Bangkok Bank Pcl (BBL TB) - BUY

Analyst Meeting

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Dust still settling, but not all bad

- **BBL looks over the volatility, believes it is well positioned.**
- **The bank's regionalization strategy remains intact.**
- **The bank maintains financial guidance for 2025…**
- **…and keep absolute DPS in 2024 as a minimum.**

BBL maintains Thailand's GDP growth forecast at 2%—the most optimistic among peers—but flags downside risks from weak consumer confidence and falling asset prices. It believes the Trump tariff war may be less severe than currently feared once the dust settles and expects a further 50bps policy rate cut. Financial targets remain unchanged, and the bank sees the Bt8.5 DPS for FY2024 as a minimum.

- **Macroeconomic outlook**: Export strength was driven by restocking pre-tariff hike, but the real impact will emerge in 2H25, pending negotiation outcomes. Tourism is expected to slow for four months before rebounding, with annual arrivals likely 1.5–2 million below expectation. Meanwhile, ~Bt1.2tr in FDI is on hold, and BBL notes that Thailand must strengthen ASEAN alliances and upgrade local production to offset the influx of Chinese goods.

- **Loan growth and asset quality**: Despite exposure to tariff-sensitive sectors, BBL does not foresee a spike in NPLs and maintains a 3% loan growth target, citing deal pipelines. NPLs rose 13% q-q in 1Q25 due to relapse in manufacturing and commerce, though new NPL formation slowed. Credit costs are front-loaded but should stay within the 1–1.2% range for the full year.

- **Margin and funding**: NIM contracted 23bps in 1Q25 on policy rate cuts and lagging deposit repricing, alongside interest reversals from rising NPLs. Still, BBL keeps its NIM contraction target at 16–26bps (2.8–2.9%), expecting funding cost relief ahead. About 75% of domestic loans are floating rate. Of the 25% in overseas loans, 50% are from Permata (linked to Indonesian rates), and 30% are USD-denominated (half prime rate, half SOFR).

- **Cost control**: The bank affirms its readiness to cut opex if needed to protect profitability.

- **Permata Bank 1Q25 Recap:** Net profit declined 2.3% y-y in 1Q25, weighed down by over 30% y-y growth in provisions. Loan growth was modest at 1.2% YTD, led by the corporate segment. NIM edged down to 4.2% from 4.4% in 1Q24. Asset quality remained sound, with an NPL ratio of 2% and loan loss coverage improving to 385% (from 375% in 1Q24). The loan-to-deposit ratio stood at a healthy 83%, while the cost-to-income ratio improved significantly to 48.6% from 56%.

Key Valuations

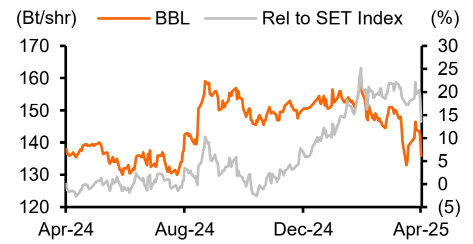
Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Pre Prov. Profit	91,201	85,268	82,368	83,195
Net profit	45,211	43,495	41,175	41,856
Norm net profit	45,211	43,495	41,175	41,856
Norm EPS (Bt)	23.7	22.8	21.6	21.9
Norm EPS gr (%)	8.6	(3.8)	(5.3)	1.7
Norm PE (x)	5.7	6.0	6.3	6.2
P/BV (x)	0.5	0.4	0.4	0.4
Div. yield (%)	6.3	6.3	6.3	6.6
ROE (%)	8.3	7.6	6.9	6.8
ROA (%)	1.0	1.0	0.9	0.9

Source: Thanachart estimates

Stock Data

Closing price (Bt)	136
Target price (Bt)	160
Market cap (US$ m)	7,771
Avg daily turnover (US$ m)	33.8
12M H/L price (Bt)	161.5/130.0

Price Performance



Source: Bloomberg

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