

21 OCTOBER 2021

THAILAND / BANKS

KRUNG THAI BANK KTB TB

HOLD

UNCHANGED

TARGET PRICE	THB12.20
CLOSE	THB11.70
UP/DOWNSIDE	+4.3%
PRIOR TP	THB12.20
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-5.3%

ขาดปัจจัยบวกในระยะสั้น

ผลประกอบการ 3Q21 ดีเกินคาด แต่การดำเนินงานหลักอ่อนแอ

เรามีมุมมองเป็นกลางต่อกำไรสุทธิ 3Q21 ของ KTB ที่ 5.05 พัน ลบ. (+65% y-y, -16% q-q) แม้ว่ากำไรสุทธิจะสูงกว่าที่เราคาด 12% เราเห็นจุดอ่อน 3 ประการในการดำเนินงานของธนาคารฯ ข้อแรกธนาคารฯ รายงานรายได้ค่าธรรมเนียมลดลง (-5% y-y, -3% q-q) เราเชื่อว่าการเป็นแกนหลักในการทำให้มาตรการกระตุ้นเศรษฐกิจเป็นผลสำเร็จทำให้การ cross-selling ผลิตภัณฑ์ต่างๆ ลดลง ข้อสองค่าใช้จ่ายในการดำเนินงาน (OPEX) เพิ่ม 7% q-q ส่วนมากจากผลขาดทุนจากการด้อยค่าของทรัพย์สินรอขายและค่าใช้จ่ายที่เกี่ยวข้องกับเทคโนโลยีสารสนเทศ ข้อสามส่วนต่างดอกเบี้ย (NIM) ลดลงเล็กน้อยเป็น 2.53% จากดอกเบี้ยรับที่ลดลงจากพอร์ตการลงทุนในตราสารหนี้และผลตอบแทนสินเชื่อที่ลดลง เนื่องจากส่วนมากของปริมาณสินเชื่อที่เพิ่มขึ้น (+3% q-q) มาจากกลุ่มที่ให้ผลตอบแทนต่ำ

จับตามูลค่าสินทรัพย์

ตั้งแต่การระบาด Covid KTB มีคุณภาพสินทรัพย์ที่ดีกว่าเพื่อนเสมอ เนื่องจากพอร์ตของธนาคารฯ ประกอบด้วยสินเชื่อที่มีความเสี่ยงต่ำประกอบด้วย บริษัท (27%) รัฐบาล (20%) และข้าราชการ (ประมาณ 25%) อย่างไรก็ตามเราเห็นว่าคุณภาพสินทรัพย์เสื่อมลงเล็กน้อยในผลประกอบการ 3Q21 โดยมีสินเชื่อระยะที่ 2 เพิ่มขึ้นเล็กน้อย และ NPL formation (จากการคำนวณของเรา) เพิ่มขึ้น ซึ่งทำให้เราจำเป็นต้องจับตามูลค่าสินทรัพย์ในไตรมาสต่อ ๆ ไป

กำไรสุทธิ 4Q21 น่าจะลดลงต่อเนื่อง q-q

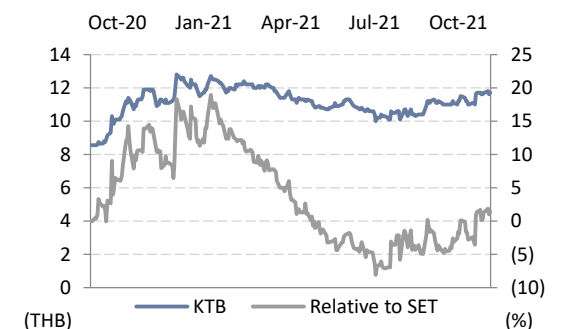
เราคาดว่ากำไรสุทธิ 4Q21 ของ KTB จะลดลงในระดับปานกลาง q-q โดยจะถูกกดดันจากปัจจัย 3 ประการ ข้อแรกเราคาดว่า OPEX จะเพิ่มต่อเนื่อง ข้อสองเรคาดว่า NIM มีแนวโน้มลดลงจากผลตอบแทนการลงทุนในตราสารหนี้ที่ลดลง เนื่องจาก KTB ลงทุนในพันธบัตรที่อิงกับอัตราเงินเฟ้อ ซึ่งจะได้รับผลกระทบเชิงลบจากเงินเฟ้อที่สูงขึ้น ข้อสามเราคาดว่าผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) จะยังอยู่ในระดับสูง

คงคำแนะนำถือที่ราคาเป้าหมายปี 2022 ที่ 12.2 บาท (GGM)

KTB เป็นหุ้นธนาคารที่เรชอบน้อยที่สุดด้วยเหตุผล 2 ประการ ข้อแรกธนาคารฯ มีการลงทุนเพียงเล็กน้อยในแพลตฟอร์มธนาคารดิจิทัล เราเชื่อปัจจัยดังกล่าวอาจทำให้ธนาคารฯ สูญเสียความสามารถในการแข่งขันในระยะยาว ข้อสองในฐานะที่เป็นธนาคารพาณิชย์ที่รัฐบาลถือหุ้นอยู่ KTB อาจต้องเสียผลประโยชน์เพื่อช่วยรัฐบาลในการทำให้มาตรการกระตุ้นเศรษฐกิจเป็นผลสำเร็จ ซึ่งจะทำให้ความสามารถในการ cross-selling ผลิตภัณฑ์ต่างๆ KTB อาจกลับมาน่าสนใจอีกครั้งเมื่อ 1) อัตราดอกเบี้ยเริ่มกลับเข้าสู่แนวโน้มขาขึ้น; และ/หรือ 2) ธนาคารฯ สามารถใช้ประโยชน์จากการวิเคราะห์ข้อมูลจำนวนมากของ Infinitus (บริษัทย่อยที่ธนาคารฯ ถือหุ้น 75%) เพื่อสร้างรายได้เพิ่มขึ้น

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	21,819	26,612	27,860	30,007
Net profit	16,732	20,330	21,447	23,141
EPS (THB)	1.20	1.45	1.53	1.66
vs Consensus (%)	-	3.9	0.4	(6.6)
Core net profit	16,732	20,330	21,447	23,141
Core EPS (THB)	1.20	1.45	1.53	1.66
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(42.9)	21.5	5.5	7.9
Core P/E (x)	9.8	8.0	7.6	7.1
Dividend yield (%)	2.4	4.4	4.6	5.0
Price/book (x)	0.5	0.5	0.4	0.4
ROE (%)	4.9	5.8	5.8	6.0
ROA (%)	0.6	0.7	0.7	0.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.4	15.8	37.6
Relative to country (%)	4.1	8.9	1.8
Mkt cap (USD m)	4,902		
3m avg. daily turnover (USD m)	11.4		
Free float (%)	45		
Major shareholder	FIDF (55%)		
12m high/low (THB)	12.90/8.40		
Issued shares (m)	13,976		

Sources: Bloomberg consensus; FSSIA estimates



Yuvarat Suwanumchai

yuvarat.suw@fssia.com

+66 2611 3554

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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 21 ตุลาคม 2021

Investment thesis

Although its valuation looks attractive, we believe KTB will continue to trade at the deepest discount among its peers due to having no short-term positive catalysts.

KTB might be back on our radar once 1) the interest rate begins to reverse to an uptrend; and/or 2) the bank can take advantage of big data to generate more income.

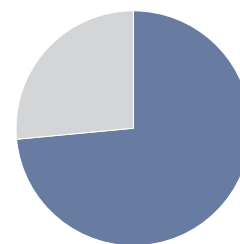
Company profile

Krung Thai Bank began operations in 1966 and in 1989 was the first privatised state enterprise to be listed on the SET. At end-2019, KTB was the second largest Thai bank in terms of lending, and ranked fourth by total assets.

www.ktb.co.th

Principal activities (revenue, 2020)

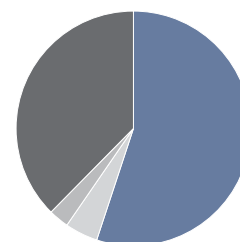
- Net interest income - 73.5 %
- Non-interest income - 26.5 %



Source: Krung Thai Bank

Major shareholders

- FIDF - 55.1 %
- Thai NVDR - 4.5 %
- EGAT Saving and Credit Cooperative Limited - 2.8 %
- Others - 37.6 %



Source: Krung Thai Bank

Catalysts

Potential share price catalysts for KTB include:

- Lower credit cost from a better-than-expected new NPL rate;
- Better operating cost control;
- Faster IT investment to capture digital trends.

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. The upside risk is the better-than-expected ability to control cost of funds.

Event calendar

Date	Event
Mid-Jan 2022	4Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	20,330	21,447	23,141
Net profit growth	21.5	5.5	7.9
NIM	2.57	2.55	2.52
Loan growth	7.0	2.0	3.0
Fee growth	(3.2)	8.0	6.0
Non-NII growth*	(0.6)	5.5	4.6
Credit cost (bp)	140	140	135
Cost to income*	46.7	45.8	45.5

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		2021E	2022E	2023E
Loan growth (%)	±2ppt	5.00	7.00	9.00
% change in net profit		(1.9)	-	1.9
NIM (%)	±5bp	2.52	2.57	2.62
% change in net profit		(5.5)	-	5.3
Credit cost (bp)	±10bp	130	140	150
% change in net profit		6.2	-	(6.2)

Source: FSSIA estimates

3Q21 results beat, but weak core operations

KTB reported a 3Q21 net profit of THB5,055m (+65% y-y, -16% q-q), which was higher than our forecast by 12% thanks mainly to a lower expected credit loss (ECL), but was lower than Bloomberg consensus' estimate by 7%. In our view, KTB had weak core operations in 3Q21, with a drop in its pre-operating provision profit (PPOP). This was dragged down three factors. First, it posted lower fee income by 5% y-y, 3% q-q. We believe that being the government's arm in implementing stimulus packages resulted in lower cross-selling activities. Second, its OPEX rose 7% q-q, mainly from an impairment loss of properties for sale transaction and IT-related expenses. Third, its NIM slightly declined to 2.53% due to the lower interest received from investments in debt securities and a lower loan yield, as the most significant increase in loan volume (+3% q-q) came from low-yield segments like government and corporate. Moreover, there was a slight deterioration in its asset quality, with a small increase in stage 2 loans, a rise in accrued interest, and a hiccup in its non-performing loan (NPL) formation rate (based on our calculation).

Exhibit 1: KTB – 3Q21/9M21 results summary

Year-end Dec 31	3Q20	2Q21	3Q21			9M21			2021E		3Q21 Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%21E	(THB m)	(y-y %)	
Net interest income	21,602	20,916	21,142	(2)	1	62,027	(9)	74	83,773	(5)	
Non-interest income*	8,672	7,934	7,192	(17)	(9)	23,830	(7)	71	33,700	(1)	Lower fee income
Operating income*	30,274	28,851	28,334	(6)	(2)	85,857	(8)	73	117,473	(4)	
Operating expenses	13,702	12,235	13,093	(4)	7	38,016	(4)	69	54,805	3	IT-related and impairment loss of properties for sale transaction
PPOP before tax*	16,572	16,616	15,241	(8)	(8)	47,841	(12)	76	62,669	(9)	
Provision	12,414	8,097	8,137	(34)	0	24,291	(32)	72	33,791	(25)	
Income tax	482	1,657	1,382	187	(17)	4,557	43	85	5,371	21	
Minority interest	619	852	668			2,348	15		3,177	17	
Normalised profit	3,057	6,011	5,055	65	(16)	16,644	25	82	20,330	22	
Extraordinary items	0	0	0			0			0		
Net profit	3,057	6,011	5,055	65	(16)	16,644	25	82	20,330	22	Lower than BBG consensus' estimate by 7%
EPS (THB)	0.22	0.43	0.36	65	(16)	1.19	25	82	1.45	22	
Asset quality ratio											
Gross NPLs	110,662	105,737	106,367	(4)	1				115,709	8	
Reported NPL ratios (%)	4.21	3.54	3.57						4.09		
LLR/NPLs (%)	131	155	157						136		
Credit cost (bp)	217	134	129						140		
Profitability ratio	(%)	(%)	(%)						(%)		
Cost to income ratio	45.3	42.4	46.2						46.7		
Average yield (%)	3.57	3.21	3.17						3.2		
Cost of fund (%)	0.85	0.75	0.72						0.7		
Net interest margin (NIM)	2.83	2.55	2.53						2.6		
Non-int inc/total income	28.6	27.5	25.4						28.7		
Liquidity ratio	(%)	(%)	(%)						(%)		
Loan to deposit ratio	98.7	99.7	99.1						99.2		
Capital adequacy ratio	(%)	(%)	(%)						(%)		
CAR	18.4	19.4	19.4						18.2		
CET 1/ Risk assets	15.0	15.0	15.2						15.1		
Tier 2 / Risk assets	3.4	3.4	3.3						3.2		
Loan growth	(%)	(%)	(%)						(%)		
Year-to-date	9.2	6.5	9.6								
y-y	9.1	8.8	12.2						7.0		
q-q	(0.2)	5.3	3.0								

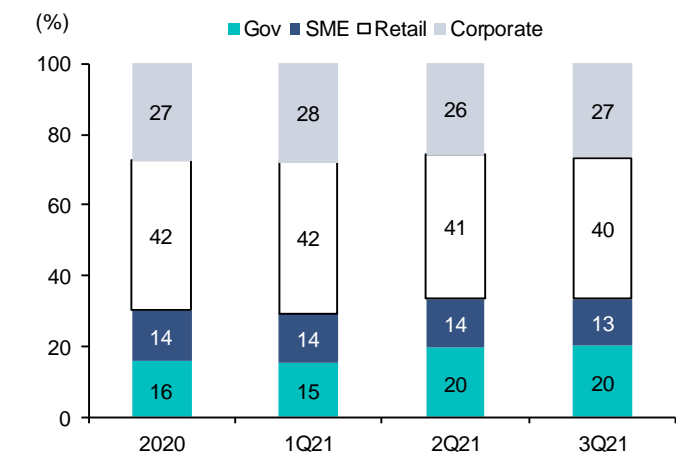
*Including share of profits from associates

Sources: KTB; FSSIA estimates

Keep an eye on asset quality

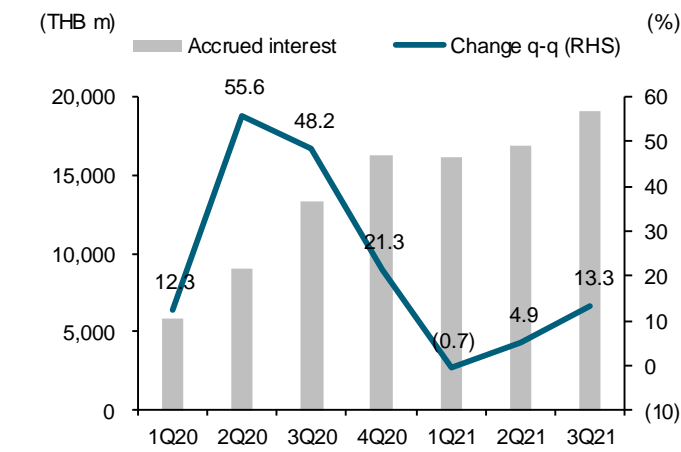
Since the Covid outbreak, KTB's asset quality has always been better than its peers', as the bank has been heavily growing its loans to the government since 2Q20. KTB's portfolio is comprised of 27% corporate, 20% government, and c25% government officers. These segments have been the least impacted by the Covid pandemic. However, in its 3Q21 results, we see a slight deterioration in its asset quality, with a small increase in stage 2 loans, a rise in accrued interest, and a hiccup in its NPL formation rate (based on our calculation). Thus, its asset quality warrants keeping an eye on in the coming quarters, in our view.

Exhibit 2: KTB's portfolio structure



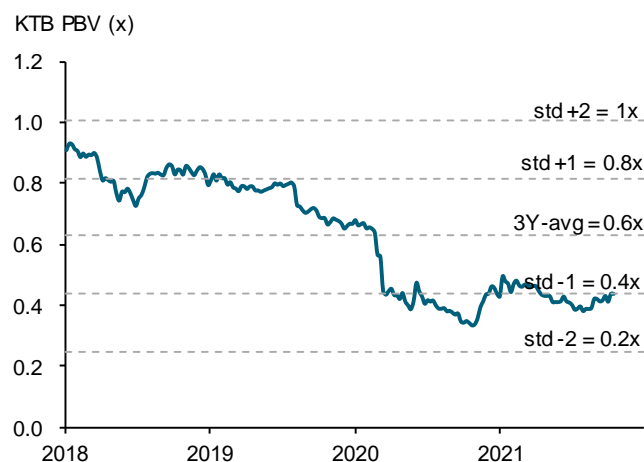
Sources: KTB; FSSIA's compilation

Exhibit 3: KTB's accrued interest



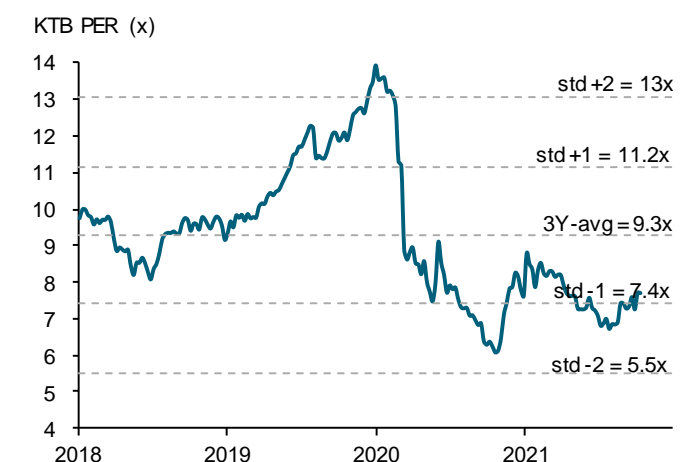
Sources: KTB; FSSIA's compilation

Exhibit 4: KTB – one-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 5: KTB – one-year forward rolling P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Peers comparison

Company name	BBG	Rec	--- Share price ---		Up	Market	EPS growth		PE		ROE		PBV	
	code		Current	Target	side	Cap	21E	22E	21E	22E	21E	22E	21E	22E
			(THB)	(THB)	(%)	(USD m)	(%)	(%)	(x)	(x)	(%)	(%)	(x)	(x)
Bangkok Bank	BBL TB	HOLD	120.50	128.00	6	6,896	17.2	9.9	9.3	8.4	5.5	5.8	0.5	0.5
Kasikornbank	KBANK TB	BUY	142.50	168.00	18	10,122	12.4	12.6	10.2	9.0	7.2	7.5	0.7	0.7
Kiatnakin Bank	KKP TB	BUY	58.00	68.00	17	1,472	8.2	20.9	8.9	7.3	11.6	13.0	1.0	0.9
Krung Thai Bank	KTB TB	HOLD	11.70	12.20	4	4,902	21.5	5.5	8.0	7.6	5.8	5.8	0.5	0.4
Siam Commercial Bank	SCB TB	BUY	125.50	158.00	26	12,776	18.1	14.2	13.3	11.6	7.6	8.4	1.0	1.0
Tisco Financial	TISCO TB	BUY	92.25	110.00	19	2,214	6.7	9.0	11.4	10.5	16.1	16.7	1.8	1.7
TMBThanachart	TTB TB	BUY	1.14	1.40	23	3,302	(1.1)	32.1	11.0	8.3	4.8	6.1	0.5	0.5
Coverage						41,684	14.3	13.1	10.5	9.3	6.7	7.2	0.7	0.7

Share prices as of 20 Oct 2021

Sources: Company data; FSSIA estimates

Financial Statements

Krung Thai Bank

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	122,972	112,837	104,888	108,168	116,241
Interest expense	(34,655)	(24,494)	(21,115)	(22,708)	(29,238)
Net interest income	88,316	88,343	83,773	85,460	87,003
Net fees & commission	23,238	20,528	19,876	21,466	22,754
Foreign exchange trading income	3,197	3,134	3,511	3,159	2,844
Securities trading income	4,372	951	1,426	1,569	1,726
Dividend income	496	376	451	496	546
Other income	4,615	6,855	6,170	6,355	6,545
Non interest income	35,917	31,844	31,434	33,046	34,415
Total income	124,233	120,187	115,207	118,506	121,418
Staff costs	(31,390)	(28,466)	(28,182)	(28,182)	(28,182)
Other operating costs	(31,084)	(24,999)	(26,623)	(27,182)	(28,354)
Operating costs	(62,474)	(53,465)	(54,805)	(55,363)	(56,536)
Pre provision operating profit	61,759	66,722	60,402	63,142	64,882
Provision for bad and doubtful debt	(23,814)	(44,903)	(33,791)	(35,283)	(34,875)
Other provisions	-	-	-	-	-
Operating profit	37,946	21,819	26,612	27,860	30,007
Recurring non operating income	1,425	2,060	2,266	2,493	2,742
Associates	1,425	2,060	2,266	2,493	2,742
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	39,370	23,880	28,878	30,353	32,750
Tax	(7,233)	(4,441)	(5,371)	(5,615)	(6,059)
Profit after tax	32,138	19,439	23,507	24,737	26,691
Minority interests	(2,854)	(2,707)	(3,177)	(3,290)	(3,550)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	29,284	16,732	20,330	21,447	23,141
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	29,284	16,732	20,330	21,447	23,141
Per share (THB)					
Recurring EPS *	2.10	1.20	1.45	1.53	1.66
Reported EPS	2.10	1.20	1.45	1.53	1.66
DPS	0.73	0.28	0.51	0.54	0.58
Growth					
Net interest income (%)	5.5	0.0	(5.2)	2.0	1.8
Non interest income (%)	10.8	(11.3)	(1.3)	5.1	4.1
Pre provision operating profit (%)	(2.0)	8.0	(9.5)	4.5	2.8
Operating profit (%)	3.1	(42.5)	22.0	4.7	7.7
Reported net profit (%)	2.8	(42.9)	21.5	5.5	7.9
Recurring EPS (%)	2.8	(42.9)	21.5	5.5	7.9
Reported EPS (%)	2.8	(42.9)	21.5	5.5	7.9
Income Breakdown					
Net interest income (%)	71.1	73.5	72.7	72.1	71.7
Net fees & commission (%)	18.7	17.1	17.3	18.1	18.7
Foreign exchange trading income (%)	2.6	2.6	3.0	2.7	2.3
Securities trading income (%)	3.5	0.8	1.2	1.3	1.4
Dividend income (%)	0.4	0.3	0.4	0.4	0.4
Other income (%)	3.7	5.7	5.4	5.4	5.4
Operating performance					
Gross interest yield (%)	4.48	3.72	3.22	3.22	3.36
Cost of funds (%)	1.45	0.92	0.74	0.78	0.98
Net interest spread (%)	3.03	2.80	2.48	2.44	2.38
Net interest margin (%)	3.2	2.9	2.6	2.5	2.5
Cost/income(%)	50.3	44.5	47.6	46.7	46.6
Cost/assets(%)	2.2	1.7	1.6	1.6	1.6
Effective tax rate (%)	18.4	18.6	18.6	18.5	18.5
Dividend payout on recurring profit (%)	35.0	23.0	35.0	35.0	35.0
ROE (%)	9.1	4.9	5.8	5.8	6.0
ROE - COE (%)	(0.9)	(5.0)	(4.2)	(4.1)	(4.0)
ROA (%)	1.1	0.6	0.7	0.7	0.8
RORWA (%)	1.7	1.0	1.2	1.2	1.3
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Krung Thai Bank; FSSIA estimates

Financial Statements

Krung Thai Bank

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	2,089,874	2,331,998	2,495,238	2,545,143	2,621,497
Total provisions	(135,268)	(150,523)	(156,866)	(171,788)	(185,690)
interest in suspense	5,159	16,199	19,962	12,726	13,107
Net customer loans	1,959,765	2,197,674	2,358,334	2,386,081	2,448,914
Bank loans	338,771	519,631	398,328	438,449	454,868
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	426,174	360,112	414,527	423,744	433,191
Cash & equivalents	68,434	68,161	38,343	37,313	27,407
Other interesting assets	-	-	-	-	-
Tangible fixed assets	56,383	57,421	59,797	62,277	64,866
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	162,690	124,780	140,883	144,155	147,546
Total assets	3,012,216	3,327,780	3,410,212	3,492,019	3,576,791
Customer deposits	2,155,865	2,463,225	2,515,337	2,565,643	2,616,956
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	317,408	365,863	370,333	377,740	385,295
Non interest bearing liabilities	190,617	143,629	150,810	158,351	166,268
Hybrid Capital	-	-	-	-	-
Total liabilities	2,663,890	2,972,717	3,036,480	3,101,734	3,168,519
Share capital	72,005	72,005	71,977	71,977	71,977
Reserves	266,282	271,498	289,587	305,601	323,002
Total equity	338,287	343,503	361,563	377,578	394,979
Minority interests	10,039	11,561	12,169	12,708	13,293
Total liabilities & equity	3,012,216	3,327,780	3,410,212	3,492,019	3,576,791
Supplementary items					
Risk weighted assets (RWA)	1,929,176	1,913,726	2,047,687	2,088,641	2,151,300
Average interest earning assets	2,745,719	3,033,280	3,259,917	3,357,715	3,458,446
Average interest bearing liabilities	2,385,528	2,651,180	2,857,379	2,914,526	2,972,817
Tier 1 capital	285,462	293,683	308,370	322,144	336,931
Total capital	360,078	359,015	373,702	387,476	402,263
Gross non performing loans (NPL)	102,629	107,138	115,709	124,966	134,963
Per share (THB)					
Book value per share	24.20	24.58	25.87	27.02	28.26
Tangible book value per share	24.20	24.58	25.87	27.02	28.26
Growth					
Gross customer loans	3.3	11.6	7.0	2.0	3.0
Average interest earning assets	2.4	10.5	7.5	3.0	3.0
Total asset (%)	10.0	10.5	2.5	2.4	2.4
Risk weighted assets (%)	1.8	(0.8)	7.0	2.0	3.0
Customer deposits (%)	5.7	14.3	2.1	2.0	2.0
Leverage & capital measures					
Customer loan/deposits (%)	90.9	89.2	93.8	93.0	93.6
Equity/assets (%)	11.2	10.3	10.6	10.8	11.0
Tangible equity/assets (%)	11.2	10.3	10.6	10.8	11.0
RWA/assets (%)	64.0	57.5	60.0	59.8	60.1
Tier 1 CAR (%)	14.8	15.3	15.1	15.4	15.7
Total CAR (%)	18.7	18.8	18.2	18.6	18.7
Asset Quality					
Change in NPL (%)	(3.3)	4.4	8.0	8.0	8.0
NPL/gross loans (%)	4.9	4.6	4.6	4.9	5.1
Total provisions/gross loans (%)	6.5	6.5	6.3	6.6	7.1
Total provisions/NPL (%)	131.8	140.5	135.6	137.5	137.6
Valuation					
Recurring P/E (x) *	5.6	9.8	8.0	7.6	7.1
Recurring P/E @ target price (x) *	5.8	10.2	8.4	8.0	7.4
Reported P/E (x)	5.6	9.8	8.0	7.6	7.1
Dividend yield (%)	6.3	2.4	4.4	4.6	5.0
Price/book (x)	0.5	0.5	0.5	0.4	0.4
Price/tangible book (x)	0.5	0.5	0.5	0.4	0.4
Price/tangible book @ target price (x)	0.5	0.5	0.5	0.5	0.4

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Krung Thai 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	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	WIIK	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	HL	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	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	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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

Disclaimer:

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

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

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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

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Company	Ticker	Price	Rating	Valuation & Risks
Krung Thai Bank	KTB TB	THB 11.70	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.
Bangkok Bank	BBL TB	THB 120.50	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 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 142.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
Kiatnakin Bank	KKP TB	THB 58.00	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Siam Commercial Bank	SCB TB	THB 125.50	BUY	Downside risks to our SOTP-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM.
Tisco Financial	TISCO TB	THB 92.25	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and 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 1.14	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 20-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.