Bangkok Bank (BBL TB)

NIM Has Already Bottomed Out And Is Showing Signs Of Recovery

Highlights

- Neutral tone during the analyst meeting.
- NIM has already bottomed out and showed a slight increase qoq in 3Q26.
- Maintain BUY with an unchanged target price of Bt220.00.

Analysis

- **Neutral tone during analyst meeting.** We attended Bangkok Bank's (BBL) analyst meeting on 28 Oct 26 and came away with a neutral view. Management said NIM has already bottomed out and showed a slight increase qoq in 3Q26. BBL also reiterated its 2026 financial targets.
- **Maintain GDP forecast for 2026.** BBL maintains its 2026 GDP forecast of 1.5-2.0% although the Bank of Thailand (BOT) has just released the upward revision of 2026 GDP forecasts from 2.3% to 2.4%. Further, BOT raised its 2027 GDP growth forecasts from 1.8% to 2.1%. However, BBL maintains a conservative view on the economic outlook in 2027 and forecasts GDP growth of around 1.5-2.0% in 2027 due to the ongoing geopolitical risks.
- **Credit costs should be slightly above 2026 target of 1%.** Management reiterated its 2026 financial targets. In 9M26, credit costs were reported at 1.27%. Although the bank guided for a reduction in credit cost qoq in 4Q26, management stated that the 2026 credit cost should be slightly above 1%, which is the 2026 credit cost target.
- **NIM has bottomed out.** In 3Q26, NIM rose qoq, supported by the increasing lending rate in international loans. Management stated that NIM has already bottomed out in 3Q26 and guided for a similar level in 4Q26 as the policy rate remains unchanged at 1.0% (announced on 28 Oct 26). BBL does not expect any rate hikes in the near future due to the uneven economic recovery.
- **Permata showed strong results in 3Q26.** For Permata Bank in Indonesia, its loan portfolio grew 5.9% in 9M26, mainly driven by corporate loan (exposure of 59-60% to total loan portfolio). Management said Permata Bank's loan portfolio is similar to BBL's. Loan-to-deposit ratio (LDR) was reported at 92% while NPL was at 2.1%, unchanged since 2023. The coverage ratio was 373% and the common equity tier (CET) 1 ratio was at 25%. NIM was reported at 3.9% in 9M26, compared with 4.0% in 9M25.
- **Prepare for increasing free float on Permata Bank without difficulties.** BBL said Permata Bank's free float is around 10%, and the bank has the capability to increase it to meet the requirement of 12.5% in Mar 27. BBL is also looking into its delisting from the market but there are no concrete conclusions yet.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	133,899.6	123,629.7	114,315.5	121,566.0	128,420.6
Non-Interest Income	41,928.4	54,870.0	48,095.0	45,171.6	47,015.1
Net profit (rep./act.)	45,211.2	46,006.5	39,672.7	44,830.3	47,154.1
Net profit (adj.)	45,211.2	46,006.5	39,672.7	44,830.3	47,154.1
EPS (Bt)	23.7	24.1	20.8	23.5	24.7
PE (x)	7.7	7.6	8.8	7.8	7.4
P/B (x)	0.6	0.6	0.6	0.6	0.5
Dividend yield (%)	5.6	5.5	5.5	5.8	6.0
Net int margin (%)	3.0	2.8	2.5	2.6	2.7
Cost/income Ratio (%)	48.0	48.4	49.1	48.7	48.8
Loan loss cover (%)	334.3	324.1	324.3	319.0	318.0
Consensus net profit	n.a	n.a	40,765.1	43,310.1	46,224.0
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Bangkok Bank, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt185.00
Target Price	Bt220.00
Upside	18.9%

Stock Data

Sector	Financials
Bloomberg ticker	BBL TB
Shares issued (m)	1,908.8
Market cap (Btm)	348,363.8
Market cap (US$m)	10,359.0
3-mth avg daily t'over (US$m)	69.5

Price Performance (%)

52-week high/low				Bt203.0/Bt154.5
1mth	3mth	6mth	1yr	YTD
(5.7)	(10.1)	10.9	18.9	7.7

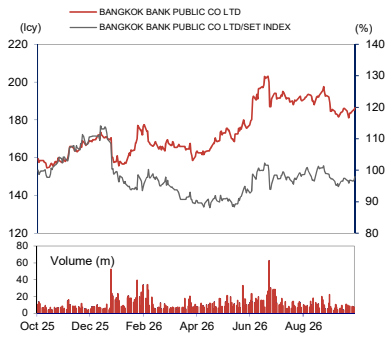
Major Shareholders (%)

Thai NVDR	21.86
City Realty	4.70
The Social Security Office	3.89

Balance Sheet Metrics

FY26 NAV/Share (Bt)	313.5
FY26 Net Debt/Share (Bt)	n.a

Price Chart



Source: Bloomberg

Company Description

The third largest commercial bank in Thailand in terms of market capitalisation. The bank has a strong focus on corporate lending, which accounts for 50% of its loan book.

- **No need to impair losses on Permata Bank.** As the MSCI is concerned about the Indonesian stock market being downgraded to a standalone market, Permata Bank's share price has decreased dramatically. Thus, the market's concern is that BBL has to recognise losses on Permata Bank due to the drop in share price. Management stated that it has studied and confirmed that there would be no impairment losses on Permata Bank due to the good performance and high coverage ratio. Further, BBL views Permata Bank as a long-term investment.
- **3Q26 results recap.** BBL posted a 3Q26 net profit of B9.5b, down 31% yoy and flat qoq. The results missed our expectations by 10% but were in line with consensus forecasts. The key miss to our forecast was the higher-than-expected opex. Pre-provision operating profit dropped 25% yoy and 1% qoq.

3Q26 Results Recap

Year to 31 Dec (Btm)	3Q26	2Q26	3Q25	qoq%	yoy%
Total gross loans	2,707,584	2,695,508	2,627,918	0.4	3.0
Net interest income	29,041	27,769	30,750	4.6	(5.6)
Non-interest income	11,634	12,571	16,913	(7.5)	(31.2)
Loan loss provision	(8,008)	(8,433)	(9,742)	(5.0)	(17.8)
Non-Interest Expenses	(20,518)	(19,954)	(20,697)	2.8	(0.9)
Pre-provision operating profit	20,157	20,386	26,966	(1.1)	(25.2)
Net income	9,489	9,498	13,789	(0.1)	(31.2)
EPS (Bt)	4.97	4.98	7.22	(0.1)	(31.2)
Ratio (%)					
NPL Ratio	3.2	3.3	3.3		
Loan loss coverage ratio (%)	322	306	294		
Net interest margin (NIM %)	2.50	2.42	2.72		
Credit cost (bp)	119	125	145		
Cost to income (%)	50	49	43		
CET1 ratio (%)	18.3	18.3	19.6		

Source: Bangkok Bank, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a target price of Bt220.00** using the Gordon Growth Model (cost of equity: 11%, long-term growth: 2.0%), implying 0.67x 2027F P/B.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

- Upgrade in dividend payout.

Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AAA

Environmental

- 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 carbon footprint, working towards becoming a green organisation

Social

- Creates a safe, fair, and supportive working environment where employees can continuously develop their skills and fulfil their personal and professional aspirations.

Governance

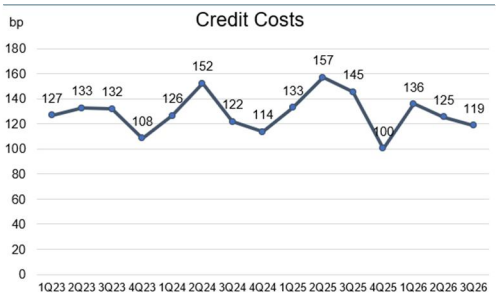
- Promotes conducting its business in accordance with the principles of good corporate governance, which form the foundation for sound performance results, a strong and stable financial position, and sustainable growth.

2026 Financial Targets

	9M26 Actual	2026 Target
Loan growth	3.2%	2-3%
NPL ratio	3.2%	~ 3%
NIM	2.47%	2.4-2.5%
Net fee income	2.0%	Low single
Cost to income	48.2%	High-40s%
Credit Costs	1.27%	1.0%

Source: BBL, UOB Kay Hian

Credit Cost (bp)



Source: BBL, UOB Kay Hian

PE Band



Source: UOB Kay Hian

P/B Band



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	191,082	173,415	182,217	191,451
Interest expense	(67,452)	(59,099)	(60,651)	(63,030)
Net interest income/(expense)	123,630	114,316	121,566	128,421
Fees & Commissions	27,192	27,683	28,914	30,342
Net Trading Income	25,728	18,447	14,347	14,693
Other Income	1,950	1,965	1,910	1,981
Non-Interest Income	54,870	48,095	45,172	47,015
Total Income	178,500	162,411	166,738	175,436
Staff Costs	(36,759)	(37,018)	(35,509)	(37,851)
Other Operating Expense	(49,605)	(42,758)	(45,644)	(47,845)
Pre-Provision Profit	92,136	82,635	85,585	89,740
Loan Loss Provision	(36,148)	(32,732)	(28,899)	(30,117)
Pre-tax profit	**55,988**	**49,904**	**56,686**	**59,624**
Tax	(9,622)	(9,808)	(11,337)	(11,925)
Minorities	(359)	(423)	(518)	(545)
Net profit	**46,007**	**39,673**	**44,830**	**47,154**
Net profit (adj.)	46,007	39,673	44,830	47,154

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	47,560	133,813	55,337	56,392
Govt Treasury Bills & Securities	1,108,129	1,040,281	1,078,396	1,122,618
Interbank Loans	771,194	772,239	788,386	810,841
Customer Loans	2,320,306	2,386,626	2,442,028	2,498,613
Investment Securities	104,951	109,523	112,394	114,799
Derivative Receivables	98,058	91,673	91,924	93,528
Associates & JVs	1,021	1,086	1,086	1,086
Properties & Other Fixed Assets	77,066	75,088	74,636	75,650
Goodwill & Intangible Assets	22,516	20,966	20,966	20,966
Other Assets	55,541	75,263	79,067	80,767
Total assets	**4,606,342**	**4,706,557**	**4,744,218**	**4,875,260**
Interbank Deposits	314,644	355,235	364,562	371,579
Customer Deposits	3,196,284	3,261,276	3,310,728	3,371,883
Bills Payable	6,805	6,409	6,409	6,409
Derivative Payables	65,868	78,526	83,572	86,077
Subordinated Debts	244,009	210,084	159,067	190,367
Other Liabilities	203,048	194,814	193,889	195,768
Total liabilities	4,030,659	4,106,344	4,118,227	4,222,085
Shareholders' funds	573,923	598,356	624,088	651,192
Minority interest	1,761	1,857	1,904	1,984
Total Equity & Liabilities	4,606,342	4,706,557	4,744,218	4,875,260

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	18	18	19	19
Total CAR	22	23	24	24
Total Assets/Equity	8	8	8	7
Tangible Assets/Tangible Common Equity	8	8	8	8
Asset Quality				
NPL Ratio	3	3	3	3
Loan Loss Coverage	324	324	319	318
Loan Loss Reserve/Gross Loans	12	12	12	11
Increase in NPLs	10	8	0	(1)
Credit Cost (bp)	135	122	105	108
Liquidity				
Loan/Deposit Ratio	73	73	74	74
Liquid Assets/Short-Term Liabilities	55	54	52	53
Liquid Assets/Total Assets	42	41	41	41

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(8)	(8)	6	6
Fees & Commissions, yoy Chg	(2)	2	4	5
Pre-Provision Profit, yoy Chg	1	(10)	4	5
Net Profit, yoy Chg	2	(14)	13	5
Customer Loans, yoy Chg	(4)	3	2	2
Profitability				
Net Interest Margin	3	3	3	3
Cost/Income Ratio	48	49	49	49
Adjusted ROA	1	1	1	1
Reported ROE	8	7	7	7
Adjusted ROE	8	7	7	7
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	8	9	8	7
Dividend Yield	5	5	6	6

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