

14 NOVEMBER 2023

EQUITY RESEARCH - ANALYST MEETING

KRUNG THAI BANK

THAILAND / BANKING

KTB TB

FINANSIA

FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating



BUY

UNCHANGED

Key takeaways from analyst meeting

KTB's analyst meeting focused on its 3Q23 operating results, overall asset quality, and 4Q23 outlook while maintaining its 2023 guidance. The bank guided that the 2023E NIM, cost-to-income ratio and NPL ratio could beat its targets, except for loans, which might be an area to monitor closely.

Highlights

(+) Asset quality: KTB addressed its stage 2 loans and NPL ratio, which improved in 3Q. For stage 2 loans, the bank has restated some of this group to be stage 1 due mainly to their vital cash flows and financial positions compared to the Covid period, while still adhering to a conservative approach by maintaining the ECL without reversing. Regarding NPLs, the primary decrease came from the repayment of some corporate loans. There were issues with the increased accrued interest income during the period. KTB clarified that it was mainly affected by the income recognition of housing loans where the interest rate was set as a step-up rate but must be recorded at an effective interest rate (EIR), which was not a concern for KTB. Moreover, to reduce concerns about the risk of EIR interest rates being too high, KTB has tasked a third party with rechecking the appropriate interest rate every quarter to prevent any incidents of recording inflated income.

(0) Loan outlook: KTB clarified that the loan growth trend may not reach its 2023 target of 3-5% y-y (excluding government loans). 9M23 loan growth, including government loans, increased by only 1.4%, with the bank emphasizing its balance sheet optimization strategy by managing its liquidity through government lending in case its NIM (after credit cost) is higher than the corporate loans. Regarding the 2024 loan outlook, KTB plans to aggressively lend more in the high-yield and SME segments if economic conditions are favorable.

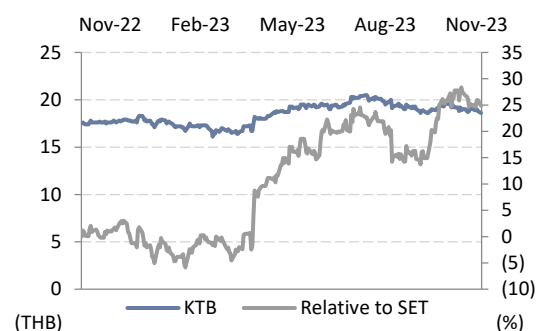
(+) NIM outlook: KTB expects that its 4Q23 NIM will continue to expand (3Q23 was at 3.20%, 9M23 was at 3.19%) as a result of the increase in loan interest rates at the end of September 2023, making it possible to offset the impact from rising costs of funds, with the 2023 NIM approaching 3.20%, above its official target of 2.80%. For 2024, it is still being determined whether the increasing trend could continue, but in 1H24, NIM should expand slightly from the positive momentum in 4Q23.

We retain our 2023-25 forecast and reiterate our BUY call for KTB. Our 2023 GGM-based TP of THB23.10 implies a P/BV of 0.81x.

TARGET PRICE THB23.10
CLOSE THB18.60
UP/DOWNSIDE +24.2%
TP vs CONSENSUS +0.1%

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 (%)	-	(4.2)	(4.4)	(1.8)
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)	7.7	6.9	6.5	6.2
Dividend yield (%)	3.7	4.2	4.5	4.7
Price/book (x)	0.7	0.7	0.6	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 (%)	(5.1)	(7.5)	5.1
Relative to country (%)	(0.7)	2.4	24.0
Mkt cap (USD m)	7,217		
3m avg. daily turnover (USD m)	25.1		
Free float (%)	45		
Major shareholder	FIDF (55%)		
12m high/low (THB)	20.50/16.00		
Issued shares (m)	13,976		

Sources: Bloomberg consensus; FSSIA estimates



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Exhibit 1: Summary of 3Q23 operations

Year-end Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23	--- Change ---		9M23	Change	%of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y %)	23E	(THB m)	(y-y%)
Net interest income	22,894	24,606	25,619	27,771	29,667	6.8	29.6	83,058	26.2	78	106,274	17.6
Non-interest income	8,695	10,046	9,653	7,944	9,221	16.1	6.0	26,818	7.5	73	36,496	4.3
Fee income - net	5,363	5,073	5,139	4,797	5,503	14.7	2.6	15,438	1.3	75	20,715	2.0
Total operating income	31,589	34,652	35,272	35,715	38,888	8.9	23.1	109,876	21.1	77	142,770	13.9
Total operating expenses	14,314	15,696	13,650	14,028	16,733	19.3	16.9	44,411	13.7	76	58,661	7.1
PPOP before tax	17,276	18,956	21,622	21,687	22,155	2.2	28.2	65,464	26.7	78	84,109	19.1
Expected credit loss	5,667	7,532	8,104	7,754	8,157	5.2	44.0	24,015	42.9	73	32,735	34.5
Income tax	2,270	2,494	2,531	2,864	2,774	(3.1)	22.2	8,169	24.1	81	10,069	10.9
Non-controlling interest	890	821	921	912	941	3.2	5.8	2,774	3.2	79	3,509	0.0
Net profit	8,450	8,109	10,067	10,157	10,282	1.2	21.7	30,505	19.2	81	37,796	12.2
EPS (THB)	0.60	0.58	0.72	0.73	0.74	1.2	21.7	2.18	19.2	81	2.70	12.2
Key ratios	3Q22	4Q22	1Q23	2Q23	3Q23	--- Change ---		9M23	Change		2023E	Change
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(THB m)	(y-y %)		(%)	(y-y%)
Gross NPLs (THB m)	104,734	101,096	102,542	98,810	98,309	(0.5)	(6.1)	98,309	(6.1)		101,821	0.7
Change (% from prior period)	0.3	(3.5)	1.4	(3.6)	(0.5)			(6.1)				0.7
NPL ratios (%) - reported	3.32	3.26	3.22	3.11	3.10			3.10				
NPL ratio (%)*	4.01	3.90	3.97	3.83	3.74			3.74			3.85	
Coverage ratio (%) - reported	176	180	183	177	180			180				
Coverage ratio (%)*	169	172	177	171	174			174			182	
Credit cost (bp)	86	116	125	120	125			123	36		125	
Profitability ratio	(%)	(%)	(%)	(%)	(%)						(%)	
Cost to income ratio	45.3	45.3	38.7	39.3	43.0			40.4	(2.6)		41.1	
Average yield (%)	3.31	3.59	3.95	4.26	4.57			4.25	1.05		4.15	
Cost of funds (%)	0.77	0.87	1.13	1.21	1.32			1.22	0.49		1.23	
NIM (%) - reported	2.51	2.61	2.80	3.00	3.20			3.19	0.68			
NIM (%)*	2.63	2.83	2.97	3.21	3.42			3.19	0.63		3.07	
Non-interest income/total income (%)	27.5	29.0	27.4	22.2	23.7			24.4	(3.1)		25.6	
Liquidity ratio	(%)	(%)	(%)	(%)	(%)						(%)	
Loan to deposit	100.4	100.1	98.5	100.0	100.7			100.7			100.1	
Loan to deposit & borrowing (LDBR)	94.3	94.6	93.2	94.2	94.8			94.8			94.6	
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)						(%)	
CAR	20.6	19.8	19.9	20.1	20.5			20.5			20.6	
CET 1/ Risk assets	15.6	15.7	15.8	16.1	16.4			16.4			16.6	
Tier 2 / Risk assets	4.1	3.1	3.1	3.1	3.2			3.2			3.1	
Loan growth	(%)	(%)	(%)	(%)	(%)						(%)	
q-q	(0.9)	(0.7)	(0.4)	(0.2)	2.0							
y-y	2.0	(1.4)	(2.9)	(2.2)	0.7			0.7			2.0	
Year-to-date	(0.6)	(1.4)	(0.4)	(0.6)	1.4			1.4				

Sources: KTB; FSSIA estimates

Exhibit 2: KTB – 2023 guidance

Key financial guidance	KTB	FSSIA
	2023E	2023E
Loan growth	3-5%	2.0%
NIM	> 2.80%	3.07%
Fee income growth	Low single-digit	2.0%
Cost to income	≤ Mid 40s	41.1%
NPL	< 3.5%	3.9%
Coverage ratio	c170% ±	182%

Source: KTB

Exhibit 3: 2024 GGM-based TP

Sustainable ROE	9.0%
g	1.0%
ROE-g	8.0%
Beta	1.05
Risk free rate	2.5%
Risk premium	8.0%
COE	10.9%
COE-g	9.9%
ROE-g/COE-g (PBV)	0.81

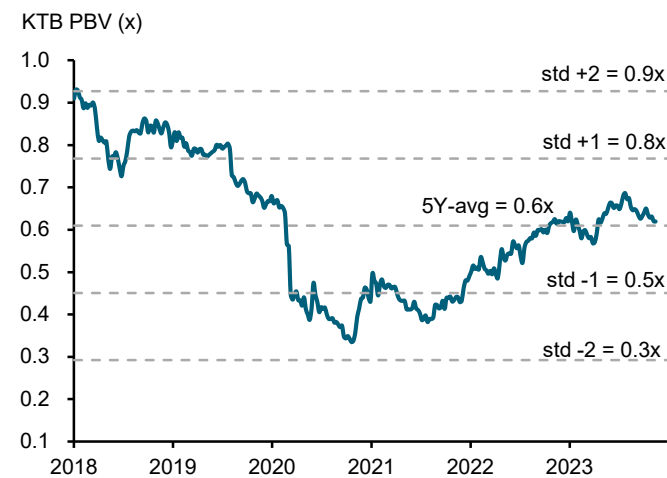
Source: FSSIA estimates

Exhibit 4: Staged loans and ECL

Loans by stage	3Q22	4Q22	1Q23	2Q23	3Q23	% of total loans				
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	3Q22	4Q22	1Q23	2Q23	3Q23
Stage 1 (Performing)	2,298	2,290	2,277	2,290	2,355	87.2	87.4	87.3	88.2	88.8
Stage 2 (Underperforming)	222	218	218	204	196	8.4	8.3	8.3	7.9	7.4
Stage 3 (Non performing)	112	109	111	99	98	4.2	4.2	4.3	3.8	3.7
Lifetime ECL-Simplified approach	2	2	3	4	3	0.1	0.1	0.1	0.1	0.1
Loan and accrued interest	2,634	2,618	2,609	2,596	2,652	100.0	100.0	100.0	100.0	100.0
Allowance for ECL						% ECL of loans				
Stage 1 (Performing)	45.5	44.7	46.6	46.4	47.4	2.0	2.0	2.0	2.0	2.0
Stage 2 (Underperforming)	51.5	52.5	55.1	52.6	53.0	23.1	24.1	25.4	25.8	27.0
Stage 3 (Non performing)	79.6	76.5	79.1	69.5	70.1	71.3	70.4	71.3	70.6	71.7
Lifetime ECL-Simplified approach	0.7	0.6	0.7	0.7	0.7	38.2	25.5	21.2	19.4	22.2
Loan and accrued interest	177.3	174.4	181.6	169.3	171.3	6.7	6.7	7.0	6.5	6.5
% ECL to total loans						%				
Stage 1 (Performing)	2.0	2.0	2.0	2.0	2.0					
Stage 2 (Underperforming)	23.1	24.1	25.4	25.8	27.0					
Stage 3 (Non performing)	71.3	70.4	71.3	70.6	71.7					
Lifetime ECL-Simplified approach	38.2	25.5	21.2	19.4	22.2					
Loan and accrued interest	6.7	6.7	7.0	6.5	6.5					
NPL	104.7	101.1	102.5	98.8	98.3					
LLR/NPL (%)	169	172	177	171	174					

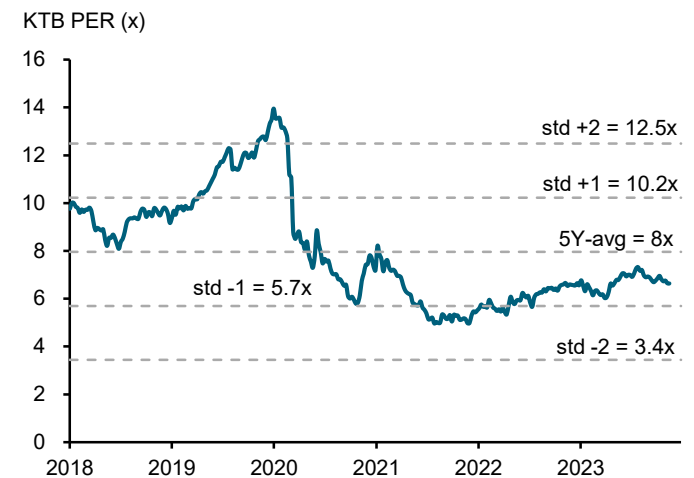
Sources: KTB; FSSIA's compilation

Exhibit 5: KTB – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: KTB – one-year prospective PER band



Sources: Bloomberg; 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) *	12.0	7.7	6.9	6.5	6.2
Recurring P/E @ target price (x) *	15.0	9.6	8.5	8.1	7.7
Reported P/E (x)	12.0	7.7	6.9	6.5	6.2
Dividend yield (%)	2.2	3.7	4.2	4.5	4.7
Price/book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.7	0.7	0.7	0.6	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

Krung Thai Bank PCL (KTB TB)

FSSIA ESG rating

★ ★ ★ ★

63.10 /100

Exhibit 7: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 8: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BBL	62.08	--	Y	Y	5.00	5.00	Certified	Medium	54.70	--	29.00	58.68	67.00	2.19	60.06
KBANK	84.17	Y	Y	Y	5.00	5.00	Certified	Medium	62.19	AA	46.00	73.83	83.00	4.05	59.77
KTB	63.10	--	Y	Y	5.00	5.00	Certified	Medium	53.59	BBB	34.00	64.64	64.00	2.12	61.33
SCB	62.57	Y	Y	Y	5.00	4.00	--	High	--	A	--	--	86.00	3.43	--
KKP	62.96	--	Y	Y	5.00	5.00	Certified	Medium	52.81	BBB	--	77.56	26.00	2.18	45.90
TISCO	61.17	--	Y	Y	5.00	5.00	Certified	Medium	61.41	--	--	66.13	29.00	3.57	44.21
TTB	63.69	--	Y	Y	5.00	5.00	Certified	Medium	53.98	--	36.00	56.17	71.00	3.20	52.96

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 9: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.36	1.75	1.82	1.72	2.13	2.07	2.14	2.12
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BESG social pillar score	1.18	1.88	1.95	1.92	2.63	2.65	2.72	2.63
BESG governance pillar score	3.69	4.06	4.28	3.83	4.34	4.03	4.18	4.28
ESG disclosure score	38.85	41.85	42.19	42.19	53.35	55.27	56.12	61.33
Environmental disclosure score	6.74	8.46	8.46	8.46	34.46	38.63	38.63	39.47
Social disclosure score	28.57	29.56	30.59	30.59	38.12	39.69	42.26	57.07
Governance disclosure score	81.10	87.36	87.36	87.36	87.36	87.36	87.36	87.36
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No	No
GHG scope 1	—	—	—	—	14	14	12	15
GHG scope 2 location-based	7	135	128	60	53	50	45	42
GHG Scope 3	—	—	—	—	26	28	27	43
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	211	203	180	174
Renewable energy use	—	—	—	—	0	0	0	0
Electricity used	—	232	219	103	105	100	90	84
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 10: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	No	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	0	0	0
Total waste	—	—	—	—	3	4	3	3
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	170	147	121	119
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	69	69	69	70	70	70	70	71
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0	0	0	0
Total recordable incident rate - employees	0	0	0	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	24,057	23,611	22,417	21,606	21,133	20,262	18,937	17,157
Employee turnover pct	—	—	—	—	7	5	9	12
Total hours spent by firm - employee training	2,742,500	1,726,760	1,693,780	1,591,920	1,507,460	2,322,770	2,102,850	1,350,850
Social supply chain management	No	No	No	No	Yes	Yes	Yes	Yes
Governance								
Board size	12	12	12	12	11	12	12	12
No. of independent directors (ID)	4	6	6	6	5	6	6	6
No. of women on board	0	1	1	1	2	2	2	2
No. of non-executive directors on board	9	11	11	11	10	8	8	11
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	28	27	27	24	27	26	23	22
Board meeting attendance pct	93	96	92	84	94	97	100	96
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	51	44	45	47	48	49	49	50
Age of the oldest director	61	62	63	64	64	65	66	67
No. of executives / company managers	21	20	20	20	19	21	19	22
No. of female executives	7	4	5	4	3	3	3	3
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	4	4	3	3	3	3	3
No. of ID on audit committee	3	4	4	3	3	3	3	3
Audit committee meetings	19	26	25	22	20	22	19	26
Audit meeting attendance %	91	96	95	95	98	100	98	98
Size of compensation committee	4	3	3	3	2	3	3	3
No. of ID on compensation committee	3	2	3	2	1	2	2	2
No. of compensation committee meetings	20	19	17	17	21	20	15	15
Compensation meeting attendance %	95	95	90	92	94	100	100	100
Size of nomination committee	4	3	3	3	2	3	3	3
No. of nomination committee meetings	20	19	17	17	21	20	15	15
Nomination meeting attendance %	95	95	90	92	94	100	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > 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.																												
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating 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.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																												
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																													
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

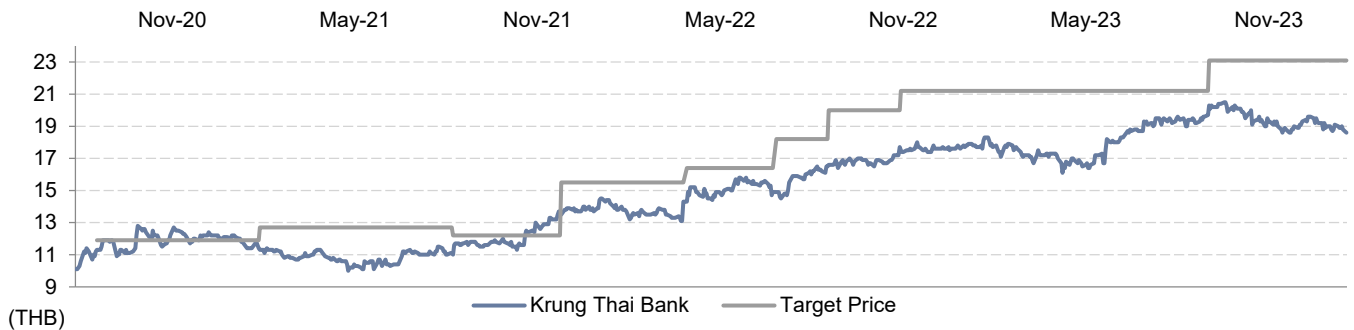
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History of change in investment rating and/or target price

Krung Thai Bank (KTB TB)



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

Usanee Liurut, CISA started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Krung Thai Bank	KTB TB	THB 18.60	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 13-Nov-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.