

SCB X SCB TB
THAILAND / BANKS

BUY

UNCHANGED

TARGET PRICE	THB134.00
CLOSE	THB94.00
UP/DOWNSIDE	+42.6%
PRIOR TP	THB134.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-4.6%

ผลประกอบการออกมาตามคาด; ปรับเป้าประมาณการ

- กำไรสุทธิ 2Q22 ออกมาตามคาดที่ 10พัน ลบ. (+14% y-y, ทรงตัว q-q)
- กำไรสุทธิ 2H22 น่าจะเพิ่ม y-y จากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่ลดลง และส่วนต่างดอกเบี้ยที่สูงขึ้น แต่ลดลง h-h จากค่าใช้จ่ายดำเนินงานพิเศษและผลกระทบจากภาษีสำหรับการ transformation
- รอประโยชน์จาก transformation; คงแนะนำซื้อที่ราคาเป้าหมาย 134 บาท

กำไรสุทธิ 2Q22 ออกมาดีพอใช้ตามคาด

SCB รายงานกำไรสุทธิ 2Q22 ตามคาดโดยอยู่ที่ 10พัน ลบ. (+14% y-y, flat q-q) ผลประกอบการมีทั้งด้านดีและร้าย ในด้านดีเราเห็นปัจจัย 2 ประการ ข้อแรกรายได้ดอกเบี้ยสุทธิเพิ่มต่อเนื่อง (+11% y-y, +5% q-q) จาก 1) ปริมาณสินเชื่อที่เพิ่มขึ้น 1.4% q-q; และ 2) ส่วนต่างดอกเบี้ยที่สูงขึ้น 12 bps y-y และ q-q จากผลกระทบของการปรับโครงสร้างหนี้ที่ลดลง ข้อสองอัตราส่วนค่าใช้จ่ายดำเนินงานต่อรายได้รวม (Cost to income ratio) ยังอยู่ในระดับต่ำที่ 41% ปัจจัยบวกทั้ง 2 ประการดังกล่าวช่วยชดเชย ECL ที่เพิ่มขึ้นและรายได้ค่าธรรมเนียมที่ลดลง แม้ว่าหนี้ด้อยคุณภาพ (NPL) จะลดลง 4% q-q จากการปรับโครงสร้างหนี้ระยะยาวแบบเบ็ดเสร็จ SCB จัดสรรสำรองพิเศษเป็นจำนวน 2.5พัน ลบ. ในระหว่างไตรมาส ซึ่งทำให้ต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit Cost) เพิ่มเป็น 175 bps จาก 151 bps ใน 1Q22 รายได้ค่าธรรมเนียมลดลง y-y และ q-q เนื่องจากค่าธรรมเนียมที่เกี่ยวข้องกับธุรกิจบริหารความมั่งคั่งตกต่ำจากสถานะตลาดหุ้นที่ไม่เอื้ออำนวย

ประมาณการกำไรสุทธิไม่ได้เปลี่ยนแปลงอย่างมีนัยสำคัญตามเป้าหมายทางการเงินใหม่

SCB ปรับเป้าหมายทางการเงินปี 2022 ประกอบด้วย 1) เพิ่มส่วนต่างดอกเบี้ยเป็น 3.1-3.2% จาก 2.9-3.0%; 2) การเติบโตของรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิติดลบในระดับสิบเปอร์เซ็นต์ต้นๆ ลดลงจากที่เคยโตในระดับ single digit; 3) Cost to income ในระดับ 40% กลางๆ เพิ่มจาก 40% ต้นๆถึงกลางๆ; และ 4) เพิ่ม Credit cost เป็นไม่เกิน 145 bps จาก 140 bps เรามองว่าเป้าหมายทางการเงินใหม่ดังกล่าวไม่มีผลกระทบต่อประมาณการของเรา เพราะฉะนั้นเราจึงคงประมาณการกำไรสุทธิ ในขณะที่ปรับสมมติฐานบางประการเพื่อให้อสอดคล้องกับเป้าหมายทางการเงินใหม่ของธนาคารฯ

คาดกำไรสุทธิ 2H22 จะเพิ่ม y-y แต่ลดลง h-h

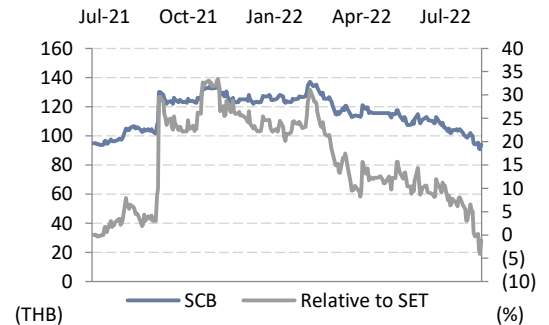
ในช่วง 2H22 เราคาดว่า SCB จะจัดสรร ECL ลดลง y-y หลังตั้งใจจัดสรรให้มากในช่วงแรก ในช่วง 1H22 นอกจากนี้ส่วนต่างดอกเบี้ยยังน่าจะเพิ่มขึ้นเล็กน้อยจากสินเชื่อที่ให้ผลตอบแทนสูงที่โตในอัตราที่สูงขึ้น ด้วยเหตุดังกล่าวเราคาดว่ากำไรสุทธิของ SCB ในช่วง 2H22 จะเพิ่มต่อเนื่อง y-y แต่อาจลดลง h-h เราคาดว่าค่าใช้จ่ายดำเนินงานจะเพิ่มอย่างมีนัยสำคัญ h-h จากค่าใช้จ่ายพิเศษอันเนื่องมาจากการ transformation โดยน่าจะอยู่ที่ประมาณ 2-3พัน ลบ. นอกจากนี้ธนาคารฯ น่าจะบันทึกค่าใช้จ่ายภาษีพิเศษอีก 2พัน ลบ. จากภาษีสำหรับการโอนกิจการไปยัง SCB จาก SCB Bank

คงแนะนำซื้อที่ราคาเป้าหมายปี 2023 ที่ 134 บาท (SoTP)

ในระยะสั้นเราคิดว่า SCB น่าสนใจน้อยลงเนื่องจากตลาดได้หันไปให้ความสนใจกับการขึ้นอัตราดอกเบี้ยและเงินเฟ้อในระดับสูงมากกว่าการเปลี่ยนแปลงที่เกิดจากการ transformation ธนาคารฯ อย่างไรก็ตามเราก็คิดว่าความสำเร็จในการ transformation จะทำให้ธนาคารฯ ได้ประโยชน์จากศักยภาพการเติบโตในระดับสูงของอุตสาหกรรมดิจิทัล ด้วยเหตุดังกล่าวเราจึงคงแนะนำซื้อที่ราคาเป้าหมายปี 2023 ที่ 134 บาท (SoTP)

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	44,214	48,631	51,166	57,186
Net profit	35,599	39,139	41,734	46,636
EPS (THB)	10.48	11.51	12.28	13.72
vs Consensus (%)	-	(4.0)	(5.0)	(6.5)
Core net profit	35,599	39,139	41,734	46,636
Core EPS (THB)	10.48	11.51	12.28	13.72
Chg. In EPS est. (%)	-	0.0	0.0	0.0
EPS growth (%)	30.8	9.8	6.6	11.7
Core P/E (x)	9.0	8.2	7.7	6.9
Dividend yield (%)	4.3	5.3	6.4	6.4
Price/book (x)	0.7	0.7	0.6	0.6
ROE (%)	8.4	8.6	8.5	8.8
ROA (%)	1.1	1.2	1.2	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.5)	(18.6)	3.0
Relative to country (%)	(8.8)	(11.0)	2.7
Mkt cap (USD m)	8,584		
3m avg. daily turnover (USD m)	46.5		
Free float (%)	53		
Major shareholder	King Rama X (24%)		
12m high/low (THB)	138.00/66.00		
Issued shares (m)	3,399		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

In the short term, we think SCB is less attractive as the market shifts its focus to rate hikes and the highly inflationary environment, rather than the transformational changes being made by banks. However, we still think that its successful transformation will allow it to penetrate the high risk-reward lending industry and the digital industry's high growth potential. Thus, we think that SCB is in a good position in the banking sector to benefit from the region's digital age. Hence, we reiterate our BUY call.

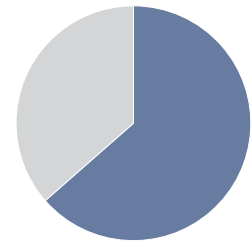
Company profile

SCB is Thailand's first commercial bank, established in 1906. It is ranked the fourth largest in terms of total loans, the fourth largest for deposits and the fourth largest for total assets as of end-2021. It had a total of 718 branches, with 20m digital users at end-2021.

www.scb.co.th

Principal activities (revenue, 2021)

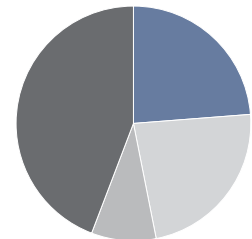
- Net interest income - 63.5 %
- Non-interest income - 36.5 %



Source: SCB X

Major shareholders

- King Rama X - 23.8 %
- Vayupak Fund - 23.1 %
- Thai NVDR - 8.9 %
- Others - 44.2 %



Source: SCB X

Catalysts

Potential share price catalysts for SCB include:

- 1 The success of its long-term comprehensive debt restructuring;
- 2 The success of its transformation plan;
- 3 The announcement of a special dividend.

Risks to our call

Downside risks to our SoTP-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.

Event calendar

Date	Event
21 October 2022	3Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Year-to-Dec	(%)	(%)	(%)
Normalised profit (THB m)	39,139	41,734	46,636
Normalised profit growth (%)	9.9	6.6	11.7
NIM (%)	3.14	3.10	3.17
Loan growth (%)	3.0	2.8	2.8
Fee growth (%)	(5.2)	8.7	7.0
Non-NII growth (%)*	(11.5)	7.9	6.2
Credit cost (bp)	148	144	144
Cost to income (%)*	44.2	44.1	42.8

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		----- 2022E -----		
Loan growth	±2ppt	1.00	3.00	5.00
% change in net profit		(1.2)	0.0	1.2
NIM (%)	±5bp	3.09	3.14	3.19
% change in net profit		(3.4)	0.0	3.4
Credit cost (bp)	±10bp	138	148	158
% change in net profit		4.9	0.0	(4.9)

Source: FSSIA estimates

Decent 2Q22 net profit as expected

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 by 12 bps y-y and q-q in its NIM from milder restructuring impacts. Second, despite its organisational transformation, its cost to income remained low at 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 (CDR) program, SCB set THB2.5b aside as a special provision in this quarter to mitigate future economic uncertainty. This 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 from lower wealth management-related fees due to the unfavourable capital market conditions. Regarding its restructuring program, SCB maintained its target of providing THB350b in blue scheme measures to its clients. It offered THB263b in 2Q22, up from THB249b in 1Q22.

Exhibit 1: SCB – 2Q22 results review

Year-end Dec 31	2Q21	1Q22	2Q22	--- Change ---		----- 1H22 -----			2022E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	23,475	24,744	26,068	11	5	50,812	8	50	101,311	6	
Non-interest income	12,994	12,960	12,634	(3)	(3)	25,594	(6)	52	48,822	(12)	
Operating income	36,469	37,704	38,702	6	3	76,406	3	51	150,133	(0)	
Operating expenses	15,376	16,139	15,938	4	(1)	32,077	5	48	66,339	4	
PPOP before tax	21,093	21,564	22,764	8	6	44,328	1	53	83,794	(3)	
Provision	10,028	8,750	10,250	2	17	19,000	(5)	55	34,578	(18)	
Income tax	2,304	2,864	2,681	16	(6)	5,545	13	54	10,335	10	
Minority interest	(54)	(93)	(217)			(311)		120	(259)	27	
Normalised profit	8,815	10,044	10,051	14	0	20,095	6	51	39,139	10	
Extraordinary items	0	0	0			0			0		
Net profit	8,815	10,044	10,051	14	0	20,095	6	51	39,139	10	In line with BBG consensus
EPS (THB)	2.60	2.96	2.98	15	1	5.94	7	52	11.51	10	
Asset quality ratio											
Gross NPLs (THB m)	104,110	106,305	102,538	(2)	(4)				110,205	1	
NPL ratios (%)	3.79	3.70	3.58						3.72		
LLR/NPLs (%)	139	143	152						141		
Credit cost (bp)	175	151	175						148		
Profitability ratio	(%)	(%)	(%)						(%)		
Cost to income ratio	42.2	42.8	41.2						44.2		
Average yield (%)	3.59	3.57	3.71						3.7		
Cost of fund (%)	0.64	0.62	0.65						0.6		
Net interest margin (NIM)	3.04	3.04	3.17						3.1		
Non-int inc/total income	35.6	34.4	32.6						32.5		
Liquidity ratio	(%)	(%)	(%)						(%)		
Loan to deposit ratio	96.9	92.9	93.5						95.2		
Loan growth	(%)	(%)	(%)						(%)		
y-y	7.1	2.1	2.8						3.0		
q-q	0.8	1.1	1.4								

*Including share of profits from associates

Source: SCB; FSSIA estimates

No significant changes in our forecasts from new financial targets

SCB has revised its 2022 financial targets:

- 1) Its NIM target has been raised to 3.1-3.2%, up from 2.9-3.0%, due to a better-than-expected negative impact from CDR;
- 2) Non-NII growth was lowered to the negative low teens, down from low single-digit growth, given the weak capital market conditions;
- 3) Cost to income was increased to the mid-40s, up from the low to mid-40s due to the one-off organisational transformation-related expenses;
- 4) Its new credit cost target has been set to not exceed 145 bps, up from 140 bps, due to the special provision of THB3.5b set aside in 1H22 to mitigate potential macro uncertainty.

We see no material impact on our forecasts from its new financial targets. Hence, we maintain our 2022/23/24 net profit projections while fine-tuning some assumptions to align with SCB's new financial targets.

Exhibit 2: SCB's new 2022 financial targets

	2022		
	SCB's target		FSSIA
	Original	Revised	
NIM (%)	2.9-3.0	3.1-3.2	3.14
Non-NII growth (y-y%)	Low single digits	negative low teens	(11.5)
Cost to income (%)	Low to mid-40s	Mid-40s	44.2
Loan growth (y-y%)	3-5	3-5	3.00
Credit cost (bps)	<140	<145	148

Sources: SCB; FSSIA's estimates

Exhibit 3: SCB – fine-tuning key assumptions

	2022E				2023E			2024E		
	2021 (THB m)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)
Net interest income	95,171	96,362	101,311	5.1	95,990	101,998	6.3	101,805	107,466	5.6
Non-interest income	55,171	53,622	48,822	(9.0)	56,726	52,680	(7.1)	60,214	55,928	(7.1)
Operating income*	150,342	149,984	150,133	0.1	152,716	154,678	1.3	162,019	163,394	0.8
Operating expenses	63,547	64,822	66,339	2.3	66,325	68,288	3.0	68,510	69,971	2.1
PPOP before tax*	86,795	85,162	83,794	(1.6)	86,391	86,390	(0.0)	93,509	93,423	(0.1)
Provision (Reversal)	42,024	36,214	34,578	(4.5)	34,610	34,610	-	35,562	35,562	-
Taxes expenses	9,376	10,034	10,335	3.0	10,356	10,356	(0.0)	11,589	11,572	(0.1)
Minority interest	(204)	(224)	(259)	nm.	(310)	(310)	nm.	(278)	(347)	nm.
Normalised profit	35,599	39,138	39,139	0.0	41,734	41,734	(0.0)	46,636	46,636	0.0
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Net profit	35,599	39,138	39,139	0.0	41,734	41,734	(0.0)	46,636	46,636	0.0
EPS (THB)	10.48	11.51	11.51	0.0	12.28	12.28	(0.0)	13.72	13.72	0.0
Key statistic and ratio										
Asset quality ratio										
Gross NPLs (THB m)	109,114	110,205	110,205	-	115,715	115,715	-	122,658	122,658	-
Gross NPLs / Loans (%)	3.79	3.72	3.72		3.80	3.80		3.92	3.92	
Loan loss reserve/NPLs	139	142	141		134	132		140	139	
Credit cost (bps)	184	155	148		144	144		144	144	
Profitability ratio										
Cost to income ratio*	42.3	43.2	44.2		43.4	44.1		42.3	42.8	
Average yield (%)	3.53	3.51	3.68		3.68	3.87		3.84	4.03	
Cost of fund (%)	0.63	0.62	0.63		0.91	0.91		1.00	1.02	
Net interest margin (NIM)	3.00	2.98	3.14		2.91	3.10		3.01	3.17	
Liquidity ratio										
Loan to deposit ratio	93.3	95.2	95.2		95.9	95.9		96.6	96.6	
% growth										
Loan growth (y-y)	2.1	3.0	3.0		2.8	2.8		2.8	2.8	

*Including share of profits from associates

Source: FSSIA estimates

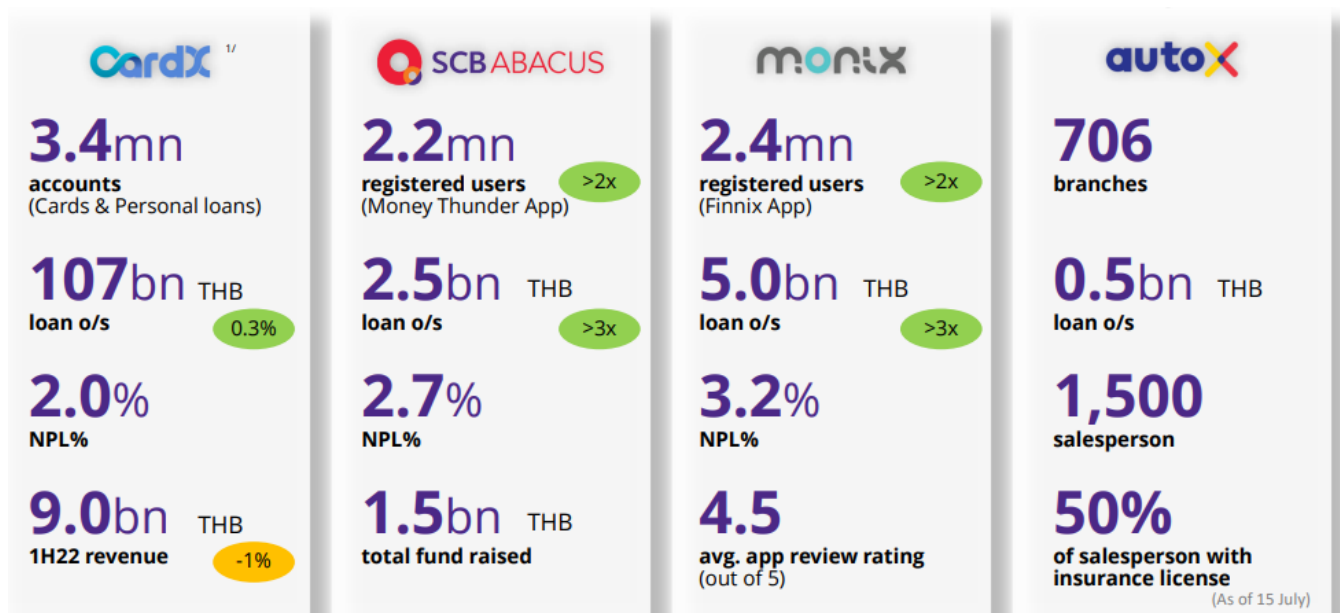
Updating SCB's businesses under a new organisational structure

At its post-results analyst meeting, SCB updated its businesses under its new organisational structure, which is divided into three groups: 1) Gen 1: Core banking services; 2) Gen 2: Consumer finance and digital financial services; and 3) Gen 3: Digital platform & tech services.

We would like to highlight the business units Card X and Auto X, which SCB targets to spin off in the next couple of years. The loans outstanding volume at Card X was at THB107b in 2Q22, up 0.3% y-y. Card X currently has 3.4 million accounts. To improve the profitability margin at Card X, SCB plans to increase its number of revolving clients. As for Auto X, which started operations in 2Q22, there are currently 706 branches, with loans outstanding at THB0.5b. Updated details regarding its other Gen 2 and Gen 3 businesses are shown in Exhibits 3-4.

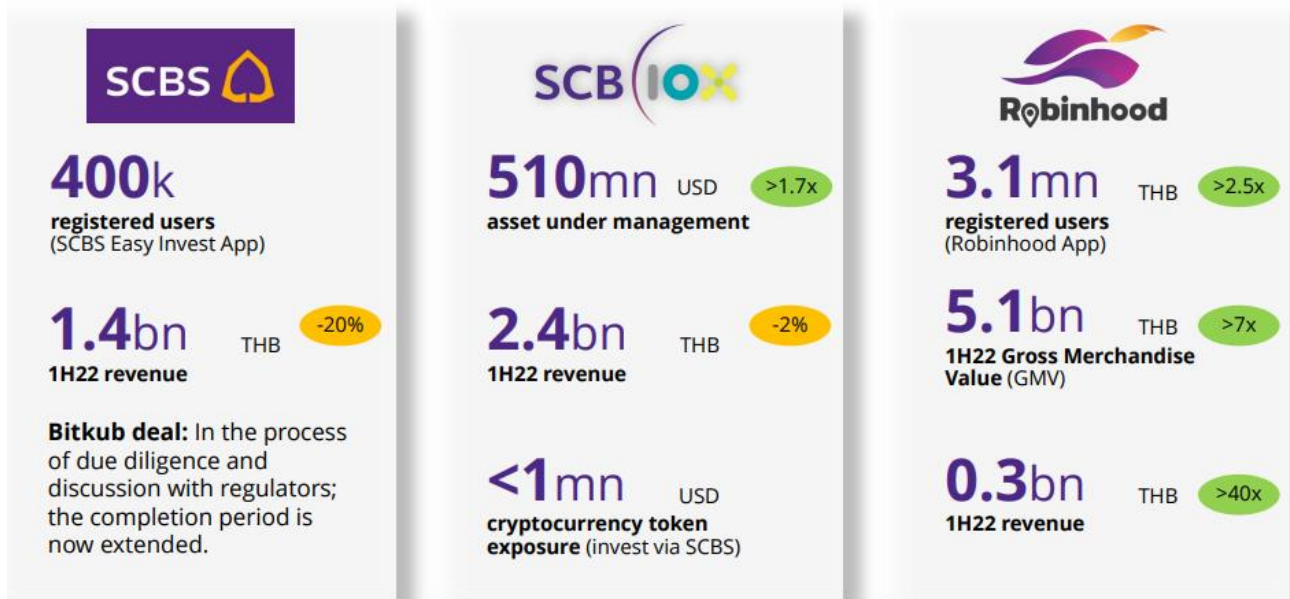
We still see no significant changes in its businesses after the transformation. We think it should take more time to generate a material impact on SCB's bottom line.

Exhibit 4: Gen 2: Key business updates – 1H22



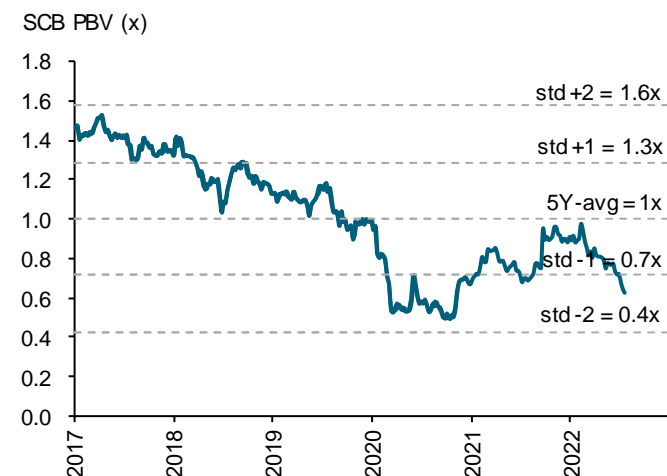
Source: SCB

Exhibit 5: Gen 3: Key business updates – 1H22



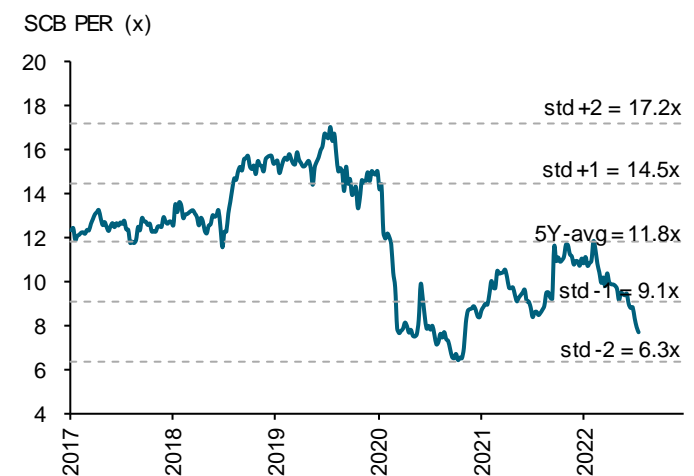
Source: SCB

Exhibit 6: SCB – one-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 7: SCB – one-year forward rolling P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 8: 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

Financial Statements

SCB X

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	118,371	112,177	118,658	127,310	136,364
Interest expense	(21,472)	(17,006)	(17,348)	(25,312)	(28,898)
Net interest income	96,899	95,171	101,311	101,998	107,466
Net fees & commission	36,586	40,198	38,099	41,420	44,320
Foreign exchange trading income	0	0	0	0	0
Securities trading income	9,365	11,236	7,553	7,931	7,947
Dividend income	155	166	174	183	201
Other income	1,840	3,014	2,411	2,532	2,785
Non interest income	47,947	54,615	48,238	52,066	55,253
Total income	144,846	149,785	149,549	154,065	162,719
Staff costs	(31,453)	(30,007)	(30,907)	(31,834)	(32,864)
Other operating costs	(32,877)	(33,540)	(35,432)	(36,454)	(37,107)
Operating costs	(64,330)	(63,547)	(66,339)	(68,288)	(69,971)
Pre provision operating profit	80,516	86,239	83,209	85,776	92,748
Provision for bad and doubtful debt	(46,649)	(42,024)	(34,578)	(34,610)	(35,562)
Other provisions	-	-	-	-	-
Operating profit	33,866	44,214	48,631	51,166	57,186
Recurring non operating income	(78)	557	584	614	675
Associates	(78)	557	584	614	675
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	33,788	44,771	49,216	51,780	57,861
Tax	(6,794)	(9,376)	(10,335)	(10,356)	(11,572)
Profit after tax	26,994	35,395	38,880	41,424	46,289
Minority interests	224	204	259	310	347
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	27,218	35,599	39,139	41,734	46,636
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	27,218	35,599	39,139	41,734	46,636
Per share (THB)					
Recurring EPS *	8.02	10.48	11.51	12.28	13.72
Reported EPS	8.02	10.48	11.51	12.28	13.72
DPS	2.30	4.06	5.00	6.00	6.00
Growth					
Net interest income (%)	(2.5)	(1.8)	6.5	0.7	5.4
Non interest income (%)	33.8	13.9	(11.7)	7.9	6.1
Pre provision operating profit (%)	24.5	7.1	(3.5)	3.1	8.1
Operating profit (%)	(9.9)	30.6	10.0	5.2	11.8
Reported net profit (%)	(19.0)	30.8	9.9	6.6	11.7
Recurring EPS (%)	(7.0)	30.8	9.8	6.6	11.7
Reported EPS (%)	(19.0)	30.8	9.8	6.6	11.7
Income Breakdown					
Net interest income (%)	66.9	63.5	67.7	66.2	66.0
Net fees & commission (%)	25.3	26.8	25.5	26.9	27.2
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	6.5	7.5	5.1	5.1	4.9
Dividend income (%)	0.1	0.1	0.1	0.1	0.1
Other income (%)	1.3	2.0	1.6	1.6	1.7
Operating performance					
Gross interest yield (%)	3.94	3.53	3.68	3.87	4.03
Cost of funds (%)	0.85	0.63	0.63	0.91	1.02
Net interest spread (%)	3.09	2.90	3.05	2.96	3.01
Net interest margin (%)	3.2	3.0	3.1	3.1	3.2
Cost/income(%)	44.4	42.4	44.4	44.3	43.0
Cost/assets(%)	2.1	1.9	2.0	2.0	2.0
Effective tax rate (%)	20.1	20.9	21.0	20.0	20.0
Dividend payout on recurring profit (%)	28.7	38.8	43.4	48.9	43.7
ROE (%)	6.7	8.4	8.6	8.5	8.8
ROE - COE (%)	(4.1)	(2.4)	(2.2)	(2.3)	(2.0)
ROA (%)	0.9	1.1	1.2	1.2	1.3
RORWA (%)	1.3	1.6	1.7	1.8	1.9

* Pre-exceptional, pre-goodwill and fully diluted

Sources: SCB X; FSSIA estimates

Financial Statements

SCB X

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	2,255,242	2,301,835	2,370,890	2,436,090	2,503,082
Total provisions	(139,442)	(151,410)	(155,167)	(153,236)	(170,025)
interest in suspense	14,508	15,031	15,411	15,347	15,018
Net customer loans	2,130,308	2,165,456	2,231,134	2,298,201	2,348,076
Bank loans	547,504	618,269	575,635	597,372	612,076
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	339,828	292,123	297,824	308,218	318,417
Cash & equivalents	51,632	50,421	78,749	65,240	74,278
Other interesting assets	-	-	-	-	-
Tangible fixed assets	56,445	63,397	71,206	79,977	89,829
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	152,667	124,900	127,440	131,139	134,807
Total assets	3,278,384	3,314,565	3,381,988	3,480,147	3,577,483
Customer deposits	2,420,455	2,466,717	2,491,384	2,541,212	2,592,036
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	275,993	267,200	269,872	275,270	280,775
Non interest bearing liabilities	170,106	138,032	144,934	152,181	152,181
Hybrid Capital	-	-	-	-	-
Total liabilities	2,866,554	2,871,950	2,906,191	2,968,663	3,024,992
Share capital	33,992	33,992	33,956	33,956	33,956
Reserves	377,438	407,014	440,111	475,669	516,526
Total equity	411,430	441,006	474,068	509,626	550,483
Minority interests	399	1,609	1,729	1,859	2,008
Total liabilities & equity	3,278,384	3,314,565	3,381,988	3,480,147	3,577,483
Supplementary items					
Risk weighted assets (RWA)	2,197,668	2,264,803	2,332,747	2,396,898	2,462,812
Average interest earning assets	3,001,007	3,177,400	3,228,288	3,293,014	3,387,627
Average interest bearing liabilities	2,534,701	2,704,780	2,736,995	2,778,118	2,833,681
Tier 1 capital	377,036	399,566	422,896	446,336	470,125
Total capital	400,911	424,227	447,557	470,997	494,786
Gross non performing loans (NPL)	101,462	109,114	110,205	115,715	122,658
Per share (THB)					
Book value per share	121.16	129.86	139.46	149.92	161.94
Tangible book value per share	121.16	129.86	139.46	149.92	161.94
Growth					
Gross customer loans	6.7	2.1	3.0	2.8	2.7
Average interest earning assets	0.9	5.9	1.6	2.0	2.9
Total asset (%)	10.6	1.1	2.0	2.9	2.8
Risk weighted assets (%)	5.9	3.1	3.0	2.8	2.7
Customer deposits (%)	12.1	1.9	1.0	2.0	2.0
Leverage & capital measures					
Customer loan/deposits (%)	88.0	87.8	89.6	90.4	90.6
Equity/assets (%)	12.5	13.3	14.0	14.6	15.4
Tangible equity/assets (%)	12.5	13.3	14.0	14.6	15.4
RWA/assets (%)	67.0	68.3	69.0	68.9	68.8
Tier 1 CAR (%)	17.2	17.6	18.1	18.6	19.1
Total CAR (%)	18.2	18.7	19.2	19.7	20.1
Asset Quality					
Change in NPL (%)	19.1	7.5	1.0	5.0	6.0
NPL/gross loans (%)	4.5	4.7	4.6	4.8	4.9
Total provisions/gross loans (%)	6.2	6.6	6.5	6.1	6.8
Total provisions/NPL (%)	137.4	138.8	140.8	132.4	138.6
Valuation					
Recurring P/E (x) *	11.7	9.0	8.2	7.7	6.9
Recurring P/E @ target price (x) *	16.7	12.8	11.6	10.9	9.8
Reported P/E (x)	11.7	9.0	8.2	7.7	6.9
Dividend yield (%)	2.4	4.3	5.3	6.4	6.4
Price/book (x)	0.8	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.8	0.7	0.7	0.6	0.6
Price/tangible book @ target price (x)	1.1	1.0	1.0	0.9	0.8

* Pre-exceptional, pre-goodwill and fully diluted

Sources: SCB X; 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	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	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	MITSIB	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	WIJK
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	

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* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

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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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
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.
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.
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 (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.