

COMPANY RESULTS

Bangkok Bank (BBL TB)

2Q25: Results Beat Expectations, But NPL Ratio Continues To Rise qoq

BBL reported 2Q25 earnings of Bt11.8b (flat yoy, -6% qoq). The results beat our and consensus expectations by 16% and 7% respectively. Provision expenses rose 18% qoq in 2Q25. The investment gain came from the realised gain on debt securities measured at FVOCI, amounting to Bt3.35b, which helped the bottom line beat consensus estimate. Maintain HOLD with a target price of Bt154.00.

RESULTS

- **2Q25: Results beat estimates.** Bangkok Bank (BBL) posted a 2Q25 net profit of Bt11.8b, flat yoy but down 6% qoq. The results beat our and consensus expectations by 16% and 7%, respectively. The bank's net interest income declined 4% yoy and 1% qoq. BBL's pre-provision operating profit was flat yoy but down 2% qoq.

STOCK IMPACT

- **Loan portfolio flat qoq in 2Q25.** BBL reported outstanding loans of around Bt2.73t in 2Q25, flat yoy and qoq. BBL revealed that corporate loans were the only type of loan that expanded qoq in 2Q25, accounting for 48% of the total loan portfolio in 1Q25.
- **Investment gain boosted bottom line, beating expectations in 2Q25.** BBL reported a non-interest income (non-II) of Bt12.7b in 2Q25 (+22% yoy, -8% qoq). There was an investment gain of Bt3.35b in 2Q25 (1Q25: Bt2.9b, 2Q24: loss of Bt145m). Based on a channel check with BBL, the investment gain in 2Q25 came from the realised gain on the debt securities measured at fair value through other comprehensive income (FVOCI). BBL cannot confirm whether there will be another realisation gain on debt securities measured at FVOCI, though it noted that the value of these securities in other comprehensive income remained in a gain position in 2Q25.
- **A qoq increase in credit cost and NPL ratio.** The bank set aside provision expenses of Bt10.7b in 2Q25, up 3% yoy and 18% qoq. This resulted in credit costs increasing by 24bp qoq to 157bp. Meanwhile, the loan-loss coverage ratio dropped from 300% in 1Q25 to 284% in 2Q25. BBL reported an NPL ratio of 3.2% in 2Q25, rising from 3.0% in 1Q25. BBL guided a continued increase in NPL in 3Q25 but expects a qoq reduction in the NPL ratio in 4Q25. This NPL increasing pattern throughout 2025 is expected to mirror last year's trend. Additionally, BBL maintains its credit cost target at 1% in 2025 but acknowledges that it might exceed this level and end the year roughly in line with last year (2024 credit cost: 129bp). We expect credit cost of 137bp in 2025.
- **Maintain NIM target of 2.8% in 2025.** BBL expects a 25bp policy rate cut in Oct 25, and forecasts the Dec 25 policy rate cut will not pressure NIM below 2.8%. However, we project NIM to miss the target and come in at 2.7% in 2025. We reiterate that BBL will be the most impacted by upcoming rate cuts.

KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net Interest Income	130,860	133,900	121,865	117,639	120,239
Non-Interest Income	36,642	41,928	46,020	35,463	34,548
Net profit	41,636	45,211	41,351	43,986	45,527
Net profit (adj.)	41,636	45,211	41,351	43,986	45,527
EPS (Bt)	21.8	23.7	21.7	23.0	23.9
PE (x)	6.6	6.1	6.7	6.3	6.1
P/B (x)	0.5	0.5	0.5	0.4	0.4
Dividend yield (%)	4.8	5.9	5.5	6.1	6.3
Net Int margin (%)	3.0	3.0	2.7	2.6	2.6
Cost/income ratio (%)	48.8	48.0	47.5	48.2	48.0
Loan loss cover (%)	314.7	334.3	290.0	288.0	284.0
Consensus net profit (Btm)	-	-	44,019	44,542	45,939
UOBKH/Consensus (x)	-	-	0.94	0.99	0.99

Source: Bangkok Bank, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	Bt144.50
Target Price	Bt154.00
Upside	+6.6%

COMPANY DESCRIPTION

The third's largest commercial bank in Thailand in terms of market capitalisation. The bank has a strong focus on corporate lending, which accounts for 41% of its loan book.

STOCK DATA

GICS sector	Financials
Bloomberg ticker:	BBL TB
Shares issued (m):	1,908.8
Market cap (Btm):	275,827.8
Market cap (US\$m):	8,469.3
3-mth avg daily t'over (US\$m):	33.6

Price Performance (%)

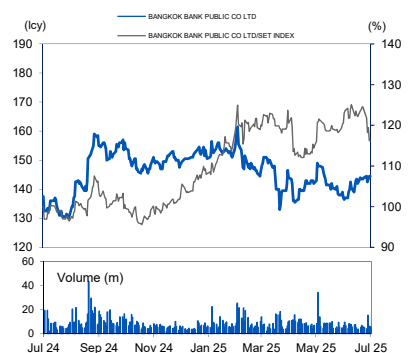
52-week high/low	Bt161.50/Bt129.00			
1mth	3mth	6mth	1yr	YTD
4.7	2.1	(4.6)	5.9	(4.3)

Major Shareholders

	%
Thai NVDR	22.95
City Realty	4.58
The Social Security Office	4.34

FY24 NAV/Share (Bt)	306.89
FY24 CAR Tier-1 (%)	18.35

PRICE CHART



Source: Bloomberg

ANALYST(S)

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EARNINGS REVISION/RISK

NET PROFIT FORECASTS

(Btm)	2025F	2026F	2027F
Old	41,617	43,554	45,719
New	41,351	43,986	45,527
% chg	-0.6%	1.0%	-0.4%

Source: UOB Kay Hian

- We fine-tune BBL's 2025-27 earnings forecasts by -0.6%, +1.0%, and -0.4% respectively.

VALUATION/RECOMMENDATION

- **Maintain HOLD with a target price of Bt154.00** using the Gordon Growth Model (cost of equity: 11%, long-term growth: 2.0%). This implies 0.5x 2025F P/B, which is its historical five-year mean.

SHARE PRICE CATALYST

- Upgrade in dividend payout.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

CG Report: 5
SET ESG Rating: AA
<ul style="list-style-type: none"> • Environmental <ul style="list-style-type: none"> - Responsible business practices support sustainable activities and environmental protection. - Raises employee awareness on resource and energy conservation and implements effective environmental and resource management systems to reduce our ecological and carbon footprint, working towards becoming a green organisation. • Social <ul style="list-style-type: none"> - Creates a safe, fair, and supportive working environment where employees can continuously develop their skills and fulfil their personal and professional aspirations. • Governance <ul style="list-style-type: none"> - Promotes conducting its business in accordance with the principles of good corporate governance, which form the foundation for sound performance results, a strong and stable financial position, and sustainable growth.

2025 RESULTS

Year to 31 Dec (Btm)	2Q25	1Q25	2Q24	qoq chg (%)	yoy chg (%)
Total gross loans	2,733,380	2,742,364	2,729,753	(0.3)	0.1
Net interest income	31,706	31,909	33,134	(0.6)	(4.3)
Non-interest income	12,716	13,745	10,404	(7.5)	22.2
Loan loss provision	(10,740)	(9,067)	(10,425)	18.4	3.0
Non-Interest Expenses	(20,094)	(20,752)	(19,208)	(3.2)	4.6
Pre-Provision Operating Profit	24,328	24,902	24,330	(2.3)	(0.0)
Net income	11,840	12,618	11,807	(6.2)	0.3
EPS (Bt)	6.20	6.61	6.19	(6.2)	0.3
Ratio (%)					
NPL ratio	3.2	3.0	3.2		
Loan loss coverage ratio	284	300	283		
Net interest margin (NIM %)	2.81	2.89	3.03		
Credit cost (bp)	157	133	152		
Cost to income (%)	45	45	44		
Common equity tier 1 (CET1) ratio (%)	17.5	17.3	16.8		

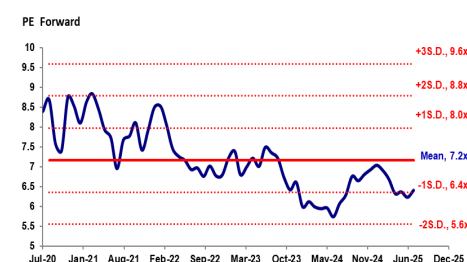
Source: Bangkok Bank, UOB Kay Hian

FINANCIAL TARGETS VS ACTUAL

	2025 Target	2024 Actual	2024 Target
Loan growth (yoy)	3-4%	+1%	3-5%
NPL ratio (gross)	~ 3%	2.7%	~ 3%
Net interest margin	2.8-2.9%	3.06%	~ 2.8%
Net fee income	Low single digit	+1.8%	Low single digit
Cost to income ratio	High-40s%	48.0%	High-40s%
Credit cost (bp)	0.9-1.0%	1.29%	0.9-1.0%

Source: BBL, UOB Kay Hian

PE BAND



Source: BBL, UOB Kay Hian

P/B BAND



Source: BBL, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Interest Income	208,029	189,607	174,932	178,719
Interest Expense	(74,129)	(67,743)	(57,293)	(58,480)
Net Interest Income	133,900	121,865	117,639	120,239
Fees & Commissions	27,724	25,190	19,435	18,023
Other Income	14,205	20,830	16,028	16,525
Non-Interest Income	41,928	46,020	35,463	34,548
Total Income	175,828	167,885	153,102	154,787
Staff Costs	(35,896)	(35,306)	(32,157)	(32,268)
Other Operating Expense	(48,527)	(44,405)	(41,573)	(41,998)
Pre-Provision Profit	91,405	88,173	79,372	80,521
Loan Loss Provision	(34,838)	(37,231)	(23,339)	(22,525)
Other Provisions	0	0	0	0
Associated Companies	0	0	0	0
Pretax profit	56,567	50,942	56,033	57,996
Tax	(10,946)	(9,323)	(11,767)	(12,179)
Minorities	(411)	(268)	(280)	(290)
Net profit (adj.)	45,211	41,351	43,986	45,527

BALANCE SHEET

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Cash With Central Bank	47,364	54,757	55,951	58,425
Govt Treasury Bills & Securities	989,975	951,411	1,001,809	1,042,102
Interbank Loans	752,269	769,871	783,592	816,335
Customer Loans	2,428,321	2,432,163	2,507,502	2,637,503
Investment Securities	105,577	108,238	110,816	115,731
Derivative Receivables	87,266	84,686	87,174	91,331
Associates & JVs	1,011	975	975	975
Fixed assets (incl. prop.)	66,015	78,534	77,797	78,654
Other assets	73,581	71,797	73,093	74,917
Total Assets	4,551,379	4,552,431	4,698,710	4,915,973
Interbank Deposits	346,936	341,487	347,767	363,014
Customer Deposits	3,169,654	3,205,303	3,275,655	3,420,382
Derivative Payables	64,702	65,198	67,209	70,356
Debt equivalents	220,910	164,413	200,692	220,537
Other Liabilities	192,305	188,476	191,169	197,300
Total Liabilities	3,994,506	3,964,876	4,082,492	4,271,590
Shareholders' equity	555,039	585,797	614,426	642,550
Minority interest	1,834	1,758	1,792	1,832
Total liabilities & equity	4,551,379	4,552,431	4,698,710	4,915,973

OPERATING RATIOS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Capital Adequacy				
Tier-1 CAR	18.7	18.3	18.7	18.8
Total CAR	22.3	21.9	22.2	22.2
Total assets/equity (x)	8.2	7.8	7.6	7.7
Tangible assets/tangible common	8.6	8.1	7.9	7.9
Asset Quality				
NPL ratio	2.7	3.3	3.1	2.9
Loan loss coverage	334.3	290.0	288.0	284.0
Loan loss reserve/gross loans	10.6	11.2	10.4	9.7
Increase in NPLs	(4.1)	22.8	(4.5)	(0.8)
Liquidity				
Loan/deposit ratio	76.6	75.9	76.5	77.1
Liquid assets/short-term liabilities	50.8	50.0	50.7	50.6
Liquid assets/total assets	39.3	39.0	39.2	39.0

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Growth				
Net interest income, yoy chg	2.3	(9.0)	(3.5)	2.2
Fees & commissions, yoy chg	1.8	(9.1)	(22.8)	(7.3)
Pre-provision profit, yoy chg	6.6	(3.5)	(10.0)	1.4
Net profit, yoy chg	8.6	(8.5)	6.4	3.5
Net profit (adj.), yoy chg	8.6	(8.5)	6.4	3.5
Customer loans, yoy chg	0.1	0.2	3.1	5.2
Customer deposits, yoy chg	(0.5)	1.1	2.2	4.4
Profitability				
Net interest margin	3.0	2.7	2.6	2.6
Cost/income ratio	48.0	47.5	48.2	48.0
Adjusted ROA	1.0	0.9	1.0	0.9
Reported ROE	8.3	7.2	7.3	7.2
Adjusted ROE	8.3	7.2	7.3	7.2
Valuation				
P/BV (x)	0.5	0.5	0.4	0.4
P/NTA (x)	52.3	49.3	46.9	44.7
Adjusted P/E (x)	6.1	6.7	6.3	6.1
Dividend Yield	5.9	5.5	6.1	6.3
Payout ratio	35.9	36.5	38.2	38.2

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