

SCB X SCB TB

THAILAND / BANKING

BUY

 UNCHANGED

เก็บตกประเด็นสำคัญจากที่ประชุมนักวิเคราะห์

SCB จัดประชุมนักวิเคราะห์หลังรายงานผลประกอบการเมื่อวันที่ 21 ก.ค. 2023 ข้อมูลเพิ่มเติมที่ได้จากที่ประชุมมีดังต่อไปนี้:

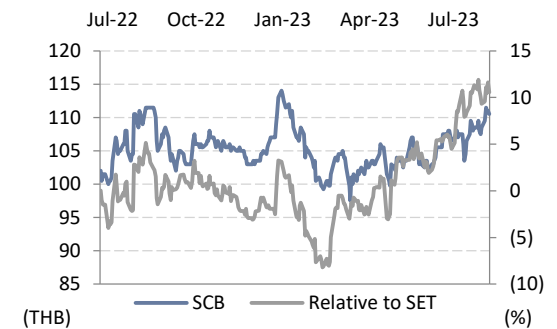
- (+) เป้าส่วนต่างดอกเบี้ย (NIM) - SCB คาดว่าอัตราดอกเบี้ยนโยบายจะแตะ 2.50% ในปี 2023 นอกจากนี้ธนาคารฯ ยังแจ้งด้วยว่าอัตราดอกเบี้ยนโยบายที่เพิ่มขึ้นทุก ๆ 1% อาจผลักดัน NIM ให้เพิ่มขึ้น 30bp อย่างไรก็ตามอัตราดอกเบี้ยนโยบายที่เพิ่มขึ้นนั้นจะเห็นได้จาก NIM ที่ปรับขึ้น 24bp ใน 2Q23 ในขณะที่อัตราดอกเบี้ยนโยบายเพิ่ม 0.50% ส่วนมากจากผลตอบแทนสินเชื่อที่เพิ่มในอัตราที่สูงกว่าซึ่งช่วยชดเชยต้นทุนในการระดมทุนที่สูงขึ้น
- (-) คุณภาพสินทรัพย์ - มีสัญญาณการเสื่อมค่าของคุณภาพสินทรัพย์เมื่อพิจารณาจากการเพิ่มของสินเชื่อชั้นที่ 2 ในพอร์ตสินเชื่อส่วนบุคคลในขณะที่พอร์ตสินเชื่อบัตรเครดิตค่อนข้างทรงตัว
- (o) ผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) - ECL ที่สูงกว่าคาดใน 2Q23 เป็นไปเพื่อการบริหารจัดการเชิงรุก เพื่อรับมือกับคุณภาพสินทรัพย์ที่เสื่อมลงและการตัดจำหน่ายสินเชื่อบุคคลในอดีตที่ด้อยคุณภาพ นอกจากนี้ยังมีปัจจัยภายในเกี่ยวกับการดำเนินงานของ CardX หลังการย้ายข้อมูลลูกค้าในปริมาณสูงเข้าสู่ระบบใหม่ใน 2Q23 ซึ่งทำให้การวัดความสามารถใหม่ช้ากว่าคาด ในขณะที่ความล่าช้าในการปรับปรุงประสิทธิภาพในการติดตามหนี้ยังก่อให้เกิดความจำเป็นในการจัดสรรสำรองที่สูงเกินคาด SCB ยืนยันว่าผลกระทบจากรายการพิเศษเช่นที่เวลานี้ไม่น่าจะเกิดขึ้นแล้ว
- (+) แนวโน้มต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ในช่วง 2H23 - ผู้บริหารยืนยันในที่ประชุม เมื่อวันที่ 21 ก.ค. 2023 ว่าเป้าฯ ที่ 120-140bp ยังเป็นไปได้โดย Credit cost อาจลดลงในช่วง 2H23 นอกจากนี้ SCB กำลังค่อย ๆ สะสมสำรองส่วนเกินที่เป็น Management overlay สำหรับธุรกิจ Gen 2 (CardX และ AutoX) พร้อมกับธุรกิจ Gen 1 อย่างธนาคารซึ่งคิดเป็นกว่า 15% ของสำรอง ECL รวมในปัจจุบัน
- (o) กิจกรรมร่วมค้าในธุรกิจบริหารสินทรัพย์ (AMC) - SCB กำลังก่อตั้งกิจกรรมร่วมค้าในธุรกิจ AMC (เช่นเดียวกับกับของ Kasikornbank (KBANK TB, BUY)) แต่ไม่ได้รับแรงหนุนอย่างใดด้วยเชื่อว่ายังสามารถบริหารหนี้โดยคุณภาพได้อย่างมีประสิทธิภาพในปัจจุบัน
- (o) ผลตอบแทนต่อส่วนผู้ถือหุ้นระยะยาว (L/T ROE) - เราเห็นว่าเป้า Long-term ROE (3-5 ปี) ของ SCB มีความท้าทายที่ 13-15% ธนาคารฯ เชื่อในศักยภาพของตนเองในการรายงานกระแสกำไรที่ดีในช่วงเวลาดังกล่าวแต่จะต้องบริหารทุนควบคู่ไปกับการรักษาอัตราการจ่ายเงินปันผลในระดับสูง

เราแนะนำซื้อ SCB ที่ราคาเป้าหมายปี 2023 ที่ 123 บาท (GGM) คิดเป็นค่า P/BV ที่ 0.85x พร้อมโอกาสสำหรับ Upside อีก 11% และผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ 7% ต่อปีในช่วงปี 2023-25

TARGET PRICE	THB123.00
CLOSE	THB110.50
UP/DOWNSIDE	+11.3%
TP vs CONSENSUS	-4.0%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	50,718	56,913	60,975	65,087
Net profit	37,546	44,242	47,960	51,208
EPS (THB)	11.15	13.14	14.24	15.21
vs Consensus (%)	-	1.4	1.0	(0.6)
Recurring net profit	37,546	44,242	47,960	51,208
Core EPS (THB)	11.15	13.14	14.24	15.21
EPS growth (%)	6.4	17.8	8.4	6.8
Core P/E (x)	9.9	8.4	7.8	7.3
Dividend yield (%)	6.1	6.6	6.8	7.2
Price/book (x)	0.8	0.8	0.7	0.7
ROE (%)	8.3	9.4	9.7	9.8
ROA (%)	1.1	1.3	1.3	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.3	7.3	17.6
Relative to country (%)	1.8	9.3	18.9
Mkt cap (USD m)	10,806		
3m avg. daily turnover (USD m)	35.5		
Free float (%)	53		
Major shareholder	King Rama X (24%)		
12m high/low (THB)	114.00/89.75		
Issued shares (m)	3,399		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 24 กรกฎาคม 2023

Exhibit 1: SCB's 2023 financial guidance

----- SCB 2023E* -----							FSSIA
	2022		Gen 1	Gen 2	Gen 3	1H23	2023E
		SCB X Group	Banking services	Consumer & digital financial services	Platforms & digital assets		
Total loan growth (y-y %)	3%	5-8%	< 5%	>40%	-	2.7%	5%
Net interest margin (%)	3.30%	> 3.5%	~3%	Mid-teens	-	3.58%	3.60%
Total income growth (y-y %)	3%	> 10%	-	-	-	11.5%	10.3%
Cost/income ratio (%)	45%	Mid 40s	~40%	High 40s	-	39.6%	45.1%
Credit cost (bp)	145	120-140	~100	600-650	-	184	150
Customers (m)	29	35	18	13	4		

Sources: * SCB's guidance as of 21 Apr 2023; FSSIA estimates

Exhibit 2: SCB – 2Q23 operations summary

Year end Dec 31	2Q22	1Q23	2Q23	---- Change ----		1H23	Change	%of	2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	23E	(THB m)	(THB m)	(y-y%)
Net interest income	26,068	28,942	30,791	6	18	59,734	18	49	107,865	122,406	13
Non-interest income	12,634	11,958	13,525	13	7	25,482	(0)	53	46,555	47,898	3
Fee income - net	9,347	8,909	8,509	(4)	(9)	17,418			37,148	37,812	2
Total operating income	38,702	40,900	44,316	8	15	85,216	12	50	154,420	170,304	10
Total operating expenses	15,938	16,757	17,016	2	7	33,773	5	44	69,874	76,842	10
PPOP before tax	22,764	24,143	27,300	13	20	51,443	16	55	84,547	93,462	11
Expected credit loss	10,250	9,927	12,098	22	18	22,025	16	60	33,829	36,550	8
Income tax	2,681	3,147	3,289	4	23	6,436	16	51	13,592	12,521	(8)
Non-controlling interest	(217)	73	46	(37)	(121)	118	(138)	79	(421)	150	(136)
Net profit	10,051	10,995	11,868	8	18	22,864	14	52	37,546	44,242	18
Net EPS (THB)	2.98	3.27	3.52	8	18	6.79	14	52	11.15	13.14	18
Key ratios	2Q22	1Q23	2Q23	---- Change ----		1H23	Change		2022	2023E	Change
Asset quality ratio	(%)	(%)	(%)	(q-q%)	(y-y%)	(THB m)	(y-y%)		(%)	(%)	(y-y%)
Gross NPLs (THB m)	102,538	95,153	93,028	(2)	(9)	93,028	(9)		95,329	99,329	4
Change (% from prior period)	(3.5)	(0.2)	(2.2)			(9.3)			(12.6)	4.2	
NPL ratios (%) - reported	3.58	3.32	3.25			3.25			3.34		
NPL ratio (%)*	4.34	3.97	3.84			3.84			4.01	3.98	
Coverage ratio (%) - reported	153	164	171			171			160		
Coverage ratio (%)*	148	158	162			162			156	154	
Credit cost (bp)	175	166	201			183			145	150	
Profitability ratio	(%)	(%)	(%)			(%)			(%)	(%)	
Cost to income ratio	41.2	41.0	38.4			39.6			45.2	45.1	
Average yield (%)	3.71	4.44	4.75			4.63			3.87	4.61	
Cost of funds (%)	0.65	1.17	1.26			1.22			0.69	1.22	
NIM (%) - reported	3.58	3.32	3.25			3.25			3.29		
NIM (%)*	3.17	3.46	3.70			3.61			3.29	3.60	
Non-interest income/total income (%)	32.6	29.2	30.5			29.9			30.1	28.1	
Liquidity ratio	(%)	(%)	(%)			(%)			(%)	(%)	
Loan to deposit	93.5	95.6	98.2			98.2			93.0	95.7	
Loan to deposit & borrowing (LDBR)	90.6	92.9	94.0			94.0			84.6	86.9	
Loan growth	(%)	(%)	(%)			(%)			(%)	(%)	
q-q	1.4	0.9	1.0								
y-y	2.8	3.1	2.7			2.7			3.3	5	
Year-to-date	2.5	0.9	1.9			1.9					

* FSSIA's calculation

Sources: SCB; FSSIA estimates

Financial Statements

SCB X

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	112,177	126,993	157,077	169,692	179,974
Interest expense	(17,006)	(19,127)	(34,671)	(38,967)	(42,618)
Net interest income	95,171	107,865	122,406	130,725	137,356
Net fees & commission	40,198	37,148	37,812	38,568	39,725
Foreign exchange trading income	-	-	-	-	-
Securities trading income	11,236	6,724	7,244	5,251	6,259
Dividend income	166	149	154	158	163
Other income	3,571	2,535	2,689	2,812	2,950
Non interest income	55,171	46,555	47,898	46,789	49,097
Total income	150,342	154,420	170,304	177,514	186,453
Staff costs	(30,007)	(31,219)	(34,341)	(36,058)	(36,779)
Other operating costs	(33,549)	(38,655)	(42,501)	(44,662)	(46,977)
Operating costs	(63,556)	(69,874)	(76,842)	(80,720)	(83,756)
Pre provision operating profit	86,786	84,547	93,462	96,794	102,697
Expected credit loss	(42,024)	(33,829)	(36,550)	(35,819)	(37,610)
Other provisions	-	-	-	-	-
Operating profit	44,762	50,718	56,913	60,975	65,087
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	44,762	50,718	56,913	60,975	65,087
Tax	(9,376)	(13,592)	(12,521)	(13,414)	(14,319)
Profit after tax	35,386	37,125	44,392	47,560	50,768
Non-controlling interest	204	421	(150)	400	440
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	35,590	37,546	44,242	47,960	51,208
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	35,590	37,546	44,242	47,960	51,208
Per share (THB)					
Recurring EPS *	10.48	11.15	13.14	14.24	15.21
Reported EPS	10.48	11.15	13.14	14.24	15.21
DPS	4.06	6.69	7.25	7.50	8.00
Growth					
Net interest income (%)	(1.8)	13.3	13.5	6.8	5.1
Non interest income (%)	15.3	(15.6)	2.9	(2.3)	4.9
Pre provision operating profit (%)	7.9	(2.6)	10.5	3.6	6.1
Operating profit (%)	32.5	13.3	12.2	7.1	6.7
Reported net profit (%)	30.8	5.5	17.8	8.4	6.8
Recurring EPS (%)	30.8	6.4	17.8	8.4	6.8
Reported EPS (%)	30.8	6.4	17.8	8.4	6.8
Income Breakdown					
Net interest income (%)	63.3	69.9	71.9	73.6	73.7
Net fees & commission (%)	26.7	24.1	22.2	21.7	21.3
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	7.5	4.4	4.3	3.0	3.4
Dividend income (%)	0.1	0.1	0.1	0.1	0.1
Other income (%)	2.4	1.6	1.6	1.6	1.6
Operating performance					
Gross interest yield (%)	3.53	3.87	4.61	4.80	4.87
Cost of funds (%)	0.64	0.70	1.23	1.35	1.42
Net interest spread (%)	2.89	3.17	3.38	3.45	3.45
Net interest margin (%)	3.0	3.3	3.6	3.7	3.7
Cost/income(%)	42.3	45.2	45.1	45.5	44.9
Cost/assets(%)	1.9	2.1	2.2	2.2	2.2
Effective tax rate (%)	20.9	26.8	22.0	22.0	22.0
Dividend payout on recurring profit (%)	38.8	60.0	55.2	52.7	52.6
ROE (%)	8.4	8.3	9.4	9.7	9.8
ROE - COE (%)	(2.8)	(2.8)	(1.8)	(1.5)	(1.3)
ROA (%)	1.1	1.1	1.3	1.3	1.3
RORWA (%)	1.6	1.6	1.9	1.9	2.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: SCB X; FSSIA estimates

Financial Statements

SCB X

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	2,301,834	2,377,215	2,496,076	2,620,880	2,751,924
Allowance for expected credit loss	(151,409)	(148,890)	(153,440)	(161,258)	(169,868)
interest in suspense	15,031	19,523	20,499	21,524	22,600
Net customer loans	2,165,456	2,247,848	2,363,135	2,481,145	2,604,656
Bank loans	618,269	522,056	532,497	543,147	554,010
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	292,123	454,203	425,336	446,603	468,933
Cash & equivalents	50,421	47,254	39,683	44,098	43,827
Other interesting assets	-	-	-	-	-
Tangible fixed assets	63,397	68,898	72,535	76,439	80,633
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	124,900	114,194	125,738	131,703	134,562
Total assets	3,314,565	3,454,452	3,558,924	3,723,135	3,886,621
Customer deposits	2,467,495	2,555,800	2,606,916	2,716,406	2,825,063
Bank deposits	180,961	181,347	190,415	199,936	205,934
Other interest bearing liabilities	10,539	11,429	14,858	15,601	16,381
Non interest bearing liabilities	212,963	239,264	257,431	277,299	298,287
Hybrid Capital	-	-	-	-	-
Total liabilities	2,871,959	2,987,840	3,069,619	3,209,241	3,345,664
Share capital	33,992	33,671	33,671	33,671	33,671
Reserves	407,005	427,561	449,716	473,712	500,124
Total equity	440,997	461,232	483,387	507,384	533,795
Non-controlling interest	1,609	5,380	5,918	6,510	7,161
Total liabilities & equity	3,314,565	3,454,452	3,558,924	3,723,135	3,886,621
Supplementary items					
Risk weighted assets (RWA)	2,265,443	2,306,339	2,384,479	2,494,501	2,604,036
Average interest earning assets	3,177,400	3,282,850	3,403,691	3,532,269	3,692,748
Average interest bearing liabilities	2,676,339	2,720,839	2,819,651	2,881,757	2,997,994
CET 1 capital	399,566	408,287	428,118	450,825	475,096
Total capital	424,235	433,835	454,915	478,934	504,582
Gross non performing loans (NPL)	109,114	95,329	99,329	103,429	107,429
Per share (THB)					
Book value per share	129.86	136.98	143.56	150.69	158.53
Tangible book value per share	129.86	136.98	143.56	150.69	158.53
Growth					
Gross customer loans	2.1	3.3	5.0	5.0	5.0
Average interest earning assets	5.9	3.3	3.7	3.8	4.5
Total asset (%)	1.1	4.2	3.0	4.6	4.4
Risk weighted assets (%)	3.1	1.8	3.4	4.6	4.4
Customer deposits (%)	1.9	3.6	2.0	4.2	4.0
Leverage & capital measures					
Customer loan/deposits (%)	87.8	88.0	90.6	91.3	92.2
Equity/assets (%)	13.3	13.4	13.6	13.6	13.7
Tangible equity/assets (%)	13.3	13.4	13.6	13.6	13.7
RWA/assets (%)	68.3	66.8	67.0	67.0	67.0
CET 1 CAR (%)	17.6	17.7	18.0	18.1	18.2
Total CAR (%)	18.7	18.8	19.1	19.2	19.4
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	7.5	(12.6)	4.2	4.1	3.9
NPL/gross loans (%)	4.7	4.0	4.0	3.9	3.9
Allowance for ECL/gross loans (%)	6.6	6.3	6.1	6.2	6.2
Allowance for ECL/NPL (%)	138.8	156.2	154.5	155.9	158.1
Valuation					
Recurring P/E (x) *	10.5	9.9	8.4	7.8	7.3
Recurring P/E @ target price (x) *	11.7	11.0	9.4	8.6	8.1
Reported P/E (x)	10.5	9.9	8.4	7.8	7.3
Dividend yield (%)	3.7	6.1	6.6	6.8	7.2
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)	0.9	0.9	0.9	0.8	0.8

* Pre-exceptional, pre-goodwill and fully diluted

Sources: SCB X; 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

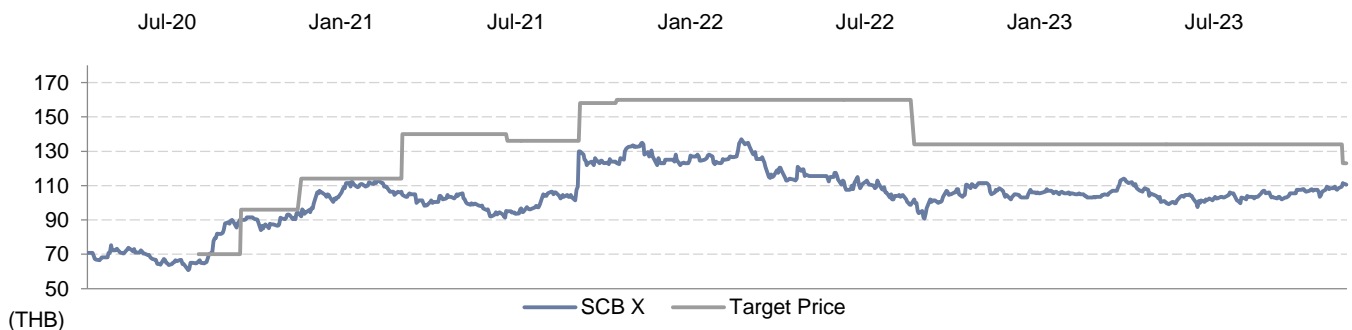
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

SCB X (SCB TB)



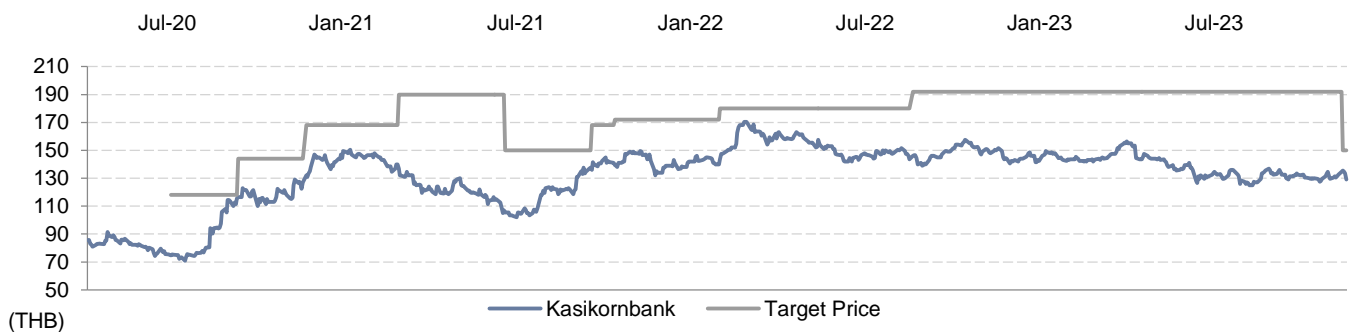
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Oct-2020	HOLD	70.00	22-Apr-2021	BUY	140.00	25-Oct-2021	BUY	160.00
03-Dec-2020	HOLD	96.00	22-Jul-2021	BUY	136.00	08-Jul-2022	BUY	134.00
22-Jan-2021	BUY	114.00	23-Sep-2021	BUY	158.00	17-Jul-2023	BUY	123.00

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

Price and TP are in local currency

Source: FSSIA estimates

Kasikornbank (KBANK TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
06-Oct-2020	BUY	118.00	22-Jul-2021	BUY	150.00	08-Jul-2022	BUY	192.00
03-Dec-2020	BUY	144.00	05-Oct-2021	BUY	168.00	17-Jul-2023	BUY	150.00
29-Jan-2021	BUY	168.00	25-Oct-2021	BUY	172.00			
21-Apr-2021	BUY	190.00	24-Jan-2022	BUY	180.00			

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
SCB X	SCB TB	THB 110.50	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 129.00	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.

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 $(\text{target price}^* - \text{current price}) / \text{current price}$.

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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