

August 10, 2022

2Q22 PROFIT UP. ASSET QUALITY DOWN

2Q22 net profit made a new high of B1.4bn, growing 0.4%qoq and 8.7%yoy thanks to loan growth and lower cost to income ratio, offsetting credit cost that rose as asset quality weakened. At end-2Q22, NPL (Stage 3) to net loans ratio rose to 2.0% and Stage 2 loans to net loans ratio rose to 8.4%, whereas coverage ratio decreased to 96%.

2022 net profit is estimated to grow 4%yoy thanks to continuous loan growth. 3Q22 net profit is projected to grow yoy further thanks to loan growth, offsetting a rise in credit cost. 2022 fair value is B52. Having limited upside and weaker asset quality, we downgrade from BUY to Switch.

KEY FINANCIAL FORECAST

Ending Dec 31	2020	2021	2022F	2023F	2024F
Net Profit	5,214	4,945	5,154	5,980	7,025
EPS (B)	2.46	2.33	2.43	2.82	3.31
EPS Growth (%)	23.0%	-5.2%	4.2%	16.0%	17.5%
PER (x)	20.7	21.9	21.0	18.1	15.4
PBV (x)	5.2	4.3	3.7	3.1	2.7
Dividend Yields (%)	0.7%	0.7%	0.7%	0.8%	1.0%
ROE (%)	28.4%	21.7%	19.1%	18.8%	18.7%

Source: ASPS Research

TECHNICAL CHART



Source: ASPS Research

TECHNICAL COMMENT

MTC Price Trend: Sideways

Supportive: 48.25

Resistance: 53.00

MTC

REC. SWITCH

Current Price (B)	51.00
Target Price (B)	52.00
Upside (%)	2.0
Dividend yield (%)	0.7

ESG RATING

Arabesque S-Ray	44.64
Moody's	-
MSCI	A
Refinitiv	58.84
S&P	42.82
Source: Settrade	
CG Score	Excellent
Anti-corruption	Certified

CONSENSUS ANALYSIS

EPS (B)	ASPS	IAA Cons	% diff
2022F	2.43	2.65	-8%
2023F	2.82	3.22	-12%

Source: ASPS Research / IAA consensus

RESEARCH DIVISION

Asia Plus Securities

Anakepong Putthapibal
Fundamental Investment Analyst on Securities
License No.: 063609



EARNINGS RESULTS BY QUARTER

Million B	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	%QoQ	%YoY	1H22	1H21	%YoY
Interest Income	3,555	3,690	3,585	3,684	3,844	4,082	4,285	4,617	7.7%	25.3%	8,902	7,269	22.5%
Interest Expense	(467)	(470)	(477)	(507)	(557)	(587)	(604)	(663)	9.8%	30.6%	(1,266)	(984)	28.7%
Net Interest Income	3,088	3,219	3,108	3,177	3,287	3,495	3,682	3,955	7.4%	24.5%	7,636	6,286	21.5%
Bad Debt & Doubtful Account	(52)	(152)	(156)	(138)	(189)	(265)	(169)	(524)	209.9%	280.3%	(694)	(294)	136.2%
Net Interest Income after Bad Debt	3,036	3,067	2,953	3,039	3,098	3,230	3,512	3,430	-2.3%	12.9%	6,943	5,992	15.9%
Other Income	182	237	282	213	188	160	183	251	37.4%	18.3%	434	495	-12.3%
SG&A	(1,533)	(1,599)	(1,502)	(1,657)	(1,780)	(2,023)	(1,963)	(1,946)	-0.9%	17.5%	(3,909)	(3,158)	23.8%
Earnings before Tax	1,684	1,705	1,734	1,595	1,505	1,368	1,732	1,735	0.2%	8.8%	3,468	3,329	4.2%
Income Tax	(344)	(335)	(360)	(325)	(304)	(268)	(357)	(355)	-0.6%	9.2%	(712)	(685)	3.9%
Net Profit	1,340	1,370	1,374	1,270	1,201	1,100	1,376	1,381	0.4%	8.7%	2,756	2,644	4.3%
EPS (B)	0.63	0.65	0.65	0.60	0.57	0.52	0.65	0.65	0.4%	8.7%	1.30	1.25	4.3%
Loan Growth	6.1%	5.6%	3.6%	8.5%	6.4%	8.1%	7.4%	8.9%			17.0%	12.5%	
Yields	21.76%	21.33%	19.82%	19.20%	18.64%	18.46%	17.99%	17.91%			17.86%	19.26%	
Funding Cost	3.65%	3.53%	3.46%	3.44%	3.46%	3.40%	3.25%	3.23%			3.20%	3.37%	
Spread	18.11%	17.80%	16.37%	15.76%	15.19%	15.05%	14.74%	14.69%			14.66%	15.90%	
Cost to Income Ratio	46.9%	46.3%	44.3%	48.9%	51.2%	55.3%	50.8%	46.3%			48.4%	46.6%	
NPL/TL	1.00%	1.05%	0.96%	1.10%	1.17%	1.39%	1.65%	1.96%			1.96%	1.10%	
Credit Cost	0.32%	0.88%	0.86%	0.72%	0.92%	1.20%	0.71%	2.03%			1.39%	0.78%	
LLR/NPL	199.4%	177.7%	185.4%	162.8%	160.2%	143.6%	112.9%	96.3%			96.3%	162.8%	

Source : Financial Statement / ASPS Research

HISTORICAL PBV BAND



Source : ASPS Research

KEY RISK

1. Net loan growth may be lower than expected, weakening income and net profit.
2. Asset quality may drop due to new NPL.
3. Interest rate may be raised.
4. The government's laws and regulations may affect MTC.

Source : ASPS Research



2022-2024F EARNINGS FORECAST

Income Statement (Million B)

Ended 31 Dec.	2021	2022F	2023F	2024F
Interest income	15,195	18,254	22,814	27,376
Interest expenses	(2,127)	(2,779)	(3,456)	(4,195)
Net interest income	13,068	15,475	19,357	23,182
Bad debt & doubtful account	(748)	(922)	(1,106)	(1,327)
Net interest income after bad debt	12,320	14,553	18,251	21,854
Other income	843	860	885	920
SG&A	(6,961)	(8,970)	(11,661)	(13,993)
Earnings before taxes	6,201	6,443	7,475	8,781
Income taxes	(1,257)	(1,289)	(1,495)	(1,756)
Net profit	4,945	5,154	5,980	7,025
EPS (B)	2.33	2.43	2.82	3.31
Normalized profit	5,693	6,076	7,086	8,352
Normalized EPS (B)	2.69	2.87	3.34	3.94

Quarterly Income Statement

Ended 31 Dec.	3Q21	4Q21	1Q22	2Q22
Interest income	3,844	4,082	4,285	4,617
Interest expenses	(557)	(587)	(604)	(663)
Net interest income	3,287	3,495	3,682	3,955
Bad debt & doubtful account	(189)	(265)	(169)	(524)
Net interest income after bad debt	3,098	3,230	3,512	3,430
Other income	188	160	183	251
SG&A	(1,780)	(2,023)	(1,963)	(1,946)
Earnings before taxes	1,505	1,368	1,732	1,735
Income taxes	(304)	(268)	(357)	(355)
Net profit	1,201	1,100	1,376	1,381
EPS (B)	0.57	0.52	0.65	0.65
Normalized profit	1,201	1,100	1,376	1,381
Normalized EPS (B)	0.57	0.52	0.65	0.65
Credit cost	0.92%	1.20%	0.71%	2.03%

Financial Ratio

Ended 31 Dec.	2021	2022F	2023F	2024F
Yield	18.65%	17.63%	18.00%	18.00%
Funding cost	3.38%	3.50%	3.60%	3.65%
Spread	15.27%	14.13%	14.40%	14.35%
NIM	16.04%	14.94%	15.27%	15.24%
Interest-bearing debt / Equity	2.87	2.99	3.03	3.09
Cost to income ratio	50.0%	54.9%	57.6%	58.1%
ROAA	21.7%	19.1%	18.8%	18.7%
ROAE	5.6%	4.7%	4.6%	4.5%

Source : ASPS Research



2022-2024F EARNINGS FORECAST (CONT.)

Balance Sheet (Million B)

Ended 31 Dec.	2021	2022F	2023F	2024F
Cash & bank deposits	1,306	581	366	434
Loans	92,442	113,185	135,822	162,986
Less Deferred interest income	(541)	2,036	2,443	2,931
Less Allowance for doubtful accounts	(1,832)	(2,923)	(3,508)	(4,209)
Net loans	90,069	112,298	134,756	161,708
Other assets	7,015	6,639	7,040	7,422
Total assets	98,390	119,519	142,162	169,563
Borrowings	71,325	87,499	104,525	125,320
Other liabilities	2,197	2,781	3,192	3,671
Total liabilities	73,521	90,280	107,717	128,991
Paid-up share capital	2,120	2,120	2,120	2,120
Other reserves	2,592	2,592	2,592	2,592
Retained earnings	20,157	24,527	29,733	35,860
Shareholders' equity	24,869	29,238	34,445	40,572
Total liabilities and shareholders' equity	98,390	119,519	142,162	169,563

Quarterly Balance Statement

Ended 31 Dec.	3Q21	4Q21	1Q22	2Q22
Cash & bank deposits	1,521	1,306	1,652	2,879
Loans	85,285	92,442	99,637	108,304
Less Deferred interest income	(251)	(541)	(944)	(805)
Less Allowance for doubtful accounts	(1,597)	(1,832)	(1,840)	(2,025)
Net loans	83,436	90,069	96,853	105,473
Other assets	6,941	7,015	7,306	7,470
Total assets	91,898	98,390	105,811	115,822
Borrowings	66,602	71,325	77,335	86,946
Other liabilities	1,550	2,197	2,232	2,036
Total liabilities	68,152	73,521	79,567	88,982
Paid-up share capital	2,120	2,120	2,120	2,120
Other reserves	2,591	2,592	2,592	2,592
Retained earnings	19,036	20,157	21,532	22,128
Shareholders' equity	23,747	24,869	26,244	26,840
Total liabilities and shareholders' equity	91,898	98,390	105,811	115,822

Financial Assumption

Ended 31 Dec.	2021	2022F	2023F	2024F
Loans growth	29.3%	25.4%	20.0%	20.0%
Net interest income growth	7.6%	18.4%	25.1%	19.8%
Other income growth	4.4%	2.0%	2.9%	4.0%
Credit cost	20.3%	20.0%	20.0%	20.0%
NPL/TL	1.39%	1.15%	1.15%	1.15%
LLR/NPL	143.6%	220.6%	220.6%	220.6%
LLR/TL	1.99%	2.54%	2.54%	2.54%
STL/TL	5.9%	6.9%	6.2%	5.6%

Source : ASPS Research