

**TMBThanachart Bank Pcl (TTB TB) - BUY**

Sarachada Sornsong | Email: sarachada.sor@thanachartsec.co.th

**Analyst Meeting****Modest targets with aggressive capital mgmt.**

- Looking for slight recoveries in loan and fee income
- NIM contraction from further policy rate cut
- NPL ratio to rise on decreased resolution activities
- Exploring treasury stock with high dividend payments

TTB has released its financial targets for 2025, as summarized below:

**Ex 1: TTB's Financial Targets For 2025**

		FY2024	2025
		Actual	Targets
<b>Income</b>	Loan growth (y-y)	-6.6% YTD	Approximate 0% - 2%
	Deposit growth (y-y)	-4.2% YTD	In line with loan growth
	Net interest margin	3.26%	3.1% - 3.25%
	Non-NII growth (y-y)	-6.0% (Excluded BA amortization) -3%	Single digit growth
<b>Efficiency</b>	C/I Ratio	42.60%	Low-40s
	% Stage 3	2.59%	< 2.9%
<b>Asset quality</b>	Credit cost (bps)	Normal provision 135	125-135
		Total provision 154	
	Net profit (y-y)	Bt21bn +13%	

Source: Company data

**Loan Growth Recovery:**

- Loan growth is expected to recover from the significant contraction experienced last year. The bank remains focused on the high-yield retail segment, including products such as home equity and welfare loans.
- TTB aims to increase its high-yield loans from 31% to 35%, with credit costs projected to remain in the range of 125-135bps.

**Net Interest Margin (NIM):**

- NIM will face pressure from anticipated policy rate cuts. The bank plans to proactively manage asset and liability durations to mitigate downsides.
- Despite the pressure, TTB sees value in retaining high-interest rate deposits due to their link to wealth business growth.

**Debt Relief Impact:**

- Approximately Bt70bn, or 6% of TTB's loans, are eligible for the "You Fight We Help" debt relief plans. Adoption rates are in line with the Bank of Thailand's (BoT) reported data of 10%.
- The impact on NIM from this program is expected to be minimal.

**Fee Income Diversification:**

- Fee income was affected last year due to lower new loans. The bank is diversifying into non-loan-related fee streams and has started to see some improvement.

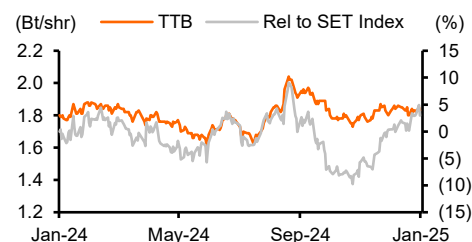
**Key Valuations**

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Prov. Profit	39,572	39,441	42,207	44,050
Net profit	21,031	24,001	27,620	27,738
Norm net profit	21,031	24,001	27,620	27,738
Norm EPS (Bt)	0.2	0.2	0.3	0.3
Norm EPS gr (%)	12.9	14.1	15.1	0.4
Norm PE (x)	8.4	7.4	6.4	6.4
P/BV (x)	0.7	0.7	0.7	0.7
Div. yield (%)	7.1	8.1	9.4	10.2
ROE (%)	9.0	9.9	10.8	10.4
ROA (%)	1.2	1.3	1.5	1.5

Source: Thanachart estimates

**Stock Data**

Closing price (Bt)	1.83
Target price (Bt)	2.30
Market cap (US\$ m)	5,227
Avg daily turnover (US\$ m)	14.6
12M H/L price (Bt)	2.04/1.61

**Price Performance**

Source: Bloomberg

**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 24.35% of the shareholding in TMBThanachart Bank Pcl.

- TTB continues to focus on reducing excess costs and enhancing productivity through digitalization.

**Asset Quality:**

- NPL inflow is expected to improve slightly compared to last year, supported by debt relief programs.
- However, TTB remains cautious about resolution activities due to the tight financial conditions of private asset management companies (AMCs). The higher NPL ratio guidance accounts for these challenges.

**Capital Management:**

- TTB remains committed to efficient capital management, with a dividend payout ratio of 60-70%.
- The bank is exploring a treasury stock program, pending regulatory approval, with further details to be announced.

### General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

**Note:** Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued Derivative Warrants underlying securities before making investment decisions.

**Note:** Thanachart Capital Pcl (TCAP) holds an 89.96% of Thanachart Securities (TNS). TCAP holds a 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 combinedly hold a 60% stake in THANI.

**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 24.35% of the shareholding in TMBThanachart Bank Pcl.

**Note:** Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

**Note:** Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of SC ASSET CORPORATION PUBLIC COMPANY LIMITED No. 1/2025 (B.E. 2568), therefore investors need to be aware that there could be conflicts of interest in this research.

**Note:** Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 1/2025 (B.E. 2568) tranche 1-3 which its maturity at 2028, 2030, 2032 (B.E. 2571, 2573, 2575)”, therefore investors need to be aware that there could be conflicts of interest in this research.

**Note:** Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of SRISAWAD CAPITAL 1969 PUBLIC COMPANY LIMITED No. 1/2025 (B.E. 2568) tranche 1-3 which its maturity at 2027-2029 (B.E. 2570-2572)”, therefore investors need to be aware that there could be conflicts of interest in this research.

### Disclosure of Interest of Thanachart Securities

#### Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: