

SCB X SCB TB
THAILAND / BANKING

BUY

UNCHANGED

TARGET PRICE	THB118.00
CLOSE	THB105.00
UP/DOWNSIDE	+12.4%
PRIOR TP	THB121.00
CHANGE IN TP	-2.5%
TP vs CONSENSUS	+0.9%

ขาดปัจจัยบวกแต่ผลตอบแทนในรูปเงินปันผลน่าสนใจ

- SCB รายงานกำไรสุทธิ 4Q23 ดีกว่าคาดมากโดยได้ปัจจัยหนุนจากผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่ลดลง
- หนี้ต่อคุณภาพ (NPL) เพิ่มขึ้นขณะที่สัดส่วนสำรองต่อหนี้ต่อคุณภาพ (Coverage ratio) ลดลงจากสินเชื่อ SME และที่อยู่อาศัย
- เราปรับลดประมาณการปี 2024-25 และราคาเป้าหมายปี 2024 ลงแต่คงคำแนะนำซื้อ

กำไรสุทธิ 4Q23 สูงกว่าที่เราคาดจาก ECL ที่ลดลง

SCB รายงานกำไรสุทธิ 4Q23 อยู่ที่ 11 พัน ลบ. เพิ่มขึ้น 13.8% q-q และ 53.9% y-y (จากฐานที่ต่ำ) กำไรดังกล่าวสูงกว่าที่เราและตลาดคาดอยู่ 23% และ 21% ตามลำดับส่วนมากจาก ECL และค่าใช้จ่ายในการดำเนินงานที่ต่ำกว่าคาดซึ่งช่วยชดเชยการลดลงของรายได้ค่าธรรมเนียม (ส่วนมากจากธุรกิจ Bancassurance และค่าธรรมเนียมที่เกี่ยวข้องกับสินเชื่อ) และรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (ส่วนมากจากกำไรจากการตีมูลค่ายุติธรรมของเงินลงทุนผ่านกำไรขาดทุน) กำไรก่อนหักสำรองใกล้เคียงกับที่คาดไว้โดยอยู่ที่ 23 พัน ลบ. (-7.4% q-q, +32.3% y-y) ในรอบปี 2023 กำไรสุทธิอยู่ที่ 43.5 พัน ลบ. เพิ่มขึ้น 15.9% y-y จากอัตราดอกเบี้ยในตลาดที่สูงขึ้นซึ่งช่วยผลักดันรายได้ดอกเบี้ยสุทธิและส่วนต่างดอกเบี้ยในท่ามกลางการเติบโตของสินเชื่อที่ชะลอตัว รายได้ค่าธรรมเนียมที่อ่อนแอรวมถึง ECL และต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ที่ปรับขึ้น

คุณภาพสินทรัพย์เสื่อมลงอย่างต่อเนื่อง

ใน 4Q23 คุณภาพสินทรัพย์อ่อนแอกว่าที่คาด ธนาคารฯ รายงานสัดส่วน NPL เพิ่มขึ้นเป็น 3.44% จาก 3.30% ใน 3Q23 ส่วนมากจากสินเชื่อ SME และรายย่อย การก่อตัวของ NPL เพิ่มขึ้นใน 4Q23 คิดเป็นอัตราส่วน 0.69% จาก 0.56% ใน 3Q23 ซึ่งทำให้ตัวเลขปี 2023 เพิ่มขึ้นเป็น 2.24% จาก 1.91% ในปี 2022 ส่วนมากจากสินเชื่อ SME และที่อยู่อาศัยที่เพิ่มขึ้น อย่างไรก็ตาม ECL ต่ำกว่าคาดโดยมี Credit cost อยู่ที่ 153bp (เรคาดไว้ที่ 201bp) หลังการจัดสรรสำรองล่วงหน้ารวมถึง Management overlays เพื่อรองรับความไม่แน่นอนทางเศรษฐกิจในอนาคตใน 3Q23

ปรับลดประมาณการกำไรปี 2024-25 เพื่อสะท้อนเป้าประมาณการปี 2024

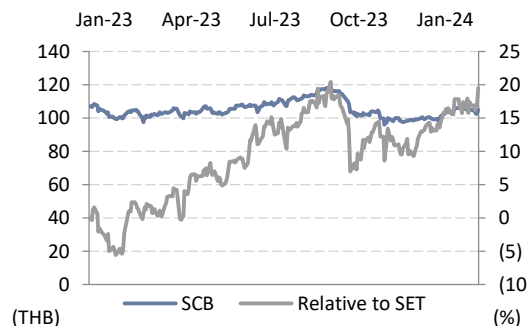
เราปรับลดประมาณการกำไรสุทธิปี 2024-25 ลงประมาณ 2-7% เพื่อสะท้อนเป้าประมาณการในปี 2024 ของธนาคารฯ ส่วนมากจากการปรับลดสมมติฐานการเติบโตของสินเชื่อและการปรับเพิ่มสมมติฐาน Credit cost นอกจากนี้ SCB ยังย้ำในประชุมนักวิเคราะห์หลังผลประกอบการ 4Q23 ว่า 15-20% ของพอร์ตสินเชื่อรายย่อยภายใต้โครงการปรับโครงสร้างหนี้แบบเบ็ดเสร็จมีความเสี่ยงที่จะถูกลดชั้นจากโอกาสที่คุณภาพสินเชื่อจะเสื่อมลงอีกภายใน 12-14 เดือนข้างหน้า อย่างไรก็ตาม ย้ำว่า Credit cost ได้ผ่านจุดสูงสุดไปแล้วใน 3Q23 และ ECL ในปัจจุบัน (รวม Management overlay ในระดับสองหลักกลางถึงสูง) ยังมากพอที่จะรับมือกับการลดชั้นของสินเชื่อของลูกค้านอกกลุ่มนี้ในอนาคต

คงคำแนะนำซื้อจากผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ประมาณ 7% ต่อปี

เราปรับลดราคาเป้าหมายปี 2024 ของเราเป็น 118 จาก 121 บาท (GGM) เพื่อสะท้อนการปรับค่า Risk-free rate ขึ้นเป็น 3.0% (จาก 2.5%) ราคาดังกล่าวคิดเป็นค่า P/BV ได้ที่ 0.80x (จาก 0.81x) พร้อม Upside อีกกว่า 10% เราคงคำแนะนำซื้อ SCB จากผลตอบแทนในรูปเงินปันผลต่อปีที่คาดว่าจะอยู่ที่ประมาณ 7% ต่อปี

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	55,725	56,453	59,434	60,732
Net profit	43,523	44,063	46,398	47,412
EPS (THB)	12.93	13.09	13.78	14.08
vs Consensus (%)	-	5.0	2.6	(3.9)
Recurring net profit	43,523	44,063	46,398	47,412
Core EPS (THB)	12.93	13.09	13.78	14.08
Chg. In EPS est. (%)	-	(1.7)	(6.6)	-
EPS growth (%)	15.9	1.2	5.3	2.2
Core P/E (x)	8.1	8.0	7.6	7.5
Dividend yield (%)	7.1	7.4	7.6	7.6
Price/book (x)	0.7	0.7	0.7	0.7
ROE (%)	9.3	9.0	9.1	9.0
ROA (%)	1.3	1.3	1.3	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.4	1.4	(5.4)
Relative to country (%)	3.4	4.4	15.5
Mkt cap (USD m)	9,956		
3m avg. daily turnover (USD m)	31.4		
Free float (%)	53		
Major shareholder	King Rama X (24%)		
12m high/low (THB)	118.50/95.50		
Issued shares (m)	3,399		

Sources: Bloomberg consensus; FSSIA estimates



Usanee Liurut, CISA

Fundamental Investment Analyst on Capital Market; License no. 017928
usanee.l@fssia.com, +66 2646 9967

Maeta Cherdasatirakul

Research Assistant
maeta.c@fssia.com, +66 2646 9971

Investment thesis

We are cautious about SCB's 2024 outlook due mainly to its sluggish loan and fee growth and asset quality deterioration, which has resulted in continued proactive NPL management as follows:

- We think the 2024 loan growth guidance might be hard to achieve as the engine drivers are mainly from Gen 2, which is not a main contributor (7% of total);
- Despite its asset quality still being manageable with no alarming signs, we believe the high level of credit cost is eminent to tackle the new NPL formation.
- Current share price is still trading at only 0.7x 2024E P/BV, below the 5Y average P/BV of 0.9x with a potential upside of 12.4%, while offering very attractive dividend yields in 2024-25E of c7% p.a.

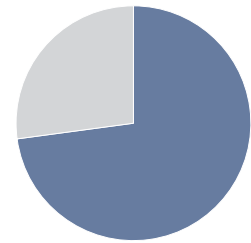
Company profile

SCB is the first commercial bank in Thailand, established in 1906. It is ranked the fourth largest in terms of total loans, the fourth largest for deposits and the fourth largest for total assets as of end-2021. It had a total of 718 branches, with 20m digital users at end-2021.

www.scb.co.th

Principal activities (revenue, 2023)

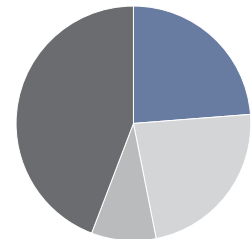
- Net interest income - 72.9 %
- Non-interest income - 27.1 %



Source: SCB X

Major shareholders

- King Rama X - 23.8 %
- Vayupak Fund - 23.1 %
- Thai NVDR - 8.9 %
- Others - 44.2 %



Source: SCB X

Catalysts

Potential share price catalysts for SCB include:

- 1) Higher interest rate rises than we expect;
- 2) Higher growth contribution from Gen 2 business;
- 3) Lower credit cost mainly from better asset quality;
- 4) Lower cost-to-income ratio than expected due to better cost control.

Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

Event calendar

Date	Event
Apr 2024	1Q24 results announcement

Key assumptions

	2024E	2025E	2026E
	(%)	(%)	(%)
Net profit (THB m)	44,063	46,398	47,412
EPS (THB)	13.09	13.78	14.08
Net profit growth (%)	1.2%	5.3%	2.2%
NIM (%)	3.82%	3.81%	3.81%
Loan growth (%)	2.5%	2.5%	2.5%
Fee growth (%)	2.5%	3.0%	3.0%
Non-NII growth (%)	2.1%	2.5%	2.6%
Credit cost (bp)	180	170	170
Cost to income (%)	43.2%	43.7%	43.9%
NPL	4.06%	4.10%	4.10%

Source: FSSIA estimates

Earnings sensitivity

		2024E		
Loan growth	±2ppt	3.0	5.0	7.0
% change in net profit		(1.6)		1.6
NIM (%)	±5bp	3.77	3.82	3.87
% change in net profit		(2.6)		2.6
Credit cost (bp)	±10bp	170	180	190
% change in net profit		4.3		(4.3)

Source: FSSIA estimates

4Q23 net profit beat our expectation from lower ECL

SCB reported a 4Q23 net profit of THB11b (exceeding our estimate and BBG consensus by 23% and 21%, respectively), rising by 13.8% q-q and 53.9% y-y (low base), mainly from lower-than-expected ECL and lower-than-expected operating expenses, which helped offset decreasing fee income (mainly from bancassurance and lending-related fees) and non-NII (mainly from FVTPL investment gains). The main contributor to the group's 4Q23 net profit was still SCB Bank (Gen 1), whereas Gen 2 and 3 contributed minor gains and losses, respectively. PPOP was in line with the expected THB23b, decreasing by 7.4% q-q but increasing by 32.3% y-y. 4Q23 NIM was 3.96% (FSSIA's calculation was 3.44%), rising by 22bp q-q, thanks to a slower pace of cost of funds increasing compared to loan yields. 4Q23 loans were disappointing and lower than expected, contracting by 1.2% q-q (but growing by 2.1% y-y), mainly from decreasing q-q corporate (34% of total) and SME (17%) loans and relatively flat retail (48%) loans, except for AutoX.

2023 net profit was THB43.5b, which rose by 15.9% y-y, thanks to the increasing market interest rate, which helped push the net interest income and NIM amid sluggish loan growth, fragile fee income, and accelerated ECL and credit cost.

Exhibit 1: SCB – 4Q23 results summary

Year-end Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23	--- Change ---		2022	2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Net interest income	29,340	28,942	30,791	31,536	33,413	6.0	13.9	107,865	124,684	15.6
Non-interest income	8,918	11,958	13,525	11,809	9,130	(22.7)	2.4	46,555	46,421	(0.3)
Fee income - net	8,816	8,909	8,509	8,140	7,166	(12.0)	(18.7)	37,148	32,723	(11.9)
Total operating income	38,258	40,900	44,316	43,344	42,543	(1.8)	11.2	154,420	171,105	10.8
Total operating expenses	20,854	16,757	17,016	18,490	19,517	5.6	(6.4)	69,874	71,781	2.7
PPOP before tax	17,403	24,143	27,300	24,854	23,026	(7.4)	32.3	84,547	99,324	17.5
Expected credit loss	7,079	9,927	12,098	12,245	9,330	(23.8)	31.8	33,829	43,600	28.9
Income tax	3,331	3,147	3,289	2,891	2,628	(9.1)	(21.1)	13,592	11,955	(12.1)
Non-controlling interest	(149)	73	46	55	73	32.8	(149.2)	(421)	247	(158.7)
Net profit	7,143	10,995	11,868	9,663	10,995	13.8	53.9	37,546	43,523	15.9
EPS (THB)	2.12	3.27	3.52	2.87	3.27	13.8	53.9	11.15	12.93	15.9
Key ratios	4Q22	1Q23	2Q23	3Q23	4Q23	--- Change ---		2022	2023	Change
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Gross NPLs (THB m)	95,329	95,153	93,028	95,576	96,832	2.7	3.7	95,329	96,832	1.6
Change (% from prior period)	3.5	(0.2)	(2.2)	2.7	1.3			(12.6)	1.6	
NPL ratios (%) - reported	3.34	3.32	3.25	3.30	3.44			3.34	3.44	
NPL ratio (%)*	4.01	3.97	3.84	3.89	3.99			4.01	3.99	
Coverage ratio (%) - reported	160	164	171	167	160			160	160	
Coverage ratio (%)*	156	161	165	162	154			156	154	
Credit cost (bp)	120	166	201	201	153			145	182	
Profitability ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
Cost to income ratio	54.5	41.0	38.4	42.7	45.9			45.2	42.0	
Average yield (%)	4.21	4.44	4.75	4.87	5.15			3.87	4.81	
Cost of funds (%)	0.80	1.17	1.26	1.35	1.42			0.69	1.31	
NIM (%) - reported	3.54	3.46	3.70	3.74	3.96			3.29	3.73	
NIM (%) *	3.34	3.32	3.25	3.30	3.44			3.29	3.72	
Non-NII/total income (%)	23.3	29.2	30.5	27.2	21.5			30.1	27.1	
Liquidity ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
Loan to deposit	93.0	95.6	98.2	96.4	99.3			93.0	99.3	
Loan to deposit & borrowing (LDBR)	84.6	86.5	87.1	85.7	87.5			84.6	87.5	
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
CAR	18.9	18.6	19.1	18.7	18.8			18.9	18.8	
CET 1/ Risk assets	17.7	17.5	17.9	17.5	17.6			17.7	17.6	
Tier 2 / Risk assets	1.1	1.1	1.1	1.1	1.1			1.1	1.1	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
q-q	1.3	0.9	1.0	1.3	(1.2)					
y-y	3.3	3.1	2.7	4.6	2.1			3.3	2.1	
Year-to-date	3.3	0.9	1.9	3.3	2.1					

Sources: SCB; FSSIA's compilation

Asset quality continued to deteriorate

Asset quality was weaker than expected in 4Q23. The reported NPL ratio increased to 3.44% from 3.30% in 3Q23, mainly from the SME and retail segments – housing and auto hire-purchase loans amid an uneven economic recovery. NPL formation increased in 4Q23 to 0.69% from 0.56% in 3Q23, bringing the 2023 figure to 2.24% from 1.91% in 2022, due mainly to rising SME and housing loans. In addition, stage 2 loans grew by 3.6% q-q to 6.2% of total loans in 4Q23 (from 5.8% in 3Q23). However, ECL was lower than expected, with a credit cost of 153bp (we expected 201bp) after setting pre-emptive provisions and management overlays according to future economic uncertainties in 3Q23. The 2023 credit cost of 182bp was higher than SCB's guidance of 120-140bp but lower than our forecast of 193bp.

Exhibit 2: SCB – Staged loans and ECL

	2021	2022	2023	2021	2022	2023
	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Staged loans			% Staged loans			
Stage 1	2,576,432	2,584,089	2,545,602	89.60	90.41	90.35
Stage 2	189,930	178,753	175,072	6.61	6.25	6.21
Stage 3	109,114	95,329	96,832	3.79	3.34	3.44
Total	2,875,476	2,858,171	2,817,506	100.00	100.00	100.00
Allowance for ECL			% ECL to staged loans			
Stage 1	46,600	45,792	45,918	1.81	1.77	1.80
Stage 2	42,920	48,646	50,193	22.60	27.21	28.67
Stage 3	62,592	57,827	58,727	57.36	60.66	60.65
Total	152,112	152,265	154,838	5.29	5.33	5.50
LLR / Loans	(%)	(%)				
Stage 1	1.81	1.77	1.80			
Stage 2	22.60	27.21	28.67			
Stage 3	57.36	60.66	60.65			
Total	5.29	5.33	5.50			
	(%)	(%)	(%)			
NPL / TL	3.79	3.34	3.44			
NPL vs. Stage 2 loans / TL	10.40	9.59	9.65			
LLR / NPL	139.41	159.73	159.90			
LLR / (NPL vs. Stage 2 loans)	50.87	55.55	56.95			

Sources: SCB; FSSIA's compilation

2024-25E earnings cut to reflect 2024 guidance

We cut our 2024-25E net profit by c2-7% to reflect the 2024 guidance, mainly from the downward revision of loan growth and upward revision of credit cost. SCB also reiterated at the 4Q23 analyst meeting that 15-20% of its retail loan portfolio under the comprehensive debt restructuring program (CDR) risks stage migration due to the prospect of further loan quality deterioration within the next 12-14 months. However, the bank reiterated that the credit cost had already passed its peak in 3Q23, and the current ECL, including a mid-high teen level of management overlay, is still sufficient to withstand future loan staging deterioration in this group of customers.

Exhibit 3: 2024-25E earnings revisions

	Current			Previous			Change		
	2024E (%)	2025E (%)	2026E (%)	2024E (%)	2025E (%)	2026E (%)	2024E (%)	2025E (%)	2026E (%)
Net profit (THB m)	44,063	46,398	47,412	44,846	49,654	51,037	-1.7%	-6.6%	-7.1%
EPS (THB)	13.09	13.78	14.08	13.32	14.75	15.16	-1.7%	-6.6%	-7.1%
Net profit growth (%)	1.2%	5.3%	2.2%	9.0%	10.7%	2.8%			
NIM (%)	3.82%	3.81%	3.81%	3.67%	3.68%	3.67%			
Loan growth (%)	2.5%	2.5%	2.5%	5.0%	5.0%	5.0%			
Fee growth (%)	2.5%	3.0%	3.0%	2.0%	2.0	3.0			
Non-NII growth (%)	2.1%	2.5%	2.6%	3.3%	0.3	4.5			
Credit cost (bp)	180	170	170	170	160	160			
Cost to income (%)	43.2%	43.7%	43.9%	43.8%	43.4%	43.4%			
NPL	4.06%	4.10%	4.10%	3.88%	3.86%	3.89%			

Source: FSSIA estimates

Reiterate BUY with an attractive dividend yield of c7% p.a.

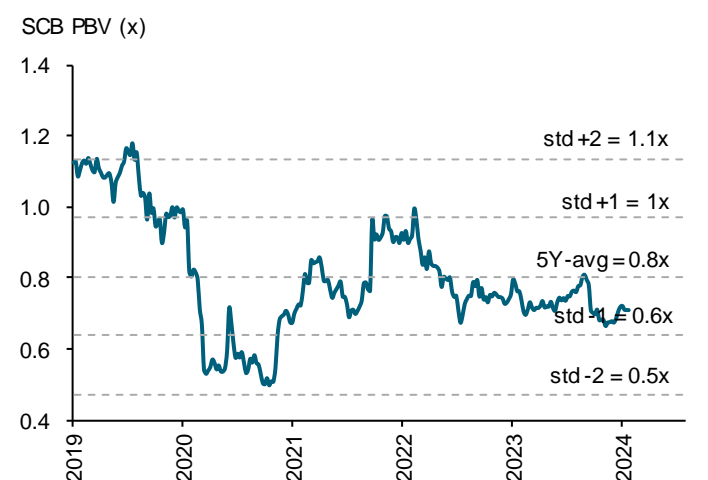
We cut our 2024 GGM-based TP to THB118 (from THB121) to reflect a higher risk-free rate adjustment to 3.0% (from 2.5%). It implies a P/BV of 0.80x (from 0.81x) and a potential upside of over 10%. We retain our BUY call on SCB with an expected annual dividend yield of c7% p.a.

Exhibit 4: GGM-based 2024

	New	Previous
Sustainable ROE	9.1%	9.2%
G	1.0%	1.0%
ROE-g	8.1%	8.2%
Beta	1.0	1.1
Risk free rate	3.0%	2.5%
Risk premium	8.0%	8.0%
COE	11.2%	11.1%
COE-g	10.2%	10.1%
ROE-g/COE-g; P/BV (X)	0.80	0.81

Source: FSSIA estimates

Exhibit 6: SCB – one-year prospective P/BV band



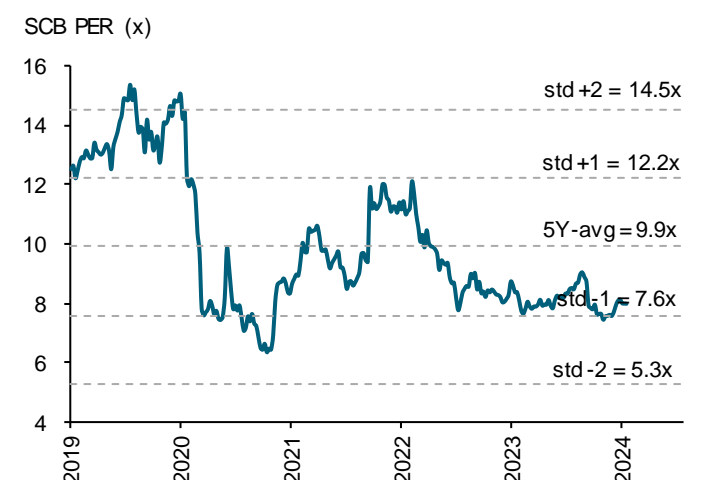
Sources: Bloomberg; FSSIA estimates

Exhibit 5: Share price performance of bank under our coverage as of 19 January 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	(3.65)	(13.17)	(11.85)	(4.29)	(7.35)
KBANK TB	(7.60)	(5.81)	(5.81)	(15.92)	(10.00)
KKP TB	(6.57)	(10.19)	(23.55)	(35.09)	(7.96)
KTB TB	(12.02)	(16.15)	(20.30)	(5.85)	(12.50)
SCB TB	0.00	4.26	(5.88)	(4.15)	(1.89)
TISCO TB	(0.26)	1.04	(0.26)	(4.88)	(2.26)
TTB TB	13.84	4.62	7.10	28.37	8.38
SETBANK	(2.54)	(5.58)	(8.81)	(6.18)	(4.87)
SET	(1.94)	(1.54)	(9.90)	(17.85)	(2.69)

Source: Bloomberg

Exhibit 7: SCB – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: Regional bank peers comparison, as of 19 January 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD b)	----- PE -----		----- PBV ----		----- ROE ----		-- Div yld --	
						23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)
Thailand													
Bangkok Bank	BBL TB	144.50	191.00	32	7,767.2	6.6	6.6	0.5	0.5	8.1	7.7	4.4	4.5
Kasikombank	KBANK TB	125.50	140.00	12	8,373.2	7.2	6.8	0.6	0.5	8.2	8.1	3.8	4.1
Krung Thai Bank	KTB TB	18.10	19.90	10	7,123.4	6.9	6.7	0.6	0.6	9.4	9.0	4.2	4.3
SCB X	SCB TB	105.00	118.00	12	9,956.0	8.1	8.0	0.7	0.7	9.3	9.0	7.1	7.4
TMBThanachart Bank	TTB TB	1.69	2.19	30	4,609.8	8.9	10.0	0.7	0.7	8.2	7.0	5.6	5.6
Kiatnakin Bank	KKP TB	48.00	55.00	15	1,144.5	6.8	6.0	0.7	0.6	10.0	10.7	6.8	6.5
Tisco Financial Group	TISCO TB	97.75	97.00	(1)	2,203.8	10.7	11.6	1.8	1.8	17.1	15.7	8.2	8.2
Thailand weighted average					5,825	9.0	8.5	0.8	0.7	8.9	8.9	4.4	4.6
Hong Kong													
Industrial & Comm Bank of China	1398 HK	3.59	n/a	n/a	224,304.5	3.3	3.3	0.3	0.3	10.7	10.4	9.4	9.6
China Construction Bank	939 HK	4.39	n/a	n/a	142,484.0	3.1	2.9	0.3	0.3	11.5	11.1	9.9	10.2
HSBC Holdings	5 HK	58.65	n/a	n/a	142,591.2	5.7	5.6	0.9	0.8	15.8	15.5	8.8	10.6
Bank of China	3988 HK	2.88	n/a	n/a	147,693.7	3.5	3.4	0.3	0.3	10.2	9.9	9.0	9.3
Hong Kong average					164,268	3.9	3.8	0.5	0.4	12.0	11.7	9.3	9.9
China													
Industrial & Comm Bank of China	601398 CH	4.89	n/a	n/a	224,421.8	5.0	4.8	0.5	0.5	10.6	10.2	6.3	6.5
Agricultural Bank of China	601288 CH	3.68	n/a	n/a	175,734.4	5.1	4.8	0.5	0.5	11.1	10.7	6.2	6.4
China Construction Bank	601939 CH	6.48	n/a	n/a	142,558.5	5.0	4.8	0.6	0.5	11.6	11.1	6.1	6.3
Bank of China	601988 CH	3.97	n/a	n/a	147,770.9	5.4	5.2	0.5	0.5	10.4	10.1	5.8	6.0
China average					172,621	5.1	4.9	0.5	0.5	10.9	10.6	6.1	6.3
South Korea													
KB Financial Group	105560 KS	49,500	n/a	n/a	15,035.3	4.0	3.8	0.4	0.3	9.6	9.1	6.5	6.9
Shinhan Financial Group	055550 KS	36,800	n/a	n/a	14,305.5	4.3	4.1	0.4	0.3	9.2	8.8	5.6	6.1
Hana Financial Group	086790 KS	41,200	n/a	n/a	9,043.3	3.3	3.2	0.3	0.3	9.8	9.6	8.4	9.0
Industrial Bank of Korea	024110 KS	11,630	n/a	n/a	6,952.0	3.5	3.4	0.3	0.3	9.5	9.2	8.5	8.9
South Korea average					11,334	3.8	3.6	0.3	0.3	9.5	9.2	7.3	7.7
Indonesia													
Bank Central Asia	BBCA IJ	9,625	n/a	n/a	75,827.5	24.2	22.2	4.8	4.4	21.0	20.7	2.3	2.7
Bank Rakyat Indonesia Persero	BBRI IJ	5,800	n/a	n/a	56,323.6	14.9	13.1	2.7	2.5	18.9	20.2	5.0	5.7
Bank Mandiri Persero	BMRI IJ	6,525	n/a	n/a	39,021.0	11.9	10.8	2.4	2.1	21.2	21.0	4.1	5.2
Bank Negara Indonesia Persero	BBNI IJ	5,500	n/a	n/a	13,323.0	9.7	8.6	1.4	1.3	15.0	15.5	4.2	4.8
Bank Syariah Indonesia	BRIS IJ	2,010	n/a	n/a	6,147.8	17.7	14.9	2.5	2.2	15.3	16.0	0.8	1.0
Indonesia average					38,129	15.7	13.9	2.8	2.5	18.3	18.7	3.3	3.9
Malaysia													
Malayan Banking	MAY MK	9.03	n/a	n/a	23,001.1	11.6	11.2	1.2	1.2	10.5	10.6	6.7	6.8
Public Bank	PBK MK	4.35	n/a	n/a	17,810.6	12.3	11.7	1.6	1.5	13.0	12.8	4.3	4.5
CIMB Group Holdings	CIMB MK	6.01	n/a	n/a	13,492.4	9.3	8.7	0.9	0.9	10.4	10.4	5.9	6.3
Hong Leong Bank	HLBK MK	18.80	n/a	n/a	8,755.4	10.3	9.8	1.2	1.1	12.1	11.4	3.4	3.4
RHB Bank	RHBBANK MK	5.53	n/a	n/a	5,050.2	8.2	8.1	0.8	0.7	9.6	9.3	7.0	7.2
Malaysia average					13,622	10.3	9.9	1.1	1.1	11.1	10.9	5.4	5.6
Singapore													
DBS Group Holdings	DBS SP	32.05	n/a	n/a	61,393.4	8.1	8.3	1.4	1.3	17.5	16.1	6.5	7.1
Oversea-Chinese Banking	OCBC SP	12.91	n/a	n/a	43,369.5	8.2	8.1	1.0	1.0	13.2	12.7	6.4	6.6
United Overseas Bank	UOB SP	27.85	n/a	n/a	34,870.5	8.2	8.0	1.1	1.0	13.3	12.9	6.1	6.4
Singapore average					46,544	8.2	8.2	1.2	1.1	14.6	13.9	6.3	6.7
Regional average (excl. Thailand)					71,651	8.2	7.7	1.1	1.0	12.8	12.6	6.1	6.5
Total average (incl. Thailand)					57,264	8.2	7.8	1.1	1.0	12.4	12.1	6.1	6.4

Sources: Bloomberg; FSSIA estimates

Financial Statements

SCB X

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	126,993	161,122	173,244	177,787	182,971
Interest expense	(19,127)	(36,438)	(43,531)	(44,867)	(46,328)
Net interest income	107,865	124,684	129,713	132,920	136,642
Net fees & commission	37,148	32,723	33,546	34,552	35,588
Foreign exchange trading income	-	-	-	-	-
Securities trading income	6,724	8,896	8,898	8,900	8,902
Dividend income	149	150	155	159	164
Other income	2,535	4,651	4,819	5,006	5,214
Non interest income	46,555	46,421	47,418	48,617	49,869
Total income	154,420	171,105	177,131	181,538	186,512
Staff costs	(31,219)	(33,621)	(35,302)	(36,008)	(36,728)
Other operating costs	(38,655)	(38,159)	(41,152)	(43,284)	(45,170)
Operating costs	(69,874)	(71,781)	(76,454)	(79,292)	(81,898)
Pre provision operating profit	84,547	99,324	100,677	102,245	104,614
Expected credit loss	(33,829)	(43,600)	(44,224)	(42,811)	(43,882)
Other provisions	-	-	-	-	-
Operating profit	50,718	55,725	56,453	59,434	60,732
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	50,718	55,725	56,453	59,434	60,732
Tax	(13,592)	(11,955)	(12,137)	(12,778)	(13,057)
Profit after tax	37,125	43,770	44,315	46,655	47,675
Non-controlling interest	421	(247)	(252)	(257)	(262)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	37,546	43,523	44,063	46,398	47,412
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	37,546	43,523	44,063	46,398	47,412
Per share (THB)					
Recurring EPS *	11.15	12.93	13.09	13.78	14.08
Reported EPS	11.15	12.93	13.09	13.78	14.08
DPS	6.69	7.50	7.75	8.00	8.00
Growth					
Net interest income (%)	13.3	15.6	4.0	2.5	2.8
Non interest income (%)	(15.6)	(0.3)	2.1	2.5	2.6
Pre provision operating profit (%)	(2.6)	17.5	1.4	1.6	2.3
Operating profit (%)	13.3	9.9	1.3	5.3	2.2
Reported net profit (%)	5.5	15.9	1.2	5.3	2.2
Recurring EPS (%)	6.4	15.9	1.2	5.3	2.2
Reported EPS (%)	6.4	15.9	1.2	5.3	2.2
Income Breakdown					
Net interest income (%)	69.9	72.9	73.2	73.2	73.3
Net fees & commission (%)	24.1	19.1	18.9	19.0	19.1
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	4.4	5.2	5.0	4.9	4.8
Dividend income (%)	0.1	0.1	0.1	0.1	0.1
Other income (%)	1.6	2.7	2.7	2.8	2.8
Operating performance					
Gross interest yield (%)	3.87	4.81	5.11	5.10	5.10
Cost of funds (%)	0.70	1.26	1.56	1.57	1.57
Net interest spread (%)	3.17	3.55	3.55	3.53	3.53
Net interest margin (%)	3.3	3.7	3.8	3.8	3.8
Cost/income(%)	45.2	42.0	43.2	43.7	43.9
Cost/assets(%)	2.1	2.1	2.2	2.2	2.2
Effective tax rate (%)	26.8	21.5	21.5	21.5	21.5
Dividend payout on recurring profit (%)	60.0	58.0	59.2	58.1	56.8
ROE (%)	8.3	9.3	9.0	9.1	9.0
ROE - COE (%)	(2.9)	(2.0)	(2.2)	(2.1)	(2.3)
ROA (%)	1.1	1.3	1.3	1.3	1.3
RORWA (%)	1.6	1.9	1.9	1.9	3.9

* Pre-exceptional, pre-goodwill and fully diluted

Sources: SCB X; FSSIA estimates

Financial Statements

SCB X

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	2,377,215	2,426,563	2,487,227	2,549,408	2,613,143
Allowance for expected credit loss	(148,890)	(148,986)	(158,210)	(163,021)	(164,903)
interest in suspense	19,523	23,467	24,640	25,872	27,166
Net customer loans	2,247,848	2,301,044	2,353,658	2,412,259	2,475,406
Bank loans	522,056	436,797	449,901	463,398	477,300
Government securities	-	-	-	-	-
Trading securities	62,327	92,534	95,310	98,169	101,115
Investment securities	391,877	388,133	407,539	427,916	449,312
Cash & equivalents	47,254	40,676	57,527	84,349	109,568
Other interesting assets	-	-	-	-	-
Tangible fixed assets	68,898	71,919	75,891	80,165	84,766
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	114,194	107,620	109,323	111,111	112,987
Total assets	3,454,452	3,438,722	3,549,150	3,677,367	3,810,454
Customer deposits	2,555,800	2,442,860	2,503,931	2,579,049	2,656,421
Bank deposits	181,347	221,459	228,103	234,946	241,994
Other interest bearing liabilities	71,996	109,911	115,406	121,176	127,235
Non interest bearing liabilities	178,697	180,759	198,185	217,321	238,336
Hybrid Capital	-	-	-	-	-
Total liabilities	2,987,840	2,954,989	3,045,625	3,152,492	3,263,986
Share capital	33,671	33,671	33,671	33,671	33,671
Reserves	427,561	444,411	463,638	484,366	505,275
Total equity	461,232	478,082	497,309	518,037	538,946
Non-controlling interest	5,380	5,651	6,216	6,838	7,522
Total liabilities & equity	3,454,452	3,438,722	3,549,150	3,677,367	3,810,454
Supplementary items					
Risk weighted assets (RWA)	2,306,339	2,303,944	2,377,931	2,463,836	0
Average interest earning assets	3,282,850	3,348,750	3,392,002	3,489,434	3,589,880
Average interest bearing liabilities	2,720,839	2,887,169	2,786,369	2,860,053	2,948,279
CET 1 capital	408,287	426,878	444,525	463,987	0
Total capital	433,835	452,944	471,229	491,344	0
Gross non performing loans (NPL)	95,329	96,832	100,932	104,532	107,132
Per share (THB)					
Book value per share	136.98	141.99	147.70	153.85	160.06
Tangible book value per share	136.98	141.99	147.70	153.85	160.06
Growth					
Gross customer loans	3.3	2.1	2.5	2.5	2.5
Average interest earning assets	3.3	2.0	1.3	2.9	2.9
Total asset (%)	4.2	(0.5)	3.2	3.6	3.6
Risk weighted assets (%)	1.8	(0.1)	3.2	3.6	nm
Customer deposits (%)	3.6	(4.4)	2.5	3.0	3.0
Leverage & capital measures					
Customer loan/deposits (%)	88.0	94.2	94.0	93.5	93.2
Equity/assets (%)	13.4	13.9	14.0	14.1	14.1
Tangible equity/assets (%)	13.4	13.9	14.0	14.1	14.1
RWA/assets (%)	66.8	67.0	67.0	67.0	-
CET 1 CAR (%)	17.7	18.5	18.7	18.8	-
Total CAR (%)	18.8	19.7	19.8	19.9	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(12.6)	1.6	4.2	3.6	2.5
NPL/gross loans (%)	4.0	4.0	4.1	4.1	4.1
Allowance for ECL/gross loans (%)	6.3	6.1	6.4	6.4	6.3
Allowance for ECL/NPL (%)	156.2	153.9	156.7	156.0	153.9
Valuation					
Recurring P/E (x) *	9.4	8.1	8.0	7.6	7.5
Recurring P/E @ target price (x) *	10.6	9.1	9.0	8.6	8.4
Reported P/E (x)	9.4	8.1	8.0	7.6	7.5
Dividend yield (%)	6.4	7.1	7.4	7.6	7.6
Price/book (x)	0.8	0.7	0.7	0.7	0.7
Price/tangible book (x)	0.8	0.7	0.7	0.7	0.7
Price/tangible book @ target price (x)	0.9	0.8	0.8	0.8	0.7

* Pre-exceptional, pre-goodwill and fully diluted

Sources: SCB X; FSSIA estimates

SCB X PCL (SCB TB)

FSSIA ESG rating

★★★★

62.57 /100

Exhibit 9: 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 10: 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 11: 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	1.85	1.83	2.65	3.04	2.65	2.83	2.89	3.43
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.00	0.08	—
BESG social pillar score	2.02	2.25	4.19	5.21	4.05	4.19	4.24	—
BESG governance pillar score	4.25	3.66	3.88	3.91	4.11	4.66	4.64	—
ESG disclosure score	45.82	48.25	49.39	50.60	53.91	53.91	52.24	—
Environmental disclosure score	28.21	28.78	29.60	29.60	35.82	35.82	35.82	—
Social disclosure score	21.74	28.48	31.08	34.70	32.13	32.13	32.13	—
Governance disclosure score	87.36	87.36	87.36	87.36	93.62	93.62	88.62	—
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	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	Yes	Yes	Yes	Yes
GHG scope 1	0	0	9	11	11	10	3	7
GHG scope 2 location-based	25	22	22	20	18	13	11	43
GHG Scope 3	—	3	14	15	14	10	8	0
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	Yes	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	51	53	52	50	45	34	29	104
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	51	52	52	50	45	34	29	86
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 12: 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	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	4	4	3	3
Waste recycled	—	—	—	—	1	1	1	1
Waste sent to landfills	—	—	—	—	4	3	2	2
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	0
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	Yes	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	68	69	71	71	70	71	73	68
Pct disabled in workforce	—	—	—	—	—	—	—	0
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	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	—	—	—	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	24,106	26,652	27,493	26,751	25,953	23,899	22,051	29,015
Employee turnover pct	14	10	11	12	14	10	11	17
Total hours spent by firm - employee training	1,306,990	1,679,080	1,704,570	1,899,320	1,764,800	1,171,050	992,295	1,537,800
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	17	16	16	17	17	15	17	16
No. of independent directors (ID)	9	9	9	9	10	9	9	8
No. of women on board	3	3	3	1	2	2	4	3
No. of non-executive directors on board	13	13	14	14	16	14	13	15
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	12	16	17	20	16	15	13	18
Board meeting attendance pct	95	91	90	89	91	96	99	99
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	44	45	46	50	51	52	—	47
Age of the oldest director	83	84	85	86	74	75	—	77
No. of executives / company managers	8	12	17	17	13	17	18	10
No. of female executives	1	3	6	5	3	6	7	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	4	5	3	3	3	3	3	3
No. of ID on audit committee	4	5	3	3	3	3	3	3
Audit committee meetings	14	12	12	13	13	14	14	12
Audit meeting attendance %	96	91	94	95	97	98	100	100
Size of compensation committee	5	5	5	4	4	3	4	4
No. of ID on compensation committee	3	3	3	2	2	3	3	4
No. of compensation committee meetings	9	11	12	12	13	16	24	14
Compensation meeting attendance %	88	93	93	91	92	95	98	100
Size of nomination committee	5	5	5	4	4	3	4	4
No. of nomination committee meetings	9	11	12	12	13	16	24	14
Nomination meeting attendance %	88	93	93	91	92	95	98	100
Sustainability governance								
Verification type	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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" data-bbox="880 1131 1501 1189"> <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+																		
NEGL	Low	Medium	High	Severe																										
0-10	10-20	20-30	30-40	40+																										
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" data-bbox="268 1391 1485 1592"> <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	
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																											
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.																												

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**; 2) **AGM Level**; 3) **Thai CAC**; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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 Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA 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.

Company	Ticker	Price	Rating	Valuation & Risks
SCB X	SCB TB	THB 105.00	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 125.50	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) government stimulus projects leading to an economic recovery; and 2) rising NIM from well-controlled cost of funds.
Bangkok Bank	BBL TB	THB 144.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) an impact of new regulations from the Bank of Thailand.
Krung Thai Bank	KTB TB	THB 18.10	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) broad-based economic recovery supporting higher loan growth; and 2) asset quality improvement, mainly from the retail segment, reducing its ECL burdens. By contrast, upside risks comprise better economic conditions and strengthening asset quality.
TMBThanachart Bank	TTB TB	THB 1.69	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 48.00	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 97.75	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.

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 19-Jan-2024 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.