

18 JULY 2023

SPOTLIGHT ON THAILAND

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| Indices | Index as of 17-Jul-23 | Change -1D (%) | Change YTD (%) | Net Foreign YTD (USD m) |
|---------------------|-----------------------|------------------|------------------------|-------------------------|
| Thailand SET | 1,529 | 0.7 | (8.4) | (3,327) |
| China SHCOMP | 3,210 | (0.9) | 3.9 | |
| Hong Kong HSI | Closed | 0.3 | (1.9) | |
| India SENSEX | 66,590 | 0.8 | 9.4 | 13,854 |
| Indonesia JCI | 6,867 | (0.0) | 0.2 | 1,291 |
| Korea KOSPI | 2,619 | 0.3 | 17.4 | 9,139 |
| MY FBMKLCI | 1,406 | (0.4) | (6.0) | |
| PH PCOMP | 6,551 | (1.1) | (0.2) | (423) |
| SG FSSTI | 3,254 | 0.2 | 0.1 | |
| Taiwan TWSE | 17,334 | 0.3 | 22.6 | 10,089 |
| VN VNINDEX | 1,173 | 0.4 | 16.5 | (122) |
| MSCI Emerging | 1,028 | (0.1) | 7.5 | |
| Nikkei 225 | Closed | (0.1) | 24.1 | |
| FTSE 100 | 7,406 | (0.4) | (0.6) | |
| CAC 40 | 7,292 | (1.1) | 12.6 | |
| DAX | 16,069 | (0.2) | 15.4 | |
| Dow Jones | 34,585 | 0.2 | 4.3 | |
| Nasdaq | 14,245 | 0.9 | 36.1 | |
| S&P 500 | 4,523 | 0.4 | 17.8 | |
| Brent | 78.50 | (1.7) | (8.6) | |
| Dubai | 80.13 | (2.1) | 1.9 | |
| WTI | 74.15 | (0.0) | (7.6) | |
| GOLD | 1,955.04 | (0.0) | 7.2 | |
| Trade data (THB m) | Buy (THB m) | Sell (THB m) | Net (THB m) | Share (%) (THB m) |
| Foreign | 23,663 | 22,860 | 803 | 50 |
| Retail | 14,141 | 16,136 | (1,995) | 33 |
| Prop Trade | 3,792 | 3,441 | 351 | 8 |
| Local Institution | 4,868 | 4,027 | 841 | 10 |
| Total Trade | 46,463 | 46,463 | (0) | 100 |
| Rates | Last close 17/7/2023 | 1M ago 19/6/2023 | End last yr 30/12/2022 | 1yr ago 18/7/2022 |
| THB/USD | 34.62 | 34.80 | 34.61 | 36.61 |
| Inflation * | 0.23 | 0.53 | 5.89 | 7.66 |
| MLR ** | 6.87 | 6.87 | 5.83 | 5.31 |
| 1Y Fixed * | 1.41 | 1.41 | 0.99 | 0.43 |
| Govt bond 10Y | 2.56 | 2.61 | 2.64 | 2.50 |
| Commodity (USD/bbl) | Last close 17/7/2023 | 1M ago 16/6/2023 | End last yr 30/12/2022 | 1yr ago 15/7/2022 |
| Brent | 78.50 | 76.61 | 85.91 | 101.16 |
| Dubai | 80.13 | 74.84 | 78.66 | 103.76 |
| WTI | 74.15 | 71.78 | 80.26 | 102.60 |
| Gold | 1,955 | 1,950 | 1,824 | 1,709 |
| Baltic Dry | 1,090 | 1,076 | 1,515 | 2,162 |
| (USD/ton) | Last close 14-Jul-23 | 07-Jul-23 | 25-Dec-20 | 15-Jul-22 |
| Coal | 128.88 | 141.72 | 84.45 | 440.00 |
| % change | (9.1) | (5.3) | 52.6 | (70.7) |

* chg y-y% last at end of most recent month end; ** Avg of 4 major banks;

Sources: Bloomberg, except coal from BANPU

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Thailand Equity Sales:

Thailand Equity Trading:

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Published Reports

S HOTELS AND RESORTS (SHR TB) - Every cloud has a silver lining; Maintain BUY TP THB4.80

Weak 2Q23E due to low season in Thailand and Maldives

We expect overall RevPAR to drop by 10% q-q in 2Q23 due to the low season for Thai and Maldives hotels, for which RevPAR should plunge by c50% q-q and c40% q-q, respectively. On a positive note, RevPAR of UK hotels should grow by c40% q-q and exceed the pre-Covid level by 35-40%, driven by the strong ADR trend. RevPAR of Outrigger hotels should improve by 16% q-q thanks to Fiji's high season. We estimate the Thai portfolio to reach breakeven and the UK portfolio to deliver a profit in 2Q. However, we forecast a 2Q23 core loss of THB93m (vs a THB142m core profit in 1Q23) pressured by 1) a THB50m-60m loss from its Mauritius hotel from a temporary closure since April; and 2) an operating loss from the Maldives portfolio.

Mauritius hotel to reopen in Sep-23

We expect stronger momentum for the UK portfolio in 3Q23, and better performance for Fiji hotels after Outrigger Fiji Beach completes phase 1 of its renovation program. In addition, Outrigger Mauritius is scheduled to reopen in Sep with c50% of its inventory and fully reopen in Aug. Thai and Maldives hotels should slightly improve q-q in 3Q, and we expect a strong recovery in 4Q23, which is their high tourism season.

Lower room inventory during renovation program

Its two main Thai hotels (Saii Laguna Phuket and Saii Phi Phi Island Village) are in the first phase of renovations. 154 rooms, or 25% of the Thai portfolio's 604 total rooms, are being renovated during May-Dec 2023, while c50% of inventory is scheduled for renovation during the second phase in May-Oct 2024. In addition, 13 of 27 hotels in the UK portfolio are in the renovation plan scheduled for completion in 1Q24.

Cut core profit; share price already reflects negative news

We cut 2023E core profit by 58% due to the weak outlook in 2Q23 and revise down 2024-25E by 18-25% to reflect the impact from renovations and higher competition in the Maldives hotel industry. We roll forward our DCF valuation to 2024 and derive a new TP of THB4.8 (from THB5.2). Its share price has plunged 29% over the past three months. We believe all the negative news has been priced in. SHR trades at cheap valuations of 0.6x 2024E P/BV and 20x 2024E P/E (vs peers' avg of 2.0x and 29x).

Exhibit 1: Forecast revisions

| | Current | | | Previous | | | Change | | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|
| | 2023E (THB) | 2024E (THB) | 2025E (THB) | 2023E (THB) | 2024E (THB) | 2025E (THB) | 2023E (%) | 2024E (%) | 2025E (%) |
| Self-managed - OCC rate (%) | 72.0 | 69.0 | 72.0 | 72.0 | 72.5 | 73.0 | - | (3.5) | (1.0) |
| Self-managed - RevPAR | 5,400 | 5,175 | 5,562 | 5,056 | 5,244 | 5,438 | 6.8 | (1.3) | 2.3 |
| Outrigger - OCC rate (%) | 53.0 | 67.0 | 67.0 | 47.0 | 67.0 | 67.0 | 6.0 | - | - |
| Outrigger - RevPAR | 4,331 | 5,279 | 5,438 | 4,184 | 5,279 | 5,438 | 3.5 | - | - |
| Project Crossroads - OCC rate (%) | 68.0 | 69.0 | 71.0 | 71.0 | 72.0 | 73.0 | (3.0) | (3.0) | (2.0) |
| Project Crossroads - RevPAR | 9,314 | 9,734 | 10,317 | 11,128 | 11,623 | 12,138 | (16.3) | (16.3) | (15.0) |
| UK -OCC rate (%) | 72 | 73 | 73 | 72 | 73 | 73 | - | - | - |
| UK -RevPAR | 2,647 | 2,799 | 2,903 | 2,647 | 2,799 | 2,903 | - | - | - |
| Revenue (THB b) | 9.6 | 10.5 | 11.0 | 10.2 | 11.1 | 11.5 | (5.8) | (5.3) | (4.4) |
| EBITDA margin (%) | 23.2 | 24.3 | 25.3 | 25.2 | 25.6 | 25.8 | (2.0) | (1.3) | (0.6) |
| Core earnings (THB m) | 170 | 508 | 640 | 401 | 677 | 779 | (57.5) | (24.9) | (17.9) |

Note: Change in % terms is represented in ppt change

Source: FSSIA estimates

BANGKOK BANK (BBL TB) - Well-positioned international bank; Initiate with BUY TP THB197.00

Witnessing high growth in international banking business

Apart from the positive factors during the interest rise – of which BBL has been the greatest beneficiary in the sector – the international banking business (focused on nine ASEAN countries and other markets across Asia) should continue to be another key driver for business growth in the next 3-5 years, in parallel with domestic banking growth. Earnings before taxes (EBT) and total asset growth over the past three, five, and ten years all showed higher growth rates than domestic banking rates, driven by 1) solid growth in ASEAN economies; and 2) credit demand from corporate clients (three main groups: Thai-linked corporate, local corporate, and regional corporate) for expanding the business overseas.

NIM expansion could help offset vulnerable items in 2Q23

Operating businesses in 2Q23 are similar to the past quarter in terms of loans (continually decreasing from debt repayments for working capital short-term loans), deposits (aligned with loans), and fee income (low season). We forecast BBL's 2Q23 NIM to stay at a high level of 2.73% (higher than the bank's 2023 target of 2.50%). However, other non-interest income is the most vulnerable item, which continues to fluctuate in line with capital market conditions (20% of total investment recorded in both OCI and FVTPL items) and the FX market during the quarter. In summary, we forecast a 2Q23 net profit of THB9.99b, contracting 1.4% q-q but greatly expanding by 43.5% y-y, with limited asset quality concern.

Savings rate cut by 25bp would help push NIM upward in 2H23

For 2H23, we expect a positive trend in the net interest income (NII) from savings deposit (53% of total deposits) interest rate reduction at the end of June 2023 (BBL has gradually raised the savings interest rate by 25bp from late September 2022 to the beginning of June 2023, in alignment with the policy interest rate). We expect that a savings rate cut of 25bp down to 0.35% (still higher than other big banks which have kept the savings rate unchanged at 0.25% over the period) would have an entirely positive effect on its NIM in 3Q23, with the trend continuing to 4Q23.

Top BUY call with our 2023 GGM-based TP of THB197

We initiate coverage of BBL with BUY for its solid growth potential from the domestic and international banking businesses and the interest rate uptrend. Our 2023 GGM-based TP of THB197 implies a P/BV of 0.69x.

Exhibit 2: BBL - 2Q23 earnings preview

| Year end Dec 31 | 2Q22 | 1Q23 | 2Q23E | ---- Change ---- | | 1H22 | 1H23E | Change | %of | 2022 | 2023E | Change |
|--------------------------------------|-------------|-------------|--------------|---------------------------|--------|-------------|--------------|---------|-----|-------------|--------------|---------|
| | (THB m) | (THB m) | (THB m) | (y-y%) | (q-q%) | (THB m) | (THB m) | (y-y %) | 23E | (THB m) | (THB m) | (y-y %) |
| Net interest income | 23,526 | 30,078 | 30,274 | 29 | 1 | 45,273 | 60,351 | 33 | 48 | 102,223 | 127,331 | 24 |
| Non-interest income | 10,666 | 10,215 | 9,545 | (11) | (7) | 20,030 | 19,760 | (1) | 57 | 36,672 | 33,482 | (6) |
| Fee income - net | 6,726 | 7,122 | 7,166 | 7 | 1 | 13,684 | 14,288 | 4 | 52 | 27,508 | 27,626 | 0 |
| Total operating income | 34,192 | 40,293 | 39,818 | 16 | (1) | 65,302 | 80,112 | 23 | 50 | 138,895 | 160,813 | 16 |
| Total operating expenses | 17,435 | 18,850 | 19,129 | 10 | 1 | 32,941 | 37,980 | 15 | 49 | 69,019 | 77,831 | 13 |
| PPOP before tax | 16,757 | 21,443 | 20,689 | 23 | (4) | 32,361 | 42,132 | 30 | 51 | 69,876 | 82,982 | 19 |
| Expected credit loss | 8,354 | 8,474 | 7,900 | (5) | (7) | 14,843 | 16,374 | 10 | 47 | 32,647 | 35,000 | 7 |
| Income tax | 1,319 | 2,728 | 2,686 | 104 | (2) | 3,195 | 5,413 | 69 | 56 | 7,484 | 9,596 | 28 |
| Non-controlling interest | 123 | 112 | 111 | (10) | (1) | 244 | 223 | (9) | 48 | 440 | 462 | 5 |
| Net profit | 6,961 | 10,129 | 9,992 | 44 | (1) | 14,079 | 20,122 | 43 | 53 | 29,306 | 37,924 | 29 |
| EPS (THB) | 3.65 | 5.31 | 5.23 | 44 | (1) | 7.38 | 10.54 | 43 | 53 | 15.35 | 19.87 | 29 |
| Key ratios | 2Q22 | 1Q23 | 2Q23E | ----- Change ----- | | 1H22 | 1H23E | | | 2022 | 2023E | |
| Asset quality ratio | (%) | (%) | (%) | (y-y%) | (q-q%) | (%) | (%) | | | (%) | (%) | |
| Gross NPLs (THB m) | 105,046 | 98,359 | 98,360 | (6) | 0 | 105,046 | 98,360 | | | 97,188 | 102,047 | |
| Change (% from prior period) | 2.6 | 1.2 | 0.0 | | | | | | | (3.9) | 5.0 | |
| NPL ratios (%) - Reported | 3.40 | 3.09 | 3.10 | | | | | | | 3.06 | | |
| NPL ratio (%)* | 3.96 | 3.73 | 3.74 | | | 3.96 | 3.74 | | | 3.62 | 3.62 | |
| Coverage ratio (%) - Reported | 233 | 261 | | | | | | | | 261 | | |
| Coverage ratio (%)* | 223 | 258 | 265 | | | | | | | 251 | 252 | |
| Credit cost (bp) | 128 | 127 | 120 | | | | | | | 124 | 127 | |
| Profitability ratio | (%) | (%) | (%) | | | | | | | (%) | (%) | |
| Cost to income ratio | 51.0 | 46.8 | 48.0 | | | 50.4 | 47.4 | | | 49.7 | 48.4 | |
| Average yield (%) | 2.96 | 4.01 | 4.03 | | | 2.87 | 4.01 | | | 3.21 | 3.90 | |
| Cost of funds (%) | 0.93 | 1.53 | 1.56 | | | 0.91 | 1.55 | | | 1.01 | 1.29 | |
| NIM (%) - Reported | 2.24 | 2.84 | | | | | | | | 2.42 | | |
| NIM (%)* | 2.18 | 2.73 | 2.73 | | | 2.10 | 2.73 | | | 2.36 | 2.82 | |
| Non-interest income/total income (%) | 31.2 | 25.4 | 24.0 | | | 30.7 | 24.7 | | | 26.4 | 20.8 | |
| Loan growth | (%) | (%) | (%) | | | | | | | (%) | (%) | |
| Year-to-date | 2.5 | (1.6) | (2.1) | | | 2.5 | (2.1) | | | | | |
| y-y | 9.6 | 2.0 | (1.0) | | | | | | | 3.6 | 5.0 | |
| q-q | 2.5 | (1.6) | (0.5) | | | | | | | | | |

*FSSIA's calculation

Sources: BBL; FSSIA estimates

TMBTHANACHART BANK (TTB TB) - Better strategy to boost bottom line; Initiate with BUY TP THB1.83

Well-managed balance sheet optimisation strategy

Post-merger, we have seen a positive trend regarding TTB's balance sheet optimisation strategy, despite a loan slowdown over the past three years (-0.4% CAGR during 2020-22). The bank continued conservatively growing new loans and recycling liquidity from low-yield loans (corporate) to high-yield retail loans (Cash your Car, personal loans, and home equity) for a better loan mix. As a result, loan portfolio quality was well-controlled due to prudent loan growth and stringent risk management, resulting in a better NPL flow, a stable NPL ratio, and hence lower risk cost. We also have a clearer picture of TTB's planned business direction that is focused on leveraging new digital ecosystems (selling the group's financial products through more digital channels) to enhance performance.

Strong 2Q23 net profit likely, thanks to higher NIM

We expect TTB's strong operating performance to continue in 2Q23 with a net profit of THB4.357b (+1% q-q, +27% y-y) and PPOP of THB9.644b (+1% q-q, +12% y-y), driven by top-line growth, cost efficiency, and controllable asset quality. Net interest income (NII) and net interest margin (NIM) should continue to increase amid the rising interest rate cycle and high-yield loan growth. Regarding asset quality in 2Q, we think TTB can keep NPLs at about 2.70% with a stable credit cost of 1.27%.

NII and fee income to drive growth for the next three years

We are optimistic about the direction of profit growth over the next three years, which should rise at a 10.8% CAGR during 2023-25, driven by NII and fee income growth. However, we think TTB's target of 10% ROE in the next 3-5 years could be very challenging if it relies only on revenue growth instead of capital management. Therefore, we think a higher payout ratio is possible from the already raised average of 50% in 2022.

Initiate with a BUY call and 2023 GGM-based TP of THB1.83

We initiate coverage of TTB as one of the top BUYs among our covered banks due to its earnings visibility and attractive annual dividend yields (5-6%), which could push its share price to outperform the sector's averages. Our 2023 GGM-based TP at THB1.83 implies a P/BV of 0.77x.

Exhibit 3: TTB - 2Q23 results preview

| Year end Dec 31 | 2Q22 | 1Q23 | 2Q23E | --- Change --- | | 1H23E | Change | %of | 2022 | 2023E | Change |
|------------------------------------|---------------|---------------|---------------|-----------------------|----------|---------------|---------------|-----|---------------|---------------|---------------|
| | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (y-y %) | 23E | (THB m) | (THB m) | (y-y %) |
| Net interest income | 12,414 | 13,502 | 13,731 | 2 | 11 | 27,233 | 10 | 48 | 51,617 | 56,682 | 10 |
| Non-interest income | 3,475 | 3,368 | 3,466 | 3 | (0) | 6,834 | (0) | 47 | 14,236 | 14,589 | 2 |
| Fee income - net | 2,645 | 2,559 | 2,551 | (0) | (4) | 5,110 | | | 10,391 | 10,586 | 2 |
| Total operating income | 15,889 | 16,870 | 17,197 | 2 | 8 | 34,067 | 8 | 48 | 65,852 | 71,271 | 8 |
| Total operating expenses | 7,262 | 7,303 | 7,553 | 3 | 4 | 14,856 | 4 | 46 | 29,952 | 32,225 | 8 |
| PPOP before tax | 8,627 | 9,567 | 9,644 | 1 | 12 | 19,211 | 10 | 49 | 35,900 | 39,045 | 9 |
| Expected credit loss | 4,382 | 4,276 | 4,280 | 0 | (2) | 8,556 | (7) | 46 | 18,353 | 18,717 | 2 |
| Income tax | 807 | 996 | 1,008 | 1 | 25 | 2,005 | 26 | 52 | 3,352 | 3,883 | 16 |
| Non-controlling interest | 0 | 0 | (1) | nm | nm | (1) | nm | nm | 0 | 0 | nm |
| Net profit | 3,438 | 4,295 | 4,357 | 1 | 27 | 8,651 | 30 | 53 | 14,195 | 16,446 | 16 |
| EPS (THB) | 0.036 | 0.044 | 0.045 | 1 | 27 | 0.09 | 30 | 53 | 0.147 | 0.170 | 16 |
| Key ratios | 2Q22 | 1Q23 | 2Q23E | --- Change --- | | 1H23E | Change | | 2022 | 2023E | Change |
| Asset quality ratio | (%) | (%) | (%) | (q-q%) | (y-y%) | (THB m) | (y-y %) | | (%) | (%) | (y-y %) |
| Gross NPLs (THB m) | 41,331 | 42,006 | 42,007 | 0 | 2 | 42,007 | 2 | | 41,707 | 42,090 | |
| Change (% from prior period) | (1.9) | 0.7 | 0.0 | | | 1.6 | | | (1.0) | 0.9 | |
| NPL ratios (%) - reported | 2.63 | 2.69 | | | | | | | 2.73 | | |
| NPL ratio (%)* | 2.97 | 3.09 | 3.12 | | | 3.12 | | | 3.03 | 3.01 | |
| Coverage ratio (%) - reported | 133 | 140 | | | | | | | 138 | | |
| Coverage ratio (%)* | 133 | 140 | 140 | | | 140 | | | 138 | 133 | |
| Credit cost (bp) | 127 | 125 | 127 | | | 125 | | | 134 | 135 | |
| Profitability ratio | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Cost to income ratio | 45.7 | 43.3 | 43.9 | | | 43.6 | | | 45.5 | 45.2 | |
| Average yield (%) | 3.62 | 4.15 | 4.24 | | | 4.22 | | | 3.76 | 4.28 | |
| Cost of fund (%) | 0.90 | 1.29 | 1.32 | | | 1.31 | | | 0.92 | 1.33 | |
| NIM (%) - reported | | | | | | | | | 2.95 | | |
| NIM (%)* | 2.83 | 3.04 | 3.10 | | | 3.08 | | | 2.96 | 3.13 | |
| Non-int inc/total income (%) | 21.9 | 20.0 | 20.2 | | | 20.1 | | | 21.6 | 20.5 | |
| Liquidity ratio | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Loan to deposit | 99.8 | 96.8 | 97.4 | | | 97.4 | | | 98.3 | 96.0 | |
| Loan to deposit & borrowing (LDBR) | 89.9 | 87.9 | 87.8 | | | 87.8 | | | 94.3 | 92.2 | |
| Loan growth | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Year-to-date | 1.6 | (1.3) | (2.3) | | | (2.3) | | | 0.4 | 1.5 | |
| q-q | 1.9 | (1.3) | (1.0) | | | | | | | | |
| y-y | 2.5 | (0.6) | (3.5) | | | | | | 0.4 | 1.5 | |

Sources: TTB; *FSSIA estimates

KRUNG THAI BANK (KTB TB) - Continued growth with low risk; Initiate with BUY TP THB23.10

Greater focus on private corporate and retail loans

We are optimistic about KTB's business strategy in 2023, based on its total loan growth target of 3-5% y-y, excluding government loans. The bank will focus more on growth in private corporate loans (low yield but still higher than government loans) and retail loans, mainly housing and personal loans (a low-risk, niche market composed of civil servants who are paid via the bank), which should push NIM higher. Moreover, KTB is another of the big banks that should benefit from interest rate hikes due to the favourable structure of its lending and funding sources and role as a net lender in money markets.

Strong 2Q23E profit growth on wider NIM

We expect a 2Q23 net profit of THB10.2b, up 1.3% q-q and 22.1% y-y, supported by net interest income growth (+3.7% q-q and 21.8% y-y). In contrast, we expect non-interest income to shrink by 7.7% q-q (but still increase by 16.5% y-y) mainly due to a decrease in other volatile income (FVTPL, capital gains, etc.). KTB's NIM should continue its positive trend in 2Q23 (+9bp to 3.06%) due to higher market interest rates. The cost-to-income ratio should remain stable from 1Q23 at around 38.6% (expected to accelerate in 2H23 in line with KTB's 2023 target of mid-40%). As for asset quality in 2Q23, we see no cause for concern, and expect the NPL/TL ratio to remain stable at around 3.22%, with credit cost flat at around 125bp, and LLR/NPL at 177% (FSSIA's calculation).

Manageable asset quality with a high coverage ratio

KTB's asset quality has not shown any signs of deterioration due to effective management. Evidence of positive results can be seen in the reported NPL/TL ratio, which has fallen below the 2023 target range of no more than 3.50% (down from 3.81% in 2020 to 3.22% at the end of 1Q23). Therefore, there has been no increased credit cost burden, despite being 124bp in 1H23E, lower than the target set in 2023 of ± 170 bp (we predict 125bp).

Initiate with BUY and a 2023 GGM-based TP of THB23.10

We initiate coverage of KTB with a BUY call. Our 2023 GGM-based TP of THB23.10 implies a P/BV of 0.81x, with a potential upside of 18% and attractive annual dividend yields of 4% during 2023-25.

Exhibit 4: KTB - 2Q23 results preview

| Year-end Dec 31 | 2Q22 | 1Q23 | 2Q23E | --- Change --- | | 1H23E | Change | %of | 2022 | 2023E | Change |
|--------------------------------------|----------------|----------------|----------------|-----------------------|----------|----------------|---------------|-----|----------------|----------------|--------|
| | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (y-y%) | 23E | (THB m) | (THB m) | (y-y%) |
| Net interest income | 21,818 | 25,619 | 26,578 | 4 | 22 | 52,197 | 22 | 49 | 90,405 | 106,274 | 18 |
| Non-interest income | 7,646 | 9,653 | 8,911 | (8) | 17 | 18,563 | 14 | 51 | 34,986 | 36,496 | 4 |
| Fee income - net | 4,911 | 5,139 | 5,241 | 2 | 7 | 10,379 | | | 20,316 | 20,715 | 2 |
| Total operating income | 29,464 | 35,272 | 35,488 | 1 | 20 | 70,760 | 20 | 50 | 125,391 | 142,770 | 14 |
| Total operating expenses | 12,517 | 13,650 | 13,708 | 0 | 10 | 27,358 | 10 | 47 | 54,771 | 58,661 | 7 |
| PPOP before tax | 16,947 | 21,622 | 21,780 | 1 | 29 | 43,402 | 26 | 52 | 70,620 | 84,109 | 19 |
| Expected credit loss | 5,669 | 8,104 | 8,100 | (0) | 43 | 16,204 | 45 | 49 | 24,338 | 32,735 | 35 |
| Income tax | 1,996 | 2,531 | 2,558 | 1 | 28 | 5,089 | 18 | 51 | 9,077 | 10,069 | 11 |
| Non-controlling interest | 924 | 921 | 920 | (0) | (0) | 1,840 | 2 | 52 | 3,508 | 3,509 | 0 |
| Net profit | 8,358 | 10,067 | 10,202 | 1 | 22 | 20,269 | 18 | 54 | 33,698 | 37,796 | 12 |
| EPS (THB) | 0.60 | 0.72 | 0.73 | 1 | 22 | 1.45 | 18 | 54 | 2.41 | 2.70 | 12 |
| Key ratios | 2Q22 | 1Q23 | 2Q23E | --- Change --- | | 1H23E | Change | | 2022 | 2023E | |
| Asset quality ratio | (%) | (%) | (%) | (q-q%) | (y-y%) | (THB m) | (y-y%) | | (%) | (%) | |
| Gross NPLs (THB m) | 104,434 | 102,542 | 105,042 | 2 | 1 | 105,042 | 1 | | 101,096 | 101,821 | |
| Change (% from prior period) | (2.0) | 1.4 | 2.4 | | | 0.6 | | | (5.3) | 0.7 | |
| NPL ratios (%) - reported | 3.32 | 3.22 | | | | | | | 3.26 | | |
| NPL ratio (%) | 3.96 | 3.97 | 4.03 | | | 4.03 | | | 3.90 | 3.85 | |
| Coverage ratio (%) - reported | 174 | 183 | | | | | | | 180 | | |
| Coverage ratio (%) | 168 | 177 | 177 | | | 177 | | | 172 | 182 | |
| Credit cost (bp) | 86 | 125 | 125 | | | 124 | | | 93 | 125 | |
| Profitability ratio | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Cost to income ratio | 42.5 | 38.7 | 38.6 | | | 38.7 | | | 43.7 | 41.1 | |
| Average yield (%) | 3.14 | 3.95 | 4.11 | | | 4.02 | | | 3.28 | 4.15 | |
| Cost of funds (%) | 0.71 | 1.13 | 1.22 | | | 1.18 | | | 0.76 | 1.23 | |
| NIM (%) - reported | 2.44 | 2.80 | 3.00 | | | | | | 2.60 | | |
| NIM (%) | 2.51 | 2.97 | 3.06 | | | 3.01 | | | 2.62 | 3.07 | |
| Non-interest income/total income (%) | 25.9 | 27.4 | 25.1 | | | 26.2 | | | 27.9 | 25.6 | |
| Liquidity ratio | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Loan to deposit | 101.2 | 98.5 | 99.7 | | | 99.7 | | | 100.1 | 100.1 | |
| Loan to deposit & borrowing (LDBR) | 95.5 | 93.2 | 94.2 | | | 94.2 | | | 94.6 | 94.6 | |
| Capital adequacy ratio | (%) | (%) | (%) | | | | | | (%) | (%) | |
| CAR | 20.1 | 19.9 | 19.6 | | | | | | 19.8 | 20.5 | |
| CET 1/ Risk assets | 15.1 | 15.8 | 15.6 | | | | | | 15.7 | 16.5 | |
| Tier 2 / Risk assets | 4.2 | 3.1 | 3.1 | | | | | | 3.1 | 3.1 | |
| Loan growth | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Year-to-date | 0.2 | (0.4) | 0.6 | | | 0.6 | | | | | |
| q-q | (0.9) | (0.4) | 1.0 | | | | | | | | |
| y-y | 6.0 | (2.9) | (1.0) | | | | | | (1.4) | 2 | |

Sources: KTB; FSSIA estimates

TISCO FINANCIAL (TISCO TB) - Growth strategy to continue in 2023; Maintain BUY TP THB111.00

More high-yield loans targeted in 2023

We are optimistic about TISCO's 2023 business strategy, which aims to continue 2022's growth rate via a high-yield lending policy. In addition, we have seen significant growth in high-yield loans, especially Auto Cash, with the proportion rising to 17% of total loans at the end of 2022 from 11% at the end of 2017. We think this strategy should improve NIM against potential rising interest rates as much of its portfolio is fixed-rate loans (73%), while most of its deposits are poised to rise within a year.

2H23 NIM likely weaker due to rising cost of funds

The overall message from the analyst meeting (13 July) confirms our view on the growth of high-yield loans, rising corporate loans (floating interest rate) along with the rising interest rate, rising cost of funds to impact its NIM in 2H23, and rising NPLs under manageable credit cost. In addition, management guided that in 2H23: 1) rising cost of funds should push TISCO's NIM lower (we have already factored this into our forecast); 2) credit cost should be stable at a very low level; and 3) loans through the "Somwang" channel grew by 5.3% q-q in 2Q23 and accounted for 64% of total loans against auto licenses despite the new branch target falling short.

2H23 outlook still positive in our view

We are still positive with its business outlook in 2H23. Most revenue contributions would still come from its banking business (accounted for 70% of total operating revenue in 1H23). TISCO should see lending growth in the high-yield segment along with a low credit cost policy. Though the impact from the rising interest rate would increase in 2H23, we believe the bank can manage its overall performance to be in line with its guidance and our 2023 forecast.

BUY with TP THB111

We have a BUY call and GGM-based TP of THB111, which implies a P/BV of 2.02x. We like TISCO for 1) its effective management of the impacts on its NIM by growing the high-yield loan segment; 2) its strategy of front-loading ECL during the Covid-19 pandemic; and 3) its attractive annual dividend yields projected at c8-9% during 2023-25.

Exhibit 5: TISCO's 2Q23 operations summary

| Year end Dec 31 | 2Q22 | 1Q23 | 2Q23 | --- Change --- | | 1H23 | Change | %of | 2022 | 2023E | Change |
|---------------------------------|--------------|--------------|--------------|-----------------------|------------|--------------|---------------|-----------|---------------|---------------|---------------|
| | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (y-y %) | 23E | (THB m) | (THB m) | (y-y %) |
| Net interest income | 3,107 | 3,287 | 3,420 | 4 | 10 | 6,707 | 9 | 50 | 12,734 | 13,451 | 6 |
| Non-interest income | 1,457 | 1,384 | 1,324 | (4) | (9) | 2,707 | (4) | 48 | 5,607 | 5,644 | 1 |
| Fee income - net | 1,168 | 1,266 | 1,152 | (9) | (1) | 2,418 | (1) | 47 | 5,081 | 5,137 | 1 |
| Total operating income | 4,564 | 4,671 | 4,743 | 2 | 4 | 9,414 | 5 | 49 | 18,341 | 19,094 | 4 |
| Total operating expenses | 2,125 | 2,282 | 2,378 | 4 | 12 | 4,659 | 10 | 51 | 8,630 | 9,083 | 5 |
| PPOP before tax | 2,439 | 2,389 | 2,366 | (1) | (3) | 4,755 | (0) | 47 | 9,711 | 10,011 | 3 |
| Expected credit loss | 140 | 155 | 63 | (59) | (55) | 218 | (3) | 32 | 723 | 683 | (5) |
| Income tax | 451 | 441 | 449 | 2 | (1) | 889 | (0) | 48 | 1,766 | 1,866 | 6 |
| Non-controlling interest | 0 | 0 | 0 | | | 0 | | | 0 | 0 | |
| Net profit | 1,848 | 1,793 | 1,854 | 3 | 0 | 3,646 | 0 | 49 | 7,222 | 7,462 | 3 |
| EPS (THB) | 2.31 | 2.24 | 2.32 | 3 | 0 | 4.55 | 0 | 49 | 9.02 | 9.32 | 3 |
| Key ratios | 2Q22 | 1Q23 | 2Q23 | --- Change --- | | 1H23 | Change | | 2022 | 2023E | Change |
| Asset quality ratio | (%) | (%) | (%) | (q-q%) | (y-y%) | (THB m) | (y-y %) | | (%) | (%) | (y-y %) |
| Gross NPLs (THB m) | 4,464 | 4,694 | 5,065 | 8 | 13 | 5,065 | 13 | | 4,577 | 5,034 | 10 |
| Change (% from prior period) | 1.8 | 2.6 | 7.9 | | | 13.5 | | | (7.7) | 10.0 | |
| NPL ratios (%) - reported | 2.20 | 2.13 | 2.20 | | | | | | 2.09 | | |
| NPL ratio (%)* | 2.20 | 2.13 | 2.20 | | | 2.20 | | | 2.09 | 2.13 | |
| Coverage ratio (%) - reported | 253 | 248 | 224 | | | 224 | | | 259 | 231 | |
| Coverage ratio (%)* | 253 | 248 | 224 | | | 224 | | | 259 | 231 | |
| Credit cost (bp) | 28 | 28 | 11 | | | 19 | | | 34 | 30 | |
| Profitability ratio | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Cost to income ratio | 46.5 | 48.9 | 50.1 | | | 49.5 | | | 47.1 | 47.6 | |
| Average yield (%) | 5.88 | 6.15 | 6.44 | | | 6.58 | | | 5.86 | 6.18 | |
| Cost of funds (%) | 1.06 | 1.60 | 1.80 | | | 1.77 | | | 1.09 | 1.63 | |
| NIM (%) - reported | 5.05 | 4.98 | 5.02 | | | 5.02 | | | 5.09 | | |
| NIM (%)* | 5.05 | 4.89 | 5.01 | | | 5.17 | | | 5.00 | 4.89 | |
| Non-int inc/total income (%) | 31.9 | 29.6 | 27.9 | | | 28.8 | | | 30.6 | 29.6 | |
| Liquidity ratio | (%) | (%) | (%) | | | | | | (%) | (%) | |
| Loan/deposit | 120.4 | 111.9 | 115.6 | | | | | | 116.3 | 116.9 | |
| Loan/deposit & borrowing (LDBR) | 109.3 | 106.0 | 108.0 | | | | | | 107.3 | 108.2 | |
| Capital adequacy ratio | (%) | (%) | (%) | | | | | | (%) | (%) | |
| CAR | 22.2 | 20.6 | 20.2 | | | | | | 20.6 | 21.1 | |
| CET 1/ Risk assets | 18.2 | 17.2 | 16.9 | | | | | | 17.2 | 17.9 | |
| Tier 2 / Risk assets | 4.0 | 3.5 | 3.3 | | | | | | 3.5 | 3.2 | |
| Loan growth | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Year-to-date | 0.2 | 0.5 | 5.2 | | | 5.2 | | | | | |
| q-q | (0.1) | 0.5 | 4.7 | | | | | | | | |
| y-y | (5.0) | 8.1 | 13.4 | | | | | | 7.9 | 8.0 | |

* FSSIA's calculation; Sources: TISCO; FSSIA estimates

SCB X (SCB TB) - New business trajectory is on track; Initiate with BUY TP THB123.00

Business restructuring remains on track

We are optimistic about SCB's new business structure, which reflects its growth direction under a simplified business arrangement. After the completion of SCB's restructuring in 2022, the business trajectory remains on track. For the banking business (Gen 1), the ongoing plan of implementing a digital wealth model has had good progress under the bank's new focus on wealth customers while reducing its focus on growth in traditional loans (corporate and SME). For other retail loans, the bank will focus on low-risk groups, especially mortgage loans. For Gen 2, CardX (4.8% of total loans) and autoX (0.5% of total loans) have delivered solid growth under prudent provisions and asset quality amid the current market situation.

Higher NIM and lower credit cost to benefit 2Q23 profit

We expect a 2Q23 net profit of THB11,173m (+11 y-y, +2% q-q), with an improvement in SCB's net interest income (NII) and net interest margin (NIM), driven by 1) an increase in interest rates for most types of loans, as opposed to savings rates (77% of total deposits), which remained flat during the same period; and 2) an increase in interbank and investment returns following the policy rate hikes. Besides this, we expect credit cost to fall by 17 bps to 1.49% in 2Q23 (the upper bound of its 2023 target), with less concern over asset quality from its NPL (stage 2&3) movement.

Expect earnings growth momentum in the next two years

The overall performance in 3Q23 should remain positive, as in 2Q23E, driven by strong NII, a rising NIM, and stable credit costs. Overall, we project SCB's net profit in 2023-24 to grow by 17.8% y-y and 8.4% y-y, respectively, with ROE expected to rise to 9.7% in 2024. We give credit to Gen 1's earnings contribution to the group's profit, which benefited from the rising interest rate, while Gen 2, despite seeing strong growth, has yet provided very low earnings contributions.

Initiate with BUY; low valuation with attractive dividend yields

We initiate coverage of SCB with a BUY call. Our 2023 GGM-based TP of THB123 implies a P/BV of 0.85x, with a potential upside of 13% and very attractive dividend yields at 6-7% pa during 2023-25.

Exhibit 6: SCB - 2Q23 results preview

| Year-end Dec 31 | 2Q22 | 1Q23 | 2Q23E | ---- Change ---- | | 1H23E | Change | %of | 2022 | 2023E | Change |
|--------------------------------------|---------------|---------------|---------------|-------------------------|-----------|---------------|---------------|-----------|----------------|----------------|---------------|
| | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (y-y%) | 23E | (THB m) | (THB m) | (y-y%) |
| Net interest income | 26,068 | 28,942 | 29,701 | 3 | 14 | 58,643 | 15 | 48 | 107,865 | 122,406 | 13 |
| Non-interest income | 12,634 | 11,958 | 10,746 | (10) | (15) | 22,704 | (11) | 47 | 46,555 | 47,898 | 3 |
| <i>Fee income - net</i> | 9,347 | 8,909 | 8,852 | (1) | (5) | 17,761 | | | 37,148 | 37,812 | 2 |
| Total operating income | 38,702 | 40,900 | 40,447 | (1) | 5 | 81,347 | 6 | 48 | 154,420 | 170,304 | 10 |
| Total operating expenses | 15,938 | 16,757 | 17,028 | 2 | 7 | 33,785 | 5 | 44 | 69,874 | 76,842 | 10 |
| PPOP before tax | 22,764 | 24,143 | 23,419 | (3) | 3 | 47,562 | 7 | 51 | 84,547 | 93,462 | 11 |
| Expected credit loss | 10,250 | 9,927 | 9,000 | (9) | (12) | 18,927 | (0) | 52 | 33,829 | 36,550 | 8 |
| Income tax | 2,681 | 3,147 | 3,172 | 1 | 18 | 6,320 | 14 | 50 | 13,592 | 12,521 | (8) |
| Non-controlling interest | (217) | 73 | 74 | 1 | (134) | 147 | (147) | 98 | (421) | 150 | (136) |
| Net profit | 10,051 | 10,995 | 11,173 | 2 | 11 | 22,168 | 10 | 50 | 37,546 | 44,242 | 18 |
| Net EPS (THB) | 2.98 | 3.27 | 3.32 | 2 | 11 | 6.58 | 11 | 50 | 11.15 | 13.14 | 18 |
| Key ratios | 2Q22 | 1Q23 | 2Q23E | ---- Change ---- | | 1H23E | Change | | 2022 | 2023E | Change |
| Asset quality ratio | (%) | (%) | (%) | (q-q%) | (y-y%) | (THB m) | (y-y%) | | (%) | (%) | (y-y%) |
| Gross NPLs (THB m) | 102,538 | 95,153 | 95,753 | 1 | (7) | 95,753 | (7) | | 95,329 | 99,329 | |
| <i>Change (% from prior period)</i> | (3.5) | (0.2) | 0.6 | | | (6.6) | | | (12.6) | 4.2 | |
| NPL ratios (%) - reported | 3.58 | 3.32 | | | | | | | 3.34 | | |
| NPL ratio (%)* | 4.34 | 3.97 | 3.95 | | | 3.95 | | | 4.01 | 3.98 | |
| Coverage ratio (%) - reported | 153 | 164 | | | | | | | 160 | | |
| Coverage ratio (%)* | 148 | 158 | 157 | | | 157 | | | 156 | 154 | |
| Credit cost (bp) | 175 | 166 | 149 | | | 158 | | | 145 | 150 | |
| Profitability ratio | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Cost to income ratio | 41.2 | 41.0 | 42.1 | | | 41.5 | | | 45.2 | 45.1 | |
| Average yield (%) | 3.71 | 4.44 | 4.52 | | | 4.50 | | | 3.87 | 4.61 | |
| Cost of funds (%) | 0.65 | 1.17 | 1.19 | | | 1.19 | | | 0.69 | 1.22 | |
| NIM (%) - reported | 3.17 | 3.46 | | | | | | | 3.29 | | |
| NIM (%)* | 3.17 | 3.46 | 3.54 | | | 3.52 | | | 3.29 | 3.60 | |
| Non-interest income/total income (%) | 32.6 | 29.2 | 26.6 | | | 27.9 | | | 30.1 | 28.1 | |
| Liquidity ratio | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Loan to deposit | 93.5 | 95.6 | 97.1 | | | 97.1 | | | 93.0 | 95.7 | |
| Loan to deposit & borrowing (LDBR) | 90.6 | 92.9 | 94.9 | | | 94.9 | | | 84.6 | 86.9 | |
| Capital adequacy ratio | (%) | (%) | (%) | | | | | | (%) | (%) | |
| CAR | 18.7 | 18.6 | | | | | | | 18.9 | 19.1 | |
| CET 1/ Risk assets | 17.5 | 17.5 | | | | | | | 17.7 | 18.0 | |
| Tier 2 / Risk assets | 1.1 | 1.1 | | | | | | | 1.1 | 1.1 | |
| Loan growth | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Year-to-date | 2.5 | 0.9 | 2.0 | | | 2.0 | | | | | |
| q-q | 1.4 | 0.9 | 1.1 | | | | | | | | |
| y-y | 2.8 | 3.1 | 2.8 | | | | | | 3.3 | 5 | |

* FSSIA's calculation; Sources: SCBX; FSSIA estimates

KASIKORNBANK (KBANK TB) - Riding the rising rates; Initiate with BUY TP THB150.00

Ample liquidity to benefit during rate hikes

KBANK should stand to benefit from the rising interest rates. Key drivers are 1) an advantageous loan (high floating rate portion) and high current and savings deposit (CASA), whose interest rate is almost stable during rate hikes; and 2) ample liquidity, making it a net lender in the interbank market since the pandemic. Moreover, the bank's strategy to relocate its loan structure by downsizing SME loans (high yield but high risk) to grow more retail loans in the housing sector (low yield with low risk) and consumer loans should benefit net interest income (NII) and net interest margin (NIM) expansion.

Digital banking – a strong impact on profit takes time

The contribution of the digital banking business to the bank's bottom line is still taking time. KBANK's consumer loans should rise significantly, as it is the leader of Thailand's mobile banking services with a solid digital platform. Consumer loans showed an increase of only 5% CAGR during 2019-22, still lower than that of housing loans and credit card loans, due to a prudent policy to control and mitigate credit risk. Moreover, the proportion of operating profit before expected credit losses (ECL) of the retail loans to the bank's total was stable at 35-36% during 2020-22.

No alarming signs for the bank's asset quality

Changes in loan classifications over the past three years have not led to any adverse signs of an increase in Stage 2 (7.3% of total loans) and Stage 3 (3.6% of total loans) loans. Key drivers were 1) a strict lending policy under risk management; and 2) proactive management through JK AMC. However, the impairment of one big corporate loan in 1Q23 – though it had already set up some ECL expenses and pulled an amount from the management overlay (MO) – creates a potential downside risk for the bank's bottom line as follows: 1) the possibility of collateral impairment of this loan; and 2) the MO level returning to the original level of 20%, which would pressure KBANK's performance in the future.

Initiate coverage with BUY and a 2023 GGM-based TP of THB150

We initiate coverage of KBANK with a BUY rating. Our 2023 GGM-based TP of THB150 implies a P/BV of 0.68x.

Exhibit 7: KBANK - 2Q23 earnings preview

| Year end Dec 31 | 2Q22 | 1Q23 | 2Q23E | --- Change --- | | 1H23E | Change | %of | 2022 | 2023E | Change |
|--------------------------------------|---------------|---------------|---------------|-----------------------|-----------|---------------|------------|-----------|----------------|----------------|---------------|
| | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (y-y %) | 23E | (THB m) | (THB m) | (y-y %) |
| Net interest income | 32,012 | 34,875 | 36,173 | 4 | 13 | 71,049 | 11 | 49 | 132,998 | 144,839 | 9 |
| Non-interest income | 9,498 | 11,699 | 10,015 | (14) | 5 | 21,714 | 18 | 52 | 40,259 | 41,784 | 4 |
| Fee income - net | 8,146 | 8,114 | 7,665 | (6) | (6) | 15,779 | | | 32,882 | 32,933 | 0 |
| Total operating income | 41,510 | 46,574 | 46,188 | (1) | 11 | 92,763 | 13 | 50 | 173,258 | 186,624 | 8 |
| Total operating expenses | 18,070 | 19,793 | 19,485 | (2) | 8 | 39,279 | 11 | 49 | 74,753 | 80,162 | 7 |
| PPOP before tax | 23,441 | 26,781 | 26,703 | (0) | 14 | 53,484 | 15 | 50 | 98,505 | 106,462 | 8 |
| Expected credit loss | 9,852 | 12,692 | 12,400 | (2) | 26 | 25,092 | 31 | 47 | 51,919 | 53,707 | 3 |
| Income tax | 2,454 | 2,562 | 2,603 | 2 | 6 | 5,165 | 0 | 53 | 8,633 | 9,760 | 13 |
| Non-controlling interest | 341 | 786 | 785 | | | 1,570 | 395 | 71 | 2,183 | 2,227 | 2 |
| Net profit | 10,794 | 10,741 | 10,915 | 2 | 1 | 21,656 | (2) | 53 | 35,769 | 40,768 | 14 |
| EPS (THB) | 4.56 | 4.53 | 4.61 | 2 | 1 | 9.14 | (2) | 51 | 14.78 | 16.85 | 25 |
| Key ratios | 2Q22 | 1Q23 | 2Q23E | --- Change --- | | 1H23E | | | 2022 | 2023E | Change |
| Asset quality ratio | (%) | (%) | (%) | (q-q%) | (y-y%) | (%) | | | (%) | (%) | (y-y %) |
| Gross NPLs (THB m) | 109,972 | 87,640 | 86,640 | (1) | (21) | 86,640 | | | 92,536 | 97,536 | |
| Change (% from prior period) | 3.3 | (5.3) | (1.1) | | | (21.2) | | | (11.1) | 5.4 | |
| NPL ratio (%) - Reported | 3.80 | 3.04 | | | | | | | 3.19 | | |
| NPL ratio (%)* | 4.42 | 3.56 | 3.48 | | | 3.48 | | | 3.71 | 3.72 | |
| Coverage ratio (%) - Reported | 149 | 154 | | | | | | | 154 | | |
| Coverage ratio (%)* | 128 | 146 | 155 | | | 155 | | | 144 | 146 | |
| Credit cost (bp) | 159 | 205 | 200 | | | 202 | | | 211 | 210 | |
| Profitability ratio | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Cost to income ratio | 43.5 | 42.5 | 42.2 | | | 42.3 | | | 43.1 | 43.0 | |
| Average yield (%) | 3.66 | 4.22 | 4.30 | | | 4.24 | | | 3.80 | 4.40 | |
| Cost of funds (%) | 0.60 | 1.02 | 1.05 | | | 1.03 | | | 0.63 | 1.20 | |
| NIM (%)* | 3.22 | 3.47 | 3.53 | | | 3.48 | | | 3.34 | 3.51 | |
| Non-interest income/total income (%) | 22.9 | 25.1 | 21.7 | | | 23.4 | | | 23.2 | 22.4 | |
| Loan growth | (%) | (%) | (%) | | | (%) | | | (%) | (%) | |
| Year-to-date | 2.8 | (1.2) | (0.2) | | | (0.2) | | | | | |
| y-y | 4.5 | 0.3 | 0.0 | | | | | | | | |
| q-q | 1.3 | (1.2) | 1.0 | | | | | | | | |

Sources: KBANK; FSSIA estimates

KIATNAKIN BANK (KKP TB) - Not a good choice at the moment; Initiate with HOLD TP THB65.00

Aggressive strategy against the market yielded poor results

We have a negative outlook on KKP's two core businesses in 2023. **1) Banking business (69% of total revenue in 2022).** Rising interest rates should push its cost of funds higher. Meanwhile, most of the loan portfolio (almost 60%) is fixed-rate, which should directly impact the loan spreads in 2023. Moreover, KKP's average loan growth of 17%, higher than the sector's average of only 6% CAGR during 2020-22 (the Covid pandemic period), should impact its asset quality, resulting in higher NPLs and credit costs, along with a lower coverage ratio. **2) Capital market business (31% of total revenue in 2022).** This has been impacted by the volatile capital market conditions in 1H23, negatively affecting its brokerage fee income, investment advisory fee income, and investment gains from both FVTPL, FVOCI, and the realised investment portion.

Weak 2Q23 profit direction from poor capital market conditions

We expect a 2Q23 net profit of THB1.73b (-17% q-q, -15% y-y), impacted by the capital market business and reflecting the sharp decline in the SET's average daily trading volumes by 31% q-q and 35% y-y. Fee incomes from brokerage and investment gains have decreased. For the banking business, although net loans should rise 3% q-q and 18% y-y, the positive results would not be reflected in the loan spread (expect to remain stable q-q at 4.19%) due to its focus on the low-risk segment, corporate and housing loans. We also expect KKP to continue booking high losses from sales of repossessed cars, similar to the previous period at THB1.1b (higher than 2022's quarterly average of THB400m).

Asset quality concerns to continue throughout 2H23

We are concerned about KKP's asset quality in 2H23 due to its aggressive loan growth policy during the pandemic. KKP plans to review its 2023 business targets, mainly the NPL ratio and credit cost targets that have already exceeded the 2023 targets in 1Q23. However, we have factored this impact into our credit cost estimate (including losses on sales of repossessed cars) at 230bp, close to 1Q23. NPLs should rise from 1Q23, but the NPL ratio might not be impacted much (3.50% in 1Q23, we predict 3.40% in 2H23) due to our projected loan growth to continue at 10% y-y in 2023 (the impact of higher denominator loans).

Initiate with HOLD call and 2023 GGM-based TP of THB65

We initiate coverage of KKP with a HOLD call. Our 2023 GGM-based TP of THB65 implies a P/BV of 0.88x.

Exhibit 8: KKP - 2Q23 earnings preview

| Year end Dec 31 | 2Q22 | 1Q23 | 2Q23E | ---- Change ---- | | 1H22 | 1H23E | Change | %of | 2022 | 2023E | Change |
|-------------------------------------|---------------|---------------|---------------|-------------------------|-------------|---------------|---------------|------------|-----------|---------------|---------------|------------|
| | (THB m) | (THB m) | (THB m) | (y-y%) | (q-q%) | (THB m) | (THB m) | (y-y %) | 23E | (THB m) | (THB m) | (y-y %) |
| Net interest income | 4,475 | 5,223 | 5,444 | 22 | 4 | 8,779 | 10,667 | 22 | 50 | 19,081 | 21,337 | 12 |
| Non-interest income | 1,672 | 1,718 | 1,515 | (9) | (12) | 3,809 | 3,233 | (15) | 43 | 8,457 | 7,434 | (12) |
| <i>Fee income - net</i> | 1,396 | 1,343 | 1,219 | (13) | (9) | 2,950 | 2,562 | | | 6,165 | 5,465 | (11) |
| Total operating income | 6,147 | 6,941 | 6,959 | 13 | 0 | 12,589 | 13,901 | 10 | 48 | 27,539 | 28,772 | 4 |
| Total operating expenses | 2,818 | 3,239 | 3,505 | 24 | 8 | 5,611 | 6,744 | 20 | 47 | 13,013 | 14,499 | 11 |
| PPOP before tax | 3,329 | 3,702 | 3,454 | 4 | (7) | 6,977 | 7,157 | 3 | 50 | 14,526 | 14,273 | (2) |
| Expected credit loss | 812 | 1,097 | 1,200 | 48 | 9 | 1,878 | 2,297 | 22 | 47 | 5,036 | 4,901 | (3) |
| Income tax | 481 | 517 | 517 | 7 | 0 | 1,002 | 1,034 | 3 | 55 | 1,873 | 1,874 | 0 |
| Non-controlling interest | 2 | 3 | 3 | | | 9 | 7 | (23) | 41 | 14 | 16 | 12 |
| Net profit | 2,033 | 2,085 | 1,734 | (15) | (17) | 4,089 | 3,819 | (7) | 51 | 7,602 | 7,482 | (2) |
| EPS (THB) | 2.40 | 2.46 | 2.05 | (15) | (17) | 4.83 | 4.51 | (7) | 51 | 8.98 | 8.84 | (2) |
| Key ratios | 2Q22 | 1Q23 | 2Q23E | ---- Change ---- | | 1H22 | 1H23E | | | 2022 | 2023E | |
| Asset quality ratio | (%) | (%) | (%) | (y-y%) | (q-q%) | (%) | (%) | | | (%) | (%) | |
| Gross NPLs (THB m) | 10,951 | 13,660 | 14,000 | 28 | 2 | 10,951 | 14,000 | | | 13,031 | 13,943 | |
| <i>Change (% from prior period)</i> | 7.7 | 4.8 | 2.5 | | | 5.9 | 27.8 | | | 27.9 | 7.0 | |
| NPL ratio (%) - reported | 3.20 | 3.50 | 3.55 | | | | | | | 3.40 | | |
| NPL ratio (%)* | 3.26 | 3.56 | 3.54 | | | 3.26 | 3.54 | | | 3.49 | 3.39 | |
| Coverage ratio (%) - reported | 169 | 152 | | | | | | | | 154 | | |
| Coverage ratio (%)* | 159 | 143 | 143 | | | 159 | 143 | | | 146 | 158 | |
| Credit cost (bp) | 138 | 234 | 241 | | | 161 | 250 | | | 148 | 125 | |
| Profitability ratio | (%) | (%) | (%) | | | (%) | (%) | | | (%) | (%) | |
| Cost to income ratio | 45.8 | 46.7 | 50.4 | | | 44.6 | 48.5 | | | 47.3 | 50.4 | |
| Average yield (%) | 5.06 | 5.86 | 5.89 | | | 5.36 | 5.99 | | | 5.43 | 5.91 | |
| Cost of funds (%) | 1.12 | 1.68 | 1.70 | | | 1.16 | 1.74 | | | 1.20 | 1.72 | |
| NIM (%)* | 4.08 | 4.38 | 4.41 | | | 4.35 | 4.48 | | | 4.38 | 4.40 | |
| Non-int inc/total income (%) | 27.2 | 24.7 | 21.8 | | | 30.3 | 23.3 | | | 30.7 | 25.8 | |
| Loan growth | (%) | (%) | (%) | | | (%) | (%) | | | (%) | (%) | |
| Year-to-date | 9.6 | 2.8 | 5.9 | | | 9.6 | 5.9 | | | | | |
| y-y | 19.2 | 17.4 | 17.6 | | | | | | | 21.7 | 10.0 | |
| q-q | 2.9 | 2.8 | 3.0 | | | | | | | | | |

*FSSIA's calculation

Sources: KKP; FSSIA estimates

Thailand Banks - Concerns over asset quality prevail over positive rate hikes

Rising interest rates should spur sector performance through 1H24

The interest rate uptrend is nearly ending, with the policy rate possibly climbing up another 25bp to 2.25% during 4Q23 (we have already factored this into our forecast). Thus, the sector's earnings should continually stand to benefit from this situation through 1H24, especially the big banks. Key drivers are their favourable lending and funding structures and role as net lenders in money markets. Furthermore, ample liquidity since the Covid pandemic should benefit the sector's net interest income (NII) and net interest margin (NIM) expansion. However, we should not overlook the potential downside risks from asset quality. We expect the NPL ratio to rise further in 2H23 and credit costs to remain high (especially for big banks). However, we expect this to be manageable under the banks' proactive asset quality management.

We like BBL and TTB best based on their respective driving forces

After the interest rate hike story fades, we expect BBL and TTB to continue delivering strong earnings growth. We like BBL for its solid growth potential from its international banking business, confirmed by earnings before taxes (EBT) and average total asset growth over the past 10 years which showed higher growth rates than domestic banking. We favour TTB for the healthy improvement in its NIM that came from recycling liquidity from low-yield (corporate) loans into new loans in high-yield segments for a better loan mix, and its potential to boost fee income from digital channels.

NEUTRAL weight call – BBL and TTB are our top picks

We initiate coverage of Thailand's banking sector with a NEUTRAL weight call. We expect the aggregate 2023 net profit for the seven banks under our coverage to increase by 16.2% y-y, slightly better than Bloomberg's consensus estimate of 12% y-y earnings growth for the SET. Though most banks continue to trade below their five-year average P/BV and under their book value per share (BVS), we think this is unlikely to trigger a valuation re-rating for the sector in the near term. BBL and TTB are our top BUY calls.

Exhibit 9: Summary of recommendations and key valuations

| Company name | BBG code | Rec | Share price (LCY) | Target price (LCY) | Upside (%) | Market Cap. (THB b) | PE | | PBV | | ROE | | Div yld | |
|--------------------------|----------|------|-------------------|--------------------|------------|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | | | | | | 23E (x) | 24E (x) | 23E (x) | 24E (x) | 23E (%) | 24E (%) | 23E (x) | 24E (x) |
| Bangkok Bank | BBL TB | BUY | 158.00 | 197.00 | 25 | 301.3 | 8.0 | 7.4 | 0.6 | 0.5 | 7.2 | 7.3 | 3.7 | 4.0 |
| Kasikornbank | KBANK TB | BUY | 132.50 | 150.00 | 13 | 313.6 | 7.9 | 7.1 | 0.6 | 0.6 | 7.9 | 8.2 | 3.6 | 4.0 |
| Krung Thai Bank | KTB TB | BUY | 19.60 | 23.10 | 18 | 273.6 | 7.2 | 6.9 | 0.7 | 0.6 | 9.7 | 9.6 | 4.0 | 4.2 |
| SCB X | SCB TB | BUY | 108.50 | 123.00 | 13 | 364.9 | 8.3 | 7.6 | 0.8 | 0.7 | 9.4 | 9.7 | 6.7 | 6.9 |
| TMBThanachart Bank | TTB TB | BUY | 1.56 | 1.83 | 17 | 150.8 | 9.2 | 8.5 | 0.7 | 0.6 | 7.3 | 7.6 | 5.4 | 5.9 |
| Kiatnakin Bank | KKP TB | HOLD | 60.00 | 65.00 | 8 | 50.7 | 6.8 | 6.0 | 0.8 | 0.7 | 12.4 | 12.8 | 5.4 | 6.3 |
| Tisco Financial Group | TISCO TB | BUY | 97.25 | 111.00 | 14 | 77.8 | 10.4 | 9.9 | 1.8 | 1.7 | 17.2 | 17.8 | 8.2 | 8.5 |
| Thailand coverage | | | | | 17 | 1,532.7 | 9.7 | 9.0 | 0.8 | 0.8 | 8.6 | 8.8 | 4.0 | 4.3 |

Share prices as of 14 Jul 2023

Source: FSSIA estimates

Exhibit 10: Summary of 2Q23 earnings preview

| | 2Q23E (THB m) | 1Q23 (THB m) | 2Q23E (q-q%) | 2Q22 (THB m) | 2Q23E (y-y%) | 1H23E (THB m) | 1H22 (THB m) | 1H23E (y-y%) | 2023E (THB m) | 2Q23E (% of 23E) |
|-----------------|---------------|---------------|--------------|---------------|--------------|----------------|---------------|--------------|----------------|------------------|
| BBL | 9,992 | 10,129 | -1.4% | 6,961 | 43.5% | 20,122 | 14,079 | 42.9% | 37,924 | 53% |
| KBANK | 10,915 | 10,741 | 1.6% | 10,794 | 1.1% | 21,656 | 22,005 | -1.6% | 40,768 | 53% |
| KTB | 10,202 | 10,067 | 1.3% | 8,358 | 22.1% | 20,269 | 17,139 | 18.3% | 37,796 | 54% |
| SCB | 11,173 | 10,995 | 1.6% | 10,051 | 11.2% | 22,168 | 20,095 | 10.3% | 44,242 | 50% |
| TTB | 4,357 | 4,295 | 1.4% | 3,438 | 26.7% | 8,651 | 6,633 | 30.4% | 16,446 | 53% |
| KKP | 1,734 | 2,085 | -16.8% | 2,033 | -14.7% | 3,819 | 4,089 | -6.6% | 7,482 | 51% |
| TISCO | 1,854 | 1,793 | 3.4% | 1,848 | 0.3% | 3,646 | 3,644 | 0.1% | 7,462 | 49% |
| Coverage | 50,227 | 50,104 | 0.25% | 43,484 | 15.5% | 100,331 | 87,683 | 14.4% | 192,120 | 52% |

Sources: Company data; FSSIA estimates

Exhibit 11: 2Q23 results preview

| Year-end Dec 31 | BBL (THB m) | KBANK (THB m) | KTB (THB m) | SCB (THB m) | TTB (THB m) | KKP (THB m) | TISCO* (THB m) | Coverage (THB m) |
|--------------------------------------|----------------|------------------|----------------|----------------|----------------|----------------|-------------------|---------------------|
| Net interest income | 30,274 | 36,173 | 26,578 | 29,701 | 13,731 | 5,444 | 3,420 | 145,320 |
| Non-interest income | 9,545 | 10,015 | 8,911 | 10,746 | 3,466 | 1,515 | 1,324 | 45,522 |
| <i>Fee income - net</i> | 7,166 | 7,665 | 5,241 | 8,852 | 2,551 | 1,219 | 1,152 | 33,845 |
| Total operating income | 39,818 | 46,188 | 35,488 | 40,447 | 17,197 | 6,959 | 4,743 | 190,842 |
| Total operating expenses | 19,129 | 19,485 | 13,708 | 17,028 | 7,553 | 3,505 | 2,378 | 82,787 |
| PPOP before tax | 20,689 | 26,703 | 21,780 | 23,419 | 9,644 | 3,454 | 2,366 | 108,055 |
| Expected credit loss | 7,900 | 12,400 | 8,100 | 9,000 | 4,280 | 1,200 | 63 | 42,943 |
| Income tax | 2,686 | 2,603 | 2,558 | 3,172 | 1,008 | 517 | 449 | 12,993 |
| Non-controlling interest | 111 | 785 | 920 | 74 | (1) | 3 | 0 | 1,892 |
| Net profit | 9,992 | 10,915 | 10,202 | 11,173 | 4,357 | 1,734 | 1,854 | 50,227 |
| EPS (THB) | 5.235 | 4.607 | 0.730 | 3.318 | 0.045 | 2.048 | 2.315 | - |
| Key ratios | | | | | | | | |
| Asset quality ratio | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) |
| Gross NPLs (THB m) | 99,359 | 86,640 | 105,042 | 95,753 | 42,007 | 14,000 | 5,065 | 447,866 |
| <i>Change (% from prior period)</i> | 1.0 | (1.1) | 2.4 | 0.6 | 0.0 | 2.5 | 7.9 | 0.9 |
| NPL ratios (%) - reported | | | | | | | 2.20 | |
| NPL ratio (%) | 3.78 | 3.48 | 4.03 | 3.95 | 3.12 | 3.54 | 2.20 | 3.70 |
| Coverage ratio (%) - reported | | | | | | | 224 | |
| Coverage ratio (%) | 257 | 155 | 177 | 157 | 140 | 143 | 224 | 182 |
| Credit cost (bp) | 120 | 200 | 125 | 149 | 127 | 241 | 11 | 142 |
| Profitability ratio | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) |
| Cost to income ratio | 48.0 | 42.2 | 38.6 | 42.1 | 43.9 | 50.4 | 50.1 | 43.4 |
| Average yield (%) | 4.03 | 4.30 | 4.11 | 4.52 | 4.24 | 5.89 | 6.44 | 4.31 |
| Cost of funds (%) | 1.62 | 1.13 | 1.22 | 1.19 | 1.32 | 1.70 | 1.80 | 1.33 |
| NIM (%) - reported | | | | | | | 5.02 | |
| NIM (%) | 2.73 | 3.53 | 3.06 | 3.54 | 3.10 | 4.41 | 5.01 | 3.25 |
| Non-interest income/total income (%) | 24.0 | 21.7 | 25.1 | 26.6 | 20.2 | 21.8 | 27.9 | 23.9 |
| Liquidity ratio | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) |
| Loan to deposit | 83.0 | 90.4 | 99.7 | 97.1 | 97.4 | 115.7 | 115.6 | 93.6 |
| Loan to deposit & borrowing (LDBR) | 78.3 | 79.8 | 94.2 | 94.9 | 87.8 | 96.2 | 108.0 | 86.9 |
| Capital adequacy ratio | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) |
| CAR | | | | | | | 20.2 | |
| CET 1/Risk assets | | | | | | | 16.9 | |
| Tier 2/Risk assets | | | | | | | 3.3 | |
| Loan growth | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) |
| Year-to-date | (2.1) | (0.2) | 0.6 | 2.0 | (2.3) | 5.9 | 5.2 | 0.0 |
| q-q | (0.5) | 1.0 | 1.0 | 1.1 | (1.0) | 3.0 | 4.7 | 0.6 |
| y-y | (1.0) | 0.0 | (1.0) | 2.8 | (3.5) | 17.6 | 13.4 | 0.4 |

TISCO's results were announced on 12 July 2023

Sources: Company data; FSSIA estimates

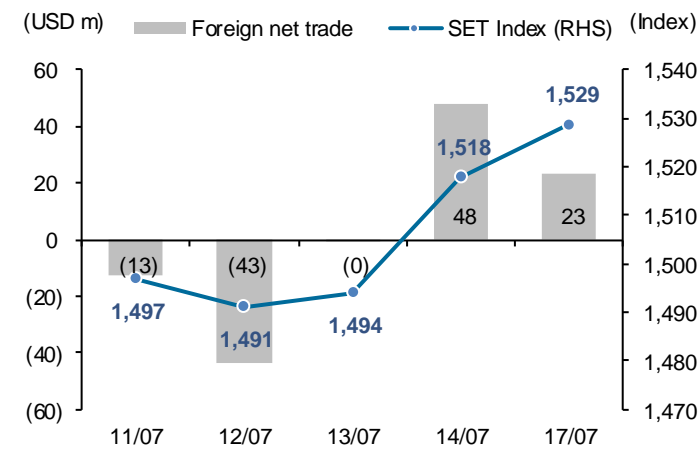
Economic news

- [Global debt dominates G20 finance talks](#) BANGKOK POST: GANDHINAGAR, India: G20 finance ministers and central bank chiefs opened talks Monday on debt restructuring deals, multilateral bank reform and finance to tackle climate change, as they aim to bolster a sagging global economy.
- [Calm approach on tax reforms urged](#) BANGKOK POST: The Finance Ministry's permanent secretary Krisada Chinavicharana is warning the new government that tax reforms to increase revenue must not cause a shock to the economy.
- [Key coalition figures launch charm offensive](#) BANGKOK POST: Key figures in the eight-party coalition reportedly contacted members of the current government and senators over the weekend to seek support for Move Forward Party (MFP) leader Pita Limjaroenrat ahead of the second round of voting to select a prime minister on Wednesday.
- [Srettha 'ready to be PM', looks to revive economy](#) BANGKOK POST: Srettha Thavisin, one of the Pheu Thai Party's three prime minister candidates, has declared himself ready to become prime minister if he wins the trust of his party to take on the top job.
- [Employment set to remain flat in H2](#) BANGKOK POST: Thailand's employment rate is expected to remain flat in the second half of this year as the global economy has turned sluggish, the country's tourism industry has yet to fully recover, and local politics remain uncertain, says the Employers' Confederation of Thai Trade and Industry (EconThai).
- [VAT reverse charge scheme in the pipeline](#) BANGKOK POST: The Revenue Department is planning to launch a value-added tax (VAT) reverse charge scheme in the scrap metal industry to reduce the risk of refund fraud by January 2024, says director-general Lavaron Sangsnit.

Corporate news

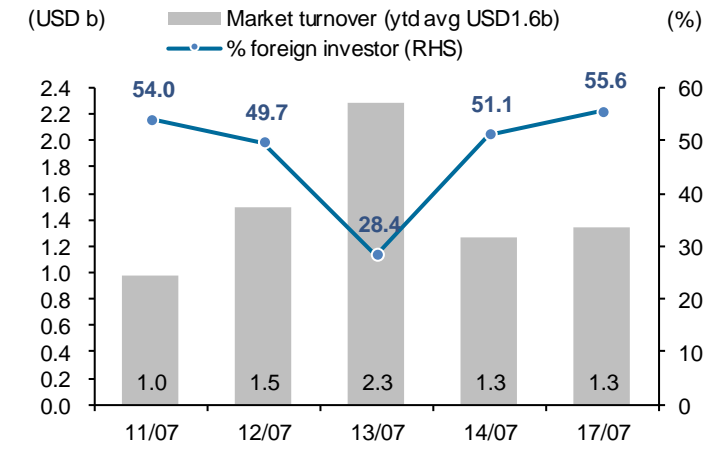
- [Nam to go ahead with SET listing](#) BANGKOK POST: Namwiwat Medical Corporation (Nam), a local sterilised medical equipment manufacturer and seller, is preparing for listing on the Stock Exchange of Thailand to raise funds to support growth, despite political uncertainty which has caused the SET index to fluctuate.
- [EA set to hike battery production capacity](#) BANGKOK POST: SET-listed Energy Absolute (EA), a renewable energy and electric vehicle (EV) developer and operator, plans to increase its EV battery manufacturing capacity to 8 gigawatt-hours a year to serve the growing EV market in Thailand.
- [Tourism set to fall short](#) BANGKOK POST: Tourism revenue from the international market in 2024 will not be able to match the level recorded in 2019, as the target has been downgraded to 1.92 trillion baht from an earlier target of 2.29 trillion baht due to the impact of a "polycrisis", according to the Tourism Authority of Thailand (TAT).

Exhibit 12: Foreign fund flow and SET Index



Source: Bloomberg

Exhibit 13: Foreign participation



Source: Bloomberg

Exhibit 14: Index performance

| | SET Index | | Index performance (% change) | | | | | | | | | |
|-----------------------|-----------|--------|------------------------------|------|-------|----------|--------|----------|-----------|-----------|-----------|--|
| | Index | (%chg) | Energy | Bank | Comu | Commerce | Food | Property | Construct | Transport | Petrochem | |
| % of SET Index | | | 20% | 10% | 8% | 10% | 5% | 6% | 3% | 8% | 2% | |
| Current | 1,528.77 | 0.7 | (0.2) | 1.2 | 0.5 | 1.8 | 0.3 | 1.0 | 0.0 | 1.2 | (3.1) | |
| -5D | 1,496.89 | 2.1 | 3.0 | 2.5 | 3.6 | 2.2 | 1.3 | 1.2 | 1.1 | 0.8 | 0.8 | |
| -1M | 1,559.39 | (2.0) | 1.5 | 0.9 | 0.5 | (3.2) | (6.5) | (2.1) | (2.6) | (0.8) | 0.0 | |
| -3M | 1,593.85 | (4.1) | (5.0) | 6.0 | (3.8) | (5.4) | (6.0) | (7.9) | (0.2) | (3.9) | (4.1) | |
| -6M | 1,685.44 | (9.3) | (12.1) | 0.3 | (7.0) | (11.2) | (13.5) | (8.2) | (11.3) | (8.4) | (19.2) | |
| -1Y | 1,544.81 | (1.0) | (9.3) | 13.6 | (9.0) | 2.0 | (14.7) | 5.9 | (10.0) | (2.4) | (14.9) | |
| WTD | 1,517.92 | 0.7 | (0.2) | 1.2 | 0.5 | 1.8 | 0.3 | 1.0 | 0.0 | 1.2 | (3.1) | |
| MTD | 1,503.10 | 1.7 | 2.4 | 2.1 | 2.7 | 0.7 | (0.9) | 0.4 | 0.9 | (0.4) | 1.5 | |
| QTD | 1,503.10 | 1.7 | 2.4 | 2.1 | 2.7 | 0.7 | (0.9) | 0.4 | 0.9 | (0.4) | 1.5 | |
| End of 2022 | 1,668.66 | (8.4) | (13.2) | 2.4 | (4.4) | (10.7) | (13.1) | (10.5) | (8.4) | (7.9) | (14.7) | |

Source: Bloomberg

Exhibit 15: Trade by investor types

| | SET Index | | Exchange rate (USD:THB) | SET Index | | Equity trading / Net position | | | | Bond Net foreign (USD m) |
|----------------|-----------------|---------------|-------------------------|--------------------------------|--------------------------------|-------------------------------|----------------|-------------------|--------------------|--------------------------|
| | Index | Change (y-y%) | | Average daily turnover (THB m) | Average daily turnover (USD m) | Foreign (USD m) | Retail (USD m) | PropTrade (USD m) | Local Inst (USD m) | |
| 2019 | 1,579.84 | 1.0 | 31.06 | 52,468 | 1,689 | (1,496) | (662) | 477 | 1,681 | (502) |
| 2020 | 1,449.35 | (8.3) | 31.29 | 67,335 | 2,152 | (8,287) | 6,873 | 459 | 953 | (1,005) |
| 2021 | 1,657.62 | 14.4 | 32.00 | 88,443 | 2,764 | (1,632) | 3,630 | 435 | (2,330) | 6,550 |
| 2022 | 1,668.66 | 15.1 | 34.78 | 53,589 | 1,541 | 5,362 | (656) | 56 | (4,758) | 4,111 |
| 2023YTD | 1,528.77 | (8.4) | 34.26 | 54,454 | 1,589 | (3,327) | 2,166 | (171) | 1,331 | 740 |
| 1Q22 | 1,695.24 | 6.8 | 33.04 | 89,343 | 2,704 | 3,369 | (902) | 32 | (2,495) | 2,613 |
| 2Q22 | 1,568.33 | (1.2) | 34.40 | 70,765 | 2,057 | 72 | 126 | 10 | (212) | 663 |
| 3Q22 | 1,589.51 | (1.0) | 36.42 | 66,215 | 1,818 | 1,076 | (93) | (20) | (962) | 24 |
| 4Q22 | 1,668.66 | 0.7 | 36.37 | 57,767 | 1,588 | 1,443 | (533) | (115) | (792) | 2,928 |
| 1Q23 | 1,609.17 | (5.1) | 33.92 | 63,300 | 1,866 | (1,646) | 1,594 | (83) | 136 | 612 |
| 2Q23 | 1,503.10 | (4.2) | 34.48 | 47,432 | 1,376 | (1,461) | 593 | (120) | 987 | (178) |
| Jan-23 | 1,671.46 | 1.4 | 33.22 | 68,181 | 2,052 | 545 | 16 | 172 | (732) | 822 |
| Feb-23 | 1,622.35 | (3.7) | 34.05 | 63,203 | 1,856 | (1,273) | 836 | 34 | 404 | (1,115) |
| Mar-23 | 1,609.17 | (5.1) | 34.49 | 58,517 | 1,697 | (917) | 742 | (290) | 464 | 905 |
| Apr-23 | 1,529.12 | (8.3) | 34.27 | 44,594 | 1,301 | (231) | 222 | (16) | 24 | (608) |
| May-23 | 1,533.54 | (7.8) | 34.26 | 52,780 | 1,541 | (967) | 137 | (49) | 880 | 699 |
| Jun-23 | 1,503.10 | (4.2) | 34.92 | 44,923 | 1,286 | (263) | 234 | (55) | 83 | (269) |
| Jul-23 | 1,528.77 | (3.0) | 34.90 | 40,692 | 1,166 | (220) | (20) | 32 | 208 | 306 |
| 2023YTD | 1,528.77 | (7.8) | 34.26 | 54,454 | 1,589 | (3,327) | 2,166 | (171) | 1,331 | 740 |
| 11/07/2023 | 1,496.96 | | 34.82 | 34,189 | 982 | (13) | 3 | (9) | 18 | (102) |
| 12/07/2023 | 1,491.14 | | 34.92 | 52,288 | 1,498 | (43) | 2 | 2 | 39 | 36 |
| 13/07/2023 | 1,494.02 | | 34.57 | 40,448 | 1,170 | (0) | 4 | 9 | (12) | 43 |
| 14/07/2023 | 1,517.92 | | 34.63 | 43,640 | 1,260 | 48 | (85) | 7 | 31 | 19 |
| 17/07/2023 | 1,528.77 | | 34.62 | 46,463 | 1,342 | 23 | (58) | 10 | 24 | (34) |

Source: Bloomberg

Exhibit 16: Upcoming events

| Date Time | Event | | Survey | Actual | Prior |
|------------------|-----------------------------------|--------|--------|--------|----------|
| 07/17/2023 07/24 | Car Sales | Jun | -- | -- | 65088 |
| 07/21/2023 03:30 | Foreign Reserves | Jul-14 | -- | -- | \$217.9b |
| 07/21/2023 03:30 | Forward Contracts | Jul-14 | -- | -- | \$30.8b |
| 07/22/2023 07/28 | Customs Exports YoY | Jun | -- | -- | -4.60% |
| 07/22/2023 07/28 | Customs Imports YoY | Jun | -- | -- | -3.40% |
| 07/22/2023 07/28 | Customs Trade Balance | Jun | -- | -- | -\$1849m |
| 07/25/2023 07/27 | Capacity Utilization ISIC | Jun | -- | -- | 60.2 |
| 07/25/2023 07/27 | Mfg Production Index ISIC NSA YoY | Jun | -- | -- | -3.14% |
| 07/31/2023 03:00 | BoP Current Account Balance | Jun | -- | -- | -\$2766m |
| 07/31/2023 03:30 | Exports YoY | Jun | -- | -- | -5.90% |
| 07/31/2023 03:30 | Exports | Jun | -- | -- | \$24075m |
| 07/31/2023 03:30 | Imports YoY | Jun | -- | -- | -2.30% |
| 07/31/2023 03:30 | Imports | Jun | -- | -- | \$24020m |
| 07/31/2023 03:30 | Trade Balance | Jun | -- | -- | \$55m |
| 07/31/2023 03:30 | BoP Overall Balance | Jun | -- | -- | \$1018m |
| 08/01/2023 20:30 | S&P Global Thailand PMI Mfg | Jul | -- | -- | 53.2 |
| 08/02/2023 03:00 | BoT Benchmark Interest Rate | Aug-02 | -- | -- | 2.00% |
| 08/02/2023 03:30 | Business Sentiment Index | Jul | -- | -- | 51 |
| 08/06/2023 23:30 | CPI Core YoY | Jul | -- | -- | 1.32% |
| 08/06/2023 23:30 | CPI NSA MoM | Jul | -- | -- | 0.60% |
| 08/06/2023 23:30 | CPI YoY | Jul | -- | -- | 0.23% |
| 08/06/2023 08/15 | Consumer Confidence | Jul | -- | -- | 56.7 |
| 08/06/2023 08/15 | Consumer Confidence Economic | Jul | -- | -- | 51.2 |

Source: Bloomberg

Exhibit 17: Management trading

| Company | Management | Securities | Transaction | Shares | Price (THB) | Action | Value (THBm) |
|--|---------------------------|---------------|-------------|-------------|-------------|----------|--------------|
| KC Metalsheet (KCM) | Alumphol Charoenkit | Common Shares | 7/12/2023 | 497,900* | 0.43 | Buy | 0.09 |
| KC Metalsheet (KCM) | Alumphol Charoenkit | Common Shares | 7/12/2023 | 198,900 | 0.43 | Buy | 0.09 |
| KC Metalsheet (KCM) | Alumphol Charoenkit | Common Shares | 7/13/2023 | 45,900* | 0.43 | Buy | 0.01 |
| KC Metalsheet (KCM) | Alumphol Charoenkit | Common Shares | 7/13/2023 | 15,900 | 0.43 | Buy | 0.01 |
| Synnex Thailand (SYNEX) | Chananyarak Phetcharat | Common Shares | 7/14/2023 | 50,000 | 11.80 | Sell | 0.59 |
| Simat Technologies (SIMAT) | Boonlerd lewpornchai | Common Shares | 7/14/2023 | 20,000 | 1.66 | Buy | 0.03 |
| Nusasiri (NUSA) | Siriya Thepcharoen | Common Shares | 7/12/2023 | 101,216,326 | - | Transfer | n/a |
| Nusasiri (NUSA) | Visanu Thepcharoen | Common Shares | 7/12/2023 | 101,216,326 | - | Receive | n/a |
| CPN Retail Growth Leasehold REIT (CPNREIT) | Wallaya Chirathivat | Warrant | 7/14/2023 | 76,000 | 10.90 | Buy | 0.83 |
| WHA Premium Growth Reit (WHART) | Chaiwat Mankongdee | Warrant | 7/14/2023 | 5,000 | 10.70 | Sell | 0.05 |
| Thai Sugar Terminal (TSTE) | Prapas Chutimaworapan | Common Shares | 7/14/2023 | 38,000 | 9.55 | Buy | 0.36 |
| Bangkok Lab and Cosmetic (BLC) | Suvit Ngampoopun | Common Shares | 7/14/2023 | 200,000 | 5.83 | Buy | 1.17 |
| BGT Corporation (BGT) | Nantarika Chansue | Common Shares | 7/14/2023 | 80,000 | 0.97 | Buy | 0.08 |
| Prakit Holdings (PRAKIT) | Phisal Prahadangkura | Common Shares | 7/12/2023 | 2,500 | 12.40 | Sell | 0.03 |
| Prakit Holdings (PRAKIT) | Phisal Prahadangkura | Common Shares | 7/13/2023 | 2,700 | 12.42 | Sell | 0.03 |
| P.C.S. MACHINE GROUP HOLDING (PCSGH) | Korawut Chiwaprecha | Common Shares | 7/14/2023 | 20,000 | 4.59 | Buy | 0.09 |
| Major Development (MJD) | Petrada Poolvorlaks | Common Shares | 7/14/2023 | 1,400 | 1.37 | Buy | 0.00 |
| Smart Concrete (SMART) | Surapon Tirmariyabuit | Common Shares | 7/10/2023 | 100,000 | 0.75 | Buy | 0.08 |
| Haad Thip (HTC) | Colonel Patchara Rattakul | Common Shares | 7/13/2023 | 450,000 | 33.93 | Sell | 15.27 |
| Eason & Co (EASON) | Petcharat Eksangkul | Common Shares | 7/14/2023 | 20,000 | 1.21 | Buy | 0.02 |
| Eastern Power Group (EP) | Yuth Chinpakkul | Common Shares | 7/14/2023 | 300 | 2.98 | Buy | 0.00 |
| Osotspa (OSP) | Natee Osathanugrah | Common Shares | 7/14/2023 | 25,193,500* | 25.00 | Receive | 629.84 |
| Osotspa (OSP) | Natee Osathanugrah | Common Shares | 7/14/2023 | 25,193,500* | 25.00 | Receive | 629.84 |

Source: *Revoked by Reporter; SEC

Exhibit 18: Upcoming XR

| Symbol | X-Date | Announce Date | Rights for | Subscription Price | Unit | Subscription Ratio (Holding:New) | Subscription Period | Allotted Shares (Shares) |
|--------|------------|---------------|------------|--------------------|------|----------------------------------|-------------------------|--------------------------|
| APEX | 11/08/2023 | 26/06/2023 | Common | 0.05 | Baht | 1 : 2 | 01/09/2023 - 08/09/2023 | 8068998702 |
| JCK | 07/09/2023 | 07/07/2023 | Common | 0.3 | Baht | 1 : 1 | - | 3465833184 |
| JCK | 07/09/2023 | 07/07/2023 | Common | - | Baht | - | - | 693166636 |
| ALPHAX | 30/10/2023 | 15/05/2023 | Common | 0.25 | Baht | 1 : 1 | - | 4646406094 |

Source: SET

Exhibit 19: Upcoming XM

| Symbol | X-Date | Meeting Date | Type of Meeting | Agenda | Venue |
|--------|------------|--------------|-----------------|---|---|
| ALLY | 18/07/2023 | 29/08/2023 | EGM | Connected Transaction | The CDC Crystal Grand Ballroom , 2nd Floor, Building E, CDC Crystal Design Center, 888 Praditmanutham Road, Klong Chan Subdistrict, Bangkok District, Bangkok 10240 |
| SAK | 18/07/2023 | 08/08/2023 | EGM | Changing the director(s) | Electronic Media, live broadcast from the Company's head office, 49/47 Jetsadabadin Road, Tha It Sub-district, Mueang Uttaradit District, Uttaradit Province |
| HTC | 20/07/2023 | 23/08/2023 | EGM | Change of par value, the amendment to the Company's Memorandum of Association and the amendment to the Company's Articles of Association. | Meeting via electronic means, broadcasted from Praram 9 room, SC Park hotel, Wangthonglang District, Bangkok |
| M-CHAI | 24/07/2023 | 29/08/2023 | EGM | Change of par value | 3rd floor meeting room, Mahachai Hospital 927/43 kor Settakit 1 Road Tambon Mahachai Amphur Muang Samutsakorn |
| JCK | 25/07/2023 | 31/08/2023 | EGM | Capital increase, Connected transaction, Acquisition and disposition of assets | Through only electronic media |
| KCC | 27/07/2023 | 11/09/2023 | EGM | Shareholding and management restructuring | Bunga Meeting Room, Golden Tulip Sovereign Hotel, located at No. 92 Soi Rama 9 Hospital, Bangkok Sub-district, Huai Khwang District, Bangkok 10310 |

Source: SET

Exhibit 20: Upcoming XD

| Symbol | X-Date | Dividend (per Share) | Unit | Operation Period | Source of Dividend | Payment Date | Price | Div Yield | Par |
|---------|-----------|----------------------|------|-------------------------|--------------------|--------------|--------|-----------|-----|
| TMW | 21/7/2023 | 1.7 | Baht | 01/04/2022 - 31/03/2023 | NP | 11/8/2023 | 39.50 | 4.3% | 5 |
| VGI | 25/7/2023 | 0.04 | Baht | 01/10/2022 - 31/03/2023 | NP | 18/8/2023 | 2.86 | 1.4% | 0.1 |
| EPG | 31/7/2023 | 0.14 | Baht | 01/04/2022 - 31/03/2023 | NP | 18/8/2023 | 6.80 | 2.1% | 1 |
| KYE | 3/8/2023 | 4.1 | Baht | 01/04/2022 - 31/03/2023 | NP | 22/8/2023 | 297.00 | 1.4% | 10 |
| BTS | 7/8/2023 | 0.16 | Baht | 01/04/2022 - 31/03/2023 | NP | 25/8/2023 | 7.75 | 2.1% | 4 |
| PTL | 7/8/2023 | 0.27 | Baht | 01/04/2022 - 31/03/2023 | NP | 24/8/2023 | 14.50 | 1.9% | 1 |
| MSFT80X | 16/8/2023 | - | Baht | - | NP | 17/10/2023 | - | - | - |

Source: SET

Exhibit 21: New securities

| Warrants | Trade Date | Underlying | Market | Maturity Date | Initial Price (Baht) | Exercise Price (Baht) |
|----------|------------|------------|--------|---------------|----------------------|-----------------------|
| DCON-W3 | 18/07/2023 | DCON | SET | 04/07/2025 | - | 0.4 |

| Derivative Warrants | Trade Date | Underlying | Issuer | DW Type | Market | Maturity Date | Exercise Price (Baht) |
|---------------------|------------|------------|--------|---------|--------|---------------|-----------------------|
| AOT13C2312A | 18/07/2023 | AOT | KGI | Call | SET | 14/12/2023 | 93 |
| ESSO19C2312A | 18/07/2023 | ESSO | YUANTA | Call | SET | 15/12/2023 | 12.2 |
| GPSC41C2311B | 18/07/2023 | GPSC | JPM | Call | SET | 08/11/2023 | 67.5 |
| GULF41C2311B | 18/07/2023 | GULF | JPM | Call | SET | 08/11/2023 | 60 |
| JMT41C2311B | 18/07/2023 | JMT | JPM | Call | SET | 08/11/2023 | 46.75 |
| OSP41C2312A | 18/07/2023 | OSP | JPM | Call | SET | 14/12/2023 | 34 |
| PTG13C2312A | 18/07/2023 | PTG | KGI | Call | SET | 14/12/2023 | 12.8 |
| PTG41C2312A | 18/07/2023 | PTG | JPM | Call | SET | 14/12/2023 | 12.6 |
| RCL13C2312A | 18/07/2023 | RCL | KGI | Call | SET | 14/12/2023 | 31.75 |
| SET5013P2309D | 18/07/2023 | SET50 | KGI | Put | SET | 04/10/2023 | 800 |
| SIRI13C2312A | 18/07/2023 | SIRI | KGI | Call | SET | 14/12/2023 | 2.6 |
| SIRI13P2311A | 18/07/2023 | SIRI | KGI | Put | SET | 09/11/2023 | 1.37 |
| STEC19C2312A | 18/07/2023 | STEC | YUANTA | Call | SET | 15/12/2023 | 11.9 |
| VGI19C2312A | 18/07/2023 | VGI | YUANTA | Call | SET | 15/12/2023 | 3.76 |

Source: SET