

| | |
|-----------------|-----------|
| 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% |

คุณภาพสินทรัพย์ดีกว่าที่คาด

- กำไร 4Q23 ที่ต่ำกว่าคาดไม่หนักกังวลเนื่องจากปัจจัยถ่วงส่วนมากมาจากกำไรจากการลงทุนที่ลดลงไม่ใช่ปัญหาคุณภาพสินทรัพย์
- เรายังคงมุมมองที่ระมัดระวังสำหรับแนวโน้มปี 2024 โดยเฉพาะอย่างยิ่งสำหรับธุรกิจ在不同ประเทศและแนวโน้มอัตราดอกเบี้ยขาลง
- คงคำแนะนำซื้อพร้อมผลตอบแทนในรูปเงินปันผลที่น่าสนใจถึง 4-5% ต่อปี

กำไร 4Q23 ต่ำกว่าที่เราและตลาดคาด

BBL รายงานกำไรสุทธิ 4Q23 อยู่ที่ 8.86 พัน ลบ. ต่ำกว่าที่เราคาด 17% และที่ตลาดคาด 19% กำไรดังกล่าวลดลง 21.9% q-q แต่ปรับขึ้น 17.1% y-y โดยมีปัจจัยถ่วงสำคัญอยู่ที่ 1) ผลขาดทุนเล็กน้อยจากการตีมูลค่าสุทธิของเงินลงทุนผ่านกำไรขาดทุน (FVTPL) ซึ่งต่ำกว่าที่เราคาดว่าจะกำไร 2.0 พัน ลบ. อยู่มากและ 2) ค่าใช้จ่ายในการดำเนินงานตามฤดูกาลที่สูงกว่าคาดซึ่งทำให้สัดส่วนค่าใช้จ่ายในการดำเนินงานต่อรายได้อยู่ที่ 56.0% ใน 4Q23 และ 48.8% ในปี 2023 นับว่ายังต่ำกว่าเป้าหมายการของธนาคารฯ ที่ระดับ 50% ต่ำ กำไรก่อนหักสำรองอยู่ที่ 18.6 พัน ลบ. (-20.5% q-q, +4.3% y-y) รายได้ดอกเบี้ยสุทธิโตดี (+3.0% q-q, +15.5% y-y) พร้อมส่วนต่างดอกเบี้ยที่เพิ่มขึ้นเป็น 3.14% (+8bp จาก 3Q23) ในภาพรวมส่วนต่างดอกเบี้ยในปี 2023 อยู่ที่ 2.95% สูงกว่าเป้าหมายการของธนาคารฯ ที่ 2.50% ใน 4Q23 สินเชื่อหดตัว 1.9% q-q และ 0.4% y-y ส่วนมากจากการชำระสินเชื่อเพื่อการพาณิชย์และธุรกิจ รายได้ค่าธรรมเนียมค่อนข้างทรงตัว q-q และลดลงเล็กน้อย y-y ตามคาด อย่างไรก็ตามกำไรจากการลงทุนที่ต่ำกว่าคาดได้ทำให้รายได้ที่ไม่ใช่ดอกเบี้ยสุทธิลดลง q-q แต่ยังโตดี y-y

คุณภาพสินทรัพย์ได้ตามเป้า

คุณภาพสินทรัพย์ไม่หนักกังวล ในปี 2023 สัดส่วนหนี้ด้อยคุณภาพดีกว่าคาดโดยลดลงเหลือ 2.70% (เราคำนวณได้ 3.22%) นับว่ายังต่ำกว่าเป้าหมายการของธนาคารฯ ที่ 3.50% อยู่มาก นอกจากนี้ต้นทุนความเสี่ยงในการปล่อยสินเชื่อใน 4Q23 ยังต่ำกว่าคาดด้วยโดยอยู่ที่ 109bp ลดลงจาก 132bp ใน 3Q23 ในขณะที่ต้นทุนความเสี่ยงในการปล่อยสินเชื่อในปี 2023 เพิ่มขึ้นเป็น 126bp สูงกว่าเป้าหมายการของธนาคารฯ ที่ 100bp พร้อมสัดส่วนสำรองต่อหนี้ด้อยคุณภาพที่เพิ่มขึ้นเป็น 315%

มุมมองที่ระมัดระวังสำหรับแนวโน้มธุรกิจในปี 2024

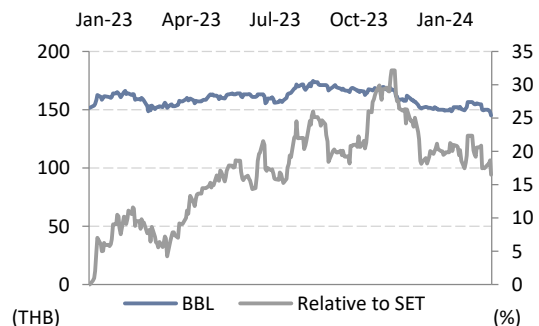
เราปรับลดประมาณการกำไรสุทธิปี 2024-25 ลง 9.5% และ 10.4% จากก่อนหน้าซึ่งทำให้เติบโตชะลอตัวลดลงเหลือ 1.0% y-y และ 4.1% y-y ตามลำดับดังได้แสดงไว้ใน Exhibit 3 ส่วนมากจากการปรับสมมติฐานการเติบโตของสินเชื่อ การเติบโตของรายได้ที่ไม่ใช่ดอกเบี้ยสุทธิและต้นทุนความเสี่ยงในการปล่อยสินเชื่อ เราปรับลดแนวโน้มเชิงบวกสำหรับ BBL ตั้งแต่การประชุมนักวิเคราะห์ที่หลังผลประกอบการ 3Q23 ในปลายเดือน ต.ค. 2023 จากปัจจัยกดดันในปี 2024 สำหรับธุรกิจ在不同ประเทศ

คงคำแนะนำซื้อพร้อมผลตอบแทนในรูปเงินปันผลที่น่าสนใจ

เราคงคำแนะนำซื้อจากการดำเนินงานที่มีการกระจายความเสี่ยงที่ดี เราปรับลดราคาเป้าหมายปี 2024 ของเราเป็น 191 จาก 198 บาท (GGM) เพื่อสะท้อนประมาณการกำไรที่ลดลงโดยคิดเป็นค่า P/BV ได้ที่ 0.65x ปัจจุบันหุ้นมีราคาถูกโดยมีการซื้อขายที่ต่ำกว่าค่า P/BV เฉลี่ย 5 ปีย้อนหลังที่ 0.60x พร้อมผลตอบแทนในรูปเงินปันผลที่น่าสนใจถึง 4-5% ต่อปี

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.

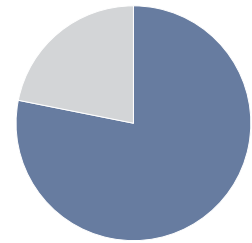
Company profile

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)

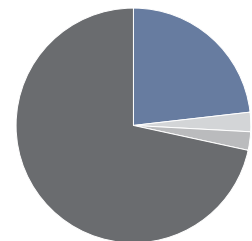
- Net interest income - 78.1 %
- Non-interest income - 21.9 %



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

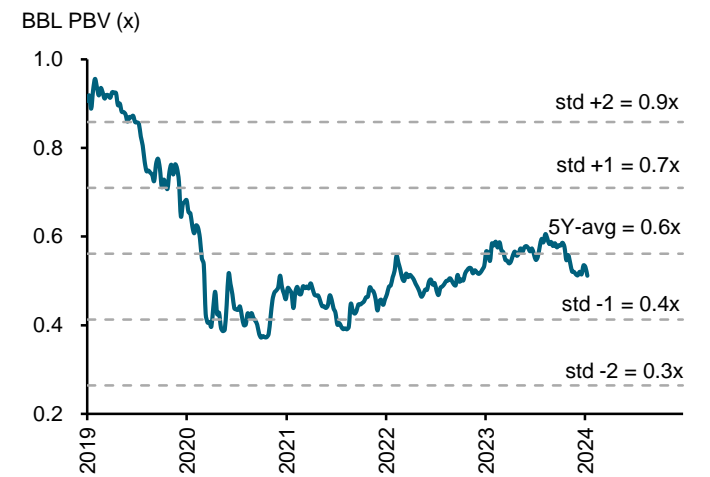
We retain our BUY call due to its well-diversified operations. We have cut our GGM-based 2024 TP to THB191 (from THB198) to reflect our lower earnings forecast, implying a P/BV of 0.65x. The current share price is cheap, trading below its 5Y average P/BV of 0.60x, with attractive dividend yields of c4-5% 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 6: BBL – one-year prospective P/BV band



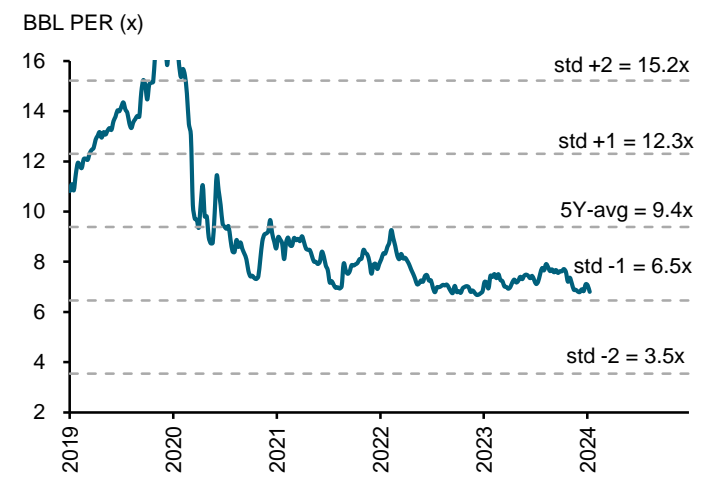
Sources: Bloomberg; FSSIA estimates

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 7: BBL – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

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

| 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 b) | (x) | (x) | (x) | (x) | (%) | (%) | (x) | (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 Financial 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 | | | | | |
| 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)

FSSIA ESG rating

★★★★

62.08 /100

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 | 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 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

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. <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+ | | | | | | | | | | |
| NEGL | Low | Medium | High | Severe | | | | | | | | | | | | | | | | | | |
| 0-10 | 10-20 | 20-30 | 30-40 | 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. | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <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> | 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 | |
| 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 | | | | | | | | | | | | | | | | | | | | | |
| 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. | | | | | | | | | | | | | | | | | | | | |

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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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 $(\text{target price}^* - \text{current price}) / \text{current price}$.

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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