FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

Thailand Banks

กำไร 2Q24 ออกมาตามคาด คุณภาพสินทรัพย์เสื่อม

- ธนาคาร 7 แห่งที่เราทำการศึกษารายงานกำไรสุทธิ 2Q24 รวมลดลง จากกำไรปกติที่ชะลอตัวและ ECL ที่สูงขึ้น
- คุณภาพสินทรัพย์แย่กว่าคาดแต่อยู่ในระดับที่จัดการได้
- ขาดปัจจัยบวกและคาดว่าการเติบโตของกำไรจะชะลอตัวในปี 2024-26 คงให้น้ำหนักน้อยกว่าตลาด TTB ยังเป็นหุ้นเด่น แนะนำซื้อ KTB และ KBANK

กำไร 2Q24 หดตัวตามการดำเนินงานหลักที่อ่อนแอและ ECL ที่สูงขึ้น

ธนาคาร 7 แห่งที่เราทำการศึกษารายงานกำไรสุทธิ 2Q24 รวมออกมาตามคาด กำไรฯ ลดลง 2.5% q-q แต่เพิ่มขึ้น 2.7% y-y มาอยู่ที่ 53.5พัน ลบ. กำไรก่อนหักสำรองเพิ่มเล็กน้อยที่ 1.4% ทั้ง q-q และ y-y มาอยู่ที่ 116.0พัน ลบ. เมื่อเทียบ q-q KKP, SCB, และ KBANK รายงานกำไรสุทธิลดลงในขณะที่ BBL, KTB, TISCO, และ TTB มีกำไรเพิ่มโดย BBL มีผลประกอบการดีที่สุดและ KKP แย่ที่สุด เมื่อเทียบ y-y KKP, SCB, และ TISCO รายงานกำไรสุทธิลดลงในขณะที่ TTB, KBANK, KTB, และ BBL มีกำไรเพิ่มขึ้น y-y โดย TTB และ KBANK มีผลประกอบการดีที่สุดและ KKP แย่ที่สุด

คุณภาพสินทรัพย์เสื่อมแต่อยู่ในระดับที่จัดการได้ หนี้ด้อยคุณภาพเพิ่มขึ้นพร้อม Credit cost ที่สูงขึ้น

เรามีความกังวลเกี่ยวกับคุณภาพสินทรัพย์รวมใน 2Q24 โดยเฉพาะอย่างยิ่งในกลุ่มสินเชื่อ SME และรายย่อยโดยเห็นสัญญาณเตือนเพิ่มในกลุ่มสินเชื่อขนาดใหญ่กล่าวคือ EA การก่อตัวของหนี้ด้อยคุณภาพใหม่และสินเชื่อขั้นที่ 2 เพิ่มจาก 1Q24 จากเศรษฐกิจที่ฟื้นตัวช้าและหนี้ครัวเรือนที่อยู่ในระดับสูง อีกทั้งการจัดชั้นสินเชื่อของ EA อยู่ในกลุ่มนี้ อย่างไรก็ดีเรามองว่ายังอยู่ในระดับที่จัดการได้ ธนาคารส่วนมากบริหารต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) เชิงรุกซึ่งทำให้ตัวเลขดังกล่าวทรงตัวในระดับสูงใน 2Q24 สัดส่วนหนี้ด้อยคุณภาพเพิ่มเป็น 3.67% ซึ่งทำให้ Credit cost เพิ่มเป็น 162bp ใน 2Q24 ขณะที่สัดส่วนสำรองต่อหนี้ด้อยคุณภาพ (Coverage ratio) ทรงตัวที่ 184%

ขาดปัจจัยบวก โดยคาดการเติบโตของกำไรสุทธิที่ยังชะลอตัวในปี 2024-26

เราปรับลดประมาณการกำไรสุทธิปี 2024-26 สำหรับ KKP, SCB, และ TTB ส่วนมากเพื่อสะท้อนสมมติฐานผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ที่สูงขึ้นและการเติบโตของสินเชื่อที่ลดลง (KKP และ TTB) แต่ปรับเพิ่มประมาณการของ KBANK จากส่วนต่างดอกเบี้ย รายได้ค่าธรรมเนียมสุทธิและรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (Non-NII) ที่ดีเกินคาด ดังนั้นเราจึงคาดว่ากำไรสุทธิปี 2024 รวมจะเพิ่มเล็กน้อยเป็น 198.2พัน ลบ. เพิ่มขึ้น 1.5% y-y จาก 1) ฐานที่ใหญ่ในปี 2023 หลังผลกระทบเชิงบวกจากการขึ้นดอกเบี้ยลดลงเมื่อเทียบกับในปี 2023 และ 2) รายได้จากการดำเนินงานที่ชะลอตัวต่อเนื่อง สำหรับในปี 2025-26 เราคาดว่ากำไรสุทธิจะโตในอัตราที่สูงขึ้นเป็น 5.4-6.5% y-y โดยมีสมมติฐานการเติบโตของสินเชื่อ รายได้ค่าธรรมเนียมที่ Conservative และคาดว่า Credit cost จะค่อย ๆ ลดลง

คงให้น้ำหนักน้อยกว่าตลาดโดยมี TTB เป็นหุ้นเด่น

เราคงให้น้ำหนักกลุ่ม Bank น้อยกว่าตลาด แม้ว่า SETBANK จะปรับตัวลดลงอย่างรุนแรง เราไม่เห็นปัจจัยบวกที่จะช่วยผลักดันราคาหุ้น เว้นแต่ผลตอบแทนในรูปเงินปันผลที่น่าสนใจ เราเลือก TTB (BUY, TP 2.22 บาท) เป็นหุ้นเด่นจาก Downside ในด้านกำไรที่จำกัดจากประโยชน์ทางภาษีที่เหลืออยู่รวม 12.7พัน ลบ. และผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ 6-7% ต่อปี นอกจากนี้เรายังชอบ KTB (TP 19.90 บาท) และ KBANK (TP 145 บาท) มากกว่า SCB (TP 110 บาท) จากความกังวลในด้านคุณภาพสินทรัพย์ที่ลดลงและผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ 5-7% ต่อปี

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Exhibit 1: Changes in rating and TP

	----------------- Rating -----------------		Change	---- 2024 TP (THB) ----		% Change
	New	Previous	in rating	New	Previous	in TP
Banking sector	**UNDERWEIGHT**	**UNDERWEIGHT**	**-**	**n/a**	**n/a**	***n/a***
BBL	HOLD	BUY	↓	157.00	157.00	-
KBANK	BUY	HOLD	↑	145.00	140.00	*3.6*
SCB	HOLD	BUY	↓	110.00	120.00	*(8.3)*
KTB	BUY	BUY	-	19.90	19.90	-
TTB	BUY	BUY	-	2.22	2.24	*(0.9)*
TISCO	HOLD	HOLD	-	96.00	97.00	*(1.0)*
KKP	HOLD	HOLD	-	39.10	50.60	*(22.7)*

Source: FSSIA estimates

Exhibit 2: 2Q24 earnings summary of Thai banks under coverage

	2Q24	1Q24	*Change*	2Q23	*Change*	2023	2024E
	(THB m)	(THB m)	*(q-q%)*	(THB m)	*(y-y%)*	(THB m)	(THB m)
BBL	11,807	10,524	*12.2*	11,293	*4.6*	41,635	42,037
KBANK	12,653	13,486	*(6.2)*	10,994	*15.1*	42,405	47,020
KTB	11,195	11,078	*1.1*	10,156	*10.2*	36,616	37,621
SCB	10,014	11,281	*(11.2)*	11,868	*(15.6)*	43,521	41,170
TTB	5,356	5,335	*0.4*	4,566	*17.3*	18,463	19,192
KKP	769	1,506	*(49.0)*	1,408	*(45.4)*	5,418	4,271
TISCO	1,749	1,733	*0.9*	1,854	*(5.7)*	7,301	6,935
Coverage	**53,543**	**54,943**	***(2.5)***	**52,140**	***2.7***	**195,359**	**198,247**

Sources: Company data; FSSIA estimates

Exhibit 3: NPL ratio, 3Q22-2Q24

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	2024E	Banks' target
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	2024E
BBL	3.83	3.62	3.73	3.46	3.48	3.22	3.43	3.64	3.45	±3.0
KBANK	3.59	3.74	3.60	3.83	3.58	3.70	3.72	3.64	3.76	< 3.25
KTB	4.01	3.90	3.97	3.83	3.74	3.86	3.77	3.85	3.80	< 3.25
SCB	3.92	4.01	3.97	3.84	3.89	3.99	3.89	3.90	4.06	n/a
TTB	3.01	3.03	3.09	2.99	2.96	3.09	3.02	3.09	3.15	≤ 2.9
KKP	3.29	3.45	3.56	3.74	3.69	3.31	3.94	4.11	4.10	3.90 – 4.10
TISCO	2.08	2.09	2.13	2.20	2.25	2.22	2.27	2.44	2.63	2.50 - 2.75
Coverage	**3.70**	**3.68**	**3.69**	**3.62**	**3.56**	**3.58**	**3.61**	**3.67**	**3.68**	

Sources: Company data; FSSIA estimates

Exhibit 4: Credit cost, 3Q22-2Q24

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	1H23	1H24	2024	Banks' target
	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	2024E
BBL	145	116	127	133	132	109	127	153	130	140	129	~ 90 - 100
KBANK	161	368	205	208	209	220	189	189	206	189	195	175 - 195
KTB	86	116	125	120	125	201	124	124	122	125	140	120 - 130
SCB	132	120	166	201	201	153	167	190	184	180	195	160 - 180
TTB	125	139	125	125	128	277	155	162	124	156	160	125 - 135
KKP	182	305	233	292	304	284	206	289	276	247	285	250 - 270
TISCO	23	70	28	11	25	43	47	70	20	59	70	100
Coverage	**128**	**173**	**148**	**158**	**159**	**178**	**146**	**162**	**153**	**154**	**161**	

Sources: Company data; FSSIA estimates

Exhibit 5: Aggregate banks – 2Q24 operating summary

Year end 31 Dec	2Q23	3Q23	4Q23	1Q24	2Q24	---- Change ----		1H24	*Change*	*%of*	2024E	*Change*
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	*(q-q%)*	*(y-y%)*	(THB m)	*(y-y %)*	*24E*	(THB m)	*(y-y %)*
Net interest income	149,783	157,561	161,865	156,319	155,815	*(0.3)*	*4.0*	312,133	*7.1*	*50*	626,325	*2.6*
Non-interest income	50,687	44,609	43,454	48,419	49,717	*2.7*	*(1.9)*	98,136	*(2.5)*	*50*	195,046	*3.3*
Fee income - net	32,865	33,258	32,140	33,445	32,346	*(3.3)*	*(1.6)*	65,791	*(2.3)*	*49*	134,258	*1.2*
Total operating income	200,470	202,170	205,318	204,738	205,532	*0.4*	*2.5*	410,270	*4.7*	*50*	821,371	*2.7*
Total operating expenses	86,033	88,651	100,662	90,311	89,473	*(0.9)*	*4.0*	179,784	*7.1*	*48*	373,650	*4.6*
PPOP before tax	114,437	113,519	104,657	114,427	116,059	*1.4*	*1.4*	230,845	*2.9*	*51*	447,721	*1.2*
Expected credit loss	47,701	48,343	54,320	44,501	49,186	*10.5*	*3.1*	93,687	*1.4*	*48*	196,120	*0.5*
Income tax	12,837	13,233	5,775	13,018	11,157	*(14.3)*	*(13.1)*	24,175	*(6.2)*	*52*	46,152	*3.1*
Non-controlling interest	1,758	1,490	1,902	1,965	2,172	*10.5*	*23.5*	4,137	*13.3*	*57*	7,202	*2.2*
Net profit	**52,140**	**50,454**	**42,661**	**54,943**	**53,543**	***(2.5)***	***2.7***	**108,486**	***6.1***	***55***	**198,247**	***1.5***
EPS (THB)	10.96	10.60	8.96	11.55	11.25	*(2.5)*	*2.7*	22.80	*6.1*	*55*	41.08	*(0.1)*
Key ratios	2Q23	3Q23	4Q23	1Q24	2Q24	---- Change ----		1H24	*Change*		2024E	*Change*
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	*(q-q%)*	*(y-y%)*	(%)	*(y-y %)*		(%)	*(y-y %)*
Gross NPLs (THB m)	439,669	436,408	433,707	440,288	445,417	*1.2*	*1.3*	445,417	*1.3*		453,488	*4.6*
Change (% from prior period)	(1.2)	(0.7)	(0.6)	1.5	1.2			1.3			4.6	
NPL ratio (%)*	3.62	3.56	3.58	3.61	3.67			3.67			3.68	
Coverage ratio (%)*	184	187	189	186	185			185			188	
Credit cost (bp)	158	159	178	146	162			154			161	
Profitability ratio	(%)	(%)	(%)	(%)	(%)						(%)	
Cost to income ratio	42.9	43.8	49.0	44.1	43.5			43.8			45.5	
Average yield (%)	4.50	4.74	4.91	4.80	4.82			4.84			4.76	
Cost of funds (%)	1.38	1.46	1.59	1.63	1.66			1.65			1.63	
Loan spreads	3.12	3.27	3.32	3.17	3.16			3.19			3.13	
NIM (%)*	3.37	3.53	3.60	3.47	3.46			3.49			3.43	
Non-interest income /total income (%)	25.3	22.1	21.2	23.6	24.2			23.9			23.7	
Loan growth	(%)	(%)	(%)	(%)	(%)						(%)	
q-q	0.8	0.8	(0.9)	0.7	(0.7)							
y-y	0.6	0.5	0.1	1.4	(0.1)						1.5	
Year-to-date	0.2	1.0	0.1	0.7	0.0			0.0				

Sources: Company data; FSSIA estimates

Exhibit 6: Thai banks – 2Q24 operating summary

Year end Dec 31	BBL (THB m)	KBANK (THB m)	KTB (THB m)	SCB (THB m)	TTB (THB m)	KKP (THB m)	TISCO (THB m)	Coverage (THB m)
Net interest income	33,134	37,468	30,055	32,576	14,185	5,009	3,387	155,815
Change q-q%	(0.9)	(2.8)	1.7	2.6	(1.5)	(4.7)	(0.2)	(0.3)
Change y-y%	5.2	2.1	8.2	5.8	0.7	(9.3)	(0.9)	4.0
Non-interest income	10,404	12,961	9,394	10,678	3,187	1,543	1,550	49,717
Change q-q%	25.9	11.5	(15.7)	(5.0)	(2.6)	(2.3)	18.6	2.7
Change y-y%	(5.0)	14.0	18.3	(21.1)	(13.1)	(18.8)	17.1	(1.9)
Fee income - net	6,850	8,078	5,277	7,529	2,209	1,171	1,232	32,346
Change q-q%	(1.1)	(2.7)	(5.4)	(4.7)	(10.0)	4.3	5.4	(3.3)
Change y-y%	4.2	4.7	10.0	(11.5)	(16.9)	(20.0)	7.0	(1.6)
Insurance premium - net	0	0	0	0	0	0	0	0
Total operating income	43,538	50,430	39,449	43,253	17,372	6,552	4,937	205,532
Change q-q%	4.5	0.6	(3.1)	0.6	(1.7)	(4.1)	5.0	0.4
Change y-y%	2.6	4.9	10.5	(2.4)	(2.2)	(11.7)	4.1	2.5
Total operating expenses	19,208	21,888	16,438	18,568	7,210	3,809	2,353	89,473
Change q-q%	(2.1)	5.7	(7.3)	2.6	(4.8)	(11.8)	4.0	(0.9)
Change y-y%	(4.5)	5.0	17.2	9.1	(8.3)	0.5	(1.0)	4.0
PPOP before tax	24,330	28,542	23,012	24,685	10,162	2,743	2,585	116,059
Change q-q%	10.3	(3.0)	0.2	(0.8)	0.6	9.0	5.9	1.4
Change y-y%	8.9	4.8	6.1	(9.6)	2.7	(24.5)	9.3	1.4
Expected credit loss	10,425	11,672	8,004	11,626	5,281	1,769	409	49,186
Change q-q%	21.5	(0.1)	(0.3)	14.0	3.2	190.6	46.4	10.5
Change y-y%	17.4	(8.7)	3.2	(3.9)	24.4	(5.8)	547.8	3.1
Income tax	1,993	3,224	2,877	2,908	(474)	202	427	11,157
Non-controlling interest	105	991	936	137	0	3	0	2,172
Normalised profit	11,807	12,654	11,195	10,014	5,356	769	1,749	53,543
Extraordinary items	0	0	0	0	0	0	0	0
Net profit	**11,807**	**12,653**	**11,195**	**10,014**	**5,356**	**769**	**1,749**	**53,543**
Change q-q%	12.2	(6.2)	1.1	(11.2)	0.4	(49.0)	0.9	(2.5)
Change y-y%	4.6	15.1	10.2	(15.6)	17.3	(45.4)	(5.7)	2.7
EPS (THB)	6.19	5.34	0.80	2.97	0.06	0.91	2.18	11.25

Sources: Company data; FSSIA estimates

Exhibit 7: Thai banks – 1H24 operating summary

Year end Dec 31	BBL (THB m)	KBANK (THB m)	KTB (THB m)	SCB (THB m)	TTB (THB m)	KKP (THB m)	TISCO (THB m)	Coverage (THB m)
Net interest income	66,556	75,997	59,617	64,337	28,583	10,262	6,783	312,133
Change y-y%	8.1	6.2	11.7	7.7	3.6	(4.5)	1.1	7.1
Non-interest income	18,664	24,585	20,535	21,912	6,460	3,123	2,857	98,136
Change y-y%	(11.8)	6.6	16.7	(14.0)	(8.2)	(13.7)	5.5	(2.5)
Fee income - net	13,776	16,377	10,854	15,426	4,664	2,294	2,400	65,791
Change y-y%	0.6	3.5	9.2	(11.4)	(10.6)	(18.3)	(0.8)	(2.3)
Insurance premium - net	0	0	0	0	0	0	0	0
Total operating income	85,220	100,582	80,152	86,249	35,043	13,384	9,640	410,270
Change y-y%	3.0	6.3	12.9	1.2	1.2	(6.8)	2.4	4.7
Total operating expenses	38,826	42,601	34,168	36,668	14,781	8,125	4,615	179,784
Change y-y%	(0.3)	4.8	23.4	8.6	(2.5)	15.6	(0.9)	7.1
PPOP before tax	46,394	57,981	45,984	49,580	20,262	5,259	5,025	230,485
Change y-y%	6.0	7.4	6.2	(3.6)	4.1	(28.3)	5.7	2.9
Expected credit loss	19,007	23,357	16,032	21,828	10,397	2,378	688	93,687
Change y-y%	9.5	(8.3)	1.1	(0.9)	22.0	(20.1)	214.8	1.4
Income tax	4,842	6,627	5,813	6,262	(826)	602	855	24,175
Non-controlling interest	214	1,858	1,865	196	0	4	0	4,137
Normalised profit	22,331	26,139	22,273	21,295	10,690	2,275	3,482	108,486
Extraordinary items	0	0	0	0	0	0	0	0
Net profit	**22,331**	**26,139**	**22,273**	**21,295**	**10,690**	**2,275**	**3,482**	**108,486**
Change y-y%	4.2	20.3	10.1	(6.9)	20.6	(34.9)	(4.5)	6.1
EPS (THB)	11.70	11.03	1.59	6.32	0.11	2.69	4.35	22.80

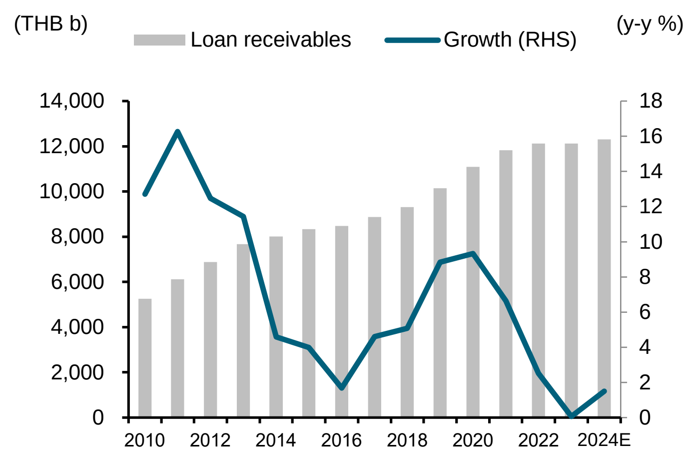
Sources: Company data; FSSIA estimates

Exhibit 8: Staged loans and ECL of banks under coverage, 2021-23

	2021 (THB b)	2022 (THB b)	2023 (THB b)	2021 (%)	2022 (%)	2023 (%)
Staged loans						
Stage 1	11,057	11,317	11,245	88.8	89.4	89.4
Stage 2	908	889	896	7.3	7.0	7.1
Stage 3	489	458	438	3.9	3.6	3.5
Total	12,453	12,664	12,579	100.0	100.0	100.0
Allowance for ECL						
Stage 1	246	262	271	2.2	2.3	2.4
Stage 2	237	252	275	26.0	28.3	30.7
Stage 3	287	276	268	58.7	60.3	61.2
Total	769	790	814	6.2	6.2	6.5
LLR / Loans	(%)	(%)	(%)			
Stage 1	2.2	2.3	2.4			
Stage 2	26.0	28.3	30.7			
Stage 3	58.7	60.3	61.2			
Total	6.2	6.2	6.5			
	(%)	(%)	(%)			
NPL / TL	3.9	3.6	3.5			
NPL vs Stage 2 loans / TL	11.2	10.6	10.6			
LLR / NPL	157	173	186			
LLR / (NPL vs Stage 2)	55	59	61			

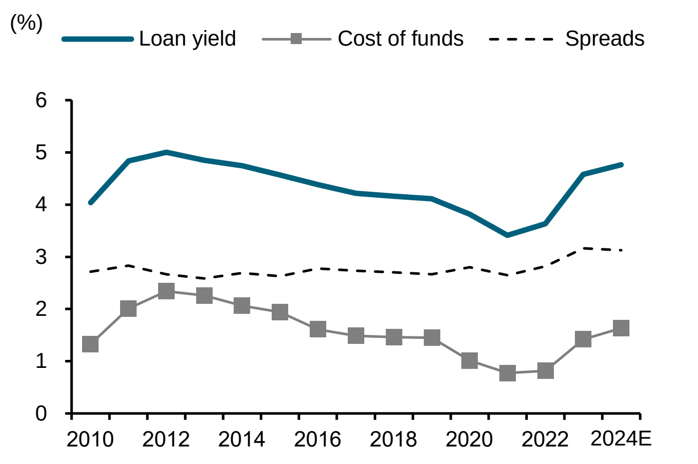
Sources: Company data; FSSIA's compilation

Exhibit 9: Loan growth, 2010-24E



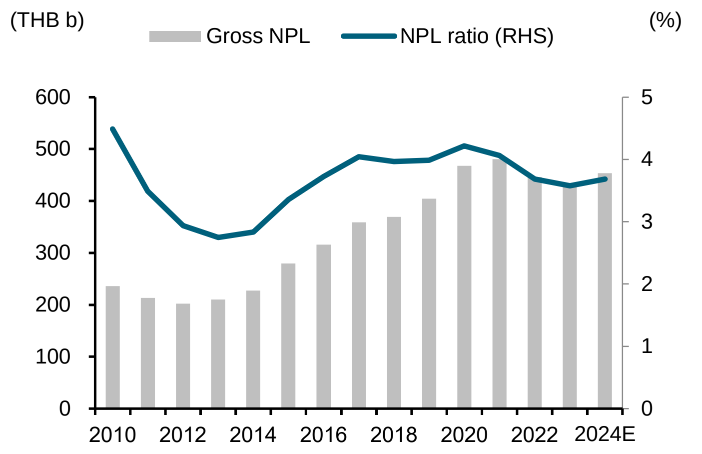
Sources: Company data; FSSIA estimates

Exhibit 10: Yields, cost of funds, and spreads, 2010-24E



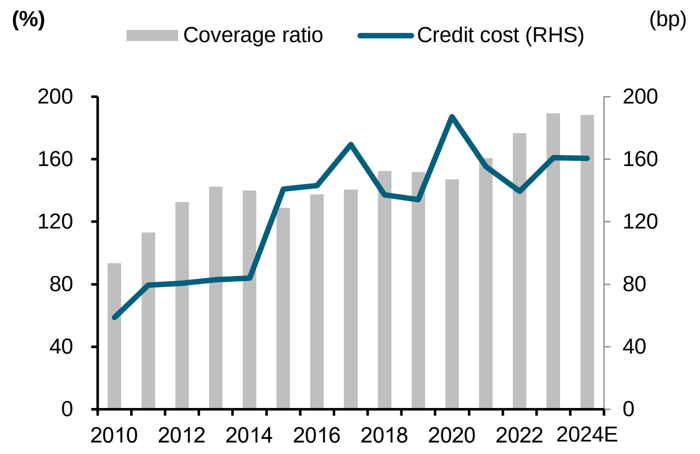
Sources: Company data; FSSIA estimates

Exhibit 11: NPLs and NPL ratio, 2010-24E



Sources: Company data; FSSIA estimates

Exhibit 12: Coverage ratio and credit cost, 2010-24E



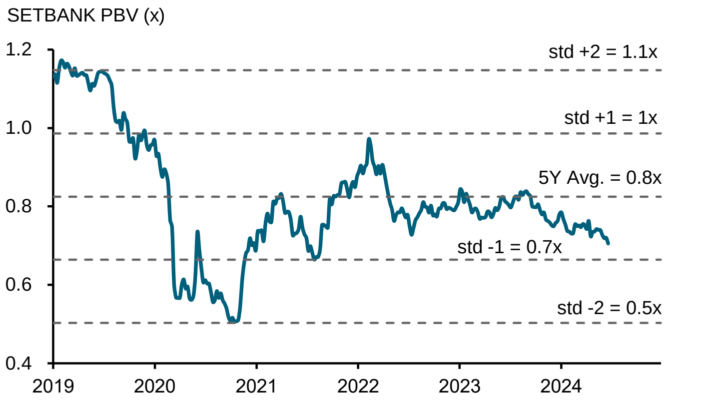
Sources: Company data; FSSIA estimates

Exhibit 13: Aggregate banks – key financial summary, as of 19 July 2024

	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net profit (THB m)	**167,006**	**156,017**	**111,916**	**145,315**	**165,342**	**195,360**	**198,247**	**208,959**	**222,504**
EPS (THB)	39.7	35.6	25.5	33.2	34.7	41.14	40.9	43.1	45.9
Change y-y	0.8%	-10.3%	-28.3%	29.8%	4.8%	18.4%	-0.5%	5.4%	6.5%
P/E (x)	11.1	9.5	13.2	12.5	11.2	9.3	8.6	8.2	7.7
BVS (THB)	393.2	422.3	441.4	473.1	455.1	479.0	491.2	511.6	537.3
P/B (x)	1.1	0.8	0.8	0.9	0.9	0.8	0.7	0.7	0.7
ROE (%)	20.2	8.9	5.9	7.3	7.8	8.8	8.5	8.6	8.8
ROA (%)	2.4	1.1	0.7	0.8	0.9	1.1	1.1	1.1	1.1
Dividend yield (%)	3.5	4.8	2.3	2.5	3.6	5.2	5.6	5.9	6.3

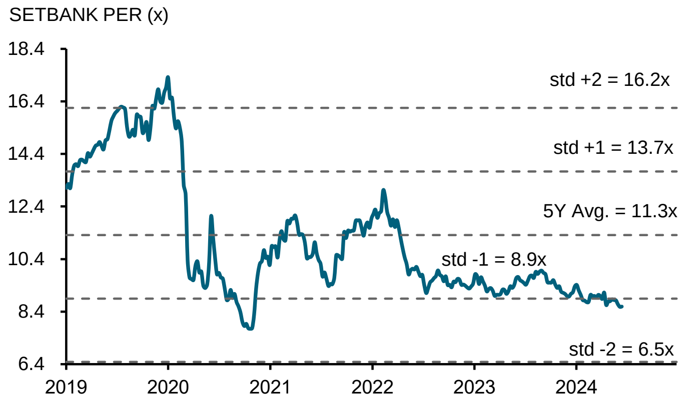
Sources: Company data; Bloomberg; FSSIA estimates

Exhibit 14: SETBANK – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: SETBANK – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: KBANK – 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 17: SCB – 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 18: TTB – 2024-26E earnings revisions

	Current			Previous			*Change*		
	2024E	2025E	2026E	2024E	2025E	2026E	*2024E*	*2025E*	*2026E*
	(%)	(%)	(%)	(%)	(%)	(%)	*(%)*	*(%)*	*(%)*
Net profit (THB m)	19,192	20,306	21,963	19,523	20,713	22,029	*-1.7%*	*-2.0%*	*-0.3%*
EPS (THB)	0.20	0.21	0.23	0.20	0.21	0.23	*-0.8%*	*-0.1%*	*-1.3%*
DPS (THB)	0.109	0.115	0.125	0.111	0.118	0.126	*-1.7%*	*-2.2%*	*-0.6%*
Target price (THB)	2.22			2.24			*-0.9%*		
Target PBV (x)	0.90			0.91			*-1.3%*		
Net profit growth (%)	4.0%	5.8%	8.2%	5.7%	6.1%	6.4%			
NIM (%)	3.24%	3.26%	3.29%	3.15%	3.18%	3.20%			
Loan growth (%)	-3.0%	0.5%	0.5%	0.0%	0.5%	0.5%			
Fee growth (%)	-4.7%	1.0%	1.0%	1.0%	1.0%	1.0%			
Non-NII growth (%)	-2.8%	1.5%	1.5%	1.5%	1.5%	1.5%			
Credit cost (bp)	160	155	150	140	135	130			
Cost to income (%)	43.2%	43.4%	43.0%	45.8%	46.0%	46.1%			
NPL ratio	3.15	3.17	3.17	3.15	3.18	3.17			

Source: FSSIA estimates

Exhibit 19: TISCO – 2024-26E earnings revisions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	*2024E*	*2025E*	*2026E*
							(%)	*(%)*	*(%)*
Net profit (THB m)	6,935	6,846	7,081	6,732	6,785	6,811	*3.0*	*0.9*	*4.0*
EPS (THB)	8.66	8.55	8.84	8.41	8.47	8.51	*3.0*	*0.9*	*4.0*
Target price (THB)	96.00			97.00			*(1.0)*		
Net profit growth (%)	(5.0)	(1.3)	3.4	(7.8)	0.8	0.4			
ROE (%)	16.1	15.6	15.9	15.7	15.5	15.4			
NIM (%)	4.82	4.84	4.87	4.69	4.73	4.74			
Loan growth (%)	2.0	3.0	5.0	6.0	6.0	6.0			
Fee growth (%)	(2.2)	2.0	4.0	2.3	2.0	4.0			
Non-NII growth (%)	4.6	2.1	0.3	4.8	2.2	4.0			
Credit cost (bp)	70.0	100.0	100.0	50.0	70.0	90.0			
Cost to income (%)	47.1	45.1	45.1	50.3	49.7	49.1			
NPL ratio	2.63	2.72	2.82	2.41	2.49	2.49			

Sources: FSSIA estimates

Exhibit 20: KKP – 2024-26E earnings revisions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	*2024E*	*2025E*	*2026E*
	(%)	(%)	(%)	(%)	(%)	(%)	*(%)*	*(%)*	*(%)*
Net profit (THB m)	4,271	4,718	5,244	5,798	6,165	6,620	*(26.3)*	*(23.5)*	*(20.8)*
EPS (THB)	5.04	5.57	6.19	6.85	7.28	7.82	*(26.3)*	*(23.5)*	*(20.8)*
DPS (THB)	2.35	2.65	2.95	3.25	3.50	3.75	*(27.7)*	*(24.3)*	*(21.3)*
Target price (THB)	39.10			50.6			*(22.7)*		
Target PBV (x)	0.53			0.67					
Net interest income (THB m)	20,503	20,120	20,028	21,671	22,261	22,966	*(5.4)*	*(9.6)*	*(12.8)*
Non-interest income (THB m)	6,177	6,195	6,534	5,029	5,368	5,664	*22.8*	*15.4*	*15.3*
ECL (THB m)	5,200	4,900	4,700	4,241	4,193	3,781	*22.6*	*16.9*	*24.3*
Net profit growth (%)	(21.5)	10.5	11.1	6.5	6.3	7.4			
Loan growth (%)	(3.0)	(1.0)	0.0	3.0	3.0	3.0			
Next fee growth (%)	(14.9)	6.5	6.5	(26.8)	6.5	6.5			
Non-NII growth (%)	(4.5)	0.3	5.5	(22.3)	6.7	5.5			
Interest spread	4.69	4.69	4.70	4.89	4.88	4.90			
Credit cost (bp) - including lossess from sales of car repossessed	285	270	253	253	232	204			
NPL ratio (%)	4.10	4.00	4.00	3.90	3.80	3.80			
LLR/NPL (%)	135	139	140	138	141	143			

Sources: FSSIA estimates

Exhibit 21: Peer regional banks comparison, 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

Disclaimer for ESG scoring

<table>
<tr><th>ESG score</th><th>Methodology</th><th>Rating</th></tr>
<tr><td>The Dow Jones Sustainability Indices (DJSI) By S&P Global</td><td>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.</td><td>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.</td></tr>
<tr><td>Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)</td><td>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.</td><td>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.</td></tr>
<tr><td>CG Score by Thai Institute of Directors Association (Thai IOD)</td><td>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.</td><td>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%).</td></tr>
<tr><td>AGM level By Thai Investors Association (TIA) with support from the SEC</td><td>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.)</td><td>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.</td></tr>
<tr><td>Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)</td><td>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.)</td><td>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.</td></tr>
<tr><td>Morningstar Sustainalytics</td><td>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.</td><td>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></td></tr>
<tr><td>ESG Book</td><td>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.</td><td>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.</td></tr>
<tr><td>MSCI</td><td colspan="2">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="2">Leader:</td><td rowspan="2">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><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>BBB</td><td>4.286-5.713</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</td></tr></table></td></tr>
<tr><td>Moody's ESG solutions</td><td colspan="2">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.</td></tr>
<tr><td>Refinitiv ESG rating</td><td colspan="2">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. (Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</td></tr>
<tr><td>S&P Global</td><td colspan="2">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.</td></tr>
<tr><td>Bloomberg</td><td>ESG Score</td><td>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.</td></tr>
<tr><td>Bloomberg</td><td>ESG Disclosure Score</td><td>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.</td></tr>
</table>

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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 Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
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.
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.
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 operation and financial stability and 2) the reduction in Thailand's household debts.
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.
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.
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.

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.