

BANGKOK BANK

BBL TB

THAILAND / BANKING

BUY

UNCHANGED

Key takeaways from analyst meeting

การประชุมนักวิเคราะห์ของ BBL ในวันที่ 7 พ.ค. เน้นไปที่ 1) บรรยากาศและแนวโน้มในปัจจุบันของเศรษฐกิจโลกและในประเทศ 2) มุมมองของผู้บริหารเกี่ยวกับอัตราดอกเบี้ยนโยบายในปี 2024 และ 3) ข้อมูลเชิงลึกสำหรับผลประกอบการ 1Q24 ของธนาคาร โดยเฉพาะส่วนต่างดอกเบี้ย (NIM) ซึ่งหดตัวลดลงอย่างรุนแรงใน 1Q24

เราคงประมาณการปี 2024-26 พร้อมการเติบโตที่คาดว่าจะอยู่ที่ 3.7% CAGR และคำแนะนำซื้อจากการดำเนินงานที่มีการกระจายความเสี่ยงได้ดีของ BBL ราคาเป้าหมายปี 2024 ของเราอยู่ที่ 191 บาท (G/M) คิดเป็นค่า P/BV ที่ 0.65x ปัจจุบันหุ้นมีราคาถูกโดยมีการซื้อขายในระดับที่ต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 0.60x พร้อมผลตอบแทนในรูปเงินปันผลที่น่าสนใจที่ 4-5% ต่อปี

Highlights

- แนวโน้มเศรษฐกิจ:** BBL มองว่าเศรษฐกิจโลกได้รับแรงกดดันจากสภาวะอัตราดอกเบี้ยสูงต่อเนื่องโดยมีแค่สหรัฐฯ เท่านั้นที่มี Momentum ดีกว่าคาดเมื่อเทียบกับเศรษฐกิจสำคัญอื่น ๆ การฟื้นตัวของเศรษฐกิจโลกน่าจะแตะจุดต่ำสุดในปี 2024 ก่อนค่อย ๆ ฟื้นตัวเนื่องจากมุมมองเกี่ยวกับการค้าระหว่างประเทศ ยังไม่สดใสซึ่งส่งสัญญาณว่าการส่งออกของไทยจะยังถูกจำกัด

สำหรับเศรษฐกิจไทย BBL ยืนยันเป้า GDP ที่ 3.0% ในปี 2024 โดยมีปัจจัยผลักดันสำคัญอยู่ที่ 1) ตัวเลขนักท่องเที่ยวที่เพิ่มขึ้นคิดเป็น 2 ใน 3 ของเป้าตัวเลขการเติบโต 2) กิจกรรมการส่งออกน่าจะทรงตัวโดยเฉพาะในช่วง 2H24 ในขณะที่เศรษฐกิจต่าง ๆ สามารถปรับตัวเข้ากับสภาวะอัตราดอกเบี้ยสูงได้ดีขึ้นและ 3) การเติบโตจากงบประมาณภาครัฐและปัจจัยหนุนที่อาจได้จากมาตรการกระตุ้นการใช้จ่ายเงินดิจิทัลในปี 2024

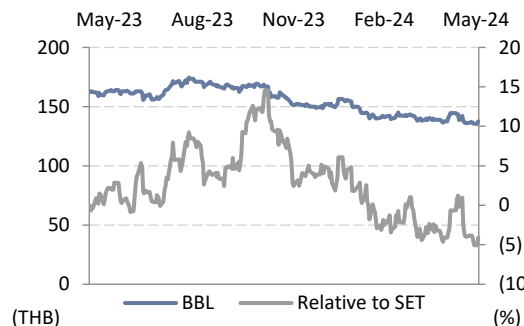
- อัตราดอกเบี้ยนโยบาย:** ธนาคารฯ ให้มุมมองเกี่ยวกับแนวโน้มอัตราดอกเบี้ยนโยบายของธนาคารกลางสหรัฐฯ (Fed) โดยคาดว่าจะมีการปรับลดอัตราดอกเบี้ยสูงสุด 3 ครั้ง และจะเริ่มอย่างรวดเร็วที่สุดในเดือน ก.ย. 24 ก่อนลากยาวไปถึงสิ้นปีจากแรงกดดันในด้านเงินเฟ้อซึ่งยังมีความเสี่ยงขาขึ้นจากราคาพลังงานที่ปรับตัวขึ้น สำหรับเศรษฐกิจในประเทศ BBL มองเห็นโอกาสที่ธนาคารแห่งประเทศไทย (BoT) จะปรับลดอัตราดอกเบี้ยนโยบายอยู่ในช่วง 25-50bps เมื่อพิจารณาจากมุมมองของ กนง.เกี่ยวกับ GDP ในปี 2024 ที่ลดลงจากก่อนหน้าและแรงกดดันในด้านเงินเฟ้อที่ไม่ได้ส่งสัญญาณที่สูงเหมือนที่เคยคาด อย่างไรก็ตาม BBL ให้มุมมองว่าในอดีตอัตราดอกเบี้ยเงินกู้ของธนาคารฯ (M rate) ไม่ได้เคลื่อนไหวตามอัตราดอกเบี้ยอ้างอิง (RP rate) เสมอไป

ในกรณีที่ที่มีการปรับลดอัตราดอกเบี้ยในช่วง 2H24 BBL มองว่าอัตราดอกเบี้ยของธนาคารพาณิชย์มี Downside จำกัดเนื่องจากได้ปรับลดไปแล้วในช่วงปลายเดือน เม.ย. 24 สำหรับลูกค้ากลุ่มเปราะบาง จากเป้าประมาณการส่วนต่างดอกเบี้ยของธนาคารฯ ที่ 2.8% ในปี 2024 ธนาคารฯ ได้รวมการปรับลดอัตราดอกเบี้ยนโยบายทั้งจาก Fed และ BoT ในช่วง 2H24 ไปเรียบร้อยแล้ว

TARGET PRICE	THB191.00
CLOSE	THB137.50
UP/DOWNSIDE	+38.9%
TP vs CONSENSUS	+12.0%

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 (%)	-	(2.7)	(1.4)	(2.6)
Recurring net profit	41,635	42,037	43,779	46,404
Core EPS (THB)	21.81	22.02	22.93	24.31
EPS growth (%)	42.1	1.0	4.1	6.0
Core P/E (x)	6.3	6.2	6.0	5.7
Dividend yield (%)	4.7	4.7	4.9	5.2
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 (%)	0.0	(3.2)	(13.2)
Relative to country (%)	(0.1)	(1.7)	(3.4)
Mkt cap (USD m)	7,116		
3m avg. daily turnover (USD m)	28.5		
Free float (%)	76		
Major shareholder	Thai NVDR (23%)		
12m high/low (THB)	175.00/134.00		
Issued shares (m)	1,909		

Sources: Bloomberg consensus; FSSIA estimates



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- NIM ที่ลดลงใน 1Q24:** BBL ให้ 3 ปัจจัยเพื่ออธิบายเหตุการณ์ดังกล่าวประกอบด้วย 1) ต้นทุนเงินฝากที่สูงขึ้นเนื่องจากธนาคาร rollover เงินฝากประจำมากกว่าปกติใน 1Q24 โดยเฉพาะเมื่อ BBL นำเสนอผลิตภัณฑ์อัตราดอกเบี้ยพิเศษหลังพยายามตรึงสภาพคล่องจากมุมมองเชิงบวกของผู้บริหารเกี่ยวกับการเติบโตของสินเชื่อในปี 2024 (สำหรับทั้งลูกค้าในประเทศและอาเซียน) 2) การเติบโตของสินเชื่อที่ต่ำกว่าคาด (2.4% q-q, 3.6% y-y) ซึ่งได้ปัจจัยหนุนจากกลุ่มสินเชื่อขนาดใหญ่ที่มีการกระจุกตัวส่วนมากในภาคการผลิต การค้าและการเงินซึ่งส่วนมากเป็นสินเชื่อเงินทุนหมุนเวียนที่ให้ผลตอบแทนต่ำและ 3) ปัจจัยทางเทคนิคเนื่องจากพลวัตของการเติบโตของสินเชื่อในช่วง 1Q24 ส่วนมากเกิดขึ้นในช่วงปลายเดือน มี.ค. ในขณะที่ตัวกันผู้บริหารอธิบายว่าสัดส่วนหนี้ต่อคุณภาพที่เพิ่มขึ้นใน 1Q24 (3.43% จาก 3.22% ใน 4Q23) เกิดขึ้นส่วนมากจากการจัดชั้นเชิงคุณภาพอันเกิดจากความไม่แน่นอนในด้านภูมิรัฐศาสตร์ที่สูงขึ้น นอกจากนี้ความกังวลดังกล่าวยังสะท้อนให้เห็นใน Credit cost ที่สูงขึ้นเนื่องจากธนาคาร จัดสรรสำรองสินเชื่อส่วนเกินในช่วงดังกล่าว โดยทิศทาง Credit cost จะลดลงในช่วง 2H24 ตามศักยภาพการกำกับไรจาก NIM ที่ลดลง

Exhibit 1: BBL – 1Q24 operations summary

Year end Dec 31	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----		% of	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	2024E	(THB m)	(y-y %)
Net interest income	30,077	31,487	34,130	35,165	33,422	(5.0)	11.1	25	134,594	2.9
Non-interest income	10,215	10,956	8,443	7,013	8,260	17.8	(19.1)	22	37,643	2.8
Fee income - net	7,122	6,571	6,773	6,768	6,927	2.3	(2.7)	25	27,513	1.0
Total operating income	40,293	42,443	42,573	42,178	41,682	(1.2)	3.4	24	172,237	2.8
Total operating expenses	18,850	20,111	19,208	23,607	19,618	(16.9)	4.1	23	84,143	2.9
PPOP before tax	21,442	22,332	23,365	18,572	22,064	18.8	2.9	25	88,094	2.8
Expected credit loss	8,474	8,880	8,969	7,343	8,582	16.9	1.3	25	35,000	4.0
Income tax	2,728	2,047	2,938	2,281	2,849	24.9	4.5	27	10,619	6.3
Non-controlling interest	112	112	108	84	109	30.0	(2.3)	25	438	5.0
Net profit	10,129	11,293	11,350	8,863	10,524	18.7	3.9	25	42,037	1.0
EPS (THB)	5.31	5.92	5.95	4.64	5.51	18.7	3.9	25	22.02	1.0
Key ratios	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----			2024E	Change
Asset quality ratio	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)		(%)	(y-y %)
Gross NPLs (THB m)	98,359	93,285	94,884	85,955	93,949	(9.4)	(11.6)		87,963	(11.6)
% from prior period	1.2	(5.2)	1.7	(9.4)	9.3				2.3	
NPL ratio (%)*	3.73	3.46	3.48	3.22	3.43				3.20	
NPL ratios (%) - reported	3.09	2.90	3.00	2.70	3.00					
Coverage ratio (%) - reported	265	287	283	315	292					
Credit cost (bp)	127	133	132	109	127				129	
Profitability ratio	(%)	(%)	(%)	(%)	(%)				(%)	
Cost to income ratio	46.8	47.4	45.1	56.0	47.1				48.9	
Average yield (%)	4.01	4.26	4.51	4.70	4.59				4.43	
Cost of funds (%)	1.53	1.70	1.74	1.87	1.96				1.80	
NIM (%)*	2.73	2.83	3.06	3.14	2.97				2.94	
NIM (%) - reported	2.84	2.91	3.11	3.19	3.06					
Non-NII / total inc. (%)	25.4	25.8	19.8	16.6	19.8				21.9	
Liquidity ratio	(%)	(%)	(%)	(%)	(%)				(%)	
Loan to deposit	82.3	84.3	86.1	83.9	85.6				83.9	
LDBR	77.8	79.5	80.0	78.7	80.5				78.7	
Capital adequacy ratio	(%)	(%)	(%)	(%)	(%)				(%)	
CAR	19.2	19.1	19.6	19.6	19.7				20.3	
CET 1/ Risk assets	14.9	14.9	15.4	15.4	15.6				16.2	
Tier 2 / Risk assets	3.5	3.4	3.4	3.4	3.4				3.3	
Loan growth	(%)	(%)	(%)	(%)	(%)				(%)	
q-q	(1.6)	2.2	0.9	(1.9)	2.4					
y-y	2.0	1.7	(2.6)	(0.4)	3.6				3.0	
Year-to-date	(1.6)	0.6	1.5	(0.4)	2.4					

Sources: BBL; FSSIA estimates

Exhibit 2: 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 (THB)	191.0

Source: FSSIA estimates

Exhibit 3: Share price performance of banks under coverage, as of 7 May 2024

	Price performance				
	1M (%)	3M (%)	6M (%)	1Y (%)	YTD (%)
BBL TB	0.36	(2.82)	(12.93)	(14.81)	(11.82)
KBANK TB	7.66	10.79	0.38	3.09	(1.11)
KKP TB	0.97	5.05	5.05	(14.75)	3.48
KTB TB	1.20	4.35	(11.11)	(9.68)	(8.70)
SCB TB	(4.89)	2.88	8.91	1.42	0.94
TISCO TB	(1.77)	(1.77)	0.26	5.99	(2.51)
TTB TB	0.57	(2.21)	9.94	18.00	5.99
SETBANK	0.15	1.73	(2.73)	(3.51)	(3.74)
SET	0.14	(0.80)	(2.43)	(11.83)	(2.71)

Source: Bloomberg

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	6.2	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	6.2	6.0	5.7
Dividend yield (%)	3.3	4.7	4.7	4.9	5.2
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 4: 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 5: 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 6: 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 7: 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 rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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History of change in investment rating and/or target price

Bangkok Bank (BBL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Jul-2021	BUY	146.00	08-Jul-2022	BUY	170.00	26-Dec-2023	BUY	198.00
05-Oct-2021	HOLD	128.00	17-Jul-2023	BUY	197.00	19-Jan-2024	BUY	191.00
25-Oct-2021	HOLD	134.00	30-Oct-2023	BUY	208.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 137.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) an impact of new regulations from the Bank of Thailand.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 07-May-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.