

20 DECEMBER 2021

Thailand Diversified Financials

กิจการร่วมค้า (JV) ระหว่างธนาคารและบริษัทบริหารสินทรัพย์ (AMC) กลับมาอีกครั้ง

- ธปท. อาจอนุญาตให้ธนาคารและ AMC จัดตั้ง JV เพื่อแก้ปัญหาการไหลป่าของหนี้ด้อยคุณภาพ (NPL) ที่อาจเกิดขึ้น โดยอาจจะประกาศในเดือน ธ.ค. 2021
- เรามองแนวคิดเกี่ยวกับ JV เป็นบวกสำหรับกลุ่ม AMC แม้ว่า JV อาจไม่ส่งผลกระทบอย่างมีนัยสำคัญต่อกำไรของ AMC ในอีก 1-2 ปีข้างหน้า เราคิดว่าระดับการประเมินมูลค่าอาจปรับขึ้นได้ก่อนจากแนวโน้มที่อาจดีและยังยืนมากขึ้น
- เราคงให้น้ำหนักมากกว่าตลาดสำหรับ AMC โดยมี JMT และ BAM เป็นหุ้นเด่น

อาจมีการประกาศอนุญาต JV ระหว่างธนาคารและ AMC ในเดือน ธ.ค. 2021

จากข้อมูลของหนังสือพิมพ์ประชาชาติธุรกิจ ธปท. มีแนวโน้มอนุญาตให้ธนาคารและ AMC จัดตั้ง JV เพื่อแก้ปัญหาการไหลป่าของ NPL ที่อาจเกิดขึ้นจากการระบาด Covid โดยอาจจะประกาศในเดือน ธ.ค. 2021

BAM มีโอกาสได้ประโยชน์มากที่สุด ตามด้วย JMT

เพื่อช่วยให้มีการจัดตั้ง JV เราคิดว่า ธปท. อาจ 1) อนุญาตให้ AMC และธนาคารแยก JV ออกจากงบการเงินเพื่อลดภาระของงบดุล; และ 2) ยกเลิกข้อจำกัดในด้านแหล่งเงินทุนที่ธนาคารสามารถให้กับ JV (จากในปัจจุบันที่ไม่เกิน 25% ของหนี้สินของ JV) ในความเห็นของเราธนาคารอาจเลือกเป็น partner กับ AMC ที่มีความสามารถในการบริหาร NPL ที่โดดเด่นและประสบการณ์ที่ชัดเจน ซึ่งทำให้เราเชื่อว่า AMC ทั้งหมดที่เราทำการศึกษา (โดยเฉพาะอย่างยิ่ง BAM และ JMT) อาจเป็นเป้าหมายสำหรับการเป็นพันธมิตร ในกรณีนี้ ธปท. ปลดข้อจำกัดในด้านแหล่งเงินทุนสำหรับ JV BAM มีแนวโน้มที่จะได้ประโยชน์สูงสุดจากวงจรเงินสดที่ยาวกว่าและอัตราส่วนหนี้สินต่อส่วนผู้ถือหุ้นที่สูงกว่าเพื่อน

ปัจจัยพื้นฐานจะเปลี่ยนอย่างไม่มีนัยสำคัญใน 1-2 ปีข้างหน้า; ระดับการประเมินมูลค่าอาจปรับขึ้นได้ก่อน

เราเห็นประโยชน์ 3 ประการต่อ AMC ที่อาจเลือกเข้าหุ้นกับธนาคาร ข้อแรก AMC น่าจะสามารถขยายธุรกิจได้เร็วขึ้นจากการมี NPL supply ที่แน่นอนและแหล่งเงินทุนที่ไม่จำกัดจากธนาคาร ข้อสอง AMC จะได้ค่าธรรมเนียมในการบริหาร NPL จาก JV ข้อสาม AMC จะรับรู้ส่วนแบ่งกำไรจาก JV เราคิดว่ายังเป็นเรื่องยากที่จะบอกประโยชน์ที่เพิ่มขึ้นสุทธิสำหรับ AMC JV อาจรายงานผลขาดทุนใน 1-2 ปีแรกของการดำเนินงานจากลักษณะของธุรกิจบริหารหนี้เสีย อย่างไรก็ตาม AMC จะได้รับผลตอบแทนจากค่าธรรมเนียมในการบริหาร ดังนั้นเราจึงเชื่อว่า JV อาจไม่ได้ส่งผลกระทบอย่างมีนัยสำคัญต่อกำไรของ AMC ในอีก 1-2 ปีข้างหน้า อย่างไรก็ตาม เราคิดว่าระดับการประเมินมูลค่าอาจปรับขึ้นก่อนได้จากแนวโน้มที่สดใสและยังยืนมากขึ้น

เราชอบ AMC มากที่สุดในกลุ่มการเงิน

นอกจากการประกาศใบอนุญาต JV ที่อาจเกิดขึ้นแล้ว ธปท. ยังประกาศทำประชาพิจารณ์การเปลี่ยนแปลงกฎหมาย AMC กล่าวคือ การอนุญาตให้ AMC ให้บริการแก่หน่วยงานการเงินของรัฐ ในภาพรวมเรามองนโยบายใหม่เป็นบวกต่อกลุ่ม AMC ในกลุ่มการเงินที่เราทำการศึกษา เราเชื่อว่า AMC มีความน่าสนใจมากที่สุด เนื่องจากเราเชื่อว่าการบริหารสินทรัพย์น่าจะเป็นหนึ่งในไม่กี่อุตสาหกรรมที่ระบียบข้อบังคับในปัจจุบันเกื้อหนุนการดำเนินงาน นอกจากนี้เรายังคิดว่า AMC มีการแข่งขันจำกัด ปัจจัยดังกล่าวจะทำให้กำไรปี 2022 โตได้อย่างโดดเด่นถึง 52% และทำให้เราคงให้น้ำหนักมากกว่าตลาดโดยมี JMT และ BAM เป็นหุ้นเด่น



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 20 ธันวาคม 2021

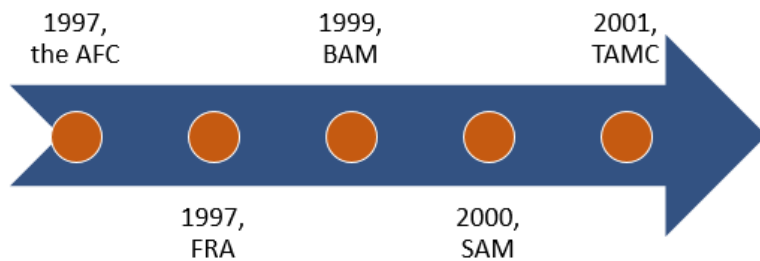
JVs between banks and AMCs could be announced in Dec 2021

Although the banking sector's NPLs have increased insignificantly for six consecutive quarters since 2Q20 due to the loan classification relaxation measures by the BoT, we believe that after the measure ends in 2023, NPLs should increase moderately. Thus, we believe that the BoT will have to issue some rules to solve the potential NPL influx. We take the 1997 Asian financial crisis as an example.

After the surge of NPLs during the 1997 Asian financial crisis, the BoT and the government put a lot of effort into solving bad debts, including:

- 1) The establishment of the Financial Restructuring Authority (FRA) in 1997 to liquidate assets from 56 shuttered finance companies;
- 2) Allowing banks to set up their own AMCs;
- 3) The establishment of national AMCs, including: Bangkok Commercial Asset Management (BAM), Sukhumvit Asset Management (SAM, not listed); and Thai Asset Management Corporation (TAMC, dissolved).

Exhibit 1: Previous national AMC timeline



Source: FSSIA's compilation

Due to the delay in resolving NPLs via the FRA and existing AMCs, TAMC was set up to operate under a special law. TAMC was able to bypass the process of the Legal Execution Office and directly sell repossessed assets through its own channels, resulting in a shorter litigation process. The regulation allowed TAMC to operate for only ten years. It was dissolved in 2011.

Currently, establishing a new national AMC would be a difficult task, in our view, as it would require a huge capital injection from the government. Instead, the concept of establishing JVs between banks and AMCs could be a good solution to solve bad asset quality – both NPLs and non-performing assets (NPAs). According to Prachachart (local newspaper), the BoT is likely to allow the establishment of JVs between banks and AMCs, which could be announced in December 2021. We have also followed up with some banks and AMCs and they provided the same information, that the BoT wants to initiate JVs between banks and AMCs.

BAM could benefit the most, followed by JMT

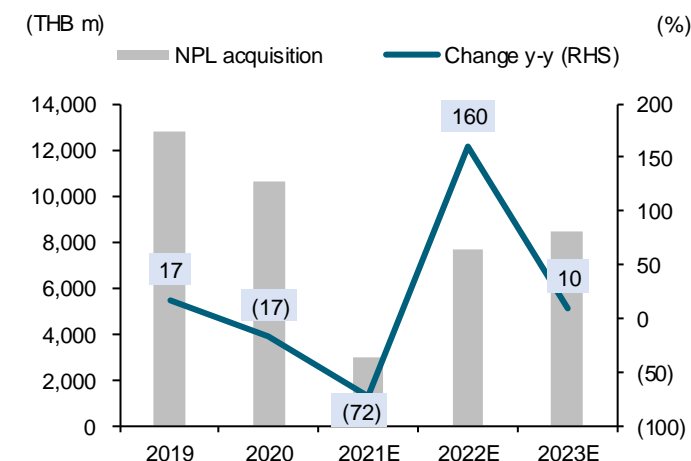
To motivate the establishment of JVs, we think the BoT could 1) allow AMC's and banks to deconsolidate JVs from their own financial statements to reduce the burden on their balance sheets (liabilities for AMC's and NPLs for banks); and 2) lift restrictions on the source of funds that banks can provide to JVs (from currently not over 25% of JVs' liabilities). In our view, banks might prefer to partner with AMC's which have outstanding NPL management capabilities and notable experience. Thus, we believe all AMC's under our coverage (especially BAM and JMT) could be targets for partnership. In the event that the BoT unlocks sources of funding for JVs, BAM would likely benefit the most, as BAM has a more conservative NPL acquisition plan than its peers due to its longer cash cycle and more constrained D/E.

Exhibit 2: AMC's under our coverage – NPL acquisition forecasts

AMC's	Asset type	----- FSSIA's expectation for the acquisition of NPLs -----		
		2021E	2022E	2023E
		(THB m)	(THB m)	(THB m)
BAM	Secured	2,943	7,651	8,416
	Unsecured			
	Total	2,943	7,651	8,416
CHAYO	Secured	1,374	909	697
	Unsecured	316	273	131
	Total	1,689	1,182	828
JMT	Secured	7,200	8,000	12,000
	Unsecured	1,800	2,000	3,000
	Total	9,000	10,000	15,000
Total NPL purchase	Secured	11,516	16,560	21,112
	Unsecured	2,116	2,273	3,131
Combined total NPL purchase		13,632	18,833	24,243

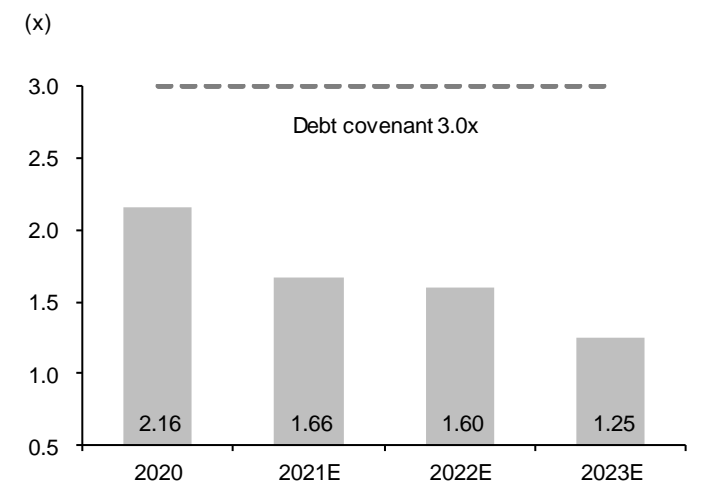
Sources: Company data; FSSIA estimates

Exhibit 3: BAM's NPL acquisitions



Sources: BAM; FSSIA's estimates

Exhibit 4: BAM's D/E ratio



Sources: BAM; FSSIA's estimates

Immaterial change to fundamentals; valuations could rerate first

We believe that JVs would benefit all parties, including AMCs, the banking sector and the economy as a whole. We see three benefits to AMCs. First, AMCs should be able to expand their businesses at a faster pace. JVs would have secure NPL backlogs from banks at reasonable acquisition prices. We also believe that funding for JVs would be provided by banks. This could unlock a limited source of funds for AMCs. Second, AMCs would receive NPL management fees from the JVs. We believe JVs would hire their own partner AMCs to manage NPLs instead of hiring all new staff. This would allow AMCs to more efficiently utilise their resources and earn cash faster vs solely running their own NPL management. Third, AMCs would realise a share of profits from the JVs.

We believe that AMCs that decide to partner with banks will continue to purchase and manage NPLs at their own level as usual. To us, partnering with banks would not decrease AMCs' original profits. Instead, we believe there would be additional benefits from the JVs.

Exhibit 5: Potential net benefits to AMCs when setting up a 49% holding JV with a bank to manage secured NPLs

	2022E	2023E	2024E
	(THB m)	(THB m)	(THB m)
Assumptions			
NPL acquisition	1,000		
Cash collection (%)	5	20	20
Management fee to total outstanding NPL acquisition (%)	5	13	15
Profit and Loss			
Interest income (net Interest expense and ECL)	15	65	185
Management fee	50	125	150
Other OPEX	20	30	40
Tax	0	0	0
Net profit	(55.00)	(60.00)	35.00
Benefit to AMC (holding 49% in JV)			
Share loss/gain from JV	(27)	(29)	17
Management fee (net of tax)	40	100	120
Net benefit to AMC	13	71	137

Source: FSSIA estimates

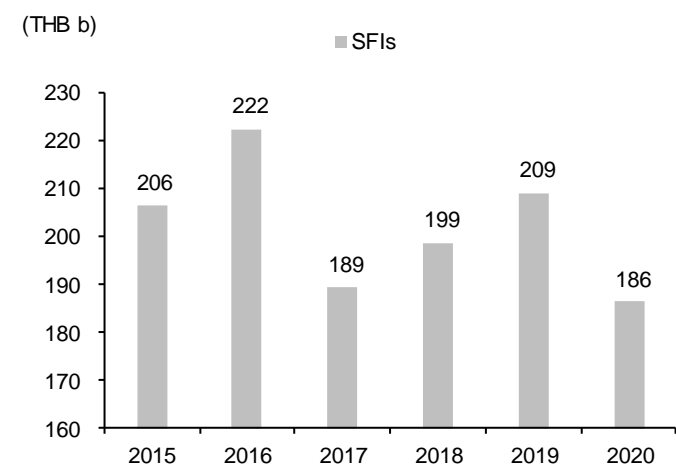
We think it is still too difficult to identify the net incremental profits to AMCs in the case of setting up a JV with a bank. It would depend on many factors such as the structure of the JV's shareholders, the JV's NPL acquisitions, NPL management fees, and types of NPLs to manage. We can provide a preliminary idea that the net benefit that AMCs might receive in the first one to two years would likely not be very high. In our view, the JV may still be a loss maker in the first one to two years due to the nature of the bad debt management business, and the collection rate in the first two years would not likely accelerate much. However, AMCs would receive compensation from management fees. We think that the management fee would be 10-20% of total outstanding bad assets (based on JMT and CHAYO's debt collection business and our calculation). Accordingly, we believe that partnering with banks might not significantly affect AMCs' profits in the next one to two years. However, we think their valuations might rerate first due to the brighter and more sustainable outlook.

Changing AMC's mandates benefits all SET-listed AMCs

Apart from the potential announcement of JV licenses, the BoT announced a public hearing regarding a change in AMC law which will be held during 22 November 2021 to 21 December 2021. The BoT is likely to allow AMCs to provide debt collection services to public agencies selected by the Ministry of Finance. Moreover, the BoT could add more restrictions on registration requirements and governance for AMC licenses.

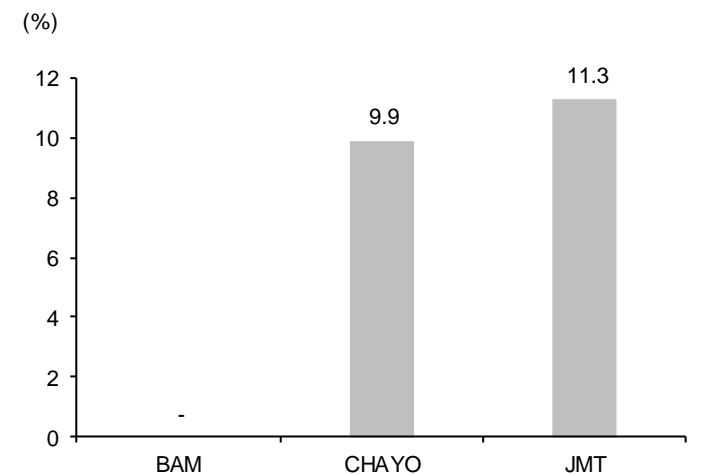
We think these changes would favour AMCs under our coverage. We think the new law would increase the potential number of clients – debtors in specialised financial institutions (SFIs) in particular – who AMCs can provide debt collection services to. As of 2020, SFIs had a high level of NPLs at THB186b (vs THB541b NPLs for commercial banks as of 3Q21) and delinquent loans of THB204b. On top of that, the stricter business conduct requirement would be a barrier to entry for new players.

Exhibit 6: SFIs' outstanding NPLs



Sources: Fiscal Policy Office; FSSIA's compilation

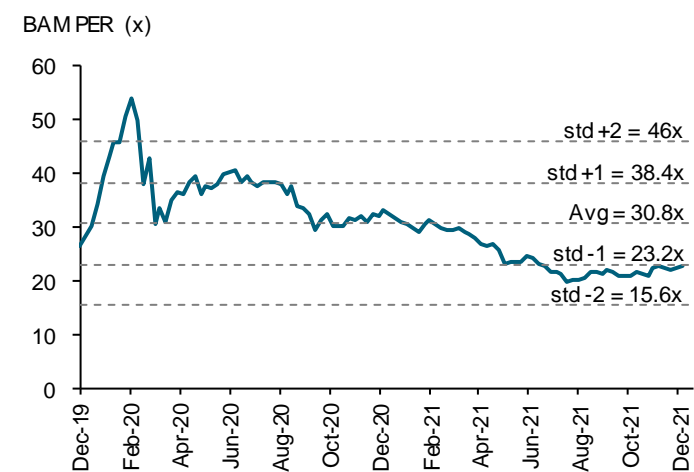
Exhibit 7: AMCs' 2020 debt servicing revenue



Sources: Company data; FSSIA's compilation

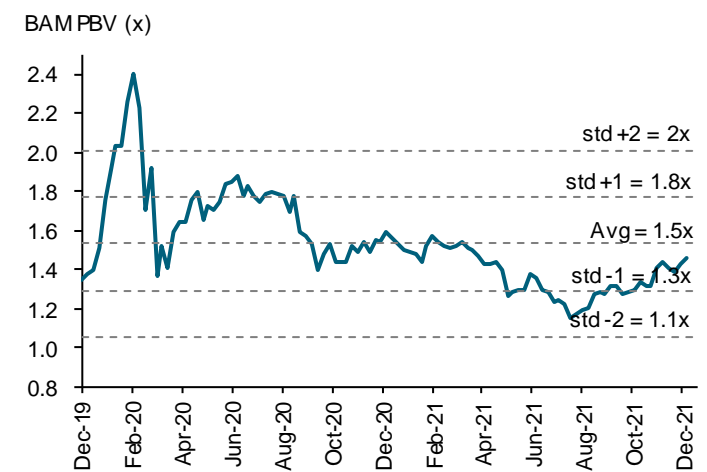
In our view, the potential mandate change for AMCs would benefit JMT and CHAYO the most, as they already operate large debt collection service businesses representing 9% and 6%, respectively, of their total revenue in 2020. We believe the changes would provide more opportunities for them to enhance their service.

Exhibit 8: BAM – one-year prospective P/E band



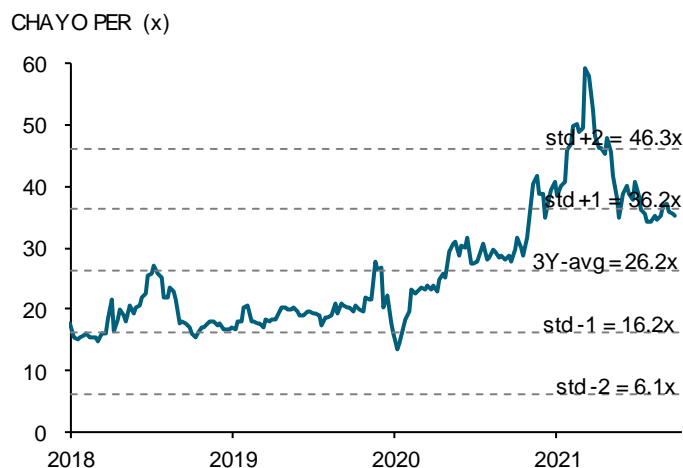
Sources: Bloomberg; FSSIA estimates

Exhibit 9: BAM – one-year prospective P/BV band



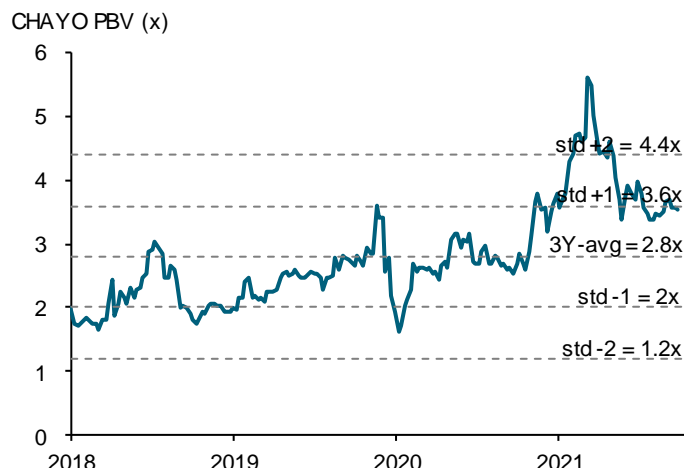
Sources: Bloomberg; FSSIA estimates

Exhibit 10: CHAYO – one-year prospective P/E band



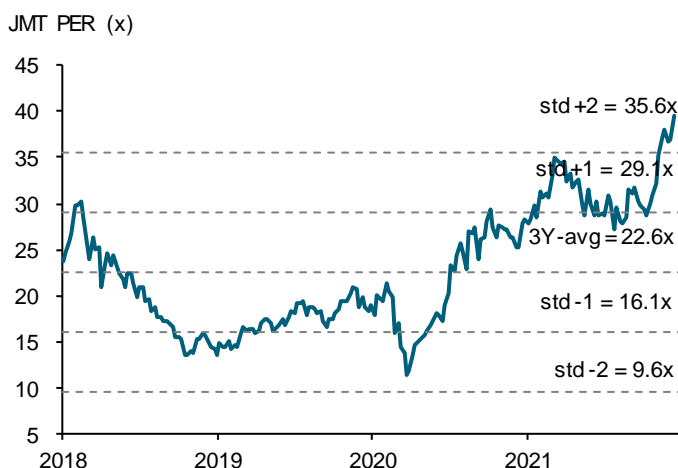
Sources: Bloomberg; FSSIA estimates

Exhibit 11: CHAYO – one-year prospective P/BV band



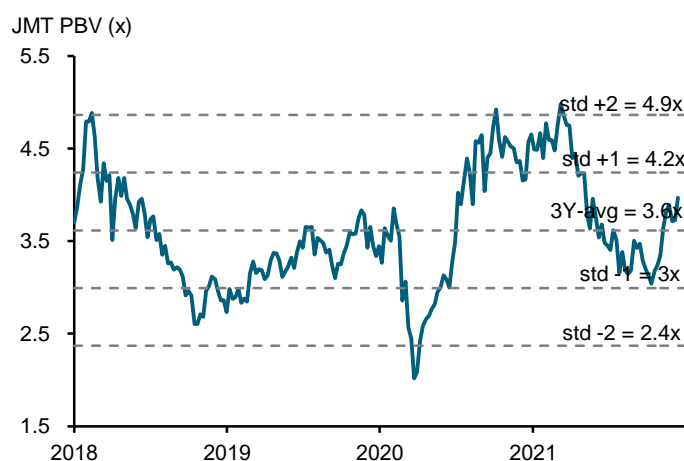
Sources: Bloomberg; FSSIA estimates

Exhibit 12: JMT – one-year prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: JMT – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Thailand diversified financials – peers comparison

	BBG	Rec	---Share price---		Up	Market	EPS growth		---- P/E ----		---- ROE ----		---- PBV ----	
	code		Current	Target	side	Cap	21E	22E	21E	22E	21E	22E	21E	22E
			(THB)	(THB)	(%)	(USD m)	(%)	(%)	(x)	(x)	(%)	(%)	(x)	(x)
Diversified financials						23,188	12.1	22.8	26.3	21.4	18.4	18.0	4.2	3.3
Unsecured-loan lenders						5,833	14.3	13.1	21.0	18.5	24.0	23.4	4.7	4.1
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	189.00	204.00	8	1,419	7.5	13.9	11.9	10.5	21.5	21.1	2.4	2.1
Krungthai Card	KTC TB	HOLD	57.00	52.00	(9)	4,414	15.4	13.0	23.9	21.1	24.8	24.1	5.5	4.8
Auto-title lenders						9,411	5.3	23.2	23.6	19.1	20.3	20.6	4.1	3.6
Muangthai Capital	MTC TB	BUY	57.75	69.00	19	3,677	(0.5)	24.6	23.6	18.9	22.7	23.4	4.9	4.0
Srisawad Corp	SAWAD TB	BUY	61.50	80.00	30	2,536	4.2	20.6	17.8	14.7	20.2	22.0	3.4	3.1
Saksiam Leasing	SAK TB	BUY	10.70	11.00	3	674	(19.5)	39.1	37.8	27.1	12.6	15.9	4.6	4.1
Ngern Tid Lor	TIDLOR TB	BUY	36.25	43.00	19	2,525	23.8	17.8	25.5	21.7	18.9	16.4	3.7	3.3
Truck lenders						1,803	11.7	10.5	28.4	25.7	13.2	12.7	3.3	2.5
Micro Leasing	MICRO TB	BUY	8.15	10.70	31	229	23.1	33.5	37.4	28.0	10.8	13.2	3.9	3.5
Singer Thailand	SINGER TB	BUY	51.00	51.00	0	819	24.8	2.4	37.5	36.6	13.0	9.8	4.2	2.7
Ratchthani Leasing	THANI TB	BUY	4.44	4.80	8	755	(30.2)	19.8	15.8	13.2	14.2	15.8	2.2	2.0
Asset management						4,683	17.0	33.9	41.5	31.0	12.8	11.0	5.0	2.8
Bangkok Commercial Asset Mngt.	BAM TB	BUY	21.00	25.50	21	2,038	23.0	41.5	30.0	21.2	5.2	6.9	1.5	1.5
Chayo Group	CHAYO TB	BUY	12.40	18.80	52	358	18.5	39.6	48.4	34.6	12.8	11.7	4.3	3.5
JMT Network Services	JMT TB	BUY	63.00	70.00	11	2,287	13.6	29.5	50.7	39.1	19.5	14.5	8.3	3.8
Other						1,189	8.1	11.6	9.6	8.6	6.4	6.8	0.6	0.6
Thanachart Capital	TCAP TB	HOLD	37.75	35.00	(7)	1,189	8.1	11.6	9.6	8.6	6.4	6.8	0.6	0.6
Hire purchase motorcycle						269	55.9	33.4	28.5	21.3	17.4	19.8	4.6	3.9
Next Capital	NCAP TB	BUY	9.95	16.80	69	269	55.9	33.4	28.5	21.3	17.4	19.8	4.6	3.9

Share prices as of 17 Dec 2021

Sources: Bloomberg; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	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	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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

Disclaimer:

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

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

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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

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Company	Ticker	Price	Rating	Valuation & Risks
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 189.00	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
Krungthai Card	KTC TB	THB 57.00	HOLD	Upside risks to our GGM-derived TP include 1) stronger-than-expected growth for KTB Leasing; and 2) a better-than-expected bad debt recovery. Downside risks are 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Muangthai Capital	MTC TB	THB 57.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 61.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Saksiam Leasing	SAK TB	THB 10.70	BUY	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the Bank of Thailand (BoT); and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Ngern Tid Lor	TIDLOR TB	THB 36.25	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Micro Leasing	MICRO TB	THB 8.15	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.
Singer Thailand	SINGER TB	THB 51.00	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
Ratchthani Leasing	THANI TB	THB 4.44	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.
Bangkok Commercial Asset Mngt.	BAM TB	THB 21.00	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.
Chayo Group	CHAYO TB	THB 12.40	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
JMT Network Services	JMT TB	THB 63.00	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.
Thanachart Capital	TCAP TB	THB 37.75	HOLD	Upside risks to our GGM-based target price are M&A completions and long-term synergy gained, leading to a higher contribution to its earnings. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TMB and THANI.
Next Capital	NCAP TB	THB 9.95	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for food delivery and logistics activities; 2) deteriorating asset quality; and 3) tighter competition from new players.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 17-Dec-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.