

10 FEBRUARY 2021

THAILAND / ASSET MANAGEMENT COMPANIES

## BANGKOK COMMERCIAL ASSET MNGT.

## BAM TB

BUY

UNCHANGED

TARGET PRICE	THB24.00
CLOSE	THB21.40
UP/DOWNSIDE	+12.1%
PRIOR TP	THB24.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.9%

## ยักษ์หลักกำลังจะตื่น

มุมมองเป็นกลางจากการประชุมกับประธานเจ้าหน้าที่บริหาร

เราจัดประชุมสำหรับนักลงทุนสถาบันเมื่อวันที่ 8 กับ BAM ประกอบด้วยคุณบัณฑิต อนันตมงคล ประธานเจ้าหน้าที่บริหารและผู้บริหารอีก 2 ท่าน ในปี 2021 ผู้บริหารตั้งเป้าซื้อ NPL/NPA ใหม่จำนวน 10-15 พัน ลบ. เทียบกับประมาณ 12 พัน ลบ. ในปี 2020E BAM คาดว่า อัตราการเก็บเงินสด (cash collection) ของบริษัท ในปีนี้จะดีกว่า 13 พัน ลบ. ในปี 2020E จาก 1) การเพิ่มของลูกหนี้ TDR ประมาณ 3,000-4,000 รายจาก 8,000 รายในปัจจุบัน; และ 2) กลยุทธ์การตั้งราคาแบบมีส่วนลด (Discount Pricing Strategy) สำหรับ NPAs (ประมาณ 10% ของมูลค่าประเมินของสินทรัพย์) นอกจากนี้ BAM กำลังศึกษาธุรกิจใหม่ ๆ กล่าวคือ กิจการร่วมค้ากับธนาคารเพื่อรับโอน NPL นอกจากนี้ ท่านประธานเจ้าหน้าที่บริหารวางแผนเปลี่ยน BAM ให้เป็นองค์กรดิจิทัลมากยิ่งขึ้น โครงการดิจิทัลของบริษัทฯ กล่าวคือ “BAM-D” มีกำหนดเสร็จสิ้นภายในกลางปี 2022 เรามีมุมมองที่เป็นกลางจากการประชุมดังกล่าว แผนธุรกิจของบริษัทฯ ส่วนมากจะเป็นปัจจัยบวกสำหรับการเติบโตในระยะยาว แม้ว่าเป้าการซื้อ NPL/NPA ในระยะสั้นจะยังต่ำกว่าคู่แข่ง

## ฟื้นตัวใน 4Q20 จาก backlog NPA

เราคาดว่า BAM จะรายงานกำไรสุทธิ 4Q20 ที่ 891 ลบ. (+199% q-q) กำไรเพิ่ม q-q จาก 1) การเก็บหนี้ที่สูงขึ้นจากกลุ่มลูกค้ารายย่อยตามการฟื้นตัวของเศรษฐกิจ; และ 2) การชำระหนี้ของ NPA รายใหญ่เป็นจำนวนสูงถึง 600 ลบ. ทำให้เราคาดว่า cash collection จะดีขึ้นใน 4Q20 โดยอยู่ที่ 3.8 ลบ. (-25% y-y, +18% q-q) อย่างไรก็ดี กำไรสุทธิของบริษัทฯ อาจลดลง 47% y-y จากการบันทึกรายการที่มีมูลค่าสูงใน 4Q19 (1.5 พัน ลบ.).

## คาดการณ์กำไรสุทธิจะเพิ่มในปี 2021 เริ่มจากไตรมาส 2Q21

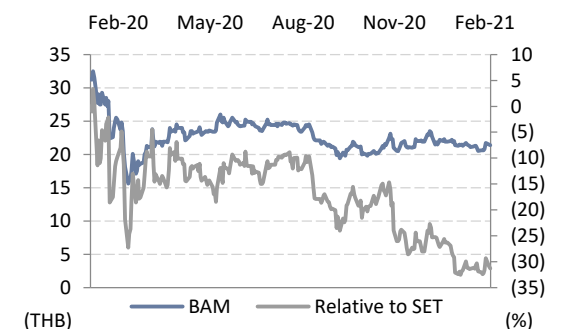
เราปรับลดประมาณการกำไรจากการดำเนินงานปี 2020 ของเราลง 14% จากการเก็บหนี้ที่ต่ำกว่าคาด อย่างไรก็ตาม เราคงประมาณการกำไรปี 2021-22 ของเรา ในปี 2021 กำไรสุทธิอาจเพิ่มอย่างเห็นได้ชัดถึง 51% y-y โดยได้แรงหนุนจาก 1) การเก็บหนี้ที่สูงขึ้นจากลูกค้ารายย่อยตามการฟื้นตัวของเศรษฐกิจ; 2) การเพิ่มของยอดขาย NPA จากกลยุทธ์การตั้งราคาขายแบบมีส่วนลดของบริษัทฯ; และ 3) การควบคุมต้นทุนการดำเนินงานที่มีประสิทธิภาพ อย่างไรก็ตาม เราคาดว่ากำไรจะลดลง y-y ในไตรมาส 1Q21 จากการแพร่ระบาด COVID ในรอบที่ 2 ซึ่งทำให้ยอดขายของสินทรัพย์ลดลง เราคาดว่ากำไรจะฟื้นตัวตั้งแต่ไตรมาส 2Q21 เป็นต้นไป

## ราคาไม่แพง

เราลงคำแนะนำซื้อที่ราคาเป้าหมาย 24 บาท เราเห็นว่า BAM ดูน่าสนใจมากยิ่งขึ้นจากการฟื้นตัวของกำไรสุทธิในระดับสูงและยังซื้อขายในระดับที่ไม่แพง ปัจจุบันหุ้นมีการซื้อขายที่ค่า 2021E P/BV ที่ 1.7x เทียบกับค่า 2021E P/BV ที่ 5.5x ของ JMT และ 4.2x ของ CHAYO นอกจากนี้แม้เราจะคาดว่า BAM จะจ่ายเงินปันผล 0.63 บาทต่อหุ้น เราเชื่อว่าบริษัทฯ สามารถจ่ายเงินปันผลในอัตราที่สูงกว่า 100% แม้ในกรณีดังกล่าวอัตราหนี้สินต่อทุนของบริษัทฯ จะตึงตัวมากขึ้น แต่ยังคงต่ำกว่า Debt Covenant ของบริษัทฯ

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Operating profit	6,212	2,234	3,392	4,536
Net profit	6,549	2,022	3,063	4,115
EPS (THB)	2.17	0.63	0.95	1.27
vs Consensus (%)	-	(10.6)	(9.7)	(5.0)
Core net profit	6,549	2,022	3,063	4,115
Core EPS (THB)	2.17	0.63	0.95	1.27
Chg. In EPS est. (%)	0.0	(13.8)	0.0	0.0
EPS growth (%)	14.2	(71.2)	51.4	34.3
Core P/E (x)	9.9	34.2	22.6	16.8
Dividend yield (%)	4.9	2.9	3.5	4.7
Price/book (x)	1.7	1.9	1.7	1.7
ROE (%)	16.6	5.6	8.0	10.1
ROA (%)	5.9	1.7	2.5	3.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	(4.9)	(27.5)
Relative to country (%)	1.2	(19.4)	(26.6)
Mkt cap (USD m)	2,311		
3m avg. daily turnover (USD m)	34.5		
Free float (%)	21		
Major shareholder	FIDF (46%)		
12m high/low (THB)	36.25/15.60		
Issued shares (m)	3,232		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 10 กุมภาพันธ์ 2021

## Investment thesis

BAM is the largest asset management company (AMC) in Thailand with a market share of 47% as of 2018. We believe BAM will be able to deliver sustainable growth in the long run, since nearly 100% of its portfolio consists of secured distressed assets, for which the asset price will appreciate over time. After a long period of its share price being pressured due to the current economic slowdown and the weak property market, we think BAM is getting more interesting thanks to its strong 2021E net profit recovery and its undemanding valuation, currently trading at 1.7x 2021E P/BV vs 5.5x 2021E P/BV for JMT and 4.2x 2021E P/BV for CHAYO. However, due to the expected soft 1Q21 earnings, BAM should show up on investors' radars again in late 1Q21, in our view.

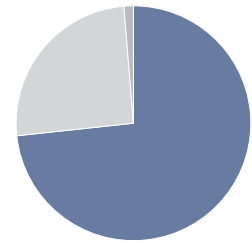
## Company profile

BAM was established in 1998 following the financial crisis in Thailand. Its key businesses include the purchase or transfer of non-performing loans (NPLs) and non-performing assets (NPAs) for management or for further disposal or transfer.

[www.bam.co.th](http://www.bam.co.th)

## Principal activities (revenue, 2019)

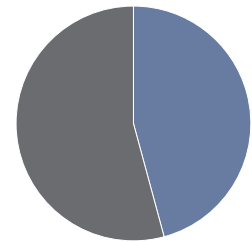
- NPL management - 73.3 %
- NPA management - 25.4 %
- Other income - 1.3 %



Source: Bangkok Commercial Asset Mngt.

## Major shareholders

- FIDF - 45.8 %
- Others - 54.2 %



Source: Bangkok Commercial Asset Mngt.

## Catalyst

Potential catalysts to drive BAM's share price include:

- 1) Higher-than-expected distressed asset purchases;
- 2) Higher-than-expected dividend payments;
- 3) Cash collection from mid- to large-sized NPLs/NPAs.

## Risk to our call

Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.

## Event calendar

Date	Event
25 Feb 2021	2020 results announcement

## Key assumptions

	2020E	2021E	2022E
	(THB m)	(THB m)	(THB m)
Norm profit	2,022	3,063	4,115
<i>Norm profit growth (%)</i>	(69.1)	51.4	34.3
Cash collection	13,008	14,683	15,984
<i>Cash collection ratio (%)</i>	10.7	11.3	11.5
NPL + NPA purchases	11,797	13,173	14,209
<i>NPL + NPA purchase growth (%)</i>	(11.7)	11.7	7.9

Source: FSSIA estimates

## Earnings sensitivity

		----- 2021E -----		
Cash collection ratio	±50bp	10.8	11.3	11.8
% change in net profit		(7.0)	-	7.0
Cost to income	±1ppt	23.1	24.1	25.1
% change in net profit		(4.0)	-	4.0

Source: FSSIA estimates



## Neutral view from the conference with CEO

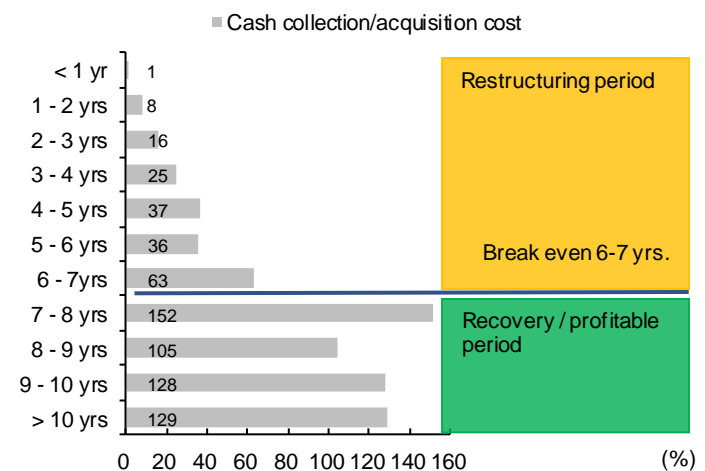
We arranged a conference for institutional investors on 8 Feb with three of BAM's top executives: 1) Mr. Bundit Anantamongkol, CEO; 2) Mr. Suntis Wattanakul, senior executive vice president, Operational Supporting Group, and CFO; and 3) Mr. Weeravej Sirichatchai, senior executive vice president, Organizational Supporting Group. Management is targeting 2021 new NPL/NPA acquisitions of THB10b-15b vs cTHB12b in 2020E. BAM expects its CC to be better than 2020E's cTHB13b, driven by 1) an increase in troubled debt restructuring (TDR) by 3k-4k from 8k currently; and 2) a discount pricing strategy for NPAs (around 10% of the asset appraisal value). The company also plans to shorten the NPL payback period from 7 years to 5 years within 2-3 years, to increase shareholders' returns. In addition, BAM is exploring new businesses, i.e. a JV with banks to acquire distressed assets. Lastly, its CEO plans to change BAM into a more digital organisation. Its digital project, "BAM-D", is scheduled for completion by mid-2022. We have a neutral view from the conference. Most of its business plans would be positive for long-term growth, though its short-term NPL/NPA acquisition target is still more conservative than its peers.

### Exhibit 1: 2021 financial targets

	----- 2021E -----	
	BAM	FSSIA
Purchasing NPLs and NPAs (THB m)	10,000-15,000	13,173
Total cash collection (THB m)	Improve from 2020	14,683
Increase no. of new TDR debtors (no.)	3,000-4,000	nm.

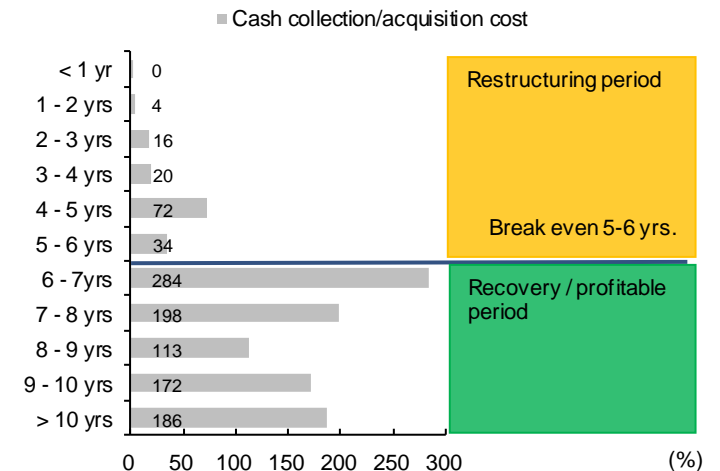
Sources: BAM; FSSIA estimates

### Exhibit 2: BAM's breakeven period for NPLs is 6-7 years



Sources: BAM; FSSIA's compilation

### Exhibit 3: BAM's breakeven period for NPAs is 5-6 years



Sources: BAM; FSSIA's compilation

## BAM: JV could unlock its growth trajectory

BAM has a more conservative NPL acquisition plan than its peers due to its longer cash cycle and D/E constraints. Based on our assumption, BAM will likely increase its distressed asset purchases by only a 2% 3Y-CAGR from 2020 to 2022 vs 29% for CHAYO and 50% for JMT.

In order to unlock its growth trajectory, BAM plans to set up a JV company with a bank to acquire distressed assets, according to management. A JV could operate as an associate company for BAM and the bank. This would be a win-win strategy for both parties. BAM could acquire distressed assets more aggressively, meanwhile, the bank could unload NPLs by transferring them to the JV.

Although we think it would take some time for the JV to happen, this could be a key factor to unlock BAM's value and drive up its share price, in our view.

## Exhibit 4: Distressed asset acquisition plan

----- Distressed asset acquisition plan -----					% CAGR
	2019	2020E	2021E	2022E	2020-22E
	(THB m)	(THB m)	(THB m)	(THB m)	(%)
BAM*	13,354	11,797	13,173	14,209	2
CHAYO*	660	917	1,188	1,422	29
JMT*	3,368	6,063	9,398	11,278	50

\*Excluding potential upsides from JV/ M&A deals

Sources: Company data; FSSIA estimates

## Strong recovery in 4Q20 due to the large backlog

We estimate BAM to post a 4Q20 net profit of THB891m (-47% y-y, +199% q-q). The q-q surge would be supported by 1) higher CC from the retail segment due to the economic recovery; and 2) the settlement of a large NPA backlog, consisting of two NPA sums of THB150m and THB900m (the latter amount to be separately recognised as revenue in two quarters in 4Q20 and 1Q21 at THB450m each). Thus, we expect stronger CC in 4Q20 at THB3.8m (-25% y-y, +18% q-q). However, its net profit could decline by 47% y-y, dragged down by the booking of large-ticket items in 4Q19 (THB1.5b).

Regarding its THB4.94b in deferred tax assets (DTA), BAM's auditor suggests that this would be booked through its retained earnings, not the profit and loss statement. However, the company cannot provide a specific time to realise the DTA. We, therefore, conservatively forecast that it will be booked in 2021.

## Exhibit 5: BAM - 4Q20E earnings preview

	4Q19	3Q20	----- 4Q20E -----				2020E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y %)	(q-q %)	%20E	(THB m)	(y-y %)	
<b>Interest income</b>									
- Interest income from NPLs	273	1,530	1,835	573	20	29	6,281	(76)	Stronger cash collection from retail segment
- Gain on NPLs (fully amortised)	879	513	1,029	17	101	27	3,881	92	
- Instalment sales	22	26	1	(93)	(94)	2	72	49	
- Other interest income	19	32	6	(69)	(82)	15	40	59	
<b>Total interest income</b>	<b>1,192</b>	<b>2,101</b>	<b>2,871</b>	<b>141</b>	<b>37</b>	<b>28</b>	<b>10,274</b>	<b>(11)</b>	
Interest expense	607	592	596	(2)	1	25	2,350	(9)	
<b>Net interest income</b>	<b>585</b>	<b>1,509</b>	<b>2,276</b>	<b>289</b>	<b>51</b>	<b>29</b>	<b>7,924</b>	<b>(12)</b>	
<b>Non-interest income</b>									
- Gain on property sales	1,777	712	922	(48)	29	40	2,295	27	The settlement of a large NPA backlog
- Gain on instalment sales	13	16	14	4	(17)	22	60	55	
- Others	48	15	63	30	318	59	106	(10)	
<b>Total non-interest income</b>	<b>1,838</b>	<b>743</b>	<b>998</b>	<b>(46)</b>	<b>34</b>	<b>41</b>	<b>2,461</b>	<b>26</b>	
Total operating income	2,423	2,253	3,274	35	45	32	10,385	(3)	
Operating expenses	1,169	653	674	(42)	3	26	2,630	43	Efficient cost controlling
<b>Pre-provision operating profit</b>	<b>1,254</b>	<b>1,600</b>	<b>2,600</b>	<b>107</b>	<b>63</b>	<b>34</b>	<b>7,755</b>	<b>(18)</b>	
Expected credit loss	(75)	1,263	1,584	nm	25	29	5,521	(98)	
<b>Operating profit</b>	<b>1,329</b>	<b>336</b>	<b>1,016</b>	<b>(24)</b>	<b>202</b>	<b>45</b>	<b>2,234</b>	<b>178</b>	
Income tax expenses	(339)	39	125	nm	224	59	212	nm	
Profit before minority interest	1,668	298	891	(47)	199	44	2,022	224	
Minority	0	0	0	nm	nm	n/a	0	nm	
<b>Normalised profit</b>	<b>1,668</b>	<b>298</b>	<b>891</b>	<b>(47)</b>	<b>199</b>	<b>44</b>	<b>2,022</b>	<b>224</b>	
Extra items	0	0	0	nm	nm	n/a	0	nm	
<b>Net profit</b>	<b>1,668</b>	<b>298</b>	<b>891</b>	<b>(47)</b>	<b>199</b>	<b>44</b>	<b>2,022</b>	<b>224</b>	
<b>Key financial highlights</b>									
NPL & NPA purchases	942	1,597	3,045	223	91		11,797	13	
NPL & NPA cash collection	5,078	3,240	3,820	(25)	18		13,008	52	
Cash collection/NPL & NPA (%)	17.2	10.4	12.2				10.7		
<b>Key financial ratios</b>	<b>(x)</b>	<b>(x)</b>	<b>(x)</b>				<b>(x)</b>		
Liabilities/equity	2.1	2.3	2.3				2.3		
Interest-bearing debt/equity	2.0	2.2	2.2				2.2		
ROA (%)	5.6	1.0	3.6				1.7		
ROE (%)	16.5	3.2	12.0				5.6		
Cost of funds (%)	3.2	2.9	2.9				3.0		

Cost to income (%)	48.3	29.0	20.2			25.3		
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Sources: BAM; FSSIA estimates

## Core profit revisions

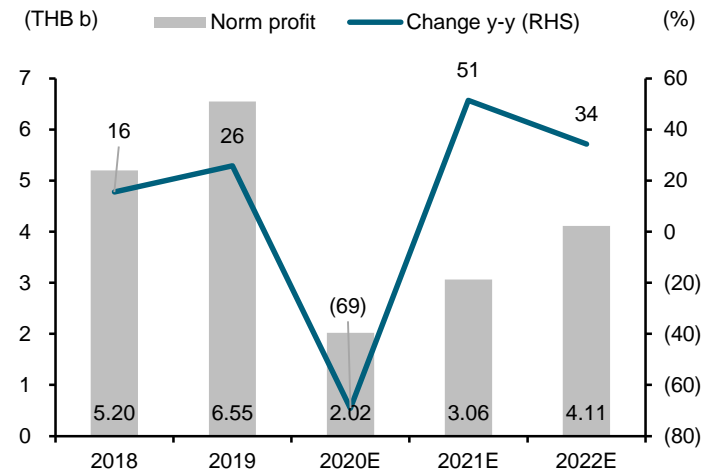
We revise down our 2020 core profit forecast by 14% due to the lower-than-expected CC. Its 2020 earnings could decline by 69% y-y to THB2b thanks to 1) the slowdown of the retail segment's CC due to the COVID-19 impact; and 2) the high revenue base booked in 1Q19 and 4Q19.

We maintain our 2021-22 core profit forecast and fine-tune some items. Its 2021 net profit could noticeably increase by 51% y-y, supported by 1) stronger CC from retail clients following the economic recovery; 2) an increase in NPA sales due to the discount pricing strategy; and 3) efficient OPEX control leading to a lower cost to income ratio. However, we expect soft y-y earnings in 1Q21 due to the second wave of COVID, leading to slower property sales. We expect the strong recovery to start from 2Q21.

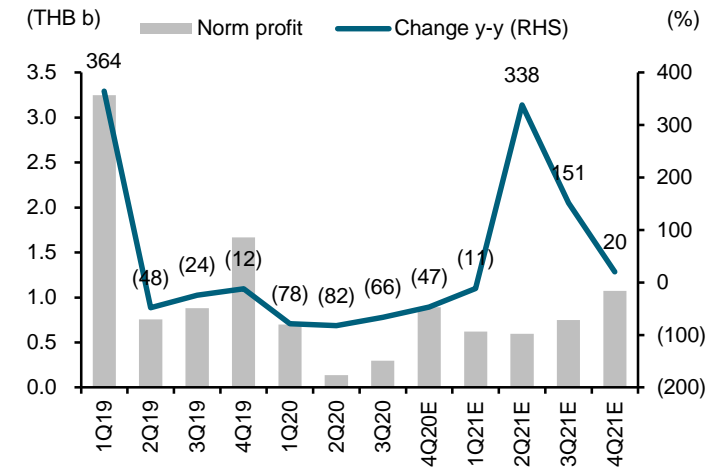
### Exhibit 6: Key changes in assumptions

	----- 2020E -----			----- 2021E -----			----- 2022E -----		
	Old	New	Change	Old	New	Change	Old	New	Change
	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)	(THB m)	(THB m)	(%)
<b>Interest income</b>	<b>9,821</b>	<b>10,274</b>	<b>5</b>	<b>11,541</b>	<b>11,949</b>	<b>4</b>	<b>13,598</b>	<b>13,285</b>	<b>(2)</b>
Interest expense	2,201	2,350	7	2,323	2,190	(6)	2,379	2,174	(9)
<b>Net interest income</b>	<b>7,619</b>	<b>7,924</b>	<b>4</b>	<b>9,218</b>	<b>9,759</b>	<b>6</b>	<b>11,219</b>	<b>11,111</b>	<b>(1)</b>
<b>Non-interest income</b>	<b>2,556</b>	<b>2,461</b>	<b>(4)</b>	<b>3,581</b>	<b>3,121</b>	<b>(13)</b>	<b>4,143</b>	<b>4,105</b>	<b>(1)</b>
<b>Total operating income</b>	<b>10,175</b>	<b>10,385</b>	<b>2</b>	<b>12,798</b>	<b>12,880</b>	<b>1</b>	<b>15,363</b>	<b>15,216</b>	<b>(1)</b>
Operating expense	2,743	2,630	(4)	3,291	3,103	(6)	3,686	3,476	(6)
Pre-operating profit before tax	7,432	7,755	4	9,507	9,777	3	11,677	11,740	1
<b>Expected credit loss</b>	<b>4,964</b>	<b>5,521</b>	<b>11</b>	<b>6,103</b>	<b>6,385</b>	<b>5</b>	<b>7,104</b>	<b>7,205</b>	<b>1</b>
Taxes expenses	123	212	72	340	329	(3)	457	421	(8)
<b>Norm. profit</b>	<b>2,345</b>	<b>2,022</b>	<b>(14)</b>	<b>3,063</b>	<b>3,063</b>	<b>(0)</b>	<b>4,115</b>	<b>4,115</b>	<b>(0)</b>
Extraordinary items	1,500	0	n/a	3,435	0	n/a	0	0	
<b>Net profit</b>	<b>3,845</b>	<b>2,022</b>	<b>(47)</b>	<b>6,498</b>	<b>3,063</b>	<b>(53)</b>	<b>4,115</b>	<b>4,115</b>	<b>(0)</b>
EPS (THB)	0.73	0.63	(14)	0.95	0.95	(0)	1.27	1.27	(0)
<b>Key statistic and ratio</b>									
<b>Leverage ratios (x)</b>									
Liabilities / equity	2.36	2.33		2.21	2.00		2.23	2.00	
Interest-bearing debt / equity	2.28	2.24		2.13	1.91		2.14	1.92	
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>		<b>(%)</b>	<b>(%)</b>		<b>(%)</b>	<b>(%)</b>	
Cost of funds	2.78	3.01		2.78	2.78		2.78	2.78	
Cost to income	26.96	25.32		25.72	24.09		23.99	22.84	
<b>Specific data for business</b>									
NPL and NPA purchase (THB m)	13,382	11,797	(12)	14,947	13,173	(12)	16,125	14,209	(12)
NPL and NPA cash collection (THB m)	12,244	13,008	6	16,404	14,683	(10)	19,001	15,984	(16)
Cash collection to gross NPL and NPA (%)	9.95	10.72		12.30	11.33		13.27	11.49	
<b>Change y-y</b>	<b>(%)</b>	<b>(%)</b>		<b>(%)</b>	<b>(%)</b>		<b>(%)</b>	<b>(%)</b>	
Core profit	(64)	(69)		31	51		34	34	
NPL and NPA purchases	0	(12)		12	12		8	8	
NPL and NPA cash collection	(38)	(34)		34	13		16	9	

Sources: BAM; FSSIA estimates

**Exhibit 7: Annual normalised profit and change**

Sources: BAM; FSSIA estimates

**Exhibit 8: Quarterly normalised profit and change**

Sources: BAM; FSSIA estimates

## Dividend

We forecast BAM's 2020 dividend amount to be THB0.63/share (100% payout ratio). In this case, based on our assumption that THB4.94b in DTA will be realised in 2021, its 2021-22 D/E ratio would be at 2.0x/2.0x vs its debt covenant at 3.0x.

We believe that BAM has the ability to pay a dividend at more than a 100% payout. However, its D/E ratio will be tighter. In the worst case scenario, where BAM maintains its dividend amount at the same level as in 2019 at THB1/share and cannot book DTA in 2021, its D/E ratio would reach 2.45x/2.45x in 2021-22E.

**Exhibit 9: Sensitivity to D/E ratio, with and without DTA in 2021**

----- Debt to equity -----			
	2020E	2021E	2022E
	(x)	(x)	(x)
<b>With DTA in 2021</b>			
THB0.63/share	2.33	2.00	2.00
THB1.0/share	2.45	2.09	2.10
<b>Without DTA</b>			
THB0.63/share	2.33	2.33	2.33
THB1.0/share	2.45	2.45	2.45

Source: FSSIA estimates

## Financial Statements

Bangkok Commercial Asset Mngt.

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Interest Income	6,414	9,140	10,274	11,949	13,285
Interest expense	(1,769)	(2,132)	(2,350)	(2,190)	(2,174)
Net interest income	4,645	7,007	7,924	9,759	11,111
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	37	38	42	44	44
Other income	3,300	3,058	2,419	3,077	4,061
Non interest income	3,337	3,096	2,461	3,121	4,105
Total income	7,982	10,104	10,385	12,880	15,216
Staff costs	-	-	-	-	-
Other operating costs	(2,935)	(3,757)	(2,630)	(3,103)	(3,476)
Operating costs	(2,935)	(3,757)	(2,630)	(3,103)	(3,476)
Pre provision operating profit	5,047	6,347	7,755	9,777	11,740
Provision for bad and doubtful debt	162	(135)	(5,521)	(6,385)	(7,205)
Other provisions	-	-	-	-	-
Operating profit	5,209	6,212	2,234	3,392	4,536
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	5,209	6,212	2,234	3,392	4,536
Tax	(7)	337	(212)	(329)	(421)
Profit after tax	5,202	6,549	2,022	3,063	4,115
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,202	6,549	2,022	3,063	4,115
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	5,202	6,549	2,022	3,063	4,115
<b>Per share (THB)</b>					
Recurring EPS *	1.90	2.17	0.63	0.95	1.27
Reported EPS	1.90	2.17	0.63	0.95	1.27
DPS	1.61	1.05	0.63	0.76	1.00
<b>Growth</b>					
Net interest income (%)	18.6	50.9	13.1	23.2	13.9
Non interest income (%)	59.8	(7.2)	(20.5)	26.8	31.5
Pre provision operating profit (%)	44.9	25.7	22.2	26.1	20.1
Operating profit (%)	15.5	19.2	(64.0)	51.8	33.7
Reported net profit (%)	15.6	25.9	(69.1)	51.5	34.3
Recurring EPS (%)	15.6	14.2	(71.2)	51.5	34.3
Reported EPS (%)	15.6	14.2	(71.2)	51.5	34.3
<b>Income Breakdown</b>					
Net interest income (%)	58.2	69.4	76.3	75.8	73.0
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.5	0.4	0.4	0.3	0.3
Other income (%)	41.3	30.3	23.3	23.9	26.7
<b>Operating performance</b>					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	3.09	3.20	3.01	2.78	2.78
Net interest spread (%)	(3.09)	(3.20)	(3.01)	(2.78)	(2.78)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	36.8	37.2	25.3	24.1	22.8
Cost/assets(%)	2.8	3.4	2.2	2.6	2.8
Effective tax rate (%)	0.1	(5.4)	9.5	9.7	9.3
Dividend payout on recurring profit (%)	84.6	48.3	100.0	80.0	78.9
ROE (%)	12.5	16.6	5.6	8.0	10.1
ROE - COE (%)	1.7	5.8	(5.2)	(2.8)	(0.7)
ROA (%)	5.0	5.9	1.7	2.5	3.4
RORWA (%)	-	-	-	-	-

\* Pre-exceptional, pre-goodwill and fully diluted

Sources: Bangkok Commercial Asset Mngt.; FSSIA estimates



## Financial Statements

Bangkok Commercial Asset Mngt.

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Gross customer loans	81,719	83,622	86,380	91,194	96,975
Total provisions	(6,285)	(6,247)	(11,595)	(17,797)	(24,808)
interest in suspense	0	0	0	0	0
<b>Net customer loans</b>	<b>75,434</b>	<b>77,375</b>	<b>74,785</b>	<b>73,397</b>	<b>72,166</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	94	70	74	77	81
Cash & equivalents	4	5	52	30	72
Other interesting assets	22,336	25,927	30,443	33,685	36,945
Tangible fixed assets	1,252	1,243	1,268	1,293	1,319
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	8,534	11,170	12,653	12,592	13,382
<b>Total assets</b>	<b>107,653</b>	<b>115,790</b>	<b>119,274</b>	<b>121,075</b>	<b>123,967</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	57,709	75,688	80,305	77,334	79,190
Non interest bearing liabilities	8,095	3,036	3,188	3,347	3,514
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>65,804</b>	<b>78,724</b>	<b>83,493</b>	<b>80,681</b>	<b>82,704</b>
Share capital	13,675	15,075	16,160	16,160	16,160
Reserves	28,174	21,991	19,622	24,234	25,102
<b>Total equity</b>	<b>41,849</b>	<b>37,066</b>	<b>35,782</b>	<b>40,394</b>	<b>41,263</b>
Minority interests	0	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>107,653</b>	<b>115,790</b>	<b>119,274</b>	<b>121,075</b>	<b>123,967</b>
<b>Supplementary items</b>					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	n/a	n/a	n/a	n/a	n/a
Average interest bearing liabilities	57,289	66,699	77,996	78,819	78,262
Tier 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	n/a	n/a	n/a	n/a	n/a
<b>Per share (THB)</b>					
Book value per share	15.30	12.29	11.07	12.50	12.77
Tangible book value per share	15.30	12.29	11.07	12.50	12.77
<b>Growth</b>					
Gross customer loans	2.4	2.3	3.3	5.6	6.3
Average interest earning assets	-	-	-	-	-
Total asset (%)	7.7	7.6	3.0	1.5	2.4
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	38.9	32.0	30.0	33.4	33.3
Tangible equity/assets (%)	38.9	32.0	30.0	33.4	33.3
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	7.7	7.5	13.4	18.4	25.6
Total provisions/NPL (%)	-	-	-	-	-
<b>Valuation</b>					
Recurring P/E (x) *	11.3	9.9	34.2	22.6	16.8
Recurring P/E @ target price (x) *	12.6	11.0	38.4	25.3	18.9
Reported P/E (x)	11.3	9.9	34.2	22.6	16.8
Dividend yield (%)	7.5	4.9	2.9	3.5	4.7
Price/book (x)	1.4	1.7	1.9	1.7	1.7
Price/tangible book (x)	1.4	1.7	1.9	1.7	1.7
Price/tangible book @ target price (x)	1.6	2.0	2.2	1.9	1.9
* Pre-exceptional, pre-goodwill and fully diluted					

Sources: Bangkok Commercial Asset Mngt.; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIIK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	HL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

### Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

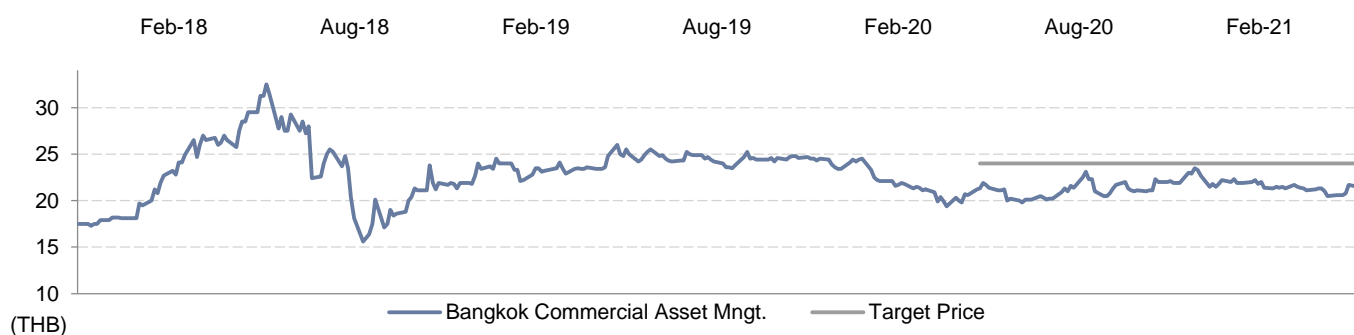
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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### History of change in investment rating and/or target price

#### Bangkok Commercial Asset Mngt. (BAM TB)



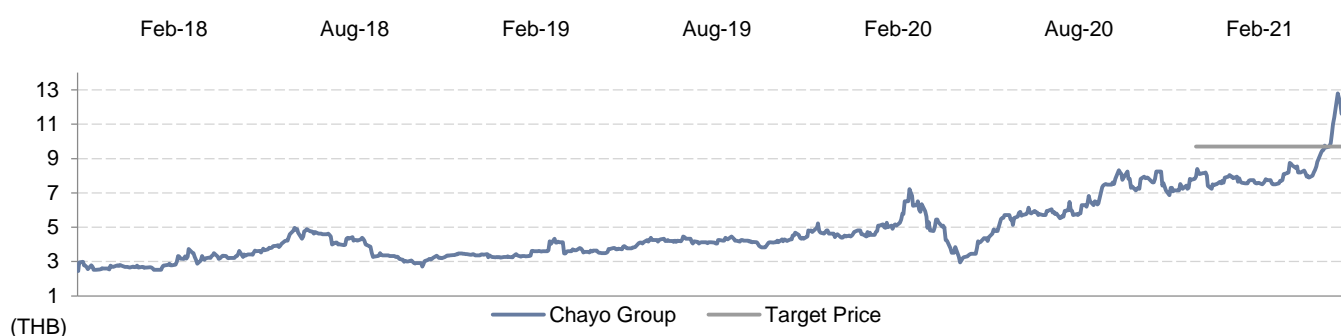
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	24.00	-	-	-	-	-	-

Yuvanart Suwanumphai started covering this stock from 05-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

#### Chayo Group (CHAYO TB)

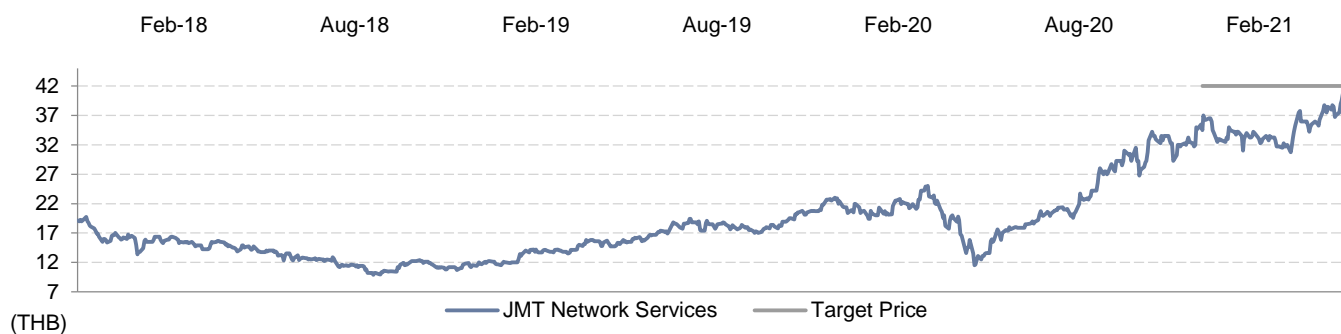


Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	9.70	-	-	-	-	-	-

Yuvanart Suwanumphai started covering this stock from 05-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

**JMT Network Services (JMT TB)**

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	42.00	-	-	-	-	-	-

Yuvanart Suwanumphai started covering this stock from 05-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Commercial Asset Mngt.	BAM TB	THB 21.40	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.
Chayo Group	CHAYO TB	THB 11.10	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
JMT Network Services	JMT TB	THB 40.75	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 09-Feb-2021 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.