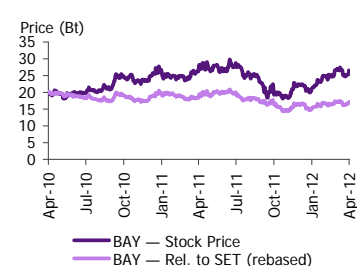


Neutral

Stock Data

Last close (Apr 20) (Bt)	26.25
12-m target price (Bt)	26.00
Upside (Downside) to TP (%)	(0.95)
Mkt cap (Btbn)	159.45
Mkt cap (US\$mn)	5,158
Bloomberg code	BAY TB
Reuters code	BAY.BK
Risk rating	L
Mkt cap (%) SET	1.63
Sector % SET	18.58
Shares issued (mn)	6,074
Par value (Bt)	10
12-m high / low (Bt)	30.5 / 17.8
Avg. daily 6m (US\$mn)	10.53
Foreign limit / actual (%)	47 / 47
Free float (%)	67.1
Dividend policy (%)	≥ 30

Price Performance



Source: SET, SCBS Investment Research

Share performance

	1M	3M	12M
Absolute	-2.8	23.2	-7.1
Relative to SET	-1.7	9.2	-13.7

Source: SET, SCBS Investment Research

1Q12A: Positive surprises on NIM and opex

- **1Q12A, above expectations.** 1Q12A net profit rose 22% YoY and 619% QoQ to Bt3.43bn, well above our forecast of Bt2.6bn. The deviations were mainly in NIM and opex. 1Q12A earnings accounted for 26% of our full-year forecast.

■ Key points:

1. Loan growth: In line with expectation, at +3.1% QoQ vs. our full-year forecast of 13%. Note that 1Q12 loan growth included Bt13bn retail loans (1.9% of YE2011 loans) acquired from HSBC Thailand at the end of March. If HSBC loans are excluded, loan growth would be only 1.2%.
2. Net interest margin: Better than expected at -2 bps QoQ to 4.16%, despite being hit by an interest rate cut, the hike in contribution to the FIDF & DPA, HSBC denominator effect, and flood impact. Yield on earning assets slipped 2 bps QoQ. Cost of funds edged up 1 bps QoQ.
3. Non-interest income: Higher than expected, +10% QoQ, mainly driven by fee income and bad debt recovery. Fee income grew 7% QoQ, mainly from credit cards and bancassurance.
4. Opex: Lower than expected, +10% QoQ. Though it delayed marketing campaigns from 4Q11 to 1Q12, we overestimated 1Q12 marketing expenses.
5. Asset quality: In line with expectations, NPL ratio fell to 3.91% from 4.24% at YE2011. Provision expenses shrank by 27% QoQ. LLR coverage inched up to 113% from 106% at YE2011.

Forecasts and valuation

Year to 31 Dec	Unit	2010	2011	2012F	2013F	2014F
Pre-provision profit	(Bt mn)	21,183	21,478	24,472	27,338	29,485
Net profit	(Bt mn)	8,793	9,264	13,315	15,396	16,987
PPP/Sh	(Bt)	8,793	9,264	13,315	15,396	16,987
EPS	(Bt)	3.49	3.54	4.03	4.50	4.85
BVPS	(Bt)	1.45	1.53	2.19	2.53	2.80
DPS	(Bt)	16.28	16.87	18.37	20.02	21.81
PER	(x)	0.57	0.70	0.88	1.01	1.12
P/PPP	(x)	18.13	17.21	11.98	10.36	9.39
EPS growth	(%)	7.53	7.42	6.52	5.83	5.41
PBV	(x)	32.05	5.35	43.72	15.63	10.34
ROE	(%)	1.61	1.56	1.43	1.31	1.20
Dividend yields	(%)	9.19	9.20	12.44	13.21	13.37

Source: SCBS Investment Research

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Table 1: Quarterly results

P & L (Bt mn)	1Q11	2Q11	3Q11	4Q11	1Q12	%YoY ch	%QoQ ch	1Q11	1Q12	% YoY ch	% full year
Net interest income	9,191	9,395	9,733	9,146	9,380	2	3	9,191	9,380	2	23
Non-interest income	5,147	5,295	5,339	5,077	5,606	9	10	5,147	5,606	9	25
Operating expenses	7,709	7,440	8,232	7,146	7,872	2	10	7,709	7,872	2	22
Pre-provision profit	6,629	7,250	6,840	7,077	7,114	7	1	6,629	7,114	7	25
Less Provision	2,750	3,099	2,624	3,740	2,713	(1)	(27)	2,750	2,713	(1)	24
Pre-tax profit	3,879	4,151	4,216	3,336	4,401	13	32	3,879	4,401	13	25
Income tax	1,065	1,186	1,241	2,819	1,020	(4)	(64)	1,065	1,020	(4)	26
MI and Equity	(5)	7	31	(40)	49	993	221	(5)	49	993	NA
Net profit	2,808	2,972	3,007	477	3,430	22	619	2,808	3,430	22	26
EPS (Bt)	0.46	0.49	0.50	0.08	0.56	22	619	0.46	0.56	22	26
B/S (Bt mn)	1Q11	2Q11	3Q11	4Q11	1Q12	%YoY ch	%QoQ ch	1Q11	1Q12	%YoY ch	% full year
Gross loans	658,149	670,953	697,091	719,507	742,001	13	3	658,149	742,001	13	NM
Deposits	572,270	551,775	536,120	560,540	572,538	0	2	572,270	572,538	0	NM
BVPS (Bt)	16.42	16.56	16.64	16.87	17.46	6	3	16.42	17.46	6	NM
Ratios (%)	1Q11	2Q11	3Q11	4Q11	1Q12	%YoY ch*	%QoQ ch*	1Q11	1Q12	YoY ch*	% full year
Yield on earn. asset	6.35	6.51	6.88	6.84	6.82	0.46	(0.02)	6.35	6.82	0.46	NM
Cost of funds	2.04	2.32	2.68	2.98	2.99	0.94	0.01	2.04	2.99	0.94	NM
Net interest margin	4.54	4.46	4.50	4.18	4.16	(0.37)	(0.02)	4.54	4.16	(0.37)	NM
Cost to income	53.77	50.65	54.62	50.24	52.53	(1.24)	2.29	53.77	52.53	(1.24)	NM
NPLs/total loans	5.54	5.35	4.87	4.24	3.91	(1.63)	(0.33)	5.54	3.91	(1.63)	NM
LLR/NPLs	91.91	92.88	98.55	105.90	112.85	20.94	6.95	91.91	112.85	20.94	NM

Source: SCBS Investment Research

Note: * Percentage points

CG Rating 2011 Companies with CG Rating under SCBS's Coverage

★★★★★	ADVANC, AOT, BANPU, BAY, BBL, BCP, BMCL, CPF, CSL, EGCO, HEMRAJ, IRPC, KBANK, KK, KTB, LPN, MCOT, PS, PSL, PTT, PTTEP, QH, RATCH, SAT, SCB, SCC, TISCO, TMB, TOP
★★★★	AMATA, AP, ASP, BEC, BECL, BH, BIGC, BLA, BTS, CK, CPALL, DELTA, DRT, DTAC, GFPT, GLOW, HANA, HMPRO, INTUCH, KCE, KEST, LH, IVL, MAJOR, MAKRO, PHATRA, SCCC, SMT, SPALI, SIRI, STANLY, STEC, SVI, TCAP, THAI, TRUE, TTA, TTW
★★★	AEONTS, AH, CCET, DCC, ESSO, ITD, KH, KTC, RCL, ROJNA, TICON, TPIPL
N/A	BGH, BLS, CPNRF, LHBANK, POPF, QHPF, SAMART, SAMTEL, SSI, TFUND, TLOGIS, WHAPF
	PTTGC is the merged entity of PTTCH and PTTAR

Corporate Governance Report disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. SCB Securities Company Limited does not conform nor certify the accuracy of such survey result.