

# SCB X SCB TB

THAILAND / BANKING

## BUY

UNCHANGED

TARGET PRICE	THB120.00
CLOSE	THB103.00
UP/DOWNSIDE	+16.5%
PRIOR TP	THB118.00
CHANGE IN TP	+1.7%
TP vs CONSENSUS	-0.4%

## As good as it gets

- SCB reported an in-line 1Q24 net profit with non-NII expansion offsetting NII contraction.
- Controllable asset quality: a slight increase in NPL ratio mainly from CardX.
- 2024 TP raised to THB120 while retaining a BUY call.

### 1Q24 net profit in line with our forecast and consensus

SCB reported a 1Q24 net profit of THB11.3b, which increased by 2.6% q-q and 2.6% y-y and accounted for 26% of our full-year net profit forecast. Key drivers were higher non-NII, lower operating expenses, and lower cost-to-income ratio, which offset the decrease in NII. Loan growth exceeded expectations, primarily driven by corporate and AutoX loan expansion. Nonetheless, NIM was disappointing, decreasing by 13bp to 3.83%, pressured by loan yield reduction on the effect of major loan repayment. Non-NII increased significantly by 23.0% q-q but decreased by 6.0% y-y, attributed to higher FVTPL investment gains (mainly from market-to-market gains from the investment portfolio at SCB 10X). In addition, net fee income was also better than expected due primarily to higher bancassurance and wealth management fees.

### Deteriorated but manageable asset quality

Asset quality continued to deteriorate as expected. The reported NPL ratio slightly increased to 3.52% from 3.44% at the end of 2023, mainly from housing and CardX loans. However, the 1Q24 NPL formation decreased in absolute terms and percentage to loans, except for housing and CardX loans. As for ITD loans, SCB had already classified them as stage 2, with enough ECL coverage (2/3 of the exposures). ECL also aligned with expectations, with a rise in credit costs of 14bp to 167bp. Hence, the coverage ratio of 156bp was relatively stable q-q.

### Maintain our 2024-26E forecast

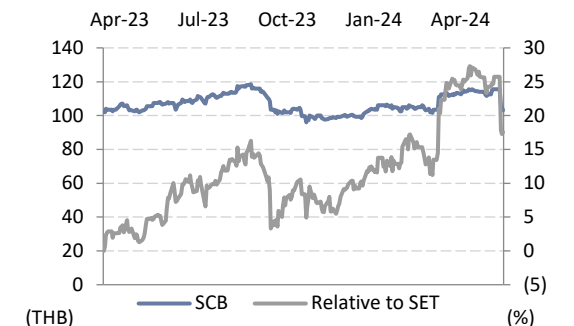
We maintain our 2024-25E net profit with an average growth of 4.0% CAGR, driven mainly by 1) an expected loan growth of c2.5% p.a., 2) an expected average NII growth of 3.7-4.0% y-y under an expected NIM of 3.82-3.86%, 3) an expected non-NII growth of 2.1-2.6% y-y, aligning with our net fee growth assumption, 4) a stable cost-to-income ratio assumption of C43.2-43.5%, and 5) expected credit costs of 170-180bp under an expected NPL ratio of c4.10%.

### Reiterate BUY call with an attractive dividend yield of c10-11% p.a.

We retain our BUY call on SCB, which has an expected annual dividend yield of c10-11% p.a. under a higher payout ratio assumption of 80% (from 62%). Our new 2024 GGM-based TP is THB120 (from THB118), implying a P/BV of 0.82x (from 0.80x) under an expected 9.4% L-T ROE (from 9.1%) and 11.2% COE.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	55,725	56,453	60,135	62,721
Net profit	43,523	44,063	46,949	48,974
EPS (THB)	12.93	13.09	13.94	14.54
vs Consensus (%)	-	(0.1)	1.9	2.7
Recurring net profit	43,523	44,063	46,949	48,974
Core EPS (THB)	12.93	13.09	13.94	14.54
Chg. In EPS est. (%)	-	-	1.2	3.3
EPS growth (%)	15.9	1.2	6.5	4.3
Core P/E (x)	8.0	7.9	7.4	7.1
Dividend yield (%)	10.0	10.2	10.8	11.3
Price/book (x)	0.7	0.7	0.7	0.7
ROE (%)	9.3	9.1	9.5	9.7
ROA (%)	1.3	1.3	1.3	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.8)	(1.9)	2.5
Relative to country (%)	(7.4)	1.8	21.6
Mkt cap (USD m)	9,408		
3m avg. daily turnover (USD m)	29.1		
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



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## Investment thesis

We have a more positive view of SCB's ongoing strategy as follows:

- 1) its M&A deal for Home Credit Vietnam Finance Co., Ltd. (HCVN), which is expected to be completed within 1H25. Despite the scheduled contribution being insignificant in 2025-26, it aligns with its journey to expand business regionally under the conditions that the M&A must contribute an immediate positive impact on its revenues and bottom line.
- 2) its higher dividend payout ratio of 80% in 2023 (from 62%), which SCB reiterates to sustain at this level given its recently significant investment in HCVN.

However, given its manageable asset quality with no alarming signals, we believe a high credit cost is imminent to tackle the new NPL formation.

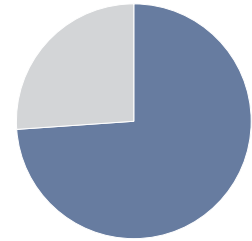
## Company profile

SCB is the first commercial bank in Thailand, established in 1906. At the end of 2021, it ranks the fourth largest in terms of total loans, deposits, and total assets. Also, it had 718 branches, with 20m digital users during the period.

[www.scb.co.th](http://www.scb.co.th)

## Principal activities (revenue, 1Q24)

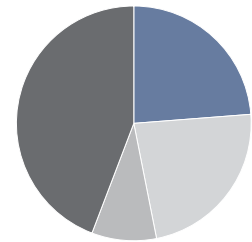
- Net interest income - 73.9 %
- Non-interest income - 26.1 %



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 costs 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
Jul 2024	2Q24 results announcement

## Key assumptions

	2024E	2025E	2026E
	(%)	(%)	(%)
Net profit (THB m)	44,063	46,949	48,974
EPS (THB)	13.09	13.94	14.54
Net profit growth (%)	1.2%	6.5%	4.3%
NIM (%)	3.82%	3.83%	3.86%
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%	43.5%	43.4%
NPL	4.06%	4.10%	4.10%

Source: FSSIA estimates

## Earnings sensitivity

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

Source: FSSIA estimates

## 1Q24 net profit in line with our forecast and consensus

SCB reported a 1Q24 net profit of THB11.3b, which increased by 2.6% q-q and 2.6% y-y and accounted for 26% of our full-year net profit forecast. Key drivers were higher non-NII, lower operating expenses, and lower cost-to-income ratio, which could offset a decrease in NII. Loan growth exceeded expectations but aligned with its 3-5% y-y guidance and our 2.5% y-y forecast, primarily driven by corporate and AutoX loan expansion.

Nonetheless, NIM was disappointing, decreasing by 13bp to 3.83%. However, it aligned with its 3.70-3.90% guidance and our 3.82% forecast, pressured by loan yield reduction on the effect of major loan repayment, causing the interest income to decline by THB700m. By contrast, the cost of funds was under control and better than expected, attributed to some repayment of USD borrowing.

Non-NII increased significantly by 23.0% q-q but decreased by 6.0% y-y, attributed to rising FVTPL investment gains (mainly from mark-to-market gains from the investment portfolio at SCB 10X). In addition, net fee income was also better than expected due primarily to higher bancassurance and wealth management fees.

## Deteriorated but manageable asset quality

Asset quality continued to deteriorate as expected. The reported NPL ratio slightly increased to 3.52% from 3.44% at the end of 2023, mainly from housing and CardX loans. However, the 1Q24 NPL formation decreased in absolute terms and percentage to loans, except for housing and CardX loans. As a result, proactive NPL management, particularly write-offs, was still necessary. The 1Q24 NPL written-offs were THB11.5b, declining from THB13.9b in 4Q23 but still higher than the quarterly averages of THB5-7b in 9M23.

In contrast to stage 2, loans increased significantly by c19.5b, marking an 11.1% growth. SCB addressed the rise in its CDR blue scheme loan (12% of totals) granted combined with some stage 1 migration. As for ITD loans, SCB had already classified them as stage 2, with enough ECL coverage (2/3 of the exposures). ECL also aligned with expectations, with a rise in credit costs of 14bp to 167bp. Hence, the coverage ratio was relatively stable q-q at 156bp.

## Maintain forecast with no guidance on HCVN

We maintain our 2024-25E net profit with an average growth of 4.0% CAGR, driven mainly by 1) an expected loan growth of c2.5% p.a., 2) an expected average NII growth of 3.7-4.0% y-y under an expected NIM of 3.82-3.86%, 3) an expected non-NII growth of 2.1-2.6% y-y, aligning with our net fee growth assumption, 4) a stable cost-to-income ratio assumption of C43.2-43.5%, and 5) expected credit costs of 170-180bp under an expected NPL ratio of c4.10%.

Regarding the inorganic growth strategy, SCB has no plan for significant investments other than HCVN. The bank reiterated that this deal was the best available, causing minimal impact on its capital. HCVN also has solid asset quality compared to peers, and SCB will let the existing management run the business as usual.

## Exhibit 1: SCB – 1Q24 operation summary

Year end Dec 31	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----		%of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	24E	(THB m)	(y-y%)
Net interest income	28,942	30,791	31,536	33,413	31,761	(4.9)	9.7	24	129,713	4.0
Non-interest income	11,958	13,525	11,809	9,130	11,234	23.0	(6.0)	24	47,418	2.1
Fee income - net	8,909	8,509	8,140	7,166	7,897	10.2	(11.4)	24	33,546	2.5
Total operating income	40,900	44,316	43,344	42,543	42,995	1.1	5.1	24	177,131	3.5
Total operating expenses	16,757	17,016	18,490	19,517	18,100	(7.3)	8.0	24	76,454	6.5
PPOP before tax	24,143	27,300	24,854	23,026	24,895	8.1	3.1	25	100,677	1.4
Expected credit loss	9,927	12,098	12,245	9,330	10,201	9.3	2.8	23	44,224	1.4
Income tax	3,147	3,289	2,891	2,628	3,354	27.6	6.6	28	12,137	1.5
Non-controlling interest	73	46	55	73	59	(19.5)	(18.9)	23	252	2.0
<b>Net profit</b>	<b>10,995</b>	<b>11,868</b>	<b>9,663</b>	<b>10,995</b>	<b>11,281</b>	<b>2.6</b>	<b>2.6</b>	<b>26</b>	<b>44,063</b>	<b>1.2</b>
EPS (THB)	3.27	3.52	2.87	3.27	3.35	2.6	2.6	26	13.09	1.2
<b>Key ratios</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>	<b>4Q23</b>	<b>1Q24</b>	<b>----- Change -----</b>			<b>2024E</b>	
<b>Asset quality ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>		<b>(%)</b>	
Gross NPLs (THB m)	95,153	93,028	95,576	96,832	95,236	(1.6)	0.1		100,932	
Change (% from prior period)	(0.2)	(2.2)	2.7	1.3	(1.6)				4.2	
NPL ratios (%) - reported	3.32	3.25	3.30	3.44	3.52					
NPL ratio (%)*	3.97	3.84	3.89	3.99	3.89				4.06	
Coverage ratio (%) - reported	164	171	167	160	161					
Coverage ratio (%)*	161	165	162	154	156				157	
Credit cost (bp)	166	201	201	153	167				180	
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				<b>(%)</b>	
Cost to income ratio	41.0	38.4	42.7	45.9	42.1				43.2	
Average yield (%)	4.44	4.75	4.87	5.15	4.99				5.11	
Cost of funds (%)	1.17	1.26	1.35	1.42	1.40				1.55	
NIM (%) - reported	3.46	3.70	3.74	3.96	3.83					
NIM (%) *	3.46	3.70	3.74	3.96	3.83				3.82	
Non-NII/total income (%)	29.2	30.5	27.2	21.5	26.1				26.8	
<b>Liquidity ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				<b>(%)</b>	
Loan to deposit	95.6	98.2	96.4	99.3	101.6				99.3	
Loan to deposit & borrowing (LDBR)	86.5	87.1	85.7	87.5	89.6				87.3	
<b>Capital adequacy ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				<b>(%)</b>	
CAR	18.6	19.1	18.7	18.8	18.6				19.1	
CET 1/ Risk assets	17.5	17.9	17.5	17.6	17.4				18.0	
Tier 2 / Risk assets	1.1	1.1	1.1	1.1	1.1				1.1	
<b>Loan growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				<b>(%)</b>	
q-q	0.9	1.0	1.3	(1.2)	0.9					
y-y	3.1	2.7	4.6	2.1	2.1				2.5	
Year-to-date	0.9	1.9	3.3	2.1	0.9					

Sources: SCB; FSSIA estimates

**Exhibit 2: SCB – staged loans and ECL**

	2021 (THB b)	2022 (THB b)	2023 (THB b)	1Q24 (THB b)	2021 (%)	2022 (%)	2023 (%)	1Q24 (%)
<b>Staged loans</b>								
Stage 1	2,576	2,584	2,546	2,414	89.6	90.4	90.3	89.3
Stage 2	190	179	175	195	6.6	6.3	6.2	7.2
Stage 3	109	95	97	95	3.8	3.3	3.4	3.5
Total	2,875	2,858	2,818	2,704	100.0	100.0	100.0	100.0
<b>Allowance for ECL</b>								
Stage 1	47	46	46	45	1.8	1.8	1.8	1.9
Stage 2	43	49	50	52	22.6	27.2	28.7	26.9
Stage 3	63	58	59	55	57.4	60.7	60.6	58.1
Total	152	152	155	153	5.3	5.3	5.5	5.7
<b>LLR/ Loans</b>								
Stage 1	1.8	1.8	1.8	1.9				
Stage 2	22.6	27.2	28.7	26.9				
Stage 3	57.4	60.7	60.6	58.1				
Total	5.3	5.3	5.5	5.7				
<b>NPL / TL</b>								
NPL / TL	3.8	3.3	3.4	3.5				
<b>NPL vs. Stage 2 loans / TL</b>								
NPL vs. Stage 2 loans / TL	10.4	9.6	9.7	10.7				
<b>LLR / NPL</b>								
LLR / NPL	139	160	160	161				
<b>LLR / (NPL vs. Stage 2)</b>								
LLR / (NPL vs. Stage 2)	51	56	57	53				

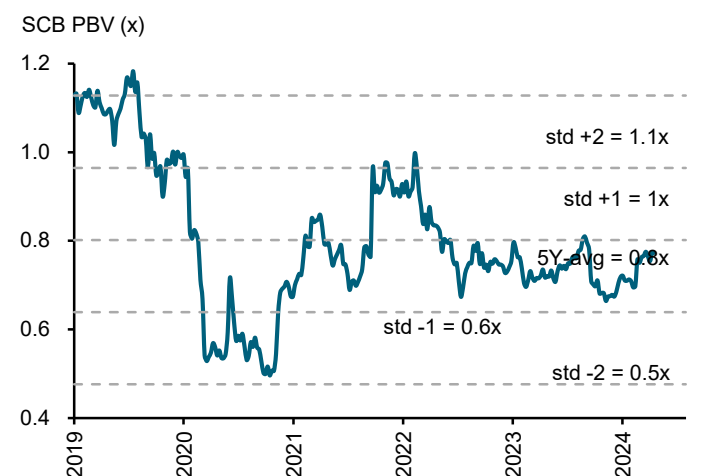
Sources: SCB; FSSIA's compilation

**Exhibit 3: GGM-based 2024 TP**

	New	Previous
Sustainable ROE	9.4%	9.1%
G	1.0%	1.0%
ROE-g	8.4%	8.1%
Beta	1.0	1.0
Risk free rate	3.0%	3.0%
Risk premium	8.0%	8.0%
COE	11.2%	11.2%
COE-g	10.2%	10.2%
<b>ROE-g/COE-g ; P/BV (X)</b>	<b>0.82</b>	<b>0.80</b>

Source: FSSIA estimates

**Exhibit 5: SCB – one-year prospective PBV band**



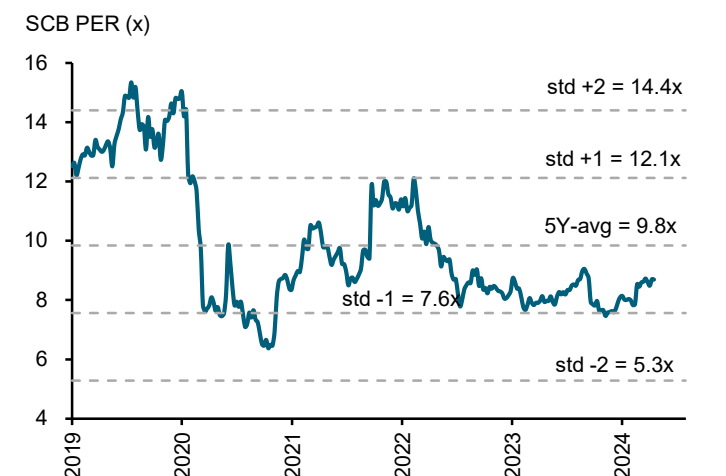
Sources: Bloomberg; FSSIA estimates

**Exhibit 4: Share price performance of banks under coverage, as of 19 April 2024**

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	(1.42)	(4.15)	(17.07)	(13.17)	(11.50)
KBANK TB	0.00	2.90	(3.88)	(3.50)	(8.15)
KKP TB	0.99	9.63	(0.49)	(21.46)	1.99
KTB TB	(4.76)	(1.23)	(16.67)	(12.09)	(13.04)
<b>SCB TB</b>	<b>(10.82)</b>	<b>(1.90)</b>	<b>3.26</b>	<b>0.00</b>	<b>(2.83)</b>
TISCO TB	(0.75)	2.06	2.85	8.17	(0.50)
TTB TB	(3.78)	(1.11)	2.89	19.46	6.59
<b>SETBANK</b>	<b>(3.85)</b>	<b>(1.17)</b>	<b>(6.85)</b>	<b>(5.06)</b>	<b>(6.15)</b>
<b>SET</b>	<b>(3.55)</b>	<b>(2.76)</b>	<b>(4.81)</b>	<b>(14.52)</b>	<b>(5.92)</b>

Source: Bloomberg

**Exhibit 6: SCB – one-year prospective PER band**



Sources: Bloomberg; FSSIA estimates

## Exhibit 7: Peer regional banks comparison, as of 19 April 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD b)	----- PE -----		----- PBV ----		----- ROE ----		-- Div yld --	
						24E (x)	25E (x)	24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)
<b>Thailand</b>													
Bangkok Bank	BBL TB	138.50	191.00	38	7,172	6.3	6.0	0.5	0.4	7.7	7.6	4.7	4.8
Kasikornbank	KBANK TB	124.00	140.00	13	7,970	6.7	6.2	0.5	0.5	8.1	8.4	4.2	4.6
Krung Thai Bank	KTB TB	16.00	19.90	24	6,066	5.9	5.8	0.5	0.5	9.1	8.8	5.6	5.7
SCB X	SCB TB	103.00	120.00	17	9,408	7.9	7.4	0.7	0.7	9.1	9.5	10.2	10.8
TMBThanachart Bank	TTB TB	1.78	2.24	26	4,677	8.8	8.3	0.7	0.7	8.4	8.5	6.2	6.6
Kiatnakin Bank	KKP TB	51.25	50.60	(1)	1,177	7.5	7.0	0.7	0.6	9.3	9.3	6.3	6.8
Tisco Financial Group	TISCO TB	99.25	97.00	(2)	2,156	11.8	11.7	1.8	1.8	15.7	15.5	7.8	7.8
<b>Thailand weighted average</b>					<b>5,518</b>	<b>9.3</b>	<b>8.8</b>	<b>0.8</b>	<b>0.7</b>	<b>8.4</b>	<b>8.4</b>	<b>5.0</b>	<b>5.2</b>
<b>Hong Kong</b>													
Industrial & Comm Bank of China	1398 HK	4.11	n/a	n/a	252,230	3.8	3.7	0.4	0.3	10.2	10.1	8.3	8.4
China Construction Bank	939 HK	4.87	n/a	n/a	159,209	3.4	3.1	0.4	0.3	10.8	10.5	9.0	9.4
HSBC Holdings	5 HK	61.85	n/a	n/a	149,081	6.2	6.6	0.8	0.8	14.3	12.1	9.8	7.6
Bank of China	3988 HK	3.36	n/a	n/a	173,283	4.1	4.0	0.4	0.3	9.5	9.3	7.8	8.1
<b>Hong Kong average</b>					<b>183,451</b>	<b>4.4</b>	<b>4.3</b>	<b>0.5</b>	<b>0.4</b>	<b>11.2</b>	<b>10.5</b>	<b>8.7</b>	<b>8.4</b>
<b>China</b>													
Industrial & Comm Bank of China	601398 CH	5.55	n/a	n/a	252,211	5.6	5.4	0.5	0.5	10.0	9.7	5.6	5.7
Agricultural Bank of China	601288 CH	4.54	n/a	n/a	213,841	6.0	5.8	0.6	0.6	10.5	10.2	5.2	5.4
China Construction Bank	601939 CH	7.35	n/a	n/a	159,196	5.5	5.2	0.6	0.5	10.9	10.6	5.5	5.8
Bank of China	601988 CH	4.72	n/a	n/a	173,269	6.5	6.3	0.6	0.5	9.3	9.0	4.9	5.1
<b>China average</b>					<b>199,629</b>	<b>5.9</b>	<b>5.7</b>	<b>0.6</b>	<b>0.5</b>	<b>10.2</b>	<b>9.9</b>	<b>5.3</b>	<b>5.5</b>
<b>South Korea</b>													
KB Financial Group	105560 KS	63,700	n/a	n/a	19,833	5.3	4.8	0.4	0.4	8.6	9.0	4.9	5.3
Shinhan Financial Group	055550 KS	41,750	n/a	n/a	16,254	4.9	4.5	0.4	0.4	8.6	8.7	5.0	5.3
Hana Financial Group	086790 KS	52,400	n/a	n/a	11,865	4.4	4.1	0.4	0.4	9.3	9.4	6.5	7.0
Industrial Bank of Korea	024110 KS	13,350	n/a	n/a	7,850	3.9	3.7	0.3	0.3	9.1	8.9	7.8	8.3
<b>South Korea average</b>					<b>13,950</b>	<b>4.6</b>	<b>4.3</b>	<b>0.4</b>	<b>0.4</b>	<b>8.9</b>	<b>9.0</b>	<b>6.0</b>	<b>6.5</b>
<b>Indonesia</b>													
Bank Central Asia	BBCA IJ	9,475	n/a	n/a	72,034	21.8	20.0	4.3	4.0	21.0	20.8	2.7	3.0
Bank Rakyat Indonesia Persero	BBRI IJ	5,275	n/a	n/a	49,305	11.8	10.5	2.4	2.2	20.9	22.0	6.6	7.4
Bank Mandiri Persero	BMRI IJ	6,725	n/a	n/a	38,709	10.8	9.8	2.2	2.0	21.5	21.3	5.3	5.7
Bank Negara Indonesia Persero	BBNI IJ	5,225	n/a	n/a	12,018	8.2	7.3	1.2	1.1	15.1	15.4	5.3	6.2
Bank Syariah Indonesia	BRIS IJ	2,540	n/a	n/a	7,226	17.7	15.2	2.7	2.4	16.3	16.7	0.9	1.2
<b>Indonesia average</b>					<b>35,858</b>	<b>14.1</b>	<b>12.6</b>	<b>2.6</b>	<b>2.3</b>	<b>18.9</b>	<b>19.2</b>	<b>4.2</b>	<b>4.7</b>
<b>Malaysia</b>													
Malayan Banking	MAY MK	9.65	n/a	n/a	24,341	11.7	11.2	1.2	1.2	10.3	10.5	6.4	6.7
Public Bank	PBK MK	4.15	n/a	n/a	16,838	11.5	10.9	1.4	1.3	12.5	12.4	4.8	5.1
CIMB Group Holdings	CIMB MK	6.56	n/a	n/a	14,639	9.2	8.7	1.0	0.9	10.8	10.8	6.1	6.4
Hong Leong Bank	HLBK MK	19.50	n/a	n/a	8,836	9.9	9.2	1.1	1.0	11.5	11.5	3.4	3.7
RHB Bank	RHBBANK MK	5.48	n/a	n/a	4,910	8.3	7.8	0.7	0.7	9.1	9.2	7.4	7.7
<b>Malaysia average</b>					<b>13,913</b>	<b>10.1</b>	<b>9.6</b>	<b>1.1</b>	<b>1.0</b>	<b>10.8</b>	<b>10.9</b>	<b>5.6</b>	<b>5.9</b>
<b>Singapore</b>													
DBS Group Holdings	DBS SP	36.41	n/a	n/a	68,834	9.5	9.5	1.5	1.4	16.0	15.4	6.4	6.9
Oversea-Chinese Banking	OCBC SP	13.69	n/a	n/a	45,348	8.6	8.5	1.1	1.0	12.9	12.2	6.2	6.3
United Overseas Bank	UOB SP	29.93	n/a	n/a	36,975	8.6	8.3	1.1	1.0	12.7	12.5	5.9	6.1
<b>Singapore average</b>					<b>50,385</b>	<b>8.9</b>	<b>8.8</b>	<b>1.2</b>	<b>1.2</b>	<b>13.9</b>	<b>13.4</b>	<b>6.2</b>	<b>6.5</b>
<b>Regional average (excl. Thailand)</b>					<b>79,525</b>	<b>8.3</b>	<b>7.8</b>	<b>1.1</b>	<b>1.0</b>	<b>12.5</b>	<b>12.3</b>	<b>5.9</b>	<b>6.1</b>
<b>Total average (incl. Thailand)</b>					<b>63,336</b>	<b>8.2</b>	<b>7.7</b>	<b>1.0</b>	<b>1.0</b>	<b>11.8</b>	<b>11.7</b>	<b>6.0</b>	<b>6.3</b>

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)	(44,165)	(44,339)
Net interest income	107,865	124,684	129,713	133,622	138,632
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	182,239	188,501
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	102,947	106,603
Expected credit loss	(33,829)	(43,600)	(44,224)	(42,811)	(43,882)
Other provisions	-	-	-	-	-
Operating profit	50,718	55,725	56,453	60,135	62,721
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	60,135	62,721
Tax	(13,592)	(11,955)	(12,137)	(12,929)	(13,485)
Profit after tax	37,125	43,770	44,315	47,206	49,236
Non-controlling interest	421	(247)	(252)	(257)	(262)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	37,546	43,523	44,063	46,949	48,974
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	37,546	43,523	44,063	46,949	48,974
<b>Per share (THB)</b>					
Recurring EPS *	11.15	12.93	13.09	13.94	14.54
Reported EPS	11.15	12.93	13.09	13.94	14.54
DPS	6.69	10.34	10.47	11.15	11.64
<b>Growth</b>					
Net interest income (%)	13.3	15.6	4.0	3.0	3.7
Non interest income (%)	(15.6)	(0.3)	2.1	2.5	2.6
Pre provision operating profit (%)	(2.6)	17.5	1.4	2.3	3.6
Operating profit (%)	13.3	9.9	1.3	6.5	4.3
Reported net profit (%)	5.5	15.9	1.2	6.5	4.3
Recurring EPS (%)	6.4	15.9	1.2	6.5	4.3
Reported EPS (%)	6.4	15.9	1.2	6.5	4.3
<b>Income Breakdown</b>					
Net interest income (%)	69.9	72.9	73.2	73.3	73.5
Net fees & commission (%)	24.1	19.1	18.9	19.0	18.9
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	4.4	5.2	5.0	4.9	4.7
Dividend income (%)	0.1	0.1	0.1	0.1	0.1
Other income (%)	1.6	2.7	2.7	2.7	2.8
<b>Operating performance</b>					
Gross interest yield (%)	3.87	4.81	5.11	5.10	5.10
Cost of funds (%)	0.70	1.26	1.56	1.56	1.53
Net interest spread (%)	3.17	3.55	3.55	3.54	3.57
Net interest margin (%)	3.32	3.72	3.82	3.83	3.86
Cost/income(%)	45.2	42.0	43.2	43.5	43.4
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	80.0	80.0	80.0	80.0
ROE (%)	8.3	9.3	9.1	9.5	9.7
ROE - COE (%)	(2.9)	(2.0)	(2.1)	(1.7)	(1.5)
ROA (%)	1.1	1.3	1.3	1.3	1.3
RORWA (%)	1.6	1.9	1.9	2.0	2.0

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: SCB X; FSSIA estimates

## Financial Statements

SCB X

Balance Sheet (THB m) Year Ending Dec	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)	(166,021)	(170,903)
interest in suspense	19,523	23,467	24,640	25,872	27,166
<b>Net customer loans</b>	<b>2,247,848</b>	<b>2,301,044</b>	<b>2,353,658</b>	<b>2,409,259</b>	<b>2,469,406</b>
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	47,965	38,005	31,104
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
<b>Total assets</b>	<b>3,454,452</b>	<b>3,438,722</b>	<b>3,539,588</b>	<b>3,628,023</b>	<b>3,725,990</b>
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	90,000	70,000
Non interest bearing liabilities	178,697	180,759	198,185	217,321	238,336
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>2,987,840</b>	<b>2,954,989</b>	<b>3,045,625</b>	<b>3,121,316</b>	<b>3,206,751</b>
Share capital	33,671	33,671	33,671	33,671	33,671
Reserves	427,561	444,411	454,075	466,199	478,047
<b>Total equity</b>	<b>461,232</b>	<b>478,082</b>	<b>487,746</b>	<b>499,870</b>	<b>511,718</b>
Non-controlling interest	5,380	5,651	6,216	6,838	7,522
<b>Total liabilities &amp; equity</b>	<b>3,454,452</b>	<b>3,438,722</b>	<b>3,539,588</b>	<b>3,628,023</b>	<b>3,725,990</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	2,306,339	2,303,944	2,371,524	2,430,776	2,505,717
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	2,828,877	2,891,043
CET 1 capital	408,287	417,315	432,437	449,082	466,069
Total capital	434,907	443,382	452,511	462,554	495,168
Gross non performing loans (NPL)	95,329	96,832	100,932	104,532	107,132
<b>Per share (THB)</b>					
Book value per share	136.98	141.99	144.86	150.43	156.10
Tangible book value per share	136.98	141.99	144.86	150.43	156.10
<b>Growth</b>					
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)	2.9	2.5	2.7
Risk weighted assets (%)	1.8	(0.1)	2.9	2.5	2.9
Customer deposits (%)	3.6	(4.4)	2.5	3.0	3.0
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	88.0	94.2	94.0	93.4	93.0
Equity/assets (%)	13.4	13.9	13.8	13.8	13.7
Tangible equity/assets (%)	13.4	13.9	13.8	13.8	13.7
RWA/assets (%)	66.8	67.0	67.0	67.0	67.0
CET 1 CAR (%)	17.7	18.1	18.0	17.9	18.6
Total CAR (%)	18.89	19.23	19.4	19.6	19.8
<b>Asset Quality (FSSIA's calculation)</b>					
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	6.5	6.5
Allowance for ECL/NPL (%)	156.2	153.9	156.7	158.8	159.5
<b>Valuation</b>					
Recurring P/E (x) *	9.2	8.0	7.9	7.4	7.1
Recurring P/E @ target price (x) *	10.8	9.3	9.2	8.6	8.3
Reported P/E (x)	9.2	8.0	7.9	7.4	7.1
Dividend yield (%)	6.5	10.0	10.2	10.8	11.3
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	0.8

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: SCB X; FSSIA estimates



# SCB X PCL (SCB TB)

**FSSIA ESG rating**

★★★★

**62.57 /100**

## Exhibit 8: 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.
★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>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 9: 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 10: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.85</b>	<b>1.83</b>	<b>2.65</b>	<b>3.04</b>	<b>2.65</b>	<b>2.83</b>	<b>2.89</b>	<b>3.43</b>
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	--
<b>ESG disclosure score</b>	<b>45.82</b>	<b>48.25</b>	<b>49.39</b>	<b>50.60</b>	<b>53.91</b>	<b>53.91</b>	<b>52.24</b>	<b>--</b>
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	--
<b>Environmental</b>								
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 11: 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
<b>Social</b>								
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
<b>Governance</b>								
<b>Board size</b>	<b>17</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>15</b>	<b>17</b>	<b>16</b>
<b>No. of independent directors (ID)</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>8</b>
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
<b>No. of executives / company managers</b>	<b>8</b>	<b>12</b>	<b>17</b>	<b>17</b>	<b>13</b>	<b>17</b>	<b>18</b>	<b>10</b>
No. of female executives	1	3	6	5	3	6	7	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of compensation committee</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>
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
<b>Size of nomination committee</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>
No. of nomination committee meetings	9	11	12	12	13	16	24	14
Nomination meeting attendance %	88	93	93	91	92	95	98	100
<b>Sustainability governance</b>								
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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																			
<b>CG Score</b> 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 (50-59), 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%).																			
<b>AGM level</b> 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&amp;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.																			
<b>Thai CAC</b> 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.																			
<b>Morningstar Sustainalytics</b>	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 &amp; 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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<b>ESG Book</b>	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.																			
<b>MSCI</b>	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><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	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.																				
<b>Refinitiv ESG rating</b>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	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.																				
<b>Bloomberg</b>	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.

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Company	Ticker	Price	Rating	Valuation & Risks
SCB X	SCB TB	THB 103.00	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.
Bangkok Bank	BBL TB	THB 138.50	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.
Kasikornbank	KBANK TB	THB 124.00	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 economic recovery; and 2) the rising NIM from well-control cost of funds.
Krung Thai Bank	KTB TB	THB 16.00	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.
TMBThanachart Bank	TTB TB	THB 1.78	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 51.25	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 99.25	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-Apr-2024 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / current price.

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

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

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

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

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

## Industry Recommendations

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

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

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

## Country (Strategy) Recommendations

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

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

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