

18 December 2020

Financial Services | Banks

Banks

Overweight (from Neutral)

Recovery Is Underway; U/G To OVERWEIGHT

Stocks Covered: 7
 Rating (Buy/Neutral/Sell): 5 / 2 / 0
 Last 12m Earnings Revision Trend: Negative

- **Upgrade sector rating to OVERWEIGHT from Neutral**, as we turn more positive on the outlook for Thai banks, given the positive developments relating to COVID-19 vaccines. Bank stocks have rallied by 32% since early November, yet valuations remain compelling, at a prospective P/BV of 0.7x (below -1SD from the historical mean). We expect the rotation to cyclical sectors to gain traction in 2021, as investors gain confidence about a recovery ahead – even as the path remains challenging.

- **Recovery underway, albeit gradual.** With the country's COVID-19 situation under control and economic re-opening gaining momentum, the banking sector's outlook is becoming less dire. Admittedly, ROE trajectory will be slow, as Thailand's economic recovery is heavily reliant on the opening of international borders. Still, rising optimism that effective vaccines will soon help put economies back on their feet will see banks' valuation multiples expand, as investors disregard near-term uncertainties and focus on the eventual recovery. This points to a further valuation rerating (P/BV expansion) in 2021, in our view. Our recovery picks are Siam Commercial Bank (SCB) and Kasikornbank (KBANK, upgraded from Neutral). TISCO Financial Group (TISCO) and Bangkok Bank (BBL) are defensive picks for investors with a lower appetite for risk. We also upgraded Krung Thai Bank (KTB) to BUY from Neutral – a laggard, trading at an undemanding 0.5x FY21F P/BV.

- **Sector 2021F outlook:**

- Moderate loan growth of 4.5% YoY, given the modest GDP recovery in 2021. As at end-September, system loans grew 4.9% YTD, or 6.5% annualised, supported by personal consumption and lending to the financial services sector. 2021's key drivers should mainly come from retail loans, given improving consumer confidence, and corporate loans for new investment projects.
- Asset quality remains the biggest uncertainty. In 3Q20, average loans under debt relief programmes fell to c.25% of total loans (2Q20: c.30%). We expect NPLs to trend up again, as customers (especially SMEs) exit relief programmes between 4Q20 and 1H21. We believe KBANK is most vulnerable, with 40% of loans requiring assistance. BBL is most resilient among peers, with less than 5% of its loans affected. By our estimates, sector NPLs should rise to 4.6%/4.4% in 2021-22F (2019: 3.99%).
- We expect sector earnings to improve by 12% YoY in 2021F, after falling 32.1% YoY in FY20F. This would be underpinned by a moderate 4% YoY rise in operating income (NIM slippage offset moderate loan growth and the recovery in fee income) and benign credit costs (176bps, from 193bps in 2020F). For 4Q20, we expect earnings to dip QoQ, as a result of higher credit costs, and seasonally higher operating expenses.
- Sustained economic recovery, coupled with Thai banks' solid capital (CET-1 of 13-18%) and provision buffers (LLR of 144%), should see Bank of Thailand (BOT) lift restrictions on 2021 dividend payouts.

- **Key risks:** We do not expect another lockdown in Thailand, despite recent reports of new COVID-19 infections. Still, a resurgence of new cases among the country's trading partners, appreciation of the THB, and domestic political rallies are speed bumps on the road to recovery.

Top Picks

	Target Price
Siam Commercial Bank (SCB TB) – BUY	THB107.00
Kasikornbank (KBANK TB) – BUY	THB141.00
TISCO Financial Group (TISCO TB) – BUY	THB108.00
Bangkok Bank (BBL TB) – BUY	THB160.00

Analysts

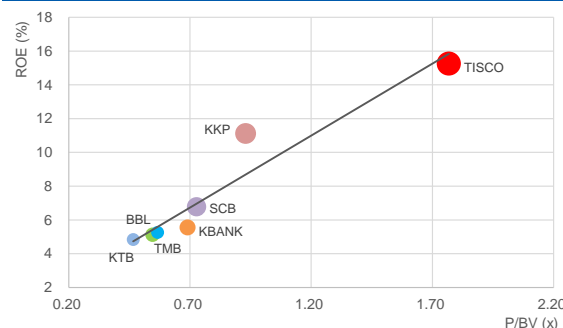
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TH banks' P/BV vs ROE



Source: Company data, RHB

Company Name	Rating	Target Price(THB)	% Upside (Downside)	P/E (x) Dec-21F	P/B (x) Dec-21F	Yield (%) Dec-21F
Bangkok Bank	BUY	THB160.00	24.5	8.9	0.5	3.1
Kasikornbank	BUY	THB141.00	17.0	11.0	0.7	2.3
Krung Thai Bank	BUY	THB14.60	22.7	9.1	0.5	3.8
Siam Commercial Bank	BUY	THB107.00	18.2	10.4	0.7	3.3
TISCO Financial	BUY	THB108.00	18.4	11.0	1.7	5.9
Kiatnakin Phatra Financial Group	NEUTRAL	THB56.00	8.7	8.2	0.9	4.9
TMB Bank	NEUTRAL	THB1.30	8.3	9.6	0.5	3.8

Source: Company data, RHB

Banking Sector – 2021 Outlook

Economic recovery will be gradual

After the better-than-expected Thai 3Q20 GDP performance (actual: -6.4%YoY vs consensus: -8.0%YoY), we continue to expect a slow recovery during the last quarter of 2020. This is due to the resurgence of COVID-19 cases among trading partners, and the appreciation of the THB – since the Thai economy largely relies on exports, and tourism accounts for almost 70% of GDP. In contrast with Thailand, the number of cases remains high in countries like the US and in Europe, especially with winter approaching. That said, we believe that, until Thailand reopens its borders and implements more stimulus packages, the country's recovery will remain bumpy until it finally reaches pre-COVID-19 levels in 2023F – a slower recovery than other emerging market (EM) economies. BOT expects Thailand's GDP to shrink by 7.8% YoY in 2020, before growing 3.5% YoY in 2021, while the International Monetary Fund (IMF) expects EM GDP to drop by only 5.7%YoY, before growing 5% YoY in 2020-21.

Nonetheless, apart from progress on vaccines, led by Pfizer (now authorised for emergency use), Moderna, and AstraZeneca, we have more positive views on the outlook for 2021 – especially in 2H21. We are starting to see a smoother recovery, backed mainly by public investment, through the 2021 THB3.3trn budget disbursement, more stimulus packages via the remaining c.THB500bn emergency loan, and private investments into infrastructure projects. For the tourism sector, our house view is that total international arrivals and foreign receipts should be stable YoY, at 6.5m and THB325bn in 2021, as tourism numbers start to ramp up in 2H21, after a vaccine is available. Moreover, we expect BOT to maintain its policy rate at the record low of 0.5%, at least until 1H21 – but focusing on targeted instead of blanket measures. All in all, we are looking at a better-than-expected recovery next year, supported by the abovementioned positive factors.

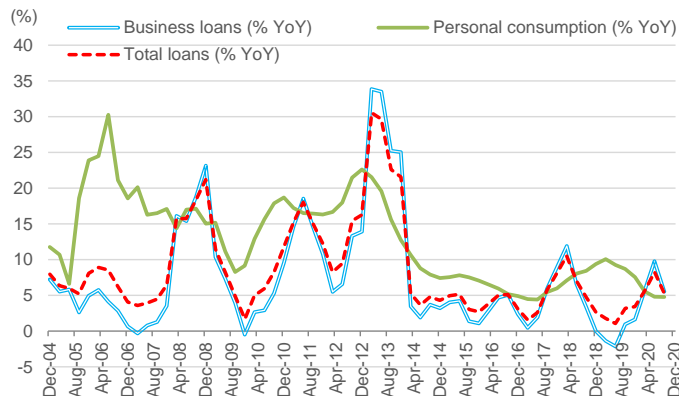
Moderate loan growth of 4.5% YoY in 2021F

A gradual recovery of economic activities should drive loan demand, in line with GDP growth. As at end-September, banking system loans grew 4.9% YTD (annualised 6.5%) to THB16.4trn. The increase was supported by +2.3% YTD growth in personal consumption (30% of system loans), +7.0% in financial services and insurance (22% of system loans), and +22.2% in hotels and restaurants (3% of system loans), despite a 2.5% YTD decline in wholesale and retail (12% of system loans).

For banks under our coverage, we expect growth in aggregate loans to moderate to 4.5% YoY in 2021F – mainly due to the resumption of loan repayments on expiry of debt relief programmes. The key drivers should be retail loans, given better consumption confidence, and a pick-up in corporate lending on higher public investments. For the SME segment, loan growth would likely be subdued. Banks are still cautious on lending to SMEs – the sector most impacted by COVID-19 and generally the least financially resilient – particularly, the tourism-related businesses. Should the rebound in economic activities turn out to be stronger than expected, this would present upside risks to our loan growth projections.

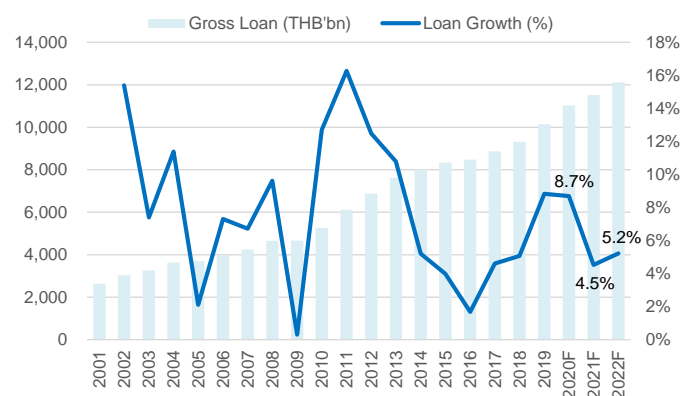
Sector loan growth of 8.7% for 2020F includes Bank Permata (BNLI IJ, SELL, TP: IDR640), which was acquired by BBL in May 2020.

Figure 1: Banking system loans growth



Source: BOT, RHB

Figure 2: TH banks' gross loans, annual growth trend



Source: Company data, RHB

Asset quality the key uncertainty in this crisis

As of 3Q20, average loans under debt relief programmes declined to c.25% of total loans, largely due to retail loans exiting the moratorium. We expect NPLs to trend up again, as a sizeable number of customers (especially SMEs) gradually exit the programme from 4Q20 and 1H21. Still, as some customers would likely receive further assistance all the way until 1H21 – such as debt payment deferrals and reductions – the real state of asset quality will only be seen from 2H21. That said, we believe the 3Q20 results provided a sneak peek into the resilience of Thai banks.

To address concerns over the lack of visibility on asset quality, banks have already boosted their provision buffers against the deterioration in macroeconomic factors. For 9M20, sector credit cost rose to 199bps (9M19: 137bps), led mainly by KBANK, BBL, and TISCO. Although sector credit costs surged to a high 244bps (annualised) in 2Q20, banks remained vigilant, and kept credit costs at an elevated 179bps in 3Q20.

In 3Q20, almost all banks reported reduced levels of loans under debt relief measures. The exception was KBANK, which revealed that loans under assistance was stable QoQ, at 40% of total loans. KBANK's management estimated that c.3.3% of total loans may be vulnerable. On the flip side, BBL remained the bank with the most solid asset quality. It has <5% of total loans under forbearance – mainly because strong-quality corporates account for 40% of its loan portfolio.

By our estimate, sector NPL ratio could rise to 4.6% and 4.4% in FY2021F-22F (vs 3.1% in 3Q20). However, we believe this NPL cycle will be different from the past crises, as Thai banks have robust buffers to withstand risks. Banks' BIS ratios were high at 17.3-21.5% in September, while the LLR ratios ranged between 131.2% and 196.1%.

Quick preview of 4Q20 numbers

4Q20 earnings expected to be weaker. We expect a QoQ decline in net profit, on higher credit cost and the seasonal rise in operating expenses. We believe banks will continue to set aside additional pre-emptive provisions, given the poor visibility of asset quality for loans under relief. NII should be slightly lower QoQ, as we anticipate a sequential contraction in loans outstanding, on higher repayments from customers who exit the debt relief programmes. NIM should dip slightly on the build-up in deposits, which would nudge LDR higher. Still, we expect to see improvement in non-II with fee income, boosted by (i) The pick-up in trading volumes, and growth in assets under management, given the recent 25% surge in the Stock Exchange of Thailand Index (SET); and (ii) Gains from trading and investment.

Compared to 4Q19, earnings should be sharply lower, mainly due to huge provisions, NIM contraction, and weak loan-related fees.

Earnings recovery in 2021

We expect sector earnings to improve 12% YoY in 2021F, after a sharp 32% YoY decline in 2020F. Thai banks have faced multiple headwinds since early 2020, including a sharp NIM compression from three cuts of 75bps in the policy rate (vs two cuts of 50bps in 2019) to help borrowers, weaker fee income as COVID-19 lockdown measures curtailed financial transactions, and higher credit costs.

The hit on 2020F net profit was mainly due to a 46% YoY jump in loan provisions (credit cost: 193bps in 2020 vs 143bps in 2019), and a sharp 25% YoY decrease in non-II. PIOP is projected to decline by a modest 4% YoY, held up by a full 12-month contribution from Thanachart Bank following its merger with TMB Bank in Dec 2019, and the inclusion of Bank Permata from May this year.

For 2021, we expect sector net profit to recover by 12% YoY, supported mainly by:

- i. A soft bounce in operating income of 4% YoY, from -3% YoY in 2020F. NII is projected to grow 5% YoY, led by 4.5% YoY loan growth on stronger demand from the retail and corporate segments. NIM is expected to be lower, from the full-year impact of lending rate cuts in 2020. We expect non-II to edge up 2.0% YoY, as we believe the economic recovery would help lift fees from financial transactions, but gains from trading and investments are expected to be lower;
- ii. Stable CIR of 45.8% (vs 45.5% in 2020F), as we expect Thai banks to remain disciplined on costs. Rationalisation of branch networks, following the accelerated adoption of online transactions, should help reduce establishment and staff costs, offsetting higher capex on technology; and

18 December 2020

Financial Services | Banks

- iii. A moderation in credit costs to 176bps (2020F: 193bps), given the frontloading done in 2020.

Sector ROE to recover to 6.3% in 2021F, after falling to 5.9% in 2020F. The fall in sector 2020F ROE from 9.3% in 2019 is accentuated by not only the sharp contraction in earnings, but also the cuts in dividend payouts, taken to strengthen capital base. As we expect dividend payouts to remain below pre-pandemic levels in 2021, the continued expansion in shareholders' equity will exert pressure on ROE recovery.

Figure 3: TH banks' earnings forecasts and key assumptions

(THBm)	2018	2019	2020F	2021F	2022F
Net interest income	398,345	413,047	454,927	476,871	490,119
<i>NII growth (%)</i>	3.0%	3.7%	10.1%	4.8%	2.8%
<i>Loan growth (%)</i>	5.1%	8.8%	8.7%	4.5%	5.2%
<i>Net interest margin (%)</i>	3.06%	3.03%	3.00%	2.93%	2.88%
Fee income	137,838	137,038	130,278	137,499	144,675
Other income	82,087	113,090	57,679	54,813	56,585
Non-interest income	219,925	250,128	187,957	192,312	201,261
<i>Non-II growth (%)</i>	2.9%	13.7%	-24.9%	2.3%	4.7%
Total operating income	618,270	663,175	642,884	669,183	691,379
<i>Operating income growth (%)</i>	2.9%	7.3%	-3.1%	4.1%	3.3%
<i>Non-II/Total income (%)</i>	35.6%	37.7%	29.2%	28.7%	29.1%
Operating expenses	(276,700)	(300,004)	(292,787)	(306,809)	(318,572)
<i>Operating expense growth (%)</i>	8.0%	8.4%	-2.4%	4.8%	3.8%
<i>CIR (%)</i>	44.8%	45.2%	45.5%	45.8%	46.1%
PIOP	341,570	363,171	350,097	362,374	372,807
<i>PIOP growth (%)</i>	-0.8%	6.3%	-3.6%	3.5%	2.9%
Loan impairment charges	(124,759)	(139,107)	(203,843)	(197,873)	(188,112)
Other impairment charges	-	-	-	-	-
Total impairment charges	(124,759)	(139,107)	(203,843)	(197,873)	(188,112)
<i>Credit charge-off (bps)</i>	137	143	193	176	159
<i>GLL ratio (%)</i>	3.96%	3.99%	4.53%	4.59%	4.37%
<i>Loan loss coverage (%)</i>	153.0%	152.3%	141.6%	144.3%	148.0%
Associates & others	-	-	-	-	-
Pre-tax profit	216,811	224,064	146,254	164,501	184,695
Taxation	(41,141)	(51,537)	(27,836)	(31,887)	(35,960)
Minority interests	(8,664)	(7,784)	(6,459)	(6,837)	(7,150)
Net profit	167,006	164,743	111,959	125,777	141,585
<i>Net profit growth (%)</i>	8.8%	-1.4%	-32.0%	12.3%	12.6%

Source: Company data, RHB

Hopeful for higher dividend payouts in 2021

Following the review of banks' stress test results, and capital management plans, BOT announced on 12 Nov, that Thai banks can pay dividends from 2020 earnings, with some conditions. BOT requires that banks' dividend payouts must not exceed FY19 levels, and 50% of FY20 net profit.

For banks under our coverage, we now estimate dividend payout ratios of 24-34% of FY20 earnings, except for TISCO, whose ratio is projected at 50%. Notwithstanding the recent spike in share prices, our dividend assumptions point to FY20F dividend yields of c.2.3-5%. Against expectations of improving prospects, we have pencilled in higher payout ratios of 28-50% for FY21F. This implies dividend yields of c.2.7-5.9%.

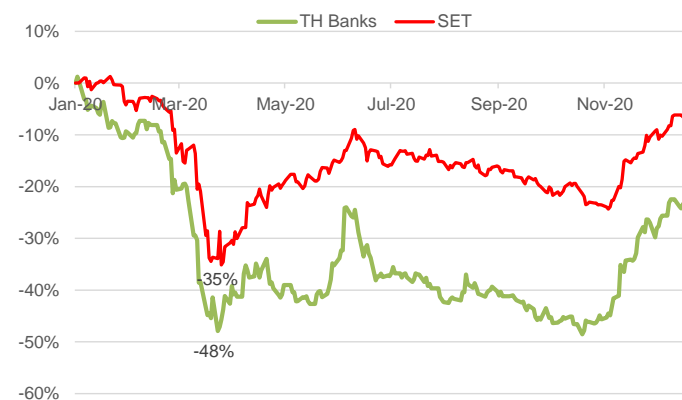
Overall, we believe BOT may further relax restrictions on dividends, should the economic recovery exceed expectations. Already, Thai banks' current capital and LLR ratios are stronger than during the global financial crisis. In 3Q20, banks under our coverage had comfortable CET-1 ratios of between 13.7% and 17.6%. This compares favourably against Malaysia banks' 12-13% and Singapore banks' 13-14%.

Upgrade to OVERWEIGHT

We upgrade Thai banks to **OVERWEIGHT** from Neutral, as we turn constructive on the sector, following significant progress in vaccine development. The vaccine-induced optimism has resulted in an influx of portfolio funds into value stocks such as banks – one of the sectors most impacted by COVID-19.

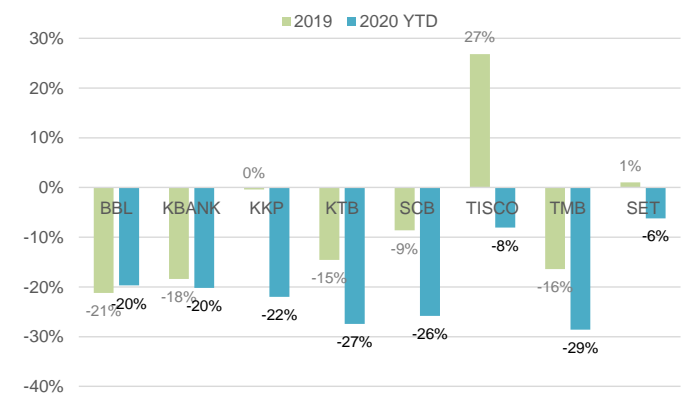
Since 9 Nov, Thai banks have appreciated by 30%, outpacing the SET's 17% rise over the same period. That said, Thai banks are down 23% YTD, underperforming the broader market's 7% YTD decline. We believe the rotation to cyclical sectors will gain greater traction in 2021, as investor confidence improves along with the economic recovery. The rotational play will likely be at full force when a vaccine is finally approved, and mass deployment begins, in our view.

Figure 4: TH banks underperformed broader market YTD



Source: Bloomberg, RHB

Figure 5: TH banks' share price performance, 2020 vs 2019

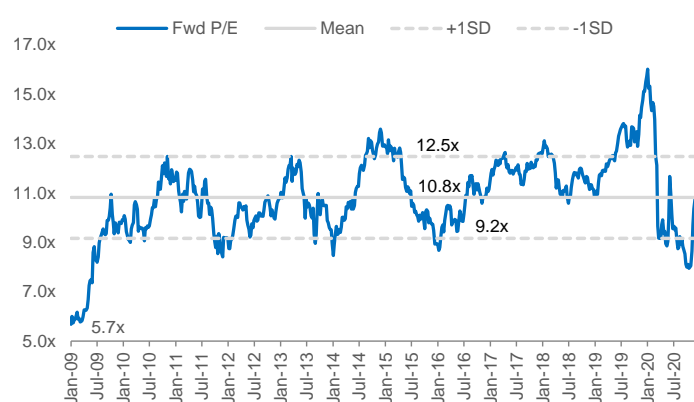


Source: Bloomberg, RHB

Risk-reward remains compelling. With the strong rally seen since early November, the sector's 12-month forward consensus P/BV has re-rated from 0.48x at end-October to 0.67x currently. Against the sector ROE of 6.8% in 2021F, current valuation remains compelling at below -1SD from the historical mean, and is close to the low seen during the 2008-2009 global financial crisis (see Figure 7).

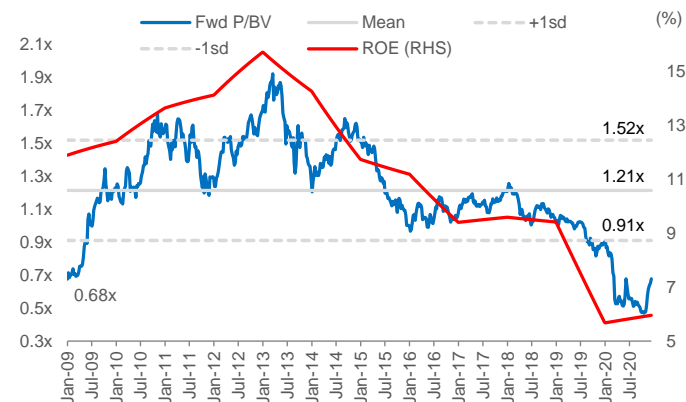
We believe that the market is already pricing in expectations that the Thai economy will recover at a slower pace than its regional peers, due to its heavier reliance on the external sector and international tourists. We anticipate investors to look beyond uncertainties surrounding asset quality, and potential earnings disappointment in the near term. We expect a vaccine-induced valuation multiple re-rating, rather than earnings-ROE recovery, which could take years.

Figure 6: TH banks' 12-month forward P/E



Source: Bloomberg, RHB

Figure 7: TH banks' 12-month forward P/BV



Source: Bloomberg, RHB

Top picks revised. Reflecting our view that investors would be willing to take a longer-term view and position for the recovery, we are adding KBANK and KTB to our BUY list – upgrading both from Neutral. Our other BUYs are BBL, SCB, and TISCO.

18 December 2020

Financial Services | Banks

KBANK and SCB are our preferred big-cap recovery picks. Both banks have a relatively high exposure to the SME segment, and should be beneficiaries of the resumption in business activities and economic reopening. These banks have also taken sizeable pre-emptive provisions to avoid a potential cliff effect, post debt-relief programmes. SCB has a high LLR of 147%, while KBANK's provision buffer is at a very comfortable 142%. Any sharp improvement in asset quality, resulting from a stronger-than-expected economic recovery, would present upside risks to our earnings and TPs.

TISCO and BBL for resilience. We do not expect a straight line up for bank stocks, as challenges remain. Investors concerned about potential volatility in share prices, may prefer to stick with banks with defensive qualities – TISCO and BBL. TISCO has outperformed its peers, falling a moderate 7% YTD, helped by its strong asset quality, high provision buffers and measured approach in loan growth. We also like TISCO for its higher dividend yield. BBL has less than 5% of its loans under relief programmes, making the bank's asset quality the most resilient among peers. The bank should also benefit from the expected pick-up in corporate investments.

KTB – the laggard. We upgrade KTB to BUY from Neutral. The stock has been a laggard due to its weaker asset quality and NIM. But at 0.45 FY21F P/BV against ROE of 5%, we believe much of the negatives have been priced in. We expect KTB to be a beneficiary of new investment projects that will be rolled out by the Thai Government next year.

Figure 7: Summary of TH banks' valuations

Company	Rating	Price (THB)	TP (THB)	Mkt Cap (THB'bn)	EPS Chg (%)		PER (x)		P/BV (x)		ROE (%)		NDY (%)	
					FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21
TISCO Financial Group (TISCO TB)	Buy	91.25	108.00	72.26	(15.6)	8.2	11.9	11.0	1.77	1.67	15.2	15.6	5.0	5.9
Bangkok Bank (BBL TB)	Buy	128.50	160.00	245.29	(37.5)	23.3	11.0	8.9	0.55	0.52	5.1	6.0	2.3	3.1
Siam Commercial Bank (SCB TB)	Buy	90.50	107.00	307.30	(30.9)	6.0	11.0	10.4	0.73	0.69	6.8	6.8	2.8	3.3
Kasikornbank (KBANK TB)	Buy	120.50	141.00	287.87	(41.0)	15.1	12.6	11.0	0.69	0.66	5.5	6.1	2.7	2.7
Krung Thai Bank (KTB TB)	Buy	11.90	14.60	166.32	(41.7)	6.8	9.7	9.1	0.47	0.45	4.8	5.0	3.4	3.8
TMB Bank (TMB TB)	Neutral	1.20	1.30	111.83	(33.8)	14.7	11.0	9.6	0.57	0.55	5.3	5.8	2.9	3.8
Kiatnakin Phatra (KKP TB)	Neutral	51.50	56.00	43.61	(15.7)	5.2	8.6	8.2	0.93	0.87	11.1	11.0	3.9	4.9
Weighted average					(34.8)	12.6	11.2	9.9	0.70	0.67	6.4	6.8	2.9	3.4

Note: Prices are as at 16 Dec 2020

Source: Bloomberg, RHB

Key risks

In our view, there are still considerable risks that could dampen the current upward re-rating in share prices. These include:

- i. A resurgence in COVID-19 cases among trading partners, especially the US and Europe, with winter approaching. This may impact the demand for goods and services from Thailand;
- ii. Appreciation of the THB against the USD reduces Thailand's competitive advantage. Thailand relies on exports and tourism, which account for almost 70% of GDP. The THB has appreciated 9% against the USD since early April;
- iii. Political rallies could hurt confidence, thereby impacting investments and private consumption;
- iv. A resurgence of COVID-19 cases in Thailand; and
- v. Slower-than-expected economic recovery, which would affect banks' asset quality.

18 December 2020

Financial Services | Banks

Bangkok Bank (BBL TB)

Buy (Maintained)

Defensive Pick For Still-Uncertain Times; BUY

Target Price (Return): THB160.00 (+24%)
 Price: THB128.50
 Market Cap: USD8,167m
 Avg Daily Turnover (THB/USD) 1,165m/37.9m

- **Stay BUY, with a new THB160.00 TP from THB119.00, 24% upside with c.3% FY21F yield.** Bangkok Bank is our defensive pick for Thai banks, given its resilient asset quality – low exposure to small and medium enterprises (SMEs) and high LLR – and solid capital position. At its current valuation of 0.5x FY21F P/BV, we believe downside risks from newly-acquired Bank Permata (BNLI IJ, SELL, TP: IDR640) have been priced in.
- **Strong defensive qualities.** With Thailand's economic recovery still facing challenges, we do not expect a straight line up for bank stocks. For investors concerned about potential share price volatility, BBL is one of our two defensive picks for the sector. The bank has less than 5% of its loans under a relief programme, making the bank's asset quality the most resilient among peers. LLR was a high 178% in Sep 2020, while total capital ratio was a very comfortable 17.6%.
- **Beneficiary of investment cycle recovery.** Being a corporate lender, BBL should benefit from the implementation of new investment projects in 2021. The pick-up in business activities following the lifting of COVID-19 lockdown measures would also result in a recovery in fee income, and boost loan demand.
- **Valuation to sustain re-rating in 2021.** BBL's share price has risen by a strong 22% in the past three months. Still, the stock trades at a mere 0.53x FY21F P/BV, near -2SD from its historical mean. Against a ROE of 6.0%, its valuation remains compelling, in our view.
- **Earnings and TP.** We make no changes to our earnings forecasts. Our TP is raised to THB160.00, as we lowered the equity risk premium following positive developments in COVID-19 vaccines. Our TP is based on a GGM-derived P/BV of 0.65x (from 0.48x), which is below -1SD from its historical mean.
- **Key risks** to our investment thesis are: (i) Slower-than-expected economic recovery that would dampen loan demand and the rebound in fee income; and (ii) Integration challenges at Bank Permata.

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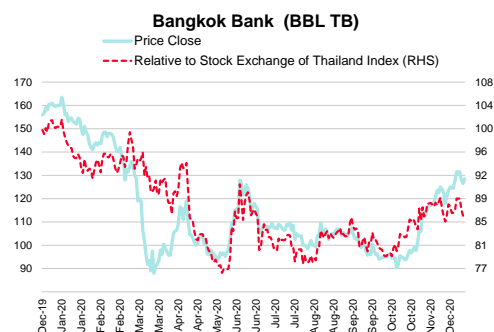


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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(19.7)	9.8	28.5	10.3	(15.2)
Relative	(13.2)	0.5	14.3	2.2	(10.5)
52-wk Price low/high (THB)				88.0 – 164	



Source: Bloomberg

Forecasts and Valuation	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Reported net profit (THBm)	35,330	35,816	22,389	27,609	31,682
Net profit growth (%)	7.0	1.4	(37.5)	23.3	14.8
Recurring net profit (THBm)	35,330	35,816	22,389	27,609	31,682
Recurring EPS (THB)	18.51	18.76	11.73	14.46	16.60
BVPS (THB)	216.26	224.09	235.16	246.14	258.27
DPS (THB)	6.50	7.00	3.00	4.00	5.00
Recurring P/E (x)	6.94	6.85	10.96	8.88	7.74
P/B (x)	0.59	0.57	0.55	0.52	0.50
Dividend Yield (%)	5.1	5.4	2.3	3.1	3.9
Return on average equity (%)	8.7	8.5	5.1	6.0	6.6

Source: Company data, RHB

Financial Exhibits

Asia	Financial summary (THB)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Thailand	EPS	18.51	18.76	11.73	14.46	16.60
Financial Services	Recurring EPS	18.51	18.76	11.73	14.46	16.60
Bangkok Bank	DPS	6.50	7.00	3.00	4.00	5.00
BBL TB	BVPS	216.26	224.09	235.16	246.14	258.27
Buy						
	Valuation metrics	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Valuation basis	Recurring P/E (x)	6.94	6.85	10.96	8.88	7.74
Our GGM assumptions include:	P/B (x)	0.6	0.6	0.5	0.5	0.5
i. COE of 8.8%	Dividend Yield (%)	5.1	5.4	2.3	3.1	3.9
ii. ROE of 6.6%; and						
iii. 2.5% long term growth.						
Key drivers	Income statement (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Our FY20 forecast is most sensitive to changes in:	Interest income	110,781	112,565	113,850	125,336	134,122
i. Macroeconomic conditions that will impact asset quality and growth prospects; and	Interest expense	(39,405)	(41,494)	(36,591)	(41,644)	(48,489)
ii. Changes in policy rates which would impact NIM outlook.	Net interest income	71,376	71,071	77,259	83,692	85,633
	Non interest income	50,025	62,675	40,957	41,782	44,989
	Total operating income	121,400	133,746	118,216	125,473	130,622
	Overheads	(55,165)	(54,963)	(59,850)	(62,278)	(64,373)
	Pre-provision operating profit	66,236	78,783	58,366	63,196	66,250
	Loan impairment allowances	(21,965)	(32,351)	(30,428)	(28,412)	(26,141)
	Pre-tax profit	44,271	46,432	27,937	34,783	40,109
	Taxation	(8,554)	(10,219)	(5,168)	(6,783)	(8,022)
	Minority interests	(387)	(397)	(380)	(391)	(405)
	Reported net profit	35,330	35,816	22,389	27,609	31,682
	Recurring net profit	35,330	35,816	22,389	27,609	31,682
Key risks	Profitability ratios	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Downside risks include:	Return on average assets (%)	1.1	1.1	0.6	0.7	0.8
Sharper-than-expected deterioration in economic outlook;	Return on average equity (%)	8.7	8.5	5.1	6.0	6.6
Further policy rate cut that would hurt NIMs; and	Return on IEAs (%)	3.6	3.6	3.3	3.3	3.4
Execution risks related to its newly-acquired stake in Indonesia's Bank Permata.	Cost of funds (%)	1.5	1.6	1.3	1.3	1.4
	Net interest spread (%)	2.1	2.0	2.0	2.0	1.9
	Net interest margin (%)	2.3	2.3	2.2	2.2	2.2
	Non-interest income / total income (%)	41.2	46.9	34.6	33.3	34.4
	Cost to income ratio (%)	45.4	41.1	50.6	49.6	49.3
	Credit cost (bps)	107	156	137	117	103
Company Profile	Balance sheet (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Bangkok Bank is one of the largest banking groups in Thailand by asset size. Lending to corporations and larger small and medium-sized companies account for c.60% of loans, while its international operations account for another 16%. Its retail loan book is the smallest among the large Thai banks.	Total gross loans	2,083,160	2,061,309	2,380,800	2,476,032	2,599,834
	Other interest earning assets	1,007,487	1,120,046	1,355,200	1,407,708	1,461,390
	Total gross IEAs	3,090,647	3,181,355	3,736,000	3,883,740	4,061,224
	Total provisions	(153,003)	(174,276)	(208,320)	(211,701)	(210,587)
	Net loans to customers	1,930,157	1,887,033	2,172,480	2,264,331	2,389,247
	Total net IEAs	2,937,644	3,007,079	3,527,680	3,672,039	3,850,637
	Total non-IEAs	179,106	209,664	296,166	306,623	296,091
	Total assets	3,116,750	3,216,743	3,823,846	3,978,662	4,146,728
	Customer deposits	2,326,470	2,370,792	2,795,000	2,947,657	3,102,427
	Other interest-bearing liabilities	253,210	279,027	379,500	353,860	337,252
	Total IBLs	2,579,680	2,649,819	3,174,500	3,301,517	3,439,679
	Total non-IBLs	123,911	138,808	199,300	206,121	212,850
	Total liabilities	2,703,591	2,788,627	3,373,800	3,507,638	3,652,529
	Share capital	19,088	19,088	19,088	19,088	19,088
	Shareholders' equity	412,814	427,751	448,888	469,846	492,997
	Minority interests	345	365	1,158	1,178	1,202
	Asset quality and capital	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Reported NPLs / gross cust loans (%)	3.8	3.8	5.3	5.0	4.7
	Total provisions / reported NPLs (%)	190.9	220.2	164.1	170.0	174.0
	CET-1 ratio (%)	16.4	17.0	15.1	15.1	15.0
	Tier-1 ratio (%)	16.4	17.0	15.1	15.1	15.0
	Total capital ratio (%)	17.9	20.0	17.6	17.5	17.3

Source: Company data, RHB

Valuation and TP

Our TP rises to THB160.00, from THB119.00. We lowered our cost of equity assumption to 8.8% (from 11.5%), taking into account in-house adjustments in equity risk premium following positive developments in COVID-19 vaccines. Our assumptions on ROE and BVPS are unchanged.

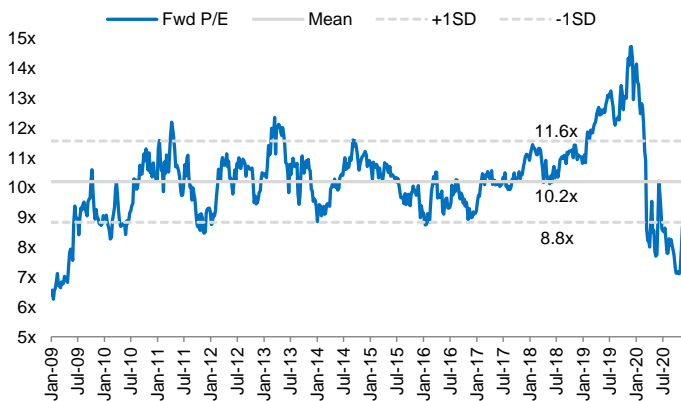
Our TP is based on a GGM-derived P/BV of 0.65x (from 0.48x), which is below -1SD from its historical mean.

Figure 1: GGM valuation

Cost of equity (COE) computation:		Sustainable ROE (%)	6.6
Risk free rate (%)	1.30	COE (%)	8.81
Equity premium (%)	6.82	Long-term growth (g)	2.5
Beta (x)	1.10	Implied P/BV (x)	0.65
Cost of equity - CAPM (%)	8.81	BVPS – FY21F	THB246.14
		TP	THB160.03
		TP (rounded)	THB160.00

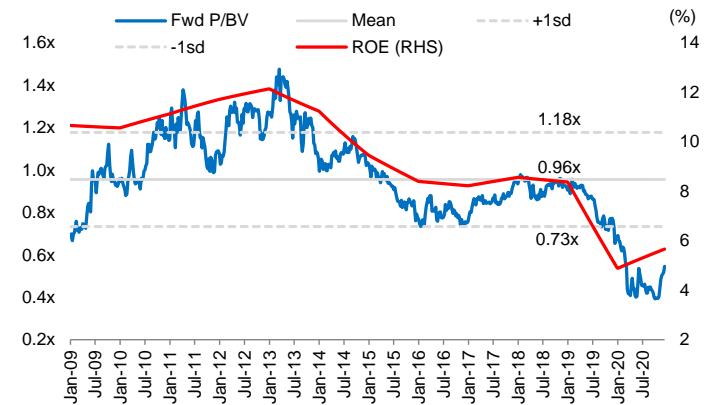
Source: Company data, RHB

Figure 2: BBL's 12-month forward P/E



Source: Bloomberg, RHB

Figure 3: BBL's 12-month forward P/BV



Source: Bloomberg, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2020-10-28	Buy	119	96
2020-08-05	Buy	132	102
2020-04-22	Buy	138	105
2019-10-24	Buy	205	164
2019-07-31	Buy	227	182
2019-02-08	Buy	241	211
2019-01-08	Buy	245	207
2018-10-19	Buy	250	211
2018-08-23	Buy	na	207

Source: RHB, Bloomberg

18 December 2020

Financial Services | Banks

Kasikornbank (KBANK TB)

Buy (from Neutral)

Economic Reopening Lifts Pandemic Gloom; BUY

Target Price (Return): THB141.00 (+17%)
 Price: THB121.00
 Market Cap: USD9,506m
 Avg Daily Turnover (THB/USD): 2,932m/95.9m

- Upgrade to BUY from Neutral, new THB141.00 TP from THB82.00, 17% upside with c.2% FY21F yield.** Kasikornbank, being one of the banks most vulnerable to the financial fallout from the COVID-19 outbreak, should soon see its prospects improving. We believe that the positive vaccine test results, coupled with Thailand's economic reopening and good handling of the pandemic, will underpin its earnings recovery and increase the likelihood of a share price re-rating in 2021.
- Economic activities regaining pace.** Thailand has been doing well to contain the COVID-19 pandemic, allowing for economic activities to regain momentum. Recent positive results on COVID-19 vaccines should lift confidence among businesses and consumers, and help spur investments and consumer spending. KBANK's core customers in the small and medium enterprises (SME) and retail segments should benefit from this continuous improvement in economic outlook. Asset quality risks should diminish, while topline growth will be buoyed by stronger loan demand and the recovery in fee income.
- Valuation still attractive.** KBANK's share price has surged by 51% in the past three months, driven by the flow of liquidity into undervalued cyclical stocks. That said, its current valuation of 0.6x FY21F P/BV remains below the global financial crisis low of 0.76x, and under -1SD from its historical average.
- Earnings and TP.** We make no changes to our earnings forecasts, but revise our TP to THB141.00 after imputing a lower equity risk premium into our GGM valuation – in line with the latest house assumptions. Our new TP is based on a GGM-derived P/BV of 0.75x, below -1SD from the historical mean.
- Key downside risks** to our investment thesis are: (i) A resurgence in new COVID-19 cases that would derail Thailand's economic recovery; and (ii) a sharper-than-expected deterioration in asset quality resulting in higher-than-expected provisions.

Analysts

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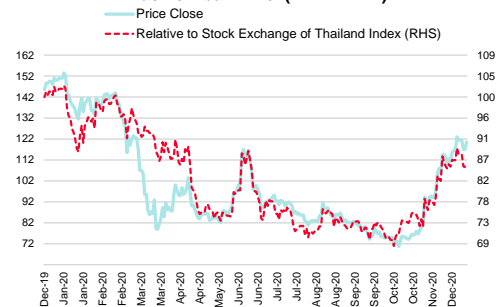
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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(20.2)	27.2	51.1	21.7	(15.4)
Relative	(13.7)	17.9	36.9	13.6	(10.7)
52-wk Price low/high (THB)					70.8 – 154

Kasikornbank Plc (KBANK TB)



Source: Bloomberg

Forecasts and Valuation	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Reported net profit (THBm)	38,459	38,727	22,865	26,323	29,681
Net profit growth (%)	12.0	0.7	(41.0)	15.1	12.8
Recurring net profit (THBm)	38,459	38,727	22,865	26,323	29,681
Recurring EPS (THB)	16.07	16.18	9.55	11.00	12.40
BVPS (THB)	157.23	169.79	174.54	183.40	192.97
DPS (THB)	4.00	5.00	2.25	2.75	3.25
Recurring P/E (x)	7.50	7.45	12.61	10.96	9.72
P/B (x)	0.77	0.71	0.69	0.66	0.62
Dividend Yield (%)	3.3	4.1	1.9	2.3	2.7
Return on average equity (%)	10.6	9.9	5.5	6.1	6.6

Source: Company data, RHB

Financial Exhibits

Asia	Financial summary (THB)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Thailand	EPS	16.07	16.18	9.55	11.00	12.40
Financial Services	Recurring EPS	16.07	16.18	9.55	11.00	12.40
Kasikornbank	DPS	4.00	5.00	2.25	2.75	3.25
KBANK TB	BVPS	157.23	169.79	174.54	183.40	192.97
Buy						
	Valuation metrics	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Valuation basis	Recurring P/E (x)	7.50	7.45	12.61	10.96	9.72
Our GGM assumptions include:	P/B (x)	0.8	0.7	0.7	0.7	0.6
i. COE of 8.1%	Dividend Yield (%)	3.3	4.1	1.9	2.3	2.7
ii. ROE of 6.6%; and						
iii. 2.0% long term growth.						
	Income statement (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Key drivers	Interest income	123,922	130,178	129,144	141,568	152,584
Our FY21 forecast is most sensitive to changes in:	Interest expense	(25,384)	(27,490)	(18,987)	(23,516)	(30,702)
i. Credit cost, given the still-evolving macroeconomic conditions; and	Net interest income	98,538	102,688	110,157	118,052	121,882
ii. Operating income from changes in NIM and fee income.	Non interest income	56,945	57,803	43,154	44,857	46,740
	Total operating income	155,483	160,491	153,311	162,909	168,622
	Overheads	(68,348)	(72,729)	(67,115)	(71,632)	(74,846)
	Pre-provision operating profit	87,135	87,762	86,196	91,277	93,775
	Loan impairment allowances	(32,532)	(34,012)	(53,702)	(54,366)	(52,583)
	Pre-tax profit	54,603	53,750	32,494	36,911	41,193
	Taxation	(10,395)	(10,309)	(5,979)	(6,829)	(7,621)
	Minority interests	(5,749)	(4,714)	(3,650)	(3,760)	(3,891)
	Reported net profit	38,459	38,727	22,865	26,323	29,681
	Recurring net profit	38,459	38,727	22,865	26,323	29,681
	Profitability ratios	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Company Profile	Return on average assets (%)	1.3	1.2	0.7	0.7	0.8
Kasikornbank is Thailand's fourth-largest commercial bank by asset size. It has a balanced loan mix from the corporate (34%), small and medium enterprise (SME) (34%) and retail (28%) segments. The bank's strength in the SME segment has enabled it to build a strong CASA franchise (CASA ratio of 78%).	Return on average equity (%)	10.6	9.9	5.5	6.1	6.6
	Return on IEAs (%)	4.3	4.2	3.9	4.0	4.1
	Cost of funds (%)	1.2	1.2	0.8	0.9	1.1
	Net interest spread (%)	3.1	3.0	3.1	3.1	3.0
	Net interest margin (%)	3.4	3.3	3.3	3.3	3.3
	Non-interest income / total income (%)	36.6	36.0	28.1	27.5	27.7
	Cost to income ratio (%)	44.0	45.3	43.8	44.0	44.4
	Credit cost (bps)	175	174	255	240	220
	Balance sheet (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Total gross loans	1,914,073	2,001,956	2,210,000	2,320,500	2,459,730
	Other interest earning assets	1,123,643	1,160,580	1,255,000	1,317,750	1,373,059
	Total gross IEAs	3,037,715	3,162,536	3,465,000	3,638,250	3,832,789
	Total provisions	(119,486)	(124,879)	(142,000)	(153,000)	(167,000)
	Net loans to customers	1,794,587	1,877,077	2,068,000	2,167,500	2,292,730
	Total net IEAs	2,918,229	3,037,657	3,323,000	3,485,250	3,665,789
	Total non-IEAs	236,862	256,232	291,171	277,670	283,119
	Total assets	3,155,091	3,293,889	3,614,171	3,762,920	3,948,908
	Customer deposits	1,995,001	2,072,049	2,318,993	2,442,632	2,583,750
	Other interest-bearing liabilities	224,058	185,132	220,100	203,934	195,457
	Total IBLs	2,219,059	2,257,181	2,539,093	2,646,565	2,779,207
	Total non-IBLs	518,210	582,994	609,400	628,756	658,361
	Total liabilities	2,737,269	2,840,174	3,148,493	3,275,321	3,437,568
	Share capital	23,933	23,933	23,933	23,933	23,933
	Shareholders' equity	376,298	406,358	417,728	438,930	461,818
	Minority interests	41,524	47,357	47,950	48,669	49,521
	Asset quality and capital	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Reported NPLs / gross cust loans (%)	3.9	4.2	4.6	4.8	4.9
	Total provisions / reported NPLs (%)	160.6	148.6	138.6	136.0	139.2
	CET-1 ratio (%)	14.8	14.9	15.4	15.5	15.5
	Tier-1 ratio (%)	14.8	14.9	15.4	15.5	15.5
	Total capital ratio (%)	17.3	18.5	18.8	18.6	18.5

Source: Company data, RHB

Valuation and TP

Our TP rises to THB141.00 (from THB82.00), after we made the following revisions:

- i. Cost of equity lowered to 8.1% (from 12.1%), taking into account in-house adjustments in equity risk premium on positive developments in COVID-19 vaccines;
- ii. ROE to 6.6% (from 6.5%); and
- iii. BVPS to THB188.18 (from THB183.40).

Revisions to ROE and BVPS were due to the rolling forward of the base year to FY21F-22F.

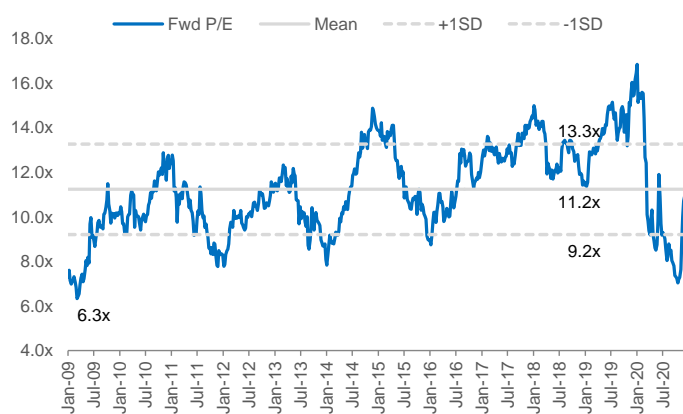
Our new TP is based on a GGM-derived P/BV of 0.75x (from 0.45x), below -1SD from its historical mean.

Figure 1: KBANK – GGM valuation

Cost of equity (COE) computation:		Sustainable ROE (%)	6.60
Risk free rate (%)	1.30	COE (%)	8.13
Equity premium (%)	6.15	Long-term growth (g)	2.00
Beta (x)	1.11	Implied P/BV (x)	0.75
Cost of equity - CAPM (%)	8.13	BVPS – FY20F-21F average	THB188.18
		TP	THB141.20
		TP (rounded)	THB141.00

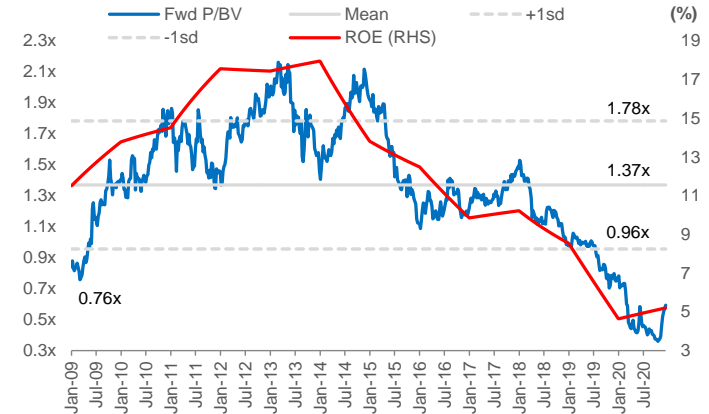
Source: Company data, RHB

Figure 2: KBANK's 12-month forward P/E



Source: Bloomberg, RHB

Figure 3: KBANK's 12-month forward P/BV



Source: Bloomberg, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2020-10-25	Neutral	82	75
2020-07-21	Neutral	91	88
2020-04-21	Buy	124	97
2019-10-25	Buy	173	137
2019-10-22	Buy	191	149
2019-01-21	Buy	222	188
2018-10-30	Buy	242	197
2018-10-22	Buy	244	207
2018-07-23	Buy	240	213

Source: RHB, Bloomberg

18 December 2020

Financial Services | Banks

Kiatnakin Phatra Financial Group (KKP TB)

Neutral (Maintained)

Risk-Reward Ratio Balanced; Still NEUTRAL

Target Price (Return): THB56.00(+9%)
 Price: THB51.50
 Market Cap: USD1,452m
 Avg Daily Turnover (THB/USD): 246m/8.03m

- **NEUTRAL, new THB56.00 TP from THB38.00, 9% upside.** Vaccine-induced optimism has lifted Kiatnakin Phatra Financial Group's share price by 35%, with its valuation reverting to the mean. At 0.9x FY21F P/BV and our forecast of a modest earnings recovery in FY21-22, the risk-reward ratio is balanced. For exposure to retail financing, we prefer TISCO Financial Group (TISCO TB, BUY, TP: THB108.00) for its stronger asset quality and robust capital. KKP's attractive FY21F dividend yield of c.5%, should support its share price.
- **Economic activities regaining momentum.** Thailand has been doing well to contain the COVID-19 pandemic, allowing for economic activities to regain pace. Recent positive results on COVID-19 vaccine development should lift confidence among businesses and consumers, and help spur investments and consumption spending. This should have a positive impact on KKP's commercial banking and capital markets business in the months ahead.
- **Risk-reward profile is balanced.** KKP's share price has risen by 35% in the past three months, driven by the flow of liquidity into cyclical stocks. As a result, the stock's valuation has seen a reversion to the mean, at 0.9x FY21F P/BV. With earnings recovery projected at a modest 5-8% YoY in FY21-22, the current risk-reward ratio appears balanced in our view.
- **Earnings and TP.** We make no changes to our earnings forecasts, but revise our TP to THB56.00. This is mainly on account of the lower equity risk premium assumption in our GGM valuation – in line with the latest house assumptions. Our new TP is based on a GGM-derived P/BV of 0.94x, which is in line with its historical mean.
- **Key downside risks** to our investment thesis are: (i) A resurgence in new COVID-19 cases that would derail Thailand's economic recovery; and (ii) A sharper-than-expected deterioration in asset quality resulting in higher-than-expected provisions. A reverse of these situations would present upside risks.

Analysts

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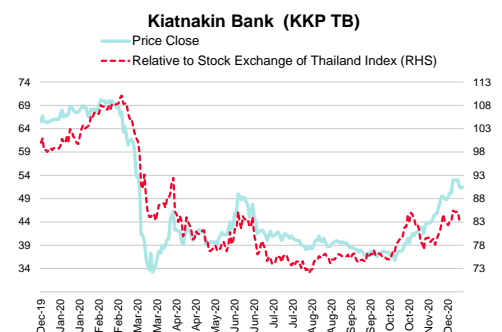


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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(22.0)	17.7	35.5	12.0	(21.4)
Relative	(15.5)	8.4	21.3	3.9	(16.7)
52-wk Price low/high (THB)				33.3	70.3



Source: Bloomberg

Forecasts and Valuation	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Reported net profit (THBm)	6,042	5,988	5,050	5,314	5,758
Net profit growth (%)	5.3	(0.9)	(15.7)	5.2	8.4
Recurring net profit (THBm)	6,042	5,988	5,050	5,314	5,758
Recurring EPS (THB)	7.14	7.07	5.96	6.28	6.80
BVPS (THB)	49.81	51.85	55.27	59.03	62.84
DPS (THB)	5.00	4.25	2.00	2.50	3.25
Recurring P/E (x)	7.22	7.28	8.63	8.21	7.57
P/B (x)	1.03	0.99	0.93	0.87	0.82
Dividend Yield (%)	9.7	8.3	3.9	4.9	6.3
Return on average equity (%)	14.5	13.9	11.1	11.0	11.2

Source: Company data, RHB

Financial Exhibits

Asia	Financial summary (THB)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Thailand	EPS	7.14	7.07	5.96	6.28	6.80
Financial Services	Recurring EPS	7.14	7.07	5.96	6.28	6.80
Kiatnakin Phatra Financial Group	DPS	5.00	4.25	2.00	2.50	3.25
KKP TB	BVPS	49.81	51.85	55.27	59.03	62.84
Neutral						
	Valuation metrics	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Valuation basis	Recurring P/E (x)	7.22	7.28	8.63	8.21	7.57
Our GGM assumptions include:	P/B (x)	1.0	1.0	0.9	0.9	0.8
i. COE of 11.6%;	Dividend Yield (%)	9.7	8.3	3.9	4.9	6.3
ii. ROE of 11.0%;						
iii. Long-term growth of 2.0%						
	Income statement (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Key drivers	Interest income	16,294	18,036	19,150	20,256	22,078
Our forecasts are most sensitive to changes in:	Interest expense	(5,033)	(5,720)	(4,768)	(4,869)	(5,948)
i. Impairment allowance;	Net interest income	11,262	12,316	14,382	15,387	16,130
ii. Domestic car sales; and	Non interest income	6,604	6,012	5,395	4,860	4,878
iii. Stimulus measures would mitigate NPL risks and lift loan growth.	Total operating income	17,865	18,328	19,777	20,247	21,008
	Overheads	(9,233)	(9,355)	(10,229)	(10,295)	(10,683)
	Pre-provision operating profit	8,633	8,973	9,548	9,953	10,325
	Loan impairment allowances	(1,245)	(1,676)	(3,050)	(3,069)	(2,863)
	Pre-tax profit	7,387	7,297	6,498	6,884	7,462
	Taxation	(1,343)	(1,307)	(1,430)	(1,549)	(1,679)
	Minority interests	(2)	(1)	(18)	(21)	(25)
	Reported net profit	6,042	5,988	5,050	5,314	5,758
	Recurring net profit	6,042	5,988	5,050	5,314	5,758
	Profitability ratios	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
The converse represents upside risks.	Return on average assets (%)	2.1	1.9	1.5	1.4	1.4
	Return on average equity (%)	14.5	13.9	11.1	11.0	11.2
	Return on IEAs (%)	6.2	6.2	6.1	5.8	5.9
	Cost of funds (%)	2.3	2.3	1.8	1.6	1.8
	Net interest spread (%)	3.9	3.9	4.3	4.2	4.0
	Net interest margin (%)	4.3	4.3	4.6	4.4	4.3
	Non-interest income / total income (%)	37.0	32.8	27.3	24.0	23.2
	Cost to income ratio (%)	51.7	51.0	51.7	50.8	50.9
	Credit cost (bps)	59.3	72.1	120.4	110.0	95.0
	Balance sheet (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Total gross loans	227,896	237,139	269,500	288,500	314,326
	Other interest earning assets	59,750	52,802	67,800	71,900	75,841
	Total gross IEAs	287,646	289,941	337,300	360,400	390,167
	Total provisions	(10,760)	(10,589)	(12,705)	(13,756)	(13,620)
	Net loans to customers	217,136	226,549	256,795	274,744	300,706
	Total net IEAs	276,886	279,352	324,595	346,644	376,547
	Total non-IEAs	29,443	32,338	37,043	40,154	39,028
	Total assets	306,329	311,690	361,638	386,798	415,575
	Customer deposits	181,694	172,174	243,000	261,760	285,318
	Other interest-bearing liabilities	62,668	73,132	46,530	49,070	49,385
	Total IBLs	244,362	245,305	289,530	310,830	334,703
	Total non-IBLs	19,627	22,373	25,200	25,870	27,546
	Total liabilities	263,989	267,679	314,730	336,700	362,250
	Share capital	8,468	8,468	8,468	8,468	8,468
	Shareholders' equity	42,180	43,902	46,798	49,985	53,211
	Minority interests	160	109	110	113	115
	Asset quality and capital	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Reported NPLs / gross cust loans (%)	4.1	4.0	3.4	3.5	3.1
	Total provisions / reported NPLs (%)	114.4	110.8	137.6	135.2	137.8
	CET-1 ratio (%)	13.6	13.6	13.5	13.7	13.7
	Tier-1 ratio (%)	13.6	13.6	13.5	13.7	13.7
	Total capital ratio (%)	17.3	17.2	16.9	16.9	16.7

Source: Company data, RHB

Valuation and TP

We upgrade our TP to THB56.00, from THB38.00. We lowered our cost of equity assumption to 8.8% (from 11.5%), taking into account in-house adjustments in the equity risk premium following positive developments in COVID-19 vaccines. Our assumptions on ROE and BVPS are unchanged.

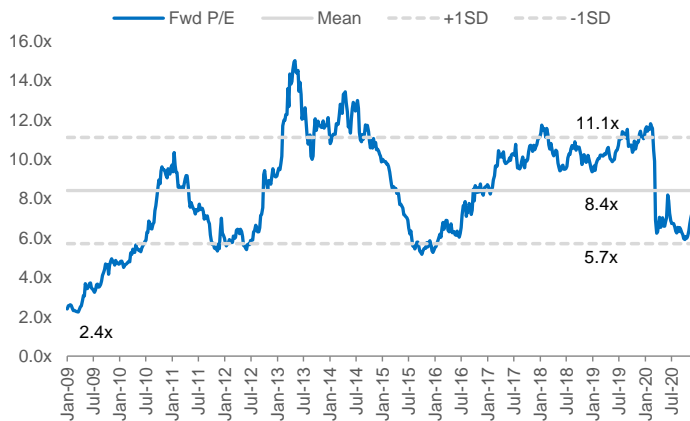
Our TP is based on a GGM-derived P/BV of 0.98x (from 0.64x), in line with its historical mean of 0.97x.

Figure 1: GGM valuation

Cost of equity (COE) computation:		Sustainable ROE (%)	11.00
Risk free rate (%)	1.30	COE (%)	11.55
Equity premium (%)	8.40	Long-term growth (g)	2.0
Beta (x)	1.22	Implied P/BV (x)	0.94
Cost of equity - CAPM (%)	11.55	BVPS – FY21F	THB59.03
		TP	THB55.62
		TP (rounded)	THB56.00

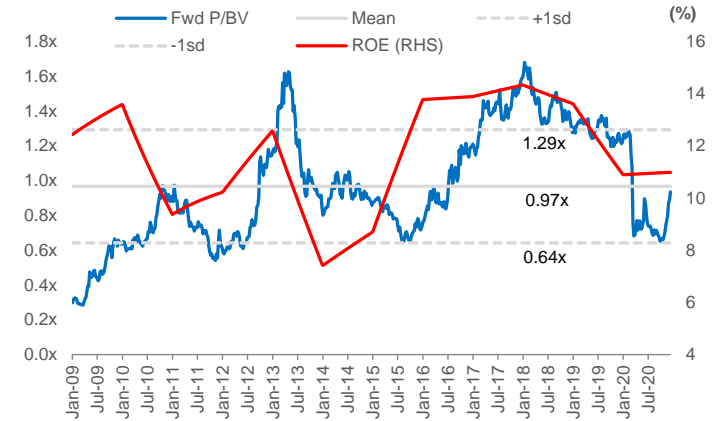
Source: Company data, RHB

Figure 2: KKP’s 12-month forward P/E



Source: Bloomberg, RHB

Figure 3: KKP’s 12-month forward P/BV



Source: Bloomberg, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2020-10-20	Neutral	38.0	37.0
2019-10-29	Sell	56.0	63.8
2019-01-29	Sell	61.0	67.3
2018-11-05	Neutral	77.0	72.3
2018-08-02	Buy	85.0	73.8

Source: RHB, Bloomberg

18 December 2020

Financial Services | Banks

Krung Thai Bank (KTB TB)

Buy (from Neutral)

Laggard With Compelling Valuation; U/G To BUY

Target Price (Return): THB14.60 (+23%)
 Price: THB11.90
 Market Cap: USD5,539m
 Avg Daily Turnover (THB/USD) 445m/14.6m

- **Upgrade to BUY from Neutral, new THB14.60 TP from THB17.50, 23% upside with c.4% FY21F yield.** Despite rallying since early November, Krung Thai Bank's share price is still down 27% YTD – a sector laggard. We believe the stock will undergo a positive re-rating in 2021, with catalysts from government-led projects that should boost loan demand from state-owned enterprises (SOEs). A sustained economic recovery ahead of the general availability of COVID-19 vaccines would also keep asset quality benign. At 0.46x FY21F P/BV, risk-reward ratio is appealing.
- **Economic activities regaining pace.** Thailand has been doing well to contain the COVID-19 pandemic, allowing for economic activities to regain momentum. Recent positive results on COVID-19 vaccines should lift confidence among businesses and consumers, and help spur investments and consumption spending. KTB, being a SOE, can be expected to benefit from this continuous improvement in economic outlook and planned rollout of government-led projects.
- **Balance sheet strength remains stable.** Helped by its exposure to government entities (c.15% of total loans) and SOE employees (20% of loans), KTB has a relatively smaller c.18% of loans under relief programmes. Its NPL ratio of 4.21% in Sep 2020, although higher than that of peers, is lower than levels recorded in 2017-2019, while LLR has strengthened to 135.6% from 126.5% in June 2020. CET-1 ratio is at a healthy 15.0%.
- **Risk-reward ratio is appealing.** KTB trades at a discount to other large banks due to its weaker NIM and asset quality, as well as concerns the bank could be asked to provide support to the real economy during troubled times. That said, at 0.46x FY21F P/BV, which is below -1SD from the historical mean, we believe much of these concerns are priced-in.
- **Earnings and TP.** We expect net profit to rise by 7% YoY in FY21, after falling by 42% in FY20. The recovery would come mainly from lower loan provisions, as PIOP is projected to be flattish due to NIM compression from the tail-end impact of policy rate cuts in 2020. Our TP drops to THB14.60, as the assumption of a lower 5.8% ROE in our GGM valuation offsets the downward revision in equity risk premium assumption. Our new TP is based on a GGM-derived P/BV of 0.56x, below -1SD from the historical mean.
- **Key risks** to our investment thesis are: i) A resurgence in new COVID-19 cases that would derail Thailand's economic recovery; ii) a sharper-than-expected deterioration in asset quality resulting in higher-than-expected provisions; and iii) slower-than-expected implementation of government projects.

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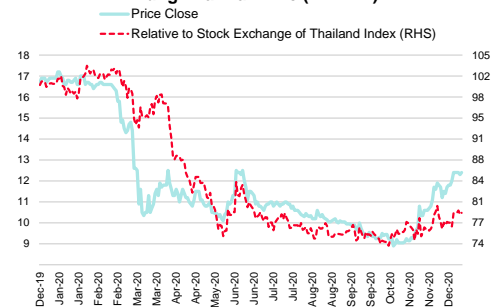
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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(27.4)	17.8	29.3	8.2	(26.1)
Relative	(21.2)	8.1	14.7	(0.2)	(21.7)
52-wk Price low/high (THB)				8.40	16.7

Krung Thai Bank Plc (KTB TB)



Source: Bloomberg

Forecasts and Valuation	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Reported net profit (THBm)	28,491	29,284	17,084	18,245	21,800
Net profit growth (%)	27.0	2.8	(41.7)	6.8	19.5
Recurring net profit (THBm)	28,491	29,284	17,084	18,245	21,800
Recurring EPS (THB)	2.04	2.09	1.22	1.30	1.56
BVPS (THB)	21.88	24.20	24.78	25.69	26.81
DPS (THB)	0.87	0.92	0.40	0.45	0.50
Recurring P/E (x)	5.84	5.68	9.74	9.12	7.63
P/B (x)	0.54	0.49	0.48	0.46	0.44
Dividend Yield (%)	7.3	7.7	3.4	3.8	4.2
Return on average equity (%)	9.6	9.1	5.0	5.2	5.9

Source: Company data, RHB

Financial Exhibits

Asia	Financial summary (THB)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Thailand	EPS	2.04	2.09	1.22	1.30	1.56
Financial Services	Recurring EPS	2.04	2.09	1.22	1.30	1.56
Krung Thai Bank	DPS	0.87	0.92	0.40	0.45	0.50
KTB TB	BVPS	21.88	24.20	24.78	25.69	26.81
Buy						
	Valuation metrics	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Recurring P/E (x)	5.84	5.68	9.74	9.12	7.63
	P/B (x)	0.5	0.5	0.5	0.5	0.4
	Dividend Yield (%)	7.3	7.7	3.4	3.8	4.2
	Income statement (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Interest income	119,770	122,971	113,472	114,661	124,223
	Interest expense	(36,081)	(34,655)	(24,040)	(23,968)	(29,787)
	Net interest income	83,689	88,316	89,432	90,693	94,436
	Non interest income	33,532	37,342	33,223	34,678	36,216
	Total operating income	117,221	125,658	122,655	125,371	130,653
	Overheads	(53,088)	(62,474)	(52,911)	(55,423)	(58,274)
	Pre-provision operating profit	64,133	63,184	69,744	69,947	72,379
	Loan impairment allowances	(26,192)	(23,814)	(45,678)	(44,147)	(42,025)
	Pre-tax profit	37,941	39,370	24,066	25,800	30,354
	Taxation	(6,852)	(7,233)	(4,332)	(4,773)	(5,646)
	Minority interests	(2,599)	(2,854)	(2,650)	(2,783)	(2,908)
	Reported net profit	28,491	29,284	17,084	18,245	21,800
	Recurring net profit	28,491	29,284	17,084	18,245	21,800
	Profitability ratios	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Return on average assets (%)	1.0	1.0	0.5	0.6	0.6
	Return on average equity (%)	9.6	9.1	5.0	5.2	5.9
	Return on IEs (%)	4.5	4.5	3.9	3.7	3.8
	Cost of funds (%)	1.5	1.5	0.9	0.9	1.0
	Net interest spread (%)	3.0	3.1	2.9	2.8	2.7
	Net interest margin (%)	3.1	3.2	3.0	2.9	2.9
	Non-interest income / total income (%)	28.6	29.7	27.1	27.7	27.7
	Cost to income ratio (%)	45.3	49.7	43.1	44.2	44.6
	Credit cost (bps)	132	116	205	182	165
	Balance sheet (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Total gross loans	2,023,938	2,089,873	2,366,500	2,484,825	2,609,066
	Other interest earning assets	595,846	733,999	690,800	738,444	779,405
	Total gross IEs	2,619,785	2,823,872	3,057,300	3,223,269	3,388,471
	Total provisions	(133,488)	(135,268)	(155,500)	(187,959)	(189,915)
	Net loans to customers	1,890,450	1,954,605	2,211,000	2,296,866	2,419,151
	Total net IEs	2,486,297	2,688,604	2,901,800	3,035,310	3,198,556
	Total non-IEs	252,907	323,612	305,823	310,871	320,275
	Total assets	2,739,203	3,012,216	3,207,623	3,346,181	3,518,831
	Customer deposits	2,039,602	2,155,865	2,363,600	2,469,962	2,605,810
	Other interest-bearing liabilities	258,181	317,408	322,350	335,828	350,254
	Total IBLs	2,297,783	2,473,273	2,685,950	2,805,790	2,956,064
	Total non-IBLs	127,279	190,617	164,300	170,051	176,480
	Total liabilities	2,425,062	2,663,890	2,850,250	2,975,840	3,132,544
	Share capital	72,005	72,005	72,005	72,005	72,005
	Shareholders' equity	305,875	338,287	346,473	359,168	374,891
	Minority interests	8,266	10,039	10,900	11,173	11,396
	Asset quality and capital	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Reported NPLs / gross cust loans (%)	5.2	4.9	5.4	5.6	5.3
	Total provisions / reported NPLs (%)	125.8	131.8	121.8	134.5	137.9
	CET-1 ratio (%)	14.3	14.8	15.1	14.9	14.6
	Tier-1 ratio (%)	14.3	14.8	15.1	14.9	14.6
	Total capital ratio (%)	18.2	18.7	18.8	18.5	18.0

Source: Company data, RHB

Valuation and TP

We revise our GGM-based TP to THB14.60 (from THB17.50), after lowering our cost of equity assumption to 8.8% (from 10.8%) – taking into account the in-house adjustment in equity risk premium following positive developments in COVID-19 vaccines. However, this is offset by assumptions of lower ROE (5.80%, vs 8.0% previously) to reflect the impact of higher credit costs and NIM compression.

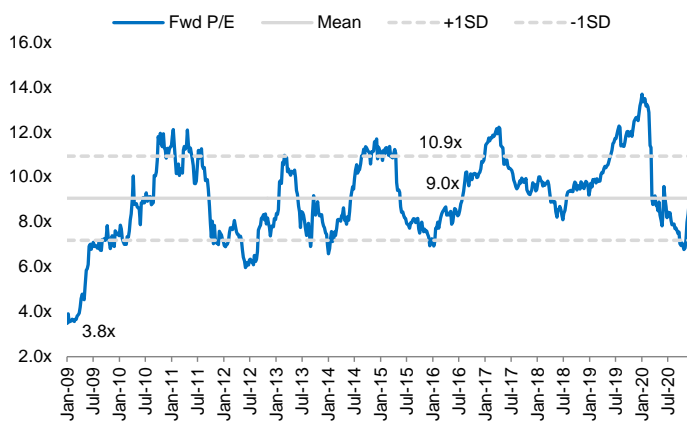
Our TP is based on a GGM-derived P/BV of 0.56x (from 0.7x), below -1SD from its historical mean.

Figure 1: GGM valuation

Cost of equity (COE) computation:		Sustainable ROE (%)	5.80
Risk free rate (%)	1.30	COE (%)	8.83
Equity premium (%)	6.90	Long-term growth (g)	2.0
Beta (x)	1.09	Implied P/BV (x)	0.56
Cost of equity - CAPM (%)	8.83	BVPS – FY21F	THB26.25
		TP	THB14.62
		TP (rounded)	THB14.60

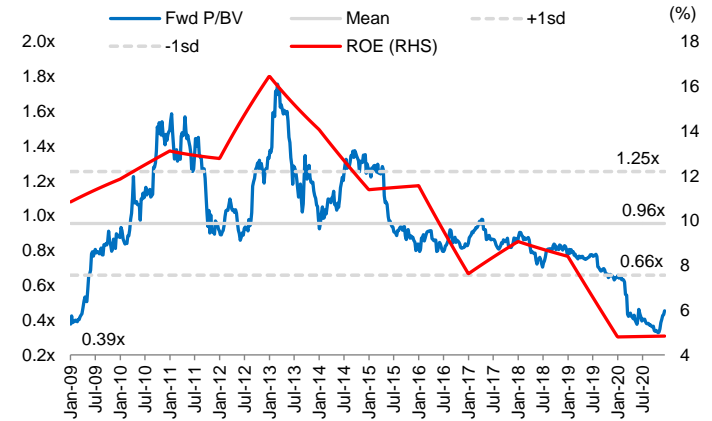
Source: Company data, RHB

Figure 2: KTB's 12-month forward P/E



Source: Bloomberg, RHB

Figure 3: KTB's 12-month forward P/BV



Source: Bloomberg, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2019-11-07	Neutral	17.5	16.7
2019-09-04	Neutral	18.0	16.7
2019-05-13	Sell	16.9	18.6
2019-04-23	Sell	17.5	18.8
2018-11-05	Neutral	21.5	20.0
2018-10-22	Buy	23.0	19.8
2018-07-26	Buy	21.5	19.0

Source: RHB, Bloomberg

18 December 2020

Financial Services | Banks

Siam Commercial Bank (SCB TB)

Buy (Maintained)

Building Resilience Against COVID-19; Stay BUY

Target Price (Return): THB107.00 (+18%)
 Price: THB90.50
 Market Cap: USD10,232m
 Avg Daily Turnover (THB/USD) 1,205m/39.3m

- **Reiterate BUY with a new THB107.00 TP from THB73.00, 18% upside with c.3% FY21F yield.** Due to its broad customer base, Siam Commercial Bank should benefit from Thailand's economic re-opening and vaccine-induced optimism. Against its ROE of 6.8% FY21F, the current market valuation of 0.7x P/BV is undemanding. Re-rating catalysts would come from asset quality improvements and the pick-up in topline growth.
- **Economic activities regaining pace.** Thailand has done well in containing the COVID-19 pandemic, allowing for economic activities to regain momentum. Recent positive results on COVID-19 vaccines should lift confidence among businesses and consumers, and help spur investments and consumption spending. With a diversified customer base in the corporate, small medium enterprises (SME) and retail segments, SCB should benefit from the sustained improvement in economic outlook. Asset quality risks should moderate while income growth will be buoyed by stronger loan demand and the recovery in fee income.
- **Strong fundamentals.** Since the initial outbreak of COVID-19 in Thailand, SCB has proactively conducted reviews on its loan portfolio. Management has also set aside pre-emptive provisions that lifted LLR to a comfortable 147%. Its capital is robust, with a CET-1 ratio of 17%, ie the strongest among the large banks. SCB's solid fundamentals, we believe, will enable the bank to weather potential asset quality stress from loans under relief programmes (29% of total loans).
- **Valuation is undemanding.** SCB's share price has risen by 30% in the past three months, lifted by the flow of liquidity into undervalued cyclical stocks. Still, its current valuation of 0.7x FY21F P/BV remains below the global financial crisis low of 0.85x, and under -1SD from the historical average.
- **Earnings and TP.** We make no changes to our earnings forecasts, but revise our TP to THB107.00 after imputing a lower equity risk premium assumption in our GGM valuation – in line with the latest house assumptions. Our new TP is based on a GGM-derived P/BV of 0.8x, which is still below -1SD from its historical mean.
- **Key risks** to our investment thesis are: (i) A resurgence in new COVID-19 cases that would derail Thailand's economic recovery; and (ii) a sharper-than-expected deterioration in asset quality resulting in higher-than-expected provisions.

Analysts

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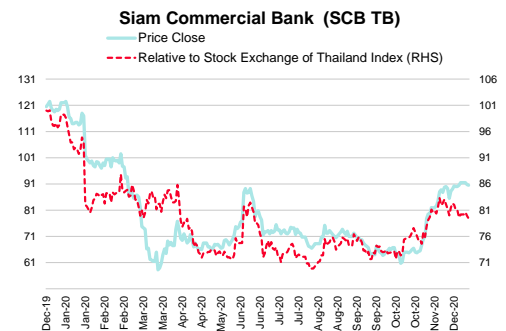


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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(25.8)	10.7	32.1	12.4	(23.3)
Relative	(19.6)	1.0	17.5	4.0	(18.9)
52-wk Price low/high (THB)					58.3 – 123



Source: Bloomberg

Forecasts and Valuation	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Reported net profit (THBm)	40,068	40,436	27,933	29,608	31,556
Net profit growth (%)	(7.1)	0.9	(30.9)	6.0	6.6
Recurring net profit (THBm)	40,068	40,436	27,933	29,608	31,556
Recurring EPS (THB)	11.79	11.90	8.22	8.71	9.28
BVPS (THB)	111.80	117.78	124.30	130.26	136.26
DPS (THB)	5.50	5.50	2.50	3.00	3.50
Recurring P/E (x)	7.68	7.61	11.01	10.39	9.75
P/B (x)	0.81	0.77	0.73	0.69	0.66
Dividend Yield (%)	6.1	6.1	2.8	3.3	3.9
Return on average equity (%)	10.8	10.4	6.8	6.8	7.0

Source: Company data, RHB

18 December 2020

Financial Services | Banks

Financial Exhibits

Asia	Financial summary (THB)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Thailand	EPS	11.79	11.90	8.22	8.71	9.28
Financial Services	Recurring EPS	11.79	11.90	8.22	8.71	9.28
Siam Commercial Bank	DPS	5.50	5.50	2.50	3.00	3.50
SCB TB	BVPS	111.80	117.78	124.30	130.26	136.26
Buy						
	Valuation metrics	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Valuation basis	Recurring P/E (x)	7.68	7.61	11.01	10.39	9.75
Our GGM assumptions include:	P/B (x)	0.8	0.8	0.7	0.7	0.7
i. COE of 8.1%;	Dividend Yield (%)	6.1	6.1	2.8	3.3	3.9
ii. ROE of 7.0%; and						
iii. 2.5% long term growth						
	Income statement (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Key drivers	Interest income	129,127	135,025	118,650	125,502	133,174
Our FY20 forecast is most sensitive to changes in:	Interest expense	(32,758)	(35,624)	(21,661)	(24,306)	(30,307)
i. Credit cost;	Net interest income	96,369	99,401	96,989	101,196	102,867
ii. Net interest margin; and	Non interest income	41,855	66,697	45,770	45,825	47,447
iii. Fee income from bancassurance and wealth management.	Total operating income	138,225	166,098	142,759	147,021	150,314
	Overheads	(64,639)	(70,538)	(63,816)	(66,851)	(69,329)
	Pre-provision operating profit	73,586	95,560	78,943	80,170	80,985
	Loan impairment allowances	(24,023)	(36,211)	(44,196)	(43,031)	(41,398)
	Pre-tax profit	49,563	59,349	34,747	37,139	39,587
	Taxation	(9,468)	(19,098)	(7,054)	(7,651)	(8,115)
	Minority interests	(28)	185	240	120	84
	Reported net profit	40,068	40,436	27,933	29,608	31,556
	Recurring net profit	40,068	40,436	27,933	29,608	31,556
	Profitability ratios	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Company Profile	Return on average assets (%)	1.3	1.3	0.9	0.9	0.9
Siam Commercial Bank is Thailand's third-largest commercial bank by asset size. It provides a full range of financial services, including corporate and personal lending, retail and wholesale banking, foreign currency operations, international trade financing, cash management, custodial services, credit and charge card services, and investment banking services	Return on average equity (%)	10.8	10.4	6.8	6.8	7.0
	Return on IEs (%)	4.3	4.5	3.9	3.9	4.0
	Cost of funds (%)	1.4	1.5	0.8	0.9	1.0
	Net interest spread (%)	2.9	3.1	3.1	3.0	2.9
	Net interest margin (%)	3.2	3.3	3.2	3.1	3.1
	Non-interest income / total income (%)	30.3	40.2	32.1	31.2	31.6
	Cost to income ratio (%)	46.8	42.5	44.7	45.5	46.1
	Credit cost (bps)	115	170	205	191	175
	Balance sheet (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Total gross loans	2,140,561	2,113,787	2,198,000	2,307,900	2,423,295
	Other interest earning assets	946,758	745,575	953,500	968,780	1,008,973
	Total gross IEs	3,087,319	2,859,362	3,151,500	3,276,680	3,432,268
	Total provisions	(103,273)	(114,272)	(125,943)	(131,422)	(136,700)
	Net loans to customers	2,041,156	2,002,637	2,072,057	2,176,478	2,286,595
	Total net IEs	2,984,046	2,745,090	3,025,557	3,145,258	3,295,567
	Total non-IEs	203,293	218,656	290,131	281,717	282,849
	Total assets	3,187,340	2,963,746	3,315,689	3,426,975	3,578,416
	Customer deposits	2,159,631	2,159,425	2,480,000	2,593,146	2,722,803
	Other interest-bearing liabilities	264,034	235,592	271,900	261,018	261,980
	Total IBLs	2,423,664	2,395,018	2,751,900	2,854,164	2,984,784
	Total non-IBLs	382,692	167,882	140,800	129,553	129,991
	Total liabilities	2,806,357	2,562,900	2,892,700	2,983,717	3,114,775
	Share capital	33,992	33,992	33,992	33,992	33,992
	Shareholders' equity	380,027	400,358	422,534	442,795	463,168
	Minority interests	956	489	455	464	473
	Asset quality and capital	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Reported NPLs / gross cust loans (%)	3.3	4.0	4.0	4.1	3.9
	Total provisions / reported NPLs (%)	146.7	134.1	141.7	138.0	145.4
	CET-1 ratio (%)	15.1	17.0	16.3	16.3	16.2
	Tier-1 ratio (%)	15.1	17.0	16.3	16.3	16.2
	Total capital ratio (%)	17.1	18.1	17.2	17.3	17.1

Source: Company data, RHB

Valuation and TP

We lift our TP to THB107.00 from THB73.00. Prior to this, we lowered our cost of equity assumption to 8.1% (from 10.9%), taking into account in-house adjustments in equity risk premium following positive developments in COVID-19 vaccines. Our assumptions on ROE and BVPS are unchanged.

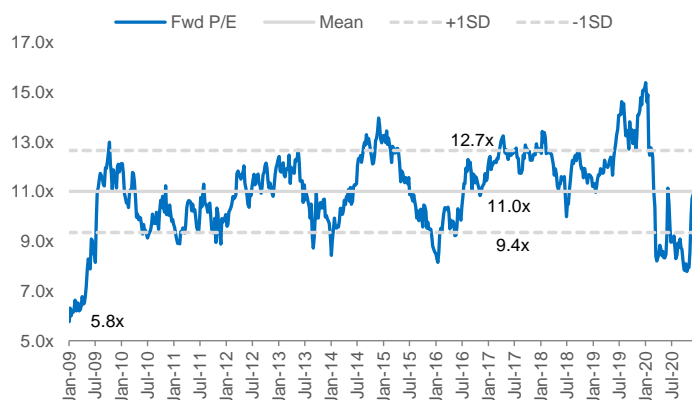
Our TP is based on a GGM-derived P/BV of 0.8x (from 0.56x), which is below -1SD from its historical mean.

Figure 1: GGM valuation

Cost of equity (COE) computation:		Sustainable ROE (%)	7.00
Risk free rate (%)	1.30	COE (%)	8.09
Equity premium (%)	6.46	Long-term growth (g)	2.50
Beta (x)	1.05	Implied P/BV (x)	0.81
Cost of equity - CAPM (%)	8.09	BVPS – FY21F	THB133.26
		TP	THB107.34
		TP (rounded)	THB107.00

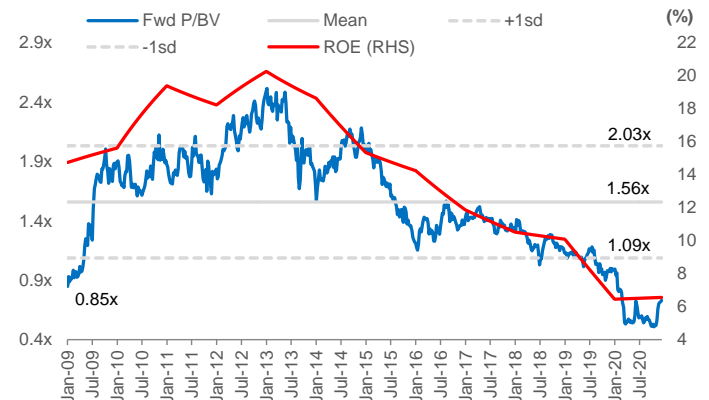
Source: Company data, RHB

Figure 2: SCB's 12-month forward P/E



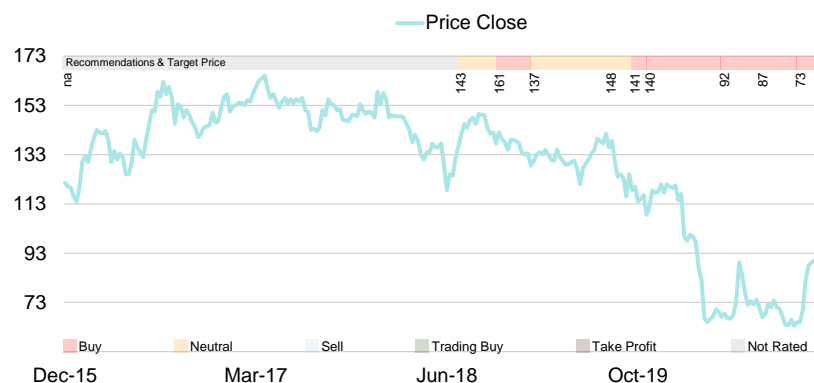
Source: Bloomberg, RHB

Figure 3: SCB's 12-month forward P/BV



Source: Bloomberg, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2020-10-21	Buy	73	65
2020-07-22	Buy	87	73
2020-04-20	Buy	92	72
2019-10-24	Buy	140	107
2019-09-18	Buy	141	121
2019-07-22	Neutral	148	141
2019-01-18	Neutral	137	129
2018-10-26	Buy	161	138
2018-07-24	Neutral	143	132

Source: RHB, Bloomberg

18 December 2020

Financial Services | Banks

TISCO Financial (TISCO TB)

Buy (Maintained)

Solid Fundamentals Underpins Premium Valuation

- Maintain BUY, new THB108.00 TP from THB84.80, 18% upside with FY21F yield of c.6%.** TISCO Financial Group (TISCO) stands out for its vigilance on asset quality and measured approach to loan growth, which has led to consistent earnings growth and high dividend payout ratios. The strengthening economic recovery should boost demand for car loans and support a continued share price re-rating.
- Economic activities regaining pace.** Thailand has been doing well to contain the COVID-19 pandemic, allowing for economic activities to regain momentum. Recent positive results on COVID-19 vaccines should lift confidence among businesses and consumers, and help spur investments and consumption spending. TISCO's core business of auto hire purchase financing should benefit from this continuous improvement in economic outlook.
- Conservative management.** With Thailand's path to economic recovery expected to remain bumpy, we do not expect a straight line up for bank stocks. For investors concerned about potential share price volatility, TISCO is one of our two defensive picks for the sector. 24% of its loans are under debt relief programmes – one of the lowest among Thai banks. LLR was a high 196% in Sep 2020, while Tier-1 capital ratio was a robust 18%.
- P/BV to expand ahead of earnings recovery.** TISCO's share price has risen by 43% in the past three months, lifted by the flow of liquidity into cyclical stocks. As a result, its P/BV has increased from a low of 1.2x in October to 1.67x FY21F P/BV at present, which is near +1SD from the historical mean. We believe vaccine-induced optimism and rotation to cyclical sectors will drive further expansion in the P/BVs of quality stocks like TISCO.
- Earnings and TP.** We make no changes to our earnings forecasts, but revise our TP to THB108.00 after imputing lower equity risk premium assumption in our GGM valuation – in line with the latest house assumptions. Our new TP is based on a GGM-derived P/BV of 1.98x, above +1SD from the historical mean.
- Key risks** to our investment thesis are: (i) A resurgence in new COVID-19 cases that would derail Thailand's economic recovery; and (ii) a sharper-than-expected deterioration in asset quality resulting in higher-than-expected provisions..

Target Price (Return): THB108.00(+18%)
 Price: THB91.30
 Market Cap: USD2,433m
 Avg Daily Turnover (THB/USD) 519m/16.9m

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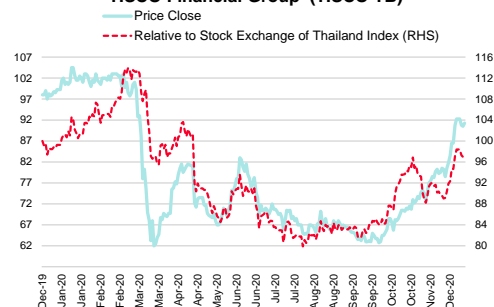
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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(8.1)	18.5	43.1	18.9	(5.9)
Relative	(1.9)	8.8	28.5	10.5	(1.5)
52-wk Price low/high (THB)				62.0	105

TISCO Financial Group (TISCO TB)



Source: Bloomberg

Forecasts and Valuation	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Reported net profit (THBm)	7,016	7,270	6,138	6,639	7,371
Net profit growth (%)	15.2	3.6	(15.6)	8.2	11.0
Recurring net profit (THBm)	7,016	7,270	6,138	6,639	7,371
Recurring EPS (THB)	8.77	9.08	7.67	8.29	9.21
BVPS (THB)	47.08	48.95	51.60	54.56	56.94
DPS (THB)	7.00	7.75	4.60	5.39	6.91
Recurring P/E (x)	10.41	10.05	11.90	11.00	9.91
P/B (x)	1.94	1.86	1.77	1.67	1.60
Dividend Yield (%)	7.7	8.5	5.0	5.9	7.6
Return on average equity (%)	19.4	18.9	15.2	15.6	16.5

Source: Company data, RHB

Financial Exhibits

Asia	Financial summary (THB)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Thailand	EPS	8.77	9.08	7.67	8.29	9.21
Financial Services	Recurring EPS	8.77	9.08	7.67	8.29	9.21
TISCO Financial	DPS	7.00	7.75	4.60	5.39	6.91
TISCO TB	BVPS	47.08	48.95	51.60	54.56	56.94
Buy						
	Valuation metrics	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Recurring P/E (x)	10.41	10.05	11.90	11.00	9.91
	P/B (x)	1.9	1.9	1.8	1.7	1.6
	Dividend Yield (%)	7.7	8.5	5.0	5.9	7.6
	Income statement (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Interest income	17,690	17,478	16,950	16,667	18,328
	Interest expense	(5,076)	(5,089)	(3,704)	(3,464)	(4,487)
	Net interest income	12,615	12,389	13,246	13,203	13,840
	Non interest income	7,418	6,643	5,586	5,851	5,993
	Total operating income	20,033	19,033	18,832	19,054	19,833
	Overheads	(8,753)	(9,271)	(7,846)	(8,105)	(8,337)
	Pre-provision operating profit	11,280	9,762	10,986	10,949	11,496
	Loan impairment allowances	(2,701)	(706)	(3,310)	(2,646)	(2,298)
	Pre-tax profit	8,578	9,056	7,676	8,302	9,198
	Taxation	(1,663)	(1,783)	(1,538)	(1,660)	(1,821)
	Minority interests	100	(3)	(1)	(3)	(5)
	Reported net profit	7,016	7,270	6,138	6,639	7,371
	Recurring net profit	7,016	7,270	6,138	6,639	7,371
	Profitability ratios	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Return on average assets (%)	2.3	2.4	2.1	2.3	2.4
	Return on average equity (%)	19.4	18.9	15.2	15.6	16.5
	Return on IEAs (%)	5.8	5.8	5.9	5.8	6.1
	Cost of funds (%)	2.0	2.0	1.6	1.5	1.8
	Net interest spread (%)	3.8	3.8	4.3	4.3	4.3
	Net interest margin (%)	4.2	4.1	4.6	4.6	4.6
	Non-interest income / total income (%)	37.0	34.9	29.7	30.7	30.2
	Cost to income ratio (%)	43.7	48.7	41.7	42.5	42.0
	Credit cost (bps)	110	29	142	115	95
	Balance sheet (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Total gross loans	240,654	242,826	225,000	235,200	248,641
	Other interest earning assets	63,089	54,685	55,750	57,600	60,918
	Total gross IEAs	303,744	297,511	280,750	292,800	309,559
	Total provisions	(11,674)	(10,717)	(12,007)	(12,627)	(12,534)
	Net loans to customers	228,981	232,109	212,993	222,573	236,107
	Total net IEAs	292,070	286,795	268,743	280,173	297,025
	Total non-IEAs	10,475	11,510	13,214	14,433	13,837
	Total assets	302,545	298,304	281,956	294,605	310,861
	Customer deposits	193,108	216,085	208,000	218,500	232,703
	Other interest-bearing liabilities	60,180	29,980	20,040	19,415	19,111
	Total IBLs	253,289	246,064	228,040	237,915	251,813
	Total non-IBLs	11,426	13,044	12,600	13,000	13,455
	Total liabilities	264,715	259,108	240,640	250,915	265,268
	Share capital	8,007	8,007	8,007	8,007	8,007
	Shareholders' equity	37,697	39,193	41,313	43,687	45,590
	Minority interests	133	3	3	4	4
	Asset quality and capital	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Reported NPLs / gross cust loans (%)	2.9	2.4	2.8	3.0	2.9
	Total provisions / reported NPLs (%)	169.8	183.7	189.0	178.8	176.7
	CET-1 ratio (%)	17.8	16.4	21.0	21.4	21.3
	Tier-1 ratio (%)	17.8	16.4	21.0	21.4	21.3
	Total capital ratio (%)	22.8	20.8	26.5	27.0	26.9

Source: Company data, RHB

Valuation and TP

Our GGM-based TP rises to THB108.00, from THB84.80. We lowered our cost of equity assumption to 9.1% (from 11.2%), taking into account in-house adjustments in equity risk premium following positive developments in COVID-19 vaccines. Our assumptions on ROE and BVPS are unchanged.

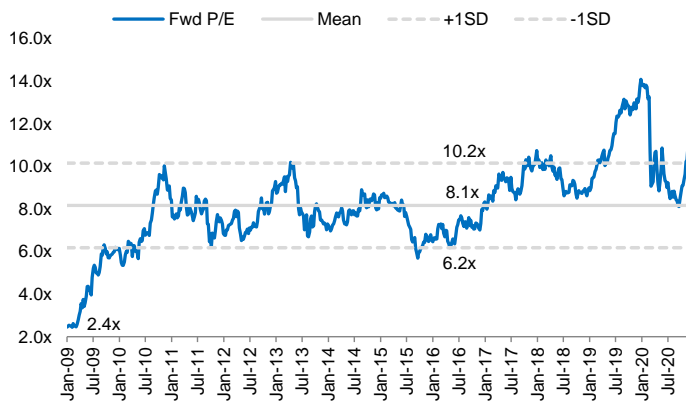
Our TP is based on a GGM-derived P/BV of 1.98x (from 1.5x), above +1SD from the historical mean.

Figure 1: GGM valuation

Cost of equity (COE) computation:		Sustainable ROE (%)	16.10
Risk free rate (%)	1.30	COE (%)	9.13
Equity premium (%)	7.15	Long-term growth (g)	2.00
Beta (x)	1.10	Implied P/BV (x)	1.98
Cost of equity - CAPM (%)	9.13	BVPS – FY21F	THB54.56
		TP	THB107.85
		TP (rounded)	THB108.00

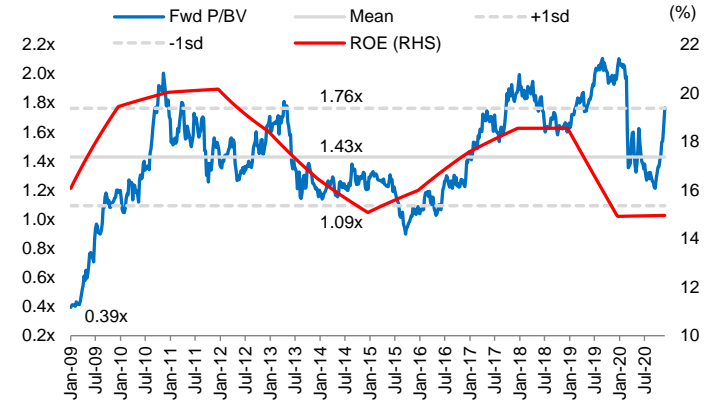
Source: Company data, RHB

Figure 2: TISCO's 12-month forward P/E



Source: Bloomberg, RHB

Figure 3: TISCO's 12-month forward P/BV



Source: Bloomberg, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2020-11-13	Buy	85	75
2020-10-19	Buy	82	68
2020-07-20	Neutral	74	69
2020-04-21	Neutral	84	82
2019-09-09	Neutral	108	104
2019-07-17	Buy	105	97
2019-02-13	Neutral	89	85
2018-10-16	Buy	93	79
2018-07-13	Buy	100	81

Source: RHB, Bloomberg

18 December 2020

Financial Services | Banks

TMB Bank (TMB TB)

Neutral (Maintained)

Weak ROE Trajectory

Target Price (Return): THB1.30 (+8%)
 Price: THB1.20
 Market Cap: USD3,853m
 Avg Daily Turnover (THB/USD): 508m/16.7m

- **Stay NEUTRAL with new THB1.30 TP from THB0.87, 8% upside.** We believe management's continuing efforts to right-size the bank's loans portfolio, following the Thanachart Bank merger in late 2019, will dampen loan growth prospects in the near term. TMB Bank's ongoing focus on operational integration points to moderate topline growth that would not offset the dilutive impact from new capital raised to fund the acquisition. With ROE recovery to pre-merger levels still some distance away, we believe the share price re-rating will likely be capped.
- **Economic activities regaining momentum.** Thailand has been doing well in containing COVID-19, allowing economic activities to regain pace. Recent positive news flows on vaccines will lift confidence among businesses and consumers, in our view, and help spur investments and consumption spending. While this should boost loans demand, we think the continuing efforts to de-risk TMB's enlarged exposure to low-yield segments will likely keep loan growth subdued in 2021.
- **Slow ROE recovery to cap share price re-rating.** TMB's share price has risen 33% over the past three months, in tandem with the rally of other bank stocks – this was on news of positive vaccine test results. Yet, TMB's multiple is still a low of 0.55x FY21F P/BV. We believe the stock will continue to trade below its historical mean, given that the trajectory to pre-merger ROE still remains in the distant future.
- **Earnings and TP.** We make no changes to our earnings forecasts, but revise our TP to THB1.30, mainly on account of lower equity risk premium assumptions in our GGM valuation – this is in line with the latest house assumptions. Our new TP is based on a GGM-derived P/BV of 0.59x, which is below -1SD from the historical average.
- **Key downside risks** to our investment thesis are: i) a resurgence in new COVID-19 cases that could derail Thailand's economic recovery, ii) sharper-than-expected deterioration in asset quality resulting in higher-than-expected provisions, and iii) slower-than-expected progress in integration efforts. The converse represents the upside risks.

Analysts

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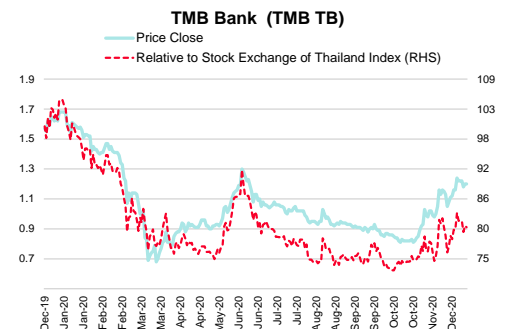


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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(28.6)	17.6	33.3	6.2	(20.0)
Relative	(22.4)	7.9	18.7	(2.2)	(15.6)
52-wk Price low/high (THB)				0.68	1.68



Source: Bloomberg

Forecasts and Valuation	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Reported net profit (THBm)	11,601	7,222	10,500	12,039	13,736
Net profit growth (%)	33.6	(37.7)	45.4	14.7	14.1
Recurring net profit (THBm)	11,601	7,222	10,500	12,039	13,736
Recurring EPS (THB)	0.26	0.16	0.11	0.12	0.14
BVPS (THB)	2.25	2.02	2.12	2.20	2.29
DPS (THB)	0.07	0.07	0.04	0.05	0.06
Recurring P/E (x)	4.54	7.29	11.01	9.60	8.42
P/B (x)	0.53	0.59	0.57	0.55	0.52
Dividend Yield (%)	5.8	6.2	2.9	3.8	5.0
Return on average equity (%)	12.3	4.9	5.3	5.8	6.4

Source: Company data, RHB

Financial Exhibits

Asia	Financial summary (THB)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Thailand	EPS	0.26	0.16	0.11	0.12	0.14
Financial Services	Recurring EPS	0.26	0.16	0.11	0.12	0.14
TMB Bank	DPS	0.07	0.07	0.04	0.05	0.06
TMB TB	BVPS	2.25	2.02	2.12	2.20	2.29
Neutral						
	Valuation metrics	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Valuation basis	Recurring P/E (x)	4.54	7.29	11.01	9.60	8.42
Our GGM assumptions include:	P/B (x)	0.5	0.6	0.6	0.5	0.5
i. COE of 9.4%;	Dividend Yield (%)	5.8	6.2	2.9	3.8	5.0
ii. ROE of 6.35%;						
iii. Long-term growth of 2%.						
	Income statement (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Key drivers	Interest income	35,128	39,838	72,550	77,384	82,331
Our FY20 forecasts are sensitive to changes in:	Interest expense	(10,632)	(12,972)	(19,086)	(22,736)	(27,001)
i. Macroeconomic conditions that will impact asset quality and growth prospects;	Net interest income	24,497	26,866	53,464	54,648	55,330
ii. Changes in policy rates that would impact the NIM outlook.	Non interest income	23,545	12,956	13,871	14,460	14,997
	Total operating income	48,042	39,822	67,335	69,108	70,327
	Overheads	(17,475)	(20,675)	(31,020)	(32,225)	(32,730)
	Pre-provision operating profit	30,568	19,147	36,315	36,883	37,597
	Loan impairment allowances	(16,100)	(10,337)	(23,479)	(22,201)	(20,805)
	Pre-tax profit	14,467	8,810	12,836	14,682	16,792
	Taxation	(2,866)	(1,588)	(2,336)	(2,643)	(3,056)
	Reported net profit	11,601	7,222	10,500	12,039	13,736
	Recurring net profit	11,601	7,222	10,500	12,039	13,736
	Profitability ratios	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Key risks	Return on average assets (%)	1.3	0.5	0.6	0.6	0.7
Upside risks include:	Return on average equity (%)	12.3	4.9	5.3	5.8	6.4
i. Stronger-than-expected economic recovery;	Return on IEAs (%)	4.2	3.0	4.0	4.1	4.2
ii. Lower-than-expected credit cost;	Cost of funds (%)	1.5	1.1	1.2	1.4	1.6
iii. Better-than-expected merger synergies.	Net interest spread (%)	2.7	1.9	2.8	2.7	2.6
	Net interest margin (%)	2.9	2.0	2.9	2.9	2.8
	Non-interest income / total income (%)	49.0	32.5	20.6	20.9	21.3
	Cost to income ratio (%)	36.4	51.9	46.1	46.6	46.5
	Credit cost (bps)	242	99	170	160	145
The converse represents downside risks.						
	Balance sheet (THBm)	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
Company Profile	Total gross loans	685,707	1,392,225	1,370,000	1,405,100	1,464,500
TMB is a universal banking group that serves corporate, small & medium enterprise, and retail customers. ING Bank, a large European financial group, is its strategic partner. The Ministry of Finance is a major shareholder as well. TMB also conducts businesses through a nationwide branch network and in certain major centres of the world.	Other interest earning assets	186,999	402,576	500,600	528,000	546,300
	Total gross IEAs	872,706	1,794,801	1,870,600	1,933,100	2,010,800
	Total provisions	(32,975)	(45,477)	(50,005)	(52,691)	(54,187)
	Net loans to customers	652,732	1,346,748	1,319,995	1,352,409	1,410,314
	Total net IEAs	839,731	1,749,324	1,820,595	1,880,409	1,956,614
	Total non-IEAs	51,983	115,354	113,602	114,393	113,255
	Total assets	891,713	1,864,678	1,934,197	1,994,802	2,069,869
	Customer deposits	649,568	1,398,112	1,458,000	1,508,000	1,576,000
	Other interest-bearing liabilities	102,895	198,844	162,870	158,160	153,120
	Total IBLs	752,464	1,596,955	1,620,870	1,666,160	1,729,120
	Total non-IBLs	40,471	72,915	109,200	116,500	120,280
	Total liabilities	792,934	1,669,870	1,730,070	1,782,660	1,849,400
	Share capital	41,659	91,541	91,541	91,541	91,541
	Shareholders' equity	98,779	194,777	204,091	212,104	220,429
	Minority interests	-	30	36	38	40
	Asset quality and capital	Dec-18	Dec-19	Dec-20F	Dec-21F	Dec-22F
	Reported NPLs / gross cust loans (%)	3.2	2.7	2.7	2.8	2.7
	Total provisions / reported NPLs (%)	151.8	120.5	134.6	132.7	134.8
	CET-1 ratio (%)	13.5	13.6	14.7	15.8	16.7
	Tier-1 ratio (%)	13.5	14.6	14.7	15.8	16.7
	Total capital ratio (%)	17.3	18.9	18.7	19.8	20.6

Source: Company data, RHB

Valuation and TP

We revise TP to THB1.30. We lower cost of equity (COE) assumption to 9.38% from 12.8% after taking into account in-house adjustments in the equity risk premium following positive developments in COVID-19 vaccines. Our assumptions on ROE and BVPS remain unchanged.

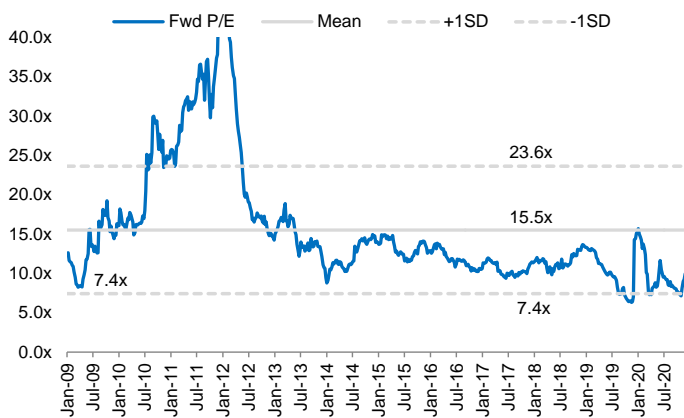
Our TP is based on a GGM-derived P/BV of 0.59x from 0.4x, which remains below -1SD from its historical mean.

Figure 1: GGM valuation

COE computation:		Sustainable ROE (%)	6.35
Risk free rate (%)	1.30	COE (%)	9.38
Equity premium (%)	6.90	Long-term growth (g)	2.0
Beta (x)	1.17	Implied P/BV (x)	0.59
Cost of equity - CAPM (%)	9.38	BVPS – FY21F	THB2.20
		TP	THB1.30
		TP (rounded)	THB1.30

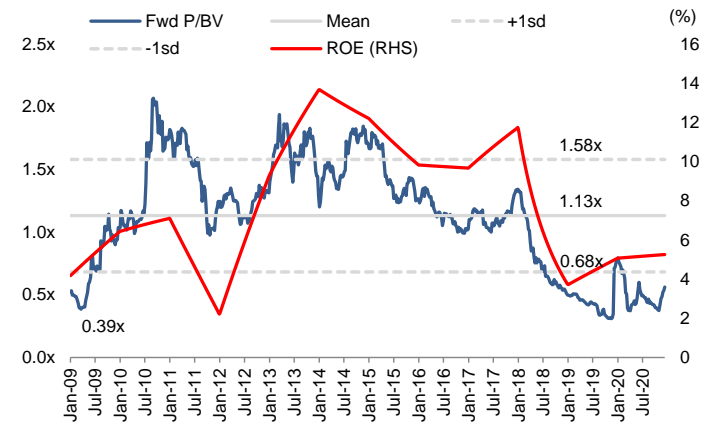
Source: Company data, RHB

Figure 2: TMB's 12-month forward P/E



Source: Bloomberg, RHB

Figure 3: TMB's 12-month forward P/BV



Source: Bloomberg, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2020-10-20	Neutral	0.87	0.81
2020-04-23	Neutral	1.01	0.92
2019-12-04	Neutral	1.66	1.51
2019-11-04	Neutral	1.54	1.44
2019-07-23	Neutral	1.96	1.76
2019-04-22	Neutral	2.14	1.90
2019-01-23	Neutral	2.38	2.03
2018-10-19	Buy	2.60	2.07
2018-07-24	Neutral	na	2.05
2018-07-23	Neutral	2.35	1.99

Source: RHB, Bloomberg

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
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80 - 89		ดีมาก	Very Good
70 - 79		ดี	Good
60 - 69		ดีพอใช้	Satisfactory
50 - 59		ผ่าน	Pass
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ข้อมูล Anti-Corruption Progress Indicator 2560

ประกาศเจตนาธรรม CAC

A	ASK	CHG	FC	GREEN	JUTHA	MATCH	NINE	PIMO	RWI	SPPT	TFI	TU	VNT
AI	AU	CHOTI	FER	GSTEL	KASET	MATI	NMG	PK	SANKO	SPRC	THE	TVD	WAVE
AIE	BCH	CHOW	FPI	GUNKUL	KBS	MBAX	NNCL	PL	SAUCE	SR	TICON	TVO	WHA
AIRA	BJC	CIG	FSMART	HARN	KCAR	MC	NTV	PLANB	SC	SRICHA	TIP	TVT	WICE
AJ	BJCHI	COL	GEL	IFS	KTECH	MFEC	NUSA	POST	SCCC	SST	TKN	TWPC	WIJK
ALUCON	BLAND	COM7	GFPT	ILINK	KWC	MIDA	NWR	PRINC	SCN	STA	TLUXE	U	TRUE
AMATAV	BR	CPALL	GGC	INET	KYE	MILL	OGC	PRO	SEAOIL	SUPER	TMILL	UPA	
AOT	BROCK	CPF	GIFT	IRC	L&E	ML	PACE	PSTC	SE-ED	SUSCO	TMT	UREKA	
APCO	BRR	CPR	GJS	J	LEE	MTLS	PAF	PYLON	SENA	SWC	TNP	UWC	
AQUA	CEN	CSC	GLOBAL	JMART	LIT	NBC	PAP	QTC	SIRI	SYMC	TPA	VGI	
ARROW	CGH	EKH	GOLD	JMT	LVT	NCL	PATO	ROH	SMART	TAKUNI	TSE	VIBHA	
ASIA	CHEWA	EPCO	GPSC	JUBILE	MAKRO	NEP	PCSGH	ROJNA	SPACK	TBSP	TTI	VIH	

ได้รับการรับรอง CAC

ADVANC	BKI	CPN	FE	INTUCH	LANNA	MSC	PLAT	PTT	SAT	SNP	TCMC	TMD	UOBKH
AKP	BLA	CSL	FNS	IRPC	LHBANK	MTI	PM	PTTEP	SCB	SORKON	TFG	TNITY	WACOAL
AMANAH	BROOK	DCC	FSS	IVL	LHK	NKI	PPP	PTTGC	SCC	SPC	TGCI	TNL	
AP	BTS	DEMCO	GBX	K	LPN	NSI	PPS	Q-CON	SCG	SPI	THANI	TOG	
ASP	BWG	DIMET	GCAP	KBANK	MBK	OCC	PRANDA	QH	SGP	SSF	THCOM	TOP	
AYUD	CENTEL	DRT	GLOW	KCE	MBKET	OCEAN	PREB	QLT	SINGER	SSI	THRE	TPCORP	
BAFS	CFRESH	DTAC	HANA	KGI	MCOT	PB	PRG	RATCH	SIS	SSSC	THREL	TRU	
BANPU	CIMBT	DTC	HMPRO	KKP	MFC	PDI	PSH	RML	SITHAI	SVI	TIPCO	TSC	
BAY	CM	EASTW	HTC	KSL	MINT	PE	PSL	ROBINS	SMIT	SYNTEC	TISCO	TSSTH	
BBL	CNS	ECL	ICC	KTB	MONO	PG	PT	S & J	SMPC	TAE	TKT	TTCL	
BCP	CPI	EGCO	IFEC	KTC	MOONG	PHOL	PTG	SABINA	SNC	TCAP	TMB	TVI	

N/A

2S	ARIP	BSM	CSS	FMT	INOX	LTX	NPK	RCL	SFP	SUC	TITLE	TSR	VPO
AAV	AS	BTC	CTW	FN	INSURE	M	NPP	RICH	SGF	SUN	TIW	TSTE	VTE
ABICO	ASAP	BTNC	CWT	FOCUS	IRCP	MACO	NVD	RICHY	SHANG	SUTHA	TK	TTA	WG
ACAP	ASEFA	BTW	D	FORTH	IT	MAJOR	NYT	RJH	SIAM	SVH	TKS	TTL	WHAUP
ACC	ASIAN	BUI	DCON	FTE	ITD	MALEE	OHTL	ROCK	SIMAT	SVOA	TM	TTTM	WIN
ADAM	ASIMAR	CBG	DCORP	FVC	ITEL	MANRIN	OISHI	RP	SKE	SYNEX	TMC	TTW	WINNER
ADB	ASN	CCET	DDD	GC	JAS	MAX	ORI	RPC	SKN	T	TMI	TUCC	WORK
AEC	ATP30	CCP	DELTA	GENCO	JCT	M-CHAI	OTO	RPH	SKR	TACC	TMW	TWP	WORLD
AEONTS	AUCT	CGD	DIGI	GL	JKN	MCS	PAE	RS	SKY	TAPAC	TNDT	TWZ	WP
AF	BA	CHARAN	DNA	GLAND	JSP	MDX	PDG	RSP	SLP	TASCO	TNH	TYCN	WPH
AFC	BAT-3K	CHO	DTCI	GPI	JTS	MEGA	PERM	S	SMK	TC	TNPC	UAC	WR
AGE	BCPG	CHUO	EA	GRAMMY	JWD	METCO	PF	S11	SMM	TCB	TNR	UBIS	XO
AH	BDMS	CI	EARTH	GRAND	KAMART	MGT	PICO	SAFARI	SMT	TCC	TOA	UEC	YCI
AHC	BEAUTY	CITY	EASON	GTB	KC	MJD	PJW	SALEE	SOLAR	TCCC	TOPP	UKEM	YNP
AIT	BEC	CK	ECF	GULF	KCM	MK	PLANET	SAM	SPA	TCJ	TPAC	UMI	YUASA
AJA	BEM	CKP	EE	GYT	KDH	MM	PLE	SAMART	SPALI	TCOAT	TPBI	UMS	ZIGA
AKR	BFIT	CMO	EFORL	HFT	KIAT	MODERN	PMTA	SAMCO	SPCG	TEAM	TPCH	UNIQU	ZMICO
ALLA	BGRIM	CMR	EIC	HOTPOT	KKC	MPG	POLAR	SAMTEL	SPG	TFD	TIPL	UP	
ALT	BGT	CNT	EMC	HPT	KOOL	MPIC	POMPUI	SAPPE	SPORT	TFMAMA	TIPIP	UPF	
AMA	BH	COLOR	EPG	HTECH	KTIS	NC	PORT	SAWAD	SPVI	TGPRO	TPOLY	UPOIC	
AMARIN	BIG	COMAN	ERW	HUMAN	KWG	NCH	PPM	SAWANG	SQ	TH	TPP	UT	
AMATA	BIZ	CPH	ESSO	HYDRO	LALIN	NDR	PRAKIT	SCI	SSC	THAI	TR	UTP	
AMC	BKD	CPL	ESTAR	ICHI	LDC	NETBAY	PRECHA	SCP	SSP	THANA	TRC	UV	
ANAN	BLISS	CPT	ETE	ICN	LH	NEW	PRIN	SDC	STANLY	THG	TRITN	UVAN	
APCS	BM	CRANE	EVER	IEC	LOXLEY	NEWS	PRM	SE	STAR	THIP	TRT	VARO	
APEX	BOL	CRD	F&D	IHL	LPH	NFC	PTL	SEAFCO	STEC	THL	TRUBB	VCOM	
APURE	BPP	CSP	FANCY	III	LRH	NOBLE	RAM	SELIC	STHAI	THMUI	TSF	VI	
AQ	BSBM	CSR	FLOYD	INGRS	LST	NOK	RCI	SF	STPI	TIC	TSI	VNG	

Source: Thai Institute of Directors

ข้อมูลบริษัทที่เข้าร่วมโครงการแนวร่วมปฏิบัติของภาคเอกชนไทยในการต่อต้านทุจริต (Thai CAC) ของสมาคมส่งเสริมสถาบันกรรมการบริษัทไทย (ข้อมูล ณ วันที่ 17 ต.ค.)

- ได้ประกาศเจตนาธรรมนี้เข้าร่วม CAC
- ได้รับการรับรอง CAC

การเปิดเผยการประเมินดัชนีชี้วัดความคืบหน้าการป้องกันกรมีส่วนเกี่ยวข้องกับการทุจริตคอร์รัปชัน (Anti-Corruption Progress Indicators) ของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทยที่จัดทำโดยสถาบันที่เกี่ยวข้องซึ่งมีการเปิดเผยโดยสำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์นี้เป็นการดำเนินการตามนโยบายและตามแผนพัฒนาความยั่งยืนสำหรับบริษัทจดทะเบียนโดยผลการประเมินดังกล่าว สถาบันที่เกี่ยวข้องอาศัยข้อมูลที่ได้รับจากบริษัทจดทะเบียนตามที่บริษัทจดทะเบียนได้ระบุในแบบแสดงข้อมูลเพื่อการประเมิน Anti-Corruption ซึ่งอ้างอิงข้อมูลมาจากแบบแสดงรายงานข้อมูลประจำปี แบบ (56-1) รายงานประจำปีแบบ (56-2) หรือในเอกสารหรือรายงานอื่นที่เกี่ยวข้องซึ่งเป็นบุคคลภายนอก โดยมีได้เป็นการประเมินการปฏิบัติของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทยและมิได้ใช้ข้อมูลภายในเพื่อการประเมิน เนื่องจากผลการประเมินดังกล่าวเป็นเพียงผลการประเมิน ณ วันที่ ปรากฏในผลการประเมินเท่านั้น ดังนั้นผลการประเมินจึงอาจเปลี่ยนแปลงได้ภายหลังวันดังกล่าว หรือรับรองความถูกต้องครบถ้วนของผลประเมินดังกล่าวได้อย่างใด