



# Muangthai Capital PCL

## MTC TB

Outperform

Target Price	Bt	64.50
Price (16/11/2020)	Bt	56.50
Upside	%	14.16
Valuation		DDM
Sector	Financ	e & Securities
Market Cap	Btm	119,780
30-day avg turnover	Btm	370.61
No. of shares on issue	m	2,120
CG Scoring		Excellent
Anti-Corruption Indicator	•	Certified

## Investment fundamentals

Year end Dec 31	2019A	2020E	2021E	2022E
Company Financials				

Company Financials				
Operating revenue (Bt m)	11,161	12,774	14,679	16,894
Core profit (Bt m)	4,237	5,112	5,805	7,098
Net profit (Bt m)	4,237	5,112	5,805	7,098
Net EPS (Bt)	2.00	2.41	2.74	3.35
DPS (Bt)	0.30	0.35	0.41	0.50
BV/shr (Bt)	7.53	9.53	11.87	14.74
Net EPS growth (%)	14.11	20.64	13.55	22.28
ROAA (%)	7.63	7.37	6.94	7.21
ROAE (%)	29.98	28.27	25.59	25.16
D/E (x)	2.87	2.81	2.59	2.40
Valuation				
PE (x)	34.27	23.43	20.63	16.88
PBV (x)	9.09	5.93	4.76	3.83
Dividend yield (%)	0.44	0.62	0.73	0.89

## MTC TB rel SET performance



**Disclaimer:** KS or its affiliates is acting or may act as the underwriter, issuer, and/or market maker of the securities mentioned in this document and/or other financial instruments related to the securities mentioned in this document, including but not limit to, bonds, debentures, derivatives warrants, and structured notes. Investors should study the information contained in the prospectus or related document before investing in the shares and other financial instruments.

## Analyst Korakot Sawetkruttamat Korakot.sa@kasikornsecurities.com

17 November 2020 Kasikorn Securities Public Company Limited

## 3Q20 earnings hit a new high as expected

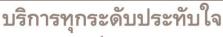
- MTC reported 3Q20 earnings of Bt1.34bn (+6% QoQ, +24% YoY), a record high and in line with our forecast and the consensus estimate.
- Growth was driven by rising loans, a wider NIM, lower cost/income, and lower credit cost. 3Q20 asset quality looks fine with NPL ratio at 1.01%.
- We maintain our Outperform with a TP of Bt64.5. News of GSB's title loan plan may hurt MTC's stock price but should not affect its fundamentals.

## **Investment Highlights**

- ► 3Q20 earnings set another record high, as expected. MTC reported 3Q20 earnings of Bt1.34bn, up 6% QoQ and 24% YoY and setting another new high. The result was in line with our expectations and Bloomberg's consensus estimate. Earnings grew slightly QoQ on the back of loan growth driven by a demand recovery after the easing of the lockdown in June, better NIM, and a lower cost/income ratio. The significant growth YoY was driven by strong loan growth of 9% YoY from a branch expansion to 4,798 locations as of 3Q20, up from 3,961 branches in 3Q19, and lower credit cost. 9M20 earnings account for 75% of our 2020 earnings forecast of Bt5.1bn.
- ▶ **PPOP rose QoQ, YoY as well.** 3Q20 PPOP came in at Bt1.74bn, up 9% QoQ and 18% YoY. The QoQ growth was driven by 1) higher NII by 5% QoQ on a better NIM to 18.95%, up from 18.67% on higher loan yield and loan growth of 6% QoQ; and 2) a drop in cost/income ratio to 47% from 49% in 2Q20 and 3Q19 due to tightened cost controls. PPOP rose strongly YoY on solid loan growth of 9% from the branch expansion, lower cost/income ratio, and a credit cost of 32bps, down from 79bps in 3Q19.
- NPL ratio was stable with high coverage ratio. MTC reported a 3Q20 NPL ratio of 1.01%, flat QoQ and up only slightly from 0.9% in 3Q20. NPL formation edged higher to Bt120mn in 3Q20 from Bt32mn in 2Q20 but was still close to its 3-year historical average of Bt94mn per quarter. Credit cost increased to 32bps in 3Q20 from 16bps in 2Q20 and ECL coverage ratio remained high at 199%.
- Expect 4Q20 earnings to hit another record high. In 4Q20, we expect MTC to continue to report strong earnings growth both QoQ and YoY and to set another record high. The key earnings growth driver should be 1) loan growth on higher demand from increasing business activity and farm income; 2) lower cost of funds thanks to a full-quarter contribution from GSB's soft loan; and 3) expected stable ECL.

## Valuation and Recommendation

▶ We maintain our Outperform rating with a target price of Bt64.5. In the short term, news about GSB's plan to enter the title loan business may hurt sentiment in MTC, but we believe the actual impact on MTC will be minimal in terms of fundamentals as we expect GSB will need time to roll out its products/services nationwide and the target group may differ from MTC's. If the share price falls on this issue, we believe it would provide an opportunity to accumulate the stock.







## Fig 1 3Q20 earnings review

niterest income 3,06 3,28 3,385 3,385 3,585 5% 15% 1,582 7%   ket interste income 2,697 2,822 2,900 2,383 3,086 5% 14% 15% 1,582 7%   ket interste income 2,007 2,383 3,086 5% 14% 150,0 1% 9% 7% 7% 7%   berating properties 1,426 1,530 1,616 1,588 1,785 9% 1%% 7% 7% 7%   berating properties 1,16 1,32 6,16 1,588 1,785 9% 18% 7% 6,167 75%   bordin affers 0											
nterest expanse 408 405 443 447 467 44% 15% 15% 1,588 73% 45% 14% 167% 14% 17% 14% 17% 14% 17% 14% 17% 14% 14% 14% 14% 14% 14% 14% 14% 14% 14	Profit & Loss (Btm)	3Q19A	4Q19A	1Q20A	2Q20A	3Q20A	QoQ, %	YoY, %	2020E	vs YTD	Comment
let intersit income   2,697   2,892   2,980   3,088   5%   1.4%   1.50,014   7%   1.50,014   7%   1.50,014   7%   1.50,014   7%   1.50,014   7%   1.50,014   7%   1.50,014   7%											
iei fee income 2, 207 , 208 , 180 , 182 , 19% , -9% , 760 , 75% , 76% , 76% , 76% , 75% , 76% , 75% , 76% , 75% , 76% , 75% , 76% , 75% , 76% , 75% , 76% , 75% , 75% , 76% , 75% , 76% , 75% , 76% , 75% ,	Interest expense										
Operating expenses   2,897   3,108   3,118   3,108   3,118   3,118   3,118   3,118   1,573   155   174   74%   6,607   74%   6,707     PPOP   1,469   1,530   1,616   1,598   1,763   116   53%   52   52   111%   53%   6,206   75%   53%   136   6,306   75%   53%   136   53%   136   53%	Net interest income	2,697	2,822	2,900	2,938	3,088	5%	14%	12,014	74%	In line
Diperating expenses   1,428   1,500   1,691   1,520   1,533   1%   7%   5,167   7%   7%     Vorkion charges   1.16   1.32   6.56   1,758   1,758   6,617   7%   5%   6,230   63%     Portic after provins   1.352   1,584   1,573   1,684   7%   25%   6,388   75%     Portic after provins   1.352   1,584   1,573   1,684   7%   25%   6,388   75%     Portic after provins   1.352   1,584   1,573   1,267   1,340   6%   24%   5,112   75%     Portic after provins   1.080   1,131   1,227   1,267   1,340   6%   24%   5,112   75%     Stancardinay tlems   0 <td>Net fee income</td> <td>200</td> <td>207</td> <td>208</td> <td>180</td> <td>182</td> <td>1%</td> <td>-9%</td> <td>760</td> <td>75%</td> <td></td>	Net fee income	200	207	208	180	182	1%	-9%	760	75%	
PipOP 1,469 1,530 1,616 1,528 1,528 1970 11% 55% 6,207 75% 75%   Dp profit after provins 1,352 1,388 1,554 1,573 1,664 77% 25% 6,388 75%   Sobuli anortistion 0 0 0 0 7% 25% 6,388 75%   Sobuli anortistion 1,080 1,131 1,237 1,267 1,340 6% 24% 5,112 75%   Profit after tax 1,080 1,131 1,237 1,267 1,340 6% 24% 5,112 75%   Standinary tenss 0 <t< td=""><td>Operating income</td><td>2,897</td><td>3,030</td><td>3,108</td><td>3,118</td><td>3,270</td><td>5%</td><td>13%</td><td>12,774</td><td>74%</td><td></td></t<>	Operating income	2,897	3,030	3,108	3,118	3,270	5%	13%	12,774	74%	
PipOP 1,469 1,530 1,616 1,528 1,528 1970 11% 55% 6,207 75% 75%   Dp profit after provins 1,352 1,388 1,554 1,573 1,664 77% 25% 6,388 75%   Sobuli anortistion 0 0 0 0 7% 25% 6,388 75%   Sobuli anortistion 1,080 1,131 1,237 1,267 1,340 6% 24% 5,112 75%   Profit after tax 1,080 1,131 1,237 1,267 1,340 6% 24% 5,112 75%   Standinary tenss 0 <t< td=""><td>1 5</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	1 5										
towision charges   116   112   162   125   123   118   120   120   6.3%   6.200   6.3%   6.3%     let non operating items   0											In line
pp profix   1,352   1,398   1,554   1,573   1,684   7%   25%   6,388   75%     Sodvill anortisation   0	-										In line
eit non operating terms   0											
Biochvill inprotisation   0							1 %	23%	0,300	15%	
Pre-tax profit   1,352   1,398   1,573   1,684   7%   6.588   75%     vofit after tax   1,080   1,131   1,227   1,267   1,340   6%   24%   5,112   75%     vofit after tax   1,080   1,131   1,227   1,267   1,340   6%   24%   5,112   75%     vitaordinary iterests   0					-						
ncome tax in the set i											
vorit after tax1,0801,311,231,2671,3406%24%5,1275%75%share in subsidy/assocs00	Pre-tax profit	1,352	1,398	1,554		1,684					
Minority interests   0	Income tax	272	267	316	307	344	12%	27%	1,275	76%	
Minority interests   0	Profit after tax	1,080	1,131	1,237	1,267	1,340	6%	24%	5,112	75%	
bihare in subsidy/assocs   0 <td>Minority interests</td> <td>. 0</td> <td>0</td> <td>. 0</td> <td>0</td> <td></td> <td></td> <td></td> <td>. 0</td> <td></td> <td></td>	Minority interests	. 0	0	. 0	0				. 0		
bittanominary items 0		0		0	0	Ō			Ō		
Reported net profit   1,080   1,131   1,237   1,267   1,340   6%   24%   5,112   75%   In line     PS (basi, B)   0.51   0.53   0.58   0.60   0.63   6%   24%   2.41   75%     PS (basi, B)   7.01   7.53   8.18   8.48   9.11   7%   30%   9.53   5%     PS (basi, B)   7.01   7.53   8.18   8.48   9.11   7%   30%   9.53   5%     PS (basi, B)   7.01   7.53   62.359   66.695   6%   9%   69.50   20.20   Comment     PS (basi, B)   1.670   1.714   1.483   1.398   1.344   6%   1.9%   6.334   6%   1.9%   2.34   2% above											
PS (haic, Bt) PS (ha				-	-	-	60/-	2406	-	750/-	In line
By S (hilly (liubed, Bt)   0.51   0.53   0.58   0.60   0.63   6%   24%   2.41   75%     VMPS (Bt)   7.01   7.23   8.18   8.48   9.11   7%   30%   2020E   Comment     Torus loans   61,538   60,253   62,539   63,174   66,951   6%   9%   69,650   2% above     Comment provisions   61,518   60,253   61,055   61,777   65,651   6%   10%   68,314   2% above     Cambrid provisions   16,70   1,714   1,483   1,398   4.4%   20%   10%   68,314   2% above     Cambrid provisions   16,70   1,778   81,816   1,964   794   60%   10%   68,314   200   0	Reported her profit	1,000	1,131	1,237	1,207	1,340	0-70	2470	5,112	13%	TH HILE
By S (hilly (liubed, Bt)   0.51   0.53   0.58   0.60   0.63   6%   24%   2.41   75%     VMPS (Bt)   7.01   7.23   8.18   8.48   9.11   7%   30%   2020E   Comment     Torus loans   61,538   60,253   62,539   63,174   66,951   6%   9%   69,650   2% above     Comment provisions   61,518   60,253   61,055   61,777   65,651   6%   10%   68,314   2% above     Cambrid provisions   16,70   1,714   1,483   1,398   4.4%   20%   10%   68,314   2% above     Cambrid provisions   16,70   1,778   81,816   1,964   794   60%   10%   68,314   200   0	EDC (hasia Dt)	0.51	0.53	0.50	0.00	0.02	COV	2404	2.41	750/	
NVPS (Bi)   7.01   7.53   8.18   8.48   9.11   7%   30%   9.53     Letance steet (8tm)   3019   4019A   1020A   2020A   3020A   30%   9.53     Comment coundated provisions   61,538   60,253   62,373   63,174   66,955   66,655   20%   20%   20%   66,8314   2% above     Vector   956   58,539   61,075   61,776   65,651   66%   10%   68,314   2% above     Vector   956   783   816   1.964   794   660%   1.7%   68,314     Cast   0   <											
Jance sheet (8tm)   3019A   4019A   1020A   2020A   3020A   000, %o   YO, %o   2020E   Comment     Jonss loans   61,538   60,253   62,339   63,174   66,951   4%   -2%   60,650   2% above     vecunulated provisions   1,670   1,714   1,483   1,396   1,344   -4%   -2%   6%   10%   68,314   2% above     vecunulated provisions   1,670   1,714   1,483   1,396   1,344   -6%   10%   68,314   2%   above     vectored properties   69   75   74   66   80   10%   10%   69   0										75%	
arross loans 61,538 60,253 62,539 63,174 66,995 6% 9% 69,650 2% above   vet loans & accrued 59,868 58,539 61,055 61,777 65,651 6% 10% 68,314   ash 955 783 816 1,964 794 60% 1,73% 2,152   ash 955 783 816 1,964 794 60% 1,73% 2,152   ash 0 0 0 0 0 0 0 0   orecloaded properties 0 <t< td=""><td>BVPS (Bt)</td><td>7.01</td><td>7.53</td><td>8.18</td><td>8.48</td><td>9.11</td><td>7%</td><td>30%</td><td>9.53</td><td></td><td></td></t<>	BVPS (Bt)	7.01	7.53	8.18	8.48	9.11	7%	30%	9.53		
arross loans 61,538 60,253 62,539 63,174 66,995 6% 9% 69,650 2% above   vet loans & accrued 59,868 58,539 61,055 61,777 65,651 6% 10% 68,314   ash 955 783 816 1,964 794 60% 1,73% 2,152   ash 955 783 816 1,964 794 60% 1,73% 2,152   ash 0 0 0 0 0 0 0 0   orecloaded properties 0 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>											
uccumulated provisions   1,670   1,714   1,483   1,398   1,336   4,336   4,336     bet loans & accured   59,868   58,539   61,055   61,777   65,651   69%   10%   68,314     ash   956   773   783   816   1,964   794   -60%   -17%   2,152     oterbank assets   69   75   74   69   80   16%   16%   69     oracle scelexable from purchase of loans   0   0   0   0   0   0   0   0     oracle scelexable from purchase of loans   1,577   1,862   1,941   2,009   4%   30%   2,074     oracle scelexable from purchase of loans   61,872   68,013   70,003   72,902   4%   30%   735     Oteal assets   59,207   61,872   68,013   70,003   72,902   736   74     Oteal assets   59,207   61,872   68,013   70,003   72,902   3,862     Ubter labilit											
Vect Cons & accrued   59,868   58,539   61,075   61,777   65,651   69   010%   68,314     Sash   956   783   81.6   1,964   794   -60%   -17%   2,152     metrank assets   69   75   74   69   80   16%   69   0 <td>Gross loans</td> <td>61,538</td> <td>60,253</td> <td>62,539</td> <td>63,174</td> <td>66,995</td> <td>6%</td> <td>9%</td> <td>69,650</td> <td></td> <td>2% above</td>	Gross loans	61,538	60,253	62,539	63,174	66,995	6%	9%	69,650		2% above
Sah   956   783   816   1,964   794   -60%   -17%   2,152     Interbank assets   69   75   74   69   80   16%   16%   66%   -7%   2,152     Cans receivable from purchase of loans   0	Accumulated provisions	1,670	1,714	1,483	1,398	1,344	-4%	-20%	1,336		
Sah   956   783   816   1,964   794   -60%   -17%   2,152     Interbank assets   69   75   74   69   80   16%   16%   66%   -7%   2,152     Cans receivable from purchase of loans   0	Net loans & accrued	59,868	58,539	61,055	61,777	65,651	6%	10%	68,314		
Interbank assets   69   75   74   69   80   16%   16%   69     nvestments   0	Cash										
nvestments 0											
coans receivable from purchase of loans   0   736   0							1070	10 /0			
Speedbeed properties   0											
ixed assets 1,547 1,778 1,862 1,941 2,009 4% 30% 2,074   isoodwill & intangible assets 0 0 3,409 3,547 3,522 3,547 3,547   ibiter assets 624 613 662 619 626 1% 0% 736   ibiter assets 59,207 61,872 68,013 70,083 72,902 4% 23% 76,891   isotomer deposits 0 0 0 0 0 0 0 0 0 0   isotomer deposits 1,4395 14,689 18,109 15,001 18,005 20% 25% 3,482   ong term borrowings 14,385 15,972 17,339 17,971 19,314 7% 30% 20,199   iPLs 565 622 738 661 674 2% 19% 792 3% below   ield on IEAs 21.07 21.31 21.68 21.52 21.82 0.31 0.75 21.30 240ps above   ield interest spread 17.17 17,47			-	-	-						
Soodwill & intangible assets   0   0   3,409   3,547   3,522   0   3,547   3,522     Ther assets   624   613   662   619   626   1%   0%   736     Orbal assets   59,207   61,872   68,013   70,083   72,902   4%   23%   76,891     Ustomer deposits   0									-		
Ther assets 624 613 662 619 626 1% 0% 736   Total assets 59,207 61,872 68,013 70,083 72,902 4% 23% 76,891 0   Ustomer deposits 0		1.					4%	30%			
Total assets   59,207   61,872   68,013   70,083   72,902   4%   23%   76,891     Ustomer deposits   00	Goodwill & intangible assets	0	0	3,409		3,522			3,547		
Customer deposits 0	Other assets	624	613	662	619	626	1%	0%	736		
Additional funding (inter bank, loans, etc.) 0	Total assets	59,207	61,872	68,013	70,083	72,902	4%	23%	76,891		
	Customer deposits										
short term borrowings 14,395 14,689 18,109 15,001 18,005 20% 25% 3,482   ong term borrowings 28,778 29,494 30,781 35,455 34,019 -4% 18% 2,816   ther liabilities 1,179 1,717 1,784 1,656 1,564 -6% 33% 113   dinority interest 0		0	0	0	0	0			0		
cong term borrowings 28,778 29,494 30,781 35,455 34,019 -4% 18% 2,816   Uther liabilities 1,179 1,717 1,784 1,656 1,564 -6% 33% 113 0 0   Shareholders' funds 14,856 15,972 17,339 17,971 19,314 7% 30% 20,199   VPLs 565 622 738 661 674 2% 19% 792 3% below   Ratios (%, ann) 30,19A 4019A 1020A 2020A 3020A QoQ, ppt Yo, ppt 2020E Comment   Katios (%, ann) 30,19A 4019A 1020A 2020A 3020A QoQ, ppt Yo, ppt 2020E Comment   Katios (%, ann) 30,88 3.89 3.72 3.60 3.65 0.05 (0.24) 3.71 12bps above   Kei interest spread 17.19 17.41 17.97 17.92 18.18 0.26 0.98 17.60 14bps above   Kei interest margin 18.31 18.52 18.87 18.67 18.95<	5 ( )						20%	250%	-		
Other liabilities1,1791,7171,7841,6561,564-6%33%1130dinority interest00000000000Shareholders' funds14,85615,97217,33917,97119,3147%30%20,199 $PLs$ 5656227386616742%19%7923% belowRatios (%, ann)3019A4019A1020A2020A3020A000, ptYoY, ppt2020ECommentteld on IEAs21.0721.3121.6821.5221.820.310.7521.3024bps aboveCost of funds (IBLs)3.883.893.723.603.650.05(0.24)3.7112bps abovelet interest spread17.1917.4117.9717.9218.180.260.9817.6014bps abovelet interest margin18.3118.5218.8718.6718.950.280.6518.4819bps abovelock funcme4950484947(2)(2)48In lineKOA7.517.477.627.347.500.16(0.02)7.3710KoB30.229.329.728.728.80.1(1.4)28.310group stand borrowing1431361281251283(15)PPLs/oans0.91.01.21.01.0 <td></td>											
Minority interest 0 20,199 20,199 30% 20,199 30% 20,199 30% 20,019 30% 20,019 30% 20,019 30% 20,019 30% 20,019 30% 20,019 30% 20,019 30% 20,019 30% 20,019 30% 20,019 30% 20,019 30% 3											
Shareholders' funds   14,856   15,972   17,339   17,971   19,314   7%   30%   20,199   Height (1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,							-0%	33%			
APLs   565   622   738   661   674   2%   19%   792   3% below     Attios (%, ann)   3Q19A   4Q19A   1Q20A   2Q2A   3Q2A   QoQ, ppt   YoY, ppt   2020E   Comment     Teld on IEAs   21.07   21.31   21.68   21.52   21.82   0.31   0.75   21.30   24bps above     Cost of funds (IBLs)   3.88   3.89   3.72   3.60   3.65   0.05   (0.24)   3.71   12bps above     Let interest spread   17.19   17.41   17.97   17.92   18.18   0.26   0.98   17.60   14bps above     Cost/income   49   50   48   49   47   (2)   (2)   (2)   48   19bps above     Cost   3.02   29.3   3.9   3.9   3.8   (0.1)   (0.2)   3.8     Cost   7.51   7.47   7.62   7.34   7.50   0.16   (0.02)   7.37     Wg assets/avg SHF (x)	,			-	-	0			-		
Statios (%, ann)   3Q19A   4Q19A   1Q20A   2Q20A   3Q20A   QoQ, ppt   YoY, ppt   2020E   Comment     field on IEAs   21.07   21.31   21.68   21.52   21.82   0.31   0.75   21.30   24bps above     cost of funds (IBLs)   3.88   3.89   3.72   3.60   3.65   0.05   (0.24)   3.71   12bps above     let interest spread   17.19   17.41   17.97   17.92   18.18   0.26   0.98   17.60   14bps above     let interest margin   18.31   18.52   18.87   18.67   18.95   0.28   0.65   18.48   19bps above     cost/income   49   50   48   49   47   (2)   (2)   48   In line     VQA   7.51   7.47   7.62   7.34   7.50   0.16   (0.02)   7.37     Vg assets/avg SHF (x)   4.0   3.9   3.9   3.8   0.11   (1.4)   28.3     Gross loans/deposits and borrowing	Shareholders' funds	14,856	15,972	17,339	17,971	19,314	7%	30%	20,199		
Statios (%, ann)   3Q19A   4Q19A   1Q20A   2Q20A   3Q20A   QoQ, ppt   YoY, ppt   2020E   Comment     field on IEAs   21.07   21.31   21.68   21.52   21.82   0.31   0.75   21.30   24bps above     cost of funds (IBLs)   3.88   3.89   3.72   3.60   3.65   0.05   (0.24)   3.71   12bps above     let interest spread   17.19   17.41   17.97   17.92   18.18   0.26   0.98   17.60   14bps above     let interest margin   18.31   18.52   18.87   18.67   18.95   0.28   0.65   18.48   19bps above     cost/income   49   50   48   49   47   (2)   (2)   48   In line     VQA   7.51   7.47   7.62   7.34   7.50   0.16   (0.02)   7.37     Vg assets/avg SHF (x)   4.0   3.9   3.9   3.8   0.11   (1.4)   28.3     Gross loans/deposits and borrowing		565	622	720	661	674	20/	100/	700		20/ 1
field on IEAs 21.07 21.31 21.68 21.52 21.82 0.31 0.75 21.30 24bps above   Lost of funds (IBLs) 3.88 3.89 3.72 3.60 3.65 0.05 (0.24) 3.71 12bps above   Let interest spread 17.19 17.41 17.97 17.92 18.18 0.26 0.98 17.60 14bps above   Let interest margin 18.31 18.52 18.87 18.67 18.95 0.28 0.65 18.48 19bps above   Cost of funds (IBLs) 49 50 48 49 47 (2) (2) (48 In line   Cost of nome 49 50 48 49 47 (2) (2) 48 In line   COA 7.51 7.47 7.62 7.34 7.50 0.16 (0.02) 7.37   Wg assets/avg SHF (x) 4.0 3.9 3.9 3.8 (0.1) (0.2) 3.8 In line   ROE 30.2 29.3 29.7 28.7 28.8 0.1 (1.4) 28.3	NPLS	565	622	/38	661	6/4	2%	19%	/92		3% Delow
field on IEAs 21.07 21.31 21.68 21.52 21.82 0.31 0.75 21.30 24bps above   Lost of funds (IBLs) 3.88 3.89 3.72 3.60 3.65 0.05 (0.24) 3.71 12bps above   Let interest spread 17.19 17.41 17.97 17.92 18.18 0.26 0.98 17.60 14bps above   Let interest margin 18.31 18.52 18.87 18.67 18.95 0.28 0.65 18.48 19bps above   Cost of funds (IBLs) 49 50 48 49 47 (2) (2) (48 In line   Cost of nome 49 50 48 49 47 (2) (2) 48 In line   COA 7.51 7.47 7.62 7.34 7.50 0.16 (0.02) 7.37   Wg assets/avg SHF (x) 4.0 3.9 3.9 3.8 (0.1) (0.2) 3.8 In line   ROE 30.2 29.3 29.7 28.7 28.8 0.1 (1.4) 28.3	Dation (0/ ann)	20104	40104	10204	20204	20204	0.0	VoV mut	20205		Commont
Solution 3.88 3.89 3.72 3.60 3.65 0.05 (0.24) 3.71 12bps above   Vet interest spread 17.19 17.41 17.97 17.92 18.18 0.26 0.98 17.60 14bps above   Vet interest spread 18.31 18.52 18.87 18.67 18.95 0.28 0.65 18.48 19bps above   Sotytincome 49 50 48 49 47 (2) (2) 48 19bps above   COA 7.51 7.47 7.62 7.34 7.50 0.16 (0.02) 7.37   Wg assets/avg SHF (x) 4.0 3.9 3.9 3.8 (0.1) (0.2) 3.8   ODE 30.2 29.3 29.7 28.7 28.8 0.1 (1.4) 28.3   Gross loans/deposits and borrowing 143 136 128 125 128 3 (15) 10   PLs/loans 0.9 1.0 1.2 1.0 1.0 (0.0) 0.1 1.1 10bps below   Reserve coverage 296											
Het interest spread 17.19 17.41 17.97 17.92 18.18 0.26 0.98 17.60 14bps above   Het interest margin 18.31 18.52 18.87 18.67 18.95 0.28 0.65 18.48 19bps above   Cost/income 49 50 48 49 47 (2) (2) 48 19bps above   Cost/income 49 50 48 49 47 (2) (2) 48 19bps above   Cost/income 49 50 48 49 47 (2) (2) 48 19bps above   VQA 7.51 7.47 7.62 7.34 7.50 0.16 (0.02) 7.37   Vog assets/avg SHF (x) 4.0 3.9 3.9 3.8 (0.1) (0.2) 3.8   ODE 30.2 29.3 29.7 28.7 28.8 0.1 (1.4) 28.3   PLs/loans 0.9 1.0 1.2 1.0 1.0 (0.0) 0.1 1.1 10bps below   Reserve coverage 296											
Net interest margin 18.31 18.52 18.87 18.67 18.95 0.28 0.65 18.48 19bps above   Cost/income 49 50 48 49 47 (2) (2) 48 In line   COA 7.51 7.47 7.62 7.34 7.50 0.16 (0.02) 7.37 10 10 1002 3.8 10 10.28 3 10 10.9 3.8 0.11 (1.4) 28.3 10											
Cost/income 49 50 48 49 47 (2) (2) (2) 48 In line   KOA 7.51 7.47 7.62 7.34 7.50 0.16 (0.02) 7.37 7.37 7.37 7.37 7.37 7.50 0.16 (0.02) 7.37 7.37 7.37 7.37 7.37 7.37 7.38 7.37 7.38 7.37 <t< td=""><td>Net interest spread</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Net interest spread										
Cost/income 49 50 48 49 47 (2) (2) (2) 48 In line   KOA 7.51 7.47 7.62 7.34 7.50 0.16 (0.02) 7.37 7.37 7.37 7.37 7.37 7.50 0.16 (0.02) 7.37 7.37 7.37 7.37 7.37 7.37 7.38 7.37 7.38 7.37 <t< td=""><td>Net interest margin</td><td>18.31</td><td>18.52</td><td>18.87</td><td>18.67</td><td>18.95</td><td>0.28</td><td>0.65</td><td>18.48</td><td></td><td>19bps above</td></t<>	Net interest margin	18.31	18.52	18.87	18.67	18.95	0.28	0.65	18.48		19bps above
XOA   7.51   7.47   7.62   7.34   7.50   0.16   (0.02)   7.37     wg assets/avg SHF (x)   4.0   3.9   3.9   3.9   3.8   (0.1)   (0.2)   3.8     KOE   30.2   29.3   29.7   28.7   28.8   0.1   (1.4)   28.3     Gross loans/deposits and borrowing   143   136   128   125   128   3   (15)     IPLs/loans   0.9   1.0   1.2   1.0   1.0   (0.0)   0.1   1.1   10bps below     Reserve coverage   296   276   201   212   199   (12)   (96)   169   In line     Credit cost (bps)   79   87   41   16   32   16   (47)   34   8bps below	Cost/income										
wg assets/avg SHF (x) 4.0 3.9 3.9 3.9 3.8 (0.1) (0.2) 3.8   NOE 30.2 29.3 29.7 28.7 28.8 0.1 (1.4) 28.3   Gross loans/deposits and borrowing 143 136 128 125 128 3 (15)   PLs/loans 0.9 1.0 1.2 1.0 1.0 (0.0) 0.1 1.1 10bps below   Reserve coverage 296 276 201 212 199 (12) (96) 169 In line   Credit cost (bps) 79 87 41 16 32 16 (47) 34 8bps below	ROA										
XOE   30.2   29.3   29.7   28.7   28.8   0.1   (1.4)   28.3     Gross loans/deposits and borrowing   143   136   128   125   128   3   (15)     IPLs/loans   0.9   1.0   1.2   1.0   1.0   (0.0)   0.1   1.1     Reserve coverage   296   276   201   212   199   (12)   (96)   169   In line     Credit cost (bps)   79   87   41   16   32   16   (47)   34   8bps below											
Gross loans/deposits and borrowing 143 136 128 125 128 3 (15)   IPLs/loans 0.9 1.0 1.2 1.0 1.0 (0.0) 0.1 1.1 10bps below   teserve coverage 296 276 201 212 199 (12) (96) 169 In line   Credit cost (bps) 79 87 41 16 32 16 (47) 34 8bps below											
IPLs/loans 0.9 1.0 1.2 1.0 1.0 (0.0) 0.1 1.1 10bps below   Reserve coverage 296 276 201 212 199 (12) (96) 169 In line   credit cost (bps) 79 87 41 16 32 16 (47) 34 8bps below									28.3		
Reserve coverage   296   276   201   212   199   (12)   (96)   169   In line     Credit cost (bps)   79   87   41   16   32   16   (47)   34   8bps below											
Credit cost (bps)   79   87   41   16   32   16   (47)   34   8bps below	NPLs/loans										
	Reserve coverage		276	201	212		(12)	(96)			In line
	Credit cost (bps)	79	87	41	16	32	16	(47)	34		8bps below

Source: MTC, KS Research







MTC : Year-end 31 Dec											
Income Statement (Btmn)	2018A	2019A	2020E	2021E	2022E	Key Statistics & Ratios	2018A	2019A	2020E	2021E	2022E
Interest income	9,544	11,880	13,852	15,948	18,260	Per share (Bt)					
Interest expenses	-1,100	-1,527	-1,838	-2,088	-2,313	Reported EPS	1.75	2.00	2.41	2.74	3.35
Net Interest Income	8,444	10,353	12,014	13,860	15,948	DPS	0.26	0.30	0.35	0.41	0.50
Non-interest income	869	808	760	819	946	BV	5.80	7.53	9.53	11.87	14.74
Non-interest expenses	-4,100	-5,314	-6,167	-6,672	-7,152						
РРОР	5,213	5,847	6,607	8,007	9,742	Valuation analysis					
Provision charges	-586	-554	-220	-750	-870	Reported P/E (x)	25.7	34.3	23.4	20.6	16.9
Profit after provision	4,627	5,293	6,388	7,256	8,873	P/BV (x)	7.8	9.1	5.9	4.8	3.8
Net non-operating item	0	0	0	0	0	Dividend yield (%)	0.6	0.4	0.6	0.7	0.9
Pre-tax profit	4,627	5,293	6,388	7,256	8,873	Profitability ratios					
Income tax	-913	-1,056	-1,275	-1,451	-1,775	Yield on IEAs (%)	22.79	21.91	21.30	21.19	20.95
NPAT	3,713	4,237	5,112	5,805	7,098	Cost of funds (%)	3.51	3.83	3.71	3.52	3.38
Minority interests	0	0	0	0	0	Spread (%)	19.27	18.08	17.60	17.67	17.57
Core Profit	3,713	4,237	5,112	5,805	7,098	Net interest margin (%)	20.16	19.10	18.48	18.42	18.29
Extraordinary items	0	0	0	0	0	Cost to income (%)	44.03	47.61	48.27	45.46	42.33
FX gain (loss)	0	0	0	0	0	Pre-Provision ROAA (%)	12.11	10.53	9.52	9.57	9.90
Reported net profit	3,713	4,237	5,112	5,805	7,098	ROAA (%)	8.63	7.63	7.37	6.94	7.21
Balance Sheet (Btmn)						Pre-Provision ROAE (%)	49.08	41.37	36.53	35.30	34.53
Cash & equivalents	880	783	2,152	4,481	7,476	ROAE (%)	34.96	29.98	28.27	25.59	25.16
Net loans	46,548	58,539	68,314	79,055	91,501	Asset Quality					
Other current assets	134	135	220	255	296	Credit cost (%)	1.40	1.02	0.34	1.00	1.00
Fixed assets-net	1,269	1,778	2,074	2,403	2,784	NPL ratio (%)	1.12	1.03	1.14	1.16	1.19
Deferred tax assets	0	0	305	354	410	Coverage ratio (%)	277.71	275.66	168.81	175.17	180.43
Other non-current assets	316	636	3,827	3,861	3,900	Leverage Ratios					
Total assets	49,146	61,872	76,891	90,410	106,366	Loans/borrowing (x)	135.33	136.37	126.56	126.96	127.36
Short-term debt	11,042	14,689	19,151	22,084	25,465	Debt/Equity (x)	3.00	2.87	2.81	2.59	2.40
Long-term debt	24,463	29,494	35,883	41,480	47,949	Growth					
Other liabilities	1,342	1,717	1,658	1,677	1,698	Loan growth (%)	34.88	25.40	15.60	15.87	15.87
Total liabilities	36,847	45,900	56,692	65,241	75,112	Borrowing growth (%)	31.01	24.44	24.56	15.50	15.50
Paid-up capital	2,120	2,120	2,120	2,120	2,120	Total income (%)	39.83	21.84	15.17	14.75	14.55
Share premium	2,380	2,380	2,380	2,380	2,380	Net interest income (%)	37.93	22.61	16.04	15.37	15.07
Retained earnings	7,799	11,472	15,709	20,679	26,764	Non-interest income (%)	33.25	-7.03	-5.97	7.78	15.50
Minority interests	0	0	0	0	0	PPOP (%)	37.71	12.17	13.00	21.18	21.68
Total shareholders' equity	12,299	15,972	20,199	25,169	31,254	Reported net profit (%)	48.50	14.11	20.64	13.55	22.28
Total equity & liabilities	49,146	61,872	76,891	90,410	106,366	Reported EPS(%)	48.50	14.11	20.64	13.55	22.28

Source: Company, KS estimates



## **Analyst Certification**

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security(ies) and subject company(ies); and no part of the compensation of the research analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

### **Investment Ratings**

Outperform: Expected total return of 10% or more within a 12-month period Neutral: Expected total return between -10% and 10% within a 12-month period Underperform: Expected total return of -10% or worse within a 12-month period

#### **General Disclaimer**

This document is prepared by Kasikorn Securities Public Company Limited ("**KS**"). This document has been prepared for individual clients of KS only and must not, either in whole or in part, be copied, photocopied or duplicated in any form or by any means or distributed to any other person. If you are not the intended recipient you must not use or disclose the information in this research in any way. If you received it in error, please immediately notify KS by return e-mail and delete the document. We do not guarantee the integrity of any e-mails or attached files and are not responsible for any changes made to them by any other person.

This document, including information, data, statements, forecasts, analysis and projections contained herein, including any expression of opinion, is based on public available information or information obtained from sources believed to be reliable, but KS does not make any representation or warranty on, assumes no responsibilities for nor guarantees the accuracy, completeness, correctness or timeliness of such information. KS accepts no obligation to correct or update the information or opinions in it. The statements or expressions of opinion herein were arrived at after due and careful consideration and they were based upon such information or sources then, and in our opinion are fair and reasonable in the circumstances prevailing at the time. The information or expressions of opinion contained herein are subject to change without notice.

Nothing in this document shall be construed as an offer or a solicitation of an offer to buy or sell any securities or products, or to engage in or refrain from engaging in any transaction. In preparing this document, KS did not take into account your specific investment objectives, financial situation or particular needs. This document is for your information only and is not to be taken in substitution for the exercise of your judgment. KS salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions which are contrary to the opinions expressed in this document. Before making an investment decision on the basis of this document, you should obtain independent financial, legal or other advice and consider the appropriateness of investment in light of your particular investment needs, objectives and financial circumstances. There are risks involved in the investment in securities. KS accepts no liability whatsoever for any direct, indirect, consequential or other loss (including claim for loss of profit) arising from any use of or reliance upon this document and/or further communication given in relation to this document.

Any valuations, opinions, estimates, forecasts, projections, ratings or risk assessments herein constitute a judgment as of the date of this document, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, projections, ratings or risk assessments. Any valuations, opinions, estimates, forecasts, projections, ratings or risk assessments described in this document were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties or contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, projections, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, projections, ratings or risk assessments were based will not materialize or risk assessments or the relied upon as a representation and/or warranty by KS (i) that such valuations, opinions, estimates, forecasts, projections, ratings or risk assessments or their underlying assumptions will be achieved, or (ii) that there is an assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, projections, ratings or risk assessments will be consistent with any such valuations, opinions, estimates, forecasts, projections, ratings or risk assessments will be consistent with any such valuations, opinions, estimates, forecasts, projections, ratings or risk assessments or their underlying assumptions will be achieved, or (ii) that there is an assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, projections, ratings or risk assessments stated therein.

KS along with its affiliates and/or persons associated with it may from time to time have interests in the securities mentioned in this document. KS and its associates, their directors and/or employees may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking, advisory and other securities services for companies mentioned in this document.

#### **Corporate Governance Report Disclaimer**

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at <a href="http://www.thai-iod.com/en/publications-detail.asp?id=170">http://www.thai-iod.com/en/publications-detail.asp?id=170</a>. 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. KS does not confirm nor certify the accuracy of such survey result.

#### Structured Notes and Derivative Warrants Disclaimer

KS may be the issuer of structured notes on these securities.

KS acts as market maker and issuer of Derivative Warrants ("DWs") on the underlying stocks listed below. Investors should carefully read the details of the DWs in the prospectus before making any investment decisions.

DWs Underlying Stocks: ADVANC, AOT, AWC, BANPU, BBL, BDMS, BEM, BGRIM, BJC, BTS, CBG, CENTEL, CK, CKP, COM7, CPALL, CFF, CPN, CRC, DOHOME, EA, GPSC, GULF, HANA, HMPRO, INTUCH, IRPC, IVL, JMT, KCE, KTC, LH, MINT, MTC, OSP, PLANB, PRM, PTG, PTT, PTTEP, PTTGC, RATCH, SAWAD, SCB, SCC, SET50, SPRC, STA, STEC, TASCO, TISCO, TOP, TQM, TRUE, TU, VGI and WHA.