

TARGET PRICE	THB191.00
CLOSE	THB138.50
UP/DOWNSIDE	+37.9%
PRIOR TP	THB191.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+7.5%

Manageable asset quality deterioration

- We expect BBL's 1Q24 net profit to recover despite rising ECL and credit costs, thanks to its solid core business growth.
- We view its asset quality as manageable due mainly to a high coverage ratio to tackle the upcoming NPL formation.
- We retain our 2024-26 forecast and our BUY call.

Recovering 1Q24E profit despite rising ECL and credit costs

Despite the challenging economic conditions, we believe BBL has demonstrated its resilience with a recovery in 1Q24E net profit. Our estimate stands at THB10.4b, marking a significant rise of 17.7% q-q and 3.0% y-y, and accounting for 25% of our full-year forecast. This robust performance is primarily supported by a decline in operating expenses post-seasonal effect in 4Q23 and slight growth in the core business – NII and non-NII. We anticipate that rising ECL expenses and credit costs will be managed effectively without compromising the bottom line, thanks to a higher estimated PPOP by 24.9% q-q and 8.2% y-y. 1Q24 loans should also grow, aligning with its 2024 guidance and our forecast. Furthermore, we foresee a continued NIM expansion in 1Q24, bolstered by the interest rate hike in 4Q23. Regarding non-NII, we anticipate a slight increase in net fee income, reflecting loan-related fee growth.

Asset quality deterioration is manageable

While there are concerns about corporate loan issues in 1Q24, particularly ITD and its related supply chain, these issues are manageable in cases where there is a mutual agreement between creditor banks to inject additional liquidity – BBL would force debtors to liquidate part of their valuable assets. We predict an upward credit cost trend in 1H24 and a contrasting trend in 2H24. According to BBL, a higher NIM in 1H24 would support higher reserves before the NIM potentially declines in 2H24. Regarding the NPL ratio, we expect a slight increase to 3.26% in 1Q24. Thus, the 1Q24 coverage ratio should rise to 325% from 315% in 4Q23.

Maintain 2024-26 forecast; NII and fee growth are key catalysts

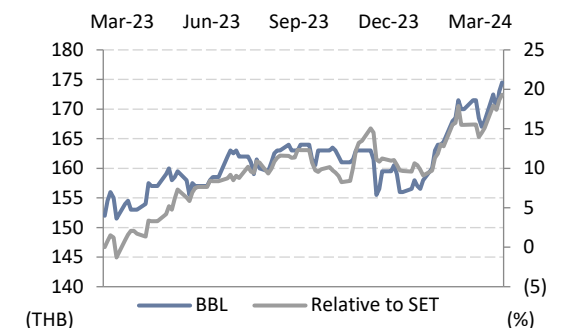
We retain our 2024-26 forecast with a 3.7% CAGR, based on a stable NIM (stable 2024 RP rate) and a slight increase in credit cost (amid the sluggish economic recovery and rising concerns about its corporate loan quality) assumptions exceeding its guidance.

Reiterate our BUY call with an attractive dividend yield

We retain our BUY call due to BBL's well-diversified operations. Our GGM-based 2024 TP is THB191, implying a P/BV of 0.65x. The current share price is cheap, trading below its 5Y average P/BV of 0.60x, with an attractive dividend yield 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 (%)	-	(4.9)	(4.4)	(3.9)
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. (%)	-	-	-	-
EPS growth (%)	42.1	1.0	4.1	6.0
Core P/E (x)	6.3	6.3	6.0	5.7
Dividend yield (%)	4.6	4.7	4.8	5.1
Price/book (x)	0.5	0.5	0.4	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 (%)	(2.8)	(7.4)	(9.5)
Relative to country (%)	(1.0)	(4.9)	5.0
Mkt cap (USD m)	7,264		
3m avg. daily turnover (USD m)	33.6		
Free float (%)	76		
Major shareholder	Thai NVDR (23%)		
12m high/low (THB)	175.00/138.00		
Issued shares (m)	1,909		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We have toned down our 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 slowdowns, 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 trends in the opposite direction, BBL would be hit the most, in our view.
- 3) BBL also has solid long-term growth potential from its domestic and international banking businesses.
- 4) Its efficiency in asset quality management with the highest coverage ratio (LLR/NPL) and comfortable liquidity ratio (LDBR), coupled with a solid capital base, are vital catalysts to support growth and drive ROE in the long run.

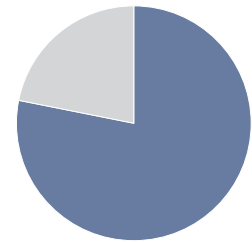
Company profile

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)

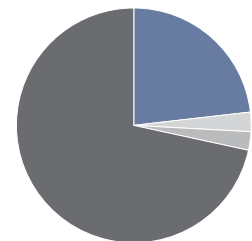
- Net interest income - 78.1 %
- Non-interest income - 21.9 %



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 increasing its policy rate above expectations.
- Lower credit cost from better-than-expected asset quality.

Risks to our call

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

Event calendar

Date	Event
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

Exhibit 1: BBL – 1Q24 earnings preview

Year end Dec 31	1Q23	2Q23	3Q23	4Q23	1Q24E	----- Change -----		2024E	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y %)	2024E
Net interest income	30,077	31,487	34,130	35,165	35,900	2.1	19.4	134,594	2.9	26.7
Non-interest income	10,215	10,956	8,443	7,013	7,343	4.7	(28.1)	37,643	2.8	19.5
Fee income - net	7,122	6,571	6,773	6,768	6,809	0.6	(4.4)	27,513	1.0	24.7
Total operating income	40,293	42,443	42,573	42,178	43,243	2.5	7.3	172,237	2.8	25.1
Total operating expenses	18,850	20,111	19,208	23,607	20,050	(15.1)	6.4	84,143	2.9	23.8
PPOP before tax	21,442	22,332	23,365	18,572	23,193	24.9	8.2	88,094	2.8	26.3
Expected credit loss	8,474	8,880	8,969	7,343	10,000	36.2	18.0	35,000	4.0	28.6
Income tax	2,728	2,047	2,938	2,281	2,678	17.4	(1.8)	10,619	6.3	25.2
Non-controlling interest	112	112	108	84	80	(5.0)	(28.6)	438	5.0	18.3
Net profit	10,129	11,293	11,350	8,863	10,435	17.7	3.0	42,037	1.0	24.8
EPS (THB)	5.31	5.92	5.95	4.64	5.47	17.7	3.0	22.02	1.0	24.8
Key ratios	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----		2024E	Change	
Asset quality ratio	(%)	(%)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(%)	(y-y %)	
Gross NPLs (THB m)	98,359	93,285	94,884	85,955	87,955	(9.4)	(11.6)	87,963	(11.6)	
% from prior period	1.2	(5.2)	1.7	(9.4)	2.3			2.3		
NPL ratio (%)	3.73	3.46	3.48	3.22	3.26			3.20		
Coverage ratio (%)	265	287	283	315	325			321		
NPL ratio (%) - reported	3.09	2.90	3.00	2.70						
Credit cost (bp)	127	133	132	109	149			129		
Profitability ratio	(%)	(%)	(%)	(%)	(%)			(%)		
Cost to income ratio	46.8	47.4	45.1	56.0	46.4			48.9		
Average yield (%)	4.01	4.26	4.51	4.70	4.82			4.43		
Cost of funds (%)	1.53	1.70	1.74	1.87	1.94			1.80		
NIM (%)	2.73	2.83	3.06	3.14	3.20			2.94		
NIM (%) - reported	2.84	2.91	3.11	3.19						
Non-NII /total inc. (%)	25.4	25.8	19.8	16.6	17.0			21.9		
Loan growth	(%)	(%)	(%)	(%)	(%)			(%)		
q-q	(1.6)	2.2	0.9	(1.9)	1.0					
y-y	2.0	1.7	(2.6)	(0.4)	2.2			3.0		
Year-to-date	(1.6)	0.6	1.5	(0.4)	1.0					

Sources: BBL; FSSIA estimates

Exhibit 2: BBL – staged loans and ECL

	2021	2022	2023	2021	2022	2023
	(THB b)	(THB b)	(THB b)	(%)	(%)	(%)
Staged loans				% Staged loans		
Stage 1	2,356	2,450	2,431	90.8	91.0	90.6
Stage 2	136	142	164	5.3	5.3	6.1
Stage 3	104	100	90	4.0	3.7	3.3
Total	2,596	2,693	2,684	100.0	100.0	100.0
Allowance for ECL				% ECL to loans		
Stage 1	80	97	104	3.4	3.9	4.3
Stage 2	65	73	87	48.0	51.4	53.2
Stage 3	74	74	68	71.8	73.3	75.7
Total	220	243	259	8.5	9.0	9.6
LLR/ Loans	(%)	(%)	(%)			
Stage 1	3.4	3.9	4.3			
Stage 2	48.0	51.4	53.2			
Stage 3	71.8	73.3	75.7			
Total	8.5	9.0	9.6			
	(%)	(%)	(%)			
NPL / TL	4.0	3.7	3.3			
NPL vs. Stage 2 loans / TL	9.2	9.0	9.4			
LLR / NPL	212	243	289			
LLR / (NPL vs. Stage 2)	92	100	102			

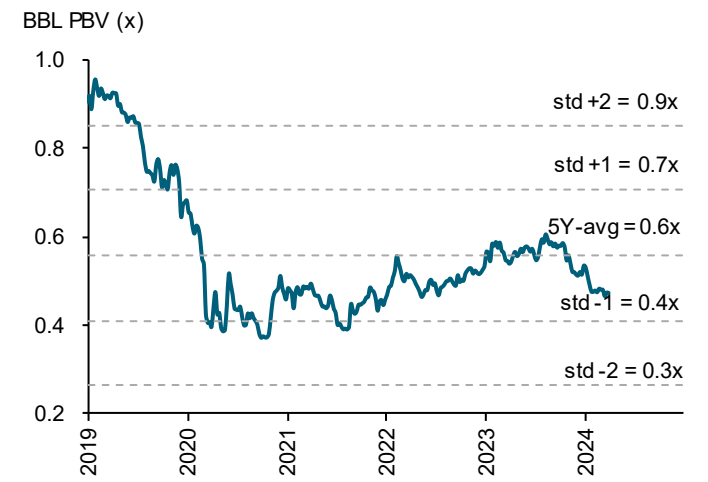
Sources: BBL; FSSIA's compilation

Exhibit 3: GGM-based 2024 TP

Gordon Growth Model	2024E
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: BBL – one-year prospective P/BV band



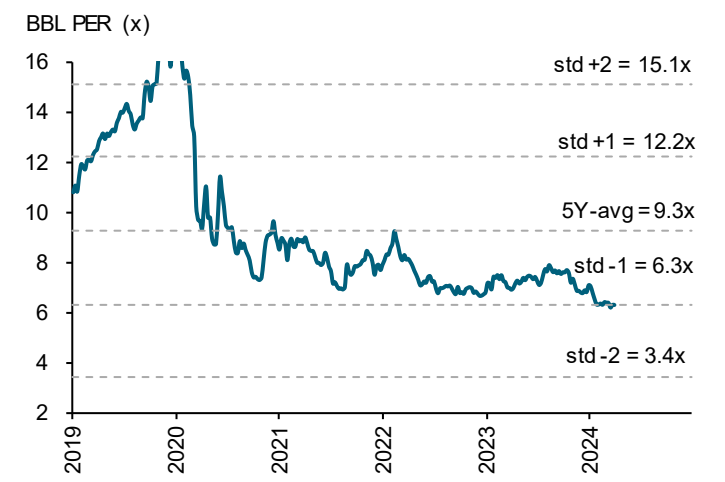
Sources: Bloomberg; FSSIA estimates

Exhibit 4: Share price performance of banks under coverage, as of 25 March 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	(2.81)	(8.28)	(14.77)	(9.48)	(11.50)
KBANK TB	(1.61)	(7.58)	(0.81)	(7.22)	(9.63)
KKP TB	2.50	4.06	(5.96)	(21.15)	1.99
KTB TB	3.07	(7.69)	(9.68)	(0.59)	(8.70)
SCB TB	1.78	10.10	12.25	11.71	8.02
TISCO TB	(0.75)	0.76	0.25	(1.24)	(0.50)
TTB TB	(2.13)	14.29	10.84	34.31	10.18
SETBANK	(0.24)	(0.91)	(2.98)	0.03	(3.02)
SET	(1.83)	(2.90)	(8.13)	(13.78)	(3.06)

Source: Bloomberg

Exhibit 6: BBL – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Peer regional banks comparison, as of 25 March 2024

Company name	BBG code	Share price (LCY)	Target price (LCY)	Upside (%)	Market Cap. (USD b)	----- PE -----		----- PBV ----		----- ROE ----		-- Div yld --	
						24E (x)	25E (x)	24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)
Thailand													
Bangkok Bank	BBL TB	138.50	191.00	38	7,264.0	6.3	6.0	0.5	0.4	7.7	7.6	4.7	4.8
Kasikombank	KBANK TB	122.00	140.00	15	7,942.2	6.6	6.1	0.5	0.5	8.1	8.4	4.3	4.7
Krung Thai Bank	KTB TB	16.80	19.90	18	6,451.4	6.2	6.1	0.5	0.5	9.1	8.8	5.3	5.5
SCB X	SCB TB	114.50	118.00	3	10,592.8	8.7	8.3	0.8	0.7	9.0	9.1	6.8	7.0
TMBThanachart Bank	TTB TB	1.84	2.19	19	4,897.2	10.9	10.6	0.8	0.7	7.0	7.0	5.2	5.3
Kiatnakin Bank	KKP TB	51.25	50.60	(1)	1,192.4	7.5	7.0	0.7	0.6	9.3	9.4	6.8	7.3
Tisco Financial Group	TISCO TB	99.25	97.00	(2)	2,183.4	11.8	11.7	1.8	1.8	15.7	15.6	8.1	8.1
Thailand weighted average					5,739	9.2	8.7	0.7	0.7	8.4	8.4	5.0	5.3
Hong Kong													
Industrial & Comm Bank of China	1398 HK	3.95	n/a	n/a	242,015.1	3.7	3.5	0.4	0.3	10.2	10.0	8.5	8.8
China Construction Bank	939 HK	4.79	n/a	n/a	158,515.5	3.3	3.1	0.3	0.3	10.9	10.6	9.1	9.6
HSBC Holdings	5 HK	61.20	n/a	n/a	150,009.5	6.4	6.5	0.8	0.8	14.5	12.3	9.9	7.8
Bank of China	3988 HK	3.24	n/a	n/a	163,567.9	4.0	3.8	0.4	0.3	9.7	9.5	7.8	8.1
Hong Kong average					178,527	4.3	4.2	0.5	0.4	11.3	10.6	8.8	8.6
China													
Industrial & Comm Bank of China	601398 CH	5.29	n/a	n/a	242,206.6	5.1	4.9	0.5	0.5	10.3	10.0	6.0	6.3
Agricultural Bank of China	601288 CH	4.21	n/a	n/a	199,400.2	5.5	5.2	0.6	0.5	10.7	10.5	5.6	5.9
China Construction Bank	601939 CH	6.85	n/a	n/a	158,640.9	5.0	4.8	0.5	0.5	11.1	10.8	6.0	6.3
Bank of China	601988 CH	4.40	n/a	n/a	163,697.3	5.8	5.5	0.5	0.5	9.9	9.6	5.5	5.7
China average					190,986	5.4	5.1	0.5	0.5	10.5	10.2	5.8	6.1
South Korea													
KB Financial Group	105560 KS	72,000	n/a	n/a	22,173.4	5.7	5.2	0.5	0.4	8.8	8.9	4.5	4.9
Shinhan Financial Group	055550 KS	50,600	n/a	n/a	19,612.9	5.6	5.2	0.5	0.4	8.8	8.7	4.3	4.6
Hana Financial Group	086790 KS	62,600	n/a	n/a	13,754.7	5.0	4.6	0.5	0.4	9.3	9.2	5.8	6.2
Industrial Bank of Korea	024110 KS	15,380	n/a	n/a	9,162.3	4.5	4.3	0.4	0.4	9.0	8.9	6.8	7.2
South Korea average					16,176	5.2	4.8	0.4	0.4	9.0	9.0	5.4	5.7
Indonesia													
Bank Central Asia	BBCA IJ	10,075	n/a	n/a	78,051.8	23.0	21.1	4.6	4.2	21.0	20.8	2.6	2.8
Bank Rakyat Indonesia Persero	BBRI IJ	6,250	n/a	n/a	59,735.0	13.8	12.3	2.8	2.6	21.0	22.0	5.6	6.3
Bank Mandiri Persero	BMRI IJ	7,250	n/a	n/a	42,400.1	11.5	10.5	2.3	2.1	21.5	21.3	4.9	5.3
Bank Negara Indonesia Persero	BBNI IJ	5,925	n/a	n/a	13,991.8	9.3	8.3	1.3	1.2	15.1	15.5	4.7	5.4
Bank Syariah Indonesia	BRIS IJ	2,660	n/a	n/a	7,739.8	18.5	15.8	2.8	2.5	16.3	16.7	0.9	1.2
Indonesia average					40,384	15.2	13.6	2.8	2.5	19.0	19.3	3.8	4.2
Malaysia													
Malayan Banking	MAY MK	9.62	n/a	n/a	24,670.2	11.8	11.3	1.2	1.2	10.4	10.5	6.3	6.6
Public Bank	PBK MK	4.24	n/a	n/a	17,377.2	11.7	11.1	1.4	1.3	12.5	12.4	4.7	4.9
CIMB Group Holdings	CIMB MK	6.50	n/a	n/a	14,626.4	9.2	8.7	1.0	0.9	10.7	10.8	6.1	6.3
Hong Leong Bank	HLBK MK	19.38	n/a	n/a	8,863.6	9.9	9.2	1.1	1.0	11.5	11.4	3.4	3.7
RHB Bank	RHBBANK MK	5.62	n/a	n/a	5,116.4	8.4	8.0	0.7	0.7	9.2	9.3	7.2	7.5
Malaysia average					14,131	10.2	9.7	1.1	1.0	10.8	10.9	5.5	5.8
Singapore													
DBS Group Holdings	DBS SP	35.50	n/a	n/a	69,012.5	9.5	9.5	1.5	1.4	16.0	15.3	6.5	7.0
Oversea-Chinese Banking	OCBC SP	13.58	n/a	n/a	45,699.7	8.6	8.5	1.1	1.0	12.8	12.1	6.2	6.3
United Overseas Bank	UOB SP	28.72	n/a	n/a	36,077.4	8.3	8.1	1.0	1.0	12.6	12.4	6.1	6.3
Singapore average					50,263	8.8	8.7	1.2	1.1	13.8	13.3	6.3	6.5
Regional average (excl. Thailand)					78,645	8.5	8.0	1.1	1.1	12.5	12.4	5.8	6.0
Total average (incl. Thailand)					62,708	8.5	8.0	1.1	1.0	11.9	11.7	5.8	6.1

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) *	9.0	6.3	6.3	6.0	5.7
Recurring P/E @ target price (x) *	12.4	8.8	8.7	8.3	7.9
Reported P/E (x)	9.0	6.3	6.3	6.0	5.7
Dividend yield (%)	3.2	4.6	4.7	4.8	5.1
Price/book (x)	0.5	0.5	0.5	0.4	0.4
Price/tangible book (x)	0.5	0.5	0.5	0.4	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

★★★★

Exhibit 8: FSSIA ESG score implication

62.08 /100

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 9: 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 10: 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 11: ESG score by Bloomberg (cont.)

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

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																												
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table 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" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </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			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																													
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

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 138.50	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.
Krung Thai Bank	KTB TB	THB 16.80	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.
Kiatnakin Bank	KKP TB	THB 51.25	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 prices, and strengthening asset quality.
Tisco Financial	TISCO TB	THB 99.25	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.
Kasikornbank	KBANK TB	THB 122.00	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) government stimulus projects leading to economic recovery; and 2) the rising NIM from well-controlled cost of funds.
SCB X	SCB TB	THB 114.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
TMBThanachart Bank	TTB TB	THB 1.84	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 25-Mar-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.