

Thailand Banks

Loan growth still contracted slightly in 7M24

- Most banks showed negative loan growth except for KTB and SCB.
- We retain our conservative approach to 2024-26E net profit growth, aligning with most banks' guidance, which shows a more cautious view of 2024 loan growth and high credit costs.
- We maintain our UNDERWEIGHT call, with KTB and TTB as our top Buys.

Most banks had negative loan growth; KTB performed the best

Seven banks under our coverage reported a decline in aggregate net loan growth (net of allowances for ECL) in July 2024 of -0.30% m-m, +0.05% y-y, and -0.60% YTD (still below our conservative 2024 forecast of +1.5% y-y), amounting to THB10.77t. Most big banks showed a m-m decrease in net loan growth, except for KTB (driven by government loans) and SCB (corporate and high-yield loans), which showed the highest loan growth. TISCO experienced a slight decline (with low-yield retail loans, including auto hire purchase and housing loans, being the main drag, despite continuous growth in high-yield retail loans, although at a significantly reduced growth rate in title loans). Corporate loans increased, and SME loans remained stable but were insufficient to offset the decline.

Deposits posted m-m growth; KTB performed the best

Total deposits in July 2024 amounted to THB12.40t, slightly moving in the opposite direction to net loans, increasing by 0.2% m-m and 0.7% y-y. KTB (with increases in both CASA and fixed deposits) and KBANK (no detailed explanation provided) showed the highest deposit growth m-m, while KKP (with declines across all groups, mainly in fixed deposits) and TISCO (with declines across all groups) saw the most significant decreases.

Sluggish 2024E profit growth; no prominent catalysts

Our aggregate 2024 net profit growth estimate of 1.5% y-y is due mainly to a large base in 2023 and a lack of prominent catalysts. In addition, the 2024 business guidance from most banks shows a more cautious view on loan growth, with NIM ranging from flat to contracting, flat to low single-digit non-NII and fee income growth, and a stubbornly high level of ECLs and credit costs. For 2025-26, we expect a more remarkable net profit growth rate of 5.4-6.5% y-y, based on our conservative assumptions for loan growth (2.1-2.2% p.a.), continued low single-digit fee income growth, and a gradual reduction in credit costs.

Maintain Underweight call, with KTB and TTB as our top Buys

We retain our UNDERWEIGHT call on the Thai banking sector. Our top Buy calls are 1) KTB (TP THB19.90) due to reduced concerns over asset quality, a more precise loan growth direction in 2H24, support by accelerated government budget disbursement, and an attractive dividend yield of 5-6% p.a.; and 2) TTB (TP THB2.22) due to the limited downside risks to our 2024-26 net profit forecast, benefits from the remaining tax privileges worth THB12.7b, and an attractive dividend yield of 5-6% p.a. We also recommend buying KBANK (TP THB145) due to the positive development in asset quality, which should positively affect credit cost trends in 2025-26, driving projected net profit growth at 10.1% CAGR, outperforming the sector average, and an estimated dividend yield of 6-7% per year.



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The decline in net loans m-m was mainly due to a decrease in corporate loans (BBL, KBANK, and TTB), except for KTB, SCB, and TISCO, where corporate loans grew. SME loans continued to slow, with relatively stable figures (SCB, KTB, TISCO, and TTB), while KBANK saw a slight increase and KKP saw a decrease. For retail loans, high-yield loans continued to increase (TISCO, TTB, and KKP), as did AutoX loans (SCB), while low-yield loans, such as housing loans, showed some growth (KTB, SCB, KBANK, KKP), except for TISCO and TTB, where they continued to contract. Auto hire purchase loans for new and used cars declined as new loan issuances were still below repayments (SCB, TTB, KKP, and TISCO) due to the continuation of the strict lending strategy focusing on quality.

Overall, net loans in 7M24 contracted by 0.6% YTD, still below our assumed 1.5% y-y loan growth for 2024. The situation remains closely monitored, as loans typically accelerate in the second half of the year. However, if loan growth falls 1% short of the target, it could reduce 2024E net profit by c0.9%, all else being equal.

Deposits posted m-m growth; KTB performed the best

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Overall, the m-m increase in deposits was mainly in fixed deposits, as customers still sought higher-yielding deposits, and banks aimed to maintain their market share despite reduced pressure from interest rate competition. Several banks have begun lowering high fixed deposit interest rates, which will help ease pressure on their cost of funds in 2H24.

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Exhibit 1: Aggregate banks – C.B. 1.1 report as of 31 July 2024

	BBL	KBANK	KKP	KTB	SCB	TISCO	TTB	Coverage
Growth (m-m %)								
Loan	(1.84)	(0.88)	(0.95)	1.63	0.36	(0.08)	(1.36)	(0.30)
Deposit	(0.20)	1.02	(1.92)	1.06	(0.58)	(0.73)	(0.17)	0.20
Deposit + Borrowing	0.58	0.98	(1.83)	0.34	(0.64)	(0.70)	(0.22)	0.19
Growth (y-y %)								
Loan	(0.11)	0.59	(2.22)	1.92	1.36	2.28	(5.95)	0.05
Deposit	0.21	(1.71)	6.62	4.10	0.12	2.61	(0.96)	0.67
Deposit + Borrowing	1.61	(2.16)	0.01	3.29	0.41	0.13	(2.05)	0.43
Growth (YTD %)								
Loan	(1.46)	(1.17)	(2.83)	1.24	0.86	(0.39)	(3.61)	(0.60)
Deposit	(0.64)	(0.58)	0.86	1.15	0.01	(1.60)	(1.73)	(0.21)
Deposit + Borrowing	(0.11)	(1.02)	(4.11)	0.40	0.27	(5.64)	(2.65)	(0.63)
LDR (%)	75.95	83.59	103.61	88.10	95.00	110.04	89.77	86.87

Sources: Company data; FSSIA's compilation

Exhibit 2: 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	40.90	(0.6)
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)			(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 3: 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

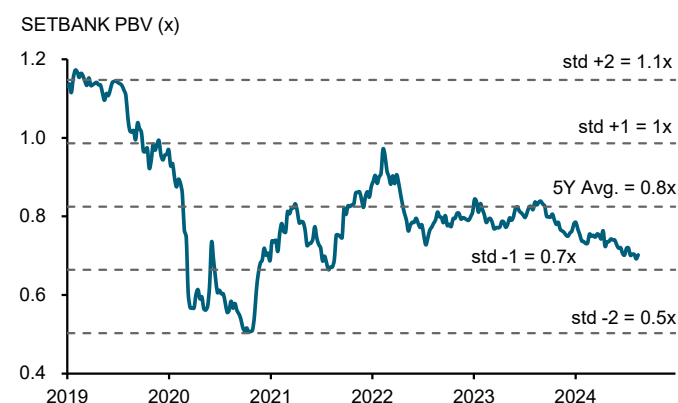
Sources: Company data; FSSIA estimates

Exhibit 4: Aggregate banks – key financial summary, as of 21 August 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%	-0.6%	5.4%	6.5%
P/E (x)	11.1	9.5	13.2	12.5	11.2	9.3	9.0	8.5	8.0
BVS (THB)	393.2	422.3	441.4	473.1	455.1	479.0	491.0	511.4	537.0
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	5.4	5.7	6.1

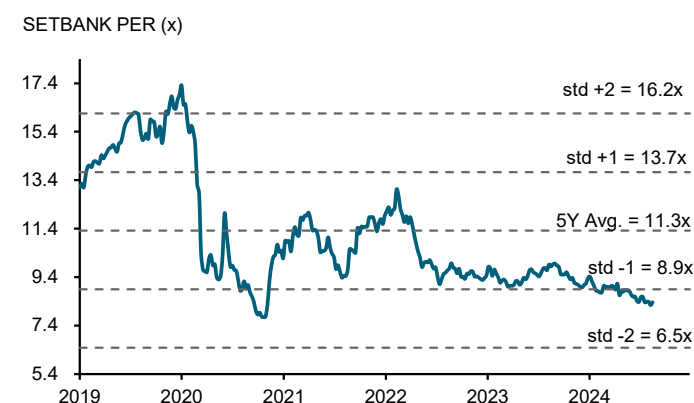
Sources: Bloomberg; Company data; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Exhibit 6: SETBANK – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Peer regional banks comparison, as of 21 August 2024

Company name	BBG	Share	Target	Upside	Market	----- PE -----		---- PBV ----		---- ROE ----		--- Div yld ---	
	code	price	price		Cap.	24E	25E	24E	25E	24E	25E	24E	25E
		(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(x)	(x)	(%)	(%)	(x)	(x)
Thailand													
Bangkok Bank	BBL TB	137.00	157.00	15	7,616	6.2	6.0	0.5	0.4	7.7	7.6	5.3	5.5
Kasikornbank	KBANK TB	140.00	145.00	4	9,661	7.1	6.4	0.6	0.6	8.6	9.0	5.4	6.1
Krung Thai Bank	KTB TB	18.30	19.90	9	7,449	6.8	6.6	0.6	0.6	9.1	8.8	4.9	5.0
SCB X	SCB TB	106.50	110.00	3	10,444	8.7	8.3	0.7	0.7	8.6	8.8	9.2	9.6
TMBThanachart Bank	TTB TB	1.79	2.22	24	5,072	9.0	8.5	0.7	0.7	8.2	8.4	6.1	6.4
Kiatnakin Bank	KKP TB	42.75	39.10	(9)	1,054	8.5	7.7	0.6	0.6	6.9	7.3	5.5	6.2
Tisco Financial Group	TISCO TB	93.00	96.00	3	2,169	10.7	10.9	1.7	1.7	16.1	15.6	8.3	8.3
Thailand weighted average					6,209	9.1	8.6	0.8	0.7	8.5	8.6	5.3	5.6
Hong Kong													
Industrial & Comm Bank of China	1398 HK	4.64	n/a	n/a	293,603	4.4	4.3	0.4	0.4	10.0	9.4	7.3	7.4
China Construction Bank	939 HK	5.65	n/a	n/a	185,626	3.9	3.8	0.4	0.4	10.8	10.2	7.7	7.9
HSBC Holdings	5 HK	66.20	n/a	n/a	157,045	6.8	6.8	0.9	0.8	13.8	12.4	9.5	7.4
Bank of China	3988 HK	3.54	n/a	n/a	187,509	4.4	4.3	0.4	0.4	9.3	9.0	7.3	7.4
Hong Kong average					205,946	4.9	4.8	0.5	0.5	11.0	10.2	8.0	7.5
China													
Industrial & Comm Bank of China	601398 CH	6.30	n/a	n/a	293,602	6.5	6.3	0.6	0.6	9.9	9.4	4.8	4.9
Agricultural Bank of China	601288 CH	4.87	n/a	n/a	233,329	6.6	6.4	0.7	0.6	10.5	10.0	4.7	4.9
China Construction Bank	601939 CH	8.11	n/a	n/a	185,624	6.2	6.1	0.6	0.6	10.8	10.3	4.9	5.0
Bank of China	601988 CH	4.95	n/a	n/a	187,508	6.7	6.6	0.6	0.6	9.3	9.0	4.7	4.8
China average					225,016	6.5	6.4	0.6	0.6	10.1	9.7	4.8	4.9
South Korea													
KB Financial Group	105560 KS	87,200	n/a	n/a	26,116	6.6	5.9	0.6	0.5	8.9	9.2	3.7	4.0
Shinhan Financial Group	055550 KS	58,800	n/a	n/a	22,298	6.2	5.7	0.5	0.5	9.0	9.0	3.7	4.1
Hana Financial Group	086790 KS	65,500	n/a	n/a	14,438	5.1	4.7	0.5	0.4	9.4	9.4	5.4	5.9
Industrial Bank of Korea	024110 KS	14,160	n/a	n/a	8,395	4.2	4.1	0.4	0.3	8.8	8.5	7.4	7.9
South Korea average					17,812	5.5	5.1	0.5	0.5	9.0	9.0	5.0	5.5
Indonesia													
Bank Central Asia	BBCA IJ	10,425	n/a	n/a	81,748	23.6	21.6	4.8	4.4	21.1	21.1	2.7	3.0
Bank Rakyat Indonesia Persero	BBRI IJ	5,100	n/a	n/a	49,400	12.4	11.4	2.3	2.2	19.3	20.1	6.4	6.7
Bank Mandiri Persero	BMRI IJ	7,250	n/a	n/a	42,560	11.7	10.5	2.3	2.1	20.6	21.0	5.0	5.3
Bank Negara Indonesia Persero	BBNI IJ	5,450	n/a	n/a	12,876	9.1	8.0	1.2	1.1	14.2	14.9	5.2	5.8
Bank Syariah Indonesia	BRIS IJ	2,680	n/a	n/a	7,910	18.4	15.3	2.8	2.4	15.9	16.6	0.9	1.2
Indonesia average					38,899	15.1	13.4	2.7	2.5	18.3	18.8	4.0	4.4
Malaysia													
Malayan Banking	MAY MK	10.52	n/a	n/a	28,751	12.7	12.2	1.3	1.3	10.3	10.5	6.0	6.2
Public Bank	PBK MK	4.63	n/a	n/a	20,333	12.8	12.2	1.5	1.4	12.4	12.3	4.4	4.6
CIMB Group Holdings	CIMB MK	7.89	n/a	n/a	19,194	11.0	10.4	1.2	1.1	10.9	11.0	5.2	5.5
Hong Leong Bank	HLBK MK	20.26	n/a	n/a	9,983	10.1	9.6	1.1	1.0	11.6	11.5	3.4	3.6
RHB Bank	RHBBANK MK	5.90	n/a	n/a	5,890	9.0	8.5	0.8	0.8	9.1	9.2	6.8	7.1
Malaysia average					16,830	11.1	10.6	1.2	1.1	10.8	10.9	5.2	5.4
Singapore													
DBS Group Holdings	DBS SP	35.78	n/a	n/a	77,159	9.2	9.6	1.5	1.5	17.2	16.0	6.4	6.9
Oversea-Chinese Banking	OCBC SP	14.34	n/a	n/a	49,057	8.6	8.6	1.1	1.1	13.5	12.7	6.2	6.3
United Overseas Bank	UOB SP	30.68	n/a	n/a	39,039	8.6	8.4	1.1	1.0	12.9	12.6	5.9	6.0
Singapore average					55,085	8.8	8.9	1.2	1.2	14.5	13.7	6.1	6.4
Regional average (excl. Thailand)					89,560	9.0	8.4	1.2	1.1	12.4	12.2	5.4	5.6
Total average (incl. Thailand)					71,327	8.8	8.3	1.1	1.0	11.7	11.6	5.6	5.8

Sources: Bloomberg; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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0-10	10-20	20-30	30-40	40+																		
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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) **"CG Score"**; 2) **"AGM Level"**; 3) **"Thai CAC"**; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 137.00	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks comprise 1) lower credit cost from better asset quality; and 2) better ongoing cost control efficiency.
Kasikornbank	KBANK TB	THB 140.00	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. Upside risks comprise 1) lower credit cost from better asset quality; and 2) the better ongoing cost control efficiency
Kiatnakin Phatra Bank	KKP TB	THB 42.75	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. Upside risks comprise 1) lower credit cost from better asset quality; and 2) improved market price of used cars and lower loss on sales of NPAs
Krung Thai Bank	KTB TB	THB 18.30	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 106.50	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 EAs operation and financial stability and 2) the reduction in Thailand's household debts.
Tisco Financial	TISCO TB	THB 93.00	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.
TMBThanachart Bank	TTB TB	THB 1.79	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 22-Aug-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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