

# Company Update

Thursday, April 24, 2025



I V Global Securities Public Company Limited

## Bangkok Bank Plc (BBL)

Rating: BUY

Fair price: Bt167.0

Close price: Bt136.0

### In a solid position amid economic headwinds

#### Company Information

Ticker:	BBL TB
Sector:	Financials/ Banking
Shares outstanding (m):	1,908.84
Market capitalization (Btm):	259,602.63
Trading vol/day (Btm):	1,293.65
Free float (%):	98.54
Beta:	0.68

#### Major Shareholders

Thai NVDR	22.89%
Social Security	4.34%
City Realty Co.	4.08%

#### Consensus Bloomberg

2025F EPS (Bt):	23.58
Target price (Bt):	167.73

#### Price Performance

52 Wk high/low:	161.5/129.0
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	1M	3M	1Y	YTD
Absolute (%)	-9.9	-11.7	-1.4	-9.9
Relative (%)	-7.2	2.5	13.6	7.7



Rating	CGR	Thai CAC	SET ESG
BBL		Certified	AAA

#### Analyst

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- At the analyst meeting, the bank predicted the Bank of Thailand (BoT) to cut the policy rate two times (once this month-end and the other possibly near year-end) from a current rate of 2% to 1.5% at year-end. BBL forecasts uncertainties and global economic headwinds will limit Thailand's economic growth to around 2.0% in 2025 (from a previous estimate of 2.5% and 2.5% in 2024) with the only positive growth catalyst from government spending while other key factors (including exports, foreign direct investments, and tourism sectors) are at risk due to the global economic volatilities because of trade war uncertainties.
- Despite economic uncertainty and volatility, management has maintained financial targets for now, including loan growth of 3-4%, an NPL ratio of about 3%, NIM of 2.8-2.9%, net fee income growth at low single digits, cost-to-income ratio in the high 40s, and credit costs of 0.9-1.0%. This compares with the 1Q25 performance with loan growth of 1%, an NPL ratio of 3%, NIM of 2.89%, net fee and service income of 9.6%, and a cost-to-income ratio of 45.5%.
- We now assume loan growth of 3% this year, with NIM falling to 2.87% (from 3.06% in 2024), and growth from manufacturing and commercial loans boosting 1Q25 performance. 1Q25 exports largely got a front-loaded boost ahead of retaliatory tariff implementation.
- While management has maintained a policy of setting aside credit costs of 0.9-1.0% each year, based on a high loan-loss-coverage ratio of 300%, we assume credit costs of 1.29%, a similar level to 2024.
- NPL ratio may come in at about 3% versus 2.7% in 2024. According to management, the decline in net-interest income during 1Q25 of -4.5% YoY was partly due to a reversal of accrued interest receivables from previous debt-restructuring accounts turning into NPLs and requiring further restructuring.
- Unlike other banks, BBL has no policy to buy back its own shares under the treasury program. Meanwhile, the bank prefers a steady absolute dividend per share. In 2024, DPS was at Bt8.50 based on a pay-out ratio of 36%. We now assume a flat DPS of Bt8.50, offering a full-year yield of 6.3%.
- Maintain BUY.** We have decided to cut our earnings estimates by 7%/5%/8% during 2025-27F, respectively to reflect slower economic uncertainties with declining net interest income and rising credit costs. We prefer to maintain our BUY call on BBL with a revised price target of Bt167 (from Bt179.6), based on 0.5x end-2025F book value. The stock trades at a 5.9x P/E multiple for 2025F with an annual dividend yield of 6.3%. The downside risk to our earnings forecasts lies with global economic uncertainty, which may continue to hit the export sectors.

#### Investment summary

FY Dec 31	2022	2023	2024	2025F	2026F	2027F
Net profit (Btm)	29,306	41,636	45,211	43,878	46,134	48,081
Change (%)	10.6	42.1	8.6	-2.9	5.1	4.2
PPOP (Btm)	69,876	85,712	91,405	90,732	92,509	96,509
Change (%)	3.9	22.7	6.6	-0.7	2.0	4.3
EPS (Bt)	15.35	21.81	23.69	22.99	24.17	25.19
Change (%)	10.6	42.1	8.6	-2.9	5.1	4.2
P/E (x)	8.9	6.2	5.7	5.9	5.6	5.4
DPS (Bt)	4.50	7.00	8.50	8.50	8.70	9.07
Yield (%)	3.3	5.1	6.3	6.3	6.4	6.7
BVPS (Bt)	264.74	277.12	290.77	302.51	318.18	334.67
P/BV (x)	0.5	0.5	0.5	0.4	0.4	0.4
ROAA (%)	0.7	0.9	1.0	1.0	1.0	1.0
ROAE (%)	5.9	8.1	8.3	7.7	7.8	7.7

Source: Company and IVG estimates

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## Results

Btm	1Q25	1Q24	% YoY	4Q24	% QoQ	2024	2023	% YoY
Net interest income	31,908	33,422	-4.5	33,977	-6.1	133,900	130,860	2.3
Non-interest income								
Fee income	7,592	6,927	9.6	7,012	8.3	27,724	27,234	1.8
Others	6,153	1,333	361.4	3,775	63.0	14,188	9,393	51.0
Total	13,745	8,260	66.4	10,787	27.4	41,911	36,627	14.4
Operating expense	20,752	19,618	5.8	23,740	-12.6	84,405	81,775	3.2
PPOP	24,902	22,064	12.9	21,024	18.4	91,405	85,712	6.6
ECL	9,067	8,582	5.7	7,634	18.8	34,838	33,667	3.5
Pre-tax profits	15,835	13,483	17.4	13,390	18.3	56,567	52,046	8.7
Tax	3,132	2,849	9.9	2,896	8.1	10,946	9,993	9.5
<b>Net profit</b>	<b>12,618</b>	<b>10,524</b>	<b>19.9</b>	<b>10,404</b>	<b>21.3</b>	<b>45,211</b>	<b>41,636</b>	<b>8.6</b>
EPS (Bt)	6.61	5.51	19.9	5.45	21.3	23.69	21.81	8.6

Source: Company and IVG estimates

## Key ratios

(%)	1Q24	2Q24	3Q24	4Q24	1Q25
Net loan growth, YTD	2.4	1.8	-1.2	0.8	1.0
Net loan growth, YoY	3.6	0.8	-3.1	0.8	-0.6
NIM	3.06	3.03	3.05	3.09	2.89
Fee income, YoY	-2.7	4.2	2.4	3.6	9.6
Non-int income, YoY	-19.1	-5.0	47.6	53.8	66.4
Cost to income	47.1	44.1	47.7	53.0	45.5
Loan-to-deposit	85.6	85.4	84.8	85.0	84.4
Credit cost (bps)	126.9	152.9	122.4	114.5	134.0
NPL	3.00	3.20	3.40	2.70	3.00
LLR/NPL	291.7	282.5	266.6	334.3	300.3
Tier I	16.3	16.1	17.4	17.0	16.5
Total CAR	19.7	19.5	20.8	20.4	21.0

Source: Company and IVG estimates

## Quarterly performance

Btm	1Q24	2Q24	3Q24	4Q24	1Q25
Net interest income	33,422	33,134	33,367	33,977	31,908
Non-interest income					
Fee income	6,927	6,850	6,935	7,012	7,592
Others	1,333	3,554	5,525	3,775	6,153
Total	8,260	10,404	12,460	10,787	13,745
Operating expense	19,618	19,208	21,839	23,740	20,752
PPOP	22,064	24,330	23,987	21,024	24,902
Provisions	8,582	10,425	8,197	7,634	9,067
Pre-tax profits	13,483	13,904	15,790	13,390	15,835
Tax	2,849	1,993	3,208	2,896	3,132
<b>Net profit</b>	<b>10,524</b>	<b>11,807</b>	<b>12,476</b>	<b>10,404</b>	<b>12,618</b>
EPS (Bt)	5.51	6.19	6.54	5.45	6.61

Source: Company and IVG estimates

## Key ratios

(%)	2021	2022	2023	2024
Net loan growth, YTD	8.6	3.1	-0.4	0.8
Net loan growth, YoY	8.6	3.1	-0.4	-1.6
NIM	2.10	2.42	3.02	3.06
Fee income, YoY	18.2	-5.8	-1.0	1.8
Non-int income, YoY	25.7	-30.0	-0.1	14.4
Cost to income	50.0	49.7	48.8	48.0
Loan-to-deposit	82.0	83.5	83.9	85.0
Credit cost (bps)	131.9	121.7	126.0	129.4
NPL	3.20	3.10	2.70	2.70
LLR/NPL	225.8	260.8	314.7	334.3
Tier I	16.0	15.7	16.1	17.0
Total CAR	19.6	19.1	19.6	20.4

Source: Company and IVG estimates

## BBL

### E: Environmental

- Doing business in a responsible way that helps support sustainable activities, increases financial literacy and financial inclusion, strengthens communities, and protects the environment

### S: Social

- Creating a safe, fair, and supportive working environment where personnel can continuously develop their skills and fulfill their personal and professional aspirations

### G: Governance

- Managing risks to safeguard customers' financial health, protect the bank's business, and ensure resilience amid crises and challenges.
- Placing customers at the center of decisions, providing them with innovative, seamless, and secure services, and building and maintaining strong customer relationships
- Cultivating good governance, complying with laws and regulations, and encouraging suppliers to adhere to good business conduct, while respecting human rights and opposing any form of corruption.

## Comment

BBL has been awarded a SET ESG rating of AA, indicating a strong commitment to environmental, social, and governance (ESG) practices and clear long-term objectives in this regard. Furthermore, the company demonstrates the ability to execute short-term goals effectively.

*Source: Company and IVG estimates*

## I V Global Investment Research – Recommendation Definitions

### Sector Recommendations

**OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

**NEUTRAL:** The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

**UNDERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

### Stock Recommendations

**BUY:** Expecting positive total returns of 15% or more over the next 12 months.

**HOLD:** Expecting total returns of not more than -10% to +10% over the next 3 months.

**SELL:** Expecting negative total returns of 15% or more over the next 12 months

## Anti-corruption Progress Indicator Definitions

<b>Level 5 Extended</b>	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
<b>Level 4 Certified</b>	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
<b>Level 3 Established</b>	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes. (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)
<b>Level 2 Declared</b>	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
<b>Level 1 Committed</b>	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
<b>Partially progress</b>	Insufficient or not clearly defined policy
<b>No progress</b>	Data not available / no policy

## Corporate Governance Report (CGR)



Excellent

Very good

Good

## Disclaimers

The disclosure of the survey result of corporate governance, which is surveyed by the Thai Institute of Directors Association ("IOD"), and the Anti-Corruption Progress Indicators, which is assessed by Thaipat Institute, are the disclosure of the survey or assessment result based on the information received from the listed company that was stipulated in the form for Annual Corporate Governance Report of Thai Listed Companies (CGR) and the form for the assessment of Anti-corruption that refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) or other relevant documents or reports of such listed company (as the case may be). The survey or assessment result is based on the information of the listed company, which is disclosed to the public and can be accessed by all investors, and is made in order to comply with the policy of the Office of the Stock Exchange of Thailand.

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