

21 JULY 2021

THAILAND / BANKS

BANGKOK BANK BBL TB

BUY

UNCHANGED

TARGET PRICE	THB146.00
CLOSE	THB103.50
UP/DOWNSIDE	+41.1%
PRIOR TP	THB170.00
CHANGE IN TP	-14.1%
TP vs CONSENSUS	-2.5%

ปลอดภัยและแข็งแกร่งดี

ผลประกอบการ 2Q21 ตามคาด ฐานะทางการเงินดี

BBL รายงานกำไรสุทธิ 2Q21 ตามคาดโดยอยู่ที่ 6,357 ลบ. (+105% y-y, -8% q-q) แม้ว่าธนาคารฯ จะบันทึกกำไรจากเครื่องมือทางการเงินเป็นจำนวนมาก เราเชื่อว่าธนาคารฯ จะใช้มาตรการบริหารความเสี่ยงอย่างรอบคอบโดยจะใช้กำไรดังกล่าวเพื่อจัดสรรเป็นสำรองผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ในระดับสูง ใน 2Q21 หนี้ด้อยคุณภาพ (NPL) เพิ่มขึ้นเล็กน้อยโดยอยู่ที่ 2% q-q จาก re-entry NPL ของสินเชื่อ SMEs และบริษัทบางส่วน ทำให้สัดส่วนสำรองหนี้ด้อยคุณภาพเพิ่มขึ้นเป็น 190% ในด้านธุรกิจหลัก มีทั้งส่วนที่ดีและไม่ดี ปริมาณสินเชื่อเพิ่มในระดับปานกลางโดยอยู่ที่ 2% q-q ในขณะที่รายได้ค่าธรรมเนียมลดลงจากกิจกรรมทางธุรกิจชะลอตัว

เป็นธนาคารที่ปลอดภัยในสถานการณ์ความไม่แน่นอน

เมื่อตลาดมีความไม่แน่นอน เราเชื่อว่าอย่างน้อยในระยะสั้นนักลงทุนจะมองหาหุ้นที่ปลอดภัยมากกว่าหุ้นที่มีศักยภาพในการเติบโตสูง BBL อาจเป็นหนึ่งในทางเลือกที่ดี โดยปกติธนาคารฯ จะจัดสรรสำรองด้วยความระมัดระวัง การจัดสรรดังกล่าวทำให้ธนาคารฯ อาจมีสำรองสูงที่สุดเป็นอันดับสองเพื่อรองรับการเสื่อมสภาพของคุณภาพสินทรัพย์โดยมีสัดส่วนสำรองหนี้ด้อยคุณภาพอยู่ที่ 190% นอกจากนี้จากพอร์ตที่มีสินเชื่อบริษัทเป็นจำนวนมาก ทำให้ NPL ควรเพิ่มในระดับต่ำ

กังวลเกี่ยวกับผลประกอบการของ Permata มากเกินไป

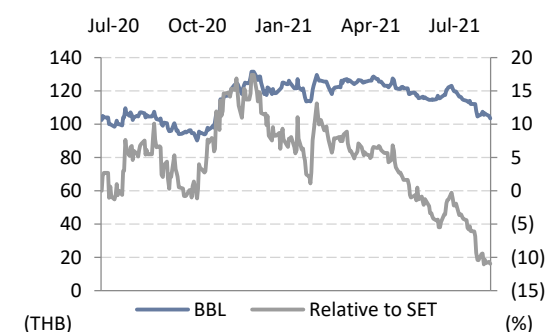
ราคาหุ้นของ BBL ปรับตัวเคลื่อนไหวได้แคบที่สุดในกลุ่มฯ โดย -13% YTD เทียบกับ SETBANK ที่ -7% YTD เรามองว่าตลาดมีความกังวลเกี่ยวกับผลประกอบการของ PT Bank Permata Tbk (BNLI IJ) จากปัญหาการแพร่ระบาด Covid ที่รุนแรงในอินโดนีเซียมากจนเกินไป อย่างไรก็ตามหลังควบรวมเข้ากับ BBL ใน 2Q20 ผลประกอบการของ BNLI ส่วนมากได้ปรับตัวดีขึ้น ณ สิ้นไตรมาส 1Q21 BNLI รายงานสัดส่วนสำรองหนี้ด้อยคุณภาพ สัดส่วนหนี้ด้อยคุณภาพ และอัตราส่วนเงินกองทุนต่อสินทรัพย์เสี่ยงอยู่ที่ 246%, 2.9% และ 35.2% เทียบกับ 152%, 3.2% และ 19.6% ใน 1Q20 ตามลำดับ นอกจากนี้ส่วนแบ่งกำไรสุทธิจาก BNLI ในปัจจุบันยังคิดเป็นเพียง 10% ของกำไรสุทธิของ BBL ทำให้เราเชื่อว่าความเสี่ยงจาก BNLI น่าจะอยู่ในระดับต่ำ

คงคำแนะนำซื้อ ฐานะทางการเงินดีพร้อมการประเมินมูลค่าที่อยู่ในระดับต่ำ

เราปรับลดประมาณการกำไรสุทธิในปี 2021-23 ลง 4.2%/4.6%/6.3% ตามลำดับ เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 146 บาท (GGM) เนื่องจากเราคิดว่า BBL มีระดับการประเมินมูลค่าที่น่าสนใจมาก โดยหุ้นมีการซื้อขายที่ 0.4x ของค่า 2022E P/BV (-1.5 STD ต่ำกว่าค่าเฉลี่ย 3 ปีย้อนหลัง) นอกจากนี้ BBL ยังเป็นหนึ่งในธนาคารที่มีฐานะทางการเงินดีที่สุดในกลุ่มฯ ในขณะที่กระแสการเติบโตที่ดีน่าจะกลับมาอีกครั้งใน 4Q21 หลังการกลับมาเปิดกิจกรรมทางธุรกิจ

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	25,573	30,278	34,275	36,479
Net profit	17,181	24,245	27,445	29,030
EPS (THB)	9.00	12.70	14.38	15.21
vs Consensus (%)	-	(5.8)	(5.8)	(16.6)
Core net profit	21,181	24,245	27,445	29,030
Core EPS (THB)	11.10	12.70	14.38	15.21
Chg. In EPS est. (%)	-	(4.2)	(4.6)	(6.3)
EPS growth (%)	(40.9)	14.5	13.2	5.8
Core P/E (x)	9.3	8.1	7.2	6.8
Dividend yield (%)	2.4	3.9	4.8	6.8
Price/book (x)	0.4	0.4	0.4	0.4
ROE (%)	4.8	5.4	5.9	6.0
ROA (%)	0.6	0.6	0.7	0.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.4)	(18.8)	(2.8)
Relative to country (%)	(9.2)	(16.7)	(14.2)
Mkt cap (USD m)	6,021		
3m avg. daily turnover (USD m)	34.5		
Free float (%)	76		
Major shareholder	Thai NVDR (24%)		
12m high/low (THB)	134.50/90.00		
Issued shares (m)	1,909		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 21 กรกฎาคม 2021

Investment thesis

We maintain our BUY call on BBL due to it having one of the most defensive balance sheets and one of the least demanding valuations among our coverage, currently trading at 0.4x 2022E P/BV.

BBL's loan growth is largely driven by private sector investments, as corporate loans accounted for 41% and SMEs accounted for 23% of the total as of end-2020. Also, its large share of international loans (23% of total) should provide opportunities for the bank to benefit from increased trade/investments in ASEAN Economics Community (AEC) markets.

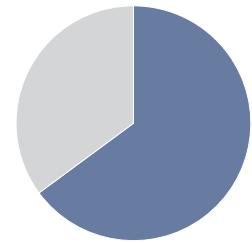
Company profile

Bangkok Bank is a leading bank in Thailand and a major regional bank in Southeast Asia. It is a market leader in corporate and business banking, with a large retail customer base.

www.bangkokbank.com

Principal activities (revenue, 2020)

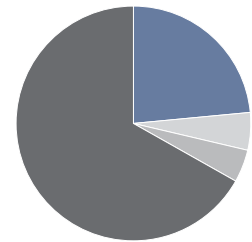
- Net interest income - 64.9 %
- Non-interest income - 35.1 %



Source: Bangkok Bank

Major shareholders

- Thai NVDR - 23.5 %
- South East Asia UK (Type C) Nominees Limited - 5.2 %
- Social Security Office - 4.5 %
- Others - 66.8 %



Source: Bangkok Bank

Catalysts

Potential share price catalysts for BBL include:

- Lower credit cost from better-than-expected new NPLs;
- The return of foreign fund flows into the Thai stock market.

Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.

Event calendar

Date	Event
20-21 Oct 2021	3Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Net profit (THB m)	24,245	27,445	29,030
Net profit growth	41.1	13.2	5.8
NIM	2.07	1.95	1.97
Loan growth	4.5	3.0	3.0
Fee growth	7.5	2.1	5.0
Non-NII growth*	9.3	(3.9)	5.6
Credit cost (bp)	120	90	90
Cost to income*	52.1	53.2	52.7

*Including share of profits from associates

Source: FSSIA estimates

Earnings sensitivity

		----- 2021E -----		
Loan growth	±2ppt	2.50	4.50	6.50
% change in net profit		(1.6)	0.0	1.6
NIM (%)	±5bp	2.02	2.07	2.12
% change in net profit		(5.0)	0.0	5.0
Credit cost (bp)	±10bp	110	120	130
% change in net profit		3.9	0.0	(3.9)

Source: FSSIA estimates

In-line 2Q21 results and strong balance sheet

BBL reported an in-line 2Q21 net profit of THB6,357m (+105% y-y, -8% q-q). Although BBL booked substantial gains on financial instruments, we believe it implemented prudent risk management measures by utilising these gains to set aside a huge ECL. Its NPLs slightly rose by 2% q-q in 2Q21 thanks to the relapse of some SMEs and corporates. Thus, its reported coverage ratio increased to 190%. Regarding its core businesses, there was mixed performance. Its loan volume increased moderately by 2% q-q, while its fee income fell due to the slow business activities.

2Q21 key highlights

- The total loan volume increased moderately by 2.2% q-q from a rise in both corporate and international segment loans;
- The NIM decreased to 2.02% from 2.08% in 1Q21 due mainly to a drop in interbank yields from excess liquidity;
- Net gains on financial instruments designated at fair value through profit or loss (FVTPL) increased significantly to THB6b in 2Q21 from THB2b in 1Q21 thanks to a favourable market;
- ECL surged to THB9.8b in 2Q21 from THB6.3b in 1Q21 due to an extra provisioning setup from gains on FVPTL and the uncertainty from Covid.

Exhibit 1: BBL – summary of 1Q21/1H21 results

Year-end Dec 31	2Q20	1Q21	2Q21		1H21		2021E		2Q21 Comments		
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)	%21E	(THB m)	(y-y%)	
Net interest income	18,110	19,707	20,027	11	2	39,734	5	51	78,373	2	
Non-interest income*	14,175	11,166	13,796	(3)	24	24,962	20	55	45,547	9	Strong gain from investments
Operating income*	32,285	30,873	33,823	5	10	64,696	10	52	123,920	4	
Operating expenses	15,026	15,761	16,289	8	3	32,050	21	50	64,600	4	
PPOP before tax*	17,259	15,112	17,534	2	16	32,646	1	55	59,321	5	
Provision	13,238	6,327	9,810	(26)	55	16,137	(12)	56	29,058	(7)	
Income tax	834	1,747	1,263	51	(28)	3,010	0	54	5,599	39	
Minority interest	92	116	104	13	(11)	220		52	419		
Normalised profit	3,095	6,923	6,357	105	(8)	13,280	23	55	24,245	14	
Extraordinary items	0	0	0			0			0		
Net profit	3,095	6,923	6,357	105	(8)	13,280	23	55	24,245	41	In line with BBG's expectation
EPS (THB)	1.62	3.63	3.33	105	(8)	6.96	23	55	12.70	41	
Asset quality ratio											
Gross NPLs	108,604	108,470	111,035	2	2				128,221	22.8	
NPL ratios (%)	4.05	3.70	3.70						4.56		
LLR/NPLs (%)**	170	187	190						162		
Credit cost (bp)	237	107	164						120		
Profitability ratio	(%)	(%)	(%)						(%)		
Cost to income ratio	46.5	51.1	48.2						52.1		
Average yield (%)	3.11	2.90	2.82						2.9		
Cost of fund (%)	1.23	0.97	0.94						1.0		
Net interest margin (NIM)	2.07	2.08	2.02						2.1		
Non-int inc / total income	43.9	36.2	40.8						36.8		
Liquidity ratio	(%)	(%)	(%)						(%)		
Loan to deposit ratio	82.5	81.6	79.4						83.4		
Loan growth	(%)	(%)	(%)						(%)		
Year-to-date	14.2	0.0	2.2								
y-y	16.7	12.0	2.8						4.5		
q-q	11.2	0.0	2.2								Increased from corporate and international segments

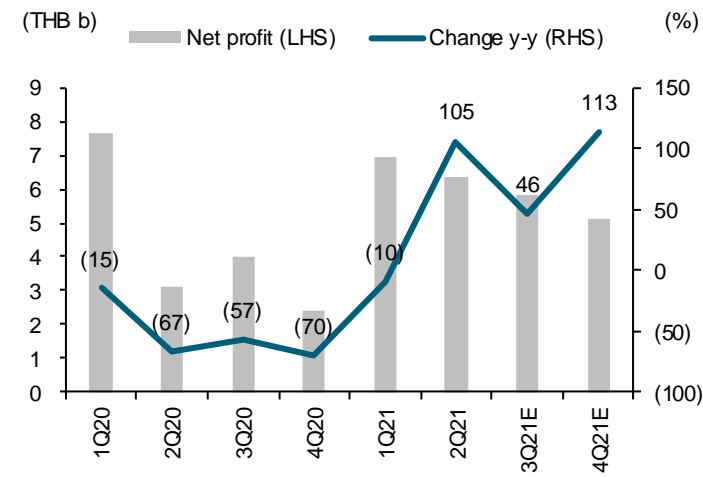
*Including share of profits, ** Reported coverage ratio - including interbank and money market lending

Sources: BBL; FSSIA estimates

Stronger earnings momentum could resume in 4Q21

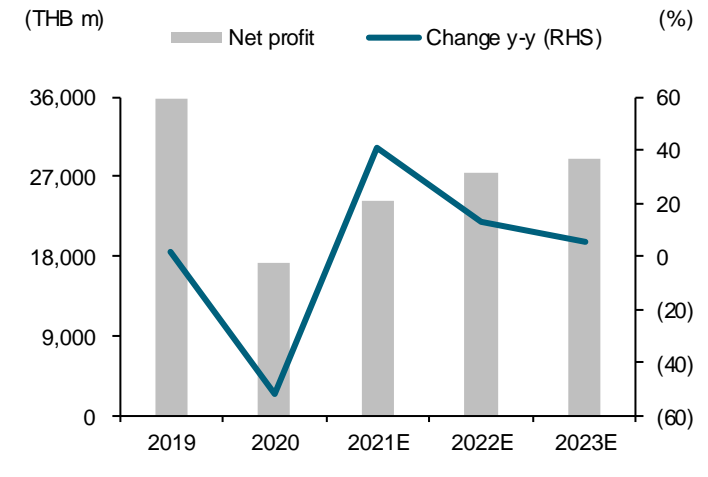
We expect stronger earnings growth momentum to resume in 4Q21 when the Covid outbreak potentially abates, as we believe BBL will slow down its provisioning setup, along with a recovery in fee income. However, in 3Q21, we think the bank – as usual – will continue to set aside elevated provisions. Moreover, the closure of its bank branches in shopping malls in 13 red zone provinces could lead to softer fee income. Hence, we believe its earnings momentum in 3Q21 would likely be slower than in 2Q21.

Exhibit 2: BBL's quarterly earnings momentum



Source: FSSIA estimates

Exhibit 3: BBL's yearly earnings momentum

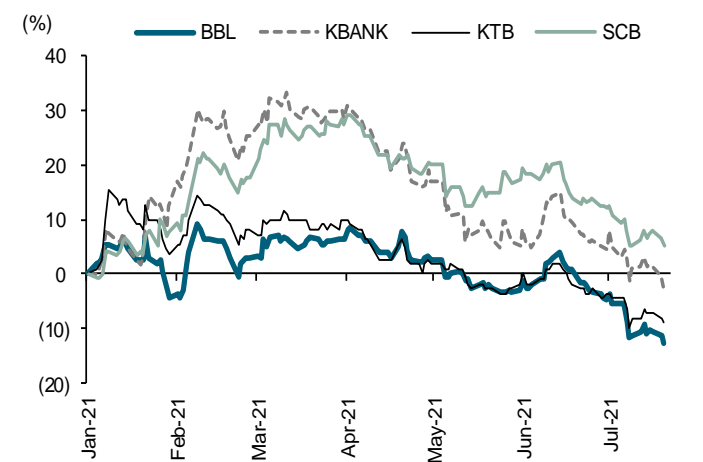


Source: FSSIA estimates

Overly concerned about the performance of Permata

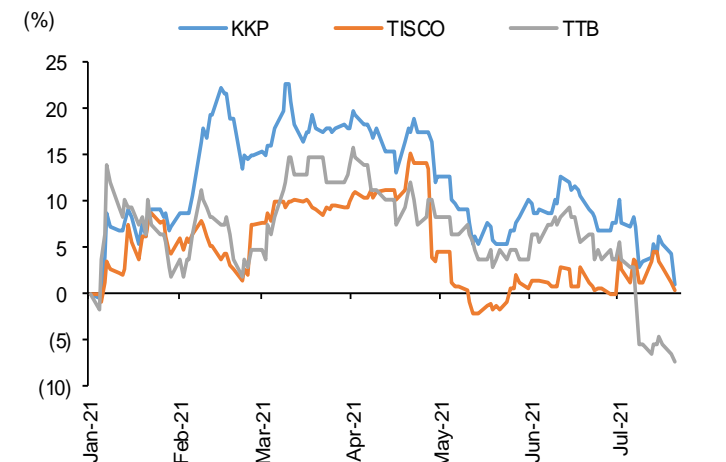
BBL's share price has performed the worst among its peers: -13% YTD vs -7% YTD SETBANK. We think the market is overly concerned about the performance of Bank Permata (BNLI) due to the severe Covid outbreak in Indonesia. However, after consolidating with BBL in 2Q20, BNLI's performance has mostly improved. As of 1Q21, BNLI's coverage ratio, NPL ratio and CAR were at 246%, 2.9% and 35.2% vs 152%, 3.2% and 19.6% in 1Q20, respectively. Moreover, the net profit contribution from BNLI currently amounts to 10% of BBL's net profit. Thus, we believe the downside from BNLI is likely small.

Exhibit 4: Big banks' YTD price performance



Sources: Bloomberg; FSSIA's compilation

Exhibit 5: Auto lenders' YTD price performance



Sources: Bloomberg; FSSIA's compilation

Net profit and TP revisions

We revise down our net profit forecasts for 2021-23 by 4.2%/4.6%/6.3%. We increase our 2021-23 credit cost assumptions to 120/90/90 bps vs our previous assumptions of 95/80/80, to reflect the prolonged and severe Covid pandemic. We also lower our NIM forecasts to 2.07%/1.95%/1.97% from 2.10%/2.09%/2.13% in 2021-23, as we think BBL would provide some further assistance, e.g. debt restructuring, to its clients. However, a significant increase in ECL should be minimised by a higher-than-expected gain from investments, especially in 2021.

Exhibit 6: Key changes in assumptions

	-----2021E-----				-----2022E-----			-----2023E-----		
	2020	Old	New	Change	Old	New	Change	Old	New	Change
	(THB m)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
Net interest income	77,047	77,223	78,373	1.5	78,471	77,745	(0.9)	81,728	80,175	(1.9)
Non-interest income*	41,682	39,005	45,547	16.8	41,020	43,792	6.8	43,178	46,246	7.1
Operating income*	118,729	116,228	123,920	6.6	119,491	121,537	1.7	124,905	126,421	1.2
Operating expenses	61,974	61,291	64,600	5.4	63,189	64,672	2.3	65,174	66,676	2.3
PPOP before tax*	56,755	54,937	59,321	8.0	56,301	56,865	1.0	59,732	59,745	0.0
Expected credit loss (Reversal)	31,196	22,836	29,058	27.2	19,807	22,607	14.1	20,401	23,286	14.1
Tax expenses	4,014	6,420	5,599	(12.8)	7,299	6,338	(13.2)	7,866	6,927	(11.9)
Minority interest	364	385	419	8.8	438	475	8.4	472	502	6.4
Normalised profit	21,181	25,296	24,245	(4.2)	28,758	27,445	(4.6)	30,992	29,030	(6.3)
Extraordinary items	(4,000)	0	0		0	0		0	0	
Net profit	17,181	25,296	24,245	(4.2)	28,758	27,445	(4.6)	30,992	29,030	(6.3)
EPS (THB)	9.0	13.3	12.7	(4.2)	15.1	14.4	(4.6)	16.2	15.2	(6.3)
Key statistics and ratios										
Asset quality ratio										
Gross NPLs (THB m)	104,405	128,221	128,221	0.0	125,657	125,657	0.0	121,887	121,887	
Gross NPLs / Loans (%)	3.9	4.6	4.6		4.4	4.3		4.1	4.1	
Loan loss reserve/NPLs (%)	177.7	156.8	161.6		163.8	170.7		168.6	177.9	
Credit cost (bps)	141	95	120		80	90		80	90	
Profitability ratio (%)										
Cost to income ratio*	52.2	52.7	52.1		52.9	53.2		52.2	52.7	
Average yield	3.30	3.01	2.90		3.16	2.95		3.22	2.96	
Cost of funds	1.22	1.05	0.97		1.24	1.16		1.28	1.17	
Net interest margin (NIM)	2.26	2.10	2.07		2.09	1.95		2.13	1.97	
Loan growth (%)										
y-y	14.9	3.0	4.5		3.0	3.0		3.0	3.0	

*Including share of profits from associates

Sources: BBL; FSSIA estimates

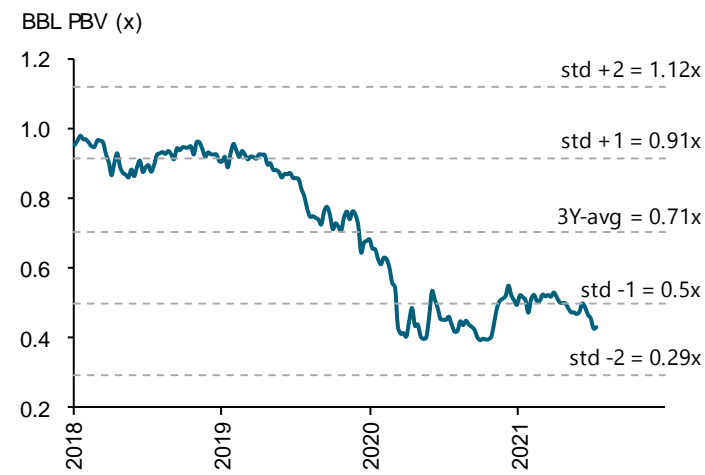
We revise down our 2022 GGM-based TP to THB146 from THB170, as we 1) cut our EPS forecast, leading to a lower book value; and 2) revise down our target 2022 P/BV to 0.6x from 0.7x as a result of our lower average long-term ROE target of 5.8% from 6.2%; our lower long-term growth to 2.7% from 2.9%; and increase our cost of equity assumption to reflect the weaker prospects of an economic recovery.

Exhibit 7: GGM-derived target price

Target price (THB)	THB 146 (from THB 170)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Cost to equity (%)	8.1 (from 7.8)
Terminal growth (%)	2.7 (from 2.9)
ROE target (%)	5.8 (from 6.2)
Risks to TP	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.

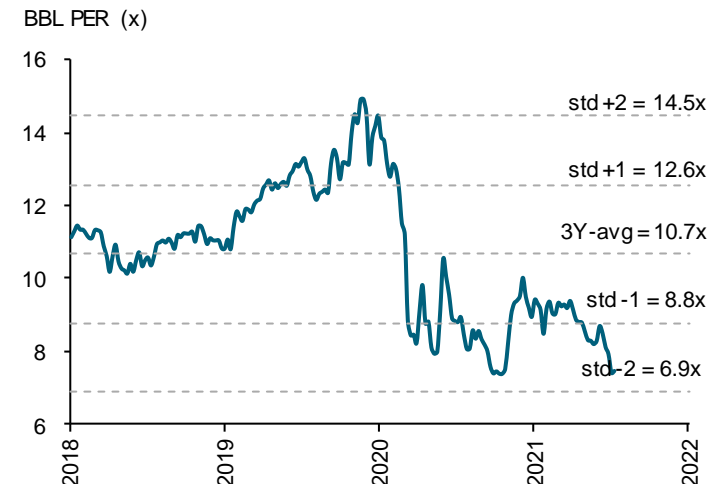
Source: FSSIA estimates

Exhibit 8: BBL – rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: BBL – rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Peers comparison as of 20 Jul 2021

	BBG code	Rec	---Share price---		Up side (%)	Market Cap (USDm)	EPS growth		--- P/E ---		- DivYld -		--- ROE ---		-- PBV ---	
			Current (THB)	Target (THB)			21E (%)	22E (%)	21E (x)	22E (x)	21E (%)	22E (%)	21E (%)	22E (%)	21E (x)	22E (x)
Banks						34,167	15.6	13.2	8.4	7.4	4.0	4.9	6.8	7.3	0.6	0.5
Bangkok Bank	BBL	BUY	103.50	146.00	41	6,021	14.5	13.2	8.1	7.2	3.9	4.8	5.4	5.9	0.4	0.4
Kasikornbank	KBANK	BUY	109.00	190.00	74	7,871	17.6	6.4	7.4	7.0	2.9	3.4	7.7	7.7	0.6	0.5
Kiatnakin Bank	KKP	BUY	52.25	65.00	24	1,348	11.2	12.6	7.8	6.9	4.8	6.7	11.9	12.5	0.9	0.8
Krung Thai Bank	KTB	HOLD	10.10	12.70	26	4,302	15.0	14.1	7.4	6.4	4.8	5.4	5.5	5.9	0.4	0.4
Siam Commercial Bank	SCB	BUY	92.00	140.00	52	9,521	18.1	14.9	9.7	8.5	3.5	4.3	7.6	8.3	0.7	0.7
Tisco Financial	TISCO	BUY	88.75	122.00	37	2,166	9.1	13.7	10.7	9.5	7.4	8.7	16.4	17.8	1.7	1.6
TMBThanachart Bank	TTB	BUY	1.00	1.80	80	2,938	12.7	28.1	8.5	6.6	4.7	6.1	5.5	6.7	0.5	0.4

Sources: Company Data; FSSIA estimates

Financial Statements

Bangkok Bank

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Interest Income	112,565	112,524	110,104	117,458	120,699
Interest expense	(41,494)	(35,477)	(31,731)	(39,713)	(40,524)
Net interest income	71,071	77,047	78,373	77,745	80,175
Net fees & commission	28,505	24,711	26,569	27,122	28,479
Foreign exchange trading income	7,848	0	0	0	0
Securities trading income	19,765	13,570	15,339	12,774	13,595
Dividend income	3,769	2,039	2,141	2,248	2,361
Other income	2,696	1,376	1,513	1,665	1,831
Non interest income	62,582	41,696	45,563	43,809	46,265
Total income	133,653	118,743	123,936	121,554	126,440
Staff costs	(26,726)	(30,959)	(33,746)	(33,746)	(35,433)
Other operating costs	(28,237)	(31,015)	(30,854)	(30,927)	(31,243)
Operating costs	(54,963)	(61,974)	(64,600)	(64,672)	(66,676)
Pre provision operating profit	78,690	56,769	59,337	56,882	59,765
Provision for bad and doubtful debt	(32,351)	(31,196)	(29,058)	(22,607)	(23,286)
Other provisions	-	-	-	-	-
Operating profit	46,339	25,573	30,278	34,275	36,479
Recurring non operating income	93	(14)	(16)	(18)	(19)
Associates	93	(14)	(16)	(18)	(19)
Goodwill amortization	-	-	-	-	-
Non recurring items	0	(4,000)	0	0	0
Profit before tax	46,431	21,559	30,262	34,257	36,460
Tax	(10,219)	(4,014)	(5,599)	(6,338)	(6,927)
Profit after tax	36,212	17,545	24,664	27,920	29,532
Minority interests	(397)	(364)	(419)	(475)	(502)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	35,816	17,181	24,245	27,445	29,030
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	35,816	21,181	24,245	27,445	29,030
Per share (THB)					
Recurring EPS *	18.76	11.10	12.70	14.38	15.21
Reported EPS	18.76	9.00	12.70	14.38	15.21
DPS	7.00	2.50	4.00	5.00	7.00
Growth					
Net interest income (%)	(0.4)	8.4	1.7	(0.8)	3.1
Non interest income (%)	25.3	(33.4)	9.3	(3.8)	5.6
Pre provision operating profit (%)	18.9	(27.9)	4.5	(4.1)	5.1
Operating profit (%)	4.9	(44.8)	18.4	13.2	6.4
Reported net profit (%)	1.4	(52.0)	41.1	13.2	5.8
Recurring EPS (%)	1.4	(40.9)	14.5	13.2	5.8
Reported EPS (%)	1.4	(52.0)	41.1	13.2	5.8
Income Breakdown					
Net interest income (%)	53.2	64.9	63.2	64.0	63.4
Net fees & commission (%)	21.3	20.8	21.4	22.3	22.5
Foreign exchange trading income (%)	5.9	-	-	-	-
Securities trading income (%)	14.8	11.4	12.4	10.5	10.8
Dividend income (%)	2.8	1.7	1.7	1.8	1.9
Other income (%)	2.0	1.2	1.2	1.4	1.4
Operating performance					
Gross interest yield (%)	3.59	3.30	2.90	2.95	2.96
Cost of funds (%)	1.58	1.22	0.97	1.16	1.17
Net interest spread (%)	2.01	2.08	1.93	1.79	1.79
Net interest margin (%)	2.3	2.3	2.1	1.9	2.0
Cost/income(%)	41.1	52.2	52.1	53.2	52.7
Cost/assets(%)	1.7	1.8	1.7	1.6	1.6
Effective tax rate (%)	22.0	18.6	18.5	18.5	19.0
Dividend payout on recurring profit (%)	37.3	22.5	31.5	34.8	46.0
ROE (%)	8.5	4.8	5.4	5.9	6.0
ROE - COE (%)	(0.8)	(4.5)	(3.9)	(3.4)	(3.4)
ROA (%)	1.1	0.6	0.6	0.7	0.7
RORWA (%)	1.5	0.8	0.9	1.0	1.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Bangkok Bank; FSSIA estimates

Financial Statements

Bangkok Bank

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Gross customer loans	2,061,309	2,368,238	2,474,809	2,549,053	2,625,525
Total provisions	(174,276)	(185,567)	(207,201)	(214,514)	(216,795)
interest in suspense	4,013	6,431	7,424	7,137	7,351
Net customer loans	1,891,046	2,189,102	2,275,032	2,341,676	2,416,081
Bank loans	472,349	519,036	648,880	650,723	631,955
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	649,434	759,394	814,712	837,085	860,119
Cash & equivalents	58,090	73,886	82,516	67,452	65,157
Other interesting assets	-	-	-	-	-
Tangible fixed assets	50,117	74,804	74,963	75,282	75,746
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	95,706	148,802	157,790	160,873	163,985
Total assets	3,216,743	3,765,023	4,053,894	4,133,092	4,213,042
Customer deposits	2,370,792	2,810,863	2,965,819	3,077,187	3,123,345
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	284,550	362,583	452,268	392,959	399,680
Non interest bearing liabilities	133,284	199,267	179,340	184,720	190,262
Hybrid Capital	-	-	-	-	-
Total liabilities	2,788,627	3,372,713	3,597,427	3,654,866	3,713,287
Share capital	19,088	19,088	19,088	19,088	19,088
Reserves	408,663	429,925	436,128	457,827	479,298
Total equity	427,751	449,014	455,217	476,916	498,386
Minority interests	365	1,233	1,250	1,310	1,369
Total liabilities & equity	3,216,743	3,822,960	4,053,894	4,133,092	4,213,042
Supplementary items					
Risk weighted assets (RWA)	2,393,700	2,743,525	2,866,983	2,952,993	3,041,582
Average interest earning assets	3,137,674	3,414,880	3,792,534	3,987,631	4,077,230
Average interest bearing liabilities	2,621,123	2,914,394	3,284,517	3,421,054	3,472,370
Tier 1 capital	406,529	431,380	443,502	461,711	480,404
Total capital	478,740	502,065	514,187	532,396	551,089
Gross non performing loans (NPL)	79,149	104,405	128,221	125,657	121,887
Per share (THB)					
Book value per share	224.09	235.21	238.46	249.83	261.08
Tangible book value per share	224.09	235.21	238.46	249.83	261.08
Growth					
Gross customer loans	(1.0)	14.9	4.5	3.0	3.0
Average interest earning assets	2.4	8.8	11.1	5.1	2.2
Total asset (%)	3.2	17.0	7.7	2.0	1.9
Risk weighted assets (%)	1.0	14.6	4.5	3.0	3.0
Customer deposits (%)	1.9	18.6	5.5	3.8	1.5
Leverage & capital measures					
Customer loan/deposits (%)	79.8	77.9	76.7	76.1	77.4
Equity/assets (%)	13.3	11.9	11.2	11.5	11.8
Tangible equity/assets (%)	13.3	11.9	11.2	11.5	11.8
RWA/assets (%)	74.4	72.9	70.7	71.4	72.2
Tier 1 CAR (%)	17.0	15.7	15.5	15.6	15.8
Total CAR (%)	20.0	18.3	17.9	18.0	18.1
Asset Quality					
Change in NPL (%)	(1.2)	31.9	22.8	(2.0)	(3.0)
NPL/gross loans (%)	3.8	4.4	5.2	4.9	4.6
Total provisions/gross loans (%)	8.5	7.8	8.4	8.2	8.3
Total provisions/NPL (%)	220.2	177.7	161.6	170.7	177.9
Valuation					
Recurring P/E (x) *	5.5	9.3	8.1	7.2	6.8
Recurring P/E @ target price (x) *	7.8	13.2	11.5	10.2	9.6
Reported P/E (x)	5.5	11.5	8.1	7.2	6.8
Dividend yield (%)	6.8	2.4	3.9	4.8	6.8
Price/book (x)	0.5	0.4	0.4	0.4	0.4
Price/tangible book (x)	0.5	0.4	0.4	0.4	0.4
Price/tangible book @ target price (x)	0.7	0.6	0.6	0.6	0.6

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Bangkok Bank; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

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* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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Yuvanart Suwanumchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 103.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
Kasikornbank	KBANK TB	THB 109.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
Krung Thai Bank	KTB TB	THB 10.10	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs. The upside risk is the better-than-expected ability to control cost of funds.
Siam Commercial Bank	SCB TB	THB 92.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM
Kiatnakin Bank	KKP TB	THB 52.25	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Tisco Financial	TISCO TB	THB 88.75	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave of the COVID-19 pandemic affecting loan growth and asset quality; 2) the impact of new regulations from the Bank of Thailand on debt-servicing programs; and 3) the slow expansion of its high-yield auto cash portfolio.
TMBThanachart Bank	TTB TB	THB 1.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and a second wave of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 20-Jul-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.