

## TMBThanachart Bank (TTB TB)

# Good news priced in; D/G to HOLD, prefer BBL & KTB

### 2Q23 results beat priced in; HOLD for high div yield

Downgrade to HOLD from BUY as the 2Q23 results beat has been priced in after the share price rose 11% and outperformed the SET by 13% in the past three months. Raised TP to THB1.75 from THB1.70 after revised earnings to reflect a higher NIM. We like TTB for its high dividend yield, focus on high-yield lending and limited asset quality problems. But we prefer BBL (CP THB164, BUY, TP THB200) and KTB (CP THB20.3, BUY, TP THB22.0) as both will benefit from the interest rate uptrend and are trading at 7.5-8.0x FY23E PER, below 8.7x for TTB.

### Expect NIM expansion to slow in 2H23

Management guided that the strong growth in NII in 2Q23 was due to: (i) its growing high-yield lending; and (ii) repricing of loans and investment in government bonds following the rise in policy rate. Its high-yield retail loans grew QoQ, led by home equity (+6.5%), auto equity (+9.7%), and personal loans (+9.3%). However, we expect the expansion in NIM to slow in 2H23 due to the slow improvement in yields and higher deposit cost. We forecast NIM to reach 3.16% this year vs the bank's target of 3.0-3.1%. Non-NII should remain weak due to low fees from capital markets. Lastly, the CEO said new consumer loan regulations will impact unsecured loans rather than secured loans.

### Improving asset quality; credit cost set to drop YoY

The CEO expects stable asset quality and room to reduce credit cost given the good portfolio quality. However, there are some concerns about the asset quality of HP loans for used cars as high inflation continues to impact low-income earners. We expect credit cost to fall to 120-125bps in FY23-25E from 134-178bps in the past 3 years. We raise our FY23/24E EPS by 5%/3% to reflect a higher NIM, and we accordingly revise up our GGM-based TP to THB1.75 from THB1.70. Overall, we expect earnings to grow 29% and 10% YoY for this year and next, thanks to higher NIM and lower expected credit cost.

### 2Q23 earnings beat due to higher NIM

2Q23 net profit of THB4.6b rose 33% YoY and 6% QoQ, beating our and consensus forecasts by 5% and 10%. Loans fell 2% YoY due to weak growth in corporate and SME loans while NIM rose 13bps QoQ to 3.16%, thanks to improving loan mix favouring high-yield lending. Non-NII rose 6% YoY due to higher dividend income and gains from investments. PPOP grew 15% YoY on strong NII growth and good cost control. TTB booked THB4.2b provisions, down 3% YoY, or 125bps credit cost. NPL ratio declined 10bps QoQ to 2.99% while NPL coverage rose 6ppts to 144%.

FYE Dec (THB m)	FY21A	FY22A	FY23E	FY24E	FY25E
Operating income	65,191	65,591	71,213	74,391	77,628
Pre-provision profit	33,972	35,639	39,764	41,683	43,612
Core net profit	10,474	14,195	18,329	20,114	21,275
Core EPS (THB)	0.1	0.1	0.2	0.2	0.2
Core EPS growth (%)	3.4	35.3	29.0	9.7	5.8
Net DPS (THB)	0.0	0.1	0.1	0.1	0.1
Core P/E (x)	13.5	9.6	8.7	7.9	7.5
P/BV (x)	0.7	0.6	0.7	0.7	0.6
Net dividend yield (%)	2.6	5.2	5.7	6.9	8.0
Book value (THB)	2.18	2.26	2.38	2.49	2.60
ROAE (%)	5.0	6.6	8.2	8.5	8.6
ROAA (%)	0.6	0.8	1.0	1.1	1.1
Consensus net profit	-	-	16,446	18,063	19,130
MIBG vs. Consensus (%)	-	-	11.4	11.4	11.2

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# HOLD

[Prior:BUY]

Share Price THB 1.65  
12m Price Target THB 1.75 (+6%)  
Previous Price Target THB 1.70

### Company Description

Mid-sized bank with balanced loan portfolio

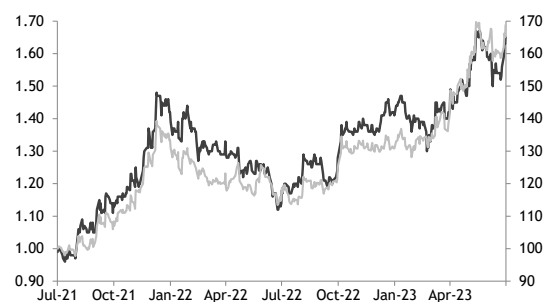
### Statistics

52w high/low (THB) 1.67/1.17  
3m avg turnover (USDm) 21.0  
Free float (%) 49.0  
Issued shares (m) 96,359  
Market capitalisation THB159.0B  
USD4.7B

### Major shareholders:

TCAP 25.0%  
ING Bank NV 22.9%  
MOF 11.8%

### Price Performance



— TMBThanachart Bank - (LHS, THB)  
— TMBThanachart Bank / Stock Exchange of Thai Index - (RHS, %)

	-1M	-3M	-12M
Absolute (%)	4	16	45
Relative to index (%)	5	20	46

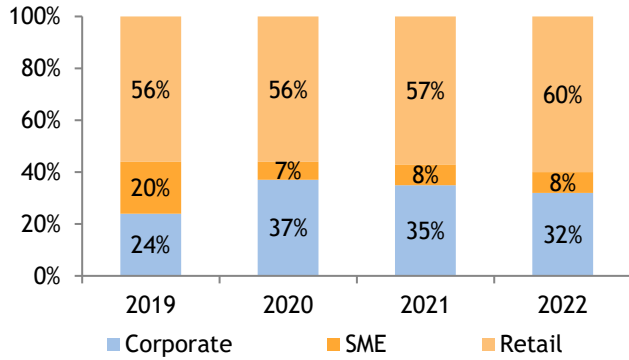
Source: FactSet

ESG@MAYBANK IBG  
Tear Sheet Insert

## Value Proposition

- Retail accounts for 60% of total loans while corporate and SME made up 40% in 2022.
- Strong deposit franchise. This could also promote mutual-fund and bancassurance fees from retail depositors.
- Merged with TBANK, a hire-purchase bank, to become the 6th largest bank in Thailand based on asset size.
- Long-term ROE is 8.9% vs cost of capital of 10.3%.

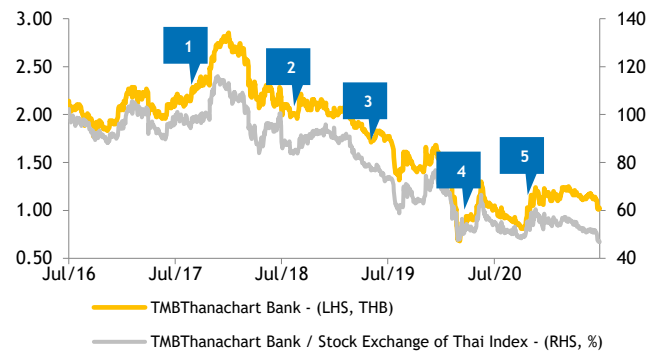
### Loan types



Source: Company

## Price Drivers

### Historical share price trend



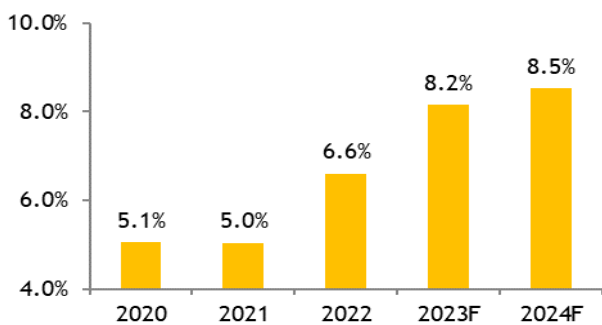
Source: Company, MST

1. Strong fee-income growth from bancassurance and mutual funds in 2017.
2. Weak loan growth and fee income in 4Q18 and 1Q19.
3. Announced M&A with TBANK.
4. Weak operations due to negative impact from Covid-19 outbreak.
5. Fee income improved from the rising vaccination rates.

## Financial Metrics

- Moving away from lending to corporates and SMEs towards auto equity, home equity and unsecured loans due to better risk-adjusted returns.
- Life-insurance and mutual-fund fees account for 70% of fee income. We forecast ROE of 8.2% in FY23.

### ROE



Source: Company

## Swing Factors

### Upside

- Faster-than-expected high-margin loan growth.
- Economic conditions stronger than expected.
- Better-than-expected asset quality with lower NPL ratios.

### Downside

- Global economic slowdown.
- Deterioration in the asset quality of retail and SME loans.
- Slow bancassurance and mutual fund fees.

Risk Rating & Score <sup>1</sup>	24.0 Medium Risk
Score Momentum <sup>2</sup>	-1.4
Last Updated	18 Mar 2023
Controversy Score <sup>3</sup> (Updated: 18 Mar 2023)	1-Low

## Business Model & Industry Issues

- TTB practices sustainability in 4 key areas: business, environmental, social and corporate governance.
- TTB ranked No.1 among nine Thai banks in the assessment by Fair Finance Thailand, which promotes sustainable banking.
- TTB successfully completed its merger with Thanachart Bank in 2019 and the entire business transfer was completed in 2021.
- TTB acknowledges that employees are its greatest asset given the increasingly competitive industry and as there are many business disruptions from other industries. Therefore, the bank targets to transform the organisation into the best place to work and to provide opportunities for the development of employees.

### Material E issues

- TTB raised USD60m from green bonds (the first Thai commercial bank to issue in 2018) to finance climate-friendly projects that contribute to sustainable development, eg, renewable energy.
- TTB focused on eco-efficiency and mitigating waste from its business operations. TTB registered a 36% decrease in electricity and water consumption at TTB's headquarters in 2021 compared to its 2019 base line due to Covid.
- TTB is actively promoting green lending. TTB set up THB12b in green and blue loans (including EV loans) in 2022.
- TTB reduced loans to the tobacco sector by 27% YoY in 2022 and committed to exit the sector by 2023. TTB also reduced loans to coal-fired power plants by 38% and committed to exit this sector by 2028.

### Material S issues

- TTB has launched the FAI-FAH programme in 2014, which provides opportunities for Thai youth aged between 12 and 17 to develop life and well-being skills. In addition, more than 3,000 TTB volunteers were involved in 40 community development projects nationwide, benefiting more than 150,000 youths across the country.
- TTB set up a 5-year collaboration project with the Ministry of Defence of Thailand, called Financial Education Project for Military Personnel, to increase financial literacy awareness and stress the importance of personal financial planning.
- TTB provided training to all employees with average training hours of 58 hours per person per year in 2022 vs its target of 40 hours as the bank acknowledged that employees are its greatest asset.

### Key G metrics and issues

- TTB has 14 board members, 5 of whom are independent (3 on audit committee), or 36% of the board.
- There are three females on the board, 21% of directors.
- 100% of board members participated in ESG training.
- TTB employed 15,102 employees in 2021 of whom 69% are female.
- Total compensation for senior management was THB1.1b, which was 10% of net profit in 2021.
- TTB's auditor is KPMG.
- TTB ranked No. 1 in Fair Finance Thailand for 4 consecutive years.
- TTB has adopted a 'no gift' policy for any festivals or occasions to ensure transparency in its operations and to promote good corporate governance.
- TTB invests in people to develop and improve their ability to lead change and advance their career.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Quantitative Parameters (Score: 41)						
	Particulars	Unit	2019	2020	2021	BBL (2021)
E	Scope 1 GHG emissions	tonnes CO2e	691	1,113	298	11,619
	Scope 2 GHG emissions	tonnes CO2e	28,314	15,409	22,306	57,674
	<b>Total</b>	<b>tonnes CO2e</b>	<b>29,005</b>	<b>16,522</b>	<b>22,604</b>	<b>69,293</b>
	Scope 3 GHG emissions	tonnes CO2e	362	266	410	10
	<b>Total</b>	<b>tonnes CO2e</b>	<b>29,367</b>	<b>16,788</b>	<b>23,014</b>	<b>69,303</b>
	Emissions intensity (Scope 1 and 2)	Tonnes CO2e/emp	3.6	1.9	1.5	3.3
	Exposure to coal, mining & plantation	% of loan book	N/A	N/A	N/A	N/A
	Electricity consumption	MWh/emp	7.0	3.5	3.0	20.2
	Water consumption	m3/emp	25.5	20.5	17.2	4.3
	Green, Social, sustainable products & services	THBb	0.1	2.8	2.5	108.0
S	% of women in workforce	%	71%	69%	69%	66.9%
	% of women in management roles	%	60.4%	58.5%	56.1%	54.1%
	Average training hours per employee	number	35.0	18.0	46.0	64.2
	Attrition rate	%	26.7%	14.2%	15.9%	6.4%
G	MD/CEO salary as % of reported net profit	%	N/A	N/A	N/A	N/A
	Board salary as % of reported net profit	%	13.5%	11.4%	10.2%	10.6%
	Independent directors on the Board	%	43%	36%	36%	42%
	Profits distributed to shareholders	%	42.9%	42.9%	35.1%	25.2%
	Female directors on the Board	%	7%	7%	14%	11%

Qualitative Parameters (Score: 67)	
a) Is there an ESG policy in place and is there a standalone ESG committee or is it part of a risk committee?	<i>Yes, there is an ESG policy in place and a standalone Sustainability &amp; Governance Committee.</i>
b) Does the performance evaluation of the board and senior mgt include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities?	<i>Yes.</i>
c) Does the company follow the task force of climate related disclosures (TCFD) framework for ESG reporting? Is it signatory to responsible banking initiative or other such initiatives?	<i>Not mentioned.</i>
d) Does the company have a mechanism to capture Scope 3 emissions, including from financing activities??	<i>Yes, TTB captures Scope 3 emissions - business travel (fleet cars) operated by external parties, paper usage and water consumption - it does not capture emissions from financing activities</i>
e) Does the bank have policies to reduce exposure to coal, oil and plantation sector financing?	<i>Yes, TTB will not finance any new coal-fired power plant projects and exit from the tobacco industry by 2023.</i>
f) Does the bank have no deforestation, no peat, no exploitation (NDPE) policies in place?	<i>Yes. The bank has incorporated it into its ESG lending list.</i>

Target (Score: 100)		
Particulars	Target	Achieved
Reduce 15% electricity consumption by 2026 compared to 2019 base line	15%	N/A
Reduce 10% water consumption by 2026 compared to 2019 base line	10%	N/A
Facilitate transition to a low carbon society	N/A	N/A
Impact		
NA		
<b>Overall Score: 62</b>		
As per our ESG matrix, TTB has an overall score of 62.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	41	21
Qualitative	25%	67	17
Target	25%	100	25
<b>Total</b>			<b>62</b>

TTB has strong sustainability policies in place, but where it may be lacking slightly would be in the qualitative aspects, particularly around environmental issues. TTB's overall ESG score is 62, which is marginally above our average ESG rating (average ESG rating = 50).

## 2Q23 earnings beat due to higher NII; NPL ratio fell QoQ

TTB reported THB4.6b net profit for 2Q23, up 33% YoY and 6% QoQ, beating our and consensus forecast by 5% and 10%, respectively, due to higher-than-expected NIM. 1H23 earnings achieved 51% of our full-year forecast.

- Loans dropped 2% YoY due to the weak growth in corporate and SME loans (-2.7% YTD). On a positive note, high-yield retail loans grew QoQ, led by home equity (+6.5%), auto title loans (+9.7%), and personal loans (+9.3%).
- NIM rose 13bps QoQ to 3.16%, higher than our forecast of 3.06%** thanks to improving loan mix and higher interest income from liquid assets.
- Net fee income increased 1% YoY due to higher bancassurance fees while mutual fund fees remained weak. Non-NII rose 6% YoY due to higher dividend income and gains from investments.
- Opex rose 8% YoY due to higher staff cost and incentive expense to increase business volume. **Cost-to-income ratio fell 1.4ppt YoY to 44.3% in 2Q23**, thanks to recovery in revenue and costs discipline.
- TTB booked THB4.2b provisions**, down 3% YoY, or 125bp credit cost.
- NPL ratio declined 10bps QoQ to 2.99%** while NPL coverage rose 6ppts to 144%. NPL formation fell to 0.92% in 2Q23 from 1.17% in 2Q22. TTB sold THB1.8b of NPLs and wrote off THB4.3b of NPLs in 2Q23.

Fig 1: TTB: 2Q23 earnings jumped 33% YoY and beat our forecast by 5% due to higher-than-expected NIM

Financial statement (THBm)	2Q22	3Q22	4Q22	1Q23	2Q23	Chg YoY	Chg QoQ	2Q23E	Diff
<b>Balance sheet</b>									
Loan	1,392,608	1,394,000	1,376,118	1,358,053	1,363,679	-2%	0%	1,364,843	0%
Deposit	1,394,947	1,373,624	1,399,247	1,402,305	1,395,314	0%	0%	1,388,281	1%
<b>Income statement</b>									
Interest income	15,885	16,519	17,546	18,475	19,442	22%	5%	18,888	3%
Interest expenses	(3,471)	(3,550)	(3,720)	(4,973)	(5,349)	54%	8%	(5,198)	3%
Net interest income	12,414	12,968	13,826	13,502	14,093	14%	4%	13,690	3%
Net fee income	2,645	2,534	2,750	2,559	2,659	1%	4%	2,647	0%
Non-interest income	3,475	3,381	4,014	3,368	3,668	6%	9%	3,456	6%
Operating income	15,889	16,349	17,840	16,870	17,760	12%	5%	17,146	4%
Operating expenses	(7,262)	(7,447)	(8,256)	(7,303)	(7,863)	8%	8%	(7,449)	6%
Operating profit	8,627	8,902	9,584	9,567	9,897	15%	3%	9,697	2%
Loan loss provisions	(4,382)	(4,361)	(4,802)	(4,276)	(4,244)	-3%	-1%	(4,255)	0%
Pre-tax profit	4,245	4,541	4,782	5,291	5,653	33%	7%	5,442	4%
Tax	(807)	(827)	(935)	(996)	(1,087)	35%	9%	(1,088)	0%
<b>Net profit</b>	<b>3,438</b>	<b>3,715</b>	<b>3,847</b>	<b>4,295</b>	<b>4,566</b>	<b>33%</b>	<b>6%</b>	<b>4,354</b>	<b>5%</b>
EPS	0.036	0.038	0.040	0.044	0.047	33%	6%	0.045	5%
<b>Key ratios</b>									
LDR + borrowings	95.1%	96.3%	94.3%	92.8%	93.6%			94.0%	
Net interest margin	2.82%	2.93%	3.12%	3.03%	3.16%			3.06%	
Cost to income	45.7%	45.6%	46.3%	43.3%	44.3%			43.4%	
Gross NPL (THBm)	41,331	41,889	41,707	42,006	40,719			42,556	
NPL/ Gross loans	2.97%	3.00%	3.03%	3.09%	2.99%			3.12%	
LLR/NPL	133.1%	135.1%	137.6%	139.8%	143.8%			140.1%	
Credit cost	1.27%	1.25%	1.39%	1.25%	1.25%			1.25%	
ROA	0.76%	0.82%	0.84%	0.94%	1.00%			0.95%	
ROE	6.5%	7.0%	7.1%	7.7%	8.1%			7.8%	

Source: Company data, MST

**Fig 2: Raise FY23-24E earnings by 3-5% after raising NIM assumptions**

Key assumptions	New		Previous	
	FY23E	FY24E	FY23E	FY24E
Loan growth	2.0%	3.0%	2.0%	3.0%
NIM	3.16%	3.23%	3.08%	3.14%
Fee income growth	2.0%	4.0%	2.0%	4.0%
Non-NII growth*	2.0%	4.0%	2.0%	4.0%
OPEX growth	5.0%	4.0%	3.0%	3.0%
Credit cost	1.25%	1.20%	1.25%	1.20%
Provisions (THBb)	17.4	17.1	17.4	17.1
Earnings (THBb)	18.3	20.1	17.5	19.5
% Change in earnings	4.6%	3.0%		
ROE (%)	8.2%	8.5%	7.8%	8.3%

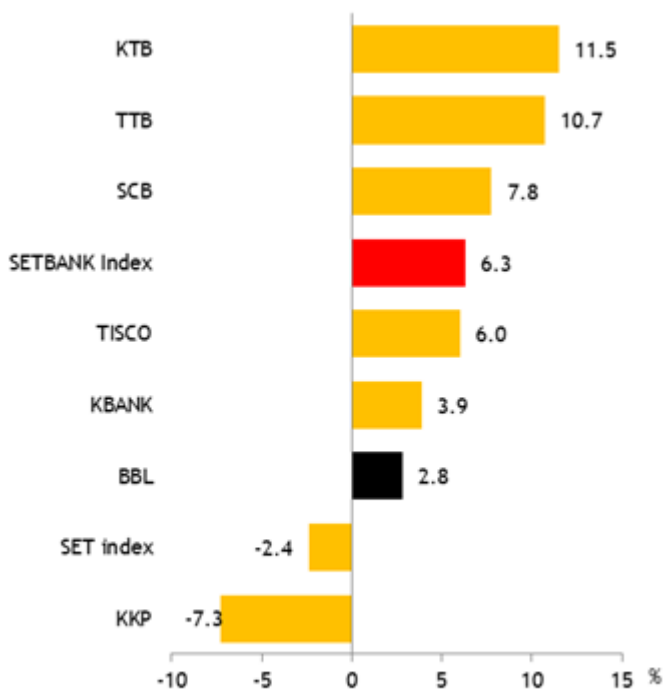
Source: Company, MST

**Fig 3: Gordon growth model valuation**

Sustainable ROE (%)	8.9	Risk free rate (%)	3.0
Cost of equity (%)	10.3	Equity premium (%)	7.4
Long-term nominal growth (g)	5.0	Equity Beta (x)	1.0
Target P/BV (x)	0.74	Cost of equity (%)	10.3
Target P/E (x)	9.3		
2023 BV (THB)	2.4		
Fair value (THB/share)	1.75		

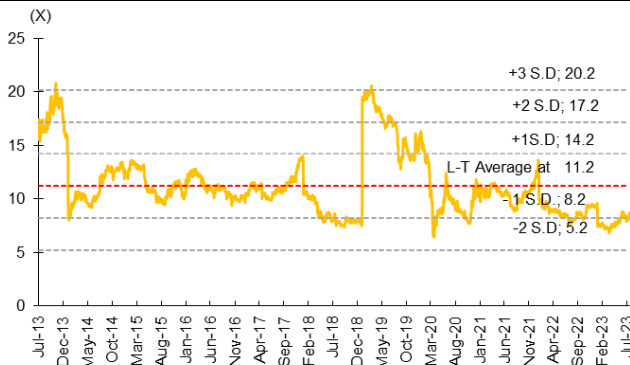
Source: Company, MST

**Fig 4: Share price performance in the past 3 months**



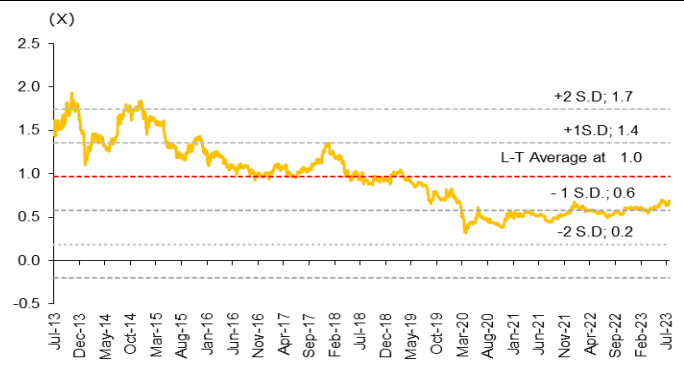
Source: Company, MST

Fig 5: P/E band



Source: Bloomberg, MST

Fig 6: P/BV band



Source: Bloomberg, MST

Fig 7: Regional comparisons

Ticker	Name	Rating	TP (LC)	P/E (x)		P/BV (x)		ROE (%)		Yield (%)	
				FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
BBL TB	BANGKOK BANK	Buy	200.00	8.0	7.5	0.6	0.6	7.5	7.6	4.0	4.3
KBANK TB	KASIKORNBANK	Buy	160.00	7.5	6.8	0.6	0.6	8.1	8.4	3.7	4.1
KTB TB	KRUNG THAI BANK	Buy	22.00	7.5	7.0	0.7	0.7	9.7	9.7	4.0	4.3
KKP TB	KIATNAKIN PHATRA BANK	Buy	90.00	6.2	5.6	0.8	0.8	13.8	14.1	7.4	8.3
SCB TB	SCB X PCL	Buy	130.00	9.0	8.2	0.8	0.7	8.8	9.2	5.4	5.9
TISCO TB	TISCO FINANCIAL GROUP	Hold	108.00	10.3	9.9	1.8	1.7	17.4	17.5	8.0	8.2
TTB TB	TMBTHANACHART BANK	Hold	1.75	8.7	7.9	0.7	0.7	8.2	8.5	5.7	6.9
	<b>Thailand - average</b>			<b>8.2</b>	<b>7.6</b>	<b>0.8</b>	<b>0.8</b>	<b>10.5</b>	<b>10.7</b>	<b>5.5</b>	<b>6.0</b>
BBCA IJ	BANK CENTRAL ASIA	NR*	9,855.90	23.8	21.8	4.5	4.1	20.1	19.7	2.4	2.7
BBNI IJ	BANK NEGARA INDONESIA	NR*	11,385.42	7.8	7.0	1.1	1.0	14.9	15.0	3.9	5.0
BBRI IJ	BANK RAKYAT INDONESIA	NR*	6,044.32	14.4	12.9	2.6	2.4	18.7	19.6	5.2	5.9
BBTN IJ	BANK TABUNGAN NEGARA	NR*	1,801.09	5.6	4.9	0.6	0.5	12.1	12.4	3.5	3.4
BDMN IJ	BANK DANAMON INDONESIA	NR*	2,540.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
BJBR IJ	BPD JAWA BARAT DAN BANT	NR*	1,732.50	5.2	5.1	0.8	0.7	n.a.	n.a.	9.9	10.1
BMRI IJ	BANK MANDIRI PERSERO	NR*	6,231.31	11.0	10.0	1.9	1.7	19.5	19.6	5.7	6.3
	<b>Indonesia - average</b>			<b>11.3</b>	<b>10.3</b>	<b>1.9</b>	<b>1.7</b>	<b>17.1</b>	<b>17.3</b>	<b>5.1</b>	<b>5.6</b>
AMM MK	AMMB HOLDINGS BHD	NR*	4.24	7.0	6.7	0.6	0.6	9.3	9.1	5.2	5.4
MAY MK	MALAYAN BANKING BHD	NR*	9.25	11.3	10.7	1.2	1.1	10.6	10.7	7.0	7.4
CIMB MK	CIMB GROUP HOLDINGS BHD	NR*	6.09	8.4	7.8	0.8	0.8	10.0	10.1	6.2	6.7
PBK MK	PUBLIC BANK BERHAD	NR*	4.52	11.3	10.9	1.4	1.3	13.1	12.8	4.6	4.7
RHBBANK MK	RHB BANK BHD	NR*	6.46	7.6	7.2	0.8	0.7	10.2	10.2	7.5	7.9
	<b>Malaysia - average</b>			<b>9.1</b>	<b>8.7</b>	<b>1.0</b>	<b>0.9</b>	<b>10.6</b>	<b>10.6</b>	<b>6.1</b>	<b>6.4</b>
BDO PM	BDO UNIBANK INC	NR*	155.76	11.2	10.4	1.5	1.3	14.3	13.9	2.1	1.9
BPI PM	BANK OF THE PHILIPPINE ISLA	NR*	121.61	11.4	10.2	1.5	1.4	14.3	14.3	2.8	3.3
MBT PM	METROPOLITAN BANK & TRUS	NR*	72.63	6.4	5.8	0.7	0.7	12.0	12.0	4.8	4.1
PNB PM	PHILIPPINE NATIONAL BANK	NR*	25.88	2.6	2.5	0.2	0.2	6.1	6.0	0.0	0.0
SECB PM	SECURITY BANK CORP	NR*	119.02	5.9	5.2	0.5	0.4	8.0	8.4	3.7	4.0
UBP PM	UNION BANK OF PHILIPPINES	NR*	89.84	11.0	8.5	1.1	1.0	9.7	10.4	2.4	2.7
	<b>Philippines - average</b>			<b>8.1</b>	<b>7.1</b>	<b>0.9</b>	<b>0.8</b>	<b>10.7</b>	<b>10.8</b>	<b>2.6</b>	<b>2.7</b>
DBS SP	DBS GROUP HOLDINGS LTD	NR*	36.40	8.6	8.7	1.4	1.3	16.8	15.7	5.6	6.2
UOB SP	UNITED OVERSEAS BANK LTD	NR*	31.54	8.5	8.1	1.1	1.0	12.9	12.8	5.7	6.0
OCBC SP	OVERSEA-CHINESE BANKING	NR*	13.91	8.2	8.2	1.0	1.0	12.8	12.1	6.2	6.3
	<b>Singapore - average</b>			<b>8.4</b>	<b>8.3</b>	<b>1.2</b>	<b>1.1</b>	<b>14.1</b>	<b>13.5</b>	<b>5.9</b>	<b>6.2</b>
	<b>Average</b>			<b>9.0</b>	<b>8.4</b>	<b>1.2</b>	<b>1.1</b>	<b>12.6</b>	<b>12.6</b>	<b>5.0</b>	<b>5.4</b>

Source: Bloomberg, MST

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Key Metrics</b>					
Core P/E (x)	13.5	9.6	8.7	7.9	7.5
Core FD P/E (x)	13.5	9.6	8.7	7.9	7.5
P/BV (x)	0.7	0.6	0.7	0.7	0.6
P/NTA (x)	0.8	0.7	0.8	0.7	0.7
Net dividend yield (%)	2.6	5.2	5.7	6.9	8.0
<b>INCOME STATEMENT (THB m)</b>					
Interest income	64,239.4	65,626.6	78,300.6	82,107.8	86,472.3
Interest expense	(13,239.6)	(14,009.7)	(21,341.0)	(22,540.8)	(24,705.9)
<b>Net interest income</b>	<b>50,999.8</b>	<b>51,616.9</b>	<b>56,959.6</b>	<b>59,567.0</b>	<b>61,766.4</b>
Net insurance income	0.0	0.0	0.0	0.0	0.0
Net fees and commission	11,248.5	10,390.9	10,598.7	11,022.7	11,794.3
Other income	2,942.9	3,583.2	3,654.9	3,801.1	4,067.2
<b>Total non-interest income</b>	<b>14,191.4</b>	<b>13,974.1</b>	<b>14,253.6</b>	<b>14,823.7</b>	<b>15,861.4</b>
<b>Income from depositors' funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Income from shareholders' fund:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Income distributable to depositors:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Operating income</b>	<b>65,191.2</b>	<b>65,591.0</b>	<b>71,213.2</b>	<b>74,390.8</b>	<b>77,627.8</b>
Staff costs	(16,553.9)	(16,066.2)	(16,120.4)	(16,765.2)	(17,435.8)
Other operating expenses	(14,665.0)	(13,885.8)	(15,329.2)	(15,942.4)	(16,580.1)
<b>Operating expenses</b>	<b>(31,218.9)</b>	<b>(29,952.0)</b>	<b>(31,449.6)</b>	<b>(32,707.6)</b>	<b>(34,015.9)</b>
<b>Pre-provision profit</b>	<b>33,972.3</b>	<b>35,639.0</b>	<b>39,763.6</b>	<b>41,683.2</b>	<b>43,611.9</b>
Loan impairment allowances	(21,514.2)	(18,353.2)	(17,373.5)	(17,096.3)	(17,609.2)
Other allowances	0.0	0.0	0.0	0.0	0.0
Associates & JV income	345.5	261.4	266.6	277.2	296.6
<b>Pretax profit</b>	<b>12,803.6</b>	<b>17,547.1</b>	<b>22,656.7</b>	<b>24,864.1</b>	<b>26,299.3</b>
Income tax	(2,326.9)	(3,352.0)	(4,328.0)	(4,749.7)	(5,023.8)
Minorities	(2.6)	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
<b>Reported net profit</b>	<b>10,474.1</b>	<b>14,195.2</b>	<b>18,328.7</b>	<b>20,114.4</b>	<b>21,275.5</b>
<b>Core net profit</b>	<b>10,474.1</b>	<b>14,195.2</b>	<b>18,328.7</b>	<b>20,114.4</b>	<b>21,275.5</b>
<b>BALANCE SHEET (THB m)</b>					
Cash & deposits with banks	174,884.3	203,068.9	208,812.3	216,091.3	222,222.1
Sec. under resale agreements	0.0	0.0	0.0	0.0	0.0
Derivatives financial assets	0.0	0.0	0.0	0.0	0.0
Dealing securities	180,228.6	211,431.5	215,660.1	222,129.9	228,793.8
Available-for-sale securities	0.0	0.0	0.0	0.0	0.0
Investment securities	0.0	0.0	0.0	0.0	0.0
Loans & advances	1,325,212.0	1,326,505.0	1,349,839.5	1,387,912.6	1,427,127.9
Financing and advances	0.0	0.0	0.0	0.0	0.0
Central bank deposits	0.0	0.0	0.0	0.0	0.0
Investment in associates/JVs	8,620.0	8,574.0	8,316.8	8,150.4	7,987.4
Insurance assets	0.0	0.0	0.0	0.0	0.0
Fixed assets	30,251.0	31,940.7	30,982.5	30,362.8	29,755.6
Intangible assets	22,819.0	22,890.2	22,203.5	21,759.4	21,324.2
Other assets	17,165.8	21,868.5	21,212.5	20,788.2	20,372.5
<b>Total assets</b>	<b>1,759,180.7</b>	<b>1,826,278.8</b>	<b>1,857,027.2</b>	<b>1,907,194.8</b>	<b>1,957,583.6</b>
Deposits from customers	1,339,195.2	1,399,246.6	1,420,235.3	1,455,741.2	1,492,134.7
Deposits from banks & FIs	84,966.0	84,769.9	85,193.7	86,471.6	87,768.7
Derivatives financial instruments	0.0	0.0	0.0	0.0	0.0
Subordinated debt	0.0	0.0	0.0	0.0	0.0
Other securities in issue	68,398.5	59,644.2	59,942.4	60,841.6	61,754.2
Other borrowings	5,325.1	5,586.3	5,390.8	5,525.5	5,663.7
Insurance liabilities	0.0	0.0	0.0	0.0	0.0
Other liabilities	50,460.2	58,024.3	55,993.5	57,393.3	58,828.1
<b>Total liabilities</b>	<b>1,548,345.0</b>	<b>1,607,271.3</b>	<b>1,626,755.7</b>	<b>1,665,973.2</b>	<b>1,706,149.4</b>
Share capital	91,791.7	91,937.3	91,937.3	91,937.3	91,937.3
Reserves	119,042.8	127,069.1	138,333.1	149,283.2	159,495.7
Shareholders' funds	210,834.5	219,006.4	230,270.4	241,220.5	251,433.0
Preference shares	0.0	0.0	0.0	0.0	0.0
Minority interest	1.1	1.1	1.1	1.1	1.1
Total equity	210,835.7	219,007.5	230,271.5	241,221.6	251,434.1
<b>Total liabilities &amp; equity</b>	<b>1,759,180.7</b>	<b>1,826,278.8</b>	<b>1,857,027.2</b>	<b>1,907,194.8</b>	<b>1,957,583.6</b>



FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Key Ratios</b>					
<b>Growth (%)</b>					
Net interest income	(5.2)	1.2	10.4	4.6	3.7
Non-interest income	(6.5)	(1.5)	2.0	4.0	7.0
Operating expenses	(3.0)	(4.1)	5.0	4.0	4.0
Pre-provision profit	(7.7)	4.9	11.6	4.8	4.6
Core net profit	3.6	35.5	29.1	9.7	5.8
Gross loans	(1.6)	0.3	2.0	3.0	3.0
Customer deposits	(2.5)	4.5	1.5	2.5	2.5
Total assets	(2.7)	3.8	1.7	2.7	2.6
<b>Profitability (%)</b>					
Non-int. income/Total income	21.8	21.3	20.0	19.9	20.4
Average lending yields	3.70	3.75	4.35	4.45	4.55
Average financing yields	0.00	0.00	0.00	0.00	0.00
Average cost of funds	0.87	0.92	1.37	1.42	1.52
Net interest margin	2.94	2.95	3.16	3.23	3.25
Net income margin	0.00	0.00	0.00	0.00	0.00
Cost/income	47.9	45.7	44.2	44.0	43.8
<b>Liquidity (%)</b>					
Loans/customer deposits	99.0	94.8	95.0	95.3	95.6
<b>Asset quality (%)</b>					
Net NPL	0.0	0.0	0.0	0.0	0.0
Gross NPL	3.1	3.0	3.1	3.2	3.3
Net NPF	0.0	0.0	0.0	0.0	0.0
Gross NPF	0.0	0.0	0.0	0.0	0.0
(SP+GP)/average gross loans	1.6	1.3	1.3	1.2	1.2
(SP+GP)/average gross financing	0.0	0.0	0.0	0.0	0.0
Loan loss coverage	129.3	137.6	140.5	141.3	142.0
<b>Capital adequacy (%)</b>					
CET1	14.2	14.8	15.3	15.5	15.7
Tier 1 capital	14.2	14.8	15.3	15.5	15.7
Risk-weighted capital	17.9	18.0	18.4	18.6	18.8
<b>Returns (%)</b>					
ROAE	5.0	6.6	8.2	8.5	8.6
ROAA	0.6	0.8	1.0	1.1	1.1
Shareholders equity/assets	12.0	12.0	12.4	12.6	12.8

Source: Company; Maybank IBG Research

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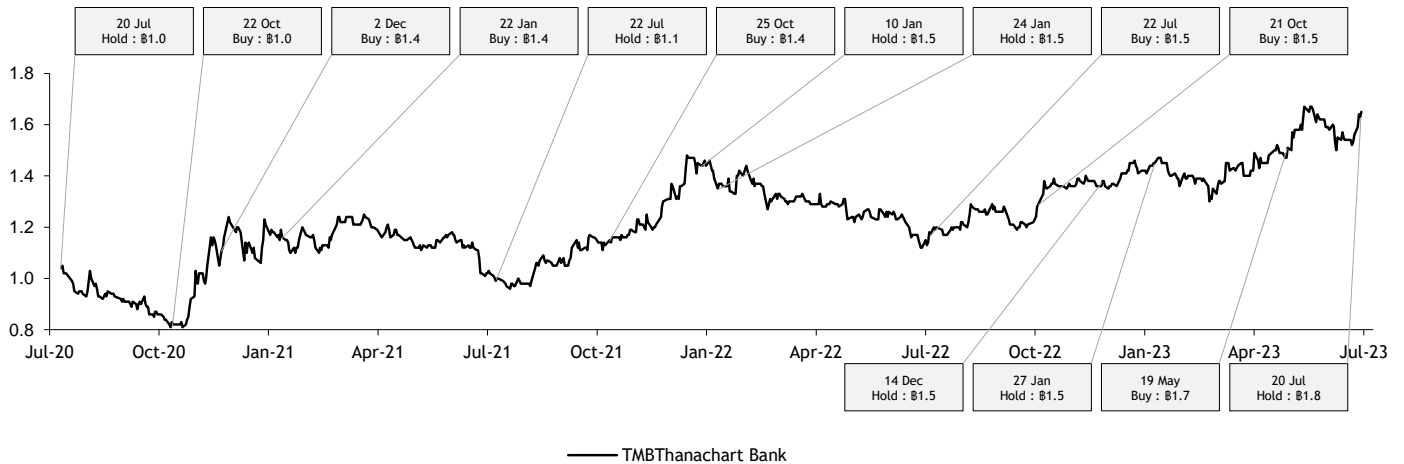
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Historical recommendations and target price: TMBThanachart Bank (TTB TB)



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