

## TMBTHANACHART BANK

THAILAND / BANKING

## TTB TB

HOLD

FROM BUY

TARGET PRICE	THB2.05
CLOSE	THB1.91
UP/DOWNSIDE	+7.3%
PRIOR TP	THB2.52
CHANGE IN TP	-18.7%
TP vs CONSENSUS	-2.4%

## Steady net profit to hold 9% ROE

- With -5% tax rate but declining NII, we expect TTB to post net profit for 2025-26 around THB21.8-21.9b, implying flat net profit growth.
- We are positive on TTB's capital management but not enough to raise ROE further from 9% due to steady net profit projection.
- Downgrade to HOLD with a new TP of THB2.05.

## 2025-26E net profit would be cTHB22b from THB21b in 2024

We expect TTB to post a net profit for 2025-26 of around THB21.8-21.9b, implying flat net profit growth. This is mainly due to an expected loan contraction of 10.6% from 2022 to 2025, reducing TTB's net interest income, even if the bank is able to control its NIM ratio. TTB's asset quality is benign, in our view, with an expected credit cost at 137bp in 2025. The tax benefit for TTB (THB10.6b as of 4Q24) is another positive catalyst for the bank's net profit. We now assume a -5% tax rate and expect that the tax benefit will be applied and used up until 2027.

## Not easy to accelerate loan growth

TTB decided to slow new customer expansion, especially in the new auto and mortgage loan segments (55% of total loans combined) due to structural challenges. TTB is focusing on its existing low-yield lending customers to grow better risk-adjusted return loans. However, the overall loan balance contracted y-y for 2023-24 due to greater loan amortization vs new loan creation. We believe TTB will maintain its focus on quality and its existing loan portfolio with better risk-adjusted return loans. We expect loan growth at -0.8% in 2025 vs TTB's target of 0-2%.

## Positive capital management but ROE would be at 9%

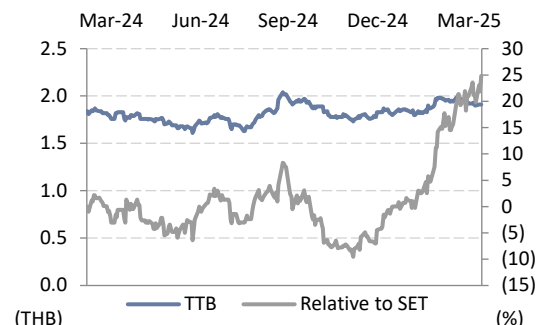
We are positive on TTB's capital management for both the high dividend payout ratio of 60% and 3-year treasury stock program, as both will enhance DPS and ROE generation. Nonetheless, based on our steady net profit forecast of THB22b for 2025-26 and small improvement to THB22.8b in 2027E, we expect TTB's ROE would be around 8.7-9.0% for 2025-27 vs 9.0% in 2024 and our previous expectation of 9.4-9.9%.

## Cut forecast by 6-15%; downgrade to HOLD with TP of THB2.05

We have cut our 2025-26 earnings forecast by 6-15% on the back of 1) lower interest income following loan contraction; and 2) a higher cost-to-income ratio following a slight increase in OPEX but a lower income base. After our earnings revision and lower ROE projection, we cut our GGM-based 2025 TP to THB2.05 (from THB2.52 previously), which implies 0.8x 2025E P/BV (COE of 10.0%, ROE of 8.4%). Thus, we downgrade TTB to HOLD from Buy. With this report, we transfer coverage of TTB to Nathapol Pongsukcharoenkul.

## KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Operating profit	19,976	20,633	20,761	21,748
Net profit	21,031	21,871	21,799	22,835
EPS (THB)	0.22	0.23	0.23	0.24
vs Consensus (%)	-	3.1	(3.0)	2.1
Recurring net profit	21,031	21,871	21,799	22,835
Core EPS (THB)	0.22	0.23	0.23	0.24
Chg. In EPS est. (%)	-	(5.3)	(14.8)	-
EPS growth (%)	13.9	4.0	(0.3)	4.8
Core P/E (x)	8.8	8.4	8.5	8.1
Dividend yield (%)	6.9	7.1	7.1	7.4
Price/book (x)	0.8	0.7	0.7	0.7
ROE (%)	9.0	9.0	8.7	8.8
ROA (%)	1.2	1.3	1.2	1.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.5)	2.1	4.4
Relative to country (%)	9.0	26.8	24.1
Mkt cap (USD m)	5,479		
3m avg. daily turnover (USD m)	17.4		
Free float (%)	39		
Major shareholder	Thanachart Capital PCL (24%)		
12m high/low (THB)	2.06/1.59		
Issued shares (m)	96,623		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

- We are positive on TTB's capital management for both the high dividend payout ratio of 60% and 3-year treasury stock program, as both will enhance DPS and ROE generation.
- Nonetheless, based on our steady net profit forecast of THB22b for 2025-26, we expect TTB's ROE would be around 8.7-9.0% for 2025-27 vs 9.0% in 2024 and our previous expectation of 9.4-9.9%.
- We now assume a -5% tax rate for TTB in order for it to utilize such a benefit for its profitability. We expect that the tax benefit will be applied and used up until 2027. After that, if there is no loan expansion as the major source of revenue, we believe TTB's earnings will be under pressure.

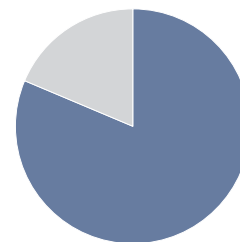
## Company profile

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.ttbbank.com](http://www.ttbbank.com)

## Principal activities (revenue, 2024)

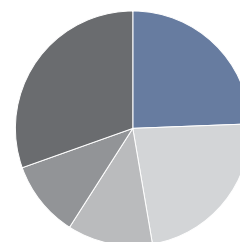
- Net interest income - 81.3 %
- Non-interest income - 18.7 %



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

- Resumption of loan growth, especially auto loans and mortgages.
- Lower-than-expected impact from interest rate cuts.
- Better-than-expected non-NII generation.
- Effective capital management that enhances ROE generation.

## 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. Upside risks include 1) resumption of loan growth, especially retail loans (mortgage, auto, unsecured loans); 2) benign asset quality with lower credit cost; and 3) better-than-expected OPEX control.

## Event calendar

Date	Event
Apr 2025	1Q25 results announcement
Feb-Jul 2025	TTB's share repurchase form for financial management purposes

## Key assumptions

Key assumptions (%)	2025E	2026E	2027E
Loan growth	(0.80)	0.00	1.25
NIM	3.18	3.14	3.16
Cost-to-income ratio	43.75	43.94	43.16
Credit cost	1.37	1.35	1.37
NPL ratio	3.23	3.30	3.31
ROE	9.03	8.69	8.79

Source: FSSIA estimates

## Earnings sensitivity

		2025E	
Loan growth (%)	±1ppt	(1.80)	(0.80)
% change in net profit		(0.7)	0.7
NIM (%)	±5bp	3.13	3.18
% change in net profit		(3.8)	3.8
Cost-to-income ratio (%)	±1ppt	42.75	43.75
% change in net profit		3.1	(3.1)
Credit cost (bp)	±10bp	127	137
% change in net profit		5.7	(5.7)

Source: FSSIA estimates

## Steady net profit to hold 9% ROE

### Downgrade to HOLD with a new TP of THB2.05

We downgrade TTB to HOLD from Buy with a new GGM-based 2025 TP of THB2.05 (from THB2.52 previously).

With an expected loan contraction of 10.6% from 2022 to 2025, this would reduce TTB's net interest income inevitably, even if the bank is able to control its NIM ratio. On the positive side, we see that TTB has been able to manage lower credit costs from 164bp in 2023 to 155bp in 2024 (normalized credit cost at 135bp) and 137bp in 2025E. This implies benign asset quality from controlling the remaining loan balance. Nonetheless, as TTB's loan majority is comprised of retail loans (auto, mortgage, personal loans, etc.) at more than 60% of total loans, we believe that room to lower credit costs further is limited. Sensitivity-wise, for every 10bp decrease in credit cost, TTB's 2025E net profit would be positively impacted by 5.7%, all else being equal.

The tax benefit for TTB that is applicable until 2028 is another positive catalyst for TTB's net profit trajectory. As of 4Q24, TTB's tax benefit outstanding was around THB10.6b. We now assume a -5% tax rate for TTB in order for it to utilize such a benefit for its profitability. We expect that such a tax benefit would be applied and used up until 2027E. After that, if there is no loan expansion as the major source of revenue, we believe TTB's earnings will be under pressure.

We have cut our 2025-26 earnings forecast by 6-15% on the back of 1) lower interest income following loan contraction since 2023-24; and 2) a higher cost-to-income ratio following a slight increase in OPEX but a lower income base. The negative impact is partially offset by 1) a lower credit cost forecast to 135-137bp in 2025-26 vs our previous expectation of 150-155bp; and 2) a slight increase in non-NII from the bancassurance and brokerage business after the purchase of Thanachart Securities (TNS) from Thanachart Capital in February 2025.

Together with a -5% tax rate and declining NII, we expect TTB to post a net profit for 2025-26 of around THB21.8-21.9b, implying flat net profit growth.

### Exhibit 1: 2025-26 earnings revisions

	--- Revised forecast ---		--- Previous forecast ---		----- Change -----	
	2025E (THB m)	2026E (THB m)	2025E (THB m)	2026E (THB m)	2025E (%)	2026E (%)
Net Interest Income	53,431	52,717	57,432	58,626	-7.0%	-10.1%
Non-Interest Income	13,446	13,963	13,272	13,477	1.3%	3.6%
PPOP	37,620	37,378	40,029	41,005	-6.0%	-8.8%
Loan loss provisions	16,987	16,618	19,397	18,865	-12.4%	-11.9%
<b>Net profit</b>	<b>21,871</b>	<b>21,799</b>	<b>23,132</b>	<b>25,640</b>	<b>-5.5%</b>	<b>-15.0%</b>
<b>Key ratios</b>					<b>(ppt)</b>	<b>(ppt)</b>
NIM (%)	3.18	3.14	3.27	3.29	(0.09)	(0.15)
Cost to income (%)	43.75	43.94	43.30	43.10	0.45	0.84
ROA (%)	1.25	1.25	1.30	1.40	(0.05)	(0.15)
ROE (%)	9.03	8.69	9.40	9.90	(0.37)	(1.21)
Credit cost (%)	1.37	1.35	1.55	1.50	(0.18)	(0.15)
Loan growth (%)	-0.80	0.00	0.50	0.50	(1.30)	(0.50)
Net profit growth (%)	3.99	-0.33	8.40	10.80	(4.41)	(11.13)

Source: FSSIA estimates

For capital management, we expect TTB's dividend payout ratio to be at 60% for 2025-26, which is positive for its DPS and ROE trajectory, in our view. In addition, TTB plans for a share repurchase form for financial management purposes for 2025-27 (three years). This is another TTB initiative to manage capital and ROE effectively. Nonetheless, based on our 60% payout forecast and the first year of share repurchase (not factored in the second and third year as it requires approval from the board of directors at that respective moment), we expect TTB's ROE would be around 8.7-9.0% in 2025-27, which is much lower than our initial forecast of 9.4-9.9%.

After our earnings revision and lower ROE projection, we cut our GGM-based 2025 TP to THB2.05 (from THB2.52 previously), which implies 0.8x 2025E P/BV (COE of 10.0%, ROE of 8.4%).

### Exhibit 2: TTB – GGM based 2025 TP

Target price calculation based on Gordon Growth Model (GGM)			
Sustainable ROE	8.4%	<b>Cost of Equity (COE) calculation</b>	
COE	10.0%	Risk Free Rate	3.0%
Long-term growth (g)	2.0%	Equity Premium	7.0%
Derived P/BV multiple (x)	0.80	Equity Beta (x)	1.00
		COE	10.0%
Dec 2025E Book Value (THB)	2.55		
<b>Derived target price (THB)</b>	<b>2.05</b>		

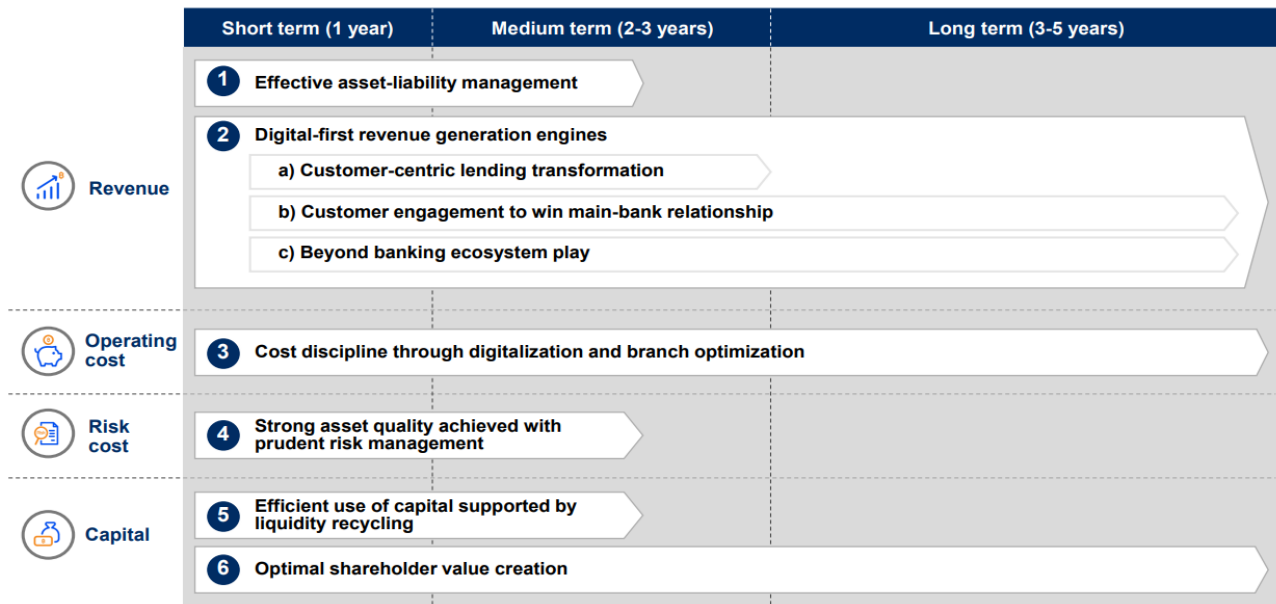
Source: FSSIA estimates

### Exhibit 3: TTB's target price sensitivity

ROE	Growth rate assumption				
	0.0%	1.0%	2.0%	3.0%	4.0%
<b>6.4%</b>	1.63	1.53	1.40	1.24	1.02
<b>7.4%</b>	1.89	1.81	1.72	1.60	1.45
<b>8.4%</b>	2.14	2.10	2.05	1.97	1.87
<b>9.4%</b>	2.40	2.38	2.36	2.33	2.30
<b>10.4%</b>	2.65	2.67	2.68	2.70	2.72

Source: FSSIA estimates

### Exhibit 4: TTB's strategy framework – key focuses are ecosystem play (house, auto, payroll accounts) and capital management

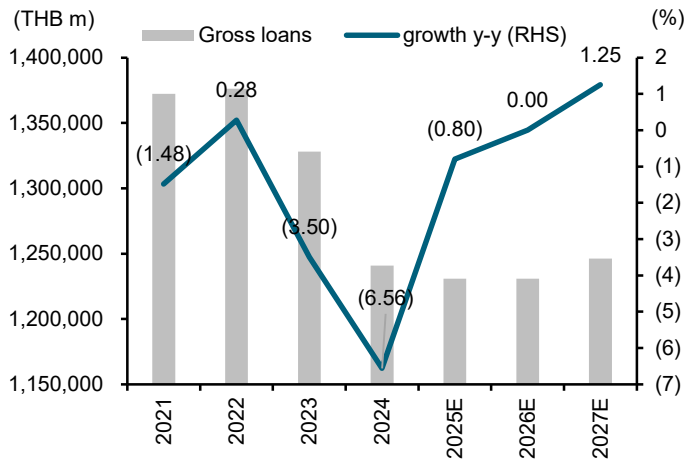


Source: TTB

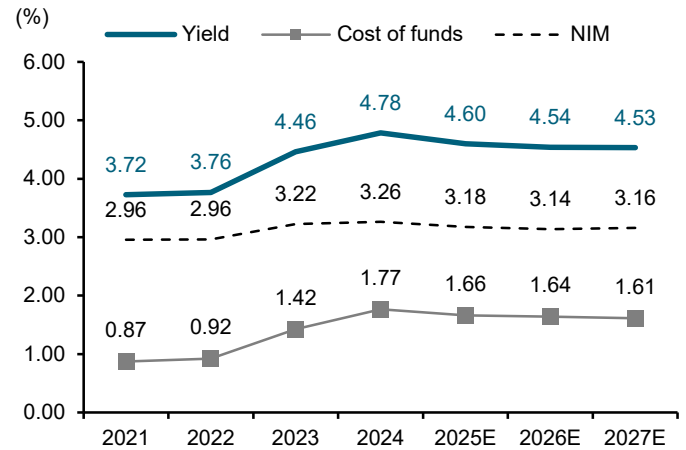
### Exhibit 5: 2025 TTB's key targets vs FSSIA's estimates

Consolidated	2024A	2025E TTB	2025E FSSIA	Comments
Loan growth	-6.6%	0-2%	-0.8%	Expect small contraction from subdued retail loans, especially auto
Deposit growth	-4.2%	0-2%	-1.0%	In tandem with loan contraction in order to stabilize NIM
NIM	3.26%	3.10-3.25%	3.18%	Impacted by one policy interest rate cut
Non-NII growth	-6.0%	Single-digit growth	3.9%	Expect improvement from bancassurance, mutual fund and brokerage business
Cost-to-income ratio	42.6%	Low-40s	43.7%	Potentially higher y-y from lower income base and slight increase in OPEX
NPL ratio (excluding interbank loans)	3.14%	Less than 3.45%	3.23%	
Credit cost (bp)	154	125-135	137	Benefit from tax shield until 2027E

Sources: TTB, FSSIA estimates

**Exhibit 6: TTB's loan growth**

Sources: TTB, FSSIA estimates

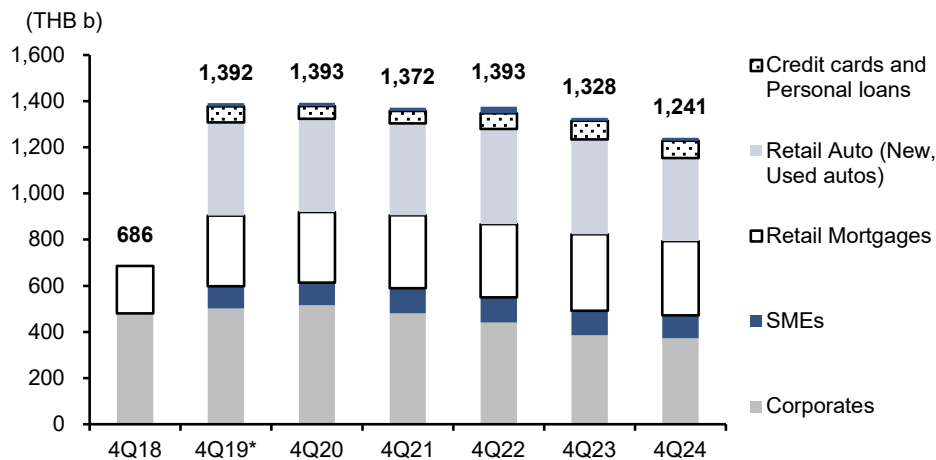
**Exhibit 7: Yield, cost of funds and NIM**

Sources: TTB, FSSIA estimates

**Not easy to accelerate loan growth**

After the successful merger between TMB and Thanachart Bank to TTB in 2019, the total gross loans were almost doubled to THB1.39t, with a larger proportion of retail mortgages and a new retail loan segment of auto hire-purchase loans or HP (from Thanachart Bank originally). Nonetheless, with the Covid-19 outbreak and the challenging environment like high household debt and structural changes in the auto industry (EV penetration and new hire-purchase yield ceiling), TTB decided to lower its loan exposure in auto and mortgage loans as well as the corporate segment. Management has reiterated the strategy of prudent new loan underwriting to balance between risk and returns.

In detail, TTB decided to slow new customer expansion, especially in the new auto and mortgage loan segments. On the other hand, TTB has recycled its liquidity and existing customers from low-yield lending to grow better risk-adjusted return loans, such as cash-your-car (CYC), cash-your-home (CYH), personal loans and credit cards. On the positive side, this enhanced the overall loan yield in terms of percentage. However, the overall loan balance contracted y-y for 2023-24 due to greater loan amortization vs new loan creation.

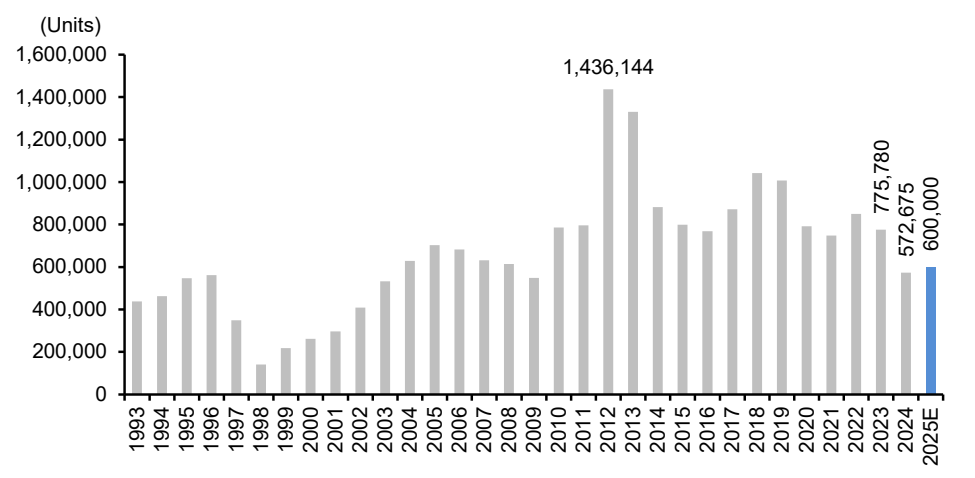
**Exhibit 8: TTB's loan segmentation – auto loans and corporate loans have declined in the past five years**

\*TMB and Thanachart completed the merger process in 2019

Sources: TTB, FSSIA estimates

According to projections by Toyota Motor Thailand and the Federation of Thai Industry or FTI, they expect total auto sales in Thailand to be around 600,000 units in 2025, implying 5% y-y growth from 2024. The potential growth would be driven by an economic recovery and new investments to the economy. However, downside risks remain from high competition, especially from Chinese EV penetration, subdued purchasing power and rejection rates from banks and leasing companies.

**Exhibit 9: Thai auto sales – expect 5% y-y growth in 2025 after large contraction**



Sources: Toyota Motor Thailand, Federation of Thai Industry (FTI), FSSIA's compilation

Similarly, the retail mortgage segment is also facing challenges from the high interest environment, high housing prices, limitations on loan-to-value policy (LTV), subdued purchasing power and rejection rates from banks.

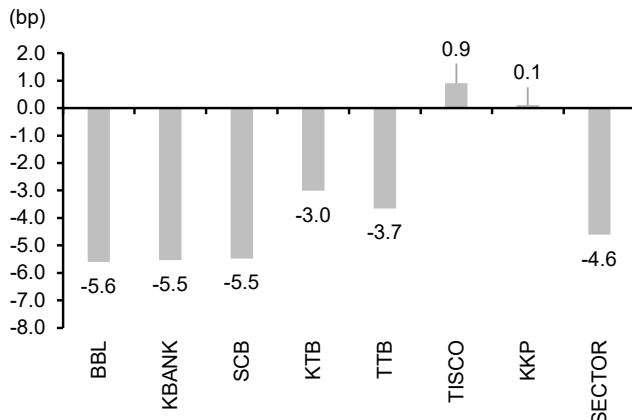
We believe TTB will maintain its focus on quality and its existing loan portfolio with better risk-adjusted return loans as mentioned earlier. Thus, we expect loan growth at -0.8% in 2025 vs TTB's target of 0-2%. Sensitivity-wise, higher loan growth from our base case by 1ppt would positively impact 2025E net profit by 0.7%, all else being equal.

## Resilient NIM management despite negative impact from one interest rate cut

Our TTB earnings forecast is based on one policy rate cut (-25bp) in 2025E to 2.0%. As 30% and 26% of TTB's loans are corporate loans and mortgage loans, respectively, which are typically quoted as the floating interest rate, we have factored in the negative impact from one rate cut into our forecast already. We expect TTB's NIM to decline to 3.18% in 2025 from 3.26% in 2024.

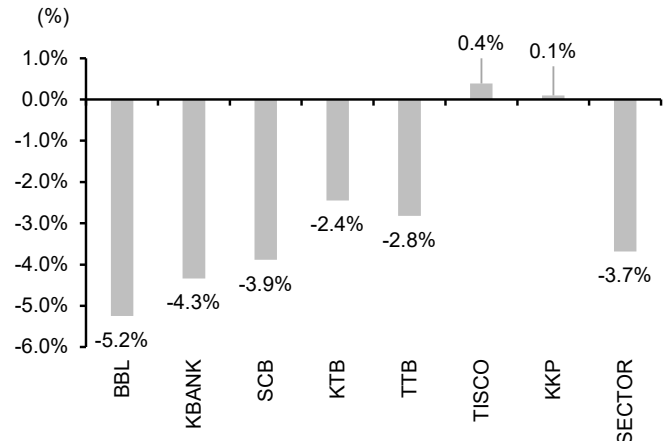
In the case there is a further policy rate cut by 25bp from our base case, our sensitivity analysis suggests that the negative impact on TTB's NIM would be c3.7bp with a net profit impact of 2.8% for 2025E, all else being equal.

**Exhibit 10: Impact on NIM from 25bp policy interest rate cut**



Sources: Banks' company data, FSSIA estimates

**Exhibit 11: Impact on 2025E net profit from 25bp policy interest rate cut**



Sources: Banks' company data, FSSIA estimates

To manage its NIM with a stagnant loan growth outlook, we see that TTB is focusing on proactive deposit duration and mix management in response to changes in the interest rate environment to ensure cost efficiency.

As of 4Q24, TTB's CASA portion contributed 41% of total deposits. The hybrid deposit with a combination between CASA and fixed deposits for retail customers is now at 25% and at 34% for time deposits. To tackle the rate cut in 4Q24-1Q25, TTB has shifted the time deposit mix to a shorter duration from long-term time deposits.

In addition, TTB continues to leverage ecosystem initiatives to increase the number of main-bank customers, especially employee payroll accounts. This should create a higher CASA proportion with low funding costs. For the longer term, TTB plans to leverage these employee payroll accounts further, with payroll loans and tax planning added to this group.

## Tax benefit to support 2025-27E profit

In November 2023, TBCO (formerly Thanachart Bank or TBANK), a subsidiary company of TTB, registered liquidation completion with the Ministry of Commerce. TTB had tax losses from investment in the company which could be utilized when the liquidation process was completed. TTB has applied this tax benefit since 4Q23.

TTB disclosed that this tax benefit is recognized upon profit achieved in the period, so the bank had no corporate income tax expense in 2023. As of Dec 2024, the remaining tax benefit amounting THB10.6b can be subsequently recognized within 2028. The recognition will not be on a straight-line basis but will be subject to the estimation of the future net profit stream.

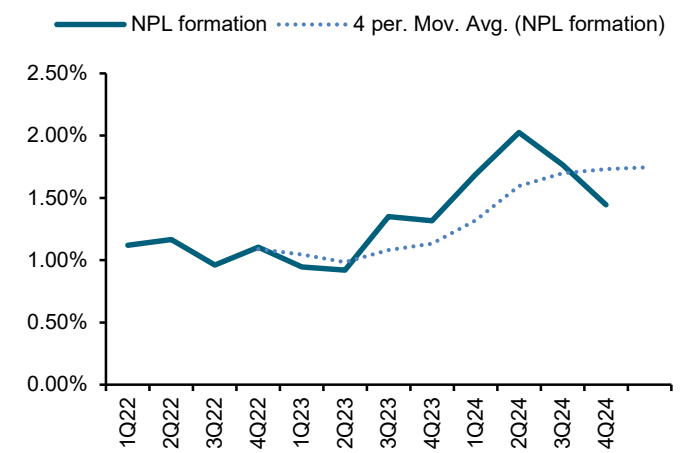
In fact, the tax benefit has reversed and turned into income for TTB. The tax rate in 2023-24 for TTB was around negative 5.3-5.6%. Based on our projection with a negative 5% tax rate for 2025-27, we expect that the tax benefit will last until 2027.



Asset quality – expect slightly higher NPLs but should remain manageable

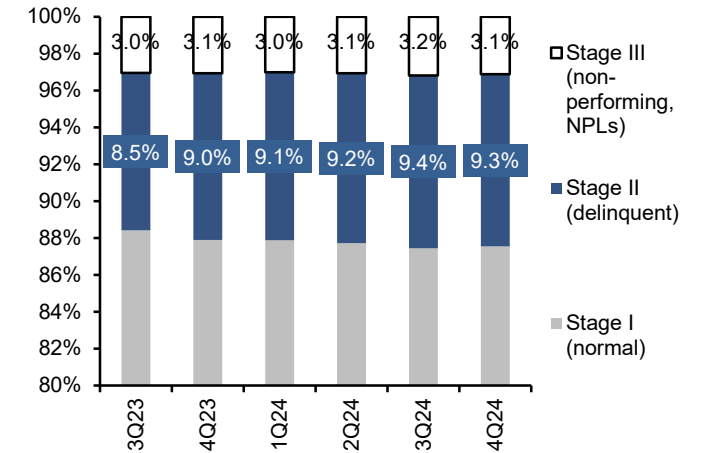
Based on our calculation, the NPL formation rate trend for TTB elevated in 2024 from 2023 and 2022 to around 150bp from 100bp. Nonetheless, we think this higher level remains acceptable and could be manageable because 1) the combined loan proportion of auto and mortgage loans is around 55%, which are facing structural challenges; and 2) the trend of the NPL formation rate in 2024 was more stabilized.

Exhibit 12: NPL formation rate – elevated in 2024 but seems manageable



Sources: TTB, FSSIA's compilation

Exhibit 13: Loans stage II, III



Sources: TTB, FSSIA's compilation

The loans under stage II (delinquent loans) proportion for TTB slightly increased to 9.3% in 4Q24 from 9.0% in 4Q23. For part of this increase, TTB has applied a more conservative loan classification policy since Covid-19, compared to the previous standard which focused on day past due (DPD) mainly. Meanwhile, another part is deteriorating asset quality, especially among retail customers. This may create the risk of higher NPLs in the future, we believe.

Exhibit 14: TTB's guiding principle of post-relief risk scheme – more conservative for loan staging and credit cost setup

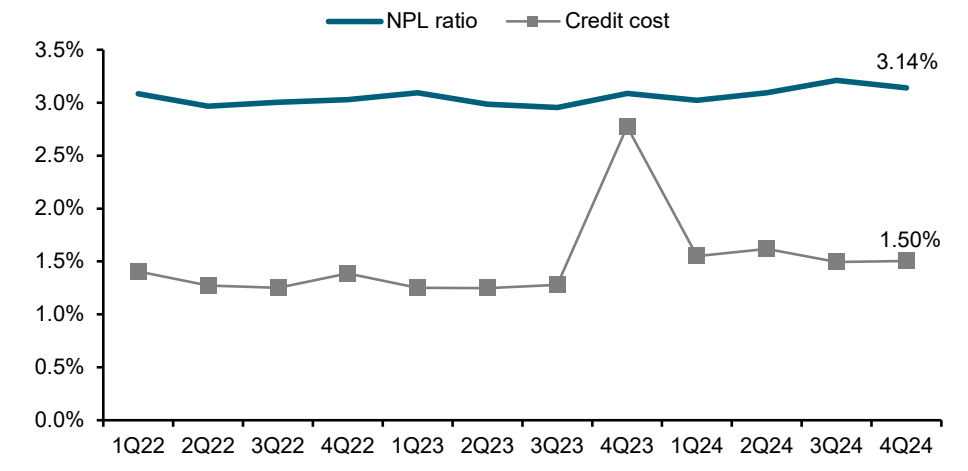
Scheme	Repayment Schedule		Staging	Minimum PD Level
	Interest	Principal		
SC 1	Full	Full	Mostly 1	Normal ↓ 100%
SC 2	Full	Partial	Mostly 1	
SC 3	Full	Postponed	Mostly 2	
SC 4	Partial	Postponed	Mostly 2&3	
SC 5	Additional skip payment ≤ 6 months		Mostly 2&3	
SC 6	Additional skip payment ≥ 6-12 months		Mostly 2&3	
SC 7	Additional skip payment ≥ 12 months		Mostly 3	

Source: TTB



Going forward in 2025-26, we expect that TTB's NPL ratio may increase to around 3.2-3.3% from 3.14% in 2024. The risk of higher NPLs for TTB, in our view, could mainly come from a large proportion of retail loans, especially mortgage and auto loans, and a higher probability of default from when TTB was exploring high-yield loan segments.

#### Exhibit 15: TTB's quarterly NPL ratio and credit cost

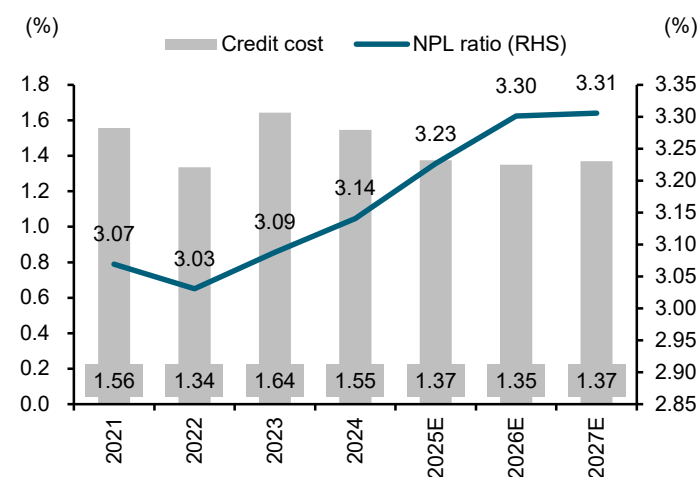


Sources: TTB, FSSIA's compilation

Nevertheless, we see our forecast of TTB's NPL ratio at 3.2-3.3% in 2025-26 as being at a manageable level, and it is still lower than the industry's projected NPL ratio of 3.6% over the same period. In addition, TTB's NPL coverage ratio increased to 151% in 2024 vs 129% in 2021. This implies a stronger reserve buildup for TTB in order to tackle the downside risk of asset quality, we believe.

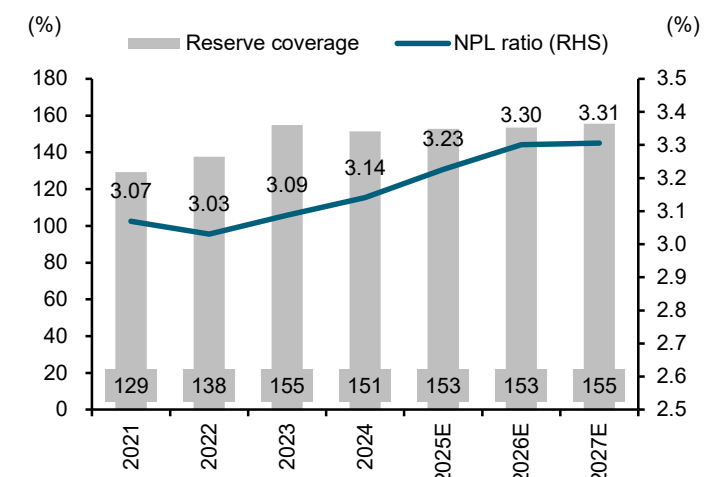
We forecast TTB's credit cost at 135-137bp for 2025-27. Nonetheless, we think it is possible that credit cost may be higher than our forecast level, but it is mainly supported by a better expected tax benefit realization over the period. This means TTB may apply the positive impact from its tax benefit to build up a stronger NPL buffer, which would be positive for TTB's balance sheet in the long term, we believe. Note that for the 155bp credit cost in 2024, TTB had 135bp for normal provisions, while another 20bp was considered as a special provision for reserve buildup.

#### Exhibit 16: NPL ratio and credit cost



Sources: TTB, FSSIA estimates

#### Exhibit 17: NPL ratio and coverage



Sources: TTB, FSSIA estimates

## 60% dividend payout ratio to be maintained

For its 2024 financial performance, TTB has announced a dividend payout ratio of 60%, which is a considerably high level among Thai banks. This is a part of TTB's capital management strategy for the efficient use of capital with liquidity recycling. TTB maintains its commitment to a medium-term (2026-28E) ROE milestone of 10%.

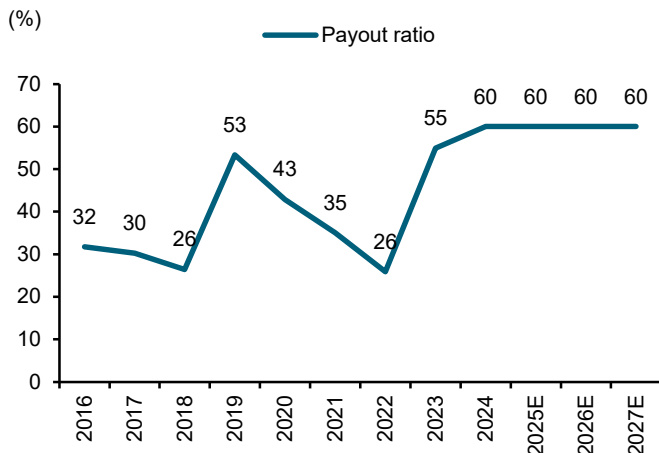
### Exhibit 18: Banks' 2024 dividend payout ratio comparison – 60% for TTB is considerably high among Thai banks

2024A	Dividend payout ratio	Dividend yield	XD Date	ROE	CET1	CAR ratio	Comments
BBL	36%	5.7%	23-Apr-25	8.3%	17.0%	20.4%	*** Need further actions, in our view.
KBANK	46%	6.2%	17-Apr-25	8.9%	17.5%	19.6%	Raised payout from 36%, No treasury stock
SCB	80%	8.4%	16-Apr-25	9.1%	17.8%	18.9%	High payout already
KTB	49%	6.7%	16-Apr-25	10.4%	18.8%	20.8%	Raised payout ratio from 33%, positive surprise
TTB	60%	6.8%	25-Apr-25	9.0%	16.9%	19.3%	Treasury stock during 2025-27E
TISCO	90%	7.8%	25-Apr-25	16.1%	17.0%	18.6%	High payout already
KKP	68%	7.1%	2-May-25	8.1%	13.1%	16.6%	Raised payout ratio for capital optimization, positive surprise

Sources: Banks' company data, FSSIA's compilation

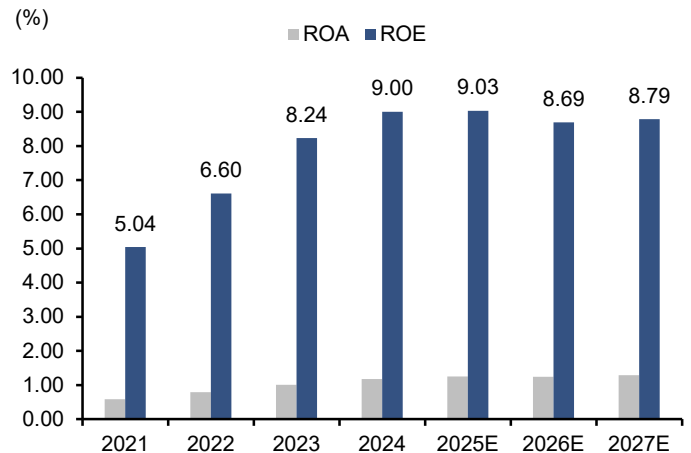
We believe the 60% dividend payout ratio for TTB could be sustained for 2025-27, thanks to the high CET1 and CAR ratio of 16.9% and 19.3%, respectively, in 2024, which is much higher than the regulatory requirement of 8.0% and 12.0%, respectively.

### Exhibit 19: Expect 60% dividend payout ratio for TTB



Sources: TTB, FSSIA estimates

### Exhibit 20: ROA and ROE



Sources: TTB, FSSIA estimates

## 3-year treasury stock program

In January 2025, TTB approved a treasury stock program for three years (2025 to 2027) with a maximum budget of THB21b.

There are three phases for the program. The first phase will be on 3 Feb to 1 Aug 2025 (6 months) with a maximum budget of THB7b. This is equivalent to 3.5b shares or 3.6% of total paid-up shares via automated order matching in the SET. This also implies a purchase price of around THB2 per share on average.

The second phase and third phase (in 2026-27E, respectively) will depend on the board of directors' approval, related regulations (with 6-month grace period after previous treasury stock program) and the bank's excess liquidity.

The rationale behind this is better capital management and enhancing ROE and EPS amid muted loan growth projections.

### Implication in our view

This is another positive move for TTB's capital management, in our view. The repurchase program will lower the book value per share and the number of shares outstanding.

Our net profit forecast for 2025-27 at an absolute amount will be the same. Meanwhile, EPS could increase by up to 3.8% and ROE could increase by up to 15bp, based on our calculation after the end of phase 1 in 2025.

Eventually, this program would be positive for EPS, ROE and share price sentiment, in our view, from better capital management.

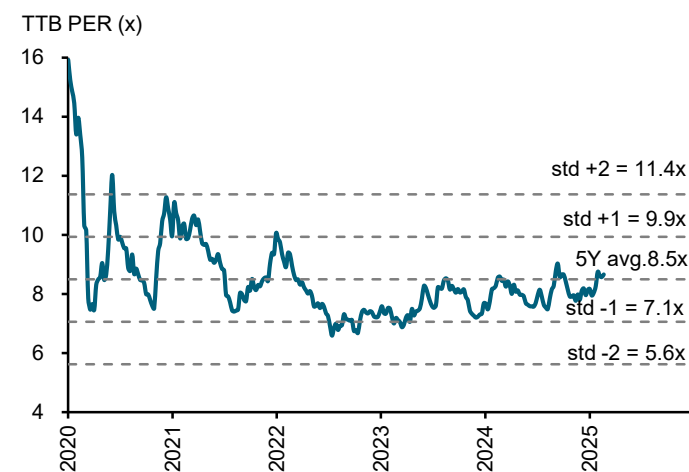
We expect TTB's CAR ratio after phase 1 in 2025 should be above 19%.

### ROE projection to be around 9%

We are positive on TTB's capital management for both the high dividend payout ratio of 60% and 3-year treasury stock program. Nonetheless, based on our steady net profit forecast of THB22b for 2025-26 and small improvement to THB22.8b in 2027E, we expect TTB's ROE would be around 8.7-9.0% for 2025-27 vs 9.0% in 2024.

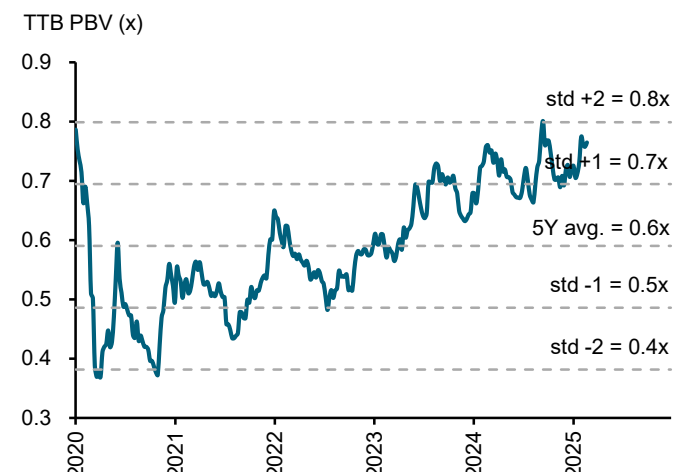
Seemingly, the tax benefit with our tax rate assumption of negative 5% is not enough to shore up ROE. Thus, to encourage further ROE generation, we believe TTB needs to speed up its income generation from both NII (from expanding the lending business, though it would not be easy, in our view) and non-NII from the bancassurance, mutual fund fee and brokerage business after the acquisition of Thanachart Securities (TNS) from Thanachart Capital in February 2025.

**Exhibit 21: TTB – one-year prospective P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 22: TTB – one-year prospective P/BV band**



Sources: Bloomberg, FSSIA estimates

## Exhibit 23: Peer regional banks comparison, as of 12 March 2025

Company name	BBG code	Share price (LCY)	Target price (LCY)	Up side (%)	Market Cap. (USD m)	----- PE ----- 25E (x)	26E (x)	---- PBV ---- 25E (x)	26E (x)	----- ROE ----- 25E (%)	26E (%)	---- Div yld ---- 25E (x)	26E (x)
Thailand													
Bangkok Bank	BBL TB	146.50	194.00	32	8,259	5.9	5.6	0.5	0.5	8.3	8.3	6.1	6.4
Kasikornbank	KBANK TB	151.00	186.00	23	10,567	6.9	6.5	0.6	0.6	8.9	9.1	6.5	7.0
Krung Thai Bank	KTB TB	23.00	26.50	15	9,494	7.3	6.8	0.7	0.7	9.7	9.9	6.7	7.2
SCB X	SCB TB	124.50	130.00	4	12,381	9.1	8.8	0.8	0.8	9.4	9.5	8.8	9.1
TMBThanachart Bank	TTB TB	1.91	2.05	7	5,479	8.4	8.5	0.7	0.7	9.0	8.7	7.1	7.1
Kiatnakin Bank	KKP TB	56.50	50.30	(11)	1,381	9.8	8.8	0.7	0.7	7.5	7.9	4.9	5.4
Tisco Financial Group	TISCO TB	97.75	98.00	0	2,312	11.4	11.1	1.8	1.7	15.6	15.9	7.9	8.2
Thailand weighted average					7,125	8.4	8.0	0.8	0.8	9.8	9.9	6.9	7.2
Hong Kong													
Industrial & Comm Bank of China	1398 HK	5.53	n/a	n/a	314,717	5.3	5.1	0.5	0.4	9.3	8.9	5.9	6.1
China Construction Bank	939 HK	6.65	n/a	n/a	217,989	4.6	4.4	0.5	0.4	10.1	9.8	6.5	6.8
HSBC Holdings	5 HK	85.05	n/a	n/a	197,218	8.5	7.9	1.1	1.0	13.1	13.2	6.0	6.4
Bank of China	3988 HK	4.51	n/a	n/a	204,840	5.6	5.3	0.5	0.5	9.0	8.8	5.8	5.8
Hong Kong average					233,691	6.0	5.7	0.6	0.6	10.4	10.2	6.1	6.3
China													
Industrial & Comm Bank of China	601398 CH	6.72	n/a	n/a	314,558	6.7	6.5	0.6	0.6	9.3	9.0	4.6	4.8
Agricultural Bank of China	601288 CH	5.05	n/a	n/a	244,152	6.5	6.2	0.6	0.6	9.8	9.6	4.8	5.1
China Construction Bank	601939 CH	8.45	n/a	n/a	217,879	6.3	6.1	0.6	0.6	10.0	9.6	4.8	5.0
Bank of China	601988 CH	5.33	n/a	n/a	204,844	7.1	6.8	0.6	0.6	9.0	8.7	4.5	4.7
China average					245,358	6.7	6.4	0.6	0.6	9.5	9.2	4.7	4.9
South Korea													
KB Financial Group	105560 KS	76,900	n/a	n/a	21,590	5.4	5.0	0.5	0.5	9.5	9.3	4.3	4.6
Shinhan Financial Group	055550 KS	45,150	n/a	n/a	16,100	4.6	4.3	0.4	0.4	8.9	8.8	5.0	5.4
Hana Financial Group	086790 KS	60,500	n/a	n/a	12,136	4.4	4.1	0.4	0.4	9.2	9.0	6.1	6.5
Industrial Bank of Korea	024110 KS	15,630	n/a	n/a	8,706	4.6	4.5	0.4	0.4	8.3	8.2	7.0	7.5
South Korea average					14,633	4.8	4.5	0.4	0.4	9.0	8.8	5.6	6.0
Indonesia													
Bank Central Asia	BBCA IJ	9,125	n/a	n/a	68,199	19.1	17.8	3.9	3.6	21.4	21.1	3.4	3.7
Bank Rakyat Indonesia Persero	BBRI IJ	3,890	n/a	n/a	35,658	9.8	8.8	1.8	1.7	18.6	19.7	8.8	9.2
Bank Mandiri Persero	BMRI IJ	4,880	n/a	n/a	27,292	7.8	7.2	1.5	1.3	19.7	19.6	7.7	8.2
Bank Negara Indonesia Persero	BBNI IJ	4,530	n/a	n/a	10,249	7.2	6.6	1.0	0.9	14.0	14.3	7.4	8.6
Bank Syariah Indonesia	BRIS IJ	2,540	n/a	n/a	7,151	14.2	12.1	2.3	1.9	16.9	17.4	1.1	1.7
Indonesia average					29,710	11.6	10.5	2.1	1.9	18.1	18.4	5.7	6.3
Malaysia													
Malayan Banking	MAY MK	10.18	n/a	n/a	27,797	11.6	11.1	1.3	1.2	11.0	11.1	6.3	6.5
Public Bank	PBK MK	4.33	n/a	n/a	19,244	11.4	10.8	1.4	1.3	12.7	12.6	5.2	5.5
CIMB Group Holdings	CIMB MK	7.00	n/a	n/a	17,257	9.5	9.0	1.0	1.0	11.3	11.3	6.2	6.5
Hong Leong Bank	HLBK MK	20.04	n/a	n/a	9,899	9.4	8.8	1.1	1.0	11.5	11.5	3.8	4.2
RHB Bank	RHBBANK MK	6.80	n/a	n/a	6,724	8.9	8.5	0.9	0.8	10.0	10.1	6.5	6.7
Malaysia average					16,184	10.2	9.6	1.1	1.1	11.3	11.3	5.6	5.9
Singapore													
DBS Group Holdings	DBS SP	44.46	n/a	n/a	94,520	11.2	10.9	1.8	1.8	16.4	16.3	6.9	7.0
Oversea-Chinese Banking	OCBC SP	16.59	n/a	n/a	55,825	9.9	9.6	1.2	1.2	12.7	12.5	6.0	5.9
United Overseas Bank	UOB SP	37.09	n/a	n/a	46,469	9.7	9.1	1.2	1.2	13.0	13.2	6.1	5.7
Singapore average					65,605	10.3	9.9	1.4	1.4	14.0	14.0	6.3	6.2
Regional average (excl. Thailand)					96,041	8.4	7.9	1.1	1.0	12.2	12.1	5.6	5.9
Total average (incl. Thailand)					76,590	8.4	7.9	1.0	1.0	11.7	11.7	5.9	6.2

Sources: Bloomberg; FSSIA estimates

## Financial Statements

TMBThanachart Bank

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Interest Income	79,134	82,783	77,345	76,250	76,868
Interest expense	(21,926)	(26,331)	(23,914)	(23,534)	(23,280)
Net interest income	57,207	56,452	53,431	52,717	53,589
Net fees & commission	10,362	9,373	9,729	10,096	10,474
Foreign exchange trading income	1,666	1,770	1,823	1,878	1,934
Securities trading income	52	244	256	269	282
Dividend income	0	0	0	0	0
Other income	1,674	1,561	1,638	1,721	1,808
Non interest income	13,754	12,948	13,446	13,963	14,499
Total income	70,961	69,399	66,877	66,679	68,087
Staff costs	(16,795)	(15,693)	(15,379)	(15,379)	(15,379)
Other operating costs	(14,485)	(13,878)	(13,878)	(13,922)	(14,010)
Operating costs	(31,280)	(29,571)	(29,257)	(29,301)	(29,390)
Pre provision operating profit	39,682	39,828	37,620	37,378	38,698
Expected credit loss	(22,199)	(19,852)	(16,987)	(16,618)	(16,950)
Other provisions	-	-	-	-	-
Operating profit	17,482	19,976	20,633	20,761	21,748
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	-	-	-	-	-
Profit before tax	17,482	19,976	20,633	20,761	21,748
Tax	980	1,055	1,238	1,038	1,087
Profit after tax	18,462	21,031	21,871	21,799	22,835
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	18,462	21,031	21,871	21,799	22,835
Non recurring items & goodwill (net)	-	-	-	-	-
Recurring net profit	18,462	21,031	21,871	21,799	22,835
<b>Per share (THB)</b>					
Recurring EPS *	0.19	0.22	0.23	0.23	0.24
Reported EPS	0.19	0.22	0.23	0.23	0.24
DPS	0.11	0.13	0.14	0.14	0.14
<b>Growth</b>					
Net interest income (%)	10.8	(1.3)	(5.4)	(1.3)	1.7
Non interest income (%)	(3.4)	(5.9)	3.9	3.8	3.8
Pre provision operating profit (%)	10.5	0.4	(5.5)	(0.6)	3.5
Operating profit (%)	(0.4)	14.3	3.3	0.6	4.8
Reported net profit (%)	30.1	13.9	4.0	(0.3)	4.8
Recurring EPS (%)	30.1	13.9	4.0	(0.3)	4.8
Reported EPS (%)	30.1	13.9	4.0	(0.3)	4.8
<b>Income Breakdown</b>					
Net interest income (%)	80.6	81.3	79.9	79.1	78.7
Net fees & commission (%)	14.6	13.5	14.5	15.1	15.4
Foreign exchange trading income (%)	2.3	2.6	2.7	2.8	2.8
Securities trading income (%)	0.1	0.4	0.4	0.4	0.4
Dividend income (%)	-	-	-	-	-
Other income (%)	2.4	2.2	2.4	2.6	2.7
<b>Operating performance</b>					
Gross interest yield (%)	4.46	4.78	4.60	4.54	4.53
Cost of funds (%)	1.42	1.77	1.66	1.64	1.61
Net interest spread (%)	3.04	3.01	2.94	2.90	2.92
Net interest margin (%)	3.2	3.3	3.2	3.1	3.2
Cost/income(%)	44.1	42.6	43.7	43.9	43.2
Cost/assets(%)	1.7	1.7	1.7	1.7	1.7
Effective tax rate (%)	(5.6)	(5.3)	(6.0)	(5.0)	(5.0)
Dividend payout on recurring profit (%)	55.0	60.6	60.0	60.0	60.0
ROE (%)	8.2	9.0	9.0	8.7	8.8
ROE - COE (%)	(1.8)	(1.0)	(1.0)	(1.3)	(1.2)
ROA (%)	1.0	1.2	1.3	1.2	1.3
RORWA (%)	1.4	1.7	1.7	1.7	1.7

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: TMBThanachart Bank ; FSSIA estimates

## Financial Statements

TMBThanachart Bank

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Gross customer loans	1,327,964	1,240,874	1,230,947	1,230,947	1,246,334
Allowance for expected credit loss	(63,502)	(59,007)	(60,706)	(62,367)	(64,062)
interest in suspense	8,674	8,422	8,001	8,001	8,101
<b>Net customer loans</b>	<b>1,273,136</b>	<b>1,190,289</b>	<b>1,178,242</b>	<b>1,176,581</b>	<b>1,190,373</b>
Bank loans	267,486	288,562	288,562	294,333	300,220
Government securities	-	-	-	-	-
Trading securities	2,470	10,381	10,693	11,014	11,344
Investment securities	179,088	156,350	157,913	159,492	161,087
Cash & equivalents	15,487	14,809	20,457	23,217	27,275
Other interesting assets	-	-	-	-	-
Tangible fixed assets	20,859	15,392	15,546	15,701	15,858
Associates	8,614	8,584	8,756	8,931	9,109
Goodwill	23,434	25,003	25,253	25,506	25,761
Other intangible assets	-	-	-	-	-
Other assets	33,859	39,153	39,305	39,459	39,614
<b>Total assets</b>	<b>1,824,434</b>	<b>1,748,523</b>	<b>1,744,727</b>	<b>1,754,233</b>	<b>1,780,641</b>
Customer deposits	1,386,581	1,328,594	1,315,308	1,315,308	1,331,749
Bank deposits	87,794	90,184	90,184	90,184	90,184
Other interest bearing liabilities	59,531	29,247	29,247	29,247	29,247
Non interest bearing liabilities	61,180	62,685	63,427	64,214	65,047
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>1,595,087</b>	<b>1,510,710</b>	<b>1,498,166</b>	<b>1,498,953</b>	<b>1,516,227</b>
Share capital	92,246	92,531	92,531	92,531	92,531
Reserves	137,101	145,281	154,029	162,749	171,883
<b>Total equity</b>	<b>229,347</b>	<b>237,812</b>	<b>246,561</b>	<b>255,280</b>	<b>264,414</b>
Non-controlling interest	0	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>1,824,434</b>	<b>1,748,523</b>	<b>1,744,727</b>	<b>1,754,233</b>	<b>1,780,641</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	1,282,225	1,250,802	1,271,758	1,291,950	1,333,187
Average interest earning assets	1,774,825	1,730,162	1,681,604	1,681,097	1,696,207
Average interest bearing liabilities	1,538,784	1,490,966	1,441,382	1,434,739	1,442,960
CET 1 capital	200,895	209,704	217,564	225,398	233,604
Total capital	265,420	241,405	249,265	257,098	265,304
Gross non performing loans (NPL)	41,006	40,224	39,715	40,632	41,198
<b>Per share (THB)</b>					
Book value per share	2.37	2.46	2.55	2.64	2.74
Tangible book value per share	2.13	2.20	2.29	2.38	2.47
<b>Growth</b>					
Gross customer loans	(3.5)	(6.6)	(0.8)	-	1.3
Average interest earning assets	1.8	(2.5)	(2.8)	0.0	0.9
Total asset (%)	(0.1)	(4.2)	(0.2)	0.5	1.5
Risk weighted assets (%)	(0.4)	(2.5)	1.7	1.6	3.2
Customer deposits (%)	(0.9)	(4.2)	(1.0)	-	1.3
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	91.8	89.6	89.6	89.5	89.4
Equity/assets (%)	12.6	13.6	14.1	14.6	14.8
Tangible equity/assets (%)	11.3	12.2	12.7	13.1	13.4
RWA/assets (%)	70.3	71.5	72.9	73.6	74.9
CET 1 CAR (%)	15.7	16.8	17.1	17.4	17.5
Total CAR (%)	20.7	19.3	19.6	19.9	19.9
<b>Asset Quality (FSSIA's calculation)</b>					
Change in NPL (%)	(1.7)	(1.9)	(1.3)	2.3	1.4
NPL/gross loans (%)	3.1	3.2	3.2	3.3	3.3
Allowance for ECL/gross loans (%)	4.8	4.8	4.9	5.1	5.1
Allowance for ECL/NPL (%)	154.9	146.7	152.9	153.5	155.5
<b>Valuation</b>					
Recurring P/E (x) *	10.0	8.8	8.4	8.5	8.1
Recurring P/E @ target price (x) *	10.7	9.4	9.1	9.1	8.7
Reported P/E (x)	10.0	8.8	8.4	8.5	8.1
Dividend yield (%)	5.5	6.9	7.1	7.1	7.4
Price/book (x)	0.8	0.8	0.7	0.7	0.7
Price/tangible book (x)	0.9	0.9	0.8	0.8	0.8
Price/tangible book @ target price (x)	1.0	0.9	0.9	0.9	0.8

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: TMBThanachart Bank ; FSSIA estimates

# TMBThanachart Bank PCL (TTB TB)

## FSSIA ESG rating


**63.69 /100**

### Exhibit 24: 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.
★★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>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 25: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET ESG	SET ESG Rating	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 26: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.76</b>	<b>1.79</b>	<b>1.92</b>	<b>2.14</b>	<b>2.82</b>	<b>3.02</b>	<b>3.16</b>	<b>3.20</b>
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
<b>ESG disclosure score</b>	<b>41.00</b>	<b>41.34</b>	<b>43.27</b>	<b>43.64</b>	<b>46.86</b>	<b>50.40</b>	<b>49.27</b>	<b>53.49</b>
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
<b>Environmental</b>								
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 27: 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 ( <a href="#">DJSI</a> ) 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.																			
SET ESG Ratings List ( <a href="#">SETESG</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	SET ESG 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>SETESG 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>SETESG Index</b> is extended from the SET ESG Ratings 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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.																			
<a href="#">Thai CAC</a> 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.																			
<a href="#">Morningstar Sustainabilitys</a>	The Sustainabilitys' 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+																	
<a href="#">ESG Book</a>	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.																			
<a href="#">MSCI</a>	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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></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><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																		
<a href="#">Moody's ESG solutions</a>	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.																				
<a href="#">Refinitiv ESG rating</a>	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>																				
<a href="#">S&amp;P Global</a>	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.																				
<b>Bloomberg</b>	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

Nathapol Pongsukcharoenkul FSS International Investment Advisory Securities Co., Ltd

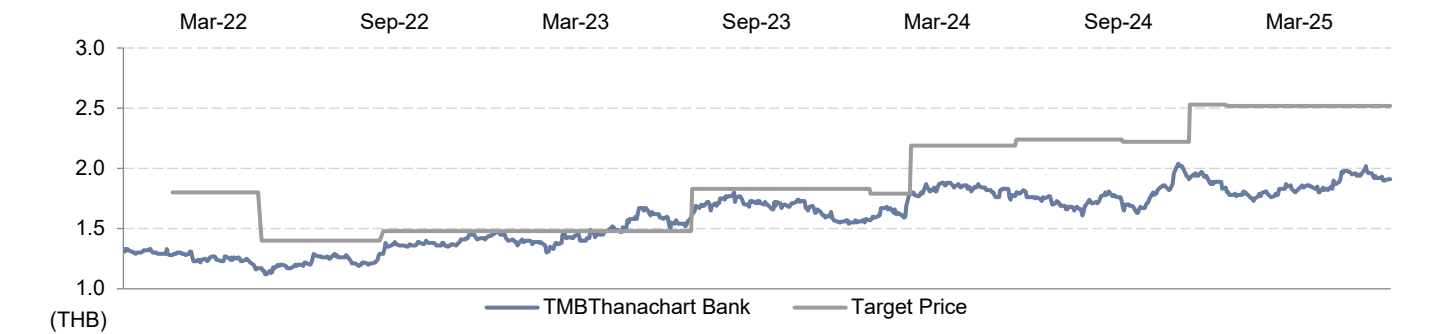
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History of change in investment rating and/or target price

TMBThanachart Bank (TTB TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
22-Apr-2022	BUY	1.80	18-Dec-2023	HOLD	1.79	19-Sep-2024	BUY	2.53
08-Jul-2022	BUY	1.40	22-Jan-2024	BUY	2.19	21-Oct-2024	BUY	2.52
21-Oct-2022	BUY	1.48	22-Apr-2024	BUY	2.24			
17-Jul-2023	BUY	1.83	23-Jul-2024	BUY	2.22			

Nathapol Pongsukcharoenkul started covering this stock from 13-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
TMBThanachart Bank	TTB TB	THB 1.91	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 include 1) resumption of loan growth, especially retail loans (mortgage, auto, unsecured loans); 2) benign asset quality with lower credit cost; and 3) better-than-expected OPEX control.

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 12-Mar-2025 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.