

15 SEPTEMBER 2021

THAILAND / DIVERSIFIED FINANCIALS

KRUNGTHAI CARD KTC TB

HOLD

UNCHANGED

TARGET PRICE	THB73.00
CLOSE	THB63.50
UP/DOWNSIDE	+15.0%
PRIOR TP	THB73.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+19.0%

Decent NP growth, tight valuation

Expect 3Q21 net profit to slightly drop q-q but still rise y-y

We expect KTC to book a 3Q21 net profit of THB1.67b (+37% y-y, -1% q-q). We think the expected q-q decline in its earnings will come from the impact of the prolonged pandemic, potentially leading to 1) a higher credit cost to 580bps in 3Q21 from 522bps in 2Q21; and 2) a minimal drop in loan volume. However, we expect its earnings to surge 37% y-y on a lower credit cost. Although its asset quality might slightly deteriorate from 2Q21, it should still be much better than in 3Q20. We also expect a rise in bad debt recovery for its own portfolio and KTBL Leasing (KTBL).

Risk-off mode for new lending but faster collection process

In 3Q21, we expect its loan volume to drop 1% q-q, as KTC plans to lend new loans conservatively due to the weak economy and its lower risk appetite from the ceiling rate cap. We think the risk-off mode will continue in 4Q21. However, we think KTC will accelerate its debt collection process, potentially resulting in a surge in its bad debt recovery (BDR). Its average BDR is cTHB830m per quarter. We expect its quarterly BDR to reach cTHB900m in 3Q-4Q21, driven by the KTBL portfolio. The KTBL portfolio in 2Q21 was at THB4.3b, with NPLs worth THB2.2b. The 2Q21 BDR for KTBL was THB22b. Under KTC's professional management, we expect its BDR to increase to THB50m-70m per quarter in 3Q-4Q21.

Shifting to more secured loans

Due to the ceiling rate cap, KTC sees the risk-reward ratio of unsecured lending as less attractive. Thus, it is gradually shifting its focus to secured loans. However, its exposure to secured lending is still small. Its auto title loans (under the P Berm brand) currently amount to cTHB400m. The new secured lending under KTBL is also minimal at cTHB10m-20m. KTC aims to lend new loans via both P berm and KTBL. Auto title loans will mostly originate from P Berm, while retail and fleet car hire purchases and machinery lending for corporates will be lent by KTBL. We think it might take a couple of years for these loans to contribute significant profits.

Maintain HOLD rating with GGM-based TP of THB73

We still prefer AEONTS to KTC due to KTC's tight valuation. The investment idea for KTC would be for trading, in our view, in the price range of cTHB60-73 (implying 4.9x-5.9x 2022E P/BV). KTC may be more attractive once it adopts a risk-on lending mode and the secured lending and payment gateway businesses assume a more important role.



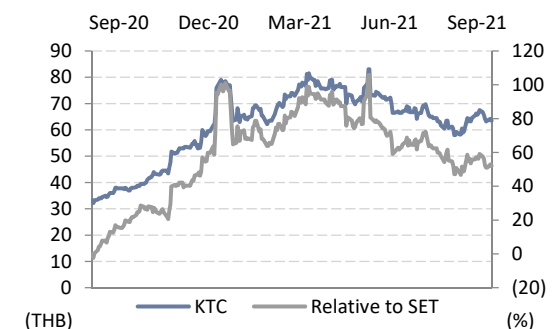
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KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	6,656	8,542	9,861	10,806
Net profit	5,332	6,710	7,747	8,515
EPS (THB)	2.07	2.60	3.00	3.30
vs Consensus (%)	-	5.3	8.1	9.7
Core net profit	5,332	6,710	7,747	8,515
Core EPS (THB)	2.07	2.60	3.00	3.30
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(3.5)	25.8	15.4	9.9
Core P/E (x)	30.7	24.4	21.1	19.2
Dividend yield (%)	1.3	1.7	1.9	2.1
Price/book (x)	7.2	6.0	5.2	4.5
ROE (%)	25.1	26.9	26.3	24.9
ROA (%)	6.1	7.7	8.4	8.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.2	(12.1)	101.6
Relative to country (%)	0.9	(11.6)	58.0
Mkt cap (USD m)	4,971		
3m avg. daily turnover (USD m)	21.1		
Free float (%)	21		
Major shareholder	Krung Thai Bank (49%)		
12m high/low (THB)	90.25/31.00		
Issued shares (m)	2,578		

Sources: Bloomberg consensus; FSSIA estimates

Investment thesis

KTC is one of the market leaders in the credit card and personal loan business, and it always receives strong support from its major shareholder, Krung Thai Bank (KTB TB, HOLD, TP THB12.7). Moreover, KTC is expanding its business to secured loans by acquiring KTB Leasing (KTBL, not listed), as well as the payment system service business by partnering with KTB. We believe these two businesses will be the next key growth factor in the future. Additionally, we are less concerned about its asset quality compared to banks' due to its proactive risk management.

We think KTC's earnings outlook and ROE are looking brighter, supported by KTBL and its ability to control its asset quality.

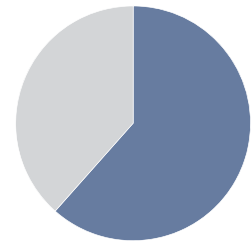
Company profile

The company provides consumer financial products in Thailand, including credit cards, personal loans and auto-title loans.

www.ktc.co.th

Principal activities (revenue, 2020)

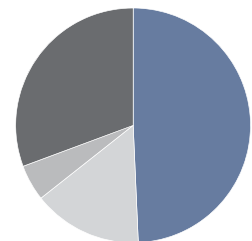
- Net interest income - 61.6 %
- Non-interest income - 38.4 %



Source: Krungthai Card

Major shareholders

- Krung Thai Bank - 49.3 %
- Mongkol Prakitchaiwatthana - 15.1 %
- Sataporn Ngamruengphong - 5.0 %
- Others - 30.7 %



Source: Krungthai Card

Catalysts

Potential share price catalysts for KTC include:

- 1) The announcement of no further ceiling rate cap by the Bank of Thailand;
- 2) Lower credit cost from a better-than-expected new NPL rate;
- 3) Strong KTBL loan growth and debt collection.

Risks to our call

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.

Event calendar

Date	Event
29 Sep 21	MPC meetings
15 Oct 2021	3Q21 results announcement

Key assumptions

Year to Dec	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	6,710	7,747	8,515
Net profit growth	25.8	15.4	9.9
NIM	13.71	13.97	14.27
Loan growth	3.0	8.8	9.5
Fee growth	(3.0)	10.0	8.0
Non-NII growth*	2.7	10.6	2.3
Credit cost (bp)	540	550	560
Cost to income*	34.6	32.4	31.0

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

Year to Dec		2021E		
Loan growth	±2ppt	1.0	3.0	5.0
	% change in net profit	0.9	-	(0.9)
NIM (%)	±5bp	13.66	13.71	13.76
	% change in net profit	(0.6)	-	0.6
Credit cost (bps)	±10bp	530	540	550
	% change in net profit	0.7	-	(0.7)

Source: FSSIA estimates

Expect 3Q21 net profit to slightly drop q-q but still rise y-y

We think the expected q-q decline in its earnings will come from the impact of the prolonged pandemic, potentially leading to 1) a higher credit cost to 580 bps in 3Q21 from 522 bps in 2Q21; and 2) a minimal drop in loan volume. However, we expect its earnings to surge 37% y-y on a lower credit cost. Although its asset quality might slightly deteriorate from 2Q21, it should still be much better than 3Q20. We also expect a rise in its bad debt recovery from its own portfolio and KTB Leasing (KTBL, not listed). These positives could totally offset the decline in its NIM as a result of the lower interest rate ceiling since Aug-20. 9M21E net profit accounts for 74% of our 2021 earnings forecast of THB6.7b.

3Q21E key highlights

- We expect KTC's total loan volume to slightly decrease by 1% q-q, pressured by a drop in personal loans thanks to its conservative lending strategy and the low credit card spending due to the lockdown measures. Moreover, KTC wrote-off THB800m worth of KTBL's non-performing loans (NPLs).
- We estimate that its non-NII will rise moderately in 3Q21, as we think that KTC has been able to collect debts effectively, resulting in a rise in bad debt recovery for both its own portfolio and the KTBL portfolio.
- We expect that its NPLs should decline substantially in 3Q21 by 20% q-q, due to a THB800m NPL write-off for KTBL. Without this, we would expect KTC's NPLs to slightly increase due to the resurgence of the Covid pandemic. Thus, we expect KTC to set a higher credit cost of 580bps in 3Q21 vs 522bps in 2Q21.

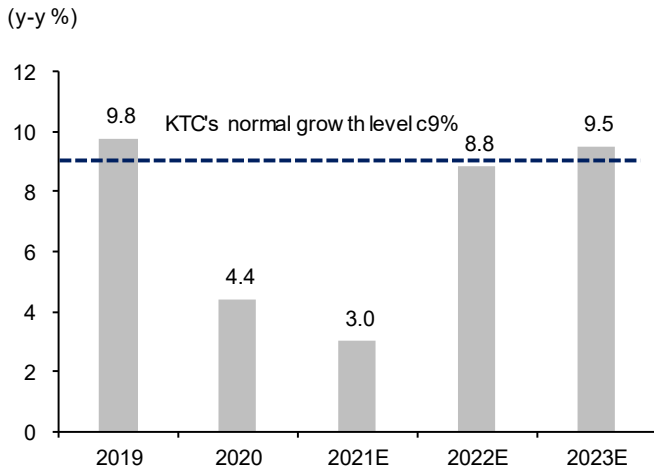
Exhibit 1: KTC – 3Q21E/9M21E earnings preview

Year-end Dec 31	3Q20	2Q21	----- 3Q21E -----		----- 9M21E -----			----- 2021E -----		3Q21E comments	
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(y-y %)	%21E	(THB m)		(y-y %)
Net interest income	3,112	3,071	3,111	(0)	1	9,174	(4.7)	74	12,473	(1)	
Non-interest income*	1,914	1,979	2,054	7	4	5,998	1.7	74	8,105	3	
Operating income*	5,027	5,050	5,165	3	2	15,172	(2.2)	74	20,579	0	
Operating expenses	1,793	1,775	1,757	(2)	(1)	5,245	(2.1)	74	7,125	(2)	Lower marketing expense
PPOP before tax*	3,234	3,274	3,408	5	4	9,927	(2.3)	74	13,453	1	
Expected credit loss	1,703	1,144	1,283	(25)	12	3,631	(28.8)	74	4,911	(26)	
Income tax	310	428	421	36	(2)	1,256	23.9	74	1,708	29	
Minority interest	(0)	23	34			56	62.2		123		
Normalised profit	1,221	1,680	1,670	37	(1)	4,984	24.2	74	6,710	26	
Extraordinary items	0	0	0			0			0		
Net profit	1,221	1,680	1,670	37	(1)	4,984	24.2	74	6,710	26	
EPS (THB)	0.47	0.65	0.65	37	(1)	1.93	24.2	74	2.60	26	
Asset quality ratio	(%)	(%)	(%)						(%)		
NPLs (THB m)	1,555	3,877	3,101	99	(20)				3,196	100	
NPLs/Loans	1.85	4.36	3.52						3.46		
LLR/NPLs	452	251	270						261		
Credit cost (bps)	817	522	580						540		
Profitability ratio	(%)	(%)	(%)						(%)		
Cost to income ratio*	35.7	35.2	34.0						34.6		
Average yield	16.8	15.6	15.4						15.2		
Cost of fund	2.8	2.7	2.7						2.6		
NIM	14.9	14.0	14.1						13.7		
Non-int inc/total income	38.1	39.2	39.8						39.4		
Loan growth	(%)	(%)	(%)						(%)		
y-y	6.0	7.2	5.0						3.0		
q-q	1.1	3.0	(1.0)							NPL write-offs and conservative lending	

*Including share of profits from associates

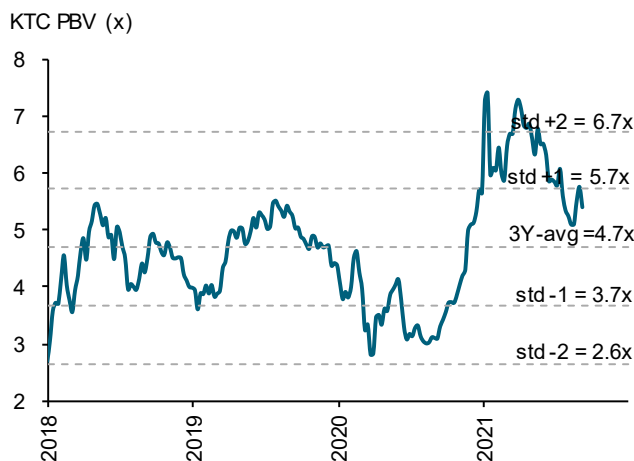
Sources: KTC; FSSIA estimates

Exhibit 2: KTC will likely adopt a risk-on lending mode in 2022



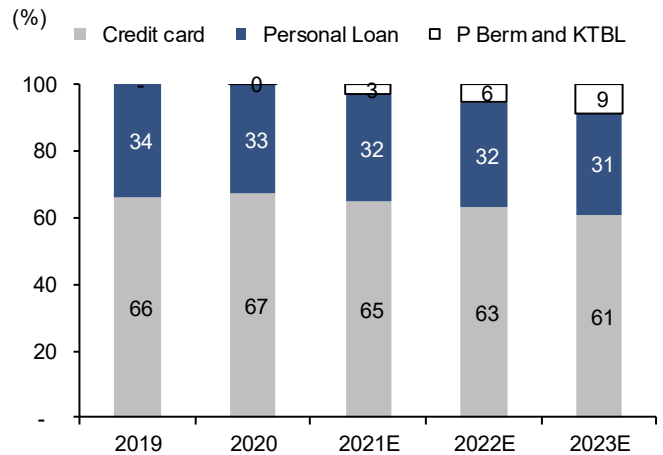
Source: FSSIA estimates

Exhibit 4: KTC – one-year prospective P/BV



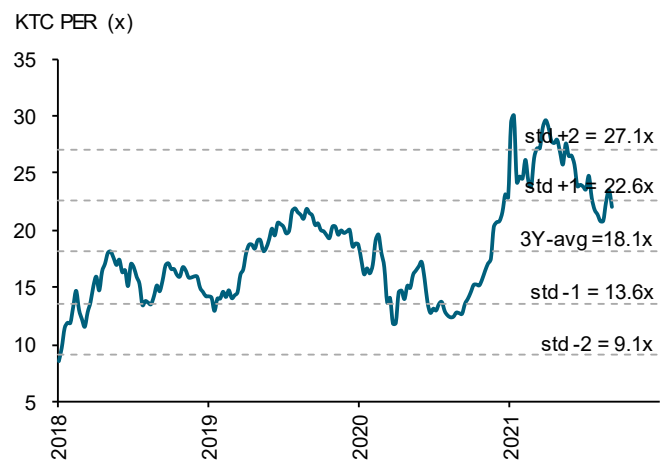
Sources: Bloomberg; FSSIA estimates

Exhibit 3: P Berm and KTBL portfolios might increase significantly in 2022-23



Source: FSSIA estimates

Exhibit 5: KTC – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Key valuations of companies under coverage

	BBG code	Rec	---Share price---		Up side (%)	Market Cap (USD m)	EPS growth		---- P/E ----		---- ROE ----		---- PBV ----	
			Current (THB)	Target (THB)			21E (%)	22E (%)	21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)
Diversified financials						23,633	10.1	17.0	21.5	18.3	14.4	14.9	2.8	2.5
Unsecured-loan lender						6,504	23.8	15.0	19.2	16.7	25.6	25.0	4.5	3.9
Aeon Thana Sinsap (Thailand)	AEONTS TB	BUY	202.00	274.00	36	1,533	20.9	14.3	11.3	9.9	24.0	23.2	2.5	2.1
Krungthai Card	KTC TB	HOLD	63.50	73.00	15	4,971	25.8	15.4	24.4	21.1	26.9	26.3	6.0	5.2
Auto-title lender						10,250	6.6	21.5	23.9	19.7	20.6	20.7	4.4	3.8
Muangthai Capital	MTC TB	BUY	63.00	67.00	6	4,055	3.1	23.5	24.9	20.1	23.4	23.8	5.3	4.4
Srisawad Corp	SAWAD TB	BUY	70.00	86.00	23	2,918	7.1	18.6	19.7	16.6	20.7	22.1	3.9	3.5
Saksiam Leasing	SAK TB	BUY	8.90	12.20	37	566	(17.3)	40.0	30.6	21.8	12.9	16.3	3.8	3.4
Ngern Tid Lor	TIDLOR TB	BUY	38.50	47.00	22	2,711	22.0	19.5	27.5	23.0	18.7	16.4	3.9	3.5
Truck lender						1,598	(10.3)	3.7	19.7	19.0	14.6	13.5	2.5	2.2
Micro Leasing	MICRO TB	BUY	8.10	10.70	32	230	23.1	33.5	37.2	27.9	10.8	13.2	3.9	3.5
Singer Thailand	SINGER TB	BUY	42.50	51.00	20	643	24.8	2.4	31.3	30.5	13.0	9.8	2.8	2.2
Ratchthani Leasing	THANI TB	BUY	4.22	5.20	23	726	(20.9)	15.8	13.3	11.5	16.0	17.0	2.0	1.9
Asset management						3,835	9.7	31.4	34.6	26.4	6.9	8.3	2.2	2.0
Bangkok Commercial Asset Mngt.	BAM TB	BUY	18.50	19.40	5	1,815	13.5	37.8	28.6	20.8	4.8	6.2	1.3	1.3
Chayo Group	CHAYO TB	BUY	12.70	18.80	48	368	18.5	39.6	49.5	35.5	12.8	11.7	4.4	3.6
JMT Network Services	JMT TB	BUY	48.75	57.00	17	1,652	7.8	29.1	41.4	32.0	18.7	13.9	6.5	3.0
Other						1,106	8.1	11.6	8.8	7.9	6.4	6.8	0.6	0.5
Thanachart Capital	TCAP TB	HOLD	34.75	35.00	1	1,106	8.1	11.6	8.8	7.9	6.4	6.8	0.6	0.5
Hire purchase motorcycle						339	55.9	33.4	35.5	26.6	17.4	19.8	5.7	4.9
Next Capital	NCAP TB	BUY	12.40	16.80	35	339	55.9	33.4	35.5	26.6	17.4	19.8	5.7	4.9

Share prices as of 14 Sep 2021

Source: FSSIA estimates

Financial Statements

Krungthai Card

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	13,607	14,167	13,910	15,054	16,766
Interest expense	(1,566)	(1,534)	(1,436)	(1,590)	(1,756)
Net interest income	12,041	12,633	12,473	13,464	15,010
Net fees & commission	5,033	4,478	4,343	4,778	5,160
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	3,985	3,411	3,762	4,190	4,015
Non interest income	9,018	7,888	8,105	8,968	9,175
Total income	21,059	20,521	20,579	22,432	24,186
Staff costs	(7,519)	(7,050)	(6,909)	(7,047)	(7,259)
Other operating costs	(203)	(210)	(217)	(223)	(230)
Operating costs	(7,722)	(7,260)	(7,125)	(7,270)	(7,488)
Pre provision operating profit	13,337	13,261	13,453	15,162	16,697
Provision for bad and doubtful debt	(6,433)	(6,605)	(4,911)	(5,300)	(5,892)
Other provisions	-	-	-	-	-
Operating profit	6,904	6,656	8,542	9,861	10,806
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	6,904	6,656	8,542	9,861	10,806
Tax	(1,380)	(1,325)	(1,708)	(1,972)	(2,161)
Profit after tax	5,524	5,331	6,833	7,889	8,644
Minority interests	0	1	(123)	(142)	(130)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,524	5,332	6,710	7,747	8,515
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,524	5,332	6,710	7,747	8,515
Per share (THB)					
Recurring EPS *	2.14	2.07	2.60	3.00	3.30
Reported EPS	2.14	2.07	2.60	3.00	3.30
DPS	0.88	0.85	1.07	1.23	1.35
Growth					
Net interest income (%)	8.6	4.9	(1.3)	7.9	11.5
Non interest income (%)	5.4	(12.5)	2.7	10.6	2.3
Pre provision operating profit (%)	10.1	(0.6)	1.4	12.7	10.1
Operating profit (%)	7.6	(3.6)	28.3	15.4	9.6
Reported net profit (%)	7.5	(3.5)	25.8	15.4	9.9
Recurring EPS (%)	7.5	(3.5)	25.8	15.4	9.9
Reported EPS (%)	7.5	(3.5)	25.8	15.4	9.9
Income Breakdown					
Net interest income (%)	57.2	61.6	60.6	60.0	62.1
Net fees & commission (%)	23.9	21.8	21.1	21.3	21.3
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	18.9	16.6	18.3	18.7	16.6
Operating performance					
Gross interest yield (%)	16.59	16.15	15.29	15.62	15.94
Cost of funds (%)	2.81	2.66	2.57	2.78	2.81
Net interest spread (%)	13.78	13.49	12.72	12.84	13.13
Net interest margin (%)	14.7	14.4	13.7	14.0	14.3
Cost/income(%)	36.7	35.4	34.6	32.4	31.0
Cost/assets(%)	9.4	8.4	8.1	7.7	7.2
Effective tax rate (%)	20.0	19.9	20.0	20.0	20.0
Dividend payout on recurring profit (%)	41.1	41.1	41.0	41.0	41.0
ROE (%)	30.6	25.1	26.9	26.3	24.9
ROE - COE (%)	19.8	14.3	16.1	15.5	14.1
ROA (%)	6.7	6.1	7.7	8.4	8.3
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Krungthai Card; FSSIA estimates

Financial Statements

Krungthai Card

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	85,834	89,607	92,291	100,444	109,983
Total provisions	(5,650)	(7,355)	(8,356)	(6,625)	(5,368)
interest in suspense	0	543	554	603	660
Net customer loans	80,183	82,795	84,489	94,422	105,275
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	4	0	0	0	0
Cash & equivalents	1,348	1,914	378	843	85
Other interesting assets	-	-	-	-	-
Tangible fixed assets	495	481	468	455	443
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	2,226	3,213	3,134	3,479	3,817
Total assets	84,257	88,403	88,469	99,200	109,619
Customer deposits	0	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	57,540	57,687	54,198	60,003	65,026
Non interest bearing liabilities	8,134	7,866	7,079	7,433	7,805
Hybrid Capital	-	-	-	-	-
Total liabilities	65,674	65,553	61,277	67,436	72,831
Share capital	2,578	2,578	2,578	2,578	2,578
Reserves	17,129	20,221	24,561	29,132	34,155
Total equity	19,708	22,799	27,139	31,710	36,734
Minority interests	27	51	52	53	54
Total liabilities & equity	85,409	88,403	88,469	99,200	109,619
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	82,020	87,722	90,949	96,368	105,213
Average interest bearing liabilities	55,831	57,614	55,942	57,100	62,515
Tier 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	910	1,598	3,196	2,397	2,445
Per share (THB)					
Book value per share	7.64	8.84	10.53	12.30	14.25
Tangible book value per share	7.64	8.84	10.53	12.30	14.25
Growth					
Gross customer loans	9.8	4.4	3.0	8.8	9.5
Average interest earning assets	8.1	7.0	3.7	6.0	9.2
Total asset (%)	5.8	4.9	0.1	12.1	10.5
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	nm	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	23.4	25.8	30.7	32.0	33.5
Tangible equity/assets (%)	23.4	25.8	30.7	32.0	33.5
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality					
Change in NPL (%)	2.1	75.6	100.0	(25.0)	2.0
NPL/gross loans (%)	1.1	1.8	3.5	2.4	2.2
Total provisions/gross loans (%)	6.6	8.2	9.1	6.0	4.9
Total provisions/NPL (%)	621.0	460.3	261.4	276.4	219.6
Valuation					
Recurring P/E (x) *	29.6	30.7	24.4	21.1	19.2
Recurring P/E @ target price (x) *	34.1	35.3	28.0	24.3	22.1
Reported P/E (x)	29.6	30.7	24.4	21.1	19.2
Dividend yield (%)	1.4	1.3	1.7	1.9	2.1
Price/book (x)	8.3	7.2	6.0	5.2	4.5
Price/tangible book (x)	8.3	7.2	6.0	5.2	4.5
Price/tangible book @ target price (x)	9.6	8.3	6.9	5.9	5.1

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Krungthai Card; 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	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	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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	TTB	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
Krungthai Card	KTC TB	THB 63.50	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 202.00	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.
Muangthai Capital	MTC TB	THB 63.00	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 70.00	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 8.90	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 38.50	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 8.10	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 42.50	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 4.22	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 18.50	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 12.70	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 48.75	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 34.75	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 12.40	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 14-Sep-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.