

BUY

UNCHANGED

Non-NII ที่ลดลงกดดันกำไร 3Q24

- KBANK รายงานกำไรสุทธิ 3Q24 อยู่ที่ 12.0 พัน ลบ. ต่ำกว่าที่เราคาดเล็กน้อยโดยมีปัจจัยกดดันจากรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (Non-NII) ที่ต่ำกว่าคาด
- คุณภาพสินทรัพย์ใน 3Q24 ยังทรงตัวและไม่มีประเด็นให้กังวลเนื่องจากส่วนมากยังอยู่ในรอบเป้าหมายของธนาคาร
- คงคำแนะนำซื้อที่ราคาเป้าหมายปี 2025 ใหม่ที่ 192 บาท

TARGET PRICE	THB192.00
CLOSE	THB151.50
UP/DOWNSIDE	+26.7%
PRIOR TP	THB145.00
CHANGE IN TP	+32.4%
TP vs CONSENSUS	+19.6%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	55,845	61,024	66,656	72,981
Net profit	42,405	47,020	51,555	56,655
EPS (THB)	17.52	19.43	21.30	23.41
vs Consensus (%)	-	(0.7)	2.1	4.7
Recurring net profit	42,405	47,020	51,555	56,655
Core EPS (THB)	17.52	19.43	21.30	23.41
Chg. In EPS est. (%)	-	(2.1)	(2.1)	(2.1)
EPS growth (%)	18.6	10.9	9.6	9.9
Core P/E (x)	8.6	7.8	7.1	6.5
Dividend yield (%)	4.3	5.9	6.6	7.3
Price/book (x)	0.7	0.6	0.6	0.6
ROE (%)	8.2	8.6	9.0	9.5
ROA (%)	1.1	1.1	1.2	1.3

Non-NII ที่ลดลงกดดันกำไรสุทธิ 3Q24

KBANK รายงานกำไรสุทธิ 3Q24 อยู่ที่ 12.0 พัน ลบ. ต่ำกว่าที่เราคาด 3% และตลาดคาด 1% กำไรดังกล่าวลดลง 5.4% q-q แต่เพิ่มขึ้น 6.1% y-y กำไรก่อนหักสำรอง (PPOP) อยู่ที่ 27.2 พัน ลบ. ลดลง 4.8% q-q และ 0.4% y-y มากกว่าคาด ส่วนมากจาก Non-NII ที่ต่ำกว่าคาดจากค่าใช้จ่ายในการรับประกันภัย (MTL) ที่สูงเกินคาด รายได้ดอกเบี้ยสุทธิ (NII) ลดลงตามคาดที่ 1.2% q-q และ 2.6% y-y จากสินเชื่อสุทธิที่หดตัวมากกว่าคาดโดยลดลง 2.2% q-q และ 0.2% y-y ในภาพรวมสินเชื่อหดตัว 2.3% YTD ในช่วง 9M24 ต่ำกว่าเป้าหมายการทั้งปีของธนาคารฯ ที่ 3-5% y-y และสมมติฐานของเราที่ 2.5% y-y ส่วนต่างดอกเบี้ย (NIM) ออกมาใกล้เคียงคาดที่ 3.63% เทียบกับ 3.68% ใน 2Q24 จากผลตอบแทนสินเชื่อที่ลดลง (จากสินเชื่อที่ชะลอตัวต่อเนื่องและการมุ่งเน้นในกลุ่มสินเชื่อที่มีผลตอบแทนต่ำของธนาคารฯ) และค่าใช้จ่ายดอกเบี้ยที่ลดลง รายได้ค่าธรรมเนียมสุทธิเพิ่มตามคาดโดยได้ปัจจัยผลักดันจากค่าธรรมเนียมจากรายการโอนเงินระหว่างประเทศและจากธุรกิจซื้อขายหลักทรัพย์ที่สูงขึ้น

คุณภาพสินทรัพย์อยู่ในระดับที่จัดการได้และสอดคล้องกับเป้าหมายการปี 2024

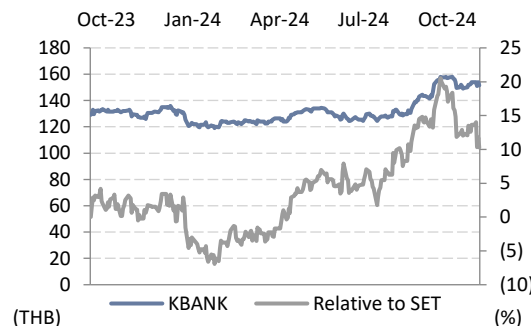
คุณภาพสินทรัพย์ยังทรงตัวตามคาดและไม่มีความเสี่ยงเพิ่มเติม แม้ว่าสัดส่วนหนี้ด้อยคุณภาพ (NPL ratio) (ตามการคำนวณของ FSSIA) จะเพิ่มขึ้นเล็กน้อยเป็น 3.72% จาก 3.64% ใน 2Q24 ตัวเลขที่เพิ่มขึ้นเกิดขึ้นส่วนมากจากฐานสินเชื่อรวมที่หดตัว ปริมาณหนี้ด้อยคุณภาพยังค่อนข้างทรงตัวในขณะที่ NPL ratio อยู่ที่ 3.20% สอดคล้องกับเป้าหมายการปี 2024 ของธนาคารฯ ที่ไม่เกิน 3.25% สินเชื่อชั้นที่ 2 เพิ่มขึ้นเล็กน้อยเป็น 7.8% จาก 7.3% ณ สิ้นไตรมาส 2Q24 จากเหตุผลเดียวกัน ต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ยังทรงตัวที่ 189bps พร้อม Credit cost ในช่วง 9M24 ที่ 192bps สอดคล้องกับช่วงประมาณการทั้งปี 2024 ที่ 175-195bp และประมาณการของเราที่ 195bp

คงประมาณการโดยคาดว่าจะกำไรโต 10.1% CAGR

เราคงประมาณการกำไรสุทธิปี 2024-26 ของเราโดยคาดว่าจะกำไรปี 2024-26 จะโต 10.1% CAGR และคาดว่า ROE ในปี 2026 จะติดตัวเป็น 9.5% ใกล้กับเป้าหมายการของธนาคารฯ ที่ 10% โดยมีสมมติฐานจากอัตราการจ่ายเงินปันผลที่คาดว่าจะเพิ่มเป็น 45-46% จาก 36.3% ในปี 2023

คงคำแนะนำซื้อที่ราคาเป้าหมายปี 2025 ใหม่ที่ 192 บาท

เราคงคำแนะนำซื้อเพื่อรับผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ 6-7% ต่อปี ราคาเป้าหมายปี 2025 ของเราอยู่ที่ 192 บาท (GGM) เทียบเท่ากับ P/BV ที่ 0.79x ภายใต้สมมติฐานค่า Long-term ROE ที่ 9.8% และ COE ที่ 12.2% (ลดลงจาก 13.4% เพื่อสะท้อนค่า ESG ที่สูงที่สุดในกลุ่มธนาคารที่เราทำการศึกษา)



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.5)	18.8	19.8
Relative to country (%)	(7.0)	5.7	15.6
Mkt cap (USD m)	10,830		
3m avg. daily turnover (USD m)	58.0		
Free float (%)	80		
Major shareholder	Thai NVDR (16%)		
12m high/low (THB)	159.00/118.50		
Issued shares (m)	2,369		

Sources: Bloomberg consensus; FSSIA estimates



Usanee Liurut, CISA

Fundamental Investment Analyst on Capital Market; License no. 017928
usanee.l@fssia.com, +66 2646 9967

Maeta Cherdsatirakul

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

Investment thesis

We retain our favorable view on KBANK's business outlook despite several headwinds due to:

- Its lending strategy focuses more on quality, primarily low-yield secured loans, and slowing down high-yield unsecured loans – SME and retail segments could prove better for asset quality;
- Our 2024-26 net profit forecasts imply an average growth rate of 10.1% CAGR with 2026E ROE at 9.5%, approaching the bank's 3Y target of 10%.
- Given its cheap valuation of 0.5x P/BV at the current share price and a more attractive dividend yield of 6-7% p.a. to approach its challenging double-digit ROE target in 2026, we maintain our BUY recommendation with a new 2024 TP of THB192.

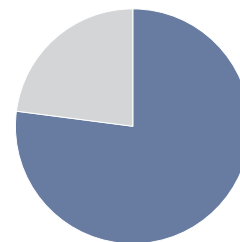
Company profile

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

www.kasikornbank.com

Principal activities (revenue, 9M24)

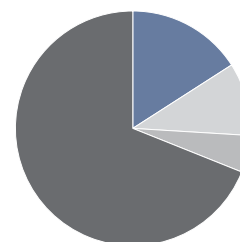
- Net interest income - 77.1 %
- Non-interest income - 22.9 %



Source: Kasikornbank

Major shareholders

- Thai NVDR - 15.9 %
- State Street Europe Ltd. - 10.1 %
- South East Asia UK (Type C) Nominees - 5.1 %
- Others - 68.9 %



Source: Kasikornbank

Catalysts

Potential share price catalysts for KBANK include:

- Lower credit cost from better asset quality;
- On-going cost control efficiency;
- The return of foreign fund flows into the Thai stock market.

Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

Event calendar

Date	Event
Jan 2025	4Q24 results announcement

Key assumptions

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

Source: FSSIA estimates

Earnings sensitivity

			2025E	
Loan growth	±2ppt	1.0	3.0	5.0
% change in net profit		(1.6)		1.6
NIM (%)	±5bp	3.63	3.68	3.73
% change in net profit		(3.5)		3.5
Credit cost (bp)	±10bp	170	180	190
% change in net profit		4.1		(4.1)

Source: FSSIA estimates

Lower non-NII pressured the 3Q24 net profit

KBANK reported a 3Q24 net profit of THB12.0b, 3% below our forecast and 1% below the BBG consensus, declining by 5.4% q-q but increasing by 6.1% y-y. Meanwhile, the PPOP stood at THB27.2b, which also fell more than expected, dropping by 4.8% q-q and 0.4% y-y, mainly due to lower-than-expected non-NII, following higher-than-expected insurance underwriting expenses (MTL).

NII declined as expected in 3Q24 by 1.2% q-q and 2.6% y-y, following a higher-than-expected contraction in net loans, which dropped by 2.2% q-q and 0.2% y-y due to 1) decreases in the SME and retail segments while the corporate segment saw growth; 2) ongoing proactive debt management efforts; and 3) a reclassification of THB7.2b in unsecured loans – mostly in stage 1, which the bank has ceased lending to and is awaiting disposal – to FVTPL investment. Overall, loans contracted by 2.3% YTD in 9M24, below its full-year guidance of 3-5% y-y and our estimate of 2.5% y-y.

The 3Q24 NIM was in line with expectations at 3.63% vs 3.68% in 2Q24 due to lower loan yields (resulting from the continued slowdown in lending and its focus on low-yield segments) and the decline in interest expenses. Overall, the 9M24 NIM increased to 3.70%, slightly above the bank's 2024 guidance of 3.66% and our forecast of 3.68%, as we expect the NIM to continue to decline in 4Q24. Net fee income rose as expected, driven by increases in fees from international trade and brokerage income from securities trading.

Operating expenses declined as expected, mainly due to lower other expenses, including marketing and IT-related costs. Nevertheless, the larger drop in total revenue led to an increased cost-to-income ratio at 44.2% vs 43.4% in 2Q24. Overall, the 9M24 cost-to-income ratio was 42.9%, aligning with its full-year 2024 guidance of low to mid-40% and our estimate of 44.9%.

Exhibit 1: KBANK – 3Q24 results summary

Year end Dec 31	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		9M24	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	38,019	38,849	38,528	37,468	37,036	(1.2)	(2.6)	113,033	3.1	74	152,689	2.9
Non-interest income	9,096	12,046	11,624	12,961	11,644	(10.2)	28.0	36,229	12.6	77	47,293	7.0
Fee income - net	7,803	7,550	8,299	8,078	8,432	4.4	8.1	24,809	5.0	76	32,716	4.9
Total operating income	47,115	50,895	50,152	50,430	48,680	(3.5)	3.3	149,262	5.3	75	199,982	3.8
Total operating expenses	19,821	24,508	20,713	21,888	21,501	(1.8)	8.5	64,101	6.0	71	89,788	5.7
PPOP before tax	27,294	26,387	29,439	28,542	27,179	(4.8)	(0.4)	85,161	4.8	77	110,194	2.3
Expected credit loss	12,793	13,572	11,684	11,672	11,652	(0.2)	(8.9)	35,009	(8.5)	71	49,170	(5.2)
Income tax	2,838	2,617	3,403	3,224	3,203	(0.7)	12.9	9,830	20.5	87	11,290	4.7
Non-controlling interest	381	810	867	991	358	(63.9)	(6.0)	2,216	19.7	82	2,715	2.0
Net profit	11,282	9,388	13,486	12,653	11,966	(5.4)	6.1	38,105	15.4	81	47,020	10.9
EPS (THB)	4.76	3.96	5.69	5.34	5.05	(5.4)	6.1	16.08	15.4	81	19.85	10.9
Key ratios	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		9M24	Change		2024E	Change
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(THB m)	(y-y%)		(%)	(y-y%)
Gross NPLs (THB m)	87,383	92,064	91,584	90,569	90,642	0.1	3.7	90,642	3.7		95,944	4.2
Change (% from prior period)	(6.9)	5.4	(0.5)	(1.1)	0.1			3.7			4.2	
NPL ratio (%) - reported	3.11	3.19	3.19	3.18	3.20			3.20				
NPL ratio (%)	3.58	3.70	3.72	3.64	3.72			3.72			3.76	
Coverage ratio (%) - reported	155	152	150	152	151			151				
Coverage ratio (%)	149	145	142	143	143			143			146	
Credit cost (bp)	209	220	189	189	189			192			195	
Profitability ratio	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost to income ratio	42.1	48.2	41.3	43.4	44.2			42.9			44.9	
Average yield (%)	4.69	4.82	4.76	4.69	4.59			4.69			4.67	
Cost of funds (%)	1.25	1.34	1.36	1.40	1.33			1.36			1.36	
NIM (%) - reported	3.76	3.83	3.76	3.67	3.61			N/A				
NIM (%)	3.77	3.84	3.77	3.68	3.63			3.70			3.68	
Non-interest income /total income (%)	19.3	23.7	23.2	25.7	23.9			24.3			23.6	
Liquidity ratio	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Loan to deposit	90.9	92.3	91.2	93.4	87.9			92.3			92.7	
Loan to deposit & borrowing (LDBR)	82.8	84.1	82.7	85.3	81.6			84.1			89.9	
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)			(%)				
CAR	19.6	19.4	19.4	19.4				19.4			19.3	
CET 1 / Risk assets	16.7	16.5	16.5	16.5				16.5			16.5	
Tier 2 / Risk assets	2.0	2.0	2.0	2.0				2.0			1.9	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
q-q	(0.5)	2.1	(1.1)	1.0	(2.2)							
y-y	(1.1)	(0.2)	(0.1)	1.6	(0.2)			(0.2)			2.5	
Year-to-date	(2.3)	(0.2)	(1.1)	(0.1)	(2.3)			(2.3)				

Sources: KBANK; FSSIA estimates

Exhibit 2: Staged loans and ECL

	2021 (THB b)	2022 (THB b)	2023 (THB b)	3Q24 (THB b)	2021 (%)	2022 (%)	2023 (%)	3Q24 (%)
Staged loans								
Stage 1	2,130	2,230	2,228	2,170	87.37	88.78	88.93	88.54
Stage 2	202	188	185	190	8.28	7.50	7.40	7.76
Stage 3	106	93	92	91	4.35	3.72	3.67	3.70
Total	2,438	2,511	2,505	2,451	100.00	100.00	100.00	100.00
Allowance for ECL								
Stage 1	47	47	46	40	2.2	2.1	2.0	1.8
Stage 2	51	46	44	45	25.3	24.5	23.6	23.9
Stage 3	46	41	45	44	43.6	43.8	48.3	48.8
Total	145	134	134	130	5.9	5.3	5.3	5.3
LLR/ Loans								
Stage 1	2.2	2.1	2.0	1.8				
Stage 2	25.3	24.5	23.6	23.9				
Stage 3	43.6	43.8	48.3	48.8				
Total	5.9	5.3	5.3	5.3				
	(%)	(%)	(%)	(%)				
NPL / TL	4.4	3.7	3.7	3.7				
NPL vs Stage 2 loans / TL	12.6	11.2	11.1	11.5				
LLR / NPL	136	143	145	143				
LLR / (NPL vs Stage 2)	47	47	48	46				

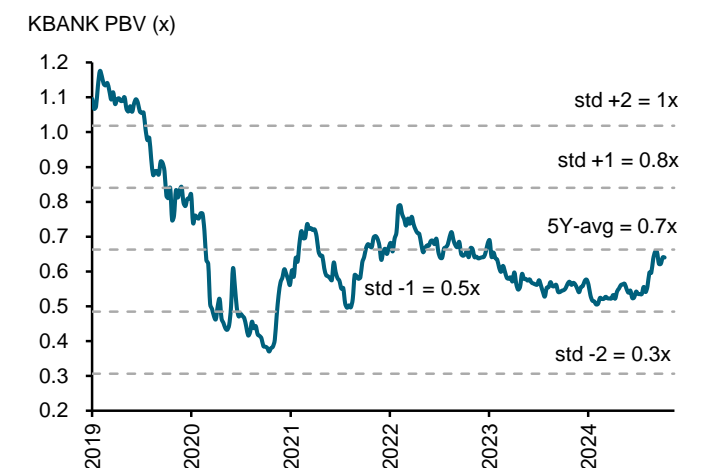
Sources: KBANK; FSSIA's compilation

Exhibit 3: KBANK – 2025 GGM-based TP

Gordon Growth Model	New	Previous
Sustainable ROE	9.8%	9.8%
g	1.00%	1.00%
ROE-g	8.80%	8.80%
Beta	1.2	1.3
Risk free rate	3.0%	3.0%
Market Risk premium	8.0%	8.0%
COE	12.20%	13.40%
COE-g	11.20%	12.40%
ROE-g/COE-g	0.79	0.71

Source: FSSIA estimates

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



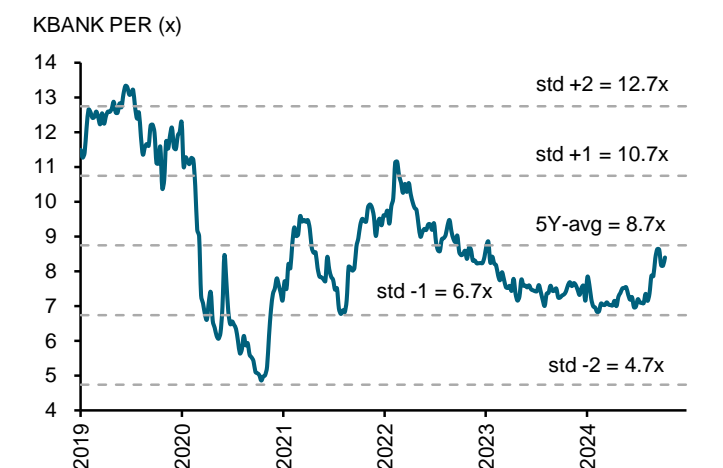
Sources: Bloomberg; FSSIA estimates

Exhibit 4: Share price performance of banks under coverage, as of 18 October 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	0.0	16.6	11.6	(7.5)	(1.3)
KBANK TB	(3.8)	18.4	22.2	17.4	12.2
KKP TB	3.4	28.0	2.4	1.9	4.5
KTB TB	5.4	25.7	34.4	12.0	16.8
SCB TB	(1.8)	7.9	6.3	9.8	3.3
TISCO TB	0.0	4.0	(1.8)	1.0	(2.3)
TTB TB	(3.6)	5.1	3.9	6.9	10.8
SETBANK	(0.9)	13.5	11.0	3.4	4.2
SET	2.8	13.3	12.1	6.7	5.4

Source: Bloomberg

Exhibit 6: KBANK – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Peer regional banks comparison, as of 18 October 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD m)	----- PE ----- 24E (x) 25E (x)	----- PBV ----- 24E (x) 25E (x)	----- ROE ----- 24E (%) 25E (%)	--- Div yld --- 24E (x) 25E (x)				
Thailand													
Bangkok Bank	BBL TB	154.00	184.00	19	8,869	7.0 6.7	0.5 0.5	7.7 7.6	4.7 4.9				
Kasikornbank	KBANK TB	151.50	192.00	27	10,830	7.8 7.1	0.6 0.6	8.6 9.0	5.9 6.6				
Krung Thai Bank	KTB TB	21.50	23.50	9	9,066	8.0 7.8	0.7 0.7	9.1 8.8	4.1 4.3				
SCB X	SCB TB	110.00	112.00	2	11,175	9.0 8.6	0.8 0.7	8.6 8.8	8.9 9.3				
TMBThanachart Bank	TTB TB	1.83	2.52	38	5,372	8.3 7.7	0.7 0.7	9.1 9.4	7.2 7.8				
Kiatnakin Bank	KKP TB	52.50	50.30	(4)	1,324	10.1 9.1	0.7 0.7	7.0 7.5	4.8 5.2				
Tisco Financial Group	TISCO TB	97.50	98.00	1	2,356	11.3 11.4	1.8 1.8	16.1 15.6	7.9 7.9				
Thailand weighted average		27.00	n/a	n/a	5,910	6.3 6.0	0.5 0.5	8.1 8.3	3.4 3.7				
Hong Kong													
Industrial & Comm Bank of China	1398 HK	4.79	n/a	n/a	285,572	4.4 4.3	0.4 0.4	9.9 9.4	7.2 7.2				
China Construction Bank	939 HK	6.15	n/a	n/a	198,748	4.2 4.2	0.4 0.4	10.5 10.0	7.1 7.3				
HSBC Holdings	5 HK	68.70	n/a	n/a	160,162	7.0 7.2	0.9 0.9	13.4 12.6	9.0 7.2				
Bank of China	3988 HK	3.84	n/a	n/a	187,469	4.7 4.6	0.4 0.4	9.3 8.9	6.8 6.9				
Hong Kong average					207,988	5.1 5.1	0.6 0.5	10.8 10.2	7.5 7.1				
China													
Industrial & Comm Bank of China	601398 CH	6.32	n/a	n/a	285,570	6.2 6.1	0.6 0.6	9.8 9.3	5.0 5.0				
Agricultural Bank of China	601288 CH	4.96	n/a	n/a	232,012	6.4 6.3	0.6 0.6	10.1 9.8	4.8 4.8				
China Construction Bank	601939 CH	8.31	n/a	n/a	198,747	6.2 6.1	0.6 0.6	10.5 9.9	4.8 4.9				
Bank of China	601988 CH	5.05	n/a	n/a	187,468	6.6 6.5	0.6 0.6	9.3 8.8	4.8 4.8				
China average					225,949	6.4 6.3	0.6 0.6	9.9 9.4	4.8 4.9				
South Korea													
KB Financial Group	105560 KS	94,400	n/a	n/a	26,789	7.1 6.3	0.6 0.6	9.0 9.3	3.4 3.8				
Shinhan Financial Group	055550 KS	56,500	n/a	n/a	20,694	5.9 5.5	0.5 0.5	9.1 9.1	3.9 4.3				
Hana Financial Group	086790 KS	65,600	n/a	n/a	13,572	5.0 4.7	0.5 0.4	9.4 9.3	5.5 6.0				
Industrial Bank of Korea	024110 KS	14,500	n/a	n/a	8,407	4.3 4.2	0.4 0.3	8.6 8.4	7.1 7.6				
South Korea average					17,365	5.6 5.2	0.5 0.5	9.0 9.0	5.0 5.4				
Indonesia													
Bank Central Asia	BBCA IJ	10,750	n/a	n/a	85,486	24.6 22.4	5.0 4.6	21.2 21.2	2.6 2.9				
Bank Rakyat Indonesia Persero	BBRI IJ	4,970	n/a	n/a	48,786	12.5 11.3	2.3 2.2	19.1 19.9	6.6 6.9				
Bank Mandiri Persero	BMRI IJ	7,175	n/a	n/a	43,199	11.9 10.7	2.3 2.1	20.7 20.8	5.0 5.2				
Bank Negara Indonesia Persero	BBNI IJ	5,650	n/a	n/a	13,654	9.6 8.4	1.3 1.2	14.3 15.1	5.0 5.6				
Bank Syariah Indonesia	BRIS IJ	3,100	n/a	n/a	9,195	20.8 17.2	3.2 2.7	16.3 17.1	0.7 1.1				
Indonesia average					40,064	15.9 14.0	2.8 2.6	18.3 18.8	4.0 4.3				
Malaysia													
Malayan Banking	MAY MK	10.66	n/a	n/a	29,838	12.7 12.1	1.3 1.3	10.5 10.6	5.9 6.2				
Public Bank	PBK MK	4.57	n/a	n/a	20,570	12.7 12.0	1.5 1.4	12.4 12.4	4.5 4.8				
CIMB Group Holdings	CIMB MK	8.15	n/a	n/a	20,426	11.3 10.5	1.2 1.2	11.1 11.3	5.6 5.5				
Hong Leong Bank	HLBK MK	21.16	n/a	n/a	10,660	10.6 9.8	1.2 1.1	11.6 11.6	3.2 3.6				
RHB Bank	RHBBANK MK	6.42	n/a	n/a	6,494	9.4 8.9	0.9 0.8	9.3 9.5	6.2 6.5				
Malaysia average					17,598	11.3 10.6	1.2 1.2	11.0 11.1	5.1 5.3				
Singapore													
DBS Group Holdings	DBS SP	39.70	n/a	n/a	85,054	10.3 10.6	1.7 1.6	17.1 15.9	5.7 6.2				
Oversea-Chinese Banking	OCBC SP	15.40	n/a	n/a	52,486	9.2 9.3	1.2 1.1	13.6 12.7	5.8 5.8				
United Overseas Bank	UOB SP	32.60	n/a	n/a	41,368	9.1 8.9	1.1 1.1	12.9 12.6	5.5 5.7				
Singapore average					59,636	9.5 9.6	1.4 1.3	14.5 13.7	5.7 5.9				
Regional average (excl. Thailand)					90,897	9.3 8.7	1.2 1.1	12.4 12.2	5.3 5.4				
Total average (incl. Thailand)					72,544	9.2 8.6	1.2 1.1	11.7 11.6	5.5 5.7				

Sources: Bloomberg; FSSIA estimates

Financial Statements

Kasikornbank

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	151,333	183,608	193,568	199,225	205,282
Interest expense	(18,334)	(35,164)	(40,879)	(42,372)	(43,695)
Net interest income	132,998	148,444	152,689	156,853	161,587
Net fees & commission	32,882	31,181	32,716	34,024	35,385
Foreign exchange trading income	0	0	0	0	0
Securities trading income	4,923	11,536	11,000	11,000	10,000
Dividend income	3,446	3,569	3,748	3,935	4,132
Other income	(991)	(2,076)	(170)	451	557
Non interest income	40,259	44,210	47,293	49,411	50,075
Total income	173,258	192,654	199,982	206,264	211,661
Staff costs	(34,602)	(40,274)	(42,691)	(43,971)	(45,291)
Other operating costs	(40,151)	(44,694)	(47,097)	(49,000)	(50,691)
Operating costs	(74,753)	(84,968)	(89,788)	(92,971)	(95,982)
Pre provision operating profit	98,505	107,685	110,194	113,293	115,680
Expected credit loss	(51,919)	(51,840)	(49,170)	(46,637)	(42,699)
Other provisions	-	-	-	-	-
Operating profit	46,585	55,845	61,024	66,656	72,981
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	-	-	-	-	-
Profit before tax	46,585	55,845	61,024	66,656	72,981
Tax	(8,633)	(10,778)	(11,290)	(12,331)	(13,501)
Profit after tax	37,953	45,067	49,735	54,324	59,479
Non-controlling interest	(2,183)	(2,662)	(2,715)	(2,769)	(2,825)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	35,769	42,405	47,020	51,555	56,655
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	35,769	42,405	47,020	51,555	56,655
Per share (THB)					
Recurring EPS *	14.78	17.52	19.43	21.30	23.41
Reported EPS	14.78	17.52	19.43	21.30	23.41
DPS	4.00	6.50	9.00	10.00	11.00
Growth					
Net interest income (%)	11.4	11.6	2.9	2.7	3.0
Non interest income (%)	(8.4)	9.8	7.0	4.5	1.3
Pre provision operating profit (%)	6.7	9.3	2.3	2.8	2.1
Operating profit (%)	(10.4)	19.9	9.3	9.2	9.5
Reported net profit (%)	(6.0)	18.6	10.9	9.6	9.9
Recurring EPS (%)	(6.3)	18.6	10.9	9.6	9.9
Reported EPS (%)	(6.3)	18.6	10.9	9.6	9.9
Income Breakdown					
Net interest income (%)	76.8	77.1	76.4	76.0	76.3
Net fees & commission (%)	19.0	16.2	16.4	16.5	16.7
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	2.8	6.0	5.5	5.3	4.7
Dividend income (%)	2.0	1.9	1.9	1.9	2.0
Other income (%)	(0.6)	(1.1)	(0.1)	0.2	0.3
Operating performance					
Gross interest yield (%)	3.80	4.53	4.67	4.67	4.67
Cost of funds (%)	0.63	1.19	1.36	1.37	1.37
Net interest spread (%)	3.17	3.34	3.31	3.30	3.30
Net interest margin (%)	3.3	3.7	3.7	3.7	3.7
Cost/income(%)	43.1	44.1	44.9	45.1	45.3
Cost/assets(%)	1.8	2.0	2.1	2.1	2.1
Effective tax rate (%)	18.5	19.3	18.5	18.5	18.5
Dividend payout on recurring profit (%)	27.1	37.1	46.3	46.9	47.0
ROE (%)	7.3	8.2	8.6	9.0	9.5
ROE - COE (%)	(2.6)	(1.8)	(1.4)	(0.9)	(0.4)
ROA (%)	0.9	1.1	1.1	1.2	1.3
RORWA (%)	1.4	1.6	1.7	1.8	2.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kasikornbank; FSSIA estimates

Financial Statements

Kasikornbank

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	2,495,077	2,490,398	2,552,658	2,629,238	2,708,115
Allowance for expected credit loss	(133,529)	(133,876)	(140,046)	(150,683)	(156,382)
interest in suspense	16,226	14,970	17,869	18,405	18,957
Net customer loans	2,377,774	2,371,492	2,430,481	2,496,959	2,570,690
Bank loans	502,536	569,008	580,388	591,996	603,836
Government securities	-	-	-	-	-
Trading securities	47,264	48,295	50,710	53,245	55,908
Investment securities	982,177	974,585	1,023,314	1,054,250	1,096,544
Cash & equivalents	57,115	48,690	44,481	38,999	36,075
Other interesting assets	-	-	-	-	-
Tangible fixed assets	111,105	114,698	117,540	120,455	123,444
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	168,398	156,789	160,454	164,272	168,252
Total assets	4,246,369	4,283,556	4,407,368	4,520,177	4,654,750
Customer deposits	2,748,685	2,699,562	2,753,553	2,836,160	2,921,245
Bank deposits	155,240	179,207	206,874	211,011	215,232
Other interest bearing liabilities	67,897	81,572	85,651	89,934	94,430
Non interest bearing liabilities	707,468	726,380	726,380	726,380	726,380
Hybrid Capital	-	-	-	-	-
Total liabilities	3,679,289	3,686,721	3,772,458	3,863,485	3,957,286
Share capital	23,693	23,693	23,693	23,693	23,693
Reserves	479,577	508,591	540,211	554,893	587,854
Total equity	503,270	532,285	563,904	578,586	611,547
Non-controlling interest	63,810	64,551	71,006	78,106	85,917
Total liabilities & equity	4,246,369	4,283,556	4,407,368	4,520,177	4,654,750
Supplementary items					
Risk weighted assets (RWA)	2,746,673	2,827,147	2,908,863	2,983,317	3,072,135
Average interest earning assets	3,983,616	4,054,670	4,144,678	4,267,900	4,396,566
Average interest bearing liabilities	2,930,393	2,966,081	3,003,210	3,091,592	3,184,006
CET 1 capital	435,662	452,603	480,096	506,382	535,042
Total capital	489,814	506,755	534,248	560,534	589,194
Gross non performing loans (NPL)	93,344	98,344	95,944	98,444	100,944
Per share (THB)					
Book value per share	212.41	224.66	238.00	244.20	258.11
Tangible book value per share	212.41	224.66	238.00	244.20	258.11
Growth					
Gross customer loans	3.0	(0.2)	2.5	3.0	3.0
Average interest earning assets	7.3	1.8	2.2	3.0	3.0
Total asset (%)	3.5	0.9	2.9	2.6	3.0
Risk weighted assets (%)	4.4	2.9	2.9	2.6	3.0
Customer deposits (%)	5.8	(1.8)	2.0	3.0	3.0
Leverage & capital measures					
Customer loan/deposits (%)	86.5	87.8	88.3	88.0	88.0
Equity/assets (%)	11.9	12.4	12.8	12.8	13.1
Tangible equity/assets (%)	11.9	12.4	12.8	12.8	13.1
RWA/assets (%)	64.7	66.0	66.0	66.0	66.0
CET 1 CAR (%)	15.9	16.0	16.5	17.0	17.4
Total CAR (%)	17.8	17.9	18.4	18.8	19.2
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(12.1)	5.4	(2.4)	2.6	2.5
NPL/gross loans (%)	3.7	3.9	3.8	3.7	3.7
Allowance for ECL/gross loans (%)	5.4	5.4	5.5	5.7	5.8
Allowance for ECL/NPL (%)	143.1	136.1	146.0	153.1	154.9
Valuation					
Recurring P/E (x) *	10.3	8.6	7.8	7.1	6.5
Recurring P/E @ target price (x) *	13.0	11.0	9.9	9.0	8.2
Reported P/E (x)	10.3	8.6	7.8	7.1	6.5
Dividend yield (%)	2.6	4.3	5.9	6.6	7.3
Price/book (x)	0.7	0.7	0.6	0.6	0.6
Price/tangible book (x)	0.7	0.7	0.6	0.6	0.6
Price/tangible book @ target price (x)	0.9	0.9	0.8	0.8	0.7

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Kasikornbank; FSSIA estimates

Kasikornbank PCL (KBANK TB)

FSSIA ESG rating



Exhibit 8: FSSIA ESG score implication

84.17 /100

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 9: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BBL	62.08	--	Y	Y	5.00	5.00	Certified	Medium	54.70	--	29.00	58.68	67.00	2.19	60.06
KBANK	84.17	Y	Y	Y	5.00	5.00	Certified	Medium	62.19	AA	46.00	73.83	83.00	4.05	59.77
KTb	63.10	--	Y	Y	5.00	5.00	Certified	Medium	53.59	BBB	34.00	64.64	64.00	2.12	59.11
SCB	62.57	Y	Y	Y	5.00	4.00	--	High	--	A	--	--	86.00	3.43	--
KKP	62.96	--	Y	Y	5.00	5.00	Certified	Medium	52.81	BBB	--	77.56	26.00	2.18	45.90
TISCO	61.17	--	Y	Y	5.00	5.00	Certified	Medium	61.41	--	--	66.13	29.00	3.57	44.21
TTB	63.69	--	Y	Y	5.00	5.00	Certified	Medium	53.98	--	36.00	56.17	71.00	3.20	52.96

 Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

Exhibit 10: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.71	1.80	2.61	2.67	2.67	2.88	3.89	4.05
BESG environmental pillar score	0.08	0.08	0.08	0.18	0.18	0.24	2.93	3.43
BESG social pillar score	1.37	1.63	3.44	3.44	3.49	3.89	3.95	4.03
BESG governance pillar score	4.90	4.74	4.83	4.91	4.81	4.88	4.86	4.74
ESG disclosure score	53.57	53.91	59.49	57.60	57.60	58.20	58.20	59.77
Environmental disclosure score	29.54	29.54	33.55	37.48	37.48	40.86	40.86	40.86
Social disclosure score	34.89	35.91	48.67	39.06	39.06	37.48	37.48	42.20
Governance disclosure score	96.12	96.12	96.12	96.12	96.12	96.12	96.12	96.12
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	Yes	Yes	Yes	Yes	Yes	Yes
GHG scope 1	9	18	25	21	21	19	16	11
GHG scope 2 location-based	91	82	80	87	83	79	74	70
GHG Scope 3	0	0	0	1	1	1	1	1
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	221	140	240	237	229	213	187	189
Renewable energy use	—	—	11	11	7	10	8	27
Electricity used	—	—	—	—	—	—	—	—
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 11: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	0	0	1	1	2	0
Total waste	9	6	6	8	7	6	5	5
Waste recycled	—	—	—	1	2	2	3	2
Waste sent to landfills	—	—	—	7	5	4	3	3
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	270	283	158
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pct women in workforce	66	68	68	69	69	70	70	70
Pct disabled in workforce	—	—	0	0	0	0	0	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0	0	0	0
Total recordable incident rate - employees	0	0	0	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	21,484	21,029	20,839	20,646	20,407	19,819	19,029	18,648
Employee turnover pct	17	17	10	8	6	3	7	8
Total hours spent by firm - employee training	1,359,210	1,186,240	1,094,590	881,469	928,607	847,516	712,474	753,600
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	17	17	16	17	18	18	18	18
No. of independent directors (ID)	10	10	9	9	10	9	9	6
No. of women on board	5	6	6	6	7	7	7	8
No. of non-executive directors on board	14	13	12	12	12	13	13	13
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	12	12	12	12	12	15	13	12
Board meeting attendance pct	98	95	95	95	97	97	97	96
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	45	46	47	48	40	41	42	43
Age of the oldest director	71	72	72	70	71	72	68	68
No. of executives / company managers	16	15	17	18	19	15	14	16
No. of female executives	5	3	4	4	5	5	5	6
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	4	4	4	4	4	4	4	4
No. of ID on audit committee	4	4	4	4	4	4	4	4
Audit committee meetings	12	12	12	12	12	12	12	12
Audit meeting attendance %	90	100	96	90	98	98	100	98
Size of compensation committee	4	4	3	3	3	3	5	3
No. of ID on compensation committee	3	3	2	2	2	2	3	2
No. of compensation committee meetings	9	9	10	8	9	10	11	10
Compensation meeting attendance %	94	86	95	96	100	100	100	100
Size of nomination committee	4	3	3	4	4	5	5	6
No. of nomination committee meetings	9	6	4	4	5	4	4	6
Nomination meeting attendance %	94	94	94	100	90	95	100	93
Sustainability governance								
Verification type	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <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 Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & 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+										
NEGL	Low	Medium	High	Severe																		
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
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																			
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

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. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Kasikornbank	KBANK TB	THB 151.50	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.
TMBThanachart Bank	TTB TB	THB 1.83	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.
Bangkok Bank	BBL TB	THB 154.00	BUY	Downside risks are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) an impact of new regulations from the Bank of Thailand.
Kiatnakin Phatra Bank	KKP TB	THB 52.50	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 21.50	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 110.00	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.
Tisco Financial	TISCO TB	THB 97.50	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 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 18-Oct-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.