

BANGKOK COMMERCIAL ASSET MNGT.

THAILAND / FINANCE & SECURITIES

BAM TB

BUY

Tempting valuation prevails profit concerns

- We expect BAM to overshoot its investment target, expanding its earnings asset base.
- Our 2024-25 forecasts are based on conservative assumptions due to the highly uncertain nature of the company's operations.
- Our estimates suggest an improvement h-h in 2H23.
- We initiate coverage of BAM with a BUY call.

TARGET PRICE	THB14.00
CLOSE	THB10.50
UP/DOWNSIDE	+33.3%
TP vs CONSENSUS	+14.0%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	3,206	2,897	3,085	3,254
Net profit	2,724	2,318	2,468	2,604
EPS (THB)	0.84	0.72	0.76	0.81
vs Consensus (%)	-	(4.0)	(8.5)	(14.5)
Recurring net profit	2,724	2,318	2,468	2,604
Core EPS (THB)	0.84	0.72	0.76	0.81
EPS growth (%)	4.8	(14.9)	6.5	5.5
Core P/E (x)	12.5	14.6	13.7	13.0
Dividend yield (%)	5.2	4.8	4.9	4.8
Price/book (x)	0.8	0.8	0.8	0.7
ROE (%)	6.3	5.3	5.5	5.7
ROA (%)	2.1	1.7	1.8	1.8

Recovery of acquisition activity in the year of NPL gluts

BAM is set to recover its pace of investment this year. For 1H23, the company reported a THB7.34b investment in loan receivables, which was already 81.5% of the 2023 target set by management (66.7% of our FY estimate). Given the pace and market supply, we expect BAM to overshoot its investment target, finish 2023 with THB11b in additional NPLs, and retain the pace during 2024-25. For pricing, BAM will retain its rate at a c50-60% discounted price from the loan's collateral value.

Improved NPA management muted by NPL underperformance

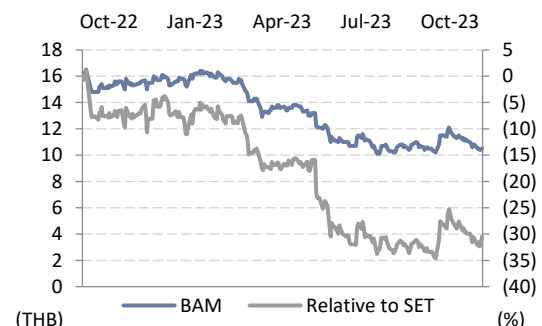
During 1H23, the total cash collection of BAM was at THB7.35b, moderately improved by 3.4% y-y, which was largely pushed by the NPA segment, exceeding the company's target by 14%. BAM's NPA collection was impressive at THB 3.4b in the first half, posting 26.2% y-y growth, with outstanding 38.3% y-y growth in 2Q23. Meanwhile, the 1H23 NPL segment was relatively much weaker and missed BAM's target by 20%, dropping 16.9% y-y. Overall, 1H23 cash collection was 7.4% short of management's target and makes up 44% of our 2023 forecast.

Expect growth in 2024-25 but with high volatility by nature

We expect BAM's 2H23 results to be stronger than in 1H23, contributing 70% to our 2023 net profit estimate of THB2.32b; a 14.9% y-y drop. We expect gradual bottom-line growth of 6.5% and 5.5% in 2024 and 2025, respectively, based on our conservative assumptions due to the highly volatile nature of the NPA business – a significant part of BAM's operation – together with the vague prospects in the NPL segment. This leads to the expectation of a high degree of uncertainty in the results.

We initiate our coverage on BAM with a BUY rating

We initiate coverage of BAM with a BUY call. The firm's share price has long been pressured by the uncertain nature of its bottom-line results, which we expect to remain, going forward. However, our NAV-based valuation model suggests a TP of THB14.0 (similar to our DCF fair value of THB14.6). We use the NAV-TP of THB14.0 as our primary price target for the stock, implying a 2024E P/BV of 1x with a potential upside of 33.3% and an attractive dividend yield of c5% p.a.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(11.8)	1.9	(35.2)
Relative to country (%)	(6.4)	4.1	(30.0)
Mkt cap (USD m)	930		
3m avg. daily turnover (USD m)	3.1		
Free float (%)	21		
Major shareholder	FIDF (46%)		
12m high/low (THB)	16.70/10.10		
Issued shares (m)	3,232		

Sources: Bloomberg consensus; FSSIA estimates



Usanee Liurut, CISA

Analyst register no. 017928

usanee.l@fssia.com, +66 2646 9967

Maeta Cherdasatirakul

Research Assistant

maeta.c@fssia.com, +66 2611 3566

Investment thesis

We have a positive view on BAM due to:

- The abundant supply of NPLs and NPAs this year should provide BAM with a Goldilocks moment where prices are more comfortable with easier competition.
- We expect BAM's earnings to improve by 6.5% and 5.5% in 2024 and 2025, respectively, as the company is now recovering its pace of bad debt investment. We expect the company to exceed management's FY acquisition target in 2023.
- BAM is currently trading at an attractive valuation at a discount from the appraisal value of its assets. Our NAV-based valuation suggests a fair value of THB14 per share, implying a 2024E P/BV of 1x with an upside of 33.3% and an attractive dividend yield of c5% p.a.

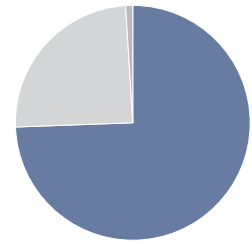
Company profile

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

www.bam.co.th

Principal activities (revenue, 1H23)

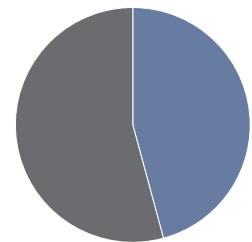
- NPLs management - 74%
- NPAs management - 25%
- Other income - 1%



Source: Bangkok Commercial Asset Mngt.

Major shareholders

- FIDF - 45.8 %
- Others - 54.2 %



Source: Bangkok Commercial Asset Mngt.

Catalysts

- Higher-than-expected supply of NPLs for sale from financial institutions;
- Higher-than-expected investment in bad debts;
- Higher-than-expected NPA cash collection due to marketing strategies;
- Attractive valuation.

Risks to our call

Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) slowdown of the property market.

Event calendar

Date	Event
10-11 Nov 2023	3Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Net profit	2,318	2,468	2,604
Net profit growth (%)	(14.9)	6.5	5.5
Cash collection	16,585	17,584	18,654
Cash collection ratio (%)	12.2	12.3	12.5
Purchase of A/R	11,000	11,550	12,128
Growth (%)	36.2	5.0	5.0
Cost to income (%)	30.5	29.8	29.3

Source: FSSIA estimates

Earnings sensitivity

			2023E	
Cash collection ratio	±50bp	11.7	12.2	12.7
% change in net profit		(12.4)	-	12.3
Cost to income	±1ppt	29.5	30.5	31.5
% change in net profit		3.0	-	(3.1)

Source: FSSIA estimates

The recovery of acquisition activity in the year of NPL gluts

BAM is set to recover its pace of investment this year. For 1H23, the company reported a THB7.34b investment in loan receivables, which was already 81.5% of the 2023 target set by management (66.7% of our FY estimate). Given the pace and market supply, we expect BAM to overshoot its investment target, finish 2023 with THB11b in additional NPLs, and retain the pace during 2024-25. For pricing, BAM will retain its rate at a c50-60% discounted price from the loan's collateral value.

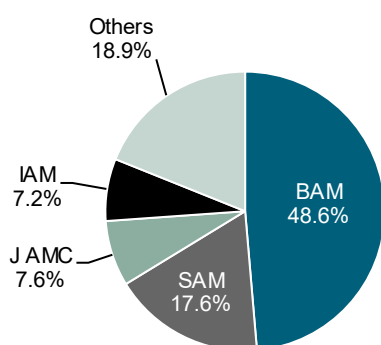
Supply and investment overview

BAM is the leader in Thailand's asset management company (AMC) industry by asset size. The company specializes in managing secured bad debts. On average, the pricing on its investments range between 50-60% of a loan's collateral value. During 2018-22, the average amount of bad debt purchased at THB9.2b p.a. was relatively thinner than the average during 2013-17 at THB12b p.a. It was dragged down by a mere THB3.6b acquired during 2021 due to a limited supply and fierce market competition at the time. The debtor relief measures during the Covid years were the main factors that led banks and lending institutions to hoard credit-impaired loans on their books.

As the regulatory measures are set to expire by the end of this year, financial institutions (FIs) have been actively managing NPLs since 1Q23 with an intention to slim their balance sheets. The trend is reflected in the total NPL supply from FIs worth THB138.4b in 1H23 (a 144% y-y increase from 1H22), already more than the whole-year supply in 2022. This indicates to us that there is a massive investment opportunity for Thailand's AMC sector this year.

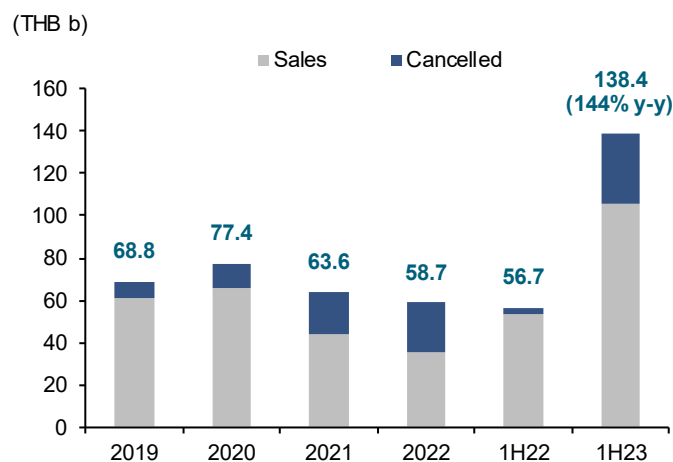
Given the looser supply backdrop, we expect the level of additional debt acquisition for BAM to further normalize upward to THB11b in 2023, THB11.6b in 2024, and 12.1b in 2025, led by the recovery of its operating performance and an influx of NPLs, which would in turn drive its future earnings potential. We anticipate that the loosened supply condition should allow BAM to be more selective about its investments which could improve the quality, return, and collectability of those new acquisitions.

Exhibit 1: Domestic AMC industry by asset size (as of 1H23)



Sources: BAM; FSSIA's compilation

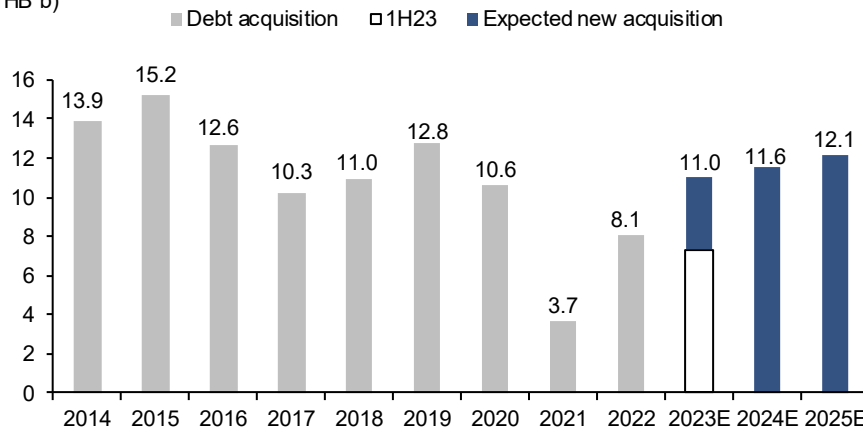
Exhibit 2: NPL supply overview from FIs, 2019-1H23



Sources: BAM; FSSIA's compilation

Exhibit 3: Annual bad debt acquisition, 2014-25E

(THB b)



Sources: BAM; FSSIA estimates

Improved NPA management muted by NPL underperformance

During 1H23, the total cash collection of BAM was at THB7.35b, moderately improved by 3.4% y-y, which was largely pushed by the NPA segment, exceeding the company's target by 14%. BAM's NPA collection was impressive at THB 3.4b in the first half, posting 26.2% y-y growth, with outstanding 38.3% y-y growth in 2Q23. Meanwhile, the 1H23 NPL segment was relatively much weaker and missed BAM's target by 20%, dropping 16.9% y-y. Overall, 1H23 cash collection was 7.4% short of management's target and makes up 44% of our 2023 forecast.

Cash collection

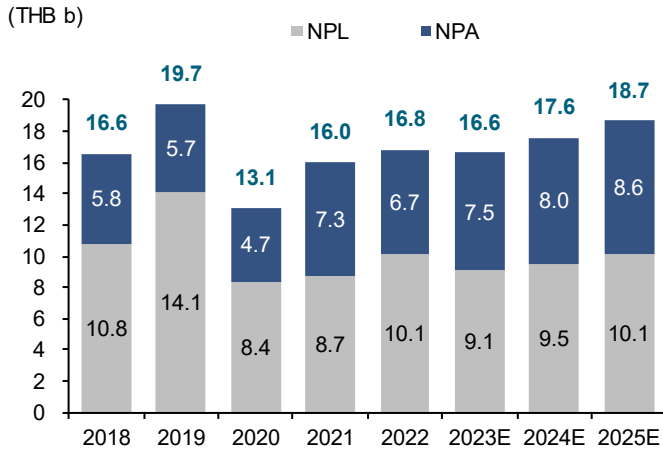
As of 2Q23, out of BAM's THB 80.8b accumulated investment, 74.9% has been collected. Approximately 50% (measured by cost) is fully amortized and can be further realized for NPL gain. According to historical records (2018-22), 55-71% of cash collection was contributed by NPL businesses, leaving the remaining 29-45% to come from NPAs.

Total cash collection in 1H23 missed the company's target by 7.4%, but still showed 3% y-y growth, as the NPL segment has shown rather muted results. This was caused largely by a reduction in enforcement of collateral a consequence of failure to track down NPL debtors. The process normally leads to sales of collateral assets via public auction conducted by the Legal Execution Department (LED).

In contrast, it was offset by a better-than-targeted NPA collection from an aggressive marketing campaign and pricing strategy, which were enhanced by attraction via online channels. Going forward, we believe cash collection in 2H23 will be stronger than in 1H23. This could be driven largely by 1) seasonal influences; 2) the postponed payment in 2Q23 of three big-ticket receivables worth THB1.0b in total, which are expected to show up on the 2H23 performance instead; and 3) the sustained marketing schemes of NPA sales.

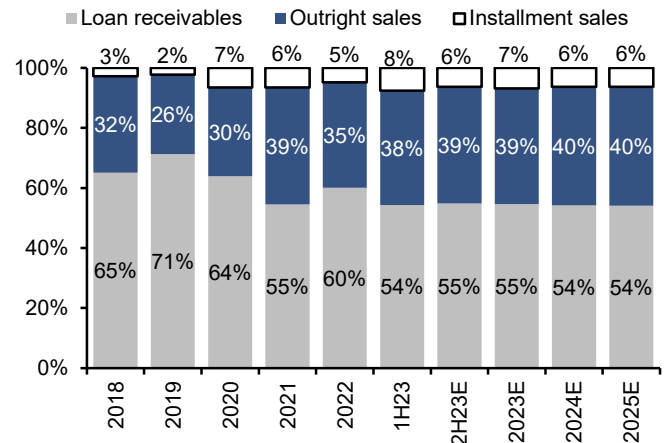
We expect the collection in 2H23 to contribute 56% in 2023 (compared with 58% in 2H22) and finish at THB16.58b in 2023 (a 1.4% y-y drop). In detail, NPL collection in 2H23 should contribute 56% to our whole-year estimate of THB9.05b, falling 10.5% y-y. While on the NPA side, 55% would come from the rest of this year where we estimate FY NPA collection of THB7.53b (12.1% y-y growth).

Exhibit 4: Annual cash collection, 2018-25E



Sources: BAM; FSSIA estimates

Exhibit 5: Breakdown of cash collection by receivables, 2018-25E



Sources: BAM; FSSIA estimates

Exhibit 6: NPA pricing strategy and campaigning in 1H23

Offers to purchase from booths & campaigns: 3,977 MB



Source: BAM

Exhibit 7: NPA sales improvement from aggressive marketing in 1H23

Sales of renovated items

227 items (value: 534 MB)

Sales to retail investors

598 items (value: 499 MB)

Pricing strategy

Approved 4,896 special price items, value 10,550 MB

Special price items sold 886 items, value 1,200 MB

Installment sales accounts

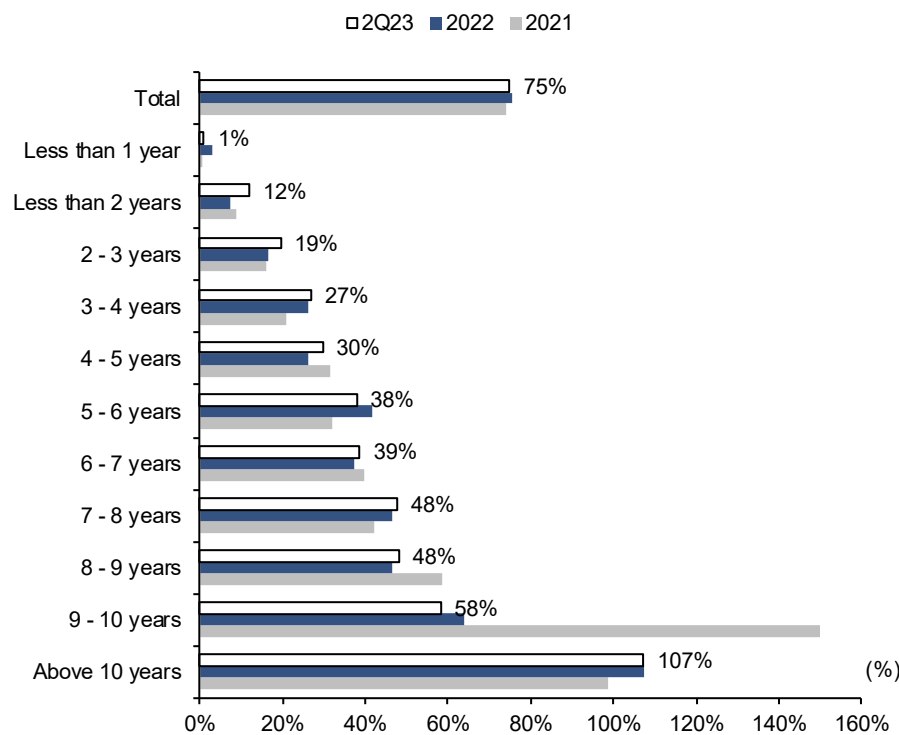
227 accts. (for 1H/2023) (2023 target: 1,000 accounts)

Source: BAM

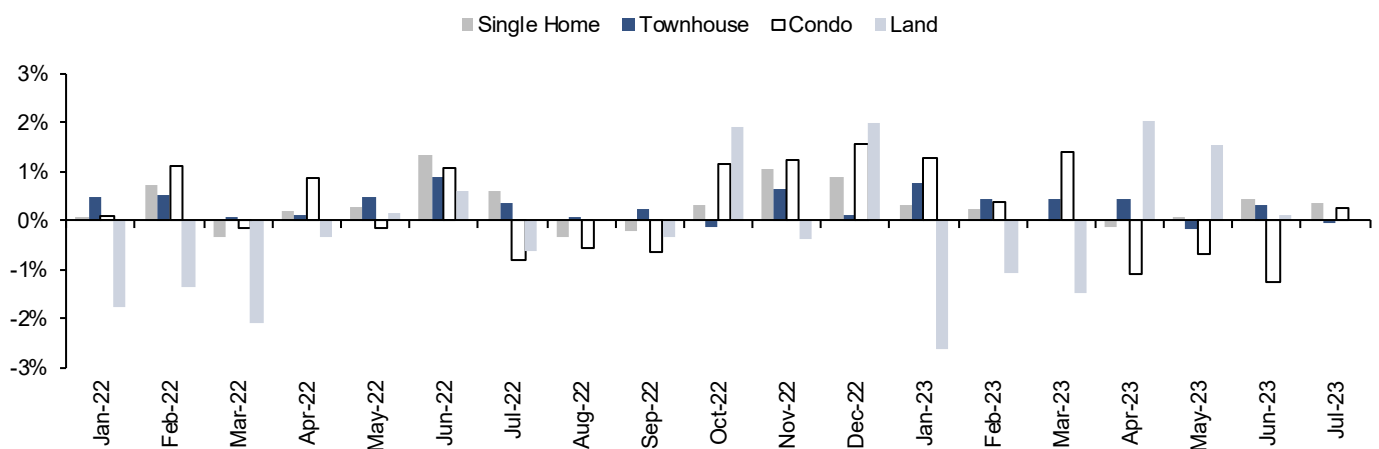
Exhibit 8: Quarterly cash collection vs management targets

Collection	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
NPL collection	2,022	2,423	2,552	3,118	1,972	2,013
NPL management target	2,274	2,598	2,593	3,070	2,297	2,682
% actual vs target	89%	93%	98%	102%	86%	75%
NPA collection	1,136	1,529	1,868	2,277	1,258	2,114
NPA management target	1,409	1,522	1,704	2,839	1,170	1,782
% actual vs target	81%	100%	110%	80%	108%	119%

Sources: BAM; FSSIA's compilation

Exhibit 9: Percentage NPL cash collection to cost by vintage

Sources: BAM; FSSIA's compilation

Exhibit 10: % M-M change in national property price indices, 2022 to July 2023

Sources: Bank of Thailand (BoT); FSSIA's compilation

Negative pressure from rising finance cost

In 2Q23, BAM's average cost of interest-bearing liabilities was at 3.28% p.a. Most of the pressure came from the cost of debentures that sustained at a high level of 3.45% p.a., expanding 4 bps q-q, pressured by a big lift in bank loan interest rates from 2.51% p.a. in 4Q22 up to 2.8% p.a. in 2Q23. We expect the firm's cost of funds to continue rising and average at 3.40% p.a. in 2023, implying a 22 bps increase y-y, driven largely by tighter costs from debentures and bank loans. However, upside risks on finance cost from our estimates could emerge from more rate hikes vs our estimates for the year.

Funding mix

Debentures normally dominated approximately 55-60% of the company's total funding mixture during 2017-20 before rising to 77% and 85% in 2021 and 2022, respectively. This inversely correlates with the lower proportion of bank loan funding from 38% in 2017 down to merely 12% in 2022. The trend was due to the rising cost of bank lending. We think the company will likely retain the current proportion of funding due to the less costly interest rates of debentures.

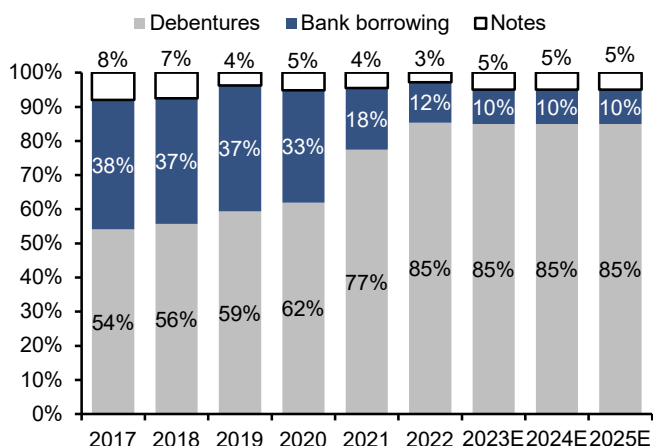
We expect BAM's cost of funding to exhibit an upward trend all the way into 2023-25 at 3.40%, 3.45%, and 3.6% p.a., respectively. The pressure could mainly come from 1) higher cost of expected new debentures in 2023; and 2) the cost of vintage debentures with coupon rates ranging between 1.67% and 4.37%. For our estimates, we assume a sustained proportion of BAM's funding sources as we expect bank loans to remain a more expensive source of financing through 2023-25.

Exhibit 11: Maturity of existing debentures (as of 30 June 2023)

Year	1Q	2Q	3Q	4Q	Total	Avg. coupon rate
2023			3,800	1,100	4,900	3.39
2024	-	6,800	4,500	500	11,800	3.44
2025	1,845	370	3,200	6,370	11,785	3.62
2026	-	3,200	405	1,300	4,905	3.67
2027	-	4,045	5,000	850	9,895	3.87
2028	-	10,050	-	1,200	11,250	3.89

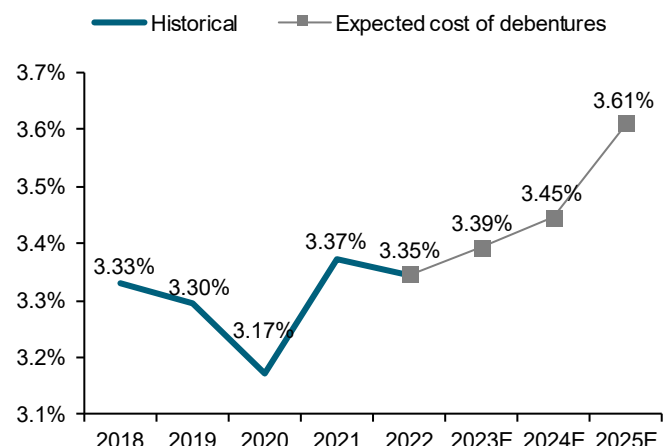
Sources: BAM; FSSIA's compilation

Exhibit 12: Breakdown of company's source of funds, 2017-25E



Sources: BAM; FSSIA estimates

Exhibit 13: Cost of debentures, 2018-25E



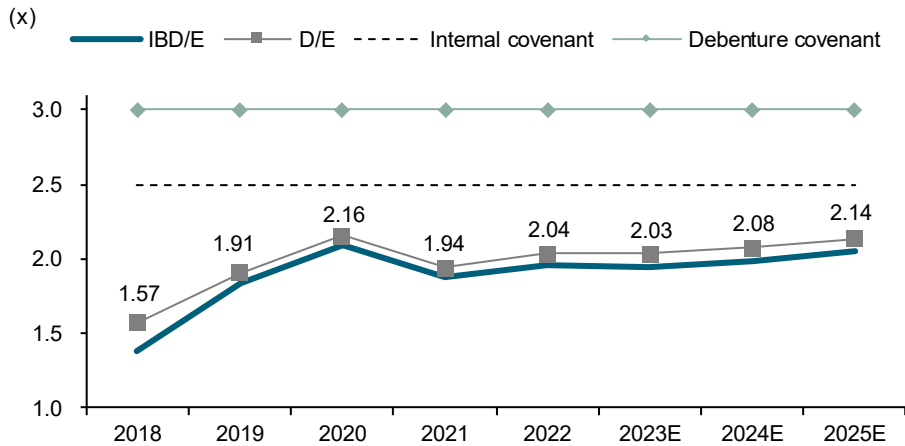
Sources: BAM; FSSIA estimates

Moderately tight financial position amid rising leverage

The debt-to-equity ratio (D/E) of BAM has been in an upward trend from 1.57x in 2018 to 2.04x at the end of 2022, and as high as 2.10x in 2Q23. This is approaching the company's internal covenant of 2.5x and debenture covenant of 3.0x.

We have a view that BAM is likely to attempt to slow down the rising trend of financial leverage and maintain its leverage multiple within the range of 2.0-2.15x via retaining 1) the level of annual investment in NPLs at around THB11b-12.5b each year and; 2) a dividend payout ratio within the range of 60-70% p.a. through 2023-25. We expect the D/E ratio of the company to finish at 2.03x, 2.08x, and 2.14x at the end of 2023, 2024, and 2025, respectively.

Exhibit 14: BAM's leverage ratios against covenant limits, 2018-25E



Sources: BAM; FSSIA estimates

Exhibit 15: Interest-bearing liabilities and leverage ratios

	2019	2020	2021	2022	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Interest bearing debt (short-term)	20,244	22,537	17,539	17,059	16,397	17,067	17,909
Interest bearing debt (long-term)	55,726	65,254	62,896	68,695	69,832	72,685	76,271
Debt-to-equity (x)	1.91	2.16	1.94	2.04	2.03	2.08	2.14
Interest-bearing debt/equity (x)	1.84	2.09	1.87	1.96	1.95	1.99	2.05
Interest expenses	2,132	2,391	2,559	2,637	2,921	3,040	3,313
Average cost of funds (%)	3.20%	2.93%	3.05%	3.18%	3.40%	3.45%	3.60%

Sources: BAM; FSSIA estimates

Business development prospects

We see several long-term development in BAM's operations:

1) JV AMC: We expect BAM to show progress regarding the matter of a JV AMC with one particular commercial bank by the end of this year. The company states that both parties are currently in the planning stage, and BAM will focus on both sides mutually benefitting from the establishment of a JV.

We view the collaboration as a windfall for BAM, expanding its NPLs and NPAs under management (as JK AMC did to JMT), which should lead to an enlargement in both its revenue and profit base. However, there are not many quantifiable developments on the matter, and it is currently not factored into our estimates.

2) Digitalization: BAM declared its plan to invest in IT infrastructure at around THB100m each year. In addition, it had announced a THB400m plan to digitally improve its traditional lines of business under the name "BAMD project" (BAMD's budget expands through 2023-25). This is to strengthen the firm's digital front and enhance its cash collection efficiency. The project is expected to lead to the establishment of the "BAMGO digital" mobile application and exhibit an operational improvement within 1-2 years.

3) New business: The firm reported that it would branch out into a long-term rental business (instead of currently renting at short-term), with properties under the firm's possession. As of today, the plan is undergoing management discussion. However, the firm's revenue contribution from its short-term rental business was a mere less than 2% in 2022.

Our estimations have not yet introduced the inputs above, and positive achievements can be read as upsides for the firm's future performance.

Exhibit 16: Management's expectations on digital transformation

Announced deadline	NPL	NPA
By 2023	On-app debt repayment service	
	On-app notification of debt repayment	
		AI-generated interior design
		Online 3D property showroom
By 2024	Data-generated repayment plan optimization	
	Allow notification of intent to join TDR via mobile app	

Sources: BAM; FSSIA's compilation

Expect growth in 2024-25 but with high volatility by nature

We expect BAM's 2H23 results to be stronger than in 1H23, contributing 70% to our 2023 net profit estimate of THB2.32b; a 14.9% y-y drop. We expect gradual bottom-line growth of 6.5% and 5.5% in 2024 and 2025, respectively, based on our conservative assumptions due to the highly volatile nature of the NPA business – a significant part of BAM's operation – together with the vague prospects in the NPL segment. This leads to the expectation of a high degree of uncertainty in the results.

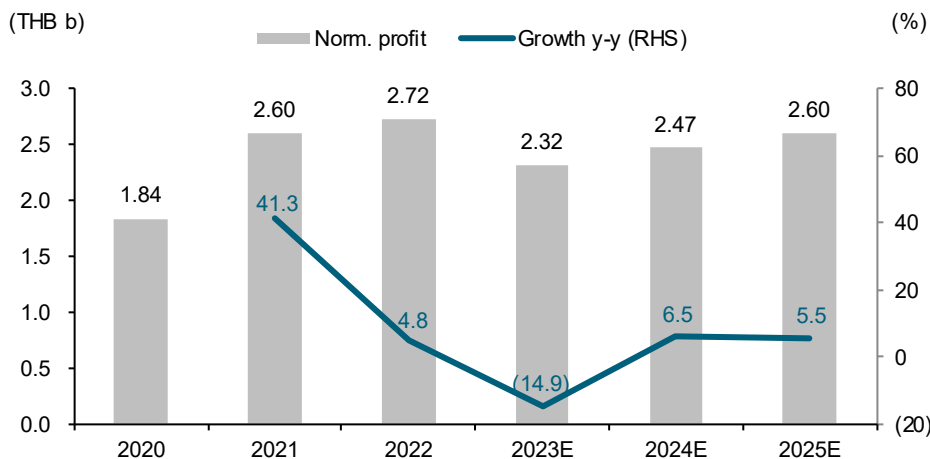
We expect a 3Q23 net profit of THB756m, increasing 77.8% q-q- and 5.6% y-y, largely due to the backlog of big-ticket repayments postponed from 2Q23. Excluding the delayed items, our forecast suggests a drop of 12.7% q-q and 23% y-y, illustrating pressures from the rising interest expenses which have elevated by 6.6% q-q and 14.6% y-y, coupled with the underperformance of the NPL segment during the year. In summary, we estimate 9M23 net profit to be THB1,448m, contributing 62.5% of our 2023 earnings estimate, showing 22.1% y-y weaker performance.

Exhibit 17: BAM's investment and cash collection

Investment and cash collection	2018 (THB m)	2019 (THB m)	2020 (THB m)	2021 (THB m)	2022 (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)
Investment	10,971	12,810	10,600	3,663	8,079	11,000	11,550	12,128
Purchased loan receivables - net	75,434	77,375	77,726	73,406	72,384	75,692	79,015	82,451
Cash collection	16,569	19,732	13,134	15,995	16,832	16,585	17,584	18,654
Outstanding debt under management	81,719	83,622	85,922	81,678	80,838	84,146	87,469	90,905

Sources: BAM; FSSIA estimates

Exhibit 18: FSSIA's 3Y forward net profit estimates, 2023-25E



Sources: BAM; FSSIA estimates

Exhibit 19: BAM's quarterly operations and 3Q23 preview

	3Q22	4Q22	1Q23	2Q23	3Q23E	----- Change -----		9M22	9M23E	Change	% of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	23E	(THB m)	(y-y%)
Interest income	2,532	2,528	2,156	2,249	2,425	7.83	(4.21)	7,328	6,830	(6.80)	74.07	9,221	(6.43)
from NPLs	1,515	1,521	1,548	1,607	1,440	(10.39)	(4.95)	4,555	4,595	0.89	76.05	6,042	(0.55)
Gain from NPLs	1,005	972	566	604	950	57.28	(5.43)	2,731	2,120	(22.36)	70.43	3,010	(18.71)
from installment A/R	27	30	33	22	35	59.09	29.63	82	90	9.76	71.03	127	13.13
Interest expenses	672	694	693	722	770	6.65	14.58	1,943	2,185	12.44	74.80	2,921	10.78
Net interest income	1,860	1,834	1,463	1,527	1,655	8.38	(11.00)	5,385	4,645	(13.74)	73.73	6,300	(12.72)
Non-interest income	752	954	542	864	940	8.77	24.97	1,988	2,346	18.02	67.20	3,492	18.68
Gain from properties for sale	690	782	489	575	855	48.64	23.95	1,753	1,920	9.48	64.53	2,975	17.35
Gain from installment A/R	49	53	35	275	60	(78.19)	21.61	195	370	89.87	85.71	431	74.34
Other income	13	119	18	14	25	80.06	91.29	40	57	42.36	67.02	85	(46.64)
Total revenue	2,612	2,788	2,005	2,391	2,595	8.52	(0.64)	7,373	6,991	(5.18)	71.41	9,791	(3.63)
Operating expenses	692	861	684	742	780	5.15	12.68	2,027	2,206	8.86	74.07	2,978	3.13
Operating profit, PPOP	1,920	1,926	1,321	1,649	1,815	10.04	(5.44)	5,346	4,785	(10.49)	70.24	6,813	(6.31)
Expected credit losses	1,048	860	987	1,126	870	(22.71)	(16.98)	3,189	2,982	(6.49)	76.56	3,895	(3.80)
Pre-tax income	872	1,067	334	524	945	80.43	8.42	2,157	1,803	(16.41)	61.79	2,918	(9.47)
Income tax	152	191	57	88	189	113.93	24.54	291	334	14.95	57.65	579	20.25
Profit for the period	716	866	267	425	756	77.81	5.61	1,858	1,448	(22.09)	62.46	2,318	(14.90)
Non-recurring	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit	716	866	267	425	756	77.81	5.61	1,858	1,448	(22.09)	62.46	2,318	(14.90)
EPS (THB)	0.22	0.27	0.08	0.13	0.23	77.81	5.61	0.6	0.4	(22.09)	62.46	0.72	(14.90)
Cash collection													
Total cash collection	4,429	5,293	3,221	4,127	4,387	6.30	(0.94)	11,539	11,736	1.71	70.76	16,585	(1.46)
NPL collection	2,552	3,118	1,972	2,013	2,276	13.05	(10.82)	6,997	6,262	(10.50)	69.18	9,052	(10.50)
NPA collection	1,877	2,175	1,249	2,114	2,111	(0.14)	12.50	4,542	5,474	20.53	72.66	7,533	12.15
Key financial items													
Gross NPL	78,475	80,838	81,409	84,193	85,934	2.07	9.50	78,475	85,934	9.50		84,146	4.09
Gross NPA	42,744	42,938	44,047	43,946	44,412	1.06	3.90	42,744	44,412	3.90		44,103	2.71
Additional acquisition during period	379	4,962	2,650	4,723	1,663	(77.44)	(46.65)	3,117	9,000	188.74	81.82	11,000	36.16
Key ratios (%)	(%)	(%)	(%)	(%)	(%)			(%)	(%)			(%)	
Cost to income	26.50	30.90	34.13	31.02	30.06			27.49	31.55			30.48	
Cost of funds	3.28	3.29	3.23	3.34	3.65			3.17	3.45			3.40	
Gross margin	71.20	65.79	72.96	63.86	63.78			73.03	66.44			64.34	
Net profit margin	27.41	31.08	13.29	17.78	29.13			25.20	20.71			23.67	
Return on average asset	2.24	2.65	0.80	1.27	2.27			1.96	1.47			1.74	
Return on equity	6.74	8.01	2.43	3.91	6.88			5.86	4.47			5.27	
Liability/ equity (x)	2.01	2.04	2.06	2.10	2.04			2.01	2.04			2.03	
Interest-bearing liability/ equity (x)	1.94	1.96	1.94	2.03	2.00			1.94	2.00			1.95	

Sources: BAM; FSSIA estimates

We initiate our coverage on BAM with a BUY rating

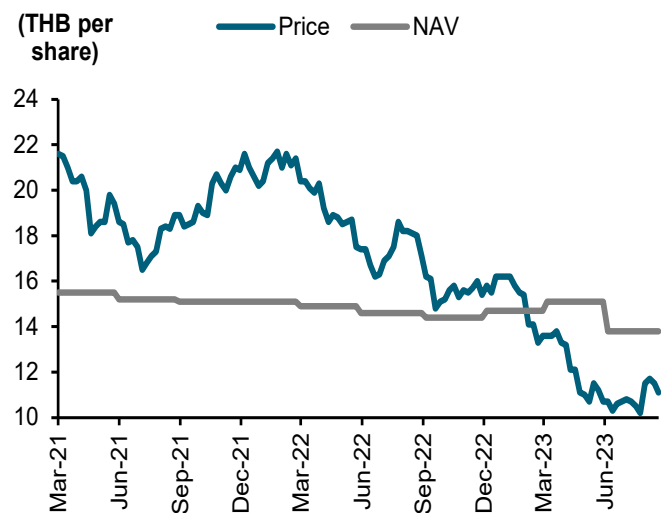
We initiate coverage of BAM with a BUY call. The firm's share price has long been pressured by the uncertain nature of its bottom-line results, which we expect to remain, going forward. However, the current trading price exhibits an upside in terms of equity valuation. Our NAV-based valuation model suggests a TP of THB14.0 (similar to our DCF fair value of THB14.6), which assumes a liquidation scenario where 55% and 50% discount rates are applied on the appraisal value of BAM's NPL and NPA collateralized assets, respectively (the discounted appraisal value contributes 89% to our calculated NAV). We use the NAV-TP of THB14.0 as our primary price target for the stock, implying a 2024E P/BV of 1x with a potential upside of c33.3% and an attractive dividend yield of c5% p.a.

Exhibit 20: NAV valuation model

	2Q23
NPL - Reported appraisal value (THB m)	183,649
Discount rate	55%
NPL - Discounted appraisal value (THB m)	82,642
NPA - Reported appraisal value (THB m)	69,275
Discount rate	50%
NPA - Discounted appraisal value (THB m)	34,637
Total appraisal value (THB m)	117,279
Receivable from LED (THB m)	13,036
Cash and equivalents (THB m)	1,074
Other assets (THB m)	329
Discount rate	90%
Other assets - Discounted (THB m)	33
Total asset value (THB m)	131,422
Interest bearing liabilities (THB m)	86,943
Net Asset Value (THB m)	44,611
No. of shares	3,233
NAV per share (THB)	14.0

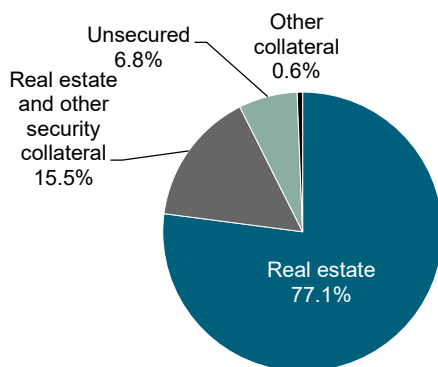
Sources: BAM; FSSIA estimates

Exhibit 21: Calculated NAV vs share price, 2021 to Sep-23



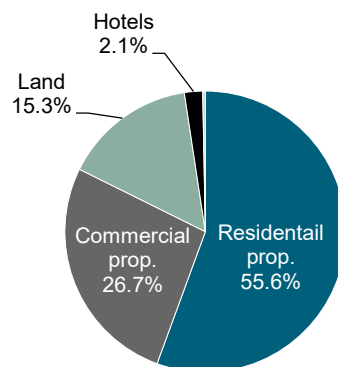
Sources: BAM; Bloomberg; FSSIA estimates

Exhibit 22: % cost of NPLs by collateralized assets, 1H23



Sources: BAM; FSSIA's compilation

Exhibit 23: % appraisal value of NPAs by asset, 1H23



Sources: BAM; FSSIA's compilation

Exhibit 24: 2024E DCF valuation model specifications

	2024E	2025E	2026E	2027E	2028E
	(THB)	(THB)	(THB)	(THB)	(THB)
Net profit	2,468	2,604	3,012	3,154	3,246
Non-cash items	227	233	239	245	251
Change in WC	(4,484)	(5,476)	(5,792)	(5,690)	(5,589)
CAPEX	(29)	(30)	(31)	(32)	(33)
Net borrowing	3,522	4,428	4,264	4,749	4,471
FCFE	1,705	1,759	1,693	2,427	2,346
Kd (%)	3.45				
Ke (%)	9.15				
Beta	1.20				
Risk-free (%)	2.25				
Expected market return (%)	8.00				
Market risk premium (%)	5.75				
WACC (%)	5.31				
PV FCFE	8,018				
Terminal growth rate (%)	2.000				
PV of the terminal value	39,071				
Sum of PV	47,088				
No. of shares (m)	3,232				
Fair value (THB per share)	14.60				

Sources: BAM; FSSIA estimates

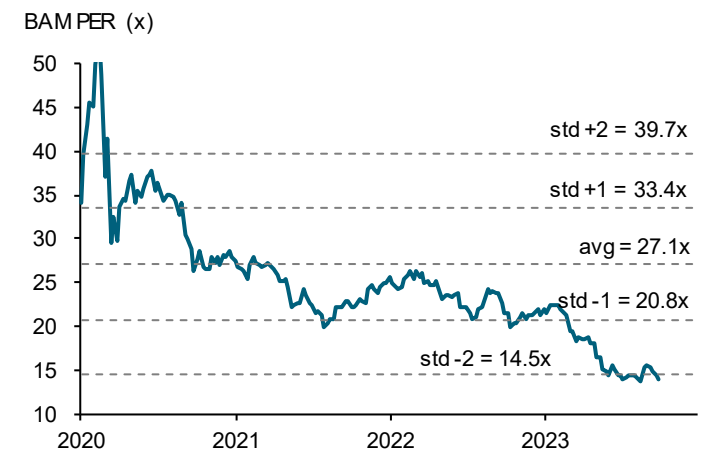
Exhibit 25: Peers comparison as of 29 September 2023

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		DivYld		ROE		PBV	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Bangkok Commercial AM	BAM TB*	BUY	10.50	14.00	33	930	14.6	13.7	4.8	4.9	5.3	5.5	0.8	0.8
JMT Network services'	JMT TB*	BUY	47.75	60.00	26	1,910	31.3	25.7	2.6	3.1	9.0	10.3	2.7	2.6
Chayo Group	CHAYO TB	n/a	6.90	n/a	n/a	209	20.0	19.4	1.7	2.0	9.8	8.1	1.6	1.6
Knight Club Capital AM	KCC TB	n/a	4.98	n/a	n/a	84	27.4	19.0	n/a	n/a	9.6	12.4	2.6	2.2
Average						3,133	23.3	19.5	3.0	3.4	8.4	9.1	1.9	1.8

Sources: Bloomberg consensus, *FSSIA estimates

Exhibit 26: One-year forward P/BV band (avg. since 2020)

Sources: Bloomberg; FSSIA estimates

Exhibit 27: One-year forward PER band (avg. since 2020)

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bangkok Commercial Asset Mngt.

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	9,569	9,838	9,201	9,689	10,275
Interest expense	(2,559)	(2,637)	(2,921)	(3,040)	(3,313)
Net interest income	7,010	7,201	6,279	6,649	6,945
Net fees & commission	-	-	-	-	-
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	0	0	0	0	0
Other income	3,737	2,942	3,492	3,653	3,881
Non interest income	3,737	2,942	3,492	3,653	3,881
Total income	10,747	10,143	9,771	10,303	10,826
Staff costs	-	-	-	-	-
Other operating costs	(2,727)	(2,888)	(2,978)	(3,072)	(3,169)
Operating costs	(2,727)	(2,888)	(2,978)	(3,072)	(3,169)
Pre provision operating profit	8,021	7,255	6,793	7,231	7,658
Expected credit loss	(4,765)	(4,049)	(3,895)	(4,146)	(4,403)
Other provisions	-	-	-	-	-
Operating profit	3,256	3,206	2,897	3,085	3,254
Recurring non operating income	0	0	0	0	0
Associates	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	3,256	3,206	2,897	3,085	3,254
Tax	(656)	(482)	(579)	(617)	(651)
Profit after tax	2,600	2,724	2,318	2,468	2,604
Non-controlling interest	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,600	2,724	2,318	2,468	2,604
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	2,600	2,724	2,318	2,468	2,604
Per share (THB)					
Recurring EPS *	0.80	0.84	0.72	0.76	0.81
Reported EPS	0.80	0.84	0.72	0.76	0.81
DPS	0.55	0.55	0.50	0.52	0.50
Growth					
Net interest income (%)	(7.2)	2.7	(12.8)	5.9	4.4
Non interest income (%)	50.6	(21.3)	18.7	4.6	6.2
Pre provision operating profit (%)	8.5	(9.5)	(6.4)	6.5	5.9
Operating profit (%)	48.3	(1.5)	(9.6)	6.5	5.5
Reported net profit (%)	41.3	4.8	(14.9)	6.5	5.5
Recurring EPS (%)	41.3	4.8	(14.9)	6.5	5.5
Reported EPS (%)	41.3	4.8	(14.9)	6.5	5.5
Income Breakdown					
Net interest income (%)	65.2	71.0	64.3	64.5	64.1
Other income (%)	34.8	29.0	35.7	35.5	35.9
Operating performance					
Gross interest yield (%)	9.59	9.07	8.96	9.40	9.44
Cost of funds (%)	3.05	3.1818	3.40	3.45	3.60
Cost/income(%)	25.4	28.5	30.5	29.8	29.3
Cost/assets(%)	2.1	2.2	2.2	2.3	2.2
Effective tax rate (%)	20.1	15.0	20.0	20.0	20.0
Dividend payout on recurring profit (%)	68.4	65.3	70.0	68.0	62.0
ROE (%)	6.2	6.3	5.3	5.5	5.7
ROE - COE (%)	(4.6)	(4.5)	(5.5)	(5.3)	(5.1)
ROA (%)	2.0	2.1	1.7	1.8	1.8
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	2021	2022	2023E	2024E	2025E
Gross purchased loans	81,678	80,838	84,146	87,469	90,905
Allowance for expected credit loss	(17,850)	(21,710)	(25,175)	(28,822)	(32,648)
Interest in suspense	9,578	13,256	16,721	20,368	24,194
Net purchased loans	73,406	72,384	75,692	79,015	82,451
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	470	476	500	500	500
Cash & equivalents	99	86	100	100	101
Other interesting assets	33,833	39,576	39,037	39,780	41,385
Tangible fixed assets	1,163	1,139	1,163	1,188	1,213
Associates	-	-	-	-	-
Goodwill	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Other assets	16,933	19,143	17,706	18,171	18,653
Total assets	125,904	132,805	134,199	138,754	144,303
Customer deposits	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	80,154	85,552	86,230	89,752	94,181
Non interest bearing liabilities	2,995	3,544	3,721	3,908	4,103
Hybrid Capital	-	-	-	-	-
Total liabilities	83,148	89,097	89,951	93,660	98,283
Share capital	16,160	16,160	16,160	16,160	16,160
Reserves	26,595	27,548	28,088	28,935	29,860
Total equity	42,756	43,708	44,248	45,095	46,020
Non-controlling interest	0	0	0	0	0
Total liabilities & equity	125,904	132,805	134,199	138,754	144,303
Supplementary items					
Average interest bearing liabilities	83,787	82,853	85,891	87,991	91,966
Average assets	128,987	129,354	133,502	136,476	141,528
Average liability	86,710	86,122	89,524	91,805	95,972
Average equity	42,276	43,232	43,978	44,671	45,557
Per share (THB)					
Book value per share	13.23	13.52	13.69	13.95	14.24
Tangible book value per share	13.23	13.52	13.69	13.95	14.24
Growth					
Gross purchased loan receivables	(4.9)	(1.0)	4.1	3.9	3.9
Gross properties foreclosed	3.7	6.4	2.3	2.5	4.8
Gross installment receivables	(9.4)	12.0)	9.6	11.7	10.0
Leverage & capital measures					
Liabilities/equity (x)	1.94	2.04	2.03	2.08	2.14
Interest-bearing liabilities/equity (x)	1.87	1.96	1.95	1.99	2.05
Valuation					
Recurring P/E (x) *	13.1	12.5	14.6	13.7	13.0
Recurring P/E @ target price (x) *	17.4	16.6	19.5	18.3	17.4
Reported P/E (x)	13.1	12.5	14.6	13.7	13.0
Dividend yield (%)	5.2	5.2	4.8	4.9	4.8
Price/book (x)	0.8	0.8	0.8	0.8	0.7
Price/tangible book (x)	0.8	0.8	0.8	0.8	0.7
Price/tangible book @ target price (x)	1.1	1.0	1.0	1.0	1.0

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Bangkok Commercial Asset Mngt.; FSSIA estimates

Corporate Governance and ESG – BAM

Board structure, 2022

Independent Directors (ID)	5/11 of board members, one female
Percentage of IDs on the board	45.45%
ID attendance at board meetings	100%

Audit Practices

Auditor	EY Office Limited
Fee track record	THB7.98 m in 2022, THB 8.40m in 2021

ESG and sustainability management

Mission – The Company has specified a conceptual framework, goals and development strategies based on the international guidelines, namely, sustainable development goals (SDGs), with monitoring and reporting results in accordance with the Global Reporting Initiative (GRI) framework, which covers economic, social and environmental and economic issues, and good corporate governance. Moreover, shared value has been created to ensure consistent operations in all groups of the Company for sustainable development.

Bangkok Commercial Asset Management Public Company Limited (BAM) is the biggest asset management company in Thailand, judging from the total asset (as of September 30, 2022). BAM manages non-performing and foreclosed assets in accordance with the Asset Management Decree B.E. 2541 and under supervision of the BOT by adhering to the BOT's Announcement No. Sor Nor Sor 2/2563, entitled the Rules to be Followed by Asset Management Companies, dated February 3, 2020.

E/S/G	Materiality matrix	Operations and practices
Economic & sustainable operation	Debt management business	The Company is committed to operating business by reviving assets to help drive sustainable growth of the Thai economy and society by realizing creation of added values of products and services in the long run, paying attention to the environment and taking into account all groups of stakeholders in the overall picture, including promoting business development and innovation, conducting quality and standardized data management by integrating all elements of the organization and concurrently improving business work processes and information technology.
	Fair debt restructuring	Fair debt restructuring process: in the case that the Company purchased NPLs from financial institutions, the Company will contact debtors, guarantors, pledgors, and mortgagors to inform the status of creditors of the Company and offer the debtors to negotiate with the Company in order to enter the restructuring process. In the event that the Company is unable to contact debtors, guarantors, pledgors, and mortgagors, the Company shall proceed to the court against the debtors.
Cooperate Governance	Conflict of interest	The Company realizes the importance of preventing conflicts of interest by specifying policies and practices for preventing conflicts of interest so that the Directors, Executives and Employees will be aware of performing duties with honesty. The Directors, Senior Executives, Executives and Employees at all levels are required to honestly prepare a conflicts of interest report on practices that cause conflicts of interest to comply with the Company's policy on preventing conflicts of interest. The Supervisor of each department is responsible for supervising and advising the subordinates to comply with the Company's policy on preventing conflicts of interest. In case of doubts about the conflicts of interest prevention policy, one can use his/her own discretion to determine the outcomes of the consideration which will not have 1) any transaction that contradicts or affects the Company's policies and objectives, 2) any transaction that is illegal, or contrary to good morals or the Good Corporate Governance Principles, and 3) any transaction that affects the Company's vision and reputation.
	The Board of Directors	The Board of Directors gives priority to participating in training/seminar courses related to knowledge, ability and skill development in performing the duties as directors continuously. The courses are organized by the Thai Institute of Directors Association (IOD), the Securities and Exchange Commission, the Stock Exchange of Thailand, the Capital Market Supervisory Board, the Association of Thai Listed Companies and other institutions on topics related to the performance of duties.
Social	Human rights	The Company specified a human rights policy framework on January 12, 2023 to ensure that its operations are in accordance with the Good Corporate Governance Principles and sustainable business operations. The Company has assigned duties and responsibilities to the personnel at each level as follows: <ul style="list-style-type: none"> All the Directors, Executives and Employees shall strictly follow the human rights policies. All the Supervisors are required to have their own responsibilities to ensure that their subordinates realize the importance of, have understanding in and comply with the human rights policies. The Compliance Unit is primarily responsible for communicating the human rights policies and preparing human rights practices.
	Projects for low-income population	<ul style="list-style-type: none"> "Sookjai Dai Baan Kuen": It is a debt negotiation approach to allow debtors who have not yet been placed into receivership to reclaim their resident collateral where the principal of debt does not exceed 10.0 million Baht by choosing to repayment under special repayment plans. "BAM Helps Reduce Debt for Discharge": To provide opportunities for debtors who have not been placed into receivership and have no other assets to repay unsecured debts (principal not exceed 3.0 million Baht) by choosing to repayment under special repayment plans. "BAM Helps Recover Business": The objective is to enable the Company's debtors, both individuals and juristic persons, who have not been placed into receivership and have no other assets to repay with the principal of debt not exceeding 20 million Baht by choosing to repayment under special repayment plans. Project to Assist Customers Fight Against COVID-19: The Company has issued measures to assist customers in restructuring their debts for retail customers, SMEs, and customers who purchase installment-repayment-plan properties with the Company who have been affected by the pandemic.
Environment	Emissions management	BAM's operations and business activities may affect the environment, which directly or indirectly contributes to greenhouse gas emissions, such as electrification, water supply, automobile use, and consumption. The Company expresses its intention and commitment to energy conservation operations in accordance with the Energy Conservation-Promotion Act B.E. 2535 (1992) under the establishment an energy management working group to ensure the continuity of the organization's energy management operations, as well as efficiency and effectiveness.
Awards and recognitions	CGR 2022	The Company was assessed for Corporate Governance Report of Thai Listed Companies (CGR) for the year 2022 to be a listed company with a five-star rating or "Excellent CG Scoring" with the assessment scoring up to 92%.
	THIS 2022	The Company was ranked as one of the 170 listed companies listed in the 'Thailand Sustainability Investment' (THSI) list of companies for the year 2022 of the Stock Exchange of Thailand (SET)
	CAC certified	The Thai Institute of Directors Association (IOD) has endorsed membership renewal of Thai Private Sector Collective Action Against Corruption to BAM

Sources: [BAM's 56-1 report](#); [BAM's 2022 sustainability report](#); FSSIA compilation

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. FSSIA does not confirm nor certify the accuracy of such survey result.

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

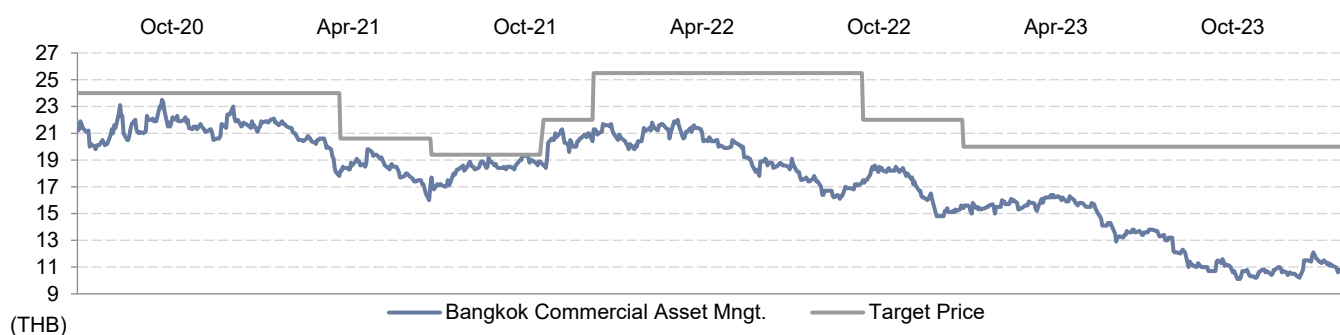
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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 FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA 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

Bangkok Commercial Asset Mngt. (BAM TB)



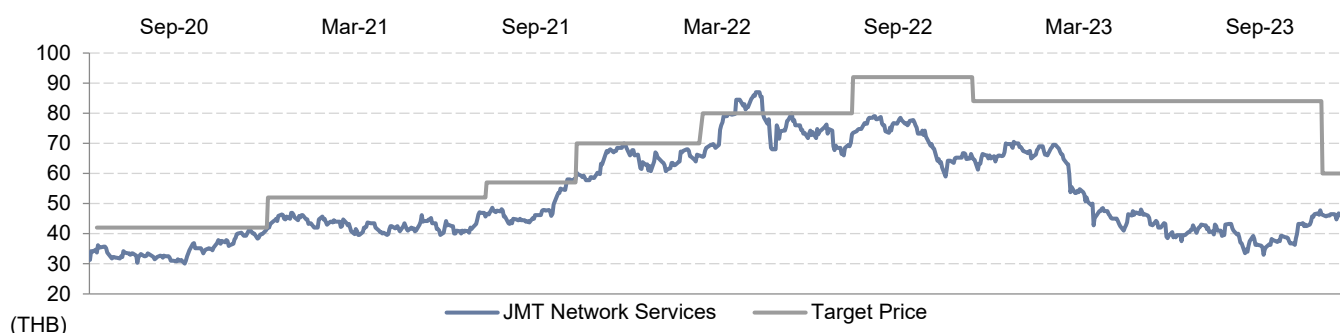
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	24.00	05-Nov-2021	BUY	22.00	02-Nov-2022	BUY	20.00
17-May-2021	BUY	20.60	20-Dec-2021	BUY	25.50			
03-Aug-2021	BUY	19.40	08-Aug-2022	BUY	22.00			

Usanee Liurut, CISA started covering this stock from 02-Oct-2023

Price and TP are in local currency

Source: FSSIA estimates

JMT Network Services (JMT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	42.00	24-Nov-2021	BUY	70.00	02-Nov-2022	BUY	84.00
02-Mar-2021	BUY	52.00	11-Mar-2022	BUY	80.00	31-Aug-2023	BUY	60.00
07-Sep-2021	BUY	57.00	21-Jul-2022	BUY	92.00			

Usanee Liurut, CISA started covering this stock from 31-Aug-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Commercial Asset Mngt.	BAM TB	THB 10.50	BUY	Downside risks to our NAV-based TP include 1) lower cash collection than estimated; 2) lower-than-expected bad debt acquisition; and 3) slowdown of the property market.
JMT Network Services	JMT TB	THB 48.00	BUY	Downside risks to our P/BV-based TP include 1) lower cash collection from both debt management and debt tracking collection services; and 2) higher-than-expected funding costs and operating expenses.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 29-Sep-2023 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.