

5 OCTOBER 2021

THAILAND / BANKS

## SIAM COMMERCIAL BANK SCB TB

BUY

UNCHANGED

|                 |           |
|-----------------|-----------|
| TARGET PRICE    | THB158.00 |
| CLOSE           | THB124.00 |
| UP/DOWNSIDE     | +27.4%    |
| PRIOR TP        | THB158.00 |
| CHANGE IN TP    | UNCHANGED |
| TP vs CONSENSUS | +23.7%    |

## ยักษ์ตื่น

อยู่ในตำแหน่งที่ดีที่สุดที่จะได้ประโยชน์จากยุคดิจิทัลของภูมิภาค

SCB เป็นหนึ่งในธนาคารที่ปฏิรูปเป็นรายแรก ธนาคารฯ เปลี่ยนแปลงโครงสร้างของตัวเองและอุตสาหกรรมสินเชื่อโดยรวม รวมถึงทำลายกรอบการทำธุรกิจธนาคารแบบเก่า เราเชื่อว่าการปรับโครงสร้างจะทำให้ธนาคารฯ สามารถเจาะตลาดดิจิทัลสำหรับสินเชื่อที่มีอัตราความเสี่ยงและผลตอบแทนอยู่ในระดับสูง ด้วยเหตุดังกล่าวเราคิดว่า SCB อยู่ในตำแหน่งที่ดีที่สุดในกลุ่มธนาคารที่จะได้ประโยชน์จากยุคดิจิทัลของภูมิภาค นอกจากนี้เรายังเชื่อว่าแผนการปรับโครงสร้างหนี้ระยะยาวแบบเบ็ดเสร็จ (CDR) ซึ่งรุกที่ธนาคารฯ เสนอให้แก่ลูกค้าน่าจะช่วยแก้ปัญหาคุณภาพสินทรัพย์ที่ยืดเยื้อได้สำเร็จ

3Q21: คาดรายได้อ่อนแอแต่สามารถควบคุมต้นทุนการดำเนินงานและสินเชื่อได้ดี

เราคาดว่า SCB จะรายงานกำไรสุทธิ 3Q21 ที่ 6.83 พัน ลบ. (+47% y-y, -22% q-q) เราคิดว่าผลประกอบการจะมีทั้งดีและเสีย โดยการดำเนินงานหลักน่าจะยังอ่อนแอ โดยสินเชื่อมีแนวโน้มเพิ่มขึ้น 1% q-q เราคาดว่ารายได้ค่าธรรมเนียมจะลดลง q-q เนื่องจากค่าธรรมเนียมที่เกี่ยวข้องกับธุรกิจ wealth management ลดลงตามมาตรการปิดเมืองเป็นบางส่วน ในด้านบวกเราเชื่อว่า SCB จะสามารถควบคุมค่าใช้จ่ายในการดำเนินงานได้อย่างมีประสิทธิภาพ เราคาดว่าธนาคารฯ จะจัดสรรสำรองได้ตามเป้าหมายของผู้บริหาร กล่าวคือที่ประมาณ 10 พัน ลบ. ต่อไตรมาส ซึ่งหมายถึงผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่ลดลงอย่างมีนัยสำคัญ y-y เนื่องจาก SCB ได้จัดสรร ECL พิเศษไว้แล้วในช่วงหลายไตรมาสที่ผ่านมา ในด้านคุณภาพสินทรัพย์หนี้ต่อคุณภาพ (NPL) น่าเพิ่มเพียงเล็กน้อย q-q จาก CDR ที่ธนาคารฯ เสนอให้แก่ลูกค้า

ปรับประมาณการกำไรสุทธิตามนโยบายใหม่ของ ธปท.

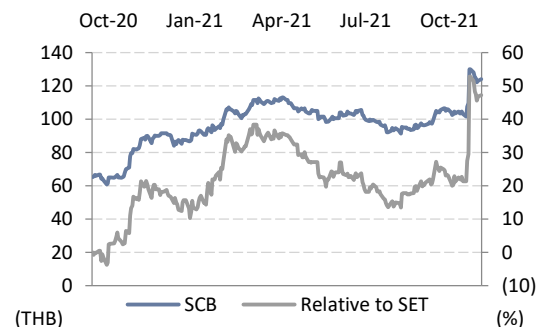
ธปท. กำลังสนับสนุนส่งเสริมให้ธนาคารเสนอ CDR แก่ลูกค้าของตนเอง ผลกระทบเชิงลบจากการเสนอ CDR น่าจะอยู่ที่การลดลงของผลตอบแทนสินเชื่อ ซึ่งขึ้นอยู่กับโครงการ CDR ซึ่งจากการคำนวณของเรา ผลตอบแทนสินเชื่อของ SCB ในปี 2022 จะลดลง 0.46% จากระดับปัจจุบันที่ 4.6% อย่างไรก็ตามเราคิดว่า 1) การขยายมาตรการลดเงินนำส่ง FIDF เหลือ 0.23% น่าจะช่วยบรรเทาผลกระทบต่อรายได้ดอกเบี้ยสุทธิ (NII); และ 2) ต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit Cost) ในปี 2022 น่าจะลดลงเหลือ 140 bps จากที่เราคาดไว้ที่ 188 bps ในปี 2021 ซึ่งใกล้เคียงกับอัตราปกติที่ 120-140 bps ด้วยเหตุดังกล่าวเราปรับประมาณการกำไรสุทธิปี 2022-23 เพียง +0.6%/-0.4%

ราคาสะท้อนผลประกอบการ 3Q21 ที่คาดว่าจะอ่อนแอไปแล้ว คาดการเติบโตที่ดีในอีก 2 ปีข้างหน้า

เราคงราคาเป้าหมายปี 2022 ที่ 158 บาท (SoTP) SCB ยังเป็นหนึ่งในหุ้นเด่นของเรา เราเห็นว่าผลประกอบการ 3Q21 ที่อาจลดลงได้สะท้อนในราคาไว้แล้ว เราคิดว่าตลาดจะมองไปที่แนวโน้มการเติบโตที่ดีและผลตอบแทนต่อส่วนผู้ถือหุ้น (ROE) ที่อาจปรับขึ้นในอีก 2 ปีข้างหน้า ในความเห็นของเราประเด็นสำคัญน่าจะอยู่ที่การปฏิรูปครั้งสำคัญของธนาคารฯ และเงินปันผลพิเศษที่อาจมีในช่วง 1H22

## KEY STOCK DATA

| YE Dec (THB m)       | 2020   | 2021E  | 2022E  | 2023E  |
|----------------------|--------|--------|--------|--------|
| Operating profit     | 33,866 | 39,011 | 44,613 | 51,109 |
| Net profit           | 27,218 | 32,171 | 36,753 | 42,064 |
| EPS (THB)            | 8.02   | 9.46   | 10.81  | 12.37  |
| vs Consensus (%)     | -      | (4.1)  | (1.4)  | (3.2)  |
| Core net profit      | 27,218 | 32,171 | 36,753 | 42,064 |
| Core EPS (THB)       | 8.02   | 9.46   | 10.81  | 12.37  |
| Chg. In EPS est. (%) | -      | -      | 0.6    | (0.4)  |
| EPS growth (%)       | (7.0)  | 18.1   | 14.2   | 14.4   |
| Core P/E (x)         | 15.5   | 13.1   | 11.5   | 10.0   |
| Dividend yield (%)   | 1.9    | 6.2    | 2.8    | 3.8    |
| Price/book (x)       | 1.0    | 1.0    | 1.0    | 0.9    |
| ROE (%)              | 6.7    | 7.6    | 8.4    | 9.2    |
| ROA (%)              | 0.9    | 1.0    | 1.1    | 1.3    |



| Share price performance        | 1 Month           | 3 Month | 12 Month |
|--------------------------------|-------------------|---------|----------|
| Absolute (%)                   | 17.0              | 28.2    | 94.5     |
| Relative to country (%)        | 19.6              | 25.3    | 49.1     |
| Mkt cap (USD m)                | 12,463            |         |          |
| 3m avg. daily turnover (USD m) | 54.2              |         |          |
| Free float (%)                 | 53                |         |          |
| Major shareholder              | King Rama X (24%) |         |          |
| 12m high/low (THB)             | 137.00/60.00      |         |          |
| Issued shares (m)              | 3,399             |         |          |

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 5 ตุลาคม 2021

## Investment thesis

We believe SCB's big move by transforming itself into a holding company will allow SCBX to enhance its capital effectively, generate a higher growth outlook, and potentially pay a higher dividend.

We think that SCB is in the best position in the banking sector to benefit from the region's digital age with its integrated digital platform. Moreover, we are convinced that the proactive long-term debt restructuring program it offers to its clients should solve the prolonged asset quality problem. Thus, we reiterate our BUY call and maintain SCB as a top pick.

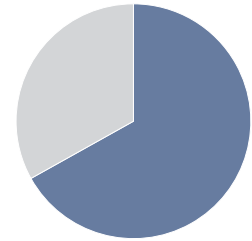
## Company profile

SCB is Thailand's first commercial bank, established in 1906. It is ranked the largest in terms of total loans, the second largest for deposits and the fourth largest for total assets as of end-2020. It had a total of 811 branches and 24k personnel, with 14.85m digital users at end-20.

[www.scb.co.th](http://www.scb.co.th)

## Principal activities (revenue, 2020)

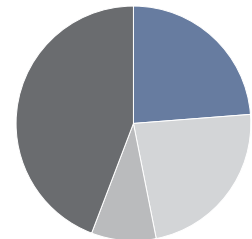
- Net interest income - 66.9 %
- Non-interest income - 33.1 %



Source: Siam Commercial Bank

## Major shareholders

- King Rama X - 23.8 %
- Vayupak Fund - 23.1 %
- Thai NVDR - 8.9 %
- Others - 44.2 %



Source: Siam Commercial Bank

## Catalysts

Potential share price catalysts for SCB include:

- 1 The success of long-term comprehensive debt restructuring;
- 2 The success of its transformation plan;
- 3 The announcement of a special dividend.

## Risks to our call

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.

## Event calendar

| Date     | Event                     |
|----------|---------------------------|
| Oct 2021 | 3Q21 results announcement |

## Key assumptions

|                    | 2021E  | 2022E  | 2023E  |
|--------------------|--------|--------|--------|
| Year-to-Dec        | (%)    | (%)    | (%)    |
| Net profit (THB m) | 32,171 | 36,753 | 42,064 |
| Net profit growth  | 18.2   | 14.2   | 14.4   |
| NIM                | 3.01   | 2.83   | 2.86   |
| Loan growth        | 3.0    | 4.0    | 4.0    |
| Fee growth         | 5.4    | 9.9    | 8.7    |
| Non-NII growth*    | 4.1    | 3.9    | 8.0    |
| Credit cost (bp)   | 188    | 140    | 135    |
| Cost to income*    | 42.5   | 43.7   | 42.1   |

\*Including share of profits from associates

Source: FSSIA estimates

## Earnings sensitivity

|                         | ----- 2021E ----- |       |      |       |
|-------------------------|-------------------|-------|------|-------|
|                         | ±2ppt             | 1.00  | 3.00 | 5.00  |
| <b>Loan growth</b>      |                   |       |      |       |
| % change in net profit  |                   | (1.3) | 0.0  | 1.3   |
| <b>NIM (%)</b>          | ±5bp              | 2.96  | 3.01 | 3.06  |
| % change in net profit  |                   | (3.9) | 0.0  | 3.9   |
| <b>Credit cost (bp)</b> | ±10bp             | 178   | 188  | 198   |
| % change in net profit  |                   | 2.8   | 0.0  | (2.8) |
|                         |                   |       |      |       |
|                         |                   |       |      |       |

Source: FSSIA estimates



### 3Q21: soft top line but good cost control expected

We expect SCB to report a 3Q21 net profit of THB6,831m (+47% y-y, -22% q-q). We think its performance will be a mixed bag. Its core operations should still be soft in 3Q21 while its loan volume is likely to increase by 1% q-q. We forecast its fee income to decline q-q due to a drop in its bancassurance and mutual fund fees following the partial lockdown measures. However, on the positive side, we believe SCB will be able to efficiently control its OPEX. We expect the bank to set aside provisions in line with management's guidance – cTHB10b quarterly. This implies a significant drop y-y in its expected credit loss (ECL), as SCB had already set aside pro-cyclical extra ECL in the previous quarters. Regarding asset quality, there should be a small q-q rise in its 3Q21 non-performing loans (NPLs) due to the CDR programs it provided to its clients.

#### Exhibit 1: SCB – 3Q21E results preview

| Year-end Dec 31            | 3Q20          | 2Q21          | 3Q21E         |            | 9M21E       |                | 2021E     |           | Comments       |            |                                |
|----------------------------|---------------|---------------|---------------|------------|-------------|----------------|-----------|-----------|----------------|------------|--------------------------------|
|                            | (THBm)        | (THBm)        | (THBm)        | (y-y%)     | (q-q%)      | (THBm)         | (y-y%)    | %21E      | (THB m)        | (y-y%)     | 3Q21E                          |
| Net interest income        | 23,724        | 23,475        | 23,309        | (2)        | (1)         | 70,159         | (4)       | 75        | 93,769         | (3)        | Slow loan growth               |
| Non-interest income*       | 10,761        | 12,994        | 11,173        | 4          | (14)        | 38,545         | 10        | 77        | 49,839         | 4          | Fee income up y-y but down q-q |
| <b>Operating income*</b>   | <b>34,484</b> | <b>36,469</b> | <b>34,482</b> | <b>(0)</b> | <b>(5)</b>  | <b>108,704</b> | <b>0</b>  | <b>76</b> | <b>143,608</b> | <b>(1)</b> |                                |
| Operating expenses         | 15,747        | 15,376        | 15,425        | (2)        | 0           | 45,902         | (5)       | 75        | 61,063         | (5)        |                                |
| <b>PPOP before tax*</b>    | <b>18,738</b> | <b>21,093</b> | <b>19,058</b> | <b>2</b>   | <b>(10)</b> | <b>62,802</b>  | <b>4</b>  | <b>76</b> | <b>82,545</b>  | <b>3</b>   |                                |
| Provision                  | 12,955        | 10,028        | 10,675        | (18)       | 6           | 30,711         | (5)       | 71        | 43,035         | (8)        |                                |
| Income tax                 | 1,204         | 2,304         | 1,593         | 32         | (31)        | 6,493          | 15        | 85        | 7,595          | 12         |                                |
| Minority interest          | (62)          | (54)          | (41)          |            |             | (136)          | (23)      |           | (255)          | n/a        |                                |
| <b>Normalised profit</b>   | <b>4,641</b>  | <b>8,815</b>  | <b>6,831</b>  | <b>47</b>  | <b>(22)</b> | <b>25,734</b>  | <b>16</b> | <b>80</b> | <b>32,171</b>  | <b>18</b>  |                                |
| Extraordinary items        |               | 0             | 0             |            |             | 0              |           |           | 0              | n/a        |                                |
| <b>Net profit</b>          | <b>4,641</b>  | <b>8,815</b>  | <b>6,831</b>  | <b>47</b>  | <b>(22)</b> | <b>25,734</b>  | <b>16</b> | <b>80</b> | <b>32,171</b>  | <b>18</b>  |                                |
| EPS (THB)                  | 1.37          | 2.60          | 2.01          | 47         | (22)        | 8              | 16        | 80        | 9.46           | 18         |                                |
| <b>Asset quality ratio</b> |               |               |               |            |             |                |           |           |                |            |                                |
| Gross NPLs                 | 89,909        | 104,110       | 107,233       | 19         | 3           |                |           |           | 108,564        | 7          |                                |
| NPL ratios (%)             | 3.32          | 3.79          | 3.87          |            |             |                |           |           | 3.82           |            |                                |
| LLR/NPLs (%)               | 143           | 139           | 137           |            |             |                |           |           | 136            |            |                                |
| Credit cost (bp)           | 240           | 175           | 185           |            |             |                |           |           | 188            |            |                                |
| <b>Profitability ratio</b> | <b>(%)</b>    | <b>(%)</b>    | <b>(%)</b>    |            |             |                |           |           | <b>(%)</b>     |            |                                |
| Cost to income ratio*      | 45.7          | 42.2          | 44.7          |            |             |                |           |           | 42.5           |            |                                |
| Average yield              | 3.8           | 3.6           | 3.6           |            |             |                |           |           | 3.6            |            |                                |
| Cost of fund               | 0.7           | 0.6           | 0.6           |            |             |                |           |           | 0.6            |            |                                |
| NIM                        | 3.1           | 3.0           | 3.0           |            |             |                |           |           | 3.0            |            |                                |
| Non-int inc/total income   | 31.2          | 35.6          | 32.4          |            |             |                |           |           | 34.7           |            |                                |
| <b>Liquidity ratio</b>     | <b>(%)</b>    | <b>(%)</b>    | <b>(%)</b>    |            |             |                |           |           | <b>(%)</b>     |            |                                |
| Loan/deposit ratio         | 90.2          | 96.9          | 97.4          |            |             |                |           |           | 98.9           |            |                                |
| <b>Capital adequacy</b>    | <b>(%)</b>    | <b>(%)</b>    | <b>(%)</b>    |            |             |                |           |           | <b>(%)</b>     |            |                                |
| CAR                        | 18.7          | 18.2          | 18.3          |            |             |                |           |           | 18.5           |            |                                |
| CET 1/ Risk assets         | 17.6          | 17.1          | 17.2          |            |             |                |           |           | 17.4           |            |                                |
| Tier 2 / Risk assets       | 1.1           | 1.1           | 1.1           |            |             |                |           |           | 1.1            |            |                                |
| <b>Loan growth</b>         | <b>(%)</b>    | <b>(%)</b>    | <b>(%)</b>    |            |             |                |           |           | <b>(%)</b>     |            |                                |
| Year-to-date               | 2.7           | 1.8           | 2.9           |            |             |                |           |           |                |            |                                |
| y-y                        | 1.0           | 7.1           | 6.9           |            |             |                |           |           | 3.0            |            |                                |
| q-q                        | 1.2           | 0.8           | 1.0           |            |             |                |           |           |                |            |                                |

\*Including share of profits from associates

Sources: SCB; FSSIA estimates

## Fine-tuning net profit following BoT's new guidance

The Bank of Thailand (BoT) is encouraging banks to provide comprehensive debt restructuring (CDR) to their clients by extending the relaxed loan classification and provision setup rules to Dec-23 and extending the reduction of the Financial Institutions Development Fund (FIDF) fee at 0.23% to Dec-22.

Currently, most banks have still not provided any clues about their CDR plans, except for SCB which will offer c20% of its total portfolio to its clients. We think it is still difficult to quantify the precise impact that CDR could have on banks' net profits, and will mostly depend on the CDR that they choose to apply. Accordingly, we have 1) collected forbearance program data and previous debt restructuring program data; and 2) followed up with each bank's management. Thus, we assess the impact on banks' bottom lines using the following assumptions:

### Assumptions:

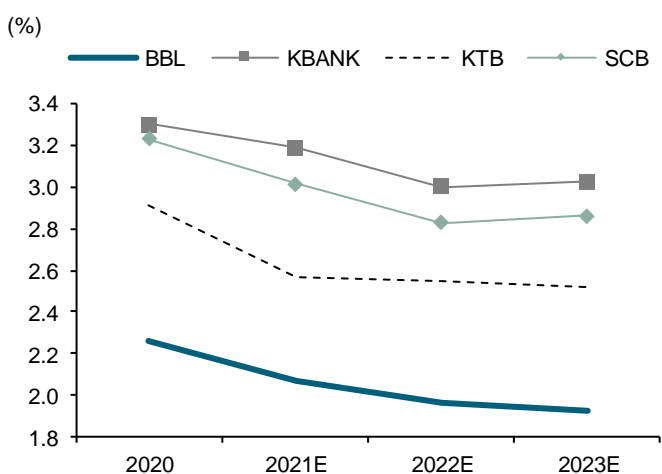
- 2021 forbearance programs should increase slightly to moderately from the current level as of 2Q21, depending on each bank's portfolio makeup and client profiles;
- Banks will likely offer CDR at 60% of their 2021 forbearance programs;
- Banks will also offer CDR for some of their trouble loans which are not classified under the forbearance program, depending on each bank's portfolio makeup and client profiles;
- The CDR EIR would be 50% lower than that of each bank's current level;
- Banks will set credit costs in 2022-23 close to their normal rates.

### Exhibit 2: CDR impact on loan yield

|       | Forbearance program (FB) |                 | ----- Banks will offer CDR ----- |                     |                    | Net negative impact |
|-------|--------------------------|-----------------|----------------------------------|---------------------|--------------------|---------------------|
|       | 2Q21                     | 2021E           | 60% of FB                        | Other trouble loans | Total expected CDR | on 2022E EIR        |
|       | (% total loans)          | (% total loans) |                                  | (% of total loans)  | (% of total loans) | (bps)               |
| BBL   | 12                       | 12              | 7                                | 3                   | 10                 | (0.20)              |
| KBANK | 14                       | 18              | 11                               | 8                   | 19                 | (0.44)              |
| KKP   | 13                       | 15              | 9                                | 3                   | 12                 | (0.39)              |
| KTB   | 4                        | 7               | 4                                | 5                   | 9                  | (0.20)              |
| SCB   | 16                       | 20              | 12                               | 8                   | 20                 | (0.46)              |
| TISCO | 3                        | 7               | 4                                | 3                   | 7                  | (0.24)              |
| TTB   | 14                       | 16              | 10                               | 5                   | 15                 | (0.33)              |

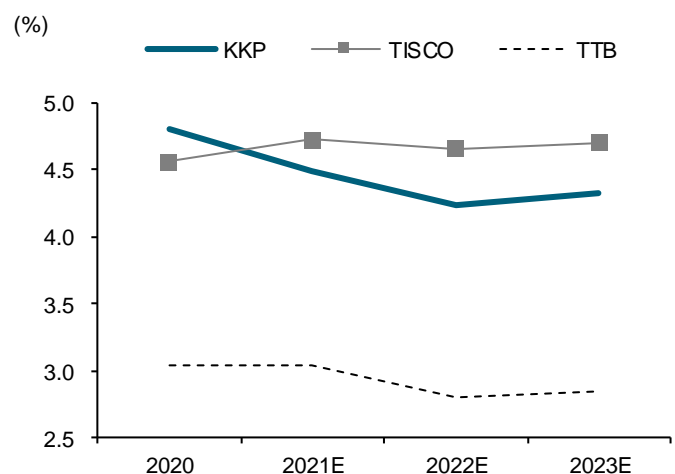
Sources: Company data; FSSIA's estimates

### Exhibit 3: NIM assumptions for big banks



Sources: Company data; FSSIA estimates

### Exhibit 4: NIM assumptions for auto lenders



Sources: Company data; FSSIA estimates

**Exhibit 5: Credit cost assumptions**

|            | ----- Credit cost ----- |            |            |            | Expected normal |
|------------|-------------------------|------------|------------|------------|-----------------|
|            | 2020                    | 2021E      | 2022E      | 2023E      | credit cost     |
|            | (bps)                   | (bps)      | (bps)      | (bps)      | (bps)           |
| BBL        | 141                     | 117        | 88         | 84         | 80-100          |
| KBANK      | 205                     | 180        | 160        | 150        | 120-140         |
| KKP        | 163                     | 193        | 120        | 110        | 100-120         |
| KTB        | 203                     | 140        | 140        | 130        | 120-140         |
| <b>SCB</b> | <b>214</b>              | <b>188</b> | <b>140</b> | <b>135</b> | <b>120-140</b>  |
| TISCO      | 142                     | 115        | 90         | 90         | 90-110          |
| TTB        | 178                     | 175        | 145        | 138        | 120-140         |

Sources: Company data; FSSIA estimates

Based on our calculation, SCB's 2022 loan yield would decline by 0.46% from its current yield of 4.6%. However, we think that 1) the extension of the FIDF fee at 0.23% should mitigate the impact on its NII; and 2) its credit cost in 2022 should decline to 140 bps vs our projected 188 bps in 2021, close to its normal rate of 120-140 bps. Accordingly, we only fine-tune our 2022-23 net profit forecasts by +0.6%/-0.4%.

**Exhibit 6: SCB – change of key assumptions**

|                                  | -----2021E----- |                |                |        | -----2022E----- |                |              | -----2023E----- |                |              |
|----------------------------------|-----------------|----------------|----------------|--------|-----------------|----------------|--------------|-----------------|----------------|--------------|
|                                  | 2020            | Old            | New            | Change | Old             | New            | Change       | Old             | New            | Change       |
|                                  | (THB m)         | (THB m)        | (THB m)        | (%)    | (THB m)         | (THB m)        | (%)          | (THB m)         | (THB m)        | (%)          |
| Net interest income              | 96,899          | 93,769         | 93,769         | -      | 90,727          | 87,451         | (3.6)        | 94,666          | 90,776         | (4.1)        |
| Non-interest income*             | 47,869          | 49,839         | 49,839         | -      | 51,760          | 51,760         | -            | 55,905          | 55,905         | -            |
| <b>Operating income*</b>         | <b>144,768</b>  | <b>143,608</b> | <b>143,608</b> | -      | <b>142,488</b>  | <b>139,212</b> | <b>(2.3)</b> | <b>150,571</b>  | <b>146,681</b> | <b>(2.6)</b> |
| Operating expenses               | 64,330          | 61,063         | 61,063         | -      | 60,902          | 60,902         | -            | 61,755          | 61,755         | -            |
| <b>PPOP before tax*</b>          | <b>80,437</b>   | <b>82,545</b>  | <b>82,545</b>  | -      | <b>81,585</b>   | <b>78,309</b>  | <b>(4.0)</b> | <b>88,816</b>   | <b>84,927</b>  | <b>(4.4)</b> |
| Expected credit loss (Reversal)  | 46,649          | 43,035         | 43,035         | -      | 36,725          | 33,171         | (9.7)        | 36,962          | 33,266         | (10.0)       |
| Tax expenses                     | 6,794           | 7,595          | 7,595          | -      | 8,623           | 8,677          | 0.6          | 9,968           | 9,931          | (0.4)        |
| Minority interest                | (224)           | (255)          | (255)          | -      | (290)           | (292)          | 0.6          | (335)           | (334)          | (0.4)        |
| <b>Normalised profit</b>         | <b>27,218</b>   | <b>32,171</b>  | <b>32,171</b>  | -      | <b>36,527</b>   | <b>36,753</b>  | <b>0.6</b>   | <b>42,222</b>   | <b>42,064</b>  | <b>(0.4)</b> |
| Extraordinary items              | -               | -              | -              | -      | -               | -              | -            | -               | -              | -            |
| <b>Net profit</b>                | <b>27,218</b>   | <b>32,171</b>  | <b>32,171</b>  | -      | <b>36,527</b>   | <b>36,753</b>  | <b>0.6</b>   | <b>42,222</b>   | <b>42,064</b>  | <b>(0.4)</b> |
| EPS (THB)                        | 8.02            | 9.46           | 9.46           | -      | 10.75           | 10.81          | 0.6          | 12.42           | 12.37          | (0.4)        |
| <b>Key statistics and ratios</b> |                 |                |                |        |                 |                |              |                 |                |              |
| <b>Asset quality ratio</b>       |                 |                |                |        |                 |                |              |                 |                |              |
| Gross NPLs (THB m)               | 101,462         | 111,608        | 108,564        | (2.7)  | 100,447         | 99,879         | (0.6)        | 100,447         | 101,877        | 1.4          |
| Gross NPLs / Loans (%)**         | 3.68            | 3.93           | 3.82           |        | 3.40            | 3.38           |              | 3.27            | 3.32           |              |
| Loan loss reserve/NPLs (%)       | 137             | 132            | 136            |        | 147             | 145            |              | 147             | 138            |              |
| Credit cost (bps)                | 214             | 188            | 188            |        | 155             | 140            |              | 150             | 135            |              |
| <b>Profitability ratio (%)</b>   |                 |                |                |        |                 |                |              |                 |                |              |
| Cost to income ratio*            | 44.4            | 42.5           | 42.5           |        | 42.7            | 43.7           |              | 41.0            | 42.1           |              |
| Average yield                    | 3.94            | 3.56           | 3.56           |        | 3.64            | 3.34           |              | 3.70            | 3.56           |              |
| Cost of funds                    | 0.85            | 0.64           | 0.64           |        | 0.84            | 0.61           |              | 0.86            | 0.83           |              |
| Net interest margin (NIM)        | 3.23            | 3.01           | 3.01           |        | 2.93            | 2.83           |              | 2.98            | 2.86           |              |
| <b>Loan growth (%)</b>           |                 |                |                |        |                 |                |              |                 |                |              |
| y-y                              | 6.7             | 3.0            | 3.0            |        | 4.0             | 4.0            |              | 4.0             | 4.0            |              |

\*Including share of profits from associates

Source: FSSIA estimates

## Exhibit 7: SCB – sum-of-the-parts valuation

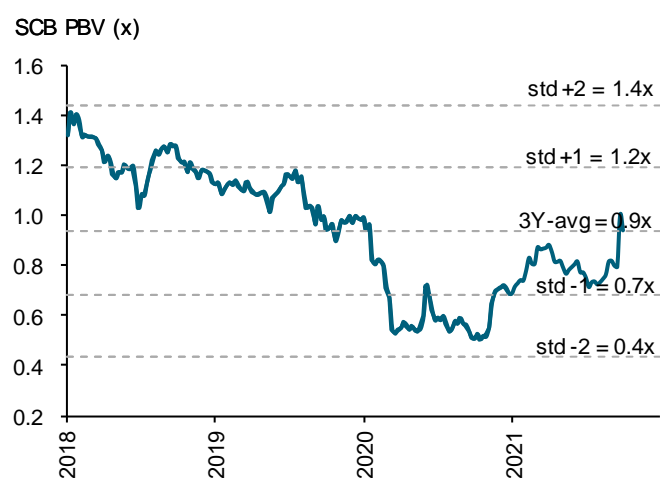
|                                       | Valuation method                 | (Implied) multiple | 2022 valuation |            |
|---------------------------------------|----------------------------------|--------------------|----------------|------------|
|                                       |                                  |                    | Value          | Value      |
|                                       |                                  | (x)                | (THB m)        | (THB/shr)  |
| SCB Bank*                             | GGM with L-T ROE 8.8%, CAPM 8.3% | 1.1                | 412,890        | 121.5      |
| Card X*                               | P/E                              | 15.5               | 107,069        | 31.5       |
| Auto X*                               | P/E                              | 20.1               | 4,020          | 1.2        |
| Alpha X*                              | P/E                              | 11.4               | 958            | 0.3        |
| Digital lending business group*       | P/E                              | 15.5               | 3,708          | 1.1        |
| Tech and venture capital businesses** | Investment capital multiple      | 1.5                | 9,600          | 2.8        |
| <b>SCBX</b>                           |                                  | <b>1.2</b>         | <b>538,244</b> | <b>158</b> |

\*Implied P/BV multiples for SCB Bank and SCBX. P/E multiple for Card X, Auto X, Alpha X and digital lending group

\*\*Investment capital multiple for tech and venture capital businesses

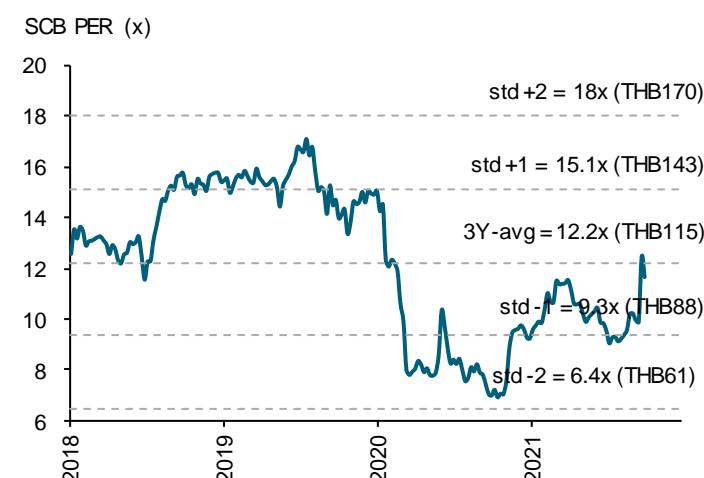
Source: FSSIA estimates

## Exhibit 8: SCB – one-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

## Exhibit 9: SCB – one-year forward rolling P/E



Sources: Bloomberg; FSSIA estimates

## Exhibit 10: Peers comparison

| Company name         | BBG code | Rec  | --- Share price --- |              | Up side (%) | Market Cap (USD m) | EPS growth |             | ----- PE ----- |            | ---- ROE ---- |            | --- PBV --- |            |
|----------------------|----------|------|---------------------|--------------|-------------|--------------------|------------|-------------|----------------|------------|---------------|------------|-------------|------------|
|                      |          |      | Current (THB)       | Target (THB) |             |                    | 21E (%)    | 22E (%)     | 21E (x)        | 22E (x)    | 21E (%)       | 22E (%)    | 21E (x)     | 22E (x)    |
| Bangkok Bank         | BBL TB   | HOLD | 116.50              | 128.00       | 10          | 6,582              | 17.2       | 9.9         | 9.0            | 8.2        | 5.5           | 5.8        | 0.5         | 0.5        |
| Kasikornbank         | KBANK TB | BUY  | 137.00              | 168.00       | 23          | 9,608              | 12.4       | 12.6        | 9.8            | 8.7        | 7.2           | 7.5        | 0.7         | 0.6        |
| Kiatnakin Bank       | KKP TB   | BUY  | 55.25               | 68.00        | 23          | 1,385              | 8.2        | 20.9        | 8.4            | 7.0        | 11.6          | 13.0       | 0.9         | 0.9        |
| Krung Thai Bank      | KTB TB   | HOLD | 11.10               | 12.20        | 10          | 4,592              | 21.5       | 5.5         | 7.6            | 7.2        | 5.8           | 5.8        | 0.4         | 0.4        |
| Siam Commercial Bank | SCB TB   | BUY  | 124.00              | 158.00       | 27          | 12,463             | 18.1       | 14.2        | 13.1           | 11.5       | 7.6           | 8.4        | 1.0         | 1.0        |
| Tisco Financial      | TISCO TB | BUY  | 92.25               | 110.00       | 19          | 2,186              | 6.7        | 9.0         | 11.4           | 10.5       | 16.1          | 16.7       | 1.8         | 1.7        |
| TMBThanachart        | TTB TB   | BUY  | 1.12                | 1.40         | 25          | 3,199              | (1.1)      | 32.1        | 10.8           | 8.2        | 4.8           | 6.1        | 0.5         | 0.5        |
| <b>Coverage</b>      |          |      |                     |              |             | <b>40,015</b>      | <b>0.8</b> | <b>13.6</b> | <b>10.6</b>    | <b>9.3</b> | <b>7.3</b>    | <b>7.9</b> | <b>0.8</b>  | <b>0.7</b> |

Share prices as of 4 Oct 2021

Sources: Company data; FSSIA estimates

## Financial Statements

### Siam Commercial Bank

| Profit and Loss (THB m) Year Ending Dec | 2019     | 2020     | 2021E    | 2022E    | 2023E    |
|---|----------|----------|----------|----------|----------|
| Interest Income                         | 135,025  | 118,371  | 110,645  | 103,405  | 112,957  |
| Interest expense                        | (35,624) | (21,472) | (16,876) | (15,954) | (22,181) |
| Net interest income                     | 99,401   | 96,899   | 93,769   | 87,451   | 90,776   |
| Net fees & commission                   | 29,670   | 36,586   | 38,564   | 42,371   | 46,047   |
| Foreign exchange trading income         | 0        | 0        | 0        | 0        | 0        |
| Securities trading income               | 5,383    | 9,365    | 9,500    | 7,525    | 7,901    |
| Dividend income                         | 627      | 155      | 171      | 180      | 189      |
| Other income                            | 145      | 1,840    | 1,104    | 1,159    | 1,217    |
| Non interest income                     | 35,825   | 47,947   | 49,339   | 51,235   | 55,354   |
| Total income                            | 135,226  | 144,846  | 143,108  | 138,687  | 146,130  |
| Staff costs                             | (33,281) | (31,344) | (30,404) | (30,404) | (31,316) |
| Other operating costs                   | (37,257) | (32,986) | (30,659) | (30,498) | (30,439) |
| Operating costs                         | (70,538) | (64,330) | (61,063) | (60,902) | (61,755) |
| Pre provision operating profit          | 64,688   | 80,516   | 82,045   | 77,784   | 84,375   |
| Provision for bad and doubtful debt     | (27,111) | (46,649) | (43,035) | (33,171) | (33,266) |
| Other provisions                        | -        | -        | -        | -        | -        |
| Operating profit                        | 37,577   | 33,866   | 39,011   | 44,613   | 51,109   |
| Recurring non operating income          | 31       | (78)     | 500      | 525      | 551      |
| Associates                              | 31       | (78)     | 500      | 525      | 551      |
| Goodwill amortization                   | -        | -        | -        | -        | -        |
| Non recurring items                     | 4,364    | 0        | 0        | 0        | 0        |
| Profit before tax                       | 41,972   | 33,788   | 39,511   | 45,138   | 51,661   |
| Tax                                     | (8,538)  | (6,794)  | (7,595)  | (8,677)  | (9,931)  |
| Profit after tax                        | 33,434   | 26,994   | 31,916   | 36,461   | 41,730   |
| Minority interests                      | 185      | 224      | 255      | 292      | 334      |
| Preferred dividends                     | -        | -        | -        | -        | -        |
| Other items                             | -        | -        | -        | -        | -        |
| Reported net profit                     | 33,619   | 27,218   | 32,171   | 36,753   | 42,064   |
| Non recurring items & goodwill (net)    | -        | -        | 0        | 0        | 0        |
| Recurring net profit                    | 29,255   | 27,218   | 32,171   | 36,753   | 42,064   |
| <b>Per share (THB)</b>                  |          |          |          |          |          |
| Recurring EPS *                         | 8.62     | 8.02     | 9.46     | 10.81    | 12.37    |
| Reported EPS                            | 9.90     | 8.02     | 9.46     | 10.81    | 12.37    |
| DPS                                     | 6.26     | 2.30     | 7.70     | 3.50     | 4.75     |
| <b>Growth</b>                           |          |          |          |          |          |
| Net interest income (%)                 | 3.1      | (2.5)    | (3.2)    | (6.7)    | 3.8      |
| Non interest income (%)                 | (14.3)   | 33.8     | 2.9      | 3.8      | 8.0      |
| Pre provision operating profit (%)      | (12.0)   | 24.5     | 1.9      | (5.2)    | 8.5      |
| Operating profit (%)                    | (24.1)   | (9.9)    | 15.2     | 14.4     | 14.6     |
| Reported net profit (%)                 | (16.1)   | (19.0)   | 18.2     | 14.2     | 14.4     |
| Recurring EPS (%)                       | (26.9)   | (7.0)    | 18.1     | 14.2     | 14.4     |
| Reported EPS (%)                        | (16.0)   | (19.0)   | 18.1     | 14.2     | 14.4     |
| <b>Income Breakdown</b>                 |          |          |          |          |          |
| Net interest income (%)                 | 73.5     | 66.9     | 65.5     | 63.1     | 62.1     |
| Net fees & commission (%)               | 21.9     | 25.3     | 26.9     | 30.6     | 31.5     |
| Foreign exchange trading income (%)     | -        | -        | -        | -        | -        |
| Securities trading income (%)           | 4.0      | 6.5      | 6.6      | 5.4      | 5.4      |
| Dividend income (%)                     | 0.5      | 0.1      | 0.1      | 0.1      | 0.1      |
| Other income (%)                        | 0.1      | 1.3      | 0.8      | 0.8      | 0.8      |
| <b>Operating performance</b>            |          |          |          |          |          |
| Gross interest yield (%)                | 4.54     | 3.94     | 3.56     | 3.34     | 3.56     |
| Cost of funds (%)                       | 1.49     | 0.85     | 0.64     | 0.61     | 0.83     |
| Net interest spread (%)                 | 3.05     | 3.09     | 2.92     | 2.73     | 2.73     |
| Net interest margin (%)                 | 3.3      | 3.2      | 3.0      | 2.8      | 2.9      |
| Cost/income(%)                          | 52.2     | 44.4     | 42.7     | 43.9     | 42.3     |
| Cost/assets(%)                          | 2.3      | 2.1      | 1.9      | 1.9      | 1.9      |
| Effective tax rate (%)                  | 20.3     | 20.1     | 19.2     | 19.2     | 19.2     |
| Dividend payout on recurring profit (%) | 72.6     | 28.7     | 81.4     | 32.4     | 38.4     |
| ROE (%)                                 | 7.5      | 6.7      | 7.6      | 8.4      | 9.2      |
| ROE - COE (%)                           | (3.3)    | (4.1)    | (3.2)    | (2.4)    | (1.6)    |
| ROA (%)                                 | 0.9      | 0.9      | 1.0      | 1.1      | 1.3      |
| RORWA (%)                               | 1.4      | 1.3      | 1.4      | 1.6      | 1.7      |

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Siam Commercial Bank; FSSIA estimates



## Financial Statements

Siam Commercial Bank

| Balance Sheet (THB m) Year Ending Dec  | 2019             | 2020             | 2021E            | 2022E            | 2023E            |
|--|------------------|------------------|------------------|------------------|------------------|
| Gross customer loans                   | 2,113,787        | 2,255,242        | 2,322,899        | 2,415,815        | 2,512,448        |
| Total provisions                       | (117,395)        | (139,442)        | (147,633)        | (144,567)        | (140,146)        |
| interest in suspense                   | 2,946            | 14,508           | 12,776           | 12,079           | 11,306           |
| <b>Net customer loans</b>              | <b>1,999,339</b> | <b>2,130,308</b> | <b>2,188,042</b> | <b>2,283,327</b> | <b>2,383,608</b> |
| Bank loans                             | 433,510          | 547,504          | 477,953          | 411,868          | 428,034          |
| Government securities                  | -                | -                | -                | -                | -                |
| Trading securities                     | -                | -                | -                | -                | -                |
| Investment securities                  | 312,143          | 339,828          | 278,871          | 282,837          | 294,459          |
| Cash & equivalents                     | 47,615           | 51,632           | 34,858           | 44,914           | 4,537            |
| Other interesting assets               | -                | -                | -                | -                | -                |
| Tangible fixed assets                  | 57,418           | 56,445           | 55,492           | 54,560           | 53,647           |
| Associates                             | -                | -                | -                | -                | -                |
| Goodwill                               | -                | -                | -                | -                | -                |
| Other intangible assets                | -                | -                | -                | -                | -                |
| Other assets                           | 110,599          | 152,667          | 148,246          | 150,312          | 154,550          |
| <b>Total assets</b>                    | <b>2,960,624</b> | <b>3,278,383</b> | <b>3,183,462</b> | <b>3,227,818</b> | <b>3,318,836</b> |
| Customer deposits                      | 2,159,425        | 2,420,455        | 2,347,842        | 2,371,320        | 2,418,747        |
| Bank deposits                          | -                | -                | -                | -                | -                |
| Other interest bearing liabilities     | 235,592          | 275,993          | 267,713          | 270,390          | 275,798          |
| Non interest bearing liabilities       | 167,882          | 170,106          | 136,085          | 142,889          | 150,034          |
| Hybrid Capital                         | -                | -                | -                | -                | -                |
| <b>Total liabilities</b>               | <b>2,562,900</b> | <b>2,866,554</b> | <b>2,751,640</b> | <b>2,784,600</b> | <b>2,844,578</b> |
| Share capital                          | 33,992           | 33,992           | 33,956           | 33,956           | 33,956           |
| Reserves                               | 366,366          | 377,438          | 397,448          | 408,833          | 439,842          |
| <b>Total equity</b>                    | <b>400,358</b>   | <b>411,430</b>   | <b>431,404</b>   | <b>442,789</b>   | <b>473,798</b>   |
| Minority interests                     | 489              | 399              | 419              | 430              | 460              |
| <b>Total liabilities &amp; equity</b>  | <b>2,963,746</b> | <b>3,278,384</b> | <b>3,183,462</b> | <b>3,227,818</b> | <b>3,318,836</b> |
| <b>Supplementary items</b>             |                  |                  |                  |                  |                  |
| Risk weighted assets (RWA)             | 2,075,492        | 2,197,568        | 2,263,495        | 2,354,035        | 2,448,196        |
| Average interest earning assets        | 2,973,403        | 3,001,007        | 3,111,149        | 3,095,121        | 3,172,730        |
| Average interest bearing liabilities   | 2,396,471        | 2,534,701        | 2,645,888        | 2,618,624        | 2,657,968        |
| Tier 1 capital                         | 352,691          | 377,036          | 393,813          | 402,101          | 429,612          |
| Total capital                          | 375,206          | 400,892          | 417,669          | 425,957          | 453,468          |
| Gross non performing loans (NPL)       | 85,212           | 101,462          | 108,564          | 99,879           | 101,877          |
| <b>Per share (THB)</b>                 |                  |                  |                  |                  |                  |
| Book value per share                   | 117.89           | 121.16           | 126.91           | 130.26           | 139.38           |
| Tangible book value per share          | 117.89           | 121.16           | 126.91           | 130.26           | 139.38           |
| <b>Growth</b>                          |                  |                  |                  |                  |                  |
| Gross customer loans                   | (1.3)            | 6.7              | 3.0              | 4.0              | 4.0              |
| Average interest earning assets        | (1.0)            | 0.9              | 3.7              | (0.5)            | 2.5              |
| Total asset (%)                        | (7.1)            | 10.7             | (2.9)            | 1.4              | 2.8              |
| Risk weighted assets (%)               | (4.2)            | 5.9              | 3.0              | 4.0              | 4.0              |
| Customer deposits (%)                  | 0.0              | 12.1             | (3.0)            | 1.0              | 2.0              |
| <b>Leverage &amp; capital measures</b> |                  |                  |                  |                  |                  |
| Customer loan/deposits (%)             | 92.6             | 88.0             | 93.2             | 96.3             | 98.5             |
| Equity/assets (%)                      | 13.5             | 12.5             | 13.6             | 13.7             | 14.3             |
| Tangible equity/assets (%)             | 13.5             | 12.5             | 13.6             | 13.7             | 14.3             |
| RWA/assets (%)                         | 70.1             | 67.0             | 71.1             | 72.9             | 73.8             |
| Tier 1 CAR (%)                         | 17.0             | 17.2             | 17.4             | 17.1             | 17.5             |
| Total CAR (%)                          | 18.1             | 18.2             | 18.5             | 18.1             | 18.5             |
| <b>Asset Quality</b>                   |                  |                  |                  |                  |                  |
| Change in NPL (%)                      | 21.1             | 19.1             | 7.0              | (8.0)            | 2.0              |
| NPL/gross loans (%)                    | 4.0              | 4.5              | 4.7              | 4.1              | 4.1              |
| Total provisions/gross loans (%)       | 5.6              | 6.2              | 6.4              | 5.8              | 5.6              |
| Total provisions/NPL (%)               | 137.8            | 137.4            | 136.0            | 144.7            | 137.6            |
| <b>Valuation</b>                       |                  |                  |                  |                  |                  |
| Recurring P/E (x) *                    | 14.4             | 15.5             | 13.1             | 11.5             | 10.0             |
| Recurring P/E @ target price (x) *     | 18.3             | 19.7             | 16.7             | 14.6             | 12.8             |
| Reported P/E (x)                       | 12.5             | 15.5             | 13.1             | 11.5             | 10.0             |
| Dividend yield (%)                     | 5.0              | 1.9              | 6.2              | 2.8              | 3.8              |
| Price/book (x)                         | 1.1              | 1.0              | 1.0              | 1.0              | 0.9              |
| Price/tangible book (x)                | 1.1              | 1.0              | 1.0              | 1.0              | 0.9              |
| Price/tangible book @ target price (x) | 1.3              | 1.3              | 1.2              | 1.2              | 1.1              |

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Siam Commercial Bank; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

| EXCELLENT LEVEL |        |        |       |       |       |        |        |        |        |       |
|-----------------|--------|--------|-------|-------|-------|--------|--------|--------|--------|-------|
| AAV             | ADVANC | AF     | AIRA  | AKP   | AKR   | ALT    | AMA    | AMATA  | AMATAV | ANAN  |
| AOT             | AP     | ARIP   | ARROW | ASP   | BAFS  | BANPU  | BAY    | BCP    | BCPG   | BDMS  |
| BEC             | BEM    | BGRIM  | BIZ   | BKI   | BLA   | BOL    | BPP    | BRR    | BTS    | BWG   |
| CENTEL          | CFRESH | CHEWA  | CHO   | CIMBT | CK    | CKP    | CM     | CNT    | COL    | COMAN |
| COTTO           | CPALL  | CPF    | CPI   | CPN   | CSS   | DELTA  | DEMCO  | DRT    | DTAC   | DTC   |
| DV8             | EA     | EASTW  | ECF   | ECL   | EGCO  | EPG    | ETE    | FNS    | FPI    | FPT   |
| FSMART          | GBX    | GC     | GCAP  | GEL   | GFPT  | GGC    | GPSC   | GRAMMY | GUNKUL | HANA  |
| HARN            | HMPRO  | ICC    | 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          | SEAOIL | 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

#### Yuvanart Suwanumchai 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  |
|----------------------|----------|------------|--------|--|
| Siam Commercial Bank | SCB TB   | THB 124.00 | 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.   |
| Bangkok Bank         | BBL TB   | THB 116.50 | 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 Permata synergies.                |
| Kasikornbank         | KBANK TB | THB 137.00 | 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 55.25  | BUY    | Downside risks to our GGM-based target price include weakening asset quality and lower fee income.   |
| Krung Thai Bank      | KTB TB   | THB 11.10  | 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. |
| Tisco Financial      | TISCO TB | THB 92.25  | 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; 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 1.12   | 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.   |

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 04-Oct-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.