

Thailand Banks

Three digital banks greenlit in Thailand

- The Bank of Thailand (BOT) has submitted the names of the first three approved applicants for virtual bank licenses, including groups from SCB and KTB.
- In our view, it is possible that the first year of virtual bank operations could be minimally profitable or even loss making due to high IT costs and OPEX.
- We maintain our NEUTRAL call for the sector. BBL and KBANK are our top picks.

BOT has named three consortia for virtual bank licenses for a 2026 launch

According to local news reports from *The Nation* and *Thansettakij* (16 Apr-25), Finance Minister Pichai Chunhavajira confirmed that the Bank of Thailand (BOT) has submitted the names of the first three approved applicants for virtual bank licenses. Sources within the Ministry of Finance have confirmed that this assessment has been completed, with the BOT identifying three entities that have met the criteria for a license. These are:

- 1) SCBX, partnering with Chinese digital bank WeBank and South Korea's financial institution, KakaoBank;
- 2) KTB, collaborating with telecommunications firm ADVANC and PTT Oil and Retail Business or OR; and
- 3) Ascend Money Group, the provider of the "TrueMoney" e-wallet, which is part of the Charoen Pokphand (CP) Group, in partnership with Ant Group, a fintech company and affiliate of China's Alibaba.

These three successful consortia have now been submitted to the finance minister for final approval, expected by mid-2025. These entities will then have a year to prepare their operations for a potential launch of virtual banking services in 2026.

Our view – not an imminent risk to existing banks

We believe that finalist banks like SCB and KTB with large retail and SME customer bases aim to expand loan accessibility for underserved groups and deposit franchises. We expect the new virtual banks to scale up by initially offering high deposit rate campaigns. This should attract depositors with specific saving targets. After scaling up, they should offer loan products with high yields and unsecured features to retailers and SMEs with alternative data in order to monetize the interest income. However, as the licenses will only be awarded in 2Q25 and operations are set to commence in 2Q26, virtual bank licenses do not pose any imminent upside and downside risks to existing banks yet. In our view, it is possible that the first year of virtual bank operations could be minimally profitable or even loss making from high IT costs and OPEX with a small customer base (loans and deposits) at the beginning.

Remain 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 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.



Nathapol Pongsukcharoenkul

Fundamental Investment Analyst on Securities; License no. 049193
nathapol.p@fssia.com, +66 2646 9974

Peemapon Nunthakunatip

Research Assistant
peemapon.n@fssia.com, +66 2646 9975

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Three consortia approved for virtual bank licenses for a 2026 launch

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These three successful consortia have now been submitted to the finance minister for final approval, expected by mid-2025. These entities will then have a year to prepare their operations for a potential launch of virtual banking services in 2026.

Our view – not an imminent risk to existing banks

We believe that finalist banks like SCB and KTB with large retail and SME customer bases aim to expand loan accessibility for underserved groups and deposit franchises. We see the partnership between local banking operators and data provider/telecommunication firms or experienced foreign virtual banks as suitable for a virtual bank license. This is because the BOT places a high priority on a strong IT system, followed by strong alternative data analytic sources.

We expect the new virtual banks to scale up by initially offering high deposit rate campaigns. This should attract depositors with specific saving targets. After scaling up, they should offer loan products with high yields and unsecured features to retailers and SMEs with alternative data in order to monetize the interest income.

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Exhibit 1: Key strengths among three consortia for virtual banks

| | SCBX+Kakao+WeBank | KTB+GULF+ADVANC+OR | Ascend True Money |
|---------------------------|--|---|--|
| Customer base | Around 30m customer base from SCB bank. | Up to 100m accounts from many platforms (such as KTB's Paotang e-wallets, ADVANC's customer base, and OR's Blue Plus members). Nationwide coverage from ADVANC as a telco provider and OR's gas station networks (both urban and rural areas). | 32m users from True Money e-wallet application. 33.8m users for TRUE move Mobile. 21.2m users for DTAC mobile. 5m TRUE internet broadband subscribers and 3.2m TRUE Visions. Room to penetrate underserved groups such as merchants, freelancers, farmers, etc. |
| Technology support | Advanced technology infrastructures with Credit Tech, AI and big data analytics for precise credit analysis using alternative data. | Strong tech support by GULF's data centers and large capital base from KTB. | Strong technology infrastructures with Credit Tech, and big data analytics using alternative data. |
| Experience | Kakao Bank: Successful virtual bank in South Korea with user-friendly UX and experience. (First 1m users in the first 5 days of operation). WeBank: Successful virtual bank in China with 362m accounts and 75% penetration rate to unserved/underserved group. | Strong financial experience from KTB, especially among retail customer base. | Ant Financial (under Alibaba Group) to support technology and infrastructure. |

Sources: Company data, Thansettakij, FSSIA's compilation

Framework from the BOT

BOT aims to enhance digital banking innovation, financial inclusion and customer experience, especially for retail and SME customers that are still underserved and unserved in a traditional commercial banking system.

The service should be supported by a strong IT system and big data analytics from an alternative database with no physical branch network.

The supervision for virtual banks by BOT will be on the same basis as a traditional commercial banks (capital base, risk management, financial sustainability, proper practices when serving customers, etc.) plus strong IT excellence with an emergency backup plan.

The minimum registered capital is THB5b at the beginning of operations and the virtual bank would need to scale up its capital to THB10b for the full-functioning period (around 3-5 years after full operation).

After awarding these three licenses, BOT will consider awarding more licenses for virtual banks after reviewing their performance.

The applicant for a virtual bank license can be in any form, including sole applicant and JV partnerships (bank and non-bank, non-bank and non-bank). Foreign ownership is also allowed – up to 49% with BOT consent.

Exhibit 2: Key concepts for virtual banks from the Bank of Thailand

| | |
|-----------------------------------|---|
| Target | Increase 'financial inclusion' and 'innovation' |
| Supervision style | Focus on sustainable business model but allowed to exit (with exit plan in advance) |
| No. of licenses awarded | Unlimited licenses with entry round |
| Operator's characteristics | Large customer base (retail and SMEs) with strong financial position and specialty in both technology and credit underwriting |

Source: BOT

Exhibit 3: Tentative timeline for virtual banks in Thailand

| | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2Q26 |
|---|---|------|---|------|------------------------------------|------|------|------|------|---|
| Official announcement of 'Virtual Bank' qualification and application | | | | | | | | | | |
| | Application period (6 months) | | | | | | | | | |
| | | | Selection progress by Bank of Thailand and Ministry of Finance (up to 9 months) | | | | | | | |
| | | | | | Licence award announcement by 2Q25 | | | | | |
| | 1-year preparation for business operation among licensees | | | | | | | | | |
| | | | | | | | | | | Commercial operation by virtual banks within 2Q26 |

Sources: BOT, Ministry of Finance

Exhibit 4: Concept of virtual banks around the world – Bank of Thailand looks likely to follow Type II

| | Type I | Type II |
|---------------------------------|--|---|
| Country | U.K. , Australia | Malaysia, Singapore, South Korea, Hong Kong |
| Target | Enhance financial competition | Increase 'financial inclusion' and 'innovation' |
| Supervision style | Easy to enter and exit from the market | Focus on sustainability business model but allowed to exit (with exit plan in advance) |
| No. of licenses and application | Unlimited licenses with free entry | Limit the no. of licenses with entry round |
| Operator's characteristic | Most are tech companies. Some are small fintechs | Large customer base with strong financial position and speciality both tech and finance |

Source: BOT

Exhibit 5: Qualification for applicant of virtual bank license in Thailand

| Operator's characteristics for virtual bank in Thailand | Qualification for applicant of virtual bank licence in Thailand |
|---|--|
| Registered in Thailand | Business model with sustainability target including higher financial inclusion with product innovation and risk management |
| Allow foreign ownership of up to 49% with BOT consent | Strong governance among shareholders, board of directors and bank's management |
| Full financial service esp. for retails and SMEs | Speciality in digital and financial services |
| Digital channel only (No physical branch) | New technology to lower cost per serving and enhance innovation |
| Integration of technology and data analytics for financial services and innovations | Proper risk management for overall financial stability |
| Strong governance with appropriate risk management and supervision by central bank. | Ability to reach and utilise alternative data source for credit analytics |
| | Strong capital base (THB5bn, rising to THB10bn after 3 year of operations) |

Source: BOT

Exhibit 6: Peer regional banks comparison, as of 16 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) |
| Thailand | | | | | | | | | | | | | |
| Bangkok Bank | BBL TB | 141.50 | 194.00 | 37 | 8,128 | 5.7 | 5.4 | 0.5 | 0.4 | 8.3 | 8.3 | 6.3 | 6.7 |
| Kasikornbank | KBANK TB | 154.50 | 186.00 | 20 | 11,016 | 7.1 | 6.6 | 0.6 | 0.6 | 8.9 | 9.1 | 6.3 | 6.8 |
| Krung Thai Bank | KTB TB | 21.40 | 26.50 | 24 | 9,001 | 6.8 | 6.3 | 0.6 | 0.6 | 9.7 | 9.9 | 7.2 | 7.7 |
| SCB X | SCB TB | 113.50 | 130.00 | 15 | 11,501 | 8.3 | 8.0 | 0.8 | 0.8 | 9.4 | 9.5 | 9.7 | 10.0 |
| TMBThanachart Bank | TTB TB | 1.92 | 2.05 | 7 | 5,610 | 8.5 | 8.5 | 0.8 | 0.7 | 9.0 | 8.7 | 7.1 | 7.1 |
| Kiatnakin Bank | KKP TB | 55.00 | 55.50 | 1 | 1,370 | 9.7 | 8.9 | 0.7 | 0.7 | 7.5 | 7.9 | 6.2 | 6.7 |
| Tisco Financial Group | TISCO TB | 98.75 | 95.00 | (4) | 2,380 | 12.2 | 11.5 | 1.8 | 1.8 | 15.0 | 15.8 | 7.8 | 7.8 |
| Thailand weighted average | | | | | 7,001 | 8.3 | 7.9 | 0.8 | 0.8 | 9.7 | 9.9 | 7.2 | 7.6 |
| Hong Kong | | | | | | | | | | | | | |
| Industrial & Comm Bank of China | 1398 HK | 5.27 | n/a | n/a | 319,704 | 5.0 | 4.9 | 0.5 | 0.4 | 9.4 | 9.0 | 6.3 | 6.4 |
| China Construction Bank | 939 HK | 6.55 | n/a | n/a | 214,834 | 4.6 | 4.4 | 0.4 | 0.4 | 10.1 | 9.8 | 6.6 | 6.8 |
| HSBC Holdings | 5 HK | 79.55 | n/a | n/a | 181,211 | 7.8 | 7.3 | 1.0 | 1.0 | 13.3 | 13.5 | 6.5 | 7.0 |
| Bank of China | 3988 HK | 4.39 | n/a | n/a | 210,729 | 5.4 | 5.2 | 0.5 | 0.4 | 9.1 | 8.8 | 5.8 | 6.0 |
| Hong Kong average | | | | | 231,620 | 5.7 | 5.5 | 0.6 | 0.6 | 10.4 | 10.3 | 6.3 | 6.5 |
| China | | | | | | | | | | | | | |
| Industrial & Comm Bank of China | 601398 CH | 7.06 | n/a | n/a | 319,715 | 7.0 | 6.8 | 0.6 | 0.6 | 9.4 | 9.1 | 4.4 | 4.5 |
| Agricultural Bank of China | 601288 CH | 5.37 | n/a | n/a | 252,609 | 6.9 | 6.7 | 0.7 | 0.6 | 9.9 | 9.7 | 4.6 | 4.7 |
| China Construction Bank | 601939 CH | 9.07 | n/a | n/a | 214,842 | 6.8 | 6.6 | 0.7 | 0.6 | 10.0 | 9.6 | 4.5 | 4.6 |
| Bank of China | 601988 CH | 5.66 | n/a | n/a | 210,736 | 7.4 | 7.2 | 0.7 | 0.6 | 9.0 | 8.7 | 4.3 | 4.4 |
| China average | | | | | 249,475 | 7.0 | 6.8 | 0.7 | 0.6 | 9.6 | 9.3 | 4.4 | 4.6 |
| South Korea | | | | | | | | | | | | | |
| KB Financial Group | 105560 KS | 80,000 | n/a | n/a | 22,126 | 5.3 | 5.0 | 0.5 | 0.5 | 9.5 | 9.3 | 4.3 | 4.6 |
| Shinhan Financial Group | 055550 KS | 47,800 | n/a | n/a | 16,820 | 4.7 | 4.4 | 0.4 | 0.4 | 8.8 | 8.7 | 4.8 | 5.2 |
| Hana Financial Group | 086790 KS | 57,700 | n/a | n/a | 11,646 | 4.2 | 3.9 | 0.4 | 0.3 | 9.1 | 9.0 | 6.5 | 6.9 |
| Industrial Bank of Korea | 024110 KS | 14,470 | n/a | n/a | 8,117 | 4.2 | 4.1 | 0.3 | 0.3 | 8.2 | 8.1 | 7.7 | 8.3 |
| South Korea average | | | | | 14,677 | 4.6 | 4.3 | 0.4 | 0.4 | 8.9 | 8.8 | 5.8 | 6.3 |
| Indonesia | | | | | | | | | | | | | |
| Bank Central Asia | BBCA IJ | 8,475 | n/a | n/a | 62,136 | 17.8 | 16.6 | 3.7 | 3.4 | 21.4 | 21.1 | 3.7 | 3.9 |
| Bank Rakyat Indonesia Persero | BBRI IJ | 3,650 | n/a | n/a | 32,901 | 9.3 | 8.4 | 1.7 | 1.6 | 18.5 | 19.7 | 9.3 | 9.7 |
| Bank Mandiri Persero | BMRI IJ | 4,630 | n/a | n/a | 25,701 | 7.5 | 7.0 | 1.4 | 1.3 | 19.5 | 19.4 | 8.0 | 8.4 |
| Bank Negara Indonesia Persero | BBNI IJ | 4,100 | n/a | n/a | 9,095 | 6.6 | 6.1 | 0.9 | 0.8 | 14.0 | 14.2 | 8.1 | 9.3 |
| Bank Syariah Indonesia | BRIS IJ | 2,460 | n/a | n/a | 6,749 | 13.6 | 11.5 | 2.2 | 1.8 | 16.9 | 17.3 | 1.2 | 1.7 |
| Indonesia average | | | | | 27,316 | 11.0 | 9.9 | 2.0 | 1.8 | 18.1 | 18.3 | 6.0 | 6.6 |
| Malaysia | | | | | | | | | | | | | |
| Malayan Banking | MAY MK | 9.84 | n/a | n/a | 26,922 | 11.3 | 10.8 | 1.2 | 1.2 | 11.0 | 11.0 | 6.5 | 6.8 |
| Public Bank | PBK MK | 4.30 | n/a | n/a | 18,834 | 11.1 | 10.6 | 1.4 | 1.3 | 12.6 | 12.5 | 5.3 | 5.6 |
| CIMB Group Holdings | CIMB MK | 6.71 | n/a | n/a | 16,224 | 8.8 | 8.3 | 1.0 | 0.9 | 11.3 | 11.3 | 6.6 | 7.0 |
| Hong Leong Bank | HLBK MK | 19.50 | n/a | n/a | 9,583 | 9.3 | 8.4 | 1.0 | 0.9 | 11.5 | 11.5 | 4.0 | 4.4 |
| RHB Bank | RHBBANK MK | 6.56 | n/a | n/a | 6,464 | 8.6 | 8.2 | 0.8 | 0.8 | 10.0 | 10.1 | 6.9 | 7.1 |
| Malaysia average | | | | | 15,605 | 9.8 | 9.3 | 1.1 | 1.0 | 11.3 | 11.3 | 5.9 | 6.2 |
| Singapore | | | | | | | | | | | | | |
| DBS Group Holdings | DBS SP | 40.10 | n/a | n/a | 86,771 | 10.3 | 10.1 | 1.6 | 1.6 | 16.3 | 16.1 | 7.6 | 7.7 |
| Oversea-Chinese Banking | OCBC SP | 15.67 | n/a | n/a | 54,010 | 9.5 | 9.2 | 1.2 | 1.1 | 12.6 | 12.4 | 6.3 | 6.2 |
| United Overseas Bank | UOB SP | 34.13 | n/a | n/a | 43,448 | 9.0 | 8.6 | 1.1 | 1.1 | 12.9 | 12.9 | 6.6 | 6.1 |
| Singapore average | | | | | 61,409 | 9.6 | 9.3 | 1.3 | 1.3 | 13.9 | 13.8 | 6.8 | 6.7 |
| Regional average (excl. Thailand) | | | | | 95,277 | 8.1 | 7.6 | 1.0 | 1.0 | 12.2 | 12.1 | 5.8 | 6.1 |
| Total average (incl. Thailand) | | | | | 75,967 | 8.1 | 7.7 | 1.0 | 0.9 | 11.6 | 11.6 | 6.2 | 6.4 |

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 SETESG 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. SETESG Index 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&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 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+ | | | | | | | | | |
| 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 border="1" style="margin-top: 10px;"> <tbody> <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> </tbody> </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

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 141.50 | 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 154.50 | BUY | Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. |
| Kiatnakin Phatra Bank | KKP TB | THB 55.00 | 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 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. |
| SCB X | SCB TB | THB 113.50 | 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 98.75 | 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 1.92 | 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 16-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.