

Bangkok Bank Pcl (BBL TB) - BUY, Price Bt156, TP Bt180**Results Comment**

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3Q24 Good profits, in-line

- BBL reported 3Q24 profits of Bt12.48bn, up 10% y-y and 6% q-q, beating consensus estimates by 6%. 9M24 profits reached 77% of our full-year forecast. With expected Fed and domestic prime rate cuts, NIM may decline in 4Q24. We maintain our earnings forecast and reiterate a BUY rating.
- Income drivers showed mixed results. Loan volume was weaker than expected, and BBL faces challenges in achieving 3% loan growth for the year.
- Loans contracted 3% q-q and 1.2% YTD, due to repayments and cautious lending to medium and small SMEs. However, the bank sees strong pipelines in corporate and international loans. Of total loans, 80% are at floating interest rates, while 20% are fixed-rate.
- NIM and non-interest income outperformed expectations, driven by higher bond returns and mark-to-market gains in domestic and foreign equities.
- Provisions decreased 9% y-y and 21% q-q. NPLs rose 5% q-q in manufacturing and commercial segments but are expected to stabilize at 3.4-3.5%. The bank has proactively engaged in debt restructuring, which takes at least three months to restage NPLs to stage 2 loans. No additional provisions are expected, resulting in a decrease in loan loss coverage from 269% in 2Q24 to 254%. Credit costs were 1.34% in 9M24 versus 1.31% in 9M23.
- Opex rose 14% y-y and q-q due to higher IT and marketing costs. The cost-to-income ratio averaged 46% in 9M24 and may rise slightly in 4Q24 as interest income declines with rate cuts.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Interest & dividend income	50,284	52,637	51,672	51,645	52,312	Interest & dividend income	1	4	75	207,426	193,259
Interest expense	16,154	17,473	18,250	18,511	18,945	Interest expense	2	17	75	74,218	65,654
Net interest income	34,130	35,165	33,422	33,134	33,367	Net interest income	1	(2)	75	133,208	127,605
Non-interest income	8,398	6,992	8,208	10,367	12,391	Non-interest income	20	48	83	37,532	39,009
Total income	42,528	42,157	41,630	43,501	45,758	Total income	5	8	77	170,740	166,614
Operating expense	19,208	23,621	19,618	19,208	21,839	Operating expense	14	14	75	80,790	80,960
Pre-provisioning profit	23,320	18,536	22,012	24,293	23,919	Pre-provisioning profit	(2)	3	78	89,950	85,654
Provision for bad&doubtful debt	8,969	7,343	8,582	10,425	8,197	Provision for bad&doubtful debt	(21)	(9)	82	33,000	26,000
Profit before tax	14,351	11,192	13,431	13,868	15,722	Profit before tax	13	10	76	56,950	59,654
Tax	2,938	2,281	2,849	1,993	3,208	Tax	61	9	71	11,390	11,931
Profit after tax	11,413	8,911	10,581	11,875	12,514	Profit after tax	5	10	77	45,560	47,723
Equity income	45	36	52	36	68	Equity income	88	53	78	200	200
Minority interests	(108)	(84)	(109)	(105)	(106)	Minority interests	neg	neg	40	(800)	(805)
Extra items	-	-	-	-	-	Extra items	neg	neg	-	-	-
Net profit	11,350	8,863	10,524	11,807	12,476	Net profit	6	10	77	44,960	47,118
Normalized profit	11,350	8,863	10,524	11,807	12,476	Normalized profit	6	10	77	44,960	47,118
PPP/share (Bt)	12.2	9.7	11.5	12.7	12.5	PPP/share (Bt)	(2)	3	78	47.1	44.9
EPS (Bt)	5.9	4.6	5.5	6.2	6.5	EPS (Bt)	6	10	77	23.6	24.7
Norm EPS (Bt)	5.9	4.6	5.5	6.2	6.5	Norm EPS (Bt)	6	10	77	23.6	24.7
BV/share (Bt)	276.7	277.1	291.0	285.7	287.5	BV/share (Bt)	1	4	288	293.7	310.8

Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24		3Q23	4Q23	1Q24	2Q24	3Q24
Cash and Interbank	734,440	802,638	688,743	709,816	671,634	Gross loan growth (YTD)	1.5	(0.4)	2.4	1.8	(1.2)
Other liquid items	180,757	159,581	187,339	183,108	213,196	Gross loan growth (q-q)	0.9	(1.9)	2.4	(0.6)	(3.0)
Total liquid items	734,440	802,638	688,743	709,816	671,634	Deposit growth (YTD)	(1.5)	(0.8)	0.4	0.0	(2.3)
Gross loans and accrued interest	2,736,371	2,684,327	2,749,791	2,729,753	2,647,794	Deposit growth (q-q)	(1.2)	0.7	0.4	(0.4)	(2.4)
Provisions	257,331	258,666	262,084	266,980	264,307	Non-interest income (y-y)	(17.4)	9.6	(19.2)	(4.9)	47.6
Net loans	2,479,040	2,425,661	2,487,707	2,462,773	2,383,487	Non-interest income (q-q)	(23.0)	(16.7)	17.4	26.3	19.5
Fixed assets	76,194	72,855	70,900	71,127	67,887	Fee income / Operating income	15.9	16.1	16.6	15.7	15.2
Other assets	297,042	239,641	285,918	284,736	301,471	Cost-to-income	45.2	56.0	47.1	44.2	47.7
Total assets	4,559,185	4,514,484	4,556,914	4,530,171	4,475,155	Net interest margin	3.02	3.10	2.95	2.92	2.96
Deposits	3,163,297	3,184,283	3,198,332	3,184,856	3,109,982	Credit cost	1.32	1.10	1.25	1.53	1.24
Interbank	323,105	334,219	328,084	316,210	329,140	ROE	8.7	6.7	7.8	8.6	9.1
Other liquid items	6,447	9,156	7,727	8,117	7,218	Loan-to-deposit	86.1	83.9	85.6	85.4	84.8
Total liquid items	3,492,849	3,527,658	3,534,143	3,509,183	3,446,340	Loan-to-deposit + S-T borrowing	86.1	83.9	85.6	85.4	84.8
Borrowings	243,371	212,505	202,620	204,574	207,014	NPLs (Bt m)	94,884	85,955	93,949	99,140	103,996
Other liabilities	293,013	243,491	262,574	269,195	271,206	NPL increase	1,599	(8,929)	7,994	5,191	4,856
Minority interest	1,834	1,855	2,011	1,886	1,771	NPL ratio	3.0	2.7	3.0	3.2	3.4
Shareholders' equity	528,117	528,975	555,567	545,332	548,824	Loan-loss-coverage ratio	271.2	300.9	279.0	269.3	254.2
Total Liabilities & Equity	4,559,185	4,514,484	4,556,914	4,530,171	4,475,155	CAR - total	19.6	19.6	19.7	19.5	20.8

Sources: Company data, Thanachart estimates

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