

17 MAY 2021

THAILAND / ASSET MANAGEMENT COMPANIES

BANGKOK COMMERCIAL ASSET MNGT.

BAM TB

BUY

UNCHANGED

| | |
|-----------------|----------|
| TARGET PRICE | THB20.60 |
| CLOSE | THB18.10 |
| UP/DOWNSIDE | +13.8% |
| PRIOR TP | THB24.00 |
| CHANGE IN TP | -14.2% |
| TP vs CONSENSUS | -10.7% |

เริ่มต้นได้ไม่ดี แนวโน้มอ่อนแอต่อเนื่อง

เริ่มได้ไม่ดีจากธุรกิจ NPL

BAM รายงานกำไรสุทธิ 1Q21 ที่น่าผิดหวังโดยอยู่ที่ 247 ลบ. (-63% y-y, -67% q-q) ต่ำกว่าตลาดคาดถึง 42% กำไรหดตัวส่วนมากจากธุรกิจ NPL ในขณะที่ธุรกิจ NPA ยังคงดี โดยใน 1Q21 การเก็บเงิน (cash collection) ในธุรกิจ NPL อ่อนแอโดยอยู่ที่ 1.7 พัน ลบ. ต่ำกว่าเป้า 21% เราคิดว่าผลการดำเนินงานที่อ่อนแอดังกล่าวเกิดจากการปิดฝ่ายบังคับคดี (LED) และมาตรการปิดเมืองบางส่วนทั่วประเทศไทย ซึ่งทำให้การขายสินทรัพย์ชะลอตัวลง นอกจากนี้ BAM ยังไม่สามารถปิดดีลการขายสินทรัพย์ที่มีมูลค่าในระดับกลางและระดับสูง

มุมมองเป็นกลางจากการประชุมนักวิเคราะห์

ในที่ประชุมนักวิเคราะห์เมื่อวันที่ 14 พ.ค. BAM คงเป้าหมายการเก็บเงิน (CC) เชิงรุกในปี 2021 ไว้ที่ 17 พัน ลบ. เทียบกับ 13 พัน ลบ. ในปี 2020 จากข้อมูลของผู้บริหาร บัญชีผลกดันสำคัญที่จะช่วยเร่ง CC อยู่ที่ 1) ลูกหนี้ปรับโครงสร้าง (TDR) ที่เพิ่มขึ้น; และ 2) การใช้กลยุทธ์ตั้งราคาแบบมีส่วนลดสำหรับทั้ง NPLs และ NPAs เพื่อเป็นการเพิ่มยอดขาย NPL BAM จะใช้กลยุทธ์ "one-time settlement" โดยตั้งราคาแบบมีส่วนลดแก่ NPLs ที่บริษัทเห็นว่ามียุทธภาพที่จะสามารถจบคดีได้ บริษัทฯ คาดว่าโครงการดังกล่าวจะสร้างรายได้นับตั้งแต่ 2Q21 เป็นต้นไป ในด้านการเปลี่ยนแปลงโครงสร้างไปเป็น holding company และกิจการร่วมค้ากับธนาคารพาณิชย์ บริษัทฯ ยังอยู่ในช่วงการพิจารณา บริษัทฯ อาจให้ข้อมูลเพิ่มเติมใน 3Q-4Q21 ในภาพรวมเรามองประเด็นจากการประชุมดังกล่าวเป็นกลาง

แนวโน้มอ่อนแอต่อเนื่อง

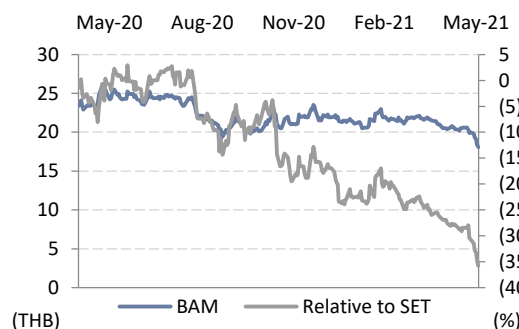
เรามองว่ากำไรยังมีแนวโน้มอ่อนแอต่อเนื่องใน 2Q21 จากการปิดฝ่าย LED และการกลับมาเพิ่มของตัวเลขผู้ช่วย Covid ทำให้การขาย NPL และ NPA ชะลอ นอกจากนี้เศรษฐกิจยังชะลอตัว ทำให้เรามองว่ากลยุทธ์การตั้งราคาแบบมีส่วนลดอาจไม่เพิ่มการปิดบัญชีสินทรัพย์ด้วยคุณภาพตามของบริษัทฯ คาด

การประเมินมูลค่าอยู่ในระดับต่ำแต่มีปัจจัยบวกน้อยในระยะสั้น

เราปรับลดประมาณการกำไรสุทธิปี 2021-23 ลง 29%/20%/17% ตามลำดับส่วนมากเพื่อสะท้อนกำไรจากการขาย NPLs ที่ต่ำกว่าคาด นอกจากนี้เรายังปรับราคาเป้าหมายเป็น 20.6 บาท (GGM) คิดเป็น 1.4x ของค่า 2021E P/BV เราคงคำแนะนำซื้อสำหรับการลงทุนระยะยาวเนื่องจากเราคาดว่ากำไรสุทธิอาจเพิ่มอย่างมีนัยสำคัญในปี 2022 ประกอบกับปัจจุบัน BAM มีการซื้อขายในระดับการประเมินมูลค่าที่ต่ำโดยอยู่ที่ -1 STD ต่ำกว่าค่าเฉลี่ย อย่างไรก็ตามเราเห็นว่าหุ้นยังไม่มีปัจจัยบวกที่จะผลักดันราคาหุ้นในระยะสั้นจากแนวโน้มที่อ่อนแอใน 2Q21 ทำให้ BAM เป็นหุ้น AMC ที่เราชอบน้อยที่สุดในระยะสั้น

KEY STOCK DATA

| YE Dec (THB m) | 2020 | 2021E | 2022E | 2023E |
|----------------------|--------|--------|--------|--------|
| Operating profit | 2,196 | 2,735 | 4,117 | 4,763 |
| Net profit | 1,841 | 2,188 | 3,294 | 3,810 |
| EPS (THB) | 0.57 | 0.68 | 1.02 | 1.18 |
| vs Consensus (%) | - | (27.8) | (16.6) | (19.0) |
| Core net profit | 1,841 | 2,188 | 3,294 | 3,810 |
| Core EPS (THB) | 0.57 | 0.68 | 1.02 | 1.18 |
| Chg. In EPS est. (%) | - | (28.6) | (20.0) | (17.4) |
| EPS growth (%) | (73.8) | 18.9 | 50.6 | 15.7 |
| Core P/E (x) | 31.8 | 26.7 | 17.8 | 15.4 |
| Dividend yield (%) | 2.8 | 3.0 | 4.4 | 5.2 |
| Price/book (x) | 1.4 | 1.3 | 1.2 | 1.1 |
| ROE (%) | 4.4 | 5.0 | 7.1 | 7.6 |
| ROA (%) | 1.5 | 1.6 | 2.3 | 2.6 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|-------------|---------|----------|
| Absolute (%) | (11.7) | (19.2) | (21.6) |
| Relative to country (%) | (11.7) | (21.0) | (35.2) |
| Mkt cap (USD m) | 1,865 | | |
| 3m avg. daily turnover (USD m) | 19.3 | | |
| Free float (%) | 21 | | |
| Major shareholder | FIDF (46%) | | |
| 12m high/low (THB) | 26.25/17.90 | | |
| Issued shares (m) | 3,232 | | |

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 17 พฤษภาคม 2021

Investment thesis

BAM is the largest asset management company (AMC) in Thailand. 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. However, the current economic slowdown and the weak property market have negatively impacted BAM. We believe that since BAM is a large organisation, it will be slower to take advantage of an NPL surge vs its more agile peers. As a result, we expect BAM to deliver a weaker performance than its peers in 2021.

We, therefore, rank BAM as our least-preferred AMC in the short term.

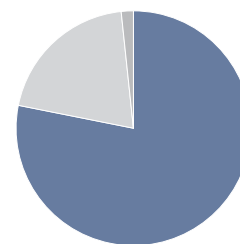
Company profile

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

Principal activities (revenue, 2020)

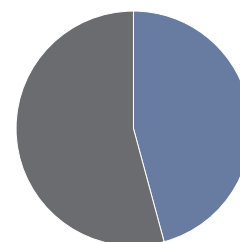
- NPL management - 78.1 %
- NPA management - 20.2 %
- Other income - 1.7 %



Source: Bangkok Commercial Asset Mngt.

Major shareholders

- FIDF - 45.8 %
- Others - 54.2 %



Source: Bangkok Commercial Asset Mngt.

Catalysts

Potential catalysts to drive BAM's share price include:

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

Risks 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 |
|--------------|---------------------------|
| Mid-Aug 2021 | 2Q21 results announcement |

Key assumptions

| | 2021E | 2022E | 2023E |
|--------------------------------------|---------|---------|---------|
| | (THB m) | (THB m) | (THB m) |
| Norm profit | 2,188 | 3,294 | 3,810 |
| <i>Norm profit growth (%)</i> | 18.9 | 50.6 | 15.7 |
| Cash collection | 13,847 | 15,410 | 18,369 |
| <i>Cash collection ratio (%)</i> | 10.7 | 11.0 | 12.2 |
| NPL + NPA purchases | 13,173 | 14,190 | 15,158 |
| <i>NPL + NPA purchase growth (%)</i> | 12.1 | 7.7 | 6.8 |
| | | | |
| | | | |

Source: FSSIA estimates

Earnings sensitivity

| | | ----- 2021E ----- | | |
|-------------------------------|--------------|-------------------|-------------|-------------|
| Cash collection ratio | ±50bp | 10.2 | 10.7 | 11.2 |
| <i>% change in net profit</i> | | (7.0) | - | 7.0 |
| Cost to income | ±1ppt | 25.5 | 26.5 | 27.5 |
| <i>% change in net profit</i> | | (4.0) | - | 4.0 |
| | | | | |
| | | | | |

Source: FSSIA estimates

A feeble start due to the NPL business

BAM reported a disappointing 1Q21 net profit of THB247m (-63% y-y, -67% q-q), 42% below Bloomberg's consensus estimate. The contraction in its net profit came mainly from the weak NPL business, while its NPA business still performed well.

Key highlights

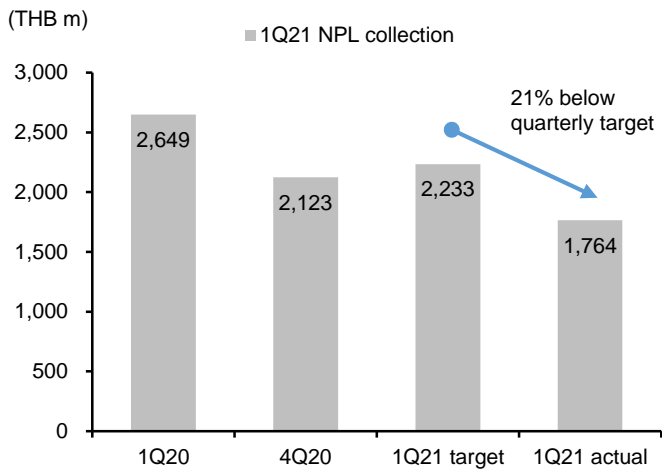
- **Cash collection:** Its 1Q21 CC was at THB3.0b (-6% y-y, -25% q-q), which was below BAM's target of THB3.2b due to the resurgence of Covid, leading to slower NPL and NPA sales activities in the retail segment. Moreover, BAM has still not concluded the sale of its medium and large-ticket assets.
- **NPL acquisition:** BAM acquired THB333m in new NPLs in 1Q21 vs its full-year target of THB9b.

Exhibit 1: BAM – 1Q21 earnings review

| | 1Q20 | 4Q20 | ----- 1Q21 ----- | | | 2021E | Change | 1Q21 Comments | |
|---------------------------------------|--------------|--------------|------------------|-------------|-------------|-----------|---------------|---------------|----------------------------|
| | (THB m) | (THB m) | (THB m) | (y-y %) | (q-q %) | %21E | (THB m) | | (y-y %) |
| Interest income | | | | | | | | | |
| - Interest income from NPLs | 1,440 | 1,471 | 1,488 | 3 | 1 | 22 | 6,883 | 17 | |
| - Gain on NPLs (fully amortised) | 1,584 | 983 | 595 | (62) | (39) | 21 | 2,860 | (25) | |
| - Instalment sales | 23 | 23 | 31 | 35 | 35 | 21 | 145 | 53 | |
| - Other interest income | 31 | 65 | 22 | (29) | (67) | 8 | 272 | 111 | |
| Total interest income | 3,078 | 2,543 | 2,136 | (31) | (16) | 21 | 10,160 | 2 | |
| Interest expense | 581 | 637 | 615 | 6 | (3) | 24 | 2,522 | 5 | |
| Net interest income | 2,496 | 1,906 | 1,520 | (39) | (20) | 20 | 7,637 | 1 | |
| Non-interest income | | | | | | | | | |
| - Gain on property sales | 226 | 642 | 597 | 164 | (7) | 21 | 2,881 | 43 | |
| - Gain on instalment sales | 10 | 357 | 36 | 245 | (90) | 30 | 121 | (70) | |
| - Others | 8 | 36 | 11 | 40 | (70) | 12 | 87 | 10 | |
| Total non-interest income | 244 | 1,035 | 644 | 163 | (38) | 21 | 3,089 | 24 | |
| Total operating income | 2,741 | 2,941 | 2,165 | (21) | (26) | 20 | 10,726 | 7 | |
| Operating expenses | 681 | 702 | 599 | (12) | (15) | 21 | 2,844 | 7 | Efficient cost controlling |
| Pre-provision operating profit | 2,060 | 2,239 | 1,566 | (24) | (30) | 20 | 7,882 | 7 | |
| Expected credit loss | 1,298 | 1,262 | 1,253 | (3) | (1) | 24 | 5,147 | (1) | |
| Operating profit | 762 | 977 | 312 | (59) | (68) | 11 | 2,735 | 25 | |
| Income tax expenses | 98 | 234 | 65 | (33) | (72) | 12 | 547 | 54 | |
| Profit before minority interest | 665 | 743 | 247 | (63) | (67) | 11 | 2,188 | 19 | |
| Minority | 0 | 0 | 0 | nm | nm | n/a | 0 | nm | |
| Normalised profit | 665 | 743 | 247 | (63) | (67) | 11 | 2,188 | 19 | |
| Extra items | 0 | 0 | 0 | nm | nm | n/a | 0 | nm | |
| Net profit | 665 | 743 | 247 | (63) | (67) | 11 | 2,188 | 19 | |
| Key financial highlights | | | | | | | | | |
| NPL & NPA purchases | 6,004 | 2,485 | 333 | (95) | (87) | 3 | 13,173 | 12 | |
| NPL & NPA cash collection | 3,170 | 3,975 | 2,965 | (6) | (25) | 21 | 13,847 | 5 | Below the company's target |
| Cash collection/NPL & NPA (%) | 10.5 | 12.7 | 9.5 | | | | 10.7 | | |
| Key financial ratios | (x) | (x) | (x) | | | | (x) | | |
| Liabilities/equity | 2.3 | 2.2 | 2.0 | | | | 2.0 | | |
| Interest-bearing debt/equity | 2.1 | 2.1 | 1.9 | | | | 2.0 | | |
| ROA (%) | 2.3 | 2.4 | 0.8 | | | | 1.6 | | |
| ROE (%) | 7.2 | 7.5 | 2.4 | | | | 5.0 | | |
| Cost of funds (%) | 3.1 | 3.1 | 2.0 | | | | 2.8 | | |
| Cost to income (%) | 24.8 | 23.9 | 27.7 | | | | 26.5 | | |

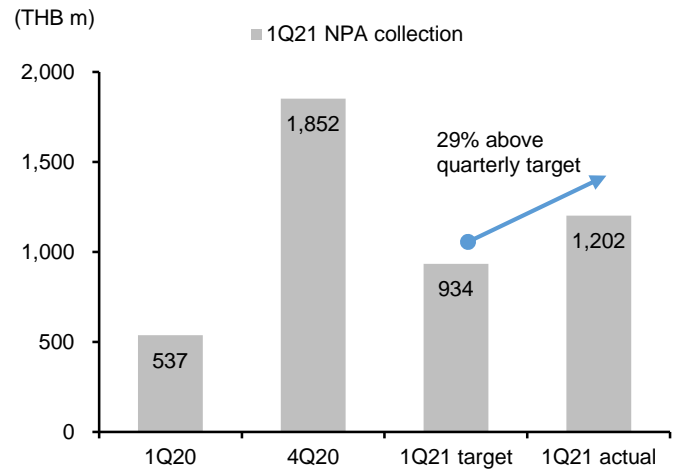
Sources: BAM; FSSIA estimates

Exhibit 2: 1Q21 NPL Collection - 21% below the target



Source: BAM

Exhibit 3: 1Q21 NPA Collection - 29% above the target

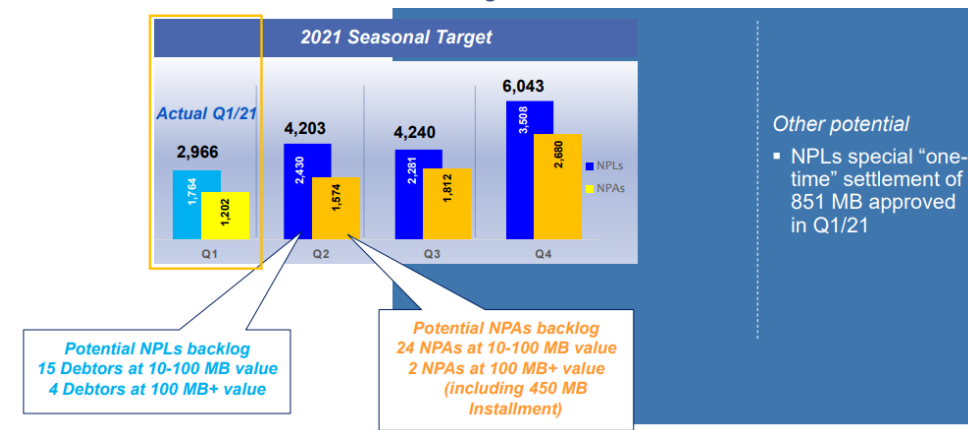


Source: BAM

Neutral view from analyst meeting

At its analyst meeting on 14 May, BAM maintained its aggressive 2021 CC target at THB17b (1Q THB3b, 2QE THB4.2, 3QE THB4.2b and 4QE THB6b) vs THB13b in 2020. According to management, the key drivers to accelerate its CC would be 1) increasing TDR debtors to 3,500 accounts; 2) using a discounted pricing strategy for both NPLs and NPAs; and 3) selling selected secured/unsecured NPLs. To increase NPL sales, BAM will use a “one-time settlement” strategy by providing a discounted price to select NPLs. The company expects to see revenue from this project starting from 2Q21. Regarding the company’s structural change into a holding company and its JV with a commercial bank(s), these are still under consideration. The company might provide more details in 3Q-4Q21. We read the overall message from the meeting as neutral.

Exhibit 4: BAM’s 2021 cash collection target



Source: BAM

Net profit and target price revisions

We lower our 2021-23 net profit forecasts by 29%/20%/17%, mainly to reflect the lower-than-expected gain on NPLs (revenue from fully amortised portfolio). The key changes in our assumptions are for 1) gains on NPLs; 2) interest income from NPLs; and 3) gains on NPAs.

- 1) We revise down our 2021-23 gain on NPL assumptions by 23%/19%/16%. BAM's gain on NPLs was weak in 1Q21. We believe one of the reasons for this was its pricing strategy to increase its sales volume. BAM continues to use this pricing strategy. We, therefore, expect its gain on NPLs to be at a lower level than normal in the upcoming quarters.
- 2) We revise down our interest income from NPL assumptions by 9% and 3% in 2021-22 to reflect the continued weak property market and the closure of the LED in 1Q-2Q21.
- 3) We slightly revise down our gain on NPAs in 2021-23 by 4%/5%/4% due to the weak property market and BAM's pricing strategy.

Exhibit 5: Change of key assumptions

| | -----2021E----- | | | -----2022E----- | | | -----2023E----- | | |
|--|-----------------|---------------|---------------|-----------------|---------------|---------------|-----------------|---------------|---------------|
| | Old | New | Change | Old | New | Change | Old | New | Change |
| | (THB m) | (THB m) | (%) | (THB m) | (THB m) | (%) | (THB m) | (THB m) | (%) |
| Interest income | 11,706 | 10,160 | (13.2) | 13,458 | 12,377 | (8.0) | 13,452 | 13,131 | (2.4) |
| - Interest income from NPLs | 7,576 | 6,883 | (9.2) | 8,741 | 8,492 | (2.9) | 7,840 | 8,356 | 6.6 |
| - Gain on NPLs (fully amortised) | 3,713 | 2,860 | (23.0) | 4,288 | 3,456 | (19.4) | 5,213 | 4,376 | (16.1) |
| - Other | 417 | 417 | 0.0 | 429 | 429 | 0.0 | 400 | 400 | (0.1) |
| Interest expense | 2,519 | 2,522 | 0.1 | 2,636 | 2,660 | 0.9 | 2,819 | 2,881 | 2.2 |
| Net interest income | 9,186 | 7,637 | (16.9) | 10,821 | 9,717 | (10.2) | 10,633 | 10,251 | (3.6) |
| Non-interest income | 3,216 | 3,089 | (4.0) | 4,164 | 3,985 | (4.3) | 4,265 | 4,087 | (4.2) |
| - Gain on sale of properties for sale | 3,009 | 2,881 | (4.3) | 3,944 | 3,765 | (4.5) | 4,019 | 3,841 | (4.4) |
| - Other | 208 | 208 | (0.1) | 220 | 220 | 0.1 | 245 | 246 | 0.2 |
| Total operating income | 12,403 | 10,726 | (13.5) | 14,986 | 13,702 | (8.6) | 14,898 | 14,337 | (3.8) |
| Operating expense | 3,031 | 2,844 | (6.2) | 3,394 | 3,186 | (6.1) | 3,734 | 3,504 | (6.2) |
| Pre-operating profit before tax | 9,372 | 7,882 | (15.9) | 11,592 | 10,516 | (9.3) | 11,165 | 10,833 | (3.0) |
| Expected credit loss | 5,659 | 5,147 | (9.0) | 6,573 | 6,399 | (2.7) | 5,540 | 6,070 | 9.6 |
| Taxes expenses | 650 | 547 | (15.9) | 903 | 823 | (8.8) | 1,012 | 953 | (5.9) |
| Minority interest | | | | | | | | | |
| Norm. profit | 3,063 | 2,188 | (28.6) | 4,115 | 3,294 | (20.0) | 4,612 | 3,810 | (17.4) |
| Extraordinary items | 0 | 0 | | 0 | 0 | | 0 | 0 | - |
| Net profit | 3,063 | 2,188 | (28.6) | 4,115 | 3,294 | (20.0) | 4,612 | 3,810 | (17.4) |
| EPS (THB) | 0.95 | 0.68 | (28.7) | 1.27 | 1.02 | (19.8) | 1.43 | 1.18 | (17.6) |
| Key statistic and ratio | | | | | | | | | |
| Leverage ratios (x) | | | | | | | | | |
| Liabilities / equity | 2.0 | 2.0 | | 2.1 | 2.1 | | 1.7 | 1.8 | |
| Interest-bearing debt / equity | 2.0 | 2.0 | | 2.1 | 2.1 | | 1.7 | 1.8 | |
| Profitability ratio (%) | | | | | | | | | |
| Cost of fund | 2.8 | 2.8 | | 2.8 | 2.8 | | 3.0 | 3.0 | |
| Cost to income | 24.4 | 26.5 | | 22.7 | 23.3 | | 25.1 | 24.4 | |
| Specific data for business | | | | | | | | | |
| NPL and NPA purchase (THB m) | 13,173 | 13,173 | (0.0) | 14,190 | 14,190 | 0.0 | 15,158 | 15,158 | 0.0 |
| NPL and NPA cash collection (THB m) | 14,684 | 13,847 | (5.7) | 16,541 | 15,410 | (6.8) | 18,757 | 18,369 | (2.1) |
| Cash collection to gross NPL and NPA (%) | 11 | 11 | | 12 | 11 | | 13 | 12 | |
| Change y-y (%) | | | | | | | | | |
| Core profit (y-y %) | 66.5 | 18.9 | | 34.3 | 50.6 | | 12.1 | 15.7 | |
| NPL and NPA purchases (y-y %) | 12.1 | 12.1 | | 7.7 | 7.7 | | 6.8 | 6.8 | |
| NPL and NPA cash collection (y-y %) | 11.8 | 5.4 | | 12.6 | 11.3 | | 13.4 | 19.2 | |

Sources: BAM; FSSIA estimates

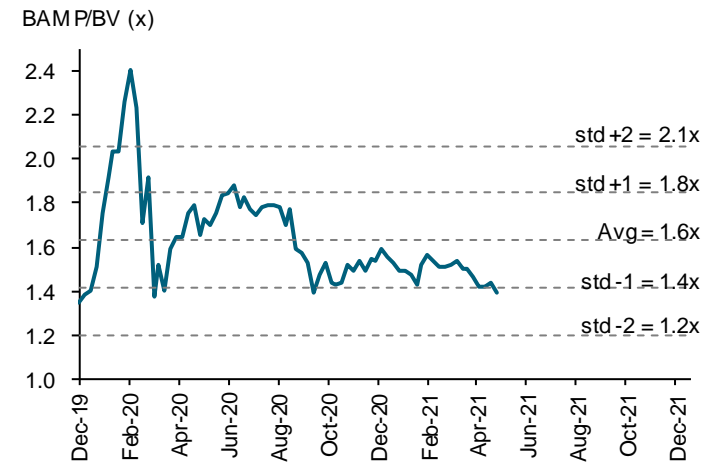
We revise down our GGM-based TP to THB20.6 from THB24, as we 1) lower our EPS forecast, leading to a lower book value; and 2) cut our target 2021E P/BV to 1.4x from 2.0x to reflect our ROE decrease to 7.2% from 8.4%.

Exhibit 6: BAM – GGM-derived target price

| Target price | THB 20.6 (from 24.0) |
|-------------------------|--|
| Recommendation | BUY (unchanged) |
| Risk-free rate (%) | 3.0 (unchanged) |
| Market risk premium (%) | 8.0 (unchanged) |
| Terminal growth (%) | 6.6 (from 7.4) |
| ROE target (%) | 7.2 (from 8.4) |
| Target PBV (x) | 1.4 (from 2.0) |
| Risk to TP | 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. |

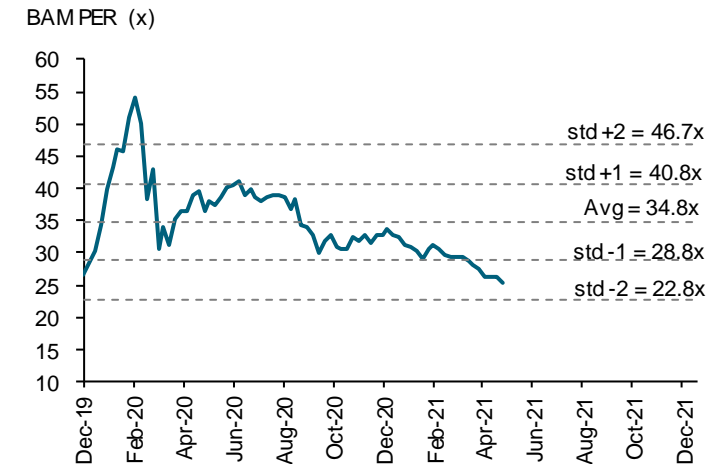
Source: FSSIA estimates

Exhibit 7: BAM – one-year prospective P/BV



Sources: Bloomberg; FSSIA estimates

Exhibit 8: BAM – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Commercial Asset Mngt.

| Profit and Loss (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---------|---------|---------|---------|---------|
| Interest Income | 9,140 | 9,946 | 10,160 | 12,377 | 13,131 |
| Interest expense | (2,132) | (2,391) | (2,522) | (2,660) | (2,881) |
| Net interest income | 7,007 | 7,555 | 7,637 | 9,717 | 10,251 |
| Net fees & commission | - | - | - | - | - |
| Foreign exchange trading income | - | - | - | - | - |
| Securities trading income | - | - | - | - | - |
| Dividend income | 38 | 0 | 0 | 0 | 0 |
| Other income | 3,058 | 2,498 | 3,089 | 3,985 | 4,087 |
| Non interest income | 3,096 | 2,498 | 3,089 | 3,985 | 4,087 |
| Total income | 10,104 | 10,053 | 10,726 | 13,702 | 14,337 |
| Staff costs | - | - | - | - | - |
| Other operating costs | (3,757) | (2,658) | (2,844) | (3,186) | (3,504) |
| Operating costs | (3,757) | (2,658) | (2,844) | (3,186) | (3,504) |
| Pre provision operating profit | 6,347 | 7,395 | 7,882 | 10,516 | 10,833 |
| Provision for bad and doubtful debt | (135) | (5,199) | (5,147) | (6,399) | (6,070) |
| Other provisions | - | - | - | - | - |
| Operating profit | 6,212 | 2,196 | 2,735 | 4,117 | 4,763 |
| Recurring non operating income | 0 | 0 | 0 | 0 | 0 |
| Associates | - | - | - | - | - |
| Goodwill amortization | - | - | - | - | - |
| Non recurring items | 4,130 | 0 | 0 | 0 | 0 |
| Profit before tax | 10,342 | 2,196 | 2,735 | 4,117 | 4,763 |
| Tax | 337 | (355) | (547) | (823) | (953) |
| Profit after tax | 10,679 | 1,841 | 2,188 | 3,294 | 3,810 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 10,679 | 1,841 | 2,188 | 3,294 | 3,810 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 6,549 | 1,841 | 2,188 | 3,294 | 3,810 |
| Per share (THB) | | | | | |
| Recurring EPS * | 2.17 | 0.57 | 0.68 | 1.02 | 1.18 |
| Reported EPS | 3.54 | 0.57 | 0.68 | 1.02 | 1.18 |
| DPS | 1.05 | 0.51 | 0.54 | 0.80 | 0.94 |
| Growth | | | | | |
| Net interest income (%) | 50.9 | 7.8 | 1.1 | 27.2 | 5.5 |
| Non interest income (%) | (7.2) | (19.3) | 23.7 | 29.0 | 2.6 |
| Pre provision operating profit (%) | 25.7 | 16.5 | 6.6 | 33.4 | 3.0 |
| Operating profit (%) | 19.2 | (64.7) | 24.5 | 50.6 | 15.7 |
| Reported net profit (%) | 105.3 | (82.8) | 18.9 | 50.6 | 15.7 |
| Recurring EPS (%) | 14.2 | (73.8) | 18.9 | 50.6 | 15.7 |
| Reported EPS (%) | 86.2 | (83.9) | 18.9 | 50.6 | 15.7 |
| Income Breakdown | | | | | |
| Net interest income (%) | 69.4 | 75.2 | 71.2 | 70.9 | 71.5 |
| Net fees & commission (%) | - | - | - | - | - |
| Foreign exchange trading income (%) | - | - | - | - | - |
| Securities trading income (%) | - | - | - | - | - |
| Dividend income (%) | 0.4 | - | - | - | - |
| Other income (%) | 30.3 | 24.8 | 28.8 | 29.1 | 28.5 |
| Operating performance | | | | | |
| Gross interest yield (%) | - | - | - | - | - |
| Cost of funds (%) | 3.20 | 2.93 | 2.81 | 2.78 | 2.96 |
| Net interest spread (%) | (3.20) | (2.93) | (2.81) | (2.78) | (2.96) |
| Net interest margin (%) | - | - | - | - | - |
| Cost/income(%) | 37.2 | 26.4 | 26.5 | 23.3 | 24.4 |
| Cost/assets(%) | 3.3 | 2.1 | 2.1 | 2.2 | 2.4 |
| Effective tax rate (%) | (3.3) | 16.2 | 20.0 | 20.0 | 20.0 |
| Dividend payout on recurring profit (%) | 48.3 | 90.0 | 80.0 | 78.9 | 80.0 |
| ROE (%) | 15.8 | 4.4 | 5.0 | 7.1 | 7.6 |
| ROE - COE (%) | 5.0 | (6.4) | (5.8) | (3.7) | (3.2) |
| ROA (%) | 5.8 | 1.5 | 1.6 | 2.3 | 2.6 |
| 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 | 2019 | 2020 | 2021E | 2022E | 2023E |
|--|----------------|----------------|----------------|----------------|----------------|
| Gross customer loans | 83,622 | 85,922 | 91,148 | 96,674 | 103,212 |
| Total provisions | (6,247) | (13,243) | (16,567) | (21,032) | (25,038) |
| interest in suspense | 0 | 5,047 | 5,469 | 5,800 | 6,193 |
| Net customer loans | 77,375 | 77,726 | 80,050 | 81,442 | 84,366 |
| Bank loans | - | - | - | - | - |
| Government securities | - | - | - | - | - |
| Trading securities | - | - | - | - | - |
| Investment securities | 70 | 451 | 474 | 498 | 522 |
| Cash & equivalents | 5 | 5 | 68 | 95 | 229 |
| Other interesting assets | 25,927 | 36,514 | 40,806 | 44,818 | 48,587 |
| Tangible fixed assets | 1,243 | 1,190 | 1,197 | 1,221 | 1,245 |
| Associates | - | - | - | - | - |
| Goodwill | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - |
| Other assets | 15,299 | 16,183 | 16,009 | 17,968 | 14,580 |
| Total assets | 119,920 | 132,069 | 138,604 | 146,042 | 149,530 |
| Customer deposits | - | - | - | - | - |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 75,688 | 87,421 | 92,369 | 99,112 | 95,742 |
| Non interest bearing liabilities | 3,036 | 2,852 | 0 | 0 | 0 |
| Hybrid Capital | - | - | - | - | - |
| Total liabilities | 78,724 | 90,273 | 92,369 | 99,112 | 95,742 |
| Share capital | 15,075 | 16,160 | 16,160 | 16,160 | 16,160 |
| Reserves | 26,121 | 25,637 | 30,074 | 30,769 | 37,628 |
| Total equity | 41,196 | 41,797 | 46,235 | 46,930 | 53,788 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Total liabilities & equity | 119,920 | 132,070 | 138,604 | 146,042 | 149,530 |
| Supplementary items | | | | | |
| 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 | 66,699 | 81,555 | 89,895 | 95,740 | 97,427 |
| 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 |
| Per share (THB) | | | | | |
| Book value per share | 13.66 | 12.93 | 14.31 | 14.52 | 16.64 |
| Tangible book value per share | 13.66 | 12.93 | 14.31 | 14.52 | 16.64 |
| Growth | | | | | |
| Gross customer loans | 2.3 | 2.8 | 6.1 | 6.1 | 6.8 |
| Average interest earning assets | - | - | - | - | - |
| Total asset (%) | 11.4 | 10.1 | 4.9 | 5.4 | 2.4 |
| Risk weighted assets (%) | - | - | - | - | - |
| Customer deposits (%) | - | - | - | - | - |
| Leverage & capital measures | | | | | |
| Customer loan/deposits (%) | - | - | - | - | - |
| Equity/assets (%) | 34.4 | 31.6 | 33.4 | 32.1 | 36.0 |
| Tangible equity/assets (%) | 34.4 | 31.6 | 33.4 | 32.1 | 36.0 |
| RWA/assets (%) | - | - | - | - | - |
| Tier 1 CAR (%) | - | - | - | - | - |
| Total CAR (%) | - | - | - | - | - |
| Asset Quality | | | | | |
| Change in NPL (%) | - | - | - | - | - |
| NPL/gross loans (%) | - | - | - | - | - |
| Total provisions/gross loans (%) | 7.5 | 15.4 | 18.2 | 20.4 | 24.3 |
| Total provisions/NPL (%) | - | - | - | - | - |
| Valuation | | | | | |
| Recurring P/E (x) * | 8.3 | 31.8 | 26.7 | 17.8 | 15.4 |
| Recurring P/E @ target price (x) * | 9.5 | 36.2 | 30.4 | 20.2 | 17.5 |
| Reported P/E (x) | 5.1 | 31.8 | 26.7 | 17.8 | 15.4 |
| Dividend yield (%) | 5.8 | 2.8 | 3.0 | 4.4 | 5.2 |
| Price/book (x) | 1.3 | 1.4 | 1.3 | 1.2 | 1.1 |
| Price/tangible book (x) | 1.3 | 1.4 | 1.3 | 1.2 | 1.1 |
| Price/tangible book @ target price (x) | 1.5 | 1.6 | 1.4 | 1.4 | 1.2 |

* 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 | ICI | 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 | SE-ED | 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 | WIJK | 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 | IHL | 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 | AMANAHA | 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:

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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

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ANALYST(S) CERTIFICATION

Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

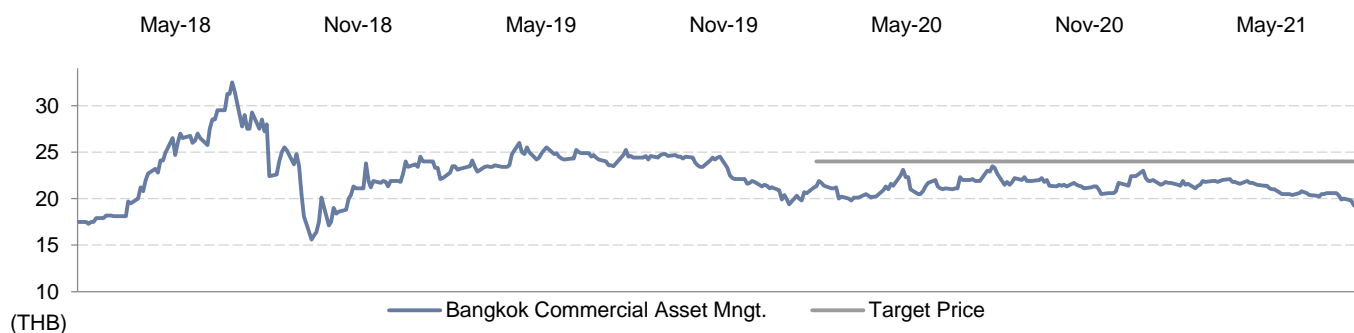
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History of change in investment rating and/or target price

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

| Company | Ticker | Price | Rating | Valuation & Risks |
|--------------------------------|--------|-----------|--------|--|
| Bangkok Commercial Asset Mngt. | BAM TB | THB 18.10 | 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. |

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 14-May-2021 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.