

# Thailand Banks

## 1Q25: Expect lower NIM but lower credit cost q-q

- We expect the seven Thai banks under our coverage to post an aggregate net profit of THB54.6b in 1Q25, slightly declining by 0.6% y-y but increasing by 6.5% q-q.
- We estimate overall asset quality to remain benign, with an NPL ratio of 3.59% and credit cost of 138bp in 1Q25.
- We maintain our NEUTRAL call for the sector. BBL and KBANK are our top picks.

### Expect sector's 1Q25 net profit to be THB54.6b

We expect the seven Thai banks under our coverage to post an aggregate net profit of THB54.6b in 1Q25, sliding 0.6% y-y but increasing by 6.5% q-q. The q-q increase should come from lower OPEX following the high seasonal OPEX in 4Q. Meanwhile, we expect the y-y net profit dip to result from a lower aggregate NIM following the interest rate cuts in Oct-24 and Feb-25, but this should be partially offset by a lower credit cost. Based on our 1Q25 forecast, we expect BBL to post a higher net profit both y-y and q-q on the back of loan expansion, an improving cost-to-income ratio and lower credit cost. On the other hand, we expect TISCO and KKP to post net profit contractions y-y and q-q due to a higher credit cost of 100bp for TISCO and the absence of a high investment gain for KKP.

### Benign asset quality with 3.59% NPL ratio and 138bp credit cost

We believe banks' overall asset quality remains benign. We expect the NPL ratio for the banking sector to be at 3.59% for 1Q25, which is slightly lower y-y from 3.61% and lower than the three-year peak of 4.0%. Meanwhile, we expect a 1Q25 credit cost of 138bp, down 8bp y-y following lower NPLs y-y. In detail, we expect KBANK, BBL and KTB to post a large improvement in credit cost y-y after cleaning up NPLs from their balance sheets in 2024.

### Potential impacts of the earthquake on the banking sector

After the earthquake incident on 28 Mar 2025, we expect more pressure from the Bank of Thailand (BOT) about another potential policy interest rate cut (from 2.0% currently) to stimulate the overall economy and forbearance measures to help debtors, especially for mortgage loans in Bangkok. These could affect banks' profitability, especially NIM and credit cost. While the residential rehabilitation could boost the pent-up demand for loans, we think it is unlikely to lead to significant loan growth. Rather, we expect a significant volume of loans under forbearance among mortgage lenders like SCB, KBANK, KTB and TTB.

### Stay NEUTRAL weight on the sector; BBL and KBANK are our top picks

We maintain our NEUTRAL call for the banking sector, as we expect net profit growth of just 4% y-y in 2025. On the positive side, the sector's dividend yield remains high at more than 6% for 2024 (XD date between 16 Apr to 2 May 2025) as well as for 2025E. Our top picks are BBL (TP THB194), as a major beneficiary of the new investment cycle, and KBANK (TP THB186) from high net profit growth in 2025E following a large drop in credit cost.



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## 1Q25: Expect lower NIM but lower credit cost q-q

We expect the seven Thai banks under our coverage to post an aggregate net profit of THB54.6b in 1Q25, sliding 0.6% y-y but increasing by 6.5% q-q. The q-q increase should come from lower OPEX following the high seasonal OPEX in 4Q. Meanwhile, we expect the y-y net profit dip to result from a lower aggregate NIM following the interest rate cuts in Oct-24 and Feb-25, but this should be partially offset by a lower credit cost.

Based on our 1Q25 forecast, we expect BBL to post a higher net profit both y-y and q-q on the back of loan expansion, an improving cost-to-income ratio and lower credit cost. On the other hand, we expect TISCO and KKP to post net profit contractions y-y and q-q due to a higher credit cost of 100bp for TISCO and the absence of a high investment gain for KKP.

We expect the seven Thai banks to post a loan contraction of 1.2% y-y and 0.6% q-q mainly due to high repayment among corporate loans and government-related loans. Meanwhile, we expect banks to remain selective on credit approval for SMEs and retail loans given the uncertain sales recovery, subdued purchasing power and high debt burden.

We expect Thai banks' 1Q25 NIM to decline by 9bp y-y and 7bp q-q to 3.44% following the interest rate cuts in Oct-24 and Feb-25. In detail, we expect the large banks to face more pressure on their NIMs due to their higher proportion of loans with floating rates like corporate loans, part of SME loans and retail mortgages. Meanwhile, we expect smaller banks to experience less pressure on their NIMs due to the fixed interest rates in the auto loan segment and gradual repricing among fixed deposits.

We believe banks' overall asset quality remains benign. We expect the NPL ratio for the banking sector to be at 3.59% for 1Q25, which is slightly lower y-y from 3.61% and lower than the three-year peak of 4.0%. Meanwhile, we expect a 1Q25 credit cost of 138bp, down 8bp y-y following lower NPLs y-y. In detail, we expect KBANK, BBL and KTB to post a large improvement in credit cost y-y after cleaning up NPLs from their balance sheets in 2024.

### Exhibit 1: 1Q25 earnings forecasts of Thai banks under coverage

Net profit	1Q24	2Q24	3Q24	4Q24	1Q25E	Change		3M25E	of 25E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(%)
BBL	10,524	11,807	12,476	10,404	11,670	10.9	12.2	11,670	24.7
KBANK	13,486	12,653	11,965	10,494	12,874	(4.5)	22.7	12,874	25.0
SCB	11,281	10,016	10,941	11,707	11,476	1.7	(2.0)	11,476	24.9
KTB	11,078	11,195	11,107	10,475	10,511	(5.1)	0.3	10,511	23.9
TTB	5,334	5,355	5,230	5,112	5,335	0.0	4.4	5,335	24.4
TISCO	1,733	1,749	1,713	1,706	1,582	(8.7)	(7.3)	1,582	24.4
KKP	1,506	769	1,305	1,406	1,176	(21.9)	(16.3)	1,176	24.5
<b>SECTOR</b>	<b>54,942</b>	<b>53,544</b>	<b>54,738</b>	<b>51,303</b>	<b>54,623</b>	<b>(0.6)</b>	<b>6.5</b>	<b>54,623</b>	<b>24.6</b>

Sources: Company data, FSSIA estimates

## Exhibit 2: Aggregate banks – 1Q25E preview summary

Year end 31 Dec	1Q24	2Q24	3Q24	4Q24	1Q25E	Change		3M25E	of 25E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	(THB m)	(%)
Net interest income	156,317	155,814	155,307	154,246	152,351	(2.5)	(1.2)	152,351	25.0
Non-interest income	48,419	49,717	50,668	50,188	49,442	2.1	(1.5)	49,442	23.7
Operating income	204,737	205,531	205,975	204,434	201,793	(1.4)	(1.3)	201,793	24.7
Operating expenses	90,311	89,473	92,052	97,010	91,412	1.2	(5.8)	91,412	24.8
Pre-provisioning operating profit (PPOP)	114,426	116,058	113,923	107,424	110,381	(3.5)	2.8	110,381	24.6
Provisioning expenses	44,501	49,186	44,933	42,333	41,899	(5.8)	(1.0)	41,899	24.9
Pre-tax profit	69,925	66,871	68,990	65,090	68,482	(2.1)	5.2	68,482	24.4
Income tax	13,018	11,157	12,636	12,231	12,426	(4.5)	1.6	12,426	24.3
Minority interests	1,965	2,170	1,616	1,556	1,432	(27.1)	(7.9)	1,432	19.7
<b>Net profit</b>	<b>54,942</b>	<b>53,544</b>	<b>54,738</b>	<b>51,303</b>	<b>54,623</b>	<b>(0.6)</b>	<b>6.5</b>	<b>54,623</b>	<b>24.6</b>
<b>Key ratios</b>	<b>1Q24</b>	<b>2Q24</b>	<b>3Q24</b>	<b>4Q24</b>	<b>1Q25E</b>	<b>Change</b>			
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(y-y %)	(q-q %)		
Gross NPLs (THB m)	441,392	446,727	451,126	431,459	433,125	(1.9)	0.4		
NPL ratio (%)	3.61	3.68	3.78	3.55	3.59				
Coverage ratio (%)	187.73	186.65	184.63	194.80	194.62				
Credit cost (%)	1.46	1.62	1.49	1.41	1.38				
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				
Average yield (%)	4.89	4.92	4.95	4.88	4.80				
Cost of funds (%)	1.63	1.66	1.69	1.65	1.63				
NIM (%)	3.53	3.53	3.54	3.51	3.44				
Non-interest income/total income (%)	23.65	24.19	24.60	24.55	24.50				
<b>Loan momentum</b>	<b>1Q24</b>	<b>2Q24</b>	<b>3Q24</b>	<b>4Q24</b>	<b>1Q25E</b>	<b>(y-y %)</b>	<b>(q-q %)</b>		
Gross loans (THB t)	12.21	12.13	11.93	12.14	12.07	(1.2)	(0.6)		

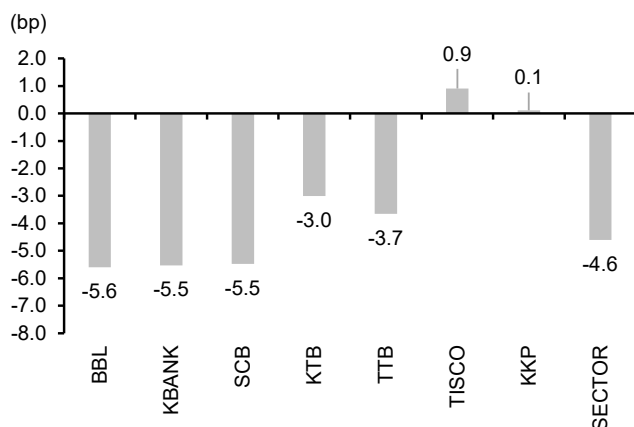
Sources: Company data, FSSIA estimates

## Potential impacts of the earthquake on the banking sector

Going forward, after the earthquake impact in Thailand (28 Mar 2025), we expect more pressure from the BOT about another potential policy interest rate cut (from 2.0% currently) to stimulate the overall economy and forbearance measures to help debtors, especially for mortgage loans in Bangkok. These could affect banks' profitability, especially NIM and credit cost.

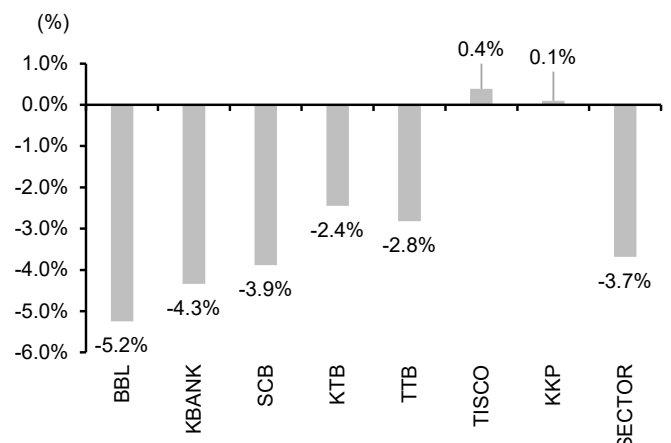
In the case that there is a further interest rate cut by 25bp, our sensitivity analysis suggests that the negative impact on the banking sector's NIM would be around 4.6bp, with a negative impact of 3.7% for the sector's overall 2025E net profit, all else being equal.

## Exhibit 3: Impact on NIM from 25bp policy interest rate cut



Sources: Bank's company data, FSSIA estimates

## Exhibit 4: Impact on 2025E net profit from 25bp policy interest rate cut



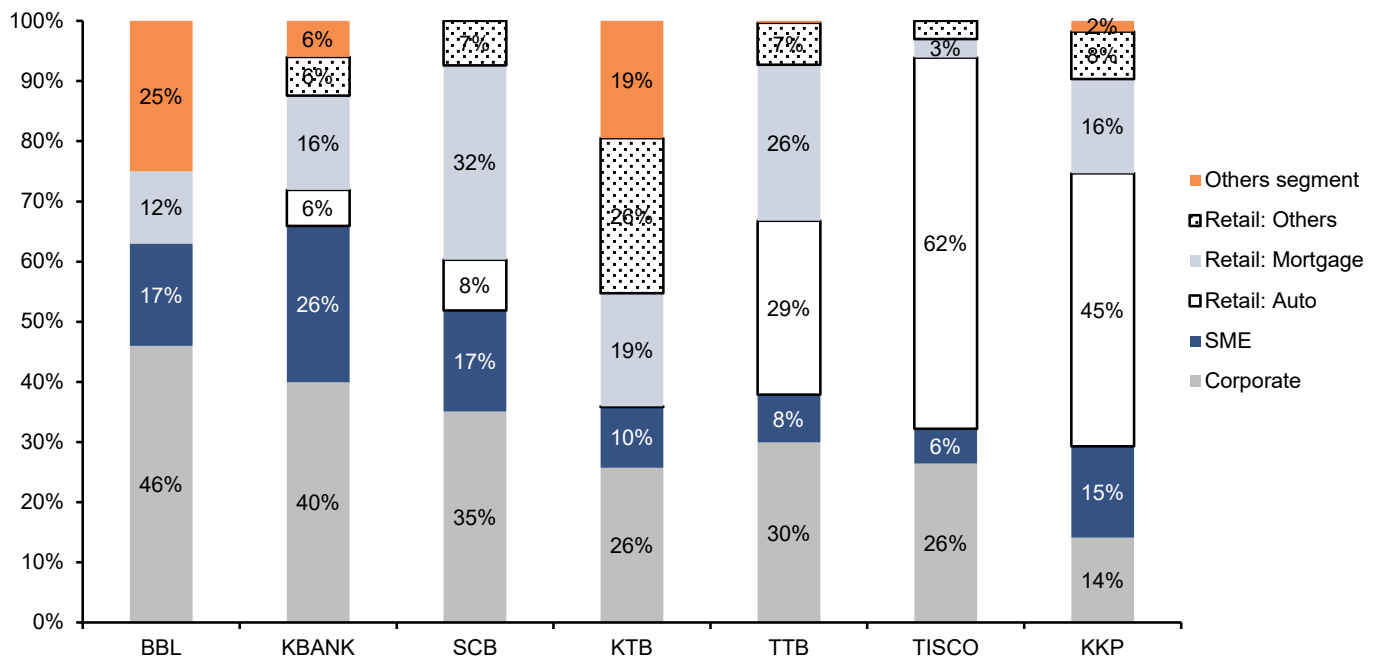
Sources: Bank's company data, FSSIA estimates

So far, the BOT, as well as commercial banks and state banks, have issued their forbearance guidelines after the earthquake incident for the next 3 to 12 months. These include lowering the monthly minimum repayment for credit cards; emergency credit lines for personal loans and auto title loans; a 3 to 6-month debt moratorium for mortgages and SMEs with severe damage; and lowering debt repayment amounts.

The BOT has allowed the relaxation of loan staging for those loans that are severely impacted and successfully restructured with the measures above.

We believe that the residential rehabilitation could boost the pent-up demand for loans, but it is not likely to lead to significant loan growth. Rather, we expect a significant volume of loans under forbearance among mortgage lenders like SCB, KBANK, KTB and TTB.

**Exhibit 5: 2024 Thai banks' loan breakdown**



Sources: Banks' company data, FSSIA compilation

**Exhibit 6: Banks' 2024 dividend payout ratio comparison**

2024A	Dividend payout ratio	Dividend yield	XD Date	ROE	CET1	CAR ratio	Comments
BBL	36%	5.8%	23-Apr-25	8.3%	17.0%	20.4%	*** Need further actions, in our view.
KBANK	46%	5.9%	17-Apr-25	8.9%	17.5%	19.6%	Raised payout from 36%, No treasury stock
SCB	80%	8.5%	16-Apr-25	9.1%	17.8%	18.9%	High payout already
KTB	49%	6.4%	16-Apr-25	10.4%	18.8%	20.8%	Raised payout ratio from 33%, positive surprise
TTB	60%	6.7%	25-Apr-25	9.0%	16.9%	19.3%	Treasury stock during 2025-27E
TISCO	90%	7.8%	25-Apr-25	16.1%	17.0%	18.6%	High payout already
KKP	68%	7.3%	2-May-25	8.1%	13.1%	16.6%	Raised payout ratio for capital optimization, positive surprise

Sources: Banks' company data, FSSIA's compilation

**Exhibit 7: Gross loans – quarterly**

Loans	1Q24 (THB t)	2Q24 (THB t)	3Q24 (THB t)	4Q24 (THB t)	1Q25E (THB t)	y-y %	q-q %
BBL	2.736	2.720	2.639	2.693	2.734	-0.1%	1.5%
KBANK	2.464	2.488	2.434	2.505	2.444	-0.8%	-2.4%
SCB	2.449	2.438	2.434	2.403	2.425	-1.0%	0.9%
KTB	2.618	2.561	2.565	2.699	2.645	1.0%	-2.0%
TTB	1.315	1.297	1.253	1.241	1.222	-7.0%	-1.5%
TISCO	0.235	0.233	0.230	0.232	0.233	-1.0%	0.3%
KKP	0.395	0.391	0.373	0.367	0.364	-7.9%	-0.8%
SECTOR	12.212	12.128	11.927	12.140	12.067	-1.2%	-0.6%

Sources: Banks' company data, FSSIA estimates

**Exhibit 8: Loan-to-deposit ratio (LDR) – quarterly**

LDR (%)	1Q24	2Q24	3Q24	4Q24	1Q25E	ppt, y-y	ppt, q-q
BBL	85.6	85.4	84.8	85.0	85.0	(0.6)	0.0
KBANK	91.2	93.4	87.9	92.1	89.8	(1.4)	(2.3)
SCB	101.6	99.2	100.1	97.2	98.0	(3.5)	0.9
KTB	100.6	96.6	97.0	98.8	96.7	(3.9)	(2.1)
TTB	95.8	95.0	96.6	93.4	93.4	(2.4)	0.0
TISCO	112.8	112.9	112.3	112.4	114.5	1.7	2.1
KKP	110.7	105.8	108.3	102.1	101.3	(9.4)	(0.8)
SECTOR	95.0	94.0	93.2	93.5	92.7	(2.3)	(0.8)

Sources: Banks' company data, FSSIA estimates

**Exhibit 9: Net interest margin (NIM) – quarterly**

NIM (%)	1Q24	2Q24	3Q24	4Q24	1Q25E	ppt, y-y	ppt, q-q
BBL	3.04	3.01	3.06	3.11	3.01	(0.03)	(0.10)
KBANK	3.82	3.73	3.68	3.59	3.54	(0.28)	(0.05)
SCB	3.97	4.08	4.08	4.04	3.99	0.01	(0.06)
KTB	3.34	3.40	3.41	3.35	3.28	(0.06)	(0.07)
TTB	3.27	3.26	3.30	3.29	3.23	(0.04)	(0.06)
TISCO	4.81	4.89	4.94	4.96	4.99	0.19	0.03
KKP	4.31	4.17	4.24	4.17	4.20	(0.11)	0.02
SECTOR	3.53	3.53	3.54	3.51	3.44	(0.09)	(0.07)

Sources: Banks' company data, FSSIA estimates

**Exhibit 10: Cost-to-income ratio – quarterly**

Cost-to-income (%)	1Q24	2Q24	3Q24	4Q24	1Q25E	ppt, y-y	ppt, q-q
BBL	47.07	44.12	47.66	53.05	49.14	2.08	(3.91)
KBANK	41.30	43.40	44.17	47.59	43.91	2.61	(3.69)
SCB	42.10	42.93	41.63	42.67	42.15	0.05	(0.52)
KTB	43.56	41.67	42.39	45.36	43.60	0.04	(1.76)
TTB	42.84	41.51	42.35	43.75	42.99	0.14	(0.76)
TISCO	48.12	47.65	47.88	48.93	47.78	(0.34)	(1.15)
KKP	63.18	58.13	65.49	60.47	64.94	1.76	4.48
SECTOR	44.11	43.53	44.69	47.45	45.30	1.19	(2.15)

Sources: Banks' company data, FSSIA estimates

**Exhibit 11: Credit cost – quarterly**

Credit cost (%)	1Q24	2Q24	3Q24	4Q24	1Q25E	ppt, y-y	ppt, q-q
BBL	1.27	1.53	1.22	1.15	1.17	(0.10)	0.03
KBANK	1.89	1.89	1.89	1.98	1.66	(0.23)	(0.33)
SCB	1.67	1.90	1.80	1.62	1.73	0.06	0.11
KTB	1.24	1.24	1.30	1.02	1.12	(0.12)	0.10
TTB	1.55	1.62	1.49	1.50	1.46	(0.09)	(0.04)
TISCO	0.47	0.70	0.62	0.57	0.95	0.47	0.38
KKP	0.61	1.80	0.71	0.99	0.80	0.19	(0.19)
SECTOR	1.46	1.62	1.49	1.41	1.38	(0.08)	(0.02)

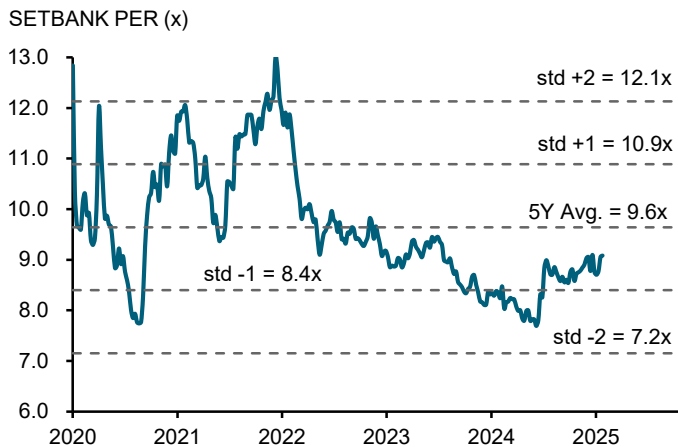
Sources: Banks' company data, FSSIA estimates

**Exhibit 12: NPL ratio – quarterly**

NPL ratio (%)	1Q24	2Q24	3Q24	4Q24	1Q25E	ppt, y-y	ppt, q-q
BBL	3.43	3.64	3.94	3.19	3.16	(0.27)	(0.02)
KBANK	3.79	3.72	3.82	3.71	3.80	0.02	0.09
SCB	3.89	3.90	3.89	4.06	4.04	0.15	(0.02)
KTB	3.77	3.85	3.83	3.52	3.61	(0.17)	0.09
TTB	3.02	3.09	3.21	3.14	3.21	0.18	0.07
TISCO	2.27	2.44	2.44	2.35	2.40	0.13	0.05
KKP	3.80	3.97	4.15	4.22	4.27	0.47	0.04
SECTOR	3.61	3.68	3.78	3.55	3.59	(0.03)	0.04

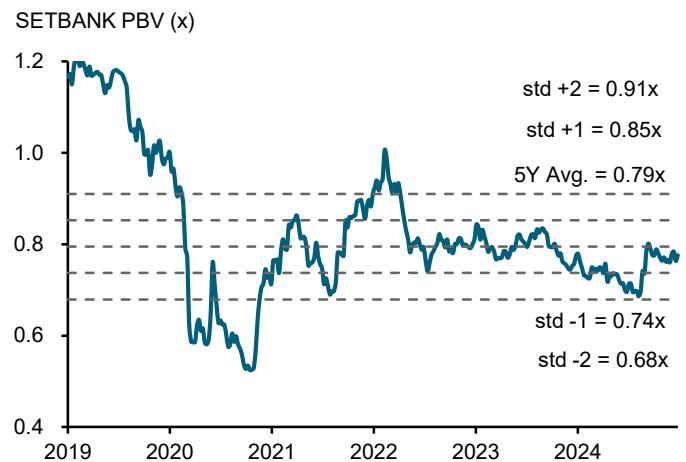
Sources: Banks' company data, FSSIA estimates

**Exhibit 13: SETBANK – one-year prospective P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 14: SETBANK – one-year prospective P/BV band**



Sources: Bloomberg, FSSIA estimates

Sources: Bloomberg, FSSIA estimates

## Exhibit 15: Peer regional banks comparison, as of 2 April 2025

Company name	BBG code	Share price (LCY)	Target price (LCY)	Up side (%)	Market Cap. (USD m)	PE		PBV		ROE		Div yld	
						25E (x)	26E (x)	25E (x)	26E (x)	25E (%)	26E (%)	25E (x)	26E (x)
<b>Thailand</b>													
Bangkok Bank	BBL TB	148.00	194.00	31	8,270	6.0	5.6	0.5	0.5	8.3	8.3	6.0	6.4
Kasikornbank	KBANK TB	164.00	186.00	13	11,375	7.5	7.0	0.7	0.6	8.9	9.1	6.0	6.4
Krung Thai Bank	KTB TB	24.30	26.50	9	9,942	7.7	7.2	0.7	0.7	9.7	9.9	6.3	6.8
SCB X	SCB TB	124.50	130.00	4	12,271	9.1	8.8	0.8	0.8	9.4	9.5	8.8	9.1
TMBThanachart Bank	TTB TB	1.99	2.05	3	5,656	8.8	8.8	0.8	0.8	9.0	8.7	6.8	6.8
Kiatnakin Bank	KKP TB	55.50	55.50	0	1,345	9.8	9.0	0.7	0.7	7.5	7.9	6.1	6.7
Tisco Financial Group	TISCO TB	99.00	95.00	(4)	2,321	12.2	11.5	1.8	1.8	15.0	15.8	7.8	7.8
<b>Thailand weighted average</b>					<b>7,311</b>	<b>8.7</b>	<b>8.3</b>	<b>0.9</b>	<b>0.8</b>	<b>9.7</b>	<b>9.9</b>	<b>6.8</b>	<b>7.1</b>
<b>Hong Kong</b>													
Industrial & Comm Bank of China	1398 HK	5.53	n/a	n/a	314,740	5.2	5.0	0.5	0.4	9.3	8.9	6.0	6.2
China Construction Bank	939 HK	6.93	n/a	n/a	225,605	4.8	4.7	0.5	0.4	10.1	9.8	6.3	6.5
HSBC Holdings	5 HK	88.00	n/a	n/a	200,263	8.6	8.0	1.1	1.1	13.3	13.5	5.9	6.3
Bank of China	3988 HK	4.68	n/a	n/a	211,728	5.7	5.5	0.5	0.5	9.1	8.8	5.6	5.7
<b>Hong Kong average</b>					<b>238,084</b>	<b>6.1</b>	<b>5.8</b>	<b>0.6</b>	<b>0.6</b>	<b>10.4</b>	<b>10.3</b>	<b>5.9</b>	<b>6.2</b>
<b>China</b>													
Industrial & Comm Bank of China	601398 CH	6.85	n/a	n/a	316,035	6.8	6.6	0.6	0.6	9.4	9.0	4.5	4.7
Agricultural Bank of China	601288 CH	5.17	n/a	n/a	245,773	6.6	6.4	0.6	0.6	9.9	9.7	4.7	4.9
China Construction Bank	601939 CH	8.77	n/a	n/a	226,533	6.5	6.3	0.6	0.6	10.0	9.6	4.7	4.8
Bank of China	601988 CH	5.59	n/a	n/a	212,599	7.2	7.0	0.6	0.6	9.1	8.7	4.4	4.5
<b>China average</b>					<b>250,235</b>	<b>6.8</b>	<b>6.6</b>	<b>0.6</b>	<b>0.6</b>	<b>9.6</b>	<b>9.2</b>	<b>4.6</b>	<b>4.7</b>
<b>South Korea</b>													
KB Financial Group	105560 KS	80,500	n/a	n/a	20,881	5.2	4.9	0.5	0.4	9.5	9.3	4.4	4.7
Shinhan Financial Group	055550 KS	48,700	n/a	n/a	16,248	4.7	4.4	0.4	0.4	8.9	8.8	4.9	5.3
Hana Financial Group	086790 KS	60,600	n/a	n/a	11,607	4.3	4.0	0.4	0.4	9.2	9.0	6.3	6.7
Industrial Bank of Korea	024110 KS	14,570	n/a	n/a	7,803	4.2	4.0	0.3	0.3	8.3	8.2	7.7	8.3
<b>South Korea average</b>					<b>14,135</b>	<b>4.6</b>	<b>4.3</b>	<b>0.4</b>	<b>0.4</b>	<b>9.0</b>	<b>8.8</b>	<b>5.8</b>	<b>6.3</b>
<b>Indonesia</b>													
Bank Central Asia	BBCA IJ	8,500	n/a	n/a	62,673	17.9	16.6	3.7	3.4	21.4	21.1	3.7	4.0
Bank Rakyat Indonesia Persero	BBRI IJ	4,050	n/a	n/a	36,714	10.3	9.3	1.9	1.8	18.5	19.7	8.4	8.7
Bank Mandiri Persero	BMRI IJ	5,200	n/a	n/a	29,029	8.4	7.8	1.6	1.4	19.5	19.4	6.9	7.5
Bank Negara Indonesia Persero	BBNI IJ	4,240	n/a	n/a	9,459	6.8	6.2	0.9	0.8	14.0	14.3	7.9	9.2
Bank Syariah Indonesia	BRIS IJ	2,340	n/a	n/a	6,456	13.1	11.1	2.1	1.8	16.9	17.4	1.2	1.8
<b>Indonesia average</b>					<b>28,866</b>	<b>11.3</b>	<b>10.2</b>	<b>2.0</b>	<b>1.8</b>	<b>18.1</b>	<b>18.4</b>	<b>5.6</b>	<b>6.2</b>
<b>Malaysia</b>													
Malayan Banking	MAY MK	10.32	n/a	n/a	27,828	11.7	11.2	1.3	1.2	11.1	11.1	6.3	6.5
Public Bank	PBK MK	4.39	n/a	n/a	19,132	11.4	10.8	1.4	1.3	12.6	12.5	5.2	5.5
CIMB Group Holdings	CIMB MK	7.14	n/a	n/a	17,114	9.4	8.9	1.0	1.0	11.3	11.3	6.2	6.6
Hong Leong Bank	HLBK MK	20.38	n/a	n/a	9,821	9.7	8.7	1.0	1.0	11.5	11.5	3.9	4.3
RHB Bank	RHBBANK MK	6.90	n/a	n/a	6,724	9.0	8.6	0.9	0.8	10.0	10.1	6.5	6.7
<b>Malaysia average</b>					<b>16,124</b>	<b>10.2</b>	<b>9.6</b>	<b>1.1</b>	<b>1.1</b>	<b>11.3</b>	<b>11.3</b>	<b>5.6</b>	<b>5.9</b>
<b>Singapore</b>													
DBS Group Holdings	DBS SP	46.04	n/a	n/a	96,424	11.5	11.2	1.9	1.8	16.4	16.4	6.6	6.8
Oversea-Chinese Banking	OCBC SP	17.22	n/a	n/a	57,151	10.2	9.9	1.3	1.2	12.7	12.5	5.9	5.8
United Overseas Bank	UOB SP	37.57	n/a	n/a	46,139	9.7	9.2	1.2	1.2	12.9	13.0	6.1	5.7
<b>Singapore average</b>					<b>66,571</b>	<b>10.5</b>	<b>10.1</b>	<b>1.5</b>	<b>1.4</b>	<b>14.0</b>	<b>14.0</b>	<b>6.2</b>	<b>6.1</b>
<b>Regional average (excl. Thailand)</b>					<b>97,379</b>	<b>8.4</b>	<b>7.9</b>	<b>1.1</b>	<b>1.0</b>	<b>12.2</b>	<b>12.2</b>	<b>5.6</b>	<b>5.9</b>
<b>Total average (incl. Thailand)</b>					<b>77,677</b>	<b>8.4</b>	<b>7.9</b>	<b>1.0</b>	<b>1.0</b>	<b>11.6</b>	<b>11.7</b>	<b>5.9</b>	<b>6.2</b>

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.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 <b>SETESG inclusion</b> , 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. <b>SETESG Index</b> is extended from the SET ESG Ratings 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&amp;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 &amp; 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 border="1" style="margin-top: 10px;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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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 border="1" style="margin-top: 10px;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></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><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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

Nathapol Pongsukcharoenkul 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
Bangkok Bank	BBL TB	THB 148.00	BUY	Downside risks are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kasikornbank	KBANK TB	THB 164.00	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 55.50	HOLD	Downside risks to our GGM-based target price include weakened asset quality, high loss from auto repossessions and lower fee income. By contrast, upside risks include better capital market conditions, higher used car prices, and strengthened asset quality.
Krung Thai Bank	KTB TB	THB 24.30	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
SCB X	SCB TB	THB 124.50	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks comprise 1) the faster-than-expected recovery of EA operations and financial stability; and 2) a reduction in Thai household debt.
Tisco Financial	TISCO TB	THB 99.00	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.
TMBThanachart Bank	TTB TB	THB 1.99	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 include 1) resumption of loan growth, especially retail loans (mortgage, auto, unsecured loans); 2) benign asset quality with lower credit cost; and 3) better-than-expected OPEX control.

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 2-Apr-2025 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.