

TMBTHANACHART BANK
THAILAND / BANKS

TTB TB

BUY
UNCHANGED

ประโยชน์จากควมรวมกิจการกำลังออกผล

- กำไรสุทธิ (NP) 4Q21 ออกมาที่ 2.8 พัน ลบ. รายได้กำลังฟื้นตัวและคุณภาพสินทรัพย์ดี
- คาด TTB จะรายงาน NP โตสูงสุดที่ 27% y-y ในปี 2022
- คงแนะนำซื้อที่ราคาเป้าหมายปี 2022 ที่ 1.80 บาท (GGM)

TARGET PRICE	THB1.80
CLOSE	THB1.42
UP/DOWNSIDE	+26.8%
PRIOR TP	THB1.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+28.6%

ผลประกอบการ 4Q21 สูงเกินคาดจากรายได้ค่าธรรมเนียมและผลขาดทุนทาง
เครดิตที่คาดว่าจะเกิดขึ้น (ECL)

TTB รายงาน NP 4Q21 ที่ 2,799 ลบ. (+127% y-y, +19% q-q) เราเห็นปัจจัยบวก 4 ประการ: 1) สินเชื่อกลับมาโต 0.9% q-q (-1.5% YTD) ตามสินเชื่อรายย่อยที่เพิ่มขึ้น; 2) ส่วนต่างดอกเบี้ย (NIM) เพิ่มขึ้นเป็น 2.98% จาก 2.95% ใน 3Q21 จากสินเชื่อเช่าซื้อใหม่ที่เพิ่มขึ้นและการบริหารต้นทุนสินเชื่อที่มีประสิทธิภาพ; 3) รายได้ค่าธรรมเนียมเพิ่ม q-q จากธุรกิจ Bancassurance ที่ดีขึ้น; และ 4) หนี้ต่อคุณภาพ (NPL) ลดลง 5% q-q จากการบริหาร NPL อย่างมีประสิทธิภาพ TTB เพิ่มยอดขายและตัดจำหน่าย NPL เพิ่มขึ้นเป็น 6.4 พัน ลบ. (จาก 6 พัน ลบ. ใน 3Q21) และเสนอปรับโครงสร้างหนี้ระยะยาวและโครงการโกดังพักหนี้ (Asset Warehousing) ให้แก่ลูกค้าของธนาคารฯ ซึ่งทำให้ TTB สามารถลดการจัดสรรสำรองใน 4Q21 ปัจจัยบวกดังกล่าวชดเชยค่าใช้จ่ายในการดำเนินงาน (OPEX) ที่เพิ่มขึ้นจาก OPEX ที่เกี่ยวข้องกับการโอนกิจการ (EBT) และปัจจัยด้านฤดูกาลได้ทั้งหมด

มุมมองเป็นกลางจากที่ประชุมนักวิเคราะห์

TTB ให้ความหมายทางการเงินปี 2022 ไว้ค่อนข้าง conservative ประกอบด้วย: 1) อัตราการเติบโตของสินเชื่อที่ 2%; 2) NIM ทรงตัว; 3) อัตราส่วนค่าใช้จ่ายการดำเนินงานต่อรายได้รวม (Cost to income ratio) ที่ 45-47%; และ 4) ต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ที่ 140-160 bps TTB คาดว่า Cost to income จะทรงตัวอยู่ในระดับสูงที่ 45-47% เนื่องจากธนาคารฯ จะลงทุนในเทคโนโลยีในด้านดิจิทัลเพื่อการเติบโตในระยะยาว นอกจากนี้ธนาคารฯ จำเป็นต้องรับสมัครพนักงานเพิ่มสำหรับแผนการปรับโครงสร้างของกลุ่มฯ และเปิดบริษัทย่อยเพิ่ม 2 แห่งประกอบด้วย: TTB Consumer (จะเปิดใน 1Q22) และบริษัทย่อยอีก 1 แห่งเพื่อเร่งธุรกิจสินเชื่อประเภทที่มีหลักทรัพย์และไม่มีหลักทรัพย์ค้ำประกัน (จะจัดตั้งในปี 2022-23) เราคิดว่าตลาดอาจผิดหวังเกี่ยวกับเป้า OPEX ของธนาคารฯ เนื่องจากตลาดคาดว่า Cost to income ratio จะลดลง ดังนั้นราคาหุ้นของ TTB จึงอาจผันผวนในระยะสั้น อย่างไรก็ตาม เราออกจากที่ประชุมมาด้วยมุมมองที่เป็นกลางเนื่องจากเป้าประมาณการส่วนมากใกล้เคียงกับประมาณการของเรา

ค่ากำไรสุทธิปี 2022 จะโตสูงสุดจากประโยชน์ที่ได้จากการควมรวมที่กำลังออกผล

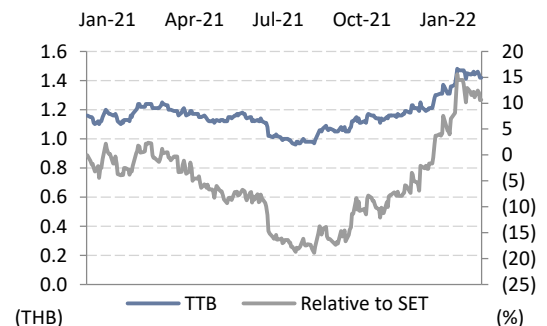
เราเชื่อว่า TTB จะรายงานกำไรสุทธิโตในอัตราสูงที่สุดในกลุ่มธนาคารในปี 2022 โดยคาดว่าจะอยู่ที่ 27% y-y จากปัจจัย 2 ประการ ข้อแรกเราเชื่อว่า TTB จะรับประโยชน์ต่อรายได้ในปี 2022 เมื่อธนาคารฯ สามารถเริ่มใช้ประโยชน์จากฐานลูกค้าที่เพิ่มขึ้นในการสร้างโอกาสในการขายไขว้ (Cross-selling) และขายสินค้าที่แพงขึ้น (Up-selling) เพื่อเพิ่มปริมาณสินเชื่อและรายได้ค่าธรรมเนียม ข้อสองเรามั่นใจว่า TTB จะได้ประโยชน์จากการลดเครือข่ายสาขาและพนักงานที่ซ้ำซ้อนกันได้อย่างเต็มที่

หนึ่งในหุ้นเด่นของเราที่ราคาเป้าหมายปี 2022 ที่ 1.8 บาท (GGM)

เราคงแนะนำซื้อที่ราคาเป้าหมายปี 2022 ที่ 1.8 บาท (GGM) เราคงเลือก TTB เป็นหนึ่งในหุ้นเด่นของเรา เราเห็นโอกาสที่ราคาหุ้นจะปรับตัวขึ้นจากแนวโน้มการเติบโตของกำไรที่ดีกว่าและการฟื้นตัวของผลตอบแทนต่อส่วนผู้ถือหุ้น (ROE)

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Operating profit	12,458	15,766	18,038	20,606
Net profit	10,474	13,217	15,129	17,226
EPS (THB)	0.11	0.14	0.16	0.18
vs Consensus (%)	-	37.3	29.0	7.1
Core net profit	10,474	13,217	15,129	17,226
Core EPS (THB)	0.11	0.14	0.16	0.18
Chg. In EPS est. (%)	-	0.0	0.0	-
EPS growth (%)	3.3	26.5	14.5	13.9
Core P/E (x)	13.1	10.4	9.0	7.9
Dividend yield (%)	3.0	4.3	5.0	-
Price/book (x)	0.7	0.6	0.6	0.6
ROE (%)	5.0	6.1	6.7	7.3
ROA (%)	0.6	0.7	0.8	0.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.4	24.6	23.5
Relative to country (%)	5.7	23.1	13.0
Mkt cap (USD m)	4,166		
3m avg. daily turnover (USD m)	19.0		
Free float (%)	39		
Major shareholder	ING Bank N.V. (23%)		
12m high/low (THB)	1.50/0.95		
Issued shares (m)	43,852		

Sources: Bloomberg consensus; FSSIA estimates



Yuvanart Suwanumphai

yuvanart.suw@fssia.com

+66 2611 3554

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 21 มกราคม 2022

Investment thesis

We maintain our BUY call and reiterate TTB as one of our top picks. We believe that it will deliver superior performance in 2022, driven by synergies from its consolidation with Thanachart Bank (TBANK, not listed) in terms of both revenue and cost and lower expected credit losses (ECL) thanks to its prudent provision stockpiling in 2020-21, which should lead to an ECL decline. Additionally, we like its prudent and transparent asset quality management. This should allow TTB to deliver sustainable long-term post-Covid growth. Moreover, TTB is well known as a digital lending bank that could benefit from the current digital banking trend.

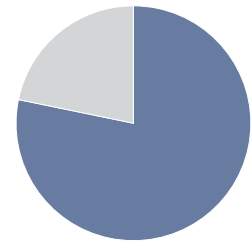
Company profile

TMBThanachart Bank Public Company Limited provides a full range of banking and financial services. The bank offers corporate and personal lending, retail and wholesale banking, international trade financing, and investment banking services to its customers throughout Thailand. It merged with TBANK at the end of 2019. The entire business transfer (EBT) process was completed in Jul-21.

www.ttbank.com

Principal activities (revenue, 2021)

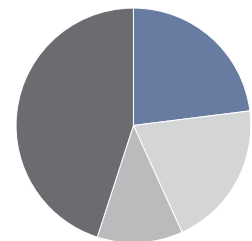
- Net interest income - 78.2 %
- Non-interest income - 21.8 %



Source: TMBThanachart Bank

Major shareholders

- ING Bank N.V. - 23.0 %
- TCAP - 20.2 %
- Ministry of finance - 11.8 %
- Others - 45.0 %



Source: TMBThanachart Bank

Catalysts

Potential share price catalysts for TTB include:

- Lower credit cost from better-than-expected new NPLs;
- Better operating cost control;
- Revenue synergies starting to kick in.

Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.

Event calendar

Date	Event
Apr 2022	1Q22 results announcement

Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
Net profit (THB m)	13,217	15,129	17,226
Net profit growth	26.2	14.5	13.9
NIM	2.97	2.95	2.97
Loan growth	2.0	4.0	3.0
Fee growth	7.0	10.0	10.0
Non-NII growth*	10.3	9.0	8.9
Credit cost (bp)	150	145	140
Cost to income*	45.2	43.7	42.8

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		----- 2022E -----		
Loan growth	±2ppt	-	2.0	4.0
% change in net profit		-	-	-
NIM (%)	±5bp	2.92	2.97	3.02
% change in net profit		(6.0)	-	6.0
Credit cost (bp)	±10bp	140	150	160
% change in net profit		-	-	-

Source: FSSIA estimates

4Q21 results beat thanks to fee income and ECL

We have a positive view on TTB's 4Q21 results. It reported a 4Q21 net profit of THB2,799m (+127% y-y, +19% q-q), which was 14% higher than Bloomberg's estimate and 20% higher than our forecast thanks to strong fee income and lower ECL.

We see four positives: 1) TTB was able to resume its loan growth at 0.9% q-q (-1.5% YTD) following a rise in hire purchase, housing loans, and credit card lending. Second, its NIM inched up to 2.98% from 2.95% in 3Q21 due to the increase in hire purchase new lending and efficient cost of funds management. Third, its fee income rose q-q, supported by a rise in bancassurance. Lastly, its NPLs went down by 5% q-q, implying a 2.81% NPL ratio, due to its effective NPL management. TTB increased its sales and write-offs of NPLs to THB6.4b from THB6b in 3Q21, and also offered long-term debt restructuring and asset warehousing to its clients. Accordingly, TTB reduced its provisions set up in 4Q21. These positives fully offset the increase in its OPEX thanks to EBT-related OPEX and seasonality. Therefore, its net profit increased substantially y-y and q-q.

TTB's 2021 net profit came in at THB10.5b, up by 4% y-y due to: 1) a drop in staff expenses due to its voluntary retirement package; and 2) a decline in ECL as the bank proactively set aside sufficient provisions in 2020. These positives were able to offset a fall in its top line due to its conservative new lending strategy, a decline in NIM thanks to the debt relief program, and a decline in fee income due to the partial lockdown.

Exhibit 1: TTB – 4Q21/2021 results summary

Year-end Dec 31	4Q20	3Q21	4Q21	----- Change -----		2021	Change
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)
Net interest income	13,519	12,577	12,769	(6)	2	51,000	(5)
Non-interest income	4,852	3,086	4,362	(10)	41	14,537	(6)
Operating income	18,371	15,663	17,131	(7)	9	65,537	(5)
Operating expenses	8,641	7,268	8,622	(0)	19	31,219	(3)
PPOP before tax	9,730	8,395	8,509	(13)	1	34,318	(8)
Provision	8,237	5,527	5,017	(39)	(9)	21,514	(13)
Income tax	258	509	693	169	36	2,327	5
Minority interest	1	1	0			3	0
Normalised profit	1,235	2,359	2,799	127	19	10,474	4
Extraordinary items	0	0	0			0	
Net profit	1,235	2,359	2,799	127	19	10,474	4
EPS (THB)	0.01	0.02	0.03	126	19	0.11	3
Asset quality ratio							
Gross NPLs	39,594	44,411	42,121	6	(5)	42,121	6
NPL ratios (%)	2.50	2.98	2.81			2.81	
LLR/NPLs (%)	131	121	129			129	
Credit cost (bp)	239	163	147			156	
Profitability ratio	(%)	(%)	(%)			(%)	
Cost to income ratio	47.0	46.4	50.3			47.6	
Average yield (%)	3.9	3.7	3.7			3.7	
Cost of fund (%)	1.0	0.9	0.9			0.9	
Net interest margin (NIM)	3.05	2.95	2.98			3.0	
Non-int inc/total income	26.4	19.7	25.5			22.2	
Liquidity ratio	(%)	(%)	(%)			(%)	
Loan to deposit ratio	101.4	102.6	102.5			102.5	
Loan growth	(%)	(%)	(%)			(%)	
Year-to-date	0.1	(2.4)	(1.5)				
y-y	0.1	(0.3)	(1.5)			(1.5)	
q-q	2.2	0.1	0.9				

Sources: TTB; FSSIA's compilation

Management provided a cautious view at analyst meeting

TTB provided conservative 2022 financial targets, including: 1) 2% loan growth; 2) stable NIM; 3) a cost to income ratio of 45-47%; and 4) credit cost of 140-160 bps.

TTB will resume its auto loans and focus more on consumer lending. However, TTB will continue to selectively lend to the SME and corporate segments due to unattractive risk-adjusted returns. Thus, its loan volume might increase a mere 2% y-y. TTB expects its cost to income to remain at a high level of 45-47% as it will invest in digital technology for long-term growth. It also needs to recruit more staff for its group structuring plan.

Exhibit 2: 2022 financial targets


	Actual	----- 2022E -----	
	FSSIA	TTB	FSSIA
	(%)	(%)	(%)
Loan growth (y-y %)	(1.5)	2.0	2.0
NIM	2.96	stable	2.97
Non-NII/total asset	0.81	0.80-0.90	0.90
Cost to income ratio	47.6	45.0-47.0	45.2
Reported NPL ratio	2.81	3.20	3.03
Credit cost (bps)	156	140-160	150

Sources: TTB; FSSIA's estimates

TTB will set up TTB Spark as a new internet unit to ramp up digital resources. It will also up two more subsidiaries: TTB Consumer (launching in 1Q22) and another subsidiary to accelerate its secured and unsecured loan businesses (to be set up in 2022-23). TTB Consumer will offer credit card and personal loan products by utilising digital resources and data analytics. It expects to become one of the top four players in the consumer loan business. TTB plans to IPO TTB Consumer in 2025.

We think the market might be disappointed about TTB's OPEX guidance, as the market expected to see a decline in its cost to income ratio. Therefore, TTB's share price might be volatile in the short term. We, however, came away with a neutral view as most of its guidance is in line with our forecasts. Hence, we maintain our projections.

Exhibit 3: TTB Spark




Spark New Possibilities
จุดเริ่มต้น... ไร้พรมแดนเป็นจริงได้

- * Digital hub deliberate to make real change to our customers through digital technology and creative ideas
- * Focus on agile way of work in developing solutions, services, and innovations in response to rapid change aiming to improve financial well-being
- * 250-300 staffs ramp up in 2022

Organizational setup and nature of work

Traditional banking	<ul style="list-style-type: none"> * Digital as capabilities embedded in business functions * Related units have high control over respective areas of the digital channel with blurring line btw. channel and product development with central platform team to ensure governance & consistency
Beyond banking	<ul style="list-style-type: none"> * Do or die mission by dedicated internal startup team with end-to-end capabilities to execute the mandate * Drive from seed stage to subsequent scale up (and potential spin off / IPO)

Source of execution capacity

 **Internal team** with occasional leverage of 3rd party to accommodate peak load or to tap onto skillsets not yet available internally

Source: TTB

Exhibit 4: TTB group structure

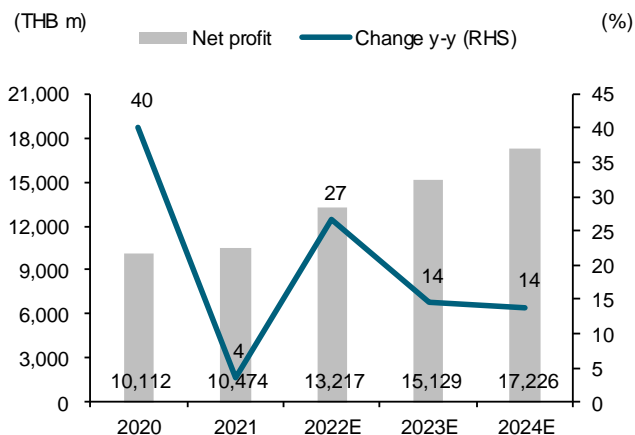


Source: TTB

Highest 2022E net profit growth and ROE above pre-Covid levels

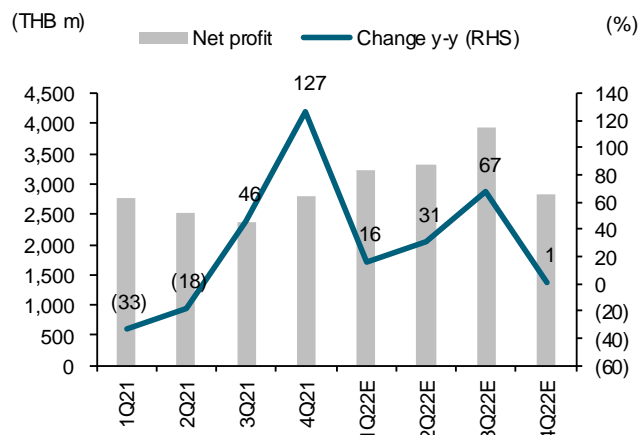
We believe TTB will deliver the highest net profit growth among banks in 2022 at 27% y-y, supported by two factors. First, we believe that revenue synergies could be realised in 2022, when TTB starts to utilise the increase in its customer base to generate cross-selling and up-selling opportunities, which should enlarge its loan volume and increase fee income. Second, we are convinced that TTB stands to fully enjoy the benefits from its overlapping branch network rationalisation, along with the resulting workforce and IT investment savings. TTB is likely to be the only bank whose 2022 ROE can increase above the 2019 pre-Covid level.

Exhibit 5: TTB's yearly net profit growth



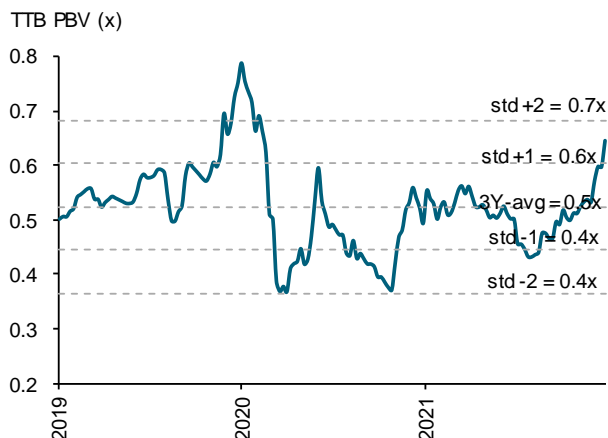
Sources: TTB; FSSIA estimates

Exhibit 6: TTB's quarterly net profit growth



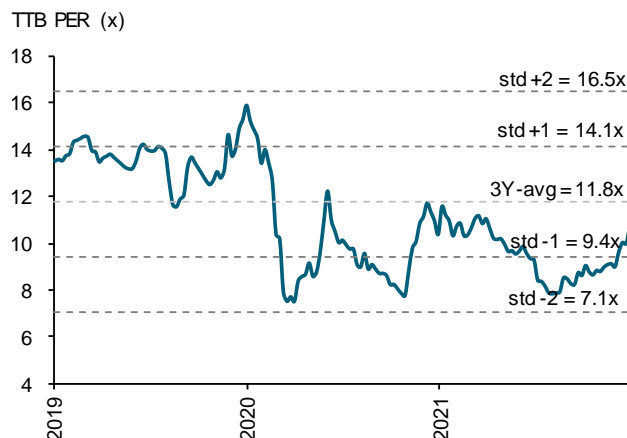
Sources: TTB; FSSIA estimates

Exhibit 7: TTB – one-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 8: TTB – one-year forward rolling P/E



Sources: Bloomberg; FSSIA estimates

Financial Statements

TMBThanachart Bank

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Interest Income	72,321	64,239	63,385	69,659	72,701
Interest expense	(18,515)	(13,240)	(13,341)	(17,568)	(18,619)
Net interest income	53,805	51,000	50,044	52,090	54,082
Net fees & commission	11,348	11,248	12,197	13,417	14,759
Foreign exchange trading income	0	0	0	0	0
Securities trading income	2,404	1,662	2,200	2,220	2,242
Dividend income	0	0	0	0	0
Other income	1,426	1,281	1,409	1,587	1,746
Non interest income	15,178	14,191	15,806	17,225	18,747
Total income	68,983	65,191	65,850	69,315	72,829
Staff costs	(17,142)	(16,480)	(15,656)	(16,126)	(16,723)
Other operating costs	(15,035)	(14,739)	(13,431)	(14,043)	(14,409)
Operating costs	(32,177)	(31,219)	(29,087)	(30,169)	(31,132)
Pre provision operating profit	36,806	33,972	36,763	39,146	41,697
Provision for bad and doubtful debt	(24,831)	(21,514)	(20,996)	(21,108)	(21,092)
Other provisions	-	-	-	-	-
Operating profit	11,975	12,458	15,766	18,038	20,606
Recurring non operating income	363	346	380	418	460
Associates	363	346	380	418	460
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	12,338	12,804	16,146	18,456	21,065
Tax	(2,223)	(2,327)	(2,926)	(3,322)	(3,834)
Profit after tax	10,115	10,477	13,221	15,134	17,232
Minority interests	(3)	(3)	(4)	(5)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	10,112	10,474	13,217	15,129	17,226
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	10,112	10,474	13,217	15,129	17,226
Per share (THB)					
Recurring EPS *	0.10	0.11	0.14	0.16	0.18
Reported EPS	0.10	0.11	0.14	0.16	0.18
DPS	0.04	0.04	0.06	0.07	0.00
Growth					
Net interest income (%)	100.3	(5.2)	(1.9)	4.1	3.8
Non interest income (%)	20.2	(6.5)	11.4	9.0	8.8
Pre provision operating profit (%)	95.5	(7.7)	8.2	6.5	6.5
Operating profit (%)	41.1	4.0	26.6	14.4	14.2
Reported net profit (%)	40.0	3.6	26.2	14.5	13.9
Recurring EPS (%)	(29.4)	3.3	26.5	14.5	13.9
Reported EPS (%)	(29.4)	3.3	26.5	14.5	13.9
Income Breakdown					
Net interest income (%)	78.0	78.2	76.0	75.2	74.3
Net fees & commission (%)	16.4	17.3	18.5	19.4	20.3
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	3.5	2.5	3.3	3.2	3.1
Dividend income (%)	-	-	-	-	-
Other income (%)	2.1	2.0	2.1	2.3	2.4
Operating performance					
Gross interest yield (%)	4.09	3.72	3.67	3.94	4.01
Cost of funds (%)	1.18	0.87	0.88	1.14	1.19
Net interest spread (%)	2.91	2.85	2.79	2.80	2.82
Net interest margin (%)	3.0	3.0	2.9	2.9	3.0
Cost/income(%)	46.6	47.9	44.2	43.5	42.7
Cost/assets(%)	1.8	1.8	1.6	1.7	1.7
Effective tax rate (%)	18.0	18.2	18.1	18.0	18.2
Dividend payout on recurring profit (%)	42.9	39.7	45.0	45.0	-
ROE (%)	5.1	5.0	6.1	6.7	7.3
ROE - COE (%)	5.1	5.0	6.1	6.7	7.3
ROA (%)	0.6	0.6	0.7	0.8	0.9
RORWA (%)	0.8	0.9	1.0	1.1	1.2

* Pre-exceptional, pre-goodwill and fully diluted

Sources: TMBThanachart Bank ; FSSIA estimates

Financial Statements

TMBThanachart Bank

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Gross customer loans	1,392,925	1,372,315	1,427,208	1,484,296	1,528,825
Total provisions	(51,967)	(54,472)	(58,342)	(61,639)	(64,385)
interest in suspense	3,879	3,783	3,996	4,156	4,281
Net customer loans	1,344,837	1,321,626	1,372,862	1,426,813	1,468,721
Bank loans	211,185	158,873	133,660	115,556	110,985
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	138,139	181,649	186,226	190,919	195,731
Cash & equivalents	21,943	16,011	21,979	22,198	22,550
Other interesting assets	-	-	-	-	-
Tangible fixed assets	30,076	30,252	29,675	29,224	28,887
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	58,510	47,183	48,076	49,187	50,349
Total assets	1,804,688	1,755,595	1,792,478	1,833,898	1,877,223
Customer deposits	1,373,408	1,339,195	1,357,430	1,384,579	1,412,270
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	168,768	158,690	162,923	166,182	169,505
Non interest bearing liabilities	61,406	50,460	51,974	53,533	55,139
Hybrid Capital	-	-	-	-	-
Total liabilities	1,603,582	1,548,345	1,572,327	1,604,293	1,636,915
Share capital	91,589	91,792	91,792	91,792	91,792
Reserves	113,124	119,043	128,358	137,812	148,515
Total equity	204,713	210,835	220,150	229,604	240,307
Minority interests	37	1	1	1	1
Total liabilities & equity	1,808,332	1,759,181	1,792,478	1,833,898	1,877,223
Supplementary items					
Risk weighted assets (RWA)	1,188,683	1,200,000	1,344,000	1,397,760	1,439,693
Average interest earning assets	1,766,631	1,724,939	1,728,531	1,767,465	1,811,652
Average interest bearing liabilities	1,569,566	1,520,031	1,509,119	1,535,557	1,566,268
Tier 1 capital	171,724	189,772	197,458	205,683	215,053
Total capital	220,769	238,817	246,503	254,728	264,098
Gross non performing loans (NPL)	39,594	42,121	45,069	48,675	51,109
Per share (THB)					
Book value per share	2.12	2.18	2.28	2.38	2.49
Tangible book value per share	2.12	2.18	2.28	2.38	2.49
Growth					
Gross customer loans	0.1	(1.5)	4.0	4.0	3.0
Average interest earning assets	32.5	(2.4)	0.2	2.3	2.5
Total asset (%)	(2.9)	(2.7)	2.1	2.3	2.4
Risk weighted assets (%)	(2.3)	1.0	12.0	4.0	3.0
Customer deposits (%)	(1.8)	(2.5)	1.4	2.0	2.0
Leverage & capital measures					
Customer loan/deposits (%)	97.9	98.7	101.1	103.1	104.0
Equity/assets (%)	11.3	12.0	12.3	12.5	12.8
Tangible equity/assets (%)	11.3	12.0	12.3	12.5	12.8
RWA/assets (%)	65.9	68.4	75.0	76.2	76.7
Tier 1 CAR (%)	14.4	15.8	14.7	14.7	14.9
Total CAR (%)	18.6	19.9	18.3	18.2	18.3
Asset Quality					
Change in NPL (%)	4.9	6.4	7.0	8.0	5.0
NPL/gross loans (%)	2.8	3.1	3.2	3.3	3.3
Total provisions/gross loans (%)	3.7	4.0	4.1	4.0	4.2
Total provisions/NPL (%)	131.2	129.3	129.4	126.6	126.0
Valuation					
Recurring P/E (x) *	13.5	13.1	10.4	9.0	7.9
Recurring P/E @ target price (x) *	17.2	16.6	13.1	11.5	10.1
Reported P/E (x)	13.5	13.1	10.4	9.0	7.9
Dividend yield (%)	3.2	3.0	4.3	5.0	-
Price/book (x)	0.7	0.7	0.6	0.6	0.6
Price/tangible book (x)	0.7	0.7	0.6	0.6	0.6
Price/tangible book @ target price (x)	0.8	0.8	0.8	0.8	0.7

Sources: TMBThanachart Bank ; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

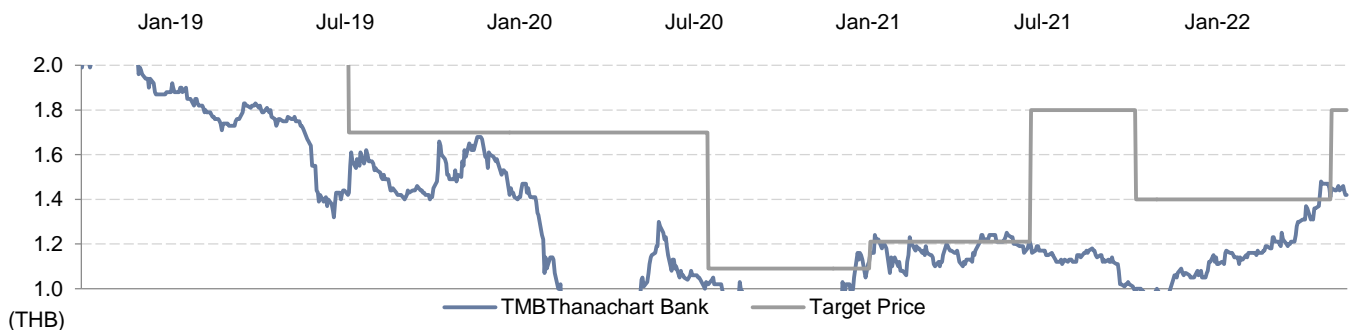
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

TMBThanachart Bank (TTB TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
22-Apr-2019	HOLD	2.28	03-Dec-2020	HOLD	1.21	06-Jan-2022	BUY	1.80
10-Sep-2019	HOLD	1.70	21-Apr-2021	BUY	1.80			
16-Jul-2020	HOLD	1.09	21-Jul-2021	BUY	1.40			

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
TMBThanachart Bank	TTB TB	THB 1.42	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 20-Jan-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.