

Asia Sermkij Leasing Pcl (ASK TB) - BUY, Price Bt36, TP Bt47**Results Comment**

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Strong profits, in line

- ASK reported 3Q22 profits of Bt391m, up 25% y-y and 9% q-q. Key growth drivers were higher loans, improving NIM and insurance brokerage sales.
- NPLs rose 11% q-q to 2.9% of total loans. ASK wrote off higher NPLs in the quarter. So even it didn't put aside extra provisions, provisions increased 55% y-y and 8% q-q. Credit costs were 2.04%, rising from 1.97% in 2Q22. Loan loss coverage fell from 93% to 89% in 3Q22.
- 9M22 profits were 72% of our full-year projection. We maintain our forecast and BUY recommendation.
- Loans grew 24% y-y and 4% q-q. With higher portion of high yield loans and manageable funding costs, NIM widened from 5.56% in 2Q22 to 5.6% in 3Q22.
- Led by insurance business, non-interest income rose 32% y-y and 7% q-q
- Opex increased along with business expansion. Cost to income ratio fell to 26% from 28% in 2Q22.

Income Statement (consolidated)						Income Statement 9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Interest income	978	1,064	1,111	1,186	1,262	Interest & dividend income	6	29	74	4,836	5,702
Interest expense	259	277	296	322	343	Interest expense	6	32	74	1,296	1,603
Net interest income	718	787	815	864	919	Net interest income	6	28	73	3,540	4,099
Non-interest income	150	166	190	185	197	Non-interest income	7	32	75	762	895
Total income	868	952	1,005	1,049	1,116	Total income	6	29	74	4,303	4,993
Operating expense	257	253	275	290	292	Operating expense	1	14	74	1,163	1,273
Pre-provisioning profit	611	700	730	759	823	Pre-provisioning profit	8	35	74	3,140	3,720
Provision for bad&doubtful debt	215	269	291	309	332	Provision for bad&doubtful debt	8	55	77	1,216	1,390
Profit before tax	396	431	439	450	491	Profit before tax	9	24	72	1,924	2,330
Tax	82	88	88	91	99	Tax	9	21	72	385	466
Profit after tax	314	343	351	359	391	Profit after tax	9	25	72	1,539	1,864
Equity income	-	-	-	-	-	Equity income	neg	neg	-	-	-
Minority interests	-	-	-	-	-	Minority interests	neg	neg	-	-	-
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	314	343	351	359	391	Net profit	9	25	72	1,539	1,864
Normalized profit	314	343	351	359	391	Normalized profit	9	25	72	1,539	1,864
PPP/share (Bt)	1.2	1.3	1.4	1.4	1.6	PPP/share (Bt)	8	35	74	5.9	7.0
EPS (Bt)	0.6	0.7	0.7	0.7	0.7	EPS (Bt)	9	25	72	2.9	3.5
Norm EPS (Bt)	0.6	0.7	0.7	0.7	0.7	Norm EPS (Bt)	9	25	72	2.9	3.5
BV/share (Bt)	16.9	17.5	18.3	18.0	18.7	BV/share (Bt)	4	11	19	19.0	20.8

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22		3Q21	4Q21	1Q22	2Q22	3Q22
Cash and cash equivalent	486	471	452	364	472	Net loan grow th (YTD)		25.2	6.5	12.2	16.9
Other current assets	460	622	673	676	635	Net loan grow th (q-q)	5.7	(5.9)	6.6	5.4	4.2
Total current assets	947	1,093	1,125	1,040	1,107	Borrowing grow th (YTD)	12.3	19.7	6.9	15.3	22.1
Gross loans and accrued interest	52,425	55,729	59,398	62,609	65,243	Borrowing grow th (q-q)	5.7	0.1	0.1	7.9	5.9
Provisions	1,219	1,332	1,463	1,567	1,671	Non-interest income (y-y)	44.2	35.6	37.9	20.3	31.7
Net loans	51,206	54,396	57,935	61,042	63,572	Non-interest income (q-q)	(2.6)	10.8	14.6	(2.7)	6.7
Fixed assets	250	280	318	342	564	Cost-to-income	29.6	26.5	27.4	27.7	26.2
Other assets	938	899	941	1,557	2,107	Net interest margin	5.53	5.72	5.58	5.56	5.60
Total assets	53,340	56,669	60,318	63,980	67,349	Credit cost	1.45	1.93	1.96	1.97	2.04
Short term borrowing	10,702	9,467	7,280	12,199	13,891	ROE	14.4	15.1	14.9	15.0	16.2
Current portion of LT loans	12,726	11,672	13,412	10,928	8,934	ROA	2.4	2.5	2.4	2.3	2.4
Other current liabilities	1,068	1,129	1,225	1,162	1,188	Loan-to-borrowing	139	123	122	119	118
Total current liabilities	24,496	22,268	21,917	24,289	24,014	Loan-to- total equity	665	602	616	658	661
Borrowings	13,242	16,092	20,914	22,160	24,795	NPLs (Bt m)	1,463	1,508	1,523	1,679	1,868
Other liabilities	6,689	9,054	7,850	8,012	8,676	NPL increase	232	45	15	156	189
Minority interest	-	-	-	-	-	NPL ratio	2.79	2.71	2.56	2.68	2.86
Shareholders' equity	8,914	9,255	9,637	9,519	9,865	Loan-loss-coverage ratio	83	88	96	93	89
Total Liabilities & Equity	53,340	56,669	60,318	63,980	67,349						

Sources: Company data, Thanachart estimates

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