

## TMBTHANACHART BANK

THAILAND / BANKING

## TTB TB

BUY

UNCHANGED

## Solid bottom line amid fragile core business

- Our expected 2Q24 net profit will grow amid an unfavorable loan situation, thanks to its ample tax benefit left.
- We project TTB's 2024-26 net profit growth of 6.1% CAGR, outpacing its peer averages.
- We maintain our top BUY call with a 2024 TP of THB2.24.

TARGET PRICE	THB2.24
CLOSE	THB1.66
UP/DOWNSIDE	+34.9%
PRIOR TP	THB2.24
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+11.1%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	17,483	19,523	20,713	22,029
Net profit	18,463	19,523	20,713	22,029
EPS (THB)	0.19	0.20	0.21	0.23
vs Consensus (%)	-	(3.4)	(4.1)	2.2
Recurring net profit	18,463	19,523	20,713	22,029
Core EPS (THB)	0.19	0.20	0.21	0.23
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	30.1	5.7	6.1	6.4
Core P/E (x)	8.7	8.2	7.8	7.3
Dividend yield (%)	6.3	6.7	7.1	7.6
Price/book (x)	0.7	0.7	0.6	0.6
ROE (%)	8.2	8.4	8.5	8.7
ROA (%)	1.0	1.1	1.1	1.2

## Tax benefit continues supporting 2Q24E profit growth

We expect TTB's 2Q24 net profit to increase by 3.1% q-q and 20.5% y-y to a quarterly record-high of THB5.50b thanks to the remaining tax benefits (THB14.1b as of 1Q24) to reverse income tax expenses incurred this quarter while maintaining a high level of ECLs to tackle NPLs and build up its coverage ratio. However, its core businesses, NII and non-NII, should remain sluggish amid unfavorable vehicle hire-purchase conditions, leading to an expected slight decline in PPOP. We anticipate 2Q24 loans to contract, four consecutive quarters, pressured by its low-yield portfolio – hire-purchase lending (25%) for new and used cars and housing loans (25%) – despite increasing high-yield loans (12%). In addition, we expect 2Q24 NIM to drop by 9bp to 3.17% from rising costs of funds, which its loan yield management could not offset. Our expected 1H24 net profit amounts to THB10.8b, growing by 22.3% y-y and accounting for 56% of our full-year forecast.

## Manageable asset quality; high capability to strengthen LLR

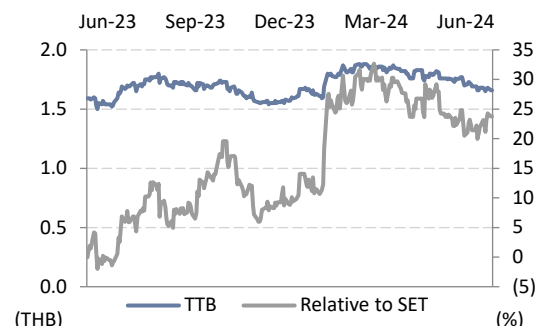
We view TTB's asset quality as no cause for concern. We anticipate the 2Q24 NPL ratio to be relatively flat q-q at 3.03% while our expected credit cost alleviates to 140bp, sustaining our expected coverage ratio at 154%. Overall, our expected 1H24 credit costs of 146bp still exceed the bank's normalized guidance of 125-135bp and our forecast of 140bp for 2024.

## 2024-26E net profit growth to outpace its peer averages

We retain our 2024-26 earnings forecast, with an expected growth of 6.1% CAGR, outpacing its peer averages of 4.0%. The main expected contributors are growth in the high-yield segment (under its stringent lending policy) and continued NIM management. Also, our projected income tax benefits will balance with our expected extra credit costs to strengthen the coverage ratio.

## Retain our top BUY call with an attractive dividend yield of c6-7%

We retain TTB as our top BUY due to its limited downside in net profit and attractive dividend yield of c6-7% p.a. We derive our 2024 GGM-based TP at THB2.24, based on a P/BV of 0.91x under an LT-ROE of 8.5% and COE of 9.2%.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.1)	(10.3)	2.5
Relative to country (%)	1.1	(4.1)	23.2
Mkt cap (USD m)	4,367		
3m avg. daily turnover (USD m)	9.9		
Free float (%)	39		
Major shareholder	Thanachart Capital PCL (24%)		
12m high/low (THB)	1.92/1.49		
Issued shares (m)	96,778		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

We have a favorable view of TTB, despite its cloudy 2024 core business outlook due to the following:

- TTB's expected 2026 ROE has increased to 8.7%, approaching its 10% long-term target after taking into account tax benefits.
- We expect TTB to deliver 2024-26 net profit growth of 6.1% CAGR, based on our conservative credit cost assumptions. Our sensitivity analysis shows that, with every 10bp reduction in 2024 credit costs, the net profit could have a 6.6% upside on top of the net profit forecast.
- Our expected 2024-26 dividend yields under the dividend payout ratio of c55% surge to an attractive level of 6-7% p.a.

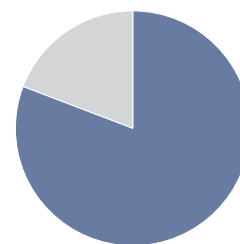
## Company profile

TMBThanachart Bank Public Company Limited provides a full range of banking and financial services. The bank offers corporate and personal lending, retail and wholesale banking, international trade financing, and investment banking services to customers throughout Thailand. It merged with Thanachart Bank at the end of 2019. The entire business transfer (EBT) process was completed in Jul-21.

[www.ttbank.com](http://www.ttbank.com)

## Principal activities (revenue, 1Q24)

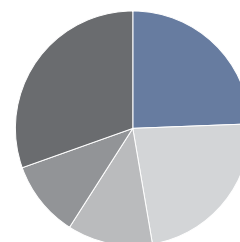
- Net interest income - 80.8 %
- Non-interest income - 19.2 %



Source: TMBThanachart Bank

## Major shareholders

- Thanachart Capital PCL - 24.4 %
- ING Bank N.V. - 22.9 %
- Ministry of Finance - 11.7 %
- Vayupak Fund - 10.5 %
- Others - 30.4 %



Source: TMBThanachart Bank

## Catalysts

Potential share price catalysts for TTB include:

- 1) Higher NIM from an improved loan portfolio mix;
- 2) Lower credit costs from better-than-expected new NPLs;
- 3) Better operating cost control;
- 4) A higher-than-expected dividend pay-out ratio.

## Risks to our call

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.

## Event calendar

Date	Event
Jul 2024	2Q24 results announcement

## Key assumptions

	2024E (%)	2025E (%)	2026E (%)
Net profit (THB m)	19,523	20,713	22,029
EPS (THB)	0.20	0.21	0.23
Net profit growth (%)	5.7%	6.1%	6.4%
NIM (%)	3.15%	3.18%	3.20%
Loan growth (%)	0.0%	0.5%	0.5%
Fee growth (%)	1.0%	1.0%	1.0%
Non-NII growth (%)	1.5%	1.5%	1.5%
Credit cost (bp)	140	135	130
Cost to income (%)	45.8%	46.0%	46.1%
NPL ratio	3.15	3.18	3.17

Source: FSSIA estimates

## Earnings sensitivity

			2024E	
Loan growth	±2ppt	(2.0)	0.0	2.0
% change in net profit		(1.7)		1.7
NIM (%)	±5bp	3.10	3.15	3.20
% change in net profit		(4.5)		4.5
Credit cost (bp)	±10bp	130	140	150
% change in net profit		6.6		(6.6)

Source: FSSIA estimates

## Exhibit 1: TTB – 2Q24E earnings preview

Year end Dec 31	2Q23	3Q23	4Q23	1Q24	2Q24E	---- Change ----		1H23	1H24E	Change	%of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	24E	(THB m)	(y-y %)
Net interest income	14,093	14,665	14,948	14,397	14,035	(2.5)	(0.4)	27,595	28,432	3.0	50	56,372	(1.5)
Non-interest income	3,668	3,335	3,384	3,273	3,325	1.6	(9.4)	7,035	6,598	(6.2)	47	13,962	1.5
Fee income - net	2,659	2,505	2,638	2,454	2,445	(0.4)	(8.1)	5,218	4,899	(6.1)	47	10,469	1.0
Total operating income	17,760	18,000	18,332	17,671	17,360	(1.8)	(2.3)	34,630	35,030	1.2	50	70,334	(0.9)
Total operating expenses	7,863	7,777	8,336	7,570	7,408	(2.1)	(5.8)	15,166	14,978	(1.2)	46	32,219	3.0
PPOP before tax	9,897	10,223	9,996	10,100	9,952	(1.5)	0.6	19,464	20,052	3.0	53	38,115	(3.9)
Expected credit loss	4,244	4,354	9,326	5,117	4,600	(10.1)	8.4	8,520	9,717	14.1	52	18,592	(16.2)
Income tax	1,087	1,133	(4,197)	(351)	(150)	(57.3)	n/a	2,083	(501)	n/a	n/a	0	n/a
<b>Net profit</b>	<b>4,566</b>	<b>4,735</b>	<b>4,867</b>	<b>5,335</b>	<b>5,502</b>	<b>3.1</b>	<b>20.5</b>	<b>8,861</b>	<b>10,836</b>	<b>22.3</b>	<b>56</b>	<b>19,523</b>	<b>5.7</b>
EPS (THB)	0.05	0.05	0.05	0.06	0.06	3.1	20.5	0.09	0.11	22.3	56	0.20	5.7
<b>Key ratios</b>	<b>2Q23</b>	<b>3Q23</b>	<b>4Q23</b>	<b>1Q24</b>	<b>2Q24E</b>	<b>---- Change ----</b>		<b>1H23</b>	<b>1H24E</b>	<b>Change</b>		<b>2024E</b>	
<b>Asset quality ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y%)</b>		<b>(%)</b>	
Gross NPLs (THB m)	40,719	40,279	41,006	39,759	39,600	(0.4)	(2.7)	40,719	39,600	(2.7)		41,800	
Change (% from prior period)	(3.1)	(1.1)	1.8	(3.0)	(0.4)			(1.5)	(2.7)			1.9	
NPL ratios (%) - reported	2.63	2.67	2.62	2.56				2.63					
NPL ratio (%)*	2.99	2.96	3.09	3.02	3.03			2.99	3.03			3.15	
Coverage ratio (%) - reported	144	144	155	155				144					
Coverage ratio (%)*	144	144	155	155	154			144	154			161	
Credit cost (bp)	125	128	277	155	140			124	146			140	
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>							<b>(%)</b>	
Cost to income ratio	44.3	43.2	45.5	42.8	42.7			43.8	42.8			45.8	
Average yield (%)	4.38	4.64	4.81	4.77	4.73			4.28	4.73			4.80	
Cost of funds (%)	1.39	1.47	1.60	1.75	1.80			1.34	1.77			1.92	
NIM (%) - reported	3.18	3.34	3.39	3.28				N/A					
NIM (%)*	3.17	3.36	3.42	3.26	3.17			3.12	3.20			3.15	
Non-interest income /total income (%)	20.7	18.5	18.5	18.5	19.2			20.3	18.8			19.9	
<b>Loan growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>	<b>(%)</b>			<b>(%)</b>	
q-q	0.4	(0.1)	(2.6)	(1.0)	(0.6)								
y-y	(2.1)	(2.2)	(3.5)	(3.2)	(4.2)			(2.1)	(4.2)			0.0	
Year-to-date	(0.9)	(1.0)	(3.5)	(1.0)	(1.6)			(0.9)	(1.6)				

Sources: TTB; FSSIA estimates

## Exhibit 2: TTB – Staged loans and ECL

	2021	2022	2023	1Q24	2021	2022	2023	1Q24
	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)	(%)
<b>Staged loans</b>	<b>% Staged loans to total</b>							
Stage 1	1,225	1,225	1,175	1,163	88.8	88.5	87.9	87.9
Stage 2	113	117	121	121	8.2	8.4	9.0	9.1
Stage 3	42	42	41	40	3.1	3.0	3.1	3.0
Total	1,380	1,384	1,337	1,323	100.0	100.0	100.0	100.0
<b>Allowance for ECL</b>	<b>% ECL to staged loans</b>							
Stage 1	12	13	16	15	1.0	1.1	1.3	1.3
Stage 2	22	24	28	29	19.6	20.9	23.3	24.2
Stage 3	20	20	20	18	47.1	47.0	48.1	45.0
Total	54	57	64	62	3.9	4.1	4.8	4.7
<b>LLR/ Loans</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				
Stage 1	1.0	1.1	1.3	1.3				
Stage 2	19.6	20.9	23.3	24.2				
Stage 3	47.1	47.0	48.1	45.0				
Total	3.9	4.1	4.8	4.7				
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				
NPL / TL	3.1	3.0	3.1	3.0				
NPL vs. Stage 2 loans / TL	11.2	11.5	12.1	12.1				
LLR / NPL	128	138	155	155				
LLR / (NPL vs. Stage 2)	35	36	39	39				

Sources: TTB; FSSIA estimates

Exhibit 3: TTB – GGM-based 2024 TP

Gordon growth model	2024E
Sustainable ROE	8.5%
g	1.0%
ROE-g	7.5%
Beta	0.8
Risk free rate	3.0%
Risk premium	8.0%
COE	9.2%
COE-g	8.2%
ROE-g/COE-g (x)	0.91

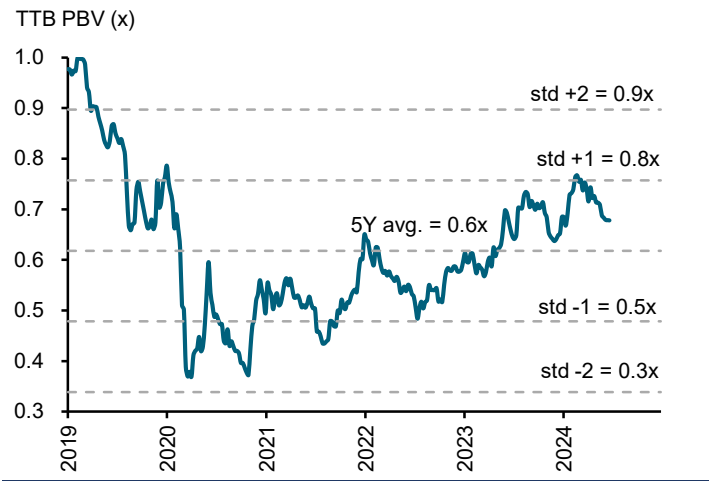
Source: FSSIA estimates

Exhibit 4: Share price performance of banks under coverage, as of 18 June 2024

Price performance					
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
BBL TB	(5.4)	(6.1)	(13.5)	(18.3)	(16.0)
KBANK TB	(6.0)	1.2	(3.4)	(3.1)	(6.7)
KKP TB	(10.4)	(8.7)	(5.5)	(22.2)	(6.0)
KTB TB	1.8	6.8	(6.0)	(10.4)	(6.0)
SCB TB	(0.5)	(8.2)	3.4	(0.9)	0.0
TISCO TB	(1.8)	(3.5)	(1.8)	(0.3)	(3.3)
TTB TB	(5.1)	(9.8)	5.7	2.5	(0.6)
SETBANK	(3.9)	(4.8)	(5.0)	(9.8)	(7.5)
SET	(6.2)	(6.2)	(7.0)	(16.7)	(8.4)

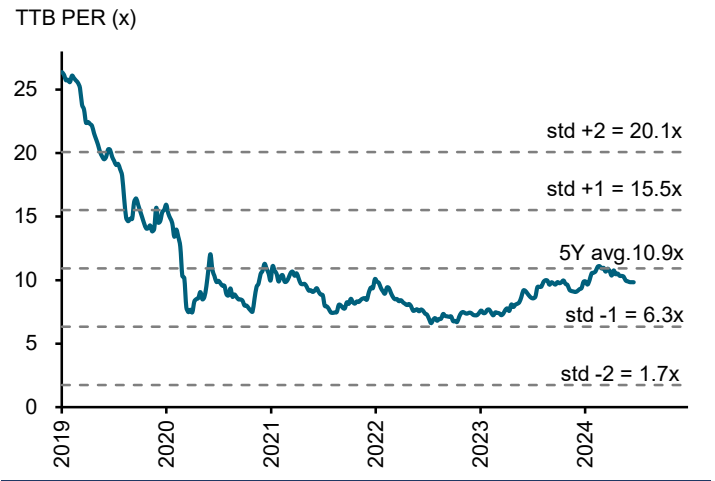
Source: Bloomberg

Exhibit 5: TTB – one-year prospective PBV band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: TTB – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

## Exhibit 7: Regional peer comparison, as of 18 June 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD m)	----- PE ----- 24E (x)	25E (x)	----- PBV ----- 24E (x)	25E (x)	----- ROE ----- 24E (%)	25E (%)	----- Div yld ----- 24E (x)	25E (x)
Thailand													
Bangkok Bank	BBL TB	131.50	191.00	45	6,817	6.0	5.7	0.4	0.4	7.7	7.6	4.9	5.1
Kasikornbank	KBANK TB	126.00	140.00	11	8,107	7.3	6.8	0.5	0.5	7.7	8.0	5.2	5.6
Krung Thai Bank	KTB TB	17.30	19.90	15	6,566	6.4	6.2	0.6	0.5	9.1	8.8	5.2	5.3
SCB X	SCB TB	106.00	120.00	13	9,692	8.1	7.6	0.7	0.7	9.1	9.5	9.9	10.5
TMBThanachart Bank	TTB TB	1.66	2.24	35	4,367	8.2	7.8	0.7	0.6	8.4	8.5	6.7	7.1
Kiatnakin Bank	KKP TB	47.25	50.60	7	1,087	6.9	6.5	0.6	0.6	9.3	9.3	6.9	7.4
Tisco Financial Group	TISCO TB	96.50	97.00	1	2,098	11.5	11.4	1.8	1.8	15.7	15.5	8.0	8.0
Thailand weighted average					5,533	9.1	8.6	0.8	0.7	8.5	8.6	5.4	5.7
Hong Kong													
Industrial & Comm Bank of China	1398 HK	4.39	n/a	n/a	251,361	4.2	4.1	0.4	0.4	10.0	9.6	7.6	7.7
China Construction Bank	939 HK	5.61	n/a	n/a	182,144	4.0	3.9	0.4	0.4	10.7	10.3	7.7	7.9
HSBC Holdings	5 HK	67.95	n/a	n/a	162,532	6.7	7.1	0.9	0.9	15.1	12.0	9.2	7.2
Bank of China	3988 HK	3.80	n/a	n/a	169,702	4.8	4.6	0.4	0.4	9.5	8.4	6.7	6.8
Hong Kong average					191,435	4.9	4.9	0.5	0.5	11.3	10.1	7.8	7.4
China													
Industrial & Comm Bank of China	601398 CH	5.45	n/a	n/a	251,357	5.5	5.4	0.5	0.5	9.9	9.5	5.7	5.7
Agricultural Bank of China	601288 CH	4.18	n/a	n/a	196,787	5.7	5.5	0.6	0.5	10.4	10.1	5.5	5.7
China Construction Bank	601939 CH	7.10	n/a	n/a	182,141	5.4	5.3	0.6	0.5	10.7	10.3	5.6	5.8
Bank of China	601988 CH	4.44	n/a	n/a	169,700	5.9	5.8	0.5	0.5	9.4	9.0	5.3	5.4
China average					199,996	5.6	5.5	0.5	0.5	10.1	9.7	5.5	5.7
South Korea													
KB Financial Group	105560 KS	77,400	n/a	n/a	22,723	6.0	5.4	0.5	0.5	8.7	9.1	4.1	4.6
Shinhan Financial Group	055550 KS	45,700	n/a	n/a	16,964	5.0	4.6	0.4	0.4	8.8	8.8	4.7	5.1
Hana Financial Group	086790 KS	58,400	n/a	n/a	12,374	4.5	4.2	0.4	0.4	9.4	9.4	6.2	6.8
Industrial Bank of Korea	024110 KS	13,310	n/a	n/a	7,733	3.9	3.7	0.3	0.3	9.0	8.8	7.9	8.4
South Korea average					14,949	4.9	4.5	0.4	0.4	9.0	9.0	5.7	6.2
Indonesia													
Bank Central Asia	BBCA IJ	9,200	n/a	n/a	69,100	21.1	19.4	4.3	3.9	21.2	21.1	3.0	3.4
Bank Rakyat Indonesia Persero	BBRI IJ	4,180	n/a	n/a	38,598	10.2	9.1	1.9	1.8	19.4	20.4	7.7	8.2
Bank Mandiri Persero	BMRI IJ	5,750	n/a	n/a	32,698	9.5	8.6	1.9	1.7	20.6	20.7	6.2	6.5
Bank Negara Indonesia Persero	BBNI IJ	4,310	n/a	n/a	9,794	7.2	6.4	1.0	0.9	14.4	15.0	6.5	7.3
Bank Syariah Indonesia	BRIS IJ	2,280	n/a	n/a	6,408	15.6	13.1	2.4	2.0	16.1	16.7	1.1	1.4
Indonesia average					31,320	12.7	11.3	2.3	2.1	18.3	18.8	4.9	5.4
Malaysia													
Malayan Banking	MAY MK	9.93	n/a	n/a	25,419	12.0	11.5	1.3	1.2	10.3	10.5	6.3	6.5
Public Bank	PBK MK	4.06	n/a	n/a	16,718	11.3	10.7	1.4	1.3	12.4	12.2	4.9	5.2
CIMB Group Holdings	CIMB MK	6.83	n/a	n/a	15,494	9.6	9.1	1.0	1.0	10.8	10.9	6.0	6.3
Hong Leong Bank	HLBK MK	19.20	n/a	n/a	8,829	9.7	9.1	1.1	1.0	11.6	11.5	3.5	3.8
RHB Bank	RHBBANK MK	5.53	n/a	n/a	5,114	8.4	7.9	0.7	0.7	9.0	9.2	7.3	7.6
Malaysia average					14,315	10.2	9.7	1.1	1.0	10.8	10.9	5.6	5.9
Singapore													
DBS Group Holdings	DBS SP	35.50	n/a	n/a	74,734	9.5	9.6	1.5	1.5	16.6	15.7	6.2	6.7
Oversea-Chinese Banking	OCBC SP	14.20	n/a	n/a	47,251	8.7	8.6	1.1	1.1	13.4	12.6	6.1	6.2
United Overseas Bank	UOB SP	30.60	n/a	n/a	37,915	8.6	8.3	1.1	1.0	12.9	12.6	5.8	6.0
Singapore average					53,300	8.9	8.9	1.2	1.2	14.3	13.6	6.0	6.3
Regional average (excl. Thailand)					80,544	8.1	7.6	1.1	1.0	12.4	12.2	5.9	6.1
Total average (incl. Thailand)					64,135	8.0	7.6	1.0	0.9	11.8	11.6	6.0	6.3

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### TMBThanachart Bank

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	65,627	79,134	85,837	87,057	88,446
Interest expense	(14,009)	(21,926)	(29,465)	(29,598)	(29,718)
Net interest income	51,618	57,208	56,372	57,459	58,729
Net fees & commission	10,391	10,362	10,469	10,573	10,679
Foreign exchange trading income	-	-	-	-	-
Securities trading income	1,699	1,718	1,770	1,823	1,877
Dividend income	0	0	0	0	0
Other income	2,145	1,674	1,724	1,776	1,829
Non interest income	14,236	13,754	13,962	14,172	14,385
Total income	65,854	70,962	70,334	71,631	73,114
Staff costs	(16,006)	(16,673)	(17,173)	(17,688)	(18,219)
Other operating costs	(13,946)	(14,607)	(15,047)	(15,256)	(15,471)
Operating costs	(29,952)	(31,280)	(32,219)	(32,944)	(33,690)
Pre provision operating profit	35,902	39,682	38,115	38,687	39,424
Expected credit loss	(18,353)	(22,199)	(18,592)	(17,974)	(17,395)
Other provisions	-	-	-	-	-
Operating profit	17,548	17,483	19,523	20,713	22,029
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	-	-	-	-	-
Profit before tax	17,548	17,483	19,523	20,713	22,029
Tax	(3,352)	980	0	0	0
Profit after tax	14,196	18,463	19,523	20,713	22,029
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	14,196	18,463	19,523	20,713	22,029
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	14,196	18,463	19,523	20,713	22,029
<b>Per share (THB)</b>					
Recurring EPS *	0.15	0.19	0.20	0.21	0.23
Reported EPS	0.15	0.19	0.20	0.21	0.23
DPS	0.07	0.11	0.11	0.12	0.13
<b>Growth</b>					
Net interest income (%)	1.2	10.8	(1.5)	1.9	2.2
Non interest income (%)	(2.1)	(3.4)	1.5	1.5	1.5
Pre provision operating profit (%)	4.6	10.5	(3.9)	1.5	1.9
Operating profit (%)	37.1	(0.4)	11.7	6.1	6.4
Reported net profit (%)	35.5	30.1	5.7	6.1	6.4
Recurring EPS (%)	35.3	30.1	5.7	6.1	6.4
Reported EPS (%)	35.3	30.1	5.7	6.1	6.4
<b>Income Breakdown</b>					
Net interest income (%)	78.4	80.6	80.1	80.2	80.3
Net fees & commission (%)	15.8	14.6	14.9	14.8	14.6
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	2.6	2.4	2.5	2.5	2.6
Dividend income (%)	-	-	-	-	-
Other income (%)	3.3	2.4	2.5	2.5	2.5
<b>Operating performance</b>					
Gross interest yield (%)	3.76	4.45	4.80	4.81	4.82
Cost of funds (%)	0.92	1.42	1.92	1.92	1.92
Net interest spread (%)	2.84	3.01	2.89	2.88	2.89
Net interest margin (%)	2.96	3.22	3.15	3.18	3.20
Cost/income(%)	45.5	44.1	45.8	46.0	46.1
Cost/assets(%)	1.7	1.7	1.7	1.8	1.8
Effective tax rate (%)	19.1	(5.6)	0.0	0.0	0.0
Dividend payout on recurring profit (%)	49.8	55.0	55.0	55.1	55.2
ROE (%)	6.6	8.2	8.4	8.5	8.7
ROE - COE (%)	6.6	8.2	8.4	8.5	8.7
ROA (%)	0.8	1.0	1.1	1.1	1.2
RORWA (%)	1.2	1.6	1.6	1.7	3.6
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: TMBThanachart Bank ; FSSIA estimates

## Financial Statements

TMBThanachart Bank

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	1,376,118	1,327,964	1,328,097	1,334,737	1,341,411
Allowance for expected credit loss	(57,390)	(63,502)	(67,094)	(69,069)	(69,464)
interest in suspense	7,777	7,569	7,570	7,608	7,646
<b>Net customer loans</b>	<b>1,326,505</b>	<b>1,272,031</b>	<b>1,268,573</b>	<b>1,273,277</b>	<b>1,279,593</b>
Bank loans	187,563	267,486	280,861	294,904	309,649
Government securities	-	-	-	-	-
Trading securities	1,533	2,470	2,594	2,723	2,860
Investment securities	211,432	181,558	185,263	189,046	192,909
Cash & equivalents	15,506	24,111	26,056	27,221	23,321
Other interesting assets	-	-	-	-	-
Tangible fixed assets	19,788	21,767	22,420	23,093	23,786
Associates	-	-	-	-	-
Goodwill	22,890	23,577	24,284	25,013	25,763
Other intangible assets	-	-	-	-	-
Other assets	41,082	39,624	41,216	42,878	44,430
<b>Total assets</b>	<b>1,826,299</b>	<b>1,832,880</b>	<b>1,851,526</b>	<b>1,878,420</b>	<b>1,902,763</b>
Customer deposits	1,399,247	1,386,581	1,386,581	1,393,514	1,407,449
Bank deposits	84,770	87,794	89,550	91,341	82,207
Other interest bearing liabilities	59,644	60,241	60,843	61,452	62,066
Non interest bearing liabilities	63,611	69,637	76,252	83,514	91,489
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>1,607,271</b>	<b>1,604,252</b>	<b>1,613,226</b>	<b>1,629,821</b>	<b>1,643,211</b>
Share capital	91,937	91,937	91,937	91,937	91,937
Reserves	127,069	136,689	146,362	156,661	167,614
<b>Total equity</b>	<b>219,006</b>	<b>228,626</b>	<b>238,299</b>	<b>248,598</b>	<b>259,551</b>
Non-controlling interest	1	1	1	1	1
<b>Total liabilities &amp; equity</b>	<b>1,826,299</b>	<b>1,832,880</b>	<b>1,851,526</b>	<b>1,878,420</b>	<b>1,902,763</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	1,185,415	1,189,700	1,201,803	1,219,259	1,235,426
Average interest earning assets	1,744,236	1,778,062	1,788,146	1,809,112	1,834,119
Average interest bearing liabilities	1,515,421	1,518,110	1,539,138	1,535,795	1,541,640
CET 1 capital	185,795	201,328	185,795	185,795	185,795
Total capital	229,097	244,630	229,097	229,097	236,522
Gross non performing loans (NPL)	41,707	41,006	41,800	42,400	42,485
<b>Per share (THB)</b>					
Book value per share	2.26	2.36	2.46	2.57	2.68
Tangible book value per share	2.03	2.12	2.21	2.31	2.42
<b>Growth</b>					
Gross customer loans	0.4	(3.5)	0.0	0.5	0.5
Average interest earning assets	1.0	1.9	0.6	1.2	1.4
Total asset (%)	3.8	0.4	1.0	1.5	1.3
Risk weighted assets (%)	(3.5)	0.4	1.0	1.5	1.7
Customer deposits (%)	4.5	(0.9)	-	0.5	1.0
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	94.8	91.7	91.5	91.4	90.9
Equity/assets (%)	12.0	12.5	12.9	13.2	13.6
Tangible equity/assets (%)	10.7	11.2	11.6	11.9	12.3
RWA/assets (%)	64.9	64.9	64.9	64.9	64.9
CET 1 CAR (%)	15.7	16.9	15.5	15.2	15.0
Total CAR (%)	19.3	20.6	19.1	18.8	19.2
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	(1.0)	(1.7)	1.9	1.4	0.2
NPL/gross loans (%)	3.0	3.1	3.1	3.2	3.2
Allowance for ECL/gross loans (%)	4.2	4.8	5.1	5.2	5.2
Allowance for ECL/NPL (%)	137.6	154.9	160.5	162.9	163.5
<b>Valuation</b>					
Recurring P/E (x) *	11.3	8.7	8.2	7.8	7.3
Recurring P/E @ target price (x) *	15.3	11.7	11.1	10.5	9.8
Reported P/E (x)	11.3	8.7	8.2	7.8	7.3
Dividend yield (%)	4.4	6.3	6.7	7.1	7.6
Price/book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.8	0.8	0.8	0.7	0.7
Price/tangible book @ target price (x)	1.1	1.1	1.0	1.0	0.9
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: TMBThanachart Bank ; FSSIA estimates



# TMBThanachart Bank PCL (TTB TB)

FSSIA ESG rating



63.69 /100

Exhibit 8: 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 9: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	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	67.12	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	61.33
SCB	62.57	Y	Y	Y	5.00	4.00	--	High	--	A	--	--	86.00	3.43	--
KKP	62.96	--	Y	Y	5.00	5.00	Certified	Medium	52.81	BBB	--	77.56	26.00	2.18	45.90
TISCO	61.17	--	Y	Y	5.00	5.00	Certified	Medium	61.41	--	--	66.13	29.00	3.57	44.21
TTB	63.69	--	Y	Y	5.00	5.00	Certified	Medium	53.98	--	36.00	56.17	71.00	3.20	53.49

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 10: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - 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	41.00	41.34	43.27	43.64	46.86	50.40	49.27	53.49
Environmental disclosure score	17.09	17.09	17.43	17.76	21.14	22.86	19.48	32.14
Social disclosure score	24.67	25.70	31.14	31.92	31.92	40.84	40.84	40.84
Governance disclosure score	81.10	81.10	81.10	81.10	87.36	87.36	87.36	87.36
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	Yes	Yes	Yes	Yes	Yes
GHG scope 1	0	0	0	0	1	1	0	4
GHG scope 2 location-based	31	30	29	27	28	15	22	22
GHG Scope 3	1	1	1	0	0	0	0	3
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	45	44	42	39	57	32	46	46
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	44	43	42	37	57	31	45	44
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation



**Exhibit 11: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	0	0	0	0	0	0	0	0
Waste recycled	0	0	0	0	0	0	0	0
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	No	No	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	278	223	255	154	208	181	—	—
<b>Social</b>								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	No
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	Yes	Yes	Yes
Pct women in workforce	70	70	71	71	71	69	69	68
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	0	0	0
Total recordable incident rate - employees	—	—	—	—	—	—	—	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	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 spent 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	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>								
Board size	11	12	12	12	13	13	14	14
No. of independent directors (ID)	3	4	4	4	4	5	5	5
No. of women on board	0	0	0	1	0	1	2	3
No. of non-executive directors on board	10	11	11	11	8	8	13	13
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	13	13	16	14	17	16	19	15
Board meeting attendance pct	89	84	88	93	92	95	99	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	57	57	57	48	48	49	50	51
Age of the oldest director	71	72	73	74	69	70	71	72
No. of executives / company managers	7	7	6	6	7	11	12	12
No. of female executives	0	0	1	2	3	4	5	5
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	2	3	3	3	3	3	3	3
No. of ID on audit committee	2	3	3	3	3	3	3	3
Audit committee meetings	14	12	12	12	15	25	13	13
Audit meeting attendance %	90	100	94	94	91	98	100	100
Size of compensation committee	4	4	4	4	4	5	5	5
No. of ID on compensation committee	2	2	2	2	1	2	2	2
No. of compensation committee meetings	14	12	14	14	13	12	12	12
Compensation meeting attendance %	95	88	94	89	97	95	97	97
Size of nomination committee	4	4	4	4	4	5	5	5
No. of nomination committee meetings	14	12	14	14	13	12	12	12
Nomination meeting attendance %	95	88	94	89	97	95	97	97
<b>Sustainability governance</b>								
Verification type	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 <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> 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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>		The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>		The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>		A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>			AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																						
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																						
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																						
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																					
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																					

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.  
Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
TMBThanachart Bank	TTB TB	THB 1.66	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.
Bangkok Bank	BBL TB	THB 131.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) an impact of new regulations from the Bank of Thailand.
Kasikornbank	KBANK TB	THB 126.00	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Krung Thai Bank	KTB TB	THB 17.30	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 106.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kiatnakin Bank	KKP TB	THB 47.25	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.
Tisco Financial	TISCO TB	THB 96.50	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.

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 18-Jun-2024 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.