

23 SEPTEMBER 2021

Thailand Banks and Diversified Financials

One movement shakes the whole circle

SCB's movement – threat to diversified financials

SCB announced its great transformation from a traditional bank into a financial tech holding company under SCBX. It also wants to increase its market share in the untapped low-income retail segment. We see SCBX as the game changer for both banks and the diversified financial industry. We believe this big move will threaten the consumer lending sector – unsecured lending and auto title loans in particular – while the banking sector will also need to accelerate its adaptation to the digital era to survive and grow in the long term.

AEONTS and MTC should be the most affected by SCB's transformation

According to SCB's management, it will expand its unsecured lending business and auto title loans to the grassroots segment by using data analytics. Although we think it would take at least a couple of years for SCB to successfully tap into this market, we believe that consumer loan operators, including AEONTS, KTC, MTC, SAWAD, TIDLOR and SAK, will be penalised in terms of valuation de-ratings due to the big player's move. Among unsecured lenders, we think AEONTS would be the most impacted, as the majority of its portfolio consists of low-income clients. Regarding auto title loan operators, we think MTC would be the most affected due to 1) its most expensive valuation at 4.4x 2022E P/BV vs 3.3-3.4x for SAWAD, SAK and TIDLOR; and 2) its concentrated auto title loan business. More than 90% of its revenue comes from title loans, while its major competitors, SAWAD and TIDLOR, have diversified to high-margin businesses like insurance broking.

KBANK is the second most feasible bank to grow out of the old framework

We believe that SCB's move will not have any direct short-term negative impact on other banks, as it is focusing on expanding into the non-banking sphere. As a result, we believe that the banking sector's valuation should not de-rate in the short term. Valuations might re-rate for some banks which can promptly become disruptors rather than being disrupted. We believe that KBANK is the second most feasible bank to grow out of the old framework, while TTB would be the third. For BBL and KTB, we think they are still too far behind to shift their businesses to a more digital orientation.

Bank top picks: SCB with KBANK a safe bet; non-bank top picks: JMT & SINGER

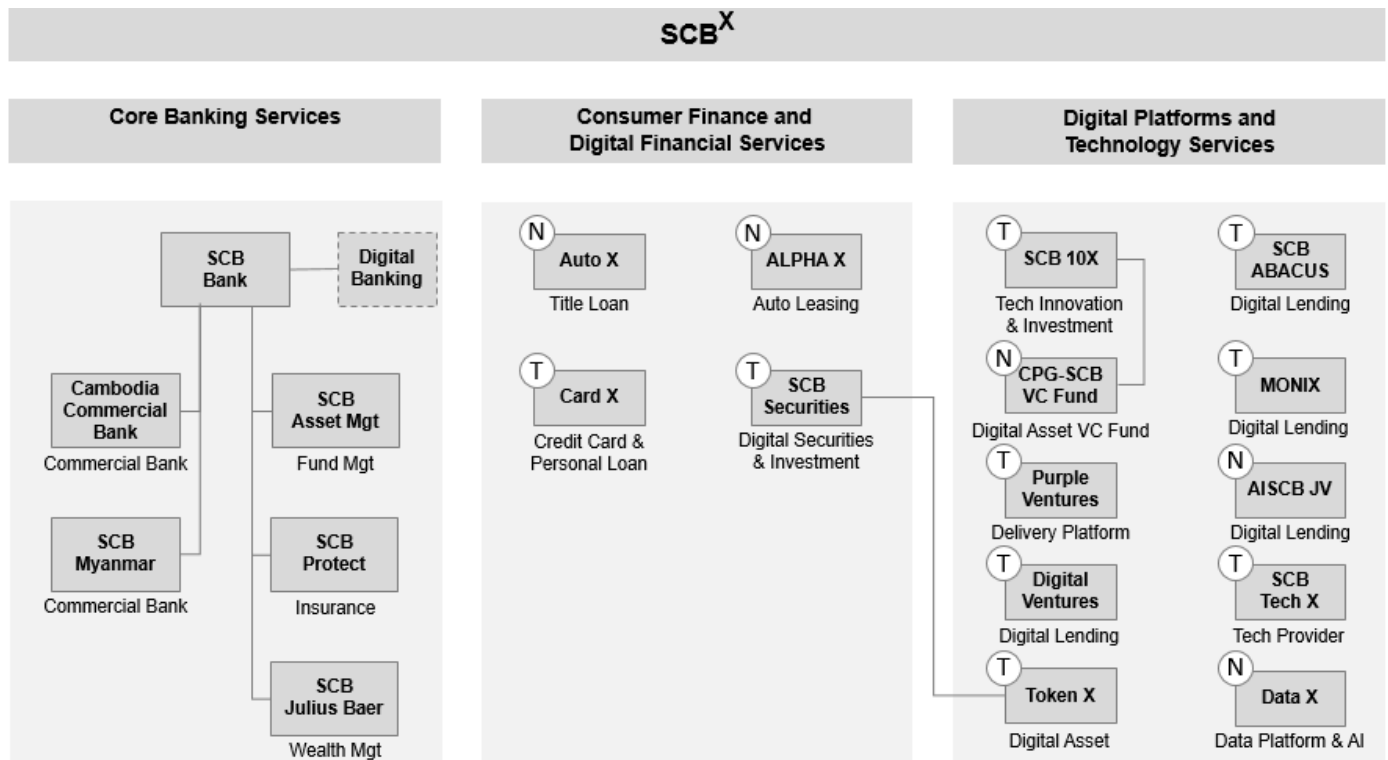
We reiterate our recommendation to gradually re-accumulate banks. We maintain SCB and TISCO as our top picks. However, due to the outperformance of SCB's share price during the past few days, for investors who do not have a long position in SCB, we recommend KBANK as a safe bet strategy. We believe KBANK is the second best positioned to benefit from the country's digital age, with a cheap valuation of 0.6x 2022E P/BV and a 7.2% 2022E ROE. For non-banks, our most preferred are JMT and SINGER, as we think they would see the smallest impact from SCB's big move.



Yuvanart Suwanumphai

yuvanart.suw@fssia.com
+66 2611 3554

Exhibit 1: SCBX's structure



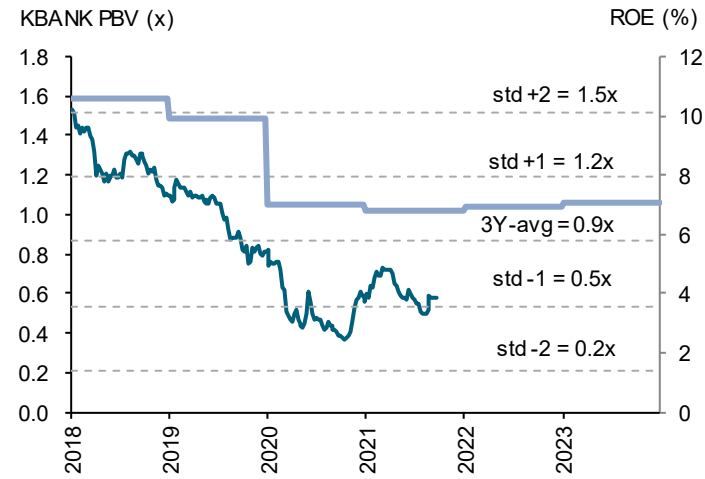
N = newly established company, T = transferred from SCB Bank
 Sources: SCB; FSSIA's compilation

Exhibit 2: SCBX's business structure vs peers

Business structure	Company name	Services	Peers		
			Name	Valuation	
				Current 2022E P/E	Current 2022E P/BV
1. Core banking services	SCB Bank	Lending, insurance, wealth management, asset management	BBL, KBANK, KTB, KKP, TISCO, TTB	7.1-10x	0.5-1.7x
2. Consumer finance and digital financial services	SCB Securities	Digital securities & investment	XPG*, KUBIX (KBANK's subsidiary; not listed)	788.8x*	12.2x*
	Auto X	Title loans for low-income clients	MTC, SAWAD, TIDLOR, SAK	16.2-22.9x	3.3-4.4x
	Alpha X	Auto leasing for luxury cars	THANI (25% of port)		
	Card X	Credit card & p-loans; more mass vs middle to high income previously	AEONTS, KTC	9.9-21x	2.1-5.1x
3. Digital platforms and technology services	Digital ventures	Digital lending	KBANK and non-banks, e.g. AEONTS, KTC	8.4-22.9x	0.6-5.1x
	SCB ABACUS	Digital lending			
	MONIX	Digital lending			
	AISCB	Digital lending			
	SCB Tech X	Tech provider	Global players		
	Token X	Digital asset			
	Data X	Data platform & AI			
	SCB10X	Tech innovation & investment			
	CPG-SCB VC Fund	Digital asset venture capital fund			
	Purple Ventures	Delivery platform			

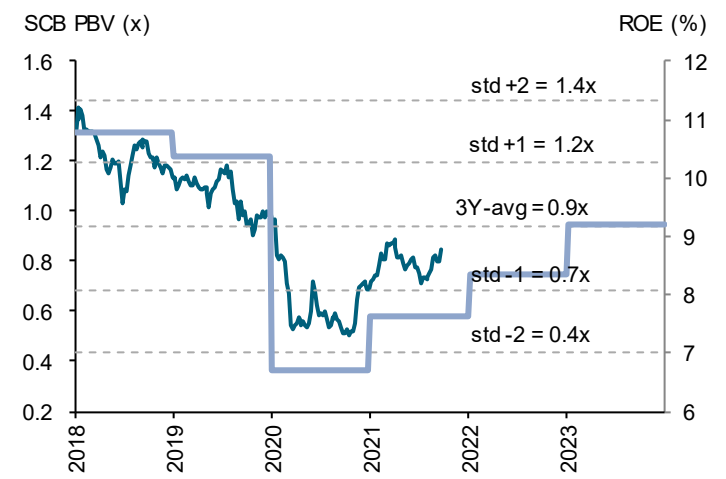
*Based on trailing P/E and P/BV of XPG
 Source: FSSIA estimates

Exhibit 3: KBANK – one-year rolling prospective P/BV



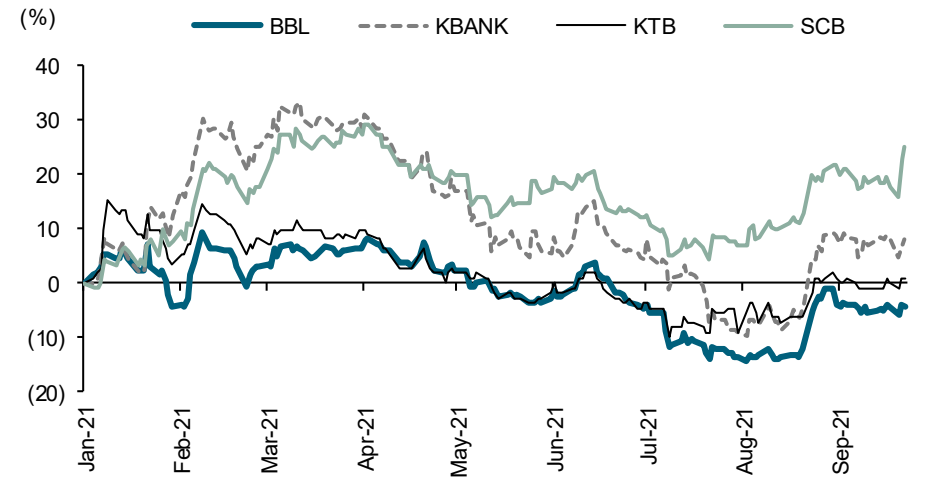
Sources: Bloomberg; FSSIA estimates

Exhibit 4: SCB – one-year rolling prospective P/BV



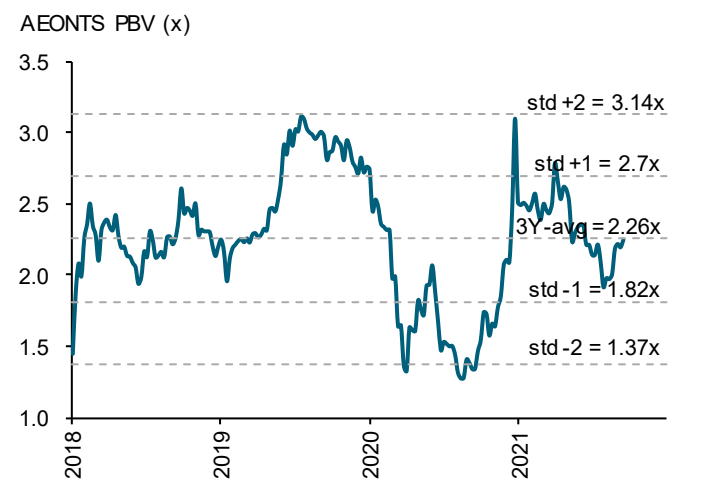
Sources: Bloomberg; FSSIA estimates

Exhibit 5: Big bank's share price performance



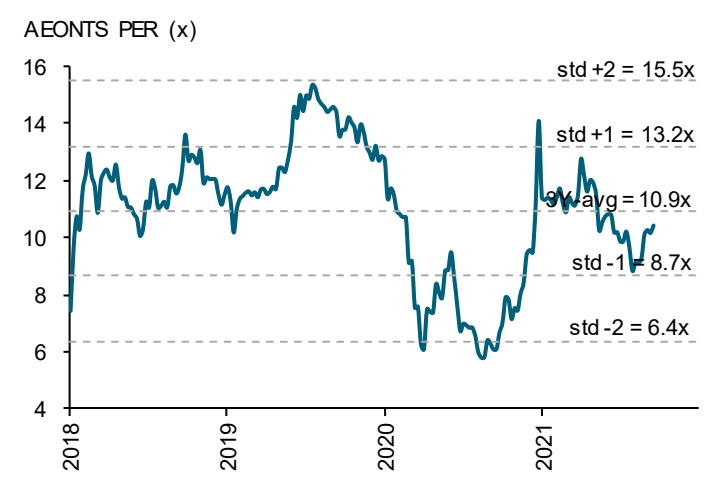
Sources: Bloomberg; FSSIA estimates

Exhibit 6: AEONTS – one-year rolling prospective P/BV band



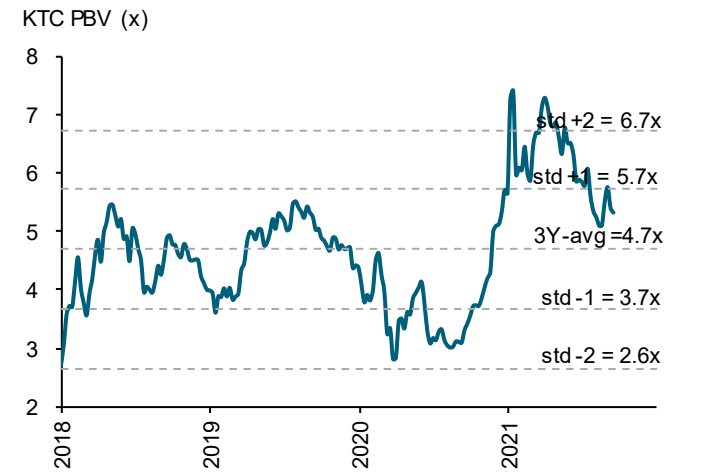
Sources: Bloomberg; FSSIA estimates

Exhibit 7: AEONTS – one-year rolling prospective P/E band



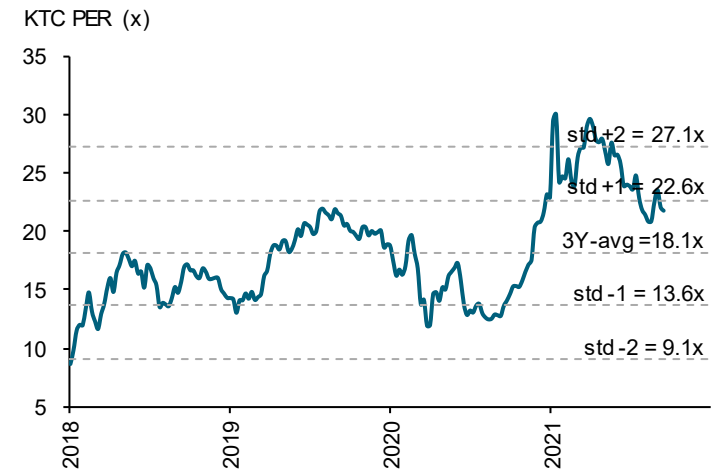
Sources: Bloomberg; FSSIA estimates

Exhibit 8: KTC – one-year rolling prospective P/BV band



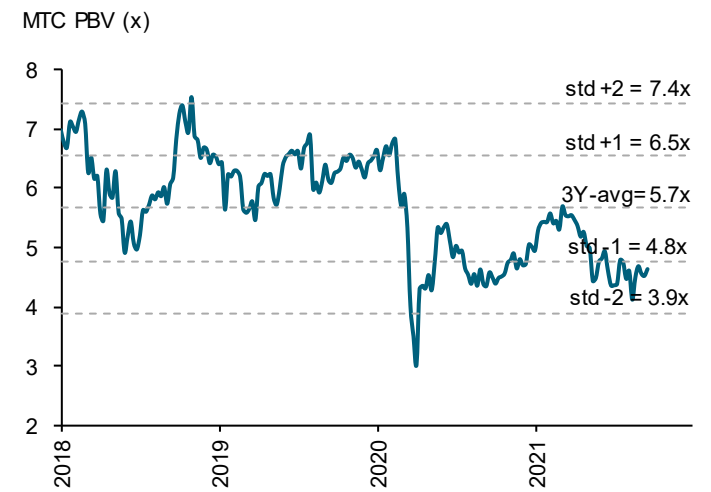
Sources: Bloomberg; FSSIA estimates

Exhibit 9: KTC – one-year rolling prospective P/E band



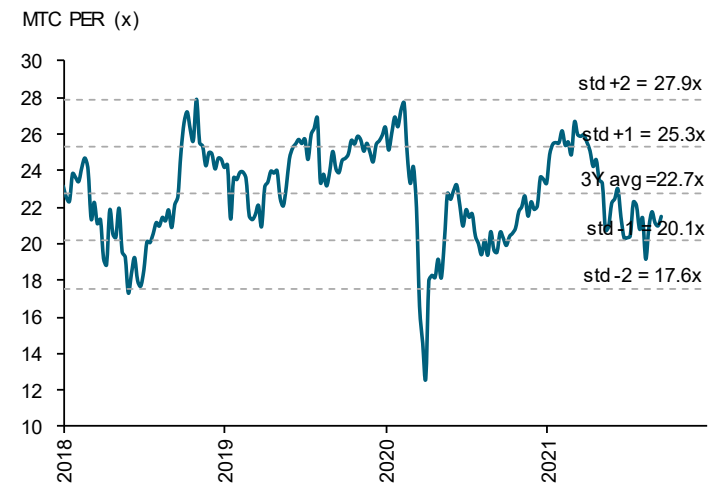
Sources: Bloomberg; FSSIA estimates

Exhibit 10: MTC – one-year rolling prospective P/BV band



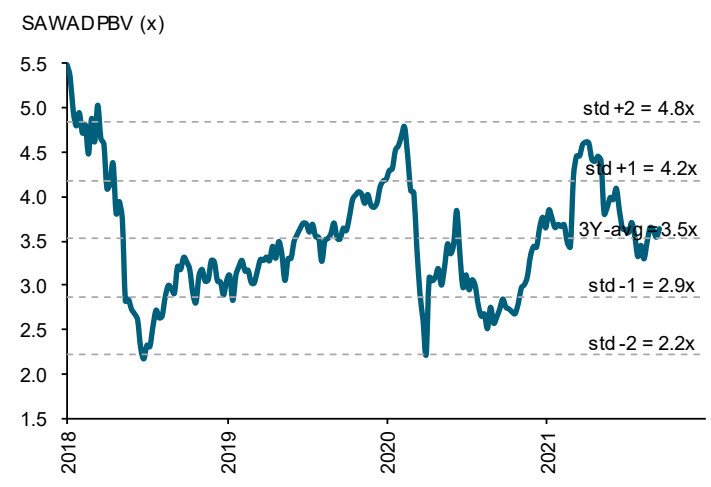
Sources: Bloomberg; FSSIA estimates

Exhibit 11: MTC – one-year rolling prospective P/E band



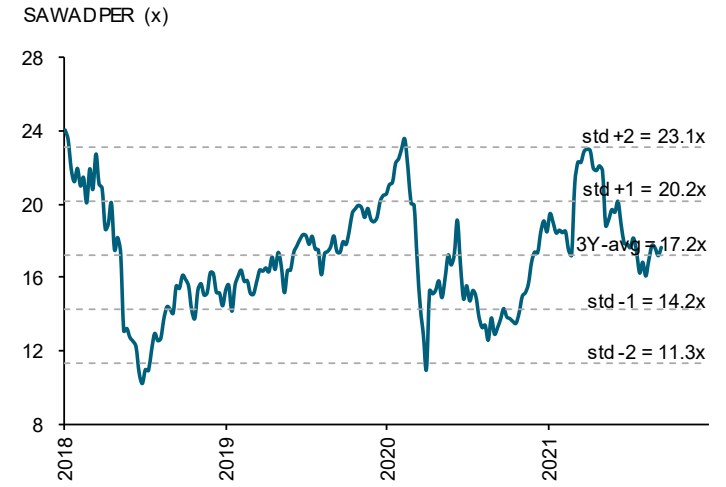
Sources: Bloomberg; FSSIA estimates

Exhibit 12: SAWAD – one-year rolling prospective P/BV band



Sources: Bloomberg; FSSIA estimates

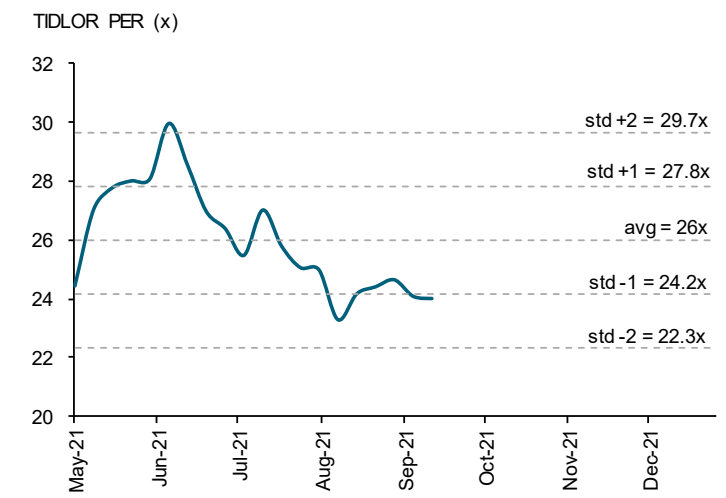
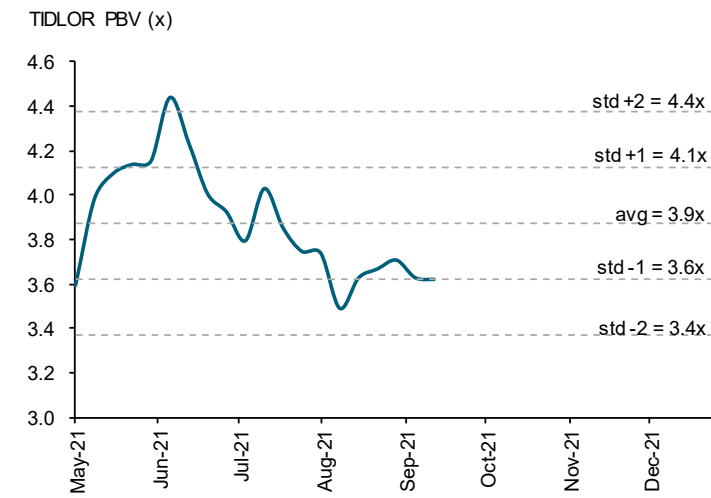
Exhibit 13: SAWAD – one-year rolling prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: TIDLOR – one-year rolling prospective P/BV band

Exhibit 15: TIDLOR – one-year rolling prospective P/E band

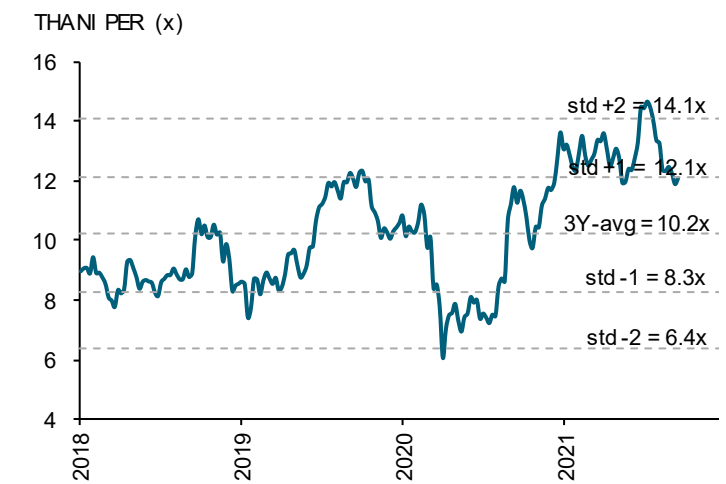
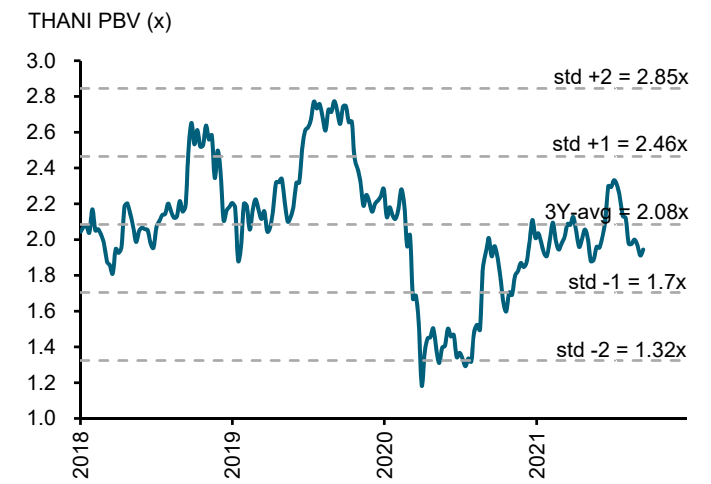


Sources: Bloomberg; FSSIA estimates

Sources: Bloomberg; FSSIA estimates

Exhibit 16: THANI – one-year rolling prospective P/BV band

Exhibit 17: THANI – one-year rolling prospective P/E band



Sources: Bloomberg; FSSIA estimates

Sources: Bloomberg; FSSIA estimates

Exhibit 18: Financial companies under coverage – summary of key valuations

	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)
Banks						37,662	11.5	14.0	9.7	8.5	6.6	7.2	0.6	0.6
Bangkok Bank	BBL TB	BUY	113.50	146.00	29	6,485	14.5	13.2	8.9	7.9	5.4	5.9	0.5	0.5
Kasikornbank	KBANK TB	BUY	122.00	150.00	23	8,652	6.2	9.2	9.2	8.5	6.9	7.2	0.6	0.6
Kiatnakin Bank	KKP TB	BUY	54.50	65.00	19	1,381	11.2	12.6	8.1	7.2	11.9	12.5	0.9	0.9
Krung Thai Bank	KTB TB	HOLD	11.20	12.70	13	4,685	15.0	14.1	8.2	7.1	5.5	5.9	0.4	0.4
Siam Commercial Bank	SCB TB	BUY	109.50	158.00	44	11,129	18.1	13.5	11.6	10.2	7.6	8.4	0.9	0.8
Tisco Financial	TISCO TB	BUY	92.25	122.00	32	2,211	9.1	13.7	11.2	9.8	16.4	17.8	1.8	1.7
TMBThanachart Bank	TTB TB	BUY	1.08	1.40	30	3,119	(1.1)	33.6	10.4	7.8	4.8	6.2	0.5	0.5
Diversified financials						22,910	10.1	16.9	21.1	18.0	14.4	14.9	2.8	2.5
Unsecured-loan lender						6,177	23.8	15.0	18.5	16.1	25.6	25.0	4.4	3.7
Aeon Thana Sinsap (Thailand)	AEONTS TB	BUY	199.00	274.00	38	1,489	20.9	14.3	11.2	9.8	24.0	23.2	2.5	2.1
Krungthai Card	KTC TB	HOLD	60.75	73.00	20	4,688	25.8	15.4	23.3	20.2	26.9	26.3	5.8	4.9
Auto-title lender						9,902	6.7	21.5	23.4	19.3	20.6	20.7	4.3	3.7
Muangthai Capital	MTC TB	BUY	62.75	67.00	7	3,982	3.1	23.5	24.8	20.0	23.4	23.8	5.3	4.4
Srisawad Corp	SAWAD TB	BUY	67.50	86.00	27	2,774	7.1	18.6	19.0	16.0	20.7	22.1	3.7	3.4
Saksiam Leasing	SAK TB	BUY	8.65	12.20	41	543	(17.3)	40.0	29.7	21.2	12.9	16.3	3.7	3.3
Ngern Tid Lor	TIDLOR TB	BUY	37.50	47.00	25	2,603	22.0	19.5	26.8	22.4	18.7	16.4	3.8	3.4
Truck lender						1,576	(10.3)	3.3	19.7	19.0	14.6	13.5	2.5	2.2
Micro Leasing	MICRO TB	BUY	7.70	10.70	39	215	23.1	33.5	35.3	26.5	10.8	13.2	3.7	3.3
Singer Thailand	SINGER TB	BUY	43.25	51.00	18	645	24.8	2.4	31.8	31.1	13.0	9.8	2.8	2.3
Ratchthani Leasing	THANI TB	BUY	4.22	5.20	23	715	(20.9)	15.8	13.3	11.5	16.0	17.0	2.0	1.9
Asset management						3,857	9.8	31.7	35.3	26.8	6.9	8.3	2.3	2.0
Bangkok Commercial Asset Mngt.	BAM TB	BUY	19.20	19.40	1	1,857	13.5	37.8	29.7	21.6	4.8	6.2	1.3	1.3
Chayo Group	CHAYO TB	BUY	13.00	18.80	45	371	18.5	39.6	50.7	36.3	12.8	11.7	4.6	3.7
JMT Network Services	JMT TB	BUY	48.75	57.00	17	1,629	7.8	29.1	41.4	32.0	18.7	13.9	6.5	3.0
Other						1,067	8.1	11.6	8.7	7.8	6.4	6.8	0.5	0.5
Thanachart Capital	TCAP TB	HOLD	34.00	35.00	3	1,067	8.1	11.6	8.7	7.8	6.4	6.8	0.5	0.5
Hire purchase motorcycle						331	55.9	33.4	35.2	26.4	17.4	19.8	5.7	4.8
Next Capital	NCAP TB	BUY	12.30	16.80	37	331	55.9	33.4	35.2	26.4	17.4	19.8	5.7	4.8

Share prices as of 22 Sep 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	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	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	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

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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 113.50	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.
Kasikornbank	KBANK TB	THB 122.00	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.
Kiatnakin Bank	KKP TB	THB 54.50	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 11.20	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 109.50	BUY	Downside risks to our SOTP-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 92.25	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave of the COVID-19 pandemic affecting loan growth and asset quality; 2) the impact of 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 1.08	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 199.00	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.
Krungthai Card	KTC TB	THB 60.75	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 62.75	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 8.65	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 37.50	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 7.70	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 43.25	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 19.20	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 13.00	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 34.00	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 22-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.