

# RATCHTHANI LEASING

# THANI TB

THAILAND / DIVERSIFIED FINANCIALS

## BUY

  
 UNCHANGED

## Recovery ready to kick off in 2022

- Higher-than-expected 4Q21 NP of THB454m (-5% y-y, +13% q-q) on lower provisions.
- Gradually ramping up loan growth in 2022, potentially leading to an earnings recovery.
- Maintain BUY with GGM-based TP of THB4.8.

|                 |         |
|-----------------|---------|
| TARGET PRICE    | THB4.80 |
| CLOSE           | THB4.40 |
| UP/DOWNSIDE     | +9.1%   |
| TP vs CONSENSUS | -1.9%   |

### KEY STOCK DATA

| YE Dec (THB m)       | 2021  | 2022E | 2023E | 2024E |
|----------------------|-------|-------|-------|-------|
| Operating profit     | 2,143 | 2,360 | 2,682 | 2,947 |
| Net profit           | 1,709 | 1,906 | 2,165 | 2,373 |
| EPS (THB)            | 0.37  | 0.34  | 0.38  | 0.42  |
| vs Consensus (%)     | -     | 1.2   | (1.8) | 16.7  |
| Core net profit      | 1,709 | 1,906 | 2,165 | 2,373 |
| Core EPS (THB)       | 0.37  | 0.34  | 0.38  | 0.42  |
| Chg. In EPS est. (%) | -     | 0.0   | 0.0   | -     |
| EPS growth (%)       | (8.1) | (9.0) | 13.6  | 9.6   |
| Core P/E (x)         | 11.9  | 13.1  | 11.5  | 10.5  |
| Dividend yield (%)   | 3.9   | 4.3   | 4.3   | 5.7   |
| Price/book (x)       | 2.2   | 2.0   | 1.8   | 1.7   |
| ROE (%)              | 15.3  | 15.9  | 16.7  | 17.0  |
| ROA (%)              | 3.5   | 3.7   | 3.8   | 3.7   |

### 4Q21 net profit beat on lower provisioning setup

THANI reported a 4Q21 net profit of THB454m (-5% y-y, +13% q-q), which was higher than our expectation due to lower provisions. We were positively surprised by THANI's asset quality. Its 4Q21 NPLs dropped by 12% q-q, implying an NPL ratio of 3.77% vs 4.3% in 3Q21. This might have come from its more stringent debt collection process, including car seizures from customers who were unable to repay their debts. Its coverage ratio went up to 80% in 4Q21 from 70% in 3Q21. Thus, its provisions plummeted by 53% q-q. Regarding other items in 4Q21, we read them as neutral. Its loan volume increased minimally by 0.6% q-q (3% y-y) following the resumption of business activities. THANI's loan yield declined to 6.7% from 7.5% in 3Q21 as it expanded its loans to the fleet and luxury car segments.

### Gradually ramping up loan growth in 2022

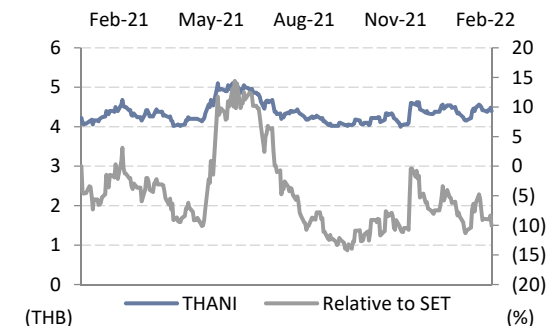
THANI's management expects its new lending to increase by 12-15% y-y in 2022 from THB23.3b in 2021. Its loan yield might drop from 7.05% in 2021 as it will focus on new trucks – especially for fleet clients – and luxury cars, which have lower yields than used trucks. THANI sees stronger demand for new trucks than used trucks thanks to the economic recovery and pent-up demand from last year following the chip shortage. THANI is targeting an elevated credit cost of more than 100 bps in 2022 vs 120 bps in 2021 as it wants to increase its coverage ratio from 80% in 2021 to 80-90% in 2022. We are neutral on its financial targets as these are in line with our expectations. Thus, we maintain our forecasts.

### Expect a moderate earnings recovery in 2022

We project THANI's net profit to increase by 11% y-y in 2022, backed up by 1) stronger loan growth of 8% y-y following continued solid demand in the truck segment, along with its more aggressive lending strategy; and 2) a slightly lower credit cost, as THANI has been able to manage its asset quality more effectively since 4Q21.

### Maintain BUY on the expected earnings recovery

We maintain our BUY call with our 2022 GGM-based TP of THB4.8 thanks to the earnings recovery we expect to see in 2022. Moderate earnings growth should start to kick in from 1Q21 onward, in our view.



| Share price performance        | 1 Month                        | 3 Month | 12 Month |
|--------------------------------|--------------------------------|---------|----------|
| Absolute (%)                   | 0.0                            | 1.4     | 2.3      |
| Relative to country (%)        | (3.1)                          | (2.3)   | (9.7)    |
| Mkt cap (USD m)                | 774                            |         |          |
| 3m avg. daily turnover (USD m) | 6.9                            |         |          |
| Free float (%)                 | 21                             |         |          |
| Major shareholder              | Thanachart SPV1 Co., LTD (56%) |         |          |
| 12m high/low (THB)             | 5.30/3.96                      |         |          |
| Issued shares (m)              | 5,663                          |         |          |

Sources: Bloomberg consensus; FSSIA estimates


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## 4Q21 net profit beat on lower provisioning setup

THANI reported a 4Q21 net profit of THB454m (-5% y-y, +13% q-q), which was higher than Bloomberg consensus and our expectation by 28% and 35%, respectively, thanks to the lower-than-expected provisions following an asset quality improvement. We were positively surprised by THANI's asset quality. Its 4Q21 NPLs dropped by 12% q-q, implying an NPL ratio of 3.77% vs 4.3% in 3Q21. We believe this might have come from its more stringent debt collection process. The company began seizing cars from customers who were unable to repay their debts. Its coverage ratio went up to 80% in 4Q21 from 70% in 3Q21. Thus, its provisions plummeted by 53% q-q. Regarding other items in 4Q21, we read them as neutral. Its loan volume increased minimally by 0.6% q-q (3% y-y) following the resumption of business activities. THANI's loan yield declined to 6.7% from 7.5% in 3Q21 as it expanded its loans to the fleet and luxury car segments.

THANI's 2021 net profit came in at THB1,709m, decreasing by 8% y-y, thanks to 1) a rise in its provisions, as THANI faced asset quality problems during 2Q-3Q21; and 2) slow loan growth following its conservative lending strategy.

THANI announced a cash dividend payment of THB0.17 per share, implying a 3.9% dividend yield. The XD date is set for 2 March 2022.

### Exhibit 1: THANI – 2021/4Q21 results summary

| Year-end Dec 31                    | 4Q20       | 3Q21       | 4Q21       |              | 2021         | Change       | Comments     |  |
|------------------------------------|------------|------------|------------|--------------|--------------|--------------|--------------|--|
|                                    | (THB m)    | (THB m)    | (THB m)    | (y-y %)      | (q-q %)      | (THB m)      |              | (y-y %)  |
| Net interest income                | 629        | 692        | 596        | (5)          | (14)         | 2,517        | 3            |  |
| Non-interest income                | 186        | 177        | 240        | 29           | 35           | 796          | 7            |  |
| <b>Operating income</b>            | <b>816</b> | <b>870</b> | <b>835</b> | <b>2</b>     | <b>(4)</b>   | <b>3,313</b> | <b>4</b>     |  |
| Operating expenses                 | 130        | 151        | 156        | 20           | 3            | 585          | 9            |  |
| <b>PPOP before tax*</b>            | <b>685</b> | <b>719</b> | <b>680</b> | <b>(1)</b>   | <b>(5)</b>   | <b>2,728</b> | <b>2</b>     |  |
| Expected credit loss               | 96         | 231        | 109        | 14           | (53)         | 586          | 73           | Significant drop q-q due to better asset quality |
| Income tax                         | 110        | 87         | 117        | 7            | 35           | 434          | (6)          |  |
| Minority interest                  | (0)        | 0          | (0)        |              |              | 0            |              |  |
| <b>Normalised profit</b>           | <b>480</b> | <b>401</b> | <b>454</b> | <b>(5)</b>   | <b>13</b>    | <b>1,709</b> | <b>(8)</b>   |  |
| Extraordinary items                | 0          | 0          | 0          |              |              | 0            |              |  |
| <b>Net profit</b>                  | <b>480</b> | <b>401</b> | <b>454</b> | <b>(5)</b>   | <b>13</b>    | <b>1,709</b> | <b>(8)</b>   | <b>Beat BBG consensus by 28%</b>                 |
| <b>Asset quality ratio</b>         | <b>(%)</b> | <b>(%)</b> | <b>(%)</b> | <b>(ppt)</b> | <b>(ppt)</b> | <b>(%)</b>   | <b>(ppt)</b> |  |
| NPLs (THB m)                       | 1,500      | 2,109      | 1,863      | 24           | (12)         | 1,563        | 4            |  |
| NPLs / loans                       | 3.13       | 4.30       | 3.77       | 0.64         | (0.52)       | 3.16         | 0.04         |  |
| Loan loss reserve / NPLs           | 82         | 70         | 80         | (2)          | 9            | 95           | 13           |  |
| Credit cost (bps)                  | 79         | 188        | 88         | 10           | (100)        | 120          | 53           |  |
| <b>Profitability ratio</b>         | <b>(%)</b> | <b>(%)</b> | <b>(%)</b> | <b>(ppt)</b> | <b>(ppt)</b> | <b>(%)</b>   | <b>(ppt)</b> |  |
| Cost to income ratio*              | 16.0       | 17.3       | 18.6       | 2.7          | 1.3          | 17.6         | 0.8          |  |
| Average yield                      | 7.3        | 7.5        | 6.7        | (0.6)        | (0.9)        | 7.0          |              |  |
| Cost of fund                       | 2.7        | 2.5        | 2.4        | (0.2)        | (0.0)        | 2.5          |              |  |
| Net interest margin (NIM)          | 5.2        | 5.6        | 4.8        | (0.3)        | (0.8)        | 5.2          |              |  |
| Non-interest income / total income | 22.8       | 20.4       | 28.7       | 5.9          | 8.3          | 24.0         | 0.7          |  |
| <b>Loan growth</b>                 |            | <b>(%)</b> | <b>(%)</b> |              |              | <b>(%)</b>   | <b>(ppt)</b> |  |
| Year-to-date                       | (7.6)      | (0.7)      | 3.0        |              |              |              |              |  |
| y-y                                | (7.6)      | (0.7)      | 3.0        |              |              | 3.0          | 10.6         |  |
| q-q                                | (2.9)      | 0.0        | 0.6        |              |              |              |              |  |

\*Including share of profits from associates

Sources: THANI; FSSIA's compilation

## Financial Statements

### Ratchthani Leasing

| Profit and Loss (THB m) Year Ending Dec | 2020    | 2021  | 2022E | 2023E   | 2024E   |
|---|---------|-------|-------|---------|---------|
| Interest Income                         | 3,516   | 3,430 | 3,545 | 3,930   | 4,433   |
| Interest expense                        | (1,063) | (913) | (929) | (1,076) | (1,303) |
| Net interest income                     | 2,452   | 2,517 | 2,616 | 2,854   | 3,130   |
| Net fees & commission                   | 316     | 380   | 394   | 411     | 426     |
| Foreign exchange trading income         | -       | -     | -     | -       | -       |
| Securities trading income               | -       | -     | -     | -       | -       |
| Dividend income                         | 0       | 0     | 0     | 0       | 0       |
| Other income                            | 431     | 417   | 454   | 477     | 525     |
| Non interest income                     | 747     | 796   | 848   | 888     | 951     |
| Total income                            | 3,199   | 3,313 | 3,464 | 3,742   | 4,081   |
| Staff costs                             | (188)   | (183) | (188) | (194)   | (203)   |
| Other operating costs                   | (350)   | (402) | (402) | (414)   | (456)   |
| Operating costs                         | (538)   | (585) | (590) | (608)   | (659)   |
| Pre provision operating profit          | 2,662   | 2,729 | 2,874 | 3,134   | 3,422   |
| Provision for bad and doubtful debt     | (338)   | (586) | (514) | (452)   | (475)   |
| Other provisions                        | -       | -     | -     | -       | -       |
| Operating profit                        | 2,324   | 2,143 | 2,360 | 2,682   | 2,947   |
| Recurring non operating income          | 0       | 0     | 0     | 0       | 0       |
| Associates                              | 0       | 0     | 0     | 0       | 0       |
| Goodwill amortization                   | -       | -     | -     | -       | -       |
| Non recurring items                     | 0       | 0     | 0     | 0       | 0       |
| Profit before tax                       | 2,324   | 2,143 | 2,360 | 2,682   | 2,947   |
| Tax                                     | (464)   | (434) | (454) | (516)   | (575)   |
| Profit after tax                        | 1,860   | 1,709 | 1,906 | 2,165   | 2,373   |
| Minority interests                      | 0       | 0     | 0     | 0       | 0       |
| Preferred dividends                     | -       | -     | -     | -       | -       |
| Other items                             | -       | -     | -     | -       | -       |
| Reported net profit                     | 1,860   | 1,709 | 1,906 | 2,165   | 2,373   |
| Non recurring items & goodwill (net)    | -       | -     | 0     | 0       | 0       |
| Recurring net profit                    | 1,860   | 1,709 | 1,906 | 2,165   | 2,373   |
| <b>Per share (THB)</b>                  |         |       |       |         |         |
| Recurring EPS *                         | 0.40    | 0.37  | 0.34  | 0.38    | 0.42    |
| Reported EPS                            | 0.40    | 0.37  | 0.34  | 0.38    | 0.42    |
| DPS                                     | 0.17    | 0.17  | 0.19  | 0.19    | 0.25    |
| <b>Growth</b>                           |         |       |       |         |         |
| Net interest income (%)                 | (3.0)   | 2.6   | 3.9   | 9.1     | 9.7     |
| Non interest income (%)                 | 6.8     | 6.6   | 6.5   | 4.7     | 7.1     |
| Pre provision operating profit (%)      | 0.2     | 2.5   | 5.3   | 9.1     | 9.2     |
| Operating profit (%)                    | (5.7)   | (7.8) | 10.1  | 13.6    | 9.9     |
| Reported net profit (%)                 | (5.3)   | (8.1) | 11.5  | 13.6    | 9.6     |
| Recurring EPS (%)                       | (22.6)  | (8.1) | (9.0) | 13.6    | 9.6     |
| Reported EPS (%)                        | (22.6)  | (8.1) | (9.0) | 13.6    | 9.6     |
| <b>Income Breakdown</b>                 |         |       |       |         |         |
| Net interest income (%)                 | 76.7    | 76.0  | 75.5  | 76.3    | 76.7    |
| Net fees & commission (%)               | 9.9     | 11.5  | 11.4  | 11.0    | 10.4    |
| Foreign exchange trading income (%)     | -       | -     | -     | -       | -       |
| Securities trading income (%)           | -       | -     | -     | -       | -       |
| Dividend income (%)                     | -       | -     | -     | -       | -       |
| Other income (%)                        | 13.5    | 12.6  | 13.1  | 12.7    | 12.9    |
| <b>Operating performance</b>            |         |       |       |         |         |
| Gross interest yield (%)                | 7.04    | 7.05  | 6.90  | 6.95    | 7.00    |
| Cost of funds (%)                       | 2.70    | 2.49  | 2.45  | 2.55    | 2.70    |
| Net interest spread (%)                 | 4.34    | 4.56  | 4.45  | 4.40    | 4.30    |
| Net interest margin (%)                 | 4.9     | 5.2   | 5.1   | 5.0     | 4.9     |
| Cost/income(%)                          | 16.8    | 17.6  | 17.0  | 16.2    | 16.1    |
| Cost/assets(%)                          | 1.1     | 1.2   | 1.2   | 1.1     | 1.0     |
| Effective tax rate (%)                  | 19.9    | 20.2  | 19.3  | 19.3    | 19.5    |
| Dividend payout on recurring profit (%) | 42.2    | 46.0  | 56.0  | 50.0    | 60.0    |
| ROE (%)                                 | 20.1    | 15.3  | 15.9  | 16.7    | 17.0    |
| ROE - COE (%)                           | 9.3     | 4.5   | 5.1   | 5.9     | 6.2     |
| ROA (%)                                 | 3.7     | 3.5   | 3.7   | 3.8     | 3.7     |
| RORWA (%)                               | -       | -     | -     | -       | -       |

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

Sources: Ratchthani Leasing; FSSIA estimates

## Financial Statements

### Ratchthani Leasing

| Balance Sheet (THB m) Year Ending Dec  | 2020          | 2021          | 2022E         | 2023E         | 2024E         |
|--|---------------|---------------|---------------|---------------|---------------|
| Gross customer loans                   | 47,976        | 49,396        | 53,348        | 59,749        | 66,919        |
| Total provisions                       | (1,228)       | (1,485)       | (1,839)       | (1,962)       | (2,136)       |
| interest in suspense                   | 0             | 0             | 0             | 0             | 0             |
| <b>Net customer loans</b>              | <b>46,748</b> | <b>47,911</b> | <b>51,509</b> | <b>57,787</b> | <b>64,783</b> |
| Bank loans                             | -             | -             | -             | -             | -             |
| Government securities                  | -             | -             | -             | -             | -             |
| Trading securities                     | -             | -             | -             | -             | -             |
| Investment securities                  | 0             | 0             | 0             | 0             | 0             |
| Cash & equivalents                     | 1,044         | 476           | 712           | 1,050         | 1,179         |
| Other interesting assets               | -             | -             | -             | -             | -             |
| Tangible fixed assets                  | 147           | 165           | 200           | 257           | 345           |
| Associates                             | -             | -             | -             | -             | -             |
| Goodwill                               | -             | -             | -             | -             | -             |
| Other intangible assets                | -             | -             | -             | -             | -             |
| Other assets                           | 579           | 671           | 511           | 713           | 916           |
| <b>Total assets</b>                    | <b>48,518</b> | <b>49,223</b> | <b>52,932</b> | <b>59,807</b> | <b>67,224</b> |
| Customer deposits                      | 0             | 0             | 0             | 0             | 0             |
| Bank deposits                          | -             | -             | -             | -             | -             |
| Other interest bearing liabilities     | 36,691        | 36,512        | 39,325        | 45,057        | 51,462        |
| Non interest bearing liabilities       | 1,008         | 1,145         | 1,202         | 1,262         | 1,325         |
| Hybrid Capital                         | -             | -             | -             | -             | -             |
| <b>Total liabilities</b>               | <b>37,699</b> | <b>37,657</b> | <b>40,527</b> | <b>46,319</b> | <b>52,787</b> |
| Share capital                          | 5,663         | 5,663         | 5,663         | 5,663         | 5,663         |
| Reserves                               | 5,156         | 5,904         | 6,742         | 7,825         | 8,774         |
| <b>Total equity</b>                    | <b>10,819</b> | <b>11,567</b> | <b>12,405</b> | <b>13,488</b> | <b>14,437</b> |
| Minority interests                     | 0             | 0             | 0             | 0             | 0             |
| <b>Total liabilities &amp; equity</b>  | <b>48,518</b> | <b>49,223</b> | <b>52,932</b> | <b>59,807</b> | <b>67,224</b> |
| <b>Supplementary items</b>             |               |               |               |               |               |
| Risk weighted assets (RWA)             | n/a           | n/a           | n/a           | n/a           | n/a           |
| Average interest earning assets        | 49,955        | 48,686        | 51,372        | 56,549        | 63,334        |
| Average interest bearing liabilities   | 39,439        | 36,602        | 37,919        | 42,191        | 48,260        |
| Tier 1 capital                         | n/a           | n/a           | n/a           | n/a           | n/a           |
| Total capital                          | 0             | 0             | 0             | 0             | 0             |
| Gross non performing loans (NPL)       | 1,500         | 1,863         | 2,087         | 2,191         | 2,410         |
| <b>Per share (THB)</b>                 |               |               |               |               |               |
| Book value per share                   | 1.91          | 2.04          | 2.19          | 2.38          | 2.55          |
| Tangible book value per share          | 1.91          | 2.04          | 2.19          | 2.38          | 2.55          |
| <b>Growth</b>                          |               |               |               |               |               |
| Gross customer loans                   | (7.6)         | 3.0           | 8.0           | 12.0          | 12.0          |
| Average interest earning assets        | (0.6)         | (2.5)         | 5.5           | 10.1          | 12.0          |
| Total asset (%)                        | (4.6)         | 1.5           | 7.5           | 13.0          | 12.4          |
| Risk weighted assets (%)               | -             | -             | -             | -             | -             |
| Customer deposits (%)                  | nm            | nm            | nm            | nm            | nm            |
| <b>Leverage &amp; capital measures</b> |               |               |               |               |               |
| Customer loan/deposits (%)             | -             | -             | -             | -             | -             |
| Equity/assets (%)                      | 22.3          | 23.5          | 23.4          | 22.6          | 21.5          |
| Tangible equity/assets (%)             | 22.3          | 23.5          | 23.4          | 22.6          | 21.5          |
| RWA/assets (%)                         | -             | -             | -             | -             | -             |
| Tier 1 CAR (%)                         | -             | -             | -             | -             | -             |
| Total CAR (%)                          | -             | -             | -             | -             | -             |
| <b>Asset Quality</b>                   |               |               |               |               |               |
| Change in NPL (%)                      | (26.8)        | 24.2          | 12.0          | 5.0           | 10.0          |
| NPL/gross loans (%)                    | 3.1           | 3.8           | 3.9           | 3.7           | 3.6           |
| Total provisions/gross loans (%)       | 2.6           | 3.0           | 3.4           | 2.9           | 3.2           |
| Total provisions/NPL (%)               | 81.9          | 79.7          | 88.1          | 89.6          | 88.6          |
| <b>Valuation</b>                       |               |               |               |               |               |
| Recurring P/E (x) *                    | 10.9          | 11.9          | 13.1          | 11.5          | 10.5          |
| Recurring P/E @ target price (x) *     | 11.9          | 13.0          | 14.3          | 12.6          | 11.5          |
| Reported P/E (x)                       | 10.9          | 11.9          | 13.1          | 11.5          | 10.5          |
| Dividend yield (%)                     | 3.9           | 3.9           | 4.3           | 4.3           | 5.7           |
| Price/book (x)                         | 2.3           | 2.2           | 2.0           | 1.8           | 1.7           |
| Price/tangible book (x)                | 2.3           | 2.2           | 2.0           | 1.8           | 1.7           |
| Price/tangible book @ target price (x) | 2.5           | 2.4           | 2.2           | 2.0           | 1.9           |

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

Sources: Ratchthani Leasing; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

| EXCELLENT LEVEL |        |        |       |       |       |        |        |        |        |       |
|-----------------|--------|--------|-------|-------|-------|--------|--------|--------|--------|-------|
| AAV             | ADVANC | AF     | AIRA  | AKP   | AKR   | ALT    | AMA    | AMATA  | AMATAV | ANAN  |
| AOT             | AP     | ARIP   | ARROW | ASP   | BAFS  | BANPU  | BAY    | BCP    | BCPG   | BDMS  |
| BEC             | BEM    | BGRIM  | BIZ   | BKI   | BLA   | BOL    | BPP    | BRR    | BTS    | BWG   |
| CENTEL          | CFRESH | CHEWA  | CHO   | CIMBT | CK    | CKP    | CM     | CNT    | COL    | COMAN |
| COTTO           | CPALL  | CPF    | CPI   | CPN   | CSS   | DELTA  | DEMCO  | DRT    | DTAC   | DTC   |
| DV8             | EA     | EASTW  | ECF   | ECL   | EGCO  | EPG    | ETE    | FNS    | FPI    | FPT   |
| FSMART          | GBX    | GC     | GCAP  | GEL   | GFPT  | GGC    | GPSC   | GRAMMY | GUNKUL | HANA  |
| HARN            | HMPRO  | ICC    | ICI   | III   | ILINK | INTUCH | IRPC   | IVL    | JKN    | JSP   |
| JWD             | K      | KBANK  | KCE   | KKP   | KSL   | KTB    | KTC    | LANNA  | LH     | LHFG  |
| LIT             | LPN    | MAKRO  | MALEE | MBK   | MBKET | MC     | MCOT   | METCO  | MFEC   | MINT  |
| MONO            | MOONG  | MSC    | MTC   | NCH   | NCL   | NEP    | NKI    | NOBLE  | NSI    | NVD   |
| NYT             | OISHI  | ORI    | OTO   | PAP   | PAP   | PCSGH  | PDJ    | PG     | PHOL   | PLANB |
| PLAT            | PORT   | PPS    | PR9   | PREB  | PRG   | PRM    | PSH    | PSL    | PTG    | PTT   |
| PTTEP           | PTTGC  | PYLON  | Q-CON | QH    | QTC   | RATCH  | RS     | S      | S & J  | SAAM  |
| SABINA          | SAMART | SAMTEL | SAT   | SC    | SCB   | SCC    | SCCC   | SCG    | SCN    | SDC   |
| SEAFCO          | 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

## 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    | 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)  |

**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

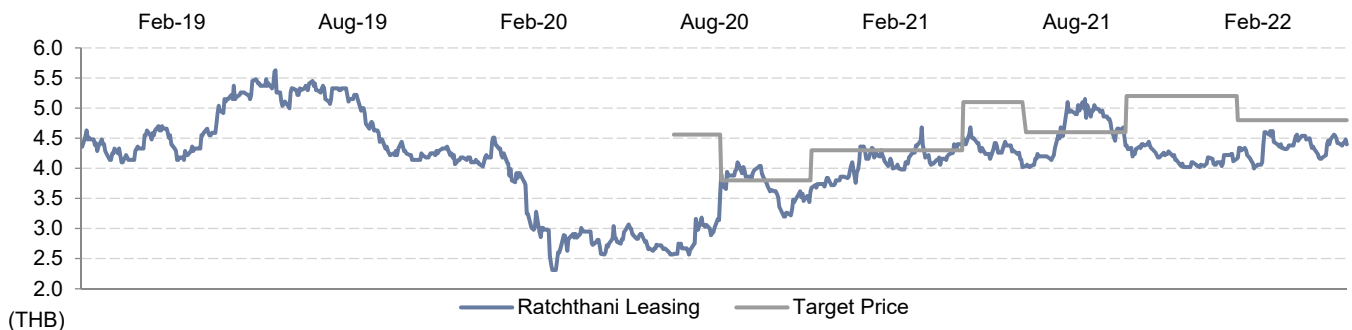
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### History of change in investment rating and/or target price

#### Ratchthani Leasing (THANI TB)



| Date        | Rating | Target price | Date        | Rating | Target price | Date        | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 16-Jul-2020 | BUY    | 4.56         | 23-Mar-2021 | BUY    | 5.10         | 15-Nov-2021 | BUY    | 4.80         |
| 26-Aug-2020 | BUY    | 3.80         | 14-May-2021 | BUY    | 4.60         |             |        |              |
| 12-Nov-2020 | BUY    | 4.30         | 11-Aug-2021 | BUY    | 5.20         |             |        |              |

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

| Company            | Ticker   | Price    | Rating | Valuation & Risks  |
|--------------------|----------|----------|--------|--|
| Ratchthani Leasing | THANI TB | THB 4.40 | 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. |

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 18-Feb-2022 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.