

TMBTHANACHART BANK

THAILAND / BANKING

TTB TB

BUY

UNCHANGED

ธุรกิจหลักจะล่อแต่กำไรยังทรงตัวได้

- กำไรสุทธิ 3Q24 น่าจะทรงตัวแม้ว่าสินเชื่อจะหดตัวจากสิทธิประโยชน์ทางภาษีที่เหลือน้อยเป็นจำนวนมาก
- คุณภาพสินทรัพย์เสื่อมลงต่อเนื่องแต่ยังอยู่ในระดับที่จัดการได้
- เราคงคำแนะนำซื้อหลังปรับราคาเป้าหมายไปเป็นปี 2025 ที่ 2.53 บาท

TARGET PRICE	THB2.53
CLOSE	THB1.93
UP/DOWNSIDE	+31.1%
PRIOR TP	THB2.22
CHANGE IN TP	+14.0%
TP vs CONSENSUS	+24.7%

ธุรกิจหลักที่ชะลอตัวน่าจะกดดันกำไรสุทธิ 3Q24

ภาพรวมธุรกิจ 3Q24 ยังไม่เปลี่ยนแปลงจากในช่วง 1H24 โดยสินเชื่อยังหดตัวต่อเนื่องซึ่งก่อให้เกิดแรงกดดันต่อรายได้ค่าธรรมเนียมจากธุรกิจประกันภัยรถยนต์ซึ่งทำให้ธนาคารฯ ต้องเน้นไปที่การควบคุมต้นทุนเพื่อรักษากำไร ในขณะที่ยูนิตคุณภาพสินทรัพย์ยังเสื่อมลงต่อเนื่องตามสภาวะเศรษฐกิจในปัจจุบันซึ่งทำให้ต้องตั้งสำรองผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ในระดับสูง อย่างไรก็ตาม TTB ยังมีสิทธิประโยชน์ทางภาษีเหลือน้อยถึง 12.7 พัน ลบ. ณ สิ้นไตรมาส 2Q24 ซึ่งจะช่วยเป็นแนวป้องกันในการบริหารกำไร จากปัจจัยทั้งหมดดังกล่าวเราคาดว่ากำไรสุทธิ 3Q24 จะทรงตัว q-q แต่ปรับขึ้น 13.3% y-y เป็น 5.37 พัน ลบ. อย่างไรก็ตามรายได้จากการดำเนินงานหลักก่อนประกอบด้วยรายได้ดอกเบี้ยสุทธิ (NII) และรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (Non-NII) ยังชะลอตัวท่ามกลางสภาวะตลาดสินเชื่อเข้าซื้อยูนิตที่ไม่เอื้ออำนวยซึ่งจะทำให้กำไรก่อนหักสำรอง (PPOP) ทรงตัว q-q และ y-y ทั้งนี้เราคาดว่าสินเชื่อจะหดตัวเป็นไตรมาสที่ 5 ติดต่อกันโดยมีปัจจัยกดดันจากพอร์ตสินเชื่อที่ให้ผลตอบแทนต่ำอันประกอบด้วยสินเชื่อเข้าซื้อสำหรับรถยนต์ใหม่และมือสอง (25%), สินเชื่อที่อยู่อาศัย (25%), และสินเชื่อขนาดใหญ่ (30%) แม้ว่าสินเชื่อที่ให้ผลตอบแทนสูงจะเพิ่มขึ้น นอกจากนี้เรายังคาดว่าส่วนต่างดอกเบี้ยจะทรงตัว q-q ที่ 3.24% พร้อมต้นทุนในการกู้ยืมที่เพิ่มในอัตราที่ลดลง

คุณภาพสินทรัพย์เสื่อมลงแต่ยังอยู่ในระดับที่จัดการได้

แม้ว่าคุณภาพสินทรัพย์จะเสื่อมลงอย่างต่อเนื่อง เรายังมองว่ายังไม่ได้อยู่ในระดับที่กังวล ทั้งนี้เราคาดว่าสัดส่วนหนี้ต่อคุณภาพใน 3Q24 จะเพิ่มเป็น 3.15% ในขณะที่คาดว่าต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) จะเพิ่มเป็น 154bp ซึ่งจะทำให้สัดส่วนสำรองต่อสินเชื่อ (Coverage ratio) ทรงตัวที่ 154% ในภาพรวมเราคาดว่า Credit cost ในช่วง 9M24 ที่ 159bp สูงกว่าเป้าหมายการในระดับปกติของธนาคารฯ ที่ 125-135bp แต่ยังคงสอดคล้องกับประมาณการของเราในปี 2024 ที่ 160bp

ปรับเพิ่มประมาณการกำไรปี 2024-26 เพื่อสะท้อนสิทธิประโยชน์ทางภาษี

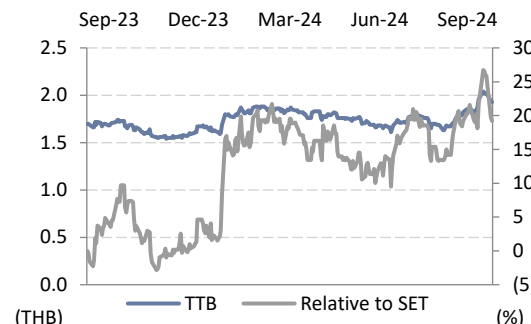
เราปรับเพิ่มประมาณการกำไรปี 2024-26 ของเราขึ้น 11.2-16.7% เพื่อสะท้อนผลบวกของสิทธิประโยชน์ทางภาษีซึ่งอาจช่วยชดเชยผลเสียจากการหดตัวของสินเชื่อและรายได้ค่าธรรมเนียม เพราะฉะนั้นเราจึงคาดว่าอัตราการเติบโตของกำไรสุทธิจะเพิ่มเป็น 11.6% CAGR ในช่วงดังกล่าวเทียบกับที่คาด 6.0% ก่อนหน้าซึ่งสูงกว่าค่าเฉลี่ยของกลุ่ม ที่คาดเติบโต 5.0% การเติบโตดังกล่าวน่าจะมาจากสินเชื่อในกลุ่มที่ให้ผลตอบแทนสูง (ภายใต้นโยบายการปล่อยสินเชื่อที่เข้มงวด) การควบคุมต้นทุนและการบริหารส่วนต่างดอกเบี้ยอย่างต่อเนื่อง

คงคำแนะนำซื้อเพื่อรับผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ 6-7% ต่อปี

เราคงคำแนะนำซื้อและเลือก TTB เป็นหุ้นเด่นเนื่องจากกำไรสุทธิมี Downside risk จำกัดและหุ้นให้ผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ประมาณ 6-7% ต่อปี เราปรับเพิ่มราคาเป้าหมายปี 2025 ของเราเป็น 2.53 บาทจากราคาเป้าหมายปี 2024 ที่ 2.22 บาท (GGM) เทียบเท่ากับ P/BV ที่ 0.97x (เดิม 0.90x) โดยมีสมมติฐานจากค่า LT-ROE ที่ 9.0% (จาก 8.4%) และ COE ที่ 9.2%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	17,483	19,380	20,632	22,140
Net profit	18,463	21,336	23,132	25,640
EPS (THB)	0.19	0.22	0.24	0.26
vs Consensus (%)	-	4.3	8.1	10.2
Recurring net profit	18,463	21,336	23,132	25,640
Core EPS (THB)	0.19	0.22	0.24	0.26
Chg. In EPS est. (%)	-	11.2	13.9	16.7
EPS growth (%)	30.1	15.6	8.4	10.8
Core P/E (x)	10.1	8.8	8.1	7.3
Dividend yield (%)	5.4	6.3	6.8	7.6
Price/book (x)	0.8	0.8	0.7	0.7
ROE (%)	8.2	9.1	9.4	9.9
ROA (%)	1.0	1.2	1.3	1.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	10.3	16.3	13.5
Relative to country (%)	0.1	5.1	20.8
Mkt cap (USD m)	5,645		
3m avg. daily turnover (USD m)	16.6		
Free float (%)	39		
Major shareholder	Thanachart Capital PCL (24%)		
12m high/low (THB)	2.06/1.53		
Issued shares (m)	96,778		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

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

- Our 2026 ROE assumption has increased to 9.9%, approaching TTB's 10% long-term target after taking into account tax benefits.
- We expect TTB to deliver 2024-26 net profit growth at an 11.6% CAGR, based on our conservative credit cost assumptions. Our sensitivity analysis shows that, with every 10bp reduction in 2025 credit costs, the net profit could have a 5.4% upside on top of the net profit forecast, all else being equal.
- Our expected 2024-26 dividend yields under the dividend payout ratio of c55% surge to an attractive level of 6-7% p.a.

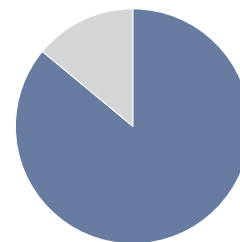
Company profile

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 its 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

Principal activities (revenue, 1H24)

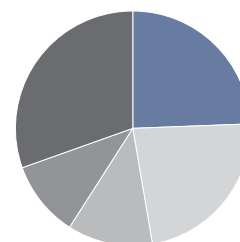
- Net interest income - 86.0 %
- Non-interest income - 14.0 %



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:

- Higher NIM from an improved loan portfolio mix;
- Lower credit costs from better-than-expected new NPLs;
- Better operating cost control;
- 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
18 Oct 2024	3Q24 results announcement

Key assumptions

	2024E (%)	2025E (%)	2026E (%)
Net profit (THB m)	21,336	23,132	25,640
EPS (THB)	0.22	0.24	0.26
Net profit growth (%)	15.6%	8.4%	10.8%
NIM (%)	3.24%	3.27%	3.29%
Loan growth (%)	-6.0%	0.5%	0.5%
Fee growth (%)	-7.6%	1.0%	1.0%
Non-NII growth (%)	-5.0%	1.5%	1.5%
Credit cost (bp)	160	155	150

Source: FSSIA estimates

Earnings sensitivity

			2025E	
Loan growth	±2ppt	(1.5)	0.5	2.5
% change in net profit		(1.3)		1.3
NIM (%)	±5bp	3.22	3.27	3.32
% change in net profit		(3.9)		3.9
Credit cost (bp)	±10bp	145	155	165
% change in net profit		5.4		(5.4)

Source: FSSIA estimates

Sluggish core business to pressure 3Q24 net profit

TTB's overall business in 3Q24 remains largely unchanged from 1H24, with loans continuing to decline, putting pressure on fee income from auto insurance. Consequently, the bank must focus on cost control to sustain its profit. Meanwhile, asset quality continues to deteriorate in line with the current economic conditions, resulting in a high level of ECL provisions. Fortunately for TTB, it still has a tax benefit of THB12.7b remaining as of 2Q24, cushioning profit management.

Hence, we expect TTB's 3Q24 net profit to stabilize q-q but increase by 13.3% y-y, amounting to THB5.37b. However, core operating income – NII and non-NII – remains sluggish amid unfavorable auto hire-purchase conditions, leading to a stable q-q and y-y PPOP.

We anticipate 3Q24 loans to contract for the fifth consecutive quarter, pressured by its low-yield portfolio – hire-purchase lending (25%) for new and used cars, housing loans (25%), and a large corporate (30%) – despite increasing high-yield loans (12%).

The expected 3Q24 NIM stabilizes q-q at 3.24% with a slower rise in funding cost. Cost control remains TTB's priority, and we expect the cost-to-income ratio to be stable q-q at 41.3%.

Our expected 9M24 net profit is THB16.1b, growing by 18.1% y-y and accounting for 75% of our full-year forecast.

Exhibit 1: TTB – 3Q24 earnings preview

Year end Dec 31	3Q23	4Q23	1Q24	2Q24	3Q24E	---- Change ----		9M24E	Change	%of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	24E	(THB m)	(y-y %)
Net interest income	14,665	14,948	14,397	14,185	14,167	(0.1)	(3.4)	42,749	1.2	75	57,140	(0.1)
Non-interest income	3,335	3,384	3,273	3,187	3,176	(0.4)	(4.8)	9,636	(7.1)	74	13,072	(5.0)
Fee income - net	2,505	2,638	2,454	2,209	2,221	0.5	(11.4)	6,884	(10.9)	72	9,578	(7.6)
Total operating income	18,000	18,332	17,671	17,372	17,343	(0.2)	(3.7)	52,386	(0.5)	75	70,212	(1.1)
Total operating expenses	7,777	8,336	7,570	7,210	7,156	(0.8)	(8.0)	21,937	(4.4)	73	30,221	(3.4)
PPOP before tax	10,223	9,996	10,100	10,162	10,187	0.2	(0.4)	30,449	2.6	76	39,990	0.8
Expected credit loss	4,354	9,326	5,117	5,281	5,350	1.3	22.9	15,747	22.3	76	20,610	(7.2)
Income tax	1,133	(4,197)	(351)	(474)	(530)	11.8	(146.8)	(1,356)	NA	69	(1,956)	N/A
Net profit	4,735	4,867	5,335	5,356	5,367	0.2	13.3	16,057	18.1	75	21,336	15.6
EPS (THB)	0.05	0.05	0.06	0.06	0.06	0.2	13.3	0.17	18.1	75	0.22	15.6
Key ratios	3Q23	4Q23	1Q24	2Q24	3Q24E	---- Change ----		9M24E	Change		2024E	Change
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(THB m)	(y-y%)		(%)	(y-y%)
Gross NPLs (THB m)	40,279	41,006	39,759	40,105	40,000	(0.3)	(0.7)	40,000	(0.7)		40,600	(1.0)
Change (% from prior period)	(1.1)	1.8	(3.0)	0.9	(0.3)			(0.7)			(1.0)	
NPL ratios (%) - reported	2.67	2.62	2.56	2.64								
NPL ratio (%)	2.96	3.09	3.02	3.09	3.15			3.15			3.25	
Coverage ratio (%) - reported	144	155	155	152								
Coverage ratio (%)	144	155	155	152	154			154			157	
Credit cost (bp)	128	277	155	162	167			159			160	
Profitability ratio	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Cost to income ratio	43.2	45.5	42.8	41.5	41.3			41.9			43.0	
Average yield (%)	4.64	4.81	4.77	4.81	4.82			4.78			4.79	
Cost of funds (%)	1.47	1.60	1.75	1.82	1.86			1.81			1.81	
NIM (%) - reported	3.34	3.39	3.28	3.26								
NIM (%)	3.36	3.42	3.26	3.24	3.24			3.23			3.24	
Non-interest income/total income (%)	18.5	18.5	18.5	18.3	18.3			18.4			18.6	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
q-q	(0.1)	(2.6)	(1.0)	(1.4)	(2.1)							
y-y	(2.2)	(3.5)	(3.2)	(4.9)	(6.8)			(6.8)			(6.0)	
Year-to-date	(1.0)	(3.5)	(1.0)	(2.4)	(3.4)			(3.4)				

Sources: TTB; FSSIA estimates

Deteriorating asset quality but manageable

Despite TTB's asset quality continuing to deteriorate, we do not consider it to be alarming. We anticipate an elevated 3Q24 NPL ratio of 3.15%, while our expected credit cost increases to 154bp, which could sustain the anticipated coverage ratio at 154%. Overall, our expected 9M24 credit cost of 159bp exceeds the bank's normalized guidance of 125-135bp, but aligns with our 2024 forecast of 160bp.

Exhibit 2: TTB – Staged loans and ECL

	2021	2022	2023	1Q24	2Q24	2021	2022	2023	1Q24	2Q24
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)	(%)	(%)
Staged loans										
Stage 1	1,225	1,225	1,175	1,163	1,145	88.8	88.5	87.9	87.9	87.7
Stage 2	113	117	121	121	120	8.2	8.4	9.0	9.1	9.2
Stage 3	42	42	41	40	40	3.1	3.0	3.1	3.0	3.1
Total	1,380	1,384	1,337	1,323	1,305	100.0	100.0	100.0	100.0	100.0
Allowance for ECL										
Stage 1	12	13	16	15	15	1.0	1.1	1.3	1.3	1.3
Stage 2	22	24	28	29	29	19.6	20.9	23.3	24.2	24.1
Stage 3	20	20	20	18	17	47.1	47.0	48.1	45.0	42.3
Total	54	57	64	62	61	3.9	4.1	4.8	4.7	4.7
LLR/ Loans										
Stage 1	1.0	1.1	1.3	1.3	1.3					
Stage 2	19.6	20.9	23.3	24.2	24.1					
Stage 3	47.1	47.0	48.1	45.0	42.3					
Total	3.9	4.1	4.8	4.7	4.7					
	(%)	(%)	(%)	(%)	(%)					
NPL / TL	3.1	3.0	3.1	3.0	3.1					
NPL vs. Stage 2 loans / TL	11.2	11.5	12.1	12.1	12.3					
LLR / NPL	128	138	155	155	152					
LLR / (NPL vs. Stage 2)	35	36	39	39	38					

Sources: TTB; FSSIA's compilation

Upward revisions of 2024-26E net profit to reflect the tax benefit

We have raised our 2024-26 earnings forecasts by 11.2-16.7% to reflect the positive impact of the tax benefit, which could offset the adverse effects of loan contraction and lower fee income. Accordingly, the expected net profit growth increases to 11.6% CAGR over the period vs 6.0% previously, outpacing its peers' average by 5.0%. The growth contributors come from the high-yield segment (under its stringent lending policy), cost control, and continued NIM management.

Exhibit 3: 2024-26E earnings revisions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Net profit (THB m)	21,336	23,132	25,640	19,192	20,306	21,963	11.2%	13.9%	16.7%
EPS (THB)	0.22	0.24	0.26	0.20	0.21	0.23	11.2%	13.9%	16.7%
Target price (THB)	2.42	2.53		2.22	2.31		9.1%	9.6%	
PBV (x)	0.97			0.90					
Long-term ROE	9.0%			8.4%					
Cost of equity	9.2%			9.2%					
Net profit growth (%)	15.6%	8.4%	10.8%	4.0%	5.8%	8.2%			
NIM (%)	3.24%	3.27%	3.29%	3.24%	3.26%	3.29%			
Loan growth (%)	-6.0%	0.5%	0.5%	-3.0%	0.5%	0.5%			
Fee growth (%)	-7.6%	1.0%	1.0%	-4.7%	1.0%	1.0%			
Non-NII growth (%)	-5.0%	1.5%	1.5%	-2.8%	1.5%	1.5%			
Credit cost (bp)	160	155	150	160	155	150			
Cost to income (%)	43.0%	43.3%	43.1%	43.2%	43.4%	43.0%			
Income tax (reverse) (THB m)	(1,956)	(2,500)	(3,500)	-	-	-			
NPL ratio	3.25	3.27	3.28	3.15	3.17	3.17			

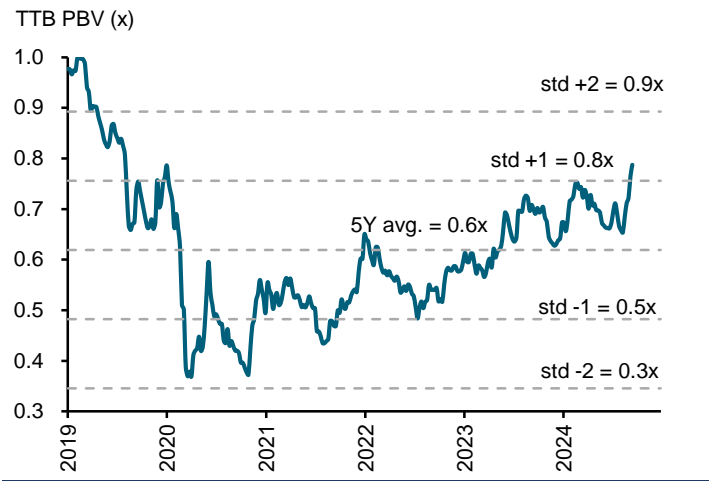
Source: FSSIA estimates

Exhibit 4: TTB – GGM-based 2025 TP

Gordon Growth Model	New	Previous
Sustainable ROE	9.00%	8.41%
g	1.00%	1.00%
ROE-g	8.00%	7.41%
Beta	0.78	0.78
Risk free rate	3.0%	0.03
Risk premium	8.0%	8.0%
COE	9.24%	9.24%
COE-g	8.24%	8.24%
ROE-g/COE-g	0.97	0.90

Source: FSSIA estimates

Exhibit 6: TTB – one-year prospective P/BV band



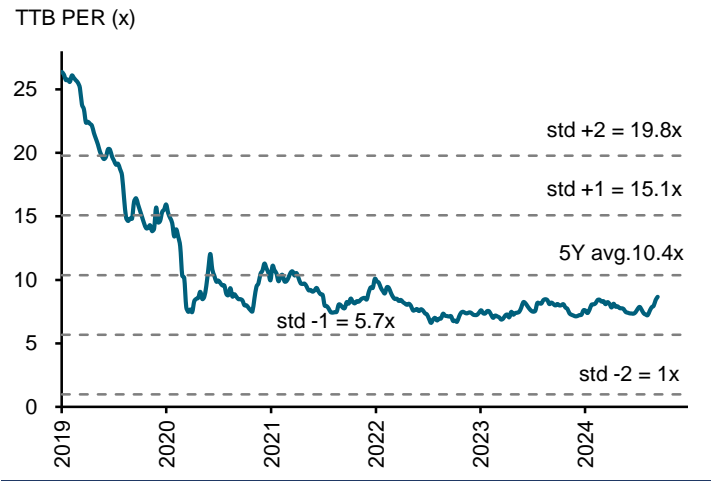
Sources: Bloomberg; FSSIA estimates

Exhibit 5: Share price performance of banks under coverage, as of 18 September 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	15.7	18.8	10.7	(6.6)	(1.0)
KBANK TB	13.4	26.1	26.1	23.6	16.3
KKP TB	20.4	5.2	(2.9)	(9.5)	0.0
KTB TB	12.0	20.5	27.2	10.8	12.0
SCB TB	5.6	6.6	(2.6)	1.8	6.1
TISCO TB	4.6	0.8	(3.3)	(3.0)	(3.0)
TTB TB	7.2	19.9	4.9	12.2	15.6
SETBANK	10.8	15.3	8.6	2.5	5.5
SET	8.5	10.1	3.9	(5.7)	1.4

Source: Bloomberg

Exhibit 7: TTB – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: Peer regional banks comparisons, as of 18 Sep 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD m)	PE 24E (x)	PE 25E (x)	PBV 24E (x)	PBV 25E (x)	ROE 24E (%)	ROE 25E (%)	Div yld 24E (x)	Div yld 25E (x)
Thailand													
Bangkok Bank	BBL TB	155.00	157.00	1	8,895	7.0	6.8	0.5	0.5	7.7	7.6	4.7	4.8
Kasikornbank	KBANK TB	157.00	145.00	(8)	11,183	7.9	7.2	0.7	0.6	8.6	9.0	4.8	5.4
Krung Thai Bank	KTB TB	20.60	19.90	(3)	8,655	7.7	7.4	0.7	0.6	9.1	8.8	4.3	4.5
SCB X	SCB TB	112.50	110.00	(2)	11,388	9.2	8.8	0.8	0.8	8.6	8.8	8.7	9.1
TMBThanachart Bank	TTB TB	1.93	2.53	31	5,645	8.8	8.1	0.8	0.7	9.1	9.4	6.3	6.8
Kiatnakin Bank	KKP TB	50.25	39.10	(22)	1,263	10.0	9.0	0.7	0.6	6.9	7.3	4.7	5.3
Tisco Financial Group	TISCO TB	96.75	98.00	1	2,329	11.2	11.3	1.8	1.8	16.1	15.6	8.0	8.0
Thailand weighted average					7,051	9.1	8.6	0.8	0.7	8.5	8.6	5.3	5.6
Hong Kong													
Industrial & Comm Bank of China	1398 HK	4.34	n/a	n/a	262,752	4.0	4.0	0.4	0.4	9.9	9.4	7.8	7.9
China Construction Bank	939 HK	5.57	n/a	n/a	180,911	3.9	3.8	0.4	0.4	10.6	10.1	7.9	8.1
HSBC Holdings	5 HK	68.15	n/a	n/a	161,313	6.9	7.0	0.9	0.9	13.5	12.6	9.1	7.3
Bank of China	3988 HK	3.46	n/a	n/a	173,459	4.2	4.1	0.4	0.4	9.4	9.0	7.6	7.7
Hong Kong average					194,609	4.8	4.7	0.5	0.5	10.8	10.3	8.1	7.7
China													
Industrial & Comm Bank of China	601398 CH	5.68	n/a	n/a	262,661	5.7	5.6	0.5	0.5	9.8	9.3	5.4	5.5
Agricultural Bank of China	601288 CH	4.50	n/a	n/a	215,092	6.0	5.8	0.6	0.5	10.3	9.9	5.2	5.3
China Construction Bank	601939 CH	7.23	n/a	n/a	180,848	5.4	5.3	0.6	0.5	10.7	10.1	5.6	5.7
Bank of China	601988 CH	4.65	n/a	n/a	173,399	6.1	6.0	0.6	0.5	9.3	8.8	5.1	5.2
China average					208,000	5.8	5.7	0.6	0.5	10.0	9.6	5.3	5.4
South Korea													
KB Financial Group	105560 KS	81,800	n/a	n/a	24,845	6.4	5.7	0.6	0.5	8.9	9.2	3.8	4.2
Shinhan Financial Group	055550 KS	55,900	n/a	n/a	21,812	6.0	5.5	0.5	0.5	9.0	9.1	3.8	4.3
Hana Financial Group	086790 KS	60,700	n/a	n/a	13,492	4.8	4.5	0.4	0.4	9.4	9.3	5.7	6.3
Industrial Bank of Korea	024110 KS	13,890	n/a	n/a	8,485	4.2	4.1	0.4	0.3	8.8	8.5	7.4	7.9
South Korea average					17,158	5.3	4.9	0.5	0.4	9.0	9.0	5.2	5.6
Indonesia													
Bank Central Asia	BBCA IJ	10,625	n/a	n/a	87,162	24.8	22.6	5.0	4.6	21.1	21.2	2.6	2.8
Bank Rakyat Indonesia Persero	BBRI IJ	5,350	n/a	n/a	53,951	13.5	12.2	2.5	2.4	19.1	19.9	6.0	6.3
Bank Mandiri Persero	BMRI IJ	7,400	n/a	n/a	45,265	12.2	11.0	2.4	2.2	20.7	21.0	4.8	5.1
Bank Negara Indonesia Persero	BBNI IJ	5,700	n/a	n/a	14,069	9.8	8.6	1.3	1.2	14.2	14.8	4.9	5.4
Bank Syariah Indonesia	BRIS IJ	3,140	n/a	n/a	9,491	21.5	18.0	3.3	2.8	16.2	16.7	0.7	1.0
Indonesia average					41,988	16.4	14.5	2.9	2.7	18.3	18.7	3.8	4.1
Malaysia													
Malayan Banking	MAY MK	10.68	n/a	n/a	30,253	12.7	12.2	1.3	1.3	10.4	10.6	5.9	6.2
Public Bank	PBK MK	4.71	n/a	n/a	21,496	13.0	12.4	1.6	1.5	12.5	12.4	4.4	4.6
CIMB Group Holdings	CIMB MK	8.33	n/a	n/a	20,872	11.4	10.6	1.2	1.2	11.1	11.3	5.5	5.5
Hong Leong Bank	HLBK MK	21.20	n/a	n/a	10,818	10.6	9.8	1.2	1.1	11.6	11.5	3.2	3.6
RHB Bank	RHBBANK MK	6.20	n/a	n/a	6,379	9.2	8.7	0.8	0.8	9.2	9.3	6.4	6.7
Malaysia average					17,964	11.4	10.7	1.2	1.2	11.0	11.0	5.1	5.3
Singapore													
DBS Group Holdings	DBS SP	38.10	n/a	n/a	84,235	10.0	10.3	1.7	1.6	17.1	15.9	5.8	6.3
Oversea-Chinese Banking	OCBC SP	15.34	n/a	n/a	53,519	9.2	9.3	1.2	1.1	13.5	12.7	5.7	5.8
United Overseas Bank	UOB SP	32.55	n/a	n/a	42,078	9.2	8.9	1.2	1.1	12.9	12.6	5.5	5.7
Singapore average					59,944	9.5	9.5	1.3	1.3	14.5	13.7	5.7	5.9
Regional average (excl. Thailand)					86,346	9.2	8.6	1.2	1.1	12.4	12.2	5.4	5.6
Total average (incl. Thailand)					69,000	9.1	8.6	1.2	1.1	11.7	11.6	5.5	5.7

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	84,439	84,258	85,640
Interest expense	(14,009)	(21,926)	(27,299)	(26,916)	(27,013)
Net interest income	51,618	57,208	57,140	57,342	58,626
Net fees & commission	10,391	10,362	9,578	9,674	9,770
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	13,072	13,272	13,477
Total income	65,854	70,962	70,212	70,614	72,103
Staff costs	(16,006)	(16,673)	(15,506)	(15,661)	(15,817)
Other operating costs	(13,946)	(14,607)	(14,716)	(14,924)	(15,281)
Operating costs	(29,952)	(31,280)	(30,221)	(30,585)	(31,098)
Pre provision operating profit	35,902	39,682	39,990	40,029	41,005
Expected credit loss	(18,353)	(22,199)	(20,610)	(19,397)	(18,865)
Other provisions	-	-	-	-	-
Operating profit	17,548	17,483	19,380	20,632	22,140
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	-	-	-	-	-
Profit before tax	17,548	17,483	19,380	20,632	22,140
Tax	(3,352)	980	1,956	2,500	3,500
Profit after tax	14,196	18,463	21,336	23,132	25,640
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	14,196	18,463	21,336	23,132	25,640
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	14,196	18,463	21,336	23,132	25,640
Per share (THB)					
Recurring EPS *	0.15	0.19	0.22	0.24	0.26
Reported EPS	0.15	0.19	0.22	0.24	0.26
DPS	0.07	0.11	0.12	0.13	0.15
Growth					
Net interest income (%)	1.2	10.8	(0.1)	0.4	2.2
Non interest income (%)	(2.1)	(3.4)	(5.0)	1.5	1.5
Pre provision operating profit (%)	4.6	10.5	0.8	0.1	2.4
Operating profit (%)	37.1	(0.4)	10.9	6.5	7.3
Reported net profit (%)	35.5	30.1	15.6	8.4	10.8
Recurring EPS (%)	35.3	30.1	15.6	8.4	10.8
Reported EPS (%)	35.3	30.1	15.6	8.4	10.8
Income Breakdown					
Net interest income (%)	78.4	80.6	81.4	81.2	81.3
Net fees & commission (%)	15.8	14.6	13.6	13.7	13.6
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	2.6	2.4	2.5	2.6	2.6
Dividend income (%)	-	-	-	-	-
Other income (%)	3.3	2.4	2.5	2.5	2.5
Operating performance					
Gross interest yield (%)	3.76	4.45	4.79	4.80	4.81
Cost of funds (%)	0.92	1.44	1.77	1.78	1.81
Net interest spread (%)	2.84	3.01	3.02	3.02	3.00
Net interest margin (%)	3.0	3.2	3.2	3.3	3.3
Cost/income(%)	45.5	44.1	43.0	43.3	43.1
Cost/assets(%)	1.7	1.7	1.7	1.7	1.7
Effective tax rate (%)	19.1	(5.6)	(10.1)	(12.1)	(15.8)
Dividend payout on recurring profit (%)	49.8	55.0	55.0	55.0	55.0
ROE (%)	6.6	8.2	9.1	9.4	9.9
ROE - COE (%)	6.6	8.2	9.1	9.4	9.9
ROA (%)	0.8	1.0	1.2	1.3	1.4
RORWA (%)	1.2	1.6	1.8	2.0	4.3

* 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	1,248,286	1,254,528	1,260,800
Allowance for expected credit loss	(57,390)	(63,502)	(63,612)	(65,509)	(67,374)
interest in suspense	7,777	7,569	7,115	7,151	7,187
Net customer loans	1,326,505	1,272,031	1,191,789	1,196,170	1,200,613
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	211,774	216,087	220,491
Cash & equivalents	15,506	24,111	26,567	28,575	27,796
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
Total assets	1,826,279	1,832,880	1,801,765	1,829,708	1,855,840
Customer deposits	1,399,247	1,386,581	1,358,849	1,365,644	1,379,300
Bank deposits	84,770	87,794	89,550	91,341	82,207
Other interest bearing liabilities	59,644	60,241	37,000	37,370	37,744
Non interest bearing liabilities	63,611	69,637	76,252	83,514	91,489
Hybrid Capital	-	-	-	-	-
Total liabilities	1,607,271	1,604,252	1,561,651	1,577,869	1,590,739
Share capital	91,937	91,937	91,937	91,937	91,937
Reserves	127,069	136,689	148,176	159,901	173,162
Total equity	219,006	228,626	240,113	251,838	265,099
Non-controlling interest	1	1	1	1	1
Total liabilities & equity	1,826,279	1,832,880	1,801,765	1,829,708	1,855,840
Supplementary items					
Risk weighted assets (RWA)	1,185,415	1,189,700	1,169,504	1,187,641	0
Average interest earning assets	1,744,236	1,778,062	1,761,496	1,755,878	1,781,020
Average interest bearing liabilities	1,515,421	1,518,110	1,539,138	1,510,008	1,489,877
CET 1 capital	185,795	201,328	185,795	185,795	0
Total capital	229,097	244,630	229,097	229,097	0
Gross non performing loans (NPL)	41,707	41,006	40,600	41,000	41,300
Per share (THB)					
Book value per share	2.26	2.36	2.48	2.60	2.74
Tangible book value per share	2.03	2.12	2.23	2.34	2.47
Growth					
Gross customer loans	0.4	(3.5)	(6.0)	0.5	0.5
Average interest earning assets	1.0	1.9	(0.9)	(0.3)	1.4
Total asset (%)	3.8	0.4	(1.7)	1.6	1.4
Risk weighted assets (%)	(3.5)	0.4	(1.7)	1.6	nm
Customer deposits (%)	4.5	(0.9)	(2.0)	0.5	1.0
Leverage & capital measures					
Customer loan/deposits (%)	94.8	91.7	87.7	87.6	87.0
Equity/assets (%)	12.0	12.5	13.3	13.8	14.3
Tangible equity/assets (%)	10.7	11.2	12.0	12.4	12.9
RWA/assets (%)	64.9	64.9	64.9	64.9	-
CET 1 CAR (%)	15.7	16.9	15.9	15.6	-
Total CAR (%)	19.3	20.6	19.6	19.3	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(1.0)	(1.7)	(1.0)	1.0	0.7
NPL/gross loans (%)	3.0	3.1	3.3	3.3	3.3
Allowance for ECL/gross loans (%)	4.2	4.8	5.1	5.2	5.3
Allowance for ECL/NPL (%)	137.6	154.9	156.7	159.8	163.1
Valuation					
Recurring P/E (x) *	13.2	10.1	8.8	8.1	7.3
Recurring P/E @ target price (x) *	17.2	13.3	11.5	10.6	9.5
Reported P/E (x)	13.2	10.1	8.8	8.1	7.3
Dividend yield (%)	3.8	5.4	6.3	6.8	7.6
Price/book (x)	0.9	0.8	0.8	0.7	0.7
Price/tangible book (x)	1.0	0.9	0.9	0.8	0.8
Price/tangible book @ target price (x)	1.2	1.2	1.1	1.1	1.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: TMBThanachart Bank ; FSSIA estimates

TMBThanachart Bank PCL (TTB TB)

FSSIA ESG rating


63.69 /100

Exhibit 9: 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 10: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		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](https://www.settrade.com); FSSIA's compilation

Exhibit 11: 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 12: 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	—	—
Social								
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
Governance								
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
Sustainability governance								
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 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><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+										
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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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
TMBThanachart Bank	TTB TB	THB 1.93	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 96.75	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.
Bangkok Bank	BBL TB	THB 155.00	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. Upside risks comprise 1) lower credit cost from better asset quality and 2) the better ongoing cost control efficiency
Kasikornbank	KBANK TB	THB 157.00	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.
Krung Thai Bank	KTB TB	THB 20.60	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 112.50	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality and 2) the impact of new regulations from the Bank of Thailand. Upside risks comprise 1) the faster-than-expected recovery of EA's operation and financial stability and 2) the reduction in Thailand's household debts.
Kiatnakin Phatra Bank	KKP TB	THB 50.25	HOLD	Downside risks to our GGM-based target price include weakened asset quality and lower fee income. By contrast, upside risks include better capital market conditions, higher used car prices, and strengthened 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-Sep-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.