Bangkok Bank Pcl (BBL TB) - HOLD, Price Bt132, TP Bt130

Results Comment

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Higher profits

- BBL's profits beat our expectation but were in-line with consensus. We were too conservative on the bank's fee income and investment gains. 2021's profits were Bt26.5bn, up 54% y-y and accounted for 109% of our projection.
- Loans grew strongly at 3% q-q with 10% YTD in 4Q21. Yield has also picked up slightly from 3Q21 along with ongoing funding cost savings.
- Non-interest income grew 20% y-y and was flat q-q despite high base of investment gains in 3Q21.
- Net fee increased 20% y-y and 4% q-q, driven by securities business, loan-related services as well as bancassurance and mutual funds. The investment gains in this quarter were also quite sizable at Bt4.8bn.
- Opex jumped q-q on seasonality factor but lowered y-y.
- PPOP rose 53% y-y but decreased 13% q-q on higher expenses seasonally.
- NPLs come down 10% q-q. Along with growing loans, NPL ratio fell to 3.2% from 3.7% in 3Q21.
- With strong core operation, BBL has set aside higher provisions of 13% y-y. Total provisions were Bt34bn, much higher than the bank's guidance of less than Bt30bn.
- As a consequence, the bank ended 2021 with very strong LLR of 215%.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**4Q20**	**1Q21**	**2Q21**	**3Q21**	**4Q21**
Interest & dividend income	27,452	27,512	27,924	28,855	30,022
Interest expense	8,188	7,804	7,897	8,150	8,305
Net interest income	**19,264**	**19,707**	**20,027**	**20,705**	**21,716**
Non-interest income	11,357	11,134	13,771	13,608	13,663
Total income	30,621	30,841	33,798	34,313	35,379
Operating expense	20,144	15,761	16,289	15,879	19,336
Pre-provisioning profit	**10,477**	**15,080**	**17,509**	**18,434**	**16,043**
Provision for bad&doubtful debt	7,203	6,327	9,810	9,870	8,127
Profit before tax	3,273	8,753	7,699	8,564	7,916
Tax	799	1,747	1,263	1,663	1,517
Profit after tax	2,475	7,007	6,436	6,902	6,399
Equity income	7	33	25	117	35
Minority interests	(85)	(116)	(104)	(110)	(116)
Extra items	-	-	-	-	-
Net profit	**2,398**	**6,923**	**6,357**	**6,909**	**6,318**
Normalized profit	**2,398**	**6,923**	**6,357**	**6,909**	**6,318**
PPP/share (Bt)	5.5	7.9	9.2	9.7	8.4
EPS (Bt)	1.3	3.6	3.3	3.6	3.3
Norm EPS (Bt)	1.3	3.6	3.3	3.6	3.3
BV/share (Bt)	235.2	241.1	245.1	255.1	258.1

Income Statement			**12M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2021F**	**2021A**	**2022F**
Interest & dividend income	4	9	102	114,313	117,191
Interest expense	2	1	103	32,156	32,839
Net interest income	**5**	**13**	**101**	**82,156**	**84,352**
Non-interest income	0	20	115	52,176	44,203
Total income	3	16	106	134,332	128,555
Operating expense	22	(4)	102	67,266	67,985
Pre-provisioning profit	**(13)**	**53**	**111**	**67,066**	**60,570**
Provision for bad&doubtful debt	(18)	13	114	34,134	26,000
Profit before tax	(8)	142	108	32,932	34,570
Tax	(9)	90	107	6,189	6,914
Profit after tax	(7)	159	109	26,743	27,656
Equity income	(70)	373	209	209	100
Minority interests	neg	neg	99	(445)	(464)
Extra items	neg	neg		-	-
Net profit	**(9)**	**164**	**109**	**26,507**	**27,293**
Normalized profit	**(9)**	**164**	**109**	**26,507**	**27,293**
				-	
PPP/share (Bt)	(13)	53	111	35	31.7
EPS (Bt)	(9)	164	109	14	14.3
Norm EPS (Bt)	(9)	164	109	14	14.3
BV/share (Bt)	1	10	258	258	255.4

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**4Q20**	**1Q21**	**2Q21**	**3Q21**	**4Q21**
Cash and Interbank	592,922	821,961	868,262	840,473	863,764
Other liquid items	-	-	-	-	-
Total liquid items	592,922	821,961	868,262	840,473	863,764
Gross loans and accrued interest	2,374,669	2,376,145	2,427,144	2,531,306	2,593,532
Provisions	185,567	194,490	201,411	213,084	217,505
Net loans	2,189,102	2,181,655	2,225,733	2,318,222	2,376,027
Fixed assets	74,804	74,253	74,054	75,260	74,476
Other assets	206,738	193,211	200,232	234,579	214,049
Total assets	**3,822,960**	**3,952,809**	**4,121,961**	**4,275,691**	**4,333,281**
Deposits	2,810,863	2,904,276	3,046,985	3,124,277	3,156,940
Interbank	219,149	249,830	253,407	245,955	288,709
Other liquid items	7,257	6,820	7,057	10,492	8,113
Total liquid items	3,037,269	3,160,927	3,307,449	3,380,724	3,453,761
Borrowings	136,177	142,151	145,503	187,887	183,239
Other liabilities	199,267	188,029	199,729	218,418	201,688
Minority interest	1,233	1,493	1,443	1,757	1,865
Shareholders' equity	**449,014**	**460,209**	**467,837**	**486,905**	**492,727**
Total Liabilities & Equity	**3,822,960**	**3,952,809**	**4,121,961**	**4,275,691**	**4,333,281**

Financial Ratios					
(%)	**4Q20**	**1Q21**	**2Q21**	**3Q21**	**4Q21**
Gross loan growth (YTD)	14.9	0.0	2.2	6.6	9.3
Gross loan growth (q-q)	0.0	0.0	2.2	4.3	2.6
Deposit growth (YTD)	18.6	3.3	8.4	11.2	12.3
Deposit growth (q-q)	(0.4)	3.3	4.9	2.5	1.0
Non-interest income (y-y)	(57.2)	69.7	(2.6)	41.2	20.3
Non-interest income (q-q)	17.8	(2.0)	23.7	(1.2)	0.4
Fee income / Operating income	20.8	23.8	20.4	21.5	21.5
Cost-to-income	65.8	51.1	48.2	46.3	54.7
Net interest margin	2.02	2.03	1.98	1.97	2.02
Credit cost	1.22	1.07	1.62	1.56	1.26
ROE	2.2	6.1	5.5	5.8	5.2
Loan-to-deposit	84.3	81.6	79.4	80.8	82.0
Loan-to-deposit + S-T borrowing	84.2	81.6	79.4	80.8	82.0
NPLs (Bt m)	104,401	108,470	111,035	112,433	101,103
NPL increase	(3,342)	4,069	2,565	1,398	(11,330)
NPL ratio	3.91	3.70	3.70	3.70	3.20
Loan-loss-coverage ratio	177.7	179.3	181.4	189.5	215.1
CAR - total	18.3	18.4	18.4	19.7	19.6

Sources: Company data, Thanachart estimates

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