

Thailand Asset Management Companies

The sky is not as bright as before

- We revise the aggregate net profit of our covered AMCs down by 9%/9%/8% in 2022/23/24, and downgrade the AMC sector to Neutral from Overweight. JMT remains our top pick.

AMC sector rating downgraded to neutral; JMT remains our top pick

We downgrade the asset management company (AMC) sector to Neutral from Overweight due to 1) a lower NPL supply than our expectation; 2) the delay of JV AMCs between banks and AMCs; and 3) slightly slower cash collection (CC) from high inflation. Although the first two factors should not immediately impact 2022 CC and net profit, they should impact 2023-24 earnings. As for the third factor, we think it will impact 2022 earnings. Thus, we revise the aggregate net profit of our covered AMCs down by 9%/9%/8% in 2022/23/24. JMT remains our top pick as we think it should deliver the most impressive performance, with a projected three-year CAGR of 36% from 2021-24. We maintain our BUY call for BAM and CHAYO. Meanwhile, we downgrade KCC to HOLD due to its demanding valuation. AMCs may become more attractive next year once banks start to accelerate their NPL sales again.

Slower NPL supply than expected

According to BAM's data, 1H22 secured NPL sales reached THB32b, rising significantly by 51% y-y. However, this level was still below our expectation, as banks have been able to control NPLs. Thus, banks are adopting a wait-and-see strategy, we think. The slower NPL supply should cause AMCs' NPL acquisitions to be below each company's target, which would result in lower CC and net profits in 2023-24. The missed NPL acquisition targets might also foster negative sentiment toward AMCs' share prices, in our view.

The delay in establishing JV AMCs

On 26 Jan 2022, the Bank of Thailand (BoT) announced the guidelines for JVs between banks and AMCs. JMT and KBANK were the first movers to establish a JV. But, after this deal, there have been no new JV AMC deals. Following up with AMCs' management, we think it unlikely that there will be any JV AMC deals this year as banks still prefer to manage NPLs themselves. Although we believe the market has not included the benefit of JV AMCs into their forecasts, we think the delay could negatively pressure AMCs' share prices.

3Q22: Expect decent cash collection but unimpressive net profit

We expect our four covered AMCs to deliver an unimpressive 3Q22 aggregate net profit of THB1.2b (+23% y-y, -10% q-q) due to higher OPEX, lower margins, and higher interest expenses. We see mixed performance in general. On a positive note, we expect AMCs to deliver decent CC from their ability to offer troubled debt restructuring (TDR) to their clients. However, there are some negatives. First, BAM, CHAYO, and KCC should have higher interest expenses following the rate uptrend. Second, we expect significantly higher OPEX for JMT due to the accelerated debt collection process. Third, we expect BAM's margin to be lower as some of its CC will not be in its fully amortised portfolio. Lastly, the bigger players, both BAM and JMT, are still purchasing new NPLs at a low rate.



Rawisara Suwanumchai

rawisara.suw@fssia.com
+66 2611 3554

3Q22: Expect decent cash collection but unimpressive net profit

We expect our four covered AMC's to deliver an unimpressive 3Q22 aggregate net profit of THB1.2b (+23% y-y, -10% q-q) due to higher OPEX, lower margins, and higher interest expenses. We see mixed performance in general. On a positive note, we expect AMC's to deliver decent CC from their ability to offer TDR programs to match their clients' cash flow. However, there are some negatives that should impact their performance. First, BAM, CHAYO, and KCC should have higher interest expenses following the rate uptrend. Second, we expect significantly higher OPEX for JMT due to the accelerated debt collection process. Third, we expect BAM's margin to be lower as some of its CC will not be in its fully amortised portfolio. Lastly, the bigger players, both BAM and JMT, are still purchasing new NPLs at a low rate thanks to a low NPL supply from banks.

Exhibit 1: 3Q22 net profit preview

| 3Q22E | BAM | CHAYO | JMT | KCC | Coverage |
|--|----------------|----------------|----------------|----------------|----------------|
| Year-end Dec 31 | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) |
| Net profit | 717 | 59 | 443 | 14 | 1,232 |
| <i>Change y-y %</i> | 24.3 | (16.9) | 25.9 | n/a | 23.4 |
| <i>Change q-q %</i> | (13.7) | 4.2 | 2.2 | (67.6) | (9.6) |
| Key financial highlights | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) |
| NPL & NPA purchase | 450 | 709 | 1,124 | 170 | 2,453 |
| <i>Change y-y %</i> | (28.1) | 5,864.9 | (70.3) | n/a | (44.5) |
| <i>Change q-q %</i> | (67.6) | 102.0 | 200.0 | n/a | (7.7) |
| NPL & NPA cash collection | 4,126 | 91 | 1,453 | 54 | 5,723 |
| <i>Change y-y %</i> | 5.7 | (51.5) | 17.0 | n/a | 7.3 |
| <i>Change q-q %</i> | 4.4 | 1.9 | 8.6 | (66.2) | 3.4 |
| Cash collection/NPL&NPA (%) | 13.6 | 10.3 | 32.3 | 20.9 | |
| Key financial ratio | | | | | |
| Liabilities / equity (x) | 1.9 | 1.1 | 0.2 | 0.7 | |
| Interest-bearing debt/equity (x) | 1.8 | 1.0 | 0.2 | 0.6 | |
| Cost to income (%) | 28.7 | 35.7 | 48.1 | 35.8 | |

Source: FSSIA estimates

BAM – 3Q22 results preview

We expect BAM to post a 3Q22 net profit of THB717m (+24% y-y, -14% q-q). Its net profit should increase y-y due to stronger CC and a lower effective tax rate.

Meanwhile, its net profit should decline q-q from two reasons. First, although we expect its CC to be higher q-q, this CC would mostly come from its portfolio which is not fully amortised. Thus, we expect its margin to drop q-q. Second, we expect its effective rate to increase to 12% in 3Q22 from 8.6% in 2Q22.

3Q22E key highlights

- Total CC should reach THB4.1b (+6% y-y, +4% q-q). CC from NPLs might increase y-y and q-q, in line with the economic recovery and its effort to offer debt restructuring to its clients. Meanwhile, we expect CC from non-performing assets (NPAs) to drop y-y and q-q, as there were no medium to large-sized NPA settlements in 3Q.
- We expect that BAM purchased NPLs at a slow pace in 3Q22, totalling THB0.45b, with YTD accumulated NPL purchases of cTHB3.2b. This would be significantly lower than its 2022 target of THB9b, as most banks still prefer to manage NPLs themselves, resulting in a low NPL supply in 9M22.
- We expect its effective tax rate to be at 12% in 3Q22 vs 8.6% in 2Q22 and 20.4% in 3Q21. BAM has gradually used tax benefits from its clean-up of unsecured NPLs since 2022. Thus, its tax rate might fluctuate quarterly. According to BAM, its 2022 effective tax rate will be lower than the normal rate of 20%.

Exhibit 2: BAM – 3Q22 results preview

| | 3Q21 | 2Q22 | 3Q22E | | 9M22E | | | 2022E | Comments |
|---------------------------------------|--------------|--------------|--------------|-------------|-------------|--------------|-------------|-----------|---------------|
| | (THB m) | (THB m) | (THB m) | (y-y%) | (q-q%) | (THB m) | (y-y%) | %22E | |
| Interest income | | | | | | | | | |
| - Interest income from NPLs | 1,515 | 1,526 | 1,551 | 2 | 2 | 4,590 | 2 | 73 | 6,264 |
| - Gain on NPLs | 899 | 1,111 | 1,077 | 20 | (3) | 2,803 | 21 | 76 | 3,694 |
| - Instalment sale | 26 | 25 | 16 | (38) | (35) | 71 | (20) | 35 | 205 |
| - Other interest income | 20 | (21) | 20 | 0 | nm | (8) | nm | nm | 8 |
| Total interest income | 2,460 | 2,641 | 2,664 | 8 | 1 | 7,456 | 7 | 73 | 10,171 |
| Interest expense | 644 | 651 | 661 | 3 | 1 | 1,932 | 0 | 74 | 2,608 |
| Net interest income | 1,816 | 1,990 | 2,003 | 10 | 1 | 5,525 | 9 | 73 | 7,563 |
| Non-interest income | | | | | | | | | |
| - Gain on properties for sale | 673 | 652 | 580 | (14) | (11) | 1,644 | (13) | 72 | 2,274 |
| - Gain on instalment sale | 128 | 67 | 20 | (84) | (70) | 166 | (74) | 97 | 171 |
| - Others | 7 | 20 | 7 | 10 | (62) | 34 | 10 | 37 | 92 |
| Total non-interest income | 808 | 739 | 608 | (25) | (18) | 1,844 | (28) | 73 | 2,538 |
| Total operating income | 2,624 | 2,729 | 2,611 | (0) | (4) | 7,368 | (3) | 73 | 10,100 |
| Operating expenses | 714 | 737 | 750 | 5 | 2 | 2,084 | 7 | 72 | 2,890 |
| Pre provision operating profit | 1,910 | 1,993 | 1,861 | (3) | (7) | 5,284 | (7) | 73 | 7,210 |
| Expected credit loss | 1,186 | 1,084 | 1,047 | (12) | (3) | 3,188 | (13) | 77 | 4,120 |
| Operating profit | 724 | 909 | 814 | 13 | (10) | 2,096 | 4 | 68 | 3,090 |
| Income tax expenses | 147 | 78 | 98 | (34) | 24 | 237 | (42) | 67 | 355 |
| Net profit | 576 | 831 | 717 | 24 | (14) | 1,859 | 15 | 68 | 2,735 |
| Key financial highlights | | | | | | | | | |
| NPL & NPA purchase | 626 | 1,391 | 450 | (28) | (68) | 3,188 | 131 | 70 | 4,535 |
| NPL & NPA cash collection | 3,904 | 3,951 | 4,126 | 6 | 4 | 11,236 | 1 | 72 | 15,602 |
| Cash collection/NPL & NPA (%) | 12.8 | 13.0 | 13.6 | | | | | | 12.8 |
| Key financial ratio | (%) | (%) | (%) | | | | | | (%) |
| Liabilities / equity (x) | 2.0 | 2.0 | 1.9 | | | | | | 1.9 |
| Interest-bearing debt/equity (x) | 1.9 | 1.9 | 1.8 | | | | | | 1.8 |
| ROA | 1.8 | 2.6 | 2.3 | | | | | | 2.2 |
| ROE | 5.6 | 7.8 | 6.7 | | | | | | 6.4 |
| Cost of funds | 3.2 | 3.3 | 3.3 | | | | | | 3.3 |
| Cost to income | 27.2 | 27.0 | 28.7 | | | | | | 28.6 |

Sources: BAM; FSSIA estimates

CHAYO – 3Q22 results preview

We expect CHAYO to post a 3Q22 net profit of THB59m (-17% y-y, +4% q-q). The drop y-y would come from lower CC from its NPA business. We expect 3Q22 pre-tax profit from the NPA side to amount to THB1m vs THB54m in 3Q21. Meanwhile, its net profit might slightly increase q-q due to a rise in its CC following its portfolio expansion.

3Q22E key highlights

- We expect total CC of THB91m (-51% y-y, +2% q-q) in 3Q22. Its NPA CC should plummet y-y from the lower number of medium-sized NPAs sold. Meanwhile, its NPL CC should continue to increase y-y and q-q from its portfolio expansion.
- We think CHAYO accelerated its NPL acquisitions in 3Q22, with expected NPL purchases amounting to THB709m. Its YTD accumulated NPL purchases should reach cTHB1.1b.
- We expect its net outstanding loan portfolio to be at THB600m in 3Q22 vs THB401m in 2Q22. We think CHAYO aggressively lent to the small SME and retail segments.

Exhibit 3: CHAYO – 3Q22 results preview

| | 3Q21 | 2Q22 | 3Q22E | | 9M22E | | | 2022E | Comments |
|--|------------|------------|------------|-------------|-------------|------------|-------------|-----------|------------|
| | (THB m) | (THB m) | (THB m) | (y-y%) | (q-q%) | (THB m) | (y-y%) | %22E | |
| Interest income | | | | | | | | | |
| - Interest income from NPLs | 162 | 200 | 204 | 26 | 2 | 605 | 29 | 70 | 868 |
| - Interest income from loan | 3 | 17 | 21 | 602 | 24 | 51 | 621 | 71 | 72 |
| Total interest income | 165 | 217 | 225 | 37 | 4 | 656 | 38 | 70 | 941 |
| Interest expense | 25 | 38 | 46 | 88 | 23 | 108 | 43 | 67 | 160 |
| Net interest income | 140 | 179 | 179 | 28 | (0) | 548 | 37 | 70 | 781 |
| Non-interest income | | | | | | | | | |
| - Gain on properties for sale | 54 | 0 | 1 | (98) | 175 | 18 | (71) | 57 | 32 |
| - Debt collection services | 9 | 8 | 10 | 9 | 21 | 26 | (16) | 64 | 41 |
| - Others | 2 | 2 | 2 | 10 | (7) | 5 | (15) | 51 | 10 |
| Total non-interest income | 65 | 11 | 13 | (80) | 22 | 49 | (51) | 60 | 83 |
| Total operating income | 205 | 190 | 192 | (6) | 1 | 598 | 20 | 69 | 864 |
| Operating expenses | 57 | 77 | 69 | 20 | (10) | 220 | 36 | 68 | 322 |
| Pre provision operating profit | 148 | 113 | 123 | (16) | 9 | 378 | 12 | 70 | 542 |
| Expected credit loss | 58 | 38 | 43 | (25) | 13 | 124 | (7) | 65 | 189 |
| Operating profit | 90 | 75 | 80 | (11) | 6 | 254 | 24 | 72 | 353 |
| Income tax expenses | 19 | 14 | 16 | (14) | 16 | 53 | 54 | 79 | 67 |
| Profit before minority interest | 71 | 61 | 64 | (10) | 4 | 201 | 18 | 71 | 286 |
| Minority | 0 | 5 | 5 | 1,441 | 5 | 13 | 1,466 | 72 | 19 |
| Net profit | 71 | 57 | 59 | (17) | 4 | 188 | 10 | 70 | 267 |
| Key financial highlights | | | | | | | | | |
| NPL & NPA purchase | 12 | 351 | 709 | 5,865 | 102 | 1,089 | 112 | 65 | 1,669 |
| NPL & NPA cash collection | 187 | 89 | 91 | (51) | 2 | 337 | (12) | 77 | 437 |
| Cash collection/NPL&NPA (%) | 34.0 | 11.8 | 10.3 | | | | | | 12.1 |
| Key financial ratio | (%) | (%) | (%) | | | | | | (%) |
| Liabilities / equity (x) | 0.4 | 0.9 | 1.1 | | | | | | 0.9 |
| Interest-bearing debt/equity (x) | 0.2 | 0.8 | 1.0 | | | | | | 0.8 |
| ROA | 6.0 | 3.6 | 3.5 | | | | | | 4.3 |
| ROE | 11.8 | 8.1 | 8.2 | | | | | | 9.6 |
| Cost of fund | 9.8 | 7.0 | 6.1 | | | | | | 6.8 |
| Cost to income | 27.9 | 40.3 | 35.7 | | | | | | 37.2 |

Sources: CHAYO; FSSIA estimates

JMT – 3Q22 results preview

We expect JMT to report a 3Q22 net profit of THB443m (+26% y-y, +2% q-q). The outstanding rise y-y in its net profit would be driven by stronger CC and higher debt collection revenue. Meanwhile, we expect its net profit to only slightly increase q-q. Although we believe its CC should continue to rise q-q and we think its net insurance income should turn positive from two consecutive loss quarters, these positives will likely be dragged down by higher OPEX q-q.

3Q22E key highlights

- Despite the high inflation, we think JMT should deliver strong CC of THB1.5b, driven by both its own portfolio and its JV with Kasikornbank (KBANK TB; BUY; TP THB192).
- We expect its net insurance premiums to turn positive at THB9m from a loss of THB50m in 2Q22 and THB48m in 1Q22 due to the absence of Covid claims.
- We expect its OPEX to increase 38% y-y and 8% q-q. JMT accelerated its collection and court processes.
- We expect that JMT purchased NPLs at a slower pace in 3Q22 at THB1.1b, with YTD accumulated NPL purchases of cTHB2.2b. This is significantly lower than its 2022 target of THB10b, as most banks still prefer to manage NPLs themselves, resulting in a low NPL supply in 9M22.

Exhibit 4: JMT – 3Q22 results preview

| | 3Q21 | 2Q22 | 3Q22E | | 9M22E | | | 2022E | Comments |
|--|------------|------------|--------------|-------------|-------------|--------------|-------------|-----------|--------------|
| | (THB m) | (THB m) | (THB m) | (y-y%) | (q-q%) | (THB m) | (y-y%) | %22E | |
| Interest income | | | | | | | | | |
| - Interest income from NPLs | 509 | 649 | 668 | 31 | 3 | 1,956 | 35 | 73 | 2,672 |
| - Gain on NPLs (fully amortised) | 318 | 306 | 337 | 6 | 10 | 955 | 26 | 71 | 1,336 |
| Total interest income | 828 | 955 | 1,005 | 21 | 5 | 2,911 | 32 | 71 | 4,072 |
| Interest expense | 85 | 66 | 57 | (33) | (14) | 194 | (21) | 86 | 227 |
| Net interest income | 742 | 889 | 948 | 28 | 7 | 2,717 | 38 | 71 | 3,845 |
| Non-interest income | | | | | | | | | |
| - Debt collection services | 64 | 75 | 80 | 26 | 7 | 224 | (3) | 70 | 322 |
| - Net insurance premium | (0) | (50) | 9 | nm | nm | (89) | nm | nm | (61) |
| - Others | 3 | 3 | 3 | 10 | (1) | 37 | 108 | 133 | 27 |
| Total non-interest income | 66 | 28 | 92 | 39 | 232 | 172 | (36) | 60 | 288 |
| Total operating income | 809 | 917 | 1,041 | 29 | 13 | 2,888 | 29 | 70 | 4,133 |
| Operating expenses | 363 | 464 | 500 | 38 | 8 | 1,380 | 34 | 72 | 1,906 |
| Pre provision operating profit | 446 | 453 | 541 | 21 | 19 | 1,508 | 25 | 68 | 2,227 |
| Expected credit loss | 61 | 2 | 61 | (0) | 3,322 | 174 | 30 | 98 | 177 |
| Operating profit | 386 | 451 | 480 | 24 | 6 | 1,334 | 25 | 65 | 2,050 |
| Income tax expenses | 44 | 48 | 72 | 62 | 51 | 183 | 15 | 64 | 287 |
| Profit before minority interest | 341 | 404 | 408 | 19 | 1 | 1,151 | 27 | 65 | 1,763 |
| Share of profit | 0 | 0 | 0 | | | | | | 19 |
| Minority | (10) | (30) | (35) | nm | nm | (92) | nm | nm | (100) |
| Net profit | 352 | 433 | 443 | 26 | 2 | 1,243 | 35 | 66 | 1,882 |
| Key financial highlights | | | | | | | | | |
| NPL & NPA purchase | 3,783 | 375 | 1,124 | (70) | 200 | 2,226 | (69) | 40 | 5,500 |
| NPL & NPA cash collection | 1,241 | 1,337 | 1,453 | 17 | 9 | 4,248 | 32 | 73 | 5,798 |
| Cash collection/NPL&NPA (%) | 33.8 | 30.6 | 32.3 | | | | | | 30.9 |
| Key financial ratio | (%) | (%) | (%) | | | | | | (%) |
| Liabilities / equity (x) | 1.3 | 0.2 | 0.2 | | | | | | 0.4 |
| Interest-bearing debt/equity (x) | 1.2 | 0.2 | 0.2 | | | | | | 0.3 |
| ROA | 7.8 | 6.0 | 6.2 | | | | | | 6.2 |
| ROE | 17.3 | 7.7 | 7.7 | | | | | | 8.9 |
| Cost of fund | 4.0 | 4.8 | 4.8 | | | | | | 3.2 |
| Cost to income | 44.8 | 50.6 | 48.1 | | | | | | 46.1 |

Sources: JMT; FSSIA estimates

KCC – 3Q22 results preview

We expect KCC to post a weak 3Q22 net profit of THB14m, declining from THB43m in 2Q22 due to two reasons. First, we expect significantly lower CC q-q from the absence of big-plot corporate NPL deals and big housing NPL sales. Second, we expect a higher interest expense following the interest rate uptrend environment.

3Q22E key highlights

- We expect total CC of THB54m, which is lower than THB158m in 2Q22. We expect no big-plot NPL and NPA settlements in this quarter. Most of its CC would come from its TDR portfolio and small NPL settlements.
- We expect that KCC continued to acquire NPLs aggressively in 3Q22, with NPL purchases amounting to THB170m. Its accumulated 9M22 NPL purchases should reach THB710m vs its 2022 target of THB800m.

Exhibit 5: KCC – 3Q22 results preview

| | 3Q21 | 2Q22 | 3Q22E | | 9M22E | | | 2022E | Comments |
|--|---------|---------|---------|--------|--------|---------|--------|-------|----------|
| | (THB m) | (THB m) | (THB m) | (y-y%) | (q-q%) | (THB m) | (y-y%) | %22E | |
| Interest income | | | | | | | | | |
| - Interest income from NPLs | nm | 18 | 42 | nm | 139 | 75 | 38 | 68 | 111 |
| Total interest income | nm | 18 | 42 | nm | 139 | 75 | 38 | 68 | 111 |
| Interest expense | nm | 11 | 12 | nm | 5 | 26 | 231 | 103 | 26 |
| Net interest income | nm | 6 | 30 | nm | 368 | 49 | 5 | 57 | 86 |
| Non-interest income | | | | | | | | | |
| - Gain on properties for sale | nm | 0 | 6 | nm | nm | 8 | 1,369 | 152 | 5 |
| - Others | nm | 62 | 0 | nm | nm | 73 | 326 | 83 | 87 |
| Total non-interest income | nm | 62 | 6 | nm | (90) | 81 | 360 | 88 | 93 |
| Total operating income | nm | 68 | 36 | nm | (47) | 130 | 102 | 73 | 178 |
| Operating expenses | nm | 12 | 13 | nm | 11 | 33 | 146 | 80 | 41 |
| Pre provision operating profit | nm | 57 | 23 | nm | (59) | 97 | 90 | 71 | 137 |
| Expected credit loss | nm | 3 | 7 | nm | 119 | 4 | (66) | 22 | 16 |
| Operating profit | nm | 53 | 16 | nm | (70) | 94 | 131 | 78 | 121 |
| Income tax expenses | nm | 11 | 2 | nm | (77) | 18 | 117 | 74 | 24 |
| Profit before minority interest | nm | 43 | 14 | nm | (68) | 76 | 135 | 78 | 97 |
| Minority | nm | 0 | 0 | nm | nm | 0 | nm | nm | 0 |
| Net profit | nm | 43 | 14 | nm | (68) | 76 | 135 | 78 | 97 |
| Key financial highlights | | | | | | | | | |
| NPL & NPA purchase | nm | 540 | 170 | nm | (68) | 710 | nm | nm | 800 |
| NPL & NPA cash collection | nm | 158 | 54 | nm | (66) | 275 | 441 | 96 | 286 |
| Cash collection/NPL&NPA (%) | nm | 87 | 21 | | | | | | 18 |
| Key financial ratio | (%) | (%) | (%) | | | | | | (%) |
| Liabilities / equity (x) | nm | 0.6 | 0.7 | | | | | | 0.8 |
| Interest-bearing debt/equity (x) | nm | 0.6 | 0.6 | | | | | | 0.5 |
| ROA | nm | 13.6 | 3.1 | | | | | | 7.5 |
| ROE | nm | 21.6 | 5.0 | | | | | | 11.7 |
| Cost of fund | nm | 10.3 | 7.5 | | | | | | 6.1 |
| Cost to income | nm | 17.2 | 35.8 | | | | | | 23.2 |

Sources: KCC; FSSIA estimates

The delay in establishing JV AMCs

On 26 Jan 2022, the BoT announced the guidelines for JVs between commercial banks and AMCs. The main objective for allowing JVs is to solve the potential increase in NPLs and NPAs for the retail segment. To recap, the criteria for establishing a JV include: 1) the JV must have equal shares of at least one bank and one AMC, and may be held by others; 2) JVs must be established by 31 Dec 2024; 3) the purchase/transfer price of bad assets to the JV must be at a fair value; and 4) the JV would have an operating life of not more than 15 years from the date of commencing operations. Regarding sources of funds for the JVs, the founding bank can provide lending or issue promissory notes at the market interest rate.

JMT and KBANK were the first movers to establish a JV, called JK Asset Management Company. However, after this deal, there have been no new JV AMC deals. Following up with AMCs' management, we think it unlikely that there will be any JV AMC deals this year. The reason for the delay in establishing JV AMCs is that banks are providing long-term debt restructuring programs to their clients. This has resulted in a slow increase in NPLs. Accordingly, banks prefer to manage NPLs themselves.

Although we believe the market has not included the benefit of JV AMCs into their current forecasts, we think the delay could negatively pressure AMCs' share prices.

Slower NPL supply than expected

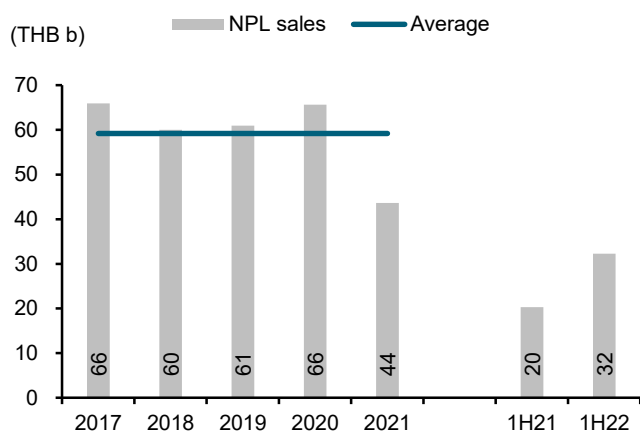
Due to the debt forbearance program to support impacted Covid clients, the total NPLs of the seven banks under our coverage in 2021 increased by only 2.2% y-y to THB478b. Thus, secured NPL sales (according to BAM's data) fell to their lowest level since 2017 at THB44b in 2021, lower than the five-year average from 2017-2021 of THB59b.

In 1H22, secured NPL sales reached THB32b, increasing significantly 51% y-y. However, this level was still below our expectation. This is partially due to the fact that some banks are providing long-term debt restructuring to their clients. Our covered banks' NPLs in 9M22 declined 6% YTD. Accordingly, we think banks prefer to manage NPLs themselves and are adopting a wait-and-see strategy. Banks might accelerate NPL sales again in 2H23 before the relaxed loan classification measure ends at the end of 2023.

The slower NPL supply should cause AMCs' NPL acquisitions to be below each company's target. We project 9M22 NPL purchases to be at THB4.1b for BAM, THB1.1b for CHAYO, THB4.2b for JMT, and THB0.7b for KCC vs their 2022 targets of THB9b, THB3b, THB10b, and THB0.8b, respectively. We think only KCC should meet its 2022 NPL purchase target.

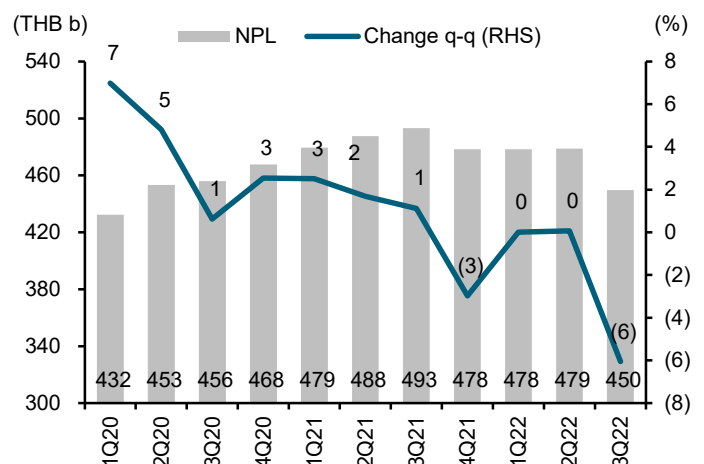
The lower NPL purchases might not immediately impact AMCs' CC and net profits. However, this should result in lower CC and net profits in 2023-24. Also, the missed NPL acquisition targets might also foster negative sentiment toward AMCs' share prices, in our view.

Exhibit 6: Secured NPL sales



Sources: BAM; FSSIA's compilation

Exhibit 7: Our covered seven banks' NPLs



Sources: Company data; FSSIA's compilation

Earnings and target price revisions

We are less bullish on AMCs due to 1) the lower NPL supply than we expected; 2) the delay of JV AMCs between banks and AMCs; and 3) the slightly slower CC from high inflation. Although the first two factors should not immediately impact 2022 CC and net profit, they should impact 2023-24 earnings. As for the third factor, we think it will impact 2022 earnings.

Considering this, we make two major changes to our earnings assumptions on AMCs: 1) we lower our 2022/23/24E NPL and NPA purchases by 36%/19%/19%, mainly from BAM and JMT, to reflect the lower NPL supply; and 2) we lower our 2022/23/24E CC by 6%/8%/8% due to the slower pace of NPL acquisitions and the high inflation. Accordingly, we lower our aggregate earnings forecasts for AMCs in 2022/23/24 by 9%/9%/8%. We revise down our net profit forecasts for three AMCs: BAM, CHAYO, and JMT. Meanwhile, we maintain our earnings forecast for KCC.

We lower our GGM-based TP on BAM to THB20 from THB22. We reiterate our BUY call on BAM as we think its valuation is undemanding. BAM trades at 15.2x 2023E P/E, with 2023E net profit growth of 21% y-y.

We lower our GGM-based TP on CHAYO to THB10.6 from THB14.2. We maintain our BUY call as we expect CHAYO to experience solid net profit growth, with 2022-24E net profit growth rising at a 25% three-year CAGR. We believe CHAYO's smaller asset size than its peers gives it greater operational flexibility.

We lower our GGM-based TP on JMT to THB84 from THB92. JMT remains our top pick as we think it should deliver the most impressive performance, with an expected three-year CAGR of 36% from 2021-24, supported by its efficient CC management from its large portfolio and long experience in the industry.

We maintain our GGM-based TP on KCC of THB7.1. However, we downgrade KCC to HOLD from Buy. Although we still like KCC in terms of its outstanding net profit growth expected at a three-year CAGR of 52% in 2022-24, we think its current valuation is very demanding.

Exhibit 8: Summary of AMC valuations

| | | 2023E | | | | | | | | | | | | | | | |
|-------|-----|----------|-------|------|------|---------|------|-------|-------|------|------|---------|--------|-------|-------|-------|---------|
| | | Previous | | | | | New | | | | | Change | | | | | |
| | Rec | TP | BV | ROE | CoE | Term g. | Rec | TP | BV | ROE | CoE | Term g. | TP | BV | ROE | CoE | Term g. |
| | | (THB) | (THB) | (%) | (%) | (%) | | (THB) | (THB) | (%) | (%) | (%) | (%) | (%) | (ppt) | (ppt) | (ppt) |
| BAM | BUY | 22.00 | 15.46 | 8.0 | 7.6 | 6.8 | BUY | 20.00 | 15.25 | 7.9 | 7.6 | 6.7 | (9.1) | (1.4) | (0.1) | (0.0) | (0.1) |
| CHAYO | BUY | 14.20 | 4.65 | 10.5 | 9.3 | 9.1 | BUY | 10.60 | 4.58 | 10.0 | 9.3 | 8.8 | (25.4) | (1.5) | (0.5) | 0.0 | (0.3) |
| JMT | BUY | 92.00 | 18.00 | 14.2 | 8.8 | 7.5 | BUY | 84.00 | 16.66 | 14.2 | 8.8 | 7.4 | (8.7) | (7.4) | 0.0 | (0.0) | (0.1) |
| KCC | BUY | 7.10 | 2.31 | 11.5 | 10.0 | 9.2 | HOLD | 7.10 | 2.31 | 11.5 | 10.0 | 9.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Noted: CoE = Cost of equity; Term g. = Terminal growth

Source: FSSIA estimates

Exhibit 9: Summary of changes in net profit forecasts for AMCs

| | 2022E | | | 2023E | | | 2024E | | |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Previous | New | Change | Previous | New | Change | Previous | New | Change |
| | (THB m) | (THB m) | (%) | (THB m) | (THB m) | (%) | (THB m) | (THB m) | (%) |
| Coverage | 5,495 | 4,980 | (9.4) | 7,316 | 6,639 | (9.3) | 8,667 | 7,972 | (8.0) |
| BAM | 2,973 | 2,735 | (8.0) | 3,663 | 3,309 | (9.7) | 4,166 | 3,859 | (7.4) |
| CHAYO | 294 | 267 | (9.2) | 389 | 336 | (13.8) | 495 | 432 | (12.7) |
| JMT | 2,132 | 1,882 | (11.8) | 3,131 | 2,862 | (8.6) | 3,823 | 3,498 | (8.5) |
| KCC | 97 | 97 | 0.0 | 132 | 132 | 0.0 | 183 | 183 | 0.0 |

Source: FSSIA estimates

Exhibit 10: Summary of changes in NPL and NPA purchase forecasts

| | 2022E | | | 2023E | | | 2024E | | |
|-----------------|---------------------|----------------|---------------|---------------------|----------------|---------------|---------------------|----------------|---------------|
| | Previous (THB m) | New (THB m) | Change (%) | Previous (THB m) | New (THB m) | Change (%) | Previous (THB m) | New (THB m) | Change (%) |
| Coverage | 19,502 | 12,503 | (35.9) | 20,426 | 16,468 | (19.4) | 21,889 | 17,675 | (19.3) |
| BAM | 8,643 | 4,535 | (47.5) | 9,505 | 8,136 | (14.4) | 10,454 | 8,948 | (14.4) |
| CHAYO | 1,559 | 1,669 | 7.0 | 796 | 832 | 4.6 | 872 | 919 | 5.4 |
| JMT | 8,500 | 5,500 | (35.3) | 9,775 | 7,150 | (26.9) | 10,264 | 7,508 | (26.9) |
| KCC | 800 | 800 | 0.0 | 350 | 350 | 0.0 | 300 | 300 | 0.0 |

Source: FSSIA estimates

Exhibit 11: Summary of changes in cash collection forecasts

| | 2022E | | | 2023E | | | 2024E | | |
|-----------------|---------------------|----------------|---------------|---------------------|----------------|---------------|---------------------|----------------|---------------|
| | Previous (THB m) | New (THB m) | Change (%) | Previous (THB m) | New (THB m) | Change (%) | Previous (THB m) | New (THB m) | Change (%) |
| Coverage | 23,489 | 22,141 | (5.7) | 26,915 | 24,768 | (8.0) | 29,233 | 26,770 | (8.4) |
| BAM | 16,180 | 15,602 | (3.6) | 18,117 | 17,023 | (6.0) | 18,087 | 17,390 | (3.9) |
| CHAYO | 766 | 437 | (43.0) | 889 | 641 | (27.9) | 978 | 766 | (21.8) |
| JMT | 6,239 | 5,798 | (7.1) | 7,530 | 6,725 | (10.7) | 9,736 | 8,183 | (15.9) |
| KCC | 304 | 304 | 0.0 | 379 | 379 | 0.0 | 431 | 431 | 0.0 |

Source: FSSIA estimates

Exhibit 12: BAM - changes in key assumptions

| | 2022E | | | 2023E | | | 2024E | | |
|--|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|
| | Old (THB m) | New (THB m) | Change (%) | Old (THB m) | New (THB m) | Change (%) | Old (THB m) | New (THB m) | Change (%) |
| Interest income | 11,100 | 10,171 | (8.4) | 11,528 | 10,631 | (7.8) | 11,702 | 11,125 | (4.9) |
| Interest expense | 2,475 | 2,608 | 5.4 | 2,352 | 2,529 | 7.5 | 2,140 | 2,349 | 9.8 |
| Net interest income | 8,625 | 7,563 | (12.3) | 9,175 | 8,101 | (11.7) | 9,562 | 8,776 | (8.2) |
| Non-interest income | 2,713 | 2,538 | (6.5) | 3,453 | 3,386 | (1.9) | 3,795 | 3,713 | (2.2) |
| Total operating income | 11,338 | 10,100 | (10.9) | 12,628 | 11,488 | (9.0) | 13,357 | 12,488 | (6.5) |
| Operating expense | 3,054 | 2,890 | (5.4) | 3,329 | 3,208 | (3.6) | 3,662 | 3,529 | (3.6) |
| Pre-operating profit before tax | 8,284 | 7,210 | (13.0) | 9,299 | 8,280 | (11.0) | 9,696 | 8,959 | (7.6) |
| Expected credit loss | 4,746 | 4,120 | (13.2) | 4,720 | 4,387 | (7.1) | 4,488 | 4,420 | (1.5) |
| Taxes expenses | 566 | 355 | (37.2) | 916 | 584 | (36.2) | 1,041 | 681 | (34.6) |
| Norm. profit | 2,973 | 2,735 | (8.0) | 3,663 | 3,309 | (9.7) | 4,166 | 3,859 | (7.4) |
| Extraordinary items | 0 | 0 | | 0 | 0 | | 0 | 0 | |
| Net profit | 2,973 | 2,735 | (8.0) | 3,663 | 3,309 | (9.7) | 4,166 | 3,859 | (7.4) |
| Key statistic and ratio | | | | | | | | | |
| Leverage ratios (x) | | | | | | | | | |
| Liabilities / equity | 1.8 | 1.9 | | 1.3 | 1.5 | | 1.1 | 1.3 | |
| Interest-bearing debt / equity | 1.8 | 1.8 | | 1.3 | 1.4 | | 1.1 | 1.2 | |
| Profitability ratio (%) | | | | | | | | | |
| Cost of funds | 3.1 | 3.3 | | 3.3 | 3.4 | | 3.4 | 3.4 | |
| Cost to income | 26.9 | 28.6 | | 26.4 | 27.9 | | 27.4 | 28.3 | |
| Specific data for business | | | | | | | | | |
| NPL and NPA purchases (THB m) | 8,643 | 4,535 | (47.5) | 9,505 | 8,136 | (14.4) | 10,454 | 8,948 | (14.4) |
| NPL and NPA cash collection (THB m) | 16,180 | 15,602 | (3.6) | 18,117 | 17,023 | (6.0) | 18,087 | 17,390 | (3.9) |
| Cash collection to gross NPLs and NPAs (%) | 13.1 | 12.8 | | 14.2 | 13.8 | | 13.7 | 13.7 | |
| Change y-y (%) | | | | | | | | | |
| Core profit (y-y %) | 14.3 | 5.2 | | 23.2 | 21.0 | | 13.7 | 16.6 | |
| NPL and NPA purchases (y-y %) | 133.8 | 22.7 | | 10.0 | 79.4 | | 10.0 | 10.0 | |
| NPL and NPA cash collection (y-y %) | 1.2 | (2.5) | | 12.0 | 9.1 | | (0.2) | 2.2 | |

Sources: BAM; FSSIA estimates

Exhibit 13: CHAYO - changes in key assumptions

| | 2022E | | | 2023E | | | 2024E | | |
|--|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|
| | Old (THB m) | New (THB m) | Change (%) | Old (THB m) | New (THB m) | Change (%) | Old (THB m) | New (THB m) | Change (%) |
| Interest income | 875 | 941 | 7.5 | 1,039 | 1,124 | 8.2 | 1,297 | 1,382 | 6.6 |
| Interest expense | 98 | 160 | 62.3 | 69 | 180 | 160.5 | 74 | 194 | 162.4 |
| Net interest income | 776 | 781 | 0.6 | 970 | 944 | (2.6) | 1,223 | 1,188 | (2.9) |
| Non-interest income | 166 | 83 | (50.2) | 183 | 147 | (20.0) | 173 | 171 | (1.2) |
| Total operating income | 943 | 864 | (8.4) | 1,153 | 1,091 | (5.4) | 1,396 | 1,358 | (2.7) |
| Operating expense | 334 | 322 | (3.7) | 401 | 386 | (3.7) | 449 | 432 | (3.7) |
| Pre-operating profit before tax | 609 | 542 | (10.9) | 752 | 705 | (6.3) | 947 | 926 | (2.2) |
| Expected credit loss | 243 | 189 | (22.1) | 257 | 256 | (0.6) | 255 | 293 | 14.9 |
| Taxes expenses | 66 | 67 | 1.8 | 93 | 85 | (8.0) | 125 | 115 | (8.5) |
| Minority interest | 6 | 19 | | 13 | 28 | | 71 | 86 | |
| Norm. profit | 294 | 267 | (9.2) | 389 | 336 | (13.8) | 495 | 432 | (12.7) |
| Extraordinary items | 0 | 0 | | 0 | 0 | | 0 | 0 | |
| Net profit | 294 | 267 | (9.2) | 389 | 336 | (13.8) | 495 | 432 | (12.7) |
| Leverage ratios (x) | | | | | | | | | |
| Liabilities / equity | 0.27 | 0.88 | | 0.13 | 0.31 | | 0.25 | 0.64 | |
| Interest-bearing debt / equity | 0.24 | 0.84 | | 0.10 | 0.28 | | 0.21 | 0.60 | |
| Profitability ratio (%) | | | | | | | | | |
| Cost of funds | 7.45 | 6.80 | | 7.60 | 7.20 | | 7.65 | 7.30 | |
| Cost to income | 35.4 | 37.2 | | 34.8 | 35.4 | | 32.2 | 31.8 | |
| Specific data for business | | | | | | | | | |
| NPL and NPA purchases (THB m) | 1,559 | 1,669 | 7.0 | 796 | 832 | 4.6 | 872 | 919 | 5.4 |
| NPL and NPA cash collection (THB m) | 766 | 437 | (43.0) | 889 | 641 | (27.9) | 978 | 766 | (21.8) |
| Cash collection to gross NPLs and NPAs (%) | 21.6 | 12.1 | | 19.9 | 13.7 | | 19.1 | 14.3 | |
| Change y-y (%) | | | | | | | | | |
| Core profit (y-y %) | 34.2 | 21.8 | | 32.5 | 25.9 | | 27.2 | 28.7 | |
| NPL and NPA purchases (y-y %) | 20.3 | 28.8 | | (49.0) | (50.1) | | 9.6 | 10.4 | |
| NPL and NPA cash collection (y-y %) | 49.0 | (15.1) | | 16.1 | 46.8 | | 10.0 | 19.5 | |

Sources: CHAYO; FSSIA estimates

Exhibit 14: JMT - changes in key assumptions

| | 2022E | | | 2023E | | | 2024E | | |
|--|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|
| | Old (THB m) | New (THB m) | Change (%) | Old (THB m) | New (THB m) | Change (%) | Old (THB m) | New (THB m) | Change (%) |
| Interest income | 4,410 | 4,072 | (7.7) | 5,673 | 5,146 | (9.3) | 7,072 | 6,243 | (11.7) |
| Interest expense | 265 | 227 | (14.4) | 270 | 265 | (2.1) | 211 | 250 | 18.1 |
| Net interest income | 4,145 | 3,845 | (7.2) | 5,403 | 4,881 | (9.6) | 6,861 | 5,993 | (12.6) |
| Non-interest income | 311 | 288 | (7.3) | 486 | 486 | 0.0 | 559 | 559 | 0.0 |
| Total operating income | 4,456 | 4,133 | (7.2) | 5,888 | 5,367 | (8.9) | 7,419 | 6,552 | (11.7) |
| Operating expense | 1,760 | 1,906 | 8.3 | 2,200 | 2,192 | (0.3) | 2,859 | 2,696 | (5.7) |
| Pre-operating profit before tax | 2,696 | 2,227 | (17.4) | 3,689 | 3,175 | (13.9) | 4,560 | 3,856 | (15.4) |
| Expected credit loss | 210 | 177 | (15.5) | 289 | 245 | (15.3) | 398 | 305 | (23.3) |
| Taxes expenses | 373 | 287 | (23.1) | 510 | 440 | (13.8) | 708 | 550 | (22.2) |
| Minority interest | 19 | 19 | | 241 | 241 | 0.0 | 368 | 368 | 0.0 |
| Share of profit | 0 | (100) | nm | 0 | (130) | nm | 0 | (130) | nm |
| Norm. profit | 2,132 | 1,882 | (11.8) | 3,131 | 2,862 | (8.6) | 3,823 | 3,498 | (8.5) |
| Extraordinary items | 0 | 0 | | 0 | 0 | | 0 | 0 | |
| Net profit | 2,132 | 1,882 | (11.8) | 3,131 | 2,862 | (8.6) | 3,823 | 3,498 | (8.5) |
| Key statistic and ratio | | | | | | | | | |
| Leverage ratios (x) | | | | | | | | | |
| Liabilities / equity | 0.34 | 0.38 | | 0.21 | 0.26 | | 0.23 | 0.26 | |
| Interest-bearing debt / equity | 0.26 | 0.29 | | 0.12 | 0.16 | | 0.15 | 0.17 | |
| Profitability ratio (%) | | | | | | | | | |
| Cost of funds | 3.50 | 3.20 | | 4.10 | 4.10 | | 4.10 | 4.30 | |
| Cost to income | 39.49 | 46.12 | | 37.35 | 40.85 | | 38.54 | 41.15 | |
| Specific data for business | | | | | | | | | |
| NPL and NPA purchases (THB m) | 8,500 | 5,500 | (35.3) | 9,775 | 7,150 | (26.9) | 10,264 | 7,508 | (26.9) |
| NPL and NPA cash collection (THB m) | 6,239 | 5,798 | (7.1) | 7,530 | 6,725 | (10.7) | 9,736 | 8,183 | (15.9) |
| Cash collection to gross NPLs and NPAs (%) | 31 | 31 | | 29 | 30 | | 30 | 31 | |
| Change y-y (%) | | | | | | | | | |
| Core profit (y-y %) | 52.3 | 34.4 | | 46.8 | 52.1 | | 22.1 | 22.2 | |
| NPL and NPA purchases (y-y %) | (2.2) | (36.7) | | 15.0 | 30.0 | | 5.0 | 5.0 | |
| NPL and NPA cash collection (y-y %) | 35.9 | 26.3 | | 20.7 | 16.0 | | 29.3 | 21.7 | |

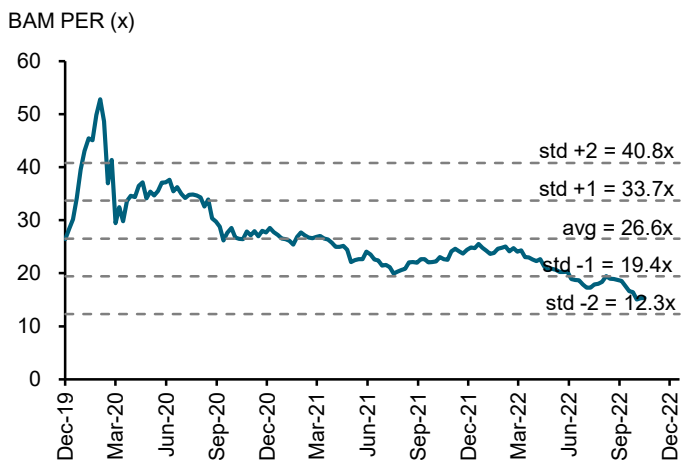
Sources: JMT; FSSIA estimates

Exhibit 15: Peers comparison as of 2 November 2022

| | BBG code | Rec | --- Share price --- | | Up (down) side (%) | Market Cap (USD m) | EPS growth | | --- P/E --- | | --- ROE --- | | --- PBV --- | |
|---------------------------------|----------|------|---------------------|--------------|--------------------|--------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| | | | Current (THB) | Target (THB) | | | 22E (%) | 23E (%) | 22E (x) | 23E (x) | 22E (%) | 23E (%) | 22E (x) | 23E (x) |
| Asset management | | | | | | 4,223 | 4.7 | 37.8 | 38.6 | 27.3 | 8.2 | 10.2 | 3.1 | 2.9 |
| Bangkok Commercial Asset Mngt. | BAM TB | BUY | 15.50 | 20.00 | 29 | 1,333 | 5.2 | 21.0 | 18.3 | 15.1 | 6.4 | 7.2 | 1.2 | 1.0 |
| Chayo Group | CHAYO TB | BUY | 7.90 | 10.60 | 34 | 224 | (1.6) | 25.9 | 35.3 | 28.0 | 9.6 | 8.0 | 3.2 | 1.7 |
| JMT Network Services | JMT TB | BUY | 65.50 | 84.00 | 28 | 2,544 | 2.7 | 48.4 | 49.4 | 33.3 | 8.9 | 12.0 | 4.1 | 3.9 |
| Knight Club Capital Asset Mngt. | KCC TB | HOLD | 7.35 | 7.10 | (3) | 121 | 53.1 | 21.9 | 42.1 | 34.6 | 11.7 | 10.1 | 3.8 | 3.2 |

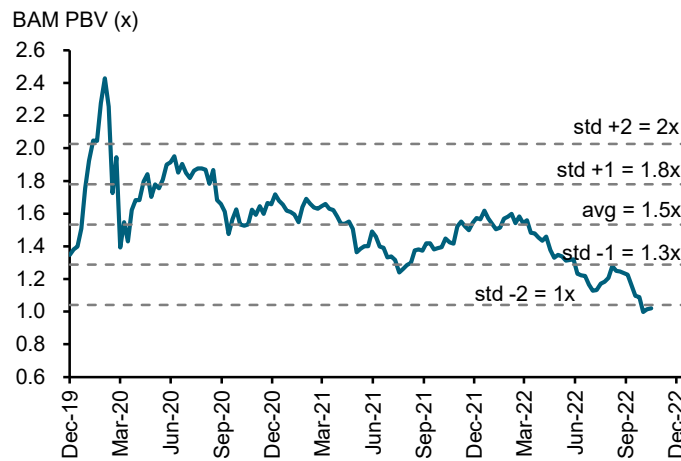
Sources: Bloomberg; FSSIA estimates

Exhibit 16: BAM – one-year prospective P/E band



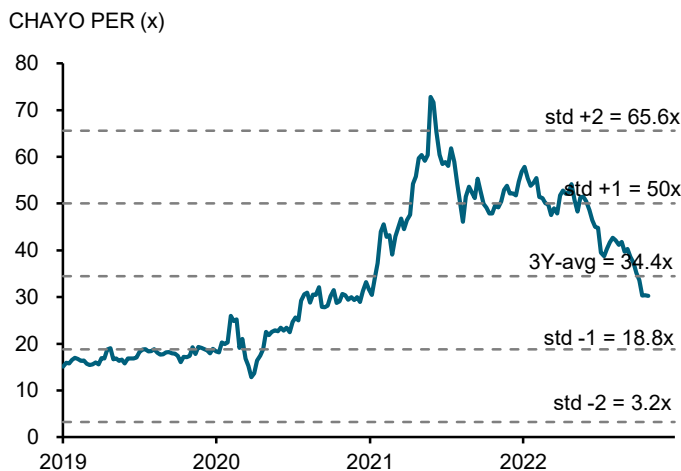
Sources: Bloomberg; FSSIA estimates

Exhibit 17: BAM – one-year prospective P/BV band



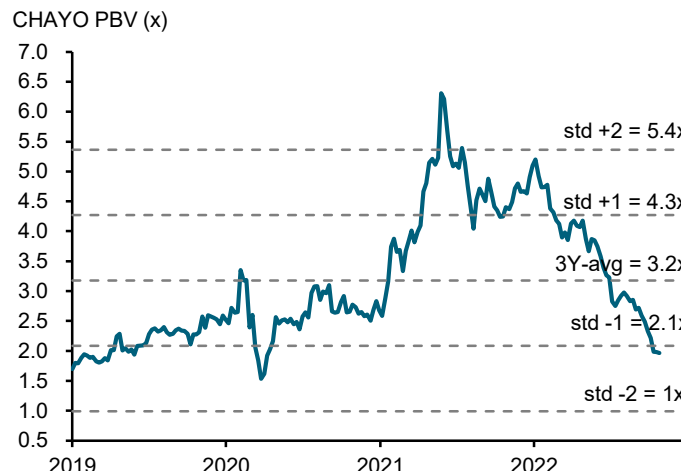
Sources: Bloomberg; FSSIA estimates

Exhibit 18: CHAYO – one-year prospective P/E band



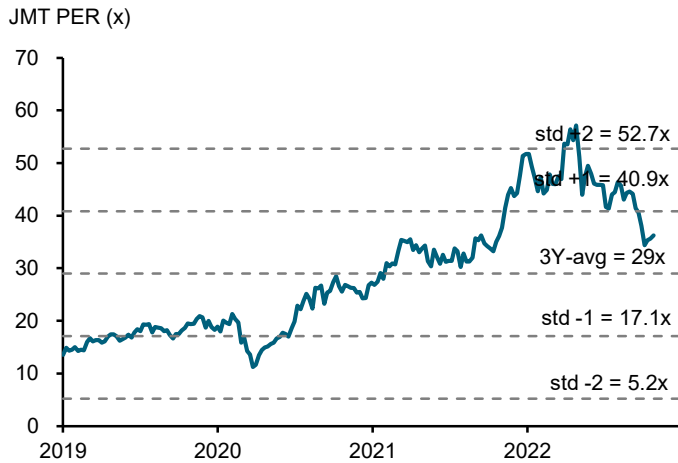
Sources: Bloomberg; FSSIA estimates

Exhibit 19: CHAYO – one-year prospective P/BV band



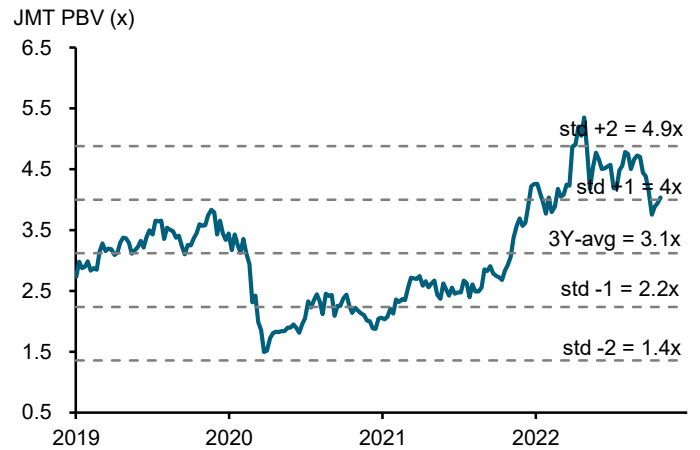
Sources: Bloomberg; FSSIA estimates

Exhibit 20: JMT – one-year prospective P/E band



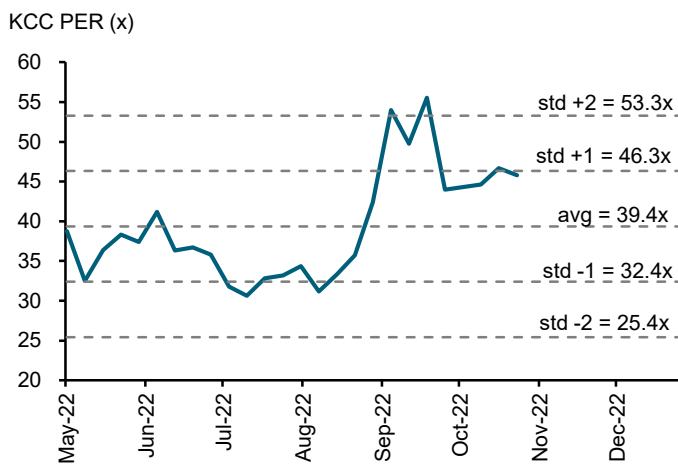
Sources: Bloomberg; FSSIA estimates

Exhibit 21: JMT – one-year prospective P/BV band



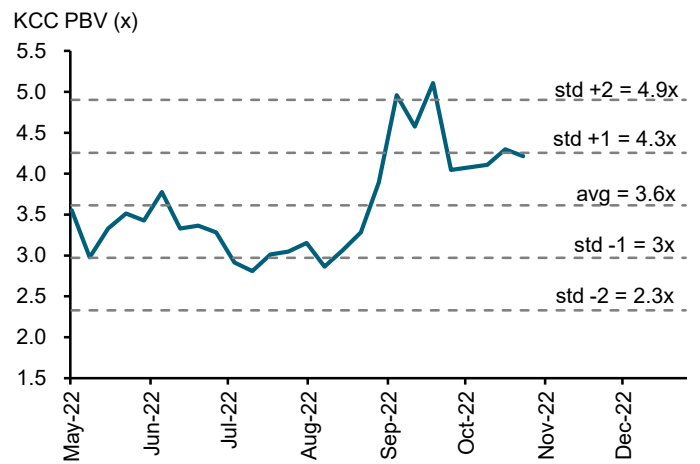
Sources: Bloomberg; FSSIA estimates

Exhibit 22: KCC – one-year prospective P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 23: KCC – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Commercial Asset Mngt.

| Profit and Loss (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|---------|---------|---------|---------|---------|
| Interest Income | 9,946 | 9,569 | 10,171 | 10,631 | 11,125 |
| Interest expense | (2,391) | (2,559) | (2,608) | (2,529) | (2,349) |
| Net interest income | 7,555 | 7,010 | 7,563 | 8,101 | 8,776 |
| Net fees & commission | - | - | - | - | - |
| Foreign exchange trading income | - | - | - | - | - |
| Securities trading income | - | - | - | - | - |
| Dividend income | 0 | 0 | 0 | 0 | 0 |
| Other income | 2,481 | 3,737 | 2,538 | 3,386 | 3,713 |
| Non interest income | 2,481 | 3,737 | 2,538 | 3,386 | 3,713 |
| Total income | 10,036 | 10,747 | 10,100 | 11,488 | 12,488 |
| Staff costs | - | - | - | - | - |
| Other operating costs | (2,641) | (2,727) | (2,890) | (3,208) | (3,529) |
| Operating costs | (2,641) | (2,727) | (2,890) | (3,208) | (3,529) |
| Pre provision operating profit | 7,395 | 8,021 | 7,210 | 8,280 | 8,959 |
| Provision for bad and doubtful debt | (5,199) | (4,765) | (4,120) | (4,387) | (4,420) |
| Other provisions | - | - | - | - | - |
| Operating profit | 2,196 | 3,256 | 3,090 | 3,893 | 4,540 |
| Recurring non operating income | 0 | 0 | 0 | 0 | 0 |
| Associates | - | - | - | - | - |
| Goodwill amortization | - | - | - | - | - |
| Non recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 2,196 | 3,256 | 3,090 | 3,893 | 4,540 |
| Tax | (355) | (656) | (355) | (584) | (681) |
| Profit after tax | 1,841 | 2,600 | 2,735 | 3,309 | 3,859 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 1,841 | 2,600 | 2,735 | 3,309 | 3,859 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 1,841 | 2,600 | 2,735 | 3,309 | 3,859 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.57 | 0.80 | 0.85 | 1.02 | 1.19 |
| Reported EPS | 0.57 | 0.80 | 0.85 | 1.02 | 1.19 |
| DPS | 0.51 | 0.55 | 0.72 | 0.87 | 0.96 |
| Growth | | | | | |
| Net interest income (%) | 7.8 | (7.2) | 7.9 | 7.1 | 8.3 |
| Non interest income (%) | (19.9) | 50.6 | (32.1) | 33.4 | 9.6 |
| Pre provision operating profit (%) | 16.5 | 8.5 | (10.1) | 14.8 | 8.2 |
| Operating profit (%) | (64.7) | 48.3 | (5.1) | 26.0 | 16.6 |
| Reported net profit (%) | (82.8) | 41.3 | 5.2 | 21.0 | 16.6 |
| Recurring EPS (%) | (73.8) | 41.3 | 5.2 | 21.0 | 16.6 |
| Reported EPS (%) | (83.9) | 41.3 | 5.2 | 21.0 | 16.6 |
| Income Breakdown | | | | | |
| Net interest income (%) | 75.3 | 65.2 | 74.9 | 70.5 | 70.3 |
| Net fees & commission (%) | - | - | - | - | - |
| Foreign exchange trading income (%) | - | - | - | - | - |
| Securities trading income (%) | - | - | - | - | - |
| Dividend income (%) | - | - | - | - | - |
| Other income (%) | 24.7 | 34.8 | 25.1 | 29.5 | 29.7 |
| Operating performance | | | | | |
| Gross interest yield (%) | - | - | - | - | - |
| Cost of funds (%) | 2.93 | 3.05 | 3.28 | 3.38 | 3.40 |
| Net interest spread (%) | (2.93) | (3.05) | (3.28) | (3.38) | (3.40) |
| Net interest margin (%) | - | - | - | - | - |
| Cost/income(%) | 26.3 | 25.4 | 28.6 | 27.9 | 28.3 |
| Cost/assets(%) | 2.1 | 2.1 | 2.3 | 2.6 | 2.8 |
| Effective tax rate (%) | 16.2 | 20.1 | 11.5 | 15.0 | 15.0 |
| Dividend payout on recurring profit (%) | 90.0 | 68.4 | 85.0 | 85.0 | 80.0 |
| ROE (%) | 4.4 | 6.2 | 6.4 | 7.2 | 7.3 |
| ROE - COE (%) | (6.4) | (4.6) | (4.4) | (3.6) | (3.5) |
| ROA (%) | 1.5 | 2.0 | 2.2 | 2.7 | 3.1 |
| 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 | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|----------------|----------------|----------------|----------------|----------------|
| Gross customer loans | 85,922 | 81,678 | 78,396 | 77,613 | 78,272 |
| Total provisions | (13,243) | (17,850) | (20,402) | (23,236) | (26,091) |
| interest in suspense | 5,047 | 9,578 | 13,327 | 15,523 | 18,003 |
| Net customer loans | 77,726 | 73,406 | 71,322 | 69,899 | 70,184 |
| Bank loans | - | - | - | - | - |
| Government securities | - | - | - | - | - |
| Trading securities | - | - | - | - | - |
| Investment securities | 451 | 470 | 493 | 518 | 544 |
| Cash & equivalents | 5 | 99 | 55 | 135 | 382 |
| Other interesting assets | 36,514 | 33,833 | 35,874 | 38,809 | 41,456 |
| Tangible fixed assets | 1,190 | 1,163 | 1,178 | 1,202 | 1,226 |
| Associates | - | - | - | - | - |
| Goodwill | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - |
| Other assets | 16,183 | 16,933 | 16,019 | 13,030 | 13,149 |
| Total assets | 132,069 | 125,904 | 124,941 | 123,593 | 126,941 |
| Customer deposits | - | - | - | - | - |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 87,421 | 80,154 | 78,631 | 71,004 | 67,241 |
| Non interest bearing liabilities | 2,852 | 2,995 | 3,144 | 3,302 | 3,467 |
| Hybrid Capital | - | - | - | - | - |
| Total liabilities | 90,273 | 83,149 | 81,776 | 74,306 | 70,707 |
| Share capital | 16,160 | 16,160 | 16,160 | 16,160 | 16,160 |
| Reserves | 25,637 | 26,595 | 27,006 | 33,127 | 40,074 |
| Total equity | 41,797 | 42,756 | 43,166 | 49,288 | 56,234 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Total liabilities & equity | 132,070 | 125,904 | 124,941 | 123,593 | 126,942 |
| 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 | 81,555 | 83,788 | 79,393 | 74,817 | 69,122 |
| 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 | 12.93 | 13.23 | 13.36 | 15.25 | 17.40 |
| Tangible book value per share | 12.93 | 13.23 | 13.36 | 15.25 | 17.40 |
| Growth | | | | | |
| Gross customer loans | 2.8 | (4.9) | (4.0) | (1.0) | 0.8 |
| Average interest earning assets | - | - | - | - | - |
| Total asset (%) | 10.1 | (4.7) | (0.8) | (1.1) | 2.7 |
| Risk weighted assets (%) | - | - | - | - | - |
| Customer deposits (%) | - | - | - | - | - |
| Leverage & capital measures | | | | | |
| Customer loan/deposits (%) | - | - | - | - | - |
| Equity/assets (%) | 31.6 | 34.0 | 34.5 | 39.9 | 44.3 |
| Tangible equity/assets (%) | 31.6 | 34.0 | 34.5 | 39.9 | 44.3 |
| RWA/assets (%) | - | - | - | - | - |
| Tier 1 CAR (%) | - | - | - | - | - |
| Total CAR (%) | - | - | - | - | - |
| Asset Quality | | | | | |
| Change in NPL (%) | - | - | - | - | - |
| NPL/gross loans (%) | - | - | - | - | - |
| Total provisions/gross loans (%) | 15.4 | 21.9 | 26.0 | 29.7 | 33.3 |
| Total provisions/NPL (%) | - | - | - | - | - |
| Valuation | | | | | |
| Recurring P/E (x) * | 27.2 | 19.3 | 18.3 | 15.1 | 13.0 |
| Recurring P/E @ target price (x) * | 35.1 | 24.9 | 23.6 | 19.5 | 16.8 |
| Reported P/E (x) | 27.2 | 19.3 | 18.3 | 15.1 | 13.0 |
| Dividend yield (%) | 3.3 | 3.5 | 4.6 | 5.6 | 6.2 |
| Price/book (x) | 1.2 | 1.2 | 1.2 | 1.0 | 0.9 |
| Price/tangible book (x) | 1.2 | 1.2 | 1.2 | 1.0 | 0.9 |
| Price/tangible book @ target price (x) | 1.5 | 1.5 | 1.5 | 1.3 | 1.1 |

Sources: Bangkok Commercial Asset Mngt.; FSSIA estimates

Financial Statements

Chayo Group

| Profit and Loss (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|--------|--------|--------|--------|--------|
| Interest Income | 425 | 655 | 941 | 1,124 | 1,382 |
| Interest expense | (53) | (113) | (160) | (180) | (194) |
| Net interest income | 372 | 543 | 781 | 944 | 1,188 |
| Net fees & commission | - | - | - | - | - |
| Foreign exchange trading income | - | - | - | - | - |
| Securities trading income | - | - | - | - | - |
| Dividend income | 0 | 0 | 0 | 0 | 0 |
| Other income | 96 | 150 | 83 | 147 | 171 |
| Non interest income | 96 | 150 | 83 | 147 | 171 |
| Total income | 467 | 693 | 864 | 1,091 | 1,358 |
| Staff costs | - | - | - | - | - |
| Other operating costs | (185) | (247) | (322) | (386) | (432) |
| Operating costs | (185) | (247) | (322) | (386) | (432) |
| Pre provision operating profit | 282 | 446 | 542 | 705 | 926 |
| Provision for bad and doubtful debt | (87) | (178) | (189) | (256) | (293) |
| Other provisions | - | - | - | - | - |
| Operating profit | 195 | 268 | 353 | 449 | 633 |
| Recurring non operating income | 0 | 0 | 0 | 0 | 0 |
| Associates | - | - | - | - | - |
| Goodwill amortization | - | - | - | - | - |
| Non recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 195 | 268 | 353 | 449 | 633 |
| Tax | (41) | (46) | (67) | (85) | (115) |
| Profit after tax | 155 | 222 | 286 | 364 | 518 |
| Minority interests | 1 | (3) | (19) | (28) | (86) |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 155 | 219 | 267 | 336 | 432 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 155 | 219 | 267 | 336 | 432 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.22 | 0.23 | 0.22 | 0.28 | 0.36 |
| Reported EPS | 0.22 | 0.23 | 0.22 | 0.28 | 0.36 |
| DPS | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 |
| Growth | | | | | |
| Net interest income (%) | 65.6 | 45.9 | 43.9 | 20.9 | 25.8 |
| Non interest income (%) | 13.4 | 57.3 | (44.9) | 76.9 | 16.5 |
| Pre provision operating profit (%) | 101.5 | 57.9 | 21.7 | 30.0 | 31.4 |
| Operating profit (%) | 39.4 | 37.2 | 31.7 | 27.4 | 40.9 |
| Reported net profit (%) | 39.7 | 41.1 | 21.8 | 25.9 | 28.7 |
| Recurring EPS (%) | 24.8 | 3.5 | (1.6) | 25.9 | 28.7 |
| Reported EPS (%) | 24.8 | 3.5 | (1.6) | 25.9 | 28.7 |
| Income Breakdown | | | | | |
| Net interest income (%) | 79.6 | 78.3 | 90.4 | 86.6 | 87.4 |
| Net fees & commission (%) | - | - | - | - | - |
| Foreign exchange trading income (%) | - | - | - | - | - |
| Securities trading income (%) | - | - | - | - | - |
| Dividend income (%) | - | - | - | - | - |
| Other income (%) | 20.4 | 21.7 | 9.6 | 13.4 | 12.6 |
| Operating performance | | | | | |
| Gross interest yield (%) | - | - | - | - | - |
| Cost of funds (%) | 4.91 | 7.43 | 6.80 | 7.20 | 7.30 |
| Net interest spread (%) | (4.91) | (7.43) | (6.80) | (7.20) | (7.30) |
| Net interest margin (%) | - | - | - | - | - |
| Cost/income(%) | 39.6 | 35.7 | 37.2 | 35.4 | 31.8 |
| Cost/assets(%) | 8.0 | 6.3 | 5.2 | 4.9 | 4.8 |
| Effective tax rate (%) | 20.8 | 17.1 | 19.0 | 19.0 | 18.1 |
| Dividend payout on recurring profit (%) | 2.8 | 1.7 | 1.2 | 1.2 | 0.7 |
| ROE (%) | 14.7 | 11.8 | 9.6 | 8.0 | 7.6 |
| ROE - COE (%) | 3.9 | 1.0 | (1.2) | (2.8) | (3.2) |
| ROA (%) | 6.7 | 5.6 | 4.6 | 4.7 | 5.8 |
| RORWA (%) | - | - | - | - | - |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Chayo Group; FSSIA estimates

Financial Statements

Chayo Group

| Balance Sheet (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|--------------|--------------|--------------|--------------|--------------|
| Gross customer loans | 1,573 | 2,569 | 3,962 | 4,560 | 5,216 |
| Total provisions | (90) | (268) | (457) | (713) | (1,006) |
| interest in suspense | 210 | 554 | 991 | 1,140 | 1,304 |
| Net customer loans | 1,693 | 2,856 | 4,496 | 4,987 | 5,514 |
| Bank loans | - | - | - | - | - |
| Government securities | - | - | - | - | - |
| Trading securities | - | - | - | - | - |
| Investment securities | 2 | 1 | 2 | 3 | 3 |
| Cash & equivalents | 708 | 1,332 | 1,342 | 1,644 | 2,023 |
| Other interesting assets | 328 | 752 | 1,225 | 1,482 | 1,716 |
| Tangible fixed assets | 33 | 57 | 59 | 62 | 66 |
| Associates | - | - | - | - | - |
| Goodwill | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - |
| Other assets | 47 | 91 | 145 | 167 | 338 |
| Total assets | 2,811 | 5,090 | 7,269 | 8,346 | 9,659 |
| Customer deposits | - | - | - | - | - |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 1,570 | 1,468 | 3,229 | 1,776 | 3,552 |
| Non interest bearing liabilities | 94 | 164 | 180 | 198 | 218 |
| Hybrid Capital | - | - | - | - | - |
| Total liabilities | 1,664 | 1,632 | 3,410 | 1,975 | 3,771 |
| Share capital | 353 | 481 | 499 | 604 | 604 |
| Reserves | 778 | 2,106 | 2,470 | 4,849 | 5,284 |
| Total equity | 1,130 | 2,587 | 2,970 | 5,454 | 5,889 |
| Minority interests | 16 | 871 | 890 | 918 | 0 |
| Total liabilities & equity | 2,811 | 5,090 | 7,269 | 8,346 | 9,659 |
| 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 | 1,073 | 1,519 | 2,349 | 2,503 | 2,664 |
| 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 | 1.60 | 2.69 | 2.49 | 4.58 | 4.95 |
| Tangible book value per share | 1.60 | 2.69 | 2.49 | 4.58 | 4.95 |
| Growth | | | | | |
| Gross customer loans | 39.0 | 63.4 | 54.2 | 15.1 | 14.4 |
| Average interest earning assets | - | - | - | - | - |
| Total asset (%) | 54.0 | 81.1 | 42.8 | 14.8 | 15.7 |
| Risk weighted assets (%) | - | - | - | - | - |
| Customer deposits (%) | - | - | - | - | - |
| Leverage & capital measures | | | | | |
| Customer loan/deposits (%) | - | - | - | - | - |
| Equity/assets (%) | 40.2 | 50.8 | 40.9 | 65.3 | 61.0 |
| Tangible equity/assets (%) | 40.2 | 50.8 | 40.9 | 65.3 | 61.0 |
| RWA/assets (%) | - | - | - | - | - |
| Tier 1 CAR (%) | - | - | - | - | - |
| Total CAR (%) | - | - | - | - | - |
| Asset Quality | | | | | |
| Change in NPL (%) | - | - | - | - | - |
| NPL/gross loans (%) | - | - | - | - | - |
| Total provisions/gross loans (%) | 5.7 | 10.4 | 11.5 | 13.7 | 19.3 |
| Total provisions/NPL (%) | - | - | - | - | - |
| Valuation | | | | | |
| Recurring P/E (x) * | 35.9 | 34.7 | 35.3 | 28.0 | 21.8 |
| Recurring P/E @ target price (x) * | 48.2 | 46.6 | 47.3 | 37.6 | 29.2 |
| Reported P/E (x) | 35.9 | 34.7 | 35.3 | 28.0 | 21.8 |
| Dividend yield (%) | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Price/book (x) | 4.9 | 2.9 | 3.2 | 1.7 | 1.6 |
| Price/tangible book (x) | 4.9 | 2.9 | 3.2 | 1.7 | 1.6 |
| Price/tangible book @ target price (x) | 6.6 | 3.9 | 4.2 | 2.3 | 2.1 |

Sources: Chayo Group; FSSIA estimates

Financial Statements

JMT Network Services

| Profit and Loss (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|---------|---------|---------|---------|---------|
| Interest Income | 2,629 | 3,136 | 4,072 | 5,146 | 6,243 |
| Interest expense | (314) | (345) | (227) | (265) | (250) |
| Net interest income | 2,315 | 2,791 | 3,845 | 4,881 | 5,993 |
| Net fees & commission | - | - | - | - | - |
| Foreign exchange trading income | - | - | - | - | - |
| Securities trading income | - | - | - | - | - |
| Dividend income | 0 | 0 | 0 | 0 | 0 |
| Other income | 409 | 351 | 288 | 486 | 559 |
| Non interest income | 409 | 351 | 288 | 486 | 559 |
| Total income | 2,724 | 3,143 | 4,133 | 5,367 | 6,552 |
| Staff costs | - | - | - | - | - |
| Other operating costs | (1,311) | (1,466) | (1,906) | (2,192) | (2,696) |
| Operating costs | (1,311) | (1,466) | (1,906) | (2,192) | (2,696) |
| Pre provision operating profit | 1,413 | 1,676 | 2,227 | 3,175 | 3,856 |
| Provision for bad and doubtful debt | (203) | (56) | (177) | (245) | (305) |
| Other provisions | - | - | - | - | - |
| Operating profit | 1,210 | 1,620 | 2,050 | 2,930 | 3,551 |
| Recurring non operating income | 0 | 0 | 19 | 241 | 368 |
| Associates | - | - | - | - | - |
| Goodwill amortization | - | - | - | - | - |
| Non recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 1,210 | 1,620 | 2,069 | 3,171 | 3,919 |
| Tax | (174) | (241) | (287) | (440) | (550) |
| Profit after tax | 1,036 | 1,379 | 1,782 | 2,732 | 3,368 |
| Minority interests | 11 | 21 | 100 | 130 | 130 |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 1,047 | 1,400 | 1,882 | 2,862 | 3,498 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 1,047 | 1,400 | 1,882 | 2,862 | 3,498 |
| Per share (THB) | | | | | |
| Recurring EPS * | 1.09 | 1.29 | 1.32 | 1.97 | 2.35 |
| Reported EPS | 1.09 | 1.29 | 1.32 | 1.97 | 2.35 |
| DPS | 0.73 | 0.80 | 0.77 | 1.38 | 1.64 |
| Growth | | | | | |
| Net interest income (%) | 31.7 | 20.6 | 37.7 | 27.0 | 22.8 |
| Non interest income (%) | 16.8 | (14.1) | (17.9) | 68.5 | 15.0 |
| Pre provision operating profit (%) | 66.1 | 18.6 | 32.9 | 42.6 | 21.4 |
| Operating profit (%) | 44.2 | 34.0 | 26.5 | 43.0 | 21.2 |
| Reported net profit (%) | 53.6 | 33.8 | 34.4 | 52.1 | 22.2 |
| Recurring EPS (%) | 41.6 | 18.3 | 2.7 | 48.4 | 19.4 |
| Reported EPS (%) | 41.6 | 18.3 | 2.7 | 48.4 | 19.4 |
| Income Breakdown | | | | | |
| Net interest income (%) | 85.0 | 88.8 | 93.0 | 90.9 | 91.5 |
| Net fees & commission (%) | - | - | - | - | - |
| Foreign exchange trading income (%) | - | - | - | - | - |
| Securities trading income (%) | - | - | - | - | - |
| Dividend income (%) | - | - | - | - | - |
| Other income (%) | 15.0 | 11.2 | 7.0 | 9.1 | 8.5 |
| Operating performance | | | | | |
| Gross interest yield (%) | - | - | - | - | - |
| Cost of funds (%) | 4.84 | 4.73 | 3.20 | 4.10 | 4.30 |
| Net interest spread (%) | (4.84) | (4.73) | (3.20) | (4.10) | (4.30) |
| Net interest margin (%) | - | - | - | - | - |
| Cost/income(%) | 48.1 | 46.7 | 46.1 | 40.8 | 41.2 |
| Cost/assets(%) | 10.7 | 6.9 | 6.3 | 7.0 | 7.7 |
| Effective tax rate (%) | 14.4 | 14.9 | 13.9 | 13.9 | 14.0 |
| Dividend payout on recurring profit (%) | 66.6 | 61.7 | 57.9 | 70.0 | 70.0 |
| ROE (%) | 23.0 | 11.3 | 8.9 | 12.0 | 12.5 |
| ROE - COE (%) | 12.2 | 0.5 | (1.9) | 1.2 | 1.7 |
| ROA (%) | 8.5 | 6.5 | 5.9 | 8.7 | 9.6 |
| RORWA (%) | - | - | - | - | - |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: JMT Network Services; FSSIA estimates

Financial Statements

JMT Network Services

| Balance Sheet (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|---------------|---------------|---------------|---------------|---------------|
| Gross customer loans | 9,961 | 16,334 | 19,162 | 23,416 | 27,398 |
| Total provisions | (287) | (269) | (409) | (607) | (857) |
| interest in suspense | 160 | 317 | 383 | 468 | 548 |
| Net customer loans | 9,834 | 16,382 | 19,137 | 23,278 | 27,090 |
| Bank loans | - | - | - | - | - |
| Government securities | - | - | - | - | - |
| Trading securities | - | - | - | - | - |
| Investment securities | 1,366 | 6,631 | 5,968 | 3,581 | 3,760 |
| Cash & equivalents | 967 | 2,076 | 4,524 | 1,566 | 4,297 |
| Other interesting assets | 412 | 986 | 970 | 963 | 1,000 |
| Tangible fixed assets | 411 | 504 | 355 | 373 | 391 |
| Associates | - | - | - | - | - |
| Goodwill | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - |
| Other assets | 1,281 | 1,458 | 1,290 | 920 | 3,177 |
| Total assets | 14,270 | 28,036 | 32,243 | 30,681 | 39,715 |
| Customer deposits | - | - | - | - | - |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 7,187 | 7,385 | 6,794 | 3,964 | 5,503 |
| Non interest bearing liabilities | 1,329 | 1,574 | 2,046 | 2,455 | 2,578 |
| Hybrid Capital | - | - | - | - | - |
| Total liabilities | 8,516 | 8,959 | 8,840 | 6,420 | 8,081 |
| Share capital | 488 | 684 | 727 | 727 | 797 |
| Reserves | 5,236 | 18,348 | 22,677 | 23,535 | 30,837 |
| Total equity | 5,724 | 19,032 | 23,403 | 24,262 | 31,635 |
| Minority interests | 30 | 46 | 0 | 0 | 0 |
| Total liabilities & equity | 14,270 | 28,036 | 32,243 | 30,681 | 39,716 |
| 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 | 6,485 | 7,286 | 7,089 | 6,454 | 5,809 |
| 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 | 5.98 | 17.08 | 16.07 | 16.66 | 20.72 |
| Tangible book value per share | 5.98 | 17.08 | 16.07 | 16.66 | 20.72 |
| Growth | | | | | |
| Gross customer loans | 24.1 | 64.0 | 17.3 | 22.2 | 17.0 |
| Average interest earning assets | - | - | - | - | - |
| Total asset (%) | 40.7 | 96.5 | 15.0 | (4.8) | 29.4 |
| Risk weighted assets (%) | - | - | - | - | - |
| Customer deposits (%) | - | - | - | - | - |
| Leverage & capital measures | | | | | |
| Customer loan/deposits (%) | - | - | - | - | - |
| Equity/assets (%) | 40.1 | 67.9 | 72.6 | 79.1 | 79.7 |
| Tangible equity/assets (%) | 40.1 | 67.9 | 72.6 | 79.1 | 79.7 |
| RWA/assets (%) | - | - | - | - | - |
| Tier 1 CAR (%) | - | - | - | - | - |
| Total CAR (%) | - | - | - | - | - |
| Asset Quality | | | | | |
| Change in NPL (%) | - | - | - | - | - |
| NPL/gross loans (%) | - | - | - | - | - |
| Total provisions/gross loans (%) | 2.9 | 1.6 | 2.1 | 2.2 | 3.1 |
| Total provisions/NPL (%) | - | - | - | - | - |
| Valuation | | | | | |
| Recurring P/E (x) * | 60.1 | 50.8 | 49.4 | 33.3 | 27.9 |
| Recurring P/E @ target price (x) * | 77.1 | 65.1 | 63.4 | 42.7 | 35.8 |
| Reported P/E (x) | 60.1 | 50.8 | 49.4 | 33.3 | 27.9 |
| Dividend yield (%) | 1.1 | 1.2 | 1.2 | 2.1 | 2.5 |
| Price/book (x) | 11.0 | 3.8 | 4.1 | 3.9 | 3.2 |
| Price/tangible book (x) | 11.0 | 3.8 | 4.1 | 3.9 | 3.2 |
| Price/tangible book @ target price (x) | 14.0 | 4.9 | 5.2 | 5.0 | 4.1 |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: JMT Network Services; FSSIA estimates

Financial Statements

Knight Club Capital Asset Mngt.

| Profit and Loss (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|--------|--------|--------|--------|--------|
| Interest Income | 118 | 104 | 111 | 334 | 382 |
| Interest expense | (13) | (16) | (26) | (36) | (29) |
| Net interest income | 105 | 88 | 86 | 298 | 353 |
| Net fees & commission | - | - | - | - | - |
| Foreign exchange trading income | - | - | - | - | - |
| Securities trading income | - | - | - | - | - |
| Dividend income | 0 | 0 | 0 | 0 | 0 |
| Other income | 23 | 37 | 93 | 46 | 52 |
| Non interest income | 23 | 37 | 93 | 46 | 52 |
| Total income | 128 | 126 | 178 | 344 | 405 |
| Staff costs | - | - | - | - | - |
| Other operating costs | (30) | (34) | (41) | (48) | (55) |
| Operating costs | (30) | (34) | (41) | (48) | (55) |
| Pre provision operating profit | 98 | 91 | 137 | 297 | 350 |
| Provision for bad and doubtful debt | (37) | (26) | (16) | (132) | (121) |
| Other provisions | - | - | - | - | - |
| Operating profit | 61 | 66 | 121 | 165 | 229 |
| Recurring non operating income | 0 | 0 | 0 | 0 | 0 |
| Associates | - | - | - | - | - |
| Goodwill amortization | - | - | - | - | - |
| Non recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 61 | 66 | 121 | 165 | 229 |
| Tax | (12) | (13) | (24) | (33) | (46) |
| Profit after tax | 49 | 52 | 97 | 132 | 183 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 49 | 52 | 97 | 132 | 183 |
| Non recurring items & goodwill (net) | - | - | 0 | 0 | 0 |
| Recurring net profit | 49 | 52 | 97 | 132 | 183 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.11 | 0.11 | 0.17 | 0.21 | 0.30 |
| Reported EPS | 0.11 | 0.11 | 0.17 | 0.21 | 0.30 |
| DPS | 0.00 | 0.00 | 0.15 | 0.18 | 0.24 |
| Growth | | | | | |
| Net interest income (%) | 177.3 | (15.7) | (3.1) | 248.6 | 18.2 |
| Non interest income (%) | 20.9 | 60.1 | 147.5 | (50.5) | 13.5 |
| Pre provision operating profit (%) | 378.2 | (7.1) | 50.0 | 116.7 | 18.0 |
| Operating profit (%) | 307.4 | 7.0 | 83.7 | 36.6 | 38.8 |
| Reported net profit (%) | 307.7 | 6.9 | 84.1 | 36.6 | 38.8 |
| Recurring EPS (%) | 307.7 | 6.9 | 53.1 | 21.9 | 38.8 |
| Reported EPS (%) | 307.7 | 6.9 | 53.1 | 21.9 | 38.8 |
| Income Breakdown | | | | | |
| Net interest income (%) | 81.7 | 70.2 | 48.0 | 86.7 | 87.1 |
| Net fees & commission (%) | - | - | - | - | - |
| Foreign exchange trading income (%) | - | - | - | - | - |
| Securities trading income (%) | - | - | - | - | - |
| Dividend income (%) | - | - | - | - | - |
| Other income (%) | 18.3 | 29.8 | 52.0 | 13.3 | 12.9 |
| Operating performance | | | | | |
| Gross interest yield (%) | - | - | - | - | - |
| Cost of funds (%) | 5.18 | 5.98 | 6.10 | 6.29 | 6.34 |
| Net interest spread (%) | (5.18) | (5.98) | (6.10) | (6.29) | (6.34) |
| Net interest margin (%) | - | - | - | - | - |
| Cost/income(%) | 23.3 | 27.4 | 23.2 | 13.8 | 13.5 |
| Cost/assets(%) | 4.6 | 4.7 | 3.2 | 2.5 | 2.6 |
| Effective tax rate (%) | 20.1 | 20.2 | 20.0 | 20.0 | 20.0 |
| Dividend payout on recurring profit (%) | - | - | 85.0 | 85.0 | 80.0 |
| ROE (%) | 12.8 | 12.1 | 11.7 | 10.1 | 11.5 |
| ROE - COE (%) | 2.0 | 1.3 | 0.9 | (0.7) | 0.7 |
| ROA (%) | 7.5 | 7.2 | 7.5 | 6.9 | 8.7 |
| RORWA (%) | - | - | - | - | - |

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Knight Club Capital Asset Mngt.; FSSIA estimates

Financial Statements

Knight Club Capital Asset Mngt.

| Balance Sheet (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|------------|------------|--------------|--------------|--------------|
| Gross customer loans | 540 | 521 | 1,108 | 1,291 | 1,407 |
| Total provisions | (40) | (64) | (83) | (219) | (345) |
| interest in suspense | 80 | 108 | 175 | 359 | 569 |
| Net customer loans | 581 | 566 | 1,200 | 1,430 | 1,631 |
| Bank loans | - | - | - | - | - |
| Government securities | - | - | - | - | - |
| Trading securities | - | - | - | - | - |
| Investment securities | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 0 | 0 | 184 | 182 | 180 |
| Other interesting assets | 110 | 138 | 381 | 334 | 300 |
| Tangible fixed assets | 12 | 11 | 11 | 11 | 12 |
| Associates | - | - | - | - | - |
| Goodwill | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - |
| Other assets | 12 | 21 | 46 | 50 | 54 |
| Total assets | 716 | 736 | 1,822 | 2,008 | 2,178 |
| Customer deposits | - | - | - | - | - |
| Bank deposits | - | - | - | - | - |
| Other interest bearing liabilities | 283 | 239 | 598 | 538 | 377 |
| Non interest bearing liabilities | 25 | 36 | 38 | 40 | 42 |
| Hybrid Capital | - | - | - | - | - |
| Total liabilities | 307 | 275 | 636 | 578 | 418 |
| Share capital | 230 | 230 | 310 | 310 | 310 |
| Reserves | 179 | 231 | 876 | 1,120 | 1,449 |
| Total equity | 409 | 461 | 1,186 | 1,430 | 1,759 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Total liabilities & equity | 716 | 736 | 1,822 | 2,008 | 2,178 |
| 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 | 253 | 261 | 419 | 568 | 457 |
| 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 | 0.89 | 1.00 | 1.91 | 2.31 | 2.84 |
| Tangible book value per share | 0.89 | 1.00 | 1.91 | 2.31 | 2.84 |
| Growth | | | | | |
| Gross customer loans | 10.8 | (3.6) | 112.7 | 16.5 | 9.0 |
| Average interest earning assets | - | - | - | - | - |
| Total asset (%) | 21.6 | 2.7 | 147.6 | 10.2 | 8.5 |
| Risk weighted assets (%) | - | - | - | - | - |
| Customer deposits (%) | - | - | - | - | - |
| Leverage & capital measures | | | | | |
| Customer loan/deposits (%) | - | - | - | - | - |
| Equity/assets (%) | 57.1 | 62.6 | 65.1 | 71.2 | 80.8 |
| Tangible equity/assets (%) | 57.1 | 62.6 | 65.1 | 71.2 | 80.8 |
| RWA/assets (%) | - | - | - | - | - |
| Tier 1 CAR (%) | - | - | - | - | - |
| Total CAR (%) | - | - | - | - | - |
| Asset Quality | | | | | |
| Change in NPL (%) | - | - | - | - | - |
| NPL/gross loans (%) | - | - | - | - | - |
| Total provisions/gross loans (%) | 7.3 | 12.2 | 7.5 | 15.6 | 24.5 |
| Total provisions/NPL (%) | - | - | - | - | - |
| Valuation | | | | | |
| Recurring P/E (x) * | 68.9 | 64.5 | 42.1 | 34.6 | 24.9 |
| Recurring P/E @ target price (x) * | 66.6 | 62.3 | 40.7 | 33.4 | 24.0 |
| Reported P/E (x) | 68.9 | 64.5 | 42.1 | 34.6 | 24.9 |
| Dividend yield (%) | - | - | 2.0 | 2.5 | 3.2 |
| Price/book (x) | 8.3 | 7.3 | 3.8 | 3.2 | 2.6 |
| Price/tangible book (x) | 8.3 | 7.3 | 3.8 | 3.2 | 2.6 |
| Price/tangible book @ target price (x) | 8.0 | 7.1 | 3.7 | 3.1 | 2.5 |

Sources: Knight Club Capital Asset Mngt.; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

| EXCELLENT LEVEL – Score range 90-100 | | | | | | | | | | |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|
| AAV | BCPG | CPALL | GCAP | K | MSC | PLANET | SAMART | SPI | THRE | TVD |
| ADVANC | BDMS | CPF | GFPT | KBANK | MST | PLAT | SAMTEL | SPRC | THREL | TVI |
| AF | BEM | CPI | GGC | KCE | MTC | PORT | SAT | SPVI | TIPCO | TVO |
| AH | BGC | CPN | GLAND | KKP | MVP | PPS | SC | SSSC | TISCO | TWPC |
| AIRA | BGRIM | CRC | GLOBAL | KSL | NCL | PR9 | SCB | SST | TK | U |
| AKP | BIZ | CSS | GPI | KTB | NEP | PREB | SCC | STA | TKT | UAC |
| AKR | BKI | DDD | GPSC | KTC | NER | PRG | SCCC | STEC | TMT | UBIS |
| ALT | BOL | DELTA | GRAMMY | LALIN | NKI | PRM | SCG | STI | TNDT | UV |
| AMA | BPP | DEMCO | GULF | LANNA | NOBLE | PROUD | SCGP | SUN | TNITY | VGI |
| AMATA | BRR | DRT | GUNKUL | LH | NSI | DRSH | SCM | SUSCO | TOA | VIH |
| AMATAV | BTS | DTAC | HANA | LHFG | NVD | PSL | SDC | SUTHA | TOP | WACOAL |
| ANAN | BTW | DUSIT | HARN | LIT | NWR | PTG | SEAFCO | SVI | TPBI | WAVE |
| AOT | BWG | EA | HMPRO | LPN | NYT | PTT | SEAOIL | SYMC | TQM | WHA |
| AP | CENTEL | EASTW | ICC | MACO | OISHI | PTTEP | SE-ED | SYNTEC | TRC | WHAUP |
| ARIP | CFRESH | ECF | ICHI | MAJOR | OR | PTTGC | SELIC | TACC | TRU | WICE |
| ARROW | CHEWA | ECL | III | MAKRO | ORI | PYLON | SENA | TASCO | TRUE | WINNER |
| ASP | CHO | EE | ILINK | MALEE | OSP | Q-CON | SHR | TCAP | TSC | ZEN |
| AUCT | CIMBT | EGCO | ILM | MBK | OTO | QH | SIRI | TEAMG | TSR | |
| AWC | CK | EPG | INTUCH | MC | PAP | QTC | SIS | TFMAMA | TSTE | |
| AYUD | CKP | ETC | IP | MCOT | PCSGH | RATCH | SITHAI | TGH | TSTH | |
| BAFS | CM | FPI | IRPC | METCO | PDG | RS | SMK | THANA | TTA | |
| BANPU | CNT | FPT | ITEL | MFEC | PDJ | S | SMPC | THANI | TTB | |
| BAY | COM7 | FSMART | IVL | MINT | PG | S & J | SNC | THCOM | TTCL | |
| BBL | COMAN | GBX | JSP | MONO | PHOL | SAAM | SONIC | THG | TTW | |
| BCP | COTTO | GC | JWD | MOONG | PLANB | SABINA | SPALI | THIP | TU | |
| VERY GOOD LEVEL – Score range 80-89 | | | | | | | | | | |
| 2S | ASIMAR | CHOW | FLOYD | IT | LOXLEY | OCC | RPC | SKY | TCC | TVT |
| 7UP | ASK | CI | FN | ITD | LRH | OGC | RT | SLP | TCMC | TWP |
| ABICO | ASN | CIG | FNS | J | LST | PATO | RWI | SMIT | TEAM | UEC |
| ABM | ATP30 | CMC | FORTH | JAS | M | PB | S11 | SMT | TFG | UMI |
| ACE | B | COLOR | FSS | JCK | MATCH | PICO | SA | SNP | TFI | UOBKH |
| ACG | BA | CPL | FTE | JCKH | MBAX | PIMO | SAK | SO | TIGER | UP |
| ADB | BAM | CPW | FVC | JMART | MEGA | PJW | SALEE | SORKON | TITLE | UPF |
| AEONTS | BC | CRD | GEL | JMT | META | PL | SAMCO | SPA | TKN | UPOIC |
| AGE | BCH | CSC | GENCO | KBS | MFC | PM | SANKO | SPC | TKS | UTP |
| AHC | BEC | CSP | GJS | KCAR | MGT | PMTA | SAPPE | SPCG | TM | VCOM |
| AIT | BEYOND | CWT | GYT | KEX | MICRO | PPP | SAWAD | SR | TMC | VL |
| ALL | BFIT | DCC | HEMP | KGI | MILL | PPP | SCI | SRICHA | TMD | VPO |
| ALLA | BJC | DCON | HPT | KIAT | MITSIB | PRIME | SCN | SSC | TMI | VRANDA |
| ALUCON | BJCHI | DHOUSE | HTC | KISS | MK | PRIN | SCP | SSF | TMILL | WGE |
| AMANAH | BLA | DOD | HYDRO | KOOL | MODERN | PRINC | SE | STANLY | TNL | WIK |
| AMARIN | BR | DOHOME | ICN | KTIS | MTI | PSG | SFLEX | STGT | TNP | WP |
| APCO | BROOK | DV8 | IFS | KUMWEL | NBC | PSTC | SFP | STOWER | TOG | XO |
| APCS | CBG | EASON | IMH | KUN | NCAP | PT | SFT | STPI | TPA | XPG |
| APURE | CEN | EFORL | IND | KWC | NCH | QLT | SGF | SUC | TPAC | YUASA |
| AQUA | CGH | ERW | INET | KWM | NETBAY | RBF | SIAM | SWC | TPCS | |
| ASAP | CHARAN | ESSO | INSET | L&E | NEX | RCL | SINGER | SYNEX | TPS | |
| ASEFA | CHAYO | ESTAR | INSURE | LDC | NINE | RICHY | SKE | TAE | TRITN | |
| ASIA | CHG | ETE | IRC | LEO | NRF | RML | SKN | TAKUNI | TRT | |
| ASIAN | CHOTI | FE | IRCP | LHK | NTV | ROJNA | SKR | TBSP | TSE | |
| GOOD LEVEL – Score range 70-79 | | | | | | | | | | |
| A | BGT | CITY | GIFT | JTS | MDX | PK | SGP | SUPER | TQR | YGG |
| AI | BH | CMAN | GLOCON | JUBILE | MJD | PLE | SICT | SVOA | TTI | ZIGA |
| AIE | BIG | CMO | GREEN | KASET | MORE | PPM | SIMAT | TC | TYCN | |
| AJ | BLAND | CMR | GSC | KCM | MUD | PRAKIT | SISB | TCCC | UKEM | |
| ALPHAX | BM | CPT | GTB | KK | NC | PRAPAT | SK | THMUI | UMS | |
| AMC | BROCK | CRANE | HTECH | KKC | NDR | PRECHA | SMART | TNH | UNIQ | |
| APP | BSBM | CSR | HUMAN | KWI | NFC | PTL | SOLAR | TNR | UPA | |
| AQ | BSM | D | IHL | KYE | NNCL | RJH | SPACK | TOPP | UREKA | |
| ARIN | BTNC | EKH | IIG | LEE | NOVA | RP | SPG | TPCH | VIBHA | |
| AS | BYD | EMC | INGRS | LPH | NPK | RPH | SQ | TPIPL | W | |
| AU | CAZ | EP | INOX | MATI | NUSA | RSP | SSP | TIPIP | WIN | |
| B52 | CCP | F&D | JAK | M-CHAI | PAF | SABUY | STARK | TPLAS | WORK | |
| BEAUTY | CGD | FMT | JR | MCS | PF | SF | STC | TPOLY | WPH | |

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

| CERTIFIED | | | | | | | | | | |
|-----------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|
| 2S | BCH | CPALL | GC | K | MFC | PE | QLT | SNP | THCOM | TU |
| 7UP | BCP | CPF | GCAP | KASET | MFEC | PG | QTC | SORKON | THIP | TVD |
| ADVANC | BCPG | CPI | GEL | KBANK | MILL | PHOL | RATCH | SPACK | THRE | TVI |
| AF | BE8 | CPN | GFPT | KBS | MINT | PK | RML | SPALI | THREL | TVO |
| AI | BEYOND | CSC | GGC | KCAR | MONO | PL | RWI | SPC | TIDLOR | TWPC |
| AIE | BGC | DCC | GJS | KCE | MOONG | PLANB | S & J | SPI | TIPCO | U |
| AIRA | BGRIM | DELTA | GPI | KGI | MSC | PLANET | SAAM | SPRC | TISCO | UBE |
| AKP | BJCHI | DEMCO | GPSC | KKP | MST | PLAT | SABINA | SRICHA | TKS | UBIS |
| ALPHAX | BKI | DIMET | GSTEEL | KSL | MTC | PM | SAPPE | SSF | TKT | UEC |
| AMA | BLA | DRT | GUNKUL | KTB | MTI | PPP | SAT | SSP | TMD | UKEM |
| AMANAHA | BPP | DTAC | HANA | KTC | NBC | PPPM | SC | SSSC | TMILL | UOBKH |
| AMATA | BROOK | DUSIT | HARN | KWC | NEP | PPS | SCB | SST | TMT | UPF |
| AMATAV | BRR | EA | HEMP | KWI | NINE | PR9 | SCC | STA | TNITY | UV |
| AP | BSBM | EASTW | HENG | L&E | NKI | PREB | SCCC | STOWER | TNL | VGI |
| APCS | BTS | ECL | HMPRO | LANNA | NMG | PRG | SCG | SUSCO | TNP | VIH |
| AQUA | BWG | EGCO | HTC | LH | NNCL | PRINC | SCN | SVI | TNR | WACOAL |
| ARROW | CEN | EP | ICC | LHFG | NOBLE | PRM | SEAOIL | SYMC | TOG | WHA |
| AS | CENTEL | EPG | ICHI | LHK | NOK | PROS | SE-ED | SYNTEC | TOP | WHAUP |
| ASIAN | CFRESH | ERW | IFEC | LPN | NSI | PSH | SELIC | TAE | TOPP | WICE |
| ASK | CGH | ESTAR | IFS | LRH | NWR | PSL | SENA | TAKUNI | TPA | WIJK |
| ASP | CHEWA | ETE | ILINK | M | OCC | PSTC | SGP | TASCO | TPP | XO |
| AWC | CHOTI | FE | INET | MAKRO | OGC | PT | SINGER | TBSP | TRU | ZEN |
| AYUD | CHOW | FNS | INSURE | MALEE | ORI | PTG | SIRI | TCAP | TRUE | |
| B | CIG | FPI | INTUCH | MATCH | PAP | PTT | SITHAI | TCMC | TSC | |
| BAFS | CIMBT | FPT | IRC | MBAX | PATO | PTTEP | SKR | TFG | TSTE | |
| BAM | CM | FSMART | IRPC | MBK | PB | PTTGC | SMIT | TFI | TSTH | |
| BANPU | CMC | FSS | ITEL | MC | PCSGH | PYLON | SMK | TFMAMA | TTA | |
| BAY | COM7 | FTE | IVL | MCOT | PDG | Q-CON | SMPC | TGH | TTB | |
| BBL | COTTO | GBX | JKN | META | PDJ | QH | SNC | THANI | TTCL | |
| DECLARED | | | | | | | | | | |
| AJ | CHG | DDD | ETC | JR | MAJOR | NUSA | RS | SSS | TQM | YUASA |
| ALT | CPL | DHOUSE | FLOYD | JTS | NCAP | NYT | SAK | STECH | TSI | ZIGA |
| APCO | CPR | DOHOME | GULF | KEX | NCL | OR | SCGP | STGT | VARO | |
| B52 | CPW | ECF | III | KUMWEL | NOVA | PIMO | SCM | TKN | VCOM | |
| BEC | CRC | EKH | INOX | LDC | NRF | PLE | SIS | TMI | VIBHA | |

| 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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Rawisara Suwanumphai FSS International Investment Advisory Securities Co., Ltd

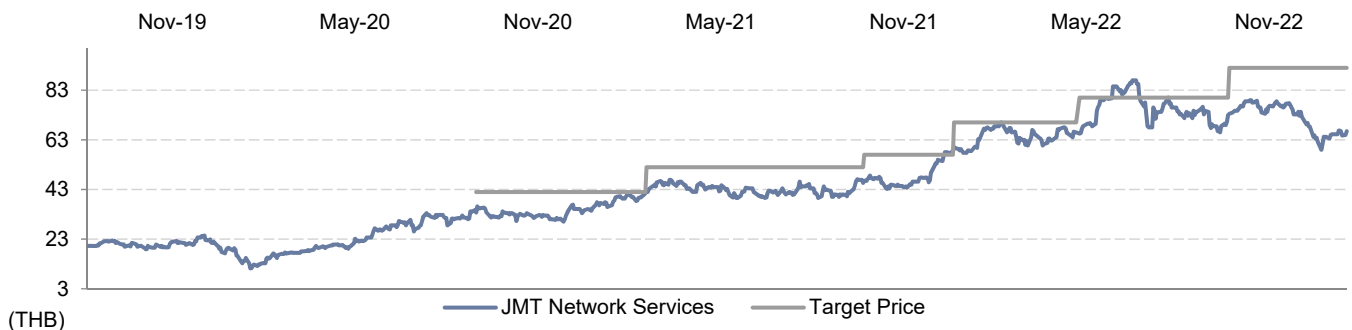
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

JMT Network Services (JMT TB)



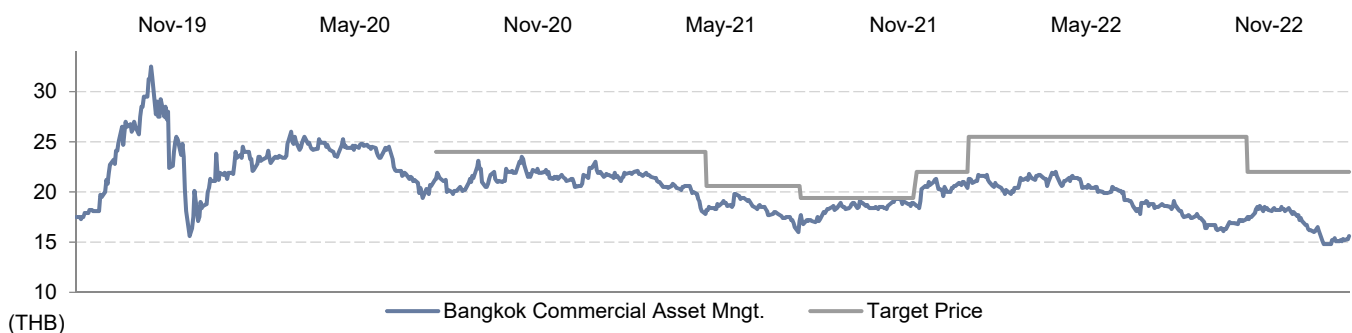
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 05-Oct-2020 | BUY | 42.00 | 07-Sep-2021 | BUY | 57.00 | 11-Mar-2022 | BUY | 80.00 |
| 02-Mar-2021 | BUY | 52.00 | 24-Nov-2021 | BUY | 70.00 | 21-Jul-2022 | BUY | 92.00 |

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

Price and TP are in local currency

Source: FSSIA estimates

Bangkok Commercial Asset Mngt. (BAM TB)



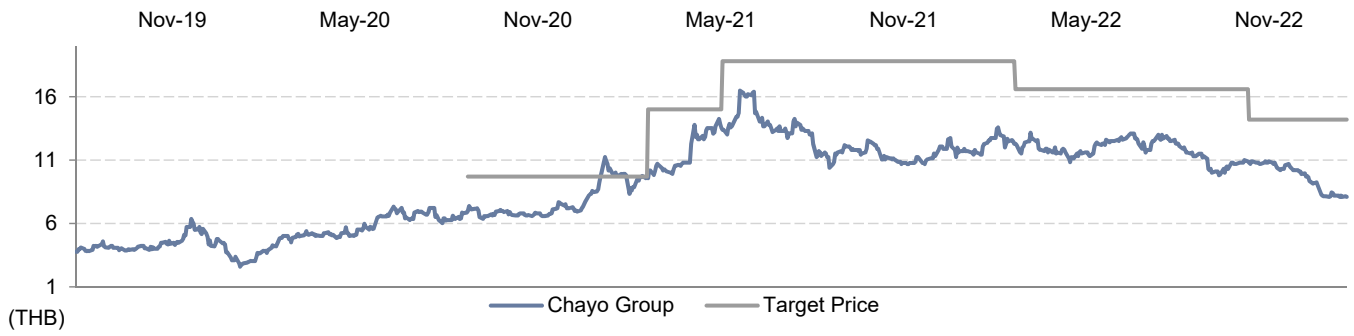
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 05-Oct-2020 | BUY | 24.00 | 03-Aug-2021 | BUY | 19.40 | 20-Dec-2021 | BUY | 25.50 |
| 17-May-2021 | BUY | 20.60 | 05-Nov-2021 | BUY | 22.00 | 08-Aug-2022 | BUY | 22.00 |

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

Price and TP are in local currency

Source: FSSIA estimates

Chayo Group (CHAYO TB)



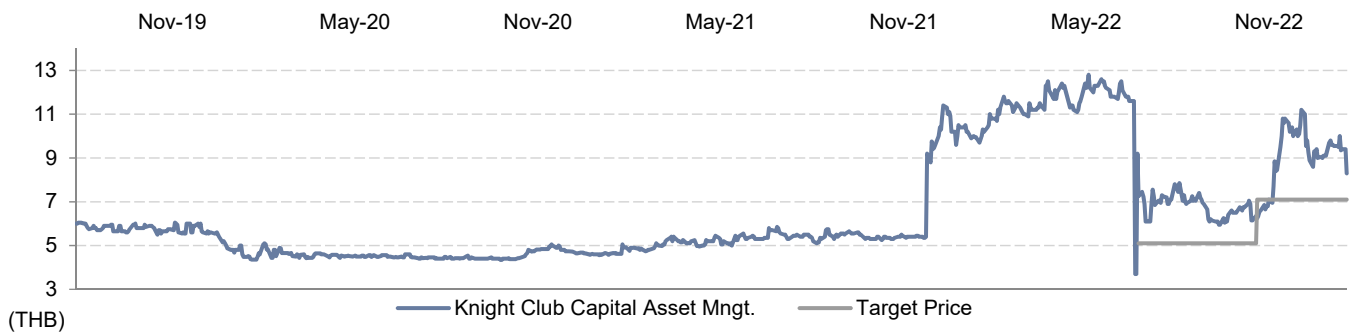
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 05-Oct-2020 | BUY | 9.70 | 12-May-2021 | BUY | 18.80 | 08-Aug-2022 | BUY | 14.20 |
| 09-Mar-2021 | BUY | 15.00 | 19-Jan-2022 | BUY | 16.60 | | | |

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

Price and TP are in local currency

Source: FSSIA estimates

Knight Club Capital Asset Mngt. (KCC TB)



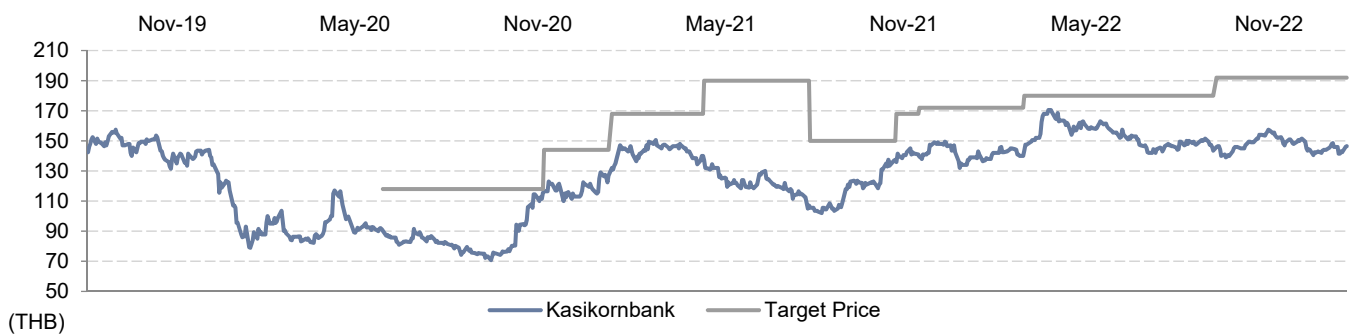
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|------|--------|--------------|
| 05-May-2022 | BUY | 5.10 | 15-Aug-2022 | BUY | 7.10 | - | - | - |

Rawisara Suwanumphai started covering this stock from 05-May-2022

Price and TP are in local currency

Source: FSSIA estimates

Kasikornbank (KBANK TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 16-Jul-2020 | BUY | 118.00 | 21-Apr-2021 | BUY | 190.00 | 25-Oct-2021 | BUY | 172.00 |
| 03-Dec-2020 | BUY | 144.00 | 22-Jul-2021 | BUY | 150.00 | 24-Jan-2022 | BUY | 180.00 |
| 29-Jan-2021 | BUY | 168.00 | 05-Oct-2021 | BUY | 168.00 | 08-Jul-2022 | BUY | 192.00 |

Rawisara Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|---------------------------------|----------|------------|--------|---|
| JMT Network Services | JMT TB | THB 65.50 | 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. |
| Bangkok Commercial Asset Mngt. | BAM TB | THB 15.50 | 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 7.90 | BUY | Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses. |
| Knight Club Capital Asset Mngt. | KCC TB | THB 7.35 | HOLD | Upside risks to our GGM-based TP include 1) higher NPL acquisitions; and 2) higher corporate NPL settlements. Downside risks to our GGM-based TP include 1) lower cash collection due to the slow economic recovery; and 2) lower-than-expected bad debt acquisition. |
| Kasikornbank | KBANK TB | THB 147.00 | BUY | Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. |

Source: FSSIA estimates

Additional Disclosures

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

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 02-Nov-2022 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.