

5 NOVEMBER 2021

THAILAND / ASSET MANAGEMENT COMPANIES

# BANGKOK COMMERCIAL ASSET MNGT.

# BAM TB

## BUY

UNCHANGED

TARGET PRICE	THB22.00
CLOSE	THB18.90
UP/DOWNSIDE	+16.4%
PRIOR TP	THB19.40
CHANGE IN TP	+13.4%
TP vs CONSENSUS	+2.4%

## Taxiing before taking off next year

### Strong NPA but still slow NPL business in 3Q21

We estimate that BAM will post a 3Q21 net profit of THB537m (+80% y-y, -32% q-q). We expect its NPL business to deliver soft performance due to the closure of the LED and the partial nationwide lockdown, leading to slow property sales. There was no big NPL deal completion in 3Q21. However, we think BAM was able to collect cash from its NPL restructuring portfolio. On top of that, we think its NPA business should have performed well in 3Q21, driven by its pricing strategy. We think BAM was able to settle some small to mid-size NPA sales. Thus, we expect its cash collection in 3Q21 to be at THB3.9b (+20% y-y, -7% q-q), slightly missing the company's target of THB4.2b. Regarding its NPL acquisitions, BAM is still applying a wait-and-see strategy. Thus, we expect its NPL purchases to amount to only cTHB600m in 3Q21.

### Gradual recovery in 4Q21

We expect a gradual recovery q-q in BAM's bottom line in 4Q21 (still decreasing y-y from the high base in 4Q21), backed by 1) the reopening of the LED, which could boost BAM's collection of NPLs based on legal processes; 2) the resumption of business activities, resulting in the setting up of physical sales booths and contact with prospective clients; and 3) the LTV easing measures mandated by the Bank of Thailand, which should support some clients who are interested in buying residential properties once the economy recovers. In 1Q22, we expect BAM to deliver strong performance supported by both its NPL and NPA business, leading to solid cash collection.

### Earnings and valuation revisions

We increase our 2021-23 net profit forecasts by 7%/5%/7%, mainly to reflect the better-than-expected gain on NPLs (revenue from fully amortised portfolio) and the lower expected credit loss. As a result, we revise up our cash collection estimates for 2021-23 by 13%/7%/2%. We are starting to see BAM's pricing strategy and growing debt restructuring portfolio strategy as a benefit to its cash collection and revenue generation. We revise up our GGM-based TP to THB22 from THB19.4.

### More positive view on BAM; gradually re-accumulate

We maintain our BUY call. We have a more positive view on BAM as we believe its bottom will pass in 3Q21. BAM is now at a recovery inflection point, in our view. We recommend gradually re-accumulating BAM ahead of the material increase in its net profit that we expect in 2022 by 36%.

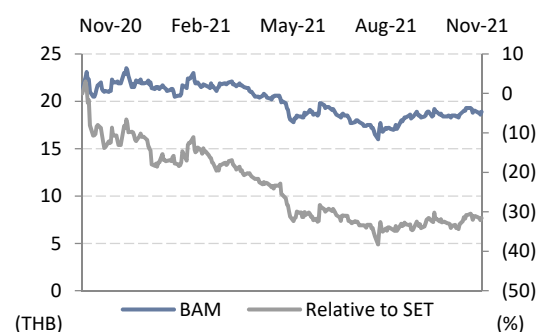


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## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Operating profit	2,196	2,781	3,776	4,709
Net profit	1,841	2,225	3,020	3,767
EPS (THB)	0.57	0.69	0.93	1.17
vs Consensus (%)	-	(2.3)	0.8	3.2
Core net profit	1,841	2,225	3,020	3,767
Core EPS (THB)	0.57	0.69	0.93	1.17
Chg. In EPS est. (%)	-	6.5	4.9	7.3
EPS growth (%)	(73.8)	20.9	35.8	24.7
Core P/E (x)	33.2	27.5	20.2	16.2
Dividend yield (%)	2.7	3.1	4.2	5.2
Price/book (x)	1.5	1.3	1.3	1.1
ROE (%)	4.4	5.1	6.5	7.5
ROA (%)	1.5	1.7	2.3	2.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.7	6.8	(10.0)
Relative to country (%)	2.0	1.5	(32.3)
Mkt cap (USD m)	1,828		
3m avg. daily turnover (USD m)	10.3		
Free float (%)	21		
Major shareholder	FIDF (46%)		
12m high/low (THB)	23.70/15.80		
Issued shares (m)	3,232		

Sources: Bloomberg consensus; FSSIA estimates

## 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.

We maintain our BUY call. We have a more positive view on BAM as we believe its bottom will pass in 3Q21. BAM is now at a recovery inflection point, in our view. We recommend gradually re-accumulating BAM ahead of the material increase in its net profit that we expect in 2022 by 36%.

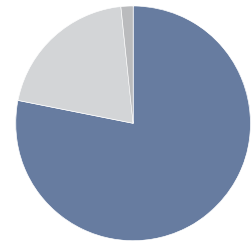
## Company profile

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, 2020)

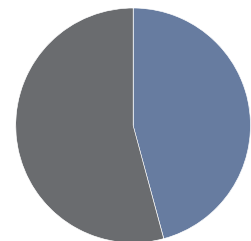
- NPLs management - 78.1 %
- NPAs management - 20.2 %
- Other income - 1.7 %



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
11 Nov 2021	3Q21 results announcement

## Key assumptions

	2021E (THB m)	2022E (THB m)	2023E (THB m)
Norm profit	2,225	3,020	3,767
<i>Norm profit growth (%)</i>	20.9	35.8	24.7
Cash collection	14,881	15,294	17,759
<i>Cash collection ratio (%)</i>	11.8	11.7	12.9
NPL + NPA purchases	5,445	11,018	11,764
<i>NPL + NPA purchase growth (%)</i>	(53.6)	102.3	6.8
Cost to income (%)	26.0	24.7	24.9

Source: FSSIA estimates

## Earnings sensitivity

		----- 2021E -----		
<b>Cash collection ratio</b>	<b>±50bp</b>	<b>11.3</b>	<b>11.8</b>	<b>12.3</b>
<i>% change in net profit</i>		<i>(7.0)</i>	-	<i>7.0</i>
<b>Cost to income</b>	<b>±1ppt</b>	<b>25.0</b>	<b>26.0</b>	<b>27.0</b>
<i>% change in net profit</i>		<i>(4.0)</i>	-	<i>4.0</i>

Source: FSSIA estimates

## Strong NPA but still slow NPL business in 3Q21

We estimate that BAM will post a 3Q21 net profit of THB537m (+80% y-y, -32% q-q). We expect its non-performing loan (NPL) business to deliver soft performance due to the closure of the Legal Execution Department (LED) and the partial nationwide lockdown, leading to slow property sales. There was no big NPL deal completion in 3Q21. However, we think BAM was able to collect cash from its NPL restructuring portfolio. On top of that, we think its non-performing asset (NPA) business should have performed well in 3Q21, driven by its pricing strategy. We think BAM was able to settle some small to mid-size NPA sales. Thus, we expect its cash collection in 3Q21 to be at THB3.9b (+20% y-y, -7% q-q), slightly missing the company's target of THB4.2b.

Regarding its NPL acquisitions, BAM is still applying a wait-and-see strategy. Thus, we expect its NPL purchases to amount to only cTHB600m in 3Q21.

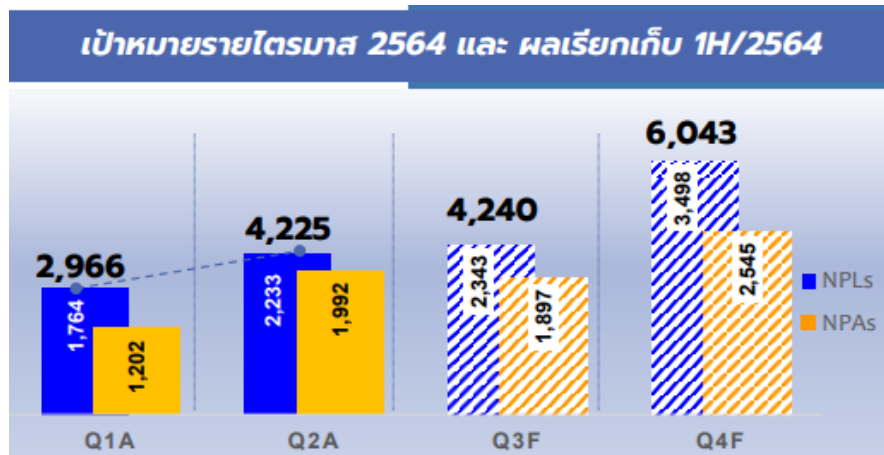
### Exhibit 1: BAM – 3Q21E results preview

	3Q20	2Q21	3Q21E		9M21E			2021E	3Q21E comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y%)	%21E	
<b>Interest income</b>									
- Interest income from NPLs	1,530	1,509	1,596	4	6	4,593	5	73	6,264
- Gain on NPLs+	513	822	612	19	(25)	2,029	(29)	71	2,858
- Instalment sale	26	32	112	331	250	175	143	72	242
- Other interest income	32	25	39	21	55	86	(15)	31	272
<b>Total interest income</b>	<b>2,101</b>	<b>2,388</b>	<b>2,359</b>	<b>12</b>	<b>(1)</b>	<b>6,883</b>	<b>(7)</b>	<b>71</b>	<b>9,635</b>
Interest expense	592	670	611	3	(9)	1,897	8	73	2,613
<b>Net interest income</b>	<b>1,510</b>	<b>1,718</b>	<b>1,748</b>	<b>16</b>	<b>2</b>	<b>4,987</b>	<b>(12)</b>	<b>71</b>	<b>7,022</b>
<b>Non-interest income</b>						0	nm	nm	
- Gain on properties for sale	712	650	616	(14)	(5)	1,863	36	62	2,993
- Gain on instalment sale	16	472	140	764	(70)	648	1,285	214	302
- Others	15	14	17	10	21	41	(5)	47	87
<b>Total non-interest income</b>	<b>743</b>	<b>1,135</b>	<b>772</b>	<b>4</b>	<b>(32)</b>	<b>2,552</b>	<b>74</b>	<b>75</b>	<b>3,382</b>
<b>Total operating income</b>	<b>2,253</b>	<b>2,853</b>	<b>2,521</b>	<b>12</b>	<b>(12)</b>	<b>7,538</b>	<b>6</b>	<b>72</b>	<b>10,404</b>
Operating expenses	653	655	620	(5)	(5)	1,874	(4)	69	2,706
<b>Pre provision operating profit</b>	<b>1,600</b>	<b>2,198</b>	<b>1,900</b>	<b>19</b>	<b>(14)</b>	<b>5,664</b>	<b>10</b>	<b>74</b>	<b>7,698</b>
Expected credit loss	1,263	1,214	1,233	(2)	2	3,700	(6)	75	4,917
<b>Operating profit</b>	<b>337</b>	<b>984</b>	<b>667</b>	<b>98</b>	<b>(32)</b>	<b>1,964</b>	<b>61</b>	<b>71</b>	<b>2,781</b>
Income tax expenses	39	194	130	236	(33)	389	165	70	556
<b>Profit before minority interest</b>	<b>298</b>	<b>790</b>	<b>537</b>	<b>80</b>	<b>(32)</b>	<b>1,574</b>	<b>47</b>	<b>71</b>	<b>2,225</b>
Minority	0	0	0	nm	nm	0	nm	nm	0
<b>Normalised profit</b>	<b>298</b>	<b>790</b>	<b>537</b>	<b>80</b>	<b>(32)</b>	<b>1,574</b>	<b>47</b>	<b>71</b>	<b>2,225</b>
Extra items	0	0	0	nm	nm	0	nm	nm	0
<b>Net profit</b>	<b>298</b>	<b>790</b>	<b>537</b>	<b>80</b>	<b>(32)</b>	<b>1,574</b>	<b>47</b>	<b>71</b>	<b>2,225</b>
<b>Key financial highlights</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y %)</b>	<b>(q-q %)</b>				<b>(THB m)</b>
Gross NPLs outstanding	85,946	82,676	81,369	(5)	(2)				83,318
Gross NPAs outstanding	38,757	39,695	38,946	0	(2)				44,193
NPL & NPA purchases	8,157	752	602	(93)	(20)	1,687	(92)	31	5,445
NPL & NPA cash collection	3,266	4,215	3,911	20	(7)	11,090	21	75	14,881
Cash collection/NPL & NPA (%)	10.5	13.7	12.9						11.8
<b>Key financial ratio</b>	<b>(x)</b>	<b>(x)</b>	<b>(x)</b>						<b>(x)</b>
Liabilities/equity (x)	2.3	2.1	1.8						1.8
Interest-bearing debt/equity (x)	2.2	2.0	1.8						1.8
ROA (%)	1.0	2.5	1.7						1.7
ROE (%)	3.2	7.6	5.2						5.1
Cost of funds (%)	2.9	3.3	3.1						3.0
Cost to income (%)	29.0	23.0	24.6						26.0

+ Fully amortised;

Sources: BAM; FSSIA estimates

## Exhibit 2: Quarterly cash collection target



Source: BAM

## Net profit and target price revisions

We increase our 2021-23 net profit forecasts by 7%/5%/7%, mainly to reflect the better-than-expected gain on NPLs (revenue from fully amortised portfolio) and the lower expected credit loss. As a result, we revise up our cash collection estimates for 2021-23 by 13%/7%/2%. We are starting to see BAM's pricing strategy and growing debt restructuring portfolio strategy as a benefit to its cash collection and revenue generation.

## Exhibit 3: Change of key assumptions

	2021E			2022E			2023E		
	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)	Old (THB m)	New (THB m)	Change (%)
<b>Interest income</b>	9,304	9,635	3.6	11,396	10,654	(6.5)	12,679	11,756	(7.3)
- Interest income from NPLs	6,199	6,264	1.0	7,600	6,775	(10.8)	7,977	6,868	(13.9)
- Gain on NPLs (fully amortised)	2,688	2,858	6.3	3,366	3,397	0.9	4,301	4,464	3.8
- Other	417	514	23.2	430	482	12.2	400	424	5.8
Interest expense	2,438	2,613	7.2	2,578	2,488	(3.5)	2,747	2,498	(9.1)
<b>Net interest income</b>	<b>6,866</b>	<b>7,022</b>	<b>2.3</b>	<b>8,818</b>	<b>8,167</b>	<b>(7.4)</b>	<b>9,933</b>	<b>9,258</b>	<b>(6.8)</b>
<b>Non-interest income</b>	<b>3,693</b>	<b>3,382</b>	<b>(8.4)</b>	<b>4,068</b>	<b>4,090</b>	<b>0.6</b>	<b>4,137</b>	<b>4,105</b>	<b>(0.8)</b>
- Gain on sale of properties for sale	3,486	2,993	(14.1)	3,847	3,826	(0.5)	3,890	3,829	(1.6)
- Other	208	389	87.3	221	264	19.8	247	276	11.8
Total operating income	10,559	10,404	(1.5)	12,886	12,257	(4.9)	14,069	13,363	(5.0)
<b>Operating expense</b>	<b>2,706</b>	<b>2,706</b>	<b>0.0</b>	<b>3,031</b>	<b>3,031</b>	<b>0.0</b>	<b>3,334</b>	<b>3,334</b>	<b>0.0</b>
<b>Pre-operating profit before tax</b>	<b>7,853</b>	<b>7,698</b>	<b>(2.0)</b>	<b>9,855</b>	<b>9,226</b>	<b>(6.4)</b>	<b>10,735</b>	<b>10,029</b>	<b>(6.6)</b>
Expected credit loss	5,242	4,917	(6.2)	6,256	5,450	(12.9)	6,347	5,320	(16.2)
Taxes expenses	522	556	6.5	720	755	4.9	878	942	7.3
<b>Norm. profit</b>	<b>2,089</b>	<b>2,225</b>	<b>6.5</b>	<b>2,879</b>	<b>3,020</b>	<b>4.9</b>	<b>3,510</b>	<b>3,767</b>	<b>7.3</b>
Extraordinary items	0	0		0	0		0	0	
<b>Net profit</b>	<b>2,089</b>	<b>2,225</b>	<b>6.5</b>	<b>2,879</b>	<b>3,020</b>	<b>4.9</b>	<b>3,510</b>	<b>3,767</b>	<b>7.3</b>
EPS (THB)	0.65	0.69	6.5	0.89	0.93	4.9	1.09	1.17	7.3
<b>Key statistic and ratio</b>									
<b>Leverage ratios (x)</b>									
Liabilities / equity	2.0	1.8		2.0	1.9		1.7	1.5	
Interest-bearing debt / equity	2.0	1.8		2.0	1.9		1.7	1.5	
<b>Profitability ratio (%)</b>									
Cost of funds	2.7	3.0		2.8	2.9		3.0	3.0	
Cost to income	25.6	26.0		23.5	24.7		23.7	24.9	
<b>Specific data for business</b>									
NPL and NPA purchases (THB m)	10,745	5,445	(49.3)	12,427	11,018	(11.3)	13,272	11,764	(11.4)
NPL and NPA cash collection (THB m)	13,140	14,881	13.2	14,326	15,294	6.8	17,500	17,759	1.5
Cash collection to gross NPLs and NPAs (%)	10.2	11.8		10.4	11.7		11.9	12.9	
<b>Change y-y (%)</b>									
Core profit (y-y %)	13.5	20.9		37.8	35.8		21.9	24.7	
NPL and NPA purchases (y-y %)	(8.5)	(53.6)		15.7	102.3		6.8	6.8	
NPL and NPA cash collection (y-y %)	0.1	13.3		9.0	2.8		22.2	16.1	

Sources: BAM; FSSIA estimates

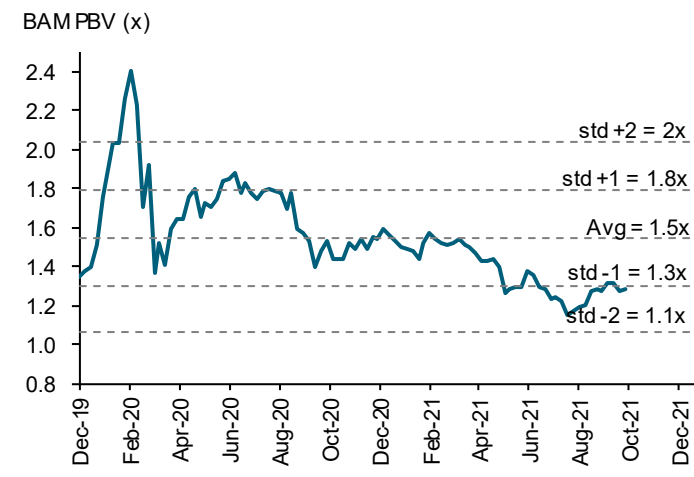
We revise up our GGM-based TP to THB22 from THB19.4, as we 1) increase our EPS forecast, leading to a higher book value; and 2) revise up our target 2022 P/BV from 1.3x to 1.5x to reflect our higher long-term growth assumption to 6.6% from 6.4% and ROE increase to 7.2% from 7.1%.

#### Exhibit 4: BAM – GGM-derived target price

Target price	THB 22.0 (from 19.4)
Recommendation	BUY (unchanged)
Risk-free rate (%)	3.0 (unchanged)
Market risk premium (%)	8.0 (unchanged)
Terminal growth (%)	6.6 (from 6.4)
ROE target (%)	7.2 (from 7.1)
Target PBV (x)	1.5 (from 1.3)
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.

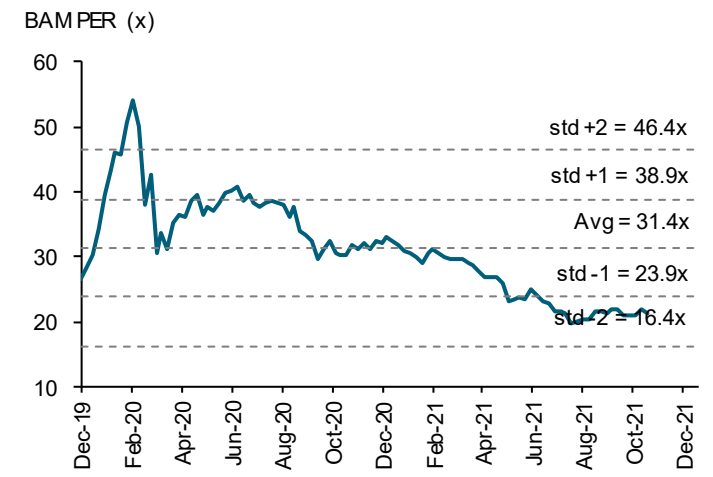
Source: FSSIA estimates

#### Exhibit 5: BAM – one-year prospective P/BV



Sources: Bloomberg; FSSIA estimates

#### Exhibit 6: BAM – one-year prospective P/E



Sources: Bloomberg; FSSIA estimates

#### Exhibit 7: Thailand diversified financials – peers comparison

	BBG code	Rec	---Share price---		Up side (%)	Market Cap (USD m)	EPS growth		---- P/E ----		---- ROE ----		---- PBV ----	
			Current (THB)	Target (THB)			21E (%)	22E (%)	21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)
<b>Diversified financials</b>						<b>22,451</b>	<b>11.6</b>	<b>21.9</b>	<b>24.3</b>	<b>19.9</b>	<b>18.9</b>	<b>18.6</b>	<b>4.1</b>	<b>3.3</b>
<b>Unsecured-loan lenders</b>						<b>5,967</b>	<b>14.3</b>	<b>13.1</b>	<b>21.4</b>	<b>19.0</b>	<b>24.0</b>	<b>23.4</b>	<b>4.8</b>	<b>4.2</b>
Aeon Thana Sinsap (Thailand)	AEONTS TB	HOLD	197.00	204.00	4	1,474	7.5	13.9	12.4	10.9	21.5	21.1	2.5	2.1
Krungthai Card	KTC TB	HOLD	58.25	52.00	(11)	4,494	15.4	13.0	24.4	21.6	24.8	24.1	5.6	4.9
<b>Auto-title lenders</b>						<b>9,804</b>	<b>7.8</b>	<b>23.4</b>	<b>23.9</b>	<b>19.4</b>	<b>20.8</b>	<b>21.2</b>	<b>4.4</b>	<b>3.8</b>
Muangthai Capital	MTC TB	BUY	64.00	71.00	11	4,059	3.1	26.6	25.2	19.9	23.4	24.3	5.4	4.4
Srisawad Corp	SAWAD TB	BUY	64.75	80.00	24	2,660	4.2	20.6	18.7	15.5	20.2	22.0	3.6	3.2
Saksiam Leasing	SAK TB	BUY	8.25	11.00	33	517	(19.5)	39.1	29.1	20.9	12.6	15.9	3.5	3.1
Ngern Tid Lor	TIDLOR TB	BUY	37.00	43.00	16	2,567	23.8	17.8	26.1	22.1	18.9	16.4	3.8	3.4
<b>Truck lenders</b>						<b>1,543</b>	<b>12.1</b>	<b>11.8</b>	<b>22.7</b>	<b>20.3</b>	<b>14.1</b>	<b>13.6</b>	<b>2.8</b>	<b>2.2</b>
Micro Leasing	MICRO TB	BUY	7.85	10.70	36	220	23.1	33.5	36.0	27.0	10.8	13.2	3.8	3.4
Singer Thailand	SINGER TB	BUY	39.50	51.00	29	608	24.8	2.4	29.1	28.4	13.0	9.8	3.2	2.1
Ratchthani Leasing	THANI TB	BUY	4.22	5.20	23	715	(20.9)	15.8	13.3	11.5	16.0	17.0	2.0	1.9
<b>Asset management</b>						<b>3,774</b>	<b>14.1</b>	<b>32.8</b>	<b>34.6</b>	<b>26.1</b>	<b>11.6</b>	<b>10.1</b>	<b>3.7</b>	<b>2.2</b>
Bangkok Commercial Asset Mngt.	BAM TB	BUY	18.90	22.00	16	1,828	20.9	35.8	27.5	20.2	5.1	6.5	1.3	1.3
Chayo Group	CHAYO TB	BUY	11.70	18.80	61	337	18.5	39.6	45.6	32.7	12.8	11.7	4.1	3.3
JMT Network Services	JMT TB	BUY	47.75	57.00	19	1,609	7.8	29.1	40.5	31.4	18.7	13.9	6.4	2.9
<b>Other</b>						<b>1,122</b>	<b>8.1</b>	<b>11.6</b>	<b>9.1</b>	<b>8.2</b>	<b>6.4</b>	<b>6.8</b>	<b>0.6</b>	<b>0.5</b>
Thanachart Capital	TCAP TB	HOLD	35.75	35.00	(2)	1,122	8.1	11.6	9.1	8.2	6.4	6.8	0.6	0.5
<b>Hire purchase motorcycle</b>						<b>242</b>	<b>55.9</b>	<b>33.4</b>	<b>25.8</b>	<b>19.3</b>	<b>17.4</b>	<b>19.8</b>	<b>4.2</b>	<b>3.5</b>
Next Capital	NCAP TB	BUY	9.00	16.80	87	242	55.9	33.4	25.8	19.3	17.4	19.8	4.2	3.5

Share prices as of 4 Nov 2021

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	9,635	10,654	11,756
Interest expense	(2,132)	(2,391)	(2,613)	(2,488)	(2,498)
Net interest income	7,007	7,555	7,022	8,167	9,258
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	38	0	0	0	0
Other income	3,058	2,498	3,382	4,090	4,105
Non interest income	3,096	2,498	3,382	4,090	4,105
Total income	10,104	10,053	10,404	12,257	13,363
Staff costs	-	-	-	-	-
Other operating costs	(3,757)	(2,658)	(2,706)	(3,031)	(3,334)
Operating costs	(3,757)	(2,658)	(2,706)	(3,031)	(3,334)
Pre provision operating profit	6,347	7,395	7,698	9,226	10,029
Provision for bad and doubtful debt	(135)	(5,199)	(4,917)	(5,450)	(5,320)
Other provisions	-	-	-	-	-
Operating profit	6,212	2,196	2,781	3,776	4,709
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	2,781	3,776	4,709
Tax	337	(355)	(556)	(755)	(942)
Profit after tax	10,679	1,841	2,225	3,020	3,767
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	10,679	1,841	2,225	3,020	3,767
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	6,549	1,841	2,225	3,020	3,767
<b>Per share (THB)</b>					
Recurring EPS *	2.17	0.57	0.69	0.93	1.17
Reported EPS	3.54	0.57	0.69	0.93	1.17
DPS	1.05	0.51	0.59	0.79	0.99
<b>Growth</b>					
Net interest income (%)	50.9	7.8	(7.1)	16.3	13.4
Non interest income (%)	(7.2)	(19.3)	35.4	20.9	0.4
Pre provision operating profit (%)	25.7	16.5	4.1	19.8	8.7
Operating profit (%)	19.2	(64.7)	26.7	35.8	24.7
Reported net profit (%)	105.3	(82.8)	20.9	35.8	24.7
Recurring EPS (%)	14.2	(73.8)	20.9	35.8	24.7
Reported EPS (%)	86.2	(83.9)	20.9	35.8	24.7
<b>Income Breakdown</b>					
Net interest income (%)	69.4	75.2	67.5	66.6	69.3
Net fees & commission (%)	-	-	-	-	-
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	0.4	-	-	-	-
Other income (%)	30.3	24.8	32.5	33.4	30.7
<b>Operating performance</b>					
Gross interest yield (%)	-	-	-	-	-
Cost of funds (%)	3.20	2.93	3.03	2.88	2.96
Net interest spread (%)	(3.20)	(2.93)	(3.03)	(2.88)	(2.96)
Net interest margin (%)	-	-	-	-	-
Cost/income(%)	37.2	26.4	26.0	24.7	24.9
Cost/assets(%)	3.3	2.1	2.1	2.3	2.5
Effective tax rate (%)	(3.3)	16.2	20.0	20.0	20.0
Dividend payout on recurring profit (%)	48.3	90.0	85.0	85.0	85.0
ROE (%)	15.8	4.4	5.1	6.5	7.5
ROE - COE (%)	5.0	(6.4)	(5.7)	(4.3)	(3.3)
ROA (%)	5.8	1.5	1.7	2.3	2.8
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	83,318	86,339	89,653
Total provisions	(6,247)	(13,243)	(16,494)	(20,217)	(23,744)
interest in suspense	0	5,047	4,999	5,180	5,379
<b>Net customer loans</b>	<b>77,375</b>	<b>77,726</b>	<b>71,824</b>	<b>71,303</b>	<b>71,288</b>
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	70	451	474	498	522
Cash & equivalents	5	5	574	231	449
Other interesting assets	25,927	36,514	41,343	44,703	47,711
Tangible fixed assets	1,243	1,190	1,197	1,221	1,245
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	15,299	16,183	15,517	16,395	13,522
<b>Total assets</b>	<b>119,920</b>	<b>132,069</b>	<b>130,929</b>	<b>134,350</b>	<b>134,737</b>
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	75,688	87,421	84,798	87,766	81,184
Non interest bearing liabilities	3,036	2,852	0	0	0
Hybrid Capital	-	-	-	-	-
<b>Total liabilities</b>	<b>78,724</b>	<b>90,273</b>	<b>84,798</b>	<b>87,766</b>	<b>81,184</b>
Share capital	15,075	16,160	16,160	16,160	16,160
Reserves	26,121	25,637	29,971	30,424	37,393
<b>Total equity</b>	<b>41,196</b>	<b>41,797</b>	<b>46,131</b>	<b>46,584</b>	<b>53,553</b>
Minority interests	0	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>119,920</b>	<b>132,070</b>	<b>130,929</b>	<b>134,350</b>	<b>134,737</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	66,699	81,555	86,110	86,282	84,475
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	13.66	12.93	14.27	14.41	16.57
Tangible book value per share	13.66	12.93	14.27	14.41	16.57
<b>Growth</b>					
Gross customer loans	2.3	2.8	(3.0)	3.6	3.8
Average interest earning assets	-	-	-	-	-
Total asset (%)	11.4	10.1	(0.9)	2.6	0.3
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	-	-	-	-	-
<b>Leverage &amp; capital measures</b>					
Customer loan/deposits (%)	-	-	-	-	-
Equity/assets (%)	34.4	31.6	35.2	34.7	39.7
Tangible equity/assets (%)	34.4	31.6	35.2	34.7	39.7
RWA/assets (%)	-	-	-	-	-
Tier 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
<b>Asset Quality</b>					
Change in NPL (%)	-	-	-	-	-
NPL/gross loans (%)	-	-	-	-	-
Total provisions/gross loans (%)	7.5	15.4	19.8	22.6	26.5
Total provisions/NPL (%)	-	-	-	-	-
<b>Valuation</b>					
Recurring P/E (x) *	8.7	33.2	27.5	20.2	16.2
Recurring P/E @ target price (x) *	10.1	38.6	32.0	23.5	18.9
Reported P/E (x)	5.3	33.2	27.5	20.2	16.2
Dividend yield (%)	5.6	2.7	3.1	4.2	5.2
Price/book (x)	1.4	1.5	1.3	1.3	1.1
Price/tangible book (x)	1.4	1.5	1.3	1.3	1.1
Price/tangible book @ target price (x)	1.6	1.7	1.5	1.5	1.3

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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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:

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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	TTB	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)

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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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#### Yuvanart Suwanumphai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Commercial Asset Mngt.	BAM TB	THB 18.90	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 197.00	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
Krungthai Card	KTC TB	THB 58.25	HOLD	Upside risks to our GGM-derived TP include 1) stronger-than-expected growth for KTB Leasing; and 2) a better-than-expected bad debt recovery. Downside risks are 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Muangthai Capital	MTC TB	THB 64.00	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 64.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Saksiam Leasing	SAK TB	THB 8.25	BUY	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the BoT; and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Ngern Tid Lor	TIDLOR TB	THB 37.00	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Micro Leasing	MICRO TB	THB 7.85	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.
Singer Thailand	SINGER TB	THB 39.50	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
Ratchthani Leasing	THANI TB	THB 4.22	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.
Chayo Group	CHAYO TB	THB 11.70	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 47.75	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.
Thanachart Capital	TCAP TB	THB 35.75	HOLD	Upside risks to our GGM-based target price are M&A completions and long-term synergy gained, leading to a higher contribution to its earnings. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TMB and THANI.
Next Capital	NCAP TB	THB 9.00	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for food delivery and logistics activities; 2) deteriorating asset quality; and 3) tighter competition from new players.

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 04-Nov-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.