

23 JULY 2024

EQUITY RESEARCH - COMPANY REPORT

# SCB X SCB TB

THAILAND / BANKING

**FINANSIA**  
FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating



## HOLD

FROM BUY

TARGET PRICE	THB110.00
CLOSE	THB101.50
UP/DOWNSIDE	+8.4%
PRIOR TP	THB120.00
CHANGE IN TP	-8.3%
TP vs CONSENSUS	-5.4%

## Several headwinds continuing in 2H24

- The lower-than-expected 2Q24 net profit was mainly from the growing ECLs and OPEX, while non-NII reduced.
- We have more cause for concern about its asset quality, mainly from its retail and Gen 2 segments.
- We downgrade our call to HOLD; 2024 TP is THB110.

### Rising ECLs and lower non-NII dragged down 2Q24 profit

SCB reported a 2Q24 net profit of THB10.0b, 5% below our estimate and the BBG consensus, which decreased by 11.2% q-q and 15.6% y-y. Key drags were 1) rising ECLs and operating expenses (mainly from one-off expenses related to the cessation of the Robinhood application); and 2) dropping non-NII, which offset the increase in NII. Loan growth slowed as expected, with a slight drop YTD, far below its 3-5% y-y 2024 guidance and our forecast of 2.5% y-y, primarily pressured by a corporate loan (35%) reduction. The 2Q24 NIM was better than expected, increasing by 17bp to 3.90%, mainly supported by a loan yield expansion on the effect of the Blue Scheme corporate loan prepayment. In contrast, the cost of funds was healthy and in line with expectations. Non-NII decreased by 5.0% q-q and 21.0% y-y, attributed to lower net fee income (bancassurance and loan-related fees) and FVTPL investment gains.

### Deteriorated asset quality, particularly in the retail segment

Asset quality deteriorated worse than expected. Despite the stable NPL ratio of 3.90% in 2Q24 (FSSIA's calculation) following its proactive management (sales and write-offs), its stage 2 loans increased q-q by THB11.3b and stabilized at 7.2% of total loans, mainly from the EA lending and partly from the housing (Gen 1) and CardX (Gen 2) loans. SCB stated that the rising 2Q24 credit costs to 190bp were mainly from its Gen 2 segment, while an extra THB800m was for the unsecured portion of EA loans, for which SCB believes the coverage is enough. Hence, the coverage ratio was relatively stable q-q at 156%.

### Lower 2024-26 profit forecast on higher credit costs

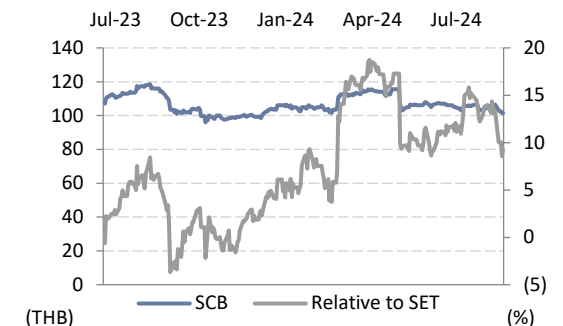
We have trimmed our 2024-26E net profit by 6.6-8.4%, leading to growth at 1.1% CAGR to reflect the expected higher credit costs following the EA loan issues and the slow recovery of the Thai economy. Despite another potential impairment loss from the remaining assets of THB1b (net book value) of the Robinhood application, we believe our higher expected cost-to-income ratio in 2H24 could support the worst-case scenario.

### Downgrade recommendation to HOLD with 2024 TP of THB110

We downgrade our call to HOLD (from Buy) for an expected annual dividend yield of c9-10% p.a. under a payout ratio assumption of 80%. We cut our 2024 GGM-TP to THB110 (from THB120), implying a P/BV of 0.76x (from 0.82x) under 8.8% L-T ROE (from 9.4%) and 11.2% COE.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	55,725	52,767	55,099	57,559
Net profit	43,523	41,170	42,995	44,921
EPS (THB)	12.93	12.23	12.77	13.34
vs Consensus (%)	-	(6.1)	(6.3)	(7.2)
Recurring net profit	43,523	41,170	42,995	44,921
Core EPS (THB)	12.93	12.23	12.77	13.34
Chg. In EPS est. (%)	-	(6.6)	(8.4)	(8.3)
EPS growth (%)	15.9	(5.4)	4.4	4.5
Core P/E (x)	7.9	8.3	7.9	7.6
Dividend yield (%)	10.2	9.6	10.1	10.5
Price/book (x)	0.7	0.7	0.7	0.7
ROE (%)	9.3	8.6	8.8	9.0
ROA (%)	1.3	1.2	1.2	1.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.8)	(1.5)	(8.6)
Relative to country (%)	(4.8)	(0.3)	6.7
Mkt cap (USD m)	9,418		
3m avg. daily turnover (USD m)	23.0		
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 downgrade our recommendation to HOLD following the rising concern about its asset quality as follows:

- Despite the manageable asset quality, the increased stage 2 loans and NPL ratio in its retail segment, particularly housing, CardX, and AutoX, leads us to expect growing credit costs which exceeds its 2024 guidance.
- The closure of the Robinhood application could result in higher expenses in 2024 but a higher profit in 2025-26 at an average of cTHB2b p.a.
- Its 2024E dividend payout could be sustained at 80%, leading to an attractive annual dividend yield of c9-10% p.a.

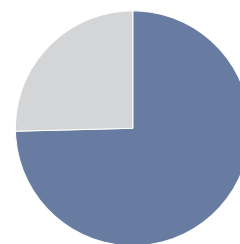
## Company profile

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

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

## Principal activities (revenue, 1H24)

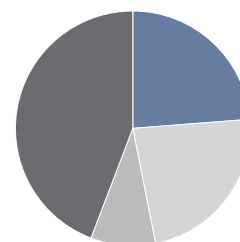
- Net interest income - 74.6 %
- Non-interest income - 25.4 %



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:

- Higher interest rate rises than we expect;
- Higher growth contribution from Gen 2 business;
- Lower credit costs mainly from better asset quality;
- 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. 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.

## Event calendar

Date	Event
Oct 2024	3Q24 results announcement

## Key assumptions

	2024E (%)	2025E (%)	2026E (%)
Net profit (THB m)	41,170	42,995	44,921
EPS (THB)	12.23	12.77	13.34
Net profit growth (%)	-5.4%	4.4%	4.5%
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)	195	190	190
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	0.5	2.50	4.5
% change in net profit		(1.8)		1.8
NIM (%)	±5bp	3.77	3.82	3.87
% change in net profit		(3.2)		3.2
Credit cost (bp)	±10bp	185	195	205
% change in net profit		4.7		(4.7)

Source: FSSIA estimates

## Rising ECLs and lower non-NII dragged down 2Q24 profit

SCB reported a 2Q24 net profit of THB10.0b, 5% below our estimate and the BBG consensus, which decreased by 11.2% q-q and 15.6% y-y. Key drags were 1) rising ECLs and operating expenses (mainly from one-off expenses related to the cessation of the Robinhood application); and 2) dropping non-NII, which offset the increase in NII. Loan growth slowed as expected, with a slight drop YTD, far below its 3-5% y-y 2024 guidance and our previous forecast of 2.5% y-y, primarily pressured by a corporate loan (35%) reduction, whereas the SME (17%) and retail (41%) segments were relatively flat q-q. In contrast, the loans under portfolio companies showed a 2.5% q-q increase, mainly from AutoX and others (Monix and ABACUS digital), while CardX continued contracting due to its de-risking policy since 1Q24.

### Exhibit 1: SCB – 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	30,791	31,536	33,413	31,761	32,576	2.6	5.8	59,734	64,337	7.7	50	129,713	4.0
Non-interest income	13,525	11,809	9,130	11,234	10,678	(5.0)	(21.1)	25,482	21,912	(14.0)	46	47,418	2.1
Fee income - net	8,509	8,140	7,166	7,897	7,529	(4.7)	(11.5)	17,418	15,426	(11.4)	46	33,546	2.5
Total operating income	44,316	43,344	42,543	42,995	43,253	0.6	(2.4)	85,216	86,249	1.2	49	177,131	3.5
Total operating expenses	17,016	18,490	19,517	18,100	18,568	2.6	9.1	33,773	36,668	8.6	48	76,454	6.5
PPOP before tax	27,300	24,854	23,026	24,895	24,685	(0.8)	(9.6)	51,443	49,580	(3.6)	49	100,677	1.4
Expected credit loss	12,098	12,245	9,330	10,201	11,626	14.0	(3.9)	22,025	21,828	(0.9)	46	47,909	9.9
Income tax	3,289	2,891	2,628	3,354	2,908	(13.3)	(11.6)	6,436	6,262	(2.7)	55	11,345	(5.1)
Non-controlling interest	46	55	73	59	137	131.4	199.5	118	196	65.2	78	252	2.0
<b>Net profit</b>	<b>11,868</b>	<b>9,663</b>	<b>10,995</b>	<b>11,281</b>	<b>10,014</b>	<b>(11.2)</b>	<b>(15.6)</b>	<b>22,864</b>	<b>21,295</b>	<b>(6.9)</b>	<b>52</b>	<b>41,170</b>	<b>(5.4)</b>
EPS (THB)	3.52	2.87	3.27	3.35	2.97	(11.2)	(15.6)	6.79	6.32	(6.9)	52	12.23	(5.4)
Key ratios	2Q23	3Q23	4Q23	1Q24	2Q24	---- Change ----		1H23	1H24	Change		2024E	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)		(%)	
Gross NPLs (THB m)	93,028	95,576	96,832	95,236	95,097	(0.1)	2.2	93,028	95,097	2.2		100,932	
Change (% from prior period)	(2.2)	2.7	1.3	(1.6)	(0.1)			(9.3)	2.2			4.2	
NPL ratios (%) - reported	3.25	3.30	3.44	3.52	3.34			3.25	3.34				
NPL ratio (%)	3.84	3.89	3.99	3.89	3.90			3.84	3.90			4.06	
Coverage ratio (%) - reported	171	167	160	161	162			171	162				
Coverage ratio (%)	165	162	154	156	156			165	156			160	
Credit cost (bp)	201	201	153	167	190			184	180			195	
Profitability ratio	(%)	(%)	(%)	(%)	(%)							(%)	
Cost to income ratio	38.4	42.7	45.9	42.1	42.9			39.6	42.5			43.2	
Average yield (%)	4.75	4.87	5.15	4.99	5.08			4.63	4.99			5.11	
Cost of funds (%)	1.26	1.35	1.42	1.40	1.41			1.22	1.39			1.55	
NIM (%) - reported	3.70	3.74	3.96	3.83	3.90			3.61					
NIM (%)	3.70	3.74	3.96	3.83	3.90			3.61	3.83			3.82	
Non-NII/total income (%)	30.5	27.2	21.5	26.1	24.7			29.9	25.4			26.8	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)	(%)			(%)	
q-q	1.0	1.3	(1.2)	0.9	(0.4)								
y-y	2.7	4.6	2.1	2.1	0.6			2.7	0.6			2.5	
Year-to-date	1.9	3.3	2.1	0.9	0.5			1.9	0.5				

Sources: SCB; FSSIA estimates

The 2Q24 NIM was better than expected, increasing by 17bp to 3.90%, mainly supported by a loan yield expansion on the effect of the Blue Scheme corporate loan prepayment. In contrast, the cost of funds was healthy and in line with expectations. Non-NII decreased by 5.0% q-q and 21.0% y-y in the quarter, attributed to lower net fee income (bancassurance and loan-related fees) and FVTPL investment gains (mainly from mark-to-market gains from the investment portfolio at SCB 10X). However, the cost-to-income ratio finished in line with expectations at 42.9%, a slight increase from 42.1% in 1Q24.

## Deteriorated asset quality, particularly in the retail segment

Asset quality deteriorated worse than expected. Despite the stable NPL ratio of 3.90% in 2Q24 (FSSIA's calculation) following its proactive management (sales and write-offs), its stage 2 loans increased q-q by THB11.3b and stabilized at 7.2% of total loans, mainly from the EA lending (THB12b, of which THB500m is unsecured and the rest is secured project financing) and partly from the housing (Gen 1) and CardX (Gen 2) loans. SCB stated that the rising 2Q24 credit costs to 190bp were mainly from its Gen 2 segment, while an extra THB800m was for the unsecured portion of EA loans, for which SCB believes the coverage is enough. Hence, the coverage ratio was relatively stable q-q at 156%.

### Exhibit 2: SCB – Staged loans and ECL

	2021	2022	2023	1Q24	2Q24	2021	2022	2023	1Q24	2Q24
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)	(%)	(%)
<b>Staged loans</b>										
Stage 1	2,576	2,584	2,546	2,414	2,543	89.6	90.4	90.3	89.3	89.4
Stage 2	190	179	175	195	206	6.6	6.3	6.2	7.2	7.2
Stage 3	109	95	97	95	95	3.8	3.3	3.4	3.5	3.3
Total	2,875	2,858	2,818	2,704	2,844	100.0	100.0	100.0	100.0	100.0
<b>Allowance for ECL</b>										
Stage 1	47	46	46	45	33	1.8	1.8	1.8	1.9	1.3
Stage 2	43	49	50	52	66	22.6	27.2	28.7	26.9	32.2
Stage 3	63	58	59	55	55	57.4	60.7	60.6	58.1	57.3
Total	152	152	155	153	154	5.3	5.3	5.5	5.7	5.4
<b>LLR/ Loans</b>										
Stage 1	1.8	1.8	1.8	1.9	1.3					
Stage 2	22.6	27.2	28.7	26.9	32.2					
Stage 3	57.4	60.7	60.6	58.1	57.3					
Total	5.3	5.3	5.5	5.7	5.4					
	(%)	(%)	(%)	(%)	(%)					
NPL / TL	3.8	3.3	3.4	3.5	3.3					
NPL vs. Stage 2 loans / TL	10.4	9.6	9.7	10.7	10.6					
LLR / NPL	139	160	160	161	162					
LLR / (NPL vs. Stage 2)	51	56	57	53	51					

Sources: SCB; FSSIA's compilation

## Lower 2024-26 forecast on higher credit costs

We have trimmed our 2024-26E net profit by 6.6-8.4%, which leads to growth at 1.1% CAGR to reflect the expected higher credit costs following the EA loan issues and the slow recovery of the Thai economy. Despite another potential impairment loss from the remaining assets of THB1b (net book value) of the Robinhood application, we believe our higher expected cost-to-income ratio in 2H24 could support the worst-case scenario.

### Exhibit 3: 2024-26E earnings revisions

	Current			Previous			Change		
	2024E (%)	2025E (%)	2026E (%)	2024E (%)	2025E (%)	2026E (%)	2024E (%)	2025E (%)	2026E (%)
Net profit (THB m)	41,170	42,995	44,921	44,063	46,949	48,974	-6.6%	-8.4%	-8.3%
EPS (THB)	12.23	12.77	13.34	13.09	13.94	14.54	-6.6%	-8.4%	-8.3%
DPS (THB)	9.78	10.22	10.67	10.47	11.15	11.64	-6.6%	-8.4%	-8.3%
Target price (THB)	110			120			-8.3%		
Target PBV (x)	0.76			0.82					
Net profit growth (%)	-5.4%	4.4%	4.5%	1.2%	6.5%	4.3%			
NIM (%)	3.82%	3.83%	3.86%	3.82%	3.83%	3.86%			
Loan growth (%)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%			
Fee growth (%)	2.5%	3.0%	3.0%	2.5%	0.0	0.0			
Non-NII growth (%)	2.1%	2.5%	2.6%	2.1%	0.0	0.0			
Credit cost (bp)	195	190	190	180	170	170			
Cost to income (%)	43.2%	43.5%	43.4%	43.2%	43.5%	43.4%			
NPL	4.06%	4.10%	4.10%	4.06%	4.10%	4.10%			

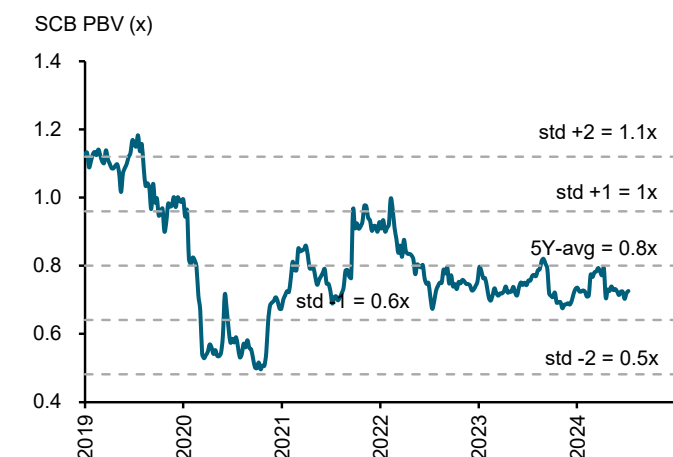
Source: FSSIA estimates

### Exhibit 4: 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%
ROE-g/COE-g ; P/BV (X)	0.82	0.80

Source: FSSIA estimates

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



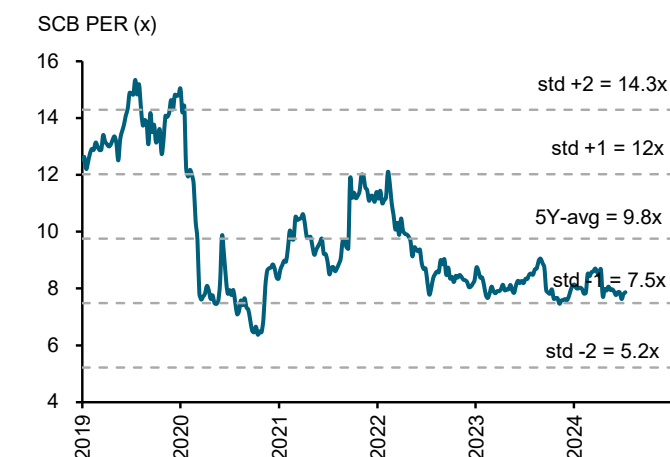
Sources: Bloomberg; FSSIA estimates

### 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)
<b>SCB TB</b>	<b>(3.8)</b>	<b>(1.5)</b>	<b>(3.3)</b>	<b>(8.6)</b>	<b>(4.2)</b>
TISCO TB	(1.6)	(4.8)	(3.3)	(2.8)	(5.3)
TTB TB	9.9	(0.6)	4.7	8.6	6.0
<b>SETBANK</b>	<b>1.3</b>	<b>(1.3)</b>	<b>(4.3)</b>	<b>(12.0)</b>	<b>(7.4)</b>
<b>SET</b>	<b>1.6</b>	<b>(0.5)</b>	<b>(4.2)</b>	<b>(13.8)</b>	<b>(6.4)</b>

Source: Bloomberg

### Exhibit 7: SCB – one-year prospective PER band



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 Financial 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

### 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)	(47,909)	(47,848)	(49,044)
Other provisions	-	-	-	-	-
Operating profit	50,718	55,725	52,767	55,099	57,559
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	52,767	55,099	57,559
Tax	(13,592)	(11,955)	(11,345)	(11,846)	(12,375)
Profit after tax	37,125	43,770	41,422	43,252	45,183
Non-controlling interest	421	(247)	(252)	(257)	(262)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	37,546	43,523	41,170	42,995	44,921
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	37,546	43,523	41,170	42,995	44,921
<b>Per share (THB)</b>					
Recurring EPS *	11.15	12.93	12.23	12.77	13.34
Reported EPS	11.15	12.93	12.23	12.77	13.34
DPS	6.69	10.34	9.78	10.22	10.67
<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	(5.3)	4.4	4.5
Reported net profit (%)	5.5	15.9	(5.4)	4.4	4.5
Recurring EPS (%)	6.4	15.9	(5.4)	4.4	4.5
Reported EPS (%)	6.4	15.9	(5.4)	4.4	4.5
<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 (%)	3.3	3.7	3.8	3.8	3.9
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	8.6	8.8	9.0
ROE - COE (%)	(2.9)	(2.0)	(2.7)	(2.5)	(2.3)
ROA (%)	1.1	1.3	1.2	1.2	1.2
RORWA (%)	1.6	1.9	1.8	1.8	1.8

\* 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)	(161,895)	(174,743)	(184,788)
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>2,349,972</b>	<b>2,400,537</b>	<b>2,455,521</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	48,757	42,195	39,567
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>3,536,695</b>	<b>3,623,491</b>	<b>3,720,568</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	451,182	461,666	472,625
<b>Total equity</b>	<b>461,232</b>	<b>478,082</b>	<b>484,853</b>	<b>495,337</b>	<b>506,296</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>3,536,695</b>	<b>3,623,491</b>	<b>3,720,568</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	2,306,339	2,303,944	2,369,585	2,427,739	2,492,781
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	425,228	433,827	442,812
Total capital	433,835	443,382	451,932	461,185	470,839
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	144.00	147.11	150.37
Tangible book value per share	136.98	141.99	144.00	147.11	150.37
<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)	2.8	2.5	2.7
Risk weighted assets (%)	1.8	(0.1)	2.8	2.5	2.7
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	93.9	93.1	92.4
Equity/assets (%)	13.4	13.9	13.7	13.7	13.6
Tangible equity/assets (%)	13.4	13.9	13.7	13.7	13.6
RWA/assets (%)	66.8	67.0	67.0	67.0	67.0
CET 1 CAR (%)	17.7	18.1	17.9	17.9	17.8
Total CAR (%)	18.8	19.2	19.1	19.0	18.9
<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	6.5	6.9	7.1
Allowance for ECL/NPL (%)	156.2	153.9	160.4	167.2	172.5
<b>Valuation</b>					
Recurring P/E (x) *	9.1	7.9	8.3	7.9	7.6
Recurring P/E @ target price (x) *	9.9	8.5	9.0	8.6	8.2
Reported P/E (x)	9.1	7.9	8.3	7.9	7.6
Dividend yield (%)	6.6	10.2	9.6	10.1	10.5
Price/book (x)	0.7	0.7	0.7	0.7	0.7
Price/tangible book (x)	0.7	0.7	0.7	0.7	0.7
Price/tangible book @ target price (x)	0.8	0.8	0.8	0.7	0.7

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

Sources: SCB X; FSSIA estimates



# SCB X PCL (SCB TB)

## FSSIA ESG rating


**62.57 /100**

### Exhibit 9: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	<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 10: ESG – peer comparison

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

Sources: [SETTRADE.com](https://www.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
<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 12: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	4	4	3	3
Waste recycled	—	—	—	—	1	1	1	1
Waste sent to landfills	—	—	—	—	4	3	2	2
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	0
<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>								
Board size	17	16	16	17	17	15	17	16
No. of independent directors (ID)	9	9	9	9	10	9	9	8
No. of women on board	3	3	3	1	2	2	4	3
No. of non-executive directors on board	13	13	14	14	16	14	13	15
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	12	16	17	20	16	15	13	18
Board meeting attendance pct	95	91	90	89	91	96	99	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	44	45	46	50	51	52	—	47
Age of the oldest director	83	84	85	86	74	75	—	77
No. of executives / company managers	8	12	17	17	13	17	18	10
No. of female executives	1	3	6	5	3	6	7	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	4	5	3	3	3	3	3	3
No. of ID on audit committee	4	5	3	3	3	3	3	3
Audit committee meetings	14	12	12	13	13	14	14	12
Audit meeting attendance %	96	91	94	95	97	98	100	100
Size of compensation committee	5	5	5	4	4	3	4	4
No. of ID on compensation committee	3	3	3	2	2	3	3	4
No. of compensation committee meetings	9	11	12	12	13	16	24	14
Compensation meeting attendance %	88	93	93	91	92	95	98	100
Size of nomination committee	5	5	5	4	4	3	4	4
No. of nomination committee meetings	9	11	12	12	13	16	24	14
Nomination meeting attendance %	88	93	93	91	92	95	98	100
<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.																				
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&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.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &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><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="3">Average:</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>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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
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.
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.
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.