

BANGKOK BANK
THAILAND / BANKING

BBL TB

BUY

ธุรกิจในประเทศ-อีกแรงผลการเติบโต

- เรามีมุมมองเชิงบวกต่อธุรกิจธนาคารทั้งในและต่างประเทศ
- การปรับลดอัตราดอกเบี้ยสะสมทรัพย์มากถึง 25bp จะช่วยผลักดันส่วนต่างดอกเบี้ย (NIM) ขึ้นในช่วง 2H23
- เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมายปี 2023 ที่ 197 บาท (GGM) BBL เป็นหนึ่งในหุ้นเด่นของเรา

TARGET PRICE	THB197.00
CLOSE	THB158.00
UP/DOWNSIDE	+24.7%
TP vs CONSENSUS	+6.6%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	37,229	47,982	51,895	54,599
Net profit	29,306	37,924	41,031	43,170
EPS (THB)	15.35	19.87	21.50	22.62
vs Consensus (%)	-	(0.4)	(5.0)	(6.4)
Recurring net profit	29,306	37,924	41,031	43,170
Core EPS (THB)	15.35	19.87	21.50	22.62
EPS growth (%)	10.6	29.4	8.2	5.2
Core P/E (x)	10.3	8.0	7.4	7.0
Dividend yield (%)	2.8	3.7	4.0	4.2
Price/book (x)	0.6	0.6	0.5	0.5
ROE (%)	5.9	7.2	7.3	7.3
ROA (%)	0.7	0.8	0.9	0.9

ธุรกิจธนาคารระหว่างประเทศโตดี

นอกจากปัจจัยบวกในช่วงการขึ้นอัตราดอกเบี้ยซึ่ง BBL เป็นผู้ได้รับประโยชน์สูงสุดในกลุ่มฯ แล้ว ธุรกิจธนาคารระหว่างประเทศ (ซึ่งมุ่งเน้นไปยัง 9 ประเทศในกลุ่มอาเซียนและตลาดอื่น ๆ ในเอเชีย) น่าจะเป็นอีกปัจจัยหนุนสำคัญที่ทำให้ธุรกิจโตได้อย่างต่อเนื่องในช่วง 3-5 ปีข้างหน้า โดยจะโตขนานไปกับการเติบโตของธุรกิจธนาคารในประเทศ กำไรก่อนภาษี (EBT) และการเติบโตของสินทรัพย์รวมในช่วง 3, 5, และ 10 ปีที่ผ่านมาล้วนแสดงถึงอัตราการเติบโตที่สูงกว่าอัตราการเติบโตของธุรกิจธนาคารในประเทศโดยได้ปัจจัยหนุนจาก 1) การเติบโตที่ดีของเศรษฐกิจอาเซียน; และ 2) ความต้องการสินเชื่อจากกลุ่มลูกค้าบริษัท (อันมี 3 กลุ่มหลักประกอบด้วย: บริษัทที่เกี่ยวข้องกับประเทศไทย บริษัทในประเทศและบริษัทระดับภูมิภาค) เพื่อขยายธุรกิจในประเทศ

การขยายส่วนต่างดอกเบี้ย (NIM) อาจช่วยชดเชยรายการที่มีความเสี่ยงใน 2Q23

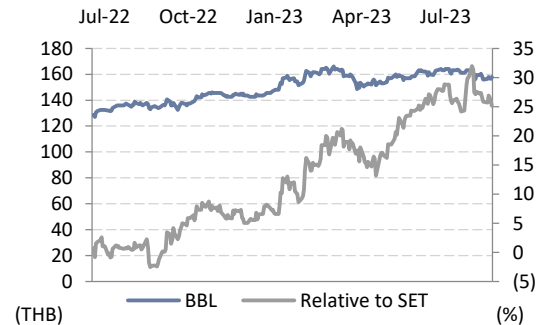
ใน 2Q23 ธุรกิจที่มีการดำเนินงานมีผลประกอบการคล้ายกับในไตรมาสก่อนหน้าในแง่ของสินเชื่อ (ลดลงอย่างต่อเนื่องจากการจ่ายคืนหนี้ที่เป็นสินเชื่อระยะสั้นเพื่อเป็นเงินทุนหมุนเวียน), เงินฝาก (สอดคล้องกับสินเชื่อ), และรายได้ค่าธรรมเนียม (ฤดูกาลที่ซบเซา) โดยเราคาดว่า NIM จะทรงตัวในระดับสูงที่ 2.73% (สูงกว่าเป้าปี 2023 ของธนาคารฯ ที่ 2.50%) อย่างไรก็ตาม รายได้ที่ไม่ใช่ดอกเบี้ยอื่นเป็นรายการที่มีความเสี่ยงสูงสุดโดยจะยังผันผวนอย่างต่อเนื่อง สอดคล้องกับสภาวะตลาดทุน (20% ของการลงทุนรวมที่ถูกบันทึกในรายการกำไรขาดทุนเบ็ดเสร็จอื่น (OCI) และการตีมูลค่าด้วยวิธีผ่านกำไรขาดทุน (FVTPL) และตลาดอัตราแลกเปลี่ยนในระหว่างไตรมาส กล่าวโดยสรุปเราคาดว่ากำไรสุทธิ 2Q23 ที่ 9.99 พัน ลบ. ลดลง 1.4% q-q แต่กระโดดขึ้น 43.5% y-y พร้อมความกังวลเกี่ยวกับคุณภาพสินทรัพย์ที่จำกัด

การลดอัตราดอกเบี้ยสะสมทรัพย์ถึง 25bp จะช่วยผลักดัน NIM ขึ้นในช่วง 2H23

ในช่วง 2H23 เราคาดว่ารายได้ดอกเบี้ยสุทธิ (NII) จะมีแนวโน้มเชิงบวกจากการลดอัตราดอกเบี้ยเงินฝากสะสมทรัพย์ (53% ของเงินฝากรวม) ณ. สิ้นเดือน มิ.ย. 2023 หมายเหตุ BBL ค่อย ๆ ปรับเพิ่มอัตราดอกเบี้ยเงินฝากสะสมทรัพย์เป็นจำนวน 25bp ตั้งแต่ปลายเดือน ก.ย. 2022 ถึงต้นเดือน มิ.ย. 2023 ตามอัตราดอกเบี้ยนโยบาย เราคาดว่าอัตราการลดอัตราดอกเบี้ยเงินฝากสะสมทรัพย์จำนวน 25bp ลงเหลือ 0.35% (ซึ่งจะยังสูงกว่าธนาคารขนาดใหญ่อื่นซึ่งคงอัตราดอกเบี้ยเงินฝากสะสมทรัพย์ไว้ที่ 0.25% ในช่วงดังกล่าว) น่าจะส่งผลกระทบต่อ NIM ใน 3Q23 และแนวโน้มดังกล่าวน่าจะต่อเนื่องไปในปี 4Q23

เริ่มด้วยคำแนะนำซื้อและเลือกเป็นหุ้นเด่นที่ราคาเป้าหมายปี 2023 ที่ 197 บาท

เราเริ่ม BBL ด้วยคำแนะนำซื้อจากศักยภาพการเติบโตที่ดีจากธุรกิจธนาคารทั้งในและต่างประเทศรวมถึงแนวโน้มอัตราดอกเบี้ยขาขึ้น ราคาเป้าหมายปี 2023 ของเราที่ 197 บาท (GGM) คิดเป็นค่า P/BV ที่ 0.69x



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.1)	0.6	24.4
Relative to country (%)	(0.3)	5.6	26.0
Mkt cap (USD m)	8,699		
3m avg. daily turnover (USD m)	30.6		
Free float (%)	76		
Major shareholder	Thai NVDR (23%)		
12m high/low (THB)	166.50/125.00		
Issued shares (m)	1,909		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 17 กรกฎาคม 2023

Investment thesis

We pick BBL as our top BUY call due to:

- 1) Among our covered banks, BBL should benefit the most from the interest rate uptrend.
- 2) The bank also has solid growth potential from its domestic and international banking businesses.
- 3) Its efficiency in asset quality management with a high coverage ratio (LLR/NPL) and liquidity ratio (LDBR), coupled with a solid capital base, are vital catalysts to support growth and drive ROE in the long-run.
- 4) BBL is trading at 0.50x 2023E P/BV while offering attractive dividend yields.

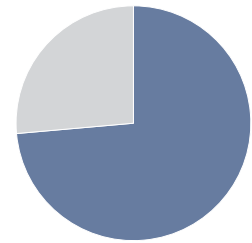
Company profile

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, 2022)

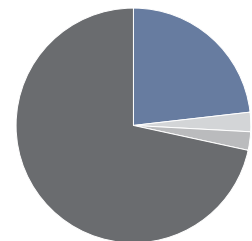
- Net interest income - 73.6 %
- Non-interest income - 26.4 %



Source: Bangkok Bank

Major shareholders

- Thai NVDR - 23.2 %
- Social Security Office - 2.7 %
- State Street Europe Ltd - 2.5 %
- Others - 71.6 %



Source: Bangkok Bank

Catalysts

Potential share price catalysts for BBL include:

- Higher foreign direct investment (FDI) into Thailand and ASEAN countries.
- The Bank of Thailand's policy rate increasing higher than expected.
- Lower credit cost from better-than-expected asset quality.

Risks to our call

Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

Event calendar

Date	Event
20/21 July 2023	2Q23 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
Net profit (THB m)	37,924	41,031	43,170
Net profit growth (%)	29.4	8.2	5.2
NIM (%)	2.82	2.88	2.90
Loan growth (%)	5.0	5.0	5.0
Fee growth (%)	0.4	1.0	1.0
Non-NII growth (%)	(8.7)	7.9	1.8
Credit cost (bp)	127.3	126.4	125.3
Cost to income (%)	48.4	49.1	49.2

Source: FSSIA estimates

Earnings sensitivity

		----- 2023E -----		
Loan growth	±2ppt	3	5	7
% change in net profit		(3)	-	3
NIM (%)	±5bp	2.77	2.82	2.87
% change in net profit		(4)	-	4
Credit cost (bp)	±10bp	117	127	137
% change in net profit		6	-	(6)

Source: FSSIA estimates

Witnessing high growth in the international banking business

Apart from the positive factors during the interest rise – of which BBL has been the greatest beneficiary in the sector – the international banking business (focused on nine ASEAN countries and other markets across Asia) should continue to be another key driver for business growth in the next 3-5 years, in parallel with domestic banking growth. The far-sighted policy of laying the foundation for an overseas presence for almost 70 years makes BBL the most prominent international bank in Thailand and Southeast Asia, in our view. Moreover, international banking has witnessed solid growth in operating income, EBT, and total asset growth over the past three, five, and ten years. These have all experienced higher growth rates than domestic banking rates, driven by 1) solid growth in ASEAN economies; and 2) credit demand from corporate clients (three main groups: Thai-linked corporate, local corporate, and regional corporate) for expanding the business overseas. BBL has supported Thai corporates to expand across the region as well as foreign companies that invest in Thailand and Southeast Asia. The bank has a deep understanding of the local markets in which it operates and gives corporate clients access to business connections and expertise from across BBL's network and business units.

Exhibit 1: Geographical segments

	2018	2019	2020	2021	2022	1Q22	1Q23	Change	----- Average growth rate -----		
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(y-y %)	10Y CAGR	5Y CAGR	3Y CAGR
EBT	44,271	46,432	21,558	33,141	37,229	9,114	12,969	42.3%	-1.0%	-2.0%	-7.1%
Domestic	36,511	37,580	19,809	24,347	20,826	5,525	8,257	49.4%	-5.4%	-9.9%	-17.9%
Foreign	7,760	8,852	1,749	8,794	16,403	3,589	4,712	31.3%	13.2%	21.6%	22.8%
Proportion											
Domestic	82%	81%	92%	73%	56%	61%	64%				
Foreign	18%	19%	8%	27%	44%	39%	36%				
Total assets	3,116,750	3,216,743	3,822,960	4,333,281	4,421,752	4,421,752	4,461,137	0.9%	6.2%	7.5%	11.2%
Domestic	2,565,708	2,679,118	3,055,911	3,502,432	3,581,934	3,581,934	3,632,868	1.4%	5.8%	6.9%	10.2%
Foreign	551,042	537,625	767,049	830,849	839,818	839,818	828,269	-1.4%	8.3%	10.5%	16.0%
Proportion											
Domestic	82%	83%	80%	81%	81%	81%	81%				
Foreign	18%	17%	20%	19%	19%	19%	19%				

Sources: BBL; FSSIA's compilation

Exhibit 2: International footprint in 14 economies as of March 2023



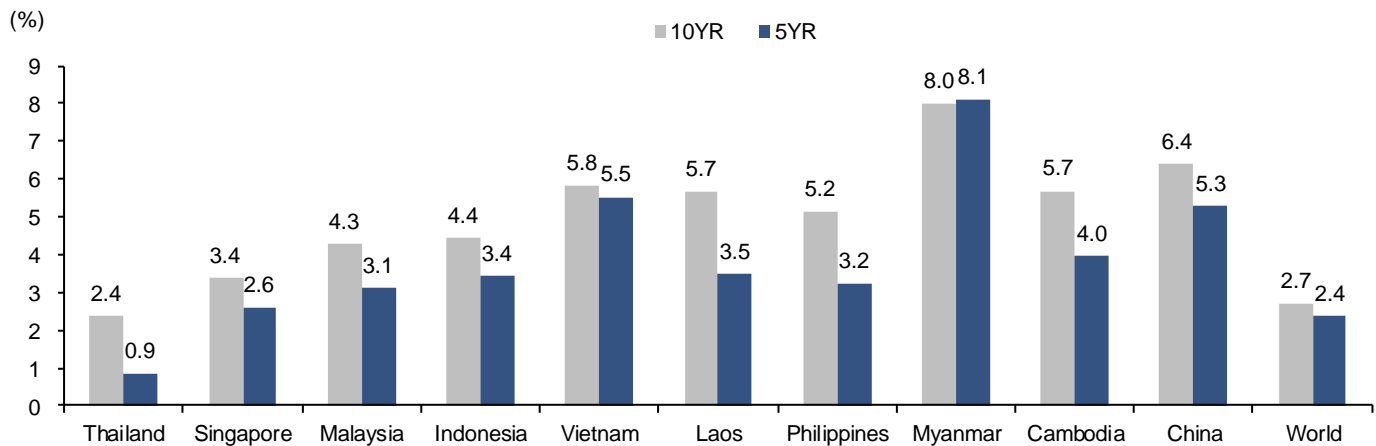
/1 Wholly-owned subsidiary; (x) illustrates number of locations

Source: BBL

BBL’s international footprint and growth opportunities

From [BBL’s presentation](#), based on the International Monetary Fund (IMF)’s forecasts, ASEAN has a vast potential to provide significant opportunities for investors. The region’s economies have quickly recovered and returned to growth in the wake of the Covid pandemic. The IMF expects ASEAN to be one of the best-performing economic regions in the world in 2023 and it is on track to become the world’s 4th largest economy by 2030.

Exhibit 3: Average GDP growth of selected countries



Note: Simple average of annual GDP growth
Sources: Bloomberg; FSSIA’s compilation

Exhibit 4: GDP growth forecasts of selected countries in Asia by the IMF

	2022	2023E	2024E
	(%)	(%)	(%)
China	3.0	5.2	4.5
India*	6.8	5.9	6.3
Japan	1.1	1.3	1.1
Korea	2.6	1.5	2.4
ASEAN-5	5.5	4.5	4.6
Indonesia	5.3	5.0	5.1
Malaysia	8.7	4.5	4.5
Philippines	7.6	6.0	5.8
Singapore	3.6	1.5	2.1
Thailand	2.6	3.4	3.6

* For India, data and projections are presented on a fiscal year basis, with FY 2022/23 (starting in April 2022) shown in the 2022 column. India’s growth projections are 5.4% in 2023 and 6.3% in 2024, based on the calendar year. ** ASEAN-5: Indonesia, Malaysia, Philippines, Singapore, and Thailand.
Sources: BBL; IMF, [April 2023 World Economic Outlook](#).

Exhibit 5: Largest Southeast Asian banks by asset size by Forbes The Global 2000 for 2022

	Company	Country	Assets	Profits	Market value
			(USD b)	(USD b)	(USD b)
1	DBS Bank	SG	509.07	4.98	63.03
2	OCBC Bank	SG	402.17	3.62	39.71
3	United Overseas Bank	SG	340.71	3.03	37.99
4	Maybank	MY	213.19	1.95	24.74
5	CIMB	MY	149.28	1.04	12.22
6	Bangkok Bank	TH	130.65	0.81	7.45
7	Kasikornbank	TH	124.31	1.18	10.82
8	Bank Mandiri	ID	121.09	1.96	26.88
9	Bank Rakyat Indonesia	ID	117.74	2.17	50.14
10	Public Bank Berhad	MY	111.08	1.36	21.18
11	Krung Thai Bank	TH	107.71	0.75	5.89
12	Siam Commercial Bank	TH	101.37	1.09	8.34

Source: [Wikipedia](#)

BBL is Southeast Asia’s 6th largest regional bank by asset size and Thailand’s leading international bank, with a strategic focus on ASEAN and other markets across Asia. Moreover, BBL has an international network comprising over 27 foreign branches and approximately 250 PermataBank branches in Indonesia. BBL’s international footprint is in 14 economies: Cambodia, China, Hong Kong, Indonesia, Japan, Laos, Malaysia, Myanmar, the Philippines, Singapore, Taiwan, the United Kingdom, the United States and Vietnam.

PermataBank (BBL's major subsidiary, in which it holds a 98.71% stake) is Indonesia's 8th largest bank by asset size. It is making an increasingly larger contribution to the group's earnings (17% of the group's net profit in 1Q23 and 13% of the group's total assets as of 1Q23). It has around 250 domestic branches, solidifying BBL's foothold in ASEAN's two largest economies, Indonesia and Thailand. BBL has been working closely with PermataBank to serve international customers interested in investing in Indonesia with various products and services. In 2022, PermataBank's net profit increased by 64% y-y.

Exhibit 6: PermataBank's quarterly results

	1Q22	2Q22	3Q22	4Q22	1Q23
	(IDR b)	(IDR b)	(IDR b)	(IDR b)	(IDR b)
Net interest income	2,080	2,219	2,371	2,452	2,510
Non-interest income	823	509	529	472	548
Non-operating income	3	7	19	(12)	(6)
Total revenue	2,906	2,735	2,919	2,912	3,052
Operating expense	1,398	1,404	1,474	1,771	1,504
PPOP	1,508	1,331	1,445	1,141	1,548
ECL	539	454	394	1,425	571
Tax	218	198	238	(53)	221
Net profit	750	679	814	(231)	756
Change (q-q %)	87	(10)	20	n/a	n/a
Change (y-y %)	52	368	324	n/a	1

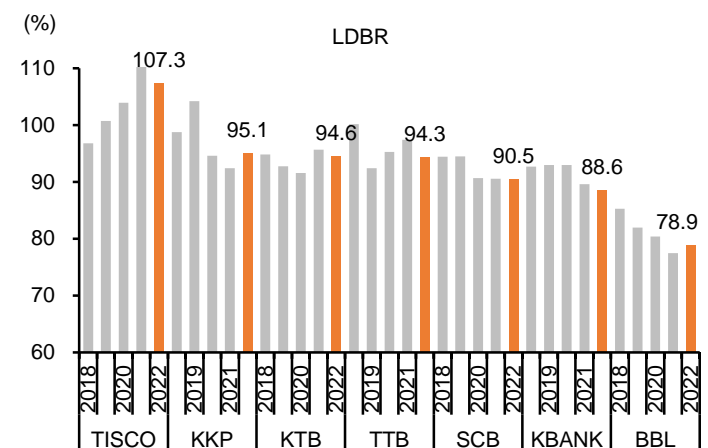
Sources: BBL; PermataBank; FSSIA's compilation

Exhibit 8: BBL - GGM-based TP

Target price	THB 197.00
Sustainable ROE	7.0%
g	1.0%
ROE-g	6.0%
Beta	0.90
RF	2.5%
MRP	8.0%
COE	9.7%
COE-g	8.7%
ROE-g / COE-g (PBV)	0.69x

Source: FSSIA estimates

Exhibit 10: LDBR of Thai banks under coverage



Sources: Company data; FSSIA's compilation

Exhibit 7: PermataBank's key data and ratios

	1Q22	2Q22	3Q22	4Q22	1Q23
	(IDR b)	(IDR b)	(IDR b)	(IDR b)	(IDR b)
Assets	240,900	229,800	220,500	255,100	252,700
Equity	37,200	37,200	37,600	37,600	38,400
Loan	129,500	134,700	135,700	136,300	130,100
Deposit	184,000	171,700	161,500	195,600	190,400
Key ratios	(%)	(%)	(%)	(%)	(%)
NPL ratio	3.20	3.10	3.10	3.10	3.20
NIM	3.80	4.00	4.20	4.30	4.60
Cost to income	48.11	51.33	50.50	60.82	49.28
Credit cost (bp)	169	138	116	419	171
LLR/NPL	226	230	238	240	256
ROE	8.1	7.3	8.7	(2.5)	8.0

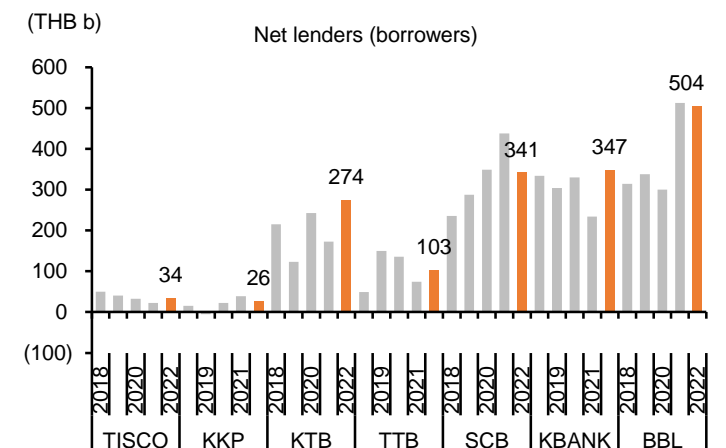
Sources: BBL; PermataBank; FSSIA's compilation

Exhibit 9: 2023 key financial guidance vs FSSIA estimates

	BBL	FSSIA
	2023E	2023E
Loan growth	4-6%	5%
NPL ratio (gross)	~ 3.5%	n/a
Net interest margin	~ 2.5%	2.82%
Net fee income growth	Flat growth	0.4%
Cost to income	Low 50s%	48.4%
Credit cost	~ 1%	1.27%

Sources: BBL; FSSIA estimates

Exhibit 11: Net lender positions of Thai banks under coverage



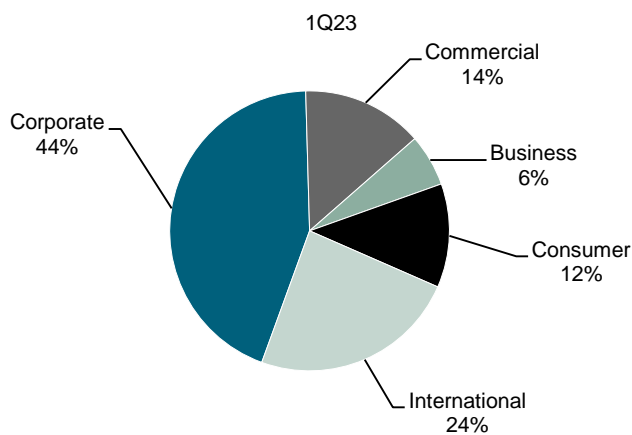
Sources: Company data; FSSIA's compilation

Exhibit 12: BBL's change of interest rates

BBL	Saving (%)	MOR (%)	MLR (%)	MRR (%)	Ceiling (%)	Default (%)
1Q22	0.250	5.875	5.250	5.950	18.000	21.000
2Q22	0.250	5.875	5.250	5.950	18.000	21.000
3Q22	0.450	6.250	5.650	6.250	18.000	21.250
4Q22	0.450	6.350	5.850	6.250	18.000	21.250
1Q23	0.500	6.900	6.450	6.800	18.000	21.800
2Q23	0.550	7.300	6.850	7.050	18.000	22.050
Change from 1Q22	0.300	1.425	1.600	1.100	0.000	1.050

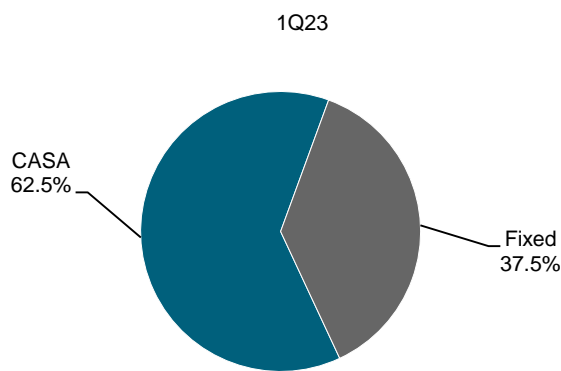
Sources: [Bank of Thailand](#); FSSIA's compilation

Exhibit 13: Loan breakdown, 1Q23



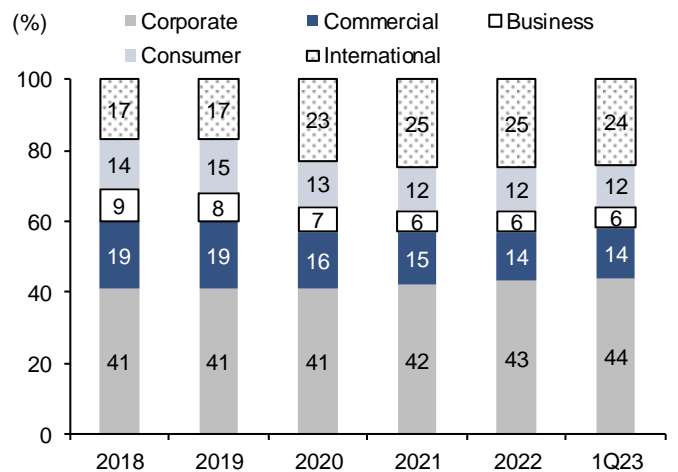
Sources: BBL; FSSIA's compilation

Exhibit 15: Deposit structure, 1Q23



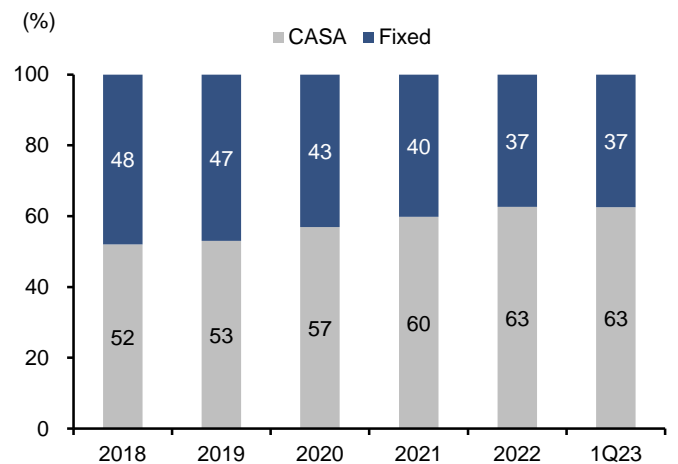
Sources: BBL; FSSIA's compilation

Exhibit 14: Loan breakdown, 2018 to 1Q23



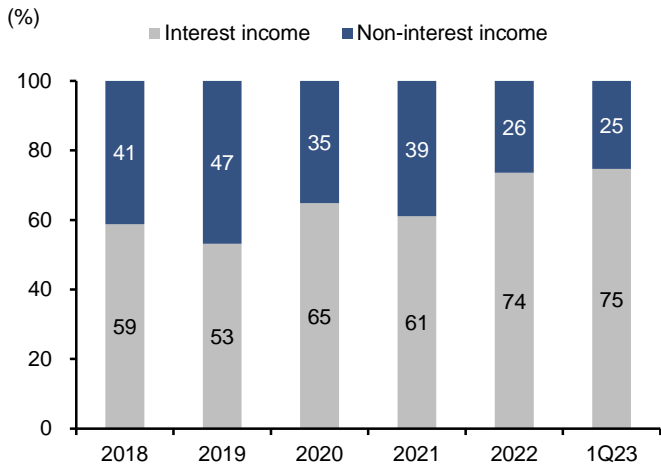
Sources: BBL; FSSIA's compilation

Exhibit 16: Deposit structure, 2018 to 1Q23



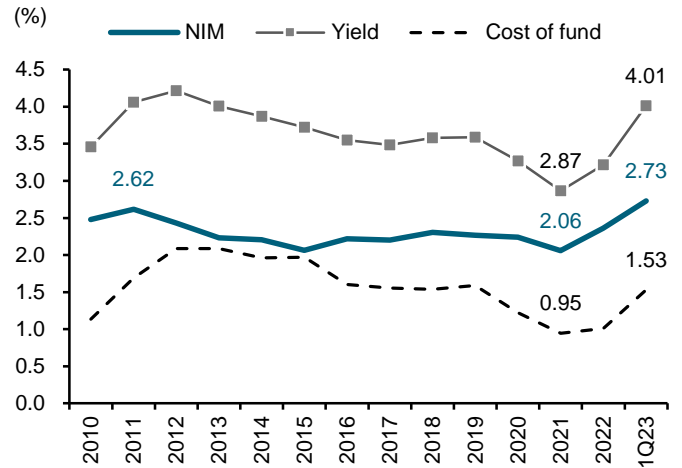
Sources: BBL; FSSIA's compilation

Exhibit 17: Revenue breakdown



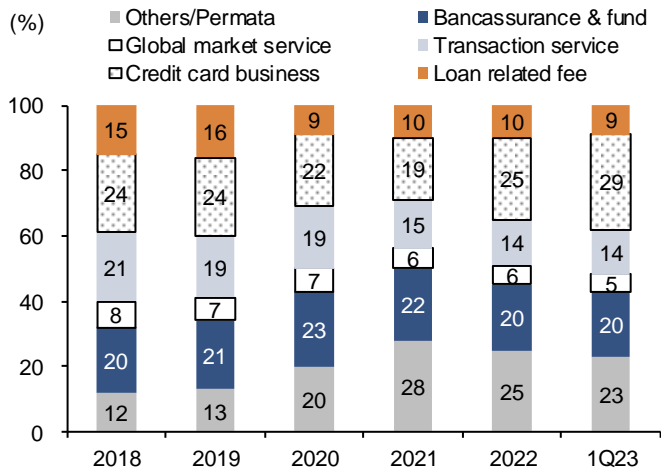
Sources: BBL; FSSIA's compilation

Exhibit 18: Yields, cost of funds, and NIM



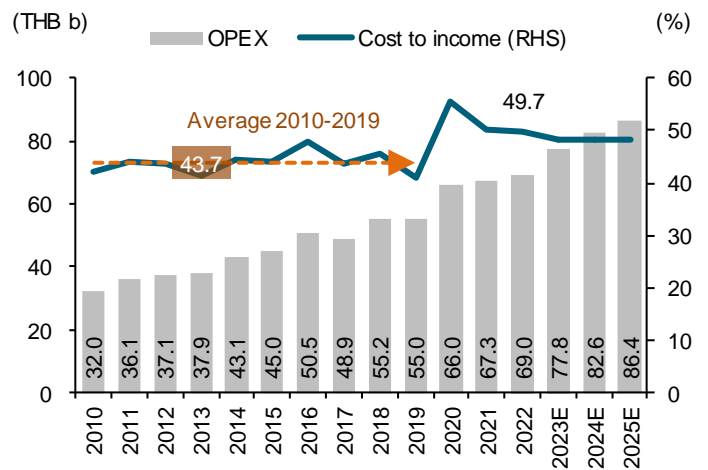
Sources: BBL; FSSIA's calculation

Exhibit 19: Fee income breakdown



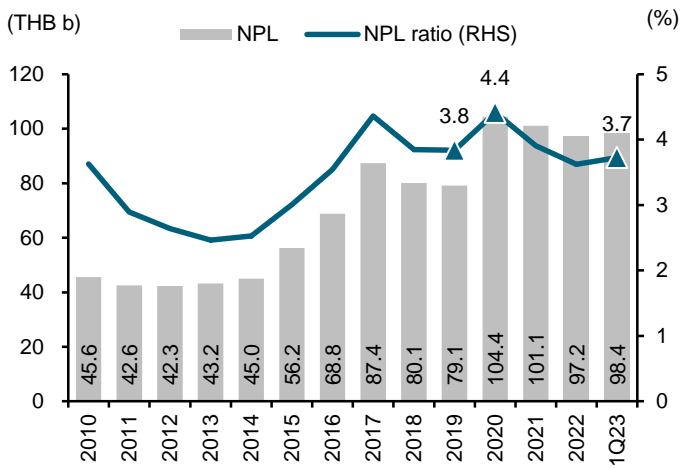
Sources: BBL; FSSIA's compilation

Exhibit 20: Cost to income



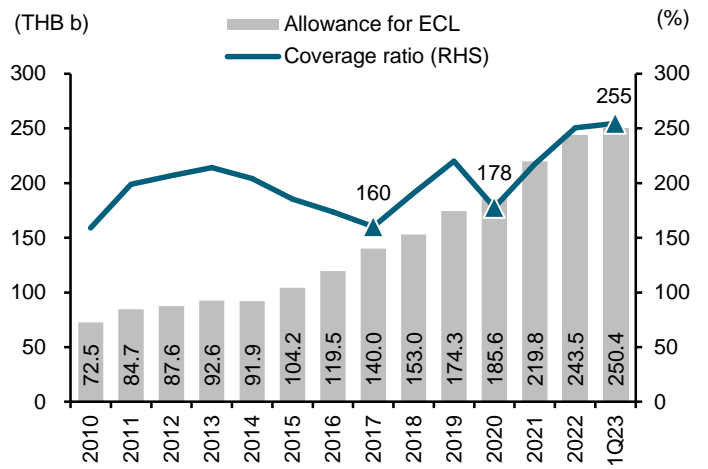
Sources: BBL; FSSIA estimates

Exhibit 21: NPL and NPL ratio*



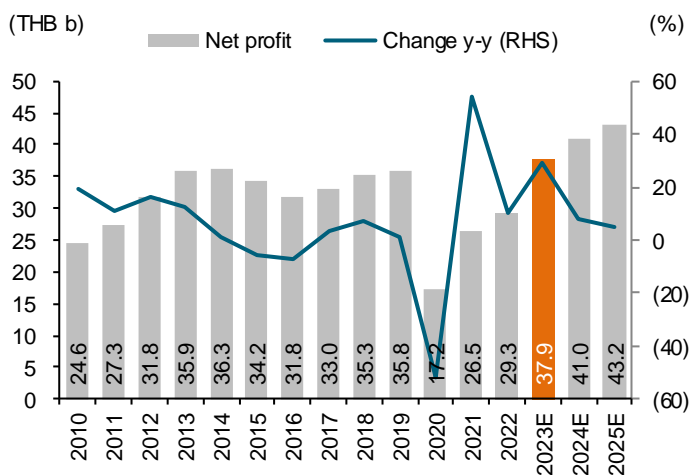
Sources: BBL; *FSSIA's calculation

Exhibit 22: Coverage ratio (allowance for ECL to NPL)*



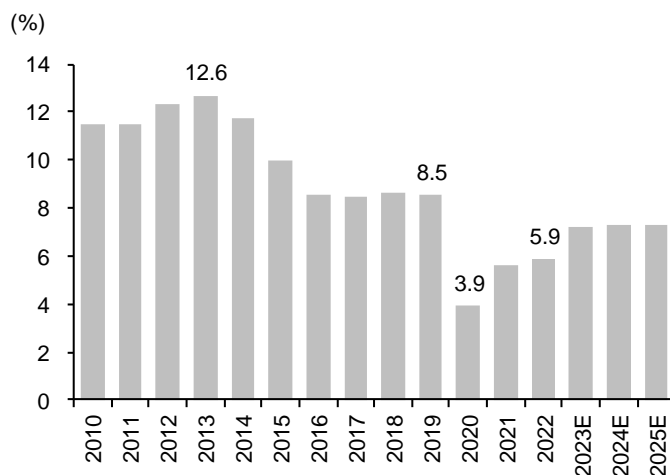
Sources: BBL; FSSIA's calculation

Exhibit 23: Net profit and growth



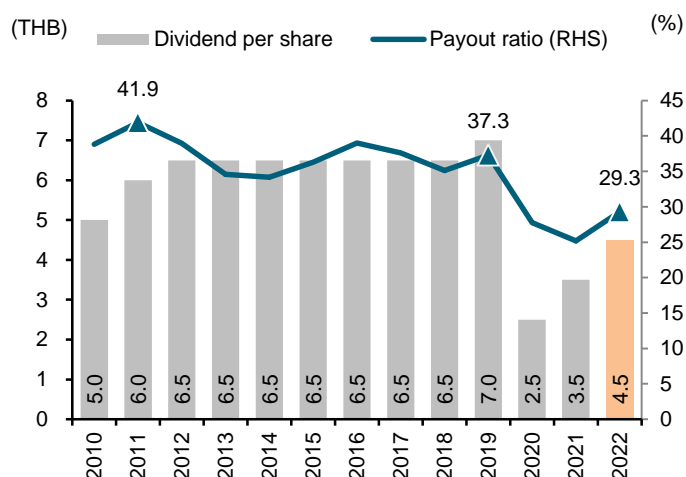
Sources: BBL; FSSIA estimates

Exhibit 24: ROE



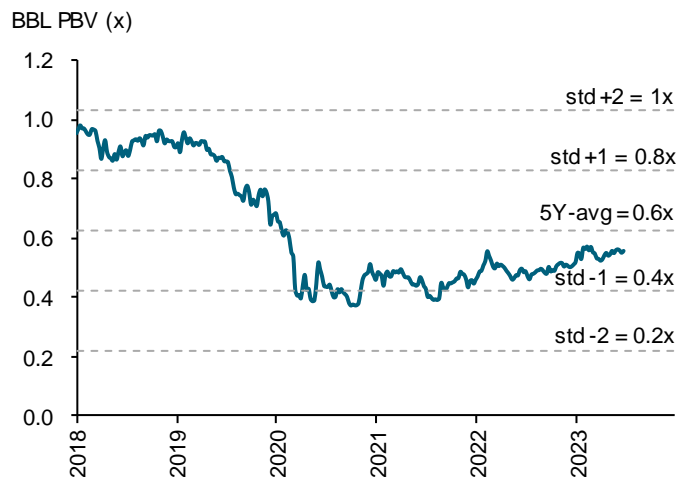
Sources: BBL; FSSIA estimates

Exhibit 25: Dividend and payout ratio



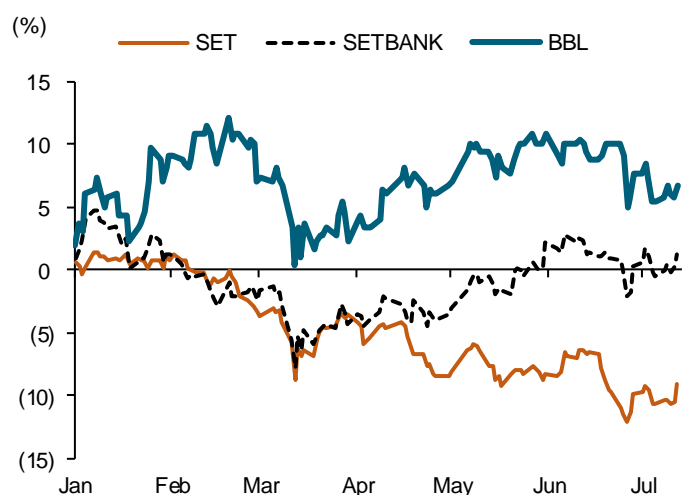
Sources: BBL; FSSIA's compilation

Exhibit 26: One-year forward rolling P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 27: Share price performance as close of 14 July 2023



Source: Bloomberg

Exhibit 28: Share price performance of Thai banks under coverage, as of 14 July 2023

Price Performance					
BBG	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
BBL TB	(2.5)	0.6	1.0	24.4	6.8
KBANK TB	1.5	(2.6)	(14.5)	(5.4)	(10.2)
KKP TB	(2.4)	(6.3)	(18.6)	(1.2)	(18.6)
KTB TB	1.0	14.0	10.7	35.2	10.7
SCB TB	1.4	2.8	(2.7)	15.4	1.4
TISCO TB	0.8	(4.2)	(6.0)	12.1	(2.0)
TTB TB	(3.7)	11.4	10.6	39.3	10.6
SET Index	(2.7)	(5.2)	(9.7)	(1.0)	(9.0)
SETBANK Index	(0.2)	4.0	(1.3)	13.4	1.2

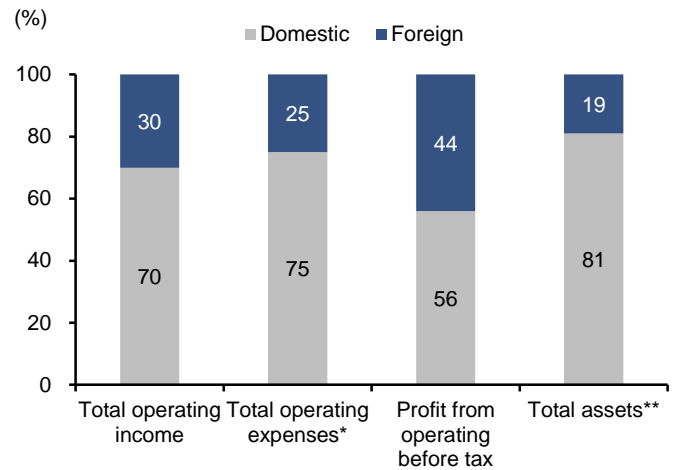
Source: Bloomberg

Exhibit 29: Network

	2018	2019	2020	2021	2022	1Q23
	(no.)	(no.)	(no.)	(no.)	(no.)	(no.)
Branches	1,165	1,148	1,128	1,059	891	888
Change	(1)	(17)	(20)	(69)	(168)	(3)
ATMs	9,510	9,392	9,050	8,675	7,957	7,832
Change	28	(118)	(342)	(375)	(718)	(125)
CDMs	1,294	1,279	1,257	1,185	942	938
Change	(6)	(17)	(22)	(72)	(243)	(4)
Employees	25,413	25,043	24,359	22,692	21,294	20,824
Change	(599)	(370)	(684)	(1,667)	(1,398)	(470)

Sources: BBL; FSSIA's compilation

Exhibit 30: Operating profit by geographical area, 2022



* Including expected credit losses.

** Consisting of premises and equipment, net, and goodwill and other intangible assets, net.

Sources: BBL; FSSIA's compilation

Exhibit 31: 2Q23 earnings preview

Year end Dec 31	2Q22		1Q23	2Q23E		Change		1H22	1H23E	Change	%of 23E	2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(THB m)					(y-y %)	(THB m)	
Net interest income	23,526	30,078	30,274	29	1	45,273	60,351	33	48	102,223	127,331	24		
Non-interest income	10,666	10,215	9,545	(11)	(7)	20,030	19,760	(1)	57	36,672	33,482	(6)		
Fee income - net	6,726	7,122	7,166	7	1	13,684	14,288	4	52	27,508	27,626	0		
Total operating income	34,192	40,293	39,818	16	(1)	65,302	80,112	23	50	138,895	160,813	16		
Total operating expenses	17,435	18,850	19,129	10	1	32,941	37,980	15	49	69,019	77,831	13		
PPOP before tax	16,757	21,443	20,689	23	(4)	32,361	42,132	30	51	69,876	82,982	19		
Expected credit loss	8,354	8,474	7,900	(5)	(7)	14,843	16,374	10	47	32,647	35,000	7		
Income tax	1,319	2,728	2,686	104	(2)	3,195	5,413	69	56	7,484	9,596	28		
Non-controlling interest	123	112	111	(10)	(1)	244	223	(9)	48	440	462	5		
Net profit	6,961	10,129	9,992	44	(1)	14,079	20,122	43	53	29,306	37,924	29		
EPS (THB)	3.65	5.31	5.23	44	(1)	7.38	10.54	43	53	15.35	19.87	29		
Key ratios	2Q22	1Q23	2Q23E	Change		1H22	1H23E				2022	2023E		
Asset quality ratio	(%)	(%)	(%)	(y-y%)	(q-q%)	(%)	(%)				(%)	(%)		
Gross NPLs (THB m)	105,046	98,359	98,360	(6)	0	105,046	98,360				97,188	102,047		
Change (% from prior period)	2.6	1.2	0.0								(3.9)	5.0		
NPL ratios (%) - Reported	3.40	3.09	3.10								3.06			
NPL ratio (%)*	3.96	3.73	3.74			3.96	3.74				3.62	3.62		
Coverage ratio (%) - Reported	233	261									261			
Coverage ratio (%)*	223	258	265								251	252		
Credit cost (bp)	128	127	120								124	127		
Profitability ratio	(%)	(%)	(%)								(%)	(%)		
Cost to income ratio	51.0	46.8	48.0			50.4	47.4				49.7	48.4		
Average yield (%)	2.96	4.01	4.03			2.87	4.01				3.21	3.90		
Cost of funds (%)	0.93	1.53	1.56			0.91	1.55				1.01	1.29		
NIM (%) - Reported	2.24	2.84									2.42			
NIM (%)*	2.18	2.73	2.73			2.10	2.73				2.36	2.82		
Non-interest income/total income (%)	31.2	25.4	24.0			30.7	24.7				26.4	20.8		
Loan growth	(%)	(%)	(%)								(%)	(%)		
Year-to-date	2.5	(1.6)	(2.1)			2.5	(2.1)							
y-y	9.6	2.0	(1.0)								3.6	5.0		
q-q	2.5	(1.6)	(0.5)											

*FSSIA's calculation

Sources: BBL; FSSIA estimates

Exhibit 32: Regional peers comparison as of 14 July 2023

Company	BBG	Share price (LCY)	Market Cap (USD b)	PE		PBV		ROE		Div yld	
				23E (x)	24E (x)	23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)
Thailand											
Bangkok Bank	BBL TB	158.00	8.7	8.0	7.4	0.6	0.5	7.2	7.3	3.7	4.0
Kasikornbank	KBANK TB	132.50	9.1	7.9	7.1	0.6	0.6	7.9	8.2	3.6	4.0
Krung Thai Bank	KTB TB	19.60	7.9	7.2	6.9	0.7	0.6	9.7	9.6	4.0	4.2
SCB X	SCB TB	108.50	10.5	8.3	7.6	0.8	0.7	9.4	9.7	6.7	6.9
TMBThanachart Bank	TTB TB	1.56	4.4	9.2	8.5	0.7	0.6	7.3	7.6	5.4	5.9
Kiatnakin Bank	KKP TB	60.00	1.5	6.8	6.0	0.8	0.7	12.4	12.8	5.4	6.3
Tisco Financial Group	TISCO TB	97.25	2.2	10.4	9.9	1.8	1.7	17.2	17.8	8.2	8.5
Thailand average			44.3	8.2	7.6	0.8	0.8	10.2	10.4	4.0	4.3
Hong Kong											
Industrial & Comm Bank of China	1398 HK	3.66	224.5	3.3	3.1	0.4	0.3	11.0	10.8	9.4	9.9
China Construction Bank	939 HK	4.39	143.0	3.0	2.8	0.3	0.3	11.8	11.6	10.0	10.6
HSBC Holdings	5 HK	62.80	158.9	6.7	6.7	0.9	0.8	14.5	13.5	7.5	9.0
Bank of China	3988 HK	2.80	147.7	3.4	3.2	0.3	0.3	10.4	10.1	9.3	9.9
Hong Kong average			674.1	4.1	4.0	0.5	0.4	11.9	11.5	9.1	9.9
China											
Industrial & Comm Bank of China	601398 CH	4.87	224.5	4.8	4.5	0.5	0.5	11.0	10.7	6.5	6.8
Agricultural Bank of China	601288 CH	3.61	171.8	4.9	4.5	0.5	0.5	11.4	11.1	6.4	6.8
China Construction Bank	601939 CH	5.96	143.0	4.5	4.2	0.5	0.5	11.8	11.5	6.7	7.2
Bank of China	601988 CH	3.99	147.7	5.2	4.9	0.5	0.5	10.6	10.2	6.0	6.3
China average			687.0	4.8	4.5	0.5	0.5	11.2	10.9	6.4	6.8
South Korea											
KB Financial Group	105560 KS	48,750	15.5	4.0	3.8	0.4	0.3	9.5	9.1	6.8	7.2
KB Financial Group	055550 KS	34,100	13.9	3.9	3.7	0.3	0.3	9.2	8.9	6.3	6.7
Hana Financial Group	086790 KS	39,300	9.2	3.1	3.1	0.3	0.3	10.0	9.5	9.2	9.5
Industrial Bank of Korea	024110 KS	10,360	6.5	2.9	2.9	0.3	0.3	9.8	9.2	9.7	10.0
South Korea average			45.1	3.5	3.4	0.3	0.3	9.6	9.2	8.0	8.4
Indonesia											
Bank Central Asia	BBCA IJ	9,200	75.8	23.9	21.9	4.6	4.2	20.1	19.7	2.3	2.6
Bank Rakyat Indonesia Persero	BBRI IJ	5,525	56.0	14.2	12.7	2.6	2.4	18.8	19.5	5.2	6.0
Bank Mandiri Persero	BMRI IJ	5,400	33.7	10.8	9.8	2.0	1.8	19.5	19.6	5.3	5.9
Bank Negara Indonesia Persero	BBNI IJ	8,925	11.1	7.7	6.9	1.1	1.0	14.9	15.0	4.0	5.1
Bank Syariah Indonesia	BRIS IJ	1,695	5.2	14.3	11.8	2.1	1.8	15.5	16.6	1.2	1.3
Indonesia average			181.8	14.2	12.6	2.5	2.2	17.8	18.1	3.6	4.2
Malaysia											
Malayan Banking	MAY MK	8.80	23.4	11.3	10.7	1.2	1.1	10.6	10.7	7.0	7.4
Public Bank	PBK MK	3.99	17.1	11.4	11.0	1.4	1.3	13.1	12.8	4.6	4.7
CIMB Group Holdings	CIMB MK	5.30	12.5	8.5	7.9	0.8	0.8	10.0	10.1	6.1	6.6
Hong Leong Bank	HLBK MK	19.00	9.1	10.2	9.6	1.2	1.1	12.1	12.0	3.4	3.8
RHB Bank	RHBBANK MK	5.54	5.2	7.7	7.3	0.8	0.7	10.2	10.2	7.5	7.9
Malaysia average			67.4	9.8	9.3	1.1	1.0	11.2	11.1	5.7	6.1
Singapore											
DBS Group Holdings	DBS SP	31.99	62.4	8.5	8.6	1.4	1.3	16.8	15.8	5.7	6.2
Oversea-Chinese Banking	OCBC SP	12.37	42.1	8.1	8.1	1.0	0.9	12.7	12.0	6.3	6.4
United Overseas Bank	UOB SP	27.83	35.3	8.3	7.9	1.0	1.0	12.8	12.8	5.8	6.1
Singapore average			139.8	8.3	8.2	1.1	1.1	14.1	13.6	6.0	6.3
Regional average (excl. Thailand)			1,795.1	7.8	7.3	1.1	1.0	12.7	12.5	6.3	6.8
Total average (incl. Thailand)			1,839.4	7.9	7.3	1.0	0.9	12.3	12.2	6.2	6.6

*simple average

Sources: Bloomberg consensus; FSSIA estimates for Thai banks

Corporate Governance and ESG – BBL

Board structure, 2022 One report

Independent Directors (ID)	6/18 of board members, none is female
Percentage of IDs on the board	33.33%
ID attendance at board meetings	100%
ID in audit/remuneration committee	3/3 in audit committee and 2/3 in remuneration committee
ID terms	Nine-consecutive years

Additional information: On 22 Dec 2022, the Independent Directors held a meeting to discuss issues of interest without the participation of the management and reported the results of meeting to the President.

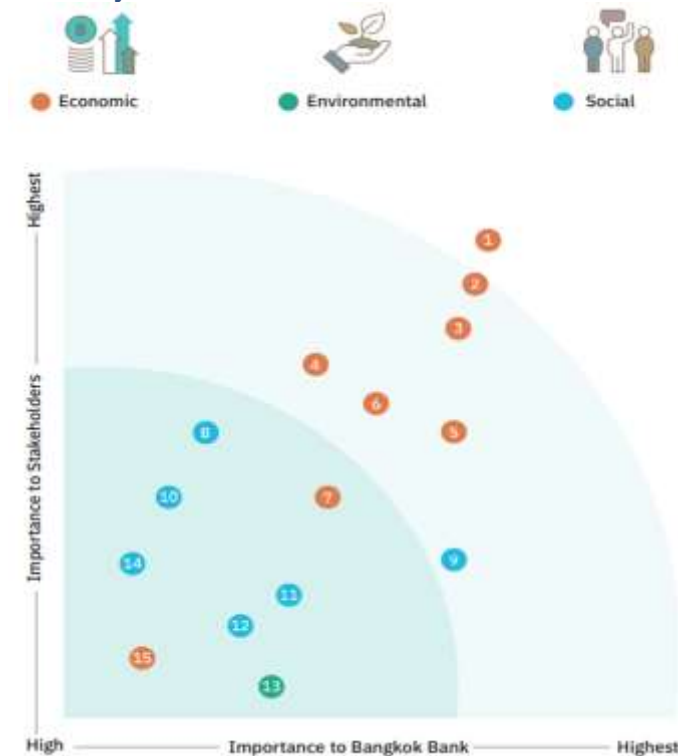
Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	2022 = THB136.7m, 0.47% of net profits
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

ESG and sustainability management

Vision: To be a bank which provides quality financial services in line with customers' requirements, and is well equipped with qualified human resources and world-class technology and working systems, while maintaining status as a well-established international bank and a leading Asian bank.

Materiality Matrix



1. Cybersecurity and customer data privacy protection
2. Digitalization and innovation
3. Risk and crisis management
4. Customer relationship management
5. Sustainable finance
6. Corporate governance
7. Code of conduct
8. Financial inclusion
9. Talent attraction and development
10. Financial literacy
11. Community development
12. Human rights
13. Mitigation of environmental footprint and climate impact
14. Employee welfare and well-being
15. Supply chain management

BBL weights digitalization an important part of sustainability. The company is increasingly digitalizing transactions and services and using advanced technologies such as block chain, AI and automation to reduce or replace paper-based systems, increase efficiency and lower costs while enabling staff to focus on more value-added work and delivering better customer service. Currently about 98 percent of consumer banking services are conducted via digital channels with the vast majority made through Bangkok Bank Mobile Banking.

BBL was the leading underwriter of green, social, sustainable, and sustainability-linked bonds in Thailand for the third consecutive year, underwriting more than 76 percent of the value of all such bonds issued in the market. The company was also a leading financier of renewable energy across ASEAN and elsewhere in Asia, as well as other environmentally important sectors such as electric vehicle manufacturing and Bangkok's mass transit system development.

Awards and Achievements

- Selected as a member of the Sustainability Yearbook 2023, S&P Global
- Rated as "Excellent" in the Corporate Governance Report of Thai Listed Companies (CGR) in 2022 by the Thai Institute of Directors (IOD)
- Received the Sustainability Disclosure Award 2022, Thaipat Institute
- Listed in the 2022 Thailand Sustainability Investment (THSI), the Stock Exchange of Thailand (SET)
- Included in the 2022 SET THSI Index, the Stock Exchange of Thailand (SET)
- Rated "Excellent" and received a full score of 100 in the quality assessment of the 2022 Annual Ordinary Meeting of Shareholders by the Thai Investors Association in collaboration with the SEC and the Thai Listed Companies Association
- Received a rating of BBB (on a scale of AAA to CCC) in the MSCI ESG Ratings Assessment
- Selected as a constituent of the FTSE4 Good Index Series by FTSE Russell

Additional information: [2022 Sustainable report](#), "Message from the Chairman, Executive Chairman and President";

Source: [BBL](#); FSSIA compilation

Audit Practices

Auditor	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd
Length of service	More than five years
Reporting incidents	None
Fee track record	THB23.7m in
Policy on change of audit firm	To review every five years

Additional information: The Bank also incurred fees amounting to THB17.9m in the engagement of audit firms in other countries that are affiliated with Deloitte Touche Tohmatsu to provide audit services for international branches and subsidiaries.

Shareholders' rights

Practice	Activity
Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriated and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Financial Statements

Bangkok Bank

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	114,313	139,088	175,894	190,768	203,027
Interest expense	(32,156)	(36,865)	(48,563)	(53,254)	(57,464)
Net interest income	82,156	102,223	127,331	137,515	145,563
Net fees & commission	29,209	27,508	27,626	27,903	28,182
Foreign exchange trading income	17,868	5,155	2,010	2,010	2,010
Securities trading income	1,225	(1,454)	(2,026)	0	0
Dividend income	2,252	2,306	2,422	2,543	2,670
Other income	1,831	3,156	3,450	3,668	3,900
Non interest income	52,385	36,672	33,482	36,123	36,762
Total income	134,541	138,895	160,813	173,638	182,325
Staff costs	(35,003)	(34,794)	(37,229)	(39,835)	(41,429)
Other operating costs	(32,263)	(34,225)	(40,601)	(45,408)	(48,297)
Operating costs	(67,266)	(69,019)	(77,831)	(85,243)	(89,726)
Pre provision operating profit	67,275	69,876	82,982	88,395	92,599
Expected credit loss	(34,134)	(32,647)	(35,000)	(36,500)	(38,000)
Other provisions	-	-	-	-	-
Operating profit	33,141	37,229	47,982	51,895	54,599
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	33,141	37,229	47,982	51,895	54,599
Tax	(6,189)	(7,484)	(9,596)	(10,379)	(10,920)
Profit after tax	26,952	29,746	38,386	41,516	43,679
Non-controlling interest	(445)	(440)	(462)	(485)	(509)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	26,507	29,306	37,924	41,031	43,170
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	26,507	29,306	37,924	41,031	43,170
Per share (THB)					
Recurring EPS *	13.89	15.35	19.87	21.50	22.62
Reported EPS	13.89	15.35	19.87	21.50	22.62
DPS	3.50	4.50	5.80	6.30	6.60
Growth					
Net interest income (%)	6.6	24.4	24.6	8.0	5.9
Non interest income (%)	25.7	(30.0)	(8.7)	7.9	1.8
Pre provision operating profit (%)	27.5	3.9	18.8	6.5	4.8
Operating profit (%)	53.7	12.3	28.9	8.2	5.2
Reported net profit (%)	54.3	10.6	29.4	8.2	5.2
Recurring EPS (%)	54.3	10.6	29.4	8.2	5.2
Reported EPS (%)	54.3	10.6	29.4	8.2	5.2
Income Breakdown					
Net interest income (%)	61.1	73.6	79.2	79.2	79.8
Net fees & commission (%)	21.7	19.8	17.2	16.1	15.5
Foreign exchange trading income (%)	13.3	3.7	1.2	1.2	1.1
Securities trading income (%)	0.9	(1.0)	(1.3)	-	-
Dividend income (%)	1.7	1.7	1.5	1.5	1.5
Other income (%)	1.4	2.3	2.1	2.1	2.1
Operating performance					
Gross interest yield (%)	2.87	3.21	3.90	4.00	4.04
Cost of funds (%)	0.95	1.01	1.29	1.35	1.38
Net interest spread (%)	1.92	2.20	2.61	2.65	2.66
Net interest margin (%)	2.1	2.4	2.8	2.9	2.9
Cost/income(%)	50.0	49.7	48.4	49.1	49.2
Cost/assets(%)	1.7	1.6	1.7	1.8	1.8
Effective tax rate (%)	18.7	20.1	20.0	20.0	20.0
Dividend payout on recurring profit (%)	25.2	29.3	29.2	29.3	29.2
ROE (%)	5.6	5.9	7.2	7.3	7.3
ROE - COE (%)	(4.1)	(3.8)	(2.5)	(2.4)	(2.4)
ROA (%)	0.7	0.7	0.8	0.9	0.9
RORWA (%)	1.0	1.0	1.3	1.3	1.3

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Bangkok Bank; FSSIA estimates

Financial Statements

Bangkok Bank

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	2,588,339	2,682,691	2,816,826	2,957,667	3,105,550
Allowance for expected credit loss	(219,801)	(243,474)	(257,474)	(270,249)	(283,549)
interest in suspense	7,489	10,138	5,352	5,620	5,901
Net customer loans	2,376,027	2,449,355	2,564,704	2,693,037	2,827,902
Bank loans	801,212	766,074	804,378	836,553	886,747
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	889,306	926,608	1,028,534	1,100,532	1,166,564
Cash & equivalents	62,552	52,433	55,459	56,022	50,810
Other interesting assets	-	-	-	-	-
Tangible fixed assets	74,476	73,909	78,111	82,433	86,887
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	129,707	153,373	155,115	156,944	158,864
Total assets	4,333,281	4,421,752	4,686,301	4,925,521	5,177,773
Customer deposits	3,156,940	3,210,896	3,371,440	3,540,012	3,717,013
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	480,061	458,593	519,760	557,752	599,115
Non interest bearing liabilities	201,688	245,122	247,596	250,096	252,623
Hybrid Capital	-	-	-	-	-
Total liabilities	3,838,688	3,914,610	4,138,796	4,347,860	4,568,750
Share capital	19,088	19,088	19,088	19,088	19,088
Reserves	473,639	486,258	526,440	556,400	587,544
Total equity	492,727	505,346	545,529	575,488	606,632
Non-controlling interest	1,865	1,796	1,976	2,173	2,390
Total liabilities & equity	4,333,281	4,421,752	4,686,301	4,925,521	5,177,773
Supplementary items					
Risk weighted assets (RWA)	2,863,700	3,008,228	3,116,390	3,275,472	3,443,219
Average interest earning assets	3,989,281	4,327,116	4,512,556	4,772,245	5,026,806
Average interest bearing liabilities	3,397,538	3,658,397	3,757,909	3,942,673	4,164,812
CET 1 capital	433,699	447,199	474,052	503,057	533,629
Total capital	536,656	551,307	578,160	607,165	637,737
Gross non performing loans (NPL)	101,103	97,188	102,047	107,150	112,507
Per share (THB)					
Book value per share	258.13	264.74	285.79	301.49	317.80
Tangible book value per share	258.13	264.74	285.79	301.49	317.80
Growth					
Gross customer loans	9.5	3.6	5.0	5.0	5.0
Average interest earning assets	15.9	8.5	4.3	5.8	5.3
Total asset (%)	13.5	2.0	6.0	5.1	5.1
Risk weighted assets (%)	4.6	5.0	3.6	5.1	5.1
Customer deposits (%)	12.3	1.7	5.0	5.0	5.0
Leverage & capital measures					
Customer loan/deposits (%)	75.3	76.3	76.1	76.1	76.1
Equity/assets (%)	11.4	11.4	11.6	11.7	11.7
Tangible equity/assets (%)	11.4	11.4	11.6	11.7	11.7
RWA/assets (%)	66.1	68.0	66.5	66.5	66.5
CET 1 CAR (%)	15.1	14.9	15.2	15.4	15.5
Total CAR (%)	18.7	18.3	18.6	18.5	18.5
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(3.2)	(3.9)	5.0	5.0	5.0
NPL/gross loans (%)	3.9	3.6	3.6	3.6	3.6
Allowance for ECL/gross loans (%)	8.5	9.1	9.1	9.1	9.1
Allowance for ECL/NPL (%)	217.4	250.5	252.3	252.2	252.0
Valuation					
Recurring P/E (x) *	11.4	10.3	8.0	7.4	7.0
Recurring P/E @ target price (x) *	14.2	12.8	9.9	9.2	8.7
Reported P/E (x)	11.4	10.3	8.0	7.4	7.0
Dividend yield (%)	2.2	2.8	3.7	4.0	4.2
Price/book (x)	0.6	0.6	0.6	0.5	0.5
Price/tangible book (x)	0.6	0.6	0.6	0.5	0.5
Price/tangible book @ target price (x)	0.8	0.7	0.7	0.7	0.6

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Bangkok Bank; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 158.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kasikornbank	KBANK TB	THB 132.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kiatnakin Bank	KKP TB	THB 60.00	HOLD	Downside risks to our GGM-based target price include weakening asset quality and lower fee income and upside risks include better capital market conditions, higher used car price, and strengthening asset quality.
Krung Thai Bank	KTB TB	THB 19.60	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
SCB X	SCB TB	THB 108.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Tisco Financial	TISCO TB	THB 97.25	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
TMBThanachart Bank	TTB TB	THB 1.56	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

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 14-Jul-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.