

Thailand Banks

Expect robust 3Q22 NP on stronger NII and lower ECL

- Slightly positive view on 2Q22 NP from better NIM; KTB posted the best performance.
- Banks under coverage are confident with their asset quality and provision cushion.
- Bank stocks may be rangebound until inflation peaks. Maintain Overweight with long-term view.

Lower ECL and higher NIM led to decent 2Q22 net profit

The banks under our coverage (BUC) delivered a 2Q22 aggregate net profit of THB43.5b (+22% y-y, -2% q-q) – slightly higher than our estimate by 2%. We read the sector's overall operating performance as slightly positive, with the BUC's performance being a mixed bag. We see three positives. First and most importantly, there was a moderate increase in the BUC's NIM by 9 bps to 2.82%. Second, loan volume increased by 5.5% y-y and 1.2% q-q, driven mainly by demand from the corporate and retail segments. Third, the loan repayment ability of clients increased following the lockdown easing along with the comprehensive debt restructuring (CDR) that was offered to clients. Thus, the BUC's NPLs were stable q-q. The BUC were able to smooth out their provisioning setups. There was one negative – a drop in non-NII from lower fee income and lower mark-to-market gains from investments due to the unfavourable capital market conditions. We think KTB posted the best 2Q22 performance.

Neutral view from post-results analyst meetings

The tone of the post-results analyst briefings was neutral. The BUC are confident with their asset quality and provision cushion. Banks are seeing a higher debt repayment ability for their clients from the gradual economic recovery. The high inflation environment has had a limited impact on the BUC, but they are monitoring the situation. For the revenue side, the BUC reaffirmed that loan volume should increase moderately, with a potential NIM expansion from future rate hikes. However, fee income might continue to be pressured.

3Q22 net profit should rise significantly y-y, but slightly drop q-q

We project the BUC's 3Q22 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, we believe that loan volumes will increase moderately. We also believe banks' NIMs have passed the bottom in 2Q22. We expect moderately wider NIMs from 3Q22 onward. But, the BUC's 3Q22 aggregate net profit might decline q-q due to higher OPEX. Due to the full resumption of business activity, we think the BUC will increase their marketing campaigns.

Maintain Overweight, with KTB and BBL our top picks

The concern over potential asset deterioration from high inflation will likely continue to provide negative sentiment for banks' share prices until the inflation rate in Thailand peaks, potentially in Aug-22. However, we believe banks' share prices have mostly priced the concerns in. SETBANK is trading at an undemanding valuation at 0.6x 2022E P/BV, despite the ROE recovery and benefits from the rate uptrend. We maintain OVERWEIGHT for long-term investment and retain KTB and BBL as top picks. We believe they should both benefit the most from future rate hikes and face the lowest risk from asset deterioration.



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Lower ECL and higher NIM led to decent 2Q22 net profit

The BUC delivered a 2Q22 aggregate net profit of THB43.5b (+22% y-y, -2% q-q), which was slightly higher than our estimate by 2%. We read the sector's overall operating performance as slightly positive, with the BUC's performance being a mixed bag. We see three positives. First and most importantly, there was a moderate increase in the BUC's NIM by 9 bps to 2.82%, driven by 1) a rise in loan yields and interbank and money market yields from the rate uptrend environment; and 2) higher growth in the high-yield retail segment's loan volume. Second, loan volume increased by 5.5% y-y and 1.2% q-q, driven mainly by demand from the corporate and retail segments. 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. The BUC were able to smooth out their provisioning setups. There was one negative – a drop in non-NII from lower fee income and lower mark-to-market gains from investments due to the unfavourable capital market conditions.

In our view, KTB delivered the best performance in 2Q22. Its 2Q22 earnings were strong in most items, including 1) healthy asset quality, leading to lower provisions; 2) good cost control; and 3) a recovery in its NIM.

TTB's and KKP's 2Q22 net profits also surprised on lower provisions. KBANK, SCB, BBL, and TISCO reported in-line results.

Exhibit 1: Thai banks under coverage, 2Q22 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	6,961	9.5	(2.2)	22.8	16,758	(4.4)	7.4	8,354	(14.8)	28.7
Kasikombank	KBANK TB	10,794	21.4	(3.7)	25.7	25,420	(1.3)	0.9	9,852	(8.8)	5.5
Kiatnakin Bank	KKP TB	2,033	50.1	(1.1)	26.9	3,331	9.0	(8.7)	812	(41.0)	(23.8)
Krung Thai Bank	KTB TB	8,358	39.1	(4.8)	30.6	14,808	2.3	(3.2)	5,669	(30.0)	3.6
SCB X	SCB TB	10,051	14.0	0.1	25.7	22,764	7.9	5.6	10,250	2.2	17.1
Tisco Financial	TISCO TB	1,848	10.9	2.9	25.3	2,439	(7.4)	5.1	140	(74.8)	63.9
TMBThanachart Bank	TTB TB	3,438	35.7	7.6	27.4	8,634	1.5	(1.8)	4,382	(20.2)	(8.9)
Coverage		43,484	22.0	(1.6)	26.1	94,154	1.2	1.9	39,459	(14.5)	9.6

Sources: Company data; FSSIA estimates

Exhibit 2: Thai banks under coverage, 1H22 earnings summary

BBG code	Norm profit			Pre-provision profit		Expected credit loss	
	(THB m)	(y-y%)	(% 22E)	(THB m)	(y-y%)	(THB m)	(y-y%)
BBL TB	14,079	6.0	46.1	32,361	(0.9)	14,843	(8.0)
KBANK TB	22,005	12.7	52.3	50,622	(1.2)	19,188	(1.4)
KKP TB	4,089	45.1	54.0	6,980	14.7	1,878	(28.1)
KTB TB	17,139	47.9	62.7	30,110	6.3	11,139	(31.0)
SCB TB	20,095	6.3	51.3	44,328	1.3	19,000	(5.2)
TISCO TB	3,644	6.2	49.8	4,760	(16.2)	225	(83.9)
TTB TB	6,633	24.8	52.8	17,428	(0.0)	9,190	(16.2)
Coverage	87,683	17.1	52.7	186,589	0.8	75,464	(13.0)

Sources: Company data; FSSIA's compilation

Exhibit 3: Summary of 2Q22 earnings

BBG code	Norm profit			2Q22		FSSIA's views
	2Q21	1Q22	2Q22	Change		
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	
BBL	6,357	7,118	6,961	9.5	(2.2)	BBL reported an in-line 2Q22 net profit of THB6,961m (+10% y-y, -2% q-q). There were two positives. First and most importantly, its NIM went up by 16 bps y-y and q-q to 2.18% due to a rise in the floating rate for its international loan portfolio following global rate hikes. We think its NIM should continue at a high level in the following quarters. Second, there was loan growth of 2.5% q-q from corporate and international demand. On the other hand, we see two negatives. First, its fee income went slightly down y-y and q-q from lower bancassurance, mutual fund, and brokerage fees due to the unfavourable capital market conditions. Second, despite good asset quality control leading to a mere 3% q-q rise in its NPLs, BBL conservatively set a high credit cost of 128 bps, up from 100 bps in 1Q22, to cushion macro uncertainty. Its coverage ratio, therefore, continued to increase to 233%.
KBANK	8,894	11,211	10,794	21.4	(3.7)	KBANK reported an in-line 2Q22 net profit of THB10,794m (+21% y-y, -4% 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 1.3% q-q. Second, its net insurance premiums returned to positive territory at THB159m. Regarding asset quality, we think KBANK preventively solved its asset quality problem by selling NPLs to JK AMC, qualitatively downgrading stage 2 loans, and via aggressive NPL write-offs. All in all, its NPLs minimally increased by 3% q-q. The bank set a credit cost of 159 bps in 2Q22. This level was in line with its 2022 target of lower than 160 bps. Negatives in 2Q22 were a mark-to-market loss on financial assets from unfavourable capital market conditions alongside a moderate decrease in fee income. We read KBANK's results as neutral.
KKP	1,354	2,055	2,033	50.1	(1.1)	KKP reported an outperforming 2Q22 net profit of THB2,033m (+50% y-y, -1% q-q), beating the Bloomberg consensus estimate and our forecast by 8%. KKP's 2Q22 operations were solid, driven by 1) a 2.9% q-q rise in loan volume due largely to a rise in its hire purchase and housing loans; and 2) a significantly lower ECL due to its sufficient provision cushion and efficient asset quality control. Its NPLs rose by 8% q-q, with a high coverage ratio remaining at 169%. These positives were able to offset a 14% y-y and 22% q-q plunge in its non-NII due mainly to a drop in brokerage and IB fees amid reduced capital market activity. Losses on repossessed cars increased q-q after the abnormal lows seen in 1Q22. Accordingly, our concern on this point is limited as losses on repossessed cars remained manageable, in our view.
KTB	6,011	8,780	8,358	39.1	(4.8)	Once again, KTB reported an outperforming quarterly net profit, coming in at THB8,358m (+39% y-y, -5% q-q) in 2Q22 – higher than the BBG consensus estimate by 23% and our forecast by 17%. In our view, KTB did a great job on both the cost and revenue sides. Its credit cost plummeted to only 86 bps. KTB was able to control its asset quality effectively as its portfolio is comprised of 28% corporates, 19% government entities, and c25% government officials. These segments have been the least impacted by the Covid pandemic and geopolitical uncertainty. The bank's NPLs slightly fell by 2% q-q, implying a stable q-q NPL ratio of 3.32%. Its OPEX increased minimally by 2% both y-y and q-q following staff cost savings from retirement. As for its revenue side, there was a strong NIM and fee income. Its NIM rose 9 bps q-q to 2.5% due to a drop in the low-yield government segment and a rise in the high-yield retail segment. Its fee income was stable y-y and q-q, which was better than other banks. Soft capital market related-fees were cushioned by a rise in bancassurance fees.
SCB	8,815	10,044	10,051	14.0	0.1	SCB posted an in-line 2Q22 net profit of THB10,051m (+14% y-y, flat q-q). We see a mixed bag in its performance, with two positives. First, its NII continued to increase by 11% y-y and 5% q-q due to 1) a rise in its loan volume of 1.4% q-q; and 2) an increase of 12 bps y-y and q-q in its NIM from milder restructuring impacts. Second, its cost to income remained at a low level of 41%. These positives were able to offset a rise in its ECL and a drop in fee income. Although its NPLs went down by 4% q-q from the comprehensive long-term debt restructuring program, SCB set aside a THB2.5b special provision in this quarter, which led to an increase in its credit cost to 175 bps from 151 bps in 1Q22. As for its fee income, it declined y-y and q-q as wealth management-related fees slumped due to the unfavourable capital market conditions.
TISCO	1,666	1,795	1,848	10.9	2.9	TISCO reported an in-line 2Q22 net profit of THB1,848m (+11% y-y, +3% q-q). We see two positives from its results. First, TISCO benefited from a low credit cost level of 28 bps in 2Q22 due to its excess provisions and effective asset quality control. Its NPL ratio was relatively stable q-q at 2.2%, with a continued high coverage ratio of 253%. Second, there was an uptick in its NIM to 5.04% from 4.98% in 1Q22 following a rise in its high yield portfolios. The lower provisions in this quarter were able to totally offset the soft results y-y in its top line. Its total loan volume continued to minimally decline by 0.1% q-q (-5% y-y), dragged down mainly by a drop in its new car hire purchase. Also, its fee income fell y-y and q-q, due to the unfavourable capital market conditions.
TTB	2,534	3,195	3,438	35.7	7.6	TTB reported a strong 2Q22 net profit of THB3,438m (+36% y-y, +8% q-q), which was 12% higher than the Bloomberg consensus estimate and our forecast thanks to a lower ECL due to lower NPLs at 2% q-q and a sufficient provision cushion. Its coverage ratio was relatively stable at 133%. As for its top line, we saw a slight improvement with operating income down 1% y-y but up 1% q-q, which in our view indicates softness. 2Q22 loan volume increased by 1.9% q-q, while its NIM fell to 2.81% due to parking excess liquidity in low-return investments. Fee income increased 9% y-y and 7% q-q from bancassurance fees. Regarding OPEX, it remains in a rising trend from digital investment and the expansion of TTB's retail business unit.
Coverage	35,631	44,199	43,484	22.0	(1.6)	

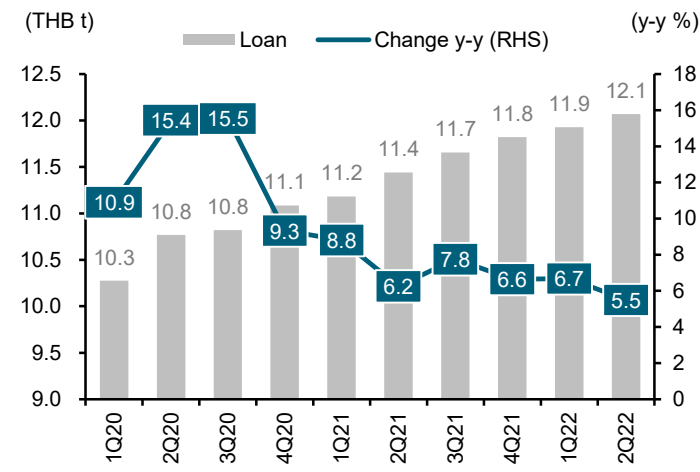
Sources: Company data; FSSIA estimates

2Q22 key highlights

1) Corporates and retail clients drove higher loan demand

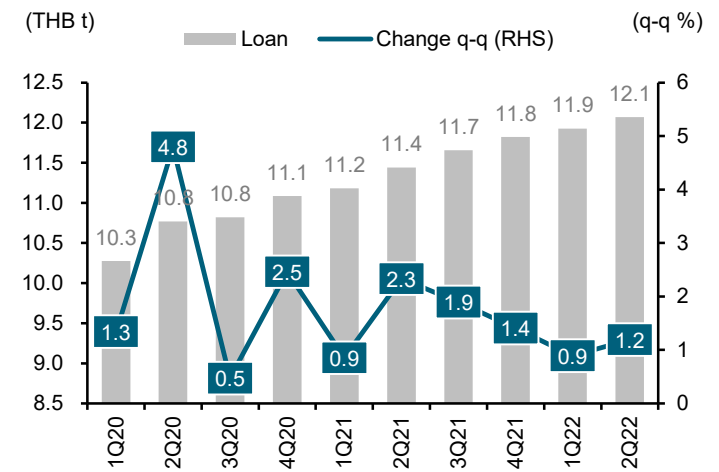
The BUC's aggregate loan portfolio slightly increased by 1.2% q-q (+5.5% y-y) due to an increase in working capital loan demand from the corporate segment, along with a rise in the retail client volume due to housing loans and the higher risk appetite of some banks to more aggressively engage in small ticket size retail lending.

Exhibit 4: Sector loan growth (y-y basis)



Sources: Company data; FSSIA estimates

Exhibit 5: Sector loan growth (q-q basis)

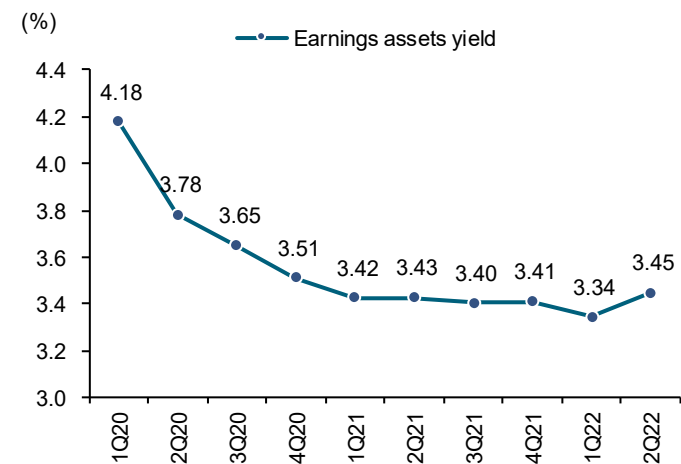


Sources: Company data; FSSIA estimates

2) Positive surprise on NIM

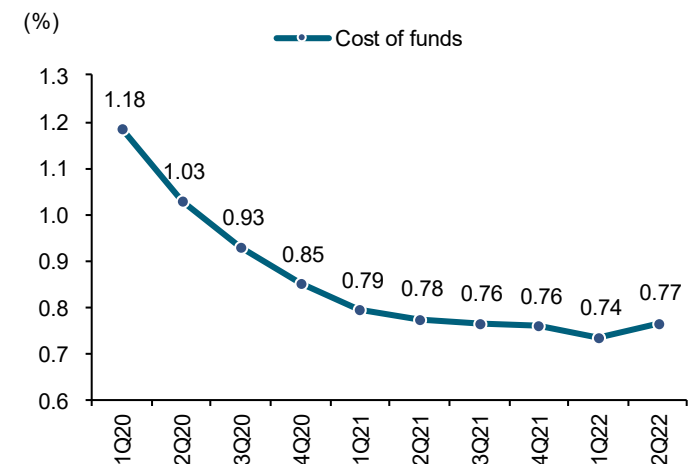
The BUC's NIM came as positive surprise. On an aggregate basis, it went up to 2.82% in 2Q22 from 2.74% in 1Q22. Earnings assets yield increased 9 bps q-q, driven by 1) a rise in loan yields and interbank and money market yields from the rate uptrend environment; and 2) higher growth in the high-yield retail segment's loan volume. Meanwhile, the BUC continued to manage their cost of funds effectively from increasing low-cost CASA deposits.

Exhibit 6: Sector's quarterly earnings assets yield



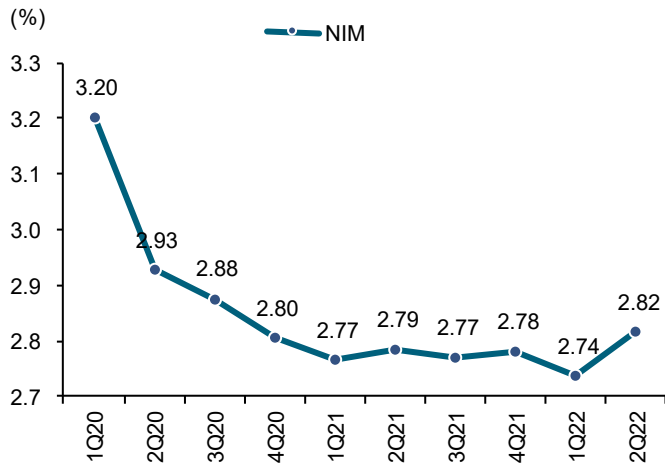
Sources: Company data; FSSIA estimates

Exhibit 7: Sector's cost of funds



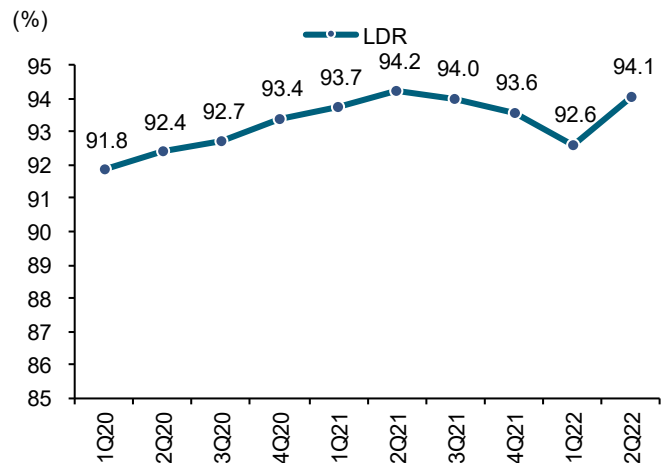
Sources: Company data; FSSIA estimates

Exhibit 8: Sector's quarterly NIM



Sources: Company data; FSSIA estimates

Exhibit 9: Sector's loan to deposit ratio (LDR)

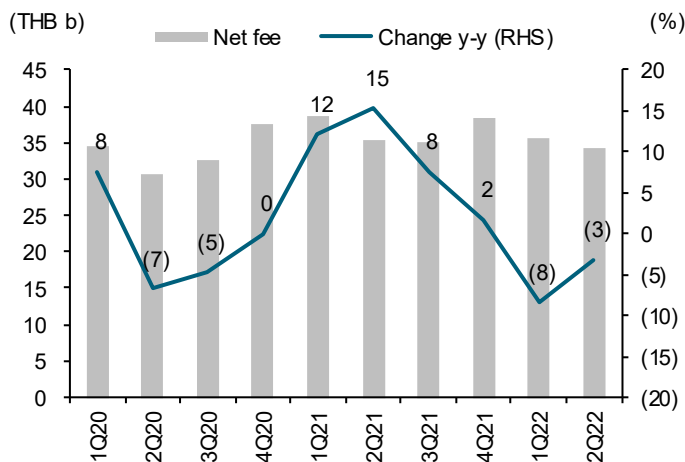


Sources: Company data; FSSIA estimates

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

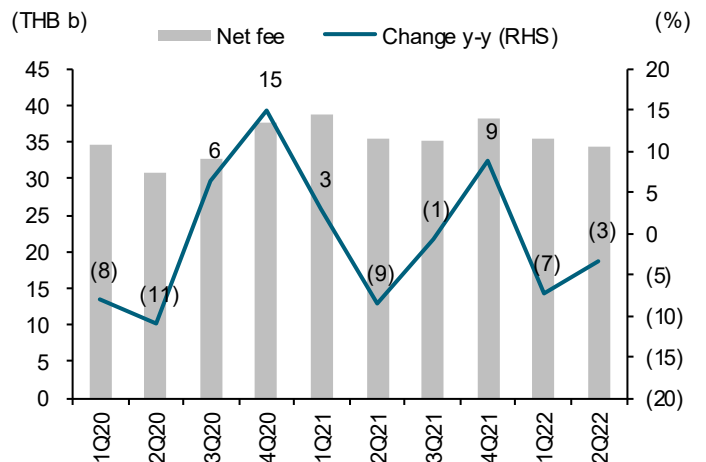
The non-NII of the BUC reduced y-y, dragged down by lower fee income and a contraction in investment gains. The BUC posted a 3% y-y and 3% q-q drop in fee income in 2Q22 due mainly to lower capital market-related fees amid the weak market environment. However, on the positive side, bancassurance fees rose for some banks. We believe the potential rate hikes might favour insurance selling.

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



Sources: Company data; FSSIA estimates

Exhibit 11: Sector's fee income growth (q-q basis)



Sources: Company data; FSSIA estimates

4) Good cost control

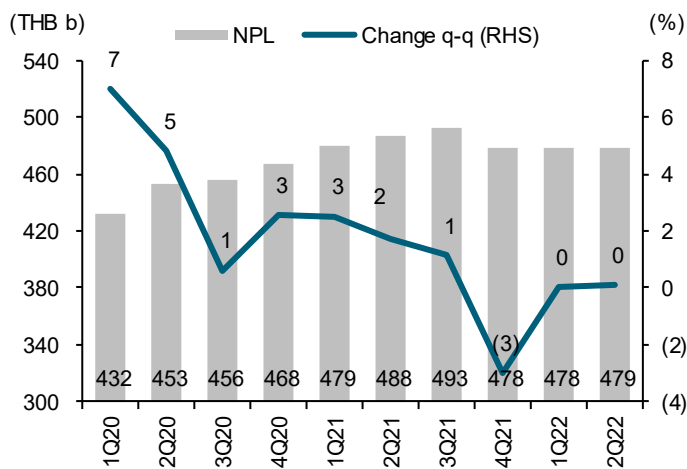
OPEX of the BUC increased minimally by 4% y-y and 4% q-q in 2Q22. Most banks were still able to control their operating expenses effectively. Covid-19 forced their clients to use digital platforms, leading to a faster network rationalisation pace and frozen headcounts.

5) Stable 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 has permitted relaxed loan classification measures. As a result, NPLs were relatively stable q-q in 2Q22. This accounted for an NPL ratio (calculated by FSSIA) of 3.97% in 2Q22 vs 4.01% in 1Q22.

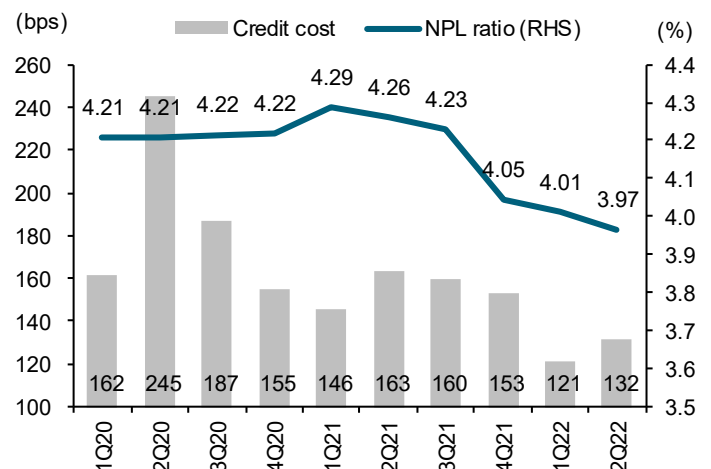
Regarding provisions, the BUC smoothed out their provisioning expenses as they had proactively set aside special provisions to provide a cushion from uncertainties in the previous quarters. Regarding the Russia-Ukraine crisis and high inflation environment, in our follow-up talks with management, it 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 a low credit cost level at 132 bps in 2Q22.

Exhibit 12: Sector's NPL growth (q-q basis)



Sources: Company data; FSSIA estimates

Exhibit 13: Sector's NPL ratio and credit cost



Sources: Company data; FSSIA estimates

Exhibit 14: Breakdown of 2Q22 earnings

2Q22E	BBL (THB m)	KBANK (THB m)	KKP (THB m)	KTB (THB m)	SCB (THB m)	TISCO (THB m)	TTB (THB m)	Coverage (THB m)
Net Interest Income	23,526	32,012	4,477	21,818	26,068	3,107	12,414	123,421
Change (y-y %)	17.5	7.7	18.0	4.3	11.0	(1.3)	(2.9)	8.4
Change (q-q %)	8.2	0.8	4.0	3.5	5.4	1.5	0.0	3.6
Non-interest Income	10,666	11,478	1,672	5,507	12,634	1,457	3,482	46,896
Change (y-y %)	(22.7)	(12.5)	(13.9)	(5.0)	(2.8)	(6.9)	5.0	(10.7)
Change (q-q %)	13.9	5.9	(21.8)	(14.8)	(2.5)	7.3	3.3	0.9
Net fee income	6,726	8,146	1,396	4,911	9,347	1,168	2,645	34,339
Change (y-y %)	(2.5)	(5.0)	(13.5)	0.4	(4.7)	(4.6)	8.5	(3.1)
Change (q-q %)	(3.3)	(7.8)	(10.1)	(1.2)	(1.2)	(8.6)	7.4	(3.3)
Operating income	34,192	43,490	6,149	27,325	38,702	4,564	15,896	170,318
Change (y-y %)	1.1	1.5	7.2	2.3	6.1	(3.2)	(1.3)	2.4
Change (q-q %)	9.9	2.1	(4.6)	(0.8)	2.6	3.3	0.7	2.9
Operating expenses	17,435	18,070	2,818	12,517	15,938	2,125	7,262	76,164
Change (y-y %)	7.0	5.9	5.2	2.3	3.7	2.1	(4.4)	3.9
Change (q-q %)	12.4	3.9	0.9	2.2	(1.2)	1.2	3.9	4.1
Pre-provision profit	16,758	25,420	3,331	14,808	22,764	2,439	8,634	94,154
Change (y-y %)	(4.4)	(1.3)	9.0	2.3	7.9	(7.4)	1.5	1.2
Change (q-q %)	7.4	0.9	(8.7)	(3.2)	5.6	5.1	(1.8)	1.9
Expected credit loss	8,354	9,852	812	5,669	10,250	140	4,382	39,459
Change (y-y %)	(14.8)	(8.8)	(41.0)	(30.0)	2.2	(74.8)	(20.2)	(14.5)
Change (q-q %)	28.7	5.5	(23.8)	3.6	17.1	63.9	(8.9)	9.6
Income tax	1,319	2,454	481	1,996	2,681	451	807	10,189
Normalised profit	6,961	10,794	2,033	8,358	10,051	1,848	3,438	43,484
Change (y-y %)	9.5	21.4	50.1	39.1	14.0	10.9	35.7	22.0
Change (q-q %)	(2.2)	(3.7)	(1.1)	(4.8)	0.1	2.9	7.6	(1.6)
% of 2022E	22.8	25.7	26.9	30.6	25.7	25.3	27.4	26.1
Net profit	6,961	10,794	2,033	8,358	10,051	1,848	3,438	43,484
Change (y-y %)	9.5	21.4	50.1	39.1	14.0	10.9	35.7	22.0
Change (q-q %)	(2.2)	(3.7)	(1.1)	(4.8)	0.1	2.9	7.6	(1.6)
% of 2022E	22.8	25.7	26.9	30.6	25.7	25.3	27.4	26.1
Loan (q-q %)	2.5	1.3	2.9	(0.9)	1.4	(0.1)	1.9	1.2
Loan (y-y %)	9.6	4.5	19.2	6.0	2.8	(5.0)	2.5	5.5
Deposit (q-q %)	(1.5)	1.4	7.2	(4.0)	0.7	(1.5)	2.6	(0.4)
Deposit (y-y %)	3.3	7.7	28.8	4.4	6.5	(6.7)	5.3	5.6
Loan/ Deposits (LDR %)	84.3	93.2	104.8	101.2	93.5	120.4	99.8	94.1
Loan/Deposits & Borrowing (%)	78.8	90.9	88.3	95.5	90.6	109.3	95.1	89.4
Key ratios	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Net interest margin	2.18	3.21	4.08	2.50	3.17	5.04	2.81	2.82
Credit cost (bp/total loans)	128	159	98	86	175	28	127	132
Cost to income	50.99	41.55	45.83	45.81	41.18	46.55	45.68	44.72
Loan-loss-coverage	233	128	169 _±	168	152	253	133	167
Absolute NPL (THB m)	105,046	109,972	10,951	104,434	102,538	4,464	41,331	478,736
Change (y-y %)	(5.4)	2.9	5.9	(1.2)	(1.5)	(23.9)	(5.1)	(1.8)
Change (q-q %)	2.6	3.3	7.7	(2.0)	(3.5)	1.8	(1.9)	0.1
NPL ratio	3.96	4.42	3.26	3.96	4.34	2.20	2.97	3.97
Reported NPL ratio	3.40	3.80	3.20	3.32	3.58	2.20	2.63	

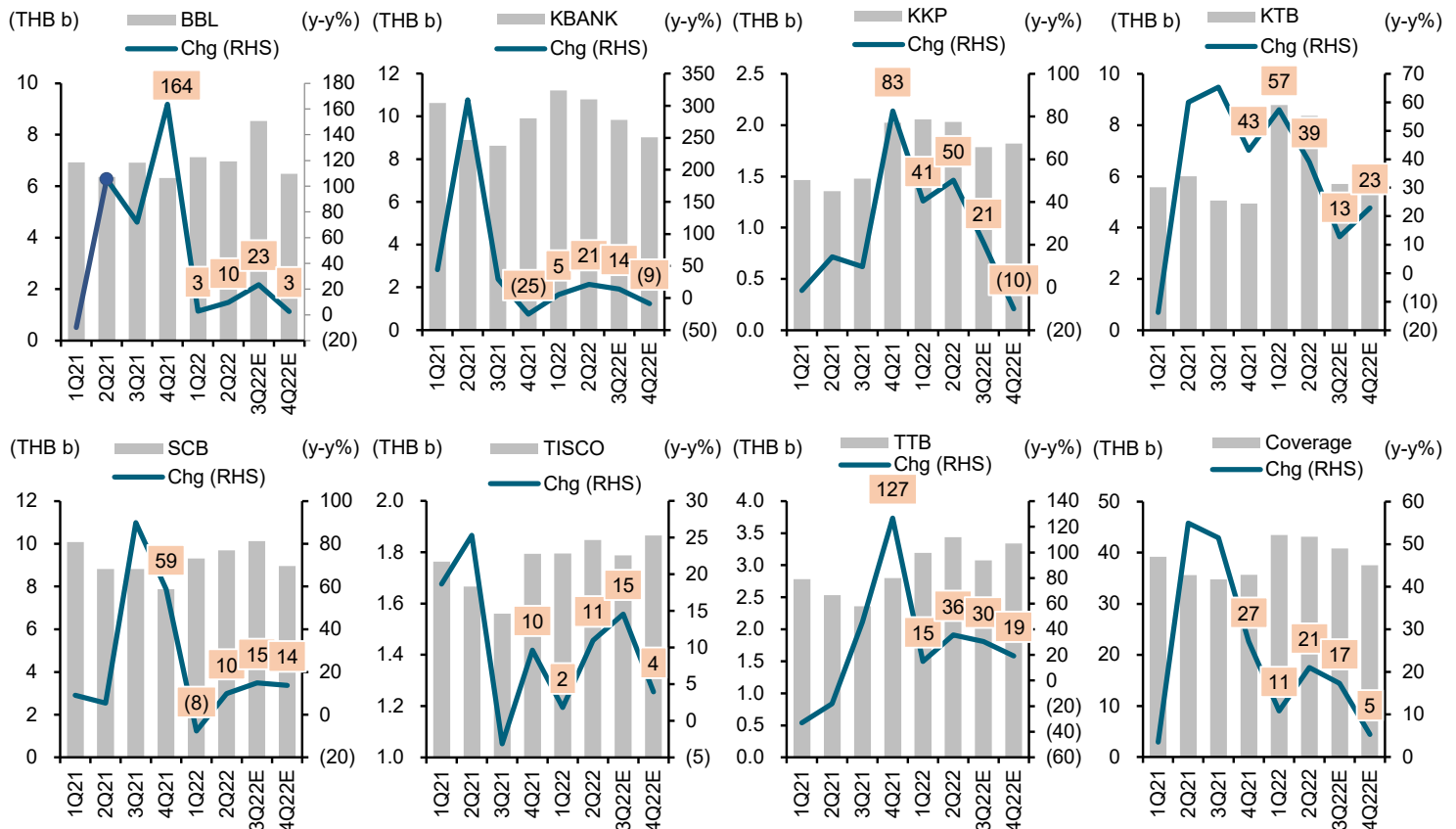
* Coverage ratio ex POCI

Source: FSSIA estimates

3Q22 net profit should rise significantly y-y, but slightly drop q-q

We project the BUC's 3Q22 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' NIMs have passed the bottom in 2Q22. We expect moderately wider NIMs from 3Q22 onward. However, the BUC's 3Q22 aggregate net profit might decline q-q due to higher OPEX. Due to the full resumption of business activity, we think the BUC will increase their marketing campaigns to boost sales.

Exhibit 15: Earnings momentum 1Q21 to 4Q22E



Source: FSSIA estimates

Recommendations and top picks

We reiterate our view that over the next six months the market will move its attention away from long-term, ROE-driven bank transformations to the new theme of interest rate hikes amid high inflation. Hence, we believe that the banks with lower asset deterioration downside risks and a higher exposure to rate hike benefits should outperform their peers.

We think the concern over potential asset deterioration from high inflation should continue provide negative sentiment for banks' share prices until the inflation rate in Thailand reaches its peak, potentially in Aug-22. However, we believe banks' share prices have mostly priced the concerns in. Currently, SETBANK trades at an undemanding valuation at 0.6x 2022E P/BV, despite the ROE recovery and the benefits from the rate uptrend. We, therefore, maintain our Overweight view for long-term investment.

We retain KTB and BBL as our top picks. We believe they should both benefit the most from future rate hikes and face the lowest risk from asset deterioration.

We maintain our BUY recommendation on KKP, KBANK, SCB and TTB, while maintaining our HOLD call for TISCO.

Exhibit 16: Peers comparison

Company name	BBG code	Rec	--- Share price --		Up side (%)	Market Cap (USD m)	EPS growth		--- PE ----		- Div Yld -		--- ROE ----		--- PBV --	
			Current (THB)	Target (THB)			22E (%)	23E (%)	22E (x)	23E (x)	22E (%)	23E (%)	22E (%)	23E (%)	22E (x)	23E (x)
Bangkok Bank	BBL TB	BUY	130.50	170.00	30	6,756	15.2	11.5	8.2	7.3	3.8	5.0	6.0	6.4	0.5	0.5
Kasikornbank	KBANK TB	BUY	140.50	192.00	37	9,028	10.6	12.9	7.9	7.0	3.2	3.6	8.5	9.0	0.7	0.6
Kiatnakin Bank	KKP TB	BUY	63.00	82.00	30	1,447	19.8	9.5	7.0	6.4	6.3	7.1	14.2	14.3	1.0	0.9
Krung Thai Bank	KTB TB	BUY	15.00	18.20	21	5,686	26.6	9.7	7.7	7.0	4.6	5.0	7.4	7.6	0.5	0.5
SCB X	SCB TB	BUY	94.00	134.00	43	8,584	9.8	6.6	8.2	7.7	5.3	6.4	8.6	8.5	0.7	0.6
Tisco Financial	TISCO TB	HOLD	88.25	94.00	7	1,916	7.8	3.5	9.7	9.3	8.8	9.3	17.4	17.4	1.6	1.6
TMBThanachart Bank	TTB TB	BUY	1.18	1.40	19	3,092	20.3	12.1	9.1	8.1	5.0	5.6	5.8	6.3	0.5	0.5
Coverage						36,509	14.8	10.0	8.1	7.4	4.6	5.3	8.4	8.6	0.7	0.6

Share prices as of 21 Jul 2022

Sources: Company data; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

Disclaimer:

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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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

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Yuvanart Suwanumchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 130.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kasikornbank	KBANK TB	THB 140.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kiatnakin Bank	KKP TB	THB 63.00	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 15.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
SCB X	SCB TB	THB 94.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Tisco Financial	TISCO TB	THB 88.25	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. An upside risk to our GGM-based TP would be lower-than-expected policy rate hikes.
TMBThanachart Bank	TTB TB	THB 1.18	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new 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 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-Jul-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.