

Bank of Ayudhya Pcl (BAY TB) - HOLD, Price Bt31.50, TP Bt34.00**Results Comment**

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Stronger profits on lower provisions

- BAY reported profits of Bt7.4bn, up 16% y-y but down 8% q-q.
- 2022's norm profits were Bt30.7bn, up 20% y-y. Profits were slightly better than our expectation on lower provisions.
- Key drivers were higher loans, better margin and lower provisions.
- Loan growth was broad-based, encompassing all customer segments. Though the strongest growth was seen from SME.
- Non-interest income was down on lower gains from NPL sales. Net fee income was rising slightly thanks to higher fees from credit card, bancassurance and IB fees. Meanwhile, capital market, loan-related and transaction fees fell largely from 2021 due to weak market condition and lower collection fees.
- NPL ratio was down further to 2.32%. BAY put aside lower provisions but still has decent loan loss coverage ratio of 163%.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(Bt m)	q-q%	y-y%	% 2022F	2022A	2023F
Interest & dividend income	25,004	24,751	25,505	26,734	28,437	Interest & dividend income	6	14	104	105,428	111,792
Interest expense	5,069	4,880	4,962	5,350	6,459	Interest expense	21	27	111	21,650	28,414
Net interest income	19,936	19,872	20,544	21,384	21,978	Net interest income	3	10	102	83,778	83,378
Non-interest income	8,462	7,935	7,705	7,923	7,519	Non-interest income	(5)	(11)	99	31,082	32,658
Total income	28,398	27,807	28,249	29,307	29,497	Total income	1	4	101	114,860	116,036
Operating expense	12,633	12,063	12,335	13,212	13,426	Operating expense	2	6	102	51,035	51,813
Pre-provisioning profit	15,765	15,744	15,914	16,095	16,071	Pre-provisioning profit	(0)	2	101	63,824	64,223
Provision for bad&doubtful debt	8,128	6,783	6,567	6,347	6,955	Provision for bad&doubtful debt	10	(14)	93	26,652	27,812
Profit before tax	7,637	8,961	9,348	9,747	9,116	Profit before tax	(6)	19	108	37,172	36,411
Tax	1,590	1,913	1,861	2,036	2,029	Tax	(0)	28	114	7,839	7,282
Profit after tax	6,047	7,048	7,487	7,711	7,087	Profit after tax	(8)	17	106	29,333	29,129
Equity income	389	414	394	404	345	Equity income	(15)	(11)	96	1,557	1,874
Minority interests	(51)	(44)	(47)	(46)	(40)	Minority interests	neg	neg		(177)	-
Extra items	-	-	-	-	-	Extra items	neg	neg		-	-
Net profit	6,385	7,418	7,834	8,070	7,391	Net profit	(8)	16	105	30,713	31,003
Normalized profit	6,385	7,418	7,834	8,070	7,391	Normalized profit	(8)	16	105	30,713	31,003
PPP/share (Bt)	2.1	2.1	2.2	2.2	2.2	PPP/share (Bt)	(0)	2	101	8.7	8.7
EPS (Bt)	0.9	1.0	1.1	1.1	1.0	EPS (Bt)	(8)	16	105	4.2	4.2
Norm EPS (Bt)	0.9	1.0	1.1	1.1	1.0	Norm EPS (Bt)	(8)	16	105	4.2	4.2
BV/share (Bt)	43.2	44.1	44.5	45.3	46.3	BV/share (Bt)	2	7	46	46.3	49.7

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22		4Q21	1Q22	2Q22	3Q22	4Q22
Cash and Interbank	376,187	460,229	441,198	393,329	490,729	Gross loan grow th (YTD)	3.1	2.0	3.1	3.9	3.1
Other liquid items	25,729	26,613	42,581	64,299	31,026	Gross loan grow th (q-q)	1.9	2.0	1.0	0.8	(0.8)
Total liquid items	401,916	486,842	483,779	457,628	521,755	Deposit grow th (YTD)	(3.0)	2.8	2.2	(3.7)	1.4
Gross loans and accrued interest	1,901,229	1,939,845	1,960,416	1,977,062	1,961,342	Deposit grow th (q-q)	(0.2)	2.8	(0.6)	(5.8)	5.3
Provisions	84,360	86,238	88,352	89,880	87,851	Non-interest income (y-y)	0.7	0.7	(4.3)	0.6	(11.1)
Net loans	1,816,869	1,853,607	1,872,064	1,887,182	1,873,491	Non-interest income (q-q)	7.4	(6.2)	(2.9)	2.8	(5.1)
Fixed assets	34,095	35,477	35,531	35,822	36,216	Fee income / Operating income	16.0	15.2	14.9	14.4	14.6
Other assets	49,061	41,920	44,363	48,870	43,741	Cost-to-income	44.5	43.4	43.7	45.1	45.5
Total assets	2,499,109	2,607,615	2,599,139	2,590,135	2,636,951	Net interest margin	3.20	3.11	3.16	3.30	3.36
Deposits	1,779,139	1,829,180	1,819,012	1,713,701	1,804,692	Credit cost	1.72	1.41	1.35	1.29	1.43
Interbank	202,150	251,030	245,877	317,476	289,977	ROE	8.1	9.3	9.6	9.8	8.8
Other liquid items	4,042	5,085	5,775	5,346	4,226	Loan-to-deposit	106.3	105.4	107.1	114.7	108.0
Total liquid items	1,985,330	2,085,296	2,070,665	2,036,524	2,098,895	Loan-to-deposit + S-T borrow ing	106.3	105.4	107.1	114.7	108.0
Borrow ings	118,977	122,027	108,161	102,759	98,199	NPLs (Bt m)	47,448	46,796	48,373	52,880	53,875
Other liabilities	76,565	75,466	92,160	116,810	98,098	NPL increase	(1,332)	(652)	1,577	4,507	995
Minority interest	721	764	752	797	840	NPL ratio	2.20	2.03	2.11	2.38	2.32
Shareholders' equity	317,516	324,063	327,402	333,245	340,919	Loan-loss-coverage ratio	177.8	184.3	182.6	170.0	163.1
Total Liabilities & Equity	2,499,109	2,607,615	2,599,139	2,590,135	2,636,951	CAR - total	18.5	18.3	17.6	17.6	18.0

Sources: Company data, Thanachart estimates

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