

BANGKOK BANK

THAILAND / BANKING

BBL TB

BUY
UNCHANGED

More cautious about its overseas business

- BBL still maintains its 2023 guidance and gives some alarming signs about its Vietnam and China business.
- The asset quality remains solid and limited to company-specific.
- We have toned down our positive outlook for BBL but retained our BUY call.

2023 guidance maintained

BBL reiterates its 2023 guidance. Regarding loan growth, the bank expects it to end at the lower bound of 4-6% y-y. 4Q23 loans tend to grow higher (9M23 growth was 1.5%) due to seasonal short-term working capital loan demand. NIM could end close to the 9M23 level of 2.89% due to an impact of the rising cost of funds from the term loan deposits raised in September 2023. Fee income could deliver a flat growth. The cost-to-income ratio should remain at the 9M23 level of a meager 50% level. Thanks to a significant rise in net interest income and NIM, not asset quality issues, BBL could set its 2023 credit cost at 1.1-1.2% for future cushion, exceeding the 1% target.

Vietnam and China outlook are more critically cautious

BBL has raised concerns about its Vietnam and China overseas business due primarily to an economic slowdown, which pressured 3Q23 export-related working capital loan demand to decline. By contrast, loan growth for other countries could remain flat. BBL insists that Thai corporate banking is still solid, particularly in the manufacturing, ESG, and renewable energy segments. Moreover, BBL also expressed concerns over the Middle East war. In a prolonged situation, this will impact BBL's overseas business outlook as it has the highest proportion of assets and profit sharing from overseas branches compared to peers.

Asset quality problems are still company not industry-specific

BBL assures that its asset quality is not a matter of concern. The new formation is still from company rather than industry-specific problems. The reported 3Q23 NPL ratio stood at 3.0% – still much lower than BBL's 2023 target of 3.50%. BBL also disclosed that in case of lower headwinds in 2024, the credit cost could turn normalised at only a 1% level.

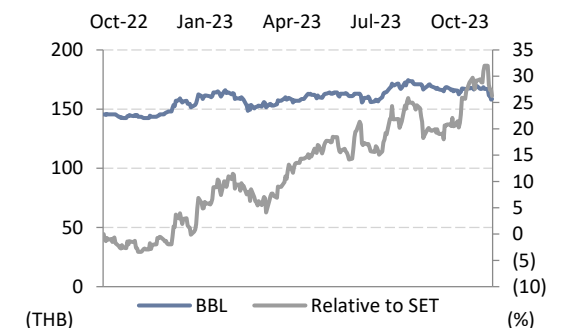
Reiterate our BUY call with our 2024 GGM-based TP of THB208

We have toned down our positive outlook on BBL due to short-term headwinds to its overseas business. However, we retain our BUY call due to its well-diversified operations. Our GGM-based 2024 TP of THB208 (from 2023 TP of THB197) implies a PBV of 0.69x.

TARGET PRICE	THB208.00
CLOSE	THB158.50
UP/DOWNSIDE	+31.2%
PRIOR TP	THB197.00
CHANGE IN TP	+5.6%
TP vs CONSENSUS	+6.3%

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 (%)	-	(7.7)	(8.0)	(9.8)
Recurring net profit	29,306	37,924	41,031	43,170
Core EPS (THB)	15.35	19.87	21.50	22.62
Chg. In EPS est. (%)	-	-	-	-
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



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.4)	(6.8)	10.1
Relative to country (%)	2.4	3.6	27.3
Mkt cap (USD m)	8,352		
3m avg. daily turnover (USD m)	28.1		
Free float (%)	76		
Major shareholder	Thai NVDR (23%)		
12m high/low (THB)	175.00/142.00		
Issued shares (m)	1,909		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We have toned down the short-term business outlook but retained our BUY call due to:

- 1) BBL gives some alarming signs about its Vietnam and China business in the short term due to their economic slowdown, which could impact working capital loan demand.
- 2) However, among our covered banks, BBL should benefit the most from the interest rate uptrend.
- 3) BBL also has solid long-term growth potential from its domestic and international banking businesses.
- 4) 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.

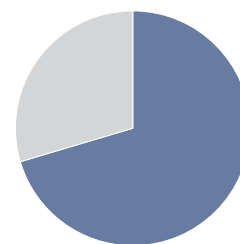
Company profile

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, 9M23)

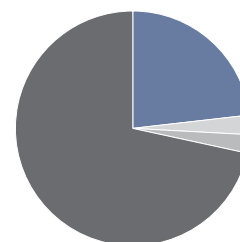
- Net interest income - 70.4 %
- Non-interest income - 29.6 %



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) an impact of new regulations from the Bank of Thailand.

Event calendar

Date	Event
22-23 Feb 2024	2023 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

		2024E		
Loan growth	±2ppt	3	5	7
% change in net profit		(3)	-	3
NIM (%)	±5bp	2.83	2.88	2.93
% change in net profit		(4)	-	4
Credit cost (bp)	±10bp	116	126	136
% change in net profit		6	-	(6)

Source: FSSIA estimates

Exhibit 1: 2023 financial targets

2023 Financial target		
	BBL 2023E	FSSIA 2023E
Loan growth	4-6%	5%
NPL ratio (gross)	~ 3.5%	3.6%
Net interest margin	~ 2.5%	2.8%
Net fee income growth	Flat growth	0.4%
Cost to income	Low 50s%	48.5%
Credit cost	~ 1%	1.27%

Sources: BBL; FSSIA estimates

Exhibit 2: BBL's loans by stage and ECL at the end of 2Q23

	Loans by stage						Allowance of ECL			
	1-Jan-20 (THB b)	2020 (THB b)	2021 (THB b)	2022 (THB b)	2Q22 (THB b)	2Q23 (THB b)	2021 (THB b)	2022 (THB b)	2Q22 (THB b)	2Q23 (THB b)
Stage 1 (Performing)	1,918.5	2,128.4	2,355.8	2,450.0	2,420.3	2,466.1	80.0	96.7	89.2	105.4
Stage 2 (Underperforming)	67.6	140.0	136.3	142.5	132.9	146.8	65.4	73.3	67.0	78.5
Stage 3 (Non-performing)	79.2	106.2	103.7	100.3	108.0	96.7	74.4	73.6	79.8	73.2
Total loans and accrued interest	2,065.3	2,374.6	2,595.8	2,692.8	2,661.2	2,709.6	219.8	243.5	236.0	257.1
% change y-y of total loans and ECL		15.0%	9.3%	3.7%		1.8%		10.8%		9.0%
% change y-y of NPL and ECL for NPL		34.1%	-2.4%	-3.3%		-10.5%		-1.2%		-8.2%
Total ECL to NPL - coverage ratio							211.9%	242.7%	218.4%	266.0%
	% of stage loans to total loans						% of ECL to stage loans			
	1-Jan-20	2020	2021	2022	2Q22	2Q23	2021	2022	2Q22	2Q23
Stage 1 (Performing)	92.9	89.6	90.8	91.0	90.9	91.0	3.4	3.9	3.7	4.3
Stage 2 (Underperforming)	3.3	5.9	5.3	5.3	5.0	5.4	48.0	51.4	50.4	53.5
Stage 3 (Non-performing)	3.8	4.5	4.0	3.7	4.1	3.6	71.8	73.3	73.8	75.7
Total loans and accrued interest	100	100	100	100	100	100	8.5	9.0	8.9	9.5

Sources: BBL; FSSIA's compilation

Exhibit 3: BBL – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 4: BBL – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: BBL – 3Q23 results summary

Year end Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23	---- Change ----		9M22	9M23	Change	%of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y %)	23E	(THB m)	(y-y %)
Net interest income	26,496	30,454	30,078	31,487	34,130	8.4	28.8	71,769	95,695	33.3	75	127,331	24.6
Non-interest income	10,211	6,431	10,215	10,956	8,443	(22.9)	(17.3)	30,240	29,614	(2.1)	88	33,482	(8.7)
Fee income - net	6,866	6,958	7,122	6,571	6,773	3.1	(1.4)	20,550	20,466	(0.4)	74	27,626	0.4
Total operating income	36,707	36,886	40,293	42,443	42,573	0.3	16.0	102,009	125,309	22.8	78	160,813	15.8
Total operating expenses	17,006	19,071	18,850	20,111	19,208	(4.5)	12.9	49,947	58,168	16.5	75	77,831	12.8
PPOP before tax	19,701	17,815	21,443	22,333	23,365	4.6	18.6	52,062	67,141	29.0	81	82,982	18.8
Expected credit loss	9,889	7,914	8,474	8,880	8,969	1.0	(9.3)	24,733	26,323	6.4	75	35,000	7.2
Income tax	2,032	2,257	2,728	2,047	2,938	43.5	44.6	5,227	7,712	47.6	80	9,596	28.2
Non-controlling interest	123	74	112	112	108	(3.6)	(11.5)	366	333	(9.1)	72	462	5.0
Net profit	7,657	7,569	10,129	11,294	11,350	0.5	48.2	21,736	32,773	50.8	86	37,924	29.4
EPS (THB)	4.01	3.97	5.31	5.92	5.95	0.5	48.2	11.39	17.17	50.8	86	19.87	29.4
Key ratios	3Q22	4Q22	1Q23	2Q23	3Q23	---- Change ----		9M22	9M23	Change		2023E	
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(%)	(%)	(y-y %)		(%)	
Gross NPLs (THB m)	107,023	97,188	98,359	93,285	94,884	1.7	(11.3)	107,023	94,884	(11.3)		102,047	
% from prior period	1.9	(9.2)	1.2	(5.2)	1.7			(4.8)	(11.3)			5.0	
NPL ratio (%)*	3.83	3.62	3.73	3.46	3.48			3.83	3.48			3.62	
Coverage ratio (%)*	240	261	265	287	283			240	283			252	
NPL ratios (%) - reported	3.50	3.10	3.09	2.90	3.00			3.50	3.00				
Coverage ratio (%) - reported	240	261	265	287	283			240	283				
Credit cost (bp)	145	116	127	133	132			124	132			127	
Profitability ratio	(%)	(%)	(%)	(%)	(%)							(%)	
Cost to income ratio	46.3	51.7	46.8	47.4	45.1			49.0	46.4			48.4	
Average yield (%)	3.31	3.80	4.01	4.26	4.51			3.05	4.28			3.90	
Cost of funds (%)	1.03	1.21	1.53	1.70	1.74			0.96	1.67			1.29	
NIM (%)*	2.45	2.79	2.73	2.83	3.06			2.24	2.89			2.82	
NIM (%) - reported	2.49	2.84	2.84	2.91	3.11			2.28	2.96				
Non-NII /total inc. (%)	27.8	17.4	25.4	25.8	19.8			29.6	23.6			20.8	
Liquidity ratio	(%)	(%)	(%)	(%)	(%)							(%)	
Loan to deposit	88.4	83.5	82.3	84.3	86.1			88.4	86.1			83.5	
LDBR	83.0	78.9	77.8	79.5	80.0			83.0	80.0			79.0	
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)							(%)	
CAR	18.5	19.1	19.2	19.1	19.6			18.5	19.6			19.3	
CET 1/ Risk assets	14.4	14.9	14.9	14.9	15.4			14.4	15.4			15.2	
Tier 2 / Risk assets	3.3	3.5	3.5	3.4	3.4			3.3	3.4			3.3	
Loan growth	(%)	(%)	(%)	(%)	(%)							(%)	
q-q	5.4	(4.1)	(1.6)	2.2	0.9								
y-y	10.8	3.6	2.0	1.7	(2.6)			10.8	(2.6)			5.0	
Year-to-date	8.1	3.6	(1.6)	0.6	1.5			8.1	1.5				

Sources: BBL; FSSIA estimates

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 (%)	2.86	3.21	3.90	4.00	4.04
Cost of funds (%)	0.95	1.01	1.29	1.35	1.38
Net interest spread (%)	1.91	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(%)	1.6	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	288,709	262,522	317,651	349,416	384,358
Other interest bearing liabilities	183,239	188,302	193,951	199,769	205,762
Non interest bearing liabilities	209,801	252,891	255,754	258,663	261,617
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	3,991,731	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	447,590	474,052	503,057	533,629
Total capital	536,656	551,698	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	9.3	3.6	5.0	5.0	5.0
Average interest earning assets	15.9	8.4	4.3	5.8	5.3
Total asset (%)	13.3	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) *	15.0	13.5	10.5	9.7	9.2
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	0.8	0.7	0.7	0.7

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Bangkok Bank; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > 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.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating 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.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

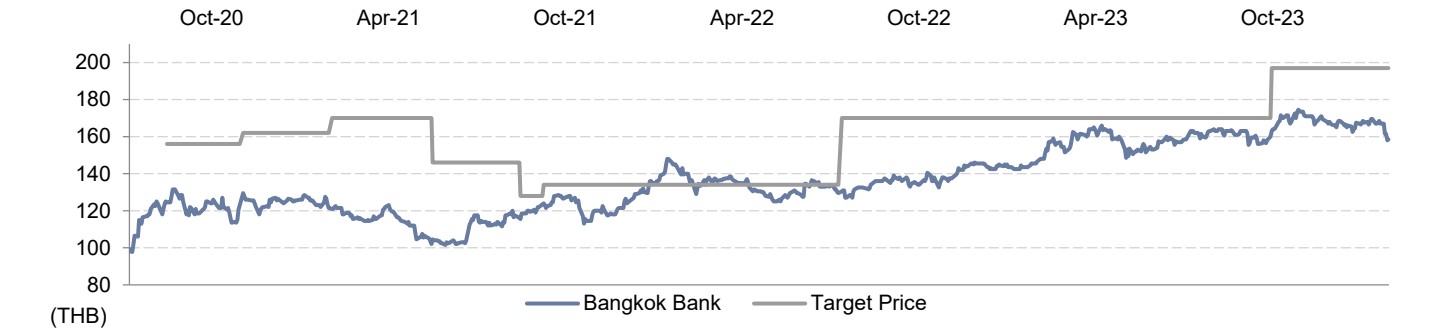
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Bangkok Bank (BBL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Dec-2020	BUY	156.00	21-Jul-2021	BUY	146.00	08-Jul-2022	BUY	170.00
05-Feb-2021	BUY	162.00	05-Oct-2021	HOLD	128.00	17-Jul-2023	BUY	197.00
23-Apr-2021	BUY	170.00	25-Oct-2021	HOLD	134.00			

Usanee Liurut, CISA started covering this stock from 17-Jul-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 158.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) an 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.

All share prices are as at market close on 27-Oct-2023 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.