

SCB X SCB TB
THAILAND / BANKS

BUY

UNCHANGED

เริ่มการเดินทางใหม่

- กำไรสุทธิ 3Q22 ออกมาตามคาดที่ 10 พัน ลบ. (+17% y-y, +3% q-q)
- แนะนำนักลงทุนจับตาดูความก้าวหน้าเกี่ยวกับเป้าหมาย Regional Financial Technology
- ธุรกิจการธนาคารมีผลประกอบการที่ดี; คงแนะนำซื้อที่ราคาเป้าหมาย 134 บาท

TARGET PRICE	THB134.00
CLOSE	THB106.00
UP/DOWNSIDE	+26.4%
PRIOR TP	THB134.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.4%

กำไรสุทธิ 3Q22 ออกมาดีพอใช้ตามคาด

SCB รายงานกำไรสุทธิ 3Q22 ตามคาดโดยอยู่ที่ 10 พัน ลบ. (+17% y-y, +3% q-q) เราเห็นการดำเนินงานปกติที่ดีขึ้นเล็กน้อยประกอบด้วยส่วนต่างดอกเบี้ย (NIM) และคุณภาพสินทรัพย์ข้อแรก NIM เพิ่ม 20 bps เป็น 3.37% จาก 1) การเพิ่มของผลตอบแทนสินเชื่อจากปริมาณหนี้ที่เข้าโครงการปรับโครงสร้างหนี้แบบเบ็ดเสร็จ (CDR) ที่น้อยลงรวมถึงการควบคุมผลตอบแทนสินเชื่อของการปล่อยสินเชื่อใหม่ที่ดีขึ้น, และ 2) การเพิ่มของผลตอบแทน interbank และการลงทุนตามการขึ้นอัตราดอกเบี้ยนโยบาย ข้อสองหนี้คือคุณภาพ (NPL) ลดลง 10% q-q จากการขาย NPL ของ Pace Development Corporation (PACE TB, not rated) ในระหว่างไตรมาส SCB บันทึก 2 รายการที่เกี่ยวข้องกับการปรับโครงสร้างของบริษัท ประกอบด้วยรายการค่าใช้จ่ายในการดำเนินงาน (OPEX) และภาษี

เป้าหมาย: 'Regional Financial Technology'

SCB ได้จัดงาน "SCB X Strategy Day" เพื่อนำเสนอแผนการปฏิรูปในอีก 5 ปีข้างหน้าซึ่งมีพื้นฐานจากกลยุทธ์ "Regional Financial Technology" เพื่อให้บริการลูกค้ามากกว่า 200 ล้านราย โดย SCB ตั้งเป้าให้รายได้โต 10% CAGR ในช่วงปี 2022-25 ในระยะยาว SCB ตั้งเป้าให้ผลตอบแทนต่อส่วนผู้ถือหุ้น (ROE) และระดับสืบทอด (รายละเอียดอยู่ในรายงาน) เราเห็นว่าความกังวลของนักลงทุนส่วนมากเกี่ยวข้องกับสินเชื่อดิจิทัลและการขยายธุรกิจในประเทศ โดย SCB เชื่อว่าข้อได้เปรียบการแข่งขันในด้านต้นทุนในการระดมเงิน (Cost of funds) และต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) จะช่วยให้บริษัท ประสบความสำเร็จในด้านสินเชื่อรายย่อย ในด้านการขยายธุรกิจในภูมิภาค SCB จะเป็นพันธมิตรกับบริษัทท้องถิ่นที่มีความเชี่ยวชาญในพื้นที่ดังกล่าว ด้วยเหตุผลดังกล่าว SCB เชื่อว่าธนาคารจะสามารถจับลูกค้าต่างประเทศได้

ยังต้องติดตามแผนการขยายธุรกิจ

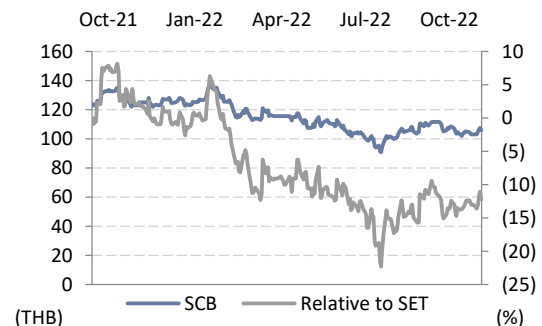
เราชอบกลยุทธ์ในการขยายกิจการไปยังธุรกิจที่ไม่ใช่การธนาคารของบริษัท นอกจากนั้นเราคิดว่า การแปรรูปเป็นบริษัทโฮลดิ้งน่าจะช่วยให้การดำเนินงานง่ายขึ้น อย่างไรก็ตามเรายังเห็นความเสี่ยงในด้านปฏิบัติโดยเฉพาะอย่างยิ่งในธุรกิจสินเชื่อรายย่อยและดิจิทัล เนื่องจากธุรกิจสินเชื่อรายย่อยในประเทศไทยเป็นตลาดที่มีการแข่งขันสูง ผู้ให้บริการสินเชื่อเพื่อการอุปโภคบริโภคเป็นผู้เล่นหลัก ความท้าทายสำคัญอยู่ที่คุณภาพสินทรัพย์และ SCB จะต้องพิสูจน์ว่าบริษัทสามารถรายงานการเติบโตของสินเชื่อที่มีคุณภาพ ด้วยเหตุผลดังกล่าวเราจึงไม่ได้ให้ระดับการประเมินมูลค่าในระดับสูงต่อแผนการขยายธุรกิจดังกล่าว เกือบ 90% ของการประเมินมูลค่าของเราเรียงมาจากธุรกิจการธนาคาร เราคิดว่านักลงทุนน่าจะยังจำเป็นต้องจับตาดูแผนการขยายธุรกิจดังกล่าว

คงแนะนำซื้อที่ราคาเป้าหมายปี 2023 ที่ 134 บาท (GGM)

แม้ว่ายังมีความไม่แน่นอนเกี่ยวกับแผนการแปรรูปของ SCB เราคิดว่าธุรกิจการธนาคารน่าจะยังมีผลการดำเนินงานที่ดี โดยราคาหุ้นได้ปรับตัวลดลง 17% YTD ปัจจุบันหุ้นมีการซื้อขายที่ 0.7x ของค่า 2023E P/BV พร้อม 2023 ROE ที่คาดไว้ที่ 8.5% เพราะฉะนั้นเรายังคงแนะนำซื้อ SCB

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 (%)	-	(2.0)	(8.4)	(9.2)
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. (%)	-	-	-	-
EPS growth (%)	30.8	9.8	6.6	11.7
Core P/E (x)	10.1	9.2	8.6	7.7
Dividend yield (%)	3.8	4.7	5.7	5.7
Price/book (x)	0.8	0.8	0.7	0.7
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 (%)	(0.9)	12.8	(14.5)
Relative to country (%)	1.7	9.6	(11.7)
Mkt cap (USD m)	9,302		
3m avg. daily turnover (USD m)	46.7		
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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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 25 ตุลาคม 2022

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.

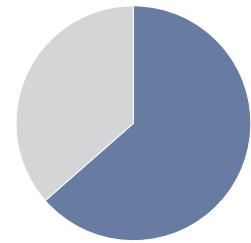
Company profile

SCB is the first commercial bank in Thailand, 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)

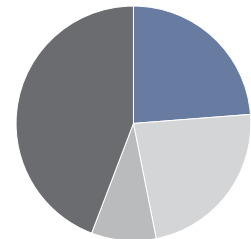
- Net interest income - 63.5 %
- Non-interest income - 36.5 %



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 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.

Event calendar

Date	Event
21 January 2022	4Q22 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

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 3Q22 net profit as expected

SCB posted an in-line 3Q22 net profit of THB10,309m (+17% y-y, +3% q-q). We see a slightly improvement in its core operations, including NIM and asset quality. First, its NIM increased by 20 bps to 3.37% from 1) a rise in loan yield due to the smaller volume of CDR as well as pricing discipline on new bookings, and 2) an increase in interbank and investment returns following policy rate hikes. Second, its NPLs dropped by 10% q-q, implying an NPL ratio of 3.3%, due to the sale of PACE's NPLs and the bank's continuing offer of CDR to its clients. Regarding Non-NII, it was in weak territory mainly from lower gains on investments in startup companies, while there was a slightly improvement in its fee income q-q. In this quarter, SCB booked two items related to its transformation, including OPEX and tax. According to SCB, there will be cTHB2.5b-3b in one-off OPEX costs in 2022, which was mostly booked in 9M22. Its effective tax rate went to an abnormally high level of 31% in 3Q22 due to the gains from transferring nine subsidiaries of SCB Bank and SCB10X Co., Ltd to SCB. SCB said there should be a cTHB1.6b special tax booked in 4Q22.

Exhibit 1: SCB – 3Q22 results summary

Year end Dec 31	3Q21	2Q22	3Q22		9M22		2022E		Comments	
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)
Net interest income	23,533	26,068	27,714	18	6	78,526	12	78	101,311	6
Non-interest income*	13,377	12,634	12,043	(10)	(5)	37,637	(8)	77	48,822	(12)
Operating income*	36,910	38,702	39,757	8	3	116,163	5	77	150,133	(0)
Operating expenses	15,815	15,938	16,942	7	6	49,019	6	74	66,339	4
PPOP before tax*	21,095	22,764	22,815	8	0	67,143	4	80	83,794	(3)
Provision	10,035	10,250	7,750	(23)	(24)	26,750	(11)	77	34,578	(18)
Income tax	2,286	2,681	4,717	106	76	10,261	43	99	10,335	10
Minority interest	(42)	(217)	40			(271)	99		(259)	27
Normalised profit	8,816	10,051	10,309	17	3	30,403	10	78	39,139	10
Extraordinary items	0	0	0			0			0	
Net profit	8,816	10,051	10,309	17	3	30,403	10	78	39,139	10
EPS (THB)	2.60	2.98	3.06	18	3	9.00	10	78	11.51	10
Asset quality ratio										
Gross NPLs (THB m)	107,071	102,538	92,131	(14)	(10)				110,205	1
NPL ratios (%)	3.89	3.58	3.34						3.72	
NPL ratio (%) - FSSIA calculated	4.70	4.34	3.92						4.65	
Coverage ratio (%)	138	152	162						141	
Credit cost (bp)	175	175	132						148	
Profitability ratio	(%)	(%)	(%)						(%)	
Cost to income ratio*	42.8	41.2	42.6						44.2	
Average yield (%)	3.56	3.71	3.96						3.7	
Cost of fund (%)	0.63	0.65	0.70						0.6	
Net interest margin (NIM)	3.02	3.17	3.37						3.1	
Non-int inc/total income	36.2	32.6	30.3						32.5	
Liquidity ratio	(%)	(%)	(%)						(%)	
Loan to deposit ratio	94.6	93.5	92.7						95.2	
Loan growth	(%)	(%)	(%)						(%)	
Year-to-date	1.1	2.5	2.0							
y-y	5.0	2.8	3.0						3.0	
q-q	(0.8)	1.4	(0.5)							

*Including share of profits from associates

Source: SCB; FSSIA estimates

SCB X’s strategy: expansion plans still need follow up

SCB held its “SCB X Strategy Day” to present its transformation plan for the next five years. Its stated goal is to develop “Regional Financial Technology” to serve consumers in ASEAN and beyond, with a target of more than 200m customers using its services. SCB divides its businesses into three generations and five strategic themes, including 1) banking, 2) digital lending, 3) the digital ecosystem, 4) digital assets & future technology, and 5) climate tech as in Exhibit 2.

Exhibit 2: Three generations with five strategic themes



Source: SCB

Exhibit 3: SCB’s subsidiary businesses

Gen	Name	Business	
Gen 1	SCB Bank	Banking	A more digital bank, higher quality loan book, and higher fee income contribution.
Gen 2	Card X	P-loan and credit card	Targeting mass and lower mass market clients.
	Auto X	Auto title loans	Targeting low-income clients.
	SCB Abacus	A fully automated micro lender	Offering loans to underserved customers.
	MONIX	A JV with a Chinese fintech unicorn to provide Nano loans	Using intelligent underwriting.
Gen 3	Robinhood	All-encompassing lifestyle Super App	Aiming to fulfil customers' diverse needs as they go through their daily lives: from food delivery and travel booking, to express, mart, and soon-to-be-launched ride-hailing.
	SCB 10X	Venture capital and incubation firm	Focusing on acquiring knowledge and capabilities through a portfolio of investments related to fintech and blockchain technologies.
	Token X	Licensed ICO portal	Offering tokenisation services, which create a bridge between physical and digital assets.
	Innovest X	Digital investment platform	Allowing investors to trade both traditional securities and digital assets, as well as exchanging between fiat currency and digital assets.

Sources: SCB; FSSIA's compilation

According to management, SCB targets a 10% CAGR in its revenue during 2022-25. The revenue contribution will come from its digital and banking business at a ratio of 30%:70% in 2025 vs 10%:90% currently. Management expects its banking business revenue to increase at a slow pace as its Gen 2 business revenue increases by double digits y-y. The bank added that it expects Gen 3 revenue to rise substantially due to the low base effect and the strong opportunities for growth. In the long run, SCB targets its ROE to reach the mid-teens level.

SCB also provided the financial targets of its key subsidiaries, including SCB Bank, Card X, Auto X, Robinhood and Innovest X as in Exhibit 4. On top of that, SCB provided performance updates for its subsidiaries as of 9M22 in Exhibit 5-7. We note

that SCB will host meetings to provide the financial targets of its subsidiaries from 25 Oct to 7 Nov-22.

Most investor concerns currently are related to the expansion into Gen 2 businesses and overseas, and the potential increase in OPEX during the transformation period. SCB addressed this by saying that it still sees room to grow thanks to ample demand in retail lending. SCB added that it will use technology to accelerate its loan volume and to control asset quality. SCB believes that its competitive advantages in terms of cost of funds and credit cost will enable it to succeed. As for regional expansion, SCB will partner with local companies who have expertise in those areas. Thus, it has a strong conviction that it can tap foreign clients. As for its OPEX, SCB stated that as there might be some extra costs related to its transformation, it plans to cut costs in other areas to compensate so that its cost structure should not significantly change.

Exhibit 4: Targets for SCB's key subsidiaries in 2025

	Gen 1	Gen 2		Gen 3	
	SCB Bank	Card X	Auto X	Robinhood	Innovest X
Client base (m people)		10	1	1.8*	4-5
Outstanding loans (THB b)		140	70		
Branches (unit)			3,000		
Revenue (THB b)				4	8-10
Revenue contribution from digital side (%)	20-25				30-40
Gross merchandise value (THB b)				30	
Cost to income ratio (%)	Mid-to-high 30s				
Net profit (THB b)		9	3		
ROE (%)	Low teens	>20	>25		>25
ROA (%)		6-7			
Year of IPO		2025	2027		2025
Year of reaching breakeven				2026	

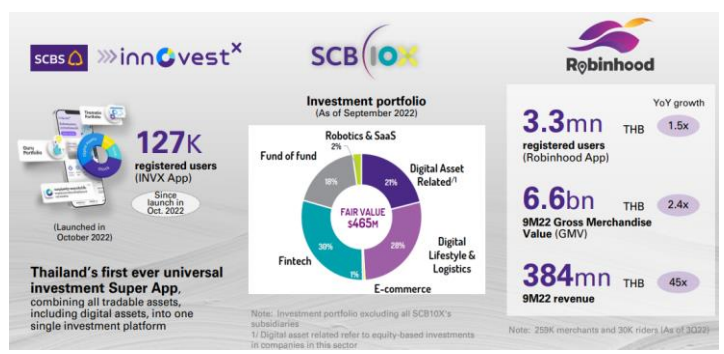
* Monthly active users
Sources: SCB; FSSIA's compilation

Exhibit 5: Gen 2 business update – 9M22



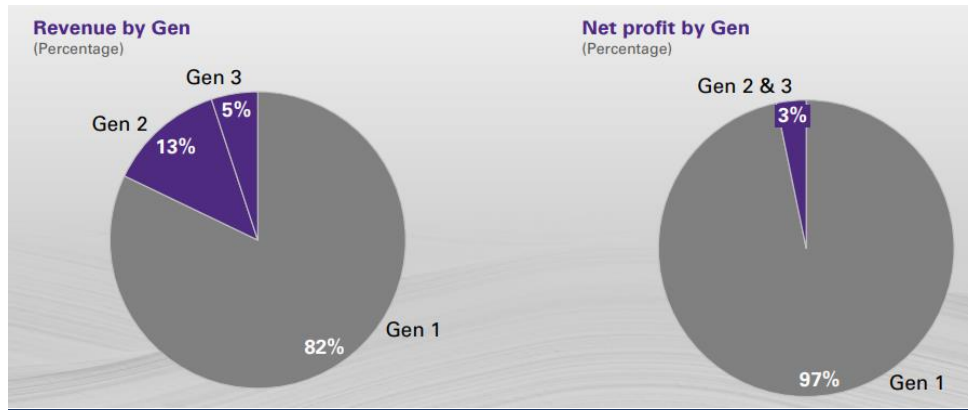
Source: SCB

Exhibit 6: Gen 3 business update – 9M22



Source: SCB

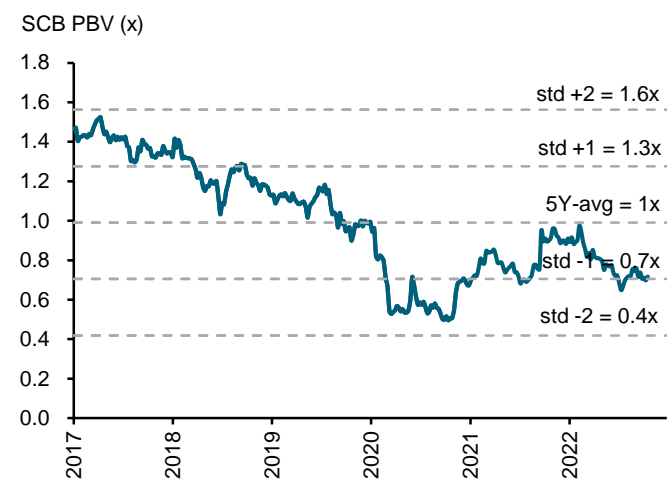
Exhibit 7: Revenue and net profit contributions by Gen



Source: SCB

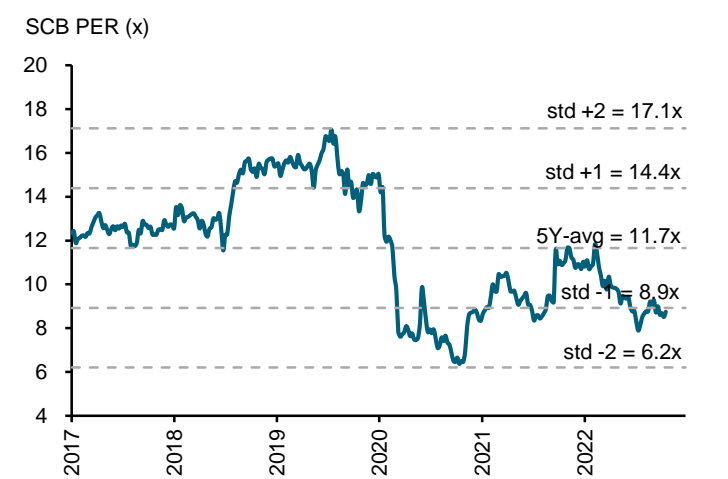
In our view, we like the strategy of expanding its business beyond traditional banking. Also, we think the transformation into a holding structure will simplify its operations. However, we still see execution risks, especially in Gen 2 and 3 businesses as the mass retail lending industry in Thailand is a red ocean. Consumer loan providers are key players. The key challenge is asset quality and SCB must prove that it can deliver quality loan book growth. At this stage, we have not provided a premium valuation for its expansion plan. Nearly 90% of our valuation still relies on its banking business. We think its business expansion plan should be monitored going forward.

Exhibit 8: SCB – one-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 9: SCB – one-year forward rolling P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Peers comparison

	BBG	Rec	-- Share price --		Up	Market	EPS growth		--- P/E ---		-- DivYld --		--- ROE ---		--- PBV ---	
	code		Current	Target	side	Cap	22E	23E	22E	23E	22E	23E	22E	23E	22E	23E
			(THB)	(THB)	(%)	(USD m)	(%)	(%)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)
Coverage						38,476	20.7	9.0	8.6	7.9	4.4	5.0	8.7	8.8	0.7	0.7
Bangkok Bank	BBL TB	BUY	142.00	170.00	20	7,064	15.2	11.5	8.9	8.0	3.5	4.6	6.0	6.4	0.5	0.5
Kasikornbank	KBANK TB	BUY	146.00	192.00	32	9,015	10.6	12.9	8.2	7.3	3.1	3.4	8.5	9.0	0.7	0.6
Kiatnakin Bank	KKP TB	BUY	71.75	85.00	18	1,583	29.6	5.2	7.4	7.1	5.9	6.3	15.3	14.8	1.1	1.0
Krung Thai Bank	KTB TB	BUY	17.20	21.20	23	6,265	54.6	7.8	7.2	6.7	4.9	5.2	8.9	9.0	0.6	0.6
SCB X	SCB TB	BUY	106.00	134.00	26	9,302	9.8	6.6	9.2	8.6	4.7	5.7	8.6	8.5	0.8	0.7
Tisco Financial	TISCO TB	HOLD	95.50	94.00	(2)	1,993	7.8	3.5	10.5	10.1	8.1	8.6	17.4	17.4	1.8	1.7
TMBThanachart Bank	TTB TB	BUY	1.29	1.48	15	3,254	29.8	7.1	9.2	8.6	4.9	5.3	6.3	6.4	0.6	0.5

Share prices as of 21 Oct 2022

Source: 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) *	13.2	10.1	9.2	8.6	7.7
Recurring P/E @ target price (x) *	16.7	12.8	11.6	10.9	9.8
Reported P/E (x)	13.2	10.1	9.2	8.6	7.7
Dividend yield (%)	2.2	3.8	4.7	5.7	5.7
Price/book (x)	0.9	0.8	0.8	0.7	0.7
Price/tangible book (x)	0.9	0.8	0.8	0.7	0.7
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	

Disclaimer:

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

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

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Rawisara Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
SCB X	SCB TB	THB 106.00	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 142.00	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.
Kasikornbank	KBANK TB	THB 146.00	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.
Kiatnakin Bank	KKP TB	THB 71.75	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 17.20	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 95.50	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 1.29	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-Oct-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.