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# Thailand Banks and Diversified Financials

## มาตรการช่วยเหลือทางการเงินใหม่: ดีกว่าไม่มีอะไรเลย

สนับสนุนให้สถาบันการเงินเยียวยาปัญหาหนี้ที่ยั่งยืน

เมื่อวันที่ 20 ส.ค. 21 ธปท. ได้ประกาศมาตรการทางการเงินใหม่ประกอบด้วย: 1) การรักษาสภาพคล่องในกลุ่มรายย่อยและ SME; และ 2) การสนับสนุนส่งเสริมสถาบันทางการเงิน (FIs) ให้นำเสนอแผนปรับโครงสร้างหนี้ระยะยาวแบบเบ็ดเสร็จ (CDR) แก่ลูกค้าโดยขยายการลดหย่อนเกณฑ์ในการจัดชั้นหนี้ โดยมาตรการ CDR จะอยู่ในรูปมาตรการที่แต่ละธนาคารจะพิจารณาช่วยเหลือลูกค้า เช่น ขยายระยะเวลาการกู้ ปรับเงินงวด อัตราดอกเบี้ยแบบขั้นบันได และลดหนี้ โดยเราเห็นว่าธนาคารจะได้ประโยชน์มากกว่าสถาบันการเงินที่ไม่ใช่ธนาคาร

**ธนาคาร:** ในระยะสั้นจะส่งผลกระทบต่อผลตอบแทนสินเชื่อ ในระยะยาวจะช่วยประหยัดสำรองเรามองมาตรการดังกล่าวเป็นบวกสำหรับกลุ่มธนาคาร แม้ว่ามาตรการส่วนมากจะสอดคล้องกับคาดการณ์ของตลาด และธนาคารบางแห่งได้ใช้มาตรการเชิงรุกโดยได้นำเสนอ CDR ให้แก่ลูกค้าไปก่อนหน้าแล้ว เราคิดว่าการประกาศอย่างเป็นทางการแสดงให้เห็นว่า ธปท. เข้าใจว่าปัจจุบันคุณภาพสินทรัพย์เป็นปัญหาในระยะยาว นอกจากนี้มาตรการดังกล่าวน่าจะช่วยบรรเทาความกังวลของนักลงทุนอย่างน้อยในระยะสั้นถึงกลางที่ว่า ธปท. อาจออกมาตรการช่วยเหลือที่คาดเดาไม่ได้ ในขณะที่ผลลบจากการนำเสนอ CDR จะอยู่ที่ 1) การลดลงของผลตอบแทนสินเชื่อโดยจะขึ้นอยู่กับ CDR ที่แต่ละธนาคารช่วยเหลือลูกค้า; และ 2) สำรองที่อาจเพิ่มในระยะสั้นสำหรับธนาคารบางแห่งที่มีสำรองส่วนเกินจำกัด อย่างไรก็ตามเราเห็นว่า 1) การขยายมาตรการลดเงินนำส่ง FIDF เหลือ 0.23% น่าจะช่วยบรรเทาผลกระทบต่อรายได้ดอกเบี้ยสุทธิ (NII) ของธนาคาร; และ 2) ธนาคารน่าจะประหยัดสำรองได้ในระยะกลางถึงยาว

**สถาบันการเงินที่ไม่ใช่ธนาคาร:** ผู้ปล่อยสินเชื่อโดยไม่มีหลักทรัพย์ค้ำประกันจะได้ประโยชน์มากกว่า เราเห็นว่าผู้ปล่อยสินเชื่อประเภทไม่มีหลักทรัพย์ค้ำประกัน (KTC และ AEONTS) จะได้ประโยชน์มากกว่าผู้ปล่อยสินเชื่อแบบมีหลักทรัพย์ค้ำประกัน การขยายระยะเวลาการชำระหนี้ที่ 5% และ CDR จะทำให้คุณภาพสินทรัพย์ดีขึ้นเล็กน้อย นอกจากนี้รายได้ดอกเบี้ยอาจเพิ่มเล็กน้อยจากการขยายเพดานสินเชื่อ อย่างไรก็ตาม จากโรคระบาด Covid ที่ยืดเยื้อ เราคิดว่าบริษัทจะปล่อยสินเชื่อใหม่ด้วยความระมัดระวัง ทำให้เรามองว่า upside ยังจำกัด สำหรับผู้ปล่อยสินเชื่อประเภทมีหลักทรัพย์ค้ำประกัน ผู้ประกอบการส่วนมากมีคุณภาพสินทรัพย์ที่ค่อนข้างดี ทำให้ CDR อาจให้ผลบวกจำกัด นอกจากนี้เรายังเชื่อว่าบางรายจะเลือกที่จะยึดหลักทรัพย์ค้ำประกัน เนื่องจากจะมีผลขาดทุนจากการยึดหลักทรัพย์น้อยกว่าธนาคารเนื่องจากมีสัดส่วนสินเชื่อต่อมูลค่าสินทรัพย์ที่ต่ำกว่า

### ค่อย ๆ กลับมาสะสมหุ้นธนาคาร

กล่าวโดยสรุป เราคาดว่ามาตรการใหม่จะช่วยให้ทั้งลูกค้า FI และเศรษฐกิจให้เดินหน้าต่อเนื่อง มาตรการดังกล่าวดีกว่าไม่มีมาตรการที่ชัดเจนเลย เราเห็นว่าความเสี่ยงขาดต่อราคาหุ้นของธนาคารมีจำกัด ปัจจุบันธนาคารมีการซื้อขายที่ 0.5x โดยเราเห็นว่าธนาคารน่าจะเป็นหนึ่งในผู้ได้รับประโยชน์สูงสุดจากการกลับมาเปิดประเทศ เราคิดว่านี่เป็นเวลาที่ดีสำหรับนักลงทุนระยะยาวที่จะค่อย ๆ กลับมาสะสมหุ้นธนาคาร เราคงเลือก SCB และ TISCO เป็นหุ้นเด่น สำหรับสถาบันการเงินที่ไม่ใช่ธนาคาร เรามอง JMT และ SINGER มากที่สุด เนื่องจากเราเห็นว่าทั้งสองบริษัทจะได้รับผลกระทบจากปัญหาการแพร่ระบาดที่ยืดเยื้อน้อยที่สุด



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## Encouraging FIs to provide sustainable debt remediation

On 20 Aug-21, the Bank of Thailand (BoT) announced two new financial measures to support FIs and debtors: 1) liquidity preservation and injection measures for retail and SME segments; and 2) encouraging FIs to provide more CDR to their clients by extending the relaxed loan classification rules. CDR would be in tailored packages (e.g. tenor extension instalment reprofiling, step-up/lower rates, and haircuts), based on customers' risk profiles, cash flow, and sector/industry recovery trajectories.

We think the second measure would have a more positive impact on FI's operations in both the short and long term than the first one. Also, banks should gain more benefits than non-banks, in our view.

Note that CDR is an opt-in program, meaning that not all debtors will receive CDR. FIs will selectively provide CDR to their clients (details in Ex.1).

### Exhibit 1: Summary of new financial measures

	New measures	Previous measures
<b>1. Liquidity preservation and injection measures</b>		
<b>For SME clients</b>		
1. New debtors	BoT raising credit lines up to THB50m.	Credit lines were up to THB20m.
2. Existing debtors	For credit lines not over 30% of outstanding loans (outstanding loans not over THB150m) or for clients who have outstanding loans of less than THB150m, they can borrow at a maximum of not over THB50m.	Credit lines not over 30% of outstanding loans (outstanding loans not over THB150m).
The BoT will also ease credit guarantee conditions to accept higher credit risk for both new and existing debtors		
<b>For retail clients</b>		
1. Credit card	BoT extended the 5% minimum repayment to 2022.	5% minimum repayment in 2020-21, 8% in 2022 and 10% (normal rate before Covid) in 2023.
2. Personal loans	BoT allows no limit for lenders to 2022.	Limited to 3 lenders.
3. Credit card and personal loans	BoT extending an increase in credit lines up to 2x income for THB30k income customers to 2022.	An increase in credit lines of up to 2x income for THB30k income customers ending in 2021.
4. Digital personal loans	BoT increasing credit lines up to THB40k and repayment terms to 12 months.	Credit lines of up to THB20k and repayment terms not over 6 months.
<b>2. Comprehensive long-term debt restructuring (CDR)</b>		
1. Relaxation of loan classification	An extension of the relaxation of loan classification and provision setting measure if financial institutions provide additional assistance to debtors in addition to extending the repayment period alone to Dec-23 from Dec-21 (note that to allow financial institutions to have sufficient time to consider appropriate L-T debt restructuring, the BoT temporarily extended the relaxation of loan classifications to Mar-22).	Relaxation of loan classification will end in Dec-21.
2. FIDF fee	BoT extending the reduction of the Financial Institutions Development Fund (FIDF) fee at 0.23% to Dec-22.	FIDF fee is at 0.23% in 2020-21 and will be back to the normal rate of 0.46% in 2022.

Sources: BoT; FSSIA's compilation

## Exhibit 2: Summary of existing financial measures

Key measures	Effective date
<b>1) For non-retail customers</b>	
<b>Measures for SMEs under the Royal Decree's relief program</b>	May to Oct 2020
• A loan payment holiday of 6 months for all companies with a line of credit not exceeding THB100m to provide needed liquidity.	(further extended to Dec 2021)
• Soft loans to provide liquidity for customers with a credit line not exceeding THB500m at a concessional interest rate of 2% per annum.	
<b>DR BIZ program</b>	1 September 2020
• Coordinate assistance and debt relief for customers with multiple creditors.	
• A standardised debt solution that creditors have agreed upon to ensure quick and comprehensive debt restructuring decisions.	
<b>Financial rehabilitation measures to support business recovery post Covid-19</b>	10 April 2021
• Business recovery loans in the amount of THB250b (rehabilitation loans).	(2-year measure)
• Debt settlement through asset transfers with buy-back options in the amount of THB100b (asset warehousing).	
<b>Debt moratorium for 2 months</b>	1 July to 31 August 2021
• A 2-month payment holiday for SME customers affected by the government coronavirus containment measures.	
<b>2) For retail customers</b>	
<b>BoT Relief Measures Phase 1</b>	1 April 2020
• Grant principal and/or interest payment holiday of 3-6 months for all term loans.	
• Reduce minimum credit card payment from 10% to 5% in 2020-2021, which will gradually rise to 8% in 2022 and fully revert back to 10% in 2023.	
<b>BoT Relief Measures Phase 2</b>	1 August 2020 to
• Reduce interest rate ceiling by 2-4% per annum.	31 October 2021
• Increase credit card, revolving loans, and instalment loan limits (during 1 Aug to 31 Dec 2021).	(further extended to 30 June 2021)
<b>Debt consolidation</b>	1 September to
• Allow customers who have mortgages with banks to consolidate other unsecured personal loans to utilise the same collateral.	31 December 2020
• Eligible customers must have mortgage loans (non-NPLs) and unsecured loans (both non-NPLs and NPLs) with the same bank.	
• Interest charged on unsecured loans will be capped at the minimum retail rate (MRR).	
<b>BoT Relief Measures Phase 3</b>	17 May to 31 December 2021
• Revolving and instalment loans: Relieve debt burden by extending repayment period and lowering interest rate.	
• Car title loans: Include a payment holiday option and, for severely affected borrowers, a repurchase option.	
• Auto and motorcycle leases: Ensure that the effective interest rate (EIR) over the lease period does not exceed the initial interest rate and adjust interest calculation during the payment holiday. Severely affected borrowers are to be offered a repurchase option.	
• Mortgages and home equity loans: Offer principal payment holiday, partial interest payment option, step-up repayment schedule based on borrowers' ability to pay and debt consolidation.	
<b>Debt moratorium for 2 months</b>	1 July to 31 August 2021
• A 2-month payment holiday for retail customers affected by the government coronavirus containment measures.	

Sources: BoT; SCB; FSSIA's compilation

## Banks: S-T negative impact on loan yield, L-T provision savings

We read these measures as slightly positive for the banking sector. Although most of these measures are in line with market expectations, and some banks have proactively provided CDR to their clients, such as SCB and TISCO, we think the official announcement shows that the BoT understands that asset quality problems are now a long-term issue and that continuous assistance is required. This should also alleviate investors' concerns that the BoT may issue unpredictable short-term assistance measures, at least in the short to medium term.

### Exhibit 3: Expected room for NIM reduction if banks provide CDR without hurting their bottom lines

	Current forecasts (0.46% FIDF)		----- 0.23% FIDF -----		Room for NIM reduction if banks provide CDR without hurting their bottom lines
	2022 NP	NIM	% upside to NP	NIM	
	(THB m)	(bps)	(%)	(bps)	(bps)
<b>Banks</b>	<b>147,356</b>	<b>2.71</b>	<b>14.1</b>	<b>2.87</b>	<b>0.16</b>
BBL	27,445	1.94	17.1	2.09	0.15
KBANK	34,198	2.93	12.1	3.08	0.15
KKP	6,412	4.34	9.7	4.51	0.18
KTB	21,898	2.70	18.9	2.87	0.18
SCB	36,527	3.02	11.6	3.19	0.17
TISCO	7,519	4.60	5.4	4.78	0.18
TMB	13,358	2.81	18.8	2.99	0.18

Source: FSSIA estimates

The negative impacts from offering CDR would be 1) a reduction in loan yields depending on the CDR program; and 2) a potential increase in short-term provisions for some banks that have a limited provision cushion. However, we think that 1) the extension of the FIDF fee at 0.23% should mitigate the impact on bank's NII; and 2) in the medium to long term, banks should save their provisioning setup.

We think it is still difficult to quantify the impact on banks' net profit, mostly depending on the CDR that they will apply. Accordingly, we have provided a table on 2021-22E net profit sensitivity to credit cost and NIM.

### Exhibit 4: Impact on banks' net profit from changes in credit cost and NIM

	Current NP forecasts		% downside from 10 bps increase in credit cost		% downside from 10 bps decrease in NIM	
	2021	2022	2021	2022	2021	2022
	(THB m)	(THB m)	(%)	(%)	(%)	(%)
<b>Banks</b>	<b>129,283</b>	<b>147,356</b>	<b>(6.7)</b>	<b>(6.1)</b>	<b>(9.4)</b>	<b>(8.5)</b>
BBL	24,245	27,445	(8.0)	(7.3)	(12.0)	(11.7)
KBANK	31,325	34,198	(5.3)	(5.2)	(7.9)	(7.8)
KKP	5,695	6,412	(3.9)	(3.7)	(4.7)	(4.4)
KTB	19,233	21,898	(8.7)	(7.9)	(12.1)	(10.2)
SCB	32,171	36,527	(5.8)	(5.3)	(8.1)	(6.9)
TISCO	6,613	7,519	(2.7)	(2.4)	(3.3)	(2.9)
TMB	10,002	13,358	(11.5)	(8.6)	(13.8)	(10.4)

Source: FSSIA estimates

Note that some banks are proactively providing assistance to clients, e.g. SCB is currently offering a "comprehensive debt restructure program" to its customers. The bank expects to offer CDR of around 20% of its total portfolio. TISCO is offering a

program for its hire purchase clients to repay loans via car collateral, with the difference between the collateral value and loan principal forgiven.

### Exhibit 5: Financial companies under coverage – summary of key valuations

	BBG	Rec	---Share price---		Up	Market	EPS growth		---- P/E ----		--- ROE ---		---- PBV ---	
	code		Current	Target	side	Cap	21E	22E	21E	22E	21E	22E	21E	22E
			(THB)	(THB)	(%)	(USD m)	(%)	(%)	(x)	(x)	(%)	(%)	(x)	(x)
<b>Banks</b>						<b>34,471</b>	<b>11.5</b>	<b>14.0</b>	<b>8.9</b>	<b>7.8</b>	<b>6.6</b>	<b>7.1</b>	<b>0.6</b>	<b>0.5</b>
Bangkok Bank	BBL TB	BUY	104.00	146.00	40	5,950	14.5	13.2	8.2	7.2	5.4	5.9	0.4	0.4
Kasikornbank	KBANK TB	BUY	108.50	150.00	38	7,705	6.2	9.2	8.2	7.5	6.9	7.2	0.6	0.5
Kiatnakin Bank	KKP TB	BUY	54.00	65.00	20	1,370	11.2	12.6	8.0	7.1	11.9	12.5	0.9	0.9
Krung Thai Bank	KTB TB	HOLD	10.40	12.70	22	4,357	15.0	14.1	7.6	6.6	5.5	5.9	0.4	0.4
Siam Commercial Bank	SCB TB	BUY	98.75	136.00	38	10,050	18.1	13.5	10.4	9.2	7.6	8.2	0.8	0.7
Tisco Financial	TISCO TB	BUY	90.75	122.00	34	2,178	9.1	13.7	11.0	9.7	16.4	17.8	1.8	1.7
TMBThanachart Bank	TTB TB	BUY	0.99	1.40	41	2,861	(1.1)	33.6	9.5	7.1	4.8	6.2	0.5	0.4
<b>Diversified financials</b>						<b>21,787</b>	<b>10.5</b>	<b>19.3</b>	<b>20.3</b>	<b>17.0</b>	<b>14.5</b>	<b>15.3</b>	<b>2.7</b>	<b>2.5</b>
<b>Unsecured-loan lender</b>						<b>5,943</b>	<b>23.8</b>	<b>15.0</b>	<b>17.7</b>	<b>15.4</b>	<b>25.6</b>	<b>25.0</b>	<b>4.2</b>	<b>3.6</b>
Aeon Thana Sinsap (Thailand)	AEONTS TB	BUY	179.50	274.00	53	1,345	20.9	14.3	10.1	8.8	24.0	23.2	2.2	1.9
Krungthai Card	KTC TB	HOLD	59.50	73.00	23	4,598	25.8	15.4	22.9	19.8	26.9	26.3	5.7	4.8
<b>Auto-title lender</b>						<b>9,817</b>	<b>6.6</b>	<b>21.5</b>	<b>23.2</b>	<b>19.1</b>	<b>20.6</b>	<b>20.7</b>	<b>4.2</b>	<b>3.7</b>
Muangthai Capital	MTC TB	BUY	60.75	67.00	10	3,860	3.1	23.5	24.0	19.4	23.4	23.8	5.1	4.2
Srisawad Corp	SAWAD TB	BUY	67.50	86.00	27	2,778	7.1	18.6	19.0	16.0	20.7	22.1	3.7	3.4
Saksiam Leasing	SAK TB	BUY	8.55	12.20	43	537	(17.3)	40.0	29.4	21.0	12.9	16.3	3.6	3.2
Ngern Tid Lor	TIDLOR TB	BUY	38.00	47.00	24	2,641	22.0	19.5	27.2	22.7	18.7	16.4	3.9	3.5
<b>Truck lender</b>						<b>1,530</b>	<b>(9.5)</b>	<b>19.6</b>	<b>18.9</b>	<b>15.8</b>	<b>16.2</b>	<b>17.5</b>	<b>2.9</b>	<b>2.6</b>
Micro Leasing	MICRO TB	BUY	7.65	10.70	40	214	23.1	33.5	35.1	26.3	10.8	13.2	3.7	3.3
Singer Thailand	SINGER TB	BUY	39.00	53.00	36	582	26.1	29.2	28.4	22.0	19.8	21.0	4.9	4.2
Ratchthani Leasing	THANI TB	BUY	4.32	5.20	20	733	(20.9)	15.8	13.6	11.7	16.0	17.0	2.1	1.9
<b>Asset management</b>						<b>3,413</b>	<b>11.5</b>	<b>35.6</b>	<b>31.4</b>	<b>23.2</b>	<b>6.9</b>	<b>8.6</b>	<b>2.0</b>	<b>1.9</b>
Bangkok Commercial Asset Mngt.	BAM TB	BUY	17.30	19.40	12	1,676	13.5	37.8	26.8	19.4	4.8	6.2	1.2	1.2
Chayo Group	CHAYO TB	BUY	12.40	18.80	52	354	18.5	39.6	48.4	34.6	12.8	11.7	4.3	3.5
JMT Network Services	JMT TB	BUY	42.00	52.00	24	1,383	12.2	34.5	35.6	26.5	18.7	17.8	5.6	3.8
<b>Other</b>						<b>1,084</b>	<b>8.1</b>	<b>11.6</b>	<b>8.8</b>	<b>7.9</b>	<b>6.4</b>	<b>6.8</b>	<b>0.5</b>	<b>0.5</b>
Thanachart Capital	TCAP TB	HOLD	34.50	35.00	1	1,084	8.1	11.6	8.8	7.9	6.4	6.8	0.5	0.5
<b>Hire purchase motorcycle</b>						<b>332</b>	<b>55.9</b>	<b>33.4</b>	<b>35.2</b>	<b>26.4</b>	<b>17.4</b>	<b>19.8</b>	<b>5.7</b>	<b>4.8</b>
Next Capital	NCAP TB	BUY	12.30	16.80	37	332	55.9	33.4	35.2	26.4	17.4	19.8	5.7	4.8

Share prices as of 20 Aug 2021

Sources: Bloomberg; 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	ICI	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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSH	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	MITSIB	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	WIJK	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	AMANAHA	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	SEAOIL	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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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 104.00	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 NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
Kasikornbank	KBANK TB	THB 108.50	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 NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
Kiatnakin Bank	KKP TB	THB 54.00	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 10.40	HOLD	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 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 98.75	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.
Tisco Financial	TISCO TB	THB 90.75	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.
TMBThanachart Bank	TTB TB	THB 0.99	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 NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 179.50	BUY	Downside risks to our GGM-derived TP include 1) intense competition that could push marketing expenses higher; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality.
Krungthai Card	KTC TB	THB 59.50	HOLD	Upside risks to our GGM-derived TP include 1) stronger-than-expected KTBL growth; and 2) a better-than-expected bad debt recovery. Downside risks are 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Muangthai Capital	MTC TB	THB 60.75	BUY	Downside risks to our GGM-based TP include the expansion into auto-title loans by the Government Savings Bank; further weakening asset quality could potentially hit both loan yield and credit cost.
Srisawad Corp	SAWAD TB	THB 67.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand.
Saksiam Leasing	SAK TB	THB 8.55	BUY	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the BoT; and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Ngern Tid Lor	TIDLOR TB	THB 38.00	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank; 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Micro Leasing	MICRO TB	THB 7.65	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.
Singer Thailand	SINGER TB	THB 39.00	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
Ratchthani Leasing	THANI TB	THB 4.32	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.

Bangkok Commercial Asset Mngt.	BAM TB	THB 17.30	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.
Chayo Group	CHAYO TB	THB 12.40	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
JMT Network Services	JMT TB	THB 42.00	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.
Thanachart Capital	TCAP TB	THB 34.50	HOLD	Upside risks to our GGM-based target price are M&A completions and long-term synergy gained, leading to a higher contribution to its earnings. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TMB and THANI.
Next Capital	NCAP TB	THB 12.30	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for food delivery and logistics activities; 2) deteriorating asset quality; and 3) tighter competition from new players.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 20-Aug-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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