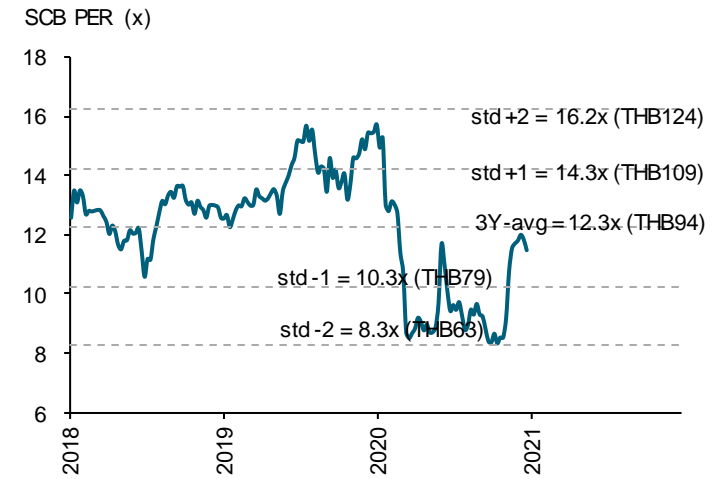
Source: FSSIA estimates

Exhibit 6: SCB – prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: SCB – prospective P/E band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Siam Commercial Bank

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	135,025	118,371	114,041	118,607	124,231
Interest expense	(35,624)	(21,472)	(18,399)	(23,223)	(25,457)
Net interest income	99,401	96,899	95,642	95,384	98,775
Net fees & commission	29,670	36,586	39,147	41,105	44,393
Foreign exchange trading income	0	0	0	0	0
Securities trading income	5,383	9,365	8,003	8,403	8,823
Dividend income	627	155	171	180	189
Other income	145	1,840	920	966	1,015
Non interest income	35,825	47,947	48,241	50,653	54,419
Total income	135,226	144,846	143,883	146,038	153,194
Staff costs	(33,281)	(31,344)	(30,404)	(31,012)	(31,942)
Other operating costs	(37,257)	(32,986)	(32,987)	(33,538)	(34,225)
Operating costs	(70,538)	(64,330)	(63,391)	(64,550)	(66,167)
Pre provision operating profit	64,688	80,516	80,492	81,487	87,026
Provision for bad and doubtful debt	(27,111)	(46,649)	(44,637)	(39,094)	(38,194)
Other provisions	-	-	-	-	-
Operating profit	37,577	33,866	35,855	42,393	48,832
Recurring non operating income	31	(78)	(86)	(90)	(95)
Associates	31	(78)	(86)	(90)	(95)
Goodwill amortization	-	-	-	-	-
Non recurring items	4,364	0	0	0	0
Profit before tax	41,972	33,788	35,769	42,303	48,737
Tax	(8,538)	(6,794)	(6,903)	(8,164)	(9,406)
Profit after tax	33,434	26,994	28,866	34,138	39,331
Minority interests	185	224	(29)	(34)	(39)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	33,619	27,218	28,837	34,104	39,292
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	29,255	27,218	28,837	34,104	39,292
Per share (THB)					
Recurring EPS *	8.62	8.02	8.48	10.03	11.56
Reported EPS	9.90	8.02	8.48	10.03	11.56
DPS	6.26	2.40	3.20	4.00	4.50
Growth					
Net interest income (%)	3.1	(2.5)	(1.3)	(0.3)	3.6
Non interest income (%)	(14.3)	33.8	0.6	5.0	7.4
Pre provision operating profit (%)	(12.0)	24.5	0.0	1.2	6.8
Operating profit (%)	(24.1)	(9.9)	5.9	18.2	15.2
Reported net profit (%)	(16.1)	(19.0)	5.9	18.3	15.2
Recurring EPS (%)	(26.9)	(7.0)	5.8	18.3	15.2
Reported EPS (%)	(16.0)	(19.0)	5.8	18.3	15.2
Income Breakdown					
Net interest income (%)	73.5	66.9	66.5	65.3	64.5
Net fees & commission (%)	21.9	25.3	27.2	28.1	29.0
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	4.0	6.5	5.6	5.8	5.8
Dividend income (%)	0.5	0.1	0.1	0.1	0.1
Other income (%)	0.1	1.3	0.6	0.7	0.7
Operating performance					
Gross interest yield (%)	4.54	3.94	3.63	3.77	3.88
Cost of funds (%)	1.49	0.85	0.69	0.89	0.97
Net interest spread (%)	3.05	3.09	2.94	2.88	2.91
Net interest margin (%)	3.3	3.2	3.0	3.0	3.1
Cost/income(%)	52.2	44.4	44.1	44.2	43.2
Cost/assets(%)	2.3	2.1	1.9	2.0	2.0
Effective tax rate (%)	20.3	20.1	19.3	19.3	19.3
Dividend payout on recurring profit (%)	72.6	30.0	37.7	39.9	38.9
ROE (%)	7.5	6.7	6.9	7.8	8.4
ROE - COE (%)	(3.3)	(4.1)	(3.9)	(3.0)	(2.4)
ROA (%)	0.9	0.9	0.9	1.1	1.2
RORWA (%)	1.4	1.3	1.3	1.5	1.6

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Siam Commercial Bank; FSSIA estimates

Financial Statements

Siam Commercial Bank

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	2,113,787	2,255,242	2,322,899	2,415,815	2,512,448
Total provisions	(117,395)	(139,442)	(177,110)	(192,046)	(207,628)
interest in suspense	2,946	14,508	6,504	6,764	7,035
Net customer loans	1,999,339	2,130,308	2,152,293	2,230,533	2,311,854
Bank loans	433,510	547,504	478,445	384,057	399,111
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	312,143	339,828	341,230	342,702	356,719
Cash & equivalents	47,615	51,632	62,395	50,550	40,470
Other interesting assets	-	-	-	-	-
Tangible fixed assets	57,418	56,445	55,492	54,560	53,647
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	110,599	152,667	150,915	149,574	154,429
Total assets	2,960,624	3,278,383	3,240,771	3,211,976	3,316,229
Customer deposits	2,159,425	2,420,455	2,372,046	2,324,605	2,394,344
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	235,592	275,993	270,473	265,063	273,015
Non interest bearing liabilities	167,882	170,106	170,106	170,106	170,106
Hybrid Capital	-	-	-	-	-
Total liabilities	2,562,900	2,866,554	2,812,626	2,759,775	2,837,465
Share capital	33,992	33,992	33,956	33,956	33,956
Reserves	366,366	377,438	393,774	417,807	444,344
Total equity	400,358	411,430	427,730	451,763	478,300
Minority interests	489	399	415	438	464
Total liabilities & equity	2,963,746	3,278,384	3,240,771	3,211,976	3,316,229
Supplementary items					
Risk weighted assets (RWA)	2,075,492	2,197,568	2,263,495	2,354,035	2,448,196
Average interest earning assets	2,973,403	3,001,007	3,142,574	3,142,574	3,205,426
Average interest bearing liabilities	2,396,471	2,534,701	2,659,319	2,606,133	2,618,505
Tier 1 capital	352,691	377,036	391,806	412,399	435,500
Total capital	375,206	400,892	415,662	436,255	459,356
Gross non performing loans (NPL)	85,212	101,462	131,901	126,625	132,956
Per share (THB)					
Book value per share	117.89	121.16	125.83	132.90	140.71
Tangible book value per share	117.89	121.16	125.83	132.90	140.71
Growth					
Gross customer loans	(1.3)	6.7	3.0	4.0	4.0
Average interest earning assets	(1.0)	0.9	4.7	-	2.0
Total asset (%)	(7.1)	10.7	(1.1)	(0.9)	3.2
Risk weighted assets (%)	(4.2)	5.9	3.0	4.0	4.0
Customer deposits (%)	0.0	12.1	(2.0)	(2.0)	3.0
Leverage & capital measures					
Customer loan/deposits (%)	92.6	88.0	90.7	96.0	96.6
Equity/assets (%)	13.5	12.5	13.2	14.1	14.4
Tangible equity/assets (%)	13.5	12.5	13.2	14.1	14.4
RWA/assets (%)	70.1	67.0	69.8	73.3	73.8
Tier 1 CAR (%)	17.0	17.2	17.3	17.5	17.8
Total CAR (%)	18.1	18.2	18.4	18.5	18.8
Asset Quality					
Change in NPL (%)	21.1	19.1	30.0	(4.0)	5.0
NPL/gross loans (%)	4.0	4.5	5.7	5.2	5.3
Total provisions/gross loans (%)	5.6	6.2	7.6	7.6	8.3
Total provisions/NPL (%)	137.8	137.4	134.3	151.7	156.2
Valuation					
Recurring P/E (x) *	11.0	11.8	11.1	9.4	8.2
Recurring P/E @ target price (x) *	13.2	14.2	13.4	11.4	9.9
Reported P/E (x)	9.5	11.8	11.1	9.4	8.2
Dividend yield (%)	6.6	2.5	3.4	4.2	4.8
Price/book (x)	0.8	0.8	0.8	0.7	0.7
Price/tangible book (x)	0.8	0.8	0.8	0.7	0.7
Price/tangible book @ target price (x)	1.0	0.9	0.9	0.9	0.8

Sources: Siam Commercial Bank; 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	GFPT	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	SEAOIL	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	AMANAH
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	CENTEL
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	PM	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	SMPC	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
WIJK	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	TIPIP	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:

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

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	WIJK
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	SEAOIL	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:

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

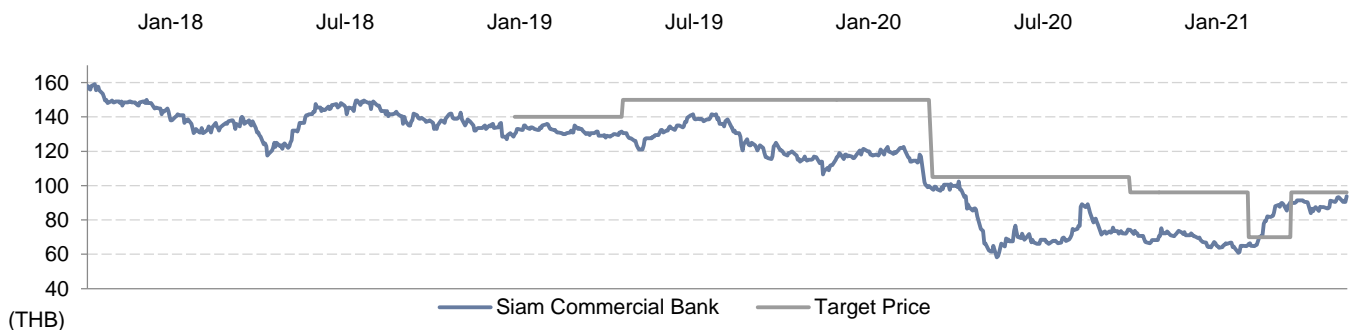
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

Siam Commercial Bank (SCB TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Jan-2019	HOLD	140.00	02-Apr-2020	HOLD	105.00	03-Dec-2020	HOLD	96.00
03-May-2019	BUY	150.00	16-Jul-2020	BUY	96.00			
27-Jan-2020	HOLD	105.00	27-Oct-2020	HOLD	70.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Siam Commercial Bank	SCB TB	THB 94.50	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 its NIM.

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 22-Jan-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.