

Bangkok Bank Pcl (BBL TB) - BUY

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Analyst Meeting**Positive tone from the meeting**

- **BBL sees robust loan demand in the pipeline.**
- **This should support loan volume growth next year.**
- **NIM decline to be partly offset by lower provisions.**
- **Cheap with dividend upside. BUY.**

The tone from the meeting is optimistic, with BBL seeing robust loan demand in the pipeline. While NIM contraction is anticipated, provisions are expected to decrease. BBL is cheap with upsides to dividend payments. We maintain a BUY recommendation to a Bt180 TP.

- **GDP Growth:** GDP for 2024 may fall slightly below 3% due to the impact of flooding. The flooding is expected to reduce GDP by 0.2-0.3%.
- **Loan Growth:** Slowed due mainly to repayments, though demand in the pipeline remains solid. The bank expects loan growth to pick up next year, primarily driven by corporate and international business sectors.
- **NIM:** Projected to be impacted by an interest rate cut in 4Q24. BBL has guided for a NIM contraction to 3% in 2024, down from 3.05% in 9M24. We view this guidance as conservative, given BBL's recent reduction in both lending and deposit rates. Of total loans, 80% are at floated interest rate. Meanwhile, the bank's CASA is 62% of total deposits.
- **Fee Income:** Supported by mutual fund and bancassurance products.
- **Asset Quality:** NPL ratio has normalized to pre-COVID levels. The bank is comfortable with its asset quality, noting a reduction in loan relapse from debt relief programs.
- **Virtual Bank (VB) rationale:** Sea's Shopee has already established digital banks in other countries. The VB consortium will be leveraging a strong IT foundation. As a result, it does not need to invest heavily in IT infrastructure from scratch. BBL believes it has a strong network of well-rounded business partners and sees significant potential in the VB venture.
- **Capital and Dividends:** Tier I capital ratio is above 17%, with a dividend payout ratio ranging from 33-40% (last year: 32%).

Key Valuations

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Pre Prov. Profit	85,525	89,950	85,654	89,274
Net profit	41,636	44,960	47,118	50,009
Norm net profit	41,636	44,960	47,118	50,009
Norm EPS (Bt)	21.8	23.6	24.7	26.2
Norm EPS gr (%)	42.1	8.0	4.8	6.1
Norm PE (x)	6.8	6.3	6.0	5.6
P/BV (x)	0.5	0.5	0.5	0.4
Div. yield (%)	4.7	4.7	5.4	5.4
ROE (%)	8.1	8.3	8.2	8.2
ROA (%)	0.9	1.0	1.0	1.1

Source: Thanachart estimates

Stock Data

Closing price (Bt)	148
Target price (Bt)	180
Market cap (US\$ m)	8,360
Avg daily turnover (US\$ m)	37.1
12M H/L price (Bt)	162.0/130.0

Price Performance

Source: Bloomberg

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