

# Thailand Banks

## ผลประกอบการน่าจะอยู่ในระดับดีพอใช้อย่างต่อเนื่อง

- มอผลประกอบการ 1Q22 เป็นกลาง; KKP รายงานผลประกอบการที่ดีที่สุดในกลุ่มฯ ตามด้วย KTB
- ธนาคารที่เราทำการศึกษามีความมั่นใจกับคุณภาพสินทรัพย์และสำรองของตนเอง
- คงให้น้ำหนักกลุ่มธนาคารมากกว่าตลาดโดยมี SCB และ KKP เป็นหุ้นเด่น

### ต้นทุนยังเป็นปัจจัยบวกสำหรับกำไรของธนาคารใน 1Q22

ธนาคารที่เราทำการศึกษา (BUC) รายงานกำไรสุทธิ 1Q22 รวม 44.3 พัน ลบ. (+13% y-y, +24% q-q) เรามองภาพรวมเป็นกลางเนื่องจากมีผลประกอบการทั้งดีและเสีย เราเห็นปัจจัยบวก 3 ประการ ข้อแรกสินเชื่อโตในระดับปานกลางที่ 6.7% y-y และ 0.9 % q-q ข้อสองธนาคารทั้งหมดสามารถบริหารต้นทุนการเงินได้อย่างมีประสิทธิภาพ ซึ่งช่วยลดผลกระทบจากผลตอบแทนสินเชื่อที่ลดลงได้บางส่วนเนื่องจากมีผลกระทบเชิงลบจากโครงการปรับโครงสร้างหนี้แบบเบ็ดเสร็จ (CDR) ข้อสามความสามารถในการชำระหนี้ของลูกค้ายิ่งเพิ่มตามการผ่อนคลายมาตรการปิดเมืองพร้อมการทยอยนำเสนอ CDR ให้แก่ลูกค้า ซึ่งทำให้นี้ด้อยคุณภาพ (NPL) ค่อนข้างทรงตัว q-q ในความเห็นของเรา KKP รายงานผลประกอบการที่ดีที่สุดในกลุ่มฯ ใน 1Q22 ด้วยกำไรที่สูงกว่าคาดและดีอย่างไม่มีที่ติ นอกจากนี้กำไรสุทธิของ KTB ก็สูงเกินคาดจากสำรองที่ลดลง ส่วน KBANK, SCB, TTB, และ TISCO รายงานผลประกอบการตามคาด มีเพียง BBL ที่รายงานผลประกอบการต่ำกว่าคาด

### มุมมองเป็นกลางจากที่ประชุมนักวิเคราะห์หลังผลประกอบการ

ผลการประชุมนักวิเคราะห์หลังผลประกอบการออกมาเป็นกลาง โดย BUC มีความมั่นใจในคุณภาพสินทรัพย์และสำรองของตนเอง พอร์ตโครงการบรรเทาหนี้ลดลงเมื่อเวลาผ่านไปตามกำหนดเวลาสิ้นสุดและ BUC กำลังอยู่ในช่วงการเปลี่ยนผ่านจากพอร์ตพักชำระหนี้เป็น CDR ปัจจัยดังกล่าวน่าจะช่วยสนับสนุนทั้ง BUC และลูกค้าในช่วงการฟื้นตัวทางเศรษฐกิจที่เปราะบางและกระตุกตัว แม้ว่าวิกฤตยูเครนจะมีผลกระทบจำกัดต่อ BUC ธนาคารยังจับตามองสถานการณ์อย่างต่อเนื่อง ในด้านรายได้ BUC ยืนยันว่าปริมาณสินเชื่อจะปรับขึ้นในระดับปานกลาง อย่างไรก็ดีรายได้ค่าธรรมเนียมอาจได้รับแรงกดดันจากสถานะตลาดหุ้นที่ไม่เอื้ออำนวยและพฤติกรรมของลูกค้ายิ่งหันไปหาแพลตฟอร์มดิจิทัลเพิ่มมากขึ้น

### กำไรสุทธิ 2Q22 น่าจะปรับขึ้น y-y

เราคาดว่ากำไรสุทธิรวมของ BUC ใน 2Q22 จะปรับขึ้น y-y ตามการลดของสำรองจากสำรองส่วนเกินที่ธนาคารจัดสรรในปี 2020-21 รวมถึงประโยชน์ของ CDR นอกจากนี้เรายังเชื่อว่าปริมาณสินเชื่อจะเพิ่มในระดับปานกลางจากกลุ่มรายย่อยและบริษัท เราเชื่อว่าธนาคารจะควบคุมต้นทุนการดำเนินงานอย่างมีประสิทธิภาพ ซึ่งจะช่วยให้ค่าใช้จ่ายในการดำเนินงานเพิ่มเพียงเล็กน้อย y-y อย่างไรก็ดีกำไรสุทธิรวมของ BUC ใน 2Q22 อาจลดลง q-q เราคาดว่ารายได้ค่าธรรมเนียมจะลดลง และส่วนต่างดอกเบี้ยอาจลดลง q-q จาก CDR

### คงให้น้ำหนักกลุ่มธนาคารมากกว่าตลาดในระยะยาวโดยมี SCB และ KKP เป็นหุ้นเด่น

เราคิดว่าราคาหุ้นของกลุ่มธนาคารอาจเคลื่อนไหวภายในกรอบแคบในช่วง 1-2 เดือนข้างหน้าจากความกังวลในด้านความไม่แน่นอนทางภูมิรัฐศาสตร์ เราคงให้น้ำหนักกลุ่มธนาคารมากกว่าตลาดสำหรับการลงทุนในระยะยาว เรายังเลือก KKP เป็นหุ้นเด่นเพื่อป้องกันความเสี่ยงจากความไม่แน่นอนในระยะสั้น นอกจากนี้หุ้นดังกล่าวยังสามารถเกาะกระแสเศรษฐกิจขาขึ้นที่คาดไว้ในช่วง 2H22 จากกำไรในธุรกิจตลาดทุนที่ดีของธนาคารฯ และ SCB ยังเป็นหนึ่งในหุ้นเด่นของเราเนื่องจากการปฏิรูปจะทำให้ธนาคารฯ สามารถเจาะตลาดสินเชื่อที่มีความเสี่ยงและให้ผลตอบแทนสูงและอุตสาหกรรมดิจิทัลที่มีศักยภาพการเติบโตดี เราคิดว่าราคาหุ้นน่าจะปรับตัวดีกว่ากลุ่มฯ หลังการแลกหุ้นสำเร็จ



**Yuvarant Suwanumchai**

yuvarant.suw@fssia.com  
+66 2611 3554

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 22 เมษายน 2022

## Cost side was still a catalyst for banks' bottom lines in 1Q22

The BUC delivered a 1Q22 aggregate net profit of THB44.3b (+13% y-y, +24% q-q), which was slightly higher than Bloomberg's consensus forecast and our estimate by 5%. We read the sector's overall operating performance as neutral, with the BUC's performance being a mixed bag. We see three positives. First, there was moderate loan growth of 6.7% y-y and 0.9 % q-q, driven mainly by the demand from the corporate and retail segments. Second, all banks were able to manage their cost of funds efficiently. This was partially offset by a decline in loan yields following the low interest rate environment and the negative impact from CDR. Third, the loan repayment ability of clients increased following the lockdown easing along with the gradual CDR that was offered to clients. Thus, the BUC's NPLs were relatively stable q-q.

In our view, KKP delivered the best performance in 1Q22. Its 1Q22 earnings were full of surprises and flawless in every single line, including 1) stronger revenue growth that outperformed its peers; 2) good cost control; and 3) healthy asset quality, leading to lower provisions. KTB's 1Q22 net profit also surprised on lower provisions. KBANK, SCB, TTB, and TISCO reported in-line results. Only BBL's results were a miss.

### Exhibit 1: Thailand banks under coverage, 1Q22 earnings summary

BBG		Norm profit				Pre-provision profit			Expected credit loss		
		(THB m)	(y-y%)	(q-q%)	(%22E)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)	(q-q%)
Bangkok Bank	BBL TB	7,118	2.8	12.7	24.4	15,604	3.3	(2.9)	6,490	2.6	(20.2)
Kasikornbank	KBANK TB	11,211	5.5	13.2	27.0	23,223	(1.2)	5.3	9,336	7.9	(2.5)
Kiatnakin Bank	KKP TB	2,055	40.5	1.6	27.0	3,649	20.5	(10.1)	1,066	(13.6)	(32.6)
Krung Thai Bank	KTB TB	8,780	57.4	77.6	32.7	17,441	9.1	14.6	5,470	(32.1)	(33.6)
Siam Commercial Bank	SCBB TB	10,193	1.0	29.4	26.7	21,713	(4.1)	(1.1)	8,750	(12.6)	(26.8)
Tisco Financial	TISCO TB	1,795	1.8	0.1	25.5	2,320	(23.8)	(13.0)	85	(89.9)	(79.3)
TMBThanachart Bank	TTB TB	3,195	14.8	14.1	24.2	8,786	(1.5)	3.3	4,808	(12.3)	(4.2)
<b>Coverage</b>		<b>44,348</b>	<b>13.1</b>	<b>24.4</b>	<b>27.7</b>	<b>92,737</b>	<b>0.5</b>	<b>2.4</b>	<b>36,005</b>	<b>(11.3)</b>	<b>(19.8)</b>

Sources: Company data; FSSIA estimates

## Exhibit 2: Thailand banks under coverage – summary of 1Q22 results

----- Norm profit -----			---- 1Q22 ---		FSSIA's 1Q22 review	
BBG	1Q21	4Q21	1Q22	----Change ----		
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	
BBL TB	6,923	6,318	7,118	2.8	12.7	BBL reported a 1Q22 net profit of THB7,118m (+3% y-y, +13% q-q), which was lower than the Bloomberg consensus estimate and our forecast by 8% due to lower fee income. BBL's performance was a mixed bag. On the positive side, its NPLs were relatively stable q-q. BBL had the highest coverage ratio among the big four banks at 229%. As a result, BBL set its credit cost in 1Q22 at 100 bps, which was in line with its 2022 target. Also, BBL controlled its OPEX effectively, with 1Q22 cost to income dropping to 49.8%. However, we see two negatives. First, its loan volume was flat q-q following a drop in international loans. Secondly, due to the unfavourable capital market, its non-NII plummeted by 16% y-y and 32% q-q following a drop in bancassurance and mutual fund fee income as well as lower investment gains.
KBANK TB	10,627	9,901	11,211	5.5	13.2	KBANK reported an in-line 1Q22 net profit of THB11,211m (+5.5% y-y, +13% q-q). There was mixed performance in this quarter, in our view, with two slight improvements in its core operations. First, its loan volume increased by 1.5% q-q. Second, its NIM went up slightly to 3.21% following a rise in high-yield loans. Regarding asset quality, NPLs minimally increased by 2% q-q. Based on our calculation, there was a slight improvement in its NPL formation. Accordingly, we think there is little cause for alarm. The bank set a lower credit cost of 153 bps in 1Q22, which was in line with its 2022 target of lower than 160 bps. The negative side in 1Q22 was weak fee income. Its mutual fund and brokerage fees dropped due to the unfavourable capital market.
KKP TB	1,463	2,023	2,055	40.5	1.6	KKP reported a record high net profit in 1Q22, reaching THB2,055m (+41% y-y, +2% q-q), beating BBG's consensus estimate and our forecast by 24% and 15%, respectively. Its solid operations were driven by 1) a 6.6% q-q loan volume increase due largely to a rise in its hire purchase loans, housing loans, and corporate clients; 2) a rise in fee income thanks to its strong brokerage, bancassurance, and mutual fund fees; 3) a significant decline in its losses from seized car sales following a reduction in the number of repossessed cars and a slightly lower loss ratio per car; and 4) stable NPLs q-q, even amid the continued increase in its loan volume for several consecutive quarters.
KTB TB	5,578	4,944	8,780	57.4	77.6	KTB reported a 1Q22 net profit of THB8,780m (+57% y-y, +78% q-q), which was higher than our forecast by 50% thanks mainly to a lower ECL and quarterly staff cost than anticipated. In our view, KTB did a great job on its cost side. Its credit cost plummeted to only 83 bps – a record low over the past eight years. KTB was able to control its asset quality effectively as its portfolio is comprised of 27% corporates, 21% government entities, and c25% government officials. These segments have been the least impacted by the Covid pandemic and geopolitical uncertainty. The bank's NPLs were relatively stable q-q, implying an NPL ratio of 3.34% vs 3.5% in 4Q21. Its OPEX also dropped by 4% y-y and 17% q-q following staff cost savings from retirement. However, KTB still had a poor revenue side. Its NIM slid to 2.41% due to a rise in the low-yield government segment. Its fee income also fell due to clients' changing behaviour toward increased digital platform use.
SCBB TB	10,088	7,879	10,193	1.0	29.4	SCB posted an in-line 1Q22 net profit of THB10,193m (+1% y-y, +29% q-q) after a boost in performance that came mostly from plummeting provisions as SCB continues to provide CDR to its clients. SCB's 1Q22 NPLs fell 3% q-q and its NPL formation ratio showed signs of an improvement. Thus, SCB's credit cost dropped to 151 bps, but it was still higher than its 2022 target of <140 bps as the bank set its management overlay to cushion geopolitical uncertainty. However, core operations were soft. Although SCB's loans increased 1% q-q, its NII minimally declined q-q following a drop in its NIM thanks to the negative impact from CDR. Also, its non-NII went down from a drop in wealth management-related fee income and lower investment gains.
TISCO TB	1,764	1,795	1,795	1.8	0.1	TISCO reported an in-line 1Q22 net profit of THB1,795m (+2% y-y, flat q-q). We see two positives. First, its loan volume rose slightly by 0.3% q-q, driven by corporate and auto title loans. Second, TISCO reported a very healthy asset quality. Its NPLs went down by 12% q-q, implying a 2.15% NPL ratio, due to its conservative lending strategy and effective debt restructuring. The loans under assistance programs accounted for 7.0% of total loans. Thus, TISCO set a low credit cost of 17 bps vs 81 bps in 4Q21. Its coverage ratio continued to hit a record high at 262%. The plummeting provisions offset a decline in its top line. Its NII minimally dropped. Also, its non-NII dropped significantly from fee incomes and other non-NII due to the unfavourable capital market conditions in 1Q22.
TTB TB	2,782	2,799	3,195	14.8	14.1	TTB reported a decent 1Q22 net profit of THB3,195m (+15% y-y, +14% q-q). Its operating income went down by 8% y-y and 6% q-q due mainly to lower NII and fee incomes. Its HP and housing loans continued to gradually increase q-q as per the bank's target. However, corporate loans declined. As a result, TTB's total loan volume declined by 0.4% q-q in 1Q22, resulting in a drop in its NII. As for fee incomes, those were weak following a drop in bancassurance and mutual fund fees from unfavourable capital market conditions. TTB's soft top line was cushioned by good cost control. A decline in its OPEX came from having no extra integration costs and cost savings from lower staff numbers and branches after the merger. TTB was also able to contain its asset quality with stable NPLs q-q. Thus, TTB reduced its provision set up in 1Q22.
Coverage	39,224	35,659	44,348	13.1	24.4	

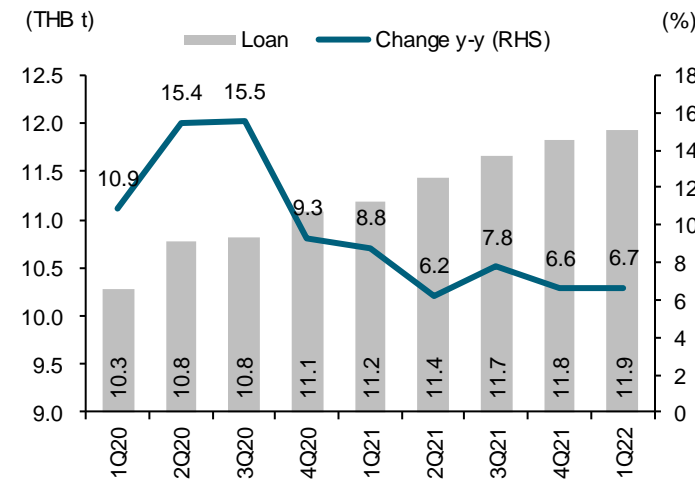
Sources: Company data; FSSIA's compilation

## 1Q22 key highlights

### 1) Corporates and retail clients led higher loan demand

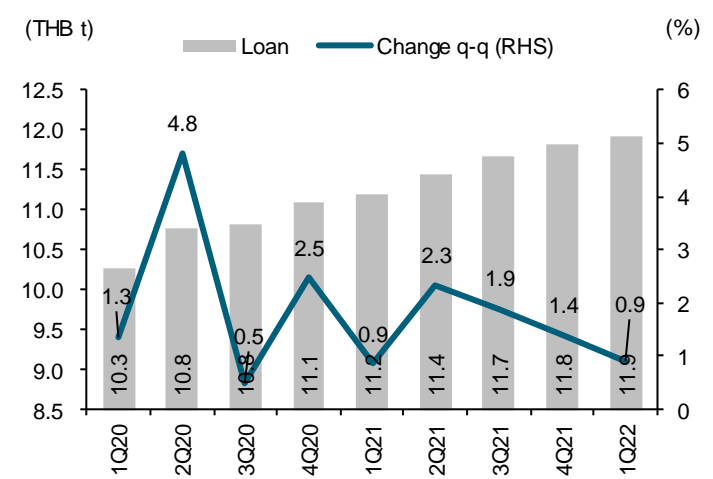
The BUC's aggregate loan portfolio slightly increased by 0.9% q-q (+6.7% y-y) due to an increase in working capital loan demand from the corporate segment, along with a rise in the retail client volume due to housing loans and the higher risk appetite of some banks to more aggressively engage in small ticket size retail lending.

Exhibit 3: Sector's loan growth (y-y basis)



Sources: Company data; FSSIA estimates

Exhibit 4: Sector's loan growth (q-q basis)

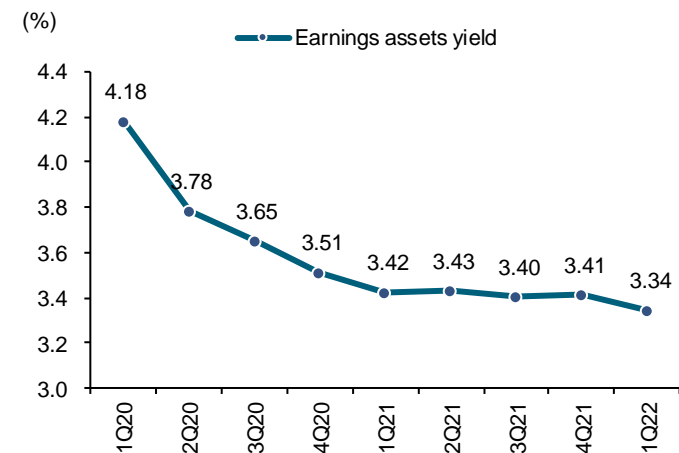


Sources: Company data; FSSIA estimates

### 2) NIM fell slightly due to CDR program

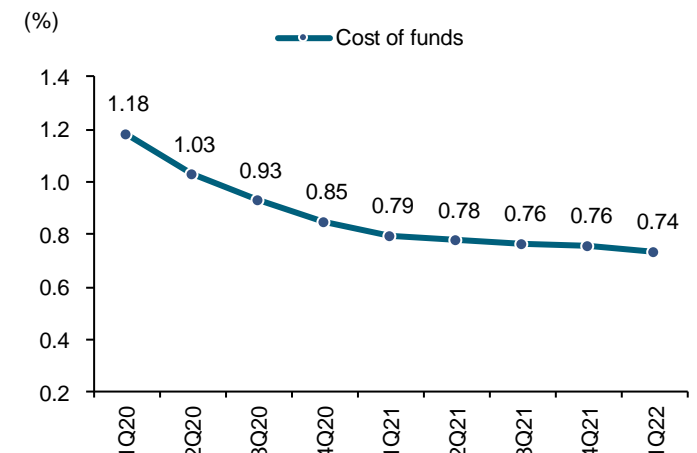
The BUC's combined NIM slightly fell to 2.74% in 1Q22 from 2.78% in 4Q21 due to a lower EIR, as we believe banks offered more CDR to clients, resulting in a lower loan yield. However, this was partially minimised by a lower cost of funds thanks to the low interest rate environment and the drainage deposit policy of most banks.

Exhibit 5: Sector's quarterly earnings assets yield

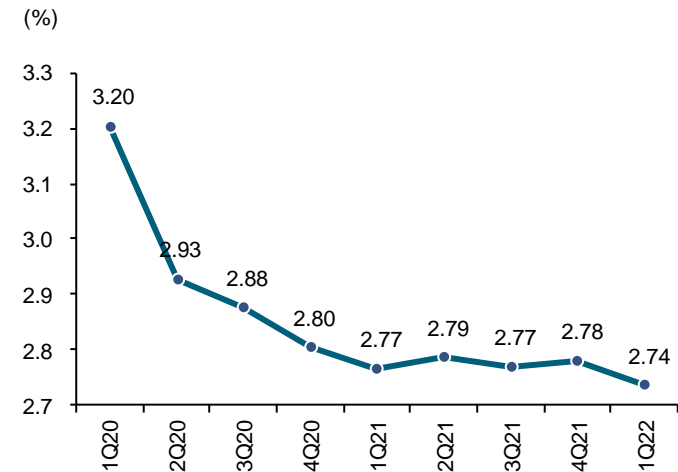


Sources: Company data; FSSIA estimates

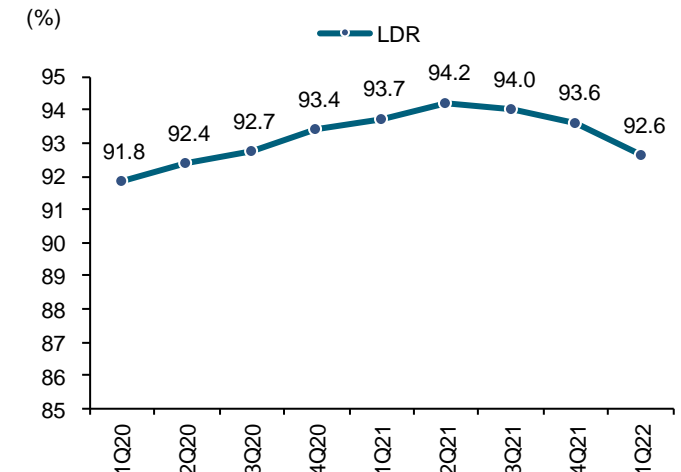
Exhibit 6: Sector's cost of funds



Sources: Company data; FSSIA estimates

**Exhibit 7: Sector's quarterly NIM**

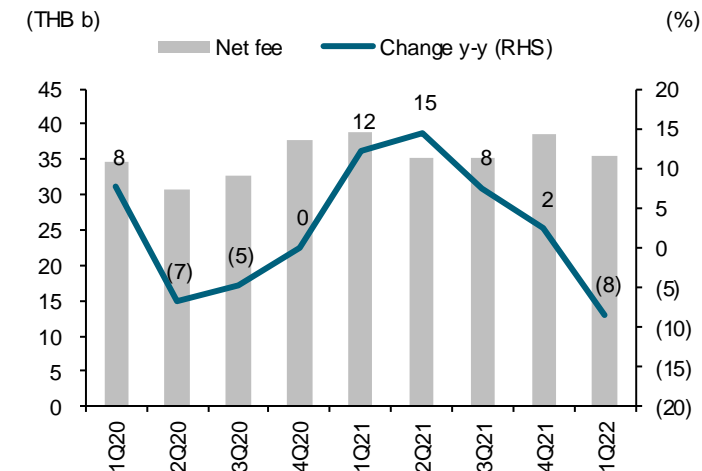
Sources: Company data; FSSIA estimates

**Exhibit 8: Sector's loan to deposit ratio (LDR)**

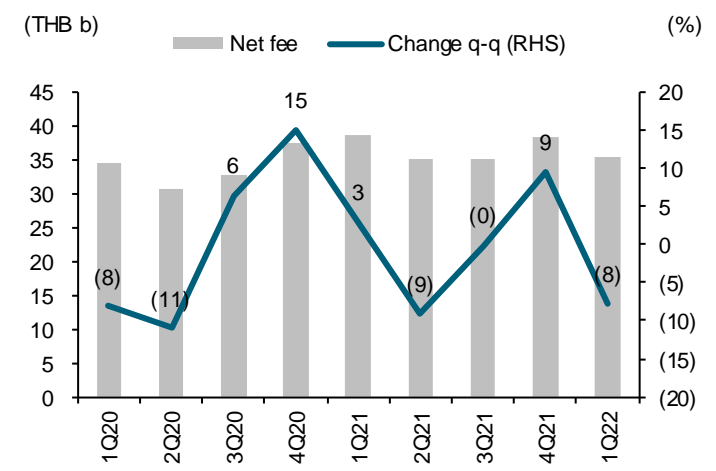
Sources: Company data; FSSIA estimates

**3) Lower fee income due to weak capital market and lower transactional fees**

The BUC posted a y-y and q-q drop in fee income in 1Q22 due to 1) lower capital market-related fees following the weak market environment; and 2) lower transactional fees as their clients have been moving toward the digital channel. Also, Non-NII dropped y-y and q-q, dragged down by lower fee income and a contraction in investment gains.

**Exhibit 9: Sector's fee income growth (y-y basis)**

Sources: Company data; FSSIA estimates

**Exhibit 10: Sector's fee income growth (q-q basis)**

Sources: Company data; FSSIA estimates

**4) Good cost control**

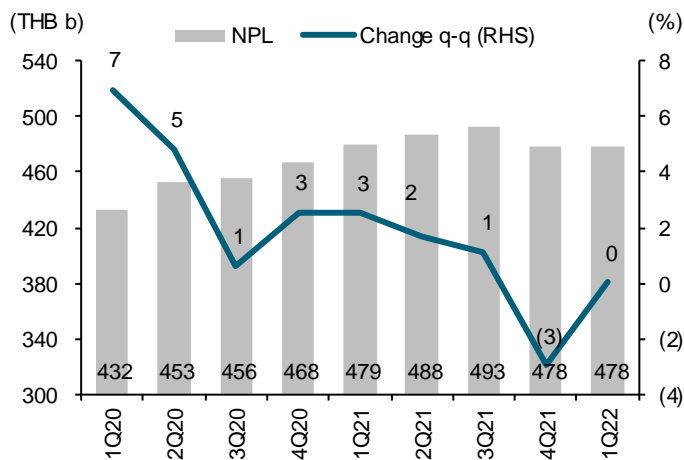
OPEX decreased by 14% q-q for the BUC in 1Q22 due to seasonality. Most banks were still able to control their operating expenses effectively. Covid-19 forced their clients to use digital platforms, leading to a faster network rationalisation pace and frozen headcounts. Thus, the BUC's OPEX was relatively stable y-y.

### 5) Insignificant increase in NPLs and lower provisions

The debt servicing ability of banks' clients increased following a gradual recovery in the economy. The BUC also provided more CDR to their clients. Under CDR, the Bank of Thailand (BoT) has permitted relaxed loan classification measures. As a result, NPLs were relatively stable q-q in 1Q22. This accounted for an NPL ratio (calculated by FSSIA) of 4.01% in 1Q22 vs 4.05% in 4Q21.

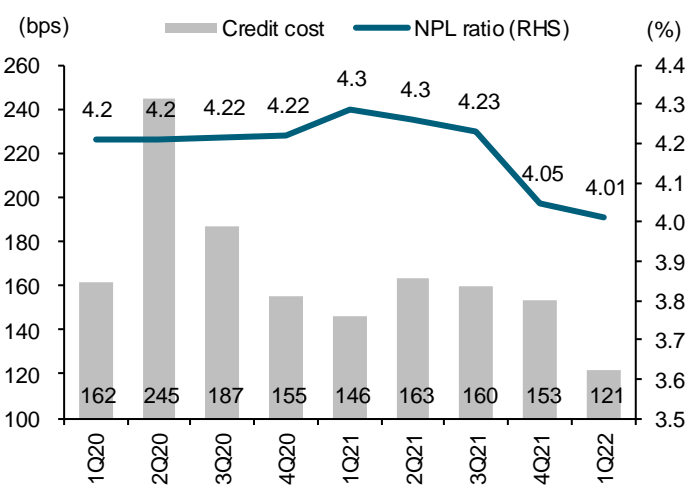
Regarding provisions, the BUC smoothed out their provisioning expenses as they had proactively set aside special provisions to provide a cushion from uncertainties in the previous quarters. Regarding the Russia-Ukraine crisis, in our follow-up talks with management, it was indicated that the BUC have proactively supported their affected clients, i.e. corporations whose production costs may increase rapidly. They also believe that the current provision level should offset the potentially weaker asset quality. As a result, the BUC set the lowest credit cost since the Covid pandemic began at 121 bps in 1Q22.

**Exhibit 11: Sector's NPL growth (q-q basis)**



Sources: Company data; FSSIA estimates

**Exhibit 12: Sector's NPL ratio and credit cost**



Sources: Company data; FSSIA estimates

Since Aug-21, the BoT has encouraged Thai banks to provide CDR to their clients to replace the short-term debt forbearance program which has gradually expired. In 1Q22, most banks progressively offered CDR to clients who were impacted by Covid and are currently under the debt forbearance program, or even clients who might have been impacted by the current economic situation. As a result, in the coming quarters banks might report the CDR program instead of the debt forbearance program.

## Exhibit 13: Summary of the BoT's financial measures announced in Aug-21

New measures		Previous measures
<b>1. Liquidity preservation and injection measures</b>		
<b>For SME clients</b>		
1. New debtors	BoT raising credit lines up to THB50m.	Credit lines were up to THB20m.
2. Existing debtors	For credit lines not over 30% of outstanding loans (outstanding loans not over THB150m) or for clients who have outstanding loans of less than THB150m, they can borrow at a maximum of not over THB50m.	Credit lines not over 30% of outstanding loans (outstanding loans not over THB150m).
The BoT will also ease credit guarantee conditions to accept higher credit risk for both new and existing debtors		
<b>For retail clients</b>		
1. Credit card	BoT extended the 5% minimum repayment to 2022.	5% minimum repayment in 2020-21, 8% in 2022 and 10% (normal rate before Covid) in 2023.
2. Personal loans	BoT allows no limit for lenders to 2022.	Limited to 3 lenders.
3. Credit card and personal loans	BoT extending an increase in credit lines up to 2x income for THB30k income customers to 2022.	An increase in credit lines of up to 2x income for THB30k income customers ending in 2021.
4. Digital personal loans	BoT increasing credit lines up to THB40k and repayment terms to 12 months.	Credit lines of up to THB20k and repayment terms not over 6 months.
<b>2. Comprehensive long-term debt restructuring (CDR)</b>		
1. Relaxation of loan classification	An extension of the relaxation of loan classification and provision setting measure if financial institutions provide additional assistance to debtors in addition to extending the repayment period alone to Dec-23 from Dec-21 (note that to allow financial institutions to have sufficient time to consider appropriate L-T debt restructuring, the BoT temporarily extended the relaxation of loan classifications to Mar-22).	Relaxation of loan classification will end in Dec-21.
2. FIDF fee	BoT extending the reduction of the Financial Institutions Development Fund (FIDF) fee at 0.23% to Dec-22.	FIDF fee is at 0.23% in 2020-21 and will be back to the normal rate of 0.46% in 2022.

Sources: BoT; FSSIA's compilation

For example, KBANK stated that its total CDR budget is THB193b. Around 50-80% will be in the “blue scheme” (EIR impact). In 1Q22, the bank offered 25% of the total CDR budget. The rest will gradually be offered during the year. In comparison, SCB's total CDR budget is THB380b. SCB offered THB249b of that under a blue scheme to its clients as of 1Q22. As for TTB, it has normally offered long-term debt restructuring to clients who have liquidity problems under “modified loans”, which currently account for 13% of its total loans. To be comparable with other banks, TTB separated these modified loans into “blue” and “orange” schemes. Out of 13% of modified loans, 10% were in the orange scheme while 3% were in the blue scheme. For the rest of the BUC, they still have not provided CDR data to investors.

## Exhibit 14: Forbearance programs of banks under coverage

	1Q22 loans				4Q21 loans			1Q21 loans		
	Amount	under relief programs			under relief programs			under relief programs		
	outstanding (THB b)	Absolute (THB b)	% of portfolio (%)	% change q-q (%)	Absolute (THB b)	% of portfolio (%)	% change q-q (%)	Absolute (THB b)	% of portfolio (%)	% change q-q (%)
BBL	2,588	na.	na.	na.	285	11	(6)	303	12	4
KBANK	2,422	250	10	(22)	322	13	(10)	359	15	6
KKP	307	33	10	(3)	34	11	(2)	35	12	(5)
KTb	2,629	na.	na.	na.	98	4	(16)	117	5	8
SCB	2,302	na.	na.	na.	397	17	(14)	464	20	23
TISCO	203	14	7	(13)	16	8	0	16	8	27
TTB	1,371	101	7	(37)	162	12	(1)	163	12	(16)

Sources: Company data; FSSIA's compilation

## Exhibit 15: Summary of CDR program as of 1Q22

		CDR budget						----- Current offered CDR -----		
	Total outstanding loans	----- Total -----		----- Blue -----		----- Orange -----		Amount	% of total CDR budget	% of total loans
		Amount	% of total CDR	Amount	% of total CDR	Amount	% of total CDR			
	(THB b)	(THB b)	(%)	(THB b)	(%)	(THB b)	(%)	(THB b)	(%)	(%)
BBL	2,588	n/a								
KBANK	2,422	193	8					48	25	2
KKP	307	n/a								
KTb	2,629	n/a								
SCB	2,302	380	17	350	92	30	8	249	66	11
TISCO	203	n/a								
TTB	1,371	n/a						178	n/a	13



Sources: Company data; FSSIA's compilation

**Exhibit 16: Summary of 1Q22 operating performance of Thailand banks under coverage**

Year to Mar-22	BBL	KBANK	KKP	KTB	SCBB	TISCO	TTB	Coverage
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
<b>Net Interest Income</b>	<b>21,747</b>	<b>31,751</b>	<b>4,305</b>	<b>21,086</b>	<b>24,744</b>	<b>3,061</b>	<b>12,408</b>	<b>119,102</b>
Change (y-y %)	10.4	12.9	12.5	5.6	5.9	(1.6)	(3.6)	7.3
Change (q-q %)	0.1	3.1	1.2	(1.2)	(0.2)	(1.5)	(2.8)	0.3
<b>Non-interest Income</b>	<b>9,363</b>	<b>8,863</b>	<b>2,137</b>	<b>8,599</b>	<b>12,960</b>	<b>1,358</b>	<b>3,365</b>	<b>46,646</b>
Change (y-y %)	(16.1)	(25.5)	19.8	(1.2)	(9.9)	(31.8)	(20.8)	(13.9)
Change (q-q %)	(31.6)	(24.4)	(24.8)	0.2	(10.1)	(21.7)	(17.6)	(18.3)
<b>Net fee income</b>	<b>6,957</b>	<b>8,832</b>	<b>1,554</b>	<b>4,968</b>	<b>9,457</b>	<b>1,278</b>	<b>2,462</b>	<b>35,508</b>
Change (y-y %)	(5.1)	(6.4)	8.3	(4.8)	(9.4)	(17.2)	(26.7)	(8.4)
Change (q-q %)	(8.5)	0.9	(1.0)	(3.7)	(8.0)	(25.7)	(28.3)	(7.8)
<b>Operating income</b>	<b>31,110</b>	<b>40,614</b>	<b>6,442</b>	<b>29,685</b>	<b>37,704</b>	<b>4,419</b>	<b>15,773</b>	<b>165,748</b>
Change (y-y %)	0.8	1.5	14.8	3.5	(0.1)	(13.4)	(7.9)	0.4
Change (q-q %)	(12.2)	(4.5)	(9.2)	(0.8)	(3.8)	(8.7)	(6.4)	(5.8)
<b>Operating expenses</b>	<b>15,507</b>	<b>17,391</b>	<b>2,793</b>	<b>12,244</b>	<b>15,990</b>	<b>2,099</b>	<b>6,987</b>	<b>73,011</b>
Change (y-y %)	(1.6)	5.2	8.1	(3.5)	5.9	2.2	(14.9)	0.1
Change (q-q %)	(19.8)	(15.1)	(8.0)	(16.8)	(7.3)	(3.5)	(16.2)	(14.4)
<b>Pre-provision profit</b>	<b>15,604</b>	<b>23,223</b>	<b>3,649</b>	<b>17,441</b>	<b>21,713</b>	<b>2,320</b>	<b>8,786</b>	<b>92,737</b>
Change (y-y %)	3.3	(1.2)	20.5	9.1	(4.1)	(23.8)	(1.5)	0.5
Change (q-q %)	(2.9)	5.3	(10.1)	14.6	(1.1)	(13.0)	3.3	2.4
<b>Expected credit loss</b>	<b>6,490</b>	<b>9,336</b>	<b>1,066</b>	<b>5,470</b>	<b>8,750</b>	<b>85</b>	<b>4,808</b>	<b>36,005</b>
Change (y-y %)	2.6	7.9	(13.6)	(32.1)	(12.6)	(89.9)	(12.3)	(11.3)
Change (q-q %)	(20.2)	(2.5)	(32.6)	(33.6)	(26.8)	(79.3)	(4.2)	(19.8)
Income tax	1,875	2,700	521	2,317	2,864	439	784	11,500
<b>Normalised profit</b>	<b>7,118</b>	<b>11,211</b>	<b>2,055</b>	<b>8,780</b>	<b>10,193</b>	<b>1,795</b>	<b>3,195</b>	<b>44,348</b>
Change (y-y %)	2.8	5.5	40.5	57.4	1.0	1.8	14.8	13.1
Change (q-q %)	12.7	13.2	1.6	77.6	29.4	0.1	14.1	24.4
% of 2022E	24.4	27.0	27.0	37.4	26.7	25.5	24.2	27.7
<b>Net profit</b>	<b>7,118</b>	<b>11,211</b>	<b>2,055</b>	<b>8,780</b>	<b>10,193</b>	<b>1,795</b>	<b>3,195</b>	<b>44,348</b>
Change (y-y %)	2.8	5.5	40.5	57.4	1.0	1.8	14.8	13.1
Change (q-q %)	12.7	13.2	1.6	77.6	29.4	0.1	14.1	24.4
% of 2022E	24.4	27.0	27.0	37.4	26.7	25.5	24.2	27.7
<b>Loan (q-q %)</b>	<b>(0.0)</b>	<b>1.5</b>	<b>6.6</b>	<b>1.1</b>	<b>1.1</b>	<b>0.3</b>	<b>(0.4)</b>	<b>0.9</b>
Loan (y-y %)	9.2	6.8	21.0	12.7	2.1	(7.8)	(1.0)	6.7
<b>Deposit (q-q %)</b>	<b>1.2</b>	<b>1.4</b>	<b>3.8</b>	<b>3.7</b>	<b>1.6</b>	<b>2.9</b>	<b>1.6</b>	<b>2.0</b>
Deposit (y-y %)	10.0	9.7	18.6	11.2	6.6	(13.5)	(1.7)	8.0
Loan/ Deposits (LDR %)	81.0	93.3	109.2	98.0	92.9	118.7	100.4	92.6
<b>Loan/Deposits &amp; Borrowing (%)</b>	<b>76.6</b>	<b>90.6</b>	<b>93.6</b>	<b>93.5</b>	<b>90.2</b>	<b>111.4</b>	<b>95.7</b>	<b>88.5</b>
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
<b>Net interest margin</b>	<b>2.02</b>	<b>3.21</b>	<b>4.16</b>	<b>2.41</b>	<b>3.04</b>	<b>4.98</b>	<b>2.86</b>	<b>2.74</b>
<b>Credit cost (bp/total loans)</b>	<b>1.00</b>	<b>1.53</b>	<b>1.34</b>	<b>0.83</b>	<b>1.51</b>	<b>0.17</b>	<b>1.41</b>	<b>1.21</b>
<b>Cost to income</b>	<b>49.84</b>	<b>42.82</b>	<b>43.36</b>	<b>41.25</b>	<b>42.41</b>	<b>47.50</b>	<b>44.30</b>	<b>44.05</b>
Loan-loss-coverage	229	139	168	166	143	262	132	166
<b>Absolute NPL (THB m)</b>	<b>102,342</b>	<b>106,482</b>	<b>10,171</b>	<b>106,549</b>	<b>106,305</b>	<b>4,386</b>	<b>42,144</b>	<b>478,379</b>
Change (y-y %)	(5.6)	4.1	8.1	0.5	1.9	(20.7)	(2.9)	(0.2)
Change (q-q %)	1.2	2.4	(0.2)	(0.2)	(2.6)	(11.5)	0.1	0.0
NPL ratio	3.96	4.33	3.11	4.01	4.57	2.15	3.09	4.01
<b>Reported NPL ratio</b>	<b>3.30</b>	<b>3.78</b>	<b>3.10</b>	<b>3.34</b>	<b>3.70</b>	<b>2.15</b>	<b>2.73</b>	
<b>CAR *</b>	<b>19.6</b>	<b>18.8</b>	<b>15.9</b>	<b>19.9</b>	<b>18.7</b>	<b>23.2</b>	<b>19.3</b>	
<b>CET1 *</b>	<b>15.2</b>	<b>15.5</b>	<b>12.2</b>	<b>15.6</b>	<b>17.6</b>	<b>18.6</b>	<b>14.4</b>	
	<b>BBL</b>	<b>KBANK</b>	<b>KKP</b>	<b>KTB</b>	<b>SCB</b>	<b>TISCO</b>	<b>TTB</b>	<b>Coverage</b>
1Q22 actual results	7,118	11,211	2,055	8,780	10,193	1,795	3,195	44,348
FSSIA 1Q22 estimates	7,707	11,278	1,784	5,812	10,826	1,806	2,982	42,196
1Q22A vs FSSIA (%)	(7.6)	(0.6)	15.2	51.1	(5.8)	(0.6)	7.1	5.1
BBG 1Q22 estimates	7,715	11,281	1,657	5,984	10,826	1,762	2,884	42,109
1Q22A vs BBG (%)	(7.7)	(0.6)	24.0	46.7	(5.8)	1.9	10.8	5.3

\* KKP's are unconsolidated

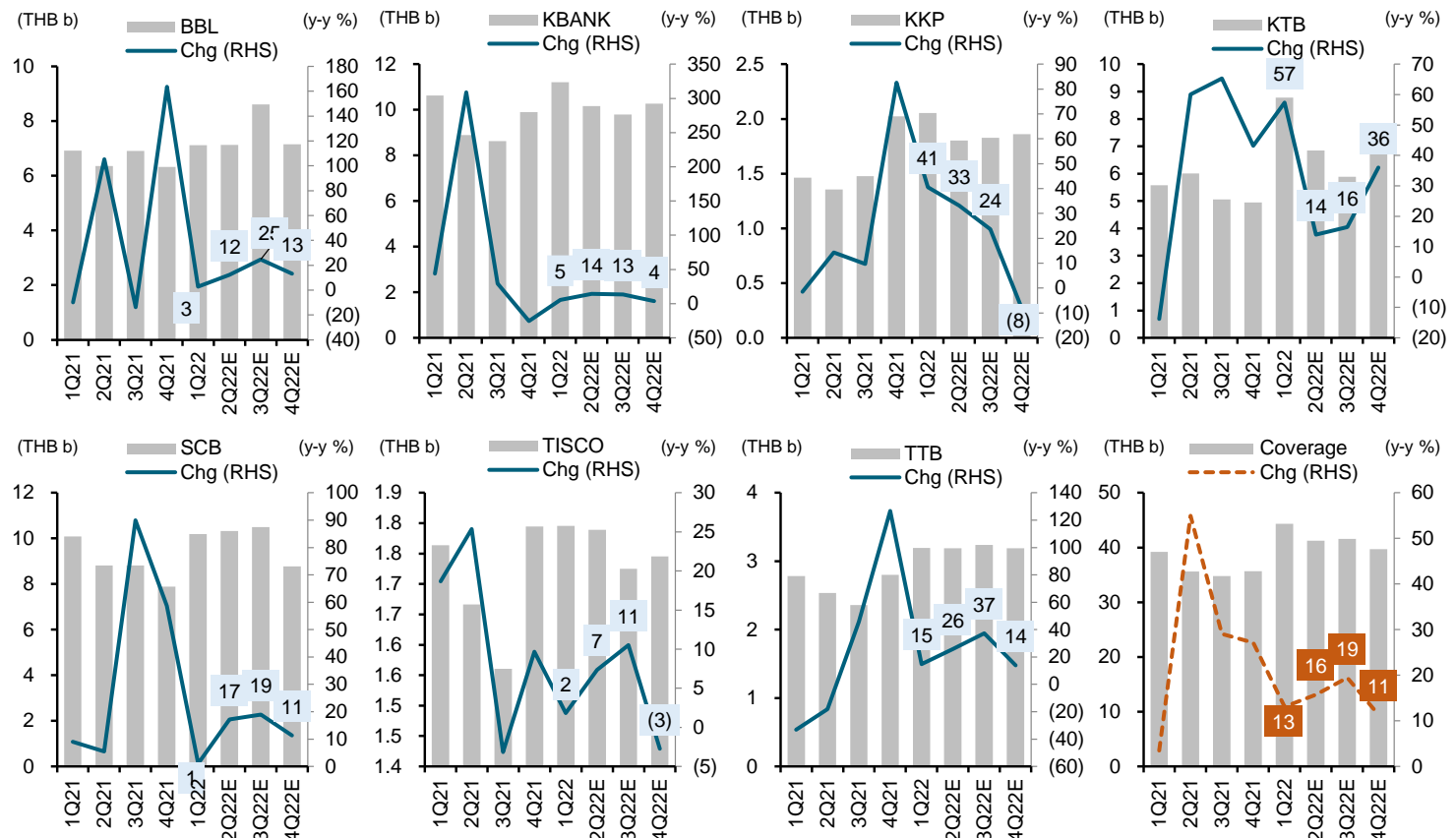


Sources: Company data; Bloomberg, FSSIA estimates

## 2Q22 net profit should increase y-y

We project the BUC's 2Q22 aggregate net profit to rise y-y as we forecast banks' provision stockpiling to decline y-y due to the excess provisions that were set aside in 2020-21, plus the benefits of CDR. Moreover, we believe that loan volumes will increase moderately from the retail and corporate segments. We also believe banks will accelerate their integration of automated processes, implementing branch consolidations and reducing head counts, leading to a minor OPEX increase y-y. However, the BUC's 2Q22 aggregate net profit might decline q-q. We expect a drop in fee income owing to the unfavourable capital market. NIMs should also decline q-q due to CDR.

**Exhibit 17: Earnings momentum 1Q21 to 4Q22E**



Source: FSSIA estimates

## Recommendations and top picks

We think the banking sector's share price might be rangebound in the next 1-2 months due to the concerns over geopolitical uncertainty. We, however, reiterate our Overweight view on the banking sector for long-term investment. We are convinced that the banking sector's valuation has room to rerate, supported by a transformation to break out of the traditional framework to generate a higher ROE and long-term growth amid the interest rate uptrend cycle.

We reaffirm KKP as a top pick as we think KKP has two main points that differentiate it from other banks. First, it is selectively growing quality loans in a situation where competitors are retreating from the market, enabling it to compete for market share. Second, KKP's dominant institutional brokerage position, plus its investment banking and financial advisory businesses, should help it to generate more sustainable performance.

SCB remains one of our top picks for long-term investment. We reiterate our view that its great transformation will allow it to penetrate the high risk-reward lending industry and high growth potential digital industry. Thus, we think that SCB is in the best position in the banking sector to benefit from the region's digital age. Also, its ROE should be in an improving trend. The underperformance in its share price since Feb-22 comes from the SWAP transaction between SCB bank and SCBX, lasting from 2 Mar to 18 Apr-22. This transaction leads to lower liquidity in stock trading as Non-Voting Depository Receipts (NVDRs) cannot buy SCB during this period. Moreover, investors who enter into the SWAP deal cannot trade SCB from 18 Apr to the end of Apr-22. As a result, we think some investors who cannot hold their position will sell SCB during this time. We think SCB's share price should outperform after the SWAP is done.

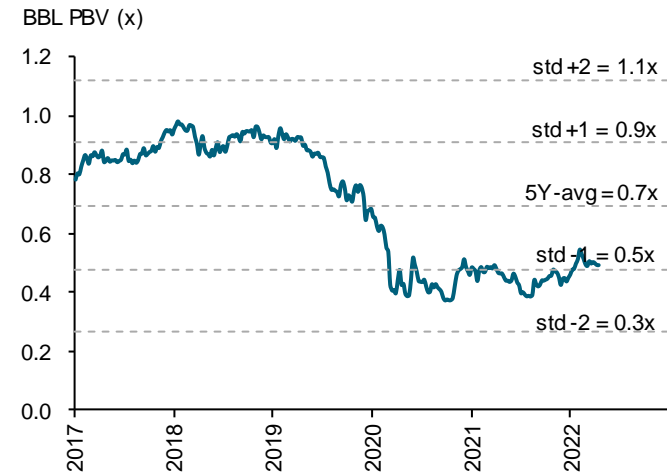
We maintain our BUY call on KBANK as we believe that it will deliver strong growth in 2022. We also think that it is in full swing to transform itself to unlock its value and increase shareholder returns.

For TTB, we maintain our BUY call. We see room for TTB's share price to further rerate thanks to its superior earnings growth outlook and ROE recovery.

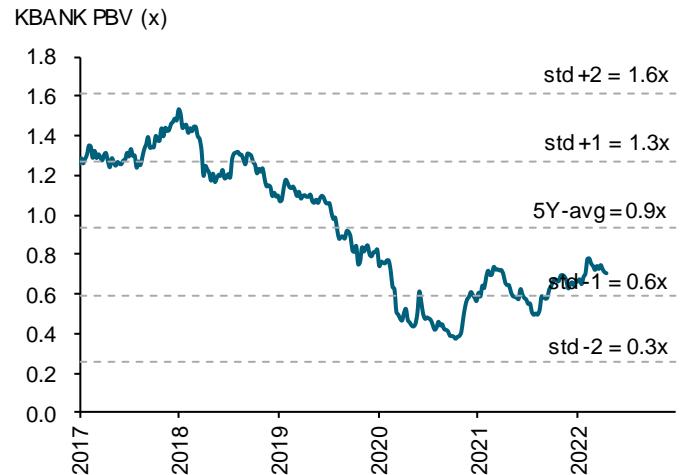
Regarding KTB, we maintain our BUY call as we think KTB should be one of the most resilient banks amid the high inflation environment. We also believe KTB will utilise its digital users' big data to generate top-line growth. Thus, we expect its net profit to increase at a 13% CAGR in 2022-24. Moreover, we think KTB's valuation is undemanding at 0.5x 2022E P/BV.

For TISCO, we think it is less attractive than KKP as its lazy balance sheet strategy over the past several years will likely hinder its growth once the economy recovers. Our BUY call is for its potentially superior dividend yield at 7-8% p.a. and low asset quality risk.

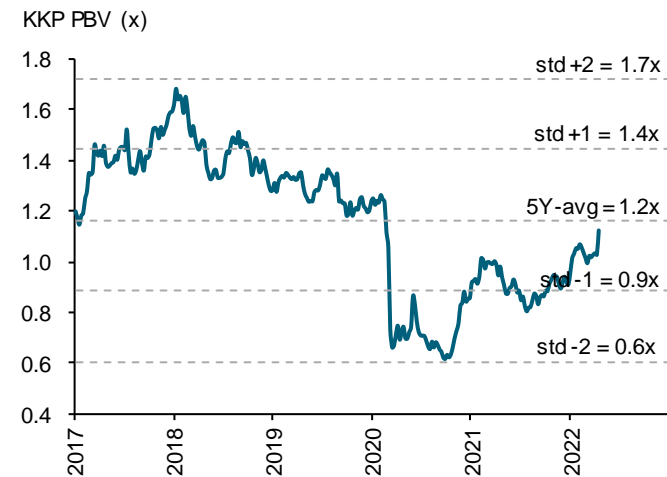
We reiterate our HOLD rating for BBL due to its traditional and much too conservative framework, in our view. Its cheap valuation and having the most defensive balance sheet in the banking space are not enough to catch our attention.

**Exhibit 18: BBL – one-year rolling prospective P/BV**

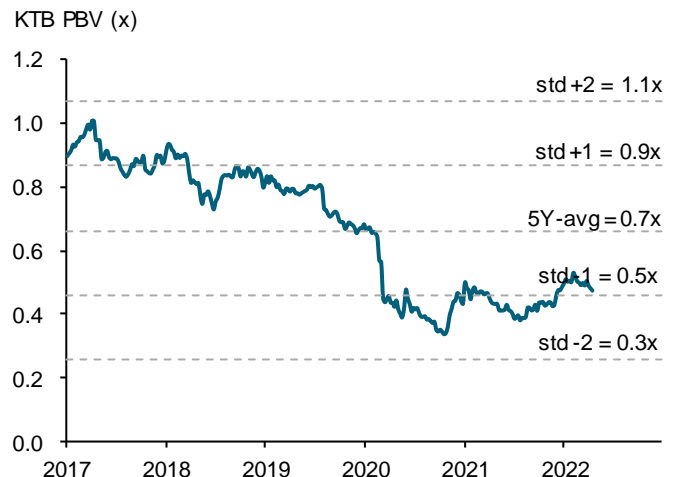
Sources: Bloomberg; FSSIA estimates

**Exhibit 19: KBANK – one-year rolling prospective P/BV**

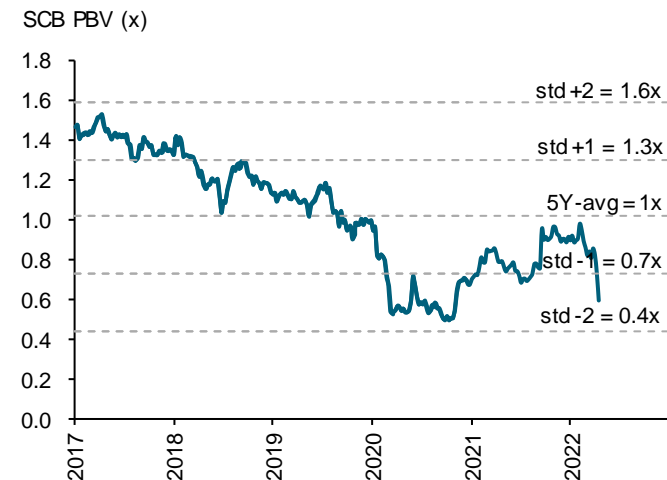
Sources: Bloomberg; FSSIA estimates

**Exhibit 20: KKP – one-year rolling prospective P/BV**

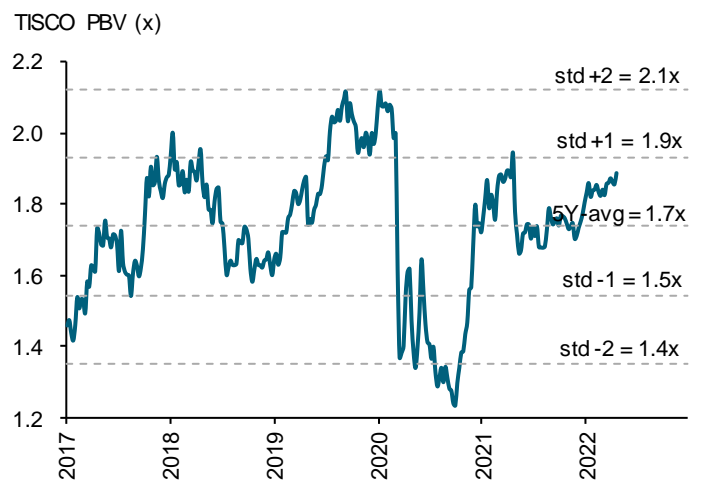
Sources: Bloomberg; FSSIA estimates

**Exhibit 21: KTB – one-year rolling prospective P/BV**

Sources: Bloomberg; FSSIA estimates

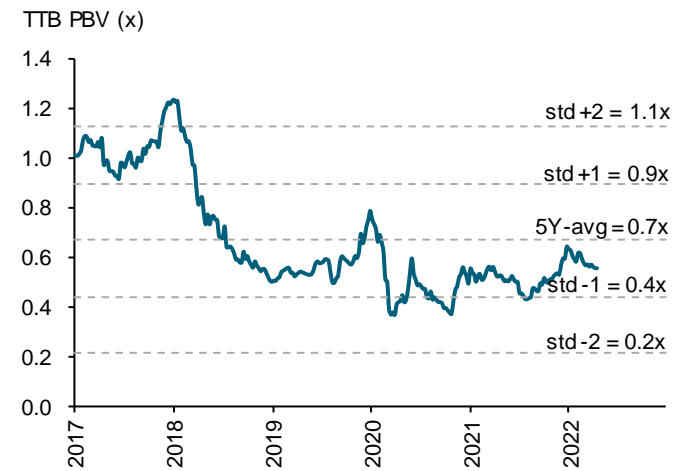
**Exhibit 22: SCB – one-year rolling prospective P/BV**

Sources: Bloomberg; FSSIA estimates

**Exhibit 23: TISCO – one-year rolling prospective P/BV**

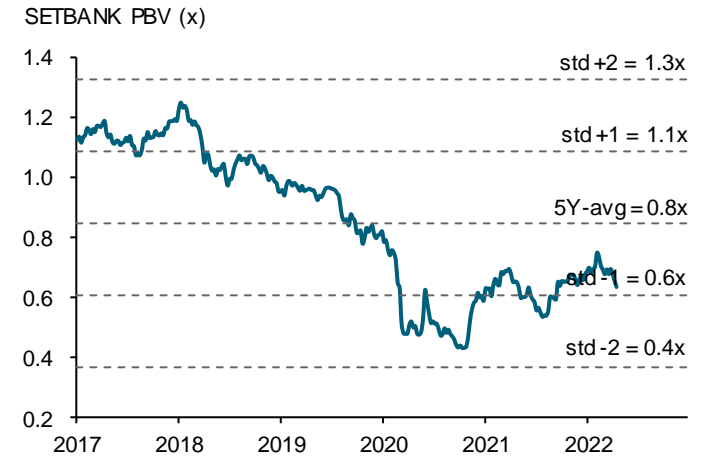
Sources: Bloomberg; FSSIA estimates

Exhibit 24: TTB – one-year rolling prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 25: SETBANK – one-year rolling prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 26: Key valuations of Thai banks under coverage

	BBG	Rec	--Share price--		Up (dn)	Market Cap	EPS growth		----- PE -----		-- DivYld -		----- ROE -----		--- PBV ---	
			Current	Target			22E	23E	22E	23E	22E	23E	22E	23E	22E	23E
			(THB)	(THB)	(%)	(USD m)	(%)	(%)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)
Bangkok Bank	BBL TB	HOLD	135.00	134.00	(1)	7,608	10.3	4.8	8.8	8.4	3.7	5.2	6.0	6.2	0.5	0.5
Kasikornbank	KBANK TB	BUY	154.50	180.00	17	10,808	9.2	10.0	8.8	8.0	2.9	3.2	8.4	8.7	0.7	0.7
Kiatnakin Bank	KKP TB	BUY	75.50	86.00	14	1,888	20.5	11.9	8.4	7.5	5.6	6.6	14.3	14.8	1.2	1.1
Krung Thai Bank	KTB TB	BUY	13.10	16.40	25	5,406	24.6	2.7	6.8	6.6	5.1	5.3	7.2	7.0	0.5	0.5
Siam Commercial Bank	SCBB TB	BUY	85.75	160.00	87	8,597	7.1	11.6	7.6	6.8	5.8	7.0	8.4	8.7	0.6	0.6
Tisco Financial	TISCO TB	BUY	101.50	110.00	8	2,399	4.0	9.1	11.5	10.6	7.6	8.1	16.8	17.7	1.9	1.8
TMBThanachart Bank	TTB TB	BUY	1.29	1.80	40	3,680	26.5	14.5	9.4	8.2	4.8	5.5	6.1	6.7	0.6	0.5
<b>Coverage</b>						<b>40,386</b>	<b>12.8</b>	<b>8.8</b>	<b>8.5</b>	<b>7.8</b>	<b>4.6</b>	<b>5.3</b>	<b>8.4</b>	<b>8.6</b>	<b>0.7</b>	<b>0.7</b>

Share prices as of 21 Apr 2021

Sources: Company data; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSI	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	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	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	AMANA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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

### Disclaimer:

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

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

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



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 135.00	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 154.50	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 75.50	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 13.10	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	SCBB TB	THB 85.75	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 101.50	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; 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 1.29	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.

Source: FSSIA estimates

#### Additional Disclosures

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

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

All share prices are as at market close on 21-Apr-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.