

SCB X SCB TB

THAILAND / BANKING

HOLD

UNCHANGED

กำไร 3Q24 เพิ่มขึ้น ; กำไรก่อนหักสำรองทรงตัว

- ผลประกอบการ 3Q24 ส่วนมากใกล้เคียงคาด ธุรกิจหลักยังทรงตัว
- คุณภาพสินทรัพย์อยู่ในระดับที่จัดการได้ Credit cost ในช่วง 9M24 ลดลงต่ำกว่าเป้าหมายประมาณการในปี 2024 ของธนาคารฯ ที่ 180bp
- คงค่านำถือที่ราคาเป้าหมาย 112 บาท

TARGET PRICE	THB112.00
CLOSE	THB114.00
UP/DOWNSIDE	-1.8%
PRIOR TP	THB110.00
CHANGE IN TP	+1.8%
TP vs CONSENSUS	-2.4%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	55,725	52,767	55,099	57,559
Net profit	43,523	41,170	42,995	44,921
EPS (THB)	12.93	12.23	12.77	13.34
vs Consensus (%)	-	0.4	(1.3)	(1.8)
Recurring net profit	43,523	41,170	42,995	44,921
Core EPS (THB)	12.93	12.23	12.77	13.34
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	15.9	(5.4)	4.4	4.5
Core P/E (x)	8.8	9.3	8.9	8.5
Dividend yield (%)	9.1	8.6	9.0	9.4
Price/book (x)	0.8	0.8	0.8	0.8
ROE (%)	9.3	8.6	8.8	9.0
ROA (%)	1.3	1.2	1.2	1.2

ผลประกอบการ 3Q24 ส่วนมากใกล้เคียงคาด

SCB รายงานกำไรสุทธิ 3Q24 อยู่ที่ 10.9 พัน ลบ. ต่ำกว่าที่เราคาด 2% แต่สูงกว่าที่ตลาดคาด 7% กำไรดังกล่าวโต 9.6% q-q และ 13.5% y-y กำไรก่อนหักสำรอง (PPOP) อยู่ที่ 24.7 พัน ลบ. (ทรงตัว q-q and y-y) ต่ำกว่าที่เราคาดเล็กน้อย ธุรกิจหลักยังค่อนข้างทรงตัวโดยมีรายได้ดอกเบี้ยสุทธิ (NII) ใกล้เคียงเดิม q-q (แต่เพิ่มขึ้น 3.5% y-y) สอดคล้องกับสินเชื่อที่ลดลงเล็กน้อยที่ 0.1% q-q และ 0.9% y-y สินเชื่อขนาดใหญ่ (35%) ขยายตัวเล็กน้อยในขณะที่สินเชื่อ SME (17%) ลดลงเล็กน้อย สินเชื่อรายย่อย (40%) ลดลงในกลุ่มสินเชื่อเช่าซื้อรถยนต์ (32%) และสินเชื่อประเภทไม่มีหลักทรัพย์ค่าประกัน (2%) อย่างไรก็ตามสินเชื่อที่อยู่อาศัย (32%) และ AutoX (2%) โตดี ในภาพรวมสินเชื่อในช่วง 9M24 เพิ่มขึ้นเล็กน้อย 0.3% YTD ต่ำกว่าเป้าหมายประมาณการในปี 2024 ของธนาคารฯ ที่ 3-5% y-y และสมมติฐานของเราที่ 2.5% y-y ทั้งนี้สินเชื่อที่พลาดเป้าไปทุก ๆ 1% อาจมีผลกระทบต่อผลตอบแทนการกำไรสุทธิปี 2024 อยู่ที่ประมาณ 0.9%

ควบคุมคุณภาพสินทรัพย์ได้ดีโดยไม่มีสัญญาณที่น่ากังวล

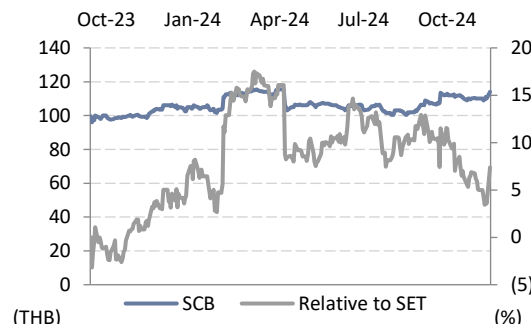
คุณภาพสินทรัพย์ใน 3Q24 ยังทรงตัวโดยไม่มีประเด็นที่น่ากังวลอย่างมีนัยสำคัญ สัดส่วนหนี้ต่อคุณภาพ (NPL ratio) ทรงตัวที่ประมาณ 3.89% ในขณะที่สินเชื่อชั้นที่ 2 เพิ่มขึ้นเล็กน้อยเป็น 7.24% จาก 7.19% ใน 2Q24 สัดส่วนสำรองต่อหนี้ต่อคุณภาพเพิ่มขึ้นเล็กน้อยเป็น 158.9% จาก 156.5% ณ สิ้นไตรมาส 2Q24 จากการขายและการตัดจำหน่ายหนี้เสียที่ลดลงจาก 12.5 พัน ลบ. เป็น 11.5 พัน ลบ. ผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ลดลงตามคาดเหลือ 10.9 พัน ลบ. ซึ่งรวมถึง Management overlay ที่ไม่ได้เปิดเผยจำนวนหนึ่ง ต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ลดลงเหลือ 180bp จาก 190bp ใน 2Q24 พร้อม Credit cost ในช่วง 9M24 ที่ 179bp ใกล้เคียงกับเป้าหมายประมาณการปี 2024 ของธนาคารฯ ที่ 160-180bp แต่ต่ำกว่าสมมติฐานของเราที่ 195bp

คงประมาณการกำไรปี 2024-26 ของเราแม้ว่าคาดการณ์ NIM และสินเชื่อจะมี Downside

เราคงประมาณการกำไรปี 2024-26 ของเราซึ่งคาดว่ากำไรสุทธิจะโตเฉลี่ยที่ 1.1% CAGR ภายใต้สมมติฐาน Credit cost เฉลี่ยที่ 190-195bp อย่างไรก็ตามแนวโน้มเชิงบวกในปัจจุบันอาจขัดแย้งกับส่วนต่างดอกเบี้ย (NIM) ที่คาดว่าจะลดลงตามแนวโน้มอัตราดอกเบี้ยขาลง นอกจากนี้สินเชื่อที่คาดว่าจะโต 2.5% y-y อาจออกมาต่ำกว่าคาดการณ์ธนาคารฯ ยังคงนโยบายคุณภาพสินเชื่อที่เข้มงวดอย่างต่อเนื่องเหมือนในปี 2024

คงคำแนะนำถือเพื่อรับผลตอบแทนในรูปเงินปันผลที่น่าพอใจ

เราคงคำแนะนำถือเพื่อรับผลตอบแทนในรูปเงินปันผลเฉลี่ยที่ 8.6-9.0% ต่อปี ราคาหุ้นในปัจจุบันมี Upside จำกัดเมื่อเทียบกับราคาเป้าหมายปี 2025 ของเราที่ 112 บาท (GGM) ราคาดังกล่าวเทียบเท่า P/BV ที่ 0.76x ภายใต้สมมติฐาน Long-term ROE ที่ 8.8% และ COE ที่ 11.2%



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.2	12.3	14.3
Relative to country (%)	(0.3)	(0.6)	7.4
Mkt cap (USD m)	11,480		
3m avg. daily turnover (USD m)	34.1		
Free float (%)	53		
Major shareholder	King Rama X (24%)		
12m high/low (THB)	116.50/95.50		
Issued shares (m)	3,399		

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 HOLD recommendation for the following factors:

- The bank's core operations should remain subdued with 2024E loan growth at low pace of 2.5% y-y, leading to muted PPOP growth.
- Despite the manageable asset quality, the increased stage 2 loans and NPL ratio in its retail segment, particularly housing, CardX, and AutoX, leads us to expect growing credit costs, which are likely to exceed its 2024 guidance.
- Its 2024E dividend payout could be sustained at 80%, leading to an attractive annual dividend yield of c9-10% p.a.

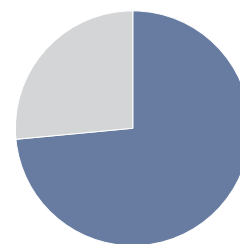
Company profile

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

www.scb.co.th

Principal activities (revenue, 9M24)

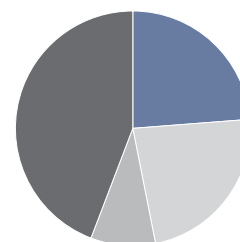
- Net interest income - 73.5 %
- Non-interest income - 26.5 %



Source: SCB X

Major shareholders

- King Rama X - 23.8 %
- Vayupak Fund - 23.1 %
- Thai NVDR - 8.9 %
- Others - 44.2 %



Source: SCB X

Catalysts

Potential share price catalysts for SCB include:

- 1) Higher interest rate rises than we expect;
- 2) Higher growth contribution from Gen 2 business;
- 3) Lower credit costs mainly from better asset quality;
- 4) Lower cost-to-income ratio than expected due to better cost control.

Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks comprise 1) the faster-than-expected recovery of EA's operations and financial stability; and 2) the reduction in Thailand's household debts.

Event calendar

Date	Event
Jan 2025	4Q24 results announcement

Key assumptions

	2024E (%)	2025E (%)	2026E (%)
Net profit (THB m)	41,170	42,995	44,921
EPS (THB)	12.23	12.77	13.34
Net profit growth (%)	-5.4%	4.4%	4.5%
NIM (%)	3.82%	3.83%	3.86%
Loan growth (%)	2.5%	2.5%	2.5%
Fee growth (%)	2.5%	3.0%	3.0%
Non-NII growth (%)	2.1%	2.5%	2.6%
Credit cost (bp)	195	190	190
Cost to income (%)	43.2%	43.5%	43.4%
NPL	4.06%	4.10%	4.10%

Source: FSSIA estimates

Earnings sensitivity

			2025E	
Loan growth	±2ppt	0.5	2.50	4.5
% change in net profit		(1.8)		1.8
NIM (%)	±5bp	3.78	3.83	3.88
% change in net profit		(3.3)		3.3
Credit cost (bp)	±10bp	180	190	200
% change in net profit		4.6		(4.6)

Source: FSSIA estimates

3Q24 performance was broadly in line

SCB reported a 3Q24 net profit of THB10.9b, which was 2% lower than our expectation but 7% higher than the BBG consensus. This reflected growth of 9.6% q-q and 13.5% y-y. PPOP stood at THB24.7b in the quarter, slightly below our estimate, remaining stable q-q and y-y. The core business remained relatively stable, with NII nearly unchanged q-q (up 3.5% y-y), consistent with a slight decline in loans of 0.1% q-q and 0.9% y-y. The corporate segment (35%) saw slight growth, while SME loans (17%) declined slightly. Retail loans (40%) experienced decreases in the auto hire-purchase segment (32%) and unsecured loans (2%). However, there was strong growth in housing loans (32%) and AutoX (2%). Overall, 9M24 loans increased slightly by 0.3% YTD, below the bank's 2024 guidance of 3-5% y-y and our estimate of 2.5% y-y. Every 1% miss in loan targets could negatively impact 2024 net profit by c0.9%.

The 3Q24 NIM was 3.91%, as expected, remaining stable q-q. Despite increased earning asset yields from investments and interbank lending, the rising cost of funds offset this. The 9M24 NIM was 3.85%, slightly above its 2024 guidance of 3.70-3.90% and our forecast of 3.82%.

Non-NII decreased more than expected in 3Q24 due to higher-than-anticipated investment losses. However, net fee income grew as expected by 2.8% q-q (down 4.9% y-y), driven by transactional banking and wealth management, countered by lower bancassurance fees.

Operating expenses were lower than expected, decreasing by 5.2% q-q and 4.8% y-y, mainly due to reduced employee expenses and other costs, including an estimated THB800m related to the closure of the Robinhood App recorded in 2Q24. This led to a decrease in the cost-to-income ratio to 41.6% from 42.9% in 2Q24. The 9M24 cost-to-income ratio was 42.2%, aligning with its 2024 guidance of 43-45% and our estimate of 43.2%.

Overall, the 9M24 net profit amounted to THB32.3b, reflecting a slight decrease of 0.8% y-y, accounting for 78% of our 2024 net profit forecast.

Exhibit 1: SCB – 3Q24 results summary

Year end Dec 31	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	3Q24 (THB m)	---- Change ----		9M24 (THB m)	Change (y-y%)	%of 24E	2024E (THB m)	Change (y-y%)
						(q-q%)	(y-y%)					
Net interest income	31,536	33,413	31,761	32,576	32,636	0.2	3.5	95,740	4.9	74	129,713	4.0
Non-interest income	11,809	9,130	11,234	10,678	9,661	(9.5)	(18.2)	34,463	(7.6)	73	47,418	2.1
Fee income - net	8,140	7,166	7,897	7,529	7,738	2.8	(4.9)	23,164	(9.4)	69	33,546	2.5
Total operating income	43,344	42,543	42,995	43,253	42,297	(2.2)	(2.4)	128,545	(0.0)	73	177,131	3.5
Total operating expenses	18,490	19,517	18,100	18,568	17,606	(5.2)	(4.8)	54,275	3.8	71	76,454	6.5
PPOP before tax	24,854	23,026	24,895	24,685	24,690	0.0	(0.7)	74,270	(2.7)	74	100,677	1.4
Expected credit loss	12,245	9,330	10,201	11,626	10,937	(5.9)	(10.7)	32,765	(4.4)	68	47,909	9.9
Income tax	2,891	2,628	3,354	2,908	2,626	(9.7)	(9.1)	8,888	(4.7)	78	11,345	(5.1)
Non-controlling interest	55	73	59	137	154	13.1	179.6	350	101.6	139	252	2.0
Net profit	9,663	10,995	11,281	10,014	10,972	9.6	13.5	32,267	(0.8)	78	41,170	(5.4)
EPS (THB)	2.87	3.27	3.35	2.97	3.26	9.6	13.5	9.58	(0.8)	78	12.23	(5.4)
Key ratios	3Q23	4Q23	1Q24	2Q24	3Q24	---- Change ----		9M24			2024E	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(THB m)	(y-y%)		(%)	(y-y%)
Gross NPLs (THB m)	95,576	96,832	95,236	95,097	94,586	(0.5)	(1.0)	94,586	(1.0)		100,932	4.2
Change (% from prior period)	2.7	1.3	(1.6)	(0.1)	(0.5)			(1.0)			4.2	
NPL ratios (%) - reported	3.30	3.44	3.52	3.34	3.38			3.38				
NPL ratio (%)	3.89	3.99	3.89	3.90	3.89			3.89			4.06	
Coverage ratio (%) - reported	167.2	159.9	160.6	161.7	163.9			163.9				
Coverage ratio (%)	162.2	153.9	156.0	156.5	158.9			158.9			160.4	
Credit cost (bp)	201	153	167	190	180			179			195	
Profitability ratio	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost to income ratio	42.7	45.9	42.1	42.9	41.6			42.2			43.2	
Average yield (%)	4.87	5.15	4.99	5.08	5.14			5.04			5.11	
Cost of funds (%)	1.35	1.42	1.40	1.41	1.49			1.42			1.55	
NIM (%) - reported	3.74	3.96	3.83	3.90	3.91			3.89				
NIM (%)	3.74	3.96	3.83	3.90	3.91			3.85			3.82	
Non-NII/total income (%)	27.2	21.5	26.1	24.7	22.8			26.8			26.8	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
q-q	1.3	(1.2)	0.9	(0.4)	(0.1)							
y-y	4.6	2.1	2.1	0.6	(0.9)			(0.9)			2.5	
Year-to-date	3.3	2.1	0.9	0.5	0.3			0.3				

Sources: SCB; FSSIA estimates

Well-contained asset quality with no alarms

The asset quality in 3Q24 remained stable with no significant concerns. The NPL ratio was steady at around 3.89%, with a slight decrease in the NPL ratio for CardX, offset by increases in the auto hire-purchase and AutoX segments. Stage 2 loans rose slightly to 7.24% from 7.19% in 2Q24. The coverage ratio increased slightly to 158.9% from 156.5% at the end of 2Q24 due to a decrease in bad debt sales and write-offs from THB12.5b to THB11.5b. 3Q24 ECLs decreased as expected to THB10.9b, including an undisclosed management overlay. Credit costs dropped to 180bp from 190bp in 2Q24, with 9M24 credit costs at 179bp, which was in line with its 2024 guidance of 160-180bp and lower than our target of 195bp.

Exhibit 2: SCB – Staged loans and ECL

	2021 (THB b)	2022 (THB b)	2023 (THB b)	3Q24 (THB b)	2021 (%)	2022 (%)	2023 (%)	3Q24 (%)
Staged loans								
Stage 1	2,576	2,584	2,546	2,486	89.60	90.41	90.35	88.92
Stage 2	190	179	175	215	6.61	6.25	6.21	7.70
Stage 3	109	95	97	95	3.79	3.34	3.44	3.38
Total	2,875	2,858	2,818	2,796	100.00	100.00	100.00	100.00
Allowance for ECL								
Stage 1	47	46	46	31	1.8	1.8	1.8	1.2
Stage 2	43	49	50	70	22.6	27.2	28.7	32.4
Stage 3	63	58	59	55	57.4	60.7	60.6	57.7
Total	152	152	155	155	5.3	5.3	5.5	5.5
	(%)	(%)	(%)	(%)				
NPL / TL	3.8	3.3	3.4	3.4				
NPL vs. Stage 2 loans / TL	10.4	9.6	9.7	11.1				
LLR / NPL	139	160	160	164				
LLR / (NPL vs. Stage 2)	51	56	57	50				

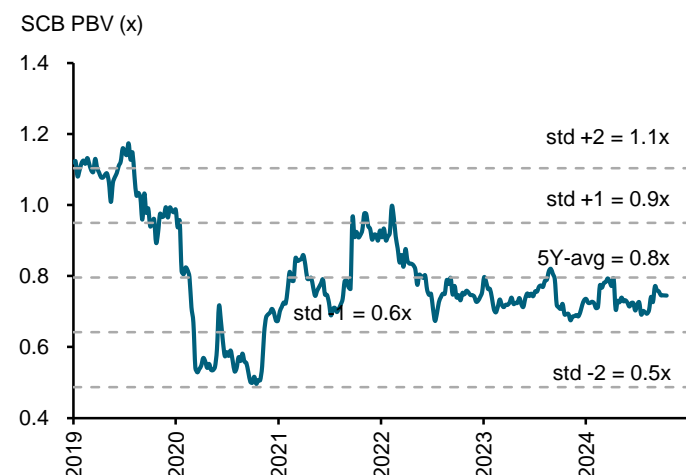
Sources: SCB; FSSIA's compilation

Exhibit 3: SCB – 2025 GGM-based TP

Gordon Growth Model	2025E
Sustainable ROE	8.8%
G	1.0%
ROE-g	7.8%
Beta	1.0
Risk free rate	3.0%
Risk premium	8.0%
COE	11.2%
COE-g	10.2%
ROE-g/COE-g ; P/BV (X)	0.76

Source: FSSIA estimates

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



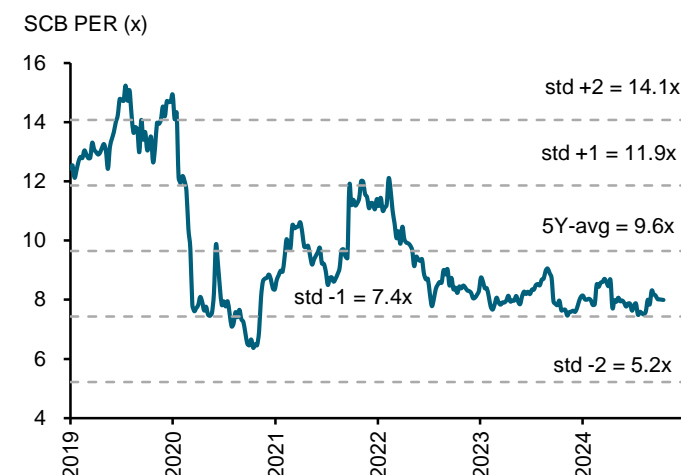
Sources: Bloomberg; FSSIA estimates

Exhibit 4: Share price performance of banks under coverage, as of 21 October 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	(0.6)	15.8	8.1	(8.1)	(1.9)
KBANK TB	(4.8)	17.2	21.0	16.3	11.1
KKP TB	3.9	28.7	0.0	2.4	5.0
KTB TB	4.9	25.1	28.9	11.5	16.3
SCB TB	2.2	12.3	9.1	14.3	7.5
TISCO TB	0.3	4.3	(1.8)	1.3	(2.0)
TTB TB	(4.2)	4.5	4.0	6.4	10.2
SETBANK	(0.4)	14.1	10.3	4.0	4.8
SET	2.6	13.0	10.3	6.4	5.1

Source: Bloomberg

Exhibit 6: SCB – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Peers regional banks comparison, as of 21 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	153.50	184.00	20	8,763	7.0 6.7	0.5 0.5	7.7 7.6	4.7 4.9				
Kasikornbank	KBANK TB	150.00	192.00	28	10,630	7.7 7.0	0.6 0.6	8.6 9.0	6.0 6.7				
Krung Thai Bank	KTB TB	21.40	23.50	10	8,945	8.0 7.7	0.7 0.7	9.1 8.8	4.2 4.3				
SCB X	SCB TB	114.00	112.00	(2)	11,480	9.3 8.9	0.8 0.8	8.6 8.8	8.6 9.0				
TMBThanachart Bank	TTB TB	1.84	2.52	37	5,354	8.3 7.7	0.7 0.7	9.1 9.4	7.2 7.8				
Kiatnakin Bank	KKP TB	52.75	50.30	(5)	1,319	10.2 9.2	0.7 0.7	7.0 7.5	4.7 5.2				
Tisco Financial Group	TISCO TB	97.75	98.00	0	2,341	11.3 11.4	1.8 1.8	16.1 15.6	7.9 7.9				
Thailand weighted average					6,976	9.0 8.5	0.8 0.7	8.6 8.7	5.6 6.0				
Hong Kong													
Industrial & Comm Bank of China	1398 HK	4.69	n/a	n/a	284,127	4.4 4.4	0.4 0.4	9.9 9.4	7.1 7.2				
China Construction Bank	939 HK	6.06	n/a	n/a	198,975	4.3 4.2	0.4 0.4	10.5 10.0	7.1 7.2				
HSBC Holdings	5 HK	68.50	n/a	n/a	159,634	7.0 7.2	0.9 0.9	13.4 12.6	9.0 7.2				
Bank of China	3988 HK	3.77	n/a	n/a	186,433	4.7 4.6	0.4 0.4	9.3 8.9	6.8 6.9				
Hong Kong average					207,292	5.1 5.1	0.6 0.5	10.8 10.2	7.5 7.1				
China													
Industrial & Comm Bank of China	601398 CH	6.16	n/a	n/a	284,124	6.2 6.1	0.6 0.6	9.8 9.3	5.0 5.0				
Agricultural Bank of China	601288 CH	4.84	n/a	n/a	231,527	6.4 6.3	0.6 0.6	10.1 9.8	4.8 4.8				
China Construction Bank	601939 CH	8.15	n/a	n/a	198,973	6.2 6.1	0.6 0.6	10.5 9.9	4.8 4.9				
Bank of China	601988 CH	4.95	n/a	n/a	186,430	6.6 6.5	0.6 0.6	9.3 8.8	4.8 4.8				
China average					225,263	6.4 6.2	0.6 0.6	9.9 9.4	4.9 4.9				
South Korea													
KB Financial Group	105560 KS	93,500	n/a	n/a	26,592	7.1 6.3	0.6 0.6	8.9 9.2	3.4 3.8				
Shinhan Financial Group	055550 KS	55,800	n/a	n/a	20,535	5.9 5.5	0.5 0.5	9.1 9.1	3.9 4.4				
Hana Financial Group	086790 KS	64,900	n/a	n/a	13,308	4.9 4.6	0.5 0.4	9.4 9.3	5.6 6.1				
Industrial Bank of Korea	024110 KS	14,480	n/a	n/a	8,383	4.3 4.2	0.4 0.3	8.6 8.4	7.1 7.6				
South Korea average					17,204	5.6 5.2	0.5 0.5	9.0 9.0	5.0 5.4				
Indonesia													
Bank Central Asia	BBCA IJ	10,675	n/a	n/a	83,626	24.1 22.0	4.9 4.5	21.2 21.2	2.7 2.9				
Bank Rakyat Indonesia Persero	BBRI IJ	4,990	n/a	n/a	47,849	12.3 11.1	2.3 2.2	19.1 19.9	6.7 7.0				
Bank Mandiri Persero	BMRI IJ	7,200	n/a	n/a	42,610	11.7 10.6	2.3 2.1	20.7 20.8	5.0 5.3				
Bank Negara Indonesia Persero	BBNI IJ	5,625	n/a	n/a	13,490	9.5 8.3	1.3 1.2	14.3 15.1	5.0 5.6				
Bank Syariah Indonesia	BRIS IJ	3,080	n/a	n/a	8,928	20.3 16.7	3.1 2.7	16.3 17.1	0.7 1.1				
Indonesia average					39,301	15.6 13.8	2.8 2.5	18.3 18.8	4.0 4.4				
Malaysia													
Malayan Banking	MAY MK	10.66	n/a	n/a	29,717	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	20,487	12.7 12.0	1.5 1.4	12.4 12.4	4.5 4.8				
CIMB Group Holdings	CIMB MK	8.20	n/a	n/a	20,318	11.3 10.5	1.2 1.2	11.1 11.3	5.6 5.5				
Hong Leong Bank	HLBK MK	21.10	n/a	n/a	10,617	10.6 9.8	1.2 1.1	11.6 11.6	3.2 3.6				
RHB Bank	RHBBANK MK	6.41	n/a	n/a	6,458	9.4 8.9	0.9 0.8	9.3 9.5	6.2 6.5				
Malaysia average					17,519	11.3 10.6	1.2 1.2	11.0 11.1	5.1 5.3				
Singapore													
DBS Group Holdings	DBS SP	39.16	n/a	n/a	84,651	10.3 10.5	1.7 1.6	17.1 15.9	5.7 6.2				
Oversea-Chinese Banking	OCBC SP	15.28	n/a	n/a	52,326	9.2 9.3	1.2 1.1	13.6 12.7	5.8 5.8				
United Overseas Bank	UOB SP	32.48	n/a	n/a	40,990	9.1 8.9	1.1 1.1	12.9 12.6	5.6 5.7				
Singapore average					59,322	9.5 9.6	1.4 1.3	14.5 13.7	5.7 5.9				
Regional average (excl. Thailand)					90,444	9.2 8.7	1.2 1.1	12.4 12.2	5.3 5.4				
Total average (incl. Thailand)					72,186	9.1 8.6	1.1 1.1	11.7 11.6	5.5 5.7				

Sources: Bloomberg; FSSIA estimates

Financial Statements

SCB X

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	126,993	161,122	173,244	177,787	182,971
Interest expense	(19,127)	(36,438)	(43,531)	(44,165)	(44,339)
Net interest income	107,865	124,684	129,713	133,622	138,632
Net fees & commission	37,148	32,723	33,546	34,552	35,588
Foreign exchange trading income	-	-	-	-	-
Securities trading income	6,724	8,896	8,898	8,900	8,902
Dividend income	149	150	155	159	164
Other income	2,535	4,651	4,819	5,006	5,214
Non interest income	46,555	46,421	47,418	48,617	49,869
Total income	154,420	171,105	177,131	182,239	188,501
Staff costs	(31,219)	(33,621)	(35,302)	(36,008)	(36,728)
Other operating costs	(38,655)	(38,159)	(41,152)	(43,284)	(45,170)
Operating costs	(69,874)	(71,781)	(76,454)	(79,292)	(81,898)
Pre provision operating profit	84,547	99,324	100,677	102,947	106,603
Expected credit loss	(33,829)	(43,600)	(47,909)	(47,848)	(49,044)
Other provisions	-	-	-	-	-
Operating profit	50,718	55,725	52,767	55,099	57,559
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	50,718	55,725	52,767	55,099	57,559
Tax	(13,592)	(11,955)	(11,345)	(11,846)	(12,375)
Profit after tax	37,125	43,770	41,422	43,252	45,183
Non-controlling interest	421	(247)	(252)	(257)	(262)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	37,546	43,523	41,170	42,995	44,921
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	37,546	43,523	41,170	42,995	44,921
Per share (THB)					
Recurring EPS *	11.15	12.93	12.23	12.77	13.34
Reported EPS	11.15	12.93	12.23	12.77	13.34
DPS	6.69	10.34	9.78	10.22	10.67
Growth					
Net interest income (%)	13.3	15.6	4.0	3.0	3.7
Non interest income (%)	(15.6)	(0.3)	2.1	2.5	2.6
Pre provision operating profit (%)	(2.6)	17.5	1.4	2.3	3.6
Operating profit (%)	13.3	9.9	(5.3)	4.4	4.5
Reported net profit (%)	5.5	15.9	(5.4)	4.4	4.5
Recurring EPS (%)	6.4	15.9	(5.4)	4.4	4.5
Reported EPS (%)	6.4	15.9	(5.4)	4.4	4.5
Income Breakdown					
Net interest income (%)	69.9	72.9	73.2	73.3	73.5
Net fees & commission (%)	24.1	19.1	18.9	19.0	18.9
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	4.4	5.2	5.0	4.9	4.7
Dividend income (%)	0.1	0.1	0.1	0.1	0.1
Other income (%)	1.6	2.7	2.7	2.7	2.8
Operating performance					
Gross interest yield (%)	3.87	4.81	5.11	5.10	5.10
Cost of funds (%)	0.70	1.26	1.56	1.56	1.53
Net interest spread (%)	3.17	3.55	3.55	3.54	3.57
Net interest margin (%)	3.3	3.7	3.8	3.8	3.9
Cost/income(%)	45.2	42.0	43.2	43.5	43.4
Cost/assets(%)	2.1	2.1	2.2	2.2	2.2
Effective tax rate (%)	26.8	21.5	21.5	21.5	21.5
Dividend payout on recurring profit (%)	60.0	80.0	80.0	80.0	80.0
ROE (%)	8.3	9.3	8.6	8.8	9.0
ROE - COE (%)	(2.9)	(2.0)	(2.7)	(2.5)	(2.3)
ROA (%)	1.1	1.3	1.2	1.2	1.2
RORWA (%)	1.6	1.9	1.8	1.8	1.8

* Pre-exceptional, pre-goodwill and fully diluted

Sources: SCB X; FSSIA estimates

Financial Statements

SCB X

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	2,377,215	2,426,563	2,487,227	2,549,408	2,613,143
Allowance for expected credit loss	(148,890)	(148,986)	(161,895)	(174,743)	(184,788)
interest in suspense	19,523	23,467	24,640	25,872	27,166
Net customer loans	2,247,848	2,301,044	2,349,972	2,400,537	2,455,521
Bank loans	522,056	436,797	449,901	463,398	477,300
Government securities	-	-	-	-	-
Trading securities	62,327	92,534	95,310	98,169	101,115
Investment securities	391,877	388,133	407,539	427,916	449,312
Cash & equivalents	47,254	40,676	48,757	42,195	39,567
Other interesting assets	-	-	-	-	-
Tangible fixed assets	68,898	71,919	75,891	80,165	84,766
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	114,194	107,620	109,323	111,111	112,987
Total assets	3,454,452	3,438,722	3,536,695	3,623,491	3,720,568
Customer deposits	2,555,800	2,442,860	2,503,931	2,579,049	2,656,421
Bank deposits	181,347	221,459	228,103	234,946	241,994
Other interest bearing liabilities	71,996	109,911	115,406	90,000	70,000
Non interest bearing liabilities	178,697	180,759	198,185	217,321	238,336
Hybrid Capital	-	-	-	-	-
Total liabilities	2,987,840	2,954,989	3,045,625	3,121,316	3,206,751
Share capital	33,671	33,671	33,671	33,671	33,671
Reserves	427,561	444,411	451,182	461,666	472,625
Total equity	461,232	478,082	484,853	495,337	506,296
Non-controlling interest	5,380	5,651	6,216	6,838	7,522
Total liabilities & equity	3,454,452	3,438,722	3,536,695	3,623,491	3,720,568
Supplementary items					
Risk weighted assets (RWA)	2,306,339	2,303,944	2,369,585	2,427,739	2,492,781
Average interest earning assets	3,282,850	3,348,750	3,392,002	3,489,434	3,589,880
Average interest bearing liabilities	2,720,839	2,887,169	2,786,369	2,828,877	2,891,043
CET 1 capital	408,287	417,315	425,228	433,827	442,812
Total capital	433,835	443,382	451,932	461,185	470,839
Gross non performing loans (NPL)	95,329	96,832	100,932	104,532	107,132
Per share (THB)					
Book value per share	136.98	141.99	144.00	147.11	150.37
Tangible book value per share	136.98	141.99	144.00	147.11	150.37
Growth					
Gross customer loans	3.3	2.1	2.5	2.5	2.5
Average interest earning assets	3.3	2.0	1.3	2.9	2.9
Total asset (%)	4.2	(0.5)	2.8	2.5	2.7
Risk weighted assets (%)	1.8	(0.1)	2.8	2.5	2.7
Customer deposits (%)	3.6	(4.4)	2.5	3.0	3.0
Leverage & capital measures					
Customer loan/deposits (%)	88.0	94.2	93.9	93.1	92.4
Equity/assets (%)	13.4	13.9	13.7	13.7	13.6
Tangible equity/assets (%)	13.4	13.9	13.7	13.7	13.6
RWA/assets (%)	66.8	67.0	67.0	67.0	67.0
CET 1 CAR (%)	17.7	18.1	17.9	17.9	17.8
Total CAR (%)	18.8	19.2	19.1	19.0	18.9
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(12.6)	1.6	4.2	3.6	2.5
NPL/gross loans (%)	4.0	4.0	4.1	4.1	4.1
Allowance for ECL/gross loans (%)	6.3	6.1	6.5	6.9	7.1
Allowance for ECL/NPL (%)	156.2	153.9	160.4	167.2	172.5
Valuation					
Recurring P/E (x) *	10.2	8.8	9.3	8.9	8.5
Recurring P/E @ target price (x) *	10.0	8.7	9.2	8.8	8.4
Reported P/E (x)	10.2	8.8	9.3	8.9	8.5
Dividend yield (%)	5.9	9.1	8.6	9.0	9.4
Price/book (x)	0.8	0.8	0.8	0.8	0.8
Price/tangible book (x)	0.8	0.8	0.8	0.8	0.8
Price/tangible book @ target price (x)	0.8	0.8	0.8	0.8	0.7

* Pre-exceptional, pre-goodwill and fully diluted

Sources: SCB X; FSSIA estimates

SCB X PCL (SCB TB)

FSSIA ESG rating


62.57 /100

Exhibit 8: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>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
KTBB	63.10	--	Y	Y	5.00	5.00	Certified	Medium	53.59	BBB	34.00	64.64	64.00	2.12	61.33
SCB	62.57	Y	Y	Y	5.00	4.00	--	High	--	A	--	--	86.00	3.43	--
KKP	62.96	--	Y	Y	5.00	5.00	Certified	Medium	52.81	BBB	--	77.56	26.00	2.18	45.90
TISCO	61.17	--	Y	Y	5.00	5.00	Certified	Medium	61.41	--	--	66.13	29.00	3.57	44.21
TTB	63.69	--	Y	Y	5.00	5.00	Certified	Medium	53.98	--	36.00	56.17	71.00	3.20	52.96

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

Exhibit 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	1.85	1.83	2.65	3.04	2.65	2.83	2.89	3.43
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.00	0.08	—
BESG social pillar score	2.02	2.25	4.19	5.21	4.05	4.19	4.24	—
BESG governance pillar score	4.25	3.66	3.88	3.91	4.11	4.66	4.64	—
ESG disclosure score	45.82	48.25	49.39	50.60	53.91	53.91	52.24	—
Environmental disclosure score	28.21	28.78	29.60	29.60	35.82	35.82	35.82	—
Social disclosure score	21.74	28.48	31.08	34.70	32.13	32.13	32.13	—
Governance disclosure score	87.36	87.36	87.36	87.36	93.62	93.62	88.62	—
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	Yes	Yes	Yes	Yes
GHG scope 1	0	0	9	11	11	10	3	7
GHG scope 2 location-based	25	22	22	20	18	13	11	43
GHG Scope 3	—	3	14	15	14	10	8	0
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	Yes	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	51	53	52	50	45	34	29	104
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	51	52	52	50	45	34	29	86
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 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	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	4	4	3	3
Waste recycled	—	—	—	—	1	1	1	1
Waste sent to landfills	—	—	—	—	4	3	2	2
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	0
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	68	69	71	71	70	71	73	68
Pct disabled in workforce	—	—	—	—	—	—	—	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	—	—	—	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	24,106	26,652	27,493	26,751	25,953	23,899	22,051	29,015
Employee turnover pct	14	10	11	12	14	10	11	17
Total hours spent by firm - employee training	1,306,990	1,679,080	1,704,570	1,899,320	1,764,800	1,171,050	992,295	1,537,800
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	17	16	16	17	17	15	17	16
No. of independent directors (ID)	9	9	9	9	10	9	9	8
No. of women on board	3	3	3	1	2	2	4	3
No. of non-executive directors on board	13	13	14	14	16	14	13	15
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	12	16	17	20	16	15	13	18
Board meeting attendance pct	95	91	90	89	91	96	99	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	44	45	46	50	51	52	—	47
Age of the oldest director	83	84	85	86	74	75	—	77
No. of executives / company managers	8	12	17	17	13	17	18	10
No. of female executives	1	3	6	5	3	6	7	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	4	5	3	3	3	3	3	3
No. of ID on audit committee	4	5	3	3	3	3	3	3
Audit committee meetings	14	12	12	13	13	14	14	12
Audit meeting attendance %	96	91	94	95	97	98	100	100
Size of compensation committee	5	5	5	4	4	3	4	4
No. of ID on compensation committee	3	3	3	2	2	3	3	4
No. of compensation committee meetings	9	11	12	12	13	16	24	14
Compensation meeting attendance %	88	93	93	91	92	95	98	100
Size of nomination committee	5	5	5	4	4	3	4	4
No. of nomination committee meetings	9	11	12	12	13	16	24	14
Nomination meeting attendance %	88	93	93	91	92	95	98	100
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
SCB X	SCB TB	THB 114.00	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) the faster-than-expected recovery of EA's operations and financial stability; and 2) the reduction in Thailand's household debts.
Krung Thai Bank	KTB TB	THB 21.40	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 153.50	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.
Kasikornbank	KBANK TB	THB 150.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kiatnakin Phatra Bank	KKP TB	THB 52.75	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 21.40	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 97.75	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.
TMBThanachart Bank	TTB TB	THB 1.84	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 21-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.