

KRUNG THAI BANK

THAILAND / BANKING

KTB TB

BUY

UNCHANGED

2Q23 results at first glance

2Q23 results in line with our estimates and consensus

KTB reported a 2Q23 net profit of THB10.2b, in line with our estimate and Bloomberg's consensus projection, which rose by 1% q-q and 22% y-y due to higher net interest income (NII) and lower credit cost, with no cause for concern on the asset quality. KTB's 1H23 profit accounted for 54% of our 2023 earnings estimate.

2Q23 highlights

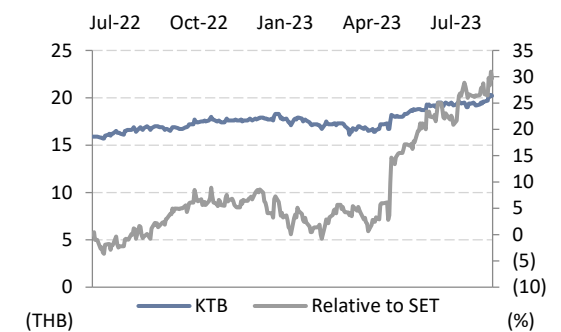
- (+) **NII** significantly increased by 8% q-q and 27% y-y, in line with our expectation, supported by a better-than-expected NIM, which rose by 24bp to 3.21% in 2Q23 in tandem with the RP rate hikes.
- (0) **Loans** contracted by 0.2% q-q and 2.2% y-y, pressured by a decline in private corporate loans (28% of totals) and SME loans (12% of totals). Retail loans continued to grow as planned in the personal, credit, and housing loan segments – aligning with its focused strategy. 1H23 loans decreased by 0.6% YTD. However, excluding government loans, 1H23 loan growth was relatively stable from 2022, still in line with our 2023 forecast of 2% y-y and the bank's target of 3-5% y-y.
- (-) **Fee income** dropped by 7% q-q and 2% y-y, below our expectation, mainly owing to a slowdown in fees from mutual fund management related to the market situation amid a continual expansion of bancassurance fees. Other non-interest income (non-NII) – gains on financial instruments measured at FV through PL (FVTPL), FX fees, and dividend income – all showed in-line figures.
- (-) **Operating expenses** increased by 3% q-q and 12% y-y, mainly from its investments for the future, especially in IT, to enhance customers' experience. Thus, the cost-to-income ratio (CIR) slightly increased to 39.3% from 38.7% in 1Q23. The 1H23 CIR was 39%, still in line with our 2023 projection of 41.1% and the bank's target of a low 40% due to the expectation of an acceleration in operating expenses during 2H23.
- (+) **Asset quality remained manageable:** the NPL ratio contracted to 3.83% from 3.97% in 1Q23. 2Q23 credit cost was 120bp, -5bp from 1Q23; slightly below our stable forecast. 1H23 credit cost was 123bp, slightly below our 2023 forecast of 125bp. The 2Q23 coverage ratio slightly dropped to 171%, but was in line with its 2023 target of c170%.

We rate KTB a BUY with a 2023 GGM-based TP of THB23.10, implying a P/BV of 0.81x. KTB currently offers a potential upside of 14% and attractive 2023-25E dividend yields of 4%.

TARGET PRICE	THB23.10
CLOSE	THB20.20
UP/DOWNSIDE	+14.4%
TP vs CONSENSUS	+6.8%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	46,283	51,374	54,029	56,533
Net profit	33,698	37,796	39,929	41,941
EPS (THB)	2.41	2.70	2.86	3.00
vs Consensus (%)	-	(0.4)	1.2	2.3
Recurring net profit	33,698	37,796	39,929	41,941
Core EPS (THB)	2.41	2.70	2.86	3.00
EPS growth (%)	56.1	12.2	5.6	5.0
Core P/E (x)	8.4	7.5	7.1	6.7
Dividend yield (%)	3.4	3.9	4.1	4.3
Price/book (x)	0.8	0.7	0.7	0.6
ROE (%)	9.2	9.7	9.6	9.4
ROA (%)	1.0	1.1	1.2	1.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.1	11.0	34.7
Relative to country (%)	2.6	13.1	36.2
Mkt cap (USD m)	8,199		
3m avg. daily turnover (USD m)	29.9		
Free float (%)	45		
Major shareholder	FIDF (55%)		
12m high/low (THB)	20.50/14.60		
Issued shares (m)	13,976		

Sources: Bloomberg consensus; FSSIA estimates



Usanee Liurut, CISA

Register no. 017928

usanee.l@fssia.com, +66 2646 9967

Asset quality

Asset quality remained manageable; the 2Q23 NPL ratio contracted to 3.83% from 3.97% in 1Q23, better than expected (we projected a slight increase in NPL ratio), with no alarming signs of NPL formation. Both the decrease in Stage 2 and 3 loans were proactively managed by debt restructuring, NPL sales and write-offs.

2Q23 credit cost was 120bp, -5bp from 1Q23; slightly below our stable forecast. 1H23 credit cost was 123bp, slightly below our 2023 forecast of 125bp. However, the bank's 2Q23 coverage ratio slightly dropped to 171% from 177% in 1Q23, but was in line with its 2023 target of c170%, reflecting its actively managed NPL resolution.

Exhibit 1: Loans by stage and ECL

Loans by stage	2Q22 (THB b)	1Q23 (THB b)	2Q23 (THB b)
Stage 1 (Performing)	2,324	2,277	2,290
Stage 2 (Underperforming)	219	218	204
Stage 3 (Non performing)	109	111	99
Lifetime ECL-Simplified approach	3	3	4
Loan and accrued interest	2,656	2,609	2,596
Allowance for ECL	(THB b)	(THB b)	(THB b)
Stage 1 (Performing)	45.5	46.6	46.4
Stage 2 (Underperforming)	50.4	55.1	52.6
Stage 3 (Non performing)	76.8	79.1	69.5
Lifetime ECL-Simplified approach	2.3	0.7	0.7
Loan and accrued interest	175.0	181.6	169.3
% ECL to total loans	(%)	(%)	(%)
Stage 1 (Performing)	2.0	2.0	2.0
Stage 2 (Underperforming)	23.0	25.4	25.8
Stage 3 (Non performing)	70.3	71.3	70.6
Lifetime ECL-Simplified approach	70.9	21.2	19.4
Loan and accrued interest	6.6	7.0	6.5
NPL	104.4	102.5	98.8
LLR/NPL (%)	168%	177%	171%

Sources: KTB; FSSIA's compilation

Exhibit 2: KTB – 2Q23 operations summary

Year end Dec 31	2Q22 (THB m)	1Q23 (THB m)	2Q23 (THB m)	---- Change ---- (q-q%) (y-y%)		1H23 (THB m)	Change (y-y%)	% of 23E	2022 (THB m)	2023E (THB m)	Change (y-y%)
Net interest income	21,818	25,619	27,771	8	27	53,391	24	50	90,405	106,274	18
Non-interest income	7,646	9,653	7,944	(18)	4	17,597	8	48	34,986	36,496	4
<i>Fee income - net</i>	4,911	5,139	4,797	(7)	(2)	9,935	1	48	20,316	20,715	2
Total operating income	29,464	35,272	35,715	1	21	70,987	20	50	125,391	142,770	14
Total operating expenses	12,517	13,650	14,028	3	12	27,679	12	47	54,771	58,661	7
PPOP before tax	16,947	21,622	21,687	0	28	43,309	26	51	70,620	84,109	19
Expected credit loss	5,669	8,104	7,754	(4)	37	15,858	42	48	24,338	32,735	35
Income tax	1,996	2,531	2,864	13	43	5,395	25	54	9,077	10,069	11
Non-controlling interest	924	921	912	(1)	(1)	1,832	2	52	3,508	3,509	0
Net profit	8,358	10,067	10,157	1	22	20,223	18	54	33,698	37,796	12
EPS (THB)	0.60	0.72	0.73	1	22	1.45	18	54	2.41	2.70	12
Key ratios	2Q22	1Q23	2Q23	---- Change ---- (q-q%) (y-y%)		1H23	Change (y-y%)		2022	2023E	
Asset quality ratio	(%)	(%)	(%)	(q-q%)	(y-y%)	(THB m)	(y-y%)		(%)	(%)	
Gross NPLs (THB m)	104,434	102,542	98,810	(4)	(5)	98,810	(5)		101,096	101,821	
<i>Change (% from prior period)</i>	(2.0)	1.4	(3.6)			(5.4)			(5.3)	0.7	
NPL ratios (%) - reported	3.32	3.22	3.11			3.11			3.26		
NPL ratio (%)*	3.96	3.97	3.83			3.83			3.90	3.85	
Coverage ratio (%) - reported	174	183	177			177			180		
Coverage ratio (%)*	168	177	171			171			172	182	
Credit cost (bp)	86	125	120			123			93	125	
Profitability ratio	(%)	(%)	(%)			(%)			(%)	(%)	
Cost to income ratio	42.5	38.7	39.3			39.0			43.7	41.1	
Average yield (%)	3.14	3.95	4.26			4.11			3.28	4.15	
Cost of funds (%)	0.71	1.13	1.21			1.17			0.76	1.23	
NIM (%) - reported	2.44	2.80	3.00			3.00			2.60		
NIM (%)*	2.51	2.97	3.21			3.09			2.62	3.07	
Non-interest income/total income (%)	25.9	27.4	22.2			24.8			27.9	25.6	
Liquidity ratio	(%)	(%)	(%)			(%)			(%)	(%)	
Loan to deposit	101.2	98.5	100.0			100.0			100.1	100.1	
Loan to deposit & borrowing (LDBR)	95.5	93.2	94.2			94.2			94.6	94.6	
Capital adequacy ratio	(%)	(%)	(%)			(%)			(%)	(%)	
CAR	20.1	19.7	20.1			20.1			19.8	20.5	
CET 1/ Risk assets	15.1	15.6	15.9			15.9			15.7	16.5	
Tier 2 / Risk assets	4.2	3.2	3.2			3.2			3.1	3.1	
Loan growth	(%)	(%)	(%)			(%)			(%)	(%)	
q-q	(0.9)	(0.4)	(0.2)								
y-y	6.0	(2.9)	(2.2)			(2.2)			(1.4)	2.0	
Year-to-date	0.2	(0.4)	(0.6)			(0.6)					

* FSSIA's calculation; Sources: KTB; FSSIA estimates

Financial Statements

Krung Thai Bank

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	104,832	113,475	143,521	151,245	158,565
Interest expense	(21,460)	(23,070)	(37,246)	(40,619)	(43,628)
Net interest income	83,372	90,405	106,274	110,626	114,937
Net fees & commission	20,022	20,316	20,715	21,026	21,341
Foreign exchange trading income	3,467	5,233	5,000	6,000	6,000
Securities trading income	711	239	220	220	220
Dividend income	379	352	385	424	466
Other income	7,835	8,847	10,176	11,130	12,177
Non interest income	32,414	34,986	36,496	38,800	40,204
Total income	115,786	125,391	142,770	149,426	155,142
Staff costs	(27,311)	(25,763)	(28,340)	(29,190)	(30,065)
Other operating costs	(25,420)	(29,007)	(30,322)	(32,652)	(33,982)
Operating costs	(52,731)	(54,771)	(58,661)	(61,842)	(64,048)
Pre provision operating profit	63,055	70,620	84,109	87,584	91,094
Expected credit loss	(32,524)	(24,338)	(32,735)	(33,555)	(34,561)
Other provisions	-	-	-	-	-
Operating profit	30,531	46,283	51,374	54,029	56,533
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	30,531	46,283	51,374	54,029	56,533
Tax	(5,975)	(9,077)	(10,069)	(10,590)	(11,080)
Profit after tax	24,556	37,206	41,305	43,440	45,452
Non-controlling interest	(2,968)	(3,508)	(3,509)	(3,510)	(3,511)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	21,588	33,698	37,796	39,929	41,941
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	21,588	33,698	37,796	39,929	41,941
Per share (THB)					
Recurring EPS *	1.54	2.41	2.70	2.86	3.00
Reported EPS	1.54	2.41	2.70	2.86	3.00
DPS	0.42	0.68	0.78	0.83	0.87
Growth					
Net interest income (%)	(5.6)	8.4	17.6	4.1	3.9
Non interest income (%)	(4.4)	7.9	4.3	6.3	3.6
Pre provision operating profit (%)	(8.3)	12.0	19.1	4.1	4.0
Operating profit (%)	27.9	51.6	11.0	5.2	4.6
Reported net profit (%)	29.0	56.1	12.2	5.6	5.0
Recurring EPS (%)	29.0	56.1	12.2	5.6	5.0
Reported EPS (%)	29.0	56.1	12.2	5.6	5.0
Income Breakdown					
Net interest income (%)	72.0	72.1	74.4	74.0	74.1
Net fees & commission (%)	17.3	16.2	14.5	14.1	13.8
Foreign exchange trading income (%)	3.0	4.2	3.5	4.0	3.9
Securities trading income (%)	0.6	0.2	0.2	0.1	0.1
Dividend income (%)	0.3	0.3	0.3	0.3	0.3
Other income (%)	6.8	7.1	7.1	7.4	7.8
Operating performance					
Gross interest yield (%)	3.16	3.28	4.15	4.29	4.35
Cost of funds (%)	0.73	0.76	1.23	1.33	1.39
Net interest spread (%)	2.43	2.52	2.92	2.96	2.96
Net interest margin (%)	2.5	2.6	3.1	3.1	3.2
Cost/income(%)	45.5	43.7	41.1	41.4	41.3
Cost/assets(%)	1.5	1.5	1.6	1.7	1.7
Effective tax rate (%)	19.6	19.6	19.6	19.6	19.6
Dividend payout on recurring profit (%)	27.1	28.3	29.0	29.0	29.0
ROE (%)	6.1	9.2	9.7	9.6	9.4
ROE - COE (%)	(3.8)	(0.8)	(0.2)	(0.3)	(0.5)
ROA (%)	0.7	1.0	1.1	1.2	1.2
RORWA (%)	1.2	1.8	1.9	2.0	2.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Krung Thai Bank; FSSIA estimates

Financial Statements

Krung Thai Bank

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	2,628,963	2,592,838	2,644,695	2,724,036	2,805,757
Allowance for expected credit loss	(173,322)	(174,379)	(185,114)	(193,668)	(204,229)
interest in suspense	20,579	25,373	26,976	27,785	28,619
Net customer loans	2,476,220	2,443,832	2,486,557	2,558,153	2,630,146
Bank loans	469,216	550,941	583,997	601,517	619,562
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	382,055	322,942	264,204	283,246	310,891
Cash & equivalents	63,544	61,591	68,059	69,908	65,477
Other interesting assets	-	-	-	-	-
Tangible fixed assets	70,745	72,029	73,374	74,750	76,160
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	94,963	141,075	148,497	157,816	167,900
Total assets	3,556,745	3,592,410	3,624,688	3,745,389	3,870,137
Customer deposits	2,614,747	2,590,236	2,642,041	2,721,302	2,802,941
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	434,372	433,289	381,043	388,716	396,544
Non interest bearing liabilities	133,514	176,321	185,137	188,840	192,617
Hybrid Capital	-	-	-	-	-
Total liabilities	3,182,633	3,199,847	3,208,222	3,298,858	3,392,102
Share capital	72,005	72,005	72,005	72,005	72,005
Reserves	288,048	304,291	327,381	356,591	387,199
Total equity	360,053	376,296	399,386	428,596	459,204
Non-controlling interest	14,059	16,267	17,081	17,935	18,831
Total liabilities & equity	3,556,744	3,592,410	3,624,688	3,745,389	3,870,137
Supplementary items					
Risk weighted assets (RWA)	2,065,348	2,131,788	2,169,544	2,242,043	2,320,842
Average interest earning assets	3,320,300	3,456,331	3,460,467	3,523,490	3,643,074
Average interest bearing liabilities	2,934,632	3,031,708	3,018,211	3,061,305	3,149,347
CET 1 capital	328,180	335,601	357,192	385,783	415,808
Total capital	395,476	401,825	423,899	453,229	484,014
Gross non performing loans (NPL)	106,809	101,096	101,821	103,513	106,619
Per share (THB)					
Book value per share	25.76	26.92	28.57	30.66	32.85
Tangible book value per share	25.76	26.92	28.57	30.66	32.85
Growth					
Gross customer loans	12.7	(1.4)	2.0	3.0	3.0
Average interest earning assets	9.5	4.1	0.1	1.8	3.4
Total asset (%)	6.9	1.0	0.9	3.3	3.3
Risk weighted assets (%)	3.3	3.2	1.8	3.3	3.5
Customer deposits (%)	6.2	(0.9)	2.0	3.0	3.0
Leverage & capital measures					
Customer loan/deposits (%)	94.7	94.3	94.1	94.0	93.8
Equity/assets (%)	10.1	10.5	11.0	11.4	11.9
Tangible equity/assets (%)	10.1	10.5	11.0	11.4	11.9
RWA/assets (%)	58.1	59.3	59.9	59.9	60.0
CET 1 CAR (%)	15.9	15.7	16.5	17.2	17.9
Total CAR (%)	19.1	18.8	19.5	20.2	20.9
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(0.3)	(5.3)	0.7	1.7	3.0
NPL/gross loans (%)	4.1	3.9	3.9	3.8	3.8
Allowance for ECL/gross loans (%)	6.6	6.7	7.0	7.1	7.3
Allowance for ECL/NPL (%)	162.3	172.5	181.8	187.1	191.6
Valuation					
Recurring P/E (x) *	13.1	8.4	7.5	7.1	6.7
Recurring P/E @ target price (x) *	15.0	9.6	8.5	8.1	7.7
Reported P/E (x)	13.1	8.4	7.5	7.1	6.7
Dividend yield (%)	2.1	3.4	3.9	4.1	4.3
Price/book (x)	0.8	0.8	0.7	0.7	0.6
Price/tangible book (x)	0.8	0.8	0.7	0.7	0.6
Price/tangible book @ target price (x)	0.9	0.9	0.8	0.8	0.7

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Krung Thai Bank; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The [CG Score](#) indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The [five underlying categories and weighting](#) used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "[AGM Checklist](#)" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The [Checklist](#) contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A [CAC certified member](#) is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member [start with](#) by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the [CAC Council](#) for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment ([THSI](#)) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the [THSI list](#), the SET further developed a sustainability [SETTHSI Index](#) in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

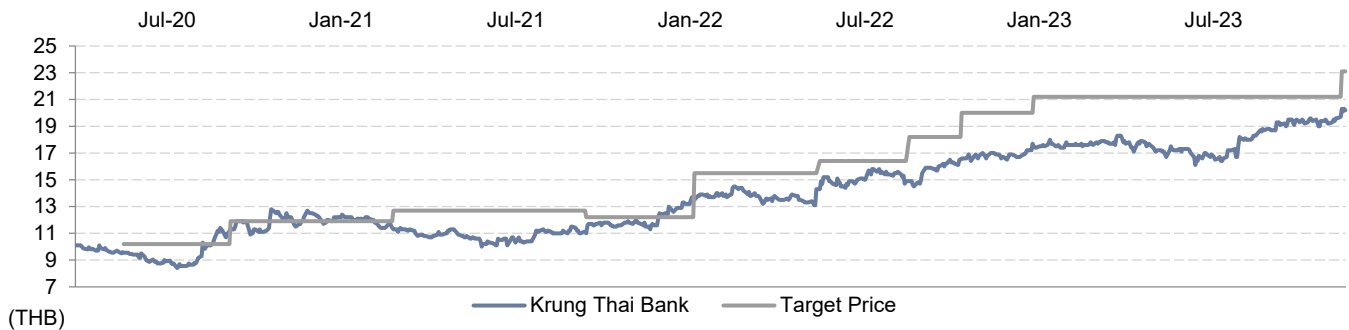
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

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

History of change in investment rating and/or target price

Krung Thai Bank (KTB TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Sep-2020	HOLD	10.20	06-Jan-2022	BUY	15.50	25-Oct-2022	BUY	21.20
03-Dec-2020	HOLD	11.90	22-Apr-2022	BUY	16.40	17-Jul-2023	BUY	23.10
22-Apr-2021	HOLD	12.70	08-Jul-2022	BUY	18.20			
05-Oct-2021	HOLD	12.20	24-Aug-2022	BUY	20.00			

Usanee Liurut, CISA started covering this stock from 17-Jul-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Krung Thai Bank	KTB TB	THB 20.20	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.

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-2023 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.