

## Bangkok Bank Pcl (BBL TB) - HOLD, Price Bt122, TP Bt130

## Results Comment

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## Better-than-expected profits

- BBL reported higher profits of Bt6.9bn, growing 72% y-y and 9% q-q. The beat was due to investment gains, higher capital market fees and lower opex.
- Despite the bank's higher provisions, 9M21 profits still accounted for 83% of our full year forecast. We see upsides to our forecast and we currently rate BBL as a HOLD.
- Non-interest income growth was robust at 41% y-y on investment gains and higher fees. Thanks to booming capital mkt, net fees still rose 7% q-q.
- Loans grew 4% q-q and 7% ytd. NIM dipped a bit to 1.97% on lower yield.
- Opex fell 18% y-y and 3% q-q on high base effect regarding the Permata consolidation last year and lower premise expenses q-q.
- NPLs rose a bit q-q but the ratio remains unchanged at 3.7%.
- BBL kept high provisions run rate of Bt9.8bn in the quarter. The bank's loan loss coverage ratio was very strong at 190%.

Income Statement (consolidated)						Income Statement 9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Interest & dividend income	29,246	27,452	27,512	27,924	28,855	Interest & dividend income	3	(1)	75	112,205	117,191
Interest expense	9,394	8,188	7,804	7,897	8,150	Interest expense	3	(13)	77	31,169	32,839
<b>Net interest income</b>	<b>19,852</b>	<b>19,264</b>	<b>19,707</b>	<b>20,027</b>	<b>20,705</b>	<b>Net interest income</b>	<b>3</b>	<b>4</b>	<b>75</b>	<b>81,035</b>	<b>84,352</b>
Non-interest income	9,639	11,357	11,134	13,771	13,608	Non-interest income	(1)	41	85	45,363	44,203
Total income	29,491	30,621	30,841	33,798	34,313	Total income	2	16	78	126,398	128,555
Operating expense	19,427	20,144	15,761	16,289	15,879	Operating expense	(3)	(18)	73	65,981	67,985
<b>Pre-provisioning profit</b>	<b>10,064</b>	<b>10,477</b>	<b>15,080</b>	<b>17,509</b>	<b>18,434</b>	<b>Pre-provisioning profit</b>	<b>5</b>	<b>83</b>	<b>84</b>	<b>60,417</b>	<b>60,570</b>
Provision for bad&doubtful debt	5,668	7,203	6,327	9,810	9,870	Provision for bad&doubtful debt	1	74	87	30,000	26,000
Profit before tax	4,397	3,273	8,753	7,699	8,564	Profit before tax	11	95	82	30,417	34,570
Tax	212	799	1,747	1,263	1,663	Tax	32	683	81	5,779	6,914
Profit after tax	4,185	2,475	7,007	6,436	6,902	Profit after tax	7	65	83	24,638	27,656
Equity income	(70)	7	33	25	117	Equity income	376	neg		100	100
Minority interests	(97)	(85)	(116)	(104)	(110)	Minority interests	neg	neg	73	(450)	(464)
Extra items	-	-	-	-	-	Extra items	neg	neg		-	-
<b>Net profit</b>	<b>4,017</b>	<b>2,398</b>	<b>6,923</b>	<b>6,357</b>	<b>6,909</b>	<b>Net profit</b>	<b>9</b>	<b>72</b>	<b>83</b>	<b>24,288</b>	<b>27,293</b>
<b>Normalized profit</b>	<b>4,017</b>	<b>2,398</b>	<b>6,923</b>	<b>6,357</b>	<b>6,909</b>	<b>Normalized profit</b>	<b>9</b>	<b>72</b>	<b>83</b>	<b>24,288</b>	<b>27,293</b>
PPP/share (Bt)	5.3	5.5	7.9	9.2	9.7	PPP/share (Bt)	5	83	84	31.6	31.7
EPS (Bt)	2.1	1.3	3.6	3.3	3.6	EPS (Bt)	9	72	83	12.7	14.3
Norm EPS (Bt)	2.1	1.3	3.6	3.3	3.6	Norm EPS (Bt)	9	72	83	12.7	14.3
BV/share (Bt)	230.2	235.2	241.1	245.1	255.1	BV/share (Bt)	4	11	255	244.9	255.4

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21		3Q20	4Q20	1Q21	2Q21	3Q21
Cash and Interbank	589,350	592,922	821,961	868,262	840,473	Gross loan grow th (YTD)	14.8	14.9	0.0	2.2	6.6
Other liquid items	-	-	-	-	-	Gross loan grow th (q-q)	0.6	0.0	0.0	2.2	4.3
Total liquid items	589,350	592,922	821,961	868,262	840,473	Deposit grow th (YTD)	19.0	18.6	3.3	8.4	11.2
Gross loans and accrued interest	2,374,856	2,374,669	2,376,145	2,427,144	2,531,867	Deposit grow th (q-q)	(1.1)	(0.4)	3.3	4.9	2.5
Provisions	183,185	185,567	194,490	201,411	213,645	Non-interest income (y-y)	(21.6)	(57.2)	69.7	(2.6)	41.2
Net loans	2,191,671	2,189,102	2,181,655	2,225,733	2,318,222	Non-interest income (q-q)	(31.8)	17.8	(2.0)	23.7	(1.2)
Fixed assets	75,994	74,804	74,253	74,054	75,260	Fee income / Operating income	21.6	20.8	23.8	20.4	21.5
Other assets	203,024	206,738	193,211	200,232	234,579	Cost-to-income	65.9	65.8	51.1	48.2	46.3
<b>Total assets</b>	<b>3,810,591</b>	<b>3,822,960</b>	<b>3,952,809</b>	<b>4,121,961</b>	<b>4,275,691</b>	Net interest margin	2.09	2.02	2.03	1.98	1.97
Deposits	2,821,883	2,810,863	2,904,276	3,046,985	3,124,277	Credit cost	0.96	1.22	1.07	1.62	1.56
Interbank	174,840	219,149	249,830	253,407	245,955	ROE	3.7	2.2	6.1	5.5	5.8
Other liquid items	7,106	7,257	6,820	7,057	10,492	Loan-to-deposit	83.9	84.3	81.6	79.4	80.8
Total liquid items	3,003,830	3,037,269	3,160,927	3,307,449	3,380,724	Loan-to-deposit + S-T borrow ing	83.9	84.2	81.6	79.4	80.8
Borrowings	171,140	136,177	142,151	145,503	187,887	NPLs (Bt m)	107,743	104,401	108,470	111,035	112,433
Other liabilities	194,956	199,267	188,029	199,729	218,418	NPL increase	(861)	(3,342)	4,069	2,565	1,398
Minority interest	1,157	1,233	1,493	1,443	1,757	NPL ratio	4.10	3.91	3.70	3.70	3.70
<b>Shareholders' equity</b>	<b>439,509</b>	<b>449,014</b>	<b>460,209</b>	<b>467,837</b>	<b>486,905</b>	Loan-loss-coverage ratio	170.0	177.7	179.3	181.4	190.0
<b>Total Liabilities &amp; Equity</b>	<b>3,810,591</b>	<b>3,822,960</b>	<b>3,952,809</b>	<b>4,121,961</b>	<b>4,275,691</b>	CAR - total	17.6	18.3	18.4	18.4	19.7

Sources: Company data, Thanachart estimates

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