

20 OCTOBER 2021

THAILAND / BANKS

TMBTHANACHART BANK

TTB TB

BUY

UNCHANGED

TARGET PRICE	THB1.40
CLOSE	THB1.11
UP/DOWNSIDE	+26.1%
PRIOR TP	THB1.40
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+14.3%

Taking off in 2022

Better-than-expected 3Q21 results from fee income and OPEX

We have a slightly positive view on TTB's 3Q21 net profit (NP) of THB2,359m (+46% y-y, -7% q-q) and see two positives from its results. First, amid the lockdown measures, its fee income was able to increase 3% q-q due to the recovery of mutual fund fees. Second, TTB was able to control its asset quality effectively. Based on our calculation, its NPL formation rate increased moderately compared with 2Q21. However, TTB continued to write off and sell NPLs. Thus, its NPLs slightly increased by 2% q-q. We see one negative from its results, which is its stable q-q loan growth (-2.4% YTD) due to its conservative lending strategy. TTB posted a slight decline in its OPEX in 3Q21 due mainly to a delay in booking entire business transfer (EBT)-related OPEX. These expenses will mostly be booked in 4Q21. Thus, we read the drop in OPEX as neutral.

4Q21 net profit could be dragged down by OPEX

We expect TTB's 4Q21 top line to slightly increase q-q. Seasonality and its strategy to sell bundled products to wealth clients should continue to drive the recovery of its fee income. We also think its loan volume will increase slightly q-q following the resumption of business activities. However, we expect its OPEX to rise moderately due to the EBT-related OPEX and seasonality. Thus, we expect its 4Q21 NP to be relatively stable q-q. A strong recovery in its earnings might be seen from 1Q22.

Highest 2022E net profit growth and ROE above pre-Covid level

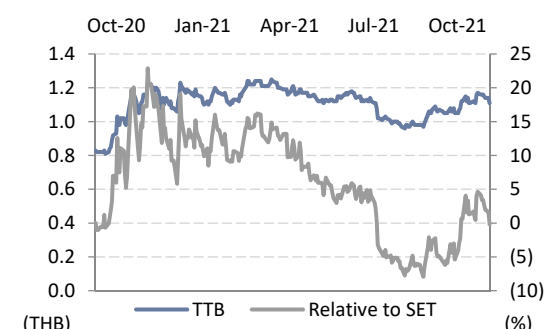
We believe TTB will deliver the highest NP growth among banks in 2022 at 32% y-y, supported by two factors. First, we believe that the revenue synergies will kick in next year. TTB could utilise the increase in its customer base to generate cross-selling and up-selling opportunities. This would enlarge its loan volume and fee income. Second, we are convinced that TTB will fully enjoy the benefits from the overlapping branch network rationalisation, along with the resulting workforce, marketing and IT investment savings. TTB is likely to be the only bank whose 2022 ROE can increase above the 2019 pre-Covid level.

Maintain BUY and 2022 GGM-based TP of THB1.40

We reiterate BUY for long-term investment. TTB's valuation is very undemanding. However, we see few short-term positive catalysts. In our view, a good time to re-accumulate TTB would be in late 4Q21 to early 1Q22, ahead of the strong recovery we expect to see in its 2022 NP.

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	11,975	11,655	15,684	17,973
Net profit	10,112	10,002	13,217	15,129
EPS (THB)	0.10	0.10	0.14	0.16
vs Consensus (%)	-	(2.0)	12.0	1.3
Core net profit	10,112	10,002	13,217	15,129
Core EPS (THB)	0.10	0.10	0.14	0.16
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(29.4)	(1.1)	32.1	14.5
Core P/E (x)	10.6	10.7	8.1	7.1
Dividend yield (%)	4.1	3.7	4.9	5.7
Price/book (x)	0.5	0.5	0.5	0.5
ROE (%)	5.1	4.8	6.1	6.7
ROA (%)	0.6	0.6	0.7	0.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.7	9.9	35.4
Relative to country (%)	5.4	4.9	0.4
Mkt cap (USD m)	3,218		
3m avg. daily turnover (USD m)	9.8		
Free float (%)	39		
Major shareholder	ING Bank N.V. (23%)		
12m high/low (THB)	1.27/0.80		
Issued shares (m)	43,852		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We maintain our BUY call for long-term investment on TTB as we believe that it will deliver superior performance in 2022, driven by synergies from its consolidation with Thanachart Bank (TBANK, not listed) in terms of both revenue and cost and lower expected credit losses (ECL), thanks to its prudent provision stockpiling in 2020-21 which should lead to an ECL decline. Additionally, we like its prudent and transparent asset quality management. This should allow TTB to deliver sustainable long-term post-Covid growth. Moreover, TTB is well known as a digital lending bank that could benefit from the current digital banking trend. Lastly, TTB's share price is trading at an undemanding valuation.

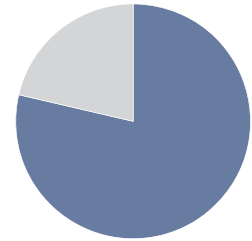
Company profile

TMBThanachart Bank Public Company Limited provides a full range of banking and financial services. The bank offers corporate and personal lending, retail and wholesale banking, international trade financing, and investment banking services to its customers throughout Thailand. It merged with TBANK at the end of 2019. The entire business transfer process was completed in Jul-21.

www.ttbank.com

Principal activities (revenue, 2020)

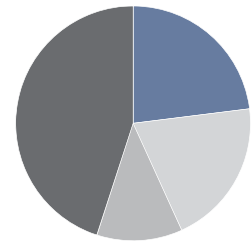
- Net interest income - 78.6 %
- Non-interest income - 21.4 %



Source: TMBThanachart Bank

Major shareholders

- ING Bank N.V. - 23.0 %
- TCAP - 20.2 %
- Ministry of Finance - 11.8 %
- Others - 45.0 %



Source: TMBThanachart Bank

Catalysts

Potential share price catalysts for TTB include:

- Lower credit cost from better-than-expected new NPLs;
- Better operating cost control;
- Revenue synergies starting to kick in.

Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.

Event calendar

Date	Event
21 Oct 2021	Analyst meeting
Jan 2022	4Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	10,002	13,217	15,129
Net profit growth	(1.1)	32.1	14.5
NIM	3.05	2.81	2.85
Loan growth	(1.0)	4.0	4.0
Fee growth	5.1	24.5	1.6
Non-NII growth*	4.5	20.3	2.7
Credit cost (bp)	175	145	138
Cost to income*	46.2	44.9	43.5

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		2021E		
		(3.0)	(1.0)	1.0
Loan growth	±2ppt	(3.0)	(1.0)	1.0
% change in net profit		(2.1)	-	2.1
NIM (%)	±5bp	3.00	3.05	3.10
% change in net profit		(6.0)	-	6.0
Credit cost (bp)	±10bp	165	175	185
% change in net profit		4.7	-	(4.7)

Source: FSSIA estimates

Better-than-expected 3Q21 results from fee income and OPEX

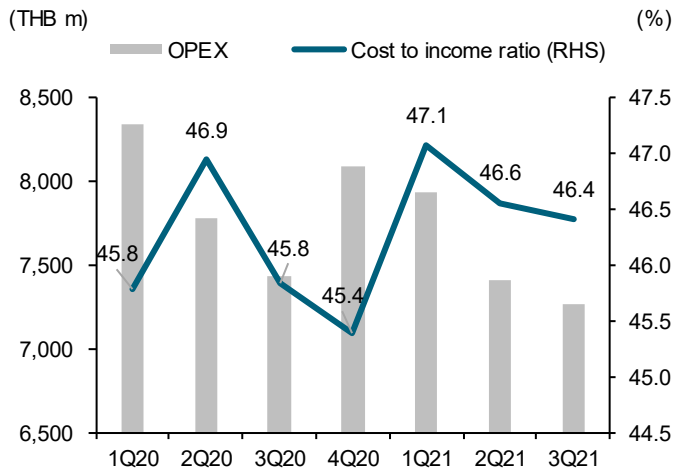
TTB reported a 3Q21 net profit of THB2,359m (+46% y-y, -7% q-q), which was higher than our forecast and Bloomberg consensus' estimate by 12% due to the better-than-expected OPEX and fee income. We see two positives from its results. First, amid the lockdown measures, its fee income was able to increase 3% q-q due to the recovery of mutual fund fees from its strategy to sell bundled products to the wealth segment. Second, TTB was able to control its asset quality effectively. Based on our calculation, its non-performing loan (NPL) formation rate increased moderately compared with 2Q21. However, TTB continued to write off and sell NPLs worth THB5.4b and THB0.6b, respectively. Thus, its NPLs slightly increased by 2% q-q. We see one negative from its results, which is its loan growth. TTB lent new loans cautiously, which, together with its strategy to shift its focus to more retail loans, resulted in a flat q-q loan volume in 3Q21 (-2.4% YTD). TTB posted a slight decline in its OPEX due mainly to a delay in booking EBT-related OPEX, e.g. rebranding expenses, asset transferring expenses, etc., following the lockdown periods. These expenses will mostly be booked in 4Q21. Thus, we read the drop in its OPEX as neutral.

Exhibit 1: TTB – 3Q21 results summary

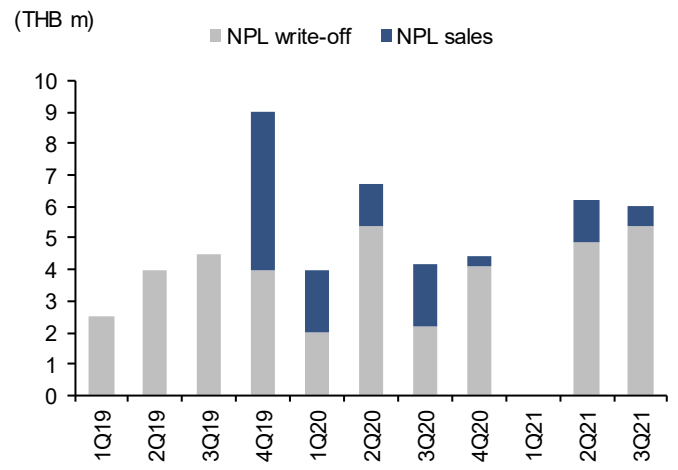
Year-end Dec 31	3Q20	2Q21	3Q21			9M21			2021E		3Q21 Comments
	(THBm)	(THBm)	(THBm)	(y-y%)	(q-q%)	(THBm)	(y-y%)	%21E	(THB m)	(y-y%)	
Net interest income	13,227	12,782	12,577	(5)	(2)	38,231	(5)	74	51,885	(4)	Slow loan growth
Non-interest income*	2,984	3,118	3,086	3	(1)	10,175	(5)	65	15,659	4	
Operating income*	16,212	15,900	15,663	(3)	(1)	48,406	(5)	72	67,544	(2)	
Operating expenses	7,429	7,402	7,268	(2)	(2)	22,597	(4)	72	31,236	(1)	Delayed EBT related to OPEX
PPOP before tax*	8,783	8,498	8,395	(4)	(1)	25,809	(6)	71	36,308	(2)	
Provision	6,863	5,491	5,527	(19)	1	16,497	(1)	68	24,254	(2)	
Income tax	301	472	509	69	8	1,634	(17)	80	2,049	(8)	
Minority interest	0	1	1			3	32		3		
Normalised profit	1,619	2,534	2,359	46	(7)	7,675	(14)	77	10,002	(1)	
Extraordinary items	0	0	0			0			0		
Net profit	1,619	2,534	2,359	46	(7)	7,675	(14)	77	10,002	(1)	Higher than BBG consensus' estimate
EPS (THB)	0.02	0.03	0.02	46	(7)	0	(14)	77	0.10	(1)	
Asset quality ratio											
Gross NPLs	36,747	43,543	44,411	21	2				46,325	17	
NPL ratios (%)	2.33	2.89	2.98						2.95	0.5	
LLR/NPLs (%)	132	125	121						125	(8.8)	
Credit cost (bp)	200	160	163						175	(3.3)	
Profitability ratio											
Cost to income ratio*	45.8	46.6	46.4						46.2		
Average yield	3.9	3.7	3.7						3.8		
Cost of fund	1.1	0.9	0.9						0.9		
NIM	2.9	3.0	3.0						3.0		
Non-int inc/total income	18.4	19.6	19.7						23.2		
Liquidity ratio											
Loan/deposit ratio	96.9	102.6	102.6						104.3		
Capital adequacy											
CAR	19.2	19.6	19.7						20.3		
CET 1/ Risk assets	14.2	14.5	14.6						16.1		
Tier 2 / Risk assets	4.1	4.1	4.1						4.2		
Loan growth											
Year-to-date	(2.1)	(2.5)	(2.4)								
y-y	96.5	(1.7)	(0.3)						(1.0)		
q-q	(1.4)	(1.6)	0.1								

*Including share of profits from associates

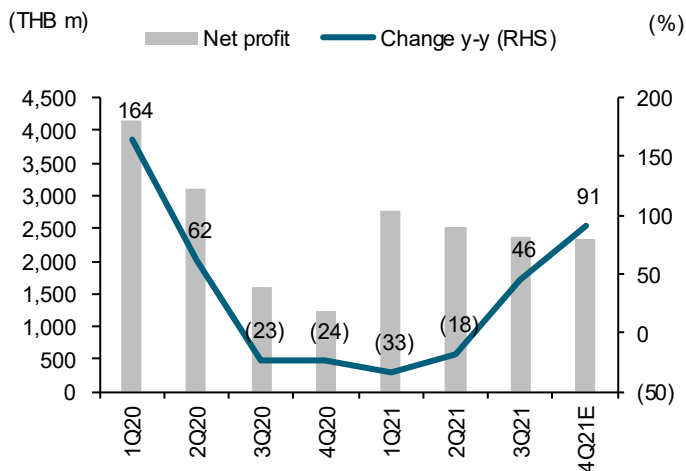
Sources: TTB; FSSIA estimates

Exhibit 2: Quarterly OPEX and cost to income ratio

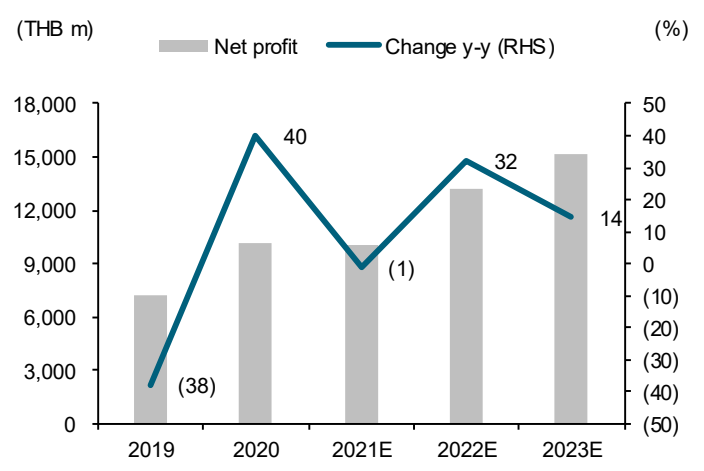
Sources: TTB; FSSIA's compilation

Exhibit 3: TTB's NPL management

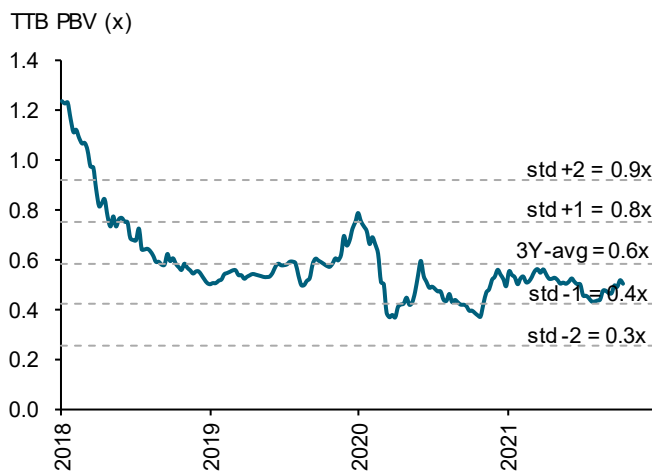
Sources: TTB; FSSIA's compilation

Exhibit 4: Quarterly net profit growth

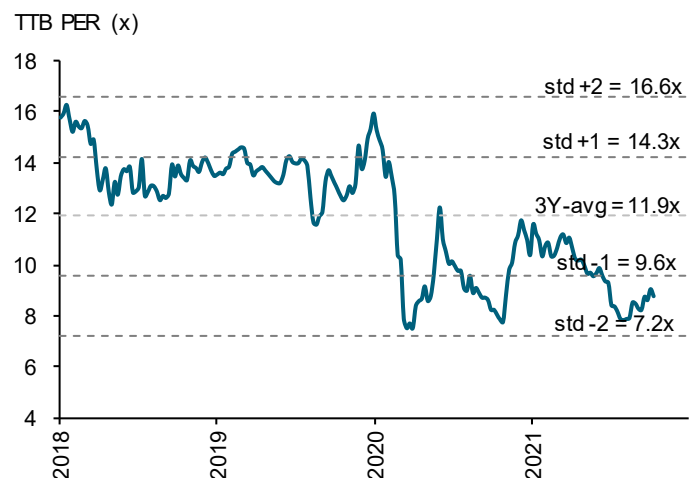
Source: FSSIA estimates

Exhibit 5: Yearly net profit growth

Source: FSSIA estimates

Exhibit 6: TTB – one-year forward rolling P/BV

Sources: Bloomberg; FSSIA estimates

Exhibit 7: TTB – one-year forward rolling P/E

Sources: Bloomberg; FSSIA estimates

Exhibit 8: Peers comparison

Company name	BBG code	Rec	--- Share price ---		Up side	Market Cap	EPS growth		----- PE -----		---- ROE ----		--- PBV ---	
			Current	Target			21E	22E	21E	22E	21E	22E	21E	22E
			(THB)	(THB)	(%)	(USD m)	(%)	(%)	(x)	(x)	(%)	(%)	(x)	(x)
Bangkok Bank	BBL TB	HOLD	119.00	128.00	8	6,816	17.2	9.9	9.2	8.3	5.5	5.8	0.5	0.5
Kasikornbank	KBANK TB	BUY	141.00	168.00	19	10,025	12.4	12.6	10.1	9.0	7.2	7.5	0.7	0.7
Kiatnakin Bank	KKP TB	BUY	57.75	68.00	18	1,467	8.2	20.9	8.8	7.3	11.6	13.0	1.0	0.9
Krung Thai Bank	KTB TB	HOLD	11.60	12.20	5	4,865	21.5	5.5	8.0	7.6	5.8	5.8	0.4	0.4
Siam Commercial Bank	SCB TB	BUY	122.50	158.00	29	12,482	18.1	14.2	12.9	11.3	7.6	8.4	1.0	0.9
Tisco Financial	TISCO TB	BUY	93.00	110.00	18	2,234	6.7	9.0	11.5	10.6	16.1	16.7	1.8	1.7
TMBThanachart	TTB TB	BUY	1.11	1.40	26	3,218	(1.1)	32.1	10.7	8.1	4.8	6.1	0.5	0.5
Coverage						41,108	0.5	13.5	10.6	9.4	7.3	7.9	0.8	0.7

Share prices as of 19 Oct 2021
 Sources: Company data; FSSIA estimates

Financial Statements

TMBThanachart Bank

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	39,837	72,321	65,048	60,356	65,238
Interest expense	(12,972)	(18,515)	(13,163)	(12,937)	(16,200)
Net interest income	26,865	53,805	51,885	47,419	49,039
Net fees & commission	8,098	10,575	11,117	13,842	14,063
Foreign exchange trading income	1,528	0	0	0	0
Securities trading income	1,956	2,404	2,746	3,020	3,102
Dividend income	0	0	0	0	0
Other income	1,050	1,644	1,398	1,537	1,691
Non interest income	12,632	14,623	15,260	18,399	18,856
Total income	39,497	68,429	67,145	65,819	67,895
Staff costs	(9,629)	(16,536)	(15,544)	(14,766)	(15,062)
Other operating costs	(11,046)	(15,087)	(15,692)	(14,973)	(14,673)
Operating costs	(20,674)	(31,623)	(31,236)	(29,739)	(29,735)
Pre provision operating profit	18,822	36,806	35,909	36,080	38,160
Provision for bad and doubtful debt	(10,337)	(24,831)	(24,254)	(20,395)	(20,187)
Other provisions	-	-	-	-	-
Operating profit	8,486	11,975	11,655	15,684	17,973
Recurring non operating income	324	363	399	439	483
Associates	324	363	399	439	483
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	8,810	12,338	12,054	16,123	18,456
Tax	(1,588)	(2,223)	(2,049)	(2,902)	(3,322)
Profit after tax	7,222	10,115	10,005	13,221	15,134
Minority interests	0	(3)	(3)	(4)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	7,222	10,112	10,002	13,217	15,129
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	7,222	10,112	10,002	13,217	15,129
Per share (THB)					
Recurring EPS *	0.15	0.10	0.10	0.14	0.16
Reported EPS	0.15	0.10	0.10	0.14	0.16
DPS	0.04	0.05	0.04	0.05	0.06
Growth					
Net interest income (%)	9.7	100.3	(3.6)	(8.6)	3.4
Non interest income (%)	8.4	15.8	4.4	20.6	2.5
Pre provision operating profit (%)	0.8	95.5	(2.4)	0.5	5.8
Operating profit (%)	(11.3)	41.1	(2.7)	34.6	14.6
Reported net profit (%)	(37.7)	40.0	(1.1)	32.1	14.5
Recurring EPS (%)	(15.8)	(29.4)	(1.1)	32.1	14.5
Reported EPS (%)	(43.9)	(29.4)	(1.1)	32.1	14.5
Income Breakdown					
Net interest income (%)	68.0	78.6	77.3	72.0	72.2
Net fees & commission (%)	20.5	15.5	16.6	21.0	20.7
Foreign exchange trading income (%)	3.9	-	-	-	-
Securities trading income (%)	5.0	3.5	4.1	4.6	4.6
Dividend income (%)	-	-	-	-	-
Other income (%)	2.7	2.4	2.1	2.3	2.5
Operating performance					
Gross interest yield (%)	2.99	4.09	3.82	3.58	3.79
Cost of funds (%)	1.10	1.18	0.87	0.87	1.07
Net interest spread (%)	1.89	2.91	2.95	2.71	2.72
Net interest margin (%)	2.0	3.0	3.0	2.8	2.8
Cost/income(%)	52.3	46.2	46.5	45.2	43.8
Cost/assets(%)	1.5	1.7	1.8	1.7	1.7
Effective tax rate (%)	18.0	18.0	17.0	18.0	18.0
Dividend payout on recurring profit (%)	26.5	42.9	40.0	40.0	40.0
ROE (%)	4.9	5.1	4.8	6.1	6.7
ROE - COE (%)	4.9	5.1	4.8	6.1	6.7
ROA (%)	0.5	0.6	0.6	0.7	0.8
RORWA (%)	0.8	0.8	0.8	1.1	1.2

* Pre-exceptional, pre-goodwill and fully diluted

Sources: TMBThanachart Bank ; FSSIA estimates

Financial Statements

TMBThanachart Bank

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	1,392,225	1,392,925	1,378,996	1,434,156	1,491,522
Total provisions	(45,477)	(52,978)	(57,926)	(61,112)	(63,401)
interest in suspense	1,883	3,879	3,861	4,016	4,176
Net customer loans	1,348,631	1,343,826	1,324,931	1,377,059	1,432,297
Bank loans	236,311	211,185	151,876	126,526	108,072
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	166,265	138,139	141,687	145,328	149,066
Cash & equivalents	23,853	21,943	41,610	43,630	29,188
Other interesting assets	-	-	-	-	-
Tangible fixed assets	28,452	30,076	29,850	29,717	29,666
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	54,679	58,510	56,508	57,588	58,458
Total assets	1,858,191	1,803,677	1,746,461	1,779,849	1,806,747
Customer deposits	1,398,112	1,373,408	1,321,838	1,341,665	1,355,082
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	198,844	168,768	158,651	161,031	162,641
Non interest bearing liabilities	66,423	61,406	55,265	56,923	58,631
Hybrid Capital	-	-	-	-	-
Total liabilities	1,663,379	1,603,582	1,535,754	1,559,620	1,576,354
Share capital	91,541	91,589	91,589	91,589	91,589
Reserves	103,235	113,124	119,079	128,600	138,762
Total equity	194,777	204,713	210,668	220,189	230,351
Minority interests	35	37	38	40	42
Total liabilities & equity	1,858,190	1,808,332	1,746,461	1,779,849	1,806,747
Supplementary items					
Risk weighted assets (RWA)	1,216,836	1,188,683	1,176,796	1,223,868	1,272,823
Average interest earning assets	1,333,754	1,766,631	1,703,692	1,685,612	1,723,580
Average interest bearing liabilities	1,174,710	1,569,566	1,511,333	1,491,593	1,510,210
Tier 1 capital	165,793	171,724	189,536	197,145	206,031
Total capital	218,440	220,769	238,581	246,190	255,076
Gross non performing loans (NPL)	37,746	39,594	46,325	48,641	52,533
Per share (THB)					
Book value per share	4.01	2.12	2.19	2.29	2.39
Tangible book value per share	4.01	2.12	2.19	2.29	2.39
Growth					
Gross customer loans	103.0	0.1	(1.0)	4.0	4.0
Average interest earning assets	57.8	32.5	(3.6)	(1.1)	2.3
Total asset (%)	108.4	(2.9)	(3.2)	1.9	1.5
Risk weighted assets (%)	90.8	(2.3)	(1.0)	4.0	4.0
Customer deposits (%)	115.2	(1.8)	(3.8)	1.5	1.0
Leverage & capital measures					
Customer loan/deposits (%)	96.5	97.8	100.2	102.6	105.7
Equity/assets (%)	10.5	11.3	12.1	12.4	12.7
Tangible equity/assets (%)	10.5	11.3	12.1	12.4	12.7
RWA/assets (%)	65.5	65.9	67.4	68.8	70.4
Tier 1 CAR (%)	13.6	14.4	16.1	16.1	16.2
Total CAR (%)	18.0	18.6	20.3	20.1	20.0
Asset Quality					
Change in NPL (%)	73.8	4.9	17.0	5.0	8.0
NPL/gross loans (%)	2.7	2.8	3.4	3.4	3.5
Total provisions/gross loans (%)	3.3	3.8	4.2	4.1	4.3
Total provisions/NPL (%)	120.5	133.8	125.0	125.6	120.7
Valuation					
Recurring P/E (x) *	7.5	10.6	10.7	8.1	7.1
Recurring P/E @ target price (x) *	9.4	13.3	13.5	10.2	8.9
Reported P/E (x)	7.5	10.6	10.7	8.1	7.1
Dividend yield (%)	3.5	4.1	3.7	4.9	5.7
Price/book (x)	0.3	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.3	0.5	0.5	0.5	0.5
Price/tangible book @ target price (x)	0.3	0.7	0.6	0.6	0.6
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: TMBThanachart Bank ; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	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	MITSI	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	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	TPIPP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

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

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

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

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

Anti-corruption Progress Indicator 2020

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

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

Disclaimer:

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

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

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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

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Company	Ticker	Price	Rating	Valuation & Risks
TMBThanachart Bank	TTB TB	THB 1.11	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.
Bangkok Bank	BBL TB	THB 119.00	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 its NIM and potential new regulations from the Bank of Thailand on debt-servicing programs. The upside risk would be better-than-expected synergies with Permata.
Kasikornbank	KBANK TB	THB 141.00	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 57.75	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 11.60	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 122.50	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 93.00	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; 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.

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 19-Oct-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.