

Thailand Banks

เพิ่มระดับการป้องกันคุณภาพสินทรัพย์

- ธนาคารทั้ง 7 ที่เราทำการศึกษารายงานกำไรสุทธิ 3Q23 รวมอยู่ที่ 50.4 พัน ลบ. (-3.2% q-q, +13.3% y-y)
- การบริหารหนี้ด้วยคุณภาพเชิงรุกยังทำให้ต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) เพิ่มขึ้นใน 3Q23 โดย KKP และ SCB มีคุณภาพสินทรัพย์อ่อนแอที่สุด
- เราคงให้น้ำหนักกลุ่มธนาคารไทยเท่ากับตลาด

ผลประกอบการ 3Q23 ต่ำกว่าคาดเล็กน้อยโดย SCB และ KKP รายงานกำไรที่แย่ที่สุด

ธนาคารทั้ง 7 แห่งที่เราทำการศึกษารายงานกำไรสุทธิ 3Q23 รวมอยู่ที่ 50.4 พัน ลบ. (-3.2% q-q, +13.3% y-y) TTB KBANK และ KTB รายงานกำไรที่ต่ำที่สุดในขณะที่ SCB และ KKP รายงานกำไรที่แย่ที่สุด กำไรก่อนหักสำรอง (PPOP) ลดลง 1% q-q แต่เพิ่มขึ้น 16% y-y รายได้ดอกเบี้ยสุทธิ (NII) ยังโดดเด่นต่อเนื่องโดยได้ปัจจัยหนุนจากผลตอบแทนที่สูงขึ้นตามการขึ้นอัตราดอกเบี้ยอ้างอิงจำนวน 50bp ใน 3Q23 ซึ่งเป็นประโยชน์ต่อพอร์ตสินเชื่อโดยเฉพาะอย่างยิ่งสำหรับธนาคารที่มีสถานะเป็นผู้ให้กู้สุทธิในตลาดระหว่างธนาคารและเป็นธนาคารขนาดใหญ่ อาทิเช่น BBL KBANK SCB และ KTB นอกจากนี้ธนาคารยังได้ผลบวกจากการปรับอัตราดอกเบี้ยสำหรับพอร์ตลงทุนจากการขึ้นอัตราดอกเบี้ยเนื่องจากต้นทุนในการระดมเงินฝากเพิ่มในอัตราที่ต่ำกว่าผลตอบแทนจากการแข่งขันที่ต่ำกว่าในด้านเงินฝากส่วนมากจากสภาพคล่องที่มีอยู่มากพอ ด้วยเหตุดังกล่าวส่วนต่างดอกเบี้ย (NIM) จึงปรับตัวขึ้นอย่างมีนัยสำคัญเป็น 3.57% (+20bp จาก 2Q23) รายได้ค่าธรรมเนียมและรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (Non-NII) ยังทำได้ไม่ต่อเนื่องโดยเฉพาะอย่างยิ่งในรายการที่เกิดจากการตีมูลค่าธุรกรรมผ่านกำไรขาดทุน (FVTPL item) ซึ่งลดลงอย่างมีนัยสำคัญจากแรงกดดันตามสภาวะตลาดหุ้นที่ตกต่ำ สัดส่วนค่าใช้จ่ายดำเนินงานต่อรายได้รวมเพิ่มเป็น 43.8% จาก 42.9% จากผลขาดทุนที่เพิ่มขึ้นเป็นจำนวนมากจากการขายสินทรัพย์ที่ยึดมา

คุณภาพสินทรัพย์แตกต่างกันโดย KKP และ SCB มีคุณภาพสินทรัพย์ที่อ่อนแอที่สุด

แรงกดดันจากการฟื้นตัวทางเศรษฐกิจที่ไม่สม่ำเสมอของไทย หนี้ครัวเรือนที่อยู่ในระดับสูงและการบริหารหนี้ด้วยคุณภาพเชิงรุกยังทำให้ Credit cost เพิ่มขึ้นใน 3Q23 เพื่อจัดการกับหนี้ด้วยคุณภาพ (NPL) ที่ปรับขึ้น จากความพยายามในด้านการขายและตัดจำหน่าย สัดส่วนหนี้ด้วยคุณภาพ (NPL ratio) ลดลงเหลือ 3.56% ใน 3Q23 จาก 3.62% ใน 2Q23 ซึ่งทำให้ได้สัดส่วนสำรองต่อหนี้ด้วยคุณภาพ Coverage ratio (LLR/NPL) อยู่ที่ 183% KKP และ SCB รายงานคุณภาพสินทรัพย์ที่อ่อนแอที่สุดใน 3Q23 เมื่อเทียบกับกลุ่มฯ ส่วนมากเกิดจากผลขาดทุนที่สูงขึ้นจากการขายสินทรัพย์ที่ยึดมา (KKP) และสัดส่วนสินเชื่อรายย่อยที่อยู่ในระดับสูง (SCB)

เพิ่มระดับการป้องกันคุณภาพสินทรัพย์

หลังเข้าร่วมการประชุมหนักวิเคราะห์กับธนาคารพาณิชย์ส่วนมาก เราพบว่าภาพธุรกิจโดยรวมยังต้องระมัดระวังมากยิ่งขึ้นโดยไม่เร่งการเติบโตในกลุ่มสินเชื่อความเสี่ยงสูงเพื่อป้องกันคุณภาพสินทรัพย์จากการเสื่อมในอนาคัด สถานการณ์ดังกล่าวอาจทำให้การเติบโตของสินเชื่อชะลอตัวต่ำกว่าเป้าปี 2023 (หรืออยู่ในช่วงต่ำ) และอาจทำให้อัตราการจ่ายเงินปันผลปรับขึ้น (TISCO TTB และ SCB) เพื่อบริหารผลตอบแทนต่อส่วนผู้ถือหุ้น (ROE) ในระยะยาว สำหรับแนวโน้มใน 4Q23 เราคาดว่า PPOP จะโดดเด่นต่อเนื่องโดยได้ปัจจัยหนุนจากกระแส NIM ที่ปรับขึ้น โดยเฉพาะอย่างยิ่งการขึ้นอัตราดอกเบี้ยอ้างอิงในเดือน ส.ค. และปลายเดือน ก.ย. 2023 น่าจะเป็นประโยชน์ต่อ NIM ใน 4Q23 และฤดูที่กำลังจะมาถึงเมื่อความต้องการสินเชื่อปรับขึ้น เราคาดว่า BBL จะรายงานผลประกอบการที่ดีใน 4Q23 จากการขยาย NIM จากสภาพคล่องที่มีมากพอและผลการดำเนินงานที่ดีในด้านธนาคารต่างประเทศ

คงให้น้ำหนักกลุ่มธนาคารเท่ากับตลาดโดยมี BBL และ KTB เป็นหุ้นเด่น

เราคงน้ำหนักเท่ากับตลาดสำหรับกลุ่มธนาคารไทย แม้ว่าธนาคารส่วนมากจะยังมีการซื้อขายต่ำกว่าค่า P/BV เฉลี่ย 5 ปีและต่ำกว่ามูลค่าทางบัญชีต่อหุ้น เราไม่คิดว่าปัจจัยดังกล่าวจะกระตุ้นให้เกิดการปรับขึ้นระดับการประเมินมูลค่าของกลุ่มฯ ในระยะสั้นจากสถานการณ์คุณภาพสินทรัพย์ที่มีตม เราคงคำแนะนำซื้อสำหรับ BBL และ KTB และเลือกหุ้นทั้งสองเป็นหุ้นเด่น



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Exhibit 1: 3Q23 earnings results of Thai banks under coverage

Year end Dec 31	BBL	KBANK	KTB	SCB	TTB	KKP	TISCO	Coverage
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Net interest income	34,130	38,019	29,667	31,536	14,665	5,988	3,557	157,561
Non-interest income	8,443	9,096	9,221	11,809	3,335	1,456	1,250	44,609
Fee income - net	6,773	7,803	5,503	8,140	2,505	1,337	1,198	33,258
Total operating income	42,573	47,115	38,888	43,344	18,000	7,444	4,807	202,170
Total operating expenses	19,208	19,821	16,733	18,490	7,777	4,281	2,329	88,639
PPOP before tax	23,365	27,294	22,155	24,854	10,222	3,163	2,478	113,532
Expected credit loss	8,969	12,793	8,157	12,245	4,354	1,678	147	48,343
Income tax	2,938	2,838	2,774	2,891	1,133	201	457	13,233
Non-controlling interest	108	381	941	55	0	4	0	1,490
Net profit	11,350	11,282	10,282	9,663	4,735	1,281	1,874	50,467
EPS (THB)	5.946	4.762	0.736	2.870	0.049	1.512	2.341	
3Q23 net profit (% of 2023E)	86	81	81	79	83	80	74	81
Key ratios	3Q23	3Q23	3Q23	3Q23	3Q23	3Q23	3Q23	3Q23
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Gross NPLs (THB m)	94,884	87,383	98,309	95,576	40,279	14,764	5,213	436,408
Change (% from prior period)	1.7	(6.9)	(0.5)	2.7	(1.1)	(1.1)	2.9	(0.7)
NPL ratios (%) - reported	3.00	3.11	3.10	3.30	2.67	3.70	2.25	
NPL ratio (%)*	3.48	3.58	3.74	3.89	2.96	3.68	2.25	3.56
Coverage ratio (%) - reported	283	155	180	167	144	145	206	
Coverage ratio (%)*	283	149	174	160	144	137	206	186
Credit cost (bp)	132	209	125	201	128	304	25	159
Profitability ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Cost to income ratio	45.1	42.1	43.0	42.7	43.2	57.5	48.4	43.8
Average yield (%)	4.51	4.69	4.57	4.87	4.64	6.57	6.82	4.73
Cost of funds (%)	1.74	1.25	1.32	1.35	1.47	2.00	2.02	1.46
NIM (%) - reported	3.11	3.76	3.20	3.30	3.34	n/a	5.02	
NIM (%)*	3.06	3.77	3.42	3.74	3.36	4.80	5.20	3.53
Non-interest income/total income (%)	19.8	19.3	23.7	27.2	18.5	19.6	26.0	22.1
Liquidity ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Loan to deposit	86.1	90.9	100.7	96.4	102.5	114.6	115.4	95.0
Loan to deposit & borrowing (LDBR)	80.0	82.8	94.8	92.3	91.9	96.4	109.1	88.1
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
CAR	19.6	19.6	20.5	18.7	19.9	n/a	19.9	
CET 1/ Risk assets	15.4	16.7	16.4	17.5	16.3	n/a	16.6	
Tier 2 / Risk assets	3.4	2.0	3.2	1.1	3.6	n/a	3.3	
Loan growth	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
q-q	0.9	(1.1)	2.0	1.3	(0.1)	0.5	0.6	0.8
y-y	(2.6)	(2.3)	0.7	4.6	(2.2)	11.5	8.7	0.5
Year-to-date	1.5	(0.5)	1.4	3.3	(1.0)	7.4	5.8	1.0

Sources: Company data; FSSIA's compilation

Exhibit 2: 9M23 earnings results of Thai banks under coverage

Year end Dec 31	BBL	KBANK	KTB	SCB	TTB	KKP	TISCO	Coverage
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Net interest income	95,695	109,595	83,058	91,269	42,259	16,732	10,263	448,873
Change y-y%	33.3	13.2	26.2	16.2	11.8	23.4	9.3	20.1
9M23 % of 23E	75.2	75.7	78.2	73.0	74.6	74.3	76.3	75.3
Non-interest income	29,614	32,164	26,818	37,291	10,370	5,076	3,957	145,290
Change y-y%	(2.1)	19.1	7.5	(0.9)	1.5	(13.0)	(2.8)	3.8
9M23 % of 23E	88.4	77.0	73.5	75.8	71.1	70.2	70.1	77.1
Fee income - net	20,466	23,631	15,438	25,558	7,724	4,144	3,616	100,576
Change y-y%	50.8	1.3	19.2	7.0	31.4	(22.7)	1.9	15.5
9M23 % of 23E	86.4	81.0	80.7	79.1	82.7	80.3	74.0	81.5
Total operating income	125,309	141,759	109,876	128,560	52,630	21,808	14,221	594,162
Change y-y%	22.8	14.5	21.1	10.7	9.6	12.5	5.6	15.7
9M23 % of 23E	77.9	76.0	77.0	73.8	73.8	73.3	74.5	75.7
Total operating expenses	58,168	60,461	44,411	52,263	22,944	11,311	6,988	256,546
PPOP before tax	67,141	81,298	65,464	76,297	29,686	10,497	7,233	337,616
Change y-y%	29.0	15.9	26.7	13.6	12.8	(1.7)	2.1	18.4
9M23 % of 23E	80.9	76.4	77.8	76.9	76.0	77.6	72.2	77.5
Expected credit loss	26,323	38,269	24,015	34,270	12,874	4,653	365	140,769
Change y-y%	6.4	31.3	42.9	28.1	(5.0)	56.8	6.2	23.2
9M23 % of 23E	75.2	71.3	73.4	74.2	68.8	76.6	53.4	72.9
Income tax	7,712	8,161	8,169	9,327	3,217	1,060	1,346	38,992
Non-controlling interest	333	1,852	2,774	174	0	10	0	5,143
Net profit	32,773	33,017	30,505	32,527	13,596	4,774	5,521	152,712
Change y-y%	50.8	1.3	19.2	7.0	31.4	(22.7)	1.9	15.5
9M23 % of 23E	86.4	81.0	80.7	79.1	82.7	80.3	74.0	81.5
Key ratios	BBL	KBANK	KTB	SCB	TTB	KKP	TISCO	Coverage
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Gross NPLs (THB m)	94,884	87,383	98,309	95,576	40,279	14,764	5,213	436,408
Change y-y%	(11.3)	(0.3)	(6.1)	3.7	(3.9)	24.9	17.4	(3.0)
NPL ratio (%)*	3.48	3.58	3.74	3.89	2.96	3.68	2.25	3.56
Coverage ratio (%)*	283	149	174	160	144	137	206	186
Credit cost (bp)	127	208	122	190	125	163	22	154
Profitability ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Cost to income ratio	46.4	42.7	40.4	40.7	43.6	51.9	49.1	43.2
Average yield (%)	4.28	4.51	4.23	4.69	4.46	6.19	6.65	4.51
Cost of funds (%)	1.67	1.15	1.21	1.25	1.40	1.83	1.86	1.37
NIM (%)*	2.89	3.67	3.17	3.64	3.24	4.57	5.17	3.38
Non-interest income/total income (%)	23.6	22.7	24.4	29.0	19.7	23.3	27.8	24.5
Liquidity ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Loan to deposit	86.1	90.9	100.7	96.4	102.5	114.6	115.4	95.0
Loan to deposit & borrowing (LDBR)	80.0	82.8	94.8	92.3	91.9	96.4	109.1	88.1
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
CAR	19.6	19.6	20.5	18.7	19.9	n/a	19.9	
CET 1/ Risk assets	15.4	16.7	16.4	17.5	16.3	n/a	16.6	
Tier 2 / Risk assets	3.4	2.0	3.2	1.1	3.6	n/a	3.3	
Loan growth	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Year-to-date	1.5	0.0	1.4	3.3	(1.0)	7.4	5.8	1.0

Sources: Company data; FSSIA's compilation

Exhibit 3: SETBANK's valuation implied from seven banks under coverage as of 20 Oct 2023

	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net profit (THB m)	167,006	156,017	111,916	145,315	165,338	187,484	203,209	217,803
EPS (THB)	39.6	37.1	25.5	33.2	34.7	39.4	42.7	45.8
Change y-y		-6.6%	-28.3%	29.8%	13.8%	13.4%	8.4%	7.2%
P/E (x)	12.9	11.9	13.2	12.5	11.2	9.8	9.0	8.4
BVS (THB)	391.8	440.0	441.4	473.1	455.1	482.2	509.3	535.2
P/B (x)	1.3	1.0	0.8	0.9	0.9	0.8	0.8	0.7
ROE (%)	11.1	8.9	5.9	7.3	7.8	8.4	8.6	8.8
ROA (%)	1.3	1.1	0.7	0.8	0.9	1.0	1.0	1.1
Dividend yield (%)	2.9	3.8	2.3	2.5	3.6	4.1	4.3	4.6
SETBANK	512	441	337	415	388	386	386	386
MKT CAPT	2,162,251	1,856,858	1,478,189	1,818,296	1,847,854	1,833,364	1,833,364	1,833,364
No. of shares (m)	4,221	4,206	4,382	4,383	4,759	4,759	4,759	4,759

Sources: Bloomberg; FSSIA estimates

Exhibit 4: Summary of key valuation of Thailand banks under coverage as of 20 Oct 2023

	BBG code	Rec	---Share price---		Up Side (%)	Market Cap. (USD m)	----- P/E -----		----- PBV -----		----- ROE ----		--- Div Yld ---	
			Current (THB)	Target (THB)			23E (x)	24E (x)	23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)
Bangkok Bank	BBL TB	BUY	167.00	197.00	18	8,730	8.4	7.8	0.6	0.6	7.2	7.3	3.5	3.8
Kasikornbank	KBANK TB	BUY	129.00	160.00	24	8,371	7.7	6.9	0.6	0.5	7.9	8.2	3.7	4.1
Krung Thai Bank	KTB TB	BUY	19.20	23.10	20	7,349	7.1	6.7	0.7	0.6	9.7	9.6	4.1	4.3
SCB X	SCB TB	BUY	99.75	121.00	21	9,198	8.2	7.5	0.7	0.7	8.7	9.1	7.3	7.5
TMBThanachart Bank	TTB TB	BUY	1.73	1.83	6	4,589	10.2	9.4	0.7	0.7	7.3	7.6	4.9	5.3
Kiatnakin Bank	KKP TB	HOLD	51.50	55.00	6.8	1,194	7.3	6.4	0.7	0.7	10.0	10.7	6.3	6.0
Tisco Financial Group	TISCO TB	BUY	96.50	111.00	15	2,116	10.4	9.8	1.8	1.7	17.2	17.8	8.3	8.5
Banks under coverage						41,157	9.7	9.0	0.8	0.8	8.6	8.8	4.0	4.3

Sources: Company Data; 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).

Corporate Governance Report Disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

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 **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. 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 >15% 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: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (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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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 167.00	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 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.
Krung Thai Bank	KTB TB	THB 19.20	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.
SCB X	SCB TB	THB 99.75	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.
TMBThanachart Bank	TTB TB	THB 1.73	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 51.50	HOLD	Downside risks to our GGM-based target price include weakening asset quality and lower fee income and upside risks include better capital market conditions, higher used car price, and strengthening asset quality.
Tisco Financial	TISCO TB	THB 96.50	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.

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.

All share prices are as at market close on 20-Oct-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.