

**Bangkok Bank Pcl (BBL TB) - BUY, Price Bt154.5, TP Bt170****Results Comment**

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**Strong profits, in line**

- BBL's 4Q22 profits came in line at Bt7.6bn, up 20% y-y but down 1% q-q. Better NIM and lower provisions were key earnings growth drivers.
- The bank made almost Bt29.3bn profits for 2022, an increase of 11% from 2021. The growth was driven by higher loans, widening NIM, lower provisions and cost to income ratio.
- We see upsides to our NIM projection this year and given LLR already hit 250% we expect less aggressive provisions for 2023. Maintain BUY.
- Hit by repayments and strong baht, loans contracted 4% q-q but still grew 4% YTD in 4Q22. The growth was led by large corporate and international business.
- Along with higher lending rates amid full-quarter impact of rising savings rate, NIM widened further from 3Q22 of 2.4% to 2.75% in 4Q22.
- Net fees were flat q-q in 4Q22 but was down 5% on full-year basis. This is inline with industry due to weak condition of capital market and lower bancassurance fees.
- With lower mark to market gains, non-interest income fell 53% y-y and 37% q-q. Non-interest income also came down 30% in 2022 due to similar reason.
- NPL fell largely by 9% q-q. The improvement was due to better quality of SME loans, only small portion from write-off.
- As the bank still put credit costs of over 1%, loan loss coverage ratio improved from 230% in 3Q22 to 250% in the quarter.

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	30,022	29,922	31,937	35,821	41,408	Interest & dividend income	16	38	106	139,088	151,208
Interest expense	8,305	8,175	8,411	9,325	10,954	Interest expense	17	32	105	36,865	50,615
<b>Net interest income</b>	<b>21,716</b>	<b>21,747</b>	<b>23,526</b>	<b>26,496</b>	<b>30,454</b>	<b>Net interest income</b>	<b>15</b>	<b>40</b>	<b>106</b>	<b>102,223</b>	<b>100,593</b>
Non-interest income	13,663	9,313	10,625	10,163	6,382	Non-interest income	(37)	(53)	95	36,482	41,499
Total income	35,379	31,060	34,151	36,659	36,836	Total income	0	4	103	138,705	142,092
Operating expense	19,336	15,507	17,435	17,006	19,071	Operating expense	12	(1)	103	69,019	69,923
<b>Pre-provisioning profit</b>	<b>16,043</b>	<b>15,553</b>	<b>16,716</b>	<b>19,653</b>	<b>17,765</b>	<b>Pre-provisioning profit</b>	<b>(10)</b>	<b>11</b>	<b>103</b>	<b>69,687</b>	<b>72,169</b>
Provision for bad&doubtful debt	8,127	6,490	8,354	9,889	7,914	Provision for bad&doubtful debt	(20)	(3)	109	32,647	29,000
Profit before tax	7,916	9,064	8,362	9,763	9,850	Profit before tax	1	24	99	37,040	43,169
Tax	1,517	1,875	1,319	2,032	2,257	Tax	11	49	105	7,484	8,634
Profit after tax	6,399	7,189	7,043	7,731	7,593	Profit after tax	(2)	19	98	29,556	34,535
Equity income	35	50	41	48	50	Equity income	3	43	95	190	200
Minority interests	(116)	(121)	(123)	(123)	(74)	Minority interests	neg	neg	89	(440)	(545)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
<b>Net profit</b>	<b>6,318</b>	<b>7,118</b>	<b>6,961</b>	<b>7,657</b>	<b>7,569</b>	<b>Net profit</b>	<b>(1)</b>	<b>20</b>	<b>98</b>	<b>29,306</b>	<b>34,190</b>
<b>Normalized profit</b>	<b>6,318</b>	<b>7,118</b>	<b>6,961</b>	<b>7,657</b>	<b>7,569</b>	<b>Normalized profit</b>	<b>(1)</b>	<b>20</b>	<b>98</b>	<b>29,306</b>	<b>34,190</b>
PPP/share (Bt)	8.4	8.1	8.8	10.3	9.3	PPP/share (Bt)	(10)	11	103	36.5	37.8
EPS (Bt)	3.3	3.7	3.6	4.0	4.0	EPS (Bt)	(1)	20	98	15.4	17.9
Norm EPS (Bt)	3.3	3.7	3.6	4.0	4.0	Norm EPS (Bt)	(1)	20	98	15.4	17.9
BV/share (Bt)	258.1	260.7	259.1	267.2	264.7	BV/share (Bt)	(1)	3	265	264.7	282.6

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22		4Q21	1Q22	2Q22	3Q22	4Q22
Cash and Interbank	863,764	819,944	778,455	650,361	818,507	Gross loan growth (YTD)	9.3	(0.0)	2.5	8.1	3.6
Other liquid items	126,701	133,193	153,970	199,734	159,875	Gross loan growth (q-q)	2.6	(0.0)	2.5	5.4	(4.1)
Total liquid items	990,465	953,137	778,455	650,361	818,507	Deposit growth (YTD)	12.3	1.2	(0.3)	0.3	1.7
Gross loans and accrued interest	2,595,828	2,595,007	2,661,232	2,806,290	2,692,473	Deposit growth (q-q)	1.0	1.2	(1.5)	0.6	1.4
Provisions	219,801	226,352	235,956	246,499	243,118	Non-interest income (y-y)	20.3	(16.4)	(22.8)	(25.3)	(53.3)
Net loans	2,376,027	2,368,655	2,425,276	2,559,791	2,449,355	Non-interest income (q-q)	0.4	(31.8)	14.1	(4.4)	(37.2)
Fixed assets	74,476	73,501	74,802	74,779	73,909	Fee income / Operating income	21.5	22.4	19.7	18.7	18.9
Other assets	87,348	71,881	230,039	294,247	228,409	Cost-to-income	54.7	49.9	51.1	46.4	51.8
<b>Total assets</b>	<b>4,333,281</b>	<b>4,343,930</b>	<b>4,356,018</b>	<b>4,437,759</b>	<b>4,421,752</b>	Net interest margin	2.02	2.00	2.16	2.41	2.75
Deposits	3,156,940	3,194,460	3,147,149	3,165,479	3,210,896	Credit cost	1.26	1.00	1.26	1.41	1.18
Interbank	288,709	265,243	250,539	231,826	262,522	ROE	5.2	5.7	5.6	6.1	6.0
Other liquid items	8,113	7,121	8,275	7,506	7,770	Loan-to-deposit	82.0	81.0	84.3	88.4	83.5
Total liquid items	3,453,761	3,466,824	3,405,963	3,404,811	3,481,187	Loan-to-deposit + S-T borrowing	82.0	81.0	84.3	88.3	83.5
Borrowings	183,239	182,843	220,396	206,118	188,302	NPLs (Bt m)	101,103	102,342	105,046	107,023	97,188
Other liabilities	201,688	194,662	233,232	314,896	245,122	NPL increase	(11,330)	1,239	2,704	1,977	(9,835)
Minority interest	1,865	1,968	1,892	1,862	1,796	NPL ratio	3.22	3.30	3.40	3.46	3.10
<b>Shareholders' equity</b>	<b>492,727</b>	<b>497,634</b>	<b>494,535</b>	<b>510,072</b>	<b>505,346</b>	Loan-loss-coverage ratio	217.4	221.2	224.6	230.3	250.2
<b>Total Liabilities &amp; Equity</b>	<b>4,333,281</b>	<b>4,343,930</b>	<b>4,356,018</b>	<b>4,437,759</b>	<b>4,421,752</b>	CAR - total	19.6	19.5	18.9	18.5	19.1

Sources: Company data, Thanachart estimates

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