

TMBThanachart Bank Pcl (TTB TB) - HOLD, Price Bt1.42, TP Bt1.10 | Results Comment

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Higher profits on lower provisions

- TTB reported net profits of Bt2.8bn, up 127% y-y and 19% q-q in 4Q21. 2021's profits were Bt10.5bn, down 13% from 2020's.
- Profits were better than expected on lower provisions. We see potential upside to our forecast while we currently rate TTB as a HOLD.
- Core operations were in line, with a 2% rise in PPOP on higher auto bancassurance fees and investment gains. PPOP still declined 12% y-y in 4Q21 on lower interest income and falling fees.
- Led by retail and corporate, loans grew 0.9% q-q but still contracted 1.5% YTD. NIM improved q-q on lower costs of funds.
- The decrease NPLs was due to lower formation, asset warehousing initiative and better-than-planned in NPLs sale. TTB wrote off NPLs of Bt3bn and sold Bt3.4bn in the quarter.
- As a consequence, provisions were down 39% y-y and 9% q-q. Credit costs fell to 1.46% in 4Q21 with LLR rising to 129%. Forbearance loans was stable at 12% of total loans. The rise in commercial customer under forbearance was partially offset by a drop in HP loans in the relief program.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Interest & dividend income	17,244	16,350	16,064	15,836	15,990	Interest & dividend income	1	(7)	99	64,239	65,366
Interest expense	3,725	3,478	3,281	3,259	3,221	Interest expense	(1)	(14)	101	13,240	12,918
Net interest income	13,519	12,872	12,782	12,577	12,769	Net interest income	2	(6)	99	51,000	52,448
Non-interest income	4,418	4,158	3,196	3,142	3,695	Non-interest income	18	(16)	105	14,191	14,021
Total income	17,937	17,031	15,978	15,718	16,464	Total income	5	(8)	100	65,191	66,469
Operating expense	8,274	8,208	7,593	7,419	7,999	Operating expense	8	(3)	101	31,219	29,392
Pre-provisioning profit	9,663	8,823	8,385	8,299	8,465	Pre-provisioning profit	2	(12)	100	33,972	37,077
Provision for bad&doubtful debt	8,237	5,480	5,491	5,527	5,017	Provision for bad&doubtful debt	(9)	(39)	94	21,514	23,645
Profit before tax	1,427	3,343	2,894	2,773	3,448	Profit before tax	24	142	112	12,458	13,433
Tax	258	653	472	509	693	Tax	36	169	104	2,327	2,687
Profit after tax	1,169	2,690	2,422	2,264	2,755	Profit after tax	22	136	114	10,131	10,746
Equity income	66	93	112	96	45	Equity income	(53)	(33)	86	346	-
Minority interests	(1)	(1)	(1)	(1)	(0)	Minority interests	neg	neg	66	(3)	(4)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	1,235	2,782	2,533	2,359	2,800	Net profit	19	127	113	10,474	10,742
Normalized profit	1,235	2,782	2,533	2,359	2,800	Normalized profit	19	127	113	10,474	10,742
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1	PPP/share (Bt)	2	(12)	100	0	0.4
EPS (Bt)	0.0	0.0	0.0	0.0	0.0	EPS (Bt)	19	127	113	0	0.1
Norm EPS (Bt)	0.0	0.0	0.0	0.0	0.0	Norm EPS (Bt)	19	127	113	0	0.1
BV/share (Bt)	2.1	2.2	2.1	2.2	2.2	BV/share (Bt)	1	3	2	2	2.2

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash and Interbank	233,128	231,866	185,736	168,533	174,884	Gross loan grow th (YTD)	0.1	(0.9)	(2.5)	(2.4)	(1.5)
Other liquid items	-	-	-	-	-	Gross loan grow th (q-q)	2.2	(0.9)	(1.6)	0.1	0.9
Total liquid items	233,128	231,866	185,736	168,533	174,884	Deposit grow th (YTD)	(1.8)	0.8	(3.6)	(3.5)	(2.5)
Gross loans and accrued interest	1,400,447	1,387,356	1,365,896	1,366,686	1,379,684	Deposit grow th (q-q)	(2.3)	0.8	(4.3)	0.1	1.1
Provisions	51,967	53,800	54,419	53,923	54,472	Non-interest income (y-y)	25.3	(0.1)	(11.1)	4.6	(16.4)
Net loans	1,348,480	1,333,555	1,311,477	1,312,762	1,325,212	Non-interest income (q-q)	47.1	(5.9)	(23.1)	(1.7)	17.6
Fixed assets	30,076	29,145	28,446	27,865	30,252	Fee income / Operating income	17.8	19.7	15.3	15.6	18.2
Other assets	62,297	58,713	59,983	80,954	48,604	Cost-to-income	46.1	48.2	47.5	47.2	48.6
Total assets	1,808,332	1,794,473	1,748,473	1,750,039	1,759,181	Net interest margin	2.96	2.86	2.89	2.88	2.91
Deposits	1,373,408	1,383,733	1,324,159	1,325,187	1,339,195	Credit cost	2.37	1.59	1.62	1.63	1.46
Interbank	75,909	65,484	80,730	73,308	84,966	ROE	2.4	5.4	4.9	4.6	5.3
Other liquid items	3,895	5,749	5,564	5,380	5,325	Loan-to-deposit	101.4	99.7	102.6	102.6	102.5
Total liquid items	1,453,211	1,454,966	1,410,453	1,403,874	1,429,486	Loan-to-deposit + S-T borrowing	101.4	99.7	102.6	102.6	102.5
Borrowings	88,965	74,354	75,516	82,830	68,398	NPLs (Bt m)	39,594	43,400	43,543	44,411	42,121
Other liabilities	61,406	57,573	56,644	55,445	50,460	NPL increase	2,847	3,806	143	868	(2,290)
Minority interest	37	38	39	18	1	NPL ratio	2.50	2.75	2.89	2.98	2.81
Shareholders' equity	204,713	207,542	205,821	207,872	210,835	Loan-loss-coverage ratio	131.2	124.0	125.0	121.4	129.3
Total Liabilities & Equity	1,808,332	1,794,473	1,748,473	1,750,039	1,759,181	CAR - total	19.6	19.5	19.6	19.7	19.3

Sources: Company data, Thanachart estimates

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 20.1% of the shareholding in TMBThanachart Bank Pcl.

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