

# Thailand Diversified Financial

## Rules for JVs between banks and AMCs have finally launched

- We think the guidelines for JVs benefit both banks and AMCs.
- We think more JV deals will be announced this year.
- Maintain Overweight rating for both banking sector and AMCs.

### BoT has officially announced the criteria to set up JVs between banks and AMCs

On 26 Jan-22, the Bank of Thailand (BoT) announced the guidelines for JVs between commercial banks and asset management companies (AMCs), which are in-line with our expectations. The main objective of allowing JVs is to solve the potential increase in NPLs and NPAs for the retail segment. The criteria for establishing a JV include: 1) the JV must have equal shares of at least one bank and one AMC and may be held by others; 2) JVs must be established by 31 Dec-24; 3) the purchase/transfer price of bad assets to the JV must be at a fair value; and 4) the JV would have an operating life of not more than 15 years from the date of commencing operations. Regarding sources of funds for the JVs, the founding bank can provide lending or issue promissory notes at the market interest rate.

### Expect more JV deals to be announced this year

JVs between banks and AMCs could be the trend to solve bad debt issues in 2022. One bank can set up many JVs. In the same way, one AMC can partner with many banks. An AMC may even join hands with another AMC to form a JV with a bank. JMT and KBANK were the first movers to establish a JV in 2021. Following up with JMT, it indicated that it might have other partnerships with banks. CHAYO's management said that its first JV might be done within Feb-22. For BAM, we think it might launch its first JV in Feb to Mar-22.

### Win-win for both banks and AMCs

According to the JV shareholding structure criteria, we think AMCs and banks will be allowed to deconsolidate JVs from their own financial statements. Thus, JVs would benefit both banks and AMCs. We see two main benefits to banks. First, they could deconsolidate NPLs from their balance sheets while being exposed to future benefits when the JVs are able to collect on bad debts. Second, in the long run, banks might reduce their provisions due to improving asset quality. Regarding the benefits to AMCs, we think that they should be able to expand their businesses at a faster pace from the NPL backlog and unlimited source of funds from the partnered banks. It is still difficult to analyse the potential upside to banks and AMCs' bottom lines. It depends on many factors, e.g. shareholder structure, the amount and type of NPLs that will be transferred to JVs, etc. In our view, in terms of the percentage upside to our projections, AMCs should have a significantly higher upside than banks as they have a smaller profit base and bad debt management is their core business.

### Maintain OVERWEIGHT for both banking sector and AMCs

We reiterate our view that AMCs are the most attractive in the diversified financial sector, as it is probably one of the few industries whose current regulations favour the companies' operations. Our top picks for AMCs are JMT and BAM. We also maintain our OVERWEIGHT call on the banking sector, with TTB and SCB as our top picks.



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## Exhibit 1: Financial companies under coverage – summary of key valuations

Company	BBG code	Rec	---Share price---		Up side (%)	Market Cap (USD m)	EPS growth		---- P/E ----		-- DivYld --		---- ROE ----		---- PBV ----	
			Current (THB)	Target (THB)			21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)
<b>Banks</b>						<b>45,551</b>	<b>8.4</b>	<b>8.2</b>	<b>10.5</b>	<b>9.7</b>	<b>3.7</b>	<b>4.1</b>	<b>7.9</b>	<b>8.0</b>	<b>0.8</b>	<b>0.8</b>
Bangkok Bank	BBL TB	HOLD	136.00	134.00	(1)	7,877	25.1	10.3	9.8	8.9	2.9	3.7	5.6	6.0	0.5	0.5
Kasikornbank	KBANK TB	BUY	147.50	180.00	22	10,604	29.0	9.2	9.2	8.4	1.8	3.1	8.3	8.4	0.7	0.7
Kiatnakin Bank	KKP TB	BUY	70.00	80.00	14	1,798	23.3	12.4	9.4	8.3	4.6	6.1	13.0	13.4	1.2	1.1
Krung Thai Bank	KTB TB	BUY	14.00	15.50	11	5,937	29.0	8.7	9.1	8.3	3.3	4.2	6.1	6.4	0.5	0.5
Siam Commercial Bank	SCB TB	BUY	125.50	160.00	27	12,931	30.8	1.9	12.0	11.7	5.3	4.0	8.4	8.0	1.0	0.9
Tisco Financial	TISCO TB	BUY	98.25	110.00	12	2,387	11.8	4.0	11.6	11.2	7.1	7.9	16.8	16.7	1.9	1.8
TMBThanachart Bank	TTB TB	BUY	1.37	1.80	31	4,017	3.3	26.5	12.6	10.0	3.1	4.5	5.0	6.1	0.6	0.6
<b>Diversified financials</b>						<b>23,773</b>	<b>13.5</b>	<b>21.2</b>	<b>25.8</b>	<b>21.3</b>	<b>1.9</b>	<b>2.3</b>	<b>18.5</b>	<b>17.9</b>	<b>4.2</b>	<b>3.3</b>
<b>Unsecured-loan lender*</b>						<b>6,054</b>	<b>16.0</b>	<b>11.6</b>	<b>21.6</b>	<b>19.3</b>	<b>1.8</b>	<b>2.1</b>	<b>24.3</b>	<b>23.4</b>	<b>4.9</b>	<b>4.3</b>
Aeon Thana Sinsap (TH)	AEONTS TB	HOLD	184.50	204.00	11	1,400	7.5	13.9	11.6	10.2	2.7	2.8	21.5	21.1	2.3	2.0
Krungthai Card	KTC TB	HOLD	59.50	52.00	(13)	4,655	17.2	11.2	24.5	22.1	1.6	1.9	25.2	24.1	5.7	5.0
<b>Auto-title lender</b>						<b>9,197</b>	<b>5.9</b>	<b>22.8</b>	<b>22.6</b>	<b>18.4</b>	<b>1.3</b>	<b>1.5</b>	<b>20.3</b>	<b>20.6</b>	<b>4.0</b>	<b>3.5</b>
Muangthai Capital	MTC TB	BUY	56.25	69.00	23	3,618	(0.5)	24.6	23.0	18.5	0.7	0.8	22.7	23.4	4.8	3.9
Srisawad Corp	SAWAD TB	BUY	60.25	80.00	33	2,510	4.2	20.6	17.4	14.4	3.0	3.5	20.2	22.0	3.4	3.0
Saksiam Leasing	SAK TB	BUY	9.25	11.00	19	588	(19.5)	39.1	32.6	23.5	0.9	1.3	12.6	15.9	3.9	3.5
Ngern Tid Lor	TIDLOR TB	BUY	35.25	43.00	22	2,480	23.8	17.8	24.8	21.1	0.6	0.7	18.9	16.4	3.6	3.2
<b>Truck lender</b>						<b>2,047</b>	<b>14.1</b>	<b>8.8</b>	<b>27.1</b>	<b>24.9</b>	<b>1.9</b>	<b>2.5</b>	<b>13.2</b>	<b>12.2</b>	<b>3.1</b>	<b>2.3</b>
Micro Leasing	MICRO TB	BUY	7.50	10.70	43	213	23.1	33.5	34.4	25.8	0.9	0.8	10.8	13.2	3.6	3.2
Singer Thailand	SINGER TB	BUY	45.50	51.00	12	1,120	24.8	2.4	33.5	32.7	1.2	1.8	13.0	9.8	3.7	2.4
Ratchthani Leasing	THANI TB	BUY	4.16	4.80	15	715	(30.2)	19.8	14.8	12.4	3.4	4.0	14.2	15.8	2.0	1.9
<b>Asset management</b>						<b>4,888</b>	<b>17.9</b>	<b>31.3</b>	<b>40.4</b>	<b>30.8</b>	<b>1.9</b>	<b>2.5</b>	<b>13.3</b>	<b>11.2</b>	<b>5.1</b>	<b>2.7</b>
Bangkok Commercial AM	BAM TB	BUY	20.10	25.50	27	1,971	30.1	33.8	27.1	20.3	3.1	4.2	5.4	6.9	1.4	1.4
Chayo Group	CHAYO TB	BUY	12.40	16.60	34	381	12.1	36.6	51.1	37.4	0.0	0.0	12.4	10.6	4.6	3.3
JMT Network Services	JMT TB	BUY	61.00	70.00	15	2,536	13.6	29.5	49.1	37.9	1.3	1.5	19.5	14.5	8.1	3.7
<b>Other</b>						<b>1,289</b>	<b>8.1</b>	<b>11.6</b>	<b>10.3</b>	<b>9.2</b>	<b>7.4</b>	<b>7.4</b>	<b>6.4</b>	<b>6.8</b>	<b>0.6</b>	<b>0.6</b>
Thanachart Capital	TCAP TB	HOLD	40.50	35.00	(14)	1,289	8.1	11.6	10.3	9.2	7.4	7.4	6.4	6.8	0.6	0.6
<b>HP motorcycle</b>						<b>298</b>	<b>55.9</b>	<b>33.4</b>	<b>31.2</b>	<b>23.4</b>	<b>0.5</b>	<b>0.6</b>	<b>17.4</b>	<b>19.8</b>	<b>5.0</b>	<b>4.3</b>
Next Capital	NCAP TB	BUY	10.90	16.80	54	298	55.9	33.4	31.2	23.4	0.5	0.6	17.4	19.8	5.0	4.3

Note: 2021 data for banking sector are actual data; Share prices as of 26 Jan 2022

Sources: Bloomberg; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	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	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

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\* 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	AMANAH	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)

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 136.00	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 147.50	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 70.00	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 14.00	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; and 3) an increase in OPEX due to aggressive digital investment.
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 98.25	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 1.37	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 184.50	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 59.50	HOLD	Upside risks to our GGM-derived TP include: 1) stronger-than-expected growth for KTB Leasing; and 2) 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 56.25	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 60.25	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 9.25	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 35.25	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 7.50	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 45.50	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 4.16	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 20.10	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 61.00	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 40.50	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 10.90	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for food delivery and logistics activities; 2) deteriorating asset quality; and 3) tighter competition from new players.

Source: FSSIA estimates

### Additional Disclosures

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 26-Jan-2022 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.