

November 4, 2022

NIM TO REBOUND

From the analyst meeting, BBL is cautious about the global economy in 2023 while expects Thailand's economy to rebound thanks to the return of foreign tourists. NIM is expected to improve further in 4Q22 thanks to interest rate hike. Expected credit loss (ECL) was slightly higher than BBL's 2022 target, while coverage ratio of 240% is still enough to cushion global economic risk. BBL expects ECL to drop from 4Q22 on and in 2023.

We reiterate BUY. Net interest income is expected to grow thanks to interest rate hike, especially for overseas loans. BBL's asset quality and coverage ratio are better than other big-cap banks. PBV is 0.52x, 1.5SD lower than the average from 2018 of 0.99x and 2019 average of 0.86x, while Thailand's economy is recovering back to 2019 level.

KEY FINANCIAL FORECAST

Ending Dec 31	2020	2021	2022F	2023F	2024F
Net Profit	17,181	26,507	28,807	31,391	35,711
EPS (B)	9.00	13.89	15.09	16.45	18.71
EPS Growth (%yoy)	-52.0%	54.3%	8.7%	9.0%	13.8%
BVS (B)	235.2	258.1	269.7	281.9	296.1
PER (x)	16.2	10.5	9.7	8.9	7.8
PBV (x)	0.62	0.57	0.54	0.52	0.49
DPS (B)	2.50	3.50	4.25	4.50	4.75
Dividend Yield	1.7%	2.4%	2.9%	3.1%	3.3%
ROE	3.9%	5.6%	5.7%	6.0%	6.5%

Source: ASPS Research

TECHNICAL CHART



Source: ASPS Research

TECHNICAL COMMENT

BBL Price Trend: Uptrend

Supportive: 138.50

Resistance: 149

BBL

REC.

BUY

Current Price (B)	146.00
Target Price (B)	159.00
Upside (%)	8.9
Dividend yield (%)	3.1

ESG RATING

Arabesque S-Ray	59.64
Moody's	29.00
MSCI	-
Refinitiv	71.09
S&P	67.53
Source: Settrade	

CG Score	Excellent
Anti-corruption	Certified

CONSENSUS ANALYSIS

EPS (B)	ASPS	IAA Cons	% diff
2022F	15.09	15.95	-5%
2023F	16.45	17.87	-8%

Source: ASPS Research / IAA consensus

Conflict of interest

BBL is one of major shareholders of ASPS. At present BBL, subsidiaries and Sophonpanich family hold 21% stakes in ASP. Any investment decision made is at investors' discretion

RESEARCH DIVISION

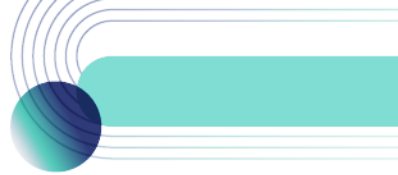
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EARNINGS RESULTS BY QUARTER

Million B	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	%QoQ	%YoY	9M22	9M21	%YoY
Net Interest Income	19,707	20,027	20,705	21,716	21,747	23,526	26,496	12.6%	28.0%	71,769	60,440	18.7%
Non-Interest Income	11,166	13,796	13,725	13,698	9,363	10,666	10,211	-4.3%	-25.6%	30,240	38,687	-21.8%
- Net Fee Income	7,334	6,896	7,373	7,607	6,957	6,726	6,866	2.1%	-6.9%	20,550	21,603	-4.9%
- Non-Operating Income	3,832	6,900	6,352	6,091	2,406	3,940	3,345	-15.1%	-47.3%	9,691	17,084	-43.3%
Operating Profit	30,873	33,823	34,430	35,414	31,110	34,192	36,707	7.4%	6.6%	102,009	99,127	2.9%
Operating Expense	(15,761)	(16,289)	(15,879)	(19,336)	(15,507)	(17,435)	(17,006)	-2.5%	7.1%	(49,947)	(47,930)	4.2%
Pre-Provision Operating Profit (PPOP)	15,112	17,534	18,551	16,078	15,604	16,757	19,701	17.6%	6.2%	52,062	51,197	1.7%
Expected Credit Loss (ECL)	(6,327)	(9,810)	(9,870)	(8,127)	(6,490)	(8,354)	(9,889)	18.4%	0.2%	(24,733)	(26,006)	-4.9%
Net Profit	6,923	6,357	6,909	6,318	7,118	6,961	7,657	10.0%	10.8%	21,736	20,189	7.7%
EPS (B)	3.63	3.33	3.62	3.31	3.73	3.65	4.01	10.0%	10.8%	11.39	10.58	7.7%
Loans	2,369,276	2,420,305	2,523,772	2,588,339	2,587,534	2,652,872	2,796,849	5.4%	10.8%	2,796,849	2,523,772	10.8%
Deposits	2,904,276	3,046,985	3,124,277	3,156,940	3,194,460	3,147,149	3,165,479	0.6%	1.3%	3,165,479	3,124,277	1.3%
Yields on Loan	3.93%	3.96%	3.95%	4.00%	3.93%	4.11%	4.40%			4.08%	3.89%	
Funding Cost	0.97%	0.94%	0.93%	0.92%	0.90%	0.93%	1.03%			0.96%	0.95%	
Spread	2.96%	3.02%	3.02%	3.07%	3.03%	3.19%	3.37%			3.12%	2.95%	
NIM	2.08%	2.02%	2.01%	2.05%	2.02%	2.18%	2.45%			2.22%	2.04%	
Cost to Income Ratio	51.1%	48.2%	46.1%	54.6%	49.8%	51.0%	46.3%			49.0%	48.4%	
Credit Cost	1.07%	1.64%	1.60%	1.27%	1.00%	1.28%	1.45%			1.22%	1.42%	
NPL Ratio (MD&A)	3.70%	3.70%	3.70%	3.20%	3.30%	3.40%	3.50%			3.50%	3.70%	
NPL/Loan	4.58%	4.59%	4.45%	3.91%	3.96%	3.96%	3.83%			3.83%	4.45%	
LLR/NPL (Coverage Ratio)	187.3%	190.3%	198.9%	225.8%	229.0%	232.5%	240.1%			240.1%	198.9%	

Source : Financial Statement / ASPS Research



2022-2024F EARNINGS FORECAST

Income Statement (Million B)

Ended 31 Dec.	2021	2022F	2023F	2024F
Interest income	114,313	123,013	135,511	149,541
Interest expenses	(32,156)	(34,011)	(43,773)	(52,937)
Net interest income	82,156	89,002	91,738	96,603
Earnings before taxes	33,141	36,169	39,419	44,818
Income taxes	(6,189)	(6,872)	(7,490)	(8,516)
Minority interest	(445)	(490)	(539)	(592)
Net profit	26,507	28,807	31,391	35,711
EPS (B)	13.89	15.09	16.45	18.71
Normalized profit	59,207	54,230	55,656	58,802
Normalized EPS (B)	31.02	28.41	29.16	30.81

Quarterly Income Statement

Ended 31 Dec.	4Q21	1Q22	2Q22	3Q22
Interest income	30,022	29,922	31,937	35,821
Interest expenses	(8,305)	(8,175)	(8,411)	(9,325)
Net interest income	21,716	21,747	23,526	26,496
Net fee income	7,607	6,957	6,726	6,866
Other operating income	6,091	2,406	3,940	3,345
Operating expenses	(19,336)	(15,507)	(17,435)	(17,006)
Expected Credit Loss (ECL)	(8,127)	(6,490)	(8,354)	(9,889)
Earnings before taxes	7,950	9,114	8,403	9,812
Income taxes	(1,517)	(1,875)	(1,319)	(2,032)
Minority interest	(116)	(121)	(123)	(123)
Net profit	6,318	7,118	6,961	7,657
EPS (B)	3.31	3.73	3.65	4.01
Normalized profit	9,190	12,191	12,703	15,273
Normalized EPS (B)	4.81	6.39	6.65	8.00

Tier 1	16.0%	16.0%	15.4%	15.2%
Tier 2	3.6%	3.5%	3.5%	3.3%
CAR	19.6%	19.5%	18.9%	18.5%

Financial Ratio

Ended 31 Dec.	2021	2022F	2023F	2024F
Yield on Loan	3.91%	3.95%	4.15%	4.38%
Funding cost	0.95%	0.93%	1.16%	1.35%
Spread	2.97%	3.02%	2.99%	3.03%
NIM	2.06%	2.06%	2.06%	2.09%
Loans to deposits	82.23%	82.93%	83.18%	83.34%
Cost to income ratio	50.00%	52.37%	52.31%	51.49%
Credit Cost	1.38%	1.02%	0.95%	0.88%
ROAA	0.65%	0.66%	0.69%	0.76%
ROAE	5.63%	5.72%	5.96%	6.47%

Source : ASPS Research



2022-2024F EARNINGS FORECAST (CONT.)

Balance Sheet (Million B)

Ended 31 Dec.	2021	2022F	2023F	2024F
Cash & bank deposits	62,552	69,571	65,888	65,844
Net investment	889,306	889,439	925,749	963,701
Loans	2,588,339	2,691,873	2,799,547	2,911,529
Other assets	785,595	975,064	989,774	1,004,801
Total assets	4,333,281	4,450,776	4,601,077	4,761,207
Deposits	3,156,940	3,251,648	3,371,959	3,500,093
Borrowings	471,948	471,948	471,948	471,948
Total liabilities	3,838,688	3,933,870	4,060,688	4,193,472
Paid-up share capital	19,088	19,088	19,088	19,088
Other reserves	265,195	265,195	265,195	265,195
Retained earnings	208,444	230,570	253,849	280,970
Shareholders' equity	492,727	514,854	538,132	565,253
Total liabilities and shareholders' equity	4,333,281	4,450,776	4,601,077	4,761,207

Quarterly Balance Statement

Ended 31 Dec.	4Q21	1Q22	2Q22	3Q22
Cash & bank deposits	62,552	51,524	48,512	43,929
Net investment	887,978	963,528	930,457	947,269
Loans	2,588,339	2,587,534	2,652,872	2,796,849
Accrued interest receivables				
Less Allowance for doubtful accounts	(228,285)	(234,411)	(244,198)	(256,984)
Net loans	2,360,054	2,353,123	2,408,674	2,539,865
Other assets	1,022,697	975,755	968,375	906,696
Total assets	4,333,281	4,343,930	4,356,018	4,437,759
Deposits	3,156,940	3,194,460	3,147,149	3,165,479
Borrowings	471,948	448,085	470,935	437,944
Total liabilities	3,838,688	3,844,329	3,859,591	3,925,825
Paid-up share capital	19,089	19,089	19,089	19,089
Retained earnings	188,170	188,170	188,170	188,170
Shareholders' equity	492,727	497,634	494,535	510,072
Total liabilities and shareholders' equity	4,333,281	4,343,930	4,356,018	4,437,759

Financial Assumption

Ended 31 Dec.	2021	2022F	2023F	2024F
Loans growth	9.5%	4.0%	4.0%	4.0%
Deposit growth	12.3%	3.0%	3.7%	3.8%
Fee income growth	18.2%	-2.9%	5.0%	5.0%
Effective tax rate	18.7%	19.0%	19.0%	19.0%
NPL/TL	3.9%	4.1%	4.1%	4.0%
Tier1	16.0%	16.0%	16.2%	16.5%
CAR	19.6%	19.5%	19.6%	19.8%

Source : ASPS Research