

22 APRIL 2021

THAILAND / BANKS

SIAM COMMERCIAL BANK SCB TB

BUY
UNCHANGED

TARGET PRICE	THB140.00
CLOSE	THB106.50
UP/DOWNSIDE	+31.5%
PRIOR TP	THB114.00
CHANGE IN TP	+22.8%
TP vs CONSENSUS	+20.6%

เกาะกระแสดิจิทัล

เริ่มได้ดีและเห็นผลประกอบการที่ดีอยู่ข้างหน้า

SCB รายงานกำไรสุทธิ 1Q21 ในระดับสูงที่ 10.09 พัน ลบ. (+9% y-y, +103% q-q) เราคาดว่าผลประกอบการที่ดีดังกล่าวจะเกิดต่อเนื่องตลอดปีนี้โดยเฉพาะในช่วง 2H21 จาก 1) ธุรกิจบริหารความมั่งคั่งและประกันภัย; และ 2) ประโยชน์ของโครงการ Transformation ที่เริ่มเห็นผล ปัจจัยดังกล่าวจะช่วยชดเชยส่วนต่างดอกเบี้ยที่คาดว่าจะลดลงจากการแข่งขันในตลาดสินเชื่อบ้านที่อยู่ในระดับสูงและโครงการบรรเทาหนี้

ธุรกิจบริหารความมั่งคั่งขยายตัว

เรามองว่า SCB ทำได้ดีในธุรกิจ Bancassurance และบริหารความมั่งคั่งจากกลยุทธ์การพัฒนาผลิตภัณฑ์ที่เหมาะสมกับกลุ่มลูกค้ามากกว่า โดย SCB ได้เข้าเป็นพันธมิตรกับ Julius Baer กลุ่มบริษัทบริหารความมั่งคั่งสวิสชั้นนำมาตั้งแต่สิ้นปี 2018 ทำให้ธนาคารฯ สามารถนำเสนอบริการบริหารความมั่งคั่งที่เหมาะสมแก่กลุ่มลูกค้าที่มีความมั่งคั่งสูง นอกจากนี้ SCB ได้เข้าเป็นพันธมิตรระยะยาวในธุรกิจ Bancassurance กับ FWD Group ในปี 2019 การเป็นพันธมิตรดังกล่าวรวมฐานลูกค้าขนาดใหญ่และเครือข่ายการกระจายสินค้าที่ดีที่สุดในตลาดของ SCB เข้ากับข้อเสนอผลิตภัณฑ์ที่คิดค้นขึ้นใหม่และความสามารถในการดำเนินดิจิทัลที่อยู่ในระดับสูงของ FWD ในการนำเสนอผลิตภัณฑ์ประกันชีวิตที่ดีกว่าและเสริมสร้างประสบการณ์ในด้านดิจิทัล ด้วยจุดแข็งของ SCB และกลุ่มพันธมิตร เราเชื่อว่าธุรกิจทั้งสองจะกลายเป็นปัจจัยหนุนการเติบโตที่สำคัญของธนาคารฯ

ใช้ความสามารถในด้านดิจิทัลเพื่อประหยัดต้นทุนและสร้างรายได้

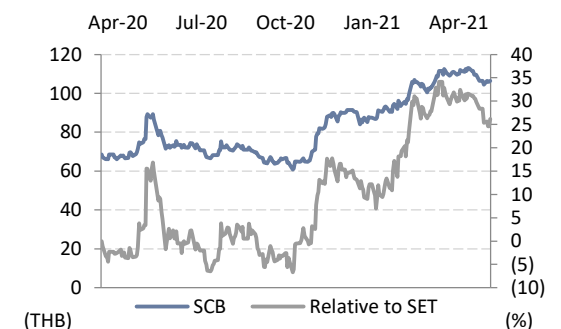
SCB ลดสาขาและพนักงานอย่างต่อเนื่อง ปัจจุบันธนาคารฯ มี 809 สาขาเทียบกับที่เคยมีมากที่สุดถึง 1,210 สาขาในปี 2015 นอกจากนี้ ธนาคารฯ ยังสามารถลดจำนวนพนักงานถึง 1,000 รายในปี 4Q20 เป็น 22,900 รายใน 1Q21 ธนาคารฯ ได้พยายามขยายธุรกิจใหม่ผ่านแพลตฟอร์มดิจิทัลอย่างต่อเนื่อง ทำให้ระดับค่าใช้จ่ายในการดำเนินงานลดลงในปี 2020 และ 1Q21 เราคาดว่า SCB จะใช้แพลตฟอร์มดิจิทัลมากยิ่งขึ้นเพื่อประหยัดต้นทุนเพิ่มขึ้นอีกในอนาคตอันใกล้และสร้างรายได้เพิ่มขึ้นในระยะยาว ทำให้อัตราส่วนค่าใช้จ่ายดำเนินงานต่อรายได้รวมอยู่ในแนวโน้มลดลง

อยู่ในฐานะที่ดีในการจับยุคดิจิทัล

เราปรับเพิ่มประมาณกำไรสุทธิปี 2021-23 อีก 11.6%/8.4%/8.8% นอกจากนี้เรายังปรับราคาเป้าหมายไปในปี 2022 ที่ 140 บาท (GGM, 8.0% cost of equity, 4.9% LTG) ราคาเป้าหมายดังกล่าวคิดเป็น 1.0x ของค่า 2022E P/BV เราคาดว่า SCB อยู่ในฐานะที่ดีในการที่จะได้ประโยชน์จากการที่ประเทศไทยก้าวเข้าสู่ยุคดิจิทัลจากการที่มีแพลตฟอร์มดิจิทัลที่ครบวงจร

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	33,866	39,990	45,932	53,144
Net profit	27,218	32,171	36,957	42,768
EPS (THB)	8.02	9.46	10.87	12.58
vs Consensus (%)	-	1.7	4.9	(0.9)
Core net profit	27,218	32,171	36,957	42,768
Core EPS (THB)	8.02	9.46	10.87	12.58
Chg. In EPS est. (%)	-	11.6	8.4	8.8
EPS growth (%)	(7.0)	18.1	14.9	15.7
Core P/E (x)	13.3	11.3	9.8	8.5
Dividend yield (%)	2.2	3.0	3.8	4.2
Price/book (x)	0.9	0.8	0.8	0.7
ROE (%)	6.7	7.6	8.3	9.0
ROA (%)	0.9	1.0	1.1	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.7)	12.7	59.0
Relative to country (%)	(2.9)	7.6	27.9
Mkt cap (USD m)	11,540		
3m avg. daily turnover (USD m)	41.1		
Free float (%)	53		
Major shareholder	King Rama X (24%)		
12m high/low (THB)	114.00/60.00		
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 เมษายน 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, maintain our BUY call.

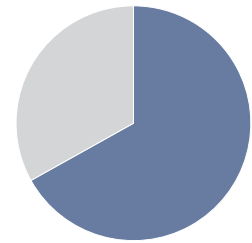
Company profile

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-2020. It had a total of 811 branches and 24k personnel, with 14.85m digital users at end-20.

www.scb.co.th

Principal activities (revenue, 2020)

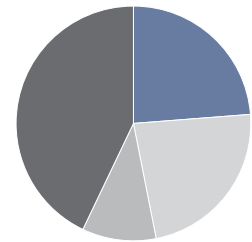
- Net interest income - 66.9 %
- Non-interest income - 33.1 %



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

Catalysts

Potential share price catalysts for SCB include:

- 1 Lower credit cost from fewer new NPLs;
- 2 Faster utilisation of recently developed digital lending platforms.

Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM.

Event calendar

Date	Event
July 2021	2Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Year-to-Dec	(%)	(%)	(%)
Net profit (THB m)	32,171	36,957	42,768
Net profit growth	18.2	14.9	15.7
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*	4.5	2.2	7.4
Credit cost (bp)	195	165	155
Cost to income*	42.0	42.0	40.6

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		2021E		
Loan growth	±2ppt	1.00	3.00	5.00
% change in net profit		(1.3)	-	1.3
NIM (%)	±5bp	2.99	3.04	3.09
% change in net profit		(3.9)	-	3.9
Credit cost (bp)	±10bp	185	195	205
% change in net profit		2.7	-	(2.7)

Source: FSSIA estimates

Strong wealth business

We think SCB did a good job with its bancassurance and wealth management due to its more customised product development strategy. SCB has partnered with Julius Baer, the leading Swiss wealth management group, since the end of 2018. This has allowed the bank to offer personalised wealth management services for high-net-worth groups. This enabled the bank to respond well to the needs of those customers wishing to invest both in Thailand and abroad. Fee income in this area is increasing, especially in 1Q21 when offshore investment was quite popular. With the offshore investment trend and its unique services offered, we believe that wealth management will be one of the key growth areas for SCB.

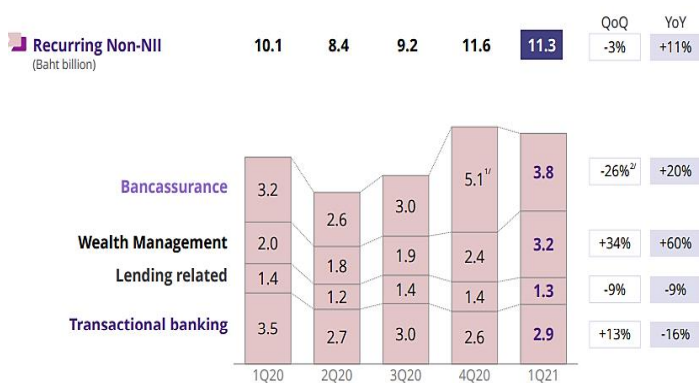
Exhibit 1: Building fundamentals and capabilities for future growth



Source: SCB

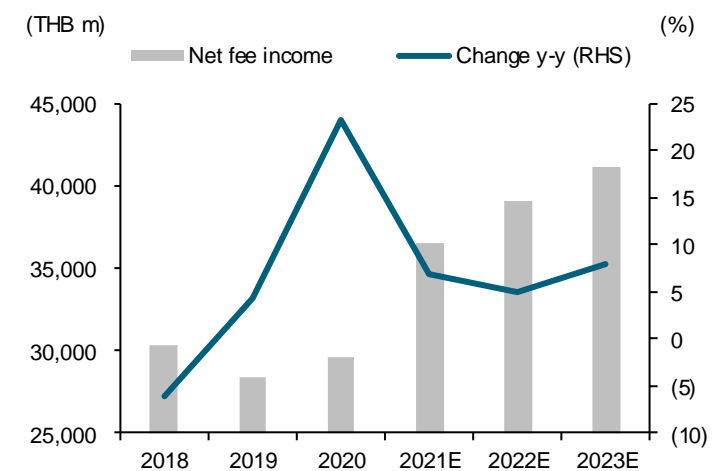
SCB entered into a long-term bancassurance partnership with the FWD group in 2019. This partnership combines SCB's large customer base and best-in-class distribution network with FWD's innovative product propositions and strong digital capabilities to offer customers superior life insurance products and enhanced digital experiences. Accordingly, SCB's bancassurance has performed well since 2020. We also believe that the bank will be able to continue delivering strong performance in this business.

Exhibit 2: Quarterly fee income breakdown



Source: SCB

Exhibit 3: Net fee income

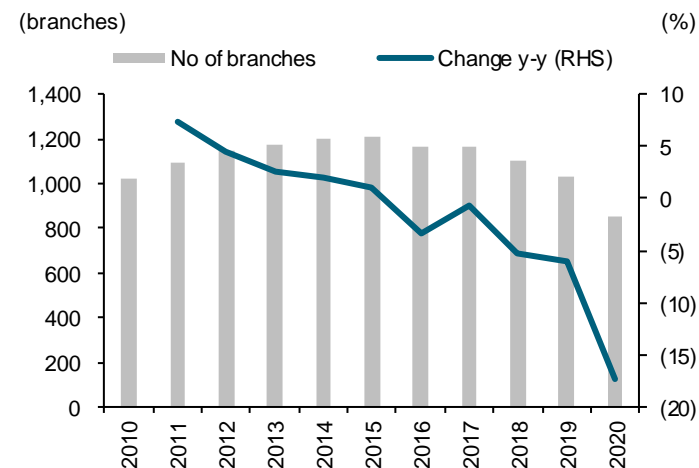


Sources: SCB; FSSIA estimates

Utilising digital capabilities to save costs and generate income

SCB is continuing its branch and workforce rationalisation. It currently has 809 branches vs its peak in 2015 at 1,210 branches. Moreover, the bank was able to reduce its headcount by 1k in 4Q20 to 22.9k in 1Q21. The bank has also been growing its new business through its digital platform, resulting in a new normal low OPEX in 2020 and 1Q21. We expect that SCB will increasingly utilise its digital platform to save even more costs in the near future and potentially generate more revenue in the long run. As a result, its cost to income ratio is in a decreasing trend.

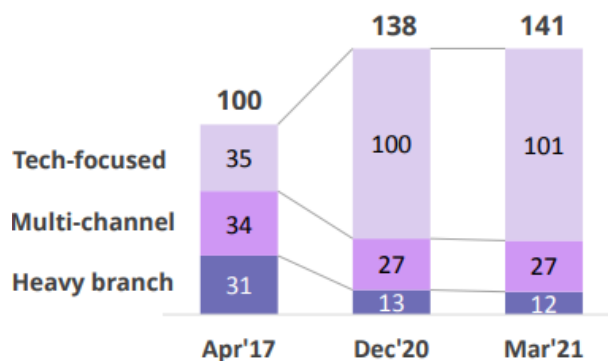
Exhibit 4: Along with digital migration, its branch network has been reduced



Sources: SCB; FSSIA's compilation

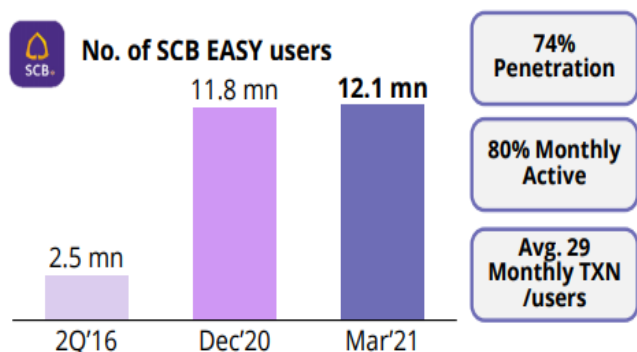
Exhibit 5: Customers becoming less reliant on branches

(Index, no. of total individual active customers as of April 2017 = 100)



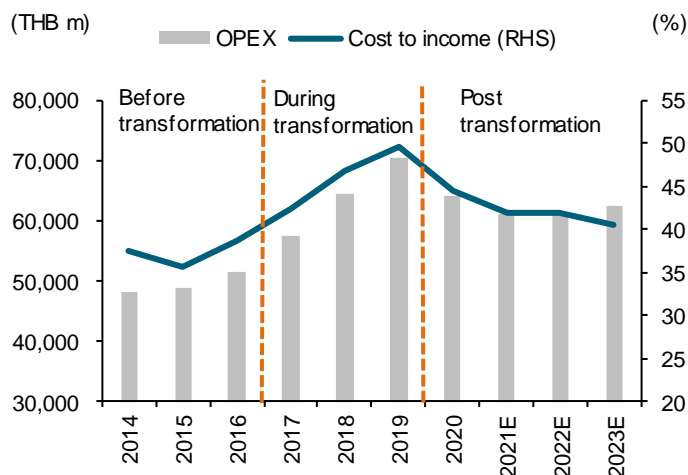
Sources: SCB; FSSIA's compilation

Exhibit 6: Sizeable increase in digital customers



Sources: SCB; FSSIA's compilation

Exhibit 7: Cost to income and OPEX



Sources: SCB; FSSIA estimates

1Q21 results: Beat expectations due to fee income and OPEX

SCB reported a robust 1Q21 net profit of THB10,088m (+9% y-y, +103% q-q), beating Bloomberg's consensus estimate and our expectation by 44% and 58%, respectively, due to its higher fee income and lower OPEX.

It had strong core operations with a 7% y-y, 11% q-q increase in its pre-operating profit (PPOP), driven by 1) an increase in its fee income from bancassurance and wealth management fees; 2) efficient OPEX control as a benefit of its transformation project, together with a slow of marketing campaign following the slow economic recovery which led to a significantly lower cost to income ratio of 40% in 1Q20 vs 44% in 4Q20; and 3) a 1.0% q-q increase in its loan volume due to a rise in its SME loans from soft loans and the forbearance program. These positive factors should be able to completely offset the projected decline in its NIM due to the tight competition in housing loans and the debt forbearance program.

Regarding its asset quality, NPLs increased 3% q-q, with new a NPL formation rate of 0.5%, due partly to the qualitative downgrade of relief loans. SCB still set aside procyclical extra expected credit losses (ECL), resulting in a high coverage ratio level of 138%.

Exhibit 8: SCB – summary of 1Q21 results

Year-end Dec 31	1Q21	4Q20	----- 1Q21 -----				2021E	Change	1Q21 - Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	% 21E	(THB m)	(y-y %)	
Net interest income	25,777	23,621	23,376	(9)	(1)	24	95,642	(1)	
Non-interest income	11,863	12,745	14,377	21	13	29	50,026	5	Fee income increased from bancassurance and wealth management
Operating income*	37,641	36,366	37,753	0	4	26	145,668	1	
Operating expenses	16,393	16,050	15,101	(8)	(6)	25	61,126	(5)	
PPOP before tax	21,248	20,316	22,652	7	11	27	84,541	5	
Provision	9,726	14,234	10,008	3	(30)	22	44,637	(4)	
Income tax	2,316	1,164	2,597	12	123	34	7,702	13	
Minority interest	(46)	(48)	(41)	n/a	n/a	(126)	32	n/a	
Normalised profit	9,251	4,965	10,088	9	103	31	32,171	18	
Extraordinary items	0	0	0	n/a	n/a		0	n/a	
Net profit	9,251	4,965	10,088	9	103	31	32,171	18	Beat BBG consensus by 44%
EPS (THB)	2.72	1.46	2.97	9	103	31	9.46	18	
Asset quality ratio									
Gross NPLs (THB m)	83,613	101,462	104,332	25	3		131,901	30	
NPL ratio (%)	3.17	3.68	3.79				4.64		
LLR/NPLs (%)	133	140	138				134		
Credit cost (bp)	185	257	177				195		
Profitability ratio									
Cost to income ratio	43.6	44.1	40.0				42.0		
Average yield	4.44	3.63	3.6				3.6		
Cost of funds	1.06	0.70	0.7				0.7		
Net interest margin (NIM)	3.54	3.02	3.0				3.0		
Non-interest income / total income	31.5	35.0	38.1				34.3		
Liquidity ratio									
Loan to deposit ratio	92.1	93.2	96.9				97.9		
Capital adequacy ratio									
CAR	17.2	18.2	18.2				18.5		
CET 1 / risk assets	16.1	17.2	17.1				17.4		
Tier – I / risk assets	1.1	1.1	1.1				1.1		
Loan growth									
y-y	(1.4)	6.7	8.7				3.0		
q-q	(0.9)	3.9	1.0						

*Including share of profits from associates

Sources: SCB; FSSIA estimates

Net profit and TP revisions

We revise up our net profit forecasts for 2021-23 by 11.6%/8.4%/8.8% to mainly reflect our lower OPEX assumptions due to the transformation project benefit. We also roll forward our GGM-based TP to 2022 and derive a new TP of THB140 (8.0% cost of equity, 4.9% LTG). Our target price implies a 1.0x 2022E P/BV.

Exhibit 9: Key changes in assumptions

	-----2021E-----				-----2022E-----			-----2023E-----		
	2020	Old	New	Change	Old	New	Change	Old	New	Change
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
Net interest income	96,899	95,642	95,642	-	95,384	95,384	-	98,775	98,775	-
Non-interest income*	47,869	48,155	50,026	3.9	50,563	51,127	1.1	54,324	54,916	1.1
Operating income*	144,768	143,797	145,668	1.3	145,947	146,511	0.4	153,099	153,691	0.4
Operating expenses	64,330	63,391	61,126	(3.6)	64,550	61,575	(4.6)	66,167	62,448	(5.6)
PPOP before tax*	80,437	80,406	84,541	5.1	81,397	84,936	4.3	86,932	91,243	5.0
Expected credit loss (Reversal)	46,649	44,637	44,637	-	39,094	39,094	-	38,194	38,194	-
Tax expenses	6,794	6,903	7,702	11.6	8,164	8,847	8.4	9,406	10,238	8.8
Minority interest	(224)	29	32	11.6	34	37	8.4	39	43	8.8
Normalised profit	27,218	28,837	32,171	11.6	34,104	36,957	8.4	39,292	42,768	8.8
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Net profit	27,218	28,837	32,171	11.6	34,104	36,957	8.4	39,292	42,768	8.8
EPS (THB)	8.02	8.48	9.46	11.6	10.03	10.87	8.4	11.56	12.58	8.8
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	101,462	131,901	131,901	-	126,625	126,625	-	132,956	132,956	-
Gross NPLs / Loans (%)	3.68	4.64	4.64	-	4.29	4.29	-	4.33	4.33	-
Loan loss reserve/NPLs (%)	137	134	134	-	152	152	-	156	156	-
Credit cost (bps)	214	195	195	-	165	165	-	155	155	-
Profitability ratio (%)										
Cost to income ratio*	44.4	44.1	42.0	-	44.2	42.0	-	43.2	40.6	-
Average yield	3.94	3.63	3.63	-	3.77	3.77	-	3.88	3.88	-
Cost of funds	0.85	0.69	0.69	-	0.89	0.89	-	0.97	0.97	-
Net interest margin (NIM)	3.23	3.04	3.04	-	3.04	3.04	-	3.08	3.08	-
Loan growth (%)										
y-y	93.2	97.9	97.9	-	103.9	103.9	-	104.9	104.9	-

*Including share of profits from associates

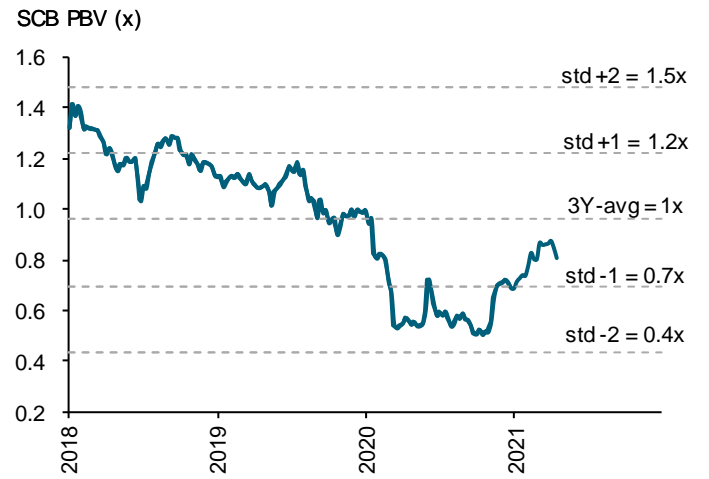
Sources: SCB; FSSIA estimates

Exhibit 10: GGM-derived target price

Target price (THB)	THB 140 (from THB 114)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Terminal growth (%)	4.9 (from 4.1)
ROE target (%)	8.1 (from 7.2)
Risk to TP	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM.

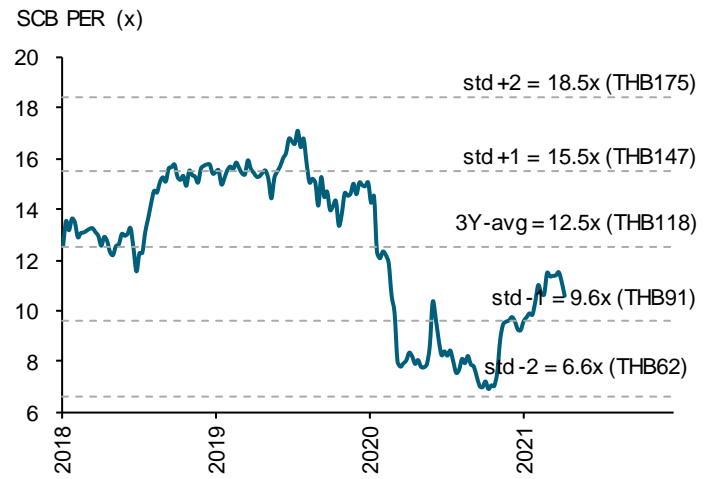
Source: FSSIA estimates

Exhibit 11: SCB – rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: SCB – rolling one-year forward 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	9,873	8,967	9,415
Dividend income	627	155	171	180	189
Other income	145	1,840	920	966	1,015
Non interest income	35,825	47,947	50,112	51,217	55,011
Total income	135,226	144,846	145,754	146,601	153,786
Staff costs	(33,281)	(31,344)	(30,404)	(31,012)	(31,942)
Other operating costs	(37,257)	(32,986)	(30,723)	(30,563)	(30,506)
Operating costs	(70,538)	(64,330)	(61,126)	(61,575)	(62,448)
Pre provision operating profit	64,688	80,516	84,627	85,026	91,338
Provision for bad and doubtful debt	(27,111)	(46,649)	(44,637)	(39,094)	(38,194)
Other provisions	-	-	-	-	-
Operating profit	37,577	33,866	39,990	45,932	53,144
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	39,904	45,842	53,049
Tax	(8,538)	(6,794)	(7,702)	(8,847)	(10,238)
Profit after tax	33,434	26,994	32,203	36,994	42,810
Minority interests	185	224	(32)	(37)	(43)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	33,619	27,218	32,171	36,957	42,768
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	29,255	27,218	32,171	36,957	42,768
Per share (THB)					
Recurring EPS *	8.62	8.02	9.46	10.87	12.58
Reported EPS	9.90	8.02	9.46	10.87	12.58
DPS	6.26	2.30	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	4.5	2.2	7.4
Pre provision operating profit (%)	(12.0)	24.5	5.1	0.5	7.4
Operating profit (%)	(24.1)	(9.9)	18.1	14.9	15.7
Reported net profit (%)	(16.1)	(19.0)	18.2	14.9	15.7
Recurring EPS (%)	(26.9)	(7.0)	18.1	14.9	15.7
Reported EPS (%)	(16.0)	(19.0)	18.1	14.9	15.7
Income Breakdown					
Net interest income (%)	73.5	66.9	65.6	65.1	64.2
Net fees & commission (%)	21.9	25.3	26.9	28.0	28.9
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	4.0	6.5	6.8	6.1	6.1
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	41.9	42.0	40.6
Cost/assets(%)	2.3	2.1	1.9	1.9	1.9
Effective tax rate (%)	20.3	20.1	19.3	19.3	19.3
Dividend payout on recurring profit (%)	72.6	28.7	33.8	36.8	35.8
ROE (%)	7.5	6.7	7.6	8.3	9.0
ROE - COE (%)	(3.3)	(4.1)	(3.2)	(2.5)	(1.8)
ROA (%)	0.9	0.9	1.0	1.1	1.3
RORWA (%)	1.4	1.3	1.4	1.6	1.8
* 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	12,776	12,079	11,306
Net customer loans	1,999,339	2,130,308	2,158,565	2,235,848	2,316,125
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	59,629	51,464	45,744
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	151,086	149,878	154,895
Total assets	2,960,624	3,278,383	3,244,448	3,218,509	3,326,241
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	397,448	424,333	454,347
Total equity	400,358	411,430	431,404	458,289	488,303
Minority interests	489	399	419	445	474
Total liabilities & equity	2,963,746	3,278,384	3,244,448	3,218,509	3,326,241
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	393,813	417,499	443,765
Total capital	375,206	400,892	417,669	441,355	467,621
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	126.91	134.82	143.65
Tangible book value per share	117.89	121.16	126.91	134.82	143.65
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	(1.0)	(0.8)	3.3
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	91.0	96.2	96.7
Equity/assets (%)	13.5	12.5	13.3	14.2	14.7
Tangible equity/assets (%)	13.5	12.5	13.3	14.2	14.7
RWA/assets (%)	70.1	67.0	69.8	73.1	73.6
Tier 1 CAR (%)	17.0	17.2	17.4	17.7	18.1
Total CAR (%)	18.1	18.2	18.5	18.7	19.1
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) *	12.4	13.3	11.3	9.8	8.5
Recurring P/E @ target price (x) *	16.2	17.5	14.8	12.9	11.1
Reported P/E (x)	10.8	13.3	11.3	9.8	8.5
Dividend yield (%)	5.9	2.2	3.0	3.8	4.2
Price/book (x)	0.9	0.9	0.8	0.8	0.7
Price/tangible book (x)	0.9	0.9	0.8	0.8	0.7
Price/tangible book @ target price (x)	1.2	1.2	1.1	1.0	1.0
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Siam Commercial Bank; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

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

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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

Disclaimer:

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

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

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

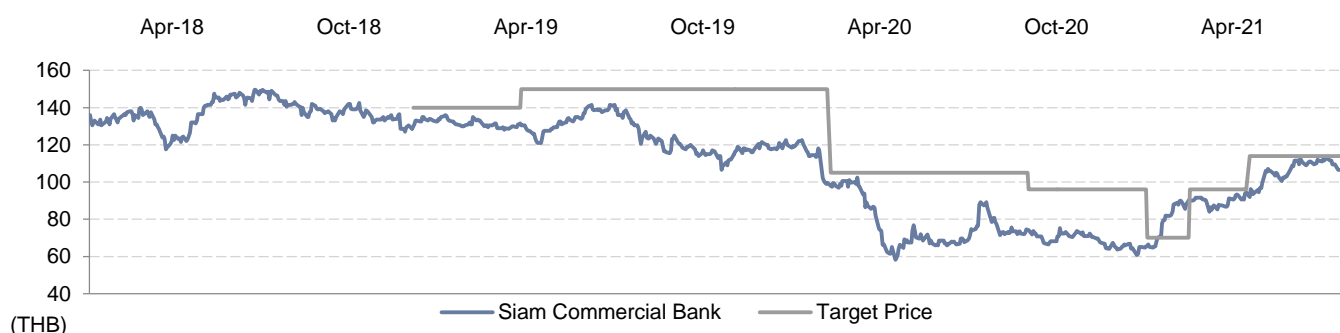
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

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	22-Jan-2021	BUY	114.00
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 106.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on 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-Apr-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.