EQUITY RESEARCH - COMPANY REPORT

BANGKOK BANK   BBL TB
THAILAND / BANKING

More robust than expected asset quality

BUY
UNCHANGED

TARGET PRICE	THB191.00
CLOSE	THB145.00
UP/DOWNSIDE	+31.7%
PRIOR TP	THB198.00
CHANGE IN TP	-3.5%
TP vs CONSENSUS	-1.8%

- Lower-than-expected 4Q23 profit had no cause for concern, mainly dragged by lower investment gains, not asset quality problems.
- We still have a cautious view of the 2024 outlook, especially its overseas business amid a decreasing interest rate trend.
- Reiterate our BUY call with attractive dividend yields of 4-5% p.a.

4Q23 profit was below our estimate and BBG's consensus

BBL reported a 4Q23 net profit of THB8.86b, 17% below our estimates and 19% below BBG's consensus, which decreased by 21.9% q-q but increased by 17.1% y-y. Key drags were from 1) a minor loss booking on FVTPL investment, which was much lower than our expected gain of THB2.0b, and 2) higher-than-expected seasonal operating expenses, causing the cost-to-income ratio to finish at 56.0% for 4Q23 and 48.8% for 2023, which was still below BBL's guidance of low 50%. PPOP was THB18.6b, dropping by 20.5% q-q but rising by 4.3% y-y. Net interest income delivered impressive growth of 3.0% q-q and 15.5% y-y, with NIM rising to 3.14%, up 8bp from 3Q23. Overall, 2023 NIM was 2.95%, exceeding BBL's guidance of 2.50%. 4Q23 loan growth contracted by 1.9% q-q and 0.4% y-y, due mainly to the repayment of commercial and business loans. Fee income was relatively stable q-q and slightly dropped y-y as expected. However, the lower-than-expected 4Q23 investment gains caused the non-NII to drop q-q but still have a strong growth y-y.

Asset quality was well under control

Asset quality had no cause for concern. The 2023 NPL ratio was better than expected, lowering to 2.70% (our calculation was 3.22%) – still much lower than BBL's 2023 guidance of 3.50%. The 4Q23 credit costs were also lower than expected at 109bp, down from 132bp in 3Q23. The 2023 credit costs increased to 126bp, exceeding BBL's guidance of 100bp, with a rising NPL coverage ratio of 315%.

Cautious view of 2024 business outlook

We have cut our 2024-25E net profit by 9.5% and 10.4% from the previous, resulting in a sluggish growth of 1.0% y-y and 4.1% y-y, respectively, as shown in Exhibit 3, due mainly to the revision of loan growth, non-NII growth, and credit cost. We have toned down our positive outlook on BBL due to 2024 headwinds for its overseas business since the 3Q23 analyst meeting in late October 2023.

Reiterate our BUY call with attractive dividend yields

We retain our BUY call due to its well-diversified operations. We have cut our GGM-based 2024 TP to THB191 (from THB198) to reflect our lower earnings forecast, implying a P/BV of 0.65x. The current share price is cheap, trading below its 5Y average P/BV of 0.60x, with attractive dividend yields of c4-5% p.a.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Operating profit	52,046	53,094	55,298	58,609
Net profit	41,635	42,037	43,779	46,404
EPS (THB)	21.81	22.02	22.93	24.31
vs Consensus (%)	-	(0.6)	(4.2)	(3.0)
Recurring net profit	41,635	42,037	43,779	46,404
Core EPS (THB)	21.81	22.02	22.93	24.31
Chg. In EPS est. (%)	-	(9.5)	(10.4)	-
EPS growth (%)	42.1	1.0	4.1	6.0
Core P/E (x)	6.6	6.6	6.3	6.0
Dividend yield (%)	4.4	4.5	4.6	4.9
Price/book (x)	0.5	0.5	0.5	0.4
ROE (%)	8.1	7.7	7.6	7.6
ROA (%)	0.9	0.9	0.9	1.0
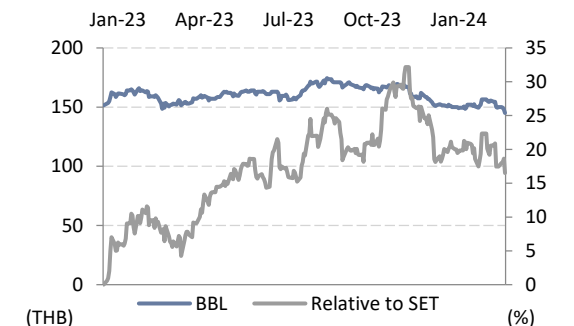
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.6)	(13.4)	(6.1)
Relative to country (%)	(3.5)	(9.7)	14.8

Mkt cap (USD m)	7,780
3m avg. daily turnover (USD m)	33.0
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 tone down the short-term business outlook but retain our BUY call due to:

1) Alarming signs from its business in Vietnam and China in the short term due to their economic slowdown, which could impact working capital loan demand.
2) Among our covered banks, BBL should benefit the most from the interest rate uptrend. However, if the interest rate turns the opposite trend, BBL would also be hit the most.
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.
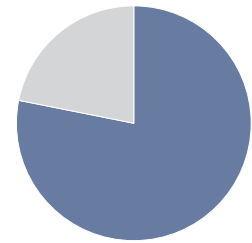
Company profile

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.
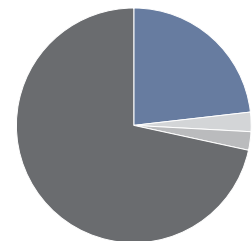
www.bangkokbank.com

Principal activities (revenue, 2023)

- Net interest income - 78.1 %
- Non-interest income - 21.9 %

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 higher policy rate increase 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
Apr 2024	1Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Net profit (THB m)	**42,037**	**43,779**	**46,404**
Net profit growth (%)	1.0	4.1	6.0
NIM (%)	2.94	2.91	2.91
Loan growth (%)	3.0	3.0	3.0
Fee growth (%)	1.0	1.0	1.0
Non-NII growth (%)	2.8	1.4	1.5
Credit cost (bp)	129	122	115
Cost to income (%)	48.9	49.4	49.8

Source: FSSIA estimates

Earnings sensitivity

		------------------ 2024E ------------------		
Loan growth	**±2ppt**	**1**	**3.0**	**5**
% change in net profit		*(2.4)*	*-*	*2.4*
NIM (%)	**±5bp**	**2.89**	**2.94**	**2.99**
% change in net profit		*(4.4)*	*-*	*4.4*
Credit cost (bp)	**±10bp**	**119**	**129**	**139**
% change in net profit		*4.9*	*-*	*(4.9)*

Source: FSSIA estimates

4Q23 profit was below our estimate and BBG's consensus

BBL reported a 4Q23 net profit of THB8.86b, 17% below our estimates and 19% below BBG consensus, which decreased by 21.9% q-q but increased by 17.1% y-y. Key drags were from 1) a minor loss booking on FVTPL investment, which was much lower than our anticipated gain of THB2.0b, and 2) higher-than-expected seasonal operating expenses, causing the cost-to-income ratio to finish at 56.0% for 4Q23 and 48.8% for 2023, which was still below BBL's guidance of low 50%. PPOP was THB18.6b, dropping by 20.5% q-q but rising by 4.3% y-y. Net interest income delivered impressive growth of 3.0% q-q and 15.5% y-y, with NIM rising to 3.14%, up 8bp from 3Q23. Overall, 2023 NIM was 2.95%, exceeding BBL's guidance of 2.50%.

The 4Q23 loan growth was disappointing, contracting by 1.9% q-q and 0.4% y-y, due mainly to the repayment of commercial and business loans, while the corporate loans still showed solid growth.

Fee income was relatively stable q-q and slightly dropped y-y as expected. However, the lower-than-expected 4Q23 investment gains caused the non-NII to drop drastically q-q but still have a strong growth y-y.

The 2023 net profit increased to THB41.6b, a significant growth of 42.1% y-y, pushed by a solid net interest income growth aligning with the rising interest rate trend throughout the year.

Exhibit 1: BBL – 4Q23 results summary

Year-end Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23	------ Change -----		2022	2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y %)
Net interest income	30,454	30,077	31,487	34,130	35,165	3.0	15.5	102,223	130,860	28.0
Non-interest income	6,431	10,215	10,956	8,443	7,028	(16.8)	9.3	36,672	36,627	(0.1)
Fee income - net	6,958	7,122	6,571	6,773	6,768	(0.1)	(2.7)	27,508	27,234	(1.0)
Total operating income	36,886	40,293	42,443	42,573	42,193	(0.9)	14.4	138,895	167,487	20.6
Total operating expenses	19,071	18,850	20,111	19,208	23,621	23.0	23.9	69,019	81,775	18.5
PPOP before tax	17,815	21,442	22,332	23,365	18,572	(20.5)	4.3	69,876	85,712	22.7
Expected credit loss	7,914	8,474	8,880	8,969	7,343	(18.1)	(7.2)	32,647	33,667	3.1
Income tax	2,257	2,728	2,047	2,938	2,281	(22.3)	1.1	7,484	9,993	33.5
Non-controlling interest	74	112	112	108	84	(22.4)	14.4	440	417	(5.2)
Net profit	7,569	10,129	11,293	11,350	8,863	(21.9)	17.1	29,306	41,636	42.1
EPS (THB)	3.97	5.31	5.92	5.95	4.64	(21.9)	17.1	15.35	21.81	42.1
Key ratios	4Q22	1Q23	2Q23	3Q23	4Q23	---- Change ----		2022	2023 (Current)	Change
Asset quality ratio	(%)	(%)	(%)	(THB m)	(THB m)	(q-q%)	(y-y%)	(%)	(THB m)	(y-y %)
Gross NPLs (THB m)	97,188	98,359	93,285	94,884	85,955	(9.4)	(11.6)	97,188	85,955	(11.6)
% from prior period	(9.2)	1.2	(5.2)	1.7	(9.4)			(3.9)	(11.6)	
NPL ratio (%)*	3.62	3.73	3.46	3.48	3.22			3.62	3.22	
Coverage ratio (%)*	261	265	287	283	315			261	315	
NPL ratios (%) - reported	3.10	3.09	2.90	3.00	2.70			3.10	2.70	
Coverage ratio (%) - reported	261	265	287	283	315			261	315	
Credit cost (bp)	116	127	133	132	109			124	126	
Profitability ratio	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
Cost to income ratio	51.7	46.8	47.4	45.1	56.0			49.7	48.8	
Average yield (%)	3.80	4.01	4.26	4.51	4.70			3.22	4.39	
Cost of funds (%)	1.21	1.53	1.70	1.74	1.87			1.01	1.71	
NIM (%)*	2.79	2.73	2.83	3.06	3.14			2.36	2.95	
NIM (%) - reported	2.84	2.84	2.91	3.11	3.19			2.42	3.02	
Non-NII /total inc. (%)	17.4	25.4	25.8	19.8	16.7			26.4	21.9	
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)	(%)	
q-q	(4.1)	(1.6)	2.2	0.9	(1.9)					
y-y	3.6	2.0	1.7	(2.6)	(0.4)			3.6	(0.4)	
Year-to-date	3.6	(1.6)	0.6	1.5	(0.4)					

Sources: BBL; FSSIA's compilation

Asset quality was under control and in line with 2023 guidance

Asset quality had no cause for concern. The 2023 NPL ratio was better than expected, lowering to 2.70% (our calculation was 3.22%) – still much lower than BBL's 2023 guidance of 3.50%. The 4Q23 credit costs were also lower than expected at 109bp, down from 132bp in 3Q23. The 2023 credit costs increased to 126bp, exceeding BBL's guidance of 100bp, with a rising NPL coverage ratio of 315%.

Exhibit 2: Staged loans and ECL

	2021	2022	2Q23	2021	2022	2Q23
	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
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

Cautious view on 2024 business outlook

We have cut our 2024-25E net profit by 9.5% and 10.4% from the previous, resulting in a sluggish growth of 1.0% y-y and 4.1% y-y, respectively, as shown in Exhibit 3, due mainly to the revision of loan growth, non-NII growth, and credit cost. We have toned down our positive outlook on BBL due to 2024 headwinds for its overseas business since the 3Q23 analyst meeting in late October 2023.

Exhibit 3: 2024-25E earnings revision

	-------------------- New --------------------		------------------ Previous -----------------		---------------- Change ------------------	
	2024E	2025E	2024E	2025E	*2024E*	*2025E*
	(THB m)	(THB m)	(THB m)	(THB m)	*(%)*	*(%)*
Net profit (THB m)	**42,037**	**43,779**	**46,452**	**48,871**	*(9.5)*	*(10.4)*
EPS (THB)	22.02	22.93	24.34	25.60	*(9.5)*	*(10.4)*
Target price (THB)	191		198			
Key statistics and ratios						
Net profit growth (%)	1.0	4.1	6.7	5.2		
NIM (%)	2.94	2.91	2.99	2.99		
Loan growth (%)	3.0	3.0	4.0	4.0		
Fee growth (%)	1.0	1.0	1.0	1.0		
Non-NII growth (%)	2.8	1.4	5.5	1.3		
Credit cost (bp)	129.1	121.7	123.0	120.0		
Cost to income (%)	48.9	49.4	47.7	47.7		
NPL ratio	3.20	3.19	3.69	3.73		

Source: FSSIA estimates

Reiterate our BUY call with new 2024 GGM-based TP of THB191
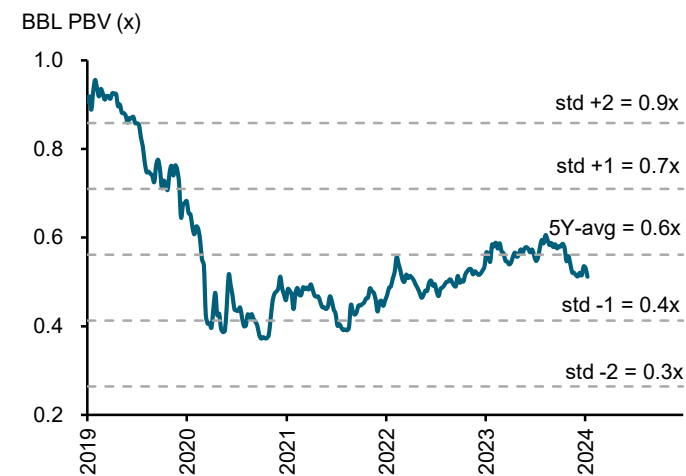
We retain our BUY call due to its well-diversified operations. We have cut our GGM-based 2024 TP to THB191 (from THB198) to reflect our lower earnings forecast, implying a P/BV of 0.65x. The current share price is cheap, trading below its 5Y average P/BV of 0.60x, with attractive dividend yields of c4-5% p.a.

Exhibit 4: GGM-based 2024 TP

Gordon growth model	
Sustainable ROE	7.0%
g	1.0%
ROE-g	6.0%
Beta	0.90
RF	3.0%
MRP	8.0%
COE	10.2%
COE-g	9.2%
ROE-g/COE-g (PBV)	0.65
FV	191.0

Source: FSSIA estimates

Exhibit 5: Share price performance of banks under our coverage, as of 18 January 2024

	------------------------ Price performance ------------------------				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
BBL TB	**(4.61)**	**(13.95)**	**(11.59)**	**(6.15)**	**(7.35)**
KBANK TB	(1.15)	1.98	(4.09)	(15.96)	(4.44)
KKP TB	(3.00)	(7.62)	(20.16)	(33.79)	(3.48)
KTB TB	(3.26)	(7.77)	(11.44)	2.30	(3.26)
SCB TB	0.00	(0.97)	(7.66)	(7.66)	(3.30)
TISCO TB	(0.51)	(0.26)	0.51	(5.10)	(2.01)
TTB TB	1.91	(6.98)	(1.84)	12.68	(4.19)
SETBANK	(1.56)	(5.70)	(8.89)	(7.70)	(4.15)
SET	(1.22)	(3.17)	(10.33)	(18.39)	(2.68)

Source: Bloomberg

Exhibit 6: BBL – one-year prospective P/BV band

BBL PBV (x)

std +2 = 0.9x
std +1 = 0.7x
5Y-avg = 0.6x
std -1 = 0.4x
std -2 = 0.3x

Sources: Bloomberg; FSSIA estimates

Exhibit 7: BBL – one-year prospective PER band

BBL PER (x)

std +2 = 15.2x
std +1 = 12.3x
5Y-avg = 9.4x
std -1 = 6.5x
std -2 = 3.5x

Sources: Bloomberg; FSSIA estimates

Exhibit 8: Regional bank peers comparison, as of 18 January 2024

Company name	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD b)	PE 23E (x)	PE 24E (x)	PBV 23E (x)	PBV 24E (x)	ROE 23E (%)	ROE 24E (%)	Div yld 23E (x)	Div yld 24E (x)
Thailand												
Bangkok Bank	145.00	191.00	32	7,780.0	6.6	6.6	0.5	0.5	8.1	7.7	4.4	4.5
Kasikornbank	129.00	160.00	24	8,591.3	7.7	6.9	0.6	0.5	7.9	8.2	3.7	4.1
Krung Thai Bank	17.80	23.10	30	6,992.7	6.6	6.2	0.6	0.6	9.7	9.6	4.4	4.7
SCB X	102.50	121.00	18	9,701.2	8.4	7.7	0.7	0.7	8.7	9.1	7.1	7.3
TMBThanachart Bank	1.60	1.79	12	4,356.4	8.6	8.7	0.7	0.7	8.0	7.6	5.8	5.8
Kiatnakin Bank	48.50	55.00	13	1,154.4	6.9	6.1	0.7	0.6	10.0	10.7	6.7	6.4
Tisco Financial Group	98.00	97.00	(1)	2,199.9	10.7	11.7	1.8	1.8	17.1	15.7	8.2	8.2
Thailand weighted average				**5,825**	**9.0**	**8.5**	**0.8**	**0.7**	**8.9**	**8.9**	**4.4**	**4.6**
Hong Kong												
Industrial & Comm Bank of China	3.57	n/a	n/a	220,979.4	3.3	3.3	0.3	0.3	10.7	10.4	9.4	9.6
China Construction Bank	4.37	n/a	n/a	142,958.7	3.1	2.9	0.3	0.3	11.5	11.1	9.8	10.2
HSBC Holdings	58.55	n/a	n/a	144,396.1	5.8	5.7	0.9	0.8	15.8	15.5	8.7	10.5
Bank of China	2.88	n/a	n/a	146,871.0	3.6	3.4	0.4	0.3	10.2	9.9	8.9	9.2
Hong Kong average				**163,801**	**3.9**	**3.8**	**0.5**	**0.4**	**12.0**	**11.7**	**9.2**	**9.9**
China												
Industrial & Comm Bank of China	4.85	n/a	n/a	220,943.9	4.9	4.7	0.5	0.5	10.6	10.2	6.4	6.6
Agricultural Bank of China	3.69	n/a	n/a	174,126.8	5.0	4.8	0.5	0.5	11.1	10.7	6.2	6.5
China Construction Bank	6.52	n/a	n/a	142,935.8	4.9	4.7	0.5	0.5	11.6	11.1	6.2	6.4
Bank of China	4.01	n/a	n/a	146,847.4	5.4	5.1	0.5	0.5	10.4	10.1	5.8	6.1
China average				**171,213**	**5.0**	**4.8**	**0.5**	**0.5**	**10.9**	**10.6**	**6.2**	**6.4**
South Korea												
KB Financial Group	49,400	n/a	n/a	14,833.0	3.9	3.7	0.4	0.3	9.6	9.1	6.6	7.0
Shinhan Finanicial Group	36,350	n/a	n/a	14,045.8	4.2	4.0	0.4	0.3	9.2	8.8	5.7	6.2
Hana Financial Group	41,100	n/a	n/a	8,935.8	3.3	3.2	0.3	0.3	9.8	9.6	8.5	9.1
Industrial Bank of Korea	11,490	n/a	n/a	6,880.4	3.4	3.4	0.3	0.3	9.5	9.1	8.6	9.0
South Korea average				**11,174**	**3.7**	**3.6**	**0.3**	**0.3**	**9.5**	**9.2**	**7.4**	**7.8**
Indonesia												
Bank Central Asia	9,675	n/a	n/a	76,351.5	24.4	22.4	4.9	4.4	21.0	20.7	2.3	2.6
Bank Rakyat Indonesia Persero	5,750	n/a	n/a	56,030.6	14.8	13.0	2.7	2.5	18.9	20.1	5.0	5.7
Bank Mandiri Persero	6,525	n/a	n/a	38,687.2	11.7	10.7	2.3	2.1	21.2	21.0	4.1	5.2
Bank Negara Indonesia Persero	5,550	n/a	n/a	13,132.0	9.6	8.5	1.4	1.3	15.0	15.5	4.3	4.9
Bank Syariah Indonesia	2,010	n/a	n/a	5,935.6	17.1	14.4	2.4	2.1	15.3	16.0	0.8	1.0
Indonesia average				**38,027**	**15.5**	**13.8**	**2.7**	**2.5**	**18.3**	**18.7**	**3.3**	**3.9**
Malaysia												
Malayan Banking	9.02	n/a	n/a	23,068.0	11.6	11.2	1.2	1.2	10.5	10.6	6.6	6.8
Public Bank	4.31	n/a	n/a	17,885.3	12.4	11.8	1.6	1.5	13.0	12.8	4.3	4.4
CIMB Group Holdings	5.94	n/a	n/a	13,554.5	9.3	8.7	0.9	0.9	10.4	10.4	5.9	6.3
Hong Leong Bank	18.84	n/a	n/a	8,641.5	10.2	9.6	1.2	1.1	12.1	11.4	3.5	3.5
RHB Bank	5.54	n/a	n/a	5,020.9	8.2	8.0	0.8	0.7	9.6	9.3	7.0	7.3
Malaysia average				**13,634**	**10.3**	**9.9**	**1.1**	**1.1**	**11.1**	**10.9**	**5.4**	**5.6**
Singapore												
DBS Group Holdings	31.91	n/a	n/a	61,144.2	8.1	8.3	1.4	1.3	17.5	16.2	6.4	7.1
Oversea-Chinese Banking	12.80	n/a	n/a	43,067.0	8.2	8.1	1.0	1.0	13.2	12.6	6.4	6.7
United Overseas Bank	27.88	n/a	n/a	34,649.8	8.2	8.0	1.0	1.0	13.3	12.9	6.1	6.4
Singapore average				**46,287**	**8.2**	**8.1**	**1.1**	**1.1**	**14.6**	**13.9**	**6.3**	**6.7**
Regional average (excl. Thailand)				**71,277**	**8.2**	**7.7**	**1.1**	**1.0**	**12.8**	**12.6**	**6.1**	**6.6**
Total average (incl. Thailand)				**51,547**	**8.2**	**7.7**	**1.1**	**1.0**	**12.3**	**12.1**	**6.1**	**6.5**

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Bank

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Interest Income	139,088	194,365	202,719	210,424	218,320
Interest expense	(36,865)	(63,505)	(68,125)	(71,981)	(74,559)
Net interest income	102,223	130,860	134,594	138,443	143,761
Net fees & commission	27,508	27,234	27,513	27,789	28,066
Foreign exchange trading income	5,155	5,544	5,544	5,544	5,544
Securities trading income	(1,454)	(482)	0	0	0
Dividend income	2,306	2,330	2,447	2,569	2,698
Other income	3,156	2,001	2,139	2,287	2,446
Non interest income	36,672	36,627	37,643	38,189	38,754
Total income	138,895	167,487	172,237	176,632	182,514
Staff costs	(34,794)	(35,921)	(38,436)	(39,973)	(41,572)
Other operating costs	(34,225)	(45,854)	(45,707)	(47,360)	(49,334)
Operating costs	(69,019)	(81,775)	(84,143)	(87,333)	(90,905)
Pre provision operating profit	69,876	85,712	88,094	89,298	91,609
Expected credit loss	(32,647)	(33,667)	(35,000)	(34,000)	(33,000)
Other provisions	-	-	-	-	-
Operating profit	37,229	52,046	53,094	55,298	58,609
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	37,229	52,046	53,094	55,298	58,609
Tax	(7,484)	(9,993)	(10,619)	(11,060)	(11,722)
Profit after tax	29,746	42,052	42,475	44,239	46,887
Non-controlling interest	(440)	(417)	(438)	(460)	(483)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	29,306	41,635	42,037	43,779	46,404
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	29,306	41,635	42,037	43,779	46,404
Per share (THB)					
Recurring EPS *	15.35	21.81	22.02	22.93	24.31
Reported EPS	15.35	21.81	22.02	22.93	24.31
DPS	4.50	6.40	6.50	6.70	7.10
Growth					
Net interest income (%)	24.4	28.0	2.9	2.9	3.8
Non interest income (%)	(30.0)	(0.1)	2.8	1.4	1.5
Pre provision operating profit (%)	3.9	22.7	2.8	1.4	2.6
Operating profit (%)	12.3	39.8	2.0	4.2	6.0
Reported net profit (%)	10.6	42.1	1.0	4.1	6.0
Recurring EPS (%)	10.6	42.1	1.0	4.1	6.0
Reported EPS (%)	10.6	42.1	1.0	4.1	6.0
Income Breakdown					
Net interest income (%)	73.6	78.1	78.1	78.4	78.8
Net fees & commission (%)	19.8	16.3	16.0	15.7	15.4
Foreign exchange trading income (%)	3.7	3.3	3.2	3.1	3.0
Securities trading income (%)	(1.0)	(0.3)	-	-	-
Dividend income (%)	1.7	1.4	1.4	1.5	1.5
Other income (%)	2.3	1.2	1.2	1.3	1.3
Operating performance					
Gross interest yield (%)	3.22	4.38	4.43	4.42	4.42
Cost of funds (%)	1.01	1.71	1.80	1.84	1.85
Net interest spread (%)	2.21	2.67	2.63	2.58	2.57
Net interest margin (%)	2.4	3.0	2.9	2.9	2.9
Cost/income(%)	49.7	48.8	48.9	49.4	49.8
Cost/assets(%)	1.6	1.8	1.8	1.8	1.8
Effective tax rate (%)	20.1	19.2	20.0	20.0	20.0
Dividend payout on recurring profit (%)	29.3	29.3	29.5	29.2	29.2
ROE (%)	5.9	8.1	7.7	7.6	7.6
ROE - COE (%)	(4.3)	(2.1)	(2.5)	(2.6)	(2.6)
ROA (%)	0.7	0.9	0.9	0.9	1.0
RORWA (%)	1.0	1.4	1.4	1.4	2.9

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Bangkok Bank; FSSIA estimates

Financial Statements
Bangkok Bank

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Gross customer loans	2,682,691	2,671,964	2,752,123	2,834,687	2,919,727
Allowance for expected credit loss	(243,474)	(270,539)	(282,789)	(294,689)	(306,239)
interest in suspense	10,138	24,236	12,935	13,323	13,723
Net customer loans	**2,449,355**	**2,425,661**	**2,482,269**	**2,553,321**	**2,627,211**
Bank loans	766,074	757,120	779,833	803,228	827,325
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	926,608	1,062,668	1,137,055	1,205,278	1,277,595
Cash & equivalents	52,433	45,518	53,600	49,481	44,748
Other interesting assets	-	-	-	-	-
Tangible fixed assets	73,909	72,855	76,948	81,150	85,472
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	153,373	150,663	153,005	155,464	158,046
Total assets	**4,421,752**	**4,514,484**	**4,682,710**	**4,847,922**	**5,020,398**
Customer deposits	3,210,896	3,184,283	3,279,812	3,378,206	3,479,552
Bank deposits	262,522	334,219	367,641	393,376	420,912
Other interest bearing liabilities	188,302	212,505	218,880	225,446	232,210
Non interest bearing liabilities	252,891	252,647	255,541	258,482	261,472
Hybrid Capital	-	-	-	-	-
Total liabilities	**3,914,610**	**3,983,654**	**4,121,874**	**4,255,511**	**4,394,146**
Share capital	19,088	19,088	19,088	19,088	19,088
Reserves	486,258	509,886	539,707	571,078	604,694
Total equity	**505,346**	**528,975**	**558,796**	**590,167**	**623,782**
Non-controlling interest	1,796	1,855	2,041	2,245	2,469
Total liabilities & equity	**4,421,752**	**4,514,484**	**4,682,710**	**4,847,922**	**5,020,398**
Supplementary items					
Risk weighted assets (RWA)	3,008,228	3,002,132	3,114,002	3,223,868	0
Average interest earning assets	4,325,741	4,432,852	4,580,381	4,756,102	4,933,920
Average interest bearing liabilities	3,658,397	3,709,456	3,781,959	3,902,102	4,038,216
CET 1 capital	447,590	477,618	507,248	538,238	0
Total capital	551,698	581,726	611,356	642,346	0
Gross non performing loans (NPL)	97,188	85,955	87,963	90,302	92,981
Per share (THB)					
Book value per share	264.74	277.12	292.74	309.18	326.79
Tangible book value per share	264.74	277.12	292.74	309.18	326.79
Growth					
Gross customer loans	3.6	(0.4)	3.0	3.0	3.0
Average interest earning assets	8.4	2.5	3.3	3.8	3.7
Total asset (%)	2.0	2.1	3.7	3.5	3.6
Risk weighted assets (%)	5.0	(0.2)	3.7	3.5	nm
Customer deposits (%)	1.7	(0.8)	3.0	3.0	3.0
Leverage & capital measures					
Customer loan/deposits (%)	76.3	76.2	75.7	75.6	75.5
Equity/assets (%)	11.4	11.7	11.9	12.2	12.4
Tangible equity/assets (%)	11.4	11.7	11.9	12.2	12.4
RWA/assets (%)	68.0	66.5	66.5	66.5	-
CET 1 CAR (%)	14.9	15.9	16.3	16.7	-
Total CAR (%)	18.3	19.4	19.6	19.9	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(3.9)	(11.6)	2.3	2.7	3.0
NPL/gross loans (%)	3.6	3.2	3.2	3.2	3.2
Allowance for ECL/gross loans (%)	9.1	10.1	10.3	10.4	10.5
Allowance for ECL/NPL (%)	250.5	314.7	321.5	326.3	329.4

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	9.4	6.6	6.6	6.3	6.0
Recurring P/E @ target price (x) *	12.4	8.8	8.7	8.3	7.9
Reported P/E (x)	9.4	6.6	6.6	6.3	6.0
Dividend yield (%)	3.1	4.4	4.5	4.6	4.9
Price/book (x)	0.5	0.5	0.5	0.5	0.4
Price/tangible book (x)	0.5	0.5	0.5	0.5	0.4
Price/tangible book @ target price (x)	0.7	0.7	0.7	0.6	0.6
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Bangkok Bank; FSSIA estimates

Bangkok Bank PCL (BBL TB)

Exhibit 9: 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 10: ESG – peer comparison

	FSSIA ESG score	----- Domestic ratings -----						----- Global ratings -----						--- Bloomberg ---	
		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 11: 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 12: 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

FINANSIA

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%). *(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.)*	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. *(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.)*	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. NEGL 0-10; Low 10-20; Medium 20-30; High 30-40; Severe 40+
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. AAA 8.571-10.000 AA 7.143-8.570 A 5.714-7.142 BBB 4.286-5.713 BB 2.857-4.285 B 1.429-2.856 CCC 0.000-1.428 **Leader:** leading its industry in managing the most significant ESG risks and opportunities **Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers **Laggard:** lagging its industry based on its high exposure and failure to manage significant ESG risks	
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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
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.

Morningstar Sustainalytics rating table:

	NEGL	Low	Medium	High	Severe
	0-10	10-20	20-30	30-40	40+

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

GENERAL DISCLAIMER

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 145.00	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 129.00	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.
Kiatnakin Bank	KKP TB	THB 48.50	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 17.80	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 102.50	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 97.75	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.
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.

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 18-Jan-2024 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.