

# Company Update

Monday, April 22, 2024



I V Global Securities Public Company Limited

## TMBThanachart Bank Pcl (TTB)

Rating: HOLD

Fair price: Bt1.80

Close price: Bt1.78

### Company Information

<b>Ticker:</b>	<b>TMB TB</b>
Sector:	Financials
Shares outstanding (m):	97,296.74
Market capitalization (Btm):	173,188.20
Trading vol/day (Btm):	398.60
Free float (%):	29.78
Beta:	0.53

### Major Shareholders

Thanachart Capital Pcl	24.31%
ING BANK N.V.	22.85%
Ministry of Finance	11.70%
Vayupak Fund	10.35%
Thai NVDR	6.37%

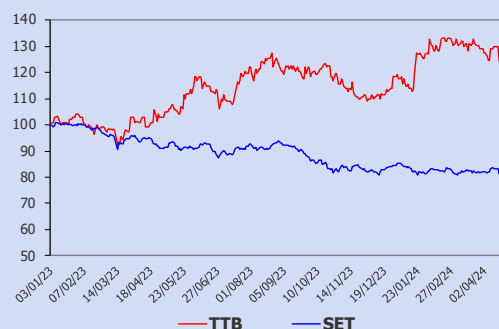
### Consensus Bloomberg

2024F EPS (Bt):	0.21
Target price (Bt):	2.03

### Price Performance

52 Wk high/low:	1.92 /1.40
-----------------	------------

	1M	3M	1Y	YTD
Absolute (%)	-3.3	5.3	25.4	6.6
Relative (%)	0.4	9.0	41.1	12.5



Rating	CGR	Thai CAC	SET ESG
TTB		Certified	AA

### Analyst

Rattana Leenutaphong  
rattana@ivglobal.co.th  
Tel: 662-658-5787

### 1Q24 boosted by tax gain

- TTB reported a 1Q24 net profit of Bt5.3bn (+24.2% YoY and +9.6% QoQ). The 1Q24 results came in better than the Bloomberg consensus estimate of Bt5.1bn. The bottom-line net profit growth was partly driven by a gain on corporate tax of Bt351m versus corporate tax expenses of Bt996m in 1Q23 and a corporate tax gain of Bt4.2bn in 4Q23.
- Pre-provision operating profit (PPOP) was up by 5.6% YoY (on net interest income growth) and 1% QoQ (on declining operating expenses).
- **Asset quality.** NPL ratio improved a bit QoQ from 2.62% at end-4Q23 to 2.56% at end-1Q24. In absolute terms, NPLs fell 3% QoQ to Bt39.7bn. TTB wrote off Bt6.8bn worth of NPLs and sold Bt0.4bn during 1Q24. ECL rose YoY and declined QoQ to Bt5.1bn, or 155bps of loans in 1Q24, compared with 277bps in 4Q23. The loan-loss coverage ratio was stable QoQ at 155% at end-1Q24.
- **Loan growth.** Net loans fell a bit by 0.9% YTD. Against the backdrop of a faltering economy, the current growth momentum developed consistently with the bank's strategy to selectively grow quality portfolios with justified risk-adjusted returns while leveraging the bank's core strengths and expertise. Retail lending fell by 1.3% YTD (with HP loans falling 1.6%, mortgage lending also falling 1%, and credit card loans declining 4.9% but personal loans growing 3.9% YTD). Corporate lending increased marginally by 0.2%, while loans to the SME segment fell by 3% following a conservative position in de-risking the SME portfolio.
- Deposits declined 1% YTD. Therefore, the loan-to-deposit ratio came in at 95.8%.
- **NIM** fell by 11bps QoQ to 3.28% in 1Q24 with a better loan yield on earning assets (+7bps) and rising cost of funds (+17bps).
- **Non-interest income.** Fee income fell YoY and QoQ to Bt2.45bn. Total non-interest income also fell YoY (on declining bancassurance fee income).
- **Cost-to-income ratio** came in at 42.8% in 1Q24, versus 43.3% in 1Q23 and 45.5% in 4Q23.
- **Capital adequacy.** Total CAR was 20.8%, with Tier-1 capital at 17%.
- **Maintain HOLD.** We prefer to maintain our earnings estimates and HOLD call on TTB with a price target price of Bt1.80, based on 0.7x book at end-2024F. The stock trades at 2024F P/E of 8.2x. Key downside risks include slower-than-expected domestic economic activity.

### Investment summary

FY Dec 31	2021	2022	2023	2024F	2025F	2026F
Net profit (Btm)	10,474	14,195	18,462	21,107	22,003	23,159
Change (%)	3.6	35.5	30.1	14.3	4.2	5.3
PPOP (Btm)	34,318	35,900	39,682	38,315	38,047	38,635
Change (%)	-7.7	4.6	10.5	-3.4	-0.7	1.5
EPS (Bt)	0.108	0.147	0.190	0.217	0.227	0.239
Change (%)	3.3	35.3	29.6	14.3	4.2	5.3
P/E (x)	16.4	12.1	9.4	8.2	7.9	7.5
DPS (Bt)	0.038	0.073	0.086	0.098	0.102	0.107
Yield (%)	2.1	4.1	4.8	5.5	5.7	6.0
BVPS (Bt)	2.18	2.26	2.36	2.54	2.73	2.92
P/BV (x)	0.8	0.8	0.8	0.7	0.7	0.6
ROAA (%)	0.6	0.8	1.0	1.2	1.2	1.2
ROAE (%)	5.0	6.6	8.2	8.9	8.6	8.4

Source: Company and IVG estimates

# Company Update



Monday, April 22, 2024

I V Global Securities Public Company Limited

## Results

<b>Btm</b>	<b>1Q24</b>	<b>1Q23</b>	<b>% YoY</b>	<b>4Q23</b>	<b>% QoQ</b>	<b>2023</b>	<b>2022</b>	<b>% YoY</b>
Net interest income	14,396	13,502	6.6	14,948	-3.7	57,207	51,617	10.8
n-interest income								
Fee income	2,454	2,559	-4.1	2,638	-7.0	10,362	10,391	-0.3
Others	819	809	1.3	745	9.8	3,392	3,845	-11.8
Total	3,273	3,368	-2.8	3,384	-3.3	13,754	14,236	-3.4
Operating expense	7,570	7,303	3.7	8,336	-9.2	31,280	29,952	4.4
PPOP	10,099	9,567	5.6	9,996	1.0	39,682	35,900	10.5
ECL	5,117	4,276	19.7	9,326	-45.1	22,199	18,353	21.0
Pre-tax profits	4,982	5,291	-5.8	670	643.8	17,482	17,547	-0.4
Tax	351	(996)	-135.3	4,197	-91.6	980	(3,352)	-129.2
<b>Net profit</b>	<b>5,334</b>	<b>4,295</b>	<b>24.2</b>	<b>4,867</b>	<b>9.6</b>	<b>18,462</b>	<b>14,195</b>	<b>30.1</b>
EPS (Bt)	0.05	0.04	23.8	0.05	9.6	0.19	0.15	29.6

Source: Company and IVG estimates

## Key ratios

<b>(%)</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>	<b>4Q23</b>	<b>1Q24</b>
Loan growth, YTD	-1.43	-0.99	-1.00	-4.02	-0.91
Loan growth, YoY	-0.77	-2.35	-2.35	-4.02	-3.51
NIM	3.08	3.18	3.34	3.39	3.28
Fee income, YoY	3.9	0.6	-1.1	-4.1	-4.1
Non-int income, YoY	0.1	5.5	-1.4	-15.7	-2.8
Cost to income	43.3	44.3	43.2	45.5	42.8
Loan-to-deposit	96.8	97.7	102.5	95.8	95.8
Credit cost (bps)	127.0	124.7	127.6	277.3	154.9
NPL	2.69	2.63	2.67	2.62	2.56
LLR/NPL	139.8	143.8	143.7	154.9	155.4
Tier I	16.2	16.2	16.3	17.0	17.0
Total CAR	19.9	19.8	19.9	20.7	20.8

Source: Company and IVG estimates

## Quarterly performance

<b>Btm</b>	<b>1Q22</b>	<b>2Q22</b>	<b>3Q22</b>	<b>4Q22</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>	<b>4Q23</b>
Net interest income	12,409	12,414	12,968	13,826	13,502	14,093	14,665	14,948
Non-interest income								
Fee income	2,462	2,645	2,534	2,750	2,559	2,659	2,505	2,638
Others	903	830	847	1,264	809	1,008	830	745
Total	3,365	3,475	3,381	4,014	3,368	3,668	3,335	3,384
Non-interest expense	6,987	7,262	7,447	8,256	7,303	7,863	7,777	8,336
PPOP	8,787	8,627	8,902	9,584	9,567	9,897	10,222	9,996
Provisions	4,808	4,382	4,361	4,802	4,276	4,244	4,354	9,326
Pre-tax profits	3,979	4,245	4,541	4,782	5,291	5,653	5,868	670
Tax	-784	-807	-827	-935	-996	-1,087	-1,133	4,197
<b>Net profit</b>	<b>3,195</b>	<b>3,438</b>	<b>3,715</b>	<b>3,847</b>	<b>4,295</b>	<b>4,566</b>	<b>4,735</b>	<b>4,867</b>
EPS (Bt)	0.033	0.04	0.04	0.04	0.04	0.05	0.05	0.05

Source: Company

## Key ratios

<b>(%)</b>	<b>1Q22</b>	<b>2Q22</b>	<b>3Q22</b>	<b>4Q22</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Loan growth, YTD	-0.49	1.57	1.56	0.17	-1.80	0.17	-4.02
Loan growth, YoY	-1.19	2.55	2.45	0.17	0.00	0.17	-2.63
NIM	2.91	2.83	2.92	3.10	2.97	2.95	3.24
Fee income, YoY	-26.7	8.5	3.1	-8.1	-0.9	-7.6	-0.3
Non-int income, YoY	-20.8	5.0	4.4	7.4	-6.5	-2.1	-3.4
Cost to income	44.3	45.7	45.6	46.3	47.6	45.5	44.1
Loan-to-deposit	100.4	99.8	101.5	98.3	102.4	94.8	95.8
Credit cost (bps)	140.5	127.1	125.2	138.7	155.7	133.6	164.2
NPL	2.73	2.63	2.72	2.73	2.81	2.73	2.62
LLR/NPL	131.6	133.1	135.1	137.6	129.3	137.6	154.9
Tier I	15.4	15.8	16.0	16.3	15.3	16.3	17.0
Total CAR	19.4	19.9	20.0	20.0	19.3	20.0	20.7

Source: Company and IVG estimates

## TTB

### E: Environmental

TTB has been continuously improving energy efficiency in buildings under the Bank's operational control since 2019. We focus on improving the efficiency of high-energy-intensity equipment such as air conditioning, cooling systems, lighting systems, and building engineering systems, which account for over 80% of the total electricity consumed. The Bank abides by the Energy Conservation Act (2007), where employees are strongly encouraged to responsibly consume resources such as electricity, water, and paper, through the promotion and awareness building of environmental conservation initiatives. The Bank has established operational eco-efficiency targets to reduce 12% of the Bank's head office building's electricity consumption and water consumption by 2023, compared to the 2019 baseline.

### S: Social

TTB Social Sustainability dimension consists of four important aspects: our people, social development, financial inclusion and literacy, and human rights.

Human resource management is critical for business continuity and growth of the organization such that the Bank is focused on building and strengthening workforce capabilities to adapt and evolve with change and uncertainty. With the ongoing COVID-19 pandemic, the Bank ensures that the well-being and safety of employees are prioritized by adhering to practices that are in compliance with related labor laws and fair treatment.

### G: Governance

The Board of Directors is well aware of the importance and benefits of good corporate governance and thereby set out the written Corporate Governance Policy in alignment with the SEC's guideline which is based on the Stock Exchange of Thailand Principles of Good Corporate Governance for Listed Companies and aligned with the evolving relevant regulations and the Banking Industry Code of Conduct. The policy content focused on the good corporate governance with international standard and proper business operations with efficiency and integrity without fraud and corruption, as well as transparency and accountability to enhance the confidence of shareholders, investors, stakeholders, society, and all related parties.

## Comment

TTB has been awarded a SET ESG rating of AA, indicating a strong commitment to Environmental, Social, and Governance (ESG) practices, as well as clear long-term objectives in this regard. Furthermore, the company demonstrates the ability to execute short-term goals effectively.

*Source: Company and IVG estimates*

## I V Global Investment Research – Recommendation Definitions

### Sector Recommendations

**OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

**NEUTRAL:** The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

**UNDERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

### Stock Recommendations

**BUY:** Expecting positive total returns of 15% or more over the next 12 months.

**HOLD:** Expecting total returns of not more than -10% to +10% over the next 3 months.

**SELL:** Expecting negative total returns of 15% or more over the next 12 months

## Anti-corruption Progress Indicator Definitions

<b>Level 5 Extended</b>	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
<b>Level 4 Certified</b>	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
<b>Level 3 Established</b>	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes. (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)
<b>Level 2 Declared</b>	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
<b>Level 1 Committed</b>	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
<b>Partially progress</b>	Insufficient or not clearly defined policy
<b>No progress</b>	Data not available / no policy

## Corporate Governance Report (CGR)



Excellent



Very good



Good

## Disclaimers

The disclosure of the survey result of corporate governance, which is surveyed by the Thai Institute of Directors Association ("IOD"), and the Anti-Corruption Progress Indicators, which is assessed by Thaipat Institute, are the disclosure of the survey or assessment result based on the information received from the listed company that was stipulated in the form for Annual Corporate Governance Report of Thai Listed Companies (CGR) and the form for the assessment of Anti-corruption that refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) or other relevant documents or reports of such listed company (as the case may be). The survey or assessment result is based on the information of the listed company, which is disclosed to the public and can be accessed by all investors and is made in order to comply with the policy of the Office of the Stock Exchange of Thailand.

Nevertheless, the survey or assessment result is made from the perspective of the IOD or Thaipat Institute that are the third party only. It is not an assessment of operation of the listed company and is not based on any inside information."

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, I V Global Securities Plc. (IVG) does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.



I V Global Securities Public Company Limited

18<sup>th</sup> Floor, Mercury Tower, 540 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330

Telephone: +66 (0) 2658-5800 Fax: +66 (0) 2658-5799