FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating ★★★★★

KASIKORNBANK   KBANK TB
THAILAND / BANKING

More visibility on 2024 performance

- KBANK reported an in-line 2Q24 net profit, with a q-q drag from lower NII and higher OPEX.
- We view its 2Q24 asset quality as manageable despite the expected vulnerability in 2H24.
- We raise our 2024 TP to THB145 and upgrade our call to BUY.

2Q24 profit corrected in line with expectation

KBANK delivered an in-line 2Q24 net profit of THB12.6b, dropping by 6.2% q-q but jumping 15.1% y-y, while PPOP rose to THB28.5b, dipping by 3.0% q-q but rising 4.8% y-y. The decrease in net profit q-q was due to 1) weaker-than-expected net interest income by 2.8% q-q (but still increased 2.1% y-y); and 2) higher-than-expected operating expenses (from marketing expenses/IT-related/one-time employee subsidy measure). Thus, the cost-to-income ratio jumped to 43.4% from an abnormal low of 41.3% in 1Q24. However, non-NII increased more than expected, supported by the mark-to-market gains on FVTPL investments of THB3.17b. Net fee income dropped as expected, dragged by decreased credit cards and loan-related fees. 2Q24 loans returned to growth of 1.0% q-q and 1.6% y-y, but were slightly negative at 0.1% YTD, higher than our estimate. The NIM was slightly lower than expected at 3.68%, due to a shrinking loan yield and rising cost of funds.

Asset quality continues to be a critical focus in 2H24

Asset quality was stable in 2Q24 as expected, with no alarms. The NPL ratio (FSSIA's calculation) dipped to 3.64%, while the reported NPL ratio was 3.18%, still in line with its 2024 guidance of not exceeding 3.25%. However, stage 2 loans rose by 1.2% q-q and 3.6% y-y, but the proportion remained stable since 1Q23 at around 7.3-7.4% of total. Credit costs were stable at 189bp, consistent with the 2024 guidance of 175-195bp and below our target of 200bp. Accordingly, the coverage ratio rose to 144% from 142% in 1Q24.

## Upward revisions on 2024-26 profit forecast

We have raised our 2024-26 net profit forecasts by 12.1-15.8% due to 1) higher NIM, net fee income, and non-NII assumptions; and 2) the reduction in estimated loan growth and credit cost to align with its 2024 guidance. Consequently, the expected 2024-26 net profit growth rises to 10.1% CAGR, with our anticipated 2026 ROE spiking to 9.4%, close to its guidance of 10%, based on the expected dividend payout ratio increasing to 38-40% compared to 36.3% in 2023.

Upgrade to BUY with a new 2024 TP of THB145

We upgrade our recommendation to BUY from Hold, based on 1) the expectation that KBANK's 2024-26 profit growth will be higher than industry peers; and 2) attractive dividend yields of 6-7% p.a. We also raise the 2024 GGM-TP to THB145 (from THB140) at a P/BV of 0.63x (from 0.61x) under an expected 9.0% LT-ROE (from 7.9%) and 13.80% COE (from 12.36%).

BUY
FROM HOLD

TARGET PRICE	THB145.00
CLOSE	THB128.00
UP/DOWNSIDE	+13.3%
PRIOR TP	THB140.00
CHANGE IN TP	+3.6%
TP vs CONSENSUS	-2.3%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	55,845	61,024	66,656	72,981
Net profit	42,405	47,020	51,555	56,655
EPS (THB)	17.52	19.85	21.76	23.91
vs Consensus (%)	-	5.7	7.1	9.2
Recurring net profit	42,405	47,020	51,555	56,655
Core EPS (THB)	17.52	19.85	21.76	23.91
Chg. In EPS est. (%)	-	14.5	16.8	18.3
EPS growth (%)	18.6	13.3	9.6	9.9
Core P/E (x)	7.3	6.4	5.9	5.4
Dividend yield (%)	5.1	5.9	6.6	7.4
Price/book (x)	0.6	0.5	0.5	0.5
ROE (%)	8.2	8.6	9.0	9.4
ROA (%)	1.1	1.1	1.2	1.3

Jul-23 Oct-23 Jan-24 Apr-24 Jul-24

— KBANK   — Relative to SET
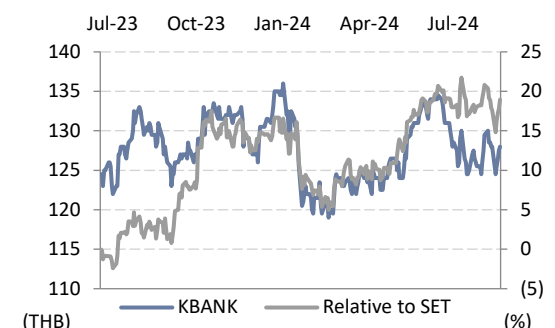
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.8	3.2	(4.8)
Relative to country (%)	1.8	4.4	11.0
Mkt cap (USD m)			8,358
3m avg. daily turnover (USD m)			36.0
Free float (%)			80
Major shareholder			Thai NVDR (16%)
12m high/low (THB)			136.50/118.50
Issued shares (m)			2,369

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

Investment thesis

We have a more favorable view of KBANK's 2H24 business outlook despite several headwinds due to:

- Its lending strategy focuses more on quality, primarily low-yield secured loans, and slows down high-yield unsecured loans – SME and retail segments could prove better for asset quality;

- Its advantages of having the mark-to-market investment gains of the FVTPL investment from its life insurance subsidiary MTL. Despite the negative net premium earned, it could help manage KBANK's performance impact amid the high credit cost level in 2024;

- Given its cheap valuation of 0.5x P/BV at the current share price and a more attractive dividend yield of 6-7% p.a. to approach its challenging double-digit ROE target in 2026, we upgrade our recommendation to BUY from Hold with a new 2024 TP of THB145.
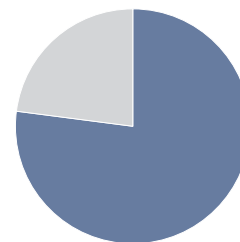
Company profile

Established on 8 June 1945, Kasikornbank was listed on the Stock Exchange of Thailand in 1976. In 3Q23, KBANK's branch declined to 813 from 2019 of 886. Assets in 3Q23 ranked second at 10.7% of the total assets of all Thai commercial banks.

www.kasikornbank.com
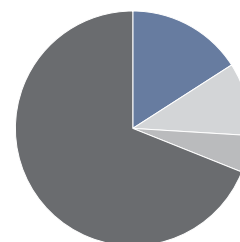
Principal activities (revenue, 1H24)

- Net interest income - 77.1 %

- Non-interest income - 22.9 %

Source: Kasikornbank

Major shareholders

- Thai NVDR - 15.9 %

- State Street Europe Ltd. - 10.1 %

- South East Asia UK (Type C) Nominees - 5.1 %

- Others - 68.9 %

Source: Kasikornbank

Catalysts

Potential share price catalysts for KBANK include:

- Lower credit cost from better asset quality;

- On-going cost control efficiency;

- The return of foreign funds flows into the Thai stock market.

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
Oct 2024	3Q23 results announcement

Key assumptions

	2024E	2025E	2026E
	(%)	(%)	(%)
Net profit (THB m)	47,020	51,555	56,655
EPS (THB)	19.85	21.76	23.91
Net profit growth (%)	10.9	9.6	9.9
NIM (%)	3.68	3.68	3.68
Loan growth (%)	2.5	3.0	3.0
Fee growth (%)	4.9	4.0	4.0
Non-NII growth (%)	7.0	4.5	1.3
Credit cost (bp)	195	180	160
Cost to income (%)	44.9	45.1	45.3

Source: FSSIA estimates

Earnings sensitivity

		---------------- 2024E ----------------		
Loan growth	±2ppt	0.5	2.5	4.5
% change in net profit		*(1.8)*		*1.8*
NIM (%)	±5bp	3.63	3.68	3.73
% change in net profit		*(4.0)*		*4.0*
Credit cost (bp)	±10bp	185	195	205
% change in net profit		*5.0*		*(5.0)*

Source: FSSIA estimates

2Q24 profit q-q corrected in line with expectation

KBANK delivered an in-line 2Q24 net profit of THB12.6b, dropping by 6.2% q-q but jumping 15.1% y-y, while PPOP rose to THB28.5b, dipping by 3.0% q-q but rising 4.8% y-y. The decrease in net profit q-q was due to 1) weaker-than-expected net interest income by 2.8% q-q (but still increased 2.1% y-y); and 2) higher-than-expected operating expenses (from marketing expenses/IT-related/one-time employee subsidy measure) as reflected in the increasing cost-to-income ratio to 43.4% from an abnormal low of 41.3% in 1Q24. The 1H24 cost-to-income ratio of 42.4% was still in line with its 2024 guidance for low to mid-40%.

However, non-NII increased more than expected. Most came from the mark-to-market gains on FVTPL investments of THB3.17b vs our expectation of THB 2.50b, while the net premiums earned from its life insurance business (MTL) showed a lower negative figure. Net fee income dropped as expected, dragged by decreased credit cards, acceptance, approval, and guarantee fees.

Loans in 2Q24 returned to growth of 1.0% q-q and 1.6% y-y, but were still slightly negative at 0.1% YTD, higher than estimated. However, the growth was concentrated at the quarter's end from the corporate (38%) and housing (15%) segments. Meanwhile, SME (28%) and other retail (12%) – credit cards and personal loans – also contracted YTD. Overall, loan growth remains below its 2024 guidance of 3-5% y-y and our estimate of 5.0% y-y, where KBANK reaffirmed the lower-bound approach.

The NIM was slightly lower than expected in 2Q24 at 3.68%, due to a shrinking loan yield. KBANK addressed the issues stemming from 1) its greater emphasis on the secured, low-yield segment; 2) a pricing strategy for good quality customers; and 3) the interest rate reduction campaign for its vulnerable customers (5% of total). However, the 1H24 NIM increased to 3.76%, which was higher than its 2024 guidance of 3.66% and our estimate of 3.60%, as we expect the NIM to continue downward in 2H24.

Exhibit 1: KBANK – 2Q24 operating summary

| Year end Dec 31 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 | ---- Change ---- | | 1H23 | 1H24 | Change | %of | 2024E | Change |
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	24E	(THB m)	(y-y %)
Net interest income	36,701	38,019	38,849	38,528	37,468	(2.8)	2.1	71,576	75,997	6.2	50	152,689	2.9
Non-interest income	11,369	9,096	12,046	11,624	12,961	11.5	14.0	23,068	24,585	6.6	52	47,293	7.0
Fee income - net	7,714	7,803	7,550	8,299	8,078	(2.7)	4.7	15,828	16,377	3.5	50	32,716	4.9
Total operating income	48,070	47,115	50,895	50,152	50,430	0.6	4.9	94,644	100,582	6.3	50	199,982	3.8
Total operating expenses	20,847	19,821	24,508	20,713	21,888	5.7	5.0	40,640	42,601	4.8	47	89,788	5.7
PPOP before tax	27,223	27,294	26,387	29,439	28,542	(3.0)	4.8	54,004	57,981	7.4	53	110,194	2.3
Expected credit loss	12,784	12,793	13,572	11,684	11,672	(0.1)	(8.7)	25,476	23,357	(8.3)	48	49,170	(5.2)
Income tax	2,760	2,838	2,617	3,403	3,224	(5.2)	16.8	5,322	6,627	24.5	59	11,290	4.7
Non-controlling interest	685	381	810	867	991	14.4	44.7	1,471	1,858	26.3	68	2,715	2.0
Net profit	**10,994**	**11,282**	**9,388**	**13,486**	**12,653**	**(6.2)**	**15.1**	**21,735**	**26,139**	**20.3**	**56**	**47,020**	**10.9**
EPS (THB)	4.64	4.76	3.96	5.69	5.34	(6.2)	15.1	9.17	11.03	20.3	56	19.85	10.9
Key ratios	2Q23	3Q23	4Q23	1Q24	2Q24	---- Change ----		1H23	1H24			2024E	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(%)	(%)			(%)	
Gross NPLs (THB m)	93,834	87,383	92,064	91,584	90,569	(1.1)	(3.5)	93,834	90,569	(3.5)		95,944	
Change (% from prior period)	5.7	(6.9)	5.4	(0.5)	(1.1)			(14.9)	(3.5)			4.2	
NPL ratios (%) - reported	3.20	3.11	3.19	3.19	3.18			3.20	3.18				
NPL ratio (%)	3.83	3.58	3.70	3.72	3.64			3.83	3.64			3.76	
Coverage ratio (%) - reported	147	155	152	150	152			147	152				
Coverage ratio (%)	137	149	145	142	144			137	144			146	
Credit cost (bp)	208	209	220	189	189			206	189			195	
Profitability ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)			(%)	
Cost to income ratio	43.4	42.1	48.2	41.3	43.4			42.9	42.4			44.9	
Average yield (%)	4.49	4.69	4.82	4.76	4.69			4.37	4.77			4.67	
Cost of funds (%)	1.15	1.25	1.34	1.36	1.40			1.09	1.39			1.36	
NIM (%) - reported	3.63	3.76	3.83	3.76	3.67			n/a	n/a				
NIM (%)	3.64	3.77	3.84	3.77	3.68			3.57	3.76			3.68	
Non-interest income /total income (%)	23.7	19.3	23.7	23.2	25.7			24.4	24.4			23.6	
Liquidity ratio								(%)	(%)			(%)	
Loan to deposit	90.4	90.9	92.3	91.2	93.4			90.4	93.4			92.7	
Loan to deposit & borrowing (LDBR)	82.3	82.8	84.1	82.7	85.3			82.3	85.3			89.9	
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)				
CAR	19.0	19.6	19.4	19.4	19.4			19.0	19.4			19.3	
CET 1/ Risk assets	16.1	16.7	16.5	16.5	16.5			16.1	16.5			16.5	
Tier 2 / Risk assets	2.0	2.0	2.0	2.0	2.0			2.0	2.0			1.9	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)	(%)			(%)	
q-q	(0.6)	(0.5)	2.1	(1.1)	1.0								
y-y	(1.6)	(1.1)	(0.2)	(0.1)	1.6			(1.6)	1.6			2.5	
Year-to-date	(1.8)	(2.3)	(0.2)	(1.1)	(0.1)			(1.8)	(0.1)				

Sources: KBANK; FSSIA estimates

Manageable asset quality following its prudent credit policy

Asset quality was stable in 2Q24, as expected. Despite no alarms in 2Q24, KBANK reiterated its critical focus in 2024. The NPL ratio (FSSIA's calculation) slightly decreased to 3.64%, while the reported NPL ratio was 3.18%, still in line with its 2024 guidance of not exceeding 3.25%. In addition, the NPL outflow (write-offs and sales) trended downward in 1H24 to 33% of the 2023 figure of THB92.5b, aligning with its 2024 guidance of c70%. However, stage 2 loans increased by 1.2% q-q and 3.6% y-y, but the proportion remained stable at around 7.3-7.4% of total since 1Q23. Credit costs were stable in the quarter at 189bp, consistent with the 2024 guidance of 175-195bp and below our target of 200bp. Accordingly, the coverage ratio rose slightly to 144% from 142% in 1Q24.

Regarding the EA loan issue, KBANK disclosed a minimal impact on its ECLs, fully reserved, and other financial targets following its shallow exposure to the customer. For ITD, the bank reaffirmed the better situation since the company had acquired new funding support from the consortium banks, while KBANK had already set aside partial reserves and classified the loans as stage 2.

Exhibit 2: KBANK – Staged loans and ECL

	2021	2022	2023	1Q24	2Q24	2021	2022	2023	1Q24	2Q24
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)	(%)	(%)
Staged loans										
Stage 1	2,130	2,230	2,228	2,205	2,229	87.4	88.8	88.9	88.9	89.0
Stage 2	202	188	185	183	185	8.3	7.5	7.4	7.4	7.4
Stage 3	106	93	92	92	91	4.4	3.7	3.7	3.7	3.6
Total	2,438	2,511	2,505	2,480	2,505	100.0	100.0	100.0	100.0	100.0
Allowance for ECL										
Stage 1	47	47	46	42	42	2.2	2.1	2.0	1.9	1.9
Stage 2	51	46	44	44	44	25.3	24.5	23.6	24.0	23.9
Stage 3	46	41	45	44	44	43.6	43.8	48.3	48.3	48.3
Total	145	134	134	130	130	5.9	5.3	5.3	5.2	5.2
LLR/ Loans	(%)	(%)	(%)	(%)	(%)					
Stage 1	2.2	2.1	2.0	1.9	1.9					
Stage 2	25.3	24.5	23.6	24.0	23.9					
Stage 3	43.6	43.8	48.3	48.3	48.3					
Total	5.9	5.3	5.3	5.2	5.2					
	(%)	(%)	(%)	(%)	(%)					
NPL / TL	4.4	3.7	3.7	3.7	3.6					
NPL vs. Stage 2 loans / TL	12.6	11.2	11.1	11.1	11.0					
LLR / NPL	136	143	145	142	143					
LLR / (NPL vs. Stage 2)	47	47	48	47	47					

Sources: KBANK; FSSIA's compilation

Upward revisions on 2024-26 profit forecast

Since the 1H24 profit represented 62% of our previous 2024 estimate, we have raised our 2024-26 net profit forecasts by 12.1%, 14.3%, and 15.8%, respectively, due to higher NIM, net fee income, and non-NII assumptions. Meanwhile, we have lowered our estimated loan growth and credit cost to align with its 2024 guidance. Consequently, the expected 2024-26 net profit growth rises to 10.1% CAGR, with our anticipated 2026 ROE spiking to 9.4%, close to its guidance of 10%, based on the expected dividend payout ratio increasing to 38-40% compared to 36.3% in 2023.

Exhibit 3: 2024-26E earnings revisions

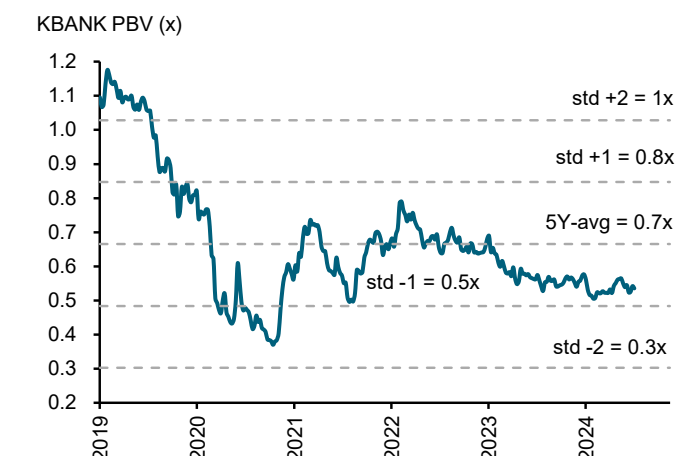|	------------------- Current -------------------			------------------- Previous -------------------			--------------------- Change ---------------------		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Net profit (THB m)	47,020	51,555	56,655	41,942	45,100	48,913	12.1	14.3	15.8
EPS (THB)	19.85	21.76	23.91	17.70	19.03	20.64	12.1	14.3	15.8
DPS (THB)	7.50	8.50	9.50	6.50	7.00	7.50	15.4	21.4	26.7
ROE (%)	8.58	9.00	9.44	7.70	8.00	8.30			
Target price (THB)	145			140			3.6		
PBV (x)	0.63			0.61			2.2		
Net profit growth (%)	10.9	9.6	9.9	(1.1)	7.5	8.5			
NIM (%)	3.68	3.68	3.68	3.60	3.60	3.62			
Loan growth (%)	2.5	3.0	3.0	5.0	5.0	5.0			
Fee growth (%)	4.9	4.0	4.0	1.9	0.7	1.0			
Non-NII growth (%)	7.0	4.5	1.3	4.2	8.9	3.4			
Credit cost (bp)	195	180	160	200	200	190			
Cost to income (%)	44.9	45.1	45.3	46.0	45.6	45.7			
NPL ratio	3.76	3.74	3.73	3.80	3.80	3.79			

Source: FSSIA estimates

Exhibit 4: KBANK – GGM-based 2024 TP

Gordon Growth Model	New	Previous
Sustainable ROE	9.0%	7.9%
g	1.00%	1.00%
ROE-g	8.00%	6.95%
Beta	1.4	1.2
Risk free rate	3%	3%
Market Risk premium	8.0%	8.0%
COE	13.80%	12.36%
COE-g	12.80%	11.36%
ROE-g/COE-g	**0.63**	**0.61**

Sources: FSSIA estimates

Exhibit 5: Share price performance of banks under coverage, as of 19 July 2024

	---------------------- Price performance ----------------------				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
BBL TB	5.4	(0.7)	(4.8)	(16.2)	(12.1)
KBANK TB	**2.4**	**2.8**	**1.6**	**(5.2)**	**(5.6)**
KKP TB	(9.4)	(15.6)	(9.9)	(28.8)	(13.9)
KTB TB	1.8	8.8	(3.9)	(13.4)	(5.4)
SCB TB	(3.8)	(1.5)	(3.3)	(8.6)	(4.2)
TISCO TB	(1.6)	(4.8)	(3.3)	(2.8)	(5.3)
TTB TB	9.9	(0.6)	4.7	8.6	6.0
SETBANK	**1.3**	**(1.3)**	**(4.3)**	**(12.0)**	**(7.4)**
SET	**1.6**	**(0.5)**	**(4.2)**	**(13.8)**	**(6.4)**

Sources: Bloomberg

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

KBANK PBV (x)

std +2 = 1x
std +1 = 0.8x
5Y-avg = 0.7x
std -1 = 0.5x
std -2 = 0.3x

Sources: Bloomberg; FSSIA estimates

Exhibit 7: KBANK – one-year prospective PER band

KBANK PER (x)

std +2 = 12.8x
std +1 = 10.8x
5Y-avg = 8.8x
std -1 = 6.8x
std -2 = 4.7x
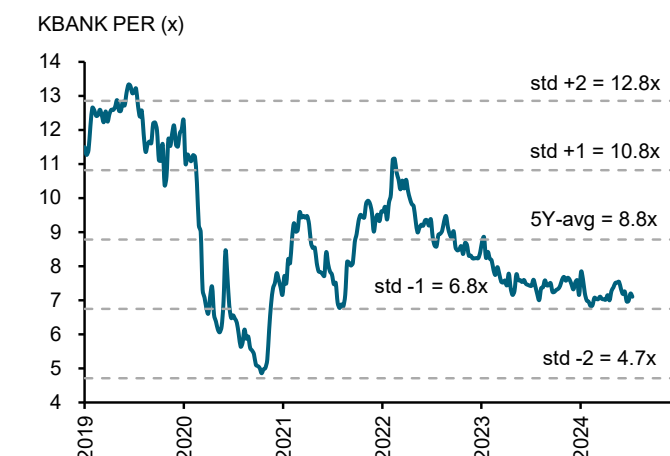
Sources: Bloomberg; FSSIA estimates

Exhibit 8: Peer regional banks comparisons, as of 19 July 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD m)	PE 24E (x)	PE 25E (x)	PBV 24E (x)	PBV 25E (x)	ROE 24E (%)	ROE 25E (%)	Div yld 24E (x)	Div yld 25E (x)
Thailand													
Bangkok Bank	BBL TB	132.50	157.00	18	6,970	6.0	5.8	0.5	0.4	7.7	7.6	5.5	5.7
Kasikornbank	KBANK TB	128.00	145.00	13	8,358	6.4	5.9	0.5	0.5	8.6	9.0	5.9	6.6
Krung Thai Bank	KTB TB	17.10	19.90	16	6,586	6.4	6.2	0.6	0.5	9.1	8.8	5.2	5.4
SCB X	SCB TB	101.50	110.00	8	9,418	8.3	7.9	0.7	0.7	8.6	8.8	9.6	10.1
TMBThanachart Bank	TTB TB	1.76	2.22	26	4,719	8.9	8.4	0.7	0.7	8.2	8.4	6.2	6.6
Kiatnakin Bank	KKP TB	41.00	39.10	(5)	957	8.1	7.4	0.6	0.5	6.9	7.3	5.7	6.5
Tisco Financial Group	TISCO TB	93.75	96.00	2	2,069	10.8	11.0	1.7	1.7	16.1	15.6	8.3	8.3
Thailand weighted average					**5,582**	**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	4.28	n/a	n/a	271,309	4.2	4.1	0.4	0.4	10.0	9.5	7.6	7.7
China Construction Bank	939 HK	5.42	n/a	n/a	179,028	3.9	3.8	0.4	0.4	10.7	10.2	7.8	8.0
HSBC Holdings	5 HK	67.10	n/a	n/a	159,392	6.6	7.1	0.9	0.9	15.1	12.0	9.3	7.3
Bank of China	3988 HK	3.42	n/a	n/a	175,357	4.4	4.3	0.4	0.4	9.4	9.1	7.4	7.5
Hong Kong average					**196,271**	**4.8**	**4.8**	**0.5**	**0.5**	**11.3**	**10.2**	**8.0**	**7.6**
China													
Industrial & Comm Bank of China	601398 CH	5.84	n/a	n/a	271,362	6.1	6.0	0.6	0.5	9.8	9.4	5.1	5.2
Agricultural Bank of China	601288 CH	4.64	n/a	n/a	222,621	6.5	6.2	0.6	0.6	10.2	9.9	4.9	5.0
China Construction Bank	601939 CH	7.43	n/a	n/a	179,063	5.7	5.6	0.6	0.6	10.8	10.3	5.3	5.4
Bank of China	601988 CH	4.65	n/a	n/a	175,391	6.3	6.2	0.6	0.5	9.3	8.9	5.0	5.1
China average					**212,109**	**6.2**	**6.0**	**0.6**	**0.6**	**10.0**	**9.6**	**5.1**	**5.2**
South Korea													
KB Financial Group	105560 KS	86,500	n/a	n/a	25,789	6.9	6.1	0.6	0.5	8.6	9.1	3.6	3.9
Shinhan Finanicial Group	055550 KS	55,000	n/a	n/a	20,517	6.0	5.6	0.5	0.5	8.8	8.9	3.9	4.2
Hana Financial Group	086790 KS	63,600	n/a	n/a	13,671	5.0	4.7	0.5	0.4	9.4	9.4	5.5	6.0
Industrial Bank of Korea	024110 KS	13,970	n/a	n/a	8,038	4.1	4.0	0.4	0.3	9.0	8.6	7.5	7.9
South Korea average					**17,004**	**5.5**	**5.1**	**0.5**	**0.5**	**9.0**	**9.0**	**5.1**	**5.5**
Indonesia													
Bank Central Asia	BBCA IJ	10,100	n/a	n/a	77,151	23.2	21.3	4.7	4.3	21.1	21.2	2.7	3.1
Bank Rakyat Indonesia Persero	BBRI IJ	4,910	n/a	n/a	45,511	11.9	10.7	2.3	2.1	19.3	20.3	6.6	7.0
Bank Mandiri Persero	BMRI IJ	6,700	n/a	n/a	38,126	11.0	9.9	2.2	2.0	20.5	20.8	5.4	5.7
Bank Negara Indonesia Persero	BBNI IJ	5,100	n/a	n/a	11,729	8.6	7.5	1.2	1.1	14.2	14.9	5.5	6.2
Bank Syariah Indonesia	BRIS IJ	2,560	n/a	n/a	7,310	17.8	14.8	2.7	2.3	16.0	16.6	0.9	1.2
Indonesia average					**35,965**	**14.5**	**12.8**	**2.6**	**2.4**	**18.2**	**18.8**	**4.2**	**4.6**
Malaysia													
Malayan Banking	MAY MK	10.06	n/a	n/a	25,979	12.3	11.7	1.3	1.2	10.3	10.6	6.2	6.4
Public Bank	PBK MK	4.19	n/a	n/a	17,329	11.7	11.1	1.4	1.3	12.4	12.2	4.8	5.1
CIMB Group Holdings	CIMB MK	7.12	n/a	n/a	16,384	10.1	9.5	1.1	1.0	10.8	10.9	5.6	5.9
Hong Leong Bank	HLBK MK	19.02	n/a	n/a	8,797	9.6	9.0	1.1	1.0	11.6	11.4	3.6	3.9
RHB Bank	RHBBANK MK	5.69	n/a	n/a	5,307	8.6	8.2	0.8	0.7	9.1	9.2	7.1	7.4
Malaysia average					**14,759**	**10.5**	**9.9**	**1.1**	**1.1**	**10.8**	**10.9**	**5.5**	**5.8**
Singapore													
DBS Group Holdings	DBS SP	36.20	n/a	n/a	77,146	9.8	9.9	1.6	1.5	16.7	15.6	6.1	6.6
Oversea-Chinese Banking	OCBC SP	15.05	n/a	n/a	50,522	9.2	9.2	1.2	1.1	13.3	12.6	5.7	5.8
United Overseas Bank	UOB SP	32.57	n/a	n/a	40,640	9.2	9.0	1.2	1.1	12.8	12.5	5.4	5.6
Singapore average					**56,103**	**9.4**	**9.4**	**1.3**	**1.2**	**14.3**	**13.6**	**5.8**	**6.0**
Regional average (excl. Thailand)					**84,939**	**8.8**	**8.2**	**1.2**	**1.1**	**12.4**	**12.2**	**5.5**	**5.7**
Total average (incl. Thailand)					**67,580**	**8.6**	**8.1**	**1.1**	**1.0**	**11.7**	**11.6**	**5.8**	**6.0**

Sources: Bloomberg; FSSIA estimates

Financial Statements
Kasikornbank

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	151,333	183,608	193,568	199,225	205,282
Interest expense	(18,334)	(35,164)	(40,879)	(42,372)	(43,695)
Net interest income	132,998	148,444	152,689	156,853	161,587
Net fees & commission	32,882	31,181	32,716	34,024	35,385
Foreign exchange trading income	0	0	0	0	0
Securities trading income	4,923	11,536	11,000	11,000	10,000
Dividend income	3,446	3,569	3,748	3,935	4,132
Other income	(991)	(2,076)	(170)	451	557
Non interest income	40,259	44,210	47,293	49,411	50,075
Total income	173,258	192,654	199,982	206,264	211,661
Staff costs	(34,602)	(40,274)	(42,691)	(43,971)	(45,291)
Other operating costs	(40,151)	(44,694)	(47,097)	(49,000)	(50,691)
Operating costs	(74,753)	(84,968)	(89,788)	(92,971)	(95,982)
Pre provision operating profit	98,505	107,685	110,194	113,293	115,680
Expected credit loss	(51,919)	(51,840)	(49,170)	(46,637)	(42,699)
Other provisions	-	-	-	-	-
Operating profit	46,585	55,845	61,024	66,656	72,981
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	-	-	-	-	-
Profit before tax	46,585	55,845	61,024	66,656	72,981
Tax	(8,633)	(10,778)	(11,290)	(12,331)	(13,501)
Profit after tax	37,953	45,067	49,735	54,324	59,479
Non-controlling interest	(2,183)	(2,662)	(2,715)	(2,769)	(2,825)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	35,769	42,405	47,020	51,555	56,655
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	35,769	42,405	47,020	51,555	56,655
Per share (THB)					
Recurring EPS *	14.78	17.52	19.85	21.76	23.91
Reported EPS	14.78	17.52	19.85	21.76	23.91
DPS	4.00	6.50	7.50	8.50	9.50
Growth					
Net interest income (%)	11.4	11.6	2.9	2.7	3.0
Non interest income (%)	(8.4)	9.8	7.0	4.5	1.3
Pre provision operating profit (%)	6.7	9.3	2.3	2.8	2.1
Operating profit (%)	(10.4)	19.9	9.3	9.2	9.5
Reported net profit (%)	(6.0)	18.6	10.9	9.6	9.9
Recurring EPS (%)	(6.3)	18.6	13.3	9.6	9.9
Reported EPS (%)	(6.3)	18.6	13.3	9.6	9.9
Income Breakdown					
Net interest income (%)	76.8	77.1	76.4	76.0	76.3
Net fees & commission (%)	19.0	16.2	16.4	16.5	16.7
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	2.8	6.0	5.5	5.3	4.7
Dividend income (%)	2.0	1.9	1.9	1.9	2.0
Other income (%)	(0.6)	(1.1)	(0.1)	0.2	0.3
Operating performance					
Gross interest yield (%)	3.80	4.53	4.67	4.67	4.67
Cost of funds (%)	0.63	1.19	1.36	1.37	1.37
Net interest spread (%)	3.17	3.34	3.31	3.30	3.30
Net interest margin (%)	3.3	3.7	3.7	3.7	3.7
Cost/income(%)	43.1	44.1	44.9	45.1	45.3
Cost/assets(%)	1.8	2.0	2.1	2.1	2.1
Effective tax rate (%)	18.5	19.3	18.5	18.5	18.5
Dividend payout on recurring profit (%)	27.1	37.1	37.8	39.1	39.7
ROE (%)	7.3	8.2	8.6	9.0	9.4
ROE - COE (%)	(2.6)	(1.8)	(1.4)	(1.0)	(0.5)
ROA (%)	0.9	1.1	1.1	1.2	1.3
RORWA (%)	1.4	1.6	1.7	1.8	2.0
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Kasikornbank; FSSIA estimates

Financial Statements

Kasikornbank

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	2,495,077	2,490,398	2,552,658	2,629,238	2,708,115
Allowance for expected credit loss	(133,529)	(133,876)	(140,046)	(150,683)	(156,382)
interest in suspense	16,226	14,970	17,869	18,405	18,957
Net customer loans	2,377,774	2,371,492	2,430,481	2,496,959	2,570,690
Bank loans	502,536	569,008	580,388	591,996	603,836
Government securities	-	-	-	-	-
Trading securities	47,264	48,295	50,710	53,245	55,908
Investment securities	982,177	974,585	1,023,314	1,054,250	1,096,544
Cash & equivalents	57,115	48,690	44,481	42,553	43,183
Other interesting assets	-	-	-	-	-
Tangible fixed assets	111,105	114,698	117,540	120,455	123,444
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	168,398	156,789	160,454	164,272	168,252
Total assets	4,246,369	4,283,556	4,407,368	4,523,731	4,661,858
Customer deposits	2,748,685	2,699,562	2,753,553	2,836,160	2,921,245
Bank deposits	155,240	179,207	206,874	211,011	215,232
Other interest bearing liabilities	67,897	81,572	85,651	89,934	94,430
Non interest bearing liabilities	707,468	726,380	726,380	726,380	726,380
Hybrid Capital	-	-	-	-	-
Total liabilities	3,679,289	3,686,721	3,772,458	3,863,485	3,957,286
Share capital	23,693	23,693	23,693	23,693	23,693
Reserves	479,577	508,591	540,211	558,447	594,962
Total equity	503,270	532,285	563,904	582,140	618,655
Non-controlling interest	63,810	64,551	71,006	78,106	85,917
Total liabilities & equity	4,246,369	4,283,556	4,407,368	4,523,731	4,661,858
Supplementary items					
Risk weighted assets (RWA)	2,746,673	2,827,147	2,908,863	2,985,662	3,076,827
Average interest earning assets	3,983,616	4,054,670	4,144,678	4,267,900	4,396,566
Average interest bearing liabilities	2,930,393	2,966,081	3,003,210	3,091,592	3,184,006
CET 1 capital	435,662	452,603	480,096	509,472	541,222
Total capital	489,814	506,755	534,248	563,624	595,374
Gross non performing loans (NPL)	93,344	98,344	95,944	98,444	100,944
Per share (THB)					
Book value per share	212.41	224.66	238.00	245.70	261.11
Tangible book value per share	212.41	224.66	238.00	245.70	261.11
Growth					
Gross customer loans	3.0	(0.2)	2.5	3.0	3.0
Average interest earning assets	7.3	1.8	2.2	3.0	3.0
Total asset (%)	3.5	0.9	2.9	2.6	3.1
Risk weighted assets (%)	4.4	2.9	2.9	2.6	3.1
Customer deposits (%)	5.8	(1.8)	2.0	3.0	3.0
Leverage & capital measures					
Customer loan/deposits (%)	86.5	87.8	88.3	88.0	88.0
Equity/assets (%)	11.9	12.4	12.8	12.9	13.3
Tangible equity/assets (%)	11.9	12.4	12.8	12.9	13.3
RWA/assets (%)	64.7	66.0	66.0	66.0	66.0
CET 1 CAR (%)	15.9	16.0	16.5	17.1	17.6
Total CAR (%)	17.8	17.9	18.4	18.9	19.4
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(12.1)	5.4	(2.4)	2.6	2.5
NPL/gross loans (%)	3.7	3.9	3.8	3.7	3.7
Allowance for ECL/gross loans (%)	5.4	5.4	5.5	5.7	5.8
Allowance for ECL/NPL (%)	143.1	136.1	146.0	153.1	154.9

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	8.7	7.3	6.4	5.9	5.4
Recurring P/E @ target price (x) *	9.8	8.3	7.3	6.7	6.1
Reported P/E (x)	8.7	7.3	6.4	5.9	5.4
Dividend yield (%)	3.1	5.1	5.9	6.6	7.4
Price/book (x)	0.6	0.6	0.5	0.5	0.5
Price/tangible book (x)	0.6	0.6	0.5	0.5	0.5
Price/tangible book @ target price (x)	0.7	0.6	0.6	0.6	0.6
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Kasikornbank; FSSIA estimates

Kasikornbank PCL (KBANK TB)

84.17 /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	------------------ Domestic ratings ----------------------						--------------------------- Global ratings -------------------------					--- Bloomberg ---	
	ESG score	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	59.11
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	**1.71**	**1.80**	**2.61**	**2.67**	**2.67**	**2.88**	**3.89**	**4.05**
BESG environmental pillar score	0.08	0.08	0.08	0.18	0.18	0.24	2.93	3.43
BESG social pillar score	1.37	1.63	3.44	3.44	3.49	3.89	3.95	4.03
BESG governance pillar score	4.90	4.74	4.83	4.91	4.81	4.88	4.86	4.74
ESG disclosure score	**53.57**	**53.91**	**59.49**	**57.60**	**57.60**	**58.20**	**58.20**	**59.77**
Environmental disclosure score	29.54	29.54	33.55	37.48	37.48	40.86	40.86	40.86
Social disclosure score	34.89	35.91	48.67	39.06	39.06	37.48	37.48	42.20
Governance disclosure score	96.12	96.12	96.12	96.12	96.12	96.12	96.12	96.12
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	Yes	Yes	Yes	Yes	Yes	Yes
GHG scope 1	9	18	25	21	21	19	16	11
GHG scope 2 location-based	91	82	80	87	83	79	74	70
GHG Scope 3	0	0	0	1	1	1	1	1
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	221	140	240	237	229	213	187	189
Renewable energy use	—	—	11	11	7	10	8	27
Electricity used	—	—	—	—	—	—	—	—
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	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	0	0	1	1	2	0
Total waste	9	6	6	8	7	6	5	5
Waste recycled	—	—	—	1	2	2	3	2
Waste sent to landfills	—	—	—	7	5	4	3	3
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	270	283	158
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pct women in workforce	66	68	68	69	69	70	70	70
Pct disabled in workforce	—	—	0	0	0	0	0	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	0	0	0	0	0	0	0	0
Total recordable incident rate - employees	0	0	0	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	21,484	21,029	20,839	20,646	20,407	19,819	19,029	18,648
Employee turnover pct	17	17	10	8	6	3	7	8
Total hours spent by firm - employee training	1,359,210	1,186,240	1,094,590	881,469	928,607	847,516	712,474	753,600
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	**17**	**17**	**16**	**17**	**18**	**18**	**18**	**18**
No. of independent directors (ID)	**10**	**10**	**9**	**9**	**10**	**9**	**9**	**6**
No. of women on board	5	6	6	6	7	7	7	8
No. of non-executive directors on board	14	13	12	12	12	13	13	13
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	12	12	12	12	12	15	13	12
Board meeting attendance pct	98	95	95	95	97	97	97	96
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	45	46	47	48	40	41	42	43
Age of the oldest director	71	72	72	70	71	72	68	68
No. of executives / company managers	**16**	**15**	**17**	**18**	**19**	**15**	**14**	**16**
No. of female executives	5	3	4	4	5	5	5	6
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
No. of ID on audit committee	4	4	4	4	4	4	4	4
Audit committee meetings	12	12	12	12	12	12	12	12
Audit meeting attendance %	90	100	96	90	98	98	100	98
Size of compensation committee	**4**	**4**	**3**	**3**	**3**	**3**	**5**	**3**
No. of ID on compensation committee	3	3	2	2	2	2	3	2
No. of compensation committee meetings	9	9	10	8	9	10	11	10
Compensation meeting attendance %	94	86	95	96	100	100	100	100
Size of nomination committee	**4**	**3**	**3**	**4**	**4**	**5**	**5**	**6**
No. of nomination committee meetings	9	6	4	4	5	4	4	6
Nomination meeting attendance %	94	94	94	100	90	95	100	93
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%). *(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.)*	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. *(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.)*	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. *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.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

ESG score	Methodology	Rating
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.	

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			

ESG score	Methodology	Rating
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 scores ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
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.

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Company	Ticker	Price	Rating	Valuation & Risks
Kasikornbank	KBANK TB	THB 128.00	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.
Kiatnakin Phatra Bank	KKP TB	THB 41.00	HOLD	Downside risks to our GGM-based target price include weakened asset quality and lower fee income. By contrast, upside risks include better capital market conditions, higher used car prices, and strengthened asset quality.
Bangkok Bank	BBL TB	THB 132.50	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 comprise 1) lower credit cost from better asset quality; and 2) better ongoing cost control efficiency.
Krung Thai Bank	KTB TB	THB 17.10	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 101.50	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 comprise 1) the faster-than-expected recovery of EA's operations and financial stability; and 2) a reduction in Thailand's household debt.
Tisco Financial	TISCO TB	THB 93.75	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.
TMBThanachart Bank	TTB TB	THB 1.76	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 19-Jul-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.