

TMBTHANACHART BANK

TTB TB

THAILAND / BANKING

BUY
UNCHANGED

3Q23 results at first glance

ผลประกอบการ 3Q23 ใกล้เคียงกับที่เราคาด

TTB รายงานกำไรสุทธิ 3Q23 อยู่ที่ 4.73 พัน ลบ. (+3.7% q-q, +27.5% y-y) ส่วนมากเกิดจากรายได้ดอกเบี้ยสุทธิที่สูงขึ้น ส่วนต่างดอกเบี้ย (NIM) ที่สูงเกินคาดและสัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้ (Cost-to-income ratio) ที่ต่ำกว่าคาด ในภาพรวมคุณภาพสินทรัพย์ไม่หนักงวด สัดส่วนหนี้ต่อคุณภาพ (NPL ratio) และต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ออกมาใกล้เคียงกับเป้าของ TTB และประมาณการของเรา กำไร 9M23 คิดเป็น 83% ของประมาณการปี 2023 ซึ่งเราคงไว้ตามเดิม

Highlights

(+) **รายได้ดอกเบี้ยสุทธิ** เพิ่ม 4.1% q-q และ 13.1% y-y ดีกว่าคาดเล็กน้อย สินเชื่อรวมค่อนข้างทรงตัวเมื่อเทียบกับ 2Q23 แต่ยังคงลด 1.0% YTD สินเชื่อเพื่อการพาณิชย์ที่ให้ผลตอบแทนต่ำขยายตัวลดลงในขณะที่การเติบโตของสินเชื่อรายย่อยที่ให้ผลตอบแทนสูงเร่งตัวขึ้นโดยเฉพาะอย่างยิ่งสินเชื่อรถแลกเงิน (CYC) บ้านแลกเงิน (CYH) และสินเชื่อเพื่อการอุปโภคบริโภค นอกจากนี้ NIM ยังขยายตัวมากกว่าคาดอย่างต่อเนื่องเป็น 3.34% (+16bp) โดยได้ประโยชน์จากสัดส่วนสินเชื่อ (Loan mix) ที่เปลี่ยนไปและการขึ้นอัตราดอกเบี้ยในช่วงปลายเดือน พ.ค. 2023 ซึ่งช่วยหนุนผลตอบแทนสินทรัพย์ทำกำไร ในขณะที่ Pre-funding deposit initiative ช่วยควบคุมต้นทุนจากแรงกดดันจากอัตราดอกเบี้ยเงินฝากและต้นทุนในการกู้ยืมที่ปรับขึ้นจากการแข่งขันในตลาด

(-) **รายได้ค่าธรรมเนียม** ลดลง 5.8% q-q และ 1.1% y-y (ต่ำกว่าคาด) ส่วนมากเกิดจากค่าธรรมเนียมที่ลดลงจากรัฐกิจพาณิชย์ สินเชื่อรถยนต์ Bancassurance และกองทุนรวม นอกจากนี้รายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (Non-NII) ยังลดลงจากกำไรที่ลดลงจากเครื่องมือทางการเงินจากการตีมูลค่ายุติธรรมผ่านกำไรขาดทุน (FVTPL)

(+) **ค่าใช้จ่ายในการดำเนินงาน** ลดลง 1.1% q-q และ 4.4% y-y (ดีกว่าคาด) Cost-to-income ratio (CTI) ยังคงค่อนข้างทรงตัวจาก 2Q23 ที่ 44.4%

(0) **คุณภาพสินทรัพย์** เราไม่มีความกังวลในปัจจุบันดังกล่าว แม้ว่า NPL จะเริ่มปรับขึ้นเล็กน้อยในกลุ่มสินเชื่อรถยนต์มือสองและรถยนต์ใหม่ ธนาคารฯ มีการควบคุมการอนุมัติสินเชื่อใหม่อย่างเข้มงวด NPL ratio ใน 3Q23 อยู่ที่ 2.96% ลดลงจาก 2.99% ใน 2Q23 ในขณะที่ Credit cost ปรับขึ้นเล็กน้อยเป็น 128bp จาก 125bp ใน 2Q23 สัดส่วนสำรองต่อหนี้ต่อคุณภาพ (Coverage ratio) ยังคงค่อนข้างทรงตัวจาก 2Q23 ที่ 144bp Credit cost ในช่วง 9M23 อยู่ที่ 124bp ยังต่ำกว่าประมาณการปี 2023 ของเราที่ 135bp และเป้าของธนาคารฯ ที่ 125-135bp

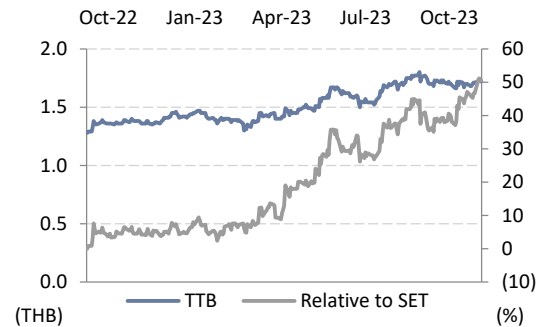
(+) **แนวโน้ม 4Q23.** เรามีความมั่นใจในแนวโน้มกำไรสุทธิ 4Q23 ของ TTB โดยคาดว่ากระแสที่ติดลบจะอยู่ต่อเนื่องจาก 3Q23 โดยส่วนมากน่าจะมาจาก NIM ที่สูงขึ้นซึ่งอาจช่วยชดเชยค่าใช้จ่ายดำเนินงานที่ปรับขึ้นตามฤดูกาลได้บางส่วนและทำให้ผลประกอบการปี 2023 สูงกว่าที่เราคาด

เราคงคำแนะนำซื้อสำหรับ TTB ราคาเป้าหมายปี 2024 ของเราที่ 1.91 บาท (GGM) คิดเป็นค่า P/BV ที่ 0.77x

TARGET PRICE	THB1.83
CLOSE	THB1.72
UP/DOWNSIDE	+6.4%
TP vs CONSENSUS	+3.2%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	17,547	20,328	21,943	23,858
Net profit	14,195	16,446	17,774	19,325
EPS (THB)	0.15	0.17	0.18	0.20
vs Consensus (%)	-	(5.0)	(5.3)	1.0
Recurring net profit	14,195	16,446	17,774	19,325
Core EPS (THB)	0.15	0.17	0.18	0.20
EPS growth (%)	35.3	15.9	8.1	8.7
Core P/E (x)	11.7	10.1	9.4	8.6
Dividend yield (%)	4.2	4.9	5.3	5.8
Price/book (x)	0.8	0.7	0.7	0.7
ROE (%)	6.6	7.3	7.6	7.9
ROA (%)	0.8	0.9	0.9	1.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	5.5	38.7
Relative to country (%)	7.0	13.9	54.9
Mkt cap (USD m)	4,569		
3m avg. daily turnover (USD m)	18.3		
Free float (%)	39		
Major shareholder	Thanachart Capital PCL (24%)		
12m high/low (THB)	1.80/1.23		
Issued shares (m)	96,778		

Sources: Bloomberg consensus; FSSIA estimates



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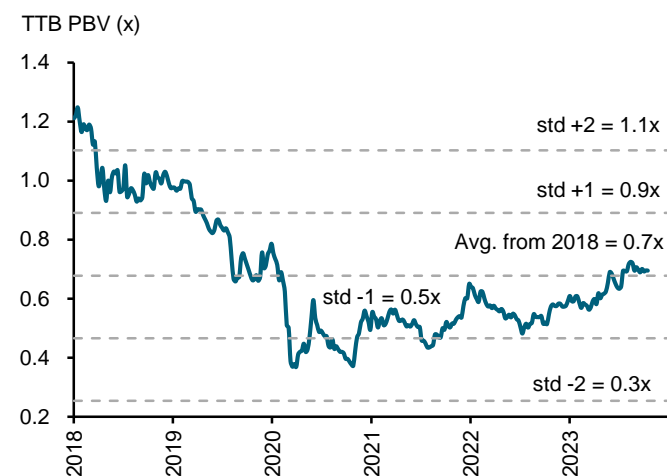
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Exhibit 1: TTB – 3Q23 results summary

Year end Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23	--- Change ---		9M22	9M23	Change	%of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y %)	23E	(THB m)	(y-y %)
Net interest income	12,968	13,826	13,502	14,093	14,665	4.1	13.1	37,791	42,259	11.8	75	56,682	9.8
Non-interest income	3,381	4,014	3,368	3,668	3,335	(9.1)	(1.4)	10,221	10,370	1.5	71	14,589	2.5
Fee income - net	2,534	2,750	2,559	2,659	2,505	(5.8)	(1.1)	7,641	7,724	1.1	73	10,586	1.9
Total operating income	16,349	17,840	16,870	17,760	18,000	1.3	10.1	48,012	52,630	9.6	74	71,271	8.2
Total operating expenses	7,447	8,256	7,303	7,863	7,777	(1.1)	4.4	21,696	22,944	5.8	71	32,225	7.6
PPOP before tax	8,902	9,584	9,567	9,897	10,222	3.3	14.8	26,316	29,686	12.8	76	39,045	8.8
Expected credit loss	4,361	4,802	4,276	4,244	4,354	2.6	(0.2)	13,551	12,874	(5.0)	69	18,717	2.0
Income tax	827	935	996	1,087	1,133	4.3	37.1	2,417	3,217	33.1	83	3,883	15.8
Non-controlling interest	0	0	0	0	-	n/a	n/a	-	0	n/a	167	0	10.0
Net profit	3,715	3,847	4,295	4,566	4,735	3.7	27.5	10,348	13,596	31.4	83	16,446	15.9
EPS (THB)	0.04	0.04	0.04	0.05	0.05	3.7	27.5	0.11	0.14	31.4	83	0.17	15.9
Key ratios	3Q22	4Q22	1Q23	2Q23	3Q23	--- Change ---		9M22	9M23	Change		2023E	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y %)		(%)	
Gross NPLs (THB m)	41,899	41,707	42,006	40,719	40,279	(1.1)	(3.9)	41,899	40,279	(3.9)		42,090	0.9
Change (% from prior period)	1.4	(0.5)	0.7	(3.1)	(1.1)			1	(3.87)			0.9	
NPL ratios (%) - reported	2.72	2.69	2.63	2.63	2.67			2.72	2.67				
NPL ratio (%)*	3.01	3.03	3.09	2.99	2.96			3.01	2.96			3.01	
Coverage ratio (%) - reported	135	140	140	144	144			135	144				
Coverage ratio (%)*	135	138	140	144	144			135	144			133	
Credit cost (bp)	125	139	125	125	128			131.2	123.9	(7.3)		135	
Profitability ratio	(%)	(%)	(%)	(%)	(%)							(%)	
Cost to income ratio	45.6	46.3	43.3	44.3	43.2			45.2	43.6	(1.6)		45.2	
Average yield (%)	3.75	3.97	4.15	4.38	4.64			3.72	4.39	0.7		4.28	
Cost of funds (%)	0.92	0.96	1.29	1.39	1.47			0.91	1.37	0.5		1.33	
NIM (%) - reported	2.92	3.10	3.08	3.18	3.34			2.89	3.21	0.3			
NIM (%)*	2.94	3.13	3.04	3.17	3.36			2.92	3.19	0.3		3.13	
Non-NII/total income (%)	20.7	22.5	20.0	20.7	18.5			21.3	19.7	(1.6)		20.5	
Liquidity ratio	(%)	(%)	(%)	(%)	(%)							(%)	
Loan to deposit	101.5	98.3	96.8	97.7	102.5			101.5	102.5			96.0	
Loan to deposit & borrowing (LDBR)	90.2	89.1	87.9	88.6	91.9			90.2	91.9			92.2	
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)							(%)	
CAR	20.0	20.0	19.9	19.8	19.9			20.0	19.9			20.5	
CET 1/ Risk assets	15.1	15.7	15.7	15.6	16.3			15.1	16.3			16.4	
Tier 2 / Risk assets	4.0	3.7	3.7	3.6	3.6			4.0	3.6			3.5	
Loan growth	(%)	(%)	(%)	(%)	(%)							(%)	
q-q	0.1	(1.3)	(1.3)	0.4	(0.1)								
y-y	2.5	0.4	(0.6)	(2.1)	(2.2)			2.5	(1.3)			1	
Year-to-date	1.7	0.4	(1.3)	(0.9)	(1.0)			1.7	(1.0)				

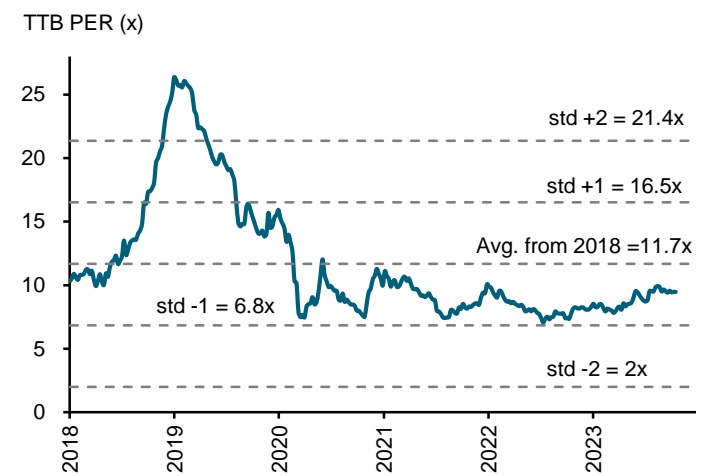
Sources: TTB; FSSIA's compilation

Exhibit 2: TTB – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 3: TTB – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Financial Statements

TMBThanachart Bank

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	64,239	65,627	77,655	82,763	85,424
Interest expense	(13,240)	(14,010)	(20,973)	(23,204)	(23,732)
Net interest income	51,000	51,617	56,682	59,559	61,692
Net fees & commission	11,248	10,391	10,586	10,904	11,231
Foreign exchange trading income	-	-	-	-	-
Securities trading income	1,662	1,699	1,793	1,847	1,902
Dividend income	0	0	0	0	0
Other income	1,626	2,145	2,210	2,276	2,344
Non interest income	14,537	14,236	14,589	15,026	15,477
Total income	65,537	65,852	71,271	74,585	77,170
Staff costs	(16,480)	(16,006)	(17,287)	(17,978)	(18,518)
Other operating costs	(14,739)	(13,946)	(14,938)	(15,619)	(16,087)
Operating costs	(31,219)	(29,952)	(32,225)	(33,597)	(34,605)
Pre provision operating profit	34,318	35,900	39,045	40,988	42,565
Expected credit loss	(21,514)	(18,353)	(18,717)	(19,045)	(18,706)
Other provisions	-	-	-	-	-
Operating profit	12,804	17,547	20,328	21,943	23,858
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	-	-	-	-	-
Profit before tax	12,804	17,547	20,328	21,943	23,858
Tax	(2,327)	(3,352)	(3,883)	(4,169)	(4,533)
Profit after tax	10,477	14,195	16,446	17,774	19,325
Non-controlling interest	(3)	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	10,474	14,195	16,446	17,774	19,325
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	10,474	14,195	16,446	17,774	19,325
Per share (THB)					
Recurring EPS *	0.11	0.15	0.17	0.18	0.20
Reported EPS	0.11	0.15	0.17	0.18	0.20
DPS	0.04	0.07	0.08	0.09	0.10
Growth					
Net interest income (%)	(5.2)	1.2	9.8	5.1	3.6
Non interest income (%)	(6.5)	(2.1)	2.5	3.0	3.0
Pre provision operating profit (%)	(7.7)	4.6	8.8	5.0	3.8
Operating profit (%)	3.8	37.0	15.9	7.9	8.7
Reported net profit (%)	3.6	35.5	15.9	8.1	8.7
Recurring EPS (%)	3.3	35.3	15.9	8.1	8.7
Reported EPS (%)	3.3	35.3	15.9	8.1	8.7
Income Breakdown					
Net interest income (%)	77.8	78.4	79.5	79.9	79.9
Net fees & commission (%)	17.2	15.8	14.9	14.6	14.6
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	2.5	2.6	2.5	2.5	2.5
Dividend income (%)	-	-	-	-	-
Other income (%)	2.5	3.3	3.1	3.1	3.0
Operating performance					
Gross interest yield (%)	3.72	3.76	4.28	4.41	4.43
Cost of funds (%)	0.85	0.92	1.38	1.47	1.46
Net interest spread (%)	2.87	2.84	2.90	2.94	2.97
Net interest margin (%)	3.0	3.0	3.1	3.2	3.2
Cost/income(%)	47.6	45.5	45.2	45.0	44.8
Cost/assets(%)	1.8	1.7	1.7	1.7	1.7
Effective tax rate (%)	18.2	19.1	19.1	19.0	19.0
Dividend payout on recurring profit (%)	35.1	49.8	50.0	50.0	50.0
ROE (%)	5.0	6.6	7.3	7.6	7.9
ROE - COE (%)	5.0	6.6	7.3	7.6	7.9
ROA (%)	0.6	0.8	0.9	0.9	1.0
RORWA (%)	0.9	1.2	1.4	1.4	1.5

* Pre-exceptional, pre-goodwill and fully diluted

Sources: TMBThanachart Bank ; FSSIA estimates

Financial Statements

TMBThanachart Bank

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	1,371,304	1,376,118	1,396,760	1,424,695	1,453,189
Allowance for expected credit loss	(54,472)	(57,390)	(56,107)	(55,152)	(53,858)
interest in suspense	7,369	7,777	7,962	8,121	8,283
Net customer loans	1,324,201	1,326,505	1,348,614	1,377,664	1,407,614
Bank loans	158,873	187,563	225,076	236,330	248,146
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	181,649	212,965	227,490	241,106	255,537
Cash & equivalents	16,011	15,506	18,145	16,516	14,999
Other interesting assets	-	-	-	-	-
Tangible fixed assets	21,625	19,788	21,767	22,420	23,093
Associates	-	-	-	-	-
Goodwill	22,819	22,890	23,577	24,284	25,013
Other intangible assets	-	-	-	-	-
Other assets	34,002	41,062	39,603	41,195	42,855
Total assets	1,759,181	1,826,279	1,904,273	1,959,514	2,017,256
Customer deposits	1,339,195	1,399,247	1,455,216	1,491,597	1,528,887
Bank deposits	84,966	84,770	89,008	90,789	92,604
Other interest bearing liabilities	68,398	59,644	60,241	60,843	61,452
Non interest bearing liabilities	55,785	63,611	69,637	76,252	83,514
Hybrid Capital	-	-	-	-	-
Total liabilities	1,548,345	1,607,271	1,674,102	1,719,480	1,766,457
Share capital	91,792	91,937	91,937	91,937	91,937
Reserves	119,043	127,069	138,232	148,096	158,861
Total equity	210,835	219,006	230,170	240,033	250,799
Non-controlling interest	1	1	1	1	1
Total liabilities & equity	1,759,181	1,826,279	1,904,273	1,959,514	2,017,257
Supplementary items					
Risk weighted assets (RWA)	1,228,574	1,185,415	1,236,040	1,271,896	1,309,376
Average interest earning assets	1,727,038	1,744,236	1,812,986	1,875,728	1,929,501
Average interest bearing liabilities	1,565,927	1,515,421	1,518,110	1,574,063	1,623,847
CET 1 capital	176,284	185,795	202,872	185,795	185,795
Total capital	225,341	229,097	246,174	229,097	229,097
Gross non performing loans (NPL)	42,120	41,707	42,090	42,174	42,259
Per share (THB)					
Book value per share	2.18	2.26	2.38	2.48	2.59
Tangible book value per share	1.95	2.03	2.13	2.23	2.33
Growth					
Gross customer loans	(1.6)	0.4	1.5	2.0	2.0
Average interest earning assets	(2.6)	1.0	3.9	3.5	2.9
Total asset (%)	(2.7)	3.8	4.3	2.9	2.9
Risk weighted assets (%)	3.4	(3.5)	4.3	2.9	2.9
Customer deposits (%)	(2.5)	4.5	4.0	2.5	2.5
Leverage & capital measures					
Customer loan/deposits (%)	98.9	94.8	92.7	92.4	92.1
Equity/assets (%)	12.0	12.0	12.1	12.2	12.4
Tangible equity/assets (%)	10.7	10.7	10.8	11.0	11.2
RWA/assets (%)	69.8	64.9	64.9	64.9	64.9
CET 1 CAR (%)	14.3	15.7	16.4	14.6	14.2
Total CAR (%)	18.3	19.3	19.9	18.0	17.5
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	6.4	(1.0)	0.9	0.2	0.2
NPL/gross loans (%)	3.1	3.0	3.0	3.0	2.9
Allowance for ECL/gross loans (%)	4.0	4.2	4.0	3.9	3.7
Allowance for ECL/NPL (%)	129.3	137.6	133.3	130.8	127.4
Valuation					
Recurring P/E (x) *	15.9	11.7	10.1	9.4	8.6
Recurring P/E @ target price (x) *	16.9	12.5	10.8	10.0	9.2
Reported P/E (x)	15.9	11.7	10.1	9.4	8.6
Dividend yield (%)	2.2	4.2	4.9	5.3	5.8
Price/book (x)	0.8	0.8	0.7	0.7	0.7
Price/tangible book (x)	0.9	0.8	0.8	0.8	0.7
Price/tangible book @ target price (x)	0.9	0.9	0.9	0.8	0.8

Sources: TMBThanachart Bank ; FSSIA estimates

TMBTHANACHART BANK PCL (TTB TB)

FSSIA ESG rating

★★★★

63.69 /100

Exhibit 4: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 5: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.2	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.1	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BBL	62.08	--	Y	Y	5.00	5.00	Certified	Medium	54.70	--	29.00	58.68	67.00	2.19	60.06
KBANK	84.17	Y	Y	Y	5.00	5.00	Certified	Medium	62.19	AA	46.00	73.83	83.00	4.05	59.77
KTB	63.10	--	Y	Y	5.00	5.00	Certified	Medium	53.59	BBB	34.00	64.64	64.00	2.12	59.11
SCB	62.57	Y	Y	Y	5.00	4.00	--	High	--	A	--	--	86.00	3.43	--
TTB	63.69	--	Y	Y	5.00	5.00	Certified	Medium	53.98	--	36.00	56.17	71.00	3.20	52.96

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 6: ESG score by Bloomberg

FY ending Dec 31	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores										
BESG ESG score	--	--	1.76	1.79	1.92	2.14	2.82	3.02	3.16	3.20
BESG environmental pillar score	--	--	0.00	0.00	0.08	0.08	0.38	0.68	0.82	0.82
BESG social pillar score	--	--	1.90	2.10	2.23	2.65	4.29	4.17	4.18	4.34
BESG governance pillar score	--	--	4.09	3.78	3.99	4.15	3.63	4.13	4.44	4.32
ESG disclosure score	29.76	30.59	41.00	41.34	43.27	43.64	45.73	48.75	48.75	52.96
Environmental disclosure score	0.42	0.42	17.09	17.09	17.43	17.76	17.76	19.48	19.48	32.14
Social disclosure score	10.64	10.64	24.67	25.70	31.14	31.92	31.92	39.27	39.27	39.27
Governance disclosure score	78.03	80.52	81.10	81.10	81.10	81.10	87.36	87.36	87.36	87.36
Environmental										
Emissions reduction initiatives	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
GHG scope 2 location-based	--	--	31	30	29	27	33	15	22	22
Biodiversity policy	No	No	No	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Waste reduction policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Environmental supply chain management	No	No	No	No	No	No	No	No	No	Yes
Water policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Exhibit 7: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
BESG ESG score	—	—	1.76	1.79	1.92	2.14	2.82	3.02	3.16	3.20
ESG disclosure score	29.76	30.59	41.00	41.34	43.27	43.64	45.73	48.75	48.75	52.96
Social										
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	No	No	No
Quality assurance and recall policy	No	No	No	No	No	No	No	No	No	No
Consumer data protection policy	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Community spending	—	—	47	48	51	70	330	253	283	491
No. of customer complaints	—	—	—	—	—	—	—	—	—	—
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pct women in workforce	—	—	70	70	71	71	71	69	69	68
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fatalities - employees	—	—	—	—	0	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No	No	No
No. of employees - CSR	9,015	8,854	9,270	8,980	8,547	8,373	8,135	8,838	15,102	14,620
Employee turnover pct	—	—	28	29	31	35	27	14	16	23
Total hours by firm - employee training	—	—	324,450	269,400	273,504	318,174	284,725	132,570	694,692	891,820
Social supply chain management	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Governance										
Board size	11	11	11	12	12	12	13	13	14	14
No. of independent directors (ID)	3	4	3	4	4	4	4	5	5	5
No. of women on board	1	1	0	0	0	1	0	1	2	3
No. of non-executive directors on board	10	10	10	11	11	11	8	8	13	13
Company conducts board evaluations	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	16	15	13	13	16	14	17	16	19	15
Board meeting attendance pct	86	94	89	84	88	93	92	95	99	99
Board duration (years)	3	3	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No	No	No
Age of the youngest director	55	56	57	57	57	48	48	49	50	51
Age of the oldest director	69	70	71	72	73	74	69	70	71	72
No. of executives / company managers	7	7	7	7	6	6	7	11	12	12
No. of female executives	0	0	0	0	1	2	3	4	5	5
Executive share ownership guidelines	No	No	No	No	No	No	No	No	No	No
Size of audit committee	2	3	2	3	3	3	3	3	3	3
No. of ID on audit committee	2	3	2	3	3	3	3	3	3	3
Audit committee meetings	20	14	14	12	12	12	15	25	13	13
Audit meeting attendance %	—	94	90	100	94	94	91	98	100	100
Size of compensation committee	4	4	4	4	4	4	4	5	5	5
No. of ID on compensation committee	2	2	2	2	2	2	1	2	2	2
No. of compensation committee meetings	15	15	14	12	14	14	13	12	12	12
Compensation meeting attendance %	97	97	95	88	94	89	97	95	97	97
Size of nomination committee	4	4	4	4	4	4	4	5	5	5
No. of nomination committee meetings	15	15	14	12	14	14	13	12	12	12
Nomination meeting attendance %	97	97	95	88	94	89	97	95	97	97
Sustainability governance										
Verification type	No	No	No	No	No	No	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

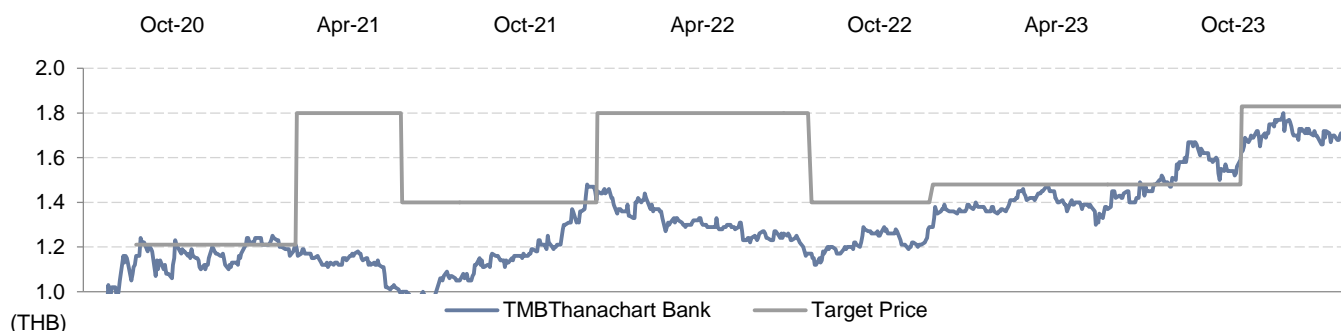
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History of change in investment rating and/or target price

TMBThanachart Bank (TTB TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Dec-2020	HOLD	1.21	06-Jan-2022	BUY	1.80	17-Jul-2023	BUY	1.83
21-Apr-2021	BUY	1.80	08-Jul-2022	BUY	1.40			
21-Jul-2021	BUY	1.40	21-Oct-2022	BUY	1.48			

Usanee Liurut, CISA started covering this stock from 17-Jul-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
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.

All share prices are as at market close on 19-Oct-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.