

Thailand Banks

Loan growth turned slightly negative in Apr 2024

- Most banks showed negative loan growth except for BBL, which was flat m-m.
- We retain our conservative approach to 2024-26 net profit growth, aligning with banks' guidance, which shows a more cautious view of 2024 loan growth and high credit costs.
- We maintain our UNDERWEIGHT call for the banking sector, with TTB as our top pick.

Most banks showed negative loan growth; SCB performed the worst

Seven banks under our coverage reported a decline in aggregate net loan growth (net of allowances for ECL) for Apr 2024 by 0.3% m-m, but an increase of 0.72% y-y and 0.31% YTD (aligning with our conservative 2024 forecast of 2.6% y-y), amounting to THB10.87t. Most big banks showed a m-m decrease in net loan growth, except for BBL, which was flat m-m. Most net loan decreases were due primarily to a decline in corporate loans (SCB, KTB, and KBANK). SME loans were relatively flat and slightly rose m-m (SCB, TTB, TISCO, and KKP). Regarding the retail segment, high-yield loans posted an increase (TISCO, TTB, and KKP), as did AutoX loans (SCB). However, hire-purchase loans for both new and used cars contracted for most banks (SCB, TTB, KKP, and TISCO) due to their prudent credit strategies in this segment and the low season.

Deposits continued to grow m-m, except for BBL, TISCO, and KTB

Deposits moved in contrast with net loans in Apr 2024, increasing by 0.19% m-m but decreasing by 0.73% y-y and 0.38% YTD, amounting to THB12.38t. SCB and KBANK reported the most significant deposit increase this month, unlike BBL, TISCO, and KTB, which showed the largest decrease. Most of the rise in deposits occurred in the CASA segment due to the effects of the dividend season.

Sluggish 2024E profit growth; no prominent catalysts

Our expected aggregate 2024 net profit growth of 1.2% y-y is due mainly to a large base in 2023 and a lack of prominent catalysts. In addition, the 2024 business guidance from most banks shows a more cautious view on loan growth, with NIM ranging from flat to contracting, flat-to-low single-digit non-NII and fee income growth, and a stubbornly high level of ECLs and credit costs. For 2025-26, we expect a more remarkable net profit growth rate of 5.3-5.6% y-y, based on our conservative assumptions for loan growth (c2.7% p.a.), continued low single-digit fee income growth, and a gradual reduction in credit costs.

Maintain Underweight call with TTB as our top Buy

We retain our UNDERWEIGHT call on the Thai banking sector. We pick TTB (TP THB2.19) as our top BUY based on the limited downside risks on the earnings from its remaining tax benefits of THB14.1b and an attractive dividend yield of c5-6% p.a. In addition, we prefer KTB (TP THB19.90) to KBANK (TP THB140), following our reduced concern over its asset quality and more attractive dividend yields of 5-6% p.a. Finally, we pick SCB (TP THB120) as a dividend play for its outstanding yields of 10-11% p.a. under an 80% payout ratio assumption.



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Exhibit 1: Loan and deposit movement of banks under our coverage in Apr 2024

	BBL	KBANK	KKP	KTB	SCB	TISCO	TTB	Coverage
Growth (m-m %)								
Loan	0.04	(0.08)	(0.30)	(0.46)	(0.63)	(0.29)	(0.33)	(0.30)
Deposit	(0.82)	0.75	0.74	(0.39)	1.19	(0.74)	0.44	0.19
Deposit + Borrowing	(0.73)	0.57	(1.25)	(0.30)	1.09	0.16	0.45	0.11
Growth (y-y %)								
Loan	3.57	(1.52)	(0.01)	0.56	2.21	4.67	(2.60)	0.72
Deposit	0.50	(0.99)	3.33	(0.46)	(2.75)	6.20	(1.47)	(0.73)
Deposit + Borrowing	1.07	(1.59)	(1.18)	(0.13)	(2.02)	2.97	(1.43)	(0.68)
Growth (YTD %)								
Loan	1.84	(1.42)	(0.96)	1.66	0.34	0.08	(1.23)	0.31
Deposit	0.01	0.83	0.10	(2.15)	(0.14)	(0.77)	(0.58)	(0.38)
Deposit + Borrowing	(0.30)	0.53	(3.59)	(1.98)	(0.89)	(4.79)	(0.44)	(0.80)
LDR (%)	77.98	82.22	106.40	91.44	94.65	109.64	90.92	87.81

Sources: Company data; FSSIA estimates

Exhibit 2: 1Q24 earnings results of Thai banks under coverage

Year-end 31 Dec	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y %)
Net interest income	141,527	149,783	157,561	161,865	156,319	(3.4)	10.5	610,735	624,592	2.3
Non-interest income	49,994	50,687	44,609	43,454	48,419	11.4	(3.1)	188,744	194,698	3.2
Fee income - net	34,453	32,865	33,258	32,140	33,445	4.1	(2.9)	132,717	134,913	1.7
Total operating income	191,520	200,470	202,170	205,318	204,738	(0.3)	6.9	799,479	819,290	2.5
Total operating expenses	81,874	86,033	88,651	100,649	90,311	(10.3)	10.3	357,208	376,248	5.3
PPOP before tax	109,646	114,437	113,519	104,669	114,427	9.3	4.4	442,271	443,042	0.2
Expected credit loss	44,726	47,701	48,343	54,320	44,501	(18.1)	(0.5)	195,089	192,001	(1.6)
Income tax	12,922	12,837	13,233	5,775	13,018	125.4	0.7	44,767	46,123	3.0
Non-controlling interest	1,895	1,758	1,490	1,902	1,965	3.4	3.7	7,044	7,202	2.2
Net profit	50,104	52,140	50,454	42,673	54,943	28.8	9.7	195,372	197,716	1.2
EPS (THB)	10.53	10.96	10.60	8.97	11.55	28.8	9.7	41.15	40.82	(0.8)
Key ratios	1Q23	2Q23	3Q23	4Q23	1Q24	---- Change ----		2023	2024E	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(%)	(%)	
Gross NPLs (THB m)	444,054	438,699	438,484	435,884	441,977	1.4	(0.5)	435,884	453,490	4.0
Change (% from prior period)	(0.5)	(1.2)	(0.0)	(0.6)	1.4			(2.3)	4.0	
NPL ratio (%)	3.69	3.61	3.58	3.59	3.62			3.59	3.64	
Coverage ratio (%)	183	184	186	188	185			188	188	
Credit cost (bp)	148	158	159	178	146			161	156	
Profitability ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
Cost to income ratio	42.7	42.9	43.8	49.0	44.1			44.7	45.9	
Average yield (%)	4.22	4.50	4.74	4.91	4.80			4.58	4.73	
Cost of funds (%)	1.25	1.38	1.46	1.59	1.63			1.42	1.62	
NIM (%)	3.19	3.37	3.53	3.60	3.47			3.41	3.41	
Non-interest income/total income (%)	26.1	25.3	22.1	21.2	23.6			23.6	23.8	
Liquidity ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
Loan to deposit	92.7	94.2	95.0	93.8	95.0			93.8	93.9	
Loan to deposit & borrowing (LDBR)	86.8	87.7	88.1	87.2	88.6			87.2	87.5	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
q-q	(0.6)	0.8	0.8	(0.9)	0.7					
y-y	1.0	0.6	0.5	0.1	1.4			0.1	2.6	
Year-to-date	(0.6)	0.2	1.0	0.1	0.7					

Sources: Company data; FSSIA estimates

Exhibit 3: Aggregate banks – breakdown of 1Q24 operations

Year-end Dec 31	BBL	KBANK	KTB	SCB	TTB	KKP	TISCO	Coverage
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Net interest income	33,422	38,528	29,561	31,761	14,397	5,253	3,395	156,319
Change q-q%	(5.0)	(0.8)	(2.6)	(4.9)	(3.7)	(5.6)	(4.8)	(3.4)
Change y-y%	11.1	10.5	15.4	9.7	6.6	0.6	3.3	10.5
Non-interest income	8,260	11,624	11,141	11,234	3,273	1,579	1,307	48,419
Change q-q%	17.8	(3.5)	20.7	23.0	(3.3)	13.4	3.8	11.4
Change y-y%	(19.1)	(0.6)	15.4	(6.0)	(2.8)	(8.1)	(5.5)	(3.1)
Fee income - net	6,927	8,299	5,577	7,897	2,454	1,123	1,168	33,445
Change q-q%	2.3	9.9	2.6	10.2	(7.0)	(15.7)	(6.7)	4.1
Change y-y%	(2.7)	2.3	8.5	(11.4)	(4.1)	(16.4)	(7.8)	(2.9)
Insurance premium - net	0	0	0	0	0	0	0	0
Total operating income	41,682	50,152	40,703	42,995	17,671	6,832	4,703	204,738
Change q-q%	(1.2)	(1.5)	2.8	1.1	(3.6)	(1.8)	(2.5)	(0.3)
Change y-y%	3.4	7.7	15.4	5.1	4.7	(1.6)	0.7	6.9
Total operating expenses	19,618	20,713	17,731	18,100	7,570	4,316	2,263	90,311
Change q-q%	(16.9)	(15.5)	(0.1)	(7.3)	(9.2)	(5.8)	(3.8)	(10.3)
Change y-y%	4.1	4.6	29.9	8.0	3.7	33.3	(0.8)	10.3
PPOP before tax	22,064	29,439	22,972	24,895	10,100	2,516	2,440	114,427
Change q-q%	18.8	11.6	5.2	8.1	1.0	6.1	(1.3)	9.3
Change y-y%	2.9	9.9	6.2	3.1	5.6	(32.0)	2.1	4.4
Expected credit loss	8,582	11,684	8,029	10,201	5,117	609	279	44,501
Change q-q%	16.9	(13.9)	(38.6)	9.3	(45.1)	(57.4)	11.5	(18.1)
Change y-y%	1.3	(7.9)	(0.9)	2.8	19.7	(44.5)	79.6	(0.5)
Income tax	2,849	3,403	2,936	3,354	(351)	400	428	13,018
Non-controlling interest	109	867	929	59	0	1	0	1,965
Normalised profit	10,524	13,486	11,078	11,281	5,335	1,506	1,733	54,943
Extraordinary items	0	0	0	0	0	0	0	0
Net profit	10,524	13,486	11,078	11,281	5,335	1,506	1,733	54,943
Change q-q%	18.7	43.7	81.3	2.6	9.6	124.9	(2.6)	28.8
Change y-y%	3.9	25.6	10.1	2.6	24.2	(27.7)	(3.3)	9.7
EPS (THB)	5.51	5.69	0.79	3.35	0.06	1.78	2.16	11.55

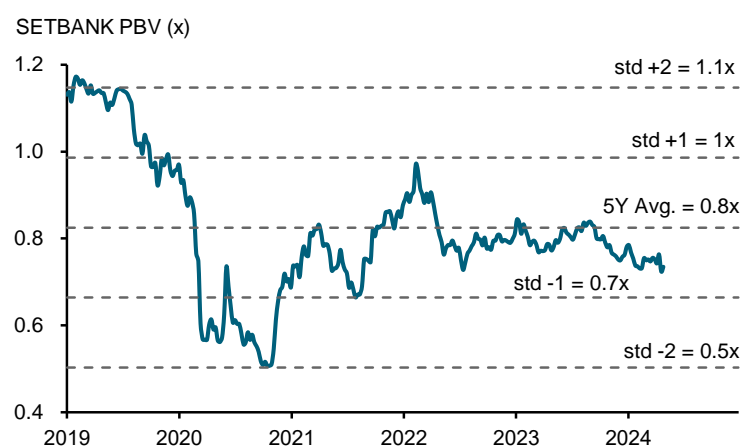
Sources: Company data; FSSIA's compilation

Exhibit 4: Thai banks – key financial summary, as of 21 May 2024

	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net profit (THB m)	167,006	156,017	111,916	145,315	165,342	195,373	197,716	208,250	219,987
EPS (THB)	39.7	35.6	25.5	33.2	34.7	41.15	40.8	43.0	45.4
Change y-y	9.2%	-10.3%	-28.3%	29.8%	4.8%	18.4%	-0.8%	5.3%	5.6%
P/E (x)	11.1	9.5	13.2	12.5	11.2	9.3	9.1	8.6	8.1
BVS (THB)	393.2	422.3	441.4	473.1	455.1	479.0	491.1	511.2	536.2
P/B (x)	1.1	0.8	0.8	0.9	0.9	0.8	0.8	0.7	0.7
ROE (%)	10.4	8.9	5.9	7.3	7.8	8.8	8.5	8.6	8.7
ROA (%)	1.2	1.1	0.7	0.8	0.9	1.1	1.0	1.1	1.1
Dividend yield (%)	3.4	4.8	2.3	2.5	3.6	5.2	5.4	5.7	5.9

Sources: Company data; Bloomberg; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Share price performance of Thai banks under our coverage, as of 21 May 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	0.7	(2.5)	(8.3)	(13.7)	(11.2)
KBANK TB	7.2	8.1	1.5	(0.4)	(0.7)
KKP TB	(0.9)	5.0	5.0	(16.3)	4.5
KTB TB	6.2	5.5	(5.5)	(10.9)	(6.5)
SCB TB	2.4	(4.4)	8.6	3.9	1.4
TISCO TB	(1.3)	(1.8)	0.0	2.9	(1.5)
TTB TB	(1.7)	(5.9)	14.2	12.7	6.0
SETBANK	1.7	(0.9)	(0.4)	(2.9)	(3.4)
SET	1.6	(2.3)	(3.1)	(10.4)	(3.2)

Sources: Bloomberg; FSSIA's compilation

Exhibit 7: Peer regional bank comparisons as of 21 May 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD b)	----- PE ----- 24E 25E (x) (x)	--- PBV --- 24E 25E (x) (x)	----- ROE ----- 24E 25E (%) (%)	--- Div yld --- 24E 25E (x) (x)				
Thailand													
Bangkok Bank	BBL TB	139.00	191.00	37	7,304	6.3 6.1	0.5 0.4	7.7 7.6	4.7 4.8				
Kasikornbank	KBANK TB	134.00	140.00	4	8,740	7.7 7.2	0.6 0.6	7.7 8.0	4.9 5.2				
Krung Thai Bank	KTB TB	17.20	19.90	16	6,617	6.4 6.2	0.6 0.5	9.1 8.8	5.2 5.3				
SCB X	SCB TB	107.50	120.00	12	9,964	8.2 7.7	0.7 0.7	9.1 9.5	9.7 10.4				
TMBThanachart Bank	TTB TB	1.77	2.24	27	4,720	8.8 8.3	0.7 0.7	8.4 8.5	6.3 6.7				
Kiatnakin Bank	KKP TB	52.50	50.60	(4)	1,224	7.7 7.2	0.7 0.7	9.3 9.3	6.2 6.7				
Tisco Financial Group	TISCO TB	98.25	97.00	(1)	2,165	11.7 11.6	1.8 1.8	15.7 15.5	7.9 7.9				
Thailand weighted average					5,819	9.1 8.6	0.8 0.7	8.5 8.6	5.4 5.7				
Hong Kong													
Industrial & Comm Bank of China	1398 HK	4.76	n/a	n/a	257,451	4.4 4.3	0.4 0.4	10.2 9.8	7.2 7.3				
China Construction Bank	939 HK	5.89	n/a	n/a	188,071	4.1 4.0	0.4 0.4	10.7 10.3	7.5 7.7				
HSBC Holdings	5 HK	69.50	n/a	n/a	165,958	6.8 7.2	0.9 0.9	15.0 12.0	9.0 7.1				
Bank of China	3988 HK	3.96	n/a	n/a	173,262	4.8 4.7	0.4 0.4	9.4 8.5	6.6 6.8				
Hong Kong average					196,185	5.0 5.0	0.6 0.5	11.3 10.2	7.6 7.2				
China													
Industrial & Comm Bank of China	601398 CH	5.51	n/a	n/a	257,544	5.6 5.4	0.5 0.5	10.0 9.5	5.7 5.8				
Agricultural Bank of China	601288 CH	4.42	n/a	n/a	209,238	6.0 5.8	0.6 0.6	10.5 10.0	5.3 5.5				
China Construction Bank	601939 CH	7.16	n/a	n/a	188,139	5.4 5.3	0.6 0.5	10.7 10.2	5.6 5.8				
Bank of China	601988 CH	4.53	n/a	n/a	173,325	6.0 6.1	0.6 0.5	9.4 8.8	5.3 5.2				
China average					207,062	5.7 5.6	0.6 0.5	10.2 9.6	5.5 5.5				
South Korea													
KB Financial Group	105560 KS	79,100	n/a	n/a	22,948	6.0 5.4	0.5 0.5	8.7 9.1	4.1 4.6				
Shinhan Financial Group	055550 KS	47,850	n/a	n/a	17,658	5.2 4.8	0.4 0.4	8.8 8.8	4.6 4.9				
Hana Financial Group	086790 KS	62,300	n/a	n/a	13,177	4.8 4.4	0.4 0.4	9.4 9.4	5.9 6.5				
Industrial Bank of Korea	024110 KS	13,950	n/a	n/a	8,036	4.0 3.9	0.3 0.3	9.0 8.8	7.7 8.2				
South Korea average					15,455	5.0 4.6	0.4 0.4	9.0 9.0	5.6 6.0				
Indonesia													
Bank Central Asia	BBCA IJ	9,425	n/a	n/a	72,485	21.6 19.8	4.4 4.0	21.2 21.2	3.0 3.3				
Bank Rakyat Indonesia Persero	BBRI IJ	4,720	n/a	n/a	44,629	11.3 10.1	2.2 2.0	19.8 20.8	6.8 7.4				
Bank Mandiri Persero	BMRI IJ	6,050	n/a	n/a	35,228	10.0 9.1	2.0 1.8	20.7 20.7	5.9 6.2				
Bank Negara Indonesia Persero	BBNI IJ	4,760	n/a	n/a	11,076	7.9 7.0	1.1 1.0	14.5 15.0	5.9 6.6				
Bank Syariah Indonesia	BRIS IJ	2,330	n/a	n/a	6,705	16.1 13.6	2.4 2.1	16.0 16.6	1.0 1.4				
Indonesia average					34,025	13.4 11.9	2.4 2.2	18.4 18.9	4.5 5.0				
Malaysia													
Malayan Banking	MAY MK	9.99	n/a	n/a	25,671	12.1 11.6	1.3 1.2	10.3 10.5	6.2 6.5				
Public Bank	PBK MK	4.19	n/a	n/a	17,360	11.7 11.1	1.4 1.3	12.3 12.3	4.7 5.0				
CIMB Group Holdings	CIMB MK	6.84	n/a	n/a	15,648	9.7 9.2	1.0 1.0	10.8 10.8	5.8 6.1				
Hong Leong Bank	HLBK MK	19.42	n/a	n/a	9,020	10.0 9.3	1.1 1.0	11.5 11.5	3.4 3.7				
RHB Bank	RHBBANK MK	5.49	n/a	n/a	5,124	8.3 7.8	0.7 0.7	9.1 9.2	7.3 7.6				
Malaysia average					14,565	10.4 9.8	1.1 1.0	10.8 10.8	5.5 5.8				
Singapore													
DBS Group Holdings	DBS SP	35.68	n/a	n/a	75,472	9.7 9.8	1.6 1.5	16.4 15.5	6.2 6.6				
Oversea-Chinese Banking	OCBC SP	14.38	n/a	n/a	48,030	8.8 8.8	1.1 1.1	13.3 12.6	6.0 6.2				
United Overseas Bank	UOB SP	30.23	n/a	n/a	37,744	8.6 8.4	1.1 1.0	12.8 12.5	5.8 6.0				
Singapore average					53,748	9.0 9.0	1.3 1.2	14.2 13.6	6.0 6.3				
Regional average (excl. Thailand)					83,160	8.4 7.9	1.1 1.0	12.4 12.2	5.7 5.9				
Total average (incl. Thailand)					66,242	8.3 7.8	1.0 1.0	11.8 11.6	5.9 6.1				

Sources: Bloomberg; FSSIA estimates

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 Sustainability	The Sustainability's 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="2">Average:</td><td rowspan="2">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></tr><tr><td>B</td><td>1.429-2.856</td><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</td></tr></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	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

[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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 139.00	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 134.00	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.
Krung Thai Bank	KTB TB	THB 17.20	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
SCB X	SCB TB	THB 107.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
TMBThanachart Bank	TTB TB	THB 1.77	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. Upside risks are 1) a faster-than-expected economic recovery; and 2) improved asset quality leading to lower credit costs.
Kiatnakin Bank	KKP TB	THB 52.50	HOLD	Downside risks to our GGM-based target price include weakening asset quality and lower fee income and upside risks include better capital market conditions, higher used car price, and strengthening asset quality.
Tisco Financial	TISCO TB	THB 98.25	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 21-May-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.