

Thailand Banks

สินเชื่อพลิกมาโตเป็นบวกในเดือน ส.ค. 2023

- ธนาคารส่วนมากรายงานการเติบโตของสินเชื่อเป็นบวกในเดือน ส.ค. 2023 ยกเว้น KBANK
- เรายังมั่นใจเกี่ยวกับประมาณการกำไร 3Q23 ซึ่งได้ปัจจัยหนุนจากส่วนต่างดอกเบี้ย (NIM) ที่สูงขึ้นและต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ที่ลดลง
- คุณภาพสินทรัพย์ที่ตกต่ำจะขัดขวางการเพิ่มระดับการประเมินมูลค่าในระยะสั้น คงให้น้ำหนักเท่ากับตลาดโดยมี BBL และ KTB เป็นหุ้นเด่น

ธนาคารส่วนมากรายงานสินเชื่อสุทธิเพิ่มขึ้นยกเว้น KBANK

ธนาคาร 7 แห่งที่เราศึกษารายงานสินเชื่อสุทธิหลังหักสำรองผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) สำหรับเดือน ส.ค. 2023 ที่ 10.84 ล้าน ลบ. เพิ่มขึ้น 0.78% m-m แต่ลดลง 0.74% y-y และ 0.24% YTD ธนาคารส่วนมากรายงานสินเชื่อสุทธิโตในอัตราที่เพิ่มขึ้นในเดือน ส.ค. 2023 (โต m-m) ยกเว้น KBANK ซึ่งรายงานสินเชื่อสุทธิลดลง KTB BBL และ TISCO รายงานสินเชื่อสุทธิเพิ่มมากกว่าค่าเฉลี่ยในเดือนดังกล่าว KKP SCB and TTB รายงานสินเชื่อสุทธิเพิ่มเพียงเล็กน้อยตามลำดับ สินเชื่อสุทธิที่เพิ่มขึ้นส่วนมากเกิดจากการเติบโตของสินเชื่อบริษัท (BBL KTB SCB) และสินเชื่อภาครัฐ (KTB) ในขณะที่สินเชื่อ SME ลดลงเล็กน้อย (SCB KBANK TTB) ยกเว้น TISCO ซึ่งรายงานการเติบโตในสินเชื่อประเภทดังกล่าว (จากสินเชื่อสำหรับผู้จัดหน้ารถยนต์) ในทางตรงกันข้ามสินเชื่อรายย่อยกลับโตดี (TISCO TTB และ KTB ยกเว้น KKP SCB และ KBANK ซึ่งรายงานสินเชื่อรายย่อยลดลง)

เงินฝากลดลงต่อเนื่องโดยเฉพาะอย่างยิ่งสำหรับธนาคารขนาดใหญ่ (ยกเว้น SCB)

ในด้านเงินฝากตัวเลขคงค้างในเดือน ส.ค. 2023 อยู่ที่ 12.28 ล้าน ลบ. ลดลง 0.23% m-m and 1.43% y-y ส่วนตัวเลขสินเชื่อสุทธิแต่เพิ่ม 1.19% YTD ในรายละเอียด SCB TISCO และ KKP รายงานเงินฝากเพิ่มมากที่สุดในเดือนดังกล่าวเทียบกับ TTB KBANK และ BBL ซึ่งรายงานเงินฝากลดลงมากที่สุดตามลำดับ เงินฝากที่ลดลงส่วนมากเกิดจากเงินฝากสะสมทรัพย์เนื่องจากอัตราดอกเบี้ยค่อนข้างต่ำโดยตรงตัวที่ระดับเดิมในอดีต ด้วยเหตุดังกล่าวเงินฝากสะสมทรัพย์บางส่วนจึงถูกย้ายไปเป็นเงินฝากประจำเนื่องจากธนาคารพาณิชย์ส่วนมากปรับอัตราดอกเบี้ยเงินฝากประจำขึ้นตามการขึ้นอัตราดอกเบี้ยนโยบาย

คงมุมมองเชิงบวกต่อแนวโน้มผลประกอบการปี 2023

เราคงมุมมองเชิงบวกต่อแนวโน้มผลประกอบการของกลุ่มธนาคารใน 3Q23 เราคาดว่ากำไรก่อนสำรอง (PPOP) จะโตต่อเนื่องใน 3Q23 โดยได้ปัจจัยหนุนจากแนวโน้ม NIM ที่ปรับขึ้น เช่นเดียวกับกับการขึ้นอัตราดอกเบี้ยนโยบายเมื่อวันที่ 23 พ.ค. 2023 เป็นประโยชน์ต่อ NIM ของธนาคารใน 3Q23 การขึ้นอัตราดอกเบี้ยที่กำลังจะเกิดขึ้นน่าจะช่วยหนุน NIM อย่างต่อเนื่องใน 4Q23 โดยเฉพาะอย่างยิ่งเมื่อฤดูสินเชื่อกำลังจะมาถึง เราคาดว่า BBL จะรายงาน PPOP อยู่ในเกณฑ์ดีใน 3Q23 จาก NIM ที่ปรับขึ้นหลังการลดอัตราดอกเบี้ยเงินฝากสะสมทรัพย์ไป 20bp ตอนสิ้นไตรมาส 2Q23

คงให้น้ำหนักเท่ากับตลาดโดยมี BBL และ KTB เป็นหุ้นเด่น

เราคงให้น้ำหนักกลุ่มธนาคารไทยเท่ากับตลาด ธนาคารส่วนมากยังมีการซื้อขายต่ำกว่าค่า P/BV 5 ปีเฉลี่ยและมูลค่าทางบัญชีต่อหุ้นอย่างต่อเนื่อง อย่างไรก็ตามเราคิดว่า การขึ้นอัตราดอกเบี้ยจะไม่ทำให้เกิดการเพิ่มระดับการประเมินมูลค่าในระยะสั้นเนื่องจากคุณภาพสินทรัพย์ตกต่ำ เราคงแนะนำซื้อ TTB แม้ว่าหุ้นจะมี Upside ต่ำกว่า 10% เนื่องจากเราเห็นว่าปัจจัยพื้นฐานระยะสั้นไม่เปลี่ยน เราคงเลือก BBL เป็นหุ้นเด่นจากผลประกอบการของธุรกิจธนาคารทั้งในและต่างประเทศโดยมี KTB เป็นอีกหุ้นเด่นเนื่องจากธนาคารฯ เน้นกลุ่มผลตอบแทนสูงความเสี่ยงต่ำอย่างสินเชื่อเอกชนขนาดใหญ่



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Exhibit 1: Loan and deposit movement of banks under our coverage in August 2023

	Bangkok Bank	Kasikorn bank	Kiatnakin Bank	Krung Thai Bank	Siam Commercial Bank	TISCO Financial Group	TMB Thanachart Bank	Coverage
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Growth (m-m %)								
Loan	1.59	(0.31)	0.64	1.69	0.49	0.79	0.26	0.78
Deposit	(0.13)	(2.00)	2.07	(0.03)	2.35	2.16	(2.82)	(0.23)
Deposit + Borrowing	(0.00)	(1.90)	1.24	(0.08)	2.29	1.72	(2.83)	(0.22)
Growth (y-y %)								
Loan	(4.47)	(3.93)	11.87	(0.56)	3.98	10.75	(2.31)	(0.74)
Deposit	(0.98)	(0.74)	2.78	(1.74)	(3.13)	15.84	(3.12)	(1.43)
Deposit + Borrowing	(2.20)	0.04	6.21	(2.11)	(1.54)	13.22	(4.01)	(1.30)
Growth (YTD %)								
Loan	(1.17)	(3.05)	5.47	(0.03)	2.37	6.59	(1.40)	(0.24)
Deposit	(1.57)	(2.62)	4.59	(0.61)	(2.28)	8.58	(4.42)	1.19
Deposit + Borrowing	(1.42)	(1.84)	5.69	(0.46)	(0.76)	6.16	(4.36)	1.61
LDR (%)	77.51	83.09	111.39	91.53	92.14	108.92	97.53	88.29

Sources: Company data; FSSIA's compilation

Exhibit 2: 3Q23 earnings preview of Thai banks under coverage

Year end Dec 31	BBL	KBANK	KTB	SCB	TTB	KKP	TISCO	Coverage
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Net interest income	32,300	38,608	29,348	32,671	14,173	5,760	3,487	156,347
Non-interest income	10,305	10,858	8,012	11,041	3,907	2,066	1,474	47,663
Fee income - net	6,650	7,788	4,862	8,299	2,700	1,516	1,243	33,058
Total operating income	42,605	49,466	37,360	43,712	18,080	7,826	4,961	204,010
Total operating expenses	19,926	21,879	15,135	18,425	8,019	3,858	2,438	89,680
PPOP before tax	22,679	27,587	22,225	25,287	10,061	3,968	2,523	114,330
Expected credit loss	9,000	12,950	7,850	9,500	4,260	2,090	210	45,860
Income tax	2,736	2,796	2,961	3,473	1,114	366	451	13,897
Non-controlling interest	112	750	912	60	0	3	0	1,838
Net profit	10,830	11,092	10,502	12,254	4,687	1,508	1,862	52,735
EPS (THB)	5.674	4.681	0.751	3.639	0.048	1.781	2.326	
Key ratios	3Q23E	3Q23E	3Q23E	3Q23E	3Q23E	3Q23E	3Q23E	3Q23E
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Gross NPLs (THB m)	92,285	95,500	99,310	93,028	40,219	15,628	5,365	441,335
Change (% from prior period)	(1.1)	1.8	0.5	0.0	(1.2)	4.7	5.9	0.4
NPL ratios (%) - reported								
NPL ratio (%)*	3.39	3.88	3.84	3.79	2.93	3.82	2.28	3.61
Coverage ratio (%) - reported							206	
Coverage ratio (%)*	298	139	171	165	144	134	206	186
Credit cost (bp)	133	211	122	156	125	295	36	151
Profitability ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Cost to income ratio	46.8	44.2	40.5	42.2	44.4	49.3	49.1	44.0
Average yield (%)	4.45	4.72	4.49	4.94	4.48	6.39	6.66	4.70
Cost of funds (%)	1.82	1.26	1.30	1.28	1.50	2.01	2.07	1.47
NIM (%) - reported								
NIM (%)*	2.94	3.79	3.37	3.89	3.19	4.64	5.02	3.50
Non-interest income/total income (%)	24.2	22.0	21.4	25.3	21.6	26.4	29.7	23.4
Liquidity ratio	(%)	0.00%	(%)	(%)	(%)	(%)	(%)	(%)
Loan to deposit	85.4	89.9	100.0	100.4	99.3	120.0	117.1	95.0
Loan to deposit & borrowing (LDBR)	80.6	80.4	94.2	96.1	89.7	99.3	109.9	88.1
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
CAR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CET 1/ Risk assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tier 2 / Risk assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loan growth	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
q-q	0.8	(0.1)	0.2	1.3	0.6	2.5	2.0	0.8
y-y	(2.8)	(1.3)	(1.1)	4.6	(1.6)	13.7	10.3	0.4
Year-to-date	1.4	0.5	(0.4)	3.2	(0.3)	9.5	7.4	1.0

Source: FSSIA estimates

Exhibit 3: Peers comparisons – Thai banks under coverage as of 21 September 2023

	BBG code	Rec	--- Share price ---		Up side	Market Cap	EPS growth		----- P/E -----		---- PBV ---		- Div Yld -		---- ROE ----	
			Current	Target			23E	24E	23E	24E	23E	24E	23E	24E	23E	24E
			(THB)	(THB)			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Bangkok Bank	BBL TB	BUY	165.00	197.00	19	8,770	29.4	8.2	8.4	7.8	0.6	0.6	3.5	3.8	7.2	7.3
Kasikornbank	KBANK TB	BUY	127.00	150.00	18	8,287	14.0	10.3	7.7	7.0	0.6	0.5	3.7	4.1	7.9	8.2
Kiatnakin Bank	KKP TB	HOLD	55.75	60.00	8	1,287	(13.2)	15.3	7.4	6.4	0.8	0.7	5.6	6.1	11.0	11.8
Krung Thai Bank	KTB TB	BUY	18.90	23.10	22	7,333	12.2	5.6	7.1	6.8	0.7	0.6	4.1	4.3	9.7	9.6
SCB X	SCB TB	BUY	108.50	123.00	13	9,674	17.8	8.4	8.8	8.1	0.8	0.8	6.3	6.5	9.4	9.7
Tisco Financial	TISCO TB	BUY	100.00	111.00	11	2,217	3.3	5.6	10.7	10.1	1.8	1.8	8.0	8.3	17.2	17.8
TMBThanachart Bank	TTB TB	BUY	1.70	1.83	8	4,544	15.9	8.1	10.1	9.4	0.7	0.7	4.9	5.3	7.3	7.6
Banks under coverage						42,113	15.7	8.3	9.9	9.1	0.8	0.8	4.0	4.2	8.6	8.8

*We extend our BUY call to TTB despite its upside of less than 10% because we see no changes in its near-term fundamentals;

Sources: Bloomberg consensus; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

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**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The CG Score indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the Thai IOD website in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The five underlying categories and weighting used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 50-59), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "AGM Checklist" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The Checklist contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of 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.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A CAC certified member is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member start with by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the CAC Council for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (THSI) quantifies responsibility in Environmental, and Social issues, by managing business with transparency in Governance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: Economic (CG, risk management, customer relation management, supply chain management, and innovation); Environmental (environmental management, eco-efficiency, and climate risk); Social (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the THSI list, the SET further developed a sustainability SETTHSI Index in June 2018 from selected THSI companies whose 1) market capitalisation > 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.

Sources: SEC; Thai IOD; Thai CAC; SET; FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association (Thai IOD) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association (TIA) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption (CAC) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List (THSI), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – Wikipedia – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 167.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kasikornbank	KBANK TB	THB 130.50	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 Bank	KKP TB	THB 57.75	HOLD	Downside risks to our GGM-based target price include weakening asset quality and lower fee income and upside risks include better capital market conditions, higher used car price, and strengthening asset quality.
Krung Thai Bank	KTB TB	THB 19.30	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
SCB X	SCB TB	THB 116.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Tisco Financial	TISCO TB	THB 99.50	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.
TMBThanachart Bank	TTB TB	THB 1.72	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 21-Sep-2023 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.