Ratchthani Leasing Pcl (THANI TB) - BUY, Price Bt4.12, TP Bt4.80

Results Comment

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Profits were in-line

- THANI reported in-line profits of Bt455m, up 7% y-y but flat q-q). 1Q22 profits were 24% of our full-year forecast. We maintain our projection and a BUY rating. That said, we prefer ASK to THANI due to ASK's stronger growth and cheaper PEG.
- Backed by strong truck sales, loans grew 3% q-q and 5% y-y. Yield improved q-q while cost of funds came down q-q. NIM was 5%, increasing from 4.8% in 4Q21.
- Non-interest income grew 26% y-y and flat q-q, due to higher insurance sales along with new loans growth.
- Opex went up 20% y-y and 8% q-q on higher selling and administrative expenses.
- In light of write-off and sales, NPLs fell 19% q-q to 3% of total loans.
- THANI booked higher provisions of 18% y-y and 16% q-q to support write-off and increase loan loss coverage ratio to 101% from 80% in 4Q21.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Interest income	843	843	923	821	843
Interest expense	229	228	231	225	220
Net interest income	**613**	**616**	**692**	**596**	**624**
Non-interest income	189	190	177	240	239
Total income	803	806	870	835	863
Operating expense	141	137	151	156	169
Pre-provisioning profit	**661**	**669**	**719**	**680**	**694**
Provision for bad&doubtful debt	106	140	231	109	126
Profit before tax	555	529	488	571	568
Tax	128	101	87	117	113
Profit after tax	427	428	401	454	455
Equity income	-	-	-	-	-
Minority interests	(0)	(0)	(0)	0	(0)
Extra items	-	-	-	-	-
Net profit	**427**	**428**	**401**	**454**	**455**
Normalized profit	**427**	**428**	**401**	**454**	**455**
PPP/share (Bt)	0.1	0.1	0.1	0.1	0.1
EPS (Bt)	0.1	0.1	0.1	0.1	0.1
Norm EPS (Bt)	0.1	0.1	0.1	0.1	0.1
BV/share (Bt)	2.0	1.9	2.0	2.0	2.1

Income Statement			3M as		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Interest & dividend income	3	0	24	3,577	3,862
Interest expense	(2)	(4)	25	862	934
Net interest income	**5**	**2**	**23**	**2,715**	**2,928**
Non-interest income	(0)	26	30	796	884
Total income	3	8	25	3,511	3,812
Operating expense	8	20	28	602	620
Pre-provisioning profit	**2**	**5**	**24**	**2,909**	**3,192**
Provision for bad&doubtful debt	16	18	22	567	551
Profit before tax	(0)	2	24	2,342	2,641
Tax	(3)	(12)	24	468	528
Profit after tax	0	7	24	1,874	2,113
Equity income	neg	neg		-	-
Minority interests	neg	neg		-	-
Extra items	neg	neg			
Net profit	**0**	**7**	**24**	**1,874**	**2,113**
Normalized profit	**0**	**7**	**24**	**1,874**	**2,113**
PPP/share (Bt)	2	5	24	0.5	0.6
EPS (Bt)	0	7	24	0.3	0.4
Norm EPS (Bt)	0	7	24	0.3	0.4
BV/share (Bt)	4	7	2	2.2	2.3

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Cash and cash equivalent	975	1,144	829	476	631
Other current assets	176	202	192	182	220
Total current assets	1,151	1,346	1,021	658	851
Gross loans and accrued interest	48,469	49,098	49,099	49,396	50,635
Provisions	1,240	1,321	1,482	1,485	1,533
Net loans	47,229	47,777	47,617	47,911	49,102
Fixed assets	151	156	165	165	163
Other assets	435	439	482	489	501
Total assets	**48,966**	**49,717**	**49,285**	**49,223**	**50,617**
Short term borrowing	9,185	8,589	9,720	9,403	8,211
Current portion of LT loans	3,749	7,911	4,624	5,809	5,784
Other current liabilities	1,262	1,135	3,741	3,567	3,923
Total current liabilities	14,196	17,634	18,085	18,778	17,918
Borrowings	7,595	2,645	2,044	2,045	2,045
Other liabilities	15,929	18,728	18,045	16,834	18,632
Minority interest	0	0	0	0	0
Shareholders' equity	**11,246**	**10,710**	**11,111**	**11,567**	**12,022**
Total Liabilities & Equity	**48,966**	**49,717**	**49,285**	**49,223**	**50,617**

Financial Ratios					
(%)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Gross loan growth (YTD)	1.0	2.2	2.0	2.8	2.7
Gross loan growth (q-q)	1.0	1.2	(0.2)	0.8	2.7
Borrowing growth (YTD)	(0.7)	3.1	(6.3)	(7.2)	1.7
Borrowing growth (q-q)	(0.7)	0.0	(0.1)	(1.0)	1.7
Non-interest income (y-y)	0.5	(2.2)	(0.5)	28.7	26.5
Non-interest income (q-q)	1.6	0.5	(6.9)	35.3	(0.1)
Cost-to-income	17.6	17.0	17.3	18.6	19.6
Net interest margin	5.03	4.99	5.60	4.84	5.00
Credit cost	0.79	1.03	1.70	0.79	0.89
ROE	15.5	15.6	14.7	16.0	15.4
ROA	3.5	3.5	3.2	3.7	3.6
Loan-to-borrowing	148	144	158	161	162
Loan-to- total equity	478	508	489	474	468
NPLs (Bt m)	1,563	1,714	2,109	1,863	1,514
NPL increase	63	151	395	(246)	(349)
NPL ratio	3.2	3.5	4.3	3.8	3.0
Loan-loss-coverage ratio	79	77	70	80	101

Sources: Company data, Thanachart estimates

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

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