

Thailand Banks

3Q24 profit in line; well-contained asset quality

- The seven banks under our coverage posted a rise in aggregate net profit in 3Q24, attributed to a sharp decline in ECLs amid sluggish PPOP.
- Asset quality was manageable despite an uptick in the NPL ratio following a loan base contraction.
- Maintain our NEUTRAL weight call; KTB and BBL remain our top Buys.

3Q24 net profit growth following a drop in ECLs and rising fees

The seven banks under our coverage posted an aggregate 3Q24 net profit of THB54.8b, which was in line with expectations, reflecting an increase of 2.3% q-q and 8.5% y-y. PPOP slightly declined by 1.8% q-q but remained stable y-y at THB113.9b. Non-NII grew more than expected in the quarter, up by 1.9% q-q and 13.6% y-y, mainly driven by stronger-than-anticipated fee income from brokerage commissions and wealth management transactions. NII remained soft due to a 1.7% q-q and 2.6% y-y loan contraction. The 3Q24 NIM was relatively stable q-q at 3.47%, with increased loan yields from a shrinking loan base helping to offset the higher funding costs. Operating expenses were higher than anticipated, with the cost-to-income ratio climbing to 44.7%.

Deteriorated asset quality but manageable; NPL uptick but lower credit costs

The aggregate asset quality was less concerning in 3Q24, particularly in the corporate segment, while SMEs and the retail segment continued deteriorating. New NPL formations and stage 2 loans continued to increase from 2Q24 following the slow, uneven economic recovery and the high level of household debt. However, we view this as manageable. Most banks proactively managed and sustained the high credit cost level with an on-top management overlay in 3Q24. The NPL ratio rose to 3.76% vs 3.67% in 2Q24, mainly from the loan base contraction. 3Q24 credit costs dropped sharply to 149bp, slightly decreasing the coverage ratio to 183% vs 185% in 2Q24.

NII and fee income to return and are the main drivers for 2025-26E net profit

We estimate an aggregate 2024 net profit of THB200.4b, increasing by 2.6% y-y due to a large base in 2023, sluggish loan growth following prudent credit quality, and ECLs and credit costs being sustained at a high level. For 2025-26, we expect to see upside risks to our net profit growth rate of 5.7-6.8% y-y, based on our conservative assumptions for loans, fee income growth, and a gradual reduction in credit costs. We have not factored in the expected positive factors to our forecasts following the upcoming government stimulus measures and the negative factors from potential interest rate decreases.

Maintain a NEUTRAL weight call with KTB and BBL as our top BUYs

We retain our sector weight call at NEUTRAL, driven by the upcoming catalysts that should support 2025-26 net profit growth. Dividend yields should rise, with most growing to 5.2-5.7%. Our top picks are KTB (TP THB23.50) and BBL (TP THB184), which should benefit the most from the new investment cycle. We also recommend buying KBANK (TP THB192), for its top ranking in projected net profit growth in 2025-26, and TTB (TP THB2.52) due to its attractive dividend yield of 6-7% p.a.



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NII remained soft due to a 1.7% q-q and 2.6% y-y loan contraction. Loan reductions were seen across all segments, particularly in corporate loans (51% of total), which fell due to higher debt repayments. Banks' de-risking strategies affected SME loans (18%), while retail loans (31%) saw declines, especially in auto hire-purchase loans (6%), driven by weak domestic car sales. The 3Q24 NIM was relatively stable q-q at 3.47%, with increased loan yields from a shrinking loan base helping to offset the higher funding costs.

Operating expenses were higher than anticipated, driven by employee-related costs, IT investments, and the development of digital banking infrastructure. Continued losses from selling repossessed vehicles also contributed to the rising expenses. As a result, the cost-to-income ratio climbed to 44.7% from 43.5% in 2Q24.

The 9M24 net profit reached THB163.3b, marking 6.9% y-y growth and representing 81% of our 2024 net profit forecast. 4Q24 net profit should decline, which aligns with the typical seasonal trend. Loan growth will likely rise, driven by increased seasonal demand, supporting NII growth. However, higher operating expenses, the highest of the year, should offset these gains. This period typically sees an uptick in employee and marketing expenses to boost retail loans. Additionally, the NIM should contract slightly due to the interest rate cut in early November 2024.

Exhibit 1: Aggregate banks – 3Q24 results summary

Year end 31 Dec	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	157,561	161,865	156,319	155,815	155,308	(0.3)	(1.4)	467,442	4.1	75	626,173	2.5
Non-interest income	44,609	43,454	48,419	49,717	50,668	1.9	13.6	148,805	2.4	76	194,747	3.2
Fee income - net	33,258	32,140	33,445	32,346	33,710	4.2	1.4	99,502	(1.1)	74	133,959	0.9
Total operating income	202,170	205,318	204,738	205,532	205,977	0.2	1.9	616,246	3.7	75	820,920	2.7
Total operating expenses	88,639	100,649	90,311	89,473	92,052	2.9	3.9	271,836	6.0	73	373,317	4.5
PPOP before tax	113,532	104,669	114,427	116,059	113,925	(1.8)	0.3	344,410	2.0	77	447,603	1.2
Expected credit loss	48,343	54,320	44,501	49,186	44,903	(8.7)	(7.1)	138,590	(1.5)	71	195,801	0.4
Income tax	13,233	5,775	13,018	11,157	12,636	13.3	(4.5)	36,810	(5.6)	83	44,198	(1.3)
Non-controlling interest	1,490	1,902	1,965	2,172	1,616	(25.6)	8.5	5,754	11.9	80	7,202	2.2
Net profit	50,467	42,673	54,943	53,543	54,770	2.3	8.5	163,256	6.9	81	200,401	2.6
EPS (THB)	10.63	8.99	11.35	11.06	11.31	2.3	6.4	33.72	4.8	81	41.39	0.6
Key ratios	3Q23	4Q23	1Q24	2Q24	3Q24	---- Change ----		9M24	Change		2024E	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(THB m)	(y-y %)		(%)	
Gross NPLs (THB m)	435,814	433,117	439,703	444,849	448,831	0.9	3.0	448,831	3.0		453,488	4.7
Change (% from prior period)	(0.7)	(0.6)	1.5	1.2	0.9			3.0			4.7	
NPL ratio (%)	3.56	3.57	3.60	3.67	3.76			3.76			3.70	
Coverage ratio (%)	187	190	186	185	183			183			188	
Credit cost (bp)	159	178	146	162	149			153			161	
Profitability ratio	(%)	(%)	(%)	(%)	(%)						(%)	
Cost-to-income ratio	43.8	49.0	44.1	43.5	44.7			44.1			45.5	
Average yield (%)	4.73	4.91	4.80	4.82	4.84			4.86			4.76	
Cost of funds (%)	1.46	1.59	1.63	1.66	1.69			1.67			1.63	
Loan spreads	3.27	3.32	3.17	3.16	3.16			3.19			3.13	
NIM (%)	3.53	3.60	3.47	3.46	3.47			3.49			3.43	
Non-interest income /total income (%)	22.1	21.2	23.6	24.2	24.6			24.1			23.7	
Loan growth	(%)	(%)	(%)	(%)	(%)						(%)	
q-q	0.8	(1.0)	0.7	(0.7)	(1.7)							
y-y	0.4	0.0	1.3	(0.1)	(2.6)			(2.6)			1.2	
Year-to-date	1.0	0.0	0.7	0.0	(1.6)			(1.6)				

Sources: Company data; FSSIA estimates

Exhibit 2: Aggregate banks – historical NPL ratio

	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	2024E	Banks' target
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	2024E
BBL	3.62	3.73	3.46	3.48	3.22	3.43	3.64	3.94	3.62	±3.0
KBANK	3.74	3.60	3.83	3.58	3.70	3.72	3.64	3.72	3.74	< 3.25
KTB	3.90	3.97	3.83	3.74	3.86	3.77	3.85	3.83	3.90	< 3.25
SCB	4.01	3.97	3.84	3.89	3.99	3.89	3.90	3.89	4.01	n/a
TTB	3.03	3.09	2.99	2.96	3.09	3.02	3.09	3.21	3.03	≤ 2.9
KKP	3.44	3.51	3.56	3.53	3.17	3.80	3.97	4.15	3.28	~ 3.90 - 4.10
TISCO	2.09	2.13	2.20	2.25	2.22	2.27	2.44	2.44	2.09	2.50 - 2.75
Coverage	3.68	3.69	3.62	3.56	3.57	3.60	3.67	3.76	3.68	

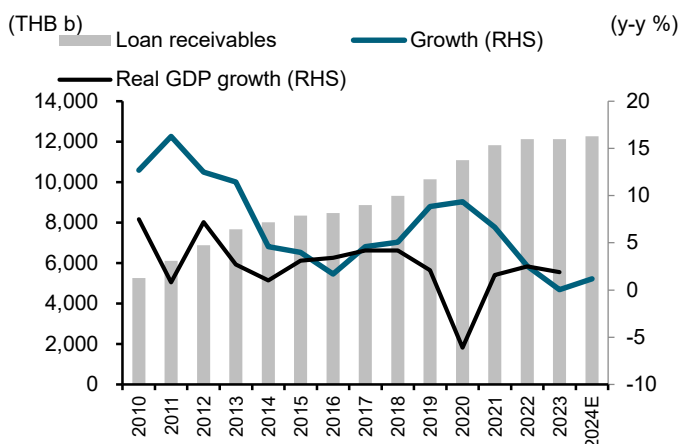
Sources: Company data; FSSIA estimates

Exhibit 3: Aggregate banks – historical credit costs

	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	9M23	9M24	2023	2024	Banks' target
	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	2024E
BBL	116	127	133	132	109	127	153	122	127	135	126	129	~ 90 - 100
KBANK	368	205	208	209	220	189	189	189	208	192	208	195	175 - 195
KTB	116	125	120	125	201	124	124	130	122	125	143	140	120 - 130
SCB	120	166	201	201	153	167	190	180	190	179	182	195	160 - 180
TTB	139	125	125	128	277	155	162	149	125	155	164	160	125 - 135
KKP	302	231	290	304	284	207	289	184	282	105	282	285	~ 250 - 270
TISCO	70	28	11	25	43	47	70	62	22	60	27	70	100
Coverage	173	148	158	159	178	146	162	149	154	153	161	161	

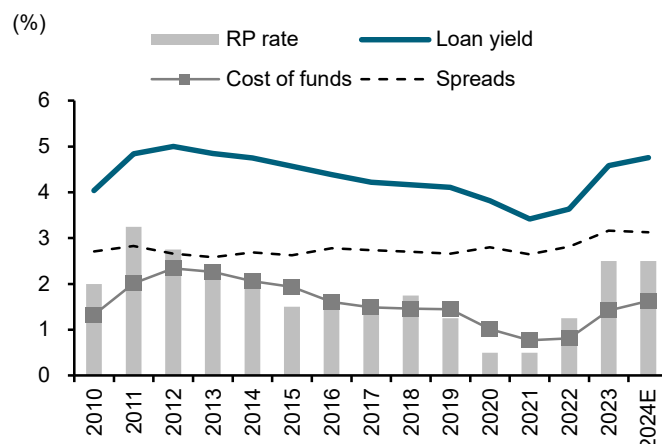
Sources: Company data; FSSIA estimates

Exhibit 4: Loan and loan growth, 2010-24E



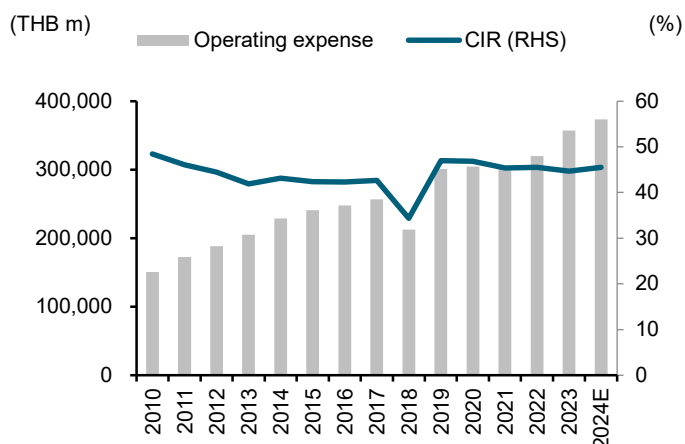
Sources: Company data; FSSIA estimates

Exhibit 5: Yield, cost of funds, spread, and NIM, 2010-24E



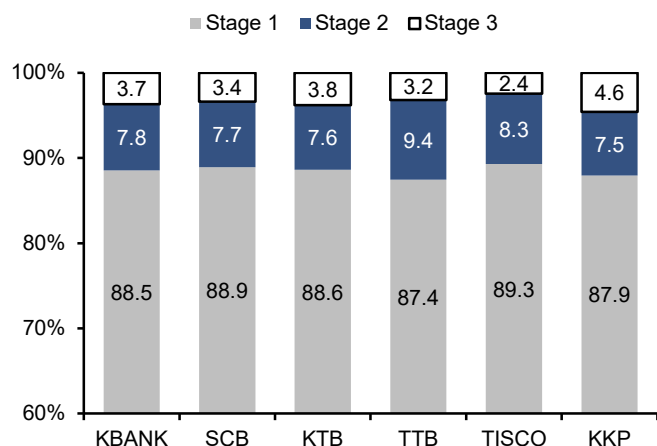
Sources: Company data; FSSIA estimates

Exhibit 6: OPEX and CIR, 2010-24E



Sources: Company data; FSSIA estimates

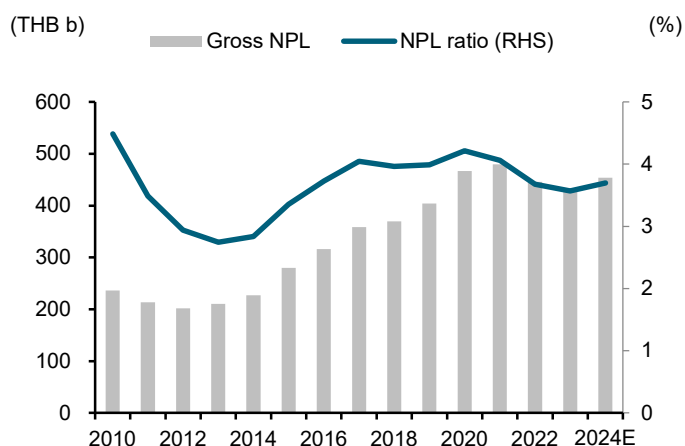
Exhibit 7: Staged loans for banks under coverage, as of 2Q24



Note: In BBL's report for 3Q24, staged loans were absent

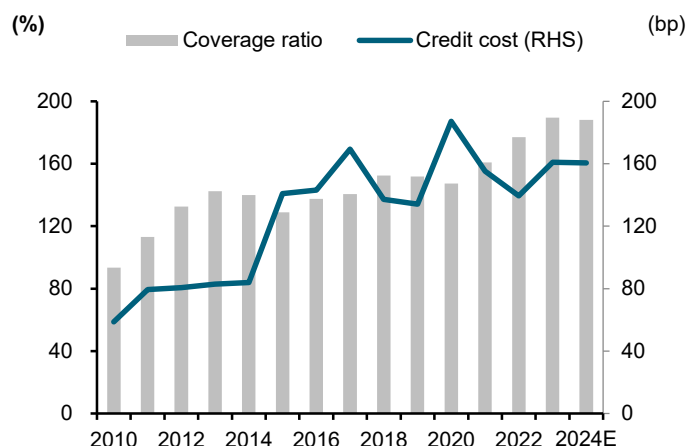
Sources: Company data; FSSIA's compilation

Exhibit 8: NPL and NPL ratio, 2010-24E



Sources: Company data; FSSIA estimates

Exhibit 9: Coverage ratio and credit cost, 2010-24E



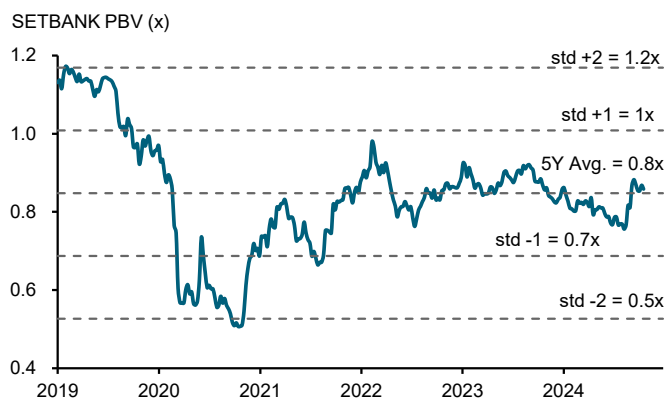
Sources: Company data; FSSIA estimates

Exhibit 10: Aggregate banks – key financial summary, as of 21 October 2024

	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net profit (THB m)	167,006	156,017	111,916	145,315	165,342	195,360	200,401	211,806	226,204
EPS (THB)	39.7	35.6	25.5	33.2	34.7	41.14	41.4	43.7	46.7
Change y-y	-5.0%	-10.3%	-28.3%	29.8%	4.8%	18.4%	0.6%	5.7%	6.8%
P/E (x)	11.1	9.5	13.2	12.5	11.2	9.3	9.7	9.2	8.6
BVS (THB)	393.2	422.3	441.4	473.1	455.1	479.0	491.4	511.4	536.8
P/B (x)	1.1	0.8	0.8	0.9	0.9	0.8	0.8	0.8	0.7
ROE (%)	20.2	8.9	5.9	7.3	7.8	8.8	8.6	8.7	8.9
ROA (%)	2.4	1.1	0.7	0.8	0.9	1.1	1.1	1.1	1.1
Dividend yield (%)	3.5	4.8	2.3	2.5	3.6	5.2	5.2	5.5	5.8

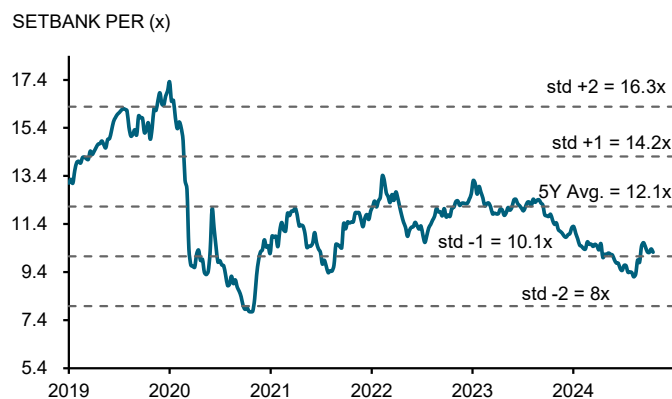
Sources: Bloomberg; FSSIA estimates

Exhibit 11: SETBANK – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: SETBANK – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Peer 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

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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.

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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.