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EQUITIES RESEARCH

FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

# Thailand Banks

## การเติบโตของสินเชื่อยังหดตัวเล็กน้อยในช่วง 7M24

- ธนาคารส่วนมากรายงานสินเชื่อโตติดลบยกเว้น KTB และ SCB
- เราคงประมาณการกำไรสุทธิปี 2024-26 แบบ Conservative ของเราซึ่งสอดคล้องกับเป้าประมาณการของธนาคารส่วนมากและแสดงให้เห็นถึงมุมมองที่ระมัดระวังมากยิ่งขึ้นเกี่ยวกับการเติบโตของสินเชื่อและต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ที่อยู่ในระดับสูงในปี 2024
- เราคงให้น้ำหนักกลุ่มธนาคารน้อยกว่าตลาดโดยมี KTB และ TTB เป็นหุ้นเด่น

### ธนาคารส่วนมากรายงานสินเชื่อโตติดลบโดย KTB รายงานสินเชื่อโตดีที่สุด

ธนาคาร 7 แห่งที่เราทำการศึกษารายงานการเติบโตของสินเชื่อสุทธิรวมลดลง (หลังหักสำรองผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น) ในเดือน ก.ค. 2024 โดยอยู่ที่ -0.30% m-m, +0.05% y-y, และ -0.60% YTD (ยังต่ำกว่าประมาณการที่ Conservative ของเราในปี 2024 ที่ +1.5% y-y) คิดเป็นเงิน 10.77ล้าน ลบ. ธนาคารขนาดใหญ่ส่วนมากรายงานสินเชื่อโตสุทธิลดลง m-m ยกเว้น KTB (ซึ่งได้ปัจจัยหนุนจากสินเชื่อภาครัฐ) และ SCB (จากสินเชื่อขนาดใหญ่และสินเชื่อที่ให้ผลตอบแทนสูง) ซึ่งรายงานสินเชื่อโตสูงสุด TISCO รายงานสินเชื่อลดลง

### เงินฝากเพิ่ม m-m โดย KTB รายงานเงินฝากเพิ่มสูงสุด

เงินฝากรวมในเดือน ก.ค. 2024 อยู่ที่ 12.40ล้าน ลบ. เพิ่มขึ้น 0.2% m-m และ 0.7% y-y โดย KTB (จากการเพิ่มของเงินฝากกระแสรายวันและสะสมทรัพย์ (CASA) และเงินฝากประจำ) และ KBANK (ซึ่งไม่ได้ให้รายละเอียด) รายงานเงินฝากโต m-m สูงสุดในขณะที่ KKP (จากเงินฝากที่ลดลงในทุกประเภทส่วนมากเป็นเงินฝากประจำ) และ TISCO (จากเงินฝากที่ลดลงในทุกประเภท) รายงานเงินฝากลดลงมากที่สุด

### คาดกำไรสุทธิ 2024 โตชะลอตัว ยังไม่เห็นปัจจัยบวกที่ชัดเจน

ประมาณการตัวเลขการเติบโตของกำไรสุทธิรวมในปี 2024 ที่ 1.5% y-y ส่วนมากเกิดจากฐานที่สูงในปี 2023 และการขาดปัจจัยบวกที่เห็นได้ชัด นอกจากนี้เป้าประมาณการทางธุรกิจในปี 2024 จากธนาคารส่วนมากยังแสดงถึงมุมมองที่ระมัดระวังมากขึ้นเกี่ยวกับการเติบโตของสินเชื่อโดยคาดว่าส่วนต่างดอกเบี้ย (NIM) จะอยู่ในช่วงทรงถึงหดตัว การเติบโตของรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (non-NII) และรายได้ค่าธรรมเนียมจะทรงตัวหรืออยู่ในระดับหนึ่งหลักต่ำ ในขณะที่คาดว่าผลขาดทุนทางเครดิต (ECL) และ Credit cost จะอยู่ในระดับสูงต่อเนื่อง ในปี 2025-26 เราคาดว่ากำไรสุทธิจะโตในอัตราที่สูงขึ้นที่ 5.4-6.5% y-y โดยมีสมมติฐาน Conservative ประกอบด้วยการเติบโตของสินเชื่อที่ 2.1-2.2% ต่อปี การเติบโตของรายได้ค่าธรรมเนียมในระดับหนึ่งหลักต่ำต่อเนื่องและ Credit cost ที่ค่อย ๆ ลดลง

### คงให้น้ำหนักน้อยกว่าตลาดโดยมี KTB และ TTB เป็นหุ้นเด่น

เราคงให้น้ำหนักกลุ่มธนาคารไทยน้อยกว่าตลาดโดยมีหุ้นเด่นประกอบด้วย 1) KTB (BUY, TP 19.90 บาท) จากความกังวลในด้านคุณภาพสินทรัพย์ที่ลดลง ทิศทางการเติบโตของสินเชื่อที่ชัดเจนมากขึ้นในช่วง 2H24 โดยได้ปัจจัยหนุนจากการเร่งเบิกจ่ายเงินงบประมาณของรัฐบาลและผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ 5-6% ต่อปีและ 2) TTB (BUY, TP 2.22 บาท) จาก Downside ที่จำกัดเมื่อเทียบกับประมาณการกำไรสุทธิปี 2024-26 ของเราโดยจะได้ประโยชน์จากสิทธิทางภาษีที่เหลืออยู่รวม 12.7พัน ลบ. และผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ 5-6% ต่อปี นอกจากนี้เราแนะนำซื้อ KBANK (TP 145 บาท) จากพัฒนาการเชิงบวกในด้านคุณภาพสินทรัพย์ซึ่งน่าจะส่งผลกระทบเชิงบวกต่อแนวโน้ม Credit cost ในปี 2025-26 ซึ่งจะบวกต่อคาดการณ์การเติบโตของกำไรสุทธิที่ 10.1% CAGR อันเป็นตัวเลขที่สูงกว่าค่าเฉลี่ยของกลุ่มฯ และผลตอบแทนในรูปเงินปันผลที่คาดว่าจะอยู่ที่ 6-7% ต่อปี


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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 22 สิงหาคม 2024

## 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.

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

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.

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.

### 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.

### 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 |

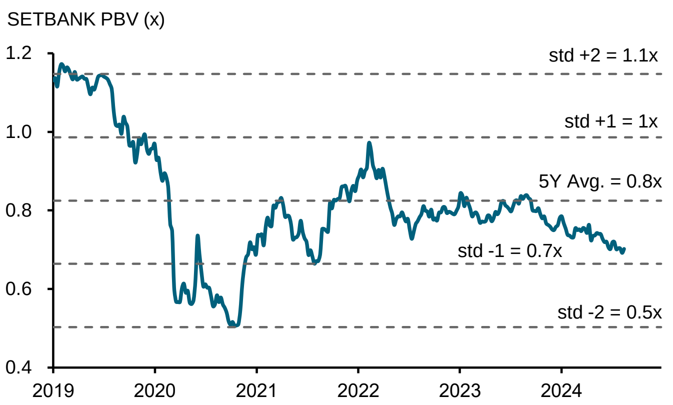
Sources: Company data; FSSIA estimates

## 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 |

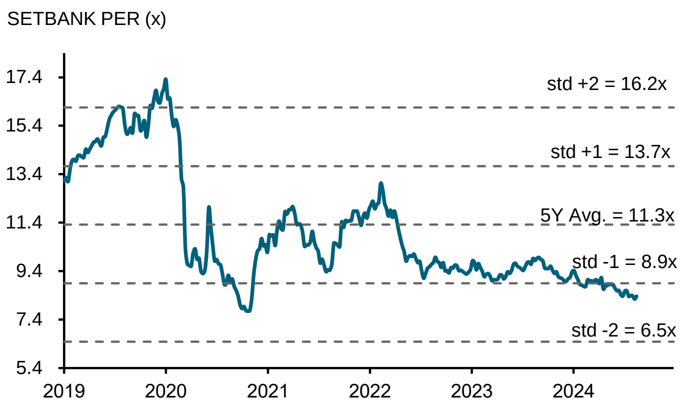
Sources: Bloomberg; Company data; FSSIA estimates

## 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 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 | 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 Finanicial 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%). *(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)* | The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79. |
| **Thai CAC** By Thai Private Sector Collective Action Against Corruption (CAC) | The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)* | The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements. |
| Morningstar Sustainalytics | The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.* | A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.<br>**NEGL** 0-10; **Low** 10-20; **Medium** 20-30; **High** 30-40; **Severe** 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.<br>**AAA** 8.571-10.000; **AA** 7.143-8.570 — **Leader:** leading its industry in managing the most significant ESG risks and opportunities<br>**A** 5.714-7.142; **BBB** 4.286-5.713; **BB** 2.857-4.285 — **Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers<br>**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 | |
| 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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)* | |
| S&P Global | The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100. | |
| **Bloomberg** | ESG Score | Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best. |
| Bloomberg | ESG Disclosure Score | Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point. |

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

Source: FSSIA's compilation

# GENERAL DISCLAIMER

## ANALYST(S) CERTIFICATION

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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. 

 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 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 Thailands 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 (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.