

BANGKOK BANK
THAILAND / BANKING

BBL TB

FSSIA ESG rating



BUY

UNCHANGED

การเติบโตน่าจะชะลอตัวลงในปี 2024

- แม้เราจะคาดว่ากำไร 4Q23 จะลดลง q-q จากค่าใช้จ่ายตามฤดูกาลที่สูงขึ้น แต่กำไรปี 2023 ยังเติบโตดีจากส่วนต่างดอกเบี้ยที่เพิ่มขึ้น
- คุณภาพสินทรัพย์ยังไม่น่ากังวล ซึ่งยังใกล้เคียงกับเป้าหมายการปี 2023
- เรคาดำเนินการซื้อที่ราคาเป้าหมายปี 2024 ใหม่ที่ 198 บาท

คาดกำไร 4Q23 จะหดตัวจากค่าใช้จ่ายตามฤดูกาลที่สูงขึ้น

เรคาดกำไรสุทธิ 4Q23 ที่ 10.8 พัน ลบ. (-5.2% q-q, +42.1% y-y) นอกจากนี้ยังคาดว่ากำไรก่อนหักสำรอง (PPOP) จะลดลงเล็กน้อย (-0.9% q-q) แต่เพิ่มอย่างมีนัยสำคัญ (+30.0% y-y) PPOP น่าจะลดลง q-q ส่วนมากจากค่าใช้จ่ายในการดำเนินงานตามฤดูกาลที่สูงขึ้น ในทางตรงกันข้าม คาดว่ารายได้ดอกเบี้ยสุทธิจะโตต่อเนื่อง (+5.4% q-q, +18.1% y-y) พร้อมส่วนต่างดอกเบี้ยที่คาดว่าจะเพิ่มขึ้น 3.21% (+15bp) จาก 3Q23 ในภาพรวมส่วนต่างดอกเบี้ยปี 2023 น่าจะอยู่ที่ 2.97% สูงกว่าเป้าปี 2023 ของเราที่ 2.82% และของธนาคารฯ ที่ 2.50% การขึ้นอัตราดอกเบี้ยเงินกู้ 25bp สำหรับสินเชื่อทุกประเภทในปลายเดือน ก.ย. 2023 ช่วยหนุนให้รายได้ดอกเบี้ยและส่วนต่างดอกเบี้ยใน 4Q23 ขยายตัว นอกจากนี้เรายังมีมุมมองเชิงบวกเกี่ยวกับรายได้ที่ไม่ใช่ดอกเบี้ยจากการตีมูลค่าดีดของเงินลงทุนผ่านกำไรขาดทุน (FVTPL investment gains) หลังผลตอบแทนพันธบัตรปรับตัวลดลงในช่วงดังกล่าว

คุณภาพสินทรัพย์ยังอยู่ในระดับที่ควบคุมได้และใกล้เคียงกับเป้าปี 2023

ในภาพรวมคุณภาพสินทรัพย์ไม่ได้เป็นปัจจัยที่น่ากังวล BBL คาดว่าสัดส่วนหนี้ต่อคุณภาพ (NPL) ปี 2023 จะค่อนข้างทรงตัวโดยสิ้นงวด 9M23 อยู่ที่ 3.00% (เรคาดำเนินการได้ 3.48%) นับว่ายังต่ำกว่าเป้าของ BBL ในปี 2023 ที่ 3.50% อยู่มาก เรคาดำเนินการด้านทุนความเสี่ยงในการปล่อยสินเชื่อใน 4Q23 จะเพิ่มเล็กน้อยเป็น 138bp และจบปีที่ 131bp นับว่าค่อนข้างทรงตัวจากระดับในช่วง 9M23 และสูงกว่าเป้าของธนาคารฯ ที่เพียง 100bp

ปรับประมาณการกำไรปี 2023-25 ขึ้น 13-15% ต่อปี

เราปรับเพิ่มประมาณการกำไรสุทธิปี 2023-25 ขึ้นประมาณ 13-15% จากประมาณการก่อนหน้า ส่วนมากเพื่อสะท้อนสมมติฐานส่วนต่างดอกเบี้ยที่สูงขึ้นในปี 2023-25 สมมติฐานการเติบโตของรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิที่สูงขึ้นในปี 2023 (ส่วนมากจาก FVTPL investment gains และสมมติฐานสัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้ที่ลดลงในปี 2023-25 ซึ่งอาจช่วยชดเชยผลกระทบจากสมมติฐานการเติบโตของสินเชื่อที่ลดลงในปี 2023-25) และสมมติฐานต้นทุนความเสี่ยงในการปล่อยสินเชื่อที่เพิ่มขึ้นในปี 2023 ดังได้แสดงให้เห็นใน Exhibit 4 เพราะฉะนั้นเรายังคาดว่ากำไรสุทธิจะเพิ่มอย่างมีนัยสำคัญถึง 48.5% y-y ปี 2023 ตามด้วย 6.7% y-y และ 5.2% y-y ในปี 2024-25 ตามลำดับ

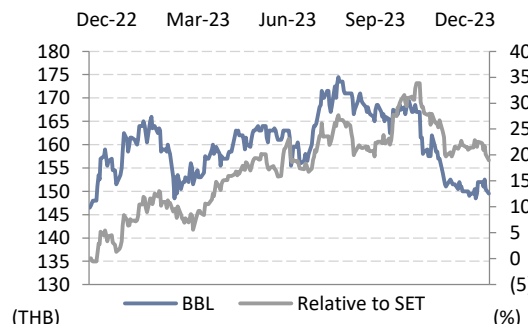
ลงคำแนะนำซื้อที่ราคาเป้าหมายปี 2024 ใหม่ที่ 198 บาท (GGM)

เรคาดำเนินการซื้อจากการดำเนินงานที่มีการกระจายความเสี่ยงของฐานธุรกิจที่ดีทั้งในและต่างประเทศ อย่างไรก็ตามเรปรับลดราคาเป้าหมายปี 2024 เป็น 198 จาก 208 บาท (GGM) เพื่อสะท้อนสมมติฐาน Risk-free rate ที่สูงขึ้นเป็น 3.0% (จาก 2.5%) คิดเป็นค่า P/BV ได้ที่ 0.65x (จาก 0.69x) ราคาหุ้นในปัจจุบันมีการซื้อต่ำกว่าค่า P/BV เฉลี่ย 5 ปีย้อนหลังที่ 0.60x พร้อมผลตอบแทนในรูปแบบปันผลที่น่าสนใจที่ประมาณ 4-5% ต่อปี

TARGET PRICE	THB198.00
CLOSE	THB149.50
UP/DOWNSIDE	+32.4%
PRIOR TP	THB208.00
CHANGE IN TP	-4.8%
TP vs CONSENSUS	+1.8%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	37,229	54,469	58,644	61,696
Net profit	29,306	43,531	46,452	48,871
EPS (THB)	15.35	22.80	24.34	25.60
vs Consensus (%)	-	4.6	2.2	2.2
Recurring net profit	29,306	43,531	46,452	48,871
Core EPS (THB)	15.35	22.80	24.34	25.60
Chg. In EPS est. (%)	-	14.8	13.2	13.2
EPS growth (%)	10.6	48.5	6.7	5.2
Core P/E (x)	9.7	6.6	6.1	5.8
Dividend yield (%)	3.0	4.5	4.7	5.0
Price/book (x)	0.6	0.5	0.5	0.5
ROE (%)	5.9	8.3	8.3	8.2
ROA (%)	0.7	1.0	1.0	1.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.3)	(9.7)	2.7
Relative to country (%)	(2.1)	(3.4)	18.0
Mkt cap (USD m)	8,250		
3m avg. daily turnover (USD m)	30.1		
Free float (%)	76		
Major shareholder	Thai NVDR (23%)		
12m high/low (THB)	175.00/145.00		
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 retain our BUY call due to:

- 1) BBL has given some alarming signs about its business in Vietnam and China 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.

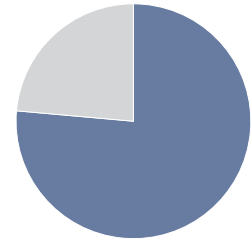
Company profile

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)

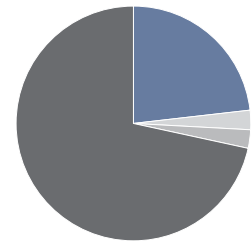
- Net interest income - 76.4 %
- Non-interest income - 23.6 %



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
18-19 January, 2024	4Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Net profit (THB m)	43,531	46,452	48,871
Net profit growth (%)	48.54	6.71	5.21
NIM (%)	2.97	2.99	2.99
Loan growth (%)	3.97	4.00	4.00
Fee growth (%)	0.11	1.00	1.00
Non-NII growth (%)	7.06	5.52	1.35
Credit cost (bp)	130.94	123.03	119.99
Cost to income (%)	47.18	47.72	47.72

Source: FSSIA estimates

Earnings sensitivity

		2024E		
Loan growth	±2ppt	2.0	4.0	6.0
% change in net profit		(2.8)	-	2.8
NIM (%)	±5bp	2.94	2.99	3.04
% change in net profit		(3.8)	-	3.8
Credit cost (bp)	±10bp	113	123	133
% change in net profit		4.8	-	(4.8)

Source: FSSIA estimates

Nov 2023 loan growth still shrinking and far from 2023 guidance

Regarding BBL's C.B.1.1 for November 2023, net loans (after allowance for ECL) shrank 1.4% m-m, 2.5% y-y, and 1.0% YTD, led by large corporate (44% of total loans) and international loans (25%), both of which showed declines in short-term working capital loans and long-term loans for investment (mainly a decrease in the latter). Meanwhile, other loan segments, including commercial (13%) and retail (12%), were relatively stable. Overall net loan growth in 11M23 remained significantly lower than our previous loan growth forecast of 5% y-y and the bank's 4-5% y-y guidance. However, BBL insists it can achieve its upper bound target of 4% y-y, which would be booked in December 2023.

However, deposits increased 0.9% m-m but decreased 0.1% y-y and 0.3% YTD. The m-m increase was mainly due to a minor rise in CASA deposits (BBL raised savings deposit rates by 10bp during the end of September 2023), while fixed deposits also decreased slightly (BBL also increased interest rates on all types of fixed deposits by 20-25bp during the same period).

Exhibit 1: BBL – C.B. 1.1 summary as of November 2023

(BBL)	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Growth (m-m %)												
Loan	(1.55)	(3.37)	2.06	(0.39)	(1.29)	0.89	1.60	(2.12)	1.59	1.59	0.05	(1.41)
Deposit	0.21	(1.10)	0.38	0.51	(0.87)	(0.25)	0.74	(0.85)	(0.13)	(0.09)	0.42	0.93
Deposit + Borrowing	0.04	(1.34)	0.77	0.31	(0.80)	(0.14)	0.84	(1.04)	(0.00)	1.80	(0.36)	0.66
Growth (y-y %)												
Loan	3.51	1.44	3.57	2.40	(0.03)	1.20	1.41	(2.14)	(4.47)	(3.04)	(4.56)	(2.50)
Deposit	1.89	1.51	1.14	0.25	(0.42)	(0.33)	0.77	(2.44)	(0.98)	(1.15)	(0.97)	(0.11)
Deposit + Borrowing	1.94	1.26	1.46	0.35	(0.47)	(0.25)	(0.21)	(3.72)	(2.20)	0.22	(0.39)	0.69
Growth (YTD %)												
Loan	3.51	(3.37)	(1.37)	(1.76)	(3.03)	(2.17)	(0.60)	(2.72)	(1.17)	0.40	0.44	(0.97)
Deposit	1.89	(1.10)	(0.72)	(0.22)	(1.08)	(1.33)	(0.60)	(1.44)	(1.57)	(1.66)	(1.24)	(0.32)
Deposit + Borrowing	1.94	(1.34)	(0.59)	(0.28)	(1.07)	(1.21)	(0.39)	(1.42)	(1.42)	0.35	(0.02)	0.65
LDR (%)	77.20	75.43	76.69	76.01	75.68	76.54	77.19	76.20	77.51	78.81	78.51	76.70

Sources: BBL; FSSIA's compilation

4Q23E profit to contract, dragged by rising seasonal expenses

We expect a 4Q23 net profit of THB10.8b, down 5.2% q-q but up 42.1% y-y. We also expect PPOP to drop slightly by 0.9% q-q but significantly increase by 30.0% y-y. The q-q lower PPOP is due mainly to the rising seasonal operating expenses. In contrast, we project net interest income to continue growing by 5.4% q-q and 18.1% y-y, with NIM expected to rise to 3.21%, up 15bp from 3Q23. Overall, 2023E NIM is 2.97%, exceeding our 2023 target of 2.82% and the bank's guidance of 2.50%. The lending interest rate adjustment of 25bp for all types of loans (MOR, MLR, and MRR) in late September 2023 has fully supported its 4Q23E NII growth and NIM expansion. At the same time, the impact of increasing interest rates on all types of deposits, saving (10bp) and term deposits by 20-25bp, would be minimal in 4Q23E since their interest rate will gradually adjust over time. We also have a favorable view of non-interest income, pushed by the FVTPL investment gains, followed by the declining bond yields during the period.

Exhibit 2: BBL – 4Q23 earnings preview

Year-end Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E	----- Change -----		2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y %)
Net interest income	26,496	30,454	30,077	31,487	34,130	35,976	5.4	18.1	131,670	28.8
Non-interest income	10,211	6,431	10,215	10,956	8,443	9,645	14.2	50.0	39,259	7.1
Fee income - net	6,866	6,958	7,122	6,571	6,773	7,073	4.4	1.7	27,539	0.1
Total operating income	36,707	36,886	40,293	42,443	42,573	45,621	7.2	23.7	170,929	23.1
Total operating expenses	17,006	19,071	18,850	20,111	19,208	22,468	17.0	17.8	80,637	16.8
PPOP before tax	19,701	17,815	21,442	22,332	23,365	23,153	(0.9)	30.0	90,292	29.2
Expected credit loss	9,889	7,914	8,474	8,880	8,969	9,500	5.9	20.0	35,823	9.7
Income tax	2,032	2,257	2,728	2,047	2,938	2,785	(5.2)	23.4	10,497	40.3
Non-controlling interest	123	74	112	112	108	108	(0.4)	46.7	441	0.2
Net profit	7,657	7,569	10,129	11,293	11,350	10,759	(5.2)	42.1	43,531	48.5
EPS (THB)	4.01	3.97	5.31	5.92	5.95	5.64	(5.2)	42.1	22.80	48.5
Asset quality ratio	(%)	(%)	(%)	(%)	(%)	(%)	(q-q%)	(y-y%)	(THB m)	(y-y %)
Gross NPLs (THB m)	107,023	97,188	98,359	93,285	94,884	97,061	2.3	(0.1)	97,061	(0.1)
% from prior period	1.9	(9.2)	1.2	(5.2)	1.7	2.3			(0.1)	
NPL ratio (%)*	3.83	3.62	3.73	3.46	3.48	3.48			3.48	
Coverage ratio (%)*	240	261	265	287	283	280			280	
NPL ratios (%) - reported	3.50	3.10	3.09	2.90	3.00					
Coverage ratio (%) - reported	240	261	265	287	283					
Credit cost (bp)	145	116	127	133	132	138			131	
Profitability ratio	(%)	(%)	(%)	(%)	(%)	(%)			(%)	
Cost to income ratio	46.3	51.7	46.8	47.4	45.1	49.3			47.2	
Average yield (%)	3.31	3.80	4.01	4.26	4.51	4.73			4.39	
Cost of funds (%)	1.03	1.21	1.53	1.70	1.74	1.82			1.69	
NIM (%)*	2.45	2.79	2.73	2.83	3.06	3.21			2.97	
NIM (%) - reported	2.49	2.84	2.84	2.91	3.11					
Non-NII /total inc. (%)	27.8	17.4	25.4	25.8	19.8	21.1			23.0	
Loan growth	(%)	(%)	(%)	(%)	(%)	(%)			(%)	
q-q	5.4	(4.1)	(1.6)	2.2	0.9	2.4				
y-y	10.8	3.6	2.0	1.7	(2.6)	4.0			4.0	
Year-to-date	8.1	3.6	(1.6)	0.6	1.5	4.0				

Sources: BBL; FSSIA estimates

Asset quality under control and in line with 2023 guidance

Overall, asset quality is not a cause for concern, in our view. BBL expects the 2023 NPL ratio to be relatively stable with 9M23 at 3.00% (our calculation was 3.48%) – still much lower than BBL's 2023 guidance of 3.50%. We expect 4Q23 credit cost to increase slightly to 138bp and finish at 131bp, which is relatively stable from the 9M23 level, and higher than the bank's guidance of only 100bp.

Exhibit 3: Staged loans and ECL, 2021-2Q23

	2021	2022	2Q23	2021	2022	2Q23
	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)
	Staged loans			% Staged loans		
Stage 1	2,355,774	2,450,031	2,466,143	90.75	90.98	91.01
Stage 2	136,348	142,485	146,832	5.25	5.29	5.42
Stage 3	103,706	100,313	96,670	4.00	3.73	3.57
Total	2,595,828	2,692,829	2,709,645	100.00	100.00	100.00
	Allowance for ECL			% ECL to staged loans		
Stage 1	79,989	96,662	105,385	3.40	3.95	4.27
Stage 2	65,387	73,258	78,538	47.96	51.41	53.49
Stage 3	74,425	73,554	73,193	71.77	73.32	75.71
Total	219,801	243,474	257,116	8.47	9.04	9.49
LLR / Loans	(%)	(%)	(%)			
Stage 1	3.40	3.95	4.27			
Stage 2	47.96	51.41	53.49			
Stage 3	71.77	73.32	75.71			
Total	8.47	9.04	9.49			
	(%)	(%)	(%)			
NPL / TL	4.00	3.73	3.57			
NPL vs. Stage 2 loans / TL	9.25	9.02	8.99			
LLR / NPL	211.95	242.71	265.97			
LLR / (NPL vs. Stage 2 loans)	91.56	100.28	105.59			

Sources: BBL; FSSIA's compilation

Raise 2023-25E profit by 13-15% p.a.

We revise up the 2023-25E net profit by c13-15% from previous mainly to reflect the higher projected NIM (2023-25E), higher non-NII growth (2023E) – mainly from the FVTPL investment gains and lower expected cost-to-income ratio (2023-25E), which could offset the impacts of decreasing loan growth (2023-25E) and increasing credit costs (2023E) as shown in Exhibit 4. Hence, the 2023E net profit increases significantly by 48.5% y-y, followed by 6.7% y-y and 5.2% y-y in 2024-25E, respectively.

Exhibit 4: 2023-2025E earnings revision

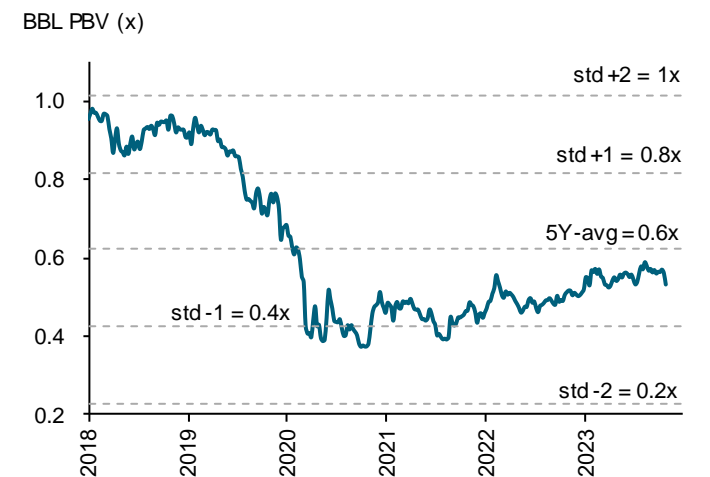
	2023E			2024E			2025E		
	New	Old	Change	New	Old	Change	New	Old	Change
	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
Net profit (THB m)	43,531	37,924	14.8	46,452	41,031	13.2	48,871	43,170	13.2
EPS (THB)	22.80	19.87	14.8	24.34	21.50	13.2	25.60	22.62	13.2
Target price (THB)				198	208				
Key statistics and ratios									
Net profit growth (%)	48.5	29.4		6.7	8.2		5.2	5.2	
NIM (%)	2.97	2.82		2.99	2.88		2.99	2.90	
Loan growth (%)	4.0	5.0		4.0	5.0		4.0	5.0	
Fee growth (%)	0.1	0.4		1.0	1.0		1.0	1.0	
Non-NII growth (%)	7.1	(8.7)		5.5	7.9		1.3	1.8	
Credit cost (bp)	130.9	127.3		123.0	126.4		120.0	125.3	
Cost to income (%)	47.2	48.4		47.7	49.1		47.7	49.2	

Source: FSSIA estimates

Reiterate our BUY call with new 2024 GGM-based TP of THB198

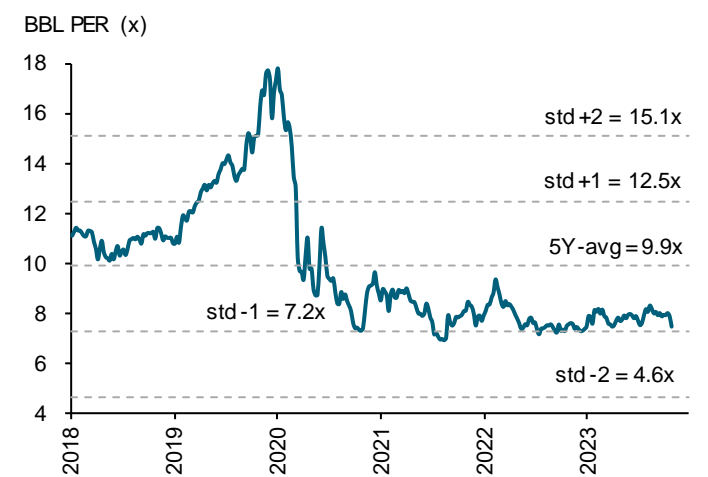
We have toned down our positive outlook on BBL due to short-term headwinds for its overseas business. However, we retain our BUY call due to its well-diversified operations. We cut our GGM-based 2024 TP to THB198 (from THB208) to reflect our higher risk-free rate assumption of 3.0% (from 2.5%), implying a P/BV of 0.65x (from 0.69x). The current share price is trading below its 5Y average P/BV of 0.60x, with attractive dividend yields of c4-5% p.a.

Exhibit 5: BBL – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: BBL – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: GGM-based 2024 TP

Gordon growth model	New	Previous
Sustainable ROE	7.0%	7.0%
g	1.0%	1.0%
ROE-g	6.0%	6.0%
Beta	0.90	0.90
RF	3.0%	2.5%
MRP	8.0%	8.0%
COE	10.2%	9.7%
COE-g	9.2%	8.7%
ROE-g/COE-g (PBV)	0.65	0.69

Sources: FSSIA estimates

Exhibit 8: Share price performance of Thai banks under our coverage, as of 22 December 2023

----- Price performance -----					
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
BBL TB	(0.66)	(9.06)	(7.67)	3.44	1.69
KBANK TB	(0.38)	4.78	1.15	(8.68)	(10.85)
KKP TB	(1.00)	(9.59)	(17.50)	(33.11)	(32.88)
KTB TB	1.10	(1.61)	(5.67)	2.23	3.39
SCB TB	4.79	0.48	(3.26)	(0.95)	(2.80)
TISCO TB	(1.01)	(1.51)	1.82	(1.26)	(1.51)
TTB TB	1.92	(4.22)	0.63	16.06	12.77
SETBANK	0.69	(3.70)	(4.55)	(2.23)	(3.66)
SET	0.55	(6.78)	(6.67)	(13.13)	(15.80)

Sources: Bloomberg; FSSIA's compilation

Exhibit 9: Regional bank peers comparisons, as of 25 December 2023

Company name	Share	Target	Upside	Market	PE		PBV		ROE		Div yld	
	price	price		Cap.	23E	24E	23E	24E	23E	24E	23E	24E
	(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(x)	(x)	(%)	(%)	(x)	(x)
Thailand												
Bangkok Bank	149.50	198.00	32	8,250	6.6	6.1	0.5	0.5	8.3	8.3	4.5	4.7
Kasikornbank	131.00	160.00	22	8,973	7.8	7.1	0.6	0.5	7.9	8.2	3.7	4.0
Krung Thai Bank	18.30	23.10	26	7,394	6.8	6.4	0.6	0.6	9.7	9.6	4.3	4.5
SCB X	103.50	121.00	17	10,075	8.5	7.8	0.7	0.7	8.7	9.1	7.0	7.2
TMBThanachart Bank	1.60	1.79	12	4,481	8.6	8.7	0.7	0.7	8.0	7.6	5.8	5.8
Kiatnakin Bank	49.00	55.00	12	1,200	7.0	6.1	0.7	0.6	10.0	10.7	6.6	6.3
Tisco Financial Group	98.00	107.00	9	2,268	10.5	10.0	1.8	1.7	17.2	17.8	8.2	8.4
Thailand weighted average				6,092	8.0	7.4	0.8	0.8	10.0	10.2	5.7	5.9
Hong Kong												
Industrial & Comm Bank of China	3.68	n/a	n/a	222,174	3.4	3.3	0.4	0.3	10.7	10.3	9.2	9.4
China Construction Bank	4.51	n/a	n/a	147,391	3.1	3.0	0.3	0.3	11.5	11.1	9.6	9.9
HSBC Holdings	61.80	n/a	n/a	152,399	6.1	6.0	0.9	0.8	15.6	15.4	8.2	10.1
Bank of China	2.90	n/a	n/a	149,437	3.6	3.4	0.4	0.3	10.1	9.8	8.9	9.2
Hong Kong average				167,850	4.0	3.9	0.5	0.5	12.0	11.6	9.0	9.7
China												
Industrial & Comm Bank of China	4.80	n/a	n/a	222,245	4.9	4.6	0.5	0.5	10.6	10.2	6.5	6.7
Agricultural Bank of China	3.66	n/a	n/a	175,262	5.0	4.8	0.5	0.5	11.2	10.8	6.3	6.5
China Construction Bank	6.44	n/a	n/a	147,508	4.9	4.7	0.5	0.5	11.6	11.2	6.2	6.4
Bank of China	4.02	n/a	n/a	149,781	5.4	5.2	0.5	0.5	10.4	10.2	5.8	6.0
China average				173,699	5.0	4.8	0.5	0.5	10.9	10.6	6.2	6.4
South Korea												
KB Financial Group	52,500	n/a	n/a	16,335	4.1	3.9	0.4	0.4	9.8	9.2	6.3	6.7
Shinhan Financial Group	38,800	n/a	n/a	15,423	4.4	4.2	0.4	0.4	9.4	8.9	5.5	5.9
Hana Financial Group	42,900	n/a	n/a	9,671	3.4	3.3	0.3	0.3	9.9	9.5	8.1	8.6
Industrial Bank of Korea	11,910	n/a	n/a	7,323	3.4	3.4	0.3	0.3	9.6	9.1	8.4	8.8
South Korea average				12,188	3.8	3.7	0.4	0.3	9.7	9.2	7.1	7.5
Indonesia												
Bank Central Asia	9,325	n/a	n/a	74,260	23.5	21.6	4.7	4.3	21.0	20.7	2.4	2.7
Bank Rakyat Indonesia Persero	5,675	n/a	n/a	55,562	14.5	12.9	2.7	2.5	19.0	20.1	5.0	5.8
Bank Mandiri Persero	5,975	n/a	n/a	36,025	10.8	9.9	2.1	2.0	21.3	21.0	4.7	5.7
Bank Negara Indonesia Persero	5,250	n/a	n/a	12,649	9.2	8.1	1.3	1.1	15.0	15.4	5.0	5.8
Bank Syariah Indonesia	1,695	n/a	n/a	5,051	14.3	12.1	2.0	1.8	15.5	16.1	1.0	1.2
Indonesia average				36,709	14.5	12.9	2.6	2.3	18.4	18.7	3.6	4.2
Malaysia												
Malayan Banking	8.89	n/a	n/a	23,162	11.5	11.1	1.2	1.2	10.5	10.6	6.7	6.9
Public Bank	4.25	n/a	n/a	17,821	12.1	11.5	1.5	1.4	13.0	12.7	4.4	4.5
CIMB Group Holdings	5.80	n/a	n/a	13,363	9.1	8.5	0.9	0.9	10.4	10.4	6.1	6.4
Hong Leong Bank	18.98	n/a	n/a	8,888	10.2	9.7	1.2	1.1	12.1	11.4	3.5	3.4
RHB Bank	5.42	n/a	n/a	5,019	8.0	7.9	0.7	0.7	9.6	9.4	7.2	7.5
Malaysia average				13,651	10.2	9.8	1.1	1.1	11.1	10.9	5.6	5.8
Singapore												
DBS Group Holdings	32.00	n/a	n/a	62,342	8.1	8.3	1.4	1.3	17.5	16.2	6.4	7.0
Oversea-Chinese Banking	12.66	n/a	n/a	42,978	8.0	7.9	1.0	1.0	13.2	12.7	6.5	6.8
United Overseas Bank	27.60	n/a	n/a	34,866	8.0	7.8	1.0	1.0	13.3	12.9	6.3	6.5
Singapore average				46,729	8.1	8.0	1.1	1.1	14.7	13.9	6.4	6.8
Regional average (excluding Thailand)				72,277	8.0	7.5	1.1	1.0	12.9	12.6	6.2	6.6
Total average (including Thailand)				52,496	7.7	7.2	1.0	0.9	12.1	12.0	6.1	6.5

Sources: Bloomberg; 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	194,826	207,431	218,105
Interest expense	(32,156)	(36,865)	(63,156)	(69,731)	(74,191)
Net interest income	82,156	102,223	131,670	137,699	143,913
Net fees & commission	29,209	27,508	27,539	28,853	29,141
Foreign exchange trading income	17,868	5,155	7,585	8,000	8,000
Securities trading income	1,225	(1,454)	(185)	0	0
Dividend income	2,252	2,306	2,364	2,482	2,606
Other income	1,831	3,156	1,957	2,092	2,237
Non interest income	52,385	36,672	39,259	41,427	41,984
Total income	134,541	138,895	170,929	179,126	185,898
Staff costs	(35,003)	(34,794)	(35,882)	(38,393)	(39,929)
Other operating costs	(32,263)	(34,225)	(44,755)	(47,089)	(48,773)
Operating costs	(67,266)	(69,019)	(80,637)	(85,482)	(88,702)
Pre provision operating profit	67,275	69,876	90,292	93,644	97,196
Expected credit loss	(34,134)	(32,647)	(35,823)	(35,000)	(35,500)
Other provisions	-	-	-	-	-
Operating profit	33,141	37,229	54,469	58,644	61,696
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	54,469	58,644	61,696
Tax	(6,189)	(7,484)	(10,497)	(11,729)	(12,339)
Profit after tax	26,952	29,746	43,972	46,915	49,357
Non-controlling interest	(445)	(440)	(441)	(463)	(486)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	26,507	29,306	43,531	46,452	48,871
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	26,507	29,306	43,531	46,452	48,871
Per share (THB)					
Recurring EPS *	13.89	15.35	22.80	24.34	25.60
Reported EPS	13.89	15.35	22.80	24.34	25.60
DPS	3.50	4.50	6.70	7.10	7.50
Growth					
Net interest income (%)	6.6	24.4	28.8	4.6	4.5
Non interest income (%)	25.7	(30.0)	7.1	5.5	1.3
Pre provision operating profit (%)	27.5	3.9	29.2	3.7	3.8
Operating profit (%)	53.7	12.3	46.3	7.7	5.2
Reported net profit (%)	54.3	10.6	48.5	6.7	5.2
Recurring EPS (%)	54.3	10.6	48.5	6.7	5.2
Reported EPS (%)	54.3	10.6	48.5	6.7	5.2
Income Breakdown					
Net interest income (%)	61.1	73.6	77.0	76.9	77.4
Net fees & commission (%)	21.7	19.8	16.1	16.1	15.7
Foreign exchange trading income (%)	13.3	3.7	4.4	4.5	4.3
Securities trading income (%)	0.9	(1.0)	(0.1)	-	-
Dividend income (%)	1.7	1.7	1.4	1.4	1.4
Other income (%)	1.4	2.3	1.1	1.2	1.2
Operating performance					
Gross interest yield (%)	2.86	3.22	4.39	4.50	4.53
Cost of funds (%)	0.95	1.01	1.69	1.81	1.85
Net interest spread (%)	1.91	2.21	2.70	2.69	2.68
Net interest margin (%)	2.1	2.4	3.0	3.0	3.0
Cost/income(%)	50.0	49.7	47.2	47.7	47.7
Cost/assets(%)	1.6	1.6	1.8	1.8	1.8
Effective tax rate (%)	18.7	20.1	19.3	20.0	20.0
Dividend payout on recurring profit (%)	25.2	29.3	29.4	29.2	29.3
ROE (%)	5.6	5.9	8.3	8.3	8.2
ROE - COE (%)	(4.6)	(4.3)	(1.9)	(1.9)	(2.0)
ROA (%)	0.7	0.7	1.0	1.0	1.0
RORWA (%)	1.0	1.0	1.5	1.5	1.5

* 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	2,789,121	2,900,686	3,016,713
Allowance for expected credit loss	(219,801)	(243,474)	(271,772)	(284,022)	(296,447)
interest in suspense	7,489	10,138	13,000	13,633	14,179
Net customer loans	2,376,027	2,449,355	2,530,349	2,630,297	2,734,445
Bank loans	801,212	766,074	644,436	670,213	697,022
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	889,306	926,608	1,065,095	1,139,652	1,208,031
Cash & equivalents	62,552	52,433	103,939	105,587	118,729
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	164,537	166,837	169,252
Total assets	4,333,281	4,421,752	4,586,466	4,795,018	5,014,365
Customer deposits	3,156,940	3,210,896	3,183,297	3,310,629	3,443,054
Bank deposits	288,709	262,522	378,105	415,915	457,507
Other interest bearing liabilities	183,239	188,302	221,371	228,012	234,853
Non interest bearing liabilities	209,801	252,891	255,754	258,663	261,617
Hybrid Capital	-	-	-	-	-
Total liabilities	3,838,688	3,914,610	4,038,527	4,213,219	4,397,031
Share capital	19,088	19,088	19,088	19,088	19,088
Reserves	473,639	486,258	526,875	560,538	595,856
Total equity	492,727	505,346	545,964	579,626	614,944
Non-controlling interest	1,865	1,796	1,976	2,173	2,390
Total liabilities & equity	4,333,281	4,421,752	4,586,466	4,795,018	5,014,365
Supplementary items					
Risk weighted assets (RWA)	2,863,700	3,008,228	3,050,000	3,188,687	3,334,553
Average interest earning assets	3,990,611	4,325,741	4,436,302	4,604,601	4,816,158
Average interest bearing liabilities	3,397,538	3,658,397	3,735,339	3,849,759	4,005,284
CET 1 capital	433,699	447,590	477,941	510,840	545,395
Total capital	536,656	551,698	582,049	614,948	649,503
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	286.02	303.65	322.16
Tangible book value per share	258.13	264.74	286.02	303.65	322.16
Growth					
Gross customer loans	9.3	3.6	4.0	4.0	4.0
Average interest earning assets	15.9	8.4	2.6	3.8	4.6
Total asset (%)	13.3	2.0	3.7	4.5	4.6
Risk weighted assets (%)	4.6	5.0	1.4	4.5	4.6
Customer deposits (%)	12.3	1.7	(0.9)	4.0	4.0
Leverage & capital measures					
Customer loan/deposits (%)	75.3	76.3	79.5	79.5	79.4
Equity/assets (%)	11.4	11.4	11.9	12.1	12.3
Tangible equity/assets (%)	11.4	11.4	11.9	12.1	12.3
RWA/assets (%)	66.1	68.0	66.5	66.5	66.5
CET 1 CAR (%)	15.1	14.9	15.7	16.0	16.4
Total CAR (%)	18.7	18.3	19.1	19.3	19.5
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	3.7	3.7	3.7
Allowance for ECL/gross loans (%)	8.5	9.1	9.7	9.8	9.8
Allowance for ECL/NPL (%)	217.4	250.5	266.3	265.1	263.5
Valuation					
Recurring P/E (x) *	10.8	9.7	6.6	6.1	5.8
Recurring P/E @ target price (x) *	14.3	12.9	8.7	8.1	7.7
Reported P/E (x)	10.8	9.7	6.6	6.1	5.8
Dividend yield (%)	2.3	3.0	4.5	4.7	5.0
Price/book (x)	0.6	0.6	0.5	0.5	0.5
Price/tangible book (x)	0.6	0.6	0.5	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

Bangkok Bank PCL (BBL TB)

FSSIA ESG rating

★★★★

62.08 /100

Exhibit 10: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 11: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BBL	62.08	--	Y	Y	5.00	5.00	Certified	Medium	54.70	--	29.00	58.68	67.00	2.19	60.06
KBANK	84.17	Y	Y	Y	5.00	5.00	Certified	Medium	62.19	AA	46.00	73.83	83.00	4.05	59.77
KTB	63.10	--	Y	Y	5.00	5.00	Certified	Medium	53.59	BBB	34.00	64.64	64.00	2.12	59.11
SCB	62.57	Y	Y	Y	5.00	4.00	--	High	--	A	--	--	86.00	3.43	--
KKP	62.96	--	Y	Y	5.00	5.00	Certified	Medium	52.81	BBB	--	77.56	26.00	2.18	45.90
TISCO	61.17	--	Y	Y	5.00	5.00	Certified	Medium	61.41	--	--	66.13	29.00	3.57	44.21
TTB	63.69	--	Y	Y	5.00	5.00	Certified	Medium	53.98	--	36.00	56.17	71.00	3.20	52.96

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 12: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.69	1.69	1.92	2.36	2.60	2.83	2.36	2.19
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.31	0.89	0.88	0.08
BESG social pillar score	2.05	2.03	2.39	3.54	3.58	3.58	2.32	2.81
BESG governance pillar score	3.44	3.49	3.84	3.71	4.05	3.97	4.33	4.07
ESG disclosure score	43.14	43.98	49.13	55.53	55.31	57.88	60.92	60.06
Environmental disclosure score	16.79	16.79	31.23	39.72	38.87	44.22	44.55	44.55
Social disclosure score	36.31	36.31	37.33	45.68	48.25	48.25	48.25	45.68
Governance disclosure score	76.22	78.72	78.72	81.10	78.72	81.10	89.86	89.86
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	--	--	4	12	12	14	12	22
GHG scope 2 location-based	--	--	20	68	67	61	58	61
GHG Scope 3	--	--	1	1	2	2	1	2
Carbon per unit of production	--	--	--	--	--	--	--	--
Biodiversity policy	No	No	Yes	Yes	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	--	--	45	156	156	167	151	164
Renewable energy use	--	--	--	--	--	--	--	--
Electricity used	--	--	--	117	116	122	115	121
Fuel used - natural gas	--	--	--	--	--	--	--	--

Sources: Bloomberg; FSSIA's compilation

Exhibit 13: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	0	0	0	0	0	0
Total waste	—	—	1	2	5	6	4	4
Waste recycled	—	—	—	—	—	1	1	0
Waste sent to landfills	—	—	0	0	3	4	2	3
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	124	128	116	92	100
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pct women in workforce	34	65	67	67	67	67	67	66
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	0	0	0	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of employees – CSR	25,806	25,512	23,802	23,054	22,797	22,048	20,514	19,091
Employee turnover pct	10	10	10	10	10	8	11	13
Total hours spent by firm - employee training	3,134,200	765,360	638,014	702,052	1,267,540	883,463	1,313,310	710,376
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	17	17	18	17	17	19	19	18
No. of independent directors (ID)	6	6	6	7	7	9	8	6
No. of women on board	1	1	1	1	1	1	2	1
No. of non-executive directors on board	11	12	13	9	8	10	9	7
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	12	12	12	12	13	13	12	12
Board meeting attendance pct	—	—	—	96	—	95	98	98
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	48	49	50	51	52	53	52	53
Age of the oldest director	85	86	87	88	89	90	91	92
No. of executives / company managers	60	64	64	67	66	70	66	60
No. of female executives	22	21	22	20	22	24	21	24
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	4	4	4	4	4	4	3	3
No. of ID on audit committee	4	4	4	4	4	4	3	3
Audit committee meetings	16	18	18	17	17	18	16	17
Audit meeting attendance %	—	89	82	88	90	89	98	94
Size of compensation committee	3	3	3	3	2	3	3	3
No. of ID on compensation committee	2	2	2	2	2	3	3	2
No. of compensation committee meetings	10	7	10	11	10	11	9	12
Compensation meeting attendance %	97	86	90	97	83	97	100	100
Size of nomination committee	3	3	3	3	2	3	3	3
No. of nomination committee meetings	10	7	10	11	10	11	9	12
Nomination meeting attendance %	97	86	90	97	83	97	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

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. 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.	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 border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </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 border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Rating</th> <th>Score Range</th> <th>Category</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="2">Leader:</td> <td rowspan="2">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> <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>BBB</td> <td>4.286-5.713</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td rowspan="2">Laggard:</td> <td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> </tr> </tbody> </table>	Rating	Score Range	Category	Description	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	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BBB	4.286-5.713	BB	2.857-4.285	B	1.429-2.856	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
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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.																							

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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ANALYST(S) CERTIFICATION

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

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History of change in investment rating and/or target price

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 149.50	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.
Kasikornbank	KBANK TB	THB 131.00	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.
Krung Thai Bank	KTB TB	THB 18.30	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 103.50	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.
TMBThanachart Bank	TTB TB	THB 1.60	HOLD	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. Upside risks are 1) a faster-than-expected economic recovery; and 2) improved asset quality leading to lower credit costs.
Kiatnakin Bank	KKP TB	THB 49.00	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.
Tisco Financial	TISCO TB	THB 98.00	HOLD	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. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.

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 25-Dec-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.