Bangkok Bank (BBL TB)

2Q26: Results Miss; Loan Portfolio Growth Within Target

Highlights

- BBL reported a 2Q26 net profit of Bt9.5b, down 20% yoy and 14% qoq.
- Opex increased qoq due to accrued expenses and IT-related costs.
- Maintain BUY with a target price of Bt220.00.

2Q26 Results

Year to 31 Dec (Btm)	2Q26	1Q26	2Q25	qoq chg (%)	yoy chg (%)
Total gross loans	2,695,508	2,679,971	2,733,380	0.6	(1.4)
Net interest income	27,769	27,975	31,706	(0.7)	(12.4)
Non-interest income	12,571	12,832	12,716	(2.0)	(1.1)
Loan loss provision	(8,433)	(9,003)	(10,740)	(6.3)	(21.5)
Non-Interest Expenses	(19,954)	(18,259)	(20,094)	9.3	(0.7)
Pre-provision operating profit	20,386	22,549	24,328	(9.6)	(16.2)
Net income	9,498	10,994	11,840	(13.6)	(19.8)
EPS (Bt)	4.98	5.76	6.20	(13.6)	(19.8)
Ratio (%)					
NPL Ratio	3.3	3.1	3.2		
Loan loss coverage ratio (%)	306	318	284		
Net interest margin (NIM %)	2.42	2.49	2.81		
Credit cost (bp)	125	136	157		
Cost to income (%)	49	45	45		
CET1 ratio (%)	18.3	17.7	18.2		

Source: BBL, UOB Kay Hian

Analysis

- **2Q26 results miss.** Bangkok Bank (BBL) posted a 2Q26 net profit of B9.5b, down 20% yoy and 14% qoq. The results missed our and consensus forecasts by 15% and 11% respectively due to a qoq increase in opex. The bank's net interest income (NII) declined 12% yoy and 1% qoq in 2Q26. NIM fell from 2.49% in 1Q26 to 2.42% in 2Q26. BBL's pre-provision operating profit dropped 16% yoy and 10% qoq in 2Q26.
- **Loan portfolio grew qoq in 2Q26**. BBL reported outstanding loans of around Bt2.7t in 2Q26, contracting 1.4% yoy but growing 0.6% qoq. In 1H26, the loan portfolio grew 2.7%, within its 2026 loan growth target of 2-3%.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	133,899.6	123,629.7	115,068.2	125,539.9	126,989.4
Non-Interest Income	41,928.4	54,870.0	42,025.0	41,439.9	43,362.2
Net profit (rep./act.)	45,211.2	46,006.5	44,419.9	46,510.8	49,210.5
Net profit (adj.)	45,211.2	46,006.5	44,419.9	46,510.8	49,210.5
EPS (Bt)	23.7	24.1	23.3	24.4	25.8
PE (x)	7.6	7.5	7.7	7.4	7.0
P/B (x)	0.6	0.6	0.6	0.6	0.5
Dividend yield (%)	5.6	5.6	6.2	6.2	6.6
Net int margin (%)	3.0	2.8	2.6	2.8	2.7
Cost/income Ratio (%)	48.0	48.4	47.7	48.2	48.2
Loan loss cover (%)	334.3	324.1	319.0	315.0	314.0
Consensus net profit	n.a	n.a	41,862.8	43,764.5	46,449.4
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	1.1

Source: Bangkok Bank, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	Bt200.00
Target Price	Bt220.00
Upside	10.0%

Analyst(s)
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Stock Data

GICS sector	Financials
Bloomberg ticker:	BBL TB
Shares issued (m):	1,908.8
Market cap (Bt$m):	381,768.6
Market cap (US$m):	11,351.0
3-mth avg daily t'over (US$m):	64.6

Price Performance (%)

52-week high/low: Bt204/Bt141.5

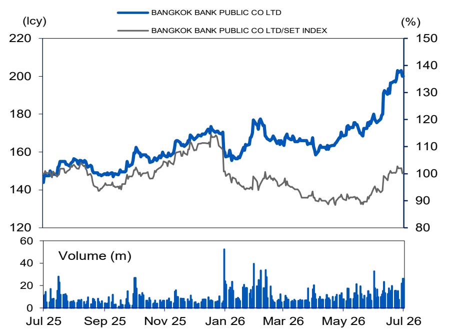
1mth	3mth	6mth	1yr	YTD
14.3	21.6	17.6	40.4	18.0

Major Shareholders	%
Thai NVDR	23.38
City Realty	4.70
The Social Security Office	4.00

Balance Sheet Metrics

FY26 NAV/Share (Bt)	309.5
FY26 Net Debt/Share (Bt)	18.2

Price Chart



Source: Bloomberg

Company Description

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

- **Credit costs declined qoq.** The bank set aside provision expenses of Bt8.4b in 2Q26, down 22% yoy and 6% qoq. This resulted in credit costs dropping 10bp qoq to 125bp in 2Q26. Meanwhile, the loan-loss coverage ratio declined from 318% in 1Q26 to 306% in 2Q26. BBL reported an increase in NPL ratio to 3.3% in 2Q26 from 3.1% in 1Q26. However, BBL said the increase in NPL has not triggered any concerns on asset quality, as it is largely due to existing clients who were unable to pay back on time. BBL said the NPL pattern usually rises during 2Q and 3Q and will decline to a lower level in 4Q. The NPL increase was attributable to the manufacturing and commercial industries. BBL will continue to monitor and follow up with these accounts to restore them to performing status, which is consistent with the bank's historical NPL management patterns. We expect credit costs to decline in 2H26 and end the whole year at 1%, which is its 2026 credit cost target.
- **Qoq decline in non-II mainly due to significant reduction in investment gain.** BBL reported a non-interest income (non-II) of Bt12.6b in 2Q26 (-1% yoy, -2% qoq). There was a gain on financial instruments measured at fair value through profit or loss (FVPL) of Bt3.4b in 2Q26 (1Q26: Bt2.2b, 4Q25: Bt3.0b). Meanwhile, investment gain was Bt312m in 2Q26, dropping significantly qoq (1Q26: Bt1.6b, 4Q25: Bt742m). BBL also reported a decent dividend income in 2Q26 of Bt1.46b (1Q26: Bt1.55b, 4Q25: Bt272m). BBL has guided for a minimal investment gain in the future; hence, we should see non-II soften in 2H26.
- **Qoq increase in opex.** BBL reported opex of Bt19.95b, down 1% yoy but up 9% qoq. According to BBL, the qoq increase in opex in 2Q26 was mainly attributable to accrued expenses and IT-related costs. BBL guided for opex to fluctuate for the rest of 2026, but cost-to-income ratio should come in at high-40s%, which is its full-year target for 2026.

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%). This implies 0.7x 2026F P/B.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

- Upgrade in dividend payout.

Environmental, Social, Governance (ESG)

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

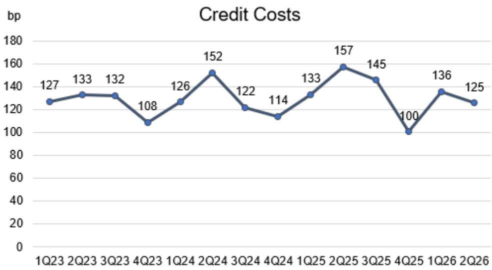
- Promotes conducting its business in accordance with the principles of good corporate governance, which form the foundation for sound performance results, a strong and stable financial position, and sustainable growth.

2026 Financial Targets

	1H26 Actual	2026 Target
Loan growth	2.7%	2-3%
NPL ratio	3.3%	~ 3%
NIM	2.46%	2.4-2.5%
Net fee income	2.0%	Low single digit
Cost to income	47.1%	High-40s%
Credit Costs	1.3%	1.0%

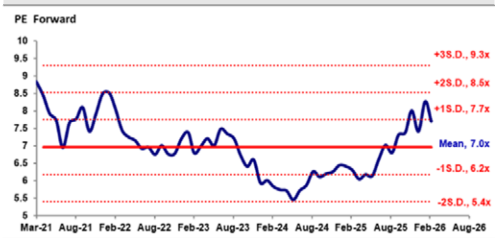
Source: BBL, UOB Kay Hian

Credit Cost (bp)



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)	2025	2026F	2027F	2028F
Interest income	191,082	171,468	181,879	189,285
Interest expense	(67,452)	(56,400)	(56,339)	(62,296)
Net interest income/(expense)	123,630	115,068	125,540	126,989
Fees & Commissions	27,192	24,536	25,597	27,113
Net Trading Income	25,728	15,806	14,193	14,557
Other Income	1,950	1,684	1,650	1,692
Non-Interest Income	54,870	42,025	41,440	43,362
Total Income	178,500	157,093	166,980	170,352
Staff Costs	(36,759)	(31,663)	(34,099)	(34,744)
Other Operating Expense	(49,605)	(43,245)	(46,309)	(47,418)
Pre-Provision Profit	92,136	82,185	86,572	88,190
Loan Loss Provision	(36,148)	(26,473)	(27,900)	(26,112)
Pre-tax profit	55,988	55,713	58,672	62,078
Tax	(9,622)	(10,885)	(11,734)	(12,416)
Minorities	(359)	(408)	(427)	(452)
Net profit	46,007	44,420	46,511	49,210
Net profit (adj.)	46,007	44,420	46,511	49,210

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	47,560	53,833	54,915	56,092
Govt Treasury Bills & Securities	1,108,129	1,030,548	1,070,187	1,116,645
Interbank Loans	771,194	765,014	782,384	806,527
Customer Loans	2,320,306	2,378,233	2,438,725	2,505,187
Investment Securities	104,951	106,842	109,166	111,578
Derivative Receivables	98,058	92,318	93,068	94,943
Associates & JVs	1,021	1,087	1,087	1,087
Properties & Other Fixed Assets	77,066	75,915	75,813	77,057
Goodwill & Intangible Assets	22,516	22,630	22,630	22,630
Other Assets	55,541	61,927	62,613	63,467
Total assets	4,606,342	4,588,346	4,710,587	4,855,212
Interbank Deposits	314,644	345,295	353,064	360,287
Customer Deposits	3,196,284	3,246,989	3,308,107	3,378,538
Bills Payable	6,805	8,585	8,585	8,585
Derivative Payables	65,868	67,962	69,149	70,563
Subordinated Debts	244,009	127,818	153,289	187,996
Other Liabilities	203,048	197,982	199,516	202,455
Total liabilities	4,030,659	3,994,631	4,091,710	4,208,424
Shareholders' funds	573,923	591,873	617,002	644,831
Minority interest	1,761	1,842	1,875	1,957
Total Equity & Liabilities	4,606,342	4,588,346	4,710,587	4,855,212

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	18	18	19	19
Total CAR	22	23	23	23
Total Assets/Equity	8	8	8	8
Tangible Assets/Tangible Common Equity	8	8	8	8
Asset Quality				
NPL Ratio	3	3	3	3
Loan Loss Coverage	324	319	315	314
Loan Loss Reserve/Gross Loans	12	12	11	11
Increase in NPLs	10	4	(1)	(2)
Credit Cost (bp)	135	100	103	94
Liquidity				
Loan/Deposit Ratio	73	73	74	74
Liquid Assets/Short-Term Liabilities	55	51	52	53
Liquid Assets/Total Assets	42	40	40	41

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	(8)	(7)	9	1
Fees & Commissions, yoy Chg	(2)	(10)	4	6
Pre-Provision Profit, yoy Chg	1	(11)	5	2
Net Profit, yoy Chg	2	(3)	5	6
Customer Loans, yoy Chg	(4)	2	3	3
Profitability				
Net Interest Margin	3	3	3	3
Cost/Income Ratio	48	48	48	48
Adjusted ROA	1	1	1	1
Reported ROE	8	8	8	8
Adjusted ROE	8	8	8	8
Valuation				
P/BV	1	1	1	1
P/NTA	1	1	1	1
Adjusted P/E	7	8	7	7
Dividend Yield	6	6	6	7