TMBThanachart Bank Pcl (TTB TB) - HOLD, Price Bt1.33, TP Bt1.30

Results Comment

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Decent profits, slightly beat

- TTB reported decent 1Q22 profits of Bt3.2bn, up 15% y-y and 14% q-q. Profits were better than our expectation as lower opex and provisions were offsetting lower-than-expected fee income. 1Q22 profits accounted for 27% of our projection. We currently rate TTB as a HOLD.
- Dragged by corporate repayments, loans contracted 0.4% YTD. Auto HP and housing loans grew 1.2% and 0.8% ytd. NII continued to decline along with loans contraction.
- In light of lower bancassurance and mutual fund fees, fee income dropped 27% y-y and 18% q-q.
- The bank was able to improve efficiency to support profits. Opex fell 15% y-y and 13% q-q with declining cost to income ratio to 45%.
- Asset quality is manageable with NPL ratio falling to 2.7%. TTB has then set aside lower provisions. Credit costs fell to 1.41% from 1.6% in 1Q21. Loan loss coverage ratio improved to 132%.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Interest & dividend income	16,350	16,064	15,836	15,990	15,677
Interest expense	3,478	3,281	3,259	3,221	3,268
Net interest income	**12,872**	**12,782**	**12,577**	**12,769**	**12,409**
Non-interest income	4,159	3,196	3,142	3,695	3,273
Total income	17,031	15,978	15,718	16,464	15,682
Operating expense	8,208	7,593	7,419	7,999	6,987
Pre-provisioning profit	**8,823**	**8,385**	**8,299**	**8,465**	**8,695**
Provision for bad&doubtful debt	5,480	5,491	5,527	5,017	4,808
Profit before tax	3,343	2,894	2,773	3,448	3,887
Tax	653	472	509	693	784
Profit after tax	2,690	2,422	2,264	2,755	3,103
Equity income	93	112	96	45	92
Minority interests	(1)	(1)	(1)	(0)	0
Extra items	-	-	-	-	-
Net profit	**2,782**	**2,533**	**2,359**	**2,800**	**3,195**
Normalized profit	**2,782**	**2,533**	**2,359**	**2,800**	**3,195**
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1
EPS (Bt)	0.0	0.0	0.0	0.0	0.0
Norm EPS (Bt)	0.0	0.0	0.0	0.0	0.0
BV/share (Bt)	2.2	2.1	2.2	2.2	2.2

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Interest & dividend income	(2)	(4)	24	64,930	68,486
Interest expense	1	(6)	25	13,074	15,885
Net interest income	**(3)**	**(4)**	**24**	**51,856**	**52,602**
Non-interest income	(11)	(21)	22	14,678	15,341
Total income	(5)	(8)	24	66,533	67,942
Operating expense	(13)	(15)	22	31,108	31,780
Pre-provisioning profit	**3**	**(1)**	25	**35,426**	**36,162**
Provision for bad&doubtful debt	(4)	(12)	23	21,085	19,575
Profit before tax	13	16	27	14,341	16,587
Tax	13	20	29	2,725	3,152
Profit after tax	13	15	27	11,616	13,436
Equity income	106	(1)	26	350	-
Minority interests	neg	neg	na	(3)	(3)
Extra items	neg	neg		-	-
Net profit	**14**	**15**	**27**	**11,963**	**13,433**
Normalized profit	**14**	**15**	**27**	**11,963**	**13,433**
PPP/share (Bt)	2	(2)	24	0.4	0.4
EPS (Bt)	14	15	27	0.1	0.1
Norm EPS (Bt)	14	15	27	0.1	0.1
BV/share (Bt)	1	3	2	2.3	2.4

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash and Interbank	231,866	185,736	168,533	174,884	213,611
Other liquid items	-	-	-	-	-
Total liquid items	231,866	185,736	168,533	174,884	213,611
Gross loans and accrued interest	1,387,356	1,365,896	1,366,686	1,378,673	1,373,140
Provisions	53,800	54,419	53,923	54,472	55,476
Net loans	1,333,555	1,311,477	1,312,762	1,324,201	1,317,664
Fixed assets	29,145	28,446	27,865	30,252	31,392
Other assets	58,713	59,983	80,954	48,604	51,811
Total assets	**1,794,473**	**1,748,473**	**1,750,039**	**1,758,170**	**1,789,198**
Deposits	1,383,733	1,324,159	1,325,187	1,339,195	1,360,213
Interbank	65,484	80,730	73,308	84,966	92,968
Other liquid items	5,749	5,564	5,380	5,325	7,203
Total liquid items	1,454,966	1,410,453	1,403,874	1,429,486	1,460,384
Borrowings	74,354	75,516	82,830	68,398	67,885
Other liabilities	57,573	56,644	55,445	49,449	47,706
Minority interest	38	39	18	1	1
Shareholders' equity	**207,542**	**205,821**	**207,872**	**210,835**	**213,221**
Total Liabilities & Equity	**1,794,473**	**1,748,473**	**1,750,039**	**1,758,170**	**1,789,198**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Gross loan growth (YTD)	(0.9)	(2.5)	(2.4)	(1.6)	(0.4)
Gross loan growth (q-q)	(0.9)	(1.6)	0.1	0.9	(0.4)
Deposit growth (YTD)	0.8	(3.6)	(3.5)	(2.5)	1.6
Deposit growth (q-q)	0.8	(4.3)	0.1	1.1	1.6
Non-interest income (y-y)	(0.1)	(11.1)	4.6	(16.3)	(21.3)
Non-interest income (q-q)	(5.9)	(23.2)	(1.7)	17.6	(11.4)
Fee income / Operating income	19.7	15.3	15.6	18.2	15.7
Cost-to-income	48.2	47.5	47.2	48.6	44.6
Net interest margin	2.86	2.89	2.88	2.91	2.80
Credit cost	1.59	1.62	1.63	1.46	1.41
ROE	5.4	4.9	4.6	5.3	6.0
Loan-to-deposit	99.7	102.6	102.6	102.4	100.4
Loan-to-deposit + S-T borrowing	99.7	102.6	102.6	102.4	100.4
NPLs (Bt m)	43,400	43,543	44,411	42,121	42,144
NPL increase	3,806	143	868	(2,290)	23
NPL ratio	2.75	2.89	2.98	2.81	2.73
Loan-loss-coverage ratio	124.0	125.0	121.4	129.3	131.6
CAR - total	19.5	19.6	19.7	19.3	19.4

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 23% of the shareholding in TMBThanachart Bank Pcl.

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