Bangkok Bank Pcl (BBL TB) - BUY, Price Bt135, TP Bt165

Results Comment

Sarachada Sornsong | Email: sarachada.sor@thanachartsec.co.th

Good profits, in line

- BBL reported in-line profits of Bt7.1bn, up 3% y-y and 13% q-q. Profits were in line with our forecast and we re-iterate BUY.
- Dragged by lower overseas loans, loans were flat q-q. NIM held up at 2%.
- With lower investment and mark-to-market gains, non-interest income declined 16% y-y and 32% q-q. Fee income fell 5% y-y and 9% q-q on lower credit card, bancassurance and mutual fund fees.
- Opex came down on lower staff and other expenses .
- NPLs increased slightly 1% q-q but having built lots of excess provisions, the bank cut provisioning expenses by 20% from previous quarter.
- Credit costs were down to 1% from 1.3% in 4Q21 and 1.1% in 1Q21. Loan loss coverage ratio was higher than 220%.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Interest & dividend income	27,512	27,924	28,855	30,022	29,922
Interest expense	7,804	7,897	8,150	8,305	8,175
Net interest income	**19,707**	**20,027**	**20,705**	**21,716**	**21,747**
Non-interest income	11,134	13,771	13,608	13,663	9,313
Total income	30,841	33,798	34,313	35,379	31,060
Operating expense	15,761	16,289	15,879	19,336	15,507
Pre-provisioning profit	**15,080**	**17,509**	**18,434**	**16,043**	**15,553**
Provision for bad&doubtful debt	6,327	9,810	9,870	8,127	6,490
Profit before tax	8,753	7,699	8,564	7,916	9,064
Tax	1,747	1,263	1,663	1,517	1,875
Profit after tax	7,007	6,436	6,902	6,399	7,189
Equity income	33	25	117	35	50
Minority interests	(116)	(104)	(110)	(116)	(121)
Extra items	-	-	-	-	-
Net profit	**6,923**	**6,357**	**6,909**	**6,318**	**7,118**
Normalized profit	**6,923**	**6,357**	**6,909**	**6,318**	**7,118**
PPP/share (Bt)	7.9	9.2	9.7	8.4	8.1
EPS (Bt)	3.6	3.3	3.6	3.3	3.7
Norm EPS (Bt)	3.6	3.3	3.6	3.3	3.7
BV/share (Bt)	241.1	245.1	255.1	258.1	260.7

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Interest & dividend income	(0)	9	24	123,836	130,674
Interest expense	(2)	5	23	36,078	39,983
Net interest income	**0**	**10**	**25**	**87,759**	**90,691**
Non-interest income	(32)	(16)	21	44,782	47,187
Total income	(12)	1	23	132,541	137,878
Operating expense	(20)	(2)	23	68,837	71,664
Pre-provisioning profit	**(3)**	**3**	24	**63,704**	**66,214**
Provision for bad&doubtful debt	(20)	3	25	26,000	24,000
Profit before tax	15	4	24	37,704	42,214
Tax	24	7	26	7,164	8,443
Profit after tax	12	3	24	30,540	33,771
Equity income	45	54	25	200	200
Minority interests	neg	neg	24	(495)	(545)
Extra items	neg	neg		-	-
Net profit	**13**	**3**	**24**	**30,245**	**33,426**
Normalized profit	**13**	**3**	**24**	**30,245**	**33,426**
PPP/share (Bt)	(3)	3	24	33.4	34.7
EPS (Bt)	13	3	24	15.8	17.5
Norm EPS (Bt)	13	3	24	15.8	17.5
BV/share (Bt)	1	8	261	269.8	282.3

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash and Interbank	821,961	868,262	840,473	863,764	819,944
Other liquid items	-	-	-	-	-
Total liquid items	821,961	868,262	840,473	863,764	819,944
Gross loans and accrued interest	2,376,145	2,427,144	2,531,306	2,595,828	2,594,349
Provisions	194,490	201,411	213,084	219,801	225,694
Net loans	2,181,655	2,225,733	2,318,222	2,376,027	2,368,655
Fixed assets	74,253	74,054	75,260	74,476	73,501
Other assets	193,211	200,232	234,579	214,049	205,073
Total assets	**3,952,809**	**4,121,961**	**4,275,691**	**4,333,281**	**4,343,930**
Deposits	2,904,276	3,046,985	3,124,277	3,156,940	3,194,460
Interbank	249,830	253,407	245,955	288,709	265,243
Other liquid items	6,820	7,057	10,492	8,113	7,121
Total liquid items	3,160,927	3,307,449	3,380,724	3,453,761	3,466,824
Borrowings	142,151	145,503	187,887	183,239	182,843
Other liabilities	188,029	199,729	218,418	201,688	194,662
Minority interest	1,493	1,443	1,757	1,865	1,968
Shareholders' equity	**460,209**	**467,837**	**486,905**	**492,727**	**497,634**
Total Liabilities & Equity	**3,952,809**	**4,121,961**	**4,275,691**	**4,333,281**	**4,343,930**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Gross loan growth (YTD)	0.0	2.2	6.6	9.3	(0.0)
Gross loan growth (q-q)	0.0	2.2	4.3	2.6	(0.0)
Deposit growth (YTD)	3.3	8.4	11.2	12.3	1.2
Deposit growth (q-q)	3.3	4.9	2.5	1.0	1.2
Non-interest income (y-y)	69.7	(2.6)	41.2	20.3	(16.4)
Non-interest income (q-q)	(2.0)	23.7	(1.2)	0.4	(31.8)
Fee income / Operating income	23.8	20.4	21.5	21.5	22.4
Cost-to-income	51.1	48.2	46.3	54.7	49.9
Net interest margin	2.03	1.98	1.97	2.02	2.00
Credit cost	1.07	1.62	1.56	1.26	1.00
ROE	6.1	5.5	5.8	5.2	5.7
Loan-to-deposit	81.6	79.4	80.8	82.0	81.0
Loan-to-deposit + S-T borrowing	81.6	79.4	80.8	82.0	81.0
NPLs (Bt m)	108,470	111,035	112,433	101,103	102,342
NPL increase	4,069	2,565	1,398	(11,330)	1,239
NPL ratio	3.70	3.70	3.70	3.20	3.30
Loan-loss-coverage ratio	179.3	181.4	189.5	217.4	220.5
CAR - total	18.4	18.4	19.7	19.6	19.5

Sources: Company data, Thanachart estimates

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