

**TMBThanachart Bank Pcl (TTB TB) - BUY, Price Bt1.78, TP Bt2.05****Results Comment**

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**Strong profits, in line**

- Despite additional provisions of Bt602m, TTB's 1Q24 profits stood very strong at Bt5.33bn, marking a 24% y-y increase and a 10% q-q increase. This growth was propelled by tax benefits, leaving Bt14bn still to be disbursed in the future.
- 1Q24 profits were 25% of our full-year earnings forecast. We maintain our earnings forecast and re-affirm BUY as our top sector pick.
- As a result of the bank's de-risking and selective lending policy, loans contracted by 1%, primarily driven by reductions in new auto hire-purchase loans. Due to the impact of deposit repricing, NIM decreased 16bps q-q though it remained higher than the 2023 average of 3.13%.
- Non-interest income experienced a 3% decline y-y and q-q, primarily due to lower bancassurance fees.
- Provisions increased by 20% y-y, driven by additional provisions of Bt602m. Credit costs amounted to 1.56%. Excluding the additional provisions, credit costs stood at 1.37%.
- NPLs decreased by 3% q-q as the bank did some partial write-offs to resolve weak loans, ensuring balance sheet healthiness. The bank reported an NPL ratio of 2.56% along with a high loan loss coverage ratio of 155%.

Income Statement (consolidated)						Income Statement (3M as)					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Interest & dividend income	18,475	19,441	20,217	21,000	21,084	Interest & dividend income	0	14	26	82,063	82,863
Interest expense	4,973	5,349	5,552	6,052	6,688	Interest expense	11	34	27	24,550	23,601
<b>Net interest income</b>	<b>13,502</b>	<b>14,093</b>	<b>14,665</b>	<b>14,948</b>	<b>14,396</b>	<b>Net interest income</b>	<b>(4)</b>	<b>7</b>	<b>25</b>	<b>57,514</b>	<b>59,263</b>
Non-interest income	3,292	3,617	3,253	3,308	3,204	Non-interest income	(3)	(3)	23	13,842	14,421
Total income	16,794	17,709	17,918	18,256	17,600	Total income	(4)	5	25	71,356	73,683
Operating expense	7,303	7,863	7,777	8,336	7,570	Operating expense	(9)	4	24	32,156	32,764
<b>Pre-provisioning profit</b>	<b>9,491</b>	<b>9,846</b>	<b>10,141</b>	<b>9,920</b>	<b>10,030</b>	<b>Pre-provisioning profit</b>	<b>1</b>	<b>6</b>	<b>26</b>	<b>39,199</b>	<b>40,919</b>
Provision for bad&doubtful debt	4,276	4,244	4,354	9,326	5,117	Provision for bad&doubtful debt	(45)	20	28	18,530	17,451
Profit before tax	5,215	5,602	5,787	594	4,913	Profit before tax	727	(6)	24	20,670	23,468
Tax	996	1,087	1,133	(4,197)	(351)	Tax	neg	neg	-	-	-
Profit after tax	4,219	4,515	4,654	4,790	5,264	Profit after tax	10	25	25	20,670	23,468
Equity income	75	51	81	76	69	Equity income	(9)	(8)	28	250	250
Minority interests	(0)	(0)	(0)	(0)	(0)	Minority interests	neg	neg	-	-	-
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
<b>Net profit</b>	<b>4,295</b>	<b>4,566</b>	<b>4,735</b>	<b>4,866</b>	<b>5,334</b>	<b>Net profit</b>	<b>10</b>	<b>24</b>	<b>25</b>	<b>20,920</b>	<b>23,718</b>
<b>Normalized profit</b>	<b>4,295</b>	<b>4,566</b>	<b>4,735</b>	<b>4,866</b>	<b>5,334</b>	<b>Normalized profit</b>	<b>10</b>	<b>24</b>	<b>25</b>	<b>20,920</b>	<b>23,718</b>
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1	PPP/share (Bt)	1	5	25	0.4	0.4
EPS (Bt)	0.0	0.0	0.0	0.1	0.1	EPS (Bt)	10	24	25	0.2	0.2
Norm EPS (Bt)	0.0	0.0	0.0	0.1	0.1	Norm EPS (Bt)	10	24	25	0.2	0.2
BV/share (Bt)	2.3	2.3	2.3	2.4	2.4	BV/share (Bt)	3	4	2	2.5	2.6

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24		1Q23	2Q23	3Q23	4Q23	1Q24
Cash and Interbank	245,230	226,240	183,822	282,974	279,329	Gross loan grow th (YTD)	(1.3)	(0.9)	(1.0)	(3.5)	(1.0)
Other liquid items	9,818	11,813	12,310	9,707	15,290	Gross loan grow th (q-q)	(1.3)	0.4	(0.1)	(2.5)	(1.0)
Total liquid items	255,048	238,053	196,132	292,680	294,619	Deposit grow th (YTD)	0.2	(0.3)	(5.0)	(0.9)	(1.0)
Gross loans and accrued interest	1,366,223	1,371,891	1,371,158	1,336,638	1,323,343	Deposit grow th (q-q)	0.2	(0.5)	(4.7)	4.3	(1.0)
Provisions	58,730	58,558	57,874	63,502	61,801	Non-interest income (y-y)	0.6	6.0	(2.4)	(16.3)	(2.7)
Net loans	1,307,493	1,313,333	1,313,284	1,273,136	1,261,542	Non-interest income (q-q)	(16.7)	9.8	(10.0)	1.7	(3.1)
Fixed assets	33,904	33,554	33,357	33,171	32,817	Fee income / Operating income	15.2	15.0	14.0	14.5	13.9
Other assets	41,034	43,720	46,253	46,359	48,427	Cost-to-income	43.5	44.4	43.4	45.7	43.0
<b>Total assets</b>	<b>1,826,952</b>	<b>1,822,215</b>	<b>1,772,044</b>	<b>1,824,434</b>	<b>1,807,603</b>	Net interest margin	2.96	3.09	3.26	3.33	3.17
Deposits	1,402,305	1,395,314	1,329,428	1,386,581	1,372,643	Credit cost	1.26	1.24	1.28	2.81	1.56
Interbank	82,884	82,595	93,823	87,794	82,143	ROE	7.7	8.1	8.5	8.6	9.2
Other liquid items	6,465	5,889	5,882	6,061	4,814	Loan-to-deposit	96.8	97.7	102.5	95.8	95.8
Total liquid items	1,491,654	1,483,798	1,429,133	1,480,436	1,459,600	Loan-to-deposit + S-T borrow ing	96.8	97.7	102.5	95.8	95.8
Borrowings	60,539	61,579	59,975	59,531	60,319	NPLs (Bt m)	42,006	40,719	40,279	41,006	39,759
Other liabilities	50,164	52,939	59,295	55,119	52,568	NPL increase	299	(1,287)	(440)	727	(1,247)
Minority interest	1	1	1	0	0	NPL ratio	2.69	2.63	2.67	2.62	2.56
<b>Shareholders' equity</b>	<b>224,594</b>	<b>223,898</b>	<b>223,640</b>	<b>229,347</b>	<b>235,116</b>	Loan-loss-coverage ratio	139.8	143.8	143.7	154.9	155.4
<b>Total Liabilities &amp; Equity</b>	<b>1,826,952</b>	<b>1,822,215</b>	<b>1,772,044</b>	<b>1,824,434</b>	<b>1,807,603</b>	CAR - total	19.9	19.8	19.9	20.7	20.8

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 24.31% of the shareholding in TMBThanachart Bank Pcl.**

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